

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, SEPTEMBER 12, 2012:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, September 12, 2012, 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.

President Dexter led the pledge of allegiance followed by a moment of silence in honor and memory of the victims of 9-11, including his nephew Michael Roberts, Fire Fighter, Engine 214, and the four Americans killed in the U.S. Embassy attack.

2) Roll Call.

Attendance:

Gordon Dexter, President
Gloria Dizmang, Vice President
Robert Alvarado, Secretary
Steve Cordova, Director

Kathy Mac Laren, 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
Tim Moore, Facilities Manager
Joe Kerschner, Water Quality Supervisor
Kelly Jeters, Systems Supervisor
Danielle Henry, Administrative Assistant
3 members of the public

3) Adoption of Agenda.

General Manager LaMoreaux stated that Agenda Item No. 7.10 is not ready for Board consideration and requested it be removed from the agenda, after which it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to adopt the agenda, as amended.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

There were no presentations scheduled.

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 22, 2012.

6.2) Payment of Bills for September 12, 2012.

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

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

7.1) Status report on Cash Flow Statement and Current Cash Balances as of July, 2012 . (Financial Advisor Egan)

Financial Advisor Egan congratulated the Board on coming to an agreement with the City and stated that the settlement will have positive financial benefits to the District, especially with regards to the possibility of refinancing the 1998 and 2004 bonds. He then gave an overview of the District's current cash and investments as of July, 2012, including the reduction in investments due to the scheduled semi-annual principal and interest payment for the 1998 and 2004 bonds, and the Granular Activated Carbon (GAC) payments starting in July.

7.2) Status report on 2012 Financial Statements, Revenue, and Expense and Departmental Budget Reports for July, 2012. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to month revenue analysis, and expense analysis as of July, 2012; informed the Board that refunds from DWR have been removed from the water recovery line and presented separately under non-operating revenue, and reported that all departments are operating at or below the targeted budget level of 58.3% or lower.

Financial Advisor Egan then explained that the reason for moving the DWR water recovery line from operating expenses to other income is to avoid distortion from current

operating expenses due to the District receiving refunds or charges from DWR for prior years.

7.3) Status report on committed contracts issued. (Engineering Manager Knudson)

Engineering Manager Knudson stated that a revised Projected Payout Schedule was distributed prior to the meeting and includes the seventh GAC contactor, after which he provided an overview of the Engineering Department Projected Payout Schedule, including progress payments recently made for Specification No. 0902.

7.4) Consideration and Possible Action on Resolution No. 12-13 Honoring and Congratulating The Retirees of 2012. (General Manager LaMoreaux)

General Manager LaMoreaux informed the Board that an All-Hands luncheon is scheduled for September 19, 2012 to honor the Retirees of 2012, after which it was moved by Director Dizmang, seconded by Director Cordova, and after the reading of Resolution No. 12-13 by President Dexter, the motion unanimously carried to adopt Resolution No. 12-13.

A copy of said Resolution No. 12-13 is hereby made a portion of the minutes of this meeting.

7.5) Consideration and Possible Action on the Cash-in-Lieu of Medical Insurance Program. (General Manager LaMoreaux)

General Manager LaMoreaux stated that this policy was developed and approved by the Personnel Committee to bring to the full Board, and after a brief discussion of the details of the program and the potential District savings of approximately \$80,000 per year if 6 employees participate in the program, it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried to approve the Cash-in-Lieu of Medical Insurance Program as an addition to the Employee Handbook.

7.6) Consideration and Possible Action on AVBOT membership. (General Manager LaMoreaux)

General Manager LaMoreaux informed the Board that the amount of \$500.00 for the Antelope Valley Board of Trade (AVBOT) membership is a budgeted item after which

it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve the District's AVBOT membership.

7.7) Consideration and Possible Action on Agreement with Starnik Systems, Inc. ("Starnik") for the use of Utility TrakR customer service information software. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams stated that this item was approved at the August 22, 2012 Board meeting pending legal counsel's approval of the contract language and after a lengthy discussion of the concessions legal counsel received from Starnik, the reasonable justifications for Starnik's unwillingness to make additional concessions, continuing and persistent software problems with the Cogsdale software, and moving in the direction of a cloud-based system vs. purchasing new software, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried to approve the Agreement with Starnik Systems, Inc. for the use and implementation of Utility TrakR customer service information software.

7.8) Consideration and Possible Action on revisions made to the Rules and Regulations in regards to Late Charges. (Finance Manager/CFO Williams)

Finance Manager/CFO Williams reviewed the District's current and proposed delinquency process and after a brief discussion of the new single billing statements, the District's cost savings as a result of eliminating delinquent notices, and the additional information provided on the new billing statements, it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried to approve the Late Charge revisions to the District's Rules and Regulations.

7.9) Consideration and Possible Action on Professional Services Agreement with Black & Veatch for the update of the Watershed Sanitary Survey and Source Water Assessment. (\$46,550 – Water Quality Fund – Engineering Manager Knudson)

Engineering Manager Knudson informed the Board that the District's Watershed Sanitary Survey and Source Water Assessment is required to be updated every 5 years per the Safe Water Drinking Act and that the last update was done in 2007.

He then reviewed the revised budget section for this item that was distributed prior to the meeting and stated that the seventh GAC contractor had been added; that funds to complete the work include the Water Research Hexavalent Chromium Study

approved at the August 22, 2012 Board meeting; and that the Survey will be completed sometime in January.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Cordova, and after a brief job well-done comment by Peter Thompson II to Engineering Manger Knudson, the motion unanimously carried to approve the Professional Services Agreement with Black & Veatch for the update of the Watershed Sanitary Survey and Source Water Assessment in the not-to-exceed amount of \$46,550.00.

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

7.11.1) CA-NV AWWA Annual Fall Conference 2012 to be held October 8-11, 2012 in San Diego.

7.11.2) ACWA's 2012 Fall Conference & Exhibition to be held December 4-7, 2012 in San Diego.

7.11.3) North American Lake Management Society to be held November 7-9, 2012 in Madison, Wisconsin.

After a brief discussion, it was moved by Director Dizmang, seconded by Director Cordova, and unanimously carried to approve Board and staff attendance at the CA-NV AWWA Annual Fall Conference 2012 to be held October 8-11, 2012 in San Diego, ACWA's 2012 Fall Conference & Exhibition to be held December 4-7, 2012 in San Diego and the North American Lake Management Society to be held November 7-9, 2012 in Madison, Wisconsin with the General Manager's discretion for approval of staff attendance.

8) Information Items.

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

Director Alvarado reported that on August 23, 2012 he attended Thursday Night on the Square; on August 24, 2012 he attended the City of Palmdale's 50th Birthday Celebration; on August 28, 2012 he attended the AV International Heritage Committee News Conference at Lancaster City Hall; on September 5, 2012 he attended the Palmdale City Council meeting; on September 6, 2012 he attended the AV Community Leaders Fashion Show at the Antelope Valley Mall and was interviewed by local media; on September 8, 2012 he attended the 18th Annual AV International Heritage Festival at Lancaster City Park and purchased an ad in their brochure on behalf of the District; on

September 10, 2012 he attended the Outreach Committee meeting and discussed reaching out to the rate-payers via newsletter, website and social media; on September 11, 2012 he attended a Board briefing with the General Manager and staff; and that he will be attending a Facilities Committee meeting on September 17, 2012, a water pipe replacement tour on Avenue Q-3, Division Street and Sumac Avenue on September 18, 2012, and a Plant 42 ERAB meeting on September 19, 2012.

Director Dizmang reported that she attended the Outreach Committee meeting; that the "Before the First Drop" campaign went out in the September newsletter; that the campaign will soon be added as an interactive tool on the District's website; that the new bill format was discussed and a simplified explanation for customers is being developed; and that the Committee worked with Attorney Ciampa on the Directors social media issues in relation to the Brown Act and that a policy will soon be presented to the Board.

After a brief discussion of the settlement with the City of Palmdale and exploring new ways to estimate water budget allocations, President Dexter reported that he was invited to be a speaker at the ACWA Regions 5 & 8 Conference on Monday and spoke on a panel about Proposition 218 as an elected official.

There were no further reports from Directors.

8.2) Report of General Manager.

a) District vacancies.

General Manager LaMoreaux reported that as directed by the Board at the last Board meeting, he submitted a letter of opposition to legislation AB 685; that the legislation passed a couple days later; that a request for veto has already been submitted; and that the Public Water Agencies Group (PWAG) will also be submitting a letter requesting that the Governor veto the bill, on behalf of all PWAG members, including the District.

He then reported that there are currently four vacant positions, three being from retirement.

CalPERS and the recent pension reform legislation (AB 340) were then briefly discussed.

8.3) Report of Attorney.

Attorney Gosney reported that research on the pension reform legislation indicates that by 2018, public employers may require all employees to pay 50% of their normal pension costs, up to 8% of the CalPERS contribution, and that in the interim, public employers may negotiate gradual increases in employee pension contributions under the Meyers-Milius-Brown Act while negotiating with an employee organization. However, he pointed out the legislation is silent on the interim gradual increase issue when no employee organization is involved, and after a brief discussion, he concluded his report by stating that there will be a brief closed session.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Closed Session Under:

10.1) Government Code Section 54956.9(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), Pending Litigation: *Velez vs. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*.

At 8:17 p.m., President Dexter called for a closed session pursuant to Government Code Section 54956.9(a), Existing and Pending 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 *Velez vs. City of Palmdale, et al*, Los Angeles Superior Court Case No. MC023216.

He reconvened the regular meeting at 8:40 p.m.

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

Attorney Gosney reported that a closed session had been held under Government Code Section 54956.9(a), Existing and Pending 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; *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 *Velez vs. City of Palmdale, et al*, Los Angeles Superior Court Case No. MC023216; that these matters were reviewed; but that no reportable action under the Brown Act was taken in closed session on any of these matters.

12) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

13) Adjournment.

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



Secretary



Resolution No. 12-13 Honoring and Congratulating The Retirees of 2012

WHEREAS, the Palmdale Water District was formed in 1918 under the provisions of Division 11 of the Water Code of the State of California and has been providing high quality water to the residents of Palmdale for 94 years;

WHEREAS, the Palmdale Water District has been fortunate to have dedicated staff committed to the mission of the District;

WHEREAS, several members of staff are now about to embark on new adventures in life away from Palmdale Water District;

WHEREAS, we, as members of the Palmdale Water District Board of Directors recognize the many years of valuable service and wish to extend our utmost appreciation for the work and dedication of these members of staff departing from the District in this year, 2012;

NOW, THEREFORE, the Board of the Directors of the Palmdale Water District does hereby honor and congratulate the service of these employees and wishes them well in all future endeavors, these employees being:

Robert J. Rodriguez, Construction Supervisor, 33 Years of Service

Daniel C. Henry, Field Service Supervisor, 31 Years of Service

Edward W. Boka, Treatment Plant Supervisor, 12 ½ Years of Service

Jeannie M. Burns, Human Resources Manager, 6 Years of Service

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a regular Board meeting held September 12, 2012.

*GORDON DEXTER, President,
Board of Directors*

*ROBERT ALVARADO, Secretary,
Board of Directors*

*STEVE CORDOVA, Director,
Board of Directors*

*GLORIA DIZMANG, Vice President,
Board of Directors*

*KATHY MAC LAREN, Treasurer,
Board of Directors*