MINUTES OF MEETING OF THE WATER SUPPLY & RELIABILITY COMMITTEE OF THE PALMDALE WATER DISTRICT, JULY 19, 2013:

A meeting of the Water Supply & Reliability Committee of the Palmdale Water District was held Friday, July 19, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dexter called the meeting to order.

1) Roll Call.

Attendance:	**Others Present:**
Water Supply & Reliability Cmte:	Dennis LaMoreaux, General Manager
Gordon Dexter, Chair	Matt Knudson, Engineering Manager
Gloria Dizmang, Committee Member	Dawn Deans, Executive Assistant
	1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, seconded by Chair Dexter, and unanimously carried to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held June 21, 2013.

It was moved by Committee Member Dizmang, seconded by Chair Dexter, and unanimously carried to approve the minutes of the Water Supply & Reliability Committee meeting held June 21, 2013, as written.

4.2) Presentation of Monthly Water Demand and Supply Status. (Water & Energy Resources Manager Pernula)

General Manager LaMoreaux reviewed the water supply projections and charts included with the agenda packet and informed the Committee that the District has billed 6% more water than budgeted, produced the water to cover this increase, and this indicates a reduction in water losses; that per capita water use remains under the 2020

goal but is increasing; and that staff anticipates 1,900 acre feet of carry-over water for 2014 followed by discussion of the increase in the per capita water use.

4.3) Discussion of the District's Water Banking Opportunities. (Chair Dexter)

General Manager LaMoreaux informed the Committee that staff continues negotiations on water banking opportunities and will provide a full report when available.

4.4) Status on the Operations of the State Water Project. (Water & Energy Resources Manager Pernula)

General Manager LaMoreaux informed the Committee that San Luis Reservoir south of the Delta is shared by the federal and state projects and is only at 32% of capacity and that all five Hyatt Power Plant generator units will be operational the week of August 5 followed by discussion of recent articles regarding the Delta Plan, how the District may be affected by the Department of Water Resources' management of the State Water Project, the Delta fix, and moving water treatment from the Department of Public Health to the State Water Resources Control Board.

4.5) Consideration and Possible Action on Establishment of a Water Supply Fee. (Engineering Manager Knudson/Water & Energy Resources Manager Pernula)

Engineering Manager Knudson provided an overview of efforts to develop a Water Supply Fee intended to pay for future water supply for future development and stated that Carollo Engineers' studies indicate a future water cost per acre foot of $10,000 to $15,000; that once the Water Supply Fee is adopted, the Capital Improvement Fee will be revised to remove the water supply components; and that staff recommends Carollo Engineers provide an overview of the methodology used to develop the Water Supply Fee at a Board workshop with the Water Supply Fee considered for adoption at a future meeting after the public hearing process.

After a brief discussion of the purpose of the Water Supply Fee, ongoing costs for Table A water, how the Water Supply Fee may affect future development projects, adjusting the Capital Improvement Fee to remove the water supply component, and scheduling a meeting with KB Home to discuss their drought tolerant efforts, the Committee concurred with scheduling a Board workshop to review the development of a Water Supply Fee.

4.6) Consideration and Possible Action on a Four-Way Agreement for the City of Palmdale's Upper Amargosa Recharge Project. (Engineering Manager Knudson)

Engineering Manager Knudson provided an overview of the City of Palmdale's Upper Amargosa Recharge Project, environmental work, and successful DWR matching funds and stated that the City has asked for outside participation in this Project; that a draft four-way participation agreement has been developed between the City, the Antelope Valley East Kern Water Agency, Los Angeles County Water Works District No. 40, and the Palmdale Water District where each agency would have a share in the recharge capacity of this project of between 3,000 to 9,000 acre feet; that the four-way agreement also includes a commitment to participate in the development and construction of the project; and that this agreement will be presented to the Committee for consideration after final review followed by discussion of the adjudication process and this Project, agreeing in principal to participate in this Project, the time frame for construction, recovering water placed into the Project and physically protecting the District's water, the District's proposed cost for participation, operation and management of this Project, and ensuring the Board is aware of the risks involved with this Project.

5) Project Updates.

5.1) Palmdale Recycled Water Authority. (General Manager LaMoreaux)

General Manager LaMoreaux reported that staff for the Palmdale Recycled Water Authority are scheduled to meet; that an Authority meeting may be held in August; and that no additional information is available on the reallocation of recycled water, but he did discuss this reallocation with the Sanitation Districts' General Manager followed by discussion of existing recycled water contracts.

5.2) Water Purchase Opportunities. (Water & Energy Resources Manager Pernula)

General Manager LaMoreaux stated that water purchase opportunity negotiations are ongoing.

5.3) Littlerock Dam Sediment Removal Project. (Engineering Manager Knudson)

Engineering Manager Knudson stated that Aspen Environmental Group started on their work based on action taken at the last Board meeting; that a summary of the Prop 1E

grant application results indicating this Project scored midway under the funding cutoff was included in the Board packet; that $90 million was available through this grant process, but 40 projects totaling over $200 million were submitted; that the District's application scored low in the area of flood benefit; and that the District intends to use this grant application information for future Prop 84 grant applications.

6) Information Items.

General Manager LaMoreaux informed the Committee that the District has been taking water from Littlerock Reservoir to Palmdale Lake; that this flow of water was stopped last week slightly above minimum pool to allow for evaporation; and that after Labor Day, the District will take the remaining water in the Reservoir.

He then informed the Committee that the area of origin lawsuit among the State Water Contractors is tentatively settled and that agreements for this settlement will be presented to the full Board for consideration at the first regular Board meeting in August.

There were no additional information items to discuss.

7) Board Members' Requests for Future Agenda Items.

Committee Member Dizmang requested an item be included on the next agenda for "Discussion and review of the desalination process."

The next Water Supply & Reliability Committee meeting was scheduled for August 30, 2013 at 3:00 p.m.

8) Adjournment.

There being no further business to come before the Water Supply & Reliability Committee, the meeting was adjourned.

Chair