



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

June 21, 2023

BOARD OF DIRECTORS

W. SCOTT KELLERMAN

Division 1

DON WILSON

Division 2

GLORIA DIZMANG

Division 3

KATHY MAC LAREN-GOMEZ

Division 4

VINCENT DINO

Division 5

AGENDA FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE

MONDAY, JUNE 26, 2023

6:00 p.m.

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Danielle Henry at 661-947-4111 x1059 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Danielle Henry at 661-947-4111 x1059 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Danielle Henry al 661-947-4111 x1059 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

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 Danielle Henry at 661-947-4111 x1059 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 conduct 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.

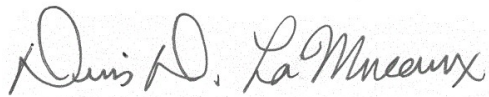
DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys



- 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 Board Meeting held June 12, 2023.
 - 6.2) Payment of Bills for June 26, 2023.
 - 6.3) Approval of Ernst & Young Statement of Work for 2023-2024 State Water Project Procedures Related to the 2024 Statement of Charges. (\$9,513.00 Not-to-Exceed – Budgeted – Budget Item No. 1-02-4150-000 – General Manager LaMoreaux)
 - 6.4) Approval of Resolution No. 23-6 Approving the Antelope Valley State Water Contractors Association General Program Budget for Fiscal Year 2023/2024. (\$10,000.00 – Budgeted – Budget Item No. 1-02-5070-011 – Finance Manager/AVSWCA Controller Hoffmeyer)
- 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 California Special Districts Association Board of Directors Seat C Southern Network Election for the 2024-2026 Term. (No Budget Impact – General Manager LaMoreaux)
 - 7.2) Consideration and Possible Action on Adoption of 2023/2024 Annual Water Supply and Demand Assessment. (No Budget Impact - Resource and Analytics Supervisor Bolanos)
 - 7.3) 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 2023 Budget:
 - a) None at This Time.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Standing Committees; Organization Appointments; Agency Liaisons:
 - 1) Antelope Valley State Water Contractors Association (AVSWCA) – June 8. (President Wilson/ Director Mac Laren Gomez/Director Kellerman, Alt.)
 - 2) Antelope Valley East Kern Water Agency (AVEK) – June 13. (Director Dino, Board Liaison/Director Mac Laren-Gomez, Alt.)
 - 3) Special District Association North Los Angeles County (SDANLAC) Board Meeting – June 14. (Director Dino, CSDA Chapter Chair/Director Dizmang)

- 4) Finance Committee Meeting – June 20. (President Wilson, Chair/Director Mac Laren-Gomez)
- b) General Meetings Reports of Directors.
- 8.2) Report of General Manager.
 - a) June 2023 Written Report of Activities through May 2023.
 - b) Department Activity Updates:
 - 1) Human Resources Department. (Human Resources Director Barragan-Garcia)
 - 2) Public Affairs Department. (Public Affairs Director Shay)
- 8.3) Report of General Counsel.
- 9) Board Members' Requests for Future Agenda Items.
- 10) Adjournment.



DENNIS D. LaMOREAUX,
General Manager

DDL/dh

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: June 20, 2023 **June 26, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – APPROVAL OF ERNST & YOUNG STATEMENT OF WORK FOR 2023-2024 STATE WATER PROJECT PROCEDURES RELATED TO THE 2024 STATEMENT OF CHARGES. (\$9,513.00 – NOT-TO-EXCEED – BUDGETED – BUDGET ITEM NO. 1-02-4150-000 – GENERAL MANAGER LaMOREAUX)***

Recommendation:

Staff recommends approval of the Statement of Work between the District and Ernst & Young for 2023-2024 State Water Project Procedures related to the Department of Water Resources' 2024 Statement of Charges in the not-to-exceed amount of \$9,513.00.

Alternative Option:

The alternative option would be to not participate in the Ernst & Young contract.

Impact of Taking No Action:

The District will not be involved in auditing activities for State Water Project procedures.

Background:

The Palmdale Water District is a member of the State Water Contractors Independent Audit Association (IAA) and has been involved in these auditing activities for several years. The IAA hires an accounting/auditing firm on an annual basis to review the billings and financial statements prepared by the Department of Water Resources for State Water Project costs. The IAA has reviewed Ernst & Young's audit procedures and recommends IAA members approve the 2023-2024 Statement of Work.

The cost to the District will range from \$7,610.00 to \$9,513.00 depending upon how many members of the IAA approve the Statement of Work for core services (Exhibit "A"). Additional services may be requested for an amount not-to-exceed \$643.00 (Exhibit "B").

Strategic Plan Initiative/Mission Statement:

Strategic Initiative No. 1 – Water Resource Reliability

This item directly relates to the District’s Mission Statement.

Budget:

These services are under Administration budget line item 1-02-4150-000 – Accounting Services.

Supporting Documents:

- June 7, 2023 letter from Ernst & Young regarding Statement of Work
- Statement of Work
- Master Services Agreement



Ernst & Young LLP
Suite 300
731 K Street
Sacramento, CA 95814

Tel: +1 916 218 1900
ey.com

June 7, 2023

Mr. Dennis Lamoreaux
Palmdale Water District
General Manager
2029 East Avenue "Q"
Palmdale, California 93550

Dear Mr. Lamoreaux:

In coordination with the Independent Audit Association (IAA), we have developed the Statement of Work (SOW) for the 2023-2024 Procedures to be performed related to the 2024 Statement of Charges. This SOW is pursuant to the Master Services Agreement (MSA) by and between EY and Palmdale Water District dated July 1, 2022, which describes the annual approval process of each SOW performed under the MSA.

Please return the signed SOW to EY via mail at 731 K Street, Suite 300, Sacramento, CA 95814 (Attn. Scott Enos) or email to scott.enos@ey.com. We have also enclosed a copy of the support letter from Chantal Ouellet, IAA Secretary, recommending the approval of the SOW by Palmdale Water District.

If you have any questions about the enclosed SOW, please feel free to call me at (916) 218-1958.

Very truly yours,

A handwritten signature in black ink that reads 'Scott Enos'.

Scott Enos
Managing Director

Enclosures



MEMORANDUM

Date: June 5, 2023
To: Members of the Independent Audit Association (IAA)
From: Chantal Ouellet, IAA Secretary
Subject: Ernst and Young 2023/2024 State Water Project Professional Services Contract –
Recommended Approval and Execution

Enclosed is the 2023/24 Statement of Work (SOW) which includes the State Water Project procedures to be performed in relation to the Department of Water Resources' (DWR) Statement of Charges.

The Exhibit B budget limit is only billed by Ernst and Young if additional work is reviewed and approved by the IAA and remains at \$50,000. Exhibit C allows individual IAA Members to request Ernst and Young to undertake additional services beyond those included in Exhibit A of the SOW.

The IAA team has reviewed Ernst and Young's proposed procedures and recommends that IAA Members approve and execute the 2023/2024 SOW. If you have any questions, please contact me at (559) 992-4127 or couellet@tlbwsd.com.

Sincerely,

Chantal Ouellet, CMA
Tulare Lake Basin Water Storage District

CC: Scott Enos, EY



Ernst & Young LLP
Suite 300
731 K Street
Sacramento, CA 95814

Tel: +1 916 218 1900
ey.com

Statement of Work

This Statement of Work, dated June 7, 2023 (this “SOW”) is made by Ernst & Young LLP (“we” or “EY”) and Palmdale Water District on behalf of itself (“you” or “Client”), pursuant to the Agreement, dated July 1, 2022 (the “Agreement”), between EY and Palmdale Water District (“Agency”).

The additional terms and conditions of this SOW shall apply only to the Services covered by this SOW and not to Services covered by any other SOW pursuant to the Agreement. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings defined in the Agreement, including references in the Agreement to “you” or “Client” shall be deemed references to you.

Scope of services

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. This SOW sets forth the terms and conditions on which EY will perform certain professional services as described in Exhibit A (the “Services”) for Agency, a member of the State Water Contractors (the “Contractors” or “SWC”) Independent Audit Association (the “IAA”), for the twelve months ending June 30, 2024.

Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA). As part of your review of the terms of this Agreement, please refer to the enclosed letter from Chantal Ouellet of the IAA Audit Contract Negotiating Committee.

Your specific obligations

You acknowledge that the Services are sufficient for your purposes.

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws (Securities Laws) are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

Limitations on scope

EY will not: render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants; provide any legal opinion or legal advice; perform ongoing internal control monitoring activities or other control activities that affect the execution of transactions or confirm that transactions are properly executed and/or accounted for; perform routine activities in connection with Client's financial processes that are equivalent to those of an ongoing compliance or quality control function; determine which, if any, recommendations for improving internal control should be implemented; act on Client's behalf in reporting to Client's Board of Directors or Audit Committee, authorize, executive or consummate transactions or otherwise exercise authority on Client's behalf; prepare source documents on transactions.

Specific additional terms and conditions

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts, nor will we test compliance with the laws or regulations of any jurisdiction.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Notwithstanding the restrictions on disclosure set forth in the Agreement, Client may disclose EY's Reports prepared pursuant to this SOW to the Department of Water Resources (the "Department"), to the extent such Reports are (i) used only for the Client's benefit and not to be relied upon for the third party's own use and/or benefit; (ii) such third parties have agreed not to further disclose such Reports or any portion thereof to any other person or entity without EY's written consent and not to make any claims against EY arising out of or in connection with the Reports; and (iii) Client agrees to indemnify EY against third party claims.

Where our written consent under the Agreement is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to this SOW. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

Unless prohibited by applicable law, we may provide Client information to other EY firms, EY Persons and external third parties, who may collect, use, transfer, store or otherwise process such information in various jurisdictions in which they operate in order to provide support services to any EY Firm and/or assist in the performance of the Services.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

Compliance with U.S. immigration requirements may require EY to provide certain information to the U.S. Citizenship and Immigration Services (“USCIS”) to confirm that EY employees on certain visas are, in fact, EY employees and not employees of the Client or other clients of EY. This will include providing certain information regarding work locations to support compliance with the visa requirements. As such, EY may disclose to USCIS information regarding this SOW, including the Client’s identity and location, as well as a redacted copy of this SOW. Upon providing this information, EY will request that USCIS keep any such information confidential. In further support of these legal requirements, the U.S. Department of Labor (DOL) regulations, at 20 CFR § 655.734(a)(1)(ii)(A), require the posting of notice of a Labor Condition Application (LCA) in instances where individuals holding H-1B visas will be working on the Client’s premises. EY and the Client will work together to develop an appropriate notice as required. The Client acknowledges that EY resources will be operating at all times as an employee of and under the direction and control of Ernst & Young U.S. LLP’s management, and all activities including supervision, hiring and firing decisions, and performance evaluations are controlled by Ernst & Young U.S. LLP. The Client will not have the right to control EY resources. At all times, EY resources will receive direction from an EY manager while on-site at the Client premises.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY’s partners or employees will act as an employee of the Agency.



The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the Agreement.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

Fees and billing

The General Terms and Conditions of the Agreement address our fees and expenses generally.

The total fees for these Services to be rendered to the Agency, as well as an allocation of the total fees for each member Agency of the IAA, appear in Exhibits A and B attached (no procedures or fees have been allocated to Exhibit B in this contract). Our total fees pursuant to Exhibit A to be charged to all members of the IAA entering into agreements with us shall not exceed \$592,000 for the twelve months ending June 30, 2024. This agreement will not be effective unless, in addition to the Agency, a sufficient number of other IAA agencies enter into agreements with us for such Services whose combined allocated fee would represent not less than 80% of \$592,000 based on the 100% participation fee allocation (see column 2 at A-4). If all agencies who are presently participating in the Services rendered by our firm enter into agreements with us for this twelve-month period, the maximum fees for our Services to your Agency will not exceed \$7,610 for Exhibit A. However, if not all of the participating agencies enter into agreements with us for services during the twelve-month period ending June 30, 2024, the maximum fees to your Agency will vary between the above-mentioned amount and \$9,513, which represents the maximum fees should sufficient agencies enter into agreements with us with a combined allocated fee of not less than 80%, as stated above.

In addition to the maximum fees under Exhibit A, maximum fees under Exhibit B shall not exceed a total of \$50,000 or \$643 for the Agency unless agreed to by the IAA. As noted above, no procedures have been allocated to Exhibit B. Prior to any expenditures under Exhibit B, said work must be specifically requested in writing in advance of any work being performed. Areas of potential focus for Exhibit B projects could include procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A. In prior years Exhibit B special projects have included projects such as assessing implementation and billing issues relating to the new SAP-based Cost Allocation and Repayment Analysis System (CARA), and studies to evaluate a pay-as-you-go system for funding conservation related operating costs incurred by the Department.



We have also included Exhibit C as part of this contract, which provides the opportunity for individual Contractors to enter into separate agreements for additional services with EY. There are currently no fees related to Exhibit C included herein.

Any presentations requested at individual Contractor locations will be negotiated with the individual Contractor under Exhibit C and will be paid for by that Contractor.

Invoices for time and expenses will be billed monthly and are due upon receipt.



In witness whereof, the parties have executed this SOW as of the date set forth above.

Palmdale Water District

Ernst & Young, LLP

Representative

Representative

Signature

Scott Enos

Signature

Printed Name

Scott Enos

Printed Name

Title

Authorized Signatory

Title

Address

Ernst & Young LLP
731 K Street, Suite 300
Sacramento, CA 95814

Address

Date

June 7, 2023

Date

EXHIBIT A

I. SCOPE OF ENGAGEMENT

A-1 EY will work with the IAA, the SWC Audit/Finance Committee, and any subcommittees thereof, and the Department during the twelve months ending June 30, 2024, relating to matters currently being discussed between the SWC and the Department.

EY's Services to be rendered as described in this Exhibit shall be determined by the IAA at its discretion. These Services shall include:

1. Completion of the 2023/2024 procedures as outlined further below
2. Participation in all meetings of the SWC Audit/Finance Committee, which is a basic forum for communications between the State Water Project Contractors and the Department's staff on financial and accounting matters.
3. Cooperation with any subcommittees of the IAA assigned to study and resolve specific problem areas, such as the dispute resolution work group.
4. Review of reports and other documents prepared by the Department and disseminated at these meetings.
5. Provide an annual report setting forth the findings and recommendations related to our Services.

Report definitions

The assessment of risk of future occurrence, included in the findings summary tables in the report, provides the IAA with a meaningful measurement of the likelihood of similar findings in subsequent years if this issue is not addressed by the appropriate parties. This assessment of risk of future occurrence is based on knowledge obtained during discussions with the Department personnel and performance of procedures under this Exhibit A. Below are the definitions used in the report of findings and recommendations for the twelve months ending June 30, 2024, and we concur with these definitions.

Risk of Future Occurrence:

- A. High – it is highly likely (or probable) that the error or process failure will be repeated
- B. Medium – it is more likely than not that the error or process failure will be repeated
- C. Low – it is possible that the error or process failure will be repeated

During the twelve months ending June 30, 2024, the Services will include the following procedures.

2023/2024 Procedures

The procedures for the fiscal year ended June 30, 2024, were designed using estimated budgeted hours of 3,000. We will perform all procedures included in items 1-6 below. We will perform the procedures in items 7-8 if time permits. As a part of these procedures, we will regularly meet with the IAA to discuss the progress under this engagement. We will also submit the Report to each Agency setting forth the findings, observations, and recommendations related to our Services.

The following items represent the risks, risk factors, and procedures requested and determined by the IAA for the Contractors to be performed for the 2024 Statement of Charges (SOC) engagement:

Primary Procedures (Items 1-6)

1. Statement of Charges

Risk:

- Incorrect amounts billed to contractors for each component by the Department.

Risk Factors:

- Manual adjustments made to data to arrive at amounts billed. Manual processes create opportunities for errors.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- High importance of accurate contractor bills.
- Actual costs reported in the bills can be misstated.

Areas of Focus:

- Determine that all SOC amounts are internally consistent and agree to the Bulletin 132 for the contractors selected for testing (to be provided by IAA).
- Agree debt service amounts in the SOC attachments to the appropriate debt service schedule.
- Comparison of the current year SOC attachments to the prior year SOC attachments.
- Assessment of manual adjustments.
- Assess the actual costs charged to various areas of the project.
- Assess the factors for distributing reach capital and minimum costs among the contractors.

2. Delta Water Charge

Risk:

- Incorrect amounts charged to contractors for conservation based on actual and estimated costs.

Risk Factors:

- Calculation of delta water charge has manual aspects to the process.
- Tracking of Oroville Spillway costs and reimbursement and segregation between response and recovery costs is a manual process.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Potential for high dollar impact (\$357 million in delta water charges in 2021 per Table B-21).

Areas of Focus:

- Recalculate the delta water charge used in the SOC.
- For prior year actual costs included in the calculation, compare costs in the cost allocation and billing system at the delta water charge cost center groups level to the delta water charge calculation and investigate variances.
- Obtain an understanding of future estimates included in the calculation and perform appropriate procedures to assess such estimates.
- Assess the Hyatt-Thermalito credit to the delta water charge.

3. Alpha Allocation Cycles

Risk:

- Incorrect contractor charged and/or incorrect allocation of costs between contractors.

Risk Factors:

- The F-series and S-series alpha allocation cycles update performed on an annual basis has manual aspects. Manual processes create opportunities for errors.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Potential for errors in determining work performed that falls under direct to reach, field division, and state-wide allocations.
- Potential for high dollar impact (\$325 million allocated by alpha allocation cycles in 2021).

Areas of Focus:

- Examine all cost centers from the system to determine which cost centers represent alpha cost centers.
- Select alpha cost centers with the largest total annual costs.
- Review costs being posted to selected alpha cost centers based on activities charged to the alpha cost center through examination of invoices posted and discussions with the project managers, as necessary.
- Review the F-series and S-series updates performed by the Department.
- Review new alphas created or modified in the current year by the Department.

4. Transportation Minimum and Capital Direct and Indirect Analysis

Risk:

- Incorrect amounts billed to contractors for the transportation minimum and capital component by the Department.

Risk Factors:

- Direct and indirect costs may be allocated incorrectly through corresponding reaches.
- Judgment involved in selecting internal orders and work breakdown structures for billing to the contractors create opportunities for incorrect allocations.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Project manager's and employee's lack of understanding of importance of accurate time charging to correct internal orders and work breakdown structures create opportunities for incorrect allocations.

Areas of Focus:

- Obtain a listing of internal orders and work breakdown structures associated with costs for selected reaches and group like internal orders and work breakdown structures to perform a fluctuation analysis to the prior year.
- Assess a sample of internal orders and work breakdown structures with the largest increase in costs from group like internal orders and work breakdown structures for direct and indirect costs allocations.
- Obtain supporting documentation to assess the work was performed for the selected reaches.

5. System Power Costs – Variable Transportation

Risk:

- Incorrect contractor charged and/or incorrect allocation of costs between contractors.

Risk Factors:

- Calculation of the allocation factors is a manual process. Manual processes create opportunities for errors.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Estimated Table 2 projected costs (invoicing rate) may not reflect actual costs incurred.
- Potential for high dollar impact (\$188 million net system power costs in 2021 per Table B-3).

Areas of Focus:

- Vouch power costs and power revenues from the system and assess the classification of costs.
- Reconcile the Preliminary Allocation of Power Costs (PALPOC) to the system. Recalculate appropriate inputs to the PALPOC (e.g., value of recovery generation credits, direct-to-plant transmission, etc.).
- Recalculate the calendar year power allocation factors used in the system to allocate net power costs.
- Recalculate the billed amounts for the transportation variable cost components for the contractors selected (to be provided by the IAA).

6. Debt Service Procedures

Risk:

- Incorrect bond debt service charged to the contractors.

Risk Factors:

- WSRB Surcharge calculation has manual aspects. Manual processes create opportunities for errors.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Debt service not subsequently adjusted to provide the benefits of any refinancing to the contractors.
- Cost/debt reconciliation project ongoing adjustments to the calculation creates opportunities for errors.
- WSRB Surcharge currently does not reflect the results of the cost/debt reconciliation project.

Areas of Focus:

- Reconcile any new bond offerings to the debt service schedules.
- Reconcile the WSRB schedule to the inputted debt service schedules maintained in the cost allocation and billing system.
- Determine whether refinanced bonds were credited to the debt service schedules to provide the benefits of such refinancing to the contractors (direct billed debt service and WSRB Surcharge).
- Assess changes made to the cost/debt reconciliation project from previous versions.

Other Procedures (Items 7-8)

These procedures will only be performed as time permits after completion of items 1-6 above and consideration of the estimated 3,000 hour time budget.

7. Rate Management Calculation Including Revenue and Cost Data

Risk:

- Rate management credits are improperly allocated among the contractors.
- Rate management credits are improperly calculated based on the revenue and expenditure data in the rate management credits calculation prepared by the Department.

Risk Factors:

- Calculation of rate management credits has manual aspects to the process.
- A new cost allocation billing system was implemented. New processes create opportunities for errors.
- Lack of review and approval process for the rate management credit calculation.
- Outdated information used to calculate credits due to the contractors.

Areas of Focus:

- Obtain the rate management allocation schedule used for the SOC and review the allocation methodology for sample selected.
- Obtain the most recent rate management credits calculation and assess a sample of the largest balances.
- Perform a review of revenues including systems revenue and 51e (amount in excess of rate management credits).
- Perform a review of revenues and related cash funds.

8. Reconciliation between PR5 and the coast allocation billing system

Risk:

- Costs and revenues are not accurately billed to the contractors based on inconsistencies between systems.

Risk Factors:

- Costs and revenues do not accurately match between both systems.
- Manual process of moving costs between systems create opportunities for errors.
- Potential for movement of costs and revenues outside the SWRDS funds used for the state water project.

Areas of Focus:

- Gain an understanding of the reconciliation process performed by the Department.
- Reconcile all SWRDS PR5 costs and revenues included in the bond fund (0502), the construction fund (0506), and the revenue fund (0507) to the cost allocation billing system.
- Identify, document, and investigate all variances between the two systems.

II. FEES FOR EY SERVICES

- A-2. Total fees for Exhibit A services performed by EY will not exceed \$592,000, including reasonable and necessary out-of-pocket expenses, which represent an estimated 3,000 hours to be incurred.

III. ALLOCATION OF FEES

- A-3. The maximum aggregate fee set forth in paragraph A-2 shall be apportioned among the agencies named in paragraph A-4 based on a basis consistent with prior years.

IV. MAXIMUM AGGREGATE FEE FOR EACH AGENCY

A-4. The portion of the maximum aggregate fee set forth in paragraph A-2 applicable to each Agency in conformity with the methodology set forth in paragraph A-3 is shown below:

<u>Agency</u>	<u>Maximum fee for each Agency, provided all agencies listed below enter into agreements with EY</u>	<u>Maximum fee for each Agency, provided 80% of agencies listed below enter into agreements with EY</u>	<u>Percent of total</u>
Alameda County Flood Control and Water Conservation District, Zone No. 7	\$ 28,806	\$ 36,007	4.9%
Alameda County Water District	15,007	18,758	2.5
Antelope Valley-East Kern Water Agency	51,753	64,691	8.7
Casitas Municipal Water District	7,146	8,932	1.2
Central Coast Water Authority	16,252	20,314	2.7
City of Yuba City	3,430	4,288	0.6
Coachella Valley Water District	49,432	61,790	8.4
County of Kings	3,325	4,156	0.6
Crestline-Lake Arrowhead Water Agency	2,072	2,590	0.4
Desert Water Agency	19,919	24,899	3.4
Dudley Ridge Water District	16,204	20,255	2.7
Empire West Side Irrigation District	1,072	1,340	0.2
Kern County Water Agency	148,000	185,000	25.0
Little Rock Creek Irrigation District	822	1,028	0.1
Mojave Water Agency	30,656	38,320	5.2
Napa County Flood Control and Water Conservation District	10,371	12,964	1.8
Palmdale Water District	7,610	9,513	1.3
San Bernardino Valley Municipal Water District	36,659	45,824	6.2
San Gabriel Valley Municipal Water District	10,290	12,863	1.7
San Geronimo Pass Water Agency	6,181	7,726	1.0
San Luis Obispo County Flood Control and Water Conservation District	8,932	11,165	1.5
Santa Clara Valley Water District	35,730	44,663	6.0
Santa Clarita Valley Water Agency	34,015	42,519	5.7
Solano County Water Agency	17,063	21,329	2.9
Tulare Lake Basin Water Storage District	31,253	39,066	5.3
Total	<u>\$ 592,000</u>		<u>100.0%</u>

V. PAYMENT SCHEDULE

This is the payment schedule for the Agency.

<u>August 10, 2023 Billing</u>	<u>September 8, 2023 Billing</u>	<u>October 10, 2023 Billing</u>	<u>November 10, 2023 Billing</u>	<u>December 8, 2023 Billing</u>	<u>Total Billing</u>
\$2,283	\$1,522	\$1,522	\$1,522	\$761	\$7,610

EXHIBIT B**I. OTHER CONSULTING SERVICES**

EY shall, during the twelve months ending June 30, 2024, perform other services if requested by the IAA. No such work shall be performed unless specifically authorized by the IAA in writing. Areas of potential focus for Exhibit B projects could include in depth procedures agreed to by EY and the IAA in advance related to one or more of the items identified in Exhibit A.

Total fees for such other consulting services shall 1) be agreed to prior to commencement of work, 2) be allocated among the agencies based on the same procedures included in the Exhibit A allocation, and 3) shall not exceed \$50,000, which represents an estimated 253 hours to be incurred, unless agreed to by the IAA, for the year ended June 30, 2024. Any part of the \$50,000 which is unused shall not be billed.

Agency	Maximum fee for each Agency, provided all Agencies listed below enter into agreements with EY	Percent of total
Alameda County Flood Control and Water Conservation District, Zone No.7	\$ 2,432	4.9%
Alameda County Water District	1,267	2.5
Antelope Valley-East Kern Water Agency	4,371	8.7
Casitas Municipal Water District	604	1.2
Central Coast Water Authority	1,373	2.7
City of Yuba City	290	0.6
Coachella Valley Water District	4,175	8.4
County of Kings	281	0.6
Crestline-Lake Arrowhead Water Agency	175	0.4
Desert Water Agency	1,682	3.4
Dudley Ridge Water District	1,369	2.7
Empire West Side Irrigation District	91	0.2
Kern County Water Agency	12,500	25.0
Littlerock Creek Irrigation District	69	0.1
Mojave Water Agency	2,589	5.2
Napa County Flood Control and Water Conservation District	876	1.8
Palmdale Water District	643	1.3
San Bernardino Valley Municipal Water District	3,096	6.2
San Gabriel Valley Municipal Water District	869	1.7
San Geronio Pass Water Agency	522	1.0
San Luis Obispo County Flood Control and Water Conservation District	754	1.5
Santa Clara Valley Water District	3,018	6.0
Santa Clarita Valley Water Agency	2,873	5.7
Solano County Water Agency	1,441	2.9
Tulare Lake Basin Water Storage District	2,640	5.3
Total	<u>\$ 50,000</u>	<u>100.0%</u>

EXHIBIT C**I. INDIVIDUAL CONTRACTOR AGREEMENTS**

EY may, during the twelve months ending June 30, 2024, perform other consulting services as requested by individual Contractors. These services will be performed and billed separately from the services outlined in Exhibits A and B.

The terms and conditions of any procedures performed under Exhibit C, including payment terms, will be outlined in a separate Statement of Work (SOW). These services, which will be agreed to by EY and the requesting Contractor in advance, will be documented in the example SOW attached to herein as Exhibit C-1. An Exhibit C-1 statement of work will be made available to any Contractor upon request. All other provisions of the Contractor's signed contract with EY for the twelve months ending June 30, 2024, will continue to be in effect.

Total fees for such other consulting services shall be agreed to with the individual Contractor prior to commencement of work. The fees for services provided under Exhibit C will be outside of those referenced in Exhibits A and B, and will be paid for directly by the requesting Contractor.

EXHIBIT C-1

Statement of Work

This Statement of Work with the attached Exhibit, dated June 7, 2023 (this “SOW”) is made by Ernst & Young LLP (“we” or “EY”) and Palmdale Water District on behalf of itself (“you” or “Client”), pursuant to the Agreement, dated July 1, 2022 (the “Agreement”), between EY and Palmdale Water District (“Agency”).

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. The additional terms and conditions of this SOW shall apply only to the Services covered by this SOW and not to Services covered by any other SOW pursuant to the Agreement by and between EY and the Agency dated July 1, 2022. Capitalized terms used, but not otherwise defined, in this SOW shall have the meanings defined in the Agreement, including references in the Agreement to “you” or “Client” shall be deemed references to you.

Scope of services

Except as otherwise set forth in this SOW, this SOW incorporates by reference, and is deemed to be a part of, the Agreement. This SOW sets forth the terms and conditions on which EY will perform certain professional services as described [INSERT DEFINITION OF SERVICES] (the “Services”) for Agency, a member of the State Water Contractors (the “Contractors” or “SWC”) Independent Audit Association (the “IAA”), for the twelve months ending June 30, 2024.

Any changes to the above scope of work will be agreed upon in writing and signed by both parties and will amend this original SOW.

The Services are advisory in nature and will not constitute an audit performed in accordance with Generally Accepted Accounting Principles. EY will perform the Services in accordance with the Statement of Standards for Consulting Services (CS100) of the American Institute for Certified Public Accountants (AICPA).

Your specific obligations

You acknowledge that the Services are sufficient for your purposes.

You will not, and you will not permit others to, quote or refer to the Reports, any portion, summary or abstract thereof, or to EY or any other EY Firm, in any document filed or distributed in connection with (i) a purchase or sale of securities to which the United States or state securities laws (Securities Laws) are applicable, or (ii) periodic reporting obligations under Securities Laws. You will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

We also draw your attention to the reservations set out in paragraph 5 of the General Terms and Conditions of the Agreement, as well as your management responsibilities under paragraph 6, your obligations under paragraphs 11 and 12, and your representation, as of the date hereof, under paragraph 26 thereof.

Limitations on scope

EY will not: render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants; provide any legal opinion or legal advice; perform ongoing internal control monitoring activities or other control activities that affect the execution of transactions or confirm that transactions are properly executed and/or accounted for; perform routine activities in connection with Client's financial processes that are equivalent to those of an ongoing compliance or quality control function; determine which, if any, recommendations for improving internal control should be implemented; act on Client's behalf in reporting to Client's Board of Directors or Audit Committee, authorize, executive or consummate transactions or otherwise exercise authority on Client's behalf; prepare source documents on transactions.

Specific additional terms and conditions

The Services are advisory in nature. EY will not render an assurance report or opinion under the Agreement, nor will the Services constitute an audit, review, examination, or other form of attestation as those terms are defined by the American Institute of Certified Public Accountants. None of the Services or any Reports will constitute any legal opinion or advice. We will not conduct a review to detect fraud or illegal acts, nor will we test compliance with the laws or regulations of any jurisdiction.

Notwithstanding anything to the contrary in the Agreement or this SOW, we do not assume any responsibility for any third-party products, programs or services, their performance or compliance with your specifications or otherwise.

We will base any comments or recommendations as to the functional or technical capabilities of any products in use or being considered by you solely on information provided by your vendors, directly or through you. We are not responsible for the completeness or accuracy of any such information or for confirming any of it.

Notwithstanding the restrictions on disclosure set forth in the Agreement, Client may disclose EY's Reports prepared pursuant to this SOW to the Department of Water Resources (the "Department"), to the extent such Reports are (i) used only for the Client's benefit and not to be relied upon for the third party's own use and/or benefit; (ii) such third parties have agreed not to further disclose such Reports or any portion thereof to any other person or entity without EY's written consent and not to make any claims against EY arising out of or in connection with the Reports; and (iii) Client agrees to indemnify EY against third party claims.

Where our written consent under the Agreement is required for you to disclose to a third party any of our Reports (other than Tax Advice), we will also require that third party to execute a letter substantially in the form of Exhibit D to the Agreement. To the extent the Agency is permitted to disclose any written Report as set forth herein, it shall disclose such Report only in the original, complete and unaltered form provided by EY, with all restrictive legends and other agreements intact.

Unless prohibited by applicable law, we may provide Client Information to other EY firms, EY Persons and external third parties, who may collect, use, transfer, store or otherwise process such information in various jurisdictions in which they operate in order to provide support services to any EY Firm and/or assist in the performance of the Services.

After the Services under this SOW have been completed, we may disclose or present to prospective clients, or otherwise in our marketing materials, that we have performed the Services for you, and we may use your name solely for that purpose, in accordance with applicable professional obligations. In addition, we may use your name, trademark, service mark and logo as reasonably necessary to perform the Services and in correspondence, including proposals, from us to you.

Compliance with U.S. immigration requirements may require EY to provide certain information to the U.S. Citizenship and Immigration Services ("USCIS") to confirm that EY employees on certain visas are, in fact, EY employees and not employees of the Client or other clients of EY. This will include providing certain information regarding work locations to support compliance with the visa requirements. As such, EY may disclose to USCIS information regarding this SOW, including the Client's identity and location, as well as a redacted copy of this SOW. Upon providing this information, EY will request that USCIS keep any such information confidential. In further support of these legal requirements, the U.S. Department of Labor (DOL) regulations, at 20 CFR § 655.734(a)(1)(ii)(A), require the posting of notice of a Labor Condition Application (LCA) in instances where individuals holding H-1B visas will be working on the Client's premises. EY and the Client will work together to develop an appropriate notice as required. The Client acknowledges that EY resources will be operating at all times as an employee of and under the direction and control of Ernst & Young U.S. LLP's management, and all activities including supervision, hiring and firing decisions, and performance evaluations are controlled by Ernst & Young U.S. LLP. The Client will not have the right to control EY resources. At all times, EY resources will receive direction from an EY manager while on-site at the Client premises.

You shall not, while we are performing the Services hereunder and for a period of 12 months after they are completed, solicit for employment, or hire, any EY personnel involved in the performance of the Services, provided, that you may generally advertise available positions and hire EY personnel who either respond to such advertisements or who come to you on their own initiative without direct or indirect encouragement from you.

The Agency shall, among other responsibilities with respect to the Services, (i) make all management decisions and perform all management functions, including applying independent business judgment to EY work products, making implementation decisions and determining further courses of action in connection with any Services; (ii) assign a competent employee within senior management to make all management decisions with respect to the Services, oversee the Services and evaluate their adequacy and results; and (iii) accept responsibility for the implementation of the results or recommendations contained in the Reports or otherwise in connection with the Services. The Agency hereby confirms that management of the Agency accepts responsibility for the sufficiency of the Services. In performing the Services neither EY nor EY's partners or employees will act as an employee of the Agency.

The Agency represents and warrants to EY that the Agency's execution and delivery of this Agreement has been authorized by all requisite corporate or other applicable entity action and the person signing this Agreement is expressly authorized to execute it on behalf of, and to bind, the Agency.

The performance of the Services and the parties' obligations in connection therewith are subject to the additional terms and conditions set forth in the Agreement.

It is understood that the Agency is not bound by our findings in any controversy or disagreement between the Agency and the Department of Water Resources should the Agency disagree with our findings.

We would also request that, if any IAA member discovers discrepancies in billings or other financial statements relative to their State Water Project costs, in addition to your working with the Department to correct the error, please notify EY for potential future inclusion as part of their procedures related to all IAA members.

Project deliverables

The matrix below lists the specific deliverables and related timelines that EY will provide to **(insert Contractor)**.

Deliverable	Timeline	Comments

Additional responsibilities

EY will provide **(insert Contractor)** with a timeline/schedule related to all project deliverables prior to the start of work on the project.

EY will notify **(insert Contractor)** in writing of any incremental changes to the original project estimate.

Production of all elements described in the “Project deliverables” section of this SOW is to be included in the cost breakdown under the “Pricing and payment terms” section below, agreed upon by **(insert Contractor)** and EY for this project.

Fees and billing

Below is a summary of the current cost estimates for this SOW. Due to the complexities and variable nature of this project, actual costs could vary from these estimates. In the event costs are expected to exceed the estimate, EY will contact **(insert Contractor)** before performing any additional work.

Out-of-pocket expenses incurred during this contract are not included in the above SOW estimated cost. Expenses include such items as travel, meals, accommodations, and other administrative expenses based on actual amounts incurred.

Invoices for time and expenses will be billed monthly and are due upon receipt.

IN WITNESS WHEREOF, the parties hereto have executed this SOW as of the day and year written below.

Palmdale Water District

Ernst & Young, LLP

Representative

Representative

Signature

Signature

Printed Name

Printed Name

Title

Title

Address

Address

Date

Date

EXHIBIT D**FORM OF ACCESS LETTER**

[Letterhead of EY]

[Addressee (e.g., third party seeking access to EY Report)]

[Month XX, 20XX]

[Street Address]

[City, State Zip]

Dear [] :

[Client] (the "Client") has informed Ernst & Young LLP ("EY") that it wishes to disclose to [party seeking access] (the "Recipient") EY's [describe report(s)] , dated [] , relating to [describe subject] (the "Report(s)"). EY has not placed any limitations on the Client's ability to disclose any contents of the Report relating to the tax aspects or structure of any transaction proposed by the Client.

EY performed services only for the Client. EY did not undertake the services on behalf of, or to serve the needs of, the Recipient or any other third party. As part of such services, EY did not audit the Client's financial statements.

EY prepared the Report(s) solely for the Client. The Report(s) address[es] only the issues identified by the Client, and [is/are] based solely on information obtained by EY using the procedures specified by the Client or otherwise provided by or on behalf of the Client. The Report(s) [is/are] subject to many limitations and [do/does] not provide any form of assurance with respect to any of the information referred to therein. The Recipient understands and accepts the scope and limitations of the Report(s).

Except (1) where compelled by legal process (of which the Recipient will immediately notify EY and tender to EY, if it so elects, the defense thereof), (2) with respect to any contents of the Report relating to the tax treatment and tax structure of the proposed transaction (including any facts that may be relevant to understanding the proposed tax treatment of the proposed transaction), or (3) with EY's prior written consent, the Recipient will not, circulate, quote, disclose or distribute any of the Report(s) or any information contained therein, or any summary or abstract thereof, or make any reference thereto or to EY, to anyone other than the Recipient's directors, officers or employees or legal advisors who, in each case, need to know its contents in order to _____ , and who have agreed to be bound by the terms and conditions of this agreement to the same extent as the Recipient.

The Recipient further agrees that it will not, and will not permit others to, quote or refer to the Report, any portion, summary or abstract thereof, or to EY, in any document filed or distributed in connection with (a) a purchase or sale of securities to which the United States or state securities laws (“Securities Laws”) are applicable or (b) periodic reporting obligations under Securities Laws. The Recipient will not contend that any provisions of Securities Laws could invalidate any provision of this agreement.

In further consideration of EY allowing the Recipient access to the Report(s) and the information contained therein, the Recipient agrees that:

1. It does not acquire any rights against EY, and EY does not assume any duties or obligations to the Recipient or otherwise, as a result of such access.
2. It will not rely on the Report(s) or any portion thereof and will make no claim that it has done so.
3. It will make no claim against EY, its partners, employees or affiliates, or other members of the global Ernst & Young network (collectively, the “EY Parties” that relates in any way to the Report(s), any information contained therein, or the Recipient’s access to the Report(s).
4. To the fullest extent permitted by applicable law, it will indemnify, defend and hold harmless the EY Parties from and against any claim or expense, including reasonable attorneys’ fees, suffered or incurred by any EY Party relating to any breach by the Recipient of any of its representations or agreements contained herein or the use or disclosure of the Report(s) or any portion thereof by anyone who received it directly or indirectly from or at the request of the Recipient.

Very truly yours,

Ernst & Young LLP

Accepted by:

[Addressee]

By: _____

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: June 20, 2023 **June 26, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. Hoffmeyer, Finance Manager/CFO
AVSWCA Controller
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.4 – APPROVAL OF RESOLUTION NO. 23-6 APPROVING THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION GENERAL PROGRAM FUNDS BUDGET FOR FISCAL YEAR 2023/2024. (\$10,000.00 – BUDGETED – BUDGET ITEM NO. 1-02-5070-011 – FINANCE MANAGER/AVSWCA CONTROLLER HOFFMEYER)***

Recommendation:

Staff recommends the Board approve Resolution No. 23-6 being a Resolution of the Board of Directors of the Palmdale Water District Approving the Antelope Valley State Water Contractors Association (AVSWCA) General Program Funds Budget for Fiscal Year 2023/2024.

Background:

The Board of Commissioners for the AVSWCA approved the 2023/2024 General Program Funds Budget at their June 8, 2023 meeting. Per the Joint Powers Agreement that created the AVSWCA, the governing body of each member agency must also approve the Budget. The Budget is then deemed effective upon receipt by the AVSWCA of certified copies of the approving resolution from each member agency.

Per the Bylaws of the Association, the first \$30,000.00 of member agency contributions is split evenly to cover General Operating Costs. It is recommended that each of the three-member agencies contribute \$10,000.00 in Fiscal Year 2023/2024 to the Association’s General Operating Fund to cover the proposed 2023/2024 General Program Funds Budget. Any remainder of the collected revenue will go into reserves.

The Restricted Funds Budget for the USGS Groundwater Monitoring Program, the Antelope Valley Integrated Regional Water Management Plan, and the Big Rock Creek Joint Groundwater Recharge Program will be presented and considered at a later date.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 5 – Regional Leadership.

This item is directly related to the District’s Mission Statement.

Budget:

The District's contribution to the AVSWCA is from Account 1-02-5070-011 (Memberships).

Supporting Documents:

- Resolution No. 23-6
- AVSWCA General Program Funds Budget for Fiscal Year 2023/2024

**RESOLUTION NO. 23-6
RESOLUTION OF THE BOARD OF DIRECTORS
OF THE PALMDALE WATER DISTRICT
APPROVING THE ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
GENERAL PROGRAM FUNDS BUDGET FOR FISCAL YEAR 2023/2024**

WHEREAS, the Palmdale Water District, along with the Antelope Valley-East Kern Water Agency and the Littlerock Creek Irrigation District, is a member agency of the Antelope Valley State Water Contractors Association formed by a Joint Powers Agreement dated May 26, 1999; and

WHEREAS, said Joint Powers Agreement provides for the formulation and adoption of a budget for the Antelope Valley State Water Contractors Association and approval of said budget by its members; and

WHEREAS, the Antelope Valley State Water Contractors Association unanimously adopted a General Program Funds Budget for Fiscal Year 2023/2024 at their regular meeting held June 8, 2023, which includes an equal allocation among the member agencies for the general program funding.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District hereby approves the 2023/2024 General Program Funds Budget and allocation of budgeted funds adopted by the Antelope Valley State Water Contractors Association.

I certify that this is a true copy of Resolution No. 23-6 as passed by the Board of Directors of the Palmdale Water District at its meeting held June 26, 2023 in Palmdale, California.

Date: June 26, 2023

Don Wilson, President,
Board of Directors

ATTEST:

Vincent Dino, Secretary, Board of Directors

APPROVED AS TO FORM:

BY: _____
Aleshire & Wynder, LLP, General Counsel

ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION

Proposed Budget - FY 2023/24

General Program Funds

	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23 PROPOSED BUDGET	FY 2022/23 PROJECTED YTD	FY 2023/24 PROPOSED BUDGET
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL			
Revenues:								
Member Contributions - General	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
Member Contributions - Smart Water Expo/H&G Show		12,413.00	18,000.00	13,000.00		-	-	-
Member Contributions - AV Fair Conservation Garden		25,000.00	25,000.00	25,000.00		-	-	-
Interest Earnings	27.04	271.02	305.44	289.79	347.87	125.00	159.22	125.00
Revenue - Refund/Misc	-	-	-	-	-		146.49	
Total Revenue	<u>\$ 30,027.04</u>	<u>\$ 67,684.02</u>	<u>\$ 73,305.44</u>	<u>\$ 68,289.79</u>	<u>\$ 30,347.87</u>	<u>\$ 30,125.00</u>	<u>\$ 30,305.71</u>	<u>\$ 30,125.00</u>
Expenditures:								
Insurance (ACWA/JPIA)	\$ 2,182.98	\$ 2,183.00	\$ 2,183.00	\$ 2,183.00	\$ 2,183.00	\$ 2,350.00	\$ 2,183.00	\$ 2,350.00
Memberships (ACWA)	2,635.00	3,165.00	3,680.00	3,715.00	4,265.00	4,400.00	2,147.80	4,400.00
Outreach (Web Site, Community Activities)	5,187.40	15,544.30	444.00	569.17	300.00	3,000.00	300.00	3,000.00
Miscellaneous (Bank Fees, Refreshments, Etc.)	-	-	-	-		500.00	5,705.00	500.00
Contract Services - Administration	13,413.28	18,518.43	11,209.30	16,279.97	16,417.91	15,000.00	10,000.00	15,000.00
Contract Services - General Projects	-	-	-	-				
(A.V. Fair - Conservation Garden)			25,000.00	-		25,000.00	-	25,000.00
(Home & Garden Show/WaterSmart Expo)			10,000.00	-		-	-	-
(Rural Museum Sponsorship)				-	10,000.00	-	-	-
Contract Services - Financial Audit	2,000.00	2,500.00	2,500.00	2,500.00	-	3,500.00	2,500.00	3,500.00
Total Expenditures	<u>\$ 25,418.66</u>	<u>\$ 41,910.73</u>	<u>\$ 55,016.30</u>	<u>\$ 25,247.14</u>	<u>\$ 33,165.91</u>	<u>\$ 53,750.00</u>	<u>\$ 22,835.80</u>	<u>\$ 53,750.00</u>
Net Income (Loss)	<u>\$ 4,608.38</u>	<u>\$ 25,773.29</u>	<u>\$ 18,289.14</u>	<u>\$ 43,042.65</u>	<u>\$ (2,818.04)</u>	<u>\$ (23,625.00)</u>	<u>\$ 7,469.91</u>	<u>\$ (23,625.00)</u>
Member Contribution (General):								10,000.00
Additional Expenditures						AVEK Contribution =		\$ -
						PWD Contribution =		-
						LCID Contribution =		-
Secondary Member Contribution (Table A basis):								<u>\$ -</u>

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: June 20, 2023 **June 26, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.1 – CONSIDERATION AND POSSIBLE ACTION ON CALIFORNIA SPECIAL DISTRICTS ASSOCIATION BOARD OF DIRECTORS SEAT C SOUTHERN NETWORK ELECTION FOR THE 2024-2026 TERM. (NO BUDGET IMPACT – GENERAL MANAGER LaMOREAUX)***

Each of the California Special Districts Association’s (CSDA’s) six networks has three seats on the Board. Candidates for these seats must either be a Board Member or management-level employee of a member district located in Network. Candidates for the election for Seat C Southern Network for the 2024-2026 term are listed below, and the ballot, candidate statements, and candidate information sheets for each of the candidates are attached. The District is asked to vote for one candidate by July 14, 2023.

The candidates are as follows:

- Arlene Schafer (incumbent)
Director, Costa Mesa Sanitary District
- Al Nederhood
Director, Municipal Water District of Orange County
- John Skerbelis
Director, Rubidoux Community Services District

Supporting Documents:

- CSDA Ballot
- Candidate statements and information sheets



Home

How It Works

Logout **Dennis LaMoreaux**

CSDA Board of Directors Election Ballot - Term 2024 - 2026; Seat C - Southern Network

Please vote for your choice

Choose one of the following candidates:

- *Arlene Schafer, Director, Costa Mesa Sanitary District (incumbent)
- Al Nederhood, Director, Municipal Water District of Orange County
- John Skerbelis, Director, Rubidoux Community Services District

*Incumbent

Arlene Schafer* [\[view details\]](#)

Al Nederhood [\[view details\]](#)

John Skerbelis [\[view details\]](#)

Continue

Cancel



2023 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: Arlene Schafer

District/Company: Costa Mesa Sanitary District

Title: Board of Directors – Vice President

Elected/Appointed/Staff: Elected

Length of Service with District: 25 Years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

I served on CSDA Board of Directors and several committees including chair of the membership and professional development committees and served on the legislative and fiscal, and I served on the Alliance Executive Council. I have completed the Special District Leadership Academy, Good Governance Foundation workshop and I attend the annual conference and Legislative Days.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

I have been associated with the Solid Waste Association of North America (SWANA) of Southern California, and the Independent Special Districts of Orange County (ISDOC) and

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

I am a current member of the Board of Directors for CSDA Finance Corporation, and I am the former Vice President of ISDOC and the former commissioner of the Orange County Local Formation Commission (LAFCO). I am also the former Mayor of the City of Costa Mesa.

4. List civic organization involvement:

Harbor Mesa Lions Club, Costa Mesa Chamber of Commerce, Ambassador for the City Costa Mesa during special events.

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot.**

Candidate Statement

Arlene Schafer Costa Mesa Sanitary District Southern Network, Seat C

It has been an honor serving you on CSDA's Board of Directors for the past nineteen years. I have had the privilege of establishing long lasting relationships with local officials that forged an organization to become one of the leading advocacy groups in California on statewide and national issues. I am proud of my past and current board members for the accomplishments we achieved to enhance special district's visibility in the capital, as well as broadening educational opportunities to help you govern effectively and openly. There is much more important work to be done, so I humbly ask for your trust and support in re-electing me to Seat C of the Southern Network.

I believe we are approaching a year that could have an everlasting effect on the way we provide services. It is very likely the November 2024 Statewide Ballot will have Initiative 21-0042A1, which is now Initiative 1935. If approved by the voters, this initiative will significantly restrict how we fund critical services like fire, parks, libraries, sewers, water, etc. Initiative 1935 will jeopardize the ability of special districts to deliver essential services, which is why as your CSDA representative I am committed to helping defeat this deceptive and dangerous measure.

In addition to my advocacy efforts, I believe CSDA provides some of the best training and professional development programs for local government officials. I will continue serving on the Professional Development Committee to work with CSDA staff and others on making sure you continue receiving top quality workshops, seminars, and conferences. I hope I earned your trust by voting for me by **July 14, 2023**.



California Special Districts Association

Districts Stronger Together

2023 CSDA BOARD CANDIDATE INFORMATION SHEET The following information MUST accompany your nomination form and Resolution/minute order:

Name: Albert M. Nederhood

District/Company: Municipal Water District of Orange County (MWDOC)

Title: Director

Elected/Appointed/Staff: Elected

Length of Service with District: 2 years with MWDOC, 4 years with Yorba Linda Water District as elected Board Member

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.): I have attended most of the quarterly meetings for ISDOC (Independent Special Districts of Orange County) over the last 6 years. I spent 2 years working with Jim Fisler and Sandra Jacobs (both past ISDOC Presidents) to successfully revise the Special District dues structure created in 2000 to more accurately and fairly reflect revenue and dues payable to LAFCO. As part of this process I attended virtually all ISDOC Board meetings for 2 years.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.): Over the last 6 years I have attended most of the conferences held by the Urban Water Institute, ACWA, the Colorado River Water Users, as well as many Metropolitan Water District Board meetings.

3. List local government involvement (such as LAFCo, Association of Governments, etc.): For the 2 years that it took to initiate, revise and successfully change the LAFCO dues required of Special Districts in Orange County, I attended virtually all of the monthly OC-LAFCO meetings.

4. List civic organization involvement: I was elected twice and served on the Yorba Linda Water District Board, a Special District. I've actively participated in the WACO (Water Advisory Committee of Orange County) both in attendance and planning of the meetings.

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot. Page 133 of 173 2023 BOARD OF DIRECTORS NOMINATION FORM**

Al Nederhood Candidate Statement:

I was introduced to CSDA in 2016 as a newly elected Director to the Yorba Linda Water District. I attended the CSDA training for new directors which opened my eyes to the responsibilities and value of Special Districts. I made friends at that training that continue on today including former YLWD Director Brooke Jones and current Director John Sears of East Orange County Water District.

Before getting involved in water issues later in life, I began my professional career as a high school teacher. I moved on to the business world including Xerox and 7-Eleven Stores as a Merchandise Manager. I was the college president for a variety of vocational colleges and ended my career as the President of a non-profit in Santa Ana.

After my 2016 election I attended ISDOC and LAFCO meetings. I became aware of the dues structure created by ISDOC in 2000. This structure, in place for 20 years, no longer represented the realities of revenue and dues. Many smaller revenue Special Districts had disproportionately large dues. By working with Director Jim Fisler from Mesa Water and

Director Saundra Jacobs of Santa Margarita Water District, we revised the 20-year-old structure into a more equitable dues arrangement that saved smaller districts tens of thousands of dollars each year.

As an elected director to two different Special Districts, first YLWD and now MWDOC, I've experienced first-hand the vital role that Special Districts have in California life, infrastructure and politics.

As the elected representative for the Southern Network, it is my commitment to work hard to support Special Districts, provide active, collegial representation focused on key issues, and listen to Special District members.

I would appreciate your vote to be the CSDA representative for the Southern Network, one of 18 members on the CSDA Board. Thank you!

Name of Candidate: Albert Nederhood

District: Municipal Water District of Orange County (MWDOC)

Mailing Address: 18700 Ward Street Fountain Valley CA 92708

Network: Southern Network (see map)

Telephone: 714-261-3964

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: anederhood@mwdoc.com

Nominated by (optional): Board of Directors for MWDOC

Return this form, a Board resolution/minute action supporting the candidate, and Candidate Information Sheet by mail or email to: CSDA Attn: Amber Phelen 1112 I Street, Suite 200 Sacramento, CA 95814 (877) 924-2732 amberp@csda.net
DEADLINE FOR RECEIVING NOMINATIONS: Northern, Sierra, Coastal and Southern Networks: April 6, 2023 at 5:00 p.m.
Bay Area and Central Networks: April 17, 2023 at 5:00 p.m.



California Special Districts Association

Districts Stronger Together

2023 CSDA BOARD CANDIDATE INFORMATION SHEET

The following information **MUST** accompany your nomination form and Resolution/minute order:

Name: John Skerbelis

District/Company: Rubidoux Community Services DIST

Title: Vice President

Elected/Appointed/Staff: Elected

Length of Service with District: 12 Years

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.):

None

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.):

None

3. List local government involvement (such as LAFCo, Association of Governments, etc.):

Past member of Riverside County Solid Waste Advisory Committee 7 Years

4. List civic organization involvement:

Riverside County Dept of Environmental Health Community Clean ups and Illegal Dumping

*CSDA is a 501(c)(3) non-profit organization. All contributions are tax-deductible to the extent allowed by law. For more information, please contact CSDA at 12201 Wilshire Blvd, Suite 1000, Los Angeles, CA 90025. Phone: (310) 206-1100. Fax: (310) 206-1101. Website: www.csdacalifornia.org



Street Address:
18700 Ward Street
Fountain Valley, California 92708

Mailing Address:
P.O. Box 20895
Fountain Valley, CA 92728-0895

(714) 963-3058
Fax: (714) 964-9389
www.mwdoc.com

Megan Yoo Schneider, P.E.
President

Bob McVicker, P.E., D.WRE
Vice President

Randall Crane, Ph.D.
Director

Larry D. Dick
Director

Al Nederhood
Director

Karl W. Seckel, P.E.
Director

Jeffery M. Thomas
Director

Harvey De La Torre
Interim General Manager

MEMBER AGENCIES

City of Brea
City of Buena Park
East Orange County Water District
El Toro Water District
Emerald Bay Service District
City of Fountain Valley
City of Garden Grove
Golden State Water Co.
City of Huntington Beach
Irvine Ranch Water District
Laguna Beach County Water District
City of La Habra
City of La Palma
Mesa Water District
Moulton Niguel Water District
City of Newport Beach
City of Orange
Orange County Water District
City of San Clemente
Santa Margarita Water District
City of Seal Beach
Serrano Water District
South Coast Water District
Trabuco Canyon Water District
City of Tustin
City of Westminster
Yorba Linda Water District

May 26, 2023

Re: Support for Director Al Nederhood, CSDA Board of Directors, Southern Network Seat C

On behalf of the Municipal Water District of Orange County (MWD OC), it is my pleasure to share our unanimous support for Director Al Nederhood for the CSDA Board of Directors, Southern Network Seat C. MWD OC is a wholesale water supplier serving 3.2 million residents through 27 retail water agencies, making Director Nederhood uniquely qualified.

Director Nederhood brings seven years of Special District board experience as well as decades as a senior manager in the private sector to his candidacy. He willingly listens to constituents and fellow board members, and then works hard to create effective solutions. He actively engages with our local CSDA chapter, as well as CSDA and ACWA events.

Attached you will find a candidate's statement highlighting some of Director Nederhood's accomplishments. You will notice he has demonstrated his innovative thinking on behalf of special districts of all sizes which would make him an asset to the CSDA Board of Directors, bringing a fresh perspective to long-term practices.

I encourage you to share this information with your Board of Directors and that you strongly consider supporting Director Al Nederhood for the CSDA Board of Directors, Southern Network Seat C for the 2023 election. Electronic voting begins on June 5 and will continue until July 14. Please do not hesitate to contact me or Director Nederhood personally should you have any questions. His contact information can be found on the attached candidate's statement. Thank you for your consideration.

Sincerely,

Megan Yoo Schneider, M.S., P.E.
Board President



**California Special
Districts Association**

Districts Stronger Together

2023 CSDA BOARD CANDIDATE INFORMATION SHEET The following information MUST accompany your nomination form and Resolution/minute order:

Name: Albert M. Nederhood

District/Company: Municipal Water District of Orange County (MWDOC)

Title: Director

Elected/Appointed/Staff: Elected

Length of Service with District: 2 years with MWDOC, 4 years with Yorba Linda Water District as elected Board Member

1. Do you have current involvement with CSDA (such as committees, events, workshops, conferences, Governance Academy, etc.): I have attended nearly 100% of the public meetings for ISDOC (Independent Special Districts of Orange County) over the last 6 years. I spent 2 years working with Jim Fisler and Sandra Jacobs (both past ISDOC Presidents) to successfully revise the Special District dues structure created in 2000 to more accurately and fairly reflect revenue and dues payable to LAFCO.

2. Have you ever been associated with any other state-wide associations (CSAC, ACWA, League, etc.): Over the last 6 years I have attended most of the conferences held by the Urban Water Institute, ACWA, the Colorado River Water Users, as well as many Metropolitan Water District Board meetings.

3. List local government involvement (such as LAFCo, Association of Governments, etc.): For the 2 years that it took to initiate, revise and successfully change the LAFCO dues required of Special Districts in Orange County, I attended virtually all of the monthly OC-LAFCO meetings.

4. List civic organization involvement: I was elected twice and served on the Yorba Linda Water District Board, a Special District.

****Candidate Statement – Although it is not required, each candidate is requested to submit a candidate statement of no more than 300 words in length. Any statements received in the CSDA office after the nomination deadlines will not be included with the ballot. Page 133 of 173 2023 BOARD OF DIRECTORS NOMINATION FORM**

Al Nederhood Candidate Statement:

I was introduced to CSDA in 2016 as a newly elected Director to the Yorba Linda Water District. I attended the CSDA training for new directors which opened my eyes to the responsibilities and value of Special Districts. I made friends at that training that continue on today including former YLWD Director Brooke Jones and current Director John Sears of East Orange County Water District.

Before getting involved in water issues later in life, I began my professional career as a high school teacher. I moved on to the business world including Xerox and 7-Eleven Stores as a Merchandise Manager. I was the college president for a variety of vocational colleges and ended my career as the President of a non-profit in Santa Ana.

After my 2016 election I attended ISDOC and LAFCO meetings. I became aware of the dues structure created by ISDOC in 2000. This structure, in place for 20 years, no longer represented the realities of revenue and dues. Many smaller revenue Special Districts had disproportionately large dues. By working with Director Jim Fisler from Mesa Water and Director Sandra Jacobs of Santa Margarita Water District, we revised the 20-year-old structure into a more equitable dues arrangement that saved smaller districts tens of thousands of dollars each year.

As an elected director to two different Special Districts, first YLWD and now MWDOC, I've experienced first-hand the vital role that Special Districts have in California life, infrastructure and politics.

As the elected representative for the Southern Network, it is my commitment to work hard to support Special Districts, provide active, collegial representation focused on key issues, and listen to Special District members.

I would appreciate your vote to be the CSDA representative for the Southern Network, one of 18 members on the CSDA Board. Thank you!

Name of Candidate: Albert Nederhood

District: Municipal Water District of Orange County (MWDOC)

Mailing Address: 18700 Ward Street Fountain Valley CA 92708

Network: Southern Network (see map)

Telephone: 714-261-3964

(PLEASE BE SURE THE PHONE NUMBER IS ONE WHERE WE CAN REACH THE CANDIDATE)

Fax: _____

E-mail: anederhood@mwdoc.com

Nominated by (optional): Board of Directors for MWDOC

Return this form, a Board resolution/minute action supporting the candidate, and Candidate Information Sheet by mail or email to: CSDA Attn: Amber Phelen 1112 I Street, Suite 200 Sacramento, CA 95814 (877) 924-2732 amberp@csda.net
DEADLINE FOR RECEIVING NOMINATIONS: Northern, Sierra, Coastal and Southern Networks: April 6, 2023 at 5:00 p.m.
Bay Area and Central Networks: April 17, 2023 at 5:00 p.m.



Al Nederhood

MWDOC Board

Elect to CSDA Board

Southern Network

Seat C

Professional & Personal History

6 Years as Elected Official for Special Districts, Yorba Linda Water District (YLWD) & Municipal Water District of Orange County (MWDOC)

LAFCO dues revision through Independent Special Districts of Orange County. First revision after 20 years saving small districts thousands of dollars annually.

Heli-Hydrant sponsor, supporter creating nations first system (helicopter enabled fire suppression in wild-fire zones)

President of a Non-Profit

30 years of Senior Management Leadership positions with nationally known firms

President of an Educational Institution with \$100 million in revenue, 500 staff and 5000 students.

BA, Long Beach State
MA, Central Michigan University

Retired, Married for 50+ years, 4 kids and 12 grandkids

Why should you vote for Al Nederhood?

Here's a sample of my history of measurable change created by active questioning and positive decision making based on the facts.

Seven years ago, I identified, initiated, and transformed an outdated LAFCO dues system on behalf of special districts in Orange County. The dues structure was developed in 2002 by ISDOC to fulfill their legal responsibility, but over time, it resulted in small districts subsidizing the large districts.

After two years of working with my fellow Special Districts, the new dues structure was unanimously approved and implemented. This effort created a balanced and proportionate LAFCO dues structure for Special Districts throughout the county, saving smaller districts with smaller operating budgets thousands of dollars each year.

As a Board Member for Yorba Linda Water District we investigated and implemented the nation's first Heli-hydrant to modernize fighting wild fires. YLWD now has two heli-hydrants with a third in development with Metropolitan Water District.

I would appreciate your Board voting for me, Al Nederhood.

If you want to contact me:

Al Nederhood
MWDOC, Director Division One

anederhood@mwdoc.com

C. 714-261-3964

RESOLUTION NO. 2135

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE MUNICIPAL WATER DISTRICT OF ORANGE COUNTY
NOMINATION OF AL NEDERHOOD
TO THE CSDA BOARD OF DIRECTORS
SOUTHERN NETWORK, SEAT C

WHEREAS, the California Special Districts Association (CSDA) is holding an election for its Board of Directors for the Southern Network, Seat C for the 2024-26 term; and

WHEREAS, the Municipal Water District of Orange County (MWDOC) is a voting member of CSDA and a voting member for the Southern Network, Seat C; and

WHEREAS, Director Al Nederhood has expressed interest in serving on the CSDA Board of Directors;

WHEREAS, Director Nederhood and MWDOC are aware of the commitment, expectations, and expenses associated with this position; and

WHEREAS, the Board of Directors of the Municipal Water District of Orange County believes that Al Nederhood would be an effective member of the CSDA Board.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Municipal Water District of Orange County does hereby nominate Director Al Nederhood to represent the Southern Network, Seat C, on the CSDA Board of Directors; and

BE IT FURTHER RESOLVED that the District Secretary is hereby directed to transmit a Resolution to CSDA, forthwith.

PASSED AND ADOPTED by the following roll call vote of the Board of Directors for the Municipal Water District of Orange County on this 15th day of March 2023.

AYES: Directors Nederhood, Dick, McVicker, Seckel, Thomas & Yoo Schneider
NOES: None
ABSTAIN: None
ABSENT: Director Crane

ATTEST:



*Maribeth Goldsby, District Secretary
Municipal Water District of Orange County*

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: June 21, 2023 **June 26, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mrs. Claudia Bolanos, Resource and Analytics Supervisor
VIA: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.2 – CONSIDERATION AND POSSIBLE ACTION ON ADOPTION OF 2023/2024 ANNUAL WATER SUPPLY AND DEMAND ASSESSMENT. (RESOURCE AND ANALYTICS SUPERVISOR BOLANOS)***

Recommendation:

Staff recommends that the Board adopts the 2023/2024 Annual Water Supply and Demand Assessment.

Background:

New provisions in Water Code Section 10632.1 require that an urban water supplier, such as PWD, conduct an Annual Water Supply and Demand Assessment (AWSDA), on or before July 1 of each year, to be submitted to DWR. An urban water supplier that relies on imported water from the State Water Project or the Bureau of Reclamation shall submit its AWSDA within 14 days of receiving its final allocations, or by July 1 of each year, whichever is later. The requirement to perform the AWSDA began in July 2022 and the procedures for performing the assessment are to be detailed in an urban suppliers' Water Shortage Contingency Plan.

This is the second annual AWSDA, and the purpose is to evaluate water supply reliability for the current year and one dry year, and to help determine the appropriate shortage level needed to be implemented and actions that are needed to be taken.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 1 – Water Resource Reliability.

This item directly relates to the District's Mission Statement.

Budget:

This item has no budget impact.

Supporting Documents:

- 2023/2024 Annual Water Supply and Demand Assessment

Table 1. Annual Assessment Information

Annual Assessment Information	
Year Covered By This Shortage Report (Required)	
Start: July 1,	2023
End: June 30,	2024
Volume Unit for Reported Supply and Demand: <i>(Must use the same unit throughout)</i>	AF
Supplier's Annual Assessment Planning Cycle (Required)	
Start Month:	January
End Month:	December
Data Interval:	Monthly (12 data points per year)
Water Supplier's Contact Information (Required)	
Water Supplier's Name:	Palmdale Water District
Contact Name:	Michael Evans
Contact Title:	Management Analyst
Street Address:	2029 E. Palmdale Bl., Palmdale, CA
ZIP Code:	93550
Phone Number:	(661)456-1037
Email Address:	mevans@palmdalewater.org
Report Preparer's Contact Information <i>(if different from above)</i>	
Preparer's Organization Name:	
Preparer's Contact Name:	
Phone Number:	(XXX)XXX-XXXX
Email Address:	
Supplier's Water Shortage Contingency Plan	
WSCP Title	2020 Water Shortage Contingency Plan
WSCP Adoption Date	6/14/2021
Other Annual Assessment Related Activities	
Activity	Timeline/ Outcomes / Links / Notes
Annual Assessment/ Shortage Report Title:	Optional
Annual Assessment / Shortage Report Approval Date:	MM/DD/YYYY
Other Annual Assessment Related Activities:	Optional
<i>(Add rows as needed)</i>	

Table 4(P): Potable Water Shortage Assessment ¹	Start Year: 2023					Volumetric Unit Used ² :						AF	Total
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun ³	
Anticipated Unconstrained Demand	1924.9	2035.3	2017.1	1711.9	1331.0	1122.1	1020.4	1034.9	1206.3	1487.6	1513.4	1795.1	18200.15
Anticipated Total Water Supply	2500.0	2550.0	2500.0	2150.0	1850.0	1650.0	1500.0	1500.0	1700.0	2000.0	2000.0	2300.0	24200.00
Surplus/Shortage w/o WSCP Action	575.1	514.7	482.9	438.1	519.0	527.9	479.6	465.1	493.7	512.4	486.6	504.9	5,999.9
% Surplus/Shortage w/o WSCP Action	30%	25%	24%	26%	39%	47%	47%	45%	41%	34%	32%	28%	33%
State Standard Shortage Level	0	0	0	0	0	0	0	0	0	0	0	0	0
Planned WSCP Actions⁴													
Benefit from WSCP: Supply Augmentation													0.0
Benefit from WSCP: Demand Reduction													0.0
Revised Surplus/Shortage with WSCP	575.1	514.7	482.9	438.1	519.0	527.9	479.6	465.1	493.7	512.4	486.6	504.9	5999.9
% Revised Surplus/Shortage with WSCP	30%	25%	24%	26%	39%	47%	47%	45%	41%	34%	32%	28%	33%

¹Assessments are based on best available data at time of submitting the report and actual volumes could be different due to many factors.

²Units of measure (AF, CCF, MG) must remain consistent.

³When optional monthly volumes aren't provided, verify Tables 2 and 3 use the same columns for data entry and are reflected properly in Table 4 and make sure to use those same columns to enter the benefits from Planned WSCP Actions. Please see directions on the shortage balancing exercise in the Table Instructions. If a shortage is projected, the supplier is highly recommended to perform a monthly analysis to more accurately identify the time of shortage.

⁴If you enter any WSCP Benefits, then you must enter the corresponding planned Actions into Table 5.

MINUTES OF MEETING OF THE FINANCE COMMITTEE OF THE PALMDALE WATER DISTRICT, MAY 16, 2023:

A meeting of the Finance Committee of the Palmdale Water District was held Tuesday, May 16, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Wilson called the meeting to order at 1:30 p.m.

1) Roll Call.

Attendance:

Committee:

Don Wilson, Chair

Kathy Mac Laren-Gomez,

Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Dennis Hoffmeyer, Finance Manager

Bob Egan, Financial Advisor

Judy Shay, Public Affairs Director

Diana Gunn, Accounting Supervisor

Danielle Henry, Executive Assistant

Patricia Guerrero, Management Analyst

0 members of the public

2) Adoption of Agenda.

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

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

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 April 18, 2023.

It was moved by Committee Member Mac Laren-Gomez, seconded by Chair Wilson, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Finance Committee meeting held April 18, 2023, as written.

4.2) Discussion and Overview of Cash Flow Statement and Current Cash Balances as of April 2023. (Financial Advisor Egan)

Financial Advisor Egan provided an overview of the monthly Major Account Activity Reports, the Investment Funds Report, and the Cash Flow Statement through April 2023, including assessments received, account transfers, increased interest, face and market values, and the projected year-end balance.

General Manager LaMoreaux then recommended that Agenda Item No. 5.2 be presented by Financial Advisor Egan to conclude his reporting.

5.2) Financial Advisor Egan:

a) Debt Service Coverage Status.

Financial Advisor Egan stated that the Debt Service Coverage for May 2022 to April 2023 is 1.48 and remains in a positive position.

4.3) Discussion and Overview of Financial Statements, Revenue, and Expense and Departmental Budget Reports for April 2023. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer reviewed in detail the balance sheet, profit and loss statement, departmental budgets versus actual, and individual departmental budgets for the period ending April 2023 and stated that operating revenue is on track with the historical trend average of 28%, that expenses are slightly below the historical trend average at 27%, and that most departments are operating at or below the traditional budgetary percentage of 33.3% followed by a brief discussion of capital assets, tax assessments, and retention payment refunds.

4.4) Discussion and Overview of Committed Contracts Issued. (Finance Manager Hoffmeyer)

Finance Manager Hoffmeyer provided an overview of the Contractual Commitments and Needs Report for new and replacement capital projects, consulting and engineering support projects, new and replacement equipment, water quality fee funded projects, committed and projected capital expenditures, and projects paid out through the 2021A Series Water Revenue Bonds through April 2023 and stated that all

bond funding has been allocated and is expected to be funded ahead of the three-year payout schedule.

5) Reports.

5.1) Finance Manager Hoffmeyer:

a) Accounts Receivable Overview.

Finance Manager Hoffmeyer stated that as of April 2023, there are 13 commercial/industrial accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$10,945 and \$822 over ninety days past due; that there are 2 multi-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$921 and \$7 over ninety days past due; that there are 837 single-family residential accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$237,662 and \$31,773 over ninety days past due; that there are 4 unclassified accounts with a balance of \$50 or more and over sixty days past due with a total past due amount of \$6,825 and \$28 over ninety days past due; and that staff continues to offer payment arrangements encouraging the payment of outstanding balances.

b) Revenue Projections.

He then stated that based on selling 14,500 AF of water, revenue is behind projections by approximately \$980,558 as of April 2023.

5.3) Other.

Finance Manager Hoffmeyer stated that information has been provided today regarding bond funding for capital projects and that staff is working with NHA Advisors to pursue the additional \$10 million in bond funding per the 2019 Rate Study followed by a brief discussion of inflation and of grant funding and the project timeline for Pure Water AV.

He then stated that staff anticipates presentation of the 2022 draft audit report at the June 12, 2023 Regular Board meeting.

There were no other items to report.

6) Board Members' Requests for Future Agenda Items.

The project timelines of the 6M Clearwell and 3M Booster Station replacement were briefly discussed.


There were no requests for future agenda items.

7) Date of Next Committee Meeting.

After a brief discussion, it was determined that the next Finance Committee meeting will be held June 20, 2023 at 1:30 p.m.

8) Adjournment.

There being no further business to come before the Finance Committee, the meeting was adjourned at 2:09 p.m.



Chair

MINUTES OF REGULAR MEETING OF THE COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION, FEBRUARY 9, 2023.

A regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was held Thursday, February 9, 2023, at 6500 West Avenue N, Palmdale, CA 93551 and via teleconference. Chair Parris called the meeting to order at 6:00 p.m.

1) Pledge of Allegiance.

At the request of Chair Parris, Commissioner Wilson led the pledge of allegiance.

2) Roll Call.

Attendance:

Robert Parris, Chair
Kathy Mac Laren-Gomez, V. Chr.
Don Wilson, Secretary
Barbara Hogan, Commissioner
Keith Dyas, Commissioner

Others Present:

Peter Thompson II, General Manager
Dennis Hoffmeyer, Controller
Alex Lemieux, General Counsel
James Chaisson, LCID General Manager
Adam Ly, PWD Asst. General Manager
Matthew Knudson, AVEK Asst. Gen. Manager
Claudia Bolanos, PWD Res./Analyt. Spvsr.
Danielle Henry, Executive Assistant
2 members of the public

EXCUSED ABSENCE –

Leo Thibault, Treasurer-Auditor

3) Adoption of Agenda.

It was moved by Commissioner Dyas, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to adopt the agenda, as written:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentation on Pure Water AV. (PWD Engineering Manager Rogers)

Mr. Scott Rogers, PWD Engineering Manager, provided a detailed overview of the Pure Water AV Project, including tertiary water use options, the shift from the Palmdale Regional Groundwater Recharge and Recovery Program, the regulatory requirements, the groundwater augmentation, the advanced treatment capabilities and requirements, the Program timeline, the Planning & Demonstration Facility, and the next steps involved followed by a brief discussion of injection wells and grant funding.

The Commissioners then thanked Mr. Rogers for the presentation.

6) Consideration and Possible Action on Minutes of Regular Meeting Held December 8, 2022.

It was moved by Commissioner Wilson, seconded by Commissioner Hogan, and carried on a 4-0-1 vote by the members of the Board of Commissioners present at the meeting on the following roll call vote to approve the minutes of the regular meeting held December 8, 2022, as written:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – abstain
Commissioner Hogan – aye

7) Payment of Bills.

General Manager Thompson II reviewed the bills received for payment after which it was moved by Commissioner Dyas, seconded by Commissioner Mac Laren-Gomez, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve payment and ratification of payment of the bills received from PWD in the amount of \$1,197.89 for staff services, from AVEK in the amount of \$358.36 for staff services, from Kennedy/Jenks Consultants in the amount of \$9,467.50 for professional services associated with the Big

Rock Creek Joint Groundwater Recharge Project, from Woodard and Curran in the amount of \$18,235.00 for professional services associated with the 2019 Integrated Regional Water Management Plan update and Disadvantaged Community Involvement (DACI) Program Set Aside Grant, and from the Association of California Water Agencies (ACWA) in the amount of \$2,147.80 for the 2023 Annual Agency Dues:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

8) Consideration and Possible Action on Resolution No. 2023-1 Being a Resolution of the Board of Commissioners of the Antelope Valley State Water Contractors Association Ratifying the Proclamation of a State of Emergency by the Governor Issued March 4, 2020, and Authorizing Remote Teleconference Meetings of the Legislative Bodies of the Antelope Valley State Water Contractors Association for the Period Beginning February 9, 2023 and Ending February 28, 2023 Pursuant to Brown Act Provisions. (General Counsel Markman/General Manager Thompson II)

General Counsel Lemieux provided an overview of the expiration of AB361 and the limitations of AB2449 and traditional Brown Act requirements, and after a brief discussion of adding a standing item regarding AB2449 to future agendas, it was moved by Commissioner Mac Laren-Gomez, seconded by Commissioner Hogan, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve Resolution No. 2023-1 being a Resolution of the Board of Commissioners of the Antelope Valley State Water Contractors Association Ratifying the Proclamation of a State of Emergency by the Governor Issued March 4, 2020, and Authorizing Remote Teleconference Meetings of the Legislative Bodies of the Antelope Valley State Water Contractors Association for the Period Beginning February 9, 2023 and Ending February 28, 2023 Pursuant to Brown Act Provisions:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

Resolution No. 2023-1 is hereby made a portion of the minutes of this meeting.

9) Consideration and Possible Action of Election of Officers. (General Manger Thompson II)

After a brief discussion of the Association Bylaws, it was moved by Commissioner Dyas, seconded by Commissioner Mac Laren-Gomez, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination of Chair Parris as the continued Chair of the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

It was then moved by Chair Parris, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination of Commissioner Mac Laren-Gomez as the continued Vice Chair of the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

It was then moved by Commissioner Hogan, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination Commissioner Thibault as the continued Treasurer of the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

It was then moved by Chair Parris, seconded by Commissioner Mac Laren-Gomez, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination of Commissioner Wilson as the continued Secretary of the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

10) Consideration and Possible Action on Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Representative. (General Manager Thompson II)

General Manager Thompson II provided a brief overview of Articles 7 of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) Agreement regarding Board of Directors after which it was moved by Chair Parris, seconded by Commissioner Wilson, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination of Commissioner Mac Laren-Gomez as the ACWA/JPIA Representative for the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

It was then moved by Commissioner Mac Laren-Gomez, seconded by Commissioner Dyas, and unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve nomination of Commissioner Wilson as the ACWA/JPIA Alternative Representative for the Association:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye

Commissioner Dyas – aye
Commissioner Hogan – aye

11) Consideration and Possible Action on Acceptance of Draft Feasibility Study for the Big Rock Creek Joint Groundwater Recharge Project. (General Manager Thompson II/Mr. Paul Chau, Kennedy/Jenks Consultants)

General Manager Thompson II stated the Draft Feasibility Study for the Big Rock Creek Joint Groundwater Recharge Project has been reviewed by the three member agencies after which Mr. Paul Chau, of Kennedy/Jenks Consultants, provided a detailed overview of the updates to the Feasibility Study including the increased Alternative rankings based on lifecycle costs per acre foot for a 20 year period and the change in the recharge basin location and pipeline costs for Alternative 3 – Offsite Recharge Basins and Pipeline.

It was then moved by Commissioner Mac Laren-Gomez, seconded by Commissioner Wilson, and after a brief discussion of the next steps involved, it was unanimously carried by all members of the Board of Commissioners present at the meeting on the following roll call vote to approve the acceptance of the Draft Feasibility Report for the Big Rock Creek Joint Groundwater Recharge Project:

Chair Parris – aye
Commissioner Mac Laren-Gomez – aye
Commissioner Wilson - aye
Commissioner Dyas – aye
Commissioner Hogan – aye

12) Report of General Manager.

a) Status Updates:

1) Antelope Valley Watermaster Meetings.

General Manager Thompson II reported that the Administrative Budget was approved by the Watermaster on December 7, 2022; that a Special Board Meeting will be held in March to discuss budget deficits; that the Hallmark Group officially took over administrative duties on January 25, 2023; and that the 2023 Replacement Water

Assessment Fee Schedule will be delayed pending the completion of AVEK's rate analysis.

2) Antelope Valley and Fremont Basin IRWMP Stakeholder Meetings.

He then reported that staff continues to work with Woodard and Curran on both the Proposition 1 and Disadvantaged Community Involvement Program (DACI) grant administration; that four rounds of payments have been received from the Department of Water Resources supporting Prop. 1 Round 1 grant projects; and that the Proposition 1 Round 2 grant application was successfully submitted on January 18, 2023.

There was no report on the Fremont Basin IRWMP.

3) Ethics AB 1234 Training.

He then stated that staff will coordinate a date for Ethics AB 1234 training via teleconference with Attorney Wayne Lemieux followed by a brief discussion of Ethics AB 1234 and Sexual Harassment Prevention training requirements.

He then stated that a representative from the State Water Contractors is scheduled to provide a presentation regarding the impacts of SB 1020 including renewable energy requirements and cost mitigation plans at the meeting in April; that a capacity and delivery analysis for the Big Rock Creek Recharge Project will also be provided at the April meeting; and that the Emergency Response Agreement with Antelope Valley Mutual Water Companies has been approved by the three member agencies.

13) Report of Controller.

a) Update on Revenue, Expenses and Change in Net Position.

Controller Hoffmeyer provided a brief overview of the Association's revenue, expenses and change in net position for the month ending January 31, 2023.

14) Reports of Commissioners.

There were no reports of Commissioners.

15) Report of Attorney.

There was no report of attorney.

16) Commission Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

17) Consideration and Possible Action on Scheduling the Next Association Meeting April 13, 2023.

It was determined that the next regular meeting of the Association will be held on April 13, 2023, at 6:00 p.m.

18) Adjournment.

There being no further business to come before the Commissioners, the regular meeting of the Commissioners of the Antelope Valley State Water Contractors Association was adjourned at 7:05 p.m.


Secretary

RESOLUTION NO. 2023-1

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY THE GOVERNOR ISSUED MARCH 4, 2020, AND AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION FOR THE PERIOD BEGINNING FEBRUARY 9, 2023 AND ENDING FEBRUARY 28, 2023 PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the Antelope Valley Water Contractors Association (“AVSCWA”) is committed to preserving and nurturing public access and participation in meetings of the Board of Commissioners; and

WHEREAS, all meetings of AVSCWA’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch AVSCWA’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within AVSCWA’s boundaries, caused by natural, technological, or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in AVSCWA, specifically, a State of Emergency has been proclaimed by the Governor of the State of California on March 4, 2020 in response to the global outbreak of the novel Coronavirus disease (“COVID-19”); and

WHEREAS, meeting in person would present an imminent risk to the health and safety of attendees due to the continued impact of the COVID-19 pandemic; and

WHEREAS, the Board of Commissioners does hereby find that a State of Emergency has been proclaimed as a result of the threat of COVID-19 and the contagious nature of COVID-19 have caused, and will continue to cause, conditions of peril to the safety of persons within AVSCWA that are likely to be beyond the control of services, personnel, equipment, and facilities of AVSCWA, and desires to ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, such conditions now exist in AVSCWA, specifically County of Los Angeles Department of Public Health – Order of the Health Officer issued April 21, 2022 and effective April 22, 2022, the State Public Health Officer Order – Beyond the Blueprint last updated June 8, 2022, Beyond the Blueprint for Industry and Business Sectors updated as of May 2, 2022, strongly recommending continued use of face masks while indoors in general, regardless of vaccination status, and requiring the continued use of face masks for indoor settings with higher risks for transmission, due to the evidence of increasing

transmission of COVID-19 within the County and worldwide, particularly due to the Omicron variant of the virus. Further, County health orders and guidance incorporates a variety of local, state, and federal declarations, proclamations, guidance, and recommendations, including continued social distancing of six (6) feet from others, especially while indoors, and especially while indoors for extended periods of time; and

WHEREAS, as a consequence of the imminent risks to the health and safety of attendees due to the continued impact of the COVID-19 pandemic, the Board of Commissioners does hereby find that the legislative bodies of the AVSCWA shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS OF THE ANTELOPE VALLEY STATE WATER CONTRACTORS ASSOCIATION DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Finding of Imminent Risks. The Board hereby finds that meeting in person would present imminent risks to the health and safety of attendees due to the serious and contagious nature of COVID-19.

Section 3. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of a State of Emergency, effective as of its issuance date of March 4, 2020.

Section 4. Remote Teleconference Meetings. The staff, General Manager, and legislative bodies of AVSWCA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) February 28, 2023, which is 19 days from the adoption of this Resolution, or (ii) such time the Board of Commissioners adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of the Antelope Valley State Water Contractors Association may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Commissioners of the Antelope Valley State Water Contractors Association this 9th day of February, 2023, by the following vote:

AYES: Chair Parris, Commissioners Mac Laren-Gomez, Wilson, Hogan, Dyas

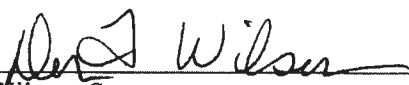
NOES:

ABSENT:

ABSTAIN:


Robert Parris, Chair

ATTEST:



Don Wilson, Secretary

APPROVED AS TO FORM:



Aleshire & Wynder, LLP, General Counsel

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: June 15, 2023 **June 26, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 8.2.a – JUNE 2023 GENERAL MANAGER REPORT***

The following is the June 2023 report to the Board of activities through May 2023. It is organized to follow the District’s 2022 Strategic Plan approved in October 2022 and composed of six strategic initiatives. The initiatives follow for reference. It is intended to provide a general framework to update the month’s activities.

PWD 2022 STRATEGIC PLAN SUMMARY



Water Resource Reliability: *Resilience, Development, Partnership*

Support and participate with local agencies in the development of projects and policies that improve water reliability

Maximize state and federal funding opportunities for Pure Water AV

Support projects and initiatives that increase the resilience of the State Water Project

Develop water storage options for State Water Project supplies and improve groundwater capture capabilities

Strengthen stakeholder relationships and implement Littlerock Dam and Reservoir Sediment Removal Project



Organizational Excellence: *Train, Perform, Reward*

Offer competitive compensation and benefits package for employee recruitment and retention

Focus Succession Planning Program on ensuring an overlap of training for key positions

Continue providing transparency to our ratepayers through training for the ongoing achievement of the Districts of Distinction certification

Encourage cohesiveness, transparency, and integrity within the staff through Codes of Conduct and increased accountability

Ensure employees are trained on the Strategic Plan and the District’s Values of Diversity, Integrity, Teamwork, and Passion

Improve safety for Directors, employees, and customers

Develop career paths at the District for interns and pursue state and federal funding for intern programs

Cultivate a positive culture and increase employee engagement



Systems Efficiency: *Independence, Technology, Research*

Explore energy independence and evaluate the feasibility of energy options, including wind and solar

Incorporate more energy efficient technologies into the District’s infrastructure

Research state-of-the-art treatment techniques to enhance systems efficiency

Re-evaluate Lake Palmdale by-pass pipeline and pursue funding options

Improve Palmdale Ditch to reduce water loss



Financial Health and Stability: *Strength, Consistency, Balance*

Pursue grant funding for District projects and operations

Maintain the five-year financial plan adopted as part of the 2019 Water Rate Study, including the five-year Capital Improvement Plan

Conduct and adopt a 2024 five-year Water Rate Plan

Build adequate reserve levels and achieve high-level bond rating

Seek potential revenue sources from vacant District properties

Monitor finances, operations, and projects affected by emergencies

Digitize and document departmental workflows



Regional Leadership: *Engage, Lead, Progress*

Continue to provide opportunities and information for local businesses and agencies to contract with the District

Continue to collaborate with neighboring water agencies and move to include more agencies throughout and outside of the Antelope Valley through Greater Antelope Valley Mutual Response Agreements and emergency response exercises

Develop working relationships and mutually beneficial projects with other water agencies in the District's region

Develop strategies, alliances, and funding to make Littlerock Dam and Reservoir recreational again

Continue Memorandum of Understanding with United Water Conservation District to combine political forces to obtain grant funding and research other joint cooperative regional efforts

Continue representation on larger regional organizations such as the California Special Districts Association (CSDA) and the Association of California Water Agencies (ACWA) and assist with the growth and influence of the Special Districts Association of North Los Angeles County, a CSDA local chapter



Customer Care, Advocacy and Outreach: *Promote, Educate, Support*

Enhance customers' experience through communication and feedback

Expand and market additional payment options

Continue to increase public awareness of current programs and services through traditional and new media platforms

Engage elected officials and the public on the importance of local and state water reliability issues

Complete conversion to an Advanced Metering Infrastructure (AMI) to increase customers' knowledge of water use and promote customer self-help portal

Continue to increase public awareness of the on-going drought and the importance of conservation efforts

Publicize, engage, and educate the community about Pure Water AV

Overview

This report also includes charts that show the effects of the District's efforts in several areas. They are organized within each strategic initiative and include status of the State Water Resources Control Board's (SWRCB) former long-term conservation orders (20 x 2020), the District's total per capita water use trends, 2023 actual water production and customer use graph, mainline leaks, and the water loss trends for both 12- and 24-month running averages.



Water Resource Reliability *Resilience, Development, Partnership*

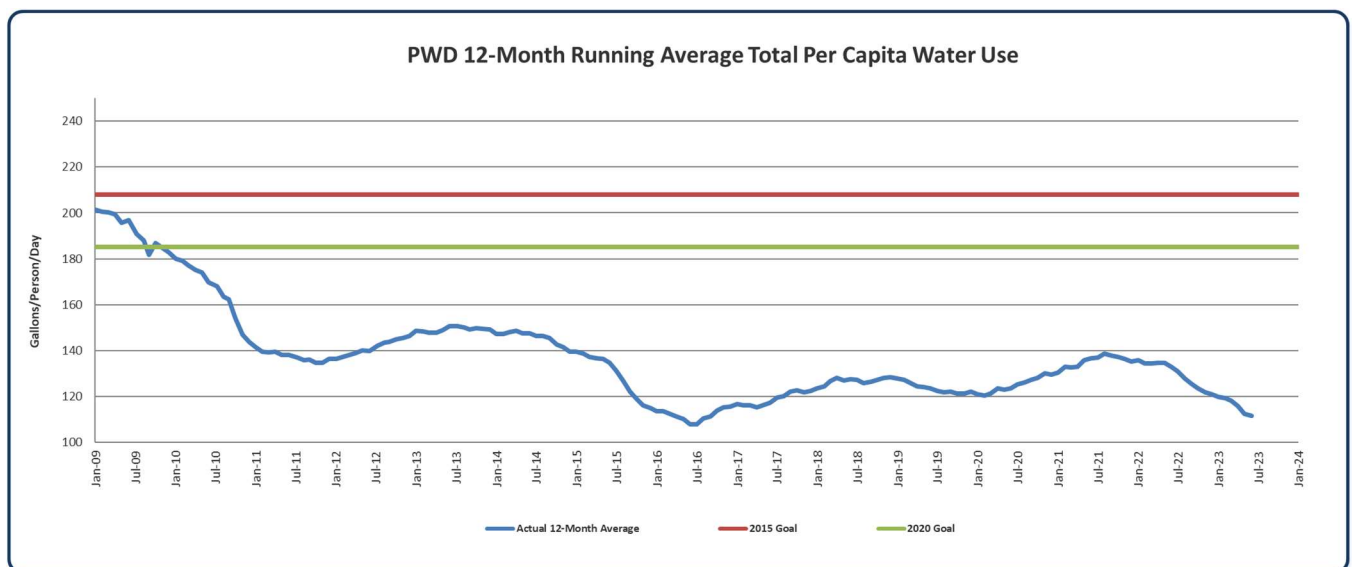
This initiative includes conservation efforts, water supply projects, and water planning.

Recent highlights are as follows:

Overall Water Use Goals and Compliance

The 2020 Urban Water Management Plan was adopted by the District in June 2021. It does not relate the District’s water use to the upcoming agency water budget requirement. Until these criteria are finalized, the customers’ performance is shown in this report using the 20 x 2020 requirements.

The District’s compliance with the former 20 x 2020 law is evident from the chart titled “PWD 12-Month Running Average Total Per Capita Water Use:”



The District’s customers have cut their water use by **51.5%** from the baseline number of 231 re-established in the 2020 Urban Water Management Plan and met the 2020 Goal in early 2010. The current Metered-GPCD is 112 showing our customers continued reduced usage.

Water Supply Information

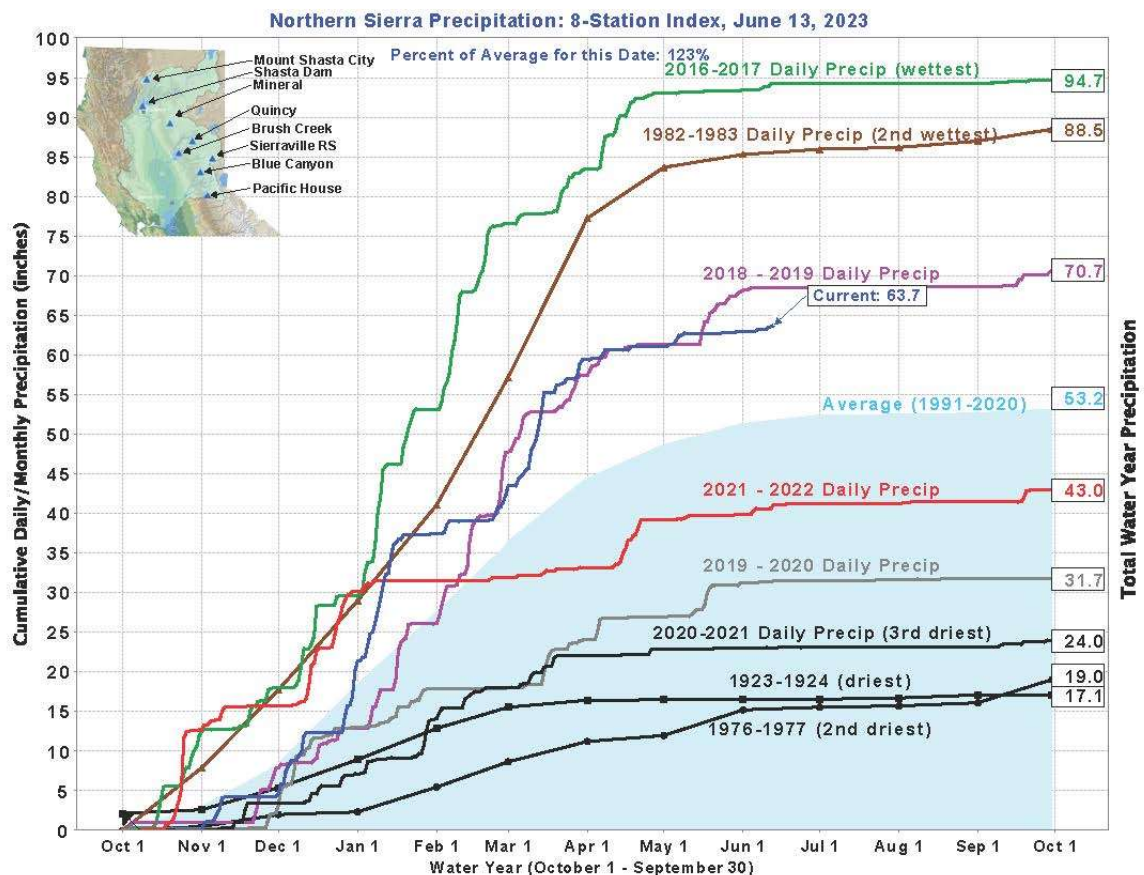
- The AV Adjudication is now entering its eighth year, and the rampdown to the native safe yield is complete. The District’s 2023 groundwater production right is as follows:

Native Yield:	2,769.63 AF
Unused Federal Rights:	1,440.51 AF
Imported Return Flows:	3,338.97 AF
Transfer (LCID):	<u>(250.00 AF)</u>
2023 Adjudicated Total:	7,299.11 AF
Unused Carryover:	<u>8,497.64 AF</u>

2023 Rights Available: 15,796.75 AF

- The 2023 Water Resources Plan is to produce a minimum of 4,200 AF of groundwater to use the native and unused Federal production rights. The remainder of available groundwater production rights will be carried over for use in future years. Treated surface water will be used to meet the remainder, approximately 12,000 AF, of our customers’ demand. This plan is possible due to the 100% allocation from the SWP and diverted surface water from Littlerock Reservoir.

Precipitation in the area that contributes to the State Water Project is now at 120% of average for the entire 2022-2023 Water Year (October through September) and 123% for this date. The June 13, 2023 Northern Sierra precipitation is as follows:



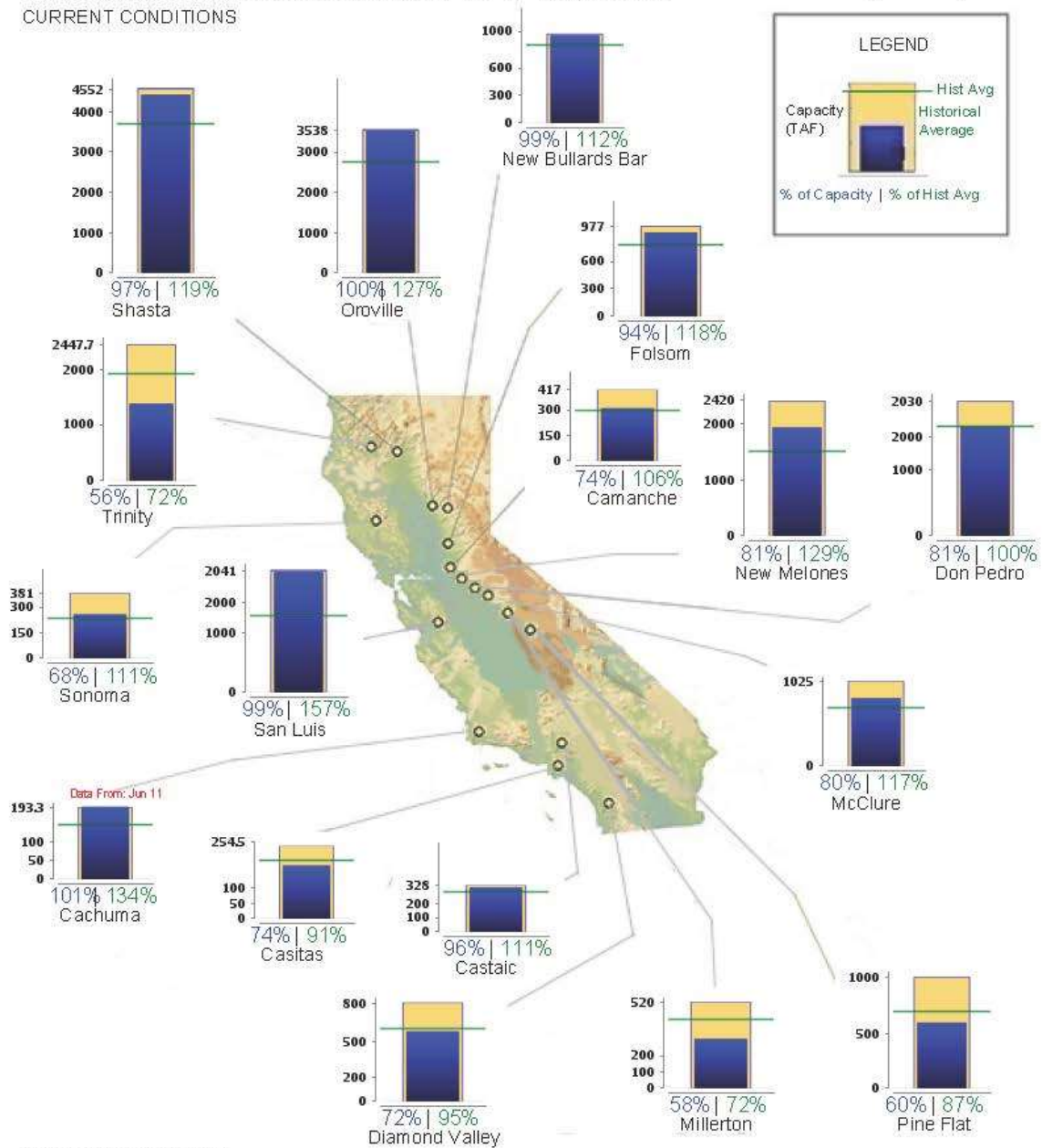
The June 13, 2023 major reservoir summary is as follows:



CALIFORNIA MAJOR WATER SUPPLY RESERVOIRS

Midnight - June 12, 2023

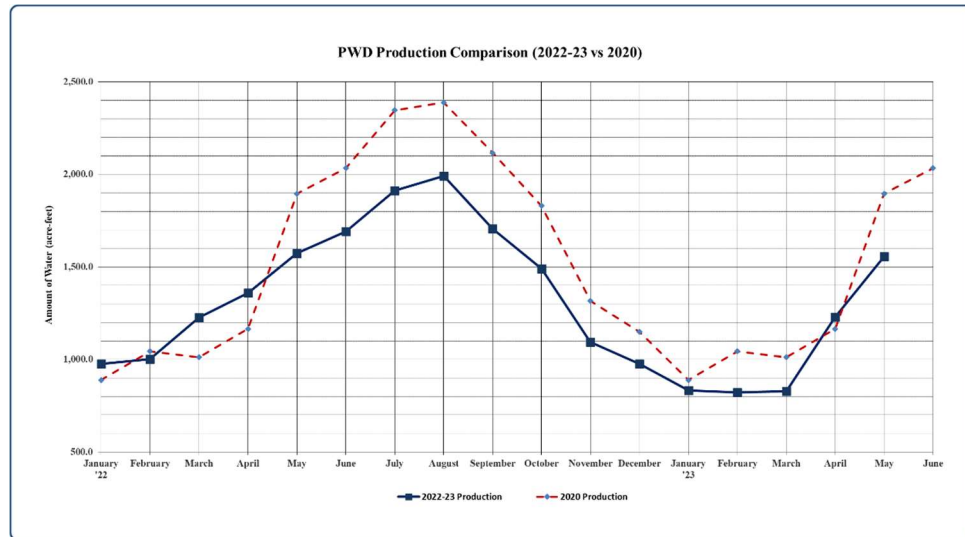
CURRENT CONDITIONS



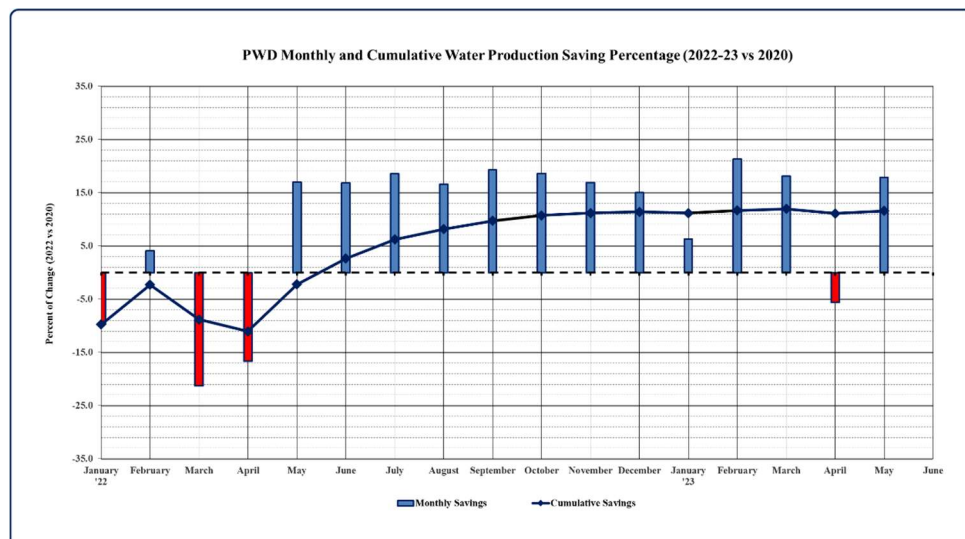
Updated 06/13/2023 11:18 AM

2021-2023 Drought Wrap-up

- The following graphs help to show the drought response and current use by our customers. The first graph, “PWD Production Comparison (2022-23 vs 2020),” shows the monthly water production in both 2022-23 and 2020. Water production this year is returning to 2020 levels, though still somewhat lower due to the wet winter.



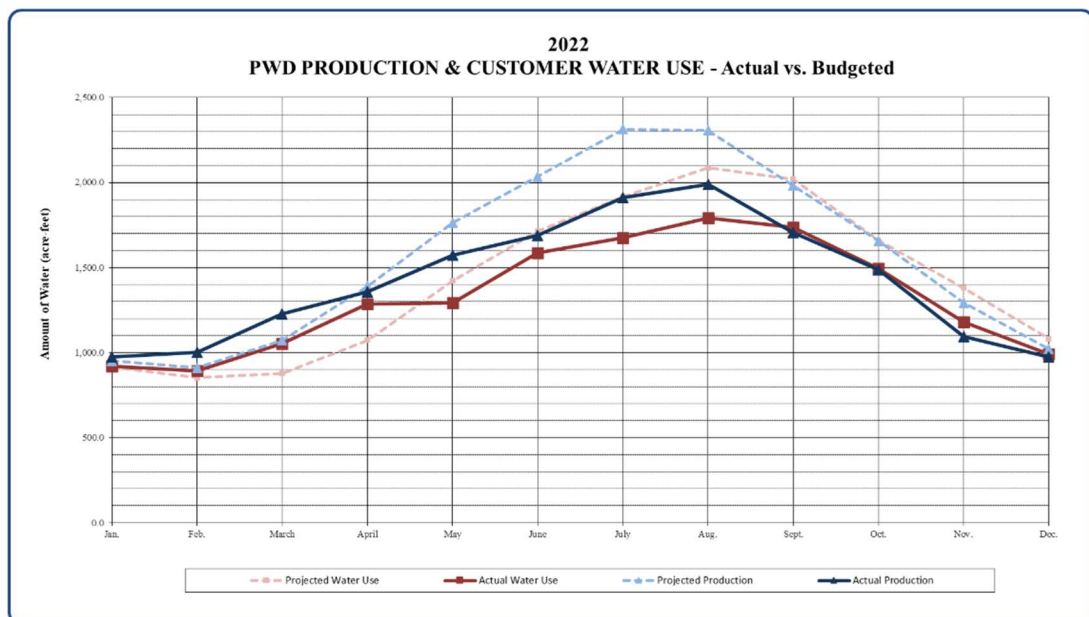
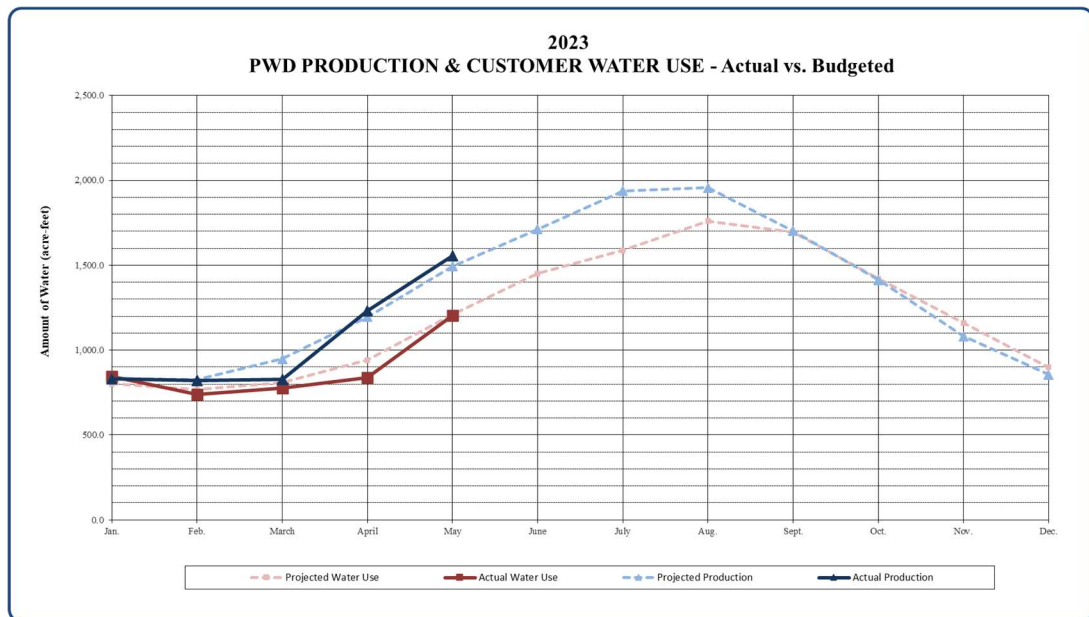
The second graph, “PWD Monthly and Cumulative Water Production Saving Percentage (2022-23 vs. 2020),” illustrates the difference between each month in 2022-23 and 2020. Less production, or **savings**, in 2022-23 is shown in **blue** and more production is shown in **red**. This shows that customers are responding to the drought from May 2022 to May 2023 with 17.9% lower use in 2023. It also shows the cumulative savings from January 2022 through May 2023 of 11.6%.



2023 and Historical Water Use Information

- The following graph is the projected monthly water consumption and production for 2023 based on the prior five years of actual monthly information. The projected total consumption is based on the 2023 Budget amount of 14,500 AF, an 8.8% reduction from 2022 actual water use.

Actual amounts are shown through May 2023. The 2022 graph shows the projected and actual water use for that year.



Other Items

- The Littlerock Reservoir Sediment Removal Project (Project) Environmental Impact Report/Environmental Impact Statement (EIR/EIS) was fully approved in 2017. The Project consists of three phases. The Grade Control Structure is Phase 1 and was completed in January 2020.

Phase II is the removal of 1.2 million cubic yards (CY) of sediment from the reservoir. Staff worked with Aspen Environmental to secure all the necessary permits for this year from Labor Day through December. The project was advertised, and bids were opened for the full first year of sediment removal. However, the bids were rejected due to the high costs. Staff negotiated with interested contractors on a smaller project for 2022. Work began the week of September 12, 2022 and ended in November due to rainfall. A total of 58,418 cubic yards, or 36 AF, of sediment were removed.

- The focus of using recycled water for a stable potable water supply has shifted to advanced water treatment and groundwater augmentation called Pure Water AV. The program management firm assisting the District with the project is Stantec. Current activities include evaluating project delivery methods, developing a funding strategy, and the demonstration facility design.

Staff is working with the Sanitation Districts of Los Angeles County, District 20 (LASD) and the City of Palmdale as collaborators or partners in the project. Pure Water AV will put the already highly treated tertiary recycled water to a higher beneficial use and satisfies LASD's goals for use of the water. The City is interested in the project for the potential benefits to the area's parks and landscaping without the construction of a purple pipe distribution system.

- The Upper Amargosa Creek Recharge Project construction is complete. The project partners, City of Palmdale, LA County Waterworks, and AVEK are now finalizing the operation and maintenance agreement.

The City of Palmdale recently notified the project partners about the mitigation requirements and costs. The two stages, 11.28 acres and 38.72 acres, of mitigation are being finalized with the regulatory agencies. The estimated construction costs are \$1,715,662 and \$3,567,595, respectively, and will be built several years apart. The City received \$1,000,000 in grant funding toward the first phase costs. The District's anticipated share for the first phase is approximately \$75,000.

The Project is operating this year due to the available water from the SWP. Natural runoff in Amargosa Creek is limiting the amount of recharge so far this year. However, the District expects to be able to recharge approximately 1,600 AF during the year.

- Littlerock Creek Wash recharge: AVEK, LCID, and the District have an agreement with DWR and the AV Watermaster Engineer to use Littlerock Wash to recharge available Article 21, beyond the District’s Table “A”, SWP water. Due to the availability of Article 21 water until July, a combined total of over 5,000 AF is expected to be recharged through this program.
- The 2022 Strategic Water Resources Plan is completing the last steps needed for the Board to consider in June or July. It looks at the water demands and supplies through 2050, identifies packages of projects to provide additional water supplies, and looks at how they will be financed. After the Board’s action, a programmatic EIR will be done to cover the proposed projects.
- Delta Conveyance Design and Construction Authority (DCA): This joint power authority is responsible for the environmental, design, and engineering of the project and works with the Department of Water Resources (DWR) on the project. The Board includes two seats for the East Branch, Class 8, of the California Aqueduct. The Class 8 agencies are AVEK, PWD, Littlerock Creek Irrigation District (LCID), Mojave Water Agency (MWA), Crestline-Lake Arrowhead Water Agency, San Gabriel Valley Municipal Water District, San Bernardino Valley Municipal Water District (SBVMWD), San Gorgonio Pass Water Agency, Desert Water Agency, and Coachella Valley Water District (CVWD).

The Delta Conveyance Project (DCP) is in the process of compiling the Final EIR for the project. The Draft EIR was available for public review from July 27, 2022 to December 2022. Thousands of comments were received and are being addressed. A Final EIR is expected late this year or early in 2024.



Organizational Excellence *Train, Perform, Reward*

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

- Nearly 80 percent of the District’s staff is required to have certifications or licenses issued by the State of California. Many of these have continuing education requirements which must be met by technical training.

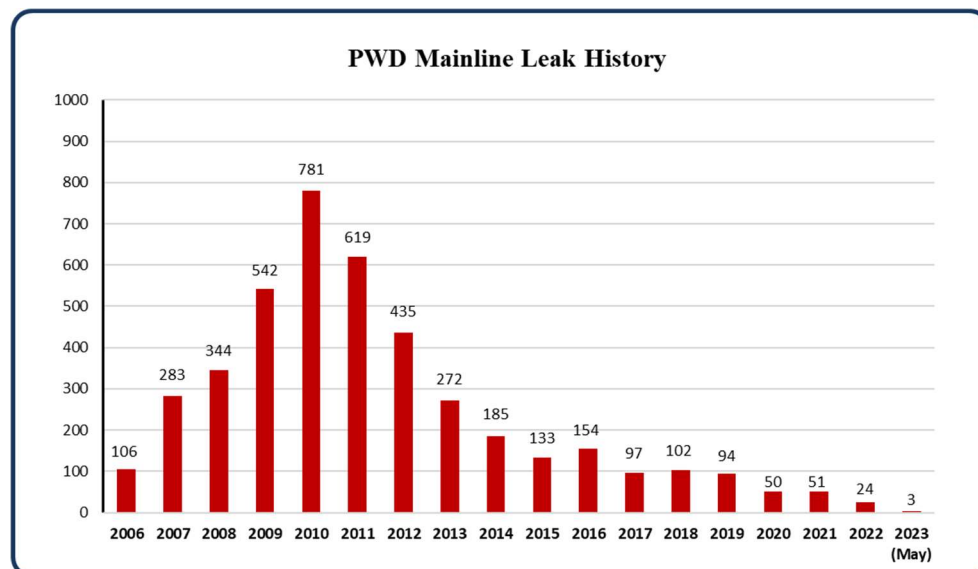
- The District has continued to find ways for internships and training opportunities for college and high school students who are interested in the water industry.
- Staff completed the applications to renew the District Transparency Certificate of Excellence and District of Distinction, Platinum Level. They will both be presented to the District by SDLV in June.
- Staff is beginning to use the telecommuting policy. It allows schedules with a maximum of 25% of time working out of the office.
- An Ad-Hoc Committee was approved and met to begin planning the General Manager recruitment process for 2024. The Board approved the recommendations of using an external recruitment firm and the goal of having a successful candidate start on June 1, 2024.



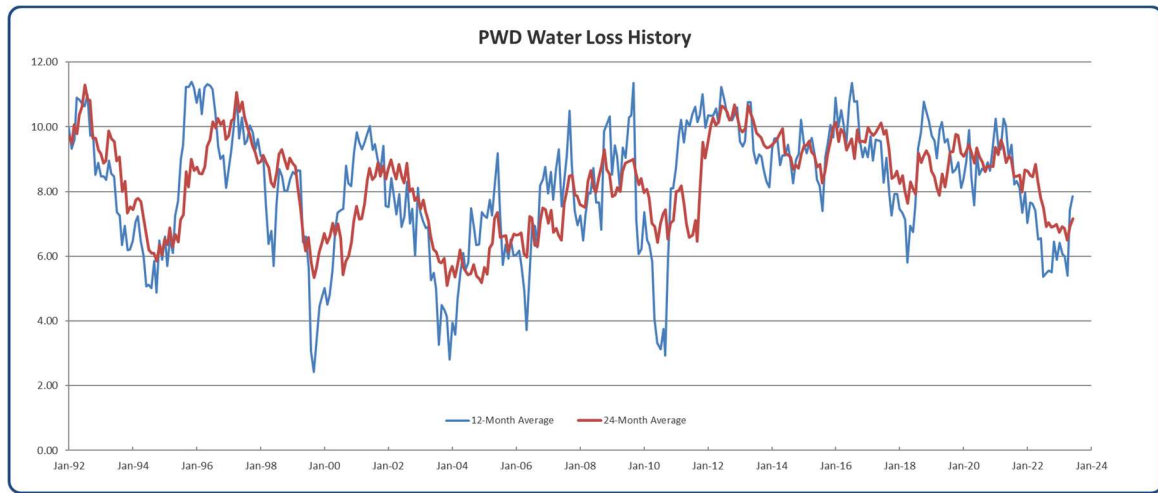
Systems Efficiency *Independence, Technology, Research*

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

- The effects of the District’s past efforts in replacing failing water mains can be seen in the reduced number of mainline leaks. There are three (3) mainline leaks through May 2023, and 20 service line leaks. This is illustrated in the following chart titled “PWD Mainline Leak History.”



- Additional water main replacement projects are being designed for construction as planned in the 2019 Water Rate Plan. A number of projects were completed in 2022. The next project at Avenue R and 27th Street East will be completed by staff.
- The positive effect of both water main and water meter replacement programs is also shown on the chart titled “PWD Water Loss History.” The running average for water losses is nearly 6%.



- The use of batteries for backup power is complete and operational at four booster facilities. This program was funded and managed by the California Public Utilities Commission. The grant funds went directly to Tesla and its contractors. Tesla will maintain these facilities for ten years.
- The District approved two solar PV projects to provide energy for wells, the clearwell booster, and the Leslie O. Carter Water Treatment Plant in December. One will be located north of the maintenance yard and will provide power for a set of wells. The other will be located between Avenue S and Avenue R-8 on the west side of the railroad tracks. It will provide power for the clearwell booster and Leslie O. Carter Water Treatment Plant. Construction work is expected to begin later this summer.
- The Resources and Facilities Committee and Board have approved contracts to address improvements needed for the 6 Million Gallon (6M) tank used as the clearwell for treated water from the Leslie O. Carter Water Treatment Plant. Tank industry Consultants (TIC) was hired by the District a few years ago to inspect the District’s tanks, including the 6M. The executive summary of their 2022 report was distributed to the Board on April 12, 2023 and is the basis of the awarded work.

Staff has completed some of TIC’s recommendations. Other recommendations will be addressed as possible until the 6M can be taken out of service. This will be possible after the new 2950’ booster station at the 3M tank is completed and the 3M can be used as the clearwell. Meanwhile, staff is ensuring the 6M is operating safely.



Financial Health and Stability *Strength, Consistency, Balance*

- The Littlerock Sediment Removal Project was awarded \$1,100,000 through the AVIRWMP Grant Program in the current round of funding due to Phase II being suspended. This grant is part of the \$2.8M the District used for sediment removal last year.
- Staff is beginning to collect information to prepared for the new water rate study in 2024. The timeline is tentative at this time. The process will include issuing a request for proposals for a financial consultant, the development of forecasts of expenses and needed revenues, public input, and the adoption of a new water rate plan.
- Fitch Ratings reviewed the District’s bond rating in December 2022. The review affirmed the District’s rating with them of “A+” with a stable outlook. This is a good result considering the uncertainty of operating in the COVID-19 pandemic.
- The District is seeking assistance from the State’s SAFER Program to provide water service to the Alpine Springs Mobile Home Park on Sierra Highway. It has poor water quality from its well, has several health violations, and now relies on hauled water. Maria Kennedy, Kennedy Communications, is experienced with these programs and is contracted with the District to accomplish it. An agreement is now in place to fund water hauling until the connection to the District is approved by the State, constructed, and operational.
- Staff, financial advisors, and engineering consultants are beginning to work on financing options for upcoming projects. These include a municipal bond issue, private placement financing, state and federal grants, and state and federal loan programs.



Regional Leadership *Engage, Lead, Progress*

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:

- Activities of the Palmdale Recycled Water Authority (PRWA), AV Integrated Regional Water Management Plan (IRWMP), and Antelope Valley State Water Contractors

Association have continued. The District has leadership positions in these organizations. District staff is active in the local chambers, AV EDGE, regional human resources, and public information organizations.

- The PWRA Board consists of two Palmdale City Councilmembers, two PWD Board members, and a public director, Zakeya Anson. Construction of new purple pipe with PRWA are on hold as the District works on the Pure Water AV Project.
- The District staff has completed its portion of the work to transition Antelope Valley Watermaster Board (AVWB) administration to the Hallmark Group. Staff has also assisted Hallmark in clarifying finances.
- The “PWD Water Ambassador Academy” (WAA) is scheduled in April 2023 and a one-day Junior WAA is being discussed for later this year.
- The District and other members of the Public Water Agencies Group (PWAG) share the services of an Emergency Preparedness Coordinator. This approach also helped the District successfully comply with the America’s Water Infrastructure Act (AWIA) of 2018 and respond to the COVID-19 event.
- Staff has taken a lead role in developing and implementing a valley-wide mutual aid agreement for agencies and mutual water companies.

United Water Conservation District Memorandum of Understanding

The District and United Water Conservation District (United) approved a memorandum of understanding (MOU) to work cooperatively on projects where our interests overlap. These include internships and cooperation with community colleges, combined recreational funding for Piru and Littlerock Reservoir recreational improvements, and assistance and funding of advanced treatment of recycled or brackish water for potable use projects.

This MOU and our joint activities were the subject of a presentation given at the 2022 CSDA Annual Conference by United General Manager and me. The presentation and associated article were well received and generated positive interest and a number of questions.

There have been several meetings between District staff and United Human Resources staff to discuss apprenticeship programs, intern programs, and work with three community college districts to support water-related curriculum. The first action item from these meetings was the funding of PWD interns for 2022. Participation in interview panels and the development of a mutual aid agreement are also being done.

Recreation staff from United met with District staff and visited the Littlerock Recreation Area in March. They provided good advice and input on a rough plan for helping the Area open in 2024. Staff worked with the Angeles National Forest (ANF) as the first step in clearing the prior recreational concessionaire's property in the recreational area. All the property now belongs to the ANF. A hazardous material survey is being funded to begin the process of clearing the site.

Several other meetings have been held regarding the use of available State Water Project (SWP) supplies. District and United staffs are working with other East Branch SWP contractors on ways to recategorize water and avoid having water go unused. This is expected to make additional water available for United and the District. A draft term sheet will be drafted and presented to both Boards in early 2023 for SWP exchanges.

Additional coordination will also be focused on both agency's advanced water treatment projects. The United project will treat brackish groundwater for a potable use by the military. The PWD project, Pure Water AV, will treat tertiary water for potable use by our customers. Once Pure Water AV is more established, joint meetings with state and federal representatives will be held to get funding assistance. Staff also visited United's desilting basin in November to observe United's sediment removal process.

Lastly, I have proposed regular meetings of both Boards' liaisons and general managers. These will help us stay coordinated and make sure our efforts are productive despite the passing of Dr. Mathis. A dinner meeting was held in April and another at the ACWA Spring Conference in May. The items discussed include whether to find another consultant to assist the districts, coordinating our lobbying activities, and updating our advanced water treatment project information.

Staff is also continuing work on a potential SWP exchange agreement. The amount and timing of the exchange are still being determined but are expected before the end of the year.



Customer Care, Advocacy, and Outreach *Promote, Educate, Support*

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

- The ability to make payments at 7-Eleven and Family Dollar Store as well as all electronic forms of payment critical for customers during the COVID-19 event. Despite the open lobby, some customers have stayed with alternate payment methods.

- The Rate Assistance Program reached capacity by February. Staff continually monitors it for openings and will begin taking applications for 2023 in November 2022. The Board approved changes to the program to increase the funds, standardize the monthly assistance to \$20.00 per month, and provide assistance to 700 customer accounts in 2023. The program is fully enrolled as of the end of February.
- Staff successfully conducted virtual coffee meetings with Directors and their constituents, online “Let’s Talk H2O” meetings, issued regular internal and public newsletters, coordinated drive-through giveaways for customers, an in-person customer appreciation day, monitored and maintained the District’s social media, and assisted with information for the current drought. In-person workshops have also been held.
- Staff has finished updating the public website and beginning work to complete the intranet.
- Legislative staff from our elected state officials will begin providing the Board bimonthly updates on their activities in July.