



PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111
Fax (661) 947-8604
www.palmdalewater.org

LAGERLOF, SENECA, GOSNEY & KRUSE LLP
Attorneys



Board of Directors

ROBERT E. ALVARADO
Division 1

GORDON G. DEXTER
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

STEVE R. CORDOVA
Division 5

December 6, 2012

*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, December 12, 2012
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 November 28, 2012.
 - 6.2) Payment of bills for December 12, 2012.
- 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 October 31, 2012. (Financial Advisor Egan)
 - 7.2) Status report on 2012 Financial Statements, Revenue and Expense and Departmental Budget Reports for October 31, 2012. (Finance Manager Williams)
 - 7.3) Status report on committed contracts issued. (Engineering Manager Knudson)
 - 7.4) Consideration and possible action on annual community events for District participation in 2013. (Water Conservation Supervisor Beck/Outreach Committee)
 - 7.5) Consideration and possible action on converting the District's current Kaiser health insurance plan to the ACWA/JPIA Kaiser health insurance plan. (Personnel Committee)
 - 7.6) Consideration and possible action on District employee contribution towards CalPERS retirement. (Personnel Committee)
 - 7.7) Consideration and possible action on award of contract for Specification No. 1101 being the Granular Activated Carbon (GAC) Adsorption System located at the Underground Booster Station tabled from the November 28, 2012 Board meeting. (\$89,000 - Budgeted – Engineering Manager Knudson)
 - 7.8) Consideration and possible action on postponing any automatic rate increases until after adoption of the 2013 Budget. (President Dexter)
 - 7.9) Consideration and possible action on Resolution No. 12-15 Establishing the Palmdale Water District's Investment Policy. (Financial Consultant Egan)
 - 7.10) Consideration and possible action on Board and staff attendance at conferences, seminars, and training sessions as follows:
 - a) None at this time.
- 8) Information Items:
 - 8.1) Reports of Directors: Meetings, Committee meetings, and general report.

- 8.2) Report of General Manager.
 - a) District vacancies.
- 8.3) Report of Attorney.
- 9) 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: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California Case No. ED CV06-0055-GW*.
 - 10.3) Government Code Section 54956.9(a), pending litigation: *Central Delta Water Agency vs. Department of Water Resources, Sacramento Superior Court Case No. 34-2010-80000561*.
 - 10.4) Government Code Section 54956.9(a), pending litigation: *Velez v. City of Palmdale, et al, Los Angeles Superior Court Case No. MC023216*.
- 11) Public report of any action taken in closed session.
- 12) Board members' requests for future agenda items.
- 13) Adjournment.


MICHAEL A. WILLIAMS,
Finance Manager

DDL/MAW/dd

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	December 6, 2012	December 12, 2012
TO:	BOARD OF DIRECTORS	Board Meeting
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	<i>AGENDA ITEM NO. 7.1 – DISCUSSION AND OVERVIEW OF CASH REPORTS</i>	

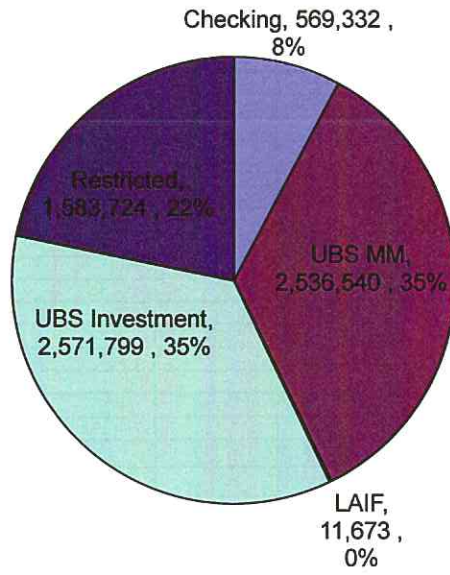
Attached is the Investment Funds Report and current cash balance as of October, 2012. The reports will be reviewed in detail at the Board Meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT

				October 31, 2012			
DESCR						October-12	September-12
A/C #						VALUE	VALUE
CASH							
0-0103	Citizens/US Bank - Checking					407,065.33	(23,304.51)
0-0104	Citizens- Merchant					158,566.45	167,207.08
					Bank cash	565,631.78	143,902.57
0-0119	PETTY CASH					300.00	300.00
0-0120	CASH ON HAND					3,400.00	3,400.00
	TOTAL CASH					569,331.78	147,602.57
INVESTMENTS							
0-0110	UBS ACCOUNT SS 11469 GG						
	UBS RMA Government Portfolio					2,202,454.17	2,673,715.60
	UBS Bank USA Dep acct					250,000.00	250,000.00
						2,452,454.17	2,923,715.60
0-1110	UBS ACCOUNT SS 11475 GG						
	UBS Bank USA Dep acct					84,085.43	11.99
	UBS RMA Government Portfolio					0.00	0.00
						84,085.43	11.99
0-0115	LAIF					11,672.98	11,662.57
0-0111	UBS ACCOUNT SS 11432 GG						
	UBS Bank USA Dep acct					250,000.00	41,649.62
	UBS RMA Government Portfolio					295,037.33	502,500.88
	Accrued interest					4,367.00	6,332.65
	US GOVERNMENT SECURITIES:						
	ISSUE	EXPIR				MARKET	MARKET
	DATE	DATE	RATE	PAR		VALUE	VALUE
		FNMA	10/26/15	1.625	500,000	517,435.00	518,280.00
		FHLB	03/28/17	1.00	500,000	0.00	0.00
		FNMA	06/28/17	1.125	500,000	502,160.00	502,280.00
		FNMA	07/17/17	1.2	500,000	502,215.00	502,510.00
		FNMA	08/22/17	0.625	500,000	500,585.00	500,550.00
					2,500,000.00	2,022,395.00	2,023,620.00
	TOTAL MANAGED ACCOUNT					2,571,799.33	2,574,103.15
	TOTAL INVESTMENTS					5,120,011.91	5,509,493.31
	TOTAL UNRESTRICTED CASH					5,689,343.69	5,657,095.88
RESTRICTED CASH							
0-1120	1998 Debt Reserve Fund						
	FHLB par 1.4Mil matures 10/18/13 3.625% interest					1,445,654.00	1,449,616.00
	Federated Treasury Obligation MM					136,237.50	110,862.50
	Accrued interest					1,832.63	22,978.47
	TOTAL Restricted CASH					1,583,724.13	1,583,456.97
	GRAND TOTAL CASH AND RESTRICTED CASH					7,273,067.82	7,240,552.85
					Incr (Decr)	32,514.97	
	Checking		569,332				
	UBS MM		2,536,540				
	LAIF		11,673				
	UBS Investment		2,571,799				
	Restricted		1,583,724				
	Total		7,273,068				

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT

10/31/12



REVISED 11/14/12	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Water Sales	1,407,565	1,436,524	1,558,529	1,497,910	1,650,872	2,005,547	2,291,232	2,402,584	2,400,731	2,174,324	1,941,288	1,556,933	22,324,039
	1,407,565	1,436,524	1,558,529	1,497,910	1,650,872	2,005,547	2,291,232	2,402,584	2,400,731	2,174,324	1,941,288	1,556,933	
Beginning Balance	9,581,172	10,345,101	9,804,471	8,086,077	9,219,435	10,240,691	10,246,324	10,079,283	9,825,714	7,240,552	7,273,068	7,118,477	
Water Receipts	1,689,691	1,424,941	1,673,663	1,522,158	1,589,687	1,863,677	2,042,046	2,358,043	2,280,299	2,511,812	2,034,502	1,710,675	22,701,194
Other													
Total Operating Revenue	1,689,691	1,424,941	1,673,663	1,522,158	1,589,687	1,863,677	2,042,046	2,358,043	2,280,299	2,511,812	2,034,502	1,710,675	
Operating Expenses:													
Total Operating Expenses excl GAC	1,262,300	1,771,202	1,784,873	1,418,678	1,416,937	1,705,314	1,693,126	1,954,919	1,905,145	1,842,076	1,411,243	1,546,592	19,712,405
													2,988,789
Non-Operating Revenue Expenses:													
Assessments, net	476,956	134,001	7,936	1,496,518	696,673	2,854	401,253	145,546			150,420	1,942,219	5,454,377
Special Avek CIF Payment													0
Interest	6,501	650	1,860	1,849	1,539	2,157	4,864	3,909	183	(2,024)	1,500	1,500	24,489
Grant Re-imbursement													0
Capital Improvement Fees	693,287	0	0	0	531,216	30,923	0			84,073			1,339,500
													0
DWR Refund					36,235	257,410							293,645
Other /Palmdale Redevel Agency		44,554	11,229	11,229	13,118	124,953	16,981	6,266	9,639	35,250	12,000	12,000	297,219
Total Non-Operating Revenues	1,176,744	179,205	21,025	1,509,596	1,278,781	418,297	423,098	155,721	9,822	117,300	163,920	1,955,719	7,409,229
Capital Expenditures	(273,428)	(268,365)	(190,677)	(323,525)	(86,084)	(414,837)	(93,229)	(271,931)	(183,329)	(185,048)	(371,569)	(290,050)	(2,952,072)
GAC					(219,829)		(213,723)	(216,776)	(217,991)		(433,552)	(216,776)	(1,518,647)
SWP Capitalized	(566,283)	(104,714)	(129,747)	(118,652)	(118,650)	(118,650)	(611,172)	(118,650)	(118,556)	(118,649)	(118,650)	(118,650)	(2,361,023)
Prepaid Insurance (paid) refunded			(64,852)					(187,306)					(252,158)
Bond Payments Interest			(1,207,096)						(1,207,096)				(2,414,192)
Principal									(1,220,000)				(1,220,000)
System Work for AVEK													0
Butte payments										(471,264)			(471,264)
Capital leases	(495)	(495)	(35,838)	(37,540)	(5,712)	(37,540)	(20,936)	(17,751)	(23,166)	20,441	(18,000)	(18,000)	(195,032)
Legal adjudication fees													0
Total Cash Ending Balance	10,345,101	9,804,471	8,086,077	9,219,435	10,240,691	10,246,324	10,079,283	9,825,714	7,240,552	7,273,068	7,118,477	8,594,803	(11,384,388)
											Budget	8,100,000	(986,370)
actual cash											diff	494,803	

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: December 6, 2012 **December 12, 2012**
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 2012 FINANCIAL STATEMENTS, REVENUE AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR OCTOBER 31, 2012***

Discussion:

Presented here are Balance Sheet and Profit/Loss Statements for the period ending October 31, 2012. 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 through the month of October, 2012.

With ten months of the budget year complete, target percentages should be at or below 83.3% for expenditures and at or above that mark for revenue. I will discuss some areas of the statements during the presentation.

Balance Sheet:

- Page 1 is our balance sheet on October 31, 2012. There are no significant changes to report.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on October 31, 2012.
- Operating revenue is at 86% of budget.
- Cash operating expense is at 80% of budget.
- All departments are operating at 83% of budget or lower with the exception of Administrative Services which is at 85%.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of October 2011 to October 2012.
- Total operating revenue is up by \$219K or 11%.
- Operating expenditures are down by \$263K or 20%.
- Page 8 is a graphic presentation of the water consumption comparison. Units billed were up 96 units, or 5%, with total revenue per unit consumed up by \$0.14, or 5.62%. Total revenue per connection was up by \$7.58, or 10%. There were 240 more active connections this October compared to last year.

December 6, 2012

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year to date.
- Operating revenue is up in 2012 by \$551k, or 3%, compared to 2011. In addition, looking at strictly our water sales revenue, we continue to exceed last year's levels by \$798K.
- Total revenue is up \$703K, or 3%.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year to date.
- Cash Operating Expenses in 2012 are up by \$1.5M or 9% compared to 2011. This is primarily due to water purchases, which are up \$1.4M.
- Total Expenses are up in 2012 by \$1.8M, or 7%, compared to 2011.

Departments:

- Pages 14 through 22 are detailed budgets of each department. As stated earlier, all departments are below the target 83.3% except for Administrative Services on page 19. The higher percentage is due to the increased number of meter and register replacements. Line item 1-06-4235-470 is over budget by \$82K.

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.

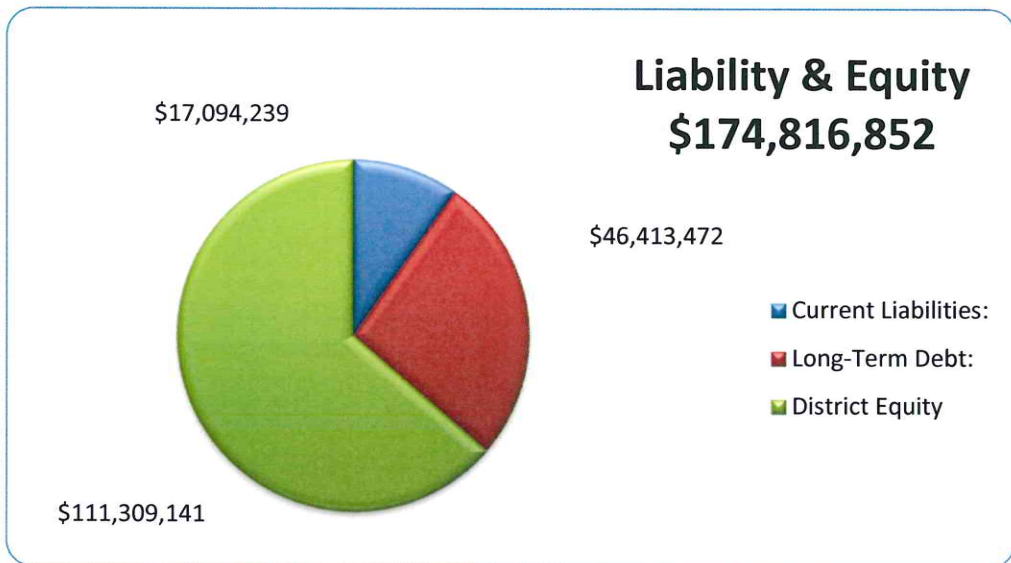
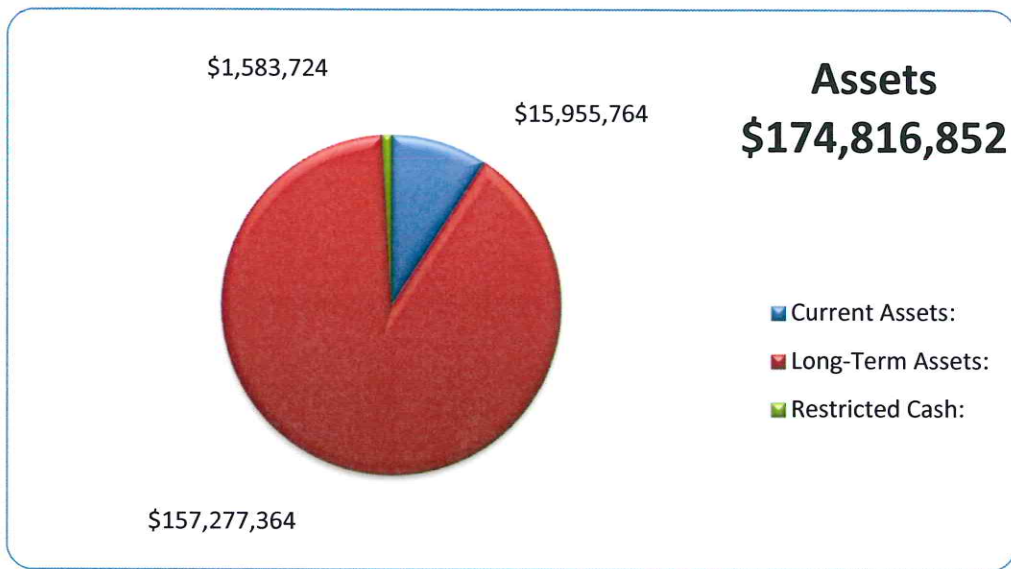
Service Cost Construction: The value of material, parts and supplies from inventory used to construct, repair and maintain our asset infrastructure.

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

Palmdale Water District
Balance Sheet Report
For the Ten Months Ending 10/31/2012

	October 2012	September 2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 569,332	\$ 147,603
Investments	5,591,276	5,509,493
Market Adjustment		-
	<u>\$ 6,160,608</u>	<u>\$ 5,657,096</u>
Receivables:		
Accounts Receivables - Water Sales	\$ 2,263,848	\$ 2,427,755
Accounts Receivables - Miscellaneous	133,519	74,531
Allowance for Uncollected Accounts	(264,336)	(264,336)
	<u>\$ 2,133,030</u>	<u>\$ 2,237,949</u>
Interest Receivable	\$ -	\$ -
Assessments Receivables	6,628,487	6,628,487
Meters, Materials and Supplies	841,455	738,961
Prepaid Expenses	192,184	213,197
Total Current Assets	<u>\$ 15,955,764</u>	<u>\$ 15,475,691</u>
Long-Term Assets:		
Property, Plant, and Equipment, net	\$ 120,865,782	\$ 121,099,038
Participation Rights in State Water Project, net	35,739,003	35,749,299
Bond Issuance Cost, Net	672,580	675,737
	<u>\$ 157,277,364</u>	<u>\$ 157,524,074</u>
Restricted Cash:		
Debt Reserve Fund - 1998 Bonds	\$ 1,583,724	\$ 1,583,457
Rate Stabilization Fund	-	-
Installment Payment Account - 2004 Bonds	-	-
Installment Payment Account - 1998 Bonds	-	-
	<u>\$ 1,583,724</u>	<u>\$ 1,583,457</u>
Total Long-Term Assets & Restricted Cash	<u>\$ 158,861,088</u>	<u>\$ 159,107,531</u>
Total Assets	<u>\$ 174,816,852</u>	<u>\$ 174,583,222</u>
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	\$ 196,574	\$ (0)
Current Principal Installment of Long-term Debt	1,220,000	1,220,000
Accounts Payable and Accrued Expenses	5,550,903	4,891,119
OPEB Liability	5,876,773	5,741,083
Deferred Assessments	4,249,989	4,666,657
Total Current Liabilities	<u>\$ 17,094,239</u>	<u>\$ 16,518,858</u>
Long-Term Debt:		
1998 - Certificates of Participation	\$ 10,993,290	\$ 10,988,162
2004 - Certificates of Participation	35,420,183	35,421,096
Total Liabilities	<u>\$ 63,507,711</u>	<u>\$ 62,928,116</u>
District Equity		
Revenue from Operations	\$ (2,426,523)	\$ (2,080,558)
Retained Earnings	113,735,664	113,735,664
Total Liabilities and District Equity	<u>\$ 174,816,852</u>	<u>\$ 174,583,222</u>

BALANCE SHEET AS OF OCTOBER 31, 2012

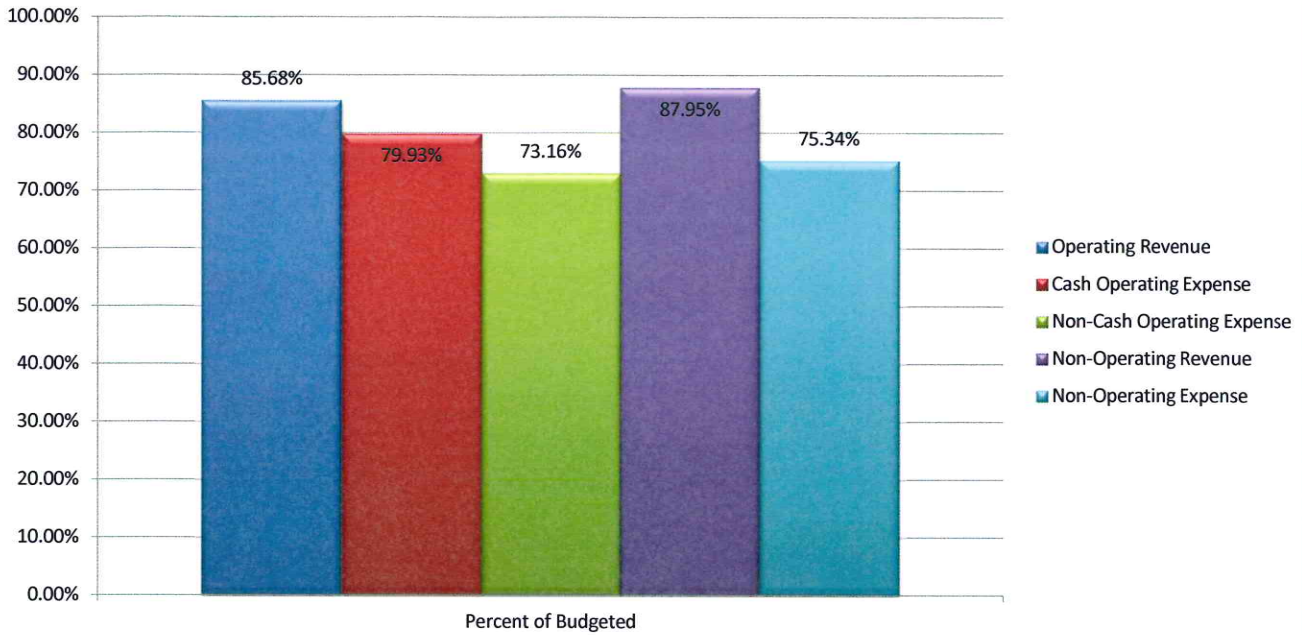


Palmdale Water District
Consolidated Profit and Loss Statement
For the Ten Months Ending 10/31/2012

	Thru September	October	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	\$ -	\$ -	\$ -		\$ 175,000	0.00%
Water Sales	6,222,961	1,018,693	7,241,654		8,145,000	88.91%
Meter Fees	7,763,387	843,692	8,607,079		10,400,000	82.76%
Water Quality Fees	1,248,670	168,059	1,416,729		1,550,000	91.40%
Elevation Fees	430,426	55,781	486,207		525,000	92.61%
Other	1,042,754	93,178	1,135,932		1,250,000	90.87%
Total Water Sales	\$ 16,708,198	\$ 2,179,404	\$ 18,887,602	\$ -	\$ 22,045,000	85.68%
Cash Operating Expenses:						
Directors	\$ 83,331	\$ 6,117	\$ 89,449		\$ 154,000	58.08%
Administration	2,029,869	121,985	2,151,854		3,547,000	60.67%
Engineering	861,357	89,556	950,913		1,169,000	81.34%
Facilities	2,565,529	326,853	2,892,382		3,490,500	82.86%
Operations	3,538,578	425,917	3,964,495		5,113,750	77.53%
Administrative Services	2,168,166	212,949	2,381,115		2,788,750	85.38%
Water Conservation	165,060	18,299	183,358		223,500	82.04%
Human Resources	184,530	3,721	188,251		267,850	70.28%
Information Technology*	462,617	87,299	549,917	(1,300)	735,450	74.77%
Water Purchases	2,752,200	55,873	2,808,073		2,800,000	100.29%
Water Recovery	(124,338)	-	(124,338)		(200,000)	62.17%
Capitalized Expenditures*	499,244	7,251	506,495	1,300	413,800	122.40%
GAC Filter Media Replacement	868,320	216,776	1,085,096		1,550,000	70.01%
Total Cash Operating Expenses	\$ 16,054,464	\$ 1,572,596	\$ 17,627,059	\$ -	\$ 22,053,600	79.93%
Non-Cash Operating Expenses:						
Depreciation	\$ 5,208,157	\$ 565,045	\$ 5,773,203		\$ 7,800,000	74.02%
OPEB Accrual Expense	1,489,991	147,678	1,637,669		2,000,000	81.88%
Bad Debts	3,554	838	4,392		100,000	4.39%
Service Costs Construction	20,642	845	21,486		125,000	17.19%
Capitalized Construction	(765,375)	(68,925)	(834,300)		(1,000,000)	83.43%
Total Non-Cash Operating Expenses	\$ 5,956,969	\$ 645,480	\$ 6,602,449	\$ -	\$ 9,025,000	73.16%
Net Operating Profit/(Loss)	\$ (5,303,234)	\$ (38,672)	\$ (5,341,906)	\$ -	\$ (9,033,600)	59.13%
Non-Operating Revenues:						
Assessments (Debt Service)	\$ 2,853,326	\$ 301,025	\$ 3,154,351		\$ 4,000,000	78.86%
Assessments (1%)	1,096,136	115,642	1,211,778		1,500,000	80.79%
DWR Fixed Charge Recovery	435,918	-	435,918		-	-
Interest	23,682	(2,024)	21,659		60,000	36.10%
Capital Improvement Fees	1,255,427	84,073	1,339,500		1,286,848	104.09%
State Grants	-	-	-		250,000	0.00%
Other	131,334	35,250	166,584		100,000	166.58%
Total Non-Operating Revenues	\$ 5,795,823	\$ 533,967	\$ 6,329,790	\$ -	\$ 7,196,848	87.95%
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 1,876,993	\$ 203,946	\$ 2,080,940		\$ 2,490,000	83.57%
Amortization of SWP	1,160,505	128,945	1,289,450		1,680,000	76.75%
Capital Lease	-	-	-		212,000	0.00%
Water Conservation Programs	43,014	1,002	44,017		150,000	29.34%
Total Non-Operating Expenses	\$ 3,080,513	\$ 333,894	\$ 3,414,407	\$ -	\$ 4,532,000	75.34%
Net Earnings	\$ (2,587,924)	\$ 161,401	\$ (2,426,523)	\$ -	\$ (6,368,752)	38.10%

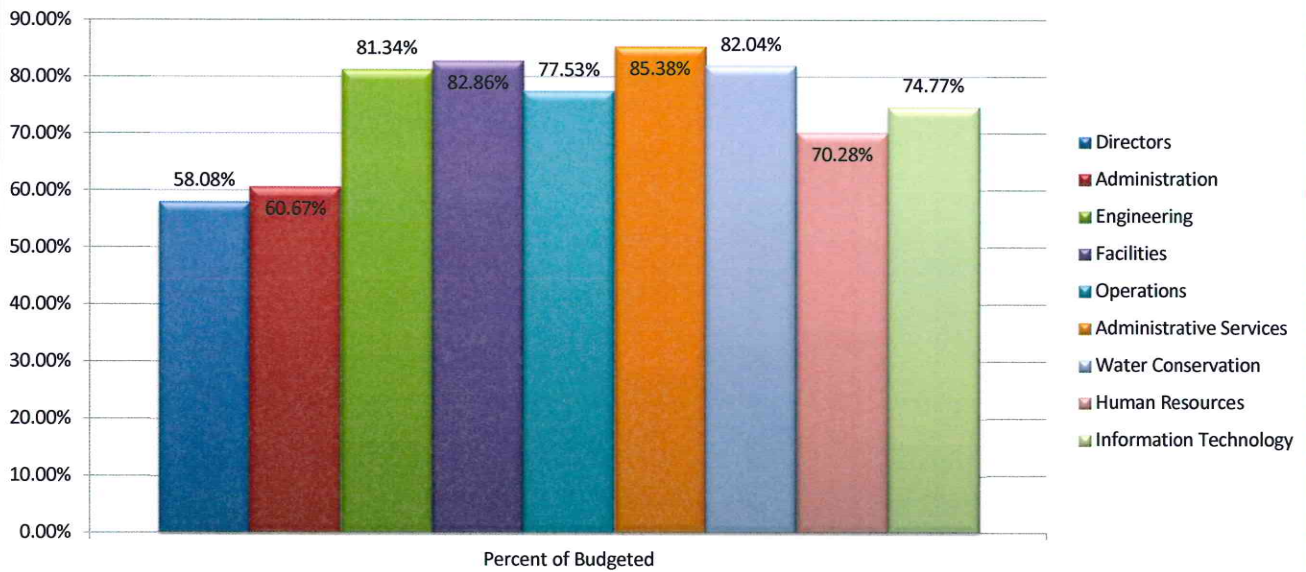
* Budget adjustments by General Manager per Appendix A

P & L BUDGET vs. ACTUAL

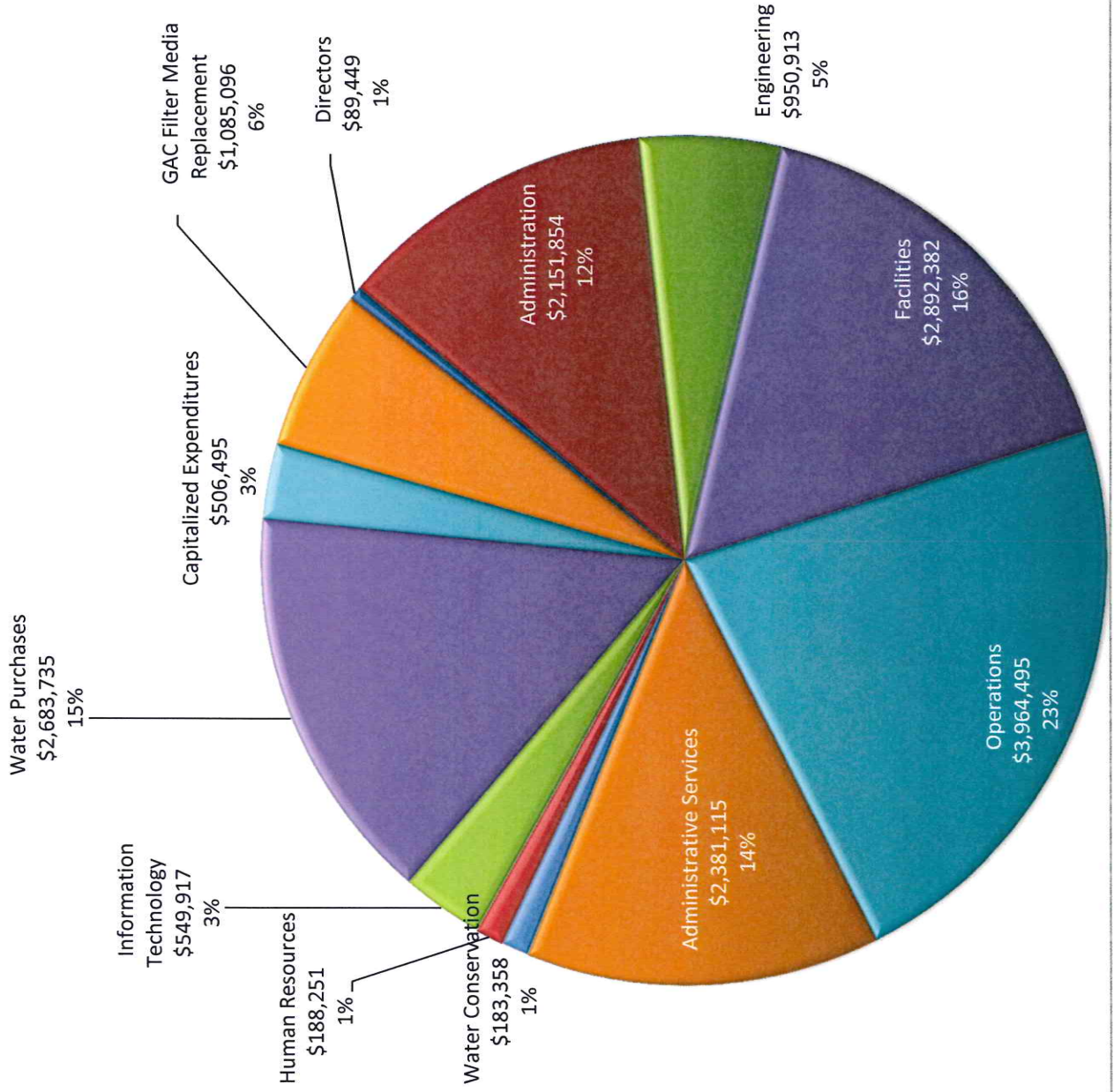


Directors Year-to-Date Budget
89,449 154,000 58.08%

DEPARTMENTAL - BUDGET vs. ACTUAL

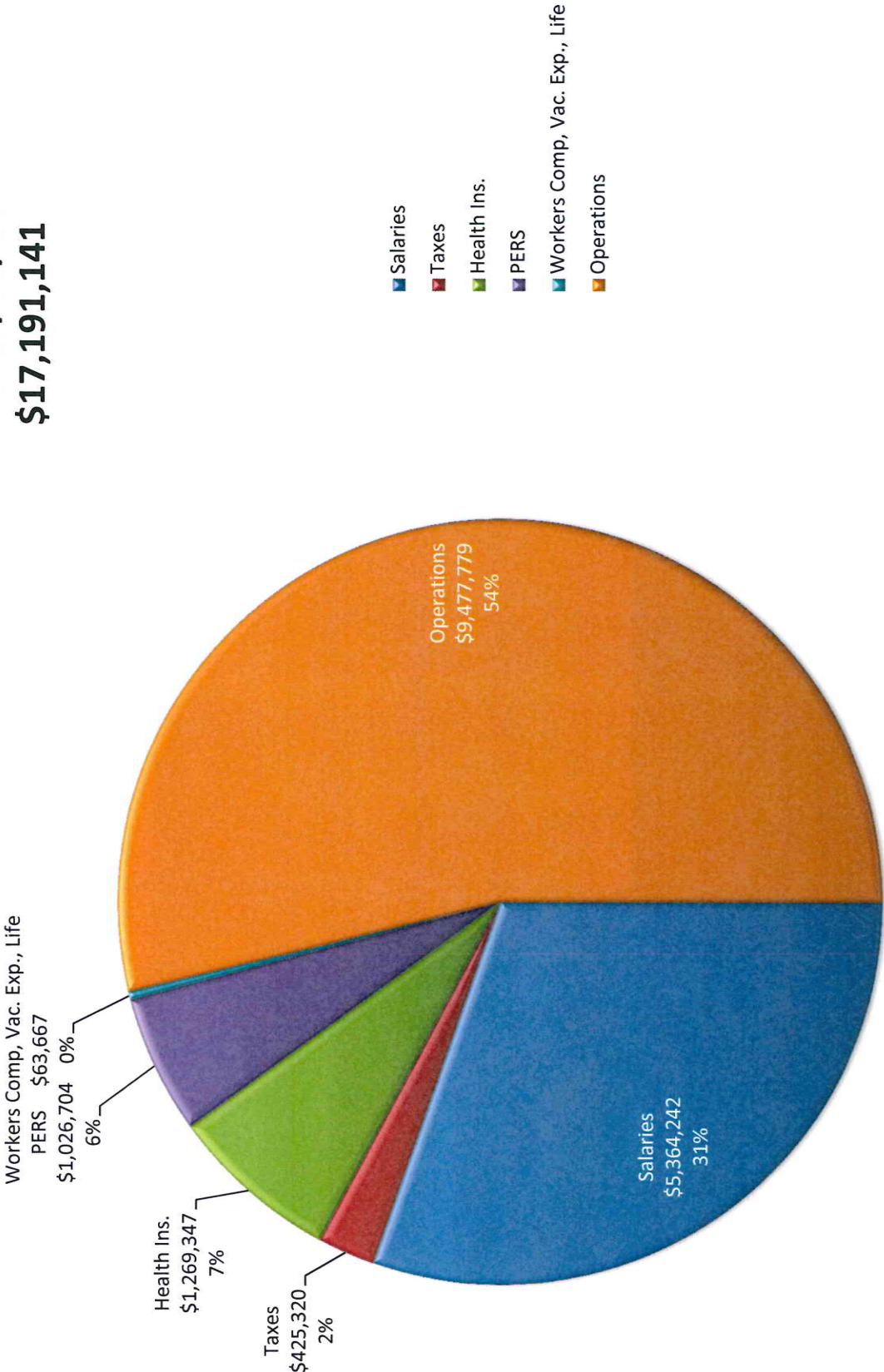


Cash Operating Expenses YTD 10/31/12 \$17,191,141



Personnel to Operations Exp

YTD 10/31/12
\$17,191,141

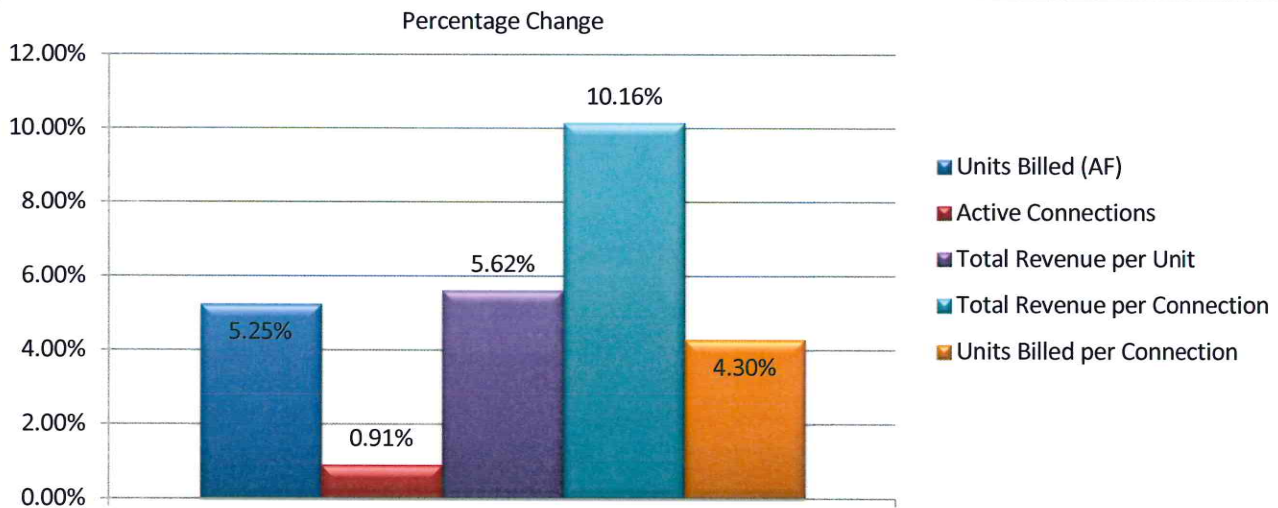
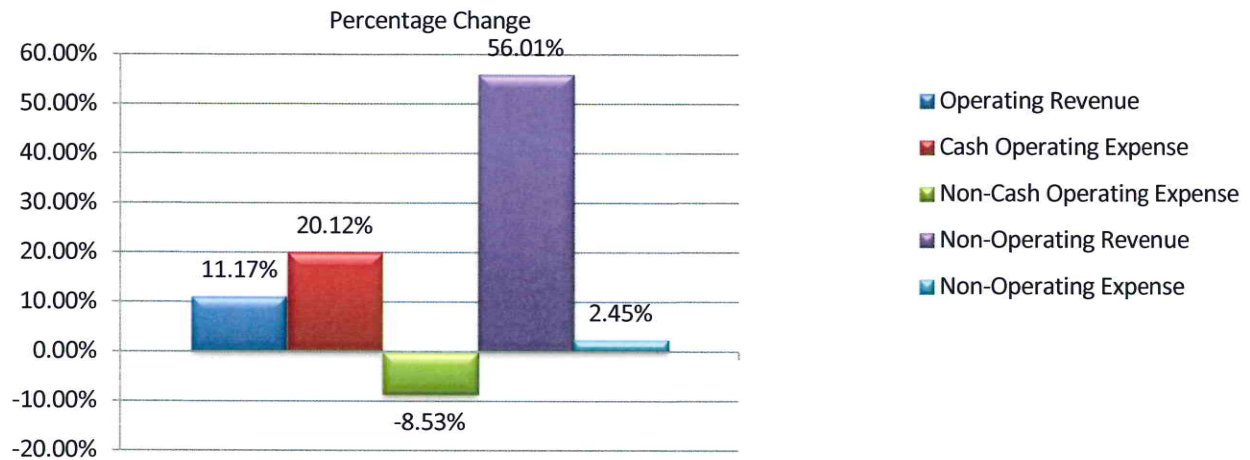


Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - October

	2011	2012		%	Consumption Comparison		
	October	October	Change	Change	Units Billed	2011	2012
Operating Revenue:						798,371	840,297
Wholesale Water	\$ -	\$ -	\$ -		Active	26,264	26,504
Water Sales	768,223	1,018,693	250,470	32.60%	Vacant	1,377	1,138
Meter Fees	862,490	843,692	(18,798)	-2.18%			
Water Quality Fees	153,833	168,059	14,227	9.25%	Rev/unit	\$ 2.46	\$ 2.59
Elevation Fees	52,391	55,781	3,390	6.47%	Rev/con	\$ 74.65	\$ 82.23
Other	123,541	93,178	(30,362)	-24.58%	Unit/con	30.40	31.70
Total Water Sales	\$ 1,960,477	\$ 2,179,404	\$ 218,927	11.17%			
Cash Operating Expenses:							
Directors	\$ 11,766	\$ 6,117	\$ (5,649)	-48.01%			
Administration	200,587	121,985	(78,602)	-39.19%			
Engineering	86,333	89,556	3,223	3.73%			
Facilities	247,685	326,853	79,168	31.96%			
Operations	408,900	425,917	17,017	4.16%			
Administrative Services	217,038	212,949	(4,089)	-1.88%			
Water Conservation	19,292	18,299	(994)	-5.15%			
Human Resources	15,850	3,721	(12,129)	-76.52%			
Information Technology	32,431	87,299	54,868	169.18%			
Water Purchases	107,974	55,873	(52,101)	-48.25%			
Water Recovery	(257,401)	-	257,401	-100.00%			
Capitalized Expenditures	2,023	7,251	5,227	258.37%			
GAC Filter Media Replacement	216,742	216,776	34	0.02%			
Total Cash Operating Expenses	\$ 1,309,220	\$ 1,572,596	\$ 263,376	20.12%			
Non-Cash Operating Expenses:							
Depreciation	\$ 558,953	\$ 565,045	\$ 6,092	1.09%			
OPEB Accrual Expense	201,308	147,678	(53,630)	-26.64%			
Bad Debts	4,047	838	(3,209)	-79.30%			
Service Costs Construction	246	845	599	243.10%			
Capitalized Construction	(58,884)	(68,925)	(10,042)	17.05%			
Total Non-Cash Operating Expenses	\$ 705,671	\$ 645,480	\$ (60,190)	-8.53%			
Net Operating Profit/(Loss)	\$ (54,413)	\$ (38,672)	\$ 15,741	-28.93%			
Non-Operating Revenues:							
Assessments	\$ 333,333	\$ 416,668	\$ 83,334	25.00%			
DWR Fixed Charge Recovery	-	-	-				
Interest	(49)	(2,024)	(1,975)	4061.85%			
Capital Improvement Fees	6,439	84,073	77,634	1205.65%			
State Grants	-	-	-				
Other	2,532	35,250	32,718				
Total Non-Operating Revenues	\$ 342,256	\$ 533,967	\$ 191,711	56.01%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ 208,555	\$ 203,946	\$ (4,608)	-2.21%			
Amortization of SWP	117,346	128,945	11,599	9.88%			
Capital Lease	-	-	-				
Water Conservation Programs	-	1,002	1,002				
Total Non-Operating Expenses	\$ 325,901	\$ 333,894	\$ 7,993	2.45%			
Net Earnings	\$ (38,058)	\$ 161,401	\$ 199,459	-524.09%			

YEAR-TO-YEAR COMPARISON

October '11 -To- October '12



	2011	2012	Change	
Units Billed (AF)	1,833	1,929	96	5.25%
Active Connections	26,264	26,504	240	0.91%
Non-Active	1,377	1,138	-239	-17.36%
Total Revenue per Unit	\$2.46	\$2.59	\$0.14	5.62%
Total Revenue per Connection	\$74.65	\$82.23	\$7.58	10.16%
Units Billed per Connection	30.40	31.70	1	4.30%

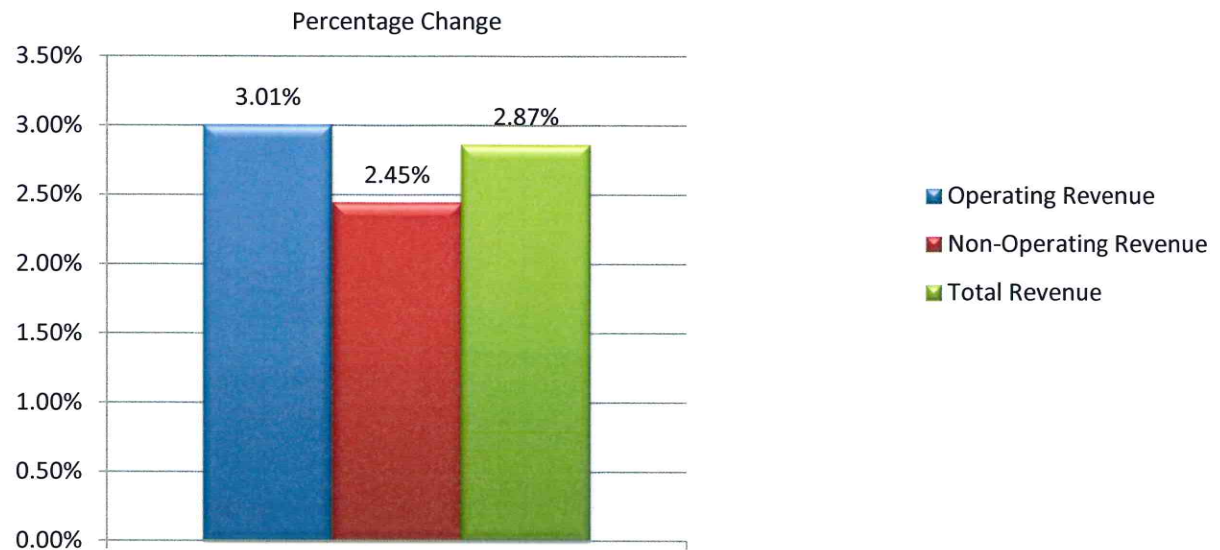
Palmdale Water District
Revenue Analysis
For the Ten Months Ending 10/31/2012
2012

	2011 to 2012 Comparison				
	Thru September	October	Year-to-Date	Change	%
Operating Revenue:					
Wholesale Water	\$ -	\$ -	\$ -		0.00%
Water Sales	6,222,961	1,018,693	7,241,654		9.89%
Meter Fees	7,763,387	843,692	8,607,079		0.06%
Water Quality Fees	1,248,670	168,059	1,416,729		7.26%
Elevation Fees	430,426	55,781	486,207		10.08%
Other	1,042,754	93,178	1,135,932		-17.82%
Total Water Sales	\$ 16,708,198	\$ 2,179,404	\$ 18,887,602	\$ 22,045,000	85.68%
Non-Operating Revenues:					
Assessments	\$ 3,949,462	\$ 416,668	\$ 4,366,129	\$ 5,500,000	79.38%
DWR Fixed Charge Recovery	435,918	-	435,918	-	
Interest	23,682	(2,024)	21,659	60,000	36.10%
Capital Improvement Fees	1,255,427	84,073	1,339,500	1,286,848	104.09%
State Grants	-	-	-	250,000	0.00%
Other	131,334	35,250	166,584	100,000	166.58%
Total Non-Operating Revenues	\$ 5,795,823	\$ 533,967	\$ 6,329,790	\$ 7,196,848	87.95%
Total Revenue	\$ 22,504,021	\$ 2,713,371	\$ 25,217,392	\$ 29,241,848	86.24%

	2011				
	Thru September	October	Year-to-Date	Adjusted Budget	% of Budget
Operating Revenue:					
Water Sales	\$ 5,821,450	\$ 768,223	\$ 6,589,673	\$ 9,400,000	70.10%
Meter Fees	7,739,056	862,490	8,601,546	10,650,000	80.77%
Water Quality Fees	1,166,962	153,833	1,320,795	1,600,000	82.55%
Elevation Fees	389,301	52,391	441,692	560,000	
Other	1,258,679	123,541	1,382,219	1,175,000	117.64%
Total Water Sales	\$ 16,375,447	\$ 1,960,477	\$ 18,335,924	\$ 23,385,000	78.41%
Non-Operating Revenues:					
Assessments	\$ 3,812,071	\$ 333,333	\$ 4,145,404	\$ 5,000,000	82.91%
DWR Fixed Charge Recovery	591,517	-	591,517	-	
Interest	73,458	(49)	73,410	120,000	61.17%
Capital Improvement Fees	1,219,080	6,439	1,225,519	250,000	490.21%
State Grants	76,200	-	76,200	500,000	15.24%
Other	63,993	2,532	66,525	175,000	38.01%
Total Non-Operating Revenues	\$ 5,836,319	\$ 342,256	\$ 6,178,575	\$ 6,045,000	102.21%
Total Revenue	\$ 22,211,766	\$ 2,302,733	\$ 24,514,499	\$ 29,430,000	83.30%

REVENUE COMPARISON YEAR-TO-DATE

October '11-To-October '12



Palmdale Water District

Operating Expense Analysis

For the Ten Months Ending 10/31/2012

2011 to 2012 Comparison

2012

	Thru September	October	Year-to-Date	Adjusted Budget	% of Budget	Thru September	October	Year-to-Date	% Change
Cash Operating Expenses:									
Directors	\$ 83,331	\$ 6,117	\$ 89,449	\$ 154,000	58.08%	\$ (22,752)	\$ (5,649)	\$ (28,401)	-24.10%
Administration	2,029,869	121,985	2,151,854	3,547,000	60.67%	(969,325)	(78,602)	(1,047,927)	-32.75%
Engineering	861,357	89,556	950,913	1,169,000	81.34%	(6,544)	3,223	(3,321)	-0.35%
Facilities	2,565,529	326,853	2,892,382	3,490,500	82.86%	100,980	79,168	180,148	6.64%
Operations	3,538,578	425,917	3,964,495	5,113,750	77.53%	104,866	17,017	121,883	3.17%
Administrative Services	2,168,166	212,949	2,381,115	2,788,750	85.38%	135,405	(4,089)	131,315	5.84%
Water Conservation	165,060	18,299	183,358	223,500	82.04%	15,245	(994)	14,252	8.43%
Human Resources	184,530	3,721	188,251	267,850	70.28%	13,191	(12,129)	1,062	0.57%
Information Technology	462,617	87,299	549,917	736,750	74.64%	462,617	54,868	116,588	26.91%
Water Purchases	2,752,200	55,873	2,808,073	2,800,000	100.29%	1,448,258	(52,101)	1,396,157	98.88%
Water Recovery	(124,338)	-	(124,338)	(200,000)	62.17%	8,931	257,401	266,333	-68.17%
Capitalized Expenditures	499,244	7,251	506,495	412,500	122.79%	333,131	5,227	338,358	201.24%
GAC Filter Media Replacement	868,320	216,776	1,085,096	1,550,000	70.01%	46,375	34	46,409	4.47%
Total Cash Operating Expenses	\$ 16,054,464	\$ 1,572,596	\$ 17,627,059	\$ 22,053,600	79.93%	\$ 1,670,379	\$ 263,376	\$ 1,532,858	8.70%
Non-Cash Operating Expenses:									
Depreciation	\$ 5,208,157	\$ 565,045	\$ 5,773,203	\$ 7,800,000	74.02%	\$ 125,633	\$ 6,092	\$ 131,725	2.33%
OPEB Accrual Expense	1,489,991	147,678	1,637,669	2,000,000	81.88%	148,309	(53,630)	94,679	6.14%
Bad Debts	3,554	838	4,392	100,000	4.39%	(46,304)	(3,209)	(49,513)	-91.85%
Service Costs Construction	20,642	845	21,486	125,000	17.19%	(9,234)	599	(8,635)	-28.67%
Capitalized Construction	(765,375)	(68,925)	(834,300)	(1,000,000)	83.43%	10,202	(10,042)	160	-0.02%
Total Non-Cash Operating Expenses	\$ 5,956,969	\$ 645,480	\$ 6,602,449	\$ 9,025,000	73.16%	\$ 228,607	\$ (60,190)	\$ 168,416	2.55%
Non-Operating Expenses:									
Interest on Long-Term Debt	\$ 1,876,993	\$ 203,946	\$ 2,080,940	\$ 2,490,000	83.57%	\$ (60,143)	\$ (4,608)	\$ (64,752)	-3.02%
Amortization of SWP	1,160,505	128,945	1,289,450	1,680,000	76.75%	104,391	11,599	115,990	9.88%
Capital Lease	-	-	-	212,000	0.00%	-	-	(1,035)	-100.00%
Water Conservation Programs	43,014	1,002	44,017	150,000	29.34%	41,980	1,002	42,982	1.29%
Total Non-Operating Expenses	\$ 3,080,513	\$ 333,894	\$ 3,414,407	\$ 4,532,000	75.34%	\$ 86,227	\$ 7,993	\$ 93,186	2.81%
Total Expenses	\$ 25,091,945	\$ 2,551,970	\$ 27,643,915	\$ 35,610,600	77.63%	\$ 1,985,213	\$ 211,179	\$ 1,794,460	6.94%

Palmdale Water District

Operating Expense Analysis

For the Ten Months Ending 10/31/2012

2011 to 2012 Comparison

2011

Cash Operating Expenses:

	Thru September	October	Year-to-Date	Adjusted Budget	% of Budget
Directors	\$ 106,083	\$ 11,766	\$ 117,849	\$ 146,200	80.61%
Administration	2,999,194	200,587	3,199,781	3,176,000	100.75%
Engineering	867,901	86,333	954,234	1,127,000	84.67%
Facilities	2,464,549	247,685	2,712,234	3,317,000	81.77%
Operations	3,433,712	408,900	3,842,612	5,071,050	75.78%
Administrative Services	2,032,762	217,038	2,249,800	2,762,200	81.45%
Water Conservation	149,815	19,292	169,107	212,500	79.58%
Human Resources	171,339	15,850	187,188	273,000	68.57%
Information Technology	400,897	32,431	433,328	712,500	60.82%
Water Purchases	1,303,942	107,974	1,411,916	3,000,000	47.06%
Water Recovery	(133,269)	(257,401)	(390,671)	(200,000)	195.34%
Capitalized Expenditures	166,114	2,023	168,137	557,300	30.17%
GAC Filter Media Replacement	821,944	216,742	1,038,686	1,600,000	64.92%
Total Cash Operating Expenses	\$ 14,784,982	\$ 1,309,220	\$ 16,094,201	\$ 21,754,750	73.98%

Non-Cash Operating Expenses:

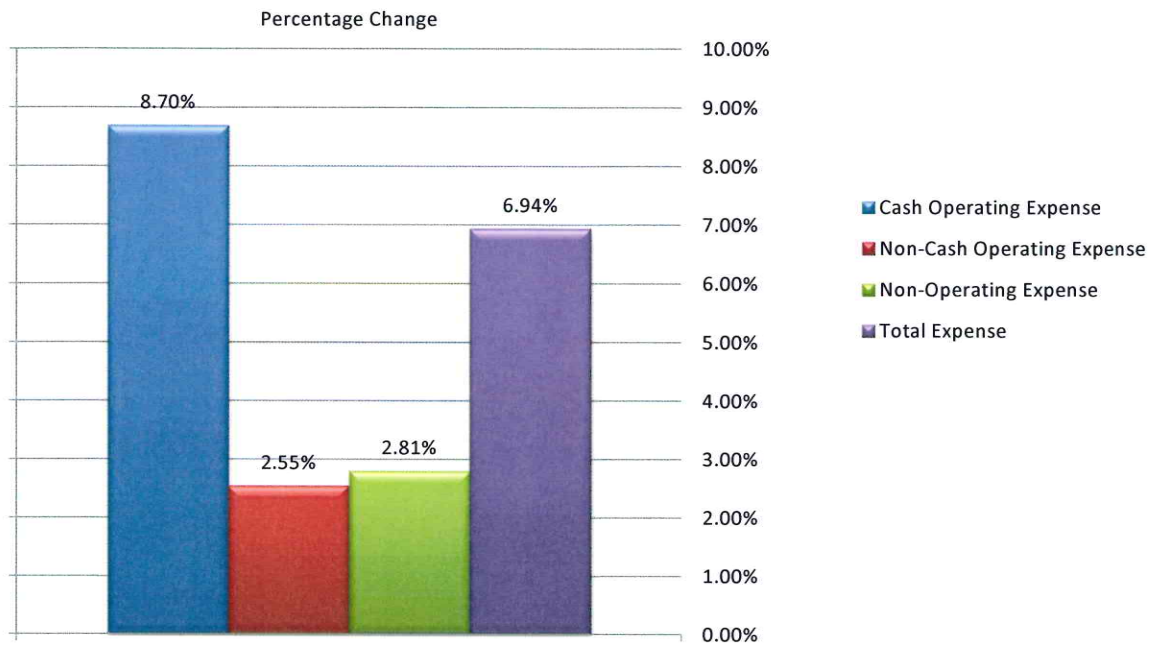
Depreciation	\$ 5,082,524	\$ 558,953	\$ 5,641,477	\$ 6,850,000	82.36%
OPEB Accrual Expense	1,341,682	201,308	1,542,990	550,000	280.54%
Bad Debts	49,858	4,047	53,904	100,000	53.90%
Service Costs Construction	29,875	246	30,121	125,000	24.10%
Capitalized Construction	(775,577)	(58,884)	(834,460)	(1,000,000)	83.45%
Total Non-Cash Operating Expenses	\$ 5,728,362	\$ 705,671	\$ 6,434,033	\$ 6,625,000	97.12%

Non-Operating Expenses:

Interest on Long-Term Debt	\$ 1,937,137	\$ 208,555	\$ 2,145,692	\$ 2,541,000	84.44%
Amortization of SWP	1,056,114	117,346	1,173,460	1,579,000	74.32%
Capital Lease	-	-	-	-	-
Water Conservation Programs	1,035	-	1,035	-	-
Total Non-Operating Expenses	\$ 2,994,286	\$ 325,901	\$ 3,320,186	\$ 4,120,000	80.59%
Total Expenses	\$ 23,507,630	\$ 2,340,791	\$ 25,848,421	\$ 32,499,750	79.53%

EXPENSE COMPARISON YEAR-TO-DATE

September '11-To-September '12



Palmdale Water District
2012 Directors Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 32,400	\$ 45,000	\$ -	\$ 12,600	72.00%
Employee Benefits					
1-01-4005-000 Payroll Taxes	2,536	5,500		2,964	46.11%
1-01-4010-000 Health Insurance	53,750	93,500		39,750	57.49%
Subtotal (Benefits)	56,286	99,000	-	39,750	56.85%
Total Personnel Expenses	<u>\$ 88,686</u>	<u>\$ 144,000</u>	<u>\$ -</u>	<u>\$ 52,350</u>	<u>61.59%</u>
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	763	10,000		9,237	7.63%
Subtotal Operating Expenses	763	10,000	-	9,237	7.63%
Total O & M Expenses	<u>\$ 89,449</u>	<u>\$ 154,000</u>	<u>\$ -</u>	<u>\$ 61,587</u>	<u>58.08%</u>

Palmdale Water District
2012 Administration Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 393,814	\$ 479,250		\$ 85,436	82.17%
1-02-4000-100 Overtime	7,793	6,000		(1,793)	129.89%
1-02-4000-200 On-Call	44,009	64,000		19,991	68.76%
Subtotal (Salaries)	\$ 445,617	\$ 549,250		\$ 103,633	81.13%
Employee Benefits					
1-02-4005-000 Payroll Taxes	27,789	42,000		14,211	66.16%
1-02-4010-000 Health Insurance	73,938	76,750		2,813	96.34%
1-02-4015-000 PERS	77,567	90,500		12,933	85.71%
1-02-4020-000 Worker's Compensation	101,503	200,000		98,497	50.75%
1-02-4025-000 Vacation Benefit Expense	(44,074)	35,000		79,074	-125.93%
1-02-4030-000 Life Insurance	6,238	7,500		1,262	83.18%
Subtotal (Benefits)	\$ 242,960	\$ 451,750	\$ -	\$ 208,790	53.78%
Total Personnel Expenses	\$ 688,577	\$ 1,001,000	\$ -	\$ 312,423	68.79%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 7,480	\$ 8,000		\$ 520	93.50%
1-02-4050-100 General Manager Travel	4,222	5,000		778	84.43%
1-02-4060-000 Staff Conferences & Seminars	754	3,000		2,246	25.13%
1-02-4060-100 General Manager Conferences & Seminars	2,184	4,500		2,316	48.53%
1-02-4070-000 Employee Expense	38,410	40,000		1,590	96.03%
1-02-4080-000 Other Operating	12,860	20,000		7,140	64.30%
1-02-4110-000 Consultants	159,015	200,000		40,985	79.51%
1-02-4125-000 Insurance	254,939	325,000		70,061	78.44%
1-02-4130-000 Bank Charges	89,228	130,000		40,772	68.64%
1-02-4135-000 Groundwater Adjudication	182,512	925,000		742,488	19.73%
1-02-4140-000 Legal Services	397,970	475,000		77,030	83.78%
1-02-4150-000 Accounting Services	20,863	20,000		(863)	104.32%
1-02-4155-000 Contracted Services	21,401	50,000		28,599	42.80%
1-02-4165-000 Memberships/Subscriptions	77,041	110,000		32,959	70.04%
1-02-4170-000 Elections	78,451	70,000		(8,451)	112.07%
1-02-4175-000 Permits	9,111	20,000		10,889	45.55%
1-02-4180-000 Postage	18,621	30,000		11,379	62.07%
1-02-4190-100 Public Relations - Publications	25,680	30,000		4,320	85.60%
1-02-4190-900 Public Relations - Other	1,314	1,000		(314)	131.40%
1-02-4200-000 Advertising	4,301	3,000		(1,301)	143.37%
1-02-4205-000 Office Supplies	14,757	20,000		5,243	73.79%
1-02-4215-200 Natural Gas - Office Building	2,250	5,000		2,750	44.99%
1-02-4220-200 Electricity - Office Building	39,913	50,000		10,087	79.83%
1-02-6300-100 Supplies - Janitorial	-	1,500		1,500	0.00%
Subtotal Operating Expenses	\$ 1,463,277	\$ 2,546,000	\$ -	\$ 1,082,723	57.47%
Total Departmental Expenses	\$ 2,151,854	\$ 3,547,000	\$ -	\$ 1,395,146	60.67%

Palmdale Water District
2012 Engineering Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 616,833	\$ 767,000		\$ 150,167	80.42%
1-03-4000-100 Overtime	955	7,500		6,545	12.73%
Subtotal (Salaries)	\$ 617,788	\$ 774,500		\$ 156,712	79.77%
Employee Benefits					
1-03-4005-000 Payroll Taxes	49,671	59,250		9,579	83.83%
1-03-4010-000 Health Insurance	131,528	158,000		26,472	83.25%
1-03-4015-000 PERS	123,117	144,250		21,133	85.35%
Subtotal (Benefits)	\$ 304,316	\$ 361,500	\$ -	\$ 57,184	84.18%
Total Personnel Expenses	\$ 922,104	\$ 1,136,000	\$ -	\$ 213,896	81.17%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 4,229	\$ 4,250		\$ 21	99.50%
1-03-4060-000 Staff Conferences & Seminars	1,290	2,750		1,460	46.91%
1-03-4155-000 Contracted Services	2,093	6,000		3,907	34.88%
1-03-4165-000 Memberships/Subscriptions	2,604	3,000		396	86.79%
1-03-4250-000 General Materials & Supplies	1,837	2,000		163	91.84%
1-03-8100-100 Computer Software - Maint. & Support	16,757	15,000		(1,757)	111.71%
Subtotal Operating Expenses	\$ 28,809	\$ 33,000	\$ -	\$ 4,191	87.30%
Total Departmental Expenses	\$ 950,913	\$ 1,169,000	\$ -	\$ 218,087	81.34%

Palmdale Water District
2012 Facilities Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-04-4000-000 Salaries	\$ 1,167,903	\$ 1,424,000		\$ 256,097	82.02%
1-04-4000-100 Overtime	23,478	45,000		21,522	52.17%
Subtotal (Salaries)	\$ 1,191,382	\$ 1,469,000		\$ 277,618	81.10%
Employee Benefits					
1-04-4005-000 Payroll Taxes	97,621	112,500		14,879	86.77%
1-04-4010-000 Health Insurance	328,496	394,000		65,504	83.37%
1-04-4015-000 PERS	233,489	266,000		32,511	87.78%
Subtotal (Benefits)	\$ 659,606	\$ 772,500	\$ -	\$ 112,894	85.39%
Total Personnel Expenses	\$ 1,850,988	\$ 2,241,500	\$ -	\$ 368,991	82.58%
OPERATING EXPENSES:					
1-04-4050-000 Staff Travel	\$ -	\$ 3,000		3,000	0.00%
1-04-4060-000 Staff Conferences & Seminars	449	3,000		2,551	14.97%
1-04-4155-000 Contracted Services	23,153	33,000		9,847	70.16%
1-04-4215-200 Natural Gas - Buildings	1,898	4,500		2,602	42.17%
1-04-4220-200 Electricity - Buildings	26,241	17,500		(8,741)	149.95%
1-04-4225-000 Maint. & Repair - Vehicles	31,177	45,000		13,823	69.28%
1-04-4230-100 Maint. & Rep. Office Building	78,315	18,000		(60,315)	435.09%
1-04-4235-110 Maint. & Rep. Equipment	4,998	7,500		2,502	66.65%
1-04-4235-400 Maint. & Rep. Operations - Wells	180,170	150,000		(30,170)	120.11%
1-04-4235-405 Maint. & Rep. Operations - Boosters	36,988	50,000		13,012	73.98%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	6,618	10,000		3,382	66.18%
1-04-4235-415 Maint. & Rep. Operations - Facilities	18,709	15,000		(3,709)	124.73%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	274,998	400,000		125,002	68.75%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	16,524	25,000		8,476	66.10%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	22,299	25,000		2,701	89.20%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	373	5,000		4,627	7.45%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	28,055	40,000		11,945	70.14%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	104	7,500		7,396	1.39%
1-04-6000-000 Waste Disposal	36,135	20,000	20,000	3,865	90.34%
1-04-6100-100 Fuel and Lube - Vehicle	105,783	130,000		24,217	81.37%
1-04-6100-200 Fuel and Lube - Machinery	37,135	43,000		5,865	86.36%
1-04-6200-000 Uniforms	14,156	20,000		5,844	70.78%
1-04-6300-100 Supplies - Misc.	34,334	50,000		15,666	68.67%
1-04-6300-800 Supplies - Construction Materials	40,907	100,000	(20,000)	39,093	51.13%
1-04-6400-000 Tools	11,864	12,000		136	98.86%
1-04-7000-100 Leases -Equipment	10,012	15,000		4,988	66.75%
Subtotal Operating Expenses	\$ 1,041,394	\$ 1,249,000	\$ -	\$ 207,606	83.38%
Total Departmental Expenses	\$ 2,892,382	\$ 3,490,500	\$ -	\$ 576,597	82.86%

Palmdale Water District
2012 Operation Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 1,351,990	\$ 1,619,250		\$ 267,260	83.49%
1-05-4000-100 Overtime	64,215	60,000		(4,215)	107.03%
Subtotal (Salaries)	\$ 1,416,205	\$ 1,679,250		\$ 263,045	84.34%
Employee Benefits					
1-05-4005-000 Payroll Taxes	113,921	128,500		14,579	88.65%
1-05-4010-000 Health Insurance	306,259	367,500		61,241	83.34%
1-05-4015-000 PERS	266,522	304,000		37,478	87.67%
Subtotal (Benefits)	\$ 686,702	\$ 800,000	\$ -	\$ 113,298	85.84%
Total Personnel Expenses	\$ 2,102,907	\$ 2,479,250	\$ -	\$ 380,558	84.82%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ 5,118	\$ 8,000		\$ 2,882	63.98%
1-05-4060-000 Staff Conferences & Seminars	4,916	9,500		4,584	51.75%
1-05-4120-100 Training - Lab Equipment	-	3,500		3,500	0.00%
1-05-4155-000 Contracted Services	53,224	59,000		5,776	90.21%
1-05-4175-000 Permits	39,536	51,000		11,464	77.52%
1-05-4215-100 Natural Gas - Wells & Boosters	77,436	150,000		72,564	51.62%
1-05-4215-200 Natural Gas - WTP	732	3,000		2,268	24.39%
1-05-4220-100 Electricity - Wells & Boosters	971,809	1,450,000		478,191	67.02%
1-05-4220-200 Electricity - WTP	109,090	185,000		75,910	58.97%
1-05-4230-110 Maint. & Rep. - Office Equipment	-	500		500	0.00%
1-05-4235-110 Maint. & Rep. Operations - Equipment	5,544	15,000		9,456	36.96%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	2,229	6,000		3,771	37.14%
1-05-4235-415 Maint. & Rep. Operations - Facilities	28,518	38,000		9,482	75.05%
1-05-4235-445 Maint. & Rep. Operations - Telemetry	4,538	2,250		(2,288)	201.70%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	307	7,250		6,943	4.24%
1-05-4236-000 Palmdale Lake Management	14,049	15,000		951	93.66%
1-05-4270-300 Telecommunication - Other	2,112	2,250		138	0.00%
1-05-4300-300 Testing - Edison	-	12,000		12,000	21.49%
1-05-6000-000 Waste Disposal	2,579	15,000		12,421	56.27%
1-05-6200-000 Uniforms	8,441	10,000		1,559	159.67%
1-05-6300-100 Supplies - Misc.	15,967	15,000		(967)	30.16%
1-05-6300-200 Supplies - Hypo Generator	4,525	6,750		2,225	14.68%
1-05-6300-300 Supplies - Electrical	991	3,500		2,509	197.95%
1-05-6300-400 Supplies - Telemetry	6,928	7,500		572	381.24%
1-05-6300-600 Supplies - Lab	28,593	35,000		6,407	106.19%
1-05-6300-700 Outside Lab Work	37,165	65,000		27,835	4.63%
1-05-6400-000 Tools	3,010	6,500		3,490	
1-05-6500-000 Chemicals	434,185	450,000		15,815	0.01%
1-05-7000-100 Leases -Equipment	47	3,000		2,953	
Subtotal Operating Expenses	\$ 1,861,588	\$ 2,634,500	\$ -	\$ 772,912	70.66%
Total Departmental Expenses	\$ 3,964,495	\$ 5,113,750	\$ -	\$ 1,153,470	77.53%

Palmdale Water District
2012 Administrative Services Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 1,242,392	\$ 1,531,250		\$ 288,858	81.14%
1-06-4000-100 Overtime	13,782	25,000		11,219	55.13%
Subtotal (Salaries)	\$ 1,256,174	\$ 1,556,250		\$ 300,076	80.72%
Employee Benefits					
1-06-4005-000 Payroll Taxes	101,263	119,250		17,987	84.92%
1-06-4010-000 Health Insurance	311,271	381,000		69,729	81.70%
1-06-4015-000 PERS	248,472	286,500		38,028	86.73%
Subtotal (Benefits)	\$ 661,006	\$ 786,750	\$ -	\$ 125,744	84.02%
Total Personnel Expenses	\$ 1,917,180	\$ 2,343,000	\$ -	\$ 414,602	81.83%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ -	\$ 250		250	0.00%
1-06-4060-000 Staff Conferences & Seminars	928	1,000		72	92.84%
1-06-4155-300 Contracted Services	8,212	14,500		6,288	56.64%
1-06-4155-100 Contracted Services - Infosend	184,924	205,000		20,076	90.21%
1-06-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	117	1,000		883	11.66%
1-06-4235-440 Maint. & Rep. Operations - Large Meters	12,144	10,000		(2,144)	121.44%
1-06-4235-470 Maint. & Rep. Operations - Meter Exchanges	207,619	125,000		(82,619)	166.09%
1-06-4250-000 General Material & Supplies	2,810	4,000		1,190	70.25%
1-06-4260-000 Business Forms	5,564	10,000		4,436	55.64%
1-06-4270-100 Telecommunication - Office	12,515	30,000		17,485	41.72%
1-06-4270-200 Telecommunication - Cellular Stipend	12,890	17,000		4,110	75.82%
1-06-4270-300 Telecommunication - Cellular	1,261	3,000		1,739	42.02%
1-06-4300-200 Testing - Large Meter Testing	13,160	21,500		8,340	61.21%
1-06-7000-100 Leases - Equipment	1,792	3,000		1,208	59.72%
Subtotal Operating Expenses	\$ 463,936	\$ 445,750	\$ -	\$ (18,186)	104.08%
Total Departmental Expenses	\$ 2,381,115	\$ 2,788,750	\$ -	\$ 396,416	85.38%

Palmdale Water District
2012 Water Conservation Budget
For the Ten Months Ending Wednesday, October 31, 2012

YTD ACTUAL	ORIGINAL BUDGET	ADJUSTMENTS	ADJUSTED BUDGET	PERCENT
2012	2012	2012	REMAINING	USED

Personnel Budget:

1-07-4000-000 Salaries	\$ 122,049	\$ 151,750	\$ 29,701	80.43%
1-07-4000-100 Overtime	1,000	1,250	250	80.03%
Subtotal (Salaries)	\$ 123,049	\$ 153,000	\$ 29,951	80.42%

Employee Benefits

1-07-4005-000 Payroll Taxes	9,853	12,000	2,147	82.11%
1-07-4010-000 Health Insurance	16,540	15,500	(1,040)	106.71%
1-07-4015-000 PERS	25,272	28,500	3,228	88.67%
Subtotal (Benefits)	\$ 51,665	\$ 56,000	\$ 4,335	92.26%

Total Personnel Expenses

\$ 174,714	\$ 209,000	\$ -	\$ 34,036	83.60%
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OPERATING EXPENSES:

1-07-4050-000 Staff Travel	\$ 116	\$ 1,000	\$ 884	11.60%
1-07-4060-000 Staff Conferences & Seminars	299	500	201	59.80%
1-07-4190-300 Public Relations - Landscape Workshop/Training	407	2,500	2,093	16.26%
1-07-4190-400 Public Relations - Contests	-	500	500	0.00%
1-07-4190-500 Public Relations - Education Programs	3,995	5,000	1,005	79.89%
1-07-4190-700 Public Relations -General Media	875	3,000	2,125	29.17%
1-07-6300-100 Supplies - Misc.	2,953	2,000	(953)	147.65%
Subtotal Operating Expenses	\$ 8,644	\$ 14,500	\$ 5,856	59.62%

Total Departmental Expenses

\$ 183,358	\$ 223,500	\$ -	\$ 39,892	82.04%
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Palmdale Water District
2012 Human Resources Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 105,474	\$ 127,500		\$ 22,026	82.72%
Employee Benefits					
1-08-4005-000 Payroll Taxes	8,432	10,000		1,568	84.32%
1-08-4010-000 Health Insurance	14,396	17,250		2,854	83.45%
1-08-4015-000 PERS	18,557	24,000		5,444	77.32%
Subtotal (Benefits)	\$ 41,384	\$ 51,250	\$ -	\$ 9,866	80.75%
Total Personnel Expenses	\$ 146,858	\$ 178,750	\$ -	\$ 31,892	82.16%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ 231	\$ 3,000		\$ 2,769	7.69%
1-08-4060-000 Staff Conferences & Seminars	250	2,000		1,750	12.50%
1-08-4095-000 Employee Recruitment	515	3,000		2,485	17.17%
1-08-4100-000 Employee Retention	1,855	1,500		(355)	123.67%
1-08-4105-000 Employee Relations	2,729	3,500		771	77.98%
1-08-4110-000 Consultants	-	1,000		1,000	0.00%
1-08-4120-100 Training-Safety Consultants	17,118	38,000		20,882	45.05%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	1,946	1,600		(346)	121.62%
1-08-4165-100 HR/Safety Publications	198	1,000		802	19.84%
1-08-6300-500 Supplies - Safety	16,551	33,500		16,950	49.40%
Subtotal Operating Expenses	\$ 41,393	\$ 89,100	\$ -	\$ 47,707	46.46%
Total Departmental Expenses	\$ 188,251	\$ 267,850	\$ -	\$ 79,599	70.28%

Palmdale Water District
2012 Information Technology Budget
For the Ten Months Ending Wednesday, October 31, 2012

	YTD ACTUAL 2012	ORIGINAL BUDGET 2012	ADJUSTMENTS 2012	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 174,199	\$ 195,250		\$ 21,051	89.22%
1-09-4000-100 Overtime	1,956	3,000		1,044	65.18%
Subtotal (Salaries)	\$ 176,154	\$ 198,250		\$ 22,096	88.85%
Employee Benefits					
1-09-4005-000 Payroll Taxes	14,234	15,500		1,266	91.83%
1-09-4010-000 Health Insurance	33,170	40,000		6,830	82.92%
1-09-4015-000 PERS	33,709	37,000		3,291	91.10%
Subtotal (Benefits)	\$ 81,113	\$ 92,500	\$ -	\$ 11,387	87.69%
Total Personnel Expenses	\$ 257,267	\$ 290,750	\$ -	\$ 32,439	88.48%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 500	\$ 3,000		2,500	16.67%
1-09-4060-000 Staff Conferences & Seminars	8,167	15,000		6,833	54.45%
1-09-4120-100 Cogsdale Reimplementation & Templates*	21,236	70,000	(20,000)	28,764	42.47%
1-09-4155-300 Contracted Services - Computer Vendors*	92,081	105,000	(1,300)	11,619	88.80%
1-09-4165-000 Memberships/Subscriptions	240	500		260	48.00%
1-09-8000-100 Computer Equipment - Computers	38,467	45,000		6,533	85.48%
1-09-8000-200 Computer Equipment - Laptops	-	10,000		10,000	0.00%
1-09-8000-300 Computer Equipment - Monitors	1,918	2,000		82	95.92%
1-09-8000-400 Computer Equipment - Printers	1,905	2,500		595	76.20%
1-09-8000-500 Computer Equipment - Toner Cartridges	5,490	3,000		(2,490)	183.00%
1-09-8000-600 Computer Equipment - Other*	35,112	35,000	5,500	5,388	86.70%
1-09-8100-100 Computer Software - Maint. and Support*	16,221	70,000	(5,500)	48,279	25.15%
1-09-8100-150 Computer Software - Cogsdale Maint and Support	65,249	70,000		4,751	93.21%
1-09-8100-200 Computer Software - Software and Upgrades*	6,062	15,000	20,000	28,938	17.32%
Subtotal Operating Expenses	\$ 292,650	\$ 446,000	\$ (1,300)	\$ 152,050	65.81%
Total Departmental Expenses	\$ 549,917	\$ 736,750	\$ (1,300)	\$ 184,489	74.77%

* Budget adjustments by General Manager per Appendix A

Engineering Department Projected Payout Schedule
December - 2012

Project Title	2012 Budget	Budget No.	Payee	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Littlerock Dam Sediment Removal EIR/EIS Cost Recovery Payment	\$ 270,000	NCP02	Aspen USFS		\$ 11,719 \$ 119,416	\$ 3,257	\$ 3,966		\$ 23,343	\$ 12,399		\$ 14,998	\$ 17,783	\$ 5,052	\$ 14,000
Spec. No. 0903 - 9th/12th Street East	\$ 683,000	RCP08	VCI	\$ 182,825	\$ 137,230	\$ 187,320	\$ 104,529	\$ 86,084							
Acquisition of Tax Defaulted Property	\$ 18,000	NCC04	LA County												\$ 18,000
Annual Tank Maint. (Year 5 of 5)	\$ 360,000	RCP05	Utility Services						\$ 355,147						
Well No. 11A Rehabilitation	\$ 200,000	RCP23	Layne				\$ 215,030					\$ 87,321			
Avenue S and Downing - Water Main Replacement	\$ 125,000	RCO18	TBD						\$ 36,347						
Spec. No. 0902 - Ave. Q-3, Division, Sumac	\$ 525,000	RCP07	TBD								\$ 203,768	\$ 60,941	\$ 156,430	\$ 159,465	\$ 225,000
3600' Hydro-Pneumatic Tank Replacement	\$ -	N/A	Superior Tank												\$ 70,000
Well No. 3A Rehabilitation	\$ -	N/A	Layne Reed Electric							\$ 12,667		\$ 112,956 \$ 19,709		\$ 112,945	
Water Meter Exchange	\$ -	N/A	Tejon												\$ 10,000
Lighting Replacement	\$ -	N/A	ORION							\$ 68,163	\$ 68,163				
WTP Security System	\$ 50,000	NCP01	Protection 1												\$ 20,000
Total Projected Payout:				\$ 182,825	\$ 268,365	\$ 190,577	\$ 323,525	\$ 86,084	\$ 414,837	\$ 93,229	\$ 271,931	\$ 295,925	\$ 174,213	\$ 277,462	\$ 357,000
Water Quality Fund	2012 Budget	Budget No.	Payee	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012 Granular Activated Carbon Supply	\$ 1,550,000	N/A	Calgon					\$ 219,829		\$ 216,776	\$ 216,776	\$ 217,991		\$ 433,552	\$ 216,776
2012 Change-Outs			Siemens												\$ 30,000
2012 Change-Outs (Pilot)			Black & Veatch											\$ 4,806	\$ 4,500
Sanitary Survey Update			WQTS												
Chromium VI Study															
Total Water Quality Projected Payout:				\$ -	\$ -	\$ -	\$ -	\$ 219,829	\$ -	\$ 216,776	\$ 216,776	\$ 218,350	\$ 1,266	\$ 438,358	\$ 251,276

Approved for Payment

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: December 5, 2012 **December 12, 2012**
TO: BOARD OF DIRECTORS **Regular Board Meeting**
FROM: Claudette Roberts, Water Conservation Supervisor
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.4 – CONSIDERATION AND POSSIBLE ACTION
ON ANNUAL COMMUNITY EVENTS FOR DISTRICT
PARTICIPATION IN 2013.***

The Outreach Committee met on December 3, 2012 to go over events for 2013. The Committee recommended the following events for District participation in 2013:

Fix a leak week	Mar 18-24
AV Home and Garden Show	Mar. 22-24
Plant Fair (AVRCD grand opening)	May
Plant Sale (PWD)	June
Student Summer Day Camp (PWD)	July
Thursday Night on the square (6 days)	Jul-Aug
AV Fair Parade	August/ Sept
International Heritage Festival	September
Veterans parade	November
Palmdale Chamber Christmas Parade	December

Strategic Plan Element:

The Strategic Plan dated September of 2006 - Section 1.3.1 - Identifies projects to meet Best Management Practices for PWD to obtain certification. (BMP's #7 & #8 public information & education)

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: December 4, 2012

December 12, 2012

TO: BOARD OF DIRECTORS

Board Meeting

VIA: Mr. Dennis LaMoreaux, General Manager

FROM: Mrs. Jeannie Burns, Human Resources Consultant

RE: ***AGENDA ITEM NO. 7.5: CONSIDERATION AND POSSIBLE ACTION ON CONVERTING THE DISTRICT'S CURRENT KAISER HEALTH INSURANCE PLAN TO THE ACWA/JPIA KAISER HEALTH INSURANCE PLAN.***

Background Information:

Medical costs are continually increasing significantly. The District has been seeking ways to limit the effect of these increases with the least impact to employees. The District is considering switching its independent Kaiser vendor to Kaiser medical coverage under ACWA/JPIA. The primary differences in switching to the ACWA/JPIA Kaiser Plan are: \$10.00 co-pay for office visits, including urgent care, exams, treatments and therapy. This amount is equal to co-pays under the California Care (HMO) that other employees currently pay. The current Kaiser plan requires no charge for office visits. Prescription benefits - \$5; this amount is equal to generic prescriptions under the California Care HMO plan. Under the current Kaiser plan, prescriptions are: \$0 - \$5 (100 day supply). A change to the ACWA/JPIA Kaiser Plan will save the District approximately \$173,000 from having all medical plans under ACWA/JPIA.

The Kaiser Permanente Plan managed by ACWA/JPIA has responded that they will allow Palmdale Water District to enter ACWA/JPIA's Kaiser Plan effective 1/1/2013 but that the Palmdale Water District group must pay its own quoted 2013 rates for one year. ACWA/JPIA can set payment up in ACWA/JPIA's system so that Palmdale Water District has its own rates. ACWA/JPIA will bill the District and then remit payments to Kaiser on the District's behalf just like ACWA/JPIA does with the rest of the population. Palmdale Water District will be able to pay ACWA/JPIA rates beginning 1/1/2014.

If the District proceeds with this move, ACWA/JPIA will require Enrollment/Change forms for all employees enrolling in ACWA/JPIA's Kaiser Plan. ACWA/JPIA can extend the deadline beyond 11/30/12 for Palmdale Water District due to Kaiser's decision coming so late in the game. Enrollment forms must be forwarded to ACWA/JPIA by December 14, 2012, and ACWA/JPIA can still guarantee employees are enrolled in the ACWA/JPIA Kaiser Plan by 1/1/2013.

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: December 4, 2012 **December 12, 2012**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Matthew R. Knudson, Engineering Manager
Mr. Peter Thompson Jr., Operations Manager
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.7 – CONSIDERATION AND POSSIBLE ACTION ON
AWARD OF CONTRACT FOR SPECIFICATION NO. 1101 BEING THE
GRANULAR ACTIVATED CARBON (GAC) ADSORPTION SYSTEM LOCATED
AT THE UNDERGROUND BOOSTER STATION TABLED FROM THE
NOVEMBER 28, 2012 BOARD MEETING. (\$89,000 – BUDGETED –
ENGINEERING MANAGER KNUDSON)***

Recommendation:

Staff recommends that the Board award a contract to Prominent Systems, Inc. in the not-to-exceed amount of \$88,811.98 to fabricate, supply, deliver, and install a GAC Adsorption System with a GAC capacity of 30,000 pounds to be located at the Underground Booster Station.

Background:

The procurement and installation of one GAC Adsorption System with a GAC capacity of 30,000 lbs. at the existing Underground Booster Station will allow the District to extend the useful life of the GAC at the Leslie O. Carter Water Treatment Plant (LOCWTP) and continue to meet Stage II of the Disinfection/Disinfection By-Product Rule (DDBPR). Utilizing existing water quality conditions and operational parameters, it is estimated that the installation of said GAC Adsorption System at the Underground Booster Station will allow the District to reduce the GAC replacement costs at the LOCWTP by 20% per year. These savings assumptions are based on average raw water quality. Any realized savings would help build a reserve within the Water Quality Fund. Accumulating a reserve within the Water Quality Fund will help the District prepare for compliance during prolonged negative shifts in raw quality.

Operations Staff has recently performed pilot testing at the Underground Booster Station utilizing various types of GAC media to determine the effectiveness of GAC in the reduction of Total Trihalomethane (TTHM) levels within the distribution system and specifically at this location in the distribution system. The results of said testing shows substantial reduction in TTHM levels and the installation of the proposed GAC Adsorption System will improve water quality within the area of the distribution system that receives water that is pumped through the Underground Booster Station.

December 4, 2012

To accommodate installation of the GAC Adsorption System, the associated on-site improvements (piping, valves, concrete pad) will be constructed by the District's construction crew. The separate fabrication contract ensures a high level of manufacturing quality control and additionally affords the District the best price for the GAC Adsorption System by eliminating contractor mark-up.

Evaluation of Bid Proposals:

The District received a total of four bids and the following is a summary of the bids received:

BIDDERS	BID AMOUNT
1. Prominent Systems, Inc. 13095 E. Temple Ave. City of Industry, CA 91746	\$88,811.98
2. Siemens Industry, Inc. 14250 Gannet Street La Mirada, CA 90638	\$145,785.00
3. Carbon Activated Corporation 250 East Manville Street Compton, CA 90220	\$164,004.31
4. Calgon Carbon Corporation P.O. Box 717 Pittsburgh, PA 15230-0717	\$177,605.00

The following is an evaluation of the bid submitted by Prominent Systems, Inc. This evaluation is based on the information submitted on the bid forms, including the bid amount, project references, contractor's license, and insurance.

Prominent Systems, Inc. located at 13095 E. Temple Avenue, City of Industry, CA 91746 holds a current and active Class A – General Engineering Contractor license. The contractor's state license number is 912647. This license was first issued on March 19, 2008. The license expiration date is March 31, 2014.

The total bid price in the bid proposal submitted by Prominent Systems, Inc. is \$88,811.98. A bid bond in the amount of 10% of the total amount of the bid was submitted with the bid proposal.

The criterion for responsibility pertains to whether the bidder is regularly engaged in this type of work and whether they can perform the work satisfactorily as promised. The contractor is required to provide bonds to protect the District's interest.

Prominent Systems, Inc., as the lowest responsive, responsible bidder holds a valid worker's compensation insurance policy (No. EIG14780660) with Employers Compensation Insurance Company. This policy is effective from April 1, 2012 to April 1, 2013.

December 4, 2012

The supplier's past performance record has been utilized to evaluate the general competency of the supplier for the performance of the work. To demonstrate the bidder's capability and experience of having completed similar projects successfully, the bid documents require that the supplier submit a list of all projects completed by the supplier during the last three years involving work of similar type and complexity. The supplier is required to have completed at least five projects of similar type and complexity and comparable value.

Prominent Systems, Inc. has satisfactorily completed numerous GAC Adsorption System projects within the last several years. District staff contacted three of the references provided by Prominent Systems, Inc., and the other agencies were very satisfied with the equipment provided by Prominent Systems, Inc.

Financial Impact:

The following is an estimate for the proposed capital costs associated with the procurement and installation of a new GAC Adsorption System at the existing Underground Booster Station:

One – 30,000 lbs. GAC capacity Adsorption System:	\$ 89,000 (Actual)
Initial Supply of GAC:	\$ 35,000 (Estimated)
Yard Piping (Installed by PWD Construction Crew):	\$ 40,000 (Estimated)
Concrete Pad (Constructed by PWD Construction Crew):	\$ 25,000 (Estimated)
Miscellaneous (Chlorine feed pump, analyzer, etc.):	<u>\$ 10,000 (Estimated)</u>
Subtotal:	\$199,000
15% Contingency:	<u>\$ 29,850</u>
Estimated Total Capital Cost:	\$228,850

Funding for this project is included in the 2013 Budget and will be funded from the Water Quality Fund. It is estimated that the total capital cost for this project will be approximately \$228,850. It is also estimated that with a 20% annual GAC saving at the LOCWTP and annual GAC replacement cost of \$70,000 per year at the Underground Booster Station, the District will save approximately \$230,000 per year on GAC replacements.

Strategic Plan Element:

This work is under Strategic Element 1.0 Regulatory Compliance of the District's Strategic Plan.

Supporting Documents:

- Proposal provided by Prominent Systems, Inc.

DOCUMENT 00410

PROCUREMENT
BID FORM

PROJECT IDENTIFICATION:

Palmdale Water District
Specification No. 1101
Granular Activated Carbon Adsorption System

THIS BID IS SUBMITTED BY:

Prominent Systems, Inc.
(Bidder)

13095 E. Temple Ave., City of Industry, CA 91746
(Bidder Address)

THIS BID IS SUBMITTED TO:

Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550
661.947.4111

1.01 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into a Procurement Contract with OWNER in the form included in the Procurement Documents to perform and furnish all Goods and Services as specified or indicated in the Procurement Documents within the specified time and for the amount indicated in this Bid and in accordance with the other terms and conditions of the Procurement Documents.

2.01 Bidder accepts all of the terms and conditions of the Invitation to Bid and the Instructions to Bidders, including without limitation those dealing with the disposition of bid security. This Bid will remain subject to acceptance for 90 days after the day of Bid opening. Bidder will sign and submit the Contract with the Bonds and other attachments as required by the Procurement Documents as provided in OWNER's Notice of Award.

3.01 In submitting this Bid, Bidder represents that:

A. Bidder has examined copies of all the Procurement Documents and of the following Addenda (receipt of all which is hereby acknowledged):

ADDENDA

No. <u>1</u>	Dated <u>Nov, 9, 2012</u>
No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____
No. _____	Dated _____

B. Bidder has visited the site and become familiar with and satisfied itself as to the general, local, and site conditions that may affect cost, progress, performance, and furnishing of the Goods and Services.

C. Bidder is familiar with and has satisfied itself as to all Federal, State, and local Laws and Regulations that may affect cost, progress, performance, and furnishing of the Goods and Services.

D. Bidder has given ENGINEER written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Procurement Documents and the written resolution thereof by ENGINEER is acceptable to Bidder, and the Procurement Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performing and furnishing the Goods and Services for which this Bid is submitted.

E. In accordance with the provisions of Section 7106 of the Public Contract Code, each bidder shall execute and submit with their bid a Non-Collusion Affidavit in the form attached to the Bid Form. Additionally, the principal contractor shall secure from each proposed subcontractor a Non-Collusion Affidavit in the form attached.

4.01 Bidder will provide the Goods and Services for the Lump Sum Bid as described below:

Bid Item No. 1 - The LGAC Supplier shall be responsible for the design, fabrication, delivery, unloading, setting, installation, and start-up of all mechanical components, including vessels, manifold piping, valves, and instrumentation of the GAC Adsorption System with a GAC capacity of 30,000 pounds. The Goods and Services are more specifically described in the Technical Specifications (Section 02000) included herewith.

\$88,811.98 (Eighty Eight thousand, Eight hundred and eleven Dollars and ninety-eight cents).

5.01 Not Used.

5.02 Bidder agrees that the Goods and Services will be provided within the following numbers of days after Notice of Award (NOA) as defined in the General Conditions:

Delivery of Shop Drawings and manufacturers' data to ENGINEER **See Procurement Contract**

Delivery of preliminary Operation and Maintenance manuals and data to ENGINEER **See Procurement Contract**

Delivery of equipment to site

See Procurement Contract

Delivery of Final Operation and Maintenance
Manual to ENGINEER

See Procurement Contract

5.03 Bidder further agrees that performance of manufacturer's field services (including installation check, startup assistance, and certification of acceptable installation and operation) to final completion will be coordinated with the SUPPLIER/CONTRACTOR to the satisfaction of ENGINEER.

6.01 Communications concerning this Bid shall be sent to Bidder at the following address:

13095 E. Temple Ave
City of Industry, CA 91746

7.01 The terms used in this Bid, which are defined in the General Conditions included as part of the Procurement Documents, have the meanings assigned to them in the General Conditions.

SIGNATURE OF BIDDER

By Prominent Systems, Inc.
(Company Name)

By [Signature]
(Signature of Authorized Person)

RME, Project Manager
(Title)


11/16/2012
(Date)

Business address 13095 E. Temple Ave.
City of Industry, CA 91746

Phone Number: (626) 409-8979 FAX Number: (626) 628-3716

END OF DOCUMENT

NON-COLLUSION AFFIDAVIT

 **SEAL** **LINDA MARTINEZ**
Commission # 1968473
Notary Public - California
Los Angeles County
My Comm. Expires Jan 13, 2016

DOCUMENT 00432

PROCUREMENT
BID BOND**BIDDER (Name and Address):**

Prominent Systems, Inc.

13095 E. Temple Ave.

Industry, CA 91746

SURETY (Name and Address of Principal Place of Business):

Philadelphia Indemnity Insurance Company

251 S. Lake Ave., Suite 360

Pasadena, CA 91101

OWNER (Name and Address):

Palmdale Water District

2029 E. Avenue Q

Palmdale, CA 93550

BID

Bid Due Date: November 16, 2012

Project: PWD Specification No. 1101 - Granular Activated Carbon Adsorption System

See Procurement Contract Articles 1.02 and 1.03 for a brief project description.

BOND

Bond Number: Bid Bond

Date: (Not later than Bid Due Date): November 13, 2012

Penal Sum: ten percent (10%) of the total amount of the bid

10% of the total maximum bid amount

IN WITNESS WHEREOF, Surety and Bidder, intending to be legally bound hereby, subject to the terms printed on the reverse side hereof, do each cause this Bid Bond to be duly executed on its behalf by its authorized officer, agent, or representative.

BIDDER

SURETY

Prominent Systems, Inc. (SEAL)
(Bidder's Name and Corporate Seal)

Philadelphia Indemnity Insurance Company (SEAL)
(Surety's Name and Corporate Seal)

By: [Signature] Project Manager
(Signature and Title)

By: [Signature]
(Signature and Title) Matthew J. Coats
(Attach Power of Attorney) Attorney-in-Fact

Attest:

Attest:

Note: (1) Above addresses are to be used for giving required notice.

(2) Any singular reference to Bidder, Surety, OWNER or other party shall be considered plural where applicable.

1. Bidder and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to pay to OWNER upon default of Bidder the penal sum set forth on the face of this Bond.
2. Default of Bidder shall occur upon the failure of Bidder to deliver within the time required by the Procurement Documents the executed Contract required by the Procurement Documents and any performance and payment bonds, insurance, and preliminary schedule required by the Procurement Documents.
3. This obligation shall be null and void if:
 - a. OWNER accepts Bidder's Bid and Bidder delivers within the time required by the Procurement Documents (or any extension thereof agreed to in writing by OWNER) the executed Contract required by the Procurement Documents and any performance and payment bonds, insurance, and preliminary schedule required by the Procurement Documents, or
 - b. All Bids are rejected by OWNER, or
 - c. OWNER fails to issue a Notice of Award to Bidder within the time specified in the Procurement Documents (or any extension thereof agreed to in writing by Bidder and, if applicable, consented to by Surety when required by paragraph 5 hereof).
4. Payment under this Bond will be due and payable upon default of Bidder and within 30 calendar days after receipt by Bidder and Surety of written notice of default from OWNER, which notice will be given with reasonable promptness, identifying this Bond and the Project and including a statement of the amount due.
5. Surety waives notice of and any and all defenses based on or arising out of any time extension to issue Notice of Award agreed to in writing by OWNER and Bidder, provided that the time for issuing Notice of Award including extensions shall not in the aggregate exceed 120 days from Bid Due Date without Surety's written consent.
6. No suit or action shall be commenced under this Bond prior to 30 calendar days after the notice of default required in paragraph 4 above is received by Bidder and Surety, and in no case later than one year after the Bid Due Date.
7. Any suit or action under this Bond shall be commenced in a court of competent jurisdiction located in the state in which the Project is located.
8. Notice required hereunder shall be in writing and sent to Bidder and Surety at their respective addresses shown on the face of this Bond. Such notices may be sent by personal delivery, commercial courier or by United States Registered or Certified Mail, return receipt requested, postage pre-paid, and shall be deemed to be effective upon receipt by the party concerned.
9. Surety shall cause to be attached to this Bond a current and effective Power of Attorney evidencing the authority of the officer, agent or representative who executed this Bond on behalf of Surety to execute, seal and deliver such Bond and bind the Surety thereby.
10. This Bond is intended to conform to all applicable statutory requirements. Any applicable requirement of any applicable statute that has been omitted from this Bond shall be deemed to be included herein as if set forth at length. If any provision of the Bond conflicts with any applicable provision of any applicable statute, then the provision of said statute shall govern and the remainder of this Bond that is not in conflict therewith shall continue in full force and effect.
11. The term "Bid" as used herein includes a bid, offer or proposal as applicable.

END OF DOCUMENT

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

State of California

County of Orange

On NOV 13 2012 before me, Summer L. Reyes, Notary Public
(insert name and title of the officer)

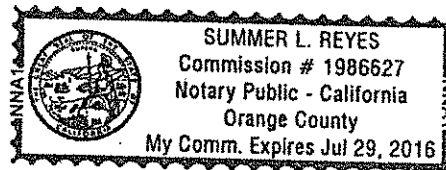
personally appeared Matthew J. Coats,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the
same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Summer L. Reyes



PHILADELPHIA INDEMNITY INSURANCE COMPANY

231 St. Asaph's Rd., Suite 100
Bala Cynwyd, PA 19004-0950
Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS: That **PHILADELPHIA INDEMNITY INSURANCE COMPANY** (the Company), a corporation organized and existing under the laws of the Commonwealth of Pennsylvania, does hereby constitute and appoint: **Linda D. Coats & Matthew J. Coats OF Coats Surety Insurance Services, Inc.**

Its true and lawful Attorney (s) in fact with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business and to bind the Company thereby, in an amount not to exceed \$5,000,000.00.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of **PHILADELPHIA INDEMNITY INSURANCE COMPANY** at a meeting duly called the 11th day of July, 2011.

RESOLVED: That the Board of Directors hereby authorizes the President or any Vice President of the Company to: (1) Appoint Attorney(s) in Fact and authorize the Attorney(s) in Fact to execute on behalf of the Company bonds and undertakings, contracts of indemnity and other writings obligatory in the nature thereof and to attach the seal of the Company thereto; and (2) to remove, at any time, any such Attorney-in-Fact and revoke the authority given. And, be it

FURTHER RESOLVED: That the signatures of such officers and the seal of the Company may be affixed to any such Power of Attorney or certificate relating thereto by facsimile, and any such Power of Attorney so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with the respect to any bond or undertaking to which it is attached.

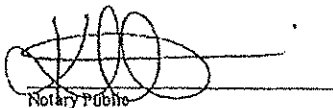
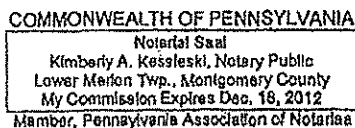
IN TESTIMONY WHEREOF, PHILADELPHIA INDEMNITY INSURANCE COMPANY HAS CAUSED THIS INSTRUMENT TO BE SIGNED AND ITS CORPORATE SEAL TO BE AFFIXED BY ITS AUTHORIZED OFFICE THIS 18TH DAY OF JULY, 2011.



President

Christopher J. Maguire
President Philadelphia Indemnity Insurance Company, a Pennsylvania Corporation.

On this 18TH day of July 2011, before me came the individual who executed the preceding instrument, to me personally known, and being by me duly sworn said that he is the therein described and authorized officer of the **PHILADELPHIA INDEMNITY INSURANCE COMPANY**; that the seal affixed to said instrument is the Corporate seal of said Company; that the said Corporate Seal and his signature were duly affixed.


Notary Public

I, Craig P. Keller, Executive Vice President, Chief Financial Officer and Secretary of **PHILADELPHIA INDEMNITY INSURANCE COMPANY**, do hereby certify that the foregoing resolution of the Board of Directors and this Power of Attorney issued pursuant thereto on this 18TH day of July 2011 are true and correct and are still in full force and effect. I do further certify that Christopher J. Maguire, who executed the Power of Attorney as President, was on the date of execution of the attached Power of Attorney the duly elected President of **PHILADELPHIA INDEMNITY INSURANCE COMPANY**,

In Testimony Whereof I have subscribed my name and affixed the facsimile seal of each Company this 13th day of November 2012.



Craig P. Keller
Executive Vice President, Chief Financial Officer & Secretary



PALMDALE WATER DISTRICT

2029 East Avenue Q • Palmdale, California 93550 • Telephone (661) 947-4111
Fax (661) 947-8604
www.palmdalewater.org

LAGERLOF SENEAL, GOSNEY & KRUSE LLP
Attorneys



Board of Directors

ROBERT E. ALVARADO
Division 1

GORDON G. DEXTER
Division 2

GLORIA DIZMANG
Division 3

KATHY MAC LAREN
Division 4

STEVE R. CORDOVA
Division 5

ADDENDUM NO. 1

November 9, 2012
Page 1 of 5

ADDENDUM NO. 1
TO
CONTRACT DOCUMENTS AND SPECIFICATIONS
FOR
GRANULAR ACTIVATED CARBON (GAC) ADSORPTION SYSTEM
SPECIFICATION NO. 1101

November 9, 2012

ITEM NO. 1 – INVITATION TO BID AND LEGAL NOTICE

Page 00100-1, Article 1 – Bid Opening, change “Wednesday, November 14, 2012” to “Friday, November 16, 2012”.

ITEM NO. 2 – SECTION 02000

Page 02000-8, Underdrain System, change, “Nozzles shall be 4-1/2” diameter x 20” length.” to “Nozzles shall be 4-1/2” diameter x 12” length.”

ITEM NO. 3 – SECTION 02000

Page 02000-10, Process and Utility Piping, add the following:

“Pressure Gauges

The adsorber piping network shall be equipped with pressure gauges to indicate the pressure of water entering and exiting the adsorber to provide information on the pressure drop across the adsorber. Range shall be 0-150 psi with an accuracy of 1 percent of full range. Gauges shall not be less than 2-1/2 inches in diameter. Pressure gauge assemblies shall be isolated from process piping with a 1/2-inch bronze ball valve. Gauges shall be hermetically sealed with stainless steel or bronze bourdon tube. Gauges shall be manufactured by Wika, Ashcroft, or pre-approved equal.”

ITEM NO. 4 – SECTION 02000

Page 02000-11, Process Valves, add the following:

“Butterfly Valves

Butterfly valves shall be wafer type and rated for minimum working differential pressure across the valve disc shall be 150 psi. Valve stems shall be Type stainless steel. Materials of construction shall be as follows: Bray, Matco B-5 or equal.

Body:	Cast iron or Ductile iron
Discs:	Stainless steel
Seat Material:	EPDM

Manual actuators on valves 6 inches and larger shall be gear actuators with hand wheels shall have a disk position indicator designating the opened and closed position of the valve.

Manually operated valves shall be located not more than 6 feet above the operating level and shall be provided with tee handles, wrenches, or handwheels as is specified or appropriate. Valves over 5 feet to centerline shall be rolled toward the operating side to make the handwheel or wrench more accessible to the operator of average height. Valves shall be installed in all cases so handles clear all obstructions when moved from full-open to full-closed position.”

ITEM NO. 5 – SECTION 02000

Page 02000-11, Pressure Relief Valves, add the following:

“Pressure Relief Components

An impervious graphite rupture disk and a 1-inch pressure-relief valve shall be equipped on the vessel and intake lines. The rupture disk shall be designed to relieve pressure at 125 psi and be ASME rated with relief pressure of 95 psi. The 1-inch pressure release valve shall be Watts Series 174A or approved equal. Pressure relief valves shall include large orifice, low pressure seats. All pressure relief components shall be piped to drain outlet.”

ITEM NO. 6 – SECTION 02000

Page 02000-3, Design Criteria, Item 6. Adsorber Vessel, change, “The overall height shall not exceed 19 feet 6 inches from the bottom of the support structure to the uppermost portion of the piping assembly.” to “The overall height shall not exceed 19 feet 6 inches from the bottom of the support structure to the uppermost portion of the vessel.”

ITEM NO. 7 – SECTION 01015

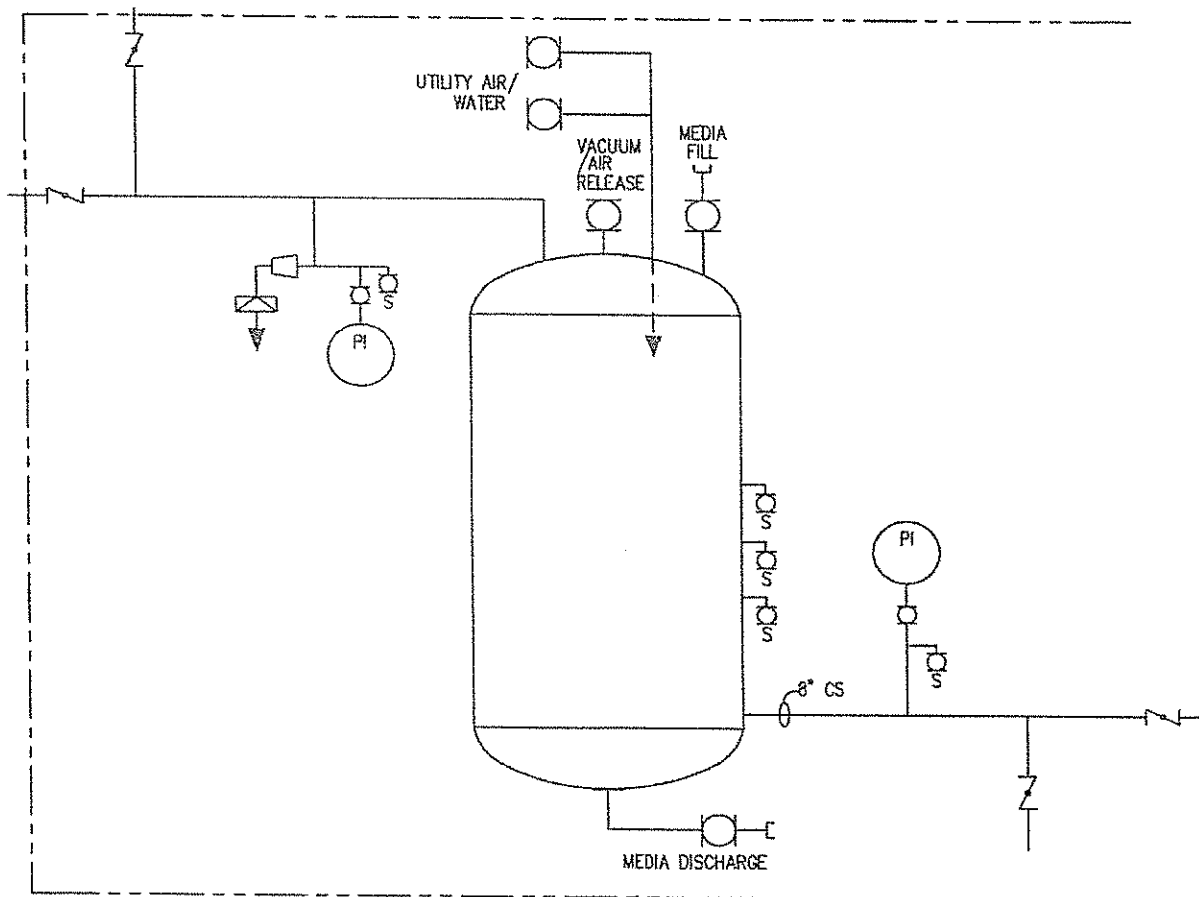
Page 01015-2, delete the following:

“After acceptance, the OWNER shall be responsible for handling, storage, and installation of the equipment and materials and for administration of the assigned Procurement Contract, all in accordance with the Procurement Documents.”

ITEM NO. 8 – PROCESS FLOW DIAGRAM

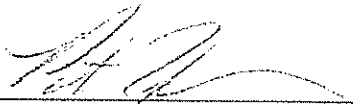
The following is a Process Flow Diagram to illustrate what shall be provided by the Supplier:

PROCESS FLOW




This Addendum No. 1, shall become part of the Contract and all provisions of the Contract shall apply thereto.

Bidders shall acknowledge receipt of all Addenda by number in the space provided in the Bid Form.



MATTHEW KNUDSON
Engineering Manager
MRK/mrk

 PROMINENT SYSTEMS INC.	13095 E. Temple Avenue Industry, CA 91746 PHONE: 626-858-1888 FACSIMILE: 626-628-3716 www.PROMINENTINC.COM	DOC NUMBER: TWT115-001	Proposal for Palmdale Water District
		RELEASE DATE: 11/15/12 PREPARED BY: A.L.	

Minimum backwash velocity & flow rate to achieve fluidization of filter medium calculations.

Given: Media: GAC (12 x 40)

Regular bed depth: $L_0 = 9.3$ ft,

Expanded Bed depth: $L_{exp} = 11.625$ ft,

Operating Temp.: $T = 60^\circ$ F.

Minimum Pressure Drop for Fluidization to Occur During Backwashing:

Drag force = Gravity force – Buoyancy force.

$$\Delta P_{mf} = L_{mf} (1 - \epsilon_{mf}) * g (\rho_s - \rho_L),$$

Where ΔP_{mf} = pressure drop at the point of incipient fluidization.

L_{mf} = height of bed at the point of incipient fluidization.

ϵ_{mf} = bed void fraction at the point of incipient fluidization.

Bed Porosity during Backwashing:

$$L_1 A (1 - \epsilon_1) = L_2 A (1 - \epsilon_2); \quad L_1 = 9.3 \text{ ft}, \quad L_2 = 11.625 \text{ ft}, \quad A \text{ (X-sectional area)} = 113.10 \text{ ft}^2.$$

$$L_1/L_2 = (1 - \epsilon_2)/(1 - \epsilon_1); \quad \epsilon_1 = 0.43 \text{ (Interparticle Void Fraction).}$$

$$9.3 \text{ ft}/11.625 \text{ ft} = (1 - \epsilon_2)/(1 - 0.43),$$

$$(0.8)(0.57) = 1 - \epsilon_2,$$


$$\epsilon_2 = 0.544 = \epsilon_{mf}.$$

Pressure Drop at the point of incipient fluidization:

$$\Delta P_{mf} = L_{mf} (1 - \epsilon_{mf}) * g (\rho_s - \rho_L),$$

$$\Delta P_{mf} = (11.625 \text{ ft})(1 - 0.544)(32.2 \text{ ft} * \text{s}^{-2})(28.5 - 62.3 \text{ lb}_m * \text{ft}^{-3})(\text{lb}_f * \text{s}^2 / 32.2 \text{ lb}_m * \text{ft}),$$

$$\Delta P_{mf} = -179 \text{ lb}_f * \text{ft}^{-2} (\text{ft}^2 / 144 \text{ in}^2) = \underline{-1.24 \text{ psi}}.$$

 PROMINENT SYSTEMS INC.	13095 E. Temple Avenue Industry, CA 91746 PHONE: 626-858-1888 FACSIMILE: 626-628-3716 www.PROMINENTINC.COM	<div>DOC NUMBER: 101113-001</div> <div>RELEASE DATE: 11/15/12</div> <div>PREPARED BY: A.L.</div>	Proposal for Palmdale Water District
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Backwashing Water Velocity to Achieve Fluidization of Filter Medium.

Blake – Kozeny equation (Neglect Turbulent flow; flow through small particles is typically laminar)

$$\Delta P_{mf} \approx (150/Re_{mf})[(1 - \epsilon_{mf})^2 / \epsilon_{mf}^3](L/D_p)\rho_L U_{s,mf}^2;$$

$$U_{s,mf} = [D_p^2 g(\rho_s - \rho_L)/150\mu](\epsilon_{mf}^3/1 - \epsilon_{mf});$$

$$D_p = \Phi_p D_{sph} \approx \Phi_p D_{p,ave};$$

Re-written: $U_{s,mf} = [\Phi_s^2 D_{p,ave}^2 g(\rho_s - \rho_L)/150\mu](\epsilon_{mf}^3/1 - \epsilon_{mf});$

And is valid for: $Re_p = (\rho_L D_p U_{s,mf})/\mu < 20$. (Dimensionless parameter).

Where: $\rho_L = 62.3 \text{ lb}_m \text{ft}^{-3};$

$$D_p = 0.00410105 \text{ ft};$$

$$\mu_T = 2.344 \times 10^{-5} [\text{lb} \cdot \text{s} \cdot \text{ft}^{-2}]; \quad \nu_T = 1.210 \times 10^{-5} [\text{ft}^2 \cdot \text{s}^{-1}];$$

$$\Phi_s = 0.7 \text{ (assumed for 12 x 40 GAC);}$$

Solution:

$$U_{s,mf} = \{[(0.7)^2(0.00410105 \text{ ft})^2(32.2 \text{ ft} \cdot \text{s}^{-2})[-33.8 \text{ lb}_m \text{ft}^{-3}](0.544^3/1-0.544)(\text{lb}_f \cdot \text{s}^2/32.2 \text{ lb}_m \cdot \text{ft})\}/150\mu;$$

$$U_{s,mf} = -0.0279692833 [\text{ft/s}].$$

$$U_{s,mf} = -1.68 [\text{ft/min}] \text{ backwash velocity.}$$

$$Q = U_{s,mf} \cdot A_{X\text{-sect}};$$

$$Q = (1.678 \text{ ft/min}) \cdot (113.10 \text{ ft}^2) = \underline{189.8 \text{ ft}^3/\text{min}}.$$

$$Q = (189.8 \text{ ft}^3/\text{min})(7.48052 \text{ US gal/ft}^3) = \underline{1420 \text{ GPM}}.$$

Backwash flowrate required is 1420 GPM.

Check for Validity:

$$Re_p = (\rho_L D_p U_{s,mf})/\mu_T < 20.$$

$$Re_p = (62.3 \text{ lb}_m \text{ft}^{-3})(0.00410105 \text{ ft})(0.02797 \text{ ft} \cdot \text{s}^{-1})(\text{lb}_f \cdot \text{s}^2/32.2 \text{ lb}_m \cdot \text{ft})/(0.00002344 \text{ lb} \cdot \text{s} \cdot \text{ft}^{-2}) < 20.$$

$$Re_p = 9.468 < 20 \text{ (Valid)}$$

Useful Conversion Factors:

$$1 \text{ ft}^3 = 7.48052 \text{ U.S. gallons}; \quad 1 \text{ slug} = 1 \text{ lb}_f \cdot \text{s}^2 \cdot \text{ft}^{-1} = 32.2 \text{ lb}_m.$$

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: December 6, 2012 **December 12, 2012**
TO: BOARD OF DIRECTORS **Regular Board Meeting**
FROM: Mr. Bob Egan, Financial Advisor
RE: ***AGENDA ITEM NO. 7.9 – CONSIDERATION AND POSSIBLE ACTION
ON RESOLUTION NO. 12-15 ESTABLISHING THE PALMDALE
WATER DISTRICT’S INVESTMENT POLICY***

Recommendation:

It is recommended that the Board of Directors approve Resolution No. 12-15 establishing the Palmdale Water District’s Investment Policy.

Financial Impact:

Adoption of Resolution No. 12-15 will have no financial impact.

Background:

It is required by law for the District to adopt an annual Investment Policy. There are no recommended changes from the previous Investment Policy. The Policy is to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds with the primary objectives of the investment activities being safety, liquidity, and return on investments.

Supporting Documents:

- Resolution No. 12-15

Strategic Plan Element:

6.0 Financial Management

RESOLUTION NO. 12-15

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Deputy Treasurer of the Palmdale Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, and report same to the Finance Committee, and it shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE; it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

The authority to invest public funds is expressly delegated to the Board of Directors. The Board re-delegates the investment function to the Board President or Vice President and the Deputy Treasurer. The Board President or Vice President designate the District's Financial Advisor as the Deputy Treasurer who shall have the authority to act on behalf of the District with the concurrence of the Board Finance Committee.

The investment of the District's monies is annually delegated by the Board of Directors to the Board President or Vice President and Deputy Treasurer (District Financial Advisor) who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires. The Board President or Vice President shall delegate the day-to-day operations of investing to the Deputy Treasurer, but not the responsibility for the overall investment program. All transactions will be reviewed by the Finance Committee on a monthly basis to assure compliance with the Investment Policy. (California Government Code Section 53607.)

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Deputy Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Deputy Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code 53601 et seq. to invest in the following:

- a. Bonds issued by the District.
- b. United States Treasury Bills, Notes and Bonds.
- c. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- d. Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30% of the District's money which may be invested pursuant to this policy.
- e. Monies held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease

installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

- f. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of California, including pooled investment accounts sponsored by the State of California, County Treasurers, other local agencies or Joint Powers Agencies.

Such investments shall be limited to securities that at the time of the investment have a term remaining to maturity of five years or less, or as provided above.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposit must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code 53601(i)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities.

Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.

- c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The Deputy Treasurer, after review by the Finance Committee, shall submit to each member of the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy, and (2) the District will meet its expenditure obligations for the next six months. The Deputy Treasurer shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting of the Board of Directors of Palmdale Water District held on December 12, 2012. Resolution No. 12-15 was adopted by the following vote:

AYES: Directors

NOES: Directors

ABSTAIN: Directors

President, Board of Directors
Palmdale Water District

ATTEST:

Secretary of the Board of Directors

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

I, Robert Alvarado, Secretary of the Palmdale Water District, DO
HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No.
12-15 of the Board of Directors of Palmdale Water District adopted at a Regular Meeting
held on December 12, 2012 and that the same has not been amended or
repealed.

Secretary, Board of Directors
Palmdale Water District

DATED: _____

(S E A L)



THE SOURCE

FCI

FINANCIAL COUNSELORS INC.
Founded 1966

December 3, 2012

Finance Committee
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 35550

RE: Investment Policy Statement

Dear Finance Committee:

This letter certifies that I have read and understand the Palmdale Water District's Investment Policy. Our company will manage the investment holdings according to its terms and conditions, making appropriate transactions as necessary to achieve a reasonable return while providing maximum security and conforming to all statutes governing the fund.

Respectfully,

Peter G. Greig, CFA
Senior Vice President
Co-Chief Investment Officer-Fixed Income

PGG/jfb



UBS Financial Services Inc.
777 S. Figueroa Street, Suite 5200
Los Angeles, CA 90017-5519
Tel. 213-972-1511
Toll Free 800-624-9289
Toll Free 800-283-1200
www.ubs.com

www.ubs.com

November 30, 2012

Finance Committee
Palmdale Water District
2029 East Avenue Q
Palmdale, CA 93550

Dear Sirs:

This letter certifies that I have read and understand the Palmdale Water District Investment Policy. I will present investment recommendations and transactions that are appropriate under its terms and conditions.

Sincerely,

A handwritten signature in cursive script, reading "Michael R. Giordano".

Michael R. Giordano- CIMA
Senior Vice President- Investments

A handwritten signature in cursive script, reading "James M. Giordano".

James M. Giordano- CFP
Vice President- Investments

MINUTES OF MEETING OF THE OUTREACH COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 5, 2012:

A regular meeting of the Outreach Committee of the Palmdale Water District was held Monday, November 5, 2012, 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
Robert Alvarado, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Jim Stanton, Information Technology Manager
Linda Garza, Water Conservation Assistant
Dawn Deans, Executive Assistant
Danielle Henry, Administrative Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, 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 October 8, 2012.

After a brief discussion, it was moved by Committee Member Alvarado, seconded by Chair Dizmang, and unanimously carried to approve the minutes of the meeting held October 8, 2012, as amended.

4.2) Discussion of Next Issue of Water News. (Water Conservation Supervisor Roberts)

Water Conservation Assistant Garza reviewed the upcoming issue of Water News followed by discussion of revisions and the prizes for the school contests after which the Committee requested a copy of the contest information.

4.3) Discussion of "Before the First Drop" Marketing Campaign. (Chair Dizmang)

Information Technology Manager Stanton informed the Committee that the cost to post the interactive "Before the First Drop" campaign on the District's website is approximately \$4,500.00 based on approximately 60 hours of programming; that the campaign can be live by November 23; and that this amount is budgeted, and after a brief discussion of the campaign and future changes to the campaign, the Committee requested staff move forward with programming the "Before the First Drop" marketing campaign.

4.4) Consideration and Possible Action on Adding Section 4.10 – Directors' Social Media Communications Policy to PWD Rules & Regulations. (Chair Dizmang)

After a brief review of Section 4.10 – Directors' Social Media Communications Policy, the Policy was further revised, and the Committee recommended this item be presented to the full Board for consideration at the November 14, 2012 Board meeting.

4.5) Discussion and Possible Action on List of Annual Community Events for District Participation. (Water Conservation Supervisor Roberts)

Water Conservation Assistant Garza reviewed the community events held in the Antelope Valley, the community events the District participates in, and the landscape workshop for 2013 followed by discussion of these events and recommended District participation.

The Committee then requested costs for Antelope Valley events, events for District participation, and landscape workshops be presented at the next Committee meeting.

4.6) Discussion and Possible Action on Cash for Grass Program for 2013. (Water Conservation Supervisor Roberts)

Water Conservation Assistant Garza reviewed revisions to the District's Cash for Grass Program for 2013, and after a brief discussion of these revisions, of the amount of the rebates, and of training to participate in the Program, it was determined that the amount of the rebates be reviewed with staff and further discussed at the next Committee meeting.

**4.7) Discussion and Possible Action on Video Media for Front Lobby.
(Committee Member Alvarado)**

Various ideas for posting video media for the front lobby, as well as ideas for the bulletin board, were discussed including seasonal messages; Save Our Water videos; PowerPoint slides of photos, the Cash for Grass Program, reducing sprinkler timers and water usage, the most recent issue of Water News, and past and present photographs; including messages on water bills; and increasing the size of Water News for posting on the lobby bulletin board.

**4.8) Discussion and Possible Action on Social Media Marketing Campaign.
(Committee Member Dizmang)**

Conducting a social media marketing campaign to promote the District's Facebook page and to increase the District's email notification list was briefly discussed including the cost for incentive giveaways and introducing the campaign through constant contact, the website, and Facebook.

Director Dizmang then requested the District's current Facebook presence be enhanced.

It was then determined that staff develop costs for incentive giveaways and the social media marketing campaign be discussed at the next Committee meeting.

5) Old Business.

5.1) Status of Water Cost Comparison with Different Water Districts and Comparisons to Gas and Electricity Costs. (Director Dizmang)

General Manager LaMoreaux informed the Committee that there is no additional information on this item.

5.2) Discussion of Amendment to the District's Rules and Regulations Regarding Community Presentations and Policy for Requesting District Speakers and Presentations. (General Manager LaMoreaux)

General Manager LaMoreaux stated that he will present information on this item at the next Committee meeting.

6) Information Items.

6.1) Update on Landscape Workshops. (Water Conservation Supervisor Roberts)

Water Conservation Assistant Garza informed the Committee that training and workshops for the Cash for Grass workshops are being developed; that staff is meeting with the AV Water Partners for new dates for college workshops; and that the District's next workshop will be in January.

6.2) Update on 2012-2013 Water Awareness School Education Programs. (Water Conservation Supervisor Roberts)

Water Conservation Assistant Garza informed the Committee that contest flyer announcements and posters have been distributed to Palmdale School District schools, and they have been asked to post the information on their website for the teachers; that grades K-3 will participate in a coloring contest, grades 4 – 5 will participate in an essay and poster contest for their favorite drought tolerant plant, and grades 6 – 12 will participate in a water-based science project.

6.3) Status Report on Enhancing the District's Web Site and Social Media Presence. (Information Technology Manager Stanton/Water Conservation Supervisor Roberts)

Chair Dizmang requested the water calculator table be removed from the website and it be replaced with an "under construction" posting followed by discussion of staff's use of the table and recommendation to post the graph from the Water News above the table noting future revisions.

Chair Dizmang then recommended the use of another agency's water use calculator and adding a 'your opinion' section to the website and then presented an article for use on the website, the Water News, and in the lobby.

6.4) Other.

There were no further information items.

6) Board Members' Requests for Future Agenda Items.

Director Dizmang requested an item be placed on the next agenda for "Discussion and possible action on 2013 estimated water conservation outreach costs" and "Discussion and possible action on 2013 estimated information technology outreach costs."

There were no further requests for future agenda items.

The next Outreach Committee meeting was then scheduled for December 3, 2012 at 3:00 p.m.

7) Adjournment.

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


Chair

All budgeted positions are currently filled with the following exceptions:

<u>Position</u>	<u>Department</u>	<u>Comment</u>
Human Resources Manager	Human Resources	Retired
Treatment Plant Supervisor	Operations	Retired
Senior Plant Maintenance Worker	Operations	
Service Worker	Facilities	
Field Service Worker I	Finance	