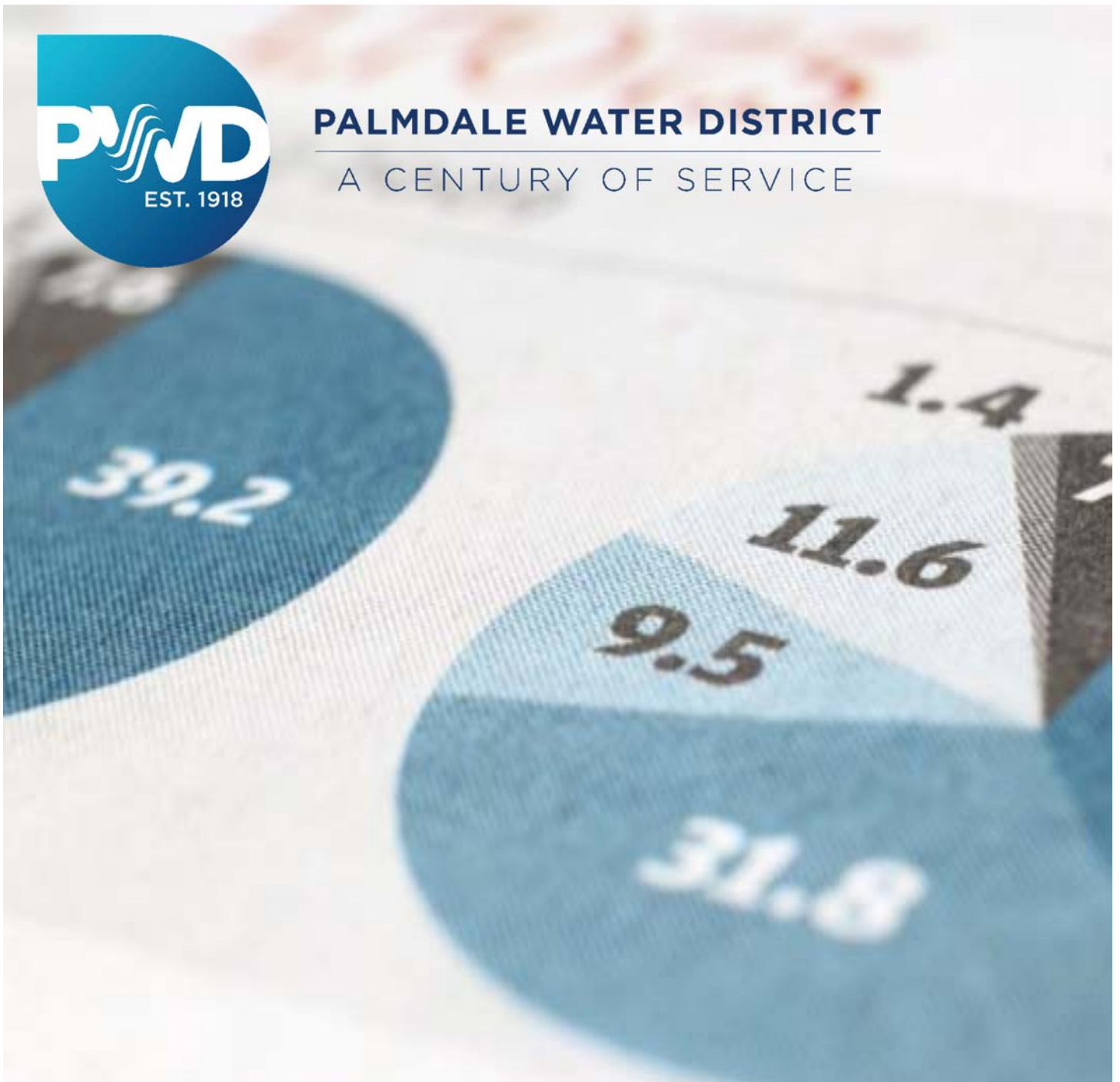




PALMDALE WATER DISTRICT
A CENTURY OF SERVICE



OPERATING BUDGET – Calendar Year 2018

2029 East Avenue Q
Palmdale, CA 93550
PalmdaleWater.org 661 947-4111



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

BOARD OF DIRECTORS

ROBERT E. ALVARADO

Division 1

JOE ESTES

Division 2

MARCO HENRIQUEZ

Division 3

KATHY MAC LAREN

Division 4

VINCENT DINO

Division 5

DENNIS LaMOREAUX

General Manager

ALESHIRE & WYNDER LLP

Attorneys



On behalf of the Palmdale Water District Board of Directors, I am pleased to present the budget for Calendar Year (CY) 2018 approved November 8, 2017.

Palmdale Water District expects operating revenues of \$23.6 million with \$23.0 million of operating expenses. Planned capital expenditures are \$3.0 million, and financial obligations for payment of principal and interest on debt are \$3.7 million. Budgeted salary and benefits expense is slightly more compared to CY 2017.

The CY 2018 Budget addresses the Board of Director's updated Strategic Plan, the recovering from the drought in California, and the implementation of the Antelope Valley Adjudication Judgement. Palmdale Water District continues its focus on essential services and improvements that will provide efficiency and productivity gains, high quality customer service, and lays the foundation for a more diversified and drought-resistant water supply portfolio.

This year's presentation of the Budget incorporates the various styles from prior years. The Introduction, Budget Summary, Basis of Budget, Departments, and Appendix assist readers to easily find information. More detailed information is always available at www.palmdalewater.org or from Palmdale Water District staff. Please feel free to contact myself or the Financial Department staff if you have any questions.

Very truly yours,

DENNIS D. LaMOREAUX,
General Manager

DDL/ddl

Table of Contents

INTRODUCTION	i
MISSION	ii
VISION	ii
STRATEGIC PLAN	ii
2016 STRATEGIC PLAN	iii
OPERATING BUDGET	iv
REVENUES	v
EXPENSES.....	vi
CAPITAL PROJECTS	vii
BUDGET SUMMARY	1
Summary of Revenues and Expenditures – 2018 Budget.....	3
Summary of Revenues and Expenditures – 2017 Projected.....	4
Fund Analysis – 2016 End of Year (Actual).....	5
Fund Analysis – 2017 Budget (as Approved).....	6
Fund Analysis – 2017 Estimated End of Year (Actual)	7
Fund Analysis – 2018 Budget	8
Income Statement.....	9
Income Statement – General Information.....	10
2018 Operating Expenses (excluding non-cash expenses) – Graph	11
2018 Departmental Expenses – Graph	12
Statement of Cash Flows.....	13
BASIS OF THE BUDGET	15
Organizational Chart	17
Personnel Summary	19
Labor and Benefits Cost Summary	20
Approved Capital Expenditures Carry Over/Plant Expenditure Summary	21
New Capital Expenditures Project Request Summary	22
DEPARTMENTS	23
Administration Department.....	25

Engineering Department.....	29
Facilities Department	33
Operations Department	37
Finance Department	41
Water Conservation Department	43
Human Resources Department.....	45
Information Technology Department.....	47
Customer Care Department	51
APPENDIX	53
Budget Control Guidelines	55
Resolution No. 13-13 Palmdale Water District’s Reserve Policy	57
2018 Water Rate Schedule.....	61
2018 Holiday Observance Calendar	63
California Water Code – Section 370-374.....	65
Glossary of Terms.....	69

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTION

Thank you for your interest in Palmdale Water District and its approved 2018 Budget. The following provides an overview of the 2018 Budget and how it relates to the 2016 Strategic Plan Update.



Palmdale Water District (PWD) was formed in 1918 by a vote of its customers as a public Irrigation District under Division 11 of the California Water Code. It previously served the community of Palmdale as various forms of a private company for over 30 years. As a public agency, it formed a partnership with neighboring Littlerock Creek Irrigation District to finance and build Littlerock Dam. This was and remains a key water source for both districts and their customers. Other significant PWD milestones include becoming a contractor to the State Water Project and reconstructing Palmdale Dam in the 1960s. These demonstrate how the District's foresight and planning have created a strong foundation for the community of Palmdale.

Palmdale Water District is now in its 99th year as a public agency and will begin its 100th year in July 2018. PWD retains a focus on providing a critical service to the community through this approved Budget. The focus is identified in the District's 2016 Strategic Plan, including the following Mission and Vision statements.



MISSION

Providing high-quality water to our current and future customers at a reasonable cost.

VISION

To strive for excellence in providing high-quality, reasonably priced water in a growing Antelope Valley by participating in local and regional water issues as a strong advocate for our customers, public education, asset management, water conservation, planning and securing additional water supplies; continuing our commitment to operate efficiently with the help of emerging technologies, challenging; motivating and rewarding our employees; and offering premium customer service in all we do.

STRATEGIC PLAN

The District's Strategic Plan is initiative based so it remains dynamic and matches the ever-changing environmental conditions. Below are the initiative categories that were established in 2014 and updated in 2016. The 2016 Update added an initiative focused on finances. This is a true reflection and recognition of the fact that providing essential services for our customers requires a solid financial footing.

CY 2014

Initiative No. 1 - Outstanding Water Management	Initiative No. 2 - Increased Efficiency	Initiative No. 3 - Infrastructure	Initiative No. 4 - Regional Leadership	Initiative No. 5 - Exceptional Customer Service
--	--	--	---	--

CY 2016 Update

Initiative No. 1 - Water Resource Reliability	Initiative No. 2 – Organizational Excellence	Initiative No. 3 – Systems Efficiency	Initiative No. 4 - Financial Health and Stability	Initiative No. 5 – Regional Leadership	Initiative No. 6 – Customer Care, Advocacy, and Outreach
--	---	--	--	---	---

2016 STRATEGIC PLAN

The following is a list of the Strategic Initiatives that includes the more specific areas of focus through policy development and projects. The Strategic Initiatives were established through involvement with the Board of Directors and Management Staff. The six (6) Strategic Initiatives serve as the driving force behind the CY 2018 Budget.

Initiative No. 1 - Water Resource Reliability

- 2015 Urban Water Management Plan, drought response
- Palmdale Regional Groundwater Recharge & Recovery Project
- Littlerock Reservoir Sediment Removal Project
- Recycled water allocation and use
- Granular Activated Carbon (GAC) use and research

Initiative No. 2 – Organizational Excellence

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

Initiative No. 3 – Systems Efficiency

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

Initiative No. 4 - Financial Health and Stability

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

Initiative No. 5 – Regional Leadership

- Create a regional best practices Antelope Valley partnership
- Enhance community partnerships and expand school programs in water education
- Continue to educate and engage elected officials in water related issues
- Emphasize the importance and long history of the District as a community asset
- Enhance community opportunities for the youth of the Antelope Valley
- Continue to evaluate District internship needs

Initiative No. 6 – Customer Care, Advocacy, and Outreach

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

OPERATING BUDGET

The Palmdale Water District 2016 Budget projected lower water sales because the State was under a mandatory water conservation order by the Governor. This was modified twice in 2016 when the State Water Resources Control Board (SWRCB) changed statewide mandatory conservation standards. The implementation of the Orders required the District to reach a mandated reduction of 28% from February 2016 through June 2016 and 10% reduction through March 2017. The District's 2017 budget anticipated a slight recovery in customers' water use as the drought lessens. We are projecting in 2018 a similar water use trend and continued increase in usage but still not returning to the levels seen in 2013.

The District's CY 2018 Operating Revenues are budgeted at just under \$23.6 million and is roughly \$787,000 more than the CY 2017 Budget. Operating Revenues by category are summarized below:

	CY 2017 BUDGET	CY 2018 BUDGET	% Change
OPERATING REVENUES:			
Water consumption sales	\$ 8,162,000	\$ 8,480,000	3.9%
Monthly meter service charge	12,475,500	13,006,500	4.3%
Water quality fees	862,500	941,000	9.1%
Elevation Fees	340,000	360,000	5.9%
Other water service charges	960,000	800,000	(16.7%)
TOTAL OPERATING REVENUES:	\$ 22,800,000	\$ 23,587,500	3.5%

The District's CY 2018 Operating Expenses are budgeted just under \$23 million compared to \$21.2 in the CY 2017 budget. Operating Expenses by category are summarized below:

OPERATING EXPENSES:			
Source of supply - purchased water	\$ 3,052,500	\$ 2,940,000	(3.7%)
Directors	115,500	140,500	21.6%
Administration	3,517,500	3,687,200	4.8%
Engineering	1,451,500	1,662,900	14.6%
Facilities	6,621,000	7,091,750	7.1%
Operations	2,546,250	3,032,007	19.1%
Finance	1,246,500	1,291,250	3.6%
Water Conservation	228,000	300,000	31.6%
Human Resources	297,100	636,850	114.4%
Information Technology	804,750	896,350	11.4%
Customer Care	1,278,000	1,312,700	2.7%
TOTAL OPERATING EXPENSES:	\$ 21,158,600	\$ 22,991,507	8.7%

The CY 2018 capital portion of the budget includes potential expenditures of \$4.1 million. This includes \$1.7 million in capital projects started in prior years, \$1.3 in new capital projects, and \$1.1 in plant expenditures.

REVENUES

Due to California's long-lasting mandated drought-emergency conservation, the District anticipates a slow recovery in customer water use and has projected 18,000 acre-feet of potable water sales for CY 2018, compared to 16,700 acre-feet of potable water sales for CY 2017. The corresponding increase in CY 2018 budgeted revenue is an increase of \$787,000, or 3.5%, compared to budgeted revenue in CY 2017. The multi-year rate plan, from the 2014 Bartle Wells rate study, is updated to show approved rate changes and is shown in the tables below. The table reflect the Board of Directors approved rate changes of 4.25% for 2017, 2018, and 2019. Rate changes apply to both the monthly meter charge and commodity rates.

Tiered Commodity Rates (\$/CCF)

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Tier 1	0.75	0.78	0.81	0.84	0.88
Tier 2	0.86	0.89	0.93	0.97	1.01
Tier 3	2.43	2.53	2.64	2.75	2.87
Tier 4	3.66	3.81	3.97	4.14	4.32
Tier 5	4.73	4.92	5.13	5.35	5.58
Tier 6	6.08	6.32	6.59	6.87	7.16

Monthly Meter Charge

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
1" and Smaller	32.05	33.33	34.75	36.23	37.77
1.5"	96.15	100.00	104.25	108.68	113.30
2"	147.45	153.35	159.87	166.66	173.74
3"	267.14	277.83	289.64	301.95	314.78
4"	438.13	455.66	475.03	495.22	516.27
6"	865.61	900.23	938.49	978.38	1,019.96
8"	1,378.58	1,433.72	1,494.65	1,558.17	1,624.39
10"	1,977.06	2,056.14	2,143.53	2,234.63	2,329.60

The CY 2018 Budget also continues the District's effort to control the costs related to the water quality and moving water to customers at higher elevations. Both costs are shown separately on our customers' water bills. This provides transparency and accountability for these expenses and charges.

The water-quality fee is largely controlled by the cost of Granular Activated Carbon (GAC). In 2014 the District negotiated a long-term contract related to the purchase expense for GAC used during the water treatment process. The water quality expenses were also put into a five-year running average to avoid any large changes in costs to customers. These have allowed the District to reduce the water-quality fee from \$0.20/ccf to \$0.14/ccf in 2015, \$0.13/ccf in 2016 and \$0.12/ccf in 2017. This fee in 2018 will continue to decrease to \$0.11/ccf

(Continued next page)

District staff also continually reviews Edison rate structures to minimize the cost of moving water to higher elevations. This includes optimized run times to take advantage of lower power costs during off-peak times and proactive maintenance schedule of booster and well facilities to lessen the impact on expenses related to emergency equipment failures. The costs were also put into five-year running averages to avoid large changes in costs to customers. These actions have allowed the District to control the elevation booster surcharges for ratepayers living in higher elevation zones.

	CY 2016	CY 2017	CY 2018
Water Quality Fee (\$/ccf)	0.13	0.12	0.11
Elevation Booster Surcharge (\$/ccf)			
Base	-	-	-
Zone A1	0.12	0.09	0.09
Zone A2	0.44	0.55	0.57
Zone A3	0.97	1.12	1.23

EXPENSES

The 2018 Budget includes operating expenses similar to the CY 2017 year-end forecasts. The CY 2018 operating expenses show an overall increase from the 2017 Budget. This reflects anticipated higher costs associated with increased water purchases, electricity cost, and treatment/production costs. The District is also seeing a slight decrease in general maintenance and repair related expenses reflective of the increased effort to replace aging infrastructure and equipment.

The District will continue outreach to the ratepayers in 2018 with various programs that will educate and involve the community. The programs will include offering rebates for landscape conversions, educational presentations at schools, public tours of PWD facilities, gardening workshops, and quarterly newsletters. The 2018 Budget has allocated \$221,000 for rebate programs to assist customers with landscape conversion and replacement of inefficient indoor appliances. To ensure that our ratepayers are properly informed about District operations and available programs, the 2018 Budget also includes \$25,000 for the quarterly publication of “The Pipeline,” an external newsletter.

CAPITAL PROJECTS

As previously stated, the CY 2018 capital portion of the budget includes potential expenditures of \$4.1 million. They are summarized on Pages 21 in the “Basis of the Budget” section. The total includes expenditures for projects, equipment, and planning studies that were contractually committed in 2017 but will be finished and expensed in 2018. All the carry-over projects, contractually committed, as well as plant expenditures are shown in the tables on Pages 21. Page 22 contains the list of new project requests made by the departments.

Continuing PWD’s commitment to the orderly replacement of capital infrastructure (which is part of the District’s Strategic Plan), staff will focus on replacing and upgrading necessary water production, storage, and distribution infrastructure as well as invest in new information technology. The approved Capital Expenditures Budget contains plant expenditures for \$1,144,000 related to safety and regulatory requirements and equipment replacement, and \$2,137,000 for replacement capital/equipment.

Page 21 shows the planned expenditure of \$600,000 in 2018 for the District’s share of the Upper Amargosa Recharge Project. The District’s participation and operational capacity of the proposed Upper Amargosa Recharge Project will allow the District to use 25% of the Project’s capacity to recharge water into the Antelope Valley. The other three (3) partners are the City of Palmdale, Antelope Valley-East Kern Water Agency, and Los Angeles County Waterworks District No. 40.

The District will also continue to implement the design, permitting, and financial planning necessary to improve the long-term water supply and reliability projects. These include the Littlerock Reservoir Sediment Removal Project and the Palmdale Regional Groundwater Recharge and Recovery Project. The 2013A Series Water Revenue Bond provided \$8,500,000 in funding for these and other major projects, including water main replacement projects. However, these two projects will need additional funding totaling \$1,235,000 from the operational budget in 2018 and subsequent years to continue their permitting and implementation.

THIS PAGE INTENTIONALLY LEFT BLANK

BUDGET SUMMARY

THIS PAGE INTENTIONALLY LEFT BLANK

Summary of Revenues and Expenditures – 2018 Budget

Cash Basis (18,000 Ac. Ft.)		
Activity	Estimated Cash Revenues	Estimated Cash Expenditures
Net Water Sales	\$ 8,480,000	
Meter Fees	13,006,500	
Elevation Fees	360,000	
Other Operating Revenue	800,000	
Water Quality Fees (Restricted Use)	941,000	
(Increase)/Decrease in Cash (From Operating)	548,007	
Directors		\$ 140,500
Administration		3,687,200
Engineering		1,662,900
Facilities		7,091,750
Operations		3,032,007
Finance		1,291,250
Water Conservation		300,000
Human Resources		636,850
Information Technology		896,350
Customer Care		1,312,700
Water Purchases		2,100,000
Capitalized Expenditures		1,144,000
Water Quality Expense (GAC)		840,000
SUBTOTAL OPERATING	\$ 24,135,507	\$ 24,135,507
Projected Beginning Cash - 01/01/2018	\$ 14,544,354	
Assessments received	7,500,000	
Capital Improvement Fees	250,000	
State Grants	178,000	
Interest on Investments	90,000	
Other Income	60,000	
Payments for State Water Project		3,043,874
Principal Paid on Long-Term Debt		1,657,084
Interest Paid on Long-Term Debt		2,063,634
Capital Leasing		51,769
Investments in PRWA		300,000
Water Conservation		221,000
Acquisition of Property, Plant & Equipment		3,033,000
	<u>\$ 22,622,354</u>	<u>\$ 10,370,361</u>
Projected Ending Cash - Non-Operating	12,251,993	
Rate Stabilization Fund	-	
Increase/(Decrease) in Cash (From Operating)	(548,007)	
Projected Ending Cash - 12/31/2018	11,703,986	
Less Restricted Cash	-	
Available Operating Cash - 12/31/2018	\$ 11,703,986	
Increase/(Decrease) in Revenue	(2,840,368)	

Summary of Revenues and Expenditures – 2017 Projected

Cash Basis (18,000 Ac. Ft. - Adopted)		
Activity	Estimated Cash Revenues	Estimated Cash Expenditures
Net Water Sales	\$ 8,448,000	
Meter Fees	12,719,250	
Elevation Fees	361,000	
Other Operating Revenue	724,000	
Water Quality Fees (Restricted Use)	874,250	
(Increase)/Decrease in Cash (From Operating)	(2,753,345)	
Directors		\$ 113,500
Administration		3,316,750
Engineering		1,452,000
Facilities		5,943,000
Operations		2,743,250
Finance		1,184,750
Water Conservation		220,000
Human Resources		295,100
Information Technology		604,250
Customer Care		1,227,250
Water Purchases		1,895,555
Capitalized Expenditures		480,000
Water Quality Expense (GAC)		897,750
SUBTOTAL OPERATING	\$ 20,373,155	\$ 20,373,155
Projected Beginning Cash - 01/01/2017	\$ 12,853,749	
Assessments received	7,617,750	
Capital Improvement Fees	1,001,000	
State Grants	75,000	
Interest on Investments	82,250	
Other Income	72,000	
Payments for State Water Project		2,995,409
Principal Paid on Long-Term Debt		1,610,453
Interest Paid on Long-Term Debt		2,113,306.70
Capital Leasing		51,769
Investments in PRWA		107,500
Water Conservation		78,000
Acquisition of Property, Plant & Equipment		2,954,302
	\$ 21,701,749	\$ 9,910,740
Projected Ending Cash - Non-Operating	11,791,009	
Increase/(Decrease) in Cash (From Operating)	2,753,345	
Projected Ending Cash - 12/31/2017	14,544,354	
Less Restricted Cash	-	
Available Operating Cash - 12/31/2017	\$ 14,544,354	
Increase/(Decrease) in Revenue	1,690,605	

Fund Analysis – 2016 End of Year (Actual)

Fund levels reflect the fiscal viability of the District. These funds have been set aside pursuant to legal requirements or action by the Board of Directors. Category of funds were established by Resolution No. 09-03 passed and adopted March 11, 2009. On November 13, 2013, this resolution was superseded by Resolution No. 13-13 and is shown on all Fund Analysis sheets (See Appendix for verbiage for the Reserve Fund Policy – Resolution No. 13-13).

Sources of Cash		2016 Budget			
		Actual Ending Balance 12/31/2015	Sources	Uses	Actual Ending Balance 12/31/2016
Net Operating Income		\$ (5,310,730)			
Adjustment - Water Quality (GAC Media)		690,541			
Adjustment - Depreciation/Amortization Add Back		5,599,740			
Adjustment - Post-Employment Benefits (GASB 45)		2,069,452			
Adjustment - Bad Debt		35,937			
Adjustment - Service Costs Construction		82,905			
Adjustment - Capitalized Construction		(773,318)			
Net Non-Operating Income		<u>3,535,411</u>			
Cash from Revenues above Expenses to place into funds		\$ 5,929,938			
Reserve Funds (Based on Resolution No. 13-13)					
1	Capital Improvement Fund (CIF)	\$ -	\$ 234,747	\$ 234,747	\$ -
2	Bond Proceeds Fund	1,191,266	1,378	788,724	403,920
3	Debt Service Reserve Fund	-	-	-	-
4	Rate Stabilization Fund (Operating Cash)	480,250	972	-	481,221
Total Legally Restricted		\$ 1,671,515	\$ 237,098	\$ 1,023,472	\$ 885,141
5	Dam Self-Insurance	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
6	O&M Operating Reserve (3-Month operating exp.)	5,600,000	-	-	5,600,000
7	O&M Emergency Reserve	-	-	-	-
8	Unrestricted Reserves	1,163,741	5,928,966	5,320,179	1,772,528
Total Board Restricted		\$ 11,763,741	\$ 5,928,966	\$ 5,320,179	\$ 12,372,528
Total Operating Cash		\$ 12,243,990			\$ 12,853,749

Fund Analysis – 2017 Budget (as Approved)

Sources of Cash	Projected Balance 12/31/2016	2017 Budget		Projected Balance 12/31/2017
		Sources	Uses	
Net Operating Income		\$ (6,707,892)		
Adjustment - Water Quality (GAC Media)		862,500		
Adjustment - Depreciation/Amortization Add Back		6,000,000		
Adjustment - Post-Employment Benefits (GASB 45)		2,350,000		
Adjustment - Bad Debt		50,000		
Adjustment - Service Costs Construction		125,000		
Adjustment - Capitalized Construction		(750,000)		
Net Non-Operating Income		<u>3,004,000</u>		
Cash from Revenues above Expenses to place into funds		\$ 4,933,608		
Reserve Funds (Based on Resolution No. 13-13)				
1 Capital Improvement Fund (CIF)	\$ -	\$ 250,000	\$ 250,000	\$ -
2 Bond Proceeds Fund	403,836	-	403,836	-
3 Debt Service Reserve Fund	-	-	-	-
4 Rate Stabilization Fund (Operating Cash)	<u>481,221</u>	<u>1,000</u>	<u>-</u>	<u>482,221</u>
Total Legally Restricted	\$ 885,057	\$ 251,000	\$ 653,836	\$ 482,221
5 Dam Self-Insurance	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
6 O&M Operating Reserve (3-Month operating exp.)	5,400,000	4,073,150	3,873,150	5,600,000
7 O&M Emergency Reserve	-	-	-	-
8 Unrestricted Reserves	<u>13,015</u>	<u>920,708</u>	<u>1,810,834</u>	<u>(877,111)</u>
Total Board Restricted	\$ 10,413,015	\$ 4,993,858	\$ 5,683,984	\$ 9,722,889
Carry-over	\$ (837,209)			\$ 10,205,110
Total Operating Cash	\$ 10,057,027			

Fund Analysis – 2017 Estimated End of Year (Actual)

Sources of Cash	Actual Ending Balance 12/31/2016	2017 Budget		Projected Balance 12/31/2017
		Sources	Uses	
Net Operating Income		\$ (5,155,405)		
Adjustment - Water Quality (GAC Media)		897,750		
Adjustment - Depreciation/Amortization Add Back		6,042,000		
Adjustment - Post-Employment Benefits (GASB 45)		2,195,000		
Adjustment - Bad Debt		50,000		
Adjustment - Service Costs Construction		133,750		
Adjustment - Capitalized Construction		(512,000)		
Net Non-Operating Income		<u>4,049,500</u>		
Cash from Revenues above Expenses to place into funds		\$ 7,700,595		
Reserve Funds (Based on Resolution No. 13-13)				
1 Capital Improvement Fund (CIF)	\$ -	\$ 1,001,000	\$ 1,001,000	\$ -
2 Bond Proceeds Fund	403,920	-	403,920	-
3 Debt Service Reserve Fund	-	-	-	-
4 Rate Stabilization Fund (Operating Cash)	<u>481,221</u>	<u>8,856</u>	<u>3,694</u>	<u>486,383</u>
Total Legally Restricted	\$ 885,141	\$ 1,009,856	\$ 1,408,614	\$ 486,383
5 Dam Self-Insurance	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
6 O&M Operating Reserve (3-Month operating exp.)	5,600,000	5,888,528	6,088,528	5,400,000
7 O&M Emergency Reserve	-	-	-	-
8 Unrestricted Reserves	<u>1,772,528</u>	<u>-</u>	<u>1,150,726</u>	<u>621,802</u>
Total Board Restricted	\$ 12,372,528	\$ 5,888,528	\$ 7,239,254	\$ 11,021,802
Total Operating Cash	\$ 12,853,749		Carry-over	(1,733,000)
			Total Operating Cash	\$ 9,775,185

Fund Analysis – 2018 Budget

Sources of Cash	2018 Budget			
	Projected Balance 12/31/2017	Sources	Uses	Projected Balance 12/31/2018
Net Operating Income		\$ (8,423,007)		
Adjustment - Water Quality (GAC Media)		840,000		
Adjustment - Depreciation/Amortization Add Back		6,000,000		
Adjustment - Post-Employment Benefits (GASB 45)		2,300,000		
Adjustment - Bad Debt		50,000		
Adjustment - Service Costs Construction		125,000		
Adjustment - Capitalized Construction		(600,000)		
Net Non-Operating Income		<u>2,817,500</u>		
Cash from Revenues above Expenses to place into funds		<u>\$ 3,109,493</u>		
Reserve Funds (Based on Resolution No. 13-13)				
1 Capital Improvement Fund (CIF)	\$ -	\$ 250,000	\$ 250,000	\$ -
2 Bond Proceeds Fund	-	-	-	-
3 Debt Service Reserve Fund	-	-	-	-
4 Rate Stabilization Fund (Operating Cash)	486,383	1,000	-	487,383
Total Legally Restricted	<u>\$ 486,383</u>	<u>\$ 251,000</u>	<u>\$ 250,000</u>	<u>\$ 487,383</u>
5 Dam Self-Insurance	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
6 O&M Operating Reserve (3-Month operating exp.)	5,400,000	4,073,150	3,873,150	5,600,000
7 O&M Emergency Reserve	-	-	-	-
8 Unrestricted Reserves	621,802	920,708	1,810,834	(268,324)
Total Board Restricted (Operating Cash)	<u>\$ 11,021,802</u>	<u>\$ 4,993,858</u>	<u>\$ 5,683,984</u>	<u>\$ 10,331,676</u>
Carry-over	(1,733,000)			
Total Operating Cash				<u>\$ 10,819,059</u>
Total Operating Cash	<u>\$ 9,775,185</u>			

Income Statement

	BUDGET 2018	PROJECTED 2017	BUDGET ¹ 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Operating Revenue						
Wholesale Water (AVEK & LCID)	160,000	164,000	160,000	231,820	142,749	218,627
Water Sales	8,320,000	8,284,000	8,002,000	8,194,074	6,952,694	8,283,444
Meter Fees	13,006,500	12,719,250	12,475,500	12,176,890	11,658,904	11,321,843
Water Quality Fees	941,000	874,250	862,500	861,502	898,135	1,564,800
Elevation Fees	360,000	361,000	340,000	349,673	369,899	477,654
Other	800,000	724,000	960,000	779,854	1,267,941	1,377,953
	<u>23,587,500</u>	<u>23,126,500</u>	<u>22,800,000</u>	<u>22,593,813</u>	<u>21,290,321</u>	<u>23,244,320</u>
Operating Expenses						
Directors	140,500	113,500	115,500	162,939	139,276	145,332
Administration	3,687,200	3,316,750	3,517,500	3,258,302	2,884,658	2,488,872
Engineering	1,662,900	1,452,000	1,451,500	1,295,845	1,202,660	1,086,084
Facilities	7,091,750	5,943,000	6,621,000	6,503,297	5,795,731	3,711,042
Operations	3,032,007	2,743,250	2,546,250	2,682,263	2,540,998	5,341,789
Finance	1,291,250	1,184,750	1,246,500	1,257,585	1,570,286	3,048,759
Water Conservation	300,000	220,000	228,000	239,810	333,179	180,027
Human Resources	636,850	295,100	297,100	390,980	406,497	252,531
Information Technology	896,350	604,250	804,750	802,131	775,870	840,237
Customer Care	1,312,700	1,227,250	1,278,000	1,378,405	1,146,872	-
Water Purchases	2,200,000	1,974,750	2,340,000	2,007,254	1,789,229	2,385,951
OAP Chrg (Prior Year)	50,000	-	100,000	-	(36,045)	683
Water Recovery	(150,000)	(79,195)	(250,000)	(232,890)	(706,113)	(427,519)
Water Quality (GAC Media)	840,000	897,750	862,500	690,541	596,045	1,204,922
Plant Expenditures	1,144,000	480,000	574,292	453,366	898,276	753,615
Cash Expenses	<u>24,135,507</u>	<u>20,373,155</u>	<u>21,732,892</u>	<u>20,889,828</u>	<u>19,337,418</u>	<u>21,012,326</u>
Depreciation	6,000,000	6,042,000	6,000,000	5,599,740	7,957,867	7,166,963
Post-Employment Benefit (GASB 45)	2,300,000	2,195,000	2,350,000	2,069,452	2,022,850	1,999,825
Bad Debts	50,000	50,000	50,000	35,937	67,504	16,594
Service Costs Construction	125,000	133,750	125,000	82,905	13,861	(99,180)
Capitalized Construction	(600,000)	(512,000)	(750,000)	(773,318)	(1,096,604)	(1,432,662)
Non-Cash Expenses	<u>7,875,000</u>	<u>7,908,750</u>	<u>7,775,000</u>	<u>7,014,716</u>	<u>8,965,479</u>	<u>7,651,539</u>
Net Operating Income/(Loss)	<u>(8,423,007)</u>	<u>(5,155,405)</u>	<u>(6,707,892)</u>	<u>(5,310,730)</u>	<u>(7,012,577)</u>	<u>(5,419,544)</u>
Non-operating Revenues						
Assessments (Debt Service)	5,125,000	5,285,000	5,000,000	5,168,663	5,207,003	5,066,642
Assessments (1%)	1,825,000	1,736,250	1,657,500	1,665,002	1,634,459	1,582,069
Successor Agency Component (Prop Tax)	550,000	596,500	300,000	524,470	511,352	415,073
DWR Fixed Charge Recovery	175,000	160,000	200,000	285,255	332,957	221,578
Interest	90,000	140,000	60,000	105,487	45,786	45,465
Market Adj. on Investments	-	(57,750)	-	(62,759)	(3,081)	5,005
Capital Improvement Fees	250,000	1,001,000	250,000	41,017	367,481	13,547
Grants - State & Federal	178,000	75,000	178,000	306,915	-	-
Other	60,000	72,000	60,000	147,173	14,366	18,336
	<u>8,253,000</u>	<u>9,008,000</u>	<u>7,705,500</u>	<u>8,181,224</u>	<u>8,110,323</u>	<u>7,367,714</u>
Non-operating Expenses						
Interest Paid & Amortization on long-term debt	2,063,500	2,172,000	2,228,000	2,211,323	2,234,905	2,281,792
Amortization of SWP	2,851,000	2,601,000	2,238,000	2,362,788	2,074,524	1,934,685
Legal Settlements	-	-	-	-	-	601,670
Change in Investments in PRWA	300,000	107,500	100,000	14,559	59,831	34,580
Water Conservation	221,000	78,000	135,500	57,143	220,602	130,267
	<u>5,435,500</u>	<u>4,958,500</u>	<u>4,701,500</u>	<u>4,645,813</u>	<u>4,589,862</u>	<u>4,982,994</u>
Net Non-operating Income/(Loss)	<u>2,817,500</u>	<u>4,049,500</u>	<u>3,004,000</u>	<u>3,535,411</u>	<u>3,520,461</u>	<u>2,384,720</u>
Net Earnings(Loss)	<u>(5,605,507)</u>	<u>(1,105,905)</u>	<u>(3,703,892)</u>	<u>(1,775,320)</u>	<u>(3,492,116)</u>	<u>(3,034,825)</u>

Income Statement – General Information

	BUDGET 2018	PROJECTED 2017	BUDGET ¹ 2017	ACTUAL 2016	ACTUAL 2015	ACTUAL 2014
Operating Revenue	1.99%	1.43%	7.09%	-2.80%	-11.85%	-3.76%
Operating Expenses	-0.43%	1.72%	-13.28%	-8.32%	12.45%	-4.03%
Non-operating Revenues	-8.38%	16.90%	-4.99%	11.04%	23.17%	11.89%
Non-operating Expenses	9.62%	5.47%	2.43%	-6.77%	18.05%	28.16%

Footnotes:

- ¹ 2017 Budget contains all amendments made during the current fiscal year. All amendments were done as transfers between GL accounts with no change to overall budgeted amounts with the exception of Administration for 100th Anniversary.
- ² 2018 Budget for water sales is based on returning to 2014 consumption levels.
- ³ 2018 water purchases are based on purchasing 9,000 acre-feet of water from the Department of Water Resources.
- ⁴ GAC filter media purchases are directly offset by the revenues from the water-quality fee for prior year. The 2018 Budget includes the possible replacement of up to five contactors and the localized contactor at the El Camino Underground site.
- ⁵ Post-employment accrual expense (OPEB) was added as a compliance requirement for GASB 45 (2008).
- ⁶ Water supply connection fees will be charged to developers to offset new source water supply. This component's effective date is January 1, 2014 and is part of the capital improvement fees.

General Information:

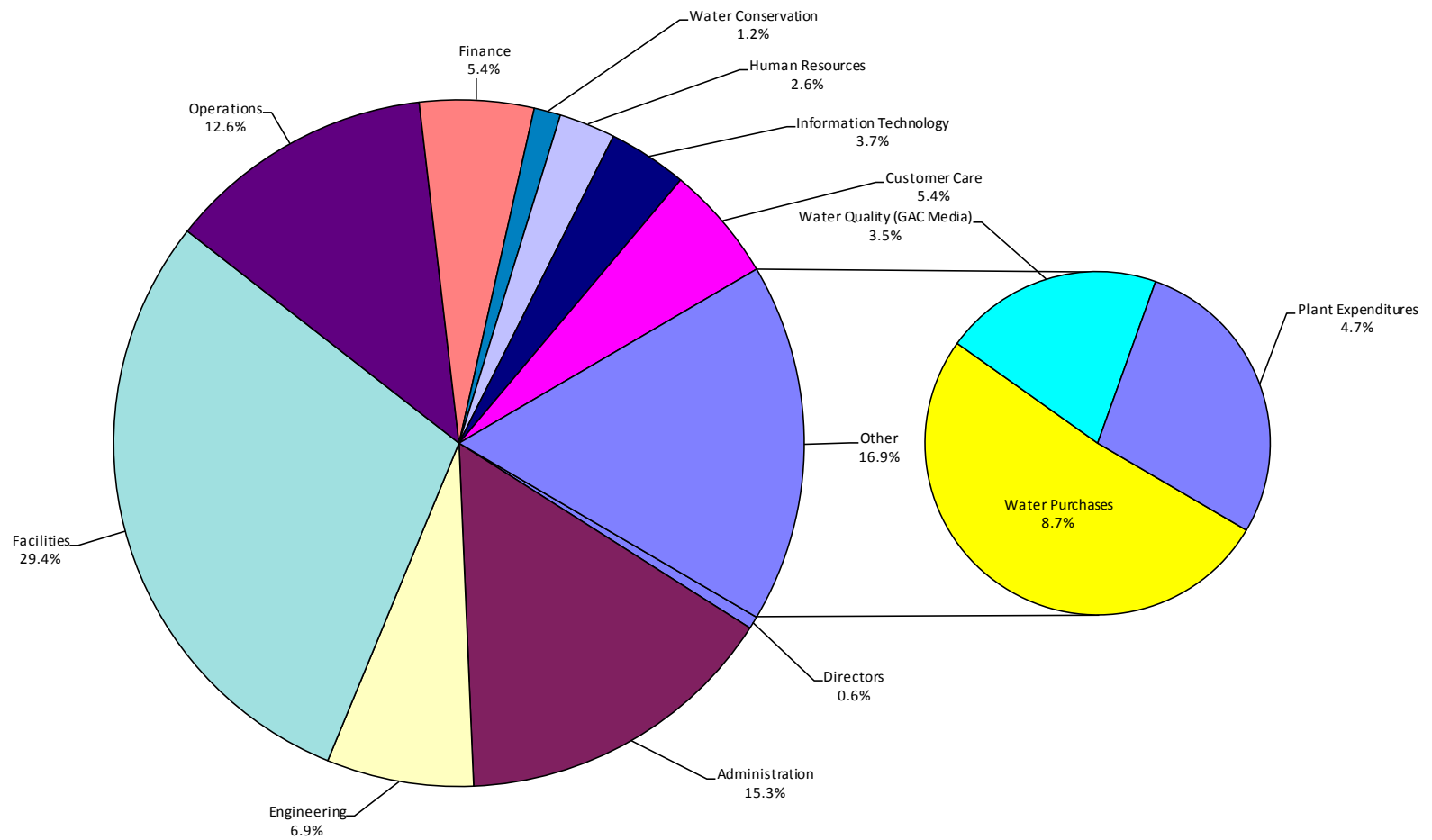
The District entered into Capital Leasing agreement in 2017 for customer information system software, increased data storage, water treatment plant security upgrade, kiosk, IVR, and laboratory software. The agreement is a 5-year term ending 2022.

Projected federal grant funds were adjusted to coincide with the potential revenue receipt. The receipt of these funds have been removed until confirmation by the administrative agency, overseeing these funds, has been received by the District.

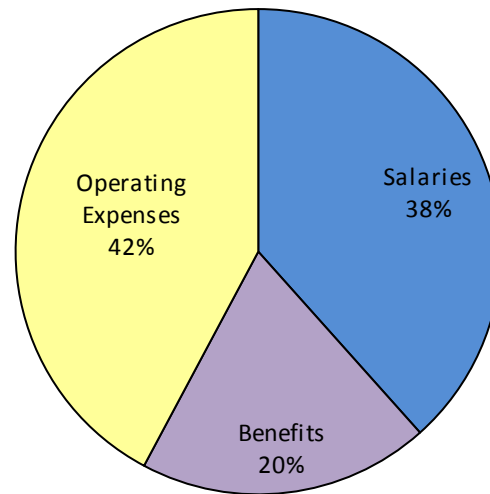
Cost Factors and Assumptions:

- ¹ Water quality fee is \$0.11 per unit for 2018 compared to \$0.12 per unit for 2017.
- ¹ Cost of Living increase of 3.1% effective January 1, 2018, subject to Board approval of the 2018 Budget.
- ¹ Worker's comp rates are calculated at 0.0086 for office personnel and 0.0451 for field personnel.
- ¹ PERS is calculated at 11.581% for 6 months (Jan. thru Jun.) and 12.069% for 6 months (Jul thru Dec.) for all employees except for those that fall under Public Employee Pension Reform Act (PEPRA). Classic PERS employees will pay 4.34% of the employee portion for 2018. [An employee who meets the PEPRA requirement the employer contribution for 2018 is 6.53% for the District.]
- ¹ Employee benefits include the cost of medical, dental & vision plans as well as the employee assistance program and on the job life insurance death benefit. Healthcare is capped per employee at \$1,800 effective January 1, 2018.
- ¹ The District's medical insurance rates have increased 7.52% on the blended average for the four medical plans. Currently, the dental insurance and vision insurance offered to employees will remain at the same 2016 cost. All health insurance plans are managed and administered through ACWA/JPIA.
- ¹ Health insurance includes benefits to directors who qualify for benefits and opt to participate in the plans.
- ¹ Operating Revenue estimates were based on the potential sales of 18,000 ac. ft. of water for the 2018 Budget.

2018 Operating Expenses (excluding non-cash expenses) – Graph



2018 Departmental Expenses – Graph



2018 Departmental Expenses	
Salaries	\$ 7,697,500
Benefits	3,892,250
Operating Expenses	8,461,757
Total	<u>\$ 20,051,507</u>

Statement of Cash Flows

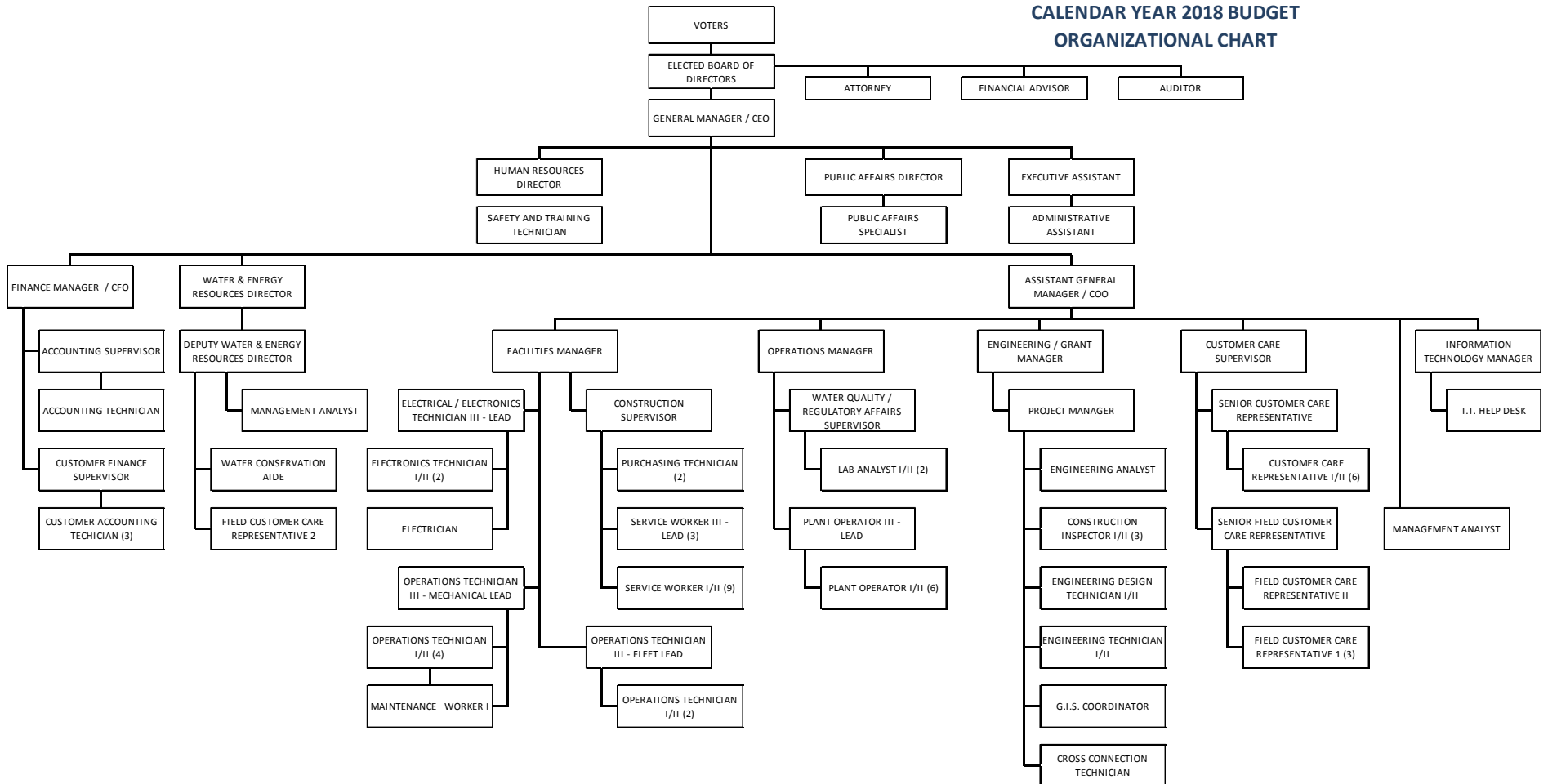
	Audited Numbers				
	Budget 2018	Projected 2017	2016	2015	2014
Beginning Cash	14,544,354	12,853,749	12,243,990	12,989,419	12,216,474
Operating Activities					
Net Operating Revenues	23,587,500	23,126,500	22,586,801	21,248,419	23,341,636
Net Operating Expenses	24,135,507	20,373,155	20,871,018	20,094,952	22,405,397
Net cash provided by operating activities	(548,007)	2,753,345	1,715,783	1,153,467	936,239
Other Sources and Uses of Cash					
Assessments received	7,500,000	7,617,750	7,358,135	7,352,814	7,063,785
Payments for State Water Project	(3,043,874)	(2,995,409)	(3,195,974)	(3,278,807)	(2,390,962)
Capital Improvement Fees Received	250,000	1,001,000	234,747	367,481	13,548
Water Conservation	(221,000)	(78,000)	-	-	-
Proceeds on Issuance of Long-Term Debt					
Acquisition of Property, Plant & Equip. - Current Yr	(1,300,000)	(2,798,802)	(2,264,386)	(2,631,537)	(1,249,083)
Acquisition of Property, Plant & Equip. - Carry-over	(1,133,000)	(155,500)	-	-	-
Committed Contracts on WRB Projects	(600,000)	-	-	-	-
Investments in PRWA	(300,000)	(107,500)	(105,316)	(224,334)	-
Capital Leasing	(51,769)	(51,769)	(229,597)	(229,597)	(229,597)
Principal Paid on Long-Term Debt	(1,657,084)	(1,610,453)	(1,557,553)	(1,518,412)	(1,472,774)
Interest Paid on Long-Term Debt	(2,063,634)	(2,113,307)	(2,161,369)	(2,203,532)	(2,244,419)
State Grants and Other Income	238,000	147,000	709,802	421,242	300,744
Interest on Investments	90,000	82,250	105,487	45,786	45,464
Net Cash Provided by Other Sources and Uses	(2,292,361)	(1,062,740)	(1,106,024)	(1,898,896)	(163,294)
Net Increase (Decrease) in Cash	(2,840,368)	1,690,605	609,759	(745,429)	772,945
Rate Stabilization Fund	-	-	-	-	-
Cash End of Year	11,703,986	14,544,354	12,853,749	12,243,990	12,989,419
Less Restricted Cash	-	-	-	-	-
Acquisition of Property, Plant & Equip. - Carry-over	-	(1,133,000)	(155,500)	(584,806)	(654,148)
Committed Contracts on WRB Projects	(513,500)	(600,000)	(681,709)	-	-
Available Operating Cash	11,190,486	12,811,354	12,016,540	11,659,184	12,335,271
Yearly Change to Cash (Does not print on report)	(1,620,868)	1,152,170	357,356	(676,087)	118,797

THIS PAGE INTENTIONALLY LEFT BLANK

BASIS OF THE BUDGET

THIS PAGE INTENTIONALLY LEFT BLANK

**CALENDAR YEAR 2018 BUDGET
ORGANIZATIONAL CHART**



THIS PAGE INTENTIONALLY LEFT BLANK

Personnel Summary

	CY 2018 BUDGET	CY 2017 BUDGET	CY 2016 BUDGET	CY 2015 BUDGET
ADMINISTRATION				
Managers/Supervisors	7	7	6	6
Staff	7	6	4	4
TOTAL ADMINISTRATION	14	13	10	10
FINANCE				
Managers/Supervisors	3	3	3	3
Staff	4	4	4	4
TOTAL FINANCE	7	7	7	7
CUSTOMER CARE				
Managers/Supervisors	1	1	-	-
Clerical	7	7	8	8
Field	5	5	7	7
TOTAL CUSTOMER CARE	13	13	15	15
ENGINEERING				
Managers/Supervisors	2	2	2	2
Staff	9	8	7	7
TOTAL ENGINEERING	11	10	9	9
FACILITIES				
Managers/Supervisors	2	2	3	3
Staff	27	27	27	26
TOTAL FACILITIES	29	29	30	29
OPERATIONS				
Managers/Supervisors	2	2	2	2
Staff	8	9	11	11
TOTAL OPERATION AND PRODUCTION	10	11	13	13
WATER CONSERVATION				
Managers/Supervisors	-	-	1	1
Staff	2	2	1	1
TOTAL WATER CONSERVATION	2	2	2	2
TOTAL PERSONNEL	86	85	86	85

The following represent the part-time interns (not included in above figures):

	-	1	6	4
--	---	---	---	---

Notes:

- Five elected officials serve on Palmdale Water District's Board of Directors
- 2015 Budget had Finance and Customer Care (Service) as a single department. In March 2015 these groups were separated into two individual departments.

Labor and Benefits Cost Summary

Accounting Category	CY 2018 BUDGET	CY 2017 PROJECTED	CY 2017 BUDGET	CY 2016 BUDGET	CY 2015 BUDGET
Salaries (Includes On-Call and Overtime)	7,787,500	7,408,500	7,510,000	7,251,614	7,092,254
FICA / Medicare (Employer Portion)	576,500	556,200	556,250	533,271	523,448
Healthcare Benefits	1,404,500	1,307,200	1,281,750	1,312,766	1,323,322
Retirement (CalPERS)	1,504,250	1,235,600	1,340,250	1,622,708	1,171,573
Workers Comp	280,000	235,000	185,000	178,578	119,156
Life Insurance/EAP Program	6,500	5,000	7,500	6,379	6,949
TOTAL	11,559,250	10,747,500	10,880,750	10,905,317	10,236,701

Approved Capital Expenditures Carry Over/Plant Expenditure Summary

<i>Project No.</i>	<i>Budgeted (Carry-over)</i>	<i>Category</i>	<i>Project Type</i>	<i>CY 2018</i>
Asset/Infrastructure Related Expense				
14-603	Upper Amargosa Recharge Project	NRCP		1,113,500
	Portion to be carried over to 2019 Budget		Water Supply	(513,500)
	Portion to be paid out in 2018 Budget			600,000
12-400	PRGRRP - CEQA, Permitting, Pre-Design & Pilot	CES	Water Supply	363,000
12-400	PRGRRP - Construction & Monitor Wells/Test Basin	CES	Water Supply	428,000
04-501	Littlerock Sediment Removal - Aspen - Agency Coordination	CES	Water Supply	35,000
04-501	Littlerock Sediment Removal - Aspen - Grade-Control Design	CES	Water Supply	257,000
17-410	Sanitary Survey	CES	Regulatory	50,000
			Subtotal:	1,733,000
Plant Expenditure Related Expense				
14-404	Water System Master Plan	CES	Facilities Planning	52,000
			Subtotal:	52,000

<i>Plant Expenditure Budget Requests (Not Committed)</i>		<i>Category</i>	<i>Project Type</i>	<i>CY 2018</i>
Plant Expenditure Related Expense				
	Emergency Action Plan	CES	Planning	175,000
	Littlerock Sediment Removal Project - State Permits	CES	Permitting	152,000
	Replace and Upgrade VMWare Servers (EOL)	NRE	General Project	60,000
	Redesign VMWare Network (TruePoint)	NRE	General Project	15,000
	Replace Firewall and VPN Appliances (EOL)	NRE	General Project	60,000
	Upgrade Microsoft GP & SQL Databases	NRE	General Project	60,000
	WTP Access Control - Additional Cameras (Blind Spots)	NRE	General Project	20,000
	Meter Replacement Program - Purchase (Quantity = 3,400)	NRCP	Replacement Cap.	550,000
			Subtotal:	1,092,000

Total Asset/Infrastructure Projects 1,733,000

Total Plant Expenditures 1,144,000

New Capital Expenditures Project Request Summary

<i>Project No.</i>	<i>Project Budget Requests (Not Committed)</i>	<i>Category</i>	<i>Project Type</i>	<i>CY 2018</i>
Asset/Infrastructure Related Expense				
	Backhoe	NRE	Replacement Equip.	80,000
	PRV Replacements 25th St; 37th St; 40th St	NRE	Replacement Equip.	40,000
	Altitude Valve - 25th St East	NRE	Replacement Equip.	22,000
	Littlerock Insertion Mag Meter	NRE	Replacement Equip.	32,000
	Brine tanks @ Well #7 & Well #3	NRE	Replacement Equip.	65,000
	T-8 Booster Station Pump Skids	NRE	Replacement Equip.	35,000
	Intellispark @ Well #15 & Well #11	NRE	Replacement Equip.	13,000
	6 MG Clearwell Curtain Repairs	NRE	General Project	94,000
	Well No. 7 Rehabilitation	NRCP	Replacement Cap.	180,000
	Well No. 29 Rehabilitation	NRCP	Replacement Cap.	65,000
	Well No. 35 Rehabilitation	NRCP	Replacement Cap.	75,000
	Booster 45th St	NRCP	Replacement Cap.	23,000
	Booster Well No. 3	NRCP	Replacement Cap.	15,000
	Booster Well No. 14	NRCP	Replacement Cap.	8,000
12-611	Water Main Replacement - Avenue P8 & 20th ST E	NRCP	Replacement Cap.	410,000
17-602	Water Main Replacement - 13th ST E and Avenue R (Spec 1703)	NRCP	Replacement Cap.	170,000
16-602	Water Main Replacement - Avenue P and 25th (Spec 1601)	NRCP	Replacement Cap.	152,000
15-613	Avenue V-5 Water Main Replacement (Spec 1504)	NRCP	Replacement Cap.	45,000
	45th ST E Altitude Valve (Upsizing)	NRCP	Replacement Cap.	70,000
			Subtotal:	1,594,000

Total Asset/Infrastructure Project Requests 1,594,000

DEPARTMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

Administration Department

DESCRIPTION:

The Administration Department manages the District through the Board of Directors, which sets policy, and the General Manager, who reports to the Board and manages the daily operation of the District. The attorneys and financial advisor positions, which answer to the Board and interact with the staff through the General Manager, are also an integral part of the Administration Department. The positions of Assistant General Manager, Executive Assistant, Administrative Assistant, Administrative Technician, Water and Energy Resources Director, Deputy Water and Energy Resources Director, Public Affairs Director and Public Affairs Specialist also operate out of the Administration Department.

2017 ACCOMPLISHMENTS:

- 1) Worked with Kinsey Aesthetics & Communications to create a new PWD logo, business collateral, flag and commemorative book. Introduced new logo.
- 2) Hosted 100th Anniversary Kick-off Open House, *Imagine a Day Without Water* Tour, Red Cross Blood Drive, tour for Peruvian exchange students, and Customer Appreciation days.
- 3) Recognized and awarded certificates to top water savers, both residents and business owners.
- 4) Organized and attended monthly centennial celebration tours of Littlerock Dam & Reservoir and the WTP for the community.
- 5) Participated in local events: Emergency Preparedness Fair; Read Across America; Summer Lunch Program offered by City of Palmdale and Palmdale School District; A.V. Fair Dress & Decorate Event (3rd place); A.V. Fair "Cele-GRAPe-tion" Parade (1st place, 30-foot & under).
- 6) Focused on reaching out to the Latino community by printing one of "The Pipeline" newsletter in both English and Spanish. Monthly appearances on radio show *Café con Leche* to share important District news.
- 7) Published tri-annual "The Pipeline" newsletter for customers; also sent to Constant Contact subscribers; and shared on PWD website.
- 8) Developed and published the "Employee Buzz" newsletter that is distributed monthly to Board of Directors, employees and retirees.
- 9) Presented information about Palmdale Regional Groundwater Recharge and Recovery Project at A.V. African American Chamber Luncheon.
- 10) Organized and managed the production of videos marking PWD's centennial celebration.
- 11) Assisted with the historical displays in the lobby and at Palmdale City Library.
- 12) Assisted with the 100th Anniversary Employee Kick-off Breakfast.
- 13) Generated necessary press releases throughout the year for District projects and other pertinent public information.
- 14) Increased District's social media following and reach.
- 15) Held press event for electric vehicle charging station.
- 16) Applied and gained District of Distinction Award and District Transparency Certificate of Excellence from SDLF.
- 17) Attended and networked at monthly Palmdale Chamber of Commerce Business luncheons.
- 18) Attended and networked at quarterly GAVEA meetings.
- 19) Publicized first annual Water Professionals Appreciation Week.
- 20) Assist WTP Lab with updating/editing water quality collateral material.
- 21) Updated and added new material on website.
- 22) Attended and researched Water Leaders Academy at EMWD.

2017 ACCOMPLISHMENTS *(Continued)*:

- 23) Sponsored PWD teams for the Palmdale Chamber's golf tournament and the AV African American Chamber's Bowling for Scholarships event.
- 24) Begin talks with Yucca Elementary School to assist with a Learning Garden for students and their families.
- 25) Partner with Palmdale and Knight high schools on a PSA contest for their video classes.
- 26) Worked with City of Palmdale to exchange ad/article space in each other's publications.

2018 GOALS:

- 1) Focus on rebranding the District.
- 2) Plan and host a grand 100th anniversary celebration with elected officials, former Board directors, staff and the community.
- 3) Use centennial anniversary videos for outreach purposes, including at schools, community events & business gatherings. Possible airing of new PWD video on PBS.
- 4) Continue to work with Kinsey on the commemorative book.
- 5) Continue to display historical highlights in the lobby and Palmdale City Library for the 100th anniversary celebration.
- 6) Introduce "new" Aqua Dog at grand celebration.
- 7) Publicize the Palmdale Regional Recharge and Recovery Project and the Littlerock Sediment Removal Project.
- 8) Speak at events including GAVEA Luncheon, Palmdale Chamber Luncheon and STEMPosium.
- 9) Develop web and community friendly videos.
- 10) Host monthly centennial celebration tours, Town Hall Forum, Red Cross Blood Drive, Customer Appreciation days, and *Imagine a Day Without Water* event.
- 11) Create a similar program to a Water Leaders Academy to educate and involve the community.
- 12) Start a pilot Learning Gardening at Yucca Elementary School.
- 13) Continue to expand social media to highlight PWD.
- 14) Hold press events announcing PWD highlights.
- 15) Make bi-monthly appearances on Spanish radio show *Café con Leche* to bring PWD news to the Latino community.
- 16) Continue to network with Palmdale Chamber, AV Hispanic Chamber, AV African American Chamber, GAVEA and any other community groups.
- 17) Work with consultant to redesign and update information on the website.
- 18) Organize and host tours for school groups.
- 19) Continue to publish quarterly "The Pipeline" and monthly "Employee Buzz" newsletters.
- 20) Collaborate with City of Palmdale on ways to promote one another in "The Pipeline" and *Palmdale Magazine*.
- 21) Take and compile more images of PWD highlights for publicity/historical purposes.
- 22) Order T-shirts and other giveaways with new logo.

Board of Directors

<u>Directors</u>		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-01-4000-000	Directors Fees		-		64,200	57,000	71,100
Benefits							
1-01-4005-000	Payroll Taxes	5,500	4,500	5,500	4,533	4,346	5,405
1-01-4010-000	Health Insurance		-		75,765	57,956	53,150
	Subtotal (Benefits)	5,500	4,500	5,500	80,297	62,303	58,555
	Personnel Expenses	5,500	4,500	5,500	144,497	119,303	129,655
OPERATING EXPENSES:							
1-01-4050-000	Director's Travel, Seminars & Meetings		-		18,442	19,973	15,677
1-01-xxxx-007	Director's Expense Share - Alverado, Robert	27,000	20,500	22,000			
1-01-xxxx-008	Director's Expense Share - Mac Laren, Kathy	27,000	22,000	22,000			
1-01-xxxx-009	Director's Expense Share - Estes, Joe	27,000	25,500	22,000			
1-01-xxxx-010	Director's Expense Share - Dino, Vincent	27,000	22,000	22,000			
1-01-xxxx-011	Director's Expense Share - Henriquez, Marco	27,000	19,000	22,000			
	Total Operating Expense	135,000	109,000	110,000	18,442	19,973	15,677
	Total Departmental Expenses	140,500	113,500	115,500	162,939	139,276	145,332

Administration

Administration		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-02-4000-000	Salaries	1,215,500	1,107,000	1,220,500	1,059,738	909,109	787,919
1-02-4000-100	Salaries - Departmental Overtime	9,000	8,500	8,500	7,357	7,128	7,992
	Subtotal (Salaries)	1,224,500	1,115,500	1,229,000	1,067,095	916,237	795,911
Employee Benefits							
1-02-4005-000	Payroll Taxes	86,500	80,000	87,000	67,781	58,665	49,348
1-02-4010-000	Health Insurance	171,500	150,000	171,000	141,074	133,752	110,746
1-02-4015-000	Pers	141,000	115,500	145,000	173,459	146,826	148,467
	Subtotal (Benefits)	399,000	345,500	403,000	382,314	339,243	308,561
District-wide Salaries & Benefits							
1-02-5070-001	Salaries-On-Call/Stand By Time	90,000	74,000	90,000	78,783	89,297	53,711
1-02-5070-002	PERS-Unfunded Liability	568,500	472,500	472,000	405,575	189,408	-
1-02-5070-003	Worker's Compensation	280,000	235,000	185,000	178,578	119,156	118,517
1-02-5070-004	Vacation Benefit Expense	25,000	15,000	35,000	12,321	54,578	1,748
1-02-5070-005	Life Insurance/EAP	6,500	5,000	7,500	6,379	6,949	7,572
	Subtotal (District-wide)	970,000	801,500	789,500	681,635	459,387	181,549
	Personnel Expenses	2,593,500	2,262,500	2,421,500	2,131,044	1,714,867	1,286,021
OPERATING EXPENSES:							
1-02-4050-000	Staff Travel	14,000	18,000	14,000	-	-	11,286
1-02-4050-100	General Manager Travel	5,000	5,500	5,000	5,821	8,209	7,808
1-02-4060-000	Staff Conferences & Seminars	6,000	2,000	6,000	-	-	3,670
1-02-4060-100	General Manager Conferences & Seminars	4,000	4,000	4,000	2,150	3,915	3,460
1-02-4130-000	Bank Charges	140,000	149,250	140,000	156,058	146,801	136,637
1-02-4150-000	Accounting Services	27,500	27,500	27,500	25,471	23,991	25,285
1-02-4155-205	Contracted Services - Landscape Services	-	-	-	-	-	10,200
1-02-4155-210	Contracted Services - Janitorial Services	-	-	-	-	-	14,375
1-02-4155-215	Contracted Services - Elevator Services	-	-	-	-	-	3,112
1-02-4175-000	Permits (Construction)	17,500	17,000	17,500	10,332	16,856	9,061
1-02-4180-000	Postage	25,000	15,500	25,000	11,783	18,268	25,085
1-02-4190-100	Public Relations - Publications	30,000	30,000	30,000	29,642	9,083	17,002
1-02-4190-700	Public Affairs - Marketing/Outreach	25,000	44,000	20,000	-	-	-
1-02-4190-710	Public Affairs - Advertising	4,000	-	-	-	-	-
1-02-4190-720	Public Affairs - Equipment	2,500	-	-	-	-	-
1-02-4190-730	Public Affairs - Conference/Seminar/Travel	2,500	-	-	-	-	-
1-02-4190-740	Public Affairs - Consultants	3,000	-	-	-	-	-
1-02-4190-750	Public Affairs - Memberships	700	-	-	-	-	-
1-02-4190-900	Public Relations - Other	-	-	-	6,555	1,000	706
1-02-4200-000	Advertising	4,000	3,500	4,000	3,833	3,617	2,439
1-02-4205-000	Office Supplies	18,000	22,000	18,000	20,836	20,709	25,888
1-02-4210-000	Office Furniture	5,000	5,000	5,000	5,333	8,180	-
1-02-4215-200	Natural Gas - Office Building	-	-	-	-	-	3,954
1-02-4220-200	Electricity - Office Building	-	-	-	-	-	53,108
	Total Operating Expense	333,700	343,250	316,000	277,813	260,630	353,077
District-wide Operating Expense							
1-02-5070-006	Other Operating	20,000	32,000	20,000	28,084	18,367	18,355
1-02-5070-007	Consultants	70,000	69,000	70,000	94,638	157,646	121,710
1-02-5070-008	Insurance	305,000	301,000	305,000	297,231	296,700	275,100
1-02-5070-009	Groundwater Adjudication - Legal	50,000	82,000	50,000	57,678	145,128	228,195
1-02-5070-010	Legal Services	150,000	105,000	150,000	139,168	167,712	183,460
1-02-5070-011	Memberships	125,000	122,000	125,000	127,763	123,609	22,955
1-02-5070-012	Elections	-	-	-	104,882	-	-
1-02-5070-099	100th Anniversary	40,000	-	60,000	-	-	-
	Total District-wide Operating Expense	760,000	711,000	780,000	849,445	909,161	849,775
	Total Departmental Expenses	3,687,200	3,316,750	3,517,500	3,258,302	2,884,658	2,488,872

Engineering Department

DESCRIPTION:

The Engineering Department's primary responsibilities are planning, project development and management, and quality control. Associated duties include CEQA compliance, permit maintenance, plan checking, construction inspection, updating facility maps, maintaining standard construction specifications, and reporting water production to maintain water rights.

2017 ACCOMPLISHMENTS:

- 1) Completed GIS updates, corrections and revisions to continue improving the quality and accuracy of our GIS data.
- 2) Attended the annual ESRI User Conference and GIS Water/Wastewater User Group meetings to stay current with rapidly advancing GIS technology.
- 3) Developed a Collector App to assist the Engineering Inspectors with their daily Dig Alert workflow. The App replaces Nobel Systems hosted GeoViewer application, which saves the District \$40,000 per year in subscription costs.
- 4) Configured and deployed focused GIS mobile applications to help field crews do their important daily workflows more efficiently. The Apps are used for flushing, valve turning, AirVac maintenance, and large meter maintenance programs.
- 5) Developed a GIS Map Change Request tool that allows workers out in the field to report required map changes using their iPads. The GIS Coordinator gets update requests more quickly and provides feedback that the changes have been done.
- 6) Attended a 3-day class on ArcGIS Server Site Configuration and Administration to learn the latest GIS Server optimization methods to enhance performance of our Web GIS applications.
- 7) Attended 2-day InfoWater hydraulic model training to improve modeling abilities.
- 8) Produced a poster-size GIS story map for display in the lobby that helps customers understand where we get our imported water. It shows how Northern California rain water is collected and delivered to the District via the California Aqueduct.
- 9) In June, Richard Heinonen was the first PWD Drone Team member to complete the online study course and pass the FAA written exam to obtain his Remote Pilot's License. This allows the District to start using the Drone for aerial photo reconnaissance.
- 10) Purchased and installed ESRI Drone2Map desktop software that will be used to convert the photos taken by the drone into useful aerial imagery and surveys.
- 11) Water Management System Database - Completed initial contract with DCSE Inc. and issued an amendment to contract to expand capabilities of the database.
- 12) Littlerock Sediment Removal
 - Record of Decision signed on June 20, 2017
 - Initiated final design on Grade-Control Structure
- 13) Palmdale Recycled Water Authority Recycled Water Line Phase Project
 - Completed 75% design
 - Worked with State Water Resources Control Board on Resolutions for repayment
 - Gave presentation to Recycled Water Authority Board of Directors on Fill Stations for residential use.
- 14) Palmdale Regional Groundwater Recharge and Recovery Project
 - Completed draft of Title 22 Engineering Report
 - Completed design of infiltration test basins and monitoring wells
 - Completed construction of test basins and monitoring wells
 - Started conveying water to test basins to determine infiltration rates
 - Work with State Water Resources Control Board on Resolutions for repayment

2017 ACCOMPLISHMENTS *(Continued)*:

- 15) Sanitary Survey for 2017
 - Selected Black and Veatch Consulting Firm to Complete the Update
 - Completed draft report for the survey
- 16) Water Master Plan Program Environmental Impact Report (EIR) for 2017
 - Selected ESA Associates consulting firm to complete the Program EIR
 - ESA completed a preliminary Administrative Draft in November 2017 and submitted to PWD for review
- 17) Construction Projects
 - 16-605 Design & Construct 2nd Brine Tank for Treatment Plant (50% complete as of October 2016)
 - Spec 1206 - Avenue Q to Avenue P12 between Division Street and 3rd Street East (plans are presently in early stages as of November 2017)
 - Spec 1601 - Avenue P from 25th Street East to approximately 500 feet easterly (in early stages as of November 2017)
 - Specs 1502 - Consists of new water main in the Ana Verde area. The plans as of November 2017 are 90% complete and ready for review and signature by General Manager.
 - Spec 1504 - Avenue V5. Consists of new water main. The plans are about 30% complete as of November 2017.
 - Spec 1210 - Avenue P8 plans finished but not signed
 - Spec 1703 – 13th Street East between Avenue Q13 and Avenue R – 50% complete
- 18) Developer Projects and their status (Capital Improvement Fees collected for these are \$1,002,086).
 - Aerospace Academy – in construction
 - Antelope Valley College – completed
 - Circle K – Pending Plan check
 - Courson East & West – pending construction
 - Guidance Charter – in construction
 - Harbor Freight – completed
 - Tractor Supply Company – completed
 - Verizon Cell Tower – in construction
- 19) Reprint 100 Scale Water Service Maps – the front counter map has been updated for cut and paste or drawing changes on it. There does not seem to be a need to reprint.
- 20) Held regular bi-weekly engineering staff meetings
- 21) Staff made it a practice that when visiting a construction site to wear a hard hat and vest.
- 22) Staff completed the online training program “Target Safety”

2018 GOALS:

- 1) Attend ESRI Annual User Conference (seminar)
- 2) Implementing Versioned Workflows in a Multiuser Geodatabase (ESRI training)
- 3) Cross-train staff on use of ArcGIS desktop software and ArcGIS Online (Cloud App)
- 4) Attend workshops and Webinars to keep current with advancement in GIS technology
- 5) Upgrade ArcGIS Server and SDE Geodatabase to meet increasing system demand.
- 6) Improve leak data entry process (current workflow requires work by 4 individuals)
- 7) Improve process to ensure all system changes are submitted to GIS in a timely manner
- 8) Reprint 100 Scale Water Service Maps
- 9) Update GIS Aerial Imagery
- 10) Continue improving mobile GIS experience
- 11) Expand use of Desktop GIS viewing application

2018 GOALS *(Continued)*:

- 12) Water Management System Database – Continue to improve the centralized database as a Districtwide tool
- 13) Improve Leak Data Entry Process (current workflow split between 4 individuals)
- 14) Implement Procedure to Get All System Changes to GIS for Updating
- 15) Develop method to insure location of all new water service connections with corresponding Account numbers are sent to GIS Coordinator for inclusion in the GIS.
- 16) The Engineering Department has already begun and is continuing its efforts to improve and streamline its processes to become more efficient. Spreadsheets have been created to view, update, track, record various Engineering related items. Forms have been updated and will be uploaded on the internet as well as the intranet. Focus Group meetings as well as Staff meetings are held frequently to keep the Department updated and to address any issues within the Department.
- 17) Littlerock Sediment Removal
 - Complete final design by February 2018
 - Advertise for construction bids
 - Begin construction summer of 2018
- 18) Palmdale Recycled Water Authority Recycled Water Line Phase Project
 - Complete final design
 - Hopefully receive a low interest State Revolving Fund grant and construction loan
 - Start construction
- 19) Palmdale Regional Groundwater Recharge and Recovery Project
 - Completed infiltration tests in recharge basins
 - Submit application to U.S. Bureau of Reclamation’s Title XVI water recycling program for a grant
 - Select a Project Management Consultant to help manage design and construction
 - Hopefully receive low interest State Revolving Fund Construction Loan
 - Initiate final design activities
- 20) Update GIS Aerial Imagery
- 21) Purchase a Light table
- 22) Department would benefit to have more room for records once development starts picking up again.
- 23) Department would benefit by having a vehicle specifically for Engineering Department use to more efficiently use staff’s time rather than trying to reserve and track down a vehicle to take care of needed field work.
- 24) Proposed construction projects for 2018 (water main replacements)
 - P-8 at 20th Street (16-inch diameter, 1,420 feet)
 - 13th Street from Q-13 to Avenue R (8-inch diameter, 1,000 feet)
 - V-5 W/Q 47th (6-inch diameter, 50 feet)
 - V-5 W/Q 47th (4-inch diameter, 668 feet)
 - V-5 W/Q 47th (2-inch diameter, 958 feet)
 - P Avenue From 25th to 500 feet ELY (FAA) (12-inch diameter, 500 feet)
 - P Avenue From 25th to 500 feet ELY (FAA) (8-inch diameter, 80 feet)
 - P Avenue From 25th to 500 feet ELY (FAA) (6-inch diameter, 80 feet)
 - 6 million gallon Clearwell repairs
 - Upsize 45th Street Altitude Valve

Engineering

<u>Engineering</u>		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-03-4000-000	Salaries	1,058,750	1,024,750	983,500	870,400	815,814	678,494
1-03-4000-100	Salaries - Departmental Overtime	9,000	8,500	6,500	10,469	5,172	9,781
	Subtotal (Salaries)	1,067,750	1,033,250	990,000	880,869	820,986	688,275
Employee Benefits							
1-03-4005-000	Payroll Taxes	78,750	75,250	73,000	65,930	62,068	54,550
1-03-4010-000	Health Insurance	209,750	181,750	164,000	152,691	139,686	134,005
1-03-4015-000	PERS	132,750	111,250	104,500	149,436	111,512	136,655
	Subtotal (Benefits)	421,250	368,250	341,500	368,057	313,267	325,210
	Personnel Expenses	1,489,000	1,401,500	1,331,500	1,248,926	1,134,253	1,013,485
OPERATING EXPENSES:							
1-03-4050-000	Staff Travel	3,000	3,500	2,500	-	-	2,881
1-03-4060-000	Staff Conferences & Seminars	3,000	4,250	2,500	-	-	1,515
1-03-4060-001	Staff Training - Auto CAD Civil 3D	13,000	-	-	-	-	-
1-03-4155-305	Contracted Services - GIS Services	13,000	8,000	10,000	28,491	54,639	50,000
1-03-4155-310	Contracted Services - Reproduction	20,000	-	19,000	-	-	-
1-03-4155-315	Contracted Services - Prod./Demand Database	7,000	-	9,000	-	-	-
1-03-4155-320	Contracted Services - Plotter/Scanner	-	-	2,500	-	-	2,763
1-03-4155-325	Contracted Services - Backflow Software	-	-	1,000	-	-	-
1-03-4165-000	Memberships/Subscriptions	2,500	2,750	2,500	3,897	2,065	1,889
1-03-4250-000	General Materials & Supplies	-	-	-	4,541	2,297	2,162
1-03-4250-100	Supplies - Plotter Paper/Toner	3,400	1,000	8,000	-	-	-
1-03-4250-150	Supplies - Surveying Total Station	7,000	-	-	-	-	-
1-03-4250-200	Supplies - Miscellaneous	-	1,000	3,000	-	-	-
1-03-8100-100	Computer Software - Maint. & Support	102,000	30,000	60,000	9,990	9,406	11,391
	Total Operating Expense	173,900	50,500	120,000	46,919	68,407	72,600
	Total Departmental Expenses	1,662,900	1,452,000	1,451,500	1,295,845	1,202,660	1,086,084

Facilities Department

DESCRIPTION:

The Facilities Department oversees maintaining and repairing of all pipelines, vehicles and equipment, and related facilities. The staff monitors and maintains operation of the District's 22 active groundwater wells, 17 reservoir sites, 15 booster stations, 20 pressure regulating stations, 9 seismic valves, 9 hydro-pneumatic tanks and hypochlorite disinfection equipment at 32 of the above sites. The department is also accountable for maintaining water quality standards, system chlorine residuals, energy management and pumping efficiencies.

2017 ACCOMPLISHMENTS:

1. Performed weekly, biweekly flushing. Will finish all the annual flushing by year end. We have flushed 621,180 cf of water or 4,646,426 gallons to date.
2. Monthly dam inspections at Littlerock Dam.
3. Removal of brush and debris at the Littlerock Dam.
4. Painted elevation increments on the face of the Littlerock Dam.
5. Conducted valve exercising program, 3,800 valves to date, with goal of 4,000 by year end.
6. Installed new insertion meter at water treatment plant with 52" riser.
7. Cleaned and repaired concrete on Tunnel #1 Ditch.
8. Installed (2) new fire hydrant runs at Four Points swap meet @ Pearblossom Hwy & 47thSt. E.
9. Installed 8" fire line for Harbor Freight building.
10. Installed 8x4 tee and valve for fire line at A.V. College
11. Replaced 109 - 1" air vacs and 33 - 2" air vacs in the system.
12. Completed (3) total re-piping for compound meters.
13. Repaired 85 mainline leaks and 77 service lines leaks to date.
14. Continue to clean and organize backyard spoil piles of asphalt, concrete and other debris
15. Replaced 6 broken valves on AC pipe, 14 broken valves on other types of pipe.
16. Replaced 10 hit fire hydrants
17. Replaced 839 ¾" stuck meters and 101 1" stuck meters in the system this year.
18. Replaced 370 angle stops.
19. Ongoing training for our crew, including backhoe/ loader, rigging and signal person, crane certification, traffic control, flagman, forklift, confined space, CPR/ first aid, leadership and supervisor training.
20. Replaced three large meters with Octave Meters
21. Completed re-piping, flex coupling/restraint system with Pratt Valve installation for Clear-well.
22. Installation of Murphy AFR 64 control system on Well #2 for emissions compliance.
23. Performed maintenance on wells, boosters and storage reservoirs.
24. Performed scheduled preventive maintenance on 39 well and booster control valves, 11 in-line check valves, 16 reservoir altitude valves, system chlorine residuals, Site inspections and house-keeping with an additional 126 hours performed on monthly maintenance of 9 seismic valves.
25. Performed maintenance and repair to the 32 units of sodium hypochlorite generation equipment.
26. Performed quarterly maintenance and repair of 20 pressure reducing valve stations, a total of 35 pressure reducing valves.
27. Performed hydraulic monitoring of all groundwater supplies in addition to the annual Edison efficiency testing.
28. Staff completed rehabilitation and development work on Well 15, Well 8, Well 10 and Well 18. This involved the flushing, production development and chemical treatment of the wells, then returning them to service with Edison base line efficient testing being completed on the wells.
29. Rehab on three groundwater well sites.

2017 ACCOMPLISHMENTS *(Continued)*:

30. Staff completed the fabrication install of the pressure reducing valve and plumbing at 47th St. E. (station no. 16).
31. Staff completed two 2,500-hour services at well no. 11 and 15.
32. Staff completed re-construction of the containment area for Hazardous Waste Storage area.
33. Staff installed two Electric Car charging stations in parking lot.
34. Staff reset perimeters for alarms at well and booster sites to avoid comp fails with high/high alarms.
35. Staff completed the emergency repair to the engine at Well 11 and returned it to service.
36. Staff completed the emergency repair to the Hydro-Generator, troubleshooting and replacing relay.
37. Staff has completed the installation of the SCADA Room and SCADA Development Servers room in the NOB vault.
38. Staff has continued to maintain, test or replace the District's level transducers in the distribution system and treatment plant.
39. Staff has continued to maintain all District electrical and SCADA panels and complete as-built wiring diagrams in compliance with NFPA 70E standards.
40. Staff continued to improve and update Standard Operating Procedures (SOP's) and routine maintenance schedules to reflect system upgrades and related new equipment.
41. Staff has continued to maintain, test or reprogram the programming of PCM's on the SCADA Servers and systems.

2018 GOALS:

1. Exercise 4,000 valves and replace any faulty valves that are found.
2. Continue flushing program, including all the yearly flushing points.
3. Replace any of the straight stop valves that are faulty to a ball valve style with all blow offs in the system for flushing purposes.
4. Continue mainline replacements.
5. Continue with Retro-fit Program of large meters, along with conversion to non-moving part Octave style meter.
6. Clean and organize the outer Facilities yard.
7. More training for the crew, send members of the crew to trade shows to see new equipment and materials. Expand cross training so that the crew develops a better understanding of our distribution system.
8. Expand and develop our role with a cycled maintenance of critical components of our infrastructure.
9. Work with Operations Crew, servicing and replacing pressure reducing valves throughout the distribution system.
10. Continue calibration and pitot testing at well and booster sites as necessary to improve accuracy of all production meter track.
11. Complete conversion of pump controls to soft start controllers at various well sites.
12. Continue to develop a cycle program calibrating and maintain all wells and reservoirs level transducers.
13. Upsize the altitude valve and by-pass at 45th St. tanks.
14. Complete Edison maintenance and hydraulic testing on 22 District wells.
15. Continue hydraulic monitoring of all groundwater supplies.
16. Continue to maintain and calibrate chlorine residual analyzers at District well and booster sites.
17. Calibrate and maintain the distribution and treatment plant automation and control via SCADA.
18. Continue to upgrade all District electrical panels to bring up to current electrical wiring codes to continue to meet NFPA 70E standards.
19. Maintain and upgrade sodium hypochlorite generation systems as necessary.
20. Quarterly monitoring and testing on all production meters at District well and booster sites.

Facilities

Facilities

		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-04-4000-000	Salaries	2,134,500	2,045,000	2,096,000	2,019,399	1,907,672	1,553,408
1-04-4000-100	Salaries - Departmental Overtime	115,000	128,000	100,000	111,003	90,716	78,544
	Subtotal (Salaries)	2,249,500	2,173,000	2,196,000	2,130,402	1,998,388	1,631,952
Employee Benefits							
1-04-4005-000	Payroll Taxes	178,000	172,000	172,000	164,677	154,694	129,425
1-04-4010-000	Health Insurance	491,750	465,500	453,500	443,728	434,173	349,246
1-04-4015-000	PERS	260,000	210,000	258,000	367,342	266,889	278,180
	Subtotal (Benefits)	929,750	847,500	883,500	975,748	855,756	756,851
	Personnel Expenses	3,179,250	3,020,500	3,079,500	3,106,150	2,854,144	2,388,803
OPERATING EXPENSES:							
1-04-4050-000	Staff Travel	3,000	4,000	3,000	-	-	6,943
1-04-4060-000	Staff Conferences & Seminars	13,000	1,000	3,000	-	-	1,652
1-04-4155-405	Contracted Services - Landscape Svcs (All Sites)	15,500	10,250	15,500	11,353	12,087	1,675
1-04-4155-410	Contracted Services - Landscape Svcs (Wells)	38,000	34,000	38,000	35,804	31,424	28,640
1-04-4155-415	Contracted Services - Alarm Services	5,000	8,500	5,000	3,234	3,116	3,076
1-04-4155-420	Contracted Services - Janitorial Services (All Sites)	45,000	45,000	45,000	40,504	32,235	7,143
1-04-4155-425	Contracted Services - Pest Control Svcs (Contracted)	6,000	5,500	6,000	6,297	2,129	1,729
1-04-4155-430	Contracted Services - Pest Control Svcs (Pm Dam)	5,000	3,500	5,000	21,925	23,040	23,040
1-04-4155-435	Contracted Services - Elevator Services	3,500	12,000	3,500	3,318	3,213	-
1-04-4155-440	Contracted Services - SCADA Software	15,000	15,250	15,000	35,314	11,118	-
1-04-4155-445	Contracted Services - SCADA Hardware	25,000	24,250	20,000	-	668	-
1-04-4155-450	Contracted Services - Seismic Valve Controllers	7,500	-	7,500	6,085	5,790	-
1-04-4155-455	Contracted Services - Annual Tank Service	330,000	329,750	330,000	319,100	-	319,100
1-04-4155-460	Contracted Services - Fire Extinguisher Servicing	2,500	2,500	2,500	-	-	-
1-04-4155-465	Contracted Services - Firetide Radio	15,000	-	-	-	-	-
1-04-4155-466	Contracted Services - Clearscada	15,000	-	-	-	-	-
1-04-4155-467	Contracted Services - Fenway	1,000	-	-	-	-	-
1-04-4155-499	Contracted Services - Miscellaneous	1,000	2,000	1,000	2,444	6,299	5,357
1-04-4175-000	Permits (Littlerock & Palmdale Dams)	25,000	15,000	25,000	18,301	3,508	27,026
1-04-4215-100	Natural Gas - Wells & Boosters	225,000	191,500	225,000	165,926	199,402	-
1-04-4215-200	Natural Gas - Buildings	9,000	6,500	9,000	6,619	7,434	3,052
1-04-4220-100	Electricity - Wells & Boosters	1,320,000	1,040,000	1,320,000	1,298,902	1,587,473	-
1-04-4220-200	Electricity - Buildings	88,000	75,000	88,000	70,681	86,925	22,579
1-04-4225-000	Maint. & Repair - Vehicles	35,000	23,750	35,000	40,706	34,192	28,861
1-04-4230-100	Maint. & Rep. Operations - Office Building	25,000	23,750	25,000	33,215	9,861	11,007
1-04-4235-110	Maint. & Rep. Operations - Equipment	12,000	10,500	6,500	2,955	5,365	10,424
1-04-4235-400	Maint. & Rep. Operations - Wells	100,000	59,500	100,000	78,836	89,886	81,768
1-04-4235-405	Maint. & Rep. Operations - Boosters	80,000	27,750	80,000	48,838	30,841	29,172
1-04-4235-410	Maint. & Rep. Operations - Shop Bldgs	25,000	20,000	10,000	12,844	1,560	8,959
1-04-4235-415	Maint. & Rep. Operations - Facilities	50,000	18,750	15,000	35,918	22,642	9,395
1-04-4235-420	Maint. & Rep. Operations - Water Lines	300,000	310,000	250,000	302,124	220,229	313,799
1-04-4235-425	Maint. & Rep. Operations - Littlerock Dam	15,000	2,500	15,000	23,134	-	3,164
1-04-4235-430	Maint. & Rep. Operations - Palmdale Dam	7,500	6,000	7,500	6,724	1,160	1,020
1-04-4235-435	Maint. & Rep. Operations - Palmdale Canal	10,000	4,500	10,000	-	3,823	960
1-04-4235-440	Maint. & Rep. Operations - Large Meters	35,000	31,000	20,000	28,942	3,504	-
1-04-4235-445	Maint. & Rep. Operations - Telemetry	5,000	2,750	5,000	2,933	6,160	-
1-04-4235-450	Maint. & Rep. Operations - Hypo Generators	10,000	2,500	10,000	4,056	2,426	-
1-04-4235-455	Maint. & Rep. Operations - Heavy Equipment	45,000	43,000	45,000	36,942	46,202	54,748
1-04-4235-460	Maint. & Rep. Operations - Storage Reservoirs	5,000	500	5,000	2,753	2,615	381
1-04-4235-461	Maint. & Rep. Operations - Air Vacs	28,000	-	-	-	-	-
1-04-4235-470	Maint. & Rep. Operations - Meter Exchanges	250,000	140,000	250,000	314,917	119,540	-

(Continued next page)

Facilities (Continued)

OPERATING EXPENSES (Continued):

1-04-4250-100	Materials - Hot Tapping	-	-	-	-	5,549	-
1-04-4270-300	Telecommunication - Other	4,000	5,750	4,000	6,292	3,707	-
1-04-4300-100	Testing - Regulatory Compliance	20,000	1,500	20,000	-	-	-
1-04-4300-200	Testing - Large Meter Testing	12,500	10,500	12,500	18,598	14,385	-
1-04-4300-300	Testing - Edison Testing	30,000	-	30,000	5,655	-	-
1-04-5070-009	Groundwater Adjudication - Pumping Assessment	50,000	19,750	50,000	-	-	-
1-04-6000-000	Waste Disposal	20,000	15,500	20,000	24,588	17,072	12,987
1-04-6100-100	Fuel and Lube - Vehicle	105,000	93,000	105,000	84,737	83,938	115,177
1-04-6100-200	Fuel and Lube - Machinery	40,000	25,500	40,000	14,092	33,619	41,755
1-04-6200-000	Uniforms	28,000	21,500	28,000	26,242	27,451	22,624
1-04-6300-100	Supplies - General	47,500	50,750	47,500	63,234	53,658	51,515
1-04-6300-200	Supplies - Hypo Generators	7,500	4,500	7,500	6,094	2,114	-
1-04-6300-300	Supplies - Electrical	3,000	1,000	3,000	1,117	283	-
1-04-6300-400	Supplies - Telemetry	5,000	7,000	5,000	4,340	5,161	-
1-04-6300-800	Supplies - Construction Materials	35,000	33,000	35,000	51,447	43,356	48,419
1-04-6400-000	Tools	-	-	-	34,027	20,149	11,065
1-04-6400-100	Tools - Facilities	47,000	17,750	20,000	-	-	-
1-04-6400-200	Tools - Vehicles	5,000	7,750	5,000	-	-	-
1-04-6450-100	Equipment - Firetide Radios	8,000	-	-	-	-	-
1-04-6450-110	Equipment - GF Signet Flow Meters	7,500	-	-	-	-	-
1-04-6450-120	Equipment - SCADA Workstations	30,000	-	-	-	-	-
1-04-6450-130	Equipment - Compound Meters	72,000	-	-	-	-	-
1-04-7000-100	Leases - Equipment	15,000	22,000	15,000	17,387	15,280	14,027
1-04-7000-200	Leases - Fleet	70,000	33,500	38,000	17,652	-	-
	Total Operating Expense	3,912,500	2,922,500	3,541,500	3,397,147	2,941,588	1,322,239
	Total Departmental Expenses	7,091,750	5,943,000	6,621,000	6,503,297	5,795,731	3,711,042

Operations Department

DESCRIPTION:

The Operations Department operates the Water Treatment Plant, Lake Palmdale, Littlerock Dam and Reservoir, and the Palmdale Ditch for surface water sources and treatment. The department is responsible for maintaining compliance with all Federal, State, and local regulations on water quality standards, updating watershed sanitary survey and development of wellhead protection as a source water protection plan, lake management, energy management, and pumping efficiency, as well as handling customer-related water quality complaints and water quality analysis.

2017 ACCOMPLISHMENTS:

1. Refined plant systems operational practices to optimize water quality.
2. Completed 2016 Large Water System annual report successfully.
3. Operations and Maintenance Manual 2017 update for SWRCB reporting.
4. Submitted accurate treatment plant monthly water quality reports to SWRCB.
5. Staff conducted jar testing with many available coagulant aids from different chemical companies.
6. Participated on demand response programs Honeywell to reduce electricity costs.
7. Successfully used localized GAC treatment at Underground tank to reduce overall GAC operational costs.
8. Replaced GAC media at underground vessel.
9. Reactivated 5 GAC contactors at the treatment plant.
10. Rebuilt Filter Aid system.
11. Repaired leaky Hypo-tank #2.
12. Rebuilt stainless steel shafts for 1 and 2 sedimentation basins on sludge dump valves.
13. Repaired fence around Palmdale Lake.
14. Rehabilitated caustic soda system, after 10 years of sitting idle, for finished water pH adjustment.
15. Installed new caustic soda pumps.
16. Performed filter media testing on 6 filters by ERS.
17. Installed a new filtration system at Aqueduct traveling screen.
18. Weed abatement at the treatment plant.
19. Continued to successfully use new Liquid Copper sulfate (Earthtec) chemical for algae lake management.
20. Removed dry sludge from lagoons.
21. Removed weeds and debris from Palmdale Dam and shoreline to meet DSOD requirements.
22. Completed new control room renovation improvements.
23. Renewed Water Research Foundation membership.
24. Participated and fully implemented Operations internship program.
25. Participated in Leadership Training.
26. Provided numerous educational tours and events at the treatment plant.
27. Completed required monitoring for LT2ESWTR Round 2 Cryptosporidium/Giardia.
28. Purchased and installed new GCMS equipment, including circuit upgrade and new battery backup.
29. Completed implementation of Promium LIMS sample management system.
30. Completed ELAP renewal, which includes passing WS249 and WS250.
31. Completed the 2016 Consumer Confidence Report, including all document submission to the State.
32. Contributed groundwater sample (Well 14A) to Issam Najm for a research project.
33. Performed cross-training for two District employees within the treatment plant laboratory.
34. Laboratory participated with the District's intern program. This had two college students working under the guidance of treatment plant laboratory staff during the year for experience.
35. Began participation in National Science Foundation Disinfection By-Products (DBP) study.
36. The lab began using the TruePoint billing system for service orders related to water quality complaints, including working on SOPs for related tasks.

2017 ACCOMPLISHMENTS *(Continued)*:

37. Implemented a new Water Quality Compliant form that is easier for the customers to understand the summary results.

2018 GOALS:

1. Meet water quality challenges while continuing to refine plant and distribution systems operational practices to reduce costs and optimize treatment.
2. Continue development and execution of an effective lake monitoring program and cleanup of Lake Palmdale shoreline.
3. Work closely with Deputy and Water Resources Manager to effectively manage water supplies.
4. Work closely with Facilities Department and continue Edison demand response programs to reduce electricity costs.
5. Provide cross-training with other departments and encourage staff to get higher licenses.
6. Maintain excellent interdepartmental cooperation through clear communication and promoting the understanding and respect of all staff's contributions toward our shared mission.
7. Continue to upgrade, standardize, maintain and repair WTP facilities to ensure reliable and efficient performance.
8. Continue Operations building and lobby upgrades.
9. Operation and maintenance of all slide gate valves.
10. Replace surface wash pump for filter backwashing.
11. Treatment plant vault maintenance.
12. Addition of new nonionic and anionic chemicals to enhance coagulation and filtration processes.
13. Rebuild Ferric Chloride system and Zinc Orthophosphate system.
14. Perform maintenance and repairs to traveling bar screen at Palmdale Lake outlet.
15. Treatment Plant weed abatement.
16. Evaluate and report performance of localized GAC.
17. Continue to perform a full-scale performance study between Calgon and Evoqua carbon media.
18. Continue to promote education and conservation through informational tours and a proactive positive response in handling water quality complaints.
19. Once a year, staff will visit other treatment facilities and districts to possibly obtain more knowledge or different innovative ideas to enhance performance and efficiency.
20. Encourage continued education and training to equip staff with the knowledge necessary to deal effectively with current and future water industry challenges.
21. Review systems, emergency drill scenarios with Operations staff.
22. Have regular monthly safety meetings with staff.
23. Complete annual Large Water System Report 2017.
24. Update Operations and Maintenance Manual for annual SWRCB reporting.
25. Renew Water Research Foundation membership.
26. Perform UCMR-4 Monitoring, which includes tests for AM1 & AM2 (Metals, Pesticides, Alcohols, SVOCs and HAAs) and AM3 (Cyanotoxins).
27. Begin sampling for the lead and copper rule (June).
28. Perform the Coliform Sample Siting Plan update.
29. Continue development of Lab Maintenance and Lab Training programs.
30. Continue to perform compliance monitoring of water supplies for Radioactivity, MTBE, and Hexavalent Chromium, Cyanide, General Physical, General Mineral, Inorganics & Organics and all other constituents required by law.
31. Complete the Consumer Confidence Report for 2017.
32. Begin Palmdale Regional Groundwater Recharge & Recovery Project Monitoring

Operations

Operations		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-05-4000-000	Salaries	937,750	950,500	920,000	988,198	1,067,180	1,496,842
1-05-4000-100	Salaries - Departmental Overtime	60,000	74,000	56,000	65,122	63,447	96,084
	Subtotal (Salaries)	997,750	1,024,500	976,000	1,053,319	1,130,627	1,592,926
Employee Benefits							
1-05-4005-000	Payroll Taxes	68,750	78,500	67,000	80,923	85,764	126,006
1-05-4010-000	Health Insurance	159,250	161,000	144,250	180,467	206,300	319,084
1-05-4015-000	PERS	121,500	106,000	111,000	167,291	156,034	292,061
	Subtotal (Benefits)	349,500	345,500	322,250	428,681	448,099	737,151
	Personnel Expenses	1,347,250	1,370,000	1,298,250	1,482,000	1,578,726	2,330,077
OPERATING EXPENSES:							
1-05-4050-000	Staff Travel	2,500	2,250	2,500	-	-	8,563
1-05-4060-000	Staff Conferences & Seminars	2,500	2,000	2,500	-	-	3,472
1-05-4120-100	Training - Lab Equipment	-	-	-	-	-	6,867
1-05-4120-200	Training - SCADA Network Equipment	-	-	-	-	-	5,401
1-05-4155-505	Contracted Services - Landscape Services	2,000	1,750	2,000	2,620	1,485	1,620
1-05-4155-510	Contracted Services - Alarm Services	1,750	1,750	1,000	975	825	900
1-05-4155-515	Contracted Services - Janitorial Services	-	-	-	-	-	5,989
1-05-4155-520	Contracted Services - Pest Control Services	-	-	-	-	-	400
1-05-4155-525	Contracted Services - Wind Turbine Services	30,000	30,000	25,000	2,150	32,352	10,769
1-05-4155-530	Contracted Services - CMMS Software	-	-	-	-	1,800	10,025
1-05-4155-535	Contracted Services - SCADA Software	-	-	-	-	-	11,509
1-05-4155-540	Contracted Services - Lab Software	6,720	5,000	6,000	1,470	1,865	1,470
1-05-4155-545	Contracted Services - Lab Equipment Services	17,500	7,000	20,000	25,184	16,707	2,970
1-05-4155-550	Contracted Services - Water Quality Svcs (SolarBee)	32,000	28,000	32,000	28,016	27,200	24,883
1-05-4155-555	Contracted Services - SCADA Hardware	-	-	-	-	-	3,574
1-05-4155-560	Contracted Services - Seismic Valve Controllers	-	-	-	-	-	5,685
1-05-4155-599	Contracted Services - Miscellaneous	-	-	2,000	986	-	-
1-05-4175-000	Permits (WTP Facilities Inclusive)	66,287	61,000	40,000	30,155	22,967	28,733
1-05-4215-100	Natural Gas - Wells & Boosters	-	-	-	-	-	309,877
1-05-4215-200	Natural Gas - Water Treatment Plant	3,000	1,500	3,000	1,376	1,451	1,616
1-05-4220-100	Electricity - Wells & Boosters	-	-	-	-	-	1,682,458
1-05-4220-200	Electricity - Water Treatment Plant	290,000	290,000	125,000	159,361	147,115	147,472
1-05-4230-110	Maint. & Rep. Office - Equipment	500	-	500	126	-	463
1-05-4235-110	Maint. & Rep. Operations - Equipment	20,000	13,500	20,000	18,394	15,489	17,730
1-05-4235-410	Maint. & Rep. Operations - Shop Bldgs	6,000	-	6,000	14,856	1,316	10,301
1-05-4235-415	Maint. & Rep. Operations - Facilities	86,000	86,000	65,000	89,129	88,688	84,532
1-05-4235-445	Maint. & Rep. Operations - Telemetry	-	-	-	-	-	663
1-05-4235-450	Maint. & Rep. Operations - Hypo Generators	65,000	18,500	65,000	67,315	17,250	48,265
1-05-4235-500	Maint. & Repair - Wind Turbine	10,000	10,000	30,000	39,603	15,719	6,183
1-05-4236-000	Palmdale Lake Management	100,000	40,000	40,000	-	30,104	10,575
1-05-4270-300	Telecommunication - Other	-	-	-	-	-	3,087
1-05-4300-300	Testing - Edison Testing	-	-	-	-	-	9,770
3-05-4300-100	Filter Media Testing/Inspection	-	18,500	30,000	-	-	-
1-05-6000-000	Waste Disposal	20,000	4,000	20,000	10,417	11,899	24,600
1-05-6200-000	Uniforms	16,000	12,500	16,000	14,340	15,886	14,763
1-05-6300-100	Supplies - General	15,000	15,000	15,000	16,939	8,987	24,817
1-05-6300-200	Supplies - Hypo Generators	-	-	-	-	-	6,535
1-05-6300-300	Supplies - Electrical	-	-	-	-	-	405
1-05-6300-400	Supplies - Telemetry	-	-	-	-	-	2,055
1-05-6300-600	Supplies - Lab	52,000	52,000	50,000	44,895	37,050	35,387
1-05-6300-700	Outside Lab Work	71,000	58,000	60,000	69,835	70,965	44,565
1-05-6400-000	Tools	6,000	6,000	6,500	5,234	9,610	6,827
1-05-6500-000	Chemicals	760,000	609,000	560,000	556,243	384,384	384,205
1-05-7000-100	Leases - Equipment	3,000	-	3,000	644	1,157	1,729
	Total Operating Expense	1,684,757	1,373,250	1,248,000	1,200,263	962,272	3,011,712
	Total Departmental Expenses	3,032,007	2,743,250	2,546,250	2,682,263	2,540,998	5,341,789

THIS PAGE INTENTIONALLY LEFT BLANK

Finance Department

DESCRIPTION:

The Finance Department's primary responsibility is overseeing the finance-related aspects of the District. This includes billing, payment processing, collections, accounts payable, payroll, bank reconciliation, financial reporting (both state and local), auditing, internal controls, and fixed asset allocation.

2017 ACCOMPLISHMENTS:

1. Completed the annual audit and required reporting to outside governing agencies. This included producing the actual audited financial report in-house for review by the independent auditors.
2. Provided technical, financial, and acquisition support to all departments.
3. Provided monthly financial reports to General Manager and Board of Directors.
4. Provided employee compensation in a timely manner.
5. Liquidated District's obligations in a timely manner.
6. Continued workflow schedule for better closure of financial periods to improve monthly reconciliation processes.
7. Produced annual District budget.

2018 GOALS:

1. Complete year-end audit and required financial reporting in a timely manner.
2. Continue to provide technical, financial, and acquisition support to all departments.
3. Continue to provide monthly financial reports to the General Manager and Board of Directors.
4. Complete work on procedural documentation related to payables and payroll processing and related cross-training.
5. Continue development of procedural documentation related to other financial related processes, such as job costing, depreciation, and account reconciliation.
6. Continue improving on finance workflow schedule to better position the District for information requests related to the District's financial information.

Finance

Finance		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-06-4000-000	Salaries	697,500	673,000	683,500	669,472	800,725	1,540,946
1-06-4000-100	Salaries - Departmental Overtime	3,000	2,500	4,000	236	4,124	18,203
	Subtotal (Salaries)	700,500	675,500	687,500	669,709	804,849	1,559,149
Employee Benefits							
1-06-4005-000	Payroll Taxes	53,250	50,500	53,000	47,518	58,773	120,148
1-06-4010-000	Health Insurance	99,250	88,750	88,500	92,028	137,350	334,581
1-06-4015-000	PERS	94,750	78,500	87,000	118,395	138,886	306,168
	Subtotal (Benefits)	247,250	217,750	228,500	257,941	335,009	760,897
	Personnel Expenses	947,750	893,250	916,000	927,650	1,139,858	2,320,046
OPERATING EXPENSES:							
1-06-4050-000	Staff Travel	-	-	-	-	-	269
1-06-4060-000	Staff Conferences & Seminars	-	-	-	-	-	562
1-06-4155-100	Contracted Services - Infosend	280,000	233,000	280,000	272,395	221,470	200,535
1-06-4155-200	Contracted Services - Infosend Drought Related	-	-	-	-	5,492	3,224
1-06-4155-300	Contracted Services - Vendors	-	-	-	-	-	-
1-06-4155-605	Contracted Services - Assessor Data (Realquest)	-	-	-	-	1,650	9,900
1-06-4155-610	Contracted Services - Credit Reporting Services	-	-	-	-	290	3,979
1-06-4155-615	Contracted Services - AMR Services (Itron)	-	-	-	-	-	6,298
1-06-4155-620	Contracted Services - Letter Extractor (OPEX)	2,500	-	2,500	2,720	2,640	2,590
1-06-4155-625	Contracted Services - GASB Actuarial Reports	5,000	6,000	3,500	3,000	3,150	-
1-06-4165-000	Memberships/Subscriptions	500	250	500	220	110	220
1-06-4230-110	Maintenance & Repair - Office Equipment	500	-	500	-	-	-
1-06-4235-440	Maint. & Rep. Operations - Large Meters	-	-	-	-	2,129	45,117
1-06-4235-470	Maint. & Rep. Operations - Meter Exchanges	-	-	-	-	138,045	392,128
1-06-4250-000	General Material & Supplies	3,000	-	3,000	366	2,111	5,111
1-06-4260-000	Business Forms	4,000	1,500	4,000	3,470	10,213	8,675
1-06-4270-100	Telecommunication - Office	25,000	28,500	18,000	24,796	18,200	13,814
1-06-4270-200	Telecommunication - Cellular Stipend	20,000	19,750	15,500	20,360	18,320	15,570
1-06-4300-200	Testing - Large Meter Testing	-	-	-	-	4,044	18,122
1-06-7000-100	Leases - Equipment	3,000	2,500	3,000	2,609	2,565	2,600
	Total Operating Expense	343,500	291,500	330,500	329,935	430,428	728,713
	Total Departmental Expenses	1,291,250	1,184,750	1,246,500	1,257,585	1,570,286	3,048,759

Water Conservation Department

DESCRIPTION:

The Water Conservation Department's primary responsibilities are planning and executing conservation programs and providing information and education on conservation issues. Programs are developed for PWD customers and school classrooms.

2017 ACCOMPLISHMENTS:

1. Continued community outreach efforts: landscape workshops, treatment plant tours, and elementary education programs.
2. Pilot testing commercial micro-irrigation rebate program.
3. Pilot testing residential irrigation survey service.
4. Revised presentations for 2nd and 3rd grade conservation education presentations.
5. Processed all waitlisted Cash for Grass applications.
6. Completed first annual Water Loss Audit.
7. Worked with facilities to improve large meter maintenance and calibration.
8. Updated Waste of Water Policy.
9. Completed renewal of customer water allocation variances.
10. Improved communication with landscape maintenance groups at the City of Palmdale and the school districts.
11. Developed Water-Wise Landscape Conversion Program to replace Cash for Grass in 2018.

2018 GOALS:

1. Continue community outreach efforts.
2. Launch commercial micro-irrigation program.
3. Launch residential irrigation survey Service.
4. Launch Water-Wise Landscape Conversion Program.
5. Complete 2017 Water Loss Audit.
6. Revise education programs for 4th through 6th grades.
7. Increase school interaction through contests and increased educational visits.

Water Conservation

<u>Water Conservation</u>		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-07-4000-000	Salaries	148,000	143,000	144,000	118,371	179,187	113,405
1-07-4000-100	Salaries - Departmental Overtime	2,500	1,000	1,000	316	812	2,792
	Subtotal (Salaries)	150,500	144,000	145,000	118,687	179,999	116,197
Employee Benefits							
1-07-4005-000	Payroll Taxes	12,250	11,500	11,000	11,546	13,830	9,373
1-07-4010-000	Health Insurance	40,250	36,500	36,500	37,724	37,211	22,807
1-07-4015-000	PERS	20,000	17,500	18,500	18,245	11,369	16,332
	Subtotal (Benefits)	72,500	65,500	66,000	67,515	62,410	48,512
	Personnel Expenses	223,000	209,500	211,000	186,202	242,410	164,709
OPERATING EXPENSES:							
1-07-4050-000	Staff Travel	2,000	500	1,000	-	-	1,224
1-07-4060-000	Staff Conferences & Seminars	3,000	250	1,500	-	-	695
1-07-4190-300	Public Relations - Landscape Workshop/Training	5,000	250	1,000	5,164	98	71
1-07-4190-400	Public Relations - Contests	2,000	-	1,000	-	602	-
1-07-4190-500	Public Relations - Education Programs	53,000	7,500	2,500	299	-	413
1-07-4190-700	Public Relations - General Media (Public Outreach)	-	-	-	39,672	37,343	4,418
1-07-4190-900	Public Relations - Other	5,000	1,000	5,000	5,717	44,616	787
1-07-4500-000	Drought Enforcement Expense	-	-	-	714	4,735	-
1-07-6300-100	Supplies - Misc.	7,000	1,000	5,000	2,043	3,376	7,710
	Total Operating Expense	77,000	10,500	17,000	53,609	90,769	15,318
	Total Departmental Expenses	300,000	220,000	228,000	239,810	333,179	180,027

Human Resources Department

DESCRIPTION:

The Human Resources Department manages the District's human resource-related tasks. This includes planning, organizing, directing and reviewing the activities and operations of the Human Resources Department, including recruitment and selection, on-boarding, classification and compensation, benefits administration, employee relations, performance management, training, safety and risk management.

2017 ACCOMPLISHMENTS:

- 1) Received grant funding for Fall Internship program and was able to accommodate four interns.
- 2) Completed Cost-of-Living research for 2017, culminating in data provided to the Personnel Committee and staff presentation to the Board of Directors for consideration.
- 3) Participated and provided support in the monthly meetings of the Communications Committee.
- 4) Coordinated the completion of JPIA's District's Risk Assessment process.
- 5) Coordinated Employee Benefits Open Enrollment.
- 6) Administrated employee-specific training program through Target Safety.
- 7) Updated and revised Employee Handbook.
- 8) Coordinated Employee Recognition programs – PACE Awards, Job Well Done awards, service awards.

2018 GOALS:

1. Perform research and develop presentations for Personnel Committee and the Board of Directors for consideration.
2. Coordinate 2018 Employee Benefits Open Enrollment.
3. Continue focus on Wellness programs to ensure a healthier workforce.
4. Participate in Communications Committee meetings.
5. Build the District's safety program through the new Safety and Training Technician position.
6. Continue and enhance the Palmdale Water District's Internship Program through the pursuit of grants.
7. Coordinate with Department Manager's to establish a succession plan for the District.
8. Conduct the District's tri-annual salary survey.

Human Resources

Human Resources		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-08-4000-000	Salaries	220000	124,500	122,000	115,827	110,036	95,372
1-08-4000-200	Salaries - Intern Program	-	8,250	-	33,594	46,229	9,249
	Subtotal (Salaries)	220,000	132,750	122,000	149,421	156,266	104,621
Employee Benefits							
1-08-4005-000	Payroll Taxes	16,750	10,200	9,500	11,490	11,999	8,333
1-08-4010-000	Health Insurance	21,000	19,200	19,500	18,080	17,698	16,993
1-08-4015-000	Pers	21,000	7,850	8,000	12,669	1,100	6,170
	Subtotal (Benefits)	58,750	37,250	37,000	42,239	30,797	31,496
	Personnel Expenses	278,750	170,000	159,000	191,659	187,063	136,117
OPERATING EXPENSES:							
1-08-4050-000	Staff Travel	1,500	1,000	1,500	40,694	36,944	1,721
1-08-4060-000	Staff Conferences & Seminars	1,500	1,500	1,500	14,097	20,796	749
1-08-4070-000	Employee Expense	50,000	44,500	50,000	49,291	58,725	40,673
1-08-4080-000	Succession Planning	200,000	-	-	-	-	-
1-08-4090-000	Temporary Staffing	-	-	-	-	-	-
1-08-4095-000	Employee Recruitment	3,000	3,500	3,000	1,822	1,847	18,848
1-08-4100-000	Employee Retention	5,000	500	5,000	12,836	15,774	17,757
1-08-4105-000	Employee Relations	3,500	3,000	3,500	2,181	2,727	2,683
1-08-4110-000	Consultants	-	-	-	3,797	-	-
1-08-4120-100	Training - Safety	35,000	27,500	35,000	24,112	40,551	13,031
1-08-4120-200	Training - Specialty	15,000	12,000	15,000	15,171	20,008	-
1-08-4121-000	Safety/HR Program	1,000	-	1,000	614	200	68
1-08-4165-000	Memberships/Subscriptions	1,600	1,600	1,600	947	964	1,093
1-08-4165-100	HR/Safety Publications	1,000	-	1,000	120	336	1,546
1-08-6300-500	Supplies - Safety	40,000	30,000	20,000	33,640	20,563	18,245
	Total Operating Expense	358,100	125,100	138,100	199,320	219,435	116,414
	Total Departmental Expenses	636,850	295,100	297,100	390,980	406,497	252,531

Information Technology Department

DESCRIPTION:

The Palmdale Water District Information Technology (IT) Department provides IT support for the District's computer network, including the operation, maintenance, upgrade, and repair of network hardware and District employee workstations. The primary responsibility of the IT Department is providing a safe and secure networking environment. Additional responsibilities include the day-to-day operation of the network datacenter and servers, the District phone system, office machines, and software applications. The IT department is also responsible for testing and evaluating new software applications and hardware being considered for purchase by the District to insure they perform in our current and future infrastructure.

2017 ACCOMPLISHMENTS:

1. Upgraded all telephone and call center servers.
2. Upgraded telephone client software.
3. Upgraded call center software.
4. Replaced existing storage area networks.
5. Completed Boardroom video and voting system upgrade.
6. WTP access control and security system.
7. Upgraded access control and security system at Main Office.
8. Additional fiber lines installed at WTP.
9. Replaced RAID controllers in mission critical servers.
10. Removed abandoned network cabling.
11. Migrated SCADA from obsolete networking gear to best in class equipment.
12. Refresh mobile devices and PCs.
13. CompTIA Network + certification.

2018 GOALS:

- 1) Replace and upgrade VMWare servers.
- 2) Redesign virtual network.
- 3) Upgrade financial system software and database.
- 4) Online employee portal.
- 5) Upgrade existing network security.
- 6) Replace Internet content filter.
- 7) Upgrade WTP access control and security.
- 8) Continue with certification of IT staff on various systems.

Information Technology

Information Technology		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-09-4000-000	Salaries	180,000	177,250	176,000	208,849	224,583	221,954
1-09-4000-100	Salaries - Departmental Overtime	2,500	1,500	2,500	1,761	3,292	1,676
	Subtotal (Salaries)	182,500	178,750	178,500	210,611	227,875	223,630
Employee Benefits							
1-09-4005-000	Payroll Taxes	13,750	13,250	18,250	14,987	16,373	16,153
1-09-4010-000	Health Insurance	30,250	27,250	38,500	33,903	37,293	38,400
1-09-4015-000	PERS	23,250	19,000	22,750	35,653	37,295	44,888
	Subtotal (Benefits)	67,250	59,500	79,500	84,542	90,961	99,441
	Personnel Expenses	249,750	238,250	258,000	295,153	318,836	323,071
OPERATING EXPENSES:							
1-09-4050-000	Staff Travel	3,000	750	3,000	-	-	397
1-09-4060-000	Staff Conferences & Seminars	10,000	6,500	3,500	-	-	12,628
1-09-4155-801	Cloud Services-MS-Office 360	22,000	-	-	-	-	-
1-09-4155-802	Cloud Services-MS-Project	1,800	-	-	-	-	-
1-09-4155-803	Cloud Services-MS-Visio	300	-	-	-	-	-
1-09-4155-804	Cloud Services-Adobe-Creative Suite	4,200	-	-	-	-	-
1-09-4155-805	Cloud Services-SeamlessDocs	5,000	-	-	-	-	-
1-09-4155-806	Cloud Services-IPSw icht-Moveit	6,000	-	-	-	-	-
1-09-4155-807	Cloud Services-GFI Fax	2,000	-	-	-	-	-
1-09-4155-808	Cloud Services-Know Be4-Security Awareness	1,400	-	-	-	-	-
1-09-4155-809	Cloud Services-Netw ork Solutions-DNS, Web Registration	2,000	-	-	-	-	-
1-09-4155-810	Cloud Services-IBM-MaaS 360	5,400	-	-	-	-	-
1-09-4155-811	Cloud Services-MSP Portal-Bit Defender	2,800	-	-	-	-	-
1-09-4155-812	Cloud Services-Akins-WIFI	2,400	-	-	-	-	-
1-09-4155-813	Cloud Services-FleetMate	6,100	-	-	-	-	-
1-09-4155-814	Cloud Services-Security Metrics-PCI Compliance	2,600	-	-	-	-	-
1-09-4155-815	Cloud Services-Citrix	-	-	-	-	-	-
1-09-4155-905	Contracted Services - Offsite Services	5,000	3,500	5,000	3,420	4,098	4,920
1-09-4155-910	Contracted Services - Printer Services	2,500	-	3,000	6,994	4,695	3,957
1-09-4155-915	Contracted Services - Website Design Services	20,000	9,500	20,000	16,166	15,808	33,535
1-09-4155-920	Contracted Services - Telephony Services	3,500	3,500	3,500	248	-	1,200
1-09-4155-925	Contracted Services - Cloud Services	-	22,000	25,000	46,969	38,976	29,775
1-09-4155-930	Contracted Services - Netw ork Services	35,000	30,000	25,000	58,793	43,783	43,509
1-09-4155-935	Contracted Services - Hardw are Warranties	5,000	1,000	5,000	315	-	-
1-09-4155-940	Contracted Services - Access Control	30,000	-	-	-	-	-
1-09-4165-000	Memberships/Subscriptions	2,500	500	2,000	1,410	1,410	1,607
1-09-4270-100	Telecommunication - Office Phone	16,500	15,000	16,500	15,260	16,469	16,897
1-09-4270-125	Telecommunication - Office Backbone	22,000	21,500	20,750	21,453	18,540	14,035
1-09-4270-150	Telecommunication - WTP Backbone	15,000	10,500	15,000	11,463	13,379	13,188
1-09-4270-300	Telecommunication - Cellular (Data & On-Call)	45,000	42,000	35,000	32,193	26,543	22,079
1-09-8000-100	Computer Equipment - Computers	45,000	29,000	45,000	30,158	17,426	21,104
1-09-8000-200	Computer Equipment - Mobility	45,000	17,000	45,000	23,883	6,549	579
1-09-8000-300	Computer Equipment - Monitors	2,000	1,250	2,000	192	-	-
1-09-8000-400	Computer Equipment - Printers	-	-	5,000	-	-	-
1-09-8000-500	Computer Equipment - Printer Supplies	3,000	250	3,000	350	1,494	1,883
1-09-8000-550	Computer Equipment - Telephony	3,000	1,250	2,500	300	362	-
1-09-8000-600	Computer Equipment - Other	40,000	20,000	40,000	22,330	18,473	38,264
1-09-8000-650	Computer Equipment - Warranty and Support	10,000	-	-	-	-	-
1-09-8100-100	Softw are - Maint. and Support	-	40,000	75,000	49,537	60,616	50,332

(Continued next page)

Information Technology (Continued)

OPERATING EXPENSES (Continued):

1-09-8100-101	Software M&S - Xtelesis-Phone	8,200	-	-	-	-	-
1-09-8100-102	Software M&S- Tredent-Appassure	7,900	-	-	-	-	-
1-09-8100-103	Software M&S- Conduive/V-locity-Diskeeper	4,100	-	-	-	-	-
1-09-8100-104	Software M&S- FWI	400	-	-	-	-	-
1-09-8100-105	Software M&S- Strategy 7	700	-	-	-	-	-
1-09-8100-106	Software M&S- Astria Solutions-Docstar	15,500	-	-	-	-	-
1-09-8100-107	Software M&S- NemoQ-Ticketing	2,100	-	-	-	-	-
1-09-8100-108	Software M&S- FMT-Management Reporter	1,100	-	-	-	-	-
1-09-8100-109	Software M&S- Neogov	8,000	-	-	-	-	-
1-09-8100-110	Software M&S- TruePoint	40,000	-	-	-	-	-
1-09-8100-111	Software M&S- Technology Unlimited	1,700	-	-	-	-	-
1-09-8100-112	Software M&S- Sierra Workforce-Timesheet	3,800	-	-	-	-	-
1-09-8100-113	Software M&S- Tredent-SAN Manager	2,600	-	-	-	-	-
1-09-8100-114	Software M&S- Faranics-Powersaver	200	-	-	-	-	-
1-09-8100-115	Software M&S- Netrix-Monitoring	2,000	-	-	-	-	-
1-09-8100-116	Software M&S- VMWare-Virtualization	7,000	-	-	-	-	-
1-09-8100-117	Software M&S- iPrism-Web Filter	26,000	-	-	-	-	-
1-09-8100-118	Software M&S- Quest-VMWare Recovery	8,300	-	-	-	-	-
1-09-8100-140	SoftwareM&S - Starnik	-	63,500	72,000	94,800	108,675	166,375
1-09-8100-150	Software M&S- Dynamics GP	60,000	15,000	60,000	60,653	46,869	40,580
1-09-8100-200	Software - Software and Upgrades	20,000	12,500	15,000	10,094	12,869	322
	Total Operating Expense	646,600	366,000	546,750	506,978	457,034	517,167
	Total Departmental Expenses	896,350	604,250	804,750	802,131	775,870	840,237

THIS PAGE INTENTIONALLY LEFT BLANK

Customer Care Department

DESCRIPTION:

The Customer Care Department manages the day-to-day affairs for the customers of the Palmdale Water District. This includes handling meter reading, new service applications, customer complaints, payment processing (front counter and telephone), and records management.

2017 ACCOMPLISHMENTS:

- 1) Worked on community outreach efforts.
- 2) Increased customer advocacy by empowering our CCR's to help each customer on an individual basis.
- 3) Bridged the gap between field CCRs and office CCRs creating a more team-oriented department and increasing communication.
- 4) Reviewed and streamlined tasks to use personnel time more wisely.
- 5) Updated our lobby, including adding an informational kiosk to give it a friendlier feel.
- 6) Purchased fillable forms program for external (customers) and internal (employees) use.
- 7) Provided coffee and cookies on expected busy days for our customers and suckers/goodie bags for kids.
- 8) Promote use of the Intranet for departmental communication and team bonding.
- 9) Support and encourage cross-training of CCRs to further their knowledge.
- 10) Purchased PWD postcards that may be used to personalize communication with customers.
- 11) Assisted Public Affairs Department with seasonal and informational updates on the TV monitors.
- 12) Obtained temporary help after the software conversion to continue providing excellent care in a timely manner.
- 13) Proactively contacting customers affected by shut-downs due to construction in addition to door tagging.
- 14) Working closely with the Water Resources Department to help those customers with irrigation issues.

2018 GOALS:

- 1) Continue efforts in providing training of CCR staff.
- 2) Continue building the fillable forms available to customers.
- 3) Continue developing an assistance program with the Water Resources Department to help our customers.
- 4) Purchase a TV monitor for the CCR area to aid in communication and transparency.
- 5) Remodel CCR area for more ergonomically friendly work stations.

Customer Care

Customer Care		BUDGET	PROJECTED	BUDGET	ACTUAL	ACTUAL	ACTUAL
PERSONNEL BUDGET:		2018	2017	2017	2016	2015	2014
1-10-4000-000	Salaries	897,000	851,500	886,000	886,578	760,523	-
1-10-4000-100	Salaries - Departmental Overtime	7,500	5,750	10,000	6,142	7,206	-
	Subtotal (Salaries)	904,500	857,250	896,000	892,720	767,730	-
Employee Benefits							
1-10-4005-000	Payroll Taxes	68,500	65,000	65,500	68,418	61,283	-
1-10-4010-000	Health Insurance	181,500	177,250	166,000	213,071	179,858	-
1-10-4015-000	PERS	121,500	97,500	113,500	174,644	112,253	-
	Subtotal (Benefits)	371,500	339,750	345,000	456,134	353,394	-
	Personnel Expenses	1,276,000	1,197,000	1,241,000	1,348,853	1,121,123	-
OPERATING EXPENSES:							
1-10-4050-000	Staff Travel	2,000	500	1,000	-	-	-
1-10-4060-000	Staff Conferences & Seminars	3,000	3,000	2,000	-	-	-
1-10-4155-005	Contracted Services - Assessor Data (Realquest)	10,000	10,000	10,000	9,900	8,250	-
1-10-4155-010	Contracted Services - Credit Reporting Services	4,000	4,000	4,000	3,952	4,167	-
1-10-4155-015	Contracted Services - AMR Services (Itron)	8,000	6,000	6,000	5,454	5,888	-
1-10-4155-020	Contracted Services - NEMO-Q System	-	-	2,000	1,945	-	-
1-10-4230-110	Mtce & Rep Office - Equipment	200	-	500	499	-	-
1-10-4250-000	General Material & Supplies	7,000	6,750	7,500	7,209	5,973	-
1-10-4260-000	Business Forms	2,500	-	4,000	592	1,471	-
	Total Operating Expense	36,700	30,250	37,000	29,551	25,749	-
	Total Departmental Expenses	1,312,700	1,227,250	1,278,000	1,378,405	1,146,872	-

APPENDIX

THIS PAGE INTENTIONALLY LEFT BLANK

Budget Control Guidelines

The 2018 Budget approved by the Board of Directors will serve as the basis for operating Palmdale Water District. It includes many individual items and projects as well as the anticipated operations and maintenance budgets. Occasional questions have come up in previous years as the District has gotten familiar with the budget process. These range from adjustments in accounts of departmental operating budgets to implementing projects approved in the budget. The following are intended to act as guidelines for working within the budget and to clarify the Board's involvement in the process.

- 1) Work on purchasing equipment and other projects in the approved budget can be initiated by staff. Approval of proposals for the construction projects or purchasing equipment will follow the appropriate District policy and may involve Committee or Board action.
- 2) Department managers are required to operate within the approved budget amounts, both the total department amount and individual accounts. Permission from the General Manager is needed prior to exceeding any account budget amount.
- 3) The General Manager is authorized to approve transfers between operating budget accounts within or between departments up to \$25,000. These transfers must be requested in writing from the department manager and shall not increase the overall District budget. Transfers above \$25,000 must be approved by the Board of Directors.
- 4) Items not included in the approved budget and recommended by staff must be approved by the Board.
- 5) Increases in the total operating budget that are not due to emergency or maintenance activities must be approved by the Board of Directors. The General Manager shall inform the Board of Directors of spending related to emergency situations.
- 6) The General Manager will periodically provide the Board of Directors with reports on actual spending versus the approved budget, any recommended adjustments and any approved transfers.
- 7) The Departmental Staffing Summary included in the 2018 Budget is for monetary planning purposes only. The General Manager will consult with the Personnel Committee or full Board of Directors, as appropriate, prior to filling any vacant positions shown in the summary.

THIS PAGE INTENTIONALLY LEFT BLANK

Resolution No. 13-13

Palmdale Water District's Reserve Policy

WHEREAS, the Board of Directors recognizes the need to ensure that the District will have sufficient funding available to meet its operating, emergency capital, and debt service obligations.

WHEREAS, the Board of Directors recognizes the need for sound financial policies as stewards of our customers' funds.

WHEREAS, the Board of Directors recognizes the need for funds to be held in reserve for unanticipated and unforeseeable expenses.

WHEREAS, the Board of Directors recognizes the need to avoid significant water rate fluctuations.

WHEREAS, the Board of Directors recognizes a need for long-term strategic financial policies.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Palmdale Water District hereby rescinds the District's existing Reserve Policy (Resolution No. 09-03) and establishes the Palmdale Water District Reserve Policy as follows:

Legally Restricted Funds:

The Capital Improvement Fees, as modified by District Resolution No. 13-12 to consist of fee components allocated for infrastructure and for water supply and Water Supply Connection Fees, are subject to the requirements of the Mitigation Fee Act (AB 1600). The funds may not be used to support ongoing operations of the District. The District is legally required to account for these funds separately. An annual report is required to show balance forward, fees collected, income earned, expenditures, and future commitments. All funds collected must be committed or expended within five years of being collected or they must be refunded.

1. Capital Improvement Fund:

PWD will maintain a capital improvement fund with fees collected from developers to pay for the new facilities necessary to deliver water service to newly developed property and to pay for the additional water supplies necessitated to meet the demand for water created by such newly developed property. These fees are for offsite improvements such as the development's fair share cost of wells, reservoirs, transmission mains, treatment plant capacity, and other necessary facilities, as well as to pay for water supply acquisitions and projects associated with new water supplies necessitated by new development. The fees are collected at rates established by the Board of Directors based upon specific engineering studies. The rates charged are based on a project's equivalent capacity unit (ECU) basis. These funds are restricted to the design and construction of capital facilities for water delivery, and as otherwise provided in Resolution No. 13-12 and in Appendix H to the District's Rules and Regulations.

2. Bond Proceeds Fund(s):

Bond proceeds fund(s) are monies derived from the proceeds of a bond issue. Typically, they consist of construction fund monies and a debt service reserve fund. The use of these proceeds is restricted by conditions set forth in the respective legal bond documents. These funds are usually held by the Trustee in favor of the bond holders.

3. *Debt Service Reserve Funds:*

This fund is governed by legal bond covenants for the District's revenue bonds. Bond covenants require that this fund be maintained at a level sufficient to fund maximum annual debt service payments. These funds are held by the bond trustee during the term of the bonds and are to be used in the event that the District is unable to meet its required semi-annual debt service obligation. Annual interest earnings on bond reserve funds shall be applied to each year's debt service payments.

A Reserve Fund for the 2013A Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. Assured Guaranty Municipal Corp. ("AGM") has committed to issue, simultaneously with the execution and delivery of the 2013A Bonds, a municipal bond debt service reserve insurance policy in an amount equal to the initial Reserve Requirement for deposit in the Reserve Fund.

4. *Rate Stabilization Fund:*

This fund is governed by legal bond covenants for the District's revenue bonds. The District may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Water Revenue Fund for application in accordance with an Installment Purchase Agreement.

Board Designated Funds:

Board designated funds are set to accomplish systematic and strategic goals or provide for prudent management of operations. The Board of Directors has complete discretion in the management and designation of self-adopted funds. Such funds can be modified, transferred, or altered by Board action.

1. *Dam Self Insurance:*

The District shall make available \$5 million for self-insurance of the Littlerock Dam as seed money for reconstruction under the terms of the agreement between Palmdale Water District, Littlerock Creek Irrigation District and Palmdale Water District Public Facilities Corporation. The money will be used to begin the reconstruction following the event as applications for FEMA reimbursement are in process.

2. *O&M Operating Reserve:*

The O&M Operating Reserve will vary over time with a goal of maintaining three (3) months average cash operating expenses of \$5.6 million. This reserve is considered a working cash requirement. It bridges the gap between the time expenses are paid and the time revenues from the same service are collected from customers.

3. *O&M Emergency Reserve:*

The O&M Emergency Reserve will vary over time with a goal of maintaining three (3) months average cash operating expenses of \$5.6 million. This reserve is considered a working cash requirement for use in an emergency situation.

4. *Unrestricted Reserves:*

Unrestricted reserves represent a remainder balance of cash that is not yet designated for some use by the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Palmdale Water District as follows:

Each fiscal year budget will report on the status of the reserve over the previous year and budget for proposed sources and uses for each reserve.

PASSED AND ADOPTED by the Board of Directors of the Palmdale Water District at a regular meeting held on this 13th day of November 2013 by the following vote:

Ayes: Director Robert Alvarado, Director Gordon Dexter, Director Gloria Dizmang, Director Steve Cordova

Noes: None

Absent: President Kathy Mac Laren

Abstain: None

SIGNED AND ATTESTED COPY CAN BE FOUND ON THE DISTRICT WEB SITE OR CONTACT THE EXECUTIVE ASSISTANT TO RECEIVE A PHOTO COPY BY MAIL.

THIS PAGE INTENTIONALLY LEFT BLANK

2018 Water Rate Schedule




Meter Fee Charge (Effective 01/01/2018)	
5/8"	36.23
1"	36.23
1-1/2"	108.68
2"	166.66
3"	301.95
4"	495.22
6"	978.38
8"	1,558.17
10"	2,234.63

Commodity Rates (\$/ccf)	
Tiers	
Essential Use – Tier 1	0.84
Efficient Use – Tier 2	0.97
Tier 3	2.75
Tier 4	4.14
Tier 5	5.35
Tier 6	6.87
Water Quality Fee (\$/ccf)	
0.11	
Elevation Booster Surcharge (\$/ccf)	
B	-
A1	0.09
A2	0.57
A3	1.23
Drought Surcharge	0.51

THIS PAGE INTENTIONALLY LEFT BLANK

2018 Holiday Observance Calendar

January							February							March						
	1	2	3	4	5	6					1	2	3					1	2	3
7	8	9	10	11	12	13	4	5	6	7	8	9	10	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28				25	26	27	28	29	30	31
April							May							June						
1	2	3	4	5	6	7			1	2	3	4	5						1	2
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23
29	30						27	28	29	30	31			24	25	26	27	28	29	30
July							August							September						
1	2	3	4	5	6	7				1	2	3	4							1
8	9	10	11	12	13	14	5	6	7	8	9	10	11	2	3	4	5	6	7	8
15	16	17	18	19	20	21	12	13	14	15	16	17	18	9	10	11	12	13	14	15
22	23	24	25	26	27	28	19	20	21	22	23	24	25	16	17	18	19	20	21	22
29	30	31					26	27	28	29	30	31		23	24	25	26	27	28	29
														30						
October							November							December						
	1	2	3	4	5	6					1	2	3							1
7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8
14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15
21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22
28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29
														30	31	1	2			

	PWD Observed Holiday
	PWD Observed Holiday (Dates Subject to Change)
	PWD Scheduled Office Closure (Dates Subject to Change)

January 15 – Martin Luther King Jr. Day

February 19 – Presidents Day

May 28 – Memorial Day

July 4 - Independence Day

September 3 – Labor Day

November 12 – Veterans Day

November 22 & 23 – Thanksgiving

December 24 & 25 - Christmas

December 31 & January 1 – New Years

THIS PAGE INTENTIONALLY LEFT BLANK

California Water Code – Section 370-374

ALLOCATION-BASED CONSERVATION WATER PRICING

(Copied from original posted at <http://www.leginfo.ca.gov/calaw.html>)

370. The Legislature hereby finds and declares all of the following:
- (a) The use of allocation-based conservation water pricing by public entities that sell and distribute water is one effective means by which waste or unreasonable use of water can be prevented and water can be saved in the interest of the people and for the public welfare, within the contemplation of Section 2 of Article X of the California Constitution.
 - (b) It is in the best interest of the people of California to encourage public entities to voluntarily use allocation-based conservation water pricing, tailored to local needs and conditions, as a means of increasing efficient uses of water, and further discouraging wasteful or unreasonable use of water under both normal and dry-year hydrologic conditions.
 - (c) The Legislature intends that allocation-based conservation water pricing is an alternative method that can be used by public entities to encourage water users to conserve water, increase efficient uses of water, and further discourage waste of water. The Legislature does not intend to limit the discretion of public entities to evaluate and select among different methods for conserving water or to create a presumption that the election to not use a particular method is a waste or unreasonable use of water by the public entity.
 - (d) Nothing in this chapter is intended to limit, or dictate, the design of rate structures that public entities may use to promote conservation by water users.
 - (e) Nothing in this chapter directs, or otherwise compels, a public entity to use allocation-based conservation water pricing.
371. For purposes of this chapter, the following terms have the following meanings:
- (a) "Allocation-based conservation water pricing" means a retail water rate structure that meets all of the criteria in Section 372.
 - (b) "Basic charge" means a volumetric unit charge for the cost of water service other than any fixed costs that are recovered through meter charges or other fixed charges other than incremental costs that are recovered through conservation charges. A basic charge may include the cost of generally applicable conservation measures assumed in establishing basic use allocations.
 - (c) "Conservation charge" means a volumetric unit charge for incremental costs.
 - (d) "Incremental costs" means the costs of water service, including capital costs, that the public entity incurs directly, or by contract, as a result of the use of water in excess of the basic use allocation or to implement water conservation or demand management measures employed to increase efficient uses of water, and further discourage the wasteful or unreasonable use of water, and may include any of the following:
 - (1) Conservation best management practices, conservation education, irrigation controls and other conservation devices, and other demand management measures.

(2) Water system retrofitting, dual plumbing and facilities for production, distribution, and all uses of recycled water and other alternative water supplies.

(3) Projects and programs for prevention, control, or treatment of the runoff of water from irrigation and other outdoor water uses. Incremental costs shall not include the costs of stormwater management systems and programs.

(4) Securing dry-year water supply arrangements.

(5) Procuring water supplies to satisfy increments of water use in excess of the basic use allocations for the customers of the public entity, including supply or capacity contracts for water supply rights or entitlements and related energy costs for water delivery.

(e) "Public entity" means a city, whether general law or chartered, county, city and county, special district, agency, authority, any other municipal public corporation or district, or any other political subdivision of the state that provides retail water service and that is an urban water supplier, as defined in Section 10617.

372. (a) A public entity may employ allocation-based conservation water pricing that meets all of the following criteria:

(1) Billing is based on metered water use.

(2) A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs and property characteristics. Factors used to determine the basic use allocation may include, but are not limited to, the number of occupants, the type or classification of use, the size of lot or irrigated area, and the local climate data for the billing period.

Nothing in this chapter prohibits a customer of the public entity from challenging whether the basic use allocation established for that customer's account is reasonable under the circumstances.

Nothing in this chapter is intended to permit public entities to limit the use of property through the establishment of a basic use allocation.

(3) A basic charge is imposed for all water used within the customer's basic use allocation, except that at the option of the public entity, a lower rate may be applied to any portion of the basic use allocation that the public entity has determined to represent superior or more than reasonable conservation efforts.

(4) A conservation charge shall be imposed on all increments of water use in excess of the basic use allocation. The increments may be fixed or may be determined on a percentage or any other basis, without limitation on the number of increments, or any requirement that the increments or conservation charges be sized, or ascend uniformly, or in a specified relationship. The volumetric prices for the lowest through the highest priced increments shall be established in an ascending relationship that is economically structured to encourage conservation and reduce the inefficient use of water, consistent with Section 2 of Article X of the California Constitution.

(b) (1) Except as specified in subdivision (a), the design of an allocation-based conservation pricing rate structure shall be determined in the discretion of the public entity.

(2) The public entity may impose meter charges or other fixed charges to recover fixed costs of water service in addition to the allocation-based conservation pricing rate structure.

(c) A public entity may use one or more allocation-based conservation water pricing structures for any class of municipal or other service that the public entity provides.

373. (a) Revenues derived from allocation-based conservation water pricing shall not exceed the reasonable cost of water service including basic costs and incremental costs. This chapter does not limit the sources of funding for incremental costs to charges for water use.

(b) Revenues derived from allocation-based conservation water pricing shall not exceed the proportional cost of service attributable to the customer's parcel, as determined by giving consideration to all of the following:

(1) Customer classes established in consideration of service characteristics, demand patterns, and other factors.

(2) Basic use allocations.

(3) Meter size.

(4) Metered volume of water consumed.

(5) The public entity's discretionary allocation of incremental costs between and among the increments of water use subject to conservation charges, as permitted by paragraph (4) of subdivision (a) of Section 372 to meet the requirement of that section.

(c) In establishing the schedule of charges and metered volumes for the increments of water use subject to conservation charges, the public entity may also consider both of the following:

(1) Customer overuse characteristics, including ratios between overuse volumes and basic use allocations, variations in demand and consumption patterns, or other characteristics of overuse experienced by the public entity.

(2) The extent to which the pricing structure of the increments will be effective in minimizing or eliminating the need for other measures to curtail potential overuse.

374. (a) Allocation-based conservation water pricing under this chapter may be used on an ongoing basis and shall not require any finding of emergency or other water shortage conditions.

(b) The authority granted in this chapter is in addition to any other authority that a public entity has to use rate structure design to foster the conservation of water.

(c) The imposition and revision of rates and charges by a public entity under this chapter shall be subject to the procedures otherwise required by law for the public entity's water rates.

THIS PAGE INTENTIONALLY LEFT BLANK

Glossary of Terms

ACH	Automated Clearing House is an electronic network for financial transactions in the United States. ACH processes large volumes of credit and debit transactions in batches.
ACWA	Association of California Water Agencies represents and provides key services to its members. From legislation to regulatory activities to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California's public water agencies. ACWA's involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their customers. (http://www.acwa.com)
AWWA	American Water Works Association is the authoritative resource on safe water, sharing knowledge on water resource development, water and wastewater treatment technology, water storage and distribution, and utility management and operations. AWWA provides knowledge, information and advocacy to improve the quality and supply of water in North America and beyond, and advances public health, safety and welfare by uniting the efforts of the full spectrum of the water community. (http://www.awwa.org)
BMP	Best Management Practice is a practice or combination of practices determined to be the most effective, practicable means for protecting natural resources.
CalPERS	See PERS
CDPH	California Department of Public Health is a state agency that oversees and regulates the public drinking water systems. This includes the certification and licensing of water treatment and distribution system operators. (http://www.cdph.ca.gov)
CEQA	The California Environmental Quality Act is a law (California Public Resources Code section 21000 et seq.) passed in 1970, shortly after the federal government passed the National Environmental Policy Act. CEQA does not directly regulate land uses, but instead, requires development projects to submit documentation of their potential environmental impact. (http://ceres.ca.gov/ceqa)
CIF	Capital Improvement Fees were established to provide funds for the construction of District facilities to meet water demands. These fees are collected from developers, so they can contribute toward the cost of construction of future facilities as specified by the District's Master Plan.
CMMS	Computerized Maintenance Management System is a software package that maintains a computer database of information about an organization's maintenance operations related to equipment, assets and property.

Glossary of Terms *(Continued)*

CSDA	California Special Districts Association is the recognized voice for all special districts. CSDA provides advocacy, outreach and member services, while educating policymakers and the public on the vital importance of local services provided by special districts in California. (http://www.csdanet.org)
CUWCC	The California Urban Water Conservation Council was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.
DSOD	The Division of Safety of Dams is the Department of Water Resources, entity entrusted to protect people against loss of life and property from dam failure.
DWR	California Department of Water Resources is a state agency that oversees the operation of the State Water Project (SWP). (http://www.water.ca.gov)
DBP	Disinfection By-Products are potentially toxic chemical compounds that are formed in extremely low concentrations during the disinfection of water supplies.
EBPP	Electronic Bill Presentment and Payment is a process that enables bills to be created, delivered, and paid via the internet.
EIR	Environmental Impact Report is a public document used by a government agency to analyze environmental effects of a proposed project. It also allows for the identification of alternatives and disclosure of possible ways to reduce or avoid possible environmental damage.
EIS	Environmental Impact Study – See EIR
ELAP	Environmental Laboratory Accreditation Program is a way to implement a sustainable accreditation program that ensures laboratories generate environmental and public health data of known, consistent, and documented quality to meet stakeholder needs.
EPA	Environmental Protection Agency is the federal agency responsible for setting and enforcing water quality standards.
ET	Evapotranspiration, or "ET," is the combination of water that is lost from the soil through evaporation and through transpiration from plants as a part of their metabolic processes. "ET" is simply the amount of water needed by a particular plant, tree, or turf grass.
GAC	Granular Activated Carbon is a form of carbon that has been processed to make it extremely porous, and thus, has a very large surface area available for adsorption or chemical reactions. These carbons are preferred for all adsorption of gases and vapors as their rate of diffusion are faster. Granulated carbons are used for water treatment, deodorization and separation of components of flow system.

Glossary of Terms *(Continued)*

GASB	The Governmental Accounting Standards Board exists to establish and improve standards of state and local governmental accounting and financial reporting. By doing this, the result is useful information for users of financial reports, and helps guide and educate the public, including issuers, auditors, and users of those financial reports. (http://www.gasb.org)
GCMS	Gas Chromatography–Mass Spectrometry is an analytical method that combines the features of gas-chromatography and mass spectrometry to identify different substances within a test sample.
GIS	Geographical Information System captures, stores, analyzes, manages, and presents data that is linked to location. Technically, a GIS is a system which includes mapping software and its application for remote sensing, land surveying, aerial photography, mathematics, photogrammetry, geography, and tools that can be implemented with GIS software.
IVR	Interactive Voice Recognition is a technology that allows a computer to interact with humans through the use of voice and DTMF tones input via a keypad.
LIMS	Laboratory Information Management System is a software system developed to support laboratory operations. This software system can track specimens and workflows, aggregate data for research or business intelligence purposes, and ensure laboratory operations are compliant with various standards and regulations.
MOU	Memorandum of Understanding is a document describing a bilateral or multilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action.
MTBE	Methyl Tertiary-Butyl Ether is a chemical compound that is manufactured by the chemical reaction of methanol and isobutylene. MTBE is almost exclusively used as a fuel additive in motor gasoline.
O&M	Operations and Maintenance are the activities related to the performance of routine, preventive, predictive, scheduled, and unscheduled actions aimed at preventing equipment failure or decline with the goal of increasing efficiency, reliability, and safety.
OPEB	Other Post-Employment Benefits obligations are primarily for retiree healthcare costs but also can include other benefits such as insurance.
PEPRA	California Public Employees' Pension Reform Act of 2013. The District adopted PEPRA provisions on January 1, 2013. For a better understanding of this act, refer to the CalPERS employers' circular located at the following URL. http://www.calpers.ca.gov/eip-docs/employer/cir-ltrs/2012/200-055-12.pdf
PERS or CalPERS	California Public Employees' Retirement System is a state retirement system covering Palmdale Water District employees and retirees. The retirement program provides retirement income levels dependent on age and length of participation.

Glossary of Terms *(Continued)*

RFP	Request for Proposals is a document that solicits proposals, often made through a bidding process by an agency or company interested in procurement of a commodity, service, or asset, to potential suppliers to submit business proposals.
SCADA	Supervisory Control and Data Acquisition is a system that collects data from various sensors at a factory, plant or in other remote locations and then sends this data to a central computer, which then manages and controls the data.
SWC	The State Water Contractors is a non-profit association of 27 public agencies from Northern, Central and Southern California that purchase water under contract from the California State Water Project. (http://www.swc.org)
SWP	California State Water Project is administered by the California Department of Water Resources (DWR). The State Water Project is the nation's largest state-built water and power development and conveyance system. Its purpose is to deliver water, control flooding, generate power, provide recreational opportunities, and enhance habitats for fish and wildlife.
SWRCB	State Water Resources Control Board, or State Water Board, is the state agency given the regulatory responsibility to protect the water quality of nearly 1.6 million acres of lakes, 1.3 million acres of bays and estuaries, 211,000 miles of rivers and streams, and about 1,100 miles of coastline. The mission of the State and Regional Water Boards is to preserve, enhance, and restore the quality of the state's water resources and ensure their proper allocation and efficient use for the benefit of present and future generations.
THM/TTHM	Trihalomethanes (THM) are a group of four chemicals that are formed along with other disinfection by-products when chlorine or other disinfectants used to control microbial contaminants in drinking water react with naturally occurring organic and inorganic matter in water. The EPA oversees regulating the total trihalomethanes (TTHM) at a maximum allowable annual average in drinking water.
VOC	Volatile Organic Compounds are groundwater contaminants of concern because of very large environmental releases, human toxicity, and a tendency for some compounds to persist in and migrate with groundwater to drinking water supply wells.
WI-FI	Wi-Fi is a popular technology that allows an electronic device to exchange data or connect to the internet wirelessly using radio waves.