

Since 1918



PALMDALE WATER DISTRICT

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

www.palmdalewater.org

Facebook: [palmdalewaterdistrict](https://www.facebook.com/palmdalewaterdistrict)

Twitter: [@palmdaleH2O](https://twitter.com/palmdaleH2O)

Board of Directors

ROBERT E. ALVARADO
Division 1

JOE ESTES
Division 2

MARCO HENRIQUEZ
Division 3

KATHY MAC LAREN
Division 4

VINCENT DINO
Division 5

ALESHIRE & WYNDER
LLP
Attorneys

November 17, 2016

***Agenda for Regular Meeting
of the Board of Directors of the Palmdale Water District
to be held at the District's office at 2029 East Avenue Q, Palmdale***

Wednesday, November 23, 2016

7:00 p.m.

NOTES: 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.

Additionally, a Spanish interpreter will be made available to assist the public in making comments during the meeting if requested at least 48 hours before the meeting. Please call Dawn Deans at 661-947-4111 x1003 with your request. This was authorized by Board action on May 11, 2016 as a temporary measure while a long-term policy is developed.

Adicionalmente, un intérprete en español estará disponible para ayudar al público a hacer comentarios durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Dawn Deans al 661-947-4111 x1003 con su solicitud. Esto fué autorizado por la mesa directiva en la junta del 11 de mayo del 2016 como una medida temporal mientras se desarrolla una poliza a largo plazo.

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 (Government Code Section 54957.5). 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. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.



- 5) Presentations:
 - 5.1) None at this time.
- 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, 2016.
 - 6.2) Payment of bills for November 23, 2016.
 - 6.3) Approval to reject claim received from Jamal P. Panoussi and refer to Joint Powers Insurance Authority. (General Manager LaMoreaux)
 - 6.4) Approval of California Special Districts Association 2017 membership. (\$6,485.00 – Budgeted – General Manager LaMoreaux)
 - 6.5) Approve absence of Director Mac Laren from October 26, 2016 Board meeting due to vacation. (General Counsel Dunn)
- 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 cancellation of second regular Board meeting in December. (No Budget Impact –General Manager LaMoreaux)
 - 7.2) Consideration and possible action on Outreach activities. (Public Affairs and Sustainability Director McNutt)
 - a) Preliminary outreach plans for 2017
 - b) Upcoming events
 - c) Status of AguaVaganza Music Contest
 - d) Board outreach recommendations.
 - 7.3) Consideration and possible action on 2017 Budget. (General Manager LaMoreaux)
 - 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 2016 Budget:
 - a) None at this time.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Meetings/General Report.
 - b) Standing Committee/Assignment Reports (Chair):
 - 1) Finance Committee
 - 2) PRWA
 - 3) AVSWCA

- 8.2) Report of General Manager.
 - a) November, 2016 written report of activities through October, 2016.
- 8.3) Report of General Counsel.
- 9) Board members' requests for future agenda items.
- 10) Adjournment.

A handwritten signature in dark ink, reading "Dennis D. LaMoreaux". The signature is fluid and cursive, with the first name "Dennis" and last name "LaMoreaux" clearly legible.

DENNIS D. LaMOREAUX,
General Manager

DDL/dd

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: November 16, 2016 **November 23, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.4 – APPROVAL OF CALIFORNIA SPECIAL DISTRICTS ASSOCIATION 2017 MEMBERSHIP.***

Recommendation:

Staff recommends the Board approve the District's 2017 membership in the California Special Districts Association (CSDA) in the not-to-exceed amount of \$6,485.00.

Alternative Options:

The alternative is to not approve the District's 2017 membership in CSDA.

Impact of Taking No Action:

The District's current CSDA membership will expire.

Background:

The District has been a member of CSDA for many years. CSDA provides unique professional development opportunities, dedicated advocacy for special districts, legislative updates, state budget analysis, publications and brochures, and project financing services and risk management options.

Strategic Plan Initiative:

This work is part of Strategic Initiative No. 5 – Regional Leadership.

Budget:

This is under Budget Item No. 1-02-4165-000 Memberships/Subscriptions.

Supporting Documents:

- Memorandum regarding CSDA's Membership Dues
- 2017 CSDA agency dues invoice



**California Special
Districts Association**
Districts Stronger Together

What do you look for from California Special Districts Association?

The high-quality trainings? Dedicated advocacy efforts? Maybe it's the peace of mind knowing that you won't miss out on any critical information that could impact your agency. No doubt about it, special districts in California are a diverse group and each CSDA member turns to the association for different reasons. CSDA exists for one reason – to serve you!

CSDA has been in existence for more than 45 years, but you'll find our value has never been greater. With current economic conditions in California and ongoing budget battles in Sacramento, we are positioned even better than ever to help meet your needs.

How do we do this?

- Unique professional development opportunities for board members and staff to promote strong governance, operational excellence, and optimal financial performance of your district
- Legislative representation to minimize the risk of political interference from outside groups
- Promotion of county and regional chapters to give you opportunities to connect with peers in your area
- A range of project financing services and risk management options to give your district affordable access to critical funding, insurance, and other mission-critical support

In addition, our customer service policies ensure that you will reach a live person and receive relevant, timely responses every time you call, no matter what you are looking for.

Enclosed is an invoice for your agency's 2017 membership dues. Please renew your membership today. Your continued support is essential to growing the resources and programs to better serve you. If you have any questions about CSDA or your membership benefits, please contact me at 877.924.2732 or cathrinel@csla.net.

Best regards,

Cathrine Lemaire
Member Services Director

Special Renewal Bonus!

Renew your CSDA membership before January 3, 2017 and receive access to online AB 1234 Ethics Compliance Training through March 15, 2017. This access gives you and everyone else at your special district required Ethics Training for FREE – just for renewing!

Please note: Access to Property/Liability and Workers' Compensation programs through SDRMA is a CSDA member benefit. Participants in those programs must maintain current membership in CSDA.



California Special Districts Association
1112 I Street, Suite 200
Sacramento, CA 95814
Phone: (916) 442-7887 Fax: (916) 442-7889
Toll-Free Phone: (877) 924-2732

First Invoice

RECEIVED

NOV 08 2016

Palmdale Water District
2029 E Avenue Q
Palmdale, CA 93550-4050

Membership ID: 212
RM-Regular Member

(Please note if address correction needed.)

2017 Membership Dues-Regular	6,485.00
Total	6,485.00

Full payment due no later than January 1, 2017

Thank you for your membership in the California Special Districts Association. We appreciate your prompt payment.

To view dues categories, please visit the CSDA Transparency page at www.csda.net.

OBRA 1993 prohibits taxpayers from deducting, for federal income tax purposes, the portion of membership dues that are allocable to the lobbying activities of trade organization. The nondeductible portion of your dues is estimated to be 8%.

California Special Districts Association
1112 I Street, Suite 200
Sacramento, CA 95814

REMITTANCE STUB

(Please Return)

212	RM-Regular Member	2017 Membership Dues-Regular	6,485.00
Total			6,485.00

Palmdale Water District
2029 E Avenue Q
Palmdale, CA 93550-4050

CREDIT CARD PAYMENTS - may be submitted by mail or by fax to (916) 442-7889

CIRCLE TYPE: [VISA] [MC] [AMEX] [DISCOVER]

CARDHOLDER NAME: _____

CARD NUMBER _____

CC BILLING ADDRESS (IF DIFFERENT): _____

EXP: _____

AMOUNT: _____

AUTH SIGNATURE: _____

Here's a Big "Thank you!" for Renewing Membership!

Renew your CSDA membership by **January 3, 2017** and receive access to AB 1234 Ethics Compliance training On-Demand Webinar for your entire Board of Directors. Details are below:

- To take advantage of this offer, your 2017 dues payment must be received in the CSDA office by January 3, 2017.
- Offer applies only to the on-demand webinar training.
- Access to this training will be available between January 6 and March 15, 2017 only.
- Renewed members will receive access instructions via email on January 6. These instructions will be emailed to everyone within your agency with an email address on file.
- Please contact Cassandra Strawn, Member Services Specialist, with any questions regarding your invoice or this special offer: cassandras@cda.net or 877.924.2732.

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: November 16, 2016 **November 23, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.5 – APPROVE ABSENCE OF DIRECTOR MAC LAREN FROM OCTOBER 26, 2016 BOARD MEETING DUE TO VACATION.***

Director Mac Laren was absent from the October 26, 2016 Regular Board Meeting. Agenda Item No. 6.5 has been placed on the Consent Calendar to excuse this absence pursuant to Section 4.07.2 of the District’s Rules and Regulations which states, “The Board shall excuse absences by approving such absences pursuant to the Consent Calendar at the next regular Board meeting.”

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: November 16, 2016 **November 23, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION
ON CANCELLATION OF SECOND REGULAR BOARD MEETING IN
DECEMBER.***

The second regular Board meeting in December is scheduled for December 28. The District will be closed beginning December 26 through December 30 as a cost saving measure; however, a skeleton crew will be available during this time to respond to emergencies and to process payments.

DRAFT 2017 Public Outreach Plan

January 2017:

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- Winter Edition of The Pipeline as a bill insert and offered online
- Begin creating/using SnapChat as an information tool (2 per week)
- Assemble internal social media team
- Provide Board with DRAFT by-laws for Community Liaison Committee
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Continue attending bi-weekly Café con Leche radio spots discussing water

February 2017:

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Continue to discuss or begin to formalize Community Liaison Committee
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Rotate Director Meet and Greets or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

March 2017:

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Formalize Community Liaison Committee or have 1st meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Continue attending bi-weekly Café con Leche radio spots discussing water

- Change content on lobby video boards regularly
- Customer Appreciation Day

April 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Spring Edition of The Pipeline as a bill insert and offered online
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Rotate Director Meet and Greet or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

May 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Continue attending bi-weekly Café con Leche radio spots discussing water

June 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly

- Rotate Director Meet and Greet or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

July 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Summer Edition of The Pipeline as a bill insert and offered online
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Continue attending bi-weekly Café con Leche radio spots discussing water

August 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Rotate Director Meet and Greet or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

September 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Continue attending bi-weekly Café con Leche radio spots discussing water

October 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Fall Edition of The Pipeline as a bill insert and offered online
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Rotate Director Meet and Greet or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

November 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Continue attending bi-weekly Café con Leche radio spots discussing water
- Customer Appreciation Day

December 2017

- PWD Water Walk Series – 2 hours each month to go into local businesses and provide them with information regarding programs, answer questions, offer water audits, and make new friends.
- Create bi-weekly infoart/pictograms for web and social media content (2 new per month)
- 1 public speaking engagement
- SnapChat as an information tool (2 per week)
- Year End Edition of The Pipeline as a bill insert and offered online
- Meet with internal social media team
- Community Liaison Committee meeting
- Press Releases as needed
- Perform activities and functions on external community Boards
- Change content on lobby video boards regularly
- Rotate Director Meet and Greet or Coffee with a Director bi-monthly
- Continue attending bi-weekly Café con Leche radio spots discussing water

The 2017 Budget will be reviewed in detail at the November 22, 2016 Special Budget Meeting. Consideration of Agenda Item No. 7.3 will be based on discussion and/or action from that meeting.

**MINUTES OF SPECIAL MEETING OF THE PERSONNEL COMMITTEE OF THE
PALMDALE WATER DISTRICT, AUGUST 2, 2016:**

A special meeting of the Personnel Committee of the Palmdale Water District was held Tuesday, August 2, 2016 at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Mac Laren called the meeting to order at 10:35 a.m.

1) Roll Call.

Attendance:

Personnel Committee:

Kathy Mac Laren, Chair

Vincent Dino, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager

Jennifer Emery, Human Resources Director

Dawn Deans, Executive Assistant

1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Dino, seconded by Chair Mac Laren, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

**4.1) Consideration and Possible Action on Approval of Minutes of Meeting
Held July 20, 2016.**

It was moved by Committee Member Dino, seconded by Chair Mac Laren, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Personnel Committee meeting held July 20, 2016, as written.

**4.2) Consideration and Possible Action on Contract Services Agreement for
Personnel Investigation Services. (Human Resources Director Emery)**

Human Resources Director Emery provided an overview of the purpose and intent of the proposed Contract Services Agreement for Personnel Investigation Services, and after a brief discussion of the contract, the budgeted cost, and staff's

recommendation to approve this contract, it was moved by Committee Member Dino, seconded by Chair Mac Laren, and unanimously carried by all members of the Committee present at the meeting to approve the Contract Services Agreement for Personnel Investigation Services with Jeffrey B. Love and Associates, LLC in the not-to-exceed amount of \$20,000.00.

5) **Information Items:**

5.1) **Other.**

There were no other information items for discussion.

6) **Board Members' Requests for Future Agenda Items.**

There were no requests for future agenda items.

7) **Adjournment.**

There being no further business to come before the Personnel Committee, the meeting was adjourned at 10:50 a.m.


Chair

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, OCTOBER 6, 2016:

A meeting of the Finance Committee of the Palmdale Water District was held Thursday, October 6, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:00 p.m.

1) Roll Call.

Attendance:

Finance Committee:
Marco Henriquez, Chair
Robert Alvarado, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Jennifer Emery, Human Resources Director
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments.

There were no public comments.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held September 13, 2016.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held September 13, 2016, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of August, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of August, 2016, including the increase of funds due to assessments received and water receipts, last month's large DWR payment, and reduced water receipts and then provided an overview of the cash flow statement for August, interest earnings and market decline, and anticipated year-end cash.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for August, 2016. (Finance Manager Williams)

Finance Manager Williams reviewed in detail 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 July, 2016 and stated that most departments are operating at or below the targeted expenditure percentage of 67% followed by discussion of the Director's budget, vacation expenses, and the purchase of additional vacation time.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson reviewed the projects and payments included in the updated committed contracts schedule and then provided an update on the Water Revenue Series 2013A Bond funds.

4.5) Discussion and Review of Draft 2017 Budget. (Finance Manager Williams)

Finance Manager Williams distributed the 2017 preliminary budget and then provided an overview of proposed revenue, projected year-end cash balance for 2017, department budgets and increases due to changes in the Organization Chart, increases in line items from 2016 to 2017, and depreciation followed by discussion of updates to the main office building and the Rate Assistance Program.

4.6) Discussion and Possible Action on Long Term Financial Planning and Adoption of Remaining Three Years of Approved Proposition 218 Water Rate Plan to Ensure Future Water Rate Stability and Long-Term Water Sustainability Projects to Meet Current and Future Water Demands. (Assistant General Manager Knudson/Finance Manager Williams)

Assistant General Manager Knudson stated that an updated Resolution for implementing a 4.25% water rate adjustment for each of the next three years addressing concerns raised at the Financial Planning Workshop was included with the agenda packets and that an additional Financial Planning Workshop is scheduled for October 19, 2016 at 7 p.m.

General Manager LaMoreaux then requested the Committee review the Resolution and provide any revisions by next Wednesday.

4.7) Consideration and Possible Action on Request for Proposals for Hiring an Outside Consultant to Determine Additional Cost Reductions for the District. (Chair Henriquez)

Finance Manager Williams distributed a draft Performance Audit Request for Proposals and requested input from the Committee followed by discussion of removing the cost limit from the Proposal, and Chair Henriquez requested a separate meeting with Finance Manager Williams to review the Performance Audit Request for Proposals.

General Manager LaMoreaux then stated that the Performance Audit Request for Proposals will be submitted to the full Board for consideration along with all back-up materials once it is approved by the Committee and informed the Committee that staff conducts efficiency evaluations, reviews the budget, and shifts personnel to increase efficiency on an ongoing basis.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage looks good at this time.

5.2) Status on Refunding 2012 Installment Purchase Agreement and a Portion of the 2013A Water Revenue Bonds. (Finance Manager Williams)

Finance Manager Williams stated that the Final Audit is expected to be complete by the end of the week; that the Preliminary Official Statement will be updated and ready for posting October 11; that bonds will go to market October 17 for pricing; that

savings as of today are only 3.6%; and that bonds will not sell unless the target savings of 5% is met.

He then reviewed S&P's rationale for maintaining the District's bond rating at A-and stable.

General Manager LaMoreaux then reviewed bond insurance which will help in the sale of the bonds.

5.3) Other.

Finance Manager Williams stated that the IVR and kiosk are leased, payments are processed through Paymentus, and the District pays a cost for each transaction and that to save costs, staff will be recommending the District purchase its own IVR and kiosk combining the processing of all electronic payments under one processor followed by discussion of actual usage of the kiosk and its cost.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

Committee Member Alvarado requested an update on staff's efforts to make the District more efficient and approximate dollar amount of savings, including shifting positions, keeping positions unfilled, departmental innovations, employee benefit packages, in-house projects, and other efficiencies.


Chair Henriquez then requested an item to discuss improvements to the Cash for Grass Program so more customers can benefit from the Program, and after discussion of the Cash for Grass Program and the appropriate Board Committee to review the Program, General Manager LaMoreaux stated that an informational report on how the Program operated for 2016 can be presented at the next Committee meeting.

There were no further requests for future agenda items.

It was then determined that the next Finance Committee meeting will be held November 7, 2016 at 4:00 p.m.

7) **Adjournment.**

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:45 p.m.


Chair

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, NOVEMBER 7, 2016:

A meeting of the Finance Committee of the Palmdale Water District was held Monday, November 7, 2016, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. Chair Henriquez called the meeting to order at 4:20 p.m.

1) Roll Call.

Attendance:

Finance Committee:
Marco Henriquez, Chair
Robert Alvarado, Committee
Member

Others Present:

Dennis LaMoreaux, General Manager
Matt Knudson, Assistant General Manager
Kathy Mac Laren, PWD Director
Mike Williams, Finance Manager
Mike McNutt, Public Affairs & Sustainability Dir.
Bob Egan, Financial Advisor
Dennis Hoffmeyer, Accounting Supervisor
Dawn Deans, Executive Assistant
1 member of the public

2) Adoption of Agenda.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments on Non-Agenda Items.

Chair Henriquez welcomed Director Mac Laren to the meeting.

There were no public comments on non-agenda items.

4) Action Items:

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 6, 2016.

It was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held October 6, 2016, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of September, 2016. (Financial Advisor Egan)

Financial Advisor Egan reviewed the investment funds report as of September, 2016, including the decrease of funds due to the bond principal and interest payments and then provided an overview of the cash flow statement, DWR refunds, Butte County payments, and anticipated assessments and year-end cash followed by discussion of CD maturity dates.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for September, 2016. (Finance Manager Williams)

Finance Manager Williams reviewed in detail 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 September, 2016 and stated that most departments are operating at or below the targeted expenditure percentage of 75% followed by discussion of the Director's budget.

4.4) Discussion and Overview of Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson)

Assistant General Manager Knudson provided an update on the Water Revenue Bond Series 2013A Bond funds and reviewed payments to date and projected complete payout.

4.5) Discussion and Review of Draft 2017 Budget. (Finance Manager Williams)

Finance Manager Williams provided an overview of the draft 2017 budget including the five-year cash flow, the projected year-end cash balance for 2017, zero investments in infrastructure, and increased costs due to organization chart changes and operating expenses followed by discussion of the unpredictability of receiving capital improvement fees, organizational structure changes, and necessity line items versus requested line items.

Financial Advisor Egan then reviewed revenue comparisons and stated that the District's ratepayers paid less for water currently than in 2013; that the draft 2017 budget needs to be reviewed to reduce expenses; and that there is a large backlog of infrastructure projects, which will not be addressed in the budget as presented.

The cumulative effect of a continued drop in revenue and a continued drop in the reserve balance resulting from approving rate increases below the recommended 5.5% approved in the Water Rate Plan were then discussed, and the need for a steady stream of revenue was emphasized.

After a further discussion of needed revisions to the draft 2017 budget, it was determined that a special Finance Committee meeting will be held November 15, 2016 at 4:00 p.m. to further review the draft 2017 budget.

4.6) Consideration and Possible Action on Resolution No. 16-17 Being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Reduced Water Rate Adjustment of 4.25% for Each Calendar Year 2017, 2018, and 2019, Amending Appendix C to the Rules and Regulations of the Palmdale Water District, and Establishing Prudent Parameters to Consider Further Water Rate Adjustment Reductions. (Assistant General Manager Knudson/Finance Manager Williams)

Assistant General Manager Knudson reviewed the revisions to Resolution No. 16-17 and stated that the Resolution addresses the Board's concerns raised at the recent Financial Workshop, is well thought out, and justifies the need for the water rate adjustment after which Financial Advisor Egan stated that Rosamond Community Services District just approved a \$7 per month water rate increase, which is more than staff is proposing for three years, meeting the reserve goal is extremely difficult, and staff's intent is to be sensitive to the customers while meeting operating expenses and planning for future projects.

After a further review of Resolution No. 16-17, revenue projections, and covering increasing fixed costs, it was moved by Committee Member Alvarado, seconded by Chair Henriquez, and unanimously carried by all members of the Committee present at the meeting to recommend approval of Resolution No. 16-17 being a Resolution of the Board of Directors of the Palmdale Water District Adopting a Reduced Water Rate Adjustment of 4.25% for Each Calendar Year 2017, 2018, and 2019, Amending Appendix C to the Rules and Regulations of the Palmdale Water District, and Establishing Prudent

Parameters to Consider Further Water Rate Adjustment Reductions to the full Board at the November 9, 2016 Regular Board meeting.

4.7) Consideration and Possible Action on Request for Proposals for Hiring an Outside Consultant to Determine Additional Cost Reductions for the District. (Chair Henriquez)

Chair Henriquez requested this item be held over to the next Finance Committee meeting.

5) Information Items.

5.1) Status of Debt Service Coverage. (Financial Advisor Egan)

Financial Advisor Egan stated that the Debt Service Coverage for the period of October, 2015 through September, 2016 is 1.38, which meets the Debt Service Coverage.

5.2) Status on Refunding 2012 Installment Purchase Agreement and a Portion of the 2013A Water Revenue Bonds. (Finance Manager Williams)

Finance Manager Williams stated that savings as of today are only slightly above 4% and that bonds will not sell unless the target savings of 5% is met after which Financial Advisor Egan stated that the bond financing group may lower their fees to meet the 5% savings if the savings continue to rise above 4%.

5.3) Status of Staff's Efforts to Ensure District Efficiencies and Cost Savings. (Committee Member Alvarado/General Manager LaMoreaux)

General Manager LaMoreaux stated that this information will be developed and presented as part of Agenda Item No. 4.7 and will also be included as part of the discussions at the budget workshop.

5.4) Other.

Finance Manager Williams stated that representatives from TruePoint, the District's new billing software provider, were on site last week to review the District's business practices and data conversion.

Committee Member Alvarado inquired if a soda vending machine will be purchased to reduce the cost of sodas for District employees followed by discussion of the District's two soda vending machines and the cost of the drinks.

There were no other information items.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

It was determined that the next Finance Committee meeting will be held December 13, 2016 at 4:00 p.m.

7) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 5:56 p.m.



Chair

PALMDALE WATER DISTRICT

BOARD MEMORANDUM

DATE: November 16, 2016 **November 23, 2016**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: *AGENDA ITEM NO. 8.2 – November, 2016 General Manager Report*

The following is the November report to the Board of activities through October, 2016. It is organized to follow the District's six strategic initiatives adopted for 2016 and is intended to provide a general update on the month's activities. A summary of the initiatives is as follows:



Water Resource Reliability

2015 Urban Water Management Plan, drought response
Palmdale Regional Groundwater Recharge & Recovery Project
Littlerock Reservoir Sediment Removal Project
Recycled water allocation and use



Organizational Excellence

Maintain formal management/supervisor training and development program
Maintain competitive compensation and benefits package
Employee wellness program; Succession planning
Board/staff events to develop innovative ideas and awards



Systems Efficiency

Water system Master Plan update and related EIR
Reinvestment in aging infrastructure
Investment, implementation, and training plan for new technology
Computerized maintenance management software (CMMS)



Financial Health and Stability

Pursue Federal and State funding opportunities
Sustainable and balanced rate structure
Maintain adequate reserve levels
Maintain high level bond rating



Regional Leadership

Create a regional best practices Antelope Valley partnership
Enhance community partnerships and expand school programs in water education
Emphasize the importance and long history of the District as a community asset
Continue to evaluate District internship needs



Customer Care and Advocacy

Customer Care accessibility through automation
Evaluate, develop, and market additional payment options
Improve customer account management tools
Enhance customer experience through assessment of infrastructure, processes, and policies to maximize the customer care experience

This report also includes charts that show the effects of the District's efforts in several areas. They are now organized within each strategic initiative and include status in complying with the State Water Resources Control Board's (SWRCB) conservation emergency orders, 20 x 2020 status, the District's total per capita water use trends, 2016 water production and customer use graph, mainline leaks, and the water loss trends for both 12 and 24 month running averages.

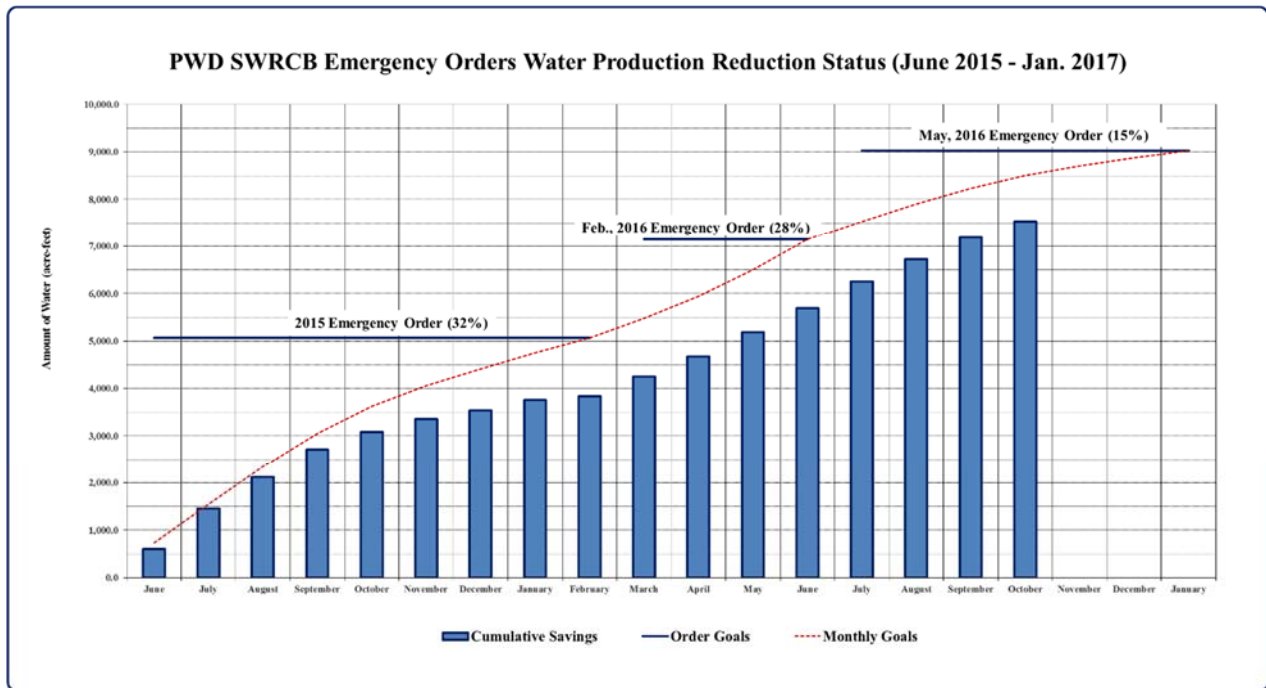


Water Resource Reliability

This initiative includes conservation efforts, water supply projects, and water planning. Recent highlights are as follows:

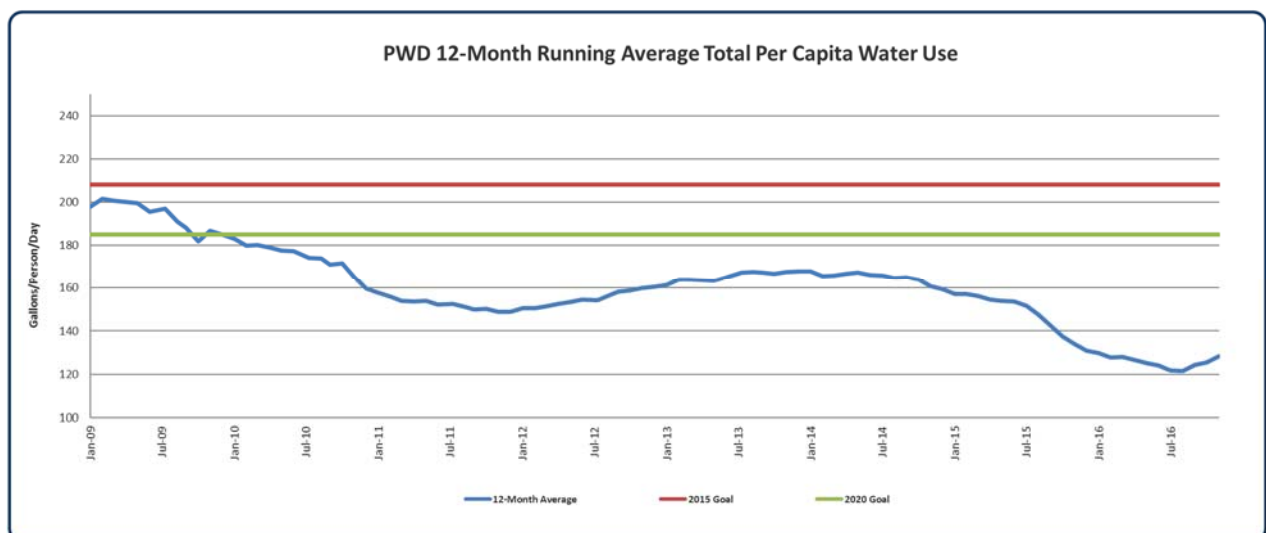
2015 and 2016 SWRCB Emergency Drought Orders

- The District customers' cumulative water saving from June, 2015 to the end of October, 2016 as compared to 2013 is 23.3%. The October, 2016 numbers alone show a **18.6%**, or **337.1 AF**, of savings. The SWRCB's May, 2016 Order shifted conservation goal setting to water agencies. The "self-certification" process is set as using the last three (3) years actual water supplies projected over the next three (3) years versus the anticipated water demands. District staff completed that analysis and recommended a new conservation goal of 15% for the District. This was approved by the Board on July 13, 2016 in Resolution No. 16-8. The resolution also relaxed water use restrictions by removing day restrictions and penalties for water waste by making the first violation a warning rather than a \$50.00 fine. The District's performance with all the SWRCB's Orders is shown in the following graph:



Success of District Customers' Water Conservation Efforts

Our customers have responded extremely well to the District's water conservation programs and emergency drought regulations. The following information shows this in several ways. This is easiest to see in the following chart titled "PWD 12-Month Running Average Total Per Capita Water Use." The current Total-GPCD is 130. The District's customers have actually cut their water use by nearly 44% from the baseline number of 231 and met the 2020 Goal in early 2010. The slight upturn reflects the effect of newly relaxed conservation measures.



The fact that District customers have excelled in water conservation is also shown in the following table titled “Historic R-GPCD Comparison.” It shows that the District’s customers have reached 130 and 110 R-GPCD in September and October, 2016, respectively. Throughout the Emergency Order period starting in June, 2015, they have reduced water use by 41.5% compared to 2007.

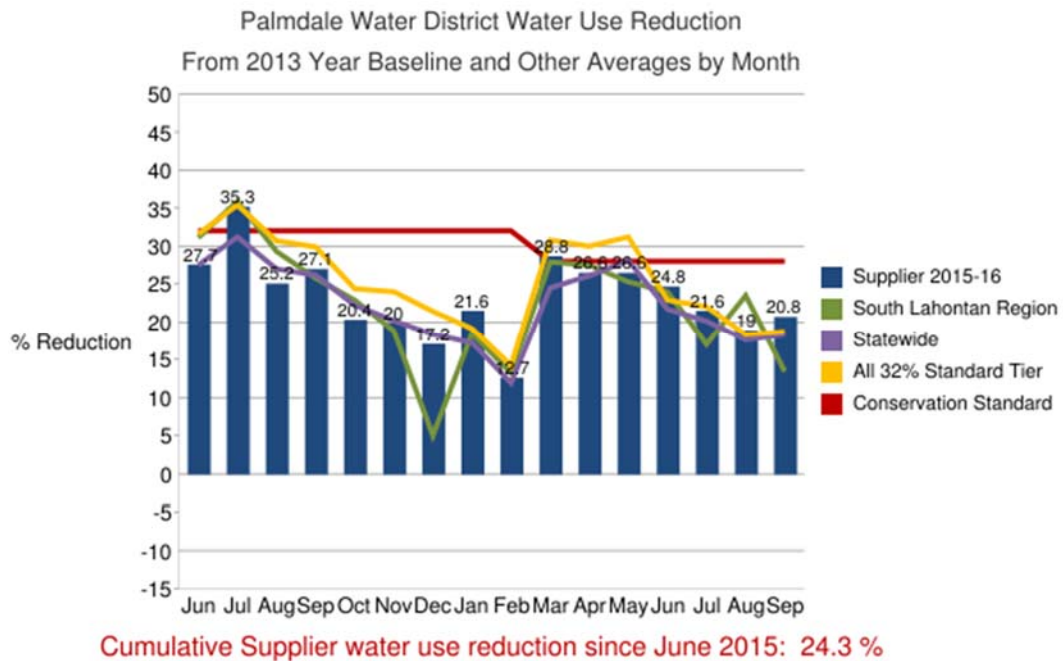
Historic R-GPCD Comparison*						
Emergency Order Period	2007		2013		2015/16	
	Gallons	% Change	Gallons	% Change	Gallons	% Change
June	239.8	-	170.9	(28.7)	126.3	(47.3)
July	267.6	-	184.7	(31.0)	121.8	(54.5)
August	261.1	-	180.0	(31.0)	133.0	(49.0)
September	198.9	-	164.5	(17.3)	116.2	(41.6)
October	157.7	-	130.2	(17.4)	104.5	(33.7)
November	130.2	-	100.4	(22.9)	77.2	(40.7)
December	88.2	-	80.4	(8.9)	67.1	(24.0)
January	103.8	-	77.1	(25.8)	61.1	(41.2)
February	106.1	-	79.2	(25.4)	70.1	(33.9)
March	144.5	-	105.8	(26.8)	76.3	(47.2)
April	169.3	-	124.4	(26.5)	92.5	(45.3)
May	204.4	-	145.3	(28.9)	108.4	(46.9)
June	239.8	-	170.9	(28.7)	133.6	(44.3)
July	267.6	-	184.7	(31.0)	142.0	(46.9)
August	261.1	-	180.0	(31.0)	146.6	(43.8)
September	198.9	-	164.5	(17.3)	130.3	(34.5)
October	157.7	-	130.2	(17.4)	110.3	(30.0)
November	123.1	-	97.3	(20.9)		
December	81.8	-	68.4	(16.4)		
January	77.3	-	85.0	9.9		
Averages**	188.0		139.6	(24.5)	106.9	(41.5)

Notes: * All R-GPCD Calculated using 2015 Emergency Order Method
% Change is calculated from 2007

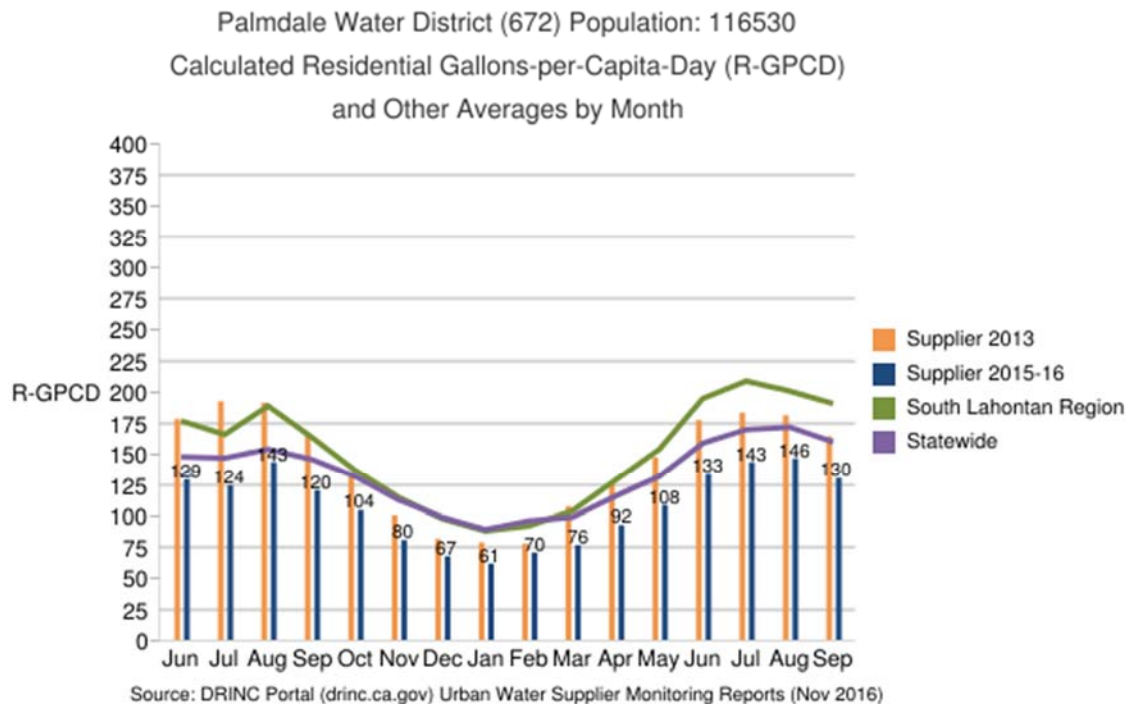
** Months to date only

20% by 2020 12-Month Average Total GPCD Baseline = 231
2015 12-Month Average Total GPCD Goal = 208
2020 12-Month Average Total GPCD Goal = 185
Current 12-Month Average Total GPCD = 130 or 43.7% Reduction

Another way to measure the District’s and our customers’ success in responding to the Governor’s Drought Declaration and the SWRCB’s Emergency Orders is to compare the reduction in water usage and the per capita use with regional water agencies and with the statewide average response. The following graphs are produced by the SWRCB and cover through September, 2016. The first one shows the District’s water use reduction as compared to others in the same reduction group, regional water agencies, and statewide agencies. The District and our customers have done well and above average.



The second graph shows the District's per capita water use as compared to others in the same reduction group, regional water agencies, and statewide agencies. Again, the District and our customers have lower per capita use than the statewide and regional agencies.



Looking at the water use reduction and per capita water use together give the best picture of overall water use efficiency and effort to comply with State drought orders. The following table shows local and regional water agencies, the statewide average, and the District from June, 2015 to September, 2016. As can be seen, our customers have both an average water use reduction and lower per capita use than statewide averages. Only Victorville Water District and the City of Hesperia can also make the same claim. *It's worth noting that the numbers in red highlight that PWD, Hesperia, and Victorville's R-GPCD in 2013 were below the current numbers for QHWD and LACWWD40.*

<u>Water Use Efficiency Comparison</u>			
Agency	Cumulative Savings (June, '15 - Sept., '16)	R-GPCD - September	
		2013	2016
Quartz Hill WD	31.9%	332	252
LA County WWD #40	25.8%	248	197
State Average	23.0%	197	160
PWD	24.3%	162	130
Victorville WD	23.1%	148	120
City of Hesperia	17.3%	175	149

This way of looking at water conservation performance was recently confirmed by an analysis done by the Los Angeles Times. In an October 31, 2016 article titled “The drought eased up, and these Californians turned on the spigot,” water use was analyzed during the months of June, July, and August for 2013 and 2016. The analysis looked at both the R-GPCD and percent of water conservation. It then calculated a “Conservation-Consumption” score with the information. The higher the score, the worse the performance. All 411 public water purveyors were ranked with the score. The results of the local agencies are as follows:

#34 – LACWW District 40

#55 – Quartz Hill WD

#171 – Victorville WD

#183 - City of Hesperia

#247 – Palmdale WD

Again, this shows the great job our customers have done in conserving water over the last couple of years.

The District will continue informing our customers about the changes in conservation measures. The education will emphasize the current rules for outdoor water usage while also reassuring customers whose water use is within Tier 1, indoor allocation, that they

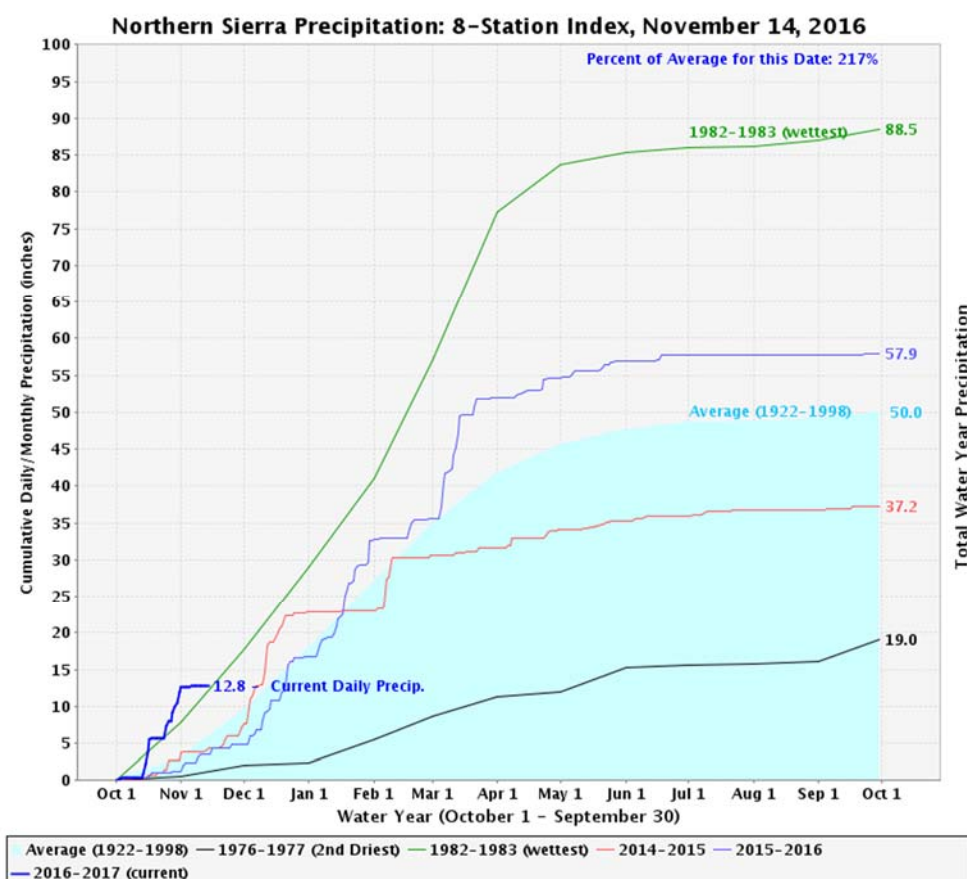
are doing their part. The following table shows the Board of Directors' personal efforts and leadership:

2015 & 2016 Emergency Drought Order Period Water Usage Status of PWD Directors

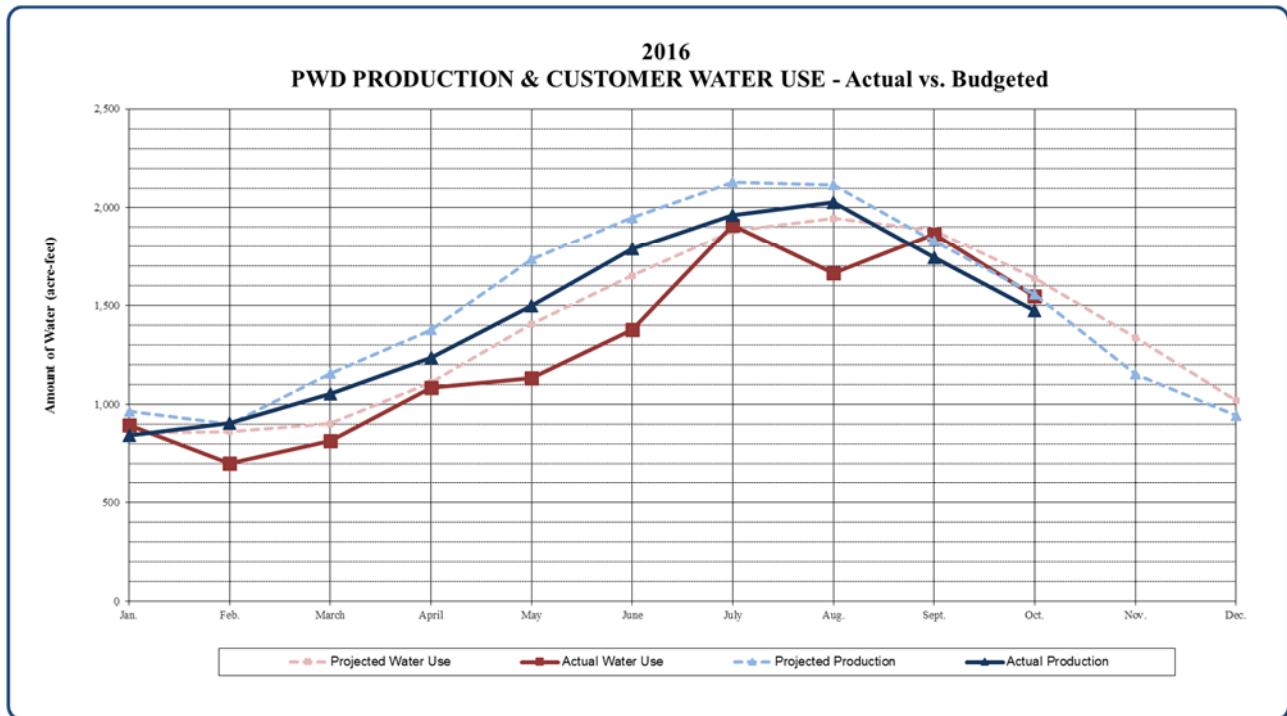
Division	Director	Tier 1 Comparison			% Change from 2013
		Average Tier 1 (Units/Mo.)	Emer. Order Average (Units/Mo.)	Aver. Within Tier 1?	
1	Alvarado	10	4.2	Yes	-53.9
2	Estes	22	3.6	Yes	-37.9
3	Henriquez	10	5.2	Yes	-13.8
4	Mac Laren	10	7.2	Yes	42.9
5	Dino	10	4.2	Yes	-81.3

Water Supply Information

- The staff has planned water resources for 2016 based on the current State Water Project allocation of 60%. The 2016-2017 water year has started well for Northern California as shown in the following graph. Based on this, initial planning for 2017 anticipates an average SWP allocation and continued relaxed water conservation regulations.



- Water and Energy Resources staff prepared a plan for 2016 that incorporates available water with the anticipated water usage. The following graph shows January through October actual amounts and monthly projections for both production and consumption, based on the prior five years of actual monthly information, for the entire year. This year's consumption and production pattern appears to be moving back into a more-normal pattern.



Other Items

- The Littlerock Reservoir Sediment Removal Project Draft Environmental Impact Report/Environmental Impact Statement (EIR/EIS) is published in the Federal Register. The public review period ran through the end of June, 2016. Aspen Environmental is now working with the Angeles National Forest on responses to comments received in the process. A final document will be presented to the Board and Forest Service late this year or early next year.
- The public review of the Draft California Environmental Quality Act (CEQA) EIR for the Palmdale Regional Groundwater Recharge and Recovery Project is complete. The Final EIR was certified by the Board on July 13th, and the Notice of Determination was filed on July 14, 2016. Plans for the construction of monitoring wells and a pilot recharge basin are now being finalized and will be advertised for bids soon.



Organizational Excellence

This initiative includes efforts to restructure staff duties and activities to more efficiently provide service to our customers. Recent highlights are as follows:

- The transition to electronic time keeping is nearing completion. Final adjustments and testing are being done to ensure a smooth transition.
- The 2016 Strategic Plan Update was approved by the Board at the January 13, 2016 meeting. The board room posters and brochure are now complete. A Spanish translation is being worked on also. These boards will be placed in the board room when they are completed.
- An Ad-Hoc Committee of the Board was formed to meet with community groups and develop any policies needed to help ensure the continued communication with and involvement of the District's customers. An interpreter will be provided upon request for regular Board meetings as an interim policy.
- A proposal is forthcoming from the Mathis Group for department-specific training and then an update of the Organizational Cultural Survey in early 2017. This Survey was previously conducted in 2013 and 2015. The 2015 Survey showed a 66% District-wide improvement.

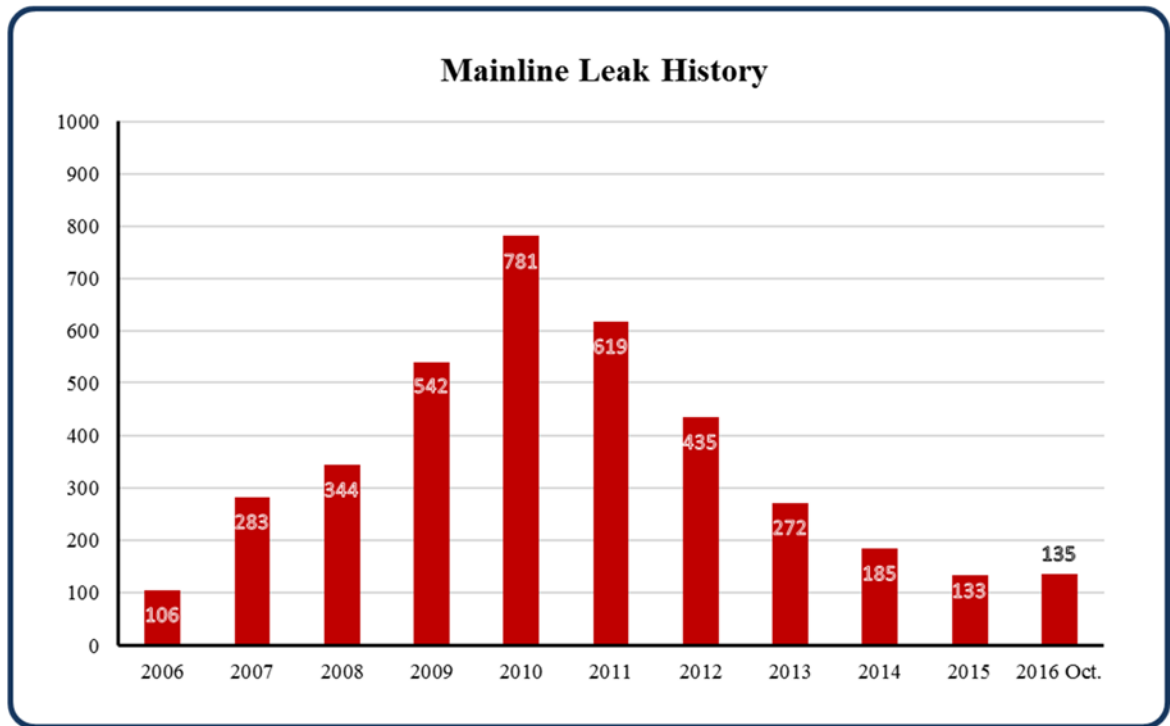


Systems Efficiency

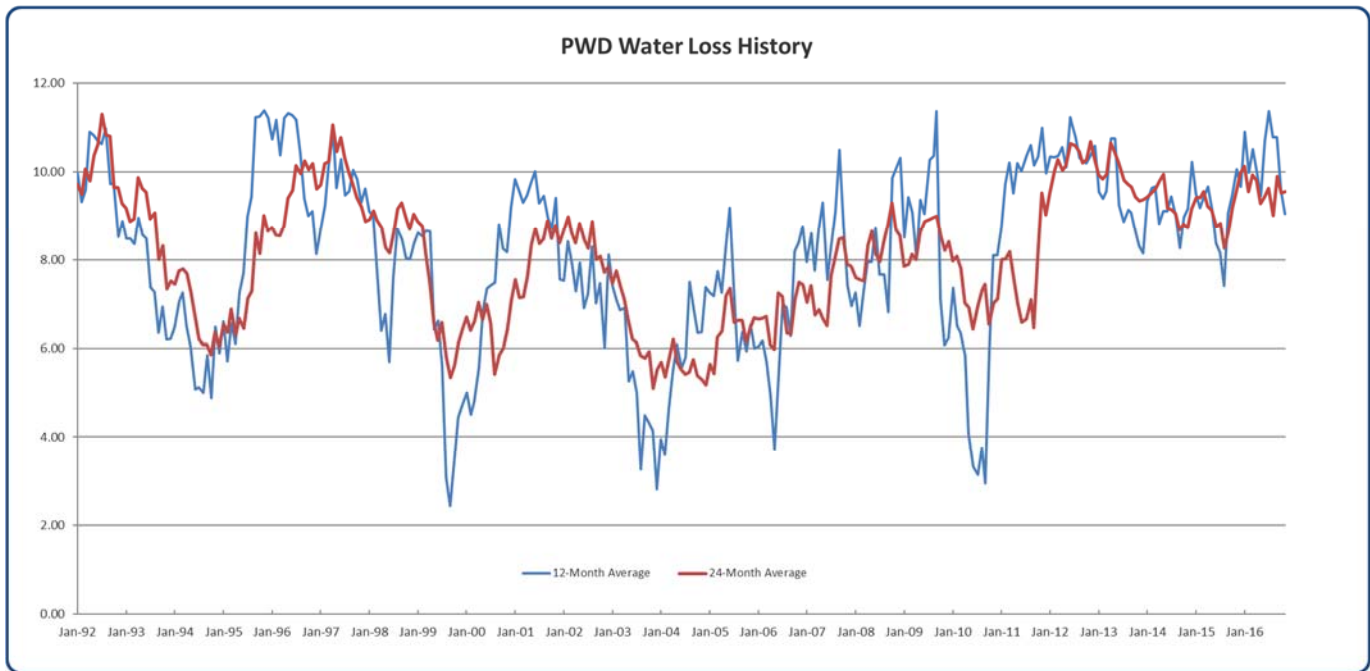
This initiative largely focuses on the state of the District's infrastructure. Recent highlights are as follows:

- Installation of the long awaited security upgrades for the headquarters and maintenance areas is complete. A proposal for additional work is being sought.
- New water main replacement projects are under design within the funds available in the 2016 Budget to continue the District's efforts to maintain the water system. The effects of the District's past efforts in replacing failing water mains can be seen in the reduced number of mainline leaks. This is illustrated in the chart titled "Mainline Leak History." The total for 2015 was slightly above, 133 vs. 106, the numbers for 2006. This is a vast

improvement from 2010's number of 781 mainline leaks. 2016 continues well with a total of 135 mainline and 76 service line leaks through the end of October.



- The current replacement project by District staff is under construction in El Camino Drive south of Lakeview Drive. The next project they will work on is Camares Drive.
- This year's meter replacement project of approximately 3,300 meters was recently awarded.
- A replacement project in the area south of Avenue Q near 15th Street East was also recently awarded. Construction is expected to start after Thanksgiving.
- The effect of both water main and water meter replacement is shown on the chart titled "PWD Water Loss History." The percentage of unaccounted water or water loss is stabilized at slightly below 10%.



Financial Health and Stability

- Engineering staff has successfully applied for planning grant funding for the Palmdale Regional Groundwater Recharge and Recovery Project and for the Phase II pipeline for the Palmdale Recycled Water Authority.
- The Board approved proceeding with the refunding of the 2012 private placement and a portion of the 2013A Revenue Bonds due to the current low interest rates if a 5% savings can be achieved. The market is still below that savings goal.
- Financial Planning Workshops were held in August and October to look at the District's potential financial requirements over the next several years and to consider setting multi-year rate changes rather than single year changes. Water rate changes of 4.25% for 2017, 2018, and 2019 were then set at a Board meeting held November 9, 2016. The resolution was also unique in that it included criteria that, if met, would allow for lesser changes.
- Staff has begun working on the 2017 Budget. A preliminary budget was discussed with the Finance Committee on October 6, 2016 and November 15, 2016. A workshop for the Board is scheduled for November 22nd.



Regional Leadership

This initiative includes efforts to involve the community, be involved in regional activities, and be a resource for other agencies in the area. Recent highlights are as follows:

- There have been a couple meetings with AVEK directors and staff to explore mutually beneficial cooperative projects.
- Activities of the Palmdale Recycled Water Authority (PRWA) and Antelope Valley State Water Contractors Association have continued.
- Additional meetings of the Antelope Valley Watermaster Board (AVWB) were recently held with topics including obtaining a recruiter for the Watermaster Engineer and organizing the Advisory Committee. District staff is also working with the AVEK staff as the interim administration for the Watermaster. This is expected to end when the Watermaster Engineer is hired.
- The District successfully held its first Town Hall meeting on October 4, 2016.
- District staff is active in the local chambers and is on the board of the Palmdale Chamber and GAVEA.



Customer Care and Advocacy

This initiative includes efforts to better serve our customers. Recent highlights are as follows:

- The lobby kiosk is continuing to give customers another choice for making a payment at the District office. It has continued to take increasing amounts of customer payments. Financial staff is looking at the potential purchase of a new kiosk and IVR due to the high transaction processing costs with the current arrangement.
- The option for customers to make payments at 7-Eleven and Family Dollar Store is functioning and allowing customers to make cash payments at those stores. The use of this payment method is also continuing to grow.
- The Customer Care Department is continuing to define its role and find ways to better help customers.