

**MINUTES OF REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT, OCTOBER 28, 2019:**

*A regular meeting of the Board of Directors of the Palmdale Water District was held Monday, October 28, 2019, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Vincent Dino, called the meeting to order at 6:00 p.m.*

**1) Pledge of Allegiance/Moment of Silence.**

At the request of President Dino, Director Mac Laren led the pledge of allegiance followed by a moment of silence.

**2) Roll Call.**

**Attendance:**

Vincent Dino, President  
Kathy Mac Laren, Vice President  
Gloria Dizmang, Treasurer  
Don Wilson, Secretary  
Robert Alvarado, Assistant  
Secretary

**Others Present:**

Dennis LaMoreaux, General Manager  
Alondra Espinosa, Assistant General Counsel  
Adam Ly, Assistant General Manager  
Mike Williams, Finance Manager  
Judy Shay, Public Affairs Director  
Chris Bligh, Facilities Manager  
Mynor Masaya, Operations Manager  
Jim Stanton, Information Technology Manager  
Tara Rosati, Customer Care Supervisor  
Bob Egan, Financial Advisor  
Dawn Deans, Executive Assistant  
17 members of the public

**3) Adoption of Agenda.**

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

**4) 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.)**

**4.1) Public Hearing to Consider Water Rate Adjustment Based on RDN 2019 Water Rate Study Pursuant to Proposition 218. (Finance Manager Williams/RDN/Financial Health and Stability Committee)**

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 open the Public Hearing to consider the water rate adjustment based on the RDN 2019 Water Rate Study pursuant to Proposition 218.

Finance Manager Williams introduced Ms. Ichiko Kido, Mr. Bjorn Kallerud, and Mr. Tom Ash, of RDN, who provided an overview of the results of the 2019 Rate Study, the District's financial outlook, the cost of service analysis, and the Board's previous decision to recommend an 8.1% water revenue increase for years 2020, 2021, 2022, 2023, and 2024 due to the need to reinvest in the District's facilities and infrastructure, cover rising costs, and achieve financial stability and goals.

There were several public comments during the presentation regarding the rates, water quality, increasing rates and water conservation efforts, reserves, and the Rate Assistance Program.

A few members of the public then addressed the Board regarding the rates and how to submit a protest, irrigable areas, hot water issues after a water meter change-out, how to read a water bill, how to apply for the District's Rate Assistance Program, District employee salaries and required certifications, the number of customers served by the District, how the District is governed.

Hearing no further public comments, it was moved by Director Mac Laren, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to close the Public Hearing to consider the water rate adjustment based on the RDN 2019 Water Rate Study pursuant to Proposition 218.

#### **4.2) Break. (President Dino)**

At 7:40 p.m., President Dino called for a 12-minute break. He reconvened the Regular Board Meeting at 7:52 p.m.

**4.3) Consideration and Possible Action on Resolution No. 19-15 Adopting a Water Rate Adjustment of 8.1% for Each Calendar Year 2020, 2021, 2022, 2023, and 2024, Amending Appendix C to the Rules and Regulations of Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions. (Finance Manager Williams/RDN/Financial Health and Stability Committee)**

Finance Manager Williams provided an overview of Resolution No. 19-15 and the Financial Health and Stability Committee's recommendation to approve Resolution No. 19-15 and stated that the final number of protests received under the Proposition 218 process for the proposed water rate increase for years 2020, 2021, 2022, 2023, and 2024 is 101, with 13 being invalid for various reasons.

Assistant General Counsel Espinosa then inquired for the record if there is a majority of protests after which Finance Manager Williams stated that there is not a majority of protests and that 15,895 protests would have been required for a majority of protests.

President Dino then thanked everyone for taking the time to attend the public hearing and for expressing concerns, reviewed the need to increase the rates to maintain infrastructure and complete needed projects, re-stated the Board's commitment to serving the public and providing high quality water, and reviewed provisions to potentially lower future water rate adjustments.

It was then moved by Director Wilson, seconded by Director Dizmang, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 19-15 adopting a Water Rate Adjustment of 8.1% for each Calendar Year 2020, 2021, 2022, 2023, and 2024, Amending Appendix C to the Rules and Regulations of Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions.

Resolution No. 19-15 is hereby made a portion of the minutes of this meeting.

**4.4) Break. (President Dino)**

At 8:03 p.m., President Dino called for a 12-minute break. He reconvened the Regular Board Meeting at 8:15 p.m.

**5) Public Comments for Non-Agenda Items.**

There were no public comments.

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



**6.1) Approval of Minutes of Regular Meeting Held October 14, 2019.**

**6.2) Payment of Bills for October 28, 2019.**

**6.3) Reject Claim Received From Hugo Alonzo and Refer to Joint Powers Insurance Authority. (No Budget Impact – Finance Manager Williams)**

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

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

**7.1) Consideration and Possible Action on Joint Funding Agreement With the USGS to Continue Monitoring Groundwater Levels and Water Quality During the Period of November 1, 2019 to October 31, 2020. (\$4,224.75 Through the Antelope Valley State Water Contractors Association – Budgeted – Budget Item No. 1-02-5070-007-Consultants – Resource and Analytics Director Thompson II)**

General Manager LaMoreaux provided an overview of the Joint Funding Agreement and distribution of costs for this work after which it was moved by Director Mac Laren, seconded by Director Alvarado, and unanimously carried by all members of the Board of Directors present at the meeting to approve the Joint Funding Agreement with the USGS to continue monitoring groundwater levels and water quality during the period of November 1, 2019 to October 31, 2020 in the not-to-exceed amount of \$4,224.75 through the Antelope Valley State Water Contractors Association.

**7.2) Consideration and Possible Action on Revisions to the Names of the Board of Directors Standing Committees. (Director Dizmang)**

Director Dizmang recommended the names of the Board of Directors' Standing Committees be simplified, and after a brief discussion, it was moved by Director Mac Laren, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to revise the names of the Board of Directors Standing Committees as follows: the Resource Reliability and Operational Efficiency Committee becomes the Resource and Facilities Committee, the Organizational

Excellence Committee becomes the Personnel Committee, the Financial Health and Stability Committee becomes the Finance Committee, and the Regional Leadership and Outreach Committee becomes the Outreach Committee.

**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 2019 Budget:**

- a) **None at this Time.**

There were no conferences, seminars, or training sessions to consider.

**8) Information Items:**

**8.1) Reports of Directors:**

**a) Meetings; Standing Committee/Assignment Reports; General Report.**

Director Alvarado reported that on October 9, he attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding the October 14, 2019 Regular Board Meeting; that on October 13, he attended the Palmdale Fin. & Feather Club's 4<sup>th</sup> Annual Breast Cancer Awareness Drive; that on October 20, he attended a telephone conference with Dr. Mathis regarding plans for 2020; that on October 21, he attended the Palmdale Recycled Water Authority meeting; that on October 22, he attended the Financial Health and Stability Committee meeting; that on October 24, he attended a Board briefing with General Manager LaMoreaux and staff regarding tonight's Board meeting; and that on October 30, he plans on attending the Greater Antelope Valley Water Emergency Coalition event.

He then informed the Board he will be out of town on vacation from October 30, 2019 to November 12, 2019.

Director Mac Laren reported that on September 12, she attended the Antelope Valley State Water Contractors Association meeting; that on October 21, she attended the Antelope Valley Watermaster Public Water Supplier meeting; that also on October 21, she attended the Palmdale Recycled Water Authority meeting where they decided on branding for the Authority; that on October 23, she attended the Antelope Valley Watermaster meeting where it was discussed there are pumpers outside the boundaries



of the judgment, they are working within budget, and Rules and Regulations will be developed; that on October 24, she attended a Board briefing with Director Dizmang and General Manager LaMoreaux and staff regarding tonight's Board meeting; and that also on October 24, she attended the City of Palmdale's State of the Community event.

Director Dizmang reported that on October 10, she attended a Board briefing with General Manager LaMoreaux and Assistant General Manager Ly regarding tonight's Board Meeting; that also on October 10, she completed required KnowBe4 training; that on October 14, she attended the Regular Board Meeting; that on October 17, she met with Dr. Mathis regarding plans for 2020; that on October 19, she had her Division 3 Coffee with a Director and had a very nice turn-out; that on October 22, she attended the Financial Health and Stability Committee meeting; that on October 24, she attended a Board briefing with Director Mac Laren and General Manager LaMoreaux and staff regarding tonight's Board meeting; that also on October 24, she attended the City of Palmdale's State of the Community event; and that on October 30, she plans on attending the Greater Antelope Valley Water Emergency Coalition event.

As Chair, she then reported that at the October 22 Financial Health and Stability Committee meeting, they discussed and recommended approval of the rate information under Resolution No. 19-15 approved earlier this evening, received financial reports through September 2019 with a new format from Financial Advisor Egan and Finance Manager Williams, most departments are operating at 75% of the budget, the Debt Service Coverage is at 1.7, and payment transactions by type are indicating more electronic payments.

Director Wilson reported that on October 7, he attended the Resource Reliability and Operational Efficiency Committee meeting as an Alternate Committee member in Director Alvarado's absence; that on October 14, he attended the Regular Board Meeting; that on October 17, he met with Dr. Mathis regarding plans for 2020; that on October 22, he attended the Financial Health and Stability Committee meeting; that on October 24, he attended a Board briefing with Director Dino and General Manager LaMoreaux and staff regarding tonight's Board meeting; that also on October 24, he attended the City of Palmdale's State of the Community event; and that on October 28, he is attending the Palmdale Water District Regular Board Meeting.

He then informed the Board he will be out of town on vacation from October 29, 2019 to November 10, 2019.

President Dino reported that on October 16, he attended an agenda review and approval meeting; that on October 21, he attended the Palmdale Recycled Water Authority meeting; that on October 22, he attended an AVEK Board meeting where they discussed the purchase of new equipment and generators; that on October 24, he attended a Board briefing with Director Wilson and General Manager LaMoreaux and staff regarding tonight's Board Meeting; that on October 28, he is attending the Palmdale Water District Regular Board Meeting; and that on October 30, he plans to attend the Greater Antelope Valley Water Emergency Coalition event.

**8.2) Report of General Manager.**

General Manager LaMoreaux stated that a written report was included with the agenda packets if there are any questions on same and included an update and photographs of construction progress to date on the grade control structure at Littlerock Dam; that he, President Dino, and Public Affairs Director Shay attended the San Gabriel Mountains National Monument 5-year anniversary celebration; and that a meeting has been scheduled with a representative of Congresswoman Chu's office to discuss assistance with the future of the Littlerock Reservoir area.

**8.3) Report of General Counsel.**

Assistant General Counsel Espinosa stated that she recently attended a tour of the State Water Project, which included a tour of the Delta, the Sacramento River, and Oroville Dam.

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

The Local Agency Formation Commission's (LAFCO's) Representative and Alternate Representative open positions were discussed.

Director Wilson inquired as to the section of the District's Rules and Regulations regarding the Board of Directors after which General Manager LaMoreaux stated that Article 4 involves the Board of Directors, and Director Wilson's previously requested item of "Discussion and review of the Palmdale Water District's hiring policies" will be placed on a November Board Meeting agenda.

There were no further requests for future agenda items.

**10) Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 8:43 p.m.

  
Secretary



**PALMDALE WATER DISTRICT  
RESOLUTION NO. 19-15**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT ADOPTING A WATER RATE  
ADJUSTMENT OF 8.1% FOR EACH CALENDAR YEAR 2020, 2021, 2022, 2023, AND  
2024, AMENDING APPENDIX C TO THE RULES AND REGULATIONS OF THE  
PALMDALE WATER DISTRICT, AND ESTABLISHING PRUDENT PARAMETERS  
TO CONSIDER FUTURE WATER RATE ADJUSTMENT REDUCTIONS**

**WHEREAS**, the Palmdale Water District (the "District") is authorized to collect charges and set rates for water service pursuant to the Irrigation District Law, codified at Division 11 of the Water Code, specifically at Sections 22280 through 22284; and

**WHEREAS**, the Board of Directors of the Palmdale Water District has developed and adopted several water supply and infrastructure plans outlining long range water supply projects to meet the water supply needs of the community's growing population and the future growth of Palmdale, and long range financial planning to finance these projects is required; and

**WHEREAS**, the Board of Directors of Palmdale Water District unanimously adopted an updated Strategic Plan in 2018 with Initiative 4 — Financial Health and Stability that includes a goal of sustainable and balanced water rate structure and adjustments; and

**WHEREAS**, District staff has, and will continue to, search for cost saving measures including the active pursuit of grant funding; and

**WHEREAS**, the Board of Directors of the Palmdale Water District previously approved a 5-Year Water Rate Plan on September 17, 2014 authorizing annual water rate adjustments up to 5.5% through calendar year 2019; and

**WHEREAS**, the Board of Directors of the Palmdale Water District approved reduced water rate adjustments in 2015 through 2019; and

**WHEREAS**, the Board of Directors of the Palmdale Water District now desires to meet the Strategic goal of sustainable and balanced water rates by providing customers predictable and stable water rate adjustments for each calendar year 2020, 2021, 2022, 2023, and 2024 to ensure adequate funds to meet current and future water demands; to continue to maintain the Rate Assistance Program, the Internship Program, and water use efficiency Rebate Programs; to continue to provide high quality water through innovative treatment technologies; and to construct long range water supply projects, including the Palmdale Regional Groundwater Recharge and Recovery Project and the necessary removal of sediment from Littlerock Reservoir; and

**WHEREAS**, the benefits of the Palmdale Regional Groundwater Recharge and Recovery Project include meeting the water supply needs of the community's growing population and the water supplies required for growth within the City of Palmdale; utilizing local recycled water; diversifying the District's water supply portfolio; maximizing the State Water Project supply and additional State Water Project supplies acquired through water transfer options; preparing to meet water supply needs during a natural disaster; reducing the impact to the District and to its customers

from groundwater adjudication and droughts; and being the most cost effective long-term water supply strategy, which can potentially reduce future water rate adjustments; and

**WHEREAS**, the benefits of the Littlerock Reservoir Sediment Removal Project include maximizing the water supply from Littlerock Reservoir; maintaining this critical and cost effective water resource; diversifying the District's water supply portfolio; and preserving a recreational opportunity for the residents of Palmdale and the Antelope Valley; and

**WHEREAS**, the Board of Directors desires to create clear parameters to monitor and assess the District's financial position for District staff to evaluate and report on; and

**WHEREAS**, these parameters will be assessed and reported on annually, along with proposed projects and expenditures, to the Board of Directors during annual budget discussions for each calendar year 2020 through 2024; and

**WHEREAS**, if circumstances allow a water rate reduction in the future, said reduction will be presented to the Board of Directors for consideration, provided that the adjusted revenues will be sufficient to meet all District operations, expenses, projects, and current and future water demands; and

**WHEREAS**, the adoption of this resolution is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Public Resources Code Section 21080(b)(8) and Section 15273 of the State CEQA Guidelines codified at 14 CCR §15273 because the resolution pertains to the adoption of charges necessary to maintain services within the District's existing service area.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the Board of Directors does hereby:

- 1) Approve a water revenue adjustment of 8.1% for each calendar year 2020, 2021, 2022, 2023, and 2024, effective January 1, 2020.
- 2) Revise Appendix "C" of the Palmdale Water District's Rules and Regulations, attached as part of this Resolution, to reflect this adjustment.
- 3) Direct District staff to continue researching cost-saving measures, including grants, to help reduce approved revenue increases in the 2019 Water Rate Plan.
- 4) Direct District staff to assess and report on the following parameters using actuals through August 31<sup>st</sup> and projecting through December 31<sup>st</sup> of the year as part of the annual budget process for the subject years. A "Yes" answer from the District staff analysis for any four (4) parameters will allow for the consideration of a reduced water rate adjustment, provided the reduced water rate adjustment continues to satisfy the same "Yes" parameters:
  - a. Do the District's projected reserves at the end of each year in 2022-2024 meet or exceed the target reserve level of \$16.4M as stated in the 2019 Water Rate Plan for the end of year 2024?
  - b. Are projects funded at a level that is equal to the year's depreciation while maintaining a minimum reserve level of \$10.0M or the reserve levels for each year in 2022-2024 as presented in the 2019 Water Rate Plan?




- c. Has an annual Rate Stabilization Fund contribution been made that is equal to or greater than one percent (1%) of the prior year's total revenues?
- d. Is the projected Debt Coverage Ratio for the subject year and each of the remaining years adequate to meet current and proposed bond covenants?
- e. Has the District's bond rating been re-evaluated to and maintained at AA or higher by either Standard & Poor's or Fitch rating agencies, which are currently A- and A+, respectively?
- f. Has the District's outstanding debt been reduced as follows (all three must be met):
  - 1. 2017 Capital Lease - In Entirety (\$447,384)
  - 2. 2012 Private Placement - In Entirety (\$5,492,735)
  - 3. Series 2013A Revenue Bond Issue - \$8.8M?

If any provision in this Resolution, or the application thereof to any person or circumstances, is for any reason held invalid, the validity of the remainder of this Resolution, or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution, and each provision thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.


This Resolution shall become effective upon the date of adoption as set forth herein.

**PASSED AND ADOPTED** this 28th day of October, 2019 by the Board of Directors, the governing body of the Palmdale Water District.

PALMDALE WATER DISTRICT

  
\_\_\_\_\_  
VINCENT DINO, President

ATTEST:

  
\_\_\_\_\_  
DON WILSON, Secretary

APPROVED AS TO FORM:

By:   
\_\_\_\_\_  
ERIC L. DUNN, General Counsel



## APPENDIX C

Meter Charges						
Meter Size	Current	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
1" and Below	\$37.77	\$38.22	\$41.60	\$45.52	\$49.79	\$54.43
1.5"	\$113.30	\$92.99	\$101.49	\$111.51	\$122.47	\$134.37
2"	\$173.74	\$140.84	\$153.81	\$169.16	\$185.96	\$204.21
3"	\$314.78	\$252.48	\$275.89	\$303.69	\$334.10	\$367.16
4"	\$516.26	\$412.05	\$450.38	\$495.96	\$545.84	\$600.07
6"	\$1,019.96	\$810.62	\$886.21	\$976.21	\$1,074.72	\$1,181.81
8"	\$1,624.40	\$1,289.09	\$1,409.41	\$1,552.74	\$1,709.62	\$1,880.17
10"	\$2,329.60	\$1,847.47	\$2,019.99	\$2,225.56	\$2,450.56	\$2,695.17

Commodity Rates						
	Current	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Tier 1	\$0.88	\$0.88	\$0.93	\$0.98	\$1.03	\$1.08
Tier 2	\$1.01	\$1.52	\$1.63	\$1.74	\$1.86	\$1.98
Tier 3	\$2.86	\$2.03	\$2.15	\$2.27	\$2.40	\$2.54
Tier 4	\$4.31	\$3.29	\$3.51	\$3.74	\$3.98	\$4.23
Tier 5	\$5.57	\$4.64	\$5.01	\$5.39	\$5.79	\$6.23
Tier 6	\$7.16	n/a	n/a	n/a	n/a	n/a

### Drought Surcharge Per CCF

Stage No.	Current	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
1	\$0.53	\$0.35	\$0.38	\$0.40	\$0.42	\$0.45
2	\$0.91	\$0.54	\$0.58	\$0.61	\$0.65	\$0.69
3	\$1.40	\$0.79	\$0.84	\$0.89	\$0.94	\$1.00