

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
PALMDALE WATER DISTRICT, AUGUST 24, 2011:**

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, August 24, 2011, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Gordon Dexter, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Dexter, Director Figueroa led the pledge of allegiance.

2) Roll Call.

Attendance:

Gordon Dexter, President
Steve Cordova, Vice President
Raul Figueroa, Secretary
Jeff Storm, Director

Linda Godin, Treasurer
--EXCUSED ABSENCE

Others Present:

Dennis LaMoreaux, General Manager
Tim Gosney, Attorney
Mike Williams, Finance Manager
Matt Knudson, Engineering Manager
Peter Thompson II, Operations Manager
Jeannie Burns, Human Resources Manager
Claudette Roberts, Water Conservation Spvrs.
Ed Boka, Treatment Plant Supervisor
Kelly Jeters, Systems Supervisor
Linda Garza, Water Conservation Aide
Dawn Deans, Executive Assistant
17 members of the public

3) Adoption of Agenda.

General Manager LaMoreaux requested "Consideration and possible action on setting the Palmdale Water District's assessment rates for fiscal year 2011-2012 and adoption of Resolution No. 11-9 regarding said rates" be added to tonight's agenda as Agenda Item No. 7.3 for recalculation of the District's assessment rates as this matter arose after the posting of the agenda for tonight's meeting and requires action prior to the time of the next regular Board meeting.

It was then moved by Director Figueroa, seconded by Director Cordova, and unanimously carried to adopt the agenda, as amended, adding Agenda Item No. 7.3 "Consideration and possible action on setting the Palmdale Water District's assessment rates for fiscal year 2011-2012 and adoption of Resolution No. 11-9 regarding said rates."

4) Public Comments for Non-Agenda Items.

Ms. Phyllis Coonda, Palmdale resident, stated that a recent newspaper article stated that customers will be receiving rebates on water bills for usage in the higher tiers and questioned how customers will know they are receiving the correct rebate, what happens if someone sells their house, and if interest will be paid on these monies after which she was informed that staff is reviewing every bill since June, 2009 for credits, which will be tracked for auditing purposes, checks will be sent to the last known address if someone moves, and interest has not been discussed but rates have been very low.

Mr. Steve Chisolm, Palmdale resident, stated that he has a request for public information and then read the request into the record. A copy of said request is hereby made a portion of the minutes of this meeting.

Ms. Joan Guyer, Palmdale resident, stated that a small workshop was held with their homeowner's group in December regarding compensation and benefits packages for District employees as well as the standard in the industry; that the ratepayers cannot afford to pay these benefits; and that she has not heard back from General Manager LaMoreaux regarding this matter after which she was informed that changes to the District's compensation and benefits packages has been repeatedly discussed at Personnel Committee meetings.

Director Storm then dittoed Ms. Guyer's comments.

There were no further public comments.

5) Presentations:

5.1) Cash for Grass Rebates. (Water Conservation Supervisor Roberts)

Water Conservation Supervisor Roberts welcomed tonight's Cash for Grass recipients and then presented rebates to Vertigo Real Estate in the amount of \$4,488.00, Countrywide Properties Investments in the amount of \$3,864.40, Steve and Karen Prescott in the amount of \$422.00, Francisco Reynoso in the amount of \$792.00, and Doug and Tina Wiebe in the amount of \$362.40.

The recipients, both commercial and residential, then shared their landscape renovation experiences with the Board; thanked the District and District staff for their

assistance, helpfulness, and encouragement with this great program; and the Board thanked them for their water conservation efforts.

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

6.1) Approval of Minutes of Regular Meeting Held August 10, 2011.

6.2) Approval of Minutes of Special Meeting Held August 17, 2011.

6.3) Payment of Bills for August 24, 2011.

**6.4) Approval of Ernst & Young 2011/12 State Water Project Audit Contract.
(General Manager LaMoreaux)**

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

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

7.1) Consideration and Possible Action on Change Order No. 2 for Specification No. 1002 Being the Water Main Replacement Project in Avenue Q Between 10th and 20th Streets East. (\$58,561.50 – Budgeted – Engineering Manager Knudson)

Engineering Manager Knudson reviewed the work under Change Order No. 2, as well as a summary of costs and change order amounts for the last six water main replacement projects indicating all final project costs were under budget, and after a brief discussion, it was moved by Director Storm, seconded by Director Cordova, and unanimously carried to approve Change Order No. 2 in the not-to-exceed amount of \$58,561.50 and to approve a budget adjustment in the amount of \$36,581.50 to Budget Item No. RCP06.

7.2) Consideration and Possible Action on Cost of Living Allowance in Accordance With the U.S. Department of Labor. (Budgeted – Human Resources Manager Burns/Personnel Committee)

Human Resources Manager Burns reviewed staff's research and the Personnel Committee's recommendation on a cost of living allowance for either a 1.6% cost of living increase or a 3% cost of living increase with employees contributing 3% towards CalPERS followed by a brief discussion of recent staff openings, healthcare benefits and retirement, no cost of living increase for employees for the past two years, remaining competitive in the job market, retaining employees, and employee loyalty after which it was moved by Director Storm to require District employees to pay their 7% CalPERS contribution and a means-tested cost of living increase be awarded at the rate of 3% for salaries under \$40,000, 2% for salaries between \$40,000 and \$50,000, 1% for salaries between \$50,000 and \$60,000, and 0% for salaries over \$60,000. The motion died for lack of a second.

Ms. Phyllis Coonda, Palmdale resident, stated that she is on social security; that she has received no increase with no future increases anticipated; and then suggested that District employees obtain second jobs to supplement their income.

Ms. Joan Guyer, Palmdale resident, questioned this increase being a separate line item in the 2011 Budget after which it was clarified that an estimated 3% cost of living increase is included in the 2011 Budget under salaries, and this had been explained in their workshop.

She then stated that the District's budget does not include rebates due from the recent lawsuit ruling and that an employee raise will affect the budget and bottom line cash flow.

Mrs. Mary Dincau, Ana Verde Rural Association, recommended the District's retention rate for 2006 and 2010, as well as how many employees left because they received a better benefits package at another agency, be explored and suggested a 1% or 2% cost of living increase may be enough to retain employees as the national average increase is 2.6%.

After a further discussion of local agency increases, of the budgeted 3% cost of living increase, and of District employees receiving no cost of living increase for the past two years, it was moved by Director Figueroa, seconded by Director Cordova, and carried on a 3 - 1 vote, with Director Storm opposed, to approve a 1.6% cost of living increase.

7.3) Consideration and Possible Action on Setting Palmdale Water District's Assessment Rates for Fiscal Year 2011-2012 and Adoption of Resolution No. 11-9 Regarding Said Rates. (Finance Manager Williams)

Finance Manager Williams reviewed proposed revisions to the District's assessment rates previously approved with the adoption of Resolution No. 11-7 after which it was moved by Director Figueroa, seconded by Director Storm, and unanimously carried to rescind Resolution No. 11-7 and adopt Resolution No. 11-9 setting the Palmdale Water District's Assessment Rates for Fiscal Year 2011-12.

A copy of Resolution No. 11-9 is hereby made a portion of the minutes of this meeting.

8) Information Items.

8.1.1) Director Godin: Finance Committee Report Summarizing District's Financial Status.

In Director Godin's absence, Finance Manager Williams reported that the Finance Committee met and reviewed all financial statements through July 31, 2011; that these statements indicate the District's finances are as predicted with a reserve balance of \$5.6 million as of December, 2011; that July water sales were approximately \$400,000 less than expected; that departmental budgets are at or around 58.3% of the budget; and then reviewed the slides and charts associated with the financial statements.

President Dexter, Finance Committee Member, stated that it has been discussed at Finance Committee meetings that water sales are down 25% from budgeted; that staff has done an excellent job of keeping operating expenses in line with this reduction; that reserves have slowly been rebuilt; that Finance Committee meetings are typically held Monday evenings, and the public is encouraged to attend to review detailed financial information; and that he will talk with the Committee Chair to see if these meetings can be held on alternate evenings from time to time for more public convenience.

A discussion then ensued regarding the number of District employees, a 3% cost of living increase budgeted for in 2009, 2010, and 2011, and a 0% cost of living for 2009 and 2010 and a 1.6% cost of living increase for 2011 after which it was clarified that for the period through July 31, 2011, revenue is down 1% from 2010 but expenses are down over 14%, and a 3% cost of living increase was budgeted for in 2011 yet only a 1.6% cost of living increase was approved.

The public was then invited to meet with General Manager LaMoreaux or President Dexter for clarification of the budget.

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

President Dexter stated that he serves on the Water Supply & Reliability Committee; that this Committee is diligently looking at water banking as with an 80% State Water Project allocation, excess allocation will be available for banking; and that the District needs to determine the most financially viable water banking project as water banking can solve water supply issues during drought years.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux reported that the draft Programmatic Environmental Impact Report for the Strategic Water Resources Plan was published today for a 45-day public comment period; that the Report will be posted on the District's web site; and that a public scoping meeting is scheduled for August 31 at 7:00 p.m. at the District's office for review of the Plan and to receive verbal public comment.

He then reported that the Monthly Department Report was included with the agenda packets if there are any questions on same.

8.3) Report of Attorney.

Attorney Gosney stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 8:15 p.m., President Dexter called for a nine-minute recess. He reconvened the regular meeting at 8:24 p.m.

10) Closed Session Under:

10.1) Government Code Section 54956.9(a), Existing Litigation: *Antelope Valley Ground Water Cases*.

10.2) Government Code Section 54956.9(a), Existing Litigation: *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)*.

10.3) Government Code Section 54956.9(a), Existing Litigation: *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action).*

10.4) Government Code Section 54956.9(a), Existing Litigation: *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation).*

10.5) Government Code Section 54956.9(a), Existing Litigation: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW.*

10.6) Government Code Section 54956.9(a), Pending Litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561.*

10.7) Government Code Section 54956.9(a), existing litigation: *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703.*

10.8) Government Code Section 54956.8, Conference with Real Property Negotiator:

Subject: Water Storage Rights

Property Negotiator: Dennis LaMoreaux, Jon Pernula

Negotiation Party: Homer, LLC

Under Negotiation: Price and Terms

10.9) Government Code Section 54957, Personnel Matters: *General Manager evaluation.*

At 8:24 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing Litigation – seven cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District, Case No. BC413432 (Rate Litigation)* and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation, Case No. BC413907 (Validation Action)* and *Palmdale Water District vs. City of Palmdale, Case No. BC420492 (Recycled Water Litigation)* and *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561* and *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000703* and pursuant to Government Code Section 54956.8, Conference with Real Property Negotiator - Subject: Water Storage Rights, Property Negotiator: Dennis LaMoreaux, Jon Pernula, Negotiation Party: Homer, LLC, Under

Negotiation: Price and Terms and pursuant to Government Code Section 54957, Personnel Matters: *General Manager evaluation.*

He reconvened the regular meeting at 8:45 p.m.

11) Public Report of Any Action Taken in Closed Session.

Attorney Gosney reported that a closed session had been held pursuant to Government Code Section 54957, Personnel Matters: General Manager evaluation; that it was determined that this matter not be considered due to Director Godin's absence; and that no reportable action under the Brown Act was taken in closed session on this matter.

He reported further that there was no discussion during closed session pursuant to Government Code Section 54956.8, Conference with Real Property Negotiator - Subject: Water Storage Rights, Property Negotiator: Dennis LaMoreaux, Jon Pernula, Negotiation Party: Homer, LLC, Under Negotiation: Price and Terms.

He reported further that a closed session had also been held under Government Code Section 54956.9(a), Existing Litigation – seven cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District*, Case No. BC413432 (Rate Litigation) and *City of Palmdale vs. Palmdale Water District and Palmdale Water District Public Facilities Corporation*, Case No. BC413907 (Validation Action) and *Palmdale Water District vs. City of Palmdale*, Case No. BC420492 (Recycled Water Litigation) and *United States, et al. v. J-M Manufacturing Company, Inc., et al.*, United States District Court for the Central District of California Case No. ED CV06-0055-GW and *Central Delta Water Agency vs. Department of Water Resources*, Sacramento Superior Court Case No. 34-2010-80000561 and *Rosedale-Rio Bravo Water Storage District v. California Department of Water Resources*, Sacramento Superior Court Case No. 34-2010-80000703; that the Board was briefed on the status of each of these matters, and the Board gave staff and Counsel instructions as to how to proceed; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Consideration and Possible Action on General Manager Evaluation.

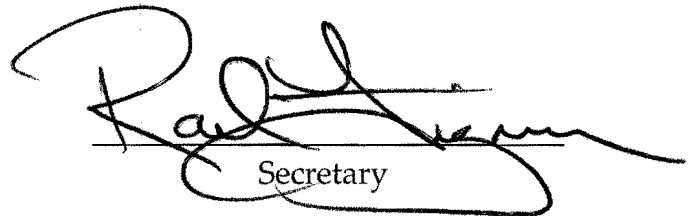
President Dexter stated that this matter has been tabled to the next regular Board meeting.

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

There were no requests for future agenda items.

14) **Adjournment.**

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



Secretary

August 24, 2011

Mr. Dennis D. La Moreaux, General Manager
Palmdale Water District
2029 East Avenue "Q"
Palmdale, CA 93550



Re: Request for documents pursuant to the California Public Record Act
[Government Code Section 6250, et seq.]

Dear Mr. La Moreaux,

Please accept this transmittal as a formal request for copies of the following documents pertaining to the Palmdale Water District (PWD) for dates from 01/01/2009 through 08/24/2011.

1. Complete listing, including but not limited to dates, amounts, etc. of any/all compensation paid to each PWD Board Director.
2. Any/all PWD organizational charts.
3. Complete listing of all PWD staff positions including detailed job descriptions and compensation paid.
4. Complete listing of PWD "Water Rates" including type of rate, and/all water rate changes, staff reports relating to water rate changes, public notifications pertaining to water rate charges including Notice 218 to Customers.
5. All PWD Board approved budgets including staff reports and any/all amendments.
6. Any/all correspondence, emails, etc. between PWD and Associated Builders and Contractors Inc. (ABC) and/or their affiliates.
7. All PWD Board of Directors expense reports.
8. Complete listings of any/all litigation involving PWD, including case name, docket number and name of court.
9. All PWD General Manager's employment contracts.
10. All payments made to consultants, attorneys and public relations agencies, both directly and indirectly.

We are requesting the documents pursuant to the California Public Records Act [Government Code Section 6250, et seq.] which requires a response within ten (10) days after receipt of this request [Government Code Section 6253(c)]

Thank you in advance for your cooperation and prompt assistance in this matter. If you have any questions, please contact me at (661) 618-8722

Sincerely,

**PALMDALE WATER DISTRICT
RESOLUTION NO. 11-9**

WHEREAS, the Los Angeles County Auditor-Controller has submitted to the Palmdale Water District the assessed value information necessary to enable the District to establish its assessment rates; and

WHEREAS, the Board of Directors has reviewed the assessed value information and has calculated the amounts needed to be raised to meet the State Water Contract; and

WHEREAS, the Board of Directors has determined the assessment rate required to raise the required funds.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of Palmdale Water District hereby establishes the following secured tax rates for 2011-2012:

| <u>ACCOUNT #</u> | <u>AGENCY NAME</u> | <u>TAX RATE</u> |
|------------------|------------------------------------|-----------------|
| 308.60 | Palmdale Water District | .000000 |
| 308.61 | Palmdale Water District Zone B | .291664 |
| 308.62 | Palmdale Water District Zone B2 | .291664 |
| 308.63 | Palmdale Water District Zone C | .291664 |
| 308.65 | Palmdale Water District Zone E | .291664 |
| 308.66 | Palmdale Water District Zone A | .291664 |
| 308.67 | Palmdale Water-Westmont Imp. Dist. | .000000 |

FURTHER RESOLVED, that the Board of Supervisors of the County of Los Angeles, State of California, is hereby authorized and directed, at the time and in the manner directed by law, in addition to any and all other taxes and assessments levied against the lands within the Palmdale Water District, to levy and collect assessments against all of the lands within said District and the aforesaid improvement District at the rates set forth above.


PASSED AND ADOPTED at a regular meeting of the Board of Directors held on August 24, 2011, by the following roll call vote:

AYE: President Dexter
 Director Cordova
 Director Figueroa
 Director Storm

NO: None

ABSENT: Director Godin

I hereby certify under penalty of perjury that the tax rates levied herein are exempt from the application of Article XIII A, Section 1(A) of the Constitution of the State of California.



Name: Gordon Dexter

Title: President, Board of Directors

DATED: August 24, 2011

RESOLUTION NO. 11-9

CR52RPTA

COUNTY OF LOS ANGELES
AUDITOR-CONTROLLER, TAX DIVISION

2011 - 12 SECURED TAX RATES

| ACCT # | AGENCY NAME | TAX RATE |
|--------|----------------------------------|----------------|
| 308.60 | PALMDALE WATER DIST | <u>.000000</u> |
| 308.61 | PALMDALE WATER DIST ZONE B | <u>.291664</u> |
| 308.62 | PALMDALE WATER DIST ZONE B2 | <u>.291664</u> |
| 308.63 | PALMDALE WATER DIST ZONE C | <u>.291664</u> |
| 308.65 | PALMDALE WATER DIST ZONE E | <u>.291664</u> |
| 308.66 | PALMDALE WATER DIST ZONE A | <u>.291664</u> |
| 308.67 | PALMDALE WATER-WESTMONT IMP DIST | <u>.000000</u> |

I, GORDON DEXTER, ~~AM A MEMBER OF THE CITY COUNCIL, A~~
~~MEMBER OF THE GOVERNING BOARD, THE CHIEF EXECUTIVE OR THE CHIEF~~
~~FINANCIAL OFFICER~~ FOR THIS AGENCY AND I HEREBY CERTIFY THAT THE TAX
RATES LEVIED HEREIN ARE EXEMPT FROM THE APPLICATION OF ARTICLE XIII A,
SECTION 1(A) OF THE CONSTITUTION OF THE STATE OF CALIFORNIA.



AUTHORIZED SIGNATURE

President,
Board of Directors

TITLE

August 24, 2011

DATE