

PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 •

Telephone (661) 947-4111

Fax (661) 947-8604

www.palmdalewater.org

ALESHIRE & WYNDER LLP
Attorneys



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

July 3, 2014

*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, July 9, 2014

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. 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) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.
- 5) Presentations:
 - 5.1) No presentations scheduled at this time.

- 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 June 25, 2014.
 - 6.2) Payment of bills for July 9, 2014.
 - 6.3) Receive and file Semi-Annual Employee Reimbursement Report for the period covering January 1, 2014 through June 30, 2014. (Finance Manager Williams)
- 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 May 31, 2014. (Financial Advisor Egan/Finance Committee)
 - 7.2) Status report on Financial Statements, Revenue and Expense and Departmental Budget Reports for May 31, 2014. (Finance Manager Williams/Finance Committee)
 - 7.3) Status report on committed contracts issued. (Assistant General Manager Knudson/Finance Committee)
 - 7.4) Consideration and possible action on Resolution No. 14-11 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Voluntary Water Conservation Program in Response to Drought. (Water & Energy Resources Director Pernula/Water Supply & Reliability Committee)
 - 7.5) Consideration and possible action on award of contract to Calgon Carbon for replacement of F300 GAC with F400GAC and continued reactivation services of F400GAC. (\$1,199,588.60 – Budgeted – Operations Manager Thompson II/Facilities Committee)
 - 7.6) Consideration and possible action on an Unpaid Internship Program. (Human Resources Director Emery/Personnel Committee)
 - 7.7) Consideration and possible action on the District's retirement procedures. (General Manager LaMoreaux/Director Estes)
 - 7.8) Consideration and possible action on Board and staff attendance at conferences, seminars, and training sessions as follows: None at this time.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Meetings/General Report.
 - b) Standing Committee/Assignment Reports (Chair):
 - 1) Facilities Committee
 - 2) Finance Committee
 - 3) Personnel Committee

- 4) Outreach Committee
 - 5) Water Supply & Reliability Committee
 - 6) Antelope Valley State Water Contractors Association
 - 7) Palmdale Recycled Water Authority
- 8.2) Report of General Manager.
- 8.3) Report of Attorney.
- 9) Public comments on closed session agenda matters.
- 10) Closed session under:
- 10.1) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Antelope Valley Ground Water Cases*.
 - 10.2) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *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) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Central Delta Water Agency vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2010-80000561*.
 - 10.4) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Omar Ramirez v. Palmdale Water District*.
- 11) Public report of any action taken in closed session.
- 12) Board members' requests for future agenda items.
- 13) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: July 2, 2014 **July 9, 2014**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – RECEIVE AND FILE SEMI-ANNUAL
EMPLOYEE REIMBURSEMENT REPORT FOR THE PERIOD
COVERING JANUARY 1, 2014 THROUGH JUNE 30, 2014***

Recommendation:

Staff recommends the Board receive and file the Semi-Annual Employee Reimbursement Report for the period covering January 1, 2014 through June 30, 2014.

Background:

Staff reimbursements are based on the approved budget. It is required that the District report to the governing body Employee Reimbursements in excess of \$100.00 on a semi-annual basis.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 3 “Improve Infrastructure.”

Budget:

This item has no impact on the District’s Budget.

Supporting Documents:

- Semi-Annual Employee Reimbursement Report for the period covering January 1, 2014 through June 30, 2014.

PALMDALE WATER DISTRICT
Semi-Annual Employee Reimbursement Report
Period Covering January 1, 2014 through June 30, 2014

Employee ID	Employee Name	Pay Date	Item Description	Amount
2520	PASPALOF, BORIS J.	2/12/2014	REIMBURSEMENT FOR EDUCATIONAL EXPENSES	1,410.00
2600	PERNULA, JON	1/15/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	261.70
2600	PERNULA, JON	1/29/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	127.07
2600	PERNULA, JON	4/9/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	101.47
2600	PERNULA, JON	4/23/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	106.06
2600	PERNULA, JON	6/18/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	100.49
2100	LAMOREAUX, DENNIS	2/26/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	251.10
2100	LAMOREAUX, DENNIS	5/21/2014	REIMBURSEMENT FOR TRAVEL EXPENSES	195.84
1120	BLIGH, CHRIS	4/1/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
1210	COBB, CURTIS	2/26/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
1230	CRAWFORD, BARRY	1/29/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
1380	DOUBENMIER, RICHARD	4/23/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
1405	FEAR, BARRY	1/1/2014	REIMBURSEMENT FOR WORK BOOTS	107.49
1705	HARDENBROOK, RANDY	5/28/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
1720	HEINONEN, RICHARD	5/21/2014	REIMBURSEMENT FOR EDUCATIONAL EXPENSES	1,050.00
1922	JIMENEZ, CRISTIAN	1/29/2014	REIMBURSEMENT FOR TESTING/CERTIFICATION FEES	190.00
2110	LEBO, SANDY	4/9/2014	REIMBURSEMENT FOR EDUCATIONAL EXPENSES	489.00
2220	MCKINSEY, DANIEL	3/12/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
3710	ZUNIGA, SALVADOR	3/13/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
4001	HULSEBUS, SCOTT	3/12/2014	REIMBURSEMENT FOR WORK BOOTS	125.00
4010	JENKINS, DAVID	3/15/2014	REIMBURSEMENT FOR TESTING/CERTIFICATION FEES	100.00
				5,490.22

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	July 3, 2014	July 9, 2014
TO:	BOARD OF DIRECTORS	Board Meeting
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	<i>AGENDA ITEM NO. 7.1 – STATUS REPORT ON CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF MAY 31, 2014</i>	

Attached is the Investment Funds Report and current cash balance as of May 31, 2014. The reports will be reviewed in detail at the Board meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT

			May 31, 2014			May-14	April-14
	DESCR						
CASH							
0-0103	Citizens/US Bank - Checking					141,146.15	436,174.95
0-0104	Citizens- Merchant					90,923.95	56,250.00
					Bank cash	232,070.10	492,424.95
0-0119	PETTY CASH					300.00	300.00
0-0120	CASH ON HAND					3,400.00	3,400.00
	TOTAL CASH					235,770.10	496,124.95
INVESTMENTS							
0-0110	UBS ACCOUNT SS 11469 GG						
	UBS RMA Government Portfolio					7,814,848.95	6,846,638.45
	UBS Bank USA Dep acct					250,000.00	250,000.00
						8,064,848.95	7,096,638.45
0-1110	UBS ACCOUNT SS 11475 GG						
	UBS Bank USA Dep acct					250,000.00	250,000.00
	UBS RMA Government Portfolio					210,337.10	210,325.20
						460,337.10	460,325.20
0-0115	LAIF					11,719.46	11,719.46
0-0111	UBS ACCOUNT SS 11432 GG						
	UBS Bank USA Dep acct					250,000.00	250,000.00
	UBS RMA Government Portfolio					831,070.96	583,069.27
	Accrued interest					6,445.22	11,521.37
US GOVERNMENT SECURITIES:							
	ISSUE		EXPIR			MARKET	MARKET
	DATE	ISSUER	DATE	RATE	PAR	VALUE	VALUE
		FNMA	10/26/15	1.625	500,000	509,785.00	510,350.00
		FNMA	06/28/17	1.125	500,000	0.00	0.00
		FNMA	07/17/17	1.2	500,000	500,610.00	500,555.00
		FHLB	12/28/17	0.95	500,000	495,485.00	492,945.00
					2,000,000	1,505,880.00	1,503,850.00
CD'S							
	1	Bank of India	05/07/14	0.50	240,000	0.00	240,000.00
	2	Bank of Baroda	11/12/14	0.45	240,000	239,964.00	239,935.20
	3	GE Capital Bank	05/01/15	0.60	64,000	63,987.84	63,968.00
	4	Ally Bank	05/06/15	0.60	240,000	239,942.40	239,872.80
	5	Sallie Mae Bank	11/06/15	0.85	240,000	240,381.60	240,343.20
	6	Goldman Sachs Bk	11/07/16	1.00	240,000	239,980.80	239,760.00
	7	CIT Bank	11/06/17	1.60	240,000	240,237.60	240,249.60
	8	BMW Bank	11/15/18	2.00	240,000	240,933.60	240,566.40
					1,744,000	1,505,428	1,744,695
TOTAL MANAGED ACCOUNT						4,098,824.02	4,093,135.84
TOTAL INVESTMENTS						12,635,729.53	11,661,818.95
UBS ACCOUNT SS 24016						480,084.54	480,064.74
Rate Stabilization Fund							
GRAND TOTAL CASH AND INVESTMENTS						13,351,584.17	12,638,008.64
	Summary:						
	Checking		235,770		Incr (Decr)	713,575.53	(2,099,862.23)
	UBS MM		8,525,186				
	LAIF		11,719				
	UBS Investment		4,098,824				
	Rate Stab fund		480,085		BNY Mellon		
	Total		13,351,584		Construction	6,536,841.49	7,352,177.22

	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	2014	
06/24/14	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Water Sales	1,649,955	1,630,351	1,685,802	1,701,439	1,914,996	2,063,000	2,202,000	2,407,000	2,455,000	2,288,000	2,076,000	1,766,000	23,839,542
	1,649,955	1,630,351	1,685,802	1,701,439	1,914,996	2,063,000	2,202,000	2,407,000	2,455,000	2,288,000	2,076,000	1,766,000	
Beginning Balance	12,223,261	12,094,245	12,669,343	10,569,481	12,638,008	13,351,585	12,734,123	12,038,465	11,644,431	9,156,245	7,939,302	8,264,748	
Water Receipts	1,955,377	1,805,677	1,780,736	1,691,040	1,777,997	2,063,000	2,202,000	2,407,000	2,455,000	2,288,000	2,076,000	1,766,000	24,267,827
Other							278,100					0	278,100
Total Operating Revenue	1,955,377	1,805,677	1,780,736	1,691,040	1,777,997	2,063,000	2,480,100	2,407,000	2,455,000	2,288,000	2,076,000	1,766,000	
Operating Expenses:													
Total Operating Expenses excl GAC	2,060,493	1,411,384	1,720,101	1,345,880	1,547,374	1,976,400	2,171,600	2,171,600	2,196,000	2,196,000	1,830,000	1,708,000	22,334,832
													1,504,710
Non-Operating Revenue Expenses:													
Assessments, net	636,921	291,389	7,906	1,958,367	720,021	7,737	311,000	145,000			237,000	2,647,000	6,962,341
Special Avek CIF Payment													0
Interest	3,782	3,457	3,899	3,224	3,195	2,083	2,083	2,083	2,083	2,083	2,083	2,083	32,140
Mkt adj	10,554	1,203	(4,828)	6,915	2,763								16,607
Grant Re-imbursement													0
Capital Improvement Fees		2,538				6,667	6,667	6,667	6,667	6,667	6,667	6,667	49,205
													0
DWR Refund/(payment)					133,539								133,539
Other /Palmdale Redevel Agency	10,079	52,154	16,438	10,677	298,812	55,833	55,833	55,833	55,833	55,833	55,833	55,833	778,994
Total Non-Operating Revenues	661,336	350,742	23,415	1,979,183	1,158,329	72,320	375,583	209,583	64,583	64,583	301,583	2,711,583	7,972,825
Capital Expenditures	(106,595)	(13,862)	(321,802)	(119,918)	(533,132)	(149,568)	(568,866)	(453,181)	(346,000)	(252,000)	(88,130)	(21,760)	(2,974,814)
GAC							(216,829)	(216,829)	(216,829)	(315,518)		(43,583)	(1,009,588)
SWP Capitalized	(578,181)	(118,142)	(142,503)	(118,142)	(118,141)	(118,140)	(578,178)	(118,140)	(146,976)	(118,140)	(118,140)	(118,139)	(2,390,962)
Prepaid Insurance (paid) refunded			(67,580)					(35,000)		(165,000)			(267,580)
Bond Payments Interest			(1,126,124)						(1,118,296)				(2,244,420)
Principal			(504,974)						(967,800)				(1,472,774)
System Work for AVEK													0
Butte payments						(492,805)				(507,000)			(999,805)
Capital leases	(460)	(37,933)	(20,929)	(17,756)	(24,103)	(15,868)	(15,868)	(15,868)	(15,868)	(15,868)	(15,868)	(15,868)	(212,257)
Legal adjudication fees													0
Total Cash Ending Balance	12,094,245	12,669,343	10,569,481	12,638,008	13,351,585	12,734,123	12,038,465	11,644,431	9,156,245	7,939,302	8,264,748	10,834,981	(11,572,201)
											Budget	10,756,000	(2,094,665)
											diff	78,981	

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: July 3, 2014 **July 9, 2014**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM 7.2 – STATUS REPORT ON FINANCIAL STATEMENTS,
REVENUE AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR
MAY, 31 2014***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending May 31, 2014. 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 May, 2014.

This is the fifth month of the District's Budget Year 2014. The target percentage is 41.6%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Page 1 is our balance sheet on May 31, 2014.
- The significant change is the increase in investments of \$900K due to assessments received.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on May 31, 2014.
- Operating revenue is at 35% of budget. The gap between actual and target should be smaller now that we are into summer, but we are seeing reduced water consumption.
- Cash operating expense is at 37% of budget. This is below the target of 41%, which is where we like to be.
- There are a couple departments slightly over the target 41%; Directors are over due to Director's Pay, Administration remains higher due to the Wood settlement payment, Finance is high due to repair of large meters and meter exchanges, and Information Technology is high due to recent annual support payments.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of May, 2013 to May, 2014.
- Total operating revenue is down \$68K, or 3.4%, due to lower water consumption.
- Operating expenditures are up by \$262K, or 18%.

- Page 8 is a graphic presentation of the water consumption comparison. Units billed in acre feet were down by 22, or 1.3%. Total revenue per unit sold is down \$0.06, or 2%, total revenue per connection is down \$2.58, or 3.6%, and units billed per connection is down .55, or 2%.

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through May, 2014 is down \$164K.
- Retail water sales are up by only \$44K from last year.
- For the months January through May, in 2014 we have sold 72 acre feet more water than last year. However, for the months March through May 2014, we have sold 60 acre feet less than last year.
- Total revenue is up \$1.2MM. This is due mostly to assessments received.
- Operating revenue through May, 2014 is at 35% of budget; last year we were at 38% of budget, but our revenue budget number is higher this year by \$1.3MM. This too is reflective of declining water sales.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through May, 2014 are up by \$1.6MM, or 18%, compared to 2013 due to early budget year departmental expenses and the Wood settlement payment.
- Total Expenses are up \$1.8MM, or 15%, for the same reasons.

Departments:

- Pages 14 through 22 are detailed budgets of each department.

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.

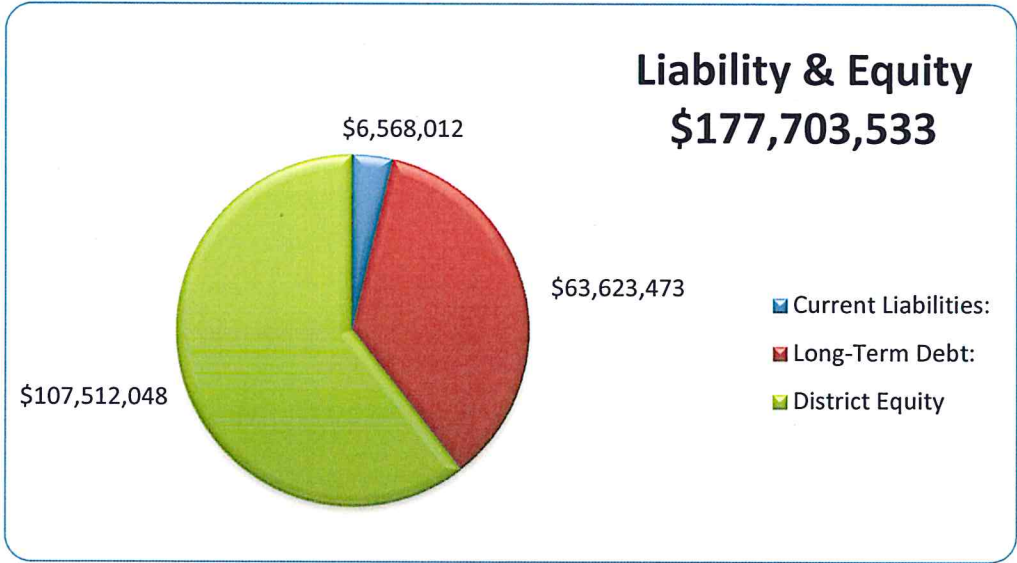
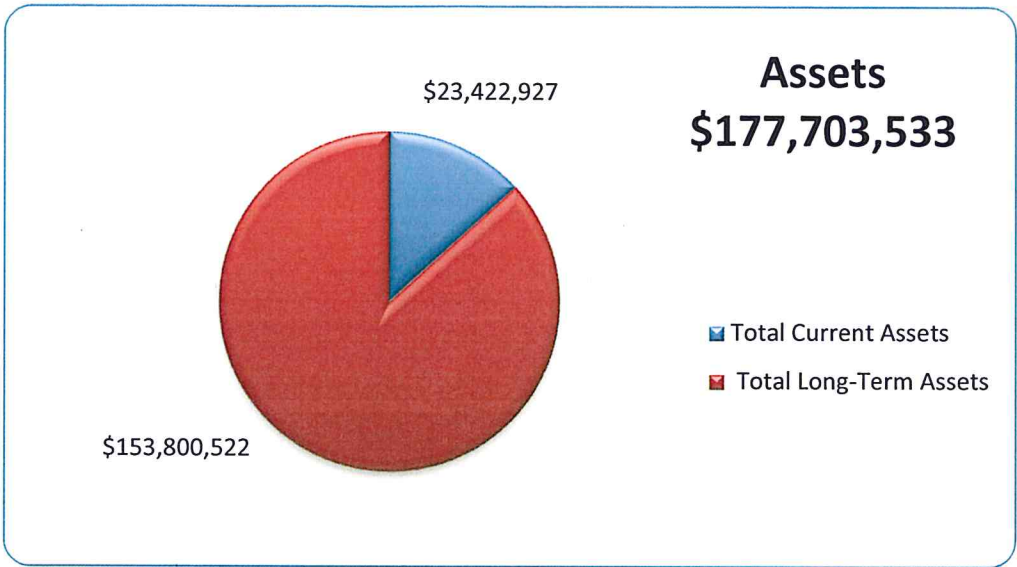
Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

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

Palmdale Water District
Balance Sheet Report
For the Five Months Ending 5/31/2014

	<u>May 2014</u>	<u>April 2014</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 235,770	\$ 496,125
Investments	12,635,730	11,661,819
2013A Bonds - Project Funds	6,536,841	6,775,742
	<u>\$ 19,408,341</u>	<u>\$ 18,933,686</u>
Receivables:		
Accounts Receivables - Water Sales	\$ 1,727,651	\$ 1,572,108
Accounts Receivables - Miscellaneous	43,393	42,548
Allowance for Uncollected Accounts	(211,333)	(226,399)
	<u>\$ 1,559,711</u>	<u>\$ 1,388,257</u>
Interest Receivable	\$ -	\$ -
Assessments Receivables	1,576,976	2,296,997
Meters, Materials and Supplies	761,596	806,614
Prepaid Expenses	116,303	138,352
Total Current Assets	<u>\$ 23,422,927</u>	<u>\$ 23,563,906</u>
Long-Term Assets:		
Property, Plant, and Equipment, net	\$ 114,560,957	\$ 114,625,444
Participation Rights in State Water Project, net	39,005,014	39,046,383
2013A Bonds - Insurance & Surety Bond	234,551	235,218
	<u>\$ 153,800,522</u>	<u>\$ 153,907,044</u>
Restricted Cash:		
Rate Stabilization Fund	480,085	480,065
Total Long-Term Assets & Restricted Cash	<u>\$ 154,280,606</u>	<u>\$ 154,387,109</u>
Total Assets	<u>\$ 177,703,533</u>	<u>\$ 177,951,015</u>
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	\$ 372,740	\$ 186,358
Current Principal Installment of Long-term Debt	1,137,998	1,137,998
Accounts Payable and Accrued Expenses	5,171,878	5,466,933
Deferred Assessments	(114,605)	605,416
Total Current Liabilities	<u>\$ 6,568,012</u>	<u>\$ 7,396,705</u>
Long-Term Debt:		
Pension-Related Debt	\$ 1,084,487	\$ 1,084,487
OPEB Liability	8,223,914	8,075,363
2013A Water Revenue Bonds	43,947,227	43,949,478
2012 - Certificates of Participation	10,028,952	10,022,154
2011 - Capital Lease Payable	338,893	353,004
Total Long-Term Liabilities	<u>\$ 63,623,473</u>	<u>\$ 63,484,486</u>
Total Liabilities	<u>\$ 70,191,485</u>	<u>\$ 70,881,190</u>
District Equity		
Revenue from Operations	\$ (1,160,122)	\$ (1,602,345)
Retained Earnings	108,672,169	108,672,169
Total Liabilities and District Equity	<u>\$ 177,703,533</u>	<u>\$ 177,951,015</u>

BALANCE SHEET AS OF MAY 31, 2014



Palmdale Water District
Consolidated Profit and Loss Statement
For the Five Months Ending 5/31/2014

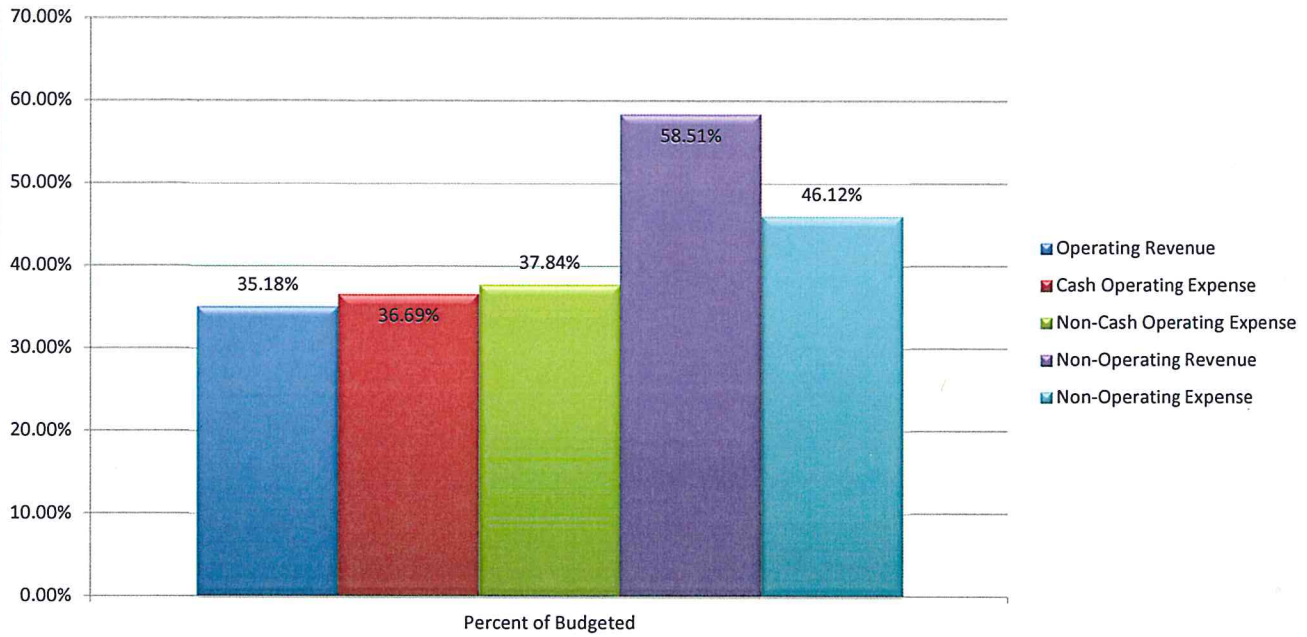
	Thru April	May	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	\$ 13,050	\$ 4,860	\$ 17,910		\$ 225,000	7.96%
Water Sales	1,939,411	682,139	2,621,550		9,053,000	28.96%
Meter Fees	3,743,666	944,186	4,687,852		11,255,000	41.65%
Water Quality Fees	369,674	141,641	511,316		1,638,000	31.22%
Elevation Fees	107,656	43,669	151,326		525,000	28.82%
Other	493,756	98,500	592,255		1,700,000	34.84%
Total Water Sales	\$ 6,667,214	\$ 1,914,996	\$ 8,582,210	\$ -	\$ 24,396,000	35.18%
Cash Operating Expenses:						
Directors	\$ 41,498	\$ 14,213	\$ 55,711		\$ 114,500	48.66%
Administration*	1,422,101	159,803	1,581,904	(40,000)	3,450,000	45.85%
Engineering	345,821	76,866	422,687		1,079,800	39.14%
Facilities	983,321	241,691	1,225,012		3,408,500	35.94%
Operations	1,609,564	463,241	2,072,804		5,453,500	38.01%
Finance	1,027,395	252,359	1,279,754		2,968,750	43.11%
Water Conservation	46,023	9,967	55,990		270,000	20.74%
Human Resources*	79,363	23,516	102,878	40,000	255,300	40.30%
Information Technology	266,577	93,087	359,663		828,600	43.41%
Water Purchases	567,808	26,138	593,946		2,400,000	24.75%
Water Purchases-Prior Year OAP	683	-	683		250,000	0.27%
Water Recovery	(35,552)	(1,225)	(36,777)		(100,000)	36.78%
Plant Expenditures	793,014	347,101	1,140,115		2,143,500	53.19%
GAC Filter Media Replacement	9,171	-	9,171		1,638,000	0.56%
Total Cash Operating Expenses	\$ 7,156,785	\$ 1,706,756	\$ 8,863,540	\$ -	\$ 24,160,450	36.69%
Non-Cash Operating Expenses:						
Depreciation	\$ 2,214,675	\$ 549,115	\$ 2,763,790		\$ 7,350,000	37.60%
OPEB Accrual Expense	667,500	166,875	834,375		2,000,000	41.72%
Bad Debts	20,487	4,062	24,549		100,000	24.55%
Service Costs Construction	153,521	(147,733)	5,788		125,000	4.63%
Capitalized Construction	(273,838)	(109,506)	(383,344)		(1,000,000)	38.33%
Total Non-Cash Operating Expenses	\$ 2,782,345	\$ 462,812	\$ 3,245,157	\$ -	\$ 8,575,000	37.84%
Net Operating Profit/(Loss)	\$ (3,271,916)	\$ (254,572)	\$ (3,526,488)	\$ -	\$ (8,339,450)	42.29%
Non-Operating Revenues:						
Assessments (Debt Service)	\$ 2,217,044	\$ 531,994	\$ 2,749,038		\$ 4,400,000	62.48%
Assessments (1%)	677,540	436,152	1,113,692		1,800,000	61.87%
DWR Fixed Charge Recovery	-	133,539	133,539		100,000	133.54%
Interest	28,199	5,957	34,156		25,000	136.62%
Capital Improvement Fees	9,889	-	9,889		150,000	6.59%
State Grants	-	-	-		485,000	0.00%
Other	89,349	50,688	140,037		185,000	75.70%
Total Non-Operating Revenues	\$ 3,022,021	\$ 1,158,329	\$ 4,180,350	\$ -	\$ 7,145,000	58.51%
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 777,843	\$ 193,353	\$ 971,196		\$ 2,111,000	46.01%
Amortization of SWP	638,040	159,510	797,550		1,679,000	47.50%
Water Conservation Programs	21,833	23,405	45,238		143,000	31.63%
Total Non-Operating Expenses	\$ 1,437,716	\$ 376,268	\$ 1,813,984	\$ -	\$ 3,933,000	46.12%
Net Earnings	\$ (1,687,611)	\$ 527,489	\$ (1,160,122)	\$ -	\$ (5,127,450)	22.63%

* Budget adjustments by General Manager per Appendix A

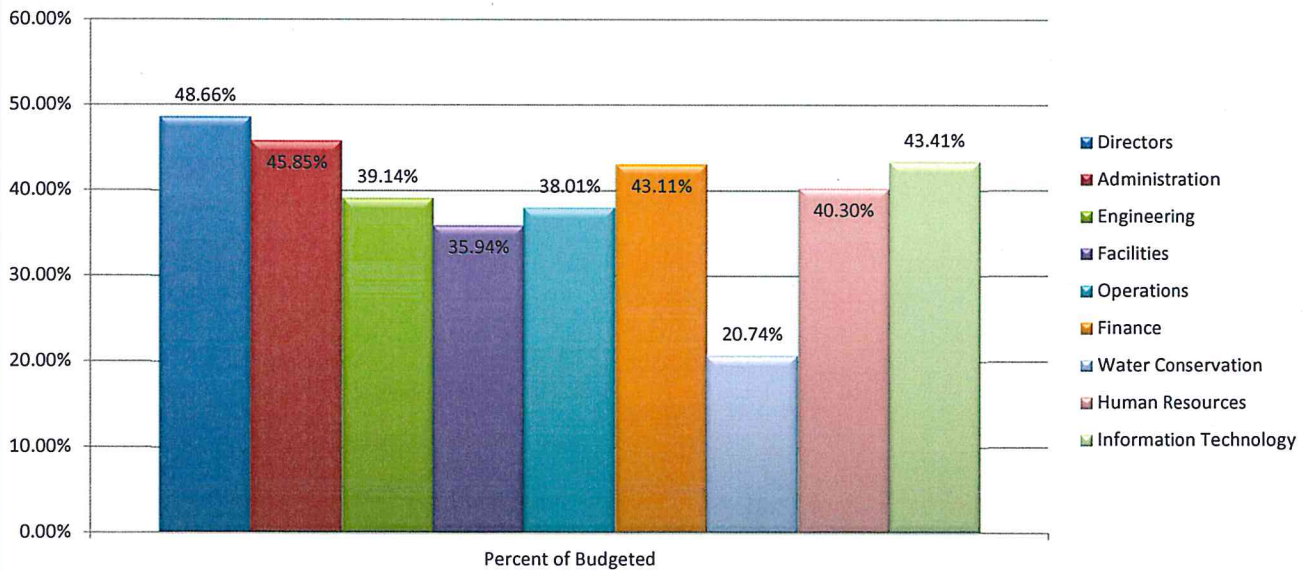
OTHER OPERATING REVENUE

5/8" Meter Charge(\$109)	\$440.00
Account Setup Charge(\$25)	\$2,200.00
Account Setup Charge/CC (\$35)	\$2,590.00
Adjustment	\$5.20
After Hours Service Call	\$400.00
Construction Meter Install(\$250)	\$750.00
Credit Check(\$10)	\$10.00
Door tag fee for Paperwork(\$20)	\$30.00
Door Tag Fee(\$20)	\$44,720.00
Lock Broken or Missing(\$15)	\$90.00
Meter Exchange 1" to 5/8"(\$240)	\$1,440.00
Pulled Meter Service Charge(\$60)	\$180.00
Repair Angle Stop After Hours(\$600.00)	\$600.00
Repair Angle Stop(\$440.00)	\$3,080.00
Shut-Off Charge(\$30)	\$6,780.00
Shut-Off Processing Fee(\$20)	\$260.00
Standard Trip Charge(\$15)	\$465.00
Late Fees	\$37,797.75
NSF Fee	\$1,350.00
	<u>\$103,187.95</u>

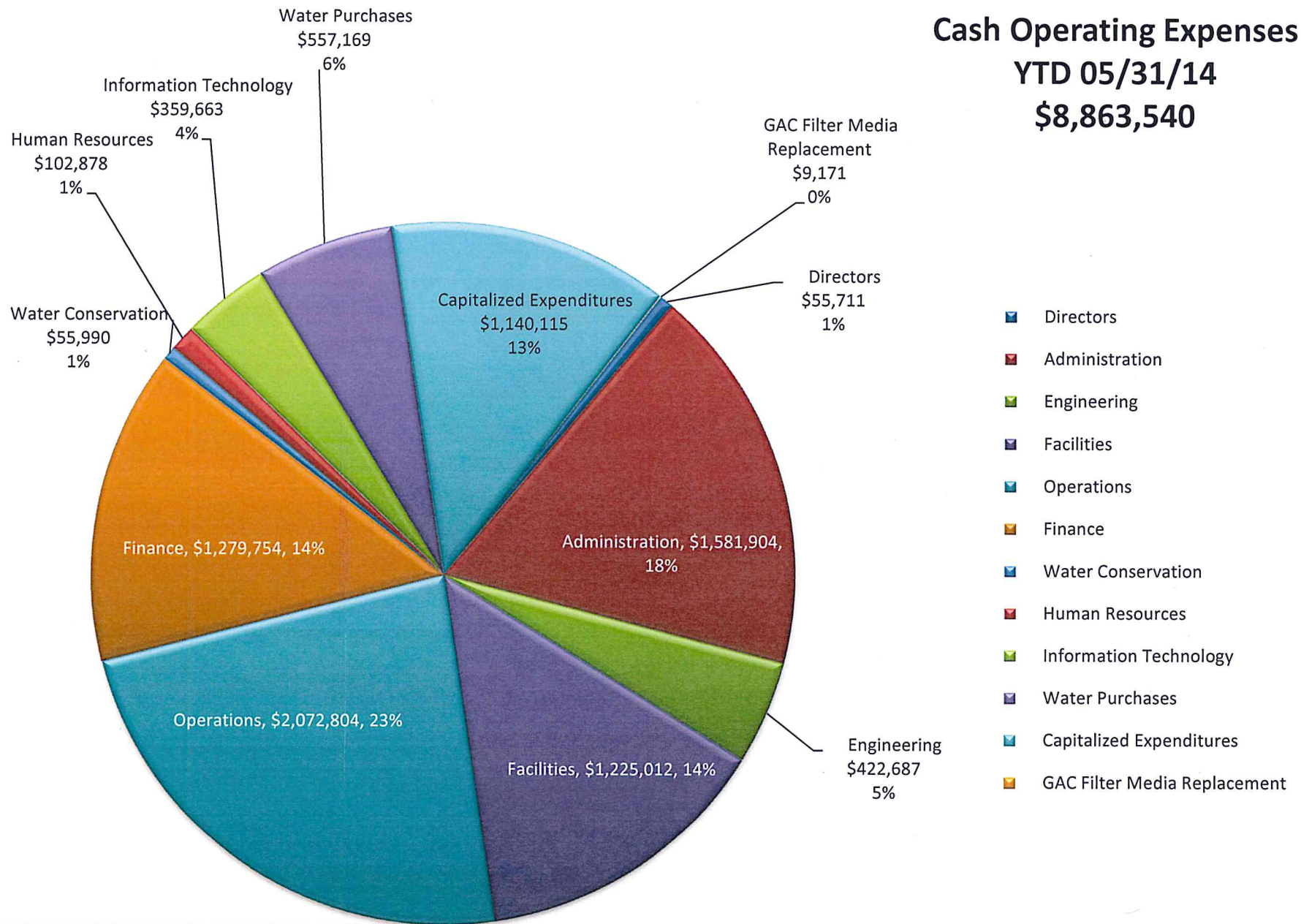
P & L BUDGET vs. ACTUAL



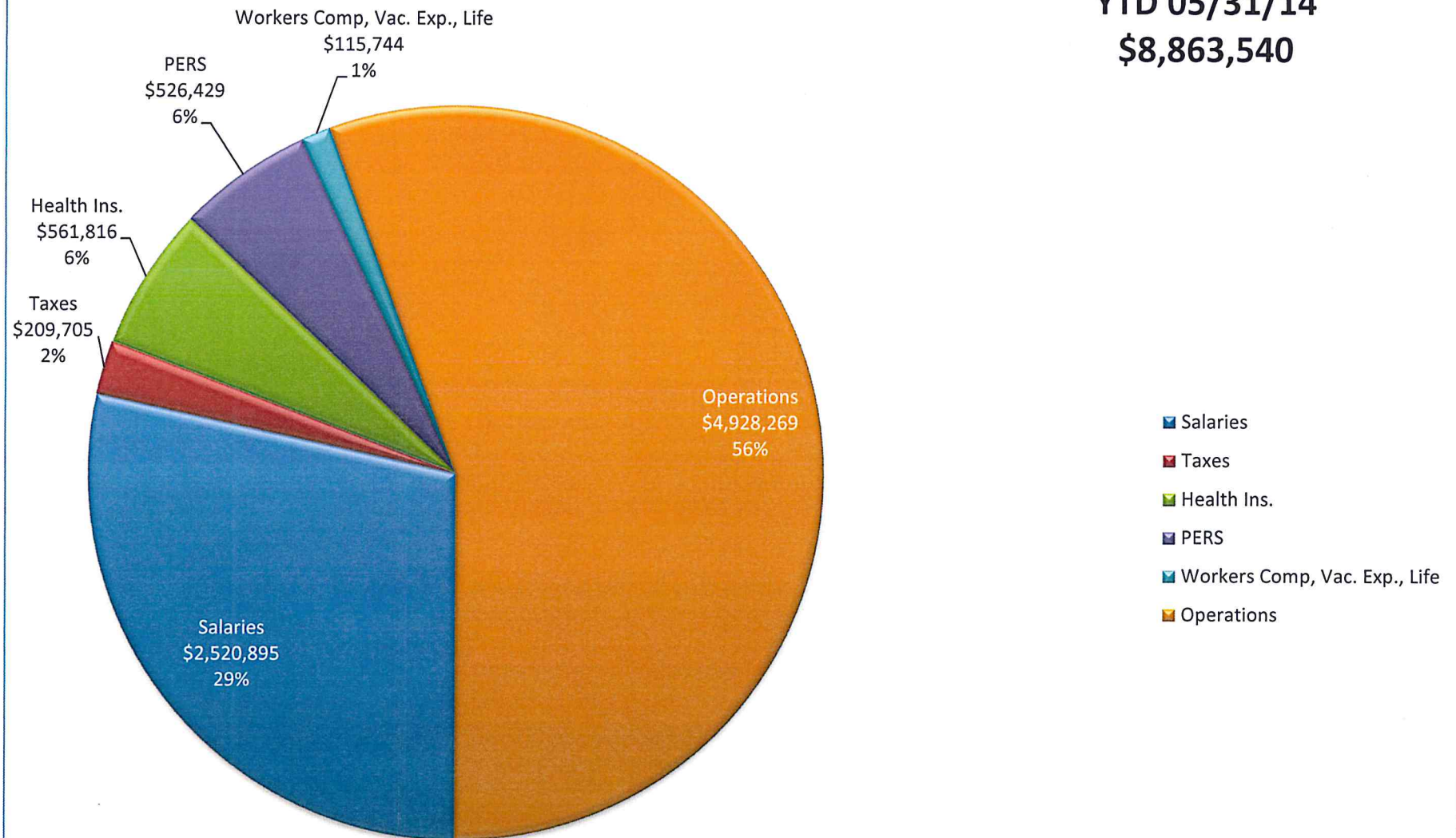
DEPARTMENTAL - BUDGET vs. ACTUAL



Cash Operating Expenses YTD 05/31/14 \$8,863,540



Personnel to Operations Exp
YTD 05/31/14
\$8,863,540

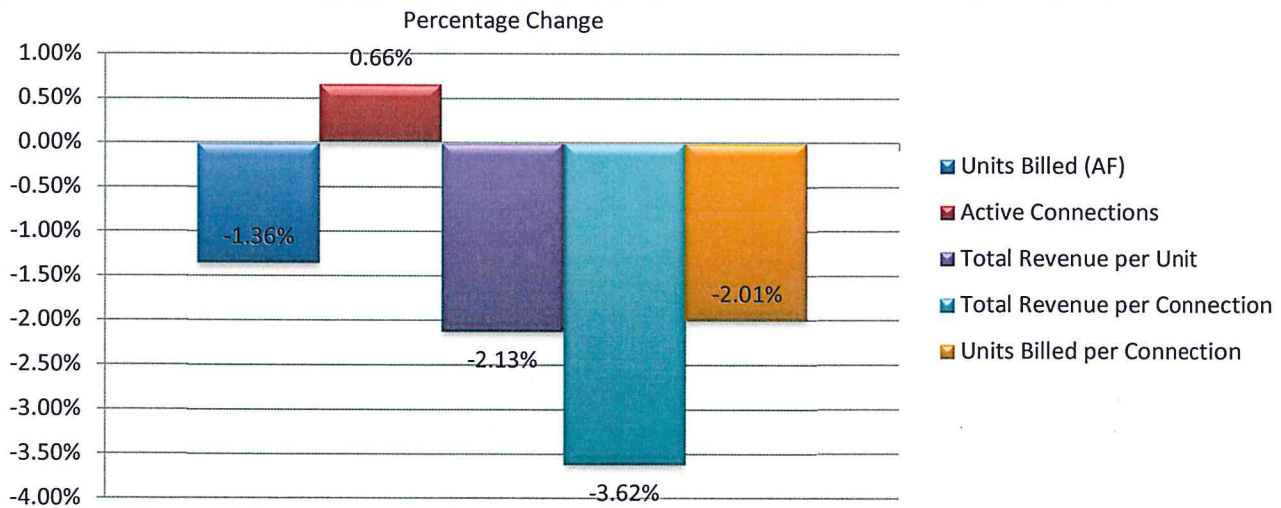
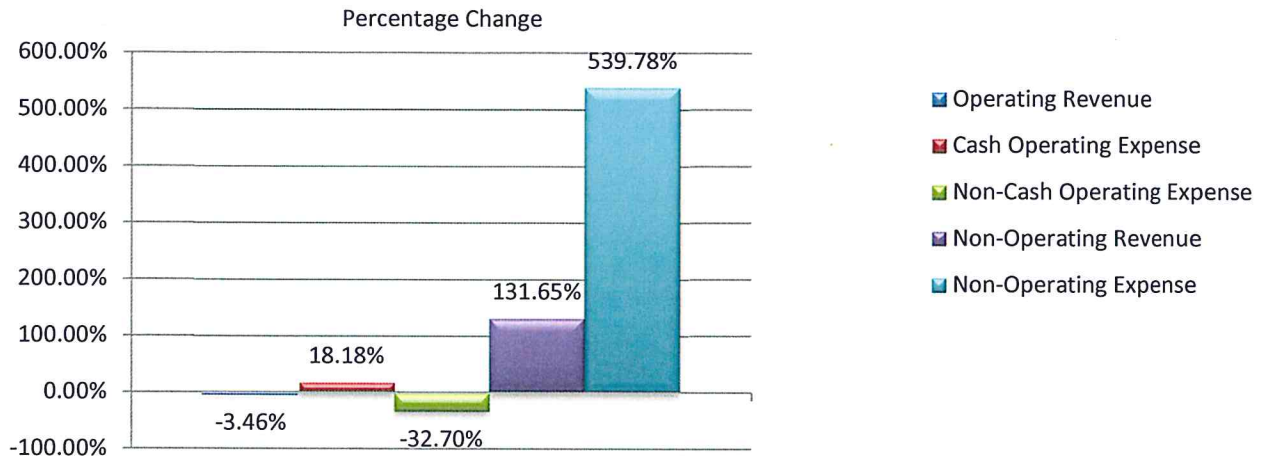


**Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - May**

	2013 May	2014 May	Change	% Change		Consumption Comparison	
					Units Billed	2013	2014
Operating Revenue:						718,584	708,815
Wholesale Water	\$ 12,765	\$ 4,860	\$ (7,905)	-61.93%	Active	26,258	26,431
Water Sales	749,238	682,139	(67,099)	-8.96%	Vacant	1,086	940
Meter Fees	919,065	944,186	25,121	2.73%			
Water Quality Fees	143,767	141,641	(2,125)	-1.48%			
Elevation Fees	47,584	43,669	(3,915)	-8.23%	Rev/unit	\$ 2.76	\$ 2.70
Other	111,281	98,500	(12,782)	-11.49%	Rev/con	\$ 71.31	\$ 68.73
Total Water Sales	\$ 1,983,700	\$ 1,914,996	\$ (68,705)	-3.46%	Unit/con	27.37	26.82
Cash Operating Expenses:							
Directors	\$ 9,326	\$ 14,213	\$ 4,887	52.41%			
Administration	137,115	159,803	22,688	16.55%			
Engineering	90,518	76,866	(13,652)	-15.08%			
Facilities	269,209	241,691	(27,519)	-10.22%			
Operations	523,061	463,241	(59,820)	-11.44%			
Finance	216,325	252,359	36,035	16.66%			
Water Conservation	17,676	9,967	(7,709)	-43.61%			
Human Resources	15,572	23,516	7,944	51.01%			
Information Technology	51,635	93,087	41,452	80.28%			
Water Purchases	42,710	26,138	(16,572)	-38.80%			
Water Purchases-Prior Year OAP		-	-				
Water Recovery	(691)	(1,225)	(534)				
Capitalized Expenditures	68,257	347,101	278,845	408.52%			
GAC Filter Media Replacement	3,463	-	(3,463)				
Total Cash Operating Expenses	\$ 1,444,175	\$ 1,706,756	\$ 262,581	18.18%			
Non-Cash Operating Expenses:							
Depreciation	\$ 590,291	\$ 549,115	\$ (41,176)	-6.98%			
OPEB Accrual Expense	165,223	166,875	1,652	1.00%			
Bad Debts	174	4,062	3,888	2238.68%			
Service Costs Construction	(2,760)	(147,733)	(144,973)	5252.42%			
Capitalized Construction	(65,211)	(109,506)	(44,295)	67.93%			
Total Non-Cash Operating Expenses	\$ 687,716	\$ 462,812	\$ (224,904)	-32.70%			
Net Operating Profit/(Loss)	\$ (148,191)	\$ (254,572)	\$ (106,382)	71.79%			
Non-Operating Revenues:							
Assessments (Debt Service)	\$ 313,371	\$ 531,994	\$ 218,623	69.76%			
Assessments (1%)	103,296	436,152	332,855	322.23%			
DWR Fixed Charge Recovery	35,285	133,539	98,254				
Interest	(16,103)	5,957	22,061	-136.99%			
Capital Improvement Fees	48,031	-	(48,031)	-100.00%			
State Grants	-	-	-				
Other	16,165	50,688	34,523	213.57%			
Total Non-Operating Revenues	\$ 500,045	\$ 1,158,329	\$ 658,285	131.65%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ (98,052)	\$ 193,353	\$ 291,405	-297.19%			
Amortization of SWP	144,745	159,510	14,765	10.20%			
Water Conservation Programs	12,119	23,405	11,286	93.12%			
Total Non-Operating Expenses	\$ 58,812	\$ 376,268	\$ 317,456	539.78%			
Net Earnings	\$ 293,042	\$ 527,489	\$ 234,447	80.00%			

YEAR-TO-YEAR COMPARISON

May '13 -To - May '14



	2013	2014	Change	
Units Billed (AF)	1,650	1,627	-22	-1.36%
Active Connections	26,258	26,431	173	0.66%
Non-Active	1,086	940	-146	-13.44%
Total Revenue per Unit	\$2.76	\$2.70	-\$0.06	-2.13%
Total Revenue per Connection	\$71.31	\$68.73	-\$2.58	-3.62%
Units Billed per Connection	27.37	26.82	-0.55	-2.01%

**Palmdale Water District
Revenue Analysis**

For the Five Months Ending 5/31/2014

2014

2013 to 2014 Comparison

	Thru April	May	Year-to-Date	Adjusted Budget	% of Budget	Thru April	May	Year-to-Date	% Change
Operating Revenue:									
Wholesale Water	\$ 13,050	\$ 4,860	\$ 17,910	\$ 225,000	7.96%	\$ 13,050	(7,905)	(3,633)	-16.87%
Water Sales	1,939,411	682,139	2,621,550	9,053,000	28.96%	26,931	(67,099)	(40,168)	-1.51%
Meter Fees	3,743,666	944,186	4,687,852	11,255,000	41.65%	61,280	25,121	86,402	1.88%
Water Quality Fees	369,674	141,641	511,316	1,638,000	31.22%	6,067	(2,125)	3,942	0.78%
Elevation Fees	107,656	43,669	151,326	525,000	28.82%	(1,899)	(3,915)	(5,814)	-3.70%
Other	493,756	98,500	592,255	1,700,000	34.84%	(192,168)	(12,782)	(204,950)	-25.71%
Total Water Sales	\$ 6,667,214	\$ 1,914,996	\$ 8,582,210	\$ 24,396,000	35.18%	\$ (86,739)	\$ (68,705)	\$ (164,222)	-1.88%

Non-Operating Revenues:									
Assessments (Debt Service)	\$ 2,217,044	\$ 531,994	\$ 2,749,038	\$ 4,400,000	62.48%	\$ 542,834	\$ 218,623	\$ 761,457	38.31%
Assessments (1%)	677,540	436,152	1,113,692	1,800,000	61.87%	125,672	332,855	458,527	69.99%
DWR Fixed Charge Recovery	-	133,539	133,539	100,000	133.54%	(59,514)	98,254	38,740	40.87%
Interest	28,199	5,957	34,156	25,000	136.62%	29,437	22,061	51,498	-296.96%
Capital Improvement Fees	9,889	-	9,889	150,000	6.59%	81,954	(48,031)	33,923	-141.15%
State Grants	-	-	-	485,000	0.00%	-	-	-	-
Other	89,349	50,688	140,037	185,000	75.70%	(1,016)	34,523	33,507	31.45%
Total Non-Operating Revenues	\$ 3,022,021	\$ 1,158,329	\$ 4,180,350	\$ 7,145,000	58.51%	\$ 719,367	\$ 658,285	\$ 1,377,651	49.15%
Total Revenue	\$ 9,689,235	\$ 3,073,325	\$ 12,762,560	\$ 31,541,000	40.46%	\$ 632,628	\$ 589,580	\$ 1,213,430	10.51%

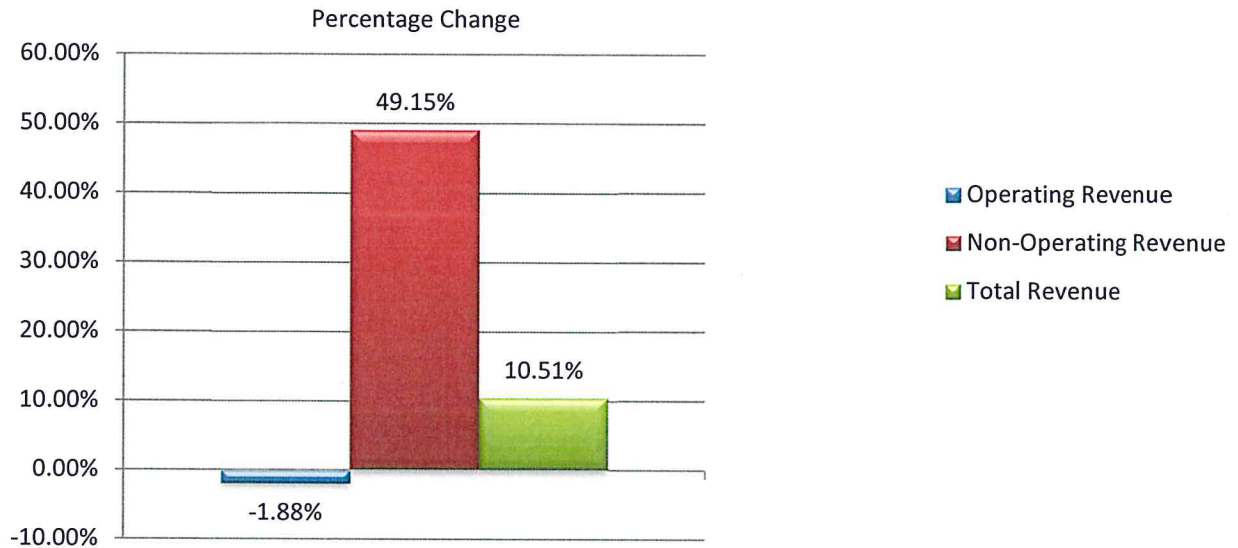
2013

	Thru April	May	Year-to-Date	Adjusted Budget	% of Budget
Operating Revenue:					
Wholesale Water	\$ 8,779	\$ 12,765	\$ 21,543	\$ 175,000	12.31%
Water Sales	1,912,480	749,238	2,661,718	8,198,000	32.47%
Meter Fees	3,682,386	919,065	4,601,451	11,232,000	40.97%
Water Quality Fees	363,607	143,767	507,374	1,638,000	30.98%
Elevation Fees	109,556	47,584	157,140	550,000	28.57%
Other	685,924	111,281	797,205	1,250,000	63.78%
Total Water Sales	\$ 6,753,953	\$ 1,983,700	\$ 8,746,431	\$ 22,868,000	38.25%

Non-Operating Revenues:					
Assessments (Debt Service)	\$ 1,674,210	\$ 313,371	\$ 1,987,581	\$ 4,300,000	46.22%
Assessments (1%)	551,869	103,296	655,165	2,155,165	30.40%
DWR Fixed Charge Recovery	59,514	35,285	94,799	100,000	-69.37%
Interest	(1,239)	(16,103)	(17,342)	25,000	-16.02%
Capital Improvement Fees	(72,065)	48,031	(24,034)	150,000	0.00%
State Grants	-	-	-	485,000	71.02%
Other	90,365	16,165	106,530	150,000	38.05%
Total Non-Operating Revenues	\$ 2,302,654	\$ 500,045	\$ 2,802,699	\$ 7,365,165	38.20%
Total Revenue	\$ 9,056,607	\$ 2,483,745	\$ 11,549,130	\$ 30,233,165	

REVENUE COMPARISON YEAR-TO-DATE

May '13-To-May '14



Palmdale Water District
Operating Expense Analysis
For the Five Months Ending 5/31/2014
2014

2013 to 2014 Comparison

	Thru April	May	Year-to-Date	Adjusted Budget	% of Budget	Thru April	May	Year-to-Date	% Change
Cash Operating Expenses:									
Directors	\$ 41,498	\$ 14,213	\$ 55,711	\$ 114,500	48.66%	\$ 6,905	\$ 4,887	\$ 11,792	26.85%
Administration	1,422,101	159,803	1,581,904	3,490,000	45.33%	703,474	22,688	726,162	84.86%
Engineering	345,821	76,866	422,687	1,079,800	39.14%	(83,918)	(13,652)	(97,571)	-18.75%
Facilities	983,321	241,691	1,225,012	3,408,500	35.94%	69,395	(27,519)	41,876	3.54%
Operations	1,609,564	463,241	2,072,804	5,453,500	38.01%	281,996	(59,820)	222,176	12.01%
Finance	1,027,395	252,359	1,279,754	2,968,750	43.11%	183,078	36,035	219,113	20.66%
Water Conservation	46,023	9,967	55,990	270,000	20.74%	(26,768)	(7,709)	(34,478)	-38.11%
Human Resources	79,363	23,516	102,878	215,300	47.78%	38,801	7,944	46,745	83.27%
Information Technology	266,577	93,087	359,663	828,600	43.41%	266,577	41,452	84,946	30.92%
Water Purchases	567,808	26,138	593,946	2,400,000	24.75%	(265,283)	(16,572)	(281,855)	-32.18%
Water Purchases-Prior Year OAP	683	-	683	250,000	0.27%	683	-	683	
Water Recovery	(35,552)	(1,225)	(36,777)	(100,000)	36.78%	231,750	(534)	231,216	-86.28%
Capitalized Expenditures	793,014	347,101	1,140,115	2,143,500	53.19%	415,843	278,845	694,687	155.96%
GAC Filter Media Replacement	9,171	-	9,171	1,638,000	0.56%	(207,606)	(3,463)	(211,068)	-95.84%
Total Cash Operating Expenses	\$ 7,156,785	\$ 1,706,756	\$ 8,863,540	\$ 24,160,450	36.69%	\$ 1,614,926	\$ 262,581	\$ 1,654,424	18.67%
Non-Cash Operating Expenses:									
Depreciation	\$ 2,214,675	\$ 549,115	\$ 2,763,790	\$ 7,350,000	37.60%	\$ (148,782)	\$ (41,176)	\$ (189,958)	-6.43%
OPEB Accrual Expense	667,500	166,875	834,375	2,000,000	41.72%	6,609	1,652	8,261	1.00%
Bad Debts	20,487	4,062	24,549	100,000	24.55%	15,651	3,888	19,539	390.05%
Service Costs Construction	153,521	(147,733)	5,788	125,000	4.63%	201,626	(144,973)	56,652	-111.38%
Capitalized Construction	(273,838)	(109,506)	(383,344)	(1,000,000)	38.33%	(29,071)	(44,295)	(73,366)	23.67%
Total Non-Cash Operating Expenses	\$ 2,782,345	\$ 462,812	\$ 3,245,157	\$ 8,575,000	37.84%	\$ 46,033	\$ (224,904)	\$ (178,871)	-5.51%
Non-Operating Expenses:									
Interest on Long-Term Debt	\$ 777,843	\$ 193,353	\$ 971,196	\$ 2,111,000	46.01%	\$ 31,432	\$ 291,405	\$ 322,837	49.79%
Amortization of SWP	638,040	159,510	797,550	1,679,000	47.50%	61,676	14,765	76,441	10.60%
Water Conservation Programs	21,833	23,405	45,238	143,000	31.63%	(11,269)	11,286	17	0.00%
Total Non-Operating Expenses	\$ 1,437,716	\$ 376,268	\$ 1,813,984	\$ 3,933,000	46.12%	\$ 81,839	\$ 317,456	\$ 399,295	28.22%
Total Expenses	\$ 11,376,846	\$ 2,545,835	\$ 13,922,681	\$ 36,668,450	37.97%	\$ 1,742,798	\$ 355,133	\$ 1,874,848	15.56%

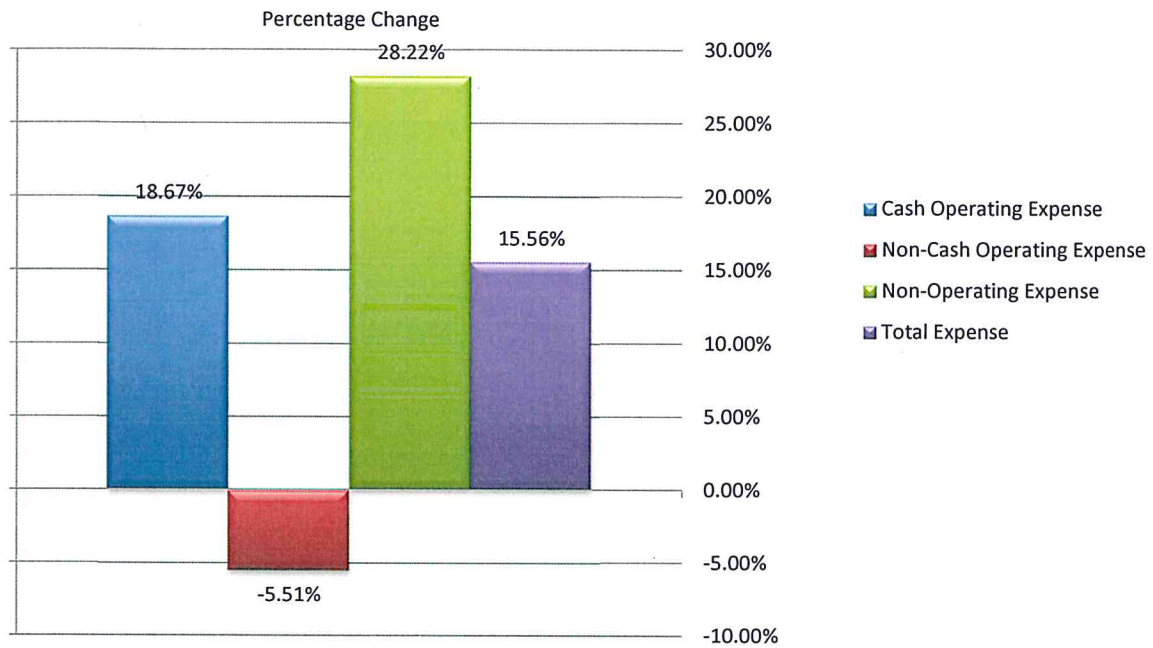
Palmdale Water District
Operating Expense Analysis
For the Five Months Ending 5/31/2014
2013

2013 to 2014 Comparison

	Thru April	May	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	\$ 34,593	\$ 9,326	\$ 43,919	\$ 117,500	37.38%
Administration	718,627	137,115	855,741	2,602,000	32.89%
Engineering	429,739	90,518	520,257	1,215,750	42.79%
Facilities	913,927	269,209	1,183,136	3,298,500	35.87%
Operations	1,327,567	523,061	1,850,628	4,944,250	37.43%
Finance	844,317	216,325	1,060,641	2,789,000	38.03%
Water Conservation	72,792	17,676	90,468	239,750	37.73%
Human Resources	40,561	15,572	56,133	209,600	26.78%
Information Technology	223,083	51,635	274,718	728,000	37.74%
Water Purchases	833,091	42,710	875,801	2,600,000	33.68%
Water Purchases-Prior Year OAP	-	-	-	-	-
Water Recovery	(267,302)	(691)	(267,993)	(100,000)	267.99%
Capitalized Expenditures	377,171	68,257	445,427	836,500	53.25%
GAC Filter Media Replacement	216,776	3,463	220,239	1,638,000	13.45%
Total Cash Operating Expenses	\$ 5,764,941	\$ 1,444,175	\$ 7,209,116	\$ 21,118,850	34.14%
Non-Cash Operating Expenses:					
Depreciation	\$ 2,363,457	\$ 590,291	\$ 2,953,748	\$ 7,250,000	40.74%
OPEB Accrual Expense	660,891	165,223	826,113	2,000,000	41.31%
Bad Debts	4,836	174	5,009	100,000	5.01%
Service Costs Construction	(48,104)	(2,760)	(50,864)	125,000	-40.69%
Capitalized Construction	(244,767)	(65,211)	(309,978)	(1,000,000)	31.00%
Total Non-Cash Operating Expenses	\$ 2,736,312	\$ 687,716	\$ 3,424,028	\$ 8,475,000	40.40%
Non-Operating Expenses:					
Interest on Long-Term Debt	\$ 746,411	\$ (98,052)	\$ 648,359	\$ 2,111,000	30.71%
Amortization of SWP	576,364	144,745	721,109	1,679,000	42.95%
Water Conservation Programs	33,102	12,119	45,221	150,000	30.15%
Total Non-Operating Expenses	\$ 1,355,877	\$ 58,812	\$ 1,414,689	\$ 3,940,000	35.91%
Total Expenses	\$ 9,857,130	\$ 2,190,703	\$ 12,047,833	\$ 33,533,850	35.93%

EXPENSE COMPARISON YEAR-TO-DATE

May '13-To-May '14



Palmdale Water District
2014 Directors Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 24,300	\$ 45,000	\$ -	\$ 20,700	54.00%
Employee Benefits					
1-01-4005-000 Payroll Taxes	1,846	5,500		3,654	33.56%
1-01-4010-000 Health Insurance	18,995	54,000		35,005	35.18%
Subtotal (Benefits)	20,841	59,500	-	35,005	35.03%
Total Personnel Expenses	<u>\$ 45,141</u>	<u>\$ 104,500</u>	<u>\$ -</u>	<u>\$ 55,705</u>	<u>43.20%</u>
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	10,570	10,000		(570)	105.70%
Subtotal Operating Expenses	10,570	10,000	-	(570)	105.70%
Total O & M Expenses	<u>\$ 55,711</u>	<u>\$ 114,500</u>	<u>\$ -</u>	<u>\$ 55,135</u>	<u>48.66%</u>

Palmdale Water District
2014 Administration Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 267,373	\$ 656,000		\$ 388,627	40.76%
1-02-4000-100 Overtime	4,091	7,500		3,409	54.55%
1-02-4000-200 On-Call	18,846	60,000		41,154	31.41%
Subtotal (Salaries)	\$ 290,310	\$ 723,500		\$ 433,190	40.13%
Employee Benefits					
1-02-4005-000 Payroll Taxes	21,997	41,500		19,503	53.01%
1-02-4010-000 Health Insurance	40,036	96,000		55,964	41.70%
1-02-4015-000 PERS	56,804	132,500		75,696	42.87%
1-02-4020-000 Worker's Compensation	29,388	125,000		95,612	23.51%
1-02-4025-000 Vacation Benefit Expense	82,481	35,000		(47,481)	235.66%
1-02-4030-000 Life Insurance	3,875	7,500		3,625	51.67%
Subtotal (Benefits)	\$ 234,581	\$ 437,500	\$ -	\$ 202,919	53.62%
Total Personnel Expenses	\$ 524,891	\$ 1,161,000	\$ -	\$ 636,109	45.21%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	5,433.70	\$ 8,000		\$ 2,566	67.92%
1-02-4050-100 General Manager Travel	3,240.26	5,000		1,760	64.81%
1-02-4060-000 Staff Conferences & Seminars	920.00	3,000		2,080	30.67%
1-02-4060-100 General Manager Conferences & Seminars	1,665.04	4,500		2,835	37.00%
1-02-4070-000 Employee Expense*	-	40,000	(40,000)	-	0.00%
1-02-4080-000 Other Operating	570	20,000		19,430	2.85%
1-02-4110-000 Consultants	39,149	200,000		160,851	19.57%
1-02-4125-000 Insurance	109,809	300,000		190,191	36.60%
1-02-4130-000 Bank Charges	51,935	130,000		78,065	39.95%
1-02-4135-000 Groundwater Adjudication	123,121	400,000		276,879	30.78%
1-02-4135-000 Groundwater Adjudication - Woods Class	590,450	590,500		50	99.99%
1-02-4140-000 Legal Services	37,687	200,000		162,313	18.84%
1-02-4150-000 Accounting Services	19,500	25,000		5,500	78.00%
1-02-4155-000 Contracted Services	9,390	29,000		19,610	32.38%
1-02-4165-000 Memberships/Subscriptions	14,825	210,000		195,175	7.06%
1-02-4175-000 Permits	2,150	15,000		12,850	14.33%
1-02-4180-000 Postage	12,800	30,000		17,200	42.67%
1-02-4190-100 Public Relations - Publications	5,204	40,000		34,796	13.01%
1-02-4190-900 Public Relations - Other	353	1,000		647	35.30%
1-02-4200-000 Advertising	984	5,000		4,016	19.68%
1-02-4205-000 Office Supplies	10,398	18,000		7,602	57.77%
1-02-4215-200 Natural Gas - Office Building	1,697	5,000		3,303	33.94%
1-02-4220-200 Electricity - Office Building	15,732	50,000		34,268	31.46%
Subtotal Operating Expenses	\$ 1,057,013	\$ 2,329,000	\$ (40,000)	\$ 1,231,987	45.38%
Total Departmental Expenses	\$ 1,581,904	\$ 3,490,000	\$ (40,000)	\$ 1,868,096	45.85%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2014 Engineering Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 242,987	\$ 668,500		\$ 425,513	36.35%
1-03-4000-100 Overtime	4,352	6,500		2,148	66.95%
Subtotal (Salaries)	\$ 247,339	\$ 675,000		\$ 427,661	36.64%
Employee Benefits					
1-03-4005-000 Payroll Taxes	20,827	51,500		30,673	40.44%
1-03-4010-000 Health Insurance	54,859	134,800		79,941	40.70%
1-03-4015-000 PERS	56,884	133,500		76,616	42.61%
Subtotal (Benefits)	\$ 132,570	\$ 319,800	\$ -	\$ 187,230	41.45%
Total Personnel Expenses	\$ 379,909	\$ 994,800	\$ -	\$ 614,891	38.19%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 74	\$ 3,000		\$ 2,926	2.46%
1-03-4060-000 Staff Conferences & Seminars	-	2,500		2,500	0.00%
1-03-4155-000 Contracted Services	40,000	61,500		21,500	65.04%
1-03-4165-000 Memberships/Subscriptions	747	2,000		1,253	37.35%
1-03-4250-000 General Materials & Supplies	1,119	2,500		1,381	44.77%
1-03-8100-100 Computer Software - Maint. & Support	837	13,500		12,663	6.20%
Subtotal Operating Expenses	\$ 42,777	\$ 85,000	\$ -	\$ 42,223	50.33%
Total Departmental Expenses	\$ 422,687	\$ 1,079,800	\$ -	\$ 657,113	39.14%

**Palmdale Water District
2014 Facilities Budget
For the Five Months Ending Saturday, May 31, 2014**

Personnel Budget:

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
1-04-4000-000 Salaries	\$ 509,402	\$ 1,450,000		\$ 940,598	35.13%
1-04-4000-100 Overtime	20,874	36,500		15,626	57.19%
Subtotal (Salaries)	\$ 530,276	\$ 1,486,500		\$ 956,224	35.67%
Employee Benefits					
1-04-4005-000 Payroll Taxes	44,901	111,000		66,099	40.45%
1-04-4010-000 Health Insurance	130,037	374,500		244,463	34.72%
1-04-4015-000 PERS	107,822	278,000		170,178	38.78%
Subtotal (Benefits)	\$ 282,760	\$ 763,500	\$ -	\$ 480,740	37.03%
Total Personnel Expenses	\$ 813,036	\$ 2,250,000	\$ -	\$ 1,421,338	36.13%

OPERATING EXPENSES:

1-04-4050-000 Staff Travel	\$ 102	\$ 2,500		2,398	4.10%
1-04-4060-000 Staff Conferences & Seminars	1,176	3,000		1,824	39.20%
1-04-4155-000 Contracted Services	29,709	71,500		41,791	41.55%
1-04-4175-000 Permits-Dams	16,520	50,000		33,480	33.04%
1-04-4215-200 Natural Gas - Buildings	1,648	4,500		2,852	36.62%
1-04-4220-200 Electricity - Buildings	7,161	30,000		22,839	23.87%
1-04-4225-000 Maint. & Repair - Vehicles	16,939	45,000		28,061	37.64%
1-04-4230-100 Maint. & Rep. Office Building	4,365	18,000		13,635	
1-04-4235-110 Maint. & Rep. Equipment	1,338	7,500		6,162	17.84%
1-04-4235-400 Maint. & Rep. Operations - Wells	21,430	135,000		113,570	15.87%
1-04-4235-405 Maint. & Rep. Operations - Boosters	5,789	65,000		59,211	8.91%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	4,520	10,000		5,480	45.20%
1-04-4235-415 Maint. & Rep. Operations - Facilities	3,364	15,000		11,636	22.43%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	133,578	275,000		141,422	48.57%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	-	15,000		15,000	0.00%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	-	15,000		15,000	0.00%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	960	3,000		2,040	32.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	27,916	35,000		7,084	79.76%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	-	5,000		5,000	0.00%
1-04-6000-000 Waste Disposal	5,318	40,000		34,682	13.30%
1-04-6100-100 Fuel and Lube - Vehicle	48,710	130,000		81,290	37.47%
1-04-6100-200 Fuel and Lube - Machinery	13,522	43,000		29,478	31.45%
1-04-6200-000 Uniforms	9,795	21,000		11,205	46.64%
1-04-6300-100 Supplies - Misc.	27,615	47,500		19,885	58.14%
1-04-6300-800 Supplies - Construction Materials	19,609	45,000		25,391	43.58%
1-04-6400-000 Tools	5,708	12,000		6,292	47.56%
1-04-7000-100 Leases -Equipment	5,183	15,000		9,817	34.55%
Subtotal Operating Expenses	\$ 411,976	\$ 1,158,500	\$ -	\$ 746,524	35.56%
Total Departmental Expenses	\$ 1,225,012	\$ 3,408,500	\$ -	\$ 2,167,862	35.94%

Palmdale Water District
2014 Operation Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 653,648	\$ 1,734,000		\$ 1,080,352	37.70%
1-05-4000-100 Overtime	31,392	70,000		38,608	44.85%
Subtotal (Salaries)	\$ 685,040	\$ 1,804,000		\$ 1,118,960	37.97%
Employee Benefits					
1-05-4005-000 Payroll Taxes	57,115	131,000		73,885	43.60%
1-05-4010-000 Health Insurance	146,776	343,000		196,224	42.79%
1-05-4015-000 PERS	142,580	324,000		181,420	44.01%
Subtotal (Benefits)	\$ 346,472	\$ 798,000	\$ -	\$ 451,528	43.42%
Total Personnel Expenses	\$ 1,031,511	\$ 2,602,000	\$ -	\$ 1,531,880	39.64%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ 3,115	\$ 8,000		\$ 4,885	38.94%
1-05-4060-000 Staff Conferences & Seminars	1,000	9,500		8,500	10.53%
1-05-4120-100 Training - Lab Equipment	-	4,500		4,500	0.00%
1-05-4120-200 Training - SCADA Network	-	9,000		9,000	0.00%
1-05-4155-000 Contracted Services	65,934	109,250		43,316	60.35%
1-05-4175-000 Permits	12,263	45,000		32,737	27.25%
1-05-4215-100 Natural Gas - Wells & Boosters	87,556	236,000		148,444	37.10%
1-05-4215-200 Natural Gas - WTP	828	3,000		2,172	27.61%
1-05-4220-100 Electricity - Wells & Boosters	622,124	1,515,000		892,876	41.06%
1-05-4220-200 Electricity - WTP	35,136	125,000		89,864	28.11%
1-05-4230-110 Maint. & Rep. - Office Equipment	-	500		500	0.00%
1-05-4235-110 Maint. & Rep. Operations - Equipment	3,196	22,500		19,304	14.20%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	3,154	6,000		2,846	52.56%
1-05-4235-415 Maint. & Rep. Operations - Facilities	23,009	45,000		21,991	51.13%
1-05-4235-445 Maint. & Rep. Operations - Telemetry	-	2,250		2,250	0.00%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	31,059	30,000		(1,059)	103.53%
1-05-4235-500 Maint. & Rep. Operations - Wind Turbine	-	6,000		6,000	0.00%
1-05-4236-000 Palmdale Lake Management	1,038	15,000		13,962	6.92%
1-05-4270-300 Telecommunication - Other	1,187	2,750		1,563	43.15%
1-05-4300-300 Testing - Edison	-	9,000		9,000	0.00%
1-05-6000-000 Waste Disposal	2,130	14,000		11,870	15.21%
1-05-6200-000 Uniforms	5,754	12,000		6,246	47.95%
1-05-6300-100 Supplies - Misc.	15,238	15,000		(238)	101.58%
1-05-6300-200 Supplies - Hypo Generator	2,734	6,750		4,016	40.51%
1-05-6300-300 Supplies - Electrical	-	3,500		3,500	0.00%
1-05-6300-400 Supplies - Telemetry	-	7,500		7,500	0.00%
1-05-6300-600 Supplies - Lab	24,432	35,000		10,568	69.81%
1-05-6300-700 Outside Lab Work	17,395	60,000		42,605	28.99%
1-05-6400-000 Tools	4,730	6,500		1,770	72.77%
1-05-6500-000 Chemicals	76,747	485,000		408,253	15.82%
1-05-7000-100 Leases -Equipment	1,534	3,000		1,466	51.13%
Subtotal Operating Expenses	\$ 1,041,293	\$ 2,851,500	\$ -	\$ 1,810,207	36.52%
Total Departmental Expenses	\$ 2,072,804	\$ 5,453,500	\$ -	\$ 3,342,087	38.01%

Palmdale Water District
2014 Finance Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 580,998	\$ 1,645,000		\$ 1,064,002	35.32%
1-06-4000-100 Overtime	9,595	19,000		9,405	50.50%
Subtotal (Salaries)	\$ 590,593	\$ 1,664,000	\$ -	\$ 1,073,407	35.49%
Employee Benefits					
1-06-4005-000 Payroll Taxes	49,967	123,000		73,033	15.76%
1-06-4010-000 Health Insurance	141,302	317,000		175,698	42.69%
1-06-4015-000 PERS	133,400	331,000		197,600	17.30%
Subtotal (Benefits)	\$ 324,668	\$ 771,000	\$ -	\$ 446,332	42.11%
Total Personnel Expenses	\$ 915,262	\$ 2,435,000	\$ -	\$ 1,519,738	37.59%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ -	\$ 250		250	0.00%
1-06-4060-000 Staff Conferences & Seminars	69	1,000		931	6.90%
1-06-4155-300 Contracted Services	7,596	21,000		13,404	36.17%
1-06-4155-100 Contracted Services - Infosend	86,218	205,000		118,782	42.06%
1-06-4165-000 Memberships/Subscriptions	220	500		280	44.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	1,000		1,000	0.00%
1-06-4235-440 Maint. & Rep. Operations - Large Meters	17,241	10,000		(7,241)	172.41%
1-06-4235-470 Maint. & Rep. Operations - Meter Exchanges	227,586	225,000		(2,586)	101.15%
1-06-4250-000 General Material & Supplies	2,455	6,000		3,545	40.91%
1-06-4260-000 Business Forms	4,906	10,000		5,094	49.06%
1-06-4270-100 Telecommunication - Office	5,616	12,000		6,384	46.80%
1-06-4270-200 Telecommunication - Cellular Stipend	6,320	17,000		10,680	37.18%
1-06-4270-300 Telecommunication - Cellular	-	500		500	0.00%
1-06-4300-200 Testing - Large Meter Testing	4,965	21,500		16,535	23.09%
1-06-7000-100 Leases - Equipment	1,302	3,000		1,698	43.38%
Subtotal Operating Expenses	\$ 364,492	\$ 533,750	\$ -	\$ 169,258	68.29%
Total Departmental Expenses	\$ 1,279,754	\$ 2,968,750	\$ -	\$ 1,688,996	43.11%

Palmdale Water District
2014 Water Conservation Budget
For the Five Months Ending Saturday, May 31, 2014

YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
-----------------------	----------------------------	---------------------	---------------------------------	-----------------

Personnel Budget:

1-07-4000-000 Salaries	\$ 32,888	\$ 168,500	\$ 135,612	19.52%
1-07-4000-100 Overtime	1,080	1,000	(80)	108.02%
Subtotal (Salaries)	\$ 33,968	\$ 169,500	\$ 135,532	20.04%

Employee Benefits

1-07-4005-000 Payroll Taxes	3,063	13,000	9,937	23.56%
1-07-4010-000 Health Insurance	7,632	31,500	23,868	24.23%
1-07-4015-000 PERS	6,905	34,000	27,095	20.31%
Subtotal (Benefits)	\$ 17,600	\$ 78,500	\$ -	22.42%

Total Personnel Expenses

\$ 51,568	\$ 248,000	\$ -	\$ 196,512	20.79%
-----------	------------	------	------------	--------

OPERATING EXPENSES:

1-07-4050-000 Staff Travel	\$ -	\$ 1,000	\$ 1,000	0.00%
1-07-4060-000 Staff Conferences & Seminars	-	1,000	1,000	0.00%
1-07-4190-300 Public Relations - Landscape Workshop/Training	19	1,000	981	1.94%
1-07-4190-400 Public Relations - Contests	-	1,000	1,000	0.00%
1-07-4190-500 Public Relations - Education Programs	413	5,000	4,588	8.25%
1-07-4190-700 Public Relations -General Media	300	3,000	2,700	10.00%
1-07-4190-900 Public Relations - Other	-	5,000	5,000	0.00%
1-07-6300-100 Supplies - Misc.	3,690	5,000	1,310	73.80%
Subtotal Operating Expenses	\$ 4,422	\$ 22,000	\$ -	20.10%

Total Departmental Expenses

\$ 55,990	\$ 270,000	\$ -	\$ 214,090	20.74%
-----------	------------	------	------------	--------

Palmdale Water District
2014 Human Resources Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 35,711	\$ 97,000		\$ 61,289	36.82%
Employee Benefits					
1-08-4005-000 Payroll Taxes	3,027	7,500		4,473	40.36%
1-08-4010-000 Health Insurance	6,179	19,200		13,021	32.18%
1-08-4015-000 PERS	2,663	6,500		3,837	40.97%
Subtotal (Benefits)	\$ 11,869	\$ 33,200	\$ -	\$ 21,331	35.75%
Total Personnel Expenses	\$ 47,580	\$ 130,200	\$ -	\$ 82,620	36.54%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 1,302	\$ 500		\$ (802)	260.31%
1-08-4060-000 Staff Conferences & Seminars	-	500		500	0.00%
1-08-4070-000 Employee Expense*	20,331	-	40,000	19,669	50.83%
1-08-4090-000 Temporary Staffing	13,735	-		(13,735)	
1-08-4095-000 Employee Recruitment	1,932	3,000		1,068	64.40%
1-08-4100-000 Employee Retention	2,154	1,500		(654)	143.60%
1-08-4105-000 Employee Relations	2,623	3,500		877	74.96%
1-08-4110-000 Consultants	-	1,000		1,000	0.00%
1-08-4120-100 Training-Safety Consultants	4,129	38,000		33,871	10.87%
1-08-4121-000 Safety Program	50	1,000		950	5.00%
1-08-4165-000 Membership/Subscriptions	535	1,600		1,065	33.44%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	8,506	33,500		24,994	25.39%
Subtotal Operating Expenses	\$ 55,298	\$ 85,100	\$ 40,000	\$ 69,802	44.20%
Total Departmental Expenses	\$ 102,878	\$ 215,300	\$ 40,000	\$ 152,422	40.30%

* Budget adjustments by General Manager per Appendix A

Palmdale Water District
2014 Information Technology Budget
For the Five Months Ending Saturday, May 31, 2014

	YTD ACTUAL 2014	ORIGINAL BUDGET 2014	ADJUSTMENTS 2014	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 82,610	\$ 226,000		\$ 143,390	36.55%
1-09-4000-100 Overtime	748	2,500		1,752	29.92%
Subtotal (Salaries)	\$ 83,357	\$ 228,500		\$ 145,143	36.48%
Employee Benefits					
1-09-4005-000 Payroll Taxes	6,962	16,000		9,038	43.51%
1-09-4010-000 Health Insurance	16,000	38,400		22,400	41.67%
1-09-4015-000 PERS	19,370	45,200		25,830	42.86%
Subtotal (Benefits)	\$ 42,332	\$ 99,600	\$ -	\$ 57,268	42.50%
Total Personnel Expenses	\$ 125,690	\$ 328,100	\$ -	\$ 200,658	38.31%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 165	\$ 3,000		2,835	5.49%
1-09-4060-000 Staff Conferences & Seminars	12,628	15,000		2,372	84.19%
1-09-4155-000 Contracted Services	32,304	129,000		96,696	25.04%
1-09-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-09-4270-000 Telecommunications	26,717	55,500		28,783	48.14%
1-09-8000-100 Computer Equipment - Computers	5,938	25,000		19,062	23.75%
1-09-8000-200 Computer Equipment - Laptops	-	5,000		5,000	0.00%
1-09-8000-300 Computer Equipment - Monitors	-	2,000		2,000	0.00%
1-09-8000-400 Computer Equipment - Printers	38	15,000		14,962	0.25%
1-09-8000-500 Computer Equipment - Toner Cartridges	135	3,000		2,865	4.49%
1-09-8000-550 Computer Equipment - Telephony	-	2,500		2,500	0.00%
1-09-8000-600 Computer Equipment - Other	35,995	35,000		(995)	102.84%
1-09-8100-100 Computer Software - Maint. and Support	52,421	70,000		17,579	74.89%
1-09-8100-140 Computer Software - Starnik	40,700	95,000		54,300	42.84%
1-09-8100-150 Computer Software - Dynamics GP Support	26,786	30,000		3,214	89.29%
1-09-8100-200 Computer Software - Software and Upgrades	147	15,000		14,853	0.98%
Subtotal Operating Expenses	\$ 233,974	\$ 500,500	\$ -	\$ 266,526	46.75%
Total Departmental Expenses	\$ 359,663	\$ 828,600	\$ -	\$ 467,185	43.41%

Palmdale Water District - Project Payment Schedule
June, 2014

Contractually Committed Project Summary

Project Title	Contract Amount	Project No.	Payee	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Well No. 14A Rehabilitation	\$ 87,095	601-14	Reed / Best Drilling & Pump						\$ 80,530						
Water System Master Plan Update	\$ 196,043	14-404	MWH					\$ 6,040	\$ 8,240	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 40,003	\$ 21,760
2014 Water Rate Study	\$ 126,857	PL02	B&W / Passantino						\$ 15,033	\$ 30,000	\$ 30,000	\$ 20,000	\$ 20,000	\$ 11,857	
Annual Tank Maintenance Program	\$ 319,100	RCP03	Superior Tank Solutions					\$ 319,100							
Distribution SCADA Radio Upgrade	\$ 140,000	PRO07	Sage Designs and Aluma				\$ 81,819	\$ 25,000		\$ 15,000	\$ 18,181				
Dredging @ Lake Outlet Structure / Mech. Repairs	\$ 300,000	403-14	Cushman Contracting			\$ 235,289	\$ 7,596			\$ 57,115					
Security Improvement Project (Feasibility/Design)	\$ 58,730	400-14	Exante 360	\$ 6,509	\$ 13,220			\$ 5,828		\$ 9,001					
Website Development	\$ 20,000	N/A	Tripepi Smith					\$ 3,625	\$ 3,625	\$ 7,750	\$ 5,000				
docSTAR Smart Automation Project	\$ 25,000	PRO23	docSTAR						\$ 14,140	\$ 5,000	\$ 5,000				
Board Room Audio System Improvements	\$ 26,400	N/A	CWI Cal-West			\$ 13,200	\$ 6,600	\$ 6,600							
WiFi Installation and Testing	\$ 22,844	PRO24	AKINS IT					\$ 19,844	\$ 3,000						
Contractually Committed Project Payout Totals:	\$ 1,322,069			\$ 6,509	\$ 13,220	\$ 248,489	\$ 96,015	\$ 386,037	\$ 124,568	\$ 153,866	\$ 88,181	\$ 50,000	\$ 50,000	\$ 51,860	\$ 21,760

= Approved for Payment

Budgeted and Uncommitted Project Summary

Project Title	Budget Amount	Project No.	Payee	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Well No. 20 Abandonment	\$ 20,000	RCP12	TBD							\$ 20,000					
Security Improvement Project (Construction)	\$ 141,270	400-14	TBD							\$ 15,000	\$ 45,000	\$ 45,000	\$ 36,270		
Purchase of Radio-Read Meters	\$ 725,000	RCP01	TBD							\$ 200,000	\$ 200,000	\$ 200,000	\$ 125,000		
Installation of Radio-Read Meters	\$ 152,000	RCP02	TBD							\$ 40,000	\$ 40,000	\$ 40,000	\$ 32,000		
Replacement Fleet (1) 1/2-Ton and (3) 3/4-TON Trucks	\$ 135,000	RE02-RE05	TBD							\$ 80,000	\$ 55,000				
Booster Pump Replacement and Spare Parts	\$ 45,000	PRO01 & PRO02	TBD							\$ 45,000					
docSTAR Project - Hardware	\$ 50,000	PRO23	TBD						\$ 25,000	\$ 25,000					
Acquisition of Tax Defaulted Property	\$ 50,000	NCC02	Los Angeles County							\$ 50,000					
GAC & Filter Entry Buildings	\$ 21,000	PRO05	TBD							\$ 10,000	\$ 11,000				
Budgeted and Uncommitted Project Payout Estimates:	\$ 1,339,270			\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000	\$ 415,000	\$ 365,000	\$ 296,000	\$ 202,000	\$ 36,270	\$ -

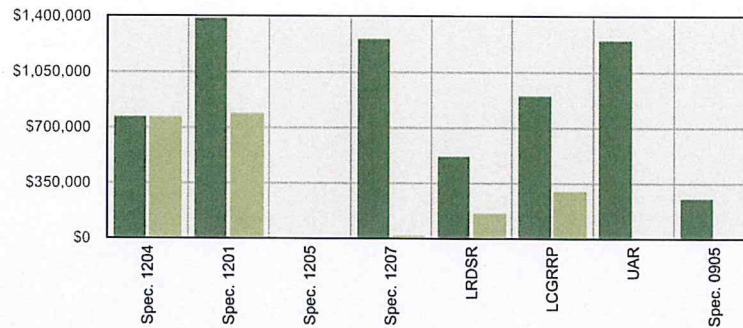
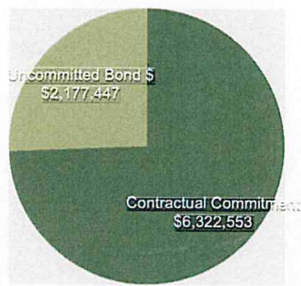
Contractually Committed and Uncommitted Totals

				Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Contractually Committed and Uncommitted Totals:	\$ 2,661,339			\$ 6,509	\$ 13,220	\$ 248,489	\$ 96,015	\$ 386,037	\$ 149,568	\$ 568,866	\$ 453,181	\$ 346,000	\$ 252,000	\$ 88,130	\$ 21,760

AGENDA ITEM NO. 7.3

PWD WATER REVENUE BONDS - SERIES 2013A

Contractual Commitment Uncommitted Bond \$ Contractual Commitment Payout to Date



Project Commitment and Payout Summary

Project	Work Order No.	Description	Allocated Bond \$	Contractual Commitment	Payout to Date	Uncommitted Bond \$
Spec. 1204	603-12	Ave. Q - Q-3, Division and Sumac	\$725,000	\$765,085	\$765,085	(\$40,085)
Spec. 1201	606-11	20th, Puerta, Sweetbriar, and 22nd St. E.	\$1,450,000	\$1,387,042	\$792,424	\$62,958
Spec. 1205	605-12	Frontier, 31st St. E., etc. between Ave. Q and Q-4	\$1,200,000	\$0	\$0	\$1,200,000
Spec. 1207	607-12	10th St. E. between Ave. P and Palmdale Blvd.	\$1,400,000	\$1,255,008	\$18,626	\$144,992
LRDSR	501-04	Little Rock Sediment Removal (EIR/EIS/Permits)	\$975,000	\$515,925	\$161,376	\$459,075
LCGRRP	400-12	Little Rock Recharge and Recovery (Feasibility)	\$1,500,000	\$899,493	\$301,806	\$600,507
UAR	TBD	Upper Amargosa Recharge (Project Capacity)	\$1,250,000	\$1,250,000	\$0	\$0
Spec. 0905	601-09	15th St. E. between Ave. P and Ave. Q (Material Only)	\$0	\$250,000	\$0	(\$250,000)
Totals:			\$8,500,000	\$6,322,553	\$2,039,318	\$2,177,447

Project Payout Detail

Date	Project	Description	Invoice No.	Requisition No.	Payment Amount
Jul 8, 2013	WRB	Issuance Costs	N/A	2	\$ 24,815.84
Jul 9, 2013	Spec. 1204	BV Construction - Progress Payment #1	1	3	\$ 98,552.53
Jul 17, 2013	Spec. 1207	JT Eng. - Design Progress Payment	5187	4	\$ 9,108.00
Aug 5, 2013	Spec. 1204	BV Construction - Progress Payment #2	2	5	\$ 145,175.44
Sep 4, 2013	Spec. 1204	BV Construction - Progress Payment #3-4	3 and 4	6	\$ 167,790.43
Sep 30, 2013	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-01	7	\$ 18,499.60
Sep 30, 2013	Spec. 1204	BV Construction - Progress Payment #5	5	8	\$ 46,862.08
Oct 24, 2013	Spec. 1204	BV Construction - Progress Payment #6	6	9	\$ 51,052.05
Oct 24, 2013	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-02	10	\$ 8,410.32
Nov 7, 2013	Spec. 1204	BV Construction - Progress Payment #7	7	11	\$ 87,960.50
Dec 4, 2013	Spec. 1204	BV Construction - Progress Payment #8	8	12	\$ 70,650.08
Dec 4, 2013	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-03	13	\$ 11,054.97
Jan 2, 2014	LCGRRP	Kennedy/Jenks - Progress Payment	78236	14	\$ 24,066.25
Jan 2, 2014	Spec. 1201	BV Construction - Progress Payment #1	1	14	\$ 29,925.00
Jan 2, 2014	Spec. 1204	BV Construction - Progress Payment #9	9	14	\$ 58,787.84
Jan 2, 2014	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-04	14	\$ 36,178.95
Jan 2, 2014	Spec. 1207	JT Eng. - Design Progress Payment	5200	14	\$ 9,518.00
Jan 21, 2014	Spec. 1201	BV Construction - Progress Payment #2 & #3	2 & 3	15	\$ 114,095.00
Feb 24, 2014	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-05	16	\$ 4,917.47
Feb 24, 2014	Spec. 1201	BV Construction - Progress Payment #4 & #5	4 & 5	16	\$ 131,743.15
Mar 3, 2014	Spec. 1204	BV Construction - Retention Payment	10	17	\$ 38,254.26
Mar 3, 2014	LCGRRP	Kennedy/Jenks - Progress Payment	79010 & 80391	17	\$ 113,652.66
Mar 31, 2014	Spec. 1201	BV Construction - Progress Payment #6	6	18	\$ 126,834.50
Mar 31, 2014	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-06 and 07	18	\$ 17,080.04
Apr 16, 2014	LCGRRP	Kennedy/Jenks - Progress Payment	78236	19	\$ 28,228.60
Apr 16, 2014	Spec. 1201	BV Construction - Progress Payment #7	7	19	\$ 252,741.80
May 15, 2014	Spec. 1201	BV Construction - Progress Payment #8	8	20	\$ 69,825.00
May 15, 2014	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-08	20	\$ 33,388.96
May 15, 2014	LCGRRP	Kennedy/Jenks - Progress Payment	82422 & 80900	20	\$ 135,858.74
Jun 4, 2014	Spec. 1201	BV Construction - Progress Payment #9	9	21	\$ 67,260.00
Jun 4, 2014	LRDSR	Aspen - EIR/EIS Progress Payment	1116.002-09	21	\$ 31,845.93

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: July 2, 2014 July 9, 2014
TO: BOARD OF DIRECTORS Board Meeting
FROM: Jon M. Pernula, Water and Energy Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.4 - CONSIDERATION AND POSSIBLE ACTION
ON RESOLUTION NO. 14-11 BEING A RESOLUTION OF THE BOARD
OF DIRECTORS OF THE PALMDALE WATER DISTRICT ADOPTING
A VOLUNTARY WATER CONSERVATION PROGRAM IN RESPONSE
TO DROUGHT***

Recommendation:

Staff recommends the Board adopt Resolution No. 14-11 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Voluntary Water Conservation Program in Response to Drought.

This item was presented to the Water Supply & Reliability Committee on June 30, 2014, and the Committee concurred with staff's recommendation.

Background:

The 2014 water year continues to be one of the driest in decades, which is following two consecutive dry years throughout the state. In response to the drought, the District Board of Directors passed Resolution 14-9 (May 14 of this year) urging our customers to cooperate in water use efficiency efforts in order to help lower overall water demand. Through publicity notices and the PWD Board Resolution, the District was hoping to offset shortages through reduced water use. The District recognizes past efforts of our customers in exceeding the state required 20% reduction by year 2020 but have yet to realize significant additional reductions in water use this year. District staff attempted, through various public information programs, to advise and alert the consumers to the serious nature of the water supply situation. In spite of these efforts, overall consumer demands rose slightly over the first half of 2014 when compared to an average of the previous five years. Therefore, given the current water supply conditions and uncertainties related to the ongoing drought, District staff finds it necessary to recommend a phased water conservation program as a necessary step in order to enhance much needed conservation efforts. This Resolution falls in line with our Phase 1 Water Shortage Contingency Plan under our current Urban Water Management Plan (UWMP).

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis D. LaMoreaux, General Manager

-2-

July 2, 2014

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 1 “Outstanding Water Management.”

Budget:

N.A.

Supporting Documents:

- Resolution No. 14-11
- List of completed and planned 2014 drought publicity efforts by District Water Conservation staff

**RESOLUTION NO. 14-11
BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT
ADOPTING A VOLUNTARY WATER CONSERVATION PROGRAM IN
RESPONSE TO DROUGHT**

WHEREAS, California is experiencing one of the most severe droughts on record; and

WHEREAS, the 2014 water year has been one of the driest in decades and follows two consecutive dry years throughout the state; and

WHEREAS, even after recent rain and snowfall, the state's major reservoirs remain well below average levels for the date, and the statewide snowpack is less than a third of normal with little time remaining to recover in 2014; and

WHEREAS, many areas of the state will face water shortages this year; and

WHEREAS, the State Water Project (Project) has announced an initial allocation of 5%, then zero, and then 5% again for its customers in 2014 making this year the lowest-ever allocations for its contractors, creating a real possibility that 25 million Californians and nearly a million acres of farmland will receive little water from the Project this year; and

WHEREAS, Governor Brown declared a drought state of emergency on January 17, 2014 and called on all Californians to do their part to reduce their water use; and

WHEREAS, though local water supply conditions vary around the state, California is nevertheless in a statewide drought, and it is critical that all residents do what they can to use water wisely to maximize supplies and protect water reserves in case next year is dry too; and

WHEREAS, groundwater supplies, which provide a supplemental source of water to the District, are limited in nature, being subjected to increased demands, and now subject to legal challenges arising from a basin adjudication action that could further limit the District's groundwater supplies; and

WHEREAS, conservation of water by all District consumers will help relieve the problems caused by the shortage in water supplies; and

WHEREAS, the District has attempted through its public information program to advise and alert the consumers to the serious nature of the water supply situation but has not experienced any significant reduction in consumer demand; and

WHEREAS, the District has the power and authority to adopt water conservation measures for activities within its boundaries; and

WHEREAS, given the current water supply conditions, and uncertainties related thereto, the District finds it necessary and beneficial to undertake a phased water conservation program.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager be and hereby is authorized to implement a voluntary water conservation program, with the goal of reducing total customer water use by twenty percent (20%), to reduce the risk and severity of a possible water shortage; and

BE IT FURTHER RESOLVED, that the District will:

- a. Audit its landscape irrigation systems to maximize irrigation efficiency; adjust sprinklers and irrigation systems to avoid overspray, runoff, and waste;
- b. Not irrigate its landscape areas during the hot hours of the day, during windy days, and avoid watering between the hours of 6:00 a.m. and 6:00 p.m.;
- c. Not hose down driveways, sidewalks and other paved surfaces, except for health or sanitary reasons;
- d. Retrofit its plumbing fixtures with low-flow devices, except for those fixtures that require high-flow fixtures for health and/or sanitary reasons;
- e. Check its faucets, toilets, and pipes, both indoor and outdoor, for leaks and repair them immediately; and

BE IT FURTHER RESOLVED, that the District urges its customers to:

- a. Adjust sprinklers and irrigation systems to avoid overspray, runoff, and waste;
- b. Avoid watering during the hot hours of the day, on windy days, and between the hours of 6:00 a.m. and 6:00 p.m.;
- c. Install new drought-tolerant landscaping, low-water-using trees and plants, and efficient irrigation systems;
- d. Shut off decorative fountains, unless a water recycling system is used;
- e. Not hose down driveways, sidewalks, and other paved surfaces, except for health or sanitary reasons;
- f. Install pool and spa covers to minimize water loss due to evaporation;
- g. Not allow the hose to run while washing any vehicle and to use a bucket or a hose with an automatic cutoff valve;

- h. Retrofit indoor plumbing fixtures with low-flow devices;
- i. Check faucets, toilets, and pipes, both indoor and outdoor, including house service laterals and sprinkler piping, for leaks and repair them immediately, or upon demand of the District;
- j. Restaurants, hotels, cafes, cafeterias, or other public places where food is sold, served, or offered for sale, should serve drinking water to any customer only upon request and display a notice to that effect; and

BE IT FURTHER RESOLVED, that the District finds that a program of voluntary measures to reduce consumption will assist in achieving the goal of conserving the water supply without causing unnecessary adverse economic consequences; and

BE IT FURTHER RESOLVED, that if critical water shortages continue to exist, and if voluntary measures prove insufficient to accomplish the necessary conservation, the District will consider further action to curtail customer water use; and

BE IT FURTHER RESOLVED, that this resolution supersedes and replaces Resolution No. 14-9 adopted by the District on May 14, 2014, which resolution is hereby rescinded and of no further force or effect.

I certify that this is a true copy of Resolution No. 14-11 as passed by the Board of Directors of the Palmdale Water District at its meeting on July 9, 2014 in Palmdale, California.

Date: July 9, 2014

Kathy Mac Laren, President,
Board of Directors
Palmdale Water District

Joe Estes, Secretary,
Board of Directors
Palmdale Water District

[illegible]

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE:	July 2, 2014	July 9, 2014
TO:	BOARD OF DIRECTORS	Board Meeting
FROM:	Peter Thompson II, Operations Manager	
VIA:	Mr. Dennis LaMoreaux, General Manager Mr. Matthew Knudson, Assistant General Manager	
RE:	<i>AGENDA ITEM NO. 7.5 – CONSIDERATION AND POSSIBLE ACTION ON AWARD OF CONTRACT TO CALGON CARBON FOR REPLACEMENT OF F300 GAC WITH F400 GAC AND CONTINUED REACTIVATION SERVICES OF F400 GAC.</i>	

Recommendation:

Staff recommends that the Board approve a 10-year contract with Calgon Carbon for the upgrade of the District's GAC (Granular Activated Carbon) from F300 to F400 GAC and continued removal, reactivation and installation services per the attached agreement.

This item was presented to the Facilities Committee on May 20, 2014, and the Committee concurred with staff's recommendation.

Financial Impacts:

The cost of the transition to the superior F400 will be the difference between our current cost to reactivate F300 per contactor and the cost of virgin F400 installation multiplied by the 6 contactors that will be upgraded: $F400 \$299,897.15 - F300R \$216,776.11 = \$83,121.04$ per contactor; $\$83,121.04 \times 6$ contactors = \$498,726.24. This cost will be spread over the course of 2 years. Due to the improved performance of the F400 GAC coupled with the effect of the localized GAC pressure vessel at Underground Booster, staff is confident that (all other parameters being equal) there will be no actual additional cost to the District during the transition phase.

Following conversion from the F300 to F400 GAC, the contract calls for a reduction in cost for the reactivation services from \$216,776.11 to \$171,953.11 for a cost savings of \$44,823.00 per reactivation. Staff is confident that (all things being equal) reactivations will be required less frequently. A typical year requires an average of 6 reactivations. It is anticipated that the transition will reduce this by 1 to 2 reactivations annually. A typical year would have been 6 contactors multiplied by \$216,776.11 for a cost of \$1,300,656.66 annually; a post transition year would be 5 contactors times \$171,953.11 for a cost of \$859,765.11 annually. This would be a projected savings of \$440,891.11 annually post transition.

Long term this would provide the District the ability to accumulate money in the Water Quality Fund as a buffer for excess expense during poor raw water quality years and, following that, consider a reduction to the Water Quality Fee.

BOARD OF DIRECTORS
PALMDALE WATER DISTRICT

VIA: Mr. Dennis LaMoreaux, General Manager
Mr. Matthew Knudson, Assistant General Manager

-2-

July 2, 2014

The 2014 Water Quality Fund budget is \$1,638,000.00. In 2014, staff anticipates purchasing 4 change outs from F300 to F400. The cost of these change outs will be \$1,199,588.60.

Background:

The District began utilizing GAC as its primary technology for compliance with the EPA's Stage 1 and Stage 2 Disinfectant/Disinfection Byproduct Rule. GAC is critical to compliance. TOC (total organic carbon) combines with the chlorine in the water to form regulated byproducts called trihalomethanes. GAC functions by removing or reducing the dissolved total organic carbon in the water thereby preventing the formation of trihalomethanes in excess of the regulatory limit.

The District staff has engaged in extensive GAC studies since 2009. These studies have included: multi-agency research, pilot testing of a wide selection of types, gradations, and manufacturers, and full scale testing of the two best performing options from pilot studies: Calgon's F400 and Evoqua's AC1230CX. A summary of the District's GAC research can be found in the Annual GAC Report.

Quotes were requested and received from Calgon and Evoqua for 5 and 10 year term contracts to replace the District's current GAC with their respective products. Staff reviewed both of the proposals and recommends entering into a contract with Calgon Carbon. The primary reasons for the recommendation are as follows:

1. Substantially superior performance of respective virgin GAC
2. Slightly superior performance of reactivated GAC
3. Lower long term cost of transition
4. Reactivation facilities dedicated to potable water GAC reactivation

Approval of this contract will benefit the District through reduced costs and enhancing the District's ability to handle episodes of prolonged poor raw water quality.

Supporting Documents:

- Agreement between PWD and Calgon Carbon
- Annual GAC Report
- Quote from Evoqua
- Quote from Calgon
- Summary graphs and tables

Strategic Plan Initiative:

- This work is part of Strategic Initiative No. 3 "Improve Infrastructure."

PALMDALE WATER DISTRICT - CALGON CARBON CORPORATION

CONTRACT SERVICES AGREEMENT FOR POTABLE WATER SERVICE CUSTOM REACTIVATION SERVICES

THIS CONTRACT SERVICES AGREEMENT (herein "Agreement"), is made and entered into this ____ day of ___, 2014, by and between the PALMDALE WATER DISTRICT, a public corporation organized and existing under the provisions of the California Water Code (herein "District") and CALGON CARBON CORPORATION, a Delaware Corporation (herein "Contractor"). (The term Contractor includes professionals performing in a consulting capacity.)

WHEREAS, District utilizes granular activated carbon ("GAC") to accomplish one or more of the following water treatment objectives: removal of disinfection by-product ("DBP") precursor compounds, removal of taste and odor compounds, and removal of specific organic compounds (*e.g.* DBP's, pesticides, etc.);

WHEREAS, District intends to convert the GAC in its filters from 8x30 mesh reactivated GAC to 12x40 mesh reactivated GAC;

WHEREAS, Contractor warrants and represents that it has the capability of supplying products and services to complete the initial conversion and subsequent operation of the filters with 12x40 mesh reactivated GAC;

WHEREAS Contractor warrants and represents that it has demonstrated expertise in the removal, installation, testing, and disposing of mesh reactivated GAC and is otherwise qualified to provide the professional services required by District and set forth in detail in this Agreement and the Exhibits thereto; and

WHEREAS, the District and Contractor desire to enter into a contract for the supply of products and services for the initial replacement of the existing 8x30 mesh reactivated GAC with virgin 12x40 mesh GAC (Calgon Carbon FILTRASORB 400 granular activated carbon, referred to herein as "F400") for each filter, with reactivated F400 being supplied for all subsequent filter exchanges, and subsequent operation as set forth in greater detail in the Scope of Work attached hereto as Exhibit A, subject to the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the promises and covenants hereinafter contained, the Parties hereto mutually agree as follows:

1.0 SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all terms and conditions of this Agreement, the Contractor shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which services may be referred to herein as the "services" or "work" hereunder. As a material inducement to the District entering into this Agreement, Contractor represents and warrants that Contractor is a provider of first class work and services and Contractor is experienced in performing the work and services contemplated herein and, in light of such status and experience, Contractor covenants that it shall follow the

highest professional standards in performing the work and services required hereunder and that all materials shall be of good quality and meet the specifications described in Exhibit A. For purposes of this Agreement, the phrase "highest professional standards" shall mean those standards of practice recognized by one or more first-class companies performing similar work under similar circumstances.

1.2 Contractor's Proposal. The Scope of Service may include the Contractor's proposal or bid which, if included, is incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law. All services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the District and any Federal, State or local governmental agency having jurisdiction in effect at the time service is rendered. Each and every provision required by law to be included in this Agreement shall be deemed to be included, and this Agreement shall be read and enforced as though they were included.

1.4 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Contractor's performance of the services required by this Agreement, and shall indemnify, defend and hold the District harmless against any such fees, assessments, taxes penalties or interest levied, assessed or imposed against the District hereunder.

1.5 Familiarity with Work. By executing this Contract, Contractor warrants that Contractor (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Contractor discover any latent or unknown conditions, which shall or will materially affect the performance of the services hereunder, Contractor shall immediately inform the District of such fact and shall not proceed except at Contractor's risk until written instructions are received from the Contract Officer.

1.6 Care of Work. The Contractor shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by the District, except such losses or damages as may be caused by the District's own negligence.

1.7 Further Responsibilities of Parties. Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be

reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the service of the other.

1.8 Additional Services. The District shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to \$25,000; or in the time to perform of up to one hundred eighty (180) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must be approved by the Board of Directors. It is expressly understood by Contractor that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services or reasonably contemplated therein. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor.

1.9 Special Requirements. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, the Contractor shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "C" (the "Contract Sum"), except as provided in Section 1.8. The Contract Sum shall include the attendance of Contractor at all project meetings and Board of Director meetings reasonably deemed necessary by the District (upon reasonable notice); Contractor shall not be entitled to any additional compensation for attending said meetings.

2.2 Method of Payment. Unless some other method of payment is specified in the Schedule of Compensation, in any month in which Contractor wishes to receive payment, no later than the first (1st) working day of such month, Contractor shall submit to the District an invoice for services rendered prior to the date of the invoice. Except as provided in Section 7.3, the District shall pay Contractor for all expenses stated thereon which are approved by the District pursuant to this Agreement within thirty (30) days of the date of the invoice, subject to such extensions as may be necessary to obtain any required approvals for payment from the Board of Directors.

3.0 PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Contractor shall commence the exchange services pursuant to this Agreement within Ten (10) days of Contractor's receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" at Exhibit A. When requested by the Contractor, extensions to the Performance may be approved in writing by the Contract Officer.

3.3 Force Majeure. The Schedule of Performance may be extended due to delays caused by a Force Majeure, consisting of unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the District, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay, along with an estimate of the expected delay. Any estimated or actual delay caused by a Force Majeure must be reasonable and subject to the review and written approval of the Contract Officer. The Contract Officer must review and approve any estimated and actual delays in good faith. In no event shall Contractor be entitled to recover damages against the District for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section. It is understood and agreed that settlement of strikes, lockouts and other labor disputes by Contractor's employees shall be entirely within the discretion of Contractor and that nothing in this Agreement shall require the settlement of strikes, lockouts and labor disputes when such course is inadvisable in the sole discretion of Contractor.

3.4 Term. Unless earlier terminated in accordance with Section 7.8 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding ten (10) years from the date hereof, except as otherwise agreed in writing by the parties.

4.0 COORDINATION OF WORK

4.1 Contract Officer. The Contract Officer shall be such person as may be designated by the General Manager of the District. It shall be the Contractor's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Contractor shall refer any decisions which must be made by the District to the Contract Officer. Unless otherwise specified herein, any approval of the District required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority to sign all documents on behalf of the District required hereunder to carry out the terms of this Agreement.

4.2 Prohibition Against Subcontracting or Assignment. The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the District to enter into this Agreement. Therefore, Contractor shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the District. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of the District. In the event of any such unapproved transfer, including any bankruptcy proceeding, this

Agreement shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of the District.

4.3 Independent Contractor. Neither the District nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth herein. The District shall have no voice in the selection, discharge, supervision or control of Contractor's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Contractor shall perform all services required herein as an independent contractor of the District and shall remain at all times as to the District a wholly independent contractor with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of the District. The District shall not in any way or for any purpose become or be deemed to be a partner of Contractor in its business or otherwise or a joint venture or a member of any joint enterprise with Contractor.

5.0 INSURANCE, INDEMNIFICATION AND BONDS

5.1 Insurance. Without limiting Contractor's indemnification obligations as set forth in this Agreement, the Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to the District, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

a. Comprehensive General Liability Insurance. A policy of comprehensive general liability insurance written on a per occurrence basis. If the Contract Sum is \$25,000 or less, the policy of insurance shall be written in an amount not less than \$500,000 single limit, per occurrence. If the Contract Sum is greater than \$25,000 but less than \$1,000,000, the policy of insurance shall be in an amount not less than \$1,000,000 single limit, per occurrence. If the Contract Sum is greater than \$1,000,000 but less than \$2,000,000, the policy of insurance shall be in an amount not less than \$2,000,000, single limit, per occurrence. If the Contract Sum is greater than \$2,000,000, the policy of insurance shall be in an amount not less than \$5,000,000 single limit, per occurrence.

b. Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as shall fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Contractor and the District against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

c. Automotive/Vehicle Insurance. A policy of comprehensive automobile/vehicle liability (including owned, non-owned, leased, and hired autos/vehicles) insurance written on a per occurrence basis in an amount not less than \$500,000 single limit, per occurrence, for bodily injury and property damage.

d. Additional Insurance. Policies of such other insurance, including professional liability insurance, as may be required in the Special Requirements.

All of the above policies of insurance shall be primary insurance and shall name the **Palmdale Water District**, its officers, employees and agents as additional insureds. The insurer shall waive all rights of subrogation and contribution it may have against the District, its officers, officials, employees, agents, representatives, and volunteers, and their respective insurers. All of said policies of insurance shall be endorsed to:

- (1) provide that said insurance may not be amended or cancelled without providing thirty (30) days prior written notice by certified or registered mail to the District;
- (2) provide that the insurer shall waive all rights of subrogation and contribution it may have against the Palmdale Water District, its officers, officials, employees, agents, representatives, and volunteers, and their respective insurers; and
- (3) name the Palmdale Water District, its Board of Directors and all the Board of Directors appointed groups, committees, commissions, and any other Board of Directors appointed bodies, and the District's elected or appointed officers, and its officials, employees, agents, representatives, and volunteers (hereinafter "District and District Personnel") as additional insureds.

All of Contractor's insurance (i) shall contain no special limitations on the scope of protection afforded to the District and District Personnel; (ii) shall be primary insurance and any insurance or self-insurance maintained by the District or District Personnel shall be in excess of the Contractor's insurance and shall not contribute with it; (iii) shall be "occurrence" rather than "claims made" insurance; (iv) shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability; and (v) shall be written by insurers in compliance with Section 5.4.

No work or services under this Agreement shall commence until the Contractor has provided the District with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverage's and said Certificates of Insurance or binders are approved by the District. In the event any of said policies of insurance are materially modified or cancelled for any reason, the Contractor shall, prior to the cancellation date, submit new evidence of insurance, in conformance with this Section 5.1, to the Contract Officer. The Contract Officer, with the prior approval of the General Manager, shall have authority to consent to a modification of the foregoing insurance requirements, which consent may be given or withheld in the Contract Officer's and General Manager's respective sole and absolute and arbitrary discretion.

The Contractor agrees that the provisions of this Section 5.1 shall not be construed as limiting in any way the extent to which the Contractor may be held responsible for the payment of damages to any persons or property resulting from the Contractor's activities or the activities of any person or persons for which the Contractor is otherwise responsible.

In the event the Contractor subcontracts any portion of the work in compliance with Section 4.3 of this Agreement, the contract between the Contractor and such subcontractor shall require the

subcontractor to maintain the same policies of insurance that the Contractor is required to maintain pursuant to this Section 5.1.

5.2 Indemnification. Contractor agrees to indemnify the District, its officers, agents and employees against, and shall hold and save them and each of them harmless from, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities of Contractor, negligent acts or omissions of Contractor, willful misconduct by Contractor, or Contractor's negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement. Contractor's obligation to indemnify the District shall include:

(a) The defense of any action or actions filed in connection with any of said claims or liabilities and payment of all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Contractor shall promptly pay any judgment rendered against the District, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Contractor hereunder; and Contractor agrees to save and hold the District, its officers, agents, and employees harmless therefrom;

(c) In the event the District, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the District, its officers, agents or employees, any and all costs and expenses incurred by the District, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees; and

5.3 Sufficiency of Insurer or Surety. Insurance or bonds required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the District due to unique circumstances. In the event the Risk Manager of the District ("Risk Manager") determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the District, the Contractor agrees that the minimum limits of the insurance policies and the performance bond required by this Section 5 may be changed accordingly upon receipt of written notice from the Risk Manager; provided that the Contractor shall have the right to appeal a determination of increased coverage by the Risk Manager to the of the District within 10 days of receipt of notice from the Risk Manager.

5.4 Payment Bond for contracts over \$25,000. Concurrently with the execution of their Agreement, if the contract sum specified in Section 2.1 of this Agreement is in excess of twenty-five thousand dollars (\$25,000), Contractor shall deliver to the District a payment

bond in the sum specified below, in the form provided by the Board Secretary, which secures payments to subcontractors and suppliers in the event of default by Contractor. The payment bond shall contain the original notarized signature of an authorized officer of the surety and affixed thereto shall be a certified and current copy of his power of attorney. The payment bond shall be unconditional and remain in force during the entire term of the Agreement and shall be null and void only if the Contractor completely and faithfully pays all subcontractors and suppliers that have been approved in writing pursuant to Section 4.3 of this Agreement to perform in whole or part the services required herein.

The payment bond shall be in a sum not less than that prescribed by law under California Civil Code § 3248, such that the bond shall be in the sum of:

- (a) One hundred percent (100%) of the total amount payable by the terms of this Agreement if the total amount payable does not equal or exceed five million dollars (\$5,000,000); or
- (b) Fifty percent (50%) of the total amount payable by the terms of this Agreement if the total amount payable is not less than five million dollars (\$5,000,000) and does not exceed ten million dollars (\$10,000,000); or
- (c) Twenty five percent (25%) of the total amount payable by the terms of this Agreement if the Agreement exceeds ten million dollars (\$10,000,000).

If Contractor is the provider of architectural, engineering, and land surveying services pursuant to an existing contract with the District for a public work, Contractor shall not be required to post or deliver a payment bond. Further, if the sum of the payment bond as required under California Civil Code § 3248 is different than the sum required under this Agreement, the sum specified in California Civil Code § 3248 is controlling.

5.5 Sufficiency of Insurer or Surety for Payment Bond. If Contractor must deliver a payment bond pursuant to Section 5.5 of this Agreement, Contractor shall deliver, concurrently with the execution of this Agreement and delivery of said payment bond, to the District the following documents:

- (a) A certified copy of the Certificate of Authority of the Insurer or Surety issued by the Insurance Commissioner, which authorizes the Insurer or Surety to transact insurance in the State of California;
- (b) A certificate from the Clerk of the County of Orange that the Certificate of Authority of the Insurer or Surety has not been surrendered, revoked, canceled, annulled, or suspended; or, in the event the Certificate of Authority of the Insurer or Surety has been suspended, that renewed authority has been granted; and
- (c) True and correct copies of the Insurer's or Surety's most recent annual

statement and quarterly statement filed with the Department of Insurance.

Failure of Contractor to deliver these documents by the time of execution of this Agreement shall require the District to refrain from entering the Agreement, as Contractor will be deemed to have failed to ensure the sufficiency of the Insurer or Surety to the satisfaction of the District, as required by the provisions of the Bond and Undertaking Law, Code of Civil Procedure § 995.660.

6.0 RECORDS

6.1 Records. Contractor shall keep, and require subcontractors to keep, the records specified at Exhibit A.

7.0 ENFORCEMENT OF AGREEMENT

7.1 California Law. This Agreement shall be construed and interpreted both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. Service of process on the District shall be made in the manner required by law for service on a public entity. Service of process on Contractor shall be made in any manner permitted by law and shall be effective whether served inside or outside of California.

7.2 Disputes. Subject to the provisions of Section 7.7, in the event of a dispute arising under this Agreement, the parties shall comply with the provisions of this Section. The injured party shall notify the injuring party in writing of its contentions. The injured party shall continue performing its obligations hereunder so long as the injuring party commences to cure such default within ten (10) days of service of such notice and completes the cure of such default within sixty (60) days after service of the notice, or such longer period as may be permitted by the injured party; provided that if the default is an immediate danger to the health, safety and general welfare, such immediate action may be necessary. Compliance with the provisions of this Section shall be a condition precedent to termination of this Agreement for cause by the parties and to any legal action commenced by Contractor, and such compliance shall not be a waiver of the parties' right to take legal action in the event that the dispute is not cured. Nothing herein shall limit District's right to terminate this Agreement with or without cause pursuant to Section 7.7.

In the event of Contractor's failure to deliver reactivated GAF meeting the specifications required pursuant to Section 1.1 and Exhibit A, Contractor must cure such default within six (6) weeks of receiving notice of such default.

7.3 Retention of Funds. Contractor hereby authorizes the District to deduct from any amount payable to Contractor (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate

the District for any losses, costs, liabilities, or damages suffered by the District, and (ii) all amounts for which the District may be liable to third parties, by reason of Contractor's acts or omissions in performing or failing to perform Contractor's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Contractor, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, the District may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of the District to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Contractor to insure, indemnify, and protect the District as elsewhere provided herein.

7.4 Waiver. No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.6 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

7.7 Termination Prior to Expiration of Term. This Section shall govern any termination of this Agreement except as specifically provided in the following Section for termination for cause. The parties reserve the right to terminate this Agreement at any time without cause, with not less than one hundred eighty (180) days prior written notice to the other party. Upon receipt of any notice of termination, Contractor shall continue to provide the services hereunder until the expiration termination of this Agreement, or until an earlier date if mutually agreed upon by the parties. Contractor shall be entitled to compensation for all services rendered prior to the effective date of the termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Contractor. If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, The District may take over the work which was being executed by the Contractor at the time of default and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the District shall use reasonable efforts to mitigate such damages), and the District

may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the District as previously stated.

7.9 Attorneys' Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to its expert witness fees and reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

8.0 DISTRICT OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of District Officers and Employees. No officer, official, employee, agent, representative, or volunteer of the District shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the District or for any amount which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest. No officer, official, employee, agent, representative, or volunteer of the District shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Contractor warrants that it has not paid or given and shall not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin, or ancestry.

9.0 MISCELLANEOUS PROVISIONS

9.1 Notice. Unless otherwise provided herein, all notices required to be delivered under this Agreement or under applicable law shall be (i) personally delivered, or (ii) delivered by United States mail, prepaid, certified, return receipt requested, or (iii) delivered by reputable document delivery service that provides a receipt showing date and time of delivery. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices delivered by mail shall be effective at 5:00 p.m. on the second calendar day following dispatch. Notices shall be delivered to the District at the following address: Palmdale

Water District, 2029 East Avenue Q, Palmdale, CA 93550, Attn: Matthew Knudson, Assistant General Manager. Notices shall be delivered to Contractor at the following address: Calgon Carbon Corporation, 400 Calgon Carbon Drive, Pittsburgh, PA 15205, Attn: General Counsel. Either party may change the address for receipt of notices to that party by written notice delivered in compliance with this Section.

9.2 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

9.4 Severability. In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

9.5 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

9.6 Authority to Execute. The person (s) executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

9.7 Warranty & Representation of Non-Collusion. No official, officer, or employee of District has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of the District participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or

"non-interests" pursuant to Government Code Sections 1091 or 1091.5 Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any District official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any District official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in the payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

9.8 Prevailing Wages. Contractor shall comply with Labor Code Section 1775. In accordance with said Section 1775, the Contractor shall forfeit as a penalty to the District, a penalty in such amount as the Labor Commissioner shall determine for each calendar day or portion thereof for each worker paid less than the stipulated prevailing rates for such work or craft in which such worker is employed for any work done under this Agreement by them or by any sub-contractor under them in violation of the provisions of the Labor Code and, in particular, Labor Code Sections 1770 to 1780, inclusive. In addition to said penalty and pursuant to said Section 1775, the difference between such stipulated prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the stipulated prevailing wage rate shall be paid to each worker by the Contractor.

Contractor's Authorized Initials _____

[end - signature page and exhibits follow]

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

DISTRICT:

PALMDALE WATER DISTRICT,
a public agency

Dennis D. LaMoreaux, General Manager

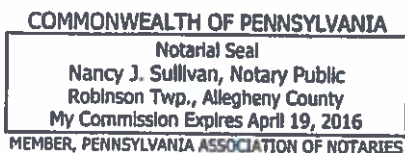
ATTEST:

Board Secretary

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

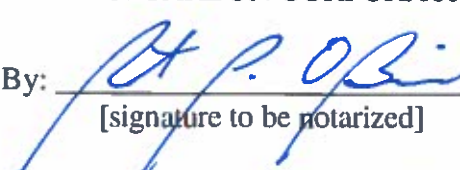
District General Counsel


Nancy J. Sullivan, Notary



CONTRACTOR:

CALGON CARBON CORPORATION

By: 
[signature to be notarized]

Name: Robert P. O'Brien

Title: Ex. Vice President and C.O.O.

By: _____
[signature to be notarized]

Name: _____

Title: _____

Address: 500 Calgon Carbon Drive
Pittsburgh, PA 15205

Exhibit "A"
SCOPE OF SERVICES

I. STATEMENT OF WORK

General Information and Contacts:

Contractor Contact:

Telephone Number:

E-Mail Address:

Service Location:

Site where Service Provider will perform the Services:

Palmdale Water District

Leslie O. Carter Water Treatment Plant

700 East Avenue S.

Palmdale CA 93550

Scope of Service: Potable Water Service Custom Reactivation Services

II. INITIAL REPLACEMENT:

- A. Calgon Carbon shall remove the spent GAC from the filters at the Leslie O. Carter Water Treatment Plant.
- B. Calgon Carbon shall transport the spent GAC to a Calgon Carbon NSF-certified, dedicated potable reactivation facility.
- C. Calgon Carbon shall thermally reactivate the spent GAC using an NSF-approved procedure which complies with AWWA Standard B605-7.
- D. Calgon Carbon shall segregate and store the custom reactivated GAC, identified and labeled as "CMR-Palm400".
- E. Calgon Carbon shall transport the CMR-Palm400 reactivated GAC (and the requisite amount of virgin F400 required for make-up purposes) to the Leslie O. Carter Water Treatment Plant.
- F. Calgon Carbon shall install the CMR-Palm400 reactivated GAC and make-up virgin F400 into the filters.
- G. GAC fill shall conform to a minimum depth of 8 feet in each filter following installation, with any required make-up conforming to item 8 below,
- H. In addition to meeting the requirements of AWWA Standard B604, latest edition, the virgin make-up carbon shall be F400 with a minimum Apparent Density of 0.47g/cc, a minimum Trace Capacity Number of 9 mg/cc, a maximum Tannin Value of 500 ppm as performed in accordance with Appendix B of AWWA B604-12 and a minimum Iodine Adsorption of 1000 mg/g as performed in accordance with ASTM 4607.

- I. Calgon Carbon shall work with the District staff on the development and implementation of a process for tracking each individual contactor media with its identification from virgin state through each subsequent reactivation. In addition, Calgon Carbon will provide the Contract Officer with thorough records of the reactivation process parameters. These parameters shall include operational and product quality information, such as a) Kiln Temperature, b) Kiln Rotation, c) Kiln Feed Rate, d) Iodine and Apparent Density. This information and any other related information that is provided shall be treated as confidential by the District Staff and the District shall obtain written agreement from Calgon Carbon prior to using this information in an external papers or reporting.

III. SUBSEQUENT OPERATION:

- A. Calgon Carbon will perform custom NSF-certified reactivation of the GAC in each of the GAC filters/pressure vessels at **Leslie O. Carter Water Treatment Plant** on an “as-needed” basis. For any given exchange, to the extent that there is react GAC remaining above the required amount (after taking into consideration the addition of any makeup virgin GAC), such remaining react GAC shall become the property of Calgon Carbon and can be retained or disposed of at Calgon Carbon’s sole discretion. Refer to Section IV, *infra*, – Carbon Reactivation Schedule, for specific information regarding quantities of GAC in each filter/vessel and estimated schedules for reactivation of each filter/vessel.
- B. Calgon Carbon will supply 10% of Virgin Activated Carbon makeup for each filter exchange. Virgin Makeup carbon is F400.
- C. Calgon Carbon will return the spent GAC to one of its NSF certified, dedicated potable reactivation facilities and reactivate the spent GAC according to an NSF-approved procedure. Custom reactivation of the spent GAC does require additional paperwork and water quality testing will need to be submitted (Exhibit B).
- D. Calgon Carbon will provide the necessary man power and equipment to facilitate the exchange of the spent and react GAC.
- E. Calgon Carbon will supply supervision during the initial fill and backwash of the filters during each exchange operation.
- F. Calgon Carbon will analyze a representative sample of the GAC on a periodic basis for iodine number, ash, apparent density, mesh size, and any other parameters felt appropriate for the particular application.

IV. SCHEDULE OF PERFORMANCE

The Performance Period for each exchange service shall not exceed six (6) weeks from the date the District places an order, or in the case of the initial replacement, within six (6) weeks of the Notice to Proceed. The Performance Period includes the time required for removal of spent GAC and installation of reactivated GAC. On-site testing subsequent to installation shall not be included in the computation of the Performance Period. When requested by the Contractor, extensions to the Performance Period may be approved in writing by the Contract Officer.

RESPONSIBILITIES OF DISTRICT

- A. District will provide the necessary water, electricity, and suitable drainage to accomplish the transfer of the spent and reactivated GAC.
- B. If a spill occurs into the source water supply for District, then District will notify Contractor of the occurrence and the type of chemicals spilled, if known by District.
- C. If it is then determined by District that the GAC was contaminated by the spill, District can then request Contractor to remove and replace the GAC. Contractor will take the spent GAC back for thermal reactivation subject to spent carbon acceptance. The cost of this special reactivation service shall be in addition to the base exchange fee. If the fouled GAC cannot be reactivated, Contractor shall supply replacement virgin GAC at the price stated in Section A.2. of this Agreement. Should District declare the spent activated carbon hazardous, District then agrees to reimburse Contractor for the additional cost of removing, handling, and disposing of a hazardous material.
- D. If during the term of the Agreement the GAC becomes fouled by inorganic precipitates, such as calcium carbonate or iron oxide, District shall have the option to clean the GAC or request Contractor to remove and, if possible, reactivate the fouled GAC. If District chooses to clean the GAC, the cost of cleaning the GAC will be the responsibility of District. If District chooses to have Contractor remove and reactivate the GAC, Contractor will take the spent GAC back for thermal reactivation subject to spent carbon acceptance. The cost of this special reactivation service shall be in addition to the base exchange fee. If the fouled GAC cannot be reactivated, Contractor shall supply replacement virgin GAC at the price (on a per lb basis) stated in Section A.2. of this Agreement.
- E. District will provide clear access to the site for delivery and installation of the react / virgin GAC and spent GAC removal.
- F. District will provide all plant modifications, pre and post treatments and sterilization of the filters as may be required.
- G. District will confirm the volume of GAC in each filter in the following manner:

- H.** District will measure and mark the top of the filter bed prior to removing any GAC. After the removal of the GAC, District will then mark and measure from the top of the support media to the initial line. With these measurements, as well as the dimensions of the filter, the District will be able to calculate the volume of GAC being returned.

V. CARBON REACTIVATION SCHEDULE

A. Filter / Dimensions and Volumes :

Volume of GAC in each Filter = 7,040 cubic feet

B. Number of Filters

Seven (7) filters X 7,040 cubic feet each = Total of 49,280 cu ft.

C. Exchange Schedule (Estimated):

Up to Seven (7) Filters per year

The District reserves the right to utilize the eighth filter for testing of alternate treatment methods and/or media. These strategies and/or media may or may not be sourced from Contractor at the District's discretion

Exhibit "B"

SPECIAL REQUIREMENTS

I. CRITERIA FOR RETURN FOR REACTIVATION OF NON-RCRA SPENT GRANULAR ACTIVATED CARBON (GAC)

The following ACCEPTANCE CRITERIA **must** be met for return for reactivation:

<u>Characteristic/Property</u>	<u>Limits of Acceptability</u>
Size	Greater than or equal to 12x40 mesh
pH Range	Greater than 2.0 and less than 12.5
Ignitable (per RTM-10)	Not Acceptable
Dioxins (by testing, court decree or definition)	Not Acceptable
Polychlorinated Biphenyls (PCBs)	Not Acceptable
1,2-Dibromo-3-chloropropane (DBCP)	Not Acceptable
Radioactivity	Not to exceed Background Level
Sodium	Maximum of 0.1 wt. %
Halogenated/Aromatic Volatiles	Maximum of 2000 ug/g (Blue Lake plant only) (SW 846 - Methods 8010/8020)

Note 1: Spent Granular Activated Carbon to be returned for reactivation shall be free of any foreign debris (rock, wood, metal, etc.) or extraneous impurities, free of oil and grease, easily wetted by water, and free flowing.

Note 2: Acceptance for reactivation of spent carbon which has not been supplied by Contractor must be investigated on a case-by-case basis.

Exhibit "C"

COMPENSATION AND PRICING

Fees, Invoices, and Payments. For the products and services provided by the Service Provider under this scope of work, District will pay Service Provider:

I. Base Pricing, Virgin and Reactivated GAC:

The price for virgin F400 and CMR-Palmdale products, on a per filter basis, are as follows:

A. Virgin F400 Carbon

- i. One (1) filter's worth of 100% virgin F400 GAC (7,040 cu. ft.):
\$275,135.00
- ii. This price includes the removal of spent GAC, and the supply and installation of the new GAC, and all associated transportation costs.

B. Reactivated CMR-Palmdale Carbon

- iii. One (1) filter's worth of CMR-Palmdale reactivated GAC (7,040 cu. ft.):
\$169,477.00
- iv. This price includes 10% virgin make-up F400 GAC, by weight
- v. This price includes the removal of spent GAC, and the reactivation and installation of the reactivated GAC, and all associated transportation costs.

II. Virgin GAC Required for District Operational Losses:

Any virgin GAC required to replace District Operational Losses is \$39.08 per cubic foot of virgin F400 GAC. The Contractor shall be entitled to additional compensation associated with Virgin GAC on a unit price basis solely to the extent such Virgin GAC is required in order to make up for the District Operational GAC Losses or as otherwise directed by the District.

"District Operational GAC Loss" means (a) GAC loss occurring between the completion of any GAC Filter Exchange and the commencement of any subsequent GAC Filter Exchange; (b) degradation of the GAC during operation of the filter, such as caused by build up of calcium carbonate or other minerals on the carbon which impact the ability of the GAC to be reactivated such that yield losses are higher than 10% and require the supply of additional Virgin GAC. Above 10% by volume.

III. Fee Adjustment:

All fees will be firm for the first year of the Initial Term, with an annual adjustment for each successive year of the Term of the agreement (as defined below) in accordance with the Fee Adjustment provisions set forth in Section VI of this Exhibit.

IV. Taxes:

All fees and pricing indicated are exclusive of any applicable taxes

V. Conditions:

The fees in this Agreement are based upon Contractor performing the responsibilities as described in Exhibit A during normal working hours and under reasonable order processing conditions. If overtime costs are incurred solely for District's convenience, Contractor reserves the right to invoice District for documented overtime expenses. In addition, rush shipments (less than 3 days notice) will be subject to a surcharge on the carbon supply fee of \$500 plus any applicable freight surcharges.

VI. Fee Adjustment:

The fees payable pursuant hereto will be adjusted on October 1st of such calendar year by the annual percentage charge in the combined average of the Indices indicated in the schedules below:

A. Virgin Carbon Exchange Fees:

- (A) Producer Price Index of other Petroleum and Coal Products Manufacturing (CCWUR0400SA0)*, (50% weight)
and
- (B) Producer Price Index of Basic Organic Chemicals (WPU0614)*, (50% weight)

B. Reactivated Carbon Exchange Fees:

- (A) Department of Labor CPI for Urban Wage Earners and Clerical Work, specific to the West (CWUR040SA0)*, (30% weight)
and
- (B) The Natural Gas Adjustment Factor based upon the Platt's Gas Market Report inside FERC First of the Month Index El Paso Natural Gas Permian Basins Index. (70% weight)

**As published by the United States Department of Labor*

The percent adjustment shall be calculated by taking the percent difference for each index during the twelve month period from October 1st through September 30th of the last completed calendar year as compared to the twelve month period from October 1st through September 30th of the calendar year immediately preceding the last completed calendar year. These two percentages will then be averaged (based on the weights indicated) for calculating the final percent adjustment to which all U.S. manufactured materials will be subject. No increases or decreases in price shall exceed ten percent (10%) of the previous year's pricing.

VII. Fuel Surcharge:

The Fuel Surcharge shall consist of a mileage charge based on the difference between the base of \$4.00/gallon and the fuel index at time of actual delivery in accordance with Table 1 in this Appendix. The mileage and surcharge amount will be established at time of delivery by the Service Provider using the average price of fuel per gallon within the County of Los Angeles.

Each Monday at 5:00 p.m. Eastern Standard Time, the Service Provider will determine the Average Diesel Price, using the average price of diesel per gallon within the County of Los Angeles. The Non-Local Fuel Surcharge will become effective on Tuesday of that week (except if Monday is a National Holiday, then it will be Wednesday) and will be effective for the following seven (7) day period.

In computing charges, fractions of less than one-half cent will be dropped and fractions of one-half cent or more will be increased to the next whole cent.

If the Average Diesel Price is greater than \$4.50 per gallon, the Non-Local Fuel Surcharge will increase one (1) cent for every five (5) cent increase of the Average Diesel Price. If the Average Diesel Price is less than \$4.50 per gallon, the Company will not charge a Fuel Surcharge.

TABLE 1

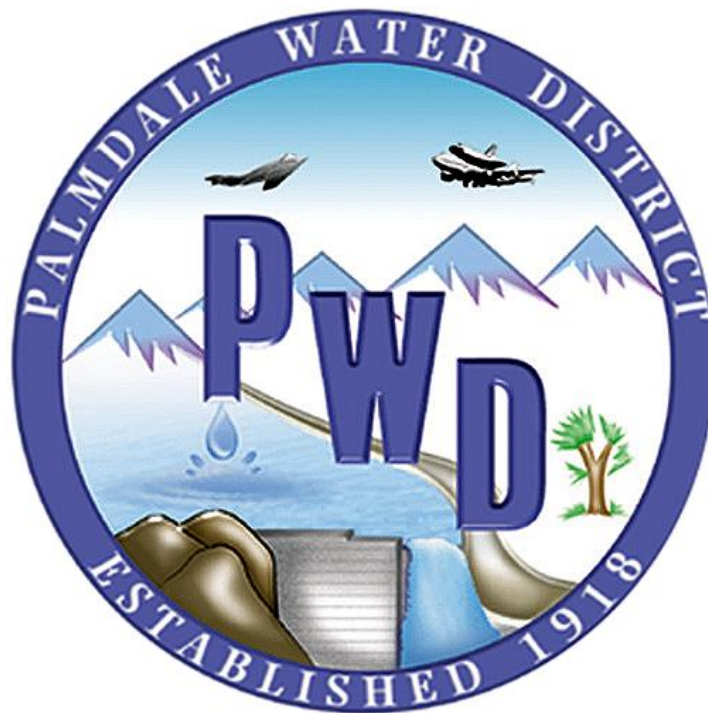
When the Fuel Index Is:				When the Fuel Index Is:				When the Fuel Index Is:		
At Least	But Less Than	Fuel Surcharge		At Least	But Less Than	Fuel Surcharge		At Least	But Less Than	Fuel Surcharge
\$4.00	\$4.05	0 Cent per Mile		\$4.50	\$4.55	1 Cents per Mile		\$5.00	\$5.05	11 Cents per Mile
\$4.05	\$4.10	0 Cents per Mile		\$4.55	\$4.60	2 Cents per Mile		\$5.05	\$5.10	12 Cents per Mile
\$4.10	\$4.15	0 Cents per Mile		\$4.60	\$4.65	3 Cents per Mile		\$5.10	\$5.15	13 Cents per Mile
\$4.15	\$4.20	0 Cents per Mile		\$4.65	\$4.70	4 Cents per Mile		\$5.15	\$5.20	14 Cents per Mile
\$4.20	\$4.25	0 Cents per Mile		\$4.70	\$4.75	5 Cents per Mile		\$5.20	\$5.25	15 Cents per Mile
\$4.25	\$4.30	0 Cents per Mile		\$4.75	\$4.80	6 Cents per Mile		\$5.25	\$5.30	16 Cents per Mile
\$4.30	\$4.35	0 Cents per Mile		\$4.80	\$4.85	7 Cents per Mile		\$5.30	\$5.35	17 Cents per Mile
\$4.35	\$4.40	0 Cents per Mile		\$4.85	\$4.90	8 Cents per Mile		\$5.35	\$5.40	18 Cents per Mile
\$4.40	\$4.45	0 Cents per Mile		\$4.90	\$4.95	9 Cents per Mile		\$5.40	\$5.45	19 Cents per Mile
\$4.45	\$4.50	0 Cents per Mile		\$4.95	\$5.00	10 Cents per Mile		\$5.45	\$5.50	20 Cents per Mile

Granular Activated Carbon

A Review of Operations and Testing

Prepared by PWD Water Quality and Operations Staff

5/12/14



Introduction

The Palmdale Water District began using “Post Filtration” Granular Activated Carbon (GAC) contactors to remove Disinfection By-Product precursors in November of 2008. The Total Organic Carbon (TOC) contained in our source water has been specifically targeted for removal. This was done in an effort to reduce the concentration of Total Trihalomethanes (TTHMs) within the distribution system. Since that time, the operational protocol has been to run all treated water through the GAC contactors. *Graph 1* displays the average TTHM levels within the distribution system for the years 2008 through 2014 (1st Qtr). Beginning in April of 2010, Water Quality and Plant Operations staff began working to optimize the operation of the GAC contactors in an effort to maximize the life of each contactor while meeting the current and future TTHM regulations in the distribution system. This optimization work will continue through 2014 as we continue to collect data and refine our operational strategy.

This report is intended to provide a summary of the information the Palmdale Water District (PWD) has gained through the operation of Granular activated Carbon (GAC) contactors, as well as from extensive testing of various types of GAC. The first section will provide information about the actual operational results achieved during a 66 month period ending April 30, 2014. While the second section will discuss information gained through the two phases of a Full-Scale Comparison.

Section I: Operational Results

System TTHM Levels

The PWD began collecting TTHM samples at the 16 Stage 1 Disinfection By-Products Rule (DBPR) locations in 2002. The maximum contaminant level (MCL) for TTHM is 80 ug/L and is based on a running annual average of quarterly results. The Stage 1 DBPR has given way to the Stage 2 DBPR which requires compliance to be based on a Locational Running Annual Average (LRAA) of 8 Stage 2 DBPR locations which began in April 2012. This requires all locations to have a TTHM running annual average of less than 80 ug/L. *Table 1* shows the system Running Annual Averages for TTHMs.

Table 1

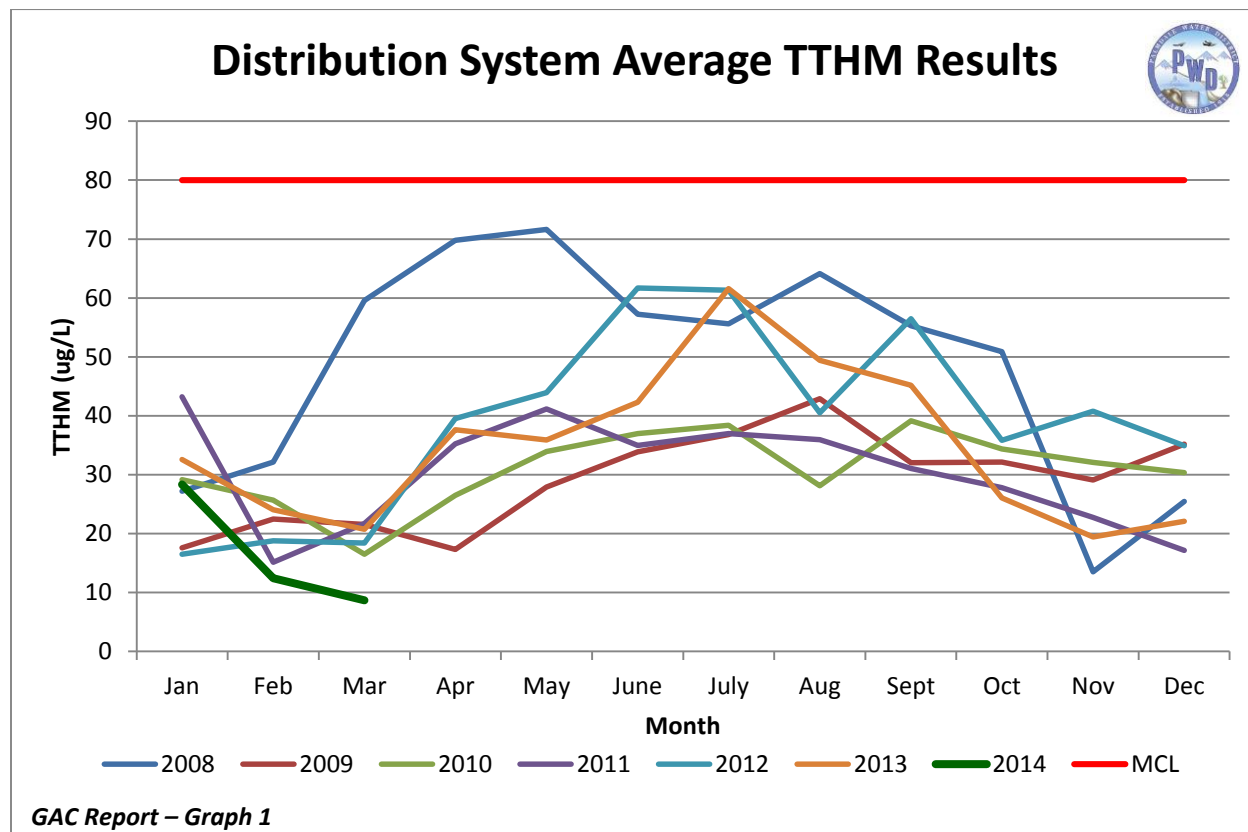
Year	Stage 1: TTHMs RAA (µg/L)	Stage 2: TTHMs RAA (µg/L)
2002	73.5	
2003	73.0	
2004	49.5	
2005	53.7	
2006	51.1	
2007	54.6	
2008*	48.5	
2009	29.1	
2010	30.9	
2011	30.4	
2012	28.2	46.1
2013	-----	34.7
2014	-----	16.5

**GAC effective: 4th Quarter 2008*

***2014 Results only include 1st Quarter Data*

Review of GAC Operation and Testing

Below is a graphical representation of TTHM levels prior to operation of the GAC contactors in 2008, as well as the five years following.



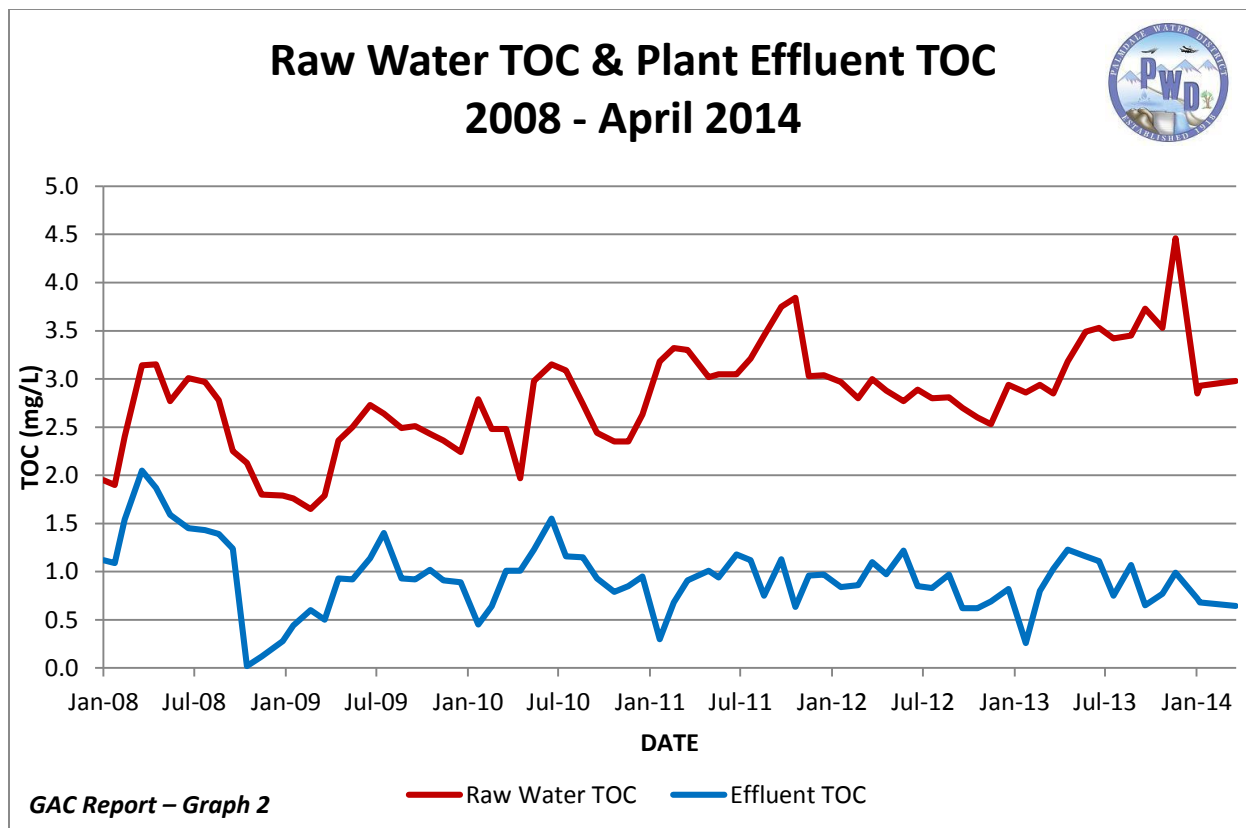
Raw Water Quality

There are two Raw Water parameters that we are primarily concerned with as they will have an impact on the formation of TTHMs. These parameters are Total Organic Carbon (TOC) and Bromide. This is due to the fact that three of the four species of TTHMs are made up of a combination of Carbon, Bromine, Hydrogen and Chlorine. Therefore, as TOC and Bromide concentrations increase, so does the potential for TTHM formation within our chlorinated distribution system. Currently, we are not able to remove the Bromide from our source water before it undergoes a reaction with the chlorine added in the treatment process. However, we are able to remove TOC to a certain extent and thus, TOC removal is the focus in our attempt to minimize TTHM formation. *Table 2* shows that despite higher raw water TOC in recent years, the average effluent TOC has been consistently lower than in 2008.

Table 2

Year	Average Raw TOC (mg/L)	Average Effluent TOC (mg/L)
2008	2.7	1.3
2009	2.3	0.9
2010	2.7	1.1
2011	3.2	0.9
2012	2.8	0.9
2013	3.4	0.9
2014*	2.9	0.7

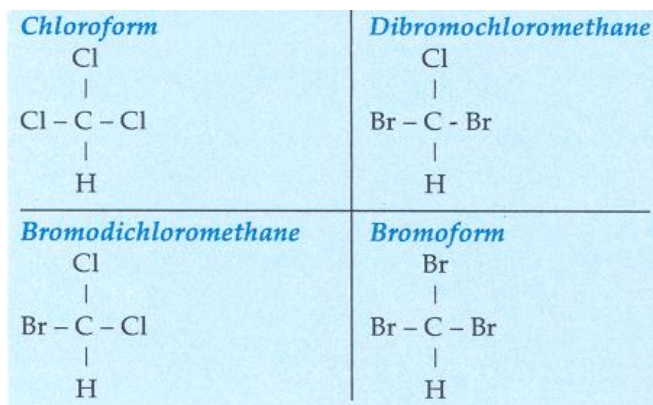
Calculated Weighted Averages
*Results updated through April 2014



As discussed previously, the average TOC level leaving the plant prior to bringing the GAC contactors online in November of 2008 was higher than the average TOC leaving the plant from 2009 – 2014 (1st Qtr). It must be noted that it is possible to reduce the Plant Effluent TOC to a level approaching zero mg/L as can be seen on *Graph 2* in November of 2008. It must also be noted that removal rates of this magnitude will quickly exhaust the GAC. This will greatly increase the cost of treatment using GAC and is in fact cost prohibitive. For this reason, the PWD has been working to develop an operational strategy that will reduce TOC levels to the point required for compliance with the Stage 2 DBPR, while at the same time extending the useful life of each GAC contactor. To achieve this balance, it is essential to regularly monitor treatment plant performance and GAC contactor performance for the reduction of TOC. This is achieved through the use of a TOC analyzer as well as regular grab samples from various points of the treatment process. These grab samples are analyzed by water quality staff in the PWD lab.

Review of GAC Operation and Testing

As previously mentioned, three of the four regulated TTHM species contain Bromine. Currently, there is no cost effective way to achieve large scale removal of Bromide from our source water. Below is an illustration of the four Trihalomethane compounds which shows the contribution of Bromine to each.



Cost Analysis

Post filtration GAC contactors have been shown to be very effective in the reduction of Total Organic Carbon. The current issue we face is that of balancing the cost of treatment with achieving our water quality goals. On the financial side of water treatment is the question, “How much does this technology cost per acre-ft of water treated?” There is not a simple answer to this question as each water source and treatment plant is unique. We have endeavored to create some “rules of thumb” that may be helpful to other water districts considering the use of GAC. Looking at the last sixty-six months of operation using GAC contactors, we were able to determine the cost per acre-ft of water treated at current market cost for GAC. The following is the summary data used to calculate treatment cost.

2008 – 2014: Year Totals

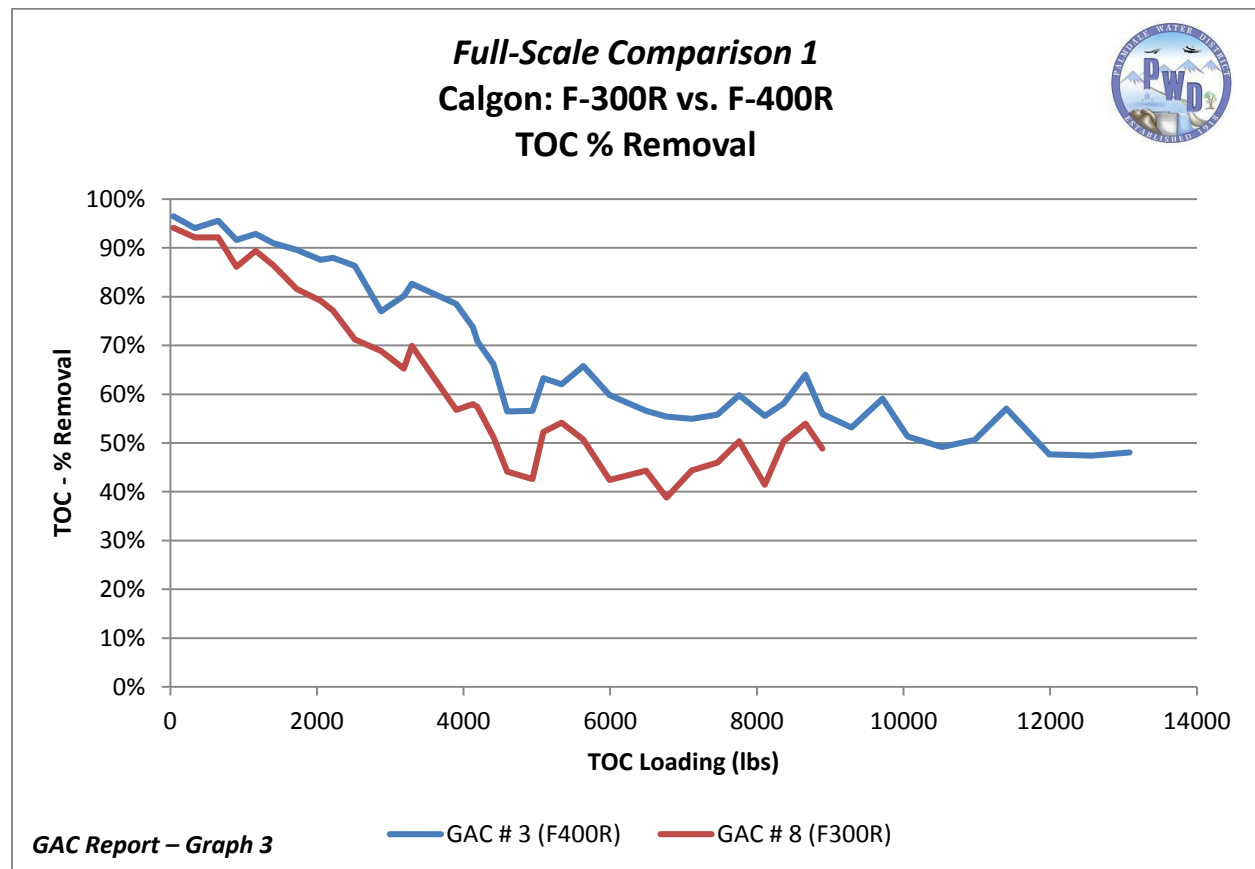
Plant Production (acre-ft)	68,006
GAC Used (lbs)	5,940,000
TOC Removed (lbs)	191,908
GAC/TOC (lbs)	31.0
Cost/acre-ft (\$)	\$90.39

The higher cost/acre-ft (\$) for this report is due to the added cost of our 2nd Phase Full-Scale Comparison of two GAC contactors (AC1230CXS & F400R) and the limited WTP production over the last few months.

Section II: Full-Scale Comparisons

During 2012 through 2014, three different full-scale comparisons were conducted to evaluate which product will be most cost-effective for TOC reduction.

The first full-scale comparison operated from September 2012 to August 2013 and was used to evaluate the efficiency of two different varieties of bituminous coal based GAC (Calgon: F-300R and F-400R). The graph below shows that the F-400R is more effective at removing TOC than the F-300 currently in use. Over the course of this comparison, the F-400R provided 35% more production capability (ac-ft) and removed 11% more TOC (lbs) than the F-300R. In this comparison, each GAC contactor was considered to be exhausted when the percent of TOC removal stabilized below 50%.



Full-Scale Comparison 1 - Results

GAC # 3 (F-400R):

GAC Production (acre-ft) **2,410**
GAC Used (lbs) **220,000**
TOC Removed (lbs) **8,875**
GAC/TOC (lbs) **24.8**

GAC # 8 (F-300R):

GAC Production (acre-ft) **1,781**
GAC Used (lbs) **220,000**
TOC Removed (lbs) **5,592**
GAC/TOC (lbs) **39.3**

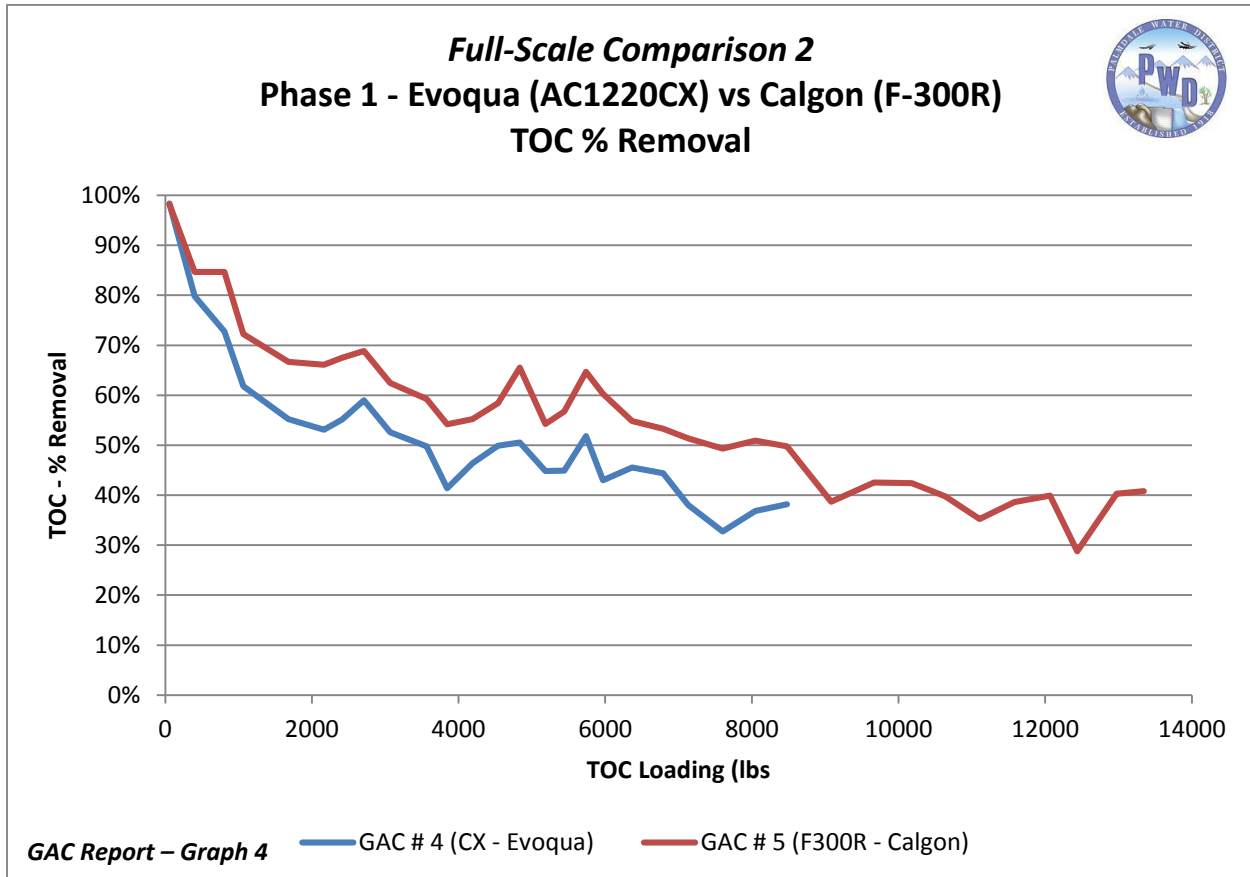
Production capability (ac-ft) = +35%

TOC Removed (lbs) = +11%

Review of GAC Operation and Testing

The second full-scale comparison was split into two phases.

The first phase of the second full-scale comparison operated from February 2013 through August 2013 and was used to evaluate the effectiveness of virgin coconut based GAC (Evoqua AC1230CX) and reactivated bituminous coal based GAC (Calgon F-300R).



Full-Scale Comparison 2 (Phase 1) - Results

GAC # 4 (Siemens-AC1230CX):

GAC Production (acre-ft)	1,476
GAC Used (lbs)	220,000
TOC Removed (lbs)	4,388
GAC/TOC (lbs)	50.1

GAC # 5 (Calgon F-300R):

GAC Production (acre-ft)	2,203
GAC Used (lbs)	220,000
TOC Removed (lbs)	7,255
GAC/TOC (lbs)	30.3

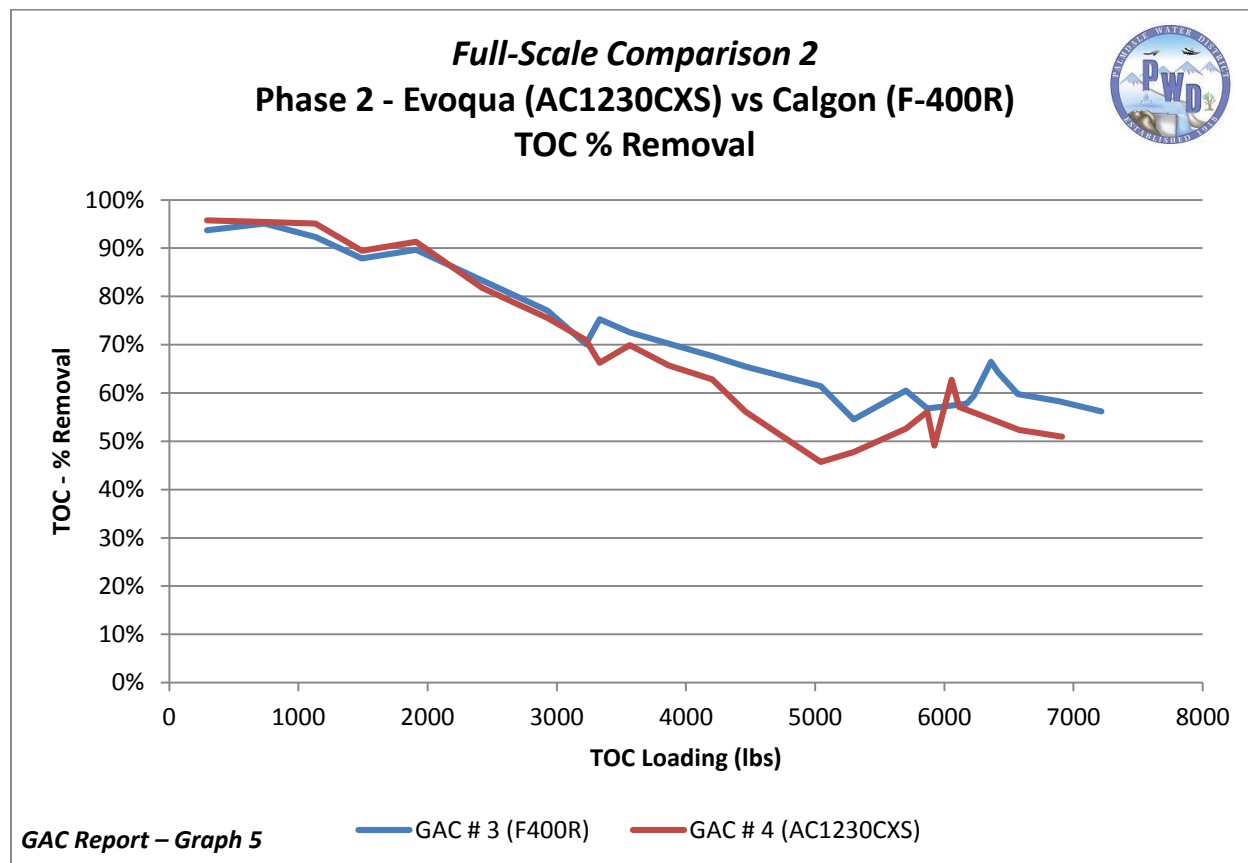
Production capability (ac-ft) = +49%

TOC Removed (lbs) = +65%

Based on the results, it is unlikely that we would choose to use the coconut based AC1230CX in place of the bituminous coal based F-300R (*Graph 4*). The Calgon F-300R provided 49% more production capability and removed 65% more TOC (lbs).

Review of GAC Operation and Testing

The second phase of the second full-scale comparison is still in operation and began in September 2013. The Water Treatment Plant has been offline since February 6, 2014 due to SWP 0% Allocation and therefore the results displayed are as of February 2014. The purpose of this comparison is to evaluate the effectiveness of reactivated coconut based GAC (Siemens AC1230CXS) and reactivated bituminous coal based GAC (Calgon F-400R).



Full-Scale Comparison 2 (Phase 2) - Results

GAC # 3 (Calgon F-400R):

GAC Production (acre-ft) **1,198**
GAC Used (lbs) **220,000**
TOC Removed (lbs) **5,142**
GAC/TOC (lbs) **42.8**

GAC # 4 (Siemens-AC1230CXS):

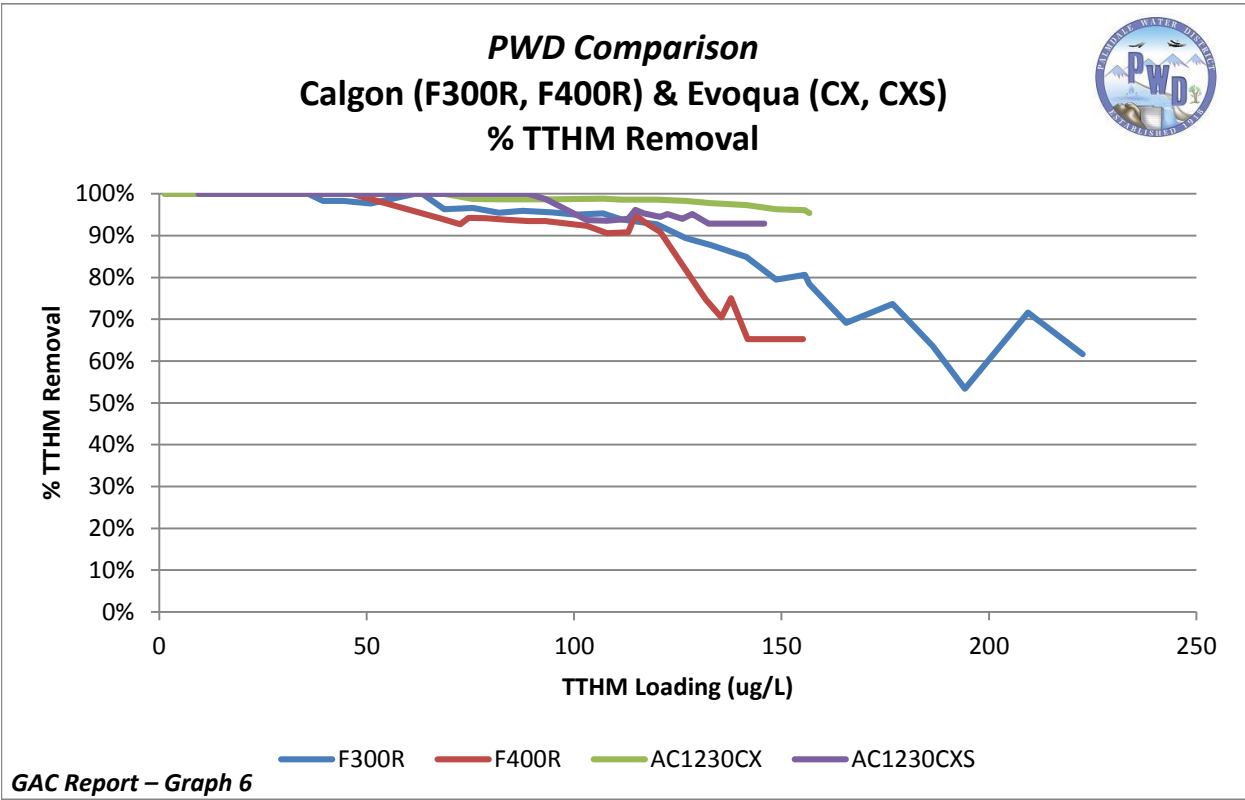
GAC Production (acre-ft) **1,138**
GAC Used (lbs) **220,000**
TOC Removed (lbs) **4,736**
GAC/TOC (lbs) **46.5**

TOC Removed (lbs) = +9%

Based on the results, it appears that the reactivated coconut based AC1230CXS performs nearly as well as the reactivated bituminous coal-based F-400R (*Graph 5*). Currently, the Calgon F-400R has removed 9% more TOC (lbs). We are over half-way through this comparison and it will be interesting to see how each GAC contactor continues to perform.

Review of GAC Operation and Testing

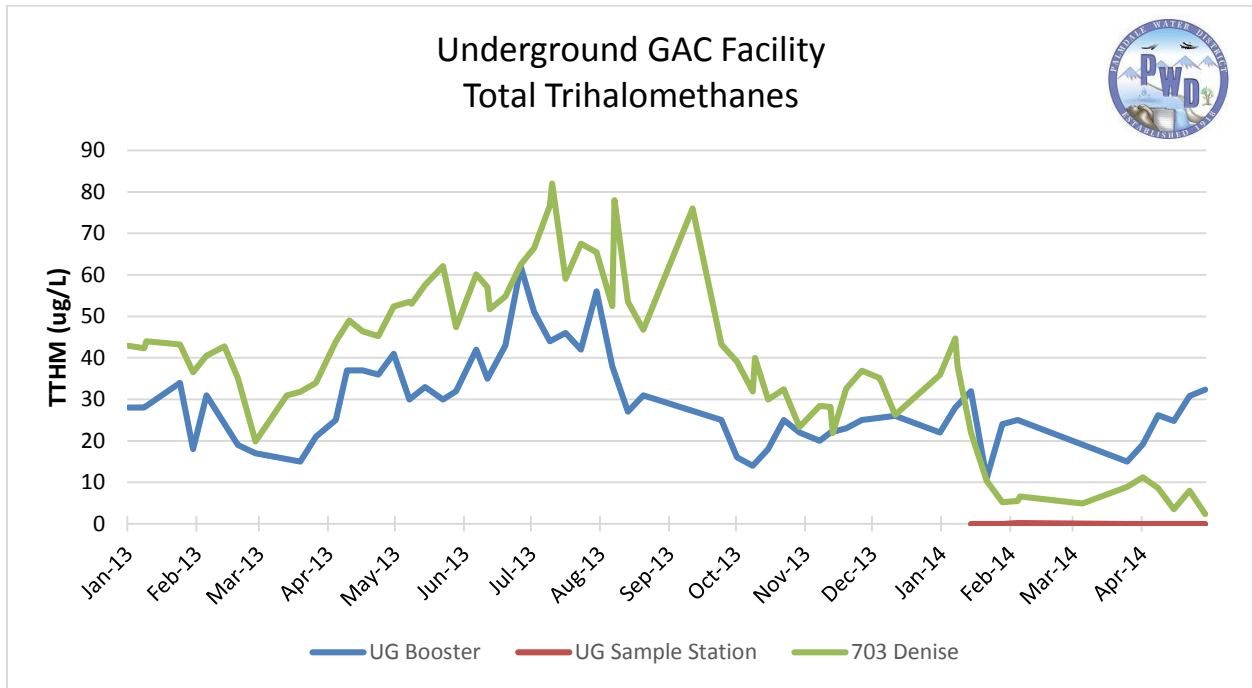
It is important to note that the coconut based GAC (AC1230CX) continues to be very efficient at TTHM reduction (*Graph 6*). This information further supports our decision to use coconut based GAC at Underground Tank for TTHM reduction.



NOTE: Data above not evaluated over the same time frame.

Section III: Underground GAC Facility

The Underground GAC Facility was installed in November 2013. We began utilizing the GAC vessel to remove TTHMs on January 20, 2014. *Graph 7* below shows Underground Booster, Underground GAC Sample Station & 703 Denise TTHMs. For 2013, TTHMs at 703 Denise were approximately 49% higher than at Underground Booster. Post-GAC, TTHMs at 703 Denise were approximately 70% lower than at Underground Booster.



It is important to note that the water treatment plant was offline from February 6, 2014 through April 5, 2014 due to limited availability of surface water from the State Water Project (0% Allocation). During that time, Palmdale Water District was 100% dependent on groundwater, therefore the TTHM and TOC results were greatly reduced throughout the distribution system.

Conclusions and Expectations

- The F-400R results indicate that it would be more cost effective for TOC reduction at the WTP.
- The virgin “Enhanced Coconut” product (AC1230CX) was not as efficient as our current bituminous coal based GAC (F-300R) and therefore would not likely be cost effective for TOC reduction at the WTP.
- The virgin and reactivated “Enhanced Coconut” products continued to show that it is very effective for TTHM reduction and further supports our decision to use a coconut based GAC for the Localized GAC system at Underground Tank.
- The second phase of this full-scale comparison began testing at the end of September 2013 and final results should be available mid-2014. Interestingly, the regenerated “Enhanced Coconut” appears to be nearly as effective as the F-400R at TOC removal.
- The Underground GAC Facility is performing well. TTHMs at Denise have been significantly reduced.
- Future evaluations will be made to increase the Plant Effluent TOC target at the WTP.

Please direct questions regarding this report to:

Peter Thompson II
Operations Manager
Palmdale Water District
(661) 947-4111 ext. 1169
pthompsonII@palmdalewater.org

Amanda Williams
Water Quality Supervisor
Palmdale Water District
(661) 947-4111 ext. 1178
awilliams@palmdalewater.org



COST PROPOSAL

PALMDALE WATER DISTRICT

**RFP- Carbon Supply and
Exchange Services-
AC1230CX
3/7/14**

Confidentiality Statement

This document and all information contained herein are the property of Evoqua Water Technologies LLC. The design concepts and information contained herein are proprietary to Evoqua Water Technologies LLC and are submitted in confidence. They are not transferable and must be used only for the purpose for which the document is expressly loaned. They must not be disclosed, reproduced, loaned or used in any other manner without the express written consent of Evoqua Water Technologies LLC. In no event shall they be used in any manner detrimental to the interest of Evoqua Water Technologies LLC. All patent rights are reserved. Upon the demand of Evoqua Water Technologies LLC, this document, along with all copies or extracts, and all related notes and analyses, must be returned to Evoqua Water Technologies LLC or destroyed, as instructed by Evoqua Water Technologies LLC. Acceptance of the delivery of this document constitutes agreement to these terms and conditions.

Terms and Conditions

In the event Evoqua Water Technologies LLC is the selected vendor for the products and services contemplated in the subject bid, Evoqua Water Technologies LLC desires to negotiate a mutually agreeable set of terms and conditions to govern such transaction (including issues such as warranty, indemnity, appropriate limitations of liability and other substantive terms and conditions). Evoqua Water Technologies LLC will not be obligated to supply products or services pursuant to such bid unless and until the parties have entered into an agreement with terms and conditions mutually agreed in writing by the parties.



Evoqua Water Technologies, LLC
14250 Gannet Street, La Mirada, CA 90638
(Phone) 714-262-1560 (Fax) 714-464-2230

3/7/2014

Palmdale Water District
Attn: Mr. Peter Thompson Jr.
2029 E. Ave. Q
Palmdale, CA 93550

Re: REQUEST FOR PROPOSAL (RFP) - Carbon Supply and Exchange Services at Palmdale Water District (PWD)

Dear Mr. Thompson,

Evoqua Water Technologies, LLC (EWT) is pleased to submit the following cost proposal in response to PWD's RFP for carbon supply and exchange services at the Palmdale Water District Water Treatment Plant. The format and content of this proposal are based on information provided by PWD via email correspondence and during an in-person meeting on 3/5/2014 at PWD.

This proposal and the request from PWD come at the (near) conclusion of the full scale pilot study that has been conducted at the plant over the course of the last 16 months. The pilot study was designed to compare EWT's enhanced coconut carbon AC1230CX to the incumbent's F400 product. Although the study is still ongoing, it is clear that both of these products would provide PWD with improved efficiency and long term operational cost reductions.

EWT is committed to working with PWD in support of your mission to provide high quality water to your current and future customers at a reasonable cost. We are aligned in both mission and values with a focus on efficiency, fiscal responsibility, natural resource management, integrity, customer service, water conservation, continuous improvement, stakeholder trust and a commitment to health and safety. We have designed this proposal based on these values.

The format and structure outlined in this proposal is based on criteria and assumptions outlined by PWD. It should be noted that the specifications, procedures, permits and quality control processes of the materials and services outlined in this proposal meet or exceed those outlined and provided during the full scale pilot study. This includes but is not limited to the carbon, reactivation facilities and processes, service equipment and personnel.

EWT appreciates the opportunity to respond to PWD's RFP and we look forward to working with PWD to continue to lead the way to more efficient and cost effective water treatment technologies and services for the City of Palmdale and the State of California.

Regards,

Jeremy Cook
Evoqua Water Technologies, LLC
jon.cook@siemens.com
510-289-7215

PRICE SCHEDULE

5 YEAR OPTION- AC1230CX AND CXS SUPPLY AND EXCHANGE SERVICE	
PER (7040 FT3) CONTACTOR EXCHANGE COST	
Scope of work includes: removal of material from contactor, transport of spent material to reactivation facility, reactivation of spent material, transport of material to Site, installation of material, custom segregated management of spent material throughout process	\$200,000
Total Virgin AC1230CX Transition Cost (6 Contactors)	\$300,000
Virgin Transition Annual Payment Plan	
Year 1	\$150,000
Year 2	\$100,000
Year 3	\$50,000
Year 4	\$0
Year 5	\$0

Assumptions:

- 5 year exclusive contract for carbon supply and exchange services for (7) of the (8) total 7040 cubic foot contactors at the Palmdale Water Treatment Plant.
- 10 year option under the same terms assuming agreeable cost escalation protection terms and conditions after Year 5.
- Assumes (4) change outs per year
- Assumes (1) reactivation exchange and (3) virgin installs in Year 1
- Assumes (1) reactivation exchange and (3) virgin installs in Year 2.
- Assumes (4) reactivation exchanges per year after Year 2.
- Allows for 10% virgin make up per reactivation of spent carbon load from (1) 7040 cubic foot contactor.
- Supply of virgin AC1230CX for installation into (6) of the (8) total 7040 cubic foot contactors at the Palmdale Water Treatment Plant.
- Specifications of AC1230CX will meet or exceed the specifications of the AC1230CX provided in the full scale pilot study.
- Evoqua Water Technologies standard terms and conditions (attached herein) shall apply in lieu of establishing a mutually agreeable contract.

Attachments:

- EWT Standard Terms and Conditions
- ISO 14001 Certification for Red Bluff Reactivation Facility
- NSF/ANSI 61 Certification
- OHSAS 18001 Certification for Red Bluff Reactivation Facility'
- Carbon Specification Sheet- AC1230CX
- Reactivation and Return Specification Sheet

Evoqua Water Technologies Terms and Conditions

1. **Applicable Terms.** These terms, together with any quotation, purchase order or acknowledgement issued or signed by Seller (the "Seller's Documentation"), comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Customer's documents, unless separately signed by Seller. Whether the terms set forth herein are included in an offer, acceptance or acknowledgment by Seller, such offer, acceptance or acknowledgment is conditioned on Customer's assent to these terms. Seller rejects all additional or different terms in any of Customer's forms or documents. The Agreement governs the scope of work set forth in Seller's Documentation. For the purposes of this Agreement, goods shall include equipment, leased equipment and media goods (collectively, the "Goods").
2. **Payment.** Customer shall pay Seller the full fee as set forth in Seller's Documentation. Seller's price does not include, and Seller shall not be responsible for, any taxes, permits, tariffs, duties or fees (or any incremental increases to such taxes, permits, tariffs, duties or fees enacted by governmental agencies) unless specifically agreed in Seller's Documentation or otherwise by Seller in writing. If Seller is required to pay any such charges, Customer shall immediately reimburse Seller. All payments are due within 30 days after receipt of invoice. Customer shall be charged the lower of 1 ½% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval.
3. **Scope of Services.** Seller shall provide the Goods and services specifically described in Seller's Documentation during normal business hours, unless otherwise specified in Seller's Documentation. Performance by Seller that is requested or required by the Customer outside of these hours will be charged at Seller's then current schedule of rates and will be in addition to the charges outlined in Seller's Documentation. Where the Customer requests additional Goods or services which are outside of the scope of work itemized in Seller's Documentation, Seller may provide those Goods and services at standard time and material rates and conditions then in effect.
4. **Ownership of Materials.** All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information prepared or disclosed by Seller in connection with the provision of Goods and services hereunder, and all related intellectual property rights, shall remain Seller's property. Seller grants Customer a non-exclusive, non-transferable license to use any such material solely for Customer's use of the Goods at the location originally installed. Customer shall keep confidential and not disclose any such material to third parties without Seller's prior written consent.
5. **Changes.** Seller shall not implement any changes in the scope described in Seller's Documentation unless Customer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law.
6. **Warranty.** Seller warrants to Customer that (i) the Goods, except as otherwise set forth in this Section, shall materially conform to the description in Seller's Documentation as of acceptance testing of the Goods and shall be free from defects in material and workmanship and (ii) the services shall be performed in a good and workmanlike manner. The foregoing warranty shall not apply to any Goods that are specified or otherwise demanded by Customer and are not manufactured or selected by Seller, as to which (i) Seller hereby assigns to Customer, to the extent assignable, any warranties made to Seller and (ii) Seller shall have no other liability to Customer under warranty, tort or any other legal theory. If Customer gives Seller prompt written notice of breach of this warranty within 18 months from delivery or 1 year from acceptance of Goods or 90 days from performance of services, as the case may be, whichever occurs first (the "Warranty Period") and otherwise within thirty days of discovering such breach, Seller shall, at its sole option and as Customer's sole remedy: (i) repair or replace the subject parts or refund the price paid therefore in the event of a warranty claim for Goods and/or (ii) reperform the services in the event of a warranty claim for services. If Seller determines that any warranty claim is not, in fact, covered by this warranty, Customer shall pay Seller its then customary charges for any additionally required Goods or service. Seller's warranty is conditioned on Customer (a) operating and maintaining the Goods in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover (a) media goods (such as, but not limited to, granular activated carbon media) once such media goods are installed and testing proves material conformance to Seller's Documentation; (b) damage caused by chemical action or abrasive material or misuse which has damaged the equipment serviced and (c) improper installation (unless

installed by Seller). THE WARRANTIES AND REMEDIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND BUYER'S SOLE AND EXCLUSIVE REMEDIES, AND SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.

7. Indemnity. Seller shall indemnify, defend and hold Customer harmless from any claim, cause of action or liability incurred by Customer as a result of third party claims for (i) personal injury, (ii) death or (iii) damage to tangible property, to the extent any of the foregoing are caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Customer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.

8. Force Majeure. Under no circumstances shall either Seller or Customer have any liability for any breach (except for payment obligations) caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, change in law or other act of government or any other cause beyond such party's reasonable control.

9. Cancellation. Either party may terminate the scope of work specified in Seller's Documentation by providing reasonable notice sufficient to avoid costs incurred by the other party. If Customer cancels or suspends any such scope of work for any reason other than Seller's breach, Customer shall pay Seller for work performed prior to cancellation or suspension and any other direct costs incurred by Seller as a result of such cancellation or suspension.

10. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY AND EVEN IF ANY REMEDIES PROVIDED UNDER THE AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, LIQUIDATED, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE GOODS AND/OR SERVICES SHALL NOT EXCEED THE PRICE PAID TO SELLER THEREFOR. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.

11. Leased Equipment. Any leased or rented equipment ("Leased Equipment") provided by Seller shall at all times be the property of Seller with the exception of certain miscellaneous installation materials purchased by the Customer, and no right or property interest is transferred to the Customer, except the right to use any such Leased Equipment as provided herein. Customer agrees that it shall not pledge, lend, or create a security interest in, part with possession of, or relocate the Leased Equipment. Customer shall be responsible to maintain the Leased Equipment in good and efficient working order. Upon the expiration or termination of this Agreement, Customer shall promptly make any Leased Equipment available to Seller for removal. Customer hereby agrees that it shall grant Seller access to the Leased Equipment location and shall permit Seller to take possession of and remove the Leased Equipment without resort to legal process and hereby releases Seller from any claim or right of action for trespass or damages caused by reason of such entry and removal.

12. Miscellaneous.

- a. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Customer.
- b. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement.
- c. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect.
- d. Customer may not assign or permit any other transfer of the Agreement without Seller's prior written consent.
- e. The Agreement shall be governed by the laws of the State of Delaware without regard to its conflict of laws provisions.

Certificate of Registration

Intertek

This is to certify that the environmental management system of

Evoqua Water Technologies LLC

Main Site: 2430 Rose Place, Roseville, Minnesota, 55113, USA

Additional site: 118 Park Road, Darlington, Pennsylvania, 16115, USA

Additional site: 11711 Reading Road, Red Bluff, California, 96080, USA

Additional site: 2523 S Mutahar Street, Parker, Arizona, 85344, USA

Additional site: 5375 S Boyle Avenue, Vernon, California, 90058, USA

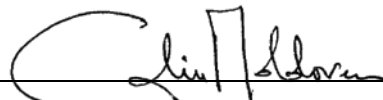
has been assessed and registered by Intertek as conforming to the requirements of

ISO 14001:2004

The environmental management system is applicable to the management of the environmental aspects related to:

Treatment and storage of hazardous and non-hazardous wastes, recycling and reuse of hazardous and non-hazardous materials, and laboratory support services.

Certificate Number: EMS-0279-02
Initial Certification Date: 28 September 2011
Certificate Issue Date: 27 January 2014
Certificate Expiry Date: 27 September 2014



Galin Moldoveanu, President
Intertek Testing Services NA, Inc.
70 Codman Hill Road - Boxborough, MA, USA



In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at certificate.validation@intertek.com or by scanning the code to the right with a smartphone.



The certificate remains the property of Intertek, to whom it must be returned upon request.

CT-ISO14001:2004-ANAB-EN-LT-L-04.jan.12



OFFICIAL LISTING

NSF International Certifies that the products appearing on this Listing conform to the requirements of NSF/ANSI Standard 61 - Drinking Water System Components - Health Effects

This is the Official Listing recorded on February 28, 2014.

Evoqua Water Technologies LLC
11711 Reading Road
Red Bluff, CA 96080
530-527-2664

Facility: Red Bluff, CA

Process Media		Water Contact Temp	Water Contact Material
Trade Designation	Size		
Reactivated Granular Activated Carbon			
ACNSM(xyz) [1] [2]	[3]	CLD 23	GAC
Custom Reactivated Granular Carbon (Municipal) [1]	[3]	CLD 23	RGAC

[1] The carbon source is coal or coconut shell.

[2] (xyz) - Custom designation for specific media source

[3] Certified for the following mesh sizes: 8 x 16, 8 x 20, 8 x 30, 8 x 40, 12 x 30, and 12 x 40.

NOTE: Certified for water treatment plant applications.

This product has not been evaluated for point of use applications.

Certificate of Registration

Intertek

This is to certify that the occupational health and safety management system of

Siemens Industry Inc.

Main Site: 2430 Rose Place, Roseville MN 55113, United States

Additional site: 2523 S Mutahar St Parker, Arizona 85344,

118 Park Road Darlington, Pennsylvania 16115

11711 Reading Road Red Bluff, California 96080

5375 South Boyle Avenue Vernon, California 90058

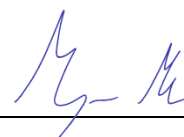
has been assessed and registered by Intertek Certification AB as conforming to the requirements of

OHSAS 18001:2007

The Occupational Health and Safety Management System is applicable to the management of occupational health and safety risks associated with:

Management of occupational health and safety hazards related to the generation and regeneration of new water treatment media used in softening and deionization of potable quality water facilities.

Certificate Number: 1605433
Initial Certification Date: 6 November 2013
Certificate Issue Date: 6 November 2013
Certificate Expiry Date: 5 November 2016



Magnus Molin, CEO
Intertek Certification AB
P.O. Box 1103, SE-162 22 Kista, Sweden



In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organization maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at certificate.validation@intertek.com or by scanning the code to the right with a smartphone.

The certificate remains the property of Intertek, to whom it must be returned upon request.

Westates® Enhanced Coconut Shell Carbon: AquaCarb® 1230CX

Background

Historically, coconut shell based activated carbons have been typically limited to applications involving trace VOC removal from groundwater or where the background water was relatively high in purity. For applications such as surface water, where the water stream being treated would be relatively high in natural organic matter (NOM) or total organic carbon (TOC), bituminous coal based carbons have been predominantly used for decades. With their microporous pore structure, coconut shell carbons simply did not perform as well as coal based carbons in these applications... until now.

Siemens AquaCarb® 1230CX enhanced coconut shell carbon combines the benefits of both carbon types; an activated carbon with the high micropore structure of coconut shell, and the faster kinetics of bituminous coal. The resulting product provides excellent trace VOC removal capacity and adsorptive performance to remove taste, odor and other organic contaminants.

Applications

Applications where AquaCarb® CX Series enhanced coconut shell carbon is a suitable, high performance alternative to coal based carbons include:

- Surface water treatment – taste and odor removal
- Surface water treatment – disinfection by product (DBP) or DBP precursor removal
- Bulk organic/TOC removal from water

Reactivation Options

In addition to our AquaCarb® CX virgin carbon, Siemens also offers options for carbon reactivation service and AquaCarb® CXS enhanced reactivated coconut carbon. Carbon reactivation is an environmentally-friendly process that minimizes waste by recycling and reusing spent carbon. Reactivation restores the surface area and pore volume of the spent carbon to a point close to that of a virgin carbon. In fact, the process of carbon reactivation is very similar to the process of creating virgin activated carbon. Reactivated carbons provide a cost-effective alternative to virgin carbon and continue to provide excellent performance in many treatment applications.

Siemens has over 20 years experience in carbon reactivation.

To learn if AquaCarb® CX virgin-grade or CXS reactivated enhanced coconut shell carbon is right for your application, contact your local Siemens sales representative or call 866.613.5620.

Features and Benefits:

- ANSI/NSF Standard 61 classified for use in potable water applications
- Fully conforms to physical, performance and leachability requirements established by the current ANSI/AWWA B604 (which includes the Food Chemical Codex requirements)
- Retains inherent micropore structure from base coconut carbon, providing excellent VOC adsorption capacity
- Contains superior mesopore structure, providing improved adsorption kinetics and adsorption capacity for larger molecular weight compounds
- Modified pore structure leads to longer bed life between carbon exchanges, and lower life cycle costs
- A detailed quality assurance program guarantees consistent quality from lot to lot and shipment to shipment

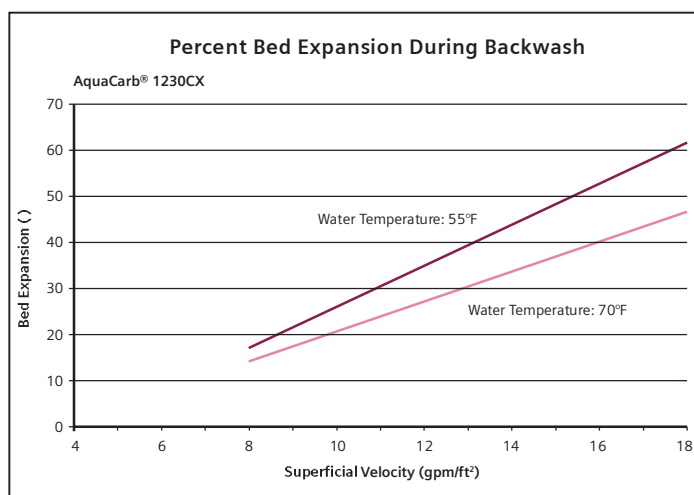
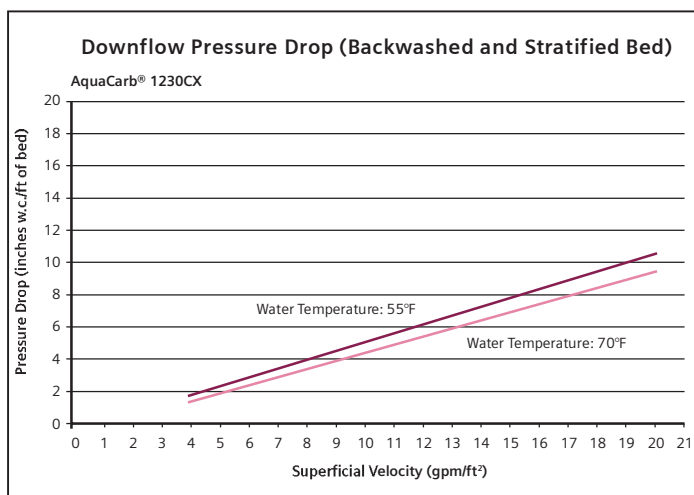


Typical Properties	
Parameter	AquaCarb® 1230CX
Mesh Size	12 x 30
Effective Size, mm	0.6 – 0.85
Uniformity Coefficient	2.0
Iodine, mg/g	1100
Hardness	95
Abrasion	85
AD, g/cc	0.40 - 0.49
Water Soluble Ash, wt%	2

Safety Note: Under certain conditions, some compounds may oxidize, decompose or polymerize in the presence of activated carbon causing a carbon bed temperature rise that is sufficient to cause ignition. Particular care must be exercised when compounds that have a peroxide-forming tendency are being adsorbed. In addition the adsorption of VOCs will lead to the generation of heat within a carbon bed. These heats of reaction and adsorption need to be properly dissipated in order to fully assure the safe operation of the bed.

Wet activated carbon readily adsorbs atmospheric oxygen. Dangerously low oxygen levels may exist in closed vessels or poorly ventilated storage areas. Workers should follow all applicable state and federal safety guidelines for entering oxygen depleted areas.

All information presented herein is believed reliable and in accordance with accepted engineering practices. Siemens makes no warranties as to the completeness of this information. Users are responsible for evaluating individual product suitability for specific applications. Siemens assumes no liability whatsoever for any special, indirect or consequential damages arising from the sale, resale or misuse of its products.



Siemens Industry, Inc.
866-613-5620

Subject to change without prior notice
Order No.: WS-AC1230CXdr-DS-0812
Printed in USA
© 2012 Siemens Industry, Inc.

AquaCarb and Westates are trademarks of Siemens, its subsidiaries or affiliates. The information provided in this flyer contains merely general descriptions or characteristics of performance which in case of actual use do not always apply as described or which may change as a result of further development of the products. An obligation to provide the respective characteristics shall only exist if expressly agreed in the terms of contract.

All product designations may be trademarks or product names of Siemens AG or supplier companies whose use by third parties for their own purposes could violate the rights of the owners.

www.siemens.com/es

Carbon Reactivation Services

Data Sheet

A cost-effective, environmentally safe option for activated carbon

In recent years, a variety of market dynamics have driven the cost of virgin activated carbon upward. These cost increases, coupled with a greater desire for "green" processes that minimize waste and recycle raw materials, have driven many activated carbon users to reconsider a tried and true process: carbon reactivation.

Carbon reactivation is the process of utilizing elevated temperatures followed by steam in a rotating kiln or multiple hearth furnace to remove organic compounds adsorbed onto the carbon during normal service use. Furthermore, reactivation destroys 99.99% of the removed organic contaminants through a combination of chemical reactions and oxidation in the reactivation plant's afterburner. The reactivation process thus ends the liability associated with disposing and handling of the adsorbed contaminants, while restoring the surface area and pore volume of the spent carbon to near virgin-grade levels. The reactivation process recycles spent carbons into new activated carbon materials that continue to provide excellent performance in many treatment applications.

Reactivation can be applied to carbons used in both liquid phase and vapor phase applications. Spent carbons can be segregated from other spent carbons and returned to the same customer for reuse, or pooled with other spent carbons and sold into other applications as a cost-effective alternative to virgin carbon. Siemens has extensive experience with all of these types of reactivation services.

Reactivation facilities

Siemens operates three U.S.-based carbon reactivation facilities and is the only activated carbon services supplier with RCRA- permitted reactivation capacity serving both the East and West Coasts. All three facilities are ISO 14001 certified for environmental management. We have safely reactivated more than 500 million pounds of spent carbon over the past 22 years. Whether it be custom reactivation, pool reactivation, liquid phase applications, or vapor phase applications, Siemens can cost-effectively handle your reactivation needs.

Reactivation facilities overview

Reactivation facilities overview			
Facility	Darlington, PA	Red Bluff, CA	Parker, AZ
In Operation Since	1989	1999	1992
Type of Furnace	Rotary Kiln	Rotary Kiln	Multiple Hearth
# of Furnaces	5	1	1
Operation	24/7	24/7	24/7
Freight Access	Bulk Truck, Bulk Bag	Rail, Bulk Truck ,Bulk Bag	Bulk Truck ,Bulk Bag
Permitting	RCRA Permitted	Non-RCRA	RCRA Permitted
Custom Reactivation	Yes	Yes	No
Food Grade / Potable Reactivation	Yes*	Yes **	No
Environmental Controls	High Temperature Afterburner and Wet Scrubbing System		

* Kiln operated in accordance with AWWA Standard B605-07 for reactivation of granular activated carbon and certified to ANSI / NSF Standard 61

** Certified to ANSI / NSF Standard 61

Spent Carbon Reactivation Programs

Siemens reactivated carbon programs utilize our network of service technicians that are trained in performing carbon exchanges from both larger hard piped adsorber vessels by vacuum and slurry exchange and smaller adsorber vessels by direct vessel exchange.

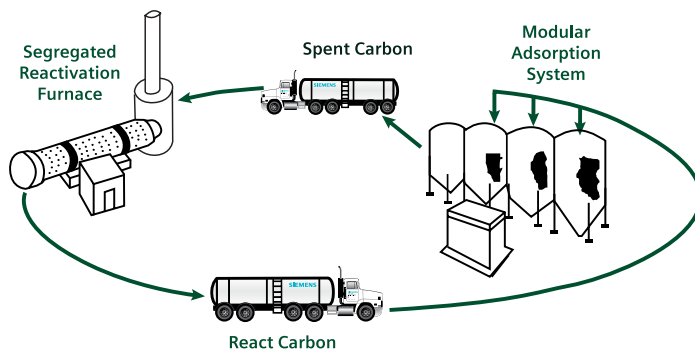
React and Return is a highly controlled program where the customer's spent activated carbon is removed, reactivated, and returned for reuse to the same customer. The carbon is segregated from other carbons during reactivation and storage. Virgin carbon is used to offset normal losses that occur during handling and reactivation to ensure that 100% of the original carbon volume is returned to the customer. For react and return services provided for drinking water applications at our Darlington, PA and Red Bluff, CA facilities, the reactivated carbon is certified to ANSI / NSF Standard 61 for potable water treatment.

Pool reactivation is where spent carbons are removed and the resulting reactivated carbons are then pooled according to application type (vapor phase/liquid phase) and mesh size. These pooled carbons can then be sold into many applications as a substitute for virgin carbons to lower operating costs. Our pool reactivated carbons provided under this program are as follows:

AquaCarb® S Series – for non-potable, liquid phase applications
VOCarb® S Series – for vapor phase applications

Additional Features and Benefits of Siemens' Reactivation Programs

- Spent carbon sampling/profiling can be performed at our own certified environmental carbon testing laboratory
- Removal and packaging/labeling of spent carbon in D.O.T approved containers
- Transportation coordination of spent carbon to a Siemens reactivation facility
- Inspection and maintenance of carbon adsorber vessels
- Rebedding - either virgin grade, custom reactivated carbon, or pool reactivated carbon
- A "Certificate of Reactivation" for each shipment confirming that the spent carbon has been recycled in a manner that meets or exceeds all applicable RCRA and Benzene NESHAP regulations.
- Reactivation facilities are ISO 14001 certified. ISO 14001 is part of a series of voluntary standards for environmental management tools and systems. As part of ISO 14001, our facilities all have Environmental Management Systems which ensure that our impact on the environment is minimized, that we continuously measure against best practice standards for environmental management, and that we are positioned to manage increasingly stringent environmental regulations.



Markets that Use Reactivated Carbon

- Municipalities (Drinking and Wastewater)
- Refineries
- Groundwater Remediation
- Environmental Cleanup
- Chemical Processing
- Power Plants



Siemens Industry, Inc.
Phone: 866-613-5620

Subject to change without prior notice
Order No.: ES-REACTdr-DS-0413
Printed in USA
© 2013 Siemens Industry, Inc.

The information provided in this flyer contains merely general descriptions or characteristics of performance which in case of actual use do not always apply as described or which may change as a result of further development of the products. An obligation to provide the respective characteristics shall only exist if expressly agreed in the terms of contract.

AquaCarb and VOCarb are registered trademarks of Siemens AG or supplier companies whose use by third parties for their own purposes could violate the rights of the owners.

www.siemens.com/es



CALGON CARBON CORPORATION

CUSTOM REACTIVATION AGREEMENT

**For the
Palmdale Water District
Palmdale, California
Ten Year Term**

Contents

- 1. Agreement**
- 2. Exhibit I: Responsibilities of Calgon Carbon Corporation**
- 3. Exhibit II: Responsibilities of Palmdale Water District**
- 4. Exhibit III: Carbon Reactivation Schedule**
- 5. Exhibit IV: Criteria for Return for Reactivation of Non-RCRA Spent GAC**
- 6. Exhibit V: Fee Adjustment / Fuel Surcharge**
- 7. Exhibit VI: General Terms and Conditions**



**CALGON CARBON CORPORATION
POTABLE WATER SERVICE CUSTOM REACTIVATION AGREEMENT**

This Agreement is made and agreed upon as of the _____ **2014**, by and between Calgon Carbon Corporation (Calgon Carbon) and The Palmdale Water District (Customer).

A. SCOPE

The Customer uses granular activated carbon (GAC) to accomplish one or more of the following water treatment objectives: removal of disinfection by-product (DBP) precursor compounds, removal of taste and odor compounds, removal of specific organic compounds (e.g. DBP's, pesticides, etc.).

The Customer intends to convert the GAC in their filters from 8x30 mesh reactivated GAC to 12x40 mesh reactivated GAC. This agreement covers the supply of products and services to complete the initial conversion and subsequent operation of the filters with 12x40 mesh reactivated GAC. This conversion will require the initial replacement of the existing 8x30 mesh reactivated GAC with virgin 12x40 mesh GAC (Calgon Carbon FILTRASORB 400 granular activated carbon, referred to hereafter as "F400") for each filter, with reactivated F400 being supplied for all subsequent filter exchanges.

Calgon Carbon shall provide potable custom reactivation services to the Customer, consisting of the following:

1. Calgon Carbon shall remove the spent GAC from the filters at the Leslie O. Carter Water Treatment Plant.
2. Calgon Carbon shall transport the spent GAC to a Calgon Carbon NSF-certified, dedicated potable reactivation facility.
3. Calgon Carbon shall thermally reactivate the spent GAC using an NSF-approved procedure which complies with AWWA Standard B605-7.
4. Calgon Carbon shall segregate and store the custom reactivated GAC, identified and labeled as "CMR-Palmdale".
5. Calgon Carbon shall transport the CMR-Palm400 reactivated GAC (and the requisite amount of virgin F400 required for make-up purposes) to the Leslie O. Carter Water Treatment Plant.
6. Calgon Carbon shall install the CMR-Palm400 reactivated GAC and make-up virgin F400 into the filters.
7. GAC fill shall conform to a minimum depth of 8 feet in each filter following installation, with any required make-up conforming to item 8 below
8. In addition to meeting the requirements of AWWA Standard B604, latest edition, the virgin make-up carbon shall be F400 with a minimum Apparent Density of 0.47g/cc, a minimum Trace Capacity Number of 9 mg/cc, a maximum Tannin Value of 500 ppm as performed in accordance with Appendix B of AWWA B604-12 and a minimum Iodine Adsorption of 1000 mg/g as performed in accordance with ASTM 4607.



B. PAYMENTS

1. Base Pricing, Virgin and Reactivated GAC:

The price for virgin F400 and CMR-Palmdale products, on a per filter basis, are as follows:

- a. Virgin F400 Carbon
 - i. One (1) filter's worth of 100% virgin F400 GAC (7,040 cu. ft.): \$275,135.00
 - ii. This price includes the removal of spent GAC, and the supply and installation of the new GAC, and all associated transportation costs.
- b. Reactivated CMR-Palmdale Carbon
 - i. One (1) filter's worth of CMR-Palmdale reactivated GAC (7,040 cu. ft.): \$169,477.00
 - ii. This price includes 10% virgin make-up F400 GAC, by weight
 - iii. This price includes the removal of spent GAC, and the reactivation and installation of the reactivated GAC, and all associated transportation costs.

2. Optional Payment Plan for Difference Between Virgin and Reactivated GAC:

To provide a method to mitigate the financial impact of the initial expense of replacing the existing reactivated 8x30 mesh GAC with the virgin F400, Calgon Carbon shall provide the option of a monthly payment plan which the Customer may elect to use on a per filter basis to spread a portion of the cost of each "per filter" virgin F400 acquisition over five (5) years of this ten (10) year agreement. This method will allow for the initial virgin F400 installations to be priced at the same rate as the subsequent reactivated GAC exchanges, with the difference between the virgin and reactivated GAC prices to be paid in installments as follows:

Per filter price difference between virgin F400 and reactivated CMR-Palmdale:

\$275,135.00 - \$169,477.00 = \$105,658.00

Annual interest rate: 6%

Number of installments: 60

Monthly payment, per filter: \$2,042.67

3. Virgin GAC Required for District Operational Losses:

Any virgin GAC required to replace District Operational Losses is \$39.08 per cubic foot of virgin F400 GAC. The Company shall be entitled to additional compensation associated with Virgin GAC on a unit price basis solely to the extent such Virgin GAC is required in order to make up for the District Operational GAC Losses or as otherwise directed by the District.

"District Operational GAC Loss" means (a) GAC loss occurring between the completion of any GAC Filter Exchange and the commencement of any subsequent GAC Filter Exchange; (b) degradation of the GAC during operation of the filter, such as caused by build up of calcium carbonate or other minerals on the carbon which impact the ability of the GAC to be reactivated such that yield losses are higher than the 5-10% "normal" and require the supply of additional Virgin GAC.



4. Fee Adjustment:

All fees will be firm for the first year of the Initial Term, with an annual adjustment for each successive year of the Term of the agreement (as defined below) in accordance with the Fee Adjustment provisions set forth in Exhibit V of this Agreement.

5. Taxes:

All fees and pricing indicated are exclusive of any applicable taxes

6. Conditions:

The fees in this Agreement are based upon Calgon Carbon performing the responsibilities as described in Exhibit I during normal working hours and under reasonable order processing conditions. If overtime costs are incurred solely for Subscriber's convenience, Calgon Carbon reserves the right to invoice Customer for documented overtime expenses. In addition, rush shipments (less than 3 days notice) will be subject to a surcharge on the carbon supply fee.

C. DURATION OF AGREEMENT

This Ten Year Agreement will be in effect from the date first written above to _____, **2024** (the Initial Term). Thereafter this Agreement may be extended for an additional **Five (5)** years subject to approval by both parties.

C. OWNERSHIP OF THE GAC

The spent/react GAC in the filters is the property of The Customer.

At the termination of this Agreement, the GAC shall remain the property of Customer. If any GAC owned by Customer is in Calgon Carbon's possession at the time of such termination, Customer shall have thirty (30) days from the date of termination to remove such GAC from Calgon Carbon's facility, on a mutually agreeable date and time. At the end of such thirty (30) day period, the GAC shall become the property of Calgon Carbon and can be retained or disposed of in Calgon Carbon's sole discretion.

D. EXHIBITS

Exhibits I through VI, attached hereto, are incorporated herein by reference as if the content of each such Exhibit was included in the body of this Agreement.

E. PRIOR AGREEMENTS



This Agreement supersedes any prior agreement and all amendments thereto, either written or oral, between Customer and Calgon Carbon regarding the subject matter hereof. Payments under prior agreements shall be terminated upon execution of this Agreement by both parties. The entire agreement is contained herein, and there are no promises or representations affecting this Agreement, and any terms and conditions appearing in any purchase order, or similar documents issued or accepted in connection with the services, unless herein stated and to be rendered hereunder, shall be null and void. This Agreement may not be modified except by a writing signed by the authorized representatives of each of the parties.

The parties have mutually agreed to these terms and conditions as of the date designated above.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date written below:

PALMDALE WATER DISTRICT

Signature

Name

Title

Date

CALGON CARBON CORPORATION

Signature

Name

Title

Date



EXHIBIT I

RESPONSIBILITIES OF CALGON CARBON

1. Calgon Carbon will perform custom municipal reactivation of the GAC in each of the GAC filters/pressure vessels at **Leslie O. Carter Water Treatment Plant** on an “as-needed” basis. For any given exchange, to the extent that there is react GAC remaining above the required amount (after taking into consideration the addition of any makeup virgin GAC), such remaining react GAC shall become the property of Calgon Carbon and can be retained or disposed of at Calgon Carbon’s sole discretion. Refer to Exhibit III – Carbon Reactivation Schedule, for specific information regarding quantities of GAC in each filter/vessel and estimated schedules for reactivation of each filter/vessel.
2. Calgon Carbon will supply 10% of Virgin Activated Carbon makeup for each filter exchange. Virgin Makeup carbon is F400.
3. Calgon Carbon will return the spent GAC to one of its NSF certified, dedicated potable reactivation facilities and reactivate the spent GAC according to an NSF-approved procedure. Custom reactivation of the spent GAC does require additional paperwork and water quality testing will need to be submitted (Exhibit IV).
4. Calgon Carbon will provide the necessary man power and equipment to facilitate the exchange of the spent and react GAC.
5. Calgon Carbon will supply supervision during the initial fill and backwash of the filters during each exchange operation.
6. Calgon Carbon will analyze a representative sample of the GAC on a periodic basis for iodine number, ash, apparent density, mesh size, and any other parameters felt appropriate for the particular application.



EXHIBIT II

RESPONSIBILITIES OF CUSTOMER

1. Customer will provide the necessary water, electricity, and suitable drainage to accomplish the transfer of the spent and reactivated GAC.
2. If a spill occurs into the source water supply for Customer, then Customer will notify Calgon Carbon of the occurrence and the type of chemicals spilled, if known by Customer.

If it is then determined by Customer that the GAC was contaminated by the spill, Customer can then request Calgon Carbon to remove and replace the GAC. Calgon Carbon will take the spent GAC back for thermal reactivation subject to spent carbon acceptance. The cost of this special reactivation service shall be in addition to the base exchange fee. If the fouled GAC can not be reactivated, Calgon Carbon shall supply replacement virgin GAC at the price stated in Section A.2. of this Agreement. Should Customer declare the spent activated carbon hazardous, Customer then agrees to reimburse Calgon Carbon for the additional cost of removing, handling, and disposing of a hazardous material.

3. If during the term of the Agreement the GAC becomes fouled by inorganic precipitates, such as calcium carbonate or iron oxide, Customer shall have the option to clean the GAC or request Calgon Carbon to remove and, if possible, reactivate the fouled GAC. If Customer chooses to clean the GAC, the cost of cleaning the GAC will be the responsibility of Customer. If Customer chooses to have Calgon Carbon remove and reactivate the GAC, Calgon Carbon will take the spent GAC back for thermal reactivation subject to spent carbon acceptance. The cost of this special reactivation service shall be in addition to the base monthly fee. If the fouled GAC can not be reactivated, Calgon Carbon shall supply replacement virgin GAC at the price (on a per lb basis) stated in Section A.2. of this Agreement.
4. Customer will provide clear access to the site for delivery and installation of the react / virgin GAC and spent GAC removal.
5. Customer will provide all plant modifications, pre and post treatments and sterilization of the filters/pressure vessels as may be required.
6. Customer will confirm the volume of GAC in each filter in the following manner:
Customer will measure and mark the top of the filter bed prior to removing any GAC. After the removal of the GAC, the Customer will then mark and measure from the top of the support media to the initial line. With these measurements, as well as the dimensions of the filter, the Customer will be able to calculate the volume of GAC being returned.



EXHIBIT III

CARBON REACTIVATION SCHEDULE

A. Filter / Dimensions and Volumes :

Volume of GAC in each Filter = 7,040 cubic feet

B. Number of Filters/Pressure Vessels:

Seven (7) filters X 7,040 cubic feet each = Total of 49,280 cu ft.

C. Exchange Schedule (Estimated):

Each Filter once per year

The Customer reserves the right to utilize one (1) of their filters for testing of alternate treatment methods and/or media. These strategies and/or media may or may not be sourced from Calgon Carbon at the Customers discretion



EXHIBIT IV

CRITERIA FOR RETURN FOR REACTIVATION OF NON-RCRA SPENT GRANULAR ACTIVATED CARBON (GAC)

The following ACCEPTANCE CRITERIA **must** be met for return for reactivation:

<u>Characteristic/Property</u>	<u>Limits of Acceptability</u>
Size	Greater than or equal to 12x40 mesh
pH Range	Greater than 2.0 and less than 12.5
Ignitable (per RTM-10)	Not Acceptable
Dioxins (by testing, court decree or definition)	Not Acceptable
Polychlorinated Biphenyls (PCBs)	Not Acceptable
1,2-Dibromo-3-chloropropane (DBCP)	Not Acceptable
Radioactivity	Not to exceed Background Level
Sodium	Maximum of 0.1 wt.%
Halogenated/Aromatic Volatiles	Maximum of 2000 ug/g (Blue Lake plant only) (SW 846 - Methods 8010/8020)

Note1: Spent Granular Activated Carbon to be returned for reactivation shall be free of any foreign debris (rock, wood, metal, etc.) or extraneous impurities, free of oil and grease, easily wetted by water, and free flowing.

Note 2: Acceptance for reactivation of spent carbon which has not been supplied by Calgon Carbon Corporation must be investigated on a case-by-case basis.



EXHIBIT V

FEE ADJUSTMENT

The fees payable pursuant hereto will be adjusted on _____ of such calendar year by the annual percentage charge in the combined average of the Indices indicated in the schedules below:

1. Virgin Carbon Exchange Fees:

- (A) Producer Price Index of other Petroleum and Coal Products Manufacturing (CCWUR0400SA0)*, (50% weight)
- and
- (B) Producer Price Index of Basic Organic Chemicals (WPU0614)*, (50% weight)

2. Reactivated Carbon Exchange Fees:

- (A) Department of Labor CPI for Urban Wage Earners and Clerical Work, specific to the West (CWUR040SA0)*, (70% weight)
- and
- (B) The Natural Gas Adjustment Factor based upon the Platt's Gas Market Report inside FERC First of the Month Index El Paso Natural Gas Permian Basins Index. (30% weight)

**As published by the United States Department of Labor*

The percent adjustment shall be calculated by taking the percent difference for each index during the twelve month period from _____1st through _____31st of the last completed calendar year as compared to the twelve month period from _____1st through _____31st of the calendar year immediately preceding the last completed calendar year. These two percentages will then be averaged (based on the weights indicated) for calculating the final percent adjustment to which all U.S. manufactured materials will be subject.

Fuel Surcharge:

The Fuel Surcharge shall consist of a mileage charge based on the difference between the base of \$4.00/gallon and the fuel index at time of actual delivery in accordance with Table 1 in this Appendix. The mileage and surcharge amount will be established at time of delivery by the Company.

Each Monday at 5:00pm Eastern Standard Time, the Company will determine the Average Diesel Price. The Non-Local Fuel Surcharge will become effective on Tuesday of that week (except if Monday is a National Holiday, then it will be Wednesday) and will be effective for the following seven (7) day period.

In computing charges, fractions of less than one-half cent will be dropped and fractions of one-half cent or more will be increased to the next whole cent.

If the Average Diesel Price is greater than \$5.50 per gallon, the Non-Local Fuel Surcharge will increase one (1) cent for every five (5) cent increase of the Average Diesel Price. **If the Average Diesel Price is less than \$4.50 per gallon**, the Company will not charge a Fuel Surcharge.



TABLE 1

When the Fuel Index Is:				When the Fuel Index Is:				When the Fuel Index Is:		
At Least	But Less Than	Fuel Surcharge		At Least	But Less Than	Fuel Surcharge		At Least	But Less Than	Fuel Surcharge
\$4.00	\$4.05	0 Cent per Mile		\$4.50	\$4.55	1 Cents per Mile		\$5.00	\$5.05	11 Cents per Mile
\$4.05	\$4.10	0 Cents per Mile		\$4.55	\$4.60	2 Cents per Mile		\$5.05	\$5.10	12 Cents per Mile
\$4.10	\$4.15	0 Cents per Mile		\$4.60	\$4.65	3 Cents per Mile		\$5.10	\$5.15	13 Cents per Mile
\$4.15	\$4.20	0 Cents per Mile		\$4.65	\$4.70	4 Cents per Mile		\$5.15	\$5.20	14 Cents per Mile
\$4.20	\$4.25	0 Cents per Mile		\$4.70	\$4.75	5 Cents per Mile		\$5.20	\$5.25	15 Cents per Mile
\$4.25	\$4.30	0 Cents per Mile		\$4.75	\$4.80	6 Cents per Mile		\$5.25	\$5.30	16 Cents per Mile
\$4.30	\$4.35	0 Cents per Mile		\$4.80	\$4.85	7 Cents per Mile		\$5.30	\$5.35	17 Cents per Mile
\$4.35	\$4.40	0 Cents per Mile		\$4.85	\$4.90	8 Cents per Mile		\$5.35	\$5.40	18 Cents per Mile
\$4.40	\$4.45	0 Cents per Mile		\$4.90	\$4.95	9 Cents per Mile		\$5.40	\$5.45	19 Cents per Mile
\$4.45	\$4.50	0 Cents per Mile		\$4.95	\$5.00	10 Cents per Mile		\$5.45	\$5.50	20 Cents per Mile



Exhibit VI

GENERAL TERMS AND CONDITIONS

The following terms and conditions shall apply to the performance by Calgon Carbon Corporation ("Calgon Carbon") of all sales of products and services (defined herein as "Products") pursuant to the Agreement.

1. **Price and Payment.** Unless otherwise stated in the Agreement: (a) Products will be billed for at the time of delivery; and (b) Payment terms shall be net 30 days, or net 45 days if paid by Electronic Funds Transfer (ETF). A late payment fee of 1.25% per month, or the highest lawful rate, whichever is less, will apply to all amounts past due, and will be prorated per day.

2. **Force Majeure.** Calgon Carbon shall have no liability to Customer or its customers or users, and shall have the right to suspend shipments hereunder, in the event of war, riot, terrorism, accident, explosion, sabotage, flood, acts of God, fire, court order, strike, labor disturbance, work stoppage, national defense requirements, act of governmental authority, extraordinary failure of equipment or apparatus, inability to obtain electricity or other type of energy, raw material, labor, equipment or transportation or other causes beyond Calgon Carbon's control. It is understood and agreed that settlement of strikes, lockouts and other labor disputes shall be entirely within the discretion of Calgon Carbon and that nothing in this Agreement shall require the settlement of strikes, lockouts and labor disputes when such course is inadvisable in the sole discretion of Calgon Carbon.

3. **Warranty.** Calgon Carbon warrants that all Products provided under this Agreement shall conform to the specifications for such Products for the time period as published by Calgon Carbon from time to time during the term of this Agreement. Calgon Carbon warrants that any technical assistance will be competent and reflect the professional knowledge or judgment of its representatives. Calgon Carbon shall correct any failure to conform to either of the applicable foregoing warranties of which it is notified in writing prior to ninety (90) days after the date of delivery of the allegedly non-conforming Products by replacement of product or reperformance of services. **THE WARRANTIES SET FORTH IN THIS PROVISION ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES WHETHER STATUTORY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OF TRADE).** The remedies provided above are Customer's sole remedies for any failure of Calgon Carbon to comply with its obligations. Corrections of any nonconformity in the manner and for the period of time provided above shall constitute complete fulfillment of all the liabilities of Calgon Carbon whether Customer's claims are based in contract, in tort (including negligence or strict liability) or otherwise with respect to or arising out of the Products furnished hereunder.

4. **Indemnification.** Subject to Section 5 below, each party during the term of this Agreement to the extent of its negligence or willful misconduct will indemnify and save the other party harmless at all times against any liability on account of any and all claims, damages, law suits, litigation, expenses, counsel fees, and compensation arising out of property damages or personal injuries, (including death), arising out of its performance under this Agreement. Customer will reimburse Calgon Carbon for damages to the system site or to Calgon Carbon's equipment or goods, caused by the negligence or willful misconduct of Customer, its employees, representatives, or agents. In the case of intentional or repeated damage, Calgon Carbon shall have the additional right to terminate this Agreement.

5. **Limitation of Liability.** Notwithstanding any provision to the contrary herein, the parties hereto agree that in no event shall Calgon Carbon or its contractors or suppliers of any tier be liable to Customer for any indirect, special, consequential, incidental or punitive damages as a result of a breach of any provision of this Agreement or for any other claim of any kind arising out of or relating to this Agreement, whether in contract, in tort (including negligence or strict liability) or otherwise. Notwithstanding any provision to the contrary herein, for all losses, damages, liabilities or expenses (including attorney's fees and costs), whether for indemnity or negligence, including errors, omissions or other acts, or willful misconduct, or based in contract, warranty (including any costs and fees for repairing, replacing or re-performing services or curing a breach hereof), or for any other cause of action (individually, a "Claim"; collectively, "Claims"), Calgon Carbon's liability, including the liability of its insurers, employees, agents, directors, and officers and all other persons for whom Calgon Carbon is legally responsible, shall not, to the maximum extent permitted by law, exceed in the cumulative aggregate with respect to all Claims arising out of or related to this Agreement, the lesser of (a) the total amount of compensation paid to Calgon Carbon hereunder, and (b) One Million Dollars (\$1,000,000).

6. **Taxes, Permits, Tariffs, and Licenses.** The fees do not include any Federal, state or local property, license, privilege, sales, use, excise, gross receipts or other like taxes, tariffs or duties, licenses, or other assessments which may now or hereafter be applicable to, measured by or imposed upon or with respect to the transaction, the property, its sale, value or use, or any services performed in connection therewith. Customer agrees to pay any sales and use taxes upon or measured by Calgon Carbon's services provided hereunder and for all applicable licenses, property taxes, personal property taxes and other taxes, fees, or assessments imposed on the Products or upon the installation and operation of the Products (except taxes on Calgon Carbon's income) and will prepare and submit all documents, plans, and schedules that may be required by governmental agencies with the reasonable assistance of Calgon Carbon where necessary. Customer shall provide Calgon Carbon with a direct pay permit for sales tax, an affidavit of sales tax exemption, or an affidavit that Products are exempt from sales tax, or Calgon Carbon has the right to invoice Customer for said taxes on each invoice.

7. **Title; Risk of Loss.** Calgon Carbon warrants that it is the lawful owner of and has the right to sell the products under this Agreement and will defend the same against all lawful claims and demands of all persons. The risk of loss due to casualty or destruction shall be borne by Customer upon Calgon Carbon's tender of the Products to the carrier for transportation to Customer. Notwithstanding the foregoing or the provisions of the UCC or INCOTERMS, title to the goods, and all accessions to or products of the goods, shall remain with Calgon Carbon until the later of (a) payment in full of the purchase price and of other amounts owing by the Customer and (b) delivery to the Customer, if the Customer is located outside the United States.

8. **Inspection.** Customer shall have the right to inspect the Products delivered under this Agreement and agrees promptly to notify Calgon Carbon of any nonconformity, defective condition or breach of warranty, and unless Customer gives prompt written notice to Calgon Carbon of such breach of warranty, Customer's rights and remedies under this Agreement shall be deemed to have been waived. No claim for breach of warranty may be made by Customer more than ninety (90) days after date of delivery of such Product to Customer hereunder.

9. **Termination.** Calgon Carbon may cancel this Agreement if any of the following occurs: (a) Customer becomes insolvent; (b) Customer ceases to conduct its operations in the normal course of business; (c) Customer is unable to meet its obligations as they mature, or admits in writing such inability or fails to provide adequate assurances of its ability to perform its obligations hereunder; (d) Customer files a voluntary petition in bankruptcy; (e) Customer suffers the filing of an involuntary petition in bankruptcy and the same is not dismissed within thirty (30) days after filing; (f) a receiver, custodian or trustee is appointed for Customer or for a substantial part of its property; (g) Customer fails to make payment on the terms and within the time specified in this Agreement, or breaches any other obligations under this Agreement; or (h) Customer executes an assignment for the benefit of its creditors. In the event of such cancellation, Calgon Carbon shall have all rights and remedies set forth in the UCC of any applicable jurisdiction and all other remedies available at law or in equity.

10. **Export Controls.** Customer acknowledges that the Products and related technology are subject to U.S. export controls and economic sanctions, which may include the International Traffic in Arms Regulations ("ITAR"), the Export Administration Regulations ("EAR") and regulations promulgated by the U.S. Department of the Treasury Office of Foreign Assets Control. Customer further acknowledges that the reexport of the Products and/or related technology to a third country or retransfer to an unapproved end user may require a license or other authorization from the Government of the United States. Such licenses or other authorizations may impose further restrictions on the reexport or retransfer of the Products and/or related technology. U.S. law also restricts the reexport or retransfer of U.S.-origin goods, technology, or services to countries or persons subject to U.S.



sanctions or embargoes. Customer agrees to comply with all applicable U.S. export control and economic sanctions laws and regulations. It is the sole responsibility of the Customer to apply for and obtain any necessary licenses or other authorizations prior to any reexport or retransfer of the Products and/or related technology. Calgon Carbon makes no warranty that any such licenses or other authorizations will be granted, and shall have no liability for Customer's inability to obtain such licenses or other authorization or for any violation by Customer of any applicable export control and/or economic sanctions laws and regulations. Customer will indemnify Calgon Carbon and hold it harmless from any liability resulting from Customer's violation of this provision or applicable export laws or regulations. Notwithstanding any other provision in this Agreement, Calgon Carbon shall have the right to terminate this Agreement immediately upon the determination by Calgon Carbon, in Calgon Carbon's sole discretion, that Customer has breached, intends to breach, or insists upon breaching any of the provisions in the above clauses.

11. **Confidentiality.** Other than in the performance of the terms of the Agreement, neither Customer nor its agents, employees, or subcontractors shall use or disclose to any person or entity any confidential information of Calgon Carbon (whether written, oral, electronic or other form) that is obtained or otherwise prepared or discovered in connection with this Agreement. Customer agrees that all pricing, discounts, design drawings and technical information that Calgon Carbon provides to Customer are the confidential and proprietary information of Calgon Carbon, whether or not otherwise identified as such. The obligations under this section continue perpetually and survive the termination or expiration of any underlying agreement between the parties. The provisions of this section relating to use and disclosure shall not apply to any information that: (a) is or becomes generally available to the public other than as a result of a disclosure by Customer under this Agreement; (b) becomes available to Customer from a source other than Calgon Carbon without breach of any obligation of confidentiality; (c) was independently developed by Customer without violation of Calgon Carbon's rights and without reference to the confidential information, as evidenced by written records, maintained in the ordinary course of business by Customer; (d) is used or disclosed with the prior written approval of Calgon Carbon; (e) is information previously known to Customer as evidenced by written records maintained by Customer in the ordinary course of business, and not otherwise subject to any confidentiality restrictions; or (f) Customer becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands or similar process) to disclose. If Customer becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoenas, investigative demands or similar process) to disclose any of the confidential information, Customer shall provide Calgon Carbon with prompt written notice so that Calgon Carbon may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Agreement. If such protective order or other remedy is not obtained, or if Calgon Carbon waives compliance with the provisions of this Agreement, Customer shall furnish only that portion of the confidential information which Customer is legally required to disclose and shall exercise its reasonable efforts to obtain reliable assurance that confidential treatment shall be accorded the confidential information.

12. **Assignment.** Neither party may assign this Agreement, including without limitation any of its rights or obligations hereunder, without the express written consent of the other party hereto; provided that Calgon Carbon may assign this Agreement, including without limitation any of its rights or obligations hereunder, to any of its parents, subsidiaries or affiliates or to any third party which merges with Calgon Carbon or acquires all or substantially all of its business and assets or a substantial part of its assets or business relating to the Products without Customer's consent.

13. **Governing Law.** This Agreement will be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regards to its conflict of law principles. The UN Convention on Contracts for the International Sale of Goods shall not apply to the transaction represented hereby. The parties hereto agree to the exclusive jurisdiction of any state court situated in Allegheny County, Pennsylvania or in any Federal court situated in the Western District of Pennsylvania.

14. **Management of Change.** Calgon Carbon is constantly striving to improve its products and capabilities and to provide the best product to its customers. Calgon Carbon may from time to time develop product improvements or alterations with respect to the Products hereunder (the "Product Improvements"), and Calgon Carbon may implement such Product Improvements without notice to Customer so long as the performance of the Products will not be materially diminished, as determined in Calgon Carbon's sole discretion, and so long as Calgon Carbon has not separately agreed in writing to provide such notification to Customer. In the event that Calgon Carbon has agreed in writing to provide notice of Product Improvements to Customer (the "Notice"), then Calgon Carbon shall provide such Notice in accordance with the terms set forth in the separate writing.

15. **Definitions.** Terms used in this Agreement that are defined by the Uniform Commercial Code of the Commonwealth of Pennsylvania shall have the meanings contained therein.

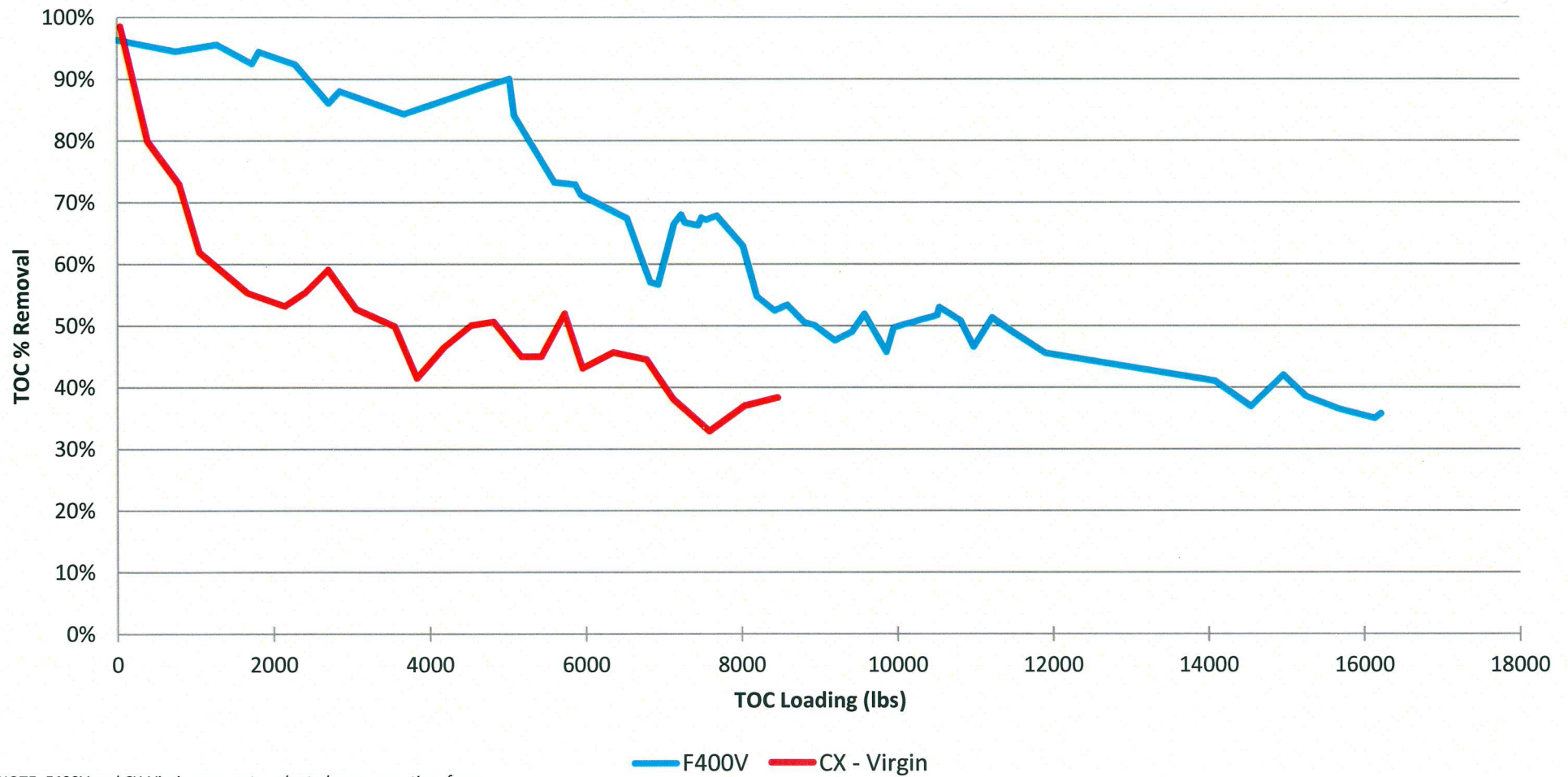
16. **Miscellaneous.**

- a) In the event of any legal proceeding between Customer and Calgon Carbon relating to the Agreement or the Products, neither party may claim the right to a trial by jury, and both parties waive any right they may have under applicable law or otherwise to a trial by jury.
- b) In the event that any one or more provisions contained herein shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall remain in full force and effect, unless the revision materially changes the bargain.
- c) Calgon Carbon's failure to enforce, or Calgon Carbon's waiver of a breach of, any provision contained herein shall not constitute a waiver of any other breach or of such provision.
- d) Calgon Carbon reserves the right to correct clerical, arithmetical, or stenographic errors or omissions in the Agreement, quotations, order acknowledgments, invoices or other documents.
- e) Any notice or communication required or permitted hereunder shall be in writing and shall be deemed received when personally delivered or three (3) business days after being sent by certified mail, postage prepaid, to a party at the address specified herein or at such other address as either party may from time to time designate to the other.
- f) Customer agrees that it will not use Calgon Carbon's name(s), logo(s) or mark(s) in any public communication or press release, or for any other marketing or promotional purpose, without Calgon Carbon's prior written consent.

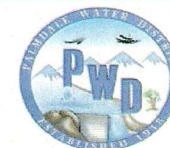
PWD - Full Scale GAC Study 2012 - 2013
F-300R vs. F-400R
TOC % Removal



PWD Comparison
Evoqua AC1230CX vs Calgon F400 Virgin
TOC % Removal



PWD - Full Scale GAC Study 2013
Evoqua AC1230CXs vs Calgon F-400 React
TOC % Removal



PALMDALE WATER DISTRICT

Long-Term GAC Contract Proposal

Projected Annual Cost Comparison

Year	Calgon (F-400)	Evoqua (AC1230CX)
2014	\$ 1,199,589	\$ 1,222,000
2015	\$ 1,115,654	\$ 1,151,750
2016	\$ 859,766	\$ 1,081,500
2017	\$ 859,766	\$ 1,011,250
2018	\$ 859,766	\$ 1,011,250
2019	\$ 859,766	\$ 1,011,250
2020	\$ 859,766	\$ 1,011,250
2021	\$ 859,766	\$ 1,011,250
2022	\$ 859,766	\$ 1,011,250
2023	\$ 859,766	\$ 1,011,250
10 yr Total =	\$ 9,193,367	\$ 10,534,000

Assume: 5 contactors / year

Current Contract

Calgon (F-300)
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 1,300,657
\$ 13,006,567

Assume: 6 contactors / year

All costs include tax

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: July 2, 2014 July 9, 2014
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Jennifer Emery, Human Resources Director
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.6 – CONSIDERATION AND POSSIBLE ACTION
ON AN UNPAID INTERNSHIP PROGRAM***

Recommendation:

Staff recommends the Board approve creating an Unpaid Internship Program which will include a Memorandum of Understanding with Antelope Valley Youth Build. We would also recommend authorization for an unpaid engineering intern.

This item was presented to the Personnel Committee on June 19, 2014, and the Committee concurred with staff's recommendation.

Alternative Options:

The alternative is to remain with the staffing levels we currently have.

Impact of Taking No Action:

The District currently must utilize our Service Workers for general maintenance thereby taking them off of pipeline projects. Many of our general maintenance projects do not require the extensive skills of our Service Workers. In the Engineering Department, we do not currently have any internship openings.

Background:

The District would like to increase our maintenance capacity by bringing in unpaid interns through Antelope Valley Youth Build. These interns would be responsible for learning basic maintenance such as painting hydrants. This would be a part of Antelope Valley Youth Build's Construction Training Program. In the Engineering Department, we would like to increase the capacity of staff and also offer a valuable educational experience to an Engineering student.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 4 "Becoming a Regional Leader."

Budget:

As an unpaid internship, the impact to budget will be the time spent training the interns.

Supporting Documents:

- MOU Antelope Valley YouthBuild
- Draft Engineering Intern Job Description



Advancing Communities Together
Transform.Build.Support

Memorandum of Understanding

Advancing Communities Together (ACT)/DBA Antelope Valley YouthBuild
& Palmdale Water District

I. Mission Statements:

Antelope Valley YouthBuild:

The mission of YouthBuild is to unleash the intelligence and positive energy of "at potential" youth to rebuild their communities and their lives. We seek to join with others to help build a movement toward a more just society in which respect, love, responsibility, and cooperation are the dominant unifying values, and sufficient opportunities are available for all people in all communities to fulfill their own potential and contribute to the well-being of others.

Palmdale Water District:

The Mission of the Palmdale Water District is to provide high quality water to our current and future customers at a reasonable cost.

Together, Advancing Communities Together (ACT), Doing Business as Antelope Valley YouthBuild (AVYB) and PALMDALE WATER DISTRICT enter into this Memorandum of Understanding to:

Mutually assist AVYB's young people with placement into the Palmdale Water District's Internship program. Accordingly, AVYB and PALMDALE WATER DISTRICT, operating under this Memorandum of Understanding agree as follows:

II. Purpose and Scope

AVYB and PALMDALE WATER DISTRICT are hoping to mutually establish an internship program which allows for AVYB students to develop viable job training skills which may lead to long-term employment with the PALMDALE WATER DISTRICT.

The two organizations believe that the Internship program will lead AVYB young people gaining skills for long-term employment with family-sustaining wages that will assist the graduates in moving out of poverty.

III. The organizations agree to the following tasks for this Memorandum of Understanding.

AVYB will:

- Refer candidates who are able to dedicate at least (20) hours per week to participate in the internship program.
- AVYB will recommend and pre-screen a pool of students to apply for the PALMDALE WATER DISTRICT internship program. There will also be a small pool of AVYB students will serve as "alternates" in the event a participant is not meeting performance standards.
- Coordinate all application processes with PALMDALE WATER DISTRICT.
- Provide AVYB internship participants with any information regarding meetings and/or training sessions.
- Provide weekly timesheets for internship participants and communicate any issues and ensure interns are meeting performance standards.
- Address any disciplinary issues immediately and/or refer alternates who can fill intern slots upon dismissal of any AVYB student from the internship program.
- Provide a weekly progress card to PALMDALE WATER DISTRICT staff for completion by field supervisor.

PALMDALE WATER DISTRICT will:

- Screen and interview the pool of AVYB students pre-screened by AVYB. Provide alternates with initial interview, if necessary.
- Coordinate all application and interview processes with AVYB.
- Provide AVYB staff with any information regarding meetings and/or training sessions for internship participants and/or alternates.
- Provide AVYB students with an orientation and/or initial training.
- Complete weekly timesheets for internship participants and communicate any issues and ensure interns are meeting performance standards.
- Address any disciplinary issues immediately and/or request alternates who can fill intern slots upon dismissal of any AVYB student from the internship program.
- Communicate any safety related incidents to AVYB staff immediately.
- Complete weekly progress cards for each intern to provide feedback on their overall performance.

IV. Our target population for this partnership, will be low income young people, ages 16-24, who dropped out of school and currently attend AVYB programming designed for "at-potential" youth who desire to develop their leadership, learn job skills and serve their communities. All of the young people will be participants in the AVYB program who are in the process of earning a high school diploma.

V. **Contact Information:**

Antelope Valley YouthBuild
Program Manager, Meia Johnson
38136 35th Street East, Suite B
Palmdale, CA 93550
Tel: 661-266-8900
Email: mjohnson@avyouthbuild.com

Jennifer Emery
HR Manager
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550
(661) 947-4111, x1048
Email: jemery@palmdalewater.org

VI. **Terms of Understanding**

The term of this Memorandum of Understanding is for a period of May _____ through August _____, 2014 and may be extended upon written mutual agreement. It shall be reviewed at least annually to ensure that it is fulfilling its purpose and to make necessary revisions.

Either organization may terminate this Memorandum of Understanding upon thirty (10) days written notice without penalties or liabilities.

Authorization

The signing of this Memorandum of Understanding is not a formal undertaking. It implies that the signatories will strive to reach to the best of their ability, the objectives stated in the Memorandum of Understanding.

On behalf of the organization I represent, I wish to sign this Memorandum of Understanding and contribute to its further development.

**Advancing Communities Together
(ACT)/DBA, Antelope Valley YouthBuild**

Palmdale Water District

Print Name:

Print Name:

Signature:

Date:

Signature:

Date:

ENGINEERING INTERN

FLSA Status: Non-Exempt

DEFINITION

To perform technical engineering support duties in drafting/design, plan check review, mapping, engineering recordkeeping, and customer service inquiries related to the District's water distribution system and facilities improvement projects.

DISTINGUISHING CHARACTERISTICS

This is the entry level class in the Engineering series. Positions in this class typically have little or no directly related work experience and work under immediate supervision while learning job tasks.

SUPERVISION RECEIVED AND EXERCISED

Receives immediate supervision from the Engineering Manager; may receive technical and functional supervision from the Engineer Technician I/II, Construction Inspector, Cross Connection Technician, or Project Manager.

EXAMPLES OF ESSENTIAL DUTIES - Duties may include, but are not limited to, the following:

Prepare and review technical designs, maps, drawings, visual aids, and graphic presentation materials related to District facilities projects; learn use manual or computerized methods to develop or revise engineering drawings during design and construction phases.

Technical design review including conceptual and detailed design review according to District standards and policies; issue rejection or will-serve notifications.

Learn a variety of technical engineering software including computer aided design/drafting (CADD), produce and maintain maps via geographic information systems (GIS); maintain and make adjustments to the District's distribution system hydraulic model.

Learn mapping and recording of the District's conveyance and distribution systems and related water facilities; identify and report problems with new and/or existing pipeline maintenance and construction.

Establish, maintain, and close out project files, including tract, commercial, single parcel and specification files according to District engineering standards; ensure compliance with project documentation requirements; prepare and maintain as-built drawings.

Learn database management of maps and records; add new layers, edit documents or make corrections as needed to document project and engineering/construction history and maintain District mapping records in an up-to-date status.

Create and run queries and prepare format output for various routine and special reports required by District departments; update programs and systems with patches and service pack releases provided by outsourced vendors.

Respond at the public counter, by telephone electronic mail, or regular correspondence to inquiries from the general public, contractors, developers, land-owners, consultants, and other agencies or utilities regarding availability of and requirements for water service and fire flow.

Assist in the design and preparation of plans for new or expanded District buildings; prepare plan specifications or modifications and ensure compliance with building and design codes and regulations.

Build and maintain positive working relationships with co-workers, other District employees and the public using principles of good customer service.

Perform related duties as assigned.

EDUCATIONAL OPPORTUNITY

The intern position will provide the following educational experiences:

Knowledge of:

Basic manual and computerized practices and methods used in civil engineering drafting, design, and mapping including CADD and GIS.

Principles of algebra, geometry, and trigonometry.

Basic surveying practices and related equipment.

Principles and practices of recordkeeping.

Computer software used in word processing, spreadsheet, and database applications.

English usage, spelling, punctuation, and grammar.

Principles and practices of good customer service.

Ability to:

Perform technical engineering support duties in the design, construction, and maintenance of the District's water distribution system and facilities improvement projects.

On a continuous basis, know and understand all aspects of the job; intermittently analyze work papers, reports and special projects; research, identify and interpret technical and numerical information, including engineering calculations; observe and problem solve operational and technical policy and procedure; and explain regulations and procedures to others.

Perform mathematical calculations with speed and accuracy.

Use a variety of computer software to draft and design engineering plans, maps; charts, spreadsheets, and other related documents; maintain databases and records.

Maintain and update a variety of electronic and hardcopy files.

Learn District policies and procedures and engineering standards.

Learn principles and practices of property research, including boundary determination and land title examination.

Work outside under a variety of climatic and geographic conditions.

Communicate clearly and concisely, both orally and in writing.

Establish and maintain effective working relationships with those contacted in the course of work.

REQUIREMENTS:

On a continuous basis, sit at desk for long periods of time; intermittently stand at counter; walk, bend, twist, squat, and kneel while performing field work; twist to reach office equipment surrounding desk; perform simple and power grasping, pushing, pulling and fine manipulation; use telephone and write or use a keyboard to communicate through written means; and lift or carry weight up to 25 pounds.

Approved:

I have reviewed this job description with my Supervisor and agree with its contents.

Employee Signature

Date

Supervisor Signature

Date

The specific statements shown in each section of this job description are not intended to be all-inclusive. They represent typical elements and criteria necessary to successfully perform the job.

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: July 2, 2014 **July 9, 2014**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.7 – CONSIDERATION AND POSSIBLE ACTION
ON THE DISTRICT’S RETIREMENT PROCEDURES.***

Recommendation:

Staff recommends the Board review the District’s retirement procedures.

Alternative Options:

The alternative is that the current retirement procedures will remain.

Impact of Taking No Action:

Current retirement procedures will remain the same.

Background:

The procedures listed below are followed when a retiree informs the District of their impending retirement:

- 1) Human Resources Director and retiree contact PERS to go over retirement options/sick time conversion, etc.
- 2) Human Resources Director discusses District paid health insurance, if applicable.
- 3) Retiree is offered a luncheon party in retiree’s honor.
- 4) Royal Recognition mails the retiree a special catalogue so that they can choose a retirement gift from the District. There are different catalogues based on the number of years the employee has been with the District. If the retiree has been with the District over 20 years, the gifts are in the \$400 range.

Director Estes has requested the Board recognize and congratulate retirees for their years of service and dedication to the District with a plaque or some form of recognition.

Strategic Plan Initiative:

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

Budget:

Any budget changes are dependent on Board action.

**MINUTES OF MEETING OF THE PERSONNEL COMMITTEE OF THE PALMDALE
WATER DISTRICT, APRIL 21, 2014:**

A meeting of the Personnel Committee of the Palmdale Water District was held Monday, April 21, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Mac Laren called the meeting to order.

1) Roll Call.

Attendance:

Personnel Committee:
Kathy Mac Laren, Chair
Joe Estes, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Robert Alvarado, PWD Director
Jennifer Emery, Human Resources Manager
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Mynor Masada, Treatment Supervisor
Dennis Hoffmeyer, Senior Accountant
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting
Held March 31, 2014.**

It was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried to approve the minutes of the Personnel Committee meeting held March 31, 2014, as written.

**4.2) Consideration and Possible Action on Internship Program. (Human
Resources Manager Emery)**

Human Resources Manager Emery reviewed the proposed job descriptions, the anticipated budget, and potential grants for the Internship Program, and after a brief discussion of the job descriptions, it was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried that the Committee concurs with staff's recommendation to approve the job descriptions and budget for the District's Internship Program subject to Department Manager and legal counsel approval of the job descriptions and that this item be presented to the full Board for consideration at the April 23, 2014 Regular Board Meeting.

**4.3) Consideration and Possible Action on Employee Handbook Update.
(Human Resources Manager Emery)**

Human Resources Manager Emery reviewed the outstanding issues for updating the Employee Handbook and the timeline for completion of the update followed by discussion of a periodic review of the District's retirement benefits.

4.4) Discussion and Possible Action on Development of an Employee Recognition Fund. (Chair Mac Laren)

Chair Mac Laren recommended JPIA refunds be applied to increasing the District's Employee Retention budget line item to allow for an annual picnic, Christmas party, and t-shirts for employees, and after a brief discussion of these functions and the amount for increasing the budget, it was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried to increase the Employee Retention budget in the amount of \$18,500 with funds from the JPIA refund for a total Employee Retention budget line item of \$20,000; that this budget line item be fully funded in the annual budget when the District's Reserve Policy has been met; and that this item be presented to the full Board for consideration.

4.5) Discussion and Possible Action on Lifting Hiring Freeze With the Exception of Management Positions. (General Manager LaMoreaux)

After a brief discussion of lifting the hiring freeze for specific positions and of potential modifications to job descriptions, it was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried that the hiring freeze be lifted with the exception of Supervisor and Manager positions; that these positions be presented to the Personnel Committee and the full Board when vacated with other positions filled by staff; and that this item be presented to the full Board for consideration.

4.6) Discussion and Possible Action to Seek Additional Proposals for District Benefits. (Committee Member Estes)

Committee Member Estes stated that a few areas of the District's medical and dental benefits can be improved after which Human Resources Manager Emery recommended the District choose a cycle and go out to market regarding the District's wants and needs for health benefits, and after a brief discussion, it was moved by Committee Member Estes, seconded by Chair Mac Laren, and unanimously carried that the Committee concurs with staff's recommendation to go out to market regarding the District's healthcare benefits beginning this year and then every three years thereafter.

4.7) Discussion and Clarification of Customer Service Expectations and Any Needed Changes of the District's Rules and Regulations Regarding Fees, Charges, and Waivers for District Customers. (Chair Mac Laren)

Chair Mac Laren recommended the development of a form to help customers better understand the fees they are being charged followed by discussion of customer conduct, customer service staff's standard operating procedures and expectations, notes on accounts, customer conduct lobby messages, angle stop charges, and customer disputed bills.

She then requested a written status report on the upcoming customer service staff meeting to determine if any policy changes are needed or recommended for consideration of the full Board after which General Manager LaMoreaux clarified the Board-to-Committee process and stated that angle stop repair documentation will be provided to the Committee.

5) Project Updates.

5.1) Status on Organizational Assessment. (General Manager LaMoreaux)

General Manager LaMoreaux stated that The Mathis Group has distributed notes from last week's workshop; that another Strategic Plan Workshop may need to be scheduled mid-May to define projects under each of the initiatives; and that publicizing the Strategic Plan will follow.

5.2) Development of Human Resources Calendar. (Human Resources Manager Emery)

Human Resources Manager Emery distributed and reviewed the Human Resources Calendar, and after a brief discussion, it was determined that the Committee will review the Calendar for further discussion at the next meeting.

5.3) Preliminary Discussion of Performance Management. (Human Resources Manager Emery)

Human Resources Manager Emery recommended goals and timeframes be defined by the Board and included in a Performance Management Plan with this Plan helping staff achieve these goals in a positive manner and stated that this year's performance evaluation process will be used as a baseline for Managers followed by discussion of staff being involved and conscious of the Proposition 218 process, incorporating this process into Performance Management for this year, and the District's message distributed to staff regarding their part in the Proposition 218 process.

6) Information Items.

There were no further information items.

7) Board Members' Requests for Future Agenda Items.

Outreach for the Proposition 218 process and working in coordination with the City of Palmdale for airtime on Channel 27 was then discussed.

There were no further requests for future agenda items.

It was then stated that the next Personnel Committee meeting will be held May 22, 2014 at 5:30 p.m.

8) Adjournment.

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


Chair

MINUTES OF REGULAR MEETING OF THE WATER SUPPLY & RELIABILITY COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 19, 2014:

A regular meeting of the Water Supply & Reliability Committee of the Palmdale Water District was held Monday, May 19, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) Roll Call.

Attendance:

Water Supply & Reliability Cmte:
Gloria Dizmang, Chair
Vincent Dino, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Jon Pernula, Water & Energy Resources Manager
Peter Thompson II, Operations Manager
Kelly Jeters, Systems Supervisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

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

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held April 28, 2014.

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Water Supply & Reliability Committee meeting held April 28, 2014, as written.

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

Water & Energy Resources Manager Pernula reviewed the water supply projections and charts included in the agenda packets followed by discussion of 2020

goals, the lack of available water from the A.V. Water Bank, potential water transfers, and potential El Niño conditions.

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

Water & Energy Resources Manager Pernula stated that the river valves at Oroville will be replaced in June allowing the release of water but not an increase in allocations and then reviewed reservoir levels.

5) Project Updates.

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

General Manager LaMoreaux stated that the Authority will meet in May; that new Director, Fred Thompson, will be sworn in; and that Carollo will review the draft Master Plan for the Authority followed by discussion of the status of the draft Master Plan.

5.2) Littlerock Dam Sediment Removal Project. (Assistant General Manager Knudson)

Assistant General Manager Knudson stated that Aspen Environmental Group is scheduled to meet with the Forest Service regarding updating the biological survey and work continues on the Environmental Impact Report.

5.3) Littlerock Creek Recharge and Recovery Project. (Assistant General Manager Knudson)

Assistant General Manager Knudson stated that he and Water & Energy Resources Manager Pernula met with Los Angeles World Airports and City of Los Angeles Department of Water and Power to discuss this Project and that these organizations are being cooperative on this Project.

5.4) City of Palmdale's Upper Amargosa Recharge Project. (Assistant General Manager Knudson)

Assistant General Manager Knudson stated that there is no update on this Project.

6) Information Items.

6.1) Drought Management Task Force. (Water & Energy Resources Manager Pernula)

Water & Energy Resources Manager Pernula stated that he is working on water exchange agreements to make up for the lack of water from the Antelope Valley Water Bank and that more stringent conservation efforts will be needed if these agreements are not approved.

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

Water & Energy Resources Manager Pernula stated that he is working on several water exchange agreements and that an agency has renewed their interest in the sale and long-term lease of Table A water.

6.3) Other.

Chair Dizmang stated that the District's water supply presentation at the City Council meeting was well received.

General Manager LaMoreaux then stated that staff will continue to monitor water supply and usage and proposed resolutions will be presented to the Committee if stronger conservation measures are needed.

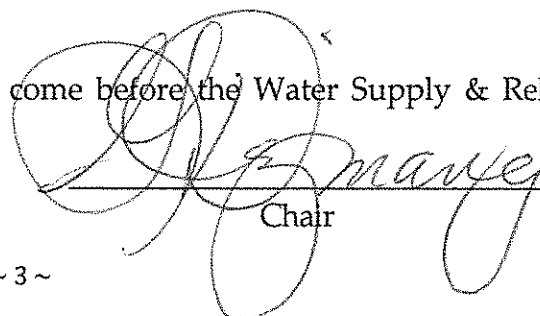
6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was then stated that the next Water Supply & Reliability Committee meeting will be held June 30, 2014 at 2:00 p.m.

7) Adjournment.

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


Chair

PALMDALE RECYCLED WATER AUTHORITY (PRWA)

MINUTES OF MAY 21, 2014 REGULAR MEETING AGENDA NO. 11 OF THE PALMDALE RECYCLED WATER AUTHORITY (PRWA) HELD AT PALMDALE WATER DISTRICT, 2029 EAST AVENUE Q, PALMDALE, CALIFORNIA

1. CALL TO ORDER.

Called to order at 7:00 p.m.

2. ADMINISTERING OF OATH OF OFFICE TO APPOINTED DIRECTORS.

Attorney Quilizapa administered the Oath of Office to appointed Director Fred Thompson. Director Thompson then gave a short acceptance speech.

3. ROLL CALL: DIRECTORS JAMES C. LEDFORD, JR., FRED THOMPSON, KATHY MAC LAREN, ROBERT ALVARADO, AND HELEN VELADOR

PRESENT: Chair Ledford, Vice Chair Mac Laren, Directors Thompson, Alvarado, and Velador

4. PLEDGE OF ALLEGIANCE.

At the request of Chair Ledford, Director Thompson led the Pledge of Allegiance followed by a moment of silence in honor of our military.

5. WAIVER OF FULL READING OF RESOLUTION(S).

Motion: Move to waive full reading of the Resolution(s) to be considered and voted on at this meeting.

Moved by Vice Chair Mac Laren, seconded by Director Alvarado

Vote: Motion Carried (5-0)

Yes: Chair Ledford, Vice Chair Mac Laren, Directors Alvarado, Thompson, and Velador

6. CONSENT CALENDAR – PUBLIC COMMENTS ONLY:

None.

7. CONSENT CALENDAR:

7.1) Approve the Authority's revised 2014 budget and Resolution PRWA 2014-002 therefore. (Staff Reference: Assistant Executive Director Mischel)

7.2) Authorize the Board Chair to execute an attorney conflict of interest waiver with William Wynder, Esquire and Aleshire & Wynder LLP. (Staff Reference: Executive Director LaMoreaux)

7.3) Approve the minutes from the previous meeting held on February 19, 2014. (Staff Reference: Secretary Deans/Acting Secretary Henry)

7.4) Approve receipt and filing of the Treasurer's Report through the months ended April 30, 2014. (Staff Reference: Treasurer/Auditor Johnston)

7.5) Approve 2013 Audit Report. (Staff Reference: Treasurer/Auditor Johnston)

Motion: Move to approve the recommendations and findings of the items listed under this Consent Calendar.

Moved by Director Alvarado, seconded by Director Velador, no vote taken

Motion: Move to approve the recommendations and findings of the items listed under this Consent Calendar, as amended, modifying Resolution PRWA 2014-002 under Section 7 as recommended by Attorney Quilizapa.

Moved by Director Alvarado, seconded by Director Thompson

Vote: Motion Carried (5-0)

Yes: Chair Ledford, Vice Chair Mac Laren, Directors Alvarado, Thompson, and Velador.

8. ACTION CALENDAR – PUBLIC COMMENTS ONLY:

None.

9. ACTION CALENDAR:

9.1) Consideration and possible action on training for Authority Directors. (Staff Reference: Utilities Services Manager Phair)

Motion: Utilities Services Manager Phair stated that the trainer for the Sanitation District's Recycled Water User Site Supervisor Training has agreed to conduct a training course for the Authority from 10:00 a.m. to 1:00 p.m. and that

the City of Palmdale will host the training including lunch after which it was moved to approve training as presented on June 5, 2014 from 10 a.m. to 1:00 p.m. at the City of Palmdale with June 11, 2014 as an alternate date.

Moved by Director Mac Laren, seconded by Director Velador

Vote: Motion Carried (5-0)

Yes: Chair Ledford, Vice Chair Mac Laren, Directors Alvarado, Thompson, and Velador.

10. PUBLIC COMMENTS:

None.

11. SPECIAL REPORT:

11.1) Presentation by Carollo Engineers regarding draft Palmdale Recycled Water Authority Recycled Water Master Plan. (Staff Reference: Executive Director LaMoreaux)

Executive Director LaMoreaux stated that Carollo Engineers canceled their presentation this evening due to illness, and the presentation will be rescheduled for the next regular meeting of the Authority.

12. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.

Director Mac Laren reported that she attended the ACWA Conference and that the City, the District, and the Authority should review the Water Bond and provide input to the Governor regarding the use of recycled water after which Executive Director LaMoreaux stated that he will review the proposed Water Bond from the Authority's perspective and make recommendations to the appropriate sponsors.

Director Alvarado congratulated and welcomed Director Thompson to the Authority Board.

Assistant Executive Director Mischel reviewed the history of the recycled water allocation issue and the three existing recycled water contracts and then stated that the settlement between the City of Palmdale and the Palmdale Water District involved the reallocation of approximately 6,000 acre feet of recycled water through a contract with the Authority; that involved agencies initially agreed to this reallocation; that Los Angeles County Waterworks is not allowing revised contracts to move forward; that he will be making the recommendation to Mayor Ledford for the City of Palmdale to meet with Supervisor Antonovich, for the

Sanitation Districts to be directed to revise the contracts with or without the County, and for the Sanitation Districts' legal counsel to review the existing contract with the County to determine whether or not the contract can be voided; and that the City of Lancaster will be requesting the same action.

It was then determined that a closed session item be placed on the next agenda for review of this item.

There were no further reports.

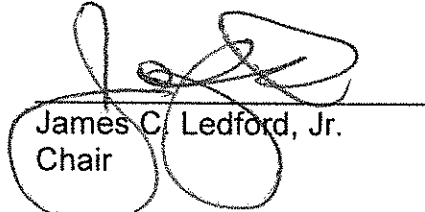
13. ANNOUNCEMENT OF NEXT REGULAR MEETING DATE.

It was determined that the next meeting of the Palmdale Recycled Water Authority will be held June 18, 2014, and this meeting will be held at the City of Palmdale.

14. ADJOURNMENT:

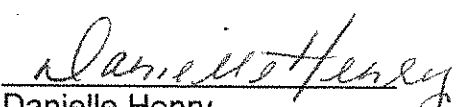
Chair Ledford adjourned the meeting at 7:26 p.m.

PASSED, APPROVED, AND ADOPTED this 18 day of June, 2014.



James C. Ledford, Jr.
Chair

ATTEST:



Danielle Henry
Acting Secretary

**MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE
WATER DISTRICT, JUNE 3, 2014:**

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, June 3, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) Roll Call.

Attendance:

Finance Committee:
Gloria Dizmang, Chair
Vincent Dino, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

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

3) Public Comments.

There were no public comments.

4) Action Items:

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting
Held April 21, 2014.**

It was moved by Committee Member Dino, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the Finance Committee meeting held April 21, 2014, as written.

**4.2) Discussion and Overview of Cash Flow Statement and Current Cash
Balances as of April 30, 2014. (Financial Advisor Egan)**

Financial Advisor Egan reviewed the investment funds and cash flow reports as of April 30, 2014, including the increase in cash of nearly \$2 million due to assessments and his recommendation to transfer some funds to higher interest-bearing accounts

within the guidelines of the District's Investment Policy after which the Committee concurred with this recommendation.

4.3) Discussion and Overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for April 30, 2014. (Finance Manager Williams)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending April 30, 2014 along with the graphic presentations for these reports and stated that all departments, with the exceptions of Administration, Engineering, and Finance, operated at or below the targeted expenditure percentage of 33% and then reviewed those line items over budget.

4.4) Discussion and Overview of Committed Contracts Issued. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed and budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds followed by discussion of future projects, the need for future bond issues, and the need to continue sound financial management through the upcoming Water Rate Study.

4.5) Discussion and Review of the District's Bid Procurement and Change Order Policy – Rules and Regulations Appendix M. (General Manager LaMoreaux)

General Manager LaMoreaux stated that he and Assistant General Manager Knudson have met with representatives from the Building Trades Association and reviewed a draft Project Labor Agreement; that staff is obtaining legal counsel's opinion on the draft; and that the draft will be presented at the next Committee meeting for review followed by discussion of the Agreements and how these types of Agreements will impact the District's current practices.

5) Information Items.

5.1) Status of 2014 Water Rate Study. (General Manager LaMoreaux)

General Manager LaMoreaux informed the Committee that a Water Rate Study kick-off meeting was held; that financial information has been sent to Bartle & Wells; that Passantino Anderson will be conducting a random survey of 400 of the District's customers this weekend for use in preparing their first flyer to be sent later this month; and that the Proposition 218 notice will be sent late July followed by discussion of the content of the survey.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

The EPA grant was discussed, and staff indicated they are optimistic that the grant funds will be received.

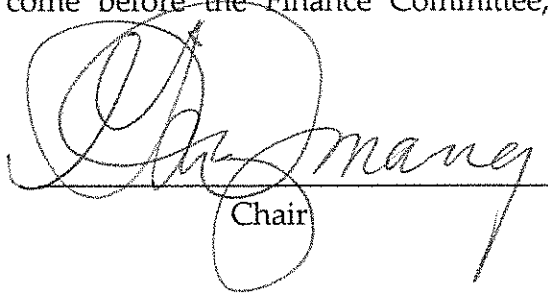
General Manager LaMoreaux then stated that the exit interview for the state audit is scheduled this afternoon and a draft state audit report is expected to be available for the Committee's review at the next meeting.

There were no further requests for future agenda items.

It was then stated that the next Finance Committee meeting will be held July 1, 2014 at 11:00 a.m.

7) Adjournment.

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



Chair

MINUTES OF MEETING OF THE OUTREACH COMMITTEE OF THE PALMDALE WATER DISTRICT, JUNE 10, 2014:

A regular meeting of the Outreach Committee of the Palmdale Water District was held Tuesday, June 10, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Dizmang called the meeting to order.

1) Roll Call.

Attendance:

Outreach Committee:
Gloria Dizmang, Chair
Joe Estes, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Jim Stanton, Information Technology Manager
Claudette Beck, Retired Annuitant
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

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

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held May 21, 2014.

After a brief discussion, it was moved by Committee Member Estes, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the meeting held May 21, 2014, as written.

4.2) Review of June, 2014 Water News. (Retired Annuitant Beck)

Retired Annuitant Beck reviewed the articles for the June issue of Water News followed by discussion of the articles, revisions, and future articles, and the Committee concurred with the content of the June, 2014 Water News.

Retired Annuitant Beck then informed the Committee that this is her last meeting, and the new PIO/Conservation Director will be taking over for the next meeting after which the Committee thanked Retired Annuitant Beck for her years of service to the District.

4.3) Discussion and Possible Action on June 14 Plant Sale. (General Manager LaMoreaux)

General Manager LaMoreaux reviewed the plans, publicity, and vendors for the June 14 Plant Sale followed by discussion of promotional give-away items for the Plant Sale and other community events.

Committee Member Estes then informed the Committee of the location of the District's booth at the Four-Points Swap Meet.

5) Information Items.

5.1) Status of District Website Redesign. (Information Technology Manager Stanton)

Information Technology Manager Stanton stated that a final color scheme and design layout for the website has been approved, and the designer is on schedule.

5.2) Status of Strategic Plan Brochure. (General Manager LaMoreaux)

General Manager LaMoreaux stated that the Strategic Plan brochure outline is being developed with Board and facilities pictures scheduled for tomorrow, and a proof is anticipated in a few weeks.

5.3) Other.

General Manager LaMoreaux reviewed the process for the PIO/Conservation Director position and stated that the Board will meet the final candidates after the Organization Chart workshop.

There were no additional information items.

6) **Board Members' Requests for Future Agenda Items.**

The lack of response to the Antelope Valley Press editorial meeting and joining the City of Palmdale's Channel 27 line-up were discussed after which General Manager LaMoreaux stated that a follow-up editorial meeting may be requested when the District's drought message has been developed, and he will follow-up with City Manager Childs regarding Channel 27.

There were no requests for future agenda items.

It was then stated that the next Outreach Committee meeting will be held July 1, 2014 at 3:00 p.m.

7) **Adjournment.**

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


Chair