

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, FEBRUARY 7, 2019:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, February 7, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:

Finance Committee:
Marco Henriquez, Chair
Robert Alvarado, Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Mike Williams, Finance Manager
Judy Shay, Public Affairs Director
Bob Egan, Financial Advisor
Dennis Hoffmeyer, Accounting Supervisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, 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:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held December 6, 2018.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held December 6, 2018.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of December 2018. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the quarterly Investment Funds Report through December 31, 2018, including the decrease in cash, increase in investments due to capital improvement funds received, assessments and interest, the Butte payment, and the withdrawal from the rate stabilization account and then reviewed the cash flow statement, including assessments and Department of Water Resources refunds and projected versus actual budget numbers for December 2018, followed by discussion of increased interest rates received on investments and year-end cash.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for December 2018. (Finance Manager Williams)

Finance Manager Williams reviewed in detail the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending December 2018 and stated that most departments are operating at or below the targeted expenditure percentage of 100% followed by discussion of the District's participation in non-budgeted projects, backpay, chemical costs, temporary labor, medical costs, GAC costs, interest income, and the effect of heavy rains on water sales.

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

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2018 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 available funding sources.

4.6) Consideration and Possible Action on Revisions to the District's Capitalization Policy. (Finance Manager Williams)

Finance Manager Williams provided an overview of staff's recommendation to revise the District's Capitalization Policy, and after a brief discussion of the policy, it was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to revise the District's Capitalization

Policy and that this policy be presented to the full Board for consideration at the February 25, 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 January 2018 through December 2018 is 1.10 and meets the required Debt Service Coverage followed by discussion of unanticipated expenses, of withdrawals from and repayments to the Rate Stabilization Fund, new debt, annual sediment removal expenses, and ensuring adequate rate adjustments are adopted to continue to meet the Debt Service Coverage.

5.2) Status on Request for Proposals for 2019 Water Rate Study. (Finance Manager Williams)

Finance Manager Williams provided a brief overview of the Request for Proposals for the 2019 Water Rate Study and the timeline for presentation of a new five-year water rate plan for Board consideration followed by discussion of adoption of the five-year water rate plan.

5.3) Other.

Finance Manager Williams provided an overview of payment types through December 2018 indicating a steady increase in electronic payments and a decline in front counter and U.S. mail and then reviewed collection statistics and accounts receivable.

General Manager LaMoreaux then stated that AB 998 has been signed and that this bill places new rules and restrictions on the disconnection of water service.

Finance Manager Williams then provided an update on water revenue bond payments and stated that the auditor will begin the District's 2018 audit on March 18, 2018.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

Chair Henriquez then stated that he will be stepping down from his position as a Director as of March 15, 2019 and thanked everyone for their assistance during his time on the Board and as Chair of the Finance Committee.

It was then determined that the next Finance Committee meeting will be scheduled after a new Board Treasurer is appointed.

Financial Consultant Egan then thanked Director Henriquez for his commitment and service to the District and wishes Director Henriquez the best in his future endeavors.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:33 p.m.



Chair