MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, AUGUST 8, 2012:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, August 8, 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.

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

2) Roll Call.

Attendance:	**Others Present:**
Gordon Dexter, President	Dennis LaMoreaux, General Manager
Gloria Dizmang, Vice President	Tim Gosney, Attorney
Kathy Mac Laren, Treasurer	Mike Williams, Finance Manager
Robert Alvarado, Secretary	Jim Stanton, Information Technology Manager
	Peter Thompson II, Operations Manager
Steve Cordova, Director --	Joe Kerschner, Water Quality Supervisor
EXCUSED ABSENCE	Kelly Jeters, Systems Supervisor
	Ed Boka, Treatment Plant Supervisor
	Randy Hardenbook, Equipment Mechanic Spvsr.
	Dawn Deans, Executive Assistant
	1 member of the public

3) Adoption of Agenda.

President Dexter stated that an item arose since the posting of the agenda for tonight's meeting and requires action prior to the time of the next regular Board meeting and then recommended that Agenda Item No. 7.7 "Consideration and possible action on Palmdale Water District participation in the 2012 Antelope Valley Fair parade on August 18, 2012" be added to tonight's agenda pursuant to Government Code Section 54954.2.

Attorney Gosney then stated that an additional item arose since the posting of the agenda for tonight's meeting and requires action prior to the time of the next regular Board meeting and then recommended that Agenda Item No. 10.7 "Closed session under Government Code Section 54956.9(a), Pending Litigation: *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216"* be added to tonight's agenda pursuant to Government Code Section 54954.2.

It was then moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to adopt the agenda, as amended, adding Agenda Item No.'s 7.7 and 10.7.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) No Presentations Scheduled.

President Dexter stated that there are no presentations this evening.

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 25, 2012.

6.2) Approval of Minutes of Finance Committee Meeting Held November 21, 2011.

6.3) Payment of Bills for August 8, 2012.

6.4) Approval of Semi-Annual Employee Reimbursement Report. (Finance Manager/CFO Williams)

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) Consideration and Possible Action on Ernst & Young 2012/2013 State Water Project Audit Contract. ($4,805.00 - $6,006.00 – Budgeted – General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of the Ernst & Young auditing contract, and after a brief discussion of the contract, it was moved by Director Alvarado, seconded by Director Mac Laren, and unanimously carried to approve the Ernst & Young 2012/2013 State Water Project Audit Contract in the not-to-exceed amount of $6,006.00.

7.2) Consideration and Possible Action on Setting Palmdale Water District's Assessment Rates for Fiscal Year 2012-13 and Adoption of Resolution No. 12-11 Regarding Said Rates. (Financial Advisor Egan)

General Manager LaMoreaux stated that the information for this item is not yet available, and after a brief discussion of the timeframe for submitting assessment rates, it was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried to table this item.

7.3) Consideration and Possible Action on Voluntary Compliance With the Brown Act. (President Dexter)

After a brief discussion of the State's budget and of transparency under the Brown Act, the Board concurred that the District is committed to transparency and will comply with the provisions of the Brown Act.

7.4) Consideration and Possible Action on District Hiring and Salary Practices, Including the Current Hiring Freeze. (Director Dizmang)

Director Dizmang stated that the District needs to cut the expenses of the agency to some degree and be transparent to the public and that she recommends the Board approve all District employee hires, transfers, and resignations and Attorney Gosney develop the appropriate procedure for this action.

The District's current hiring practices approved through the 2012 budget, Board approval of job descriptions for budgeted positions and establishment of salaries, Board and staff's responsibility for new hires, reiterating the hiring freeze, establishing lower salaries and the salary range for new hires, cuts to the organization chart and revising the organization chart, and vacated positions through early retirement were then discussed, and it was determined that General Manager LaMoreaux provide a staff vacancy list with each agenda packet; that an Ad Hoc Committee for review of the Organization Chart be formed after the early retirement deadline expires; and that the hiring freeze remain in effect with no positions filled in any way without Board approval.

Attorney Gosney then reviewed the process for appointing an Ad Hoc Committee and advised the Board on maintaining discretionary immunity.

7.5) Consideration and Possible Action on Board Approval of Consulting Agreements and Staff Attendance at Conferences, Seminars, and Off-Site Training Sessions. (Director Dizmang)

Director Dizmang stated that the Board should approve all consultant contracts prior to expenditure and she is concerned with consultant contracts being included under the expenditure section of the budget followed by discussion of presenting consultant contracts for Board approval, hiring a human resources consultant to address specific personnel issues, and alternatives for human resources after which it was determined that a closed session be held at the next regular Board meeting to discuss personnel matters related to the human resources consultant.

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

7.6.1) 2012 California Special Districts Association's Annual Conference & Exhibitor Showcase to be Held September 21 – 27, 2012 in San Diego.

After a brief discussion of Board approval of staff conferences, the benefits of this conference, and of the Board having attended no conferences, it was moved by Director Dizmang, seconded by Director Mac Laren, and unanimously carried to approve Board attendance at the 2012 California Special Districts Association's Annual Conference & Exhibitor Showcase to be held September 21 – 27, 2012 in San Diego.

7.7) Consideration and Possible Action on Palmdale Water District Participation in the 2012 Antelope Valley Fair Parade on August 18, 2012.

Director Alvarado stated that participation in the Antelope Valley Fair parade is positive outreach for the District and involves Directors riding in a vehicle with banners and Aquadog, and after a brief discussion of public relations benefits and potential liability to the District, it was moved by Director Mac Laren, seconded by Director Alvarado, and carried on a 3 – 1 vote, with President Dexter opposed, to approve Palmdale Water District participation in the 2012 Antelope Valley Fair parade.

8) Information Items.

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

Director Dizmang reported that the Outreach Committee met August 6 and discussed the next edition of e-Water News and then commended Water Conservation Supervisor Roberts and Information Technology Manager Stanton on a job well done; the "Before the First Drop" marketing campaign, which will provide customers an explanation through the Water News and the web site of the costs for providing the first drop of water, and Facilities Manager Moore is doing a fantastic job of creating artwork for this campaign; Attorney Ciampa's report on the Committee's concerns with Board social media and electronic communications, and Attorney Ciampa has been instructed to develop a policy in this area; a water cost comparison between the District and other water agencies with the emphasis being that the District does not have the most expensive rates; the August 18 landscape workshop at the Antelope Valley College where a drawing will be held for a 15 gallon tree; and updates to various web pages including the District map, water allocations, and conversions to a Spanish selection.

There were no further reports from Directors.

8.2) Report of General Manager.

8.2.1) Status Report on New Customer Service Information Software. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams informed the Board of the status on replacing the District's utility billing software and then provided an overview of the current Cogsdale system and how this system has operated, the proposed Starnik Utility TrakR cloud-based customer service information software, the benefits of this software, and the anticipated cost for use of the software followed by discussion of the capabilities, security, cost, and notification to customers of the Starnik Utility TrakR software.

8.2.2) Status Report on Progress by Capitol Dynamics.

General Manager LaMoreaux provided the Board with the last two months of weekly reports from Capitol Dynamics regarding the status of issues in Washington and stated that grants are developed based on these issues; that Capitol Dynamics has also provided assistance on the Water Bond and on AB2398 regarding the use of recycled water; that Capitol Dynamics is available to the District as issues arise; and that there are no updates on the grant the District has been awarded.

8.2.3) Status Report on Low Income Assistance.

General Manager LaMoreaux informed the Board that Director Dizmang provided a lead in this area; that staff's goal is to develop a stable program where District customers incur no involuntary costs; that grants may be available but only provide limited funds; that the District may coordinate with the United Way or a similar agency and provide information on working with such agencies directly to customers; and that the details of qualifying for participation in the program are being developed.

He then reported that a reconsideration of the District's financial rating was received today; that the District's rating has remained the same, and the District is now considered stable; that concerns preventing the raising of the rating are the lawsuits with the City of Palmdale and the difference between approved rate increases and actual rate increases; and that positive comments were noted about the current state of District reserves as of 2011.

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.

At 8:42 p.m., President Dexter called for a four-minute recess. He reconvened the regular meeting at 8:46 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: ***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.***

10.7) Government Code Section 54956.9(a), Pending Litigation: ***Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.***

At 8:46 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending Litigation – seven 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* and *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.*

He reconvened the regular meeting at 9:10 p.m.

11) 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 and Pending Litigation – seven 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 *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*; that the Board was briefed on the current circumstances and status of each of these matters, and counsel and staff were given instructions as to how to

proceed; 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.

President Dexter clarified that as the President, he will appoint an Ad Hoc Committee to review the Organization Chart after the early retirement period has lapsed; that the Board has asked the General Manager to provide a list of staff vacancies on a regular basis; that the hiring freeze has been reiterated and no positions will be filled either by hire or by transfer; that for clarity, a personnel closed session will be held at the next regular Board meeting to discuss the use of a human resources consultant; and that the General Manager has been requested to bring all staff conferences, seminars, and training sessions to the Board for approval.

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