MINUTES OF SPECIAL MEETING OF THE WATER SUPPLY & RELIABILITY COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 11, 2013:

A special meeting of the Water Supply & Reliability Committee of the Palmdale Water District was held Friday, October 11, 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	Kathy Mac Laren, PWD Board President
Gloria Dizmang, Committee Member	Robert Alvarado, PWD Director
	Vincent Dino, PWD Director Elect
	Jon Pernula, Water & Energy Resources Manager
	Matt Knudson, Engineering Manager
	Dawn Deans, Executive Assistant
	4 members 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 September 23, 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 September 23, 2013, as written.

4.2) Review and Discussion of Proposed Water Supply Fee. (Chair Dexter)

Engineering Manager Knudson provided an overview of the proposed Water Supply Fee discussions held at the August 12, 2013 Board workshop including the

purpose of the Water Supply Fee and Capital Improvement Fee structure based on the District's many planning documents; these documents indicate the District's current water supply is equal to the current demand, and there is a need for additional water supply to support any future demands; the Strategic Water Resources Plan, which identifies projected growth and demands to meet that growth and areas where additional water is needed; and the District's historical supply and demand for the past ten years and the 20% reduction in gallons per capita per day in the year 2020 requirement.

Mr. Steve Fine, of Epic Companies and representing the Building Industry Association (BIA), Ms. Marta Brown, of the BIA, and Mr. Kevin Rogers, of Pacific Communities and representing the BIA, reiterated their discussions with the individual Board members on this matter and stated that the District has done well in their water supply and projections, and they do not see a water supply problem now or going forward; that they are aware of variations in supply from year to year, the adjudication issues, and excess Table A; and that they agree a mechanism needs to be put into place that is fair, reasonable, rational, and impacts the BIA solely based on new development-related new supply.

A detailed discussion then ensued of the District's planning documents, the District's analysis of water supply and availability, long-term reliability of the State Water Project, the District's capital improvement structure, how bond funds are repaid, annual adjustments to the Water Supply Fee based on the Construction Cost Index, the issuance and expiration of the District's Water Service Availability letters and when fees are due, projects and water conservation to reduce demand being seen by the District as future water supply, the two Water Supply Fee options and costs, and staff's recommendation to implement the Water Supply Fee based on Option 2, which is for a ten year period and includes an additional water supply amount of 14,000 acre feet including the development of 4,000 acre feet of recycled water after which the BIA representatives concurred with the District's recommendation to implement the proposed Water Supply Fee based on Option 2 for a ten-year period with current Water Service Availability letters not subject to the proposed Water Supply Fee and the proposed Water Supply Fee phased in for the first year with fees paid on a 50% basis and the remaining 50% amortized over the Option 2 ten-year period or when the 14,000 acre foot Option 2 cap is reached.

Engineering Manager Knudson then stated that District staff will develop these revisions by mid-next week, and it was determined that BIA representatives will meet with District staff to review the revision.

It was then stated that this item will also be discussed at the October 21, 2013 Water Supply & Reliability Committee meeting and considered by the full Board at the October 23, 2013 regular Board meeting.

5) Information Items.

There were no additional information items to discuss.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

The next Water Supply & Reliability Committee meeting is scheduled for October 21, 2013 at 5:00 p.m.

7) Adjournment.

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

Chair