

MINUTES OF MEETING OF THE FINANCIAL HEALTH AND STABILITY COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 22, 2019:

A meeting of the Financial Health and Stability Committee of the Palmdale Water District was held Tuesday, October 22, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:

Committee:

Gloria Dizmang, Chair

Don Wilson, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Robert Alvarado, PWD Director

Mike Williams, Finance Manager

Judy Shay, Public Affairs Director

Tara Rosati, Customer Care Supervisor

Dennis Hoffmeyer, Accounting Supervisor

Bob Egan, Financial Advisor

Dawn Deans, Executive Assistant

0 members of the public

2) Adoption of Agenda.

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

3) Public Comments on Non-Agenda Items.

There were no public comments on 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 27, 2019.

It was moved by Committee Member Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Financial Health and Stability Committee meeting held August 27, 2019.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of September 2019. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the Investment Funds Report through September 2019, including the decrease in cash due to transfers, bond payments, assessments, and interest income, and then reviewed the cash flow statement, including the projected year-end balance, capital improvement fees received, and significant disbursements followed by discussion of delaying capital projects in 2020 and the debt owed the General Fund from Capital Improvement Fees.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 2019. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement and trends, and revenue and expense analysis reports for the period ending September 2019 and stated that most departments are operating at or below the targeted expenditure percentage of 75%, with the exception of several departments previously reviewed, followed by discussion of the improved format of staff's financial reports, budget line items, and the overall budget.

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

Finance Manager Williams 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 the summary of Water Revenue Bond Series 2018A payouts through September, 2019.

4.5) Discussion of the Detail Included in Staff's Financial Reports. (Financial Health and Stability Committee Goal)

The Committee concurred with the improvements to staff's financial reports and thanked staff for this effort.

4.6) Consideration and Possible Action on a Recommendation Regarding Resolution No. 19-15 Being a Resolution of the Board of Directors of the Palmdale

Water District Adopting a Water Rate Adjustment of 8.1% for Each Calendar Year 2020, 2021, 2022, 2023, and 2024, Amending Appendix C to the Rules and Regulations of the Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions. (Finance Manager Williams)

Finance Manager Williams stated that Resolution No. 19-15 will be presented to the Board for consideration at the October 28, 2019 Regular Board Meeting and then provided a detailed overview of the Resolution including parameters in the Resolution for potential water rate adjustment reductions followed by a detailed discussion of these parameters, the reserve balance projected for 2024, and capital projects for the next five years.

It was then moved by Director Wilson, seconded by Chair Dizmang, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to approve Resolution No. 19-15 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Water Rate Adjustment of 8.1% for Each Calendar Year 2020, 2021, 2022, 2023, and 2024, Amending Appendix C to the Rules and Regulations of the Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions and that this Resolution be presented to the full Board for approval at the October 28, 2019 Regular Board Meeting.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage for the period of October 2018 through September 2019 is 1.70.

He then recommended that \$250,000.00, or the maximum available, be transferred to the Rate Stabilization Fund by December 31, 2019 provided the funds are available, and after a brief discussion, the Committee concurred with Financial Advisor Egan's recommendation.

5.2) Status of Proposition 218 Process. (Finance Manager Williams)

Finance Manager Williams stated that 57 protest letters have been received, and 6 of these are not valid followed by discussion of the number of protests received during the previous Proposition 218 process.

5.3) Other.

Finance Manager Williams provided an overview of Payment Transactions by Types for the period January – September 2019, which indicates a continued increase in the number of electronic payments and reduction in mail.

He then stated that staff has started the 2020 Budget process utilizing the rate model as the basis; that department manager budgets will be distributed after Monday's Regular Board Meeting; and that staff anticipates adoption of the 2020 Budget at the last Regular Board Meeting in November or at the Regular Board Meeting in December.

6) Board Members' Requests for Future Agenda Items.

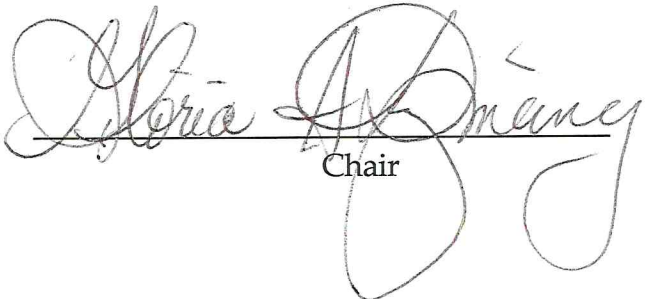
There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the next Financial Health and Stability Committee meeting will be held November 19, 2019 at 4:30 p.m.

8) Adjournment.

There being no further business to come before the Financial Health and Stability Committee, the meeting was adjourned at 5:40 p.m.


Chair