

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, JANUARY 21, 2025:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, January 21, 2025, 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
Judy Shay, Public Affairs Director
Maureen Sabino, Accounting 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 November 19, 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 November 19, 2024, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of November 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 November 2024, including account transfers, assessments received, interest and market values, scheduled payments and the projected year-end balance followed by a brief discussion of anticipated changes in future interest earning rates.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for November 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 November 2024, and stated that operating revenues are above the historical trend average at 96.6%, that expenses are below the historical trend average at 80.6%, and that most departments are at or below the traditional budgetary percentage of 91.7% followed by a brief discussion of elevation fees, increased chemical and electrical expenses, Customer Care staff-related expenses for the meter exchange project, and consultant costs.

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 November 2024, and stated that the final payment was made for the Advanced Metering Infrastructure (AMI) system equipment and that grant funding has been received for the Meter Exchange Project from the Bureau of Reclamation followed by a brief discussion of Water Revenue Bond interest earnings.

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 November 30, there are eight payment arrangements totaling \$20,647.64 with \$13,493.92 collected to date and that the reduction in payment arrangements is due to the pause in service turnoffs during the holiday closures followed by a brief discussion of the collection process of past due balances.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, 2024 revenue is ahead of projections by approximately \$470,602.16 as of November 30.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan reported that the Debt Service Coverage for December 2023 to November 2024 is 2.48 and remains healthy.

5.3) Other.

Finance Manager Hoffmeyer stated that staff will be presenting an increase in funding to the Rate Assistance Program (RAP) for consideration at the next Regular Board Meeting due to the recent collection of an outstanding cell tower lease payment which will return the RAP capacity to 700 applicants and that staff will also be reviewing additional lease opportunities.

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 February 18, 2025 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:42 p.m.



Chair