



**ANTELOPE VALLEY-EAST KERN WATER AGENCY**  
**ANTELOPE VALLEY-EAST KERN WATER AGENCY FINANCING AUTHORITY**  
**REGULAR BOARD MEETING AGENDA**  
**MONDAY, DECEMBER 4, 2023, AT 5:30 PM**  
**6450 WEST AVENUE "N," PALMDALE, CA 93551**  
**TELECONFERENCE LOCATION(S):**  
**2856 Owens Way, Rosamond, CA 93560;**  
**1 Bennett St, Cambridge, MA 02138; 16 Garden St, Cambridge, MA 02138**

**Teleconference: (669) 900-6833; ID No. 894 3572 7657#; PASSCODE: 0**

**Video Conference: <https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdfBUQnRZOWszWU91VHdyUT09>**

***\*\*Please mute audio at all times unless speaking\*\****

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. ROLL CALL:** Division 7 – **Gary Van Dam** \_\_\_\_\_; Division 6 – **Audrey Miller** \_\_\_\_\_; Division 5 – **Robert Parris** \_\_\_\_\_; Division 2 – **Keith Dyas** \_\_\_\_\_; Division 1 – **Drew Mercy** \_\_\_\_\_; Division 3 – **Frank Donato** \_\_\_\_\_; Division 4 – **George Lane** \_\_\_\_\_

**OFFICERS:** General Manager – **Matthew Knudson**; Attorney – **Jim Markman/Tilden Kim**; Board Secretary/Treasurer – **Holly Hughes**

**4. VOLUNTARY PUBLIC ROLL-CALL** – If any member of the public wishes to introduce themselves, please feel free to do so now.

**5. PUBLIC COMMENTS AND PERIOD OPEN TO THE PUBLIC** – If anyone wishes to address the board on any item not on the agenda, please feel free to do so now.

**6. ADOPTION OF AGENDA**

			<b>Page</b>
6(a-1)	Adoption of Agenda for Special Board Meeting of December 4, 2023	Board Order 6(a-1)	5

7. **CONSENT CALENDAR – ACTION ITEMS** – The public and board shall have an opportunity to comment on any action item(s) on the Consent Calendar as the Consent Calendar is considered collectively by the Board of Directors prior to action being taken.

			Page
7(a-1)	(a-1.1) Approve Minutes of the Regular Board Meeting of September 26, 2023	Board Order 7(a-1.1)	6
	(a-1.2) Approve Minutes of the Regular Board Meeting of October 10, 2023	Board Order 7(a-1.2)	11
	(a-1.3) Approve Minutes of the Regular Board Meeting of October 24, 2023	Board Order 7(a-1.3)	15

8. **ITEM(S) FOR CONSIDERATION AND POSSIBLE ACTION**

<b>a. Watermaster &amp; Groundwater Stewardship Committee (RP/FD/AM)</b>			Page
8(a-1)	Provide Guidance to AVEK Representative for Antelope Valley Watermaster Special Meeting and Agenda for 12/5/23 (General Manager Knudson)	Board Order 8(a-1)	19

9. **GENERAL MANAGER’S REPORT ON WATER SUPPLY, PROJECTS, AND PROGRAM**

10. **DIRECTORS REPORTS**

11. **ATTORNEY REPORT**

12. **REQUEST FOR FUTURE AGENDA ITEMS**

13. **CLOSED SESSION**

- a. Possible Closed Session – Conference with Legal Counsel – Existing Litigation, to which the local Agency is a party pursuant to Government Code Section §54956.9(d)(1), one case, *CV Communities, LLC v. Antelope Valley-East Kern Water Agency*, Los Angeles County Superior Court Case No. 20STCV10953

14. **CLOSED SESSION ANNOUNCEMENTS**

15. **ADJOURN TO A REGULAR BOARD MEETING SCHEDULED FOR TUESDAY, DECEMBER 12, 2023, AT 5:30 P.M.**

**Note:** The Board reserves the right to discuss and/or act on all the above agenda items.

**NOTICES**

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by telephoning (661) 943-3201 or writing to Antelope Valley-East Kern Water Agency at 6450 West Avenue N, Palmdale, CA 93551. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that Agency staff may discuss appropriate arrangements. Persons requesting disability-related accommodation should make the request with adequate time before the meeting for the Agency to provide the requested accommodation.

A complete agenda packet containing all accompanying reports for this agenda is available by contacting the Board Secretary-Treasurer at [hhughes@avek.org](mailto:hhughes@avek.org) or (661) 943-3201, or at the Antelope Valley-East Kern Water Agency, 6450 West Avenue N, Palmdale, CA 93551. Board meetings are subject to audio recording.

Posted: December 1, 2023, at 3 p.m. by Holly Hughes, Board Secretary-Treasurer



**RECOMMENDED BOARD ORDER 6(a-1)**

To the Board of Directors

**FOR BOARD ACTION**

**ADOPTION OF THE CURRENT AGENDA FOR DECEMBER 4, 2023**

The Board of Directors adopted the following Board Order on December 4, 2023:

To adopt the Current Agenda for December 4, 2023, as presented.

Motion by \_\_\_\_\_

Second by \_\_\_\_\_

Carried \_\_\_\_\_

**BOARD ORDER 6(a-1)**

12-04-23

**RECOMMENDED BOARD ORDER 7(a-1.1)**

To the Board of Directors

**FOR BOARD ACTION**

**APPROVE MINUTES OF THE REGULAR BOARD MEETING  
OF SEPTEMBER 26, 2023**

The Board of Directors adopted the following board order on  
December 4, 2023:

That the Minutes of the Regular Board Meeting of September 26,  
2023, be approved as presented.

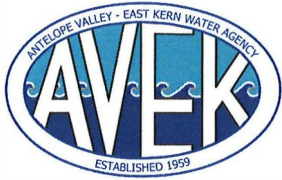
Motion by \_\_\_\_\_

Second by \_\_\_\_\_

Carried \_\_\_\_\_

**BOARD ORDER 7(a-1.1)**

12-04-23



# 12Antelope Valley-East Kern Water Agency

## Antelope Valley-East Kern Financing Authority

*The mission of AVEK is to deliver reliable, sustainable, and high-quality supplemental water to the region in a cost-effective and efficient manner*

### MINUTES

### Regular Board Meeting of September 26, 2023

<b>1. Call to Order:</b>		The regular meeting of the Board of Directors of the Antelope Valley-East Kern Water Agency and the Antelope Valley-East Kern Water Agency Financing Authority met in-person and via teleconference and video conference. The meeting was called to order by President Lane at 5:30 p.m.		
Date: Tuesday, September 26, 2023				
Time: 5:30 p.m.				
Location(s): 6450 W Ave N, Palmdale, CA 93551; 2856 Owens Way, Rosamond, CA 93560; 89 Alafaya Woods Blvd, Oviedo, FL 32765; 2551 W Avenue H, Lancaster CA 93536; and- Zoom				
Telephone: (669) 900-6833; ID No: 894 3572 7657; Passcode: 0				
Zoom Link: <a href="https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdfBUQnRZOWszWU91VHdyUT09">https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdfBUQnRZOWszWU91VHdyUT09</a>				
<b>2. Pledge of Allegiance</b>				
Led by: Angel Fitzpatrick, Administrative Technician				
<b>3. (a) Roll Call: Board Members</b>		<b>Present: 6 Not Present: 1</b>		
Division 7, <b>Gary Van Dam</b> [present via Zoom]	Division 6, <b>Audrey Miller</b> [present in-person]			
Division 5, <b>Robert Parris</b> [not present]	Division 2, <b>Keith Dyas</b> [present in-person]			
Division 1, <b>Drew Mercy</b> [present via Zoom]	Division 3, <b>Frank Donato</b> (Vice President) [present via Zoom]			
Division 4, <b>George Lane</b> (President) [present in-person]				
<b>Board Officers</b>		<b>Present: 3 Not Present: 0</b>		
General Manager- <b>Matthew Knudson</b>				
General Counsel/Attorney: <b>James Markman</b> , Richards Watson Gershon Law (RWG) [present via Zoom]				
Board Secretary-Treasurer: <b>Holly Hughes</b>				
<b>NOTES:</b>				
<b>Staff Present:</b> In-person: Peter <b>Thompson, Jr.</b> , Assistant General Manager; Jon <b>Bozigian</b> , Manager of Operations; Teresa <b>Yates</b> , Finance & Administration Manager; Justin <b>Livesay</b> , Engineering Manager; Pam <b>Clark</b> , Executive Assistant; Angel <b>Fitzpatrick</b> , Administrative Technician				
<b>Others Present in-person:</b> None noted.				
<b>Others Present via Teleconference:</b> AVEK Host; AVEK iPad (co-host); AVEK Conference Room (co-host); Ben; iPhone; iPhone Steven; <b>Kbard</b> ; NERD Aerotech News-Alisha; <b>SSamaan</b> ; Kathy <b>MacLaren</b> ; (661) 272-0015; (661) 433-1487; (661) 860-1020; (661) 946-1229; (661) 992-9302; and others. As many as 18 participants were logged into the Zoom meeting and that number fluctuated throughout the session.				
<b>4. Voluntary Public Roll Call</b>				
Vincent <b>Dino</b> , Palmdale Water District; John <b>Ukkestad</b> , AV Mutual Group; Kathy <b>MacLaren</b> , Palmdale Water District.				
<b>5. Public Comments and Period Open to the Public</b>				
There were no public comments.				
<b>6. Adoption of Agenda:</b>				<b>1 Item</b>
<b>BOARD ORDER 6(a-1):</b> Adoption of Agenda for Board Meeting of September 26, 2023				
6(a-1):	<b>MOTION:</b> Dyas	<b>SECOND:</b> Miller	<b>ROLL-CALL VOTING:</b> AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Parris not present; Carried.	<b>PASSED</b>
<b>7. Consent Calendar</b>				
<b>1 Item</b>				
7(a-1) Approve Minutes of the Regular Board Meeting of August 8, 2023				

<b>BOARD ORDER 7(a-1)</b> Approval of one (1) Item on the Consent Calendar as presented.				
7(a-1)	<u>MOTION:</u> Miller	<u>SECOND:</u> Dyas	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Parris not present; Carried.	PASSED

**8. Items for Consideration and Possible Action** **5 Items**

**a. Finance Committee (FD/GL/KD) 09/21/23**

**8(a-1)** Consideration and Possible action to accept and file the Check Register Lists for the period of August 31, 2023, through September 13, 2023

<b>BOARD ORDER 8(a-1)</b> That the check register lists for the period of August 31, 2023, through September 13, 2023, be approved and accepted for filing as presented and recommended.				
8(a-1)	<u>MOTION:</u> Donato	<u>SECOND:</u> Dyas	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Parris not present; Carried.	PASSED

**8(a-2)** Consideration and Possible action to accept and file the Treasurer’s Report for the month ending August 31, 2023

<b>BOARD ORDER 8(a-2)</b> That the Treasurer’s Report for the period ending August 31, 2023, be approved and accepted for filing as presented and recommended				
8(a-2)	<u>MOTION:</u> Donato	<u>SECOND:</u> Mercy	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Parris not present; Carried.	PASSED

**b. High Desert Water Bank & Water Bank Resources Committee (FD/KD/GV) 9/8/23**

**8(b-1)** Consideration and Possible action on Approval of the High Desert Water Bank Storage Agreement between AVEK and Antelope Valley Watermaster (General Manager Knudson). Per the Judgment, preexisting water banks (Westside, Eastside, Tejon, etc.) are not required to enter into a Storage Agreement with the AV Watermaster. Recommendation is for the AVEK Board to approve a storage agreement for the High Desert Water Bank between AVEK and the Antelope Valley Watermaster.

<b>BOARD ORDER 8(b-1)</b> That the Board approve a Storage Agreement for the High Desert Water Bank between AVEK and the Antelope Valley Watermaster as presented and recommended.				
8(b-1)	<u>MOTION:</u> Donato	<u>SECOND:</u> Van Dam	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Parris not present; Carried.	PASSED

**c. Watermaster & Groundwater Stewardship Committee (RP/FD/AM)**

**8(c-1)** Provide Guidance to AVEK Representative for Antelope Valley Watermaster Meeting and Agenda for 9/27/23 (General Manager Knudson). Several agenda items were reviewed, including Agenda Item No. 9 pertaining to a proposed amendment to the Rules and Regulations that would allow for a less than unanimous vote of all five voting members. Direction was provided to keep the voting as-is, without approving any amendment to the existing Rules and Regulations. Director **Donato** was in-favor of supporting a less than unanimous vote.

<b>BOARD ORDER 8(c-1)</b> To direct the AVEK Watermaster Representative to oppose AV Watermaster Agenda Item No. 9; by not supporting an amendment to allow less than a unanimous 5-0 vote, as presented and recommended.				
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8(c-1)	<u>MOTION:</u> Van Dam	<u>SECOND:</u> Dyas	ROLL-CALL VOTING: AYE = 5; NAY= 1; ABSTAIN = 0; ABSENT = 1; Donato responded Nay; Parris not present; Carried.	PASSED
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**d. Customer Relations & Public Information Committee (KD/GL/GV) 9/20/23**

**8(d-1)** Consideration and possible action on Special District LAFCO Alternate Member election for the term expiring May 2026 (General Manager Knudson). Executive Assistant Pam Clark provided a presentation on all of the candidates who were seeking endorsement from our Agency.

**BOARD ORDER 8(d-1)** To approve voting for candidate Gary Burns for Special District LAFCO Alternate Member for Los Angeles County for the term expiring in May 2026. as presented and recommended.

8(d-1)	<u>MOTION:</u> Dyas	<u>SECOND:</u> Miller	ROLL-CALL VOTING: AYE = 5; NAY= 0; ABSTAIN = 1; ABSENT = 1; Donato abstained; Parris not present; Carried.	PASSED
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Director **Mercy** disconnected from Zoom at 6:37 p.m.

**9. General Manager’s Report on Water Supply, Projects, and Program**

**9(a-1)** Upcoming Events and Schedule were reported as follows: AV Watermaster Board Meeting, Wednesday 9/27/23 at 10 am; Agency Holiday – Columbus Day, Monday 10/9/23; CSDA Local Chapter Lunch Meeting at AVEK, Thursday 10/12/23 at 11 am; HDWB Ribbon Cutting Ceremony with Metropolitan Water District, tentatively set for Tuesday, 10/31/23.

**10. Director Reports**

Director **Miller** provided a detailed presentation and report on her recent Eastern Sierra Tour that was hosted by the Water Education Foundation.

**11. Attorney Report**

Attorney **Markman** provided an update on the State Water Resources Control Board’s position on the BlueTriton (formerly Nestle) case regarding their diversions from springs in the San Bernardino mountains for water bottling purposes.

**12. Request for Future Agenda Items**

There were no requests for future agenda items.

**13. Old Business/Closed Session**

General Manager **Knudson** stated that there was reason to go into closed session for Items No. 13(b), and 13(c).

**BOARD ORDER 13.1:** The meeting was adjourned to closed session at **7:00 p.m.**

13.1	<u>MOTION:</u> Dyas	<u>SECOND:</u> Miller	ROLL-CALL VOTING: AYE = 5; NAY= 0; ABSTAIN = 0; ABSENT = 2; Parris and Mercy not present; Carried.	PASSED
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a. **(NO)** Closed Session – Conference with Legal Counsel – Existing Litigation, to which the local agency is a party pursuant to Government Code Section 54956.9(d)(1), one case, *CV Communities, LLC v. Antelope Valley-East Kern Water Agency*, Los Angeles County Superior Court Case No. 20STCV10953

b. **(YES)** Possible Closed session pursuant to Government Code Section 54956.8

- Conference with real property negotiators
- Property: APN’s 3053-021-054 & 057
- Agency Negotiator: General Manager Matthew Knudson
- Negotiating parties: AVEK and DNN Palmdale Land Company LLC
- Under negotiation: Price and terms of payment

- c. **(YES)** Possible Closed session pursuant to Government Code Section 54956.8  
 Conference with real property negotiators  
 Property: APN's 3204-021-028 & 027  
 Agency Negotiator: General Manager Matthew Knudson  
 Negotiating parties: AVEK and James Scott & Mark Wu  
 Under negotiation: Price and terms of payment

**BOARD ORDER 13.2:** The meeting was reconvened to open session at **7:07 p.m.**

13.2	<u>MOTION:</u> Dyas	<u>SECOND:</u> Miller	ROLL-CALL VOTING: AYE = 5; NAY= 0; ABSTAIN = 0; ABSENT = 2; Parris and Mercy not present; Carried.	PASSED
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**14. Closed Session Announcement(s)**

There was no reportable action as a result of closed session.

**15. Adjourn to a Regular Board Meeting Scheduled for October 10, 2023, at 5:30 p.m.**

**BOARD ORDER 15:** The meeting was adjourned at **7:10 p.m.**

15	<u>MOTION:</u> Dyas	<u>SECOND:</u> Miller	ROLL-CALL VOTING: AYE = 5; NAY= 0; ABSTAIN = 0; ABSENT = 2; Parris and Mercy not present; Carried.	PASSED
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**Approval:**

\_\_\_\_\_  
 Holly Hughes, Board Secretary-Treasurer

**Board of Directors:**

\_\_\_\_\_  
 President or Vice-President's Signature

\_\_\_\_\_  
 Date

**RECOMMENDED BOARD ORDER 7(a-1.2)**

To the Board of Directors

**FOR BOARD ACTION**

**APPROVE MINUTES OF THE REGULAR BOARD MEETING  
OF OCTOBER 10, 2023**

The Board of Directors adopted the following board order on  
December 4, 2023:

That the Minutes of the Regular Board Meeting of October 10, 2023,  
be approved as presented.

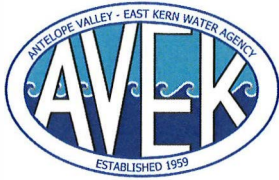
Motion by \_\_\_\_\_

Second by \_\_\_\_\_

Carried \_\_\_\_\_

**BOARD ORDER 7(a-1.2)**

12-04-23



# MINUTES

## Antelope Valley-East Kern Water Agency Antelope Valley-East Kern Financing Authority

The mission of AVEK is to deliver reliable, sustainable, and high-quality supplemental water to the region in a cost-effective and efficient manner

### Regular Board Meeting of October 10, 2023

<b>1. Call to Order:</b>		The regular meeting of the Board of Directors of the Antelope Valley-East Kern Water Agency and the Antelope Valley-East Kern Water Agency Financing Authority met in-person and via teleconference and video conference. The meeting was called to order by President Lane at <b>5:30 p.m.</b>		
Date: Tuesday, October 10, 2023				
Time: 5:30 p.m.				
Location(s): 6450 W Ave N, Palmdale, CA 93551; 2856 Owens Way, Rosamond, CA 93560; Access Road One, Idlewild Dr, NY 11430; and Zoom				
Telephone: (669) 900-6833; ID No: 894 3572 7657; Passcode: 0				
Zoom Link: <a href="https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdfBUQnRZOWszWU91VHdyUT09">https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdfBUQnRZOWszWU91VHdyUT09</a>				
<b>2. Pledge of Allegiance</b>				
<b>Led by: Pam Clark, Executive Assistant</b>				
<b>3. (a) Roll Call: Board Members</b>		<b>Present: 7 Not Present: 0</b>		
Division 7, <b>Gary Van Dam</b> [present in-person]	Division 6, <b>Audrey Miller</b> [present in-person]			
Division 5, <b>Robert Parris</b> [present via Zoom]	Division 2, <b>Keith Dyas</b> [present via Zoom]			
Division 1, <b>Drew Mercy</b> [present in-person]	Division 3, <b>Frank Donato</b> (Vice President) [present in-person]			
Division 4, <b>George Lane</b> (President) [present in-person]				
<b>Board Officers</b>		<b>Present: 3 Not Present: 0</b>		
General Manager- <b>Matthew Knudson</b>				
General Counsel/Attorney: <b>Tilden Kim</b> , Richards Watson Gershon Law (RWG)				
Board Secretary-Treasurer: <b>Holly Hughes</b>				
<b>NOTES:</b>				
<b>Staff Present:</b> In-person: Peter <b>Thompson, Jr.</b> , Assistant General Manager; Jon <b>Bozigian</b> , Manager of Operations; Teresa <b>Yates</b> , Finance & Administration Manager; Justin <b>Livesay</b> , Engineering Manager; Pam <b>Clark</b> , Executive Assistant; Angel <b>Fitzpatrick</b> , Administrative Technician				
<b>Others Present in-person:</b> Earl Schwartz and Paul Chau.				
<b>Others Present via Teleconference:</b> AVEK Host; AVEK iPad (co-host); (661) 272-0015; (661) 433-1487; HdL Coren & Cone (Dave Schey); JLong; Tim Leo (M&A); Belal Tabannaj; Ben (Stewart); Jack's iPad (2); Joyce Media Inc; Kbard; NERD-Aerotech News-Alisha; Thien Ng; Vickie Rausch, and others. As many as 17 participants were logged into the Zoom meeting and that number fluctuated throughout the session.				
<b>4. Voluntary Public Roll Call</b>				
Vincent <b>Dino</b> , Palmdale Water District; John <b>Ukkestad</b> , AV Mutual Group; Vickie <b>Rausch</b> , AVRCD; Jack <b>Seefus</b> , White Fence Farms 3; Ben <b>Stewart</b> , RCSD; John <b>Joyce</b> (News).				
<b>5. Public Comments and Period Open to the Public</b>				
There were no public comments.				
<b>6. Adoption of Agenda:</b>				<b>1 Item</b>
<b>BOARD ORDER 6(a-1):</b> Adoption of Agenda for Board Meeting of October 10, 2023				
6(a-1):	<b>MOTION:</b> Miller	<b>SECOND:</b> Donato	<b>ROLL-CALL VOTING:</b> AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	<b>PASSED</b>
<b>7. Consent Calendar</b>				
<b>7(a-1)</b> Approve Minutes of the Regular Board Meeting of August 15, 2023				

<b>BOARD ORDER 7(a-1)</b> Approval of one (1) Item on the Consent Calendar as presented.				
7(a-1)	<u>MOTION:</u> Mercy	<u>SECOND:</u> Van Dam	ROLL-CALL VOTING: AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	PASSED

**8. Items for Consideration and Possible Action** **6 Items**

**a. New Business**

**8(a-1)** Presentation on Property Tax Analysis and Forecast Report – Dave Schey, HdL Coren & Cone (Information Only). A comprehensive update was provided by Dave Schey that included details from the current 2023/2024 tax year.

**b. Finance Committee (FD/GL/KD) 10/5/23**

**8(b-1)** Consideration and Possible action to accept and file the Check Register Lists for the period of September 14, 2023, through September 27, 2023

**BOARD ORDER 8(b-1)** That the check register lists for the period of September 14, 2023, through September 27, 2023, be approved and accepted for filing as presented and recommended.

8(b-1)	<u>MOTION:</u> Donato	<u>SECOND:</u> Dyas	ROLL-CALL VOTING: AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	PASSED
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**8(b-2)** Consideration and Possible action on approving a Purchase Order with Core & Main Supply in the not-to-exceed amount of \$25,287.52 for Roll Grooving Machine; Budgeted Capital Project EN24-01; Operations Manager Bozigian

**BOARD ORDER 8(b-2)** To approve a purchase order with Core & Main Supply in the not-to-exceed amount of \$25,287.52, for a roll grooving machine as presented and recommended.

8(b-2)	<u>MOTION:</u> Donato	<u>SECOND:</u> Mercy	ROLL-CALL VOTING: AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	PASSED
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**8(b-3)** Consideration and Possible action on approving a Purchase Order with Core & Main Supply in the not-to-exceed amount of \$131,898.69 for Central Feeder Pump Station Check Valve Replacement Project; Budgeted Capital Project ER24-05; Operations Manager Bozigian

**BOARD ORDER 8(b-3)** To approve a purchase order with Core and Main Supply in the not-to-exceed amount of \$131,898.69 for the Central Feeder Pump Station Check Valve Replacement Project as presented and recommended.

8(b-3)	<u>MOTION:</u> Donato	<u>SECOND:</u> Mercy	ROLL-CALL VOTING: AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	PASSED
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**c. High Desert Water Bank & Water Bank Resources Committee (FD/KD/GV) 9/28/23**

**8(c-1)** Monthly Update on the High Desert Water Bank (HDWB) Project; Engineering Manager Livesay. A comprehensive overview was provided regarding the status of all projects related to the operations of the High Desert Water Bank, including contracts and construction.

**d. State Water Project & Delta Conveyance Committee (GV/GL/AM) 10/02/23)**

**8(d-1)** Overview of State Water Contractors Organization and monthly agenda; Assistant General Manager Thompson. A comprehensive overview was provided including the map of the associated 27 member public agencies and classes; East Branch Contractor Service Areas; Table A amounts; Collaboration of Class 8; and governance.

**9. General Manager’s Report on Water Supply, Projects, and Program**

**9(a-1)** The 2023 Water Supply was reviewed, including the amount of 44,000 AF of actual recharge as of September 30, 2023. The new water year began on October 1st. Current levels at Lake Oroville and San Luis were reported.

Upcoming Events and Schedule were reported as follows: CSDA Local Chapter Lunch Meeting at AVEK, Thursday 10/12/23 at 11 am; AVSWCA Meeting at AVEK on Thursday, 10/12/23 at 6 pm; Tour of IRWD – Strand Ranch Recharge Project on Tuesday, 10/17/23 at 8 am; HDWB Grand Opening Ceremony with Metropolitan Water District on Monday, 10/23/23 at 10 am; AV Watermaster Meeting at AVEK & Zoom on Wednesday, 10/25/23 at 10 a.m.

**10. Director Reports**

There were no reports given by any of the Directors.

**11. Attorney Report**

Attorney Kim stated that he had nothing new to report.

**12. Request for Future Agenda Items**

There were no requests for future agenda items.

**13. Old Business/Closed Session**

General Manager Knudson stated that there was no reason to go into closed session for Item No. 13(a).

- a. **(NO)** Closed Session – Conference with Legal Counsel – Existing Litigation, to which the local agency is a party pursuant to Government Code Section 54956.9(d)(1), one case, *CV Communities, LLC v. Antelope Valley-East Kern Water Agency*, Los Angeles County Superior Court Case No. 20STCV10953

**14. Closed Session Announcement(s)**

N/A

**15. Adjourn to a Regular Board Meeting Scheduled for October 24, 2023, at 5:30 p.m.**

**BOARD ORDER 15:** The meeting was adjourned at **7:10 p.m.**

15	<u>MOTION:</u> Miller	<u>SECOND:</u> Donato	ROLL-CALL VOTING: AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	PASSED
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Approval:

\_\_\_\_\_  
Holly Hughes, Board Secretary-Treasurer

**Board of Directors:**

\_\_\_\_\_  
President or Vice-President’s Signature

\_\_\_\_\_  
Date

**RECOMMENDED BOARD ORDER 7(a-1.3)**

To the Board of Directors

**FOR BOARD ACTION**

**APPROVE MINUTES OF THE REGULAR BOARD MEETING  
OF OCTOBER 24, 2023**

The Board of Directors adopted the following board order on  
December 4, 2023:

That the Minutes of the Regular Board Meeting of October 24, 2023,  
be approved as presented.

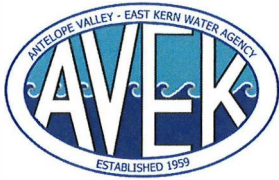
Motion by \_\_\_\_\_

Second by \_\_\_\_\_

Carried \_\_\_\_\_

**BOARD ORDER 7(a-1.3)**

12-04-23



# Antelope Valley-East Kern Water Agency Antelope Valley-East Kern Financing Authority

*The mission of AVEK is to deliver reliable, sustainable, and high-quality supplemental water to the region in a cost-effective and efficient manner*

## MINUTES

### Regular Board Meeting of October 24, 2023

<b>1. Call to Order:</b>		The regular meeting of the Board of Directors of the Antelope Valley-East Kern Water Agency and the Antelope Valley-East Kern Water Agency Financing Authority met in-person and via teleconference and video conference. The meeting was called to order by President Lane at 5:30 p.m.
<b>Date:</b> Tuesday, October 24, 2023 <b>Time:</b> 5:30 p.m. <b>Location(s):</b> 6450 W Ave N, Palmdale, CA 93551; 1177 Watercress, Post Falls, ID 83854; 2856 Owens Way, Rosamond, CA 93560; and- Zoom <b>Telephone:</b> (669) 900-6833; ID No: 894 3572 7657; Passcode: 0 <b>Zoom Link:</b> <a href="https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdBFBQnRZOWszWU91VHdyUT09">https://us02web.zoom.us/j/89435727657?pwd=ak1XbmprdBFBQnRZOWszWU91VHdyUT09</a>		
<b>2. Pledge of Allegiance</b>		
<b>Led by: Audrey Miller, Director – Division 6</b>		
<b>3. (a) Roll Call: Board Members</b>		<b>Present: 7 Not Present: 0</b>
Division 7, <b>Gary Van Dam</b> [present in-person]	Division 6, <b>Audrey Miller</b> [present in-person]	
Division 5, <b>Robert Parris</b> [present in-person]	Division 2, <b>Keith Dyas</b> [present via Zoom]	
Division 1, <b>Drew Mercy</b> [present in-person]	Division 3, <b>Frank Donato</b> (Vice President) [present via Zoom @ 5:36 pm]	
Division 4, <b>George Lane</b> (President) [present in-person]		
<b>Board Officers</b>		<b>Present: 3 Not Present: 1</b>
General Manager- <b>Matthew Knudson</b> General Counsel/Attorney: <b>James Markman</b> , Richards Watson Gershon Law (RWG) [present via Zoom] Board Secretary-Treasurer: <b>Angel Fitzpatrick</b> for <b>Holly Hughes</b> [not present]		
<b>NOTES:</b>		
<b>Staff Present:</b> In-person: Peter <b>Thompson, Jr.</b> , Assistant General Manager; Jon <b>Bozigian</b> , Manager of Operations; Teresa <b>Yates</b> , Finance & Administration Manager; Justin <b>Livesay</b> , Engineering Manager; Jordan <b>Wray</b> , Laboratory Manager; and Pam <b>Clark</b> , Executive Assistant <b>Others Present in-person:</b> None Noted. <b>Others Present via Teleconference:</b> Jack's iPad; Joycemediainc; kbard; Alisha; (661) 272-0015; (661) 433-1487; (661) 900-5208; Sara S; Ben.		
<b>4. Voluntary Public Roll Call</b>		
Julie <b>Kyle</b> ; John <b>Ukkestad</b> ; Jack <b>Seefus</b> ; John <b>Joyce</b> .		
<b>5. Public Comments and Period Open to the Public</b>		
There were no public comments.		
<b>6. Adoption of Agenda:</b>		<b>1 Item</b>
<b>BOARD ORDER 6(a-1):</b> Adoption of Agenda for Board Meeting of October 24, 2023		
<b>6(a-1):</b>	<b>MOTION:</b> Miller	<b>SECOND:</b> Parris
		<b>ROLL-CALL VOTING:</b> AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Donato not yet Present; Carried.
		<b>PASSED</b>
<b>7. Consent Calendar</b>		<b>2 Items</b>
7(a-1.1) Approve Minutes of the Regular Board Meeting of August 22, 2023		
7(a-1.2) Adopt Resolution No. R-23-28; Joint Tax Sharing Resulting from Annexation No 40-156 (34-45) LAFCO Designation No. 2022-06 (COLA-DPW/ww40) AV/COP)		



<b>BOARD ORDERS 7(a-1.1) through 7(a-1.2)</b> Approval of two (2) Items on the Consent Calendar as presented.				
7(a-1.1-1.2)	<u>MOTION:</u> Mercy	<u>SECOND:</u> Van Dam	<b>ROLL-CALL VOTING:</b> AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Donato not yet Present; Carried.	<b>PASSED</b>

**8. Items for Consideration and Possible Action** **5 Items**

**a. New Business**

**8(a-1)** Presentation / Update on Wells Fargo Market Securities – Information Only (John Williams, Wells Fargo Bank). A comprehensive presentation was provided on Corporate and Investment Banking. Highlights included sales and trading; fixed income strategy; economics and strategy; and investing public entity cash. A review of AVEK’s Securities Investment Portfolio with Wells Fargo included a summary, cash flow projections, and AVEK historical performance.

**b. Finance Committee (FD/GL/KD) 10/19/23**

**8(b-1)** Consideration and Possible action to accept and file the Check Register Lists for the period of September 28, 2023, through October 11, 2023

<b>BOARD ORDER 8(b-1)</b> That the check register lists for the period of September 28, 2023, through October 11, 2023, be approved and accepted for filing as presented and recommended.				
8(b-1)	<u>MOTION:</u> Miller	<u>SECOND:</u> Van Dam	<b>ROLL-CALL VOTING:</b> AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	<b>PASSED</b>

**8(b-2)** Consideration and Possible action to accept and file the Treasurer’s Report for the month ending September 30, 2023

<b>BOARD ORDER 8(b-2)</b> That the Treasurer’s Report for the month ending September 30, 2023, be approved and accepted for filing as presented and recommended.				
8(b-2)	<u>MOTION:</u> Miller	<u>SECOND:</u> Mercy	<b>ROLL-CALL VOTING:</b> AYE = 7; NAY= 0; ABSTAIN = 0; ABSENT = 0; Carried.	<b>PASSED</b>

**c. Watermaster & Groundwater Stewardship Committee (RP/FD/AM)**

**8(c-1)** Provide Guidance to AVEK Representative for Antelope Valley Watermaster Meeting and Agenda for 10/25/23 (General Manager Knudson). AV Watermaster Agenda Items Number 9 and 17 were discussed. The consensus from the board for Item 9 was to leave the unanimous voting as-is at 5-0 and consider it again next year. General Manager **Knudson** provided an update from the ad-hoc Committee regarding the status of the negotiations regarding the Administrator’s contract with the Hallmark Group. A transfer application from the agenda was also mentioned.

Director **Van Dam** left the meeting at 6:23 p.m.

**d. Planning and AVSWCA Committee (RP/KD/GV)**

**8(d-1)** Consideration and Possible Action to Approve Resolution R-23-29; Approving the Antelope Valley State Water Contractors Association (AVSWCA) budget for the 2023/2024 United States Geological Survey (USGS) Groundwater Monitoring Program (General Manager Knudson). Assistant General Manager **Thompson** provided a

brief presentation. Director **Parris** suggested that the AV Watermaster Engineer provide a presentation at the Watermaster meeting and all AVEK Directors could call in to listen to the presentation.

**BOARD ORDER 8(d-1)** To adopt Resolution No. R-23-28 approving the Antelope Valley State Water Contractors Association (AVSWCA) budget for the 2023/2024 United States Geological Survey (USGS) Groundwater Monitoring Program, as presented and recommended.

8(d-1)	<u>MOTION</u> : Parris	<u>SECOND</u> : Mercy	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Van Dam not present; Carried.	PASSED
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**9. General Manager’s Report on Water Supply, Projects, and Program**

**9(a-1)** General Manager Matt **Knudson** provided a detailed presentation on the Irvine Ranch Water District (IRWD) Water Bank. AVEK has partnered with IRWD on previous occasions with a Pilot 2-for-1 Exchange in 2011 and a Long-Term Exchange Program Agreement in 2019.

The current flows at all AVEK facilities were presented by Operations Manager Jon **Bozigian**.

Laboratory Manager Jordan **Wray** provided an update on AVEK’s water quality and lab activities.

Upcoming Events and Schedule were reported as follows: AV Watermaster Meeting at AVEK & Zoom on Wednesday, 10/25/23 at 10 a.m.; General Manager’s vacation from 10/26/23 through 10/30/23; Agency Holiday (Veteran’s Day) on Friday, 11/10/23; Agency Holidays (Thanksgiving) on Thursday 11/23/23 and Friday, 11/24/23; and ACWA Conference in Indian Wells from Tuesday, 11/28/23 through Thursday, 11/30/23.

**10. Director Reports**

There were no reports given by any of the Directors.

**11. Attorney Report**

Attorney **Kim** stated that he had nothing new to report.

**12. Request for Future Agenda Items**

There were no requests for future agenda items.

**13. Old Business/Closed Session**

General Manager **Knudson** stated that there was no reason to go into closed session for Item No. 13(a).

- a. **(NO)** Closed Session – Conference with Legal Counsel – Existing Litigation, to which the local agency is a party pursuant to Government Code Section 54956.9(d)(1), one case, *CV Communities, LLC v. Antelope Valley-East Kern Water Agency*, Los Angeles County Superior Court Case No. 20STCV10953

**14. Closed Session Announcement(s)**

N/A

**15. Adjourn to a Regular Board Meeting Scheduled for November 14, 2023, at 5:30 p.m.**

**BOARD ORDER 15:** The meeting was adjourned at **6:42 p.m.**

15	<u>MOTION</u> : Parris	<u>SECOND</u> : Miller	ROLL-CALL VOTING: AYE = 6; NAY= 0; ABSTAIN = 0; ABSENT = 1; Van Dam not present; Carried.	PASSED
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**Approval:**

Angel Fitzpatrick, Administrative Technician

**Board of Directors:**

\_\_\_\_\_  
President or Vice-President’s Signature

\_\_\_\_\_  
Date

**RECOMMENDED BOARD ORDER 8(a-1)**

To the Board of Directors

**FOR BOARD ACTION**

**AV WATERMASTER MEETING AGENDA OF 12/05/23**

The Board of Directors adopted the following board order on December 4, 2023:

To review and provide guidance for AVEK's Watermaster Representative for AV Watermaster Meeting agenda of 12/05/23.

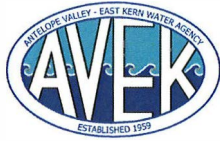
Motion by \_\_\_\_\_

Second by \_\_\_\_\_

Carried \_\_\_\_\_

**BOARD ORDER 8(a-1)**

12-04-23



**Date:** December 04, 2023  
**To:** Board of Directors  
**From:** Matthew Knudson, General Manager  
Angel Fitzpatrick, Administrative Technician

**Agenda Item: 8(a-1)**

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**Subject: Review and Provide Guidance for AVEK's Watermaster Representative for the AV Watermaster Meeting Agenda for 12/05/23**

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**Recommendation:**

Staff requests that the Board review and provide guidance for AVEK's Representative on the following items as shown on the AV Watermaster Board meeting agenda of December 5, 2023:

**Item 9 – Consideration and Possible Action on the Joint Funding Agreement between Antelope Valley Watermaster and United States Geological Survey (USGS) for the Ground Water Monitoring Program**

The Watermaster began administrating the Ground Water Monitoring Program (Program) in 2021 and shares the cost with the AVSWCA and AVIRWM Group.

USGS has provided the Watermaster with a Joint Funding Agreement from October 1, 2023, to September 30, 2024, for a total cost of \$101,300. USGS has committed to funding \$29,880, and the Watermaster will be responsible for the remaining \$71,420.

The following is a breakdown of the costs for the participating local entities/parties agreed upon to fund the Watermaster's commitment of \$71,420:

AVSWCA	50%	\$35,710
AVIRWM	25%	\$17,855
AV Watermaster	25%	\$17,855

**Item 11 – Consideration and Possible Action to Approve the Hallmark Contract for 2024**

The Watermaster Board formed an Ad Hoc Committee to negotiate a contract with the Hallmark Group for Administrative Services for the Watermaster. The Ad Hoc Committee and the Hallmark Group reached a consensus on the draft terms and contract amount. The draft agreement has been distributed to the Advisory Committee, Administrative Committee, and Watermaster Board for consideration and possible action.

The contract, as presented, is for 1-year and has an annual cost of \$229,832. The contract will be paid \$19,152.66 monthly as a fixed fee for fixed services. The agreement also includes optional additional services with associated costs for the Board to consider. A complete list of the services and fees is included in the contract and attached.

**Item 12 – Consideration and Possible Action to Approve the 2024 Administrative Budget and Administrative Assessment for CY 2024**

The Watermaster Board will hold a public hearing at its regular meeting on December 5, 2023, where it will receive and consider public comment on the proposed 2024 Administrative Budget and 2024 Administrative Assessment.

Items for consideration and possible action:

CY 2024 Administrative Budget in the amount of \$1,025,197

CY 2024 Administrative Assessment of \$9.50 per acre-foot for fixed and variable production

**Items 15 – Consideration and Possible Action on New Production Applications**

	<b>Applicant Name</b>		<b>Use of New Production</b>
a.	Andras Balogh	1 AFY	Domestic Use - Single-family home and trees
b.	Orbin Linarez	1 AFY	Domestic Use – Single-family home and minimal landscaping

**Item 16 – Consideration and Possible Action on New Point of Extraction Application**

- |    |                                    |  |
|----|------------------------------------|--|
| a. | Carmina Paniagua & Gustavo Acevedo | The applicant was approved for New Production in July 2023. The approved location for the original borehole did not produce water. The applicant now requests to drill at a different location on the same property. |
|----|------------------------------------|--|

**Attachments:**

- 10/25/23 AV Watermaster Board Agenda
- CY 2024 Hallmark Group Contract for Administrative Services
- CY 2024 Administrative Budget

**Antelope Valley Watermaster Board  
Meeting Agenda  
Wednesday, December 5, 2023 – 10:00 a.m.  
Location: Antelope Valley – East Kern Water Agency  
6450 West Avenue N, Palmdale, CA 93551**

*or*

**Website:** <https://zoom.us/j/687127281> **Teleconference: (669) 900-6833 Access Code: 687 127 281**

*\*\*\*This meeting may be recorded\*\*\**

**1) Call to Order**

**2) Roll Call**

**BOARD OF DIRECTORS**

Robert Parris, AVEK Representative – Chairperson  
 Kathy MacLaren, Public Water Supplier Representative – Vice-Chairperson  
 Russ Bryden, Los Angeles County Waterworks District 40 Representative  
 Brandon Calandri, Landowner Representative  
 Derek Yurosek, Landowner Representative  
 Matthew Knudson, AVEK Representative Alternate  
 Angelica Martin, Landowner Representative Alternate  
 Adrienne Lewis Reca, Landowner Representative Alternate  
 Barbara Hogan, Public Water Supplier Representative Alternate  
 Sami Kabar, Los Angeles County Waterworks District 40 Representative Alternate

Jim Beck, Hallmark Group – Watermaster Administrator  
 Joshua Montoya, Hallmark Group – Watermaster Administrator  
 Arden Wells, Todd Groundwater – Watermaster Engineer  
 Maureen Reilly, Todd Groundwater – Watermaster Engineer  
 Craig Parton, Price, Postel & Parma LLP – General Counsel  
 Cameron Goodman, Price, Postel & Parma LLP – General Counsel

**3) Adoption of the Agenda** *(Note: At the discretion of the Board, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the Board.)*

**4) Public comments for non-agenda items** *(This portion of the agenda allows an individual the opportunity to address the Board on any item regarding Watermaster business that is NOT ON THE AGENDA. Without acting or entering a dialogue with the public, Board members may ask clarifying questions about topics posed by the public. Your matter may be referred to the administrator and/or advisory committee.)*

**5) Consent Agenda** *(Staff Report: Administrator)*

Item	Description	Page
a.	Financial Report and Payment of bills through October 31, 2023	
b.	Minutes of October 25, 2023, Regular Meeting	

**6) Advisory Committee Report** *(Advisory Committee Chair LaMoreaux)*

Item	Description	Page
a.	Advisory Committee Written Report	

**7) Administrative Committee Report** *(Staff Report: Administrator)*

Item Description

a.	Administrative Committee Report	
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**8) Update on the Importance of USGS Monitoring Program** *(Staff Report: Engineering)*

**9) Consideration and Possible Action on the Joint Funding Agreement between the Antelope Valley Watermaster and United States Geological Survey (USGS) for the Ground Water Monitoring Program** *(Staff Report: Administrator)*

Item Description

Page

a.	Joint Funding Agreement with the USGS for the Ground Water Monitoring Program (for the Periods October 1, 2023, to September 30, 2024	
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**10) Update from Ad Hoc Board Committee (Calandri, LaMoreaux, Knudson) to Negotiate 2024 Watermaster Administrator Contract with Hallmark Group** *(Staff Report: General Counsel)*

**11) Consideration and Possible Action to Approve the Hallmark Contract for 2024**

Item Description

Page

a.	2024 Hallmark Contract for Administrative Services	
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**12) Consideration and Possible Action to Approve the 2024 Administrative Budget and Administrative Assessment for CY 2024**

Item Resolution No. Description

Page

a.	R-23-77	2024 Administrative Budget and Administrative Assessment for CY 2024	
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**13) Proposed 2024 Application Fee Schedule**

Item Description

Page

a.	Set Public Hearing to Approve the Proposed 2024 Application Fee Schedule	
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**14) Update on Tracking Meter Compliance** *(Staff Report: Engineering/General Counsel)*

Item Description

Page

a.	Update on Metering Installations, Meter Reporting, Annual Production Reporting, and Delinquent Assessment Status	
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**15) Consideration and Possible Action on New Production application** *(Staff Report: Engineer)*

Item Resolution No. Description

Page

a.	R-23-78	Balogh (1 AF)	
b.	R-23-79	Linarez (1 AF)	

**16) Consideration and Possible Action on New Point of Extraction (Staff Report: Engineer)**

Item	Resolution No.	Description	Page
a.	R-23-80	Franco and Guereca	

**17) Administrator’s Report**

Item	Description
a.	Update on Administration Activities
b.	Update on Replacement Water Plan

**18) Watermaster Engineer’s Report**

Item	Description	Page
a.	Summary of New Production and Qualified Small Pumpers	
b.	Model Update	
c.	Update on High Desert Water Bank Project Evaporation Calculations	
d.	Update on Tracking Production Rights and Current Carry Over Water by Basin	

**19) General Counsel’s Report**

Item	Description
a.	Update on Court Proceedings
b.	Update on Watermaster Authority to Enforce Meter Compliance
c.	Update on Legal Fees Incurred from Correspondence with Stakeholders
d.	Update on Option to Record Meetings and Post Online
e.	Update on Distinction Between Abstention and Recusal
f.	Update on General Counsel’s Ability to Absorb Cost Incurred by Consultants in Legal Related Activities
g.	Update on Barrel Springs Motion

**20) Board Members Request for Future Agenda Items**

**21) Closed Session, Conference with Legal Counsel General Counsel’s Report**

Item	Description
a.	CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [Government Code Section 54956.9(d)(1)] Watermaster Motion against Zamrzla Parties
b.	CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [Government Code Section 54956.9(d)(1)] Watermaster Motion against Rancho Sierra Properties, LLC
c.	CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION [Government Code Section 54956.9(d)(1)] Watermaster Motion against Antelope Valley Resource Conservation District
d.	CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): Barrel Springs Properties LLC.
e.	PUBLIC EMPLOYEE PERFORMANCE EVALUATION [Government Code Section 54957(b)(1), (4)] Regarding Watermaster Administrator



f.	<b>PUBLIC EMPLOYEE PERFORMANCE EVALUATION</b> [Government Code Section 54957(b)(1), (4)] Regarding Watermaster Engineer
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**22) Closed Session Report**

**23) Adjournment – Next Meeting January 24, 2024**

**ANTELOPE VALLEY WATERMASTER  
> AGREEMENT FOR PROFESSIONAL SERVICES**

**AGREEMENT NO. 22101-2**

**December 5, 2023**



Persistence | Proficiency | Performance



DOCUMENTS INCLUDED

Exhibit A – Scope of Services

Exhibit B – Rates

Exhibit C – Insurance

## AGREEMENT

HGCPM, Inc., a California corporation (doing business as Hallmark Group) ("Hallmark") and Antelope Valley Watermaster ("Watermaster") hereby agree to the following terms in connection with consulting services that Hallmark will provide to Watermaster. This agreement ("Agreement") is effective as of January 1, 2024 (the "Effective Date").

### 1. SERVICES

The Watermaster hereby engages Hallmark to perform, and Hallmark agrees to perform, such services as Hallmark and the Watermaster may from time to time mutually agree. The parties agree that this Agreement shall initially cover the tasks and services described as "Fixed Fee Monthly Administration" in Exhibit A attached hereto and incorporated herein by this reference. Absent exigent circumstances, Watermaster will not request that Hallmark perform tasks or services that are in addition to those tasks and services described as "Fixed Fee Monthly Administration" without direction from the Watermaster Board of Directors. In the event Watermaster wishes Hallmark to perform any one or more of the tasks or services described as "Additional Considerations" in Exhibit A (each an "Additional Consideration"), the Watermaster Board of Directors shall approve such Additional Consideration(s) at a regularly noticed meeting, after which time Hallmark shall perform the approved Additional Consideration(s) for the fixed fee set forth in Exhibit A, which Additional Considerations shall be governed by the terms of this Agreement. In addition, Watermaster may request Hallmark to prepare and submit a detailed proposal for any tasks and services beyond those set forth in Exhibit A, including budget, schedule, scope of services, deliverables, and any other requirements of the Watermaster, which, subject to the mutual agreement of the parties, shall be memorialized in writing and shall become a part of this Agreement pursuant to an amendment to this Agreement, acceptance of Hallmark's proposal or a task order, as the parties shall mutually agree is most expedient and effective.

All services provided by Hallmark will be coordinated with the Watermaster Board of Directors' Chairperson or other designee. Hallmark's principal for coordination with the Chairperson or other designee is James Beck.

### 2. TERM OF AGREEMENT

This Agreement shall commence on the Effective Date stated above and shall extend through December 31, 2024, unless earlier terminated by either of the parties pursuant to Article 9, below. The term of this Agreement may be extended by mutual agreement of the parties, which shall be memorialized in writing.

### 3. BUDGET AND COMPENSATION

During the term of this Agreement, Watermaster shall pay Hallmark the sum of \$229,832.00 for the tasks and services described as "Fixed Fee Monthly Administration" in Exhibit A, which shall be divided into twelve (12) equal monthly payments of \$19,152.66 each, provided Hallmark has fully performed for any given month. In the event Watermaster directs Hallmark to perform any of the tasks and services described as "Additional Considerations" in Exhibit A, Watermaster shall also pay Hallmark the fixed fee set forth in Exhibit A for such authorized Additional Consideration(s). In the event Watermaster and Hallmark agree that Hallmark will undertake tasks or services other than those described in Exhibit A,

Hallmark shall be compensated for such additional tasks or services at the hourly rates set forth in Exhibit B or as otherwise agreed in writing by the parties.

Except for mileage expenses incurred by Hallmark for the "Administrative Assistant" to perform the tasks and services described under "Fixed Fee Monthly Administration" in Exhibit A, Hallmark shall be compensated for actual, reasonable, and necessary expenses incurred by Hallmark, including travel, lodging, meals, and any taxes or fees imposed upon the Hallmark as a result of services rendered. Reimbursable mileage expenses shall be reimbursed at the current IRS rate.

Invoices shall be submitted to the Watermaster monthly and shall reference this Agreement and completed tasks as described in Exhibit A. Watermaster shall make payment within 30 business days of receipt of an approved invoice.

#### **4. MAINTENANCE OF RECORDS**

Hallmark agrees to maintain books, accounts, payroll records and other information relating to the performance of Hallmark's obligations under this Agreement (including, without limitation, applications, agendas, minutes, resolutions, etc.), which shall adequately and correctly reflect the expenses incurred by Hallmark in the performance of Hallmark's work under this Agreement. Such books and records shall be open to inspection and audit by the Watermaster during regular business hours for three years after expiration or termination of this Agreement. In addition, during the term of this Agreement and for a period of three (3) years after its expiration, upon request of the Watermaster, Hallmark shall submit to the Watermaster a digital format a complete set of such books and records.

#### **5. RESPONSIBILITIES FOR SERVICES**

Hallmark shall perform the Services in accordance with the degree of care, diligence, professional skill, practices and judgment that is exercised by recognized professionals in their field of expertise with respect to services of a similar nature, and Hallmark shall be responsible for the professional quality, technical accuracy, and completeness of all Services furnished under this Agreement. Any and all tools, materials and instruments required to perform the work shall be furnished by Hallmark.

Hallmark agrees to comply with all local, State, and federal laws, rules, and regulations, now or hereafter in force, pertaining to the services performed by Hallmark pursuant to this Agreement, including but not limited to the Antelope Valley Groundwater Cases Final Judgment, Santa Clara Case No. 1-05-CV-049053, signed December 23, 2015 and the Court-approved Rules and Regulations.

#### **6. CONFIDENTIALITY**

Hallmark agrees to keep confidential all information concerning the Watermaster that is furnished by the Watermaster to Hallmark in connection with the services hereunder ("Confidential Information"). When required by the Watermaster, Hallmark shall require its employees and subcontractors, if any, to enter into appropriate non-disclosure agreements. Without the Watermaster's consent, Hallmark will not disclose Confidential Information to any persons other than those of its directors, officers, employees, subcontractors, advisors, or agents who have a need to know such information, or to advisors to the Watermaster. Confidential Information shall not include information that (i) is or becomes publicly

available as a result of the public nature of Watermaster's activities, (ii) is already known to Hallmark, (iii) is independently acquired or developed by Hallmark without violating any of its obligations under this Agreement, or (iv) is required to be disclosed by law or judicial process.

The Watermaster recognizes and confirms that Hallmark will use and rely primarily on the Confidential Information and on information available from public sources in performing the services hereunder without having independently verified the same and does not assume responsibility for the accuracy or completeness of the Confidential Information or such other publicly available information.

In the event that Hallmark receives a request to disclose all or any part of any Confidential Information under the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee, such disclosure by Hallmark shall not constitute a violation of this Agreement provided that Hallmark (i) promptly notifies the Watermaster of the existence, terms and circumstances surrounding such request, (ii) consults with the Watermaster on the advisability of taking available legal steps to resist or narrow such request, and (iii) if disclosure of such Confidential Information is required or deemed advisable, exercises its best efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the Confidential Information to be disclosed which the Watermaster designates; provided, however, that any expense incurred by Hallmark in doing so shall be paid by Watermaster.

#### **7. INDEMNIFICATION**

Hallmark agrees to indemnify, hold harmless and defend Watermaster, its governing board, and each member thereof, and every officer, employee, representative, attorney or agent of Watermaster, from any and all liability, claims, demands, actions, damages (whether in contract or tort, including personal injury, death at any time, or property damage), costs and financial loss, including all costs and expenses and fees of litigation or arbitration, that arise directly or indirectly from any acts or omissions related to this Agreement performed by Hallmark or its agents, employees, subconsultants, subcontractors and other persons acting on Hallmark's behalf. This agreement to indemnify, hold harmless and defend shall apply whether such acts or omissions are the product of active negligence, passive negligence, or acts for which Hallmark or its agents, employees, subconsultants, subcontractors and other persons acting on Hallmark's behalf would be held strictly liable.

Watermaster agrees to defend, indemnify, and hold harmless Hallmark and Hallmark's officers, directors, agents, and employees ("Indemnified Parties"), from any and all claims and losses arising directly from actions taken by Hallmark at the specific direction of the Watermaster Board of Directors by means of an adopted Board resolution or unanimous voice vote of the Board sitting in open session.

#### **8. INDEPENDENT CONTRACTOR**

Hallmark is an independent contractor. Neither Hallmark, nor any of its employees, are or shall be deemed to be agents or employees of Watermaster. Hallmark has sole authority and responsibility to employ, discharge or otherwise control its employees.

Hallmark shall be solely responsible for, and shall hold Watermaster harmless from, all matters relating to the payment of Hallmark's employees, agents, and subcontractors, including compliance with social security requirements, federal and State income tax withholding and all other regulations governing employer-employee relations.

Hallmark acknowledges that neither Hallmark nor Hallmark's employees are entitled to receive from Watermaster any of the benefits or rights afforded employees of Watermaster, including but not limited to reserve leave, sick leave, vacation leave, holiday leave, compensatory leave, Public Employees Retirement System benefits, or health, life, dental, long-term disability or workers' compensation insurance benefits.

#### **9. TERMINATION**

Either party may terminate services hereunder upon ninety (90) days written notice to the other of such termination. In the event of any termination hereunder, the Watermaster's sole responsibility with respect to professional fees and related expenses shall be to pay those professional fees and related expenses earned or incurred through the effective date of termination including Hallmark's fees and costs incurred to conclude its services and deliver its work product to Watermaster.

#### **10. INSURANCE**

Hallmark shall maintain prior to the beginning of and for the duration of this Agreement, insurance coverage as specified in Exhibit C attached hereto and incorporated by this reference in full herein.

#### **11. FORCE MAJEURE**

Neither party will hold the other responsible for damages or delay caused by Acts of God, acts of war, strikes, accidents, or other events beyond the other's control, including but not limited to unavoidable delays that may result from any acts of God, strikes, lockouts, wars, acts of terrorism, riots, acts of governmental authorities, extraordinary weather conditions or other natural catastrophes, epidemic, pandemic, or any other cause beyond the reasonable control or contemplation of either party. Each party will take reasonable steps to mitigate the impact of any force majeure. Watermaster shall adjust the schedule and compensation under this Agreement in agreement with Hallmark.

#### **12. MISCELLANEOUS**

Hallmark acknowledges and agrees that this Agreement contemplates personal performance by Hallmark and is based upon a determination of Hallmark's unique competence, experience and specialized personal knowledge. Neither party may assign its rights or obligations under this Agreement to any person or entity without the written consent of the other party, which consent shall not be unreasonably withheld.

This Agreement shall not be interpreted to prevent or preclude Consultant from rendering any services for Consultant's own account or to any other person or entity as Consultant in its sole discretion shall determine. Consultant agrees that performing such services will not materially interfere with services to be performed for Watermaster.

The provisions of this Agreement are severable. If any provision of this Agreement (or portion thereof) is held to be invalid, unlawful, or unenforceable, such provision (or portion thereof) shall be deemed severed from this Agreement, and the balance of this Agreement shall remain in full force and effect.

This Agreement and the proposals constitute the entire Agreement between the parties, and there are no prior or contemporaneous oral or written representations, understandings or agreements relating to this subject matter that are not fully expressed herein or therein. This Agreement and the proposals shall (i) be governed by and construed in accordance with the laws of the State of California without regard to conflicts of law principles, and (ii) inure to the benefit of and be binding on the successors and assigns of the Watermaster and Hallmark. The terms and conditions of this Agreement may be reviewed or modified at any time, provided that any modifications to this Agreement shall be effective only when agreed to in writing by both Hallmark and Watermaster.

Watermaster and Hallmark acknowledges that the person executing this Agreement have been duly authorized by the Watermaster and Hallmark to do so on behalf of Watermaster and Hallmark.

Hallmark shall promptly inform Watermaster of any contract, agreement, arrangement, or interest that Hallmark may enter into or have during the performance of this Agreement that may conflict with Watermaster's interests. This requirement includes contracts, agreements and arrangements with manufacturers, suppliers, contractors or other clients whose interests might be served by the services performed under this Agreement and Hallmark's or Hallmark's clients' interest in land that might be affected by the services. Hallmark shall take such measures as are necessary in the performance of this Agreement to prevent actual or appearances of conflicts of interest.

This Agreement shall survive the completion or any termination of the services hereunder. All notices, requests, demands, and other communications to be given under this Agreement and the proposals (other than routine operational communications) will be in writing and will be delivered either by hand, by overnight mail, by fax, or by email. Notices sent by email shall also be sent by hand, overnight mail, or by fax if not acknowledged by the receiving party within two business days.

All notices shall be effective on the date received.

ANTELOPE VALLEY WATERMASTER

HALLMARK GROUP

Signature

Signature

**Robert Parris**

*Chairperson*

December \_\_, 2023

**Charles R. Gardner Jr.**

*President*

December \_\_, 2023



## EXHIBIT A

## SCOPE OF SERVICES AND FIXED FEES

## FIXED FEE MONTHLY ADMINISTRATION

**1. MONTHLY BOARD MEETINGS (11 SESSIONS PER YEAR)**

The Watermaster Administrator will:

- Attend and facilitate 11 Board of Directors meetings per year remotely
- Provide the Board of Directors with strategic and policy advice, as needed
- Endeavor to ensure meetings are conducted in a manner consistent with the Ralph M. Brown Act, Government Code §§54950, et seq.

The Administrative Assistant will:

- Physically attend 11 Board of Directors meetings per year
- Coordinate signatures on all approved resolutions from acting Chair
- Facilitate the presentation of information at Board of Directors meetings
- Endeavor to ensure all notices and agendas are prepared and posted in a manner consistent with the Ralph M. Brown Act, Government Code §§54950, et seq.

**2. MONTHLY ADVISORY COMMITTEE MEETINGS (11 SESSIONS PER YEAR)**

The Administrative Assistant will:

- Attend 11 Advisory Committee meetings per year remotely
- Provide the Advisory Committee with advice, as needed

**3. BI-ANNUAL SUBAREA MANAGEMENT COMMITTEE (2 SESSIONS PER YEAR)**

The Watermaster Administrator will:

- Attend 2 bi-annual Subarea Management Committee meetings per year remotely and be available to answer any questions on the agenda

The Administrative Assistant will:

- Attend 2 Subarea Management Committee meetings per year remotely and be available to answer any questions on the agenda

**4. MONTHLY MEETING PREPARATION FOR BOARD OF DIRECTORS, AND ADVISORY COMMITTEE**

The Watermaster Administrator will:

- Review agenda materials for Board of Directors and Advisory Committee meetings
- Endeavor to ensure any issues raised by the Board of Directors are addressed

The Administrative Assistant will:

- In coordination with Legal Counsel and the Watermaster Engineer, prepare the notice and agenda packet Board of Directors and Advisory Committee meetings
- Post the notices and agendas online
- Distribute agenda packets to Directors, Advisory Committee members, interested groups, and members of the public who have requested copies of the agenda packets
- Prepare a presentation for the Board of Directors meetings
- Maintain contact and notice database
- Prepare and post Meeting minutes

## 5. APPLICATION PROCESSING (DIRECT REIMBURSEMENT)

The Administrative Assistant will

- Review all applications to determine completeness prior to providing applications to the Watermaster Engineer
- Endeavor to ensure the applicant(s) are compliant with all reporting requirements and financial obligations

## 6. WEBSITE ADMINISTRATION

The Administrative Assistant will:

- Post meeting minutes
- Post public hearing notices
- Coordinate with the Webmaster to address any website technical issues
- Update the website calendar to reflect upcoming meetings

## 7. POINT OF CONTACT, OFFICE HOURS, PHONE CALLS, ADVISE ON ADMINISTRATIVE PROCESSES, ASSIST POTENTIAL APPLICANTS ELECTING NOT TO SUBMIT APPLICATION

The Administrative Assistant will:

- Serve as the point of contact for questions from interested parties and members of the public
- Provide information to interested parties and members of the public on administrative processes
- Assist potential applicants who elect not to submit an application

## 8. DEVELOP ANNUAL REPLACEMENT WATER PURCHASE

The Administrative Assistant will:

- Facilitate the Annual Replacement Water Purchase with the Antelope Valley State Water Contractors Association for the Watermaster Board review and approval in coordination with the Controls and Accounting and the Watermaster

## 9. COMPLIANCE WITH OBLIGATIONS PER JUDGEMENT, RULES & REGULATIONS

The Administrative Assistant will:

- Coordinate with Legal Counsel and the Watermaster Engineer to facilitate the Watermaster's compliance with its obligations per Judgement, Rules & Regulations as outlined in Table 1 of the Rules and Regulations

## 10. REGULATORY COMPLIANCE FOR WELL METERING & PRODUCTION REPORTS

The Administrative Assistant will:

- Coordinate with the Watermaster Engineer to facilitate regulatory compliance for well metering and production reports

## 11. COORDINATE & CONDUCT FINANCIAL TRANSACTIONS, LEDGERS, SUBLEDGERS, RECORDS, BUDGET, CASH FLOW, REPORT REVIEWS

Controls and Accounting will:

- Complete timely recording of financial transactions in the general ledger and related subledgers
- Prepare the annual budget
- Report on projected cash flows to enable the Board of Directors to establish sufficient operating cash reserves

## 12. PREPARE AND DISTRIBUTE FIXED AND VARIABLE ASSESSMENT BILLINGS AND MANAGE PAYMENTS AND LEDGERS

Controls and Accounting will:

- Complete timely Fixed and Variable Assessment billings
- Manage payments and ledgers
- Prepare invoice mailings to producers
- Process and record payments in the general ledger

### 13. CONTRACT AND INSURANCE ADMINISTRATION

Controls and Accounting will:

- Renew insurance administration

### 14. COORDINATE & ASSIST WITH MAINTAINING RULES & REGULATIONS

The Administrative Assistant will:

- Coordinate with and assist Legal Counsel to maintain rules and regulations

### 15. CONDUCT FINANCIAL AUDIT

Controls and Accounting will:

- Close the Watermaster's accounting year
- Coordinate timing of audit with independent auditors
- Prepare schedules and narratives requested by the independent audit staff to facilitate timely issuance of the annual audit report

### 16. FACILITATE ELECTION

The Administrative Assistant will:

- Develop and email notice of commencement of the election to Exhibit 4 Parties
- Email nominations letter to Exhibit 4 Parties
- Develop and email Ballot Election to Exhibit 4 Parties
- Coordinate the Bi-Annual election in coordination with the City of Palmdale
- Present final results to Board of Directors

### 17. IDENTIFY UNAUTHORIZED PUMPING IN BASIN

The Administrative Assistant will:

- Review Land IQ Data
- Develop list of potential unauthorized pumping in the Basin
- Develop, in coordination with Legal Counsel and Watermaster Engineer, a letter to confirm identified potential unauthorized pumping
- Distribute letter
- Develop summary report for Board of Directors

## ADDITIONAL CONSIDERATIONS

### 1. MONTHLY ADMINISTRATIVE COMMITTEE MEETINGS (11 SESSIONS PER YEAR)

The Watermaster Administrator will:

- Attend and facilitate 11 sessions per year remotely

- Provide the Administrative Committee with strategic and policy advice, as needed
- Endeavor to ensure meetings are conducted in a manner consistent with the Ralph M. Brown Act, Government Code §§54950, et seq.

The Administrative Assistant will:

- Remotely attend 11 sessions per year
- Provide the Administrative Committee with advice, as needed
- Endeavor to ensure meetings are conducted in a manner consistent with the Ralph M. Brown Act, Government Code §§54950, et seq.

## 2. REFINE FINANCIAL REPORTING

Controls and Accounting will:

- Create a new report format to be used for future financial reporting
- Incorporate changes directed by actions of the Board of Directors

## 3. DEVELOP REPORTING AND MANAGE CONSULTANTS' BUDGETS AND BUDGET VARIANCES

Controls and Accounting will:

- Develop reports for all Watermaster consultants budget

The Watermaster Administrator will:

- Review all consultant budgets
- Address any budget variances with the consultant
- Provide updates to the Board of Directors

## 4. DEVELOP SEPARATE REPORTING FOR RESTRICTED AND NON-RESTRICTED ASSETS

Controls and Accounting will:

- Develop a separate reporting for restricted and non-restricted assets
- Incorporate changes directed by action of the Board of Directors

## 5. AUDITOR RFP AND PROCUREMENT

Controls and Accounts will:

- Develop a request for proposals from independent auditors
- Mail/email RFP
- Schedule interviews
- Conduct interviews
- Conduct reference checks

- Develop summary report for Board of Directors

The Watermaster Administrator will:

- Present a summary report to Board of Directors to facilitate selection of an independent auditor by the Board of Directors

The Administrative Assistant will:

- Execute contract with selected auditor

## 6. PRA REQUESTS (ASSUME 3)

The Administrative Assistant will:

- In coordination with Legal Counsel, the Watermaster Engineer, and other Watermaster Directors, officers, and employees as appropriate, respond to no more than three (3) Public Records Act requests annually

## 7. ASSIST GENERAL COUNSEL IN AMENDMENTS TO RULES AND REGULATIONS

The Watermaster Administrator will:

- Assist Legal Counsel in developing proposed amendments to Rules and Regulations

## 8. ENFORCEMENT ACTIONS FOR NON-REPORTING PUMPERS

The Administrative Assistant will:

- Utilize list of non-reporting pumpers from Watermaster Engineer
- Utilize Parcel Quest data to research/populate contact information
- Coordinate with Legal Counsel to draft letter regarding out of compliance
- Distribute letter to non-reporting pumpers
- Develop summary report for Board of Directors

## 9. DEVELOP ADMINISTRATIVE ASSESSMENT FOR REPLACEMENT WATER

The Administrative Assistant will:

- Coordinate with Watermaster Engineer on time spent for Replacement Water
- Develop proposed Administrative Assessment for Replacement Watermaster
- Present proposed Administrative Assessment for Replacement Watermaster to Board of Directors for approval

## 10. CONDUCT ANALYSIS FOR APPLICATION FEES

The Administrative Assistant will:

- Coordinate with Watermaster Engineer to develop proposed application fees calculated to cover cost of applications for Board of Directors for approval
- Implement approved application fees for all future applications

## 11. ENFORCEMENT ACTIONS FOR UNAUTHORIZED PUMPING

The Administrative Assistant will:

- Develop enforcement actions with Legal Counsel
- Present summary to Board
- Assist Legal Counsel in initiating enforcement actions approved by the Board of Directors

## 12. CREATE/MAINTAIN FAQ SECTION ON WEBSITE

The Administrative Assistant will:

- Create a frequently asked questions document
- Post document on website
- Update document with additional questions being asked by interested parties

## 13. IDENTIFY POTENTIAL GRANTS

The Administrative Assistant will:

- Identify potential grants to fund activities approved by the Board of Directors

## 14. WATERMASTER ENGINEER RFP AND PROCUREMENT

The Administrative Assistant will:

- Develop a request for proposals for Watermaster Engineer
- Mail/email RFP
- Schedule interviews
- Conduct interviews
- Conduct reference checks
- Develop summary report for Board of Directors

The Watermaster Administrator will:

- Conduct interviews
- Present summary report for Board of Directors to enable the Board of Directors to select a Watermaster Engineer

The Administrative Assistant will:

- Execute contract with selected engineering company

### Fees for Administrative Services from The Hallmark Group

Fixed Fee Monthly Administration		
1	Monthly Board Meetings (11 sessions per year)	
2	Monthly Advisory Committee Meetings (11 sessions per year)	
3	Bi-Annual Subarea Management Committee (2 sessions per year)	
4	Monthly Meeting Preparation for Board of Directors, and Advisory Committee	
5	Application Processing (Direct Reimbursement)	
6	Website Administration	
7	Point of Contact, Office Hours, Phone Calls, Advise on Administrative Processes, Assist Potential Applicants Electing Not to Submit Application	
8	Develop Annual Replacement Water Purchase	
9	Ensure Watermaster Meets Obligations Per Judgement, Rules & Regulations	
10	Regulatory Compliance for Well Metering & Production Reports	
11	Coordinate & Conduct Financial Transactions, Ledgers, Subledgers, Records, Budget, Cash Flow, Report Reviews	
12	Prepare and Distribute Fixed and Variable Assessment Billings and Manage Payments and Ledgers	
13	Contract and Insurance Administration	
14	Coordinate & Assist with Maintaining Rules & Regulations	
15	Conduct Financial Audit	
16	Facilitate Election	
17	Identify Illegal Pumping in Basin	
<b>Subtotal Fixed Monthly Budget - Administration</b>		\$ 19,152.66
<b>Annual Budget</b>		\$ 229,832

Additional Considerations		Annual Cost
1	Monthly Administrative Committee Meetings (11 sessions per year)	\$ 16,500
2	Refine Financial Reporting	\$ 3,312
3	Develop Reporting and Manage Consultants' Budgets and Budget Variances	\$ 8,784
4	Develop Separate Reporting for Restricted and Non-Restricted Assets	\$ 3,312
5	Auditor RFP and Procurement	\$ 4,362
6	PRA Request (Assume 3)	\$ 7,128
7	Assist General Counsel in Amendments to Rules and Regulations	\$ 1,080
8	Enforcement Actions for Non-Reporting Pumpers	\$ 1,725
9	Develop Administrative Assessment for Replacement Water	\$ 591
10	Conduct Analysis for Application Fees	\$ 1,908
11	Enforcement Actions for Illegal Pumping	\$ 1,725
12	Create/Maintain FAQ Section on Website	\$ 2,160
13	Identify Potential Grants	\$ 1,080
14	Watermaster Engineer RFP and Procurement	\$ 3,720
<b>Subtotal Budget - Additional Considerations</b>		<b>\$ 57,367</b>



## EXHIBIT B

## RATES

Hourly rates are inclusive of all overhead and administrative expenses. Upon request, Hallmark Group will provide the hourly billing rate for additional staff that may be required to support Antelope Valley Watermaster.

CLASSIFICATION	RATE
Principal & Strategic Advisor	\$350.00 /hr
Vice President and Program Manager	\$350.00 /hr
Director Water Resources / Supply	\$350.00 /hr
Sr. Project Manager	\$275.00 /hr
Project Controls Manager	\$250.00 /hr
Project Manager	\$225.00 /hr
Project Analyst	\$185.00 /hr
Project Coordinator	\$150.00 /hr
Project Administrator	\$125.00/hr

**EXHIBIT C  
INSURANCE**

Attachment INS-1

**INSURANCE REQUIREMENTS FOR CONSULTANTS  
(WITH ERRORS AND OMISSIONS REQUIREMENT)**

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial general liability insurance, including a contractual liability endorsement, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office commercial general liability coverage (Occurrence Form CG0001ED, November 1988). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office automobile liability coverage (Occurrence Form CA000T, ED June 1992) covering Code No. 1, "any auto";

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession with a minimum coverage of \$2,000,000 per occurrence or claim, \$2,000,000 aggregate. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant.

2. Consultant shall, prior to performance of any services, file with the Chairperson certificates of insurance with original endorsements effecting coverage required by this Attachment INS-1. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Chairperson. All certificates and endorsements are to be received and approved by the Chairperson before commencement of services. Watermaster reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Chairperson, addressed as follows:

Antelope Valley Watermaster  
Attn: Chairperson  
500 Capitol Mall Suite 2350  
Sacramento, CA 95814

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Chairperson. The Chairperson shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name Watermaster, its directors, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to Watermaster, its directors, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Attachment INS-1 or substitute forms containing the same information and acceptable to the Chairperson shall be used to provide the endorsements.**

5. The coverages provided to Watermaster shall be primary and not contributing to or in excess of any existing Watermaster insurance or self-insurance coverages. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to Watermaster, its directors, officers, employees, agents and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Chairperson. At the option of the Chairperson, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects Watermaster, its directors, officers, employees, agents and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Chairperson.

# ACCORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

<b>PRODUCER</b>	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
CODESUB-CODE	<b>COMPANIES AFFORDING INSURANCE COVERAGE</b>
INSURED	COMPANY LETTER A      SPECIFY COMPANY NAMES IN THIS SPACE
	COMPANY LETTER B

## COVERAGES

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR. <input checked="" type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE      \$1,000,000 PRODUCTS COMP/OP AGG.      \$1,000,000 PERSONAL & ADV. INJURY      \$1,000,000 EACH OCCURRENCE      \$1,000,000 FIRE DAMAGE (Any one fire)      \$ MED. EXPENSE (Any one person)      \$
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE LIMIT      \$1,000,000 BODILY INJURY (Per person)      \$ BODILY INJURY (Per accident)      \$ PROPERTY DAMAGE      \$
A	<b>EXCESS LIABILITY</b> UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE      \$ AGGREGATE      \$
A	<b>WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY</b>				STATUTORY LIMITS EACH ACCIDENT      \$1,000,000 DISEASE-POLICY LIMIT      \$1,000,000 DISEASE-EACH EMPLOYEE      \$1,000,000
A	<b>OTHER</b> Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage: Each occurrence      \$2,000,000 Aggregate      \$2,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

<b>CERTIFICATE HOLDER</b> Antelope Valley Watermaster Attn: Chairperson 500 Capitol Mall Suite 2350 Sacramento, CA 95814	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  AUTHORIZED REPRESENTATIVE
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**GENERAL LIABILITY SPECIAL ENDORSEMENT FOR THE ANTELOPE VALLEY WATERMASTER**

**SUBMIT IN DUPLICATE**

ENDORSEMENT NO. \_\_\_\_\_ ISSUE DATE (MM/DD/YY) \_\_\_\_\_

**PRODUCER**

Telephone: \_\_\_\_\_

**POLICY INFORMATION:**  
 Insurance Company: \_\_\_\_\_  
 Policy No.: \_\_\_\_\_  
 Policy Period: (from) \_\_\_\_\_ (to) \_\_\_\_\_  
 LOSS ADJUSTMENT EXPENSE     Included in Limits  
    In Addition to Limits

**NAMED INSURED**

Deductible     Self-Insured Retention (check which) of \$ \_\_\_\_\_  
 with an Aggregate of \$ \_\_\_\_\_ applies to \_\_\_\_\_  
 coverage.     Per Occurrence  Per Claim                 (which)

**APPLICABILITY.** This insurance pertains to the operations, products and/or tenancy of the named insured under all written agreements and permits in force with the Watermaster unless checked here  in which case only the following specific agreements and permits with the Watermaster are covered:

**TYPE OF INSURANCE**     WATERMASTER AGREEMENTS/PERMITS

GENERAL LIABILITY      Claims Made  
 COMMERCIAL GENERAL LIABILITY     Retroactive Date \_\_\_\_\_  
 COMPREHENSIVE GENERAL LIABILITY     Occurrence  
 OWNERS & CONTRACTORS PROTECTIVE

**OTHER PROVISIONS**

<b>COVERAGES</b>	<b>LIABILITY LIMITS IN THOUSANDS \$</b>	
	<b>EACH OCCURRENCE</b>	<b>AGGREGATE</b>
<input type="checkbox"/> GENERAL <input type="checkbox"/> PRODUCTS/COMPLETED OPERATIONS <input type="checkbox"/> PERSONAL & ADVERTISING INJURY <input type="checkbox"/> FIRE DAMAGE <input type="checkbox"/> _____ <input type="checkbox"/> _____		

**CLAIMS:** Underwriter's representative for claims pursuant to this insurance.  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: ( ) \_\_\_\_\_

In consideration of the premium charged and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any endorsement now or hereafter attached thereto, insurance company agrees as follows:

8. **INSURED.** The Watermaster, its officers, agents, employees, agents and volunteers are included as insureds with regard to liability and defense of suits arising from the operations, products and activities performed by or on behalf of the named insured.
  9. **CONTRIBUTION NOT REQUIRED.** As respects: (a) work performed by the named insured for or on behalf of the Watermaster; or (b) products sold by the named insured to the Watermaster; or (c) premises leased by the named insured from the Watermaster, the insurance afforded by this policy shall be primary insurance as respects the Watermaster, its officers, agents, employees, agents or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the Watermaster, its officers, agents, employees, agents or volunteers shall be in excess of this insurance and shall not contribute with it.
  10. **SEVERABILITY OF INTEREST.** This insurance applies separately to each insured against whom claim is made or suit is brought except with respect to the company's limits of liability. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included.
  11. **CANCELLATION NOTICE.** With respect to the interests of the Watermaster, this insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days prior written notice by receipted delivery has been given to the Watermaster.
  12. **PROVISIONS REGARDING THE INSURED'S DUTIES.** Any failure to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the Watermaster, its officers, agents, employees, agents or volunteers.
  13. **SCOPE OF COVERAGE.** This policy, if primary, affords coverage at least as broad as:
    - a. Insurance Services Office Commercial General Liability Coverage, "occurrence" form CG0001; or
    - b. If excess, affords coverage which is at least as broad as the primary insurance form CG0001.
- Except as stated above nothing herein shall be held to waive, alter or extend any of the limits, conditions, agreements or exclusions of the policy to which this endorsement is attached.

**ENDORSEMENT HOLDER**

**Antelope Valley Watermaster**  
**Attn: Chairperson**  
**500 Capitol Mall Suite 2350**  
**Sacramento, CA 95814**

**AUTHORIZED REPRESENTATIVE**  
 Broker/Agent     Underwriter     \_\_\_\_\_

I \_\_\_\_\_ (print/type name), warrant that I have authority to bind the above-mentioned insurance company and by my signature hereon do so bind this company to this endorsement.

Signature \_\_\_\_\_  
 (original signature required)

Telephone: ( ) \_\_\_\_\_ Date Signed \_\_\_\_\_

**AUTOMOBILE LIABILITY SPECIAL ENDORSEMENT FOR THE ANTELOPE VALLEY WATERMASTER**

**SUBMIT IN DUPLICATE**

ENDORSEMENT NO. \_\_\_\_\_

ISSUE DATE (MM/DD/YY) \_\_\_\_\_

**PRODUCER**

Telephone: \_\_\_\_\_

**POLICY INFORMATION:**

Insurance Company: \_\_\_\_\_  
 Policy No.: \_\_\_\_\_  
 Policy Period: (from) \_\_\_\_\_ (to) \_\_\_\_\_  
 LOSS ADJUSTMENT EXPENSE  Included in Limits  
 In Addition to Limits

**NAMED INSURED**

Deductible  Self Insured Retention (check which) of \$ \_\_\_\_\_  
 with an Aggregate of \$ \_\_\_\_\_ applies to \_\_\_\_\_  
 Per Occurrence  Per Claim (which) \_\_\_\_\_

**APPLICABILITY.** This insurance pertains to the operations, products and/or tenancy of the named insured under all written agreements and permits in force with the Watermaster unless checked here  in which case only the following specific agreements and permits with the Watermaster are covered:

WATERMASTER AGREEMENTS/PERMITS \_\_\_\_\_

**TYPE OF INSURANCE**

- COMMERCIAL AUTO POLICY
- BUSINESS AUTO POLICY
- OTHER

**OTHER PROVISIONS**

**LIMIT OF LIABILITY**

\$ \_\_\_\_\_ per accident, for bodily injury and property damage.

**CLAIMS:** Underwriter's representative for claims pursuant to this insurance.

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Telephone: ( ) \_\_\_\_\_

In consideration of the premium charged and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any endorsement now or hereafter attached thereto, insurance company agrees as follows:

**INSURED.** The Watermaster, its officers, agents, volunteers are included as insureds with regard to liability and defense of suits arising from the operations, products and activities performed by or on behalf of the named insured.

**CONTRIBUTION NOT REQUIRED.** As respects: (a) work performed by the named insured for or on behalf of the Watermaster; or (b) products sold by the named insured to the Watermaster; or (c) premises leased by the named insured from the Watermaster, the insurance afforded by this policy shall be primary insurance as respects the Watermaster, its officers, agents, employees, agents or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the Watermaster, its officers, agents, employees, agents or volunteers shall be in excess of this insurance and shall not contribute with it.

**SEVERABILITY OF INTEREST.** This insurance applies separately to each insured against whom claim is made or suit is brought except with respect to the company's limits of liability. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included.

**CANCELLATION NOTICE.** With respect to the interests of the Watermaster, this insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days prior written notice by receipted delivery has been given to the Watermaster.

**PROVISIONS REGARDING THE INSURED'S DUTIES.** Any failure to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the Watermaster, its officers, agents, employees, agents or volunteers.

**SCOPE OF COVERAGE.** This policy, if primary, affords coverage at least as broad as:

Insurance Services Office Automobile Liability Coverage, "occurrence" form CA000T (Ed. 6/92), code ("any auto"); or

If excess, affords coverage which is at least as broad as the primary insurance form referenced in the preceding section (1).

Except as stated above nothing herein shall be held to waive, alter or extend any of the limits, conditions, agreements or exclusions of the policy to which this endorsement is attached.

**ENDORSEMENT HOLDER**

**Antelope Valley Watermaster  
 Attn: Chairperson  
 500 Capitol Mall Suite 2350  
 Sacramento, CA 95814**

**AUTHORIZED REPRESENTATIVE**

Broker/Agent  Underwriter  \_\_\_\_\_

I \_\_\_\_\_ (print/type name), warrant that I have authority to bind the above-mentioned insurance company and by my signature hereon do so bind this company to this endorsement.

Signature \_\_\_\_\_

(original signature required)

Telephone: ( ) \_\_\_\_\_ Date Signed \_\_\_\_\_

## Exhibit A

**ANTELOPE VALLEY WATERMASTER**  
**2024 Administrative Budget - DRAFT**

	2024 Budget	2023 Projected	2023 Budget	2022 Actual	2024 Budget Assumptions
<b>Revenue</b>					
<b>Application Fees</b>					
Monitoring Well Application Fees	\$ 400	\$ 450		\$ 550	8 applications
New Point of Extraction Fees	\$ 2,700	\$ 3,375		\$ 1,350	4 applications
New Production Application Fees	\$ 15,600	\$ 16,500		\$ 16,160	13 applications; avg fee of \$1,200
Permanent Water Transfer Fees (and temp. > 10AF)	\$ 9,900	\$ 12,050		\$ 8,475	6 applications
Qualifying Doc Appl Fees - Small Pumper	\$ -	\$ 150		\$ 300	
Replacement Well Application Fees	\$ 450	\$ 750		\$ 300	3 applications
Temporary Water Transfer Fees (less than 10AF)	\$ 32,300	\$ 34,575		\$ 20,550	34 applications
<b>Total Application Fees</b>	<b>\$ 61,350</b>	<b>\$ 67,850</b>	<b>\$ 40,000</b>	<b>\$ 47,685</b>	2024 Budget based upon current application fees
<b>Assessments</b>					
Fixed Administrative Assessments	\$ 713,082	\$ 356,473	\$ 365,205	\$ 366,400	Avg Billed AF x Cash Flow Rate \$9.50/AF
Fixed Administrative Assessments - Supplemental	\$ -	\$ 332,468			
Imported Water Return Flows	\$ 168,516	\$ 88,693	\$ 70,000	\$ 94,106	Avg Billed AF x Cash Flow Rate \$9.5/AF (2022 rate + 2023 suppl rate)
Variable Assessments	\$ 77,200	\$ 42,000	\$ 80,000	\$ 73,745	Avg Billed AF x Cash Flow Rate \$9.5/AF (2022 rate + 2023 suppl rate)
<b>Total Assessments</b>	<b>\$ 958,798</b>	<b>\$ 819,634</b>	<b>\$ 515,205</b>	<b>\$ 534,251</b>	
<b>Other Revenue and Reimbursements</b>					
Late Fees	\$ 14,000	\$ 17,622	\$ 10,000	\$ 96,972	Historical avg
Recovered Legal Fees	\$ -	\$ -	\$ -	\$ 51,087	
Interest Income	\$ 100	\$ 200	\$ -	\$ 917	
Miscellaneous	\$ -	\$ -	\$ -	\$ 24	
USGS Program - Contract Cost Share					
AVSWCA	\$ 35,945	\$ 35,945	\$ 36,000	\$ 36,000	Cost share expected to remain consistent
AVIRWMP	\$ 17,973	\$ 17,973	\$ 18,000	\$ 18,000	Cost share expected to remain consistent
<b>Total Other Revenue and Reimbursements</b>	<b>\$ 68,018</b>	<b>\$ 71,740</b>	<b>\$ 64,000</b>	<b>\$ 203,000</b>	
<b>Total Revenue</b>	<b>\$ 1,088,166</b>	<b>\$ 959,224</b>	<b>\$ 619,205</b>	<b>\$ 784,936</b>	
<b>Expenses</b>					
<b>Contracted Administrator(s)</b>					
Administrator Services	\$ 229,832	\$ 208,000	\$ 188,000	\$ 99,749	Hallmark Group Proposed 2024 Contract
Administrator Services - Additional Considerations	\$ 57,387	\$ -	\$ -	\$ -	Hallmark Group Proposed 2024 Contract
Administrator Services - 2022 Transition	\$ -	\$ -	\$ -	\$ 20,000	
<b>Watermaster Legal Services</b>					
Legal Services - General Representation	\$ 300,000	\$ 395,000	\$ 250,000	\$ 292,467	Per C. Parton estimate in May 2023; see additional analysis
Legal Services - Phelan Pinion Hills CSD	\$ -	\$ -	\$ -	\$ 19,436	
<b>Watermaster Engineer</b>					
Watermaster Engineer	\$ 224,700	\$ 224,200	\$ 224,200	\$ 284,365	Todd Groundwater Amendment 6
<b>Watermaster Special Contract Services</b>					
USGS Contract - Water Level Monitoring	\$ 71,890	\$ 71,890	\$ 72,000	\$ 71,972	USGS contract not expected to increase in 2024
<b>Administrative Expenses</b>					
Application Processing (Administrator and Engineer Fees)	\$ 61,350	\$ 67,850	\$ 40,000	\$ 47,685	Expense recovered through application fees
General and Cyber Liability Insurance	\$ 3,100	\$ 3,065	\$ 4,100	\$ 3,515	Estimate
Information and Court Document Management	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	Contract not expected to increase
Postage, Printing and Mailbox	\$ 1,500	\$ 1,000	\$ 775	\$ 649	
Annual Financial Audit	\$ 7,420	\$ 7,090	\$ 7,400	\$ 5,670	Contracted - CJ Brown April 2020 proposal
Accounting Software - QuickBooks	\$ 1,080	\$ 1,020	\$ 590	\$ 1,145	Estimated cost increase to \$90/mo
Website Maintenance and Emails Addresses	\$ 1,188	\$ 1,188	\$ 1,000	\$ 948	Interactive Educational Services - not expected to increase
Zoom Conferencing	\$ 150	\$ 150	\$ -	\$ 150	
Office Supplies and Expenses	\$ 1,200	\$ 1,000	\$ -	\$ 129	
Contingency	\$ 50,000	\$ -	\$ -	\$ -	
<b>Total Expenses</b>	<b>\$ 1,025,197</b>	<b>\$ 995,853</b>	<b>\$ 802,465</b>	<b>\$ 862,280</b>	
<b>Increase/(Decrease) to Administrative Stabilization Fund</b>	<b>\$ 62,969</b>	<b>\$ (36,630)</b>	<b>\$ (183,260)</b>	<b>\$ (77,344)</b>	
<b>Administrative Stabilization Fund Balance (checking account)</b>	<b>\$ 225,127</b>	<b>\$ 162,159</b>	<b>\$ -</b>	<b>\$ 198,788</b>	\$198,788 = 12/31/22 cash balance less RWA pending transfer

**Antelope Valley Watermaster**  
**Projected Cash Flow - Revised to Include Updated 2023 Projections and Draft 2024 Budget (including proposed Hallmark contract)**  
**For Years 2023-2028**

	Beginning	2023 Projected	2024 Budget	2025	2026	2027	2028	Total	Assumptions and Notes
<b>CASH - Beginning of Year</b>	\$ 233,264	\$ 233,264	\$ 161,305	\$ 224,294	\$ 240,930	\$ 223,768	\$ 229,791		
<b>CASH SOURCES</b>									
		Suppl Rate/AF \$4.50	Rate/AF \$9.50	Rate/AF \$8.50	Rate/AF \$8.50	Rate/AF \$9.00	Rate/AF \$9.00		
Fixed Assessments		356,473	713,082	638,021	638,021	675,552	675,552	3,696,700	5 year historical average billed AF/Year = 75,061 AF. Revenue is calculated based on Rate/AF x 75,061AF.
Fixed Assessments - Supplemental		332,468	-	-	-	-	-	332,468	Supplemental Assessment required to cure 2023 cash deficit; \$4.50/AF 2023 supplemental fixed assessment of \$4.50/AF incorporated into 2024 variable assessments. Rates established in any given base year for fixed assessments are attributable to variable assessments in succeeding years. Average variable assessment based upon 8,127AF.
Variable Assessments		41,500	77,200	78,850	70,550	70,550	74,700	413,350	Historical average \$90K/yr plus additional and increased assessment rate
IWRP Assessments		88,693	168,516	168,516	150,778	150,778	159,647	886,927	3% escalation/year
Application Fees		60,000	61,350	63,191	65,086	67,039	69,050	385,715	Assumes cost sharing will continue
Late Payment Fees		18,000	14,000	12,000	12,000	12,000	12,000	80,000	Potential cash source not included in analysis: recovery of legal fees from pending litigation
USGS Cost Share		53,918	53,918	54,000	54,000	54,000	54,000	323,836	
<b>TOTAL CASH SOURCES</b>		<b>951,052</b>	<b>1,088,066</b>	<b>1,014,577</b>	<b>990,435</b>	<b>1,029,918</b>	<b>1,044,948</b>	<b>6,118,996</b>	
<b>TOTAL CASH AVAILABLE</b>	233,264	1,184,316	1,249,371	1,238,871	1,231,365	1,253,686	1,274,740		
<b>CASH USES</b>									
Contracted Administrator		208,532	229,832	236,727	243,829	251,144	258,678	1,428,741	Base year 2024 Administrator Budget; 3% escalation/years 2025-2028
Administrator Add'l Considerations		-	57,387	-	-	-	-	57,387	Additional considerations contemplated in Hallmark's 2024 contract; work performed only as requested by BOD.
Application Processing		60,000	61,350	63,191	65,086	67,039	69,050	385,715	Consistent with revenue generated
Audit Fees		7,090	7,300	7,400	7,600	7,800	8,000	45,190	Assumes nominal increases YOY
Dues and Subscriptions		2,358	2,418	2,491	2,565	2,642	2,721	15,195	3% escalation/year
Office Supplies		1,000	1,200	1,236	1,273	1,311	1,351	7,371	3% escalation/year
Information/Document Mgmt		14,400	14,400	16,400	16,400	16,400	16,400	94,400	Primarily GloTrans document repository hosting. Assumed constant.
Insurance		3,065	3,100	3,300	3,600	3,800	4,000	20,865	3% escalation/year
Legal Fees		395,000	300,000	306,000	306,000	312,120	312,120	1,931,240	Projection \$25k/month. Slight billing rate increases in years 2025 and 2027
Watermaster Engineer		224,200	224,700	237,652	237,652	238,000	238,000	1,400,204	2025 and 2026 6% increase for model calibration and issuance of storage agreements for c/o water
USGS Contract		71,890	71,890	72,000	72,000	72,000	72,000	431,780	Assumed constant
Postage/Printing		1,000	1,500	1,545	1,591	1,639	1,688	8,964	3% escalation/year
Transfer to Restricted MM Acct		34,476	-	-	-	-	-	34,476	Restricted cash reconciliation resulted in identification of funds transfer needed in 2023
Contingency		-	50,000	50,000	50,000	50,000	50,000	250,000	Increased to \$50K/month per request
<b>TOTAL CASH USES</b>		<b>1,023,011</b>	<b>1,025,077</b>	<b>997,941</b>	<b>1,007,597</b>	<b>1,023,895</b>	<b>1,034,008</b>	<b>6,111,529</b>	
<b>CASH - End of Year</b>	\$ 233,264	\$ 161,305	\$ 224,294	\$ 240,930	\$ 223,768	\$ 229,791	\$ 240,731		
Less Cash Reserves For First 2 Months of Subsequent Year		\$ 180,000	\$ 185,400						Purpose: Cover 2 months of Q1 expenses for subsequent year as Fixed Assessments billed in January of the subsequent year will not be received until late Feb -March (\$90K x 2 = \$180K). 3% inflation escalation/year.
<b>ADJUSTED CASH</b>									Projected cash balance at the end of second month following the year (prior to receiving fixed assessments)