

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 22, 2024:**

*A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, October 22, 2024, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 2:00 p.m.*

**1) Roll Call.**

**Attendance:**

Committee:  
Don Wilson, Chair  
Scott Kellerman,  
Committee Member

**Others Present:**

Dennis LaMoreaux, General Manager  
Scott Rogers, Assistant General Manager  
Dennis Hoffmeyer, Finance Manager  
Bob Egan, Financial Advisor  
Angelica Garcia, Human Resources Director  
Tara Rosati, Customer Care Supervisor  
Cynthia Sanchez, Committee Member Alternate  
Danielle Henry, Executive Assistant  
1 member 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 September 17, 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 September 17, 2024, as written.

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

Financial Advisor Egan provided an overview of the monthly Major Account Activity Report, the Quarterly Major Account Activity Report, the Investment Funds Report, and the Cash Flow Statement through September 2024, including account transfers, assessments received, capital improvement funds, interest and market values, and scheduled payments, and stated that the projected year-end balance is very healthy followed by a brief discussion of transfers to the Rate Stabilization Fund, of the District's Reserve Policy, and of the recent bond payment.

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

Finance Manager Hoffmeyer reviewed in detail the Balance Sheet Report, the Balance Sheet Annual Quarterly Comparison Report, the Profit and Loss Statement, the Profit and Loss Quarterly Comparisons, the departmental budgets versus actual, the projected year-end interest earnings, and individual departmental reports for the period ending September 2024, including bond payments, adjustments for increased property taxes and assessments, and water sales and stated that operating revenues are above the historical trend average at 77.7%, that expenses are below the historical trend average at 66.9%, and that most departments are at or below the traditional budgetary percentage of 75% followed by a brief discussion of the Granular Activated Carbon (GAC) filter media replacement costs, of the status of the Sediment Removal Project, and of water recharge.

**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 2023A and 2024A Series Water Revenue Bonds in September 2024 followed by a brief discussion of the completion of the 2023 Meter Exchange Project, of the

advanced metering infrastructure (AMI) capabilities, and of the anticipated start date of the 2024 Meter Exchange Project.

He then stated that the WIFIA Loan Interest Rate Reset has been placed on hold until rates are more favorable.

**4.5) Consideration on a Recommendation to Increase Rate Assistance Program Monthly Credit to \$25.00. (No Budget Impact – Customer Care Supervisor Rosati)**

Customer Care Supervisor Rosati provided an overview of staff's recommendation to increase the Rate Assistance Program (RAP) monthly credit from \$20.00 to \$25.00 to provide additional assistance for fixed-income seniors and veterans in anticipation of the proposed rate adjustments, and after a brief discussion of senior and veteran application priority, of low-income applicants, of the current budget and reduction in openings for the RAP, and of the anticipated revenue from new cell tower leases to assist additional RAP applicants, 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 recommendation to increase the Rate Assistance Program monthly program credit to \$25.00 and that this item be presented to the full Board for consideration at the October 28, 2024 Regular Board Meeting.

**4.6) Discussion and Overview of Draft 2025 Budget. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer provided a brief overview of the projected 2025 operational revenues and expenses based on the 2024 Budget of 14,500 acre feet and stated that the draft 2025 Budget will be prepared and presented to the Finance Committee after the 2025 water rates have been considered and approved by the full Board followed by a brief discussion of budget impacts and of holding a Special Finance Committee Meeting after the November 4, 2024 Special Board Meeting.

**5) Reports.**

**5.1) Finance Manager Hoffmeyer:**

**a) Accounts Receivable Overview.**

Finance Manager Hoffmeyer provided a brief update on outstanding balances for accounts 60 days delinquent and stated that as of September 30, there are fourteen payment arrangements totaling \$6,399.44 with \$2,135.42 collected to date and that the majority of arrangements are related to leak applications.

**b) Revenue Projections.**

He then stated that based on selling 14,500 AF of water, 2024 revenue is ahead of projections by approximately \$330,972.91 as of September 30.

**c) Payment Transactions by Type.**

He then stated electronic payments continue to lead in payment type and have increased by 3,000 since last year.

**d) Billing and Collection Statistics.**

He then provided a brief overview of the delay in shutoffs for non-payment.

**5.2) Financial Advisor Egan:**

**a) Debt Service Coverage Status.**

Financial Advisor Egan reported that the Debt Service Coverage for October 2023 to September 2024 is 2.16 and remains very strong.

Finance Manager Hoffmeyer then stated that the District is in a healthy position to make a transfer into the Rate Stabilization Fund with minimal impact to the Debt Service Coverage followed by a brief discussion of District investments and future Rate Stabilization Fund contributions.

**5.3) Other.**

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.**

After a brief discussion, it was determined that a Special Finance Committee Meeting will be held November 6, 2024 at 10:00 a.m. to review the draft 2025 Budget and that the next Regular Finance Committee Meeting will be held November 19, 2024 at 2:00 p.m.

**8) Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 3:24 p.m.



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Chair