

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 21, 2022:**

*A meeting of the Finance Committee of the Palmdale Water District was held Wednesday, September 21, 2022, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Wilson called the meeting to order at 1:38 p.m.*

**1) Roll Call.**

**Attendance:**

Committee:

Don Wilson, Chair

Gloria Dizmang, Committee Member

**Others Present:**

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Bob Egan, Financial Advisor

Danielle Henry, Management Analyst

0 members of the public

**2) Adoption of Agenda.**

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

**3) Public Comments for Non-Agenda Items.**

There were no public comments for non-agenda items.

**4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)**

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held August 17, 2022.**

It was moved by Committee Member Dizmang, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held August 17, 2022, as written.

**4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of August 2022. (Financial Advisor Egan)**

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, Investment Funds Report, and Cash Flow Statement through August 2022, including assessments received, increased interest, an increase to the Rate Stabilization Fund, scheduled bond payments, and the projected year-end balance.

**4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for August 2022. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, quarterly comparison report, departmental budgets versus actual, and individual departmental budgets for the period ending August 2022 and stated that most departments are operating at or near the historical trend average of 65.8% for revenues, the historical trend average of 66% for expenses, and the traditional budgetary percentage of 66.7% followed by discussion of the District's increased material costs, projected assessments, and pass-through funds.

**4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and projects paid out through the 2018A Series and 2021A Series Water Revenue Bonds through August 2022.

**5) Reports.**

**5.1) Finance Manager Hoffmeyer:**

**a) The Effect of COVID-19 Event.**

Finance Manager Hoffmeyer stated that due to COVID-19 events, as of August 2022, there were 878 single family accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$303,142, which is a decrease of 4.67%

from prior months; that one year ago, there were 1,669 accounts meeting this criteria with an amount owing of \$1,080,784; and that staff continues to offer payment arrangements encouraging the payment of outstanding balances.

**b) Revenue Projections.**

He then stated that based on selling 17,000 AF of water, 2022 revenue is behind projections by approximately \$527,700 as of August 2022 due to conservation efforts.

**c) Discussion of 2023 Budget.**

He then provided a detailed overview of staff's recommendations for the basis of the 2023 Budget, the timeline, the CPI, and healthcare costs.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan stated that the Debt Service Coverage for September 2021 to August 2022 is 2.24, which will have a minor adjustment due to the Rate Stabilization Fund transfer.

**5.3) Other.**

Finance Manager Hoffmeyer reviewed the amount owed the general fund from the capital improvement fund, the amount collected through the water supply side of the capital improvement fee structure, and offsets to the recharge project from these amounts.

He then stated that the Rate Adjustment Program for 2023 will be presented to the Committee to consider increasing the amount of customers served by the Program followed by discussion of SB222, which will set up a statewide program for assistance.

There were no other items to report.

**6) Board Members' Requests for Future Agenda Items.**

There were no requests for future agenda items.

7) **Date of Next Committee Meeting.**

It was determined that the next Finance Committee meeting will be held October 18, 2022 at 1:30 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:31 p.m.

A handwritten signature in black ink, appearing to read "ROUSE", is written above a horizontal line.

Chair