

## ANNOUNCEMENT



### **PALMDALE WATER DISTRICT BOARD OF DIRECTORS APPROVES ADDITIONAL OPERATING REDUCTIONS IN 2009 BUDGET**

*General Manager Makes Tough Recommendations in Effort to Balance Budget*

**June 12, 2009 (Palmdale, CA)** – In an effort to close the gap on the remaining 2009 budget shortfalls, Palmdale Water District Board of Directors approved many tough recommendations made by General Manager Randy Hill. Mr. Hill’s recommendations were considered and approved by the Board at the regularly scheduled Palmdale Water District Board of Directors meeting on Wednesday, June 10, 2009. Although many regular budget line items and operational expenses have already been slashed, the Board approved additional reductions in expenditures during the public board meeting. While the original goal was to cut \$700,000 from the budget, an additional \$1.2 million in cuts or new revenue sources will need to be prior to October 2009 in order for the District to make its debt payments without defaulting.

“We are facing a serious problem with the need to generate sufficient cash to operate and to secure a firm and reliable water supply for our community into the future. Our proposed cuts accomplish what needs to be done.” Randy Hill said. “I believe that despite the cuts and difficult staffing issues we are facing, once implemented, the District will be in a better position to continue providing reliable water service to our customers.”

To complicate matters further, a lawsuit by the City of Palmdale is preventing the District from issuing long term debt needed to finance the already completed work on its new water treatment plant and to replenish the District’s financial reserves. This infusion of cash was to provide needed operating capital over the next nine months, pay for water supply projects

currently underway, fund rebate programs to encourage customers to conserve water, and protect the customers long term water supply.

Requesting additional time to gather employee feedback, suggestions, and recommendations, the Board unanimously decided at a June 4 special meeting that an employee survey would be developed to ensure that the opinions and wishes of the District's employees are taken into consideration when any staffing related issues are brought before the Board and voted on. With 91% of PWD employees participating in an internal survey, the District has taken great strides to include employees in the decision making process.

The latest cuts were approved by the Board and will help the District continue operating at current production levels. Customer service levels will suffer while furloughs remain in affect. Beginning Friday June 26 the District will be closed to business every Friday. Staff work hours have been cut which affectively results in payroll costs being reduced by 10%.

Other cuts include eliminating all merit increases, volunteer retirement packages, work-share programs, Christmas closure, and shared benefit reductions. The cuts amount \$1.3 million in savings over the next 10 months. The Board is also committed to looking at additional cuts during the development of the 2010 budget.

The PWD is serious about leading by example and the Board also voted to reduce their meeting fees by 20%. Also the General Manager's salary has been cut by \$15,000 per year in addition to an additional 10% reduction as a result of furloughs.

In recent Board meetings leading up to Wednesday's session, the five-member panel has discussed alternatives for further reductions in operating costs. In addition to these budget reductions, the newly adopted tiered water rate structure will help the District continue to provide reliable, high quality water service while promoting water conservation in response to California's ongoing drought. The District faces service costs that are increasing due to inflation, more demanding federal and state environmental regulations, the need to maintain equipment and facilities, and reduced water resources.

### **About Palmdale Water District**

The Palmdale Water district has grown from an agency providing irrigation water for 60 customers, to an agency providing domestic water to the thriving community we know today. Founded as Irrigation District supplying water mainly to farms for agricultural use, the district's boundaries have expanded with Palmdale's rapid population growth and the District has shifted to providing predominantly municipal and industrial water. The Palmdale Water District is currently divided into five divisions covering areas in East and West Palmdale. The Palmdale Water District remains dedicated to providing clean, pure water; state of the art facilities to meet current and future needs; attentive staff committed to customer satisfaction; treatment and testing to ensure high quality water; education on water conservation and safety; and reliable supply and resourceful planning insuring customer satisfaction and continued reasonable rates. The Palmdale Water District can be reached by calling (661) 947-4111. The Palmdale Water District is located at 2029 E Avenue Q in Palmdale, California.

**Palmdale Water District Board Members:**

Division 1	Jeff Storm - President
Division 2	Dick Wells - Treasurer
Division 3	Linda Godin - Secretary
Division 4	Raul Figueroa - Director
Division 5	David Gomez - Vice President

**“Use Water Wisely. It’s a Way of Life”**