

MINUTES OF MEETING OF THE FINANCIAL HEALTH AND STABILITY COMMITTEE OF THE PALMDALE WATER DISTRICT, JUNE 11, 2019:

A meeting of the Financial Health and Stability Committee of the Palmdale Water District was held Tuesday, June 11, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order at 4:00 p.m.

1) Roll Call.

Attendance:

Committee:

Gloria Dizmang, Chair

Don Wilson, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Vincent Dino, PWD Director

Judy Shay, Public Affairs Director

Dennis Hoffmeyer, Accounting Supervisor

Bob Egan, Financial Advisor (via teleconference)

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:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held April 23, 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 Finance Committee meeting held April 23, 2019.

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

Financial Advisor Egan provided an overview of the quarterly Investment Funds Report through April 2019, including the increase in cash due to assessments received, transfers, capital improvement fees, and interest income, and then reviewed total cash and the cash flow statement, including a Department of Water Resources' refund, payouts, and the projected year-end balance.

Chair Dizmang stated that Agenda Item No. 5.1 will now be considered.

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 May 2018 through April 2019 is 1.02; that this will be closely monitored; and that this will change as 2019 progresses.

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

Accounting Supervisor Hoffmeyer 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 April 2019 and stated that most departments are operating at or below the targeted expenditure percentage of 33%, with the exception of Engineering and Human Resources, followed by discussion of plant expenditures, overtime, on-call, delinquencies and bad debt, investments in PRWA, and growth within the District's boundaries.

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

Accounting Supervisor Hoffmeyer provided an overview of the revised 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 available funding sources through April 2019 and the summary of Water Revenue Bond Series 2018A payouts to date.

4.5) Review of 2019 Budget to Determine Addition of Step and Merit Changes for District Staff. (General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the 2019 Budget to date, which did not include merit and incentive bonuses, recommended this item be reassessed in August to determine if merit and incentive bonuses can be included beginning September 1, 2019, and informed the Committee that future compensation matters will be included with the new rate study.

5) Information Items.

5.2) Status Update on Informing Customers of Electronic Payment Delays. (Finance Manager Williams)

Public Affairs Director Shay stated that information on electronic payment delays has been posted on social media sites and included on the June billing statements and in the latest issue of The Pipeline.

5.3) Status Update on Budgeted Maintenance Items. (Facilities Manager Bligh)

Assistant General Manager Ly stated that items are repaired as needed due to budget constraints and that maintenance items will be included in the new rate study.

5.4) Other.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

The Proposition 218 process was discussed, and General Manager LaMoreaux stated that updates on the Proposition 218 process, an updated timeline, and Resolution No. 16-17 will be reviewed at the next Committee meeting.

7) Date of Next Committee Meeting.

It was determined that the next Financial Health and Stability Committee meeting will be held July 16, 2019 at 4:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:25 p.m.


Chair