MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, MAY 9, 2012:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, May 9, 2012, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order.

1) Pledge of Allegiance.

President Dexter led the pledge of allegiance.

2) Roll Call.

Attendance:	**Others Present:**
Gordon Dexter, President	Tim Moore, Facilities Manager
Gloria Dizmang, Vice President	Tom Bunn, Attorney
Kathy Mac Laren, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary	Matt Knudson, Engineering Manager
Steve Cordova, Director	Peter Thompson II, Operations Manager
	Jeannie Burns, Human Resources Manager
	Robert Egan, Financial Advisor
	Joe Kerschner, Water Quality Supervisor
	Dawn Deans, Executive Assistant
	4 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Mac Laren, 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) No Presentations Scheduled at this Time.

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 Informational Workshop Meeting Held April 18, 2012.

6.2) Approval of Minutes of Regular Meeting Held April 25, 2012.

6.3) Payment of Bills for May 9, 2012.

It was moved by Director Mac Laren, seconded by Director Dizmang, 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 March, 2012. (Financial Advisor Egan)

Financial Advisor Egan gave an overview of the District's current cash and investments as of March, 2012 including the reduction in investments due to the bond interest payment, investment maturities, interest rates, capital improvement fees and assessments received, water sales, and the anticipated year-end budget.

7.2) Status Report on 2012 Financial Statements, Revenue and Expense, and Departmental Budget Reports for March, 2012. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month revenue analysis, and expense analysis as of March, 2012; stated that all departments are at or below the targeted budget level of 25%; that a Personnel to Operations Expense chart comparing the District to other agencies will be presented when the comparable information is available; and then reviewed departmental budget line items over-budget followed by discussion of these items.

Director Mac Laren then requested additional departmental payout charts, and after a brief discussion of departmental expenditures, unexpected expenses, bonds, and the District's cash flow versus the profit and loss statement, Financial Advisor Egan and

Finance Manager/CFO Williams were directed to meet with Director Mac Laren regarding her request and that a Board workshop regarding the District's financial statements and cash flow analysis be scheduled in the future.

7.3) Status Report on Committed Contracts Issued. (Engineering Manager Knudson)

Engineering Manager Knudson provided an overview of the Engineering Department Project Payout Schedule including the projected increase in payments for May.

7.4) Consideration and Possible Action on Award of Contract for the Construction of the Water Main Replacement in Division St., Carolside Ave., Glenraven Ave., Stanridge Ave., 3rd St. E., Sumac Ave., Ave. Q-3, Ave. Q-4, and Ave. Q-7 Under Specification No. 0902, Option B, Tabled From April 25, 2012 Board Meeting. ($987,183.00 – Budgeted – Engineering Manager Knudson)

Engineering Manager Knudson gave an overview of the bids received for Specification No. 0902, staff's recommendation for award of contract, and potential contract reductions to be presented for consideration at a later date, and after a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to award the contract for the construction of the water main replacement in Division St., Carolside Ave., Glenraven Ave., Stanridge Ave., 3rd St. E., Sumac Ave., Ave. Q-3, Ave. Q-4, and Ave. Q-7 under Specification No. 0902, Option B, to Barnett VanDyne Construction, Inc. in the not-to-exceed amount of $987,183.00.

7.5) Consideration and Possible Action on Adoption of a Consensual Relationships Policy. (Personnel Committee)

Human Resources Manager Burns reviewed the background for developing the Consensual Relationships Policy and the recommendation that this Policy be approved and included in the District's Employee Manual, and after a brief discussion of the Policy, JPIA review, disciplinary action, and changing the name of the Policy, it was moved by Director Cordova to table this item until JPIA's response has been received on their review of the Policy. The motion died for lack of a second.

It was then moved by Director Dizmang and seconded by Director Mac Laren to approve the Consensual Relationships Policy re-titled as a Fraternization Policy pending

the JPIA's approval of said Fraternization Policy, and after a further discussion, the motion carried on a 3 – 2 vote, with President Dexter and Director Cordova opposed.

7.6) Consideration and Possible Action on a Hiring Freeze for Management Positions. (Personnel Committee)

Human Resources Manager Burns reviewed staff's concerns regarding a hiring freezing for only a portion of the District's workforce, and after a brief discussion of the intent of the hiring freeze, of not filling vacant positions due to retirement until a thorough reexamination of the Organization Chart has been conducted, of streamlining and cost saving measures for the District's organizational structure, and of the Board's responsibility to ratepayers, it was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried to approve a hiring freeze for the entire agency but that the General Manager may come back to the Board if there is an emergency need to fill a vacant position.

8) Information Items.

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

Director Alvarado reported that he attended a successful, statewide 2012 Mormon Helping Hands Day of Service event, and the Palmdale Water District was critical in helping the Palmdale School District with work that day; that on May 1, he represented Palmdale Water District Division 1 at the Palmdale School District Board meeting where Teachers of the Year were honored; that on May 3, he attended the Ninth Annual A. V. National Day of Prayer service ceremony with other elected officials; that on May 5, he represented Palmdale Water District Division 1 at the Lake L.A. Cinco de Mayo parade and festival with thousands in attendance; that on May 7, he attended the Outreach Committee meeting, and the Committee is working on reaching out to our customers and to the community in general using the latest and most efficient sophisticated technologies; that on May 8, he met with Engineering Manager Knudson and Facilities Manager Moore for a Director's briefing, they reviewed budget expenditures and current and future pipe replacement projects, and he thanked them for their time; and then thanked Executive Assistant Deans for the nametags he had requested.

President Dexter then stated that as a technicality, Director Alvarado's attendance at various functions is as an individual and representation of the Palmdale Water District comes at the direction of the Board; that if the Board saw a need to attend a school district function, they would request someone to attend; that if more than two Board members

attend a function and state they are representing the Palmdale Water District, it would be a Board meeting violation; and that Director Alvarado can attend functions and provide reports but not as a representative of the Palmdale Water District.

Director Dizmang reported that on April 29, she had an opportunity to revisit the water treatment plant as a student through the Antelope Valley College; that she received an in depth view of the water treatment plant; that Operations Manager Thompson II and staff were wonderful and very courteous; and that it was a very good experience.

She then reported that she chaired the Outreach Committee meeting; that the Committee is bringing an item to the Board to establish an email campaign and to investigate developing an impact video to be used for explaining the service charge portion of the bill and what the District does with that basic payment; that other ideas are being reviewed for outreach campaigns to help customers gain a better understanding of the rate structure; that items on the web site need to be updated, changed, or need to be simplified; that staff is working on a boundary map so customers do not have to include an APN number to determine their division; that plans are moving forward for the June 23 Plant Sale, and Water Conservation Supervisor Roberts is totally involved in organizing this event and is doing a terrific job; that she found an artist on staff in Facilities Manager Moore who will be helpful in outreach campaigns; and that she will meet with him to discuss her ideas.

Director Mac Laren reported that the Personnel Committee will not meet until the first part of June due to the attorney's schedule.

There were no further reports from Directors.

8.2) Report of General Manager.

Facilities Manager Moore reported that damage occurred to the hydro-electric generator last week after which Engineering Manager Knudson reviewed the location of the hydro-electric generator, what it benefits, how it operates, the details of the damage, and how it will be repaired or replaced.

8.3) Report of Attorney.

Attorney Bunn 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), Pending Litigation: ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561.***

At 8:20 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – six 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 *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-8000056.*

He reconvened the regular meeting at 8:35 p.m.

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

Attorney Bunn reported that a closed session had been held under Government Code Section 54956.9(a), Existing Litigation – six 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 *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561; 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. 34-2010-80000561;* that the Board consulted with Counsel on each of these matters; 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 an update on the Even Pay Study that General Manager LaMoreaux is conducting.

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. Alvarez

Secretary