



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

October 21, 2020

BOARD OF DIRECTORS

ROBERT E. ALVARADO
Division 1

DON WILSON
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNTER LLP
Attorneys



AGENDA FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE OR VIA TELECONFERENCE

FOR THE PUBLIC: VIA TELECONFERENCE ONLY
DIAL-IN NUMBER: 571-748-4021 ATTENDEE PIN: 241-619-871#
Submit Public Comments at: <https://www.gomeet.com/241-619-871>

MONDAY, OCTOBER 26, 2020

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 in honor of former AVEK Director Andy Rutledge.
- 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 Board Meeting held October 12, 2020.
 - 6.2) Payment of bills for October 26, 2020.
- 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 updating Appendix Q of the Palmdale Water District’s Rules and Regulations by rescinding Resolution No. 91-14 and replacing same with Resolution No. 20-17 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Comprehensive Employer-Employee Relations Resolution Pertaining to Communications and Labor Relations Between the District, its Employees and its Employee Organizations. (No Budget Impact – Human Resources Director Emery/General Counsel Dunn)
 - 7.2) Consideration and possible action on Second Amendment to Cooperative Agreement Between the City of Palmdale, Antelope Valley-East Kern Water Agency, Palmdale Water District, and Los Angeles County Waterworks District No. 40 Antelope Valley, to Design, Construct, Operate and Maintain the Upper Amargosa Creek Flood Control, Recharge and Habitat Restoration Project. (\$720,579 – Budgeted – General Manager LaMoreaux)
 - 7.3) Consideration and possible action on adopting Resolution No. 20-18 being a Resolution of the Board of Directors of the Palmdale Water District (1) Authorizing Amendments to the Palmdale Water District’s Long Term Water Supply Contract With the Department of Water Resources to Supplement and Clarify Water Management Tools Regarding Transfers and Exchanges of SWP Water; And (2) Making Responsible Agency Findings Pursuant to the California Environmental Quality Act for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and Adopting CEQA Findings and Statement of Overriding Considerations. (No Budget Impact – Resource and Analytics Director Thompson).
 - 7.4) 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 2020 Budget:
 - a) None at this time.

8) Information Items:

8.1) Finance Reports:

- a) Status report on Cash Flow Statement and Current Cash Balances as of September 2020. (Financial Advisor Egan/Finance Committee)
- b) Status report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for September 2020. (Finance Manager Williams/Finance Committee)
- c) Status report on committed contracts issued. (Finance Manager Williams/Finance Committee)
- d) Other financial reports. (Finance Manager Williams/Finance Committee)
 - 1) The effect of COVID-19 event.
 - 2) Revenue projections.
 - 3) Payment transactions by type.
 - 4) Accounts receivable aging report.
 - 5) Rate Assistance Program status.
 - 6) Billing and collection statistics.
 - 7) Status on refunding 2020A Series Taxable Water Revenue Bonds.

8.2) Reports of Directors:

- a) Meetings; Standing Committee/Assignment Reports; General Report.

8.3) Report of General Manager.

- a) October 2020 written report of activities through September 2020.

8.4) Report of General Counsel.

9) Board members' requests for future agenda items.

10) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

Recommendation:

Alternative Options:

Impact of Taking No Action:

Background:

The District's Rules and Regulations' current Appendix Q relates to Employer-Employee Relations Procedures for the Palmdale Water District. It was last revised in the 1990s and many of the regulations have changed since that time. These procedures would guide the District's activities pertaining to its communications with employees and employee organizations. The revision updates the previous Appendix Q and brings it current.

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

October 20, 2020

Strategic Plan Initiative/Mission Statement:

This work is part of Strategic Plan Initiative No. 2 – Organizational Excellence.

This item directly relates to the District’s Mission Statement.

Budget:

This item will have no effect on the budget.

Supporting Documents:

- Resolution No. 20-17 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Comprehensive Employer-Employee Relations Resolution Pertaining to Communications and Labor Relations Between the District, its Employees and its Employee Organizations (proposed Appendix Q)
- Resolution No. 91-14 being a Resolution of the Palmdale Water District to Establish Employer-Employee Relations, Procedures, Rules and Policies (current Appendix Q)

APPENDIX Q
PALMDALE WATER DISTRICT RULES AND REGULATIONS

RESOLUTION NO. 20-17
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PALMDALE WATER DISTRICT
ADOPTING A COMPREHENSIVE EMPLOYER-EMPLOYEE RELATIONS
RESOLUTION PERTAINING TO COMMUNICATIONS AND LABOR RELATIONS
BETWEEN THE DISTRICT, ITS EMPLOYEES AND ITS EMPLOYEE
ORGANIZATIONS

WHEREAS, Chapter 10, Division 4, Title 1 of the Government Code of the State of California (Section 3500 *et seq.*), also referred to as the Meyers-Milias-Brown Act (“MMBA”), was enacted for the purpose of promoting full communication and improved employer-employee relations between public employers and their employees by establishing uniform and orderly methods of communication between employees and the public agencies by which they are employed; and

WHEREAS, Government Code Section 3507 empowers a public agency to adopt reasonable rules and regulations for the administration of employer-employee relations, often referred to as an Employer-Employee Relations Resolution, after consultation in good faith with representatives of its employee organizations regarding such proposed rules and regulations; and

WHEREAS, the Palmdale Water District (“District”) has a need for updating its Employer-Employee Relations Resolution; and

WHEREAS, there is a need to adopt updated policies and procedures to, *inter alia*, promote full communication between the District and its employees by providing a reasonable method of resolving disputes regarding wages, hours, and other terms of employment, determine appropriate employee units, to recognize employee organizations as representatives of the employees in an employee unit, to provide for changes to appropriate units and/or employee organizations, to establish procedures for the determination of confidential, managerial, and supervisory employees, to account for and incorporate certain statutory impasse rules; and

WHEREAS, the Board of Directors of the District believes that it is in the best interests of the District and its employees to rescind the current Employer-Employee Relations Resolution and adopt a new updated comprehensive Employer-Employee Relations Resolution.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Board of Directors of the District hereby rescinds Resolution No. 91-14 Resolution of Palmdale Water District to Establish Employer-Employee Relations, Procedures, Rules and Policies and any other prior similar employer-employee relations resolutions.

SECTION 2. That pursuant to the MMBA, the District will administer employer-employee relations according to the following reasonable local rules and regulations:

ARTICLE I. GENERAL PROVISIONS

Section 1.1. Title of Resolution

This Resolution shall be known as the Employer-Employee Relations Resolution of the Palmdale Water District ("District").

Section 1.2. Statement of Purpose

This Resolution is adopted as authorized under Chapter 10, Division 4, Title 1 of the California Government Code (Sections 3500 *et seq.*), entitled the Meyers-Milias-Brown Act ("MMBA"), to provide reasonable, uniform and orderly local procedures for the administration of employer-employee relations between the District and its employees, procedures for the recognition and/or decertification of employee organizations, procedures for determining appropriate units of representation and/or modifying such units, and a reasonable, uniform and orderly method for the resolution of questions regarding wages, hours, and other terms and conditions of employment of District employees. This Resolution rescinds and supersedes all other resolutions pertaining to procedures for the administration of employer-employee relations between the District, its employees and its employee organizations.

Nothing in this Resolution shall be construed to restrict any District rights with respect to matters of general managerial policy, including but not limited to, the exclusive right to determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or other legitimate reasons; maintain the efficiency of District operations; determine the methods, means, and personnel by which District operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing in its work.

Section 1.3. Definitions

Except as otherwise specifically provided below, the terms used in this Resolution shall be defined the same as such terms are defined in the MMBA. In addition, the following definitions are adopted for terms used in this Resolution.

- A. Appropriate Unit – means a unit established pursuant to Article II of this Resolution.
- B. Board – means the Board of Directors of the District.
- C. District – means the Palmdale Water District, and where appropriate herein, refers to the District's Board of Directors, the governing body of said District, or any duly authorized representative of the District.

- D. Consult or Consultation in Good Faith – means to communicate orally or in writing for the purpose of presenting and obtaining views or advising of intended actions in a good faith effort to reach a consensus; and, as distinguished from meeting and conferring in good faith regarding matters within the required scope of the meet and confer process, does not involve an exchange of proposals and counterproposals in an endeavor to reach agreement in the form of a memorandum of understanding, nor is it subject to Article IV hereof.
- E. Employee – means any person employed by the District in a position approved in the District's allocated positions and compensation plan, as approved by the Board, except in a position designated in that plan as temporary.
- F. Employee, Confidential – means any employee who is privy to the decisions of District management relative to the District's position on matters concerning employer-employee relations and shall include employees in administrative or secretarial support positions to such employees. The District may designate confidential positions, subject to the procedures in Section 2.2 of this Resolution. (Note, this is distinct from another common use of the term “confidential employee” in public administration that refers to an employee that handles confidential legal or personnel information.) Positions included in the District's position classification plan to be initially deemed to be confidential for the purpose of this resolution are the General Manager, Assistant General Manager, Finance Manager/CFO, and Human Resources Director, with additional positions to be possibly added in the future as provided above.
- G. Employee, Management – includes:
1. An employee having significant responsibility for the formulation and/or administration of program objectives and/ or the development of policies and procedures for their accomplishment. Management Employees include, but are not limited to: the General Manager, Assistant General Manager, Finance Manager/CFO, Human Resources Director, Public Affairs Director, Resource & Analytics Director, Facilities Manager, Engineering/Grant Manager, Operations Manager, Information Technology Manager, Construction Supervisor, Maintenance Supervisor, Water Quality/Regulatory Affairs Supervisor, Customer Care Supervisor, Accounting Supervisor, Resource and Analytics Supervisor and Customer Finance Supervisor.
 2. Any employee having authority to exercise independent judgment in carrying out District policy to hire, transfer, suspend, lay off, recall, promote, discharge, assign, award or discipline other employees, or having the responsibility to direct them, or to adjust their grievances, or effectively to recommend such action if in connection with the foregoing, the exercise of such authority is not a merely routine and clerical nature, but requires the use of independent judgment.

- H. Employee, Professional – means employees engaged in work requiring specialized knowledge and skill attained through completion of a recognized course of instruction, including, but not limited to, attorneys, planners, librarians, analysts, engineers, recreation specialists, teachers and various types of physical, chemical and biological scientists.
- I. Employee Organization – means any organization which includes employees of the District, and which has as one of its primary purposes representing such employees in their employment relations with the District.
- J. Employer-Employee Relations – means the relationship between the District and its employees and their Employee Organization, or when used in a general sense, the relationship between District management and individual employees or Employee Organizations.
- K. Exclusively Recognized Employee Organization – means a sole employee organization certified as the representative of all employees in a unit or units, whether or not those employees are its members, and having the exclusive right and duty to meet and confer in good faith on behalf of said employees concerning statutorily required subjects pertaining to unit employees and thereby assuming the corresponding obligation of fairly representing said employees.
- L. Filing Period – means the period between November 1st and December 31st of every year following the adoption of this Resolution during which Employee Organizations may submit petitions to be recognized, decertified, or modified, or the period within which an Employee Organization may propose to modify any existing unit of representation.
- M. Fiscal Year – means the Fiscal Year for the District which is the period including January 1st through and including December 31st of every year.
- N. Impasse – means that the representatives of the District and an Exclusively Recognized Employee Organization have reached a deadlock or point in their meeting and conferring in good faith at which differences in positions on matters to be included in a memorandum of understanding or on more general mandatory bargaining matters within the scope of representation, and concerning that which they are required to meet and confer, are so substantial or prolonged that future meetings would be futile.
- O. Mediation or Conciliation – means the efforts of an impartial third person or persons, functioning as intermediaries, to assist the District and an Exclusively Recognized Employee Organization in reaching a voluntary resolution to an impasse, through interpretation, suggestion, and advice. As used herein, Mediation and Conciliation are interchangeable terms.
- P. Meet and Confer in Good Faith – (sometimes referred to herein as “Meet and Confer” or “Meeting and Conferring”) means performance by duly authorized

District and Exclusively Recognized Employee Organization representatives of their mutual obligations. The District and a representative of an Exclusively Recognized Employee Organization shall have the mutual obligation personally to meet within the time periods established by Section 1.6 of this Resolution upon request, exchange information on matters within the scope of representation, including wages, hours and other terms and conditions of employment, in a good faith effort to 1) reach agreement on those matters within the authority of such representatives, 2) freely exchange information, opinions and proposals, and 3) reach agreement in the form of a tentative agreement and/or a memorandum of understanding, on what will be recommended to the Board on those matters within the decision making authority of the Board. This does not require either party to agree to a proposal or to make a concession.

- Q. Memorandum of Understanding – means a written document jointly prepared by the District's Employee Relations Officer, or designee(s), and a Recognized Employee Organization or Exclusively Recognized Employee Organization enumerating any agreement reached as the result of meeting and conferring on matters within the scope of representation, and the same signed by the parties involved and ratified by the majority of the relevant bargaining unit and approved by the Board.
- R. Employee Relations Officer – means the District's principal representative in all matters of employer-employee relations designated pursuant to Section 2.1, or his or her duly authorized representative.
- S. Proof of Employee Support – means (1) an authorization card recently signed and personally dated by an employee, provided that the card has not been subsequently revoked in writing by the employee or (2) a verified authorization petition or petitions recently signed and personally dated by an employee.
- T. Resolution – means, unless the context indicates otherwise, this Resolution.
- U. Scope of Representation – means all matters relating to employment conditions, and employer-employee relations, including, but not limited to, wages, hours and other terms and conditions of employment. District rights as defined herein in Section 1.5 are excluded from the scope of representation.
- V. Tentative Agreement – means a written agreement reached by the authorized labor relations representatives of the District and an Exclusively Recognized Employee Organization that has been ratified by the members of the affected represented employee organization(s) and signed by the labor representatives of the District and an Exclusively Recognized Employee Organization, which is intended to be considered by Board at a duly noticed public meeting for acceptance and adoption or rejection.
- W. Days – means calendar days unless otherwise stated.

Section 1.4. Employee Rights

Employees of the District shall have the right to form, join, and participate in the activities of employee organizations of their own choosing for the purpose of representation on matters within the scope of representation. Employees of the District shall also have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the District. No employee shall be interfered with, intimidated, restrained, coerced, or discriminated against by the District or by any employee organization because of the exercise of these rights.

Professional Employees shall not be denied the right to be represented separately from non-professional employees by an employee organization consisting of such Professional Employees.

No Management or Confidential Employee may represent any employee organization, which represents other non-Management, or non-Confidential employees of the District, on matters within the scope of representation, unless as permitted by the District's Personnel Rules, and no Management or Confidential Employee may engage in any activity with or on behalf of any employee organization which would result in an actual or apparent conflict of interest, as determined by the District's Employee Relations Officer, which includes sharing confidential labor relations information derived from their confidential status with anyone outside the District's authorized labor representatives and designated confidential employees.

Section 1.5. District Rights and Responsibilities

The District, on its own behalf and on behalf of its electors, has and will retain all powers, rights, authority, duties and responsibilities conferred and vested in it by the laws and the constitution of the State of California, the Constitution of the United States, the District's Rules and Regulations and any modifications made thereto and any resolution passed by District officials. Nothing in this Resolution shall be construed to limit or impair the right of the District to exercise its own discretion on all of the following matters, whatever may be the effect upon employment, when in its sole discretion it may determine it to be in the public interest to do any or all of the following:

- A. To manage the District generally and to determine issues of policy;
- B. To determine the necessity or organization of any service or activity conducted by the District and expand or diminish services;
- C. To determine and change the facilities, methods, means and personnel by which District operations are to be conducted;
- D. To determine and change the number of locations, relocations, and types of operations, and the processes and materials to be included in carrying out all District functions including, but not limited to, the right to contract for or subcontract any work or operation; without prejudice to the right of the employee organization to thereafter meet and confer on the effect thereof;

- E. To determine the size and composition of the work force, to assign work to employees in accordance with requirements as determined by the District, and to establish and change work schedules and assignments, and to establish the days and hours when employees shall work;
- F. To relieve employees from duty because of lack of work or similar non-disciplinary reasons;
- G. To discharge, suspend or otherwise discipline employees for proper cause;
- H. To determine job classifications;
- I. To hire, transfer, promote, and demote employees for non-disciplinary reasons;
- J. To determine policies, procedures and standards for selection, training and promotion of employees;
- K. To establish employee performance standards including but not limited to quality and quantity standards;
- L. To maintain order and efficiency of its facilities and operations;
- M. To take any and all necessary actions to carry out its missions in emergency and other situations of unusual or temporary circumstances;
- N. To exercise complete control and discretion over its organization and the technology of performing its work and services; and
- O. To establish reasonable work and safety rules and regulations in order, to maintain the efficiency and economy desirable in the performance of District services.

Section 1.6. Meet and Confer

A. The District, through its representative(s), shall meet and confer in good faith with Employee representative(s) of any Recognized Employee Organization or Exclusively Recognized Employee Organization regarding matters within the scope of representation for its members or for all employees, whichever applies, in the unit for which such organization is recognized.

B. Where a Recognized Employee Organization or Exclusively Recognized Employee Organization desires to meet and confer with the District, through its representative(s), on matters within the scope of representation, said organization shall make a request in writing and specify the subjects to be discussed.

C. The Recognized Employee Organization or Exclusively Recognized Employee Organization shall submit any and all request(s) to meet and confer on matters within the scope

of representation that have a fiscal impact and are not currently accounted for in the current budget in the manner specified below:

- 1) By August 1st if it intends to have the requested item(s) considered for the budget for the next fiscal year, or, if there is a Memorandum of Understanding in existence between the parties, for the fiscal year following the expiration date of the Memorandum of Understanding, where August 1st immediately precedes the commencement of said fiscal year.
- 2) Written requests submitted by the Recognized Employee Organization or Exclusively Recognized Employee Organization may be changed during the meet and confer process so long as the total cost of the requests as changed does not exceed the cost of the requests made as of August 1st, or as of any other extension of time agreed upon by the parties.
- 3) Promptly after such written requests have been made, a meeting shall be arranged at a time and place mutually satisfactory to the parties involved.
- 4) The meet and confer process discussed in this Section 1.6(C) shall be completed by October 31st immediately preceding the commencement of the fiscal year in which the changes and/or requests are to become effective, or by any other extension of time as agreed upon by the parties in writing. In the event the meet and confer process has not been completed or an agreement is not reached within the time period(s) set forth in this Section 1.6(C), either party may declare an Impasse and initiate Impasse procedures in accordance with Article IV.

D. Where the District proposes to take action on matters regarding wages, hours, and other terms and conditions of employment within the scope of representation, whether such action be by ordinance, resolution, rule, or regulations, reasonable written notice shall be given to each Recognized Employee Organization or Exclusively Recognized Employee Organization affected thereby, and each shall be given the opportunity to meet and confer with the District, through its representative(s), prior to the adoption of same. In cases of emergency when the Board determines that an ordinance, resolution, rule or regulation must be adopted immediately without prior notice or meeting with any Recognized Employee Organization or Exclusively Recognized Employee Organization, the District shall provide such notice and opportunity to meet at the earliest practicable time following the adoption of the same.

- 1) In the event the District gives notice of an anticipated action pursuant to this Section, the District may specify in said notice a reasonable period of time within which the meet and confer process must be completed.
- 2) If a Recognized Employee Organization or Exclusively Recognized Employee Organization fails to deliver to the District a written request for a meeting within seven (7) days after receipt of the notice given by the District, or within such other noticed time as specified by the District due to an emergency, said employee organization(s) shall be deemed conclusively to have waived any right to meet and confer as to any matter noticed by the District pursuant to this Section.

E. If a Tentative Agreement is reached by the authorized representatives of the District and an Employee Organization and ratified by the Employee Organization, the Board shall vote to accept or reject the tentative agreement within thirty (30) days of the date it is first considered at a duly noticed public meeting. If the Board accepts the Tentative Agreement, then the parties shall jointly prepare a written Memorandum of Understanding, signed by the District's representatives and the duly authorized Employee representatives, which shall be brought back for approval, adoption and implementation by the Board. Said Memorandum of Understanding shall not be binding until approved and adopted by the Board.

F. If a side-letter agreement is reached by the representatives of the District and any recognized employee organization, all agreed matters shall be incorporated as joint recommendations to the Board in a written side-letter agreement signed by the District's representatives, and the duly authorized employee representatives, and ratified by the members of the recognized employee organization. Said side letter agreement shall not be binding until approved and adopted by the Board.

Section 1.7. Consultation in Good Faith

The District, through its representatives, shall consult in good faith with representatives of Recognized Employee Organizations or Exclusively Recognized Employee Organizations prior to the modification of any rules and regulations for the administration of employer-employee relations, including any amendments to this Resolution.

ARTICLE II: REPRESENTATION PROCEEDINGS

Section 2.1. Designation of Employee Relations Officer

Unless otherwise specifically designated by the Board, the District's General Manager or such representative as he or she may designate in writing, is hereby designated the District Employee Relations Officer ("DERO"), who shall be the District's principal representative on all matters of employer/employee relations, with authority to meet and confer in good faith on matters within the scope of representation, including wages, hours and other terms and conditions of employment. The DERO may adopt reasonable rules and regulations for the conduct of elections provided for in Section 2.8.

Section 2.2. Designation of Confidential and Management Employees

A. The DERO is authorized to designate, from time to time, and after consultation with any affected recognized employee organization, Confidential Employees and Management Employees, as defined in Section 1.3 of this Resolution, and may at any time revoke such designations. Upon such designation being made, the DERO may assign such Confidential Employee to an appropriate confidential representation unit and such Management Employee to an appropriate management employee unit, if applicable and/or appropriate. Upon revocation of such designation as a Confidential or Management Employee, the DERO shall assign the affected employee to an appropriate representational unit.

B. The DERO may, from time to time, combine, alter or modify confidential employee representation units, and after consultation with any Recognized Employee Organization or Exclusively Recognized Employee Organizations concerned, combine, alter or modify management employee representation units.

C. Any Recognized Employee Organization or Exclusively Recognized Employee Organizations directly affected by an action taken by the DERO in accordance with subsection A or B above may appeal such decision in accordance with Section 2.13 to the DERO from such action. Failure to initiate an appeal within thirty (30) days shall be deemed a waiver of the organization's right to appeal the action of the DERO.

D. No action taken by the DERO in accordance with subsection A or B above shall have force and effect until expiration of the 30-day appeal period prescribed in subsection C above. If an appeal from such action is filed by an employee organization within the thirty (30) day time period prescribed above, such action shall not become effective pending hearing of the appeal and completion of the impasse procedure if invoked.

Section 2.3. Employee Unit of Representation

A. The District currently has no Bargaining Units and no Recognized Employee Organizations.

B. New or subsequently different or modified employee units of representation may be created by action of the Board as it deems appropriate, upon the District's own written notice

given to the appropriate employee organization or upon a petition filed by an employee organization pursuant to Section 2.4 of this Resolution. In making its determination, the Board will investigate and consider the following factors:

- 1) Whether and which employees share a similar community of interests, kinds of work performed, types of qualifications required, and general working conditions;
- 2) The District's needs to maintain an efficient operation;
- 3) The units of representation historically recognized by the District, except however, that no unit shall be deemed to be an appropriate unit solely on the basis of the extent to which employees in the proposed unit have organized;
- 4) Consistency with the organizational patterns of the District;
- 5) Number of employees and classifications, and the effect on the administration of employer-employee relations created by the fragmentation of classifications and proliferation of units; and
- 6) Other matters considered relevant by the District to promoting sound employer-employee relations and efficient operation of the District.

Section 2.4. Requirements For and Process of Becoming a Recognized or Exclusively Recognized Employee Organization

A. Only one employee organization shall be recognized as an employee organization representing employees in a unit and, after the effective date of this Resolution, only exclusive recognition on behalf of a unit established in accordance with this Resolution or amendment hereto shall be conferred.

B. Process of Becoming Recognized. An employee organization seeking to become certified as the Exclusively Recognized Employee Organization representing employees in an appropriate unit shall file a petition ("Recognition Petition") with the DERO during the Filing Period. The Recognition Petition shall contain all of the following information and documentation declared by the duly authorized signatory under penalty of perjury to be true, correct, and complete:

- 1) Name and address of the employee organization;
- 2) Names and titles of its officers;
- 3) Names of employee organization representatives who are authorized to speak on behalf of the organization;
- 4) Names and addresses of no more than two (2) employee representatives to whom notices, if sent pursuant to this Resolution, will be deemed sufficient notice to the employee organization for any purpose;

- 5) A copy of the employee organization's current constitution and bylaws, which shall contain a statement that the employee organization has, as one of its primary purposes, the representation of employees in their employment relations with the District;
- 6) A statement whether the employee organization is a subordinate body of, or affiliated directly or indirectly in any manner with, any regional or state or international organization and, if so, the name and address of each such regional, state, national, or international organization;
- 7) A statement that the employee organization has no restriction on membership based on race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of any person;
- 8) The job classifications or position titles of employees in the unit claimed to be appropriate and the approximate number of member employees therein;
- 9) A statement that the employee organization has in its possession Proof of Employee Support to establish that a majority of the employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with the District. Such written proof shall be submitted for confirmation to the DERO or to a representative of the California State Mediation and Conciliation Service; and
- 10) A request that the DERO formally acknowledge the employee organization as the Exclusively Recognized Employee Organization representing the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith.

Section 2.5. District Response to Recognition Petition for an Exclusively Recognized Employee Organization

A. Upon receipt of the Recognition Petition, the DERO shall determine whether:

- 1) The Recognition Petition satisfies the requirements of Section 2.4 B.
- 2) The proposed representation unit is an appropriate unit, in accordance with Section 2.3.

B. If an affirmative determination is made by the DERO on the foregoing matters listed in subsection A above, then the DERO shall inform the petitioning employee organization, give written notice of the Recognition Petition to all the employees in the unit and any other employee organization(s) representing any employee in the same unit, and take no action on said request for thirty (30) days thereafter.

C. If either of the foregoing matters listed in subsection A above are not affirmatively determined, then the DERO shall deny the Recognition Petition and inform the petitioning employee organization of the reasons therefor in writing. The petitioning employee organization shall have seven (7) days to cure any defects in the Recognition Petition. All defaults must be cured, and a valid Recognition Petition must be submitted by the end of the Filing Period, unless the submission deadline is extended by the DERO, who shall not extend the cure period more than fifteen (15) days beyond the end of the Filing Period. Neither the DERO nor the District is obligated to assist the petitioning employee organization in curing the alleged defects to the Recognition Petition.

D. The petitioning employee organization may appeal such determination in accordance with Section 2.13.

Section 2.6. Open Period for Filing Challenging Petition to an Exclusively Recognized Employee Organization

Within thirty (30) days of the date written notice was given to affected employees that a valid Recognition Petition for an appropriate unit has been filed, any other employee organization may file a competing request to be formally acknowledged as the Exclusively Recognized Employee Organization of the employees in the same or in an overlapping unit (one which corresponds with respect to some, but not all the classifications or positions set forth in the Recognition Petition being challenged), by filing a petition evidencing Proof of Employee Support in the unit claimed to be appropriate of at least thirty (30) percent and otherwise in the same form and manner as set forth in Section 2.4. If such challenging petition seeks establishment of an overlapping unit, the DERO shall call for a meeting on such overlapping Recognition Petitions for the purpose of ascertaining the more appropriate unit, at which time the petitioning employee organizations shall be heard. Thereafter, the Board shall determine the appropriate unit or units in accordance with the standards in Section 2.3. The petitioning employee organizations shall have fifteen (15) days from the date notice of such unit determination is communicated to them by the DERO to amend their petitions to conform to such determination or to appeal such determination pursuant to Section 2.13.

Section 2.7. Granting Recognition to an Exclusively Recognized Employee Organization Without an Election

If the Proof of Employee Support shows that a majority of the employees in the appropriate unit have designated the petitioning employee organization to represent them, and if no other employee organization files a challenging petition, the petitioning employee organization and the DERO shall request the California State Mediation and Conciliation Service, or another agreed upon neutral third party, to review the count, form, accuracy, and propriety of the Proof of Employee Support. If the neutral third party makes an affirmative determination, then the DERO shall certify the petitioning employee organization as the Exclusively Recognized Employee Organization for the appropriate unit.

Section 2.8. Granting Recognition to an Exclusively Recognized Employee Organization Through an Election Process

A. Upon the submission of valid Recognition Petitions of more than one employee organization for employees in the same or overlapping units, the DERO shall arrange for a secret ballot election to be conducted by the District Clerk or such other third party agreed to by the DERO and the concerned employee organization(s), in accordance with such party's rules and procedures, subject to the provisions of this Resolution. All employee organizations who have duly submitted Recognition Petitions which have been determined to be in conformance with this Resolution shall be included on the ballot. The ballot shall also reserve to employees the choice of representing themselves individually in their employment relations with the District. Employees entitled to vote in such election shall be those persons employed in regular, permanent positions within the designated appropriate unit who were employed during the pay period immediately prior to the date which ended at least fifteen (15) days before the date the election commences, including those who did not work during such period because of illness, vacation or other authorized leaves of absence, and who are employed by the District in the same unit on the date of the election. An employee organization shall be formally acknowledged as the Exclusively Recognized Employee Organization for the designated appropriate unit following an election or run-off election, if it received a numerical majority of all valid votes cast in the election. In an election involving three or more choices, where none of the choices receives a majority of the valid votes cast, a run-off election shall be conducted between the two choices receiving the largest number of valid votes cast. The rules governing an initial election are applicable to a run-off election.

B. There shall be no more than one election under this Resolution pursuant to any Recognition Petition in a twelve (12) month period affecting the same unit.

C. In the event that the parties are unable to agree on a third party to conduct the election, the election shall be conducted by the California State Mediation and Conciliation Service. If a third party conducts the election, then the costs of conducting elections shall be borne in equal shares by the District and by each employee organization appearing on the ballot.

D. An Exclusively Recognized Employee Organization of the unit for which a decertification election is being conducted shall also appear on the ballot, unless within fourteen (14) days of receipt of the notice of the Decertification or Recognition Petition, or notice of the unit determined by the Board, whichever is later, said employee organization provides written notice to the DERO that it does not intend to participate in the election. Notice of the intention not to participate in the election shall constitute withdrawal from representation of the unit effective the date the notice of intention not to participate in the election is received by the DERO.

E. The DERO shall announce the date of the election and the voting location or locations at least twenty-eight (28) days before the date of such election. Employees shall vote in person.

Section 2.9. Procedure for Decertification of Exclusively Recognized Employee Organization

A. A decertification petition alleging that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in an established appropriate unit (“Decertification Petition”) may be filed with the DERO only during the Filing Period or the twenty-nine (29) day period less than one-hundred twenty (120) days, but no more than ninety (90) days, prior to the expiration date of a Memorandum of Understanding then in effect, provided that a Decertification Petition may not be filed within twelve (12) months of initial recognition of an Exclusively Recognized Employee Organization. A Decertification Petition may be filed by two or more employees or their representative, or an employee organization, and shall contain the following information and documentation declared by the duly authorized signatory under penalty of perjury to be true, correct, and complete:

1) The name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.

2) The name of the established appropriate unit and the incumbent Exclusively Recognized Employee Organization sought to be decertified as a representative of that unit.

3) An allegation that the incumbent Exclusively Recognized Employee Organization no longer represents a majority of the employees in the appropriate unit, and any other relevant and material facts relating thereto.

4) Proof of Employee Support that at least thirty (30) percent of the employees in the established appropriate unit no longer desire to be represented by the incumbent Exclusively Recognized Employee Organization. Such proof shall be submitted for confirmation to the DERO or to a mutually agreed upon disinterested third party within the time limits specified in the first paragraph of this Section. An employee organization may, in satisfaction of the Decertification Petition requirements hereunder, file a petition under this Section in the form of a Recognition Petition that evidences Proof of Employee Support of at least thirty (30) percent, that includes the allegation and information required under this Section, and otherwise conforms to the requirements of Section 2.4.

B. The DERO shall initially determine whether the Decertification Petition has been filed in compliance with the applicable provisions of this Resolution.

1) If the foregoing matters listed in subsection A above are not affirmatively determined, then the DERO shall deny the Decertification Petition and inform the petitioning employee organization of the reasons therefor in writing. The petitioning employee organization shall have seven (7) days to cure any defects in the Decertification Petition. Neither the DERO nor the District is obligated to assist the petitioning employee organization in curing the alleged defects to the Decertification Petition.

2) If the foregoing matters listed in subsection A of this section are affirmatively determined by the DERO, or if his/her negative determination is reversed on

appeal, then the DERO shall give written notice of such Decertification or Recognition Petition to the incumbent Exclusively Recognized Employee Organization and to unit employees. The DERO shall thereafter arrange for a secret ballot election to be held to determine the wishes of unit employees as to the question of decertification and, if a Recognition Petition was duly filed hereunder, the question of representation. Such election shall be conducted within the same timeframe and under the same procedures as set forth in Section 2.8.

- 3) The petitioning employee organization may appeal such determination in accordance with Section 2.13.

C. During the Filing Period or the twenty-nine (29) day period less than one-hundred twenty (120) days, but more than ninety (90) days, prior to the expiration of a Memorandum of Understanding then in effect, the DERO may give written notice of the District's specific intent to the affected employee organization, when the DERO has reason to believe that a majority of unit employees no longer wish to be represented by the incumbent Exclusively Recognized Employee Organization, give notice to said organization and all unit employees that an election will be arranged and held by the DERO to determine that issue. In such event, any other employee organization may, within fifteen (15) days of such notice, file a Recognition Petition in accordance with Section 2.4B, which the DERO shall act on in accordance with this Section.

D. If, pursuant to this Section, a different employee organization is formally acknowledged as the Exclusively Recognized Employee Organization, such organization shall be bound by all the terms and conditions of any Memorandum of Understanding then in effect for its remaining term.

Section 2.10. Procedure for Modification of Established Appropriate Units

A. Requests by employee organizations for modifications of established appropriate units ("Modification Petition") may be considered by the DERO. The Modification Petition shall be submitted during the Filing Period or the twenty-nine (29) day period less than one-hundred twenty (120) days, but not more than ninety (90) days prior to the expiration of a Memorandum of Understanding then in effect. The Modification Petition shall be in the form of a Recognition Petition, and, in addition to the requirements set forth in Section 2.4B, shall contain a complete statement of all relevant facts and citations in support of the proposed modified unit in terms of the policies and standards set forth in Section 2.3. The DERO shall process the Modification Petition consistent with the requirements applicable to a Recognition Petition under this Resolution.

B. Proof of Support: When an employee organization requests the addition of classifications or positions to its established unit, and the addition of the positions would increase the existing unit size by ten (10) percent or more, the DERO will require proof of majority support of persons employed in the classifications or positions to be added. The DERO will require proof of at least thirty (30) percent support among the affected employees if a pending representation petition by another employee organization overlaps the positions at issue in the unit modification petition.

C. At any time, the DERO may, by giving written notice of District's intent to the affected employee organization, propose that an established unit be modified. The DERO shall give written notice of the proposed modification(s) to any affected employee organization(s), and each employee within said affected unit or units, and shall hold a meeting concerning the proposed modification(s), at which time all affected employee organizations shall be heard. Thereafter the DERO shall determine the composition of the appropriate unit or units in accordance with Section 2.3 and shall give written notice of such determination to the affected employee organizations.

1) The DERO's determination may be appealed in accordance with Section 2.13.

2) If a unit is modified pursuant to the written notice of the DERO hereunder, employee organizations may thereafter file Recognition Petitions seeking to become the Exclusively Recognized Employee Organization for such new appropriate unit or units pursuant to Section 2.4.

Section 2.11. Procedure for Processing Severance Requests

A. An employee organization may file a request to become the Exclusively Recognized Employee Organization of a unit alleged to be appropriate that consists of a group of employees who are already a part of a larger established unit represented by another Exclusively Recognized Employee Organization ("Severance Request"). The timing, form, and processing of the Severance Request shall be as specified in Section 2.10 for a Modification Petition.

B. Proof of Support: When an employee organization requests severance of classifications or positions to its established unit, and the severance of the positions would decrease the existing unit size by ten (10) percent or more, the DERO will require proof of majority support of persons employed in the classifications or positions to be severed. The DERO may require proof of at least thirty (30) percent support among the affected employees. The DERO's determination may be appealed in accordance with Section 2.13.

Section 2.12. Amendment of Certification

A. Employee Organization Petition

1) An Exclusively Recognized Employee Organization shall file with the DERO a petition to amend its certification or recognition ("Amendment Petition") in the event of a merger, amalgamation, change in affiliation, or transfer of jurisdiction.

2) The Amendment Petition shall be in writing, signed by an authorized agent of the employee organization, and contain the following information:

(a) The name, address and telephone number of the employee organization and the name, address and telephone number of the agent to be contacted;

(b) A brief description and the title of the established unit;

- (c) A clear and concise statement of the nature of the merger, amalgamation, affiliation, or other change in jurisdiction, and the new name of the employee organization. The statement shall include the following information:
 - (i) Whether the new organization has the same structure as the former organization (e.g., eligibility for membership, dues/fees structure, continuation of the manner in which contract negotiations, administration and grievance processing will be effectuated), and if not, an explanation of the change(s) in structure;
 - (ii) Whether the officers and representatives of the new organization are the same as the former organization, and if not, a specification of the changes in officers and/or representatives;
 - (iii) Whether the power of the members to control the organization's agents is the same as it was in the former organization (e.g., input into contract proposals, contract ratification, frequency of membership meetings, preservation of the former organization's physical facilities, books, and assets, choosing/oversight of executive board members), and if not, a specification of what changes have been made; and
 - (iv) Whether the organization's members were given an opportunity to vote on the change in status, and if so, a description of the voting process and results.

B. Review Process

- 1) Upon receipt of a petition filed pursuant to Section 2.12 A above, the DERO shall conduct such inquiries and investigations, and hold such meetings as deemed necessary and/or conduct a representation election in order to decide the questions raised by the Amendment Petition.
- 2) The DERO may dismiss the Amendment Petition if the petitioner has no standing to petition for the action requested or if the Amendment Petition is improperly filed.
- 3) In determining whether to grant the Amendment Petition, the DERO will examine the following issues:
 - (a) Whether the new organization has the same or similar structure as the former organization;
 - (b) Whether the officers and representatives of the new organization are substantially the same as the former organization;

- (c) Whether the power of the members to control the organization's agents are substantially the same; and
 - (d) Whether the organization's members were given an opportunity to vote on the change in status.
- C) Determination
 - 1) Unless the DERO finds that there is no substantial continuity of identity and representation between the former and new organizations, the DERO will issue an amendment of certification reflecting the new identity of the Exclusively Recognized Employee Organization. Such certification shall not be considered to be a new certification for the purpose of computing time limits pursuant to Section 2.9. The terms and conditions of a Memorandum of Understanding then in effect shall remain in effect until said Memorandum of Understanding expires.
 - 2) If the DERO determines that there is no substantial continuity of identity and representation between the former and new organizations, then the DERO shall order an election in conformance with Section 2.9.
 - 3) The DERO's determination may be appealed in accordance with Section 2.13.

Section 2.13. Appeals

A. Within fifteen (15) days of a final decision of the DERO, (i) an employee organization aggrieved by a determination of an appropriate unit or that a Recognition Petition (Sec. 2.4), Challenging Petition (Sec. 2.6), Decertification Petition (Sec. 2.9), Modification Petition (Sec. 2.10), Severance Request (Sec. 2.11), or Amendment Petition (Sec. 2.12) has not been filed in compliance with Article II; or (ii) employees aggrieved by a determination that a Decertification Petition (Sec. 2.9) or Severance Request (Sec. 2.11) has not been filed in compliance with Article II, may request to submit the matter to mediation by the State Mediation and Conciliation Service. In lieu thereof, or fifteen (15) days after such mediation proceedings, said employee organization or employees may appeal such determination to the Board for final decision.

B. Appeals to the Board shall be filed in writing with the District Clerk, and a copy thereof served on the DERO. The Board shall commence to consider the matter within thirty (30) days of the filing of the appeal. The Board may, in its discretion, refer the dispute to a third party hearing process. Any decision of the Board on the use of such procedure, and/or any decision of the Board determining the substance of the dispute, shall be final and binding. Any costs for the appeal shall be borne equally by the District and the appealing employee organization.

ARTICLE III. ADMINISTRATION

Section 3.1. Submission of Current Information by Employee Organizations

All Recognized and Exclusively Recognized Employee Organizations shall advise the DERO in writing immediately of any changes in the information enumerated in Section 2.4 C within fourteen (14) days of such change.

Section 3.2. Employee Organization Activities – Use of District Resources

Access to District work locations and the use of District paid time, facilities, equipment and other resources by employee organizations and those representing them, shall be authorized only to the extent provided for in Memoranda of Understanding and/or administrative procedures, shall be limited to lawful activities consistent with the provisions of this Resolution that pertain directly to the employer-employee relationship and not to such internal employee organization business as soliciting membership, campaigning for office, or organization meetings and elections, and shall not interfere with the efficiency, safety, and security of District operations.

ARTICLE IV. IMPASSE PROCEDURES

Section 4.1. Initiation of Impasse Procedures

If the meet and confer process has reached an Impasse, then either party to the negotiations may initiate the Impasse procedure by filing with the other party a written request for an Impasse meeting together with a statement of its position on all remaining disputed issues. An Impasse meeting shall then be scheduled by the DERO forthwith after the date of filing of the written request for such meeting. The purpose of the impasse meeting is two-fold:

- (a) To review the position of the parties in a final effort to reach agreement on the negotiable subjects at hand, including but not limited to a Memorandum of Understanding; and
- (b) If the Impasse cannot be not resolved, then to discuss arrangements for the utilization of the Impasse procedures provided herein.

Section 4.2. Impasse Procedures

Impasse procedures may be invoked if the matters remaining in dispute are so substantial or prolonged that future meetings would be futile and/or the possibility of a settlement by direct discussion have been reasonably exhausted. The Impasse procedures are as follows:

- (a) If the parties agree to submit the dispute to mediation, then mediation will be conducted by a mediator from the California State Mediation and Conciliation Service, unless the parties agree to use another mediator. All mediation proceedings shall be private. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues. If there is a cost for the services of a mediator, then such costs shall be borne equally by the District and the involved employee organization.
- (b) If the parties, having so agreed to mediation, fail to resolve the dispute within thirty (30) days after the appointment of the mediator, then the employee organization thereafter may request to submit the Impasse to factfinding, as provided by state law. The parties are free to mutually extend the time limit if confirmed in writing.
- (c) If the parties do not agree to mediation, then the employee organization may request to submit the Impasse to factfinding, as provided in Section 4.3 below.
- (d) If the Impasse has not been resolved through factfinding, or the employee organization fails to request factfinding, then the Impasse will be sent to the Board, which shall hold a public hearing on the Impasse and take such action regarding the Impasse as it, in its discretion, deems appropriate as in the public interest, including but not limited to, unilaterally

implementing its last, best, and final offer or such terms as must be reasonably comprehended from the last, best, and final offer. Any legislative action by the Board on the Impasse shall be final and binding.

Section 4.3. Factfinding Procedures

A. Upon failure to agree to, or upon failure to reach an agreement through, mediation, the employee organization may submit a written request to the DERO and the Public Employment Relations Board for a factfinding panel in accordance with state law:

- 1) If the dispute was submitted to mediation, then the written request for a factfinding panel must be submitted not sooner than thirty (30) days, but not more than forty-five (45) days, after the appointment of the mediator.
- 2) If the dispute was not submitted to mediation, then the written request for a factfinding panel must be submitted not later than thirty (30) days following the date that either party provided the other with a written notice of an Impasse and request for an Impasse meeting.

B. The request for fact-finding shall be filed with the Public Employment Relations Board - Los Angeles Regional Office located at 700 N. Central Ave., Glendale, California 91203-3219, with a proof of service, containing a declaration signed under penalty of perjury with the following information: (1) the name of the declarant; (2) the county and state in which the declarant is employed or resides; (3) a statement that the declarant is over the age of 18 years and not a party to the case; (4) the address of the declarant; (5) a description of the documents served; (6) the method of service and a statement that any postage or other costs were prepaid; (7) the name(s), address(es) and, if applicable, fax number(s) used for service on the party(ies); and (8) the date of service. Approval or disapproval of all requests for factfinding shall be in the discretion of the Public Employment Relations Board.

C. Within five (5) working days after notification from the Public Employment Relations Board that the factfinding request has been approved, each party shall select a person to serve as its member of the factfinding panel and notify the Public Employment Relations Board of its selection. The parties shall then select the chairperson by utilizing a strike procedure whereby each side strikes a member of the list provided by PERB until one is selected. Within five (5) working days after a chairperson is selected through this procedure, the parties may alternatively mutually agree upon another person to serve as chairperson. The strike procedure will be initiated by a coin toss by a representative of the District, who shall flip the coin and call the chosen side, witnessed by the employee organization, with the winning party having the election to strike first or second. The costs for the services of the chairperson, including per diem fees, if any, and actual and necessary travel and subsistence expenses, shall be divided equally between the parties. Any other mutually incurred costs shall be divided equally between the parties. Any separately incurred costs for the panel member selected by each party shall be borne by that party. The parties are free to mutually extend the time limit if confirmed in writing.

D. Within ten (10) days of its appointment, the factfinding panel shall meet with the parties or their representatives, either jointly or separately, and may make inquiries and investigations, hold hearings, and take any other steps it deems appropriate, including issuance of subpoenas requiring attendance and testimony and production of evidence. The parties are free to mutually extend the time limit if confirmed in writing.

E. Within thirty (30) days of its appointment, or upon agreement by the parties for a longer period, and if the dispute is not settled by the parties within said time period, the factfinding panel shall make findings of fact and recommend terms of settlement, which shall be advisory only. In making its findings and recommendations, the fact-finding panel shall consider the following criteria:

- 1) State and federal laws that are applicable to the District;
- 2) Local rules, regulations, or ordinances;
- 3) Stipulations of the parties;
- 4) The interests and welfare of the public and the financial ability of the District;
- 5) Comparison of the wages, hours, and conditions of employment to employees performing similar services in comparable public agencies;
- 6) The consumer price index for goods and services, commonly known as the cost of living;
- 7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment and all other benefits received; and
- 8) Any other facts which are normally or traditionally taken into consideration in making the findings and recommendations.

F. The factfinding panel shall submit its findings and recommendations in writing to the parties prior to making them available to the public for the purpose of resolving the impasse. The District shall make the findings and recommendations available to the public within ten (10) calendar days after its receipt. If the Impasse has not been resolved within ten (10) calendar days after the District's receipt of the factfinding panel findings and recommendations, then the Impasse shall be sent to the Board, which shall then hold a hearing on the Impasse and take such action regarding the Impasse as it, in its discretion, deems appropriate as in the public interest, including but not limited to unilaterally implementing its last, best, and final offer or such terms as may be reasonably comprehended therefrom. Any legislative action by the Board on the Impasse shall be final and binding, including but not limited to unilaterally implementing its last, best, and final offer or such terms as may be reasonably comprehended therefrom.

ARTICLE V. MISCELLANEOUS PROVISIONS

Section 5.1. Peaceful Performance of District Services

Participation by an employee in any manner, in any strike, work stoppage, slow down, sick-in, or other concerted refusal to work by employees of the District or participation in any manner in any picketing or support of any such strike, work stoppage, slow down, sick-in, or other concerted refusal to work or impediment to work by employees of the District, or participation or inducing other employees of the District to engage in such activities shall subject the employee to disciplinary action up to and including termination. If an Exclusively Recognized Employee Organization, its representatives, or members, engage in, cause, instigate, encourage, or condone, in any manner, any strike, work stoppage, slow down, sick-in, or any other concerted refusal to work by employees of the District or any picketing in support thereof or any other form of interference with or of the peaceful performance of the District services in addition to any other lawful remedies or disciplinary actions, the District General Manager may suspend or revoke the recognition granted such employee organization, may suspend or cancel any or all payroll deductions payable to such organization and prohibit the use of bulletin boards, prohibit the use of District facilities, and prohibit access to former work or duty stations by such organization.

Any decision of the District General Manager made under provisions of this section may be appealed to the District Board by filing a written notice of appeal with the District General Manager accompanied by a complete statement setting forth all the grounds upon which the appeal is based. Such notice of appeal must be filed within seven (7) days after the District General Manager provides to the affected employee organization notice of the decision upon which its complaint is based. If a written notice of appeal is not filed with the District General Manager within seven (7) days, then the decision of the District General Manager shall be deemed final and not subject to any other appeal.

Section 5.2. Rules and Regulations

The Board may from time to time adopt such additional rules and regulations necessary or convenient to implement the provisions of this Resolution and provisions of the MMBA after meeting and consulting with all recognized employee organizations.

Section 5.3. Construction

Nothing in this Resolution shall be construed to deny any person the rights granted by federal and state laws and any policies or provisions of the District's rules and regulations.

The rights, power and authority of the Board on all matters, including the right to maintain any legal action, shall not be modified or restricted by this Resolution.

Provisions of this Resolution are not intended to conflict with the provisions of the MMBA or the provisions of the District's personnel system which provides for other methods of administering employee relations.

Section 5.4. Severability

If any provision of this Resolution or the application of such provision to any person or circumstance, shall be held invalid, then the remainder of this Resolution or the application of such provision to persons to circumstances other than those to which it is held invalid, shall not be affected thereby.

SECTION 3. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED AND ADOPTED on this 26th day of October 2020 by the Board of Directors of the Palmdale Water District.

Vincent Dino, President
Board of Directors
Palmdale Water District

Don Wilson, Secretary
Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder. LLP
Eric Dunn, District General Counsel

APPENDIX Q

RESOLUTION NO. 91-14

RESOLUTION OF PALMDALE WATER DISTRICT TO ESTABLISH EMPLOYER-EMPLOYEE RELATIONS, PROCEDURES, RULES AND POLICIES

The Board of Directors of the Palmdale Water District ("District"), hereby takes the action and adopts the following Resolution:

PURPOSE OF RESOLUTION

1. (a) The purpose of this Resolution is to implement Title 1, Division 4, Chapter 10, of the Government Code of the State of California (Sections 3500, et seq.), also known as the "Meyers-Miliias-Brown Act," to promote full communication between the District and its employees by providing a reasonable method of resolving disputes regarding wages, hours, and other terms and conditions of employment between the District and employee organizations.

(b) Nothing in this Resolution shall be construed to restrict any District rights with respect to matters of general managerial policy, including but not limited to, the exclusive right to determine the mission of its constituent departments, commissions and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or other legitimate reasons; maintain the efficiency of District operations; determine the methods, means and personnel by which District operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and the technology of performing its work.

DEFINITION OF TERMS

2. The following terms are defined:

(a) "Appropriate unit" means a unit of employees established under Paragraphs 11 and 12 of this Resolution.

(b) "Board" means the Board of Directors of District.

(c) "Confidential employee" means any employee who is required to develop or present management positions with respect to employer-employee relations or whose duties normally require access to confidential information contributing significantly to the development of management positions.

(d) "Days" means calendar days.

(e) "District" means the Palmdale Water District.

(f) "Employee" means any person regularly employed on a full-time basis in a permanent position by the District, except those persons elected by popular vote.

(g) "Employee organization" means any organization which includes employees of the District and which has as one of its primary purposes representing those employees in their employment relations with District.

(h) "Employee Relations Officer" means the District's principal representative in all matters of employer-employee relations designated under Paragraphs 13 and 14, or his duly authorized representative.

(i) "Employer-employee relations" means the relationship between the District and its employees and their employee organization, or, when used in a general sense, the relationship between the District management and employees or employee organizations.

(j) "Impasse" means (1) a deadlock in the discussions between a recognized employee organization and the District over any matters concerning which they are required to meet and confer in good faith, or over the scope of such subject matter; or (2) any unresolved complaint by a recognized employee organization, advanced in good faith, concerning a decision of the Employee Relations Officer made under Paragraphs 7 through 14 of this Resolution.

(k) "Management" means:

(1) The following District employees:

Engineer-Manager	Water Construction Supervisor
Assistant Engineer-Manager	Water Maintenance Supervisor
Office Manager	Production Superintendent
Assistant Office Manager	Water Treatment Supervisor
Executive Secretary	Water Service Supervisor
Facilities Superintendent	
Assistant Superintendent	

or;

(2) Any employee having significant responsibilities for formulating or administering District policies or programs; or

(3) Any employee having authority to affect decisions of the District with respect to hiring, transferring, suspending, laying off, recalling, promoting, discharging, assigning, rewarding, or disciplining other employees, or having the responsibility to direct them, or to adjust their grievances.

(l) "Mediation" means effort by an impartial third party to assist in reconciling a dispute regarding wages, hours and other terms and conditions of employment between representatives of District and a recognized employee organization through interpretation, suggestion and advice.

(m) "Meet and confer in good faith" means that District, or its representative, and representatives of a recognized employee organization, shall have the mutual obligation personally to meet and confer promptly upon request by either party and continue for a reasonable period of time in order to exchange freely information, opinion, and proposals, and to endeavor to reach agreement on matters within the scope of representation, including wages, hours, and other terms and conditions of employment. The term "meet and confer in good faith" does not require either party to agree to a proposal or make a concession.

(n) "Professional employee" means employees engaged in work requiring specialized knowledge and skills attained through completion of a recognized course of instruction; including, but not limited to, attorneys, physicians, registered nurses, engineers, architects, teachers and various types of physical, chemical and biological scientists.

(o) "Recognized employee organization" means an employee organization that represents employees of District, and has attained that status pursuant to the procedures for recognition specified by this Resolution.

(p) "Resolution" means, unless the context indicates otherwise, this Resolution of the District.

(q) "Scope of representation" means all matters relating to employment conditions and employer-employee relations, including, but not limited to, wages, hours and other terms and conditions of employment.

EMPLOYEE RIGHTS

3. Employees of the District shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the District. No employee shall be

interfered with, intimidated, restrained, coerced or discriminated against because of his exercise of these rights.

MEET AND CONFER IN GOOD FAITH

4. The District, through its representatives, shall meet and confer in good faith with representatives of formally recognized employee organizations regarding matters within the scope of representation.

5. The District shall not be required to meet and confer in good faith on any subject preempted by Federal or State law or by the Water Code of California, nor shall it be required to meet and confer in good faith on Employee Rights, as defined in Paragraph 3. Proposed amendments to this Resolution, and all rights confirmed to the District under Paragraph 1 or otherwise reserved by the District, are excluded from the scope of meeting and conferring in good faith.

ADVANCE NOTICE

6. Reasonable written notice shall be given to each recognized employee organization affected by any rule, Resolution (except this Resolution), or regulation directly relating to matters within the scope of representation proposed to be adopted as amended by the Board and each shall be given the opportunity to meet with such body prior to adoption.

PETITION FOR RECOGNITION

7. (a) An employee organization that seeks formal recognition for purposes of meeting and conferring in good faith as the recognized employee organization of an appropriate unit shall file a petition with the Employee Relations Officer containing the following information and documentation:

- (1) Name and address of the employee organization.
- (2) Names and titles of its officers.
- (3) Names of employee organization representatives who are authorized to act on behalf of the employer organization.
- (4) A statement that the employee organization has as one of its primary purposes representing employees in their employment relations with the District.

(5) A statement whether the employee organization is a chapter or local of or affiliated directly or indirectly in any manner with a regional, state, national or international organization and, if so, the name and address of each such regional, state, national or international organization.

(6) Certified copies of the employee organization's constitution and bylaws.

(7) A designation of those persons, not exceeding two in number, and their addresses, to whom notice sent by regular United States mail will be deemed sufficient notice to the employee organization for any purpose.

(8) A statement that the employee organization recognizes that the provisions of Section 923 of the Labor Code are not applicable to the District employees.

(9) A statement that the employee organization has no restriction on membership based on race, color, creed, sex, national origin, religion, medical condition, or age.

(10) The job classifications or titles of employees in the unit claimed to be appropriate and the approximate number of employees in the appropriate unit.

(11) A statement that the employee organization has in its possession written proof, dated within six months of the date upon which the petition is filed, to establish that employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with District. Such written proof shall be submitted for confirmation to the Employee Relations Officer.

(12) A request that the Employee Relations Officer recognize the employee organization as the majority representative of the employees in the unit claimed to be appropriate for the purpose of meeting and conferring in good faith on all matters within the scope of representation.

(b) All changes in the information filed with the District by a recognized Employee Organization of items (1) through (12) of Paragraph 7(a) shall be submitted in writing to the Employee Relations Officer within 14 days of such change.

8. The petition, including all accompanying documents, shall be verified, under oath, by the Executive Officer and Secretary of the petitioning organization, that the statements are true.

9. No employee may be represented by more than one recognized employee organization for purposes of this Resolution. An employee shall not be prohibited from appearing in his own behalf in his employment relations with the District.

FORMAL RECOGNITION AS THE RECOGNIZED
EMPLOYEE ORGANIZATION

10. (a) (1) An employee organization that seeks formal recognition as the recognized employee organization of an appropriate unit shall file a petition for recognition with the Employee Relations Officer containing all of the information set forth in Paragraph 7(a), accompanied by written proof that at least 30% of the employees in the unit claimed to be appropriate have designated the employee organization to represent them in their employment relations with the District. Upon receipt of the petition for recognition, the Employee Relations Officer shall determine:

(i) Whether there has been compliance with the requirements of the petition for recognition under Paragraph 7 (a); and

(ii) Whether the proposed unit is an appropriate unit.

If an affirmative determination is made by the Employee Relations Officer on the preceding two matters, he shall give written notice of such request for formal recognition to the employees in the unit and shall take no action on the request for 30 days thereafter. If either of the preceding matters are not affirmatively determined, the Employee Relations Officer shall inform the employee organization of the negative determination.

(2) Within 30 days of the date written notice was given to affected employees that a valid recognition petition for an appropriate unit has been filed, any other employee organization may file a competing request to be formally acknowledged as the exclusively recognized employee organization of the employees in the same or in an overlapping unit (one which corresponds with respect to some but not all of the classifications or positions set forth in the recognition petition being challenged), by filing a petition evidencing proof of employee support in the unit claimed to be appropriate of at least 30% and otherwise in the same form and manner as set forth in Paragraph 7. If the challenging petition seeks establishment of an overlapping unit, the Employee Relations Officer shall hold a hearing on such overlapping petitions for the purpose of ascertaining the more appropriate unit, at which time the petitioning employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the appropriate unit or units in accordance with the criterion in Paragraphs 11 and 12.

(3) If the written proof submitted by the employee organization for the unit found to be appropriate establishes that it represents more than 50% of the employees in such unit, the Employee Relations Office may, in his discretion, grant formal recognition to such employee organization without a secret ballot election.

(4) When an employee organization for the unit found to be appropriate submits written proof, dated within six months of the date upon which its petition for recognition was filed, that it represents at least 30% of the employees in such unit, and it does not qualify for or has not been granted recognition under Paragraph 10 (a)(3) above, the Employee Relations Officer shall arrange for a secret ballot election to be conducted by District or another agreed-upon neutral third party. All challenging organizations who have submitted written proof that they represent at least 10% of the employees in the unit found to be appropriate, and have submitted a petition for recognition as required by Paragraph 7, shall be included on the ballot. The choice of "No Organization" shall also be included on the ballot. Employees entitled to vote in the election shall be those persons regularly employed on a full-time basis in permanent positions within the unit who were so employed during the pay period immediately prior to the date which is 15 days before the election, including those who did not work during such period because of illness, vacation or authorized leaves of absence, and who are so employed by the District in the same unit on the date of the election. An employee organization shall be granted formal recognition following an election or run-off election if that employee organization has received the vote of a numerical majority of all valid votes cast in the election. In an election involving three or more choices, where none of the choices receives a majority of the valid votes cast, a run-off election shall be conducted between the two choices receiving the largest number of valid votes cast. The rules governing an initial election shall also apply to a run-off election.

(5) There shall be no more than one valid election in a 12-month period within the same unit.

(b) Decertification of Established Unit

(1) A petition for decertification alleging that an employee organization granted formal recognition is no longer the recognized employee organization in an appropriate unit may be filed with the Employee Relations Officer. Petitions for decertification may be filed by an employee, a group of employees or their representative, or any employee organization. The petition, including all accompanying documents, shall be verified, under oath, by the person signing it, that its contents are true. It may be accompanied by a petition for recognition by a challenging organization. The petition for decertification shall contain the following information:

(i) the name, address and telephone number of the petitioner and a designated representative authorized to receive notices or requests for further information.

(ii) the name of the formally recognized employee organization.

(iii) an allegation that the formally recognized employee organization no longer represents a majority of the employees in the appropriate unit; and

(iv) written proof that at least 30% of the employees in the unit do not desire to be represented by the formally recognized employee organization. Such written proof shall be dated within six months of the date upon which the petition is filed and shall be submitted for confirmation to the Employee Relations Officer or to a mutually agreed upon disinterested third party.

(2) Following verification of the petition, accompanying documents and proof, the Employee Relations Officer shall arrange for a secret ballot election to determine if the formally recognized employee organization shall retain its recognition rights. The formally recognized employee organization shall be decertified if a majority of those casting valid ballots vote for decertification.

(3) If the written proof submitted by the formally recognized employee organization establishes that more than 50% of the employees in the unit do not desire to be represented by the formally recognized employee organization, the Employee Relations Officer may, in his discretion, grant decertification to such employee organization without a secret ballot election.

(4) There shall be no more than one valid decertification election in the same unit in any 12-month period.

(5) If a recognized employee organization voluntarily disbands or withdraws from continuing to represent employees in the District, it shall, through its authorized representative, notify the Employee Relations Officer in writing of such action, and the District shall thereafter be relieved of any meet and confer obligations with that employee organization under paragraphs 4 and 5, above.

(c) Modification of Established Unit. A petition for modification of an established unit may be filed by an employee organization with the Employee Relations Officer. The petition for modification shall contain all of the information set forth in Paragraph 7(a) along with a statement of all relevant facts in support of the proposed modified unit. The petition for modification shall be accompanied by written proof, dated within six months of the date upon which the petition for modification was filed, that at least 50% of the employees within the proposed modified unit have designated the employee organization to represent them in their employment relations with the District. The Employee Relations Officer shall hold a hearing on the petition for modification, at which time all affected employee organizations shall be heard. Thereafter, the Employee Relations Officer shall determine the appropriate unit or units as between the existing unit and the proposed unit. If the Employee Relations Officer determines that

the proposed modified unit is the appropriate unit, using the criterion set forth in Paragraphs 11 and 12, then the procedures set forth in Paragraph 10(a) shall be implemented for determining formal recognition rights in such unit.

(d) Duration Of Formal Recognition. When an employee organization has been formally recognized, such recognition shall remain in effect from the date thereof and thereafter until such time as the Employee Relations Officer shall determine, on the basis of a secret ballot election conducted under these rules, that the formally recognized employee organization no longer represents a majority of the employees in the appropriate unit or until such time as the unit may be modified, or until the employee organization gives written notice that it has voluntarily disbanded or withdraws from representation, as provided in Paragraph 10(b)(5).

(e) Cost of Election Proceedings. The cost of an election proceeding shall be borne equally by the employee organizations whose names appear on the ballot.

APPROPRIATE UNIT

11. The Employee Relations Officer, after reviewing the petition filed by an employee organization seeking formal recognition as majority representative, shall determine whether the proposed unit is an appropriate unit. The principal criterion in making this determination is whether there is a community of interest among the employees. The following factors, among others, are to be considered in making such determination:

(a) Which unit will assure employees the fullest freedom in the exercise of rights set forth under this Resolution.

(b) The history of employee relations: (i) in the unit; (ii) among other employees of District; and (iii) in similar public employment.

(c) The effect of the unit on the efficient operation of District and sound employer-employee relations.

(d) The extent to which employees have common skills, working conditions, job duties or similar educational requirements.

(e) The effect on the existing classification structure of dividing a single classification among two or more units; provided, however, no unit shall be established solely on the basis of the extent to which employees in the proposed unit have organized.

12. In the establishment of appropriate units (1) professional employees shall not be denied the right to be represented separately from non-professional employees; and (2) management and confidential

employees who are included in the same unit with non-management or non-confidential employees may not represent such employees on matters within the scope of representation. A separate unit may be established for management and confidential employees.

DESIGNATION OF DISTRICT EMPLOYEE RELATIONS OFFICER

13. The Board hereby designates the General Manager of the District as the Employee Relations Officer. He shall be the District's principal representative in all matters of employer-employee relations, with authority to meet and confer in good faith on matters within the scope of representation, including wages, hours and other terms and conditions of employment.

14. The Employee Relations Officer is authorized to delegate the duties and responsibilities specified in Paragraph 13.

RESOLUTION OF IMPASSES

15. (a) Impasse procedures may be invoked only after the possibility of settlement by meeting and conferring under Paragraphs 4 and 5 have been exhausted. Any party may initiate the impasse procedure by filing with the other party or parties affected a written request for an impasse meeting, together with a statement of its position on all disputed issues. If the party or parties requesting the impasse meeting have complied with the preceding sentence, an impasse meeting shall then be scheduled by the Employee Relations Officer forthwith after the date of filing of the written request for such meeting, with written notice to all parties affected. The purpose of such impasse meeting is to permit a review of the position of all parties in an effort to reach agreement on the disputed issues.

(b) If the disputed issues are not resolved under Paragraph 15(a), and if the parties agree, the dispute may then be submitted to mediation. All mediation proceedings shall be private. The mediator shall make no public recommendation, nor take any public position at any time concerning the issues. The mediator shall be selected by the mutual consent of the parties. If the parties do not agree, then each party shall appoint a person as a mediator, and the two persons so selected shall appoint an additional mediator.

(c) If the parties fail to agree to submit to mediation, or fail to resolve the impasse through mediation within 15 days after the mediator commenced meeting with the parties, the Board may take such action regarding the impasse issues as it in its discretion deems appropriate in the public interest. Any action by the Board on the impasse issues shall be final and binding.

16. (a) If there is one mediator, all fees and expenses shall be payable one-half by the District and one-half by the recognized employee organization.

(b) If there are three mediators, the District shall pay for the fees and expenses of its appointee, and the recognized employee organization shall pay for the fees and expenses of its appointee. The fees and expenses of the third mediator selected by the appointed mediators shall be payable equally by the District and the recognized employee organization.

MEMORANDUM OF UNDERSTANDING

17. If agreement is reached by the representatives of District and a recognized employee organization, they shall jointly prepare a written memorandum of such understanding, which shall not be binding on the parties until it is presented to and approved by formal action of the Board.

RULES AND REGULATIONS

18. The Board may adopt such rules and regulations necessary or convenient to implement the provisions of this Resolution.

CONSTRUCTION

19. Nothing in this Resolution shall be construed to deny any person or employee the rights granted by Federal and State laws and the Water Code of California.

20. The rights, powers and authority of the Board in all matters, including the right to maintain any legal action, shall not be modified or restricted by this Resolution.

21. Nothing contained in this Resolution shall abrogate any written agreement between any employee organization and District in effect on the effective date of this Resolution. All such agreements shall continue in effect for the duration of the term specified therein unless modified or rescinded by mutual agreement of the parties.

22. The provisions of this Resolution are not intended to conflict with the provisions of the Meyers-Miliias-Brown Act.

23. As used in this Resolution, the masculine, feminine or neuter gender, and the singular or plural number, shall each include the others whenever the context so indicates.

SEVERABILITY

24. If any provision of this Resolution, or the application of any provision to any person or circumstance, shall be held invalid, the remainder of this Resolution, or the application of any provision to persons or circumstances other than those as to which it is held invalid, shall not be affected.

ADOPTION

25. This Resolution is adopted and effective this 12th day of November, 1991.

Leslie O. Carter

ATTEST:

John M. Sidwell
Secretary

RE: AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION ON SECOND AMENDMENT TO COOPERATIVE AGREEMENT NO. A-4089 BETWEEN THE CITY OF PALMDALE, ANTELOPE VALLEY-EAST KERN WATER AGENCY, PALMDALE WATER DISTRICT, AND LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 ANTELOPE VALLEY, TO DESIGN, CONSTRUCT, OPERATE AND MAINTAIN THE UPPER AMARGOSA CREEK FLOOD CONTROL, RECHARGE AND HABITAT RESTORATION PROJECT. (\$720,579.00 – BUDGETED – GENERAL MANAGER LAMOREAUX)

In 2013, the District entered into an Agreement with the City of Palmdale, the Antelope Valley-East Kern Water Agency, the Palmdale Water District, and Los Angeles County Waterworks District No. 40 Antelope Valley for the design, construction, operation, and maintenance of this Project and committed through that Agreement to fund \$1,250,000.00 as the District's share of the Project cost. The Agreement provided for a five-year time limit for the construction of the Project.

In 2018, the District entered into a First Amendment to this Agreement providing for a ten-year construction period for the Project with all other provisions of the 2013 Agreement remaining unchanged.

Overall costs for the Project have increased and are outlined in the City of Palmdale's June 25, 2020 letter, copy attached. Due to the increased cost, the District's funding commitment has increased from \$1,250,000 to \$1,970,579. The Second Amendment to Cooperative Agreement No. A-4089 addresses this increase.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 1 – Water Resource Reliability.

This item directly relates to the District's Mission Statement.

Budget:

The District's contribution towards this Project is budgeted.

Supporting Documents:

- Cooperative Agreement No. A-4089 Between the City of Palmdale, Antelope Valley-East Kern Water Agency, Palmdale Water District, and Los Angeles County Waterworks District No. 40 Antelope Valley to Design, Construct, Operate and Maintain the Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project.
- First Amendment to Agreement No. A-4089 Between the City of Palmdale, Antelope Valley-East Kern Water Agency, Palmdale Water District, and Los Angeles County Waterworks District No. 40 Antelope Valley for the Design, Construction, Operation and Maintenance of the Upper Amargosa Creek Flood Control, Recharge and Habitat Restoration Project.
- Second Amendment to Agreement No. A-4089 between the City of Palmdale, Antelope Valley-East Kern Water Agency, Palmdale Water District, and Los Angeles County Waterworks District No. 40 Antelope Valley to Design, Construct, Operate and Maintain the Upper Amargosa Creek Flood Control, Recharge and Habitat Restoration Project.
- June 25, 2020 letter from City of Palmdale regarding "Upper Amargosa Recharge Cost and Status Update."

ORIGINAL

**COOPERATIVE AGREEMENT BETWEEN THE CITY OF PALMDALE,
ANTELOPE VALLEY-EAST KERN WATER AGENCY, PALMDALE WATER
DISTRICT, AND LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40,
ANTELOPE VALLEY TO DESIGN, CONSTRUCT, OPERATE AND MAINTAIN
THE UPPER AMARGOSA CREEK FLOOD CONTROL, RECHARGE, AND
HABITAT RESTORATION PROJECT**

This Cooperative Agreement is made and entered into on this 4th day of December, 2013, by and among the City of Palmdale ("City"), Antelope Valley-East Kern Water Agency ("AVEK"), Palmdale Water District ("PWD"), and Los Angeles County Waterworks District No. 40, Antelope Valley, ("Waterworks"), and collectively hereinafter referenced as the "Parties."

RECITALS

WHEREAS, the City is a California charter City, with all of the rights created by the California Constitution, City charter, and the general laws of the State of California;

WHEREAS, the City owns certain real property ("City Property"), more particularly described and depicted on the map attached hereto as Exhibit A and incorporated by reference, that is available for use as a spreading ground for the purpose of banking water and recharging the Antelope Valley Groundwater Basin ("Basin");

WHEREAS, the CITY is authorized to enter into this Cooperative Agreement by its charter, Article 11, section 9 of the California Constitution, and Water Code section 106.5;

WHEREAS, AVEK is a California State Water Project Contractor and authorized to enter into this Cooperative Agreement by Section 98-61 of the California Water Code Appendix;

WHEREAS, PWD is a California irrigation district organized and existing pursuant to Division 11 of the Water Code;

WHEREAS, Waterworks is a county waterworks district, duly authorized pursuant to Division 16 of the Water Code, section 55000, et seq.;

WHEREAS, Waterworks is authorized to enter into this Cooperative Agreement pursuant to Water Code sections 55330, 55331 and 55335;

WHEREAS, the Parties are each members of the Antelope Valley Regional Water Management Group ("AVRWMG") and have jointly prepared and adopted the Antelope Valley Integrated Regional Water Management Plan ("AVIRWMP");

WHEREAS, the AVIRWMP provides the framework for water supply, water quality, flood control, environmental resource and land use management for the Antelope Valley Region;

WHEREAS, the Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project ("Project"), is a project identified in the AVIRWMP as a High Priority Project;

WHEREAS, the City intends to plan, design and construct the Project;

WHEREAS, AVEK, PWD and Waterworks desire to cooperate and assist in completing the Project;

WHEREAS the construction of the Project will require compliance with the California Environmental Quality Act ("CEQA"), and obtaining regulatory/ environmental permits, including but not limited to permits from the United States Army Corps of Engineers, the California Department of Fish and Wildlife Services, and the Lahontan Regional Water Quality Control Board;

WHEREAS the total estimated cost of the construction of the Project is approximately \$13.5/14.5 million;

WHEREAS, the City, using funds provided by the AVRWMG, prepared a successful grant application that resulted in an award of \$6,500,000 for the Project from Proposition 1E funds administered by the State of California Department of Water Resources, to assist the Antelope Valley region in constructing the Project;

WHEREAS, the City has invested \$2,022,711 as of the effective date of this Cooperative Agreement of Proposition 1E qualifying matching funds after September 30, 2008, into the Project;

WHEREAS, the City has also invested an additional \$816,400, including funds for properties purchased prior to September 30, 2008, into the Project that do not qualify for Proposition 1E matching funds;

WHEREAS, the City has funded a preliminary evaluation of the Project by the U.S. Geological Survey for the feasibility of recharging water at the Project site, groundwater aquifer properties, potential barriers to groundwater flow, water infiltration rates, and the effects of simulated long-term artificial recharge were evaluated; and the average simulated recharge capacity of the Project was determined to be 6,400 acre-feet per year ("Project Capacity");

WHEREAS, not all of the costs associated with the Project are for basin recharge and water banking, but instead relate to benefits to be provided to the City in the form of flood control and a nature park; the Parties have agreed that approximately twenty eight percent (28%) of the total cost of the Project is for the independent benefit of the City;

WHEREAS, the Project needs additional funding of approximately \$5,800,000 for the remaining unmet budget;

WHEREAS, the Parties will each receive direct benefits from the construction and operation of the Project;

WHEREAS, the Parties are each named parties in the presently pending Antelope Valley Groundwater Adjudication (*Antelope Valley Groundwater Cases*, Judicial Council Coordination Proceeding No. 4408) ("Adjudication");

WHEREAS, the Parties intend for the Project to be consistent with the Physical Solution for the Basin to be imposed through the Adjudication;

WHEREAS, any water applied for purposes of recharging the Basin or banking water in the Basin through the Project will be credited to the purchaser of said water for purposes of subsequent recovery pursuant to the judgment to be entered in the Adjudication; and,

WHEREAS, the parties will cooperate with one another to complete the design, construction, operation and maintenance of the Project, and to obtain whatever Court approvals are forthcoming in the Adjudication to implement this Cooperative Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

(1) DEFINITIONS:

In addition to the terms specially defined elsewhere in this Cooperative Agreement, the following terms shall have the following meanings:

Adjudication: Antelope Valley Groundwater Cases, Los Angeles Superior Court Case No. BC 325 201 (Judicial Council Coordination Proceeding No. 4408).

Contract Change Orders: Construction changes approved by the City, after review and consultation with the Parties; accumulative contract change orders greater than 15% of the total construction contract amount must first be approved by the Parties.

Fair Share: A Party's capacity which shall be proportionate to its share of the Total Contribution (defined below). For example, if a Party's contribution is 25 percent of the Total Contribution (i.e., \$1,450,000 of \$5,800,000), the Party's Fair Share is 1,600 acre feet per year.

Groundwater Banking Facility: Those portions of the Project that will be used for water banking operations including the Turnout.

In-Kind Services: Those design and construction management services, provided by a Party (excluding services that were unreasonable), that would otherwise be required to be performed pursuant to a contract. In-Kind Services will be valued at their

actual cost, the amount of which will be agreed by the Parties, and the valuation thereof will not include overhead, profit, or lost profit margins,

Physical Solution: Those components of the judgment and orders in Adjudication wherein water demand and water supply are balanced. A Physical Solution is typically administered by a Watermaster under the jurisdiction of the court, and is expected by the Parties to be so with regard to the Adjudication.

Plans and Specifications: Those plans and specifications for the Project as released for construction, including all Contract Change Orders.

Project: The Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project as prepared by the City for the grant application for Proposition 1E funds administered by the State of California Department of Water Resources.

SWP: California State Water Project.

Total Contribution: Total accumulative value of all Parties' monetary contribution to the groundwater banking basins and the agreed value of In-Kind Services.

Total Contribution Percentage: An individual Party's contribution divided by the total of all Parties' Total Contribution to the Groundwater Banking Facility.

Total Cost: The combined cost for design and construction of the Project and the Turnout. Total Cost includes "soft costs" and "hard costs" as defined by common usage in the construction industry.

Turnout: All facilities related to the physical connection between the California Aqueduct and the groundwater banking basins, including the metering building and connecting piping.

Turnout Costs: The operational, maintenance, repair and replacement costs of operating the Turnout, charged as a rate per acre foot of water delivered.

Water Costs: The cost of raw water delivered at the Turnout, including administration and overhead, charged as a rate per acre foot of water delivered. The water costs are determined by the actual ownership of the raw water at the Turnout, and governed by existing or future operational and ownership contracts.

(2) CITY'S OBLIGATIONS:

- a. To award and administer the contracts for the design and construction of the Project pursuant to Plans and Specifications, and to act, in consultation with the other Parties, with respect to the design of the Project, and on behalf of the Parties in all negotiations pertaining to the Project. Facilities to be owned by AVEK shall be constructed according to AVEK's specifications, and the Plans and Specifications shall be signed by AVEK's engineer prior to

construction. AVEK's Board of Directors will accept such facilities into AVEK's water delivery system upon certification by AVEK's engineer that they have been constructed in accordance with the approved Plans and Specifications.

- b. To have previously contributed \$2,839,111 towards the Total Cost of the Project, as of the date of execution of the Agreement.
- c. To have contributed, as of the date of execution of the Agreement, \$1,950,469 of the aforementioned \$2,839,111 for the City-only benefit portion of the Project referenced in the Recitals above and the remaining \$807,002 designated for the Groundwater Banking Facility.
- d. To make additional contributions, if needed, in the form of In-Kind Services for the Project.
- e. To obtain and maintain all necessary State, local, or other needed regulatory approval, applicable permits, and compliance with CEQA to construct and operate the Project.
- f. To notify the Parties 48 hours in advance of the start of construction of the Project so that the Parties may each furnish an inspector, at no cost to the other Parties, to monitor construction of the Project. City's inspector(s) shall consult with Parties' inspectors with respect to Contract Change Orders for Project, but City's inspector's instructions to City's contractor shall be final upon a mutually agreed upon solution by the Parties to any and all Contract Change Orders.
- g. To pay the Water Costs, if any, for the purchase of imported water supplies to be banked in the Project, in conformity with existing and future AVEK contracts, or if water is acquired from any other source, in accordance with the terms of this Cooperative Agreement.
- h. To pay for the Turnout Costs associated with delivering water purchased by the City to the Project through the Turnout on behalf of the City.
- i. To operate and maintain the non-AVEK Project facilities through its own forces or through contracts with one or more of the Parties or private contractors.
- j. To furnish for approval by the Parties, within 60 days after acceptance of Project by the City, a final accounting ("Final Accounting") of the actual total cost of Project.
- k. To furnish Parties, within 60 days after acceptance of Project by the City, a reproducible set of as-built drawings of Project.

- l. To take all necessary steps to complete the Project pursuant to the approved Plans and Specifications.
- m. To cooperate with and assist the other Parties in obtaining any Court approvals in the Adjudication required to complete and operate the Project. The City agrees that this Agreement shall not be admissible to undermine any Party's position on any issue related to in the Adjudication.

(3) WATERWORKS' OBLIGATIONS:

- a. To pay to the City the sum of \$1,250,000 as its share of the Total Contribution as required to complete the Project.
- b. Provide inspection consultation for the Project on an as-needed basis.
- c. To pay the Water Costs, if any, for the purchase of imported water supplies to be banked in the Project, in conformity with existing and future AVEK contracts, or if water is acquired from any other source, in accordance with the terms of this Cooperative Agreement..
- d. To pay for the Turnout Costs associated with delivering water purchased by Waterworks to the Project through the Turnout on behalf of Waterworks.
- e. To cooperate with and assist the other Parties in obtaining any Court approvals in the Adjudication required to complete and operate the Project. Waterworks agrees that this Agreement shall not be admissible to undermine any Party's position in the Adjudication, on any issue.
- f. To use its existing groundwater extraction system to recover water AVEK banked in the Project, in lieu of contractual supply, per a mutually agreed annual schedule, subject to AVEK's payment of a banked water recovery fee established by Waterworks to recover costs incurred

(4) AVEK'S OBLIGATIONS:

- a. To pay to the City the sum of \$2,500,000 as its share of the Total Contribution as required to complete the Project. If project costs increase from initial estimate, AVEK's Fair Share of Project Capacity shall be adjusted to correspond to AVEK's maximum \$2,500,000 contribution.

- b. To maintain and operate the Turnout to serve the Project to the satisfaction of the Parties and the State Department of Water Resources.
- c. To assist the City in obtaining all the required approvals from the State Department of Water Resources for the design and construction of the Turnout.
- d. To assist in the design and construction, and to own, operate and maintain approximately 5,100 feet of 48-inch pipeline to deliver SWP Water from the metering vault at the Turnout to the Project.
- e. To furnish, install, own, operate and maintain a sufficient facility to measure the amount of water delivered to the Project. AVEK agrees to consider oversizing such meter for possible excess volume for future expansion of the subject recharge facilities.
- f. To provide SWP Water and other water from the California Aqueduct, subject to availability and capacity, to the Parties to this Cooperative Agreement, including AVEK, for purposes of water banking in the Project, at the Amargosa Banking Rate, and consistent with any requirements that may be imposed as a result of the Adjudication, including the anticipated Physical Solution therein. AVEK shall also wheel non-SWP water purchased by Parties through a separate agreement with AVEK to bank in the Project, subject to AVEK's system capacity.
- g. To maintain an accounting of the volume of water delivered to the Project through the Turnout on behalf of each of the Parties. Delivered amounts will be based on monthly reporting from the State Department of Water Resources.
- h. To bill the City, PWD, and Waterworks, respectively, for the costs associated with the purchase and delivery of SWP Water or other outside water to the Project through the Turnout for banking in the Project on behalf of these Parties, consistent with the terms of this Cooperative Agreement.
- i. To cooperate with and assist the other Parties in obtaining any Court approvals in the Adjudication required for completing and operating the Project. AVEK agrees this Agreement shall not be admissible to undermine any Party's position on any issue related to the Adjudication.

(5) PWD'S OBLIGATIONS:

- a. To pay to the City the sum of \$1,250,000 as its share in the Total Contribution required to complete the Project. That amount shall be

held by the City in a segregated account, to be used only for expenses related to the design, construction and operation of the Project.

- b. Provide inspection consultation for the Project on an as-needed basis.
- c. To pay the Water Costs, if any, for the purchase of imported water supplies to be banked in the Project, and in conformity with existing or future PWD contracts, or water acquired from any other source, at the sole discretion of PWD, in accordance with the terms of this Cooperative Agreement.
- d. To pay for the Turnout Costs associated with delivering water purchased by PWD to the Project through the Turnout on behalf of PWD.
- e. To cooperate with and assist the other Parties in obtaining any Court approvals in the Adjudication required to complete and operate the Project. PWD agrees this Agreement shall not be admissible to undermine any Party's position on any issue related to the Adjudication.
- f. PWD agrees to use its groundwater extraction system to recover AVEK water banked in the Project for the benefit of AVEK per a mutually agreed annual schedule, subject to AVEK's payment of a banked water recovery fee established by PWD to recover costs incurred.

(6) IT IS MUTUALLY UNDERSTOOD AND AGREED AS FOLLOWS:

- a. Water banked through the Project will be credited to the Party that purchased the imported water, whether the purchased water was from AVEK or some other source, as between the Parties to this Cooperative Agreement, less a ten (10) percent downward adjustment for a leave behind and normal losses for all purposes, subject to such further adjustments or conditions as may be required by the Adjudication, including the anticipated Physical Solution therein. Nothing herein shall prevent AVEK from storing water in the Project for its own account at its own expense.
- b. No Party will assert before the court in the Adjudication, the Watermaster to be appointed pursuant to the Physical Solution to be imposed in the Adjudication, or in an administrative hearing that any other Party lacks the legal right to bank and recover banked water in the Project, consistent with the terms of this Cooperative Agreement. The substantive legal and practical details of the extent

- of such asserted banked water right, such as the amount, cost, the priority of recovery, etc., are excluded from this prohibition.
- c. The Parties will be responsible for the annual costs incurred by the City in operating and maintaining the Groundwater Banking Facility of the Project in the following manner: In the first year following the completion of the Groundwater Banking Facility, the proportion of operational costs is equal to the Fair Share Percentage of each Party. In the second and subsequent years, an individual Party's operational costs shall be equal to the proportionate share of the volume of water imported and banked in the Project in that given year. In any year in which water is not delivered for banking to the Project,, the Parties will pay their Fair Share Percentage of operation and maintenance costs of the Groundwater Banking Facility.
 - d. The Parties agree to maintain a cost effective and prudent maintenance budget. The parties agree to meet annually to review and approve the maintenance budget. It is agreed that the initial maintenance budget is estimated to be \$250,000, which will be reviewed annually after a review of the actual cost by the Parties. The parties agree to work cooperatively to modify the Cooperative Agreement if necessary to maintain a cost effective and prudent operating and maintenance budget.
 - e. The Project Capacity is based upon the preliminary investigative work performed by the United States Geological Survey (USGS) and shall be used as the base amount by which the initial Fair Share determination is made.
 - f. If a Party's funds deposited with the City exceed that Party's share of the Total Contribution, based upon the Final Accounting, such excess funds shall be refunded to that Party within sixty (60) days of the Parties' acceptance of the Final Accounting.
 - g. If a Party's share of the Project costs exceeds funds deposited with the City, based upon the Final Accounting, each Party will pay its Fair Share within sixty (60) days of the City's submission of, and Parties' acceptance of the Final Accounting, and the ratification of a Final Fair Share Agreement Amendment by the Parties.
 - h. Upon Final Accounting of the Project, each Party's Fair Share shall be determined by each individual Party's contribution to the Project and such determinations will be ratified by an amendment to this agreement ("Final Fair Share Agreement Amendment")

- i. Each Party is solely responsible for its own groundwater pumping costs of recovering its banked water, and associated costs, including construction, maintenance, and operational cost of wells and pumps, etc., which are expressly excluded from this Agreement.
- j. As against all non-Parties, the City shall have a first priority right to recharge, store and maintain a minimum Project Capacity of 889 acre-feet in the Project. As between the Parties, the City's rights are *pari passu*.
- k. As against all non-Parties, Waterworks shall have a first priority right to a minimum Project Capacity of 1,378 acre-feet in the Project. As between the Parties, Waterworks' rights are *pari passu*.
- l. As against all non-Parties, AVEK shall have a first priority right to a minimum Project Capacity of 2,755 acre-feet in the Project. As between the Parties, AVEK's rights are *pari passu*.
- m. As against all non-Parties, PWD shall have a first priority right to a minimum Project Capacity of 1,378 acre-feet in the Project. As between the Parties, PWD's rights are *pari passu*.
- n. At a minimum, the Parties shall meet annually during the third quarter of the calendar year to establish an operational strategy for the Project for the following calendar year.
- o. The Parties may assign any or all of their first priority Project Capacity in the Project for fair market value, subject to ongoing maintenance costs of section 6(c) and 6(d) attributed to the increase in Project Capacity. The remaining Parties are to have first right of refusal on the sale of any of the other Parties' shares in proportion to their Fair Share Percentage. If any Party refuses its Fair Share Percentage, that percentage shall be available to the other Parties with a right of first refusal on the same Fair Share Percentage basis. If all Parties invoke their first refusal rights declining to purchase the priority Project Capacity, the Project Capacity right may be sold to a governmental agency, or remain unused. However, such sale must also include the assignment of the proportionate maintenance costs of section 6(c) and 6(d).
- p. The Parties may lease their unused first priority recharge capacity in the Project for fair market value, in one year increments. The remaining Parties shall have first right of refusal on the lease of any of the other Parties' shares in proportion to the Fair Share percentage. If any Party refuses its percentage, that percentage shall then be available to the other Parties with a right of first refusal on the same Fair Share Percentage basis. If all Parties invoke their

first refusal rights declining to lease the priority recharge, the recharge right may be leased to a public agency, or remain unused. However, in all lease situations, the Party remains responsible for the proportionate maintenance costs of section 6(c) and 6(d).

- q. This Cooperative Agreement is intended as a funding mechanism to assist the City in financing the Project. Nothing in this Cooperative Agreement is intended to transfer any authority or responsibility to the City for operation of Waterworks, AVEK or PWD facilities, or impose any liability on any Party other than to perform as set forth in this Cooperative Agreement.
- r. This Cooperative Agreement contains the full and complete understanding of the Parties regarding the subject matter of this Cooperative Agreement and shall not be construed against either Party as the drafter of the Cooperative Agreement which shall be deemed to have been drafted by all Parties.
- s. If any term, clause or provision of the Cooperative Agreement is held to be illegal, invalid, or unenforceable, the remainder of the Cooperative Agreement shall not be affected, but shall remain in full force and effect in accordance with the terms thereof.
- t. This Cooperative Agreement shall be governed by the local laws of the State of California. The venue for any legal action on the Cooperative Agreement shall be in the County of Los Angeles.
- u. No waiver of any breach or default by any Party shall constitute a waiver of any other breach or default, nor shall any waiver constitute a continuing waiver.
- v. No Party shall assign this Cooperative Agreement or any of such Party's rights, or obligations, other than as set forth in section 6(a) and 6(v) without the prior written consent of all other Parties, and any attempt at such assignment shall be void, notwithstanding that any Party may assign this Cooperative Agreement or any part thereof to any successor public agency legally performing the functions of the assigning Party as its successor.
- w. This Agreement may be amended or modified only by mutual written consent of all of the Parties.

(7) TERMINATION

CONSTRUCTION TERM

The Construction Term of this Cooperative Agreement is five (5) years from the date of the approval of the Parties. If ALL the Parties have not

completed ALL of their respective duties by that date, this Cooperative Agreement is terminated, unless ALL Parties agree in writing to a later date of completion. If the Cooperative Agreement is terminated for failure to complete construction pursuant to this section, the Project Groundwater Banking Facility shall be sold at fair market value. All Parties at the time of termination shall receive a pro rata share of the proceeds based on their Fair Share Percentage at the time of termination, up to the value of the Party's total investment. However, the City of Palmdale shall retain ownership of the City-only section of the Project, exclusive of the sale of the remaining Project Groundwater Banking Facility, subject to a diminution of Palmdale's Fair Share Percentage of the value of the City-owned section of the Project.

OPERATIONAL TERM

The Operational Term of this Cooperative Agreement is twenty (20) years, inclusive of the Construction Term, terminating on June 30, 2032 with two (2) optional ten (10) year extension periods, unless the Parties provide mutual written consent to modify or extend the Operational Term. The optional ten (10) year extensions are automatic unless a Party objects in writing to the extension a minimum of one (1) year in advance of the scheduled termination. At the termination of the Cooperative Agreement, all water banked in the Project shall be removed from the Project by the Parties or abandoned in place, and the Project Groundwater Banking Facility shall be sold at fair market value. All Parties at the time of termination shall receive a pro rata share of the proceeds in a percentage of their cumulative Fair Share value at the time of termination, up to the value of the Party's total investment, plus the cost of inflation pursuant to the Los Angeles Region Consumer Price Index of Los Angeles-Riverside-Orange County. However, the City of Palmdale shall retain ownership of the City-only section of the Project, exclusive of the sale of the remaining Project Groundwater Banking Facility, subject to a diminution of Palmdale's Fair Share Percentage of the value of the City-owned section of the Project. The City hereby disclaims, and shall not have any interest in any abandoned banked water on the Project site, notwithstanding that the abandoned water may be on or under the City's Project real property.

FINANCIAL TERM

If the Project is not completed, or cannot be completed for the fiscal amounts/ In-Kind Service amounts that are expressly stated in this Cooperative Agreement, then the Cooperative Agreement is terminated, unless ALL the Parties agree to a modification of the fiscal amounts, in writing. If the Cooperative Agreement is terminated for failure to complete within the fiscal amounts/ In Kind Service amounts stated, pursuant to this section, the Project Groundwater Banking Facility are to be sold at fair market value. All Parties at the time of termination shall receive a pro rata share of the proceeds based on their Fair Share Percentage at the time of termination. However, the City of Palmdale shall retain ownership of the City-only section of the Project, exclusive

of the sale of the remaining Project Groundwater Banking Facility, subject to a diminution of Palmdale's Fair Share for the value of the City-owned section of the Project.

(8) INDEMNITY

Each Party agrees to indemnify, defend, and hold harmless each other Party, including their officers, employees, and agents, from and against any and all claims, demands, liability, damages (including but not limited to, bodily injury, death, personal injury, or property damage), costs and expenses (including, but not limited to attorney fees and other litigation expenses), arising from or caused by any negligent act or omission, or any reckless or willful misconduct, of the indemnifying Party or any of its officers, agents employees, and/or contractors in the performance of any work undertaken and/or obligation assumed pursuant to this Cooperative Agreement. This indemnification will not apply to the extent that the claims, demands, liability or damages arise from the negligence, recklessness or willful misconduct of the Party or any of its officers, employees, agents or contractors seeking indemnification. This indemnity will survive termination or expiration of the Cooperative Agreement.

(9) NOTICES

Any notice demand or document from one Party to another shall be delivered in writing via First Class United States Mail or overnight courier (United States Mail Express overnight delivery, Federal Express, or equivalent overnight delivery service), or via facsimile with written confirmation as proof of delivery), or delivered in person to the below identified persons, their designees, or their successors:

Adam Ariki
Assistant Deputy Director
County of Los Angeles
Department of Public Works
P.O. Box 1460
Alhambra California 91802-1460
(626) 300-3300
Email: aariki@dpw.lacounty.gov

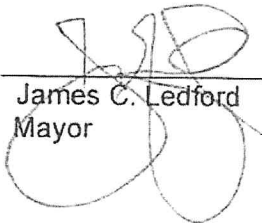
Dan Flory
General Manager
Antelope Valley East-Kern Water Agency
6500 W. Avenue N
Palmdale, California 93551
Telephone (661) 943-3201
Facsimile (661) 943-3204
Email: info@avek.org

Dennis LaMoreaux
General Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, California 93590
Telephone (661) 456-1017
Facsimile (661) 947-8604
Email: dlamoreaux@palmdalewater.org

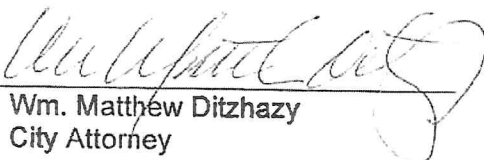
James C. Ledford
Mayor
City of Palmdale
38300 Sierra Highway
Palmdale, California 93550
Telephone (661) 267-5100
Facsimile (661) 267-5122
Email: jledford@cityofpalmdale.org

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement to be executed by their respective officers, duly authorized, by City of Palmdale; and

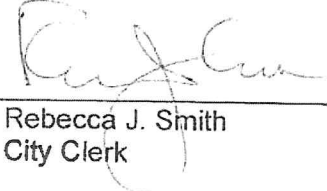
City of Palmdale:

By  _____
James C. Ledford
Mayor

APPROVED AS TO FORM:


By  _____
Wm. Matthew Ditzhazy
City Attorney

ATTEST:

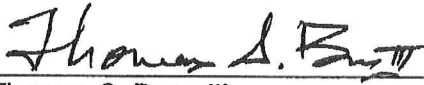
By:  _____
Rebecca J. Smith
City Clerk

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement to be executed by their respective officers, duly authorized, by Palmdale Water District; and

Palmdale Water District:

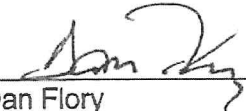
By 
Dennis LaMoreaux
General Manager
Palmdale Water District

APPROVED AS TO FORM:

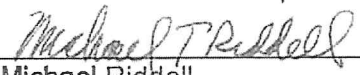
By 
Thomas S. Bunn III
District Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement to be executed by their respective officers, duly authorized, by Antelope Valley-East Kern Water Agency; and

Antelope Valley-East Kern Water Agency:


By 
Dan Flory
General Manager
Antelope Valley – East Kern Water Agency

APPROVED AS TO FORM:

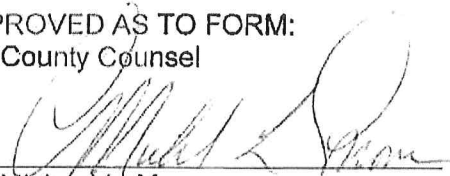
By 
Michael Riddell
Agency Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement to be executed by their respective officers, duly authorized, by Los Angeles County Waterworks District No. 40.

Los Angeles County Waterworks District No. 40:

By 
Gail Farber
for Director of Public Works, Los Angeles County

APPROVED AS TO FORM:
County Counsel

By 
Michael L. Moore
Principal Deputy County Counsel

FIRST AMENDMENT TO AGREEMENT NO. A-4089 BETWEEN THE CITY OF PALMDALE, ANTELOPE VALLEY-EAST KERN WATER AGENCY, PALMDALE WATER DISTRICT, AND LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 ANTELOPE VALLEY, FOR THE DESIGN, CONSTRUCTION, OPERATION AND MAINTENANCE OF THE UPPER AMARGOSA CREEK FLOOD CONTROL, RECHARGE AND HABITAT RESTORATION PROJECT

This First Amendment to Agreement No. A-4089 between the City of Palmdale ("City"), Antelope Valley-East Kern Water Agency ("AVEK"), Palmdale Water District ("PWD"), and Los Angeles County Waterworks District No. 40, Antelope Valley ("Waterworks"), and collectively hereinafter referenced as the "Parties" is made and entered into this 7th Day of August, 2018.

WHEREAS the Palmdale Cooperative Agreement A-4089 ("Agreement") was entered into on December 4, 2013 by the Parties for the design, construction, operation and maintenance of the Upper Amargosa Creek Flood Control, Recharge and Habitat Restoration Project; and

WHEREAS Section 7 of the Agreement provides for a five (5) year time limit for the construction of the Upper Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project ("Project");

WHEREAS The Parties agree that more time is required for the construction of the Project;

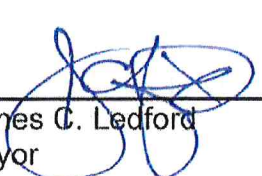
WHEREAS Section 6(w) of the Agreement provides that the Agreement may be amended by written unanimous consent of the Parties.

NOW, THEREFORE The Parties hereby agree as follows:

1. Section 7 of the Agreement is hereby amended to allow for a ten (10) year construction period for the Project, by substituting "ten (10)" in place of the existing language of "five (5)" in the first full sentence, and
2. That all other provisions in the Agreement remain in full force and effect, and
3. That Amendment No. 1 to the Agreement No A-4089 may be signed in counter parts.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to the Cooperative Agreement A-4089 be executed by their respective officers, duly authorized, by City of Palmdale; and

CITY OF PALMDALE:

 8/13/18

James C. Ledford Date
Mayor

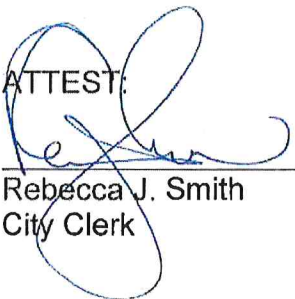
ADDRESS FOR NOTICE

City of Palmdale
38300 Sierra Highway
Palmdale, California 93550

APPROVE AS TO FORM



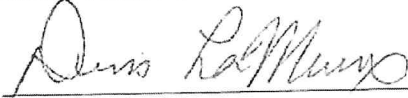
Wm. Matthew Ditzhazy
City Attorney

ATTEST:



Rebecca J. Smith
City Clerk

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 1 to be executed by their respective officers, duly authorized, by Palmdale Water District; and

Palmdale Water District:

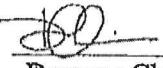
By 
Dennis LaMoreaux
General Manager
Palmdale Water District

APPROVED AS TO FORM:

By 
Eric Dunn
District Counsel

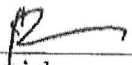
IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 1 to be executed by their respective officers, duly authorized, by Antelope Valley-East Kern Water Agency; and

Antelope Valle-East Kern Water
Agency:

By 

Dwayne Chisam
General Manager
Antelope Valley-East Kern
Water Agency


APPROVED AS TO FORM:

By 

Bill Brubick
Agency Counsel


IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 1 to be executed by their respective officers, duly authorized, by Los Angeles County Waterworks District No. 40.

Los Angeles County Waterworks
District No. 40:

By 
Mark Pestrella
Director of Public Works,
Los Angeles County

APPROVED AS TO FORM:

County Counsel

By 
Michael L. Moore
Principal Deputy County
Counsel

SECOND AMENDMENT TO COOPERATIVE AGREEMENT BETWEEN THE CITY OF PALMDALE, ANTELOPE VALLEY-EAST KERN WATER AGENCY, PALMDALE WATER DISTRICT, AND LOS ANGELES COUNTY WATERWORKS DISTRICT NO. 40 ANTELOPE VALLEY, TO DESIGN, CONSTRUCT, OPERATE AND MAINTAIN THE UPPER AMARGOSA CREEK FLOOD CONTROL, RECHARGE AND HABITAT RESTORATION PROJECT

This Second Amendment to Agreement No. A-4089 between the City of Palmdale ("City"), Antelope Valley-East Kern Water Agency ("AVEK"), Palmdale Water District ("PWD"), and Los Angeles County Waterworks District No. 40, Antelope Valley ("Waterworks"), and collectively hereinafter referenced as the "Parties" is made and entered into this _____ day of _____, 20____.

WHEREAS The Palmdale Cooperative Agreement A-4089 ("Agreement") was entered into on December 4, 2013 by the Parties for the design, construction, operation and maintenance of the Upper Amargosa Creek Flood Control, Recharge and Habitat Restoration Project ("Project"); and

WHEREAS The Agreement is intended as a funding mechanism to assist the City in financing the Project;

WHEREAS The cost of the project has increased and the parties wish to increase their contributions to the project;

WHEREAS The Parties agree that upon Final Accounting of the Project, each Party's Fair Share shall be determined by each individual Party's contribution to the Project and such determinations will be ratified by an amendment to the agreement ("Final Fair Share Agreement Amendment");

WHEREAS Section 6(w) of the Agreement provides that the Agreement may be amended by written unanimous consent of the Parties.

NOW, THEREFORE The Parties hereby agree as follows:

1. WATERWORKS' OBLIGATION, identified in Section 3(a) of the Agreement, is increased from \$1,250,000 to \$1,970,579.
2. AVEK'S OBLIGATION, identified in Section 4(a) of the Agreement, is increased from \$2,500,000 to \$3,941,159.
3. PWD'S OBLIGATION, identified in Section 5(a) of the Agreement, is increased from \$1,250,000 to \$1,970,579.
4. That all other provisions in the Agreement remain in full force and effect, and
5. That Amendment No. 2 to the Agreement No A-4089 may be signed in counter parts.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to the Cooperative Agreement A-4089 be executed by their respective officers, duly authorized, by City of Palmdale; and

CITY OF PALMDALE:

Steven D. Hofbauer Date
Mayor

ADDRESS FOR NOTICE

City of Palmdale
38300 Sierra Highway
Palmdale, California 93550

APPROVE AS TO FORM

Christopher Beck
City Attorney

ATTEST:

Shanae S. Smith
City Clerk

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 2 to be executed by their respective officers, duly authorized, by Palmdale Water District; and

Palmdale Water District:

By _____
Dennis LaMoreaux
General Manager
Palmdale Water District

APPROVED AS TO FORM:

By _____
Eric L. Dunn
District Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 2 to be executed by their respective officers, duly authorized, by Antelope Valley-East Kern Water Agency; and

Antelope Valley-East Kern Water
Agency:

By _____
Dwayne Chisam
General Manager
Antelope Valley-East Kern
Water Agency

APPROVED AS TO FORM:

By _____
James L Markman
Agency Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Cooperative Agreement Amendment No. 2 to be executed by their respective officers, duly authorized, by Los Angeles County Waterworks District No. 40.

Los Angeles County Waterworks
District No. 40:

By _____
Mark Pestrella
Director of Public Works,
Los Angeles County

APPROVED AS TO FORM:

County Counsel

By _____
Warren Wellen
Principal Deputy County
Counsel



PALMDALE

a place to call home

Electronically and by US Mail

June 25, 2020

STEVEN D. HOFBAUER
Mayor

RICHARD J. LOA
Mayor Pro Tem

LAURA BETTENCOURT
Councilmember

AUSTIN BISHOP
Councilmember

JUAN CARRILLO
Councilmember

38300 Sierra Highway

Palmdale, CA 93550-4798

Tel: 661/267-5100

Fax: 661/267-5122

TDD: 661/267-5167

Auxiliary aids provided for

communication accessibility

upon 72 hours notice and request.

Mr. Adam Ariki
Los Angeles County
Department of Public Works
900 S. Freemont Avenue
Alhambra, CA 91803

Mr. Dennis LaMoreaux
Palmdale Water District
2029 E. Avenue Q
Palmdale, CA 93550

Mr. Matthew Knudson
6500 W. Avenue N
Palmdale, CA 93551

Subject: Upper Amargosa Recharge Cost and Status update

Gentlemen:

I would like to update you on the status of the Upper Amargosa Creek Project. We have completed the construction of the aqueduct turnout, pipeline and recharge facilities and total costs came in under 10% of the original total cost of the bids. As you are aware, we are still working on the final permit compliance and submittal of the environmental mitigation documents. We have also been in contact with AVEK regarding the Recharge Permit Application for the Watermaster and operation and monitoring of the wells at the site.

For the grant portion, we have submitted documents to DWR, Grant Section as required in our agreement and received \$5,850,000 and are waiting for the retention payment of \$650,000 for the total \$6.5 million.

As I mentioned in previous updates, the overall costs of the project increased from the original Cooperative Agreement dated September 2013. The following tables display the costs and share of each partner.

Table A - Summary of total expenditures from 2006 – 2020:

EXPENSES PAID 2006-2008 PER CO-OP AGREEMENT	\$ 816,400
EXPENSES PAID 2009-2013 PER CO-OP AGREEMENT	\$ 2,022,711
EXPENSES 2013-2020 FOR CONSTRUCTION (SEE TABLE B)	\$ 15,570,212
AVEK EXPENSES PAID FOR THE PROJECT OUTSIDE OF THE CITY	\$ 568,529
ENVIRONMENTAL MITIGATION (EST)	\$ 250,000
TOTAL COST OF THE PROJECT	\$ 19,227,852

Table B - Expenditures for the period of 2013-2020

Description	Contract Amount	Amended Contract	Total Spent
PN 591-B			
Construction Contract A-6341	\$ 6,036,500	\$ 6,261,500	\$ 6,261,500
Construction CM & Inspection A-6239	\$ 372,667	\$ 491,167	\$ 491,159
Labor Compliance A-5571-H	\$ 14,400		\$ 14,400
PN 591-C			
Construction Contract A-6831	\$ 5,894,440	\$ 6,331,528	\$ 6,324,957
Construction CM & Inspection A-6412	\$ 954,840		\$ 818,442
Labor Compliance A-5571-I	\$ 20,160		\$ 8,925
Other Project Costs 2013-2020			
City Administration - Staff costs 2013-2020			\$ 261,912
Legal Advertising (total)			\$ 5,482
CDFW (State of California)			\$ 18,999
Misc. Costs charged to project 2013-2020 (design, USGS etc.)			\$ 1,364,436
TOTAL			\$ 15,570,212

Table C – Breakdown of the City portion 28%:

Total Project Costs	\$ 19,227,852
Less: State Prop 1E Grant - DWR funds reimbursed	\$ (6,500,000)
TOTAL	\$ 12,727,852
City portion 28% total project	\$ (3,563,799)
TOTAL ADDITIONAL COSTS	\$ 9,164,053

In accordance with the Cooperative Agreement A-4089, the total water storage has been determined to be 6,400 AF from which the share of each partner is as follows:

Antelope Valley – East Kern Water Agency (AVEK)	2,755 AF	43%
LA County Waterworks District (LACO)	1,378 AF	21.5%
Palmdale Water District (PWD)	1,378 AF	21.5%
City of Palmdale	889 AF	14%

If we assume that Palmdale has no interest in increasing its water banking share, one scenario would be for each of the remaining partners to exercise its "right" for shares equal and relative to those in

the Cooperative Agreement. With this assumption each Partner Agency's increased funding commitment would be:

Table D: Increased Costs Breakdown:

Upper Amargosa Recharge Co-op Project - Increased Costs					
WATER STORAGE Acre Feet (AF) 6,400		WATER STORAGE % 100%	WATER STORAGE CO-OP COMMITMENT \$ 9,164,053	CO-OP AGREEMENT	CO-OP INCREASED COST
AVEK	2,755	43%	\$ 3,940,543	\$ 2,500,000	\$ 1,440,543
PWD	1,378	21.5%	\$ 1,970,271	\$ 1,250,000	\$ 720,271
LACO	1,378	21.5%	\$ 1,970,271	\$ 1,250,000	\$ 720,271
CITY	889	14%	\$ 1,282,967		

Should one Agency elect not to increase its water banking capacity, others could contribute their share and assume that capacity.

We will send invoices for the cost up to your base commitment under the Cooperative Agreement. We will be following up with you next week to schedule a meeting with each to discuss processing an Amendment to the Cooperative Agreement A-4089.

I welcome your comments.

Sincerely,



Chuck Heffernan, P.E.
Director of Public Works

The District has a long-term water supply contract (SWP Contract) with the DWR for the delivery of SWP water. Under the existing SWP Contract, water transfers are permitted in a limited and

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

October 20, 2020

very specific manner, resulting in their infrequent use. In addition, while the existing SWP contract allows for bona fide exchanges of water, it lacks specificity regarding the parameters of such exchanges. Consequently, PWAs have relied upon DWR's case by case application, which provides less certainty for planning purposes.

Given changes in hydrology and further constraints placed on DWR's operation of the SWP and to provide flexibility in the future, PWAs and DWR conducted a series of public negotiations with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management. In a December 2017 Notice to Contractors, DWR indicated its desire to supplement and clarify the water management tools through this public process. In June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to accomplish this goal. These principles included clarifying existing practices for exchanges, providing new flexibility for single and multi-year non-permanent water transfers, allowing PWAs to set terms of compensation for transfers and exchanges, providing for the limited transfer of carryover and Article 21 water, and adding provisions to ensure transparency, among some others. In October 2018, a Draft Environmental Impact Report (DEIR) was circulated for the proposed project.

In addition, the AIP at the time included certain cost allocation sections for the California WaterFix project (WaterFix). In early 2019, the Governor decided not to move forward with WaterFix and DWR rescinded its approvals of the project. After this shift, the PWAs and DWR held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP but to keep all of the water management provisions in the AIP. The AIP was finalized on May 20, 2019. DWR decided to amend and recirculate the DEIR. In February 2020, DWR published the Partially Recirculated DEIR for the State Water Project Supply Contract Amendments for Water Management (Project) and in August 2020, DWR certified the Final EIR for the Project.

The proposed amendments to the SWP Contract for consideration by the Board of Directors are based on the AIP, which has been converted into contract amendment language developed by PWA and DWR attorneys.

Key Elements of the Amendment:

Transfers

- Creates new flexibility for non-permanent transfers, including allowing PWAs to transfer water to other PWAs outside their service area, to determine the duration (either single or multi-year) and terms of compensation for transfers, to execute Transfer Packages (2 or more transfer agreements between the same PWAs), and to transfer water stored outside their service territory directly to other PWAs.
- Permits PWAs to transfer Article 21 water with DWR approval after a demonstration of special need.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

October 20, 2020

Exchanges

- Establishes clear criteria for exchanges to provide more clarity.
- Sets exchange ratios based on Annual Table A water allocation percentages.
- Sets the maximum cost compensation for an exchange.
- Allows exchanges to be carried out over a 10-year period.

Administration

- Allows PWAs to participate in multiple transfers or exchanges in each year.
- Allows PWAs to be both buyers and sellers in the same year.
- Requires certain conditions to be met to avoid harm to the SWP and other PWAs.
- Adds provisions to ensure transparency.
- Provides for a dispute resolution process for non-participating PWAs who feel they may be adversely impacted by a transfer or exchange.

Amendment Implementation Schedule:

The amendment to the District's long-term water supply contract with DWR is a uniform amendment that all PWAs are considering. Pursuant to the terms of the proposed amendment, it will go into effect on the last day of the month after 24 PWAs have executed the contract amendment. If 24 or more PWAs have not executed the amendment by February 28, 2021, DWR may decide in consultation with those PWAs who have executed it whether to allow the amendment to take effect.

CEQA Determination:

On February 28, 2020, DWR published the 2020 Partially Recirculated DEIR for the Project. The Partially Recirculated DEIR was circulated for 94 days through June 1, 2020. On August 25, 2018, DWR certified the Final EIR for the Project. The Final EIR determined that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project. On August 28, 2020, DWR filed a Notice of Determination for the Project. The Final EIR and CEQA Findings of Fact and Statement of Overriding Considerations comply with CEQA. DWR's Notice of Determination, Partially Recirculated DEIR, and Final EIR can be found on the official DWR website at: <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>. DWR's CEQA Findings and Statement of Overriding Considerations is attached to this memo.

Before approving the proposed contract amendment, the District, as a Responsible Agency under CEQA, is required to certify that it has reviewed and considered the information in the certified Final EIR for the Project. In addition, because the certified Final EIR identified significant and unavoidable impacts to the environment, the District must adopt CEQA Findings of Fact and Statement of Overriding Considerations.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

October 20, 2020

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No.1-Water Resource Reliability

This item is directly related to the District's Mission Statement.

Budget:

There is no budget impact.

Supporting Documents:

- Resolution No. 20-18 Being a Resolution of the Board of Directors of the Palmdale Water District (1) Authorizing Amendments to the Palmdale Water District's Long Term Water Supply Contract With the Department of Water Resources to Supplement and Clarify Water Management Tools Regarding Transfers and Exchanges of SWP Water; And (2) Making Responsible Agency Findings Pursuant to the California Environmental Quality Act for the Final Environmental Impact Report for the State Water Project Supply Contract Amendments for Water Management, and Adopting CEQA Findings and Statement of Overriding Considerations, which includes:
 - Exhibit A - DWR's CEQA Findings and Statement of Overriding Considerations
 - Exhibit B - Proposed SWP Contract Amendment

RESOLUTION NO. 20-18
A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT (1) AUTHORIZING AMENDMENTS TO THE PALMDALE WATER DISTRICT'S LONG TERM WATER SUPPLY CONTRACT WITH THE DEPARTMENT OF WATER RESOURCES TO SUPPLEMENT AND CLARIFY WATER MANAGEMENT TOOLS REGARDING TRANSFERS AND EXCHANGES OF SWP WATER; AND (2) MAKING RESPONSIBLE AGENCY FINDINGS PURSUANT TO CEQA FOR THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE STATE WATER PROJECT SUPPLY CONTRACT AMENDMENTS FOR WATER MANAGEMENT, AND ADOPTING CEQA FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS

WHEREAS, the Palmdale Water District has a long term water supply contract (SWP Contract) with the State of California Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water; and

WHEREAS, under the existing SWP Contract, water transfers are permitted in a limited and very specific manner, resulting in their infrequent use, and the parameters for exchanges of water, while allowed, lack specificity and clear guidance, which impede planning; and

WHEREAS, the Palmdale Water District, along with other public water agencies with SWP Contracts (PWAs) conducted a series of public negotiations with DWR with the goal of agreeing on concepts to supplement and clarify the existing water transfer and exchange provisions of the SWP Contracts to provide improved water management; and

WHEREAS, in June 2018, PWAs and DWR agreed upon an Agreement in Principle (AIP), which included specific principles to clarify and enhance the terms of the SWP water supply contract related to water transfers and exchanges to improve water management capabilities and PWA options; and

WHEREAS, in October 2018, DWR circulated a Draft Environmental Impact Report (2018 DEIR) that considered impacts related to the AIP, which at that time also included certain cost allocation sections for the California WaterFix project (WaterFix); and

WHEREAS, in early 2019, Governor Newsom decided not to move forward with the California WaterFix, and DWR rescinded its approvals of the AIP project. The PWAs and DWR subsequently held a public negotiation and agreed to remove the WaterFix cost allocation sections from AIP, but to retain the water management provisions, and the AIP was finalized on May 20, 2019; and

WHEREAS, the proposed amendment to the Palmdale Water District's SWP Contract for consideration by the Board articulates in contract language the principles of the final AIP; and

WHEREAS, DWR is the lead agency for the water management amendments, called the State Water Project Supply Contract Amendments for Water Management (Project), pursuant to CEQA (Pub. Res. Code §§ 21000, et seq.) and the State CEQA Guidelines (14 CCR §§ 15000, et seq.). As the lead agency, DWR is responsible for assuring that an adequate analysis of the Project's environmental impacts is conducted; and

WHEREAS, on February 28, 2020, DWR issued a Partially Recirculated Draft Environmental Impact Report (DEIR) for the Project, which was circulated for public review for 94 days through June 1, 2020; and

WHEREAS, DWR prepared a Final Environmental Impact Report for the Project, which included the DEIR, appendices, comments on the DEIR, responses to comments on the DEIR, and revisions to the DEIR (collectively, FEIR); and

WHEREAS, on August 25, 2020, DWR certified the FEIR, adopted CEQA Findings of Fact and Statement of Overriding Considerations and approved the Project; and

WHEREAS, the FEIR concluded that the Project would have significant and unavoidable impacts to groundwater hydrology and water quality, and cumulatively considerable and unavoidable impacts to groundwater supplies and subsidence. As such, DWR adopted CEQA Findings of Fact and Statement of Overriding Considerations for the Project (attached as Exhibit A); and

WHEREAS, the Palmdale Water District and DWR propose to amend the Palmdale Water District's SWP Contract by approving the amendment attached as Exhibit B to this Resolution (Amendment), the environmental effects of which were studied in the FEIR; and

WHEREAS, the Palmdale Water District is a responsible agency and has more limited approval and implementing authority over the Amendment than does the DWR; and

WHEREAS, the Board of Directors of the Palmdale Water District, at its scheduled public meeting on October 26, 2020 independently reviewed and considered the FEIR, CEQA Findings of Fact and Statement of Overriding Considerations, and other related documents and evidence in the record before it; and

WHEREAS, all the procedures of CEQA and the State CEQA Guidelines have been met, and the FEIR prepared in connection with the Project is sufficiently detailed so that all the potentially significant effects of the Project and the Amendment on the environment and measures feasible to avoid or substantially lessen such effects have been evaluated in accordance with CEQA; and

WHEREAS, as contained herein, the Palmdale Water District has endeavored in good faith to set forth the basis for its decision on the Amendment;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AS FOLLOWS:

1. The above recitals are true and correct and are incorporated herein by reference as an operative portion of this Resolution.
2. Based on the above findings, the Board hereby approves the Amendment and authorizes the General Manager to execute it on behalf of the Palmdale Water District, which is incorporated herein and attached hereto as Exhibit B.

3. The FEIR prepared for the Project, which can be found at <https://water.ca.gov/News/Public-Notices/2020/August/SWP-Water-Supply-Contract-EIR>, is hereby received by the Board and incorporated herein by this reference

4. Pursuant to State CEQA Guidelines Section 15096 and in its limited role as a responsible agency under CEQA, the Board has reviewed and considered the FEIR, as well as DWR's certification of the FEIR and approval of the Project, and DWR's CEQA Findings of Fact and Statement of Overriding Considerations, and the Board incorporates those items herein by reference. As to those resources within the Palmdale Water District's power and authority as a responsible agency under CEQA, the Board exercises its independent judgment and finds that the FEIR contains a complete, objective and accurate reporting of the Amendment's impacts.

5. Exercising its independent judgment, the Board concurs with the CEQA Findings of Fact and Statement of Overriding Considerations approved by DWR and hereby adopts those CEQA Findings of Fact and Statement of Overriding Considerations, attached hereto as Exhibit A and incorporated herein by this reference. The Board further finds that there are no feasible mitigation measures or alternatives within its authority that would substantially lessen or avoid any significant effects that the Project would have on the environment, for the reasons explained in the FEIR.

6. The Board concurs with the Statement of Overriding Considerations adopted by DWR and finds that the benefits of the Amendment outweigh the adverse environmental impacts not reduced to below a level of significance.

7. The Board hereby authorizes and directs staff to file and have posted a Notice of Determination with the County Clerk and with the State Clearinghouse within 5 working days of the adoption of this Resolution.

8. The documents and materials that constitute the record of proceedings for this Resolution are located at the office of the General Manager, 2029 East Avenue Q, Palmdale, CA 93550

PASSED, APPROVED AND ADOPTED on this 26th day of October 2020 by the Board of Directors of the Palmdale Water District.

Vincent Dino, President
Board of Directors
Palmdale Water District

Don Wilson, Secretary
Board of Directors
Palmdale Water District

APPROVED AS TO FORM:

Aleshire & Wynder. LLP
Eric Dunn, District General Counsel

EXHIBIT A

DWR's CEQA Findings of Fact and Statement of Overriding Considerations

CEQA Findings of Fact and Statement of Overriding Considerations for the State Water Project Water Supply Contract Amendments for Water Management

Section 1. Description of the Project

The proposed project includes amending certain provisions of the State Water Resources Development System (SWRDS) Water Supply Contracts (Contracts). SWRDS (defined in Wat. Code, Section 12931), or more commonly referred to as the SWP, was enacted into law by the Burns-Porter Act, passed by the Legislature in 1959 and approved by the voters in 1960. The Department of Water Resources constructed and currently operates and maintains the SWP, a system of storage and conveyance facilities that provide water to 29 State Water Contractors known as the Public Water Agencies (PWAs)¹. The Contracts include water management provisions as the methods of delivery, storage and use of water and financial provisions for recovery of costs associated with the planning, construction, and operation and maintenance of the SWP.

DWR and the PWAs have a common interest to ensure the efficient delivery of SWP water supplies and to ensure the SWP's financial integrity. In order to address water management flexibility DWR and the PWAs agreed to the following objectives:

- Supplement and clarify terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area.

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and

¹ The State Water Project Public Water Agencies include Alameda County Flood Control and Water Conservation District (Zone 7), Alameda County Water District, Antelope Valley-East Kern Water Agency, City of Yuba City, Coachella Valley Water District, County of Butte, County of Kings, Crestline-Lake Arrowhead Water Agency, Desert Water Agency, Dudley Ridge Water District, Empire West Side Irrigation District, Kern County Water Agency, Littlerock Creek Irrigation District, The Metropolitan Water District of Southern California, Mojave Water Agency, Napa County Flood Control and Water Conservation District, Oak Flat Water District, Palmdale Water District, Plumas County Flood Control and Water Conservation District, San Bernardino Valley Municipal Water District, San Gabriel Valley Municipal Water District, San Geronio Pass Water Agency, San Luis Obispo County Flood Control and Water Conservation District, Santa Barbara County Flood Control and Water Conservation District, Santa Clara Valley Water District, Santa Clarita WA (formerly Castaic Lake WA), Solano County Water Agency, Tulare Lake Basin Water Storage District, and Ventura County Flood Control District.

exchanges of SWP water within the SWP service area. In addition, the proposed project would not build new or modify existing SWP facilities nor change any of the PWA's annual Table A amounts.² The proposed project would not change the water supply delivered by the SWP, as SWP water would continue to be delivered to the PWAs consistent with current Contract terms and all regulatory requirements. The May 20, 2019 AIP is included as Appendix A of the 2020 Partially Recirculated Draft Environmental Impact Report (RDEIR).

Section 2. Findings Required Under CEQA

CEQA requires that the lead agency adopt mitigation measures or alternatives, where feasible, to substantially lessen or avoid significant environment impacts that would otherwise occur. Mitigation measures or alternatives are not required, however, where such changes are infeasible or where the responsibility for the project lies with some other agency. (CEQA Guidelines, Section 15091, sub. (a), (b).)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project's "benefits" rendered "acceptable" its "unavoidable adverse environmental effects." (CEQA Guidelines, Sections 15093, 15043, sub. (b); see also Pub. Resources Code, Section 21081, sub. (b).)

In seeking to effectuate the substantive policy of CEQA to substantially lessen or avoid significant environmental effects to the extent feasible, an agency, in adopting findings, need not necessarily address the feasibility of both mitigation measures and environmentally superior alternatives when contemplating approval of a proposed project with significant impacts. Where a significant impact can be mitigated to an "acceptable" level solely by the adoption of feasible mitigation measures, the agency, in drafting its findings, has no obligation to consider the feasibility of any environmentally superior alternative that could also substantially lessen or avoid that same impact — even if the alternative would render the impact less severe than would the proposed project as mitigated. (*Laurel Hills Homeowners Association v. City Council* (1978) 83 Cal.App.3d 515, 521; see also *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal.App.3d 692, 730-731; and *Laurel Heights Improvement Association v. Regents of the University of California* ("Laurel Heights I") (1988) 47 Cal.3d 376, 400-403.)

In cases in which a project's significant effects cannot be mitigated or avoided, an agency, after adopting proper findings, may nevertheless approve the project if it first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the "benefits of the project outweigh the significant effects on the environment." (Pub. Resources Code, Section 21081, sub. (b); see also, CEQA Guidelines, Sections 15043, subd. (b), 15093.)

² The maximum amount of SWP water that the PWAs can request pursuant to their individual water supply contract. annual Table A amounts also serve as a basis for allocation of some SWP costs among the contractors.

In the Statement of Overriding Considerations found at the conclusion of this exhibit, DWR identifies the benefit that, in its judgment, outweigh the significant environmental effects that the projects would cause.

The California Supreme Court has stated that “[t]he wisdom of approving ... any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Citizens of Goleta* (1990) 52 Cal.3d 553, 564.)

In support of its approval of the proposed project, DWR’s findings are set forth below for the potentially significant environmental effects and alternatives of the proposed project identified in the EIR pursuant to Public Resources Code, Section 21080 and Section 15091 of the CEQA Guidelines.

These findings do not attempt to describe the full analysis of each environmental impact contained in the 2018 DEIR and 2020 RDEIR (collectively referred to in this document as the DEIR). Instead, a full explanation of these environmental findings and conclusions can be found in the DEIR and these findings hereby incorporate by reference the discussion and analysis in the DEIR supporting the determination regarding the impacts of the proposed project. In making these findings, DWR ratifies, adopts and incorporates in these findings the determinations and conclusions of the DEIR and Final EIR (FEIR) relating to environmental impacts except to the extent any such determinations and conclusions are specifically and expressly modified by these findings.

As described below and in the DEIR, there were two significant impacts identified for the proposed project and they were associated with groundwater hydrology and water quality. There were no mitigation measures identified in the DEIR to substantially lessen or avoid the potentially significant and significant groundwater resource impacts of the proposed project. Therefore, a Mitigation Monitoring and Reporting Program was not developed for the proposed project and is not included herein.

Unless otherwise specified, all page references presented herein are to the 2020 RDEIR.

2.1. Significant and Unavoidable Impacts

The following significant and potentially significant environmental impacts of the project are unavoidable and cannot be mitigated in a manner that would lessen the significant impact to below the level of significance. Notwithstanding disclosure of these impacts, DWR elects to approve the project due to overriding considerations as set forth below in Section 7, the statement of overriding considerations.

Impact Category: Groundwater Hydrology and Water Quality

Impact 5.10-1: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could substantially deplete groundwater supplies in some areas of the study area. [p. 5.10-17 – 5.10-21]

Finding. It is possible that transfers and exchanges of SWP water among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping resulting in a net deficit in aquifer volume or lowering the local groundwater table in some areas of the study area. DWR's conclusion is based on a program-level analysis, as there is uncertainty in the amount of groundwater use that may occur.

Because the Sustainable Groundwater Management Act (SGMA) is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

The extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known. Therefore, it is concluded that the potential increase in groundwater pumping could result in a net deficit in aquifer volume or lowering the local groundwater table. **For these reasons, this impact is significant and unavoidable.**

Impact 5.10-2: The increase in groundwater pumping associated with changes in transfers and exchanges implemented by PWAs could result in subsidence in some of the study area. [p. 5.10-22 – 5.10-25]

Finding. It is possible that transfers and exchanges among the PWAs could result in benefits to groundwater levels, as transferred or exchanged water could be used instead of groundwater supplies or this water could be used for groundwater recharge. However, it is also possible that transfers and exchanges from agricultural to M&I PWAs could result in an increase in groundwater pumping in some areas of the study area causing subsidence due to a net deficit in aquifer volume or lowering the local groundwater table. Because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, it is concluded that groundwater pumping in

some areas of the study area would cause subsidence due to a net deficit in aquifer volume or lowering the local groundwater table and the impact would be potentially significant.

Because SGMA is in the process of being implemented and because the extent, location, and implementation timing of groundwater pumping associated with changes in transfers and exchanges implemented by PWAs are not known, assumptions related to the ability of SGMA to mitigate any changes in groundwater levels or related subsidence are speculative.

PWAs could propose feasible mitigation measures to reduce significant impacts to less than significant in some cases, although it is not possible for DWR to conclude that feasible mitigation measures would be available to avoid or mitigate significant groundwater effects in all cases. Per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area. **For these reasons, this impact is significant and unavoidable.**

Section 3. Cumulative Impacts

Cumulative impacts, as defined in Section 15355 of the CEQA Guidelines, refer to two or more individual effects that, when taken together, are “considerable” or that compound or increase other environmental impacts. Cumulative impacts can result from individually minor, but collectively significant, actions when added to the impacts of other closely related past, present, or reasonably foreseeable future projects. Pertinent guidance for cumulative impact analysis is provided in Section 15130 of the CEQA Guidelines.

The DEIR presents the cumulative impact analysis for the proposed project. Each impact discussion in the DEIR assesses whether the incremental effects of the proposed project could combine with similar effects of one or more of the projects identified in the 2020 RDEIR (p.6-2 – 6.14) to cause or contribute to a significant cumulative effect. If so, the analysis considers whether the incremental contribution of the proposed project would be cumulatively significant (p. 6-8 –6-14).

DWR hereby finds that implementation of the proposed project would not result in physical environmental impacts on the following resource areas: hazards and hazardous materials; noise; population, employment and housing; public services and recreation; surface water hydrology and water quality; transportation; and utilities and service systems. Therefore, these resource areas would not contribute to a cumulative effect and would not compound or increase an environmental impact of these other projects.

The cumulative impact analysis associated with the remaining resource areas (aesthetics, agriculture and forest resources, air quality, biological resources, cultural resources, energy, geology and soils, GHG, groundwater hydrology and water quality, land use and planning, and water supply) focused on six types of impacts that were identified as less than significant or

potential impacts of the proposed project that could contribute to cumulative impacts with the cumulative projects (Contract Extension Project, Monterey Amendment and Settlement Agreement, and Sustainable Groundwater Management Act Implementation) identified in the DEIR. The six types of impacts are impacts to groundwater supplies, subsidence, fallowing and changes in crop patterns, energy and Greenhouse Gas (GHG), reservoir storage, and surface water flow above or below diversions. Impacts associated with fallowing and changes in crop patterns, energy and GHG, reservoir storage, and surface water flow above or below diversions were determined to be less than significant with no mitigation required.

Related to groundwater supplies and subsidence, DWR hereby finds as follows:

Groundwater Supplies and Subsidence

Findings. The incremental contribution of the proposed project's effect on groundwater supplies and subsidence would be cumulatively considerable when viewed in connection with the effects of past projects, and current and probable future projects (as full implementation of SGMA is not anticipated until 2040 or 2042). This cumulative impact would be **significant**. PWAs may provide mitigation in their project-level analysis for exchanges and transfers. However, per CEQA Guidelines Section 15091(a)(2), implementation and enforcement mitigation measures are within the responsibility and jurisdiction of another public agency and not the agency making the finding.

Because DWR has no information on specific implementation of the transfers and exchanges from the proposed project and it has no authority to implement mitigation measures in the PWA service area, the cumulative impact would remain **significant and unavoidable**.

Section 4. Significant Irreversible Environmental Changes

According to Sections 15126, subd. (c) and 15126.2, subd. (c) of the CEQA Guidelines, an EIR is required to address any significant irreversible environmental changes that would occur should the proposed project be implemented.

The proposed project would add, delete and modify provisions of the Contracts to clarify terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water supply within the service area. The proposed project would not build or modify existing SWP facilities nor change each PWA's contractual maximum Table A amounts. The proposed project would amend and add financial provisions to the Contracts based on the negotiated Agreements in Principle between DWR and the PWAs. Therefore, the proposed project would not result in the commitment of nonrenewable natural resources such as gravel, petroleum products, steel, and slowly renewable resources such as wood products any differently than under existing conditions, and there would be no significant irreversible environmental changes.

Section 5. Growth-Inducing Effects

The CEQA Guidelines Section 15126.2, subd. (d) requires that an EIR evaluate the growth-inducing impacts of a project. As identified in CEQA Section 15126.2(d), growth inducement is not in and of itself an “environmental impact;” however, growth can result in adverse environmental consequences. Growth inducement may constitute an adverse impact if the growth is not consistent with or accommodated by the land use plans and policies for the affected area. Local land use plans, typically General Plans, provide for land use development patterns and growth policies that allow for the “orderly” expansion of urban development supported by adequate urban public services, such as water supply, sewer service, and new roadway infrastructure. A project that would induce “disorderly” growth (i.e., a project in conflict with local land use plans) could indirectly cause adverse environmental impacts. To assess whether a project with the potential to induce growth is expected to result in significant impacts, it is important to assess the degree to which the growth associated with a project would or would not be consistent with applicable land use plans.

In California, cities and counties have primary authority³ over land use decisions, while water suppliers, through laws and agreements, are expected and usually required to provide water service if water supply is available. Approval or denial of development proposals is the responsibility of the cities and counties in the study area. Numerous laws are intended to ensure that water supply planning, including planning for water supply infrastructure, and land use planning (such as the approval of, or establishment of constraints to, development) proceed in an orderly fashion.

The proposed project would not build new or modify existing SWP facilities nor change each PWA’s contractual maximum Table A amounts. As discussed in DEIR Section 5.14, Population, Employment, and Housing, (p. 5.14-2 to 5.14-5) because there would be no new facilities built or existing facilities modified, no housing is proposed as part of the project or required as a result of it, nor would the project provide substantial new permanent employment opportunities. Therefore, the proposed project would not result in direct growth inducement.

Because the proposed project would not result in the construction of new or modification of existing water supply storage, treatment or conveyance facilities it would not remove an obstacle to growth associated with water supply.

As discussed in DEIR Section 5.3 Agricultural and Forestry Resources of the DEIR (p. 5.3-7 to 5.3-9), it is possible that transfers from agricultural to M&I PWAs could result in fallowing of agricultural lands and/or changes in crop patterns (e.g., switching from high water-using crops to low water-using crops) in the study area. It is also possible that exchange of SWP water from agricultural to M&I PWAs could occur. However, these transfers and exchanges and any associated fallowing of agricultural land and/or changes in cropping patterns in the study area would not be anticipated to change the existing agricultural land use designations because the land use would remain in agricultural use. Furthermore, additional water transfers or exchanges

³ Although cities and counties have primary authority over land use planning, there are exceptions to this such as the CEC (with permit authority and CEQA lead agency status for some thermal power plant projects) and the CPUC (with regulatory authority and CEQA lead agency status for certain utility projects).

are not expected to substantially affect the acreage of land fallowed or put into dry farming compared to existing practices for other reasons (e.g., market conditions, economic conditions, etc.). As a result, it would not be anticipated that there would be a change in land uses associated with delivery of SWP water supplies including, conversion of agricultural land uses to urban uses or increased developed uses in urban areas.

While with the proposed amendments transfers and exchanges could be more frequent and longer in duration, they would not be a permanent transfer of a PWAs annual Table A amounts; therefore, it would not represent a viable long-term source of urban water supply to support additional unplanned growth. Therefore, the proposed amendments would not result in additional water supply that could support growth over what is currently planned for in those jurisdictions and the proposed project would not result in indirect growth inducement.

Furthermore, cities and counties are responsible for considering the environmental effects of their growth and land use planning decisions (including, but not limited to, conversion of agricultural land to urban uses, loss of sensitive habitats, and increases in criteria air emissions). As new developments are proposed, or general plans adopted, local jurisdictions prepare environmental compliance documents to analyze the impacts associated with development in their jurisdiction pursuant to CEQA. The impacts of growth would be analyzed in detail in general plan EIRs and in project-level CEQA compliance documents. Mitigation measures for identified significant impacts would be the responsibility of the local jurisdictions in which the growth would occur. If identified impacts could not be mitigated to a level below the established thresholds, then the local jurisdiction would need to adopt overriding considerations.

Section 6. Alternatives

DWR has considered the project alternatives presented and analyzed in the DEIR and presented during the comment period and public hearing process. DWR finds that these alternatives are infeasible. Based on the impacts identified in the DEIR and other reasons summarized below, and as supported by substantial evidence in the record, DWR finds that approval and implementation of the proposed project as proposed is the most desirable, feasible, and appropriate action and hereby rejects the other alternatives and other combinations and/or variations of alternatives as infeasible based on consideration of the relevant factors set forth in CEQA Guidelines Section 15126.6, subdivision (f). (See also CEQA Guidelines, Section 15091, subd. (a)(3).) Each alternative and the facts supporting the finding of infeasibility of each alternative are set forth below.

Alternatives Considered and Dismissed from Further Consideration

The alternative described below was rejected for further consideration (p 7-3 – 7-4).

Implement New Water Conservation Provisions in the Contracts: Agriculture and urban water efficiency, conservation, and management measures are governed by the existing regulatory and legal requirements independent from the proposed project, including Assembly

Bill 1668 and Senate Bill 606. Additional water conservation measures in the Contracts would not provide greater water management regarding transfers and exchanges of SWP water as compared to the proposed project because water conservation is already required. Consequently, these actions are independent from the proposed project and do not meet the basic project objectives. Therefore, amending the Contracts to require implementation of agriculture and M&I water conservation measures was rejected, as these actions are required by state statute and are met by local water agencies under existing law.

Summary of Alternatives Considered

CEQA requires that an EIR describe and evaluate a range of reasonable alternatives to a project or to the location of a project that would feasibly attain most of the basic project objectives and avoid or substantially lessen significant project impacts. The purpose of the alternatives analysis is to determine whether or not a variation of the proposed project would reduce or eliminate significant project impacts within the framework of the project's basic objectives.

The alternatives considered in the DEIR include:

- Alternative 1: No Project
- Alternative 2: Reduce Table A Deliveries
- Alternative 3: Reduced Flexibility in Water Transfers/Exchanges
- Alternative 4: More Flexibility in Water Transfers/Exchanges
- Alternative 5: Only Agriculture to M&I Transfers Allowed

Alternative 1: No Project

Description

CEQA Guidelines section 15126.6, subd. (e) requires consideration of a No Project Alternative. The purpose of this alternative is to allow the decision makers to compare impacts of approving a project with impacts of not approving a project. Under the No Project Alternative, DWR takes no action, and DWR and the PWAs would continue to operate and finance the SWP under the current Contracts.

Facts in Support of Finding of Infeasibility

Alternative 1 would not meet the objective of the project because Alternative 1 does not provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area and as compared to the proposed project. In addition, impacts under Alternative 1 would be similar but greater when compared to the proposed project. Alternative 1 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 2: Amending Contract to Reduce Table A Deliveries

Description

Under Alternative 2, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would be amended to reduce annual Table A amounts proportionately for all the PWAs.

Facts in Support of Finding of Infeasibility

Alternative 2 would not meet the objectives of the project because it would cause a reduction in delivery of annual Table A amounts proportional for all PWAs and would not provide greater water management regarding transfers and exchanges. In addition, impacts under Alternative 2 would be similar but greater when compared to the proposed project. Alternative 2 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 3: Less Flexibility in Water Transfers/Exchanges

Description

Under Alternative 3, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP. However, unlike the proposed project, the Contracts would not be amended to modify provisions of the Contracts and clarify certain terms of the Contracts to provide greater water management regarding transfers and exchanges of SWP water supply within the SWP service area. Some increase in flexibility of exchanges and transfers would be agreed to, but not all. For example, Alternative 3 would amend the Contracts to allow PWAs to transfer carryover water in San Luis Reservoir, but only 20 percent of the carryover water (the proposed project allows for 50 percent), allow limited multi-year transfers of five years or less (the proposed project allows for up to the Contract term), and not allow use of Transfer Packages. In addition, unlike the proposed project, PWAs would transfer water based on cost compensation established by DWR. Also, under Alternative 3, the Contracts would not amend the text in Article 56(f) regarding water exchanges to add provisions, such as conducting water exchanges as buyers and sellers in the same year and increasing the compensation allowed to facilitate the exchanges. Therefore, Alternative 3 would result in a similar or slightly less amount of water transfers among the PWAs than the proposed project, due to the less flexibility in water transfers and exchanges.

Facts in Support of Finding of Infeasibility

Alternative 3 would meet the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 3 would be similar but greater

when compared to the proposed project. Alternative 3 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Alternative 4: More Flexibility in Water Transfer/Exchanges

Description

Under Alternative 4, as with the proposed project, DWR and the PWAs would agree to amend the Contracts. However, unlike the proposed project, the Contracts would be amended to allow PWAs more flexibility in water transfers and exchanges. Similar to the proposed project, PWAs would be able to transfer carryover water in San Luis Reservoir, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts, and transfer water in Transfer Packages. Similar to the proposed project, PWA would be able to transfer water based on terms they establish for cost compensation and duration, and store and transfer water in the same year. Unlike the proposed project that only allows for a single-year transfers associated with carryover water, Alternative 4 would allow transfers and exchanges to include up to 100 percent of a PWA's carryover in San Luis Reservoir and allow multi-year use of its carryover water in both transfers and exchanges. Similar to the proposed project, the proposed exchange provisions of the AIP would establish a larger range of return ratios in consideration of varying hydrology and also maximum compensation with respect to SWP charges and allow PWAs to conduct additional water exchanges as buyers and sellers in the same year.

Facts in Support of Finding of Infeasibility

Alternative 4 would meet the objectives of the project. In addition, Under Alternative 4 the less than significant impacts associated with changes in flow including, adverse effects to special-status fish or terrestrial species, and water supply would be similar to the proposed project. However, similar to the proposed project, there is potential for Alternative 4 to result in a net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area with impacts that may be significant and unavoidable.

Alternative 5: Greater Water Management – Only Agriculture to M&I Transfers Allowed

Description

Under Alternative 5, as with the proposed project, DWR and the PWAs would agree to amend the Contracts based on the May 20, 2019 AIP.

Unlike the proposed project, DWR and PWAs would amend Contract provisions to allow the transfer of Table A water only from agricultural PWAs to M&I PWAs and not change any current Contract provisions for exchanges. Transfers from M&I PWAs to M&I PWAs, M&I PWAs to agricultural PWAs, and agricultural PWAs to agricultural PWAs would not be allowed. Similar to

the proposed project, PWAs could transfer carryover water in San Luis Reservoir to PWAs, transfer water for multiple years without permanently relinquishing that portion of their Table A amounts and request DWR's approval of Transfer Package; however, unlike the proposed project, these transfers would only be from agricultural PWAs to M&I PWAs. Similar to the proposed project, Alternative 5 would revise the Contract to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. An agricultural PWA would be able to store and transfer water in the same year to M&I PWAs, and transfer up to 50 percent of its carryover water, but only for a single-year transfer to an M&I PWA (i.e., a future or multi-year commitment of transferring carryover water is not allowed). Under Alternative 5, the Contracts would not be amended to modify the text in Article 56(f) regarding water exchanges to include additional provisions, such as conducting water exchanges as buyers and sellers in the same year.

Similar to the proposed project, Alternative 5 would not build new or modify existing SWP facilities nor change any of the PWA's contractual maximum Table A amounts. Also similar to the proposed project, Alternative 5 would not change the water supply delivered by the SWP as SWP water supply would continue to be delivered to the PWAs consistent with current Contracts terms, including Table A and Article 21 deliveries. Operation of the SWP under this alternative would be subject to ongoing environmental regulations including for water rights, water quality and endangered species protection, among other State and federal laws. Also similar to the proposed project, Alternative 5 would not require additional permits or approvals.

Facts in Support of Finding of Infeasibility

Alternative 5 would meet some of the objectives of the project, but to a lesser degree because the water transfers and exchanges would not provide as much water management flexibility regarding transfers and exchanges. In addition, impacts under Alternative 5 would be similar but greater when compared to the proposed project. Alternative 5 could result in new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project. In addition, if alternative sources of water are not available, then the less than significant impacts identified for the proposed project could be potentially significant.

Environmentally Superior Alternative

CEQA Guidelines Section 15126.6 subd. (e) requires the identification of an environmentally superior alternative to the proposed project.

As presented in the DEIR, implementation of the proposed project would result in less than significant or no physical environmental impacts to all resource areas except for impacts related to groundwater supplies and subsidence, which are significant and unavoidable.

Alternative 4 would result in similar impacts as the proposed project (e.g., net deficit in aquifer volume, lowering of the local groundwater table, or subsidence in some areas of the study area). Alternatives 1, 2, 3, and 5 could result in impacts similar or greater (new potentially significant impacts associated with the construction and operation of new water supply facilities that were not identified for the proposed project) than the proposed project. Therefore, because the

proposed project and Alternative 4 would result in similar impacts and the other alternatives may result in similar or greater impacts, Alternative 4 was determined to be the environmentally superior alternative.

Section 7. Statement of Overriding Considerations

DWR hereby declares that, pursuant to CEQA Guidelines Section 15093, it has balanced the benefits of the proposed project against any unavoidable environmental impacts in determining whether to approve the proposed project. Pursuant to the CEQA Guidelines, if the benefits of the proposed project outweigh the unavoidable adverse environmental impacts, those impacts may be considered “acceptable.”

Having evaluated the reduction of adverse significant environmental effect of the proposed project to the extent feasible, considered the entire administrative record on the Project, and weighed the benefits of the proposed project against its unavoidable adverse impact, DWR has determined that each of the following benefits of the proposed project separately and individually outweigh the potential unavoidable adverse impacts and render those potential adverse impacts acceptable based upon the following overriding considerations. The following represents the specific reasons to support this determination based on the final EIR and information contained therein.

Water Transfers

The proposed project would add, delete, and modify provisions of the Contracts and clarify certain terms of the Contracts that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area.

The transfer provisions of the proposed project would facilitate the PWAs ability to:

- Transfer SWP water for multiple years and multiple parties without permanently relinquishing that portion of their annual Table A amounts;
- negotiate cost compensation and duration among the PWAs on a willing seller-willing buyer basis for water transfers; and
- Transfer SWP water stored outside of the transferring PWA’s service area to the receiving PWA’s service area

All these proposed transfer provisions would provide the PWAs with increased flexibility for short-term and long-term planning and management of their SWP water supplies. The proposed project, however, would not include any change to the PWA’s permanent annual Table A amounts.

Since the Monterey Amendment, DWR has approved short-term water transfers pursuant to Articles 15(a) and 41, and has administered the short-term Turn-Back Water Pool Program pursuant to Article 56 of the Contracts. The Turn-Back Water Pool Program allows a PWA to sell Table A water that it will not use, subject to certain conditions, for a set price that is either 50

percent or 25 percent of the Delta Water Rate for that year. DWR has also administered, on a demonstration basis, a multi-year water pool program for 2013-2014 and 2015-2016 that allowed PWAs to participate in the two-year program as either a buyer or seller for each of the two years (a decision made at the beginning of each of the two-year programs) with greater compensation for the water than allowed under the Turn-Back Water Pool Program. DWR has allowed transfers of Table A water among two PWAs with the same landowner in their respective service areas that do not include an exchange of money.

The proposed project would remove all language related to the Turn-back Pool from the Contracts and, compared to the Turn-Back Water Pool Program where DWR established the price based on the Delta water rate, the proposed project would revise the Contracts to allow the PWAs to transfer water based on terms they establish for cost compensation and duration. Also, in contrast to the Turn-Back Water Pool Program, a water transfer could be as long as the remainder of the term of the PWA's Contract. In addition, a PWA would be able to store and transfer water in the same year, and transfer up to 50 percent of its carryover water in San Luis Reservoir, but only for a single-year transfer (i.e., a future or multi-year commitment of transferring carryover water is not allowed).

The proposed amendments would result in a greater amount of water transfers among the PWAs than under the current Contract provisions. Based on past experience and discussions with PWAs, most water transfers that occur due to the proposed amendments would occur among the PWAs located south of the Delta and would not involve additional export of SWP water from the Delta. Water transfers would be implemented using the existing physical facilities and existing operational and regulatory processes, including CEQA compliance.

Water Exchanges

The proposed project would amend the text in Article 56(f) regarding water exchanges to include additional provisions. The proposed exchange provisions of the AIP would establish return ratios (up to a 5:1 ratio) based on a consideration of varying hydrology and would set compensation based on a PWA's SWP charges.

The proposed amendments would allow PWAs to exchange carryover water in San Luis Reservoir, and exchange up to 50 percent of their carryover water in a single-year transaction (i.e., a future or multi-year commitment of exchanging carryover water is not allowed). The proposed provisions would also allow PWAs to conduct water exchanges of carryover water as buyers and sellers in the same year.

While DWR has approved water exchanges pursuant to Articles 15(a), 41, and 56(f), the proposed project would provide the PWAs with increased flexibility for short-term and long-term planning of water supplies. Under the proposed project, exchanges may be used more frequently to respond to variations in hydrology, such as wet years, and in single dry-year and multiple dry-year conditions.

Acronyms and Glossary

AIP	Agreement in Principle
CEQA	California Environmental Quality Act
CFR	Code of Federal Regulations
Contracts	Water Supply Contracts
DEIR	Draft Environmental Impact Report
DWR	California Department of Water Resources
EIR	Environmental Impact Report
FEIR	Final EIR
PRC	California Public Resources Code
PWAs	Public Water Agencies
RDEIR	Recirculated Draft Environmental Impact Report
SGMA	Sustainable Groundwater Management Act
SWC	State Water Contractors
SWP	State Water Project

EXHIBIT B

Proposed SWP Contract Amendment

EXHIBIT B

STATE OF CALIFORNIA
CALIFORNIA NATURAL RESOURCES AGENCY
DEPARTMENT OF WATER RESOURCES

AMENDMENT NO. 19 (THE WATER MANAGEMENT AMENDMENT)
TO WATER SUPPLY CONTRACT
BETWEEN
THE STATE OF CALIFORNIA DEPARTMENT OF WATER RESOURCES
AND
PALMDALE WATER DISTRICT

THIS AMENDMENT to the Water Supply Contract is made this _____ day of _____, 20____ pursuant to the provisions of the California Water Resources Development Bond Act, the Central Valley Project Act, and other applicable laws of the State of California, between the State of California, acting by and through its Department of Water Resources, herein referred to as the "State," and Palmdale Water District, herein referred to as the "Agency."

TABLE OF CONTENTS

Recitals	3
Amended Contract Text.....	5
Article 1: Definitions	5
Article 21: Interruptible Water	5
Article 56: Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water	7
New Contract Articles	17
Article 57: Provisions Applicable to Both Transfers and Exchanges of Water	17
Water Management Amendment Implementing and Administrative Provisions ...	20
Effective Date of Water Management Amendment.....	20
Administration of Contracts Without Water Management Amendment.....	21
Other Contract Provisions.....	21
DocuSign	21

RECITALS

- A. The State and the Agency entered into and subsequently amended a water supply contract (the “contract”), dated February 02, 1963, providing that the State shall supply certain quantities of water to the Agency and providing that the Agency shall make certain payments to the State, and setting forth the terms and conditions of such supply and such payments; and
- B. The State and the Agency, in an effort to manage water supplies in a changing environment, explored non-structural solutions to provide greater flexibility in managing State Water Project (SWP) water supplies; and
- C. The State and the Agency, in an effort to support the achievement of the coequal goals for the Delta set forth in the Delta Reform Act, sought solutions to develop water supply management practices to enhance flexibility and reliability of SWP water supplies while the Agency is also demonstrating its commitment to expand its water supply portfolio by investing in local water supplies; and
- D. The State and the Agency, in response to the Governor’s Water Resiliency Portfolio, wish to maintain and diversify water supplies while protecting and enhancing natural systems without changing the way in which the SWP operates; and
- E. The State and the Agency sought to create a programmatic solution through transfers or exchanges of SWP water supplies that encourages regional approaches among water users sharing watersheds and strengthening partnerships with local water agencies, irrigation districts, and other stakeholders; and
- F. The State and the Agency, in an effort to comply with the Open and Transparent Water Data Platform Act (Assembly Bill 1755), sought means to create greater transparency in water transfers and exchanges; and
- G. The State, the Agency and representatives of certain other SWP Contractors have negotiated and agreed upon a document (dated May 20, 2019), the subject of which is “ Draft Agreement in Principle for the SWP Water Supply Contract Amendment for Water Management” (the “Agreement in Principle”); and
- H. The Agreement in Principle describes that the SWP Water Supply Contract Amendment for Water Management “supplements and clarifies terms of the SWP water supply contract that will provide greater water management regarding transfers and exchanges of SWP water within the SWP service area”; the principles agreed to achieve this without relying upon increased SWP diversions or changing the way in which the SWP operates, and are consistent with all applicable contract and regulatory requirements; and

- I. The State, the Agency and those Contractors intending to be subject to the contract amendments contemplated by the Agreement in Principle subsequently prepared an amendment to their respective Contracts to implement the provisions of the Agreement in Principle, and such amendment was named the “SWP Water Supply Contract Amendment for Water Management”; and
- J. The State and the Agency desire to implement continued service through the contract and under the terms and conditions of this “SWP Water Supply Contract Amendment for Water Management”;

NOW, THEREFORE, IT IS MUTUALLY AGREED that the following changes and additions are hereby made to the Agency's water supply contract with that State:

AMENDED CONTRACT TEXT

ARTICLE 1 IS AMENDED TO ADD THE FOLLOWING DEFINITIONS, PROVIDED THAT IF THIS WATER MANAGEMENT AMENDMENT TAKES EFFECT BEFORE THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT, THE ADDITIONS HEREIN SHALL CONTINUE IN EFFECT AFTER THE CONTRACT EXTENSION AMENDMENT TAKES EFFECT NOTWITHSTANDING THE CONTRACT EXTENSION AMENDMENT'S DELETION AND REPLACEMENT OF ARTICLE 1 IN ITS ENTIRETY:

1. Definitions

- (au) **"Article 56 Carryover Water"** shall mean water that the Agency elects to store under Article 56 in project surface conservation facilities for delivery in a subsequent year or years.

ARTICLES 21 and 56 ARE DELETED IN THEIR ENTIRETY AND REPLACED WITH THE FOLLOWING TEXT:

21. Interruptible Water Service

(a) Allocation of Interruptible Water

Each year from water sources available to the project, the State shall make available and allocate interruptible water to contractors in accordance with the procedure in Article 18(a). Allocations of interruptible water in any one year may not be carried over for delivery in a subsequent year, nor shall the delivery of interruptible water in any year impact the Agency's approved deliveries of Annual Table A Amount or the Agency's allocation of water for the next year. Deliveries of interruptible water in excess of the Agency's Annual Table A Amount may be made if the deliveries do not adversely affect the State's delivery of Annual Table A Amount to other contractors or adversely affect project operations. Any amounts of water owed to the Agency as of the date of this amendment pursuant to former Article 12(d), any contract provisions or letter agreements relating to wet weather water, and any Article 14(b) balances accumulated prior to 1995, are canceled. The State shall hereafter use its best efforts, in a manner that causes no adverse impacts upon other contractors or the project, to avoid adverse economic impacts due to the Agency's inability to take water during wet weather.

(b) Notice and Process for Obtaining Interruptible Water

The State shall periodically prepare and publish a notice to contractors describing the availability of interruptible water under this Article. To obtain a supply of interruptible water, including a supply from a transfer of interruptible water, the Agency shall execute a further agreement with the State. The State will timely process such requests for scheduling the delivery of the interruptible water.

(c) Rates

For any interruptible water delivered pursuant to this Article, the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as if such interruptible water were Table A Amount water, as well as all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State. The State shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if interruptible water were not scheduled for or delivered to the Agency. Only those contractors not participating in the repayment of the capital costs of a reach shall be required to pay any use of facilities charge for the delivery of interruptible water through that reach.

(d) Transfers of Interruptible Water

- (1) Tulare Lake Basin Water Storage District, Empire West-Side Irrigation District, Oak Flat Water District, and County of Kings may transfer to other contractors a portion of interruptible water allocated to them under subdivision (a) when the State determines that interruptible water is available.
- (2) The State may approve the transfer of a portion of interruptible water allocated under subdivision (a) to contractors other than those listed in (d)(1) if the contractor acquiring the water can demonstrate a special need for the transfer of interruptible water.
- (3) The contractors participating in the transfer shall determine the cost compensation for the transfers of interruptible water.

The transfers of interruptible water shall be consistent with Articles 56(d) and 57.

56. Use and Storage of Project Water Outside of Service Area and Article 56 Carryover Water

(a) State Consent to Use of Project Water Outside of Service Area

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency storing Project Water in a groundwater storage program, project surface conservation facilities and in nonproject surface storage facilities located outside its service area for later use by the Agency within its service area and to the Agency transferring or exchanging Project Water outside its service area consistent with agreements executed under this contract.

(b) Groundwater Storage Programs

The Agency shall cooperate with other contractors in the development and establishment of groundwater storage programs. The Agency may elect to store Project Water in a groundwater storage program outside its service area for later use within its service area. There shall be no limit on the amount of Project Water the Agency can store outside its service area during any year in a then existing and operational groundwater storage program.

(1) Transfers of Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may transfer any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area to another contractor for use in that contractor's service area. These transfers must comply with the requirements of Articles 56(c)(4)(i)-(v), (6) and (7), and Article 57. The Agency will include these transfers in its preliminary water delivery schedule required in Article 12(a).

(2) Exchanges of any Annual Table A Amount stored in a groundwater storage program outside a contractor's service area.

In accordance with applicable water rights law and the terms of this Article, the Agency may exchange any Annual Table A Amount stored on or after the effective date of the Water Management Amendment in a groundwater storage program outside its service area with another contractor for use in that contractor's service area. These exchanges must comply with the requirements in Article 56(c)(4)(i)-(v). The Agency shall include these exchanges in its preliminary water delivery schedule pursuant to Article 12(a).

(c) Article 56 Carryover Water and Transfers or Exchanges of Article 56 Carryover Water

- (1) In accordance with any applicable water rights laws, the Agency may elect to use Article 56 Carryover Water within its service area, or transfer or exchange Article 56 Carryover Water to another contractor for use in that contractor's service area in accordance with the provisions of subdivision (c)(4) of this Article. The Agency shall submit to the State a preliminary water delivery schedule on or before October 1 of each year pursuant to Article 12(a), the quantity of water it wishes to store as Article 56 Carryover Water in the next succeeding year, and the quantity of Article 56 Carryover Water it wishes to transfer or exchange with another contractor in the next succeeding year. The amount of Project Water the Agency can add to storage in project surface conservation facilities and in nonproject surface storage facilities located outside the Agency's service area each year shall be limited to the lesser of the percent of the Agency's Annual Table A Amount shown in column 2 or the acre-feet shown in column 3 of the following table, depending on the State's final Table A water supply allocation percentage as shown in column 1. For the purpose of determining the amount of Project Water the Agency can store, the final water supply allocation percentage shown in column 1 of the table below shall apply to the Agency. However, there shall be no limit to storage in nonproject facilities in a year in which the State's final water supply allocation percentage is one hundred percent. These limits shall not apply to water stored pursuant to Articles 12(e) and 14(b).

1. Final Water Supply Allocation Percentage	2. Maximum Percentage of Agency's Annual Table A Amount That Can Be Stored	3. Maximum Acre-Feet That Can Be Stored
50% or less	25%	100,000
51%	26%	104,000
52%	27%	108,000
53%	28%	112,000
54%	29%	116,000
55%	30%	120,000
56%	31%	124,000
57%	32%	128,000
58%	33%	132,000
59%	34%	136,000
60%	35%	140,000
61%	36%	144,000
62%	37%	148,000
63%	38%	152,000
64%	39%	156,000
65%	40%	160,000
66%	41%	164,000
67%	42%	168,000
68%	43%	172,000
69%	44%	176,000
70%	45%	180,000
71%	46%	184,000
72%	47%	188,000
73%	48%	192,000
74%	49%	196,000
75% or more	50%	200,000

- (2) Storage capacity in project surface conservation facilities at any time in excess of that needed for project operations shall be made available to requesting contractors for storage of project and Nonproject Water. If such storage requests exceed the available storage capacity, the available capacity shall be allocated among contractors requesting storage in proportion to their Annual Table A Amounts for that year. The Agency may store water in excess of its allocated share of capacity as long as capacity is available for such storage.
- (3) If the State determines that a reallocation of excess storage capacity is needed as a result of project operations or because of the exercise of a contractor's storage right, the available capacity shall be reallocated among contractors requesting storage in proportion to their respective Annual

Table A Amounts for that year. If such reallocation results in the need to displace water from the storage balance for any contractor or noncontractor, the water to be displaced shall be displaced in the following order of priority:

First, water, if any, stored for noncontractors;

Second, water stored for a contractor that previously was in excess of that contractor's allocation of storage capacity; and

Third, water stored for a contractor that previously was within that contractor's allocated storage capacity.

The State shall determine whether water stored in a project surface water conservation facility is subject to displacement and give as much notice as feasible of a potential displacement. If the Agency transfers or exchanges Article 56 Carryover Water pursuant to this subdivision to another contractor for storage in such facility, the State shall recalculate the amount of water that is subject to potential displacement for both contractors participating in the transfer or exchange. The State's recalculation shall be made pursuant to subdivision (4) of this Article.

(4) Transfers or Exchanges of Article 56 Carryover Water

The Agency may transfer or exchange its Article 56 Carryover Water as provided in this subdivision under a transfer or an exchange agreement with another contractor. Water stored pursuant to Articles 12(e) and 14(b) and Nonproject Water shall not be transferred or exchanged. Transfers or exchanges of Article 56 Carryover Water under this subdivision shall comply with subdivision (f) of this Article and Article 57 as applicable, which shall constitute the exclusive means to transfer or exchange Article 56 Carryover Water.

On or around January 15 of each year, the State shall determine the maximum amount of Article 56 Carryover Water as of January 1 that will be available for transfers or exchanges during that year. The State's determination shall be consistent with subdivisions (c)(1) and (c)(2) of this Article.

The State shall timely process requests for transfers or exchanges of Article 56 Carryover Water by participating contractors. After execution of the transfer or exchange agreement between the State and the contractors participating in the transfer or exchange, the State shall recalculate each contractor's storage amounts for the contractors participating in the transfer or exchange. The State's recalculation shall result in an increase by an amount of water within the storage amounts for the contractor receiving the water and a decrease by the same amount of water for the contractor transferring or exchanging water. The State's recalculation shall be based on the criteria set forth in the State's transfer or exchange agreement with the participating contractors. The State's calculations shall also apply when a contractor uses Article 56 Carryover Water to complete an exchange.

Transfers and exchanges of Article 56 Carryover Water shall meet all of the following criteria:

- (i) Transfers or exchanges of Article 56 Carryover Water are limited to a single-year. Project Water returned as part of an exchange under subdivision (c)(4) may be returned over multiple years.
- (ii) The Agency may transfer or exchange an amount up to fifty percent (50%) of its Article 56 Carryover Water to another contractor for use in that contractor's service area.
- (iii) Subject to approval of the State, the Agency may transfer or exchange an amount greater than 50% of its Article 56 Carryover Water to another contractor for use in that contractor's service area. The Agency seeking to transfer or exchange greater than 50% of its Article 56 Carryover Water shall submit a written request to the State for approval. The Agency making such a request shall demonstrate to the State how it will continue to meet its critical water needs in the current year of the transfer or exchange and in the following year.

- (iv) The contractor receiving the water transferred or exchanged under subdivisions (4)(i) or (ii) above shall confirm in writing to the State its need for the water that year and shall take delivery of the water transferred or exchanged in the same year.
 - (v) Subject to the approval of the State, the Agency may seek an exception to the requirements of subdivisions (4)(i), (ii), and (iii) above. The Agency seeking an exception shall submit a written request to the State demonstrating to the State the need for 1) using project surface conservation facilities as the transfer or exchange point for Article 56 Carryover Water if the receiving contractor cannot take delivery of the transfer or exchange water in that same year, 2) using project surface conservation facilities for the transfer or exchange of one contractor's Article 56 Carryover Water to another contractor to reduce the risk of the water being displaced, or 3) for some other need.
- (5) The restrictions on storage of Project Water outside the Agency's service area provided for in this subdivision (c), shall not apply to storage in any project off-stream storage facilities constructed south of the Delta after the date of the Monterey Amendment.
- (6) For any Project Water stored outside its service area pursuant to subdivisions (b) and (c), the Agency shall pay the State the same (including adjustments) for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water as the Agency pays for the transportation of Annual Table A Amount to the reach of the project transportation facility from which the water is delivered to storage. If Table A Amount is stored, the Delta Water Charge shall be charged only in the year of delivery to interim storage. For any stored water returned to a project transportation facility for final delivery to its service area, the Agency shall pay the State the same for power resources (including on-aqueduct, off-aqueduct, and any other power) incurred in the transportation of such water calculated from the point of

return to the aqueduct to the turn-out in the Agency's service area. In addition, the Agency shall pay all incremental operation, maintenance, and replacement costs, and any other incremental costs, as determined by the State, which shall not include any administrative or contract preparation charge. Incremental costs shall mean those nonpower costs which would not be incurred if such water were scheduled for or delivered to the Agency's service area instead of to interim storage outside the service area. Only those contractors not participating in the repayment of a reach shall be required to pay a use of facilities charge for use of a reach for the delivery of water to, or return of water from, interim storage.

- (7) If the Agency elects to store Project Water in a nonproject facility within the service area of another contractor it shall execute a contract with that other contractor prior to storing such water which shall be in conformity with this Article and will include at least provisions concerning the point of delivery and the time and method for transporting such water.

(d) Non-Permanent Water Transfers of Project Water

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency transferring Project Water outside its service area in accordance with the following:

- (1) The participating contractors shall determine the duration and compensation for all water transfers, including single-year transfers, Transfer Packages and multi-year transfers.
- (2) The duration of a multi-year transfer shall be determined by the participating contractors to the transfer, but the term of the transfer agreement shall not extend beyond the term of the Contract with the earliest term.
- (3) A Transfer Package shall be comprised of two or more water transfer agreements between the same contractors. The State shall consider each proposed water transfer within the package at the same time and shall apply the transfer criteria pursuant to Article 57 in the review and approval of each transfer. The State shall not consider a Transfer Package as an exchange.

(e) Continuance of Article 12(e) Carry-over Provisions

The provisions of this Article are in addition to the provisions of Article 12(e), and nothing in this Article shall be construed to modify or amend the provisions of Article 12(e). Any contractor electing to transfer or exchange Project Water during any year in accordance with the provisions of subdivision (c) of this Article, shall not be precluded from using the provisions of Article 12(e) for carrying over water from the last three months of that year into the first three months of the succeeding year.

(f) Bona Fide Exchanges Permitted

Notwithstanding the provisions of Article 15(a), the State hereby consents to the Agency exchanging Project Water outside its service area consistent with this Article. Nothing in this Article shall prevent the Agency from entering into bona fide exchanges of Project Water for use outside the Agency's service area with other parties for Project Water or Nonproject Water if the State consents to the use of the Project Water outside the Agency's service area. Also, nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to September 1, 1995. Nothing in this Article shall prevent the Agency from continuing those exchange or sale arrangements entered into prior to the effective date of this Amendment which had previously received any required State approvals. The State recognizes that the hydrology in any given year is an important factor in exchanges. A "bona fide exchange" shall mean an exchange of water involving the Agency and another party where the primary consideration for one party furnishing water to another party is the return of a substantially similar amount of water, after giving due consideration to the hydrology, the length of time during which the water will be returned, and reasonable payment for costs incurred. In addition, the State shall consider reasonable deductions based on expected storage or transportation losses that may be made from water delivered. The State may also consider any other nonfinancial conditions of the return. A "bona fide exchange" shall not involve a significant payment unrelated to costs incurred in effectuating the exchange. The State, in consultation with the contractors, shall have authority to determine whether a proposed exchange of water constitutes a "bona fide exchange" within the meaning of this paragraph and not a disguised sale.

(g) Exchanges of Project Water

Exchanges of Project Water shall be consistent with Article 57. In addition, the State shall apply the following criteria to its review of each exchange of Project Water as set forth below:

(1) Exchange Ratio

Exchange ratio shall mean the amount of water delivered from a contractor's project supply in a year to another contractor compared to the amount of water returned to the first contractor in a subsequent year by the other contractor. All exchanges shall be subject to the applicable exchange ratio in this Article as determined by the allocation of available supply for the Annual Table A Amount at the time the exchange transaction between the contractors is executed.

- (a) For allocations greater than or equal to 50%, the exchange ratio shall be no greater than 2 to 1.
- (b) For allocations greater than 25% and less than 50%, the exchange ratio shall be no greater than 3 to 1.
- (c) For allocations greater than 15% and less than or equal to 25%, the exchange ratio shall be no greater than 4 to 1.
- (d) For allocations less than or equal to 15%, the exchange ratio shall be no greater than 5 to 1.

(2) Cost Compensation

The State shall determine the maximum cost compensation calculation using the following formula:

The numerator shall be the exchanging contractor's conservation minimum and capital and transportation minimum and capital charges, including capital surcharges. DWR will set the denominator using the State Water Project allocation which incorporates the May 1 monthly Bulletin 120 runoff forecast.

If the Agency submits a request for approval of an exchange prior to May 1, the State shall provide timely approval with the obligation of the contractors to meet the requirement of the maximum compensation. If the maximum compensation is exceeded because the agreement between the

contractors is executed prior to the State Water Project allocation as defined in (c)(2) above, the contractors will revisit the agreement between the two contractors and make any necessary adjustments to the compensation. If the contractors make any adjustments to the compensation, they shall notify the State.

(3) Period During Which the Water May Be Returned:

The period for the water to be returned shall not be greater than 10 years and shall not go beyond the expiration date of this Contract. If the return of the exchange water cannot be completed within 10 years, the State may approve a request for an extension of time.

(h) Other Transfers

Nothing in this Article shall modify or amend the provisions of Articles 15(a), 18(a) or Article 41, except as expressly provided for in subdivisions (c) and (d) of this Article and in subdivision (d) of Article 21.

NEW CONTRACT ARTICLES

ARTICLE 57 IS ADDED TO THE CONTRACT AS A NEW ARTICLE AS FOLLOWS:

57. Provisions Applicable to Both Transfers and Exchanges of Project Water

- (a)** Nothing in this Article modifies or limits Article 18 (a).
- (b)** Transfers and exchanges shall not have the protection of Article 14(b).
- (b)** The Agency may be both a buyer and seller in the same year and enter into multiple transfers and exchanges within the same year.
- (d)** Subject to the State's review and approval, all transfers and exchanges shall satisfy the following criteria:
 - (1)** Transfers and exchanges shall comply with all applicable laws and regulations.
 - (2)** Transfers and exchanges shall not impact the financial integrity of the State Water Project, Transfers and exchange agreements shall include provisions to cover all costs to the State for the movement of water such as power costs and use of facility charge.
 - (3)** Transfers and exchanges shall be transparent, including compliance with subdivisions (g) and (h) of this Article.
 - (4)** Transfers and exchanges shall not harm other contractors not participating in the transfer or exchange.
 - (5)** Transfers and exchanges shall not create significant adverse impacts to the service area of each contractor participating in the transfer or exchange.
 - (6)** Transfers and exchanges shall not adversely impact State Water Project operations.
- (e)** The Agency may petition the State and the State shall have discretion to approve an exception to the criteria set forth in subdivision (d) in the following cases:
 - (1)** When a transfer or an exchange does not meet the criteria, but the Agency has determined that there is a compelling need to proceed with the transfer or exchange.

- (2) When the Agency has received water in a transfer or an exchange and cannot take all of the water identified in the transaction in the same year, the Agency may request to store its water consistent with Article 56(c), including in San Luis Reservoir.
- (f) The State will timely process such requests for scheduling the delivery of the transferred or exchanged water. Contractors participating in a transfer or an exchange shall submit the request in a timely manner.
- (g) The Agency shall, for each transfer or exchange it participates in, confirm to the State in a resolution or other appropriate document approving the transfer or exchange, including use of Article 56(c) stored water, that:
 - (1) The Agency has complied with all applicable laws.
 - (2) The Agency has provided any required notices to public agencies and the public.
 - (3) The Agency has provided the relevant terms to all contractors and to the Water Transfers Committee of the State Water Contractors Association.
 - (4) The Agency is informed and believes that the transfer or exchange will not harm other contractors.
 - (5) The Agency is informed and believes that the transfer or exchange will not adversely impact State Water Project operations.
 - (6) The Agency is informed and believes that the transfer or exchange will not affect its ability to make all payments, including payments when due under its Contract for its share of the financing costs of the State's Central Valley Project Revenue Bonds.
 - (7) The Agency has considered the potential impacts of the transfer or exchange within its service area.
- (h) **Dispute Resolution Process Prior to Executing an Agreement**

The State and the contractors shall comply with the following process to resolve disputes if a contractor that is not participating in the transfer or exchange claims that the proposed transfer and/or exchange has a significant adverse impact.

- (1) Any claim to a significant adverse impact may only be made after the Agency has submitted the relevant terms pursuant to Article

57(g)(3) and before the State approves a transfer or an exchange agreement.

- (2) In the event that any dispute cannot be resolved among the contractors, the State will convene a group including the Department's Chief of the State Water Project Analysis Office, the Department's Chief Counsel and the Department's Chief of the Division of Operations or their designees and the contractors involved. The contractor's representatives shall be chosen by each contractor. Any contractor claiming a significant adverse impact must submit written documentation to support this claim and identify a proposed solution. This documentation must be provided 2 weeks in advance of a meeting of the group that includes the representatives identified in this paragraph.
- (3) If this group cannot resolve the dispute, the issue will be taken to the Director of the Department of Water Resources and that decision will be final.

WATER MANAGEMENT AMENDMENT IMPLEMENTING AND ADMINISTRATIVE PROVISIONS

IT IS FURTHER MUTUALLY AGREED that the following provisions, which shall not be part of the Water Supply Contract text, shall be a part of this Amendment and be binding on the Parties.

1. EFFECTIVE DATE OF WATER MANAGEMENT AMENDMENT

- (a) The Water Management Amendment shall take effect (“Water Management Amendment effective date”) on the last day of the calendar month in which the State and 24 or more contractors have executed the Water Management Amendment, unless a final judgment by a court of competent jurisdiction has been entered that the Water Management Amendment is invalid or unenforceable or a final order has been entered that enjoins the implementation of the Water Management Amendment.
- (b) If any part of the Water Management Amendment of any contractor is determined by a court of competent jurisdiction in a final judgment or order to be invalid or unenforceable, the Water Management Amendments of all contractors shall be of no force and effect unless the State and 24 or more contractors agree any the remaining provisions of the contract may remain in full force and effect.
- (c) If 24 or more contractors have not executed the Water Management Amendment by February 28, 2021 then within 30 days the State, after consultation with the contractors that have executed the amendment, shall make a determination whether to waive the requirement of subdivision (a) of this effective date provision. The State shall promptly notify all contractors of the State’s determination. If the State determines, pursuant to this Article to allow the Water Management Amendment to take effect, it shall take effect only as to those consenting contractors.
- (d) If any contractor has not executed the Water Management Amendment within sixty (60) days after its effective date pursuant to subdivisions (a) through (c) of this effective date provision, this Amendment shall not take effect as to such contractor unless the contractor and the State, in its discretion, thereafter execute such contractor’s Water Management Amendment, in which case the Water Management Amendment effective date for purposes of that contractor’s Amendment shall be as agreed upon by the State and contractor, and shall replace the effective date identified in subdivision (a) for that contractor.

2. ADMINISTRATION OF CONTRACTS WITHOUT WATER MANAGEMENT AMENDMENT

The State shall administer the water supply contracts of any contractors that do not execute the Water Management Amendment in a manner that is consistent with the contractual rights of such contractors. These contractors' rights are not anticipated to be affected adversely or benefited by the Water Management Amendments.

3. OTHER CONTRACT PROVISIONS

Except as amended by this Amendment, all provisions of the contract shall be and remain the same and in full force and effect, provided, however, that any reference to the definition of a term in Article 1, shall be deemed to be a reference to the definition of that term, notwithstanding that the definition has been re-lettered within Article 1. In preparing a consolidated contract, the parties agree to update all such references to reflect the definitions' lettering within Article 1.

4. DocuSign

The Parties agree to accept electronic signatures generated using DocuSign as original signatures.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment on the date first above written.

Approved as to Legal Form
and Sufficiency:

STATE OF CALIFORNIA
DEPARTMENT OF WATER RESOURCES

Chief Counsel
Department of Water Resources

Director

Date

Approved as to Form:

PALMDALE WATER DISTRICT

General Counsel
Palmdale Water District

General Manager

Date

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	October 20, 2020	October 26, 2020
TO:	BOARD OF DIRECTORS	Board Meeting
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	<i>AGENDA ITEM NO. 8.1.a – STATUS REPORT ON CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF SEPTEMBER 2020. (FINANCIAL ADVISOR EGAN/FINANCE COMMITTEE)</i>	

Attached are the Cash Notes, the Investment Funds Report, and the Cash Flow Report as of September 2020. The reports will be reviewed in detail at the Board meeting.

		2020	
		<u>August to September 2020 Major account Activity</u>	
		<u>acct 11469</u>	
		Balance	9/30/2020 3,455,898.98
		Balance	8/31/2020 4,435,534.62
		Decrease	(979,635.64)
		<u>One month activity</u>	
		Transfer to checking	0.00
		Taxes received	0.00
		Interest/Mkt value received	3,328.11
		Transfer from 11432.	1,384,000.00
		2013 bonds prin	(30,418.00)
		2013 bonds interest	(101,263.31)
		2012 bonds prin	(617,000.00)
		2012 bonds int	(70,075.90)
		2013A bonds prin	(535,000.00)
		2013A bonds int	(728,912.50)
		2018 A bonds int	(284,294.04)
			(979,635.64)
		<u>Acct 11475</u>	
		Balance	9/30/2020 175,394.74
		Balance	8/31/2020 175,393.63
		Increase	1.11
		<u>One month activity</u>	
		Interest received	1.11
		Capital improvements received	0.00
			1.11
		<u>Acct 11432</u>	
		Balance	9/30/2020 3,234,062.05
		Balance	8/31/2020 4,617,405.17
		Decrease	(1,383,343.12)
		<u>One month activity</u>	
		Transfer to 11469.	(1,384,000.00)
		Interest/Mkt value received	656.88
			(1,383,343.12)
		<u>Acct 24016.</u>	
		Balance	9/30/2020 374,770.13
		Balance	8/31/2020 374,736.87
		Increase	33.26
		<u>One month activity</u>	
		Interest/Mkt value received	33.26
			33.26


			<u>2020</u>	
			<u>3rd Quarter Major account Activity</u>	
			<u>acct 11469</u>	
			Balance	9/30/2020
				3,455,898.98
			Balance	6/30/2020
				5,186,745.02
			Decrease	
				(1,730,846.04)
			<u>3 mos activity</u>	
			Taxes received	235,685.42
			Interest/Mkt value received	16,432.29
			Transfer from 11432.	1,384,000.00
				1,636,117.71
			Transfers to Checking	(1,000,000.00)
			2013 bonds prin	(30,418.00)
			2013 bonds interest	(101,263.31)
			2012 bonds prin	(617,000.00)
			2012 bonds int	(70,075.90)
			2013A bonds prin	(535,000.00)
			2013A bonds int	(728,912.50)
			2018 A bonds int	(284,294.04)
				(3,366,963.75)
				(1,730,846.04)
			<u>Acct 11475</u>	
			Balance	9/30/2020
				175,394.74
			Balance	6/30/2020
				72,427.41
			Increase	102,967.33
			<u>3 mos activity</u>	
			Interest received	1.99
			Capital improvements received	102,965.34
				102,967.33
			<u>Acct 11432</u>	
			Balance	9/30/2020
				3,234,062.05
			Balance	6/30/2020
				4,616,393.40
			Decrease	(1,382,331.35)
			<u>3 mos activity</u>	
			Interest/Mkt value received	1,668.65
			Transfer to 11469	(1,384,000.00)
				(1,382,331.35)
			<u>Acct 24016.</u>	
			Balance	9/30/2020
				374,770.13
			Balance	6/30/2020
				374,579.83
			Increase	190.30
			<u>3 mos activity</u>	
			Interest/Mkt value received	190.30
				190.30


PALMDALE WATER DISTRICT INVESTMENT FUNDS REPORT September 30, 2020							
				September 2020	August 2020	June 2020	
CASH							
1-00-0103-100	Citizens - Checking			562,398.72	579,086.75	180,757.35	
1-00-0103-200	Citizens - Refund			-	(792.80)	208.20	
1-00-0103-300	Citizens - Merchant			245,711.84	191,450.28	331,951.57	
	Bank Total			808,110.56	769,744.23	512,917.12	
1-00-0110-000	PETTY CASH			300.00	300.00	300.00	
1-00-0115-000	CASH ON HAND			5,400.00	5,400.00	5,400.00	
	TOTAL CASH			813,810.56	775,444.23	518,617.12	
INVESTMENTS							
1-00-0135-000	Local Agency Investment Fund		Acct. Total	12,614.58	12,614.58	12,568.72	
1-00-0120-000	UBS Money Market Account General (SS 11469)						
	UBS RMA Government Portfolio			372.32	983,079.05	766,743.74	
	UBS Bank USA Dep acct			-	-	-	
	Accrued interest			20,529.05	16,568.35	27,260.46	
				20,901.37	999,647.40	794,004.20	
	US Government Securities						
	CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
	912828PP9	US TSY INFL PROT NOTE	01/15/2021	1.250	1,300,000	1,549,208.61	1,547,326.72
					1,300,000	1,549,208.61	1,547,326.72
	Certificates of Deposit						
		Issuer	Maturity Date	Rate	Face Value		
	1	Investors Bank	07/15/2020	1.600	250,000	-	250,155.00
	2	US Bank NA OH	07/15/2020	1.600	210,000	-	210,130.20
	3	Hancock Whitney Bank	07/16/2020	1.650	250,000	-	250,170.00
	4	Safra National Bank	08/24/2020	1.650	250,000	-	250,590.00
	5	Pinnacle Bank	10/21/2020	1.650	250,000	250,232.50	251,197.50
	6	Truist Bank-Charlotte	10/22/2020	1.650	250,000	250,245.00	251,207.50
	7	TBK Bank-SSB TX	10/29/2020	1.650	200,000	200,258.00	201,026.00
	8	Goldman Sachs	11/18/2020	2.300	240,000	250,542.50	251,492.50
	9	Bank of India	11/18/2020	1.650	250,000	240,734.40	242,044.80
	10	Customers Bank PA	11/27/2020	1.600	200,000	200,498.00	201,228.00
	11	Bank of Washington MO	01/02/2021	1.650	250,000	251,325.00	252,217.50
	12	Ally Bank	01/19/2021	2.700	240,000	241,953.60	243,410.40
					2,840,000	1,885,789.00	1,888,560.50
	Acct. Total				3,455,898.98	4,435,534.62	5,186,745.02
1-00-1110-000	UBS Money Market Account Capital (SS 11475)						
	UBS Bank USA Dep acct				175,394.74	154,648.74	72,427.41
	UBS RMA Government Portfolio				-	20,744.89	-
	Acct. Total				175,394.74	175,393.63	72,427.41
1-00-0125-000	UBS Access Account General (SS 11432)						
	UBS Bank USA Dep acct				-	-	-
	UBS RMA Government Portfolio				16,314.99	1,779,747.36	24,850.13
	Accrued interest				6,867.44	17,056.60	12,181.67
					23,182.43	1,796,803.96	37,031.80
	US Government Securities						
	CUSIP #	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
	912796WY1	US Treasury Bill	7/30/2020	0.000	1,750,000	-	1,749,825.00
	912828C57	US Treasury Note	03/21/2021	2.250	1,430,000	1,445,243.80	1,452,236.50
	9128284W7	US Treasury Note	08/15/2021	2.750	620,000	634,191.80	-
					3,800,000	2,079,435.60	3,202,061.50
	Certificates of Deposit						
		Issuer	Maturity Date	Rate	Face Value		
	1	First UTD Bank	09/14/2020	2.000	240,000	-	240,043.20
	2	Bank of China	10/22/2020	1.000	240,000	240,139.20	240,664.80
	3	Wells Fargo	12/14/2020	3.100	240,000	241,502.40	243,252.00
	4	Comenity Cap Bank	01/19/2021	1.900	163,000	164,131.22	165,004.90
	5	Bank of America	02/08/2021	2.550	240,000	242,172.00	243,532.80
	6	Sallie Mae Bank	05/10/2021	2.450	240,000	243,499.20	244,802.40
					1,363,000	1,131,444.02	1,377,300.10
	Acct. Total				3,234,062.05	4,617,435.19	4,616,393.40
Total Managed Accounts					6,877,970.35	9,240,978.02	9,888,134.55
1-00-1121-000	UBS Rate Stabilization Fund (SS 24016) - District Restricted						
	UBS Bank USA Dep acct				4,287.08	4,216.42	4,077.38
	UBS RMA Government Portfolio				-	-	-
	Accrued interest				1,163.55	926.50	429.57
					5,450.63	5,142.92	4,506.95
	Certificates of Deposit						
		Issuer	Maturity Date	Rate	Face Value		
	1	Bank OZK AR	10/23/2020	1.600	52,000	52,051.48	52,240.76
	2	Bank United	10/29/2020	0.700	240,000	240,124.80	240,465.60
	3	Bank of Baroda NY	11/23/2020	1.600	77,000	77,143.22	77,366.52
					369,000	369,319.50	370,072.88
	Acct. Total				374,770.13	374,736.87	374,579.83
TOTAL CASH AND INVESTMENTS					8,066,551.04	10,391,159.12	10,781,331.50
Increase (Decrease) in Funds					(2,324,608.08)		
1-00-1135-000	2018A Bonds - Project Funds (BNY Mellon)						
	Construction Funds				2,242,090.52	2,258,042.04	2,266,496.92
	Issuance Funds				12,514.94	12,514.35	12,512.42
					2,254,605.46	2,270,556.39	2,279,009.34

PALMDALE WATER DISTRICT

2020 Cash Flow Report (Based on Dec. 16, 2019 Approved Budget)

2020 Cash Flow Report (Based on Dec. 16, 2019 Approved Budget)														Budget 2020 Carryover Information
	January	February	March	April	May	June	July	August	September	October	November	December	YTD	
Total Cash Beginning Balance (BUDGET)	12,176,691	12,015,065	11,932,116	9,751,094	11,187,683	10,449,122	9,647,959	8,919,381	8,465,838	6,085,389	5,993,553	5,965,518		(3,079,593) <

Indicates actual expenditures/revenues: 

Indicates anticipated expenditures/revenues: 

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: October 20, 2020 **October 26, 2020**
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 SEPTEMBER 2020. (FINANCE MANAGER WILLIAMS/FINANCE COMMITTEE)***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending September 30, 2020. Also included are Quarter-to-Quarter Comparisons and the Year-to-Date Revenue and Expense Analysis. Finally, I have provided individual Departmental Budget Reports through the month of September 2020.

This is the 9th month/3rd quarter of the District's Budget Year 2020. The target percentage is 75%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Pages 1 and 2 is our balance sheet trending for the 9-month period and a graphic presentation of Assets, Liabilities, and Net Position at September 30, 2020.
- The significant change from August to September was a decrease in investments of approximately \$2M used for bond and loan payments.

Profit/Loss Statement:

- Page 3 is our profit/loss statement trending for the 9-month period.
- Operating revenue is at 74% of budget.
- Cash operating expense is at 69% of budget.
- All departmental budgets are at or below the target percentage, except for the following:
 - Facilities-This is due to overruns in personnel costs and electricity costs for wells & boosters.
 - Operations-There appears to be a few miscoding of invoice errors that need to be corrected.
 - Customer Care-This is due to under budgeting for health insurance costs.
- Revenues have exceeded expenses for the month by \$720K, and year-to-date revenues have exceeded expenditures by \$3.3M.
- Pages 4 through 6 is showing the P&L in various graphic forms using major report category totals.
- Page 7 is showing the operating expense distributed between personnel and operation costs. Labor costs are at 58% of total expenses with salaries making up 40% of that.

October 20, 2020

Quarter-To-Quarter Comparison P&L:

- Page 7-1 is our 3rd quarter comparison, comparing 2020 to 2019.
- Total operating revenue increased \$979K, or 13%.
- Total operating expense increased \$1.133M, or 25%.
- Units billed increased by 171K.
- Revenue per unit sold increased \$0.17.
- Revenue per connection increased \$11.88.
- Units sold per connection increased 2.03.

Revenue Analysis Year-To-Date:

- Page 8 is our comparison of revenue, year-to-date.
- Operating revenue through September 2020 is up \$1.7M, or 9%.
- Retail water revenue from all areas are up by \$1.9M from last year. That's shown by the combined green highlighted area.
- Retail water sales, excluding meter fees, is up \$2.05M.
- Total revenue is up \$1.4M, or 6%.
- Operating revenue is at 74% of budget, last year was at 71% of budget.

Expense Analysis Year-To-Date:

- Page 9 is our comparison of expense, year-to-date.
- Cash Operating Expenses through September 2020 are up \$1.2M, or 7%, compared to 2019, Total Expenses are up \$1.4M or 5.6%.

Departments:

- Pages 11 through 21 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.

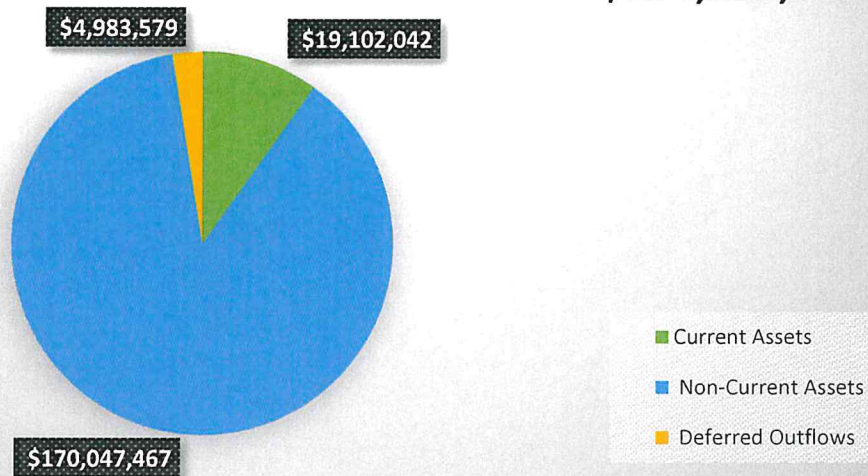
Capitalized Construction: The value of our labor force used to construct our asset infrastructure.

**Palmdale Water District
Balance Sheet Report**

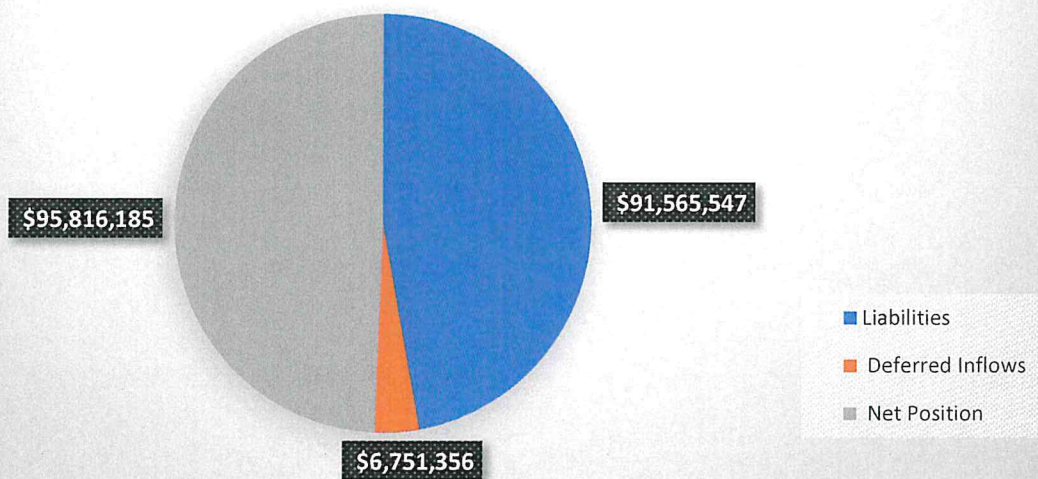
	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	July 2020	August 2020	September 2020
ASSETS									
Current Assets:									
Cash and cash equivalents	\$ 715,172	\$ 1,423,090	\$ 1,380,261	\$ 390,731	\$ 446,752	\$ 518,627	\$ 145,988	\$ 775,444	\$ 813,811
Investments	11,350,106	10,706,099	8,889,705	10,933,341	10,462,930	10,262,714	9,330,829	9,615,585	7,252,740
Accrued interest receivable	-	-	-	-	-	-	-	-	-
Accounts receivable - water sales and services, net	1,462,140	1,503,605	1,560,002	1,554,880	1,912,517	2,234,691	2,351,279	2,690,908	2,730,860
Accounts receivable - property taxes and assessments	3,581,062	3,264,223	3,245,512	1,223,415	709,086	419,192	6,955,051	6,783,507	6,783,507
Accounts receivable - other	15,463	10,814	10,714	10,514	9,266	9,266	9,266	9,266	9,266
Materials and supplies inventory	1,008,422	1,016,258	1,029,547	1,048,791	1,050,709	1,034,459	1,040,192	993,316	989,416
Prepaid items and other deposits	425,987	396,526	373,106	357,373	317,783	302,050	280,928	299,095	522,442
Total Current Assets	\$ 18,558,352	\$ 18,320,615	\$ 16,488,847	\$ 15,519,046	\$ 14,909,043	\$ 14,781,000	\$ 20,113,533	\$ 21,167,121	\$ 19,102,042
Non-Current Assets:									
Restricted - cash and cash equivalents	\$ 2,973,074	\$ 2,381,260	\$ 2,349,757	\$ 2,351,304	\$ 2,351,725	\$ 2,279,009	\$ 2,270,394	\$ 2,270,556	\$ 2,254,605
Investment in Palmdale Recycled Water Authority	1,668,290	1,668,290	1,668,290	1,668,290	1,976,189	1,958,222	1,958,222	1,958,222	1,958,222
Capital assets - not being depreciated	21,531,554	22,359,494	22,571,729	22,680,702	23,961,762	24,618,178	24,860,882	24,276,942	24,513,102
Capital assets - being depreciated, net	142,727,742	142,246,733	141,789,647	141,428,894	140,957,436	140,477,749	141,445,481	141,769,812	141,321,537
Total Non-Current Assets	\$ 168,900,661	\$ 168,655,777	\$ 168,379,423	\$ 168,129,190	\$ 169,247,112	\$ 169,333,159	\$ 170,534,980	\$ 170,275,532	\$ 170,047,467
TOTAL ASSETS	\$ 187,459,012	\$ 186,976,392	\$ 184,868,270	\$ 183,648,235	\$ 184,156,156	\$ 184,114,158	\$ 190,648,513	\$ 191,442,653	\$ 189,149,509
DEFERRED OUTFLOWS OF RESOURCES:									
Deferred loss on debt defeasance, net	\$ 1,995,382	\$ 1,982,324	\$ 1,969,266	\$ 1,956,208	\$ 1,943,151	\$ 1,930,093	\$ 1,917,035	\$ 1,903,978	\$ 1,890,920
Deferred outflows of resources related to pensions	3,364,969	3,364,969	3,364,969	3,364,969	3,092,659	3,092,659	3,092,659	3,092,659	3,092,659
Total Deferred Outflows of Resources	\$ 5,360,351	\$ 5,347,293	\$ 5,334,235	\$ 5,321,177	\$ 5,035,810	\$ 5,022,752	\$ 5,009,694	\$ 4,996,637	\$ 4,983,579
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 192,819,363	\$ 192,323,685	\$ 190,202,505	\$ 188,969,413	\$ 189,191,965	\$ 189,136,910	\$ 195,658,207	\$ 196,439,290	\$ 194,133,088
LIABILITIES AND NET POSITION									
Current Liabilities:									
Accounts payable and accrued expenses	\$ 760,533	\$ 449,939	\$ 605,583	\$ 182,791	\$ 351,337	\$ (192,636)	\$ 218,372	\$ 605,968	\$ 652,677
Customer deposits for water service	3,018,997	3,025,730	3,068,017	3,071,701	3,070,706	3,045,605	3,032,269	3,022,083	3,033,124
Construction and developer deposits	1,625,415	1,625,415	1,625,415	1,625,415	1,624,545	1,623,554	1,621,793	1,621,793	1,620,693
Accrued interest payable	846,704	1,057,878	-	209,939	419,878	663,572	907,266	1,150,959	-
Long-term liabilities - due in one year:									
Compensated absences	376,212	376,212	381,632	401,543	405,449	461,446	428,685	441,100	448,927
Rate Stabilization Fund	-	-	-	-	-	360,000	360,000	360,000	360,000
Capital lease payable	(83,509)	(83,509)	84,670	84,670	84,670	-	-	-	-
Loan payable	-	-	617,000	617,000	617,000	617,000	617,000	617,000	-
Revenue bonds payable	-	-	535,000	535,000	535,000	565,418	565,418	565,418	30,418
Total Current Liabilities	\$ 6,544,352	\$ 6,451,665	\$ 6,917,317	\$ 6,728,060	\$ 7,108,585	\$ 7,143,959	\$ 7,750,804	\$ 8,384,322	\$ 6,145,839
Non-Current Liabilities:									
Long-term liabilities - due in more than one year:									
Compensated absences	\$ 125,404	\$ 125,404	\$ 127,211	\$ 133,848	\$ 135,150	\$ 153,815	\$ 142,895	\$ 147,033	\$ 149,642
Capital lease payable	429,316	429,316	261,137	261,137	261,137	261,137	261,137	261,137	261,137
Loan payable	8,607,627	8,596,029	7,359,848	7,348,250	7,336,653	7,325,055	7,313,457	7,301,859	7,290,261
Revenue bonds payable	53,490,000	53,490,000	52,955,000	52,955,000	52,955,000	53,123,105	53,123,105	53,123,105	53,123,105
Net other post employment benefits payable	14,987,630	15,090,576	15,194,089	15,297,224	13,482,880	13,589,584	13,694,713	13,799,483	13,904,224
Aggregate net pension liability	9,809,458	9,809,458	9,809,458	9,809,458	10,691,338	10,691,338	10,691,338	10,691,338	10,691,338
Pension-related debt	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	\$ 87,449,435	\$ 87,540,783	\$ 85,706,743	\$ 85,804,917	\$ 84,862,157	\$ 85,144,034	\$ 85,226,645	\$ 85,323,955	\$ 85,419,708
Total Liabilities	\$ 93,993,787	\$ 93,992,448	\$ 92,624,060	\$ 92,532,977	\$ 91,970,742	\$ 92,287,993	\$ 92,977,448	\$ 93,708,277	\$ 91,565,547
DEFERRED INFLOWS OF RESOURCES:									
Unearned property taxes and assessments	\$ 2,750,000	\$ 2,200,000	\$ 1,650,000	\$ 1,100,000	\$ 550,000	\$ -	\$ 6,050,000	\$ 5,500,000	\$ 4,950,000
Deferred inflows of resources related to pensions	585,837	585,837	585,837	585,837	1,801,356	1,801,356	1,801,356	1,801,356	1,801,356
Total Deferred Inflows of Resources	\$ 3,335,837	\$ 2,785,837	\$ 2,235,837	\$ 1,685,837	\$ 2,351,356	\$ 1,801,356	\$ 7,851,356	\$ 7,301,356	\$ 6,751,356
NET POSITION:									
Profit/(Loss) from Operations	\$ (375,999)	\$ (320,338)	\$ (523,129)	\$ (1,115,137)	\$ (925,632)	\$ (132,217)	\$ (350,376)	\$ 249,878	\$ 636,406
Restricted for investment in Palmdale Recycled Water Authority	1,672,585	1,672,585	1,673,369	1,673,726	1,987,084	1,969,117	2,269,117	2,269,825	2,269,825
Unrestricted	94,193,153	94,193,153	94,192,369	94,192,010	93,808,415	93,210,662	92,910,662	92,909,953	92,909,953
Total Net Position	\$ 95,489,739	\$ 95,545,400	\$ 95,342,609	\$ 94,750,599	\$ 94,869,867	\$ 95,047,561	\$ 94,829,403	\$ 95,429,657	\$ 95,816,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 192,819,363	\$ 192,323,685	\$ 190,202,505	\$ 188,969,413	\$ 189,191,965	\$ 189,136,910	\$ 195,658,207	\$ 196,439,290	\$ 194,133,088

BALANCE SHEET AS OF SEPTEMBER 30, 2020

ASSETS \$194,133,088



Liabilities & Net Position \$194,133,088



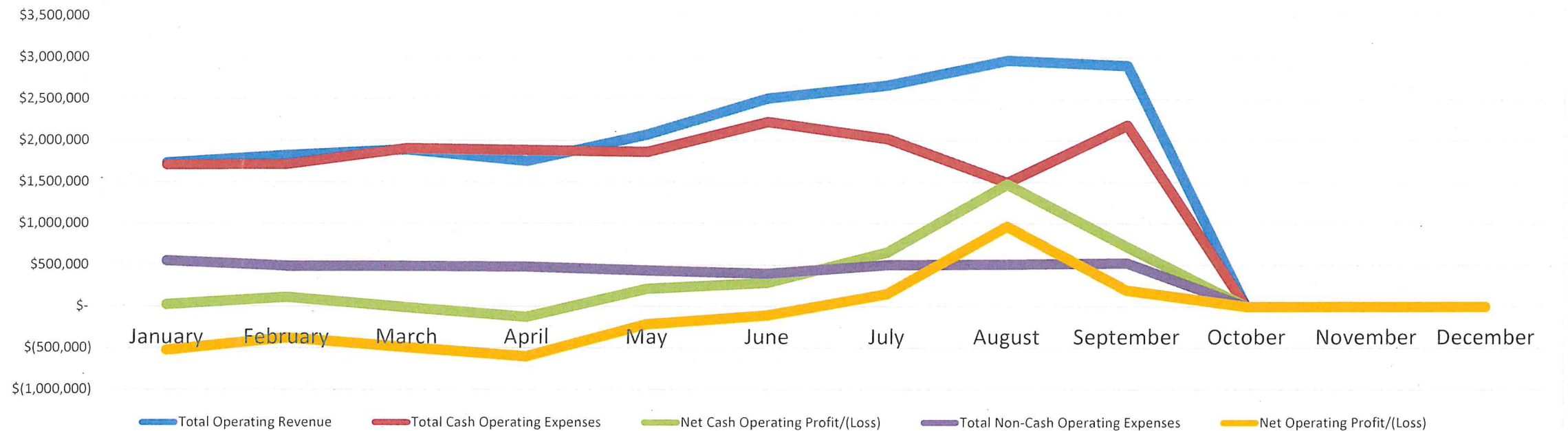
Palmdale Water District
Consolidated Profit and Loss Statement
For the Nine Months Ending 9/30/2020

	January	February	March	April	May	June	July	August	September	October	November	December	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:																
Wholesale Water	\$ 8,681	\$ 9,898	\$ -	\$ 13,820	\$ 4,171	\$ 46,599	\$ 71,425	\$ 71,632	\$ 69,800				\$ 296,026		\$ 295,000	100.35%
Water Sales	463,268	536,723	587,686	502,251	814,624	1,130,212	1,220,784	1,486,147	1,464,642				8,206,336		10,028,794	81.83%
Meter Fees	1,140,012	1,142,830	1,149,976	1,151,303	1,151,682	1,153,459	1,154,351	1,155,611	1,157,259				10,356,482		14,956,694	69.24%
Water Quality Fees	37,737	44,102	48,042	43,248	66,906	85,176	89,154	105,600	99,082				619,047		783,015	79.06%
Elevation Fees	14,637	16,135	20,855	16,726	29,458	38,567	41,079	49,182	44,982				271,622		354,450	76.63%
Other	65,830	70,441	81,332	23,870	4,520	53,860	90,503	95,801	66,315				552,471		877,625	62.95%
Total Operating Revenue	\$ 1,730,165	\$ 1,820,129	\$ 1,887,891	\$ 1,751,219	\$ 2,071,361	\$ 2,507,873	\$ 2,667,294	\$ 2,963,973	\$ 2,902,079	\$ -	\$ -	\$ -	\$ 20,301,985	\$ -	\$ 27,295,578	74.38%
Cash Operating Expenses:																
Directors	\$ 1,318	\$ 11,128	\$ 7,701	\$ 7,473	\$ 7,917	\$ 7,800	\$ 7,801	\$ 6,947	\$ 7,121				\$ 65,206		\$ 144,150	45.23%
Administration-Services	144,187	159,045	153,938	208,358	173,556	158,844	176,401	149,820	202,851				1,527,001		2,056,121	74.27%
Administration-District	84,200	174,065	330,834	166,209	181,489	325,190	74,691	129,884	140,311				1,606,872		2,128,988	75.48%
Engineering	122,800	121,461	125,274	169,144	139,406	122,200	152,114	105,973	154,822				1,213,193		1,635,725	74.17%
Facilities*	483,360	465,876	440,287	544,621	625,730	554,930	637,396	459,595	733,535				4,945,330	(220,428)	6,229,366	79.39%
Operations	199,056	248,610	359,631	273,241	270,883	278,499	327,886	256,716	393,851				2,608,373		3,248,390	80.30%
Finance	117,758	96,629	104,849	129,360	95,602	107,299	134,875	104,724	131,508				1,022,604		1,346,687	75.93%
Water Use Efficiency	23,996	20,300	18,248	24,618	17,265	19,015	26,922	17,855	24,411				192,631		358,682	53.71%
Human Resources	38,032	37,037	27,279	43,253	28,047	43,550	35,801	39,252	43,305				335,557		492,512	68.13%
Information Technology*	228,757	72,791	86,844	88,848	100,421	108,835	97,345	114,580	106,793				1,005,212	220,428	1,449,917	69.33%
Customer Care	119,646	98,345	112,135	142,371	108,120	100,465	115,804	102,731	143,203				1,042,822		1,292,548	80.68%
Source of Supply-Purchased Water	93,089	205,796	133,681	81,510	110,953	271,662	229,792	2,813	94,372				1,223,668		2,321,476	52.71%
Plant Expenditures	50,350	-	-	-	-	-	-	-	6,346				56,696		610,556	9.29%
Sediment Removal Project	-	-	-	-	-	-	-	-	-				-		600,000	0.00%
GAC Filter Media Replacement	-	-	-	-	-	123,876	-	-	-				123,876		783,015	15.82%
Total Cash Operating Expenses	\$ 1,706,549	\$ 1,711,083	\$ 1,900,701	\$ 1,879,007	\$ 1,859,388	\$ 2,222,165	\$ 2,016,829	\$ 1,490,890	\$ 2,182,429	\$ -	\$ -	\$ -	\$ 16,969,040	\$ -	\$ 24,698,133	68.71%
Net Cash Operating Profit/(Loss)	\$ 23,616	\$ 109,046	\$ (12,810)	\$ (127,788)	\$ 211,973	\$ 285,708	\$ 650,466	\$ 1,473,083	\$ 719,651	\$ -	\$ -	\$ -	\$ 3,332,945	\$ -	\$ 2,597,445	128.32%
Non-Cash Operating Expenses:																
Depreciation	\$ 438,268	\$ 434,996	\$ 429,011	\$ 429,289	\$ 425,314	\$ 424,455	\$ 432,997	\$ 426,747	\$ 426,260				\$ 3,867,337		\$ 5,050,000	76.58%
OPEB Accrual Expense	127,710	127,710	127,710	127,710	127,710	127,710	127,710	127,710	127,710				1,149,391		1,750,000	65.68%
Bad Debts	5,112	(650)	1,193	(2,364)	(112)	(21)	511	387	363				4,419		35,000	12.63%
Service Costs Construction	19,033	11,445	21,142	13,326	18,506	12,445	25,984	25,982	25,733				173,596		100,000	173.60%
Capitalized Construction	(39,830)	(86,127)	(95,768)	(91,480)	(141,462)	(171,202)	(87,132)	(73,362)	(55,993)				(842,355)		(600,000)	140.39%
Total Non-Cash Operating Expenses	\$ 550,293	\$ 487,375	\$ 483,288	\$ 476,482	\$ 429,956	\$ 393,387	\$ 500,069	\$ 507,464	\$ 524,073	\$ -	\$ -	\$ -	\$ 4,352,388	\$ -	\$ 6,335,000	68.70%
Net Operating Profit/(Loss)	\$ (526,677)	\$ (378,329)	\$ (496,099)	\$ (604,270)	\$ (217,983)	\$ (107,679)	\$ 150,396	\$ 965,620	\$ 195,577	\$ -	\$ -	\$ -	\$ (1,019,443)	\$ -	\$ (3,737,555)	27.28%
Non-Operating Revenues:																
Assessments (Debt Service)	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845	\$ 416,845				\$ 3,751,605		\$ 4,925,250	76.17%
Assessments (1%)	421,349	133,155	133,155	133,155	133,155	576,006	133,155	133,155	133,155				1,929,440		2,346,000	82.24%
DWR Fixed Charge Recovery	-	-	-	150,341	-	33,614	-	-	28,922				212,877		175,000	121.64%
Interest	24,761	32,511	45,071	23,087	15,681	6,896	4,157	10,409	4,323				166,895		150,000	111.26%
CIF - Infrastructure	-	12,028	-	-	-	60,368	-	88,516	-				160,912		18,750	858.20%
CIF - Water Supply	-	-	-	-	-	-	-	14,450	-				14,450		56,250	25.69%
Grants - State and Federal	-	-	-	-	-	-	-	-	-				-		100,000	0.00%
Other	(18)	100	(30)	7,918	62	-	-	74	-				8,106		50,000	16.21%
Total Non-Operating Revenues	\$ 862,937	\$ 594,640	\$ 595,040	\$ 731,345	\$ 565,744	\$ 1,093,729	\$ 554,157	\$ 663,448	\$ 583,245	\$ -	\$ -	\$ -	\$ 6,244,285	\$ -	\$ 7,821,250	79.84%
Non-Operating Expenses:																
Interest on Long-Term Debt	\$ 219,425	\$ 213,457	\$ 213,457	\$ 212,222	\$ 280,744	\$ 250,783	\$ 245,976	\$ 245,976	\$ 66,287				\$ 1,948,328		\$ 2,648,000	73.58%
Deferred Charges-Cost of Issuance	-	-	-	-	127,252	-	-	-	-				127,252		-	-
Amortization of SWP	237,754	237,754	237,754	237,885	237,885	237,885	237,885	237,885	237,885				2,140,572		2,881,000	74.30%
Change in Investments in PRWA	4,295	784	357	5,459	-	-	300,000	709	-				311,603		300,000	103.87%
Water Conservation Programs	2,640	7,555	6,698	8,066	6,221	5,714	3,628	8,515	11,644				60,680		236,500	25.66%
Total Non-Operating Expenses	\$ 464,114	\$ 459,550	\$ 458,266	\$ 463,631	\$ 652,102	\$ 494,382	\$ 787,489	\$ 493,085	\$ 315,816	\$ -	\$ -	\$ -	\$ 4,588,435	\$ -	\$ 6,065,500	75.65%
Net Earnings	\$ (127,854)	\$ (243,239)	\$ (359,324)	\$ (336,556)	\$ (304,341)	\$ 491,668	\$ (82,936)	\$ 1,135,983	\$ 463,005	\$ -	\$ -	\$ -	\$ 636,406	\$ -	\$ (1,981,805)	-32.11%

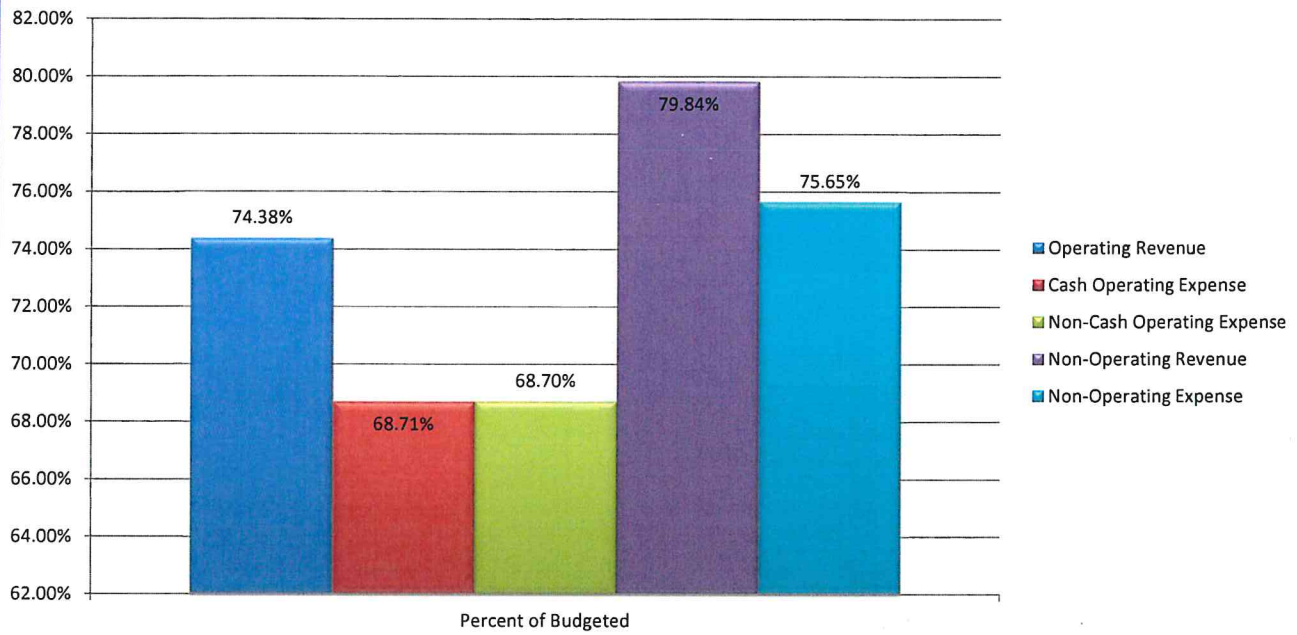
* Budget adjustments by Board action 05/11/20

	January	February	March	April	May	June	July	August	September	October	November	December
Total Operating Revenue	\$ 1,730,165	\$ 1,820,129	\$ 1,887,891	\$ 1,751,219	\$ 2,071,361	\$ 2,507,873	\$ 2,667,294	\$ 2,963,973	\$ 2,902,079	\$ -	\$ -	\$ -
Total Cash Operating Expenses	\$ 1,706,549	\$ 1,711,083	\$ 1,900,701	\$ 1,879,007	\$ 1,859,388	\$ 2,222,165	\$ 2,016,829	\$ 1,490,890	\$ 2,182,429	\$ -	\$ -	\$ -
Net Cash Operating Profit/(Loss)	\$ 23,616	\$ 109,046	\$ (12,810)	\$ (127,788)	\$ 211,973	\$ 285,708	\$ 650,466	\$ 1,473,083	\$ 719,651	\$ -	\$ -	\$ -
Total Non-Cash Operating Expenses	\$ 550,293	\$ 487,375	\$ 483,288	\$ 476,482	\$ 429,956	\$ 393,387	\$ 500,069	\$ 507,464	\$ 524,073	\$ -	\$ -	\$ -
Net Operating Profit/(Loss)	\$ (526,677)	\$ (378,329)	\$ (496,099)	\$ (604,270)	\$ (217,983)	\$ (107,679)	\$ 150,396	\$ 965,620	\$ 195,577	\$ -	\$ -	\$ -

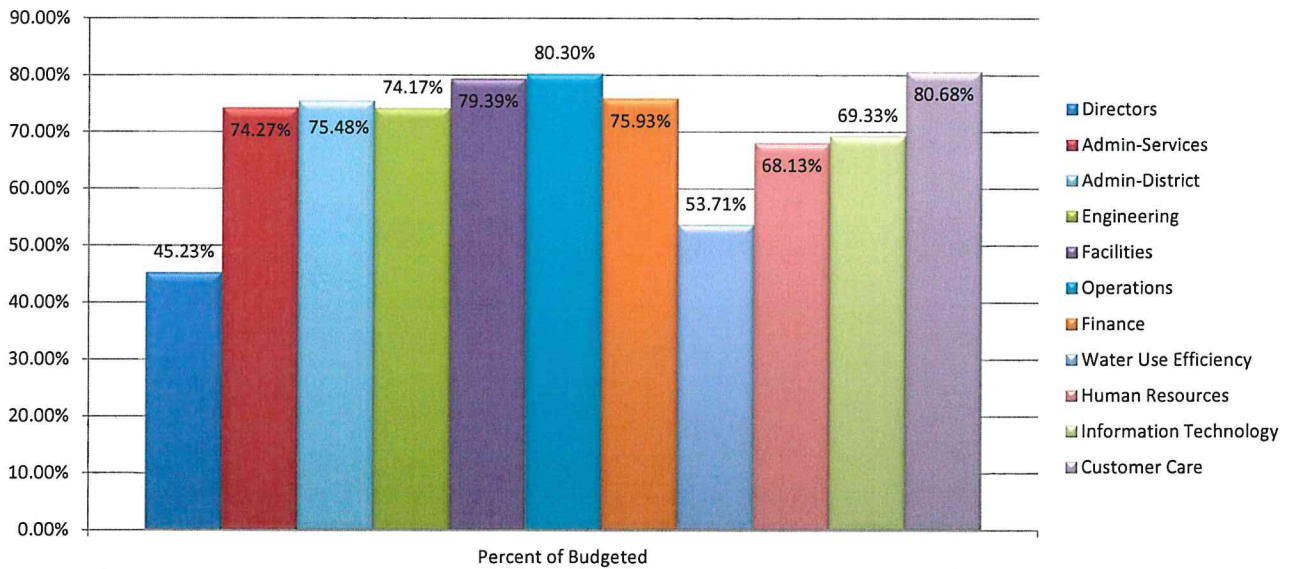
P & L Trending 2020



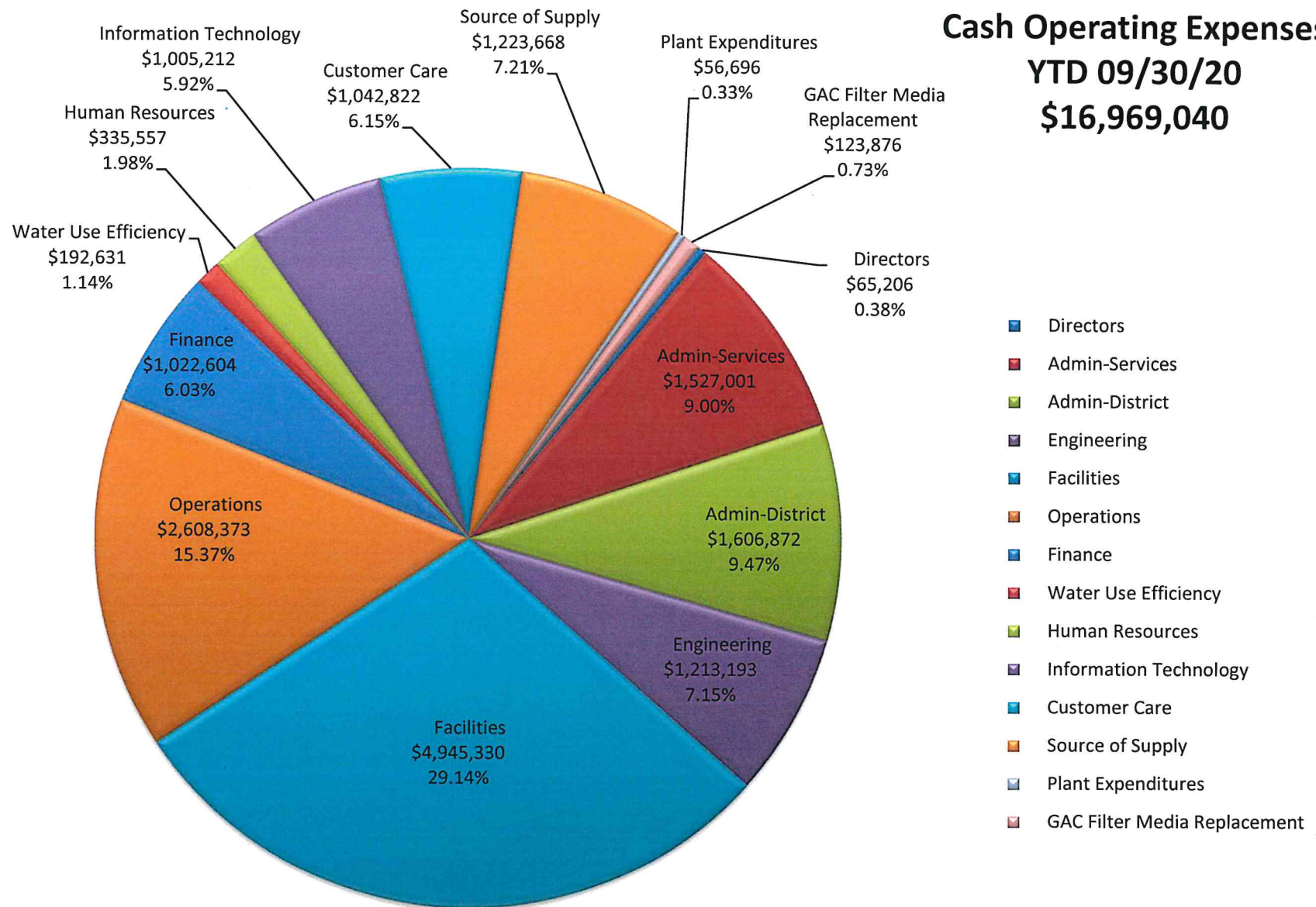
P & L BUDGET vs. ACTUAL



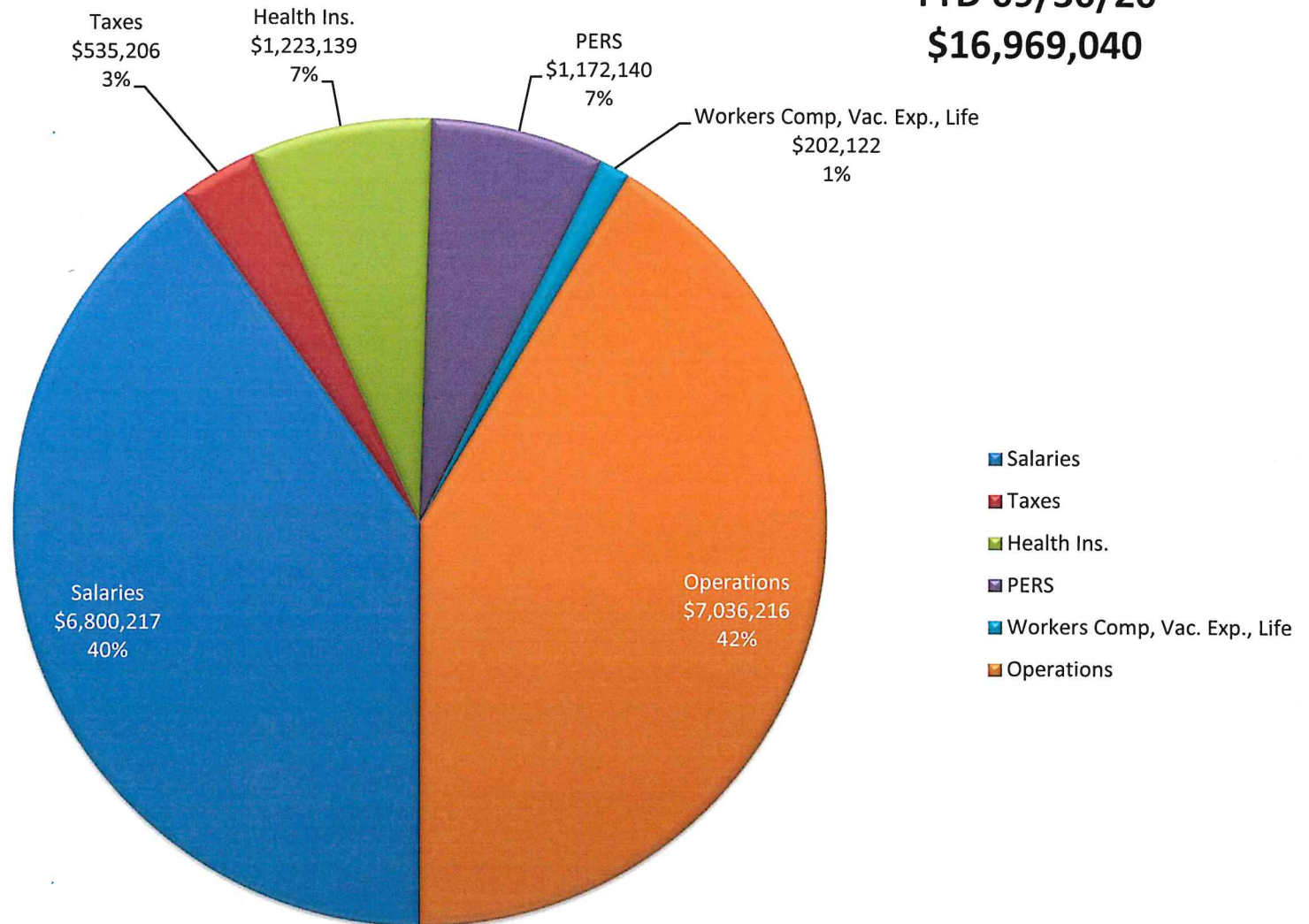
DEPARTMENTAL - BUDGET vs. ACTUAL



Cash Operating Expenses **YTD 09/30/20** **\$16,969,040**



Personnel to Operations Exp
YTD 09/30/20
\$16,969,040



**Palmdale Water District
Profit and Loss Statement
Quarterly Comparison**

	3rd Qtr 2019	3rd Qtr 2020	Change	% Change		Consumption Comparison		
					Units Billed	2019	2020	Change
Operating Revenue:								
Wholesale Water	\$ 215,461	\$ 212,856	\$ (2,605)	-1.21%	Active	80,178	80,435	257
Water Sales	3,179,166	4,171,573	992,406	31.22%	Vacant	2,119	1,972	-147
Meter Fees	3,497,424	3,467,220	(30,203)	-0.86%				
Water Quality Fees	275,044	293,836	18,792	6.83%				
Elevation Fees	130,181	135,243	5,063	3.89%	Rev/unit	\$ 3.02	\$ 3.19	\$ 0.17
Other	256,238	252,618	(3,620)	-1.41%	Rev/con	\$ 94.21	\$ 106.09	\$ 11.88
Total Operating Revenue	\$ 7,553,515	\$ 8,533,347	\$ 979,832	12.97%	Unit/con	31.19	33.22	2
Cash Operating Expenses:								
Directors	\$ 28,654	\$ 21,869	\$ (6,786)	-23.68%				
Administration-Services	440,179	529,073	88,893	20.19%				
Administration-District	388,276	344,885	(43,391)	-11.18%				
Engineering	359,888	412,908	53,021	14.73%				
Facilities	1,245,833	1,830,526	584,694	46.93%				
Operations	814,919	978,453	163,534	20.07%				
Finance	249,902	371,108	121,205	48.50%				
Water Use Efficiency	54,393	69,189	14,796	27.20%				
Human Resources	83,906	118,358	34,452	41.06%				
Information Technology	193,657	318,717	125,060	64.58%				
Customer Care	297,367	361,739	64,372	21.65%				
Source of Supply-Purchased Water	291,101	326,977	35,876	12.32%				
Plant Expenditures	(15,015)	6,346	21,361					
Sediment Removal Project	-	-	-					
GAC Filter Media Replacement	123,876	-	(123,876)					
Total Cash Operating Expenses	\$ 4,556,937	\$ 5,690,147	\$ 1,133,211	24.87%				
Non-Cash Operating Expenses:								
Depreciation	\$ 1,301,307	\$ 1,286,004	\$ (15,304)	-1.18%				
OPEB Accrual Expense	383,130	383,130	-	0.00%				
Bad Debts	5,342	1,261	(4,081)	-76.39%				
Service Costs Construction	85,729	77,698	(8,031)	-9.37%				
Capitalized Construction	(329,003)	(216,487)	112,515	-34.20%				
Total Non-Cash Operating Expenses	\$ 1,446,507	\$ 1,531,606	\$ 85,100	5.88%				
Net Operating Profit/(Loss)	\$ 1,550,071	\$ 1,311,593	\$ (238,478)	-15.38%				
Non-Operating Revenues:								
Assessments (Debt Service)	\$ 1,188,000	\$ 1,250,535	\$ 62,535	5.26%				
Assessments (1%)	466,766	399,465	(67,301)	-14.42%				
DWR Fixed Charge Recovery	27,003	28,922	1,919					
Interest	80,963	18,888	(62,074)	-76.67%				
CIF - Infrastructure	37,361	88,516	51,154	136.92%				
CIF - Water Supply	190,654	14,450	(176,204)					
Grants - State and Federal	-	-	-	#DIV/0!				
Other	351	74	(277)	-79.04%				
Total Non-Operating Revenues	\$ 1,991,099	\$ 1,800,849	\$ (190,249)	-9.55%				
Non-Operating Expenses:								
Interest on Long-Term Debt	\$ 657,020	\$ 558,240	\$ (98,781)	-15.03%				
Deferred Charges-Cost of Issuance	-	-	-					
Amortization of SWP	713,655	713,655	-	0.00%				
Change in Investments in PRWA	-	300,709	300,709	#DIV/0!				
Water Conservation Programs	23,813	23,787	(27)	-0.11%				
Total Non-Operating Expenses	\$ 1,394,489	\$ 1,596,390	\$ 201,902	14.48%				
Net Earnings	\$ 2,146,681	\$ 1,516,052	\$ (630,629)	-29.38%				

Palmdale Water District
Revenue Analysis
For the Nine Months Ending 9/30/2020

	2020					2019 to 2020 Comparison		
	Thru August	September	Year-to-Date	Adjusted Budget	% of Budget	September	Year-to-Date	% Change
Operating Revenue:								
Wholesale Water	\$ 226,226	\$ 69,800	\$ 296,026	\$ 295,000	100.35%	\$ (4,961)	\$ (71,692)	-19.50%
Water Sales	6,741,694	1,464,642	8,206,336	10,028,794	81.83%	331,350	1,978,981	31.78%
Meter Fees	9,199,224	1,157,259	10,356,482	14,956,694	69.24%	(7,479)	(111,142)	-1.06%
Water Quality Fees	519,965	99,082	619,047	783,015	79.06%	5,588	48,705	8.54%
Elevation Fees	226,639	44,982	271,622	354,450	76.63%	934	19,209	7.61%
Other	486,157	66,315	552,471	877,625	62.95%	(29,949)	(152,647)	-21.65%
Total Water Sales	\$ 17,399,906	\$ 2,902,079	\$ 20,301,985	\$ 27,295,578	74.38%	\$ 295,483	\$ 1,711,414	9.39%
Non-Operating Revenues:								
Assessments (Debt Service)	\$ 3,334,760	\$ 416,845	\$ 3,751,605	\$ 4,925,250	76.17%	\$ 20,845	\$ 187,605	5.26%
Assessments (1%)	1,796,285	133,155	1,929,440	2,346,000	82.24%	(25,611)	(185,921)	-8.79%
DWR Fixed Charge Recovery	183,955	28,922	212,877	175,000	121.64%	1,919	40,857	23.75%
Interest	162,573	4,323	166,895	150,000	111.26%	10,029	(178,157)	-51.63%
CIF - Infrastructure	160,912	-	160,912	18,750	858.20%	(37,361)	115,641	255.44%
CIF - Water Supply	14,450	-	14,450	56,250	25.69%	(190,654)	(176,204)	
Grants - State and Federal	-	-	-	100,000	0.00%	-	(9,185)	-100.00%
Other	8,106	-	8,106	50,000	16.21%	(43)	(17,971)	-68.92%
Total Non-Operating Revenues	\$ 5,661,040	\$ 583,245	\$ 6,244,285	\$ 7,821,250	79.84%	\$ (220,877)	\$ (223,335)	-3.45%
Total Revenue	\$ 23,060,946	\$ 3,485,324	\$ 26,546,270	\$ 35,116,828	75.59%	\$ 74,607	\$ 1,488,079	6.03%

	2019				
	Thru August	September	Year-to-Date	Adjusted Budget	% of Budget
Operating Revenue:					
Wholesale Water	\$ 292,956	\$ 74,761	\$ 367,717	\$ 295,000	124.65%
Water Sales	5,094,064	1,133,292	6,227,356	9,653,000	64.51%
Meter Fees	9,302,887	1,164,738	10,467,624	13,719,000	76.30%
Water Quality Fees	476,849	93,494	570,343	826,500	69.01%
Elevation Fees	208,364	44,049	252,412	370,000	68.22%
Other	608,855	96,264	705,119	875,000	80.58%
Total Water Sales	\$ 15,691,018	\$ 2,531,835	\$ 18,222,854	\$ 25,738,500	70.80%
Non-Operating Revenues:					
Assessments (Debt Service)	\$ 3,168,000	\$ 396,000	\$ 3,564,000	\$ 5,125,000	69.54%
Assessments (1%)	1,956,594	158,766	2,115,361	2,300,000	91.97%
DWR Fixed Charge Recovery	145,017	27,003	172,020	175,000	98.30%
Interest	350,758	(5,706)	345,052	150,000	230.03%
CIF - Infrastructure	7,910	37,361	45,271	18,750	241.45%
CIF - Water Supply	-	190,654	190,654	56,250	338.94%
Grants - State and Federal	9,185	-	9,185	100,000	9.19%
Other	26,034	43	26,077	50,000	52.15%
Total Non-Operating Revenues	\$ 5,663,499	\$ 804,122	\$ 6,467,620	\$ 7,975,000	81.10%
Total Revenue	\$ 21,354,517	\$ 3,335,957	\$ 24,690,474	\$ 33,713,500	73.24%

Palmdale Water District
Operating Expense Analysis
For the Nine Months Ending 9/30/2020
2020

2019 to 2020 Comparison

	Thru August	September	Year-to-Date	Adjusted Budget	% of Budget	September	Year-to-Date	% Change
Cash Operating Expenses:								
Directors	\$ 58,085	\$ 7,121	\$ 65,206	\$ 144,150	45.23%	\$ (2,345)	\$ (19,072)	-22.63%
Administration-Services	1,324,150	202,851	1,527,001	2,056,121	74.27%	64,348	532	0.03%
Administration-District	1,466,561	140,311	1,606,872	2,128,988	75.48%	24,054	207,825	14.85%
Engineering	1,058,371	154,822	1,213,193	1,635,725	74.17%	42,717	27,538	2.32%
Facilities	4,211,795	733,535	4,945,330	6,449,794	76.67%	416,415	419,677	9.27%
Operations	2,214,522	393,851	2,608,373	3,248,390	80.30%	187,455	214,132	8.94%
Finance	891,095	131,508	1,022,604	1,346,687	75.93%	58,935	155,288	17.90%
Water Conservation	168,220	24,411	192,631	358,682	53.71%	6,506	11,906	6.59%
Human Resources	292,252	43,305	335,557	492,512	68.13%	36,998	2,981	0.90%
Information Technology	898,419	106,793	1,005,212	1,229,489	81.76%	63,199	316,477	45.95%
Customer Care	899,619	143,203	1,042,822	1,292,548	80.68%	34,167	58,005	5.89%
Source of Supply-Purchased Water	1,129,296	94,372	1,223,668	2,321,476	52.71%	94,183	116,003	10.47%
Plant Expenditures	50,350	6,346	56,696	610,556	9.29%	6,346	(75,672)	-57.17%
Sediment Removal Project	-	-	-	600,000	0.00%	-	-	-
GAC Filter Media Replacement	123,876	-	123,876	783,015	15.82%	-	(191,849)	-60.76%
Total Cash Operating Expenses	\$ 14,786,611	\$ 2,182,429	\$ 16,969,040	\$ 24,698,133	68.71%	\$ 1,032,978	\$ 1,243,772	7.33%
Non-Cash Operating Expenses:								
Depreciation	\$ 3,441,077	\$ 426,260	\$ 3,867,337	\$ 5,050,000	76.58%	\$ (1,511)	\$ (71,187)	-1.81%
OPEB Accrual Expense	1,021,681	127,710	1,149,391	1,750,000	65.68%	-	-	0.00%
Bad Debts	4,056	363	4,419	35,000	12.63%	70	(9,207)	-67.57%
Service Costs Construction	147,863	25,733	173,596	100,000	173.60%	3,612	80,686	86.84%
Capitalized Construction	(786,362)	(55,993)	(842,355)	(600,000)	140.39%	31,539	10,001	-1.17%
Total Non-Cash Operating Expenses	\$ 3,828,314	\$ 524,073	\$ 4,352,388	\$ 6,335,000	68.70%	\$ 33,710	\$ 10,293	0.24%
Non-Operating Expenses:								
Interest on Long-Term Debt	\$ 1,882,041	\$ 66,287	\$ 1,948,328	\$ 2,648,000	73.58%	\$ (150,349)	\$ (21,312)	-1.08%
Deferred Charges-Cost of Issuance	127,252	-	127,252	-	-	-	127,252	-
Amortization of SWP	1,902,687	237,885	2,140,572	2,881,000	74.30%	-	-	0.00%
Change in Investments in PRWA	311,603	-	311,603	300,000	103.87%	-	4,948	1.61%
Water Conservation Programs	49,036	11,644	60,680	236,500	25.66%	10,147	27,786	84.47%
Total Non-Operating Expenses	\$ 4,272,619	\$ 315,816	\$ 4,588,435	\$ 6,065,500	75.65%	\$ (140,202)	\$ 138,674	3.12%
Total Expenses	\$ 22,887,545	\$ 3,022,319	\$ 25,909,863	\$ 37,098,633	69.84%	\$ 926,485	\$ 1,392,739	5.68%

**Palmdale Water District
Operating Expense Analysis
For the Nine Months Ending 9/30/2020**

2019 to 2020 Comparison

	2019				
	Thru August	September	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	\$ 74,812	\$ 9,466	\$ 84,278	\$ 140,500	59.98%
Administration-Services	1,387,966	138,503	1,526,469	2,119,700	72.01%
Administration-District	1,282,791	116,256	1,399,047	2,166,500	64.58%
Engineering	1,073,550	112,105	1,185,655	1,596,550	74.26%
Facilities	4,208,533	317,120	4,525,653	6,598,000	68.59%
Operations	2,187,845	206,396	2,394,241	3,012,000	79.49%
Finance	794,743	72,573	867,316	1,289,750	67.25%
Water Conservation	162,819	17,905	180,725	374,150	48.30%
Human Resources	326,269	6,307	332,576	438,600	75.83%
Information Technology	645,141	43,594	688,735	956,050	72.04%
Customer Care	875,781	109,036	984,817	1,347,700	73.07%
Source of Supply-Purchased Water	1,107,476	189	1,107,665	1,905,000	58.15%
Plant Expenditures	132,368	-	132,368	212,000	62.44%
Sediment Removal Project	-	-	-	-	-
GAC Filter Media Replacement	315,725	-	315,725	800,000	39.47%
Total Cash Operating Expenses	\$ 14,575,817	\$ 1,149,451	\$ 15,725,268	\$ 22,956,500	68.50%
Non-Cash Operating Expenses:					
Depreciation	\$ 3,510,753	\$ 427,772	\$ 3,938,525	\$ 5,050,000	77.99%
OPEB Accrual Expense	1,021,681	127,710	1,149,391	1,750,000	65.68%
Bad Debts	13,332	293	13,626	50,000	27.25%
Service Costs Construction	70,789	22,121	92,910	100,000	92.91%
Capitalized Construction	(764,824)	(87,532)	(852,357)	(600,000)	142.06%
Total Non-Cash Operating Expenses	\$ 3,851,731	\$ 490,364	\$ 4,342,095	\$ 6,350,000	68.38%
Non-Operating Expenses:					
Interest on Long-Term Debt	\$ 1,753,004	\$ 216,636	\$ 1,969,640	\$ 2,648,000	74.38%
Deferred Charges-Cost of Issuance	-	-	-	-	-
Amortization of SWP	1,902,687	237,885	2,140,572	2,881,000	74.30%
Change in Investments in PRWA	306,655	-	306,655	300,000	102.22%
Water Conservation Programs	31,396	1,498	32,894	236,500	13.91%
Total Non-Operating Expenses	\$ 3,993,743	\$ 456,018	\$ 4,449,761	\$ 6,065,500	73.36%
Total Expenses	\$ 22,421,292	\$ 2,095,833	\$ 24,517,125	\$ 35,372,000	69.31%

Palmdale Water District
2020 Directors Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ -	\$ -	\$ -	\$ -	
Employee Benefits					
1-01-4005-000 Payroll Taxes	4,157	5,650		1,493	73.58%
Subtotal (Benefits)	4,157	5,650	-	1,493	73.58%
Total Personnel Expenses	<u>\$ 4,157</u>	<u>\$ 5,650</u>	<u>\$ -</u>	<u>\$ 1,493</u>	<u>73.58%</u>
OPERATING EXPENSES:					
1-01-xxxx-006 Director Share - Dizmang, Gloria	\$ 8,604	\$ 27,700		\$ 19,096	31.06%
1-01-xxxx-007 Director Share - Alvarado, Robert	12,086	27,700		15,614	43.63%
1-01-xxxx-008 Director Share - Mac Laren, Kathy	16,361	27,700		11,339	59.06%
1-01-xxxx-010 Director Share - Dino, Vincent	12,528	27,700		15,172	45.23%
1-01-xxxx-012 Director Share - Wilson, Don	11,469	27,700		16,231	41.41%
Subtotal Operating Expenses	61,048	138,500	-	77,452	44.08%
Total O & M Expenses	<u>\$ 65,206</u>	<u>\$ 144,150</u>	<u>\$ -</u>	<u>\$ 78,944</u>	<u>45.23%</u>

Palmdale Water District
2020 Administration District Wide Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-5070-001 On-Call	\$ 57,385	\$ 80,000		\$ 22,615	71.73%
Subtotal (Salaries)	\$ 57,385	\$ 80,000	\$ -	\$ 22,615	71.73%
Employee Benefits					
1-02-5070-002 PERS-Unfunded Liability	\$ 587,278	\$ 764,000		176,722	76.87%
1-02-5070-003 Workers Compensation	134,851	375,000		240,149	35.96%
1-02-5070-004 Vacation Benefit Expense	62,126	25,000		(37,126)	248.50%
1-02-5070-005 Life Insurance	5,145	6,500		1,355	79.16%
Subtotal (Benefits)	\$ 789,400	\$ 1,170,500	\$ -	\$ 381,100	67.44%
Total Personnel Expenses	\$ 846,785	\$ 1,250,500	\$ -	\$ 403,715	67.72%
OPERATING EXPENSES:					
1-02-5070-006 Other Operating	\$ 57,891	\$ 25,609		(32,282)	226.06%
1-02-5070-007 Consultants	221,810	239,699		17,889	92.54%
1-02-5070-008 Insurance	170,652	255,000		84,348	66.92%
1-02-5070-009 Groundwater Adjudication - Legal	15,712	40,974		25,262	38.35%
1-02-5070-010 Legal Services	111,789	128,044		16,256	87.30%
1-02-5070-011 Memberships/Subscriptions	125,807	128,044		2,237	98.25%
1-02-5070-014 Groundwater Adjudication - Assessment	41,286	45,000		3,714	91.75%
1-02-5070-015 Computer Software - Info 360	15,140	15,000		(140)	100.93%
Subtotal Operating Expenses	\$ 760,087	\$ 877,371	\$ -	\$ 117,284	86.63%
Total Departmental Expenses	\$ 1,606,872	\$ 2,127,871	\$ -	\$ 520,999	75.52%

Palmdale Water District
2020 Administration Services Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 986,971	\$ 1,279,750		\$ 292,779	77.12%
1-02-4000-100 Overtime	1,853	13,500		11,647	13.73%
Subtotal (Salaries)	\$ 988,824	\$ 1,293,250	\$ -	\$ 304,426	76.46%
Employee Benefits					
1-02-4005-000 Payroll Taxes	\$ 70,382	\$ 91,000		20,618	77.34%
1-02-4010-000 Health Insurance	135,105	150,500		15,395	89.77%
1-02-4015-000 PERS	82,056	116,750		34,694	70.28%
Subtotal (Benefits)	\$ 287,544	\$ 358,250	\$ -	\$ 70,706	80.26%
Total Personnel Expenses	\$ 1,276,368	\$ 1,651,500	\$ -	\$ 375,132	77.29%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 3,355	\$ 15,365	\$ -	\$ 12,010	21.84%
1-02-4050-100 General Manager Travel	-	5,122		5,122	0.00%
1-02-4060-000 Staff Conferences & Seminars	1,323	6,146		4,823	21.53%
1-02-4060-100 General Manager Conferences & Seminars	944	4,097		3,154	23.03%
1-02-4130-000 Bank Charges	148,763	185,000		36,237	80.41%
1-02-4150-000 Accounting Services	12,919	25,609		12,690	50.45%
1-02-4175-000 Permits	13,935	17,926		3,991	77.73%
1-02-4180-000 Postage	8,826	25,609		16,783	34.47%
1-02-4190-100 Public Relations - Publications	19,826	30,731		10,905	64.51%
1-02-4190-700 Public Affairs - Marketing/Outreach	22,406	40,000		17,594	56.02%
1-02-4190-710 Public Affairs -Advertising	450	5,000		4,550	9.00%
1-02-4190-720 Public Affairs - Equipment	60	2,500		2,440	2.41%
1-02-4190-730 Public Affairs -Conference/Seminar/Travel	335	3,000		2,665	11.17%
1-02-4190-740 Public Affairs - Consultants	450	3,000		2,550	15.00%
1-02-4190-750 Public Affairs - Membership	1,060	1,200		140	88.33%
1-02-4200-000 Advertising	85	4,097		4,012	2.07%
1-02-4205-000 Office Supplies	15,895	25,097		9,201	63.34%
1-02-4210-000 Office Furniture	-	5,122		5,122	0.00%
Subtotal Operating Expenses	\$ 250,633	\$ 404,621	\$ -	\$ 153,988	61.94%
Total Departmental Expenses	\$ 1,527,001	\$ 2,056,121	\$ -	\$ 529,120	74.27%

Palmdale Water District
2020 Engineering Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 859,181	\$ 1,171,500	\$ -	\$ 312,319	73.34%
1-03-4000-100 Overtime	14,590	12,000		(2,590)	121.58%
Subtotal (Salaries)	\$ 873,772	\$ 1,183,500	\$ -	\$ 309,729	73.83%
Employee Benefits					
1-03-4005-000 Payroll Taxes	68,666	88,000		19,334	78.03%
1-03-4010-000 Health Insurance	162,116	196,500		34,384	82.50%
1-03-4015-000 PERS	78,369	119,000		40,631	65.86%
Subtotal (Benefits)	\$ 309,151	\$ 403,500	\$ -	\$ 94,349	76.62%
Total Personnel Expenses	\$ 1,182,923	\$ 1,587,000	\$ -	\$ 404,077	74.54%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 181	\$ 4,610		\$ 4,428	3.94%
1-03-4060-000 Staff Conferences & Seminars	894	4,917		4,023	18.18%
1-03-4060-001 Staff Training - Auto CAD Civil 3D	-	13,000		13,000	0.00%
1-03-4155-000 Contracted Services	-	2,049		2,049	0.00%
1-03-4165-000 Memberships/Subscriptions	2,170	2,561		391	84.73%
1-03-4250-000 General Materials & Supplies	800	10,589		9,788	7.56%
1-03-8100-100 Computer Software - Maint. & Support	26,225	11,000		(15,225)	238.41%
Subtotal Operating Expenses	\$ 30,270	\$ 48,725	\$ -	\$ 18,455	62.12%
Total Departmental Expenses	\$ 1,213,193	\$ 1,635,725	\$ -	\$ 422,532	74.17%

Palmdale Water District
2020 Facilities Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries*	\$ 1,791,197	\$ 2,493,500	\$ (119,500)	\$ 582,803	75.45%
1-04-4000-100 Overtime*	140,815	115,000	(5,500)	(31,315)	128.60%
Subtotal (Salaries)	\$ 1,932,012	\$ 2,608,500	\$ (125,000)	\$ 551,488	77.79%
Employee Benefits					
1-04-4005-000 Payroll Taxes*	158,115	197,750	(9,500)	30,135	83.99%
1-04-4010-000 Health Insurance*	414,764	473,750	(23,000)	35,986	92.02%
1-04-4015-000 PERS*	161,205	238,500	(12,000)	65,295	71.17%
Subtotal (Benefits)	\$ 734,085	\$ 910,000	\$ (44,500)	\$ 131,415	84.82%
Total Personnel Expenses	\$ 2,666,097	\$ 3,518,500	\$ (169,500)	\$ 682,903	79.61%
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ 2,932	\$ 6,146		\$ 3,214	47.70%
1-04-4060-000 Staff Conferences & Seminars	1,088	15,365		14,277	7.08%
1-04-4155-000 Contracted Services	95,250	276,918	(43,365)	138,304	40.78%
1-04-4175-000 Permits-Dams	37,856	40,974		3,118	92.39%
1-04-4215-100 Natural Gas - Wells & Boosters	157,124	218,350		61,226	71.96%
1-04-4215-200 Natural Gas - Buildings	4,908	9,371		4,463	52.38%
1-04-4220-100 Electricity - Wells & Boosters	1,160,918	827,487		(333,430)	140.29%
1-04-4220-200 Electricity - Buildings	58,535	91,624		33,089	63.89%
1-04-4225-000 Maint. & Repair - Vehicles	21,682	33,479		11,797	64.76%
1-04-4230-100 Maint. & Rep. Office Building	8,782	25,753		16,971	34.10%
1-04-4235-110 Maint. & Rep. Equipment	3,027	12,361		9,334	24.49%
1-04-4235-400 Maint. & Rep. Operations - Wells	63,346	82,297		18,951	76.97%
1-04-4235-405 Maint. & Rep. Operations - Boosters	29,660	51,435		21,775	57.67%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	8,679	25,753		17,074	33.70%
1-04-4235-415 Maint. & Rep. Operations - Facilities	31,310	51,506		20,196	60.79%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	173,216	309,036		135,820	56.05%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	7,316	15,452		8,136	47.35%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	1,971	10,301		8,331	19.13%
1-04-4235-440 Maint. & Rep. Operations - Large Meters	4,687	15,452		10,765	30.33%
1-04-4235-450 Maint. & Rep. Operations - Hypo Generators	118	7,726		7,608	1.53%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	29,422	43,780		14,358	67.20%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	1,020	5,151		4,130	19.81%
1-04-4235-461 Maint. & Rep. Operations - Air Vac	4,508	5,151		643	87.52%
1-04-4235-470 Maint. & Rep. Operations - Meters Exchanges	35,951	154,518		118,567	23.27%
1-04-4300-100 Testing - Regulatory Compliance	9,467	20,487		11,020	46.21%
1-04-4300-200 Testing - Large Meters	10,355	12,804		2,449	80.87%
1-04-4300-300 Testing - Edison Testing	-	15,365		15,365	0.00%
1-04-6000-000 Waste Disposal	10,511	20,824		10,313	50.47%
1-04-6100-100 Fuel and Lube - Vehicle	90,766	138,809		48,043	65.39%
1-04-6100-200 Fuel and Lube - Machinery	19,186	25,897		6,712	74.08%
1-04-6200-000 Uniforms	15,225	28,237		13,012	53.92%
1-04-6300-100 Supplies - General	26,081	75,635		49,554	34.48%
1-04-6300-300 Supplies - Electrical	358	3,025		2,667	11.84%
1-04-6300-800 Supplies - Construction Materials	25,980	35,296		9,316	73.61%
1-04-6400-000 Tools	33,804	45,381		11,577	74.49%
1-04-6450-000 Equipment*	-	7,563	(7,563)	0	0.00%
1-04-7000-100 Leases -Equipment	9,901	15,127		5,225	65.46%
1-04-7000-100 Leases -Vehicles	84,295	141,185		56,889	59.71%
Subtotal Operating Expenses	\$ 2,279,233	\$ 2,921,021	\$ (50,928)	\$ 590,861	79.41%
Total Departmental Expenses	\$ 4,945,330	\$ 6,439,521	\$ (220,428)	\$ 1,273,764	79.52%

* Budget adjustments by Board action 05/11/20

Palmdale Water District
2020 Operation Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 876,432	\$ 1,090,000		\$ 213,568	80.41%
1-05-4000-100 Overtime	76,505	87,500		10,995	87.43%
Subtotal (Salaries)	\$ 952,937	\$ 1,177,500	\$ -	\$ 224,563	80.93%
Employee Benefits					
1-05-4005-000 Payroll Taxes	76,821	86,000		9,179	89.33%
1-05-4010-000 Health Insurance	149,420	153,500		4,080	97.34%
1-05-4015-000 PERS	79,674	111,250		31,576	71.62%
Subtotal (Benefits)	\$ 305,914	\$ 350,750	\$ -	\$ 44,836	87.22%
Total Personnel Expenses	\$ 1,258,851	\$ 1,528,250	\$ -	\$ 269,399	82.37%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ -	\$ 3,073		\$ 3,073	0.00%
1-05-4060-000 Staff Conferences & Seminars	-	3,073		3,073	0.00%
1-05-4120-100 Training - Lab Equipment	-	5,122		5,122	0.00%
1-05-4155-000 Contracted Services	55,198	99,362		44,164	55.55%
1-05-4175-000 Permits	8,051	69,656		61,605	11.56%
1-05-4215-200 Natural Gas - WTP	909	3,124		2,215	29.10%
1-05-4220-200 Electricity - WTP	132,531	208,237		75,706	63.64%
1-05-4230-110 Maint. & Rep. - Office Equipment	-	5,151		5,151	0.00%
1-05-4235-110 Maint. & Rep. Operations - Equipment	18,705	20,602		1,897	90.79%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	6,085	6,181		95	98.46%
1-05-4235-415 Maint. & Rep. Operations - Facilities	60,900	72,108		11,209	84.46%
1-05-4235-500 Maint. & Rep. Operations - Wind Turbine	5,995	10,301		4,307	58.19%
1-05-4236-000 Palmdale Lake Management	173,912	102,600		(71,312)	169.51%
1-05-6000-000 Waste Disposal	18,865	20,824		1,959	90.59%
1-05-6200-000 Uniforms	10,006	16,135		6,129	62.02%
1-05-6300-100 Supplies - Misc.	18,092	15,127		(2,965)	119.60%
1-05-6300-600 Supplies - Lab	57,584	62,471		4,887	92.18%
1-05-6300-700 Outside Lab Work	34,000	104,119		70,119	32.66%
1-05-6400-000 Tools	2,351	6,051		3,700	38.85%
1-05-6500-000 Chemicals	746,019	883,797		137,778	84.41%
1-05-7000-100 Leases -Equipment	318	3,025		2,707	10.52%
Subtotal Operating Expenses	\$ 1,349,522	\$ 1,720,140	\$ -	\$ 370,618	78.45%
Total Departmental Expenses	\$ 2,608,373	\$ 3,248,390	\$ -	\$ 640,017	80.30%

Palmdale Water District
2020 Finance Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 579,767	\$ 742,750		\$ 162,983	78.06%
1-06-4000-100 Overtime	642	3,000		2,358	21.39%
Subtotal (Salaries)	\$ 580,408	\$ 745,750	\$ -	\$ 165,342	77.83%
Employee Benefits					
1-06-4005-000 Payroll Taxes	44,207	57,250		13,043	77.22%
1-06-4010-000 Health Insurance	98,509	105,250		6,741	93.60%
1-06-4015-000 PERS	55,755	79,000		23,245	70.58%
Subtotal (Benefits)	\$ 198,471	\$ 241,500	\$ -	\$ 43,029	82.18%
Total Personnel Expenses	\$ 778,880	\$ 987,250	\$ -	\$ 208,370	78.89%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ 58	\$ 2,049		\$ 1,991	2.83%
1-06-4060-000 Staff Conferences & Seminars	-	1,536.53		1,537	0.00%
1-06-4155-000 Contracted Services	11,675	17,395		5,720	67.12%
1-06-4155-100 Contracted Services - Infosend	178,679	276,576		97,896	64.60%
1-06-4165-000 Memberships/Subscriptions	220	512		292	42.95%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	515		515	0.00%
1-06-4250-000 General Material & Supplies	-	3,025		3,025	0.00%
1-06-4260-000 Business Forms	314	4,097		3,784	7.66%
1-06-4270-100 Telecommunication - Office	28,240	25,609		(2,631)	110.28%
1-06-4270-200 Telecommunication - Cellular Stipend	22,590	25,097		2,507	90.01%
1-06-7000-100 Leases - Equipment	1,948	3,025		1,078	64.38%
Subtotal Operating Expenses	\$ 243,724	\$ 359,437	\$ -	\$ 115,712	67.81%
Total Departmental Expenses	\$ 1,022,604	\$ 1,346,687	\$ -	\$ 324,083	75.93%

Palmdale Water District
2020 Water Use Efficiency Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD	ORIGINAL		ADJUSTED	
	ACTUAL	BUDGET	ADJUSTMENTS	BUDGET	PERCENT
	2020	2020	2020	REMAINING	USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 128,581	\$ 152,250		\$ 23,669	84.45%
1-07-4000-100 Overtime	2,507	5,000		2,493	50.14%
Subtotal (Salaries)	\$ 131,088	\$ 157,250		\$ 26,162	83.36%
Employee Benefits					
1-07-4005-000 Payroll Taxes	11,090	12,000		910	92.42%
1-07-4010-000 Health Insurance	29,153	23,750		(5,403)	122.75%
1-07-4015-000 PERS	12,704	16,750		4,046	75.84%
Subtotal (Benefits)	\$ 52,947	\$ 52,500	\$ -	\$ (447)	100.85%
Total Personnel Expenses	\$ 184,035	\$ 209,750	\$ -	\$ 23,222	87.74%
OPERATING EXPENSES:					
1-07-4050-000 Staff Travel	\$ 414	\$ 2,561		\$ 2,147	16.16%
1-07-4060-000 Staff Conferences & Seminar	-	3,073		3,073	0.00%
1-07-4190-300 Public Relations - Landscape Workshop/Training	458	5,122		4,664	8.94%
1-07-4190-400 Public Relations - Contests	852	3,073		2,221	27.72%
1-07-4190-500 Public Relations - Education Programs	6,425	122,923		116,498	5.23%
1-07-4190-900 Public Relations - Other	395	5,122		4,726	7.72%
1-07-6300-100 Supplies - Misc.	51	7,059		7,008	0.73%
Subtotal Operating Expenses	\$ 8,596	\$ 148,932	\$ -	\$ 140,337	5.77%
Total Departmental Expenses	\$ 192,631	\$ 358,682	\$ -	\$ 163,559	53.71%

Palmdale Water District
2020 Human Resources Budget
For the Nine Months Ending Wednesday, September 30, 2020

YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
-----------------------	----------------------------	---------------------	---------------------------------	-----------------

Personnel Budget:

1-08-4000-000 Salaries	\$ 196,856	\$ 238,750		\$ 41,894	82.45%
1-08-4000-100 Salaries - Overtime	252	1,000		748	25.24%
Subtotal (Salaries)	\$ 197,109	\$ 239,750	\$ -	\$ 41,894	82.21%

Employee Benefits

1-08-4005-000 Payroll Taxes	15,939	18,500		2,561	86.16%
1-08-4010-000 Health Insurance	19,662	18,500		(1,162)	106.28%
1-08-4015-000 PERS	15,759	20,750		4,991	75.95%
Subtotal (Benefits)	\$ 51,360	\$ 57,750	\$ -	\$ 6,390	88.93%

Total Personnel Expenses

\$ 248,468	\$ 297,500	\$ -	\$ 48,284	83.52%
------------	------------	------	-----------	--------

OPERATING EXPENSES:

1-08-4050-000 Staff Travel	\$ 582	\$ 1,537		\$ 954	37.89%
1-08-4060-000 Staff Conferences & Seminars	199	1,537		1,338	12.95%
1-08-4070-000 Employee Expense	45,219	95,000		49,781	47.60%
1-08-4090-000 Temporary Staffing	-	-		-	
1-08-4095-000 Employee Recruitment	6,753	3,073		(3,680)	219.74%
1-08-4100-000 Employee Retention	-	5,122		5,122	0.00%
1-08-4105-000 Employee Relations	-	3,585		3,585	0.00%
1-08-4120-100 Training-Safety	13,011	35,852		22,841	36.29%
1-08-4120-200 Training-Speciality	106	15,365		15,259	0.69%
1-08-4121-000 Safety Program	35	1,024		989	3.42%
1-08-4165-000 Membership/Subscriptions	924	1,639		715	56.38%
1-08-4165-100 HR/Safety Publications	300	1,024		725	29.26%
1-08-6300-500 Supplies - Safety	19,959	30,254		10,294	65.97%
Subtotal Operating Expenses	\$ 87,089	\$ 195,012	\$ -	\$ 107,924	44.66%

Total Departmental Expenses

\$ 335,557	\$ 492,512	\$ -	\$ 156,955	68.13%
------------	------------	------	------------	--------

Palmdale Water District
2020 Information Technology Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries*	\$ 335,526	\$ 303,250	\$ 119,500	\$ 87,224	79.37%
1-09-4000-100 Overtime*	18,904	3,000	5,500	(10,404)	222.40%
Subtotal (Salaries)	\$ 354,430	\$ 306,250	\$ 125,000	\$ 76,820	82.19%
Employee Benefits					
1-09-4005-000 Payroll Taxes*	27,822	26,000	9,500	7,678	78.37%
1-09-4010-000 Health Insurance*	47,336	34,500	23,000	10,164	82.32%
1-09-4015-000 PERS*	32,945	30,500	12,000	9,555	77.52%
Subtotal (Benefits)	\$ 108,104	\$ 91,000	\$ 44,500	\$ 27,396	79.78%
Total Personnel Expenses	\$ 462,534	\$ 397,250	\$ 169,500	\$ 104,216	81.61%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 147	\$ 3,073		\$ 2,926	4.78%
1-09-4060-000 Staff Conferences & Seminars	3,476	10,244		6,768	33.93%
1-09-4155-000 Contracted/Cloud Services*	109,208	220,790	43,365	154,947	41.34%
1-09-4165-000 Memberships/Subscriptions	230	2,561		2,331	8.98%
1-09-4235-445 Mtce & Rep Operations - Telemetry*	1,046	5,151		4,105	20.30%
1-09-4270-000 Telecommunications*	82,801	107,045		24,244	77.35%
1-09-6300-400 Supplies - Telemetry	353	-		(353)	
1-09-6450-110 Equipment - GF Signet Flow Meters*	-	-	7,563	7,563	0.00%
1-09-7000-100 Leases - Equipment	36,358	56,000		19,642	64.92%
1-09-8000-100 Computer Equipment - Computers**	46,259	45,381	10,000	9,122	83.53%
1-09-8000-200 Computer Equipment - Laptops**	28,794	45,381	(10,000)	6,587	81.38%
1-09-8000-300 Computer Equipment - Monitors	-	2,017		2,017	0.00%
1-09-8000-500 Computer Equipment - Toner Cartridges	-	3,025		3,025	0.00%
1-09-8000-550 Computer Equipment - Telephony	-	3,025		3,025	0.00%
1-09-8000-600 Computer Equipment - Other	18,174	25,212		7,038	72.08%
1-09-8000-650 Computer Equipment - Warranty & Support	3,420	15,127		11,707	22.61%
1-09-8100-100 Computer Software - Maint. and Support	155,309	221,654		66,345	70.07%
1-09-8100-150 Computer Software - Dynamics GP Support	48,343	56,339		7,996	85.81%
1-09-8100-200 Computer Software - Software and Upgrades	8,761	20,487		11,726	42.76%
Subtotal Operating Expenses	\$ 542,678	\$ 842,512	\$ 50,928	\$ 350,762	60.74%
Total Departmental Expenses	\$ 1,005,212	\$ 1,239,762	\$ 220,428	\$ 454,978	68.84%

* Budget adjustments by Board action 05/11/20

** Budget adjustments by General Manager per Appendix A

Palmdale Water District
2020 Customer Care Budget
For the Nine Months Ending Wednesday, September 30, 2020

	YTD ACTUAL 2020	ORIGINAL BUDGET 2020	ADJUSTMENTS 2020	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries	\$ 728,854	\$ 936,250		\$ 207,396	77.85%
1-10-4000-100 Overtime	3,398	7,500		4,102	45.31%
Subtotal (Salaries)	\$ 732,253	\$ 943,750	\$ -	\$ 211,497	77.59%
Employee Benefits					
1-10-4005-000 Payroll Taxes	58,005	74,750		16,745	77.60%
1-10-4010-000 Health Insurance	167,074	149,500		(17,574)	111.75%
1-10-4015-000 PERS	66,395	88,500		22,105	75.02%
Subtotal (Benefits)	\$ 291,473	\$ 312,750	\$ -	\$ 21,277	93.20%
Total Personnel Expenses	\$ 1,023,726	\$ 1,256,500	\$ -	\$ 232,774	81.47%
OPERATING EXPENSES:					
1-10-4050-000 Staff Travel	\$ (20)	\$ 2,049		\$ 2,068	-0.95%
1-10-4060-000 Staff Conferences & Seminars	-	3,073		3,073	0.00%
1-10-4155-000 Contracted Services	17,761	22,641		4,880	78.44%
1-10-4230-110 Maintenance & Repair-Office Equipment	331	202		(129)	164.21%
1-10-4250-000 General Material & Supplies	1,024	7,059		6,035	14.50%
1-10-4260-000 Business Forms	-	1,024		1,024	0.00%
Subtotal Operating Expenses	\$ 19,096	\$ 36,048	\$ -	\$ 16,952	52.97%
Total Departmental Expenses	\$ 1,042,822	\$ 1,292,548	\$ -	\$ 249,726	80.68%

New and Replacement Capital Projects

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total	2021 Carryover
2017	12-400	PRGRRP - Construction of Monitoring Wells / Test Basin	Water Supply	Environmental Const.	427,490	04/26/2017	281,190	146,300	246,765	26,170	4,173	4,083										34,425	
2017	12-400	PRGRRP - Construction of Monitoring Wells / Test Basin - Auxiliary Items	Water Supply	Various Vendors			200,501	-	178,484	7,050		5,466			9,500							22,016	
2018	15-613	WM Replacement - Avenue V5 (Spec 1504)	Replacement Cap.				189,355	-	722	3,371	1,686			51,130		55,000		77,446				188,633	
2018	16-602	WM Replacement - Avenue P & 25th ST (Spec 1601)	Replacement Cap.				24,884	-	16,730	3,371	1,686	927				2,170						8,154	
2017	16-605	WTP - Additional Brine Tank/Salt Silo	New Capital				130,559	-	130,076	483												483	
2018	18-410	PRV Replacement - 40th ST E (Bypass)	General Project				9,165	-	9,165													-	
2018	18-606	45th ST Tank Site - Altitude Valve Replacement	Replacement Cap.				72,141	-	72,141													-	
2018	18-609	WTP Replacement Sodium Hypochlorite Unit	Replacement Cap.	DeNora Water Tech			68,290	-	68,290													-	
2018	18-615	Install/Construction - Water Fill Station	General Project				43,846	-	19,942		21,972		1,932									23,904	
2019	19-602	WTP Replacement of 30" & 42" Mag Meters	Replacement Equip.				63,456	-	48,879	9,570	927				4,081							14,577	
2019	19-603	Repl (3) Sludge Pumps & Motors	Replacement Equip.				37,691	-							37,691							37,691	
2019	19-604	Purchase/Install Sampling Dock @ WTP	General Project				11,139	-	8,844						2,295							2,295	
2019	19-606	Install 2 Brine Tanks at Well 7/45th St Sites	General Project				34,544	-					34,544									34,544	
2019	19-611A	Spec 1210 - ML Replace Ave P8 & 20th St E	Replacement Cap.				99,539	-	79,922	4,552	1,513	2,390	6,568	4,505		90						19,617	
2019	19-611B	Spec 1210 - ML Repl P9 - Chg Orders	Replacement Cap.				38,647	-	-						22,319		12,501	3,828				38,647	
2020	20-600	Repair Traveling Screen @ WTP Aqueduct Turnout	General Project				31,683	-	-	31,548	134											31,683	
2020	20-601	Repair Well #7	General Project				41,955	-	-	38,712		3,244										41,955	
2020	20-602	Plm Ditch Improvements-Yr 1	General Project				18,135	-	-		18,135											18,135	
2020	20-603	WTP-Purchase 14 Turbidity Meters	Replacement Equip.				63,304	-	-				19,799			2,444	47	41,014				63,304	
2020	20-604	Install 2" SVC at WTP	General Project				9,793	-	-				9,793									9,793	
2020	20-605	Sierra Hwy Tie-in @ Harold St and Abandonment Plan	Replacement Cap.				2,490	-	-				2,490									2,490	
2020	20-606	2800 Zone Velocity Deficiency	General Project				720	-	-						720							720	
2020	20-607	Move PRV Station @ 45th St E	Replacement Cap.				-	-	-													-	
2020	20-608	WM Repl in 17th St E from Ave P4 to Ave P8	Replacement Cap.				-	-	-													-	
2020	20-609	WM Repl in Ave Q6,12th to 16th	Replacement Cap.				1,530	-	-						1,530							1,530	
2020	20-610	2950 Zone Booster Station @ 3M Clearwell Site	Replacement Cap.				810	-	-				810									810	
2020	20-611	2020 Meter Exchange Program	General Project				7,429	-	-		7,429											7,429	
2020	20-613	Design & Remodel Dist MO, Crew Rm, New PurchOffice	General Project				424,472	-	-				50,000	4,296	255,352	106,403	5,051	3,371				424,472	
2020	20-615	2020 Soft Start Repl Program	General Project				20,040	-	-			15,878			4,035		127					20,040	
2020	20-618	(2) IPS Pumps-Check Valves WTP	General Project				56,547	-	-				56,547									56,547	
2020	20-619	25th ST Booster #3 Rehab	General Project				1,302	-	-									1,302					
2020	20-700	2020 Large Mtr/Vault Repl Prog	Replacement Cap.				43,061	-	-	25,028	8,514		4,665			4,854						43,061	
2020	20-703	Water Conservation Garden Construct @ MOB	General Project				850	-	-						850							850	
Sub-Totals:					427,490		2,029,067	146,300	879,960	149,855	66,169	31,987	187,147	59,931	338,373	170,961	17,725	126,961	-	-	-	1,147,806	-

Consulting and Engineering Support

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total	2021 Carryover
2017	12-400	PRGRRP - CEQA, Permitting, Pre-Design, and Pilot	Water Supply	Kennedy/Jenks	1,627,000	05/12/2016	-	1,627,000	-													-	
		Paid by General Fund		Kennedy/Jenks			432,840		432,840													-	
2017	14-603	Upper Amargosa Recharge Project	Water Supply	City of Palmdale	1,250,000	12/04/2013	1,268,806	(18,806)	244,431					1,024,374								1,024,374	
2017	04-501	Littlerock Sediment Removal Project (EIR/EIS/Permitting)	Water Supply	Aspen	869,023	09/14/2016	-	869,023	-													-	
		Paid by General Fund		Aspen			523,415	-	315,907	207,044					464							207,508	
		Paid by 2018A Water Revenue Bonds		Aspen	1,238,287	07/18/2018	973,529	264,758	794,485		62,336	34,968			72,940	8,799						179,043	
		Paid by 2018A Water Revenue Bonds		ASI	9,275,808	07/18/2018	11,413,980	(2,138,172)	9,478,500	1,400,617	534,863											1,935,480	
2017	04-501	Littlerock Sediment Removal (Cost Recovery Agreement)	Permitting	Forest Service	100,000	04/26/2017	-	100,000	-													-	
2017	04-501	Littlerock Sediment Removal Project - Design Grade Control Structure	Water Supply		-		146,954	-	146,954													-	
2019	19-702	SPCC Plan for Water Treatment Plant					3,542	-	-		3,542											3,542	
2020	20-405	Well Rehab Consulting Services		Kyle Groundwater	-		34,383	-								34,383							
2020	20-412	Aquisition of Wtr Svc to ASMHP		Kyle Groundwater	-		5,900	-										5,900					
2020	20-420	2020 GIS Enhancements		Kyle Groundwater	-		18,453	-										18,453					
Sub-Totals:					14,360,118		14,821,802	703,804	11,413,117	1,607,661	600,742	34,968	-	1,024,374	73,404	43,182	-	24,353	-	-	-	3,349,948	-

New and Replacement Equipment

Budget Year	Project	Project Title	Project Type	Contractor	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total	2021 Carryover
2020	19-605	HX50 Vacuum Excavator	New Equipment				107,979	-	4,818	694	102,467											103,161	
2020	20-612	Update Fire Alarm System @ Main Office Building	General Project				32,139	-	-						31,121	1,018						32,139	
2020	20-614	281-156 2004 F350 Ford PU	Replacement Equip.				30,769	-	-		30,769											30,769	
2020	20-616	Two-Way Radio Sys Upgrade	Replacement Equip.				80,943	-	-						80,832	111						80,943	
2020	20-617	Truck Mounted Welder (Truck 115)	Replacement Equip.				6,625	-	-				6,625									6,625	
							-	-	-													-	
							-	-	-													-	
Sub-Totals:							258,455	-	4,818	694	133,236	-	6,625	-	111,953	1,129	-	-	-	-	-	253,637	-

Palmdale Water District
2020 Capital Projects - Contractual Commitments and Needs

Water Quality Fee Funded Projects

Budget Year	Work Order	Project Title	Project Type	Vendor/Supplier	Approved Contract Amount	Board / Manager Approval	Payments Approved to Date	Contract Balance	Through Dec. 2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020 Total	2021 Carryover
2019	20-401	GAC Replacements @ WTP	Water Quality	Calgon Carbon	-	07/09/2014	123,876	-								123,876						123,876	
2019	20-401	GAC Replacement @ Underground Booster Station	Water Quality	Evoqua	-	03/10/2017	-	-														-	
										-	-	-	-	-	-	-	-	-	-	-	-	-	
			Sub-Totals:		-		123,876	-	-	-	-	-	-	-	-	123,876	-	-	-	-	-	123,876	-

- = Projects that originated from 2013 WRB Funds
- = Project had additional funding paid out by the general fund to complete.
- = Project is now deemed complete with no further expense.
- = Projects paid by 2018 WRB Funds

Project Summary (W/O GAC Included)	Totals	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019 Total
Total Approved Contracts to Date	14,787,608													
Total Payments on Approved Contracts to Date	17,109,324													
Total Contract Balance to Date	850,104													
Non-Operating Capital Expenditures (Paid)		1,758,210	800,146	66,955	193,772	1,084,305	523,730	215,273	17,725	151,314	-	-	-	4,811,429
Non-Operating Capital Expenditures (Projected)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Funding Available Through Water Supply Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019 Funding Through Budgeted Non-Operating Capital Ex.	4,811,429	1,758,210	800,146	66,955	193,772	1,084,305	523,730	215,273	17,725	151,314	-	-	-	4,811,429

Water Revenue Bond - Series 2018A

Updated: October 13, 2020

Project	Project #	Description	Bond Allocation	Contractual Commitment	Payout to Date	Over/(Under)	Uncommitted Bond \$
LGCS-ASI	04-501	Littlerock Dam - Grade Control Structure (Construction)	\$ 8,160,257	\$ 10,619,601	\$ 10,697,276	\$ (77,675)	\$ (2,537,019)
		Original Contract Amt: \$9,500,808, C.O.1: \$1,118,792.54					
LGCS-ASP	04-501	Littlerock Dam - Grade Control Structure (Monitoring)		1,238,287	940,944	297,343	(940,944)
WTP		Water Treatment Plant Improvements	2,375,000		-	-	
6MG		6 M.G. Reservoir Renovations	1,050,000		-	-	
WMR		Various W.M. Replacements	1,789,612		-	-	
PWD		Design, Engineering and Other Preconstruction Costs	173,000		-	-	
WRB		Bond Issuance Costs	226,303		226,303	-	
ISS		Issuance Funds			(12,092)		
Interest Earned through September 30, 2020					(332,865)		
Totals:			\$ 13,774,172	\$ 11,857,888	\$ 11,519,566	\$ 219,667	\$ (3,477,963)
2018A Water Revenue Bonds - Unallocated Funds:				\$ 1,916,284			
2018A Water Revenue Bonds - Remaining Funds to payout:					\$ 2,254,606		

Requisition No.	Payee	Date Approved	Invoice No.	Project	Payment Amount
	Issuance Costs	Jun 27, 2018	N/A	WRB	\$ 226,302.82
	Interest - Jul 2018		N/A	INT	1,384.72
	Interest - Aug 2018		N/A	INT	20,900.39
1	Aspen Environmental Group	Sep 12, 2018	1116.007-01	LGCS-ASP	28,105.88
2	ASI Construction LLC	Sep 18, 2018	01	LGCS-ASI	60,027.00
	Interest - Sep 2018		N/A	INT	21,047.68
3	ASI Construction LLC	Oct 2, 2018	02	LGCS-ASI	156,655.00
4	Aspen Environmental Group	Oct 8, 2018	1116.007-02	LGCS-ASP	51,072.42
5	Aspen Environmental Group	Oct 30, 2018	1116.007-03	LGCS-ASP	56,698.38
	Interest - Oct 2018		N/A	INT	20,838.36
6	ASI Construction LLC	Nov 7, 2018	03	LGCS-ASI	844,455.00
	Interest - Nov 2018		N/A	INT	22,998.40
7	Aspen Environmental Group	Dec 10, 2018	1116.007-04	LGCS-ASP	99,711.66
7	ASI Construction LLC	Dec 10, 2018	04	LGCS-ASI	665,631.99
	Interest - Dec 2018		N/A	INT	21,673.24
8	Aspen Environmental Group	Jan 3, 2019	1116.007-05	LGCS-ASP	67,719.03
9	ASI Construction LLC	Jan 7, 2019	05	LGCS-ASI	1,494,216.00
10	Aspen Environmental Group	Jan 29, 2019	1116.007-06	LGCS-ASP	56,529.35
	Interest - Jan 2019		N/A	INT	22,085.33
11	ASI Construction LLC	Feb 14, 2019	06	LGCS-ASI	338,899.30
	Interest - Feb 2019		N/A	INT	20,485.96
12	Aspen Environmental Group	Feb 28, 2019	1116.007-07	LGCS-ASP	78,799.25
	Interest - Mar 2019		N/A	INT	17,656.62
13	Aspen Environmental Group	Apr 1, 2019	1116.007-08	LGCS-ASP	34,790.67
13	Aspen Environmental Group	Apr 1, 2019	1116.008-01	LGCS-ASP	7,731.53
14	Aspen Environmental Group	Apr 22, 2019	1116.007-09	LGCS-ASP	6,938.12
	Interest - Apr 2019		N/A	INT	19,042.25
15	Aspen Environmental Group	May 15, 2019	1116.007-10	LGCS-ASP	6,958.75
	Interest - May 2019		N/A	INT	18,485.68
	Interest - June 2019		N/A	INT	18,852.79
16	Aspen Environmental Group	Jul 1, 2019	1116.007-11	LGCS-ASP	11,059.71
17	Aspen Environmental Group	Jul 30, 2019	1116.007-12	LGCS-ASP	22,237.47
	Interest - July 2019		N/A	INT	18,017.03
18	Aspen Environmental Group	Aug 27, 2019	1116.007-13	LGCS-ASP	58,421.77
19	ASI Construction LLC	Aug 28, 2019	Chng Order 4	LGCS-ASI	1,118,792.54
	Interest - August 2019		N/A	INT	18,580.51
	Interest - September 2019		N/A	INT	16,527.97
20	ASI Construction LLC	Oct 15, 2019	08	LGCS-ASI	1,361,654.50
	Interest - October 2019		N/A	INT	14,239.81

(Cont.)

[illegible]

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	October 20, 2020	October 26, 2020
TO:	BOARD OF DIRECTORS	Board Meeting
FROM:	Michael Williams, Finance Manager/CFO	
VIA:	Mr. Dennis LaMoreaux, General Manager	
RE:	<i>AGENDA ITEM 5.1 – REPORTS</i>	

Discussion:

Presented here are financial related items for your review.

1. Effects of COVID-19 event:
 - a. As of September 30, 2020, we have 1,119 single family accounts with a past due balance over 60 days with amounts greater than \$50.00. Total outstanding for those accounts at 60+ days \$475,744. At June 30, 2020, there were 653 single family accounts same stat with outstanding balance \$220,780.
At September 30, 2019, there were 91 single family accounts same stat with outstanding balance \$26,802.
 - b. Cash received for the month of September 2020 was \$300,714, or 12.12% higher, than August 2020 and \$393,786, or 16.49% higher, than July 2020 and \$302,876, or 12.22% higher, than September 2019.
2. Revenue Projections (attachment):
 - a. Revenue projections for 2020 based on selling 16,341 AF shows as of September 30th, revenue is ahead of projections by approximately \$965K.
3. Payment Transactions by Type (attachment):
 - a. 3rd quarter shows a reduction in total payments by approximately 8K. This may be because of COVID-19, the lobby being closed since mid-March, and an increase in delinquencies.
 - b. Although there was a reduction in total payments, there was a huge increase in electronic payments of approximately 18K.
4. Accounts Receivable Aging Report September 30, 2020 (attachment):
 - a. Aging report shows receivables at 09/30/20 are approximately \$562K higher than 09/30/19, but that is reflective of higher sales numbers in 2020. There is an increase in 60-day delinquency from 09/30/19 of approximately \$100K.
5. Rate Assistance Program:
 - a. At September 30th, there were 754 participants, 405 are Seniors, 9 are Veterans, and 340 are Low Income.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

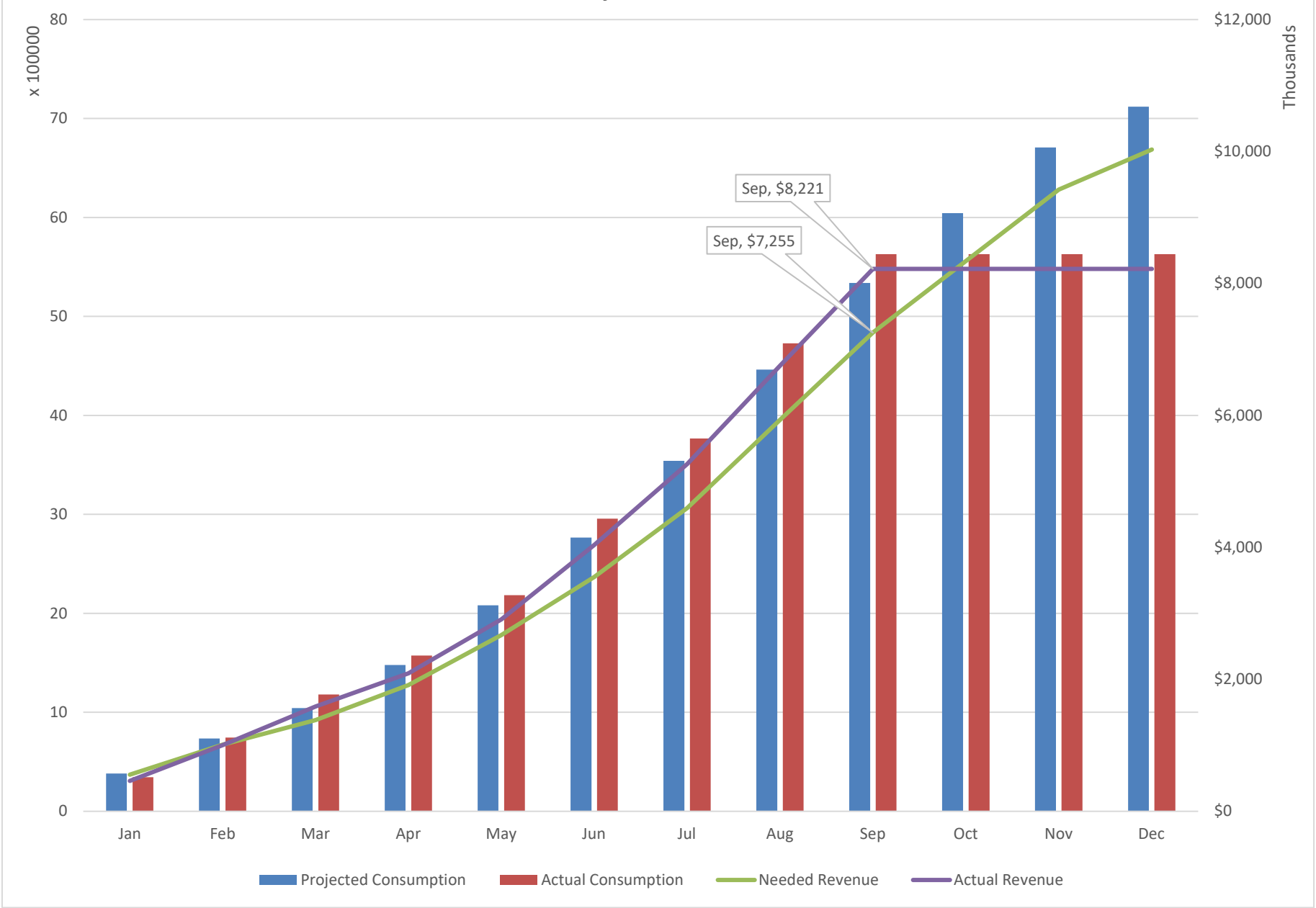
VIA: Mr. Dennis LaMoreaux, General Manager

-2-

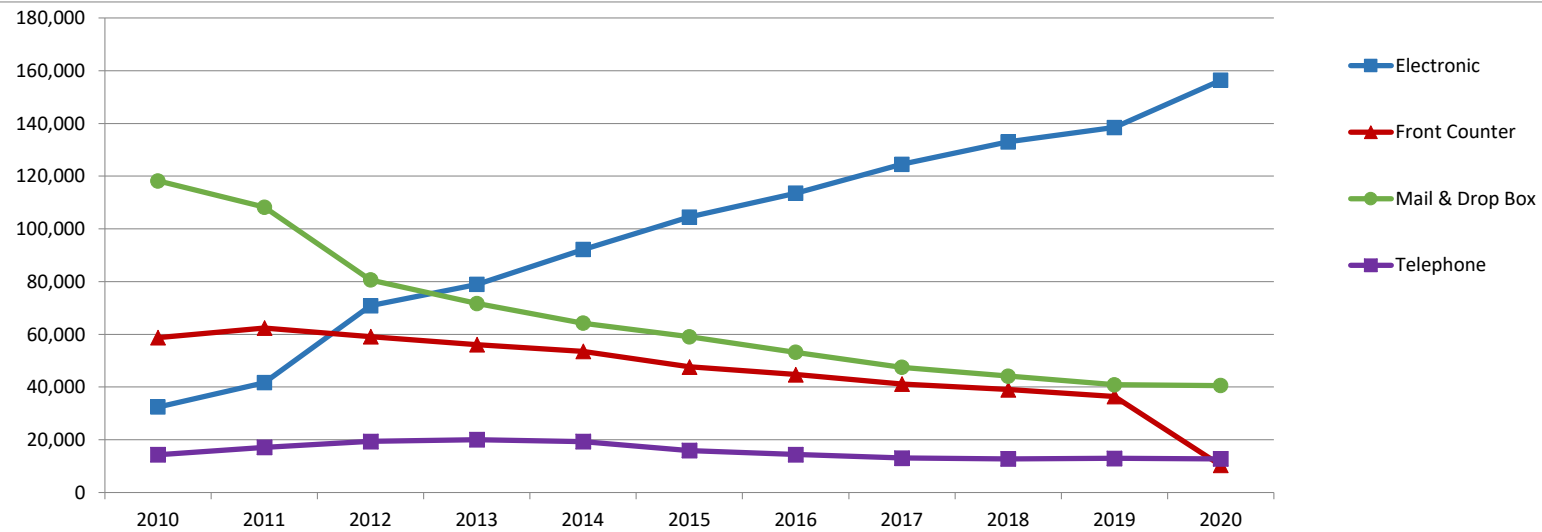
October 20, 2020

6. Billing & Collection Statistics (attachment):
 - a. Billing & collection cycle complete through August 2020 shows slight increase in bills issued, but a slight decrease in notices mailed compared to August 2019. Due to governor's order, there is no comparison for shut-off notices and disconnections as of February 2020.
7. Status on refunding 2020A Series Taxable Water Revenue Bonds:
 - a. Oral report.

2020 Revenue Projections Based on 16,341 AF



Payment Transactions By Types January - September



Payment Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Electronic	32,493	41,672	70,829	78,883	92,120	104,439	113,505	124,495	132,975	138,439	156,433
Front Counter	58,771	62,384	59,151	56,063	53,534	47,638	44,744	41,184	39,060	36,447	10,301
Mail & Drop Box	118,208	108,224	80,621	71,693	64,199	59,069	53,206	47,457	44,149	40,858	40,607
Telephone	14,364	17,142	19,397	20,088	19,308	15,890	14,390	13,041	12,785	12,918	12,737
Total	223,834	229,422	229,998	226,727	229,161	227,036	225,845	226,177	228,969	228,662	220,078

Detail of Electronic Payments	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
META - ACH Pymt	5,840	6,022	5,629	5,831	2,312	2,456	1,212	1,281	1,247	1,283	1,286
WES - ACH Pymt	162	630	676	771	744	733	752	775	736	695	679
INF - Website Pymts	26,491	34,549	47,704	52,103	54,925	57,784	60,620	67,205	72,429	77,276	87,523
IVR - Automated Pay ##	0	0	0	0	8,367	17,015	21,212	24,344	26,096	27,542	30,693
KIOSK - Automated Pay \$\$	0	0	0	0	0	127	1,054	848	1,659	971	359
PNM - Automated Pay %%	0	0	0	0	0	0	324	1,997	3,054	3,490	6,220
VAN - ACH Pymt &&	0	471	16,820	20,178	25,772	26,324	28,331	28,045	27,754	27,182	29,673
Total	32,493	41,672	70,829	78,883	92,120	104,439	113,505	124,495	132,975	138,439	156,433

##- IVR service started March 13, 2014

\$\$ - Kiosk service started July 1, 2015

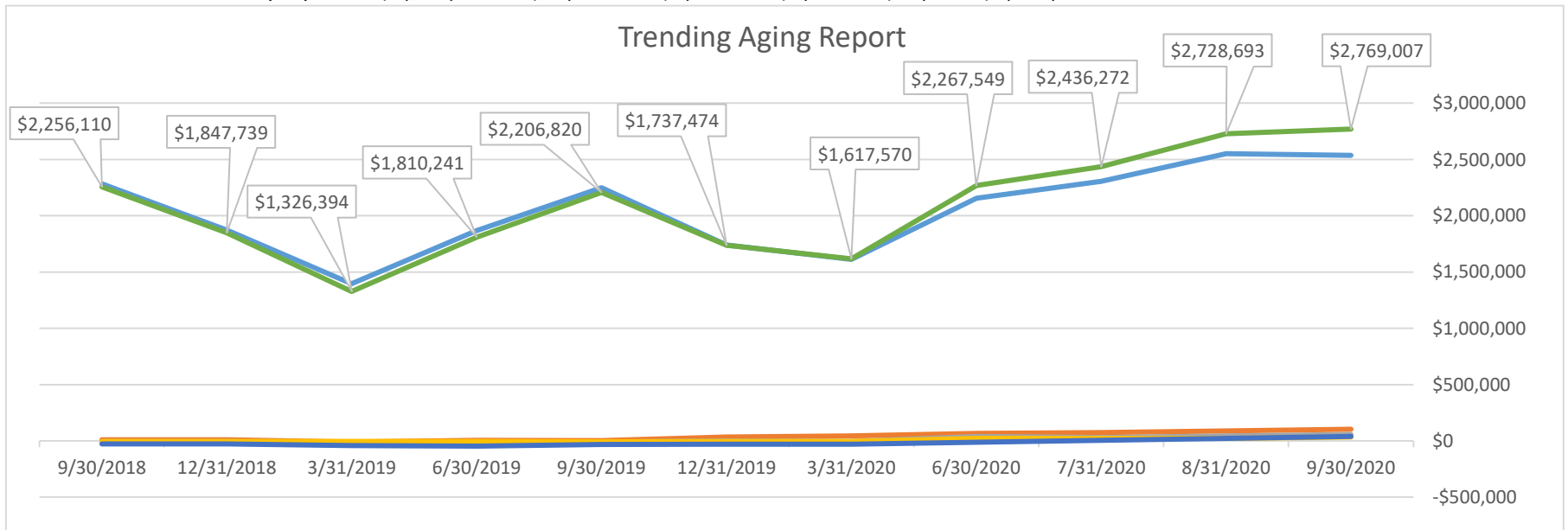
%% - PNM - Pay Near Me service started June 9, 2016

&& - Vanco ACH service started Sept 2011

Accounts Receivable Aging Report

	0-30 days	31-60 days	61-90 days	91-120 days	121+ days	Balance		
9/30/2020	\$2,536,819	\$103,572	\$56,414	\$33,856	\$38,346	\$2,769,007	\$562,188	25.48%
8/31/2020	\$2,551,548	\$88,487	\$44,396	\$21,873	\$22,389	\$2,728,693		
7/31/2020	\$2,305,667	\$73,416	\$30,163	\$22,134	\$4,893	\$2,436,272		
6/30/2020	\$2,154,477	\$65,380	\$38,984	\$22,054	-\$13,346	\$2,267,549		
3/31/2020	\$1,611,602	\$44,717	-\$3,970	-\$5,373	-\$29,407	\$1,617,570		
12/31/2019	\$1,739,176	\$35,389	-\$936	-\$5,813	-\$30,343	\$1,737,474		
9/30/2019	\$2,250,102	\$3,677	-\$9,637	-\$6,208	-\$31,113	\$2,206,820		
6/30/2019	\$1,867,456	\$4,978	-\$8,295	-\$6,641	-\$47,257	\$1,810,241		
3/31/2019	\$1,396,553	-\$10,972	-\$11,317	-\$5,758	-\$42,112	\$1,326,394		
12/31/2018	\$1,871,921	\$11,096	-\$5,439	-\$3,721	-\$26,118	\$1,847,739		
9/30/2018	\$2,282,443	\$10,683	-\$5,391	-\$5,897	-\$25,729	\$2,256,110		

Trending Aging Report



Billing/Collection Statistics

Billing/Collection Statistics										Based on Shut Notice
	Bills (A)	LF Notice (B)	Shut Notice (C)	Off & Lock (D)	Based on Bills Issued			Based on Late Notices		
					B / A	C / A	D /A	C / B	D / B	D / C
Jun-18	26,599	5,996	2,283	439	22.5%	8.6%	1.7%	38.1%	7.3%	19.23%
Jul-18	26,619	6,047	2,316	371	22.7%	8.7%	1.4%	38.3%	6.1%	16.02%
Aug-18	26,628	6,052	2,338	381	22.7%	8.8%	1.4%	38.6%	6.3%	16.30%
Sep-18	26,628	6,272	2,518	419	23.6%	9.5%	1.6%	40.1%	6.7%	16.64%
Jun-19	26,617	6,189	2,337	404	23.3%	8.8%	1.5%	37.8%	6.5%	17.29%
Jul-19	26,648	6,486	2,461	391	24.3%	9.2%	1.5%	37.9%	6.0%	15.89%
Aug-19	26,658	6,409	2,465	440	24.0%	9.2%	1.7%	38.5%	6.9%	17.85%
Feb-20	26,677	3,967			14.9%	0.0%	0.0%	0.0%	0.0%	#DIV/0!
Mar-20	26,693				0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
Apr-20	26,707				0.0%	0.0%	0.0%	#DIV/0!	#DIV/0!	#DIV/0!
May-20	26,723	5,901			22.1%	0.0%	0.0%	0.0%	0.0%	#DIV/0!
Jun-20	26,728	5,678			21.2%	0.0%	0.0%	0.0%	0.0%	#DIV/0!
Jul-20	26,743	5,678			21.2%	0.0%	0.0%	0.0%	0.0%	#DIV/0!
Aug-20	26,791	6,129			22.9%	0.0%	0.0%	0.0%	0.0%	#DIV/0!

RE: *AGENDA ITEM NO. 8.3.a – OCTOBER 2020 GENERAL MANAGER REPORT*

Continue providing transparency to our ratepayers

Promote and support leadership training and professional development programs to enhance the District's customers' experience

Ensure employees are trained on the Strategic Plan and the District's Values of Diversity, Integrity, Teamwork, and Passion

Improve safety for Directors, employees, and customers

Develop career paths at the District for interns and pursue state and federal funding for intern programs

Involve employees in community engagement and professional platforms



Systems Efficiency: *Independence, Technology, Research*

Explore energy independence and evaluate the feasibility of energy options, including wind and solar

Incorporate more energy efficient technologies into the District's infrastructure

Advance new technologies to increase treatment efficiencies, including the use of Granular Activated Carbon (GAC)

Research state-of-the-art treatment techniques to help with systems efficiency and flexibility in using recycled water and surface water

Enhance technologies to increase efficiencies

Re-evaluate Lake Palmdale by-pass pipeline and pursue funding options

Improve Palmdale Ditch to reduce water loss



Financial Health and Stability: *Strength, Consistency, Balance*

Pursue grant funding for District projects and operations

Maintain the five-year financial plan adopted as part of the 2019 Water Rate Study, including the five-year Capital Improvement Plan

Build adequate reserve levels and achieve high-level bond rating

Seek potential revenue sources from vacant District properties

Monitor finances, operations, and projects affected by emergencies

Digitize and document departmental workflows



Regional Leadership: *Engage, Lead, Progress*

Increase involvement with water, business, and community partnerships

Provide opportunities for local businesses to contract with the District

Expand the Greater Antelope Valley Water Emergency Coalition by continuing to collaborate with neighboring water agencies and moving to include more agencies outside of the Antelope Valley

Develop working relationships and mutually beneficial projects with other water agencies in the District's state and federal representatives' districts

Develop events or activities with lessees of District properties

Host a 100th anniversary celebration for a fully re-opened Littlerock Dam and Reservoir recreation area in 2024



Customer Care, Advocacy and Outreach: *Promote, Educate, Support*

Enhance customers' experience through communication and feedback

Evaluate, develop, and market additional payment options

Develop the District's Public Outreach Plan and increase public awareness of current programs and services

Develop partnerships with various agencies to distribute information about resources available to the public

Engage elected officials and the public on the importance of local, state, federal, and global water reliability issues

Expand the District's social media platforms and find new avenues to share information and news

Plan and convert to an Advanced Metering Infrastructure (AMI) to increase customers' knowledge of water use

Continue to promote and expand school water education programs

Overview

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, 2019 final water production and customer use graph, 2020 actual water production and customer use graph, mainline leaks, and the water loss trends for both 12- and 24-month running averages.



Water Resource Reliability *Resilience, Development, Partnership*

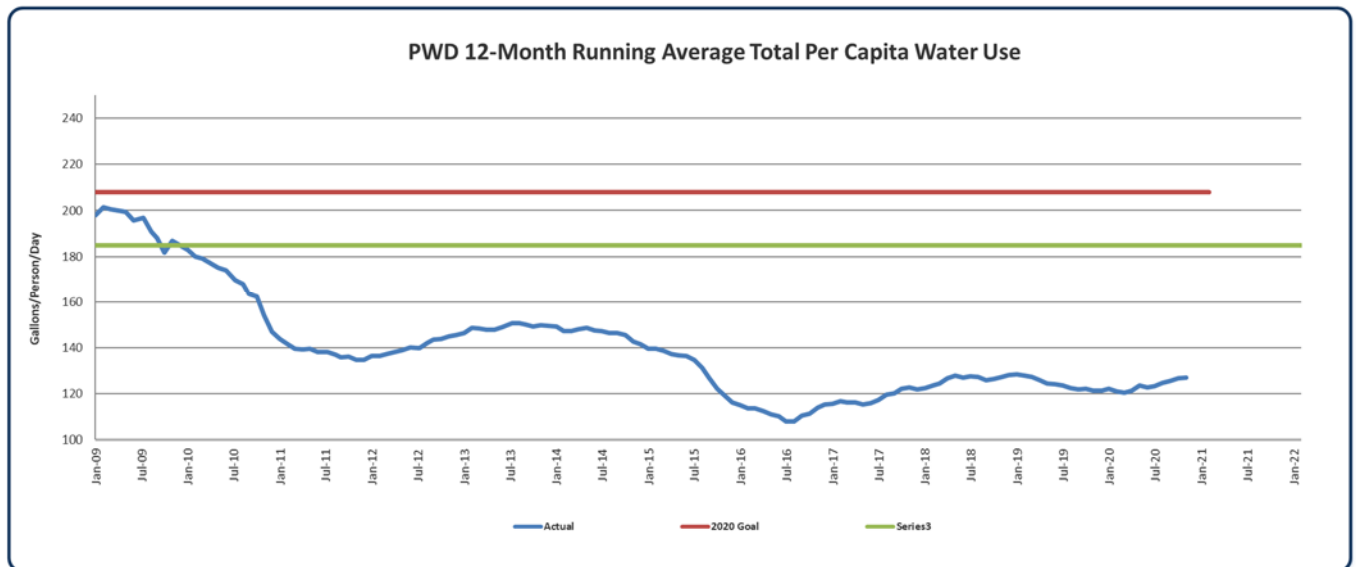
This initiative includes conservation efforts, water supply projects, and water planning.

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. More will be known as Kennedy/Jenks works with staff on the 2020 Urban Water Management Plan. Until these criteria are finalized, the customers’ performance is shown in this report using the 20 x 2020 requirements.

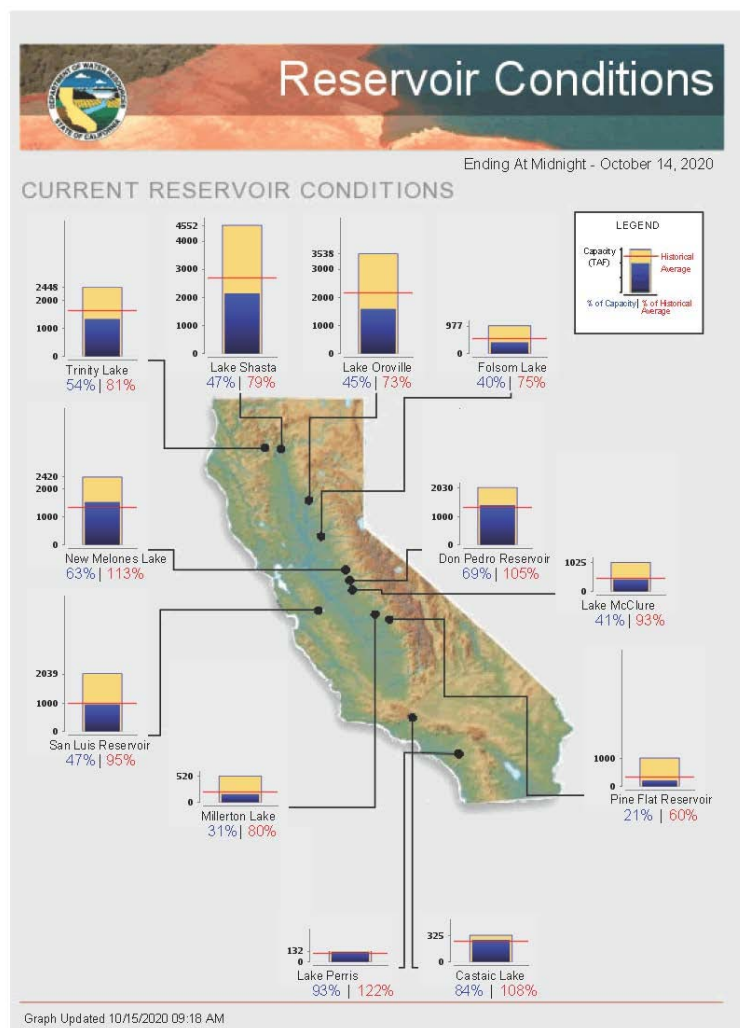
The District’s compliance with the former 20 x 2020 law is evident from the chart titled “PWD 12-Month Running Average Total Per Capita Water Use.”:



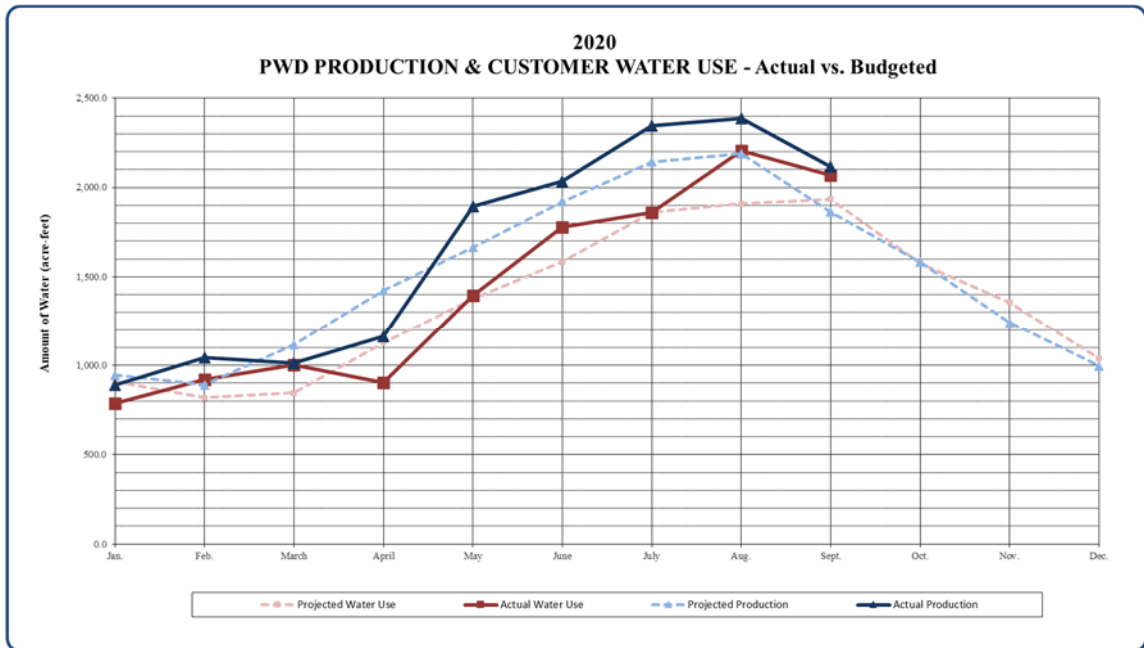
The District’s customers have cut their water use by **45.0%** from the baseline number of 231 established in the 2015 Urban Water Management Plan and met the 2020 Goal in early 2010. The current Total-GPCD is 127.

Water Supply Information

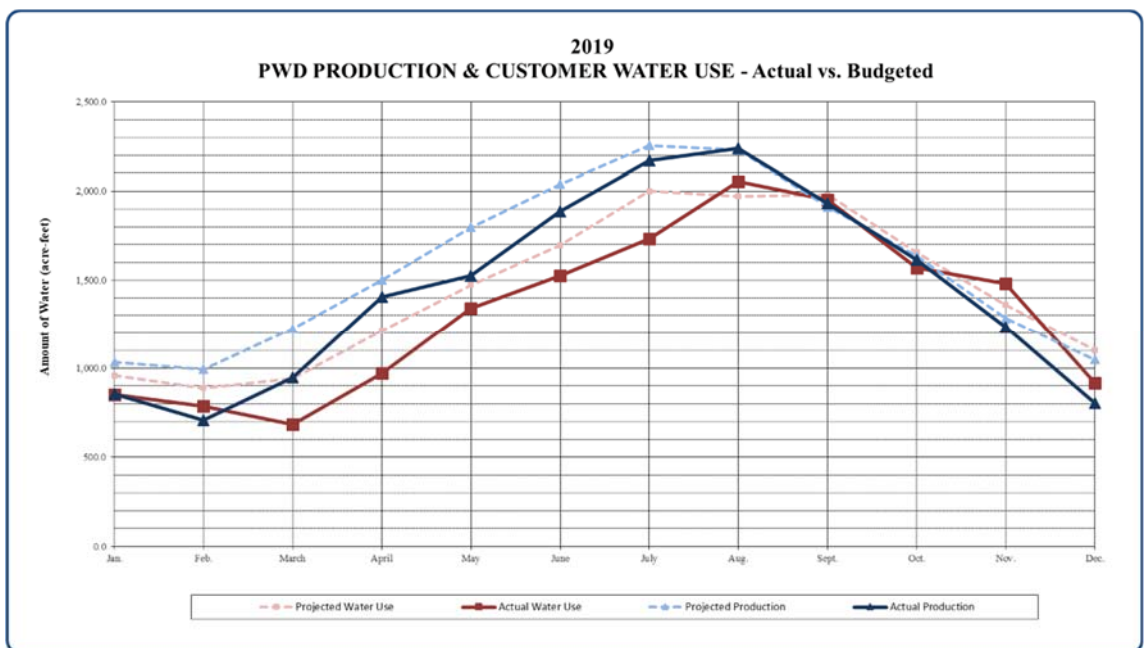
- The AV Adjudication is now entering its fifth year, and the reduction to the native safe yield is in its third year. The District's native groundwater right is 2,769.63 AF. The District's 2019 groundwater rights totaled 7,986.67 AF without the prior year's Carryover Rights. The District's 2020 groundwater rights are approximately 8,188 AF and 9,465.83 AF of Carryover production rights from 2019 for a total groundwater production right available to the District of 17,653.96 AF.
- The 2020 water resources plan is tentative at this point. Precipitation in the area that contributes to the State Water Project is currently at 63% of average and the SWP allocation is 20%. This provides the District approximately 6,260 AF, including the Butte County lease. Over 4,000 AF was used from Littlerock Reservoir. The District will also receive other water including the Yuba Accord Water and carryover SWP from 2019. These efforts, along with the District's available groundwater rights, will lessen any needed conservation needed by our customers this year. The current reservoir storage as of Thursday, October 15, 2020:



- The following is the anticipated monthly water consumption and production for 2020 based on the prior five years of actual monthly information. The total consumption is based on the 2020 Budget amount of 16,341 AF. Actual consumption numbers through September 2020 is 4.5% (554.7 AF) more than anticipated, and water production is 5.2% (732.8 AF) more than anticipated. The following graph shows water use is continuing to increase for the year, though very close to projection totals.



- The following graph shows actual monthly amounts for 2019 for both production and consumption 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 (ASI) of Colorado Springs. The work was completed in January 2020 and ASI has left the site.

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. However, the potential openings this year were canceled due to the COVID-19 pandemic.

Staff is working with the gravel quarry owners for the disposal of sediment from Littlerock Reservoir. These discussions have been hampered due to the COVID-19 pandemic. This has prevented starting sediment removal this year.

- 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 received in 2018 and information is being collected to address them.

A contract was awarded by the Board in April to drill and construct a test well at a different location on the proposed project site. The drilling is now complete, and the information is being accessed.

- The Upper Amargosa Creek Recharge Project is complete. One contract is for the California Aqueduct turnout and transmission water main. The other is for the recharge basins. They are higher than original estimates and will result in a request from the City of Palmdale to the District, LA County Waterworks, and AVEK for additional funding. The District is working with DWR to deliver water to the Project for recharge on a continuing basis.
- Delta Conveyance Facility (DCF): 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, the development of the Agreement in Principle, and will provide it to the Board for consideration later this year.

Another set of amendments to the State Water Project Contract have been negotiated. These changes provide for increased flexibility for SWP contractors to develop long-term exchanges of water within the SWP. This will be beneficial for all the contractors and will help the District maintain the SWP's current level of reliability for our customers.



Organizational Excellence *Train, Perform, Reward*

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

- Training is an important part of the District's operations. There are several state and federal required trainings including confined space, harassment, and hazmat labeling. These are addressed through a combination of online training and classes. Many of the classes are provided through ACWA/JPIA at no cost. The District also opens these up for surrounding districts needing the same training. The District is recognized annually by JPIA for being willing to host these classes.

Nearly 80 percent of the District staff is required to have certifications or licenses issued by the State of California. Many of these have continuing education requirements which must be met by technical training. The District provides for this in several ways including hosting classes given by the California Rural Water Association, having a training budget for staff to attend conferences, and providing an education tuition allowance for each employee.

Additionally, the District provides educational sessions through the Employee Assistance Program twice a year on personal subjects such as work/life balance, financial health, and wellness. These are chosen by the staff through the Communication Committee. The District also provides professional training for its management staff.

- COVID-19 Pandemic Response: District staff initiated a draft Pandemic Response Plan on March 4, 2020 as the State of California and County of Los Angeles issued declarations of emergency. Over the next two weeks, many District events were canceled. These included the Water Ambassadors Academy third session and facility tour, Strategic Plan Workshop, Director Alvarado Coffee, and all-staff lunch and meeting. The District also reduced the lobby's capacity and eventually closed it to the public due to Los Angeles County health orders. The other options to conduct business with the District, including using the website, calling Customer Care, using the automated phone system, and using remote payment sites, were promoted on social media, the website, and radio spots. The District has also complied with social distancing regulations by updating the Pandemic

Response Plan, rotating staff to work from home, staggering work hours, and providing non-medical face coverings for staff.

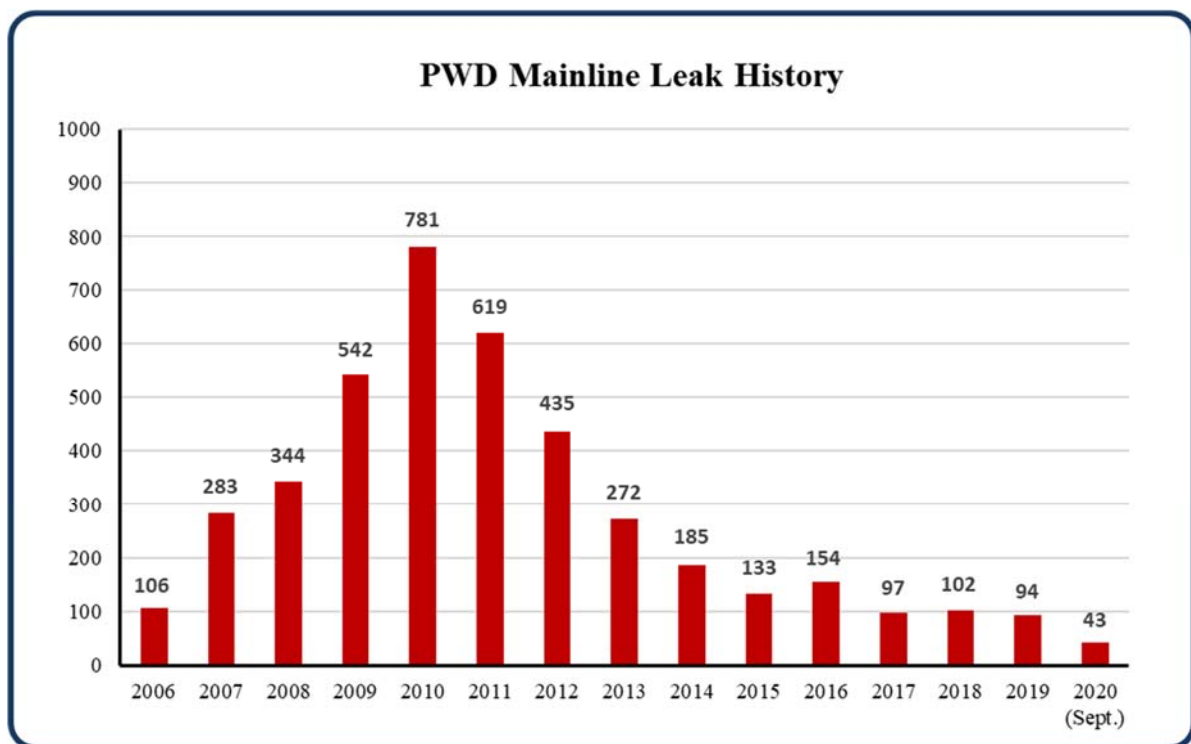
- Despite the pandemic, the District has continued to find ways for internships and training opportunities for college and high school students who are interested in the water industry.
- Several changes to the organization chart have been approved by the Board that provide opportunities for staff to prepare, compete, and further their careers at the District. These will help provide qualified pools of internal candidates to fill the positions of retiring staff.



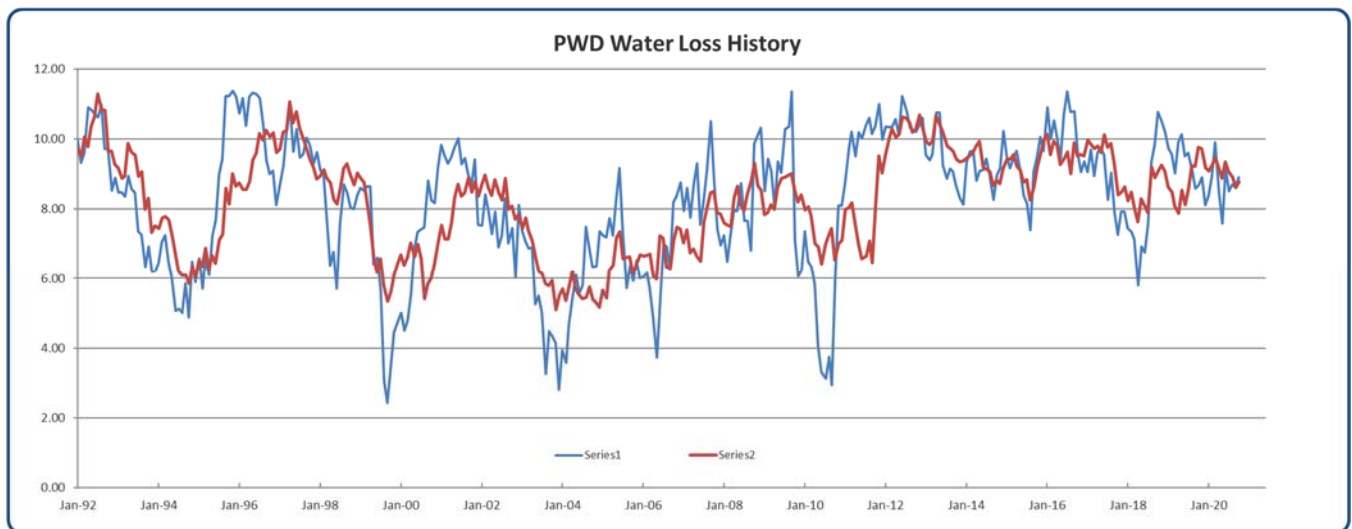
Systems Efficiency *Independence, Technology, Research*

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

- 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 2020 total 43, and there were 64 service line leaks.



- The District awarded two water main replacement projects this year. One is in Avenue P near 25th Street East, and the other is in Avenue V-5 west of 47th Street East. Work is complete on the Avenue V-5 project. Work is currently underway on the Avenue P project.
- 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 remains under 10%.



- District staff is currently looking at two energy technologies that could benefit our customers. One is the use of batteries for backup power at certain booster facilities. The other is a demonstration project for the generation and storage of hydrogen. These are in addition to the recently publicized \$20M de-energization grant program.



Financial Health and Stability *Strength, Consistency, Balance*

- PWD and City of Palmdale staffs have worked together to obtain funding for the Palmdale Recycled Water Authority (PRWA) Phase II Project. PRWA is also trying to obtain completed booster station plans being held by Los Angeles County Waterworks District 40 to complete the Phase II design plans and financing.

One source of funding is the AV Integrated Regional Water Management Plan (IRWMP) grant program. The Littlerock Sediment Removal and PRWA Phase II Projects are set to receive nearly \$900,000 for each project in the current round of funding. The other potential source of funding is the State’s revolving fund program under the State Water Resources Control Board. This application process is active and is expected to fund

the majority of the Project. The program can provide a 35% grant and a low-interest loan on the remaining costs.

- The 2019 Water Rate Study and Proposition 218 was completed last year when the Board unanimously approved Resolution No. 19-15. This set the water rate structure and water rates for 2020-2024.

Resolution No. 19-15 also includes criteria to evaluate the District's financial condition each year. It gives the Board the ability to reduce the water rates if the District's financial position meets four (4) of the criteria in an annual review while preparing the following year's budget.

- The 2021 Budget preparation has begun and is following the approved 2019 Water Rate Plan.
- Water-Wise Landscape Conversion Program (Cash-for-Grass Program): The District received two \$75,000 Grants from the Bureau of Reclamation to assist in funding the Program over the last few years.
- The District is seeking State and/or Federal assistance to provide water service to the Alpine Springs Mobile Home Park on Sierra Highway. It has poor water quality from its well and several health violations.
- The District is seeking Federal assistance to enclose additional sections of the Palmdale Ditch. This will help reduce the loss of water being moved from Littlerock Dam and Reservoir to Palmdale Lake for treatment and use by our customers.
- The Finance Department is continuing to monitor the effect of the State's moratorium on shutoffs due to nonpayment on cash flow. The effect is fluctuating somewhat but is remaining 5% or less below what is usually expected. Reminder notices were restarted in June and have helped stabilize the number of long-term outstanding accounts. Customers with large outstanding balances are also being contacted to see what assistance the District can provide.
- District staff and financial consultants are working to refund a portion of the 2013A Revenue Bonds. The work includes developing the appropriate documents, getting an updated bond rating from Standard & Poor, and bringing the documents to the Board for consideration in October. This will refund approximately \$17.4 M of the bonds and can potentially save the District \$80,000/year in debt payments. The tentative schedule has the bond sale closing in early November.

The refunding of a smaller portion of the same bond issue earlier this year saves the District approximately \$46,000/year.



Regional Leadership

Engage, Lead, Progress

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), AV Integrated Regional Water Management Plan (IRWMP), and Antelope Valley State Water Contractors Association have continued. The District has leadership positions in two of these organizations.
- The District staff continues to share the administration of the Antelope Valley Watermaster Board (AVWB) with AVEK and related meetings.
- District staff is active in the local chambers, Greater Antelope Valley Economic Alliance (GAVEA), regional human resources, and public information organizations.
- The 2020 “PWD Water Ambassador Academy” (WAA) began in March. However, the last session and the facilities tour were canceled due to the COVID-19 event. The third session was held virtually on August 12, 2020. The facilities tour was held in September.
- PRWA staff, District and City personnel met early this year to look at activities for this year and what future planning should be done. This includes developing a logo and brand, a website, completing the Phase II contract documents, possibly updating the Master Plan, and developing a five-year strategic plan.
- Staff held a successful meeting with Congressman Garcia and his staff at the Leslie O. Carter Water Treatment Plant in early July. He was very attentive and interested in the District’s operations and Federal needs.
- The District and other members of the Public Water Agencies Group (PWAG) have hired and share the services of an Emergency Preparedness Coordinator. This has already resulted in a successful training held at the District office. This approach also kept the District in a good position for compliance with the America’s Water Infrastructure Act (AWIA) of 2018 and responding to the current COVID-19 event.

The District met the deadline of March 31, 2020 to complete a security/vulnerability assessment under the AWIA and the September 20, 2020 deadline to certify the updated. Emergency Response Plan.

- The District is working with the City of Palmdale and the American Indian Little League on how to best continue to use the property at Division Street and Avenue P-8.



Customer Care, Advocacy, and Outreach *Promote, Educate, Support*

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

- The Board approved moving forward with a new supplier, meter brand, and reading system at the first meeting in September. This change moves the District toward being able to offer customers more information about their water use.
- The ability to make payments at 7-Eleven and Family Dollar Store is continuing to grow due to the COVID-19 event.
- Customer participation in all electronic and remote payment methods has increased due to the COVID-19 event.
- Contracts for remodeling and re-equipping of the open area on both floors of the main office were awarded by the Board in April and are now complete. The lobby and Customer Care area are available for customer appointments.
- Customer Care staff has now successfully worked with customers from home for over six months.
- Staff successfully conducted virtual coffee meetings with Directors and their constituents this year.

Bobcat Fire Update

The Bobcat Fire began near Cogsdale Reservoir north of Arcadia on September 6, 2020. It entered into the Littlerock Reservoir watershed on September 12, 2020. It burnt through approximately 58% of the watershed as well as a large part of Juniper Hills. Staff will be looking at the effects of the Fire on using water from Littlerock Reservoir and any steps that should be taken to address the damage.

The following map shows the Bobcat Fire and watershed boundaries.

