MINUTES OF WORKSHOP OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT AUGUST 12, 2013:

A Workshop meeting of the Board of Directors of the Palmdale Water District was held Monday, August 12, 2013, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

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

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Gordon Dexter, Vice President	Jim Ciampa, Attorney
Gloria Dizmang, Treasurer	Matt Knudson, Engineering Manager
Robert Alvarado, Secretary	Jon Pernula, Water & Energy Resources Manager
	Dawn Deans, Executive Assistant
Steve Cordova, Director -- EXCUSED ABSENCE	6 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Discussion Item – Board Workshop to Discuss Establishing a Water Supply Fee for New Development. (Engineering Manager Knudson/Pierce Rossum, Carollo Engineers)

Engineering Manager Knudson informed the Board that a Water Supply Fee is being developed to provide funding and financing mechanisms for acquiring additional water supply, to support new growth and the need to increase existing supply, and to ensure that new facilities and new water supplies necessary to provide water for new growth and development are not paid for by existing ratepayers.

Water & Energy Resources Manager Pernula then reviewed the District's past and current water supply planning documents, which identify needed facilities and water supply for future growth and the fee structure for developers to pay for these facilities, and the District's Strategic Water Resources Plan, which identifies how much water will be needed through 2035, where the water will come from, needed facilities, the costs, existing and targeted water supply, and sources of this water supply.

Mr. Pierce Rossum, of Carollo Engineers then informed the Board that the methodology for the proposed Water Supply Fee was developed by identifying project costs included in the Strategic Water Resources Plan, by identifying 2035 sources of water supply being Littlerock Reservoir, imported water, recycled water, groundwater, and conservation, by developing an assumption of single family use, and by developing a Water Supply Fee calculation with a 25-year outlook and with a 10-year outlook.

Engineering Manager Knudson then reviewed the recent Capital Improvement Fee update, the proposed reduction in the Capital Improvement Fee per service zone if the Water Supply Fee is adopted due to removing the water supply component from the Capital Improvement Fee, a comparison of Capital Improvement Fees and Water Supply Fees for the 25-year and 10-year outlooks, single family and commercial Capital Improvement Fees based on adoption of the Water Supply Fee, future considerations for updating these fees, and staff's recommendations for implementing the Water Supply Fee.

Ms. Marta Golding-Brown, of the Antelope Valley Building Industry Association, informed the Board that she appreciates the opportunity to participate in the workshop but she and her members need an opportunity to review the materials; that there has been a slower growth return in the Antelope Valley since 2005; that her concern is that the recommendation appears only to be based on the 25-year projection based on today's numbers; that the adjudication is not complete; that future water prices are unknown; that if the County's plan to reduce the amount of housing in the outlying areas goes into effect, the extra water for infrastructure may not be needed; that the District should consider the 10-year outlook plan as a true realistic option as it can be looked at again in ten years, the adjudication will be close to being done, there will be a better idea of how much water will be available and the cost, it will be known if the Delta Plan has gone through, and if there is additional State Water Project water available; that at this point, there are many ifs; that she will present the information to her members; but that she cautions the Board to look at where we are at this time, where development might go, and development will not be anywhere near what was seen in the early 2000s.

The number of service connections projected for 2035, the adjudication process, single family residence water use, the Water Supply Fee applying only to future growth and not existing customers, the availability of future water supply for development, and what happens if there is no development were then discussed after which Engineering Manager Knudson stated that staff will provide Water Supply Fee comparisons with other agencies and prepare cost scenarios for residential and commercial developments for review when the Water Supply Fee is presented to the Board for consideration.

6) Board Members Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Adjournment.

There being no further business to come before the Board, the meeting was adjourned.

Secretary