

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, AUGUST 20, 2024:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, August 20, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:11 p.m.

1) Roll Call.

Attendance:

Committee:
Don Wilson, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Dennis Hoffmeyer, Finance Manager
Bob Egan, Financial Advisor
Judy Shay, Public Affairs Director
Danielle Henry, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, 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 July 16, 2024.

It was moved by Committee Member Kellerman, 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 July 16, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July 2024. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through July 2024, including account transfers, assessments received, capital improvement funds, interest and market values, scheduled payments, anticipated grant reimbursement funds, and the projected year-end balance.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for July 2024. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Profit and Loss Statement, the departmental budgets versus actual, and individual departmental reports for the period ending July 2024, including the anticipated property taxes and assessments, and stated that operating revenues are above the historical trend average at 56.5%, that expenses are below the historical trend average at 49.2%, and that most departments are at or below the traditional budgetary percentage of 58.3% followed by a brief discussion of continued water sale increases, of increased chemical and management expenses for Palmdale Lake, and of increased staff expenses for Customer Care.

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

Finance Manager Hoffmeyer provided a brief 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 2023A and 2024A Series Water Revenue Bonds in July 2024 and stated that funding is anticipated for the Avenue Q Recycled Water Pipeline project from the Palmdale Recycled Water Authority and from the Bureau of Reclamation grant.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that this report will be provided in a graph format for future meetings and that payment arrangements will be reported on a quarterly basis as the final arrangement made during the pandemic has recently been paid in full and the District has resumed normal operating procedures.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue has exceeded projections by approximately \$31,389 as of July 31.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for August 2023 to July 2024 is 1.98 and remains strong.

5.3) Other.

a) Mailing Equipment Upgrade.

Finance Manager Hoffmeyer provided an update on the requirement to upgrade the District's postage meter to be Intelligent Mail Indicia (IMI)-Compliant per the United States Postal Service followed by a brief discussion of the new equipment lease and mailing features.

b) 2024 Water Rate Study.

He then stated that staff worked with RDN Consultants to analyze an alternative option for the proposed 2026 Calendar Year (CY) rate increase by utilizing the District's Rate Stabilization Fund; that this calculation resulted in a negative impact to the Debt Service Coverage and higher anticipated rate increases for CY 2030-2034; and that staff recommends that the Board accept the original findings as presented at the August 12 Board Meeting followed by a brief discussion of future development, capital improvements, potential rate adjustments, and drought surcharges.

He then stated that two items will be added to the next meeting agenda regarding the WIFIA Loan payments and computer equipment leasing opportunities followed by a brief discussion of the Palmdale Ditch enclosure project.

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 September 17, 2024 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:34 p.m.



Chair