

MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, SEPTEMBER 10, 2014:

A regular meeting of the Board of Directors of the Palmdale Water District was held Wednesday, September 10, 2014, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren, called the meeting to order.

1) Pledge of Allegiance.

At the request of President Mac Laren, Director Alvarado led the pledge of allegiance.

2) Roll Call.

Attendance:

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

Others Present:

Dennis LaMoreaux, General Manager
Patty Quilizapa, Attorney
Matt Knudson, Assistant General Manager
Mike Williams, Finance Manager
Mike McNutt, PIO/Conservation Director
Jennifer Emery, Human Resources Director
Tim Moore, Facilities Manager
Kelly Jeters, Systems Supervisor
Dennis Hoffmeyer, Senior Accountant
Bob Egan, Financial Advisor
Dawn Deans, Executive Assistant
10 member of the public

3) Adoption of Agenda.

It was moved by Director Alvarado, seconded by Director Estes, and unanimously carried by all members of the Board of Directors present at the meeting to adopt the agenda, as written.

4) Public Comments for Non-Agenda Items.

There were no public comments.

5) Presentations:

5.1) No Presentations Scheduled at This Time.

There were no presentations.

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

6.1) Approval of Minutes of Regular Meeting Held August 27, 2014.

6.2) Payment of Bills for September 10, 2014.

6.3) Approval of Recruitment for Vacant Operations Manager Position. (Human Resources Director Emery/Personnel Committee)

6.4) Approval of Amendment No. 1 to the Agreement Between Palmdale Water District and Butte County for Long-Term Lease of a Portion of Butte County's State Water Project Table A Water Supply. (Water & Energy Resources Director Pernula)

6.5) Approval of Resolution No. 14-15 Approving the Antelope Valley State Water Contractors Association Budget for Fiscal Year 2014/2015. (\$17,898.00 – Budgeted – Assistant General Manager Knudson)

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

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

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

Financial Advisor Egan reviewed the investment funds and cash flow reports as of July 31, 2014, including the increase in investments, the overall cash decrease, the scheduled bond payment, anticipated assessments, water sales, the bond issue balance, and the projected year-end balance and stressed the importance of maintaining a cash

balance of at least \$10.5 million, of maintaining this balance to meet the debt service coverage, and of not dipping into reserves as the District moves forward.

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

Finance Manager Williams reviewed the balance sheet, profit and loss statement, year-to-year comparisons, month-to-month comparisons, consumption comparisons, and revenue and expense analysis reports for the period ending July 31, 2014, along with the graphic presentations for these reports, and then stated that some departments are above the targeted expenditure percentage of 58%, but no expenditures are out of the ordinary.

7.3) Status Report on Committed Contracts Issued and Water Revenue Bond Projects. (Assistant General Manager Knudson/Finance Committee)

Assistant General Manager Knudson reviewed the status of engineering projects included in the Committed Contracts and Payout Schedule, including those projects contractually committed, budgeted projects, and payments for projects funded from the Water Revenue Series 2013A Bonds, and stated that next month's Schedule will include projects projected to carry over into 2015.

7.4) Consideration and Possible Action on Revisions to Appendix M Boundary Map of the District's Rules and Regulations. (Assistant General Manager Knudson/Finance Committee)

Assistant General Manager Knudson stated that staff recommends the Local Contractor and Vendor Boundary Map included in the District's Bid Procurement and Change Order Policy as Appendix M of the District's Rules and Regulations be clarified to better define the boundaries for local contractors or vendors after which it was moved by Director Dizmang, seconded by Director Dino, and unanimously carried by all members of the Board of Directors present at the meeting that the Local Contractor and Vendor Boundary Map included in the District's Bid Procurement and Change Order Policy as Appendix M of the District's Rules and Regulations be revised as presented.

7.5) Consideration and Possible Action on Project Labor Agreement By and Between the Palmdale Water District and Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions. (General Manager LaMoreaux/Finance Committee)

Director Dizmang provided an overview of the process for the Board's consideration of Project Labor Agreements and stated that an Agreement was negotiated between District staff and the various trade unions and that the Finance Committee is pleased to present this Agreement to the Board for consideration after which it was moved by Director Alvarado and seconded by Director Estes to approve the Project Labor Agreement By and Between the Palmdale Water District and Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Unions.

Mr. Chris Hanna, of the Los Angeles/Orange Counties Building and Construction Trades Council, praised the Board for their foresight in directing staff to enter into negotiations on this Agreement, reviewed the opportunities available to the District and its constituents from the Agreement, and complimented Assistant General Manager Knudson and General Manager LaMoreaux on their professionalism in working on this Project Labor Agreement as well as their efforts to ensure the best interests of the District.

After a further discussion of the apprenticeship program available through the Project Labor Agreement and of Human Resources Director Emery's and legal counsel's efforts on this Agreement, the motion unanimously carried by all members of the Board of Directors present at the meeting.

**7.6) Consideration and Possible Action on Employee Handbook Update.
(Human Resources Director Emery/Personnel Committee)**

Human Resources Director Emery provided an overview of the proposed Employee Handbook update, and after a brief discussion of training for the Handbook, it was moved by Director Alvarado, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to approve the Employee Handbook Update.

7.7) Consideration and Possible Action on Addition of JPIA Account Based Health Plan to the District's Existing Health Plan Options. (Human Resources Director Emery/Personnel Committee)

Human Resources Director Emery reviewed the process for reviewing the District's health plan options and the proposed account-based health plan, and after a brief discussion of the plan, of the District's existing health plan options, and of the open enrollment period, it was moved by Director Dino, seconded by Director Estes, and

unanimously carried by all members of the Board of Directors present at the meeting to add an account-based health plan option to the District's existing health plan options.

7.8) Consideration and Possible Action on Board and Staff Attendance at Conferences, Seminars, and Training Sessions as Follows:

a) **California Association of Local Agency Formation Commissions' (CALAFCO) Annual Conference to be Held October 15 – 17, 2014 in Ontario.**

b) **Water Education Foundation Northern California Tour 2014 Field Trip to be Held October 22 – 24, 2014.**

After a brief review of the conferences, seminars, or training sessions presented, it was moved by Director Dizmang, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to approve Board and staff attendance at conferences, seminars, and training sessions as follows: California Association of Local Agency Formation Commissions' (CALAFCO) Annual Conference to be Held October 15 – 17, 2014 in Ontario and Water Education Foundation Northern California Tour 2014 Field Trip to be Held October 22 – 24, 2014.

8) Information Items.

8.1) Reports of Directors:

a) Meetings/General Report.

Director Estes reported that on September 4, he attended the Personnel Committee meeting with President Mac Laren where they discussed the final Employee Handbook considered earlier this evening, the addition of the JPIA Account Based Health Plan considered earlier this evening, upgrading the District's VSP Vision Plan to include both glasses and contacts on an annual basis, filling the vacant position of Operations Manager considered earlier this evening, congratulations to Peter Thompson II on his new position of Deputy Water & Energy Resources Director, and the progress of the Internship Programs; that on September 8, he attended the Outreach Committee meeting with Director Dizmang where they discussed public outreach for the Strategic Plan, proposed video production, local radio and television advertising including Spanish radio advertising, District-hosted webinars, and the new website; that on September 9, he attended the Facilities Committee meeting with Director Dino where they discussed Exante 360's review of the District's security system and the Facilities and Operations

Department's goals, projects, and functions; that also on September 9, he attended a Board briefing with Director Alvarado and General Manager LaMoreaux; and that also on September 9, he attended Assemblyman Steve Fox's campaign kick-off with President Mac Laren and Director Alvarado, and Director Alvarado gave an uplifting and inspirational speech.

Director Alvarado reported that on September 6, he was the guest speaker at Spanish radio station 1470 AM from 11 a.m. to noon and promoted water-related issues; that on September 8, he attended the Rate Presentation Workshop for elected and appointed officials; that on September 9, he attended a Board briefing with Director Estes and General Manager LaMoreaux; that on September 11, the Antelope Valley State Water Contractors Association will meet at 6:30 p.m. in the District's Board room; that September 13 from 10 a.m. to 3 p.m. is the 20th anniversary of the Antelope Valley International Heritage Festival at Lancaster City Park, VIPs will be introduced at 10 a.m. followed by the parade of nations, and the District will have a booth at this event; and that on September 14, the Tamale Festival will be at Desert Sands Park.

Director Dino reported that on September 3, he attended the Finance Committee meeting with Director Dizmang, and Finance Manager Williams and Financial Advisor Egan reviewed their reports presented earlier this evening; that on September 8, he attended a Board briefing with General Manager LaMoreaux; that also on September 8, he attended the Rate Presentation Workshop for elected officials; and that on September 9, he attended the Facilities Committee meeting with Director Estes.

Director Dizmang reported that on August 25, she attended the Water Supply & Reliability Committee meeting with Director Dino where they discussed water supplies, the State Water Project, the Agreement in Principle for extending the State Water Project contract with the Department of Water Resources, and a report on the Palmdale Recycled Water Authority; that on September 3, she attended the Finance Committee meeting with Director Dino where they discussed the material considered earlier this evening, revisions to the Appendix M Boundary Map considered by the Board earlier this evening, the Project Labor Agreement considered by the Board earlier this evening, progress on the 2014 Water Rate Study, and progress on the 2015 budget process; that on September 8, she attended a Board briefing with General Manager LaMoreaux; that also on September 8, she attended the Outreach Committee meeting with Director Estes, who provided an in-depth report on this meeting, and PIO/Conservation Director McNutt also presented ideas on video and webinar options; and that also on September 8, she attended the Rate Presentation Workshop for elected officials.

President Mac Laren reported that on September 4, she attended the Personnel Committee meeting with Director Estes, who provided an overview of this meeting, and the VSP Vision Plan option will be presented to the Board for consideration at the September 24 Board meeting, a Succession Plan has begun to ensure the District continues to operate at a high level as employees retire, Human Resources September activities were reviewed, and a customer service campaign is being developed to make customer service a priority; that on September 8, she attended the Rate Presentation Workshop, and this third workshop was added with personal invitations sent to local elected officials to inform them of the proposed rate structure to help them explain the direction of the rate structure to the community at large; that also on September 8, she attended a Board briefing with General Manager LaMoreaux; that on September 9, she attended Assemblyman Steve Fox's campaign kick-off, and she had conversations with Assemblyman Fox regarding the recent state audit, in which the District was shown favorably with only two recommendations for improvement, and these recommendations are proposed with the new rate structure.

- b) Standing Committee/Assignment Reports. (Chair):**
 - 1) Facilities Committee**
 - 2) Finance Committee**
 - 3) Personnel Committee**
 - 4) Outreach Committee**
 - 5) Water Supply & Reliability Committee**
 - 6) Antelope Valley State Water Contractors Association**
 - 7) Palmdale Recycled Water Authority.**

Chair Mac Laren stated that there are no additional Standing Committee/Assignment Reports and that this item is included on the agendas to inform all Directors on the status of Committee projects and assignments.

There were no further reports from Directors.

8.2) Report of General Manager.

a) Comparison of Fees and Charges for Similar-Sized Water Districts. (Finance Manager Williams)

General Manager LaMoreaux provided an overview of the District's charges collected for different services compared to other water districts and recommended the comparison be referred to Committee for further analysis, and after a brief discussion of

the comparison and of the Board's efforts to review every charge by the District to ensure transparency, the protection of the ratepayers, and providing tangible facts to the Directors for public discussions, Chair Mac Laren referred the Comparison of Fees and Charges for Similar-Sized Water Districts to the Finance Committee for further analysis.

8.3) Report of Attorney.

Attorney Quilizapa reported that the Water Bond is moving along and Groundwater Sustainability bills have recently been approved but are exempting adjudicated basins and those in the process of being adjudicated.

9) Public Comments on Closed Session Agenda Matters.

There were no public comments on closed session agenda matters.

At 8:02 p.m., President Mac Laren called for a ten-minute recess. She reconvened the regular Board meeting at 8:12 p.m.

10) Closed session under:

10.1) Conference with Legal Counsel – Existing Litigation: A closed session will be held, pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party. The title of such litigation is as follows: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California; Case No. ED CV06-0055-GW.*

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

At 8:12 p.m., President Mac Laren called for a closed session pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party – Two Cases: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California; Case No. ED CV06-0055-GW* and *Central Delta Water Agency vs. Department of Water Resources; Sacramento Superior Court Case No. 34-2010-80000561.*

She reconvened the regular meeting at 8:22 p.m.

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

Attorney Quilizapa reported that a closed session had been held pursuant to Government Code §54956.9 (d)(1), to confer with legal counsel regarding pending litigation to which the District is a party – Two Cases: *United States, et al. v. J-M Manufacturing Company, Inc., et al., United States District Court for the Central District of California*; Case No. ED CV06-0055-GW and *Central Delta Water Agency vs. Department of Water Resources*; Sacramento Superior Court Case No. 34-2010-80000561; that the Board was briefed on the current status of these items of litigation; and that no reportable action was taken in closed session.

12) Board Members' Requests for Future Agenda Items.

Director Estes requested an item be placed on the next agenda to clarify rates for commercial accounts after which it was determined that Director Estes discuss this matter with General Manager LaMoreaux for further clarification.

Director Estes's son's winning So Cal Terror baseball team was then discussed, and it was determined that the team be recognized at a future Board meeting.

General Manager LaMoreaux then stated that PIO/Conservation Director McNutt is preparing a presentation and report regarding ACWA's proposed Resolution on the Water Bond, and this item will be presented to the Board for consideration at either the September 24 or October 8 Board meeting.

The upcoming meetings for the High Speed Corridor project and the African American Chamber of Commerce luncheon were then discussed.

There were no further requests for future agenda items.

13) Adjournment.

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


Secretary

RESOLUTION NO. 14-15

**APPROVING ANTELOPE VALLEY
STATE WATER CONTRACTORS ASSOCIATION
BUDGET FOR FISCAL YEAR 2014/15**

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

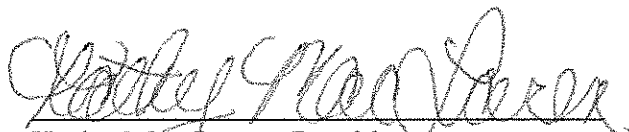
WHEREAS, said Joint Powers Agreement provides for the formulation and adoption of a Budget for the Antelope Valley State Water Contractors Association and approval by members of said budget; and

WHEREAS, the Antelope Valley State Water Contractors Association unanimously adopted a budget for fiscal year 2014/15 at their regular meeting held July 24, 2014 which budget included an allocation among the member agencies.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Palmdale Water District hereby approves the 2014/15 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. 14-15 as passed by the Board of Directors of the Palmdale Water District at its meeting held September 10, 2014 in Palmdale, California.

Date: September 10, 2014


Kathy Mac Laren, President,
Board of Directors

ATTEST:



Joe Estes, Secretary,
Board of Directors