



# PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

## BOARD OF DIRECTORS

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Division 1

**JOE ESTES**  
Division 2

**MARCO HENRIQUEZ**  
Division 3

**KATHY MAC LAREN**  
Division 4

**VINCENT DINO**  
Division 5

**DENNIS LaMOREAUX**  
General Manager

**ALESHIRE & WYNDER LLP**  
Attorneys



February 22, 2018

## **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, FEBRUARY 28, 2018 7:00 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) Re-accreditation of Palmdale Water District's 'District of Distinction' Certification. (Chris Palmer, Public Affairs Field Coordinator, California Special Districts Association)
- 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 February 14, 2018.
  - 6.2) Approval of minutes of joint PWD, AVEK, and LCID workshop held February 15, 2018.
  - 6.3) Payment of bills for February 28, 2018.
- 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 Legislative Outreach Alert regarding SB 623. (No Budget Impact – General Manager LaMoreaux)
  - 7.2) Consideration and possible action on Resolution No. 18-3 being a Resolution of the Board of Directors of the Palmdale Water District Regarding Its Intention to Issue Tax-Exempt Obligations for Various Capital Projects. (Potential Revenue Through Reimbursement of Loans – Finance Manager Williams/Finance Committee)
  - 7.3) Consideration and possible action to authorize purchasing materials to complete inventory level determined necessary for emergency response. (\$245,000.00 – Non-Budgeted – Facilities Manager Moore/Facilities Committee)
  - 7.4) Consideration and possible action on revision to Palmdale Water District Rules and Regulations Article 4.03.1 Regular Meetings of the Board. (No Budget Impact – General Counsel Dunn)
  - 7.5) 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 2018 Budget:
    - a) ISC West Conference to be held April 9 – 13, 2018 in Las Vegas, Nevada.
- 8) Information Items:
  - 8.1) Finance Reports:
    - a) Status report on Cash Flow Statement and Current Cash Balances as of December, 2017. (Financial Advisor Egan/Finance Committee)
    - b) Status report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for December, 2017. (Finance Manager Williams/Finance Committee)



- c) Status report on committed contracts issued. (Finance Manager Williams/Finance Committee)
- 8.2) Reports of Directors:
  - a) Meetings/General Report.
  - b) Standing Committee/Assignment Reports (Chair):
    - 1) Antelope Valley State Water Contractors Association.
    - 2) Facilities Committee.
    - 3) Finance Committee.
- 8.3) Report of General Manager.
  - a) February 2018 written report of activities through January 2018.
- 8.4) Report of General Counsel.
- 9) Public comments on closed session agenda matters.
- 10) Break prior to closed session.
- 11) Closed session under:
  - 11.1) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding existing litigation to which the District is a party. The title of such litigation is as follows: *Antelope Valley Ground Water Cases*.
- 12) Public report of any action taken in closed session.
- 13) Board members' requests for future agenda items.
- 14) Adjournment.



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DENNIS D. LaMOREAUX,  
General Manager

DDL/dd

**P A L M D A L E   W A T E R   D I S T R I C T**  
**B O A R D   M E M O R A N D U M**

**DATE:** February 21, 2018 **February 28, 2018**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION ON LEGISLATIVE OUTREACH ALERT REGARDING SB 623. (NO BUDGET IMPACT – GENERAL MANAGER LaMOREAUX)***

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**Recommendation:**

Staff recommends the Board take specific actions to oppose a budget trailer bill that is proposing a state tax on drinking water and to continue to oppose SB 623.

**Background:**

SB 623 is a bill that has been introduced that would tax each of the District’s customers. These funds would then be turned over to the state who would dispense the funds to disadvantaged water agencies for repairs to their infrastructure system.

Specific recommendations from ACWA and copies of the budget trailer bill, an ACWA-prepared summary of the budget trailer bill, ACWA’s suggested funding alternative, an ACWA letter sent on behalf of various water agencies opposing SB 623 unless amended, a sample letter to Budget Subcommittees, a sample letter to Legislators, and ACWA’s request for contributions to the “No Drinking Water Tax Campaign” are attached.

**Strategic Plan Initiative/Mission Statement:**

This item is under Strategic Initiative No. 5 – Regional Leadership.  
This item directly relates to the District’s Mission Statement.

**Budget:**

Opposition of the budget trailer bill and SB 623 will have no impact on the budget.

**Supporting Documents:**

- Specific recommendations from ACWA
- The budget trailer bill,
- ACWA-prepared summary of the budget trailer bill
- ACWA’s suggested funding alternative
- ACWA letter sent on behalf of various water agencies opposing SB 623 unless amended
- A sample letter to Budget Subcommittees
- A sample letter to Legislators
- ACWA’s request for contributions to the “No Drinking Water Tax Campaign”

# ACWA Requests Members to Oppose State Tax on Drinking Water in Budget Trailer Bill and SB 623

## *Members Urged to Use Updated Toolkit*

ACWA is asking members to take specific actions to oppose a budget trailer bill that is proposing a state tax on drinking water and to continue to oppose SB 623 (Monning). The budget trailer bill is very similar to SB 623. ACWA member action in this area is critical.

Please read below for the immediate actions ACWA is requesting all member agencies take.

ACWA also has updated its No Water Tax Toolkit to help members reinforce key opposition messages.

## **Background Information and Status of the Budget Trailer Bill and SB 623**

Last year ACWA and more than 100 member agencies actively opposed SB 623 by Sen. William Monning (D-Carmel), which proposed a tax on drinking water as a means of funding drinking water solutions in some disadvantaged communities. SB 623 is now a two-year bill and is currently parked at the Assembly Rules Committee. ACWA has an oppose-unless-amended position on the bill. However, the current legislative activity is focused on a different vehicle.

The Brown Administration, in coordination with the proponents of SB 623, is attempting to advance the SB 623 proposal (with some changes that do not affect ACWA's position) in a budget trailer bill. Although a bill number for the budget trailer bill is not yet available, the Administration has posted the first version of the language. If the Administration is not successful with the budget trailer bill, Sen. Monning will try to move SB 623.

ACWA's State Legislative Committee took an oppose-unless-amended position on the budget trailer bill on Friday, Feb. 9.

## **Budget Trailer Bill Information**

The following documents provide additional background information on the budget trailer bill:

1. A copy of the Feb. 1, 2018 version of the budget trailer bill is available [here](#).
2. An ACWA-prepared summary of the budget trailer bill is available [here](#).
3. A one-pager regarding ACWA's suggested funding alternative is available [here](#).

The Assembly Budget Subcommittee No. 3 on Resources and Transportation will hear the budget trailer bill on Wednesday, March 14. The Senate Budget Subcommittee No. 2 on Resources, Environmental Protection, Energy and Transportation will hear it on March 15.

### **ACWA's Approach – Advancing a Better Solution**

Some disadvantaged communities and low-income residents in some parts of the state do not have access to safe drinking water. This is a social issue for the state. The intent behind SB 623 and the budget trailer bill is to fill gaps in funding for safe drinking water for such communities and residents. ACWA agrees with that intent but strongly opposes the proposed tax on drinking water.

Instead, ACWA is advocating for a package of funds that is comprised of existing federal safe drinking water funds, general obligation bond funds, the assessments related to nitrate proposed in the budget trailer bill and in SB 623 and some funding from the state's general fund.

### **ACWA Advocacy Efforts**

ACWA continues to lead the Drinking Water Tax Oppose-Unless-Amended Coalition that is meeting with assembly members and senators. The coalition includes both urban and agricultural water agency members of ACWA. The agricultural water agency members that have joined the coalition have expressed their concern that if the proposed tax is enacted, it would serve as a precedent for future taxes on water – both agricultural and urban.

### **Take Action Now**

ACWA is requesting that all member agencies take the following actions immediately:

**Join ACWA's Coalition.** Sign onto the ACWA-led oppose-unless-amended coalition letter, if you have not already done so. The coalition's Feb. 6 letter and a draft letter are available on ACWA's [website](#). Please contact ACWA State Relations Analyst [Melissa Sparks](#) to add your agency's name to ACWA's coalition letter. Coalition members will be listed on coalition letters related to the budget trailer bill and SB 623.

**Send Separate Oppose-Unless-Amended Letters on Behalf of Your Agency.** In addition to signing onto the coalition letter, please send letters that your agency strongly opposes any effort to establish a state drinking water tax as follows:

- **Budget Subcommittee Letters (Letter 1)** – Using [this sample letter](#), please send a letter to the senators on the Senate Budget Subcommittee No. 2 and the assembly members of the Budget Subcommittee No. 3. Please cc Sen. William Monning and Kim



Craig, a representative from the Governor's Office. The contact information for the Assembly and Senate Budget Subcommittees and cc list is provided below.

- **Local Legislator Letters (Letter 2)** – Using [this sample letter](#), please send letters to the senators and assembly members from your district. Your local legislators' contact information can be found online [here](#).

Please send a copy of your agency's final letters to ACWA Senior Regional Affairs Representative [Brandon Ida](#).

**Provide Testimony at Two Upcoming Hearings.** Please send a representative from your agency to provide basic testimony (i.e. name, agency, and position) in opposition at the following upcoming hearings:

- **The Assembly Budget Subcommittee #3 (Resources & Transportation) on Wednesday, March 14, 2018 at 9:30 a.m. in Capitol Room 447.**
- **The Senate Budget Subcommittee #2 (Resources, Environmental Protection, Energy & Transportation) on Thursday, March 15, 2018 at 9:30 a.m. in Capitol Room 112.**

Please confirm if your agency plans to attend the hearings by emailing ACWA State Relations Analyst [Melissa Sparks](#). More information will be provided to agencies that confirm participation.

**Call Your Legislators.** Please call your local assembly members and senators and alert them to the proposed tax on drinking water in the budget trailer bill and ask them to vote against the budget trailer bill (or SB 623). Your legislators' contact information can be found online [here](#). Suggested talking points are included in this toolkit.

### **Contact Information for Member Agency Letters**

#### **Assembly Budget Subcommittee No. 3**

##### **Assembly Member Richard Bloom (D-Santa Monica)**

Phone: (916) 319-2050

Fax: (916) 319-2150

Email: [assemblymember.bloom@assembly.ca.gov](mailto:assemblymember.bloom@assembly.ca.gov)

##### **Assembly Member Vince Fong (R-Bakersfield)**

Phone: (916) 319-2034

Fax: (916) 319-2134

Email: [assemblymember.fong@assembly.ca.gov](mailto:assemblymember.fong@assembly.ca.gov)

**Assembly Member Kevin Mullin (D-South San Francisco)**

Phone: (916) 319-2022

Fax: (916) 319-2122

Email: [assemblymember.mullin@assembly.ca.gov](mailto:assemblymember.mullin@assembly.ca.gov)

**Assembly Member Jim Patterson (R-Fresno)**

Phone: (916) 319-2023

Fax: (916) 319-2123

Email: [assemblymember.patterson@assembly.ca.gov](mailto:assemblymember.patterson@assembly.ca.gov)

**Assembly Member Cristina Garcia (D-Bell Gardens)**

Phone: (916) 319-2058

Fax: (916) 319-2158

Email: [assemblymember.garcia@assembly.ca.gov](mailto:assemblymember.garcia@assembly.ca.gov)

**Senate Budget Subcommittee No. 2**

**Senator Bob Wieckowski (D-Fremont)**

Phone: (916) 651-4010

Fax: (916) 651-4910

Email: [senator.wieckowski@senate.ca.gov](mailto:senator.wieckowski@senate.ca.gov)

**Senator Mike McGuire (D-Healdsburg)**

Phone: (916) 651-4002

Fax: (916) 651-4902

Email: [senator.mcguire@senate.ca.gov](mailto:senator.mcguire@senate.ca.gov)

**Senator Jim Nielsen (R-Red Bluff)**

Phone: (916) 651-4004

Fax: (916) 651-4904

Email: [senator.nielsen@senate.ca.gov](mailto:senator.nielsen@senate.ca.gov)

**Senator Tony Mendoza (D-Artesia)**

Phone: (916) 651-4032

Fax: (916) 651-4932

Email: [senator.mendoza@senate.ca.gov](mailto:senator.mendoza@senate.ca.gov)

**cc List for Letters**

**Senator William Monning, author of SB 623 (D-Carmel)**

Phone: (916) 651-4017

Fax: (916) 651-4917

Email: [senator.monning@senate.ca.gov](mailto:senator.monning@senate.ca.gov)

**Kim Craig, Office of the Governor**

Email: [kim.craig@gov.ca.gov](mailto:kim.craig@gov.ca.gov)

## Updated Member Toolkit and Additional Suggested Steps

In addition to the immediate requested actions listed above, ACWA also urges its members to use the updated toolkit to help amplify ACWA's opposition efforts.

**Educate Key Audiences.** Talk to your customers, the media, local leaders and other key stakeholders about the investments your agency has made to ensure safe drinking water in your community, why these types of investments can be financially out of reach for rural, low-income communities, and why a statewide tax on water is NOT the appropriate funding solution for assisting these disadvantaged communities. ACWA has updated its [talking points](#) and [fact sheet](#) to assist members with this outreach.

**Place a Local Op-Ed.** Last year, op-eds played a critical role in shaping opinions on SB 623's proposed drinking water tax. Similar efforts will be needed this year to oppose both the budget trailer bill and SB 623. ACWA has created a [sample op-ed](#) for members to use at the local level and is working to coordinate efforts throughout the state. If you plan to submit a local op-ed, please share your efforts with ACWA Communications Specialist [Will Holbert](#).

**Involve Your Local Community Leaders.** Send letters to your local elected officials, community organizers, and opinion leaders alerting them to the budget trailer bill and SB 623's proposal to establish a state tax on water and why this approach is not an appropriate funding solution. ACWA has updated its [sample letter to community leaders](#) for member use. Members may also attach the fact sheet to these letters to provide additional information.

**Share Key Messages on Social Media and Other Platforms.** ACWA members are encouraged to support ACWA's coalition efforts by sharing key messages on their social media accounts, websites, newsletters, or other platforms as soon as possible. These [sample social media posts](#), which include a graphic, a one minute video, and three twenty second videos, are available to ACWA members.

These tools and other resources have been posted on ACWA's [website](#). Login is required to access members-only tools.

## ACWA's Legislative Symposium

Please plan to attend ACWA's Legislative Symposium scheduled on March 14, 2018 at the Sacramento Convention Center. ACWA will host a Safe and Affordable Drinking Water program to discuss SB 623 and the budget trailer bill. Sen. William Monning, the author of SB 623, has confirmed his attendance to speak on the panel and we encourage member agencies to attend



and engage in this discussion.

Please note, the ACWA Legislative Symposium is the same day as the Assembly Budget Subcommittee No. 3 hearing, so please prepare to have more than one representative in Sacramento to cover both the hearings and the Legislative Symposium. To register for the Legislative Symposium, please visit ACWA's [website](#).

### Questions

For questions about the budget trailer bill, SB 623 or ACWA's advocacy on these measures, please contact ACWA Deputy Executive Director for Government Relations **Cindy Tuck** at (916) 441-4545.

For questions about ACWA's No Water Tax Toolkit, please contact ACWA Director of Communications **Heather Engel** at (916) 441-4545.

**CONTACT**  
**Cindy Tuck**  
ACWA Deputy Executive Director for Government Relations  
(916) 441-4545

**Heather Engel**  
ACWA Director of Communications  
(916) 441-4545

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**SAFE AND AFFORDABLE DRINKING WATER ACT**  
**February 1, 2018**

The people of the State of California do enact as follows:

SECTION 1. Article 10.5 (commencing with Section 595) is added to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, to read:

Article 10.5. Safe Drinking Water Fee/or Confined Animal Facilities Excluding Dairies

595. For purposes of this article, the following definitions apply:

(a) "Confined animal facilities excluding dairies" includes, but is not limited to, bovine operations, poultry operations, swine operations, and other livestock operations. "Confined animal facilities excluding dairies" does not mean milk cow dairies.

(b) "Fee" means the safe drinking water fee/or confined animal facilities excluding dairies.

(c) "Fund" means the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

596. (a) The secretary shall convene a working group composed of representatives of confined animal facilities excluding dairies to determine the actual risk, if any, to groundwater from discharges of nitrate from confined animal facilities excluding dairies.

(b) Beginning January 1, 2021, the secretary shall establish a safe drinking water fee for confined animal facilities excluding dairies payable annually to the secretary by each confined animal facility excluding a dairy in an amount commensurate with the actual risk to groundwater from discharges of nitrate as determined by the working group. The fee shall not exceed one thousand dollars (\$1,000) per facility per year. The secretary shall adopt regulations to implement and administer this section by January 1, 2021.

(c) This section shall remain in effect only until January 1, 2036, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2036, deletes or extends that date.

597. (a) No later than January 1, 2035, the secretary shall convene a working group with representatives of confined animal facilities excluding dairies to determine the actual risk, if any, to groundwater from confined animal facilities excluding dairies.

(b) Beginning July 1, 2036, the secretary shall establish a safe drinking water fee for confined animal facilities excluding dairies payable annually to the secretary by each confined animal facility excluding a dairy in an amount commensurate with the actual risk to groundwater from discharges of nitrate determined by the working group.

(c) The secretary may adjust the fee established pursuant to subdivision (b) through emergency regulation as necessary to meet but not exceed the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code. An emergency regulation adopted pursuant to this subdivision shall be adopted by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(d) The fee collected pursuant to subdivision (b) of this section, in combination with the dairy safe drinking water fee collected pursuant to Section 62215, shall total the sum of three million dollars (\$3,000,000), or 30 percent of the funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, whichever is less.

(e) Notwithstanding subdivisions (c) and (d), the fee collected pursuant to subdivision (b) shall not exceed one thousand dollars (\$1,000) per facility per year.

(f) This section shall become operative on January 1, 2034.

598. The secretary shall deposit all moneys received under this article into the fund.

599. The Legislature may not increase the fees established under section 596 and 597 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 2. Article 6.5 (commencing with Section 14615) is added to Chapter 5 of Division 7 of the Food and Agricultural Code, to read:



## Article 6.5. Fertilizer Safe Drinking Water Fee

14615. (a) It is the intent of the Legislature to require licensees of bulk fertilizing materials, and to authorize licensees of packaged fertilizing materials, to pass the fertilizer safe drinking water fee on to the end user of the fertilizer.

(b) For purposes of this article, the following definitions apply:

(1) "Bulk fertilizing material" has the same meaning as applies to "bulk material" in Section 14517.

(2) "Fertilizing material" has the same meaning as defined in Section 14533.

(3) "Fund" means the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

(4) "Packaged" has the same meaning as defined in Section 14551.

14616. (a) In addition to the assessments provided in Section 14611, a licensee whose name appears on the label of bulk or packaged fertilizing materials shall pay to the secretary a fertilizer safe drinking water fee of six mills (\$0.006) per dollar of sales for all sales of fertilizing materials to be deposited into the fund.

(b) This section shall remain in effect only until January 1, 2034, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2034, deletes or extends that date.

14616. (a) In addition to the assessments provided in Section 14611, a licensee whose name appears on the label of bulk or packaged fertilizing materials shall pay to the secretary a fertilizer safe drinking water fee of two mills (\$0.002) per dollar of sales for all sales of fertilizing materials to be deposited into the fund.

(b)(1) After January 1, 2036, the secretary may adjust the fertilizer safe drinking water fee through emergency regulation as necessary to meet but not exceed 70 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, or the sum of seven million dollars (\$7,000,0000), whichever is less. By October 1 of each year, the secretary shall notify all licensees of the amount of the fertilizer safe drinking water fee to be assessed in the following calendar year.

(2) An emergency regulation adopted pursuant to this subdivision shall be adopted

by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(c) This section shall become operative on January 1, 2034.

14617. (a)(1) A licensee whose name appears on the label who sells or distributes bulk fertilizing materials shall charge an unlicensed purchaser the fertilizer safe drinking water fee as a charge that is separate from, and not included in, any other fee, charge, or other amount paid by the purchaser. This fee shall be included on the bill of sale as a separate line item.

(2) (A) A licensee whose name appears on the label of packaged fertilizing materials may include the fertilizer safe drinking water fee as a charge that is separate from, and not included in, any other fee, charge, or other amount paid by the purchaser or may include the charge with the assessment collected pursuant to Section 14611 as a separate line item on the bill of sale and identified as the California Regulatory and Safe Drinking Water Assessment.

(B) Notwithstanding paragraph (1), a licensee whose name appears on the label who sells or distributes bulk fertilizing material may include the fertilizer safe drinking water fee with the assessment collected pursuant to Section 14611 as a separate line item on the bill of sale and identified as the California Regulatory and Safe Drinking Water Assessment.

(b) The secretary may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this article.

(c) (1) Except as provided in paragraph (2), the secretary may retain up to 4 percent of the moneys collected pursuant to this article for reasonable costs associated with the implementation and enforcement of this article.

(2) Beginning July 1, 2021, the secretary may retain up to 2 percent of the moneys collected pursuant to this article for reasonable costs associated with the implementation and enforcement of this article.

14618. The Legislature may not increase the fees established under section 14616 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.



SEC. 3. Article 14.5 (commencing with Section 62215) is added to Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code, to read:

Article 14.5. Dairy Safe Drinking Water Fee

62215. (a) It is the intent of the Legislature that the dairy safe drinking water fee be paid for all milk purchased in the state, regardless of grade.

(b) For purposes of this article, the following definitions apply:

- (1) "Fee" means the dairy safe drinking water fee.
- (2) "Manufacturing milk" has the same meaning as defined in Section 32509.
- (3) "Market milk" has the same meaning as defined in Section 32510.
- (4) "Milk" includes market milk and manufacturing milk.

62216. (a) Beginning January 1, 2021, each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.01355 per hundredweight of milk from payments made to producers for milk, including the handler's own production, as a dairy safe drinking water fee.

(b) The secretary shall adopt regulations necessary for the proper administration and enforcement of this section by January 1, 2021.

(c) This section shall remain in effect only until January 1, 2036, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2036, deletes or extends that date.

62216. (a) Each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.00678 per hundredweight of milk from payments made to producers for milk, including the handler's own production, as a dairy safe drinking water fee.

(b) The secretary may adjust the fee through emergency regulation as necessary to meet but not exceed 30 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, or the sum of three million dollars (\$3,000,000), whichever is less. An emergency regulation adopted pursuant to this subdivision shall be adopted by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(c) When setting the amount of the fee pursuant to subdivision (b), the secretary shall consider the amount of funding being collected by the safe drinking water fee for confined animal facilities excluding dairies pursuant to Section 597 and shall reduce the dairy safe drinking water fee by the amount collected by the safe drinking water fee for confined animal facilities excluding dairies. In no event shall the dairy safe drinking water fee and the safe drinking water fee for confined animal facilities excluding dairies exceed 30 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code or the sum of three million dollars (\$3,000,000), whichever is less.

(d) The secretary shall adopt regulations necessary for the proper administration and enforcement of this section.

(e) This section shall become operative on January 1, 2036.

62217. (a) A handler shall pay the dairy safe drinking water fee to the secretary on or before the 45th day following the last day of the month in which the milk was received.

(b) The secretary shall remit the moneys paid to him or her pursuant to this article to the State Water Resources Control Board for deposit into the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

(c)(1) Except as provided in paragraph (2), the secretary may retain up to 4 percent of the total amount that is paid to the secretary pursuant to this article for reasonable costs of the secretary associated with the implementation and enforcement of this article

(2) Beginning July 1, 2021, the secretary may retain up to 2 percent of the moneys collected pursuant to this article for reasonable costs of the secretary associated with the implementation and enforcement of this article.

(d) The secretary may require handlers, including cooperative associations acting as handlers, to make reports at any intervals and in any detail that he or she finds necessary for the accurate collection of the fee.

(e) For the purposes of enforcing this article, the secretary, through his or her duly authorized representatives and agents, shall have access to the records of every producer and handler. The secretary shall have at all times free and unimpeded access to any building, yard, warehouse, store, manufacturing facility, or transportation facility in which any milk or milk product is produced, bought, sold, stored, bottled,



handled, or manufactured.

(f) Any books, papers, records, documents, or reports made to, acquired by, prepared by, or maintained by the secretary pursuant to this article that would disclose any information about finances, financial status, financial worth, composition, market share, or business operations of any producer or handler, excluding information that solely reflects transfers of production base and pool quota among producers, is confidential and shall not be disclosed to any person other than the person from whom the information was received, except pursuant to the final order of a court with jurisdiction, or as necessary for the proper determination of any proceeding before the secretary.

62218. The Legislature may not increase the fees established under section 62216 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 4. Chapter 4.6 (commencing with Section 116765) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

#### CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER

Article 1. Legislative Findings and Declarations 116765. The Legislature finds and declares all of the following:

(a) Section 106.3 of the Water Code declares that it is the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

(b) For all public water systems, the operation and maintenance costs to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis may be significant.

(c) All community water systems are currently required to set, establish, and charge a schedule of rates and fees that are sufficient to recover the operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis.

(d) Hundreds of community water systems in the state cannot charge rates and fees that are affordable and sufficient to recover the full operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis due to a combination of low income levels of customers, high treatment costs for contaminated water sources, and a lack of economies of scale that result in high unit costs for water

service. Many schools that serve as their own regulated public water systems and have contaminated water sources cannot afford the full operation and maintenance costs required to provide water that meets federal and state drinking water standards.

(e) Nearly all state or federal drinking water project funding sources prohibit the use of that funding for operation and maintenance costs, and as a result, those systems that cannot afford required operation and maintenance costs are unable to access funding for capital projects to meet federal and state drinking water standards.

(f) As a result, hundreds of thousands of Californians, particularly those living in small disadvantaged communities, may be exposed to unsafe drinking water in their homes and schools, which impacts human health, household costs, and community economic development.

(g) A significant number of California residents rely on state small water systems and domestic wells to provide their drinking water.

(h) The state small water systems and individual domestic wells face a serious threat of contamination because they often draw their water from shallow groundwater sources and have fewer or no chemical monitoring requirements.

(i) To ensure that the right of every Californian to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes is protected, it is in the interest of the State of California to identify where Californians are at high risk of lacking reliable access to safe drinking water or are known to lack reliable access to safe drinking water, whether they rely on a public water system, state small water system, or domestic well for their potable water supply.

(j) Long-term sustainability of drinking water infrastructure and service provision is necessary to secure safe drinking water for all Californians and therefore it is in the interest of the state to discourage the proliferation of new, unsustainable public water systems and state small water systems, to prevent waste, and to encourage consolidation and service extension when feasible.

(k) It is in the interest of all Californians to establish a fund with a stable source of revenue to provide financial support, particularly for operation and maintenance, necessary to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

## Article 2. Definitions

116766. For the purposes of this chapter:

- (a) "Administrator" has the same meaning as defined in Section 116686.
- (b) "Board" means the State Water Resources Control Board.
- (c) "Community water system" has the same meaning as defined in Section 116275.
- (d) "Customer" means a purchaser of water from a community water system who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses.
- (e) "Disadvantaged community" has the same meaning as defined in Section 116275.
- (f) "Domestic well" means a groundwater well used to supply water for the domestic needs of an individual residence or water systems that are not public water systems and that have no more than four service connections.
- (g) "Eligible applicant" means a public water system, including, but not limited to, a mutual water company; a public utility; a public agency, including, but not limited to, a local educational agency that owns or operates a public water system; a nonprofit organization; a federally recognized Indian tribe; a state Indian tribe listed on the Native American Heritage Commission's California Tribal Consultation List; an administrator; or a groundwater sustainability agency.
- (h) "Fund" means the Safe and Affordable Drinking Water Fund established pursuant to Section 116767.
- (i) "Fund implementation plan" means the fund implementation plan adopted pursuant to Section 116769.
- (j) "Groundwater sustainability agency" has the same meaning as defined in Section 10721 of the Water Code.
- (k) "Low-income household" means a household with an income that is less than 80 percent of the statewide median household income.
- (l) "Nontransient noncommunity water system" has the same meaning as defined in Section 116275.
- (m) "Public water system" has the same meaning as defined in Section 116275.
- (n) "Replacement water" includes, but is not limited to, bottled water, vended water, point-of-use, or point-of-entry treatment units.
- (o) "Safe drinking water" has the same meaning as defined in Section 116681.



(p) "Service connection" has the same meaning as defined in Section 116275.

(q) "Small community water system" has the same meaning as defined in Section 116275.

(r) "State small water system" has the same meaning as defined in Section 116275.

(s) "Vended water" has the same meaning as defined in Section 111070.

### Article 3. Safe and Affordable Drinking Water Fund

116767. The Safe and Affordable Drinking Water Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the board without regard to fiscal years, in accordance with this chapter. Moneys in the fund at the close of the fiscal year shall remain in the fund and shall not revert to the General Fund. Moneys in the fund shall not be available for appropriation or borrowed for use for any purpose not established in this chapter unless that use of the moneys receives an affirmative vote of two-thirds of the membership in each house of the Legislature.

116768. (a) The board shall administer the fund for the purposes of this chapter to provide a source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The board shall prioritize the use of this funding to assist disadvantaged communities and low-income households served by a state small water system or domestic well. In order to maximize the use of other funding sources for capital construction projects when available, the board shall prioritize use of this funding for costs other than those related to capital construction costs, except for capital construction costs associated with consolidation and service extension to reduce the ongoing unit cost of service and to increase sustainability of drinking water infrastructure and service delivery. Beginning January 1, 2019, an expenditure from the fund shall be consistent with the annual fund implementation plan.

(b) In accordance with subdivision (a), the board shall expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants with any of the following:

(1) The provision of replacement water, as needed, to ensure immediate protection of health and safety as a short-term solution.

(2) The development, implementation, and sustainability of long-term solutions, including, but not limited to, technical assistance, planning, construction, and

operation and maintenance costs associated with replacing, repairing, blending, or treating contaminated or failing drinking water sources, creating and maintaining natural means of treating and improving sustainable water quality, consolidating water systems, or extending drinking water services to other public water systems, domestic wells, or state small water systems. Technical assistance and planning costs may include, but are not limited to, analyses to identify, and efforts to further, opportunities to reduce the unit cost of providing drinking water through organizational and operational efficiency improvements, system consolidation and service extension, implementation of new technology, and other options and approaches to reduce costs.

(3) Identifying and providing outreach to Californians who are eligible to receive assistance from the fund.

(4) Testing the drinking water quality of domestic wells serving low-income households, prioritizing those in high-risk areas identified pursuant to Article 4 (commencing with Section 116770).

(5) The provision of administrative and managerial services under Section 116686.

(c) The board may expend moneys from the fund for reasonable costs associated with administration of the fund. Beginning July 1, 2021, the board may expend no more than 5 percent of the annual revenues from the fund for reasonable costs associated with administration of the fund.

(d) The board may undertake any of the following actions to implement the fund:

(1) Provide for the deposit of both of the following moneys into the fund:

(A) Federal contributions.

(B) Voluntary contributions, gifts, grants, or bequests.

(2) Enter into agreements for contributions to the fund from the federal government, local or state agencies, and private corporations or nonprofit organizations.

(3) Provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the fund.

(4) Direct portions of the fund to a subset of eligible applicants as required or appropriate based on funding source and consistent with the annual fund implementation plan.



(5) Direct moneys deposited into the fund described in subparagraph (B) of paragraph (1) towards a specific project, program, or study.

(6) Take additional action as may be appropriate for adequate administration and operation of the fund.

(e) In administering the fund, the board shall make reasonable efforts to ensure both of the following:

(1) That funds are used to secure the long-term sustainability of drinking water service and infrastructure, and natural means and green infrastructure solutions that contribute to sustainable drinking water, including, but not limited to, requiring adequate technical, managerial, and financial capacity of eligible applicants as part of funding agreement outcomes. Funding shall be prioritized to implement consolidations and service extensions when feasible, and administrative and managerial contracts or grants entered into pursuant to Section 116686 where applicable. Funds shall not be used to delay, prevent, or avoid the consolidation or extension of service to public water systems where it is feasible and the least-cost alternative. The board may set appropriate requirements as a condition of funding, including, but not limited to, a system technical, managerial, or financial capacity audit, improvements to reduce costs and increase efficiencies, an evaluation of alternative treatment technologies, and a consolidation or service extension feasibility study. As a condition of funding, the board may require a domestic well with nitrate contamination where ongoing septic system failure may be causing or contributing to contamination of a drinking water source to conduct an investigation and project to address the septic system failure if adequate funding sources are identified and accessible.

(2) That funds are not used to subsidize large-scale nonpotable use, to the extent feasible.

(f) In administering the fund, the board shall ensure that all moneys deposited into the fund from the fertilizer safe drinking water fee established by Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code, the dairy safe drinking water fee established by Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code and the safe drinking water fee for confined animal livestock facilities excluding dairies established by Article 10.5 (commencing with Section 595) of Chapter 3 of Part I of Division I of the Food and Agricultural Code shall be used to address nitrate-related contamination issues.

(g) At least once every 10 years, the board shall conduct a public review and assessment of the Safe and Affordable Drinking Water Fund to determine all of the following:

(1) The effectiveness of the fund in securing access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

(2) If the fees deposited into the fund have been appropriately expended.

(3) If the safe and affordable drinking water fee imposed by Article 5 (commencing with Section 116771) may be reduced based on past and projected future changes to the fund.

(4) What other actions are necessary to carry out the purposes of this chapter.

(h) Neither the board nor any employee of the board may be held liable for any act that is necessary to carry out the purposes of this chapter. Nor shall the board nor any authorized person be deemed to have incurred or be required to incur any obligation to provide additional funding or undertake additional action solely as a result of having undertaken an action pursuant to this chapter.

116769. By July 1 of each year, the board shall do all of the following:

(a) Prepare and make available a report of expenditures from the fund.

(b) Adopt, after a public hearing, an assessment of funding need, based on available data, that includes all of the following:

(1) Identification of systems and populations potentially in need of assistance, including all of the following:

(A) A list of systems that consistently fail to provide an adequate supply of safe drinking water. The list shall include, but is not limited to, all of the following:

(i) Any public water system that consistently fails to provide an adequate supply of safe drinking water.

(ii) Any community water system that serves a disadvantaged community that must charge fees that exceed the affordability threshold established in the Safe Drinking Water State Revolving Fund Intended Use Plan in order to supply, treat, and distribute potable water that complies with federal and state drinking water standards.

(iii) Any state small water system that consistently fails to provide an adequate supply of safe drinking water.



(B) A list of programs that assist, or that will assist, households supplied by a domestic well that consistently fails to provide an adequate supply of safe drinking water. This list shall include the number and approximate location of households served by each program without identifying exact addresses or other personal information.

(C) A list of public water systems and state small water systems that may be at risk of failing to provide an adequate supply of safe drinking water.

(D) An estimate of the number of households that are served by domestic wells or state small water systems in high risk areas identified pursuant to Article 4 (commencing with Section 116770). The estimate shall identify approximate locations of households, without identifying exact addresses or other personal information, in order to identify potential target areas for outreach and assistance programs.

(2) An analysis of anticipated funding, per contaminant, needed for known projects, services, or programs by eligible applicants, consistent with the fund implementation plan, including any funding needed for existing long-term funding commitments from the fund. The board shall identify and consider other existing funding sources able to support any projects, services, or programs identified, including, but not limited to, local funding capacity, state or federal funding sources for capital projects, funding from responsible parties, and specialized funding sources contributing to the fund.

(3) An estimate of the funding needed for the next fiscal year based on the amount available in the fund, anticipated funding needs, other existing funding sources, and other relevant data and information.

(c)(1) Adopt, after a public hearing, a fund implementation plan and policy handbook with priorities and guidelines for expenditures of the fund.

(2) The board shall work with a multi-stakeholder advisory group that shall be open to participation by representatives of entities paying into the fund, public water systems, technical assistance providers, local agencies, nongovernmental organizations, residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells, and the public, to establish priorities and guidelines for the fund implementation plan and policy handbook.

(3) The adoption of a fund implementation plan and policy handbook and the implementation of the fund pursuant to the policy handbook are not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

#### Article 4. Information on High Risk Areas

116770. (a)(1) By January 1, 2020, the board, in consultation with local health officers and other relevant stakeholders, shall use available data to make available a map of aquifers that are at high risk of containing contaminants and that exceed primary federal and state drinking water standards that are used or likely to be used as a source of drinking water for a state small water system or a domestic well. The board shall update the map at least annually based on any newly available data.

(2) The board shall make the map of high risk areas, as well as the data used to make the map, publicly accessible on its Internet Web site in a manner that does not identify exact addresses or other personal information and that complies with the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code). The board shall notify local health officers and county planning agencies of high risk areas within their jurisdictions.

(b)(1) By January 1, 2020, a local health officer or other relevant local agency shall provide to the board all results of, and data associated with, water quality testing performed by certified laboratories for a state small water system or domestic well that was collected after January 1, 2014, and that is in the possession of the local health officer or other relevant local agency.

(2) By January 1, 2021, and by January 1 of each year thereafter, all results of, and data associated with, water quality testing performed by a certified laboratory for a state small water system or domestic well that is submitted to ~~the~~ a local health officer or other relevant local agency shall also be submitted directly to the board in electronic format.

(c) A map of high-risk areas developed pursuant to this article is not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

#### Article 5. Safe and Affordable Drinking Water Fee

116771. (a)(1) Beginning July 1, 2019, and until July 1, 2021, except as provided in subdivisions (d) and (e), there is hereby imposed a safe and affordable drinking water fee for the purposes authorized in this chapter on each customer of a community water system as follows:

(A) For a customer with a water meter that is less than or equal to one inch in size, the fee shall be ninety-five cents (\$0.95) per month.



(B) For a customer with a water meter that is greater than one inch and less than or equal to two inches in size, the fee shall be four dollars (\$4) per month.

(C) For a customer with a water meter that is greater than two inches and less than or equal to four inches in size, the fee shall be six dollars (\$6) per month.

(D) For a customer with a water meter that is greater than four inches in size, the fee shall be ten dollars (\$10) per month.

(E) For a customer without a water meter, the fee shall be ninety-five cents (\$0.95) per month.

(F) For a customer that has multiple meters serving a single address, the total fees shall not exceed ten dollars (\$10) per month.

(2)(A) A customer that self-certifies under penalty of perjury to the community water system collecting the fee that he or she meets either of the following criteria shall be exempt from the payment of the fee:

(i) The customer's household income is equal to or less than 200 percent of the federal poverty level.

(ii) The customer operates a deed-restricted multifamily housing development that is required to provide housing exclusively to tenants with household incomes equal to or less than 200 percent of the federal poverty level.

(B) A community water system shall not be held criminally or civilly liable for failing to collect fees from customers who claim a self-certified exemption or for collecting fees from customers who could claim a self-certified exemption but do not provide adequate or timely notice to the community water system that he or she meets a criterion to be exempt.

(3)(A) A customer that is already enrolled in a program offered by a community water system that is designed specifically to reduce the cost of water service incurred by customers who meet established income guidelines is exempt from the payment of the fee.

(B) A connection or meter that is used exclusively for fire flow or uses nonpotable water, including, but not limited to, recycled water, is exempt from the fee.

(b)(1)(A) Beginning July 1, 2021, except as provided in subdivisions (d) and (e) and Section 116772, there is hereby imposed a safe and affordable drinking

water fee on each customer according to a fee schedule established by the board for the purposes of the Safe and Affordable Drinking Water Fund.

(B) Notwithstanding any other provision of this section, the fee schedule shall not exceed the amounts established in paragraph (1) of subdivision (a).

(C) The board shall review and revise the fee schedule each fiscal year as necessary to not exceed the anticipated funding need in the most recent assessment of funding need.

(D)(i) The fee schedule shall exempt any connection or meter that is used exclusively for fire flow or utilizes nonpotable water, including, but not limited to, recycled water.

(ii) By July 1, 2021, the board, in consultation with the Public Utilities Commission, shall adopt regulations to exempt households with incomes equal to or less than 200 percent of the federal poverty level from the fee established in the fee schedule pursuant to this subdivision. The Public Utilities Commission shall provide consultation, as well as relevant data, from the California Alternate Rates for Energy or CARE program established pursuant to Section 739.1 of the Public Utilities Code and from the water utility low-income rate payer assistance programs developed pursuant to Section 739.8 of the Public Utilities Code to the board to aid in development and implementation of the regulations for exemption pursuant to this clause.

(2)(A) Beginning July 1, 2023, the fee schedule shall be set at an amount that does not result in the total uncommitted amount in the fund exceeding two times the anticipated funding need in the most recent assessment of funding need.

(B) Notwithstanding any other provision of this section, the fee schedule shall not exceed the amounts established in paragraph (1) of subdivision (a).

(C) For purposes of this paragraph, "total uncommitted amount in the fund" does not include moneys in the fund from the fertilizer safe drinking water fee established by Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code until January 1, 2033, and, until January 1, 2035, does not include moneys in the fund from the dairy safe drinking water fee established by Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code or the safe drinking water fee for confined animal livestock facilities excluding dairies established by Article 10.5 (commencing with Section 595) of Chapter 3 of Part I of Division I of the Food and Agricultural Code.



(c) A community water system shall collect the fee imposed by subdivisions (a) and (b) from each of its customers and may retain an amount, as approved by the board, as reimbursement for the reasonable costs incurred by the public water system associated with the collection of the fee. Until July 1, 2021, the amount retained by a community water system as reimbursement shall not exceed 4 percent of the amount collected and beginning July 1, 2021, the amount retained as reimbursement shall not exceed 2 percent of the amount collected. For small community water systems, reasonable community water system administrative cost reimbursement shall not exceed five hundred dollars (\$500) or 4 percent of the total revenue collected, whichever is greater. The community water system shall remit the remainder to the board on an annual schedule.

(d) A community water system with fewer than 200 service connections and its customers shall be exempt from the requirements of this section. The board may approve an exemption for a community water system with 200 or more service connections and its customers from the requirements of this section if the board finds that the amount required to be remitted to the board pursuant to this section would be de minimis.

(e) Notwithstanding any other provision of this article, a fee shall not be imposed pursuant to this article on a person or entity that is itself a community water system if that community water system is purchasing water from another community water system to supply its own customers that are themselves being assessed the fee.

(f) All moneys remitted to the board under this article shall be deposited in the Safe and Affordable Drinking Water Fund.

116772. (a) A community water system may apply to the board to authorize the community water system to use an alternative method to calculate the amount owed by each customer for the charge imposed by Section 116771 by submitting an application, in a form prescribed by the board, that demonstrates both of the following:

(1) That the method required by statute, regulation, or fee schedule adopted by the board would be impractical for the community water system to collect.

(2) That the method proposed by the community water system would provide a level of total revenue equivalent to the revenue the community water system would transmit to the board pursuant to the applicable fee schedule and that the method is consistent with the fee restrictions in this article, including, but not limited to, amount maximums and exemptions.

(b) The board shall review any application submitted pursuant to subdivision (a) to determine if the proposed alternative is consistent with this article. If the board denies

the application, that denial shall be in writing and shall not be reviewable. If the board approves the application, the community water system may use the alternative method for an amount of time prescribed by the board, not to exceed five years.

(c) There is not a limit on the number of applications the board may approve pursuant to this section to establish or renew an alternative method of fee calculation.

116773. (a) The board, in consultation with the California Department of Tax and Fee Administration, shall administer and collect the fees imposed by this article in accordance with the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code).

(b) For purposes of administration of the fee imposed by this article, the following references in the Fee Collection Procedures Law shall have the following meanings:

(1) "Board" or "State Board of Equalization" means the State Water Resources Control Board.

(2) "Fee" means the safe and affordable drinking water fee imposed pursuant to this article.

(3) "Feepayer" means a customer liable to pay the fee.

(c) The board, in consultation with the California Department of Tax and Fee Administration, may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this article, including, but not limited to, collections, reporting, refunds, and appeals.

(d) The initial regulations adopted by the board to implement this article shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and shall not rely on the statutory declaration of emergency in subdivision (e).

(e) Except as provided in subdivision (d), the regulations adopted pursuant to this section, any amendment to those regulations, or subsequent adjustments to the annual fees or adoption of fee schedule, shall be adopted by the board as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the board, or adjustments to the annual fees made by the board pursuant to this section, shall remain in effect until revised by the board.

116774. The Legislature may not increase the fees established under section 116771 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 5. Section 13050 of the Water Code is amended to read:

13050. As used in this division:

(a) "State board" means the State Water Resources Control Board.

(b) "Regional board" means any California regional water quality control board for a region as specified in Section 13200.

(c) "Person" includes any city, county, district, the state, and the United States, to the extent authorized by federal law.

(d) "Waste" includes sewage and any and all other waste substances, liquid, solid, gaseous, or radioactive, associated with human habitation, or of human or animal origin, or from any producing, manufacturing, or processing operation, including waste placed within containers of whatever nature prior to, and for purposes of, disposal.

(e) "Waters of the state means any surface water or groundwater, including saline waters, within the boundaries of the state.

(f) "Beneficial uses" of the waters of the state that may be protected against quality degradation include, but are not limited to, domestic, municipal, agricultural, and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources or preserves.

(g) "Quality of the water" refers to chemical, physical, biological, bacteriological, radiological, and other properties and characteristics of water which affect its use.

(h) "Water quality objectives" means the limits or levels of water quality constituents or characteristics which are established for the reasonable protection of beneficial uses of water or the prevention of nuisance within a specific area.

(i) "Water quality control" means the regulation of any activity or factor which may affect the quality of the waters of the state and includes the prevention and correction of water pollution and nuisance.



(j) "Water quality control plan" consists of a designation or establishment for the waters within a specified area of all of the following:

- (1) Beneficial uses to be protected.
- (2) Water quality objectives.
- (3) A program of implementation needed for achieving water quality objectives.

(k) "Contamination" means an impairment of the quality of the waters of the state by waste to a degree which creates a hazard to the public health through poisoning or through the spread of disease. "Contamination" includes any equivalent effect resulting from the disposal of waste, whether or not waters of the state are affected.

(l) (1) "Pollution" means an alteration of the quality of the waters of the state by waste to a degree which unreasonably affects either of the following:

- (A) The waters for beneficial uses.
  - (B) Facilities which serve these beneficial uses.
- (2) "Pollution" may include "contamination."

(m) "Nuisance" means anything which meets all of the following requirements:

- (1) Is injurious to health, or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property.
- (2) Affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.
- (3) Occurs during, or as a result of, the treatment or disposal of wastes.

(n) "Recycled water" means water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

(o) "Citizen or domiciliary" of the state includes a foreign corporation having substantial business contacts in the state or which is subject to service of process in this state.

(p)(1) "Hazardous substance" means either of the following:

(A) For discharge to surface waters, any substance determined to be a hazardous substance pursuant to Section 311(b)(2) of the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.).

(B) For discharge to groundwater, any substance listed as a hazardous waste or hazardous material pursuant to Section 25140 of the Health and Safety Code, without regard to whether the substance is intended to be used, reused, or discarded, except that "hazardous substance" does not include any substance excluded from Section 311(b)(2) of the Federal Water Pollution Control Act because it is within the scope of Section 311(a)(1) of that act.

(2) "Hazardous substance" does not include any of the following:

(A) Nontoxic, nonflammable, and noncorrosive stormwater runoff drained from underground vaults, chambers, or manholes into gutters or storm sewers.

(B) Any pesticide which is applied for agricultural purposes or is applied in accordance with a cooperative agreement authorized by Section 116180 of the Health and Safety Code, and is not discharged accidentally or for purposes of disposal, the application of which is in compliance with all applicable state and federal laws and regulations.

(C) Any discharge to surface water of a quantity less than a reportable quantity as determined by regulations issued pursuant to Section 311(b)(4) of the Federal Water Pollution Control Act.

(D) Any discharge to land which results, or probably will result, in a discharge to groundwater if the amount of the discharge to land is less than a reportable quantity, as determined by regulations adopted pursuant Section 13271, for substances listed as hazardous pursuant to Section 25140 of the Health and Safety Code. No discharge shall be deemed a discharge of a reportable quantity until regulations set a reportable quantity for the substance discharged.

(q)(1) "Mining waste" means all solid, semisolid, and liquid waste materials from the extraction, beneficiation, and processing of ores and minerals. Mining waste includes, but is not limited to, soil, waste rock, and overburden, as defined in Section 2732 of the Public Resources Code, and tailings, slag, and other processed waste materials, including cementitious materials that are managed at the cement manufacturing facility where the materials were generated.

(2) For the purposes of this subdivision, "cementitious material" means cement, cement kiln dust, clinker, and clinker dust.

(r) "Master recycling permit" means a permit issued to a supplier or a distributor, or both, of recycled water, that includes waste discharge requirements prescribed pursuant to Section 13263 and water recycling requirements prescribed pursuant to Section 13523.1.

(s)(1) "Agricultural operation" means either of the following:

(A) A discharger that satisfies both of the following conditions:

(i) The discharger is an owner, operator, or both, of land that is irrigated to produce crops or pasture for commercial purposes or a nursery.

(ii) The discharger is enrolled or named in an irrigated lands regulatory program order adopted by the state board or a regional board pursuant to Section 13263 or 13269.

(B) A discharger that satisfies both of the following conditions:

(i) The discharger is an owner, operator, or both of a facility that is used for the raising or harvesting of livestock.

(ii) The discharger is enrolled or named in an order adopted by the state board or a regional board pursuant to Section 13263 or 13269 that regulates the discharges of waste from a facility identified in clause (i) to protect ground and surface water.

(2) "Agricultural operation" does not include any of the following:

(A) An off-farm facility that processes crops or livestock.

(B) An off-farm facility that manufactures, synthesizes, stores, or processes fertilizer.

(C) Any portions of land or activities occurring on those portions of land that are not covered by an order adopted by the state board or a regional board identified in clause (ii) of subparagraph (A) or clause (ii) of subparagraph (B) of paragraph (1).

SEC. 6.

Article 4.5 (commencing with Section 13278) is added to Chapter 4 of Division 7 of the Water Code, to read:

Article 4.5. Discharges of Nitrate to Groundwater from Agricultural Operations

13278. (a) For the purposes of this article, the Legislature finds all of the following:



(1) Implementation of currently known best management practices for some crops under some circumstances can reduce but not always completely prevent nitrogen in organic and synthetic fertilizers that transform to nitrate from reaching groundwater at concentrations above the water quality objectives established pursuant to this division.

(2) It is acknowledged that discharges of nitrate from agricultural operations could reach groundwater and could cause or contribute to exceedances of drinking water standards for nitrate, and could cause conditions of pollution or nuisance in those waters as defined and applied in accordance with this division, or both.

(3) Nitrate pollution of groundwater impacts drinking water sources for hundreds of thousands of Californians and it is necessary to protect current and future drinking water users from the impacts of nitrate pollution.

(4) Despite progress in controlling discharges of nitrogen that lead to nitrate formation, some groundwater sources of drinking water will continue to be adversely impacted by nitrate and it is important to have in place a program for mitigating these impacts.

(5) The regional boards will continue to regulate discharges to reduce nitrogen loading and protect beneficial uses of water and groundwater basins; the state board, regional boards, and courts will ensure compliance with those orders; and dischargers will pay for mitigation of nitrate pollution by funding projects that provide both immediate and long-term drinking water solutions for affected communities and affected domestic wells.

(b) The Legislature declares its intent in establishing this article to limit certain enforcement actions that a regional board or the state board could otherwise initiate during a 15-year period against an agricultural operation that meets specified requirements, while maintaining the overall framework of this division to protect beneficial uses, implement water quality objectives in waters of the state, and regulate activities and factors that affect water quality to attain the highest water quality that is reasonable.

13278.1. (a) An agricultural operation shall not be subject to enforcement undertaken or initiated by the state board or a regional board, under Chapter 5 (commencing with Section 13300), for causing or contributing to an exceedance of a water quality objective for nitrate in groundwater or for causing or contributing to a condition of pollution or nuisance for nitrate in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater meets all of the following requirements:

(1) The agricultural operation is in compliance with all applicable provisions prescribed by a regional board or the state board in an order adopted pursuant to

Section 13263 or 13269, including, but not limited to, the following:

- (A) Requirements to implement best practicable treatment or control.
- (B) Requirements to implement best efforts.
- (C) Monitoring and reporting requirements.
- (D) Applicable timelines.

(2) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an applicable water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(3) The requirement contained in paragraph (1) excludes any provision contained in an order adopted under Section 13263 or 13269 that prohibits in general terms a discharge from causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(b)(1) An agricultural operation is not in compliance with the requirement in paragraph (1) of subdivision (a) if the agricultural operation has been subject to an enforcement order under Chapter 5 (commencing with Section 13300) within the preceding 12 months for violation of an order adopted under Section 13263 or 13269 authorizing discharges from agricultural operations.

(2) Paragraph (1) does not apply to an enforcement order issued after January 1, 2016, and before January 1, 2019, inclusive, alleging that a discharge from an agricultural operation caused or contributed, or threatened to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater, conditions of pollution or nuisance for nitrate in groundwater, or both.

(c) Except as otherwise provided in subdivision (d), both of the following apply to a discharge of nitrogen to groundwater by an agricultural operation that occurs when the discharger is in compliance with the requirements of paragraph (1) of subdivision (a):

(1) The discharge of nitrogen to groundwater shall not be admissible in a future enforcement action against the agricultural operation by the state board or a regional board, pursuant to Chapter 5 (commencing with Section 13300), to support a claim that the agricultural operation is causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or



a condition of pollution or nuisance for nitrate in groundwater.

(2) The discharge of nitrogen to groundwater shall not be considered by the state board or a regional board to apportion responsibility and shall not be used by any person to diminish responsibility in any enforcement action initiated pursuant to Chapter 5 (commencing with Section 13300) with respect to discharges of nitrogen, regardless of source, that did not occur in compliance with the mitigation requirements of paragraph (1) of subdivision (a).

(d) Nothing in this section alters the state board's or a regional board's authority to do both of the following:

(1) To require or conduct investigations, to require reports on or to establish other requirements for best practicable treatment or control or best efforts, or to require monitoring and reporting requirements to protect water quality.

(2) To take or initiate enforcement action pursuant to Chapter 5.5 (commencing with Section 13370), without regard to whether the agricultural operation met the requirements of paragraph (1) of subdivision (a) at any time.

(c) This section shall not be deemed to change or alter a water quality objective that is part of a water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240). (f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

13278.2. (a) An agricultural operation shall not be subject to enforcement undertaken or initiated by the state board or a regional board, under Section 13304, for creating or threatening to create a condition of pollution or nuisance for nitrate in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater meets all of the following requirements:

(1) The agricultural operation is in compliance with all applicable provisions prescribed by a regional board or the state board in an order adopted pursuant to Section 13263 or 13269, including, but not limited to, the following:

- (A) Requirements to implement best practicable treatment or control.
- (B) Requirements to implement best efforts.
- (C) Monitoring and reporting requirements.
- (D) Applicable timelines.



(2) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an applicable water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(3) The requirement contained in paragraph (1) excludes any provision contained in an order adopted under Section 13263 or 13269 that prohibits in general terms a discharge from causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(b) An agricultural operation is not in compliance with the mitigation requirement in paragraph (1) of subdivision (a) if the agricultural operation has been subject to an enforcement order under Chapter 5 (commencing with Section 13330) within the preceding 12 months for violation of an order adopted under Section 13263 or 13269 authorizing discharges from agricultural operations.

(c) Except as otherwise provided in subdivision (d), both of the following apply to a discharge of nitrogen to groundwater by an agricultural operation that occurs when the discharger is in compliance with the requirements of paragraph (1) of subdivision (a):

(1) The discharge of nitrogen to groundwater shall not be admissible in a future enforcement action against the agricultural operation by the state board or a regional board, pursuant to Section 13304 to support a claim that the agricultural operation is causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(2) The discharge of nitrogen to groundwater shall not be considered by the state board or a regional board to apportion responsibility and shall not be used by any person to diminish responsibility in any enforcement action initiated pursuant to Section 13304 with respect to discharges of nitrogen to groundwater, regardless of source, that did not occur in compliance with the requirements of paragraph (1) of subdivision (a).

(d) Nothing in this section alters the state board's or a regional board's authority to do both of the following:

(1) To require or conduct investigations, to require reports on or to establish other requirements for best practicable treatment or control or best efforts, or to require monitoring and reporting requirements to protect water quality.

(2) To take or initiate enforcement action pursuant to Chapter 5.5 (commencing with Section 13370), without regard to whether the agricultural operation met the requirements of paragraph (1) of subdivision (a) at any time.

(e) This section shall not be deemed to change or alter a water quality objective that is part of a water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(f)(1) This section shall become operative on January 1, 2029.

(2) This section shall remain in effect only until January 1, 2034, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2034, deletes or extends that date.

13278.3. By January 1, 2028, the state board shall conduct a public review of regulatory and basin plan amendment implementation programs to evaluate progress toward achieving water quality objectives with respect to nitrate in groundwater and assess compliance with adopted timelines, monitoring requirements, and implementation of best practicable treatment or control.

13278.4. Nothing in this article limits the liability of a discharger under any other law, including, but not limited to, Part 3 (commencing with Section 3479) of Division 4 of the Civil Code.

13278.5. As long as the safe drinking water fee for confined animal facilities excluding dairies pursuant to Article 10.5 (commencing with Section 595) of Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, the fertilizer safe drinking water fee pursuant to Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code, and the dairy safe drinking water fee pursuant to Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code are in effect, the Legislature may not amend the provisions in this article except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.



## Association of California Water Agencies

### Summary of Brown Administration's Proposed Budget Trailer Bill Safe and Affordable Drinking Water Act – February 1, 2018 Version (Includes Proposal for a State Tax on Drinking Water)

#### I. INTRODUCTION AND BACKGROUND INFORMATION

The Safe and Affordable Drinking Water Act Budget Trailer Bill (BTB) is essentially the same bill as SB 623 (Monning) with some amendments that do not address ACWA's concerns. ACWA's State Legislative Committee took an "Oppose-Unless-Amended" position on the BTB on February 9, 2018.

Both SB 623 and the BTB are intended to fill gaps in funding for disadvantaged communities and low-income residents without access to safe drinking water. ACWA agrees with that intent but opposes the tax on drinking water proposed in SB 623 and the BTB because it is not the right approach to solving this social issue for the State. ACWA is advancing a more appropriate funding solution – a package of funds that is comprised of federal safe drinking water funds, general obligation bond funds, the assessments related to nitrate in groundwater that are proposed in SB 623 and the BTB and some funding from the State General Fund.

ACWA understand that SB 623 (and now the BTB) is intended to generate \$140 million per year. The proponents have indicated last that the breakdown is supposed to be \$30 million per year (or 21 percent of the funding) in proposed agricultural fees that are related to nitrate in groundwater and \$110 million per year (or 79 percent of the funding) in a proposed State tax on drinking water that would be collected by thousands of community water systems across the State and sent to the State for distributed to selected communities and residents.

SB 623, a two-year bill, is currently at the Assembly Committee on Rules. The Committee could refer SB 623 to one or more policy committees or move SB 623 to the Assembly floor. ACWA expects that SB 623 would be amended to clean it up before any vote on it. **Current legislative activity, however, is focused on the BTB.** As signaled in the summary for the Governor's proposed Budget for Fiscal Year 2018-19, the Brown Administration plans on advancing a BTB that is consistent with the framework of SB 623. The Administration posted the first version of the BTB on February 1, 2018. SB 623 still remains an option to the proponents if the Administration's effort to move the BTB is unsuccessful. Both bills require two-thirds votes by the Assembly and the Senate because of the proposed tax on drinking water. Following is a summary of the BTB.

## **II. SUMMARY**

### **1. Agricultural Funding Mechanism, Part I – Safe Drinking Water Fee for Confined Animal Facilities Excluding Dairies**

The BTB would define “confined animal facilities excluding dairies” (CAFED) to include bovine operations, poultry operations, swine operations, and other livestock operations, explicitly excluding milk cow dairies (see below regarding dairies).

#### **A. CAFED Working Group**

The BTB would require the Secretary of Food and Agriculture (the Secretary) to convene a working group composed of representatives of CAFED to determine the actual risk to groundwater, if any, from discharges of nitrate from CAFED. The BTB would require by January 1, 2035, the Secretary to convene a working group composed of representatives of CAFED to determine the actual risk to groundwater, if any, from CAFED.

#### **B. Initial CAFED Fees - Until January 1, 2036**

Beginning January 1, 2021, the Secretary would be required, pursuant to a regulation to be adopted by the Secretary by that date, to establish an annual CAFED fee that would be commensurate with the actual risk, if any, to groundwater from discharges of nitrate as determined by the working group. The BTB would cap this fee at \$1,000 per facility. This version of the CAFED fee requirement would be in effect until January 1, 2036.

#### **C. Later CAFED Fees - Beginning July 1, 2036**

Beginning July 1, 2036, the Secretary would be required to establish a fee for CAFED, payable annually, to the Secretary by each facility in an amount commensurate with the actual risk to groundwater from discharges of nitrate determined by the CAFED working group. The BTB would authorize the Secretary to adjust the fee through emergency regulation processes, as necessary, to meet but not to exceed the most recent assessment of funding need for nitrate adopted by the State Water Board.

The BTB would generally require this later version of the fee collected from CAFED combined with the Dairy Fee (discussed in Section 3) to total the sum of \$3,000,000 or 30 percent of the funding need for nitrate in the more recent assessment of funding need adopted by the State Water Board, whichever is less. However, the BTB would specify that notwithstanding the emergency regulations fee adjustment authority and the \$3,000,000 or 30 percent provision, the fee on a CAFED could not exceed \$1,000.

### **2. Agricultural Funding Mechanism, Part II - Fertilizer Safe Drinking Water Fee**

#### **A. Initial Fertilizer Fee – Until January 1, 2034**



In addition to already-required fertilizer assessments, the BTB would require a licensee whose name appears on the label of bulk or packaged fertilizing materials to pay to the Secretary a Fertilizer Safe Drinking Water Fee (Fertilizer Fee) of six mills (\$0.006) per dollar of sales for all sales of bulk or packaged fertilizer materials. This version of the Fertilizer Fee would remain in effect until January 1, 2034 and then would be repealed.

**B. Later Fertilizer Fee – Beginning January 1, 2034**

On January 1, 2034, the Safe Drinking Water Fertilizer Fee would be reduced from six mills to two mills (\$0.002) per dollar of all sales of fertilizer. After January 1, 2036, the BTB would authorize the Secretary to adjust the Fertilizer Fee through emergency regulation processes to meet but not exceed the sum of \$7,000,000 or 70 percent (whichever is less) of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Board. The BTB would require the Secretary to notify all licensees of the amount of the Fertilizer Fee to be assessed in the following calendar year by October 1 of each year.

**C. Enforcement and Administrative Costs**

The BTB would authorize the Secretary to adopt regulations relating to the administration and enforcement of the Fertilizer Fee. Until July 1, 2021, the Secretary could retain four percent of collected Fertilizer Fees. Beginning, July 1, 2021, that amount would decrease to two percent.

**3. Agricultural Funding Mechanism, Part III – Dairy Safe Drinking Water Fee**

**A. Initial Dairy Fee – January 1, 2021 – December 31, 2035**

This BTB would require, beginning January 1, 2021 and until January 1, 2036, each handler subject to the provisions of a stabilization and marketing plan to deduct from payments made to producers for milk the sum of \$0.01355 per hundredweight of milk as a Dairy Safe Drinking Water Fee (Dairy Fee).

**B. Later Dairy Fee – Beginning January 1, 2036**

On and after January 1, 2036, the BTB would reduce the Dairy Fee to \$0.00678 per hundredweight of milk. The BTB would authorize the Secretary to adjust the fees through emergency regulation processes as necessary to meet but not exceed thirty percent of the anticipated need for nitrate in the most recent State Water Board funding need assessment or the sum of \$3,000,000, whichever was less. In making such an adjustment, the Secretary would have to reduce the Dairy Fee by the amount collected for the CAFED fee. During this period, the BTB would prohibit the total of the CAFED fee and the Dairy Fee from exceeding: 1) the sum of \$3,000,000; or 2) thirty percent of the funding need for nitrate in the more recent assessment of funding need adopted by the State Water Board, whichever was less.



### **C. Enforcement and Administrative Costs**

The BTB would authorize the Secretary to adopt regulations necessary for proper administration and enforcement of the Dairy Fee. Until July 1, 2021, the Secretary could retain four percent of collected Dairy Fees for reasonable implementation and enforcement costs. Beginning, July 1, 2021, that amount would decrease to two percent.

### **4. Proposed Definitions Related to the Fund**

Following are proposed definitions for key terms related to the Fund:

- 1) "Customer" would mean a purchaser of water from a community water system that uses the water for municipal purposes, including **residential, commercial, governmental, and industrial uses**;
  
- 2) "Eligible applicant" would mean a public water system, including but not limited to mutual water company; a public utility; a public agency, including but not limited to a local education agency that specifically owns or operates a public water system (PWS); a nonprofit organization; a federally recognized Indian tribe; a state Indian tribe listed on the Native American Heritage Commission's California Tribal Consultation List; an administrator; or a groundwater sustainability agency;
  - 1) "Administrator" would be defined by reference as an entity that has contracted with the State Water Board to provide administrative and managerial services to a designated public water system (see Ca. Health and Safety Code Section 116686);
  
- 3) "Individual domestic well" would mean a groundwater well used to supply water for the domestic needs of an individual residence or systems of four or less service connections;
  
- 4) "Low-income household" means a household with an income that is less than 80 percent of the statewide median household income; and
  
- 5) "Replacement water" would include, but not be limited to, bottled water, point-of-use, or point-of-entry treatment unit.

### **5. General Provisions and Priorities for Funds**

This BTB would establish the Safe and Affordable Drinking Water Fund (the Fund) in the State Treasury and would provide that moneys in the Fund are continuously appropriated to the State Water Board. The purpose of the Fund would be to provide a source of funding to secure access to safe drinking water for all Californians while also ensuring the long-term sustainability of drinking water service and infrastructure. Where money would remain in the Fund at the close of a fiscal year, that money would not revert to the General Fund. Moneys in the Fund

would not be available for appropriation and could not be borrowed for use without an affirmative vote of two-thirds of the membership in each house of the Legislature.

The BTB would require the State Water Board to **prioritize** (not limit) the use of the Fund to: 1) assist disadvantaged communities (DACs) and low-income households served by a state small water system or domestic well; and 2) fund costs other than those related to **capital** construction costs, **except** for capital construction costs associated with consolidation and service extension to reduce the ongoing unit cost of service to increase sustainability of drinking water infrastructure and service delivery.

The BTB would require the State Water Board prioritize funding to implement consolidations and service extensions when feasible and administrative and managerial contracts or grants where applicable. The State Water Board would be required to use the agricultural fees to address nitrate-related contamination issues.

The BTB (at Page 13) would specify that neither the State Water Board nor any employee of the Board could be held liable for any act that is necessary to carry out purposes of this proposed law.

## **6. Uses of the Fund**

The State Water Board would be authorized to expend moneys in the Fund for grants, loans, contracts, or services to assist eligible applicants with:

- 1) The provision of replacement water as a short-term solution;
- 2) The development, implementation, and sustainability of long-term solutions, including but not limited to, technical assistance, planning, **construction**, and operation and maintenance costs associated with replacing, repairing, blending, or treating contaminated or failing drinking water sources, creating and maintaining natural means of treating and improving sustainable water quality, consolidating water systems, domestic wells, or state small systems;
- 3) The identification of Californians who are eligible to receive assistance from the Fund and outreach to them;
- 4) The testing of drinking water quality of domestic wells serving low-income households and prioritizing those in high-risk areas; and
- 5) The provision of administrative and managerial services (for third-party administrators/contractors).

## **7. Fund Administration**

By July 1 of each year, the BTB would require the Water Board to:

- 1) Make available a report on Fund expenditures;
- 2) Adopt an assessment of funding need, as specified at Pages 13-14, that is based on available data. Some of the proposed elements include:
  - 1) a list of community water systems that serve a disadvantaged community that must charge fees that exceed the affordability threshold established in the **Safe Drinking Water State Revolving Fund Intended Use Plan**;
  - 2) a list of public water systems and state small water systems that “**may be at risk of failing to provide an adequate supply of drinking water**”; and
- 3) Adopt, after a public hearing, a fund implementation plan and policy handbook with priorities and guidelines for expenditures of the Fund.

The BTB would require that the Board work with a multi-stakeholder advisory group to establish the priorities and guidelines. It would provide that the adoption of the Fund implementation and policy handbook would **not** be subject to the Administrative Procedure Act.

Beginning January 1, 2019, the BTB would require an expenditure from the Fund to be consistent with the annual fund implementation plan.

#### **8. State Water Board’s Administrative Costs**

Initially, the BTB would authorize the State Water Board to expend moneys from the Fund for reasonable Fund administration costs. Beginning July 1, 2021, the BTB would limit that expenditure to 5 percent of the annual revenues for reasonable Fund administration costs. The BTB would require the State Water Board to provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the Fund.

The State Water Board would be authorized to take additional action as may be appropriate for adequate administration and operation of the Fund.

#### **9. Mapping of “High Risk Areas”**

The BTB would require, by January 1, 2020, the State Water Board, in consultation with local health officers (officers) and other relevant stakeholders, to make available a map of aquifers that are used or likely to be used as a source of drinking water that are at “high risk” of containing contaminants. The BTB would require officers or other relevant local agencies by January 1, 2020 to provide all results of, and data associated with, water quality testing performed by certified laboratories for a state small water system or domestic well that is in the officer’s possession to the State Water Board. On and after January 1, 2020, an officer or



other relevant local agency would require testing data to be submitted directly to the State Water Board.

## **10. Proposed State Drinking Water Tax**

Although labeled in the BTB the “Safe and Affordable Drinking Water Fee,” the BTB proposes a state tax on drinking water as summarized here.

### **A. Initial, Statutory Drinking Water Tax Schedule**

The BTB would set the initial tax schedule in the statute. It would go into effect for the period July 1, 2019 through June 30, 2021, except as specified. It would “impose” the drinking water tax on each customer (i.e., residential, business, industry or governmental) that purchases water from a community water system (CWS) as follows:

- 1) Water meters equal to or less than 1 inch in size: \$0.95/month
- 2) No water meter: \$0.95/month
- 3) Water meters greater than 1 inch and less than or equal to 2 inches: \$4/month
- 4) Water meter greater than 2 inches and less than or equal to 4 inches: \$6/month
- 5) Water meter greater than 4 inches: \$10/month
- 6) Cap on the tax for customers that have multiple meters serving a single address at ten dollars per month.

A customer would be exempt from the fee if he or she self-certified to the CWS that he or she either had an income equal to or less than 200% of the federal poverty level (FPL) or operated deed-restricted multi-family housing developing to provide housing to tenants with incomes at or below 200 percent of the FPL.

The BTB would exclude a connection or meter that is used exclusively for fire flow or uses nonpotable water, including but not limited to recycled water.

The BTB would provide that a CWS would not be held criminally or civilly liable for failing to collect fees from customers who claim a self-certified exemption or for collecting fees from customers who could claim a self-certified exemption but do not provide adequate or timely notice to the CWS that he or she meets a criterion to be exempt.

The BTB would exempt a customer, who is already enrolled in a program offered by the CWS that is designed specifically to reduce the cost of water service incurred by customers who meet established income guidelines, from the payment of the tax.

### **B. State Water Board-Developed Drinking Water Tax Schedule**

Beginning July 1, 2021, the State Water Board would establish a “fee” (tax) schedule that persons or entities that purchased water from a CWS would be assessed by the CWS. The BTB

would prohibit the “fee” schedule from exceeding the above-listed statutory amounts. The BTB would require the State Water Board to review and revise the “fee” schedule as necessary each year to not exceed the anticipated funding need in the most recent assessment of funding need. By July 1, 2021, the State Water Board, in consultation with the Public Utilities Commission, would be required to adopt regulations to exempt households with incomes equal to or less than 200 percent of the FPL.

Beginning July 1, 2023 and going into perpetuity, the BTB would require the State Water Board to set the “fee” schedule at an amount that did not result in the “total uncommitted amount in the Fund” exceeding two times the anticipated funding need in the most recent assessment of funding need. Here too, the BTB would prohibit the “fee” schedule from exceeding the above-listed statutory amounts.

The BTB would provide that the “total uncommitted amount in the fund” would not include Fertilizer Fee dollars until January 1, 2033 and would not until January 1, 2035 include Dairy Fees or CAFED fees in the Fund.

#### **11. CWS Administrative Cost Reimbursement (for Collection of Drinking Water Tax)**

The BTB would authorize the CWS to retain an amount, as approved by the State Water Board, as reimbursement of the reasonable costs incurred for the collection of tax. The BTB would allow until July 1, 2021 that a CWS could retain up to 4 percent of the amount collected and beginning July 1, 2021, the reimbursement could not exceed 2 percent of the amount collected. For small CWS, the BTB would allow reimbursement to not exceed \$500 or 4 percent of the total revenue collected, whichever is greater.

The BTB would exempt a CWS with fewer than 200 service connections and its customers from the tax. The State Water Board would be authorized to approve an exemption for CWS with 200 or more service connections and its customers from the tax if they find that the amount required to be remitted to the State Water Board would be de minimis.

The BTB would allow a CWS to apply to the State Water Board to use an alternative method to calculate the amount owed by each customer for the charge imposed by submitting an application, in a form prescribed by the State Water Board that shows that the method required by statute, regulation, or “fee” schedule adopted by the State Water board would be impractical for the CWS to collect; and that the method proposed by the CWS would provide a level of total revenue equivalent to the revenue the CWS would transmit to the State Water Board pursuant to the fee schedule. The State Water Board could deny the application, and the denial would not be reviewable. If the State Water Board approved the application, the approval would be for a specified period – not to exceed five years.

The BTB would authorize the State Water Board, in consultation with the California Department of Tax and Fee Administration, to adopt and enforce regulations relating to the administration and enforcement of the tax on drinking water. The initial adoption would have to comply with

the Administrative Procedures Act. Subsequent amendments could be adopted with the emergency regulation process.

## **12. Nitrate – Enforcement Relief**

The BTB includes detailed enforcement relief provisions at Pages 24-28 for “agricultural operations” that meet certain conditions until January 1, 2034 (i.e., a 15-year period).

The BTB would define “**agricultural operation**” to mean either:

- 1) A discharger that satisfies both the following conditions:
  - A) The discharger is an owner, operator, or both, of land that is irrigated to produce crops or pasture for commercial purposes or a nursery; and
  - B) The discharger is enrolled or named in an irrigated lands regulatory program order adopted by the State Water Board or Regional Board.
  
- 2) A discharger that satisfies both the following conditions:
  - A) The discharger is an owner, operator or both of a facility that is used for the raising or harvesting of livestock; and
  - B) The discharger is enrolled or named in an order adopted by the State Water Board or a Regional Board that regulates the discharges of waste from a facility to protect ground and surface water.

The BTB would specify that “agricultural operation” does **not** include any of the following:

- 1) A facility that processes crops or livestock;
- 2) A facility that manufactures, synthesizes, or processes fertilizer; or
- 3) Any portion of land or activities occurring on those portions of land that are not covered by an order adopted by the State Water Board or a Regional Board.

In general terms, the enforcement relief would be provided where the agricultural operation was in compliance with all applicable provisions of the State Water Board or Regional Water Board Order, and the operation was in compliance with the applicable program of implementation for achieving the groundwater quality objectives for nitrate, as specified.



Association of California Water Agencies  
Recommended  
**Safe Drinking Water Funding Package**

<u>Funding Source</u>	<u>Funding Type</u>	<u>Funding Amount</u>
Safe Drinking Water State Revolving Funding (Federal)	Capital	<u>Part of \$81 million<sup>1</sup></u>
General Obligation Bonds	Capital	SB 5 (De León): <u>\$250 million<sup>2</sup></u> and/or Water Supply/Quality Bond: <u>\$500 million<sup>3</sup></u>
<u>BUDGET TRAILER BILL / SB 623 (Monning)</u>		
Nitrate Assessment	Nitrate: <ul style="list-style-type: none"> <li>• Replacement Water</li> <li>• Point of Use Treatment</li> <li>• Point of Entry Treatment</li> </ul>	Approximately <u>\$30 million per year</u>
General Fund	Operation and Maintenance for Public Water Systems	Approximately <u>\$34.44 million per year<sup>4</sup></u>

<sup>1</sup> \$81 million is estimated SDW SRF Total for California for 2018. Part of this would go to capital costs for disadvantaged communities  
<sup>2</sup> For both safe drinking water and clean water  
<sup>3</sup> For safe drinking water  
<sup>4</sup> State Water Board’s estimate for annual non-nitrate O&M costs for public water systems

Updated: February 6, 2018 / Originally Sent: August 18, 2017

The Honorable Lorena Gonzalez Fletcher  
Chair, Assembly Appropriations Committee  
California State Assembly  
State Capitol, Room 2114  
Sacramento, CA 95814

**Re: SB 623 (Monning): Safe Drinking Water Funding/TAX ON WATER**  
**Position: OPPOSE UNLESS AMENDED (As Amended August 21, 2017)**

Alameda County Water District	Fallbrook Public Utility District	Rancho California Water District
Amador Water Agency	Foothill Municipal Water District	Regional Water Authority
Anderson-Cottonwood Irrigation District	Georgetown Divide Public Utility District	Richvale Irrigation District
Antelope Valley – East Kern Water Agency	Glenn-Colusa Irrigation District	Rincon del Diablo Municipal Water District
Association of California Water Agencies	Helix Water District	Rio Alto Water District
Bella Vista Water District	Hidden Valley Lake Community Services District	Rio Linda Elverta Community Water District
Brooktrails Township Community Services District	Humboldt Bay Municipal Water District	Rowland Water District
Browns Valley Irrigation District	Humboldt Community Services District	Sacramento Suburban Water District
Calaveras County Water District	Indian Wells Valley Water District	San Diego County Water Authority
CalDesal	Indio Water Authority	San Gabriel Valley Municipal Water District
California Municipal Utilities Association	Irvine Ranch Water District	San Juan Water District
California Special Districts Association	Kern County Water Agency	Santa Fe Irrigation District
Calleguas Municipal Water District	Kinneloa Irrigation District	Santa Margarita Water District
Camrosa Water District	Laguna Beach County Water District	Scotts Valley Water District
Carmichael Water District	Lake Hemet Municipal Water District	Shasta Community Services District
Casitas Municipal Water District	Las Virgenes Municipal Water District	South Coast Water District
Citrus Heights Water District	Long Beach Water Department	South Tahoe Public Utility District
City of Beverly Hills	Malaga County Water District	Southern California Water Committee
City of Fairfield	Mammoth Community Water District	Stockton East Water District
City of Garden Grove	McKinleyville Community Services District	Tahoe City Public Utility District
City of Glendale Water and Power	Merced Irrigation District	Three Valleys Municipal Water District
City of Newport Beach	Mesa Water District	Tulare Irrigation District
City of Oceanside	Mid-Peninsula Water District	Tuolumne Utilities District
City of Redding	Mission Springs Water District	United Water Conservation District
City of Roseville	Mojave Water Agency	Upper San Gabriel Valley Municipal Water District
City of San Diego	Monte Vista Water District	Vallecitos Water District
City of Santa Rosa	Municipal Water District of Orange County	Valley Center Municipal Water District
Coachella Valley Water District	Northern California Water Association	Valley of the Moon Water District
Contra Costa Water District	Olivenhain Municipal Water District	Vista Irrigation District
Crescenta Valley Water District	Orange County Water District	Walnut Valley Water District
Cucamonga Valley Water District	Orchard Dale Water District	Westlands Water District
Del Paso Manor Water District	Otay Water District	Western Canal Water District
Desert Water Agency	Padre Dam Municipal Water District	Western Municipal Water District
Dublin San Ramon Services District	Palm Ranch Irrigation District	Wheeler Ridge-Maricopa Water Storage District
East Orange County Water District	Palmdale Water District	Yolo County Flood Control Water Conservation District
East Valley Water District	Paradise Irrigation District	Yorba Linda Water District
Eastern Municipal Water District	Pico Water District	Yuba County Water Agency
El Dorado Irrigation District	Placer County Water Agency	
El Toro Water District	Quartz Hill Water District	
Elsinore Valley Municipal Water District	Rainbow Municipal Water District	
Fair Oaks Water District		

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Dear Chair Gonzalez Fletcher:

The above-listed organizations are OPPOSED UNLESS AMENDED to SB 623 (Monning) and **OPPOSE**  
**THE TAX ON WATER BEING ADDED TO SB 623.**



This bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address.

As the Legislature departed Sacramento for Summer Recess, the intended funding sources for SB 623 had yet to be identified in the bill. The Author is adding the funding sources just prior to the Assembly Appropriations Committee voting on the measure. Senator Monning is adding two types of funding: 1) fees related to fertilizer and dairies to address nitrate contamination; and 2) a state-mandated tax on water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. The above-listed organizations oppose the proposal for a tax on water.

**PROBLEMS WITH A TAX ON WATER:** Following are examples of problems with a tax on water:

- 1) **Requiring local water agencies and cities across the state to impose a tax on water for the State of California is highly problematic and is not the appropriate response to the problem;**
- 2) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. It is not sound policy to tax something that is a human right;**
- 3) **Adding a tax on water works against keeping water affordable for all Californians; and**
- 4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento.**

**Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:**

**FUNDING SOLUTION:**

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León) proposes \$175 million for safe drinking water and two new bond initiatives have been filed with the Attorney General which both propose \$500 million for safe drinking water. All of these bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);
- 3) **Ag Funding** – the nitrate-related fee(s) that is expected to be added to the bill can be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.



**AMENDMENTS:** In addition to including the General Fund as a funding source instead of a tax on water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure.

The above-listed organizations urge your “No” vote on SB 623 unless the bill does not include a tax on water and these concerns are addressed.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at [cindy@acwa.com](mailto:cindy@acwa.com).

cc: The Honorable William W. Monning  
Honorable Members, Assembly Appropriations Committee  
Ms. Kathy Smith, Senior Legislative Consultant, Office of Senator William W. Monning  
Ms. Jennifer Galehouse, Deputy Chief Consultant, Assembly Appropriations Committee  
Mr. Jared Yoshiki, Consultant, Assembly Republican Caucus

## Attachment

### SB 623 (MONNING) AMENDMENTS SUGGESTED BY WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

**1) Do NOT include a tax on water (i.e., the proposed drinking water “fee.”) Instead, the bill should propose General Fund funding as the non-nitrate funding source in the bill.**

**2) Exclude capital costs as an eligible funding category** and focus on funding operation and maintenance (O&M) costs, which are difficult to fund through G.O. bonds and cannot be funded with Safe Drinking Water State Revolving Fund (SRF) dollars. (G.O. bonds and the SRF are effective in funding capital costs.)

**3) Limit the funding to disadvantaged communities (DACs)** and low income individual domestic well users that do not have access to safe drinking water, consistent with 4) below.

**4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate).** Data is lacking to support a credible needs assessment. For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. **The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water** for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with **nitrate**. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)

**5) Make sure the funding goes to address situations where the water is not safe.** The proposed language in Section 116769 references: A) “systems and populations potentially in need of assistance”; and B) systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.

**6) Focus on safe drinking water and recognize that affordability issues are being discussed in the SWRCB’s AB 401 implementation process.** The language should be deleted from Section 116769 which would include in the needs assessment all community water systems in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The SWRCB is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there many questions being raised about how affordability thresholds should be determined.

**7) Clarify what is intended by the proposed authority for the SWRCB to take incidental action as may be appropriate for adequate administration and operation of the fund.** Instead of simply including this rather vague provision, the bill should be specific as to what this proposed authority is intended to cover.

**\*\*\*Sample Letter 1 for Budget Subcommittees\*\*\***

[DATE]

The Honorable Bob Wieckowski, Chair  
Senate Budget Subcommittee No. 2  
State Capitol, Room 4085  
Sacramento, CA 95814

The Honorable Richard Bloom, Chair  
Assembly Budget Subcommittee No. 3  
State Capitol, Room 2003  
Sacramento, CA 95814

**Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – OPPOSE UNLESS AMENDED**

Dear Chair Wieckowski and Chair Bloom,

I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

As a local water agency, we are committed to delivering safe and reliable water. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for something that is essential to life does not make sense, especially at a time when some are raising concerns about the cost of living in the state. Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound policy.

As an alternative, we are working to advance a more appropriate package of funding, which would include existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

For these reasons, [AGENCY NAME] opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures.

If you or members of your staff have any questions, please contact me at [xxx-xxx-xxxx or email].

Sincerely,

[NAME, TITLE]

cc: Members, Senate Budget Subcommittee No. 2  
Members, Assembly Budget Subcommittee No. 3  
The Honorable William W. Monning  
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor



**\*\*\*Sample Letter 2 for Legislators\*\*\***

Look up your California Legislators' contact information here:

[http://www.legislature.ca.gov/legislators\\_and\\_districts/legislators/your legislator.html](http://www.legislature.ca.gov/legislators_and_districts/legislators/your legislator.html)

[DATE]

The Honorable [FIRST NAME] [LAST NAME]  
State Capitol [ROOM]  
Sacramento, CA 95814

**Re: Proposed Drinking Water Tax: Budget Trailer Bill and SB 623 – OPPOSE UNLESS AMENDED**

Dear [Senator/Assembly Member] [Last Name],

I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

As a local water agency, we are committed to delivering safe and reliable water. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for something that is essential to life does not make sense, especially at a time when some are raising concerns about the cost of living in the state. Our agency has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound policy.

As an alternative, we are working to advance a more appropriate package of funding, which would include existing federal funds from the Safe Drinking Water State Revolving Fund (SRF), voter-approved general obligation bonds, the assessments related to nitrates in groundwater proposed in the budget trailer bill and in SB 623, and a limited amount of general fund dollars.

For these reasons, [AGENCY NAME] opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures.

If you or members of your staff have any questions, please contact me at [xxx-xxx-xxxx or email].

Sincerely,

[NAME, TITLE]

cc: The Honorable William W. Monning  
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor

**From:** Timothy Quinn [<mailto:Tim.Quinn@acwa.com>]

**Sent:** Wednesday, February 21, 2018 9:14 AM

**To:** Cindy Tuck <[CindyT@acwa.com](mailto:CindyT@acwa.com)>; Heather Engel <[HeatherE@acwa.com](mailto:HeatherE@acwa.com)>; Paula Currie <[PaulaC@acwa.com](mailto:PaulaC@acwa.com)>

**Cc:** Lili Vogelsang <[LiliV@acwa.com](mailto:LiliV@acwa.com)>; Michaela Martinez <[MichaelaM@acwa.com](mailto:MichaelaM@acwa.com)>; Donna Pangborn <[DonnaP@acwa.com](mailto:DonnaP@acwa.com)>

**Subject:** ACWA Seeking Contributions for "No Drinking Water Tax Campaign"

**Importance:** High

Dear No Drinking Water Tax Coalition Member,

Hopefully you saw ACWA's Outreach Alert distributed last week urging member agencies to join ACWA's coalition against SB 623 (Monning) and the budget trailer bill related to a tax on drinking water and take specific steps to advocate against the proposed tax.

As you know, fighting the tax on drinking water is one of the most important efforts undertaken by ACWA and member agencies in recent years. ACWA staff has done a commendable job to date. However, considering the potential negative consequences of this proposed tax and the dangerous precedent that it could set, I strongly believe that we need to do much more.

Therefore, ACWA is launching a fund-raising effort this week to secure an outside public affairs firm to help develop a more strategic external affairs campaign and assist with coalition building outside the water industry. We also intend to fund an advertising campaign focused on key legislative districts. We hope to secure enough funding to potentially sustain a campaign through the summer.

**I urge you to submit a voluntary contribution to fund this effort. Based on the size of your agency, we recommend a contribution of at least \$10,000.00.** Please use the attached contribution form to let us know whether you will be making a contribution.

If you have any questions or concerns, please don't hesitate to contact me directly at [timq@acwa.com](mailto:timq@acwa.com) or ACWA's Director of Communications Heather Engel, [heathere@acwa.com](mailto:heathere@acwa.com). We will be happy to schedule an in-person meeting with your agency to discuss strategy or funding.

Best regards,

**Tim Quinn**

Executive Director

Association of California Water Agencies

916.441.4545 | [timq@acwa.com](mailto:timq@acwa.com) | [www.acwa.com](http://www.acwa.com)





No Drinking Water Tax Education and Outreach Campaign

# CONTRIBUTION FORM

Please Print or Type

## MEMBER AGENCY INFORMATION

Organization

Contact Person

Phone

Email

Billing Address

City, State, Zip

## CONTRIBUTION INFORMATION

We contribute a total of

\$

### Payment Option

- Please send an invoice for processing
- A check will be mailed to ACWA within 30 days.  
Please make check payable to ACWA and mail it to 910 K Street, Ste. 100, Sacramento, CA 95814.

**Please send this completed form to Michaela Martinez at [michaelam@acwa.com](mailto:michaelam@acwa.com)**

Printed Name

Title

Signature

Date

WE CAN SOLVE IT WITHOUT A  
**DRINKING WATER TAX**





**PALMDALE WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** February 21, 2018 **February 28, 2018**  
**TO:** Board of Directors **Board Meeting**  
**FROM:** Mr. Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** *AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 18-3 BEING A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR VARIOUS CAPITAL PROJECTS. (POTENTIAL REVENUE THROUGH REIMBURSEMENT OF LOANS – FINANCE MANAGER/FINANCE COMMITTEE)*

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**Recommendation:**

Staff recommends that the Board adopt Resolution No. 18-3. This item will be discussed by the Finance Committee at their February 26, 2018 meeting.

**Alternative Options:**

The Board can not approve Resolution No. 18-3.

**Impact of Taking No Action:**

The impact of taking no action would restrict the District's ability to reimburse the General Fund and/or Water Supply Fund for costs associated with certain projects from any proceeds from the sale of Obligations for such projects.

**Background:**

The District desires to finance the costs of acquiring and constructing certain capital facilities, improvements and equipment as provided in Exhibit A of the attached Resolution. Prior to the issuance of the Obligations, the District expects to incur certain expenditures with respect to the project from available monies of the District, which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations. The total of the Obligations for both projects is not-to-exceed \$64 million.

This Resolution will allow reimbursement of expenses over the past 60 days as well as cover expenses over the next 18 months or until the Obligations are sold. The reimbursement must be made within 3 years after the project is complete.

**Strategic Plan Initiative/Mission Statement:**

This item is under Strategic Initiative No. 4: Financial Health and Stability  
This item directly relates to the District's Mission Statement.

**Budget:**

This item is not related to any budget number.

**Supporting Documents:**

- Resolution No. 18-3

## RESOLUTION NO. 18-3

### RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT REGARDING ITS INTENTION TO ISSUE TAX-EXEMPT OBLIGATIONS FOR VARIOUS CAPITAL PROJECTS

WHEREAS, the Palmdale Water District is a water district organized and existing under the laws of the State of California (the “District”); and

WHEREAS, the Board of Directors of the District (the “Board”) desires to finance the costs of acquiring and constructing certain capital facilities, improvements and equipment, as provided in Exhibit A attached hereto and incorporated herein (the “Project”); and

WHEREAS, the District intends to finance the costs of the Project, or portions of the Project, with the proceeds of the sale of obligations, the interest on which is excluded from gross income for federal income tax purposes (the “Obligations”); and

WHEREAS, prior to the issuance of the Obligations, the District expects to incur certain expenditures with respect to the Project from available monies of the District, which expenditures are desired to be reimbursed by the District from a portion of the proceeds of the sale of the Obligations; and

NOW, THEREFORE, the Board of Directors of the Palmdale Water District hereby finds, determines, declares and resolves as follows:

SECTION 1. The District hereby states its intention and reasonably expects to reimburse Project costs incurred prior to the issuance of the Obligations with proceeds of the Obligations. Exhibit A describes the general character, type, purpose and function of the Project.

SECTION 2. The reasonably expected maximum principal amount of the Obligations is \$64,000,000.

SECTION 3. Except as to certain costs described in Section 7 below, this resolution is being adopted not later than 60 days after the payment of the original expenditures (the “Expenditures Date or Dates”).

SECTION 4. Except as described in Section 7 below, the expected date of issue of the Obligations will be within eighteen months of the later of the Expenditure Date or Dates and the date the Project is placed in service; provided, the reimbursement may not be made more than three years after the Expenditure Date.

SECTION 5. Proceeds of the Obligations to be used to reimburse for Project costs are not expected to be used, within one year of reimbursement, directly or indirectly to pay debt service with respect to any obligation (other than to pay current debt service coming due within the next succeeding one-year period on any tax-exempt obligation of the District (other than the Obligations)) or to be held as a reasonably required reserve or replacement fund with respect to an obligation of the District or any entity related in any manner to the District, or to reimburse any expenditure that was originally paid with the proceeds of any obligation, or to replace funds that are or will be used in such manner.

SECTION 6. This resolution is consistent with the budgetary and financial circumstances of the District, as of the date hereof. No monies from sources other than the Obligations are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside by the District (or any related party) pursuant to their budget or financial policies with respect to the Project costs. To the best of our knowledge, this Board is not aware of the previous adoption of official intents by the District that have been made as a matter of course for the purpose of reimbursing expenditures and for which tax-exempt obligations have not been issued.

SECTION 7. The limitations described in Section 3 and Section 4 do not apply to (a) costs of issuance of the Obligations, (b) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Obligations, or (c) any preliminary expenditures, such as architectural, engineering, surveying, soil testing, and similar costs other than land acquisition, site preparation, and similar costs incident to commencement of construction, not in excess of twenty percent (20%) of the aggregate issue price of the Obligations that finance the Project for which the preliminary expenditures were incurred.

SECTION 8. This resolution is adopted as official action of the District in order to comply with Treasury Regulation §1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of District expenditures incurred prior to the date of issue of the Obligations, is part of the District's official proceedings, and will be available for inspection by the general public at the main administrative office of the District.

SECTION 9. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District,  
California, this 28<sup>th</sup> day of February 2018, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

PALMDALE WATER DISTRICT

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President of the Board of Directors

ATTEST:

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Secretary of the Board of Directors



## **EXHIBIT A**

### **DESCRIPTION OF PROJECT**

Capital expenditures related to the acquisition and construction of the Palmdale Regional Groundwater Recharge and Recovery Project, a grade control structure and related improvements associated with a sediment removal project for the Littlerock Dam and miscellaneous capital replacement projects throughout the District's water system.

**P A L M D A L E   W A T E R   D I S T R I C T**  
**B O A R D   M E M O R A N D U M**

**DATE:** February 21, 2018 **February 28, 2018**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Tim Moore, Facilities Manager  
**VIA:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM NO. 7.3 – CONSIDERATION AND POSSIBLE ACTION TO AUTHORIZE PURCHASING MATERIALS TO COMPLETE INVENTORY LEVEL DETERMINED NECESSARY FOR EMERGENCY RESPONSE. (\$245,000.00 – NON-BUDGETED – FACILITIES MANAGER MOORE/FACILITIES COMMITTEE)***

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**Recommendation:**

Staff recommends the Board authorize purchasing materials to complete the inventory level determined necessary for emergency response in the not-to-exceed amount of \$245,000.00.

**Alternative Options:**

The alternative option is to continue to delay purchases of the needed disaster supplies.

**Impact of Taking No Action:**

The District will not have the inventory needed in the event of a natural disaster.

**Background:**

The District's Emergency Supply Inventory has been on short supply for several years. In 2015, District staff reevaluated our system to update fittings, pipe, valves and other supplies needed to replace areas that would be affected (weak points-critical connections of our infrastructure) and the materials necessary to have in place for Emergency Response.

**Strategic Plan Initiative/Mission Statement:**

This item is under Strategic Initiative No. 3 – Systems Efficiency.  
This item directly relates to the District's Mission Statement.

**Budget:**

This item is not budgeted; however, budget funds can be transferred from the three-month Emergency Reserve to cover these costs.

**Supporting Documents:**

- Bid Proposals from Core & Main and Industrial Rubber Supply.



Formerly HD Supply Waterworks

# Bid Proposal for EARTHQUAKE SUPPLIES

CUSTOMER

**PALMDALE WATER DISTRICT**  
2029 EAST AVENUE Q  
PALMDALE, CA 93550

**Job**  
EARTHQUAKE SUPPLIES  
Bid Date: 01/30/2018 05:00 p.m.  
Bid #: 501908

CONTACT

**Sales Representative**  
Chad Holt  
(M) 661-709-8907  
(T) 661-945-2881  
(F) 661-945-5076  
Chad.Holt@coreandmain.com

**Core & Main**  
42839 North Sierra Hwy  
Lancaster, CA 93534  
(T) 661-945-2881

NOTES





Formerly HD Supply Waterworks

Bid Proposal for EARTHQUAKE SUPPLIES

PALMDALE WATER DISTRICT
Bid Date: 01/30/2018 05:00 p.m.
Core & Main Bid #: 501908

Core & Main
42839 North Sierra Hwy
Lancaster, CA 93534
Phone: 661-945-2881
Fax: 661-945-5076

Table with columns: Seq#, Qty, Description, Units, Price, Ext Price. Contains item list from line 10 to 440, including various valves and butterfly valves.



Formerly HD Supply Waterworks

Bid Proposal for EARTHQUAKE SUPPLIES

Bid #: 501908

Seq#	Qty	Description	Units	Price	Ext Price
450	2	24" BUTTERFLY VLV BOLT&NUT KIT	EA	62.91	125.82
460	20	245-000400003-800 4"X3" OD CLP	EA	12.38	247.60
470	40	245-00066303-800 6'X3" STD CLP	EA	15.85	634.00
480	20	245-00086303-800 8"X3" STD CLP	EA	18.63	372.60
490	12	226-066307-000 6X7-1/2 CLAMP 6.56-6.96 OD	EA	71.69	860.28
500	5	226-060012-000 6X12-1/2 CLAMP 5.95-6.35 OD	EA	113.31	566.55
510	3	226-066315-000 6X15 CLAMP 6.56-6.96 OD	EA	129.95	389.85
520	25	226-086307-000 8X7-1/2 CLAMP 8.54-8.94 OD	EA	84.93	2,123.25
530	2	226-094015-000 8X15 CLAMP 9.27-9.67 OD	EA	169.62	339.24
540	2	226-094020-000 8X20 CLAMP 9.27-9.67 OD	EA	240.21	480.42
550	10	226-100007-000 8X7-1/2 CLAMP 9.70-10.10 OD	EA	95.55	955.50
560	1	226-107507-000 10X7-1/2 CLAMP 10.64-11.04 OD	EA	104.43	104.43
570	4	226-107512-000 10X12-1/2 CLAMP 10.64-11.04 OD	EA	162.30	649.20
580	2	226-111015-000 10X15 CLAMP 11.04-11.44 OD	EA	208.80	417.60
590	2	227-111015-050 10X15 CLAMP FULL CIRCLE 11.04-12.24 OD	EA	321.03	642.06
600	10	226-132007-000 12X7-1/2 CLAMP 13.10-13.50 OD	EA	120.30	1,203.00
610	4	226-132010-000 12X10 CLAMP 13.10-13.50 OD	EA	160.00	640.00
620	4	226-140010-000 12X10 CLAMP 14.00-14.40 OD	EA	165.69	662.76
630	2	226-127510-000 12X10 CLAMP 12.62-13.02 OD	EA	153.21	306.42
640	2	226-132012-000 12X12-1/2 CLAMP 13.10-13.50 OD	EA	207.78	415.56
650	3	226-127512-000 12X12-1/2 CLAMP 12.62-13.02 OD	EA	190.96	572.88
660	3	227-136510-000 12X10 CLAMP FULL CIRCLE 13.65-14.45 OD	EA	216.53	649.59
670	11	4 WELD SLIP-ON FLANGE 150# FF	EA	11.88	130.68
680	18	6 WELD SLIP ON FLANGE FF 150#	EA	20.20	363.60
690	18	8 WELD SLIP ON FLANGE FF 150#	EA	30.49	548.82
700	6	10 WELD SLIP ON FLANGE FF 150#	EA	35.91	215.46
710	36	12 WELD SLIP-ON FLANGE FF 150#	EA	75.16	2,705.76
720	10	16 WELD SLIP-ON FLANGE FF 150#	EA	123.66	1,236.60
730	5	4 WELD XH SLIP-ON FLG 300# FF	EA	26.89	134.45
740	9	6 WELD XH SLIP-ON FLG FF 300#	EA	43.02	387.18
750	5	8 WELD XH SLIP-ON FLG FF 300#	EA	69.90	349.50
760	1	4 BLIND FLG DI IMP	EA	25.96	25.96
770	10	6 BLIND FLG DI IMP	EA	39.33	393.30
780	2	8 BLIND FLG DI IMP	EA	65.66	131.32
790	2	12 BLIND FLG DI IMP	EA	132.84	265.68
800	4	461-04460560-000 4X5-1/2 QUANTUM CPLG 4.46-5.60 OD EPOXY W/ALLOY B&N	EA	86.33	345.32
810	4	461-06540765-000 6X6 QUANTUM CPLG 6.54-7.65 OD EPOXY W/ALLOY B&N	EA	121.73	486.92
820	4	461-08540985-000 8X6 QUANTUM CPLG 8.54-9.85 OD EPOXY W/ALLOY B&N	EA	142.04	568.16
830	6	461-12751440-000 12X7-1/2 QUANTUM CPLG 12.75-14.40 OD EPOXY W/ALLOY B&N	EA	211.21	1,267.26
840	1800	3/4X60' (K) SOFT COPPER TUBING	FT	4.28	7,704.00
850	200	3/4X100'(K) SOFT COPPER TUBING	FT	4.28	856.00
860	720	1X60' (K) SOFT COPPER TUBING	FT	5.58	4,017.60
870	100	1X100' (K) SOFT COPPER TUBING	FT	5.58	558.00
880	200	1-1/2X20'(K)SOFT COPPER TUBING	FT	11.30	2,260.00
890	20	2X20' (K) SOFT COPPER TUBING	FT	17.58	351.60
900	200	6" 10GA CML & CMC STEEL	FT	18.82	3,764.00
910	340	4 TJ PR350 DI PIPE C/L	FT	16.32	5,548.80
920		ABOVE IS DBL LINED			



Formerly HD Supply Waterworks

Bid Proposal for EARTHQUAKE SUPPLIES

Bid #: 501908

Seq#	Qty	Description	Units	Price	Ext Price
930	1134	6 TJ PR350 CL50 DI PIPE DOUBLE C/L	FT	12.19	13,823.46
940	666	8 TJ PR350 DI PIPE DBL C/ L CEMENT LINED	FT	16.05	10,689.30
950	324	10 TJ PR350 DI PIPE DOUBLE C/L	FT	20.73	6,716.52
960	522	12 TJ PR350 DI PIPE DBLE C/L	FT	26.61	13,890.42
970	234	16 TJ CL50 PR350 DI PIPE C/L	FT	43.06	10,076.04
980		ABOVE IS DBL LINED			
990	5	6 3006P DI STARGRIP RESTR. (I) W/ACC - SGDPPK06	EA	28.56	142.80
1000	5	8 3008P DI STARGRIP RESTR. (I) W/ACC - SGDPPK08	EA	38.92	194.60
1010	5	10 3010P DI STARGRIP RESTR (I) W/ACC - SGDPPK10	EA	55.34	276.70
1020	5	12 3012P DI STARGRIP RESTR (I) WITH ACC - SGDPPK12	EA	74.38	371.90
1030	6	6 MJXFLG ADPT (I) CP DI C153	EA	38.03	228.18
1040	5	8 MJXFLG ADPT (I) CP DI C153	EA	57.40	287.00
1050	4	10 MJXFLG ADPT (I) CP DI C153	EA	99.81	399.24
1060	7	12 MJXFLG ADPT (I) CP DI C153	EA	127.96	895.72
1070	4	912-91094008-000 8 FLG ADAPTER 9.05-9.40 OD EPOXY W/ALLOY B&N	EA	251.68	1,006.72
1080	4	912-91111810-000 10 FLG ADPT EPOXY W/ALLOY B&N 11.65-11.88 (OMNI COMPATIBLE GSKT)	EA	434.91	1,739.64
1090	4	912-91142012-000 12 FLG ADPT 13.90-14.20 OD EPOXY W/ALLOY B&N	EA	483.66	1,934.64
				<b>Sub Total</b>	<b>122,281.58</b>
				<b>Tax</b>	<b>11,616.75</b>
				<b>Total</b>	<b>133,898.33</b>



	Inv. No.	Qty.	Description	Brand Specific or Equivalent	2016 Bid Price	Ext. Price
1	SRVC079	20	3/4" comp. (pack joint) angle-stop	Ford KV43-332W-NL	\$30.77	\$ 615.40
2	SRVC080	50	3/4" flare angle-stop	Ford KV23-332W-NL	\$28.88	\$ 1,444.00
3	SRVC085	10	1-1/2" comp. angle-stop	Mueller P-24276N or =	\$187.98	\$ 1,879.80
4	SRVC086	4	1-1/2" flare angle-stop	Mueller B-24277N or =	\$226.18	\$ 904.72
5	SRVC088	4	2" comp. angle-stop	Mueller P-24276N or =	\$238.48	\$ 953.92
6	SRVC067	10	3/4" MIP x flare corp stop	Mueller B-25025 or =	\$35.92	\$ 359.20
7	SRVC070	20	1" MIP x flare corp stop	Mueller B-25025 or =	\$46.09	\$ 921.80
8	SRVC074	10	1-1/2" MIP x comp. (pack joint) corp stop	Jones j-1935 or =	\$109.89	\$ 1,098.90
9	SRVC076	5	2" MIP x flare corp stop	Mueller B-25025 or =	\$191.95	\$ 959.75
10	SRVC077	5	2" MIP x comp. (pack joint) corp stop	Jones j-1935 or =	\$181.68	\$ 908.40
11		6	16" BFV Bolt kit	For Mueller Lineseal type	\$26.67	\$ 160.02
12		4	20" BFV Bolt kit	For Mueller Lineseal type	\$50.22	\$ 200.88
13		2	24" BFV Bolt kit	For Mueller Lineseal type	\$64.06	\$ 128.12
14	CLMP015	20	4" x 3" o.d. leak clamp	S/B 245-00040003-800 or =	\$10.12	\$ 202.40
15	CLMP027	40	6" x 3" std. leak clamp	S/B 245-00066303-800 or =	\$12.96	\$ 518.40
16	CLMP033	20	8" x 3" std. leak clamp	S/B 245-00086303-800 or =	\$15.23	\$ 304.60
17	CLMP075	12	6" x 7.5" std. full circle clamp	S/B 226-00066307-000 or =	\$59.82	\$ 717.84
18	CLMP078	5	6" x 12" o.d. full circle clamp	S/B 226-00060012-000 or =	\$94.58	\$ 472.90
19	CLMP081	3	6" x 15" std. full circle clamp	S/B 226-00066315-000 or =	\$108.46	\$ 325.38
20	CLMP088	25	8" x 7.5" std. full circle clamp	S/B 226-00086307-000 or =	\$70.89	\$ 1,772.25
21	CLMP099	2	8" x 15" (9.27 - 9.67) f/c clamp	S/B 226-00094015-000 or =	\$141.58	\$ 283.16
22	CLMP102	2	8" x 20" (9.27 - 9.67) f/c clamp	S/B 226-00094020-000 or =	\$200.49	\$ 400.98
23	CLMP105	10	10" x 7.5" o.d. full circle clamp	S/B 226-0010007-000 or =	\$79.76	\$ 797.60
24	CLMP106	1	10" x 7.5" std. full circle clamp	S/B 226-00107507-000 or =	\$87.16	\$ 87.16
25	CLMP110	4	10" x 12" std. full circle clamp	S/B 226-00107512-000 or =	\$135.46	\$ 541.84
26	CLMP112	2	10" x 15" (11.00 - 11.40) f/c clamp	S/B 226-00111015-000 or =	\$174.27	\$ 348.54
27	CLMP113	2	10" x 15" (11.04 - 12.24) f/c clamp	S/B 227-00111015-050 or =	\$267.96	\$ 535.92
28	CLMP117	10	12" x 7.5" (13.15 - 13.55) f/c clamp	S/B 226-00132007-000 or =	\$100.41	\$ 1,004.10
29	CLMP120	4	12" x 10" (13.10 - 13.56) f/c clamp	S/B 226-00132010-000 or =	\$133.55	\$ 534.20
30	CLMP122	4	12" x 10" (14.00 - 14.40) f/c clamp	S/B 226-00140010-500 or =	\$138.29	\$ 553.16
31	CLMP124	2	12" x 10" std. full circle clamp	S/B 226-00127510-000 or =	\$127.88	\$ 255.76



32	CLMP125	2	12" x 12" (13.15 - 13.55) f/c clamp	S/B 226-00132012-000 or =	\$161.61	\$ 323.22
33	CLMP127	3	12" x 12.5" std. full circle clamp	S/B 226-00127512-000 or =	\$159.38	\$ 478.14
34	CLMP141	3	14" x 10" (13.65 - 14.45) f/c clamp	S/B 227-00136510-000 or =	\$134.49	\$ 403.47
35	WELD017	11	4" slip-on/weld-on flange cl. 125		\$15.52	\$ 170.72
36	WELD019	18	6" slip-on/weld-on flange cl. 125		\$25.52	\$ 459.36
37	WELD024	18	8" slip-on/weld-on flange cl. 125		\$38.75	\$ 697.50
38	WELD001	6	10" slip-on/weld-on flange cl. 125		\$66.88	\$ 401.28
39	WELD003	36	12" slip-on/weld-on flange cl. 125		\$99.17	\$ 3,570.12
40	WELD007	10	16" slip-on/weld-on flange cl. 125		\$171.88	\$ 1,718.80
41	WELD016	5	4" slip-on/weld-on flange cl. 300		\$13.51	\$ 67.55
42	WELD022	9	6" slip-on/weld-on flange cl. 300		\$23.42	\$ 210.78
43	WELD023	5	8" slip-on/weld-on flange cl. 300		\$39.97	\$ 199.85
44	FTNG103	1	4" blind flange		\$21.43	\$ 21.43
45	FTNG104	10	6" blind flange		\$32.66	\$ 326.60
46	FTNG106	2	8" blind flange		\$54.77	\$ 109.54
47	FTNG109	2	12" blind flange		\$110.91	\$ 221.82
48	FTNG192	4	4" Quantum coupling	Smith-Blair 461 or =	\$74.61	\$ 298.44
49	FTNG193	4	6" Quantum coupling	Smith-Blair 461 or =	\$105.20	\$ 420.80
50	FTNG194	4	8" Quantum coupling	Smith-Blair 461 or =	\$122.76	\$ 491.04
51	FTNG196	6	12" Quantum coupling	Smith-Blair 461 or =	\$182.54	\$ 1,095.24
52	SRVC001	1800	3/4" (60' rolls) of soft K copper		\$2.29	\$ 4,122.00
53	SRVC002	200	3/4" (100' rolls) of soft K copper		\$2.29	\$ 458.00
54	SRVC003	720	1" (60' rolls) of soft K copper		\$2.99	\$ 2,152.80
55	SRVC004	100	1" (100' roll) of soft K copper		\$2.99	\$ 299.00
56	SRVC005	200	1-1/2" (20' stick) of soft K copper		\$5.97	\$ 1,194.00
57	SRVC006	20	2" (20' stick) of soft K copper		\$9.28	\$ 185.60
58	PIPE042	200	6" CMLC pipe 10 ga.		\$16.91	\$ 3,382.00
59	Non-Inv.	340	4" D.I. pipe cl. 350		\$18.15	\$ 6,171.00
60	PIPE029	1134	6" D.I. pipe cl. 350		\$9.93	\$ 11,260.62
61	PIPE030	666	8" D.I. pipe cl. 350		\$13.39	\$ 8,917.74
62	PIPE031	324	10" D.I. pipe cl. 350		\$17.25	\$ 5,589.00
63	PIPE032	522	12" D.I. pipe cl. 350		\$23.24	\$ 12,131.28
64	PIPE034	234	16" D.I. pipe cl. 350		\$36.15	\$ 8,459.10

65		5	6" MJ Restraint Kit (Megalug)	Ford 1400 or equivalent	\$33.69	\$ 168.45
66		5	8" MJ Restraint Kit (Megalug)	Ford 1400 or equivalent	\$45.72	\$ 228.60
67		5	10" MJ Restraint Kit (Megalug)	Ford 1400 or equivalent	\$65.32	\$ 326.60
68		5	12" MJ Restraint Kit (Megalug)	Ford 1400 or equivalent	\$87.56	\$ 437.80
69	FTNG096	6	6" MJ x Flange Adapter (7" width)		\$33.00	\$ 198.00
70	FTNG097	5	8" MJ x Flange Adapter (7" width)		\$50.01	\$ 250.05
71	FTNG098	4	10" MJ x Flange Adapter (7" width)		\$87.09	\$ 348.36
72	FTNG099	7	12" MJ x Flange Adapter (7" width)		\$111.59	\$ 781.13
73	FTNG175	4	8" 912 Flanged Coupling Adapter	S/B 912-91094008-000	\$197.74	\$ 790.96
74		4	10" 912 Flanged Coupling Adapter	S/B 912-91118810-000	\$357.98	\$ 1,431.92
75	FTNG200	4	12" 912 Flanged Coupling Adpater	S/B 912-91142012-000	\$398.11	\$ 1,592.44

\$ 102,753.25



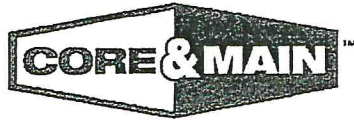


Formerly HD Supply Waterworks

# Bid Proposal for VALVES

ALREADY PURCHASED

CUSTOMER	<p><b>PALMDALE WATER DISTRICT</b>          2029 EAST AVENUE Q          PALMDALE, CA 93550</p>	<p><b>Job</b>          VALVES          Bid Date: 01/29/2018 05:00 p.m.          Bid #: 500755</p>
CONTACT	<p><b>Sales Representative</b>          Chad Holt          (M) 661-709-8907          (T) 661-945-2881          (F) 661-945-5076          Chad.Holt@coreandmain.com</p>	<p><b>Core &amp; Main</b>          42839 North Sierra Hwy          Lancaster, CA 93534          (T) 661-945-2881</p>
NOTES		



Formerly HD Supply Waterworks

Bid Proposal for VALVES

PALMDALE WATER DISTRICT  
 Bid Date: 01/29/2018 05:00 p.m.  
 Core & Main Bid #: 500755

Core & Main  
 42839 North Sierra Hwy  
 Lancaster, CA 93534  
 Phone: 661-945-2881  
 Fax: 661-945-5076

Seq#	Qty	Description	Units	Price	Ext Price
10		*****			
20		CORE AND MAIN LP			
30		42839 N SIERRA HWY			
40		LANCASTER CA 93534			
50		PHONE:661-945-2881			
60		FAX: :661-945-5076			
70		DOES NOT GUARANTEE THIS QUOTE			
80		TO BE A COMPLETE AND ACCURATE			
90		ACCOUNTING OF ALL MATERIALS			
100		NEEDED TO COMPLETE THIS JOB.			
110		CORE AND MAIN LP STANDARD			
120		TERMS APPLY.			
130		ALL PRICES SUBJECT TO CHANGE			
140		WITHOUT NOTICE.			
150		QUOTATION GOOD FOR 30 DAYS			
160		CORE AND MAIN LP IS NOT			
170		LIABLE FOR DELIVERY DELAYS,			
180		CANCELLATIONS OR PRICE			
190		INCREASES RESULTING FROM ANY			
200		CAUSE BEYOND OUR CONTROL.			
210		THESE INCLUDE BUT ARE NOT			
220		LIMITED TO: MANUFACTURERS			
230		SHORTAGES, AVAILABILITY OR			
240		TIMELINESS OF TRANSPORTATION,			
250		MATERIALS, FUELS, OR SUPPLIES.			
260		THIS QUOTE IS NOT A CONTRACT			
270		TO SUPPLY MATERIAL OR			
280		GUARANTEE OF PRODUCT			
290		AVAILABILITY.			
300		\$50.00 CASH SALE MINIMUM			
310		ALL CASH SALES ARE FINAL			
320					
330	3	4 A2362-6 FLG RW DI GV OL ON	EA	449.04	1,347.12
340	4	6 A2362-6 FLG RW DI GV OL ON	EA	600.26	2,401.04
350	3	6" AVK FLG GATE VALVE FF CL250	EA	1,589.51	4,768.53
360	7	8 A2362-6 FLG RW DI GV OL ON	EA	938.03	6,566.21
370	2	10 A2362-6 FLG RW DI GV OL ON	EA	1,490.62	2,981.24
380	3	12 A2362-6 FLG RW DI GV OL ON	EA	1,799.70	5,399.10
390	3	4 B3211-6 FLG BFV OL N&E (OPER NUT & EPOXY)	EA	475.27	1,425.81
400	2	10 B3211-6 FLG BFV OL N&E (OPER NUT & EPOXY)	EA	864.52	1,729.04
410	2	14 B3211-6 FLG BFV OL EPOXY OPER NUT	EA	1,694.63	3,389.26
420	1	16 B3211-6 FLG BFV OL OP NUT EPOXY IN & OUT	EA	2,016.35	2,016.35
430	2	20 B3211-6 FLG BFV OL N&E (OPER NUT & EPOXY)	EA	3,047.32	6,094.64



Formerly HD Supply Waterworks

Bid Proposal for VALVES

Bid #: 500755

Seq#	Qty	Description	Units	Price	Ext Price
440	2	24 B3211-6 FLG BFV OL N&E (OPER NUT & EPOXY)	EA	4,230.11	8,460.22
				<b>Sub Total</b>	<b>46,578.56</b>
				<b>Tax</b>	<b>4,424.96</b>
				<b>Total</b>	<b>51,003.52</b>

PRE TAX

GMA

*[Signature]*  
1/29/18

*[Signature]*  
1/29/18

PURCHASE NOW 1/29/18 - OUT OF WATERLINES ONCE EARTHQUAKE INVENTORY LIST IS REFRESHED & APPROVED BY BOARD - BACKFILL SIK BACK TO WATERLINES.



INDUSTRIAL RUBBER & SUPPLY, LLC

275 W Orange Show Lane  
 San Bernadino, CA92408  
 Ph# (909) 383-2316

**Estimate**

2/8/2018

Palmdale Water District  
 2029 E. Avenue Q  
 Palmdale, CA 93550

Description	Qty.	Cost	Total
ATTN: Purchasing			
<b>6" HOSES AND CONNECTORS</b>			
EA. RC60-450-100-Y-ARN 100' X 6" [RP-FLOW YELLOW HEAVY DUTY RUBBER COVERED HOSE W/CPLD 6' MXF NST (40 - 100' HOSES)	40	\$1,100.00	\$44,000.00
EA. N35-60F60F 6" DOUBLE FEMALE SWIVEL ROCKER LUG HARD COAT ALUMINUM (SWIVELS FOR CONNECTIONS)	4	\$294.60	\$1,178.40
<b>4" HOSES AND CONNECTORS</b>			
EA. DP440-600-0-100-ARN 100' X 4" DJ FIRE HOSE ORANGE DOMESTIC HOSE CPLD 4" MXF FNST (13 - 100' HOSES)	13	\$648.00	\$8,424.00
EA. N35-40F40F DOUBLE FEMALE SWIVEL ROCKER LUG HARD COAT ALUMINUM (SWIVELS FOR CONNECTIONS)	2	\$243.80	\$487.60
Subtotal			\$54,090.00
Sales Tax (9.5%)			\$5,138.55
<b>TOTAL</b>			<b>\$59,228.55</b>

**P A L M D A L E   W A T E R   D I S T R I C T**  
**B O A R D   M E M O R A N D U M**

**DATE:** February 21, 2018 **February 28, 2018**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** ***AGENDA ITEM NO. 7.4 – CONSIDERATION AND POSSIBLE ACTION ON REVISION TO PALMDALE WATER DISTRICT RULES AND REGULATIONS ARTICLE 4.03.1 REGULAR MEETINGS OF THE BOARD. (NO BUDGET IMPACT-GENERAL COUNSEL DUNN)***

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**Recommendation:**

Article 4.03.1 Regular Meetings of the Board is presented below for consideration of the Board.

**Background:**

At the last Regular Board Meeting, the Board took action to change Board meetings to the second Wednesday of each month and the fourth Monday of each month with the times of the meetings being 7:00 p.m.

Based on this action, Section 4.03.1 of the District’s Rules and Regulations must be revised to state: “Regular meetings of the Board are held on the second Wednesday and fourth Monday of each calendar month at 7:00 p.m. or the time and dates set on the agenda when necessary.”

This is the recommended language unless the Board determines that meetings should be held more consistently to avoid confusion from the public or decides to change the time of the meetings.

**Strategic Plan Initiative/Mission Statement:**

This item is under Strategic Initiative No. 5 – Regional Leadership.  
This item directly relates to the District’s Mission Statement.

**Budget:**

This item will have no impact on the budget. However, if the Board changes the time of meetings to either 5:00 p.m. or 6:00 p.m., there will be a reduction in staff overtime charges.

**Supporting Documents:**

- None.





**AGENDA ITEM NO. 7.5**  
**Hotel and Travel**  
**Accommodations**

**Event Name/Date:**

ISC West Conference/April 9 - 13, 2018

**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 closet 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



ISC West is the largest security industry trade show in the U.S. At ISC West, you will have the chance to network with over 30,000 security professionals through New Products & Technologies encompassing everything from access control to unmanned vehicles from over 1,000 Exhibitors & Brands.

QTY	DESCRIPTION	PRICE	TOTAL
1	USE ATTENDEE FULL 3 DAY CONF P [JIM STANTON]	\$825.00	\$825.00
1	Safety and Security in a Connected World: Top Trends and Opportunities	\$0.00	\$825.00
1	Building an Intelligent, High Performance and Secure Network for Video Management	\$0.00	\$825.00
1	Essential Leadership Skills for the Emerging Leader	\$200.00	\$1,025.00
1	The Future of Physical Security: The Decade Ahead	\$200.00	\$1,225.00
1	Drone Use and Defense By Security Organizations	\$200.00	\$1,425.00
1	Back By Popular Demand: Active Shooter Workshop	\$200.00	\$1,625.00
1	Getting Started with Drones	\$200.00	\$1,825.00
1	Security Implications of Drone Technology: Where Are We and Where Are We Headed?	\$200.00	\$2,025.00
1	Seeing is Believing - Drones, Robotics and the Integration of Video Applications	\$200.00	\$2,225.00
1	You are the Password: Frictionless Biometric Security	\$200.00	\$2,425.00
1	Another Brick in the Firewall: Security leaders discuss the elements of complete cyber protection	\$200.00	\$2,625.00
1	Bypassing and Hacking Access Control Systems	\$200.00	\$2,825.00
1	SQL is Dead! When are you going to wake up stop your Client/Server affectation	\$200.00	\$3,025.00
1	Introduction to Cryptography and Physical Security Applications	\$200.00	\$3,225.00
1	Coming Soon	\$200.00	\$3,425.00
	Discount TH311/Coming Soon	-\$200.00	\$3,225.00
	Discount TH334/Introduction to Cryptography a	-\$200.00	\$3,025.00
	Discount TH314/SQL is Dead! When are you goi	-\$200.00	\$2,825.00
	Discount TH317/Bypassing and Hacking Access C	-\$200.00	\$2,625.00
	Discount W220/Another Brick in the Firewall:	-\$200.00	\$2,425.00
	Discount W229/You are the Password: Frictionl	-\$200.00	\$2,225.00
	Discount W204/Seeing is Believing - Drones, R	-\$200.00	\$2,025.00
	Discount W203/Security Implications of Drone	-\$200.00	\$1,825.00
	Discount W202/Getting Started with Drones	-\$200.00	\$1,625.00
	Discount T119/Back By Popular Demand: Active	-\$200.00	\$1,425.00
	Discount T111/Drone Use and Defense By Securi	-\$200.00	\$1,225.00
	Discount T109/The Future of Physical Security	-\$200.00	\$1,025.00
	Discount T101/Essential Leadership Skills for	-\$200.00	\$825.00
	Total Amount:		\$825.00
	Total Discounted:		\$2,600.00
	Total Paid:		\$825.00
	Balance Due:		\$0.00

**SIA Education@ISC West Hours:**

Tuesday, April 10	8:30am - 5:00pm
Wednesday, April 11	7:30am - 5:00pm
Thursday, April 12	8:30am - 5:00pm

**Exhibit Hall Hours:**

Wednesday, April 11	10:00am - 5:00pm
Thursday, April 12	10:00am - 5:00pm
Friday, April 13	10:00am - 3:00pm

I will be visiting the Milestone, CCure and Sony vendors to learn more about the capabilities of our existing system and how best to upgrade and leverage them.

The conference is being held at the Venetian in Las Vegas, rooms started at \$250 a night so I thought that was a little too expensive. I was able to get a discounted room at the Mandalay Bay for \$1,141.74 for the 9<sup>th</sup> – 14<sup>th</sup>.

**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

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**DATE:** February 21, 2018 February 28, 2018  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Bob Egan, Financial Advisor  
**RE:** ***AGENDA ITEM NO. 8.1.a – STATUS REPORT ON CASH FLOW STATEMENT  
AND CURRENT CASH BALANCES AS OF DECEMBER 2017.***

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Attached is the Investment Funds Report and current cash balance as of December 2017. The reports will be reviewed in detail at the Board meeting.



**PALMDALE WATER DISTRICT  
INVESTMENT FUNDS REPORT  
December 31, 2017**

		<u>December 2017</u>	<u>November 2017</u>			
<b>CASH</b>						
1-00-0103-100	Citizens - Checking	73,601.74	400,693.88			
1-00-0103-200	Citizens - Refund	-	(1,059.43)			
1-00-0103-300	Citizens - Merchant	571,511.50	607,379.08			
	<b>Bank Total</b>	<b>645,113.24</b>	<b>1,007,013.53</b>			
1-00-0110-000	PETTY CASH	300.00	300.00			
1-00-0115-000	CASH ON HAND	5,400.00	5,400.00			
	<b>TOTAL CASH</b>	<b>650,813.24</b>	<b>1,012,713.53</b>			
<b>INVESTMENTS</b>						
1-00-0135-000	Local Agency Investment Fund	<b>Acct. Total 11,926.66</b>	<b>11,926.66</b>			
1-00-0120-000	<b>UBS Money Market Account General (SS 11469)</b>					
	UBS RMA Government Portfolio	2,921,986.73	312,671.84			
	UBS Bank USA Dep acct	250,000.00	250,000.00			
	Accrued interest	12,074.36	11,913.61			
		<b>3,184,061.09</b>	<b>574,585.45</b>			
<b>US Government Securities</b>						
<b>CUSIP #</b>	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>PAR</b>	<b>Market Value</b>	<b>Market Value</b>
912796LB3	US Treasury Note	12/07/2017	0.000	1,000,000	-	999,840.00
912828N22	US Treasury Note	12/15/2018	1.250	1,000,000	994,770.00	-
912828C24	US Treasury Note	02/28/2019	1.490	1,000,000	996,020.00	997,070.00
				<b>3,000,000</b>	<b>1,990,790.00</b>	<b>1,996,910.00</b>
<b>Certificates of Deposit</b>						
	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Face Value</b>		
1	Compass Bank	12/11/2017	1.300	200,000	-	200,016.00
2	Goldman Sachs Bank NY	01/29/2018	1.350	240,000	240,021.60	240,079.20
3	Stearns Bank	05/03/2018	1.050	240,000	239,668.80	239,704.80
4	Sallie Mae Bank	09/04/2018	1.800	200,000	199,980.00	200,134.00
5	Medallion Bank	09/07/2018	1.750	200,000	200,240.00	200,424.00
6	Midland States Bank	02/28/2019	1.400	240,000	238,939.20	239,277.60
7	Key Bank	03/29/2019	1.500	240,000	239,100.00	239,491.20
8	Wells Fargo	05/20/2019	1.250	240,000	238,303.20	238,725.60
9	Capital Bank	06/17/2019	1.850	200,000	199,322.00	199,748.00
				<b>2,000,000</b>	<b>1,795,574.80</b>	<b>1,997,600.40</b>
	<b>Acct. Total</b>				<b>6,970,425.89</b>	<b>4,569,095.85</b>
1-00-1110-000	<b>UBS Money Market Account Capital (SS 11475)</b>					
	UBS Bank USA Dep acct				19,565.77	10,221.07
	UBS RMA Government Portfolio				-	-
	<b>Acct. Total</b>				<b>19,565.77</b>	<b>10,221.07</b>
1-00-0125-000	<b>UBS Access Account General (SS 11432)</b>					
	UBS Bank USA Dep acct				14,899.86	8,752.89
	UBS RMA Government Portfolio				-	-
	Accrued interest				25,310.59	23,711.58
					<b>40,210.45</b>	<b>32,464.47</b>
<b>US Government Securities</b>						
<b>CUSIP #</b>	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>PAR</b>	<b>Market Value</b>	<b>Market Value</b>
912828XF2	US Treasury Note	06/15/2018	1.125	1,000,000	998,440.00	998,160.00
912828KD1	US Treasury Note	02/15/2019	2.610	1,500,000	1,514,940.00	1,518,165.00
912828P53	US Treasury Note	02/15/2019	0.750	1,000,000	987,890.00	988,280.00
912828P95	US Treasury Note	03/15/2019	1.000	1,358,000	1,344,365.68	1,344,949.62
				<b>4,858,000</b>	<b>4,845,635.68</b>	<b>4,849,554.62</b>
<b>Certificates of Deposit</b>						
	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Face Value</b>		
1	BMW Bank	11/15/2018	1.960	240,000	240,691.20	240,991.20
2	La Salle Bank	03/01/2019	1.350	240,000	238,797.60	239,131.20
3	American Express	04/29/2019	1.440	240,000	239,373.60	239,786.40
4	Synchrony Bank	04/14/2020	1.850	240,000	239,649.60	240,482.40
5	JP Morgan Chase Bank	11/18/2020	1.600	240,000	234,091.20	234,669.60
6	Bank of Baroda NY	11/23/2020	1.600	77,000	75,138.14	75,322.94
7	Comenity Cap Bank	01/19/2021	1.900	163,000	163,777.51	164,374.09
				<b>1,440,000</b>	<b>1,431,518.85</b>	<b>1,434,757.83</b>
	<b>Acct. Total</b>				<b>6,317,364.98</b>	<b>6,316,776.92</b>
	<b>Total Managed Accounts</b>				<b>13,319,283.30</b>	<b>10,908,020.50</b>
1-00-1121-000	<b>UBS Rate Stabilization Fund (SS 24016) - District Restricted</b>					
	UBS Bank USA Dep acct				7,198.96	5,166.97
	UBS RMA Government Portfolio				-	-
	Accrued interest				161.10	1,689.18
					<b>7,360.06</b>	<b>6,856.15</b>
<b>Certificates of Deposit</b>						
	<b>Issuer</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>Face Value</b>		
1	Webbank UT US	12/19/2018	1.400	240,000	239,256.00	239,505.60
2	Ally Bank UT US	12/24/2018	1.500	240,000	239,462.40	239,745.60
				<b>480,000</b>	<b>478,718.40</b>	<b>479,251.20</b>
	<b>Acct. Total</b>				<b>486,078.46</b>	<b>486,107.35</b>
	<b>GRAND TOTAL CASH AND INVESTMENTS</b>				<b>14,456,175.00</b>	<b>12,406,841.38</b>
	<b>Increase (Decrease) in Funds</b>				<b>2,049,333.62</b>	
1-00-1130-000	<b>2013A Bonds - Project Funds (BNY Mellon)</b>					
	Construction Funds				-	4,443.53

**PALMDALE WATER DISTRICT**  
**2017 Cash Flow Report** (Based on Nov. 22, 2016 Approved Budget)

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Budget 2018 Carryover Information
<b>Total Cash Beginning Balance (BUDGET)</b>	12,888,144	12,591,298	12,125,487	9,811,099	10,852,433	11,101,609	10,602,468	10,269,501	10,564,441	8,273,846	8,294,757	8,535,850		
<b>Total Cash Beginning Balance</b>	12,883,393	13,217,019	13,413,293	11,445,512	13,404,252	14,487,121	13,647,746	13,715,473	14,093,379	12,241,820	12,375,922	12,406,841		
<b>Budgeted Water Receipts</b>	1,607,158	1,463,315	1,532,426	1,684,307	1,746,031	1,895,010	2,343,532	2,248,451	2,409,722	2,187,005	1,948,605	1,734,438	22,800,000	
Water Receipts	2,124,125	1,731,155	1,636,067	1,517,963	1,902,000	1,985,236	2,117,886	2,620,454	2,319,077	2,525,673	2,145,790	1,869,797	24,495,224	
DWR Refund (Operational Related)		2,189		1,894			6,293				1,929		12,305	
Other													-	
<b>Total Operating Revenue (BUDGET)</b>													-	
<b>Total Operating Revenue (ACTUAL)</b>	2,124,125	1,733,344	1,636,067	1,519,857	1,902,000	1,985,236	2,124,179	2,620,454	2,319,077	2,525,673	2,147,719	1,869,797	24,507,529	
<b>Total Operating Expenses excl GAC (BUDGET)</b>	(1,433,015)	(1,410,412)	(1,843,115)	(1,795,526)	(1,815,868)	(1,666,439)	(2,049,698)	(1,869,774)	(2,078,927)	(1,678,858)	(1,660,776)	(1,794,941)	(21,097,350)	
GAC (BUDGET)	-	(121,780)	-	(220,000)	-	-	(65,000)	-	(190,000)	-	-	(190,000)	(786,780)	
<b>Operating Expenses excl GAC (ACTUAL)</b>	(1,426,614)	(1,496,496)	(1,366,407)	(1,531,765)	(1,702,242)	(1,619,574)	(1,858,944)	(2,012,709)	(1,841,290)	(1,977,693)	(1,961,982)	(1,523,938)	(20,319,653)	
GAC	(169,477)	-	(169,477)	-	(91,409)	(91,462)	-	(232,513)	-	(169,477)	-	-	(923,815)	(169,500)
Prepaid Insurance (paid)/refunded	-	-	(67,198)	-	-	-	-	(33,363)	-	(143,379)	-	-	(243,940)	
<b>Total Operating Expense (ACTUAL)</b>	(1,596,091)	(1,496,496)	(1,603,082)	(1,531,765)	(1,793,651)	(1,711,036)	(1,858,944)	(2,278,585)	(1,841,290)	(2,290,549)	(1,961,982)	(1,523,938)	(21,487,408)	
<b>Non-Operating Revenue Expenses:</b>														
Assessments, net (BUDGET)	671,050	260,305	14,650	2,077,790	758,290	11,325	77,225	130,500	-	-	132,500	2,518,797	6,652,432	
Actual/Projected Assessments, net	669,618	373,532	15,376	1,968,372	759,015	10,679	125,853	155,688	-	-	130,758	2,676,985	6,885,877	
RDA Pass-through (Successor Agency)					396,503.97							227,021	623,525	
Interest	11,110	10,049	11,724	11,285	12,800	12,536	13,087	12,868	12,405	13,380	12,825	12,200	146,270	
Market Adjustment	28	(6,681)	(13,784)	(2,145)	(4,920)	(12,785)	209	140	(7,011)	(12,681)	(16,534)	(14,088)	(90,252)	
Grant Re-imbursement							37,500	37,500		35,669			110,669	
Capital Improvement Fees - Infrastructure	4,035	54,662		41,701	11,528		46,224	35,977	865	288	1,161	9,494	205,935	
Capital Improvement Fees - Water Supply		133,286		178,810	24,683		277,954	192,074			8,665		815,471	
DWR Refund (Capital Related)				76,319	37,319	46,158			30,525	76,317			266,638	
Other	4,421	11,311	29	22,019	2,555	21	134	(22)	6	3	992	23	41,491	
<b>Total Non-Operating Revenues (BUDGET)</b>													-	
<b>Total Non-Operating Revenues (ACTUAL)</b>	689,212	576,159	13,346	2,296,361	1,239,485	56,608	500,961	434,226	36,789	112,976	137,866	2,911,635	9,005,623	
<b>Non-Operating Expenses:</b>														
Budgeted Capital Expenditures	(238,494)	(214,207)	(166,000)	(246,000)	(560,041)	(315,000)	(195,000)	(120,000)	(145,000)	(328,000)	(90,000)	-	(2,617,742)	
Budgeted Capital Expenditures (Committed During Year)					(78,440)	(115,485)	(110,000)	(110,000)	(137,490)	(10,000)	(10,000)		(571,415)	
Actual/Projected Capital Expenditures	(175,106)	(452,506)	(212,536)	(161,081)	(95,373)	(165,982)	(9,380)	(233,497)	(61,652)	(48,297)	(61,337)	(68,826)	(1,745,572)	(892,378)
WRB Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,153,589)
Const. of Monitoring Wells/Test Basin (Water Supply)	-	-	-	-	-	-	-	-	-	-	(66,657)	(199,465)	(266,122)	(127,490)
Grade Control Structure (Water Supply)	-	-	-	-	-	-	-	-	-	-	-	(27,994)	(27,994)	(231,750)
SWP Capitalized	(681,198)	(157,881)	(181,818)	(157,881)	(157,881)	(157,881)	(681,194)	(157,881)	(188,154)	(157,881)	(157,880)	(157,879)	(2,995,409)	
Butte County Water Transfer						(750,399)						(751,304)	(1,501,704)	
Bond Payments - Interest			(1,060,942)						(1,052,364)				(2,113,307)	
Principal			(553,437)						(1,057,016)				(1,610,453)	
Capital leases - Go West (2012 Lease - Paid in Full May)	(17,296)	-	-	-	(5,267)								(22,563)	
Capital leases - Holman Capital (2017 Lease)						(89,477)							(89,477)	
Capital leases - Enterprise FM Trust (Vehicles)	(2,392)	(2,660)	(1,692)	(2,339)	(2,339)	(2,339)	(3,773)	(2,687)	(2,826)	(2,678)	(2,678)	(2,693)	(31,094)	
Capital leases - Wells Fargo (Printers)	(7,628)	(3,687)	(3,687)	(4,412)	(4,104)	(4,104)	(4,123)	(4,123)	(4,123)	(5,143)	(4,132)	-	(49,266)	(4,132)
<b>Total Non-Operating Expenses (ACTUAL)</b>	(883,619)	(616,734)	(2,014,112)	(325,713)	(264,964)	(1,170,182)	(698,469)	(398,189)	(2,366,135)	(213,998)	(292,684)	(1,208,161)	(10,452,961)	
<b>Total Cash Ending Balance (BUDGET)</b>	12,591,298	12,125,487	9,811,099	10,852,433	11,101,609	10,602,468	10,269,501	10,564,441	8,273,846	8,294,757	8,535,850	10,205,110		
<b>Total Cash Ending Balance (ACTUAL)</b>	13,217,019	13,413,293	11,445,512	13,404,252	14,487,121	13,647,746	13,715,473	14,093,379	12,241,820	12,375,922	12,406,841	14,456,175		
													Budget	10,205,110
													Difference	4,251,065
													Adj. Difference	1,841,726
<b>2016 Cash Ending Balance (ACTUAL)</b>	12,534,672	12,719,333	10,275,232	12,340,454	13,316,414	12,675,338	12,028,366	12,724,061	10,784,100	11,041,695	11,034,719	12,888,144		

Indicates actual expenditures/revenues:   
 Indicates anticipated expenditures/revenues:

**PALMDALE  
WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** February 21, 2018 **February 28, 2018**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Michael Williams, Finance Manager/CFO  
**VIA:** Mr. Dennis LaMoreaux, General Manager  
**RE:** *AGENDA ITEM 8.1.b – STATUS REPORT ON FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR DECEMBER 2017*

**Discussion:**

Presented here are Balance Sheet and Profit/Loss Statement for the period ending December 31, 2017. Also included are Year-To-Year Comparisons and Month-To-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of December 2017.

This is the final month of the District's Budget Year 2017. The target percentage is 100%. Revenues ideally are at or above, and expenditures ideally are below.

**Balance Sheet:**

- Page 1 is our balance sheet on December 31, 2017.
- The significant change here is the increase in investments of approximately \$2MM. This is due to the receipt of property tax assessments.

**Profit/Loss Statement:**

- Page 3 is our profit/loss statement on December 31, 2017.
- Operating revenue is at 103.5% of budget.
- Cash operating expense is at 96% of budget.
- Departmental and major expense categories budgets are at or under budget except for Operations, which we have discussed in previous meetings, and GAC Filter Media. GAC ended the year over budget due to increased water production.
- Revenues have exceeded expenses for the month by \$534KK, and year to date revenues are exceeded expenses by \$2.75MM.
- Our Bad Debt write offs were higher than expected at \$133K. This came about from the CIS conversion.
- Property Tax Assessments ended the year strong, exceeding budget numbers \$434K.
- Capital Improvement Fees ended the year at \$1.02MM.
- Page 6 is showing the distribution of expense between labor and operations. Labor costs are currently at 51% of total expenses with salaries making up 35% of that.



### **Year-To-Year Comparison P&L:**

- Page 7 is our comparison of December 2016 to December 2017.
- Total operating revenue is up \$228K, or 13%.
- Operating expenditures are down \$2K, or 0.18%.
- Page 7-1 is our comparison of December 2015 to December 2017.
- Total operating revenue was up \$293K, or 6.6%.
- Total operating expenses were down \$97K, or 6%.
- Page 8 and 8-1 is a graphic presentation of the water consumption comparison for 2016 and 2015, respectively.
  - Units billed in acre feet for 2016 comparison were up by 135, or 6%.
  - Total revenue per unit sold was unchanged.
  - Total revenue per connection was up \$11.20, or 19%.
  - Units billed per connection was up 2.19, or 13%.
  
  - Units billed in acre feet for 2015 comparison were up by 270, or 31%.
  - Total revenue per unit sold was down \$0.44, or 10%.
  - Total revenue per connection was up \$17.20, or 32%.
  - Units billed per connection is up 4.37, or 31%.

### **Revenue Analysis Year-To-Date:**

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through December 2017 is up \$1.03MM, or 4.5%.
- Retail water revenue from all areas are up by \$2.04MM from last year. That's shown by the combined green highlighted area.
- Retail water sales, including the drought surcharge but excluding meter fees, is up \$289K.
- Total revenue is up \$1.12MM due to increased water sales and capital improvement fees.
- Operating revenue is at 95% of budget; last year was at 96% of budget.

### **Expense Analysis Year-To-Date:**

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through December 2017 are up \$357K, or 2%, compared to 2016.
- Total Expenses are up \$1.25MM, or 3.8%.

### **Departments:**

- Pages 14 through 24 are detailed individual departmental budgets for your review.

### **Non-Cash Definitions:**

**Depreciation:** This is the spreading of the total expense of a capital asset over the expected life of that asset.

**OPEB Accrual Expense:** Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

**Bad Debt:** The uncollectible accounts receivable that has been written off.

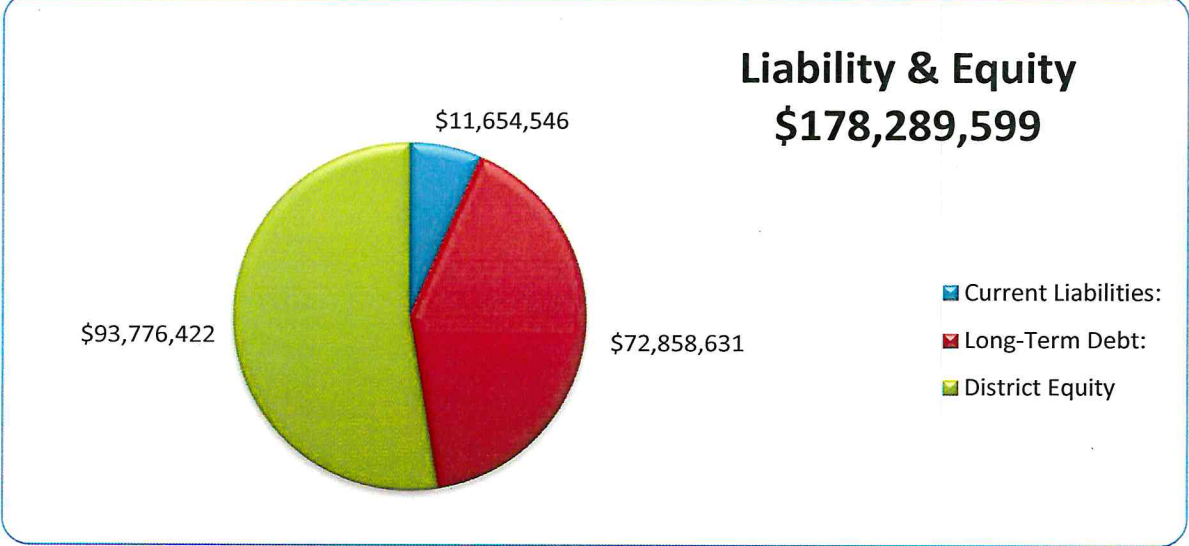
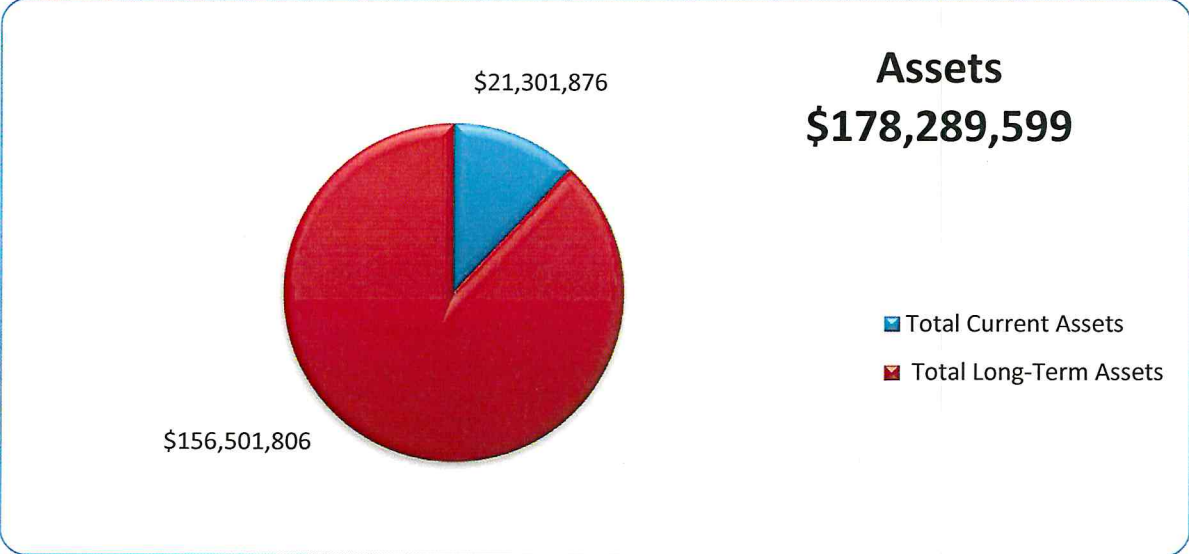
**Service Cost Construction:** The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

**Capitalized Construction:** The value of our labor force used to construct our asset infrastructure.

**Palmdale Water District**  
**Balance Sheet Report**  
**For the Twelve Months Ending 12/31/2017**

	December 2017	November 2017
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 650,813	\$ 1,012,714
Investments	13,281,898	10,908,021
2013A Bonds - Project Funds	-	4,444
	\$ 13,932,712	\$ 11,925,178
<b>Receivables:</b>		
Accounts Receivables - Water Sales	\$ 1,731,286	\$ 1,799,861
Accounts Receivables - Miscellaneous	75,252	36,856
Allowance for Uncollected Accounts	(153,668)	(153,668)
	\$ 1,652,869	\$ 1,683,048
Assessments Receivables	\$ 4,628,764	\$ 7,105,749
Meters, Materials and Supplies	815,095	822,553
Prepaid Expenses	272,437	164,124
<b>Total Current Assets</b>	<b>\$ 21,301,876</b>	<b>\$ 21,700,652</b>
<b>Long-Term Assets:</b>		
Property, Plant, and Equipment, net	\$ 106,867,017	\$ 107,034,163
Participation Rights in State Water Project, net	46,862,633	46,170,193
Investment in PRWA	320,680	320,680
2013A Bonds - Insurance & Surety Bond	205,899	206,565
CalPERS Contributions	2,245,577	2,245,577
	<b>\$ 156,501,806</b>	<b>\$ 155,977,178</b>
<b>Restricted Cash:</b>		
Rate Stabilization Fund	485,917	486,107
<b>Total Long-Term Assets &amp; Restricted Cash</b>	<b>\$ 156,987,723</b>	<b>\$ 156,463,285</b>
<b>Total Assets</b>	<b>\$ 178,289,599</b>	<b>\$ 178,163,937</b>
<b>LIABILITIES AND DISTRICT EQUITY</b>		
<b>Current Liabilities:</b>		
Current Interest Installment of Long-term Debt	\$ 518,114	\$ 345,409
Current Principal Installment of Long-term Debt	1,583,422	1,672,899
Accounts Payable and Accrued Expenses	6,053,010	6,119,816
Deferred Assessments	3,500,000	3,966,667
<b>Total Current Liabilities</b>	<b>\$ 11,654,546</b>	<b>\$ 12,104,791</b>
<b>Long-Term Debt:</b>		
Pension-Related Debt	\$ 9,143,384	\$ 9,143,384
OPEB Liability	15,081,768	14,915,933
2013A Water Revenue Bonds	41,900,450	41,902,701
2012 - Certificates of Participation	5,927,739	5,920,941
2017 - Capital Lease Payable	805,290	805,290
<b>Total Long-Term Liabilities</b>	<b>\$ 72,858,631</b>	<b>\$ 72,688,249</b>
<b>Total Liabilities</b>	<b>\$ 84,513,177</b>	<b>\$ 84,793,039</b>
<b>District Equity</b>		
Revenue from Operations	\$ (1,287,088)	\$ (1,692,612)
Retained Earnings	95,063,510	95,063,510
<b>Total Liabilities and District Equity</b>	<b>\$ 178,289,599</b>	<b>\$ 178,163,937</b>

# BALANCE SHEET AS OF DECEMBER 31, 2017





**Palmdale Water District**  
**Consolidated Profit and Loss Statement**  
**For the Twelve Months Ending 12/31/2017**

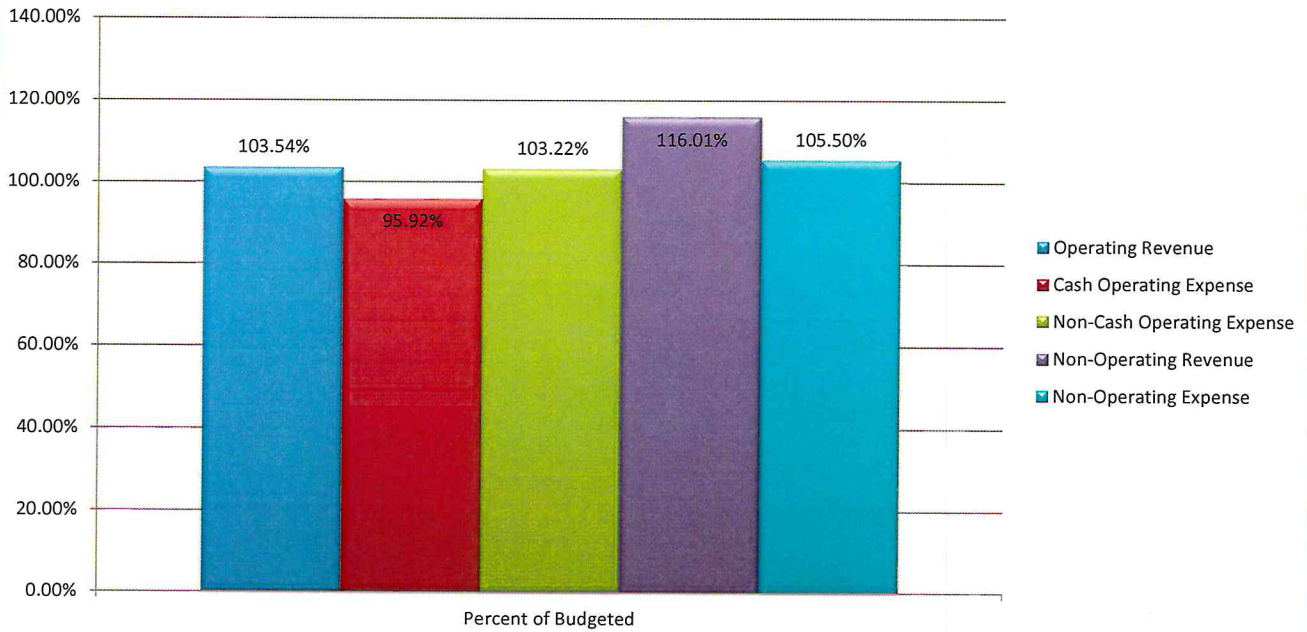
	Thru November	December	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
<b>Operating Revenue:</b>						
Wholesale Water	\$ 297,041	\$ 82,042	\$ 379,083		\$ 160,000	236.93%
Water Sales	7,753,732	663,430	8,417,162		8,002,000	105.19%
Meter Fees	11,646,743	1,063,471	12,710,215		12,475,500	101.88%
Water Quality Fees	785,759	59,766	845,526		862,500	98.03%
Elevation Fees	340,899	24,719	365,618		340,000	107.53%
Other	768,511	53,732	822,242		960,000	85.65%
Drought Surcharge	66,226	-	66,226		-	
<b>Total Operating Revenue</b>	<b>\$ 21,658,911</b>	<b>\$ 1,947,160</b>	<b>\$ 23,606,071</b>	<b>\$ -</b>	<b>\$ 22,800,000</b>	<b>103.54%</b>
<b>Cash Operating Expenses:</b>						
Directors	\$ 98,950	\$ 9,857	\$ 108,807		\$ 115,500	94.21%
Administration-Services*	1,620,485	132,117	1,752,601	(18,000)	1,925,000	91.04%
Administration-District***	1,344,487	95,910	1,440,397	60,000	1,569,500	91.77%
Engineering**	1,343,927	112,190	1,456,117	68,750	1,520,250	95.78%
Facilities**	5,583,004	362,327	5,945,331	(68,750)	6,557,250	90.67%
Operations	2,793,376	199,779	2,993,156		2,546,250	117.55%
Finance	1,117,401	89,040	1,206,440		1,246,500	96.79%
Water Conservation*	200,689	15,998	216,687	2,000	230,000	94.21%
Human Resources*	311,116	7,334	318,450	16,000	313,100	101.71%
Information Technology	659,103	67,695	726,798		804,750	90.31%
Customer Care	1,119,994	120,133	1,240,127		1,278,000	97.04%
Source of Supply-Purchased Water	2,164,964	2,022	2,166,986		2,190,000	98.95%
Plant Expenditures	322,142	28,629	350,771		574,292	61.08%
GAC Filter Media Replacement	754,338	169,477	923,815		862,500	107.11%
<b>Total Cash Operating Expenses</b>	<b>\$ 19,433,976</b>	<b>\$ 1,412,509</b>	<b>\$ 20,846,485</b>	<b>\$ 60,000</b>	<b>\$ 21,732,892</b>	<b>95.92%</b>
<b>Net Cash Operating Profit/(Loss)</b>	<b>\$ 2,224,935</b>	<b>\$ 534,651</b>	<b>\$ 2,759,586</b>	<b>\$ (60,000)</b>	<b>\$ 1,067,108</b>	<b>258.60%</b>
<b>Non-Cash Operating Expenses:</b>						
Depreciation	\$ 5,602,305	\$ 511,446	\$ 6,113,751		\$ 6,000,000	101.90%
OPEB Accrual Expense	2,011,895	182,900	2,194,794		2,350,000	93.40%
Bad Debts	50,654	82,966	133,620		50,000	267.24%
Service Costs Construction	111,908	(824)	111,084		125,000	88.87%
Capitalized Construction	(495,905)	(31,916)	(527,821)		(750,000)	70.38%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 7,280,857</b>	<b>\$ 744,571</b>	<b>\$ 8,025,428</b>	<b>\$ -</b>	<b>\$ 7,775,000</b>	<b>103.22%</b>
<b>Net Operating Profit/(Loss)</b>	<b>\$ (5,055,922)</b>	<b>\$ (209,920)</b>	<b>\$ (5,265,842)</b>	<b>\$ (60,000)</b>	<b>\$ (6,707,892)</b>	<b>78.50%</b>
<b>Non-Operating Revenues:</b>						
Assessments (Debt Service)	\$ 4,609,723	\$ 493,050	\$ 5,102,773		\$ 5,000,000	102.06%
Assessments (1%)	1,888,700	400,637	2,289,337		1,957,500	116.95%
DWR Fixed Charge Recovery	266,638	-	266,638		200,000	133.32%
Interest	57,905	(1,851)	56,054		60,000	93.42%
CIF - Infrastructure	196,441	9,494	205,935		73,000	282.10%
CIF - Water Supply	815,471	-	815,471		177,000	460.72%
Grants - State and Federal	110,669	-	110,669		178,000	62.17%
Other	72,577	19,511	92,088		60,000	153.48%
<b>Total Non-Operating Revenues</b>	<b>\$ 8,018,124</b>	<b>\$ 920,841</b>	<b>\$ 8,938,965</b>	<b>\$ -</b>	<b>\$ 7,705,500</b>	<b>116.01%</b>
<b>Non-Operating Expenses:</b>						
Interest on Long-Term Debt	\$ 1,985,805	\$ 177,918	\$ 2,163,723		\$ 2,228,000	97.12%
Amortization of SWP	2,384,113	216,743	2,600,856		2,238,000	116.21%
Change in Investments in PRWA	106,162	-	106,162		100,000	106.16%
Water Conservation Programs	83,491	5,979	89,469		135,500	66.03%
<b>Total Non-Operating Expenses</b>	<b>\$ 4,559,571</b>	<b>\$ 400,639</b>	<b>\$ 4,960,211</b>	<b>\$ -</b>	<b>\$ 4,701,500</b>	<b>105.50%</b>
<b>Net Earnings</b>	<b>\$ (1,597,369)</b>	<b>\$ 310,281</b>	<b>\$ (1,287,088)</b>	<b>\$ (60,000)</b>	<b>\$ (3,703,892)</b>	<b>34.75%</b>

\* Budget adjustments by General Manager per Appendix A

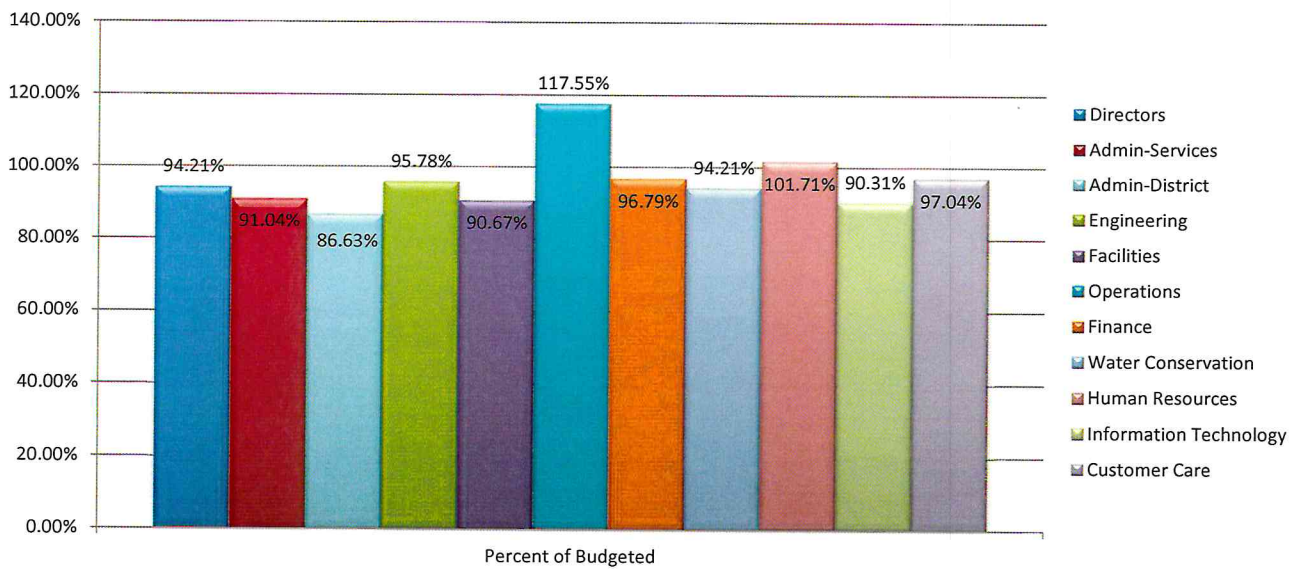
\*\* Budget adjustments by Board action 04/12/17

\*\*\* Budget adjustments by Board action 07/05/17

### P & L BUDGET vs. ACTUAL

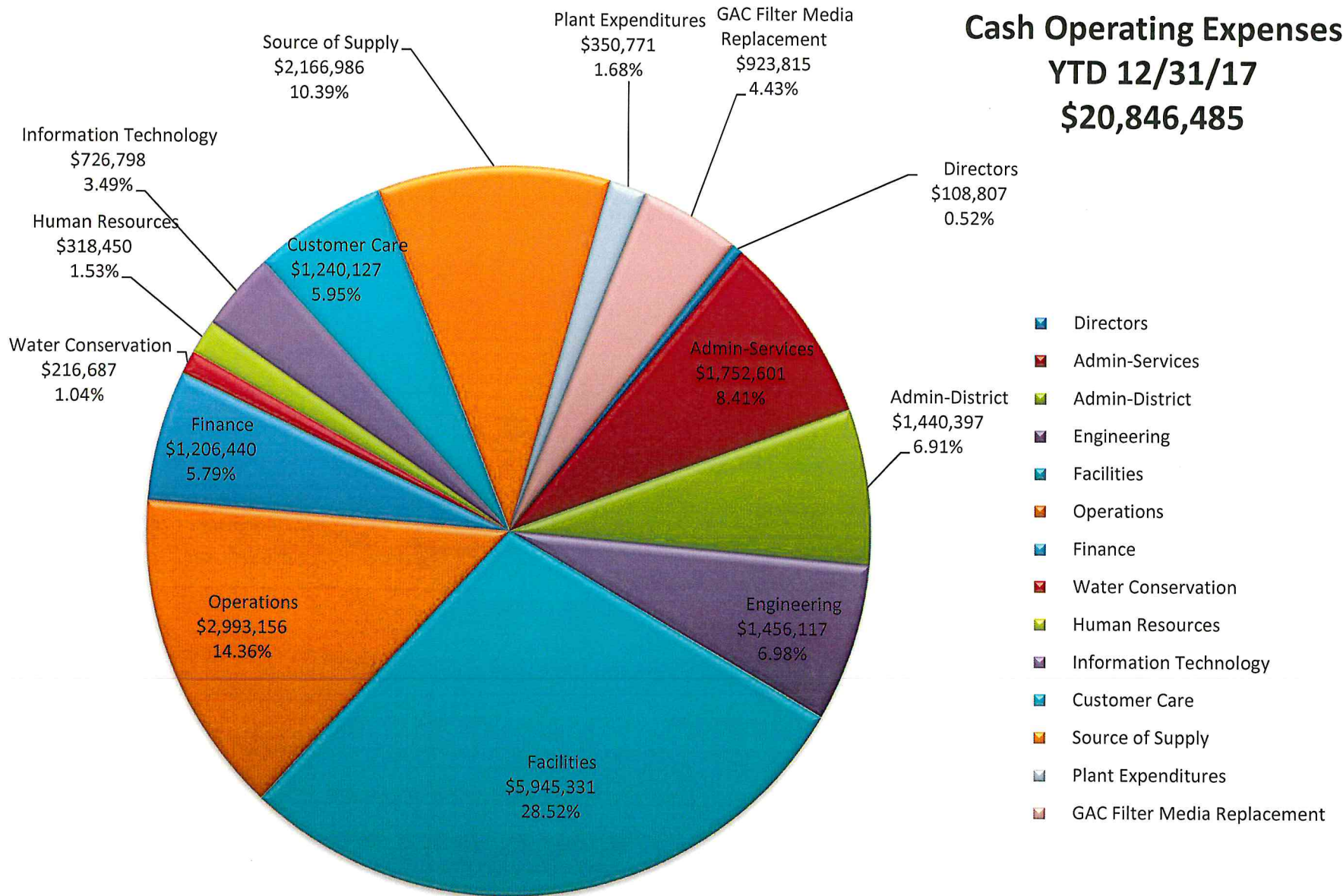


### DEPARTMENTAL - BUDGET vs. ACTUAL



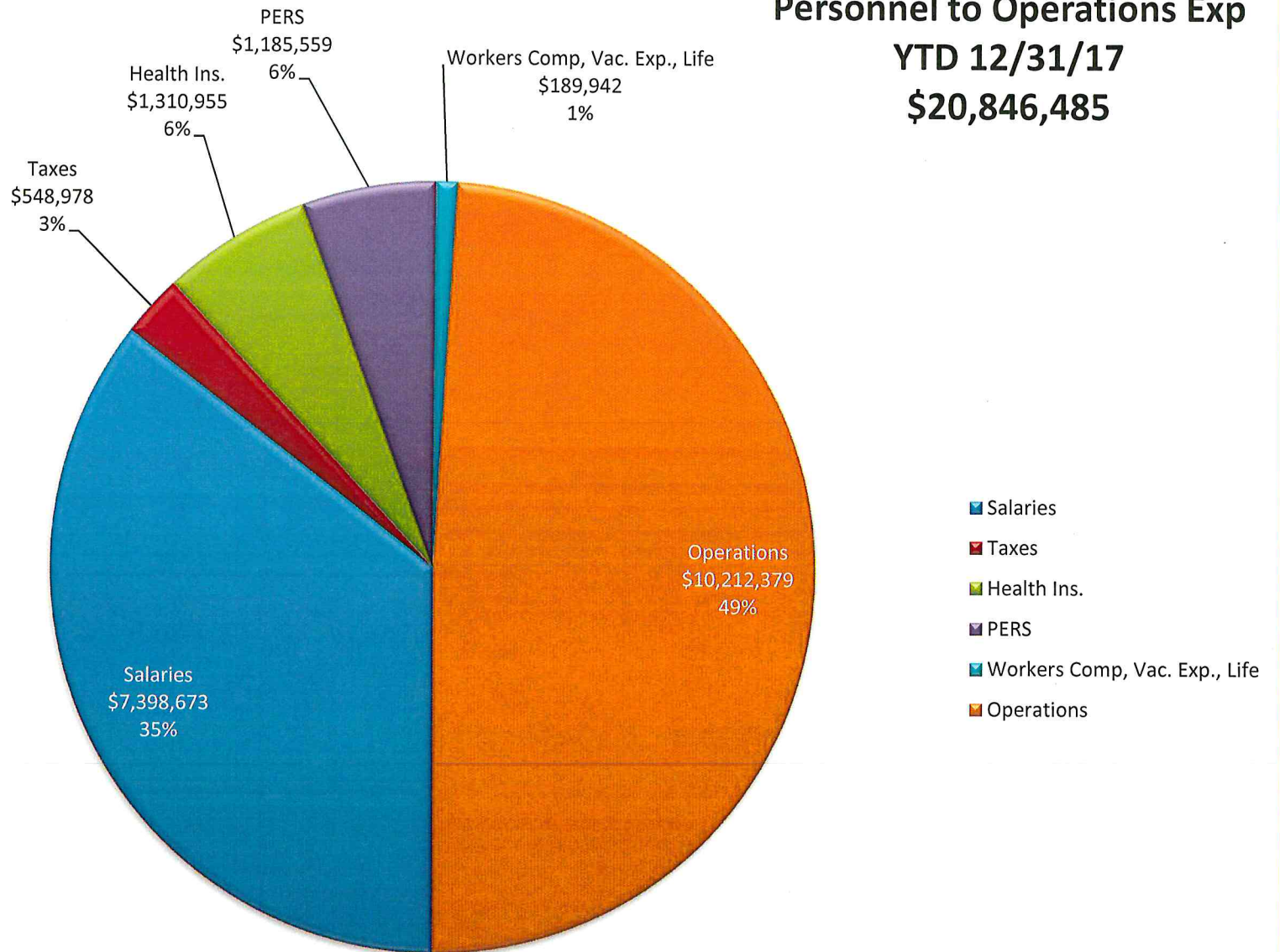


## Cash Operating Expenses YTD 12/31/17 \$20,846,485





**Personnel to Operations Exp**  
**YTD 12/31/17**  
**\$20,846,485**



**Palmdale Water District**  
**Profit and Loss Statement**  
**Year-To-Year Comparison - December**

	2016		2017		% Change		Consumption Comparison		
	December	December	December	December	Change	Change	Units Billed	2016	2017
<b>Operating Revenue:</b>									
Wholesale Water	\$ 13,343	\$ 82,042	\$ 68,699	514.86%			Active	26,617	26,658
Water Sales	486,791	663,430	176,639	36.29%			Vacant	790	741
Meter Fees	1,013,285	1,063,471	50,186	4.95%					
Water Quality Fees	57,086	59,766	2,680	4.70%					
Elevation Fees	21,869	24,719	2,850	13.03%			Rev/unit	\$ 3.91	\$ 3.91
Other	62,985	53,732	(9,253)	-14.69%			Rev/con	\$ 59.83	\$ 71.03
Drought Surcharge	62,951	-	(62,951)	-100.00%			Unit/con	16.50	18.68
<b>Total Operating Revenue</b>	<b>\$ 1,718,311</b>	<b>\$ 1,947,160</b>	<b>\$ 228,850</b>	<b>13.32%</b>					
<b>Cash Operating Expenses:</b>									
Directors	\$ 15,937	\$ 9,857	\$ (6,080)	-38.15%					
Administration-Services	134,593	132,117	(2,476)	-1.84%					
Administration-District	127,340	95,910	(31,430)	-24.68%					
Engineering	100,504	112,190	11,686	11.63%					
Facilities	450,894	362,327	(88,566)	-19.64%					
Operations	187,137	199,779	12,642	6.76%					
Finance	95,383	89,040	(6,343)	-6.65%					
Water Conservation	15,684	15,998	314	2.00%					
Human Resources	23,118	7,334	(15,784)	-68.27%					
Information Technology	111,873	67,695	(44,178)	-39.49%					
Customer Care	110,831	120,133	9,302	8.39%					
Source of Supply-Purchased Water	539	2,022	1,483	275.17%					
Plant Expenditures	41,273	28,629	(12,644)	-30.64%					
GAC Filter Media Replacement	-	169,477	169,477						
<b>Total Cash Operating Expenses</b>	<b>\$ 1,415,106</b>	<b>\$ 1,412,509</b>	<b>\$ (2,597)</b>	<b>-0.18%</b>					
<b>Non-Cash Operating Expenses:</b>									
Depreciation	\$ 453,081	\$ 511,446	\$ 58,365	12.88%					
OPEB Accrual Expense	195,860	182,900	(12,961)	-6.62%					
Bad Debts	2,134	82,966	80,832	3787.73%					
Service Costs Construction	5,204	(824)	(6,028)	-115.83%					
Capitalized Construction	(39,337)	(31,916)	7,421	-18.86%					
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 616,942</b>	<b>\$ 744,571</b>	<b>\$ 127,629</b>	<b>20.69%</b>					
<b>Net Operating Profit/(Loss)</b>	<b>\$ (313,738)</b>	<b>\$ (209,920)</b>	<b>\$ 103,818</b>	<b>-33.09%</b>					
<b>Non-Operating Revenues:</b>									
Assessments (Debt Service)	\$ 440,417	\$ 493,050	\$ 52,633	11.95%					
Assessments (1%)	360,148	400,637	40,489	11.24%					
DWR Fixed Charge Recovery	-	-	-						
Interest	(11,930)	(1,851)	10,079	-84.48%					
CIF - Infrastructure	288	9,494	9,206						
CIF - Water Supply	-	-	-						
Grants - State and Federal	-	-	-						
Other	49	19,511	19,462						
<b>Total Non-Operating Revenues</b>	<b>\$ 788,972</b>	<b>\$ 920,841</b>	<b>\$ 131,869</b>	<b>16.71%</b>					
<b>Non-Operating Expenses:</b>									
Interest on Long-Term Debt	\$ 182,248	\$ 177,918	\$ (4,330)	-2.38%					
Amortization of SWP	196,904	216,743	19,839	10.08%					
Change in Investments in PRWA	-	-	-						
Water Conservation Programs	9,830	5,979	(3,852)	-39.18%					
<b>Total Non-Operating Expenses</b>	<b>\$ 388,983</b>	<b>\$ 400,639</b>	<b>\$ 11,657</b>	<b>3.00%</b>					
<b>Net Earnings</b>	<b>\$ 86,252</b>	<b>\$ 310,281</b>	<b>\$ 224,030</b>	<b>259.74%</b>					

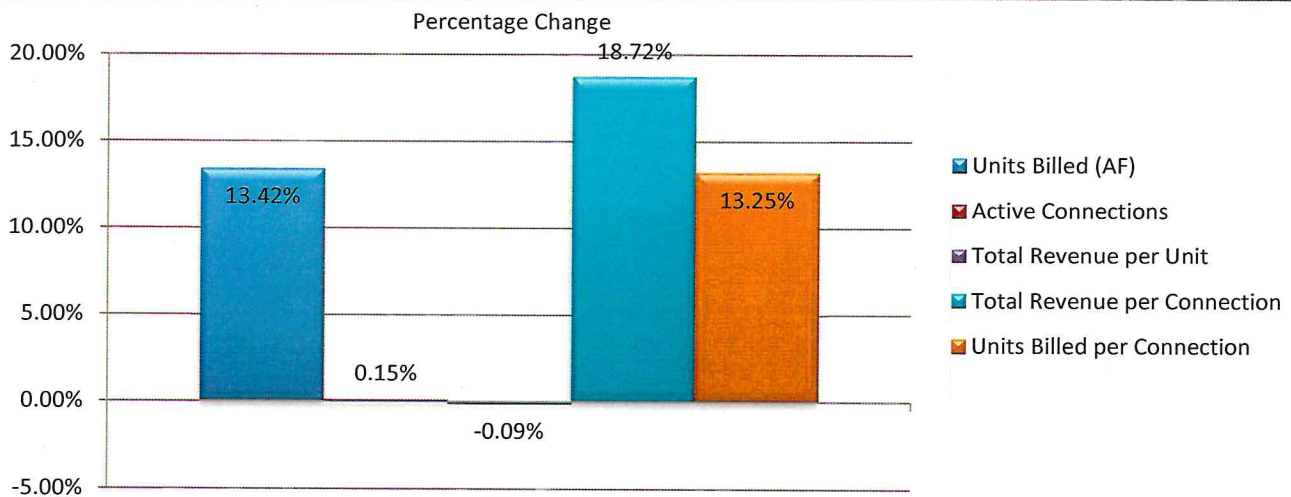
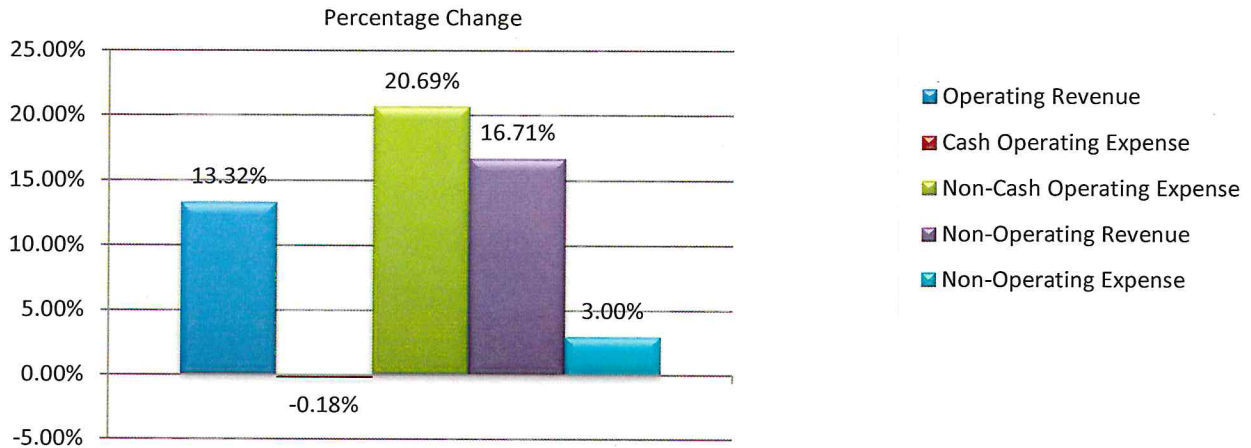
**Palmdale Water District**  
**Profit and Loss Statement**  
**Year-To-Year Comparison-2 Years - December**

					Consumption Comparison		
	2015 December	2017 December	Change	%	Units Billed	2015	2017
<b>Operating Revenue:</b>							
Wholesale Water	\$ 2,694	\$ 82,042	\$ 79,348	2944.84%	Active	26,564	26,658
Water Sales	384,048	663,430	279,382	72.75%	Vacant	830	741
Meter Fees	969,482	1,063,471	93,989	9.69%			
Water Quality Fees	52,966	59,766	6,800	12.84%			
Elevation Fees	20,736	24,719	3,983	19.21%	Rev/unit	\$ 4.35	\$ 3.91
Other	177,904	53,732	(124,172)	-69.80%	Rev/con	\$ 53.83	\$ 71.03
Drought Surcharge	46,281	-	(46,281)		Unit/con	14.31	18.68
<b>Total Operating Revenue</b>	<b>\$ 1,654,112</b>	<b>\$ 1,947,160</b>	<b>\$ 293,048</b>	<b>17.72%</b>			
<b>Cash Operating Expenses:</b>							
Directors	\$ 14,486	\$ 9,857	\$ (4,629)	-31.96%			
Administration-Services	283,802	132,117	(151,685)	-53.52%			
Administration-District	-	95,910	95,910				
Engineering	119,529	112,190	(7,339)	-6.14%			
Facilities	530,048	362,327	(167,721)	-31.64%			
Operations	241,736	199,779	(41,956)	-17.36%			
Finance	121,626	89,040	(32,586)	-26.79%			
Water Conservation	26,104	15,998	(10,106)	-38.71%			
Human Resources	36,392	7,334	(29,057)	-79.85%			
Information Technology	85,197	67,695	(17,502)	-20.54%			
Customer Care	144,269	120,133	(24,136)	-16.73%			
Source of Supply-Purchased Water	(228,240)	2,022	230,262	-100.89%			
Plant Expenditures	135,185	28,629	(106,556)	-78.82%			
GAC Filter Media Replacement	-	169,477	169,477				
<b>Total Cash Operating Expenses</b>	<b>\$ 1,510,134</b>	<b>\$ 1,412,509</b>	<b>\$ (97,625)</b>	<b>-6.46%</b>			
<b>Non-Cash Operating Expenses:</b>							
Depreciation	\$ 529,765	\$ 511,446	\$ (18,319)	-3.46%			
OPEB Accrual Expense	183,580	182,900	(681)	-0.37%			
Bad Debts	5,375	82,966	77,591	1443.57%			
Service Costs Construction	31,880	(824)	(32,705)	-102.58%			
Capitalized Construction	(143,101)	(31,916)	111,184	-77.70%			
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 607,499</b>	<b>\$ 744,571</b>	<b>\$ 137,072</b>	<b>22.56%</b>			
<b>Net Operating Profit/(Loss)</b>	<b>\$ (463,522)</b>	<b>\$ (209,920)</b>	<b>\$ 253,602</b>	<b>-54.71%</b>			
<b>Non-Operating Revenues:</b>							
Assessments (Debt Service)	\$ 478,846	\$ 493,050	\$ 14,204	2.97%			
Assessments (1%)	334,639	400,637	65,998	19.72%			
DWR Fixed Charge Recovery	-	-	-				
Interest	(5,944)	(1,851)	4,093	-68.86%			
CIF - Infrastructure	3,483	9,494	6,011	172.58%			
CIF - Water Supply	-	-	-				
Grants - State and Federal	-	-	-				
Other	3,261	19,511	16,249	498.21%			
<b>Total Non-Operating Revenues</b>	<b>\$ 814,286</b>	<b>\$ 920,841</b>	<b>\$ 106,555</b>	<b>13.09%</b>			
<b>Non-Operating Expenses:</b>							
Interest on Long-Term Debt	\$ 186,850	\$ 177,918	\$ (8,932)	-4.78%			
Amortization of SWP	172,877	216,743	43,866	25.37%			
Change in Investments in PRWA	2,285	-	(2,285)				
Water Conservation Programs	8,075	5,979	(2,096)	-25.96%			
<b>Total Non-Operating Expenses</b>	<b>\$ 370,087</b>	<b>\$ 400,639</b>	<b>\$ 30,553</b>	<b>8.26%</b>			
<b>Net Earnings</b>	<b>\$ (19,323)</b>	<b>\$ 310,281</b>	<b>\$ 329,604</b>	<b>-1705.79%</b>			



# YEAR-TO-YEAR COMPARISON

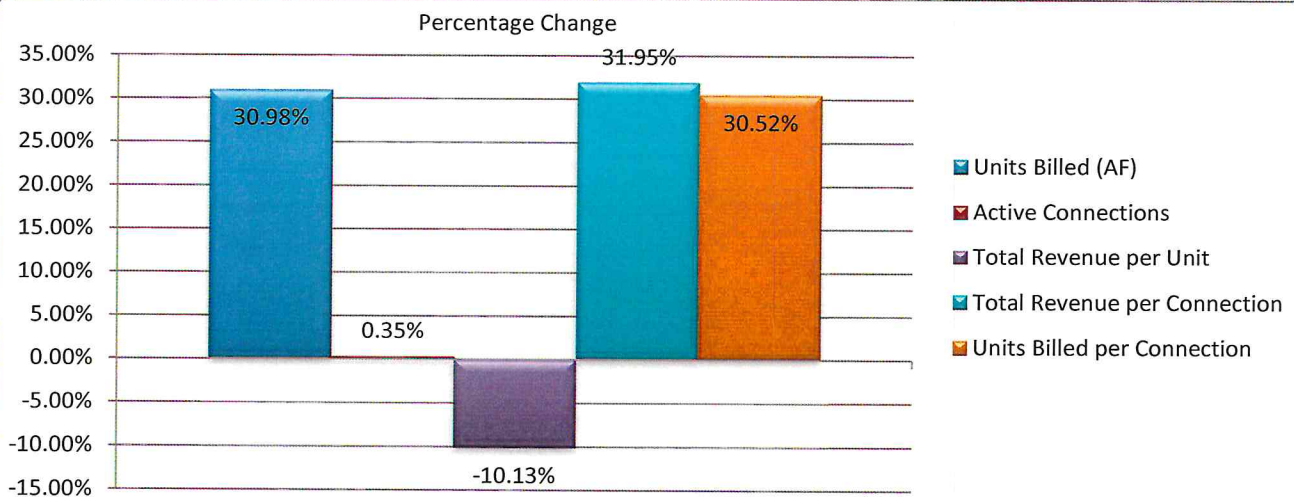
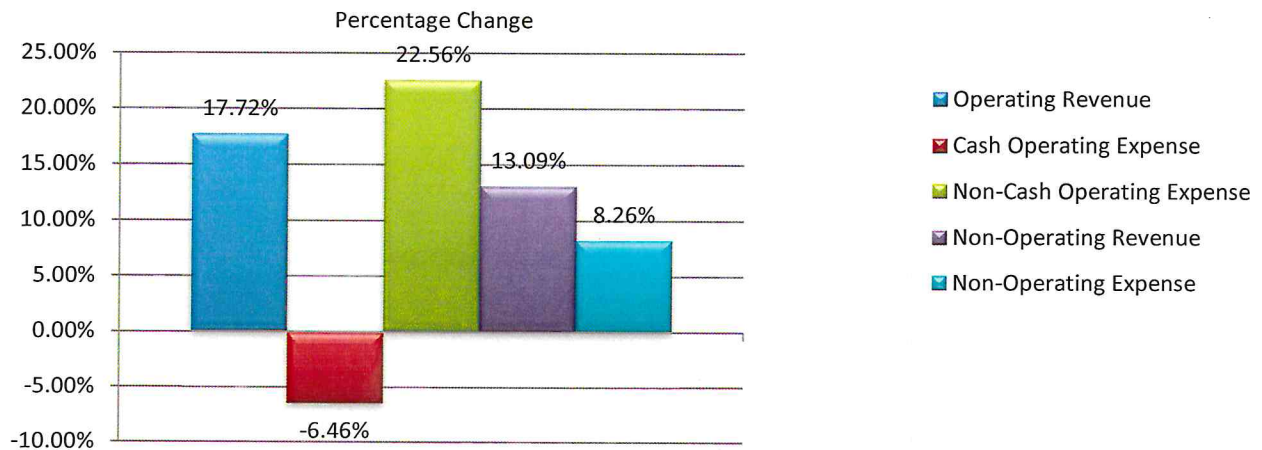
## December 2016 -To - December 2017



	2016	2017	Change	
Units Billed (AF)	1,008	1,143	135	13.42%
Active Connections	26,617	26,658	41	0.15%
Non-Active	790	741	-49	-6.20%
Total Revenue per Unit	\$3.91	\$3.91	\$0.00	-0.09%
Total Revenue per Connection	\$59.83	\$71.03	\$11.20	18.72%
Units Billed per Connection	16.50	18.68	2.19	13.25%

# YEAR-TO-YEAR COMPARISON

## December 2015 -To -December 2017



	2015	2017	Change	
Units Billed (AF)	873	1,143	270	30.98%
Active Connections	26,564	26,658	94	0.35%
Non-Active	830	741	-89	-10.72%
Total Revenue per Unit	\$4.35	\$3.91	-\$0.44	-10.13%
Total Revenue per Connection	\$53.83	\$71.03	\$17.20	31.95%
Units Billed per Connection	14.31	18.68	4.37	30.52%

**Palmdale Water District**  
**Revenue Analysis**  
**For the Twelve Months Ending 12/31/2017**

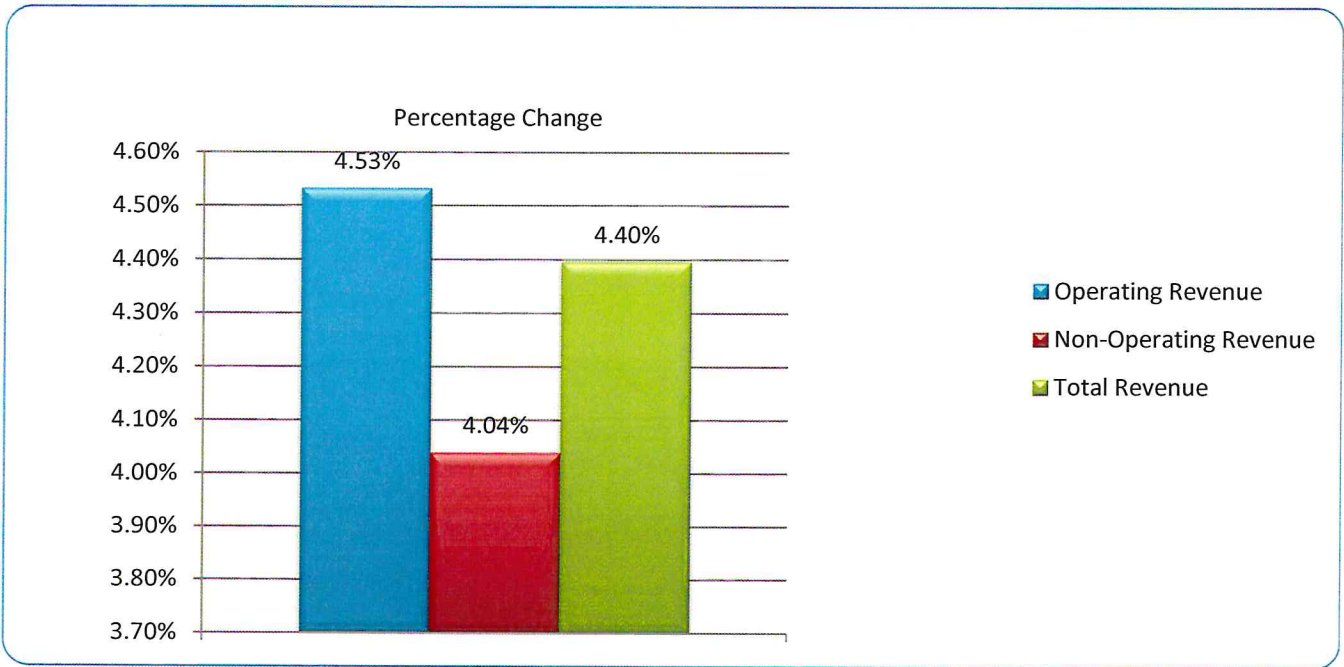
	2017					2016 to 2017 Comparison		
	Thru November	December	Year-to-Date	Adjusted Budget	% of Budget	December	Year-to-Date	% Change
<b>Operating Revenue:</b>								
Wholesale Water	\$ 297,041	\$ 82,042	\$ 379,083	\$ 160,000	236.93%	\$ 68,699	\$ 147,263	63.52%
Water Sales	7,753,732	663,430	8,417,162	8,002,000	105.19%	176,639	1,511,929	21.90%
Meter Fees	11,646,743	1,063,471	12,710,215	12,475,500	101.88%	50,186	533,324	4.38%
Water Quality Fees	785,759	59,766	845,526	862,500	98.03%	2,680	(15,976)	-1.85%
Elevation Fees	340,899	24,719	365,618	340,000	107.53%	2,850	15,945	4.56%
Other	768,511	53,732	822,242	960,000	85.65%	(9,253)	43,663	5.61%
Drought Surcharge	66,226	-	66,226	-	-	(62,951)	(1,222,615)	-94.86%
<b>Total Water Sales</b>	<b>\$ 21,658,911</b>	<b>\$ 1,947,160</b>	<b>\$ 23,606,071</b>	<b>\$ 22,800,000</b>	<b>103.54%</b>	<b>\$ 228,850</b>	<b>\$ 1,013,533</b>	<b>4.53%</b>
<b>Non-Operating Revenues:</b>								
Assessments (Debt Service)	\$ 4,609,723	\$ 493,050	\$ 5,102,773	\$ 5,000,000	102.06%	\$ 52,633	\$ (219,977)	-4.13%
Assessments (1%)	1,888,700	400,637	2,289,337	1,957,500	116.95%	40,489	37,005	1.64%
DWR Fixed Charge Recovery	266,638	-	266,638	200,000	133.32%	-	(18,617)	-6.53%
Interest	57,905	(1,851)	56,054	60,000	93.42%	10,079	13,347	31.25%
CIF - Infrastructure	196,441	9,494	205,935	73,000	282.10%	9,206	(28,813)	-12.27%
CIF - Water Supply	815,471	-	815,471	177,000	460.72%	-	815,471	-
Grants - State and Federal	110,669	-	110,669	178,000	62.17%	-	(196,247)	-63.94%
Other	72,577	19,511	92,088	60,000	153.48%	19,462	(55,085)	-37.43%
<b>Total Non-Operating Revenues</b>	<b>\$ 8,018,124</b>	<b>\$ 920,841</b>	<b>\$ 8,938,965</b>	<b>\$ 7,705,500</b>	<b>116.01%</b>	<b>\$ 131,869</b>	<b>\$ 347,085</b>	<b>4.04%</b>
<b>Total Revenue</b>	<b>\$ 29,677,035</b>	<b>\$ 2,868,001</b>	<b>\$ 32,545,036</b>	<b>\$ 30,505,500</b>	<b>106.69%</b>	<b>\$ 360,718</b>	<b>\$ 1,360,618</b>	<b>4.40%</b>

	2016				
	Thru November	December	Year-to-Date	Adjusted Budget	% of Budget
<b>Operating Revenue:</b>					
Wholesale Water	\$ 218,477	\$ 13,343	\$ 231,820	\$ 160,000	144.89%
Water Sales	6,418,442	486,791	6,905,233	7,242,000	95.35%
Meter Fees	11,163,605	1,013,285	12,176,890	12,079,000	100.81%
Water Quality Fees	804,416	57,086	861,502	934,500	92.19%
Elevation Fees	327,804	21,869	349,673	400,000	87.42%
Other	715,594	62,985	778,579	860,000	90.53%
Drought Surcharge	1,225,890	62,951	1,288,841	-	-
<b>Total Water Sales</b>	<b>\$ 20,655,751</b>	<b>\$ 1,704,967</b>	<b>\$ 22,360,718</b>	<b>\$ 21,515,500</b>	<b>103.93%</b>
<b>Non-Operating Revenues:</b>					
Assessments (Debt Service)	\$ 4,882,333	\$ 440,417	\$ 5,322,750	\$ 4,670,000	113.98%
Assessments (1%)	1,892,184	360,148	2,252,332	2,025,000	111.23%
DWR Fixed Charge Recovery	285,255	-	285,255	200,000	142.63%
Interest	54,638	(11,930)	42,707	35,000	122.02%
CIF - Infrastructure	234,459	288	234,747	50,000	469.49%
CIF - Water Supply	-	-	-	-	-
Grants - State and Federal	306,915	-	306,915	485,000	63.28%
Other	147,124	49	147,173	120,000	122.64%
<b>Total Non-Operating Revenues</b>	<b>\$ 7,802,909</b>	<b>\$ 788,972</b>	<b>\$ 8,591,880</b>	<b>\$ 7,585,000</b>	<b>113.27%</b>
<b>Total Revenue</b>	<b>\$ 28,458,659</b>	<b>\$ 2,493,939</b>	<b>\$ 30,952,598</b>	<b>\$ 29,100,500</b>	<b>106.36%</b>



# REVENUE COMPARISON YEAR-TO-DATE

December 2016-To- December 2017



**Palmdale Water District  
Operating Expense Analysis  
For the Twelve Months Ending 12/31/2017**

	2017					2016 to 2017 Comparison		
	Thru November	December	Year-to-Date	Adjusted Budget	% of Budget	December	Year-to-Date	% Change
<b>Cash Operating Expenses:</b>								
Directors	\$ 98,950	\$ 9,857	\$ 108,807	\$ 115,500	94.21%	\$ (6,080)	\$ (49,182)	-31.13%
Administration-Services	1,620,485	132,117	1,752,601	1,943,000	90.20%	(2,476)	74,867	4.46%
Administration-District	1,344,487	95,910	1,440,397	1,509,500	95.42%	(31,430)	(30,263)	-2.06%
Engineering	1,343,927	112,190	1,456,117	1,451,500	100.32%	11,686	209,648	16.82%
Facilities	5,583,004	362,327	5,945,331	6,626,000	89.73%	(88,566)	(424,372)	-6.66%
Operations	2,793,376	199,779	2,993,156	2,546,250	117.55%	12,642	370,403	14.12%
Finance	1,117,401	89,040	1,206,440	1,246,500	96.79%	(6,343)	(16,581)	-1.36%
Water Conservation	200,689	15,998	216,687	228,000	95.04%	314	(13,248)	-5.76%
Human Resources	311,116	7,334	318,450	297,100	107.19%	(15,784)	(67,160)	-17.42%
Information Technology	659,103	67,695	726,798	804,750	90.31%	(44,178)	(45,096)	-5.84%
Customer Care	1,119,994	120,133	1,240,127	1,278,000	97.04%	9,302	(74,089)	-5.64%
Source of Supply-Purchased Water	2,164,964	2,022	2,166,986	2,190,000	98.95%	1,483	386,383	21.70%
Plant Expenditures	322,142	28,629	350,771	574,292	61.08%	(12,644)	(196,747)	-35.93%
GAC Filter Media Replacement	754,338	169,477	923,815	862,500	107.11%	169,477	233,274	33.78%
<b>Total Cash Operating Expenses</b>	<b>\$ 19,433,976</b>	<b>\$ 1,412,509</b>	<b>\$ 20,846,485</b>	<b>\$ 21,672,892</b>	<b>96.19%</b>	<b>\$ (2,597)</b>	<b>\$ 357,836</b>	<b>1.72%</b>
<b>Non-Cash Operating Expenses:</b>								
Depreciation	\$ 5,602,305	\$ 511,446	\$ 6,113,751	\$ 6,000,000	101.90%	\$ 58,365	\$ 514,011	9.18%
OPEB Accrual Expense	2,011,895	182,900	2,194,794	2,350,000	93.40%	(12,961)	(155,528)	-6.62%
Bad Debts	50,654	82,966	133,620	50,000	267.24%	80,832	57,382	75.27%
Service Costs Construction	111,908	(824)	111,084	125,000	88.87%	(6,028)	13,301	13.60%
Capitalized Construction	(495,905)	(31,916)	(527,821)	(750,000)	70.38%	7,421	245,497	-31.75%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 7,280,857</b>	<b>\$ 744,571</b>	<b>\$ 8,025,428</b>	<b>\$ 7,775,000</b>	<b>103.22%</b>	<b>\$ 127,629</b>	<b>\$ 674,664</b>	<b>8.41%</b>
<b>Non-Operating Expenses:</b>								
Interest on Long-Term Debt	\$ 1,985,805	\$ 177,918	\$ 2,163,723	\$ 2,228,000	97.12%	\$ (4,330)	\$ (54,481)	-2.46%
Amortization of SWP	2,384,113	216,743	2,600,856	2,238,000	116.21%	19,839	238,068	10.08%
Change in Investments in PRWA	106,162	-	106,162	100,000	106.16%	-	846	0.80%
Water Conservation Programs	83,491	5,979	89,469	135,500	66.03%	(3,852)	32,327	56.57%
<b>Total Non-Operating Expenses</b>	<b>\$ 4,559,571</b>	<b>\$ 400,639</b>	<b>\$ 4,960,211</b>	<b>\$ 4,701,500</b>	<b>105.50%</b>	<b>\$ 11,657</b>	<b>\$ 216,759</b>	<b>4.57%</b>
<b>Total Expenses</b>	<b>\$ 31,274,405</b>	<b>\$ 2,557,720</b>	<b>\$ 33,832,124</b>	<b>\$ 34,149,392</b>	<b>99.07%</b>	<b>\$ 136,689</b>	<b>\$ 1,249,259</b>	<b>3.83%</b>

**Palmdale Water District**  
**Operating Expense Analysis**  
**For the Twelve Months Ending 12/31/2017**  
**2016**

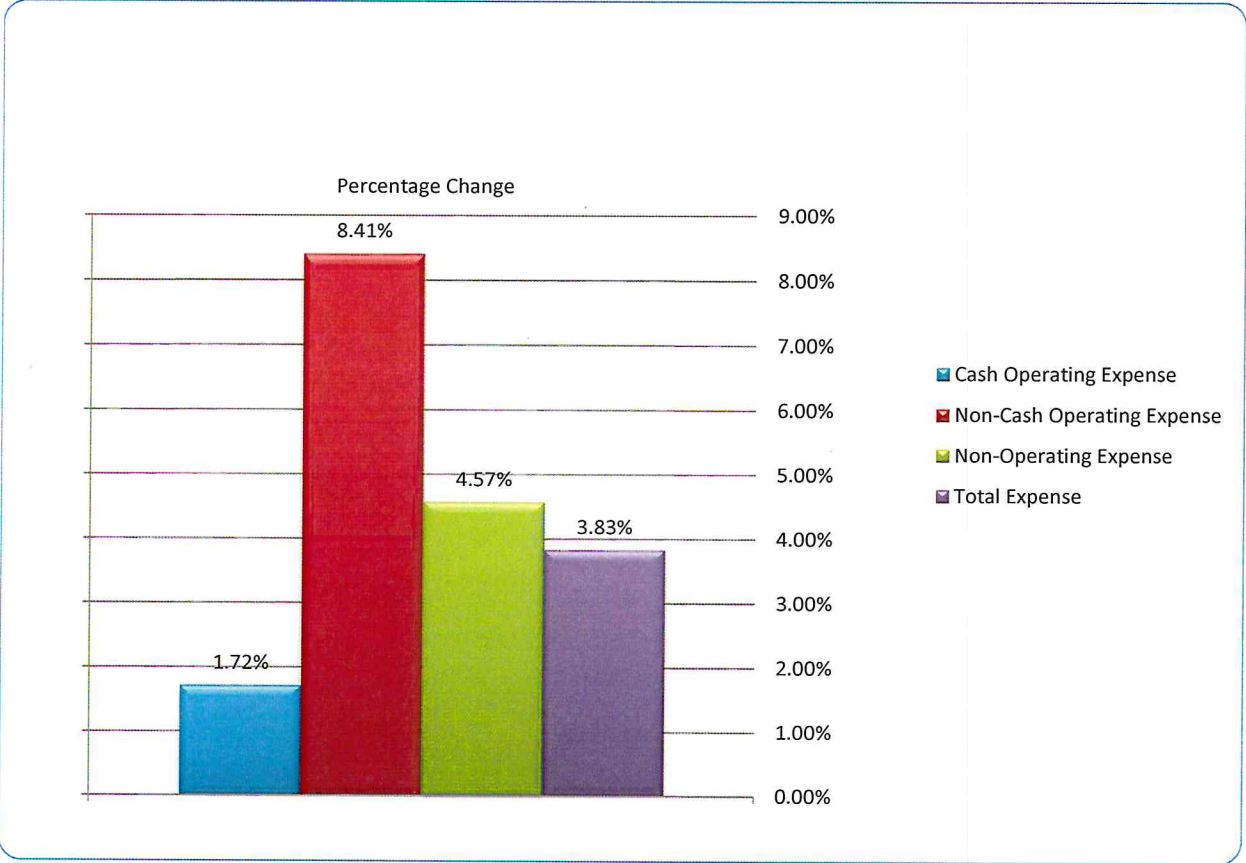
2016 to 2017 Comparison

	Thru			Adjusted	% of
	November	December	Year-to-Date	Budget	Budget
<b>Cash Operating Expenses:</b>					
Directors	\$ 142,052	\$ 15,937	\$ 157,989	\$ 145,750	108.40%
Administration-Services	1,543,141	134,593	1,677,734	1,588,750	105.60%
Administration-District	1,343,320	127,340	1,470,660	1,612,750	91.19%
Engineering	1,145,964	100,504	1,246,469	1,279,250	97.44%
Facilities	5,918,810	450,894	6,369,704	6,513,750	97.79%
Operations	2,435,616	187,137	2,622,753	2,449,250	107.08%
Finance	1,127,639	95,383	1,223,022	1,168,250	104.69%
Water Conservation	214,252	15,684	229,935	239,250	96.11%
Human Resources	362,492	23,118	385,611	420,350	91.74%
Information Technology	660,021	111,873	771,894	867,750	88.95%
Customer Care	1,203,384	110,831	1,314,215	1,386,750	94.77%
Source of Supply-Purchased Water	1,780,065	539	1,780,604	1,725,000	103.22%
Plant Expenditures	506,245	41,273	547,518	-	
GAC Filter Media Replacement	690,541	-	690,541	934,500	73.89%
<b>Total Cash Operating Expenses</b>	<b>\$ 19,073,543</b>	<b>\$ 1,415,106</b>	<b>\$ 20,488,649</b>	<b>\$ 20,331,350</b>	<b>100.77%</b>
<b>Non-Cash Operating Expenses:</b>					
Depreciation	\$ 5,146,659	\$ 453,081	\$ 5,599,740	\$ 7,200,000	77.77%
OPEB Accrual Expense	2,154,462	195,860	2,350,322	2,250,000	104.46%
Bad Debts	74,104	2,134	76,238	50,000	152.48%
Service Costs Construction	92,579	5,204	97,783	125,000	78.23%
Capitalized Construction	(733,981)	(39,337)	(773,318)	(1,000,000)	77.33%
<b>Total Non-Cash Operating Expenses</b>	<b>\$ 6,733,823</b>	<b>\$ 616,942</b>	<b>\$ 7,350,765</b>	<b>\$ 8,625,000</b>	<b>85.23%</b>
<b>Non-Operating Expenses:</b>					
Interest on Long-Term Debt	\$ 2,035,956	\$ 182,248	\$ 2,218,205	\$ 2,228,000	99.56%
Amortization of SWP	2,165,884	196,904	2,362,788	2,238,000	105.58%
Change in Investments in PRWA	105,316	-	105,316	-	
Water Conservation Programs	47,313	9,830	57,143	126,500	45.17%
<b>Total Non-Operating Expenses</b>	<b>\$ 4,354,469</b>	<b>\$ 388,983</b>	<b>\$ 4,743,451</b>	<b>\$ 4,592,500</b>	<b>103.29%</b>
<b>Total Expenses</b>	<b>\$ 30,161,834</b>	<b>\$ 2,421,031</b>	<b>\$ 32,582,865</b>	<b>\$ 33,548,850</b>	<b>97.12%</b>



# EXPENSE COMPARISON YEAR-TO-DATE

## December 2016-To-December 2017



**Palmdale Water District  
2017 Directors Budget  
For the Twelve Months Ending Sunday, December 31, 2017**

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ -	\$ -	\$ -	\$ -	
Employee Benefits					
1-01-4005-000 Payroll Taxes	4,705	5,500		795	85.54%
Subtotal (Benefits)	4,705	5,500	-	795	85.54%
 Total Personnel Expenses	 \$ 4,705	 \$ 5,500	 \$ -	 \$ 795	 85.54%
 OPERATING EXPENSES:					
1-01-xxxx-007 Director Share - Alvarado, Robert	\$ 20,512	\$ 22,000		\$ 1,488	93.24%
1-01-xxxx-008 Director Share - Mac Laren, Kathy	19,443	22,000		2,557	88.38%
1-01-xxxx-009 Director Share - Estes, Joe	22,843	22,000		(843)	103.83%
1-01-xxxx-010 Director Share - Dino, Vincent	21,275	22,000		725	96.71%
1-01-xxxx-011 Director Share - Henriquez, Marco	20,030	22,000		1,970	91.04%
Subtotal Operating Expenses	104,103	110,000	-	1,970	94.64%
 Total O & M Expenses	 \$ 108,807	 \$ 115,500	 \$ -	 \$ 2,765	 94.21%

**Palmdale Water District**  
**2017 Administration District Wide Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 68,836	\$ 90,000		\$ 21,164	76.48%
Subtotal (Salaries)	\$ 68,836	\$ 90,000	\$ -	\$ 21,164	76.48%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	\$ 472,523	\$ 472,000		(523)	100.11%
1-02-5070-003 Workers Compensation	189,902	185,000		(4,902)	102.65%
1-02-5070-004 Vacation Benefit Expense	(6,272)	35,000		41,272	-17.92%
1-02-5070-005 Life Insurance	6,312	7,500		1,188	84.15%
Subtotal (Benefits)	\$ 662,464	\$ 699,500	\$ -	\$ 37,036	94.71%
Total Personnel Expenses	\$ 731,300	\$ 789,500	\$ -	\$ 58,200	92.63%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	\$ 30,069	\$ 20,000		(10,069)	150.35%
1-02-5070-007 Consultants	60,568	70,000		9,432	86.53%
1-02-5070-008 Insurance	286,478	305,000		18,522	93.93%
1-02-5070-009 Groundwater Adjudication	82,277	50,000		(32,277)	164.55%
1-02-5070-010 Legal Services	85,014	150,000		64,986	56.68%
1-02-5070-011 Memberships/Subscriptions	124,247	125,000		753	99.40%
1-02-5070-099 100th Anniversary***	40,443	-	60,000	19,557	67.40%
Subtotal Operating Expenses	\$ 709,097	\$ 720,000	\$ 60,000	\$ 70,903	90.91%
Total Departmental Expenses	\$ 1,440,397	\$ 1,509,500	\$ 60,000	\$ 129,103	91.77%

\*\*\* Budget adjustments by Board action 07/05/17



**Palmdale Water District**  
**2017 Administration Services Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries*	\$ 1,078,885	\$ 1,220,500	\$ (16,000)	\$ 125,615	89.57%
1-02-4000-100 Overtime	7,946	8,500		554	93.49%
Subtotal (Salaries)	<u>\$ 1,086,831</u>	<u>\$ 1,229,000</u>	<u>\$ (16,000)</u>	<u>\$ 126,169</u>	<u>89.60%</u>
Employee Benefits					
1-02-4005-000 Payroll Taxes	\$ 74,016	\$ 87,000		12,984	85.08%
1-02-4010-000 Health Insurance	151,134	171,000		19,866	88.38%
1-02-4015-000 PERS	111,903	145,000		33,097	77.17%
Subtotal (Benefits)	<u>\$ 337,053</u>	<u>\$ 403,000</u>	<u>\$ -</u>	<u>\$ 65,947</u>	<u>83.64%</u>
Total Personnel Expenses	<u><u>\$ 1,423,884</u></u>	<u><u>\$ 1,632,000</u></u>	<u><u>\$ (16,000)</u></u>	<u><u>\$ 192,116</u></u>	<u><u>88.11%</u></u>
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 17,071	\$ 14,000	\$ -	\$ (3,071)	121.94%
1-02-4050-100 General Manager Travel	7,091	5,000		(2,091)	141.82%
1-02-4060-000 Staff Conferences & Seminars	1,683	6,000		4,317	28.05%
1-02-4060-100 General Manager Conferences & Seminars	3,306	4,000		695	82.64%
1-02-4130-000 Bank Charges	157,343	140,000		(17,343)	112.39%
1-02-4150-000 Accounting Services	24,351	27,500		3,149	88.55%
1-02-4175-000 Permits	11,228	17,500		6,272	64.16%
1-02-4180-000 Postage	13,006	25,000		11,994	52.03%
1-02-4190-100 Public Relations - Publications	20,479	30,000		9,521	68.26%
1-02-4190-700 Public Relations - General*	40,847	20,000	(2,000)	(22,847)	226.93%
1-02-4200-000 Advertising	1,902	4,000		2,098	47.55%
1-02-4205-000 Office Supplies	24,494	18,000		(6,494)	136.08%
1-02-4210-000 Office Furniture*	5,917	-	5,000	(917)	118.33%
Subtotal Operating Expenses	<u>\$ 328,717</u>	<u>\$ 311,000</u>	<u>\$ 3,000</u>	<u>\$ (14,717)</u>	<u>104.69%</u>
Total Departmental Expenses	<u><u>\$ 1,752,601</u></u>	<u><u>\$ 1,943,000</u></u>	<u><u>\$ (13,000)</u></u>	<u><u>\$ 177,399</u></u>	<u><u>90.81%</u></u>

\* Budget adjustments by General Manager per Appendix A

**Palmdale Water District**  
**2017 Engineering Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries**	\$ 1,025,227	\$ 983,500	\$ 45,000	\$ 3,273	99.68%
1-03-4000-100 Overtime	12,745	6,500		(6,245)	196.08%
Subtotal (Salaries)	<u>\$ 1,037,973</u>	<u>\$ 990,000</u>	<u>\$ 45,000</u>	<u>\$ (2,973)</u>	<u>104.85%</u>
Employee Benefits					
1-03-4005-000 Payroll Taxes**	77,032	73,000	4,750	718	99.08%
1-03-4010-000 Health Insurance**	181,559	164,000	16,000	(1,559)	100.87%
1-03-4015-000 PERS**	102,417	104,500	3,000	5,083	95.27%
Subtotal (Benefits)	<u>\$ 361,008</u>	<u>\$ 341,500</u>	<u>\$ 23,750</u>	<u>\$ 4,242</u>	<u>98.84%</u>
Total Personnel Expenses	<u><u>\$ 1,398,981</u></u>	<u><u>\$ 1,331,500</u></u>	<u><u>\$ 68,750</u></u>	<u><u>\$ 1,269</u></u>	<u><u>99.91%</u></u>
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 3,095	\$ 2,500		\$ (595)	123.80%
1-03-4060-000 Staff Conferences & Seminars	3,895	2,500		(1,395)	155.80%
1-03-4155-000 Contracted Services	7,544	41,500		33,956	18.18%
1-03-4165-000 Memberships/Subscriptions	4,470	2,500		(1,970)	178.80%
1-03-4250-000 General Materials & Supplies	1,460	11,000		9,540	13.27%
1-03-8100-100 Computer Software - Maint. & Support	36,672	60,000		23,328	61.12%
Subtotal Operating Expenses	<u>\$ 57,136</u>	<u>\$ 120,000</u>	<u>\$ -</u>	<u>\$ 62,864</u>	<u>47.61%</u>
Total Departmental Expenses	<u><u>\$ 1,456,117</u></u>	<u><u>\$ 1,451,500</u></u>	<u><u>\$ 68,750</u></u>	<u><u>\$ 64,133</u></u>	<u><u>95.78%</u></u>

\*\* Budget adjustments by Board action 04/12/17

**Palmdale Water District**  
**2017 Facilities Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries**	\$ 2,047,671	\$ 2,096,000	\$ (52,500)	\$ (4,171)	100.20%
1-04-4000-100 Overtime	114,871	100,000		(14,871)	114.87%
Subtotal (Salaries)	\$ 2,162,542	\$ 2,196,000	\$ (52,500)	\$ (19,042)	100.89%
Employee Benefits					
1-04-4005-000 Payroll Taxes**	167,159	172,000	(4,750)	91	99.95%
1-04-4010-000 Health Insurance**	469,406	453,500	(8,500)	(24,406)	105.48%
1-04-4015-000 PERS**	196,596	258,000	(3,000)	58,404	77.10%
Subtotal (Benefits)	\$ 833,161	\$ 883,500	\$ (16,250)	\$ 34,089	96.07%
Total Personnel Expenses	\$ 2,995,704	\$ 3,079,500	\$ (68,750)	\$ 15,046	99.50%
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ 3,969	\$ 3,000		\$ (969)	132.31%
1-04-4060-000 Staff Conferences & Seminars	297	3,000		2,703	9.90%
1-04-4155-000 Contracted Services	495,345	491,500		(3,845)	100.78%
1-04-4175-000 Permits-Dams	7,433	25,000		17,567	29.73%
1-04-4215-100 Natural Gas - Wells & Boosters	170,596	225,000		54,404	75.82%
1-04-4215-200 Natural Gas - Buildings	6,613	9,000		2,387	73.48%
1-04-4220-100 Electricity - Wells & Boosters	1,091,131	1,320,000		228,869	82.66%
1-04-4220-200 Electricity - Buildings	73,376	88,000		14,624	83.38%
1-04-4225-000 Maint. & Repair - Vehicles	21,897	35,000		13,103	62.56%
1-04-4230-100 Maint. & Rep. Office Building	21,364	25,000		3,636	85.45%
1-04-4235-110 Maint. & Rep. Equipment	8,512	6,500		(2,012)	130.96%
1-04-4235-400 Maint. & Rep. Operations - Wells	55,508	100,000		44,492	55.51%
1-04-4235-405 Maint. & Rep. Operations - Boosters	27,474	80,000		52,526	34.34%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	20,786	10,000		(10,786)	207.86%
1-04-4235-415 Maint. & Rep. Operations - Facilities	16,691	15,000		(1,691)	111.27%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	318,750	250,000		(68,750)	127.50%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	1,642	15,000		13,358	10.95%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	4,070	7,500		3,430	54.26%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	4,837	10,000		5,163	48.37%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	34,420	20,000		(14,420)	172.10%
1-04-4235-445 Maint. & Rep. Operations - Telemetry	2,125	5,000		2,875	42.50%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	2,645	10,000		7,355	26.45%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	43,617	45,000		1,383	96.93%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	2,367	5,000		2,633	47.33%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	139,830	250,000		110,170	55.93%
1-04-4270-300 Telecommunication - Other	5,732	4,000		(1,732)	143.30%
1-04-4300-100 Testing - Regulatory Compliance	9,612	20,000		10,388	48.06%
1-04-4300-200 Testing - Large Meters	11,357	12,500		1,143	90.86%
1-04-4300-300 Testing - Edison Testing	2,755	30,000		27,245	9.18%
1-04-5070-009 Groundwater Adjudication-Pumping Assessment	19,552	50,000		30,448	39.10%
1-04-6000-000 Waste Disposal	15,183	20,000		4,817	75.91%
1-04-6100-100 Fuel and Lube - Vehicle	84,621	105,000		20,379	80.59%
1-04-6100-200 Fuel and Lube - Machinery	17,842	40,000		22,158	44.60%
1-04-6200-000 Uniforms	20,803	28,000		7,197	74.30%
1-04-6300-100 Supplies - General	52,867	47,500		(5,367)	111.30%
1-04-6300-200 Supplies - Hypo Generators	3,340	7,500		4,160	44.53%
1-04-6300-300 Supplies - Electrical	2,944	3,000		56	98.14%
1-04-6300-400 Supplies - Telemetry	6,070	5,000		(1,070)	121.39%
1-04-6300-800 Supplies - Construction Materials*	37,608	40,000	(5,000)	(2,608)	107.45%
1-04-6400-000 Tools	28,064	25,000		(3,064)	112.26%
1-04-7000-100 Leases -Equipment	22,460	15,000		(7,460)	149.74%
1-04-7000-100 Leases -Vehicles	33,524	38,000		4,476	88.22%
Subtotal Operating Expenses	\$ 2,949,628	\$ 3,544,000	\$ (5,000)	\$ 589,372	83.35%
Total Departmental Expenses	\$ 5,945,331	\$ 6,623,500	\$ (73,750)	\$ 604,419	90.77%

\* Budget adjustments by General Manager per Appendix A

\*\* Budget adjustments by Board action 04/12/17



**Palmdale Water District**  
**2017 Operation Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
<b>Personnel Budget:</b>					
1-05-4000-000 Salaries	\$ 953,323	\$ 920,000		\$ (33,323)	103.62%
1-05-4000-100 Overtime	78,833	56,000		(22,833)	140.77%
Subtotal (Salaries)	<u>\$ 1,032,157</u>	<u>\$ 976,000</u>	<u>\$ -</u>	<u>\$ (56,157)</u>	<u>105.75%</u>
<b>Employee Benefits</b>					
1-05-4005-000 Payroll Taxes	79,405	67,000		(12,405)	118.52%
1-05-4010-000 Health Insurance	160,866	144,250		(16,616)	111.52%
1-05-4015-000 PERS	98,359	111,000		12,641	88.61%
Subtotal (Benefits)	<u>\$ 338,630</u>	<u>\$ 322,250</u>	<u>\$ -</u>	<u>\$ (16,380)</u>	<u>105.08%</u>
Total Personnel Expenses	<u><u>\$ 1,370,787</u></u>	<u><u>\$ 1,298,250</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (72,537)</u></u>	<u><u>105.59%</u></u>
<b>OPERATING EXPENSES:</b>					
1-05-4050-000 Staff Travel	\$ 3,875	\$ 2,500		\$ (1,375)	155.02%
1-05-4060-000 Staff Conferences & Seminars	1,855	2,500		645	74.20%
1-05-4155-000 Contracted Services	88,423	88,000		(423)	100.48%
1-05-4175-000 Permits	67,631	40,000		(27,631)	169.08%
1-05-4215-200 Natural Gas - WTP	1,063	3,000		1,937	35.42%
1-05-4220-200 Electricity - WTP	297,253	125,000		(172,253)	237.80%
1-05-4230-110 Maint. & Rep. - Office Equipment	183	500		317	36.67%
1-05-4235-110 Maint. & Rep. Operations - Equipment	18,068	20,000		1,932	90.34%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	1,818	6,000		4,182	30.29%
1-05-4235-415 Maint. & Rep. Operations - Facilities*	81,972	65,000	17,000	28	99.97%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator*	52,898	65,000	(17,000)	(4,898)	110.20%
1-05-4235-500 Maint. & Rep. Operations - Wind Turbine	1,345	30,000		28,655	4.48%
1-05-4236-000 Palmdale Lake Management	65,913	40,000		(25,913)	164.78%
1-05-6000-000 Waste Disposal	3,678	20,000		16,322	18.39%
1-05-6200-000 Uniforms	13,155	16,000		2,845	82.22%
1-05-6300-100 Supplies - General	13,955	15,000		1,045	93.04%
1-05-6300-600 Supplies - Lab	51,859	50,000		(1,859)	103.72%
1-05-6300-700 Outside Lab Work	53,280	60,000		6,720	88.80%
1-05-6400-000 Tools	6,504	6,500		(4)	100.06%
1-05-6500-000 Chemicals	779,292	560,000		(219,292)	139.16%
1-05-7000-100 Leases -Equipment	-	3,000		3,000	0.00%
3-05-4300-100 Filter Media Testing/Inspection	18,348	30,000		11,652	61.16%
Subtotal Operating Expenses	<u>\$ 1,622,369</u>	<u>\$ 1,248,000</u>	<u>\$ -</u>	<u>\$ (374,369)</u>	<u>130.00%</u>
Total Departmental Expenses.	<u><u>\$ 2,993,156</u></u>	<u><u>\$ 2,546,250</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (446,906)</u></u>	<u><u>117.55%</u></u>

\* Budget adjustments by General Manager per Appendix A

**Palmdale Water District**  
**2017 Finance Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
<b>Personnel Budget:</b>					
1-06-4000-000 Salaries	\$ 670,064	\$ 683,500		\$ 13,436	98.03%
1-06-4000-100 Overtime	1,808	4,000		2,192	45.21%
Subtotal (Salaries)	\$ 671,872	\$ 687,500	\$ -	\$ 15,628	97.73%
<b>Employee Benefits</b>					
1-06-4005-000 Payroll Taxes	46,901	53,000		6,099	88.49%
1-06-4010-000 Health Insurance	88,182	88,500		318	99.64%
1-06-4015-000 PERS	70,754	87,000		16,246	81.33%
Subtotal (Benefits)	\$ 205,836	\$ 228,500	\$ -	\$ 22,664	90.08%
Total Personnel Expenses	\$ 877,709	\$ 916,000	\$ -	\$ 38,291	95.82%
<b>OPERATING EXPENSES:</b>					
1-06-4155-000 Contracted Services	\$ 12,740	\$ 6,000		\$ (6,740)	212.33%
1-06-4155-100 Contracted Services - Infosend	261,932	280,000		18,068	93.55%
1-06-4165-000 Memberships/Subscriptions	330	500		170	66.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	500		500	0.00%
1-06-4250-000 General Material & Supplies	-	3,000		3,000	0.00%
1-06-4260-000 Business Forms	1,598	4,000		2,402	39.95%
1-06-4270-100 Telecommunication - Office	29,872	18,000		(11,872)	165.96%
1-06-4270-200 Telecommunication - Cellular Stipend	19,655	15,500		(4,155)	126.81%
1-06-7000-100 Leases - Equipment	2,605	3,000		395	86.82%
Subtotal Operating Expenses	\$ 328,732	\$ 330,500	\$ -	\$ 1,768	99.46%
Total Departmental Expenses	\$ 1,206,440	\$ 1,246,500	\$ -	\$ 40,060	96.79%

**Palmdale Water District**  
**2017 Water Conservation Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 142,927	\$ 144,000		\$ 1,073	99.25%
1-07-4000-100 Overtime	540	1,000		460	54.02%
Subtotal (Salaries)	<u>\$ 143,467</u>	<u>\$ 145,000</u>		<u>\$ 1,533</u>	<u>98.94%</u>
Employee Benefits					
1-07-4005-000 Payroll Taxes	11,628	11,000		(628)	105.71%
1-07-4010-000 Health Insurance	36,439	36,500		61	99.83%
1-07-4015-000 PERS	16,189	18,500		2,311	87.51%
Subtotal (Benefits)	<u>\$ 64,256</u>	<u>\$ 66,000</u>	<u>\$ -</u>	<u>\$ 1,744</u>	<u>97.36%</u>
Total Personnel Expenses	<u><u>\$ 207,723</u></u>	<u><u>\$ 211,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,817</u></u>	<u><u>98.45%</u></u>
OPERATING EXPENSES:					
1-07-4050-000 Staff Travel	\$ 703	\$ 1,000		\$ 297	
1-07-4060-000 Staff Conferences & Seminar	470	1,500		1,030	
1-07-4190-300 Public Relations - Landscape Workshop/Training	124	1,000		876	12.43%
1-07-4190-400 Public Relations - Contests	-	1,000		1,000	0.00%
1-07-4190-500 Public Relations - Education Programs*	6,461	2,500	4,000	39	258.45%
1-07-4190-900 Public Relations - Other*	546	5,000	(2,000)	2,454	10.92%
1-07-6300-100 Supplies - Misc.	659	5,000		4,341	13.18%
Subtotal Operating Expenses	<u>\$ 8,963</u>	<u>\$ 17,000</u>	<u>\$ 2,000</u>	<u>\$ 10,037</u>	<u>52.73%</u>
Total Departmental Expenses	<u><u>\$ 216,687</u></u>	<u><u>\$ 228,000</u></u>	<u><u>\$ 2,000</u></u>	<u><u>\$ 12,853</u></u>	<u><u>95.04%</u></u>

\* Budget adjustments by General Manager per Appendix A



**Palmdale Water District**  
**2017 Human Resources Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
<b>Personnel Budget:</b>					
1-08-4000-000 Salaries	\$ 133,004	\$ 122,000		\$ (11,004)	109.02%
1-08-4000-200 Salaries - Intern Program*	6,236	-	16,000	9,764	38.98%
Subtotal (Salaries)	<u>\$ 139,240</u>	<u>\$ 122,000</u>	<u>\$ 16,000</u>	<u>\$ (1,240)</u>	<u>114.13%</u>
<b>Employee Benefits</b>					
1-08-4005-000 Payroll Taxes	10,749	9,500		(1,249)	113.14%
1-08-4010-000 Health Insurance	19,570	19,500		(70)	100.36%
1-08-4015-000 PERS	8,753	8,000		(753)	109.41%
Subtotal (Benefits)	<u>\$ 39,071</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ (2,071)</u>	<u>105.60%</u>
Total Personnel Expenses	<u><u>\$ 178,312</u></u>	<u><u>\$ 159,000</u></u>	<u><u>\$ 16,000</u></u>	<u><u>\$ (3,312)</u></u>	<u><u>101.89%</u></u>
<b>OPERATING EXPENSES:</b>					
1-08-4050-000 Staff Travel	\$ 1,433	\$ 1,500		\$ 67	95.51%
1-08-4060-000 Staff Conferences & Seminars	749	1,500		751	49.93%
1-08-4070-000 Employee Expense	59,206	50,000		(9,206)	118.41%
1-08-4090-000 Temporary Staffing	-	-		-	
1-08-4095-000 Employee Recruitment	5,036	3,000		(2,036)	167.85%
1-08-4100-000 Employee Retention	3,009	5,000		1,991	60.18%
1-08-4105-000 Employee Relations	3,752	3,500		(252)	107.19%
1-08-4120-100 Training-Safety	24,220	35,000		10,780	69.20%
1-08-4120-200 Training-Speciality	11,862	15,000		3,138	79.08%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	1,535	1,600		65	95.94%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	29,338	20,000		(9,338)	146.69%
Subtotal Operating Expenses	<u>\$ 140,139</u>	<u>\$ 138,100</u>	<u>\$ -</u>	<u>\$ (2,039)</u>	<u>101.48%</u>
Total Departmental Expenses	<u><u>\$ 318,450</u></u>	<u><u>\$ 297,100</u></u>	<u><u>\$ 16,000</u></u>	<u><u>\$ (5,350)</u></u>	<u><u>101.71%</u></u>

\* Budget adjustments by General Manager per Appendix A

**Palmdale Water District**  
**2017 Information Technology Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 178,266	\$ 176,000		\$ (2,266)	101.29%
1-09-4000-100 Overtime	981	2,500		1,519	39.22%
Subtotal (Salaries)	<u>\$ 179,247</u>	<u>\$ 178,500</u>		<u>\$ (747)</u>	<u>100.42%</u>
Employee Benefits					
1-09-4005-000 Payroll Taxes	12,979	18,250		5,271	71.12%
1-09-4010-000 Health Insurance	27,143	38,500		11,357	70.50%
1-09-4015-000 PERS	17,825	22,750		4,925	78.35%
Subtotal (Benefits)	<u>\$ 57,947</u>	<u>\$ 79,500</u>	<u>\$ -</u>	<u>\$ 21,553</u>	<u>72.89%</u>
Total Personnel Expenses	<u><u>\$ 237,194</u></u>	<u><u>\$ 258,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,287</u></u>	<u><u>91.94%</u></u>
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 610	\$ 3,000		\$ 2,390	20.35%
1-09-4060-000 Staff Conferences & Seminars	6,433	3,500		(2,933)	183.80%
1-09-4155-000 Contracted Services*	74,270	101,500	(15,000)	12,230	85.86%
1-09-4165-000 Memberships/Subscriptions	459	2,000		1,541	22.95%
1-09-4270-000 Telecommunications	90,343	87,250		(3,093)	103.54%
1-09-8000-100 Computer Equipment - Computers	40,143	45,000		4,857	89.21%
1-09-8000-200 Computer Equipment - Laptops	37,199	45,000		7,801	82.66%
1-09-8000-300 Computer Equipment - Monitors	1,470	2,000		530	73.50%
1-09-8000-400 Computer Equipment - Printers	-	5,000		5,000	0.00%
1-09-8000-500 Computer Equipment - Toner Cartridges	159	3,000		2,841	5.31%
1-09-8000-550 Computer Equipment - Telephony	840	2,500		1,660	33.59%
1-09-8000-600 Computer Equipment - Other	27,649	40,000		12,351	69.12%
1-09-8100-100 Computer Software - Maint. and Support*	146,339	60,000	15,000	(71,339)	195.12%
1-09-8100-150 Computer Software - Dynamics GP Support	46,847	60,000		13,153	78.08%
1-09-8100-200 Computer Software - Software and Upgrades	16,845	15,000		(1,845)	112.30%
Subtotal Operating Expenses	<u>\$ 489,605</u>	<u>\$ 474,750</u>	<u>\$ -</u>	<u>\$ (14,855)</u>	<u>103.13%</u>
Total Departmental Expenses	<u><u>\$ 726,798</u></u>	<u><u>\$ 732,750</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,432</u></u>	<u><u>99.19%</u></u>

\* Budget adjustments by General Manager per Appendix A

**Palmdale Water District**  
**2017 Customer Care Budget**  
For the Twelve Months Ending Sunday, December 31, 2017

	YTD ACTUAL 2017	ORIGINAL BUDGET 2017	ADJUSTMENTS 2017	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 871,635	\$ 886,000		\$ 14,365	98.38%
1-10-4000-100 Overtime	4,872	10,000		5,129	48.72%
Subtotal (Salaries)	<u>\$ 876,506</u>	<u>\$ 896,000</u>	<u>\$ -</u>	<u>\$ 19,494</u>	<u>97.82%</u>
Employee Benefits					
1-10-4005-000 Payroll Taxes	64,404	65,500		1,096	98.33%
1-10-4010-000 Health Insurance	176,657	166,000		(10,657)	106.42%
1-10-4015-000 PERS	90,241	113,500		23,259	79.51%
Subtotal (Benefits)	<u>\$ 331,302</u>	<u>\$ 345,000</u>	<u>\$ -</u>	<u>\$ 13,698</u>	<u>96.03%</u>
Total Personnel Expenses	<u><u>\$ 1,207,808</u></u>	<u><u>\$ 1,241,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,192</u></u>	<u><u>97.33%</u></u>
OPERATING EXPENSES:					
1-10-4050-000 Staff Travel	\$ 1,759	\$ 1,000		\$ (759)	175.92%
1-10-4060-000 Staff Conferences & Seminars	2,090	2,000		(90)	104.50%
1-10-4155-000 Contracted Services	21,415	22,000		585	97.34%
1-10-4230-110 Maintenance & Repair-Office Equipment	-	500		500	0.00%
1-10-4250-000 General Material & Supplies	7,055	7,500		445	94.06%
1-10-4260-000 Business Forms	-	4,000		4,000	0.00%
Subtotal Operating Expenses	<u>\$ 32,319</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ 4,681</u>	<u>87.35%</u>
Total Departmental Expenses	<u><u>\$ 1,240,127</u></u>	<u><u>\$ 1,278,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 37,873</u></u>	<u><u>97.04%</u></u>



2017 Capital Projects - Contractual Commitments and Needs

New and Replacement Capital Projects

Budget Year	Work Order	Project Title	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 Total	2018 Carryover	
2017	14-603	Upper Amargosa Recharge Project	City of Palmdale	\$ 1,250,000	12/04/2013	\$ 129,215	\$ 1,120,785	129,215														-	
2017	16-408	Water Meter Replacement Projects (Spec 1602) - Purchase	Inland Water Works	439,419	10/10/2016	431,459	7,960		113,859	231,921	80,893		4,786									431,459	
2017	12-609	Ave. Q-1, Q-2, Q-3 Water Main Replacement (Spec 1211)	Bob O Const.	57,500	10/12/2016	57,500	-	42,750	9,975		1,900	2,875										14,750	
2017	16-408	Water Meter Replacement Projects (Spec 1602) - Installation	Bob O Const.	144,443	10/12/2016	132,826	11,617				40,472	37,251		48,461	6,641							132,826	
2017	15-615	Well No. 15 Rehabilitation - Water Quality	Layne	114,826	10/26/2016	114,826	-			114,826												114,826	
2017	16-609	Board Room Video Upgrades	CWI/Backyard Images	60,000	10/26/2016	57,016	2,984	28,508	28,508													28,508	2,984
2017	16-415	El Camino Underground Booster - 40hp	Roadrunner Pump	16,196	11/01/2016	13,834	2,362	10,531	3,303													3,303	
2017	16-610	Well No. 18 Rehabilitation	Roadrunner Pump	17,418	11/02/2016	14,687	-		12,342		2,344											14,687	
2017	17-364	75 hp - Underground Booster Station	Roadrunner Pump	5,665	01/25/2017	5,665	-			5,665												5,665	
2017	15-612	El Camino Watermain Replacement - Paving	ANM	36,700	01/31/2017	36,700	-			36,700												36,700	
2017	16-612	Well No. 8A Rehabilitation - Emergency	Best Drilling & Pump, Inc.	141,180	01/23/2017	139,535	1,645		14,820	44,265	74,452	1,389	4,608									139,535	
2017	17-269	Washwater Return Pump Replacement	Rockwell/Electric Motors	20,802	02/15/2017	15,599	5,203				15,599											15,599	
2017	17-269	Washwater Return Pump Replacement	Surface Pumps	20,140		20,139	1					20,139										20,139	
2017	17-286	3600' Back-up Booster Pump	Roadrunner Pump			1,871	(1,871)			1,871												1,871	
2017	17-260	Wind Turbine Interconnection Repairs	Hot-Line	13,107	02/01/2017	12,591	516			43,148	16,095	8,601	13,720	(68,973)								12,591	
2017	17-605	Wind Turbine Generator Rebuild/Repairs (Reclassified from 17-260)	Worldwind Services, Inc.	68,973	02/01/2017	68,973	-							68,973								68,973	
2017	17-601	Well 10 Emergency Rehabilitation	Roadrunner Pump	39,469	03/23/2017	65,875	(26,406)									27,625		16,150	22,099			65,875	
2017	16-411	Clearwell 2950' Discharge Piping and Valve	Southwest Valve & Equip.	36,961	03/01/2017	77,344	(40,383)					33,907	27,413							16,025		77,344	
2017	16-607	2800' Booster No. 1 and 3 Repair	Best Drilling & Pump, Inc.	114,295		63,740	50,555									63,740						63,740	63,440
2017	17-603	WTP Control Room Upgrades	Kuhnhofer	30,458	03/27/2017	19,708	10,750					6,898	12,810									19,708	
2017	12-400	PRGRRP - Construction of Monitoring Wells / Test Basin	Environmental Const.	427,490	04/26/2017	259,212	168,278													66,657	192,555	259,212	160,833
2017	15-611	Camares and Avenue S-14 Water Main Replacement (Spec 1502)				-	-															-	110,000
2017	15-613	Avenue V-5 Water Main Replacement (Spec 1504)				-	-															-	45,000
2017	16-608	Ave. Q-1, Q-2, Q-3, Q-4, and Q-5 @ 5th St. E. Water Main Repl. (Spec 1603)				-	-															-	25,000
2017		Water Meter Replacement Program for 2017				-	-															-	300,000
2017		Parking Lot Resurfacing				-	-															-	110,000
2017		Well No. 6A Rehabilitation				-	-															-	75,000
2017		Well No. 29 Rehabilitation				-	-															-	60,000
2017		Well No. 35 Rehabilitation				-	-															-	60,000
2017	16-611	CL2 Monitoring @ Well Sites				-	-															-	110,000
2017	15-614	Drainage Improvements @ WTP				-	-															-	80,000
2017	16-605	Additional Brine Tank @ WTP				-	-															-	90,000
2017	17-600	Entry Buildings @ Filter and GAC Pipe Gallery Entrance				-	-															-	
2018	12-611	Avenue P-8 Water Main Replacement				-	-															-	
2018	16-602	Avenue P and 25th Water Main Replacement (Spec 1601)				-	-															-	
2018	17-602	13th Street East and Avenue R Water Main Replacement (Spec 1703)				-	-															-	
2018		Ave. P-12, Division, 2nd, 3rd, Stanridge Water Main Repl.				-	-															-	
2018		Sierra Hwy. Tie-In and Abandonment				-	-															-	
2018		Ave. Q-14 and 17th Street East Water Main Replacement				-	-															-	
2018		Ave. Q-10 and 12th Street East Water Main Replacement				-	-															-	
2018		Protective Coatings on WTP Structures				-	-															-	
2018		WTP Infrastructure and Process/Equipment Repairs				-	-															-	
2018	17-606	Electric Car Charging Station	Various Vendors			27,693											21,545	3,752	2,341	55		27,693	
2018-2020		Replacement of Structural Support Beams - WTP Sed. Basins				-	-															-	
2017	17-610	WTP 30" Effluent Flow Meter	Various Vendors			16,699																16,699	16,699
						-	-															-	
						-	-															-	
2017		Ancillary costs related to all project over and above the main contractor	Various Vendors			83,778			7,119	1,325	6,645	5,702	6,602	9,994	2,738	9,628	5,644	7,717	12,812	7,851		83,778	
				\$ 3,055,041		\$ 1,866,484	\$ 1,313,996	211,004	175,106	450,276	208,214	149,021	67,301	103,287	9,380	100,993	27,188	27,619	119,934	217,161	1,655,480	1,292,257	

## Palmdale Water District 2017 Capital Projects - Contractual Commitments and Needs

### Consulting and Engineering Support

Budget Year	Work Order	Project Title	Consultant	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 Total	2018 Carryover
2017	12-400	PRGRRP - CEQA, Permitting, Pre-Design, and Pilot	Kennedy/Jenks	\$ 1,627,000	05/12/2016	\$ 1,516,389	\$ 110,611	1,293,991	2,581	39,889		19,546	70,147	26,806		46,387	10,090	6,952			222,398	110,611
2017	16-412	Well CT Study	Carollo	9,700	09/14/2016	9,700	-	8,245										1,455			1,455	
2017	14-603	Upper Amargosa Recharge Project	City of Palmdale	\$ 1,250,000	12/04/2013	136,561	\$ 1,113,439	129,215							7,346						7,346	
2017	04-501	Littlerock Sediment Removal Project (EIR/EIS/Permitting)	Aspen	869,023	09/14/2016	841,883	27,140	671,136	19,873	10,988	39,137	41,337		20,137	15,089	7,590		16,596			170,747	16,539
		Paid by General Fund	Aspen			65,154								12,192		12,682	12,285			27,994	65,154	34,846
2017	04-501	Littlerock Sediment Removal (Cost Recovery Agreement)	Forest Service	100,000	04/26/2017	100,000	-									100,000					100,000	
2017	15-403	Water Mangement Information System Database	DCSE	12,060	10/26/2016	12,060	-					12,060									12,060	116,069
2017	14-404	Water System Master Plan - CEQA	ESA	174,715	11/09/2016	137,179	37,536			2,230	4,323		10,571	50,504		19,822	22,179	5,222	8,060	14,269	137,179	
2017	17-405	WTP Process Evaluation (As-Needed)	Carollo	35,000	01/11/2017	31,500	3,500						17,500								14,000	31,500
2017	04-501	Littlerock Sediment Removal Project - Design Grade Control Structure		-		-	-															-
2017	17-410	Sanitary Survey Update	Black & Veatch	49,773	07/26/2017	16,012	33,761														16,012	16,012
2018		System Valuation Study		-		-	-															-
2018		Electrical Engineering (As-Needed)		-		-	-															-
2018		Energy Storage - Feasibility and Pilot Study		-		-	-															-
				\$ 4,127,271		\$ 2,866,438	\$ 1,325,987	2,102,587	22,454	53,107	43,460	72,943	98,218	109,638	22,435	186,481	44,554	44,225	8,060	58,275	763,851	351,827

### New and Replacement Equipment

Budget Year	Work Order	Project Title	Vendor/Supplier	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 Total	2018 Carryover
2017	16-413	CIS Software Replacement (Holman Capital Financed)	TruePoint	\$ 475,000	09/14/2016	\$ 425,000	\$ 50,000	50,000	78,284	48,593	42,405	39,858	44,220	94,177	18,563			58,900			425,000	
2017	17-402	Security Improvements @ WTP (Holman Capital Financed) Spec. No. 1702	Siemens	225,674	02/08/2017	214,390	11,284					75,801		68,457	56,050			14,082			214,390	
2017		Security Improvements @ WTP (PWD Paid Expenses) Spec. No. 1702	Siemens																		20,849	20,849
2017	N/A	Increased Data Storage to Support CMS and Growth (Holman Capital Financed)		98,000	01/26/2017	64,825	33,175											64,825			33,175	98,000
		Paid by General Fund																				31,650
2017	N/A	IVR (Holman Capital Financed)	PALITTO	16,000	01/26/2017	15,594	406			7,797							7,797				15,594	
2017	N/A	Payment Kiosk for Customer Care Lobby (Holman Capital Financed)	ADCOMP	21,000	01/26/2017	20,947	53			20,425							522				20,947	
2017	N/A	LIMS - Laboratory Information Management System (Holman Capital Financed)	Promium	40,600	02/08/2017	40,731	(131)					11,406	9,775		9,775	5,865	3,910				40,731	
2018		Water Meter Calibration Bench		-		-	-															-
2017		Power Broom Attachment		-		-	-															-
2018		Online Forms		-		-	-															-
2018		Customer Texting / Mass Communication - Everbridge		-		-	-															-
2018		Conference Bridge - Shoretel		-		-	-															-
2018		Data Center UPS - Whole Room UPS		-		-	-															-
				\$ 876,274		\$ 781,487	\$ 94,787	50,000	78,284	76,815	42,405	127,066	53,995	162,634	84,388	5,865	12,229	137,807	-	54,024	835,511	31,650

### Water Quality Fee Funded Projects

Year	Order	Project Title	Vendor/Supplier	Contract Amount	Approval	Approved to	Contract Balance	Dec. 2016	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 Total
2017	17-401	GAC Replacements @ WTP	Calgon Carbon	\$ 549,477	07/09/2014	\$ 508,431	\$ 41,046				169,477					169,477				169,477	677,908
2017	17-402	GAC Replacement @ Underground Booster Station	Evoqua	250,000	03/10/2017	245,907	4,093						91,409	91,462			63,036				245,907
2017	17-403	Filter Media Testing/Inspection	ERS	18,348	02/10/2017	18,348	-					18,348									18,348
2017	17-404	Replacement Lab Equipment - GCMS/Autosampler	Agilent	125,042	01/11/2017	125,042	-			121,780		3,262									125,042
				\$ 942,867		\$ 897,728	\$ 45,139			121,780	169,477	21,610	91,409	91,462	-	169,477	63,036	169,477	-	169,477	1,067,205

- = Projects that originated from 2013 WRB Funds
- = Project had additional funding paid out by the general fund to complete.
- = General O&M Project that will be re-classed in the near future to capital expenditure.
- = Project is now deemed complete with no further expense.

Summary (W/O GAC)	Totals	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2017 Total
Total Approved Contracts to Date	\$ 8,058,586													
Total Payments on Approved Contracts to Date	5,514,409													
Total Contract Balance to Date	2,734,770													
Non-Operating Capital Expenditures (Committed)	2,433,927	253,390	529,321	254,941	288,147	149,368	328,617	93,767	287,474	125,197	143,092	200,653	317,670	2,433,927
Non-Operating Capital Expenditures (Paid)		175,106	452,506	212,536	161,081	95,373	165,982							
Non-Operating Capital Expenditures (Projected)	(42,289)	-	-	-	-	-	-	-	-	-	-	-	(42,234)	(42,289)
Funding Through Series 2013A WRB (Remaining)	403,920	(22,454)	(50,877)	(39,137)	(60,883)	(70,147)	(46,943)	(22,435)	(53,976)	(10,090)	(23,548)			(400,491)
Funding Through Holman Capital (Remaining)	41,513	(78,284)	(76,815)	(42,405)	(127,066)	(53,995)	(162,634)	(84,388)	(5,865)	(12,229)	(137,807)	-		(781,487)
Funding Available Through Water Supply Fees	629,380	-	(133,286)	-	(178,810)	(24,683)	-	(277,954)	(192,074)					(806,806)

**PALMDALE WATER DISTRICT  
BOARD MEMORANDUM**

**DATE:** February 22, 2018 **February 28, 2018**  
**TO:** BOARD OF DIRECTORS **Board Meeting**  
**FROM:** Mr. Dennis D. LaMoreaux, General Manager  
**RE:** *AGENDA ITEM NO. 8.3.a – February 2018 General Manager Report*

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The following is the January report to the Board of activities through January 2018. It is organized to follow the District's six strategic initiatives adopted in 2017 and is intended to provide a general update on the month's activities. A summary of the initiatives is as follows:



***Water Resource Reliability***

2015 Urban Water Management Plan, drought response  
Palmdale Regional Groundwater Recharge & Recovery Project  
Littlerock Reservoir Sediment Removal Project  
Recycled water allocation and use



***Organizational Excellence***

Maintain formal management/supervisor training and development program  
Maintain competitive compensation and benefits package  
Employee wellness program; Succession planning  
Board/staff events to develop innovative ideas and awards



***Systems Efficiency***

Water system Master Plan update and related EIR  
Reinvestment in aging infrastructure  
Investment, implementation, and training plan for new technology  
Computerized maintenance management software (CMMS)



***Financial Health and Stability***

Pursue Federal and State funding opportunities  
Sustainable and balanced rate structure  
Maintain adequate reserve levels  
Maintain high level bond rating





### ***Regional Leadership***

**Create a regional best practices Antelope Valley partnership**  
**Enhance community partnerships and expand school programs in water education**  
**Emphasize the importance and long history of the District as a community asset**  
**Continue to evaluate District internship needs**



### ***Customer Care and Advocacy***

**Customer Care accessibility through automation**  
**Evaluate, develop, and market additional payment options**  
**Improve customer account management tools**  
**Enhance customer experience through assessment of infrastructure, processes, and policies to maximize the customer care experience**

This report also includes charts that show the effects of the District's efforts in several areas. They are organized within each strategic initiative and include status of upcoming State Water Resources Control Board's (SWRCB) long-term conservation orders, 20 x 2020 status, the District's total per capita water use trends, 2017 water production and customer use graph, mainline leaks, and the water loss trends for both 12 and 24 month running averages.



### ***Water Resource Reliability***

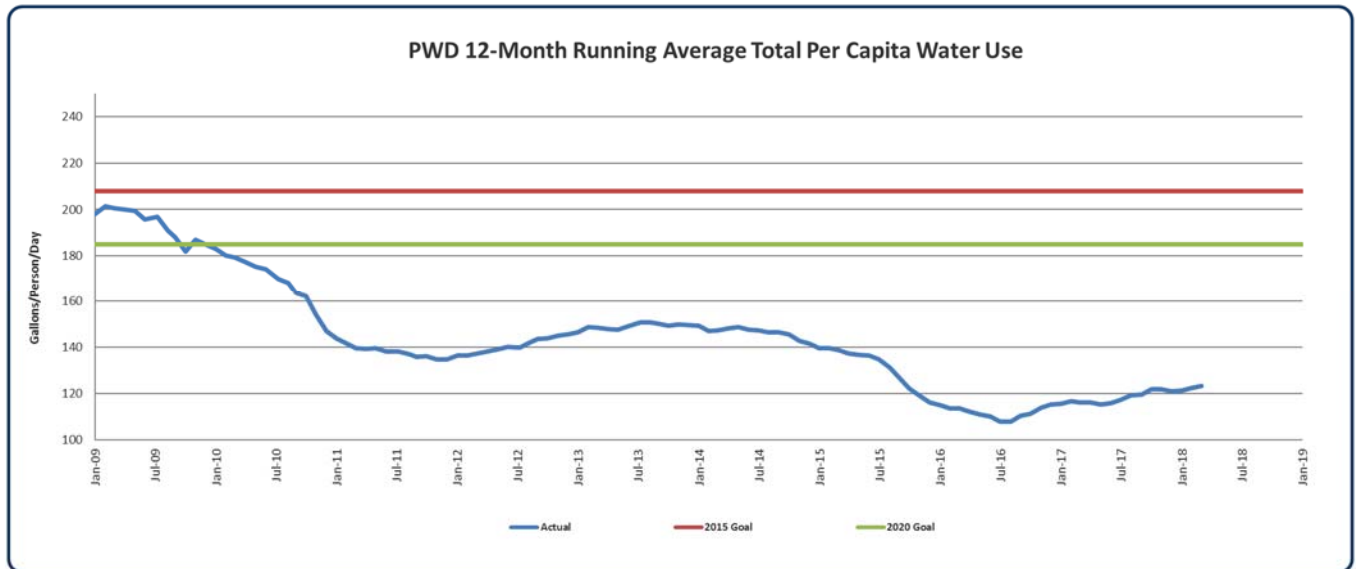
This initiative includes conservation efforts, water supply projects, and water planning.

Recent highlights are as follows:

#### State Water Resources Control Board (SWRCB) Activities

- The SWRCB is anticipated to replace the 20 x 2020 per capita reduction goals passed by the legislature in 2009 with new long-term water budgeting requirements. These are explained in the "Making Water Conservation a California Way of Life" plan. The bills that would establish this are two-year bills. ACWA's position remains opposed unless amended. More discussion is expected on these early this year.

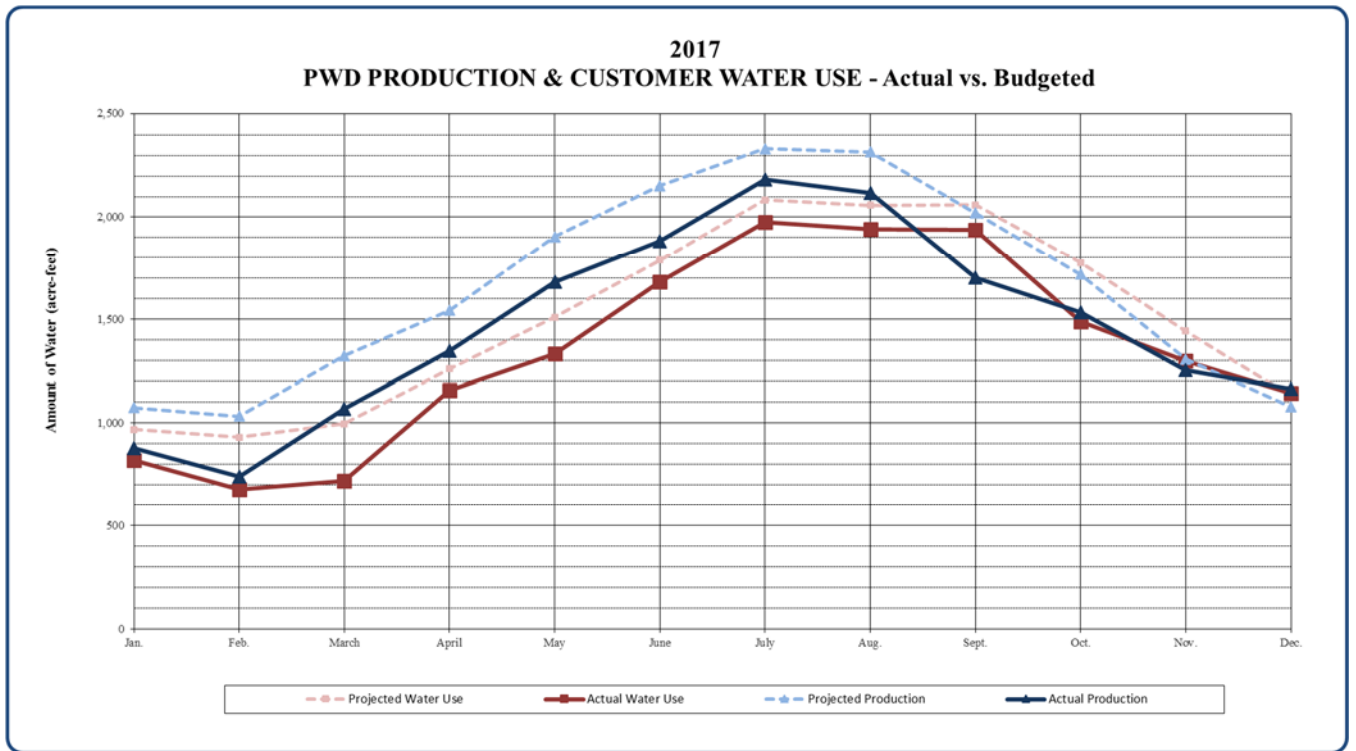
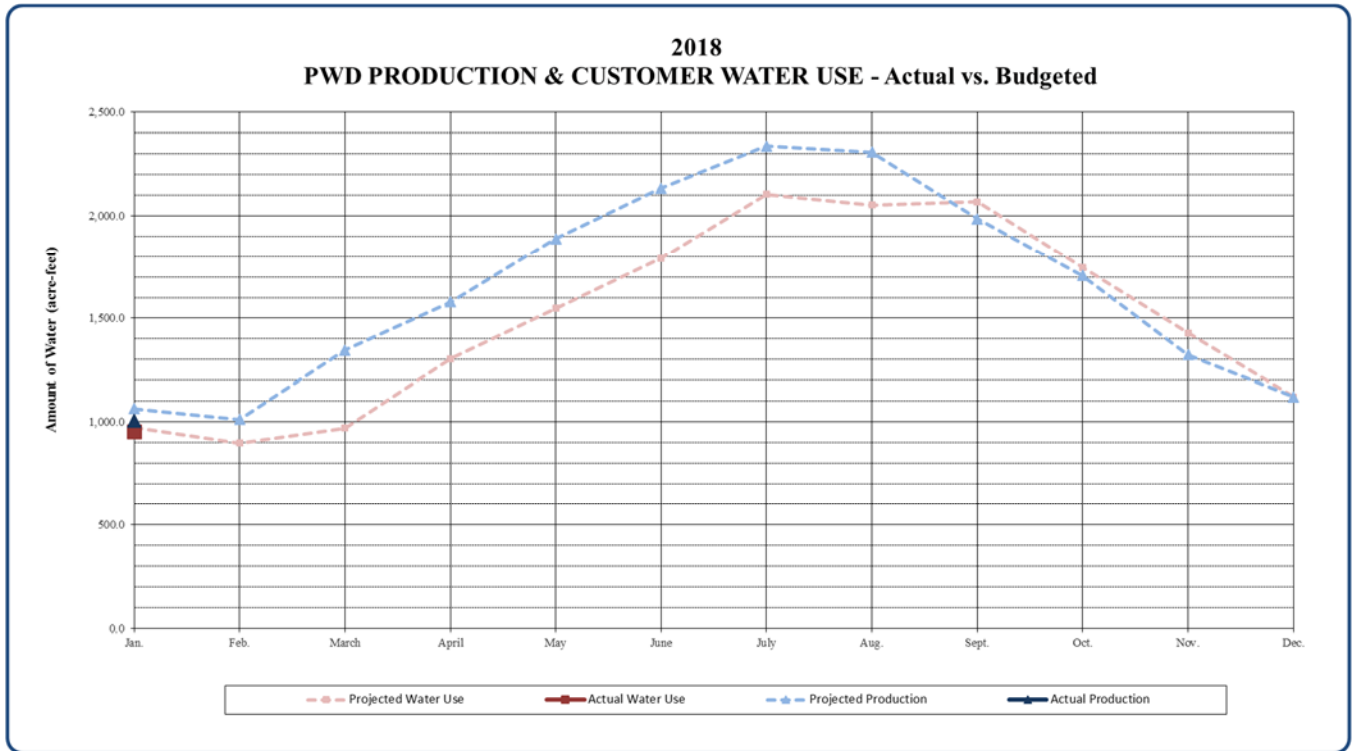
The District's compliance with the 20 x 2020 law is evident from the chart titled "PWD 12-Month Running Average Total Per Capita Water Use:"



The District’s customers have cut their water use by **46.8%** from the baseline number of 231 and met the 2020 Goal in early 2010. The current Total-GPCD is 123.

Water Supply Information

- The staff plan for water resources in 2017 was based on the State Water Project allocation of 85%. It relied heavily on the SWP and substantially reduced groundwater pumping. This strategy has resulted in increased groundwater levels at District well sites and generated future return flow groundwater production rights. The current 2018 allocation is 20%. However, the winter has been very dry, and there is a possibility the final allocation will be less. Staff is planning to bring participation in the 2018 Dry Year Water Program to the Board for action in the near future.
  
- Water and Energy Resources staff has planned for 2018. The plan incorporates available water with the anticipated water usage. The following graph shows actual amounts in January and monthly projections for both production and consumption, based on the prior five years of actual monthly information, for the entire year. It is anticipated that this year’s consumption and production pattern will be similar to 2017. The January production and consumption numbers were higher than they have been for several years. The 2017 chart is added in this report for comparison.





### Other Items

- The Littlerock Reservoir Sediment Removal Project Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was fully approved in 2017. Work is now underway with the various regulatory agencies to obtain the required permits.

Staff is reviewing the grade control structure design and contract documents. Once the design is complete and permits are obtained, construction estimates will be made, financing options evaluated and implemented, the grade control structure contract can be bid, and construction tentatively scheduled to begin this summer.

- The public review of the Draft California Environmental Quality Act (CEQA) EIR for the Palmdale Regional Groundwater Recharge and Recovery Project is complete. The Final EIR was certified by the Board on July 13, 2016, and the Notice of Determination was filed on July 14, 2016. The comments from the SWRCB Recycled Water Division on the Title 22 Engineering Report were addressed and returned for further review. Another set of comments was recently received and are being reviewed.

Construction of monitoring wells and a pilot recharge basin are nearly complete. The initial 28-day recharge test was also completed. The District is now continuing the testing with dry and wet cycles.

- California Water Fix: There have been recent regulatory approvals moving this project forward. The State Water Contractors and the Department of Water Resources are continuing discussions about the Project's financing and operations. These discussions will result in a clearer picture of the effect on individual contractors. Staff is directly involved in these discussions and will be able to update the Board in the future.



### ***Organizational Excellence***

This initiative includes efforts to restructure staff duties and activities to more efficiently provide service to our customers. Recent highlights are as follows:

- The electronic time keeping software was used by staff during most of 2017 and is now our standard practice.
- The 2016/2017 Strategic Plan Update is posted in the board room posters and brochure are now complete. A Spanish translation has been printed and is also posted in the Board room.

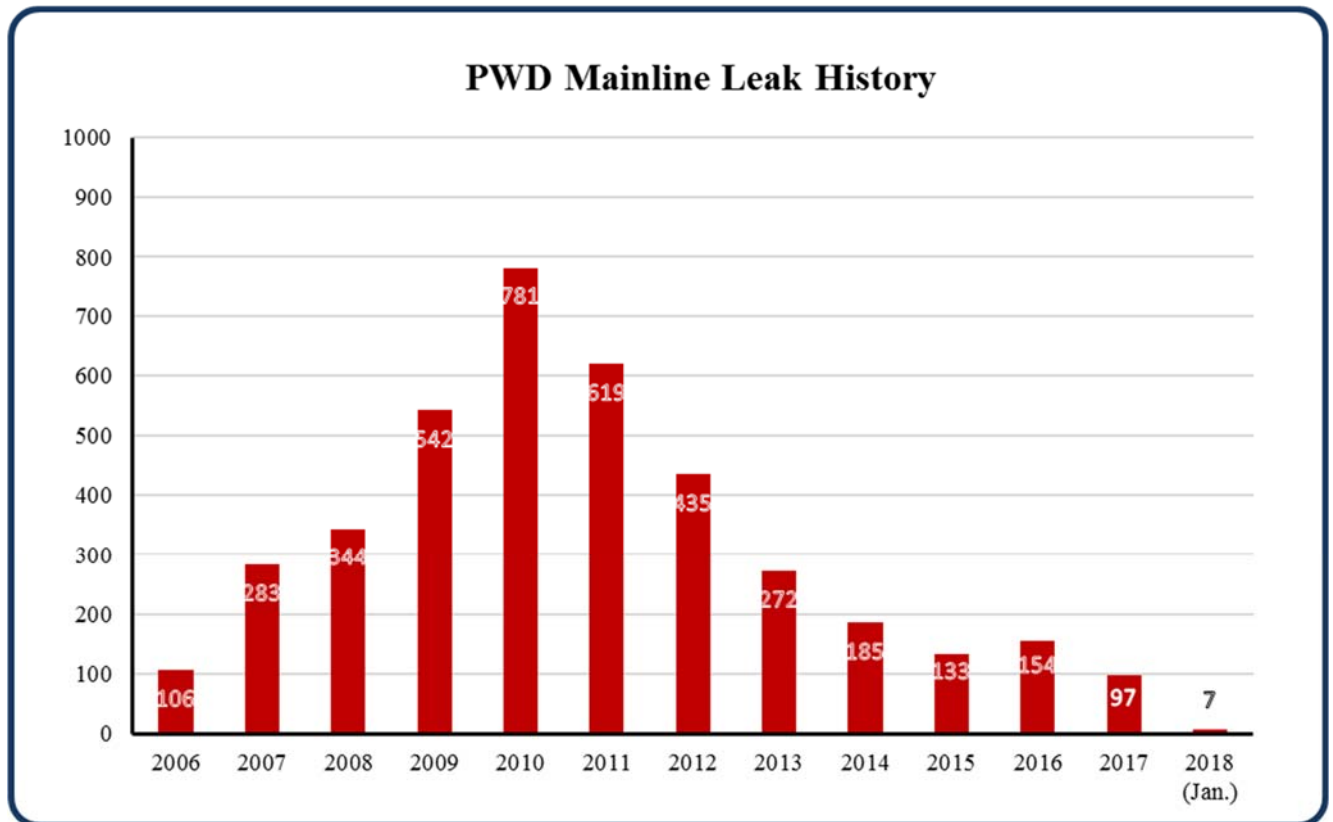
- The Board adopted an updated Strategic Plan for 2018. This will be posted in the Board room in the near future.
- The District is working with other members of the Public Water Agencies Group to hire and share the services of an Emergency Preparedness Coordinator. The MOU was approved by the Board and the action of other agencies is complete and a person has been hired.
- A new logo for the District as part of the 100-year anniversary was approved by the Board at the October 11, 2017 Board meeting. The transition to the new logo is well under way.



### ***Systems Efficiency***

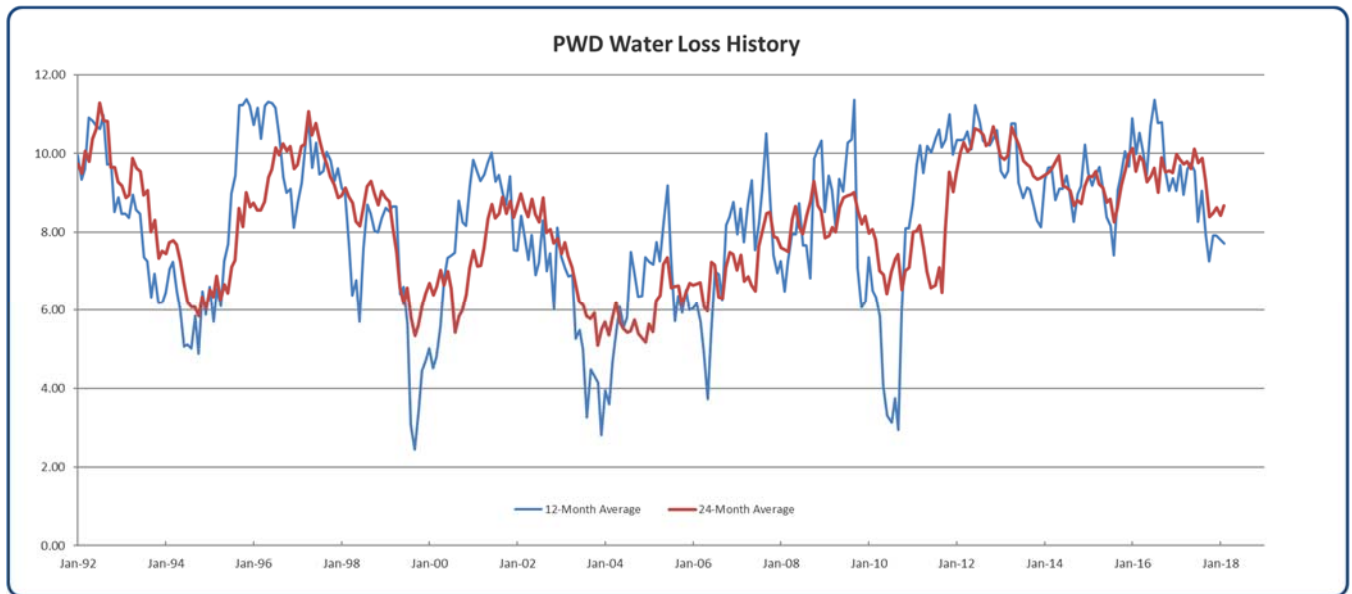
This initiative largely focuses on the state of the District's infrastructure. Recent highlights are as follows:

- Installation of security upgrades for the Leslie O. Carter Water Treatment Plant is operational and complete.
- Water main and water meter replacement projects completed within the funds available in the 2017 Budget and recent years continued the District's efforts to maintain the water system. The effects of the District's past efforts in replacing failing water mains and meters can be seen in the reduced number of mainline leaks. This is illustrated in the chart titled "Mainline Leak History." The mainline leaks through January 2018 are 7 and there were 9 service line leaks. The 2017 total was 97. This was the first time they were under 100 in over ten years.



- The budgeted meter replacement project of approximately 3,300 meters is being planned for 2018.
- Facilities staff is focusing on maintenance activities to incorporate pressure reducing valves and other facilities as their efforts can continue to be more preventative due to a lower number of emergency repairs. A detailed presentation was given to the Board on September 13, 2017 explaining the importance of these activities. The 2018 Budget approved by the Board supported these activities.
- District staff is preparing for the next water main replacement on Camares Drive south of Barrel Springs Road.
- The positive effect of both water main and water meter replacement programs is shown on the chart titled “PWD Water Loss History.” Water losses are now approximately 8%.





### ***Financial Health and Stability***

- Engineering staff has successfully applied for planning grant funding for the Palmdale Regional Groundwater Recharge and Recovery Project and for the Phase II pipeline for the Palmdale Recycled Water Authority. Application packages for further funding have been determined to be complete by the State. A comment letter was also submitted to raise the priority of both projects in the State's funding plan for 2017/2018.

The State is satisfied with resolutions from the City and the District related to the PRWA Phase II funding application for compliance with their repayment requirements. An amendment to the JPA will also be completed to tie these into PRWA. The only outstanding issue is the State's approach to determining the District's Debt Coverage Ratio. They continue to include non-operating expenses into the calculation. Staff and our financial advisor are still working on this issue.

- Water rate changes of 4.25% for 2017, 2018, and 2019 were approved at a Board meeting held November 9, 2016. The resolution is also unique in that it included criteria that, if met, would allow for lesser changes.
- Engineering/Grant Manager Riley has worked with the Bureau of Reclamation for the acceptance of a Feasibility Report for the Palmdale Regional Groundwater Recharge and Recovery Project and having it eligible for funding. Mr. Riley and I visited the Bureau in Denver to discuss future funding opportunities. The Bureau staff was very receptive to the project. Our project is one of 30 from across the country that is eligible to compete

for a portion of \$10M in this year's Federal budget due to the approved Feasibility Report. This competition was recently announced with an application deadline of August 17, 2017. This effort did not result in an award of funds from the Bureau. However, lessons from this submittal will be used in future funding competitions.

- The 2018 Budget was approved by the Board in November 2017. The 2018 Budget was published in January 2018.
  
- Cash-for-Grass Program: The District received a \$75,000 Grant from the Bureau of Reclamation to assist in funding the Cash for Grass Program. A status report on this year's Program will be given in October. The Board approved changes to the program at the October 25, 2017 meeting that will be effective on January 1, 2018 along with the 2018 Budget.



### ***Regional Leadership***

This initiative includes efforts to involve the community, be involved in regional activities, and be a resource for other agencies in the area. Recent highlights are as follows:

- Activities of the Palmdale Recycled Water Authority (PRWA) and Antelope Valley State Water Contractors Association have continued.
  
- The District staff continues to be active in the Antelope Valley Watermaster Board (AVWB) and related meetings.
  
- District staff is active in the local chambers and is on the board of the Palmdale Chamber and GAVEA.
  
- Staff developed a plan and budget for a year-long celebration of the District's 100<sup>th</sup> Anniversary in July, 2018 that was approved by the Board on July 12, 2017. The activities will be announced at this meeting. The first events of an Open House on August 5<sup>th</sup> and the AV Fair parade and office decorating contest were successful. The first public tour of Littlerock Dam and the Leslie O. Carter Water Treatment Plant was successfully conducted on Thursday, September 21, 2017 and have continued on a monthly basis.

Historic displays are in the District lobby and at the Palmdale City Library. These are changed monthly to reflect a new decade as we move closer to the 100<sup>th</sup> Anniversary Celebration on July 22, 2018. The book documenting our first 100 years is also being prepared.

- Staff will work with the Ad-Hoc Committee on a method to better communicate with and involve our customers in the District's activities.



### ***Customer Care and Advocacy***

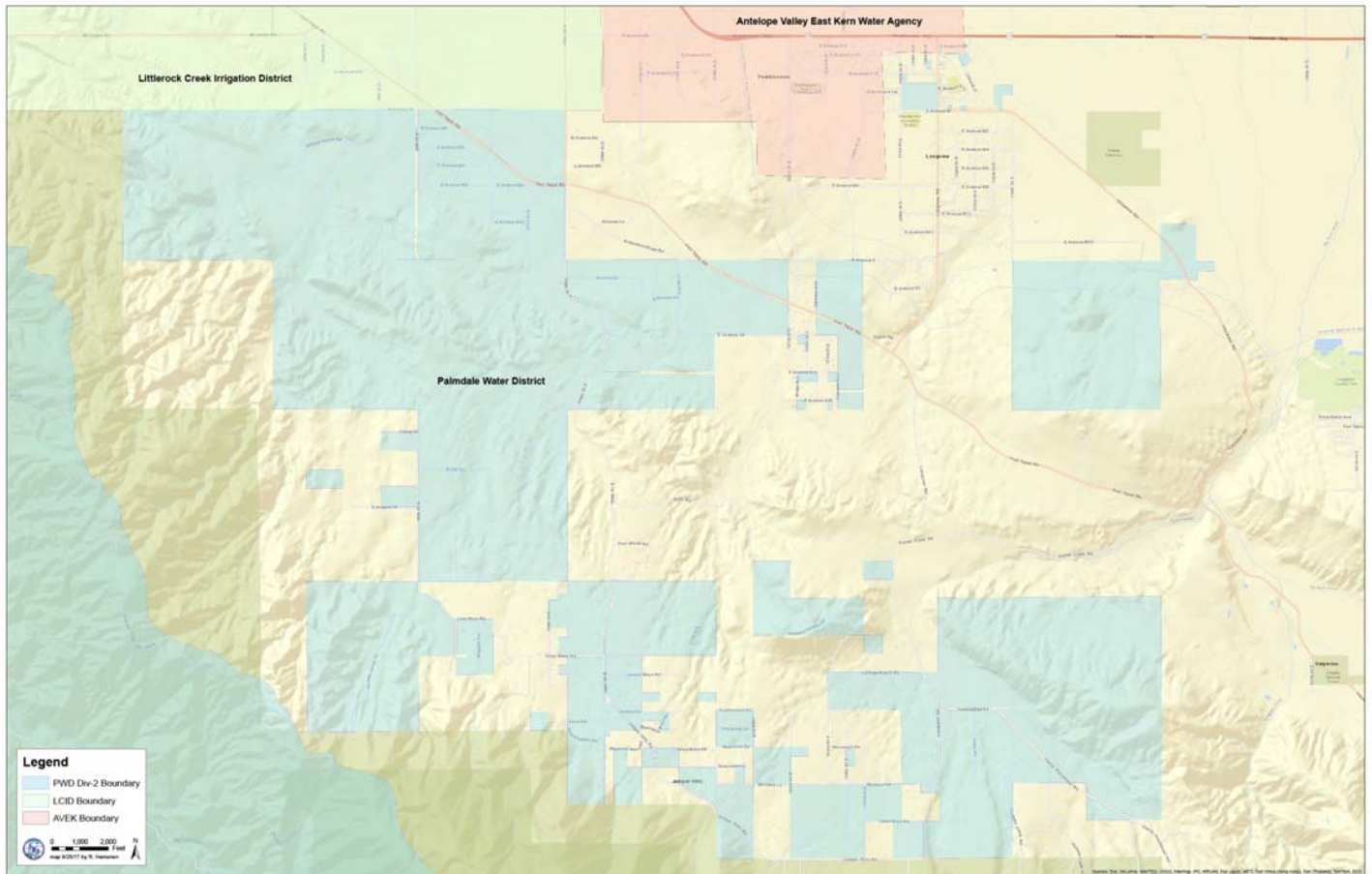
This initiative includes efforts to better serve our customers. Recent highlights are as follows:

- The ability to make payments at 7-Eleven and Family Dollar Store is also continuing to grow.
- A plan to update and improve the front entrance and lobby was approved by the Facilities Committee in March and work is complete. The kiosk is now installed and functioning in the lobby. It hosts service ticketing for customers, a directory of the office, and displays associated with the 100<sup>th</sup> Year celebration.
- Customer Care and Finance staff are now exclusively using TruePoint software. TruePoint has continued to provide solid support and programming changes for any needed adjustments. Staff is continuing to recognize and correct transition issues that arise to minimize any effect on customers.
- Many residents in the Juniper Hills area rely on water hauling companies for their water. A major local source for these companies is no longer available and more distant water sources increase water costs for the residents.

Numerous properties in the Juniper Hills area annexed to PWD in the early 1960's for access to the State Water Project (SWP) and pay the annual assessment for SWP fixed costs. To date, there has not been a way to use the SWP water due to the lack of a water system. However, this allows PWD to act as a water source for water hauling companies for properties within PWD's boundaries in the Juniper Hills area.

The following map was provided for water hauling companies and residents to help them understand who PWD can help serve.





PWD Division 2 Boundaries Near Juniper Hills

The District is requiring submittals documenting a water hauling company's status as part of setting a water meter for their use. We are also using copies of property tax bills to verify the water hauling customers are within PWD's boundaries. Staff reviews the tax bill copies for that verification. Aleshire & Wynder also drafted an agreement for water hauling companies that is intended to protect the District and the water hauling customers. There are currently six (6) residents verified for water deliveries.

Staff attended the Juniper Hills Town Council meeting on November 1, 2017 to explain this approach and answer other questions from the residents. This is an unusual situation and shows the District's commitment to serve all customers within its boundaries, even in the absence of a water distribution system.