Since 1918

PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111
Fax (661) 947-8604
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Board of Directors

ROBERT E. ALVARADO
Division 1

JOE ESTES
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

ALESHIRE & WYNDER
Attorneys

December 3, 2015

Agenda for Regular Meeting of the Board of Directors of the Palmdale Water District to be held at the District's office at 2029 East Avenue Q, Palmdale

Wednesday, December 9, 2015

7:00 p.m.

NOTE: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Dawn Deans at 661-947-4111 x1003 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Dawn Deans at 661-947-4111 x1003 for public review of materials.

PUBLIC COMMENT GUIDELINES: **The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.**

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

1) Pledge of Allegiance.

2) Administering of Oath of Office to elected Directors followed by five-minute recess. (General Counsel Dunn)

3) Roll Call.

4) Adoption of Agenda.

5) Public comments for non-agenda items.

6) Presentations:

6.1) None at this time.

7) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)

7.1) Approval of minutes of regular meeting held November 25, 2015.

7.2) Payment of bills for December 9, 2015.

7.3) Approve absence of Director Dizmang from November 25, 2015 meeting due to illness. (General Counsel Dunn)

7.4) Approval of Resolution No. 15-15 Amending Appendix C to the Rules And Regulations of the Palmdale Water District and adopting a 4.0% Rate Adjustment For Calendar Year 2016. (Finance Manager Williams)

8) 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.)

8.1) Consideration and possible action on Resolution No. 15-16 Honoring and Congratulating Randy Hardenbrook on his Retirement. (General Manager LaMoreaux)

8.2) Consideration and possible action on Certificate of Appreciation to Mr. Dan Flory, AVEK General Manager. (Director Alvarado)

8.3) Status report on Cash Flow Statement and Current Cash Balances as of October 31, 2015. (Financial Advisor Egan)

8.4) Status report on Financial Statements, Revenue, and Expense and Departmental Budget Reports for October 31, 2015. (Finance Manager Williams)

8.5) Status report on committed contracts issued. (Assistant General Manager Knudson)

8.6) Consideration and possible action on Resolution No. 15-17 Establishing the Palmdale Water District’s Investment Policy. (Financial Advisor Egan)

8.7) Consideration and possible action on authorizing required resolutions for submitting an application to State Water Resources Control Board for planning, environmental and design work for the Littlerock Sediment Removal Project. (Engineering/Grant Manager Riley)

8.8) Consideration and possible action on continuation of Internship Program pending 2016 Budget discussions. (Human Resources Director Emery)

8.9) Discussion and possible action on streamlining Standing and Ad Hoc Board Committees and Board Appointments. (Director Alvarado)

8.10) Consideration and possible action on authorization of the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2015 Budget:

a) None at this time.

9) Information Items:

9.1) Reports of Directors:

a) Meetings/General Report.

b) Standing Committee/Assignment Reports (Chair):

1) None at this time.

9.2) Report of General Manager.

a) Strategic Initiative Projects update. (Assistant General Manager Knudson/Department Managers)

9.3) Report of General Counsel.

10) Public comments on closed session agenda matters.

11) Break prior to closed session.

12) Closed session under:

12.1) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with Special Litigation Counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Antelope Valley Ground Water Cases.*

12.2) Conference with Legal Counsel – Potential Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(4), to confer with District General Counsel regarding to determine whether to initiate litigation, one case.

13) Public report of any action taken in closed session.

14) Board members' requests for future agenda items.

15) Adjournment.



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MICHAEL A. WILLIAMS,
Finance Manager/CFO

DDL/MAW/dd

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE: December 3, 2015 **December 9, 2015**

TO: BOARD OF DIRECTORS **Board Meeting**

FROM: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 7.3 – APPROVE ABSENCE OF DIRECTOR DIZMANG FROM NOVEMBER 25, 2015 MEETING DUE TO ILLNESS***

Director Dizmang was absent from the November 25, 2015 Board Meeting. Agenda Item No. 7.3 has been placed on the Consent Calendar to excuse this absence pursuant to Section 4.07.2 of the District's Rules and Regulations which states, "The Board shall excuse absences by approving such absences pursuant to the Consent Calendar at the next regular Board meeting."

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE: December 2, 2015 **December 9, 2015**

TO: BOARD OF DIRECTORS **Board Meeting**

FROM: Mr. Michael Williams, Finance Manager/CFO

VIA: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 7.4 – APPROVAL OF RESOLUTION NO. 15-15 AMENDING APPENDIX C TO THE RULES AND REGULATIONS OF THE PALMDALE WATER DISTRICT AND ADOPTING A 4.0% RATE ADJUSTMENT FOR CALENDAR YEAR 2016.***

Recommendation:

Staff recommends the Board approve Resolution No. 15-15 Amending Appendix C to the Rules and Regulations of the Palmdale Water District and Adopting a 4.0% Rate Adjustment for Calendar Year 2016.

Background:

On September 17, 2014, the Board of Directors, under the Proposition 218 process, approved a Water Rate Plan authorizing up to a 5.5% annual rate adjustment through year 2019. The rate adjustments are set forth in Appendix C of the District's Rules and Regulations. If the Board determines not to implement the 5.5% annual rate adjustment, Appendix C must be amended to reflect the actual rate adopted for that year.

On November 25, 2015, the Board of Directors approved a 4.0% rate adjustment effective January 1, 2016. Resolution No. 15-15 amends Appendix C of the District's Rules and Regulations to reduce the annual rate adjustment for Calendar Year 2016 from 5.5% to 4.0%.

Strategic Plan Initiative:

This work is part of Strategic Initiative #1 – Outstanding Water Management, Maintain Reserves.

Budget:

The 2016 Budget will be impacted by the reduced rates. Actual impacts will be determined at the 2016 Budget Workshop.

Supporting Documents:

- Resolution No. 15-15 Amending Appendix C to the Rules and Regulations of the Palmdale Water District and Adopting a 4.0% Rate Adjustment for Calendar Year 2016.

PALMDALE WATER DISTRICT
RESOLUTION NO. 15-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF PALMDALE WATER DISTRICT AMENDING APPENDIX C TO THE RULES AND REGULATIONS OF THE PALMDALE WATER DISTRICT AND ADOPTING A 4.0% RATE ADJUSTMENT FOR CALENDAR YEAR 2015

WHEREAS, the District's current water rates for Calendar Years 2015 – 2019 are set forth as Appendix C of the Rules and Regulations of the Palmdale Water District;

WHEREAS, in 2014 District staff undertook a review of the District's financial position and determined the current water rate revenues are not sufficient to offset the cost of providing the water service, including, among other things, increased operation and maintenance expenses, increased costs for necessary infrastructure repairs and enhancements, increased water quality regulations, and increased water supply costs;

WHEREAS, on April 17, 2014, the District retained Bartle & Wells, an independent water rate consultant, pursuant to an open bid process to perform a financial study of the District's existing water rates and rate structure and the District's existing and future reasonably estimated costs of providing water service;

WHEREAS, on July 16, 2014 and July 23, 2014, Bartle & Wells made presentations to the Board of Directors that concluded the current rates and rate structure will not be sufficient to cover the reasonably estimated costs of providing the District's water service over the next five fiscal years and proposed a revised rate structure and annual rate increases options depending on the level of maintenance and improvements expected to take place in the next five years, including 5%, 5.5% and 6% annual rate increases;

WHEREAS, the District's charges and fees for water service are subject to the requirements of Proposition 218 (Cal. Const. Art. XIIID, Section 6), including notice, hearing, and protest requirements applicable to increases of water rates;

WHEREAS, on July 23, 2014, pursuant to Proposition 218, the Board approved and directed staff to provide notice of the proposed rate structure changes and 5.5% annual rate increases;

WHEREAS, on September 17, 2014, the District held a public hearing at which District staff presented a total of 340 valid protests to the Board, resulting in less than a majority protest pursuant to Article XIII D, Section 6 of the California Constitution;

WHEREAS, although the lack of a majority protest authorizes the Board to adopt the Proposed Rates up to 5.5% for the next five fiscal years, the Board is not required to implement all of the annual rate increases;

WHEREAS, each year through its budget process, the Board reviews the estimated costs of providing the District's service in the ensuing year and determines at that time the amount of the increase it will implement for the ensuing year;

WHEREAS, if the Board determines not to implement the full 5.5% rate increase, it must adopt an amended Appendix C of the Rules and Regulations of the Palmdale Water District;

WHEREAS, on November 25, 2015, the Board approved a 4.0% rate increase for calendar year 2016;

WHEREAS, the adoption of this resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273 because the resolution pertains to the adoption of charges necessary to maintain services within the District's existing service area.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the Board of Directors of the Palmdale Water District does hereby resolve as follows:

1. The foregoing recitals are hereby found to be true and correct and incorporated herein by this reference.

2. The Board has determined to implement a 4.0% annual rate increase for Calendar Year 2016 instead of the full 5.5% annual rate increase authorized by the Proposition 218 rate setting process.

3. The current Appendix C shall be replaced by the attached Appendix C, attached hereto, which includes a 4.0% rate increase in Calendar Year 2016 and a 5.5% rate increase in Calendar Years 2017 – 2019.

4. The General Manager is authorized and directed to give due notice of exemption of this resolution from the provisions of CEQA, pursuant to Title 14 California Code of Regulations section 15062.

7. Effective Date. All sections of this Resolution shall be in full force and effect as of January 1, 2016.

PASSED AND ADOPTED on this 9th day of December, 2015 by the Board of Directors, the governing body of the Palmdale Water District.

PALMDALE WATER DISTRICT

_____

KATHY MAC LAREN, President

ATTEST

_____

JOE ESTES, Secretary

APPROVED AS TO FORM:

By: _____

Aleshire & Wynder, General Counsel

APPENDIX C

Palmdale Water District Proposed Rate Structure

Water Quality Fee ($/ccf): 5-yr moving average of (GAC costs) / (billed water usage [hcf])

User Classification	Water Budget Allocation - Essential Usage
Single Family Residential "SFR"	Indoor Allocation
Multi Family Residential "MFR"	3-yr average of minimum monthly usage
Commercial-Industrial "CI"	3-yr average of minimum monthly usage
Irrigation Only "IRR"	Essential Outdoor Allocation
Other "OTHER"	3-yr average of minimum monthly usage

User Classification	Water Budget Allocation - Efficient Usage
Single Family Residential "SFR"	Indoor Allocation + Efficient Outdoor Allocation
Multi Family Residential "MFR"	3-yr moving average by month
Commercial-Industrial "CI"	3-yr moving 3 month average
Irrigation Only "IRR"	Efficient Outdoor allocation
Other "OTHER"	3-yr moving average by month

Service Charge

Meter Size	Monthly Service Charge
1" and Below	$31.27
1-1/2"	$93.80
2"	$143.85
3"	$260.62
4"	$427.44
6"	$844.50
8"	$1,344.96
10"	$1,928.84

Commodity Rates ($/ccf*)

Tiers	CY 2014
Tier 1	$0.73
Tier 2	$0.84
Tier 3	$2.37
Tier 4	$3.57
Tier 5	$4.61
Tier 6	$5.93

Elevation Booster Surcharge ($/ccf*)

Area	CY 2014
B	-
A1	5-Year Moving Average of Actual Pumping Costs
A2	5-Year Moving Average of Actual Pumping Costs
A3	5-Year Moving Average of Actual Pumping Costs

**Water use is metered in units of ccf (hundred cubic feet)*

All Classes

Tier	Water Budget Allocation
Tier 1	0 - 100% Essential Usage
Tier 2	100% Essential Usage - 100% Efficient Usage
Tier 3	101-130% Efficient Usage
Tier 4	131-160% Efficient Usage
Tier 5	161-190% Efficient Usage
Tier 6	Above 191% Efficient Usage

APPENDIX C

Meter Charges	% Increase	2.50%	4.00%	5.50%	5.50%	5.50%
Meter Size	**CY 2014**	**CY 2015**	**CY 2016**	**CY 2017**	**CY 2018**	**CY 2019**
1" and Below	$31.27	$32.05	$33.33	$35.17	$37.10	$39.14
1.5"	$93.80	$96.15	$100.00	$105.50	$111.30	$117.42
2"	$143.85	$147.45	$153.35	$161.78	$170.68	$180.07
3"	$260.62	$267.14	$277.83	$293.11	$309.23	$326.23
4"	$427.44	$438.13	$455.66	$480.72	$507.16	$535.05
6"	$844.50	$865.61	$900.23	$949.75	$1,001.98	$1,057.09
8"	$1,344.96	$1,378.58	$1,433.72	$1,512.58	$1,595.77	$1,683.54
10"	$1,928.84	$1,977.06	$2,056.14	$2,169.23	$2,288.54	$2,414.41

Commodity Rates	% Increase	2.50%	4.00%	5.50%	5.50%	5.50%
	CY 2014	**CY 2015**	**CY 2016**	**CY 2017**	**CY 2018**	**CY 2019**
Tier 1	$0.73	$0.75	$0.78	$0.82	$0.87	$0.92
Tier 2	$0.84	$0.86	$0.89	$0.94	$1.00	$1.05
Tier 3	$2.37	$2.43	$2.53	$2.67	$2.81	$2.97
Tier 4	$3.57	$3.66	$3.81	$4.02	$4.24	$4.47
Tier 5	$4.61	$4.73	$4.92	$5.19	$5.48	$5.78
Tier 6	$5.93	$6.08	$6.32	$6.67	$7.04	$7.42

Drought Surcharge Per CCF

Stage No.	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1	**N/A**	$0.45	$0.47	$0.49	$0.51	$0.53
2	**N/A**	$0.77	$0.80	$0.83	$0.87	$0.90
3	**N/A**	$1.19	$1.24	$1.29	$1.34	$1.39

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Dennis D. LaMoreaux, General Manager	
RE:	***AGENDA ITEM NO. 8.1 – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 15-16 HONORING AND CONGRATULATING RANDY HARDENBROOK ON HIS RETIREMENT.***	

Recommendation:

Staff recommends the Board approve Resolution No. 15-16 Honoring and Congratulating Randy Hardenbrook on his retirement from the District.

Alternative Options:

The alternative is to not approve Resolution No. 15-16.

Impact of Taking No Action:

No Resolution on behalf of the Board of Directors will be presented to Mr. Hardenbrook.

Background:

Randy Hardenbrook, the District's Equipment Mechanic Supervisor, is retiring from the District after twelve years of service. The Board previously requested that retiring employees be recognized by the Board. The approval and presentation of Resolution No. 15-16 allows for this recognition.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 2 "Increased Efficiency."

Budget:

Resolution No. 15-16 will not impact the budget.

Supporting Documents:

- Resolution No. 15-16 Honoring and Congratulating Randy Hardenbrook.

Resolution No. 15-16
Honoring and Congratulating
Randy Hardenbrook

WHEREAS, the Palmdale Water District was formed in 1918 under the provisions of Division 11 of the Water Code of the State of California and has been providing high quality water to the residents of Palmdale for 97 years;

WHEREAS, the Palmdale Water District's Mission Statement is to: provide high quality water to our current and future customers at a reasonable cost.

WHEREAS, the Palmdale Water District has been fortunate to have dedicated staff committed to this Mission Statement;

WHEREAS, Randy Hardenbrook, PWD Equipment Mechanic Supervisor, is embarking on a new adventure in life and is retiring from the Palmdale Water District;

WHEREAS, the members of the Palmdale Water District Board of Directors recognize his many years of valuable service and wish to extend the Board's utmost appreciation for his work and dedication during twelve years of service to the Palmdale Water District;

NOW, THEREFORE, BE IT RESOLVED that the Board of the Directors of the Palmdale Water District does hereby honor and congratulate Randy Hardenbrook for his twelve years of service to the Palmdale Water District and sincerely wish him well in all future endeavors.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a regular Board meeting held December 9, 2015.

KATHY MAC LAREN, President,
Board of Directors

ROBERT ALVARADO, Vice President,
Board of Directors

JOE ESTES, Secretary,
Board of Directors

VINCENT DINO, Director
Board of Directors

MARCO HENRIQUEZ, Director,
Board of Directors

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Dennis D. LaMoreaux, General Manager	
RE:	***AGENDA ITEM NO. 8.2 – CONSIDERATION AND POSSIBLE ACTION ON CERTIFICATE OF APPRECIATION TO MR. DAN FLORY, AVEK GENERAL MANAGER.***	

Recommendation:

Staff recommends the Board sign and present a Certificate of Appreciation to Mr. Dan Flory, AVEK General Manager, who is retiring.

Alternative Options:

The alternative is to not present a Certificate.

Impact of Taking No Action:

No Certificate on behalf of the District will be presented to Mr. Flory.

Background:

Dan Flory, AVEK's General Manager, is retiring. Director Alvarado has requested the District present Mr. Flory with a Certificate of Appreciation. Mr. Flory cannot attend the District's December 9, 2015 Board meeting. Staff recommends that Director Dino, who has been attending AVEK Board meetings, present the Certificate to Mr. Flory at AVEK's December 21, 2015 meeting.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 4 "Regional Leadership."

Budget:

There is no impact to the budget from this Certificate.

Supporting Documents:

- Certificate of Appreciation for Dan Flory.

Certificate of Appreciation

We Hereby Express Our Sincere Appreciation To

Dan Flory

For Outstanding Service And Contributions as

General Manager for the Antelope Valley East-Kern Water Agency

And Award This Certificate From

Palmdale Water District

This 9th Day of December, 2015

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_____ _____ _____

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	***AGENDA ITEM NO. 8.3 – STATUS REPORT ON CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF OCTOBER 31, 2015.***	

Attached is the Investment Funds Report and current cash balance as of October 31, 2015. The reports will be reviewed in detail at the Board meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT
October 31, 2015

			October 2015	September 2015
CASH				
1-00-0103-100	Citizens - Checking		413,149.59	44,095.12
1-00-0103-200	Citizens - Refund		-	-
1-00-0103-300	Citizens - Merchant		47,682.65	163,934.31
		Bank Total	**460,832.24**	**208,029.43**
1-00-0110-000	PETTY CASH		300.00	300.00
1-00-0115-000	CASH ON HAND		5,400.00	5,400.00
		TOTAL CASH	**466,532.24**	**213,729.43**
INVESTMENTS				
1-00-0135-000	**Local Agency Investment Fund**	**Acct. Total**	**11,765.88**	**11,756.41**
1-00-0120-000	**UBS Money Market Account General (SS 11469)**			
	UBS RMA Government Portfolio		1,527,760.90	1,527,505.04
	UBS Bank USA Dep acct		250,000.00	250,000.00
	Accrued interest		6,010.33	4,876.07
			1,783,771.23	**1,782,381.11**

Certificates of Deposit

	Issuer	Maturity Date	Rate	Face Value		
1	Everbank	01/15/2016	0.50	240,000	240,129.60	240,148.80
2	Horizon Financial	01/15/2016	0.30	240,000	240,033.60	240,016.80
3	Hardin county	01/20/2016	0.35	240,000	240,057.60	240,045.60
4	Level One bank	01/21/2016	0.35	40,000	40,009.60	40,007.60
5	Firsy Merit	01/22/2016	0.45	240,000	240,110.40	240,115.20
6	Safra National	08/16/2016	0.60	240,000	240,247.20	240,170.40
7	First Bank PR	11/07/2016	0.80	240,000	240,326.40	240,225.60
8	Compass bank	02/07/2017	0.95	240,000	240,374.40	240,240.00
9	Discover Bank	05/02/2017	1.75	240,000	242,649.60	242,608.80
10	Capitol One	08/14/2017	1.20	240,000	240,487.20	240,292.80
				2,200,000	**2,204,425.60**	**2,203,871.60**
			Acct. Total		**3,988,196.83**	**3,986,252.71**

1-00-1110-000	**UBS Money Market Account Capital (SS 11475)**			
	UBS Bank USA Dep acct		250,000.00	250,000.00
	UBS RMA Government Portfolio		606,767.43	593,652.20
		Acct. Total	**856,767.43**	**843,652.20**
1-00-0125-000	**UBS Access Account General (SS 11432)**			
	UBS Bank USA Dep acct		250,000.00	250,000.00
	UBS RMA Government Portfolio		1,447,308.23	437,683.65
	Accrued interest		7,933.88	14,555.80
			1,705,242.11	**702,239.45**

US Government Securities

Status	Issuer	Maturity Date	Rate	PAR	Market Value	Market Value
Called	FNMA	10/26/2015	1.625	500,000	-	500,500.00
	FFCB	06/02/2016	0.375	1,000,000	1,000,170.00	1,000,310.00
Called	FHLB	12/28/2017	0.950	500,000	-	500,140.00
				2,000,000	**1,000,170.00**	**2,000,950.00**

Certificates of Deposit

	Issuer	Maturity Date	Rate	Face Value		
1	Sallie Mae Bank	11/06/2015	0.85	240,000	240,009.60	240,144.00
2	Goldman Sachs Bk	11/07/2016	1.00	240,000	240,928.80	240,876.00
3	CIT Bank	11/06/2017	1.60	240,000	240,297.60	240,283.20
4	BMW Bank	11/15/2018	2.00	240,000	242,344.80	241,802.40
5	American Express	04/29/2019	1.45	240,000	238,634.40	237,986.40
6	Synchrony Bank	04/14/2020	1.85	240,000	238,814.40	238,065.60
				1,440,000	**1,441,029.60**	**1,439,157.60**
			Acct. Total		**4,146,441.71**	**4,142,347.05**
			Total Managed Accounts		**9,003,171.85**	**8,984,008.37**

1-00-1121-000	**UBS Rate Stabilization Fund (SS 24016) - *District Restricted***			
	UBS Bank USA Dep acct		250,000.00	250,000.00
	UBS RMA Government Portfolio		230,291.66	230,283.83
		Acct. Total	**480,291.66**	**480,283.83**
		GRAND TOTAL CASH AND INVESTMENTS	**9,949,995.75**	**9,678,021.63**
		Increase (Decrease) in Funds	**271,974.12**	
1-00-1130-000	**2013A Bonds - Project Funds (BNY Mellon)**			
	Construction Funds		**1,516,311.73**	**1,781,591.66**

PALMDALE WATER DISTRICT
2015 Cash Flow Report

	January	February	March	April	May	June	July	August	September	October	November	December	YTD	Budget 2016 Carryover Information
Total Cash Beginning Balance	**12,989,419**	**13,129,291**	**13,311,353**	**10,792,096**	**12,454,470**	**13,232,397**	**12,784,219**	**11,576,339**	**11,993,950**	**9,681,022**	**9,949,996**	**9,456,978**		
Water Receipts	**1,955,377**	**1,333,287**	**1,882,461**	**1,715,041**	**1,541,540**	**1,900,537**	**1,790,744**	**1,998,605**	**1,966,149**	**1,957,066**	1,640,000	1,552,388	21,233,195	
DWR Refund (Operational Related)				**37,515**						**1,528**			39,043	
Other					**122,850**			**23,893**				**126,015**	272,758	
Total Operating Revenue (BUDGET)	1,955,377	1,805,677	1,780,736	1,691,040	1,777,997	2,046,064	2,312,079	2,377,838	2,191,667	2,101,684	1,823,591	1,806,466	23,670,217	
Total Operating Revenue (ACTUAL)	1,955,377	1,333,287	1,882,461	1,752,556	1,664,390	1,900,537	1,790,744	2,022,498	1,966,149	1,958,594	1,640,000	1,678,403	21,544,996	
Total Operating Expenses excl GAC (BUDGET)	1,941,325	1,336,683	1,620,620	1,268,042	1,457,882	1,415,451	2,043,912	1,725,160	1,626,092	1,790,975	1,788,698	1,539,261	19,554,101	
Operating Expenses excl GAC (ACTUAL)	**(1,220,221)**	**(1,283,540)**	**(1,934,657)**	**(1,515,585)**	**(1,595,352)**	**(1,452,485)**	**(2,238,601)**	**(1,460,094)**	**(1,672,967)**	**(1,527,531)**	(1,551,000)	(1,550,394)	(19,002,428)	
GAC			**(297,759)**	**(298,286)**							(40,000)	(485,000)	(1,121,045)	
Prepaid Insurance (paid)/refunded		**81,446**		**(62,561)**				**(34,277)**	**(196,521)**				(211,913)	
Total Operating Expense (ACTUAL)	(1,220,221)	(1,202,094)	(2,232,415)	(1,876,432)	(1,595,352)	(1,452,485)	(2,238,601)	(1,494,371)	(1,869,488)	(1,527,531)	(1,591,000)	(2,035,394)	(20,335,386)	
	12,989,227													
Non-Operating Revenue Expensess:														
Budgeted Assessments, net	658,043	301,052	8,169	2,023,311	743,899	7,993	82,865	175,695	-	-	147,607	2,901,366	7,050,000	
Actual/Projected Assessments, net	**720,946**	**275,795**	**15,646**	**2,199,772**	**803,305**	**11,911**	**81,982**	**138,249**	**-**	-	140,539	2,901,366	7,289,511	
RDA Pass-through (Successor Agency)					**331,200**							170,000	501,200	
Interest	**3,425**	**3,617**	**4,221**	**3,604**	**3,164**	**3,823**	**3,965**	**4,361**	**4,499**	**4,461**	4,000	4,000	47,140	
Market Adjustment	**6,917**	**(4,350)**	**6,676**	**951**	**(625)**	**(4,479)**	**(4,705)**	**750**	**2,589**	**1,646**	800	800	6,971	
Grant Re-imbursement												**306,915**	306,915	178,085
Capital Improvement Fees		**19,315**	**101,633**	**17,754**				**215,189**		**10,106**			363,997	
DWR Refund (Capital Related)			**39,207**	**65,731**	**35,221**	**113,573**				**74,953**			328,685	
Other	**608**	**3,971**	**2,270**	**4,259**	**21**	**63**	**32**	**(29)**	**13**	**(75)**	500	500	12,132	
Total Non-Operating Revenues (BUDGET)	677,843	500,852	512,969	2,043,111	1,013,699	27,793	152,665	195,495	19,800	19,800	167,407	3,091,168	8,422,601	
Total Non-Operating Revenues (ACTUAL)	**731,896**	**298,348**	**169,653**	**2,292,071**	**1,172,287**	**124,891**	**81,275**	**358,521**	**7,101**	**91,091**	**145,839**	**3,383,581**	**8,856,551**	
Non-Operating Expenses:														
Budgeted Capital Expenditures	(549,456)	(580,000)	(945,000)	(710,000)	(545,000)	(178,000)	(187,000)	(115,000)	(135,000)	(35,000)	(10,000)	(10,000)	(3,999,456)	
Actual/Projected Capital Expenditures	**(549,456)**	**(41,022)**	**(478,918)**	**(300,653)**	**(251,559)**	**(164,467)**	**(151,873)**	**(257,199)**	**(81,210)**	**(44,678)**	(319,354)	(553,284)	(3,193,673)	(20,783)
Uncommitted Capital Expenditures											(160,000)	(220,000)	(380,000)	(405,000)
WRB Capital Expenditures													-	(748,184)
SWP Capitalized	**(754,079)**	**(185,988)**	**(213,428)**	**(187,871)**	**(187,871)**	**(187,871)**	**(672,129)**	**(187,869)**	**(218,871)**	**(187,870)**	(187,870)	(187,870)	(3,359,587)	
Butte County Water Transfer						**(648,151)**						**(648,151)**	(1,296,303)	
Bond Payments - Interest			**(1,105,798)**						**(1,097,735)**				(2,203,532)	
Principal			**(520,179)**						**(998,242)**				(1,518,421)	
Capital leases - Go West (2012 Lease)	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	**(17,296)**	(17,296)	(17,296)	(207,553)	
Capital leases - GE Capital (Printer Lease)	**(6,347)**	**(3,174)**	**(3,336)**	-	**(6,672)**	**(3,336)**	-	**(6,672)**	**(3,336)**	**(3,336)**	(3,336)	(3,336)	(42,882)	
Total Non-Operating Expenses (ACTUAL)	**(1,327,179)**	**(247,480)**	**(2,338,955)**	**(505,820)**	**(463,398)**	**(1,021,121)**	**(841,298)**	**(469,036)**	**(2,416,690)**	**(253,180)**	**(687,857)**	**(1,629,937)**	**(12,201,951)**	
Total Cash Ending Balance (BUDGET)	**12,377,388**	**12,241,913**	**9,741,797**	**11,292,763**	**11,870,085**	**11,659,383**	**11,027,929**	**11,557,846**	**9,479,577**	**9,386,831**	**9,190,876**	**11,650,994**		
Total Cash Ending Balance (ACTUAL)	**13,129,291**	**13,311,353**	**10,792,096**	**12,454,470**	**13,232,397**	**12,784,219**	**11,576,339**	**11,993,950**	**9,681,022**	**9,949,996**	**9,456,978**	**10,853,630**		
											Budget	**11,500,000**		
											Difference	**(646,370)**		

Indicates actual expenditures/revenues:

Indicates anticipated expenditures/revenues:

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE:	December 2, 2015	**December 9, 2015**
TO:	Board of Directors	**Board Meeting**
FROM:	Michael Williams, Finance Manager/CFO	
VIA:	Mr. Dennis LaMoreaux, General Manager	
RE:	***AGENDA ITEM 8.4 – STATUS REPORT ON FINANCIAL STATEMENTS, REVENUE, AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR OCTOBER 31, 2015***	

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending October 31, 2015. Also included are Year-to-Year Comparisons and Month-to-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of October, 2015.

This is the tenth month of the District's Budget Year 2015. The target percentage is 83%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Page 1 is our balance sheet on October 31, 2015.
- There were no significant changes from September.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on October 31, 2015.
- Operating revenue is at 76% of budget.
- Drought Surcharge @ $119K.
- Cash operating expense is at 73% of budget.
- Both operating revenue and expense are equally tracking below target of 83% of budget. Also note that year-to-date revenue exceeds expense by approximately $1.3MM because our net water purchases are at $1.25MM.
- Page 3-1 now gives year-to-date totals of Other Revenue.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of October, 2014 to October, 2015.
- Total operating revenue is down $127K, or 6%, due to reduced water consumption.
- Operating expenditures are down by $442K, or 22%. This due mostly to reduced water purchases and reduced GAC purchases.
- Make note here that water sales for October are down $202K alone, so the drought surcharge of $119K is essential in maintaining financial stability.
- Page 8 is a graphic presentation of the water consumption comparison. Units billed in acre feet were down by 277, or 16%. Total revenue per unit sold is up $0.36, or 12%, total revenue per connection is down $10.78, or 14%, and units billed per connection is down 4.6, or 17%.

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through October 2015 is down $1.7MM, or 9%.
- Retail water sales from all areas are down by $2MM from last year. That's shown by the combined green highlighted area. If you exclude the meter fees, we are down $2.3MM.
- The drought surcharge is at $550K.
- Total revenue is showing we are up $444K, but that's only because of the change in recording assessments.
- Operating revenue is at 76% of budget; last year was at 80% of budget.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through October, 2015 are down $2.3MM, or 14%, compared to 2014 again due mostly to reduced water purchases and GAC media replacements.
- Total Expenses are down $642K, or 2%.

Departments:

- Pages 14 through 23 are detailed individual departmental budgets for your review.

Non-Cash Definitions:

Depreciation: This is the spreading of the total expense of a capital asset over the expected life of that asset.

OPEB Accrual Expense: Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

Bad Debt: The uncollectible accounts receivable that has been written off.

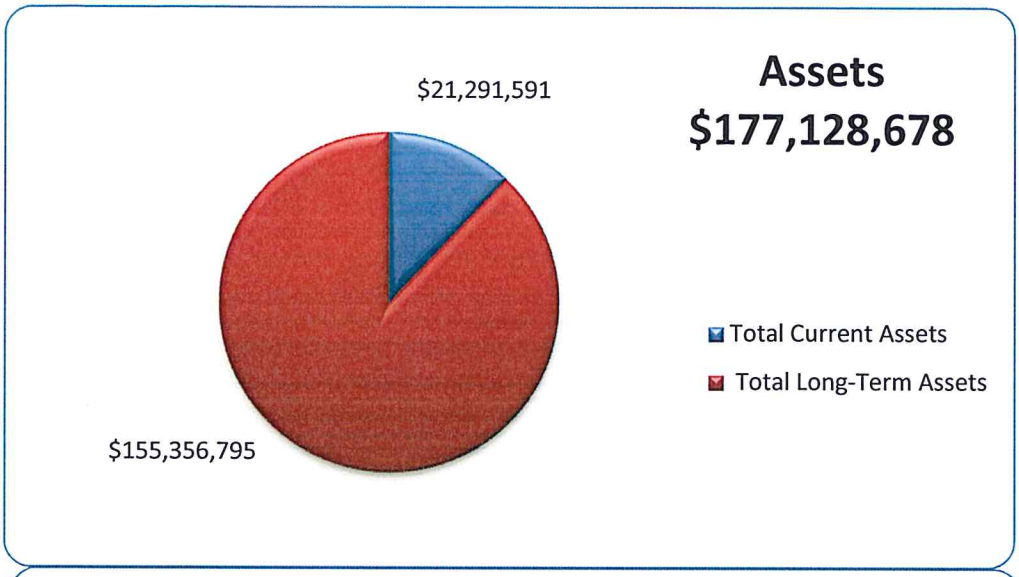
Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

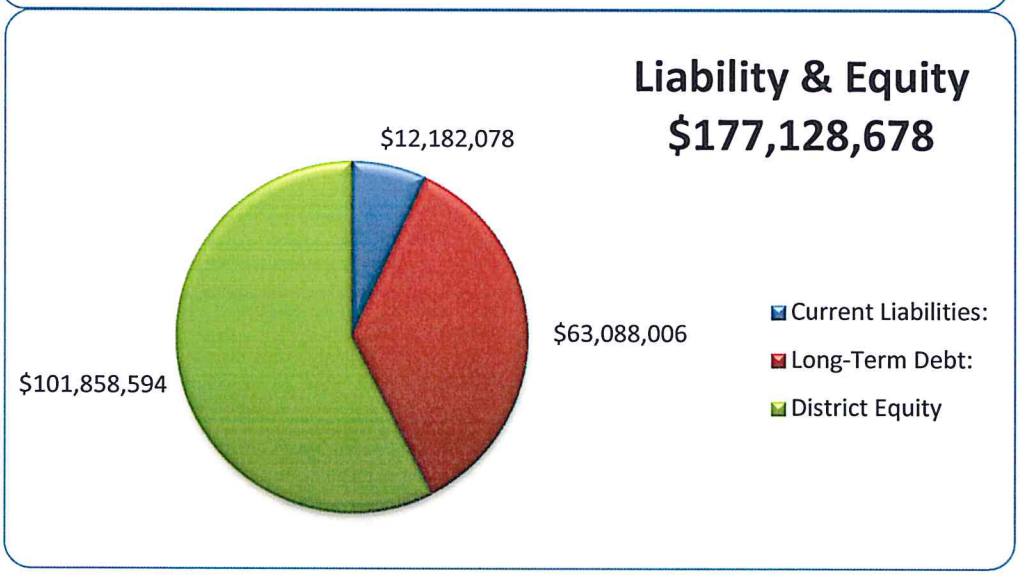
Capitalized Construction: The value of our labor force used to construct our asset infrastructure.

Palmdale Water District
Balance Sheet Report
For the Ten Months Ending 10/31/2015

	October 2015	September 2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 466,532	$ 213,729
Investments	9,003,172	8,987,008
2013A Bonds - Project Funds	1,325,606	1,423,387
	$ 10,795,310	$ 10,624,125
Receivables:		
Accounts Receivables - Water Sales	$ 1,946,613	$ 1,928,504
Accounts Receivables - Miscellaneous	83,137	79,443
Allowance for Uncollected Accounts	(200,199)	(200,199)
	$ 1,829,551	$ 1,807,747
Interest Receivable	$ -	$ -
Assessments Receivables	7,560,437	7,560,437
Meters, Materials and Supplies	874,374	880,739
Prepaid Expenses	231,919	256,366
Total Current Assets	**$ 21,291,591**	**$ 21,129,414**
Long-Term Assets:		
Property, Plant, and Equipment, net	$ 112,866,817	$ 113,215,115
Participation Rights in State Water Project, net	42,001,334	41,986,341
Investment in PRWA	265,420	265,420
2013A Bonds - Insurance & Surity Bond	223,223	223,890
	$ 155,356,795	**$ 155,690,767**
Restricted Cash:		
Rate Stabilization Fund	480,292	480,284
Total Long-Term Assets & Restricted Cash	**$ 155,837,087**	**$ 156,171,050**
Total Assets	**$ 177,128,678**	**$ 177,300,464**
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	$ 180,808	$ -
Current Principal Installment of Long-term Debt	1,734,738	1,734,738
Accounts Payable and Accrued Expenses	5,599,865	5,358,225
Deferred Assessments	4,666,667	5,250,000
Total Current Liabilities	**$ 12,182,078**	**$ 12,342,963**
Long-Term Debt:		
Pension-Related Debt	$ 1,019,485	$ 1,019,485
OPEB Liability	11,006,428	10,839,072
2013A Water Revenue Bonds	42,963,967	42,966,217
2012 - Certificates of Participation	8,013,538	8,006,740
2011 - Capital Lease Payable	84,588	99,527
Total Long-Term Liabilities	**$ 63,088,006**	**$ 62,931,041**
Total Liabilities	**$ 75,270,084**	**$ 75,274,004**
District Equity		
Revenue from Operations	$ (3,778,740)	$ (3,610,874)
Retained Earnings	105,637,335	105,637,335
Total Liabilities and District Equity	**$ 177,128,678**	**$ 177,300,464**

BALANCE SHEET AS OF OCTOBER 31, 2015





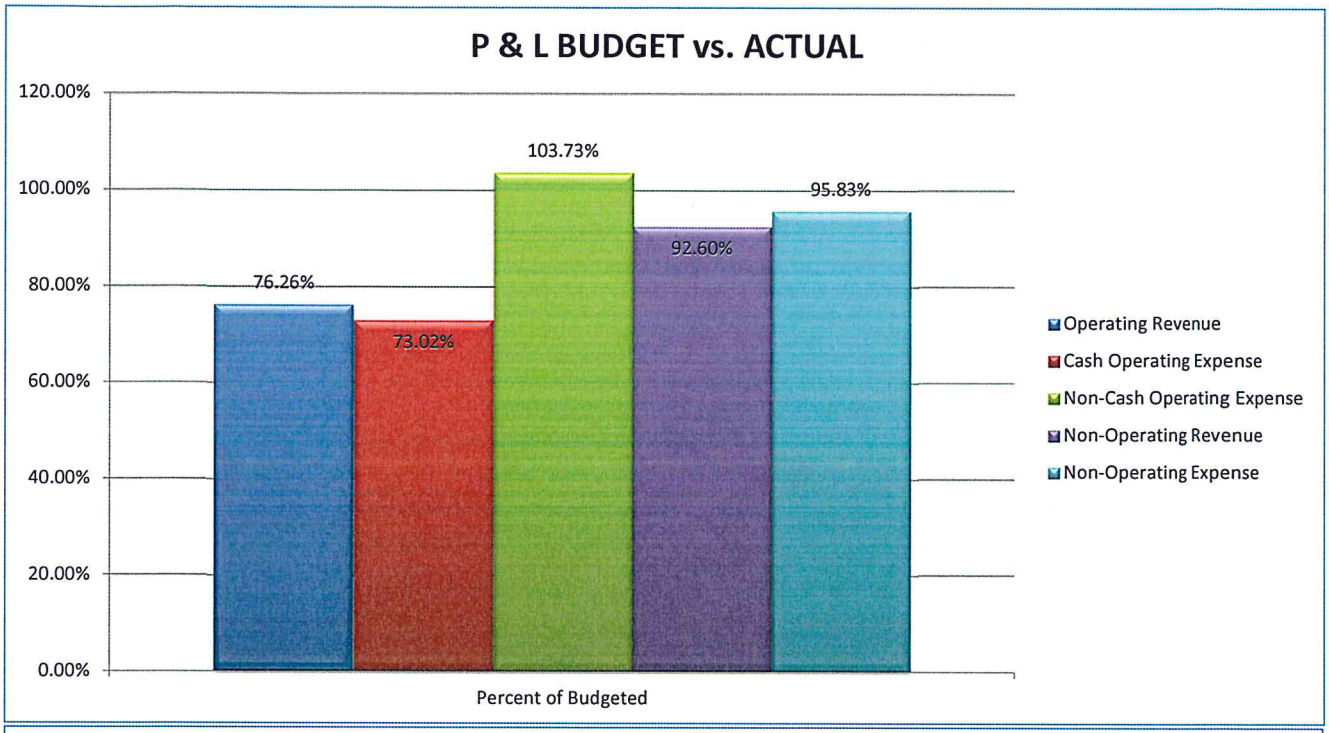
Palmdale Water District
Consolidated Profit and Loss Statement
For the Ten Months Ending 10/31/2015

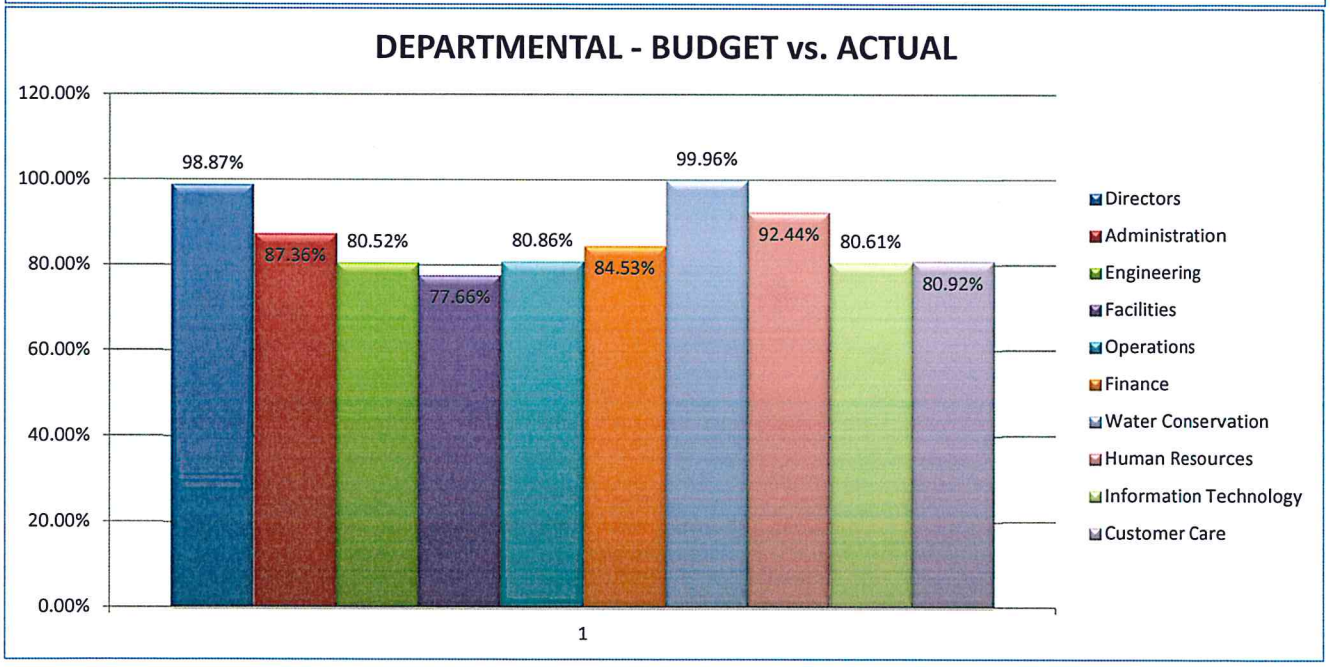
	Thru September	October	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	$ 64,663	$ -	$ 64,663		$ 225,000	28.74%
Water Sales	4,760,868	605,208	5,366,076		8,550,500	62.76%
Meter Fees	8,745,027	969,762	9,714,790		11,506,000	84.43%
Water Quality Fees	688,100	84,962	773,062		1,146,500	67.43%
Elevation Fees	284,924	35,079	320,003		525,000	60.95%
Other (Page 3-1)	919,210	140,125	1,059,335		1,450,000	73.06%
Drought Surcharge	430,785	119,443	550,229		-	
Total Operating Revenue	**$ 15,893,577**	**$ 1,954,579**	**$ 17,848,156**	**$ -**	**$ 23,403,000**	**76.26%**
Cash Operating Expenses:						
Directors	$ 102,252	$ 14,907	$ 117,158		$ 118,500	98.87%
Administration*	2,110,075	227,074	2,337,149	8,000	2,675,250	87.36%
Engineering*	923,073	84,302	1,007,375	(1,600)	1,251,150	80.52%
Facilities**	4,366,636	470,382	4,837,017	230,775	6,228,775	77.66%
Operations	1,921,989	199,652	2,121,641		2,624,000	80.86%
Finance**	1,261,293	89,482	1,350,775	(1,352,725)	1,598,025	84.53%
Water Conservation	258,817	25,070	283,887		284,000	99.96%
Human Resources***	321,321	33,014	354,335	57,220	383,320	92.44%
Information Technology*	579,076	53,172	632,247	1,600	784,350	80.61%
Customer Care**	806,280	101,646	907,926	1,121,950	1,121,950	80.92%
Water Purchases*	1,755,054	9,322	1,764,376	(29,000)	2,371,000	74.41%
Water Purchases-Prior Year OAP	(36,045)	-	(36,045)		250,000	-14.42%
Water Recovery	(467,025)	(1,528)	(468,553)		(100,000)	468.55%
Plant Expenditures	488,654	231,978	720,632		1,146,500	62.85%
GAC Filter Media Replacement	596,045	-	596,045		1,896,000	31.44%
Total Cash Operating Expenses	**$ 14,987,495**	**$ 1,538,470**	**$ 16,525,965**	**$ 36,220**	**$ 22,632,820**	**73.02%**
Non-Cash Operating Expenses:						
Depreciation	$ 6,335,838	$ 534,253	$ 6,870,091		$ 6,450,000	106.51%
OPEB Accrual Expense	1,652,220	183,580	1,835,800		2,000,000	91.79%
Bad Debts	11,134	7,467	18,601		100,000	18.60%
Service Costs Construction	87,723	(8,149)	79,574		125,000	63.66%
Capitalized Construction	(788,641)	(54,064)	(842,705)		(1,000,000)	84.27%
Total Non-Cash Operating Expenses	**$ 7,298,274**	**$ 663,087**	**$ 7,961,361**	**$ -**	**$ 7,675,000**	**103.73%**
Net Operating Profit/(Loss)	**$ (6,392,191)**	**$ (246,977)**	**$ (6,639,169)**	**$ (36,220)**	**$ (6,904,820)**	**96.15%**
Non-Operating Revenues:						
Assessments (Debt Service)	$ 3,841,490	$ 443,333	$ 4,284,824		$ 5,100,000	84.02%
Assessments (1%)	1,531,172	140,000	1,671,172		1,950,000	85.70%
DWR Fixed Charge Recovery	253,732	74,953	328,685		100,000	328.69%
Interest	38,378	6,107	44,485		35,000	127.10%
Capital Improvement Fees	353,892	10,106	363,998		50,000	728.00%
Other	11,208	(75)	11,133		5,000	222.66%
Total Non-Operating Revenues	**$ 6,029,872**	**$ 674,424**	**$ 6,704,296**	**$ -**	**$ 7,240,000**	**92.60%**
Non-Operating Expenses:						
Interest on Long-Term Debt	$ 1,708,146	$ 186,950	$ 1,895,096		$ 2,111,000	89.77%
Amortization of SWP	1,555,893	172,877	1,728,770		1,679,000	102.96%
Change in Investments in PRWA	14,185	7,864	22,049		-	
Water Conservation Programs*	192,631	5,322	197,953	21,000	221,000	89.57%
Total Non-Operating Expenses	**$ 3,470,855**	**$ 373,013**	**$ 3,843,868**	**$ 21,000**	**$ 4,011,000**	**95.83%**
Net Earnings	**$ (3,833,173)**	**$ 54,433**	**$ (3,778,740)**	**$ (57,220)**	**$ (3,675,820)**	**102.80%**

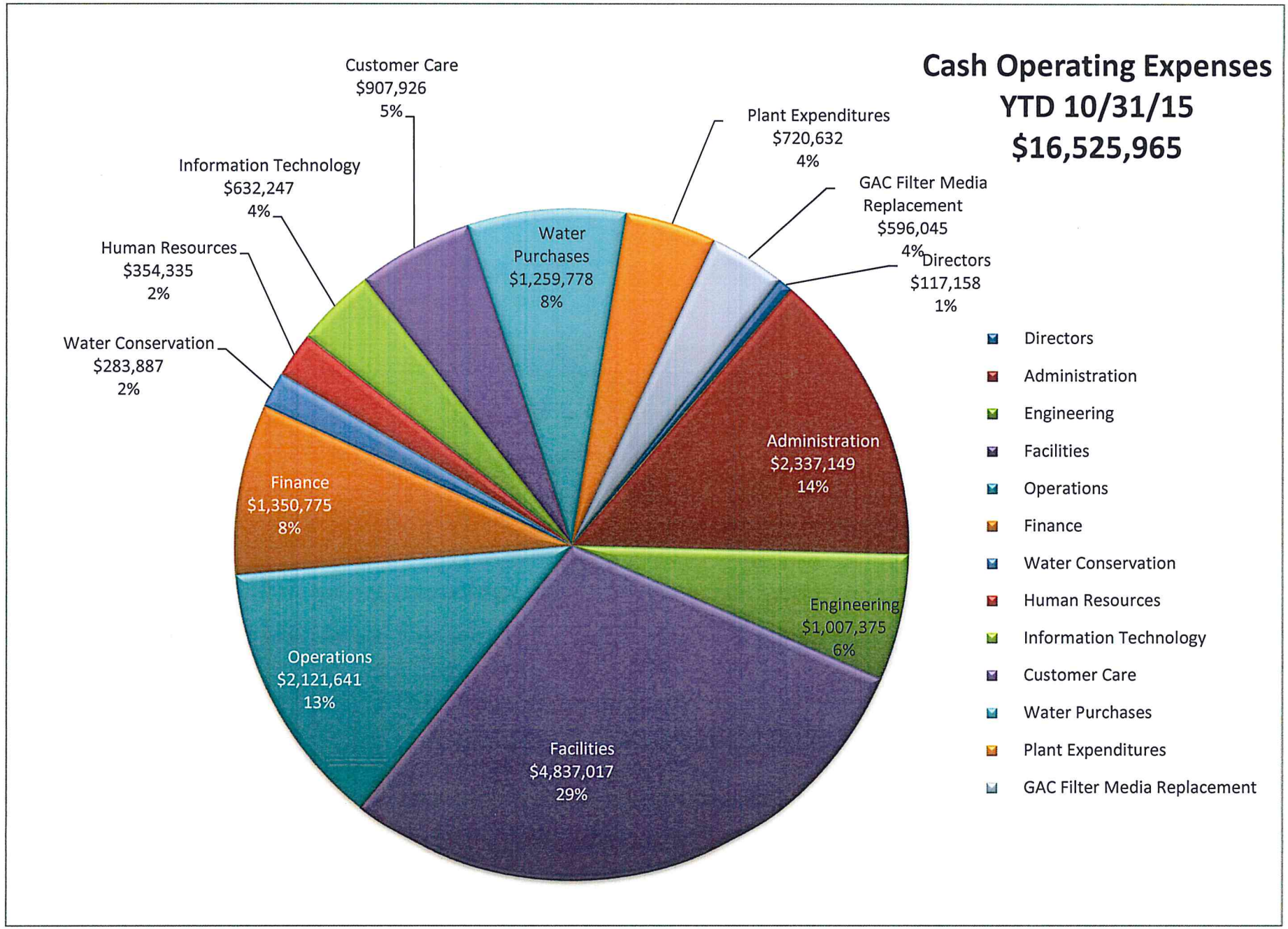
* Budget adjustments by General Manager per Appendix A
** Budget adjustment by Board action 04/08/15
*** Budget adjustment by Board action 11/26/14 & 08/12/15

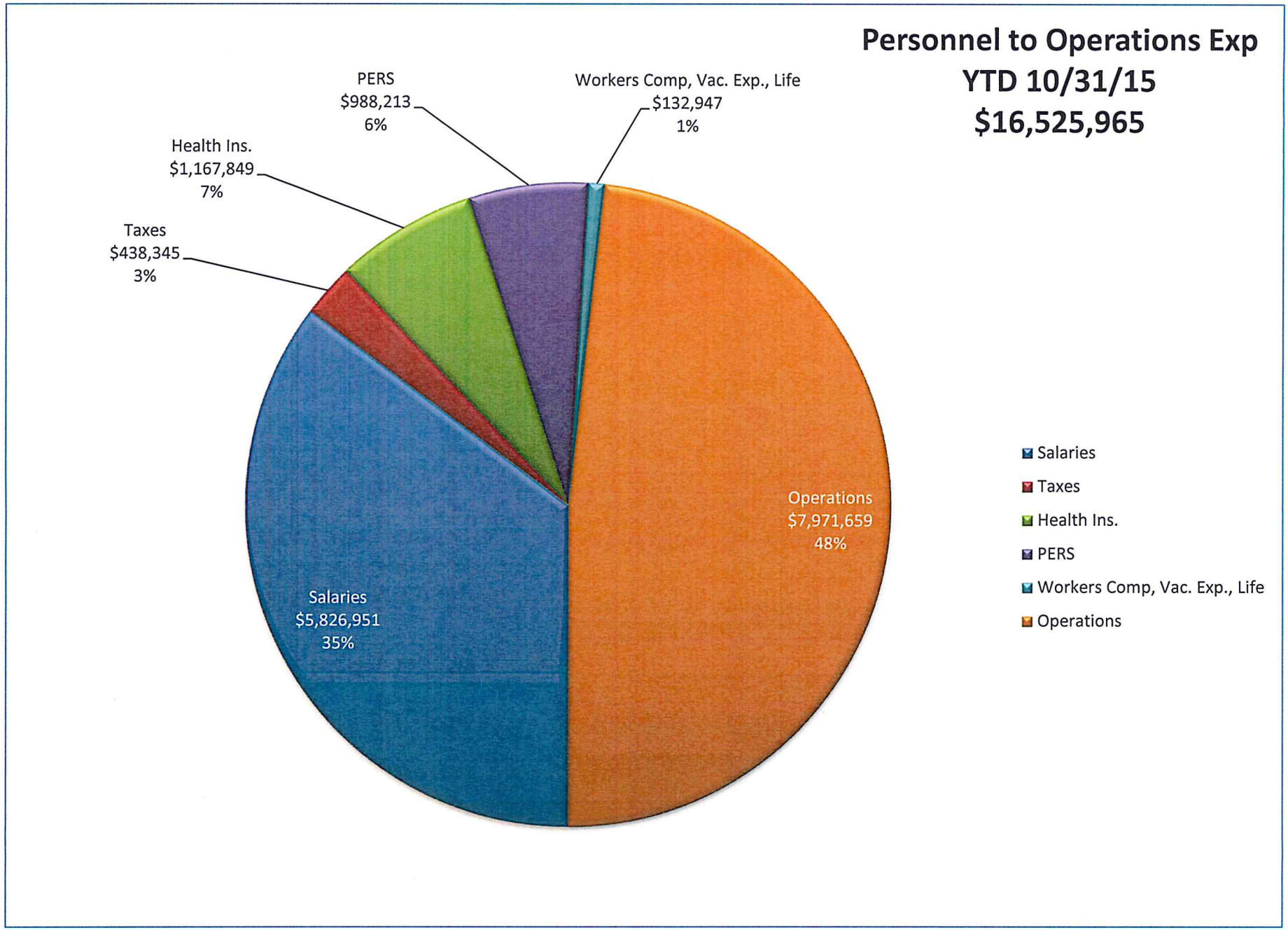
OTHER OPERATING REVENUE

5/8" Meter Charge($109)	$120.00
5/8" Meter W/Itron Assembly($212)	$212.00
Account Setup Charge($25)	$20,075.00
Account Setup Charge/CC ($35)	$29,915.00
Adjustment	$10.11
After Hours Service Call	$365.00
Construction Meter Install($250)	$1,250.00
Credit Check($10)	$180.00
Customer Request Turn On/Off($15)	$60.00
Door tag fee for Paperwork($20)	$60.00
Door Tag Fee($20)	$411,520.00
Grind Down Angle Stop ($230)	$475.00
Lock Broken or Missing($15)	$690.00
Miscellaneous Charge	$3,377.86
Non-Compliance Fee Backflow($50)	$1,450.00
Pulled Meter Service Charge($60)	$2,340.00
Repair Angle Stop After Hours($600.00)	$660.00
Repair Angle Stop($440.00)	$4,840.00
Shut-Off Charge($30)	$29,640.00
Standard Trip Charge($15)	$1,875.00
Unauthorized Use of Water($1000)	$2,000.00
Waste Water 1st Notice($50.00)	$45,050.00
Waste Water 2nd Notice ($250.00)	$7,250.00
Waste Water 3rd Notice ($500.00)	$1,000.00
Late Fees	$379,093.05
NSF Fee	$6,100.00
Inspection Fees	($17,896.46)
Settlements/Rebates	$81,446.29


P & L BUDGET vs. ACTUAL
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
76.26%
73.02%
103.73%
92.60%
95.83%
Percent of Budgeted
Operating Revenue
Cash Operating Expense
Non-Cash Operating Expense
Non-Operating Revenue
Non-Operating Expense


DEPARTMENTAL - BUDGET vs. ACTUAL
120.00%
100.00%
80.00%
60.00%
40.00%
20.00%
0.00%
98.87%
87.36%
80.52%
77.66%
80.86%
84.53%
99.96%
92.44%
80.61%
80.92%
1
Directors
Administration
Engineering
Facilities
Operations
Finance
Water Conservation
Human Resources
Information Technology
Customer Care


Cash Operating Expenses
YTD 10/31/15
$16,525,965
Customer Care
$907,926
5%
Plant Expenditures
$720,632
4%
Information Technology
$632,247
4%
GAC Filter Media
Replacement
$596,045
4%
Human Resources
$354,335
2%
Directors
$117,158
1%
Water
Purchases
$1,259,778
8%
Water Conservation
$283,887
2%
Administration
$2,337,149
14%
Finance
$1,350,775
8%
Engineering
$1,007,375
6%
Operations
$2,121,641
13%
Facilities
$4,837,017
29%
Directors
Administration
Engineering
Facilities
Operations
Finance
Water Conservation
Human Resources
Information Technology
Customer Care
Water Purchases
Plant Expenditures
GAC Filter Media Replacement


Personnel to Operations Exp
YTD 10/31/15
$16,525,965
PERS
$988,213
6%
Workers Comp, Vac. Exp., Life
$132,947
1%
Health Ins.
$1,167,849
7%
Taxes
$438,345
3%
Operations
$7,971,659
48%
Salaries
$5,826,951
35%
Salaries
Taxes
Health Ins.
PERS
Workers Comp, Vac. Exp., Life
Operations

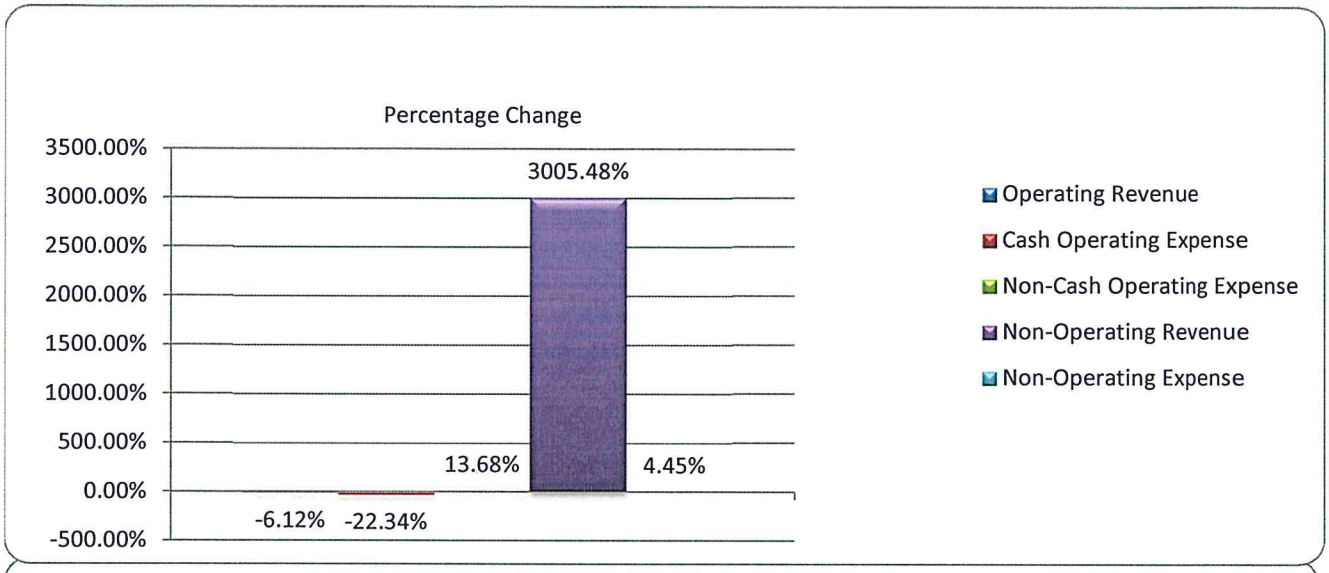
Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - October

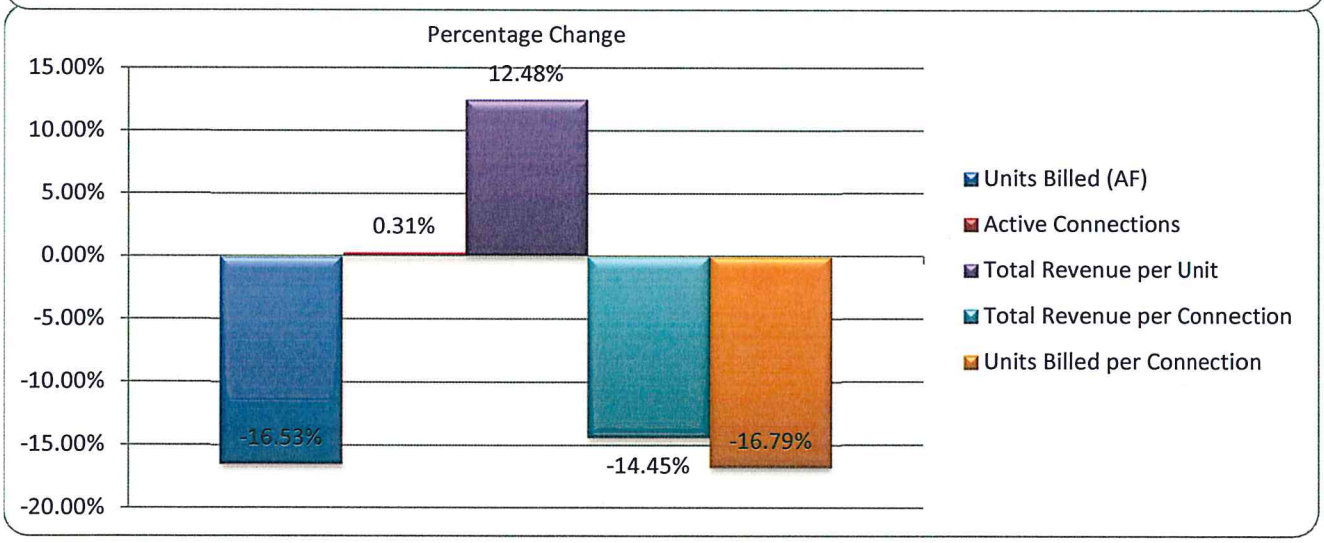
	2014 October	2015 October	Change	% Change
Operating Revenue:				
Wholesale Water	$ 29,129	$ -	$ (29,129)	-100.00%
Water Sales	807,759	605,208	(202,552)	-25.08%
Meter Fees	947,224	969,762	22,539	2.38%
Water Quality Fees	145,876	84,962	(60,915)	-41.76%
Elevation Fees	45,165	35,079	(10,086)	-22.33%
Other	106,767	140,125	33,358	31.24%
Drought Surcharge	-	119,443	119,443	
Total Operating Revenue	**$ 2,081,921**	**$ 1,954,579**	**$ (127,342)**	**-6.12%**
Cash Operating Expenses:				
Directors	$ 17,432	$ 14,907	$ (2,526)	-14.49%
Administration	214,810	227,074	12,264	5.71%
Engineering	87,512	84,302	(3,210)	-3.67%
Facilities	324,670	470,382	145,712	44.88%
Operations	410,815	199,652	(211,163)	-51.40%
Finance	229,136	89,482	(139,654)	-60.95%
Water Conservation	16,938	25,070	8,131	48.01%
Human Resources	21,206	33,014	11,807	55.68%
Information Technology	65,645	53,172	(12,473)	-19.00%
Customer Care	-	101,646	101,646	
Water Purchases	125,228	9,322	(115,906)	-92.56%
Water Purchases-Prior Year OAP	-	-	-	
Water Recovery	(1,201)	(1,528)	(327)	27.23%
Plant Expenditures	170,986	231,978	60,992	35.67%
GAC Filter Media Replacement	297,955	-	(297,955)	-100.00%
Total Cash Operating Expenses	**$ 1,981,131**	**$ 1,538,470**	**$ (442,662)**	**-22.34%**
Non-Cash Operating Expenses:				
Depreciation	$ 552,048	$ 534,253	$ (17,795)	-3.22%
OPEB Accrual Expense	166,875	183,580	16,705	10.01%
Bad Debts	(216)	7,467	7,683	-3559.20%
Service Costs Construction	21,269	(8,149)	(29,418)	-138.31%
Capitalized Construction	(156,700)	(54,064)	102,636	-65.50%
Total Non-Cash Operating Expenses	**$ 583,276**	**$ 663,087**	**$ 79,811**	**13.68%**
Net Operating Profit/(Loss)	**$ (482,486)**	**$ (246,977)**	**$ 235,509**	**-48.81%**
Non-Operating Revenues:				
Assessments (Debt Service)	$ -	$ 443,333	$ 443,333	
Assessments (1%)	-	140,000	140,000	
DWR Fixed Charge Recovery	-	74,953	74,953	
Interest	6,906	6,107	(800)	-11.58%
Capital Improvement Fees	-	10,106	10,106	
Other	14,811	(75)	(14,886)	-100.51%
Total Non-Operating Revenues	**$ 21,717**	**$ 674,424**	**$ 652,707**	3005.48%
Non-Operating Expenses:				
Interest on Long-Term Debt	$ 190,200	$ 186,950	$ (3,249)	-1.71%
Amortization of SWP	159,510	172,877	13,367	8.38%
Change in Investments in PRWA	-	7,864	7,864	
Water Conservation Programs	7,421	5,322	(2,099)	-28.28%
Total Non-Operating Expenses	**$ 357,131**	**$ 373,013**	**$ 15,883**	4.45%
Net Earnings	**$ (817,900)**	**$ 54,433**	**$ 872,333**	**-106.66%**

Consumption Comparison

	2014	2015
Units Billed	730,768	609,947
Active	26,462	26,543
Vacant	911	847
Rev/unit	$ 2.85	$ 3.20
Rev/con	$ 74.64	$ 63.86
Unit/con	27.62	22.98

YEAR-TO-YEAR COMPARISON
October '14 -To - October '15





	2014	2015	Change	
Units Billed (AF)	1,678	1,400	-277	-16.53%
Active Connections	26,462	26,543	81	0.31%
Non-Active	911	847	-64	-7.03%
Total Revenue per Unit	$2.85	$3.20	$0.36	12.48%
Total Revenue per Connection	$74.64	$63.86	-$10.78	-14.45%
Units Billed per Connection	27.62	22.98	-4.64	-16.79%

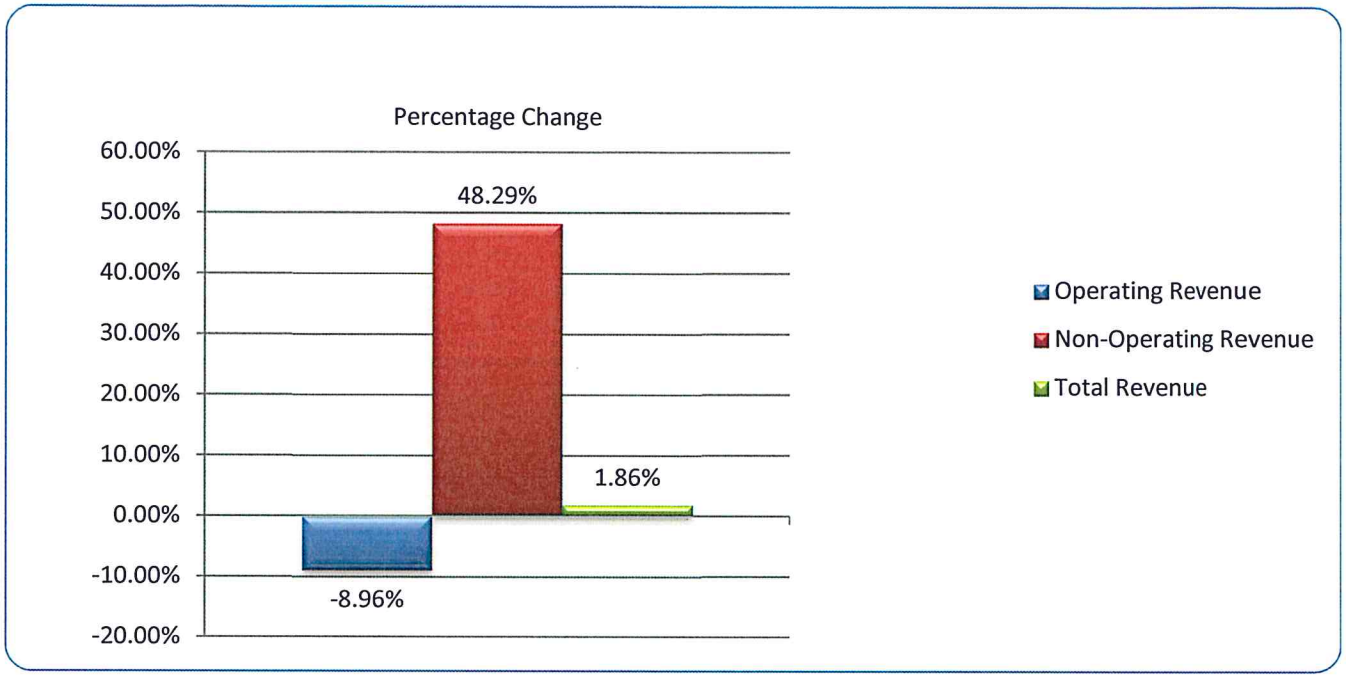
Palmdale Water District
Revenue Analysis
For the Ten Months Ending 10/31/2015

	2015 Thru September	October	Year-to-Date	Adjusted Budget	% of Budget	2014 to 2015 Comparison Thru September	October	Year-to-Date	% Change
Operating Revenue:									
Wholesale Water	$ 64,663	$ -	$ 64,663	$ 225,000	28.74%	$ (100,438)	$ (29,129)	$ (129,567)	-66.71%
Water Sales	4,760,868	605,208	5,366,076	8,550,500	62.76%	(1,491,689)	(202,552)	(1,694,241)	-24.00%
Meter Fees	8,745,027	969,762	9,714,790	11,506,000	84.43%	270,285	22,539	292,823	3.11%
Water Quality Fees	688,100	84,962	773,062	1,146,500	67.43%	(521,866)	(60,915)	(582,780)	-42.98%
Elevation Fees	284,924	35,079	320,003	525,000	60.95%	(86,260)	(10,086)	(96,346)	-23.14%
Other	919,210	140,125	1,059,335	1,450,000	73.06%	(111,993)	33,358	(78,635)	-6.91%
Drought Surcharge	430,785	119,443	550,229	-		430,785	119,443	550,229	
Total Water Sales	**$ 15,893,577**	**$ 1,954,579**	**$ 17,848,156**	**$ 23,403,000**	**76.26%**	**$ (1,611,175)**	**$ (127,342)**	**$ (1,738,517)**	**-8.96%**
Non-Operating Revenues:									
Assessments (Debt Service)	$ 3,841,490	$ 443,333	$ 4,284,824	$ 5,100,000	84.02%	$ 935,863	$ 443,333	$ 1,379,196	47.47%
Assessments (1%)	1,531,172	140,000	1,671,172	1,950,000	85.70%	316,073	140,000	456,073	37.53%
DWR Fixed Charge Recovery	253,732	74,953	328,685	100,000	328.69%	120,193	74,953	195,146	146.13%
Interest	38,378	6,107	44,485	35,000	127.10%	2,076	(800)	1,277	2.95%
Capital Improvement Fees	353,892	10,106	363,998	50,000	728.00%	340,633	10,106	350,739	2645.38%
Other	11,208	(75)	11,133	5,000	222.66%	(184,182)	(14,886)	(199,068)	-94.70%
Total Non-Operating Revenues	**$ 6,029,872**	**$ 674,424**	**$ 6,704,296**	**$ 7,240,000**	**92.60%**	**$ 1,530,657**	**$ 652,707**	**$ 2,183,363**	**48.29%**
Total Revenue	**$ 21,923,450**	**$ 2,629,003**	**$ 24,552,453**	**$ 30,643,000**	**80.12%**	**$ (80,519)**	**$ 525,365**	**$ 444,846**	**1.86%**

	2014 Thru September	October	Year-to-Date	Adjusted Budget	% of Budget
Operating Revenue:					
Wholesale Water	$ 165,101	$ 29,129	$ 194,229	$ 225,000	86.32%
Water Sales	6,252,557	807,759	7,060,317	9,053,000	77.99%
Meter Fees	8,474,743	947,224	9,421,966	11,255,000	83.71%
Water Quality Fees	1,209,966	145,876	1,355,842	1,638,000	82.77%
Elevation Fees	371,184	45,165	416,349	525,000	79.30%
Other	1,031,202	106,767	1,137,969	1,700,000	66.94%
Drought Surcharge	-	-	-	-	
Total Water Sales	**$ 17,339,652**	**$ 2,052,792**	**$ 19,392,444**	**$ 24,171,000**	**80.23%**
Non-Operating Revenues:					
Assessments (Debt Service)	$ 2,905,627	$ -	$ 2,905,627	$ 4,400,000	66.04%
Assessments (1%)	1,215,099	-	1,215,099	1,800,000	67.51%
DWR Fixed Charge Recovery	133,539	-	133,539	100,000	133.54%
Interest	36,302	6,906	43,208	25,000	172.83%
Capital Improvement Fees	13,259	-	13,259	150,000	8.84%
Other	195,390	14,811	210,201	185,000	113.62%
Total Non-Operating Revenues	**$ 4,499,216**	**$ 21,717**	**$ 4,520,933**	**$ 6,660,000**	**67.88%**
Total Revenue	**$ 21,838,868**	**$ 2,074,509**	**$ 23,913,377**	**$ 30,831,000**	**77.56%**

REVENUE COMPARISON YEAR-TO-DATE

October '14-To-October '15



Palmdale Water District
Operating Expense Analysis
For the Ten Months Ending 10/31/2015

	2015					2014 to 2015 Comparison			
	Thru September	October	Year-to-Date	Adjusted Budget	% of Budget	Thru September	October	Year-to-Date	% Change
Cash Operating Expenses:									
Directors	$ 102,252	$ 14,907	$ 117,158	$ 118,500	98.87%	$ (1,280)	$ (2,526)	$ (3,805)	-3.15%
Administration	2,110,075	227,074	2,337,149	2,667,250	87.62%	(446,056)	12,264	(433,792)	-15.66%
Engineering	923,073	84,302	1,007,375	1,251,150	80.52%	129,778	(3,210)	126,568	14.37%
Facilities	4,366,636	470,382	4,837,017	6,228,775	77.66%	1,992,178	145,712	2,137,890	79.21%
Operations	1,921,989	199,652	2,121,641	2,624,000	80.86%	(2,303,385)	(211,163)	(2,514,548)	-54.24%
Finance	1,261,293	89,482	1,350,775	1,598,025	84.53%	(1,034,041)	(139,654)	(1,173,695)	-46.49%
Water Conservation	258,817	25,070	283,887	284,000	99.96%	149,579	8,131	157,710	124.99%
Human Resources	321,321	33,014	354,335	326,100	108.66%	149,681	11,807	161,488	83.74%
Information Technology	579,076	53,172	632,247	784,350	80.61%	26,340	(12,473)	13,867	2.24%
Customer Care	806,280	101,646	907,926	1,121,950	80.92%	806,280	101,646	907,926	
Water Purchases	1,755,054	9,322	1,764,376	2,379,000	74.16%	(330,782)	(115,906)	(446,688)	-20.20%
Water Purchases-Prior Year OAP	(36,045)	-	(36,045)	250,000	-14.42%	(36,728)	-	(36,728)	
Water Recovery	(467,025)	(1,528)	(468,553)	(100,000)	468.55%	(49,595)	(327)	(49,922)	11.93%
Plant Expenditures	488,654	231,978	720,632	1,146,500	62.85%	(968,314)	60,992	(907,323)	-55.73%
GAC Filter Media Replacement	596,045	-	596,045	1,896,000	31.44%	(12,872)	(297,955)	(310,827)	
Total Cash Operating Expenses	**$ 14,987,495**	**$ 1,538,470**	**$ 16,525,965**	**$ 22,575,600**	**73.20%**	**$ (1,929,218)**	**$ (442,662)**	**$ (2,371,880)**	**-14.35%**
Non-Cash Operating Expenses:									
Depreciation	$ 6,335,838	$ 534,253	$ 6,870,091	$ 6,450,000	106.51%	$ 837,373	$ (17,795)	$ 819,579	13.55%
OPEB Accrual Expense	1,652,220	183,580	1,835,800	2,000,000	91.79%	150,346	16,705	167,051	10.01%
Bad Debts	11,134	7,467	18,601	100,000	18.60%	(19,747)	7,683	(12,064)	-39.34%
Service Costs Construction	87,723	(8,149)	79,574	125,000	63.66%	194,044	(29,418)	164,627	-193.56%
Capitalized Construction	(788,641)	(54,064)	(842,705)	(1,000,000)	84.27%	303,774	102,636	406,410	-32.54%
Total Non-Cash Operating Expenses	**$ 7,298,274**	**$ 663,087**	**$ 7,961,361**	**$ 7,675,000**	**103.73%**	**$ 1,465,791**	**$ 79,811**	**$ 1,545,602**	**19.41%**
Non-Operating Expenses:									
Interest on Long-Term Debt	$ 1,708,146	$ 186,950	$ 1,895,096	$ 2,111,000	89.77%	$ (37,458)	$ (3,249)	$ (40,707)	-2.10%
Amortization of SWP	1,555,893	172,877	1,728,770	1,679,000	102.96%	120,303	13,367	133,670	8.38%
Change in Investments in PRWA	14,185	7,864	22,049	-					
Water Conservation Programs	192,631	5,322	197,953	221,000	89.57%	93,183	(2,099)	91,084	85.23%
Total Non-Operating Expenses	**$ 3,470,855**	**$ 373,013**	**$ 3,843,868**	**$ 4,011,000**	**95.83%**	**$ 176,028**	**$ 8,019**	**$ 184,047**	**5.06%**
Total Expenses	**$ 25,756,623**	**$ 2,574,570**	**$ 28,331,193**	**$ 34,261,600**	**82.69%**	**$ (287,400)**	**$ (354,832)**	**$ (642,231)**	**-2.22%**

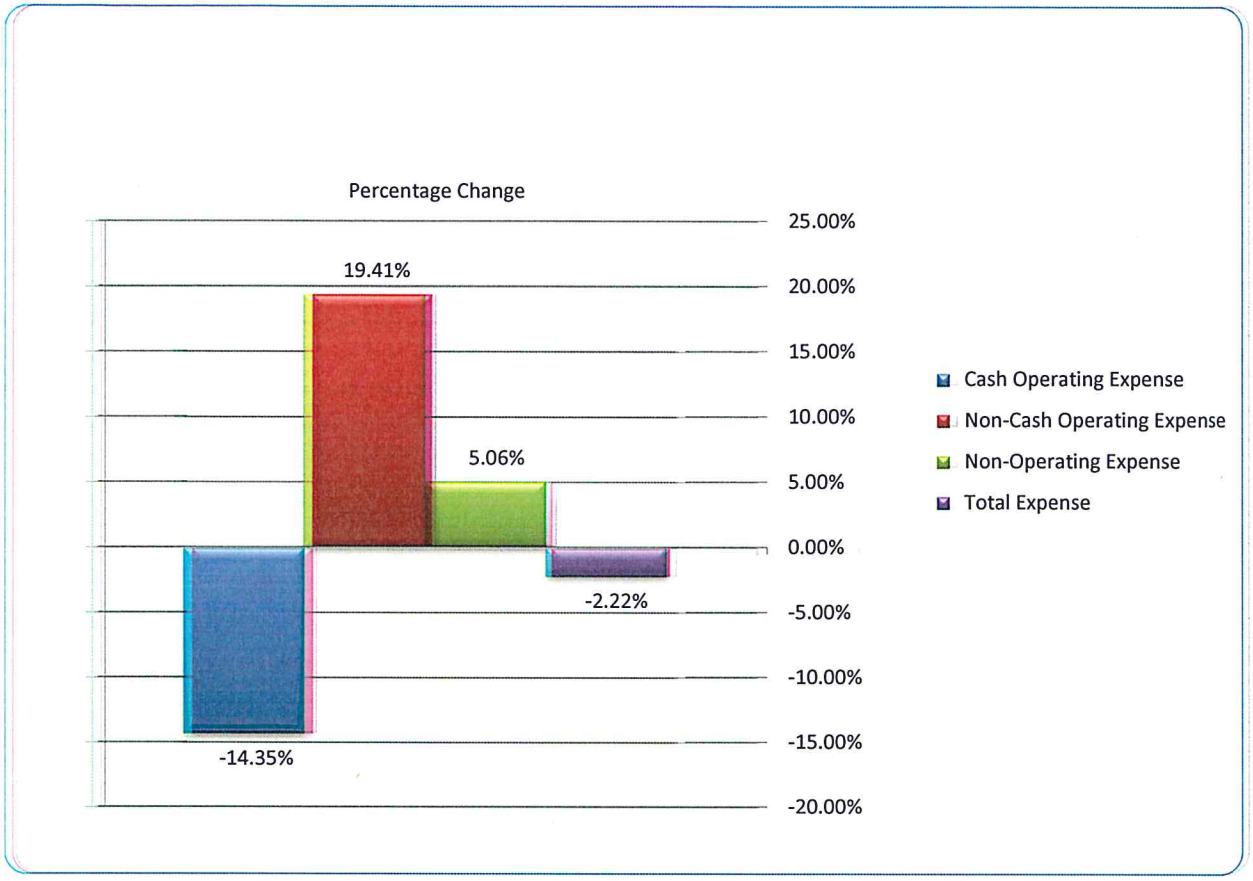
Palmdale Water District
Operating Expense Analysis
For the Ten Months Ending 10/31/2015

2014 to 2015 Comparison

	2014 Thru September	October	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	$ 103,531	$ 17,432	$ 120,964	$ 114,500	105.65%
Administration	2,556,131	214,810	2,770,941	3,490,000	79.40%
Engineering	793,296	87,512	880,807	1,079,800	81.57%
Facilities	2,374,458	324,670	2,699,128	3,408,500	79.19%
Operations	4,225,373	410,815	4,636,188	5,453,500	85.01%
Finance	2,295,334	229,136	2,524,470	2,968,750	85.03%
Water Conservation	109,239	16,938	126,177	270,000	46.73%
Human Resources	171,640	21,206	192,846	215,300	89.57%
Information Technology	552,735	65,645	618,380	828,600	74.63%
Customer Care	-	-	-	-	
Water Purchases	2,085,837	125,228	2,211,065	2,400,000	92.13%
Water Purchases-Prior Year OAP	683	-	683	250,000	0.27%
Water Recovery	(417,430)	(1,201)	(418,631)	(100,000)	418.63%
Plant Expenditures	1,456,969	170,986	1,627,955	2,143,500	75.95%
GAC Filter Media Replacement	608,917	297,955	906,872	1,638,000	55.36%
Total Cash Operating Expenses	**$ 16,916,713**	**$ 1,981,131**	**$ 18,897,845**	**$ 24,160,450**	**78.22%**
Non-Cash Operating Expenses:					
Depreciation	$ 5,498,464	$ 552,048	$ 6,050,512	$ 7,350,000	82.32%
OPEB Accrual Expense	1,501,874	166,875	1,668,749	2,000,000	83.44%
Bad Debts	30,881	(216)	30,665	100,000	30.67%
Service Costs Construction	(106,322)	21,269	(85,053)	125,000	-68.04%
Capitalized Construction	(1,092,415)	(156,700)	(1,249,115)	(1,000,000)	124.91%
Total Non-Cash Operating Expenses	**$ 5,832,483**	**$ 583,276**	**$ 6,415,759**	**$ 8,575,000**	**74.82%**
Non-Operating Expenses:					
Interest on Long-Term Debt	$ 1,745,603	$ 190,200	$ 1,935,803	$ 2,111,000	91.70%
Amortization of SWP	1,435,590	159,510	1,595,100	1,679,000	95.00%
Water Conservation Programs	99,448	7,421	106,869	143,000	74.73%
Total Non-Operating Expenses	**$ 3,280,642**	**$ 357,131**	**$ 3,637,772**	**$ 3,933,000**	**92.49%**
Total Expenses	**$ 26,029,838**	**$ 2,921,538**	**$ 28,951,376**	**$ 36,668,450**	**78.95%**

EXPENSE COMPARISON YEAR-TO-DATE

October '14-To-October '15



Palmdale Water District
2015 Directors Budget
For the Ten Months Ending Saturday, October 31, 2015

	YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	$ 49,200	$ 45,000	$ -	$ (4,200)	109.33%
Employee Benefits					
1-01-4005-000 Payroll Taxes	3,750	5,500		1,750	68.18%
1-01-4010-000 Health Insurance	48,297	58,000		9,703	83.27%
Subtotal (Benefits)	52,047	63,500	-	9,703	81.96%
Total Personnel Expenses	$ 101,247	$ 108,500	$ -	$ 5,503	93.31%
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	15,911	10,000		(5,911)	159.11%
Subtotal Operating Expenses	15,911	10,000	-	(5,911)	159.11%
Total O & M Expenses	$ 117,158	$ 118,500	$ -	$ (408)	98.87%

Palmdale Water District
2015 Administration Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-02-4000-000	Salaries	$ 743,050	$ 860,500		$ 117,450	86.35%
1-02-4000-100	Overtime	5,861	8,250		2,389	71.05%
1-02-4000-200	On-Call	70,500	67,500		(3,000)	104.44%
	Subtotal (Salaries)	$ 819,412	$ 936,250	$ -	$ 116,838	87.52%
Employee Benefits						
1-02-4005-000	Payroll Taxes	$ 52,010	$ 66,000		13,990	78.80%
1-02-4010-000	Health Insurance	111,465	134,000		22,535	83.18%
1-02-4015-000	PERS	249,154	169,000		(80,154)	147.43%
1-02-4020-000	Worker's Compensation	87,519	125,000		37,481	70.02%
1-02-4025-000	Vacation Benefit Expense	39,262	35,000		(4,262)	112.18%
1-02-4030-000	Life Insurance	6,167	8,000		1,833	77.08%
	Subtotal (Benefits)	$ 545,575	$ 537,000	$ -	$ (8,575)	101.60%
	Total Personnel Expenses	$ 1,364,987	$ 1,473,250	$ -	$ 108,263	92.65%
OPERATING EXPENSES:						
1-02-4050-100	General Manager Travel	$ 6,549	$ 5,000		(1,549)	130.98%
1-02-4060-100	General Manager Conferences & Seminars	3,915	4,000		85	97.88%
1-02-4080-000	Other Operating	17,706	20,000		2,294	88.53%
1-02-4110-000	Consultants	131,120	175,000		43,880	74.93%
1-02-4125-000	Insurance	247,807	285,000		37,193	86.95%
1-02-4130-000	Bank Charges	121,838	140,000		18,162	87.03%
1-02-4135-000	Groundwater Adjudication	121,816	75,000		(46,816)	162.42%
1-02-4140-000	Legal Services	138,726	160,000		21,274	86.70%
1-02-4150-000	Accounting Services	22,193	25,000		2,807	88.77%
1-02-4165-000	Memberships/Subscriptions	93,732	210,000		116,268	44.63%
1-02-4175-000	Permits	13,139	10,000		(3,139)	131.39%
1-02-4180-000	Postage	17,516	27,500		9,984	63.70%
1-02-4190-100	Public Relations - Publications	9,083	35,000		25,917	25.95%
1-02-4190-900	Public Relations - Other	-	1,000		1,000	0.00%
1-02-4200-000	Advertising	2,362	3,500		1,138	67.49%
1-02-4205-000	Office Supplies	16,480	18,000		1,520	91.55%
1-02-4210-000	Office Furniture*	8,180	-	8,000	(180)	102.25%
	Subtotal Operating Expenses	$ 972,162	$ 1,194,000	$ 8,000	$ 229,838	80.88%
	Total Departmental Expenses	$ 2,337,149	$ 2,667,250	$ 8,000	$ 338,101	87.36%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2015 Engineering Budget
For the Ten Months Ending Saturday, October 31, 2015

	YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	$ 667,328	$ 809,000		$ 141,672	82.49%
1-03-4000-100 Overtime	3,404	6,750		3,346	50.43%
Subtotal (Salaries)	$ 670,731	$ 815,750		$ 145,019	82.22%
Employee Benefits					
1-03-4005-000 Payroll Taxes	51,795	61,000		9,205	84.91%
1-03-4010-000 Health Insurance	116,632	154,500		37,868	75.49%
1-03-4015-000 PERS	100,026	142,000		41,974	70.44%
Subtotal (Benefits)	$ 268,453	$ 357,500	$ -	$ 89,047	75.09%
Total Personnel Expenses	$ 939,185	$ 1,173,250	$ -	$ 234,065	80.05%
OPERATING EXPENSES:					
1-03-4155-000 Contracted Services	54,639	61,500		6,861	88.84%
1-03-4165-000 Memberships/Subscriptions	1,861	2,000		139	93.05%
1-03-4250-000 General Materials & Supplies	2,297	2,500		203	91.88%
1-03-8100-100 Computer Software - Maint. & Support*	9,393	13,500	(1,600)	4,107	69.58%
Subtotal Operating Expenses	$ 68,190	$ 79,500	$ (1,600)	$ 11,310	85.77%
Total Departmental Expenses	$ 1,007,375	$ 1,252,750	$ (1,600)	$ 245,375	80.41%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2015 Facilities Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-04-4000-000	Salaries	$ 1,551,042	$ 2,049,000		$ 497,958	75.70%
1-04-4000-100	Overtime	74,418	65,000		(9,418)	114.49%
	Subtotal (Salaries)	$ 1,625,461	$ 2,114,000	$ -	$ 488,539	76.89%
Employee Benefits						
1-04-4005-000	Payroll Taxes	126,197	157,000		30,803	80.38%
1-04-4010-000	Health Insurance	368,651	466,000		97,349	79.11%
1-04-4015-000	PERS	239,154	362,000		122,846	66.06%
	Subtotal (Benefits)	$ 734,002	$ 985,000	$ -	$ 250,998	74.52%
	Total Personnel Expenses	$ 2,359,463	$ 3,099,000	$ -	$ 739,537	76.14%
OPERATING EXPENSES:						
1-04-4155-000	Contracted Services	$ 114,845	$ 125,000		$ 10,155	91.88%
1-04-4175-000	Permits-Dams	3,508	50,000		46,492	7.02%
1-04-4215-100	Natural Gas - Wells & Boosters	170,199	236,000		65,801	
1-04-4215-200	Natural Gas - Buildings	3,893	9,000		5,107	43.25%
1-04-4220-100	Electricity - Wells & Boosters	1,338,601	1,515,000		176,399	
1-04-4220-200	Electricity - Buildings	77,554	75,000		(2,554)	103.40%
1-04-4225-000	Maint. & Repair - Vehicles	27,301	40,000		12,699	68.25%
1-04-4230-100	Maint. & Rep. Office Building	6,369	15,000		8,631	42.46%
1-04-4235-110	Maint. & Rep. Equipment	5,025	6,500		1,475	77.31%
1-04-4235-400	Maint. & Rep. Operations - Wells	67,642	75,000		7,358	90.19%
1-04-4235-405	Maint. & Rep. Operations - Boosters	24,411	50,000		25,589	48.82%
1-04-4235-410	Maint. & Rep. Operations - Shop Bldgs	1,396	10,000		8,604	13.96%
1-04-4235-415	Maint. & Rep. Operations - Facilities	20,336	15,000		(5,336)	135.57%
1-04-4235-420	Maint. & Rep. Operations - Water Lines	191,909	240,000		48,091	79.96%
1-04-4235-425	Maint. & Rep. Operations - Littlerock Dam	-	15,000		15,000	0.00%
1-04-4235-430	Maint. & Rep. Operations - Palmdale Dam	580	7,500		6,920	7.73%
1-04-4235-435	Maint. & Rep. Operations - Palmdale Canal	3,823	10,000		6,177	38.23%
1-04-4235-440	Maint. & Rep. Operations - Large Meters**	1,571	-	7,870	6,299	19.97%
1-04-4235-445	Maint. & Rep. Operations - Telemetry	6,160	2,250		(3,910)	273.76%
1-04-4235-450	Maint. & Rep. Operations - Hypo Generators	609	12,000		11,391	5.07%
1-04-4235-455	Maint. & Rep. Operations - Heavy Equipment	45,290	35,000		(10,290)	129.40%
1-04-4235-460	Maint. & Rep. Operations - Storage Reservoirs	2,615	5,000		2,385	52.29%
1-04-4235-470	Maint. & Rep. Operations - Meters Exchanges**	89,607	-	211,950	122,343	42.28%
1-04-4250-100	General Supplies - Hot Tapping Program	5,549	-		(5,549)	
1-04-4270-300	Telecommunication - Other	3,046	2,750		(296)	110.75%
1-04-4300-200	Testing - Large Meters**	9,935	-	10,955	1,020	90.69%
1-04-4300-300	Testing - Edison Testing	-	6,000		6,000	0.00%
1-04-6000-000	Waste Disposal	11,898	25,000		13,102	47.59%
1-04-6100-100	Fuel and Lube - Vehicle	66,089	130,000		63,911	50.84%
1-04-6100-200	Fuel and Lube - Machinery	31,974	43,000		11,026	74.36%
1-04-6200-000	Uniforms	22,908	22,500		(408)	101.82%
1-04-6300-100	Supplies - General	47,357	47,500		143	99.70%
1-04-6300-200	Supplies - Hypo Generators	371	6,500		6,129	5.71%
1-04-6300-300	Supplies - Electrical	283	3,000		2,717	9.45%
1-04-6300-400	Supplies - Telemetry	4,965	5,000		35	99.30%
1-04-6300-800	Supplies - Construction Materials	37,556	35,000		(2,556)	107.30%
1-04-6400-000	Tools	19,451	12,000		(7,451)	162.09%
1-04-7000-100	Leases -Equipment	12,928	12,500		(428)	103.43%
	Subtotal Operating Expenses	$ 2,477,555	$ 2,899,000	$ 230,775	$ 652,220	79.16%
	Total Departmental Expenses	$ 4,837,017	$ 5,998,000	$ 230,775	$ 1,391,758	77.66%

** Budget adjustment by Board action 04/08/15

Palmdale Water District
2015 Operation Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-05-4000-000	Salaries	$ 873,117	$ 1,104,500		$ 231,383	79.05%
1-05-4000-100	Overtime	50,267	53,750		3,483	93.52%
	Subtotal (Salaries)	$ 923,384	$ 1,158,250	$ -	$ 234,866	79.72%
Employee Benefits						
1-05-4005-000	Payroll Taxes	70,065	90,750		20,685	77.21%
1-05-4010-000	Health Insurance	174,988	200,000		25,012	87.49%
1-05-4015-000	PERS	135,431	203,000		67,569	66.71%
	Subtotal (Benefits)	$ 380,484	$ 493,750	$ -	$ 113,266	77.06%
	Total Personnel Expenses	$ 1,303,868	$ 1,652,000	$ -	$ 348,132	78.93%
OPERATING EXPENSES:						
1-05-4155-000	Contracted Services*	$ 81,629	$ 67,500	$ 12,200	$ (1,929)	102.42%
1-05-4175-000	Permits	21,220	40,000		18,780	53.05%
1-05-4215-200	Natural Gas - WTP	785	3,000		2,215	26.17%
1-05-4220-200	Electricity - WTP	133,504	125,000		(8,504)	106.80%
1-05-4230-110	Maint. & Rep. - Office Equipment	-	500		500	0.00%
1-05-4235-110	Maint. & Rep. Operations - Equipment	15,489	11,500		(3,989)	134.69%
1-05-4235-410	Maint. & Rep. Operations - Shop Bldgs	791	6,000		5,209	13.18%
1-05-4235-415	Maint. & Rep. Operations - Facilities	74,576	45,000		(29,576)	165.73%
1-05-4235-450	Maint. & Rep. Operations - Hypo Generator	16,087	18,000		1,913	89.37%
1-05-4235-500	Maint. & Rep. Operations - Wind Turbine*	7,887	6,000	5,000	3,113	71.70%
1-05-4236-000	Palmdale Lake Management*	21,650	15,000	10,000	3,350	86.60%
1-05-6000-000	Waste Disposal	11,315	14,000		2,685	80.82%
1-05-6200-000	Uniforms	12,996	12,000		(996)	108.30%
1-05-6300-100	Supplies - General	7,954	15,000		7,047	53.02%
1-05-6300-600	Supplies - Lab	33,961	35,000		1,039	97.03%
1-05-6300-700	Outside Lab Work	61,790	64,000		2,210	96.55%
1-05-6400-000	Tools	9,231	6,500		(2,731)	142.02%
1-05-6500-000	Chemicals*	306,058	485,000	(27,200)	151,742	66.85%
1-05-7000-100	Leases -Equipment	850	3,000		2,150	28.35%
	Subtotal Operating Expenses	$ 817,773	$ 972,000	$ -	$ 154,227	84.13%
	Total Departmental Expenses	$ 2,121,641	$ 2,624,000	$ -	$ 502,359	80.86%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2015 Finance Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-06-4000-000	Salaries**	$ 678,333	$ 1,546,000	$ (727,000)	$ 140,667	82.82%
1-06-4000-100	Overtime**	4,124	19,000	(13,500)	1,376	74.97%
	Subtotal (Salaries)	$ 682,457	$ 1,565,000	$ (740,500)	$ 142,043	82.77%
Employee Benefits						
1-06-4005-000	Payroll Taxes**	51,672	118,500	(54,000)	12,828	80.11%
1-06-4010-000	Health Insurance**	123,960	316,000	(173,000)	19,040	86.69%
1-06-4015-000	PERS**	120,928	297,000	(132,000)	44,072	73.29%
	Subtotal (Benefits)	$ 296,560	$ 731,500	$ (359,000)	$ 75,940	79.61%
	Total Personnel Expenses	$ 979,017	$ 2,296,500	$ (1,099,500)	$ 217,983	81.79%
OPERATING EXPENSES:						
1-06-4155-000	Contracted Services **	$ 10,582	$ 24,750	$ (16,950)	$ (2,782)	135.67%
1-06-4155-100	Contracted Services - Infosend	173,659	205,000		31,341	84.71%
1-06-4165-000	Memberships/Subscriptions	110	500		390	22.00%
1-06-4230-110	Maintenance & Repair - Office Equipment**	-	1,000	(500)	500	0.00%
1-06-4235-440	Maint. & Rep. Operations - Large Meters**	2,129	10,000	(7,870)	1	99.97%
1-06-4235-470	Maint. & Rep. Operations - Meter Exchanges**	138,045	350,000	(211,950)	5	100.00%
1-06-4250-000	General Material & Supplies**	1,812	6,000	(1,500)	2,688	40.26%
1-06-4260-000	Business Forms**	8,498	10,000	(3,500)	(1,998)	130.74%
1-06-4270-100	Telecommunication - Office	15,329	12,000		(3,329)	127.74%
1-06-4270-200	Telecommunication - Cellular Stipend	14,985	17,000		2,015	88.15%
1-06-4300-200	Testing - Large Meter Testing**	4,044	15,000	(10,955)	1	99.98%
1-06-7000-100	Leases - Equipment	2,565	3,000		435	85.48%
	Subtotal Operating Expenses	$ 371,757	$ 654,250	$ (253,225)	$ 29,268	92.70%
	Total Departmental Expenses	$ 1,350,775	$ 2,950,750	$ (1,352,725)	$ 247,250	84.53%

** Budget adjustment by Board action 04/08/15

Palmdale Water District
2015 Water Conservation Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-07-4000-000	Salaries	$ 143,635	$ 175,000		$ 31,365	82.08%
1-07-4000-100	Overtime	812	1,000		188	81.21%
	Subtotal (Salaries)	$ 144,447	$ 176,000		$ 31,553	82.07%
Employee Benefits						
1-07-4005-000	Payroll Taxes	11,100	13,500		2,400	82.22%
1-07-4010-000	Health Insurance	31,676	38,000		6,324	83.36%
1-07-4015-000	PERS	13,939	20,000		6,061	69.69%
	Subtotal (Benefits)	$ 56,715	$ 71,500	$ -	$ 14,785	79.32%
	Total Personnel Expenses	$ 201,162	$ 247,500	$ -	$ 46,150	81.28%
OPERATING EXPENSES:						
1-07-4190-300	Public Relations - Landscape Workshop/Training	$ 98	$ 1,000		$ 902	9.75%
1-07-4190-400	Public Relations - Contests	602	1,000		398	60.19%
1-07-4190-500	Public Relations - Education Programs	-	2,500		2,500	0.00%
1-07-4190-700	Public Relations -General Media	37,316	25,000		(12,316)	149.26%
1-07-4190-900	Public Relations - Other	39,162	2,000		(37,162)	1958.09%
1-07-4500-000	Drought Enforcement	2,172	-		(2,172)	
1-07-6300-100	Supplies - Misc.	3,376	5,000		1,624	67.52%
	Subtotal Operating Expenses	$ 82,725	$ 36,500	$ -	$ (46,225)	226.64%
	Total Departmental Expenses	$ 283,887	$ 284,000	$ -	$ (75)	99.96%

Palmdale Water District
2015 Human Resources Budget
For the Ten Months Ending Saturday, October 31, 2015

	YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries***	$ 126,305	$ 101,000	$ 57,220	31,915	79.83%
Employee Benefits					
1-08-4005-000 Payroll Taxes	9,697	7,750		(1,947)	125.12%
1-08-4010-000 Health Insurance	15,249	18,000		2,751	84.71%
1-08-4015-000 PERS	5,676	6,500		824	87.32%
Subtotal (Benefits)	$ 30,621	$ 32,250	$ -	$ 1,629	94.95%
Total Personnel Expenses	$ 156,926	$ 133,250	$ 57,220	$ 33,544	82.39%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	$ 25,261	$ 25,250		$ (11)	100.04%
1-08-4060-000 Staff Conferences & Seminars	18,121	20,500		2,379	88.40%
1-08-4070-000 Employee Expense	65,244	40,000		(25,244)	163.11%
1-08-4095-000 Employee Recruitment	1,847	3,000		1,153	61.58%
1-08-4100-000 Employee Retention	9,547	20,000		10,453	47.74%
1-08-4105-000 Employee Relations	2,727	3,500		773	77.91%
1-08-4110-000 Consultants	-	1,000		1,000	0.00%
1-08-4120-100 Training-Safety	39,181	30,000	5,000	(4,181)	111.95%
1-08-4120-200 Training-Speciality	17,173	26,000	(5,000)	3,827	81.78%
1-08-4121-000 Safety Program	200	1,000		800	20.02%
1-08-4165-000 Membership/Subscriptions	839	1,600		761	52.44%
1-08-4165-100 HR/Safety Publications	154	1,000		846	15.44%
1-08-6300-500 Supplies - Safety	17,113	20,000		2,887	85.56%
Subtotal Operating Expenses	$ 197,408	$ 192,850	$ -	$ (4,558)	102.36%
Total Departmental Expenses	$ 354,335	$ 326,100	$ 57,220	$ 28,985	92.44%

*** Budget adjustment by Board action 11/26/14 & 08/12/15

Palmdale Water District
2015 Information Technology Budget
For the Ten Months Ending Saturday, October 31, 2015

		YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:						
1-09-4000-000	Salaries	$ 183,031	$ 221,500		$ 38,469	82.63%
1-09-4000-100	Overtime	2,034	2,500		466	81.35%
	Subtotal (Salaries)	$ 185,065	$ 224,000		$ 38,935	82.62%
Employee Benefits						
1-09-4005-000	Payroll Taxes	14,224	17,000		2,776	83.67%
1-09-4010-000	Health Insurance	31,577	37,500		5,923	84.21%
1-09-4015-000	PERS	31,253	44,000		12,747	71.03%
	Subtotal (Benefits)	$ 77,054	$ 98,500	$ -	$ 21,446	78.23%
	Total Personnel Expenses	$ 262,119	$ 322,500	$ -	$ 59,915	81.28%
OPERATING EXPENSES:						
1-09-4155-000	Contracted Services	$ 70,701	$ 125,000		$ 54,299	56.56%
1-09-4165-000	Memberships/Subscriptions	1,410	1,000		(410)	141.00%
1-09-4270-000	Telecommunications	63,137	77,750		14,613	81.21%
1-09-8000-100	Computer Equipment - Computers	17,426	20,000		2,574	87.13%
1-09-8000-200	Computer Equipment - Laptops*	6,381	5,000	1,600	219	96.68%
1-09-8000-300	Computer Equipment - Monitors	-	2,000		2,000	0.00%
1-09-8000-500	Computer Equipment - Toner Cartridges	828	3,000		2,172	27.59%
1-09-8000-550	Computer Equipment - Telephony	362	2,500		2,138	14.48%
1-09-8000-600	Computer Equipment - Other	10,897	20,000		9,103	54.49%
1-09-8100-100	Computer Software - Maint. and Support	49,246	44,000		(5,246)	111.92%
1-09-8100-140	Computer Software - Starnik	92,375	110,000		17,625	83.98%
1-09-8100-150	Computer Software - Dynamics GP Support	46,580	36,000		(10,580)	129.39%
1-09-8100-200	Computer Software - Software and Upgrades	10,786	14,000		3,214	77.04%
	Subtotal Operating Expenses	$ 370,129	$ 460,250	$ 1,600	$ 91,721	80.14%
	Total Departmental Expenses	$ 632,247	$ 782,750	$ 1,600	$ 151,636	80.61%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2015 Customer Care Budget
For the Ten Months Ending Saturday, October 31, 2015

	YTD ACTUAL 2015	ORIGINAL BUDGET 2015	ADJUSTMENTS 2015	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-10-4000-000 Salaries**	$ 594,679	$ -	$ 727,000	$ 132,321	81.80%
1-10-4000-100 Overtime**	5,809	-	13,500	7,691	43.03%
Subtotal (Salaries)	$ 600,488	$ -	$ 740,500	$ 140,012	81.09%
Employee Benefits					
1-10-4005-000 Payroll Taxes**	47,837	-	54,000	6,163	88.59%
1-10-4010-000 Health Insurance**	145,354	-	173,000	27,646	84.02%
1-10-4015-000 PERS**	92,653	-	132,000	39,347	70.19%
Subtotal (Benefits)	$ 285,843	$ -	$ 359,000	$ 73,157	79.62%
Total Personnel Expenses	$ 886,332	$ -	$ 1,099,500	$ 213,168	80.61%
OPERATING EXPENSES:					
1-10-4155-000 Contracted Services**	$ 14,151	$ -	$ 16,950	$ 2,799	83.48%
1-10-4230-110 Maintenance & Repair-Office Equipment**	-	-	500	500	0.00%
1-10-4250-000 General Material & Supplies**	5,973	-	1,500	(4,473)	398.17%
1-10-4260-000 Business Forms**	1,471	-	3,500	2,029	42.03%
Subtotal Operating Expenses	$ 21,594	$ -	$ 22,450	$ 856	96.19%
Total Departmental Expenses	$ 907,926	$ -	$ 1,121,950	$ 214,024	80.92%

** Budget adjustment by Board action 04/08/15

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE: December 2, 2015 **December 9, 2015**

TO: BOARD OF DIRECTORS **Board Meeting**

FROM: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 8.5 – STATUS REPORT ON COMMITTED CONTRACTS ISSUED.***

An updated Committed Contracts Schedule will be provided at the Board meeting.

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Regular Board Meeting**
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	***AGENDA ITEM NO. 8.6 – CONSIDERATION AND POSSIBLE ACTION ON RESOLUTION NO. 15-17 ESTABLISHING THE PALMDALE WATER DISTRICT'S INVESTMENT POLICY***	

Recommendation:

It is recommended that the Board of Directors approve Resolution No. 15-17 Establishing the Palmdale Water District's Investment Policy.

Background:

It is required by law for the District to adopt an annual Investment Policy. There are no recommended changes from the previous Investment Policy. The District's cds are all at different institutions, are all below the insured limit of $250,000, and there is no loss exposure.

The Policy is to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds with the primary objectives of the investment activities being safety, liquidity, and return on investments.

Strategic Plan Initiative:

Strategic Initiative 3 – Uphold Financial Health of the District

Budget:

Adoption of Resolution No. 15-17 will have no financial impact.

Supporting Documents:

- Resolution No. 15-17 – A Resolution of the Board of Directors of the Palmdale Water District Establishing its Investment Policy.

RESOLUTION NO. 15-17

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Deputy Treasurer of the Palmdale Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, and report same to the Finance Committee, and it shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE; it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

The authority to invest public funds is expressly delegated to the Board of Directors. The Board re-delegates the investment function to the Board President or Vice President and the Deputy Treasurer. The Board President or Vice President designate the District's Financial Advisor as the Deputy Treasurer who shall have the authority to act on behalf of the District with the concurrence of the Board Finance Committee.

The investment of the District's monies is annually delegated by the Board of Directors to the Board President or Vice President and Deputy Treasurer (District Financial Advisor) who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires. The Board President or Vice President shall delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. All transactions will be reviewed by the Finance Committee on a monthly basis to assure compliance with the Investment Policy. (California Government Code Section 53607.)

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Deputy Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the Financial Industry Regulatory Authority (FINRA) or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Deputy Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code 53601 et seq. to invest in the following:

a. Bonds issued by the District.

b. United States Treasury Bills, Notes and Bonds.

c. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

d. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 35% of the District’s money which may be invested pursuant to this policy.

e. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance

with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

f. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The Deputy Treasurer, after review by the Finance Committee, shall submit to each member of the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months. The Deputy Treasurer shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting of the Board of Directors of Palmdale Water District held on December 9, 2015. Resolution No. 15-17 was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

_____
President, Board of Directors
Palmdale Water District

ATTEST:

_____
Secretary of the Board of Directors

APPROVED AS TO FORM:

_____
Aleshire & Wynder, General Counsel

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Joe Estes, Secretary of the Palmdale Water District, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 15-17 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting held on December 9, 2015 and that the same has not been amended or repealed.

_____
Secretary, Board of Directors
Palmdale Water District

DATED: _____

(S E A L)

UBS Financial Services Inc.
777 S. Figueroa Street, Suite 5200
Los Angeles, CA 90017-5519
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Toll Free 800-283-1200
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www.ubs.com

December 2, 2015

Finance Committee
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Dear Sirs:

This letter certifies that I have read and understand the Palmdale Water District Investment Policy. I will present investment recommendations and transactions that are appropriate under its terms and conditions.

Sincerely,

Michael R. Giordano, CIMA®
Senior Vice President – Wealth Management

James M. Giordano, CFP®, CRPS®
Senior Vice President – Wealth Management

Jessica K. Margetson, CFP®
Financial Advisor

UBS Financial Services Inc. is a subsidiary of UBS AG.

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE: December 2, 2015 **December 9, 2015**

TO: BOARD OF DIRECTORS **Board Meeting**

FROM: Mr. James Riley, Engineering/Grant Manager

VIA: Mr. Dennis D. LaMoreaux, General Manager

RE: ***AGENDA ITEM NO. 8.7 – CONSIDERATION AND POSSIBLE ACTION ON AUTHORIZING REQUIRED RESOLUTIONS FOR SUBMITTING AN APPLICATION TO STATE WATER RESOURCES CONTROL BOARD FOR PLANNING, ENVIRONMENTAL AND DESIGN WORK FOR THE LITTLEROCK SEDIMENT REMOVAL PROJECT.***

Recommendation:

That the Board:

1. Approve staff to prepare a loan application to the State Water Resources Control Board (SWRCB) for low interest financing to complete the planning, environmental and design work for the Littlerock Sediment Removal Project.

2. Approve a low interest loan request to SWRCB not-to-exceed $800,000.

3. Authorize Board execution of Resolution No. 15-18 (Authorizing Resolution) and Resolution No. 15-19 (Pledged Revenues and Fund(s) Resolution).

4. Authorize the General Manager to transmit the loan application to the SWRCB.

Impact of Taking No Action

1. The District's budget for 2016 would not allow for the completion of the final design of the project.

2. Not completing final design would delay construction start.

Background Information:

On November 4, 2014, California voters approved Proposition 1, the Water Quality Supply and Infrastructure Improvement Act of 2014. The Act authorizes $7.5 billion in general obligation bonds for water supply reliability projects.

The Palmdale Water District's Strategic Water Resources Plan includes removing sediment from the Littlerock Reservoir to restore the reservoir space used for storage for a portion the District's municipal water supply.

The Palmdale Water District has completed an Administrative Draft EIR/EIS and 30% design of the Littlerock Sediment Removal Project.

The Palmdale Water District needs financial assistance to complete the planning, environmental and design work for the Littlerock Sediment Removal Project.

Budget:

1. Preparation of the construction grant and loan applications would not impact the budget of the District.

2. A loan from the SWRCB would provide funds in 2016 to complete the design work for the Littlerock Sediment Removal Project.

3. A low interest planning, environmental and design loan has a repayment period of six (6) years which can then be rolled into a SWRCB construction loan with a repayment period of twenty (20) years.

Supporting Documents:

- Resolution No. 15-18 - Authorizing Resolution
- Resolution No. 15-19 - Pledged Revenues and Fund(s)

AUTHORIZING RESOLUTION/ORDINANCE

PALMDALE WATER DISTRICT RESOLUTION NO. 15-18

LITTLEROCK SEDIMENT REMOVAL PROJECT

WHEREAS, Proposition 1, the Water Quality, Supply and Infrastructure Act of 2014 provides funding for water supply reliability projects;

WHEREAS, the State of California provides low interest financing for drinking water projects through the State Revolving Fund (SRF);

WHEREAS, the Palmdale Water District's Strategic Water Resources Plan includes removing sediment from the Littlerock Reservoir to restore the reservoir space used for storage of a portion of the District's municipal water supply;

WHEREAS, the Palmdale Water District has completed an Administrative Draft EIR/EIS and 30% design of the Littlerock Sediment Removal Project;

WHEREAS, the Palmdale Water District needs financial assistance to complete the planning, environmental and design work for the Littlerock Sediment Removal Project.

NOW THEREFORE LET IT BE RESOLVED by the Board of Directors of the Palmdale Water District (the "District"), AS FOLLOWS:

SECTION 1. Funding for the Littlerock Sediment Removal Project meets the objectives of the Strategic Initiative # 1 – Outstanding Water Management;

SECTION 2. The General Manager (the "Authorized Representative") or designee is hereby authorized and directed to sign and file, for and on behalf of the District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, environmental, and design of the Littlerock Sediment Removal Project (the "Project").

SECTION 3. The Authorized Representative, or his/her designee, is designated to provide the assurances, certifications and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control Board and any amendments or changes thereto.

SECTION 4. The Authorized Representative, or his/her designee, is designated to represent the District in carrying out the District's responsibilities under the financing agreement, including certifying disbursement requests on behalf of the District and compliance with applicable state and federal laws.

CERTIFICATION

PASSED, APPROVED and ADOPTED this 9th day of December, 2015.

_____
Kathy MacLaren, President
Board of Directors
Palmdale Water District

_____
Joe Estes, Secretary
Board of Directors
Palmdale Water District

Approved as to form:

_____
Aleshire & Wynder, LLP
District Legal Counsel

PLEDGED REVENUES AND FUND(s) RESOLUTION

PALMDALE WATER DISTRICT RESOLUTION NO. 15-19

LITTLEROCK SEDIMENT REMOVAL PROJECT

WHEREAS, the Palmdale Water District (Formerly known as Palmdale Irrigation District) was formed in 1918 under the provisions of the Water Code of the State of California;

WHEREAS, the Palmdale Water District's primary functions are to acquire, control, conserve, and distribute water for the beneficial use of inhabitants and water users within the District's service area;

WHEREAS, the Palmdale Water District has the Authority to construct, install, finance, and use/manage water from the Littlerock Sediment Removal Project;

WHEREAS, the Palmdale Water District has ownership of Littlerock Dam and Reservoir;

WHEREAS, the Palmdale Water District has the authority to charge fees for the water delivered from Littlerock Reservoir;

WHEREAS, the Palmdale Water District has the authority to enter into contracts with the State Water Resources Control Board for construction and repayment of the Littlerock Sediment Removal Project.

NOW THEREFORE BE IT RESOLVED, the Palmdale Water District (the "District") hereby dedicates and pledges Water Sales Revenue Stream from the General Funds Category to payment of any and all Clean Water State Revolving Fund for financing for the Littlerock Sediment Removal Project (the "Project").

SECTION 1. Entity commits to collecting such revenues and maintaining such fund(s) throughout the term of such financing and until the District has satisfied its repayment obligation thereunder unless modification or change is approved in writing by the State Water Resources Control Board.

SECTION 2. So long as the financing agreement(s) are outstanding, the District's pledge hereunder shall constitute a lien in favor of the State Water Resources Control Board on the foregoing fund(s) and revenue(s) without any further action necessary.

SECTION 3. So long as the financing agreement(s) are outstanding, the District commits to maintaining the fund(s) and revenue(s) at levels sufficient to meet its obligations under the financing agreement(s).

CERTIFICATION

PASSED, APPROVED and ADOPTED this 9th day of December, 2015.

_____
Kathy MacLaren, President
Board of Directors
Palmdale Water District

_____
Joe Estes, Secretary
Board of Directors
Palmdale Water District

Approved as to form:

_____
Aleshire & Wynder, LLP
District Legal Counsel

AGENDA ITEM NO. 8.8

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Dennis D. LaMoreaux, General Manager	
RE:	***AGENDA ITEM NO. 8.8 – CONSIDERATION AND POSSIBLE ACTION ON CONTINUATION OF INTERNSHIP PROGRAM PENDING 2016 BUDGET DISCUSSIONS.***	

Staff will review this item at the Board meeting.

AGENDA ITEM NO. 8.9

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Dennis D. LaMoreaux, General Manager	
RE:	***AGENDA ITEM NO. 8.9 - DISCUSSION AND POSSIBLE ACTION ON STREAMLINING STANDING AND AD HOC BOARD COMMITTEES AND APPOINTMENTS.***	

Director Alvarado has requested the Board discuss and review its Standing and Ad Hoc Board Committees and Board Appointments. To assist with this discussion, the current Board Committee list is attached.

Supporting Documents:

- Current Standing Committees and Appointments list dated January 8, 2014

January 8, 2014

PALMDALE WATER DISTRICT
2014 STANDING COMMITTEES AND APPOINTMENTS

FACILITIES: **ESTES (Chair), DINO**

1) District Owned Land and Buildings
2) Water Treatment Plant
3) Land Sales and Leases
4) Rolling Stock, Radios, Control Systems, and Misc. Equipment
5) Palmdale Ditch and Littlerock Dam

FINANCE: **DIZMANG (Chair), DINO**

1) Water Rates
2) Budget, Auditing, and Accounting Procedures
3) Investments
4) Capital Improvement Fee, Assessment Parity Charge, etc.

PERSONNEL: **MAC LAREN (Chair), ESTES**

1) Organizational Structure
2) Salary, Benefits and Retirement
3) Personnel Policies
4) ACWA JPIA

OUTREACH: **DIZMANG (Chair), ESTES**

1) Publications
2) Education Programs
3) Community Organizations

WATER SUPPLY & RELIABILITY: **DIZMANG (Chair), DINO**

1) Surface Water Supply, Reliability, Delivery
2) Groundwater Supply
3) Water Banking and Storage
4) Water Conservation

(GENERAL MANAGER TO SERVE ON ALL COMMITTEES AT THE REQUEST OF THE CHAIR)

PALMDALE WATER DISTRICT DIRECTOR APPOINTMENTS

- **Antelope Valley State Water Contractors Association** — **Alvarado, Mac Laren, Estes (Alt.)**
- **Palmdale Recycled Water Authority** — **Mac Laren, Alvarado, Dino (Alt.)**
- **Plant 42 Environmental Restoration Advisory Board** — **Alvarado, Asst. General Mngr. Knudson (Alternates: Estes and LaMoreaux)**
- **Association of California Water Agencies & JPIA** — **Dizmang, Alvarado (Alt.)**

PALMDALE WATER DISTRICT AD HOC COMMITTEES

The Board President shall appoint Ad Hoc Committees from time to time and reconstitute such committees as the need arises.

BOARD LIAISONS

The Board President shall act as and/or appoint Liaisons to various functions and organizations to represent PWD.

AGENDA ITEM NO. 9.2

P A L M D A L E W A T E R D I S T R I C T

B O A R D M E M O R A N D U M

DATE:	December 2, 2015	**December 9, 2015**
TO:	BOARD OF DIRECTORS	**Board Meeting**
FROM:	Mr. Dennis D. LaMoreaux, General Manager	
RE:	***AGENDA ITEM NO. 9.2 – STRATEGIC INITIATIVE PROJECTS UPDATE***	

Information on this item will be distributed and reviewed at the Board meeting.