MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, NOVEMBER 25, 2015:

A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, November 25, 2015, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order at 7:00 p.m.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Estes led the pledge of allegiance followed by a moment of silence for our friends in Paris and military personnel serving abroad.

2) Roll Call.

Attendance:	**Others Present:**
Kathy Mac Laren, President	Dennis LaMoreaux, General Manager
Robert Alvarado, Vice President	Marco Henriquez, Director-Elect
Joe Estes, Secretary	Matt Knudson, Assistant General Manager
Vincent Dino, Director	Eric Dunn, General Counsel
	Jim Riley, Engineering/Grant Manager
Gloria Dizmang, Treasurer -- EXCUSED ABSENCE	Mike Williams, Finance Manager
	Mike McNutt, PIO/Conservation Director
	Jennifer Emery, Human Resources Director
	Tim Moore, Facilities Manager
	Jim Stanton, Information Technology Manager
	Mynor Masaya, Operations Manager
	Dennis Hoffmeyer, Accounting Supervisor
	Dawn Deans, Executive Assistant
	3 members of the public

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 excuse the absence of Director Dizmang from the meeting due to illness.

3) Adoption of Agenda.

President Mac Laren recommended Agenda Item No. 13 be removed from the agenda due to Director Dizmang's absence 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 adopt the agenda, as amended, removing Agenda Item No. 13 from the agenda.

President Mac Laren then stated that Agenda Item No. 5.1 will now be considered.

5) Presentations:

5.1) Drought Report-Review of "Water Conservation and Reduction in Water Demand Efforts Report as of October, 2015." (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt stated that water use through October was reduced an average of 27.6% compared to 2013; that residential gallons per capita per day is now at 104.39 gpcd, which is significantly lower than many other water agencies in the state; and that 1,486 citations for water waste and for watering on non-designated days have been issued with 139 appeal letters submitted followed by discussion of staff's efforts to provide information and assistance to customers to prevent repeat citations, meeting state requirements, and focusing on the highest water wasters.

Mr. Jason Zink, Littlerock resident, stated that he works with special needs adults and children; that he recommends the District offer personal assistance regarding their water use; that this information be presented to the State Water Resources Control Board; and that he doesn't understand why there are repeat water waste offenders.

President Mac Laren then stated that Agenda Item No. 4 will now be considered.

4) Public Comments for Non-Agenda Items.

Mr. Jason Zink, Littlerock resident, stated that next year he will be working on forming an Antelope Valley community services district and local regional planning board to consolidate water, sewer, and flood control districts so the area can grow wisely; that he proposes the Palmdale Regional Groundwater Recharge & Recovery Project be built to bring life to the area with recreation facilities rather than just as a recharge project and invited the Board to review property sites in the area with him; and that he has the knowledge to remove the sediment from Littlerock Reservoir and will present a proposal to the District for this work.

There were no further public comments.

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

6.1) Approval of Minutes of Regular Meeting Held November 9, 2015.

6.2) Payment of Bills for November 25, 2015.

6.3) Approval of Association of California Water Agencies (ACWA) 2016 Annual Agency Dues. ($22,106.67 – Budgeted – General Manager LaMoreaux)

President Mac Laren announced the items included in the Consent Calendar after which it was moved by Director Dino, seconded by Director Estes, 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) Consideration and Possible Action on 2016 Budget. (General Manager LaMoreaux)

Assistant General Manager Knudson provided an overview of the 2016 Operating Budget, which is in a condensed and transparent format; the Water Rate Plan approved by the Board in 2014 designed to provide financial stability while being fair to all District customers; current and future challenges for the District, including aging infrastructure, state mandated water restrictions, climate change and prolonged drought, accommodating future growth through adequate water supply, the impact of the groundwater adjudication settlement, water quality regulations, competition with other agencies for future water supplies, and preparing for natural disasters; changes to the commodity rates, fixed monthly service charges, and water quality and elevation fees based on the approved Water Rate Plan; increased electricity rates; the difficulty in comparing rates with other agencies; the comparison of operating revenues and expenses for 2015 and 2016 and the 5.8% decrease in revenue from 2015 to 2016; deviating from the Water Rate Plan to a lower water rate adjustment only if revenues are increasing; and 2016 Strategic Plan budget items and programs not essential to the operations of the District that will have to be eliminated or reduced if the Board chooses not to follow the approved Water Rate Plan.

Staff then recommended the Board approve a 5.5% water rate adjustment according to the approved Water Rate Plan followed by discussion of rates being the same regardless if the service is for a residence or business, open District positions,

staff's innovative approach to performing job duties, projected power costs and staff's efforts to reduce energy costs, the budget for Directors and adhering to this budget, streamlining Board Committees, the need to take action this evening to implement a water rate adjustment by January 1, eliminating line items from the 2016 Budget, and the rate of inflation after which it was moved by Director Alvarado and seconded by Director Dino to approve a 4.0% water rate adjustment.

Several members of the public then spoke in favor of a 5.5% water rate adjustment and inquired about specific projects to be cut with a lesser water rate adjustment after which PIO/Conservation Director McNutt stated that non-essential items to the function of providing water are the Internship Program, the Rate Assistance Program, the Cash for Grass and all rebate programs, and outreach and marketing, and these items can be eliminated if less than a 5.5% rate adjustment is approved.

Finance Manager Williams then recommended the Board approve a water rate adjustment this evening for implementation January 1, 2016 and items to be eliminated from the budget be considered at a future Board workshop after which General Manager LaMoreaux stated that $5 million of needed equipment and projects have been included in the 2016 Budget; that only half a dozen of these items can be purchased or completed with a 5.5% water rate adjustment; and that this amount will be even less with a 4.0% water rate adjustment.

After a further discussion of a water rate adjustment and of potential hardships for customers, the motion carried on a 3 – 1 vote, with Director Estes opposed.

7.2) Consideration and Possible Action on Revisions to Cash for Grass Program. (PIO/Conservation Director McNutt)

PIO/Conservation Director McNutt provided an overview of staff's incentive based and conservation revisions to the Cash for Grass Program, and after a brief discussion of the benefit of this approach and of including rear yards in the Cash for Grass Program, it was moved by Director Alvarado, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to revise the Cash for Grass Program as recommended by staff.

7.3) Consideration and Possible Action on Professional Services Agreement With The Mathis Consulting Group for Training for Cultural Improvements for 2015-2016. ($43,750.00 – Budgeted – General Manager LaMoreaux)

After a brief discussion of the proposal received from The Mathis Consulting Group for 2015-2016, of hosting future President's Dinners, and of positive changes made with the assistance of The Mathis Consulting Group, 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 approve the Professional Services Agreement with The Mathis Consulting Group for training for cultural improvements for 2015-2016 to include only item no.'s 4, 5, and 6 of the Scope of Work in the not-to-exceed amount of $20,000.00 for assistance for the Board of Directors.

7.4) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2015 Budget:

a) California Special Districts Association "Special District Leadership Academy Conference" to be Held January 24 – 27, 2016 in La Quinta.

It was moved by Director Alvarado, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to authorize the following conferences, seminars, and training sessions for Board and staff attendance within budget amounts previously approved in the 2015 Budget as follows: California Special Districts Association "Special District Leadership Academy Conference" to be Held January 24 – 27, 2016 in La Quinta.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Dino reported that on November 10, he attended the AVEK Board meeting; that on November 18, he attended the Palmdale Recycled Water Authority meeting; and that on November 23, he attended a Board briefing with General Manager LaMoreaux.

President Mac Laren reported that on November 12, she attended the Antelope Valley State Water Contractors Association meeting with Director Alvarado.

Director Alvarado reported that on November 12, he attended the Antelope Valley State Water Contractors Association meeting with President Mac Laren where they

reviewed the success of the Landscape Expo and discussed improvements for next year's event to be held in November 2016; that on November 16, he attended a Palmdale City Hall bus tour and scoping meeting on the power plant; that on November 18, he attended the Palmdale Recycled Water Authority meeting with Director Dino; that on November 23, he attended a Board briefing with General Manager LaMoreaux; that also on November 23, he paid his water bill at the District's office where staff was hosting a well-received Customer Appreciation Day in the lobby, it was a creative event, kudos go to staff for this idea, and he appreciates the changes that have been made to the Customer Care Department during his time as a Board member.

Director Estes stated that he has no report but did enjoy the Customer Appreciation Day.

There were no further reports from Directors.

b) Standing Committee/Assignment Reports (Chair):

1) Antelope Valley State Water Contractors Association

2) Palmdale Recycled Water Authority.

President Mac Laren stated that reports on the Antelope Valley State Water Contractors Association meeting and the Palmdale Recycled Water Authority meeting were provided earlier in the meeting.

8.2) Report of General Manager.

a) November, 2015 Written Report.

General Manager LaMoreaux reported that his November, 2015 written report was included with the agenda packets and noted that a few graphs had labeling errors if there are any questions; that actual cumulative water savings were reported earlier by PIO/Conservation Director McNutt; and that main line leaks continue to stay low as aging pipelines are replaced.

Director Alvarado then commended the District's leadership, supervisors, crews, and Facilities Department for a job well done.

8.3) Report of General Counsel.

General Counsel Dunn stated that he has no report.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

10) Break Prior to Closed Session.

At 9:46 p.m., President Mac Laren called for a ten-minute recess. She reconvened the regular meeting at 9:56 p.m.

11) Closed Session Under:

11.1) Conference with Legal Counsel – Potential Litigation: A Closed Session Will be Held, Pursuant to Government Code §54956.9 (d)(4), to Confer With District Counsel Regarding to Determine Whether to Initiate Litigation, One Case.

At 9:56 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9 (d)(4), to confer with District Counsel regarding to determine whether to initiate litigation, one case.

She reconvened the regular meeting at 10:35 p.m.

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

General Counsel Dunn stated that a closed session was held pursuant to Government Code §54956.9 (d)(4), to confer with District Counsel regarding to determine whether to initiate litigation, one case; that General Counsel provided a status update on this matter and direction was provided to staff; but that no reportable action was taken in closed session on this matter.

14) Board Members' Requests for Future Agenda Items.

Director Alvarado requested that "Discussion and possible action on streamlining Standing and Ad Hoc Board Committees and Appointments" be included on the next agenda.

There were no further requests for future agenda items.

14) Adjournment.

There being no further business to come before the Board, the meeting was adjourned at 10:38 p.m.

Secretary