

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, JULY 9, 2014:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, July 9, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Estes led the pledge of allegiance followed by a moment of silence in honor of Steve Orr.

2) Roll Call.

Attendance:

Kathy Mac Laren, President
Robert Alvarado, Vice President
Gloria Dizmang, Treasurer
Joe Estes, Secretary
Vincent Dino, Director

Others Present:

Dennis LaMoreaux, General Manager
Patty Quilizapa, Attorney
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Peter Thompson II, Operations Manager
Jennifer Emery, Human Resources Director
Mynor Masada, Treatment Plant Supervisor
Dawn Deans, Executive Assistant
2 members of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Dino, and unanimously carried to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) No Presentations Scheduled at This Time.

There were no presentations scheduled.

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

6.1) Approval of Minutes of Regular Meeting Held June 25, 2014.

6.2) Payment of Bills for July 9, 2014.

6.4) Receive and File Semi-Annual Employee Reimbursement Report for the Period Covering January 1, 2014 Through June 30, 2014. (Finance Manager Williams)

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to approve those items included in the Consent Calendar.

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

7.1) Status Report on Cash Flow Statement and Current Cash Balances as of May 31, 2014. (Financial Advisor Egan/Finance Committee)

Finance Manager Williams reviewed the investment funds and cash flow reports as of May 31, 2014, including the increase in cash of approximately \$713,000 due mainly to assessments, and stated that May included a large capital expenditure, the Butte payment was made in June, future revenue was adjusted in anticipation of lower water sales, and the budget is tracking on schedule.

7.2) Status Report on Financial Statements, Revenue and Expense and Departmental Budget Reports for May 31, 2014. (Finance Manager Williams/Finance Committee)

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending May 31, 2014 along with the graphic presentations for these reports and stated that all departments, with the exceptions of Administration, Engineering, and Finance, operated at or below the targeted expenditure percentage of 41.6%, reviewed those line items over budget, and stated the

District's long-term assets and equity place the District in a good position followed by discussion of the District's early compliance with required bond disclosures.

7.3) Status Report on Committed Contracts Issued. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed and budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds.

7.4) Consideration and Possible Action on Resolution No. 14-11 Being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Voluntary Water Conservation Program in Response to Drought. (Water & Energy Resources Director Pernula/Water Supply & Reliability Committee)

General Manager LaMoreaux stated that he recommends no action on this item until after the State Water Resources Control Board meets next week to consider emergency water conservation regulations after which it was moved by Director Dizmang and seconded by Director Estes to table this item to a later date.

After a further discussion of anticipated action by the State Water Resources Control Board, Director Dizmang rescinded her motion and Director Estes rescinded his second. It was then moved by Director Dizmang, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to take no action on this item.

7.5) Consideration and Possible Action on Award of Contract to Calgon Carbon for Replacement of F300 GAC With F400 GAC and Continued Reactivation Services of F400GAC. (\$1,199,588.60 – Budgeted – Operations Manager Thompson II/Facilities Committee)

Operations Manager Thompson II reviewed staff's research regarding the methods and use of GAC and the proposals received for providing GAC after which it was moved by Director Alvarado, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting to award a contract to Calgon Carbon for the replacement of F300 GAC with F400 GAC and continued reactivation services of F400 GAC in the not-to-exceed amount of \$1,199,588.60.

The Board then offered kudos to Operations Manager Thompson II and his staff for their GAC research and for ensuring cost-savings for the District.

**7.6) Consideration and Possible Action on an Unpaid Internship Program.
(Human Resources Director Emery/Personnel Committee)**

Director Dino stated that he will be abstaining from any discussion and voting on this item as he serves on the Advisory Board for Antelope Valley Youth Build.

Human Resources Director Emery then reviewed the proposed Unpaid Internship Program and potential partnerships after which it was moved by Director Dizmang, seconded by Director Alvarado, and carried on a 4 – 0 – 1 vote by four members of the Board of Directors present at the meeting, with Director Dino abstaining, to approve an Unpaid Internship Program including a Memorandum of Understanding with Antelope Valley Youth Build and the authorization of an unpaid engineering intern.

7.7) Consideration and Possible Action on the District's Retirement Procedures. (General Manager LaMoreaux/Director Estes)

General Manager LaMoreaux reviewed the District's retirement procedures for long-term employees, and after a brief discussion, it was moved by Director Estes, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to add a certificate from the Board of Directors to the District's retirement procedures for long-term employees.

7.8) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows: None at This Time.

There were no conferences, seminars, or training sessions to consider.

8) Information Items.

8.1) Reports of Directors:

- a) Meetings/General Report.
- b) Standing Committee/Assignment Reports (Chair):
 - 1) Facilities Committee
 - 2) Finance Committee

- 3) **Personnel Committee**
- 4) **Outreach Committee**
- 5) **Water Supply & Reliability Committee**
- 6) **Antelope Valley State Water Contractors Association**
- 7) **Palmdale Recycled Water Authority**

Director Alvarado reported that on June 26, he attended an Ad Hoc Committee meeting for the Antelope Valley State Water Contractors Association where they discussed different options to improve, change, modify, or eliminate the Association, members of the Committee agreed the Association is an important organization, water issues should continue to be worked on with the member agencies, and modifications to short-term goals are recommended; that on July 2, he attended iPad training; and that on July 8, he attended a Board briefing with Director Estes and General Manager LaMoreaux.

Director Dizmang reported that on June 30, she attended the Water Supply & Reliability Committee meeting with Director Dino where they discussed the water demand and supply status, the State Water Project, the proposed Resolution considered earlier this evening, PRWA's presentation from Carollo Engineering, the status on the Littlerock Dam Sediment Removal project, and Water & Energy Resources Director Pernula continues to scout California for water opportunities; that on July 1, she attended the Finance Committee meeting with Director Dino where they reviewed the cash flow, current cash balances, financial statements, committed contracts, the bid procurement policy to be considered in the next few months, rate study planning and workshops, the Rate Assistance Program to be considered at the August meeting, the state auditor's report requested by Assemblyman Fox, and the next meeting scheduled for August 4 at 11:00 a.m; that on July 1, she attended the Outreach Committee meeting with Director Estes where they discussed the rate study brochure, the new website, which is on schedule, the draft Strategic Plan brochure, the plant sale and turnout, the suggestion to have a plant sale in the spring and fall, and the misunderstanding regarding the District's booth at Thursday-Night-on-the-Square; that on July 2, she attended iPad training; and that on July 3, she worked in the District's booth at Thursday-Night-on-the-Square with President Mac Laren and requested more supplies and the District's drought tolerant plant booklet for handouts, an email address log, and a banner.

Director Estes reported that on June 25, he attended the Antelope Valley Hispanic Chamber of Commerce mixer where they celebrated Mayor Ledford and Chamber President Barcelona's birthdays; that on July 1, he attended the Outreach Committee meeting with Director Dizmang where they discussed the website redesign, and staff requested Director input on the new site, and a recap of the June 14 plant sale; that on July

1, he also attended the Antelope Valley Hispanic Chamber of Commerce business luncheon with keynote speaker Brad Beach of the Department of Alcoholic Beverage Control; that on July 2, he attended iPad training; and that on July 8, he attended a Board briefing with Director Alvarado and General Manager LaMoreaux.

Director Dino reported that on June 30, he attended the Water Supply & Reliability Committee meeting with Director Dizmang; that on July 1, he attended the Finance Committee meeting with Director Dizmang; that on July 2, he attended the iPad training; that on July 2, he also attended the City of Palmdale City Council meeting with President Mac Laren where they presented the City of Palmdale a check for \$7,000.00 on behalf of the District for their neighborhood garden; and that on July 7, he attended a Board briefing with General Manager LaMoreaux.

President Mac Laren reported that on July 2, she attended the iPad training; that on July 2, she also attended the City of Palmdale City Council meeting with Director Dino where they presented the City of Palmdale a check for \$7,000.00 from the District for their neighborhood garden, which will also provide education on saving water; that on July 3, she attended Thursday-Night-on-the-Square, manned the District's booth with Director Dizmang, and requested additional copies of a water conservation brochure and the District's drought tolerant plant booklet be available as the community enjoyed the District's information; that on July 9, she attended the announcement of the City of Palmdale's 967 kW solar generation project installed at three City facilities through Power Purchase Agreements, and she likes to stay on top of City activities as the District is working cooperatively with the City; that the Antelope Valley State Water Contractors Association meeting scheduled for July 10 will be moved to an alternate date; that on July 31, the Personnel Committee is scheduled to meet to review several different projects on their calendar; and that the Palmdale Recycled Water Authority will meet in August.

There were no further reports from Directors.

8.2) Report of General Manager.

General Manager LaMoreaux reported that copies of the State Auditor's report requested by Assemblyman Fox are before the Board this evening; that the report identifies two recommendations to better document expected and experienced energy savings through the District's programs and to develop a Rate Assistance Program; that this information has been shared with City of Palmdale General Manager Childs; that Finance Manager Williams' and his staff's efforts helped ensure the District came out very well in this report; and then reviewed the water rates included in the report.

He then reported that a schedule of who is manning the District's booth at Thursday-Night-on-the-Square has been placed before the Board this evening; that supplies have been divided among the evenings; that a new banner has been ordered; and that Aquadog will be attending two evenings.

Director Alvarado then thanked General Manager LaMoreaux for his correspondence to the state auditor followed by discussion of the Proposition 218 process, the governance of public agencies, and the District's recent Water Rate Study mailer.

The Board then requested a press release regarding the state audit be issued, and Director Alvarado requested Assemblyman Fox's office be contacted to schedule a meeting to review the state audit and the District's upcoming Proposition 218 process.

President Mac Laren then congratulated General Manager LaMoreaux for renewing his Special District Administrator Certification through the California Special Districts Association.

General Manager LaMoreaux then stated that a second draft of the Strategic Plan brochure has been placed before the Board this evening for review and requested any comments by Monday.

8.3) Report of Attorney.

Attorney Quilizapa reported that they have been the District's general counsel for three months and have had opportunities to meet with all Directors except Director Dino; that they work closely with General Manager LaMoreaux and staff and have specialty attorneys in their office who have enjoyed working with staff; and that their next step is to become more integrated into the Palmdale community.

She then reported briefly on the Public Records Request case regarding private cell phone and email accounts and stated that she will provide updates on this case as it progresses.

President Mac Laren then requested copies of the Orion investigation be provided to the full Board.

9) Public Comments on Closed Session Agenda Matters.

10) Closed Session Under:

10.1) Conference With Legal Counsel – Existing Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Antelope Valley Ground Water Cases*.

10.2) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *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) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Central Delta Water Agency vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2010-80000561*.

10.4) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *Omar Ramirez v. Palmdale Water District*.

General Manager LaMoreaux stated that Attorney Bunn could not attend the meeting this evening to provide an update on Agenda Item No. 10.1 as previously reported and that Attorney Quilizapa has advised it is not appropriate for him to provide a report on behalf of Attorney Bunn.

Attorney Quilizapa then stated that they have no report under Agenda Item No.'s 10.2, 10.3, or 10.4.

11) Public report of any action taken in closed session.

President Mac Laren stated that no closed session was held.

12) Board Members' Requests for Future Agenda Items.

Director Dizmang requested Department Heads provide the Board with an overview of their department activities beginning with Human Resources.

She then requested notice of Chamber meetings for which the District is a member.

She then stated that the State Water Resources Control Board's upcoming water conservation regulations do not address equalizing water rights after which General Manager LaMoreaux stated that he is researching equalizing water rights; that the State Water Resources Control Board has curtailed junior water rights; and that the District's water conservation steps are included in the required Urban Water Management Plan.

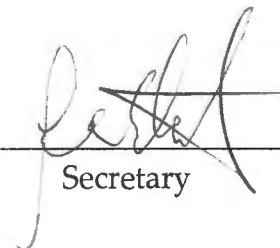
She then requested a comparison of the District's utility billings for the last two years to compare savings resulting from lighting and energy efficiency change-outs.

President Mac Laren then requested the District review and consider a Power Purchase Agreement with any savings directed to a fund for the disadvantaged.

Director Alvarado then requested different options be reviewed to provide more affordable soda vending machines for the District's employees.

13) Adjournment.

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



Secretary