MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JUNE 22, 2011:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, June 22, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Dexter, Director Figueroa led the pledge of allegiance.

2) Moment of Silence.

Director Figueroa requested everyone remain standing and observe a moment of silence.

3) Roll Call.

Attendance:	**Others Present:**
Gordon Dexter, President	Dennis LaMoreaux, General Manager
Steve Cordova, Vice President	Tim Gosney, Attorney
Raul Figueroa, Secretary	Mike Williams, Finance Manager
Linda Godin, Treasurer	Matt Knudson, Engineering Manager
Jeff Storm, Director	Jon Pernula, Water & Energy Resources Mngr.
	Kelly Jeters, Systems Supervisor
	Claudette Roberts, Water Conservation Spvsr.
	Linda Kinsey, Water Conservation Aide
	Dawn Deans, Executive Assistant
	8 members of the public

4) Adoption of Agenda.

Attorney Gosney stated that an additional pending litigation matter has been identified as "Government Code Section 54956.9(a), existing litigation: *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703"* and will need to be added to future agendas; that under the Brown Act, the Board can publicly announce they are convening in closed session to discuss a litigation matter, and it does not have to be specifically agendized. Attorney Gosney then announced that in addition to closed session matters as listed on the agenda, the Board will convene in closed session to discuss this additional item after which it was moved by Director Figueroa, seconded by Director Godin, and unanimously carried to adopt the agenda, as written.

5) Public Comments for Non-Agenda Items.

There were no public comments.

6) Presentations:

6.1) Cash for Grass Rebates. (Water Conservation Supervisor Roberts)

Water Conservation Supervisor Roberts thanked everyone for their efforts to install water-wise landscapes, requested check recipients inform the Board of their experience participating in the Cash for Grass rebate program, distributed photographs of the renovated landscapes, and then awarded rebate checks to Lisa Robinson in the amount of $485.20, Candace Isaac in the amount of $695.00, Jose and Elizabeth Miramontes in the amount of $664.00, and checks will be mailed to Stephanie Smith in the amount of $883.60, Manuel Rios in the amount of $708.00, Andy Gar in the amount of $338.40, and David Russell in the amount of $294.80.

Ms. Robinson and Ms. Isaac then shared their landscape renovation experiences and thanked the Board for the rebate opportunity after which the Board expressed their appreciation to the rebate participants for their water conservation efforts.

7) 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.)

7.1) Approval of Minutes of Regular Meeting Held June 8, 2011.

7.2) Payment of Bills for June 22, 2011.

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

8) 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.)

8.1) Public Hearing Regarding 2010 Urban Water Management Plan. (Water & Energy Resources Manager Pernula/Brian Dietrick-RMC Water & Environment/Water Supply & Reliability Committee)

It was moved by Director Figueroa and seconded by Director Storm to open the public hearing.

Mr. Brian Dietrick, RMC Water & Environment, gave an overview of the 2010 Urban Water Management Plan including the purpose of the Plan; the changes from 2005; the District's water supply and demand figures from groundwater, the State Water Project, Littlerock Dam, conservation measures, recycled water, and other water supplies from the State Water Project; the new Plan requirement to reduce Gallons Per Capita Per Day water usage 20% by year 2020 and the District's plan to meet this goal; water supply reliability assumptions; and the final steps for adoption of the 2010 Urban Water Management Plan followed by discussion of the District's current Gallons Per Capita Per Day water usage.

Hearing no further public comment, it was moved by Director Figueroa and seconded by Director Godin to close the public hearing.

8.2) Consideration and Possible Action on Resolution No. 11-5 Adopting, Directing Filing of, and Implementing the Palmdale Water District 2010 Urban Water Management Plan. (Water & Energy Resources Manager Pernula/Brian Dietrick-RMC Water & Environment/Water Supply & Reliability Committee)

It was moved by Director Figueroa, seconded by Director Storm, and unanimously carried to approve Resolution No. 11-5 Adopting, Directing Filing of, and Implementing the Palmdale Water District 2010 Urban Water Management Plan.

A copy of Resolution No. 11-5 is hereby made a portion of the minutes of this meeting.

8.3) Consideration and Possible Action on Water Treatment and Transportation Agreement Between the Palmdale Water District and Antelope Valley East Kern Water Agency – Acton Water Treatment Plant. (Engineering Manager Knudson/Water Supply & Reliability Committee)

Engineering Manager Knudson gave an overview of the terms of the Water Treatment and Transportation Agreement between the District and Antelope Valley East Kern Water Agency (AVEK), AVEK's costs, and the location of the Acton water treatment plant and stated that the Water Supply & Reliability Committee recommended the Agreement be presented to the full Board for an update and for Board approval after

AVEK's approval, and after discussion of the Agreement, there was no action taken on this item.

8.4) Consideration and Possible Action on State Water Exchange Agreement Between the Central Coast Water Authority and the Palmdale Water District. (Water & Energy Resources Manager Pernula/Water Supply & Reliability Committee)

Water & Energy Resources Manager Pernula gave an overview of the terms of the proposed State Water Exchange Agreement, which has been reviewed and recommended for approval by the Water Supply & Reliability Committee, and after a brief discussion, it was moved by Director Storm, seconded by Director Godin, and unanimously carried to approve the State Water Exchange Agreement between the Central Coast Water Authority and the Palmdale Water District.

8.5) Consideration and Possible Action on Lease Purchase Agreement Between the Palmdale Water District and GoWest Leasing Corporation. ($893,000.00 – Budgeted – Finance Manager Williams/Finance Committee)

Finance Manager Williams gave an overview of the terms of the Lease Purchase Agreement between the District and GoWest Leasing, the information technology items proposed to be included in the Agreement, the cost to the District, and the Finance Committee's approval of the Agreement, and after a brief discussion, it was moved by Director Figueroa, seconded by Director Storm, and unanimously carried to approve the Lease Purchase Agreement between the Palmdale Water District and GoWest Leasing Corporation in the not-to-exceed amount of $893,000.00.

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

8.6.1) Association of California Water Agencies 2011 Fall Conference & Exhibition to be Held November 29 – December 2, 2011 in Anaheim.

It was moved by Director Godin and seconded by Director Storm to approve Board attendance at the Association of California Water Agencies 2011 Fall Conference & Exhibition to be Held November 29 – December 2, 2011 in Anaheim, and after a brief discussion, the motion unanimously carried.

9) Information Items.

9.1) Reports of Directors: Meetings/Committee Meetings/General Report.

Director Storm reported that the Water Supply & Reliability Committee met and reviewed some of the items discussed earlier in the meeting including the 2010 Urban Water Management Plan and that the Plan is available for public viewing.

The public was then informed that this, as well as other District-adopted Plans including the Strategic Plan, are available on the District's web site.

Chair Dexter stated that his Committee reports were discussed earlier this evening.

There were no further reports from Directors.

9.1.1) Director Godin: Finance Committee Report Summarizing District's Financial Status.

Director Godin reported that the Finance Committee met and discussed and reviewed the month ending May 31, 2011 including the status of the Cash Report at May 31, 2011 and cash flow report through December 31, 2011; that these reports indicate the District's financial position is as predicted; that the Cash Flow Report was revised to reflect approved 2011 projects, carry-over 2010 projects, and potential adjudication costs to a projected reserve balance of $6.9 million as of December 31, 2011; that Financial Advisor Egan reported that the increase in cash from April to May is mainly due to an increase in water sales from $1.519 million in April to $1.638 million in May; that all financial statements, including the balance sheet, profit and loss statement, a year-to-date comparison, the month-to-month revenue analysis, individual departmental budget reports, and consumption comparisons through May 31, 2011 were reviewed; that Departmental budget expenditures should be at 41.7% of the budget and as a whole are under this percentage; and then reviewed the charts for the specific financial reports and gave a percentage overview of expenses by department.

8.2) Report of General Manager.

General Manager LaMoreaux stated that the Department Status Report for May 2011 was included in the agenda packets if there are any questions on same.

8.3) Report of Attorney.

Attorney Gosney stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

Mr. Steve Chisolm, Palmdale resident, inquired about the definition of a Project Labor Agreement after which President Dexter provided this definition; Mr. Chisolm inquired if the District has entered into a Project Labor Agreement with any entity within the last year and was informed that the District has not; and Mr. Chisolm inquired if there is a Project Labor Agreement with the District at this time and was informed that there is not.

There were no further public comments on closed session agenda matters.

11) Closed Session Under:

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

11.2) Government Code Section 54956.9(a), Existing Litigation: *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation).*

11.3) Government Code Section 54956.9(a), Existing Litigation: *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action).*

11.4) Government Code Section 54956.9(a), Existing Litigation: *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation).*

11.5) 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.*

11.6) Government Code Section 54956.9(a), Existing Litigation: *Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation).*

11.7) Government Code Section 54956.9(a), Pending Litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561.*

11.8) Government Code Section 54956.9(a), Pending Litigation: *Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water*

District, United States District Court, Central District, Case No. CV11 02279 (Project Labor Agreement Litigation).

11.9) Government Code Section 54956.9(a), existing litigation: ***Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703.***

At 7:56 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – nine cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* 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 *Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation)* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water District, United States District Court, Central District, Case No. CV11 02279 (Project Labor Agreement Litigation)* and *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703.*

He reconvened the regular meeting at 8:27 p.m.

12) Public Report of Any Action Taken in Closed Session.

Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing Litigation – nine cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* 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 *Palmdale Water District vs. City of Palmdale, Case No. MC021487 (Excavation Permit Litigation)* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Los Angeles and Orange Counties Building and Construction Trades Council, et al. v. Palmdale Water District, United States District Court, Central District, Case No. CV11 02279 (Project Labor*

Agreement Litigation) and *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703;* that in each of these items the Board was briefed on the current circumstances of the case and as appropriate or as needed, the Board gave staff and Counsel instructions as to how to proceed; that no reportable action under the Brown Act was taken in closed session on any of these matters; but that in light of Mr. Chisolm's earlier comments, in the case of the Los Angeles and Orange Counties Building and Construction Trades Council Project Labor Agreement case, the federal court trial judge issued a ruling last week granting the District's motion to dismiss the case; that the case is terminated on the grounds there was no dispute ripe for determination by the court; and that this case is subject to appeal.

13) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

14) 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 at 8:15 p.m.

Secretary

PALMDALE WATER DISTRICT
RESOLUTION NO. 11-5

RESOLUTION ADOPTING, DIRECTING FILING OF, AND IMPLEMENTING THE PALMDALE WATER DISTRICT 2010 URBAN WATER MANAGEMENT PLAN

WHEREAS, the California Legislature enacted Assembly Bill 797 during the 1983-1984 Regular Session of the California Legislature (Water Code Section 10610 et.seq.) known as the Urban Water Management Plan Act (the Act).

WHEREAS, the Act mandates that every urban water supplier of water providing water for municipal purposes to more than 3,000 customers or supplying more than 3,000 acre-feet of water annually, prepare, and every five (5) years thereafter update, its Urban Water Management Plan, (the Plan), the primary objective of which is to plan for the conservation and efficient use of water.

WHEREAS, the latest update of the Plan was due at the end of 2010, but a six-month extension was granted by the Legislature for submittals of the 2010 Urban Water Management plan to provide time for urban water suppliers to address Senate Bill X7-7 (SB X7-7), which requires water retailers like the Palmdale Water District to develop plans to reduce per capita water use by 20 percent by the year 2020, with an interim target of a 10 percent reduction by 2015; and

WHEREAS, the Palmdale Water District prepared and filed a Plan with the California Department of Water Resources in December 1985, December 1990, December 1995, December 2000, and December 2005; and

WHEREAS, considering the six (6) month extension granted by the Legislature, the 2010 Plan should be adopted by July 1, 2011, and filed with the California Department of Water Resources, the California State Library and the City of Palmdale within thirty days of adoption; and

WHEREAS, the Act further requires that the adopted Plan be available for public review during normal business hours for thirty (30) days following its submission to the Department of Water Resources; and

WHEREAS, as an urban water supplier providing water service to over 109,000 customers, Palmdale Water District is subject to the Act and has, therefore, prepared and circulated for public view a Draft 2010 Urban Water Management Plan in compliance with the requirements of the Act, and a properly noticed public hearing regarding the proposed Plan was duly held by the Palmdale Water District on June 22, 2011.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Directors of the Palmdale Water District as follows:

1. The 2010 Urban Water Management Plan is hereby approved and adopted.

2. The General Manager is hereby authorized and directed to file the Plan with the California Department of Water Resources, the California State Library and the City of Palmdale within thirty days of adoption in accordance with the Act.

3. When required by conditions contained in the Plan, the General Manager is authorized to declare a Water Shortage Emergency and to implement water conservation programs as detailed in the Plan, including recommendations to the Board of Directors regarding necessary procedures, rules and regulations to carry out effective and equitable water conservation programs.

4. The General Manager and staff are hereby further authorized and directed to take such other and further actions as may be reasonably necessary to carry out the purposes and intent of the Plan.

PASSED AND ADOPTED at the regular meeting of the Board of Directors held on June 22, 2011.

GORDON DEXTER, President,
Palmdale Water District Board of Directors

ATTEST:

RAUL FIGUEROA, Secretary,
Palmdale Water District Board of Directors