

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT, OCTOBER 26, 2011:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, October 26, 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 Cordova led the pledge of allegiance.

**2) Roll Call.**

**Attendance:**

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

**Others Present:**

Dennis LaMoreaux, General Manager  
Jim Ciampa, Attorney  
Mike Williams, Finance Manager  
Matt Knudson, Engineering Manager  
Peter Thompson II, Operations Manager  
Tim Moore, Facilities Manager  
Jon Pernula, Water & Energy Resources Mngr.  
Claudette Roberts, Water Conservation Mngr.  
Linda Garza, Water Conservation Aide  
Dawn Deans, Executive Assistant  
12 members of the public

**3) Adoption of Agenda.**

President Dexter stated that an item for "Consideration and possible action on Three-Way Water Delivery/Banking Agreement between the Palmdale Water District, the Department of Water Resources, and the Antelope Valley East Kern Water Agency" arose after the posting of the agenda for tonight's meeting and requires action prior to the time of the next regular Board meeting and then requested this item be added to the agenda as Agenda Item No. 7.1(a) pursuant to Government Code Section 54954.2(b).

It was then moved by Director Figueroa, seconded by Director Godin, and unanimously carried to adopt the agenda, as amended, adding Agenda Item No. 7.1(a).

**4) Public Comments for Non-Agenda Items.**

There were no public comments.

**5) Presentations:**

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

Water Conservation Supervisor Roberts informed the Board of the three recipients for the Cash for Grass Rebate Program being Mike and Diane Shundo in the amount of \$292.00, Diane Morgan in the amount of \$1,951.60, and Guy Blackburn in the amount of \$670.40 and then presented Mr. Blackburn with his rebate check. Mr. Blackburn then thanked the Board for the opportunity to participate in this program.

**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 October 12, 2011.**

**6.2) Payment of Bills for October 26, 2011.**

It was moved by Director Figueroa, seconded by Director Godin, 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 Water Exchange/Banking Agreement Between the Palmdale Water District and WDS California II, LLC. (Water & Energy Resources Manager Pernula/Water Supply & Reliability Committee)**

Water & Energy Resources Manager Pernula reviewed the District's water supply status, the proposed water banking opportunity with WDS California II, LLC, and the Agreements needed for this opportunity, and after a brief discussion, it was moved by Director Godin and seconded by Director Storm to authorize General Manager LaMoreaux to execute the Water Exchange/Banking Agreement between the Palmdale Water District and WDS California II, LLC after final revision and subject to review by legal counsel.

Mr. Andrew Werner, WDS California II, LLC, stated that WDS appreciates the opportunity to work with the Palmdale Water District; that they look forward to holding the District's water and returning it when needed; that they are thrilled the project is

moving so quickly and efficiently; and then thanked General Manager LaMoreaux and Water & Energy Resources Manager Pernula for their work on this Agreement.

The motion then unanimously carried.

**7.1(a) Consideration and possible action on Three-Way Water Delivery/Banking Agreement between the Palmdale Water District, the Department of Water Resources, and the Antelope Valley East Kern Water Agency. (Water & Energy Resources Manager Pernula/Water Supply & Reliability Committee)**

It was moved by Director Godin, seconded by Director Figueroa, and unanimously carried to authorize General Manager LaMoreaux to execute the Three-Way Water Delivery/Banking Agreement between the Palmdale Water District, the Department of Water Resources, and the Antelope Valley East Kern Water Agency for the delivery of up to 10,000 acre feet of water in 2011 from the Palmdale Water District to the Antelope Valley East Kern Water Agency after final revision and subject to review by legal counsel.

The Board then commended Water & Energy Resources Manager Pernula on a good job of managing the District's water supplies.

**7.2) Presentation on Repairs of Water Mains and Update on Water Main Replacement Projects. (Facilities Manager Moore/Engineering Manager Knudson)**

Engineering Manager Knudson and Facilities Manager Moore provided a detailed presentation on the District's history for repairing leaks on existing water mains, the progress on replacement of these mains, and replacement plans going forward and then informed the Board there are 405 miles of pipeline in the distribution system and provided a breakdown of pipelines by install year, size, and material, mainlines replaced since 1988, replacement projects in design and under construction, the number of annual mainline leaks and locations, and leaks eliminated through replacement projects from 2006 to present.

The number of water main replacement projects completed in 2011, the main cause of leaks being the age and material of the pipeline, the process for repairing a pipeline leak, and the process for dealing with excessive leaks on a section of pipeline were then discussed, and the Board thanked staff for the presentation.

**8) Information Items.**

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

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

Director Godin reported that the Finance Committee met and discussed and reviewed all financial statements through September, 2011 including the status of the cash report and cash flow report through December, 2011; that these reports indicate the District's financial position is as predicted; that the cash flow report includes approved 2011 projects, carry-over 2010 projects, and potential projects to a projected reserve balance of \$7,000,000 at December, 2011; that Financial Advisor Egan's report indicated the District received pass-through taxes from the Palmdale Redevelopment Agency in the amount of \$312,000 and a capital improvement fee payment of \$686,848 from AVEK for the AVEK-Acton intertie; that departmental budget expenditures should be at 75% and as a whole remain at this percentage; and then reviewed the slides and charts associated with the financial statements.

Director Godin then reported that the Commissioners for the Antelope Valley State Water Contractors Association met and were informed that Association staff and the member agencies' General Managers recently discussed the regional control of the water from the State Water Project in detail with the Department of Water Resources, and the Department of Water Resources has sent a draft agreement for the Association's use in drafting an agreement; that a separate bank account for managing the Integrated Regional Water Management Plan grant funds will be established; that a draft commitment letter and funding agreement for the Prop. 84 planning grant funding for the Integrated Regional Management Plan has been received and an update on Association staff's meeting with DWR staff for a detailed review of these documents will be provided at the next meeting; and that the next meeting is scheduled for November 10, 2011 at 6:30 p.m.

She then reported that she attended the Association of California Water Agencies Regions 8, 9, and 10 meeting last week; that in the absence of the Region 8 President, she stood in and worked the event; that the formation of a JPA for the State Water Project was part of one of the presentations; that there was a tour of Olivenhaim Dam; and that incredible foresight went into the building of this Dam.

Director Storm stated that with some sadness, he has come to the realization that the moment of silent contemplation has been dropped from the beginning of Board meetings, and this moment of silence should be reinstated; that he uses this moment to pray for his grandson in Afghanistan; that the public and everyone else are invited to Board meetings, but the Board has forgotten to invite the Lord; and that this is admonishment to ourselves that we need to watch ourselves in this area.

President Dexter reported that the Water Supply & Reliability Committee has been meeting; that the fruits of those discussions were seen tonight with the water banking agreements, and water banking was one of the objectives for the General Manager this year; that topics discussed at these meetings include many different water supply issues with the reliability of the wells being discussed at the next meeting; that the Garden Bar Water Supply Project is being reviewed closely by the Committee, this Project is nearing the end of the preliminary study phase, some agencies are dropping out of this Project, and the District will continue reviewing this, as well as other water supply projects; that with the amount of funding available, the Board needs to look very critically at participation in water banking projects, and projects that keep the water in the Antelope Valley and water exchange deals are the future for the District; that the projects that are done should be those that bring the most bang for the buck to the District; and that he recommends a review of the minutes from these Committee meetings.

There were no further reports from Directors.

**8.2) Report of General Manager.**

General Manager LaMoreaux stated that he has no further report unless there are any questions.

**8.3) Report of Attorney.**

Attorney Ciampa stated that he has no report.

**8) Public Comments on Closed Session Agenda Matters.**

There were no public comments on closed session agenda matters.

10) Closed Session Under:

10.1) Government Code Section 54956.9(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*.

At 7:43 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*. He reconvened the regular meeting at 7:52 p.m.

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

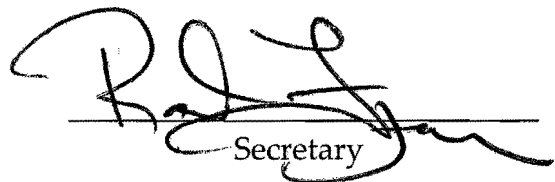
Attorney Ciampa reported that a closed session had been held under Government Code Section 54956.9(a), Existing Litigation – seven cases: *Antelope Valley Ground Water Cases* and *City of Palmdale vs. Palmdale Water District*, Case No. BC413432 (Rate Litigation) and *City of Palmdale vs. Palmdale Water 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 received a status report on each of these items of litigation; and that no reportable action under the Brown Act was taken in closed session on any of these matters.

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

There were no requests for future agenda items.

**13) Adjournment.**

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

  
Secretary