MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JULY 27, 2011:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 27, 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 Cordova led the pledge of allegiance.

2) 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	Tim Moore, Facilities Manager
	Jeannie Burns, Human Resources Manager
	Ed Boka, Treatment Plant Supervisor
	Claudette Roberts, Water Conservation Spvsr.
	Richard Heinonen, Engineering Technician 2
	Linda Garza, Water Conservation Aide
	Frank Gonzales, Warehouse Technician
	Chris Bligh, Plant Operator 2
	Barry Fear, Field Service Technician 2
	Dawn Deans, Executive Assistant
	5 members of the public

3) Adoption of Agenda.

It was moved by Director Figueroa, seconded by Director Godin, and unanimously carried to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

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

Landscape renovation photographs for this month's Cash for Grass recipients were distributed after which Water Conservation Supervisor Roberts presented Mr. Steve Chisolm with a rebate check in the amount of $230.80 and stated that rebate checks will be mailed to Ms. Alma Johnson in the amount of $494.40, Mr. Realino Martinez in the amount of $419.20, and Ms. Jean Collier in the amount of $847.20.

Mr. Chisolm shared his landscape renovation project with the Board, his future plans to remove additional grass, and thanked the District for the rebate opportunity, and the Board thanked him for his water conservation efforts.

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 July 13, 2011.

6.2) Payment of Bills for July 27, 2011.

It was moved by Director Figueroa, seconded by Director Godin, 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) Consideration and Possible Action on Employee Communications Plan. (Human Resources Manager Burns/Employee Communications Committee)

Human Resources Manager Burns reviewed the purpose and intent of the Employee Communications Plan and the formation, purpose, and subgroups of the Employee Communications Team and then stated that the Employee Communications Plan was reviewed by the Personnel Committee; that the Employee Communications Team has prepared collateral materials for implementing the Plan; and then introduced the Employee Communications Team being Richard Heinonen, Tina Kosick, Frank Gonzales, Dennis Hoffmeyer, Sandra Lebo, Chris Bligh, Barry Fear, Kelly Jeters, and Linda Garza, who provided an overview of subgroup topics and methods for implementing the Employee Communications Plan.

After a brief discussion of the Employee Communications Plan and of the previous Plan, it was moved by Director Figueroa and seconded by Director Cordova to

enthusiastically approve the Employee Communications Plan and related collateral materials.

Mr. Ron Cunningham, Palmdale resident, then reminded the Board of the adoption of the previous Employee Communications Plan, as Board support for that Plan only lasted six months, and stated that he hopes the Board remembers and follows the content of this new Plan.

The motion then unanimously carried, and the Board commended Human Resources Manager Burns and the Employee Communications Team for their work on the Employee Communications Plan.

7.2) Consideration and Possible Action on Award of Contract for Specification No. 0903 Being the Construction of the Water Main Replacement in 9th Street East, Avenue Q-4, Friendly Avenue, 8th Street East, 12th Street East, Avenue Q-4, Avenue Q-5, and 13th Street East Tabled From July 13, 2011 Board Meeting. ($500,000.00 – Budgeted – Engineering Manager Knudson)

Engineering Manager Knudson reviewed staff's recommendation to award a contract to VCI Construction in the not-to-exceed amount of $786,400.00 for the construction of Specification No. 0903, and after a brief discussion of the budget and the cost of this project, it was moved by Director Storm and seconded by Director Figueroa to award a contract to VCI Construction in the not-to-exceed amount of $786,400.00 for the construction of the water main replacement project in 9th Street East, Avenue Q-4, Friendly Avenue, 8th Street East, 12th Street East, Avenue Q-4, Avenue Q-5, and 13th Street East under Specification No. 0903, and after clarification that $500,000.00 will be spent as budgeted in 2011 with the remainder of the project completed and budgeted for in the 2012 budget, the motion unanimously carried.

7.3) 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 Tabled From July 13, 2011 Board Meeting. (Engineering Manager Knudson/Water Supply & Reliability Committee)

Engineering Manager Knudson reviewed the Antelope Valley East Kern Water Agency's requested revisions to the proposed Water Treatment and Transportation Agreement for the Acton Water Treatment Plant, along with their staff letter committing

to recommend the revisions to their Board for approval, followed by a brief discussion of the revisions and the positive working relationship with the Antelope Valley East Kern Water Agency.

Mr. Ron Cunningham, Palmdale resident, then inquired if the District is supplying all water for the Acton system after which Engineering Manager Knudson clarified the water supply under the proposed Agreement then informed the Board that this Agreement will be presented to the Board for consideration after approval by the Antelope Valley East Kern Water Agency.

7.4) Consideration and Possible Action on District Open House. (Water Conservation Supervisor Roberts/Outreach Committee)

Water Conservation Supervisor Roberts reviewed the Outreach Committee's discussions for holding an Open House along with proposed costs for same, and after discussion of a preferred day for an Open House, of the District's budget, of mostly dignitaries attending past events, and of including these types of events in budget discussions, it was moved by Director Figueroa and seconded by Director Cordova to deny holding an Open House.

Mr. Steve Chisolm, Palmdale resident, agreed with the concept of an Open House to help promote a positive image for the District and stated that the public is looking for opportunities to attend free events, feels the District will do what it wants regardless of public input, and this attitude needs to change.

Mr. Ron Cunningham, Palmdale resident, agreed with the concept of an Open House and suggested that items costing money be eliminated to save money and that the Boy Scouts, Girl Scouts, and affiliated groups be included in the Open House to earn merit badges.

After a further discussion of maintaining openness to the public, community outreach and involvement, and of reducing the cost of an Open House, it was moved by Director Storm and seconded by Director Godin to table this item for further input. The motion failed on a 2 – 3 vote, with President Dexter and Directors Figueroa and Cordova opposed.

The motion to deny holding an Open House then carried on a 3 – 2 vote, with Directors Storm and Godin opposed.

8) Information Items.

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

Director Storm reported that the Facilities Committee met and reports on the District's renewable resources will be provided to the Committee at a future meeting.

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

Director Godin reported that the Finance Committee met and discussed and reviewed all financial statements through June, 2011; that these statements indicated the District's finances are as predicted with a reserve balance of $6.8 million as of December, 2011; that the decrease in cash from May to June is mainly due to low water revenues; that departmental budgets are at or around 50% of the budget; that the Committee is also reviewing earthquake insurance; and then reviewed the slides and charts associated with the financial statements.

Chair Dexter then reported that the Water Supply & Reliability Committee met; that the water allocation remains high this year; that the Committee is reviewing water banking options; and that Water & Energy Resources Manager Pernula has done an excellent job of protecting the District's water resources.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux reported that the Monthly Top 5 Department Status Reports have been included in the agenda packets if there are any questions on same.

He then reported that a 22-car train derailed in Littlerock earlier today; that six of the cars were hazardous cars but were empty; and that the District, as well as Littlerock Creek Irrigation District, received calls from the Department of Public Health to ensure there is no impact to our water systems.

He then reported that Tom Clark, a long-time manager of Kern County Water Agency who provided instrumental input into the State Water Project, passed away over

the weekend; that the forms of contracts for the State Water Project are items he developed; and that he will be missed.

8.3) Report of Attorney.

Attorney Gosney stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

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: *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation).*

10.3) 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).*

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

10.5) 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.*

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

10.7) 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.*

10.8) 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.*

10.9) Government Code Section 54957, Personnel Matters: *Financial Advisor Evaluation.*

At 8:12 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – eight 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 *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703* and pursuant to Government Code Section 54957, Personnel Matters: *Financial Advisor evaluation.*

He reconvened the regular meeting at 8:49 p.m.

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

Attorney Gosney reported that a closed session had been held pursuant to Government Code Section 54957, Personnel Matters: *Financial Advisor evaluation;* that an evaluation was reviewed, and the Board gave instructions to Counsel and staff as to how to proceed; but that no reportable action under the Brown Act was taken in closed session on this matter.

He reported further that a closed session had also been held under Government Code Section 54956.9(a), Existing Litigation – eight 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 *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703;* that the Board was updated and briefed on the status of each of these matters, and the Board gave staff and Counsel instructions as appropriate;

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 Storm verified President Dexter has his list of future agenda items.

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 at 8:51 p.m.

Secretary