MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, SEPTEMBER 11, 2013:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, September 11, 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 followed by a moment of silence in honor of those who lost their lives in 9/11 and in memory of all those who helped.

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Gordon Dexter, Vice President	Jim Ciampa, Attorney
Gloria Dizmang, Treasurer	Vincent Dino, Director Elect
Robert Alvarado, Secretary	Joe Estes, Director Elect
Steve Cordova, Director	Mike Williams, Finance Manager
	Kelly Jeters, Systems Supervisor
	Bob Egan, Financial Advisor
	Dawn Deans, Executive Assistant
	2 members of the public

3) Adoption of Agenda.

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

4) Public Comments for Non-Agenda Items.

Ms. JonA'hida Avbry, Palmdale Water District customer, questioned justification of the $20 door-tag fee and where these funds are applied and stated that she discussed her concerns with Assemblyman Fox; that she is retired, is on a fixed income, and the door-tag fee is high; that accounts are shut off if the door-tag fee is not paid even if the water bill is paid; and that the District does not offer any low income assistance for paying water bills.

General Manager LaMoreaux then informed the Board that he has Ms. Avbry's contact information, and a meeting will be scheduled with Ms. Avbry to review the District's door-tag policy and her account.

Director Dizmang then stated that she has been working on trying to find a way to help senior citizens; that she has met with Assemblyman Fox regarding this matter; and that the District has a Before the First Drop campaign to help customers understand the costs involved with providing water to the customers.

Director Alvarado then stated that this issue has been discussed at Outreach Committee meetings; that an article has been placed in the District's Water News publication to help customers minimize their costs and avoid having to pay the door-tag fee; that the Board and General Manager LaMoreaux have an open-door policy and her concerns will be addressed at her meeting with General Manager LaMoreaux; and that the District is working on ideas to improve service.

Director Cordova then recommended that Ms. Avbry meet with General Manager LaMoreaux and to re-address the Board if she has further concerns.

President Mac Laren then stated that the District has also met with Senator Knight and he indicated he would investigate solutions on providing low income assistance.

There were no further public comments.

5) Presentations:

5.1) Proposed California High Speed Rail Project. (Michelle Boehm, Southern California Regional Director, California High Speed Rail Authority)

Mr. Robert Vanderstock, representing Chapman Communications and the outreach team for the California High Speed Rail System, provided an overview of the System and the need for the System, which will eventually connect San Francisco and Los Angeles and extend to Sacramento and San Diego, and stated that initial construction contracts have been signed with total construction anticipated to be complete in thirty years at a cost of many billions of dollars; that the System is on a fast track for the section from Bakersfield to Palmdale to be built; and then reviewed funding allocated for construction of the System, how the System will operate, environmental work for right-of way acquisition, and anticipated completion dates for each phase of the System followed by discussion of the potential impact to Palmdale Dam from the proposed alignment of

the System, environmental work for this alignment, mitigations that may be necessary to not compromise Palmdale Lake, the potential number of jobs generated from the construction of the System, and the sound generated and noise level of the high speed trains.

The Board then thanked Mr. Vanderstock for the information.

6) Action Items – Consent Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

6.1) Approval of Minutes of Regular Meeting Held August 28, 2013.

6.2) Payment of Bills for September 11, 2013.

It was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to approve those items included in the Consent Calendar.

7) Action Items – Action Calendar: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Board of Directors Prior to Action Being Taken.)

7.1) Status Report on Cash Flow Statement and Current Cash Balances as of July 31, 2013. (Financial Advisor Egan/Finance Committee)

Financial Advisor Egan reviewed the investment funds and cash flow reports as of July 31, 2013, including the decrease in cash due to an unanticipated payment to the Department of Water Resources and anticipated payments for Granular Activated Carbon, State Water Project costs, and Butte payments and stated that a healthy year-end balance is still projected and that the Finance Committee is updating the District's Reserve Policy for which a large amount of money is required to fully fund those reserve funds.

7.2) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for July 31, 2013. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons,

revenue and expense analysis reports, and graphic presentations for these reports for the period ending July 31, 2013 and stated that all departments are operating at or below the targeted expenditure percentage of 58% or less and continue to keep expenses down and operate very efficiently.

7.3) Status Report on Committed Contracts Issued. (Engineering Manager Knudson/Finance Committee)

General Manager LaMoreaux reviewed payments included in the Committed Contracts and Payout Schedules for capital projects, projects funded by the Water Quality Fee, and projects funded from the Water Revenue Series 2013A Bonds.

7.4) Consideration and Possible Action on Amendment No. 1 to Temporary Employment Agreement for Retired Annuitant Jeannie Burns. (General Manager LaMoreaux)

General Manager LaMoreaux provided an overview of Amendment No. 1 and the need for Mrs. Burns' services through the transition to a permanent Human Resources Manager, or to December 31, 2013, and after a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve Amendment No. 1 to the Temporary Employment Agreement for Retired Annuitant Jeannie Burns.

7.5) Consideration and Possible Action on Requiring Staff Attendance Reports for Conferences, Seminars, and Training Sessions. (Director Dizmang)

After a brief discussion of a draft Staff Conference/Seminar Report Form, which will be attached to monthly Department Status Reports, it was moved by Director Dexter, seconded by Director Alvarado, and unanimously carried to require Staff Attendance Reports to be submitted for staff members' attendance at conferences, seminars, and training sessions.

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

a) Local Agency Formation Commission Independent Special District Selection Committee Meeting to be Held October 7, 2013 in Glendale. (President Mac Laren)

b) ACWA 2013 Fall Conference & Exhibition to be Held December 3 – 6, 2013 in Los Angeles.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve Board and staff attendance at conferences, seminars, and training sessions as follows: Local Agency Formation Commission Independent Special District Selection Committee Meeting to be Held October 7, 2013 in Glendale and ACWA 2013 Fall Conference & Exhibition to be Held December 3 – 6, 2013 in Los Angeles.

8) Information Items.

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

Director Alvarado reported that on September 9, he attended the Outreach Committee meeting; that every member of this particular committee works very hard to keep improving the quality and the quantity of the information given to our customers via email through our electronic newsletter, our website, our Facebook page, and through the hard copy of Water News included in the customer's water bill; and that kudos are in order to Director Dizmang, Water Conservation Supervisor Beck, Information Technology Manager Stanton, General Manager LaMoreaux, and staff for supporting these efforts, and they are appreciated; that on September 10, he attended a briefing with General Manager LaMoreaux and Engineering Manager Knudson; that it is amazing how much these two individuals know about the operations and the runnings of the District; that like his fellow Directors, he asks many simple and complicated questions during the briefings, and he pretty much always gets a satisfactory answer; and that both the District's ratepayers and the Directors really appreciate their knowledge, dedication, and transparency.

Director Dizmang reported that on September 9, she attended the Outreach Committee meeting; that the Committee continues to work on the Before the First Drop campaign, which is to educate the ratepayers on how much it costs to produce the water; that the Committee is currently working on a letter to elected officials explaining this aspect and conservation, and they will be invited to meet with District staff to talk about what the District is doing; that Water Conservation Supervisor Beck reported that the District's gallons per capita per day has increased, a radio advertisement is now playing regarding this issue, and she is doing an excellent job; that on September 9, she attended a briefing with the very knowledgeable General Manager LaMoreaux and Engineering Manager Knudson; that on September 11, she attended a Finance Committee meeting

where they are working on developing a simplified budget worksheet; that a budget timeline has been developed for adoption of the 2014 budget; that a draft Reserve Policy will be reviewed by Mr. Steve Perez, General Manager for Rosamond Community Services District, who was involved with the development of a form of Reserve Policy through the California Special Districts Association; that the District's projected reserve under the revised Policy at this point will be $15 million, and the District does not have this amount or an amount set aside for emergencies; that an RFP has been sent for auditing services; and that Finance Manager Williams shared an analysis that shows a comparison of payment types, which indicates quite a few customers now pay electronically, but the amount of front lobby cash customers remains the same after which General Manager LaMoreaux informed the Board that on a month-long basis, the average wait time is between five and seven minutes, and staff is preparing more information on these statistics.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux stated that Finance Manager Williams' staff is preparing the budget timeline and detailed work for the budget.

8.3) Report of Attorney.

Attorney Ciampa reported that AB145 to move the entire drinking water program from the Department of Public Health to the State Water Resources Control Board was moved to the suspense file in the Appropriations Committee in the senate; that since that time, Assemblymember Perea, who is the author of AB145, gutted AB1393 and proposes moving only the administration of the State Water Revolving Fund function from the Department of Public Health to the State Water Resources Control Board; and that ACWA will be shifting its position to support AB1393.

At 8:37 p.m., President Mac Laren called for a four-minute recess. She reconvened the regular meeting at 8:41 p.m.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Closed Session Under:

10.1) Government Code Section 54956.9(d)(1), pending litigation: ***Antelope Valley Ground Water Cases.***

10.2) Government Code Section 54956.9(d)(1), pending litigation: ***United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW.***

10.3) Government Code Section 54956.9(d)(1), pending litigation: ***Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561.***

10.4) Government Code Section 54956.9(d)(1), pending litigation: ***Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216.***

10.5) Government Code Section 54956.9(d)(1), pending litigation: ***SCWA v. DWR, Superior Court of California for the County of Sacramento, Case No. 34-2008-00016338 CU-BC-GDS (Area of Origin Litigation).***

At 8:41 p.m., President Mac Laren called for a closed session pursuant to Government Code Section 54956.9(d)(1), Pending Litigation - Five Cases: *Antelope Valley Ground Water Cases* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216* and *SCWA v. DWR, Superior Court of California for the County of Sacramento, Case No. 34-2008-00016338 CU-BC-GDS (Area of Origin Litigation).*

She reconvened the regular meeting at 8:49 p.m.

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

Attorney Ciampa reported that a closed session had been held under Government Code Section 54956.9(d)(1), Pending Litigation - Five Cases: *Antelope Valley Ground Water Cases* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216* and *SCWA v. DWR, Superior Court of California for the County of*

Sacramento, Case No. 34-2008-00016338 CU-BC-GDS (Area of Origin Litigation); that the Board was updated on the current status of each of these five items of pending litigation; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

13) Adjournment.

There being no further business to come before the Board, the regular meeting of the Board of Directors of the Palmdale Water District was adjourned.

Robert E Alvarez
Secretary