

PALMDALE RECYCLED WATER AUTHORITY (PRWA)
HELD AT CITY OF PALMDALE
CITY HALL COUNCIL CHAMBER
38300 SIERRA HIGHWAY, SUITE B
PALMDALE, CALIFORNIA
REGULAR MEETING AGENDA NO. 44
NOVEMBER 19, 2018
7:00 P.M.
www.cityofpalmdale.org
www.palmdalewater.org

WELCOME

NOTE: Materials related to an item on this Agenda submitted to the Palmdale Recycled Water Authority Board of Directors, or after distribution of the agenda packet, are available for public inspection at the City of Palmdale City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California, and at the Palmdale Water District, 2029 East Avenue Q, Palmdale, California during normal business hours and will also be available at the meeting. Those items provided by others at the meeting will be available at City Hall during normal business hours.

A **three-minute time limit** will be imposed on all speakers other than staff members.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability-related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call the City of Palmdale Office of the City Clerk at least 48 hours prior to the meeting.

Your courtesy is requested to help our meeting run smoothly. If you'll be kind enough to follow these simple rules, we can make the best possible use of your time and ours:

- Please refrain from public displays or outbursts such as unsolicited applause, comments, cheering, foul language, or obscenities.
- Any disruptive activities that substantially interfere with the ability of the Board of Directors to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Please turn off or mute your cell phones and mobile devices.

1. **CALL TO ORDER.**

2. **PLEDGE OF ALLEGIANCE.**

3. **ROLL CALL: CHAIR AUSTIN BISHOP AND DIRECTORS KATHY MAC LAREN, VINCENT DINO, JUAN CARRILLO, AND HELEN VELADOR**

4. **CONSENT CALENDAR – PUBLIC COMMENTS ONLY:** If you wish to comment on any item(s) listed on the Consent Calendar on this agenda, please come forward to the podium and state the item number(s) and your comments. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

5. **CONSENT CALENDAR:**
NOTICE: All matters listed under the Consent Calendar will be enacted by one motion unless an item(s) is pulled by the Board, in which case the item(s) will be removed from the Calendar and will be considered separately following this portion of the Agenda.
 - 5.1 Approve the Minutes from the previous meeting held on September 17, 2018 (7pm). (Staff Reference: Authority Secretary Smith)
 - 5.2 Approve receive and file the Treasurer's Report for the eight months ending August 31, 2018. (Staff Reference: Treasurer-Auditor Williams)
 - 5.3 Approve receive and file the Treasurer's Report for the nine months ending September 30, 2018. (Staff Reference: Treasurer-Auditor Williams)

Staff Recommendation: Move to approve the recommendations and findings on all items listed under this Consent Calendar. (Voice Vote - Requires a majority to approve.)

6. ACTION CALENDAR:

- 6.1 RESOLUTION NO. PRWA 2018-005, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE ADOPTION OF THE PALMDALE RECYCLED WATER AUTHORITY 2019 BUDGET. (Staff Reference: Treasurer-Auditor Williams)

Call for Public Comments

Staff Recommendation: Move to Adopt Resolution No. PRWA 2018-005. (Vote by Roll Call – requires a majority to adopt and/or approve and per Section 4.9(e) of the Authority’s Joint Exercise of Powers Agreement, the affirmative vote of at least one director from each member agency.)

7. SPECIAL REPORT:

- 7.1 Presentation from Peter Thompson Jr., Assistant General Manager of the Antelope Valley State Water Project Contractors Association, on constructing a portion of the North LA/Kern County Regional Recycled Water Plan to serve agricultural demands northeast of Plant 42. (Staff Reference: Executive Director LaMoreaux)

There is no staff report for this item.

8. NEW BUSINESS:

- 8.1 Discussion and possible action regarding the draft agreement with the Sanitation District for the temporary pump station. (Staff Reference: Executive Director LaMoreaux)

There is no staff report for this item.

ATTACHMENT: 1) Draft Agreement with the Sanitation District

- 9. NON-AGENDA ITEMS - PUBLIC COMMENTS:** This portion of the Agenda allows an individual the opportunity to address the Board of Directors on any subject regarding Palmdale Recycled Water Authority business. Under state legislation, no action can be taken on items not specifically referenced on the Agenda. **PLEASE NOTE: A three-minute time limit** will be imposed on each speaker other than staff members.

10. REQUESTS FOR NEW AGENDA ITEMS:

11. INFORMATIONAL REPORT OF THE BOARD OF DIRECTORS, EXECUTIVE DIRECTOR, AND ASSISTANT EXECUTIVE DIRECTOR.

12. ADJOURNMENT.

Complete packets can be viewed at City Hall, located at 38300 Sierra Highway, Suite A, Palmdale, California; Palmdale Water District, 2029 East Avenue Q, Palmdale, California, and the Main Library, located at 700 East Palmdale Boulevard, Palmdale, California. You can also view the Agenda for the Palmdale Recycled Water Authority on the City's website at www.cityofpalmdale.org or the Palmdale Water District website at www.palmdalewater.org.

Thank you for attending your Palmdale Recycled Water Authority meeting. If you have any further questions, please contact the Secretary's Office at (661) 267-5151, Monday through Thursday, 7:30 a.m. to 6:00 p.m., closed every Friday.

**PALMDALE RECYCLED
WATER AUTHORITY
BOARD MEMORANDUM**

DATE: October 8, 2018 **November 19, 2018**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Michael Williams, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

RE: AGENDA ITEM NO 5.2 – TREASURER’S REPORT FOR AUGUST 31, 2018

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors to receive and file the Treasurer’s Report for the eight months ending August 31, 2018.

Background:

To comply with provisions required by Section 4.13 of the Joint Powers of Authority Agreement and responsibilities of Treasurer, a Financial Report is prepared and submitted to the Board of Directors who certifies the availability of funds for the reports presented. These reports are hereby submitted to the Board of Directors for ratification.

Financial Impact:

As of August 31, 2018, the PRWA has \$1,540,655.52 cash in the bank. PRWA earned \$160.01 in interest, received \$608,937.90 in receivables and there were \$4,793.60 in expenses and fees paid for the month.

Supporting Documents:

Treasurer’s Report for month ending August 31, 2018
Balance Sheet for period ending August 31, 2018.
Income Statement for period ending August 31, 2018.

**Palmdale Recycled Water Authority
Treasurer's Report
Month Ended August 31, 2018**

Cash/Funds Available and held at Bank of America & Citizens Business Bank:	
Bank Balance, beginning August 1, 2018	938,163.29
Less: Expenses Paid	(4,725.00)
Less: Bank Fees Paid (Credit Card Processing)	(68.60)
Add: Deposits Made	608,937.90
Add: Interest Earned	160.01
Add: Deposit in Transit	-
Outstanding Check (Ledger Tie-Out)	(1,811.98)
Bank Balance, ending August 31, 2018	1,540,655.62
Less: Accounts Payable	-
Less: Accrued Purchases	(7,382.51)
Less: Accrued Payroll Taxes	-
Less: Deposits - Customer	(4,000.00)
Add: Accounts Receivable	3,602.76
Adjusted Bank Balance, ending August 31, 2018	1,532,875.87

Outstanding Checks (Prior Month(s)):

August Checks Issued:

Granite Const. - Deposit Refund	648.64
Vavrinek, Trine, Day & Co., LLP - Audit Final Pymt	4,725.00
Henkels & McCoy Group - Deposit Refund	1,163.34

Total Checks Issued	6,536.98
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**Palmdale Recycled Water Authority
Balance Sheet
For the Eight Months Ending 8/31/2018**

	<u>YTD</u>
ASSETS	
Bank of America - Checking	\$940,656
Citizens Business Bank - Checking	\$600,000
Prepaid Memberships	
Accounts Receivable	
- Water	3,603
- Government Agency	
Property, Plant and Equipment, net	<u>1,820,291</u>
Total Assets	<u><u>\$3,364,550</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES	
Accounts Payable	
Accrued Expense	7,383
Deposits - Customer	<u>4,000</u>
Total Liabilities	<u>11,383</u>
FUND BALANCE	
Unassigned	<u>3,353,167</u>
Total Fund Balance	<u>3,353,167</u>
Total Liabilities and Fund Balance	<u><u>\$3,364,550</u></u>

**Palmdale Recycled Water Authority
Income Statement - Current and YTD
For the Eight Months Ending 8/31/2018**

	August	YTD
REVENUES:		
Contributions - Palmdale Water District		\$300,000.00
Contributions - City of Palmdale		300,000.00
Grant Funds		
Water Sales	5,075.78	58,032.03
Interest Earnings	160.01	1,230.29
Total Revenue	\$5,235.79	\$659,262.32
EXPEDITURES:		
General Government		
Public Representative - Payroll Tax Expense (Employer)		45.90
Public Representative - Travel & Meeting		600.00
Banking Fees	68.60	358.74
Provision for Bad Debt		
Memberships		2,996.00
Operating Supplies		
Marketing & Outreach		
Travel & Meeting		
Permits & Fees		
Utilities - Purchased Water		
Materials & Supplies		
Maint. & Repair - Water System		
	\$68.60	\$4,000.64
Public Resource		
Contracted Services - Professional Svcs		10,225.00
Contracted Services - Audit		10,225.00
	\$68.60	\$14,225.64
Non-Cash Operating Expense		
Depreciation	4,450.59	35,604.72
Non-Operating Revenue		
Capital Contribution		(\$35,604.72)
	(\$4,450.59)	(\$35,604.72)
Change in Net Position	\$716.60	\$609,431.96
Net Position - Beginning of Year		2,743,735.05
Net Position - End of Year	\$716.60	\$3,353,167.01

**PALMDALE RECYCLED
WATER AUTHORITY
BOARD MEMORANDUM**

DATE: November 13, 2018 November 19, 2018
TO: BOARD OF DIRECTORS Board Meeting
FROM: Michael Williams, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

RE: AGENDA ITEM NO 5.3 – TREASURER’S REPORT FOR SEPTEMBER 30, 2018

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends the Board of Directors to receive and file the Treasurer’s Report for the nine months ending September 30, 2018.

Background:

To comply with provisions required by Section 4.13 of the Joint Powers of Authority Agreement and responsibilities of Treasurer, a Financial Report is prepared and submitted to the Board of Directors who certifies the availability of funds for the reports presented. These reports are hereby submitted to the Board of Directors for ratification.

Financial Impact:

As of September 30, 2018, the PRWA has \$1,541,774.45 cash in the bank. PRWA earned \$154.68 in interest, received \$4,495.63 in receivables and there were \$3,508.52 in expenses and fees paid for the month.

Supporting Documents:

Treasurer’s Report for month ending September 30, 2018
Balance Sheet for period ending September 30, 2018.
Income Statement for period ending September 30, 2018.

**Palmdale Recycled Water Authority
Treasurer's Report
Month Ended September 30, 2018**

Cash/Funds Available and held at Bank of America & Citizens Business Bank:	
Bank Balance, beginning September 1, 2018	1,540,655.62
Less: Expenses Paid	(3,531.48)
Less: Bank Fees Paid (Credit Card Processing)	-
Add: Deposits Made	4,495.63
Add: Interest Earned	154.68
Add: Deposit in Transit	-
Outstanding Check (Ledger Tie-Out)	-
Bank Balance, ending September 30, 2018	1,541,774.45
Less: Accounts Payable	(1,041.50)
Less: Accrued Purchases	(7,382.51)
Less: Accrued Payroll Taxes	-
Less: Deposits - Customer	(4,000.00)
Add: Accounts Receivable	6,729.67
Adjusted Bank Balance, ending September 30, 2018	1,536,080.11

Outstanding Checks (Prior Month(s)):

September Checks Issued:

Director Pay - Meetings & Business Expense Reimbursement	138.52
Allied World Assurance Company - Liability Insurance	3,370.00

Total Checks Issued	3,508.52
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**Palmdale Recycled Water Authority
Balance Sheet
For the Nine Months Ending 9/30/2018**

	<u>YTD</u>
ASSETS	
Bank of America - Checking	\$940,649
Citizens Business Bank - Checking	\$601,126
Prepaid Memberships	
Prepaid Insurance	3,370
Accounts Receivable	
- Water	6,730
- Government Agency	
Property, Plant and Equipment, net	<u>1,815,841</u>
Total Assets	<u><u>\$3,367,715</u></u>
 LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	\$1,042
Accrued Expense	7,383
Deposits - Customer	4,000
Total Liabilities	<u>12,424</u>
FUND BALANCE	
Unassigned	<u>3,355,291</u>
Total Fund Balance	<u>3,355,291</u>
Total Liabilities and Fund Balance	<u><u>\$3,367,715</u></u>

**Palmdale Recycled Water Authority
Income Statement - Current and YTD
For the Nine Months Ending 9/30/2018**

	September	YTD
REVENUES:		
Contributions - Palmdale Water District		\$300,000.00
Contributions - City of Palmdale		300,000.00
Grant Funds		
Water Sales	6,581.04	64,613.07
Interest Earnings	154.68	1,384.97
Total Revenue	\$6,735.72	\$665,998.04
 EXPEDITURES:		
General Government		
Public Representative - Payroll Tax Expense (Employer)	11.48	57.38
Public Representative - Travel & Meeting	150.00	750.00
Banking Fees		358.74
Provision for Bad Debt		
Memberships		2,996.00
Operating Supplies		
Marketing & Outreach		
Travel & Meeting		
Permits & Fees		
Utilities - Purchased Water		
Materials & Supplies		
Maint. & Repair - Water System		
	\$161.48	\$4,162.12
 Public Resource		
Contracted Services - Professional Svcs		10,225.00
Contracted Services - Audit		10,225.00
	\$161.48	\$14,387.12
 Non-Cash Operating Expense		
Depreciation	4,450.59	40,055.31
Non-Operating Revenue		
Capital Contribution		(\$40,055.31)
	(\$4,450.59)	(\$40,055.31)
 Change in Net Position	 \$2,123.65	 \$611,555.61
 Net Position - Beginning of Year		 2,743,735.05
 Net Position - End of Year	 \$2,123.65	 \$3,355,290.66

**PALMDALE RECYCLED
WATER AUTHORITY
BOARD MEMORANDUM**

DATE: November 13, 2018 November 19, 2018
TO: BOARD OF DIRECTORS Board Meeting
FROM: Michael Williams, Treasurer-Auditor, PRWA
VIA: Mr. Dennis LaMoreaux, Executive Director, PRWA

**RE: AGENDA ITEM NO 6.1 – CONSIDERATION AND POSSIBLE ACTION ON
RESOLUTION NO. PRWA 2018-005 AUTHORIZING THE ADOPTION OF THE
PALMDALE RECYCLED WATER AUTHORITY 2019 BUDGET**

Recommendation:

Palmdale Recycled Water Authority (PRWA) staff recommends approving the proposed 2019 budget as presented in the 2019 Budget Document and approve Resolution No. PRWA 2018-005 authorizing the adoption of the Palmdale Recycled Water Authority 2019 Budget.

Background:

A part of the Palmdale Recycled Water Authority's duties is to create an annual operating budget. The proposed 2019 Budget highlights revenue from water sales, and member contributions. The Budget also outlines expenditures such as consulting services, training, recycled water purchases, and general operation.

As outlined in the Joint Powers Agreement Section 14.11, a line item has been included for the ability to compensate the 5th Board Member of the Authority for attendance at regular meetings. This line item is funded from revenues generated from recycled water sales.

Financial Impact:

As set forth in the 2019 Budget Document, the fiscal year is projected to result in \$1,881,564 in unappropriated reserves. Member agency contributions and the projected water sales constitute the 2019 revenue at \$682,700. The projected expenses are \$201,300 which includes \$125,000 in contracted professional services. Most of those services are carryover from 2017.

Supporting Documents:

Resolution No. PRWA 2018-005
2019 Budget Document.

RESOLUTION NO. PRWA 2018-005

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE PALMDALE RECYCLED WATER AUTHORITY AUTHORIZING THE ADOPTION OF THE PALMDALE RECYCLED WATER AUTHORITY 2019 BUDGET

WHEREAS, The Palmdale Recycled Water Authority has identified the need for a 2019 Budget, and

WHEREAS, The Palmdale Recycled Water Authority Board reviewed the Budget for calendar year 2019, and

WHEREAS, the Palmdale Recycled Water Authority considered the budget as submitted and made all changes and amendments thereto which said Authority, desired to make therein; and

WHEREAS, individual project costs have been proportionately budgeted to the respective project areas based upon the benefit attributable to the targeted project area including improving inadequate public improvements and public facilities, improving and correcting depreciated values; and,

WHEREAS, the Palmdale Recycled Water Authority has heretofore raised sufficient revenues to finance and balance said budget.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Palmdale Recycled Water Authority:

SECTION 1: The original of the Budget of the Palmdale Recycled Water Authority shall be placed on file in the office of the Authority Clerk and shall be open to public inspection.

SECTION 2: The Palmdale Recycled Water Authority hereby approves all of the adjustments to the calendar year 2019 revenues and expenditures as presented in the calendar year 2019 budget document.

SECTION 3: The Budget of the Palmdale Recycled Water Authority is hereby approved and adopted. In adopting said budget the Authority Board approved the specified amounts for each of the various programs and accounts set forth.

SECTION 4: The Authority Treasurer is hereby authorized and instructed to take all steps necessary to implement this resolution in accordance with the provisions of the budget document.

SECTION 5: Without prior approval of the Authority Board, the Executive Director shall have authority to transfer up to \$25,000 from program to program, except for shifts in appropriations relating to personnel. Any transfer of more than such amount shall be approved by the Authority Board.

SECTION 6: The Authority Treasurer, with the approval of the Executive Director shall approve the Encumbrances and Continuing Appropriations from the Authority's budget for calendar year 2019.

SECTION 7: The Budget for calendar year 2019, as submitted, amended, modified, revised, corrected, adopted, and filed by the Authority shall be the calendar year 2019 Budget for the Palmdale Recycled Water Authority. The Budget is subject to the requirements of Article XIII B of the California Constitution.

SECTION 8: The Clerk of the Authority shall certify to the adoption of this Resolution and enter it into the official records of the Authority.

PASSED, APPROVED and ADOPTED this 19th day of November, 2018, by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____ ABSENT: _____

PROPOSED

Austin Bishop, Chair

ATTEST:

Rebecca Smith,
Authority Secretary

Approved as to form:

Eric Dunn,
Authority Counsel

PALMDALE RECYCLED WATER AUTHORITY

Proposed Budget - CY 2019

Acct. #	Revenues:	CY 2014 ACTUAL	CY 2015 ACTUAL	CY 2016 ACTUAL	CY 2017 ACTUAL	CY 2018 PROJECTED	CY 2019 PROPOSED
1-00-3100-100	Contribution - Palmdale Water District	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 300,000	\$ 300,000
1-00-3100-200	Contribution - City of Palmdale	100,000	100,000	100,000	100,000	300,000	300,000
1-00-3000-000	Revenue - Water Sales	31,625	102,654	59,472	28,053	62,000	60,000
1-00-3050-000	Revenue - Meter Fees	-	10,355	31,775	22,812	20,000	20,000
1-00-3075-000	Revenue - Miscellaneous Fees	-	708	112	-	700	500
1-00-3150-000	Grants	-	-	19,418	55,582	-	-
1-00-3500-000	Interest Earnings	130	469	1,051	1,667	1,800	2,200
	Total Revenue	\$ 231,755	\$ 314,186	\$ 311,828	\$ 308,114	\$ 684,500	\$ 682,700
	Expenses:						
1-00-4000-000	Public Representative - Meetings & Travel	\$ -	\$ -	\$ 750	\$ 1,830	\$ 1,100	\$ 3,000
1-00-4010-000	Payroll Tax Expense (Employer)	-	-	57	82	85	200
1-00-5000-000	Banking Fees	-	-	-	424	750	600
1-00-5025-000	Provision for Bad Debt	-	-	-	-	700	700
1-00-5100-000	Insurance	-	-	-	-	3,400	6,300
1-00-5200-000	Memberships	-	2,552	2,552	2,408	3,000	3,000
1-00-5300-000	Marketing & Outreach	7,302	7,341	5,922	-	-	5,000
1-00-5500-000	Travel & Meetings	-	1,859	-	595	-	1,500
1-00-5600-000	Permits & Fees	-	3,815	-	76	-	5,000
1-00-6000-000	Purchased Water	18,077	16,228	20,143	14,789	20,000	20,000
1-00-6500-000	Materials & Supplies	-	12,656	-	-	2,000	10,000
1-00-6600-000	Maint. & Rep. - Water System	-	9,393	-	9,783	-	10,000
1-00-8000-150	Contract Services - Professional Services	75,141	46,347	90,891	22,647	-	125,000
1-00-8000-200	Contract Services - Financial Audit	7,500	8,725	10,000	9,000	10,300	11,000
	Total Expenses	\$ 108,020	\$ 108,916	\$ 130,315	\$ 61,633	\$ 41,335	\$ 201,300
	Change in Net Position at December 31	\$ 123,735	\$ 329,005	\$ 510,518	\$ 756,999	\$ 1,400,164	\$ 1,881,564
	Net Income/(Expense):				\$ 643,165		\$ 481,400

**THERE IS NO
STAFF REPORT
FOR THIS ITEM**

CONSENT AGREEMENT FOR TEMPORARY DELIVERY FACILITIES

This Consent Agreement for Temporary Delivery Facilities (“Consent”) is dated _____, 2018 (the “Effective Date”) and is between COUNTY SANITATION DISTRICT NO. 20 OF LOS ANGELES COUNTY, a county sanitation district organized and existing under the provisions of the County Sanitation District Act, California Health and Safety Code Section 4700, *et seq.* (the “District”) and PALMDALE RECYCLED WATER AUTHORITY, a public body corporate and politic (the “PRWA”). The District and the PRWA are referred to in this Consent individually as a Party, or collectively as the Parties.

The District and the City of Palmdale (the “City”), together with County Sanitation District No. 14 of Los Angeles County, entered into an Agreement for Purchase and Sale of Recycled Water and Related Facilities – Lancaster Water Reclamation Plant and Palmdale Water Reclamation Plant (the “Recycled Water Agreement”) effective July 1, 2009 (City of Palmdale Agreement No. A-2733; District Contract No. 4486). Pursuant to Section 1.3 of the Recycled Water Agreement, the District’s Chief Engineer and General Manager (the “Chief Engineer”), in his or her sole and absolute discretion, may permit some of the City’s recycled water delivery facilities to be located on the site of the District’s Palmdale Water Reclamation Plant (the “PWRP”).

Pursuant to Section 1.3 of the Recycled Water Agreement, the City requested in 2012 the District’s permission to temporarily locate certain recycled water delivery facilities on the site of the PWRP, including a pump and pipelines (the “Temporary Delivery Facilities”). The District granted the City permission to locate the Temporary Delivery Facilities at the PWRP and entered into an agreement for Consent for Temporary Delivery Facilities, effective May 23, 2012 (City of Palmdale Agreement No. A-3884; District’s Document No. 2275757) (“2012 Consent”).

Pursuant to the Joint Exercise of Powers Agreement Creating the Palmdale Recycled Water Authority, dated September 26, 2012, the City and the Palmdale Water District jointly created the PRWA. The PRWA is a separate legal entity from the City and the Palmdale Water District. The PRWA has taken over the Temporary Delivery Facilities from the City and would like the District’s consent for the Temporary Delivery Facilities to remain at the PWRP until a permanent recycled water distribution system can be constructed.

The District hereby consents to the Temporary Delivery Facilities remaining at the PWRP subject to the following covenants and conditions:

1. Operation and Maintenance; Costs.

The District will continue to operate and maintain the Temporary Delivery Facilities at the PRWA’s cost, pursuant to Section 1.2 of the Recycled Water Agreement. The District will invoice the PRWA on a quarterly basis and the PRWA shall pay the District for all operation and maintenance costs, including electricity costs, pursuant to Section 6 of the Recycled Water Agreement.

2. Term; Termination.

This Consent expires five (5) years after the Effective Date, but may be extended for additional one-year terms upon the mutual written agreement of the Chief Engineer and the Executive Director of the PRWA prior to the expiration of the original term or any extended

term. The District may terminate this Consent without advance notice to the PRWA upon the occurrence of any of the following:

- 2.1 The PRWA's failure to provide adequate insurance or proof of insurance as described below in Section 5; or
- 2.2 The PRWA's breach of any obligation under this Consent or the Recycled Water Agreement.

3. **Relocation and Removal of Facilities.**

- 3.1 **Relocation.** Within 90 days after the Chief Engineer provides written notice to relocate the Temporary Delivery Facilities to another location on the District's PWRP property, the PRWA shall relocate the facilities at the PRWA's sole cost.
- 3.2 **Removal.** Upon expiration of this Consent, the PRWA shall remove all Temporary Delivery Facilities, except any portions of underground pipeline that the District requests to be abandoned in place. If the District terminates this Consent pursuant to Section 2, then the PRWA shall remove all Temporary Delivery Facilities, except any portions of underground pipeline that the District requests to be abandoned in place, within 90 days. If the PRWA fails to timely remove any Temporary Delivery Facilities according to this section, the PRWA will be deemed to have abandoned the Temporary Delivery Facilities, and the District may pursue all remedies available under this Consent at law or in equity.

4. **Indemnity.**

Except for claims or lawsuits arising out of the District's gross negligence or willful misconduct, the PRWA shall indemnify the District and each of its officers, directors, agents, employees, and affiliated districts from and against any and all claims, actions, suits, causes of action (whether legal, equitable, or administrative), liabilities, losses, costs, demands, damages, attorneys' fees and other expenses, that arise out of or are otherwise related to the design or construction, use and operation of the Temporary Delivery Facilities or are caused by the negligent acts or willful misconduct of the PRWA.

5. **Insurance.**

At the PRWA's sole expense, the PRWA shall procure, carry, and maintain in full force and effect the insurance coverage described below during all times this Consent is in effect or as long as the PRWA conducts operations or maintains persons or property on the Temporary Delivery Facilities, whichever period is longer. All insurance must be maintained with insurers and under forms of policies satisfactory to the Chief Engineer. The insurance must be written as "occurrence" type policies and must identify the PRWA as the named insured and identify the District as an additional insured, and cover any other persons, firms, or corporations designated by the Chief Engineer (collectively "Insured Parties") in such a manner and at such amounts as set forth below:

5.1 **Commercial General Liability Insurance.**

- a. The PRWA shall procure, carry and maintain commercial general liability insurance to include coverage for all operations of the Temporary Delivery

Facilities, including, but not limited to the following: (a) premises, operations and mobile equipment liability; (b) completed operations and products liability; (c) blanket contractual liability; (d) explosion, collapse, and underground hazards (XCU); (e) personal injury liability; and

- b. The PRWA shall provide the commercial general liability insurance with limits not less than the following:
 - i. \$3 million each occurrence, or for a combined occurrence of bodily injury and property damage;
 - ii. \$1 million completed operations and products liability; and
 - iii. \$1 million personal and advertising injury.
- c. The PRWA shall provide the policy with an endorsement for a general aggregate limit of no less than \$5 million.

5.2 Property Insurance. The PRWA shall procure, carry and maintain property insurance for the Temporary Delivery Facilities and any related improvements to 100% of their replacement cost, using a standard form fire insurance policy containing the "extended coverage" endorsement.

5.3 Automobile Liability Insurance. The PRWA shall procure, carry, and maintain automobile liability insurance to include coverage for any owned, non-owned, or hired vehicle brought by the PRWA or its agents or other invitees onto the PWRP or the Temporary Delivery Facilities. The automobile liability insurance policy must have limits of not less than \$2,000,000 combined single limits for bodily injury and property damage.

5.4 Workers' Compensation and Employer's Liability Insurance.

- a. The PRWA shall procure, carry and maintain a policy of workers' compensation insurance as required by any applicable law, regulation, or statute. The PRWA must provide employer's liability insurance with limits not less than the following:
 - i. \$1 million each accident;
 - ii. \$1 million disease - policy limits; and
 - iii. \$1 million disease - each employee.
- b. The workers' compensation and employer's liability insurance policy must contain a waiver of subrogation rights against the District. The PRWA shall provide the Chief Engineer with a copy of a certificate reflecting this waiver.

5.5 Evidence of Policies. Before the Effective Date of this Consent, the PRWA shall provide policies, relevant endorsements, and certificates of insurance to the District evidencing that:

- a. The insurance policies referred to in Sections 5.1 through 5.4 are in place.
 - b. The Chief Engineer is to receive written notice at least 30 calendar days prior to a policy cancellation or reduction in coverage for any reason. In that regard, PRWA shall not deliver any certificate that simply contains words to the effect that the insurer will "endeavor" to notify the Chief Engineer of the cancellation or reduction of the policy or that "the failure to mail such notice shall impose no obligation of any kind upon the company, its agents or representatives."
 - c. An endorsement has been made to the policies naming the District as an additional insured. The endorsement must be duly executed and must be in a form acceptable to the Chief Engineer. The endorsement must also provide that the insurance afforded to the additional insured is primary insurance and that any insurance carried by or afforded to the District, its directors, officers, and employees and other Insured Parties is excess and not contributing to the insurance required by this Consent.
 - d. Each of the policies of insurance required by this Consent must contain "Cross Liability" or "Severability of Interest" clauses. No policy may contain any exclusion regarding loss or damage to property caused by explosion, collapse of buildings or structures or damage to property underground, premises-operation, completed operations, contractual insurance, or independent District's coverages. Each of the insurance policies required by this Consent must contain a provision or endorsement stating that that insurance, subject to all of its other terms and conditions, applies to the liability assumed by PRWA under this Consent. Any endorsement must be in a form acceptable to the Chief Engineer.
 - e. The PRWA may satisfy minimum coverage amounts listed in Sections 5.1 through 5.4 by a combination of one or more primary insurance policies and umbrella or excess coverage policies on which the PRWA is identified as the named insured and the District is identified as an additional insured. The PRWA may also use those policies in connection with satisfying the requirements of this Section 5.5.
- 5.6 Insurers. The PRWA shall provide the insurance coverages through insurers that have at least an "A" policyholders rating and an "X" financial rating in accordance with the current Best's Key Rating Guide. In the event the coverage evidenced by any such certificate is canceled or reduced, the PRWA shall procure and furnish to the Chief Engineer new certificates of insurance and policies conforming to the above requirements at least 5 days before the effective date of such cancellation. If the PRWA fails to procure and maintain any insurance required by this Consent, the District may procure such insurance and charge the expense to the PRWA or the Chief Engineer may terminate this Consent upon failure of the PRWA to procure such insurance within 48 hours written notice demanding the PRWA do so, at his or her sole discretion. The District's or Chief Engineer's failure to enforce any provision of this Section 5 will not act as a waiver of the PRWA's obligation to procure the required insurance or as a waiver of enforcement of any of the provisions of this Section 5, at a later date. The

District is not obligated to procure or maintain the above required insurance if the PRWA fails to do so. All requirements of this Section 5 apply to the PRWA's contractors and sub-contractors, and the PRWA shall cause all of its contractors and sub-contractors to comply with the provisions of this Section 5 and be responsible to the District for such compliance. The foregoing requirements constitute the PRWA's minimum insurance requirements.

- 5.7 Additional Insurance. The Chief Engineer retains the right at any time to review the coverage, form, and amount of the insurance required by this Consent. If, in the opinion of the Chief Engineer, the insurance provisions in this Consent do not provide adequate protection for the District, the Chief Engineer may require the PRWA to obtain additional insurance sufficient in coverage, form, and amount to provide adequate protection. The Chief Engineer's new requirement will be reasonable, and will be designed to assure protection from and against the kind and extent of the risks that exist at the time a change in insurance is required. The Chief Engineer shall notify the PRWA in writing of changes in the insurance requirements; and if the PRWA does not deposit copies of acceptable insurance with Chief Engineer incorporating such changes within 30 days after receipt of notice, the PRWA shall be in default without further notice to the PRWA, and the District will be entitled to all legal remedies. The procuring of such required policy or policies of insurance will not be construed to limit the PRWA's liability under this Consent nor to fulfill the indemnity provisions and requirements of this Consent.
- 5.8 Waiver and Release. The PRWA waives and releases the District from any damages resulting from any interruption of the PRWA's business, including but not limited to, damages resulting from any loss of income or business resulting from the District's actions relating to the cancellation, termination, or expiration of the PRWA's insurance policies. The PRWA further releases and relieves each of the Insured Parties and waives its entire right of recovery for loss or damage arising out of or incident to the perils insured against which perils occur in, on or about the District's premises, whether due to the negligence of the Insured Party or the PRWA, or their agents, employees, contractors, or invitees. This is a waiver of subrogation clause and the PRWA shall, upon obtaining the policies of insurance required by this clause, give notice to the insurance carrier or carriers that the mutual waiver of subrogation is contained in this Consent.
- 5.9 Additional Coverage. The PRWA shall at all times during the operation of the Consent, at its sole cost, maintain in effect policies of insurance covering:
- a. All alterations on or in the Temporary Delivery Facilities, providing protection against any risk included within the classification "Causes of Loss-Special Form" (ISO Form 10 30), including but not limited to insurance against sprinkler leakage, vandalism and malicious mischief, such insurance to be in an amount not less than the full replacement value of such improvements, which shall be determined at the time the policy is initially obtained, and not less frequently than once every 3 years thereafter; and

- b. All personal property of the PRWA located in or at the PWRP or the Temporary Delivery Facilities, including but not limited to fixtures, furnishings, equipment and furniture, in an amount not less than their full replacement value, providing protection against any peril included within the classification "Causes of Loss-Special Form" (ISO Form 10 30), including but not limited to insurance against vandalism and malicious mischief.

6. General Provisions.

- 6.1 Interpretation. Each Party has received independent legal advice from its attorneys with respect to the advisability of executing this Consent and the meaning of the provisions of this Consent. Each Party has participated in negotiating and drafting this Consent, so if an ambiguity or a question of intent or interpretation arises, this Consent is to be construed as if the Parties had drafted it jointly, as opposed to being construed against a party because it was responsible for drafting one or more provisions of this Consent.
- 6.2 Counterparts. This Consent will be executed in duplicate originals, one for each Party, each of which duplicate original shall be deemed to be an original, but all of which shall constitute one and the same agreement.
- 6.3 Supersession. This Consent amends, supersedes, and replaces the 2012 Consent.
- 6.4 Notification. All notices pursuant this Consent must be addressed as set forth below or to such other address as the Parties may designate by written notice. Notices must be sent through the United States mail or by courier (e.g. Federal Express).

To: District
County Sanitation Districts of Los Angeles County
1955 Workman Mill Road
Whittier, CA 90601
Attention: Supervisor, Property Management Group
(562) 908-4288, extension 2705
property@lacsdc.org

To: PRWA
Palmdale Recycled Water Authority
38300 Sierra Highway
Palmdale, CA 93550
Attention: Dennis LaMoreaux, Executive Director
(661) 456-1017
dlaureaux@palmdalewater.org

[Signature Page Immediately Follows]

DRAFT

The Parties are signing this Consent as of the Effective Date.

**COUNTY SANITATION DISTRICT NO. 20
OF LOS ANGELES COUNTY**

By: _____
Grace Robinson Hyde
Chief Engineer and General Manager

APPROVED AS TO FORM:

Lewis Brisbois Bisgaard & Smith, LLP

By: _____
District Counsel

**PALMDALE RECYCLED
WATER AUTHORITY**

By: _____
Dennis LaMoreaux
Executive Director

APPROVED AS TO FORM:

By: _____
PRWA Counsel

