# MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JUNE 12, 2013:

*A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, June 12, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.*

## 1) Pledge of Allegiance.

At the request of President Mac Laren, Director Cordova led the pledge of allegiance.

## 2) Roll Call.

| **Attendance:** | **Others Present:** |
|---|---|
| Kathy Mac Laren, President | Dennis LaMoreaux, General Manager |
| Gordon Dexter, Vice President | Jim Ciampa, Attorney |
| Gloria Dizmang, Treasurer | Mike Williams, Finance Manager |
| Robert Alvarado, Secretary | Matt Knudson, Engineering Manager |
| Steve Cordova, Director | Peter Thompson II, Operations Manager |
| | Tim Moore, Facilities Manager |
| | Bob Egan, Financial Advisor |
| | Randy Hardenbrook, Equipment Mechanic Spvsr. |
| | Dawn Deans, Executive Assistant |
| | 6 members of the public |

## 3) Adoption of Agenda.

President Mac Laren requested Agenda Item No. 7.5 be removed from the agenda after which it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to adopt the agenda, as amended.

## 4) Public Comments for Non-Agenda Items.

There were no public comments.

## 5) Presentations:

### 5.1) No Presentations Scheduled.

There were no presentations.

**6) Action Items – Consent 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.)**

**6.1) Approval of Minutes of Regular Meeting Held May 22, 2013.**

**6.2) Payment of Bills for June 12, 2013.**

**6.3) Approval of Ernst & Young 2013/2014 State Water Project Audit Contract. ($5,207.00 to $6,509.00 – Budgeted – General Manager LaMoreaux)**

It was moved by Director Dexter, seconded by Director Cordova, and unanimously carried to approve those items included in the Consent Calendar.

**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) Status Report on Cash Flow Statement and Current Cash Balances as of April 30, 2013. (Finance Manager Williams)**

Financial Advisor Egan reviewed the investment and cash reports for April 30, 2013 and stated that these reports indicate a $2.4 million increase for the month due to the receipt of property taxes, increased water sales, and Department of Water Resources refunds; that payments are as anticipated; that anticipated year-end is an increase of $2.4 million over projected; and that all signs are positive at this time.

**7.2) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for April 30, 2013. (Finance Manager Williams/Finance Committee)**

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, revenue and expense analysis reports, and graphic presentations for the period ending April 30, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 33.3% or less, with the exception of Engineering, which is at approximately 35% due to the implementation of the GIS project.

Director Dexter then requested a breakdown of "Other Operating Revenue" be presented on future reports.

**7.3) Status Report on Committed Contracts Issued. (Engineering Manager Knudson/Finance Committee)**

Engineering Manager Knudson reviewed the revised Committed Contracts and Payout Schedules for capital projects, projects funded by the Water Quality Fee, and projects funded from the Water Revenue Series 2013A Bonds.

**7.4) Status Report on Series 2013A Issuance. (Financial Advisor Egan/Finance Manager Williams/Finance Committee)**

Financial Advisor Egan informed the Board that the Series 2013A bond issuance will save the District nearly $2 million in present value over a 20-year period and then reviewed the financing summary for the bond issuance, including the purpose, structuring efforts, the ratings process and the efforts of staff and the bond team to increase the District's rating, marketing efforts, the aggressive pricing of the bonds, and District efforts to achieve the bond issuance. He also stated that if the District had waited approximately three weeks to sell the bonds, the total interest cost would have increased by over one-half of a percent (from 3.98% to 4.49%).

The Board then commended staff and the bond team on the success of the Series 2013A bond issuance.

General Manager LaMoreaux then stated that the Post-Pricing booklet for the Series 2013A Issuance and final Official Statement are available for Board review.

Director Dizmang, Chair of the Finance Committee, then stated that she is impressed with the level of teamwork among District staff and the bond team and complimented all involved with this effort.

**7.6) Consideration and Possible Action on Professional Services Agreement for Engineering Design Services Associated With the Proposed Water Main Replacement Project in 10th Street East Between Palmdale Boulevard and Avenue P Under Specification No. 1207. ($23,510.00 – 2013A Series Water Revenue Bond – Engineering Manager Knudson)**

Engineering Manager Knudson reviewed the purpose and proposals received for the requested Professional Services Agreement, and after a brief discussion of delaying this water main replacement project, main line repair costs, and the difficulties associated with repairs of this pipeline, it was moved by Director Dexter, seconded by Director Dizmang, and unanimously carried to approve the award of a Professional Services Agreement for engineering design services associated with the proposed water main replacement project in 10th Street East between Palmdale Boulevard and Avenue P under Specification No. 1207 to J.T. Engineering in the not-to-exceed amount of $23,510.00 and that General Manager LaMoreaux is authorized to execute the Professional Services Agreement.

Director Dexter then requested a cost benefit analysis be included in future Board Memorandums.

President Mac Laren then thanked Facilities staff for their repair efforts on the recent incident on Avenue S.

**7.7) Consideration and Possible Action on Community Presentations Policy as an Amendment to the District's Rules and Regulations. (General Manager LaMoreaux/Outreach Committee)**

General Manager LaMoreaux reviewed the proposed Community Presentations Policy and the purpose of this Policy, and after a brief discussion, it was moved by Director Dexter, seconded by Director Dizmang, and unanimously carried to approve the Community Presentations Policy as an amendment to the District's Rules and Regulations.

**7.8) Consideration and Possible Action on Establishment of District Policy Regarding Contracting for Legal Services. (General Manager LaMoreaux/Legal Ad Hoc Committee)**

General Manager LaMoreaux provided an overview and results of the legal services survey developed through the Legal Ad Hoc Committee, consisting of Directors Dizmang and Dexter, followed by discussion of the need for a legal services contract, the items that could be included in, and options for developing, a legal services contract, the current oral contract with Lagerlof, Senecal, Gosney & Kruse LLP and the firm's willingness to enter into a written contract, and Attorney Ciampa meeting with the Legal Ad Hoc Committee regarding the development of a written contract, after which it was moved by Director Dizmang, seconded by Director Alvarado, and carried

on a 4 – 1 vote, with Director Dexter opposed, that all legal services will be engaged pursuant to a written contract.

**7.9) Consideration and Possible Action on the District's Current Legal Services Provided by Lagerlof, Senecal, Gosney & Kruse LLP. (General Manager LaMoreaux/Legal Ad Hoc Committee)**

Director Dexter, member of the Legal Ad Hoc Committee, recommended the Legal Ad Hoc Committee continue to meet to further review legal services after which it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to table this item.

**7.10) Consideration and Possible Action on the Establishment of Board Norms and Some Working Agreements. (Director Alvarado)**

General Manager LaMoreaux stated that Article 4 of the District's Rules and Regulations regarding Board conduct and several examples of Board conduct policies from other agencies were included with the agenda packets, after which Director Alvarado stated that the Board needs to review Board norms and working agreements; that there are good ideas from the examples provided in the agenda packets; and that The Mathis Group should provide input with legal counsel putting it all together and then recommended President Mac Laren appoint an Ad Hoc Committee to work on what to add, change, or delete from Article 4, with these findings to be presented at a future meeting.

The Board then discussed clarification of Director Alvarado's request, the District's existing policy under Article 4, differing opinions among Board members, addressing Director Alvarado's request under a Board Standing Committee, reviewing Roberts Rules of Order at a Board workshop, and developing a summary paragraph of Board decorum during a meeting after which it was determined that Director Alvarado and Director Dexter meet with Attorney Ciampa to further discuss their opinions.

It was then moved by Director Dizmang, seconded by Director Cordova, and unanimously carried to table this item until such time as a meeting is held as determined.

**7.11) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:**

**a) Esri International User Conference to be Held July 8 – 12, 2013 in San Diego.**

After a brief discussion, it was moved by Director Dizmang, seconded by Director Dexter, and unanimously carried to approve Board and staff attendance at conferences, seminars, and training sessions as follows: Esri International User Conference to be held July 8 – 12, 2013 in San Diego.

**8) Information Items.**

**8.1) Reports of Directors: Meetings/Committee Meetings/General Report.**

Director Dizmang reported that on May 24, she attended the Water Supply & Reliability Committee meeting; that on June 3, she attended the Outreach Committee meeting where they discussed the June 22 plant sale and are looking for Board members to help that day and magnets for distribution at Thursday-Night-on-the-Square with the promotion of on-line bill payment; that on June 11, she attended a briefing and the Personnel Committee meeting; and that on June 12, she attended the Finance Committee meeting, where they reviewed the items presented this evening.

She continued that on June 4, 5, and 6, she traveled to Sacramento and distributed a written report as required by the District's Rules and Regulations and then reported that on June 5, she met with Assemblyman Steve Fox regarding the water situation in the Antelope Valley and lowering rates for seniors, he was courteous, his assistant is knowledgeable on water treatment, water problems, and the conditions in the Antelope Valley, and it was a very positive meeting; that on June 6, she attended a California Special Districts Association workshop regarding the Board's Role in Finance and Fiscal Responsibility with topics on basic terminology on financial terms and processes, communicating budget information to the public, audit review and Board involvement, reserve guidelines for capital improvements, financing of projects, risk management, and how to evaluate programs; that a legislative update was provided including an update on AB 1235, which would require fiscal management training for elected officials; that PERS reform was also discussed; that this was an excellent workshop and she rates it very high; that handouts included a Grassroots Advocacy Guide and Special District Reserve Guidelines, and she will make these and portions of the workshop booklet available for Board review; that on June 7, she joined General Manager LaMoreaux, Water & Energy Resources Manager Pernula, and President Mac Laren on a tour of Oroville Dam and stated that the District is one of 29 public water agencies that initially funded the building of Oroville Dam; that the District continues payment to the State Water Project; that 50%

of the District's water supply is from Oroville Dam via the aqueduct; that it is the tallest Dam in the United States and one of the twenty largest dams in the world; that it supplies water to 25 million people and to 750,000 acres of agriculture; that they toured inside the Hyatt Power Plant; that it was an education; and that they also viewed a spilling of water, which was being done to protect a garter snake.

Director Alvarado reported that on June 3, he attended the Outreach Committee meeting where they planned the upcoming plant sale and reviewed the coupon for a free item from the plant sale reaching out to the community and also reviewed the Water News and that on June 11, he attended a briefing.

Director Dexter thanked the Board for the wonderful birthday wishes.

President Mac Laren reported that on June 7, she also attended the Oroville Dam tour; that Director Dizmang did a wonderful report on the tour, and it was wonderful to see the Dam; that she gained knowledge from viewing the Dam and equipment; that several of the turbines were not working; that Water & Energy Resources Manager Pernula informed them that they are having problems retaining personnel with the proper licenses and expertise; that they did not visit the fish hatchery due to the heat; that she is very glad she was able to attend the tour; that on June 11, the Personnel Committee met and will be presenting information to the Board soon on setting a cap on medical, dental, and vision insurance benefits and this information will be presented to employees for input; and that on June 11, she also attended a Board briefing.

There were no further reports from Directors.

**8.2) Report of General Manager.**

**a) Palmdale Recycled Water Authority Status.**

General Manager LaMoreaux reported that a brief Palmdale Recycled Water Authority meeting will be held June 17 at 7:00 p.m. at City Hall.

**b) District Plant Sale – June 22, 2013, 8:00 a.m. to 1:00 p.m.**

General Manager LaMoreaux then reported that, as mentioned, the District's Plant Sale will be held on June 22 from 8:00 a.m. to 1:00 p.m. between the two District offices.

He then reported that regarding staffing in the State Water Project as reported by President Mac Laren, their problem is maintaining their staff; that salaries are limited; that trained staff are being offered market value positions outside the State Water Project; and that the State Water Contractors are working on this issue.

**8.3) Report of Attorney.**

Attorney Ciampa wished Director Dexter Happy Birthday.

**9) Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

At 8:27 p.m., President Mac Laren called for a three-minute recess. She reconvened the regular meeting at 8:30 p.m.

**10) Closed Session Under:**

**10.1) Government Code Section 54956.9(a), Existing Litigation:** ***Antelope Valley Ground Water Cases.***

**10.2) Government Code Section 54956.9(a), Existing Litigation:** ***United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW.***

**10.3) Government Code Section 54956.9(a), Existing Litigation:** ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561.***

**10.4) Government Code Section 54956.9(a), Pending Litigation:** ***Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216.***

**10.5) Government Code Section 54956.9(a), Pending Litigation:** ***Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677.***

At 8:30 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-*

*0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677.*

She reconvened the regular meeting at 8:44 p.m.

**11) Public Report of Any Action Taken in Closed Session.**

Attorney Ciampa reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending Litigation – Five Cases: *Antelope Valley Ground Water Cases* and *United States, Et Al v. J-M Manufacturing Company, Inc. Et Al, United States District Court for the Central District of California Case No. Ed CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8900000561* and *Velez v. City of Palmdale, Et Al, Los Angeles Superior Court Case No. MC023216* and *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677*; that the Board was briefed on the current status of these items of pending litigation; that the District has been dismissed from the *Miller v. Fairweather, Et Al, Los Angeles Superior Court Case No. MC023677*; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

**12) Board Members' Requests for Future Agenda Items.**

Director Dizmang requested a report be provided on public notification procedures when street work is occurring including steps taken even if it is a small repair.

She then requested "Review of the District's Reserve Policy" be included on a future agenda.

She also requested the development of a Director's Handbook based on some items included in the Series 2013A Bond Issuance Official Statement.

Director Alvarado inquired about time-stamping customer service work orders after which General Manager LaMoreaux stated that this matter has been addressed through the computer program generating the work orders.

There were no further requests for future agenda items.

**13) Adjournment.**

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned.

Robert E Alvarado

Secretary