

**MINUTES OF SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT, NOVEMBER 4, 2024:**

*A Special Meeting of the Board of Directors of the Palmdale Water District was held Monday, November 4, 2024, at 2029 East Avenue Q, Palmdale, California, in the Board Room of the District office. President, Kathy Mac Laren-Gomez, called the meeting to order at 6:00 p.m.*

**1) Pledge of Allegiance.**

At the request of President Mac Laren-Gomez, Director Dino led the Pledge of Allegiance followed by a moment of silence in honor of the men and women serving our country.

**2) Roll Call.**

**Attendance:**

Kathy Mac Laren-Gomez, President  
Scott Kellerman, Vice President  
Don Wilson, Treasurer  
Vincent Dino, Secretary  
Cynthia Sanchez, Assistant Secretary

**Others Present:**

Dennis LaMoreaux, General Manager  
Scott Rogers, Assistant General Manager  
Pam Lee, General Counsel  
Dennis Hoffmeyer, Finance Manager  
Joe Marcinko, Operations Manager  
Judy Shay, Public Affairs Director  
Angelica Garcia, Human Resources Director  
Tara Rosati, Customer Care Supervisor  
Danielle Henry, Executive Assistant  
Patricia Guerrero, Management Analyst  
13 members of the public

**3) Adoption of Agenda.**

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

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

There were no public comments for non-agenda items.

**5) Action Items – Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)**

**5.1) Public Hearing to Consider Water Rate Adjustment Based on 2024 Water Rate Study by RDN, Inc. Pursuant to Proposition 218. (Finance Manager Hoffmeyer/RDN, Inc.)**

Finance Manager Hoffmeyer introduced Project Manager Anthony Elowsky and Outreach Coordinator Sanjay Gaur of RDN, Inc., and then provided an overview of the results of the 2024 Water Rate Study, including the schedule of events, the investments in the District's infrastructure, and the future planning of local and reliable water supply through the Pure Water Antelope Valley Advanced Purification Facility.

Mr. Gaur then provided a detailed overview of the construction and operating inflation factors, the present financial plan, the proposed revenue adjustments and rate structure changes, the state mandates, and the rate impacts followed by clarification of the adoption and the implementation of the proposed annual revenue adjustments.

Finance Manager Hoffmeyer then stated that revenue adjustments are necessary to be in compliance with the Environmental Protection Agency's (EPA) executed 2024 WIFIA loan agreement and then provided a detailed overview of the Proposition 218 process, the public outreach materials and workshops, and the prudent parameters established as part of Resolution No. 24-12 for determining future rate adjustments through calendar year 2029.

President Mac Laren-Gomez then opened the Public Hearing for comments after which a few members of the public expressed their concerns regarding the impact of the rate adjustments on fixed incomes and the base rate for large meters after which General Manager LaMoreaux stated that the District offers a Rate Assistance Program (RAP) for seniors, veterans, and low-income customers, utilizing non-revenue funding from cell tower and land leases; that the Board recently approved an increase of the RAP monthly credit from \$20.00 to \$25.00 for 2025 approved applicants; and that staff anticipates additional revenue through new leases to assist more applicants.

Hearing no further public comments, President Mac Laren-Gomez requested that all written protests be submitted for recording of the official protest count after which it was moved by Director Kellerman, seconded by Director Wilson, and unanimously carried by all members of the Board of Directors present at the meeting to close the Public Hearing.

At 6:47 p.m., President Mac Laren-Gomez called for a 13-minute recess. She reconvened the Special Board Meeting at 7:00 p.m.

Finance Manager Hoffmeyer reported that a total of 46 valid protests have been received for the proposed water rate adjustments and that 15,983 protests would have been required for a majority under the provision of Proposition 218.

**5.2) Consideration and Possible Action on Resolution No. 24-12 Adopting a Water Rate Adjustment of 11% for Each Calendar Year 2025 and 2026, 9% for Each Calendar Year 2027 and 2028, and 8% for Calendar Year 2029, Amending Appendix C to the Rules and Regulations of Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions. (Finance Manager Hoffmeyer)**

Finance Manager Hoffmeyer provided a brief overview of the prudent parameters included as part of Resolution No. 24-12 which will be considered during the preparation process of each annual budget after which it was moved by Director Wilson, seconded by Director Kellerman, and unanimously carried by all members of the Board of Directors present at the meeting to approve Resolution No. 24-12 Adopting a Water Rate Adjustment of 11% for Each Calendar Year 2025 and 2026, 9% for Each Calendar Year 2027 and 2028, and 8% for Calendar Year 2029, Amending Appendix C to the Rules and Regulations of Palmdale Water District, and Establishing Prudent Parameters to Consider Future Water Rate Adjustment Reductions.

Resolution No. 24-12 is hereby made a portion of the minutes of this meeting.

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

There were no requests for future agenda items.

President Mac Laren-Gomez thanked everyone for taking the time to attend the Public Hearing and for expressing their concerns.

**7) Adjournment.**

There being no further business to come before the Board, the meeting was adjourned at 7:04 p.m.

  
Secretary

**PALMDALE WATER DISTRICT  
RESOLUTION NO. 24-12**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
PALMDALE WATER DISTRICT ADOPTING A WATER RATE  
ADJUSTMENT OF 11% FOR EACH CALENDAR YEAR 2025 AND 2026,  
9% FOR EACH CALENDAR YEAR 2027 AND 2028, AND 8% FOR CALENDAR YEAR  
2029, AMENDING APPENDIX C TO THE RULES AND REGULATIONS OF THE  
PALMDALE WATER DISTRICT, AND ESTABLISHING PRUDENT PARAMETERS  
TO CONSIDER FUTURE WATER RATE ADJUSTMENT REDUCTIONS**

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

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

**WHEREAS**, the Board of Directors of Palmdale Water District unanimously adopted an updated Strategic Plan in 2022, which includes, among others, Initiative 4 — Financial Health and Stability that has a goal to conduct and adopt a 2024 five-year Water Rate Plan; and

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

**WHEREAS**, the Board of Directors of the Palmdale Water District previously approved a 5-Year Water Rate Plan on October 28, 2019 authorizing annual water rate adjustments up to 8.1% through calendar year 2024; and

**WHEREAS**, the Board of Directors of the Palmdale Water District now desires to meet the Strategic goal of sustainable and balanced water rates by providing customers predictable and stable water rate adjustments for each calendar year 2025, 2026, 2027, 2028, and 2029 to ensure adequate funds to meet current and future water demands; to continue to maintain the Rate Assistance Program, the Internship Program, and water use efficiency Rebate Programs; to continue to provide high quality water through innovative treatment technologies; and to construct long range water supply projects, including the Pure Water Antelope Valley Advanced Water Treatment Project and the necessary removal of sediment from Littlerock Reservoir to maintain water storage capacity; and

**WHEREAS**, the benefits of the Pure Water Antelope Valley Advanced Water Treatment Project include meeting the water supply needs of the community's growing population and the water supplies required for growth within the City of Palmdale; utilizing local recycled water; diversifying the District's water supply portfolio; maximizing the State Water Project supply and additional State Water Project supplies acquired through water transfer options; preparing to meet water supply needs during a natural disaster; reducing the impact to the District and to its customers from groundwater adjudication and droughts; and being the most cost effective long-term water supply strategy, which can potentially reduce future water rate adjustments; and

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

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

**WHEREAS**, these parameters will be assessed and reported on annually, along with proposed projects and expenditures, to the Board of Directors during annual budget discussions for each calendar year 2025 through 2029; and

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

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

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

**Section 1.** The Board of Directors of the District does hereby:

1) Approve a water revenue adjustment of 11% for each calendar year 2025 and 2026, 9% for each calendar year 2027 and 2028, and 8% for calendar year 2029, effective January 1, 2025 (collectively, "Adjustments").

2) Revise Appendix "C" of the Palmdale Water District's Rules and Regulations, attached as part of this Resolution, to reflect the Adjustments.

3) Direct District staff to continue researching cost-saving measures, including grants, to help reduce approved revenue increases in the 2024 Water Rate Plan.

4) Direct District staff to assess and report on the following parameters using actuals through August 31<sup>st</sup> and projecting through December 31<sup>st</sup> of each year as part of the annual budget process for the subject years. A "Yes" answer from the District staff analysis for any four (4) parameters will allow for the consideration of a reduced water rate adjustment, provided the reduced water rate adjustment continues to satisfy the same "Yes" parameters:

a. Do the District's projected reserves at the end of each year in 2025-2029 meet or exceed the target reserve level of \$39,436,945, as stated in the 2024 Water Rate Plan for the end of calendar year 2029?

b. Are projects funded at a level that is equal to the year's depreciation while maintaining the reserve levels for each year in 2025-2029, as presented in the 2024 Water Rate Plan?



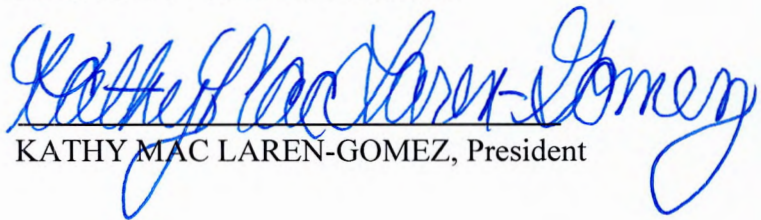
- c. Has an annual Rate Stabilization Fund contribution been made, as shown in the 2024 Water Rate Plan?
- d. Is the projected Debt Coverage Ratio for the subject year and each of the remaining years adequate to meet current and proposed bond covenants?
- e. Has the District's bond rating been re-evaluated to and maintained at AA or higher by either Standard & Poor's or Fitch rating agencies, which are currently A- Stable and A+, respectively?
- f. Does the proposed water rate adjustment change from the 2024 Water Rate Plan meet the minimum water rate adjustment required by the WIFIA loan agreement approved by the Board and signed on June 17, 2024? The required minimum water rate adjustment as set forth by the Environmental Protection Agency (EPA) is 9.3% in 2025, 9.0% in 2026, 8.5% in 2027, and 8.5% in 2028. The EPA did not set a minimum rate for 2029.

**Section 2.** If any provision in this Resolution, or the application thereof to any person or circumstances, is for any reason held invalid, the validity of the remainder of this Resolution, or the application of such provisions to other persons or circumstances shall not be affected thereby. The Board of Directors hereby declares that it would have passed this Resolution, and each provision thereof, irrespective of the fact that one or more sections, subsections, sentences, clauses or phrases or the application thereof to any person or circumstance be held invalid.

**Section 3.** This Resolution shall become effective upon the date of adoption as set forth herein.

**PASSED AND ADOPTED** this 4th day of November, 2024 by the Board of Directors, the governing body of the Palmdale Water District.

PALMDALE WATER DISTRICT

  
 KATHY MAC LAREN-GOMEZ, President

ATTEST:



VINCENT DINO, Secretary

APPROVED AS TO FORM:

By:   
 PAM K. LEE, General Counsel