



PALMDALE WATER DISTRICT

A CENTURY OF SERVICE

June 7, 2023

BOARD OF DIRECTORS

W. SCOTT KELLERMAN

Division 1

DON WILSON

Division 2

GLORIA DIZMANG

Division 3

KATHY MAC LAREN-GOMEZ

Division 4

VINCENT DINO

Division 5

AGENDA FOR REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PALMDALE WATER DISTRICT TO BE HELD AT 2029 EAST AVENUE Q, PALMDALE

MONDAY, JUNE 12, 2023

6:00 p.m.

NOTES: To comply with the Americans with Disabilities Act, to participate in any Board meeting please contact Danielle Henry at 661-947-4111 x1059 at least 48 hours prior to a Board meeting to inform us of your needs and to determine if accommodation is feasible.

Additionally, an interpreter will be made available to assist the public in making **comments** under Agenda Item No. 4 and any action items where public input is offered during the meeting if requested at least 48 hours before the meeting. Please call Danielle Henry at 661-947-4111 x1059 with your request. (PWD Rules and Regulations Section 4.03.1 (c))

Adicionalmente, un intérprete estará disponible para ayudar al público a hacer **comentarios** bajo la sección No. 4 en la agenda y cualquier elemento de acción donde se ofrece comentarios al público durante la reunión, siempre y cuando se solicite con 48 horas de anticipación de la junta directiva. Por favor de llamar Danielle Henry al 661-947-4111 x1059 con su solicitud. (PWD reglas y reglamentos sección 4.03.1 (c))

Agenda item materials, as well as materials related to agenda items submitted after distribution of the agenda packets, are available for public review at the District's office located at 2029 East Avenue Q, Palmdale (Government Code Section 54957.5). Please call Danielle Henry at 661-947-4111 x1059 for public review of materials.

PUBLIC COMMENT GUIDELINES: The prescribed time limit per speaker is three-minutes. Please refrain from public displays or outbursts such as unsolicited applause, comments, or cheering. Any disruptive activities that substantially interfere with the ability of the District to conduct its meeting will not be permitted, and offenders will be requested to leave the meeting. (PWD Rules and Regulations, Appendix DD, Sec. IV.A.)

Each item on the agenda shall be deemed to include any appropriate motion, resolution, or ordinance to take action on any item.

- 1) Pledge of Allegiance/Moment of Silence.
- 2) Roll Call.
- 3) Adoption of Agenda.
- 4) Public comments for non-agenda items.

DENNIS D. LaMOREAUX
General Manager

ALESHIRE & WYNDER LLP
Attorneys



- 5) Presentations:
 - 5.1) California Special Districts Association/Special District Leadership Foundation Certificates of Transparency and District of Distinction - Platinum. (Chris Palmer, California Special Districts Association)
- 6) Action Items - Consent Calendar (The public shall have an opportunity to comment on any action item on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.)
 - 6.1) Approval of Minutes of Regular Board Meeting held May 22, 2023.
 - 6.2) Payment of Bills for June 12, 2023.
 - 6.3) Approval of Risk and Emergency Management Administrator Job Description and Revision of Safety and Training Technician I/II Job Description. (No Budget Impact – Human Resources Director Barragan-Garcia/Personnel Committee)
 - 6.4) Approval of Updated COVID-19 Prevention Plan Policy. (No Budget Impact - Human Resources Director Barragan-Garcia/Personnel Committee)
- 7) Action Items - Action Calendar (The public shall have an opportunity to comment on any action item as each item is considered by the Board of Directors prior to action being taken.)
 - 7.1) Consideration and Possible Action to Receive and File the 2022 Annual Financial Report. (No Budget Impact – Finance Manager Hoffmeyer)
 - 7.2) Consideration and Possible Action on Approval of Agreement between AVSWCA, LCID, PWD and AVEK for the Littlerock Creek Recharge Project. (Resource and Analytics Supervisor Bolanos)
 - 7.3) Consideration and Possible Action to Reschedule or Cancel the August 28, 2023 Regular Board Meeting due to Lack of a Quorum. (General Manager LaMoreaux)
 - 7.4) Consideration and Possible Action on Authorization of the Following Conferences, Seminars, and Training Sessions for Board and Staff Attendance Within Budget Amounts Previously Approved in the 2023 Budget:
 - a) ACWA Region 8 Program and Tour: Thriving Amidst Perpetual Water Shortages to be held July 13, 2023 at West Basin Municipal Water District.
- 8) Information Items:
 - 8.1) Reports of Directors:
 - a) Standing Committees; Organization Appointments; Agency Liaisons:
 - 1) Antelope Valley East Kern Water Agency (AVEK) – May 23. (Director Dino, Board Liaison/Director Mac Laren-Gomez, Alt.)
 - 2) Outreach Committee Meeting – May 23. (Director Mac Laren-Gomez, Chair/Director Dizmang)
 - 3) Personnel Committee Meeting – May 30. (Director Mac Laren-Gomez, Chair/Director Kellerman)
 - b) General Meetings Reports of Directors.

- 8.2) Report of General Manager.
 - a) Department Activity Updates:
 - 1) Resource and Analytics Department. (Resource and Analytics Supervisor Bolanos)
 - 2) Facilities Department. (Facilities Manager Wall)
- 8.3) Report of General Counsel.
- 9) Board Members' Requests for Future Agenda Items.
- 10) Adjournment.



General Manager
DDL/dh

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: June 5, 2023 **June 12, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mrs. Angelica Barragan-Garcia, Human Resources Director
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.3 – APPROVAL OF RISK AND EMERGENCY MANAGEMENT ADMINISTRATOR JOB DESCRIPTION AND REVISION OF SAFETY AND TRAINING TECHNICIAN I/II JOB DESCRIPTION. (NO BUDGET IMPACT – HUMAN RESOURCES DIRECTOR BARRAGAN-GARCIA/PERSONNEL COMMITTEE)***

Recommendation:

Staff and the Personnel Committee recommend that the full Board approve the Risk and Emergency Management Administrator job description and revisions to the Safety and Training Technician I/II job description.

Alternative Options:

The Board can choose not to approve the Risk and Emergency Management Administrator job description and leave the Safety and Training Technician I/II job title as is.

Impact of Taking No Action:

If the proposed job description and revisions are not approved, the Safety and Training Technician II would not align with the salary survey approved by the Board in February 2023.

Background:

During the salary survey, the Safety and Training Technician II was approved for a job title change to Risk and Emergency Administrator. The proposed changes to the existing job description for Safety and Training Technician I/II separates the Safety and Training Technician, updates the job title of Safety and Training Technician II to Risk and Emergency Management Administrator, and realigns the duties accordingly. Lastly, it separates the job description into two individual position descriptions.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 2 – Organizational Excellence.
This item directly relates to the District’s Mission Statement.

Budget:

Approval of these job descriptions has no impact on the Budget.

Supporting Documents:

- Redline version of job description for Safety and Training Technician I/II
- Revised job description for Safety and Training Technician
- Proposed job description for Risk and Emergency Management Administrator
- Revised Organizational Chart

Redline Draft

SAFETY AND TRAINING TECHNICIAN I, II

FLSA Status: Non-Exempt

JOB SUMMARY

Under general direction, Performs duties implementing and coordinating the District's safety and training program in compliance with federal, state and local safety, health and environmental laws and regulations; performs inspections of all District's facilities, equipment and job sites to ensure training and compliance with regulations' and industry standards; maintains and coordinates safety training programs; coordinates loss prevention program to identify and control potential hazards and injuries; administers the District's Injury and Illness Prevention Program (IIPP); assists with the District's Emergency Response Plan.

Distinguishing Characteristics

Safety and Training Technician I - This is the entry level class in the Safety and Training Technician series. Positions in this class typically have little or no directly related work experience and work under immediate supervision while learning job tasks. ~~The Purchasing Technician 1 class is distinguished from the 2 level by the performance of less than the full range of duties assigned to the 2 level.~~ Incumbents work under immediate supervision while learning job tasks, progressing to general supervision as procedures and processes of assigned area of responsibility are learned.

~~*Safety and Training Technician II* - This is the journey level class in the Safety and Training Technician series and is distinguished from the 1 level by the assignment of the full range of duties. Employees at this level receive only occasional instruction or assistance as new, unusual, or unique situations arise and are fully aware of the operating procedures and policies within the work unit. Positions in this class are flexibly staffed and are normally filled by advancement from the 1 level.~~

Supervision Received and Exercised

Receives direct supervision from the Human Resources Director.

Examples of Essential Duties

Duties may include, but are not limited to, the following:

- Maintain the District's risk management and safety programs in compliance with local, state, and federal laws and accreditation standards related to safety and risk management.
- Maintain District's safety and training records including but not limited to OSHA 300 log, safety training scheduling and documentation, injury reporting, SOPs, SDS, and emergency response plans.
- Chair the Safety Committee and facilitate safety meetings and trainings.
- Oversee and respond to the "How Am I Driving Program" and report information to the Safety Committee for action.

Safety and Training Technician

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- Oversee and coordinate Workers' Compensation injury and claims processes.
- Maintain the District's written Injury and Illness Prevention Program.
- Act as liaison with insurance carriers.
- Develop and implement systems, policies and procedures for the identification, collection, and analysis of risk-related information.
- Lead, facilitate, and advise on the designing of risk management programs to minimize potential safety risks to employees, visitors, and property.
- Regularly conduct a comprehensive, focused risk management assessment of potential risks to the District.
- Build and maintain positive working relationships with co-workers, other District employees, and the public using principles of good customer service.
- Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Safety program administration, risk management, and public health policy.
- Statistics, data collection, analysis and data presentation.
- Current local, state and federal laws; OSHA regulations and accreditation standards.
- Safety programs, training, and insurance requirements and practices.

Ability to:

- Read, interpret and update safety and risk management data.
- Coordinate safety programs throughout the organization.
- Conduct on-going preventative safety programs and maintain training records.
- Conduct most training classes for District staff.
- Develop and monitor District risk management plan, including emergency response. Make recommendations for any changes necessary.
- Perform assigned work in accordance with appropriate safety practices and regulations.
- Analyze safety and risk management problems, evaluate alternative approaches, and adopt effective solutions.
- Prepare and maintain accurate and complete confidential records and reports.
- Establish and maintain effective working relationships with those contacted in the course of work including District staff and the general public.
- Communicate clearly and concisely, both orally and in writing.

Possess excellent interpersonal communication skills.

Experience and Training

Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Experience

One year of experience in one or more of the following areas: risk management, safety, construction, administration, or insurance desired.

Education

Equivalent to high school diploma/GED

License and Certificate

- Possession of, or ability to obtain a valid California Driver's License.
- OSHA Certification

PHYSICAL REQUIREMENTS

Constantly, walk stand, kneel, climb, and bend in the field; sit while studying or preparing reports and driving in vehicle or operating equipment; perform simple and power grasping, pushing, pulling and fine manipulation; ·intermittently write or use a keyboard to communicate; and lift or carry weight up to 25 pounds. Additionally, the incumbent in this position works outdoors in all weather conditions, including wet, hot and cold with extreme sun exposure. Some of these requirements may be accommodated for otherwise qualified individuals requiring and requesting such accommodations.

RISK AND EMERGENCY MANAGEMENT ADMINISTRATOR *Safety and Training*

Technician-II

FLSA Status: Exempt

JOB SUMMARY

Under direction plans, develops, and coordinates the implementation and maintenance of the District's regulatory programs including: permits, occupational health and safety, workers' compensation, disaster and emergency preparedness, and risk management programs. Oversee administration of the District's safety training programs to minimize losses resulting from accidents, natural causes, regulatory or non-compliance, and maintains a database for all related programs. Participates in the development and administration of departmental goals, objectives and procedures. Collects facts regarding claims against the District including property, liability and vehicle accidents and conducts investigations. Responds to emergency situations and exercises sound judgment.

Supervision Received and Exercised

Receives direct supervision from the Human Resources Director.

Examples of Essential Duties

Duties may include, but are not limited to, the following:

- Assist in development and implementation of departmental goals required to achieve strategic initiatives and overall department results in alignment with District objectives and priorities related to safety, risk, and security.

Safety and Training Technician

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Research safety programs in areas such as accident investigation and prevention, motor vehicle safety, hazard communications, ergonomics, and regulated mandated programs.

Provide technical consultations on safety requirements such as regulations, safety analyses, and recommended actions. Upon approval implement recommendations and monitor effectiveness.

- Maintain the District's risk management and safety programs including the District's written injury and illness prevention (IIP) program in compliance with local, state, and federal laws and accreditation standards.
- Maintain District's safety ~~and training~~ records including but not limited to OSHA 300 log, safety training scheduling and documentation, injury reporting, Standard Operating Procedures (SOPs), and Safety Data Sheets (SDS). Ensure proper training is conducted including training on changes and/or updates. and emergency response plans.
- Chair the Safety Committee and ~~facilitate safety meetings and trainings.~~ ensure a method of tracking and implementation of corrective actions arising from the safety committee.
- ~~Oversee and respond to the "How Am I Driving Program" and report information to the Safety Committee for action.~~
- ~~Oversee and coordinate Workers' Compensation injury and claims processes.~~ Assist with risk programs including risk management, property, and liability insurance programs; works with the Association of Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) regarding risk management visit and inspection reports.
- Manage the District's workers compensation program for employees; develop and recommend program design. Respond to the scene of accidents or injuries as required; participate in conducting a thorough investigation and analysis of the conditions and circumstances surrounding the accident or injury; review and evaluate employee accident and injury reports, recommend remedial action, and ensure remedial action is completed.
- ~~Maintain the District's written Injury and Illness Prevention Program.~~
 - ~~Develop and implement systems, policies and procedures for the identification, collection, and analysis of risk related information.~~
 - ~~Lead, facilitate, and advise on the designing of risk management programs to minimize potential safety risks to employees, visitors, and property.~~
 - ~~Regularly conduct a comprehensive, focused risk management assessment of potential risks to the District.~~
- Assist with developing and coordination of mutual aid agreements with other agencies as directed by the HR Director.
- Conduct emergency preparedness training; assist with writing and revision of the emergency plans; conduct and assist with emergency related drills and related emergency preparedness exercises.

Safety and Training Technician

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- Design and implement periodic safety special events, activities, and awareness campaigns.
- ~~— Build and maintain positive working relationships with co-workers, other District employees, and the public using principles of good customer service.~~
- Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Safety program administration, risk management, and public health policy.
- Statistics, data collection, analysis and data presentation.
- Current local, state and federal laws; OSHA regulations and accreditation standards.
- Safety programs, training, and insurance requirements and practices.
- Administrative principles and methods including goal setting, program development and implementation.
- Policies and procedures for reporting property damage and workers compensation claims.
- Methods and practices for conducting accident and workplace safety and security audits and investigations.

Ability to:

- Read, interpret and update safety and risk management data.
- Coordinate safety programs throughout the organization.
- Conduct on-going preventative safety programs and maintain training records.
- Conduct most training classes for District staff.
- ~~Develop and monitor District risk management plan, including emergency response.~~ Make recommendations for any changes necessary.
- Perform assigned work in accordance with appropriate safety practices and regulations.
- Analyze safety and risk management problems, evaluate alternative approaches, and adopt effective solutions.
- Prepare and maintain accurate and complete confidential records and reports.
- Establish and maintain effective working relationships with those contacted in the course of work including District staff and the general public.
- ~~— Communicate clearly and concisely, both orally and in writing.~~
- Assist in developing and implementing program goals, objectives, practices, policies, procedures, and work standards.
- Possess excellent interpersonal communication skills.
- Coordinate programs with internal staff, third party administrators, and external agencies.
- Collect, evaluate, and interpret data and surveys regarding processes, procedures, and policies from other agencies to improve internal processes and procedures.

EXPERIENCE AND TRAINING

Experience

Draft

SAFETY AND TRAINING TECHNICIAN

FLSA Status: Non-Exempt

JOB SUMMARY

Under general direction, performs duties implementing and coordinating the District's safety and training program in compliance with federal, state and local safety, health and environmental laws and regulations; performs inspections of all District's facilities, equipment and job sites to ensure training and compliance with regulations' and industry standards; maintains and coordinates safety training programs; coordinates loss prevention program to identify and control potential hazards and injuries; administers the District's Injury and Illness Prevention Program (IIPP); assists with the District's Emergency Response Plan.

Distinguishing Characteristics

Safety and Training Technician - This is the entry level class in the Safety and Training Technician series. Positions in this class typically have little or no directly related work experience and work under immediate supervision while learning job tasks. Incumbents work under immediate supervision while learning job tasks, progressing to general supervision as procedures and processes of assigned area of responsibility are learned.

Supervision Received and Exercised

Receives direct supervision from the Human Resources Director.

Examples of Essential Duties

Duties may include, but are not limited to, the following:

- Maintain the District's risk management and safety programs in compliance with local, state, and federal laws and accreditation standards related to safety and risk management.
- Maintain District's safety and training records including but not limited to OSHA 300 log, safety training scheduling and documentation, injury reporting, SOPs, SDS, and emergency response plans.
- Chair the Safety Committee and facilitate safety meetings and trainings.
- Oversee and respond to the "How Am I Driving Program" and report information to the Safety Committee for action.
- Oversee and coordinate Workers' Compensation injury and claims processes.
- Maintain the District's written Injury and Illness Prevention Program.
- Act as liaison with insurance carriers.
- Develop and implement systems, policies and procedures for the identification, collection, and analysis of risk-related information.
- Lead, facilitate, and advise on the designing of risk management programs to minimize potential safety risks to employees, visitors, and property.

Safety and Training Technician

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- Regularly conduct a comprehensive, focused risk management assessment of potential risks to the District.
- Build and maintain positive working relationships with co-workers, other District employees, and the public using principles of good customer service.
- Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Safety program administration, risk management, and public health policy.
- Statistics, data collection, analysis and data presentation.
- Current local, state and federal laws; OSHA regulations and accreditation standards.
- Safety programs, training, and insurance requirements and practices.

Ability to:

- Read, interpret and update safety and risk management data.
- Coordinate safety programs throughout the organization.
- Conduct on-going preventative safety programs and maintain training records.
- Conduct most training classes for District staff.
- Develop and monitor District risk management plan, including emergency response. Make recommendations for any changes necessary.
- Perform assigned work in accordance with appropriate safety practices and regulations.
- Analyze safety and risk management problems, evaluate alternative approaches, and adopt effective solutions.
- Prepare and maintain accurate and complete confidential records and reports.
- Establish and maintain effective working relationships with those contacted in the course of work including District staff and the general public.
- Communicate clearly and concisely, both orally and in writing.

Possess excellent interpersonal communication skills.

Experience and Training

Any combination of experience and training that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

Experience

One year of experience in one or more of the following areas: risk management, safety, construction, administration, or insurance desired.

Education

Equivalent to high school diploma/GED

License and Certificate

- Possession of, or ability to obtain a valid California Driver's License.
- OSHA Certification

PHYSICAL REQUIREMENTS

Constantly, walk stand, kneel, climb, and bend in the field; sit while studying or preparing reports and driving in vehicle or operating equipment; perform simple and power grasping, pushing, pulling and fine manipulation; ·intermittently write or use a keyboard to communicate; and lift or carry weight up to 25 pounds. Additionally, the incumbent in this position works outdoors in all weather conditions, including wet, hot and cold with extreme sun exposure. Some of these requirements may be accommodated for otherwise qualified individuals requiring and requesting such accommodations.

Approved:

I have reviewed this job description with my Supervisor and agree with its contents.

Employee Signature

Date

Supervisor Signature

Date

The specific statements shown in each section of this job description are not intended to be all-inclusive. They represent typical elements and criteria necessary to successfully perform the job.

Safety and Training Technician

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Approved:

I have reviewed this job description with my Supervisor and agree with its contents.

Employee Signature

Date

Supervisor Signature

Date

The specific statements shown in each section of this job description are not intended to be all-inclusive. They represent typical elements and criteria necessary to successfully perform the job.

RISK AND EMERGENCY MANAGEMENT ADMINISTRATOR

Draft

FLSA Status: Exempt

JOB SUMMARY

Under direction plans, develops, and coordinates the implementation and maintenance of the District's regulatory programs including: permits, occupational health and safety, workers' compensation, disaster and emergency preparedness, and risk management programs. Oversee administration of the District's safety training programs to minimize losses resulting from accidents, natural causes, regulatory or non-compliance, and maintains a database for all related programs. Participates in the development and administration of departmental goals, objectives and procedures. Collects facts regarding claims against the District including property, liability and vehicle accidents and conducts investigations. Responds to emergency situations and exercises sound judgment.

Supervision Received and Exercised

Receives direct supervision from the Human Resources Director.

Examples of Essential Duties

Duties may include, but are not limited to, the following:

- Assist in development and implementation of departmental goals required to achieve strategic initiatives and overall department results in alignment with District objectives and priorities related to safety, risk, and security.
- Research safety programs in areas such as accident investigation and prevention, motor vehicle safety, hazard communications, ergonomics, and regulated mandated programs.
- Provide technical consultations on safety requirements such as regulations, safety analyses, and recommended actions. Upon approval implement recommendations and monitor effectiveness.
- Maintain the District's safety programs including the District's written injury and illness prevention (IIP) program in compliance with local, state, federal laws, and accreditation standards.
- Maintain District's safety records including but not limited to OSHA 300 log, safety training scheduling and documentation, injury reporting, Standard Operating Procedures (SOPs), and Safety Data Sheets (SDS). Ensure proper training is conducted including training on changes and/or updates.
- Chair the Safety Committee and ensure a method of tracking and implementation of corrective actions arising from the safety committee.
- Assist with risk programs including risk management, property, and liability insurance programs; works with the Association of Water Agencies Joint Powers

Insurance Authority (ACWA/JPIA) regarding risk management visit and inspection reports.

- Manage the District's workers compensation program for employees; develop and recommend program design. Respond to the scene of accidents or injuries as required; participate in conducting a thorough investigation and analysis of the conditions and circumstances surrounding the accident or injury; review and evaluate employee accident and injury reports, recommend remedial action, and ensure remedial action is completed.
- Assist with developing and coordination of mutual aid agreements with other agencies as directed by the HR Director.
- Conduct emergency preparedness training; assist with writing and revision of the emergency plans; assist with emergency related drills and related emergency preparedness exercises.
- Design and implement periodic safety special events, activities, and awareness campaigns.
- Perform related duties as assigned.

MINIMUM QUALIFICATIONS

Knowledge of:

- Safety program administration, risk management, and public health policy.
- Statistics, data collection, analysis and data presentation.
- Current local, state and federal laws; OSHA regulations and accreditation standards.
- Safety programs, training, and insurance requirements and practices.
- Administrative principles and methods including goal setting, program development and implementation.
- Policies and procedures for reporting property damage and workers compensation claims.
- Methods and practices for conducting accident and workplace safety and security audits and investigations.

Ability to:

- Read, interpret and update safety and risk management data.
- Coordinate safety programs throughout the organization.
- Conduct on-going preventative safety programs and maintain training records.
- Conduct most training classes for District staff.
- Make recommendations for any changes necessary.
- Perform assigned work in accordance with appropriate safety practices and regulations.
- Analyze safety and risk management problems, evaluate alternative approaches, and adopt effective solutions.
- Prepare and maintain accurate and complete confidential records and reports.
- Establish and maintain effective working relationships with those contacted in the course of work including District staff and the general public.
- Communicate clearly and concisely, both orally and in writing.
- Assist in developing and implementing program goals, objectives, practices, policies, procedures, and work standards.

- Possess excellent interpersonal communication skills.
- Coordinate programs with internal staff, third party administrators, and external agencies.
- Collect, evaluate, and interpret data and surveys regarding processes, procedures, and policies from other agencies to improve internal processes and procedures.

EXPERIENCE AND TRAINING

Experience

Three years of experience in one or more of the following areas: risk management, safety, construction, administration, or insurance.

Education:

Equivalent to high school diploma/GED.

License and Certificate

- Possession of, or ability to obtain a valid California Driver's License.
- Possession of Certified Safety Professional (CSP), Certification as an Associate Safety Professional (ASP), or Occupational Health & Safety Technologist (OHST), or Certified Occupational Safety Specialist (COSS) or ability to obtain within two (2) years.
- Possession of a Distribution Operator Grade 2 Certificate as issued by the State Water Resources Control Board desired.

PHYSICAL REQUIREMENTS

Constantly, walk stand, kneel, climb, and bend in the field; sit while studying or preparing reports and driving in vehicle or operating equipment; perform simple and power grasping, pushing, pulling and fine manipulation; ·intermittently write or use a keyboard to communicate; and lift or carry weight up to 25 pounds. Additionally, the incumbent in this position works outdoors in all weather conditions, including wet, hot and cold with extreme sun exposure. Some of these requirements may be accommodated for otherwise qualified individuals requiring and requesting such accommodations.

Approved:

I have reviewed this job description with my Supervisor and agree with its contents.

Employee Signature

Date

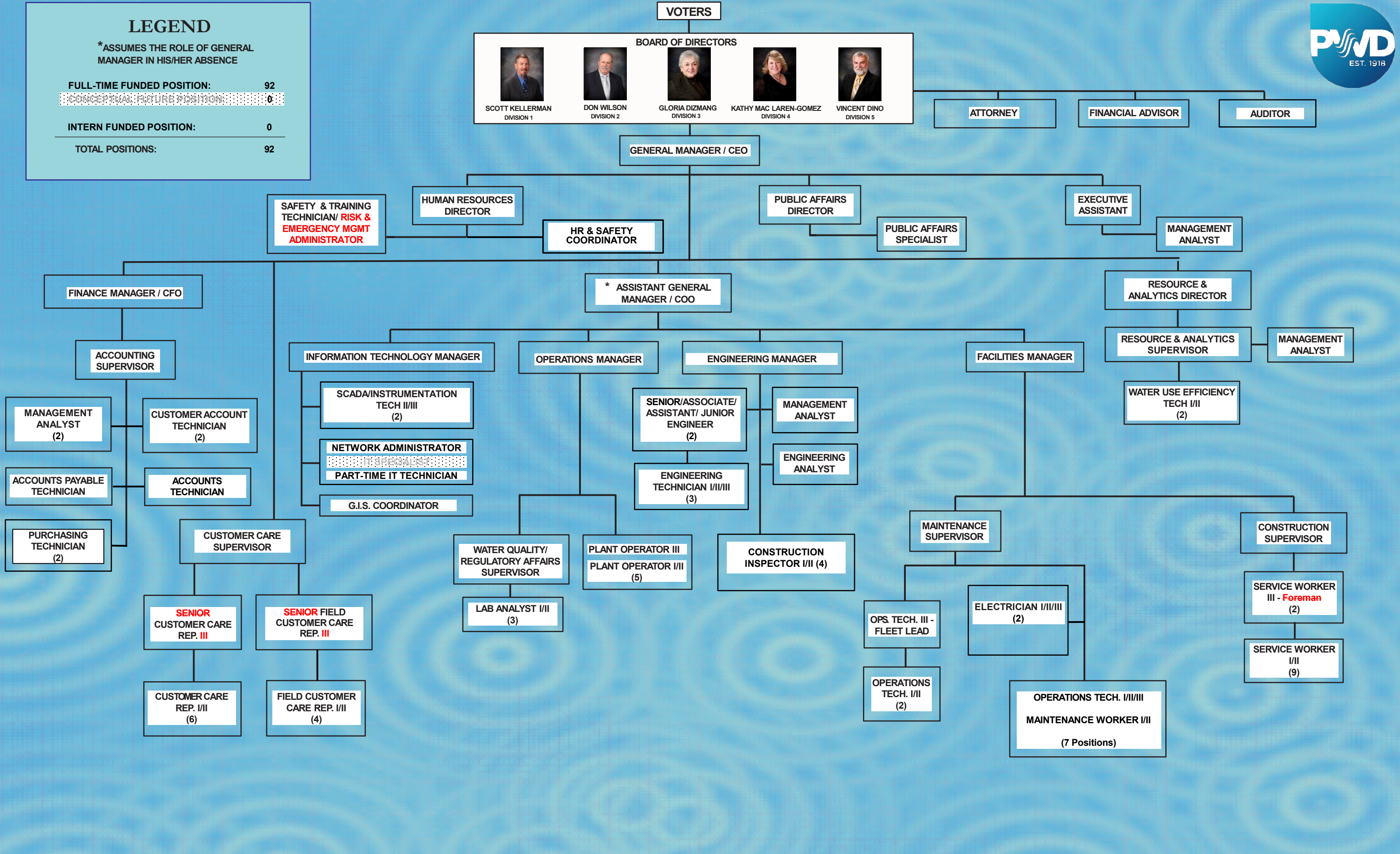
Supervisor Signature

Date

The specific statements shown in each section of this job description are not intended to be all-inclusive. They represent typical elements and criteria necessary to successfully perform the job.



LEGEND	
*ASSUMES THE ROLE OF GENERAL MANAGER IN HIS/HER ABSENCE	
FULL-TIME FUNDED POSITION:	92
CONCEPTUAL/FUTURE POSITION:	0
INTERN FUNDED POSITION:	0
TOTAL POSITIONS:	92



PALMDALE WATER DISTRICT ORGANIZATIONAL STRUCTURE

APPROVED JUNE 12, 2023

P A L M D A L E W A T E R D I S T R I C T
B O A R D M E M O R A N D U M

DATE: June 5, 2023 **June 12, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mrs. Angelica Barragan-Garcia, Human Resources Director
VIA: Mr. Dennis LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 6.4 – APPROVAL OF UPDATED COVID-19 PREVENTION PLAN POLICY. (NO BUDGET IMPACT - HUMAN RESOURCES DIRECTOR BARRAGAN-GARCIA/PERSONNEL COMMITTEE)***

Recommendation:

Staff and the Personnel Committee recommend that the full Board approve the updated COVID-19 Prevention Plan Policy.

Alternative Options:

The Committee can choose not to recommend approval of the updated COVID-19 Prevention Plan Policy.

Impact of Taking No Action:

If the updated COVID-19 Prevention Plan Policy is not approved, the District will not be in compliance with updates from CAL OSHA.

Background:

The District implemented a COVID-19 Pandemic Response Plan Policy in 2020 during the Coronavirus pandemic has continue to update the Policy based on guidelines from OSHA and CAL OSHA. In February 2023, CAL OSHA established a “non-emergency” COVID standard. This non-emergency COVID standard should be effective through February 2025 and the changes of these standards are captured in the updated COVID-19 Prevention Plan Policy.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 2 - Organizational Excellence.
This item directly relates to the District’s Mission Statement.

Budget:

There is no impact to the Budget.

Supporting Documents:

- Updated COVID-19 Prevention Plan Policy

Palmdale Water District COVID-19 Prevention Plan (CPP)

In California, all employers are required to establish, implement, and maintain an effective, written Injury and Illness Prevention (IIPP) program that meets the requirements of California Code of Regulations (CCR), Title 8, section 3203. COVID-19 is considered a workplace hazard and most employers must address COVID-19 prevention under their workplace IIPP. COVID-19 prevention procedures must be addressed either in the written IIPP or maintained in a separate document.

- Elements that may be required in the following CCR, Title 8 sections:
 - **3205, COVID-19 Prevention**
 - **3205.1, COVID-19 Outbreaks**
 - **3205.2, COVID-19 Prevention in Employer-Provided Housing**
 - **3205.3, COVID-19 Prevention in Employer-Provided Transportation**
 - The three **Additional Considerations** provided at the end of this CPP to see if they are applicable to their workplace.
- Additional guidance and resources are available at www.dir.ca.gov/dosh/coronavirus/

CCR, Title 8 sections 3205 through 3205.3 apply until two years after February 3, 2023, except for the recordkeeping subsections 3205(j)(2) through (3), which apply until three years after February 3, 2023.



Cal/OSHA Publications Unit

April 2023

COVID-19 Prevention Plan (CPP) for



PALMDALE WATER DISTRICT
A CENTURY OF SERVICE

This CPP is designed to control employees' exposures to the SARS-CoV-2 virus (severe acute respiratory syndrome coronavirus 2) that causes COVID-19 (Coronavirus Disease 2019) that may occur in our workplace.

Updated: 05/17/2023

Authority and Responsibility

Human Resources has overall authority and responsibility for implementing the provisions of this CPP in our workplace. In addition, all managers and supervisors are responsible for implementing and maintaining the CPP in their assigned work areas and for ensuring employees receive answers to questions about the procedures in a language they understand.

All employees are responsible for using safe work practices, following all directives, policies and procedures, and assisting in maintaining a safe work environment.

Application of the Palmdale Water District Injury & Illness Prevention Program (IIPP)

COVID-19 is a recognized hazard in our workplace that is addressed through our IIPP, which will be effectively implemented and maintained to ensure the following:

1. When determining measures to prevent COVID-19 transmission and identifying and correcting COVID-19 hazards in our workplace:
 - a. All persons in our workplace are treated as potentially infectious, regardless of symptoms, vaccination status, or negative COVID-19 test results.
 - b. COVID-19 is treated as an airborne infectious disease. Applicable State of California and Los Angeles County Health orders and guidance will be reviewed when determining measures to prevent transmission and identifying and correcting COVID-19 hazards. COVID-19 prevention controls include:
 - i. Remote work.
 - ii. Physical distancing.
 - iii. Reducing population density indoors.
 - iv. Moving indoor tasks outside.
 - v. Implementing separate shifts and/or break times.
 - vi. Restricting access to work areas.
 - vii. Disinfection of workspaces
2. Training and instruction on COVID-19 prevention is provided:
 - a. When this CPP was first established.
 - b. To new employees.
 - c. To employees given a new job assignment involving COVID-19 hazards and they have not been previously trained.
 - d. Whenever new COVID-19 hazards are introduced.
 - e. When we are made aware of new or previously unrecognized COVID-19 hazards.
 - f. For supervisors to familiarize themselves with the COVID-19 hazards to which employees under their immediate direction and control may be exposed.

Appendix A COVID-19 **Training Roster** will be used to document this training.

3. Procedures to investigate COVID-19 illnesses at the workplace include:
 - a. Determining the day and time a COVID-19 case was last present; the date of the positive COVID-19 tests or diagnosis; and the date the COVID-10 case first had one or more COVID-19 symptoms. Appendix B Investigating COVID-19 Cases will be used to document this information.
 - b. Effectively identifying and responding to persons with COVID-19 symptoms at the workplace. Employees are to report to their supervisor, Safety and Training Technician or HR Director immediately if they are experiencing COVID-19 symptoms.
 - c. Encouraging employees to report COVID-19 symptoms and to stay home when ill. If an employee is experiencing COVID-19 symptoms they are not to report to work, advise their supervisor, Safety and Training Technician or Hr. Director.
4. Effective procedures for responding to COVID-19 cases at the workplace include:
 - a. Immediately excluding COVID-19 cases (including employees excluded under CCR, Title 8, section 3205.1) according to the following requirements:
 - i. COVID-19 cases who do not develop COVID-19 symptoms will not return to work during the infectious period.
 - ii. COVID-19 cases who develop COVID-19 symptoms will not return to work during the shorter of either of the following:
 - a. The infectious period.
 - b. Through 10 days after the onset of symptoms and at least 24 hours have passed since a fever of 100.4 degrees Fahrenheit or higher has resolved without the use of fever-reducing medication.
 - iii. Regardless of vaccination status, previous infection, or lack of COVID-19 symptoms, a COVID-19 case must wear a face covering in the workplace until 10 days have passed since the date that COVID-19 symptoms began or, if the person did not have COVID-19 symptoms, from the date of their first positive COVID-19 test.
 - iv. Elements i. and ii. apply regardless of whether an employee has been previously excluded or other precautions were taken in response to an employee's close contact or membership in an exposed group.
 - b. Reviewing current [California Department of Public Health \(CDPH\)](#) guidance for persons who had close contacts, including any guidance regarding quarantine or other measures to reduce transmission.
 - c. The following effective policies will be developed, implemented, and maintained to prevent transmission of COVID-19 by persons who had close contacts. If an employee is considered close contact, they must wear a well fitted mask while indoors and around others for 10 days. Get tested 3-5 days after you were last exposed, if results are positive, isolate.
 - d. If an order to isolate, quarantine, or exclude an employee is issued by a local or state health official, the employee will not return to work until the period of isolation or quarantine is completed or the order is lifted.
 - e. If removal of an employee would create undue risk to a community's health, Palmdale Water District may submit a request for a waiver to Cal/OSHA in writing to rs@dir.ca.gov to allow employees to return to work if it does not violate local or state health official orders for isolation, quarantine, or exclusion. Palmdale Water District will follow all local, state and federal regulations.

- f. Upon excluding an employee from the workplace based on COVID-19 or a close contact, Palmdale Water District will provide excluded employees information regarding COVID-19-related benefits to which the employee may be entitled under applicable federal, state, or local laws. This includes any benefits available under legally mandated sick leave, workers' compensation law, local governmental requirements, and Palmdale Water District leave policies and leave guaranteed by contract. This information will be included in an email within 1 business day of the knowledge of close contact.

Testing of Close Contacts

COVID-19 tests are available at no cost, during paid time, to all of our employees who had a close contact in the workplace. These employees will be provided with the information outlined in paragraph (4)(f), above.

Exceptions are returned cases as defined in CCR, Title 8, section 3205(b)(11).

Notice of COVID-19 cases

Employees and independent contractors who had a close contact, as well as any employer with an employee who had a close contact, will be notified as soon as possible, and in no case longer than the time required to ensure that the exclusion requirements of paragraph (4)(a) above, are met.

When Labor Code section 6409.6 or any successor law is in effect, Palmdale Water District will:

- Provide notice via email within one business day of a COVID-19 case, in a form readily understandable to employees. The notice will be given to all employees, employers, and independent contractors at the worksite.
- Provide the notice to the authorized representative, if any of:
 - The COVID-19 case and of any employee who had a close contact.
 - All employees on the premises at the same worksite as the COVID-19 case within the infectious period.

Face Coverings

Employees will be provided face coverings and required to wear them:

- When required by orders from the CDPH. This includes spaces within vehicles when a CDPH regulation or order requires face coverings indoors.
- During outbreaks and major outbreaks.
- When employees return to work after having COVID-19 until 10 days have passed since the date that COVID-19 symptoms began or, if the person did not have COVID-19 symptoms, from the date of their first positive COVID-19 test, or after a close contact. Please refer to the section in this FAQ on CDPH's Isolation and Quarantine Guidance.

Face coverings will be clean, undamaged, and worn over the nose and mouth.

The following exceptions apply:

1. When an employee is alone in a room or vehicle.
2. While eating or drinking at the workplace, provided employees are at least six feet apart and, if indoors, the supply of outside or filtered air has been maximized to the extent feasible.
3. While employees are wearing respirators required by the employer and used in compliance with CCR, Title 8 section 5144.
4. Employees who cannot wear face coverings due to a medical or mental health condition or disability, or who are hearing-impaired or communicating with a hearing-impaired person. Such employees shall wear an effective non-restrictive alternative, such as a face shield with a drape on the bottom, if the condition or disability permits it.
5. During specific tasks which cannot feasibly be performed with a face covering. This exception is limited to the time period in which such tasks are actually being performed.

If an employee is not wearing a face covering due to exceptions (4) and (5), above, the COVID-19 hazards

will be assessed, and action taken as necessary.

Employees will not be prevented from wearing a face covering, including a respirator, when not required by this section, unless it creates a safety hazard.

Respirators

Respirators will be provided for voluntary use to employees who request them and who are working indoors or in vehicles with more than one person. Employees who request respirators for voluntary use will be:

- Encouraged to use them.
- Provided with a respirator of the correct size.
- Trained on:
 - How to properly wear the respirator provided.
 - How to perform a user seal check according to the manufacturer's instructions each time a respirator is worn.
 - The fact that facial hair interferes with a seal.

The requirements of CCR, Title 8 section 5144(c)(2) will be complied with according to the type of respirator (disposable filtering face piece or elastomeric re-usable) provided to employees.

Ventilation

For our indoor workplaces we will:

- Review CDPH and Cal/OSHA guidance regarding ventilation, including the CDPH [Interim Guidance for Ventilation, Filtration, and Air Quality in Indoor Environments](#). Palmdale Water District will develop, implement, and maintain effective methods to prevent transmission of COVID-19, including one or more of the following actions to improve ventilation:
 - Maximize the supply of outside air to the extent feasible, except when the United States Environmental Protection Agency (EPA) Air Quality Index is greater than 100 for any pollutant or if opening windows or maximizing outdoor air by other means would cause a hazard to employees, for instance from excessive heat or cold.
 - In buildings and structures with mechanical ventilation, filter circulated air through filters at least as protective as Minimum Efficiency Reporting Value (MERV)-13, or the highest level of filtration efficiency compatible with the existing mechanical ventilation system.
 - Use High Efficiency Particulate Air (HEPA) filtration units in accordance with manufacturers' recommendations in indoor areas occupied by employees for extended periods, where ventilation is inadequate to reduce the risk of COVID-19 transmission.
- Determine if our workplace is subject to CCR, Title 8 section 5142 Mechanically Driven Heating, Ventilating and Air Conditioning (HVAC) Systems to Provide Minimum Building Ventilation, or section 5143 General Requirements of Mechanical Ventilation Systems, and comply as required.

In vehicles, we will maximize the supply of outside air to the extent feasible, except when doing so would cause a hazard to employees or expose them to inclement weather.

Reporting and Recordkeeping

Appendix B **Investigating COVID-19 Cases** will be used to keep a record of and track all COVID-19 cases. These records will be kept by the Safety and Training Technician and retained for two years beyond the period in which it is necessary to meet the requirements of CCR, Title 8, sections 3205, 3205.1, 3205.2, and 3205.3.

The notices required by subsection 3205(e) will be kept in accordance with Labor Code section 6409.6 or any successor law.

Appendix A: COVID-19 Training Roster

Date training completed: **[enter date]**

Person that conducted the training: **[enter name(s)]**

Employee Name	Signature

Appendix B: Investigating COVID-19 Cases

All personal identifying information of COVID-19 cases or persons with COVID-19 symptoms, and any employee required medical records will be kept confidential unless disclosure is required or permitted by law. Unredacted information on COVID-19 cases will be provided to the local health department, CDPH, Cal/OSHA, the National Institute for Occupational Safety and Health (NIOSH) immediately upon request, and when required by law.

Date COVID-19 case (suspect or confirmed) became known: **[enter information]**

Date investigation was initiated: **[enter information]**

Name of person(s) conducting the investigation: **[enter name(s)]**

COVID-19 Case Summary

Name	Contact Info	Occupation	Location	Last day and time present	Date of positive test and/or diagnosis	Date of first symptoms

Summary of employees, independent contractors, and employees of other employers that came in close contact **[CCR Title 8, section 3205 does not require recordkeeping for close contacts. These tables are included to assist employers in keeping track of which close contacts they have notified to meet the notice requirements.]**

Name	Contact Info	Date notified	Date offered COVID-19 testing (employees only)

Summary notice of a COVID-19 case (employees, employers, independent contractors) – during the infectious period and regardless of a close contact occurring.

Name	Date notified

Summary notice of a COVID-19 case (authorized representative of the COVID-19 case and employee who had close contact).

Name	Date notified

What were the workplace conditions that could have contributed to the risk of COVID-19 exposure?
[enter information]

What could be done to reduce exposure to COVID-19?
[enter information]

Was local health department notified? Date?
[enter information]

Additional Consideration #1

COVID-19 Outbreaks

This addendum will become in effect if three or more employee COVID-19 cases within an exposed group visited the workplace during their infectious period at any time during a 14-day period, unless a CDPH regulation or order defines outbreak using a different number of COVID-19 cases and/or a different time period. Reference CCR, Title 8 section 3205.1 for details.

This addendum will stay in effect until there are one or fewer new COVID-19 cases detected in the exposed group for a 14-day period.

COVID-19 testing

We immediately provide COVID-19 testing available at no cost to our employees within the exposed group, regardless of vaccination status, during employees' paid time, except for returned cases and employees who were not present at the workplace during the relevant 14-day period(s).

Additional testing is made available on a weekly basis to all employees in the exposed group who remain at the workplace.

Employees who had close contacts will have a negative COVID-19 test taken within three to five days after the close contact or will be excluded and follow our return-to-work requirements starting from the date of the last known close contact.

Face Coverings

Employees in the exposed group, regardless of vaccination status, will wear face coverings when indoors, or when outdoors and less than six feet from another person, unless one of the exceptions in our CPP applies.

Respirators

Employees will be notified of their right to request and receive a respirator for voluntary use, as stipulated in our CPP.

COVID-19 investigation, review, and hazard correction

Palmdale Water District will perform a review of potentially relevant COVID-19 policies, procedures and controls, and implement changes as needed to prevent further spread of COVID-19 when this addendum initially applies and periodically thereafter. The investigation, review, and changes will be documented and include:

- Investigation of new or unabated COVID-19 hazards including:
 - Our leave policies and practices and whether employees are discouraged from remaining home when sick.
 - Our COVID-19 testing policies.
 - Insufficient supply of outdoor air to indoor workplaces.
 - Insufficient air filtration.
 - Insufficient physical distancing.
- Review updated every 30 days that CCR, Title 8 section 3205.1 continues to apply:
 - In response to new information or to new or previously unrecognized COVID-19 hazards.
 - When otherwise necessary.
- Any changes implemented to reduce the transmission of COVID-19 based on the investigation and review, which may include:

- Moving indoor tasks outdoors or having them performed remotely.
- Increasing the outdoor air supply when work is done indoors.
- Improving air filtration.
- Increasing physical distancing to the extent feasible.
- Requiring respiratory protection in compliance with CCR, Title 8 section 5144.
- Other applicable controls.

Ventilation

Buildings or structures with mechanical ventilation will have recirculated air filtered with Minimum Efficiency Reporting Value (MERV)-13 or higher efficiency filters, if compatible with the ventilation system. If MERV-13 or higher filters are not compatible with the ventilation system, filters with the highest compatible filtering efficiency will be used. High Efficiency Particulate Air (HEPA) air filtration units will be used in accordance with manufacturers' recommendations in indoor areas occupied by employees for extended periods, where ventilation is inadequate to reduce the risk of COVID-19 transmission.

These ventilation requirements will continue to be implemented after the outbreak has passed and CCR, Title 8 section 3205.1 is no longer applicable.

Major Outbreaks

The following will be done while CCR, Title 8 section 3205.1 applies if 20 or more employee COVID-19 cases in an exposed group visited the worksite during their infectious period within a 30-day period:

- The COVID-19 testing will be required of all employees in the exposed group, regardless of vaccination status, twice a week or more frequently if recommended by state, federal, or local agencies. Employees in the exposed group will be tested or excluded and follow our CPP return to work requirements. The twice a week testing requirement ends when there are fewer than three new COVID-19 cases in the exposed group for a 14-day period. We will then follow weekly testing requirement until there are one or fewer new COVID-19 cases in the exposed group for a 14-day period.
- Report the outbreak to Cal/OSHA.
- Provide respirators for voluntary use to employees in the exposed group, encourage their use, and train employees according to CCR, Title 8 section 5144(c)(2) requirements.
- Any employees in the exposed group who are not wearing respirators as required will be separated from other persons by at least six feet, except where it can be demonstrated that at least six feet of separation is not feasible, and except for momentary exposure while persons are in movement.

Methods of physical distancing include:

- Telework or other remote work arrangements.
- Reducing the number of persons in an area at one time, including visitors.
- Visual cues such as signs and floor markings to indicate where employees and others should be located or their direction and path of travel
- Staggered arrival, departure, work, and break times.
- Adjusted work processes or procedures, such as reducing production speed, to allow greater distance between employees.

When it is not feasible to maintain a distance of at least six feet, individuals will be as far apart as feasible.

Additional Consideration #2

COVID-19 Prevention in Employer-Provided Transportation

The requirements of our CPP will be complied with within a vehicle, including how a COVID-19 case will be responded to.

Assignment of transportation

To the extent feasible:

- Transportation will be assigned such that cohorts travel and work together, separate from other workers.
- Employees who usually maintain a household together shall travel together.

**PALMDALE
WATER DISTRICT
BOARD MEMORANDUM**

DATE: June 6, 2023 **June 12, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Dennis J. Hoffmeyer, Finance Manager/CFO
VIA: Mr. Dennis LaMoreaux, General Manager
RE: *AGENDA ITEM 7.1 – CONSIDERATION AND POSSIBLE ACTION TO RECEIVE AND FILE THE 2022 ANNUAL FINANCIAL REPORT. (NO BUDGET IMPACT – FINANCE MANAGER HOFFMEYER)*

Recommendation:

Staff recommends the Board receive and file the annual basic financial statements with the independent auditors' report for the year ended December 31, 2022.

Financial Highlights:

- In 2022, the District's net position increased 7.90% or \$7,891,970 from the prior year's net position of \$99,917,008 to \$107,808,978 as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principal. (Page 4).
- In 2022, the District's operating revenues increased by 3.16% or \$959,242 from \$30,361,197 to \$31,320,439 from the prior year, primarily due to an increase in monthly meter service charges of \$1,582,962.
- In 2022, the District's operating expenses, before overhead absorption and depreciation expense, decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941 from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.
- District cash flows for the years have been categorized into one of the following activities: operating, non-capital financing, capital and related financing, or investing. For 2022, the total of these categories represents a decrease in cash and cash equivalents of \$3,496,177, which is subtracted from the beginning cash and cash equivalents of \$14,635,211, to arrive at ending cash and cash equivalents of \$11,139,034. (Page 15).
- District debt service net revenues coverage continues to be strong. For 2022, the calculated ratio was 315% compared to 253% for 2021. The required ratio for the District's current bond requirements is 110%. (Page 70)

June 6, 2023

Conditions Affecting Current Financial Position:

- Billed water consumption for the year ended December 31, 2022 was at 15,903-acre feet compared to 17,984-acre feet for the year ended December 31, 2021.
- The District's assessed valuation has increased to \$2.26 billion for FY 2021/2022 from \$2.15 billion for FY 2020/2021.
- The District received \$2.6 million in ad valorem property tax revenue for 2022.
- The District received \$836,598 in successor agency component property taxes for 2022.

Strategic Plan Initiative/Mission Statement:

This item is under Strategic Initiative No. 4 – Financial Health and Stability.


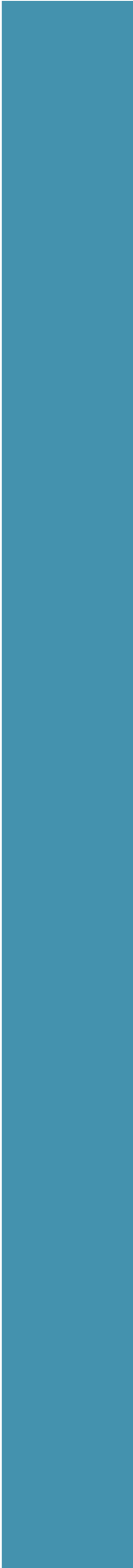
This item directly relates to the District's Mission Statement.

Budget:

This item has no budget impact.

Supporting Documents:

- 2022 Annual Financial Report prepared by Nigro & Nigro
- 5-year analysis of net position



**PALMDALE WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Years Ended
December 31, 2022 and 2021**

NIGRO & NIGRO^{PC}

PALMDALE WATER DISTRICT

For the Years Ended December 31, 2022 and 2021

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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Palmdale Water District
Palmdale, California

Opinion

We have audited the accompanying basic financial statements of Palmdale Water District, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Palmdale Water District as of December 31, 2022 and 2021, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Notes 1, 4 and 7 to the financial statements, as of January 1, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, and schedule of OPEB contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated May 31, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
May 31, 2023

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2022 and 2021

Management's Discussion and Analysis (MD&A) offers readers of Palmdale Water District's financial statements a narrative overview of the District's financial activities for the years ended December 31, 2022 and 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In 2022, the District's net position increased 7.90% or \$7,891,970 from the prior year's net position of \$99,917,008 to \$107,808,978, as a result of this year's operations, as well as a prior period adjustment due to a change in accounting principal.
- In 2021, the District's net position increased 3.28% or \$3,170,549 from the prior year's net position of \$96,746,459 to \$99,917,008, as a result of this year's operations.
- In 2022, the District's operating revenues increased by 3.16% or \$959,242 from \$30,361,197 to \$31,320,439, from the prior year, primarily due to an increase in monthly meter service charges of \$1,582,962.
- In 2021, the District's operating revenues increased by 10.19% or \$2,807,977 from \$27,553,220 to \$30,361,197, from the prior year, primarily due to an increase in water sales – commodity charge of \$1,362,436 and an increase in monthly meter service charges of \$1,386,643.
- In 2022, the District's operating expenses before overhead absorption and depreciation expense decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941, from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.
- In 2021, the District's operating expenses before overhead absorption and depreciation expense increased by 12.69% or \$3,209,417 from \$25,282,387 to \$28,491,804, from the prior year, primarily due to an increase in source of supply – water purchases of \$2,989,503.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's financial statements. The District's basic financial statements reflect the combined results of the Operating and Capital Programs and include four components: (1) Balance Sheet; (2) Statement of Revenues, Expenses, and Changes in Net Position; (3) Statement of Cash Flows; and (4) Notes to the Financial Statements.

The financial statements accompanying this MD&A present the net position, results of operations, and changes in cash flow during the years ending December 31, 2022 and 2021. These financial statements have been prepared using the accrual basis of accounting, which is similar to the accounting basis used by for-profit entities. Each financial statement is identified and defined in this section, and analyzed in subsequent sections of this MD&A.

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2022 and 2021

REQUIRED FINANCIAL STATEMENTS

Balance Sheets

The Balance Sheet presents information on the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, other factors such as changes in economic conditions, population growth, zoning, and new or changed legislation or regulations also need to be considered when establishing financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflow of resources, resulting in a net position of \$107,808,978 and \$99,917,008 as of December 31, 2022 and 2021, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's net position changed during the year. All of the year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations for the year and can be used to determine if the District has successfully recovered all of its costs through user fees and other charges. Operating revenues and expenses are related to the District's core activities. Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, interest expense, property taxes, gain or loss on sale of assets). For the year ended December 31, 2022, net position from operations increased \$7,891,970, which included an increase of \$11,804 as the result of prior period adjustment from the implementation of GASB 87 (See Note 14). Also, for the year ended December 31, 2021, net position from operations increased \$3,170,549.

Statement of Cash Flows

The Statement of Cash Flows presents information regarding the District's use of cash during the year. It reports cash receipts, cash payments, and net changes in cash resulting from operations, financing and investing activities. The Statement of Cash Flows provides answers to such questions as: Where did cash come from? What was cash used for? What was the change in the cash balance during the reporting period?

District cash flows for the years have been categorized into one of the following activities: operating, noncapital financing, capital and related financing, or investing. For 2022, the total of these categories represents a decrease in cash and cash equivalents of \$3,496,177, which is subtracted from the beginning cash and cash equivalents of \$14,635,211, to arrive at ending cash and cash equivalents of \$11,139,034. For 2021, the total of these categories represents a increase in cash and cash equivalents of \$10,898,169, which is added to the beginning cash and cash equivalents of \$3,737,042, to arrive at ending cash and cash equivalents of \$14,635,211.

PALMDALE WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Balance Sheets

	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021	Change	Balance, Dec. 31, 2020	Change
Assets:					
Current assets	\$ 26,645,883	\$ 24,885,227	\$ 1,760,656	\$ 20,210,560	\$ 4,674,667
Non-current assets	10,677,947	13,232,582	(2,554,635)	4,466,060	8,766,522
Capital assets, net	179,433,790	168,167,993	11,265,797	166,964,871	1,203,122
Total assets	216,757,620	206,285,802	10,471,818	191,641,491	14,644,311
Deferred outflows of resources	11,706,450	9,072,562	2,633,888	9,018,550	54,012
Total assets and deferred outflows	\$ 228,464,070	\$ 215,358,364	\$ 13,105,706	\$ 200,660,041	\$ 14,698,323
Liabilities:					
Current liabilities	14,578,327	12,222,577	2,355,750	10,168,200	2,054,377
Non-current liabilities	96,042,029	88,418,833	7,623,196	89,145,383	(726,550)
Total liabilities	110,620,356	100,641,410	9,978,946	99,313,583	1,327,827
Deferred inflows of resources	10,034,736	14,799,946	(4,765,210)	4,599,999	10,199,947
Net position:					
Net investment in capital assets	119,416,779	111,538,623	7,878,156	110,142,267	1,396,356
Restricted	2,206,782	2,202,482	4,300	2,201,548	934
Unrestricted	(13,814,583)	(13,824,097)	9,514	(15,597,356)	1,773,259
Total net position	107,808,978	99,917,008	7,891,970	96,746,459	3,170,549
Total liabilities, deferred inflows and net position	\$ 228,464,070	\$ 215,358,364	\$ 13,105,706	\$ 200,660,041	\$ 14,698,323

The condensed statement above presents a summary of the District's statement of net position.

The District's Net Position as of December 31, 2022 totaled \$107,808,978 compared with \$99,917,008 as of December 31, 2021, an increase of 7.13%.

The District's Net Position as of December 31, 2021 totaled \$99,917,008 compared with \$96,746,459 as of December 31, 2020, an increase of 3.28%.

Net position is accumulated from revenues, expenses, and contributed capital combined with the beginning balance of net position as presented in the Statement of Revenues, Expenses, and Changes in Net Position.

PALMDALE WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>Balance, Dec. 31, 2022</u>	<u>Balance, Dec. 31, 2021</u>	<u>Change</u>	<u>Balance, Dec. 31, 2020</u>	<u>Change</u>
Operating revenues	\$ 31,320,439	\$ 30,361,197	\$ 959,242	\$ 27,553,220	\$ 2,807,977
Operating expenses	(26,501,941)	(28,491,804)	1,989,863	(25,282,387)	(3,209,417)
Operating income before overhead absorption	<u>4,818,498</u>	<u>1,869,393</u>	<u>2,949,105</u>	<u>2,270,833</u>	<u>(401,440)</u>
Overhead absorption	(2,057,284)	(281,192)	(1,776,092)	557,620	(838,812)
Operating income before depreciation	<u>2,761,214</u>	<u>1,588,201</u>	<u>1,173,013</u>	<u>2,828,453</u>	<u>(1,240,252)</u>
Depreciation expense	(5,359,892)	(5,270,174)	(89,718)	(5,144,968)	(125,206)
Operating loss after depreciation	<u>(2,598,678)</u>	<u>(3,681,973)</u>	<u>1,083,295</u>	<u>(2,316,515)</u>	<u>(1,365,458)</u>
Non-operating revenues(expenses), net	4,916,576	1,136,186	3,780,390	2,647,757	(1,511,571)
Net income(loss) before capital contributions	<u>2,317,898</u>	<u>(2,545,787)</u>	<u>4,863,685</u>	<u>331,242</u>	<u>(2,877,029)</u>
Capital contributions	5,562,268	5,716,336	(154,068)	1,235,438	4,480,898
Change in net position	<u>7,880,166</u>	<u>3,170,549</u>	<u>4,709,617</u>	<u>1,566,680</u>	<u>1,603,869</u>
Net position:					
Beginning of year	99,917,008	96,746,459	3,170,549	95,179,779	1,566,680
Prior period adjustment	<u>11,804</u>	<u>-</u>	<u>11,804</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 107,808,978</u>	<u>\$ 99,917,008</u>	<u>\$ 7,891,970</u>	<u>\$ 96,746,459</u>	<u>\$ 3,170,549</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased from operations by \$7,880,166, \$3,170,549, and \$1,566,680, for the years ended December 31, 2022, 2021, and 2020 respectively.

PALMDALE WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Total Revenues

	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021	Change	Balance, Dec. 31, 2020	Change
Operating revenues:					
Water sales – commodity charge	\$ 11,701,601	\$ 12,501,007	\$ (799,406)	\$ 11,138,571	\$ 1,362,436
Water sales – wholesale	500,102	561,298	(61,196)	467,776	93,522
Monthly meter service charge	16,801,752	15,218,790	1,582,962	13,832,147	1,386,643
Water quality fees	623,061	704,782	(81,721)	824,429	(119,647)
Elevation fees	357,741	379,529	(21,788)	363,869	15,660
Other charges for services	1,336,182	995,791	340,391	926,428	69,363
Total operating revenues	31,320,439	30,361,197	959,242	27,553,220	2,807,977
Non-operating:					
Property taxes – ad valorem	2,640,066	1,660,944	979,122	1,678,388	(17,444)
Property tax assessment for State Water Project	7,169,879	5,179,076	1,990,803	5,194,911	(15,835)
Successor agency component of property taxes	836,598	840,880	(4,282)	731,045	109,835
Rental revenue – cellular towers	193,519	18,012	175,507	15,394	2,618
Investment earnings	97,234	(1,067)	98,301	170,760	(171,827)
Change in investment – PRWA	4,300	934	3,366	243,326	(242,392)
Legal and insurance refunds/settlements	74,172	61,746	12,426	2,491	59,255
Department of Water Resources – FCR	349,339	368,950	(19,611)	299,879	69,071
Other non-operating revenues	162,401	87,839	74,562	42,971	44,868
Total non-operating	11,527,508	8,217,314	3,310,194	8,379,165	(161,851)
Total revenues	\$ 42,847,947	\$ 38,578,511	\$ 4,269,436	\$ 35,932,385	\$ 2,646,126

In 2022, the District's operating revenues increased by 3.16% or \$959,242 from \$30,361,197 to \$31,320,439, from the prior year, primarily due to an increase in monthly meter service charges of \$1,582,962.

In 2021, the District's operating revenues increased by 10.19% or \$2,807,977 from \$27,553,220 to \$30,361,197, from the prior year, primarily due to an increase in water sales – commodity charge of \$1,362,436 and an increase in monthly meter service charges of \$1,386,643.

PALMDALE WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended December 31, 2022 and 2021

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Total Expenses

	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021	Change	Balance, Dec. 31, 2020	Change
Operating expenses:					
Source of supply – water purchases	\$ 2,337,064	\$ 5,285,018	\$ (2,947,954)	\$ 2,295,515	\$ 2,989,503
Operations and production	3,626,458	3,533,551	92,907	3,542,182	(8,631)
Facilities	7,662,975	7,484,342	178,633	7,463,258	21,084
Engineering	1,691,545	1,670,042	21,503	1,836,486	(166,444)
Water conservation	509,733	381,068	128,665	373,612	7,456
Administration	7,325,826	6,760,997	564,829	6,598,878	162,119
Finance and customer care	3,348,340	3,376,786	(28,446)	3,172,456	204,330
Operating expenses before overhead absorption	26,501,941	28,491,804	(1,989,863)	25,282,387	3,209,417
Overhead absorption	2,057,284	281,192	1,776,092	(557,620)	838,812
Operating expenses before depreciation	28,559,225	28,772,996	(213,771)	24,724,767	4,048,229
Depreciation and amortization	5,359,892	5,270,174	89,718	5,144,968	125,206
Total operating expenses	33,919,117	34,043,170	(124,053)	29,869,735	4,173,435
Non-operating expenses:					
Cost of debt issuance	7,500	333,796	(326,296)	398,953	(65,157)
State Water Project amortization expense	4,008,232	4,222,272	(214,040)	2,854,227	1,368,045
Rate assistance program expense	158,008	-	158,008	-	-
Interest expense – long-term debt	2,437,192	2,525,060	(87,868)	2,478,228	46,832
Total non-operating	6,610,932	7,081,128	(470,196)	5,731,408	1,349,720
Total expenses	\$ 40,530,049	\$ 41,124,298	\$ (594,249)	\$ 35,601,143	\$ 5,523,155

In 2022, the District's operating expenses before overhead absorption and depreciation expense decreased by 6.98% or \$1,989,863 from \$28,491,804 to \$26,501,941, from the prior year, primarily due to a decrease in source of supply – water purchases of \$2,947,954.

In 2021, the District's operating expenses before overhead absorption and depreciation expense increased by 12.69% or \$3,209,417 from \$25,282,387 to \$28,491,804, from the prior year, primarily due to an increase in source of supply – water purchases of \$2,989,503.

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2022 and 2021

CAPITAL ASSETS

At the end of 2022, 2021 and 2020, the District's investment in capital assets was \$179,433,790, \$168,167,993 and \$166,964,871, net of accumulated depreciation, respectively. Capital asset additions during the years ended December 31, 2022 and 2021 were \$14,139,799 and \$5,006,246, for various projects and equipment. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded \$5.2 million and \$5.2 million as of December 31, 2022 and 2021, respectively.

Table A-5: Capital Assets at Year End, Net of Depreciation

Capital assets:	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021	Balance, Dec. 31, 2020
Non-depreciable assets	\$ 21,316,338	\$ 10,995,185	\$ 25,856,069
Depreciable assets	357,426,072	347,561,242	322,008,332
Accumulated depreciation	(199,308,620)	(190,388,434)	(180,899,530)
Total capital assets, net	\$ 179,433,790	\$ 168,167,993	\$ 166,964,871

LONG-TERM DEBT

At year-end the District had \$71.3 million in capital leases, loan payables, and revenue bonds payables – an increase(decrease) of (\$372,807) and \$9,009,737 in 2022 and 2021 respectively – as shown in Table A-6. (More detailed information about the District's long-term liabilities is presented in Note 9 to the financial statements).

Table A-6: Outstanding Long-Term Debt at Year-End

Long-term debt:	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021	Balance, Dec. 31, 2020
Right-to-use asset financing	\$ 2,400,000	\$ 88,250	\$ 175,290
Loan payable - 2012	1,342,628	2,643,024	3,904,026
Revenue bonds payable, net - 2013	10,359,167	11,056,295	21,253,423
Revenue bonds payable, net - 2018	13,508,927	13,795,973	13,833,019
Revenue refunding bonds - non-taxable - 2020	8,952,691	8,965,604	8,978,105
Revenue refunding bonds - taxable - 2020	14,190,000	14,355,000	14,555,000
Revenue bonds - 2021A	10,225,880	10,255,124	-
Revenue refunding bonds - 2021	10,356,500	10,549,330	-
Total	\$ 71,335,793	\$ 71,708,600	\$ 62,698,863

PALMDALE WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Years Ended December 31, 2022 and 2021

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

- The District continued to see a good water usage trend for 2022. The District's customers continue to change their water habits after being required to meet the mandatory drought restrictions back in 2016.
- Billed water consumption for the year ended December 31, 2022 was at 15,903-acre feet compared to 17,984-acre feet for the year ended December 31, 2021.
- The District's assessed valuation has increased to \$2.26 billion for FY 2021/2022 from \$2.15 billion for FY 2020/2021.
- The District received \$2.6 million in ad valorem property tax revenue for 2022.
- The District received \$836,598 in successor agency component property taxes for 2022.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's ratepayer, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives and the stewardship of the facilities it owns and operates. If you have questions about this report or need additional information, please contact Palmdale Water District, Finance Department, 2029 East Avenue Q, Palmdale, California 93550 or (661) 947-4111.

PALMDALE WATER DISTRICT

Balance Sheets

December 31, 2022 and 2021

ASSETS	2022	2021
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,716,677	\$ 3,605,111
Investments (Note 2)	12,378,256	10,978,339
Accrued interest receivable	37,140	32,152
Accounts receivable – water sales and services, net (Note 3)	2,454,125	2,604,798
Accounts receivable – property taxes and assessments	5,459,701	4,374,275
Lease receivable (Note 4)	102,586	-
Accounts receivable – other	221,643	581,268
Materials and supplies inventory	1,451,130	1,894,031
Prepaid expenses	824,625	815,253
Total current assets	26,645,883	24,885,227
Non-current assets:		
Restricted – cash and cash equivalents (Note 2)	7,723,962	11,030,100
Lease receivable (Note 4)	380,463	-
Investment in Palmdale Recycled Water Authority (Note 5)	2,206,782	2,202,482
Right-to-use asset – being amortized, net (Note 7)	366,740	-
Capital assets – not being depreciated (Note 6)	21,316,338	10,995,185
Capital assets – being depreciated, net (Note 6)	158,117,452	157,172,808
Total non-current assets	190,111,737	181,400,575
Total assets	216,757,620	206,285,802
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on debt defeasance, net (Note 9)	3,583,794	4,049,130
Deferred amounts related to net OPEB obligation (Note 10)	2,887,977	3,245,025
Deferred amounts related to net pension liability (Note 11)	5,234,679	1,778,407
Total deferred outflows of resources	11,706,450	9,072,562
Total assets and deferred outflows of resources	\$ 228,464,070	\$ 215,358,364

PALMDALE WATER DISTRICT
Balance Sheets (continued)
December 31, 2022 and 2021

LIABILITIES	2022	2021
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,489,452	\$ 3,758,161
Customer deposits for water service	3,554,690	3,488,304
Construction and developer deposits	1,641,722	1,641,078
Accrued interest payable	524,635	561,941
Long-term liabilities – due within one year:		
Compensated absences (Note 8)	178,216	168,704
Right-to-use lease payable (Note 7)	126,686	-
Right-to-use asset financing (Note 9)	447,281	88,250
Loan payable (Note 9)	1,342,628	1,300,396
Revenue bonds payable (Note 9)	1,273,017	1,215,743
Total current liabilities	14,578,327	12,222,577
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 8)	534,647	506,112
Right-to-use lease payable (Note 7)	229,028	-
Right-to-use asset financing (Note 9)	1,952,719	-
Loan payable (Note 9)	-	1,342,628
Revenue bonds payable, net (Note 9)	66,320,148	67,761,583
Net other post-employment benefits obligation (Note 10)	13,275,385	12,751,874
Net pension liability (Note 11)	13,730,102	6,056,636
Total non-current liabilities	96,042,029	88,418,833
Total liabilities	110,620,356	100,641,410
DEFERRED INFLOWS OF RESOURCES		
Unearned property taxes and assessments	4,300,000	4,100,000
Deferred amounts related to leases (Note 7)	460,575	-
Deferred amounts related to net OPEB obligation (Note 10)	4,502,897	5,201,829
Deferred amounts related to net pension liability (Note 11)	771,264	5,498,117
Total deferred inflows of resources	10,034,736	14,799,946
NET POSITION		
Net investment in capital assets (Note 12)	119,416,779	111,538,623
Restricted – Palmdale Recycled Water Authority (Note 5)	2,206,782	2,202,482
Unrestricted (Deficit) (Note 13)	(13,814,583)	(13,824,097)
Total net position	107,808,978	99,917,008
Total liabilities, deferred inflows of resources and net position	\$ 228,464,070	\$ 215,358,364

PALMDALE WATER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Water sales – commodity charge	\$ 11,701,601	\$ 12,501,007
Water sales – wholesale	500,102	561,298
Monthly meter service charge	16,801,752	15,218,790
Water quality fees	623,061	704,782
Elevation fees	357,741	379,529
Other charges for services	1,336,182	995,791
Total operating revenues	<u>31,320,439</u>	<u>30,361,197</u>
Operating expenses:		
Source of supply – water purchases	2,337,064	5,285,018
Operations and production	3,626,458	3,533,551
Facilities	7,662,975	7,484,342
Engineering	1,691,545	1,670,042
Water conservation	509,733	381,068
Administration	7,325,826	6,760,997
Finance and customer care	3,348,340	3,376,786
Total operating expenses	<u>26,501,941</u>	<u>28,491,804</u>
Operating income before overhead absorption	4,818,498	1,869,393
Overhead absorption	<u>(2,057,284)</u>	<u>(281,192)</u>
Operating income before depreciation and amortization expense	2,761,214	1,588,201
Depreciation expense (Note 6)	(5,223,047)	(5,270,174)
Right-to-use asset amortization expense (Note 7)	<u>(136,845)</u>	<u>-</u>
Operating loss	<u>(2,598,678)</u>	<u>(3,681,973)</u>
Non-operating revenues(expenses):		
Property taxes – ad valorem	2,640,066	1,660,944
Property tax assessment for State Water Project	7,169,879	5,179,076
Successor agency component of property taxes	836,598	840,880
Rental revenue – cellular towers	193,519	18,012
Investment earnings	97,234	(1,067)
Changes in investment – Palmdale Recycled Water Authority (Note 4)	4,300	934
Legal and insurance refunds/settlements	74,172	61,746
Department of Water Resources – fixed charge recovery	349,339	368,950
Other non-operating revenues	162,401	87,839
Cost of debt issuance (Note 9)	(7,500)	(333,796)
State Water Project amortization expense (Note 6)	(4,008,232)	(4,222,272)
Rate assistance program expense	(158,008)	-
Interest expense – long-term debt	<u>(2,437,192)</u>	<u>(2,525,060)</u>
Total non-operating revenue(expense), net	<u>4,916,576</u>	<u>1,136,186</u>
Net income(loss) before capital contributions	<u>2,317,898</u>	<u>(2,545,787)</u>
Capital contributions:		
Capital improvement fees	5,408,187	5,247,538
Federal and state capital grants	<u>154,081</u>	<u>468,798</u>
Total capital contributions	<u>5,562,268</u>	<u>5,716,336</u>
Change in net position	7,880,166	3,170,549
Net position:		
Beginning of year	99,917,008	96,746,459
Prior period adjustment (Note 14)	<u>11,804</u>	<u>-</u>
End of year	<u>\$ 107,808,978</u>	<u>\$ 99,917,008</u>

The notes to financial statements are an integral part of this statement.

PALMDALE WATER DISTRICT

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash receipts from water sales and services	\$ 31,538,142	\$ 30,131,082
Cash receipts from others	656,007	21,743
Cash paid to employees for salaries and wages	(9,849,959)	(9,492,550)
Cash paid to vendors and suppliers for materials and services	<u>(14,316,572)</u>	<u>(18,001,487)</u>
Net cash provided by operating activities	<u>8,027,618</u>	<u>2,658,788</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,591,238	3,268,102
Proceeds from property tax assessment for State Water Project	7,169,879	5,179,076
Acquisition of State Water Project participation rights	<u>(6,357,278)</u>	<u>(5,689,322)</u>
Net cash provided by non-capital financing activities	<u>3,403,839</u>	<u>2,757,856</u>
Cash flows from capital and related financing activities:		
Right-to-use leased asset, net	(408,390)	-
Right-to-use leases payable, net	396,586	-
Acquisition and construction of capital assets	(14,139,799)	(5,006,246)
Proceeds from capital improvement fees and capital grants	5,562,268	5,716,336
Proceeds from issuance of revenue refunding bonds	-	20,816,639
Proceeds from issuance of right-to-use asset financing	2,080,319	-
Purchase of state and local government securities (SLGS) for refunding	-	(9,530,000)
Cost of debt issuance	(7,500)	(333,796)
Principal paid on right-to-use leased asset	(136,068)	-
Principal paid on long-term debt	(2,604,389)	(2,125,543)
Interest paid on long-term debt	<u>(3,074,043)</u>	<u>(2,324,905)</u>
Net cash provided by (used in) capital and related financing activities	<u>(12,331,016)</u>	<u>7,212,485</u>
Cash flows from investing activities:		
Purchase of investments	(9,947,893)	(7,981,649)
Sales of investments	7,519,951	6,123,795
Investment earnings	<u>132,929</u>	<u>126,894</u>
Net cash used in investing activities	<u>(2,295,013)</u>	<u>(1,730,960)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,194,572)</u>	<u>10,898,169</u>
Cash and cash equivalents:		
Beginning of year	<u>14,635,211</u>	<u>3,737,042</u>
End of year	<u>\$ 11,440,639</u>	<u>\$ 14,635,211</u>
Reconciliation of cash and cash equivalents to the statement of net position:		
Cash and cash equivalents	\$ 3,716,677	\$ 3,605,111
Restricted assets – cash and cash equivalents	<u>7,723,962</u>	<u>11,030,100</u>
Total cash and cash equivalents	<u>\$ 11,440,639</u>	<u>\$ 14,635,211</u>

PALMDALE WATER DISTRICT*Statements of Cash Flows (continued)**For the Years Ended December 31, 2022 and 2021*

	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (2,598,678)	\$ (3,681,973)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	5,359,892	5,270,174
Overhead absorption	2,057,284	281,192
Rental revenue – cellular towers	193,519	18,012
Legal and insurance refunds/settlements	74,172	61,746
Department of Water Resources – fixed charge recovery	349,339	368,950
Other non-operating revenues	162,401	87,839
Change in assets – (increase)decrease:		
Accounts receivable – water sales and services, net	150,673	(300,821)
Lease receivable	(483,049)	-
Accounts receivable – other	359,625	(514,804)
Materials and supplies inventory	442,901	(825,930)
Prepaid expenses	(9,372)	(158,209)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	357,048	105,825
Deferred amounts related to net pension liability	(3,456,272)	277,546
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	1,731,291	1,460,153
Customer deposits for water service	66,386	39,010
Construction and developer deposits	644	31,696
Compensated absences	38,047	(16,497)
Net other post-employment benefits obligation	523,511	(3,727,933)
Net pension liability	7,673,466	(5,517,135)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to leases	460,575	-
Deferred amounts related to net OPEB obligation	(698,932)	4,166,510
Deferred amounts related to net pension liability	(4,726,853)	5,233,437
Total adjustments	<u>10,626,296</u>	<u>6,340,761</u>
Net cash provided by operating activities	<u>\$ 8,027,618</u>	<u>\$ 2,658,788</u>
Non-cash investing, capital and financing transactions:	2022	2021
Change in fair-value of investments	\$ (40,683)	\$ (122,287)
Amortization of deferred amount on debt defeasance	\$ (375,340)	\$ (192,583)
Deferred amount on debt defeasance	\$ -	\$ 1,795,890
Amortization of net premium(discount) on revenue bonds	\$ 168,418	\$ 151,359
Changes in investment – Palmdale Recycled Water Authority	\$ 4,300	\$ 934

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Palmdale Water District (District) was formed as an Irrigation District under Division 11 of the California Water Code in 1918. The District provides potable water service to a portion of the City of Palmdale, California, and surrounding unincorporated areas of the County of Los Angeles. The District is operated under the direction of a five-member board of directors. The board members are elected by the public for staggered four-year terms.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity* (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The Palmdale Water District Public Facilities Corporation (Corporation) was organized on August 22, 1991, pursuant to the Nonprofit Public Benefit Corporation Law of the State of California, solely for the purpose of acquiring and or constructing various public facilities and providing financial assistance to the District. Accordingly, this component unit is blended within the financial statements of the District.

The Palmdale Water District Public Financing Authority (Authority) was organized on April 10, 2013, pursuant to a Joint Exercise of Powers Agreement by and between the Palmdale Water District and the California Municipal Finance Authority, solely for the purpose of providing financing for District capital improvements. Accordingly, this component unit is blended within the financial statements of the District.

C. Basis of Presentation, Basis of Accounting

The Financial Statements (i.e., the balance sheet, the statement of revenues, expenses and change in net position, and statement of cash flows) report information on all of the activities of the primary government. The District accounts for its operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Financial Statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as a revenue until that time.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as *operating income* in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

3. Allowance for Doubtful Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

4. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

5. Prepays

Certain payments of vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

6. Materials and Supplies Inventory

Materials and supplies consist primarily of water meters, pipe, and pipefittings for construction and repair to the District's water transmission and distribution system. Materials and supplies are valued at cost using a weighted average method. Materials and supplies are charged to expense at the time that individual items are consumed.

7. Right-To-Use Lease Asset and Right-To-Use Lease Payable

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. The District has established a single model for lease accounting based on the principle that leases are financings of a right-to-use underlying asset. As a lessee, the District is required to recognize a lease liability (payable) and an intangible right-to-use leased asset. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life. The District monitors changes in circumstances that would require remeasurement of its lease and will remeasure the leased asset and lease payable if certain changes occur that are expected to significantly affect the amount of the lease payable.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District’s policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District’s classes of assets are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Capital Equipment	10 Years
Furniture	7-10 Years
Vehicles	5-10 Years
Small Equipment	3-5 Years

9. State Water Project – Participation Rights

The District participates in the State Water Project (the Project) entitling it to certain participation rights. The District’s participation in the Project is through payments to the California Department of Water Resources from tax assessments collected from within the District’s service area. Monies used for the construction of capital assets, such as pipelines, pumping facilities, storage facilities, etc., are recorded as participation rights and amortized over the life of the agreements. Certain projects also require payments for on-going maintenance; those payments are charged to expense as incurred.

10. Customer Deposits for Water Service

Based on a customer’s credit, the District may require a deposit deemed reasonable by the District. These deposits are held to pay off close out bills or to cover delinquent payments.

11. Compensated Absences

The liability for compensated absences reported on the balance sheet consists of unpaid, accumulated annual and vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

12. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at the CalPERS's website.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

<u>CalPERS</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Measurement Period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

13. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Post-Employment Retiree Benefits Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

<u>OPEB</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Valuation Date	December 31, 2021	December 31, 2020
Measurement Date	December 31, 2022	December 31, 2021
Measurement Period	Jan. 1, 2022 to Dec. 31, 2022	Jan. 1, 2021 to Dec. 31, 2021

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

14. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Property Taxes

Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. Tax levies are limited to 1% of full market value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. The County of Los Angeles bills and collects property taxes on behalf of the District. The County's tax year is July 1, to December 31. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and March 1, and become delinquent after December 10, and April 10.

F. Water Sales

Most water sales are billed on a monthly cyclical basis. Estimated unbilled water revenue through year-end has been accrued.

G. Capital Improvement Fees

Capital improvement fees represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that required capital expenditures or capacity commitment.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New Pronouncements – Governmental Accounting Standards Board (GASB)

During the fiscal year ended June 30, 2022, the District has implemented a new pronouncement as follows:

GASB Statement No. 87 – Leases

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. However, GASB Statement No. 95 postponed its effective date by 18 months due to the COVID-19 pandemic and its effect on the audit/accounting industry. The District adopted the Statement as of July 1, 2020. See Note 4 for the effect of this Statement.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

Description	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021
Cash and cash equivalents	\$ 3,716,677	\$ 3,605,111
Investments	12,378,256	10,978,339
Restricted – cash and cash equivalents	7,723,962	11,030,100
Total	\$ 23,818,895	\$ 25,613,550

Cash and investments consisted of the following:

Description	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021
Cash on hand	\$ 5,700	\$ 5,700
Demand deposits held with financial institutions	1,278,353	2,059,109
Local Agency Investment Fund (LAIF)	12,778	12,693
Money-market funds	2,419,846	1,527,609
Money-market funds – restricted	7,723,962	11,030,100
Investments	12,378,256	10,978,339
Total	\$ 23,818,895	\$ 25,613,550

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

This table identifies the investment types that are authorized by the California Government Code and the District's investment policy. The table also identifies certain provisions of the District's investment policy that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	5-years	None	None
District issued bonds	5-years	None	None
Government sponsored agency securities	5-years	None	None
Certificates-of-deposit	5-years	60%	None
Money-market funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions if these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Investment contracts	None	None	None
Money-market funds	N/A	None	None

Demand Deposits with Financial Institutions

At December 31, 2022 and 2021, the carrying amount of the District's demand deposits were \$1,278,353 and \$2,059,109, respectively, and the financial institution's balance were \$1,343,013 and \$1,948,795, respectively. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Money-Market Funds

Money-market funds are an investment whose objective is to earn modest investment earnings while maintaining a net asset value (NAV) of \$1 per share (which is the funds main goal – preservation of principal). A money-market fund's portfolio is typically comprised of short-term, or less than one year, securities representing high-quality, liquid debt and monetary instruments with minimal credit risk. Money-market funds are Level 1 investments (with quoted prices in active markets for identical assets) that are Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers money-market funds a cash equivalent due to their highly liquid nature and NAV of \$1 per share. As of December 31, 2022, the District held \$2,118,241 in unrestricted money-market funds and \$8,025,567 in restricted money-market funds. As of December 31, 2021, the District held \$1,527,609 in unrestricted money-market funds and \$11,030,100 in restricted money-market funds.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of December 31, 2022, and 2021, the District held \$12,778 and \$12,693 in LAIF, respectively.

The investment policy of the District limits the amount that can be invested in an external investment pool (LAIF). A maximum limit has been set at \$500,000 that can be invested in LAIF at any point in time.

Investments

Investment maturities and credit ratings as of December 31, 2022, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity
				12 Months or Less
U.S. Treasury notes	Level 1	Exempt	\$ 7,749,428	\$ 7,749,428
Certificates-of-deposit	Level 1	Not Rated	4,628,828	4,628,828
Total investments			<u>\$ 12,378,256</u>	<u>\$ 12,378,256</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Investments (continued)

Investment maturities and credit ratings as of December 31, 2021, consisted of the following:

Type of Investments	Measurement Input	Credit Rating	Fair Value	Maturity	
				12 Months or Less	13 to 24 Months
U.S. Treasury notes	Level 1	Exempt	\$ 6,521,620	\$ 6,521,620	\$ -
Certificates-of-deposit	Level 1	Not Rated	4,456,719	3,958,074	498,645
Total investments			\$ 10,978,339	\$ 10,479,694	\$ 498,645

Investments – Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed five-years. The District's did not hold any investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Investments – Credit Risk

The District's investment policy limits investment choices to investment securities allowed by the California Government Code. At December 31, 2022 and 2021, all investments represented investment securities which were issued, registered and held by the District's agent in the District's name.

Investments – Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At December 31, 2022 and 2021, the District had the following investments that represented more than five percent of the Authority's net investment balance.

Investments greater than 5% for the year ended December 31, 2022, were as follows:

Investments with Maturity Dates	Fair Value	Percentage of Investments
U.S. Treasury note - January 1, 2023	\$ 1,115,829	9.01%
U.S. Treasury bill - January 26, 2023	748,140	6.04%
U.S. Treasury note - March 15, 2023	1,339,713	10.82%
U.S. Treasury bill - March 23, 2023	743,018	6.00%
U.S. Treasury note - September 15, 2023	968,630	7.83%
Total	\$ 4,915,330	39.71%

Investments greater than 5% for the year ended December 31, 2021, were as follows:

Investments with Maturity Dates	Fair Value	Percentage of Investments
U.S. Treasury note - March 15, 2022	\$ 2,009,020	18.30%
U.S. Treasury note - March 31, 2022	1,003,960	9.14%
U.S. Treasury note - June 30, 2022	756,975	6.90%
U.S. Treasury note - September 15, 2022	756,420	6.89%
U.S. Treasury note - November 30, 2022	997,730	9.09%
Total	\$ 5,524,105	50.32%

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 3 – ACCOUNTS RECEIVABLE – WATER SALES AND SERVICES, NET

The balances consisted of the following:

Description	Balance, Dec. 31, 2022	Balance, Dec. 31, 2021
Accounts receivable – water sales and services	\$ 2,508,756	\$ 2,640,368
Allowance for doubtful accounts	(54,631)	(35,570)
Accounts receivable – water sales and services, net	\$ 2,454,125	\$ 2,604,798

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District’s lease receivable for the year ended December 31, 2022 was as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022
Cellular antenna site rental No. 1	\$ -	\$ 271,774	\$ (37,534)	\$ 234,240
Cellular antenna site rental No. 2	-	204,159	(35,968)	168,191
Cellular antenna site rental No. 3	-	99,785	(19,167)	80,618
\$ -	\$ 575,718	\$ (92,669)	\$ 483,049	

The District is reporting a total lease receivable of \$483,049 and a total related deferred inflows of resources of \$460,575 for the year ending June 30, 2022. Also, the District is reporting total lease revenue of \$155,144 and interest revenue of \$10,683 related to payments received from the above three leases for the year ending June 30, 2022.

The leases held by the District do not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered “volatile leases.” Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility.

Cellular Antenna Site Rental No. 1

The District, on January 1, 2022, renewed a continuous lease with Sprint/AT&T for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$271,774. As of December 31, 2022, the value of the lease receivable was \$234,240. The lease is required to make monthly fixed payments of \$3,194 for the first 3-month period, then increase 15.0% on April 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$217,420 as of December 31, 2022. The District recognized lease revenue of \$54,355 and interest revenue of \$5,103 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

Cellular Antenna Site Rental No. 2

The District, on January 1, 2022, renewed a continuous lease with T-Mobile for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$204,159. As of December 31, 2022, the value of the lease receivable was \$168,191. The lease is required to make monthly fixed payments of \$3,257 for the first 7-month period, then increase 4.0% on August 1st of each year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$163,327 as of December 31, 2022. The District recognized lease revenue of \$40,832 and interest revenue of \$3,758 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Cellular Antenna Site Rental No. 3

The District, on January 1, 2022, renewed a continuous lease with Crown Castle USA, Inc., for 60 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$99,785. As of December 31, 2022, the value of the lease receivable was \$80,618. The lease is required to make monthly fixed payments of \$1,749 for the first 12-month period, then will be evaluated annually for increases. The lease has an interest rate of 2.00%. The value of the deferred inflow of resources was \$79,828 as of December 31, 2022. The District recognized lease revenue of \$19,957 and interest revenue of \$1,821 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

Minimum future lease receipts for the next four fiscal years are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 102,586	\$ 10,767	\$ 113,353
2024	113,735	6,589	120,324
2025	126,287	4,202	130,489
2026	<u>140,441</u>	<u>1,549</u>	<u>141,990</u>
Total	483,049	<u>\$ 23,107</u>	<u>\$ 506,156</u>
Less: current	<u>(102,586)</u>		
Total non-current	<u>\$ 380,463</u>		

Changes in the District's deferred inflows of resources related to leases for December 31, 2022 is as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Dec. 31, 2022</u>
Cellular antenna site rental No. 1	\$ -	\$ 271,774	\$ (54,354)	\$ 217,420
Cellular antenna site rental No. 2	-	204,159	(40,832)	163,327
Cellular antenna site rental No. 3	-	<u>99,785</u>	<u>(19,957)</u>	<u>79,828</u>
	<u>\$ -</u>	<u>\$ 575,718</u>	<u>\$ (115,143)</u>	<u>\$ 460,575</u>

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 4 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)

The amounts reported as deferred inflows of resources related to leases for the year ended December 31, 2022, will be amortized in future periods as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended Dec. 31, 2022</u>	<u>Deferred Inflows</u> <u>of Resources</u>
2023	\$ 115,144
2024	115,144
2025	115,144
2026	115,143
Total	<u>\$ 460,575</u>

Cellular Antenna Site Rental No. 4

The District had a lease agreement with Verizon Wireless as lessor for the use of a cellular antenna site rental. On May 30, 2022, the agreement expired and was not renewed, and therefore no lease receivable and deferred inflow of resources was recorded. The District recognized lease revenue of \$16,883 during the fiscal year.

Fin Feather Club Lease

The District has a lease agreement with the Fin Feather Club for use of District owned land and lake by the club’s members, for activities including hunting, fishing, archery practice, as well as other recreational activities. The lease originated in 2006 and runs for five-year terms, with the club having the right to unilaterally terminate the lease with a six-month written notice to the District. The terms of the lease call for annual rent payments to the District of \$3,000 or five percent of gross, non-retail based receipts of the Club as per the Club’s annual audit for the previous calendar year. Due to the uncertain nature of the annual rent received by the District, this lease agreement was not included in the GASB 87 calculations.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY

The Palmdale Recycled Water Authority (the Authority) was formed under a Joint Exercise of Powers Authority on September 26, 2012, pursuant to Section(s) 6506 and 6507 of the Exercise of Powers Act, codified by California Government Code section(s) 6500, which authorizes public agencies by agreement to exercise jointly any power common to the contracting parties. The Authority was formed between the City of Palmdale, a California Charter City (the City) and Palmdale Water District, an Irrigation District under Division 11 of the California Water Code (the District). The Authority is an independent public agency separate from its Members.

The purpose of the Authority is to establish an independent public agency to study, promote, develop, distribute, construct, install, finance, use and manage recycled water resources created by the Los Angeles County Sanitation District Nos. 14 and 20 for any and all reasonable and beneficial uses, including irrigation and recharge, and to finance the acquisition and construction or installation of recycled water facilities, recharge facilities and irrigation systems.

The governing body of the Authority is a Board of Directors, which consists of five directors. The governing body of each Member appoints and designates in writing two Directors who are authorized to act for and on behalf of the Member on matters within the powers of the Authority. The person(s) appointed and designated as Director(s) are member(s) of the Member's governing board. The fifth director is appointed jointly by both Members.

The Members share in the revenues and expenses of the Authority on a 50/50 pro-rata share basis. Therefore, the District accounts for its investment in the Authority as an equity interest on the statement of net position.

For 2022, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2022, which was audited by our firm, whose report dated June 15, 2022 expressed an unmodified opinion on those financial statements.

For 2021, the District reports its equity interest as of the date of the last audited financial statements of the Authority as of December 31, 2021, which was audited by our firm, whose report dated June 15, 2022 expressed an unmodified opinion on those financial statements.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2022:

Palmdale Recycled Water Authority
Condensed Balance Sheet
December 31, 2022

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Assets:			
Total assets	\$ 4,469,764	\$ 2,234,882	\$ 2,234,882
Liabilities:			
Total liabilities	56,199	28,100	28,100
Net position:			
Total net position	4,413,565	2,206,783	2,206,783
Total liabilities and net position	<u>\$ 4,469,764</u>	<u>\$ 2,234,882</u>	<u>\$ 2,234,882</u>

Palmdale Recycled Water Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Operating revenues:			
Total operating revenues	\$ 105,587	\$ 52,794	\$ 52,794
Operating expenses:			
Total operating expenses	106,755	53,378	53,378
Operating income	(1,168)	(584)	(584)
Non-operating revenues:			
Total non-operating revenue	9,769	4,885	4,885
Change in net position	8,601	4,301	4,301
Net position:			
Beginning of year	4,404,964	2,202,482	2,202,482
End of year	<u>\$ 4,413,565</u>	<u>\$ 2,206,783</u>	<u>\$ 2,206,783</u>

Palmdale Recycled Water Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2022

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 47,063	\$ 23,532	\$ 23,532
Cash flows from investing activities:			
Net cash used in investing activities	(311,139)	(155,570)	(155,570)
Net increase in cash and cash equivalents	(264,076)	(132,038)	(132,038)
Cash and cash equivalents:			
Beginning of year	892,930	446,465	446,465
End of year	<u>\$ 628,854</u>	<u>\$ 314,427</u>	<u>\$ 314,427</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (1,168)	\$ (584)	\$ (584)
Depreciation	53,407	26,704	26,704
Change in assets	5,873	2,937	2,937
Change in liabilities	(11,049)	(5,525)	(5,525)
Net cash provided by operating activities	<u>\$ 47,063</u>	<u>\$ 23,532</u>	<u>\$ 23,532</u>

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 5 – INVESTMENT IN PALMDALE RECYCLED WATER AUTHORITY (continued)

The following is the condensed financial statement of the Authority for the year ended December 31, 2021:

Palmdale Recycled Water Authority
Condensed Balance Sheet
December 31, 2021

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Assets:			
Total assets	\$ 4,472,212	\$ 2,236,106	\$ 2,236,106
Liabilities:			
Total liabilities	67,248	33,624	33,624
Net position:			
Total net position	4,404,964	2,202,482	2,202,482
Total liabilities and net position	<u>\$ 4,472,212</u>	<u>\$ 2,236,106</u>	<u>\$ 2,236,106</u>

Palmdale Recycled Water Authority
Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2021

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Operating revenues:			
Total operating revenues	\$ 136,495	\$ 68,248	\$ 68,248
Operating expenses:			
Total operating expenses	135,262	67,631	67,631
Operating income	1,233	617	617
Non-operating revenues:			
Total non-operating revenue	635	318	318
Change in net position	1,868	934	934
Net position:			
Beginning of year	4,403,096	2,201,548	2,201,548
End of year	<u>\$ 4,404,964</u>	<u>\$ 2,202,482</u>	<u>\$ 2,202,482</u>

Palmdale Recycled Water Authority
Condensed Statement of Cash Flows
For the Year Ended December 31, 2021

	<u>Audited Total</u>	<u>City of Palmdale 50% Share</u>	<u>District 50% Share</u>
Cash flows from operating activities:			
Net cash provided by operating activities	\$ 65,107	\$ 32,554	\$ 32,554
Cash flows from investing activities:			
Net cash used in investing activities	(166,028)	(83,014)	(83,014)
Net increase in cash and cash equivalents	(100,921)	(50,461)	(50,461)
Cash and cash equivalents:			
Beginning of year	993,851	496,926	496,926
End of year	<u>\$ 892,930</u>	<u>\$ 446,465</u>	<u>\$ 446,465</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,233	\$ 617	\$ 617
Depreciation	53,407	26,704	26,704
Change in assets	(11,695)	(5,848)	(5,848)
Change in liabilities	22,162	11,081	11,081
Net cash provided by operating activities	<u>\$ 65,107</u>	<u>\$ 32,554</u>	<u>\$ 32,554</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended December 31, 2022, was as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions/ Transfers	Balance, Dec. 31, 2022
Non-depreciable assets:				
Land and land rights	\$ 1,809,677	\$ -	\$ -	\$ 1,809,677
Water rights – Armagosa Creek	-	2,127,355	-	2,127,355
Construction-in-process	9,185,508	10,867,275	(2,673,477)	17,379,306
Total non-depreciable assets	10,995,185	12,994,630	(2,673,477)	21,316,338
Depreciable assets:				
Buildings, wells and distribution system	239,872,263	3,642,219	(248,032)	243,266,450
SWP – participation rights	95,744,037	6,357,278	-	102,101,315
Machinery and equipment	11,944,942	176,427	(63,062)	12,058,307
Total depreciable assets	347,561,242	10,175,924	(311,094)	357,426,072
Accumulated depreciation:				
Buildings, wells and distribution system	(137,343,554)	(5,077,245)	248,032	(142,172,767)
SWP – participation rights	(41,696,272)	(4,008,232)	-	(45,704,504)
Machinery and equipment	(11,348,608)	(145,803)	63,062	(11,431,349)
Total accumulated depreciation	(190,388,434)	(9,231,280)	311,094	(199,308,620)
Total depreciable assets, net	157,172,808	944,644	-	158,117,452

Capital asset activity for the year ended December 31, 2021, was as follows:

Changes in capital assets for fiscal year 2021 were as follows:

Description	Balance, Jan. 1, 2021	Additions	Deletions/ Transfers	Balance, Dec. 31, 2021
Non-depreciable assets:				
Land and land rights	\$ 1,796,367	\$ 13,310	\$ -	\$ 1,809,677
Construction-in-process	24,059,702	3,024,929	(17,899,123)	9,185,508
Total non-depreciable assets	25,856,069	3,038,239	(17,899,123)	10,995,185
Depreciable assets:				
Buildings, wells and distribution system	220,279,706	19,596,099	(3,542)	239,872,263
SWP – participation rights	90,054,715	5,689,322	-	95,744,037
Machinery and equipment	11,673,911	271,031	-	11,944,942
Total depreciable assets	322,008,332	25,556,452	(3,542)	347,561,242
Accumulated depreciation:				
Buildings, wells and distribution system	(132,409,042)	(4,938,054)	3,542	(137,343,554)
SWP – participation rights	(37,474,000)	(4,222,272)	-	(41,696,272)
Machinery and equipment	(11,016,488)	(332,120)	-	(11,348,608)
Total accumulated depreciation	(180,899,530)	(9,492,446)	3,542	(190,388,434)
Total depreciable assets, net	141,108,802	16,064,006	-	157,172,808

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

Construction-In-Process

The balance consists of the following projects:

Project Description	Balance	Balance	Balance
	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2022
Sediment removal - Littlerock Dam	\$ 4,366,255	\$ -	\$ -
Palmdale Regional Groundwater Recharge Project	4,179,778	4,209,279	4,209,279
Grade control structure - Littlerock Dam	10,697,276	-	-
2020 Meter Exchange Project	9,044	294,302	907,390
2950 Zone Booster @3M Clearwell	31,400	163,032	223,981
Upper Armagosa Creek project	2,127,355	2,127,355	-
45th St Tank Site - Altitude Valve Replacement	123,584	127,466	492,768
Well 36 - Construction	19,180	265,377	2,182,284
Well 14 - Rehabilitation	-	145,816	157,578
Design and remodel District offices	595,268	-	-
Spec 1601 - ML Replacement Avenue P/25th	432,350	-	-
Spec 1504 - ML Replacement Avenue V5	302,306	-	-
Well 7 - Rehabilitation	206,800	-	-
2020 Large Meter/Vault Replacement Program	203,602	-	-
2021 Large Meter/Vault Replacement Program	-	276,153	-
2022 Large Meter/Vault Replacement Program	-	-	188,202
Sierra Hwy Tie-in @ Harold St	14,908	709,889	811,764
Spec 1206 - ML Replacement Division/Q	-	72,701	2,562,044
Pure Water AV - Design (Demonstration)	-	-	1,085,726
Spec 1901 - ML Replace Avenue P	-	64,687	582,608
Pure Water AV - Planning	-	-	576,562
Water Main Replacement 5th St & Q1 thru Q5	-	17,077	355,257
John Deere 30 SL Backhoe (2)	-	-	257,468
Well 8 Rehabilitation	-	-	367,764
Main Office- Stucco Repair	-	11,935	222,183
Well 32 Rehabilitation	-	-	196,615
Water Main Replacement E Ave Q10 & 12th St	-	5,947	174,356
Well 26 Submersible Pump	-	-	143,899
NaOCL Replacement System - WTP	-	1,517	137,491
2015 Kenworth T370 Crane	-	-	133,419
Various other minor projects <\$100,000	750,596	692,975	1,410,668
Total construction-in-process	\$ 24,020,536	\$ 9,185,508	\$ 17,379,306

Armagosa Creek Project – Water Rights

In December 2013, the District entered into with the City of Palmdale (City), Antelope Valley-East Kern Water Agency (AVEK), and Los Angeles County Waterworks District No. 40, Antelope Valley (Waterworks), to construct and later maintain, the Amargosa Creek Flood Control, Recharge, and Habitat Restoration Project (Project). Each Party contributed 25% of the funds required to complete the project and in turn received a 25% share of the project and water rights. The project was completed in 2022. The District's total share of the costs to complete the project was \$2,127,355.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)

State Water Project – Participation Rights

In 1963, the District contracted with the State of California (the State) for 1,620 acre-feet per year of water from the State Water Project (SWP). In subsequent years, the annual entitlement increased to 21,300 acre-feet. The SWP distributes water from Northern California to Southern California through a system of reservoirs, canals, pumps stations, and power generation facilities.

The District is one of many participants contracting with the State of California Department of Water Resources (DWR) for a system to provide water throughout California. Under the terms of the State Water Contract, as amended, the District is obligated to pay allocable portions of the cost of construction of the system and ongoing operations and maintenance costs through at least the year 2035, regardless of the quantities of water available from the project. The District and the other contractors may also be responsible to the State for certain obligations by any contractor who defaults on its payments to the State.

Management's present intention is to exercise the District's option to extend the contractual period to at least 2052, under substantially comparable terms. This corresponds to an estimated 80-year service life for the original facilities. The State is obligated to provide specific quantities of water throughout the life of the contract, subject to certain conditions.

In addition to system on-aqueduct power facilities, the State has, either on their own or through joint ventures financed certain off-aqueduct power facilities (OAPF). The power generated is utilized by the system for water transportation and distribution purposes. Power generated in excess of system needs is marketed to various utilities and California's power market.

The District is entitled to a proportionate share of the revenues resulting from sales of excess power. The District and the other water providers are responsible for repaying the capital and operating costs of the OAPF regardless of the amount of power generated.

The District capitalizes its share of system construction costs as participation rights in the State water facilities when such costs are billed by the DWR. Unamortized participation rights essentially represent a prepayment for future water deliveries through the State system. The District's share of system operations and maintenance costs is charged to expenses as incurred.

The District amortizes a portion of capitalized participation rights each year using a formula that considers the total estimated cost of the project, estimated useful life and estimated production capacity of the assets based upon information provided by the State of California. The participation rights have been included with the District's capital assets as shown in the schedule of changes in capital assets.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021***NOTE 7 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE**

Changes in right-to-use leased asset for fiscal year ending December 31, 2022 was as follows:

Description	Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022
Right-to-use leased asset:				
Vehicle fleet	\$ 648,230	\$ 95,195	\$ (44,121)	\$ 699,304
Accumulated amortization:				
Vehicle fleet	(239,840)	(136,845)	44,121	(332,564)
Total right-to-use leased asset, net	\$ 408,390	\$ (41,650)	\$ -	\$ 366,740

Changes in right-to-use leased payable for fiscal year ending December 31, 2022 was as follows:

Balance, Jan. 1, 2022	Additions	Deletions	Balance, Dec. 31, 2022	Due Within One Year	Due in More Than One Year
\$ 396,586	\$ 95,195	\$ (136,067)	\$ 355,714	\$ 126,686	\$ 229,028

Annual debt service requirements for the right-to-use lease payable are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 126,686	\$ 2,995	\$ 129,681
2024	109,121	1,458	110,579
2025	70,793	569	71,362
2026	38,027	323	38,350
2027	11,087	80	11,167
Total	355,714	\$ 5,425	\$ 361,139
Less: current	(126,686)		
Total non-current	\$ 229,028		

The District is reporting a total right-to-use leased asset, net of \$366,740 and a right-to-use lease payable of \$355,714 for the year ending December 31, 2022. Also, the District is reporting total amortization expense of \$136,845, principal payments of \$136,068 and interest expense of \$7,501 related to the above noted leases.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease payments to the net present value. In some cases, leases contain termination clauses. In these cases, the clause requires the lessee or lessor to show cause to terminate the lease.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 7 – RIGHT-TO-USE LEASED ASSET AND RIGHT-TO-USE LEASE PAYABLE (continued)

The District’s lease is summarized as follows:

Vehicle Fleet

The District leases its fleet of vehicles from Enterprise FM Trust with terms for individual vehicles ranging from 48 to 60 months. An initial right-to-use liability was recorded on January 1st, 2022, in the amount of \$396,586. The District’s monthly payments vary based on invoiced amounts determined by the number of vehicles leased, as well as any costs associated with initiating or concluding a lease for an individual vehicle. The leases have an implied interest rate of 2%. The District is amortizing the right-to-use asset of \$699,304 at \$11,404 per month. As of December 31, 2022, the District had 28 leased fleet vehicles.

NOTE 8 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended December 31, 2022, were as follows:

<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Dec. 31, 2022</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<u>\$ 674,816</u>	<u>\$ 719,853</u>	<u>\$ (681,806)</u>	<u>\$ 712,863</u>	<u>\$ 178,216</u>	<u>\$ 534,647</u>

Summary changes to compensated absences balances for the year ended December 31, 2021, were as follows:

<u>Balance, Jan. 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, Dec. 31, 2021</u>	<u>Due Within One Year</u>	<u>Due in More Than One Year</u>
<u>\$ 691,313</u>	<u>\$ 673,944</u>	<u>\$ (690,441)</u>	<u>\$ 674,816</u>	<u>\$ 168,704</u>	<u>\$ 506,112</u>

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 9 – LONG-TERM DEBT

Changes in long-term debt for the year ended December 31, 2022, were as follows:

Long-Term Debt	Balance, Jan. 1, 2022	Additions/ Adjustments	Payments/ Amortization	Balance, Dec. 31, 2022	Current Portion	Non-Current Portion
Right-to-use lease financing – 2017	\$ 88,250	\$ -	\$ (88,250)	\$ -	\$ -	\$ -
Right-to-use lease financing – 2022	-	2,400,000	-	2,400,000	447,281	1,952,719
Loan payable – 2012	2,643,024	-	(1,300,396)	1,342,628	1,342,628	-
Revenue bonds payable – 2013	8,835,000	-	(595,000)	8,240,000	620,000	7,620,000
Revenue bonds payable – discount	(93,541)	-	4,301	(89,240)	-	(89,240)
Revenue bonds payable – premium	2,314,836	-	(106,429)	2,208,407	-	2,208,407
Revenue bonds payable, net – 2013	11,056,295	-	(697,128)	10,359,167	620,000	9,739,167
Revenue bonds payable - 2018	12,805,000	-	(250,000)	12,555,000	265,000	12,290,000
Revenue bonds payable - premium	990,973	-	(37,046)	953,927	-	953,927
Revenue bonds payable, net - 2018	13,795,973	-	(287,046)	13,508,927	265,000	13,243,927
Revenue refunding bonds - non-taxable -	8,965,604	-	(12,913)	8,952,691	13,337	8,939,354
Revenue refunding bonds - taxable - 2020	14,355,000	-	(165,000)	14,190,000	165,000	14,025,000
Revenue refunding bonds - 2020	23,320,604	-	(177,913)	23,142,691	178,337	22,964,354
Revenue bonds - 2021A	9,390,000	-	-	9,390,000	-	9,390,000
Revenue refunding bonds - 2021	10,549,330	-	(192,830)	10,356,500	209,680	10,146,820
Revenue bonds payable - premium	865,124	-	(29,244)	835,880	-	835,880
Revenue bonds payable, net - 2021	20,804,454	-	(222,074)	20,582,380	209,680	20,372,700
Total long-term debt	\$ 71,708,600	\$ 2,400,000	\$ (2,772,807)	\$ 71,335,793	\$ 3,062,926	\$ 68,272,867

Changes in long-term debt for the year ended December 31, 2021, were as follows:

Long-Term Debt	Balance, Jan. 1, 2021	Additions/ Adjustments	Payments/ Amortization	Balance, Dec. 31, 2021	Current Portion	Non-Current Portion
Right-to-use lease financing – 2017	\$ 175,290	\$ -	\$ (87,040)	\$ 88,250	\$ 88,250	\$ -
Loan payable – 2012	3,904,026	-	(1,261,002)	2,643,024	1,300,396	1,342,628
Revenue bonds payable – 2013	18,930,000	(9,530,000)	(565,000)	8,835,000	595,000	8,240,000
Revenue bonds payable – discount	(97,842)	-	4,301	(93,541)	-	(93,541)
Revenue bonds payable – premium	2,421,265	-	(106,429)	2,314,836	-	2,314,836
Revenue bonds payable, net – 2013	21,253,423	(9,530,000)	(667,128)	11,056,295	595,000	10,461,295
Revenue bonds payable - 2018	12,805,000	-	-	12,805,000	250,000	12,555,000
Revenue bonds payable - premium	1,028,019	-	(37,046)	990,973	-	990,973
Revenue bonds payable, net - 2018	13,833,019	-	(37,046)	13,795,973	250,000	13,545,973
Revenue refunding bonds - non-taxable -	8,978,105	-	(12,501)	8,965,604	12,913	8,952,691
Revenue refunding bonds - taxable - 2020	14,555,000	-	(200,000)	14,355,000	165,000	14,190,000
Revenue refunding bonds - 2020	23,533,105	-	(212,501)	23,320,604	177,913	23,142,691
Revenue bonds - 2021A	-	9,390,000	-	9,390,000	-	9,390,000
Revenue refunding bonds - 2021	-	10,549,330	-	10,549,330	192,830	10,356,500
Revenue bonds payable - premium	-	877,309	(12,185)	865,124	-	865,124
Revenue bonds payable, net - 2021	-	20,816,639	(12,185)	20,804,454	192,830	20,611,624
Total long-term debt	\$ 62,698,863	\$ 11,286,639	\$ (2,264,717)	\$ 71,708,600	\$ 2,604,389	\$ 69,104,211

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 9 – LONG-TERM DEBT (continued)

A. Right-To-Use Lease Financing – 2017

On January 18, 2017, the District entered into an \$830,000 installment purchase agreement in order to acquire, construct, equip, and furnish certain improvements to its facilities. Right-to-use lease financing payments consisting of principal and interest in the amount of \$89,477 are due every six months beginning in July 2017 until January 2022 at an annual interest rate of 2.78%. The balance of the right-to-use lease financing was paid in full as of December 31, 2022.

Right-To-Use Lease Financing – 2022

On October 10, 2022, the District entered into a \$2,400,000 installment purchase agreement in order to acquire, construct, equip, and furnish certain improvements to its facilities. The agreement contains a buyout provision that can be exercised beginning in year three of the agreement. Right-to-use lease financing payments consisting of principal and interest in the amount of \$263,701 are due every six months beginning in April 2023 until October 2027 at an annual interest rate of 3.50%.

Annual debt service requirements for the right-to-use lease financing are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 447,281	\$ 80,121	\$ 527,402
2024	463,073	64,329	527,402
2025	479,423	47,979	527,402
2026	496,349	31,053	527,402
2027	513,874	13,528	527,402
Total	2,400,000	\$ 237,010	\$ 2,637,010
Less: current	(447,281)		
Total non-current	\$ 1,952,719		

B. Loan Payable – 2012

In November 2012, the District issued \$12,765,208 in a private-placement Loan Payable-2012, with maturities from 2013 through 2023 and an interest rate of 3.10%. The net proceeds of the issuance were used to advance refund (an in-substance defeasance) \$12,505,000 of aggregate principal amount of the District's COPs-1998 with an average interest rate of 4.73%. The District has pledged 100% of its water revenues to collateralize the debt.

The initial escrow deposit was used to purchase government sponsored agency obligation securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the COPs-1998.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$846,845. This difference is being amortized through 2023 (the life of the debt) using the straight-line method as a deferred loss on debt defeasance. The District completed the advance refunding to reduce its total debt service payments over the next 11 years by approximately \$1.293 million and to obtain an economic gain (the difference between the present values of the old and new debt service payments) of approximately \$1.154 million.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 9 – LONG-TERM DEBT (continued)

B. Loan Payable – 2012 (continued)

Annual debt service requirements for the refunding certificates of participation are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,342,628	\$ 31,296	\$ 1,373,918
Total	1,342,628	<u>\$ 31,296</u>	<u>\$ 1,373,918</u>
Less: current	<u>(1,342,628)</u>		
Total non-current	<u>\$ -</u>		

C. Revenue Bonds Payable

Certificates of Participation – 2004

In August 2004, the District issued \$38,285,000 of Certificates of Participation-2004 (COPs-2004), with maturities from 2008 through 2034 and an average interest rate of 4.90%. The net proceeds are to be used to finance the acquisition, construction, and improvement of certain water facilities and to pay issuance costs of the debt. Issuance of the COPs-2004 resulted in a premium of \$328,767 which was being amortized over the life of the issue using the straight-line method. In 2013, the District advanced refunded the remaining \$35,560,000 of the COPs-2004 into the revenue bonds payable issuance.

Revenue Bonds Payable – 2013

The Palmdale Water District Public Financing Authority (Authority) issued \$44,350,000 in Revenue Bonds Payable-2013 (Bonds-2013) with maturities from 2013 through 2043 with an interest rate range between 2.00% and 5.00% pursuant to an Indenture of Trust, dated as of May 1, 2013, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds-2013 were issued: (i) to prepay the District's outstanding Certificates of Participation-2004; (ii) to finance certain improvements to the District's Water System; (iii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2013 in case of default; (iv) to purchase a municipal bond debt service reserve insurance policy for deposit in the Reserve Fund; and (v) to pay the costs of issuing the Bonds-2013. The District has pledged 100% of its water revenues to collateralize the debt.

The refunding resulted in a premium on the issuance of \$3,228,354 and a discount of (\$130,456) which are being amortized over the remaining debt service years. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$2,278,663. This difference is being amortized through 2043 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

In 2020, the District advanced refunded \$21,220,000 of debt service payments from 2031 to 2043 by issuing a non-taxable and a taxable issue.

In 2021, the District advanced refunded \$9,530,000 of debt service payments from 2025 to 2028 by issuing a bond.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021***NOTE 9 – LONG-TERM DEBT (continued)****C. Revenue Bonds Payable (continued)**

Annual debt service requirements for the revenue bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 620,000	\$ 271,300	\$ 891,300
2024	2,145,000	240,638	2,385,638
2025	-	191,625	191,625
2026	-	191,625	191,625
2027	-	191,625	191,625
2028-2030	5,475,000	432,818	5,907,818
Total	8,240,000	\$ 1,519,631	\$ 9,759,631
Less: current	(620,000)		
Total non-current	\$ 7,620,000		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2022, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2022</u>
Deferred amount on debt defeasance, net	\$ 1,695,054	\$ -	\$ (242,718)	\$ 1,452,336

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2021, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2021</u>
Deferred amount on debt defeasance, net	\$ 1,851,747	\$ -	\$ (156,693)	\$ 1,695,054

Revenue Bonds Payable – 2018

The Palmdale Water District Public Financing Authority (Authority) issued \$12,805,000 in Water Revenue Bonds, Series 2018A (2018A Bonds) with maturities from 2022 through 2048 with an interest rate range between 3.125% and 5.00% pursuant to an Indenture of Trust, dated as of June 1, 2018, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The 2018A Bonds are being issued: (i) to finance certain improvements to the District’s water system, including Littlerock Dam; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2018A Bonds; (iii) to purchase a municipal bond debt service reserve insurance policy in case of default; and (iv) to pay the costs of issuing the 2018A Bonds. The District has pledged 100% of its water revenues to collateralize the debt. Interest due on the 2018A Bonds is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2018, while principal payments are payable on October 1 of each year, commencing October 1, 2022.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021*

NOTE 9 – LONG-TERM DEBT (continued)**D. Revenue Refunding Bonds Payable (continued)****Revenue Bonds Payable – 2018 (continued)**

The 2018A Bond issuance resulted in a \$1,120,632 premium which is being amortized over the remaining debt service years. Cost of the debt issuance was \$308,867 which was expensed in the year of issuance. Annual debt service requirements for the revenue bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 265,000	\$ 556,394	\$ 821,394
2024	275,000	545,794	820,794
2025	290,000	532,044	822,044
2026	305,000	517,544	822,544
2027	320,000	502,294	822,294
2028-2032	1,850,000	2,255,469	4,105,469
2033-2037	2,275,000	1,826,369	4,101,369
2038-2042	2,735,000	1,364,625	4,099,625
2043-2047	3,455,000	645,300	4,100,300
2048	<u>785,000</u>	<u>34,575</u>	<u>819,575</u>
Total	12,555,000	<u>\$ 8,780,408</u>	<u>\$ 21,335,408</u>
Less: current	<u>(265,000)</u>		
Total non-current	<u>\$ 12,290,000</u>		

Revenue Refunding Bonds – Non-Taxable – 2020

In May 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$9,008,523 in Revenue Refunding Bonds – Non-Taxable – Series 2020 (Bonds-2020) with maturities from 2020 through 2043 with an interest rate range coupon of 3.29% pursuant to a private placement, dated as of May 28, 2020, by and between the Authority and Western Alliance Bank as a private-placement. The Bonds-2020 were issued: (i) to prepay the \$8,810,000 of District’s outstanding Bonds-2013 principal from 2035 to 2043; and (ii) to pay the costs of issuing the Bonds-2020 of \$130,000. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in April and October of each year.

The advance refunding resulted in a net present value benefit to the District of \$751,628 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021*

NOTE 9 – LONG-TERM DEBT (continued)**D. Revenue Refunding Bonds Payable (continued)****Revenue Refunding Bonds – Non-Taxable – 2020 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,337	\$ 294,544	\$ 307,881
2024	13,776	294,105	307,881
2025	14,229	293,652	307,881
2026	14,698	293,183	307,881
2027	15,181	292,700	307,881
2028-2032	83,734	1,455,670	1,539,404
2033-2037	2,675,323	1,358,081	4,033,404
2038-2042	5,017,678	687,726	5,705,404
2043	<u>1,104,735</u>	<u>36,346</u>	<u>1,141,081</u>
Total	8,952,691	<u>\$ 5,006,007</u>	<u>\$ 13,958,698</u>
Less: current	<u>(13,337)</u>		
Total non-current	<u>\$ 8,939,354</u>		

Revenue Refunding Bonds – Taxable – 2020

In November 2020, the Palmdale Water District Public Financing Authority (Authority) issued \$14,555,000 in Revenue Refunding Bonds – Taxable – Series 2020 (Bonds-2020 Taxable) with maturities from 2020 through 2034 with an interest rate coupon of 2.79% pursuant to an Indenture of Trust, dated as of November 3, 2020, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. The Bonds-2020 Taxable were issued: (i) to prepay the \$12,410,000 of District's outstanding Bonds-2013 principal from 2031 to 2034; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2020 Taxable in case of default; and (iii) to pay the costs of issuing the Bonds-2020 Taxable \$268,953. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$1,795,890. This difference is being amortized through 2034 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

The advance refunding resulted in a net present value benefit to the District of \$784,897 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021***NOTE 9 – LONG-TERM DEBT (continued)****D. Revenue Refunding Bonds Payable (continued)****Revenue Refunding Bonds – Taxable – 2020 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 165,000	\$ 387,727	\$ 552,727
2024	170,000	386,290	556,290
2025	170,000	384,305	554,305
2026	170,000	381,894	551,894
2027	175,000	378,870	553,870
2028-2032	6,765,000	1,755,323	8,520,323
2033-2034	6,575,000	290,842	6,865,842
Total	14,190,000	\$ 3,965,251	\$ 18,155,251
Less: current	(165,000)		
Total non-current	\$ 14,025,000		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2022, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2022</u>
Deferred amount on debt defeasance, net	\$ 1,724,110	\$ -	\$ (132,622)	\$ 1,591,488

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2021, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2021</u>
Deferred amount on debt defeasance, net	\$ 1,760,000	\$ -	\$ (35,890)	\$ 1,724,110

Water Revenue Bonds – Non-Taxable – 2021

In July 2021, the Palmdale Water District Public Financing Authority (Authority) issued \$9,390,000 in Water Revenue Bonds – Series 2021A (Bonds-2021A) with maturities from 2021 through 2051 with an interest rate range coupon of 4.00% by and between the Authority and the Bank of New York Mellon Trust Company. The Bonds-2021A were issued: (i) to finance certain improvements to the District's Water system; and (ii) to pay the costs of issuing the Bonds-2021A of \$267,309. The District has pledged 100% of its water revenues to collateralize the debt. The issuance resulted in a premium on the issuance of \$877,309 which is being amortized over the remaining debt service years. Principal and interest payments are due in April and October of each year as noted.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 9 – LONG-TERM DEBT (continued)

D. Revenue Refunding Bonds Payable (continued)

Water Revenue Bonds – Series 2021A (continued)

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 299,725	\$ 299,725
2024	-	299,725	299,725
2025	-	299,725	299,725
2026	-	299,725	299,725
2027	-	299,725	299,725
2028-2032	-	1,498,625	1,498,625
2033-2037	1,295,000	1,448,225	2,743,225
2038-2042	2,480,000	1,097,938	3,577,938
2043-2047	2,925,000	649,200	3,574,200
2048-2051	2,690,000	170,000	2,860,000
Total	9,390,000	\$ 6,362,613	\$ 15,752,613
Less: current	-		
Total non-current	\$ 9,390,000		

Revenue Refunding Bonds – 2021

In August 2021, the Palmdale Water District Public Financing Authority (Authority) issued \$10,549,330 in Revenue Refunding Bonds – 2021 (Bonds-2021) with maturities from 2021 through 2028 with an interest rate coupon of 1.53% pursuant to an Installment Purchase Agreement dated August 31, 2021. The Bonds-2021 were issued: (i) to prepay the \$9,530,000 of District’s outstanding Bonds-2013 principal from 2025 to 2028; (ii) to purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Bonds-2021 in case of default; and (iii) to pay the costs of issuing the Bonds-2021 \$115,000. The District has pledged 100% of its water revenues to collateralize the debt. Principal and interest payments are due in October of each year.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value amount of the old debt of \$734,960. This difference is being amortized through 2028 (the life of the debt) using the straight-line method as a deferred amount on debt defeasance.

The advance refunding resulted in a net present value benefit to the District of \$719,502 in interest savings from the refunding.

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021***NOTE 9 – LONG-TERM DEBT (continued)****D. Revenue Refunding Bonds Payable (continued)****Revenue Refunding Bonds – Series 2021 (continued)**

Annual debt service requirements for the revenue refunding bonds payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 209,680	\$ 157,652	\$ 367,332
2024	212,890	154,432	367,322
2025	2,426,140	142,709	2,568,849
2026	2,467,760	105,430	2,573,190
2027	2,499,270	67,553	2,566,823
2028	2,540,760	29,155	2,569,915
Total	10,356,500	\$ 656,931	\$ 11,013,431
Less: current	(209,680)		
Total non-current	\$ 10,146,820		

Deferred Amount on Debt Defeasance, Net

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2022, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2022</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2022</u>
Deferred amount on debt defeasance, net	\$ 629,966	\$ -	\$ (89,996)	\$ 539,970

Changes in the deferred amount on long-term debt defeasance, net for the year ended December 31, 2021, was as follows:

<u>Description</u>	<u>Balance, Jan. 1, 2021</u>	<u>Additions</u>	<u>Amortization</u>	<u>Balance, Dec. 31, 2021</u>
Deferred amount on debt defeasance, net	\$ -	\$ 734,960	\$ (104,994)	\$ 629,966

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
OPEB related deferred outflows	\$ 2,887,977	\$ 3,245,025
Net other post-employment benefits obligation	13,275,385	12,751,874
OPEB related deferred inflows	4,502,897	5,201,829

Plan Description - Eligibility

The District administers its post-employment benefits plan, a single-employer defined benefit plan (the Plan). The following requirements must be satisfied in order to be eligible for post-employment medical, dental, and vision benefits: (1) Attainment of age 55, and 20 years for full-time service, and (2) retirement from the District (the District must be the last employer prior to retirement).

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

Plan Description - Benefits

The District offers post-employment medical, dental, and vision benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the ACWA-JPIA medical, dental, and vision programs. The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The following is a description of the current retiree benefit plan:

	<u>Participants</u>
Benefit types provided	Medical, dental and vision
Duranton of benefits	Lifetime
Required service	CalPERS Retirement and 20 years service
Minimum age	55 years and CalPERS Retirement from District
Dependent coverage	Spouse and dependent up to cap
District contribution	Maximum up to \$1,850 cap
District cap on coverage	\$1,850

Employees covered by benefit terms

At December 31, 2022 and 2021, the following employees were covered by the benefit terms:

<u>Plan Members</u>	<u>Covered Participants</u>	
	<u>2022</u>	<u>2021</u>
Active members	86	85
Inactives entitled to but not yet receiving benefits	-	-
Inactives currently receiving benefits	27	23
Total plan members	113	108

A. Total OPEB Liability

The District's total OPEB liabilities of \$13,275,385 and \$12,751,874 as of December 31, 2022 and 2021, respectively, were measured as of December 31, 2021 and 2020 (Measurement Dates), and were determined by an actuarial valuation as of December 31, 2020.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2021 and 2020 (Measurement Dates) actuarial valuation roll-forwards were determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>2022</u>	<u>2021</u>
Discount Rate	2.06%	2.12%
Inflation	2.50%	2.50%
Salary Increases	2.75% per annum, in aggregate	2.75% per annum, in aggregate
Investment Rate of Return	2.06%	2.12%
Mortality Rate	CalPERS Membership Data	CalPERS Membership Data
Pre-Retirement Turnover	CalPERS Membership Data	CalPERS Membership Data
Healthcare Trend Rate	Non-Medicare 6.5% to Medicare 5.65%	Non-Medicare 6.5% to Medicare 5.65%

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

A. Total OPEB Liability (continued)

Mortality, Retirement & Turnover Assumptions

The mortality assumptions are based on the 1997-2015 Experience Study for CalPERS Active and Retiree Mortality for Miscellaneous and Safety Employees table created by CalPERS.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.06% as of December 31, 2021 and 2.12% as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed that contributions would be sufficient to fully fund the obligation over a period not to exceed 30 years. The Bond Buyer 20 Bond Index was used.

B. Changes in the Total OPEB Liability

The following table is based on the roll-forward of the December 31, 2021 (Measurement Date) actuarial valuation:

	Total OPEB Liability
Balance at January 1, 2022 (MD Jan. 1, 2021)	\$ 12,751,874
Changes for the year:	
Service cost	596,605
Interest	278,018
Assumption changes	117,793
Benefit payments	(468,905)
Net changes	523,511
Balance at December 31, 2022 (MD Dec. 31, 2021)	\$ 13,275,385

The following table is based on the roll-forward of the December 31, 2020 (Measurement Date) actuarial valuation:

	Total OPEB Liability
Balance at January 1, 2021 (MD Jan. 1, 2020)	\$ 16,479,807
Changes for the year:	
Service cost	677,977
Interest	464,926
Assumption changes	231,952
Changes of benefit terms	142,064
Actual vs expected experience	(4,865,442)
Benefit payments	(379,410)
Net changes	(3,727,933)
Balance at December 31, 2021 (MD Dec. 31, 2020)	\$ 12,751,874

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

B. Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate.

The following table is based on the December 31, 2021 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>1.06%</u>	<u>2.06%</u>	<u>3.06%</u>
<u>\$ 15,475,203</u>	<u>\$ 13,275,385</u>	<u>\$ 11,489,554</u>

The following table is based on the December 31, 2020 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
<u>1.12%</u>	<u>2.12%</u>	<u>3.12%</u>
<u>\$ 14,844,495</u>	<u>\$ 12,751,874</u>	<u>\$ 11,052,701</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates.

The following table is based on the December 31, 2021 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Healthcare Cost Current Trend</u>	<u>1% Increase</u>
<u>\$ 11,045,032</u>	<u>\$ 13,275,385</u>	<u>\$ 16,180,025</u>

The following table is based on the December 31, 2020 (Measurement Date) actuarial valuation:

<u>1% Decrease</u>	<u>Healthcare Cost Current Trend</u>	<u>1% Increase</u>
<u>\$ 10,734,986</u>	<u>\$ 12,751,874</u>	<u>\$ 15,362,029</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022 and 2021, the District recognized OPEB expense/(credit) of \$616,051 and \$1,013,307, respectively.

At December 31, 2022, the District reported \$2,887,977 of deferred outflows of resources and \$4,502,897 of deferred inflows of resources for related to the net OPEB obligation as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date of the net OPEB liability	\$ 434,424	\$ -
Changes in assumptions	2,453,553	(730,813)
Net difference in earnings on plan investments	-	(3,772,084)
Total	<u>\$ 2,887,977</u>	<u>\$ (4,502,897)</u>

At December 31, 2022, the District reported \$434,424 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	<u>Amount</u>
Year Ended June 30:	
2023	\$ (258,572)
2024	(258,572)
2025	(258,572)
2026	(274,373)
2027	(307,119)
Thereafter	(692,136)
Total	<u>\$ (2,049,344)</u>

At December 31, 2021, the District reported \$3,245,025 of deferred outflows of resources and \$5,201,829 of deferred inflows of resources for related to the net OPEB obligation as follows:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
District contributions subsequent to the measurement date of the net OPEB liability	\$ 468,905	\$ -
Changes in assumptions	2,776,120	(883,066)
Net difference in earnings on plan investments	-	(4,318,763)
Total	<u>\$ 3,245,025</u>	<u>\$ (5,201,829)</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 10 – NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION (continued)

C. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At December 31, 2021, the District reported \$468,905 of deferred outflows of resources for employer contributions made subsequent to the measurement date which will be used to reduce the net OPEB liability balance in the coming year. Amortization of the remaining deferred outflows/(inflows) of resources related to the net OPEB obligation is as follows:

	<u>Amount</u>
Year Ended June 30:	
2022	\$ (271,660)
2023	(271,660)
2024	(271,660)
2025	(271,660)
2026	(287,461)
Thereafter	<u>(1,051,608)</u>
Total	<u>\$ (2,425,709)</u>

NOTE 11 – PENSION PLAN

Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Pension related deferred outflows	\$ 5,234,679	\$ 1,778,407
Net pension liability	13,730,102	6,056,636
Pension related deferred inflows	771,264	5,498,117

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan". The net pension liability balances have a Measurement Date of June 30, 2022 and June 30, 2021, respectively, which are rolled-forward for the District's fiscal years ended December 31, 2022 and December 31, 2021.

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required member contribution rates	6.908%	6.750%
Required employer contribution rates – FY 2022	11.031%	7.732%
Required employer contribution rates – FY 2021	10.221%	6.985%

Plan Description, Benefits Provided and Employees Covered

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The District contributes to the miscellaneous risk pool within the Plan. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 Annual Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS website under Forms and Publications.

The California Public Employees’ Pension Reform Act (PEPRA), which took effect in January 2013, changes the way CalPERS retirement benefits are applied, and places compensation limits on members. As a result of these changes since PEPRA’s adoption in January 2013, the District now has two unique CalPERS plans to which it makes contributions within the miscellaneous risk pool: the “classic” plan, which includes covered employees who have established membership in a CalPERS plan prior to January 2013, as well as the “PEPRA/new” plan, which includes covered employees who have established membership in a CalPERS plan after January 2013. Each plan or membership contains unique benefits levels, which are enumerated in the June 30, 2022 and 2021 Annual Actuarial Valuation Reports.

At June 30, 2022, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	49	37	86
Transferred and terminated members	40	7	47
Retired members and beneficiaries	66	1	67
Total plan members	155	45	200

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description, Benefits Provided and Employees Covered (continued)

At June 30, 2021, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	55	31	86
Transferred and terminated members	42	6	48
Retired members and beneficiaries	58	1	59
Total plan members	155	38	193

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended December 31, 2022, (Measurement Date June 30, 2022) were as follows:

Contribution Type	Total
Contributions – employer	\$ 1,700,412
Contributions – members	577,873
Total contributions	\$ 2,278,285

Contributions for the year ended December 31, 2021, (Measurement Date June 30, 2021) were as follows:

Contribution Type	Total
Contributions – employer	\$ 1,619,062
Contributions – members	550,227
Total contributions	\$ 2,169,289

Employer contributions rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the years ended December 31, 2022 and 2021, the contributions recognized as part of pension expense for the Plan were \$1,700,412 and \$1,619,062.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Changes in the net pension liability for the year ended December 31, 2022, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	\$ 51,562,557	\$ 45,505,922	\$ 6,056,635
Balance as of June 30, 2022 (Measurement Date)	\$ 57,665,907	\$ 43,935,805	\$ 13,730,102
Change in Plan Net Pension Liability	\$ 6,103,350	\$ (1,570,117)	\$ 7,673,467

Changes in the net pension liability for the year ended December 31, 2021, were as follows:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2020 (Measurement Date)	\$ 47,806,269	\$ 36,232,498	\$ 11,573,771
Balance as of June 30, 2021 (Measurement Date)	\$ 51,562,557	\$ 45,505,922	\$ 6,056,635
Change in Plan Net Pension Liability	\$ 3,756,288	\$ 9,273,424	\$ (5,517,136)

For the year ended December 31, 2022 and 2021 pension expense was \$1,279,553 and \$829,587, respectively.

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool.

- (1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2021 and 2020). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability (TPL) determines the net pension liability (NPL) at the valuation date.
- (2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2022 and 2021). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 and 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (FY 2021-2022 and FY 2020-2021).
- (3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

- (4) Two ratios are created by dividing the plan’s individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool’s total TPL and FNP, respectively.
- (5) The plan’s TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan’s FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.
- (6) The plan’s NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

As of December 31, 2022 and 2021, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$13,730,102 and \$6,056,636, respectively.

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021 and 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and 2017 rolled forward to December 31, 2021 and 2020 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	December 31, 2022	December 31, 2021	
Measurement Date	<u>June 30, 2022</u>	<u>June 30, 2021</u>	
Percentage of Risk Pool Net Pension Liability	0.29343%	0.31897%	-0.02554%
Percentage of Plan (PERF C) Net Pension Liability	0.11887%	0.11199%	0.00688%

The District’s proportionate share of the net pension liability for the June 30, 2021, measurement date was as follows:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending	Fiscal Year Ending	
	December 31, 2021	December 31, 2020	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Percentage of Risk Pool Net Pension Liability	0.31897%	0.27439%	0.04458%
Percentage of Plan (PERF C) Net Pension Liability	0.11199%	0.10637%	0.00562%

PALMDALE WATER DISTRICT
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The total amount of \$924,538 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Pension contributions made after the measurement date	\$ 924,538	\$ -
Difference between actual and proportionate share of employer contributions	-	(527,042)
Adjustment due to differences in proportions	112,488	(59,549)
Differences between expected and actual experience	275,727	(184,670)
Differences between projected and actual earnings on pension plan investments	2,514,990	-
Changes in assumptions	1,406,936	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 5,234,679</u>	<u>\$ (771,261)</u>

The total amount of \$835,739 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended December 31, 2022. At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred (Inflows) of Resources</u>
Pension contributions made after the measurement date	\$ 835,739	\$ -
Difference between actual and proportionate share of employer contributions	-	(210,995)
Adjustment due to differences in proportions	263,481	-
Differences between expected and actual experience	679,187	-
Differences between projected and actual earnings on pension plan investments	-	(5,287,122)
Changes in assumptions	-	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 1,778,407</u>	<u>\$ (5,498,117)</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Proportionate Share of Net Pension Liability and Pension Expense (continued)

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2022, will be amortized to pension expense in future periods as follows:

Amortization Period	Deferred
Fiscal Year Ended December 31	Outflows/(Inflows)
	of Resources
2023	\$ 885,634
2024	728,832
2025	386,161
2026	1,538,253
2027	-
Total	\$ 3,538,880

Other remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the year ended December 31, 2021, will be amortized to pension expense in future periods as follows:

Amortization Period	Deferred
Fiscal Year Ended December 31	Outflows/(Inflows)
	of Resources
2022	\$ 908,090
2023	1,009,095
2024	1,177,177
2025	1,461,087
2026	-
Total	\$ 4,555,449

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2022 and 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 and 2020, total pension liability. The December 31, 2022 and 2021, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 11 – PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate

The discount rate used to measure the total pension liability for PERF B was 6.90%. A projection of expected benefit payments and contributions was performed to determine if the assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for PERF B. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained on CalPERS' website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Investment Type</u>	<u>Assumed Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	<u>100%</u>		

¹ An expected inflation rate-of-return of 2.5% is used for years 1-10.

² An expected inflation rate-of-return of 3.0% is used for years 11+.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Changes in the discount rate for the year ended June 30, 2022, was as follows:

<u>Plan Type</u>	<u>Plan's Net Pension Liability/(Asset)</u>		
	<u>Discount Rate - 1% 5.90%</u>	<u>Current Discount Rate 6.90%</u>	<u>Discount Rate + 1% 7.90%</u>
CalPERS – Miscellaneous Plan	<u>\$ 21,591,005</u>	<u>\$ 13,730,102</u>	<u>\$ 7,262,530</u>

PALMDALE WATER DISTRICT*Notes to Financial Statements**December 31, 2022 and 2021***NOTE 11 – PENSION PLAN (continued)****B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)*****Sensitivity of the Net Pension Liability to Changes in the Discount Rate (continued)***

Changes in the discount rate for the year ended June 30, 2021, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	\$ 12,864,486	\$ 6,056,635	\$ 428,682

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At December 31, 2022 and 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended December 31, 2022 and 2021.

NOTE 12 – NET POSITION – NET INVESTMENT IN CAPITAL ASSETS

The District's net -position – net investment in capital assets for the years ended December 31, 2022 and 2021 were calculated as follows:

Description	Balance Dec. 31, 2022	Balance Dec. 31, 2021
Restricted – cash and cash equivalents		
– revenue bond proceeds for construction	\$ 7,723,962	\$ 11,030,100
Right-to-use asset, net – being amortized	366,740	-
Capital assets – not being depreciated	21,316,338	10,995,185
Capital assets, net – being depreciated	158,117,452	157,172,808
Deferred loss on debt defeasance, net	3,583,794	4,049,130
Right-to-use lease payable – current	(126,686)	-
Right-to-use asset financing – current	(447,281)	(88,250)
Loan payable – current	(1,342,628)	(1,300,396)
Revenue bonds payable – current	(1,273,017)	(1,215,743)
Right-to-use lease payable	(229,028)	-
Right-to-use asset financing	(1,952,719)	-
Loan payable	-	(1,342,628)
Revenue bonds payable, net	(66,320,148)	(67,761,583)
Total net investment in capital assets	\$ 119,416,779	\$ 111,538,623

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 13 – NET POSITION – UNRESTRICTED (DEFICIT)

As of December 31, 2022 and 2021, the District has an unrestricted net position deficit of (\$13,803,557) and (\$13,824,097). Due to the nature of the deficit from the implementation of GASB Statements No. 68 & 75 in the past fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB obligations funding requirements for future periods to reduce its deficit position.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

Beginning net position as of January, 2022 was restated by \$11,804, for the District’s retroactive restatement for the adoption of *GASB No. 87 - Leases* as noted below as the lease started prior to January 1, 2022:

<u>Description</u>	<u>Balance</u>
Net position as of January 1, 2022 – as previously reported	\$ 99,917,008
GASB Statement No. 87 restatement for:	
Right-to-use asset, net	408,390
Right-to-use payable, net	<u>(396,586)</u>
Total adjustments	<u>11,804</u>
Net position as of January 1, 2022 – as restated	<u>\$ 99,928,812</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 15 – RISK MANAGEMENT

The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing pool that provides insurance coverage and related services.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the
C. Participants	As of September 30, 2022 – 396 member districts
D. Governing board	Nine representatives employed by members
E. District payments for FY 2022:	\$385,236
F. Condensed financial information	September 30, 2022
Audit signed	February 7, 2023

	Sept. 30, 2022
Statement of financial position:	
Total assets	\$ 246,615,214
Deferred outflows	6,108,562
Total liabilities	137,126,606
Deferred inflows	2,813,249
Net position	\$ 112,783,921
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 175,619,417
Total expenses	(212,646,028)
Change in net position	(37,026,611)
Beginning – net position	149,810,532
Ending – net position	\$ 112,783,921

G. Member agencies share of year-end financial position	Not Calculated
--	----------------

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At December 31, 2022 and 2021, the District participated in the self-insured liability, property, and worker's compensation insurance programs provided by ACWA/JPIA through AON Risk Insurance Services West, Inc. as follows:

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 15 – RISK MANAGEMENT (continued)

General and Auto Liability

Each member limits of \$60 million per occurrence for auto and general liability coverage. The program protects the member agencies against third-party claims for bodily injury and property damage. The following coverages are also included:

- Personal Injury
- Errors and Omissions
- Products Hazard
- Inverse Condemnation
- Employment Practices
- Broadened Pollution
- Failure to Supply Water
- Care, Custody, & Control

Property

Each member Special Form Property Coverage including coverage for buildings, personal property, fixed equipment, mobile equipment, and licensed vehicles. Member agencies have various deductible selections. Boiler and Machinery Coverage is also included.

The following is an overview of the program:

- Real Property, Fixed Equipment, Personal Property at replacement cost
- Crime Coverage – up to \$100,000 Public Employee Dishonesty and Computer Fraud
- Terrorism Coverage – up to \$100 million per occurrence for property damage caused by an act declared to involve terrorism
- \$10 million Accounts Receivables for the amount of accounts uncollectible due to a covered loss
- \$100,000 Catastrophic coverage for vehicles

Workers' Compensation

Each member is covered for bodily injury by accident, \$2 million each accident, or bodily injury by disease, \$2 million each employee, including death, of employee arising out of and in the course of employment.

In addition, the District since August 2014 continued a separate policy with underwriters at Landmark American Insurance Company for commercial earthquake/business income interruption insurance. This insurance was purchased to safeguard the District in case of a major earthquake until disaster relief funds are made available by state and federal agencies. This policy has provisions as follows:

- The loss limit is \$9,284,980 per occurrence and in the annual aggregate.
- Deductible is 5% of values per unit of insurance subject to \$25,000 minimum per occurrence.
- Coverage for 2029 East Avenue Q location is \$2.891 million building limit and \$393,120 contents, including \$6 million business income.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending December 31, 2022, 2021, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2022, 2021, and 2020.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 16 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in an IRS Code Section 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

State Water Contract

Estimates of the District's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates, and inflation. During the next five years, payments under the State Water Contract, exclusive of variable power costs, are currently estimated by the State to be as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2023	\$ 8,190,722
2024	8,345,912
2025	9,499,653
2026	9,013,626
2027	9,045,633

As of December 31, 2022, the District has expended approximately \$129,751,826 since the District started participating in the State Water Contract.

According to the State's latest estimates, the District's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest to the year 2035, are as follows:

<u>Type of Long-Term Obligation</u>	<u>Amount</u>
State Water Project Contract:	
Transportation facilities	\$87,786,818
Delta water charges	25,621,596
Off-aqueduct power facilities	174,832
Revenue bond surcharge	<u>4,171,857</u>
Total	<u>\$117,755,103</u>

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

Bay/Delta Regulatory and Planning Activities

The State Water Resources Control Board (State Board) is the agency responsible for setting water quality standards and administering water rights throughout California. Decisions of the State Board can affect the availability of water to the District and other water users by means of public proceedings leading to regulations and decisions. In 1995, the State Board adopted a Water Quality Control Plan establishing water quality standards and flow improvements in the Bay/Delta watershed. In August 2000, the California Federal (CALFED) Bay/Delta Program Record of Decision (the Decision) was approved with mandates to improve water quality, enhance water supply reliability, augment ecosystem restoration, and assure long-term protection for Delta levees. During its first three years, CALFED has invested more than \$2.0 billion in hundreds of local and regional projects to meet these program goals. In May 2004, a Delta Improvement Package was proposed to facilitate implementation of the Decision. Funding is expected to be provided by state and federal appropriations and contributions from local users, including the District. CALFED's objective is to allocate project costs based on beneficiaries pay policy, that is new costs commensurate with benefits received. At this time, the exact allocation of costs between the federal, state, and local users has not been determined, and therefore, the District cannot estimate the extent of timing of its contributions at this time.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement, or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction.

The District has committed to approximately \$2,242,309 to complete the open construction contracts as of December 31, 2022. These include the following:

<u>Project Description</u>	<u>Cost of Project to Date</u>	<u>Estimated Costs to Complete</u>	<u>Total Expected Project Cost</u>
Littlerock Creek Groundwater Recharge Project	\$ 4,209,279	\$ 790,721	\$ 5,000,000
Various Water Main Replacements	2,736,400	326,737	3,063,137
Well 36 Construction	2,182,284	1,124,851	3,307,135
Total	\$ 9,127,963	\$ 2,242,309	\$ 11,370,272

Excluded Leases – Short-Term Leases and De Minimis Leases

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

PALMDALE WATER DISTRICT

Notes to Financial Statements

December 31, 2022 and 2021

NOTE 17 – COMMITMENTS AND CONTINGENCIES (continued)

Other Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. Nevertheless, after consultation with legal counsel, the District believes that these actions, when finally concluded and determined are not likely to have a material adverse effect on the District's financial position, results of operations, or cash flows.

NOTE 18 – CURRENT AND SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 31, 2023, the date on which the financial statements were available to be issued.

Required Supplementary Information

PALMDALE WATER DISTRICT

Schedule of Proportionate Share of the Net Pension Liability For the Years Ended December 31, 2022 and 2021

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's	Plan's Fiduciary
				Share of the Net Pension Liability as a Percentage of Covered Payroll	Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.10201%	\$ 6,347,533	\$ 6,027,591	105.31%	79.93%
June 30, 2015	0.09802%	6,727,907	6,377,315	105.50%	79.62%
June 30, 2016	0.10037%	8,685,489	6,778,010	128.14%	75.59%
June 30, 2017	0.10166%	10,081,661	6,482,822	155.51%	74.68%
June 30, 2018	0.10180%	9,809,458	6,735,592	145.64%	76.68%
June 30, 2019	0.10434%	10,691,338	7,391,878	144.64%	75.92%
June 30, 2020	0.10637%	11,573,771	7,675,493	150.79%	75.79%
June 30, 2021	0.11199%	6,056,636	8,369,880	72.36%	88.25%
June 30, 2022	0.11887%	13,730,102	8,690,330	157.99%	76.19%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

For fiscal years June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:

The discount rate was reduced from 7.15% to 6.90%, and the the inflation rate as reduced from 2.50% to 2.30%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

PALMDALE WATER DISTRICT
Schedule of Pension Contributions
For the Years Ended December 31, 2022 and 2021

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 805,370	\$ (805,370)	\$ -	\$ 6,027,591	13.36%
2015	819,205	(819,205)	-	6,377,315	12.85%
2016	945,678	(945,678)	-	6,778,010	13.95%
2017	1,026,759	(1,026,759)	-	6,482,822	15.84%
2018	1,178,448	(1,178,448)	-	6,735,592	17.50%
2019	1,373,023	(1,373,023)	-	7,391,878	18.57%
2020	1,559,864	(1,559,864)	-	7,675,493	20.32%
2021	1,655,630	(1,655,630)	-	8,369,880	19.78%
2022	1,789,211	(1,789,211)	-	8,690,330	20.59%

Notes to Schedule:

Measurement Date	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2014	June 30, 2013	Entry Age	Market Value	2.75%	7.50%
June 30, 2015	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2015	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2016	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2017	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2018	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2019	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2020	Entry Age	Market Value	2.50%	7.15%
June 30, 2022	June 30, 2021	Entry Age	Market Value	2.30%	6.90%

Amortization Method Level percentage of payroll, closed
Salary Increases Depending on age, service, and type of employment
Investment Rate of Return Net of pension plan investment expense, including inflation
Retirement Age 50 years (2%@55), 52 years (2%@62)
Mortality Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

PALMDALE WATER DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Years Ended December 31, 2022 and 2021

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Total OPEB liability:					
Service cost	\$ 596,605	\$ 677,977	\$ 459,128	\$ 533,709	\$ 471,435
Interest	278,018	464,926	542,470	480,852	475,129
Changes of assumptions	117,793	231,952	2,835,458	(1,339,825)	695,190
Differences between expected and actual experience	-	(4,865,442)	-	-	-
Changes of benefit terms	-	142,064	-	-	-
Benefit payments	(468,905)	(379,410)	(322,930)	(307,191)	(283,520)
Net change in total OPEB liability	523,511	(3,727,933)	3,514,126	(632,455)	1,358,234
Total OPEB liability - beginning	12,751,874	16,479,807	12,965,681	13,598,136	12,239,902
Total OPEB liability - ending	\$ 13,275,385	\$ 12,751,874	\$ 16,479,807	\$ 12,965,681	\$ 13,598,136
Covered-employee payroll	\$ 9,492,550	\$ 8,522,694	\$ 8,492,001	\$ 8,067,557	\$ 7,459,193
District's net OPEB liability as a percentage of covered-employee payroll	139.85%	149.62%	194.06%	160.71%	182.30%

Notes to Schedule:

Benefit Changes:

Measurement Date December 31, 2017 – There were no changes in benefits
 Measurement Date December 31, 2018 – There were no changes in benefits
 Measurement Date December 31, 2019 – There were no changes in benefits
 Measurement Date December 31, 2020 – There were no changes in benefits
 Measurement Date December 31, 2021 – There were no changes in benefits

Changes in Assumptions:

Measurement Date December 31, 2017 – Discount rate was updated to 3.44% from 3.78% as of December 31, 2016
 Measurement Date December 31, 2018 – Discount rate was updated to 4.09% from 3.44% as of December 31, 2017
 Measurement Date December 31, 2019 – Discount rate was updated to 2.74% from 4.09% as of December 31, 2018
 Measurement Date December 31, 2020 – Discount rate was updated to 2.12% from 2.74% as of December 31, 2019
 Measurement Date December 31, 2021 – Discount rate was updated to 2.06% from 2.12% as of December 31, 2020

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

PALMDALE WATER DISTRICT

Schedule of OPEB Contributions

For the Years Ended December 31, 2022 and 2021

Last Ten Fiscal Years*

**The Plan is not administered through a qualified trust.
Therefore, there is no Actuarially Determined Contribution (ADC)**

Fiscal Year Ended	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Contributions made	\$ 345,386	\$ 381,892	\$ 305,410	\$ 245,893	\$ 240,695
Implied subsidy	89,038	87,013	74,000	77,037	66,496
Total contributions	<u>\$ 434,424</u>	<u>\$ 468,905</u>	<u>\$ 379,410</u>	<u>\$ 322,930</u>	<u>\$ 307,191</u>

Notes to Schedule:

Valuation Date	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
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Methods and Assumptions Used to Determine Contribution Rates:

Discount rate	2.12%	2.12%	2.74%	4.09%	3.44%
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%
Payroll increases	2.75%	2.75%	3.00%	3.00%	3.00%
Mortality	1	1	1	1	1
Disability	1	1	1	1	1
Retirement	1	1	1	1	1
Termination	1	1	1	1	1
Healthcare trend rates	2	2	2	2	2

(1) CalPERS 2000-2019 Experience Study

(2) Pre-65 - 7.50% trending down to 4.00% in 2076

Post-65 - 6.50% trending down to 4.00% in 2076

* Fiscal year 2018 was the first year of implementation; therefore, only five years are shown.

Supplementary Information

PALMDALE WATER DISTRICT
Schedules of Debt Service Net Revenues Coverage
For the Year Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Total revenues:		
Operating revenues	\$ 31,320,439	\$ 30,361,197
Non-operating revenues	11,527,508	8,217,314
Capital contributions – capital improvement fees and grants	<u>5,562,268</u>	<u>5,716,336</u>
Total revenues	<u>48,410,215</u>	<u>44,294,847</u>
Total expenses:		
Operating expenses before depreciation expense	<u>26,501,941</u>	<u>28,491,804</u>
Non-operating expenses	6,452,924	7,081,128
Less debt service items:		
Interest expense – long-term debt	<u>(2,437,192)</u>	<u>(2,525,060)</u>
Total non-operating expenses adjusted for debt service items	<u>4,015,732</u>	<u>4,556,068</u>
	<u>30,517,673</u>	<u>33,047,872</u>
Net revenues available for debt service	<u>\$ 17,892,542</u>	<u>\$ 11,246,975</u>
Debt service for the fiscal year	<u>\$ 5,678,432</u>	<u>\$ 4,450,448</u>
Debt service net revenues coverage ratio	<u>315%</u>	<u>253%</u>

Other Independent Auditors' Reports



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Palmdale Water District
Palmdale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Palmdale Water District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 31, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

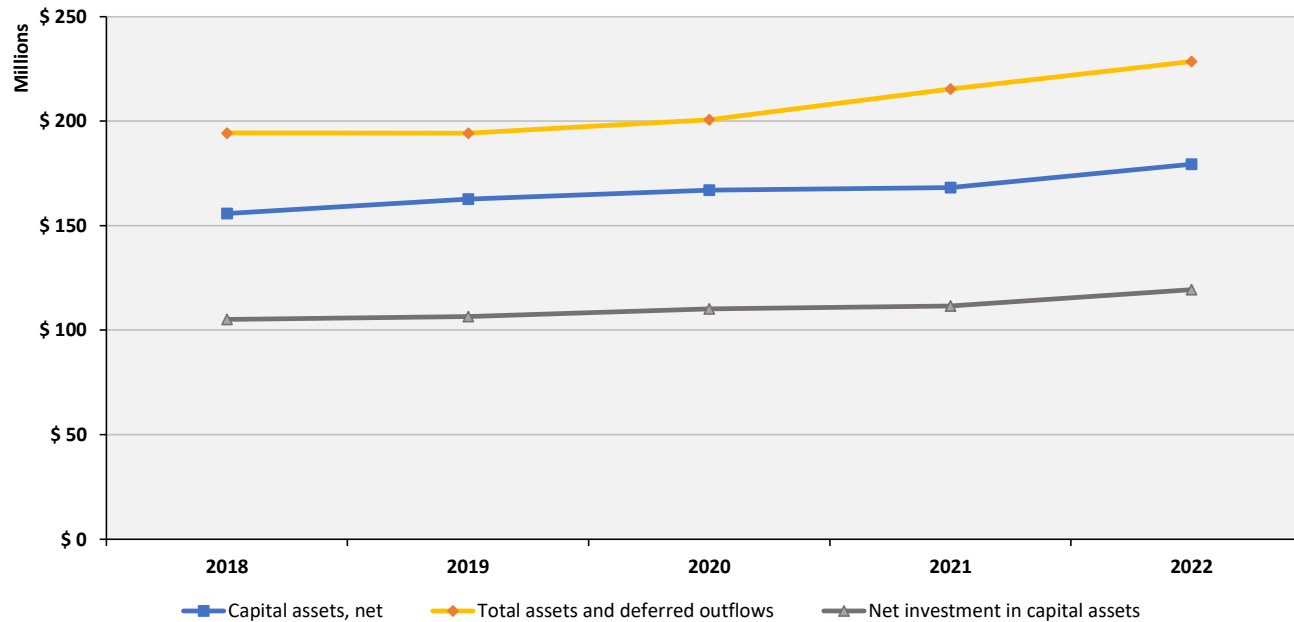
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California
May 31, 2023

Palmdale Water District
Condensed Balance Sheet at December 31,
5-year Analysis of Net Position

	2018	2019	2020	2021	2022
Assets:					
Current assets	\$ 19,590,071	\$ 20,032,372	\$ 20,210,560	\$ 24,885,227	\$ 26,645,883
Non-current assets	13,374,737	6,324,308	4,466,060	13,232,582	10,677,947
Capital assets, net	155,765,727	162,706,256	166,964,871	168,167,993	179,433,790
Total assets	188,730,535	189,062,936	191,641,491	206,285,802	216,757,620
Deferred outflows of resources	5,530,101	5,101,099	9,018,550	9,072,562	11,706,450
Total assets and deferred outflows	\$ 194,260,636	\$ 194,164,035	\$ 200,660,041	\$ 215,358,364	\$ 228,464,070
Liabilities:					
Current liabilities	8,225,820	9,212,469	10,168,200	12,222,577	14,578,327
Non-current liabilities	86,440,682	84,670,431	89,145,383	88,418,833	96,042,029
Total liabilities	94,666,502	93,882,900	99,313,583	100,641,410	110,620,356
Deferred inflows of resources	3,885,837	5,101,356	4,599,999	14,799,946	10,034,736
Net position:					
Net investment in capital assets	105,089,394	106,542,240	110,142,267	111,538,623	119,416,779
Restricted	1,668,290	1,958,222	2,201,548	2,202,482	2,206,782
Unrestricted	(11,049,387)	(13,320,683)	(15,597,356)	(13,824,097)	(13,814,583)
Total net position	95,708,297	93,179,779	96,746,459	99,917,008	107,808,978
Total liabilities, deferred inflows and net position	\$ 194,260,636	\$ 194,164,035	\$ 200,660,041	\$ 215,358,364	\$ 228,464,070



Budget:

This item is budgeted under 1-00-5050-000 – Water Purchases.

Supporting Documents

- Agreement between Antelope Valley State Water Contractors Association, Littlerock Creek Irrigation District, Palmdale Water District, and Antelope Valley-East Kern Water Agency, for the Littlerock Creek Recharge Project
- Agreement among the Department of Water Resources of the State of California, Palmdale Water District and Littlerock Creek Irrigation District for a Temporary Additional Point of Delivery of Palmdale Water District's State Water Project Water Supplies to Littlerock Creek Irrigation District's Turnout.

**AGREEMENT BETWEEN ANTELOPE VALLEY STATE
WATER CONTRACTORS ASSOCIATION, LITTLEROCK CREEK IRRIGATION
DISTRICT, PALMDALE WATER DISTRICT, AND
ANTELOPE VALLEY-EAST KERN WATER AGENCY, FOR THE LITTLEROCK
CREEK RECHARGE PROJECT**

PARTIES

This Agreement (Agreement) is entered into between Littlerock Creek Irrigation District (LCID), Palmdale Water District (PWD), and Antelope Valley-East Kern Water Agency (AVEK) (each a “Party”) herein after referred to as Antelope Valley State Water Contractors Association, a joint powers agency established pursuant to California Government Code Section 6500, et seq. “Association” or “Parties”:

RECITALS

A. WHEREAS, the Association was formed in 1999, as a separate and independent governmental entity, pursuant to California Government Code Section 6500, et seq., to provide a framework for the joint exercise of its members’ common powers relating to the development and protection of water supplies in the Antelope Valley.

B. WHEREAS, among the primary goals and objectives of the Association is to maximize the conservation and protection of local surface waters and groundwater, encourage the utilization of imported water, and capitalize on the opportunities in the Antelope Valley for the replenishment and storage of water and groundwater recharge.

C. WHEREAS, the Parties wish to implement a recharge project that will enable AVEK and PWD to use LCID’s State Water Project (SWP) Turnout, herein after referred to as “Turnout” to flow a portion of SWP water to recharge the Antelope Valley Groundwater Basin via Littlerock Creek; herein after referred to as “Project”.

D. WHEREAS, the parties have signed Change in Point of Delivery Agreements with DWR (SWP #23022 & SWP #23023) to deliver a portion of each agency’s SWP water to the Turnout for recharge via the Project.

E. WHEREAS, the Parties desire to enter into this Agreement notwithstanding various aspects of the Parties' current and future participation in litigation in the matter of Coordination Proceeding Special Title (Rule 1550(b)) *ANTELOPE VALLEY GROUNDWATER CASES*, Judicial Council Coordination Proceeding No. 4408, Superior Court of the State of California, County of Los Angeles, Central District (Adjudication Litigation).

NOW, THEREFORE, in consideration of the mutual benefits to be derived by the Parties and of the promises herein contained, it is hereby agreed as follows:

TERMS AND CONDITIONS

1. LCID will allow PWD and AVEK to utilize a Change in Point of Delivery Agreement with DWR to deliver a portion of each agency's SWP water to LCID's Turnout at Reach 21 of the California Aqueduct for recharge during the term hereof commencing on April 19, 2023 and ending on December 31, 2023. A true and correct copy of the AVEK-DWR and PWD-DWR Change in Point of Delivery Agreements are attached hereto as Exhibit "A" and Exhibit "B", respectively.
2. AVEK and PWD will split the total Project capacity (20 CFS) evenly so long as both agencies are delivering water to the Project. Should either PWD or AVEK choose to stop delivery then LCID may offer the full use of the Project capacity to the other agency.
3. AVEK and PWD will compensate LCID for the use of the Turnout for the Project and their services by transferring groundwater supplies originating from each agency's adjudicated groundwater right to LCID at a rate of 20 acre-feet per week. Compensation shall be split among the agencies according to their weekly share in the usage of the Project capacity. Assuming an even split per week, AVEK and PWD would each be responsible for providing LCID 10 acre-feet per week. This compensation will be tallied throughout 2023 by each agency and affirmed monthly by LCID. Compensation will be made no later than April 30th, 2024, through transfer by the AV Watermaster.
4. AVEK and PWD will split costs evenly for material reasonably required by LCID to implement the Project. Payments for materials shall be made upon finalizing this Agreement and within 30 days of receipt of an invoice from LCID. LCID will take functional and financial responsibility for any maintenance, repairs, or restoration required for the Project during or after AVEK and PWD's deliveries are completed.
5. Each Party will be responsible for their SWP related variable costs incurred with delivering their SWP water to the Project. Each Party shall continue to pay their fixed SWP costs associated with making their SWP water available for the Project.
6. The Parties will cooperate with all State Agencies in preparing all necessary agreements and permits to enable the Project. AVEK and PWD will inform LCID weekly of their continuing use of the Turnout and work with DWR to facilitate deliveries. LCID will maintain and record on a weekly basis, flows at LCID's turnout to facilitate PWD and AVEK's deliveries and observe, record and report path and termination of flow from Littlerock Creek. The parties shall comply with water order and delivery protocols stated in Paragraphs 11 through 13 of Exhibit "A" and Exhibit "B" hereto.
7. AVEK and PWD will be responsible for the Project Administration including project management, communication, coordination between the Parties, and facilitating deliveries with DWR.
8. Each Party will be responsible for its own fees and expenses arising out of the negotiation and execution of this Agreement, obtaining necessary Board approvals and other appropriate expenses.

9. The Parties shall comply with California Environmental Quality Act (CEQA) and cooperate with one another with respect to CEQA compliance that may be required for the proposed Project. The Parties shall each be responsible for any other environmental review or permitting necessary to implement the Project within their own respective service areas.
10. The Parties shall be responsible to fulfill any and all requirements of CEQA and any and all regulatory requirements relating to permits for this Agreement.
11. This Agreement is not assignable or transferable.
12. This Agreement shall be amended only upon written agreement of the Parties.
13. This Agreement is the entire agreement between the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether oral or written, between the Parties with respect to the matters contained in this Agreement. Any waiver, modification, consent, or acquiescence with respect to any provision of this Agreement shall be set forth in writing and duly executed by, or on behalf of the Party to be bound thereby. No waiver by any Party of any breach hereunder shall be deemed a waiver of any other subsequent breach.
14. Any communication, notice or demand of any kind whatsoever which either Party may be required or may desire to give to or serve upon the other shall be in writing and delivered by personal service (including courier service), by Federal Express, UPS or other overnight delivery, or by registered or certified mail, postage prepaid, return receipt requested; and shall be addressed to the person signing this Agreement on behalf of the Party, at the Party's principal place of business. Any Party may change its mailing address for notice by written notice given to the other in the manner provided in this Section. Any such communication, notice or demand shall be deemed to have been duly given or served on the date personally served, if by personal service; on the day after delivery if by "overnight courier," on the third (3rd) day after being placed in the U. S. Mail, if mailed first class, whether or not registered or certified.
15. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
16. The language in all parts of this Agreement shall be in all cases construed simply, according to its fair meaning, all the Parties shall be considered the drafters of this agreement which shall not be construed as for or against any of the Parties hereto. Section headings of this Agreement are solely for convenience of reference and shall not govern the interpretation of any of the provisions of this Agreement. References to "Paragraphs" are to Paragraphs of this Agreement, unless otherwise specifically provided.
17. The Parties agree to perform their obligations herein in "good faith" and shall do all things reasonably necessary to carry out the intent and/or to implement the terms of this Agreement.
18. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and to their respective representatives, agents and lawful

successors.

19. Whenever required by the context, as used in this Agreement, the singular number shall include the plural, and the masculine gender shall include the feminine and neuter.
20. If any provision of this Agreement, or its application to any person, place, or circumstance, is held by a court of competent jurisdiction to be invalid, unenforceable, or void, such provision shall be enforced to the greatest extent permitted by law, and the remainder of this Agreement shall remain in full force and effect.
21. The Parties represent and warrant that they have full power and authority to enter into this Agreement.
22. Each Party agrees under Government Code section 895.4 and notwithstanding Government Code 895.2, to defend and indemnify the other Parties against any liability caused by the indemnifying Party's actions.
23. No provision in this Agreement is intended to affect the Parties' rights or obligations in the Adjudication Litigation except as may be explicitly set forth in this Agreement.

This Agreement is effective as of June ____, 2023 and shall remain in effect until April 30, 2024, unless extended under the terms of this Agreement or by action of the Association.

FOR ANTELOPE VALLEY STATE WATER
CONTRACTORS ASSOCIATION:

By: _____
Peter Thompson II, General Manager

[Signatures Continue on Next Page]

FOR LITTLEROCK CREEK IRRIGATION DISTRICT:

By: _____
James Chaisson, General Manager

FOR PALMDALE WATER DISTRICT:

By: _____
Dennis D. LaMoreaux, General Manager

FOR ANTELOPE VALLEY-EAST KERN WATER AGENCY:

By: _____
Matthew Knudson, General Manager

EXHIBIT “A”

(AVEK-DWR Agreement SWP #23022)

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
ANTELOPE VALLEY-EAST KERN WATER AGENCY
AND
LITTLE ROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
ANTELOPE VALLEY-EAST KERN WATER AGENCY'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLE ROCK CREEK IRRIGATION DISTRICT'S TURNOUT

SWP #23022

THIS AGREEMENT is made under the provisions of the California Water Resources Development Bond Act, and other applicable laws of the State of California among the Department of Water Resources of the State of California, herein referred to as "DWR," Antelope Valley-East Kern Water Agency, herein referred to as "AVEK," and Littlerock Creek Irrigation District, herein referred to as "LCID." DWR, AVEK, and LCID may be referred to individually as "Party", or collectively as "Parties."

RECITALS

- A. DWR and AVEK have entered into a water supply contract, dated September 20, 1962, and subsequently amended, providing that DWR shall supply certain quantities of water to AVEK, providing that AVEK shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "AVEK's Water Supply Contract").
- B. DWR and LCID have entered into a water supply contract, dated June 22, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to LCID, providing that LCID shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "LCID's Water Supply Contract").
- C. In order to better manage its SWP water supplies and to increase water reliability to help meet water demands within its service area, AVEK has requested DWR's approval for a temporary additional point of delivery of a portion of its approved SWP water supplies (AVEK's SWP Water) to LCID's turnout located in Reach 21 of the California Aqueduct. This turnout directly feeds into an adjudicated groundwater basin in the Antelope Valley region (Adjudicated Antelope Valley Groundwater Basin), where AVEK can store its SWP water supplies for later recovery for use in its service area.
- D. In compliance with the California Environmental Quality Act (CEQA), AVEK, as the lead agency, has determined that the delivery of AVEK's SWP Water under this Agreement is categorically exempt from CEQA and will file a Notice of Exemption (NOE) with the State Clearinghouse (SCH). DWR, as a responsible agency, will file a NOE based on CEQA Guidelines Section 15301 (Existing Facilities) with SCH upon execution of this Agreement.

AGREEMENT

DWR approves a temporary additional point of delivery of a portion of AVEK's SWP Water to LCID's turnout during the term of the Agreement, subject to the following terms and conditions:

TERM

1. Upon execution by all Parties, this Agreement shall be effective as of March 22, 2023 and shall terminate on December 31, 2023 or upon final payment to DWR by AVEK of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until the expiration of the applicable statute of limitations, or until any claim or litigation concerning this Agreement asserted to DWR, AVEK, or LCID within the applicable statute of limitations is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of AVEK's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF AVEK'S SWP WATER

3. Under Article 15(a) of AVEK's Water Supply Contract, DWR hereby consents to the delivery of a portion of AVEK's SWP Water outside AVEK's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair AVEK's capacity to make payments to DWR.

SOURCE OF WATER

4. AVEK attests that the delivery of a portion of AVEK's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, AVEK's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within AVEK's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of AVEK's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of AVEK's Water Supply Contract. Article 12(f) of AVEK's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

6. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions of such approvals and any other applicable legal requirements. AVEK and LCID shall

SWP #23022

be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. AVEK shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF AVEK's SWP WATER TO LCID's TURNOUT

7. DWR will deliver a portion of AVEK's SWP Water for use in its service area, to LCID's turnout at Reach 21 of the California Aqueduct through December 31, 2023.
8. AVEK's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in AVEK's service area.
9. The delivery of AVEK's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled AVEK SWP water deliveries, plus deliveries to AVEK under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under AVEK's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of AVEK's Water Supply Contract.
12. AVEK shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23022. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. AVEK shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23022, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. AVEK shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. AVEK shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, AVEK agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with AVEK's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. AVEK and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of AVEK's and/or LCID's respective Water Supply

SWP #23022

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to AVEK and/or LCID when the water is delivered to the designated turnout.

20. AVEK and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. AVEK and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of AVEK and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, AVEK, and LCID, this Agreement is not assignable by AVEK or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

27. This Agreement shall not be interpreted to modify the terms or conditions of AVEK's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of AVEK's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing AVEK and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION

29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

SWP #23022

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson *TD*

John Leahigh

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/3/2023

5/8/2023

Date

Date

ANTELOPE VALLEY-EAST KERN
WATER AGENCY

LITTLEROCK CREEK IRRIGATION
DISTRICT

Matthew Knudson

James Chaisson

Name

Name

General Manager

General Manager

Title

Title

5/1/2023

5/1/2023

Date

Date

EXHIBIT “B”

(PWD-DWR Agreement SWP #23023)

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
PALMDALE WATER DISTRICT
AND
LITTLEROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
PALMDALE WATER DISTRICT'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLEROCK CREEK IRRIGATION DISTRICT'S TURNOUT

SWP #23023

THIS AGREEMENT is made under the provisions of the California Water Resources Development Bond Act, and other applicable laws of the State of California among the Department of Water Resources of the State of California, herein referred to as "DWR," Palmdale Water District, herein referred to as "PWD," and Littlerock Creek Irrigation District, herein referred to as "LCID." DWR, PWD, and LCID may be referred to individually as "Party", or collectively as "Parties."

RECITALS

- A. DWR and PWD have entered into a water supply contract, dated February 2, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to PWD, providing that PWD shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "PWD's Water Supply Contract").
- B. DWR and LCID have entered into a water supply contract, dated June 22, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to LCID, providing that LCID shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "LCID's Water Supply Contract").
- C. In order to better manage its State Water Project (SWP) water supplies and to increase water reliability to help meet water demands within its service area, PWD has requested DWR's approval for a temporary additional point of delivery of a portion of its approved SWP water supplies (PWD's SWP Water) to LCID's turnout located in Reach 21 of the California Aqueduct. This turnout directly feeds into an adjudicated groundwater basin in the Antelope Valley region (Adjudicated Antelope Valley Groundwater Basin), where PWD can store its SWP water supplies for later recovery for use in its service area.
- D. In compliance with the California Environmental Quality Act (CEQA), PWD, as the lead agency, has determined that the delivery of PWD's SWP Water under this Agreement is categorically exempt from CEQA and will file a Notice of Exemption (NOE) with the State Clearinghouse (SCH). DWR, as a responsible agency, will file a NOE based on CEQA Guidelines Section 15301 (Existing Facilities) with SCH upon execution of this Agreement.

AGREEMENT

DWR approves a temporary additional point of delivery of a portion of PWD's SWP Water to LCID's turnout during the term of the Agreement, subject to the following terms and conditions:

TERM

1. Upon execution by all Parties, this Agreement shall be effective as of March 22, 2023 and shall terminate on December 31, 2023 or upon final payment to DWR by PWD of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until the expiration of the applicable statute of limitations, or until any claim or litigation concerning this Agreement asserted to DWR, PWD, or LCID within the applicable statute of limitations is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of PWD's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF PWD'S SWP WATER

3. Under Article 15(a) of PWD's Water Supply Contract, DWR hereby consents to the delivery of a portion of PWD's SWP Water outside PWD's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair PWD's capacity to make payments to DWR.

SOURCE OF WATER

4. PWD attests that the delivery of a portion of PWD's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, PWD's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within PWD's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of PWD's Water Supply Contract. Article 12(f) of PWD's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

6. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions

SWP #23023

of such approvals and any other applicable legal requirements. PWD and LCID shall be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. PWD shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF PWD'S SWP WATER TO LCID'S TURNOUT

7. DWR will deliver a portion of PWD's SWP Water, for use in PWD's service area, to LCID's turnout at Reach 21 of the California Aqueduct through December 31, 2023.
8. PWD's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in PWD's service area.
9. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled PWD SWP water deliveries, plus deliveries to PWD under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under PWD's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of PWD's Water Supply Contract.
12. PWD shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23023. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. PWD shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23023, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. PWD shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. PWD shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, PWD agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with PWD's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. PWD and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of PWD's and/or LCID's respective Water Supply

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to PWD and/or LCID when the water is delivered to the designated turnout.

20. PWD and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. PWD and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of PWD and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, PWD, and LCID, this Agreement is not assignable by PWD or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

- 25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

- 26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

- 27. This Agreement shall not be interpreted to modify the terms or conditions of PWD's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of PWD's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

- 28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing PWD and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION

- 29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
- 30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

SWP #23023

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson

TD

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/9/2023

Date

5/12/2023

Date

PALMDALE WATER DISTRICT

LITTLE ROCK CREEK IRRIGATION
DISTRICT

Dennis LaMoreaux

Name

General Manager

Title

5/5/2023

Date

James Chaisson

Name

General Manager

Title

5/8/2023

Date

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
PALMDALE WATER DISTRICT
AND
LITTLE ROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
PALMDALE WATER DISTRICT'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLE ROCK CREEK IRRIGATION DISTRICT'S TURNOUT

SWP #23023

THIS AGREEMENT is made under the provisions of the California Water Resources Development Bond Act, and other applicable laws of the State of California among the Department of Water Resources of the State of California, herein referred to as "DWR," Palmdale Water District, herein referred to as "PWD," and Littlerock Creek Irrigation District, herein referred to as "LCID." DWR, PWD, and LCID may be referred to individually as "Party", or collectively as "Parties."

RECITALS

- A. DWR and PWD have entered into a water supply contract, dated February 2, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to PWD, providing that PWD shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "PWD's Water Supply Contract").
- B. DWR and LCID have entered into a water supply contract, dated June 22, 1963, and subsequently amended, providing that DWR shall supply certain quantities of water to LCID, providing that LCID shall make certain payments to DWR, and setting forth the terms and conditions of such supply and payment (hereinafter "LCID's Water Supply Contract").
- C. In order to better manage its State Water Project (SWP) water supplies and to increase water reliability to help meet water demands within its service area, PWD has requested DWR's approval for a temporary additional point of delivery of a portion of its approved SWP water supplies (PWD's SWP Water) to LCID's turnout located in Reach 21 of the California Aqueduct. This turnout directly feeds into an adjudicated groundwater basin in the Antelope Valley region (Adjudicated Antelope Valley Groundwater Basin), where PWD can store its SWP water supplies for later recovery for use in its service area.
- D. In compliance with the California Environmental Quality Act (CEQA), PWD, as the lead agency, has determined that the delivery of PWD's SWP Water under this Agreement is categorically exempt from CEQA and will file a Notice of Exemption (NOE) with the State Clearinghouse (SCH). DWR, as a responsible agency, will file a NOE based on CEQA Guidelines Section 15301 (Existing Facilities) with SCH upon execution of this Agreement.

AGREEMENT

DWR approves a temporary additional point of delivery of a portion of PWD's SWP Water to LCID's turnout during the term of the Agreement, subject to the following terms and conditions:

TERM

1. Upon execution by all Parties, this Agreement shall be effective as of March 22, 2023 and shall terminate on December 31, 2023 or upon final payment to DWR by PWD of all costs attributable to this Agreement, whichever occurs later. However, the liability, hold harmless and indemnification obligations in this Agreement shall remain in effect until the expiration of the applicable statute of limitations, or until any claim or litigation concerning this Agreement asserted to DWR, PWD, or LCID within the applicable statute of limitations is finally resolved, whichever occurs later.

UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of PWD's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF PWD'S SWP WATER

3. Under Article 15(a) of PWD's Water Supply Contract, DWR hereby consents to the delivery of a portion of PWD's SWP Water outside PWD's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair PWD's capacity to make payments to DWR.

SOURCE OF WATER

4. PWD attests that the delivery of a portion of PWD's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, PWD's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within PWD's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of PWD's Water Supply Contract. Article 12(f) of PWD's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

6. The delivery of water under this Agreement shall be contingent upon, and subject to, any necessary approvals and shall be governed by the terms and conditions

of such approvals and any other applicable legal requirements. PWD and LCID shall be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. PWD shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF PWD'S SWP WATER TO LCID'S TURNOUT

7. DWR will deliver a portion of PWD's SWP Water, for use in PWD's service area, to LCID's turnout at Reach 21 of the California Aqueduct through December 31, 2023.
8. PWD's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in PWD's service area.
9. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled PWD SWP water deliveries, plus deliveries to PWD under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under PWD's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of PWD's Water Supply Contract.
12. PWD shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23023. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. PWD shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23023, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. PWD shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. PWD shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, PWD agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with PWD's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. PWD and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of PWD's and/or LCID's respective Water Supply

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to PWD and/or LCID when the water is delivered to the designated turnout.

20. PWD and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. PWD and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of PWD and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, PWD, and LCID, this Agreement is not assignable by PWD or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

- 25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

- 26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

- 27. This Agreement shall not be interpreted to modify the terms or conditions of PWD's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of PWD's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

- 28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing PWD and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION

- 29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
- 30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson *TD*

John Leahigh

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/9/2023

5/12/2023

Date

Date

PALMDALE WATER DISTRICT

LITTLE ROCK CREEK IRRIGATION
DISTRICT

Dennis LaMoreaux

James Chaisson

Name

Name

General Manager

General Manager

Title

Title

5/5/2023

5/8/2023

Date

Date

Certificate Of Completion

Envelope Id: FDACD916EAC94C63A07113ACD1E47A05

Status: Completed

Subject: Please DocuSign: SWP #23023

FormID:

Optional 1:

Source Envelope:

Document Pages: 8

Signatures: 4

Envelope Originator:

Certificate Pages: 5

Initials: 1

SWP Contracts

AutoNav: Enabled

715 P Street

Enveloped Stamping: Enabled

Sacramento, CA 95814

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

SWPContracts@water.ca.gov

IP Address: 136.200.53.19

Record Tracking

Status: Original

Holder: SWP Contracts

Location: DocuSign

May 5, 2023 | 11:49

SWPContracts@water.ca.gov

Security Appliance Status: Connected

Pool: StateLocal

Storage Appliance Status: Connected

Pool: Department of Water Resources

Location: DocuSign

Signer Events**Signature****Timestamp**

Dennis LaMoreaux

dlamoreaux@palmdalewater.org

General Manager

Security Level: Email, Account Authentication
(None)*Dennis LaMoreaux*

Sent: May 5, 2023 | 12:08

Viewed: May 5, 2023 | 16:31

Signed: May 5, 2023 | 16:32

Signature Adoption: Pre-selected Style

Using IP Address: 166.198.242.231

Electronic Record and Signature Disclosure:

Accepted: May 5, 2023 | 16:31

ID: 08a6321c-3f72-492b-92af-d557f4772fed

James Chaisson

jchaisson@lrcid.com

General Manager

Security Level: Email, Account Authentication
(None)*James Chaisson*

Sent: May 5, 2023 | 12:08

Viewed: May 8, 2023 | 08:48

Signed: May 8, 2023 | 08:48

Signature Adoption: Pre-selected Style

Using IP Address: 64.183.14.109

Electronic Record and Signature Disclosure:

Accepted: September 10, 2020 | 14:27

ID: 6afe595b-53a3-45ad-a6d2-d27fb2cab45d

Katerina Deaver

katerina.deaver@water.ca.gov

Department of Water Resources

Security Level: Email, Account Authentication
(None)*KD*

Sent: May 8, 2023 | 08:48

Viewed: May 9, 2023 | 10:25

Signed: May 9, 2023 | 10:25

Signature Adoption: Pre-selected Style

Using IP Address: 69.4.129.34

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Laura Boosalis

laura.boosalis@water.ca.gov

Department of Water Resources

Security Level: Email, Account Authentication
(None)**Completed**

Sent: May 9, 2023 | 10:25

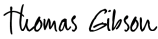
Viewed: May 9, 2023 | 11:19

Signed: May 9, 2023 | 11:19


Using IP Address: 108.249.27.245

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Signer Events	Signature	Timestamp
Thomas Gibson Thomas.Gibson@water.ca.gov General Counsel Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 136.200.53.21	Sent: May 9, 2023 11:19 Viewed: May 9, 2023 15:52 Signed: May 9, 2023 15:52

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

John Leahigh john.leahigh@water.ca.gov Lead Water Manager Department of Water Resources Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 71.193.58.135	Sent: May 9, 2023 15:52 Resent: May 12, 2023 08:54 Viewed: May 12, 2023 14:57 Signed: May 12, 2023 14:57
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Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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SWP Contracts swpcontracts@water.ca.gov Department of Water Resources Security Level: Email, Account Authentication (None)	<div style="border: 2px solid blue; padding: 5px; text-align: center; color: blue; font-weight: bold; font-size: 1.2em;">COPIED</div>	Sent: May 12, 2023 14:57
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Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent	Hashed/Encrypted	May 5, 2023 12:08
Certified Delivered	Security Checked	May 12, 2023 14:57
Signing Complete	Security Checked	May 12, 2023 14:57
Completed	Security Checked	May 12, 2023 14:57

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Department of Water Resources (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Department of Water Resources:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (916) 653-5791

To contact us by paper mail, please send correspondence to:

Department of Water Resources

P.O. Box 942836

Sacramento, CA 95236-0001

To advise Department of Water Resources of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at don.davis@water.ca.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from Department of Water Resources

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to don.davis@water.ca.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Department of Water Resources

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account

Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> • Allow per session cookies • Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Department of Water Resources as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Department of Water Resources during the course of my relationship with you.

State of California
The Resources Agency
DEPARTMENT OF WATER RESOURCES

AGREEMENT AMONG
THE DEPARTMENT OF WATER RESOURCES OF THE STATE OF CALIFORNIA,
PALMDALE WATER DISTRICT
AND
LITTLE ROCK CREEK IRRIGATION DISTRICT
FOR
A TEMPORARY ADDITIONAL POINT OF DELIVERY
OF
PALMDALE WATER DISTRICT'S
STATE WATER PROJECT WATER SUPPLIES
TO
LITTLE ROCK CREEK IRRIGATION DISTRICT'S TURNOUT

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UNIQUENESS OF AGREEMENT

2. DWR's approval for the delivery of PWD's SWP Water to LCID's turnout under this Agreement is unique and shall not be considered a precedent for future agreements or DWR activities.

DELIVERY OF PWD'S SWP WATER

3. Under Article 15(a) of PWD's Water Supply Contract, DWR hereby consents to the delivery of a portion of PWD's SWP Water outside PWD's service area under the terms and conditions of this Agreement and finds that such delivery will not materially impair PWD's capacity to make payments to DWR.

SOURCE OF WATER

4. PWD attests that the delivery of a portion of PWD's SWP Water to LCID's turnout under this Agreement does not constitute a sale, transfer, and/or exchange of its SWP Water. Rather, PWD's SWP Water is used to recharge the Adjudicated Antelope Valley Groundwater Basin for future recovery and use of such water within PWD's service area.

USE OF CALIFORNIA AQUEDUCT CAPACITY

5. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule that has been reviewed and approved by DWR under applicable provisions of PWD's Water Supply Contract. Article 12(f) of PWD's Water Supply Contract shall govern the priority for delivery of such water.

APPROVALS

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of such approvals and any other applicable legal requirements. PWD and LCID shall be responsible for complying with all applicable laws and legal requirements and for securing any required consent, approvals, permits, or orders. PWD shall furnish to DWR copies of all approvals and agreements required for the delivery of water under this Agreement.

DELIVERY OF PWD'S SWP WATER TO LCID'S TURNOUT

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8. PWD's SWP Water stored in the Adjudicated Antelope Valley Groundwater Basin under this Agreement shall only be recovered for use in PWD's service area.
9. The delivery of PWD's SWP Water under this Agreement shall be in accordance with a schedule approved by DWR. DWR's approval is dependent upon the times and amounts of the delivery and the overall delivery capability of the SWP. DWR shall not be obligated to deliver the water at times when such delivery would adversely impact SWP operations or facilities, or other SWP contractors.
10. The sum of deliveries scheduled under this Agreement, plus scheduled PWD SWP water deliveries, plus deliveries to PWD under any other agreements, shall not exceed the quantities on which the Proportionate Use-of-Facilities factors are based under PWD's Water Supply Contract with DWR unless DWR determines that deliveries will not adversely impact SWP operations, facilities, or other SWP contractors.

WATER DELIVERY SCHEDULES

11. All water delivery schedules and revisions under this Agreement shall be in accordance with Article 12 of PWD's Water Supply Contract.
12. PWD shall submit monthly water delivery schedules and revised monthly schedules, if any, for approval to the Division of Operation and Maintenance, Office of the Division Manager, Water Deliveries Reporting Unit, indicating timing and point of delivery requested under this Agreement with reference to SWP #23023. Monthly and revised monthly schedules shall be sent by electronic mail to SWP-SWDS@water.ca.gov.
13. PWD shall submit weekly water schedules, indicating timing and point of delivery requested with reference to SWP #23023, by electronic mail by 10:00 am, Wednesday, for the following week, Monday through Sundays to the following:
 - a. Office of the Division Manager
Water Operation Scheduling Section
Water_deliv_sched@water.ca.gov

- b. Office of the Division Manager
Power Management and Optimization Section
POCOptimization@water.ca.gov
- c. Office of the Division Manager
Day-Ahead Scheduling Unit
Presched@water.ca.gov
- d. Southern Field Division
Water Operation Section
SFDWaterSchedule@water.ca.gov

WATER DELIVERY RECORDS

- 14. DWR will maintain monthly records accounting for the delivery of water under this Agreement.

CHARGES

- 15. PWD shall pay to DWR the charges associated with the delivery of water under this Agreement from the Delta to the point of delivery at LCID's turnout in Reach 21 of California Aqueduct. PWD shall pay all Variable Operation, Maintenance, Power, and Replacement components of the Transportation Charge and the Off-Aqueduct Power Facility costs that is in effect for each acre-foot of water delivered to LCID's turnout.
- 16. In addition to the charges identified above, PWD agrees to pay to DWR any additional identified demonstrable increase in costs that would otherwise be borne by DWR or by the SWP contractors not signatory to this Agreement as a result of DWR providing service under this Agreement.
- 17. Payment terms under this Agreement shall be in accordance with PWD's Water Supply Contract.

NO IMPACT

- 18. This Agreement shall not be administered or interpreted in any way that would cause adverse impacts to SWP approved Table A water or to any other SWP approved water allocations, water deliveries, or SWP operations or facilities. This Agreement shall not impact the financial integrity of the SWP and shall not harm other SWP contractors not participating in this Agreement. PWD and LCID shall be responsible, jointly and severally, as determined by DWR, for any adverse impacts that may result from water deliveries under this Agreement.

LIABILITY

- 19. DWR is not responsible for the use, effects, or disposal of water under this Agreement once the water is delivered to the designated turnout. Responsibility shall be governed by Article 13 of PWD's and/or LCID's respective Water Supply

Contracts, as applicable, with responsibilities under the terms of that article shifting from DWR to PWD and/or LCID when the water is delivered to the designated turnout.

20. PWD and LCID agree to defend and hold DWR, its officers, employees, and agents harmless from any direct or indirect loss, liability, lawsuit, cause of action, judgment or claim, and shall indemnify DWR, its officers, employees, and agents from all lawsuits, costs, damages, judgments, attorneys' fees, and liabilities that DWR, its officers, employees, and agents incur as a result of DWR approving this Agreement or providing services under this Agreement, except to the extent resulting from the sole negligence or willful misconduct of DWR, its officers, employees, and agents.
21. If uncontrollable forces preclude DWR from delivery of water under this Agreement, either partially or completely, then DWR is relieved from the obligation to deliver the water under this Agreement to the extent that DWR is reasonably unable to complete the obligation due to the uncontrollable force. Uncontrollable forces shall include, but are not limited to, earthquakes, fires, tornadoes, floods, and other natural or human caused disasters. PWD and LCID shall not be entitled to recover any administrative costs or other costs associated with delivery of water under this Agreement if uncontrollable forces preclude DWR from delivering the water.

DISPUTE RESOLUTION

22. In the event of a dispute regarding interpretation or implementation of this Agreement, the Director of DWR and general managers of PWD and LCID, or their authorized representatives, shall endeavor to resolve the dispute by meeting within 30 days after the request of a Party. If the dispute remains unresolved, the Parties shall use the service of a mutually acceptable consultant in an effort to resolve the dispute. Parties involved in the dispute shall share the fees and expenses of the consultant equally. If a consultant cannot be agreed upon, or if the consultant's recommendations are not acceptable to the Parties, and unless the Parties otherwise agree, the matter may be resolved by litigation and any Party may, at its option, pursue any available legal remedy including, but not limited to, injunctive and other equitable relief.

ASSIGNMENT OF AGREEMENT

23. Without the prior written consent of DWR, PWD, and LCID, this Agreement is not assignable by PWD or LCID in whole or in part.

PARAGRAPH HEADINGS

24. The paragraph headings of this Agreement are for the convenience of the Parties and shall not be considered to limit, expand, or define the contents of the respective paragraphs.

OPINIONS AND DETERMINATION

- 25. Where the terms of this Agreement provide for actions to be based upon the opinion, judgment, approval, review, or determination of any Party, such terms are to be construed as providing that such opinion, judgment, approval, review, or determination be reasonable.

MODIFICATION OF AGREEMENT

- 26. No modification of the terms and conditions of this Agreement shall be valid unless made in writing and signed by the Parties to this Agreement.

NO MODIFICATION OF WATER SUPPLY CONTRACT

- 27. This Agreement shall not be interpreted to modify the terms or conditions of PWD's and LCID's respective Water Supply Contracts. Unless expressly provided herein, the terms and conditions of PWD's and LCID's respective Water Supply Contracts and any future amendments apply to this Agreement.

SIGNATURE CLAUSE

- 28. The signatories represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. A copy of any resolution or other documentation authorizing PWD and LCID to enter into this Agreement, if such resolution or authorization is required, shall be provided to DWR before the execution of this Agreement.

EXECUTION

- 29. The Parties agree that this Agreement will be executed using DocuSign by electronic signature, which shall be considered an original signature for all purposes and shall have the same force and effect as an original signature.
- 30. All Parties will receive an executed copy of this Agreement vis DocuSign after all Parties have signed.

IN WITNESS WHEREOF, the Parties hereto have entered into this Agreement.

Approved as to Legal Form
and Sufficiency

STATE OF CALIFORNIA DEPARTMENT OF
WATER RESOURCES

Thomas Gibson *TD*

John Leahigh

Thomas Gibson
General Counsel
Department of Water Resources

John Leahigh
Assistant Division Manager, Water Management
Division of Operations and Maintenance
State Water Project

5/9/2023

5/12/2023

Date

Date

PALMDALE WATER DISTRICT

LITTLEROCK CREEK IRRIGATION
DISTRICT

Dennis LaMoreaux

James Chaisson

Name

Name

General Manager

General Manager

Title

Title

5/5/2023

5/8/2023

Date

Date

Certificate Of Completion

Envelope Id: FDACD916EAC94C63A07113ACD1E47A05	Status: Completed
Subject: Please DocuSign: SWP #23023	
FormID:	
Optional 1:	
Source Envelope:	
Document Pages: 8	Signatures: 4
Certificate Pages: 5	Initials: 1
AutoNav: Enabled	Envelope Originator:
Enveloped Stamping: Enabled	SWP Contracts
Time Zone: (UTC-08:00) Pacific Time (US & Canada)	715 P Street
	Sacramento, CA 95814
	SWPContracts@water.ca.gov
	IP Address: 136.200.53.19

Record Tracking

Status: Original May 5, 2023 11:49	Holder: SWP Contracts SWPContracts@water.ca.gov	Location: DocuSign
Security Appliance Status: Connected	Pool: StateLocal	
Storage Appliance Status: Connected	Pool: Department of Water Resources	Location: DocuSign

Signer Events

Signer Events	Signature	Timestamp
Dennis LaMoreaux dlamoreaux@palmdalewater.org General Manager Security Level: Email, Account Authentication (None)	<i>Dennis LaMoreaux</i> Signature Adoption: Pre-selected Style Using IP Address: 166.198.242.231	Sent: May 5, 2023 12:08 Viewed: May 5, 2023 16:31 Signed: May 5, 2023 16:32

Electronic Record and Signature Disclosure:

Accepted: May 5, 2023 | 16:31
ID: 08a6321c-3f72-492b-92af-d557f4772fed

James Chaisson jchaisson@lrcid.com General Manager Security Level: Email, Account Authentication (None)	<i>James Chaisson</i> Signature Adoption: Pre-selected Style Using IP Address: 64.183.14.109	Sent: May 5, 2023 12:08 Viewed: May 8, 2023 08:48 Signed: May 8, 2023 08:48
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Electronic Record and Signature Disclosure:

Accepted: September 10, 2020 | 14:27
ID: 6afe595b-53a3-45ad-a6d2-d27fb2cab45d

Katerina Deaver katerina.deaver@water.ca.gov Department of Water Resources Security Level: Email, Account Authentication (None)	<i>KD</i> Signature Adoption: Pre-selected Style Using IP Address: 69.4.129.34	Sent: May 8, 2023 08:48 Viewed: May 9, 2023 10:25 Signed: May 9, 2023 10:25
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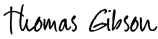
Electronic Record and Signature Disclosure:

Not Offered via DocuSign


Laura Boosalis laura.boosalis@water.ca.gov Department of Water Resources Security Level: Email, Account Authentication (None)	Completed Using IP Address: 108.249.27.245	Sent: May 9, 2023 10:25 Viewed: May 9, 2023 11:19 Signed: May 9, 2023 11:19
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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Signer Events	Signature	Timestamp
Thomas Gibson Thomas.Gibson@water.ca.gov General Counsel Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 136.200.53.21	Sent: May 9, 2023 11:19 Viewed: May 9, 2023 15:52 Signed: May 9, 2023 15:52

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

John Leahigh john.leahigh@water.ca.gov Lead Water Manager Department of Water Resources Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 71.193.58.135	Sent: May 9, 2023 15:52 Resent: May 12, 2023 08:54 Viewed: May 12, 2023 14:57 Signed: May 12, 2023 14:57
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Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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SWP Contracts swpcontracts@water.ca.gov Department of Water Resources Security Level: Email, Account Authentication (None)	<div style="border: 2px solid blue; padding: 5px; text-align: center; color: blue; font-weight: bold; font-size: 1.2em;">COPIED</div>	Sent: May 12, 2023 14:57
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Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	May 5, 2023 12:08
Certified Delivered	Security Checked	May 12, 2023 14:57
Signing Complete	Security Checked	May 12, 2023 14:57
Completed	Security Checked	May 12, 2023 14:57

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure

ELECTRONIC RECORD AND SIGNATURE DISCLOSURE

From time to time, Department of Water Resources (we, us or Company) may be required by law to provide to you certain written notices or disclosures. Described below are the terms and conditions for providing to you such notices and disclosures electronically through your DocuSign, Inc. (DocuSign) Express user account. Please read the information below carefully and thoroughly, and if you can access this information electronically to your satisfaction and agree to these terms and conditions, please confirm your agreement by clicking the 'I agree' button at the bottom of this document.

Getting paper copies

At any time, you may request from us a paper copy of any record provided or made available electronically to you by us. For such copies, as long as you are an authorized user of the DocuSign system you will have the ability to download and print any documents we send to you through your DocuSign user account for a limited period of time (usually 30 days) after such documents are first sent to you. After such time, if you wish for us to send you paper copies of any such documents from our office to you, you will be charged a \$0.00 per-page fee. You may request delivery of such paper copies from us by following the procedure described below.

Withdrawing your consent

If you decide to receive notices and disclosures from us electronically, you may at any time change your mind and tell us that thereafter you want to receive required notices and disclosures only in paper format. How you must inform us of your decision to receive future notices and disclosure in paper format and withdraw your consent to receive notices and disclosures electronically is described below.

Consequences of changing your mind

If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. To indicate to us that you are changing your mind, you must withdraw your consent using the DocuSign 'Withdraw Consent' form on the signing page of your DocuSign account. This will indicate to us that you have withdrawn your consent to receive required notices and disclosures electronically from us and you will no longer be able to use your DocuSign Express user account to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through your DocuSign user account all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact Department of Water Resources:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by phone call: (916) 653-5791

To contact us by paper mail, please send correspondence to:

Department of Water Resources

P.O. Box 942836

Sacramento, CA 95236-0001

To advise Department of Water Resources of your new e-mail address

To let us know of a change in your e-mail address where we should send notices and disclosures electronically to you, you must send an email message to us at don.davis@water.ca.gov and in the body of such request you must state: your previous e-mail address, your new e-mail address. We do not require any other information from you to change your email address..

In addition, you must notify DocuSign, Inc to arrange for your new email address to be reflected in your DocuSign account by following the process for changing e-mail in DocuSign.

To request paper copies from Department of Water Resources

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an e-mail to don.davis@water.ca.gov and in the body of such request you must state your e-mail address, full name, US Postal address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with Department of Water Resources

To inform us that you no longer want to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your DocuSign account, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an e-mail to and in the body of such request you must state your e-mail, full name, IS Postal Address, telephone number, and account number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account

Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> • Allow per session cookies • Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection

** These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.

Acknowledging your access and consent to receive materials electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please verify that you were able to read this electronic disclosure and that you also were able to print on paper or electronically save this page for your future reference and access or that you were able to e-mail this disclosure and consent to an address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format on the terms and conditions described above, please let us know by clicking the 'I agree' button below.

By checking the 'I Agree' box, I confirm that:

- I can access and read this Electronic CONSENT TO ELECTRONIC RECEIPT OF ELECTRONIC RECORD AND SIGNATURE DISCLOSURES document; and
- I can print on paper the disclosure or save or send the disclosure to a place where I can print it, for future reference and access; and
- Until or unless I notify Department of Water Resources as described above, I consent to receive from exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to me by Department of Water Resources during the course of my relationship with you.

**PALMDALE WATER DISTRICT
BOARD MEMORANDUM**

DATE: June 5, 2023 **June 12, 2023**
TO: BOARD OF DIRECTORS **Board Meeting**
FROM: Mr. Dennis D. LaMoreaux, General Manager
RE: ***AGENDA ITEM NO. 7.3 – CONSIDERATION AND POSSIBLE ACTION TO RESCHEDULE OR CANCEL THE AUGUST 28, 2023 REGULAR BOARD MEETING DUE TO LACK OF A QUORUM. (NO BUDGET IMPACT – GENERAL MANAGER LaMOREAUX)***

Recommendation:

Staff recommends that the second Regular Board Meeting in August, August 28, 2023, be cancelled due to lack of a Board quorum.

Alternative Options:

The second Regular Board Meeting in August could be rescheduled to an earlier time in August.

Impact of Taking No Action:

A quorum will not be available to hold a Board Meeting.

Background:

Three Board Directors have provided notice that they will be unavailable to attend the August 28, 2023 Regular Board Meeting in person. Under Brown Act provisions, a quorum of the legislative body must participate in person from a physical location open to the public within the boundaries of jurisdiction.

Strategic Plan Initiative:

This item is under Strategic Initiative No. 5 – Regional Leadership.

Budget:

Cancelling or rescheduling the second Regular Board Meeting in August will not affect the budget.



Conference/Training Request

Event Name/Date(s):

ACWA Region 8 Program & Tour: Thriving Amidst Perpetual Water Shortages/July 13, 2023

REQUESTED BY:

First Name

Last Name

Date

ACCOMMODATION INFORMATION (If applicable)

Rooms and rates are subject to availability. Complete and submit this form as soon as possible as reservation blocks at host hotels book quickly. In the event that the host hotel is full, every effort will be made to secure a room at the nearest hotel within comparable rates.

Arrival Date

Departure Date

No. of
Guests

Room Type

Dietary Restrictions?

If yes, please provide specifics in additional info. box

Yes No

Smoking Room?

Yes No

Flight Needed?

If yes, please provide DL# and D.O.B. in additional info. box

Yes No

Flight Numbers

Departure/Return
Times

ADDITIONAL INFORMATION/ REQUESTS

**Location: West Basin Municipal
Water District**

Supervisor Approval
(If applicable)

Processed By:



ACWA REGION 8 PROGRAM AND TOUR

EL SEGUNDO, CA

WHEN

July 13

8:30 am

 [Add to Calendar](#)

LOCATION

1935 South Hughes Way, El Segundo, CA, USA

 [Get Directions](#)

COST

\$60.00

Member Pre-Registration Fee

\$90.00

Non-Member Pre-Registration Fee

DEADLINE

July 7, 2023

Thriving Amidst Perpetual Water Shortages ACWA Region 8 Program and Tour

Join ACWA Region 8 on July 13 for an informative and timely program, the opportunity to network with your colleagues from across the region, and a tour of West Basin's water recycling facility. Metropolitan's manager of Colorado River resources, Bill Hasencamp, will share the latest news on the Colorado River following the historic agreement recently reached. A panel discussion following will discuss perpetual water shortages on the State Water Project and how California must adapt to climate change. Attendees will have the opportunity to tour the Edward C. Little Water Recycling Facility, the only treatment facility in the country that produces five different qualities of custom-made recycled water that meet the unique needs of West Basin's municipal, commercial and

industrial customers.

Host Agency:

West Basin Municipal Water District

Questions: Contact Regional Affairs Representative Sarah Hodge at sarahh@acwa.com or (916) 669-2384.

This event is presented by the 2022-2023 ACWA Region 8 Board

Chair: Gloria Gray, West Basin Municipal Water District • **Vice Chair:** Bill Cooper, Santa Clarita Valley Water Agency

Board Members: Anthony R. Fellow, Upper San Gabriel Valley Municipal Water District; Robert W. Lewis, Rowland Water District; Melvin L. Matthews, Foothill Municipal Water District; Leonard Polan, Las Virgenes Municipal Water District; Scott Quady, Calleguas Municipal Water District

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MINUTES OF MEETING OF THE OUTREACH COMMITTEE OF THE PALMDALE WATER DISTRICT, APRIL 25, 2023

A meeting of the Outreach Committee of the Palmdale Water District was held Tuesday, April 25, 2023, at 2029 East Avenue Q, Palmdale, CA 93550. Chair Mac Laren-Gomez called the meeting to order at 10:02 a.m.

1) Roll Call.

Attendance:

Committee:

Kathy Mac Laren-Gomez, Chair

Gloria Dizmang, Committee Member

Others Present:

Dennis LaMoreaux, General Manager

Adam Ly, Assistant General Manager

Judy Shay, Public Affairs Director

Danielle Henry, Executive Assistant

Patricia Guerrero, Management Analyst

0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Dizmang, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held March 15, 2023.

It was moved by Committee Member Dizmang, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Outreach Committee meeting held March 15, 2023, as written.

4.2) Discussion of the District's Response to the Drought. (Public Affairs Director Shay/Resource & Analytics Supervisor Bolanos)

Public Affairs Director Shay stated that staff received positive feedback from approximately half of the customers that completed the online class in-lieu of paying a water waste fine; that staff has taken down banners regarding conservation to ensure future conservation outreach remains successful; that water waste enforcement and patrolling has ended following the change in conservation guidelines from mandatory to voluntary and the recent State Water Project allocation increase from 75% to 100%; and that the District is still recommending that outdoor watering be limited to 3 times a week between the hours of 6 p.m. and 10 a.m.

General Manager LaMoreaux then stated that a Resolution to withdraw the Stage 2 of the Water Shortage Contingency Plan may be presented at the next Regular Board Meeting followed by a brief discussion of customer watering habits.

4.3) Discussion of 2023 Outreach Activities. (Public Affairs Director Shay)

a) Outreach Report.

Public Affairs Director Shay provided a detailed overview of the updated written Outreach Report of current events through April 25 including press releases, print publications, participation at various events, customer outreach, and social media highlights and then stated that the Water Ambassadors Academy graduated 16 community members and was attended by 2 field representatives from Senator Scott Wilk and Assemblymember Juan Carrillo's offices.

b) Upcoming Events/2023 Plans.

She then stated that upcoming events include the CSDA Quarterly Chapter Luncheon on May 18 to be held at the District office; a booth at the 2nd Annual Summer Block Party on June 7; a Water-Wise Workshop regarding Smart Gardening for Beginners on June 21; and Coffee with Director Dizmang to be held in June followed by a brief discussion of the Antelope Valley Home Show.

5) **Reports.**

5.1) **Lobbying Activities. (Assistant General Manager Ly)**

Assistant General Manager Ly stated that a copy of the Public Water Agencies Group (PWAG) Legislative Report has been placed in the Directors mailboxes and then provided a brief overview on AB361 regarding the Brown Act and teleconferencing and SB23 regarding the requirement of California Department of Fish and Wildlife to provide annual reports for water-related projects.

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

There were no requests for future agenda items.

7) **Date of Next Committee Meeting.**

After a brief discussion, it was determined that the next Outreach Committee meeting will be held May 23, 2023 at 2:00 p.m.

8) **Adjournment.**

There being no further business to come before the Outreach Committee, the meeting was adjourned at 10:20 a.m.


Chair

MINUTES OF MEETING OF THE PERSONNEL COMMITTEE OF THE PALMDALE WATER DISTRICT, FEBRUARY 6, 2023:

A meeting of the Personnel Committee of the Palmdale Water District was held Monday, February 6, 2023, at 2029 East Avenue Q, Palmdale, CA 93550 and via teleconference. Chair Mac Laren-Gomez called the meeting to order at 7:30 a.m.

1) Roll Call.

Attendance:

Committee:

Kathy Mac Laren-Gomez, Chair
Scott Kellerman,
Committee Member

Others Present:

Dennis LaMoreaux, General Manager
Adam Ly, Assistant General Manager
Angelica Barragan-Garcia, Human Resources Director
Judy Shay, Public Affairs Director
Danielle Henry, Executive Assistant
0 members of the public

2) Adoption of Agenda.

It was moved by Committee Member Kellerman, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to adopt the agenda, as written.

3) Public Comments for Non-Agenda Items.

There were no public comments for non-agenda items.

4) Action Items: (The Public Shall Have an Opportunity to Comment on Any Action Item as Each Item is Considered by the Committee Prior to Action Being Taken.)

4.1) Consideration and Possible Action on Approval of Minutes of Meeting Held October 12, 2022.

It was moved by Committee Member Kellerman, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting to approve the minutes of the Personnel Committee meeting held October 12, 2022, as written.

4.2) Consideration and Possible Action on a Recommendation to Reorganize the Finance Department by Replacing One Position and Adding Another Position to the Organization Chart. (No Budget Impact – Human Resources Director Barragan-Garcia)

Human Resources Director Barragan-Garcia provided an overview of the recommended Finance Department organization changes after which it was moved by Committee Member Kellerman, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to reorganize the Finance Department by replacing the Customer Finance Supervisor position with an Accounting Technician position and adding a second Management Analyst to the Organization Chart and that this item be presented to the full Board for consideration at the February 13, 2023 Regular Board Meeting.

4.3) Consideration and Possible Action on a Recommendation to Approve the 2022 Salary Survey. (Budgeted 2023 – Human Resources Director Barragan-Garcia)

Human Resources Director Barragan-Garcia provided an overview of the 2022 Salary Survey recommendations, and after a brief discussion of the comparing agencies, of the District's competitive salary position, and of the minimal staff impact, it was moved by Committee Member Kellerman, seconded by Chair Mac Laren-Gomez, and unanimously carried by all members of the Committee present at the meeting that the Committee concurs with staff's recommendation to approve the 2022 Salary Survey and that this item be presented to the full Board for consideration at the February 13, 2023 Regular Board Meeting.

4.4) Consideration and Possible Action to Approve a Contract with Culture Amp as a Platform for Conducting Employee Surveys. (\$4,320.00/Year – Budgeted – Budget Item No. 1-02-5070-007 - Human Resources Director Barragan-Garcia)

Human Resources Director Barragan-Garcia provided an overview of the Culture Amp Proposal for conducting employee surveys, and after a brief discussion of the benefits of the proposed platform, of past employee surveys, of the need for a new survey process, and of the implementation of action plans, it was moved by Committee Member Kellerman, seconded by Chair Mac Laren-Gomez, and unanimously carried by

all members of the Committee present at the meeting to approve a contract with Culture Amp for conducting employee surveys in the annual amount of \$4,320.00.

5) Reports:

5.1) Human Resources Director Barragan-Garcia:

a) Update on Employee Events.

Human Resources Director Barragan-Garcia provided an update on staff transitions, retirements, and recruitments and then stated that interviews are scheduled this week for the Administration Management Analyst position and that Facilities Manager Bligh will be retiring at the end of February.

b) Other.

She then stated that staff will be working on the development of an engagement committee and the implementation of the new Human Resources/Payroll Program.

General Manager LaMoreaux then stated that the Board Office may be moved into the Closed Session Room to provide additional office space for new staff members.

6) Board Members' Requests for Future Agenda Items.

There were no requests for future agenda items.

7) Date of Next Committee Meeting.

It was determined that the date for the next Personnel Committee meeting will be scheduled after 2023 Board Standing Committees are announced.

8) Adjournment.

There being no further business to come before the Personnel Committee, the meeting was adjourned at 7:58 a.m.


Chair