



PALMDALE WATER DISTRICT

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August 8, 2013

*Agenda for a Meeting
of the Finance Committee of the Palmdale Water District
Committee Members: Gloria Dizmang-Chair, Steve Cordova
to be held at the District's office at 2029 East Avenue Q, Palmdale*

Wednesday, August 14, 2013

5:00 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) Roll call.
- 2) Adoption of agenda.
- 3) Public comments.
- 4) Action Items: (The public shall have an opportunity to comment on any action item as each item is considered by the Committee prior to action being taken.)

- 4.1) Consideration and possible action on approval of minutes of meeting held July 10, 2013.
- 4.2) Discussion and overview of Cash Flow Statement and Current Cash Balances as of June 30, 2013. (Financial Advisor Egan)
- 4.3) Discussion and overview of Financial Statements, Revenue and Expense and Departmental Budget Reports for June 30, 2013. (Finance Manager Williams)
- 4.4) Discussion and overview of committed contracts issued. (Engineering Manager Knudson)
- 4.5) Consideration and possible action on Reserve Policy. (Chair Dizmang/Financial Advisor Egan/Finance Manager Williams)
- 4.6) Consideration and possible action on setting Palmdale Water District's assessment rates for fiscal year 2013-2014 and adoption of Resolution No. 13-11 regarding said rates. (Financial Advisor Egan)
- 5) Information items.
- 6) Board members' requests for future agenda items.
- 7) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dd

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE:	August 7, 2013	August 14, 2013
TO:	FINANCE COMMITTEE	Committee Meeting
FROM:	Mr. Bob Egan, Financial Advisor	
RE:	<i>AGENDA ITEM NO. 4.2 – DISCUSSION AND OVERVIEW OF CASH FLOW STATEMENT AND CURRENT CASH BALANCES AS OF JUNE 30, 2013</i>	

Attached is the Investment Funds Report and current cash balance as of June 30, 2013. The reports will be reviewed in detail at the Finance Committee meeting.

PALMDALE WATER DISTRICT
INVESTMENT FUNDS REPORT

			June 30, 2013			June-13	May-13
DESCR						VALUE	VALUE
A/C #							
CASH							
0-0103	Citizens/US Bank - Checking					938,742.74	730,319.25
0-0104	Citizens- Merchant					135,978.37	112,316.31
					Bank cash	1,074,721.11	842,635.56
0-0119	PETTY CASH					300.00	300.00
0-0120	CASH ON HAND					3,400.00	3,400.00
	TOTAL CASH					1,078,421.11	846,335.56
INVESTMENTS							
0-0110	UBS ACCOUNT SS 11469 GG						
	UBS RMA Government Portfolio					5,515,926.59	5,510,082.81
	UBS Bank USA Dep acct					250,000.00	250,000.00
	1998 Debt Reserve Fund						
	FHLB par 1.4Mil matures 10/18/13 3.625% interest					1,414,406.00	1,418,284.00
	Accrued interest					9,868.04	6,061.86
						7,190,200.63	7,184,428.67
0-1110	UBS ACCOUNT SS 11475 GG						
	UBS Bank USA Dep acct					181,530.58	181,526.74
	UBS RMA Government Portfolio					0.00	0.00
						181,530.58	181,526.74
0-0115	LAIF					11,690.59	11,690.59
0-0111	UBS ACCOUNT SS 11432 GG						
	UBS Bank USA Dep acct					250,000.00	250,000.00
	UBS RMA Government Portfolio					304,987.11	299,793.29
	Accrued interest					4,082.65	7,432.65
	US GOVERNMENT SECURITIES:						
	ISSUE DATE	ISSUER	EXPIR DATE	RATE	PAR	MARKET VALUE	MARKET VALUE
		FNMA	10/26/15	1.625	500,000	512,395.00	514,180.00
		FNMA	06/28/17	1.125	500,000	495,355.00	493,290.00
		FNMA	07/17/17	1.2	500,000	489,475.00	496,115.00
		FHLB	12/28/17	0.95	500,000	487,910.00	494,660.00
					2,000,000.00	1,985,135.00	1,998,245.00
	TOTAL MANAGED ACCOUNT					2,544,204.76	2,555,470.94
	TOTAL INVESTMENTS					9,927,626.56	9,933,116.94
	GRAND TOTAL CASH AND RESTRICTED CASH					11,006,047.67	10,779,452.50
					Incr (Decr)	226,595.17	567,832.63
	Checking		1,078,421				
	UBS MM		7,371,731		BNY Mellon		
	LAIF		11,691		Construction	8,500,000.00	8,500,000.00
	UBS Investment		2,544,205		Issuance	7,109.16	8,959.16
	Restricted		0			8,507,109.16	8,508,959.16
	Total		11,006,048				

REVISED 08/07/13	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	
	January	February	March	April	May	June	July	August	September	October	November	December	YTD
Water Sales	1,650,519	1,596,949	1,675,412	1,839,852	1,983,700	2,140,418	2,776,379	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	24,604,328
	1,650,519	1,596,949	1,675,412	1,839,852	1,983,700	2,140,418	2,776,379	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	
Beginning Balance	9,001,455	9,043,624	9,364,314	7,809,930	10,211,620	10,779,452	11,006,048	10,084,349	10,402,384	8,579,549	8,476,881	9,170,463	
Water Receipts	2,428,492	1,596,949	1,905,179	1,839,852	1,931,246	2,072,882	2,776,379	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	25,492,078
Other													
Total Operating Revenue	2,428,492	1,596,949	1,905,179	1,839,852	1,931,246	2,072,882	2,776,379	2,454,000	2,452,200	2,221,000	2,054,200	1,759,700	
Operating Expenses:													
Total Operating Expenses excl GAC	1,953,262	1,477,034	1,514,430	1,096,787	1,588,065	1,630,682	1,729,200	1,776,600	1,725,700	1,839,550	1,794,100	2,255,100	20,380,510
													4,223,818
Non-Operating Revenue Expenses:													
Assessments, net	620,213	287,572	2,234	1,883,965	585,806	5,790	287,658	143,000			113,500	2,383,600	6,313,338
Special Avek CIF Payment													0
Interest	(5,316)	(6,054)	1,396	(424)	835	5,250	2,100	1,900	2,100	2,100	2,100	2,100	8,086
Mkt adj					(16,104)	(16,532)							
Grant Re-imbursement											485,000		485,000
Capital Improvement Fees		44,176	(116,241)	0	48,031	12,500	12,500	12,500	12,500	12,500	12,500	12,500	63,466
													0
DWR Refund/(payment)				59,514	35,285		(436,485)						(341,686)
Other /Palmdale Redevel Agency	9,828	54,653	6,774	13,488	16,165	9,849							110,757
Total Non-Operating Revenues	624,724	380,347	(105,836)	1,956,543	670,018	16,858	(134,227)	157,400	14,600	14,600	613,100	2,398,200	6,638,962
Capital Expenditures	(194,434)		(61,168)	(103,645)	(54,481)	(52,617)	(345,737)	(216,000)	(8,898)	(319,100)			(1,356,080)
GAC	(233,893)				(216,776)		(301,893)	(121,147)	(256,405)				(1,130,114)
SWP Capitalized	(629,459)	(156,354)	(180,606)	(156,354)	(156,354)	(156,354)	(656,400)	(156,400)	(184,600)	(156,400)	(156,400)	(156,400)	(2,902,081)
Prepaid Insurance (paid) refunded			(65,835)										(65,835)
Bond Payments Interest			(1,010,820)						(829,635)				(1,840,455)
Principal			(517,540)						(1,261,179)				(1,778,719)
System Work for AVEK													0
Butte payments							(507,402)					(507,402)	(1,014,804)
Capital leases		(23,218)	(3,327)	(37,919)	(17,756)	(23,491)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(23,218)	(245,019)
Legal adjudication fees													0
Total Cash Ending Balance	9,043,624	9,364,314	7,809,930	10,211,620	10,779,452	11,006,048	10,084,349	10,402,384	8,579,549	8,476,881	9,170,463	10,386,243	(10,333,107)
											Budget	8,193,078	529,673
											diff	2,193,165	

PALMDALE WATER DISTRICT BOARD MEMORANDUM

DATE: August 7, 2013 **August 14, 2013**
TO: FINANCE COMMITTEE **Board Meeting**
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM 4.3 – DISCUSSION AND OVERVIEW OF FINANCIAL STATEMENTS, REVENUE AND EXPENSE AND DEPARTMENTAL BUDGET REPORTS FOR JUNE 30, 2013***

Discussion:

Presented here are the Balance Sheet and Profit/Loss Statement for the period ending June 30, 2013. Also included are Year-To-Year Comparisons and Month-To-Month Comparisons for both revenue and expense. Finally, I have provided individual departmental budget reports for the month of June, 2013.

This is the sixth month of the District's Budget Year 2013. The target percentage is 50%. Revenues ideally are at or above, and expenditures ideally are below.

Balance Sheet:

- Page 1 is our balance sheet on June 30, 2013. There is nothing significant to report.

Profit/Loss Statement:

- Page 3 is our profit/loss statement on June 30, 2013.
- Operating revenue is at 47% of budget.
- Cash operating expense is at 45% of budget.
- All departments are operating at or below the target 50% in their respective budget.
- Page 3-1 is the make-up of other operating revenues.

Year-To-Year Comparison P&L:

- Page 7 is our comparison of June 2012 to June 2013.
- Total operating revenue is up by \$135K, or 7%.
- Operating expenditures are up by \$957K, or 89%. The primary cause - prior year invoicing from SWP and a GAC expenditure.
- Page 8 is a graphic presentation of the water consumption comparison. Units billed in acre feet were down by 6, or .31%. Total revenue per unit sold is up \$0.16, or 7%, and total revenue per connection is up \$5.30, or 7%.

Revenue Analysis Year-To-Date:

- Page 9 is our comparison of revenue, year-to-date.
- Operating revenue through June 2013 is up by \$1.2MM, or 13%, compared to 2012.
- Total revenue is up \$528K, or 4%.

Expense Analysis Year-To-Date:

- Page 11 is our comparison of expense, year-to-date.
- Cash Operating Expenses through June, 2013 are up by \$666K, or 7%, compared to 2012. This is due primarily to the prior year OAP charges from SWP of \$436K.
- Total Expenses are up by \$931K, or 6%, compared to 2012.

Departments:

- Pages 14 through 22 are detailed budgets of each department. As stated earlier, all departments are below the target 50%.

Non-Cash Definitions:

Depreciation: This is the spreading of the total expense of a capital asset over the expected life of that asset.

OPEB Accrual Expense: Other Post Employment Benefits (OPEB) is the recognized annual required contribution to the benefit. The amount is actuarially determined in accordance with the parameters of GASB 45. The amount represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year.

Bad Debt: The uncollectible accounts receivable that has been written off.

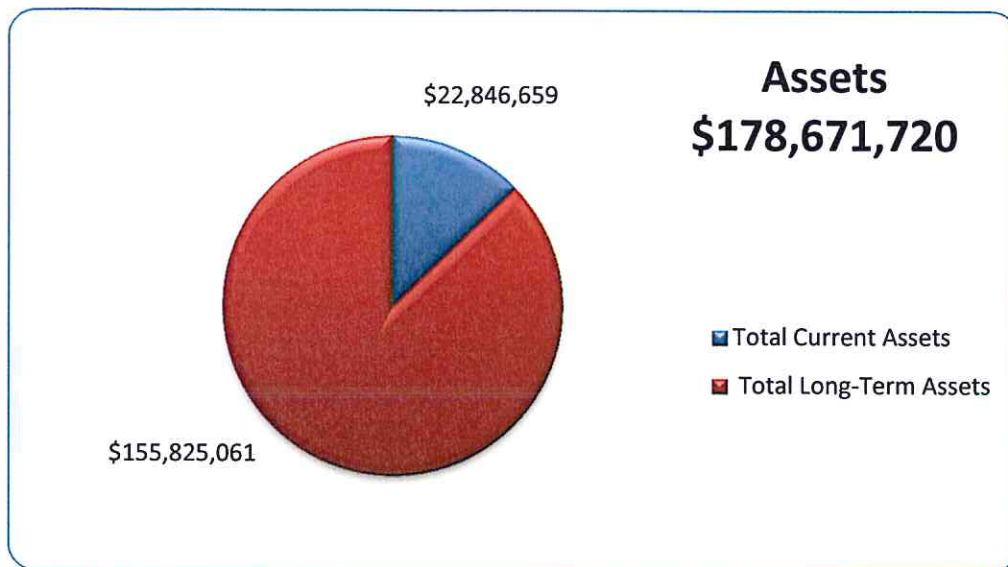
Service Cost Construction: The value of material, parts & supplies from inventory used to construct, repair and maintain our asset infrastructure.

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

**Palmdale Water District
Balance Sheet Report
For the Six Months Ending 6/30/2013**

	<u>June 2013</u>	<u>May 2013</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,078,421	\$ 843,427
Investments	9,927,627	9,933,117
2013A Bonds - Project Funds	8,500,000	8,500,000
	<u>\$ 19,506,048</u>	<u>\$ 19,276,544</u>
Receivables:		
Accounts Receivables - Water Sales	\$ 1,710,770	\$ 1,537,464
Accounts Receivables - Miscellaneous	251,851	251,908
Allowance for Uncollected Accounts	(49,317)	(49,317)
	<u>\$ 1,913,304</u>	<u>\$ 1,740,056</u>
Interest Receivable	\$ 9	\$ 9
Assessments Receivables	411,521	623,294
Meters, Materials and Supplies	940,185	955,850
Prepaid Expenses	75,592	101,378
Total Current Assets	<u>\$ 22,846,659</u>	<u>\$ 22,697,132</u>
Long-Term Assets:		
Property, Plant, and Equipment, net	\$ 116,988,270	\$ 117,874,069
Participation Rights in State Water Project, net	37,198,967	37,187,358
Bond Issuance Cost, Net	260,926	263,277
2013A Bonds - Cost of Issuance	1,135,017	1,135,017
2013A Bonds - Insurance & Surety Bond	241,881	242,547
Total Long-Term Assets	<u>\$ 155,825,061</u>	<u>\$ 156,702,268</u>
Total Assets	<u>\$ 178,671,720</u>	<u>\$ 179,399,399</u>
LIABILITIES AND DISTRICT EQUITY		
Current Liabilities:		
Current Interest Installment of Long-term Debt	\$ 254,868	\$ 63,280
Current Principal Installment of Long-term Debt	1,424,665	1,424,665
Accounts Payable and Accrued Expenses	5,816,509	5,068,062
Deferred Assessments	(250,004)	166,663
Total Current Liabilities	<u>\$ 7,246,039</u>	<u>\$ 6,722,670</u>
Long-Term Debt:		
Pension-Related Debt	\$ 1,141,041	\$ 1,141,041
OPEB Liability	6,857,219	6,709,091
2013A Water Revenue Bonds	44,426,985	44,429,235
2012 - Certificates of Participation	10,971,952	10,965,154
2004 - Certificates of Participation	-	-
2011 - Capital Lease Payable	498,207	498,207
Total Long-Term Liabilities	<u>\$ 63,895,404</u>	<u>\$ 63,742,728</u>
Total Liabilities	<u>\$ 71,141,443</u>	<u>\$ 70,465,398</u>
District Equity		
Revenue from Operations	\$ (1,902,427)	\$ (498,703)
Retained Earnings	109,432,704	109,432,704
Total Liabilities and District Equity	<u>\$ 178,671,720</u>	<u>\$ 179,399,399</u>

BALANCE SHEET AS OF JUNE 30, 2013



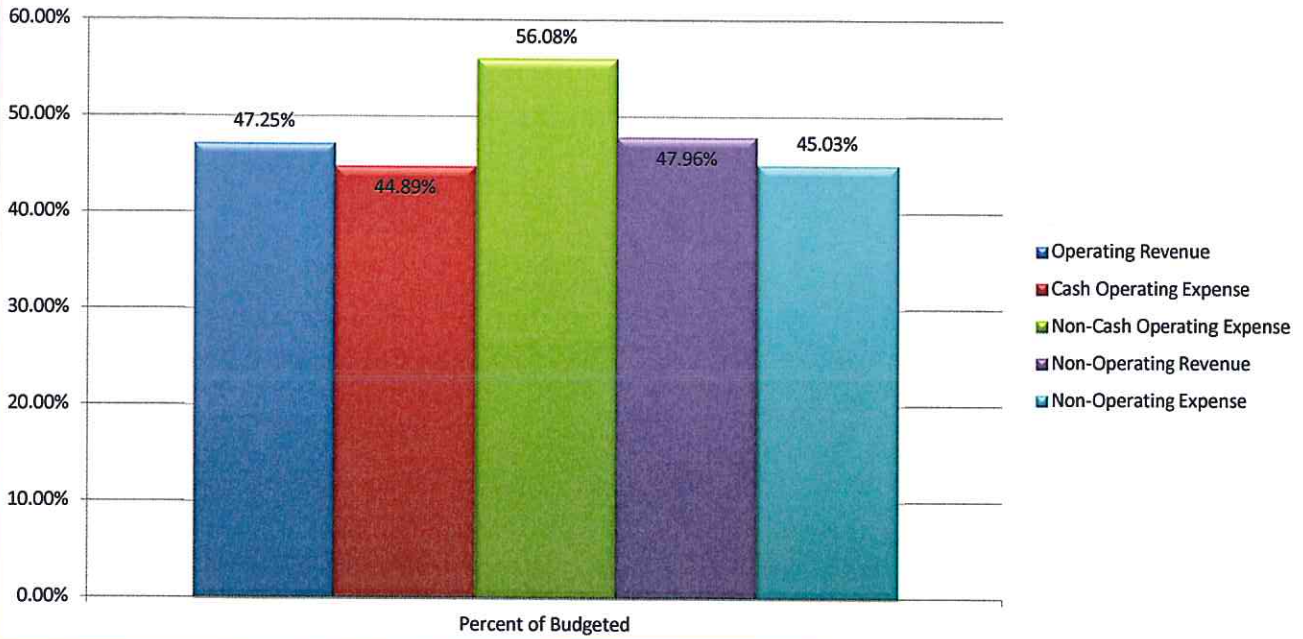
Palmdale Water District
Consolidated Profit and Loss Statement
For the Six Months Ending 6/30/2013

	Thru May	June	Year-to-Date	Adjustments	Adjusted Budget	% of Budget
Operating Revenue:						
Wholesale Water	\$ 21,543	\$ 10,809	\$ 32,352		\$ 175,000	18.49%
Water Sales	2,661,718	857,501	3,519,220		8,198,000	42.93%
Meter Fees	4,601,451	919,951	5,521,401		11,232,000	49.16%
Water Quality Fees	507,374	171,454	678,828		1,638,000	41.44%
Elevation Fees	157,140	59,814	216,954		550,000	39.45%
Other	797,205	120,889	918,094		1,250,000	73.45%
Total Water Sales	\$ 8,746,431	\$ 2,140,418	\$ 10,886,850	\$ -	\$ 23,043,000	47.25%
Cash Operating Expenses:						
Directors	\$ 43,919	\$ 6,721	\$ 50,640		\$ 117,500	43.10%
Administration	919,877	216,605	1,136,482		2,602,000	43.68%
Engineering	520,257	93,509	613,766		1,215,750	50.48%
Facilities	1,183,136	240,859	1,423,995		3,298,500	43.17%
Operations	1,850,628	454,694	2,305,322		4,944,250	46.63%
Finance	1,063,052	201,380	1,264,431		2,789,000	45.34%
Water Conservation	90,468	18,610	109,078		239,750	45.50%
Human Resources	56,133	14,422	70,556		209,600	33.66%
Information Technology	274,718	42,182	316,900		728,000	43.53%
Water Purchases	1,108,351	42,709	1,151,060		2,600,000	44.27%
Water Purchases-Prior Year OAP	-	436,485	436,485		-	
Water Recovery	(334,819)	-	(334,819)		(100,000)	334.82%
Capitalized Expenditures	451,663	47,314	498,977		836,500	59.65%
GAC Filter Media Replacement	220,239	216,829	437,068		1,638,000	26.68%
Total Cash Operating Expenses	\$ 7,447,621	\$ 2,032,319	\$ 9,479,940	\$ -	\$ 21,118,850	44.89%
Non-Cash Operating Expenses:						
Depreciation	\$ 3,486,261	\$ 587,116	\$ 4,073,377		\$ 7,250,000	56.18%
OPEB Accrual Expense	826,113	165,223	991,336		2,000,000	49.57%
Bad Debts	5,009	27	5,036		100,000	5.04%
Service Costs Construction	(51,569)	119,473	67,905		125,000	54.32%
Capitalized Construction	(309,978)	(74,669)	(384,647)		(1,000,000)	38.46%
Total Non-Cash Operating Expenses	\$ 3,955,837	\$ 797,170	\$ 4,753,008	\$ -	\$ 8,475,000	56.08%
Net Operating Profit/(Loss)	\$ (2,657,027)	\$ (689,071)	\$ (3,346,098)	\$ -	\$ (6,550,850)	51.08%
Non-Operating Revenues:						
Assessments (Debt Service)	\$ 1,880,881	\$ 296,548	\$ 2,177,429		\$ 4,300,000	50.64%
Assessments (1%)	761,865	120,119	881,984		1,500,000	58.80%
DWR Fixed Charge Recovery	94,799	-	94,799		100,000	94.80%
Interest	(17,342)	(11,281)	(28,623)		25,000	-114.49%
Capital Improvement Fees	(24,034)	-	(24,034)		150,000	-16.02%
State Grants	-	-	-		485,000	0.00%
Other	106,452	9,849	116,302		150,000	77.53%
Total Non-Operating Revenues	\$ 2,802,622	\$ 415,235	\$ 3,217,857	\$ -	\$ 6,710,000	47.96%
Non-Operating Expenses:						
Interest on Long-Term Debt	\$ 648,359	\$ 199,153	\$ 847,512		\$ 2,111,000	40.15%
Amortization of SWP	721,109	144,745	865,854		1,679,000	51.57%
Water Conservation Programs	45,221	15,599	60,820		150,000	40.55%
Total Non-Operating Expenses	\$ 1,414,689	\$ 359,497	\$ 1,774,186	\$ -	\$ 3,940,000	45.03%
Net Earnings	\$ (1,269,094)	\$ (633,333)	\$ (1,902,427)	\$ -	\$ (3,780,850)	50.32%

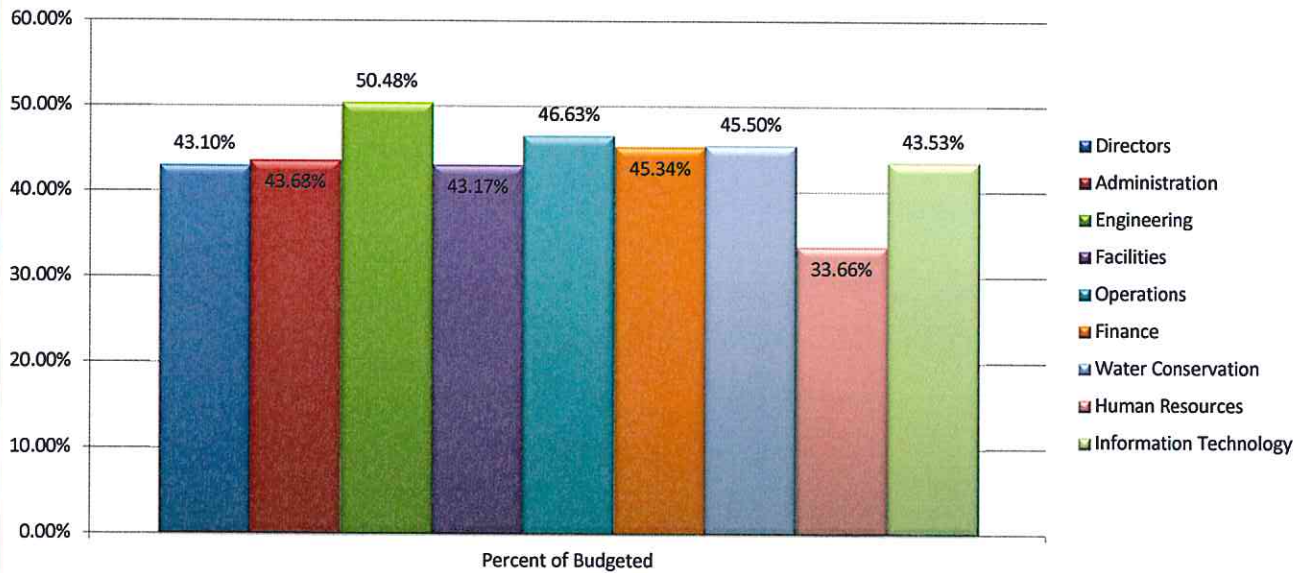
OTHER OPERATING REVENUE

5/8" Meter Charge(\$109)	\$25.00
Account Setup Charge(\$25)	\$2,950.00
Account Setup Charge/CC (\$35)	\$2,415.00
After Hours Service Call	\$400.00
Construction Meter Install(\$250)	\$500.00
Door Tag Fee(\$20)	\$48,870.00
Lock Broken or Missing(\$15)	\$135.00
Non-Compliance Fee Backflow(\$50)	\$350.00
Pulled Meter Service Charge(\$60)	\$360.00
Repair Angle Stop(\$440.00)	\$1,320.00
Shut-Off Charge(\$30)	\$7,590.00
Shut-Off Processing Fee(\$20)	\$40.00
Standard Trip Charge(\$15)	\$255.00
Late Fees	\$44,010.98
NSF Fee	\$1,275.00
	<u>\$110,495.98</u>

P & L BUDGET vs. ACTUAL



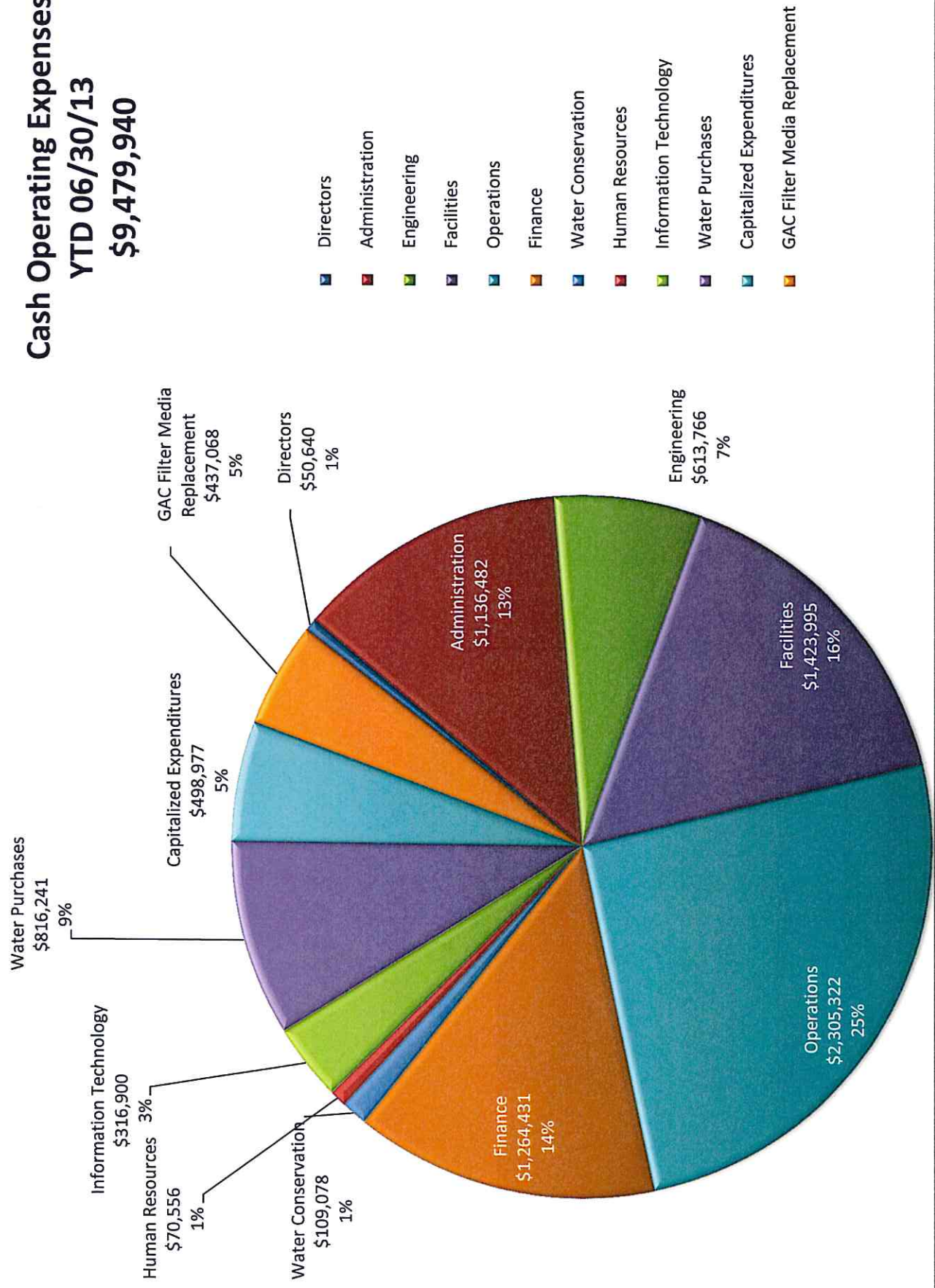
DEPARTMENTAL - BUDGET vs. ACTUAL



Cash Operating Expenses

YTD 06/30/13

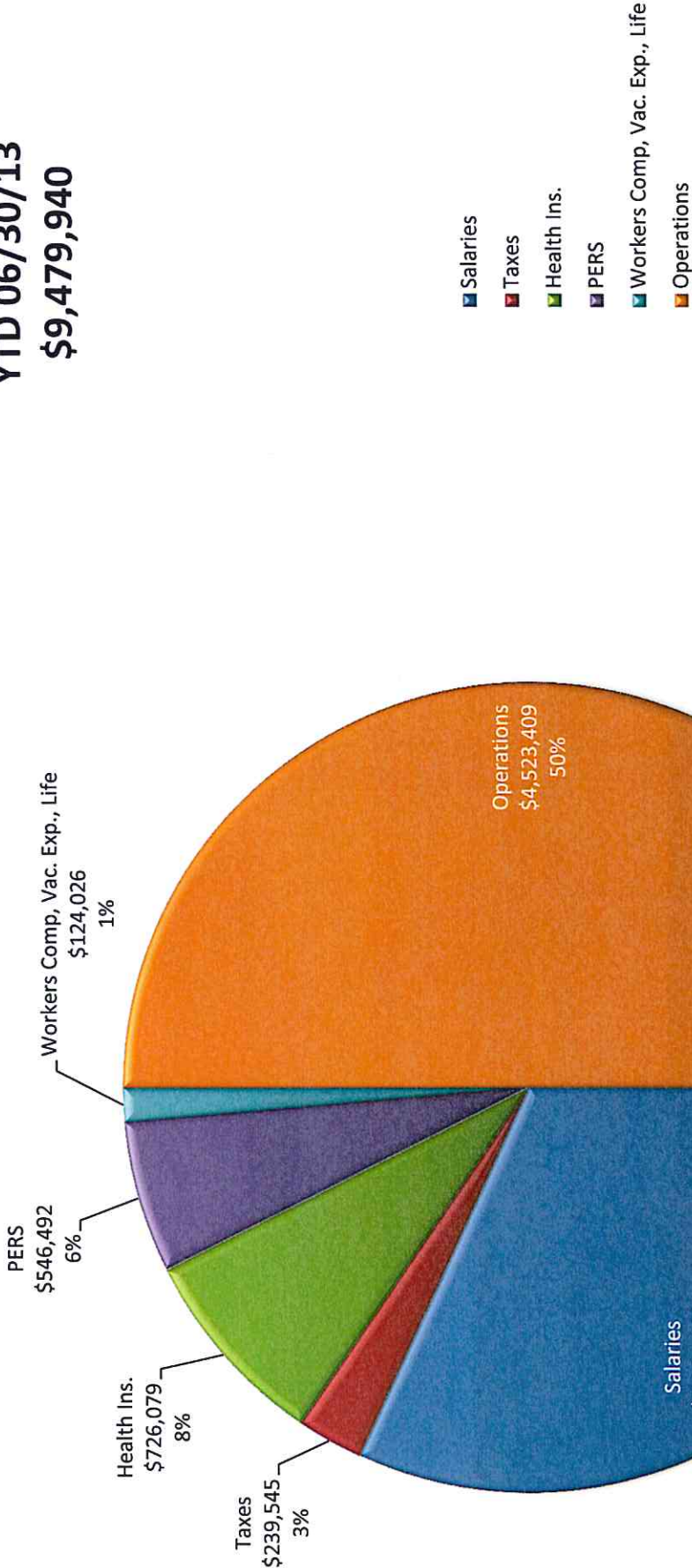
\$9,479,940



Personnel to Operations Exp

YTD 06/30/13

\$9,479,940

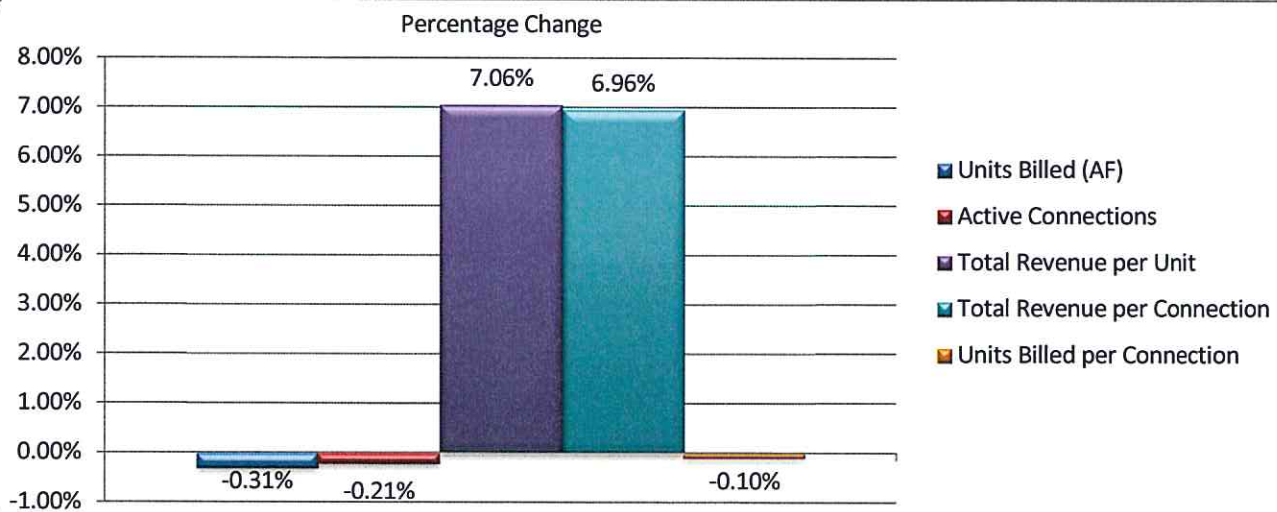
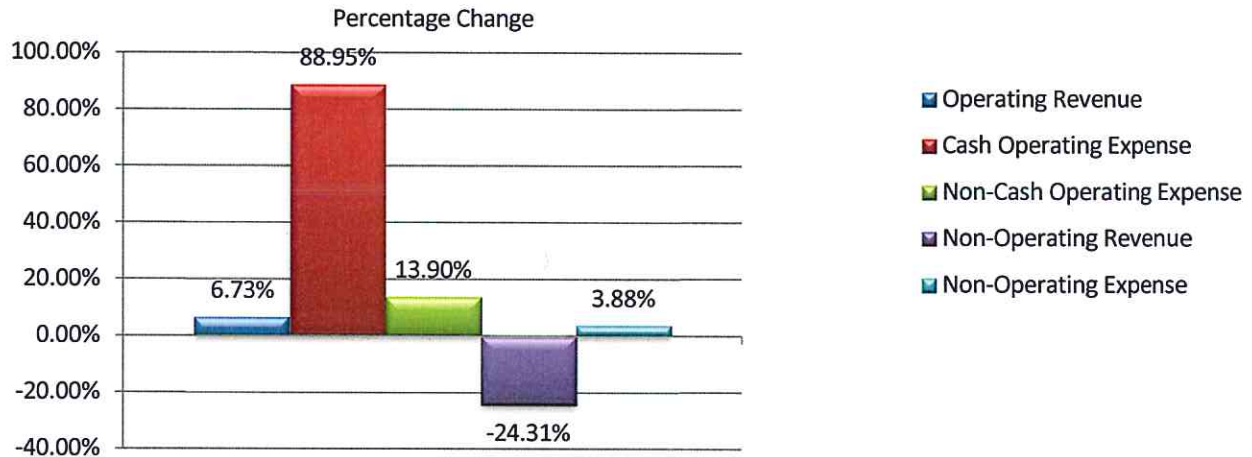


Palmdale Water District
Profit and Loss Statement
Year-To-Year Comparison - June

	2012 June	2013 June	Change	% Change		Consumption Comparison	
					Units Billed	2012	2013
Operating Revenue:						859,418	856,768
Wholesale Water	\$ -	\$ 10,809	\$ 10,809		Active	26,345	26,289
Water Sales	828,317	857,501	29,184	3.52%	Vacant	1,298	1,055
Meter Fees	864,395	919,951	55,556	6.43%			
Water Quality Fees	171,803	171,454	(348)	-0.20%	Rev/unit	\$ 2.33	\$ 2.50
Elevation Fees	61,347	59,814	(1,533)	-2.50%	Rev/con	\$ 76.12	\$ 81.42
Other	79,595	120,889	41,293	51.88%	Unit/con	32.62	32.59
Total Water Sales	\$ 2,005,457	\$ 2,140,418	\$ 134,961	6.73%			
Cash Operating Expenses:							
Directors	\$ 7,483	\$ 6,721	\$ (761)	-10.18%			
Administration	222,545	216,605	(5,940)	-2.67%			
Engineering	89,401	93,509	4,108	4.60%			
Facilities	254,928	240,859	(14,069)	-5.52%			
Operations	347,867	454,694	106,827	30.71%			
Finance	231,898	201,380	(30,518)	-13.16%			
Water Conservation	18,140	18,610	470	2.59%			
Human Resources	25,322	14,422	(10,900)	-43.05%			
Information Technology	35,851	42,182	6,331	17.66%			
Water Purchases	96,594	42,709	(53,885)	-55.79%			
Water Purchases-Prior Year OAP	-	436,485	436,485				
Water Recovery	(257,410)	-	257,410	-100.00%			
Capitalized Expenditures	2,957	47,314	44,357	1499.88%			
GAC Filter Media Replacement	-	216,829	216,829				
Total Cash Operating Expenses	\$ 1,075,576	\$ 2,032,319	\$ 956,743	88.95%			
Non-Cash Operating Expenses:							
Depreciation	\$ 574,970	\$ 587,116	\$ 12,146	2.11%			
OPEB Accrual Expense	147,678	165,223	17,545	11.88%			
Bad Debts	388	27	(361)	-93.06%			
Service Costs Construction	22,813	119,473	96,660	423.70%			
Capitalized Construction	(45,968)	(74,669)	(28,701)	62.44%			
Total Non-Cash Operating Expenses	\$ 699,881	\$ 797,170	\$ 97,289	13.90%			
Net Operating Profit/(Loss)	\$ 230,000	\$ (689,071)	\$ (919,071)	-399.60%			
Non-Operating Revenues:							
Assessments	\$ 532,786	\$ 416,667	\$ (116,119)	-21.79%			
DWR Fixed Charge Recovery	-	-	-				
Interest	2,157	(11,281)	(13,438)	-623.05%			
Capital Improvement Fees	8,835	-	(8,835)	-100.00%			
State Grants	-	-	-				
Other	4,830	9,849	5,019	103.90%			
Total Non-Operating Revenues	\$ 548,608	\$ 415,235	\$ (133,373)	-24.31%			
Non-Operating Expenses:							
Interest on Long-Term Debt	\$ 208,555	\$ 199,153	\$ (9,402)	-4.51%			
Amortization of SWP	128,945	144,745	15,800	12.25%			
Water Conservation Programs	8,581	15,599	7,018	81.79%			
Total Non-Operating Expenses	\$ 346,081	\$ 359,497	\$ 13,416	3.88%			
Net Earnings	\$ 432,527	\$ (633,333)	\$ (1,065,860)	-246.43%			

YEAR-TO-YEAR COMPARISON

June '12 -To- June '13



	2012	2013	Change	
Units Billed (AF)	1,973	1,967	-6	-0.31%
Active Connections	26,345	26,289	-56	-0.21%
Non-Active	1,298	1,055	-243	-18.72%
Total Revenue per Unit	\$2.33	\$2.50	\$0.16	7.06%
Total Revenue per Connection	\$76.12	\$81.42	\$5.30	6.96%
Units Billed per Connection	32.62	32.59	0	-0.10%

Palmdale Water District

Revenue Analysis

For the Six Months Ending 6/30/2013

2012 to 2013 Comparison

	Thru May	June	Year-to-Date	Adjusted Budget	% of Budget	Thru May	June	Year-to-Date	% Change
Operating Revenue:									
Wholesale Water	\$ 21,543	\$ 10,809	\$ 32,352	\$ 175,000	18.49%	\$ 21,543	10,809	32,352	
Water Sales	2,661,718	857,501	3,519,220	8,198,000	42.93%	614,351	29,184	643,535	22.38%
Meter Fees	4,601,451	919,951	5,521,401	11,232,000	49.16%	298,750	55,556	354,306	6.86%
Water Quality Fees	507,374	171,454	678,828	1,638,000	41.44%	23,396	(348)	23,048	3.51%
Elevation Fees	157,140	59,814	216,954	550,000	39.45%	(178)	(1,533)	(1,711)	-0.78%
Other	797,205	120,889	918,094	1,250,000	73.45%	180,519	41,293	221,812	31.86%
Total Water Sales	\$ 8,746,431	\$ 2,140,418	\$10,886,850	\$23,043,000	47.25%	\$ 1,138,381	\$ 134,961	\$ 1,273,342	13.25%

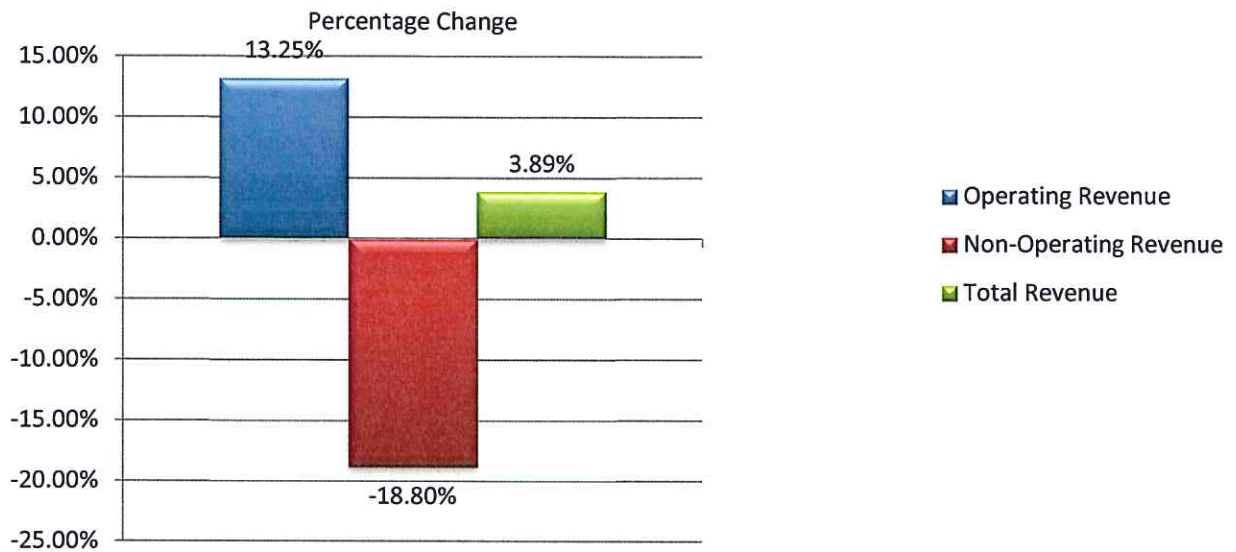
Non-Operating Revenues:									
Assessments (Debt Service)	\$ 1,880,881	\$ 296,548	\$ 2,177,429	\$ 4,300,000	50.64%	\$ 379,000	\$ (87,538)	\$ 291,462	15.45%
Assessments (1%)	761,865	120,119	881,984	2,381,984	37.03%	180,407	(28,581)	151,826	20.79%
DWR Fixed Charge Recovery	94,799	-	94,799	100,000	94.80%	94,799	-	94,799	
Interest	(17,342)	(11,281)	(28,623)	25,000	-114.49%	(29,910)	(13,438)	(43,348)	-294.38%
Capital Improvement Fees	(24,034)	-	(24,034)	150,000	-16.02%	(1,248,537)	(8,835)	(1,257,373)	-101.95%
State Grants	-	-	-	485,000	0.00%	-	-	-	
Other	106,452	9,849	116,302	150,000	77.53%	12,833	5,019	17,852	18.13%
Total Non-Operating Revenues	\$ 2,802,622	\$ 415,235	\$ 3,217,857	\$ 7,591,984	42.38%	\$ (611,408)	\$ (133,373)	\$ (744,781)	-18.80%
Total Revenue	\$ 11,549,053	\$ 2,555,654	\$14,104,706	\$30,634,984	46.04%	\$ 526,973	\$ 1,588	\$ 528,561	3.89%

Operating Revenue:									
Wholesale Water	\$ -	\$ -	\$ -	\$ 175,000	0.00%				
Water Sales	2,047,368	828,317	2,875,685	8,145,000	35.31%				
Meter Fees	4,302,701	864,395	5,167,096	10,400,000	49.68%				
Water Quality Fees	483,978	171,803	655,780	1,550,000	42.31%				
Elevation Fees	157,318	61,347	218,665	525,000	41.65%				
Other	616,686	79,595	696,282	1,250,000	55.70%				
Total Water Sales	\$ 7,608,051	\$ 2,005,457	\$ 9,613,508	\$21,870,000	43.96%				

Non-Operating Revenues:									
Assessments (Debt Service)	\$ 1,501,880	\$ 384,086	\$ 1,885,966	\$ 4,000,000	47.15%				
Assessments (1%)	581,458	148,700	730,158	1,500,000	48.68%				
DWR Fixed Charge Recovery	-	-	-	-					
Interest	12,569	2,157	14,725	60,000	24.54%				
Capital Improvement Fees	1,224,504	8,835	1,233,339	1,286,848	95.84%				
State Grants	-	-	-	250,000	0.00%				
Other	93,619	4,830	98,449	100,000	98.45%				
Total Non-Operating Revenues	\$ 3,414,030	\$ 548,608	\$ 3,962,638	\$ 7,196,848	55.06%				
Total Revenue	\$ 11,022,080	\$ 2,554,065	\$13,576,146	\$29,066,848	46.71%				

REVENUE COMPARISON YEAR-TO-DATE

June '12-To-June '13



Palmdale Water District

Operating Expense Analysis

For the Six Months Ending 6/30/2013

2013

2012 to 2013 Comparison

	Thru May	June	Year-to-Date	Adjusted Budget	% of Budget	Thru May	June	Year-to-Date	% Change
Cash Operating Expenses:									
Directors	\$ 43,919	\$ 6,721	\$ 50,640	\$ 117,500	43.10%	\$ (5,122)	\$ (761)	\$ (5,884)	-10.41%
Administration	919,877	216,605	1,136,482	2,602,000	43.68%	(329,161)	(5,940)	(335,100)	-22.77%
Engineering	520,257	93,509	613,766	1,215,750	50.48%	56,463	4,108	60,571	10.95%
Facilities	1,183,136	240,859	1,423,995	3,298,500	43.17%	(155,928)	(14,069)	(169,997)	-10.66%
Operations	1,850,628	454,694	2,305,322	4,944,250	46.63%	79,866	106,827	186,693	8.81%
Finance	1,063,052	201,380	1,264,431	2,789,000	45.34%	(59,273)	(30,518)	(89,790)	-6.63%
Water Conservation	90,468	18,610	109,078	239,750	45.50%	5,183	470	5,653	5.47%
Human Resources	56,133	14,422	70,556	209,600	33.66%	(39,043)	(10,900)	(49,943)	-41.45%
Information Technology	274,718	42,182	316,900	728,000	43.53%	1,851	6,331	8,182	2.65%
Water Purchases	1,108,351	42,709	1,151,060	2,600,000	44.27%	(135,402)	(53,885)	(189,287)	-14.12%
Water Purchases-Prior Year OAP	-	436,485	436,485	-		-	436,485	436,485	
Water Recovery	(334,819)	-	(334,819)	(100,000)	334.82%	(54,169)	257,410	203,241	-37.77%
Capitalized Expenditures	451,663	47,314	498,977	836,500	59.65%	343,644	44,357	388,001	349.62%
GAC Filter Media Replacement	220,239	216,829	437,068	1,638,000	26.68%	410	216,829	217,238	98.82%
Total Cash Operating Expenses	\$ 7,447,621	\$ 2,032,319	\$ 9,479,940	\$ 21,118,850	44.89%	\$ (290,682)	\$ 956,743	\$ 666,061	7.03%
Non-Cash Operating Expenses:									
Depreciation	\$ 3,486,261	\$ 587,116	\$ 4,073,377	\$ 7,250,000	56.18%	\$ 549,834	\$ 12,146	\$ 561,980	16.00%
OPEB Accrual Expense	826,113	165,223	991,336	2,991,336	33.14%	(73,166)	17,545	(55,621)	-5.31%
Bad Debts	5,009	27	5,036	105,036	4.79%	1,686	(361)	1,324	35.67%
Service Costs Construction	(51,569)	119,473	67,905	192,905	35.20%	(47,362)	96,660	49,298	264.95%
Capitalized Construction	(309,978)	(74,669)	(384,647)	(1,384,647)	27.78%	15,118	(28,701)	(13,583)	3.66%
Total Non-Cash Operating Expenses	\$ 3,955,837	\$ 787,170	\$ 4,753,008	\$ 9,154,630	51.92%	\$ 446,109	\$ 97,289	\$ 543,398	11.43%
Non-Operating Expenses:									
Interest on Long-Term Debt	\$ 648,359	\$ 199,153	\$ 847,512	\$ 2,111,000	40.15%	\$ (394,415)	\$ (9,402)	\$ (403,817)	-32.27%
Amortization of SWP	721,109	144,745	865,854	1,679,000	51.57%	76,384	15,800	92,184	11.92%
Water Conservation Programs	45,221	15,599	60,820	150,000	40.55%	26,173	7,018	33,192	1.62%
Total Non-Operating Expenses	\$ 1,414,689	\$ 359,497	\$ 1,774,186	\$ 3,940,000	45.03%	\$ (291,858)	\$ 13,416	\$ (278,442)	-13.57%
Total Expenses	\$ 12,818,147	\$ 3,188,986	\$ 16,007,134	\$ 34,213,480	46.79%	\$ (136,431)	\$ 1,067,448	\$ 931,018	6.18%

Palmdale Water District

Operating Expense Analysis

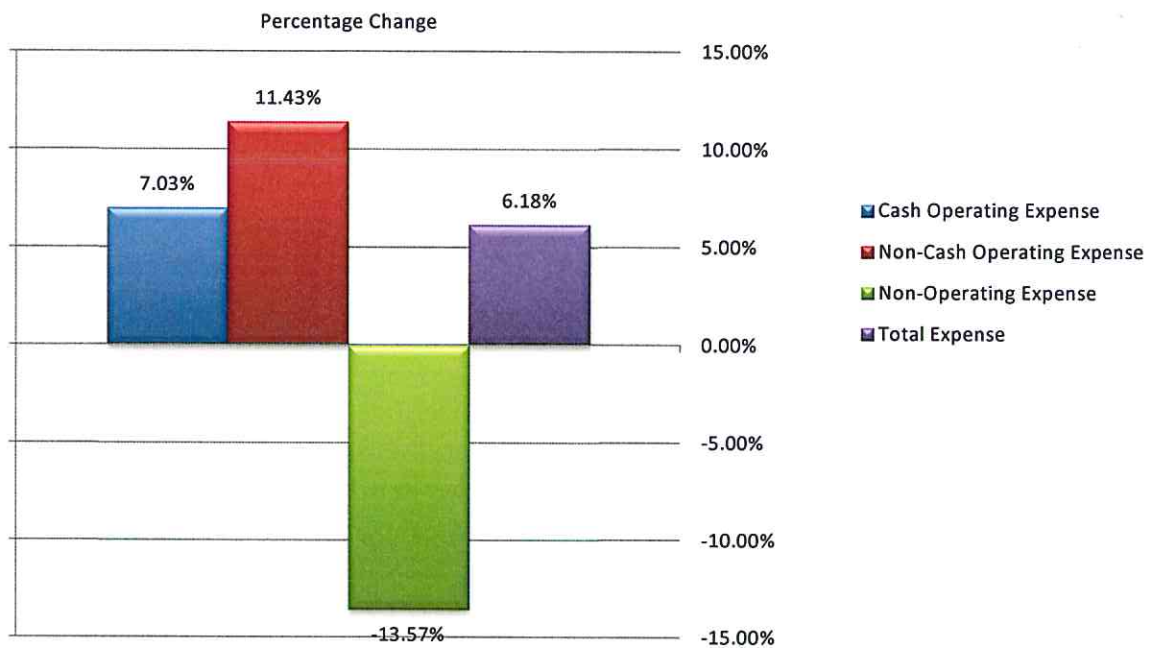
For the Six Months Ending 6/30/2013

2012 to 2013 Comparison

	Thru May	June	Year-to-Date	Adjusted Budget	% of Budget
Cash Operating Expenses:					
Directors	\$ 49,041	\$ 7,483	\$ 56,524	\$ 154,000	36.70%
Administration	1,249,037	222,545	1,471,582	3,547,000	41.49%
Engineering	463,794	89,401	553,195	1,169,000	47.32%
Facilities	1,339,064	254,928	1,593,993	3,490,500	45.67%
Operations	1,770,762	347,867	2,118,629	5,113,750	41.43%
Finance	1,122,324	231,898	1,354,222	2,788,750	48.56%
Water Conservation	85,285	18,140	103,425	223,500	46.28%
Human Resources	95,176	25,322	120,499	267,850	44.99%
Information Technology	272,867	35,851	308,717	736,750	41.90%
Water Purchases	1,243,753	96,594	1,340,347	2,800,000	47.87%
Water Purchases-Prior Year OAP	-	-	-	-	-
Water Recovery	(280,650)	(257,410)	(538,060)	(200,000)	269.03%
Capitalized Expenditures	108,019	2,957	110,977	412,500	26.90%
GAC Filter Media Replacement	219,829	-	219,829	1,550,000	14.18%
Total Cash Operating Expenses	\$ 7,738,303	\$ 1,075,576	\$ 8,813,879	\$ 22,053,600	39.97%
Non-Cash Operating Expenses:					
Depreciation	\$ 2,936,427	\$ 574,970	\$ 3,511,397	\$ 7,800,000	45.02%
OPEB Accrual Expense	899,280	147,678	1,046,958	2,000,000	52.35%
Bad Debts	3,324	388	3,712	100,000	3.71%
Service Costs Construction	(4,207)	22,813	18,607	125,000	14.89%
Capitalized Construction	(325,096)	(45,968)	(371,064)	(1,000,000)	37.11%
Total Non-Cash Operating Expenses	\$ 3,509,728	\$ 699,881	\$ 4,209,609	\$ 9,025,000	46.64%
Non-Operating Expenses:					
Interest on Long-Term Debt	\$ 1,042,774	\$ 208,555	\$ 1,251,329	\$ 2,490,000	50.25%
Amortization of SWP	644,725	128,945	773,670	1,680,000	46.05%
Capital Lease	-	-	-	212,000	-
Water Conservation Programs	19,048	8,581	27,629	150,000	18.42%
Total Non-Operating Expenses	\$ 1,706,547	\$ 346,081	\$ 2,052,628	\$ 4,532,000	45.29%
Total Expenses	\$ 12,954,578	\$ 2,121,538	\$ 15,076,116	\$ 35,610,600	42.34%

EXPENSE COMPARISON YEAR-TO-DATE

June '12-To-June '13



Palmdale Water District
2013 Directors Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-01-4000-000 Directors Pay	\$ 23,400	\$ 45,000	\$ -	\$ 21,600	52.00%
Employee Benefits					
1-01-4005-000 Payroll Taxes	1,790	5,500		3,710	32.55%
1-01-4010-000 Health Insurance	23,733	57,000		33,267	41.64%
Subtotal (Benefits)	25,523	62,500	-	33,267	40.84%
Total Personnel Expenses	<u>\$ 48,923</u>	<u>\$ 107,500</u>	<u>\$ -</u>	<u>\$ 54,867</u>	<u>45.51%</u>
OPERATING EXPENSES:					
1-01-4050-000 Directors Travel, Seminars & Meetings	1,717	10,000		8,283	17.17%
Subtotal Operating Expenses	1,717	10,000	-	8,283	17.17%
Total O & M Expenses	<u>\$ 50,640</u>	<u>\$ 117,500</u>	<u>\$ -</u>	<u>\$ 63,150</u>	<u>43.10%</u>

Palmdale Water District
2013 Administration Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-02-4000-000 Salaries	\$ 233,488	\$ 471,500		\$ 238,012	49.52%
1-02-4000-100 Overtime	4,186	5,000		814	83.71%
1-02-4000-200 On-Call	26,777	60,000		33,223	44.63%
Subtotal (Salaries)	\$ 264,451	\$ 536,500		\$ 272,049	49.29%
Employee Benefits					
1-02-4005-000 Payroll Taxes	19,628	41,000		21,372	47.87%
1-02-4010-000 Health Insurance	40,280	80,750		40,470	49.88%
1-02-4015-000 PERS	45,459	90,750		45,291	50.09%
1-02-4020-000 Worker's Compensation	53,832	160,000		106,168	33.65%
1-02-4025-000 Vacation Benefit Expense	66,242	35,000		(31,242)	189.26%
1-02-4030-000 Life Insurance	3,953	7,500		3,547	52.70%
Subtotal (Benefits)	\$ 229,394	\$ 415,000	\$ -	\$ 185,606	55.28%
Total Personnel Expenses	\$ 493,845	\$ 951,500	\$ -	\$ 457,655	51.90%
OPERATING EXPENSES:					
1-02-4050-000 Staff Travel	\$ 4,023	\$ 8,000		\$ 3,977	50.29%
1-02-4050-100 General Manager Travel	2,898	5,000		2,102	57.95%
1-02-4060-000 Staff Conferences & Seminars	1,150	3,000		1,850	38.33%
1-02-4060-100 General Manager Conferences & Seminars	1,430	4,500		3,070	31.78%
1-02-4070-000 Employee Expense	14,270	40,000		25,730	35.68%
1-02-4080-000 Other Operating	4,230	20,000		15,770	21.15%
1-02-4110-000 Consultants	30,541	134,000		103,459	22.79%
1-02-4125-000 Insurance	140,399	325,000		184,601	43.20%
1-02-4130-000 Bank Charges	57,535	130,000		72,465	44.26%
1-02-4135-000 Groundwater Adjudication	148,495	400,000		251,505	37.12%
1-02-4140-000 Legal Services	73,747	250,000		176,253	29.50%
1-02-4150-000 Accounting Services	18,485	20,000		1,515	92.43%
1-02-4155-000 Contracted Services	15,911	40,000		24,089	39.78%
1-02-4165-000 Memberships/Subscriptions	63,079	110,000		46,921	57.34%
1-02-4175-000 Permits	1,625	20,000		18,375	8.13%
1-02-4180-000 Postage	11,571	30,000		18,429	38.57%
1-02-4190-100 Public Relations - Publications	22,564	30,000		7,436	75.21%
1-02-4190-900 Public Relations - Other	353	1,000		647	35.30%
1-02-4200-000 Advertising	1,148	5,000		3,852	22.96%
1-02-4205-000 Office Supplies	7,122	20,000		12,878	35.61%
1-02-4215-200 Natural Gas - Office Building	1,852	5,000		3,148	37.03%
1-02-4220-200 Electricity - Office Building	20,209	50,000		29,791	40.42%
Subtotal Operating Expenses	\$ 642,636	\$ 1,650,500	\$ -	\$ 1,007,864	38.94%
Total Departmental Expenses	\$ 1,136,482	\$ 2,602,000	\$ -	\$ 1,465,518	43.68%

Palmdale Water District
2013 Engineering Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-03-4000-000 Salaries	\$ 358,730	\$ 749,000		\$ 390,270	47.89%
1-03-4000-100 Overtime	2,265	6,000		3,735	37.74%
Subtotal (Salaries)	\$ 360,995	\$ 755,000		\$ 394,005	47.81%
Employee Benefits					
1-03-4005-000 Payroll Taxes	29,914	58,000		28,086	51.58%
1-03-4010-000 Health Insurance	82,722	165,500		82,778	49.98%
1-03-4015-000 PERS	71,881	143,250		71,369	50.18%
Subtotal (Benefits)	\$ 184,518	\$ 366,750	\$ -	\$ 182,232	50.31%
Total Personnel Expenses	\$ 545,512	\$ 1,121,750	\$ -	\$ 576,238	48.63%
OPERATING EXPENSES:					
1-03-4050-000 Staff Travel	\$ 1,762	\$ 3,000		\$ 1,238	58.73%
1-03-4060-000 Staff Conferences & Seminars	1,460	2,500		1,040	58.40%
1-03-4155-000 Contracted Services	2,530	12,000		9,470	21.08%
1-03-4165-000 Memberships/Subscriptions	644	2,000		1,356	32.22%
1-03-4250-000 General Materials & Supplies	896	2,500		1,604	35.84%
1-03-8100-100 Computer Software - Maint. & Support	60,961	72,000		11,039	84.67%
Subtotal Operating Expenses	\$ 68,254	\$ 94,000	\$ -	\$ 25,746	72.61%
Total Departmental Expenses	\$ 613,766	\$ 1,215,750	\$ -	\$ 601,984	50.48%

Palmdale Water District
2013 Facilities Budget
For the Six Months Ending Sunday, June 30, 2013

YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
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Personnel Budget:

1-04-4000-000 Salaries	\$ 577,443	\$ 1,339,000	\$ 761,557	43.12%
1-04-4000-100 Overtime	20,913	40,000	19,087	52.28%
Subtotal (Salaries)	\$ 598,356	\$ 1,379,000	\$ 780,644	43.39%

Employee Benefits

1-04-4005-000 Payroll Taxes	51,171	105,000	53,829	48.73%
1-04-4010-000 Health Insurance	200,483	384,000	183,517	52.21%
1-04-4015-000 PERS	117,212	254,500	137,288	46.06%
Subtotal (Benefits)	\$ 368,867	\$ 743,500	\$ -	49.61%

Total Personnel Expenses

\$ 967,223	\$ 2,122,500	\$ -	\$ 1,136,190	45.57%
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OPERATING EXPENSES:

1-04-4050-000 Staff Travel	\$ 516	\$ 2,500	1,984	20.63%
1-04-4060-000 Staff Conferences & Seminars	2,225	3,000	775	74.17%
1-04-4155-000 Contracted Services	6,492	28,500	22,008	22.78%
1-04-4215-200 Natural Gas - Buildings	1,288	4,500	3,212	28.63%
1-04-4220-200 Electricity - Buildings	8,760	30,000	21,240	29.20%
1-04-4225-000 Maint. & Repair - Vehicles	11,773	45,000	33,227	26.16%
1-04-4230-100 Maint. & Rep. Office Building	1,031	18,000	16,969	5.73%
1-04-4235-110 Maint. & Rep. Equipment	6,055	7,500	1,445	80.73%
1-04-4235-400 Maint. & Rep. Operations - Wells	22,525	150,000	127,475	15.02%
1-04-4235-405 Maint. & Rep. Operations - Boosters	46,468	50,000	3,532	92.94%
1-04-4235-410 Maint. & Rep. Operations - Shop Bldgs	6,394	10,000	3,606	63.94%
1-04-4235-415 Maint. & Rep. Operations - Facilities	8,676	15,000	6,324	57.84%
1-04-4235-420 Maint. & Rep. Operations - Water Lines	126,645	350,000	223,355	36.18%
1-04-4235-425 Maint. & Rep. Operations - Littlerock Dam	35,743	20,000	(15,743)	178.71%
1-04-4235-430 Maint. & Rep. Operations - Palmdale Dam	14,619	26,500	11,881	55.17%
1-04-4235-435 Maint. & Rep. Operations - Palmdale Canal	-	3,000	3,000	0.00%
1-04-4235-455 Maint. & Rep. Operations - Heavy Equipment	16,788	35,000	18,212	47.97%
1-04-4235-460 Maint. & Rep. Operations - Storage Reservoirs	-	5,000	5,000	0.00%
1-04-6000-000 Waste Disposal	15,438	40,000	24,562	38.59%
1-04-6100-100 Fuel and Lube - Vehicle	58,388	130,000	71,612	44.91%
1-04-6100-200 Fuel and Lube - Machinery	10,597	43,000	32,403	24.64%
1-04-6200-000 Uniforms	10,179	20,000	9,821	50.90%
1-04-6300-100 Supplies - Misc.	18,787	47,500	28,713	39.55%
1-04-6300-800 Supplies - Construction Materials	15,603	65,000	49,397	24.00%
1-04-6400-000 Tools	6,121	12,000	5,879	51.01%
1-04-7000-100 Leases -Equipment	5,662	15,000	9,338	37.75%
Subtotal Operating Expenses	\$ 456,773	\$ 1,176,000	\$ -	719,228 38.84%

Total Departmental Expenses

\$ 1,423,995	\$ 3,298,500	\$ -	\$ 1,855,417	43.17%
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Palmdale Water District
2013 Operation Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-05-4000-000 Salaries	\$ 692,534	\$ 1,608,500		\$ 915,966	43.05%
1-05-4000-100 Overtime	36,204	61,500		25,296	58.87%
Subtotal (Salaries)	\$ 728,737	\$ 1,670,000		\$ 941,263	43.64%
Employee Benefits					
1-05-4005-000 Payroll Taxes	60,704	128,000		67,296	47.43%
1-05-4010-000 Health Insurance	177,058	378,500		201,442	46.78%
1-05-4015-000 PERS	137,829	307,000		169,171	44.90%
Subtotal (Benefits)	\$ 375,592	\$ 813,500	\$ -	\$ 437,908	46.17%
Total Personnel Expenses	\$ 1,104,329	\$ 2,483,500	\$ -	\$ 1,353,875	44.47%
OPERATING EXPENSES:					
1-05-4050-000 Staff Travel	\$ 81	\$ 8,000		\$ 7,919	1.01%
1-05-4060-000 Staff Conferences & Seminars	-	9,500		9,500	0.00%
1-05-4120-100 Training - Lab Equipment	-	4,500		4,500	0.00%
1-05-4120-200 Training - SCADA Network	-	9,000			
1-05-4155-000 Contracted Services	64,812	59,000		(5,812)	109.85%
1-05-4175-000 Permits	6,123	45,000		38,877	13.61%
1-05-4215-100 Natural Gas - Wells & Boosters	55,655	160,000		104,345	34.78%
1-05-4215-200 Natural Gas - WTP	2,034	3,000		966	67.81%
1-05-4220-100 Electricity - Wells & Boosters	623,000	1,285,000		662,000	48.48%
1-05-4220-200 Electricity - WTP	51,946	125,000		73,054	41.56%
1-05-4230-110 Maint. & Rep. - Office Equipment	147	500		353	29.49%
1-05-4235-110 Maint. & Rep. Operations - Equipment	8,687	15,000		6,313	57.91%
1-05-4235-410 Maint. & Rep. Operations - Shop Bldgs	2,120	6,000		3,880	35.34%
1-05-4235-415 Maint. & Rep. Operations - Facilities	27,677	38,000		10,323	72.83%
1-05-4235-445 Maint. & Rep. Operations - Telemetry	3,809	2,250		(1,559)	169.27%
1-05-4235-450 Maint. & Rep. Operations - Hypo Generator	20,246	10,000		(10,246)	202.46%
1-05-4236-000 Palmdale Lake Management	1,163	15,000		13,837	7.75%
1-05-4270-300 Telecommunication - Other	1,310	2,750		1,440	47.63%
1-05-4300-300 Testing - Edison	5,385	9,000		3,615	59.83%
1-05-6000-000 Waste Disposal	1,746	22,000		20,254	7.93%
1-05-6200-000 Uniforms	5,572	10,000		4,428	55.72%
1-05-6300-100 Supplies - Misc.	4,552	15,000		10,448	30.34%
1-05-6300-200 Supplies - Hypo Generator	1,689	6,750		5,061	25.02%
1-05-6300-300 Supplies - Electrical	629	3,500		2,871	17.97%
1-05-6300-400 Supplies - Telemetry	-	7,500		7,500	0.00%
1-05-6300-600 Supplies - Lab	24,768	35,000		10,232	70.77%
1-05-6300-700 Outside Lab Work	85,283	60,000		(25,283)	142.14%
1-05-6400-000 Tools	1,951	6,500		4,549	30.02%
1-05-6500-000 Chemicals	200,402	485,000		284,598	41.32%
1-05-7000-100 Leases -Equipment	209	3,000		2,791	6.98%
Subtotal Operating Expenses	\$ 1,200,993	\$ 2,460,750	\$ -	\$ 1,250,757	48.81%
Total Departmental Expenses	\$ 2,305,322	\$ 4,944,250	\$ -	\$ 2,604,631	46.63%

Palmdale Water District
2013 Finance Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-06-4000-000 Salaries	\$ 682,452	\$ 1,482,000		\$ 799,548	46.05%
1-06-4000-100 Overtime	15,059	20,000		4,941	75.29%
Subtotal (Salaries)	\$ 697,510	\$ 1,502,000		\$ 804,490	46.44%
Employee Benefits					
1-06-4005-000 Payroll Taxes	59,128	115,000.00		324,622	15.41%
1-06-4010-000 Health Insurance	169,195	383,750		113,305	59.89%
1-06-4015-000 PERS	139,747	282,500		526,503	20.98%
Subtotal (Benefits)	\$ 368,070	\$ 666,250	\$ -	\$ 964,430	55.24%
Total Personnel Expenses	\$ 1,065,580	\$ 2,168,250	\$ -	\$ 1,763,979	49.14%
OPERATING EXPENSES:					
1-06-4050-000 Staff Travel	\$ 212	\$ 250		38	84.71%
1-06-4060-000 Staff Conferences & Seminars	575	1,000		425	57.48%
1-06-4155-300 Contracted Services	3,890	10,000		6,110	38.90%
1-06-4155-100 Contracted Services - Infosend	95,218	205,000		109,782	46.45%
1-06-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-06-4230-110 Maintenance & Repair - Office Equipment	-	1,000		1,000	0.00%
1-06-4235-440 Maint. & Rep. Operations - Large Meters	5,703	10,000		4,297	57.03%
1-06-4235-470 Maint. & Rep. Operations - Meter Exchanges	67,848	175,000		107,152	38.77%
1-06-4250-000 General Material & Supplies	3,964	4,000		36	99.11%
1-06-4260-000 Business Forms	4,966	10,000		5,034	49.66%
1-06-4270-100 Telecommunication - Office	5,060	30,000		24,940	16.87%
1-06-4270-200 Telecommunication - Cellular Stipend	7,020	17,000		9,980	41.29%
1-06-4270-300 Telecommunication - Cellular	213	3,000		2,787	7.11%
1-06-4300-200 Testing - Large Meter Testing	2,985	21,500		18,515	13.88%
1-06-7000-100 Leases - Equipment	1,197	3,000		1,803	39.89%
Subtotal Operating Expenses	\$ 198,851	\$ 491,250	\$ -	\$ 292,399	40.48%
Total Departmental Expenses	\$ 1,264,431	\$ 2,659,500	\$ -	\$ 2,056,377	47.54%

Palmdale Water District
2013 Water Conservation Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-07-4000-000 Salaries	\$ 70,646	\$ 153,000		\$ 82,354	46.17%
1-07-4000-100 Overtime	611	1,000		389	61.10%
Subtotal (Salaries)	\$ 71,257	\$ 154,000		\$ 82,743	46.27%
Employee Benefits					
1-07-4005-000 Payroll Taxes	5,901	11,750		5,849	50.23%
1-07-4010-000 Health Insurance	11,796	22,750		10,954	51.85%
1-07-4015-000 PERS	14,725	29,250		14,525	50.34%
Subtotal (Benefits)	\$ 32,422	\$ 63,750	\$ -	\$ 31,328	50.86%
Total Personnel Expenses	\$ 103,679	\$ 217,750	\$ -	\$ 113,681	47.61%
OPERATING EXPENSES:					
1-07-4050-000 Staff Travel	\$ -	\$ 1,000		\$ 1,000	0.00%
1-07-4060-000 Staff Conferences & Seminars	598	1,000		402	59.80%
1-07-4190-300 Public Relations - Landscape Workshop/Training	201	1,000		799	20.05%
1-07-4190-400 Public Relations - Contests	709	1,000		291	70.86%
1-07-4190-500 Public Relations - Education Programs	890	5,000		4,110	17.79%
1-07-4190-700 Public Relations -General Media	1,535	3,000		1,465	51.17%
1-07-4190-900 Public Relations - Other	180	5,000			
1-07-6300-100 Supplies - Misc.	1,287	5,000		3,713	25.74%
Subtotal Operating Expenses	\$ 5,398	\$ 22,000	\$ -	\$ 11,782	24.54%
Total Departmental Expenses	\$ 109,078	\$ 239,750	\$ -	\$ 125,463	45.50%

Palmdale Water District
2013 Human Resources Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-08-4000-000 Salaries	\$ 40,623	\$ 84,000		\$ 43,377	48.36%
Employee Benefits					
1-08-4005-000 Payroll Taxes	3,108	6,500		3,392	47.81%
1-08-4010-000 Health Insurance	-	18,000		18,000	0.00%
1-08-4015-000 PERS	-	16,000		16,000	0.00%
Subtotal (Benefits)	\$ 3,108	\$ 40,500	\$ -	\$ 37,392	7.67%
Total Personnel Expenses	\$ 43,730	\$ 124,500	\$ -	\$ 80,770	35.12%
OPERATING EXPENSES:					
1-08-4050-000 Staff Travel	\$ -	\$ 500		\$ 500	0.00%
1-08-4060-000 Staff Conferences & Seminars	-	500		500	0.00%
1-08-4090-000 Temporary Staffing	17,153	-		(17,153)	
1-08-4095-000 Employee Recruitment	1,217	3,000		1,783	40.55%
1-08-4100-000 Employee Retention	518	1,500		982	34.51%
1-08-4105-000 Employee Relations	3,121	3,500		379	89.18%
1-08-4110-000 Consultants	-	1,000		1,000	0.00%
1-08-4120-100 Training-Safety Consultants	2,638	38,000		35,362	6.94%
1-08-4121-000 Safety Program	-	1,000		1,000	0.00%
1-08-4165-000 Membership/Subscriptions	449	1,600		1,151	28.06%
1-08-4165-100 HR/Safety Publications	-	1,000		1,000	0.00%
1-08-6300-500 Supplies - Safety	1,730	33,500		31,770	5.16%
Subtotal Operating Expenses	\$ 26,825	\$ 85,100	\$ -	\$ 58,275	31.52%
Total Departmental Expenses	\$ 70,556	\$ 209,600	\$ -	\$ 139,044	33.66%

Palmdale Water District
2013 Information Technology Budget
For the Six Months Ending Sunday, June 30, 2013

	YTD ACTUAL 2013	ORIGINAL BUDGET 2013	ADJUSTMENTS 2013	ADJUSTED BUDGET REMAINING	PERCENT USED
Personnel Budget:					
1-09-4000-000 Salaries	\$ 97,010	\$ 204,000		\$ 106,990	47.55%
1-09-4000-100 Overtime	1,564	2,500		936	62.58%
Subtotal (Salaries)	\$ 98,574	\$ 206,500		\$ 107,926	47.74%
Employee Benefits					
1-09-4005-000 Payroll Taxes	8,200	16,000		7,800	51.25%
1-09-4010-000 Health Insurance	20,812	41,250		20,438	50.45%
1-09-4015-000 PERS	19,638	39,250		19,612	50.03%
Subtotal (Benefits)	\$ 48,650	\$ 96,500	\$ -	\$ 47,850	50.41%
Total Personnel Expenses	\$ 147,224	\$ 303,000	\$ -	\$ 154,840	48.59%
OPERATING EXPENSES:					
1-09-4050-000 Staff Travel	\$ 115	\$ 3,000		2,885	3.83%
1-09-4060-000 Staff Conferences & Seminars	11,328	15,000		3,672	75.52%
1-09-4155-300 Contracted Services - Computer Vendors	62,091	108,000		45,909	57.49%
1-09-4165-000 Memberships/Subscriptions	-	500		500	0.00%
1-09-8000-100 Computer Equipment - Computers	4,719	45,000		40,281	10.49%
1-09-8000-200 Computer Equipment - Laptops	-	10,000		10,000	0.00%
1-09-8000-300 Computer Equipment - Monitors	-	2,000		2,000	0.00%
1-09-8000-400 Computer Equipment - Printers	12	2,500		2,488	0.48%
1-09-8000-500 Computer Equipment - Toner Cartridges	895	3,000		2,105	29.84%
1-09-8000-600 Computer Equipment - Other	5,656	35,000		29,344	16.16%
1-09-8100-100 Computer Software - Maint. and Support	6,059	70,000		63,941	8.66%
1-09-8100-140 Computer Software - Starnik	47,400	86,000		38,600	55.12%
1-09-8100-150 Computer Software - Cogsdale Maint and Support	26,790	30,000		3,210	89.30%
1-09-8100-200 Computer Software - Software and Upgrades	4,611	15,000		10,389	30.74%
Subtotal Operating Expenses	\$ 169,675	\$ 425,000	\$ -	\$ 255,325	39.92%
Total Departmental Expenses	\$ 316,900	\$ 728,000	\$ -	\$ 410,165	43.53%

ENGINEERING DEPARTMENT COMMITTED CONTRACTS AND
PAYOUT SCHEDULE - AUGUST, 2013

Project Commitment and Payout Summary

Work Order No.	Description	Contractor/Consultant/ Supplier	Contractual Commitment	Payout to Date
401-13	Water Supply Fee Analysis	Carollo Engineers	\$ 23,851	\$ 14,953
600-12	3600' Hydro-Pneumatic Tank Replacement	Superior Tank Solutions	\$ 79,900	\$ 79,900
RCP04	Annual Tank Maintenance Program	Superior Tank Solutions	\$ 319,100	\$ 0
600-09	16th, 17th, 18th St. E. Water Main Replacement Project - Material Cost Only	HD Supply	\$ 113,352	\$ 113,352
401-12	Water Meter Exchange Program	Tejon Constructors	\$ 50,000	\$ 48,890

Project Payout Detail (Actual/Projected)

Work Order No.	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
401-13								\$ 14,953	\$ 8,898			
600-12								\$ 79,900				
RCP04										\$ 319,100		
600-09							\$ 113,352					
401-12	\$ 21,895	\$ 11,438					\$ 15,557					
Totals:	\$ 21,895	\$ 11,438	\$ 0	\$ 0	\$ 0	\$ 0	\$ 128,909	\$ 94,853	\$ 8,898	\$ 319,100	\$ 0	\$ 0

WATER QUALITY FUND COMMITTED CONTRACTS AND PAYOUT SCHEDULE - AUGUST, 2013

Water Quality Fund - Commitment and Payout Summary

Project ID	Description	Contractor/Consultant/ Supplier	Contractual Commitment	Payout to Date
WQF-1	GAC Replacement @ WTP - CX Reactivated	Siemens	\$ 216,776 \$	0
WQF-2	GAC Replacement @ WTP	Calgon Carbon	\$ 868,328 \$	433,604
WQF-3	Localized GAC @ Underground Booster Station - Vessel	Prominent	\$ 88,812 \$	0
WQF-4	Localized GAC @ Underground Booster Station - Site Improvements	BV Construction	\$ 77,952 \$	46,542
WQF-5	Localized GAC @ Underground Booster Station - Structural Design	JT/AESI	\$ 7,000 \$	6,075
WQF-6	Localized GAC @ Underground Booster Station - Initial GAC Supply	Siemens	\$ 38,405 \$	0

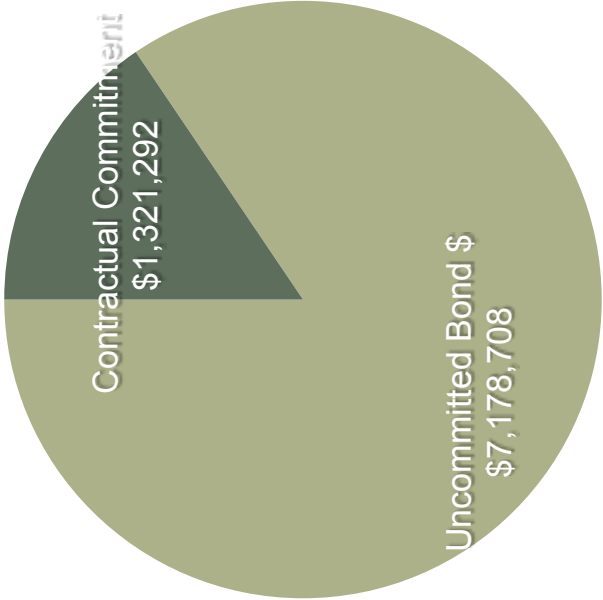
Water Quality Fund - Payout Detail (Actual/Projected)

Project ID	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
WQF-1								\$ 216,776				
WQF-2					\$ 216,776		\$ 216,828	\$ 218,000	\$ 218,000			
WQF-3								\$ 88,812				
WQF-4						\$ 46,542		\$ 31,410				
WQF-5						\$ 6,075		\$ 925				
WQF-6									\$ 38,405			
Totals:	\$ 0 \$	0 \$	0 \$	0 \$	0 \$ 216,776	\$ 52,617	\$ 216,828	\$ 555,923	\$ 256,405	0 \$	0 \$	0 \$

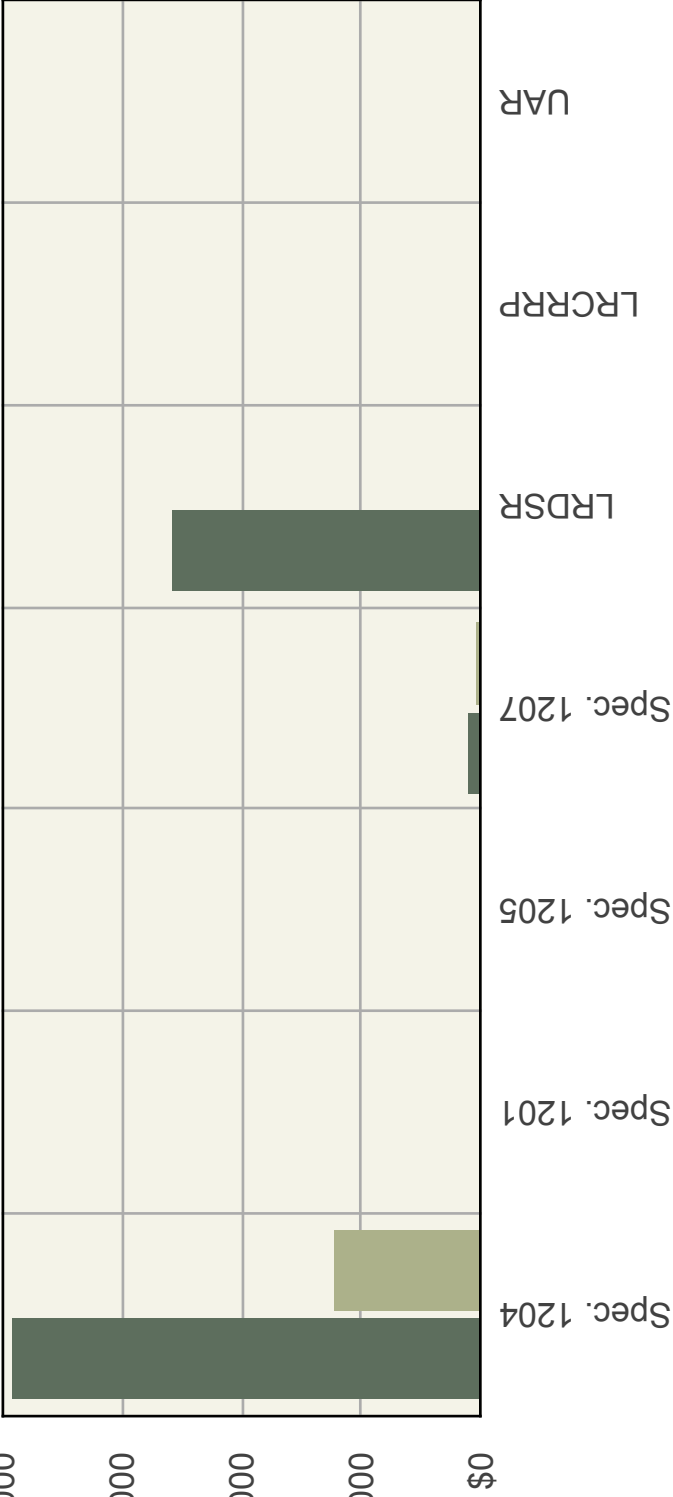
PWD WATER REVENUE BONDS - SERIES 2013A



Allocated Bond \$ vs. Commitment



Contractual Commitment vs. Payout to Date



Project Commitment and Payout Summary

Project	Work Order No.	Description	CEQA	Allocated Bond \$	Contractual Commitment	Payout to Date	Uncommitted Bond \$
Spec. 1204	603-12	Ave. Q - Q-3, Division and Sumac	4/28/13	\$725,000	\$781,857	\$243,728	(\$56,857)
Spec. 1201	606-11	20th, Puerta, Sweetbriar, and 22nd St. E.	5/8/13	\$1,450,000	\$0	\$0	\$1,450,000
Spec. 1205	605-12	Frontier, 31st St. E., etc. between Ave. Q and Q-4	5/8/13	\$1,200,000	\$0	\$0	\$1,200,000
Spec. 1207	607-12	10th St. E. between Ave. P and Palmdale Blvd.	6/16/13	\$1,400,000	\$23,510	\$9,108	\$1,376,490
LRDSR	501-04	Littlerock Sediment Removal (EIR/EIS/Permits)	TBD	\$975,000	\$515,925	\$0	\$459,075
LRCRRP	400-12	Littlerock Recharge and Recovery (Feasibility)	TBD	\$1,500,000	\$0	\$0	\$1,500,000
UAR	TBD	Upper Amargosa Recharge (Project Capacity)	11/20/12	\$1,250,000	\$0	\$0	\$1,250,000
Totals:				\$8,500,000	\$1,321,292	\$252,836	\$7,178,708

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 7, 2013 August 14, 2013
TO: FINANCE COMMITTEE Committee Meeting
FROM: Michael Williams, Finance Manager/CFO
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 4.5 – CONSIDERATION AND POSSIBLE ACTION
ON RESERVE POLICY*

Recommendation:

Staff recommends review of draft reserve policy.

Alternative Options:

The alternative is to leave existing policy in effect.

Impact of Taking No Action:

The impact of taking no action leaves existing policy in place.

Background:

The Finance Committee desires to review and update the current policy.

Strategic Plan Element:

This work is part of Strategic Element 6.0 Financial Management

Budget:

N/A

Supporting Documents:

- Draft policy
- Agreement with Littlerock Creek Irrigation District.

RESOLUTION NO.

PALMDALE WATER DISTRICT'S RESERVE POLICY

WHEREAS, the Board of Directors recognizes the need to ensure that the District will have sufficient funding available to meet its operating, emergency capital, and debt service obligations.

WHEREAS, the Board of Directors recognizes the need for sound financial policies as stewards of our customers' funds.

WHEREAS, the Board of Directors recognizes the need for some reserve for unanticipated and unforeseeable expenses.

WHEREAS, the Board of Directors recognizes the need to avoid significant water rate fluctuations.

WHEREAS, the Board of Directors recognizes a need for long term strategic financial policies.

WHEREAS, this action rescinds Resolution No.'s 09-03 and establishes the Palmdale Water District Reserve Policy as follows:

Legally Restricted Funds:

The Capital Improvement Fees and Water Supply Connection Fees are subject to the requirements of the Mitigation Fee Act (AB 1600). The funds may not be used to support ongoing operations of the District. The District is legally required to account for these funds separately. An annual report is required to show balance forward, fees collected, income earned, expenditures, and future commitments. All funds collected must be committed or expended within five years of being collected or they must be refunded.

1. Capital Improvement Fund:

PWD will maintain a capital improvement fund with fees collected from developers to pay for the new facilities necessary to deliver water service to newly developed property. These fees are for offsite improvements such as the development's fair share cost of wells, reservoirs, transmission mains, treatment plant capacity, and other necessary facilities. The fees are collected at rates established by the Board of Directors based upon specific engineering studies. The rates charged are based on a project's equivalent capacity unit (ECU) basis. These funds are restricted to the design and construction of capital facilities for water delivery.

2. Bond Proceeds Fund(s):

Bond proceeds fund(s) are monies derived from the proceeds of a bond issue. Typically they consist of construction fund monies, and a debt service reserve fund.

The use of these proceeds is restricted by conditions set forth in the respective legal bond documents. These funds are usually held by the Trustee in favor of the bond holders.

3. Debt Service Reserve Funds:

This fund is governed by legal bond covenants for the District's revenue bonds. Bond covenants require that this fund be maintained at a level sufficient to fund maximum annual debt service payments. These funds are held by the bond trustee during the term of the bonds and are to be used in the event that the District is unable to meet its required semi-annual debt service obligation. Annual interest earnings on bond reserve funds shall be applied to each year's debt service payments.

A Reserve Fund for the 2013A Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. Assured Guaranty Municipal Corp. ("AGM") has committed to issue, simultaneously with the execution and delivery of the 2013A Bonds, a municipal bond debt service reserve insurance policy in an amount equal to the initial Reserve Requirement for deposit in the Reserve Fund.

5. Rate Stabilization Fund:

This fund is governed by legal bond covenants for the District's revenue bonds. The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Water Revenue Fund for application in accordance with an Installment Purchase Agreement.

Board Designated Funds:

Board designated funds are set to accomplish systematic and strategic goals or provide for prudent management of operations. The Board of Directors has complete discretion in the management and designation of self-adopted funds. Such funds can be modified, transferred, or altered by Board action.

1. Dam Self Insurance:

The District shall make available \$5 million for self-insurance of the Littlerock Dam as seed money for reconstruction under the terms of the agreement between Palmdale Water District, Littlerock Creek Irrigation District and Palmdale Water District Public Facilities Corporation. The money will be used to begin the reconstruction following the event as applications for FEMA reimbursement are in process.

2. O&M Operating Reserve:

The O&M Operating Reserve will vary over time with a goal of maintaining six (6) months average cash operating expenses. This reserve is considered a working cash requirement. It bridges the gap between the time expenses are paid and the time revenues from the same service are collected from customers.

3. *Unrestricted Reserves:*

Unrestricted reserves represent a remainder balance of cash that is not yet designated for some use by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Palmdale Water District as follows:

Each fiscal year budget will report on the status of the reserve over the previous year and budget for proposed sources and uses for each reserve.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a regular meeting held on this by the following vote:

Ayes:
Noes:
Absent:
Abstain:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

**LITTLEROCK CREEK DAM AND RESERVOIR
REHABILITATION, OPERATION AND MAINTENANCE AGREEMENT**

This Agreement is made, entered into and effective this 22nd day of December, 1992, upon due authorization of the respective Boards of Directors, by and between Palmdale Water District, a California Irrigation District ("Palmdale"), Littlerock Creek Irrigation District, a California Irrigation District ("Littlerock"), and Palmdale Water District Public Facilities Corporation ("the Corporation"), (the "Parties"), and is based upon the following recitals.

1. Recitals

- 1.1 Littlerock and Palmdale are empowered under the provisions of Division 11 of the Water Code of the State of California to do any act necessary to furnish sufficient water within the districts for beneficial use.
- 1.2 Pursuant to such authority, Littlerock and Palmdale have heretofore caused to be constructed certain works for the diversion and storage of water commonly known as Littlerock Creek Dam and Reservoir ("Dam"), and have entered into an agreement for the operation of the Dam and Reservoir in 1922 (the "1922 Agreement").
- 1.3 Littlerock and Palmdale have also applied for, and secured, licenses to store and use waters impounded in said Dam.
- 1.4 Pursuant to such licenses and in accordance with agreements between Littlerock and Palmdale, Littlerock and Palmdale have been sharing water so diverted and stored.
- 1.5 Littlerock and Palmdale desire to continue in effect the terms of the 1922 Agreement, except as modified herein.
- 1.6 The State of California, Division of Safety of Dams has determined there is a need for the rehabilitation of the Dam in order to continue its use and operation.
- 1.7 Pursuant to directions from the Division of Safety of Dams, Littlerock and Palmdale have undertaken steps leading to the design and construction of improvements to enable the continued use of the Dam, including engagement of engineers to undertake the feasibility study, environmental assessment, permitting and design.
- 1.8 Littlerock and Palmdale have to date shared equally in the cost of design and environmental review for the rehabilitation of the Dam.

- 1.9 Littlerock and Palmdale have jointly applied for a grant of funds under the Davis-Grunsky Act to assist in the rehabilitation of the Dam.
- 1.10 The parties estimate that the cost of the rehabilitation work and related financing will be approximately \$16,045,000, of which approximately \$3,000,000 is anticipated to be secured from Davis-Grunsky funds.
- 1.11 Littlerock is unable to contribute financially to the rehabilitation of the Dam.
- 1.12 Palmdale believes it has the financial resources to cause the issuance of Certificates of Participation in an amount anticipated to be sufficient to finance the rehabilitation of the Dam.
- 1.13 Palmdale Water District Public Facilities Corporation is a California public benefit nonprofit corporation created to facilitate the financing of the Dam rehabilitation. The Corporation will cause the issuance and sale of Certificates of Participation in order to finance the Dam rehabilitation. Palmdale will purchase the Project, consisting of the construction of the Littlerock Dam and Reservoir and appurtenances thereto, from the Corporation pursuant to the Installment Purchase Agreement dated as of March 1, 1993. Under the Installment Purchase Agreement, Palmdale agrees to pay the Corporation certain installment purchase payments for the purchase of the Project. Payments by Palmdale shall be used to pay amounts owing on the Certificates of Participation as they become due.
- 1.14 Both Littlerock and Palmdale presently have contracts for water from the State Water Project.
- 1.15 The parties desire to enter into an agreement to provide a method for financing the Dam rehabilitation, and to allocate responsibility for operation and maintenance of the Dam and Reservoir.
- 1.16 The parties desire to execute this agreement prior to December 31, 1992 in order to provide adequate time to process their application for financial assistance under the Davis-Grunsky Act, and to facilitate the timely issuance of Certificates of Participation.

2. Agreements

Now, therefore, in consideration of the above recitals and agreements contained herein, it is mutually agreed upon by and between the parties hereto, as follows:

2.1 Definitions

Unless otherwise apparent from context, the following terms are defined for the purposes of this Agreement:

2.1.1 "Acre-foot" means 325,851 gallons of water.

- 2.1.2 "Dam" means the Littlerock Dam.
- 2.1.3 "Delivery Point" means the place on the Distribution System where water is delivered to Littlerock or Palmdale, as shown on Exhibit A, or at such other places as may be agreed upon from time to time.
- 2.1.4 "Distribution System" means a pipeline, aqueduct or other conduits used to convey water from the Reservoir to the Delivery Points, as shown on Exhibit A, and such other facilities as the parties may designate from time to time.
- 2.1.5 "Maintenance" means all activities necessary to keep the Dam, the Reservoir and the Distribution System in a state of good operating condition and repair.
- 2.1.6 "Operations" mean all activities necessary to divert and store water behind the Dam and distribute such water to Littlerock or Palmdale at their respective Delivery Points.
- 2.1.7 "Project" means the construction of the Littlerock Dam and Reservoir and appurtenances thereto, including equipment.
- 2.1.8 "Rehabilitation" means the work specified by Woodward-Clyde, Inc. and approved by the State of California, Division of Safety of Dams as of the date of this Agreement.
- 2.1.9 "Rendered Inoperable" means a condition or state in which the Dam cannot be safely operated, or is otherwise structurally incapable of storing water.
- 2.1.10 "Reservoir" means the place where water is collected, stored and impounded behind the Dam.
- 2.1.11 "Useable Water" is defined as the average annual amount of water delivered to Palmdale and/or Littlerock from the Reservoir during the immediately preceding ten year period. For the ten years preceding this Agreement, the Parties agree that the Useable Water was 7,000 acre-feet per year. During the term of this Agreement, Palmdale will meter and measure the annual amount of water delivered to Palmdale and/or Littlerock from the Reservoir.
- 2.1.12 "Yield" means the quantity of water expressed in acre-feet which at a particular point in time is impounded in the Reservoir and is available for release.
- 2.2 Term. This Agreement shall terminate fifty years from the filing by Palmdale of a Notice of Completion of the Dam rehabilitation. Upon termination of this Agreement, the terms of the 1922 Agreement will define the rights and

responsibilities of the parties with respect to the Dam and waters stored in the Reservoir.

- 2.3 Palmdale Authority. Palmdale shall have sole authority to award such contracts for the Dam rehabilitation, including construction and construction management contracts, as are necessary. Palmdale shall consult with Littlerock prior to the letting of any contract.
- 2.4 Design Cost. Littlerock and Palmdale will share equally in the total cost of design and environmental review for the rehabilitation of the Dam incurred prior to the commencement of construction.
- 2.5 Davis-Grunsky Act. Littlerock and Palmdale will pursue their joint application for a grant of funds under the Davis-Grunsky Act. All funds received by the parties under the Davis-Grunsky Act will be used to defray a portion of the cost to rehabilitate the Dam.
- 2.6 Certificates of Participation. Palmdale will issue and sell Certificates of Participation sufficient to fund all costs of design and construction of the Dam rehabilitation, as well as the financing costs incurred by Palmdale in the course of such issuance and sale. Palmdale, as the issuer of the Certificates of Participation, shall retain sole responsibility for the total debt service associated with said issuance.
- 2.7 License to Use Water. In lieu of monetary contributions by Littlerock toward the cost of Dam rehabilitation, operation and maintenance, Littlerock hereby grants to Palmdale for the term of this Agreement ownership of the rights to the water within the Reservoir, by an irrevocable license to use, sell, assign or otherwise transfer Littlerock's share of the flows in Littlerock Creek above Littlerock Reservoir and the water stored in Littlerock Reservoir.
- 2.8 Right to Purchase Water. During the term of this Agreement, Littlerock is entitled to purchase from Palmdale in any one calendar year one thousand (1,000) acre feet or twenty-five (25) percent of the Yield in Littlerock Reservoir whichever is less, unless otherwise agreed to by the Parties in writing, as measured and calculated on April 1 of each year, at a price per acre-foot calculated annually pursuant to the following formula:

The sum of (1) the total annual cost of debt service on the Certificates of Participation, and (2) the total annual cost of operation, maintenance and administration for the Dam, Reservoir and those portions of the Distribution System used for the delivery of water to Littlerock under this Agreement, divided by the average annual Useable Water, expressed in acre-feet, from Littlerock Creek for the immediately preceding ten (10) years.

On June 1 of each year, Palmdale shall remeasure and recalculate the Yield of the Dam as of that date. Littlerock's right to purchase water shall be increased or decreased in the same proportion that the Yield on April 1 has increased or decreased as of June 1.

2.9 Treatment and Delivery of Water.

2.9.1 Littlerock may, at its option, have the water stored in Littlerock Reservoir delivered to Palmdale for treatment. Palmdale will deliver the treated water to Littlerock's Delivery Point near Avenue T and 62nd Street East. The cost of such water shall be equal to the cost of treatment and transportation incurred by Palmdale, plus an additional administrative charge of 10 percent of Palmdale's cost of treatment and transportation. Such charges shall be in addition to the charges described in section 2.8.

2.9.2 Littlerock may, at its option, deliver a portion of Littlerock's State Water Project water entitlement to Palmdale for treatment. Palmdale will deliver the treated water to Littlerock's Delivery Point near Avenue T and 62nd Street East. The cost of such water shall be equal to the cost of treatment and transportation incurred by Palmdale, plus an additional administrative charge of 10 percent of Palmdale's cost of treatment and transportation.

2.9.3 The aggregate maximum amount of water capable of being delivered to Littlerock from both sources under sections 2.9.1 and 2.9.2 to Littlerock's Delivery Point is 2,000 gpm, or such other maximum amount as the parties may agree upon from time to time.

2.10 Annual Water Demands. Before April 1 of each year this Agreement is in effect, Palmdale shall provide Littlerock with a written estimate of the price per acre-foot calculated pursuant to section 2.8. Littlerock shall notify Palmdale in writing of the amount of water it will require from Littlerock Reservoir, subject to the limitations in sections 2.8 and 2.9, by April 1 of each year this Agreement is in effect. Littlerock may modify said amount, including increasing the amount to Littlerock's maximum entitlement under this Agreement, until May 31. Palmdale shall invoice Littlerock for the total estimated price of Littlerock's annual demand on or before June 1. Said invoice shall be payable in six (6) equal monthly installments, commencing within thirty (30) days after presentation thereof by Palmdale. Littlerock shall take delivery of said water by September 30. If Littlerock has not taken delivery of all or part of said water, Littlerock shall notify Palmdale in writing by September 30 whether Littlerock still reserves the availability of said water. If Littlerock makes such reservation, it shall pay the price specified in section 2.8 irrespective of whether it takes delivery. In no event shall any water or annual entitlement to water be carried over by Littlerock past December 31 of any year this Agreement is in effect. Within thirty (30) days after the end of each calendar year, Palmdale shall invoice Littlerock for the price of the water purchased by Littlerock pursuant to this Agreement, less the aforementioned monthly estimated payments. Said invoices shall be paid within thirty (30) days after presentation thereof by Palmdale. Any payments of estimates in excess of

amounts owing shall be refunded to Littlerock within thirty (30) days after the end of the calendar year.

- 2.11 Operations. Subject to section 2.12, Palmdale shall exercise exclusive control over the operation of the Dam, Reservoir and Distribution System during the term of this Agreement. Palmdale shall operate the Dam, Reservoir and Distribution System in the manner reasonably necessary to carry out the intent of, and to facilitate the performance of, this Agreement, and to maximize effective use of the water resource. Palmdale shall pay all operating costs during the term of this Agreement.
- 2.12 Permitted Uses. Notwithstanding section 2.11, Palmdale's operation of the Dam and Reservoir is subject to the terms and conditions of the permit issued by the United States Forest Service to the Parties.
- 2.13 Maintenance. Palmdale shall exercise exclusive control over, and responsibility for, the maintenance of the Dam, Reservoir and Distribution System during the term of this Agreement. Palmdale shall repair and replace worn or defective machinery, fixtures and equipment as necessary to assure the safe operation of the Dam, Reservoir and Distribution System. Palmdale shall also acquire and use such materials and supplies as are necessary for the safe operation of the Dam, Reservoir and Distribution System. Palmdale shall pay all costs of maintenance during the term of this Agreement. Notwithstanding the foregoing, Palmdale shall not be responsible for rebuilding the Dam should it be Rendered Inoperable for any reason during the term of this Agreement.
- 2.14 Palmdale's Obligations to Rebuild. During the term of this Agreement, any net proceeds of any insurance relating to the loss or destruction of any part of the Project shall be applied and disbursed as follows:
- (A) If Palmdale determines that such net proceeds are sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Project, then Palmdale shall cause such portion of the Project to be repaired, reconstructed or replaced to at least the same good order, repair and condition as it was in prior to the damage or destruction, insofar as the same may be accomplished by the use of said net proceeds. Any balance of said net proceeds not required for such repair, reconstruction or replacement shall be applied as prepayment of installment purchase payments under the Installment Purchase Agreement, except that no such prepayment shall be in an amount less than \$5,000. Palmdale shall be obligated to continue to make installment purchase payments required by the Installment Purchase Agreement notwithstanding damage to or destruction of all or a portion of the Project unless and until all amounts owed by Palmdale under the Installment Purchase Agreement are paid in full.

- (B) If such net proceeds are not sufficient to repair, reconstruct or replace the damaged or destroyed portion of the Project, Palmdale shall apply such net proceeds to the prepayment in full of the balance of the installment purchase payments, or if such net proceeds are insufficient to prepay the balance of the installment purchase payments in full then Palmdale shall apply such net proceeds to prepayment of installment purchase payments except that no such prepayment shall be in an amount less than \$5,000.

2.15 Palmdale's Rights to Terminate On Destruction. Subject to section 2.14, Palmdale shall have the right to terminate this Agreement upon written notice to Littlerock, and shall have no obligation to repair, restore, or rebuild the Dam under any of the following circumstances:

- (A) The Dam is damaged or destroyed to such an extent it will cost more than \$10,000,000 as of the effective date of this Agreement to repair or rebuild it to substantially the condition in existence immediately before the damage or destruction. The maximum cost to repair or rebuild shall be adjusted one year from the effective date of this Agreement, and every year thereafter so long as this agreement remains in force, by a percentage equal to the percentage increase as of the date of the adjustment in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for Urban Wage Earners and Clerical Workers, Los Angeles - Anaheim - Riverside, California (1982-84 = 100), "All Items."
- (B) Less than ten (10) years from the date of damage or destruction remain until the termination of this Agreement pursuant to section 2.2.
- (C) The Dam is damaged or destroyed from any cause whatsoever, and the laws then in existence, and/or the federal, state or local authorities with jurisdiction over the Dam, either do not or will not permit the repair or restoration of the Dam.

2.16 Administrative Costs. Palmdale shall pay for all administrative costs during the term of this Agreement, including, but not limited to, insurance; salaries and/or wages paid to those personnel charged with responsibility for operating and/or maintaining the Dam; and for all costs incurred in estimating, billing and collecting water charges.

2.17 Insurance.

2.17.1 Palmdale shall procure and maintain during the term of this Agreement the following insurance coverages:

- (A) Insurance against loss or damage to any structures constituting any part of the Dam and Reservoir, as is customarily maintained with respect to works and properties of a like character, which may be carried in

conjunction with any other policies of fire and extended coverage insurance;

- (B) Public Liability and Property Damage. Minimum coverages shall be \$1,000,000 for personal injury or death per person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and property damage insurance in the minimum coverage of \$1,000,000 per event, respectively, the property damage being subject to a maximum \$5,000 deductible per accident. Such insurance may be maintained in the form of a minimum \$3,000,000 single limit policy covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage or required to be carried by the District;
- (C) Workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the Workers' Compensation Insurance Safety Act now in force in the State, or any act hereafter enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed in connection with the Dam rehabilitation, operation and maintenance, and to cover full liability for compensation under any such act aforesaid, based upon death or bodily injury claims made by, for or on behalf of any person incurring or suffering injury or death during or in connection with the Dam and Reservoir or the business of the District.

2.17.2 Each policy of insurance shall name the parties, their officers, agents and employees as additional insureds. No policy shall be canceled or amended except upon the giving of at least thirty (30) days prior written notice to the insureds. Palmdale shall annually present a certificate of insurance to Littlerock showing that insurance has been procured in accordance with this section.

2.17.3 The type and amount of insurance coverage for the operation and maintenance of the Dam, Reservoir and Distribution System shall be reviewed from time-to-time by Palmdale to determine whether it remains adequate under then current conditions.

2.17.4 Notwithstanding the provisions of Section 2.17.1, if at any time Palmdale shall be unable to obtain or maintain insurance to the extent required by Section 2.17.1 on reasonable terms, either as to amounts or as to risks, Palmdale shall cause the employment of an independent insurance consultant having a favorable reputation for skill and experience in such matters, for the purpose of reviewing such insurance requirements and

provisions of reasonably obtainable insurance, including self-insurance, or the establishment of other generally accepted forms of alternative protection that should be carried in lieu thereof, or the infeasibility of obtaining insurance, and Palmdale shall comply with the recommendations made in such report. A signed copy of the report of the insurance consultant shall be filed with Littlerock and the Corporation, and the insurance requirements specified in Section 2.17.1 shall be deemed to be modified to conform with the recommendations in such report.

- 2.18 Termination of Agreement. In the event construction work in connection with the Rehabilitation of the Dam has not commenced by January 1, 1995, this Agreement may be terminated by written notice from either Party to the other.
- 2.19 Force Majeure. Either Party shall be excused from any performance required of the Party under this Agreement during the period of delay caused by any of the following: the act of any public enemy; war; war defense condition; act of God; the elements; strike; walkout; or other causes beyond the Party's reasonable control. However, each Party shall use reasonable diligence to avoid any such delay and to resume its performance required under this Agreement as promptly as possible after the delay.
- 2.20 Default. If Littlerock defaults on any term or condition contained in this Agreement, Palmdale can discontinue delivery of any water to which Littlerock is otherwise entitled under this Agreement until such time as Littlerock cures its default. If Palmdale defaults on any term or condition contained in this Agreement, Littlerock may seek specific performance of this Agreement. These remedies are in addition to all other remedies provided by law.
- 2.21 Waiver. The waiver by either Party of the enforcement or performance of any provision of this Agreement shall not affect in any way the full right or obligation with respect to such provision at any time thereafter. Nor will the waiver by either Party of a breach of any provision constitute a waiver of the provision itself, or of any other provision of this Agreement.
- 2.22 Notices. Any notice, request, demand, or other communication required under this Agreement shall be deemed to be properly given when deposited in the United States mail, postage prepaid, addressed as follows:

Littlerock: Littlerock Creek Irrigation District
35141 87th Street East
Littlerock, California 93543

Palmdale: Palmdale Water District
2029 East Avenue Q
Palmdale, California 93550

- 2.23 Assignment. Neither Party shall assign or otherwise transfer any of the rights or obligations under this Agreement without the express written consent of the other Party.
- 2.24 Attorney's Fees. In any action, at law or in equity, seeking to interpret or enforce the terms of this Agreement, the prevailing Party shall be entitled to recover a reasonable sum as their attorneys' fees and costs incurred in prosecuting or defending such action, in addition to such other relief as may be provided.
- 2.25 Additional Documents and Instruments. Palmdale and Littlerock agree to fully cooperate and execute any and all supplementary documents and take all additional actions that may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement, which are not inconsistent with its terms.
- 2.26 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties, subject, however, to the restrictions on assignment contained herein.
- 2.27 Severability. If any provision of this Agreement is held to be invalid, or void or unenforceable, the remaining provisions shall nevertheless remain in full force and effect and shall not be affected, impaired, or invalidated.
- 2.28 Entire Agreement. This Agreement contains the entire Agreement and understanding between the parties, and any prior representations or agreements are of no effect and void.

Littlerock Creek Irrigation District

By: Bradley Bones
Bradley Bones, General Manager

Palmdale Water District

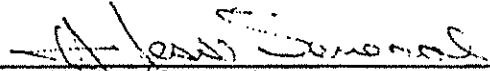
By: Leslie O. Carter
Leslie O. Carter, President

Palmdale Water District Public Facilities Corporation

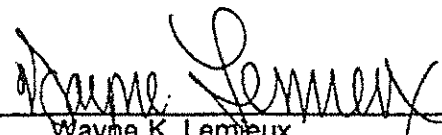
By: Harold M. Fones
Harold M. Fones, Executive Director

APPROVED AS TO FORM:

Lagerlof, Senecal, Drescher & Swift

By: 
H. Jess Senecal,
Attorneys for Palmdale Water District and
Palmdale Water District Public Facilities Corporation

Law Offices of Wayne K. Lemieux

By: 
Wayne K. Lemieux
Attorney for Littlerock Creek Irrigation District

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**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE: August 8, 2013

August 14, 2013

TO: FINANCE COMMITTEE

Finance Committee Meeting

FROM: Mr. Bob Egan, Financial Advisor

RE: ***AGENDA ITEM NO. 4.6 – CONSIDERATION AND POSSIBLE ACTION ON SETTING PALMDALE WATER DISTRICT’S ASSESSMENT RATES FOR FISCAL YEAR 2013-2014 AND ADOPTION OF RESOLUTION NO. 13-11 REGARDING SAID RATES.***

Materials for this agenda item will be hand-delivered, if available, prior to the Board meeting.