



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

BOARD OF DIRECTORS

ROBERT E. ALVARADO
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



October 17, 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
MONDAY, OCTOBER 22, 2018
6:00 p.m.**

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

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

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

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

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

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

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.

- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) None at this time.
- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of minutes of regular meeting held October 8, 2018.
 - 6.2) Payment of bills for October 22, 2018.
 - 6.3) Approval of revisions to Palmdale Water District Rules and Regulations Article 4.07.3 – Director Compensation and Article 4.07.4 – Director Expenses clarifying limitations on the Directors’ annual budgets. (Director Mac Laren/General Counsel Dunn)
 - 6.4) Acknowledge unexcused absence of Director Estes from October 8, 2018 Regular Board Meeting due to lack of notification as required by Article 4.07.2 of the District’s Rules and Regulations. (General Counsel Dunn)
- 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 to waive attorney-client privilege regarding the August 30, 2018 Public Records Act request received from Director Mac Laren. (Director Mac Laren/General Counsel Dunn)
 - 7.2) Consideration and possible action on Resolution No. 18-11 being a Resolution of the Board of Directors of the Palmdale Water District Authorizing the Purchase of Tax Defaulted Properties. (\$51,227.00 – Budgeted (2019) – Engineering/Grant Manager Riley)
 - 7.3) Consideration and possible action on outreach activities for 2018. (Public Affairs Director Shay)
 - a) Outreach plans for remainder of 2018.
 - b) Upcoming events.
 - c) Outreach recommendations from Directors.
 - 7.4) Discussion and overview of 2018 Cultural Survey. (No Budget Impact – Dr. Bill Mathis, The Mathis Group)
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Meetings/General Report.
 - b) Standing Committee/Assignment Reports (Chair):
 - 1) Antelope Valley State Water Contractors Association

- 8.2) Report of General Manager.
 - a) October 2018 written report of activities through September 2018.
- 8.3) 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*.
 - 11.2) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California; Case No. ED CV06-0055-GW*.
- 12) Public report of any action taken in closed session.
- 13) Board members' requests for future agenda items.
- 14) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 16, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Regular Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – APPROVAL OF REVISIONS TO PALMDALE WATER DISTRICT RULES AND REGULATIONS ARTICLE 4.07.3 – DIRECTOR COMPENSATION AND ARTICLE 4.07.4 – DIRECTOR EXPENSES CLARIFYING LIMITATIONS ON THE DIRECTORS’ ANNUAL BUDGETS. (DIRECTOR MAC LAREN/GENERAL COUNSEL DUNN)***

Recommendation:

Staff recommends Article 4.07.3 – Director Compensation and Article 4.07.4 – Director Expenses of the District’s Rules and Regulations be revised to clarify limitations on the Directors’ annual budgets.

Alternative Options:

The Board cannot approve the revision.

Impact of Taking No Action:

The Rules and Regulations will not change.

Background:

At the October 8, 2018 Regular Board Meeting, it was the concurrence of all Directors present at the meeting to revise Articles 4.07.3 and 4.07.4 of the District’s Rules and Regulations to provide additional clarity on the Directors’ annual budgets, compensation, and expenses. These revisions, as discussed at the October 8, 2018 Regular Board Meeting, 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:

This revision will help Directors stay within their annual budget amount.

Supporting Documents:

- Revised Article 4.07.3 – Director Compensation and Article 4.07.4 – Director Expenses of the District’s Rules and Regulations.

4.07.2 PARTICIPATION IN OFFICIAL BUSINESS OF THE DISTRICT

Directors shall attend all regular and special meetings of the Board, including committee meetings, and other functions as approved in advance by the Board of Directors, including those listed in Appendix V. In the event a Director is unable to attend a meeting, or other official business of the District, the Director shall notify the President and General Manager with as much advance notice as reasonably practical, or as soon thereafter as reasonably practical. Failure to attend four consecutive regular meetings of the Board, without the prior approval of the Board, will result in loss of committee assignments. The Board shall excuse absences by approving such absences pursuant to the Consent Calendar at the next regular Board meeting.

4.07.3 DIRECTOR COMPENSATION (Revised 12-11-09, Appendix Updated 6-8-16)

(a) The District has set Director compensation as provided herein, pursuant to Water Code, Section 20200, *et seq.* and Government Code, Section 53232, *et seq.* The Board of Directors shall be compensated for attendance at regular and special meetings of the Board, including committee meetings, and other functions as approved in advance by the Board of Directors, at a rate of \$150.00 per day up to the maximum number of days per month and the maximum annual compensation allowable by law. In addition, Directors shall be entitled to compensation for a day of service in attendance at all meetings and occurrences listed and as indicated in Appendix V, as the Board of Directors has determined those meetings and occurrences constitute performance of official duties rendered as members of the Board. Each Director shall submit, on a form provided by PWD and signed by the Director, the number of days of attendance for which compensation shall be made. Email or FAX submittal of the form shall be acceptable with signature to follow. Compensation for purely social functions is not allowable.

Each individual Director shall have an annual budget amount as set in the annual budget, and Director budget funds shall not be transferred from one Director's individual budget to another Director's individual budget.

(b) Requests for compensation and expense reimbursement relating to any meeting or event not listed in Appendix V shall not be approved, unless the Board determines that the meeting constitutes one of the following:

(i) A conference or organized educational activity conducted in compliance with Government Code Section 54952.2, including, but not limited to, required ethics training pursuant to Government Code Section 53234, *et seq.*

(ii) A meeting or event attended at the formal request of the Board, including an event to recognize, any employee of the District, or members of the public.

(iii) A meeting or event necessary to further communications with representatives of regional, state and national government on District functions.

(iv) A meeting or event of regional, state and national organizations whose activities affect the District's interests.

~~(iv)~~(c) If a Director registers for a meeting, conference, etc. and cancels for a non-emergency reason, any remaining costs after cancellation shall be charged to the Director's budget.

4.07.4 DIRECTOR EXPENSES (Revised 5-24-17)

The District has set the reimbursement for Director expenses as provided herein, pursuant to Water Code, Section 20200, *et seq.* and Government Code, Section 53232, *et seq.* Directors shall be compensated for actual, reasonable and necessary expenses incurred for participating in activities approved in advance by the Board of Directors or as allowed as indicated in Appendix V attached hereto, and that further the goals and interests of the

District, up to the individual Director annual budget amount as set in the annual budget. Any expenses incurred by a Director over the individual annual budget amount shall be the sole responsibility of the Director. The Director shall reimburse the District for any expenses incurred by the District over budget.

This policy is intended to result in no personal gain or loss to a Director and no reimbursement shall be allowed for transportation, lodging, meals or incidental expenses of family members or guests of a Director traveling with the Director to an authorized event.

Directors shall exercise prudence in all expenditures. Requests for reimbursement must be accompanied by detailed receipts showing each item purchased and documentation and shall be submitted on a form provided by the District (included in Appendix V) and signed by the Director. Email or FAX submittal of the form shall be acceptable with signature to follow.

The following guidelines and criteria for reimbursement while traveling on District business have been established for District employees and shall also apply to Directors:

a. Credit Card Use:

Credit cards are issued to Directors and are to only be used for District business and expenses. No personal items may be charged on District credit cards, and all charges must be in line with travel guidelines and policies, and detailed and summary receipts. Director Expense Reports must be submitted within one month of credit card charges.

b. Mileage:

The mileage reimbursement rate to operate privately-owned vehicles used on District business will be the allowable IRS rate in effect at the time the expense is incurred. The mileage distance subject to reimbursement should be calculated based on actual miles traveled.

c. Air Travel:

Air travel should be booked as the least expensive flight. First class travel is prohibited unless there is no other alternative available and the travel on that particular flight is absolutely necessary.

d. Car Rentals:

It is the District's policy to allow the rental of a mid-size automobile for District business. Additional car rental loss and damage coverage may be required, and this requirement should be reviewed with Human Resources prior to rental.

e. Meals:

| <u>Partial Day Travel</u> | <u>Full Day Travel</u> |
|--|------------------------------------|
| Breakfast \$10 <u>\$15.00</u> | \$55 <u>\$75.00/day</u> |
| Lunch \$15- <u>\$20.00</u> | |
| Dinner \$30 <u>\$40.00</u> | |

- There will be no reimbursements or District expenditures for alcohol.
- To be eligible for breakfast reimbursement: Travel must have started prior to 7 a.m. or have stayed overnight;
- To be eligible for lunch reimbursement: Travel must have started prior to 11 a.m. or have stayed overnight. If travel ends prior to noon, lunch expenses will not be eligible for reimbursement.
- To be eligible for dinner reimbursement: Travel must have started prior to 4 p.m. or have stayed overnight. If travel ends prior to 6 p.m., dinner expenses will not be eligible for reimbursement.

f. Lodging:

The reimbursement rate should not exceed the published conference rates for lodging unless the conference hotels are completely full. If full, a hotel with comparable lodging costs should be chosen.

g. Parking:

Parking for District travel shall be reimbursed.

All requests for reimbursement shall be submitted monthly to the General Manager after the expenses were incurred or expenditures made. The General Manager shall ensure prompt payment of the reimbursable expenses and all questions regarding payment of reimbursable expenses to the staff shall be directed to the General Manager. The Finance Committee shall periodically review Director's expense reports and shall prepare such reports and documents as may be required under Government Code Section 53065.5 and Government Code 53232.3.

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 16, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.4 – ACKNOWLEDGE UNEXCUSED ABSENCE OF DIRECTOR ESTES FROM OCTOBER 8, 2018 REGULAR BOARD MEETING DUE TO LACK OF NOTIFICATION AS REQUIRED BY ARTICLE 4.07.2 OF THE DISTRICT’S RULES AND REGULATIONS. (GENERAL COUNSEL DUNN)***

Director Estes was absent from the October 8, 2018 Regular Board Meeting. Article 4.07.2 of the District’s Rules and Regulations states, “In the event a Director is unable to attend a meeting, or other official business of the District, the Director shall notify the President and General Manager with as much advance notice as reasonably practical, or as soon thereafter as reasonably practical.”

Director Estes did not notify the President or General Manager that he would be absent from the October 8, 2018 Regular Board Meeting.

-----Original Message-----

From: Kathy Mac Laren <mac246@pacbell.net>

Sent: Thursday, August 30, 2018 9:36 AM

To: Dennis LaMoreaux <dlamoreaux@palmdalewater.org>

Subject: Request

Dennis,

Per the Freedom of information Act I am requesting e-mails from:

Dennis La Moreaux

Judy Shay

Eric Dunn

Jennifer Emery

Re : Joe Estes for the month of August.

Thanks in Advance,

Kathy Mac Laren Sent from my iPhone
CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

October 9, 2018

Ms. Kathy Mac Laren, Vice President, PWD
37723 Vintage Drive
Palmdale, CA 93550

BOARD OF DIRECTORS

ROBERT E. ALVARADO
Division 1

JOE ESTES
Division 2

MARCO HENRIQUEZ
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

**RE: CALIFORNIA PUBLIC RECORDS ACT REQUEST –
EMAILS-DENNIS LaMOREAUX, JUDY SHAY, ERIC DUNN,
JENNIFER EMERY REGARDING JOE ESTES AUGUST 2018**

Dear Vice President Mac Laren:

In response to your Public Records Act request received August 30, 2018 and in compliance with the requirements of the Public Records Act, the requested information is attached as outlined in the email from General Counsel Dunn wherein he states:

“...As I mentioned in an email to Jennifer and Director MacLaren, I supposed that most if not all of the emails would be exempt from disclosure under either the attorney-client privilege or because they involved a personnel matter. After reviewing the emails I received, that turned out to be correct. Nearly all of them were internal emails with me, with copies to staff. A summary is below. As I stated in my email to Jennifer and Director MacLaren, the attorney-client privilege is something that can be waived, but it must be waived by the client, in this case the Board (or a majority of the Board).

DL: 20 relevant emails; 19 are attorney-client privileged, 1 is disclosable (it was to an outside printing vendor).

JS: 6 relevant emails; 5 are attorney-client privileged, 1 is disclosable (it is a copy of the DL email).

JE: 7 relevant emails; 3 are attorney-client privileged; 4 are disclosable (all of them are Outlook calendar invites).

ED: All are attorney-client privileged.”

There is no charge for this information. Please let me know if you have any questions.

Very truly yours,

DENNIS D. LaMOREAUX, General Manager
DDL/dd

Enclosures

cc: Board of Directors/Mr. Eric Dunn, Esq.

DENNIS LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys



Summer Barrett

Subject: Meeting with Estes
Location: closed session room
Start: Thu 8/23/2018 10:00 AM
End: Thu 8/23/2018 11:00 AM
Recurrence: (none)
Meeting Status: Accepted
Organizer: Dennis LaMoreaux
Required Attendees: Joe Estes; Eric Dunn; Jennifer Emery

J. Emery

Disclosable

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Summer Barrett

Subject: Meeting with Estes
Location: closed session room

Start: Thu 8/23/2018 10:00 AM
End: Thu 8/23/2018 11:00 AM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Dennis LaMoreaux
Required Attendees: Joe Estes; Eric Dunn; Jennifer Emery

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Summer Barrett

Subject: Meeting with Estes
Location: closed session room

Start: Thu 8/23/2018 10:00 AM
End: Thu 8/23/2018 11:00 AM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Dennis LaMoreaux
Required Attendees: Joe Estes; Eric Dunn; Jennifer Emery

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Summer Barrett

Subject: Meeting with Estes
Location: closed session room

Start: Thu 8/23/2018 10:00 AM
End: Thu 8/23/2018 11:00 AM
Show Time As: Tentative

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Dennis LaMoreaux
Required Attendees: Joe Estes; Eric Dunn; Jennifer Emery

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

JS

Summer Barrett

From: Dennis LaMoreaux
Sent: Thursday, August 16, 2018 5:01 PM
To: jorge@venturagraphix.com
Cc: Joe Estes; Judy Shay; Eric Dunn
Subject: Estes Campaign Flyer Question

J. Shay
Discloseable

Good afternoon Mr. Ventura,

The quick answer is **NO** to both of your questions. Neither the District's logo or address can be used by a director for campaign purposes. These are addressed in Section 4 of the District's Rules & Regulations (R&R). The R&R can be found online at http://www.palmdalewater.org/wp-content/uploads/2017/12/RulesRegulations_December2017_FullCopy.pdf. The sections specific to campaigns are in 4.13.1 & 2. Section 4.11 also applies as to the use of the District's address, which is District property. Section 4.12 deals with the use of the District logo. Section 4.12.b specifically prohibits its use in political activities.

Thank you for asking before completing the flyers. Please let me know, rather than Judy, if you have any further questions.

Sincerely,
Dennis D. LaMoreaux
General Manager



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

PALMDALE WATER DISTRICT
2029 East Avenue Q, Palmdale, CA 93550
d: 661-456-1017 • c: 661-917-3031 • f: 661-947-8604
dla-moreaux@palmdalewater.org • www.palmdalewater.org



Hi Judy...

I'm designing some flyers for Joe Estes.

Are we allowed to use the Palmdale Water District logo on his flyer? Its a campaign flyer.
Can we put the water district address, as his address on it?

Let me know....

Thank you

Jorge Ventura
President: Ventura Graphix, Inc.
President: AV Hispanic Chamber of Commerce
Area Director: TEAM Referral Network
Ventura Graphix Lancaster

42309 10th St. West, Lancaster, CA 93534

Ventura Graphix Palmdale
950 E. Palmdale Blvd., #G, Palmdale CA 93551

CONFIDENTIALITY NOTICE: This e-mail message, including any attachments, is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure, or distribution is prohibited. If you are not the intended recipient, please contact the sender by reply e-mail and destroy all copies of the original message.

Summer Barrett

Sent: Thursday, August 16, 2018 4:46 PM
To: jorge@venturagraphix.com
Cc: Joe Estes; Judy Shay; Eric Dunn
Subject: Campaign Flyer Question

D. LAMOREAUX

DISCLOSABLE

(1)

Good afternoon Mr. Ventura,

The quick answer is no to both of your questions. Neither the District's logo or address can be used by a director for campaign purposes. These are contained in Section 4 of the District's Rules & Regulations (R&R). The R&R can be found online at http://www.palmdalewater.org/wp-content/uploads/2017/12/RulesRegulations_December2017_FullCopy.pdf . The sections specific to campaigns are in 4.13.1 & 2. Section 4.11

Dennis D. LaMoreaux
General Manager



PALMDALE WATER DISTRICT
A CITY OF CALIFORNIA

PALMDALE WATER DISTRICT
2029 East Avenue Q, Palmdale, CA 93550
d: 661-456-1017 • c: 661-917-3031 • f: 661-947-8604
dlamoreaux@palmdalewater.org • www.palmdalewater.org



Hi Judy...

I'm designing some flyers for Joe Estes.

Are we allowed to use the Palmdale Water District logo on his flyer? Its a campaign flyer.
Can we put the water district address, as his address on it?

Let me know....

Thank you

Jorge Ventura
President: Ventura Graphix, Inc.
President: AV Hispanic Chamber of Commerce
Area Director: TEAM Referral Network
Ventura Graphix Lancaster

42309 10th St. West, Lancaster, CA 93534

Ventura Graphix Palmdale
950 E. Palmdale Blvd., #G, Palmdale CA 93551
661-412-2737

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 16, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Jim Riley, Engineering/Grant Manager
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 18-11 BEING A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUTHORIZING THE PURCHASE OF TAX DEFAULTED PROPERTIES. (\$51,227.00 – BUDGETED (2019) – ENGINEERING/GRANT MANAGER RILEY)***

Recommendation:

Staff recommends the Board approve Resolution No. 18-11 authorizing the purchase of tax defaulted property specified on Exhibit A of the Agreement to Purchase Los Angeles County Tax-Defaulted Property. The total purchase price for all three parcels is \$51,227.00. It will not be due and payable until 2019 at the earliest.

Alternative Options:

The District can choose to not purchase subject properties and wait until specific facilities are needed in the future. The risk associated with waiting is the District may lose the current opportunity to acquire properties at a very reasonable cost to the District.

Background:

Twice a year the District receives a list of properties from the County of Los Angeles Tax Collector (Tax Collector) that lists all properties within Los Angeles County that are in tax-default and subject to public sale. District staff reviews said list and looks at vacant property that will be beneficial to the District for future facilities and infrastructure.

The District submitted a letter to the Tax Collector expressing interest in several parcels, and the Tax Collector responded with an offer to purchase these parcels. They are requesting a Resolution be approved by the Board of Directors and the attached Agreement be executed.

October 16, 2018

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Initiative No. 1 – Water Resource Reliability.
This item directly relates to the District’s Mission Statement.

Budget:

The purchase of these tax defaulted properties will be included in the 2019 Budget.

Supporting Documents:

- Resolution No. 18-11
- Agreement to Purchase Los Angeles County Tax-Defaulted Property
- Map showing location of properties
- October 4 and 11, 2018 letters from Tax Collector regarding the District’s purchase of tax defaulted properties

**PALMDALE WATER DISTRICT
RESOLUTION NO. 18-11**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF
PALMDALE WATER DISTRICT AUTHORIZING THE PURCHASE
OF TAX DEFAULTED PROPERTIES**

WHEREAS, the real properties described as Assessor’s Identification Numbers (AIN) 3024-031-049, 3051-014-018, and 3051-014-022 are situated within and/or adjacent to the boundaries of the Palmdale Water District (“District”), and the District has an interest in acquiring said properties; and

WHEREAS, said real properties are tax defaulted and subject to the power of sale by the tax collector of Los Angeles County for the non-payment of taxes, pursuant to provision of law.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District authorizes the Palmdale Water District to purchase said tax defaulted properties.

BE IT FURTHER RESOLVED, that the Board of Directors of the Palmdale Water District authorizes the Palmdale Water District to pay the total purchase price listed for each real property described, including all costs related to the purchase, including, but not limited to, cost of notification, cost of publication, cost of postage, title report fee and Forfeited State Lands Fee.

BE IT FURTHER RESOLVED, that District staff is hereby authorized and directed to prepare such additional documents and take such further actions as may be necessary to implement this Resolution.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the Board of Directors of Palmdale Water District held on October 22, 2018.

Vincent Dino, President
Palmdale Water District

Joe Estes, Secretary
Palmdale Water District

Approved As To Form:

Eric Dunn
General Counsel

**AGREEMENT TO PURCHASE
LOS ANGELES COUNTY TAX-DEFAULTED PROPERTY
(Public/Taxing Agency)**

This Agreement is made this _____ day of _____, 20___, by and between the Board of Supervisors of Los Angeles County, State of California, and the Palmdale Water District (Purchaser), pursuant to the provisions of Division 1, Part 6, Chapter 8, of the Revenue and Taxation Code.

The real property situated within said county, hereinafter set forth and described in Exhibit A attached hereto and made a part hereof, is tax-defaulted and is Subject to the Tax Collector's Power to Sale by said county for the nonpayment of taxes, pursuant to provision of law.

It is mutually agreed as follows:

1. That as provided by Section 3800 of the Revenue and Taxation Code, the cost of giving notice of this agreement shall be paid by the PURCHASER.
2. That the PURCHASER agrees to pay the total purchase price listed for each real property described in Exhibit A within 14 days after the date this agreement becomes effective. Upon payment of said sum to the tax collector, the Tax Collector shall execute and deliver a deed conveying title to said property to PURCHASER.
3. That the PURCHASER agrees that the real property be used for the public use specified on Exhibit A of this agreement.
4. That if said PURCHASER is a taxing agency, as defined in Revenue and Taxation Code section 121, it will not share in the distribution of the payment required by this Agreement.

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Deputy County Counsel

If all or any portion of any individual parcel listed in Exhibit A is redeemed prior to the effective date of this agreement, this agreement shall be null and void only as it pertains to that individual parcel.

§§3791, 3791.3, 3793 R&T Code
Revised 11/15

The undersigned hereby agree to the terms and conditions of this agreement and are authorized to sign for said agencies.

ATTEST: _____
Palmdale Water District
(Seal)

By _____

Title

ATTEST: **BOARD OF SUPERVISORS, COUNTY OF LOS ANGELES**

By _____
Executive Officer-Clerk
of the Board of Supervisors

By _____
Chair of the Board of Supervisors

By _____
Deputy

(Seal)

This agreement was submitted to me before execution by the Board of Supervisors and I have compared the same with the records of Los Angeles County relating to the real property described therein.

Los Angeles County Tax Collector

Pursuant to the provisions of section 3795, the State Controller approves the foregoing agreement this _____ day of _____, _____.

BETTY T. YEE
CALIFORNIA STATE CONTROLLER

By: _____
Karen Garcia, Manager
Government Compensation and Property Tax Standards Section

EXHIBIT A

REAL PROPERTY DESCRIPTION AND PURCHASE PRICE

| ITEM | DESCRIPTION |
|----------------------------------|---|
| Supervisory District | 5TH |
| Location | CITY OF PALMDALE |
| Address | VACANT LOT (NO ADDRESS ASSIGNED) |
| Assessor's Identification Number | 3018-019-008 |
| Legal Description | RECORD OF SURVEY AS PER BK 61 PG 25 OF R S LOT EX OF STS COM AT NE COR OF LOT 8 TH S 0 ^c 14'50" E 185.55 FT TH S 89 ^c 55'28" W TO W LINE OF SD LOT TH N THEREON 185.82 FT TH E 335.49 FT TO BEG PART OF LOT 8 |
| Size/Area | 41,603 SQ. FT. |
| Agreement Number | 2802 |
| First Year of Default | 2014 |
| Estimated Purchase Price | \$8,965 |
| Purpose of Acquisition | DISTRICT DISTRIBUTION FACILITIES |

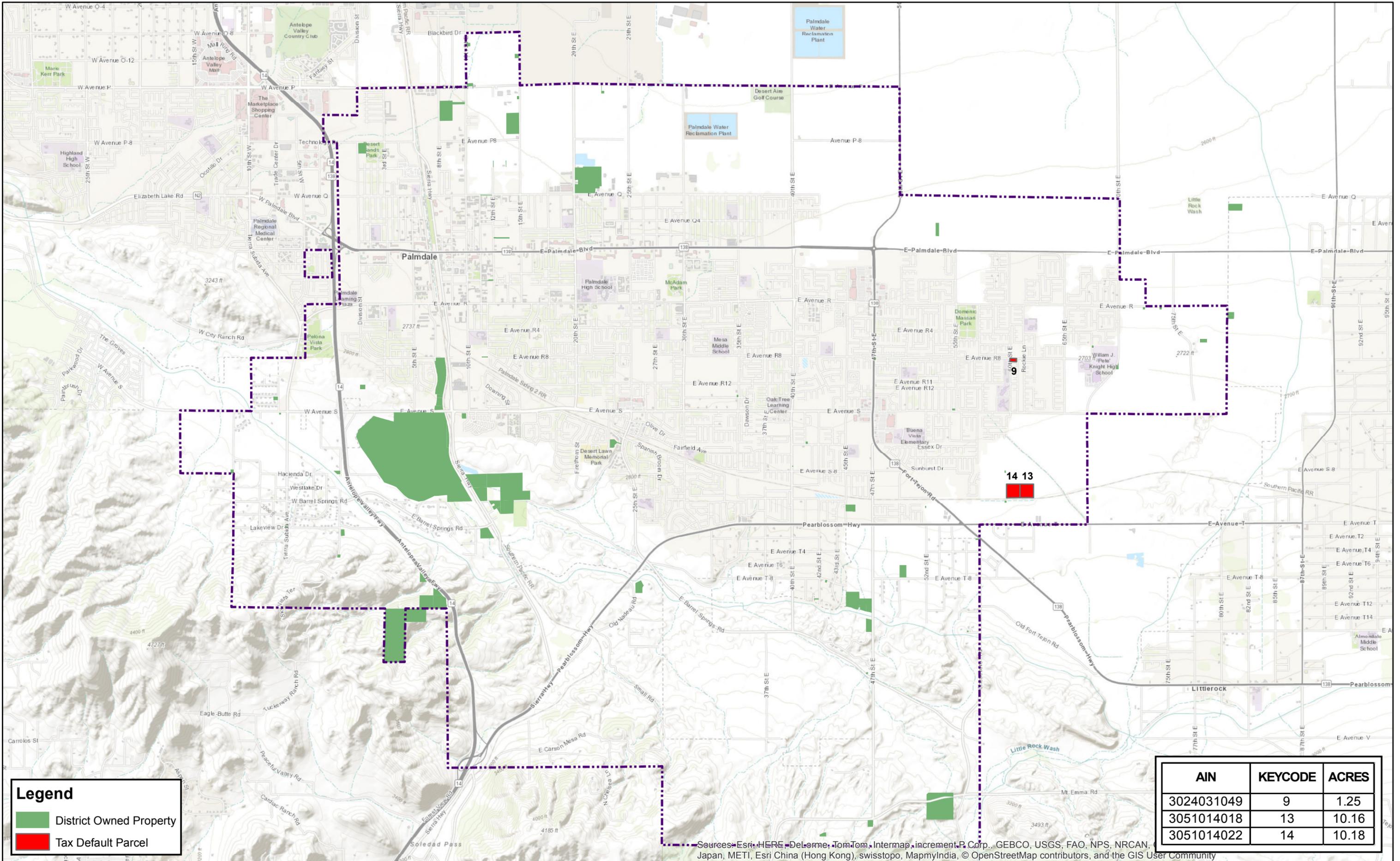
| ITEM | DESCRIPTION |
|----------------------------------|---|
| Supervisory District | 5TH |
| Location | CITY OF PALMDALE |
| Address | VACANT LOT (NO ADDRESS ASSIGNED) |
| Assessor's Identification Number | 3024-031-049 |
| Legal Description | 1.25 MORE OR LESS ACS N 1/2 OF N 1/2 OF N 1/2 OF N 1/2 OF W 20 ACS OF SW 1/4 OF SEC 35 T 6N R 11W |
| Size/Area | 54,393 SQ. FT. |
| Agreement Number | 2802 |
| First Year of Default | 2014 |
| Estimated Purchase Price | \$19,863 |
| Purpose of Acquisition | DISTRICT DISTRIBUTION FACILITIES |

Note: The estimated purchase price is a nine-month projection comprised of delinquent taxes and redemption penalties accrued at a rate of 1.5 percent per month. The projected costs of the Chapter 8 Agreement Sale will be added to the final purchase price, and include the costs of notification, publication, postage, title report, recording, and State and transfer taxes, if applicable.

| ITEM | DESCRIPTION |
|----------------------------------|--|
| Supervisory District | 5TH |
| Location | CITY OF PALMDALE |
| Address | VACANT LOT (NO ADDRESS ASSIGNED) |
| Assessor's Identification Number | 3051-014-018 |
| Legal Description | SE 1/4 OF NE 1/4 OF SW 1/4 OF SEC 3 T 5N R 11W |
| Size/Area | 442,495 SQ. FT. |
| Agreement Number | 2802 |
| First Year of Default | 2014 |
| Estimated Purchase Price | \$15,684 |
| Purpose of Acquisition | DISTRICT DISTRIBUTION FACILITIES |

| ITEM | DESCRIPTION |
|----------------------------------|--|
| Supervisory District | 5TH |
| Location | CITY OF PALMDALE |
| Address | VACANT LOT (NO ADDRESS ASSIGNED) |
| Assessor's Identification Number | 3051-014-022 |
| Legal Description | SW 1/4 OF NE 1/4 OF SW 1/4 OF SEC 3 T 5N R 11W |
| Size/Area | 443,291 SQ. FT. |
| Agreement Number | 2802 |
| First Year of Default | 2014 |
| Estimated Purchase Price | \$15,680 |
| Purpose of Acquisition | DISTRICT DISTRIBUTION FACILITIES |

Note: The estimated purchase price is a nine-month projection comprised of delinquent taxes and redemption penalties accrued at a rate of 1.5 percent per month. The projected costs of the Chapter 8 Agreement Sale will be added to the final purchase price, and include the costs of notification, publication, postage, title report, recording, and State and transfer taxes, if applicable.



Legend

- District Owned Property
- Tax Default Parcel

| AIN | KEYCODE | ACRES |
|------------|---------|-------|
| 3024031049 | 9 | 1.25 |
| 3051014018 | 13 | 10.16 |
| 3051014022 | 14 | 10.18 |

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P. Corp., GEBCO, USGS, FAO, NPS, NRCAN, Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

TAX DEFAULT PARCELS 2018-A



JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
225 North Hill Street, Room 130, Los Angeles, California 90012
Telephone: (213) 974-1680 Fax: (213) 680-3648
ttc.lacounty.gov and lacountypropertytax.com

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

October 4, 2018

Daniel A. Maldonado
Palmdale Water District
2029 E. Avenue Q
Palmdale, California 93550

Dear Mr. Maldonado:

**ASSESSOR'S IDENTIFICATION NUMBERS:
3018-019-008, 3024-031-049, 3051-014-018, 3051-014-022
CHAPTER 8 AGREEMENT SALE NUMBER 2802 – 2018A TAX SALE**

We received your correspondence and application stating your interest in purchasing the above referenced tax-defaulted properties subject to the Tax Collector's Power to Sell for the purpose of District distribution facilities. This acquisition is pursuant to the provisions of Division 1, Part 6, Chapter 8 of the Revenue and Taxation Code (R&TC).

Enclosed are two copies of the Agreement Sale to Purchase Tax-Defaulted Property. The purchase price quoted on the attached Exhibit A is in accordance with R&TC, Section 3793.1, which states, in part, that the purchase price is the amount due during the month of the effective agreement date.

As such, the purchase price quoted is an approximation based on a projection of the agreement finalizing in nine months from the date of this letter.

If the effective agreement date is less than or greater than the projected nine-month turnaround time, we will adjust the purchase price accordingly. Please be aware that, in addition to the purchase price, your agency will be responsible for the projected costs related to preparing the parcels for sale, which average \$2,000 per property.

Also, enclosed is a Chapter Agreement Sale Checklist. This checklist contains a list of required documents that must accompany your Agreement to Purchase Tax-Defaulted Property.

Daniel A. Maldonado
October 4, 2018
Page 2

Our office will not proceed with the Chapter 8 Agreement Sale until we receive all required documents, due no later than 60 days from the date of this letter.

Should you have any questions, you may contact Le Cresha Gipson, Tax Services Supervisor, of my staff at (213) 974-0871 or lgipson@ttc.lacounty.gov.

Very truly yours,

JOSEPH KELLY
Treasurer and Tax Collector



Sergio Marquez
Assistant Operations Chief
Tax Defaulted Property Section
Secured Property Tax Division

SM:LG:jd

Enclosures



JOSEPH KELLY
TREASURER AND TAX COLLECTOR

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration
225 North Hill Street, Room 130, Los Angeles, California 90012
Telephone: (213) 974-0871 Fax: (213) 680-3648
ttc.lacounty.gov and lacountypropertytax.com

Board of Supervisors
HILDA L. SOLIS
First District
MARK RIDLEY-THOMAS
Second District
SHEILA KUEHL
Third District
JANICE HAHN
Fourth District
KATHRYN BARGER
Fifth District

October 11, 2018

Daniel A. Maldonado
Palmdale Water District
2029 E. Avenue Q
Palmdale, California 93550

Dear Mr. Maldonado:

ASSESSOR'S IDENTIFICATION NUMBER 3018-019-008 CHAPTER 8 AGREEMENT SALE NUMBER 2802 – 2018A TAX SALE

This is to inform you that the defaulted taxes on the above-referenced property have been redeemed. Therefore, this property is no longer eligible for purchase through the Chapter 8 Agreement Sale. Agreement 2802 remains active with Assessor's Identification Numbers 3024-031-049, 3051-014-018 and 3051-014-022.

Should you have any questions, you may contact me at (213) 974-0871 or e-mail ch8@ttc.lacounty.gov.

Very truly yours,

JOSEPH KELLY
Treasurer and Tax Collector

Juana M. Dueñas
Tax Services Specialist
Tax Defaulted Property Section
Secured Property Tax Division

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 16, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Ms. Judy Shay, Public Affairs Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.3 – CONSIDERATION AND POSSIBLE ACTION
ON OUTREACH ACTIVITIES FOR 2018. (PUBLIC AFFAIRS
DIRECTOR SHAY)***

A detailed report on the Outreach activities listed below will be provided at the Board meeting.

- a) Outreach plans for remainder of 2018.
- b) Upcoming events.
- c) Outreach recommendations from Directors.

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 16, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 7.4 – DISCUSSION AND OVERVIEW OF 2018 CULTURAL SURVEY. (NO BUDGET IMPACT – DR. BILL MATHIS, THE MATHIS GROUP)*

Dr. Bill Mathis, The Mathis Group, will provide an overview of the results of the 2018 Cultural Survey at the Board meeting.

Supporting Documents:

- Mathis Consulting Group “Board Discussion and Outline”
- Mathis Consulting Group “5 Definitions We Measure”

October 22, 2018

Board Discussion and Outline

- 1. Advanced measuring of the progress made in creating a high-performance culture;**
- 2. Discuss new Vision and areas that the Board can provide leadership – 44% gain in overall performance;**
- 3. Demonstrate new 5 factors measured (handout);**
- 4. Reduction of Defensive or limiting beliefs**

Goal Focus is Board's biggest strength; work on relationships and altruism;

5. Continue looking with staff on:

- Structure
- Systems
- Job Design
- Leadership (Optimism)

6. Next Steps:



5 DEFINITIONS WE MEASURE

Efficacy

Measures the extent to which organizations expect and encourage their members to approach tasks with a sense of accomplishment and resistance.

High on:

- Higher levels of employees' engagement
- Be more responsive to needs of citizens
- Embrace continuous improvement.

Goals:

The goals factor measures the extent to which organizations expect and encourage their members to focus on the future by leveraging strength from the past.

Tendencies:

- Move towards a vivid image of the future
- Self-correct and adjust their approach to ensure the achievement of a goal
- Make rational choices.

Approach:

Measure the extent that organizations expect and encourage their members to balance the drive for task accomplishment with the need to engage others in the process.

Results:

- Achieve extraordinary results
- Operate with high levels of ethics
- Communicate the 'why' along with the 'what'

Relationships:

Measures the extent to which organizations expect and encourage their staff to work well together and to collaborate.

High Scores:

- Leverage team work for superior customer service
- Communicate effectively within and between departments
- Build strong succession plan.

Altruism:

Measures the extent to which organizations expect members to connect with others with a higher purpose and meaning for what they do.

Results:

- Retain good employees longer
- Attract new employees with consistent values to the organization
- Have a strong brand in the Community.

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: October 17, 2018 **October 22, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 8.2.a – OCTOBER 2018 GENERAL MANAGER REPORT*

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



Water Resource Reliability

- Complete the 2018 phase of the Upper Armagosa Creek Recharge Project
- Ensure Palmdale Recycled Water Authority (PRWA) to be fully operational by year 2020
- Adopt new state-of-the-art water treatment technologies
- Implement the Antelope Valley Groundwater Adjudication agreement
- Complete the grade-control structure for the Littlerock Reservoir Sediment Removal Project
- Continue the next phase towards the completion of Palmdale Regional Groundwater Recharge and Recovery Project
- Identify and pursue opportunities to increase the reliability of water supply



Organizational Excellence

- Offer competitive compensation and benefits package to promote employee retention
- Focus Succession Planning Program on ensuring an overlap of training for key positions
- Continue providing transparency to our ratepayers
- Promote and support leadership training and professional development programs to enhance the District's customers' experience



Systems Efficiency

- Implement 2016 Water System Master Plan
- Develop a five-year Infrastructure Revitalization Plan to continue the reinvestment and preventative maintenance for aging infrastructure
- Explore energy independence
- Continue being the industry's leader on the use of Granular Activated Carbon (GAC)
- Research and test new technologies to increase efficiencies
- Improve safety and training for Directors, employees and customers
- Develop a crisis communications plan



Financial Health and Stability

- Pursue additional grant funding for all District projects**
- Adopt a sustainable and balanced rate structure to meet short and long-term needs**
- Create a five-year financial plan in conjunction with the 2019 Water Rate Plan**
- Maintain adequate reserve levels, high-level bond rating, and financial stability**



Regional Leadership

- Enhance relationships with Antelope Valley partnerships, including local water agencies, Antelope Valley State Water Contractors Association and the Palmdale Recycled Water Authority**
- Expand school water education programs**
- Engage elected officials in water-related issues**
- Continue offering career opportunities through the Internship Program**
- Provide opportunities for local businesses to contract with the District**



Customer Care, Advocacy and Outreach

- Increase Customer Care accessibility through communication and feedback to enhance customers' experience**
- Evaluate, develop, and market additional payment options**
- Be point of communication for customers' water-related public health concerns**
- Develop the District's Public Outreach Plan**
- Increase public awareness of the District's history and promote centennial anniversary**

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 the State Water Resources Control Board's (SWRCB) long-term conservation orders, 20 x 2020 status, the District's total per capita water use trends, 2018 water production and customer use graph, mainline leaks, and the water loss trends for both 12 and 24 month running averages.



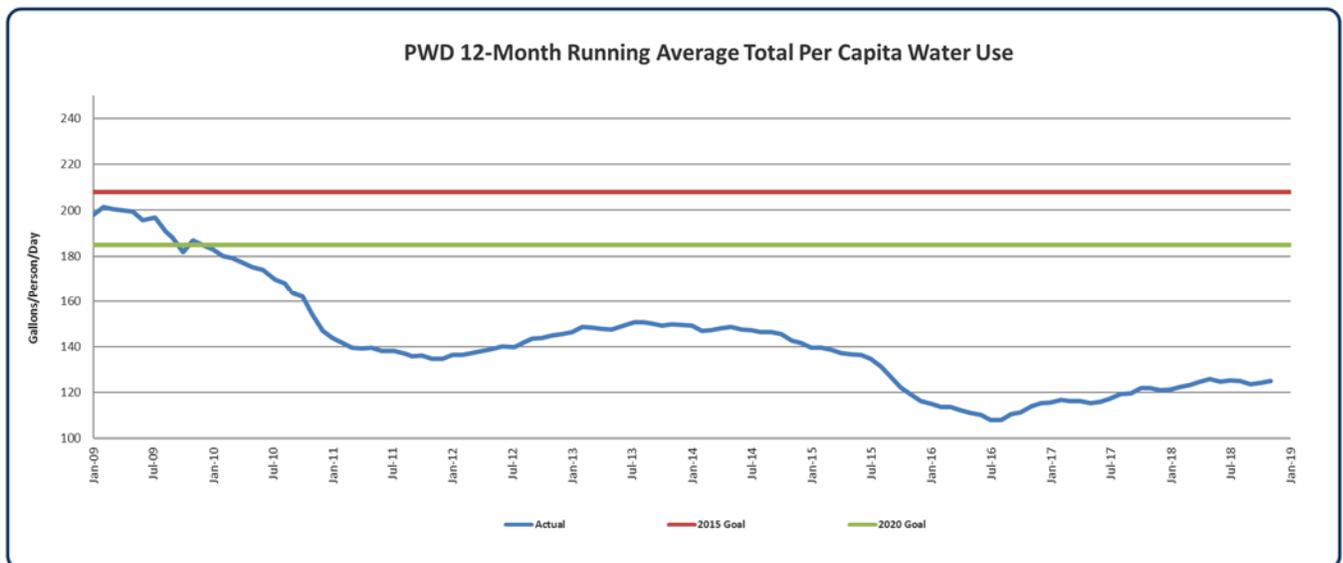
Water Resource Reliability

This initiative includes conservation efforts, water supply projects, and water planning. Recent highlights are as follows:

State Water Resources Control Board (SWRCB) Activities

- The 20 x 2020 per capita reduction goals passed by the legislature in 2009 with new long-term water budgeting requirements have now been replaced with new requirements and water agency water budgets. These follow through on the “Making Water Conservation a California Way of Life” plan. The District expects to easily comply with the new requirements as they are based on the same philosophy as the District water budget rate structure.

The District’s compliance with the former 20 x 2020 law is evident from the chart titled “PWD 12-Month Running Average Total Per Capita Water Use.”:

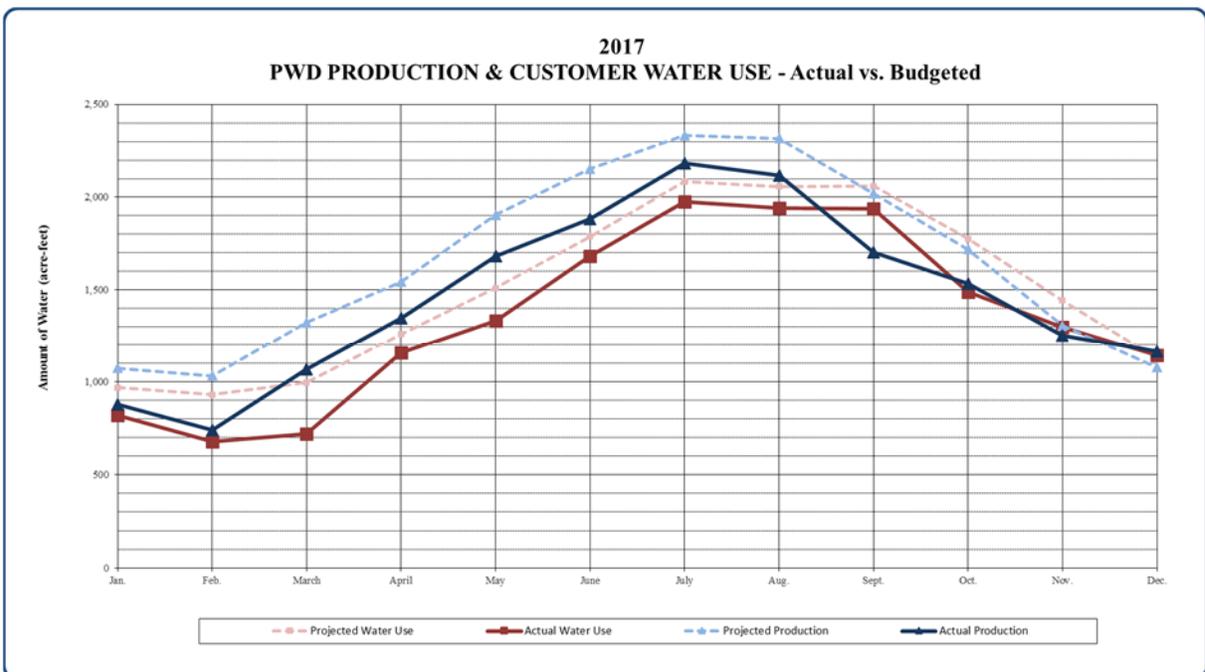
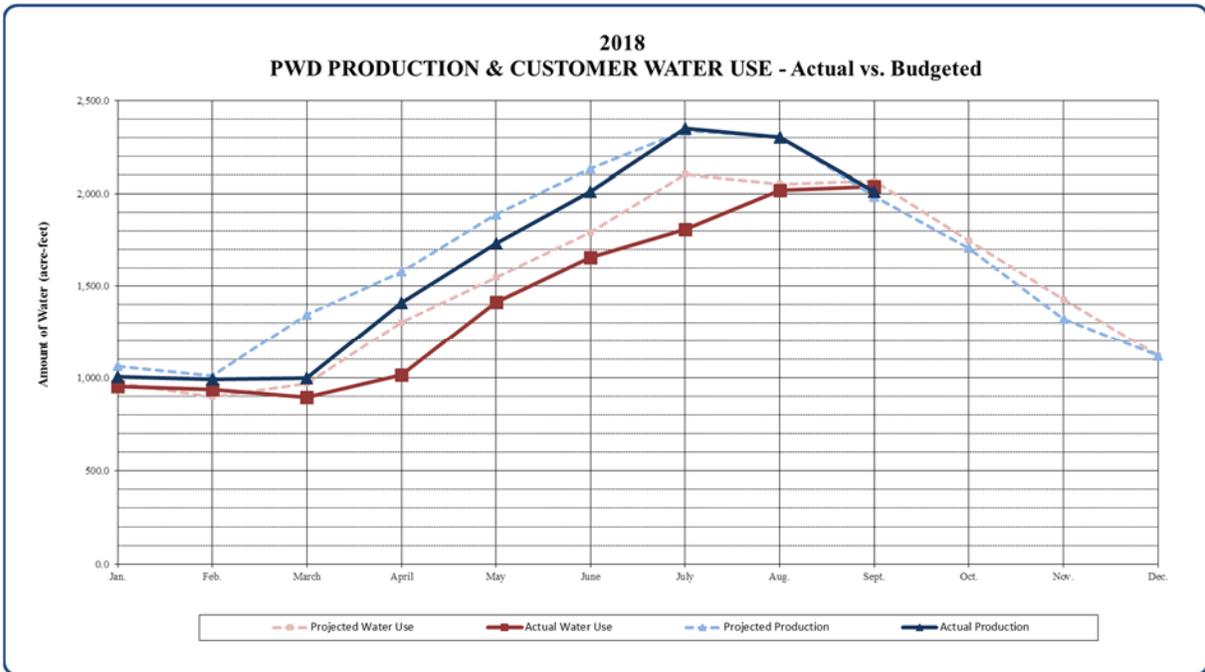


The District’s customers have cut their water use by **45.9%** from the baseline number of 231 and met the 2020 Goal in early 2010. The current Total-GPCD is 125.

Water Supply Information

- The 2018 State Water Project allocation is 35%. The AV Adjudication is now in its third year, and the rampdown to the native safe yield has begun. The District’s native groundwater rights rampdown is now 2,769.63 AF. Other groundwater rights for 2018 are 1,452.27 AF of unused Federal Reserve Rights, 3,828.41 AF of Return Flow Rights, and 3,911.94 AF of Carryover Rights. These groundwater rights total 11,962.55 AF. However, the District only plans to use approximately 8,000 AF and will carryover the remaining rights.

- The 2018 water resources plan incorporates available water with the anticipated water usage. The following graph shows actual amounts through September 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 production numbers are 8.9% and consumption numbers 4.0% higher this year than in 2017. 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. All required permits are in place and a construction contract for the Grade Control Structure was awarded in July 2018 to ASI Construction, LLC of Colorado Springs.

Staff is working with ASI to assess the effect of starting the Project later in the year than anticipated. Meanwhile, they have moved trailers onsite and are working on dewatering wells for the construction area.

A citizen's committee, Friends of Littlerock Dam (FOLD), was formed in the Littlerock, Pearblossom, and Juniper Hills area to find a way to reopen the Littlerock Reservoir Recreation area. They worked with the District and the USFS on this issue. The result was having the area open to the public June 9, 10, 16, and 17. Attendance for these days was preliminarily reported as approximately 4,000 visitors. This is viewed as a success by FOLD and has provided good information for the Forest Service. They will issue a request for proposals for a recreational operator. This process is expected to take 9 to 12-months.

- 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.

The analysis of information from the pilot spreading basin is complete. The soil column tests are ongoing. The District will also have additional geotechnical work done to verify the proposed location is suitable.

- The long-planned Upper Amargosa Creek Recharge Project is now under contract for construction. One contract is for the California Aqueduct turnout and transmission water main. The other is for the recharge basins. Higher construction costs will result in a request from the City of Palmdale to the District, LA County Waterworks, and AVEK for additional funding.
- 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 2018 Strategic Plan Update is now published in brochures and on the District's website. The board room posters have been redesigned, printed, and mounted in the board room. A Spanish translation has been printed and is also posted in the Board room.
- The District is working with other members of the Public Water Agencies Group (PWAG) to hire and share the services of an Emergency Preparedness Coordinator. The MOU was approved by the Board, the action of other agencies is complete, a person has been hired, and the initial meeting has been held. This has already resulted in a successful training held at the District office.
- 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 now complete.
- The Board of Directors and staff completed a new cultural survey earlier this year. Tentative results show continuing overall improvements in the District's operations. The Mathis Group will present the results at a Board meeting in October.

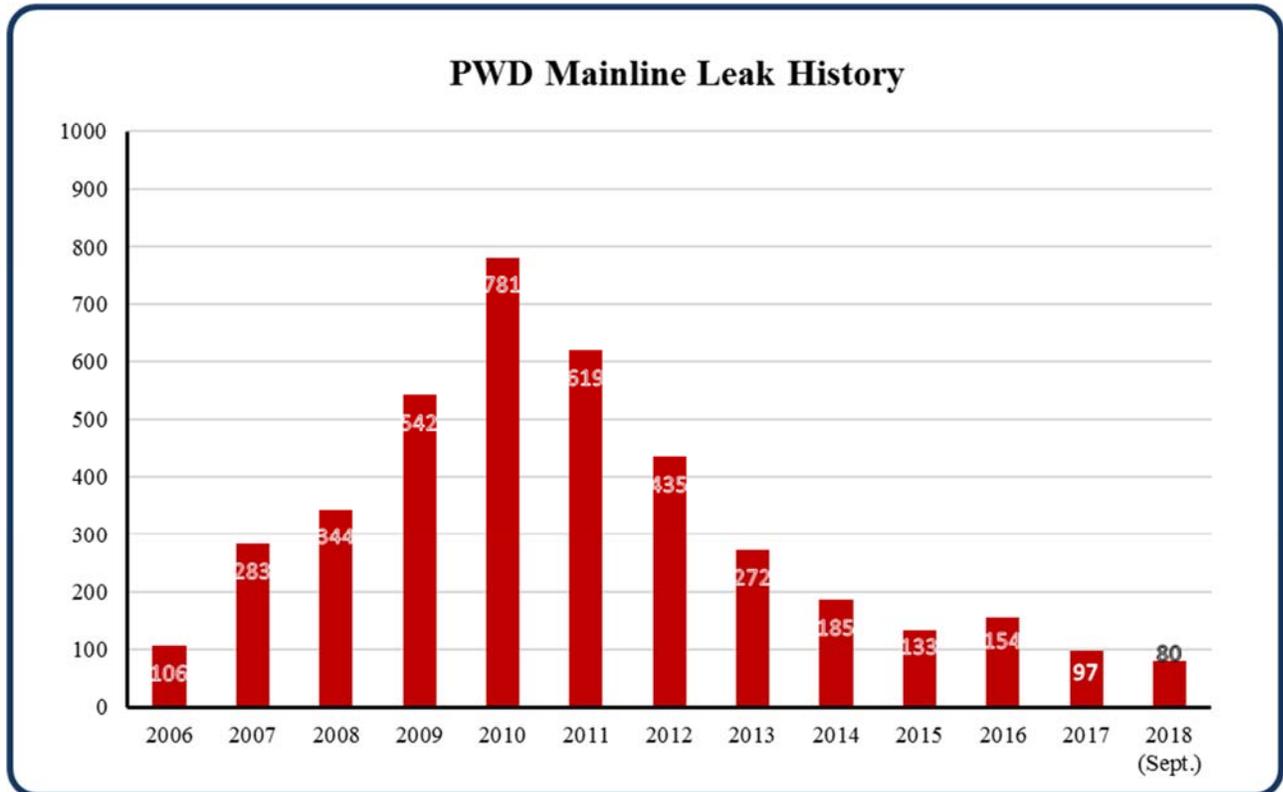


Systems Efficiency

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

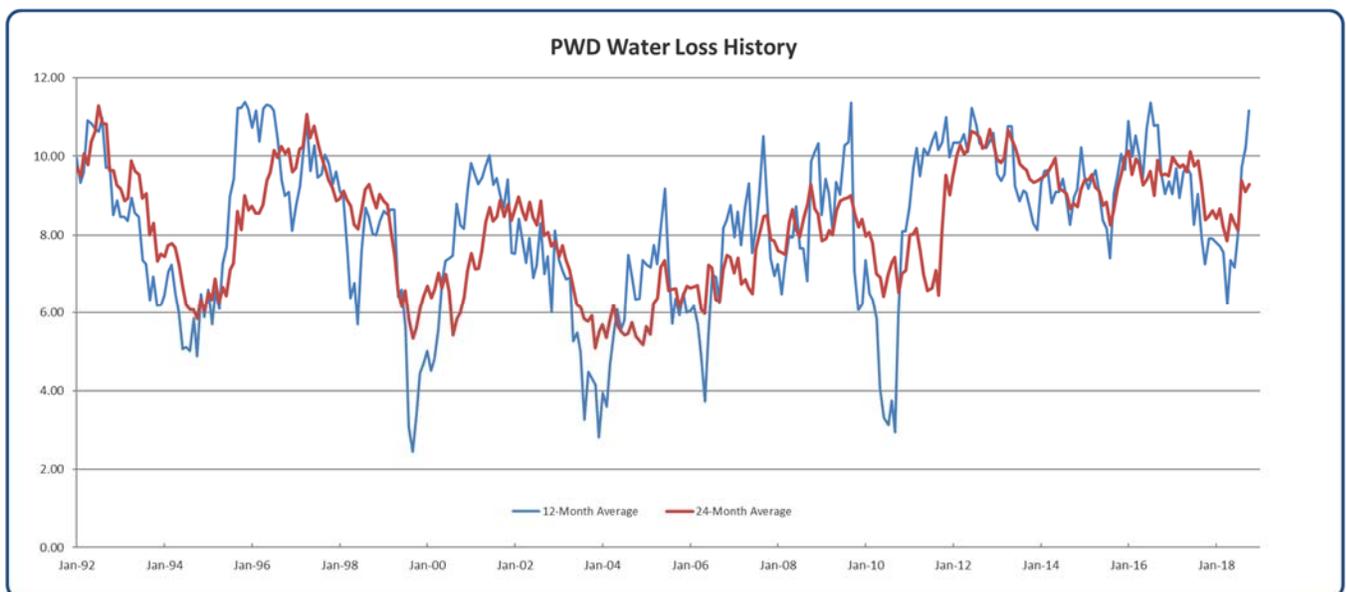
- Installation of security upgrades for the Leslie O. Carter Water Treatment Plant is operational and complete. Additional cameras are being planned for the two access gates.

- 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 September 2018 are 80, and there were 73 service line leaks. This is similar to the 2017 mainline leak total of 97.



- The budgeted meter replacement of approximately 3,300 meters is underway. Staff is now treating meter replacements similar to how the District contracts for pavement patching with annual bids to perform the work. This work started the week of September 17, 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 supports these activities.
- District staff completed the water main replacement on Avenue S-14 in the Ana Verde Hills area. The replacement main in 13th Street East north of Avenue R is currently under construction. Future work for this year is Camares Drive south of Barrel Springs Road. Replacing the water main in Avenue V-5 west of 47th Street East is planned for next year.

- The Final Environmental Impact Report for the 2016 Facilities Master Plan is being drafted by ESA. It is expected to be complete and ready for the Board’s consideration in November. Approval of the EIR and Master Plan will allow the District to update the Capital Improvement Fees for new water service connections. This will ensure enough funds are collected to provide backbone facilities and water supply for the new customers.
- The positive effect of both water main and water meter replacement programs is shown on the chart titled “PWD Water Loss History.” The running average for water losses is now near 10%.



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.
- A new water rate study and Proposition 218 process is planned for early in 2019.
- 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. The 2017 competition 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. The initial draft 2019 Budget was presented to the Finance Committee in September. Staff is now developing options for the Finance Committee to consider at the October meeting. The 2019 Budget is planned to be presented for the Board's consideration in November.
- Water-Wise Landscape Conversion Program (Cash-for-Grass Program): The District received a \$75,000 Grant from the Bureau of Reclamation in 2017 to assist in funding the Program. The Board approved changes to the program at the October 25, 2017 meeting that are now in effect.
- The 2018A Series Revenue Bonds closed as expected. This issue includes funds for the Littlerock Reservoir Sediment Removal Project – Grade Control Structure construction, work on the 6 MG Clearwell, and work on the sediment basin at the Leslie O. Carter Water Treatment Plant.



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.
- The District developed a plan and budget for a year-long celebration of the District's 100th Anniversary on July 22, 2018. These included an Open House on August 5, 2017, the 2017 AV Fair parade, monthly public tours of Littlerock Dam and the Leslie O. Carter Water Treatment Plant, and a book documenting our first 100 years. The time capsule will be finalized and closed in December.
- The "PWD Water Ambassador Academy" was approved by an Ad-Hoc Committee and was conducted on September 19 and 26, October 3 and a tour/graduation on October 6th. 17 community people successfully completed the sessions and graduated. The response from them was overwhelmingly positive.
- The District has expressed its concerns with the proposed Statewide water tax under SB 623 (now SB 845) and SB 998 which would affect how delinquent accounts are handled. SB 998 has been signed into law by the Governor. SB 845 did not pass the legislature and will continue to be discussed next year.
- There are two bond measures with water-related funds this year. Proposition 68 was on the June 2018 ballot and passed. The "Water Supply and Water Quality Act of 2018" will be Proposition 3 on the November 2018 ballot. It totals \$8.9 B and is much more focused on water.



Customer Care and Advocacy

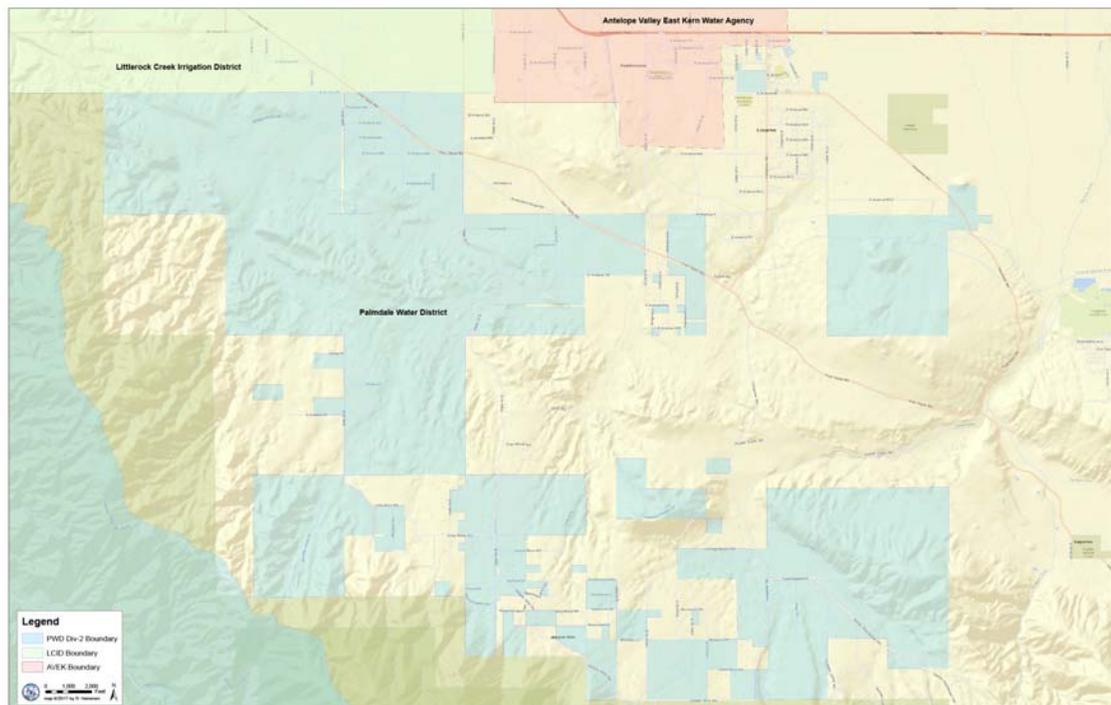
This initiative includes efforts to better serve our customers. Recent highlights are as follows:

- The ability to make payments at 7-Eleven and Family Dollar Store is also continuing to grow.

- The lobby kiosk hosts service ticketing for customers, a directory of the office, and displays associated with the 100th 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 and other District departments.
- Customer Care office and field staff are crosstraining to better understand the other's interaction with customers and to improve communication.
- 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 seven (7) 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.

Staff is also now working with Littlerock Creek Irrigation District (LCID) as an alternate provider of the District's water to these residents. LCID facilities are closer and may be easier for potential water haulers to use.