



PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111



Since 1918

Board of Directors

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Division 4

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Division 5

ALESHIRE & WYNDER LLP
Attorneys



November 2, 2017

*Agenda for Regular Meeting
of the Board of Directors of the Palmdale Water District
to be held at the District's office at 2029 East Avenue Q, Palmdale*

Wednesday, November 8, 2017

6:00 p.m.

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Dawn Deans at 661-947-4111 x1003 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Dawn Deans al 661-947-4111 x1003 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.

- 5) Presentations:
 - 5.1) None at this time.
- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of minutes of regular meeting held October 25, 2017.
 - 6.2) Payment of bills for November 8, 2017.
 - 6.3) Approve absences of Director Mac Laren due to vacation and Director Estes due to a personal training conference from October 25, 2017 meeting. (General Manager LaMoreaux)
 - 6.4) Approval of Amendment No. 2 to the Agreement Between Palmdale Water District and Butte County for a 10-Year Extension of Long-Term Lease of a Portion of Butte County's State Water Project Table A Water Supply from years 2021 to 2031. (Water and Energy Resources Director Pernula)
- 7) Action Items - Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Consideration and possible action on 2018 Budget. (General Manager LaMoreaux/Finance Manager Williams/Finance Committee)
 - 7.2) Consideration and possible action on cancellation of the second Regular Board Meeting in December. (General Manager LaMoreaux)
 - 7.3) Consideration and possible action on authorization of the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2017 Budget:
 - a) 2018 Succession Planning Event to be held April 11 – 12, 2018 in Atlanta, Georgia.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Meetings/General Report.
 - b) Standing Committee/Assignment Reports (Chair):
 - 1) None.
 - 8.2) Report of General Manager.
 - 8.3) Report of General Counsel.
- 9) Board members' requests for future agenda items.
- 10) Adjournment.



DENNIS D. LaMOREAUX, General Manager
DDL/dd

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: November 1, 2017 **November 8, 2017**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – APPROVE ABSENCES OF DIRECTOR MAC LAREN DUE TO VACATION AND DIRECTOR ESTES DUE TO A PERSONAL TRAINING CONFERENCE FROM OCTOBER 25, 2017 BOARD MEETING. (GENERAL MANAGER LaMOREAUX)***

Directors Mac Laren and Estes were absent from the October 25, 2017 Regular Board Meeting. Agenda Item No. 6.3 has been placed on the Consent Calendar to excuse this absence pursuant to Section 4.07.2 of the District’s Rules and Regulations which states, “The Board shall excuse absences by approving such absences pursuant to the Consent Calendar at the next regular Board meeting.”

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: November 1, 2017 **November 8, 2017**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jon M. Pernula, Water and Energy Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 6.4 – APPROVAL OF AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN PALMDALE WATER DISTRICT AND BUTTE COUNTY FOR A 10-YEAR EXTENSION OF LONG-TERM LEASE OF A PORTION OF BUTTE COUNTY’S STATE WATER PROJECT TABLE A WATER SUPPLY FROM YEARS 2021 TO 2031. (WATER AND ENERGY RESOURCES DIRECTOR PERNULA)*

Recommendation:

Staff recommends Board approval of an Extension of and Second Amendment to the Agreement between Palmdale Water District and the County of Butte for Long-Term Lease of a Portion of the Butte County’s State Water Project Table A.

Background:

On October 23, 2013, Palmdale Water District and Butte County entered into a long-term lease agreement wherein the Palmdale Water District leases a portion of Butte County’s Surplus Table A (“Agreement”). The term of the Agreement is for eight years ending December 31, 2021.

Under the current Agreement, after December 31, 2021, the term may continue for successive subsequent periods of five (5) years each ("Extended Terms") upon mutual agreement of the parties, unless a notice to not extend is provided by one party to the other.

This Agreement has proven to be of mutual benefit to both parties and has provided the District with extremely important supplemental water supplies, which are anticipated to be needed long into the future as a component of our water supply portfolio. Though the current Agreement does not sunset until year 2021, it appeared to be incumbent upon us to renew and extend this vital and beneficial agreement while the original negotiating parties were still actively employed by each respective agency.

The only substantive changes, other than exercising the option to extend the term, is the reduction of the water rate cost escalator to a 3.5% annual increase from the current 4% escalator established under the present agreement.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT
VIA: Mr. Dennis D. LaMoreaux, General Manager

November 1, 2017

Staff looks forward to continuing the relationship we have established with Butte County under this Agreement and to further enjoy the water resource reliability provided by it for many more years to come

Strategic Plan Initiative:

Strategic Initiative No. 1 – Water Resource Reliability

Budget:

Water Purchases under Operating Expenses

Supporting Documents:

- Extension of and Second Amendment to the Agreement between Palmdale Water District and the County of Butte for Long-Term Lease of a Portion of the Butte County's State Water Project Table A
- First Amendment to Agreement between Palmdale Water District and County of Butte for Long-Term Lease of a Portion of the County's State Water Project Table A
- Agreement between Palmdale Water District and County of Butte for Long-Term Lease of a Portion of the County's State Water Project Table A

EXTENSION OF AND SECOND AMENDMENT TO THE AGREEMENT BETWEEN
PALMDALE WATER DISTRICT AND COUNTY OF BUTTE FOR LONG-TERM
LEASE OF A PORTION OF THE COUNTY'S STATE WATER PROJECT TABLE A

1. Identification. This Extension of and Second Amendment to the 2013 Agreement Between the Palmdale Water District and the County of Butte for Long-Term Lease of a Portion of the County's State Water Project Table A ("Second Amendment") is made and entered into as of this ____ day of October, 2017, by and between the (i) County of Butte, California ("Butte") and (ii) Palmdale Water District ("PWD"), and is based upon the following recitals of fact.
2. Recitals.
 - 2.1 On October 23, 2013 PWD and Butte entered a long-term lease agreement wherein the Palmdale Water District leases a portion of Butte's Surplus Table A ("Agreement"). The term of the Agreement is for eight years ending December 31, 2021.
 - 2.2 As a part of the Agreement, it is the expressed goal of each of the parties to maintain a long-term agreement that continues to be mutually beneficial to both.
 - 2.3 Under Article 4.1 of the Agreement, after December 31, 2021 the term may continue for successive subsequent periods of five (5) years each ("Extended Terms") upon mutual agreement of the parties, unless a notice to not extend is provided by one party to the other.
 - 2.4 Butte has recently determined that its in-County surplus water demands are not expected to increase beyond the current use through the year 2031, therefore surplus water will be available for at least two Extended Terms under the Agreement.
 - 2.5 The Agreement has proven to be of mutual benefit for Butte and the PWD and it is therefore the desire of both parties to lengthen the current agreement for ten more years past 2021, which is twice the minimum extension of five years thereby extending the term of the Agreement through December 31, 2031.
3. Extension. Butte and the Palmdale Water District hereby agree to extend the Agreement for a total of two successive periods of five years each under Section 4.1 of the Agreement. The aggregate extension of ten years will begin on January 1, 2022 and end on December 31, 2031.
4. Amendment. In consideration of the mutual promises contained in this Second Amendment and in addition to the extension of the Agreement, the parties hereby agree to the following modifications to the Agreement:

4.1 Reductions in the Palmdale Water Districts’ Leased Table A Amount. The last sentence only of Section 4.3 of the Agreement shall be revised to read “Butte agrees that the Palmdale Water Districts’ Leased Table A Amount shall not be reduced below 10,000 acre-feet through the term of the Agreement, as extended.”

4.2 Water Rate and Water Rate Escalator. The following shall be added at the end of Section 4.4.3 of the Agreement:

“Part (b) Water Rate Escalator shall be annually escalated by three and one half percent for the years 2022 through 2031.”

4.3 The following shall be added at the end of the table set forth in Section 4.4.4 of the Agreement:

<u>Year</u>	<u>Part (b) Water Rate</u>	<u>Escalator</u>
2022	\$71.90	3.50%
2023	\$74.42	3.50%
2024	\$77.03	3.50%
2025	\$79.72	3.50%
2026	\$82.51	3.50%
2027	\$85.40	3.50%
2028	\$88.38	3.50%
2029	\$91.48	3.50%
2030	\$94.68	3.50%
2031	\$98.00	3.50%

5. Continuing Effect of Agreement. Except as amended by this Agreement, all provisions of the Agreement shall remain unchanged and in full force and effect. From and after the date of this Second Amendment, whenever the term “Agreement” appears in the Agreement, it shall mean the Agreement, as amended by this Second Amendment to the Agreement.

6. Authority. The persons executing this Second Amendment on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Second Amendment on behalf of said party, (iii) by so executing this Second Amendment, such party is formally bound to the provisions of this Second Amendment, and (iv) the entering into this Second Amendment does not violate any provision of any other Agreement to which said party is bound.

County of Butte, California

By: _____

Its: _____

Palmdale Water District, California

By: _____

Its: _____

COUNTY OF BUTTE

R 41460

CONTRACT NO.

AMENDMENT 1 TO AGREEMENT BETWEEN
PALMDALE WATER DISTRICT AND COUNTY OF BUTTE
FOR LONG-TERM LEASE OF A PORTION OF THE
COUNTY'S STATE WATER PROJECT TABLE A

1. Identification. This Amendment (Amendment) modifies the Agreement Between Westside Districts and County of Butte that was entered into as of October 23, 2013, by and between (i) the County of Butte, California (Butte) and (ii) Palmdale Water District (Palmdale). This Amendment incorporates two provisions into the Agreement: one which was unintentionally omitted from the original Agreement and expresses the intent expressed in the foundational Letter of Intent (LOI) and one which provides more flexibility for all parties relative to the availability of Additional Water.

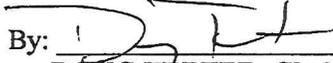
2. Recitals.
 - 2.1 On January 12, 2012, Butte and Palmdale entered into a Letter of Intent (LOI) to establish the terms and conditions for a 10-year lease of Butte's State Water Project (SWP). Term 11 of the LOI stated that "*Once during the any ten-year period of the Term or extensions thereof, if the SWP allocation is below thirty-five percent (35.0%), Westside shall have the option of deferring the per acre-foot charge in paragraph 7(b). The Payment associated with the per acre foot charge shall be paid in equal installments of twenty percent (20.0%) each year over the subsequent 5 years; installment payments bear an interest rate equivalent to the escalator percentage in effect during the year that the paragraph 7(b) charge was deferred*". The inadvertent omission of Term 11 from the Agreement was recognized and acknowledged by both parties in early 2014 when the SWP was facing a zero water allocation for 2014.

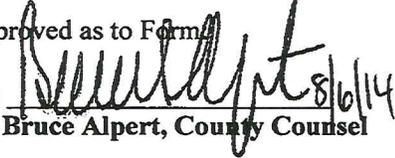
 - 2.2 Butte currently provides water to the Del Oro Water Company (Del Oro) and the California Water Service Company (Cal Water) for use within the County (collectively, Butte's Wholesale Contractors). Their historic water supply agreements allow each company to increase its fixed contracted water amount in five-year increments with the next five-year increments commencing January 1, 2016, January 1, 2021, January 1, 2026, and January 1, 2031; paragraph 4.2.3 of the Agreement recognized these scheduled dates relate to dates that Butte would provide Palmdale specific quantities of Additional Water that would be made available during each 5-year interval.

 - 2.3 Subsequent to the Agreement, on July 29, 2014, Butte approved agreements with the California Department of Water Resources and Cal Water to transport up to 3,000 acre feet of non-project water through SWP facilities, which will meet Cal Water's total current demand. In addition, pursuant to the 2014 Area of Origin Settlement Agreement, Butte has firmed up their local SWP supplies allowing Del Oro to order less Table A water from Butte. As a result, Butte's in-county Table A water needs fluctuate resulting in a varying quantity of water above local needs that could be classified as Additional Water.

- 2.3 In 2012, an Initial Study and Negative Declaration were prepared under CEQA that was consistent with the LOI for the 10-year lease with Extended Terms. The CEQA documents (SCH #2012051062) were distributed for public review and following board actions, a Notice of Determination was filed with the State Clearinghouse and other appropriate agencies on or about July 11, 2012.
4. Amendment. In consideration of the mutual promises contained in this Amendment, the parties agree:
- 4.1 Low SWP Allocation. Once during the any ten-year period of the Term or extensions thereof, if the SWP allocation is below thirty-five percent (35.0%), Palmdale shall have the option of deferring the per acre-foot charge in paragraph 4.4 of the Agreement. The Payment associated with the per acre foot charge shall be paid in equal installments of twenty percent (20.0%) each year over the subsequent 5 years; installment payments bear an interest rate equivalent to the escalator percentage in effect during the year that the paragraph 4.4 charge was deferred.
- 4.2 Paragraph 4.2.3 (Additional Water) of the Agreement shall be revised as follows:
- (a) By September 20 of each year, Butte shall notify Palmdale of the water needs of Butte's Wholesale Contractors for the following calendar year, such that any SWP water allocation above the needs of Butte's Wholesale Contractors shall be made available to Palmdale and/or the Westside Districts in accordance with their respective October 23, 2013 agreements with Butte.
 - (b) Palmdale agrees to lease all Additional Water on the same terms and conditions as set forth in the Agreement, which allows Palmdale Right of First Refusal up to and including 41.667% of such Additional Water.
 - (c) Nothing in this Agreement is intended to prevent the Westside Districts and Palmdale Water District from shifting Additional Water between themselves subject to the approval of DWR. Annual Payments to Butte shall not be adjusted or affected by any such arrangements.
 - (d) Omission of Section 4.3 regarding available quantity of water reviewed and/or changed every five years due to new language in §4.2.a.

County of Butte, California

By: 
DOUG TEETER, Chair

Approved as to Form
By:  8/6/14
Bruce Alpert, County Counsel

Palmdale Water District

By: 
Its: GENERAL MANAGER

Approved for fiscal control, subject
to budget appropriation
Auditor's Office

By: 

COUNTY OF BUTTE

A.O.P

10/22/13

R 41460

CONTRACT NO.

AGREEMENT BETWEEN
PALMDALE WATER DISTRICT AND COUNTY OF BUTTE
FOR LONG-TERM LEASE OF A PORTION OF THE
COUNTY'S STATE WATER PROJECT TABLE A

1. Identification. This Agreement is made and entered into as of the 23rd day of October, 2013, by and between the County of Butte, California ("Butte") and Palmdale Water District ("PWD" or "Palmdale") and is based upon the following recitals of fact. Palmdale and Butte are both State Water Project ("SWP") contractors.
2. Recitals and Definitions.
 - 2.1 PWD needs one hundred percent (100%) of the water derived from its SWP Table A amount (21,300 acre-feet) on a long-term basis. In January 2012, the Department of Water Resources ("DWR") issued The State Water Project Delivery Reliability Report 2011 that projected the long-term water delivery allocation of SWP Table A amount at sixty-one percent (61%) reliability. Based on DWR's projections, PWD needs an additional eight thousand five hundred and twenty (8,520) acre-feet of water supplies on average each year to offset the reduction in reliability from its SWP contract. PWD desires to lease a portion of Butte's Surplus Table A Amount to increase the quantity of SWP water Palmdale will receive during the Term of this Agreement.
 - 2.2 As a part of the settlement agreement by Butte in the case of Solano County Water Agency, et al. v. Department of Water Resources filed in Sacramento County Superior Court ("SCWA v. DWR"), DWR agreed to approve the lease under this Agreement subject to completion of an analysis under the California Environmental Quality Act ("CEQA") and approval of the settlement agreement by all parties to SCWA v. DWR, all of which has now occurred.
 - 2.3 Butte provides water to the Del Oro Water Company and the California Water Service Company for use within the county (collectively, "Butte's Wholesale Contractors"). Their respective water supply agreement allows each company to increase its fixed contracted water amount in five-year increments with the next five-year increments commencing January 1, 2016, January 1, 2021, January 1, 2026, and January 1, 2031.
 - 2.4 It is the expressed goal of each of the parties to maintain a long-term agreement that continues to be mutually beneficial to both parties.
 - 2.5 Definitions. As used in this Agreement, the following words and phrases shall have the following meanings:
 - 2.5.1 "Additional Water" shall have the meaning set forth in Section 4.2.3(a).

2.5.2 "Surplus Table A Amount" shall mean that portion of Butte's twenty-seven thousand five hundred (27,500) acre-feet of SWP Table A amount, which Butte has determined to be surplus to Butte's in-county needs during the Term of this Agreement and is available to be leased for use outside of the county, including as it may be limited by Butte's particular settlement agreement in SCWA v. DWR. The Surplus Table A Amount shall be subject to future modification as provided in Section 4.3 of this Agreement, the addition of any Additional Water as determined in accordance with Section 4.2.3, and any other adjustment by mutual agreement of the parties.

Butte has determined that as of January 1, 2014, the Surplus Table A Amount, not including any Additional Water, is equal to twenty-four thousand (24,000) acre-feet of Butte's Table A amount.

2.5.3 "Delta Water Charge" shall mean the sum of the per acre foot charges for the Capital Cost Component and Minimum O.M.P.&R. Component for the Delta Water Charge as shown on the applicable annual DWR Invoice for the County of Butte.

2.5.4 "DWR Agreement" shall mean that separate agreement among Palmdale, Butte, and DWR, which agreement governs the delivery of the SWP water derived from the Palmdale's Leased Table A Amount to Palmdale.

2.5.5 "Extended Term" shall have the meaning set forth in Section 4.1.

2.5.6 "Force Majeure" shall have the meaning set forth in Section 4.8.

2.5.7 "SWP water derived from the Palmdale's Leased Table A Amount" shall mean Palmdale's Leased Table A Amount adjusted by the then current SWP Table A allocation and further adjusted by any losses or other water deductions to the extent authorized by Palmdale's Water Supply Contract or by any agreement with DWR related to this Agreement.

2.5.8 "Palmdale's Leased Table A Amount" shall mean forty-one and two-thirds percent (41.667%) of the Surplus Table A Amount without adjustment for any annual changes in SWP Table A allocations. During the Term of this Agreement, Palmdale's Leased Table A Amount shall be adjusted as specified in Section 4.3 of this Agreement. Palmdale's Leased Table A Amount shall also include any Additional Water pursuant to Section 4.2.3 of this Agreement.

Including Additional Water, Palmdale's Leased Table A Amount as of January 1, 2014, shall equal ten thousand three hundred and forty-seven (10,347) acre-feet of Butte's annual SWP Table A amount.

2.5.9 "Westside Districts" shall mean collectively Belridge Water Storage District ("BWSD"), Berrenda Mesa Water District ("BMWD"), Dudley

Ridge Water District (“DRWD”), Lost Hills Water District (“LHWD”), and Wheeler Ridge – Maricopa Water Storage District (“WRMWS”).

3. DWR Agreement and CEQA Compliance as to this Agreement and DWR Agreement.

3.1 The transfer of the SWP water derived from Palmdale’s Leased Table A Amount is internal to the SWP and covered by current licenses and permits. This Agreement is subject to entering into the DWR Agreement.

3.2 DWR Agreement. Butte, with the assistance and cooperation of Palmdale, shall be responsible for obtaining DWR’s approval of the DWR Agreement. Butte and Palmdale shall each bear their own costs necessary to obtain such approval.

3.3 CEQA Compliance.

3.3.1 Palmdale, as lead agency for purposes of CEQA, completed an Initial Study under CEQA for both an existing two-year lease between Butte and Palmdale and the proposed long-term lease with Extended Terms under this Agreement and filed such Initial Study with the California Office of Planning and Research (the “State Clearinghouse”) on May 23, 2012 (SCH #2012051063). That Initial Study concluded that the Project would not have a significant effect on the environment. As a result, following the required public review and other proceedings, on July 11, 2012, Palmdale adopted certain findings and a Notice of Determination for the Project, which was filed with the State Clearinghouse and other appropriate agencies on or about July 17, 2012. Butte as a responsible agency concurred with Palmdale’s findings on July 31, 2012.

3.3.2 DWR is the lead agency for the CEQA review of the four settlement agreements relating to SCWA v. DWR, which also considered this Agreement’s proposed eight-year lease and the Extended Terms. DWR’s CEQA review has also been successfully completed. A Notice of Determination for the four settlement agreements was filed with the State Clearinghouse and other appropriate agencies on October 15, 2013..

4. Agreement. In consideration of the mutual promises contained in this Agreement, the parties further agree:

4.1 “Term of this Agreement” shall mean the period commencing January 1, 2014, and terminating on December 31, 2021, and including any and all Extended Terms, unless modified in accordance with this Agreement. After December 31, 2021, this Agreement shall continue for successive subsequent periods of five (5) years each (“Extended Term”) upon mutual agreement of the parties as to all relevant terms and conditions, including, but not limited to, the Section 4.4.1 Part (b) Water Rate and Water Rate Escalator and Section 4.4.1 Part (c). Commencement of any Extended Term is also subject to a determination by Butte of the quantity of Palmdale’s Leased Table A Amount available during the

Extended Term and Palmdale's written acceptance of that Extended Term quantity. Unless otherwise provided under this agreement, any notice to not commence any Extended Term shall be given in writing to the other party not later than January 1 of the year immediately preceding the commencement of the Extended Term. For example, any notice to not agree to an Extended Term commencing January 1, 2021, shall be given no later than January 1, 2020.

4.2 Lease of Table A Water.

4.2.1 Upon DWR's approval of the DWR Agreement, Butte agrees to lease to PWD Palmdale's Leased Table A Amount.

4.2.2 As between the parties, the SWP water derived from Palmdale's Leased Table A Amount shall be deemed to be delivered FOB Lake Oroville. Butte has no involvement in the actual delivery of Palmdale's Leased Table A Amount water to Palmdale pursuant to the DWR Agreement. By entering into this Agreement and the DWR Agreement, the parties agree that Butte has taken all actions required on Butte's part to ensure that the SWP water derived from Palmdale's Leased Table A Amount is delivered to Palmdale.

4.2.3 Additional Water.

(a) Butte shall determine in accordance with the following schedule when it has additional Table A water over and above the 24,000 acre-feet specified in Section 2.4.2 not needed to meet in-county water demands during the Term of this Agreement and, subject to Section 4.3, during any Extended Term ("Additional Water"):

Determination Date	For the Following Calendar Year Periods
September 20, 2015	2016 through 2020
September 20, 2020	2021 through 2025
September 20, 2025	2026 through 2030
September 20, 2030	2031 through 2035, subject to renewal or extension of State Water Contract

(b) Butte has determined that Additional Water of eight hundred thirty-two (832) acre-feet is available as of January 1, 2014, for calendar years 2014 and 2015.

(c) If Butte has Additional Water available in accordance with Subsection (a) above, Palmdale shall have the right of first refusal to lease up to and including 41.667% of such Additional Water on the same terms and conditions as set forth in this Agreement. Butte shall provide written notice to Palmdale of any Additional Water in accordance with the above schedule. Palmdale shall have thirty (30) calendar days after receipt of Butte's notice to notify Butte in writing of the percentage portion of the Additional Water it agrees to lease.

(d) Nothing in this Agreement is intended to prevent the Westside Districts and Palmdale from shifting Additional Water between themselves subject to the approval of DWR. Annual Payments to Butte shall not be adjusted or affected by any such arrangements.

4.3 Reductions in the Palmdale's Leased Table A Amount.

As described in Recital 2.3, Butte's water supply agreements with Butte's Wholesale Contractors allow each contractor to increase its contracted amount every five years. During the Term of this Agreement, each contractor can increase its contracted amount effective January 1, 2016, January 1, 2021, January 1, 2026, and January 1, 2031. The parties agree that Butte may reduce Palmdale's Leased Table A Amount due to increases in Butte's Wholesale Contractors' contracted amounts by the amount of such increases. Butte shall notify Palmdale by October 1 of the year prior to the year the reduced Palmdale's Leased Table A Amount shall take effect. Butte agrees that Palmdale's Leased Table A Amount shall not be reduced below 10,000 acre-feet through December 31, 2021.

4.4 Water Rates and Annual Payment to Butte.

4.4.1 Water Rate. The Water Rate component of the Annual Payment to Butte shall consist of the following: (a) the then-current Delta Water Charge (b) the then-current rate per acre-foot as set forth in Subsection 4.4.4, and (c) any new SWP charges allocable to Palmdale in accordance with subsection 4.9 and expressed as a rate per acre foot. The combination of (a) (b) and, if appropriate, (c) shall be referred to as the "Water Rate".

4.4.2. Annual Payment. The sum of the three Water Rate components times the applicable Palmdale's Leased Table A Amount equals the Annual Payment to Butte.

4.4.3. Part (b) Water Rate Escalator. Part (b) of the Water Rate shall be annually escalated by three and one-half percent (3.5%) for the years 2014 through 2017 and annually escalated by four percent (4.0%) for the years 2018 through 2021.

4.4.4. The following table sets forth the applicable Part (b) Water Rate per acre-foot for each year during the prior two-year lease and during the term of this Agreement:

Year	Part (b) Water Rate	Escalator
2012	\$50.00	
2013	\$51.75	3.50%
2014	\$53.56	3.50%

2015	\$55.44	3.50%
2016	\$57.38	3.50%
2017	\$59.38	3.50%
2018	\$61.76	4.00%
2019	\$64.23	4.00%
2020	\$66.80	4.00%
2021	\$69.47	4.00%

Note: Part (b) Water Rates are rounded to nearest cent.

- 4.5 The Annual Payment to Butte shall be made by Palmdale in two equal installments for each year: July 1 of the then current calendar year and January 1 of the immediately following calendar year. For example, for 2014, the first installment shall be due July 1, 2014, and the second installment shall be due January 1, 2015.
- 4.6 At all times, Butte shall be responsible for paying DWR the annual Delta Water Charge related to Butte's SWP Water Supply Contract.
- 4.7 In the event that DWR makes retroactive adjustments (credits or additional charges) to the Delta Water Charge for any calendar year, Butte shall adjust the amount of the second semi-annual installment payment due Butte so long as DWR provides notice of any such adjustment at least two months prior to the second installment payment due date. For example, if DWR provides notice of adjustment on June 1, 2016, then the adjustment shall not be made until the installment payment due January 1, 2017. For three (3) years following the termination of this Agreement, the amount of any DWR adjustment that increases Butte's Delta Water Charge during any year during the Term of this Agreement shall be paid by Palmdale to Butte and the amount of any DWR adjustment that reduces Butte's Delta Water Charges during any year during the Term of this Agreement shall be refunded to Palmdale by Butte.
- 4.8 Palmdale is obligated to pay Butte for Palmdale's Leased Table A Amount, even if the SWP water derived from Palmdale's Leased Table A Amount is not actually delivered to Palmdale. To the extent that Palmdale fails to take delivery of the full quantity of water derived from Palmdale's Leased Table A Amount because of events beyond the control of Palmdale that cause a failure in the DWR delivery system ("Force Majeure"), Palmdale shall only be required to pay for the percentage of the final SWP allocation declared by DWR that is actually delivered to or stored on behalf of Palmdale. For example, if Palmdale's Leased Table A Amount is 10,000 AF and the final SWP Table allocation for the then current year is 60% (i.e., the SWP water derived from the Palmdale's Leased Table A Amount = 6,000 AF) but a Force Majeure limits physical delivery or storage of the water to Palmdale to only 3,000 AF (i.e., delivery of 50% of the 6,000 AF allocated), then Palmdale shall be obligated to pay for 5,000 AF times the applicable Water Rate (i.e., payment for 50% of the 10,000 AF). Force Majeure shall include physical damage or destruction of conveyance facilities, natural catastrophes, or acts of a governmental authority other than any of the Parties hereto, but shall not

include inability for Palmdale to use the SWP water derived from Palmdale's Leased Table A Amount due to lack of demand, storage south of the Delta, or availability of alternate supplies.

- 4.9 In the event there is an increase in the fixed costs for operation of the State Water Project due to additional debt service obligations or other expenses imposed and Butte is obligated to pay such costs outside of the Delta Rate charge as discussed in §4.4.1 as Part (a) of the Water and §4.9.1 of this agreement; such additional costs will be borne by Palmdale in proportion to the Palmdales' Leased Table A Amount of Butte's total Table A Amount.

4.9.1 Acting reasonably and in good faith, with the goal for this lease to remain mutually beneficial to both parties and notwithstanding any other provision of this Agreement, Butte will assume the Water System Revenue Bond Surcharge as set forth each year in Table B-22 (titled 'Water System Revenue Bond Surcharge for Each Contractor') of Bulletin 132-12 through the term of this Agreement. Amounts exceeding the annual costs depicted in Table B-22 of Bulletin 132-12, shown as Exhibit A of this Agreement, shall be borne by Palmdale proportionate to the applicable Palmdale Leased Table A Amount to the total 27,500 acre-feet of Butte's Table A Amount. The Delta Water Charge and any costs that may be imposed as a result of the Bay Delta Conservation Plan ("BDCP") and Delta Habitat Conservation and Conveyance Plan ("DHCCP") will be borne by Palmdale. If additional charges are identified or the contemplated charges increase to where payment of those charges by Palmdale would impose a financial hardship, notice may be given by Palmdale to Butte County within 12 months of the latter of the following: (i) the effective date of the new or increased SWP charges or (ii) the date Palmdale determines that the new or increased SWP charges would impose a financial hardship. The notice shall set forth the basis of the calculation of the costs and resulting financial hardship. The parties shall thereafter meet and confer in good faith to determine if a resolution concerning such additional SWP charges, including, but not limited to, by an adjustment to the Water Rate Payment, can be reached. An example of the calculation of the Water Rate Payment is shown in Exhibit B.

4.9.2 If the parties are unable to agree on an adjustment to the Water Rate Payment, or any other suitable resolution, within 90 days after written notice is provided by Palmdale, then either party may terminate this lease upon giving a subsequent written notice to the other party. Such termination shall be effective beginning the next calendar year after the termination notice, unless the parties agree otherwise in writing.

- 4.10 Liability; Indemnity.

4.10.1. Except as provided in Section 4.16, each party shall be responsible for its own legal and consulting costs.

4.10.2 The parties acknowledge that the DWR Agreement may require Palmdale and Butte to defend, indemnify and/or hold DWR and its officers and employees harmless from lawsuits, costs, damages, judgments, attorney fees and/or liabilities that DWR and its officers and employees incur as a result of DWR providing services under the applicable DWR Agreement (each, an "indemnity obligation"). The costs of satisfying any such indemnity obligation shall be borne as between Palmdale and Butte based on comparative fault of the respective party or parties; provided, however, that in the event none of such parties is at fault, then the cost of satisfying any indemnity obligation shall be borne equally between Palmdale and Butte. If the same indemnity obligation is addressed in an agreement between DWR, Butte and Palmdale as well as a DWR Agreement with Kern County Water Agency ("KCWA") or DRWD, and if Palmdale, Butte, and KCWA/DRWD are not at fault, then the cost of the indemnity obligation shall be borne one-third by Palmdale, one-third by Butte, and one-third by KCWA and DRWD acting jointly.

4.10.3. To the extent that a third-party initiates a claim challenging the adequacy of the CEQA review for this Agreement or the validity of this Agreement, Palmdale and Butte shall equally bear the cost to defend the claim. If a third-party initiates any such claim against Butte, the Westside Districts, and Palmdale, then all three parties shall equally bear the cost to defend the claim.

- 4.11 Each party represents and warrants to the other that no person or entity can properly claim a right to a commission, finder's fee, or other compensation based upon the actions of that party.
- 4.12 Each of the undersigned individuals, by execution of this Agreement on behalf of Palmdale and Butte, as applicable, represents and warrants to the other that such individual has the legal power, right, and authority to execute this Agreement on behalf of Butte or Palmdale as the case may be. It is understood by all parties that the County of Butte Board of Supervisors and Palmdale's Board of Directors must approve this Agreement prior to this Agreement becoming effective.
- 4.13 Each party represents and warrants that it has full capacity and authority to enter this Agreement; that the lease will not violate any existing agreements to which it is a party; and there is no pending litigation that would affect either party's ability to perform under this Agreement. Each party will appear, defend, and hold harmless the other party against any liability resulting from the failure of these representations and warranties.
- 4.14 Notice under this Agreement shall be given by overnight delivery to the following addresses, and shall be effective on actual receipt:

Palmdale Water District
Attention: General Manager
2029 East Avenue Q
Palmdale, California 93550

County of Butte
Department of Water and Resource Conservation
Attention: Director
308 Nelson Avenue
Oroville, California 95965

- 4.15 The parties agree to submit all disputes, claims or controversies to neutral, binding arbitration pursuant to the commercial rules and policies of JAMS, Inc. The parties hereby agree to give up any rights they might possess to have this matter litigated in a court or jury trial.
- 4.16 In any action or arbitration to interpret or enforce this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and costs.
- 4.17 This Agreement contains the entire agreement between the parties concerning its subject matter and supersedes all prior oral and written agreements, letters of intent, and representations. Any amendments to this Agreement must be in writing and signed by all parties.
- 4.18 The parties agree to execute any and all other documents reasonably necessary to carry out the purposes of this Agreement.
- 4.19 This Agreement was actively negotiated between the parties, and therefore the presumption of construction against the drafter shall not apply.
- 4.20 This Agreement shall be interpreted under and governed by California law.

County of Butte, California

By: Bill Connelly
Its: Chair of Board

Palmdale Water District

By: [Signature]
Its: President, Board of Directors

Approved for fiscal control, subject
to budget appropriation
Auditor's Office
By: [Signature] 10/2/13

APPROVED AS TO FORM
Butte County Counsel
By: [Signature]

EXHIBIT A
to the
AGREEMENT BETWEEN
PALMDALE WATER DISTRICT AND COUNTY OF BUTTE
FOR LONG TERM LEASE OF A PORTION OF THE
COUNTY'S STATE WATER PROJECT TABLE A

Excerpt (page B-145 of Appendix B) from Bulletin 132-12

TABLE B-22 Water System Revenue Bond Surcharge for Each Contractor

(in dollars)

Sheet 4 of 4

Calendar Year	SOUTHERN CALIFORNIA AREA (continued)				FEATHER RIVER AREA				South Bay Area Future Contractor	GRAND TOTAL
	San Geronimo Pass Water Agency	The Metropolitan Water District of Southern California	Ventura County Watershed Protection District	Total	City of Yuba City	County of Butte	Plumas County FC&WCD	Total		
	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]
1971	0	0	0	0	0	0	0	0	0	0
1972	0	0	0	0	0	0	0	0	0	0
1973	0	0	0	0	0	0	0	0	0	0
1974	0	0	0	0	0	0	0	0	0	0
1975	0	0	0	0	0	0	0	0	0	0
1976	0	0	0	0	0	0	0	0	0	0
1977	0	0	0	0	0	0	0	0	0	0
1978	0	0	0	0	0	0	0	0	0	0
1979	0	0	0	0	0	0	0	0	0	0
1980	0	0	0	0	0	0	0	0	0	0
1981	0	0	0	0	0	0	0	0	0	0
1982	0	0	0	0	0	0	0	0	0	0
1983	0	0	0	0	0	0	0	0	0	0
1984	0	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0	0
1988	24,019	2,642,354	18,118	3,150,527	1,336	552	853	2,741	0	4,317,328
1989	42,040	4,587,841	34,595	5,594,840	0	918	1,454	2,372	0	7,593,021
1990	38,023	4,037,980	34,994	4,917,308	2,535	800	1,283	4,618	0	6,760,020
1991	59,122	6,259,893	54,115	7,642,538	8,945	1,243	2,027	13,215	0	10,510,679
1992	80,131	8,435,312	72,892	10,351,553	13,671	1,710	2,806	18,187	0	14,255,669
1993	84,371	8,885,273	76,658	10,994,435	14,908	1,827	3,026	19,461	0	15,068,309
1994	85,698	8,826,755	76,794	10,959,041	14,409	1,801	3,070	19,290	0	15,145,690
1995	101,792	10,539,433	89,436	12,943,057	16,957	2,119	3,704	22,780	0	18,013,188
1996	124,074	12,810,361	109,783	15,730,703	20,640	2,580	4,621	27,841	0	21,369,059
1997	28,259	13,168,230	112,980	16,102,852	21,382	2,674	4,872	28,928	0	21,970,359
1998	27,174	12,662,268	108,619	15,483,941	20,562	2,671	4,885	27,818	0	21,126,182
1999	53,545	17,454,851	149,123	21,587,353	28,348	3,543	6,765	38,656	0	29,200,538
2000	70,117	19,805,800	168,269	25,135,876	32,271	9,794	7,996	50,061	0	33,737,389
2001	69,001	19,490,499	165,680	24,751,444	31,757	9,638	7,869	49,264	0	33,419,720
2002	71,126	20,091,004	170,682	25,534,301	32,736	9,935	8,112	50,783	0	34,452,482
2003	74,093	20,820,403	177,728	26,589,412	34,087	10,345	8,446	52,878	0	35,874,783
2004	74,138	20,941,743	177,910	26,615,534	34,121	10,366	8,456	52,933	0	35,911,363
2005	69,992	18,770,993	167,960	25,127,082	32,213	9,776	7,983	49,972	0	33,903,044
2006	75,738	20,330,228	181,750	27,239,361	34,858	10,678	8,638	54,075	0	36,735,870
2007	45,192	12,762,863	116,415	17,607,615	22,362	7,007	5,678	34,948	0	23,537,874
2008	250,631	18,303,204	173,561	26,204,054	32,180	9,751	7,973	49,904	0	35,188,221
2009	78,806	21,153,636	189,110	28,342,483	36,270	11,008	8,988	56,266	0	38,172,245
2010	75,405	20,240,944	180,952	27,252,635	34,705	10,532	8,600	53,837	0	36,525,441
2011	81,440	21,860,932	195,434	29,433,805	37,482	11,375	9,289	58,146	0	39,448,783
2012	365,251	38,530,016	324,481	49,837,973	59,875	17,804	20,898	252,745	0	68,251,427
2013	395,799	39,871,232	351,535	52,941,045	64,961	18,987	22,079	274,121	0	72,221,806
2014	418,697	42,282,199	371,985	55,281,401	68,717	19,846	24,413	283,978	0	77,485,722
2015	439,922	44,437,258	390,924	58,077,990	72,219	20,879	25,898	304,756	0	81,417,183
2016	442,001	44,847,578	392,774	58,552,373	72,561	20,888	25,778	306,198	0	81,822,531
2017	435,672	44,028,182	387,325	57,543,354	71,854	20,674	25,424	301,948	0	80,657,698
2018	391,474	39,543,480	347,672	51,891,951	64,269	18,055	22,532	271,332	0	72,430,848
2019	412,955	41,713,235	368,960	54,517,394	67,782	19,187	24,065	289,074	0	75,428,276
2020	389,133	39,307,425	345,752	51,372,949	63,882	18,695	22,696	269,572	0	72,017,668
2021	377,709	38,163,154	344,526	51,187,914	63,946	18,225	22,112	266,285	0	71,725,259
2022	374,031	37,761,477	332,471	50,779,410	61,402	17,853	21,616	259,490	0	71,222,747
2023	374,778	37,889,786	333,034	50,777,855	61,527	17,843	21,628	259,523	0	71,222,747
2024	373,851	37,754,246	331,335	50,698,227	60,753	17,740	21,527	257,983	0	71,122,747
2025	372,924	37,620,704	329,636	50,619,594	59,978	17,637	21,426	256,443	0	71,022,747
2026	372,000	37,487,162	327,937	50,540,961	59,203	17,534	21,325	254,903	0	70,922,747
2027	371,076	37,353,620	326,238	50,462,328	58,428	17,431	21,224	253,363	0	70,822,747
2028	370,152	37,220,078	324,539	50,383,695	57,653	17,328	21,123	251,823	0	70,722,747
2029	369,228	37,086,536	322,840	50,305,062	56,878	17,225	21,022	250,283	0	70,622,747
2030	368,304	36,952,994	321,141	50,226,429	56,103	17,122	20,921	248,743	0	70,522,747
2031	367,380	36,819,452	319,442	50,147,796	55,328	17,019	20,820	247,203	0	70,422,747
2032	366,456	36,685,910	317,743	50,069,163	54,553	16,916	20,719	245,663	0	70,322,747
2033	365,532	36,552,368	316,044	50,000,530	53,778	16,813	20,618	244,123	0	70,222,747
2034	364,608	36,418,826	314,345	49,931,897	53,003	16,710	20,517	242,583	0	70,122,747
2035	363,684	36,285,284	312,646	49,863,264	52,228	16,607	20,416	241,043	0	70,022,747
2036	362,760	36,151,742	310,947	49,794,631	51,453	16,504	20,315	239,503	0	69,922,747
2037	361,836	36,018,200	309,248	49,726,000	50,678	16,401	20,214	237,963	0	69,822,747
2038	360,912	35,884,658	307,549	49,657,367	49,903	16,298	20,113	236,423	0	69,722,747
2039	360,000	35,751,116	305,850	49,588,734	49,128	16,195	20,012	234,883	0	69,622,747
2040	359,076	35,617,574	304,151	49,520,101	48,353	16,092	19,911	233,343	0	69,522,747
2041	358,152	35,484,032	302,452	49,451,468	47,578	15,989	19,810	231,803	0	69,422,747
2042	357,228	35,350,490	300,753	49,382,835	46,803	15,886	19,709	230,263	0	69,322,747
2043	356,304	35,216,948	299,054	49,314,202	46,028	15,783	19,608	228,723	0	69,222,747
2044	355,380	35,083,406	297,355	49,245,569	45,253	15,680	19,507	227,183	0	69,122,747
2045	354,456	34,949,864	295,656	49,176,936	44,478	15,577	19,406	225,643	0	69,022,747
2046	353,532	34,816,322	293,957	49,108,303	43,703	15,474	19,305	224,103	0	68,922,747
2047	352,608	34,682,780	292,258	49,039,670	42,928	15,371	19,204	222,563	0	68,822,747
2048	351,684	34,549,238	290,559	48,971,037	42,153	15,268	19,103	221,023	0	68,722,747
2049	350,760	34,415,696	288,860	48,902,404	41,378	15,165	19,002	219,483	0	68,622,747
2050	349,836	34,282,154	287,161	48,833,771	40,603	15,062	18,901	217,943	0	68,522,747
2051	348,912	34,148,612	285,462	48,765,138	39,828	14,959	18,800	216,403	0	68,422,747
2052	347,988	34,015,070	283,763	48,696,505	39,053	14,856	18,699	214,863	0	68,322,747
2053	347,064	33,881,528	282,064	48,627,872	38,278	14,753	18,598	213,323	0	68,222,747
2054	346,140	33,747,986	280,365	48,559,239	37,503	14,650	18,497	211,783	0	68,122,747
2055	345,216	33,614,444	278,666	48,490,606	36,728	14,547	18,396	210,243	0	68,022,747
2056	344,292	33,480,902	276,967	48,421,973	35,953	14,444	18,295	208,703	0	67,922,747
2057	343,368	33,347,360	275,268	48,353,340	35,178	14,341	18,194	207,163	0	67,822,747
2058	342,444	33,213,818	273,569	48,284,707	34,403	14,238	18,093	205,623	0	67,722,747
2059	341,520	33,080,276	271,870	48,216,074	33,628	14,135	17,992	204,083	0	67,622,747
2060	340,596	32,946,734	270,171	48,147,441	32,853	14,032	17,891	202,543	0	67,522,747
2061	339,672	32,813,192	268,472	48,078,808	32,078	13,929	17,790	201,003	0	67,422,747
2062	338,748	32,679,650	266,773	48,010,175	31,303	13,826	17,689	199,463	0	67,322,747
2063	337,824	32,546,108	265,074	47,941,542	30,528	13,723	17,588	197,923	0	67,222,747
2064	336,900	32,412,566	263,375	47,872,909	29,753	13,620	17,487	196,383	0	67,122,747
2065	335,976	32,279,024	261,676	47,804,276	28,978	13,517	17,386	194,843	0	67,022,747
2066	335,052	32,145,482	259,977	47,735,643	28,203	13,414	17,285	193,303	0	66,922,747
2067	33									

EXHIBIT B
to the
AGREEMENT BETWEEN
PALMDALE WATER DISTRICT AND COUNTY OF BUTTE
FOR LONG-TERM LEASE OF A PORTION OF THE
COUNTY'S STATE WATER PROJECT TABLE A

Estimated 2014 Water Rate Payment for Palmdale Water District³

	DWR Charges to Butte	Water Rate reference	PWD Water Rate Payment to Butte
Delta Water Charge ¹	\$1,235,416	Part (a)	(10,000 AF/27,500 AF)(\$1,235,416)= \$449,242.18
WSRB Surcharge ²	\$198,959	Agreement §4.9.1	(\$198,959-\$196,846)(10,000/27,500)= \$768.28
Section 4.4.4 Charge	NA	Part (b)	(\$53.56/AF)(10,000 AF)=\$535,600
Other SWP Charges	NA	Part (c)	0

¹ Per Table B-21, Bulletin 132-13

² Per Table B-22, Bulletin 132-13 (\$198,959) and Bulletin 132-12 (\$196,846)

³ For simplification of calculation, table assumes no Additional Water per §4.2.3

Hypothetical 2020 Water Rate Payment for Palmdale Water District³

	DWR Charges to Butte	Water Rate reference	PWD Water Rate Payment to Butte
Delta Water Charge ¹	\$1,400,000	Part (a)	(10,000 AF/27,500 AF)(\$1,400,000)= \$509,040
WSRB Surcharge ²	\$200,000	Agreement §4.9.1	(\$200,000-\$182,995)(10,000/27,500)= \$6,183
Section 4.4.4 Charge	NA	Part (b)	(\$66.80/AF)(10,000 AF)=\$668,000
Other SWP Charges ⁴	NA	Part (c)	\$300,000 (10,000/24,000)=\$109,080

¹ Per Table B-21, Bulletin 132-19 (assumed)

² Assume Table B-22 in Bulletin 132-19 shows a \$200,000 charge to Butte for 2020; Bulletin 132-12 shows the charge of \$182,995, thus an overage of \$17,005 above Bulletin 132-12. Palmdale would pay for 10,000/27,500 of the overage; Westside Districts would pay for 14,000/27,500 of the overage; Butte would pay 3,500/27,500 of the overage.

³ For simplification of calculation, assumes no Additional Water per §4.2.3

⁴ Assumed \$300,000 BDCP/DHHCP charge imposed on transferred Butte water

PALMDALE WATER DISTRICT
BOARD MEMORANDUM

DATE: November 1, 2017 November 8, 2017
TO: BOARD OF DIRECTORS Board Meeting
FROM: Mr. Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION ON 2018 BUDGET. (GENERAL MANAGER LaMOREAUX/FINANCE MANAGER WILLIAMS/FINANCE COMMITTEE)

Recommendation:

Staff recommends that the Board consider approving the 2018 annual budget as presented.

Background:

	<u>PROPOSED</u> <u>2018</u>	<u>BUDGET</u> <u>2017</u>
Operating Revenue		
Wholesale Water (AVEK & LCID)	160,000	160,000
Retail Water	22,627,500	21,680,000
Other Operating Revenue	800,000	960,000
	<u>23,587,500</u>	<u>22,800,000</u>

Operating revenues are projected to increase by \$787,000, based on water sales of 18,000 acre foot (AF) with a 4.25% rate adjustment. The actual increase in water sales is \$947,000, but we are projecting a decrease in other revenue of approximately \$160,000.

	<u>PROPOSED</u> <u>2018</u>	<u>BUDGET</u> <u>2017</u>
Operating Expenses		
Departmental Salaries (Includes Overtime)	7,787,500	7,510,000
Departmental Taxes & Program Benefits	893,500	789,250
Departmental Healthcare	1,404,500	1,281,750
Departmental CalPERS	1,504,250	1,340,250
Departmental Personnel Expenses	<u>11,589,750</u>	<u>10,921,250</u>

Personnel costs are adjusted upwards by \$668,000 due to the following factors:

- Healthcare has been adjusted to match the allowance of \$1,800 per employee. The blended increase in medical was 7.52% for the District.
- COLA has been included at 3.1%.
- Provisions have been made for sick and vacation sell back in January and July.
- Provisions for merit and salary adjustments for 2018 evaluations.
- Funding for Assistant General Manager and Safety/Training positions.

	<u>PROPOSED</u>	<u>BUDGET</u>
	<u>2018</u>	<u>2017</u>
Operating Expenses		
Departmental Operating Expenses	8,401,757	7,184,850
Water Purchases & Recovery (OAP Included)	2,100,000	2,190,000
Water Quality (GAC Media)	840,000	862,500
Plant Expenditures	<u>1,144,000</u>	<u>574,292</u>
Cash Expenses	24,075,507	21,732,892

Operating expense will increase by \$2.3MM with most of the increases attributed to departmental adjustments listed below:

Directors: Directors budget has been increased to \$27,000 per Director from \$22,000 per Director.

Administration: The unfunded liability has been increased \$96,000 to a total of \$568,000 for the year.

Engineering: Engineering has an increase of \$54,000 due primarily to upgrading the SQL database license fee related to GIS.

Facilities: Facilities has an increase of \$371,000 due to increases in tools and equipment, increases in maintenance and repair costs, and replacement cost of vital system components.

Operations: Operations has an increase of \$436,000 due to increases in chemicals, lake management, outside lab fees, electricity costs, and maintenance and repair costs for the facility.

Human Resources: HR has an increase of \$220,000 mostly due to an allocation of \$200,000 for position overlap as part of our succession planning.

Information Technology: IT has an increase of \$100,000 due to increased costs in software maintenance and support, added cloud based services, and replacement of equipment related to our Internet access.

Plant Expenditures: Plant expenditures has an increase of \$570,000, which is made up from regulatory and critical projects:

1. Meter replacement project \$550,000
2. Water System Master Plan \$ 52,000
3. Emergency Action Plan \$175,000
4. LSRP-State Permits \$152,000
5. Replace VMWare Server \$ 60,000
6. Redesign VMWare Network \$ 15,000
7. Replace Firewall \$ 60,000
8. Upgrade GP and SQL \$ 60,000
9. WTP Security Cameras \$ 20,000

The effect on cash flow and reserves:

	<u>Proposed 2018</u>	<u>Projected 2017</u>
Beginning Cash	14,651,854	12,853,749
Operating Activities		
Net Operating Revenues	23,587,500	23,126,500
Net Operating Expenses	<u>(24,075,507)</u>	<u>(20,373,155)</u>
Net cash provided by operating activities	14,163,847	15,607,094

Because of carry over commitments on projects, we would begin the year with cash reserves of \$14.6MM. The difference in operating revenue over operating expense would reduce that cash balance by \$488,000.

Other Sources and Uses of Cash		
Assessments received	7,500,000	7,617,750
Payments for State Water Project	(3,043,874)	(2,995,409)
Capital Improvement Fees Received	250,000	1,001,000
Water Conservation	(281,000)	(78,000)
Proceeds on Issuance of Long Term Debt		
Acquisition of Property, Plant & Equip. - Current Yr	(1,300,000)	(2,798,802)
Acquisition of Property, Plant & Equip. - Carryover	(1,185,000)	(155,500)
Committed Contracts on WRB Projects	(600,000)	-
Capital Leasing	(51,769)	(51,769)
Principal Paid on Long Term Debt	(1,657,084)	(1,610,453)
Interest Paid on Long Term Debt	(2,063,634)	(2,113,307)
State Grants and Other Income	238,000	147,000
Interest on Investments	90,000	82,250
Net Cash Provided by Other Sources and Uses	(2,104,361)	(955,240)
Net Increase (Decrease) in Cash	<u>(2,592,368)</u>	<u>1,798,105</u>
Rate Stabilization Fund	-	-
Cash End of Year	<u>12,059,486</u>	<u>14,651,854</u>

Taking into account the other sources and uses of cash, completing the carryover projects, and contract commitments, we would have \$1.3MM available for new capital projects and leave an ending cash reserve balance of \$12MM. However, completing the Upper Amargosa Recharge Project in 2018 would reduce reserves to \$11.5MM.

The summary of needed projects indicates that with the removal of the plant expenditures at \$1.1MM, there is \$3.5MM in projects that will need to be prioritized to use up the \$1.3MM available.

	2018 FUND BREAKDOWN					
	O&M	CF	WS	AR	CON	WQ
Studies and Planning Documents	379,000	-	1,683,000	-	-	50,000
Replacement Equipment	-	-	-	287,000	-	-
General Projects	215,000	-	-	94,000	281,000	-
Replacement Capital Projects	550,000	-	-	1,213,000	-	-
New Capital Projects (CIF)	-	-	-	-	-	-
GAC Media Replacement (5 Contactors)	-	-	-	-	-	840,000
	<u>1,144,000</u>	-	<u>1,683,000</u>	<u>1,594,000</u>	<u>281,000</u>	<u>890,000</u>
2018 Total Tie-out:	<u>5,592,000</u>					

The key determining factors are: how well revenues perform for the year and how low will our reserve levels drop. Those will determine how much of the budget will be completed. Of course, there are the unknown factors, such as capital improvement fees, which are projected at \$250,000 but could come in much higher or lower. Management will have to approve projects cautiously through the year based on those factors.

Finally, as part of the rate adjustment Resolution No. 16-17 adopted November 9, 2016, part of the budget process for subsequent years 2018 and 2019, staff is to address section 4 which reads as follows:

Direct District staff to assess and report on the following parameters using actuals through August 31st and projecting through December 31st of the year as part of the annual budget process for 2018 and 2019. A "Yes" answer from the District staff analysis for any three (3) parameters will allow for the consideration of a reduced water rate adjustment provided the reduced water rate adjustment continues to satisfy the same "Yes" parameters:

- a. Do the District's reserves meet the following end of year target reserve levels while providing a minimum of \$2.5M annually for projects?
2017 - \$10.9M
2018 - \$11.5M
2019 - \$12.1M
- b. Can projects be funded at a level that is equal to the year's depreciation while maintaining a minimum reserve level of \$10.5M?
- c. Does the Rate Stabilization Fund match or exceed the planned amounts of \$1,080,000 in 2017, \$1,080,000 in 2018, and \$1,480,000 in 2019?
- d. Is the projected Debt Coverage Ratio adequate to meet current bond covenants?
- e. Has the District's bond rating been re-evaluated to AA or higher by either Standard & Poor's or Fitch rating agencies which are currently A- and A+, respectively?

Staff's responses:

- a. No
- b. No
- c. No
- d. Yes
- e. No

Supporting Documents:

- Substantive pages of the 2018 budget work papers.

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PALMDALE WATER DISTRICT 2018 BUDGET (18,000 Acre Foot)

	PROPOSED 2018	PROJECTED 2017	BUDGET 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Operating Revenue						
Wholesale Water (AVEK & LCID)	160,000	164,000	160,000	231,820	142,749	218,627
Retail Water	22,627,500	22,238,500	21,680,000	21,582,139	19,879,631	21,647,741
Other Operating Revenue	800,000	724,000	960,000	779,854	1,267,941	1,377,953
	<u>23,587,500</u>	<u>23,126,500</u>	<u>22,800,000</u>	<u>22,593,813</u>	<u>21,290,321</u>	<u>23,244,320</u>
Operating Expenses						
Departmental Salaries (Includes Overtime)	7,787,500	7,408,500	7,510,000	7,315,814	7,149,254	6,837,471
Departmental Taxes & Program Benefits	893,500	815,700	789,250	735,082	708,477	646,579
Departmental Healthcare	1,404,500	1,307,200	1,281,750	1,388,530	1,381,278	1,379,012
Departmental CalPERS	1,504,250	1,235,600	1,340,250	1,622,708	1,171,573	1,228,920
Departmental Personnel Expenses	11,589,750	10,767,000	10,921,250	11,062,134	10,410,581	10,091,983
Departmental Operating Expenses	8,401,757	6,332,850	7,184,850	6,909,422	6,385,446	7,002,691
Water Purchases & Recovery (OAP Included)	2,100,000	1,895,555	2,190,000	1,774,364	1,047,071	1,959,115
Water Quality (GAC Media)	840,000	897,750	862,500	690,541	596,045	1,204,922
Plant Expenditures	1,144,000	480,000	574,292	453,366	898,276	753,615
Cash Expenses	24,075,507	20,373,155	21,732,892	20,889,828	19,337,418	21,012,326
Non-Cash Expenses	7,875,000	7,908,750	7,775,000	7,014,716	8,965,479	7,651,539
Net Operating Income/(Loss)	<u>(8,363,007)</u>	<u>(5,155,405)</u>	<u>(6,707,892)</u>	<u>(5,310,730)</u>	<u>(7,012,577)</u>	<u>(5,419,544)</u>
Non-operating Revenues	8,253,000	9,008,000	7,705,500	8,181,224	8,110,323	7,367,714
Non-operating Expenses	5,495,500	4,958,500	4,701,500	4,645,813	4,589,862	4,982,994
Net Non-operating Income/(Loss)	<u>2,757,500</u>	<u>4,049,500</u>	<u>3,004,000</u>	<u>3,535,411</u>	<u>3,520,461</u>	<u>2,384,720</u>
Net Earnings(Loss)	<u><u>(5,605,507)</u></u>	<u><u>(1,105,905)</u></u>	<u><u>(3,703,892)</u></u>	<u><u>(1,775,320)</u></u>	<u><u>(3,492,116)</u></u>	<u><u>(3,034,825)</u></u>

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PALMDALE WATER DISTRICT 2017 BUDGET (18,000 Acre Foot)

	PROPOSED 2018	PROJECTED 2017	BUDGET ¹ 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Operating Revenue						
Wholesale Water (AVEK & LCID)	160,000	164,000	160,000	231,820	142,749	218,627
Water Sales	8,320,000	8,284,000	8,002,000	8,194,074	6,952,694	8,283,444
Meter Fees	13,006,500	12,719,250	12,475,500	12,176,890	11,658,904	11,321,843
Water Quality Fees	941,000	874,250	862,500	861,502	898,135	1,564,800
Elevation Fees	360,000	361,000	340,000	349,673	369,899	477,654
Other	800,000	724,000	960,000	779,854	1,267,941	1,377,953
	<u>23,587,500</u>	<u>23,126,500</u>	<u>22,800,000</u>	<u>22,593,813</u>	<u>21,290,321</u>	<u>23,244,320</u>
Operating Expenses						
Directors	140,500	113,500	115,500	162,939	139,276	145,332
Administration	3,687,200	3,316,750	3,517,500	3,258,302	2,884,658	2,488,872
Engineering	1,662,900	1,452,000	1,451,500	1,295,845	1,202,660	1,086,084
Facilities	7,091,750	5,943,000	6,621,000	6,503,297	5,795,731	3,711,042
Operations	3,032,007	2,743,250	2,546,250	2,682,263	2,540,998	5,341,789
Finance	1,291,250	1,184,750	1,246,500	1,257,585	1,570,286	3,048,759
Water Conservation	240,000	220,000	228,000	239,810	333,179	180,027
Human Resources	636,850	295,100	297,100	390,980	406,497	252,531
Information Technology	896,350	604,250	804,750	802,131	775,870	840,237
Customer Care	1,312,700	1,227,250	1,278,000	1,378,405	1,146,872	-
Water Purchases	2,200,000	1,974,750	2,340,000	2,007,254	1,789,229	2,385,951
OAP Chrg (Prior Year)	50,000	-	100,000	-	(36,045)	683
Water Recovery	(150,000)	(79,195)	(250,000)	(232,890)	(706,113)	(427,519)
Water Quality (GAC Media)	840,000	897,750	862,500	690,541	596,045	1,204,922
Plant Expenditures	1,144,000	480,000	574,292	453,366	898,276	753,615
Cash Expenses	<u>24,075,507</u>	<u>20,373,155</u>	<u>21,732,892</u>	<u>20,889,828</u>	<u>19,337,418</u>	<u>21,012,326</u>
Depreciation	6,000,000	6,042,000	6,000,000	5,599,740	7,957,867	7,166,963
Post Employment Benefit (GASB 45)	2,300,000	2,195,000	2,350,000	2,069,452	2,022,850	1,999,825
Bad Debts	50,000	50,000	50,000	35,937	67,504	16,594
Service Costs Construction	125,000	133,750	125,000	82,905	13,861	(99,180)
Capitalized Construction	(600,000)	(512,000)	(750,000)	(773,318)	(1,096,604)	(1,432,662)
Non-Cash Expenses	<u>7,875,000</u>	<u>7,908,750</u>	<u>7,775,000</u>	<u>7,014,716</u>	<u>8,965,479</u>	<u>7,651,539</u>
Net Operating Income/(Loss)	<u>(8,363,007)</u>	<u>(5,155,405)</u>	<u>(6,707,892)</u>	<u>(5,310,730)</u>	<u>(7,012,577)</u>	<u>(5,419,544)</u>
Non-operating Revenues						
Assessments (Debt Service)	5,125,000	5,285,000	5,000,000	5,168,663	5,207,003	5,066,642
Assessments (1%)	1,825,000	1,736,250	1,657,500	1,665,002	1,634,459	1,582,069
Successor Agency Component (Prop Tax)	550,000	596,500	300,000	524,470	511,352	415,073
DWR Fixed Charge Recovery	175,000	160,000	200,000	285,255	332,957	221,578
Interest	90,000	140,000	60,000	105,487	45,786	45,465
Market Adj. on Investments	-	(57,750)	-	(62,759)	(3,081)	5,005
Capital Improvement Fees	250,000	1,001,000	250,000	41,017	367,481	13,547
Grants - State & Federal	178,000	75,000	178,000	306,915	-	-
Other	60,000	72,000	60,000	147,173	14,366	18,336
	<u>8,253,000</u>	<u>9,008,000</u>	<u>7,705,500</u>	<u>8,181,224</u>	<u>8,110,323</u>	<u>7,367,714</u>
Non-operating Expenses						
Interest Paid & Amortization on long-term debt	2,063,500	2,172,000	2,228,000	2,211,323	2,234,905	2,281,792
Amortization of SWP	2,851,000	2,601,000	2,238,000	2,362,788	2,074,524	1,934,685
Legal Settlements	-	-	-	-	-	601,670
Change in Investments in PRWA	300,000	107,500	100,000	14,559	59,831	34,580
Water Conservation	281,000	78,000	135,500	57,143	220,602	130,267
	<u>5,495,500</u>	<u>4,958,500</u>	<u>4,701,500</u>	<u>4,645,813</u>	<u>4,589,862</u>	<u>4,982,994</u>
Net Non-operating Income/(Loss)	<u>2,757,500</u>	<u>4,049,500</u>	<u>3,004,000</u>	<u>3,535,411</u>	<u>3,520,461</u>	<u>2,384,720</u>
Net Earnings(Loss)	<u>(5,605,507)</u>	<u>(1,105,905)</u>	<u>(3,703,892)</u>	<u>(1,775,320)</u>	<u>(3,492,116)</u>	<u>(3,034,825)</u>

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PALMDALE WATER DISTRICT 5-YEAR CASH FLOW (Aggregate)

	Audited Numbers				
	Proposed 2018	Projected 2017	2016	2015	2014
Beginning Cash	14,651,854	12,853,749	12,243,990	12,989,419	12,216,474
Operating Activities					
Net Operating Revenues	23,587,500	23,126,500	22,586,801	21,248,419	23,341,636
Net Operating Expenses	24,075,507	20,373,155	20,976,334	20,319,286	22,405,397
Net cash provided by operating activities	(488,007)	2,753,345	1,610,467	929,133	936,239
Other Sources and Uses of Cash					
Assessments received	7,500,000	7,617,750	7,358,135	7,352,814	7,063,785
Payments for State Water Project	(3,043,874)	(2,995,409)	(3,195,974)	(3,278,807)	(2,390,962)
Capital Improvement Fees Received	250,000	1,001,000	234,747	367,481	13,548
Water Conservation	(281,000)	(78,000)	-	-	-
Proceeds on Issuance of Long Term Debt					
Acquisition of Property, Plant & Equip. - Current Yr	(1,750,000)	(2,798,802)	(2,264,386)	(2,631,537)	(1,249,083)
Acquisition of Property, Plant & Equip. - Carryover	(1,185,000)	(155,500)	-	-	-
Committed Contracts on WRB Projects	(600,000)	-	-	-	-
Capital Leasing	(51,769)	(51,769)	(229,597)	(229,597)	(229,597)
Principal Paid on Long Term Debt	(1,657,084)	(1,610,453)	(1,557,553)	(1,518,412)	(1,472,774)
Interest Paid on Long Term Debt	(2,063,634)	(2,113,307)	(2,161,369)	(2,203,532)	(2,244,419)
State Grants and Other Income	238,000	147,000	709,802	421,242	300,744
Interest on Investments	90,000	82,250	105,487	45,786	45,464
Net Cash Provided by Other Sources and Uses	(2,554,361)	(955,240)	(1,000,708)	(1,674,562)	(163,294)
Net Increase (Decrease) in Cash	(3,042,368)	1,798,105	609,759	(745,429)	772,945
Rate Stabilization Fund	-	-	-	-	-
Cash End of Year	11,609,486	14,651,854	12,853,749	12,243,990	12,989,419
Less Restricted Cash	-	-	-	-	-
Acquisition of Property, Plant & Equip. - Carryover	-	(1,185,000)	(155,500)	(584,806)	(654,148)
Committed Contracts on WRB Projects	(513,500)	(600,000)	(681,709)	-	-
Available Operating Cash	11,095,986	12,866,854	12,016,540	11,659,184	12,335,271

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Directors

PERSONNEL BUDGET:

	PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
	2018	2017	2017	2016	2015	2014
1-01-4000-000 Directors Fees		-		64,200	57,000	71,100
Benefits						
1-01-4005-000 Payroll Taxes	5,500	4,500	5,500	4,533	4,346	5,405
1-01-4010-000 Health Insurance		-		75,765	57,956	53,150
Subtotal (Benefits)	5,500	4,500	5,500	80,297	62,303	58,555
Personnel Expenses	5,500	4,500	5,500	144,497	119,303	129,655

OPERATING EXPENSES:

1-01-4050-000 Director's Travel, Seminars & Meetings		-		18,442	19,973	15,677
1-01-xxxx-007 Director's Expense Share - Alverado, Robert	27,000	20,500	22,000			
1-01-xxxx-008 Director's Expense Share - Mac Laren, Kathy	27,000	22,000	22,000			
1-01-xxxx-009 Director's Expense Share - Estes, Joe	27,000	25,500	22,000			
1-01-xxxx-010 Director's Expense Share - Dino, Vincent	27,000	22,000	22,000			
1-01-xxxx-011 Director's Expense Share - Henriquez, Marco	27,000	19,000	22,000			
Total Operating Expense	135,000	109,000	110,000	18,442	19,973	15,677
Total Departmental Expenses	140,500	113,500	115,500	162,939	139,276	145,332

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Administration

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-02-4000-000	Salaries	1,215,500	1,107,000	1,220,500	1,059,738	909,109	787,919
1-02-4000-100	Salaries - Departmental Overtime	9,000	8,500	8,500	7,357	7,128	7,992
	Subtotal (Salaries)	1,224,500	1,115,500	1,229,000	1,067,095	916,237	795,911
Employee Benefits							
1-02-4005-000	Payroll Taxes	86,500	80,000	87,000	67,781	58,665	49,348
1-02-4010-000	Health Insurance	171,500	150,000	171,000	141,074	133,752	110,746
1-02-4015-000	Pers	141,000	115,500	145,000	173,459	146,826	148,467
	Subtotal (Benefits)	399,000	345,500	403,000	382,314	339,243	308,561
District-wide Salaries & Benefits							
1-02-5070-001	Salaries-On-Call/Stand By Time	90,000	74,000	90,000	78,783	89,297	53,711
1-02-5070-002	PERS-Unfunded Liability	568,500	472,500	472,000	405,575	189,408	-
1-02-5070-003	Worker's Compensation	280,000	235,000	185,000	178,578	119,156	118,517
1-02-5070-004	Vacation Benefit Expense	25,000	15,000	35,000	12,321	54,578	1,748
1-02-5070-005	Life Insurance/EAP	6,500	5,000	7,500	6,379	6,949	7,572
	Subtotal (District-wide)	970,000	801,500	789,500	681,635	459,387	181,549
	Personnel Expenses	2,593,500	2,262,500	2,421,500	2,131,044	1,714,867	1,286,021

OPERATING EXPENSES:

1-02-4050-000	Staff Travel	14,000	18,000	14,000	-	-	11,286
1-02-4050-100	General Manager Travel	5,000	5,500	5,000	5,821	8,209	7,808
1-02-4060-000	Staff Conferences & Seminars	6,000	2,000	6,000	-	-	3,670
1-02-4060-100	General Manager Conferences & Seminars	4,000	4,000	4,000	2,150	3,915	3,460
1-02-4130-000	Bank Charges	140,000	149,250	140,000	156,058	146,801	136,637
1-02-4150-000	Accounting Services	27,500	27,500	27,500	25,471	23,991	25,285
1-02-4155-205	Contracted Services - Landscape Services	-	-	-	-	-	10,200
1-02-4155-210	Contracted Services - Janitorial Services	-	-	-	-	-	14,375
1-02-4155-215	Contracted Services - Elevator Services	-	-	-	-	-	3,112
1-02-4175-000	Permits (Construction)	17,500	17,000	17,500	10,332	16,856	9,061
1-02-4180-000	Postage	25,000	15,500	25,000	11,783	18,268	25,085
1-02-4190-100	Public Relations - Publications	30,000	30,000	30,000	29,642	9,083	17,002
1-02-4190-700	Public Affairs - Marketing/Outreach	25,000	44,000	20,000	-	-	-
1-02-4190-710	Public Affairs - Advertising	4,000	-	-	-	-	-
1-02-4190-720	Public Affairs - Equipment	2,500	-	-	-	-	-
1-02-4190-730	Public Affairs - Conference/Seminar/Travel	2,500	-	-	-	-	-
1-02-4190-740	Public Affairs - Consultants	3,000	-	-	-	-	-
1-02-4190-750	Public Affairs - Memberships	700	-	-	-	-	-
1-02-4190-900	Public Relations - Other	-	-	-	6,555	1,000	706
1-02-4200-000	Advertising	4,000	3,500	4,000	3,833	3,617	2,439
1-02-4205-000	Office Supplies	18,000	22,000	18,000	20,836	20,709	25,888
1-02-4210-000	Office Furniture	5,000	5,000	5,000	5,333	8,180	-
1-02-4215-200	Natural Gas - Office Building	-	-	-	-	-	3,954
1-02-4220-200	Electricity - Office Building	-	-	-	-	-	53,108
	Total Operating Expense	333,700	343,250	316,000	277,813	260,630	353,077
District-wide Operating Expense							
1-02-5070-006	Other Operating	20,000	32,000	20,000	28,084	18,367	18,355
1-02-5070-007	Consultants	70,000	69,000	70,000	94,638	157,646	121,710
1-02-5070-008	Insurance	305,000	301,000	305,000	297,231	296,700	275,100
1-02-5070-009	Groundwater Adjudication - Legal	50,000	82,000	50,000	57,678	145,128	228,195
1-02-5070-010	Legal Services	150,000	105,000	150,000	139,168	167,712	183,460
1-02-5070-011	Memberships	125,000	122,000	125,000	127,763	123,609	22,955
1-02-5070-012	Elections	-	-	-	104,882	-	-
1-02-5070-099	100th Anniversary	40,000	-	60,000	-	-	-
	Total District-wide Operating Expense	760,000	711,000	780,000	849,445	909,161	849,775
	Total Departmental Expenses	3,687,200	3,316,750	3,517,500	3,258,302	2,884,658	2,488,872

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Engineering

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-03-4000-000	Salaries	1,058,750	1,024,750	983,500	870,400	815,814	678,494
1-03-4000-100	Salaries - Departmental Overtime	9,000	8,500	6,500	10,469	5,172	9,781
	Subtotal (Salaries)	1,067,750	1,033,250	990,000	880,869	820,986	688,275
Employee Benefits							
1-03-4005-000	Payroll Taxes	78,750	75,250	73,000	65,930	62,068	54,550
1-03-4010-000	Health Insurance	209,750	181,750	164,000	152,691	139,686	134,005
1-03-4015-000	PERS	132,750	111,250	104,500	149,436	111,512	136,655
	Subtotal (Benefits)	421,250	368,250	341,500	368,057	313,267	325,210
	Personnel Expenses	1,489,000	1,401,500	1,331,500	1,248,926	1,134,253	1,013,485

OPERATING EXPENSES:

1-03-4050-000	Staff Travel	3,000	3,500	2,500	-	-	2,881
1-03-4060-000	Staff Conferences & Seminars	3,000	4,250	2,500	-	-	1,515
1-03-4060-001	Staff Training - Auto CAD Civil 3D	13,000	-	-	-	-	-
1-03-4155-305	Contracted Services - GIS Services	13,000	8,000	10,000	28,491	54,639	50,000
1-03-4155-310	Contracted Services - Reproduction	20,000	-	19,000	-	-	-
1-03-4155-315	Contracted Services - Prod./Demand Database	7,000	-	9,000	-	-	-
1-03-4155-320	Contracted Services - Plotter/Scanner	-	-	2,500	-	-	2,763
1-03-4155-325	Contracted Services - Backflow Software	-	-	1,000	-	-	-
1-03-4165-000	Memberships/Subscriptions	2,500	2,750	2,500	3,897	2,065	1,889
1-03-4250-000	General Materials & Supplies	-	-	-	4,541	2,297	2,162
1-03-4250-100	Supplies - Plotter Paper/Toner	3,400	1,000	8,000	-	-	-
1-03-4250-150	Supplies - Surveying Total Station	7,000	-	-	-	-	-
1-03-4250-200	Supplies - Miscellaneous	-	1,000	3,000	-	-	-
1-03-8100-100	Computer Software - Maint. & Support	102,000	30,000	60,000	9,990	9,406	11,391
	Total Operating Expense	173,900	50,500	120,000	46,919	68,407	72,600
	Total Departmental Expenses	1,662,900	1,452,000	1,451,500	1,295,845	1,202,660	1,086,084

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PALMDALE WATER DISTRICT 2018 BUDGET

Facilities

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-04-4000-000	Salaries	2,134,500	2,045,000	2,096,000	2,019,399	1,907,672	1,553,408
1-04-4000-100	Salaries - Departmental Overtime	115,000	128,000	100,000	111,003	90,716	78,544
	Subtotal (Salaries)	2,249,500	2,173,000	2,196,000	2,130,402	1,998,388	1,631,952
Employee Benefits							
1-04-4005-000	Payroll Taxes	178,000	172,000	172,000	164,677	154,694	129,425
1-04-4010-000	Health Insurance	491,750	465,500	453,500	443,728	434,173	349,246
1-04-4015-000	PERS	260,000	210,000	258,000	367,342	266,889	278,180
	Subtotal (Benefits)	929,750	847,500	883,500	975,748	855,756	756,851
	Personnel Expenses	3,179,250	3,020,500	3,079,500	3,106,150	2,854,144	2,388,803

OPERATING EXPENSES:

1-04-4050-000	Staff Travel	3,000	4,000	3,000	-	-	6,943
1-04-4060-000	Staff Conferences & Seminars	13,000	1,000	3,000	-	-	1,652
1-04-4155-405	Contracted Services - Landscape Svcs (All Sites)	15,500	10,250	15,500	11,353	12,087	1,675
1-04-4155-410	Contracted Services - Landscape Svcs (Wells)	38,000	34,000	38,000	35,804	31,424	28,640
1-04-4155-415	Contracted Services - Alarm Services	5,000	8,500	5,000	3,234	3,116	3,076
1-04-4155-420	Contracted Services - Janitorial Services (All Sites)	45,000	45,000	45,000	40,504	32,235	7,143
1-04-4155-425	Contracted Services - Pest Control Svcs (Contracted)	6,000	5,500	6,000	6,297	2,129	1,729
1-04-4155-430	Contracted Services - Pest Control Svcs (Plm Dam)	5,000	3,500	5,000	21,925	23,040	23,040
1-04-4155-435	Contracted Services - Elevator Services	3,500	12,000	3,500	3,318	3,213	-
1-04-4155-440	Contracted Services - SCADA Software	15,000	15,250	15,000	35,314	11,118	-
1-04-4155-445	Contracted Services - SCADA Hardware	25,000	24,250	20,000	-	668	-
1-04-4155-450	Contracted Services - Seismic Valve Controllers	7,500	-	7,500	6,085	5,790	-
1-04-4155-455	Contracted Services - Annual Tank Service	330,000	329,750	330,000	319,100	-	319,100
1-04-4155-460	Contracted Services - Fire Extinguisher Servicing	2,500	2,500	2,500	-	-	-
1-04-4155-465	Contracted Services - Firetide Radio	15,000	-	-	-	-	-
1-04-4155-466	Contracted Services - Clearscada	15,000	-	-	-	-	-
1-04-4155-467	Contracted Services - Fenway	1,000	-	-	-	-	-
1-04-4155-499	Contracted Services - Miscellaneous	1,000	2,000	1,000	2,444	6,299	5,357
1-04-4175-000	Permits (Littlerock & Palmdale Dams)	25,000	15,000	25,000	18,301	3,508	27,026
1-04-4215-100	Natural Gas - Wells & Boosters	225,000	191,500	225,000	165,926	199,402	-
1-04-4215-200	Natural Gas - Buildings	9,000	6,500	9,000	6,619	7,434	3,052
1-04-4220-100	Electricity - Wells & Boosters	1,320,000	1,040,000	1,320,000	1,298,902	1,587,473	-
1-04-4220-200	Electricity - Buildings	88,000	75,000	88,000	70,681	86,925	22,579
1-04-4225-000	Maint. & Repair - Vehicles	35,000	23,750	35,000	40,706	34,192	28,861
1-04-4230-100	Maint. & Rep. Operations - Office Building	25,000	23,750	25,000	33,215	9,861	11,007
1-04-4235-110	Maint. & Rep. Operations - Equipment	12,000	10,500	6,500	2,955	5,365	10,424
1-04-4235-400	Maint. & Rep. Operations - Wells	100,000	59,500	100,000	78,836	89,886	81,768
1-04-4235-405	Maint. & Rep. Operations - Boosters	80,000	27,750	80,000	48,838	30,841	29,172
1-04-4235-410	Maint. & Rep. Operations - Shop Bldgs	25,000	20,000	10,000	12,844	1,560	8,959
1-04-4235-415	Maint. & Rep. Operations - Facilities	50,000	18,750	15,000	35,918	22,642	9,395
1-04-4235-420	Maint. & Rep. Operations - Water Lines	300,000	310,000	250,000	302,124	220,229	313,799
1-04-4235-425	Maint. & Rep. Operations - Littlerock Dam	15,000	2,500	15,000	23,134	-	3,164
1-04-4235-430	Maint. & Rep. Operations - Palmdale Dam	7,500	6,000	7,500	6,724	1,160	1,020
1-04-4235-435	Maint. & Rep. Operations - Palmdale Canal	10,000	4,500	10,000	-	3,823	960
1-04-4235-440	Maint. & Rep. Operations - Large Meters	35,000	31,000	20,000	28,942	3,504	-
1-04-4235-445	Maint. & Rep. Operations - Telemetry	5,000	2,750	5,000	2,933	6,160	-
1-04-4235-450	Maint. & Rep. Operations - Hypo Generators	10,000	2,500	10,000	4,056	2,426	-
1-04-4235-455	Maint. & Rep. Operations - Heavy Equipment	45,000	43,000	45,000	36,942	46,202	54,748
1-04-4235-460	Maint. & Rep. Operations - Storage Reservoirs	5,000	500	5,000	2,753	2,615	381
1-04-4235-461	Maint. & Rep. Operations - Air Vacs	28,000	-	-	-	-	-
1-04-4235-470	Maint. & Rep. Operations - Meter Exchanges	250,000	140,000	250,000	314,917	119,540	-
1-04-4250-100	Materials - Hot Tapping	-	-	-	-	5,549	-
1-04-4270-300	Telecommunication - Other	4,000	5,750	4,000	6,292	3,707	-
1-04-4300-100	Testing - Regulatory Compliance	20,000	1,500	20,000	-	-	-
1-04-4300-200	Testing - Large Meter Testing	12,500	10,500	12,500	18,598	14,385	-
1-04-4300-300	Testing - Edison Testing	30,000	-	30,000	5,655	-	-
1-04-5070-009	Groundwater Adjudication - Pumping Assessment	50,000	19,750	50,000	-	-	-
1-04-6000-000	Waste Disposal	20,000	15,500	20,000	24,588	17,072	12,987
1-04-6100-100	Fuel and Lube - Vehicle	105,000	93,000	105,000	84,737	83,938	115,177
1-04-6100-200	Fuel and Lube - Machinery	40,000	25,500	40,000	14,092	33,619	41,755
1-04-6200-000	Uniforms	28,000	21,500	28,000	26,242	27,451	22,624
1-04-6300-100	Supplies - General	47,500	50,750	47,500	63,234	53,658	51,515
1-04-6300-200	Supplies - Hypo Generators	7,500	4,500	7,500	6,094	2,114	-
1-04-6300-300	Supplies - Electrical	3,000	1,000	3,000	1,117	283	-
1-04-6300-400	Supplies - Telemetry	5,000	7,000	5,000	4,340	5,161	-
1-04-6300-800	Supplies - Construction Materials	35,000	33,000	35,000	51,447	43,356	48,419
1-04-6400-000	Tools	-	-	-	34,027	20,149	11,065
1-04-6400-100	Tools - Facilities	47,000	17,750	20,000	-	-	-
1-04-6400-200	Tools - Vehicles	5,000	7,750	5,000	-	-	-
1-04-6450-100	Equipment - Firetide Radios	8,000	-	-	-	-	-
1-04-6450-110	Equipment - GF Signet Flow Meters	7,500	-	-	-	-	-
1-04-6450-120	Equipment - SCADA Workstations	30,000	-	-	-	-	-

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1-04-6450-130	Equipment - Compound Meters	72,000	-	-	-		
1-04-7000-100	Leases - Equipment	15,000	22,000	15,000	17,387	15,280	14,027
1-04-7000-200	Leases - Fleet	70,000	33,500	38,000	17,652	-	-
	Total Operating Expense	3,912,500	2,922,500	3,541,500	3,397,147	2,941,588	1,322,239
	Total Departmental Expenses	<u>7,091,750</u>	<u>5,943,000</u>	<u>6,621,000</u>	<u>6,503,297</u>	<u>5,795,731</u>	<u>3,711,042</u>

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Operations

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-05-4000-000	Salaries	937,750	950,500	920,000	988,198	1,067,180	1,496,842
1-05-4000-100	Salaries - Departmental Overtime	60,000	74,000	56,000	65,122	63,447	96,084
	Subtotal (Salaries)	997,750	1,024,500	976,000	1,053,319	1,130,627	1,592,926
Employee Benefits							
1-05-4005-000	Payroll Taxes	68,750	78,500	67,000	80,923	85,764	126,006
1-05-4010-000	Health Insurance	159,250	161,000	144,250	180,467	206,300	319,084
1-05-4015-000	PERS	121,500	106,000	111,000	167,291	156,034	292,061
	Subtotal (Benefits)	349,500	345,500	322,250	428,681	448,099	737,151
	Personnel Expenses	1,347,250	1,370,000	1,298,250	1,482,000	1,578,726	2,330,077

OPERATING EXPENSES:

1-05-4050-000	Staff Travel	2,500	2,250	2,500	-	-	8,563
1-05-4060-000	Staff Conferences & Seminars	2,500	2,000	2,500	-	-	3,472
1-05-4120-100	Training - Lab Equipment	-	-	-	-	-	6,867
1-05-4120-200	Training - SCADA Network Equipment	-	-	-	-	-	5,401
1-05-4155-505	Contracted Services - Landscape Services	2,000	1,750	2,000	2,620	1,485	1,620
1-05-4155-510	Contracted Services - Alarm Services	1,750	1,750	1,000	975	825	900
1-05-4155-515	Contracted Services - Janatorial Services	-	-	-	-	-	5,989
1-05-4155-520	Contracted Services - Pest Control Services	-	-	-	-	-	400
1-05-4155-525	Contracted Services - Wind Turbine Services	30,000	30,000	25,000	2,150	32,352	10,769
1-05-4155-530	Contracted Services - CMMS Software	-	-	-	-	1,800	10,025
1-05-4155-535	Contracted Services - SCADA Software	-	-	-	-	-	11,509
1-05-4155-540	Contracted Services - Lab Software	6,720	5,000	6,000	1,470	1,865	1,470
1-05-4155-545	Contracted Services - Lab Equipment Services	17,500	7,000	20,000	25,184	16,707	2,970
1-05-4155-550	Contracted Services - Water Quality Svcs (SolarBee)	32,000	28,000	32,000	28,016	27,200	24,883
1-05-4155-555	Contracted Services - SCADA Hardware	-	-	-	-	-	3,574
1-05-4155-560	Contracted Services - Seismic Valve Controllers	-	-	-	-	-	5,685
1-05-4155-599	Contracted Services - Miscellaneous	-	-	2,000	986	-	-
1-05-4175-000	Permits (WTP Facilities Inclusive)	66,287	61,000	40,000	30,155	22,967	28,733
1-05-4215-100	Natural Gas - Wells & Boosters	-	-	-	-	-	309,877
1-05-4215-200	Natural Gas - Water Treatment Plant	3,000	1,500	3,000	1,376	1,451	1,616
1-05-4220-100	Electricity - Wells & Boosters	-	-	-	-	-	1,682,458
1-05-4220-200	Electricity - Water Treatment Plant	290,000	290,000	125,000	159,361	147,115	147,472
1-05-4230-110	Maint. & Rep. Office - Equipment	500	-	500	126	-	463
1-05-4235-110	Maint. & Rep. Operations - Equipment	20,000	13,500	20,000	18,394	15,489	17,730
1-05-4235-410	Maint. & Rep. Operations - Shop Bldgs	6,000	-	6,000	14,856	1,316	10,301
1-05-4235-415	Maint. & Rep. Operations - Facilities	86,000	86,000	65,000	89,129	88,688	84,532
1-05-4235-445	Maint. & Rep. Operations - Telemetry	-	-	-	-	-	663
1-05-4235-450	Maint. & Rep. Operations - Hypo Generators	65,000	18,500	65,000	67,315	17,250	48,265
1-05-4235-500	Maint. & Repair - Wind Turbine	10,000	10,000	30,000	39,603	15,719	6,183
1-05-4236-000	Palmdale Lake Management	100,000	40,000	40,000	-	30,104	10,575
1-05-4270-300	Telecommunication - Other	-	-	-	-	-	3,087
1-05-4300-300	Testing - Edison Testing	-	-	-	-	-	9,770
3-05-4300-100	Filter Media Testing/Inspection	-	18,500	30,000	-	-	-
1-05-6000-000	Waste Disposal	20,000	4,000	20,000	10,417	11,899	24,600
1-05-6200-000	Uniforms	16,000	12,500	16,000	14,340	15,886	14,763
1-05-6300-100	Supplies - General	15,000	15,000	15,000	16,939	8,987	24,817
1-05-6300-200	Supplies - Hypo Generators	-	-	-	-	-	6,535
1-05-6300-300	Supplies - Electrical	-	-	-	-	-	405
1-05-6300-400	Supplies - Telemetry	-	-	-	-	-	2,055
1-05-6300-600	Supplies - Lab	52,000	52,000	50,000	44,895	37,050	35,387
1-05-6300-700	Outside Lab Work	71,000	58,000	60,000	69,835	70,965	44,565
1-05-6400-000	Tools	6,000	6,000	6,500	5,234	9,610	6,827
1-05-6500-000	Chemicals	760,000	609,000	560,000	556,243	384,384	384,205
1-05-7000-100	Leases -Equipment	3,000	-	3,000	644	1,157	1,729
	Total Operating Expense	1,684,757	1,373,250	1,248,000	1,200,263	962,272	3,011,712
	Total Departmental Expenses	3,032,007	2,743,250	2,546,250	2,682,263	2,540,998	5,341,789

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Finance

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-06-4000-000	Salaries	697,500	673,000	683,500	669,472	800,725	1,540,946
1-06-4000-100	Salaries - Departmental Overtime	3,000	2,500	4,000	236	4,124	18,203
	Subtotal (Salaries)	700,500	675,500	687,500	669,709	804,849	1,559,149
Employee Benefits							
1-06-4005-000	Payroll Taxes	53,250	50,500	53,000	47,518	58,773	120,148
1-06-4010-000	Health Insurance	99,250	88,750	88,500	92,028	137,350	334,581
1-06-4015-000	PERS	94,750	78,500	87,000	118,395	138,886	306,168
	Subtotal (Benefits)	247,250	217,750	228,500	257,941	335,009	760,897
	Personnel Expenses	947,750	893,250	916,000	927,650	1,139,858	2,320,046

OPERATING EXPENSES:

1-06-4050-000	Staff Travel	-	-	-	-	-	269
1-06-4060-000	Staff Conferences & Seminars	-	-	-	-	-	562
1-06-4155-100	Contracted Services - Infosend	280,000	233,000	280,000	272,395	221,470	200,535
1-06-4155-200	Contracted Services - Infosend Drought Related	-	-	-	-	5,492	3,224
1-06-4155-300	Contracted Services - Vendors	-	-	-	-	-	-
1-06-4155-605	Contracted Services - Assessor Data (Realquest)	-	-	-	-	1,650	9,900
1-06-4155-610	Contracted Services - Credit Reporting Services	-	-	-	-	290	3,979
1-06-4155-615	Contracted Services - AMR Services (Itron)	-	-	-	-	-	6,298
1-06-4155-620	Contracted Services - Letter Extractor (OPEX)	2,500	-	2,500	2,720	2,640	2,590
1-06-4155-625	Contracted Services - GASB Actuarial Reports	5,000	6,000	3,500	3,000	3,150	-
1-06-4165-000	Memberships/Subscriptions	500	250	500	220	110	220
1-06-4230-110	Maintenance & Repair - Office Equipment	500	-	500	-	-	-
1-06-4235-440	Maint. & Rep. Operations - Large Meters	-	-	-	-	2,129	45,117
1-06-4235-470	Maint. & Rep. Operations - Meter Exchanges	-	-	-	-	138,045	392,128
1-06-4250-000	General Material & Supplies	3,000	-	3,000	366	2,111	5,111
1-06-4260-000	Business Forms	4,000	1,500	4,000	3,470	10,213	8,675
1-06-4270-100	Telecommunication - Office	25,000	28,500	18,000	24,796	18,200	13,814
1-06-4270-200	Telecommunication - Cellular Stipend	20,000	19,750	15,500	20,360	18,320	15,570
1-06-4300-200	Testing - Large Meter Testing	-	-	-	-	4,044	18,122
1-06-7000-100	Leases - Equipment	3,000	2,500	3,000	2,609	2,565	2,600
	Total Operating Expense	343,500	291,500	330,500	329,935	430,428	728,713
	Total Departmental Expenses	1,291,250	1,184,750	1,246,500	1,257,585	1,570,286	3,048,759

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Water Conservation

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-07-4000-000	Salaries	148,000	143,000	144,000	118,371	179,187	113,405
1-07-4000-100	Salaries - Departmental Overtime	2,500	1,000	1,000	316	812	2,792
	Subtotal (Salaries)	150,500	144,000	145,000	118,687	179,999	116,197
Employee Benefits							
1-07-4005-000	Payroll Taxes	12,250	11,500	11,000	11,546	13,830	9,373
1-07-4010-000	Health Insurance	40,250	36,500	36,500	37,724	37,211	22,807
1-07-4015-000	PERS	20,000	17,500	18,500	18,245	11,369	16,332
	Subtotal (Benefits)	72,500	65,500	66,000	67,515	62,410	48,512
	Personnel Expenses	223,000	209,500	211,000	186,202	242,410	164,709
OPERATING EXPENSES:							
1-07-4050-000	Staff Travel	1,000	500	1,000	-	-	1,224
1-07-4060-000	Staff Conferences & Seminars	1,500	250	1,500	-	-	695
1-07-4190-300	Public Relations - Landscape Workshop/Training	1,000	250	1,000	5,164	98	71
1-07-4190-400	Public Relations - Contests	1,000	-	1,000	-	602	-
1-07-4190-500	Public Relations - Education Programs	2,500	7,500	2,500	299	-	413
1-07-4190-700	Public Relations - General Media (Public Outreach)	-	-	-	39,672	37,343	4,418
1-07-4190-900	Public Relations - Other	5,000	1,000	5,000	5,717	44,616	787
1-07-4500-000	Drought Enforcement Expense	-	-	-	714	4,735	-
1-07-6300-100	Supplies - Misc.	5,000	1,000	5,000	2,043	3,376	7,710
	Total Operating Expense	17,000	10,500	17,000	53,609	90,769	15,318
	Total Departmental Expenses	240,000	220,000	228,000	239,810	333,179	180,027

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Human Resources

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-08-4000-000	Salaries	220000	124,500	122,000	115,827	110,036	95,372
1-08-4000-200	Salaries - Intern Program	-	8,250	-	33,594	46,229	9,249
	Subtotal (Salaries)	220,000	132,750	122,000	149,421	156,266	104,621
Employee Benefits							
1-08-4005-000	Payroll Taxes	16,750	10,200	9,500	11,490	11,999	8,333
1-08-4010-000	Health Insurance	21,000	19,200	19,500	18,080	17,698	16,993
1-08-4015-000	Pers	21,000	7,850	8,000	12,669	1,100	6,170
	Subtotal (Benefits)	58,750	37,250	37,000	42,239	30,797	31,496
	Personnel Expenses	278,750	170,000	159,000	191,659	187,063	136,117

OPERATING EXPENSES:

1-08-4050-000	Staff Travel	1,500	1,000	1,500	40,694	36,944	1,721
1-08-4060-000	Staff Conferences & Seminars	1,500	1,500	1,500	14,097	20,796	749
1-08-4070-000	Employee Expense	50,000	44,500	50,000	49,291	58,725	40,673
1-08-4080-000	Succession Planning	200,000	-	-	-	-	-
1-08-4090-000	Temporary Staffing	-	-	-	-	-	-
1-08-4095-000	Employee Recruitment	3,000	3,500	3,000	1,822	1,847	18,848
1-08-4100-000	Employee Retention	5,000	500	5,000	12,836	15,774	17,757
1-08-4105-000	Employee Relations	3,500	3,000	3,500	2,181	2,727	2,683
1-08-4110-000	Consultants	-	-	-	3,797	-	-
1-08-4120-100	Training - Safety	35,000	27,500	35,000	24,112	40,551	13,031
1-08-4120-200	Training - Specialty	15,000	12,000	15,000	15,171	20,008	-
1-08-4121-000	Safety/HR Program	1,000	-	1,000	614	200	68
1-08-4165-000	Memberships/Subscriptions	1,600	1,600	1,600	947	964	1,093
1-08-4165-100	HR/Safety Publications	1,000	-	1,000	120	336	1,546
1-08-6300-500	Supplies - Safety	40,000	30,000	20,000	33,640	20,563	18,245
	Total Operating Expense	358,100	125,100	138,100	199,320	219,435	116,414
	Total Departmental Expenses	636,850	295,100	297,100	390,980	406,497	252,531

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**PALMDALE WATER DISTRICT
2018 BUDGET**

Information Technology

PERSONNEL BUDGET:		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
		2018	2017	2017	2016	2015	2014
1-09-4000-000	Salaries	180,000	177,250	176,000	208,849	224,583	221,954
1-09-4000-100	Salaries - Departmental Overtime	2,500	1,500	2,500	1,761	3,292	1,676
	Subtotal (Salaries)	182,500	178,750	178,500	210,611	227,875	223,630
Employee Benefits							
1-09-4005-000	Payroll Taxes	13,750	13,250	18,250	14,987	16,373	16,153
1-09-4010-000	Health Insurance	30,250	27,250	38,500	33,903	37,293	38,400
1-09-4015-000	PERS	23,250	19,000	22,750	35,653	37,295	44,888
	Subtotal (Benefits)	67,250	59,500	79,500	84,542	90,961	99,441
	Personnel Expenses	249,750	238,250	258,000	295,153	318,836	323,071

OPERATING EXPENSES:

1-09-4050-000	Staff Travel	3,000	750	3,000	-	-	397
1-09-4060-000	Staff Conferences & Seminars	10,000	6,500	3,500	-	-	12,628
1-09-4155-801	Cloud Services-MS-Office 360	22,000	-	-	-	-	-
1-09-4155-802	Cloud Services-MS-Project	1,800	-	-	-	-	-
1-09-4155-803	Cloud Services-MS-Visio	300	-	-	-	-	-
1-09-4155-804	Cloud Services-Adobe-Creative Suite	4,200	-	-	-	-	-
1-09-4155-805	Cloud Services-SeamlessDocs	5,000	-	-	-	-	-
1-09-4155-806	Cloud Services-IPSwitch-Moveit	6,000	-	-	-	-	-
1-09-4155-807	Cloud Services-GFI Fax	2,000	-	-	-	-	-
1-09-4155-808	Cloud Services-KnowBe4-Security Awareness	1,400	-	-	-	-	-
1-09-4155-809	Cloud Services-Network Solutions-DNS, Web Registration	2,000	-	-	-	-	-
1-09-4155-810	Cloud Services-IBM-MaaS 360	5,400	-	-	-	-	-
1-09-4155-811	Cloud Services-MSP Portal-Bit Defender	2,800	-	-	-	-	-
1-09-4155-812	Cloud Services-Akins-WiFi	2,400	-	-	-	-	-
1-09-4155-813	Cloud Services-FleetMate	6,100	-	-	-	-	-
1-09-4155-814	Cloud Services-Security Metrics-PCI Compliance	2,600	-	-	-	-	-
1-09-4155-815	Cloud Services-Citrix	-	-	-	-	-	-
1-09-4155-905	Contracted Services - Offsite Services	5,000	3,500	5,000	3,420	4,098	4,920
1-09-4155-910	Contracted Services - Printer Services	2,500	-	3,000	6,994	4,695	3,957
1-09-4155-915	Contracted Services - Website Design Services	20,000	9,500	20,000	16,166	15,808	33,535
1-09-4155-920	Contracted Services - Telephony Services	3,500	3,500	3,500	248	-	1,200
1-09-4155-925	Contracted Services - Cloud Services	-	22,000	25,000	46,969	38,976	29,775
1-09-4155-930	Contracted Services - Network Services	35,000	30,000	25,000	58,793	43,783	43,509
1-09-4155-935	Contracted Services - Hardware Warranties	5,000	1,000	5,000	315	-	-
1-09-4155-940	Contracted Services - Access Control	30,000	-	-	-	-	-
1-09-4165-000	Memberships/Subscriptions	2,500	500	2,000	1,410	1,410	1,607
1-09-4270-100	Telecommunication - Office Phone	16,500	15,000	16,500	15,260	16,469	16,897
1-09-4270-125	Telecommunication - Office Backbone	22,000	21,500	20,750	21,453	18,540	14,035
1-09-4270-150	Telecommunication - WTP Backbone	15,000	10,500	15,000	11,463	13,379	13,188
1-09-4270-300	Telecommunication - Cellular (Data & On-Call)	45,000	42,000	35,000	32,193	26,543	22,079
1-09-8000-100	Computer Equipment - Computers	45,000	29,000	45,000	30,158	17,426	21,104
1-09-8000-200	Computer Equipment - Mobility	45,000	17,000	45,000	23,883	6,549	579
1-09-8000-300	Computer Equipment - Monitors	2,000	1,250	2,000	192	-	-
1-09-8000-400	Computer Equipment - Printers	-	-	5,000	-	-	-
1-09-8000-500	Computer Equipment - Printer Supplies	3,000	250	3,000	350	1,494	1,883
1-09-8000-550	Computer Equipment - Telephony	3,000	1,250	2,500	300	362	-
1-09-8000-600	Computer Equipment - Other	40,000	20,000	40,000	22,330	18,473	38,264
1-09-8000-650	Computer Equipment - Warranty and Support	10,000	-	-	-	-	-
1-09-8100-100	Software - Maint. and Support	-	40,000	75,000	49,537	60,616	50,332
1-09-8100-101	Software M&S - Xtelesis-Phone	8,200	-	-	-	-	-
1-09-8100-102	Software M&S - Tredent-Appassure	7,900	-	-	-	-	-
1-09-8100-103	Software M&S - ConduSive/V-locity-Diskeeper	4,100	-	-	-	-	-
1-09-8100-104	Software M&S - FWI	400	-	-	-	-	-
1-09-8100-105	Software M&S - Strategy 7	700	-	-	-	-	-
1-09-8100-106	Software M&S - Astria Solutions-Docstar	15,500	-	-	-	-	-
1-09-8100-107	Software M&S - NemoQ-Ticketing	2,100	-	-	-	-	-
1-09-8100-108	Software M&S - FMT-Management Reporter	1,100	-	-	-	-	-
1-09-8100-109	Software M&S - Neogov	8,000	-	-	-	-	-
1-09-8100-110	Software M&S - TruePoint	40,000	-	-	-	-	-
1-09-8100-111	Software M&S - Technology Unlimited	1,700	-	-	-	-	-
1-09-8100-112	Software M&S - Sierra Workforce-Timesheet	3,800	-	-	-	-	-
1-09-8100-113	Software M&S - Tredent-SAN Manager	2,600	-	-	-	-	-
1-09-8100-114	Software M&S - Faranics-Powersaver	200	-	-	-	-	-
1-09-8100-115	Software M&S - Netwrix-Monitoring	2,000	-	-	-	-	-
1-09-8100-116	Software M&S - VMWare-Virtualization	7,000	-	-	-	-	-
1-09-8100-117	Software M&S - iPrism-Web Filter	26,000	-	-	-	-	-
1-09-8100-118	Software M&S - Quest-VMWare Recovery	8,300	-	-	-	-	-
1-09-8100-140	SoftwareM&S - Starnik	-	63,500	72,000	94,800	108,675	166,375
1-09-8100-150	Software M&S - Dynamics GP	60,000	15,000	60,000	60,653	46,869	40,580
1-09-8100-200	Software - Software and Upgrades	20,000	12,500	15,000	10,094	12,869	322
	Total Operating Expense	646,600	366,000	546,750	506,978	457,034	517,167
	Total Departmental Expenses	896,350	604,250	804,750	802,131	775,870	840,237

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PALMDALE WATER DISTRICT 2018 BUDGET

Customer Care

		PROPOSED	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-10-4000-000	Salaries	897,000	851,500	886,000	886,578	760,523	-
1-10-4000-100	Salaries - Departmental Overtime	7,500	5,750	10,000	6,142	7,206	-
	Subtotal (Salaries)	904,500	857,250	896,000	892,720	767,730	-
Employee Benefits							
1-10-4005-000	Payroll Taxes	68,500	65,000	65,500	68,418	61,283	-
1-10-4010-000	Health Insurance	181,500	177,250	166,000	213,071	179,858	-
1-10-4015-000	PERS	121,500	97,500	113,500	174,644	112,253	-
	Subtotal (Benefits)	371,500	339,750	345,000	456,134	353,394	-
	Personnel Expenses	1,276,000	1,197,000	1,241,000	1,348,853	1,121,123	-
OPERATING EXPENSES:							
1-10-4050-000	Staff Travel	2,000	500	1,000	-	-	-
1-10-4060-000	Staff Conferences & Seminars	3,000	3,000	2,000	-	-	-
1-10-4155-005	Contracted Services - Assessor Data (Realquest)	10,000	10,000	10,000	9,900	8,250	-
1-10-4155-010	Contracted Services - Credit Reporting Services	4,000	4,000	4,000	3,952	4,167	-
1-10-4155-015	Contracted Services - AMR Services (Itron)	8,000	6,000	6,000	5,454	5,888	-
1-10-4155-020	Contracted Services - NEMO-Q System	-	-	2,000	1,945	-	-
1-10-4230-110	Mtce & Rep Office - Equipment	200	-	500	499	-	-
1-10-4250-000	General Material & Supplies	7,000	6,750	7,500	7,209	5,973	-
1-10-4260-000	Business Forms	2,500	-	4,000	592	1,471	-
	Total Operating Expense	36,700	30,250	37,000	29,551	25,749	-
	Total Departmental Expenses	1,312,700	1,227,250	1,278,000	1,378,405	1,146,872	-

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PALMDALE WATER DISTRICT 2018 BUDGET

2018 FUND BREAKDOWN

	O&M	CF	WS	AR	CON	WQ
Studies and Planning Documents	379,000	-	1,683,000	-	-	50,000
Replacement Equipment	-	-	-	287,000	-	-
General Projects	215,000	-	-	94,000	281,000	-
Replacement Capital Projects	550,000	-	-	1,213,000	-	-
New Capital Projects (CIF)	-	-	-	-	-	-
GAC Media Replacement (5 Contactors)	-	-	-	-	-	840,000
	1,144,000	-	1,683,000	1,594,000	281,000	890,000
2018 Total Tie-out:	<u>5,592,000</u>					

Equipment	287,000
Capital Projects - General Fund	4,415,000
Capital Projects - CIF	-
Plant Expenditures	<u>(1,144,000)</u>
	<u>3,558,000</u>

Abbreviation Explanation	
O&M	= Plant Expensed
CF	= Capital Improvement Fund
WS	= Source Water Supply
AR	= Asset Replacement
CON	= Conservation Program
WQ	= Water Quality Fund
WRB	= 2013A Water Revenue Bond Fund

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PALMDALE WATER DISTRICT 2018 BUDGET

REQ. #	DESCRIPTION	Dept.	2018 FUND SOURCE BREAKDOWN			BUDGETING YEAR AMOUNT		
			O&M	WS	WQ	2018	2019	2020
Studies and Planning Documents								
PL01	Upper Amargosa Recharge Project (CO)	ENG	-	600,000	-	600,000	513,500	-
PL02	PRGRRP-CEQA, Permitting, Pre-Design & Pilot (CO)	ENG	-	363,000	-	363,000	-	-
PL03	PRGRRP-Construction & Monitor Wells/Test Basin (CO)	ENG	-	428,000	-	428,000	-	-
PL04	LSRP-Aspen-Agency Coordination (CO)	ENG	-	35,000	-	35,000	-	-
PL05	LSRP-Aspen-Grade Control Design (CO)	ENG	-	257,000	-	257,000	-	-
PL06	Water System Master Plan (CO)	ENG	52,000	-	-	52,000	-	-
PL07	Sanitary Survey (CO)	OPS	-	-	50,000	50,000	-	-
PL08	Emergency Action Plan	ENG	175,000	-	-	175,000	-	-
PL09	LSRP-State Permits	ENG	152,000	-	-	152,000	-	-
			<u>379,000</u>	<u>1,683,000</u>	<u>50,000</u>	<u>2,112,000</u>	<u>513,500</u>	<u>-</u>
		Total Fund Source:	<u><u>2,112,000</u></u>					

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PALMDALE WATER DISTRICT 2018 BUDGET

REQ. #	DESCRIPTION	Dept.	2018 FUND SOURCE BREAKDOWN			BUDGETING YEAR AMOUNT		
			O&M	AR	WQ	2018	2019	2020
Replacement Equipment								
RE01	Backhoe	FAC	-	80,000	-	80,000	-	-
RE02	PRV Replacements 25th St; 37th St; 40th St	FAC	-	40,000	-	40,000	-	-
RE03	Altitude Valve - 25th St East	FAC	-	22,000	-	22,000	-	-
RE04	Littlerock Insertion Mag Meter	FAC	-	32,000	-	32,000	-	-
RE05	Brine tanks @ Well #7 & Well #3	FAC	-	65,000	-	65,000	-	-
RE06	T-8 Booster Station Pump Skids	FAC	-	35,000	-	35,000	-	-
RE07	Intellispark @ Well #15 & Well #11	FAC	-	13,000	-	13,000	-	-
			-	287,000	-	287,000	-	-
		Total Fund Source:	<u>287,000</u>					

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PALMDALE WATER DISTRICT 2018 BUDGET

REQ. #	DESCRIPTION	Dept.	2018 FUND SOURCE BREAKDOWN			BUDGETING YEAR AMOUNT		
			O&M	AR	CON	2018	2019	2020
General Projects								
PRO01	6 MG Clearwell Curtain Repairs	ENG	-	94,000	-	94,000	-	-
PRO02	Replace and Upgrade VMWare Servers (EOL)	IT	60,000	-	-	60,000	-	-
PRO03	Redesign VMWare Network (TruePoint)	IT	15,000	-	-	15,000	-	-
PRO04	Replace Firewall and VPN Appliances (EOL)	IT	60,000	-	-	60,000	-	-
PRO05	Upgrade Microsoft GP & SQL Databases	IT	60,000	-	-	60,000	-	-
PRO06	WTP Access Control - Additional Cameras (Blind Spots)	IT	20,000	-	-	20,000	-	-
PRO07	2018 Water Rebate Program - Controllers, Turf Replacement, etc.	WC	-	-	281,000	281,000	250,000	250,000
			<u>215,000</u>	<u>94,000</u>	<u>281,000</u>	<u>590,000</u>	<u>250,000</u>	<u>250,000</u>
		Total Fund Source:	<u><u>590,000</u></u>					

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PALMDALE WATER DISTRICT 2018 BUDGET

REQ. #	DESCRIPTION	Dept.	2018 FUND SOURCE BREAKDOWN			BUDGETING YEAR AMOUNT		
			O&M	WS	AR	2018	2019	2020
Replacement Capital Projects								
RCP01	Meter Replacement Program - Purchase (Quantity = 3,400)	FIN	550,000	-	-	550,000	-	-
RCP02	Well #7 Rehabilitation	FAC	-	-	180,000	180,000	-	-
RCP03	Well #29 Submersible	FAC	-	-	65,000	65,000	-	-
RCP04	Well #35 Submersible	FAC	-	-	75,000	75,000	-	-
RCP05	Booster 45th St	FAC	-	-	23,000	23,000	-	-
RCP06	Booster Well #3	FAC	-	-	15,000	15,000	-	-
RCP07	Booster Well #14	FAC	-	-	8,000	8,000	-	-
RCP08	Water Main Replacement - Avenue P8 & 20th ST E	ENG	-	-	410,000	410,000	-	-
RCP09	Water Main Replacement - 13th ST E (Avenue Q13 to Avenue R)	ENG	-	-	170,000	170,000	-	-
RCP10	Water Main Replacement - Avenue P (25th ST E to FAA Site)	ENG	-	-	152,000	152,000	-	-
RCP11	Avenue V-5 Water Main Replacement (Spec 1504)	ENG	-	-	45,000	45,000	-	-
RCP12	45th ST E Altitude Valve (Upsizing)	ENG	-	-	70,000	70,000	-	-
			550,000	-	1,213,000	1,763,000	-	-
	Total Fund Source:		1,763,000	-	1,213,000	1,763,000	-	-

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: November 1, 2017 **November 8, 2017**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION
ON CANCELLATION OF SECOND REGULAR BOARD MEETING IN
DECEMBER. (GENERAL MANAGER LaMOREAUX)*

Recommendation:

Staff recommends that the second Regular Board Meeting in December be cancelled due to the office closure.

Background:

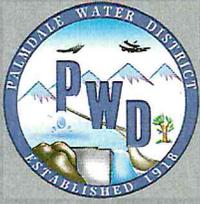
For the past several years, the District has closed from Christmas through New Year's as a cost saving measure, and the Board of Directors has cancelled the second Regular Board Meeting in December due to this closure. The date of the second Regular Board Meeting in December is December 27, 2017, and the District office closure begins December 25, 2017 with the office reopening January 2, 2018.

Strategic Plan Initiative:

This item is under Strategic Initiative No. 5 – Regional Leadership.

Budget:

Cancelling the second Regular Board Meeting in December will not affect the budget.



AGENDA ITEM NO. 7.3
Hotel and Travel
Accommodations

Event Name/Date:

Succession Planning Event, April 11 - 12, 2018, Atlanta, Georgia

CONTACT INFORMATION

First Name

Last Name

Date

ACCOMMODATION INFORMATION

Rooms and rates are subject to availability. Complete and submit this form as soon as possible to guarantee a room at the host hotel. In the event that the host hotel is booked, every effort will be made to secure a room at the closest hotel within comparable rates to the event discounted rate.

Arrival Date

Departure Date

No. of guests

Room Type

Do you require a smoking room?

Yes No

Do you need transportation from the airport to the hotel?

Yes No

Flight Number

Time

ADDITIONAL INFORMATION/REQUESTS

Staff Representative

▶ 2018

Succession Planning Event

**Succession Planning
Strategies to Create a
Leadership Pipeline of
High Performers**

▶ April 11-12, 2018 | Atlanta, Georgia

Succession Planning Event

April 11-12, 2018 | Atlanta, Georgia

Succession Planning Strategies to Create a Leadership Pipeline of High Performers

Who will be there?

80, C-Suite, Vice Presidents, and Directors in:

- Succession Planning
- Human Resources
- Leadership Development
- Development and Training
- Talent Management
- Talent Acquisition

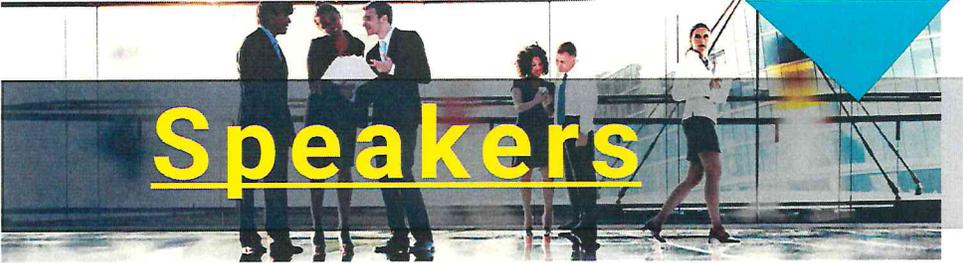
Succession planning is a process for identifying and developing new leaders who can replace other leaders when they leave or retire. In a survey conducted by Korn Ferry, only one third of senior-level executives responded that they were satisfied or very satisfied with their company's succession management program, while less than one quarter reported that their organization had developed a strong pool of candidates ready to fill leadership positions – With succession planning being an imperative talent and business strategy, why isn't it the most developed program within organizations?

A top-notch program must be able to identify talent gaps, high potential employees, attract the right external candidates, develop employees and keep them engaged and loyal all while generating high performance from current and future employees.

This year's Succession Planning Event will showcase interactive workshops and sessions that will enable you to overcome succession planning challenges, and create programs that will not only influence current employee behavior, retention and development, but will make you more attractive to the right candidates and hires, resulting in a talent pool of high performers and future leaders.

Workshops and sessions will focus on:

- CEO Succession Planning
- Knowledge Transfer Processes
- High Potential and High Performer Attraction, Development, and Retention
- Creating a Total Talent Work/Life Strategy
- Individual Development Plans
- Generational Succession Planning
- Identifying and Closing Talent Gaps
- Accelerating Succession Readiness
- Linking Culture to Leadership DevelopmentAnd much more!



Speakers

- **Joe DeConno**, *Assistant Vice President, People Analytics and Workforce Planning, CNA Insurance*
- **Wendy Greeson**, *Independent Consultant, Innovative Leader with Talent Management, OD and Executive Development Experience*
- **Maria Leggett**, *Head of Talent Management, (CTE) Carolina Tractor and Equipment Company*
- **Rhonda Holler**, *Vice President of Global Talent Management, Covance*
- **Keba Gordon**, *Global Head of Learning & Leadership Development, Whirlpool*
- **Christine Belknap**, *Vice President of Talent Development, NCR Corporation*
- **Roger Slater**, *Strategic Workforce Planning Program Manager, U.S. Department of Agriculture - Farm Service Agency*
- **Stephen Muller**, *Director, Talent Development, Fluor Corporation*
- **Derrick Barton**, *Chief Talent Leader & CEO, Center for Talent Solutions*
- **Carlos Garcia**, *Vice President HR Strategy at Baylor Scott & White Health*
- **Mark Bocianski**, *Formerly Senior Vice President, Global Talent Enablement | Vice President, Global Talent and Succession at HP, Inc. | Hewlett Packard Enterprise*
- **Jeff Reid**, *Vice President and Senior HR Business Partner, BOK Financial*
- **Al Carlson**, *Vice President of Talent Management & Leadership Development, BTD Manufacturing*

Day 1

April 11-12, 2018

Atlanta, Georgia

This year's Succession Planning Event will showcase interactive workshops and sessions that will enable you to overcome succession planning challenges, and create programs that will not only influence current employee behavior, retention and development, but will make you more attractive to the right candidates and hires, resulting in a talent pool of high performers and future leaders.

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Succession Planning Event

April 11, 2018 | Atlanta, Georgia

Day 1

8:25-8:30 | **Chairman's Welcome**

8:30-9:15 | **How Culture Plays a Key Role in Leadership Development**

- **Christine Belknap**, *Vice President of Talent Development, NCR Corporation*

Culture has an enormous impact on the successfulness of a business. It can drive excellence and profitability, or obsolescence. Aligning an organization and its workforce with the same set of values and beliefs is a daunting task, and has to be led and exemplified by leadership – who set the business's direction and employees experiences either up for success or failure.

Change, especially leadership turnover, negative responses to processes and talent strategies, or the wrong hires can weaken the stability and strength of your culture. Each change in leadership increases the likelihood that unity around shared goals and standards will falter. With high leadership turnover present in most companies this is a very real threat to building and sustaining your vision and values. What's more, the higher the level of leadership the greater the risk of failure and potential damage to your culture. In this session, we will review the very real risks to your culture that can happen during leadership turnover, how to thwart them proactively, and how to include cultural awareness during leadership succession planning.

9:15-10:00 | **To be announced**

10:00-10:30 | **Networking Break**

Workshop

10:30-12:00 | **Identify/Aquire, Engage, Build and Keep Top Talent
(High-Potentials and Top-Performers)**

- **Derrick Barton**, *Chief Talent Leader & CEO, Center for Talent Solutions*

This workshop will share how to increase performance from Top Talent and players, within the critical roles needed to execute the business strategy. Participants will learn hands-on how to manage the entire Top Talent life-cycle, and receive a resource kit to use for their organization.

1) ACQUIRE

How to double the number of Top Talent in your organization within six months.

2) ENGAGE

How to focus on the real and real-time Top Talent Drivers.

3) BUILD

How to utilize "development experiences" to instantly build Top Talent capabilities and ensure all development is tightly hooked to current strategic deliverables.

4) KEEP

How to connect with your best people to have zero unexpected departures.

5) ACCOUNTABILITY

The 8 Top Talent metrics that must be measured, and how to measure them.

Succession Planning Event

April 11, 2018 | Atlanta, Georgia

Day 1

12:00-1:00 | **Lunch**

1:00-1:45 | **The Anatomy of a Leader**

- Al Carlson, *Vice President of Talent Management & Leadership Development*, BTM Manufacturing

Each leadership position within an organization requires different skill sets, qualifications, and perhaps most importantly, experiences. Experiences that can't be taught in a classroom or transferred with knowledge management. Experiences that shape how someone leads and makes critical decisions. The most successful succession candidate will have most of the experiences their predecessor has, but how can that be measured and developed?

In this session, Al Carlson will share how BTM Manufacturing has successfully included experience development into their succession planning strategy including:

- How they develop profiles of 25-30 different leadership experiences per position in their talent profiles
- How they use their "three E's" of assessment to determine what succession candidates need and when they will be ready
- How they enable and develop candidates with experiences and measure their readiness

1:45-2:30 | **Creating Individual Development Plans to Aid in Succession Planning Management**

- Wendy Greeson, *Independent Consultant, Innovative Leader with Talent Management, OD and Executive Development Experience*

Individual development planning is a critical step in the succession planning process. While many organizations have chosen to use them to develop all employees, individual development plans (IDPs) are only effective when the learner is willing to own their own development. In the simplest of terms, an IDP is a road map which outlines an employee's short and long-term development goals. It should also clearly articulate the actions the employee will take to accomplish their development goals and how they will know if they have been successful. An organization's ability to effectively create, implement and oversee IDPs is essential when building leadership bench strength. This means that roles and responsibilities of all those involved need to be outlined and communicated. Without clearly articulating roles and responsibilities and a user-friendly process, it can lead to confusion and frustration for everyone involved.

This presentation will focus on:

- How your culture plays a critical role in the IDP process
- Why not all IDPs are created equal
- How the 70/20/10 model can help crystalize an IDP
- The importance of a high-touch process
- High-tech vs. low-tech and what you need to succeed

2:30-3:00 | **Networking Break**

Succession Planning Event

April 11, 2018 | Atlanta, Georgia

Day 1

3:00-3:45 | **Developing Next Generation Talent through Generational Succession Planning**

- Maria Leggett, *Head of Talent Management*, (CTE) Carolina Tractor and Equipment Company

Today's workforce is a juxtaposition of ages. Talent Management leaders are challenged with driving passion in a mature workforce while maintaining engagement with next generation leaders. A key is a hands-on approach to identifying and leveraging each generation's strengths and perspectives in order to create collaboration among generations. Planning for future workforce gaps necessitates creating a succession plan that includes not only progression strategies but an exit roadmap for employees approaching retirement. This succession approach needs to highlight the value of seasoned employees while gaining their commitment to mentor and train their contemporaries. This allows companies to maintain and strengthen a customer-centric company culture while continuing to push towards competitive innovation. Establishing a mentoring/job shadowing program coupled with a performance feedforward model provides a framework for mature employees to share their expertise and passion to a generation desiring coaching and connections.

This session will focus on strategies for planning and executing tiered succession plans where mature workers are engaged and prepared for their last working years. In turn, younger employees see the connection to their work while receiving feedback.

Session Objectives:

- Describe the components of a tiered succession plan that includes employee progression and exit elements, mentoring and job shadowing support
- Incorporate a feedforward model into mentoring and coaching to drive performance with succession planning and create collaboration
- Identify strategies for preparing management for conversations with mature employees to create a smoother exit transitions

3:45-4:30 | **Getting Succession Right and Accelerating Development**

- Mark Bocianski, *Formerly Senior Vice President, Global Talent Enablement* | *Vice President, Global Talent and Succession at HP, Inc.* | Hewlett Packard Enterprise

Ever-changing markets and business conditions make succession planning tough. Identifying the right people for succession planning is just the tip of the iceberg but making sure they have the right experiences so they are truly ready successors is an imperative. This session will focus on creating viable succession plans and a path to ensure successful transition. During this session, we will:

- Learn how to identify the right successors and refresh succession plans when conditions change
- Learn how to determine critical experiences over what time period to realize viable succession
- Learn how to evaluate your pipeline and create critical talent pools

Succession Planning Event

April 11, 2018 | Atlanta, Georgia

Day 1

4:30-5:15 | **The Criticality of CEO Succession Planning**

- Jeff Reid, *Senior Vice President, Senior HR Business Partner, BOK Financial*

Even though having a succession plan in place for the CEO is critical for the business's livelihood, a 2014 report on senior-executive succession planning by Stanford University and the Institute of Executive Development found that only 25% of 20 companies surveyed indicated having an adequate pool of candidates ready to move into key C-suite positions. Less than half agreed or strongly agreed that their organizations have a formal process for actively grooming successors for top leadership roles.

The succession planning process for the CEO is normally a longer and more detailed process than other leadership positions, requiring a separate strategy. It's success or failure will have a ripple effect throughout the organizations remaining talent and the profitability of the company. In this session, having gone through a CEO succession, and planning for another, Jeff Reid will share how to identify talent that is ready-now as well as time-line candidates within your company for the role of CEO, how they use their key values and core competencies as a guide, and the importance of building an emergency plan in case the time line of succession is unexpectedly expedited.

Day 2

April 11-12, 2018

Atlanta, Georgia

This year's Succession Planning Event will showcase interactive workshops and sessions that will enable you to overcome succession planning challenges, and create programs that will not only influence current employee behavior, retention and development, but will make you more attractive to the right candidates and hires, resulting in a talent pool of high performers and future leaders.

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Succession Planning Event

April 12, 2018 | Atlanta, Georgia

Day 2

8:25-8:30 | **Chairman's Welcome**

8:30-9:15 | **One Person Away from Failure - Identifying and Closing Talent Gaps That Can Impact Your Business**

- Rhonda Holler, *Vice President of Global Talent Management, Covance*

Yes, there were annual talent review meetings. Yes, succession maps were completed. Yes, leaders had access to development resources. Then how could Covance, a global clinical research organization, be one person away from failure? Join Rhonda Holler, VP of Global Talent Management, as she shares the reality of not having the talent needed to sustain a growth strategy and the steps they chose to take to address this critical business issue. She will share Covance's journey to close the talent gap through an integrated and holistic approach rooted in the needs of the business.

During this session, Rhonda will describe how Covance

- Built a common language which has led to stronger talent calibration conversations;
- Created an assessment process to identify leaders capable of delivering the business; and
- Used the data beyond the assessment and talent review meetings to create a Talent Organization.

9:15-10:00 | **Succession Planning as A Valuable Component of Strategic Workforce Planning**

- Roger Slater, *Strategic Workforce Planning Program Manager, U.S. Department of Agriculture - Farm Service Agency*

Succession planning is not only about the potential loss of people and knowledge, but the establishment of pipelines for long term sustainability. Some assume that succession planning is synonymous with workforce planning, but workforce planning is about anticipating the supply and demand for the workforce well into the future, on a global scale, and formulating strategies to ensure that the future workforce of an organization will be aligned to the business strategy. Succession planning, is a part of this, but not it in totality.

During this inside look of how an agency within the public sector uses workforce planning and succession planning together we will learn what questions to ask and what to include as part of a succession planning process strategy including: An audit of your talent pipeline, what type of knowledge is most important to include in a knowledge management process, what your skill and position gaps are/could be, what your risks to relationship loss are/could be, and what the stability of your funding is, and how that can impact your efforts.

10:00-10:30 | **Networking Break**

Succession Planning Event

April 12, 2018 | Atlanta, Georgia

Day 2

10:30-11:15 | **Accelerating Succession Readiness**

- Keba Gordon, *Global Head of Learning & Leadership Development, Whirlpool*

Innovation and growth strategies are dependent on a healthy talent pipeline of leaders that are ready to lead in emerging and mature markets. This dual challenge is creating an urgency to accelerate readiness for next level roles. The complexity and speed of succession readiness has forced global organizations to re-think their approach to building strong, flexible pipelines at every level. This session will focus on insights and lessons learned along Whirlpool's journey: To build a recognizably differentiated, diverse, and ready now leadership pipeline to drive the future of our business.

Key topics/take-ways include:

- Insights that drove us to re-think our approach to accelerating succession readiness
- Design principles that we now used to build all leadership development programs
- Highlights from new high potential programs that were piloted in 2016

11:15-12:00 | **Transferring and Retaining Business Critical Knowledge Within Your Company**

- Joe DeConno, *Assistant Vice President, People Analytics and Workforce Planning, CNA Insurance*

An aging workforce and higher employee movement (both within and outside of your organization), create a unique business risk. As our workforce changes how do we capture, document and retain the key business critical knowledge that an employee has gained through years of company and industry experience? Is your organization prepared for the knowledge loss risk associated with the retirement, attrition or promotion of talent that possess customer, product, industry, job, company, or regulatory business specific knowledge? This session will focus on how an organization can reduce that risk.

During the session, we will:

- Learn ways to identify critical business knowledge risk within your organization
- Identify tools for documenting business critical knowledge
- Outline the details of a full knowledge transfer process

12:00-1:00 | **Lunch**

Succession Planning

Event

April 12, 2018 | Atlanta, Georgia

Day 2

Workshop

1:00-2:30 | **Create and Deliver TOTAL TALENT Strategies: LIFE and WORKlife**

- Derrick Barton, *Chief Talent Leader & CEO, Center for Talent Solutions*

In order to have a successful succession planning strategy, organizations must have a pool of internal talent that possess the abilities, skills, loyalty and desire to engage in professional development and take on new roles and responsibilities within the company. They also need to attract candidates to the company to fill any gaps. However, most companies already do their best to attract and retain key players. Also, young talent professionals seemingly have no problem moving from company to company, or even taking time away from their profession to cross items off their bucket lists. The question remains: What can your organization do to differentiate itself from the competition? How can you appeal to the new generation of workers and make them stay? How can you promote loyalty?

How can you engage people to deliver incredible RESULTS and live an INCREDIBLE life?

This session will help organizations setup and deliver amazing talent strategies to do all. We will learn how to:

- 1) Crack the Talent Code: What creates and Incredible LIFE and drives people to perform at high levels?
- 2) Making things happen NOW: Actions to create and deliver successful strategies for high performance, engagement, and retention.
- 3) PLAYERS: YOU + Others

2:30-3:00 | **Networking Break**

3:00-3:45 | **Thinking Beyond Surveys: Keeping Succession-Ready Talent Engaged**

- Stephen Muller, *Director – Talent Development, Fluor Corporation*

Conventional logic tells us that happy employees are more productive, more engaged, and thusly more loyal and open to be developed and promoted within the company. How do you know who is engaged and who isn't? Usually, you survey them—a sort of taking the water temperature—to measure if things are too hot, too cold, or nearly right. This, oftentimes, fixates us on a magical number associated with “engagement”—the higher the number the greater engagement. Teams of people study the data and a year later an action plan is deployed to adjust the temperature. Rinse and repeat. Meanwhile, engagement can be affected and your succession candidates can grow cold. Engagement surveys can be useful tools, but they may lead us to miss some simple, yet significant, ways of helping people succeed. While this is always important, it becomes more critical during economic and business cycles. In this session, you'll leave with six actions that help people succeed, be engaged, and remain succession candidates.

During this session, you will:

- Discover simple tools to build productive relationships on the job,
- Identify your company's frontline defense against disengaged employees,
- Learn how two words can (almost) singlehandedly drive engagement up.

3:45-4:30 | **Session coming soon!**

- Carlos Garcia, *Vice President HR Strategy at Baylor Scott & White Health*

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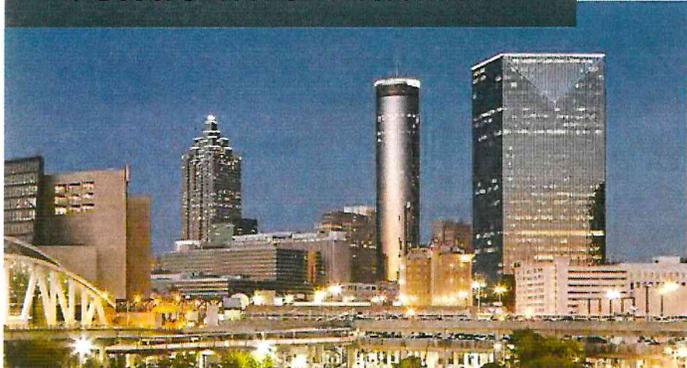
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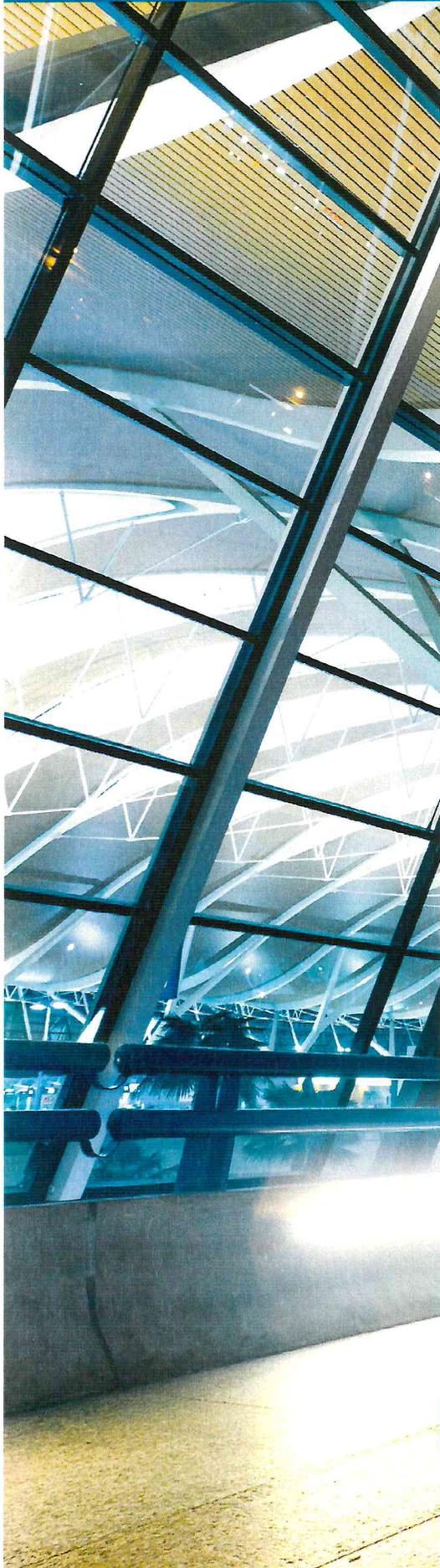
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MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, SEPTEMBER 25, 2017:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, September 25, 2017, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:30 p.m.

1) Roll Call.

Attendance:

Finance Committee:
Marco Henriquez, Chair
Robert Alvarado, Committee
Member

Others Present:

Mike Williams, Finance Manager
Judy Shay, Public Affairs Director
Carey Louey, Construction Supervisor
Bob Egan, Financial Advisor
Danielle Henry, Administrative Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, 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 August 17, 2017.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held August 17, 2017, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of July, 2017. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of July, 2017 including assessments received, interest income, capital improvement fees, and remaining 2013A Water Revenue Bond funds and then provided an overview of the cash flow statement including actual assessments and higher than budgeted capital improvement fees received, State Water Project fixed fees, and projected 2017 year-end cash followed by discussion of repayment of capital improvement funds to the general fund, potential new construction in the area, and carry-over projects for 2018.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for July, 2017. (Finance Manager Williams)

Finance Manager Williams 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 July, 2017 and stated that most departments are operating at or below the targeted expenditure percentage of 58% followed by discussion of increased water sales and the elimination of the Drought Surcharge Fee.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Finance Manager Williams)

Finance Manager Williams provided an overview of the updated Contractual Commitments and Needs for 2017 capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, available funding sources, and remaining Water Revenue Bond Series 2013A funds and payments to date.

4.5) Discussion of Quotations to Repair/Paint Exterior of Headquarters Building Due to Age and 100 Year Anniversary Events. (Chair Henriquez/Facilities Manager Moore)

Construction Supervisor Louey stated that the bid received to repair and paint the exterior of the headquarters building is \$30,900.00, with paint alone being \$18,000.00 followed by discussion of these amounts and including this amount in the 2018 Budget, and staff was directed to obtain additional quotations for this work.

4.6) Discussion of Presenting Detailed Financial Information to the Full Board on a Quarterly Rather Than Monthly Basis. (Chair Henriquez)

Chair Henriquez and General Manager LaMoreaux suggest detailed financial reports be presented to the full Board on a quarterly basis, as has been done in the past, and these reports be presented monthly to the Finance Committee. After a brief discussion of the routine nature of the financial reports, Committee Member Alvarado concurred with this suggestion but recommended financial reports be presented to the full Board every other month through the end of 2017 due to upcoming Budget and Strategic Plan discussions with September, 2017 reports to be presented in November, 2017.

It was then determined that quarterly financial reports will be made to the full Board with the March, 2018 reports.

4.7) Discussion and Evaluation of Key Points and Inclusion Items for 2018 Budget. (Chair Henriquez/Finance Manager Williams)

Finance Manager Williams reviewed the 2018 draft budget summary, including all funded positions, the Assistant General Manager position, the Safety and Training position, the healthcare cap, increased healthcare costs, COLA, sick/vacation sellbacks in January and July, merit and salary increases, and CalPERS unfunded liability.

Committee Member Alvarado then requested the budget amount for Directors be increased to 2016 amounts to allow for conference attendance and healthcare costs.

Finance Manager Williams then stated that managers have not yet submitted departmental 2018 budgets; that a more refined draft of the 2018 Budget will be presented at the next Finance Committee meeting; and then reviewed projected revenue for 2018.

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 August, 2016 through July, 2017 is 1.48 and meets the required Debt Service Coverage.

5.2) Other.

Construction Supervisor Louey informed the Committee that the cost of 15 signs for Palmdale Ditch is \$1,900.00, and after a brief discussion, the Committee requested additional quotations be obtained.

Construction Supervisor Louey then informed the Committee that the cost of 90 No Trespassing signs at well sites is \$5,407.00, and after a brief discussion, the Committee requested additional quotations be obtained.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

It was stated that "Discussion of the cost of signs for Palmdale Ditch" and "Discussion of the cost of signs for well sites" will be placed on the next agenda.

Chair Henriquez requested "Discussion of capital improvement funds owed to the District's general fund" be placed on the next agenda for an update.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held October 23, 2017 at 4:30 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:16 p.m.


Chair

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, SEPTEMBER 14, 2017.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, September 14, 2017, at the Palmdale Water District at 2029 East Avenue Q, Palmdale. Chair Parris called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of Chair Parris, Alt. Commissioner Dino led the pledge of allegiance.

2) Roll Call.

Attendance:

Robert Parris, Chair

Barbara Hogan, Vice Chair

Kathy Mac Laren, Secretary

Leo Thibault, Treasurer-Auditor

Keith Dyas, Commissioner

Vincent Dino, Alt. Commissioner

Others Present:

Matt Knudson, General Mngr.

Peter Thompson II, Assistant General Mngr.

Tom Barnes, Resources Manager

James Chaisson, LCID General Mngr.

Danielle Henry, Administrative Assistant

1 member of the public

EXCUSED ABSENCE--

Marco Henriquez, Commissioner

3) Adoption of Agenda.

It was moved by Commissioner Mac Laren, seconded by Alt. Commissioner Dino, and unanimously carried by all members of the Board of Commissioners present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Consideration and Possible Action on Minutes of Regular Meeting Held August 3, 2017.

It was moved by Commissioner Dyas, seconded by Commissioner Thibault, and unanimously carried by all members of the Board of Commissioners present at the meeting to approve the minutes of the regular meeting held August 3, 2017, as written.

6) Payment of Bills.

Commissioner Thibault reviewed the bills received for payment and then moved to pay the bills received as presented from PWD in the amount of \$546.55 for staff services, from AVEK in the amount of \$788.70 for staff services, and from AV Web Designs in the amount of \$199.95 for the recurring monthly AVSavesWater.com website charge for September, 2017. The motion was seconded by Commissioner Mac Laren and unanimously carried by all members of the Board of Commissioners present at the meeting.

7) Discussion and Possible Action on 2018 SMART Landscaping Expo. (Chair Parris)

Chair Parris stated that the 2018 SMART Landscaping Expo will be held in conjunction with the 2018 Home and Garden Show and that AVEK will schedule a Water Conservation Committee meeting and invite the Antelope Valley Fair Association to attend to discuss the Expo.

8) Discussion and Possible Action on Continuation of Joint Funding Agreement with USGS. (General Manager Knudson)

General Manager Knudson provided an overview of the USGS invoices and payments per the Joint Funding Agreement between the Association and USGS for cooperative water resources investigations and stated that the Stakeholders of the Antelope Valley Integrated Regional Water Management Plan (AV-IRWMP) discussed sharing future USGS Agreement costs with the Association and the Antelope Valley Watermaster.

After a brief discussion of shared USGS Agreement cost percentages and of past and future administration costs, it was determined that General Manager Knudson and Resources Manager Barnes prepare a Memorandum of Understanding with the Stakeholders of the AV-IRWMP and provide an update at the next meeting.

9) Consideration and Possible Action on Participation with Public Water Agencies Group. (Chair Parris)

After a discussion of the benefits and shared legal costs of participating with the Public Water Agencies Group (PWAG), it was determined that General Manager Knudson contact PWAG for information on a Joint Powers Authority becoming a participant and provide an update at the next meeting.

10) Status Update on AVSWCA Strategic Water Plan Ad Hoc Committee Meetings. (Chair Parris/General Manager Knudson)

a) Member Agency Joint Projects.

b) Regional Exchange of Water.

Chair Parris stated that the member agency representatives, General Managers, and the Antelope Valley Watermaster Engineer met on August 23, 2017 and discussed areas of subsidence, GIS mapping, current infrastructure, water bank locations and capacities, future water bank injection well locations, the adjudication judgment, replacement water costs and grant funding.

After a brief discussion of groundwater pumping quantities in areas of subsidence and of the groundwater monitoring benefits provided to the Watermaster Engineer through the USGS Joint Funding Agreement, Chair Parris stated that all future Ad Hoc meetings will directly follow the Watermaster meetings to coordinate the attendance of the Watermaster Engineer; that the next meeting will be held on September 27, 2017; and that the agenda will include discussions on the California Water Fix and the Sustainable Groundwater Management Act (SGMA).

Mr. Jason Zink, Palmdale resident, requested the Association consider a study to take over Los Angeles County Waterworks and Sanitation Districts and stated that parks similar to Apollo Park should be developed throughout the Antelope Valley; that he would appreciate AVEK adding a map of their Directors' Divisions to their website; and then invited the Commissioners to attend the Fresno Fair and tour their water banking project.

11) Report of General Manager.

a) Update on Antelope Valley Watermaster Meetings.

General Manager Knudson stated that the Antelope Valley Watermaster Advisory Committee will meet on September 18, 2017 at 10 a.m. at AVEK to develop a list of Antelope Valley Watermaster attorney candidates and interview questions; that attorney interviews and discussion of metering requirements will be held at the Watermaster meeting scheduled for September 27, 2017 at 10 a.m. at AVEK; and that a special Watermaster meeting is tentatively scheduled for October 5, 2017 to make an attorney selection.

b) Update on AV-IRWMP Stakeholder Meeting.

General Manager Knudson stated that the Stakeholders for the Antelope Valley Integrated Regional Water Management Plan met on September 13, 2017 and discussed the project priority list for Proposition 1 grant funding as well as sharing future USGS Agreement costs followed by a brief discussion of the timeline of the Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project.

12) Report of Controller.

a) Update on Revenue, Expenses and Change in Net Position.

General Manager Knudson provided an update on the Association's revenue, expenses and change in net position and stated that all member agency dues and USGS contributions have been collected.

13) Reports of Commissioners.

a) Update on Plant 42 Environmental Restoration Advisory Board.

Commissioner Mac Laren stated that she reached out to a representative of the Plant 42 Environmental Restoration Advisory Board (ERAB) but has not yet received a response and that she will continue her efforts to make contact.

There were no further reports.

14) Report of Attorney.

No attorney was present.

15) Commission Members' Requests for Future Agenda Items.

It was determined that "Presentation on AVEK's West Side Water Bank Project" be added to the next meeting agenda and that "Discussion and Possible Action on future Joint Funding Agreement with USGS" and "Consideration and Possible Action on Participation with Public Water Agencies Group" remain on the next meeting agenda.

There were no further requests for future agenda items.

16) Consideration and Possible Action on Scheduling the Next Association Meeting. (October 19, 2017 at AVEK)

After a brief discussion of presentation dates for the AVEK Westside Water Bank Project, it was determined that the next regular meeting of the Association will be held on October 26, 2017 at 7:00 p.m. at AVEK.

17) Adjournment.

There being no further business to come before the Commissioners, it was moved by Commissioner Mac Laren, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting to adjourn the regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association at 8:00 p.m.



~~Secretary~~

Chair

PALMDALE RECYCLED WATER AUTHORITY (PRWA)

**MINUTES OF AUGUST 21, 2017
REGULAR MEETING AGENDA NO. 34
PALMDALE RECYCLED WATER AUTHORITY (PRWA)
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PALMDALE, CALIFORNIA**

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1. CALL TO ORDER.

Chair Mac Laren called the meeting to order at 7:00 p.m.

2. PLEDGE OF ALLEGIANCE.

The pledge of allegiance and a moment of silence was held in memory of City of Palmdale Employee Kelly Long.

**3. ROLL CALL: DIRECTORS KATHY MAC LAREN, VINCENT DINO,
JUAN CARRILLO, AUSTIN BISHOP, AND HELEN
VELADOR**

PRESENT: Directors Mac Laren, Dino, Carrillo, Bishop, and Velador.

**4. ADMINISTRATION OF OATH OF OFFICE OF JOE ESTES. – (Staff Reference:
Authority Secretary Smith).**

The administration of oath of office was not needed as Joe Estes was not present at the meeting.

5. CONSENT CALENDAR:

- 5.1 Approve the Minutes from the previous meeting held on May 15, 2017.
(Staff Reference: Secretary Smith)

Public Comments: None.

Motion: Move to approve the minutes from the May 15, 2017.
Moved by Director Carrillo, seconded by Director Velador

Vote: Motion Carried (5-0)

Yes: Chair Mac Laren, Directors Dino, Carrillo, Bishop, and Velador.

6. SPECIAL REPORT:

- 6.1 Discussion and update on status of the Water Recycling Grant and Construction Loan Application to State Water Resources Control Board for the Palmdale Recycled Water Authority Recycled Water Line Phase 2 Project. (Staff Reference: PWD Engineering/Grant Manager Riley)

Palmdale Water District Engineering/Grant Manager Riley presented the staff report and gave the status of the design. He stated the design is 75% completed and the planning grant that was applied for two years ago for \$75,000 has been received.

Palmdale Water District Engineering/Grant Manager Riley gave an update on the status of the loan application. He stated that the State Finance Department wanted the Palmdale Water District and the City of Palmdale to pass a Resolution to obligate revenue stream. Palmdale Water District Engineering/Grant Manager Riley recommended amending the Joint Powers Agreement (JPA) to increase contributions from the City of Palmdale. Assistant Authority Counsel Doran stated he will take a look at the Joint Powers Agreement (JPA) to see what provisions are needed to amend.

Director Bishop asked Assistant Authority Counsel Doran to talk to City Manager Purtee about moving this to the September City Council meeting. Assistant Authority Counsel Doran stated the Palmdale Water District needs to talk to the State to make sure the amendment is sufficient. Chair Mac Laren stated all State representatives Assemblyman Lackey, Congressman Knight, and Senator Wilk are working to get this item pushed up. Palmdale Water District Engineering/Grant Manager Riley stated he will call the State to confirm. Executive Director LaMoreaux stated the City of Palmdale and the Palmdale Water District should just pass a Joint Power Agreement amendment by resolution to move forward.

Director Carrillo spoke about the location of the field station on Yellen Park. Assistant Authority Counsel Doran responded stating there was a covenant on that land when it was donated by Yellen which has restrictions. Director Carrillo asked if we have looked at other locations and Palmdale Water District Engineering/Grant Manager Riley responded yes and that he will provide the Board with the possible other locations.

7. ACTION CALENDAR:

- 7.1 Formation of an Ad Hoc Committee of the Board and possible appointment of board members to work with staff on policies needed to proceed with the Phase II construction. (Staff Reference: Executive Director LaMoreaux)

There was no staff report for this item. Executive Director LaMoreaux spoke regarding the item. Chair Mac Laren stated she thought this should be discussed as a workshop instead. There was discussion among the Board regarding having a workshop instead of an Ad Hoc Committee so staff could work with the Board at the workshop. Executive Director LaMoreaux asked if the meeting could start at 6:00 p.m. instead of 7:00 p.m. for a workshop in September.

Assistant Authority Counsel Doran spoke about the difference between an Ad Hoc Committee and a workshop and wanted to make sure this was what the Board wanted. He stated the Board should table this item and felt that there was Board concurrence and staff direction to move forward with the workshop in September at 6:00 p.m.

Public Comments: None.

8. NON-AGENDA ITEMS - PUBLIC COMMENTS:

None.

9. DIRECTOR'S REQUESTS FOR NEW AGENDA ITEMS:

None.

10. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.

Interim Assistant Executive Director Swain introduced himself and spoke about his background and experience.

Debbie Dino asked the Board to close the meeting in memory of City of Palmdale employee Kelly Long.

11. ADJOURNMENT:

Chair Mac Laren adjourned the meeting at 8:05 p.m., in memory of City of Palmdale employee Kelly Long, to September 18, 2017 at 6:00 p.m. at the City of Palmdale City Hall Council Chambers located at 38300 Sierra Highway, Suite B, Palmdale, California.

PASSED, APPROVED, and ADOPTED this 18th day of September 2017.

Kathy Mac Laren
Chair

ATTEST:

Rebecca J. Smith
Secretary