



Agenda Notice Regular Board
Meeting June 18, 2026

**AGENDA
NOTICE OF REGULAR BOARD MEETING AND PUBLIC HEARING**

TIME: 5:30pm

DATE: June 18, 2026

**Location: Quartz Hill Water District
5034 W Avenue L Quartz Hill, CA 93536**

1. CALL TO ORDER

2. ROLL CALL

3. PLEDGE OF ALLEGIANCE

4. ADOPTION OF AGENDA

Members of the public shall have an opportunity to comment on each agenda item as the Board is considering it, prior to action being taken.

5. PUBLIC COMMENT

6. ADJOURN TO PUBLIC HEARING

6.1 Presentation by management in accordance with GC Section 3502.3 (Assembly Bill 2561), a public agency must once per fiscal year present the status of vacancies, recruitment and retentions efforts at a Public Hearing before the adoption of an annual budget

7. Reconvene to Regular Meeting

8. DISCUSSION ITEM – No Items at this time

9. ACTION ITEMS

Matters listed under the consent calendar are considered routine and non-controversial and will be acted upon in one motion in the order listed below. There will be no separate discussion on these matters unless requested by a Member of the Board or the public prior to the time the Board approves the items.

7.1 Consent Calendar

1. Consideration and possible approval of May 19, 2026, minutes of finance committee meeting.
2. Consideration and possible approval of May 21, 2026, minutes of the regular meeting of the board of directors.
3. Consideration and approval of the May check register.

CORE VALUES

VISION • RESPECT • INTEGRITY • EXCELLENCE • LEGACY

7.2 Action Calendar

1. Consideration and possible action to renew Will Serve Request for Tract No. 60431, located at 70th St West and Avenue M-8.
2. Consideration and possible action to direct the General Manager to cast a vote for the CSDA Southern Network Seat C ballot.
3. Consideration and possible action to approve the General Managers recommended FY 27 Annual Budget.
4. Consideration and possible action to approve Annual Water Supply and Demand Assessment.

10. INFORMATION ITEMS (Written Reports Included)

8.1 Staff Report

1. Report by Administrative Supervisor
2. Report by Assistant General Manager Brach Smith
3. Report by General Manager Brent Byrne

8.2 Director's Report

8.3 Attorney's Report

11. DIRECTOR REQUEST FOR FUTURE AGENDA ITEMS

12. CLOSED SESSION – No Items at this time

13. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

14. ADJOURNMENT

In accordance with the Americans with Disabilities Act of 1990, this agenda will be made available in an appropriate alternative format upon request for individuals with disabilities. If you need disability-related modifications or accommodations to attend or participate in this meeting, including auxiliary aids or services, please contact the Board Secretary at (661) 943-3170, visit the Quartz Hill Water District office, or email slopez@qhwd.org at least 48 hours prior to the meeting.

AGENDA
NOTICE OF FINANCE COMMITTEE MEETING

Committee Members: Director Rod Holtz and Director Lance Pierson

TIME: 2:30PM

DATE: May 19, 2026

Location: Quartz Hill Water District
5034 W Avenue L, Quartz Hill

1. Meeting Called to Order on May 19th at 2:30 p.m.
2. Members Present: Vice President Holtz, Director Pierson and General Manager Brent Byrne
3. PUBLIC COMMENT: None
4. ADOPTION OF AGENDA
Action: With no requests for amendments, the agenda was adopted by unanimous assent.
5. DISCUSSION ITEMS
 - Review General Managers proposed FY27 Budget
- 6 ADJOURNMENT: Meeting adjourned at 3:52 p.m.

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**Minutes of the Regular Meeting of the Board of Directors
Quartz Hill Water District**

DATE: Thursday, May 21st, 2026

TIME: 5:30 p.m.

LOCATION: Quartz Hill Water District, 5034 W Avenue L, Quartz Hill, CA. 93536

1. CALL TO ORDER

President Carter called the meeting to order at 5:30 p.m.

2. ROLL CALL

Board Members:

- President: Sheldon Carter (Present)
- Vice President: Rod Holtz (Present)
- Director: Allen G. Flick, SR. (Present)
- Director: Dan Massari (Present)
- Director: Lance Pierson (Present)

Others Present:

- Brent Byrne, General Manager
- Brach Smith, Assistant General Manager
- Brad Weeks, Attorney, Charlton Weeks LLP

Members of the Public: 1 attendee

3. PLEDGE OF ALLEGIANCE

- Led by Director Pierson.

4. ADOPTION OF AGENDA

Action: With no requests for amendments, the agenda was adopted by unanimous assent.

5. PUBLIC COMMENT

- No public comment.

6. Discussion Items

- None

7. Action Items

7.1 Consent Calendar

1. Approval of April 16, 2026, Regular Board meeting minutes.
2. Approval of the April check register.
3. Adoption of Joint Tax Sharing Resolution – Los Angeles County Sanitation Districts

Annexation 14-471; 83 Proposed Single – Family Homes.

Action: The Consent calendar was approved by unanimous assent.

7.2 Action Calendar

1. Consideration and possible action to authorize General Manager to proceed with disposal of surplus equipment (service truck and old water meters) per District policy.

Action: Approved the authorization for General Manager to proceed with disposal of surplus equipment (service truck and old water meters) per District policy. Motion made by Director Holtz, seconded by Director Massari, and approved by all members present.

8. INFORMATION ITEMS

8.1 Staff Reports

1. Assistant General Manager Brach Smith provided a verbal summary of written report.
2. General Manager Brent Byrne provided a verbal summary of written report.

8.2 Report by Directors

- Verbal report on finance committee meeting by Director Holtz and Director Pierson

8.3 Report by Attorney

- No report.

9. DIRECTOR REQUESTS FOR FUTURE AGENDA ITEMS

- None

10. CLOSED SESSION

- None

11. ADJOURNMENT

President Carter adjourned the meeting at 6:17 p.m.

Attest:

Sheldon Carter, President

Quartz Hill Water District
 Check/Voucher Register - CHECK REGISTER
 From 5/1/2026 Through 5/31/2026

<u>Document Date</u>	<u>Check Number</u>	<u>Payee</u>	<u>Check Amount</u>	<u>Spoiled</u>
5/21/2026	14622	ACWA JOINT POWERS INSURANCE AUTHORITY	25,945.63	No
5/21/2026	14623	ALESHIRE & WYNDER LLP (A&W)	2,491.62	No
5/21/2026	14624	Antelope Valley Window Cleaning	30.00	No
5/21/2026	14625	Antelope Valley Watermaster	12,151.45	No
5/21/2026	14626	ATS COMMUNICATIONS	1,295.00	No
5/21/2026	14627	Antelope Valley East Kern Water Agency	98,290.50	No
5/21/2026	14628	Antelope Valley East Kern Water Agency	69,947.02	No
5/21/2026	14629	C.J. BROWN & COMPANY CPA's	225.00	No
5/21/2026	14630	Coverall North America, Inc.	693.00	No
5/21/2026	14631	THE EQUIPMENT COMPANY INC	2,467.64	No
5/21/2026	14632	HYDROPRO SOLUTIONS	6,506.99	No
5/21/2026	14633	MKN (MICHAEL K. NUNLEY & ASSOCIATES, INC	6,483.00	No
5/21/2026	14633	MKN (MICHAEL K. NUNLEY & ASSOCIATES, INC	289.00	No
5/21/2026	14634	NATIONAL WATER WELL SUPPLY, INC	17,401.52	No
5/21/2026	14635	PUBLIC WATER AGENCIES GROUP	1,372.00	No
5/21/2026	14635	PUBLIC WATER AGENCIES GROUP	1,372.00	No
5/21/2026	14636	RBC Inc	4,750.00	No
5/21/2026	14636	RBC Inc	6,371.20	No
5/21/2026	14636	RBC Inc	6,864.43	No
5/21/2026	14636	RBC Inc	2,846.23	No
5/21/2026	14637	BRACH SMITH	569.25	No
5/21/2026	14638	WEST YOST	1,936.50	No
5/21/2026	14638	WEST YOST	1,333.50	No
5/26/2026	14639	AFSCME LOCAL 1902	682.26	No
Report Total			272,314.74	

Quartz Hill Water District
 Check/Voucher Register
 From 5/1/2026 Through 5/31/2026

<u>Document Date</u>	<u>Document Number</u>	<u>Payee</u>	<u>Document Amount</u>
5/20/2026	3756	MARK CUESTA	94.46
5/20/2026	3757	Maria De La Luz	170.20
5/20/2026	3758	Five Door Properties	166.13
5/20/2026	3759	Martinna Ganon-Silva	241.27
5/20/2026	3760	HP CALIFORNIA I LLC	63.03
5/20/2026	3761	JASON JUMP	45.30
5/20/2026	3762	Steven Lauranson	65.34
5/20/2026	3763	Candice Michelson	0.26
5/20/2026	3764	BRIAN PUPP	25.57
5/20/2026	3765	SIMON SCHAFER	1.37
5/20/2026	3766	BENJAMIN SCHNEIDER	92.85
5/20/2026	3767	HAMLET SIMONYAN	26.34
5/20/2026	3768	JOHN R SWANSON	26.59
5/20/2026	3769	Araksiy Tamazyan	37.77
5/20/2026	3770	EDWARD WELDON	10.21
5/20/2026	3771	Phillip Zotti	119.12
Report Total			1,185.81

Quartz Hill Water District
Cash Journal - Check Register
From 5/1/2026 Through 5/31/2026

1030 - Cash In
Bank (California
Bank & Trust)

Document Number	Effective Date	Transaction Description	Journal Vouchers	Type
01	5/1/2026	SHARP-MONTHLY SUPPORT (APRIL 2026 SERVICES)	2,292.00	JV
02	5/1/2026	CALPERS-CLASSIC (04.30.26 PAYROLL)	5,860.85	JV
03	5/1/2026	CALPERS-PEPRA (04.30.26 PAYROLL)	5,123.05	JV
04	5/4/2026	BANKCARD USA-1015 (APRIL 2026 SERVICES)	106.92	JV
05	5/4/2026	BANKCARD USA-GENERAL (APRIL 2026 SERVICES)	5,381.53	JV
06	5/4/2026	SCE Power Well 14 (03.17 to 04.15.26) SCE	774.30	JV
06	5/4/2026	SCE Power Well 14 (03.17 to 04.15.26)	385.91	JV
07	5/4/2026	SCE Power (Opp Center) 03.17 to 04.15.26 SCE	2,069.79	JV
07	5/4/2026	SCE Power (Opp Center) 03.17 to 04.15.26	635.48	JV
08	5/4/2026	AUTHORIZE.NET 1015 (APRIL 2026 SERVICES)	13.20	JV
09	5/4/2026	AUTHORIZE.NET GENERAL (APRIL 2026 SERVICES)	406.40	JV
10	5/5/2026	EDD 04.30.26 SIT PAYROLL TAXES	2,990.42	JV
10	5/5/2026	EDD 04.30.26 SDI PAYROLL TAXES	844.22	JV
11	5/6/2026	IRS 04.30.26 SOCIAL SECURITY-TAXES PAYROLL	8,052.42	JV
11	5/6/2026	IRS 04.30.26 FIT PAYABLE-TAXES PAYROLL	7,140.80	JV
11	5/6/2026	IRS 04.30.26 MEDICARE-TAXES PAYROLL	1,883.24	JV
12	5/8/2026	AGRO-TECH LANDSCAPING (MAY 2026 SERVICES) OP CNTR	945.00	JV
13	5/12/2026	CINTAS (UNIFORM SERVICE) 04.16 to 04.23.26 services	248.78	JV
14	5/13/2026	SCE Power Well 16 (03.31 to 04.29.26)	766.07	JV
15	5/13/2026	SCE Power Multi (well 5A) 03.05 to 04.05.26 SCE	6,284.92	JV
15	5/13/2026	SCE Power Multi (Well 06) 03.31 to 04.29.26	4,008.04	JV
15	5/13/2026	SCE Power Multi (well 5A) 03.05 to 04.05.26	2,489.28	JV
15	5/13/2026	SCE Power Multi (Well 12) 03.31 to 04.29.26	2,367.28	JV
15	5/13/2026	SCE Power Multi (Well 17) 03.17 to 04.15.26 SCE	1,701.55	JV
15	5/13/2026	SCE Power Multi (Well 17) 03.17 to 04.15.26	569.60	JV
15	5/13/2026	SCE Power Multi (Cal Prop) 03.05 to 04.05.26 SCE	476.87	JV
15	5/13/2026	SCE Power Multi (Cal Prop) 03.05 to 04.05.26	228.60	JV
15	5/13/2026	SCE Power Multi (Forecast Pump) 03.26 to 04.26.26 SCE	162.11	JV
15	5/13/2026	SCE Power Multi (Ave M Pump) 03.04 to 04.01.26 SCE	138.53	JV
15	5/13/2026	SCE Power Multi (Tanks on Hill) 03.05 to 04.05.26	122.09	JV
15	5/13/2026	SCE Power Multi (Well 08) 03.31 to 04.29.26	102.05	JV
15	5/13/2026	SCE Power Multi (Forecast Pump) 03.26 to 04.26.26	29.77	JV
15	5/13/2026	SCE Power Multi (Ave M Pump) 03.04 to 04.01.26	23.47	JV
15	5/13/2026	SCE Power Multi (M4 and 50th) 03.05 to 04.05.26	4.26	JV
15	5/13/2026	SCE Power Multi (turn out 70th) 03.05 to 04.05.26	3.69	JV
15	5/13/2026	SCE Power Multi (Ave N turnout) 03.05 to 04.05.26	1.70	JV
16	5/13/2026	SCE Power Well 7 (03.31 to 04.29.26)	2,993.98	JV
17	5/18/2026	Culligan (May 2026 services) Well-7 water softner	66.21	JV
18	5/18/2026	Culligan (May 2026 services) Well-5a water softner	59.65	JV

Quartz Hill Water District
Cash Journal - Check Register
From 5/1/2026 Through 5/31/2026

1030 - Cash In
Bank (California
Bank & Trust)

Document Number	Effective Date	Transaction Description	Journal Vouchers	Type
20	5/18/2026	Culligan (August 2025 services) Well-9 water softner	59.65	JV
21	5/18/2026	COMPUTERSHARE-WELLS FARGO-COP INTEREST	55.00	JV
22	5/18/2026	So Cal Gas (Ave M pump station) 03.30 to 04.28.26	1.56	JV
23	5/19/2026	SCE Power Well 9 (03.31 to 04.29.26) SCE	2,679.51	JV
23	5/19/2026	SCE Power Well 9 (03.31 to 04.29.26)	96.62	JV
24	5/19/2026	SCE Power Well 15 (04.01 to 04.30.26) SCE	1,177.13	JV
25	5/19/2026	EDD 05.14.26 SIT PAYROLL TAXES	2,798.60	JV
25	5/19/2026	EDD 05.14.26 SDI PAYROLL TAXES	782.16	JV
26	5/20/2026	IRS 05.14.26 SOCIAL SECURITY-TAXES PAYROLL	7,460.56	JV
26	5/20/2026	IRS 05.14.26 FIT PAYABLE-TAXES PAYROLL	6,733.67	JV
26	5/20/2026	IRS 05.14.26 MEDICARE-TAXES PAYROLL	1,744.78	JV
27	5/20/2026	SO CAL GAS (OPERATIONS CENTER) 03.30 to 04.28.26	14.94	JV
28	5/20/2026	SCE STANDBY HOUSE (3201 W AVE L) multiple months	370.20	JV
29	5/21/2026	Cal Bank and Trust Analysis (Bank Fees) April 2026	2,128.68	JV
30	5/22/2026	WASTE MANAGEMENT (APRIL 2026 SERVICE) 05.01.25 INVOICE	150.21	JV
31	5/26/2026	FERGUSON (CIP VALVE REPLACEMENT ORDER)	24,105.51	JV
31	5/26/2026	FERGUSON (CAL PROP ENGINE SWAP)	4,608.40	JV
31	5/26/2026	FERGUSON (6 INCH GATE VALVES)	2,386.58	JV
31	5/26/2026	FERGUSON (BRASS PARTS)	234.18	JV
32	5/27/2026	CINTAS (UNIFORM SERVICE) 05.14 to 05.21.26 services	286.72	JV
33	5/27/2026	CALPERS-CLASSIC (05.14.26 PAYROLL)	5,788.46	JV
34	5/27/2026	CALPERS-PEPRA (05.14.26 PAYROLL)	4,843.68	JV
35	5/27/2026	LINCOLN (05.14.26 PAYROLL)	2,630.70	JV
36	5/27/2026	INFOSEND (04.06.26 BILLS-POSTAGE) APRIL 2026 SERVICES	3,552.42	JV
36	5/27/2026	INFOSEND (04.06.26 BILLING) APRIL 2026 SERVICES	910.28	JV
36	5/27/2026	INFOSEND (04.10.26 LATES-POSTAGE) APRIL 2026 SERVICES	267.73	JV
36	5/27/2026	INFOSEND (04.10.26 LATE NOTICES) APRIL 2026 SERVICES	61.11	JV
37	5/29/2026	SHARP-MONTHLY SUPPORT (SERVER MEMORY ISSUES)	75.00	JV
Report Total			143,758.07	

Civil Design and Drafting, Inc.

civil engineering and land development services

June 2, 2026

Board of Directors
Quartz Hill Water District
5034 W Avenue L
Quartz Hill, CA 93536

Re: Will Serve Letter for Residential Development-Tract 60431

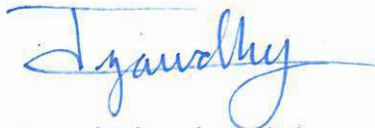
Dear Quartz Hill Water District,

As agent for Victorville Enterprises, LLC and Lancaster Villas, LLC, we are requesting a Will Serve Letter for the above-mentioned Tract.

We are requesting this item be added to the agenda for the next board meeting.

Enclosed please find a check for \$500 (five hundred dollars), legal description, assessor's parcel numbers and a reduced copy of the proposed tentative tract map No. 60431 with 155 lots.

Sincerely,



Imad Aboujawdah
Representative for Developer/Owner
805-522-2622

2027-2029 CSDA Board Appointment – Seat C Southern Network

Candidate Statement – Nikki Winslow

I am honored to put myself forward as a candidate for the CSDA Board for the 2027-2029 term. Since my appointment to the seat in January 2026, I've familiarized myself further with CSDA Board operations and the incredible individuals who volunteer their time to advocate for the work that special districts accomplish. Being part of this team is inspiring, and I look forward to serving and representing my region on the Board for the 2027-2029 term. I believe deeply in the mission of special districts and the staff and leadership upholding this work. They provide libraries, parks, water, fire protection, vector control – and so many other vital services. Special districts are essential in strengthening California's communities, often serving as a critical connection and filling in gaps for services that would otherwise be unavailable. It is my goal to continue to advocate for policies that support sustainability, innovation, and equity for all districts across our state, and represent the interests of the Southern Seat C region on the Board.

For 6 years I have served as District Director of the Altadena Library District. In this role, I have been proud to guide our community through a period of both tremendous growth and significant challenges. Among my achievements, I successfully led the passage of a ballot measure that secured long-term, sustainable funding for our libraries, a feat accomplished in the first year of the 2020 pandemic. I oversaw the planning of our two major renovations and the reopening of our branch on the westside of Altadena in August 2025. In February of this year, our Main library closed and long-awaited renovation work will finally begin on this property. These projects ensure that our library spaces are welcoming, modern, and adaptable to community needs. And throughout 2025 I helped guide the District and our residents through the devastation of the Eaton Fire, leading recovery and rebuilding efforts while ensuring our library remained a place of connection and resilience during a time of crisis and uncertainty.

Prior to my work in Altadena, I served as Assistant Director of Glendale Library, Arts & Culture and, before that, spent nearly 15 years with the Las Vegas-Clark County Library District, where I gained deep experience in operations, branch management, and community partnership building. My educational background includes a Bachelor's in Political Science from UNLV, a Master's in Library and Information Science from the University of North Texas, and a Master's in Public Administration from Claremont Lincoln University. This academic foundation, paired with over

two decades of professional leadership, has shaped my approach to governance—one grounded in strategic leadership, ethical decision-making, and a commitment to inclusive community engagement.

Throughout my career, I have worked with diverse populations and developed programming that directly meets the needs of my community. I have helped launch ESL and citizenship training programs for new Americans, championed the expansion of digital resources, and created equitable access to services for patrons of all ages and backgrounds. In Altadena, I have also been intentional about mentoring and empowering the next generation of library leaders. I am very passionate about professional development, and look forward to advocating for uplifting aspiring leaders in our special districts.

I want to continue to serve on the CSDA Board and spotlight how special districts meet challenges where larger government agencies sometimes cannot— with adaptability and innovation built-in to their structure. Advocating for these institutions is critical in meeting the needs of our California communities and solving problems that sometimes seem impossible. I believe my experiences navigating ballot measures, leading through emergencies, and building strong community partnerships add value to the Board’s work. I especially believe my perspective as a library district leader—representing a sector that touches education, workforce development, equity, and civic engagement— is critical to the future of California’s social infrastructure.

My involvement with CSDA is not just within my District or on the Board, but also as leadership in my local CSDA Chapter. I currently serve as Vice-Chair of the Special District Association of San Gabriel Valley Chapter Board, and was one of its founding members. In January 2024, I was invited to participate in a meeting to explore the formation of a new CSDA chapter in the San Gabriel Valley. At the group’s follow-up meeting in May 2024, I volunteered to serve on the formation committee, which successfully launched the chapter in October 2024... I was honored to host one of our chapter meetings at the Altadena Main Library, featuring Supervisor Kathryn Barger as our invited speaker in September 2025. We recently hosted a chapter mixer to encourage our special district staff and elected officials to meet, network and learn about the vital work our districts provide to fulfill the diverse needs and priorities of residents across our region.

It would be a privilege to serve a full term alongside other committed leaders on the CSDA Board for the 2027-2029 term, advocating for the sustainability of our districts, supporting collaboration across sectors, and ensuring that all voices—large, small, urban, and rural—are represented in statewide conversations. I am ready to bring my passion, experience, and vision to this role, and I would be honored to earn your support.

Sincerely,

Nikki Winslow

District Director, Altadena Library District

Candidate Statement

My name is Jason Dafforn, and I am honored to be a candidate for the CSDA Board of Directors representing the Southern Network, including Los Angeles, Orange, San Diego, San Bernardino, Riverside, and Imperial counties.

I am a Licensed Civil Engineer with more than 30 years of experience in the water and wastewater industry, including 17 years as a utility manager for California local governments and more than 10 years serving special districts. I currently serve as General Manager of Valley Sanitary District in Indio, California.

Throughout my career, I have focused on strengthening essential public infrastructure, improving organizational performance, and leading teams to deliver practical, long-term solutions. I have a deep appreciation for the diversity of special districts and the critical services they provide, including water, wastewater, parks and recreation, fire protection, libraries, healthcare, and community services.

Additionally, I have actively represented special district interests through legislative advocacy, participating in multiple policy and legislative trips to Sacramento and Washington, D.C. over the past several years. These efforts have focused on engaging directly with state and federal policymakers to advance the needs and priorities of special districts across California.

I also serve on the Board of Directors of the Desert Recreation Foundation, a nonprofit organization supporting the Desert Recreation District, where we help expand access to quality recreational programs and facilities throughout the Coachella Valley. The Foundation was recently awarded the 2026 California Nonprofit of the Year for Senate District 18.

If elected, I will bring a strategic, pragmatic perspective to the CSDA Board of Directors and work collaboratively to ensure CSDA remains a strong, effective advocate and resource for its members. Together, we can continue to strengthen special districts and the communities they serve.

Thank you for your support.

Jason Dafforn, PE
General Manager, Valley Sanitary District

Candidate Statement – John Horst

My name is John Horst, and I'm running as a candidate for the California Special Districts Association in the Southern Network.

I am proud to stand as a candidate committed to strengthening the vital role special districts play in serving our communities. Special districts are the backbone of local government—providing essential services like water, fire protection, sanitation, and infrastructure that directly impact our daily lives. Across California, these districts are trusted, community-driven, and accountable to the people they serve.

As a current Director of the Trabuco Canyon Water District, I have focused on protecting taxpayer dollars, improving transparency, and ensuring reliable, high-quality water services. I serve on the Finance and Audit Committee, helping maintain fiscal discipline, and I chair the Outreach Committee to improve communication, so residents stay informed and engaged.

My background in business and operations shapes how I approach public service. I've built my career solving problems, improving efficiency, reducing costs, and strengthening organizations from within. I understand how to manage budgets, support teams, and make decisions that lead to long-term stability and success.

I'm not a career politician—I bring entrepreneurial experience, a strong work ethic, and a commitment to results. I ask tough questions, seek practical solutions, and stay focused on what matters most: serving our community responsibly.

I respectfully ask for your vote.

Candidate Statement for Melinda Sedmak

Special districts serve as the foundation of local governance, providing essential services that directly impact the daily lives of the communities they serve. As a Trustee for the Twentynine Palms Public Cemetery District, I have developed a strong commitment to responsible governance, transparency, and the stewardship of public resources, particularly within a small, rural district that faces unique operational and financial challenges.

Cemetery districts represent a distinct and often underrepresented sector within special districts. These districts carry a profound public trust, preserving history, honoring families, and maintaining spaces of lasting community significance. At the same time, rural districts in the High Desert and Inland Empire regions frequently operate with limited resources and minimal representation at the statewide level. I am committed to ensuring that these voices are included in broader discussions affecting special districts across California.

My professional background as a managing paralegal in estate planning, trusts, and probate has provided me with a strong foundation in legal compliance, fiduciary responsibility, and long-term planning. Combined with my experience in civic leadership and election oversight, I bring a perspective grounded in accountability, structure, and public service.

I am actively engaged with CSDA resources and intend to attend the Special District Leadership Academy in San Diego in May 2026 to complete all four governance modules and work toward earning the Certificate in Special District Governance. I am prepared to commit the time and effort required to fulfill the responsibilities of serving on the CSDA Board of Directors, including participation in meetings, committees, and statewide initiatives.

I respectfully seek the opportunity to represent the Southern Network and to contribute a thoughtful, balanced perspective that supports all special districts, particularly those in rural and underserved regions.

DRAFT



Budget FY 27

5034 West Avenue L, Quartz Hill, CA 93536-3512
t: 661-943-3170 • f: 661-943-0457

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QUARTZ HILL WATER DISTRICT

FISCAL YEAR 2027 BUDGET-EXECUTIVE SUMMARY

Mission Statement:

Quartz Hill Water District will be a responsible overseer of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply that is resilient, reliable and supplied at a fair and equitable rate. (Mission Statement)

Dear President Carter, Board of Directors, community, and staff:

I am pleased to submit this report outlining how Quartz Hill Water District (QHWD) has met recent challenges—water reliability and quality, inflationary pressures, workforce needs, and evolving state and federal regulations—while remaining fiscally sound. Thanks are due to our customers, who consistently uphold conservation practices, and to our staff, whose commitment keeps essential services running smoothly. What follows is an overview of key achievements and take-aways from the past year.

Quartz Hill Water District expects operating revenues for FY'26 to be **\$7.78 million** with **\$6.37 million** in operating expenses (Without Depreciation and Debt service payment). Planned capital expenditures are expected to be \$1.41 million and financial obligations for payment of principal and interest on debt was \$566K. Revenues were higher largely due to increased water sales. The expenses were slightly higher due to employee COLA/benefits, inflated supply costs and increasing energy expenses.

The proposed budget is utilizing the long-term financial model provided by RDN, along with the historically proven capital improvement strategies. Quartz Hill Water District's Strategic Plan also identifies the Core Values exercised by the District and the Strategic Elements required to accomplish our Mission. These elements provide the framework for the remaining 2026 budget discussion and proposed FY '27 budget.

Five-Year Strategic Plan

Guided by the Board of Directors and our leadership team, we finalized a five-year Strategic Plan anchored in our Mission and Vision. Four strategic focus areas and their associated actions drive the plan:

1. **Water Resource Management**
2. **Customer, Staff, and Industry Relations**

3. Infrastructure & Capital Assets

4. Financial Sustainability

Responding to 2026's Water Supply

Storage & Infrastructure

The generous 2026 water supply allowed QHWD to concentrate on expanding storage and modernizing infrastructure. We assessed reservoir capacity, upgraded treatment facilities, and strengthened distribution networks to capture and deliver surplus water safely and reliably.

Long-Term Planning

Given California's cyclical hydrology, we advanced long-range resilience efforts—establishing interties with neighboring agencies (e.g., LACWW), exploring groundwater banking, and adopting smart-meter (AMI) technologies to refine system management and conservation.

Public Outreach

Even in times of plenty, we reinforced the message that “Conservation is a California way of life.” Outreach campaigns highlighted the value of water and encouraged residents to maintain efficient habits that will carry us through future dry spells.

Financial Management

Budget Discipline

We adopted proactive budgeting that accounts for uncertain supply and required capital projects, ensuring balanced financial performance despite fluctuating conditions.

Strategic Investing

District reserves were prudently invested to generate supplemental revenue. These earnings funded infrastructure renewal, rate stabilization, and community outreach—broadening our ability to strengthen system resiliency.

Conclusion

Fiscal Year 2026 presented both tests and opportunities. Thanks to a dedicated workforce and engaged community, QHWD continued to deliver high-quality water and positioned itself for enduring success. I am proud of what we accomplished together and look forward to building on this momentum in FY 2027.

Respectfully,

Brent Byrne

General Manager

Mission and Values

Mission Statement:

Quartz Hill Water District will be a responsible overseer of the resources, assets and natural environments entrusted to us in order to provide a high-quality water supply that is resilient, reliable and supplied at a fair and equitable rate.

Core Values:

Vision: Whether something will take five minutes, five years or five decades, we will take a proactive approach and we will take actions to be prepared. We will honor the history of Quartz Hill Water District in doing what those before us have done; free our minds to think of what can be possible and not be constrained by what has or has not worked in the past. We will be flexible, adaptable and prepared for what is possible.

Respect: We will listen, honor and value each other, our customers, our community and our environment. We will earn respect by acknowledging and validating the rich and diverse experiences of others and by always acting in a fair, thoughtful, inclusive, and non-judgmental manner.

Integrity: Our word is our bond. In all of our endeavors, we will act in the best interest of the public and our community with honesty, transparency and candor.

Excellence: In all that we do every day, there is only one standard – to perform flawlessly both as individuals and as teams in order to be the best in every aspect of our operations. Doing anything less than our best is disrespectful to our customers, our employees and our mission.

Legacy: Our future is based on our duty to pass on the heirloom of a secure, reliable, high-quality water operation for generations to come. We are steadfast in our commitment to mastering our craft and offering superior value to our customers.

Our culture is a combination of these values, our experiences, our rich history and our common mission. These value statements are more than words; they are the ideas, aspirations and beliefs that guide us every day, lead us to the future and provide a measure against which we can hold ourselves accountable.

District History

In 1954, Quartz Hill County Water District (name changed by Resolution 217 and recorded in January of 1980 to drop the word County) was founded when two Mutual Water Companies were combined. The names of the Mutual Water Companies were B.V Mutual Water Company (B.V.) and Belle Vue (Bel View) Mutual Water Company. At the time of the merger B.V had 54,166 feet of mains and 2 wells and the total system was appraised at \$94,000.00. Bel View also had an appraisal performed for the purpose of purchasing the Company and the appraisal reports 17,120 feet of mains and 1 well was present. The total system was appraised at \$23,500.00 in 1954.

Since this time, QHWD has grown and currently has over a half million feet of mains and 10 wells. During the previous audit year (Fiscal Year 2021), the distribution system and asset was valued over \$40 million. During the month of May 2022 QHWD staff billed 5769 accounts with 77 dormant for that billing cycle, which would equal more than 20,000 people served based off the average household size as determined by last census. QHWD currently obtains all of its potable water from two sources, the first is the Antelope Valley Aquifer and the second is Antelope Valley East Kern, our State Water Project provider. During the past calendar year, Quartz Hill Water District used approximately 56% imported water and 44% ground water to protect this finite resource.

In 2008, QHWD changed the billing practices from bi-monthly to monthly to help customers during those difficult economic times and help standardize billing practices across all utilities. During FY25 QHWD contracted with Robert D. Niehaus, INC to perform a multiply year rate analysis for FY 2026-2030 found at WWW.QHWD.ORG.

Rate Structure Design

In January 2025, Quartz Hill Water District (QHWD) retained Robert D. Niehaus, Inc. (RDN) to develop a comprehensive water rate study, which includes financial planning, revenue requirements, cost of service, and rate-setting analyses (Study). The overall goal of this Study was to develop a financial plan to Identify necessary revenues to meet the District's financial needs and design rates which recover the costs from ratepayers commensurate with their service requirements. RDN amended the District's current rates to further improve equity, review the cost-basis of rates, and ensure compliance with Proposition 218 (Prop 218) requirements and other legal mandates.

The District bills all customers based on a three-tiered rate structure, which allows better cost to tier allocation. Tier 1 width for single-family residential customers is based on indoor, or essential, water use which includes a cap of 52 gallons per capita per day (gpcd), based on household size. To ensure equity between customer classes, non-residential accounts, essential (tier 1) water use should be defined by each individual customer’s use pattern because of the heterogeneous nature of the category. The District assesses the lowest use average use month over the previous three years to develop essential use for each account with a floor of eight hcf (based on the average essential budget for single family residential customers). Tier 2 widths for single family residential customers will continue to be based on efficient use patterns for each account’s outdoor irrigable area. For non-residential customers, tier 2, be defined as the average water use for the previous three years with a floor of one hcf. In the proposed structure, all use which is in excess of the essential and efficient use tiers will be billed in the third tier. The resulting rates form an equitable rate structure which is based on the actual cost to provide service for each customer. Costs were allocated between all customers during the cost of service analysis. The rates for each meter size represent an equitable portion of the total cost of service for each class allocated the respective meter.

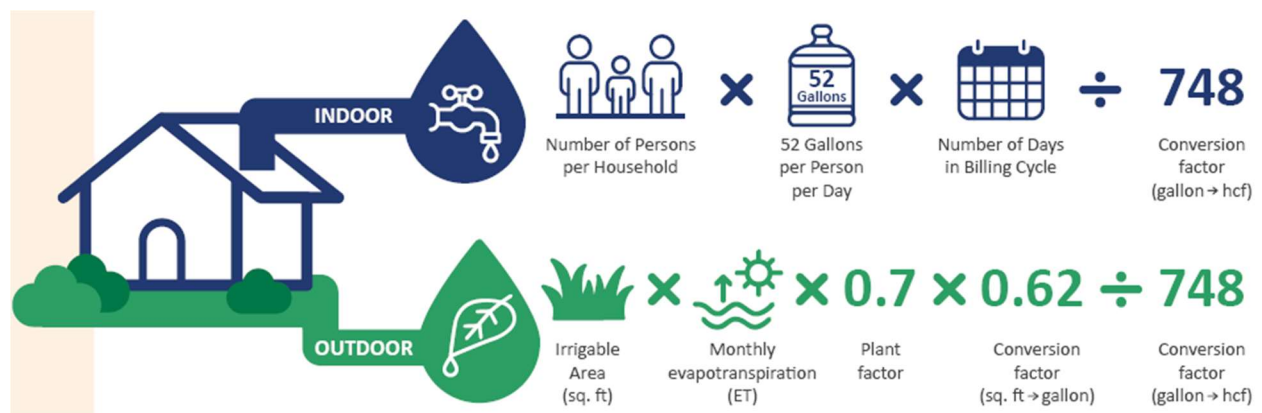
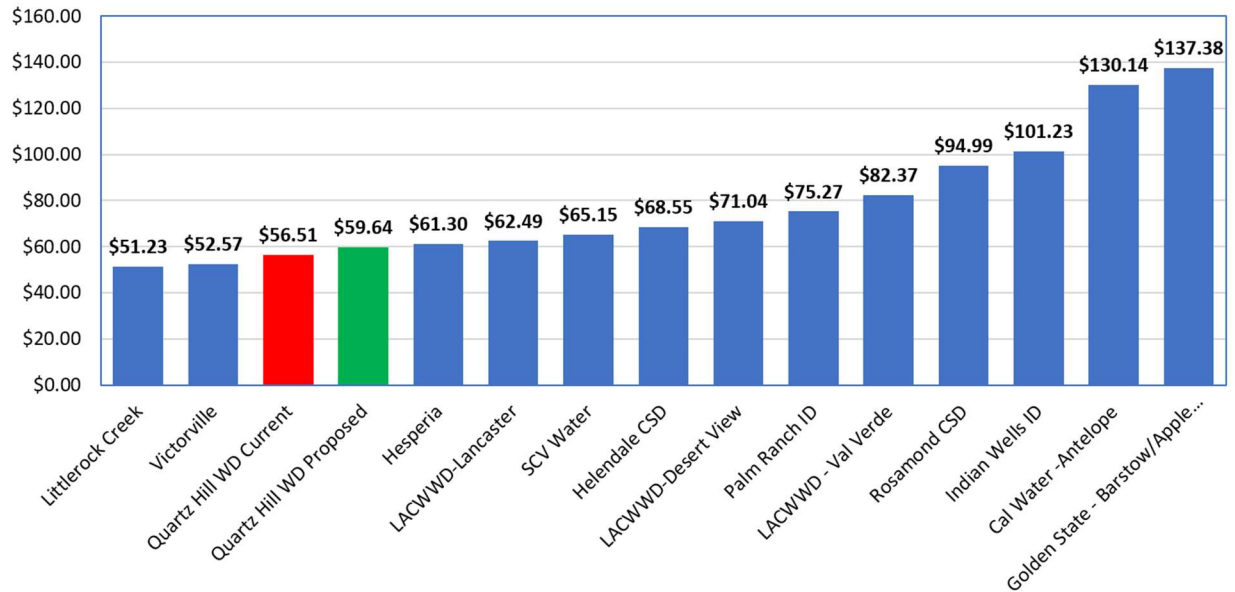


Figure 1 Graphic depicting allocation methods and practices. Taken from QHWD Prop 218 mailer.

The final piece of the calculation is the monthly Evapotranspiration rate the plant factor and conversion factor. All water rates are based on the actual cost that is associated with producing the water as denoted in the table below.

How We Compare to other Agencies



Rates for FY 2026 to FY 2030					
Fixed Charges					
Meter Size	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
3/4"	\$33.16	\$34.99	\$36.91	\$38.94	\$41.09
1"	\$33.16	\$34.99	\$36.91	\$38.94	\$41.09
1 1/2"	\$57.57	\$60.74	\$64.08	\$67.60	\$71.32
2"	\$86.86	\$91.64	\$96.68	\$101.99	\$107.60
3"	\$179.61	\$189.48	\$199.91	\$210.90	\$222.50
4"	\$316.29	\$333.68	\$352.03	\$371.40	\$391.82
6"	\$643.34	\$678.72	\$716.05	\$755.43	\$796.98
8"	\$1,375.55	\$1,451.20	\$1,531.02	\$1,615.22	\$1,704.06
10"	\$2,058.94	\$2,172.18	\$2,291.65	\$2,417.69	\$2,550.67
12"	\$2,595.89	\$2,738.67	\$2,889.29	\$3,048.20	\$3,215.86

Cost Per Unit Hundred Cubic Feet(748 gal)

Volumetric Variable Charges					
Tier	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Tier 1	\$1.27	\$1.34	\$1.41	\$1.49	\$1.57
Tier 2	\$1.89	\$1.99	\$2.10	\$2.22	\$2.34
Tier 3	\$3.42	\$3.61	\$3.80	\$4.01	\$4.23

Capacity Fees

Capacity Fees are for new water services in the District. The fees provide funds to build facilities needed to accommodate new development. These fees are as follows:

Meter Size	Infrastructure	Water Supply	Total
3/4"	\$10,646.00	\$3,348.00	\$13,994.00
1"	\$17,743.00	\$6,696.00	\$24,439.00
1.5"	\$35,486.00	\$10,043.00	\$45,529.00
2"	\$56,777.00	\$16,740.00	\$73,517.00
3"	\$124,200.00	\$26,784.00	\$150,984.00
4"	\$223,560.00	\$56,916.00	\$280,476.00
6"	\$461,315.00	\$110,484.00	\$571,799.00
8"	\$993,602.00	\$177,444.00	\$1,171,046.00

*Plus the cost of one (or more) share to be a Water Supply Fee. As the increment of meter size increases, so does the relative number of shares required for water supply as shown below. As of September 20, 2013 it was \$3,348.00.

Meter Size	Water Supply Share
.75"	1
1"	2
1.5"	3
2"	5
3"	8
4"	17
6"	33
8"	53

Meter Cost: Effective July 13, 2006 Regular Board Meeting

Meter Size	Cost
3/4"	\$640.00
1"	\$800.00
1.5"	\$1,100.00
2"	\$1,400.00
3"-8"	Quote will be provided at current cost

Water Portfolio

Quartz Hill Water District has always strived to prepare during the wet years for the historical multi-year droughts. The Board of Directors at Quartz Hill Water District have strived to utilize available resources and safeguard our finite resources. Some of the past efforts have included water purchased during wet years and stored in the Antelope Valley East Kern Western Water Bank facility as well as maximizing our state water deliveries and carrying over water stored with the Antelope Valley Water Master. As of January 1, 2022, (Water is calculated on a calendar year and not a fiscal year) Quartz Hill Water District has purchased from AVEK and stored 3550 acre feet of water however, with the 10% leave behind 3195 acre feet would be able to be recovered. Per the annual report provided by the AV Water Master Engineer (appendix D), Quartz Hill Water District has **6,330.24 acre** feet of water as “carry-over”.

Service Area

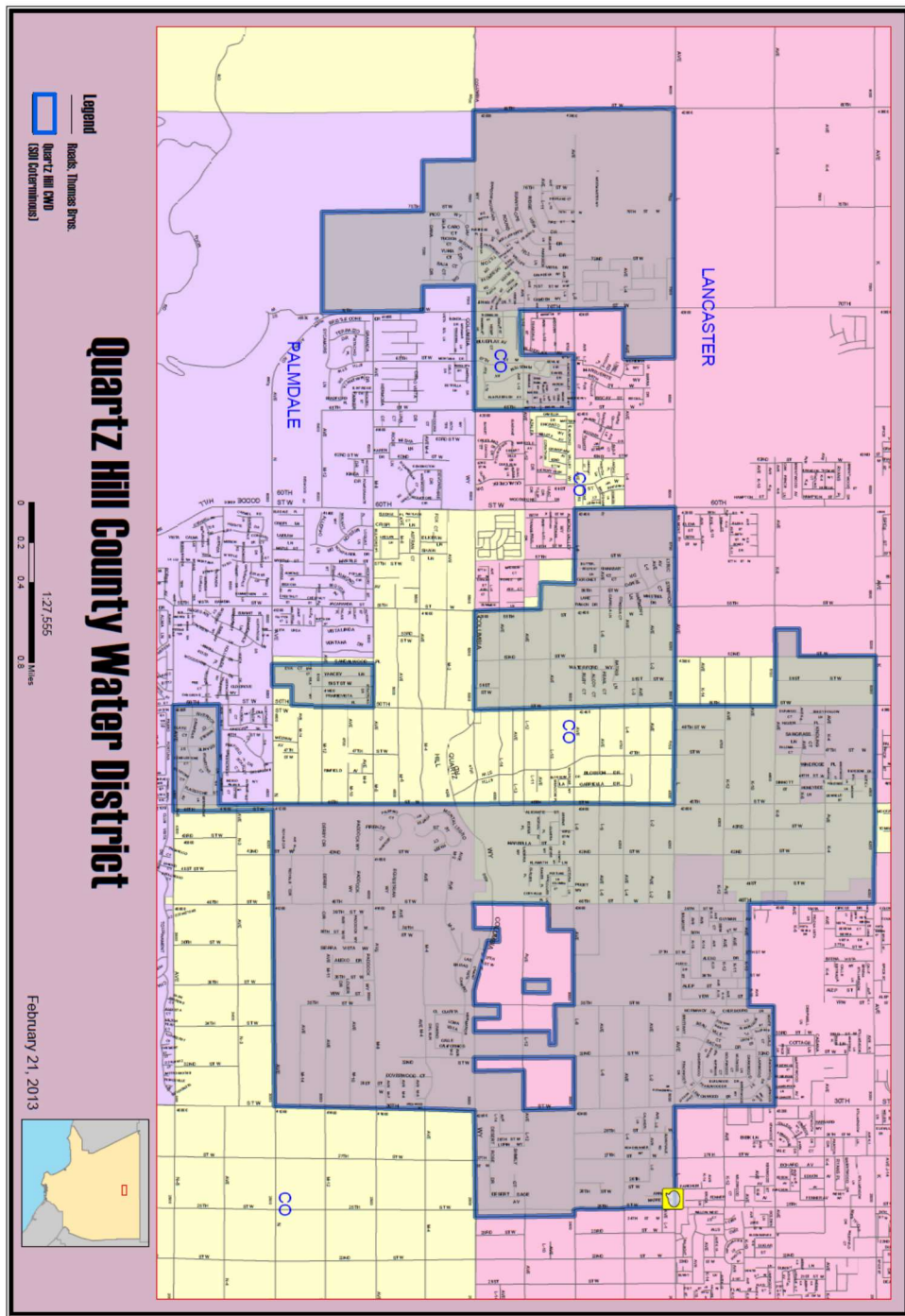


Chart of Accounts

During the FY 15 Budget staff at Quartz Hill Water District created a new chart of accounts that conforms to the State of California's accepted form and practice as outlined in "State Controller's Uniform System of Accounts for Water Utility Districts 2000".

Revenues

The District is funded through rates, fees and charges for services provided by Quartz Hill Water. Water rates pay for operations and maintenance expenses, repair, capital replacement and modifications to existing facilities and debt services.

Expenses

In planning expenses, QHWD follows the Mission Statement to keep rates as low as possible, while providing exceptional service. This means QHWD will properly maintain its facilities and continue to seek ways to operate more efficiently.

Description of Funds

Fund 01 Facilities Replacement

All District owned asset(s) and available reserves are stored/housed in this fund. This Fund is used to replace existing asset(s) and repair existing asset(s). This Fund will also procure new equipment that is deemed necessary by the Board of Directors. All available funds in this Fund are unencumbered. The sources of funds for this Fund is from Taxes (Fund 05), and the Rate Structure (Fund 04)

Fund 02 Emergency Replacement

No long-term assets are stored in this Fund and only a sufficient amount of money will be stored in this Fund to address potential emergencies. The amount of cash is to be determined by the Board of Directors.

Fund 03 Capacity

No assets will be stored in this Fund and all money in this Fund is encumbered and can only be used on projects that effect the available capacity and future capacity. The source of funds for this Fund come from new customers hooking up to the District's water system.

Fund 04 General Operations

No Assets will be stored in this Fund and cash in this Fund is for the day/day running of the District. The source of funding for this Fund is from operating revenue and from some non-operating revenue sources.

Fund 05 Property Taxes

No Assets will be stored in this Fund and cash in this Fund should be moved biannually to Fund 01.

Fund 06 Construction

No assets will be stored in this Fund and the cash within this fund will be used for construction related projects.

Fund 07 Conservation

No assets will be stored in this Fund and the cash within this Fund will be used for conservation programs and public outreach.

Fund 08 Water Bank

The water in the water bank (asset) will be stored in this Fund and any additional monies collected with water replenishment fee.

Management and Staff

The General Manager is the Chief Executive Officer for Quartz Hill Water District and reports directly to the Board of Directors (BOD). He carries out all other duties and responsibilities as assigned by the Board of Directors to fulfill necessary obligations.

The General Manager executes the policies and decisions of the BOD and reviews and recommends to the BOD changes in rules and regulations with respect to all matters appropriate for its action.

In addition, the General Manager gives overall direction to employees and oversees the work necessary to provide an adequate supply of water to the residents of Quartz Hill. The General Manager represents the BOD in ongoing relationships with all levels of government, community organizations, and the public served, and recommends to the BOD a rate structure and other income producing procedures that will assure adequate sources of funds to meet operating and maintenance costs, finance of ongoing capital improvement programs, and the principal and interest payments on long-term debts.

FY 2026 Accomplishments

The following goals/objective were accomplished during the FY26 period:

- Rate Analysis, Every five years or sooner the Board of Directors directs staff to review and update as needed the rate structure and rates. During FY24 we continued to follow

the Rate analysis as adopted by the Board. The adopted rates and study can be viewed at www.ghwd.org

- Increased the use of Asset Management Software to greater capabilities
- All Sites “tour ready at all times”
- Continue to cross train to improve staff readiness and competency
- Continue to utilize and learn Elements Software Package to ensure accurate and up-to-date asset schedule.

Management and Staff strategies that helped achieve the accomplishments:

1. Weekly front office standup meetings and an Office Supervisor to oversee office operations.
2. No significant findings on the Annual Water Audit and complied/implemented all suggestions.
3. Monthly Staff meetings so all staff can coordinate work efforts to ensure most efficient and best possible operations and results.
4. Complied with all State Mandated reporting and strategic planning documentation. UWMP/WSCP, AWIA and rate review.
5. New staff crossed trained to ensure work order flow, conciseness, and thoroughness not dependent on specific available staff.
6. QHWD has utilized “Vector Solutions” training website provided by ACWA JPIA at no cost. This resulted in safety saving less down time in the field and more customized training.
7. QHWD staff has utilized additional financial checks to ensure best accounting practices are utilized:
 - a. All current accounting practices and procedures were reviewed to check for validity and segregation of duties to ensure the suitability of internal controls over receipting, disbursements and safeguarding of assets.
 - b. Developed check list to ensure that all budgetary and financial items are checked in a systematic fashion.
 - c. Each Supervisor/Manager that oversees specific operations can work with accounting staff during the review process to ensure accuracy.
 - d. No material findings in annual audit 😊

Monitoring Performance Indicators/ Benchmarking

Table 1 Benchmark and Indicators from ACWA Benchmarking and Indicator 2015 Manual

Performance Indicator	Western USA (All Sizes)			QHWD		
	Description	25th per.	Median	75th per.	Statistic #	Desirable

Customer accounts/Employee	292	385	595	530	High #
Cash Reserves (days)	60	186	336	800	High #
12-month water loss %	4.3	6.2	11.5	4.14	Low #
Service Affordability	.59%	.72%	.97%	.615%	Low #
Customer Service Complaints	1.29	2.88	13.94	2.41	Low #

FY 2027 Objectives

The FY '27 Budget continues to support providing a safe, productive and rewarding work environment by funding employee related programs, asset maintenance and capital improvements. Machines and computers are great but one of the most important assets to the District is the staff and employees who are addressed in the related internal communications, training, and education. These trainings and other programs will continue to improve the Districts overall readiness and ability to face challenges the District may endure. The Budget also affords for an aggressive preventative maintenance program to maintain our goal of “no unscheduled equipment down time.” During the previous 70 years of operation, QHWD has established a great reputation by being the first District in the region to implement conservation-based rates, rebates and utilize a local water bank to ensure water availability in one of the driest years on recorded history. The following goals will help QHWD maintain a level of excellence unmatched in the region:

- Update and improve Capital Improvement Projects program
- Continue to comply with SB-555 State Mandated loss reporting
- No unscheduled equipment down time
- Continue to use Asset Management Software to greater capabilities
- All Sites “tour ready at all times”
- Continue to cross train to improve staff readiness and competency
- Continue to utilize and learn Elements Software Package to ensure accurate and up-to-date asset schedule.
- Continue to update the Employee Handbook and policy manual.
- Continual training for all District sites and field personnel.
- Continue to update standard operating procedures and conduct routine safety meetings.

Operations Report

The District's overall operations include the Administrative Department and Field Department.

The Field staff's primary duties include maintaining and repairing all infrastructure associated with the delivery of water, fleet vehicles, equipment, and other related facilities. This includes the District's 10 active ground water wells, 8 reservoirs, 6 booster stations, 17 pressure regulating stations and 2 hydro-pneumatic tanks. Other related tasks performed by the Field staff include: construction inspections, meter reading, customer service, working with Local, State, and Federal agencies to comply with drinking water regulations, optimize energy consumption, maintain pump efficiency and performing safety audits/training.

The Administrative Department's primary responsibility is overseeing the customer service and finance related aspects of the District. This includes customer service, accounts payable, payroll, bank reconciliation, financial reporting, auditing, internal controls, and fixed asset allocation. The customer service portion of the Administrative Department manages the day-to-day affairs for the water customers of the Quartz Hill Water District. This includes billing, meter reading, new service applications, customer complaints, payment processing, collections and records management. Water quality reporting/compliance to the California State Water Board is also performed by the Administrative staff.

FY 2026 System Indicators

- 5,855 +/- Customer service connections
- 2278 system isolation valves
- 46 Cla-Valves
- 627 Fire hydrants
- 97 Miles (510,000 ft.) of pipeline ranging in size from 4"-24"
- 4531 Acre feet of water distributed (**1.5 billion gallons**)
- 13.5 million gallons of reservoir storage
- 768,000 kWh of Solar power produced

FY 2026 Field Staff Accomplishments

- Promptly responded to emergency leaks and repaired to District standards, to minimize water loss during this emergency drought.
- Replaced 9 mainline valves.
- Replaced 10 Hydrants
- Completed the annual valve exercise and flushing program.
- Proactively replaced 500 water meters
- Properly maintained electric motors and pumps, minimizing down time and customer service interruption.
- Conducted Cla-Valve preventative maintenance.

- Acquired 2 new properties for future pumping and production sites.
- Continued annual safety training programs.
- Responded to **1844** underground utility marking (DigAlert) requests
- Replaced **80** water service lines
- Remained compliant with CDPH sampling regulations.
- Addressed graffiti on District property swiftly.
- Continued to install, upgrade, maintain and repair a wide variety of critical distribution equipment to ensure reliable and efficient operations of the distribution system.
- Planned and exercised the District's emergency response program.
- Continued to refine distribution systems operational practices to reduce costs and optimize water quality.

FY 2027 Field Staff Objectives

- Continue to maintain the District's automated meter reading system and proactively replace water meters
- Replace 12 mainline valves.
- Replace 6 Hydrants
- Paint 250 fire hydrants
- Perform preventative maintenance on the District's pressure regulating valves.
- Continue to monitor pumping power cost and strategically set pumping schedules to maximize So Cal Edison power rates.
- Continue providing a safe workplace and conducting work practices safely.
- Maintain and monitor the District Solar field.
- Continue to develop the GIS map of the District's infrastructure.
- Complete the annual valve exercising and flushing program.
- Continue Air-vac maintenance program.
- Continue to repair and replace pumps and motors.
- Replace production meters when needed.
- Uphold exceptional interdepartmental cooperation through clear communication and promote the understanding and respect of all staff's contributions towards our shared mission.
- Continue to improve, maintain, and repair distribution infrastructure and facilities to ensure reliable and efficient performance.
- Perform two emergency response scenarios including all District staff.
- Continue Operator Certification advancement and training.

FY 2026 Administrative Staff Accomplishments

- Maximized the benefits of smart meter technology to improve customer outreach, leak detection response, water usage monitoring, and conservation support efforts.
- Increased customer engagement and understanding of available online tools including the MY WATER ADVISOR 2 app, and paperless billing.

- Educated customers regarding State-mandated regulations impacting water usage and reporting.
- Continued public outreach efforts through website updates, bill messaging, email communication, texts messages and phones to spread information to our customers regarding new updates or leak alerts.
- Transitioned to a new printing company, which resulted in customers receiving updated bills and faster delivery.
- Late notices were previously printed and mailed in-house. We transitioned to a new late notice process with our printing company, providing greater transparency by displaying the door tag date and disconnection date on customer notices.
- Cross trained administrative staff to support, improve departmental flexibility, and strengthen overall team efficiency.
- Maintained up to date procedural documentation for administrative and finance-related workflows to ensure consistency and continuity of operations.
- Provided accurate and timely financial reporting, audit preparation, and administrative support for the General Manager and Board of Directors.
- Maintained compliance with all California State Water Board reporting, regulations, and water quality documentation requirements.
- Maintained current and informative District website content as operational needs, regulatory requirements, and available technology evolved.
- Completed and disseminated the Annual Water Quality Report/ Consumer Confidence Report in timely manner.
- Identified opportunities to improve efficiencies in administrative operations, customer service processes, and interdepartmental coordination.
- Provided Administrative staff with the opportunity to attend conferences such as UMS, Abila MIP and Board Secretary which resulted in staff being able to bring back positive feedback and implement new skills.
- Maintained and updated inventory for meters and transmitters to ensure accurate billing and reading information.
- Ongoing update and maintenance of our District website.
- Successfully completed year end audit and financial reporting in a timely manner.

FY 2027 Administrative Staff Goals

- Continue maximizing the benefits of smart meter technology to improve customer outreach, leak detection response, water usage monitoring, and conservation support efforts.
- Continue increasing customer engagement and understanding of available online tools and resources, including the MY WATER ADVISOR 2 app, paperless billing, and customer account management features.
- Continue educating customers regarding water conservation requirements, water budgeting concepts, and changing State-mandated regulations impacting water usage and reporting.

- Continue expanding public outreach efforts through website updates, bill messaging, email communication, text messages to improve community awareness and engagement.
- Continue cross training administrative staff to strengthen overall team efficiency.
- Continue maintaining and updating procedural documentation for administrative workflows to ensure consistency.
- Continue providing accurate and timely financial reporting, audit preparation, and administrative support for the General Manager and Board of Directors.
- Continue maintaining compliance with all California State Water Board reporting, regulations, and water quality documentation requirements.
- Continue maintaining current and informative District website content as operational needs and regulatory requirements.
- Continue evaluating technology improvements and customer service enhancements to improve operational efficiency and customer accessibility.
- Continue identifying opportunities to improve efficiency in administrative operations and customer service processes.
- Continue supporting all District departments through administrative, technical, financial, and customer service coordination to ensure effective District operations.
- Encourage staff to utilize American Water College for continuing education and skill enhancement.
- Implement a newsletter to communicate important announcements, service updates, educational information and community events to office staff and customers.
- Maintain the District's Transparency Certificate of Excellency by reapplying every three years, following the approval in September of 2024.
- Transition to an IVR (Integrated Voice Recognition) system through existing software. This allows customers with an additional 24/7 payment option, separate from online services, using a secure automated system linked to individual accounts.

Litigation Expenses

**James W. M. Charlton
Bradley T. Weeks
Lisa A. Doran
Rikka J. Fountain
David A. Cooper**



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June 9, 2026

Brent Byrne
Quartz Hill Water District
5034 W Avenue L
Quartz Hill CA 93536

Pending or Threatened Litigation for Budget

There is no pending or threatened litigation against Quartz Hill Water District.

There are no unasserted possible claims or assessments that call for disclosure pursuant to Statement of Financial Accounting Standards ASC 450, Contingencies. Specifically, I have concluded that there is no loss contingency to disclose because I am unaware of any information that indicates it is probable that an asset has been impaired or a liability has been incurred.

The basis of my opinion is limited to my role as general counsel of Quartz Hill Water District. No amount is due for my services excepting what we have billed this month.

This opinion is effective as of the day of this letter.

Sincerely,

A handwritten signature in blue ink that reads 'Bradley T. Weeks'.

Bradley T. Weeks
Attorney at Law

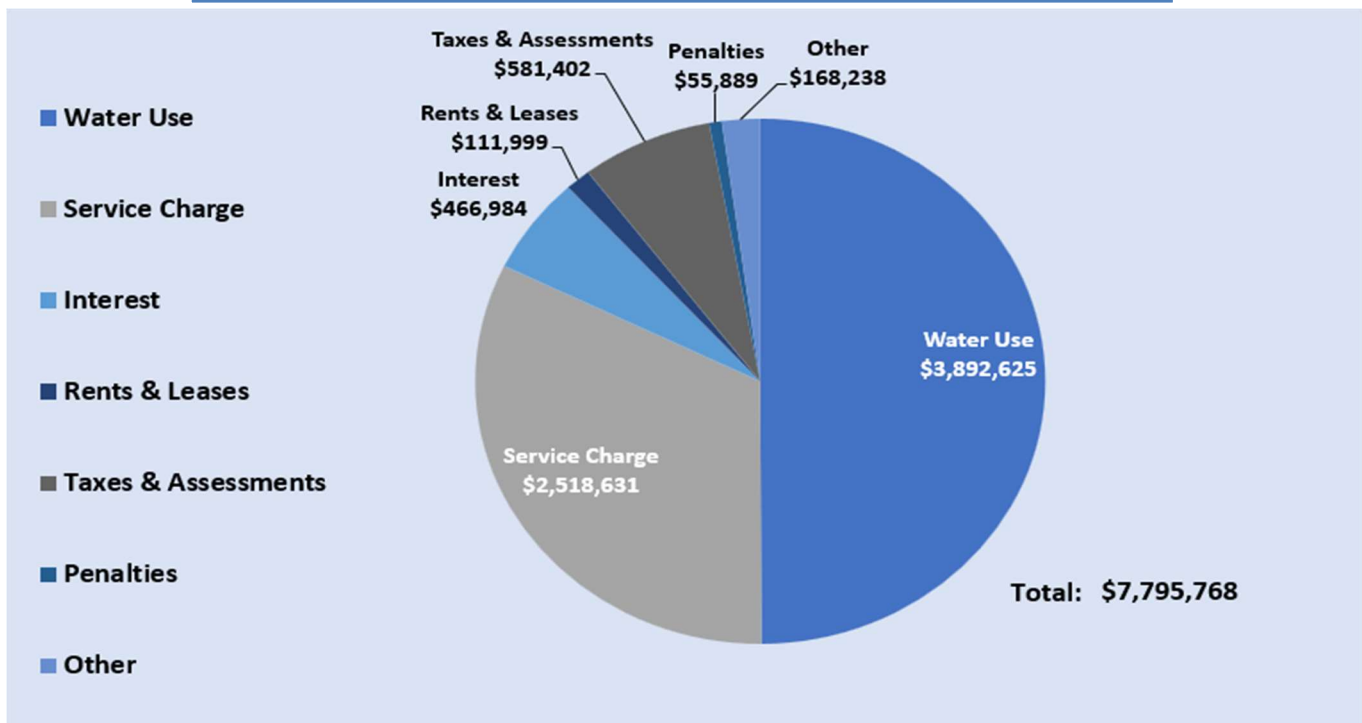
Budget Outlook

Category	FY 2026 Projected	FY 2027	FY 2028	FY 2029	FY 2030
Fixed Revenue Total	\$ 2,346,288.00	\$ 2,518,631.28	\$ 2,658,619.80	\$ 2,807,928.48	\$ 2,964,912.48
Variable Revenue Total	\$ 3,732,636.00	\$ 3,892,624.57	\$ 4,104,595.87	\$ 4,338,552.92	\$ 4,581,242.24
Other Operating Total	\$ 112,094.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00
Non-Operating Total	\$ 1,590,420.00	\$ 1,301,368.82	\$ 1,299,499.78	\$ 1,292,916.44	\$ 1,287,514.14
Total Revenue	\$ 7,781,438.00	\$ 7,795,767.67	\$ 8,145,858.45	\$ 8,522,540.84	\$ 8,916,811.86
Total Operating Expense	\$ 6,375,847.00	\$ 6,716,571.81	\$ 7,106,891.99	\$ 7,504,526.11	\$ 7,910,536.44
Net Operating Revenue	\$ 1,405,591.00	\$ 1,079,195.86	\$ 1,038,966.46	\$ 1,018,014.73	\$ 1,006,275.42
Total Debt Service	\$ 566,338.00	\$ 563,668.00	\$ 565,350.00	\$ 566,188.00	\$ 565,620.00
Total Capital PAYGO Projects	\$ 1,416,500.00	\$ 1,477,900.00	\$ 1,634,620.00	\$ 1,935,620.00	\$ 1,924,940.00
Total Net Revenue	\$ (577,247.00)	\$ (962,372.14)	\$ (1,161,003.54)	\$ (1,483,793.27)	\$ (1,484,284.58)

Note: FY 2026 projected loss is less than budgeted due to excess water sales and positive investment performance. We budgeted a \$845,276 loss, designed in our rate structure to utilize reserve funds to offset CIP, and keep rates stable.

Source of Funds

ANTICIPATED REVENUE



Operating Revenues

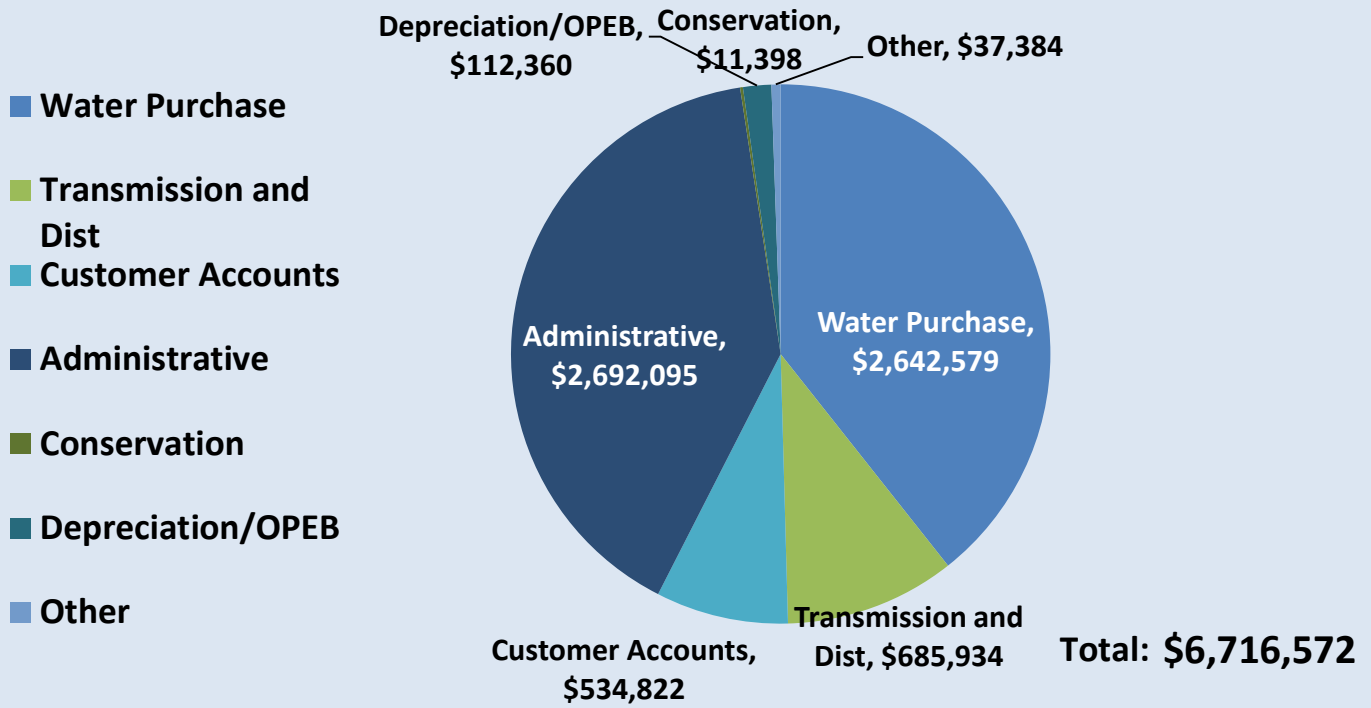
The operating revenues are derived from two components that are charged on every bill the first is a flat service charge that is detailed in the rate study at WWW.QHWD.ORG. The second component of operating revenues is the amount of water in CCF (hundred cubic feet) that was used each month. The cost for one CCF is based on the cost of serving that unit of water Further details of how these charges were derived and maintained can be read in the rate study found at WWW.QHWD.ORG.

Non-Operating Revenues

These funds are obtained from payments for services that Quartz Hill Water District renders on behalf of rate payers. Example of these include Property Taxes collected by Los Angeles County, interest revenue on cash and investments, door tags and rent collected for use of Quartz Hill Water District facilities and other such services.

Use of Funds

ANTICIPATED EXPENCES



Budget Detail

Projected Revenue	FY 2026 Anticipated	FY 2027	FY 2028	FY 2029	FY 2030
Total	\$ 7,456,546.48	\$ 7,795,767.67	\$ 8,142,147.82	\$ 8,518,828.01	\$ 8,913,092.98
Water Sales	\$ 3,686,943.96	\$ 3,892,624.57	\$ 4,100,885.24	\$ 4,334,840.09	\$ 4,577,523.36
Fixed Rate	\$ 2,385,725.88	\$ 2,518,631.28	\$ 2,658,619.80	\$ 2,807,928.48	\$ 2,964,912.48
Other Operating Revenue	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00
Non Operating Revenue	\$ 1,300,733.64	\$ 1,301,368.82	\$ 1,299,499.78	\$ 1,292,916.44	\$ 1,287,514.14
Other Operating Revenue	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00	\$ 83,143.00
Late Charges	\$ 27,739.00	\$ 27,739.00	\$ 27,739.00	\$ 27,739.00	\$ 27,739.00
Clean & Show	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
Fire Flow	\$ 2,525.00	\$ 2,525.00	\$ 2,525.00	\$ 2,525.00	\$ 2,525.00
backflow revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Door Tag Charge	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00	\$ 27,000.00
Set/Pick Up Hydrant Meter	\$ 810.00	\$ 810.00	\$ 810.00	\$ 810.00	\$ 810.00
Lock Cut/Missing	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
Revenue-Pull Meter	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00	\$ 250.00
Disconnect/Reconnect Fee	\$ 20,198.00	\$ 20,198.00	\$ 20,198.00	\$ 20,198.00	\$ 20,198.00
New Meter	\$ 3,471.00	\$ 3,471.00	\$ 3,471.00	\$ 3,471.00	\$ 3,471.00
Returned Check Fee	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00
Non-Operating Total	\$ 1,300,733.64	\$ 1,301,368.82	\$ 1,299,499.78	\$ 1,292,916.44	\$ 1,287,514.14
Construction	\$ 20,209.00	\$ 20,209.00	\$ 20,209.00	\$ 20,209.00	\$ 20,209.00
New service line	\$ -	\$ -	\$ -	\$ -	\$ -
Plan check	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00
Water Bank	\$ -	\$ -	\$ -	\$ -	\$ -
Gain/Loss on fixed asset disposal	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00	\$ 9,500.00
Market Value Adjustment (LAIF)	\$ -	\$ -	\$ -	\$ -	\$ -
Gain/Loss on Investments	\$ 96,054.62	\$ 88,928.10	\$ 80,726.21	\$ 70,704.39	\$ 60,819.58
Dividend Revenues	\$ 245,203.62	\$ 237,056.08	\$ 227,812.75	\$ 216,728.66	\$ 205,760.34
Interest Revenues	\$ 147,105.62	\$ 141,000.12	\$ 133,839.67	\$ 124,880.12	\$ 116,078.83
Interest Revenue - Leases	\$ -	\$ -	\$ -	\$ -	\$ -
Rents & Leases	\$ 108,442.95	\$ 111,998.79	\$ 115,671.23	\$ 119,464.09	\$ 123,381.32
Taxes & Assessments	\$ 562,942.85	\$ 581,401.74	\$ 600,465.90	\$ 620,155.18	\$ 640,490.07
Revenue-Will Serve Letter	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00
Capacity charge	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
Miscellaneous	\$ 9,275.00	\$ 9,275.00	\$ 9,275.00	\$ 9,275.00	\$ 9,275.00

Operations/Maintenance Expenses	FY 2026 Anticipated	FY 2027	FY 2028	FY 2029	FY 2030
Total	\$ 6,318,984	\$ 6,716,572	\$ 7,106,892	\$ 7,504,526	\$ 7,910,536
Water Purchase AVEK	\$ 2,010,763	\$ 2,151,517	\$ 2,302,123	\$ 2,463,271	\$ 2,635,700
Water Purchase-Los Angeles County	\$ 3,236	\$ 3,462	\$ 3,705	\$ 3,964	\$ 4,241
Fuel Expense-Trucks	\$ 49,519	\$ 51,216	\$ 52,970	\$ 54,786	\$ 56,663
Fuel Expense-Equipment	\$ 6,654	\$ 6,882	\$ 7,118	\$ 7,362	\$ 7,614
Water Quality	\$ 21,210	\$ 22,493	\$ 23,854	\$ 25,298	\$ 26,828
Water Quality Chemical Purchases	\$ 47,723	\$ 50,610	\$ 53,672	\$ 56,920	\$ 60,364
Power - Pump	\$ 387,270	\$ 414,497	\$ 433,320	\$ 452,998	\$ 473,569
Small Tool Purchases	\$ 15,366	\$ 15,968	\$ 16,407	\$ 16,858	\$ 17,321
Small Equipment Purchase	\$ 2,099	\$ 2,181	\$ 2,241	\$ 2,303	\$ 2,366
Repairs & Maintenance-System	\$ 460,117	\$ 489,689	\$ 521,161	\$ 554,656	\$ 575,589
Repairs & Maintenance-OperationsCenter	\$ 27,388	\$ 29,148	\$ 31,021	\$ 33,015	\$ 34,261
Repairs & Maintenance-Equipment	\$ 30,384	\$ 31,574	\$ 32,441	\$ 33,332	\$ 34,248
Repairs & Maintenance-Trucks	\$ 17,681	\$ 18,286	\$ 18,913	\$ 19,561	\$ 20,231
Repairs & Maintenance-Small Tools	\$ 788	\$ 819	\$ 841	\$ 864	\$ 888
Equipment Rental	\$ 6,235	\$ 6,479	\$ 6,657	\$ 6,840	\$ 7,028
Operations reporting software	\$ 9,353	\$ 9,719	\$ 9,986	\$ 10,260	\$ 10,542
Safety Supplies	\$ 11,018	\$ 11,450	\$ 11,765	\$ 12,088	\$ 12,420
Safety Training/Compliance	\$ 2,662	\$ 2,767	\$ 2,843	\$ 2,921	\$ 3,001
Director Expenses	\$ 742	\$ 787	\$ 834	\$ 884	\$ 937
Wages	\$ 1,537,000	\$ 1,629,220	\$ 1,726,973	\$ 1,830,592	\$ 1,940,427
Payroll Tax Expense	\$ 109,237	\$ 113,516	\$ 116,635	\$ 119,839	\$ 123,131
Uniform allowance(boots)	\$ 3,637	\$ 3,780	\$ 3,883	\$ 3,990	\$ 4,100
uniforms (cintas)	\$ 5,196	\$ 5,399	\$ 5,548	\$ 5,700	\$ 5,857
Pension Expense	\$ 280,900	\$ 297,754	\$ 315,619	\$ 334,556	\$ 354,630
Write Off Bad Debt	\$ 2,801	\$ 2,910	\$ 2,990	\$ 3,072	\$ 3,157
Bank Fees	\$ 102,059	\$ 106,058	\$ 108,971	\$ 111,964	\$ 115,040
Dues & Subscriptions	\$ 154,318	\$ 160,364	\$ 164,770	\$ 169,296	\$ 173,946
Education/Seminars/Training	\$ 27,538	\$ 28,617	\$ 29,403	\$ 30,211	\$ 31,041
Insurance-General Liability & Autos	\$ 43,639	\$ 47,501	\$ 50,531	\$ 52,027	\$ 53,567
Insurance-Property	\$ 12,734	\$ 13,861	\$ 14,746	\$ 15,182	\$ 15,632
Insurance-Employees	\$ 286,476	\$ 311,828	\$ 331,722	\$ 341,542	\$ 351,652
Insurance-Director	\$ 4,701	\$ 5,117	\$ 5,444	\$ 5,605	\$ 5,771
Insurance-Retiree	\$ 73,894	\$ 80,434	\$ 85,565	\$ 88,098	\$ 90,706
Insurance-Workers Compensation	\$ 28,993	\$ 30,733	\$ 32,577	\$ 34,531	\$ 36,603
Office Expense	\$ 117,264	\$ 121,859	\$ 125,206	\$ 128,645	\$ 132,179
Postage	\$ 43,758	\$ 45,472	\$ 46,721	\$ 48,005	\$ 49,323
Utilities	\$ 34,928	\$ 37,384	\$ 39,082	\$ 40,856	\$ 42,712
Travel/Meals/Parking/Mileage	\$ 18,705	\$ 19,438	\$ 19,972	\$ 20,521	\$ 21,084
Trash Removal	\$ 1,954	\$ 2,030	\$ 2,086	\$ 2,143	\$ 2,202
Telephone	\$ 20,903	\$ 21,722	\$ 22,319	\$ 22,932	\$ 23,562
Public Relations	\$ 10,969	\$ 11,398	\$ 11,711	\$ 12,033	\$ 12,364
Accounting (Audit)	\$ 20,236	\$ 21,029	\$ 21,606	\$ 22,200	\$ 22,810
Professional Services	\$ 116,762	\$ 121,337	\$ 124,670	\$ 128,095	\$ 131,614
Professional Fees-Other	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Services	\$ 20,033	\$ 20,818	\$ 21,390	\$ 21,978	\$ 22,581
Legal Fees-Adjudication	\$ 20,033	\$ 20,818	\$ 21,390	\$ 21,978	\$ 22,581
Licenses & Permits	\$ 555	\$ 577	\$ 593	\$ 609	\$ 626
Security Expense	\$ 1,854	\$ 1,927	\$ 1,979	\$ 2,034	\$ 2,090
Engineering Expense	\$ -	\$ -	\$ -	\$ -	\$ -
Non budget board approved	\$ -	\$ -	\$ -	\$ -	\$ -
Medical Expense	\$ 1,699	\$ 1,766	\$ 1,814	\$ 1,864	\$ 1,915
OPEB	\$ 106,000	\$ 112,360	\$ 119,102	\$ 126,248	\$ 133,823

Capital Projects (Pay Go)

Capital projects and expenses adhere to the Adopted Capital Asset Accounting Policy. Single-item purchases with an anticipated useful life of at least five years, and exceeding \$5,000 each, shall be capitalized. Other expenses of \$5,000 or more, that provide a significant increase in future service potential of a capital item, shall also be capitalized as part of the existing asset. The District carefully reviews all equipment before determining if a replacement is necessary considering age, usefulness, and costs. The priority of projects is determined by evaluating the needs of the District with available funding. During the rate analysis performed during FY 25 significant amount of time were put into developing a comprehensive CIP (Capital Improvement Plan) that details how much money needs to be put aside each year to address aging infrastructure and average historical breakage.

Completed Projects

During FY 26 the following capital projects were completed:

- Valve replacements
- Hydrant replacements
- Dump truck and field service truck purchases
- Hydraulic Model and Master plan development
- Large Meter replacement at Wells 5a, 14, and 15
- Land Acquisition of Site 32 and Site 18
- Cal-prop emergency backup pump
- Small meter replacement
- Meter box lid replacements

Proposed Capital Projects

Table 2 QHWD Capital Improvement Projects summary by Budget Year

Vehicle replacements	\$ 208,000
Valve and Hydrant replacements	\$ 42,000
Large meters	\$ 26,000
Small meters	\$ 208,000
Meter box lids	\$ 52,000
Well Rehab	\$ 156,000
Scada RTU replacements	\$ 83,000
Site 18 Well	\$ 702,900
Total CIP	\$ 1,477,900

The Distribution system of Quartz Hill Water District is the single largest asset on the book; for this reason, staff has and will continue to replace faulty and worn-out equipment to keep the entire system in an operable state at all times. During this past year, staff has primarily focused on valve/Hydrant Replacement and Meter Replacement to ensure a state of readiness and fiscal responsibility. However, during the rate analysis performed during FY 25 significant amount of time were put into developing a comprehensive CIP (Capital Improvement Plan) that details how much money needs to be put aside each year to address aging infrastructure and average historical breakage.

APPENDIXES

APPENDIX A Asset Management Policy

Resolution 13-0612A
RESOLUTION OF BOARD OF DIRECTORS OF QUARTZ HILL WATER DISTRICT
ADOPTING A CAPITAL ASSET ACCOUNTING POLICY

WHEREAS, the auditors of Quartz Hill Water district have recommended the adoption of a uniform policy addressing the types of assets to be capitalized and the values at which such assets are capitalized, and

WHEREAS, the District's financial consultants have assisted in the preparation of a uniform policy in response to the recommendation from the District's auditors;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Quartz Hill Water District hereby adopts the Capital Asset Accounting Policy attached hereto as Exhibit "A".

ADOPTED this 20th day of June, 2013.

Allen G. Flick, Sr., President of the Board
Quartz Hill Water District

ATTESTED:

__Signed Original in Office_____
Debi Pizzo, Secretary of the Board
Quartz Hill Water District

Quartz Hill Water District Capital Asset Accounting Policy
Appendix M Policies, Procedures, Rules, Regulations

Capital Asset Policy

A. General—It is essential for both financial statement and cost accounting purposes that all departments of the Quartz Hill Water District follow a uniform policy with respect to the types of expenditures capitalized and the values at which expenditures are capitalized. When there is any doubt as to the proper treatment of possible capital expenditures, contact the Administrative Supervisor.

B. Capitalization Policy

1. Land. All land purchases, regardless of cost, are capitalized. When land is acquired with a building, an allocation should be made for each individually. Typically, a recent appraised value with specific amounts for land and structure can be used for this allocation. This ration should be applied to the purchase price to determine the capitalized amount.
2. Buildings.
 - a. New buildings are capitalized at the sum of transactions deemed to be directly related to the construction of the building upon notification the building is completed and available for occupancy. \$5,000.
 - b. A renovation or building addition is capital when it enhances the use or efficiency of the building. This amount is generally capitalized over the remaining useful life of the building. If the building is fully depreciated, the renovation will be capitalized for 10-30 years based on input from accounting personnel or consultants, if necessary. The capitalized amount recognized is the total cost of the renovation/addition project less any movable equipment expense and other incidental expenses incurred during the project. Incidental expenses are deemed to be those which do not lend to the enhancement or extension of the building life (e.g., moving and storage costs).
 - c. Land Improvements. This category includes roads, curbs, walkways, parking lots Streetlights, landscaping, wells, irrigation systems, drainage systems, fences, boundary signs, directional signage, and similar items. Items in this category will be capitalized if they have capitalized value of at least \$5,000 and are durable.
 - d. Other Assets Attached to the Buildings. Items in this category will be capitalized if they have capitalized value of at least \$5,000 and are durable. Examples include building systems and fixed equipment. Building systems include such items as elevators, HVAC units, and fire prevention systems. Fixed equipment includes items physically attached to the building that are not utilized by the whole building.

- e. Movable Assets. This category includes vehicles, furniture, software, and equipment that are not a part of a building. Movable assets are capitalized at the invoiced cost, (plus any applicable transportation and installation charges) if they meet the following criteria:
 - i. Have capitalized value of \$5,000 or more;
 - ii. Are durable (an economic estimated useful life of more than one year);
 - iii. Are free standing and moveable (not permanently affixed to a building or structure).
- 3. Small and Attractive Assets. Assets valued at less than \$5,000 that are defined as high risk for theft. These assets are not normally consumed within one year. These assets may include items in one or more of the following categories:
 - a. Portable and marketable, either alone or as a component unit.
 - b. Assets that can be utilized for personal gain.
 - a. Assets repeatedly reported as lost and/or stolen within the industry and society.
- 4. Construction in Progress. Construction in progress accounts will be used as cost accumulation centers. Projects that accumulate costs that are non-capital expenditures.
- 5. Should be cleared out and expensed before the fiscal year is closed. Projects that accumulate costs that are capital expenditures will be categorized into the appropriate.
- 6. Capital asset classification and capitalized in the year the project is complete. Projects that primarily contain capital expenditures but have some non-capital items associated with the project will be capitalized and expensed as appropriated in the year the project is completed.
- 7. Amount to be capitalized. The costs values to be capitalized for capital assets are outlined below: (Please not these lists are examples and may not be all inclusive of appropriate items to capitalize.)
- 8. Land:
 - a. -Original contract price
 - b. -Brokers' commissions
 - c. -Legal fees for examining and recording title
 - d. -Cost of title guarantee insurance policies
 - e. -Cost of real estate surveys
 - f. -Cost of an option when it is exercised
 - g. -Special paving assessments
 - h. -Cost of razing an old building existing when the land is originally acquired
 - i. -Cost of cancellation of unexpired lease
 - j. -Payment of noncurrent taxes accrued on the land at date of purchase if payable
 - k. by Purchaser.
- 9. Buildings:
 - a. -Original contract price of cost of construction

- b. -Expenses incurred in remodeling, reconditioning or altering a purchased building to make it available for the purpose for which it was acquired.
- c. -Cost of excavation or grading or filling of land for the specific building.
- d. -Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- e. -Cost of building permits
- f. -Payment of noncurrent taxes accrued on the building and date of purchase if payable by purchaser
- g. -Architects' and engineers' fees for design and supervision.
- h. -Costs of temporary buildings used during the construction period.

10. Machinery and equipment:

- a. -Original contract or invoice cost
- b. -Freight, cartage, import duties, handling, and storage costs
- c. -Specific in-transit insurance charges
- d. -Sales, use, and other taxes imposed on the purchase.
- e. -Costs of preparation of foundations and other costs in connection with making a proper site for the assets.
- f. -Installation charges.
- g. -Costs for reconditioning used equipment to make it usable for the purpose it was purchased.

11. Construction in progress:

- a. -Direct material
- b. -Direct labor
- c. -Direct professional services
- d. -Permits and fees
- e. -Internal labor costs incrementally identified to the specific project and appropriately tracked and documented.

12. Donated assets:

- a. Donated Capital Assets should be recorded at their estimated fair value at the time of acquisition.

13. Small and Attractive Assets:

- a. All assets costing less than \$5,000 do not meet the District's capitalization threshold policy, but are considered assets for the purpose of marking and identification, record keeping, and tracking. Exceptions to this policy are hydrants and water service, which have no cost threshold.

14. Amounts not to be capitalized – following are types of expenditures that should not be recorded as Capital Assets (not all inclusive):

- a. Costs relating to the removal or demolition of buildings, structures, equipment or other facilities. The two exceptions are as follows:
 - 1. The cost to remove or demolish a building, structure existing at the time of acquisition of land with the intention of removal or

demolition to accommodate its intended use (such cost is considered a part of the cost of the new capital projects).

- b. The cost of relocating a facility including the cost of relocating the personnel. The cost of equipment rearrangement within a facility or the transfer of individual assets from one location to another should also be expensed.
 - c. Administrative and executive salaries even though a portion of such salary costs are related to fixed asset acquisitions.
 - d. Costs incurred on assets that were not purchased, e.g., surveying, title searches, legal fees, and other expert services on land not purchased.
 - e. Extraordinary costs incidental to the construction of Capital Assets such as those due to strike, flood, fire or other casualties.
15. The cost of abandoned construction.
16. The costs of normal repairs and maintenance that do not add to the value or extend the lives of assets materially are not capitalized, but are shown as expenses in the year incurred.

E. Asset Types and Most Common Useful Lives:

Type Classification Description Useful Life

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Plant and Facilities	20-75 Years
Furniture and Equipment	3-10 Years
Trucks and Automobiles	5 Years

Capital Asset Definition of Terms

The following definitions, which relate specifically to the accounting for capital assets, are presented below to afford a better understanding of the capital asset policy.

Definitions for Capital Expenditures

1. Newly acquired item.
2. Replacement of complete units.
3. Rebuilt equipment if the rebuilding project effectively restores to like-new condition and/or significantly extends the items useful life or markedly increases the items net book value.
4. Accessory equipment should be considered as a portion of the capitalized value of accessory equipment, which was purchased with the intent of using it interchangeably with two or more items, should be capitalized and recorded as a separate item of equipment.
5. Accessory equipment, which is acquired subsequent to the purchase of the parent item, must have the capitalization criteria applied to it separately. These criteria will determine if the item is to be expensed or capitalized.

Definitions for Non-Capital Expenditures

1. Expenditures for repairs, maintenance or replacement of component parts which do not extend the unit's original life or significantly enhance its net value.
2. Expenditures incurred in demolishing or dismantling equipment including those expenditures related to the replacement of units or systems.
3. Expenditures incurred in connection with the rearrangement, transfer, or moving of capitalized items from one location to another, including expenditures incurred in dismantling, transporting, reassembling, and reinstalling such items in a new location.

Noncapital costs, such as those listed above, are expenses as incurred.

Moveable Assets

Consists of vehicles and software, as well as furniture and equipment that are not part of the supporting structure of a building and that meet the specific criteria for capital assets.

Fixed Assets

Fixed assets consist of land, land improvements, buildings, building systems, leasehold improvements, and fixed equipment including new construction, alterations and renovation projects that meet the specific criteria for fixed capital assets.

Depreciation

Depreciation is the process of allocating the cost of a capital asset over a period of time benefitted by the use of that asset, rather than deducting the cost of the asset as an expense in the year of acquisition. A capital asset is depreciated over its estimated useful life, which is meant to be an indication of the number of year that an asset will be used for the purpose for which was purchased.

Accumulated Depreciation

Accumulated depreciation equals the total amount of depreciation recognized for a capital asset since it was initially put in use.

Net Book Value

Net book value represents the capitalized value of an item less Accumulated Depreciation.

Repairs and Maintenance

Repairs and maintenance are costs to keep equipment operating for normal use that may be recurring and regular in nature. Such costs include the replacement of any existing parts of components and any repairs that do not extend the useful life of the existing asset. Any expenditure meeting the above guidelines will be treated as repairs and will not be capitalized by the property management system.

Component Parts

Component Parts are any part of a unit of equipment that cannot be used independently of the remaining piece of equipment. This definition will apply even though the component part may cost more than \$5,000 and have a useful life of more than one year. For property management purposes, component parts are not identified separately, but are capitalized with the system of which they are a part.

District Constructed Assets

Assets constructed by the District are made up of multiple components parts both above and below the capitalization threshold. The department generally uses a construction in progress account number to capture all the expenses related to the item. Upon completion, they collaborate with the General Manager, accounting staff or consultants to determine a description, in service date, estimated useful life and final capitalized amount for the item.

APPENDIX B California Water Code- Sections 370-374

CALIFORNIA WATER CODE

SECTION 370-374

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

370. The Legislature hereby finds and declares all of the following:

- (a) The use of allocation-based conservation water pricing by public entities that sell and distribute water is one effective means by which waste or unreasonable use of water can be prevented and water can be saved in the interest of the people and for the public welfare, within the contemplation of Section 2 of Article X of the California Constitution.
- (b) It is in the best interest of the people of California to encourage public entities to voluntarily use allocation-based conservation water pricing, tailored to local needs and conditions, as a means of increasing efficient uses of water, and further discouraging wasteful or unreasonable use of water under both normal and dry-year hydrologic conditions.
- (c) The Legislature intends that allocation-based conservation water pricing is an alternative method that can be used by public entities to encourage water users to conserve water, increase efficient uses of water, and further discourage waste of water. The Legislature does not intend to limit the discretion of public entities to evaluate and select among different methods for conserving water or to create a presumption that the election to not use a particular method is a waste or unreasonable use of water by the public entity.
- (d) Nothing in this chapter is intended to limit, or dictate, the design of rate structures that public entities may use to promote conservation by water users.
- (e) Nothing in this chapter directs, or otherwise compels, a public entity to use allocation based conservation water pricing.

371. For purposes of this chapter, the following terms have the following meanings:

- (a) "Allocation-based conservation water pricing" means a retail water rate structure that meets all of the criteria in Section 372.
- (b) "Basic charge" means a volumetric unit charge for the cost of water service other than any fixed costs that are recovered through meter charges or other fixed charges other than incremental costs that are recovered through conservation charges. A basic charge may include the cost of generally applicable conservation measures assumed in establishing basic use allocations.
- (c) "Conservation charge" means a volumetric unit charge for incremental costs.
- (d) "Incremental costs" means the costs of water service, including capital costs, that the public entity incurs directly, or by contract, as a result of the use of water in excess of the basic use allocation or to

implement water conservation or demand management measures employed to increase efficient uses of water, and further discourage the wasteful or unreasonable use of water, and may include any of the following:

(1) Conservation best management practices, conservation education, irrigation controls and other conservation devices, and other demand management measures.

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

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

(4) Securing dry-year water supply arrangements.

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

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

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

(1) Billing is based on metered water use.

(2) A basic use allocation is established for each customer account that provides a reasonable amount of water for the customer's needs and property characteristics. Factors used to determine the basic use allocation may include, but are not limited to, the number of occupants, the type or classification of use, the size of lot or irrigated area, and the local climate data for the billing period. Nothing in this chapter prohibits a customer of the public entity from challenging whether the basic use allocation established for that customer's account is reasonable under the circumstances. Nothing in this chapter is intended to permit public entities to limit the use of property through the establishment of a basic use allocation.

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

(4) A conservation charge shall be imposed on all increments of water use in excess of the basic use allocation. The increments may be fixed or may be determined on a percentage or any other basis,

without limitation on the number of increments, or any requirement that the increments or conservation charges be sized, or ascend uniformly, or in a specified relationship. The volumetric prices for the lowest through the highest priced increments shall be established in an ascending relationship that is economically structured to encourage conservation and reduce the inefficient use of water, consistent with Section 2 of Article X of the California Constitution.

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

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

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

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

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

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

(2) Basic use allocations.

(3) Meter size.

(4) Metered volume of water consumed.

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

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

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

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

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

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

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

APPENDIX C Glossary

- ACH** Automated Clearing House (ACH) is an electronic network for financial transactions in the United States. ACH processes large volumes of credit and debit transactions in batches. At the District, we are receiving bill payments for customers through Metavante.
- ACWA** Association of California Water Agencies – Association of California Water Agencies represents and provides key services to its members. From legislation, to regulatory activity, to broad policy issues, ACWA is on the front lines in Sacramento and in Washington, D.C. as a constant and respected advocate for California’s public water agencies. ACWA’s involvement at the state and federal level has helped shape laws and policies that affect ACWA member agencies and their customers. (<http://www.acwa.com>)
- AWWA** American Water Works Association – Agency that is the authoritative resource on safe water, sharing knowledge on water resource development, water and wastewater treatment technology, water storage and distribution, and utility management and operations. AWWA provides knowledge, information and advocacy to improve the quality and supply of water in North America and beyond and advances public health, safety and welfare by uniting the efforts of the full spectrum of the water community. (<http://www.awwa.org>)
- BMP** A Best Management Practice (BMP) is a practice or combination of practices determined to be the most effective, practicable means for protecting natural resources.
- CalPERS** See PERS
- CAP** Capital Expense - Funds used by the District to acquire or upgrade physical assets such as property, industrial buildings or equipment. This type of outlay is made by the District to maintain or increase the scope of their operations. These expenditures can include everything from repairing a roof to building a brand new booster site.
- CDPH** California Department of Public Health – State agency that oversees and regulates the public drinking water systems. This includes the certification and licensing of water treatment and distribution system operators. (<http://www.cdph.ca.gov>)
- CEQA** California Environmental Quality Act - The California Environmental Quality Act is a California law (California Public Resources Code section 21000 et seq.) passed in 1970, shortly after the Federal Government passed the National Environmental Policy Act. CEQA does not directly regulate land uses, but instead requires development projects submit documentation of their potential environmental impact. (<http://ceres.ca.gov/ceqa>)
- CIF** Capital Improvement Fee – Capital improvement fees were established to provide funds for the construction of District facilities to meet water demands. These fees are collected from developers so they can contribute toward the cost of construction of these future facilities as specified by the District’s Master Plan.
- CSDA** California Special Districts Association – California Special Districts Association is the recognized voice for all special districts. CSDA provides advocacy, outreach and member services, while

educating policy makers and the public on the vital importance of local services provided by special districts in California. (<http://www.csda.net>)

- CUWCC The California Urban Water Conservation Council was created to increase efficient water use statewide through partnerships among urban water agencies, public interest organizations, and private entities. The Council's goal is to integrate urban water conservation Best Management Practices into the planning and management of California's water resources.
- DWR California Department of Water Resources – State agency that oversees the operation of the State Water Project (SWP). (<http://www.water.ca.gov>)
- DBP Disinfection By-Products are potentially toxic chemical compounds that are formed in extremely low concentrations during the disinfection of water supplies.
- EIR Environmental Impact Report – An EIR is a public document used by a government agency to analyze environmental effects of a proposed project. It also allows for the identification of alternatives and to disclose possible ways to reduce or avoid possible environmental damage.
- EIS Environmental Impact Study – See EIR
- EPA Environmental Protection Agency – The federal agency responsible for setting and enforcing water quality standards.
- ET Evapotranspiration, or "ET," is the combination of water that is lost from the soil through evaporation and through transpiration from plants as a part of their metabolic processes. "ET" is simply the amount of water needed by a particular plant, tree, or turf grass.
- GASB Governmental Accounting Standards Board – The Governmental Accounting Standards Board exists to establish and improve standards of state and local governmental accounting and financial reporting. By doing this, the result is useful information for users of financial reports and guide and educate the public, including issuers, auditors, and users of those financial reports. (<http://www.gasb.org>)
- GIS Geographical Information System – Geographical information system captures, stores, analyzes, manages, and presents data that is linked to location. Technically, a GIS is a system, which includes mapping software and its application to remote sensing, land surveying, aerial photography, mathematics, photogrammetry, geography, and tools that can be implemented with GIS software.
- MOU Memorandum of Understanding is a document describing a bilateral or multilateral agreement between parties. It expresses a convergence of will between the parties, indicating an intended common line of action.
- MTBE Methyl tertiary-butyl ether (MTBE) is a chemical compound that is manufactured by the chemical reaction of methanol and isobutylene. MTBE is produced almost exclusively used as a fuel additive in motor gasoline.
- O&M Operations and Maintenance – Operations and Maintenance are the activities related to the performance of routine, preventive, predictive, scheduled, and unscheduled actions aimed at

preventing equipment failure or decline with the goal of increasing efficiency, reliability, and safety.

OPEB Other Post-Employment Benefits – Other Post-Employment Benefits obligations are primarily for retiree health care costs but also can include other benefits such as insurance.

PERS/CalPERS

California Public Employees' Retirement System – The State retirement system covering Palmdale Water District employees and retirees. The retirement program provides retirement income levels dependent on age and length of participation.

SCADA Supervisory Control and Data Acquisition is a system that collects data from various sensors at a factory, plant or in other remote locations and then sends this data to a central computer, which then manages and controls the data.

SWC The State Water Contractors is a non-profit association of 27 public agencies from Northern, Central and Southern California that purchase water under contract from the California State Water Project. (<http://www.swc.org>)

SWP California State Water Project – Administered by the Department of Water Resources (DWR), the State Water Project is the nation's largest state-built water and power development and conveyance system. Its purpose is to deliver water, control flooding, generate power, provide recreational opportunities, and enhance habitats for fish and wildlife.

TTHM Trihalomethanes (THM) are a group of four chemicals that are formed along with other disinfection byproducts when chlorine or other disinfectants used to control microbial contaminants in drinking water react with naturally occurring organic and inorganic matter in water. The EPA is in charge of regulating the total trihalomethanes (TTHM) at a maximum allowable annual average in drinking water.

VOC Volatile Organic Compounds are ground-water contaminants of concern because of very large environmental releases, human toxicity, and a tendency for some compounds to persist in and migrate with ground-water to drinking-water supply wells.

APPENDIX D Water Master Report

Table B-1 Exhibit 3 Non-Overlying Producers Water Accounting

Last Update: 05/30/2025

Original Exhibit 3 Producers Public Water Suppliers	2025 Water Sources (AF)					
	Production Right (AF)	Unused Federal Reserve Right	Imported Water Return Flows for 2025	Carry Over Water for use in 2025	Transfers (Not Permanent)	Transfer Water remaining after fulfilling Replacement Water Obligations
	<i>Judgment</i>	<i>Allocated as per Judgment</i>	<i>See Appendix D</i>	<i>[18+19+20]</i>	<i>See Appendix F</i>	<i>[25-17- previous RWQs]</i>
Boron Community Services District	50.00	0.00	78.00	846.77	0.00	
California Water Services Company	343.14	175.25	4.44	123.84	0.00	
Desert Lake Community Services District	73.53	37.55	47.44	1,020.59	0.00	
Littlerock Creek Irrigation District	796.58	406.82	170.43	1,510.03	0.00	
Los Angeles County Waterworks District No. 40	6,789.26	3,467.36	10,425.69	65,683.18	0.00	
North Edwards Water District	49.02	25.04	0.00	9.02	0.00	
Palm Ranch Irrigation District	465.69	237.83	14.12	1,494.08	0.00	
Palmdale Water District ³	2,769.63	1,414.49	2,733.73	12,596.83	0.00	
Quartz Hill Water District	563.73	287.90	985.32	6,330.24	0.00	
Rosamond Community Services District (Exhibit 3)	404.42	206.54	57.49	53.38	0.00	
<i>Transfer from eSolar Inc.; Red Dawn Suntower LLC - Exhibit 4 (2016)</i>	150.00	0.00	0.00	0.00	0.00	
<i>Transfer from Nick and Janet Van Dam - Exhibit 4 (Feb 2022)</i>	350.00	0.00	0.00	0.00	0.00	
<i>Transfer from Richard Miner - Exhibit 4 (Jan 2022)</i>	999.00	0.00	0.00	5,991.18	0.00	
<i>Transfer from Radcast - Exhibit 4 (June 2022)</i>	232.56	0.00	0.00	1,619.26	0.00	
West Valley County Water District	40.00	0.00	0.00	98.95	0.00	
Total¹	14,076.56	6,258.78	14,516.66	97,377.35	0.00	0.00

Taken from <https://avwatermaster.net/wp-content/uploads/2023/06/Draft-2022-Annual-Report-All.pdf>



2026 Water Supply and Demand Assessment

As in 2025, the water supply outlook for 2026 remains favorable. In accordance with the State-approved Water Shortage Contingency Plan (WSCP), management reviewed data from the past four years to evaluate projected water supply and demand. Supply projections include the capacity of District-owned wells, water rights, AVEK allotment, and banked water storage, while demand projections are based on historical water use trends and anticipated growth. Based on this analysis, staff has determined that sufficient water supplies are available to meet projected demand in 2026 and recommends that the District remain in Stage 2, “**voluntary**”, water conservation efforts. Staff will continue to promote the District’s conservation message, “**Conservation is a desert way of life.**” The District’s strong water portfolio reflects the deliberate and ongoing water management efforts of the Board of Directors, management, staff, and customers.

- Projected available water supply totals 6,451 acre-feet, while anticipated water demand is 4,609 acre-feet, resulting in a potential surplus of 1,842 acre-feet.
- Management does not anticipate circumstances in which customer water demand cannot be met in 2026.
- Projected demand is based on a 1 percent increase over FY 2025/26, consistent with current usage trends and anticipated growth. The projected surplus provides capacity to accommodate a worst-case scenario in which customers return to pre-conservation usage patterns.
- Projected AVEK supplies are based on the District’s annual delivery request and account for approximately 60 percent of demand under the projected scenario. Based on the Department of Water Resources’ allocation to AVEK, additional water would be available if demand exceeds projections.
- Groundwater supplies are based on available supply and are limited to 300 acre-feet per month to protect District wells from over pumping.

Additionally, the District has 3,195 acre-feet stored in the AVEK Westside Water Bank, which will continue to serve as a reserve supply during dry years.

The tables below present the District’s projected water supply outlook and supporting calculations and will be included in the annual water supply report submitted to the State.

1. Administrative Team

During the past month, 102 accounts appeared on the unread list. Field staff manually checked 48 of those accounts as needing attention, including battery replacements, transmitter replacements, or full meter replacements. The remaining meters were successfully read manually, which means the meters were working properly but the transmitters were not picking up the electronic reads.

Door Tags, Shut- Off for Non-Payment and Average Past Due Amount

	2026				
Month	Late Notices	Shut Off Notices	Shut Off for Non-Payment	Closed Next Day	Average Past Due
May	299	146	18	2	\$60.93
Annual Total	1883	799	144	31	\$66.43

2. Customer Outreach

Over this past billing period, 37 accounts appeared on our high usage list with bills over \$450.00. After reviewing each account, we found that two accounts had active leak alarms. After every billing period we continue to reach out to our customers when they have active leak alarms. By reaching out to them directly we hope to address possible issues early and avoid unnecessary water loss or charges.

3. My Water Advisor

Below is an example of a customer who received a leak alert. My Water Advisor captures when a leak alarm is triggered after 24 hours of continuous water use and when the issue was resolved.

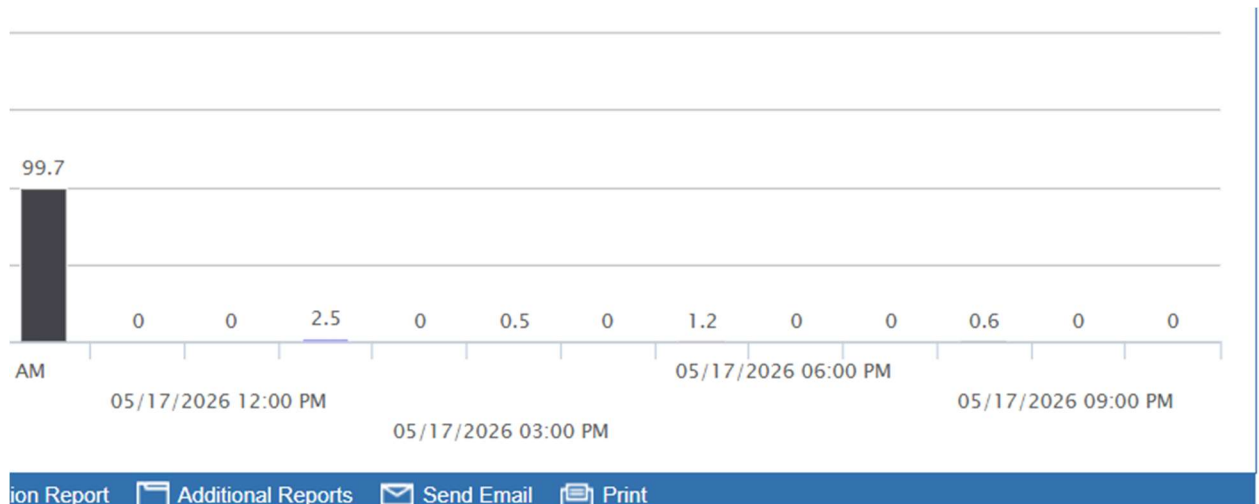
The screenshot below shows a leak alarm generated on May 17, 2026, after 24 hours of continuous water use.

05/22/2026	307413.5	172.8	OK
05/21/2026	307240.7	15.8	OK
05/20/2026	307224.9	15.8	OK
05/19/2026	307209.1	181.3	OK
05/18/2026	307027.8	177.3	OK
05/17/2026	306850.5	1621.4	Leak Alarm
05/16/2026	305229.1	2305.4	OK

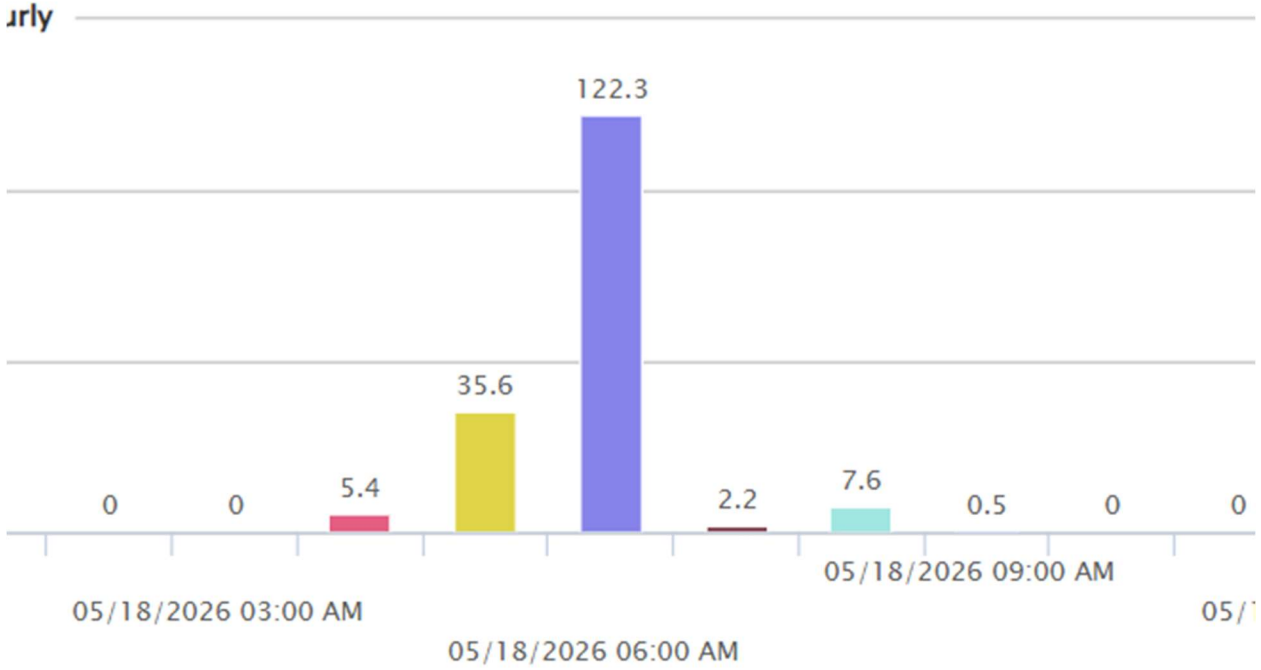
The different colored bars below show when water is being used.



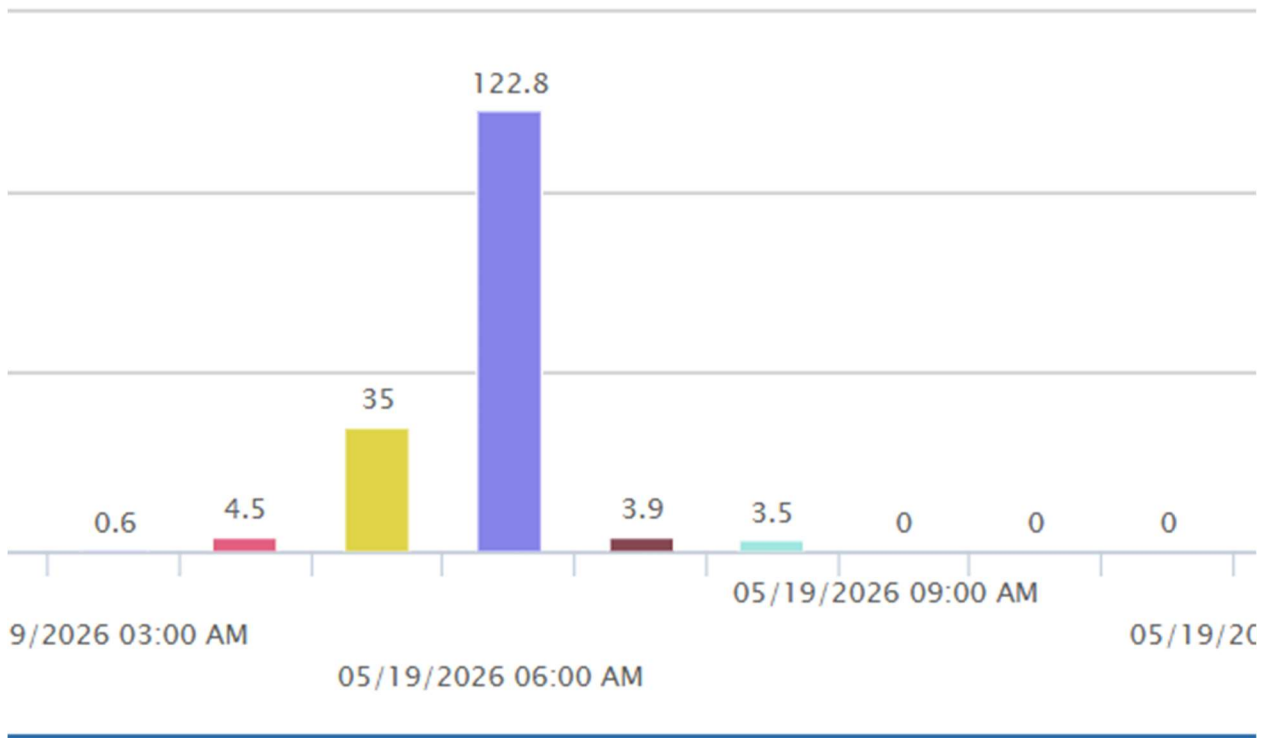
The next three screenshots show that as the bars stop appearing as frequently, the water usage decreases. This indicates that something has changed. In this case, the leak was repaired, and the leak alarm was only active for only one day.



From: To: [View chart](#) [Back](#)



- [Events](#)
- [Upload Image](#)
- [GIS](#)
- [Alerts Report](#)
- [Consumption Report](#)



We have not processed any leak adjustments applications since our last board meeting. This is an example of how we educate our customers about the benefits of using My Water Advisor. The data is not provided in real time; it is still a valuable tool for monitoring water usage and identifying unusual patterns.

Thank you,

Mrs. Lopez Administrative Services Supervisor

1. Well 8 Pump and Motor

The submersible pump and motor at Well 8 have been reinstalled. The motor was originally installed last year, failed prematurely in January and was replaced under warranty. The pump was also rebuilt during the motor replacement. Over the next week, staff will complete flushing and sampling to return the well to service in time for peak summer demand.



2. Meter changeouts

The facilities crew continues monthly meter replacements throughout the system to ensure accurate readings and billing for customers. The automated meter reading system also provides daily usage data, which customers can access through the My Water Advisor 2.0 app.



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3. Interconnection Testing

The District has interconnections with three neighboring water districts that allow us to give or take water in case of an emergency. Recently, staff completed testing on the interconnection with White Fence Farms Mutual water company and confirmed that the connection is fully functional flowing water in either direction. The piping within the vault received a fresh coat of paint and is ready to use if needed.



4. Hydrant Maintenance and replacements

Staff continue to conduct routine maintenance on the fire hydrants within our District. This generally consists of flushing, painting, replacing internal seals, and even removing weeds around the hydrant. Damaged and leaking hydrants are replaced as part of capital improvement program. This year staff have painted 173 hydrants and replaced nine. This maintenance ensures that the hydrants are visible and ready to provide fire protection to our customers.



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5. Tank Overflow Piping

Staff upgraded overflow piping at several storage tank sites to meet new regulatory requirements. The air gap between the tank overflow piping and the underground drain was also increased to ensure water cannot be siphoned back into the tank, further reducing contamination risk.

6. Service Line Leaks

Our dedicated field staff continue to respond quickly and effectively to leaking service lines, ensuring minimal water loss and limited disruption to essential service for our customers. Even after regular business hours, crews have addressed leaks promptly, demonstrating their commitment to reliable service around the clock. To date, staff have repaired 29 service line leaks this year.



7. Mainline Valve Replacements

Staff have been consistently replacing mainline valves and have completed seven valve replacements this year. Valves identified as defective during last year's valve-exercising cycle have been scheduled for replacement throughout the year. These defective valves complicate isolation procedures and can lead to additional service interruptions during repairs.

8. Valve Turning and Flushing

As part of the routine annual maintenance of our distribution system, staff conduct valve turning and flushing. Exercising the District's valves prevents corrosion build-up and minimizes the chance of a valve lockup. This program also ensures that water quality standards are maintained. More than 1300 valves have been exercised so far this year.

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9. Water Levels

Monthly monitoring of the district owned groundwater levels continues. These levels are currently stable and on par with historical averages. Proactive groundwater management is a priority of the District's commitment to preserving long-term reliable sources.

10. Water Availability

Monitoring of State water supply, groundwater supply, conservation cutbacks, and other available water resources continue to be a priority of management. Operational changes are made daily to utilize all available water resources and minimize production costs.

Thank you,

Brach Smith

Assistant General Manager

Dear Directors,

May was a productive time for the QHWD team. The field crews remained busy with the typical seasonal service line leaks, mainline valve replacement, facility site maintenance, customer service, and training. Staff training continues to be a priority for the team. The administrative staff continued the customer outreach services through contacting customers who used 150% of their respective monthly usage. Many customers expressed appreciation for the phone call. For more insight into the field operations and capital improvement projects please see Assistant General Manager Brach Smith's report.

FY 2027 Budget

Management has been working diligently on the fiscal year 2027 budget over the past several weeks. Input from the finance committee and use of the rate model have helped formulate this year's budget. We held a public budget workshop on 6/11/2026, where we broke down the budget's performance, anticipated revenues/expenses, and capital improvement projects for FY-2027. I am proud of the team's preparation of the budget document and commitment to transparency for the Board of Directors and public.

Water Supply Report

The State has finalized the "Making Conservation a California Way of Life Regulation". The District has already adopted several of the key actions in accordance with the regulation and will tailor our outreach messages to further promote the regulation. See the following web link for more information on this matter:

https://www.waterboards.ca.gov/conservation/regs/water_efficiency_legislation.html

Several reports have come out in which State reservoirs are at above average levels. The state's largest reservoirs, Shasta Lake and Lake Oroville, were measured at a respective 103% and 118% of their historical averages for early June. However, the State is starting to monitor first signs of drought due to the second lowest snowpack recorder for this time of the year. We will continue to monitor this as well.

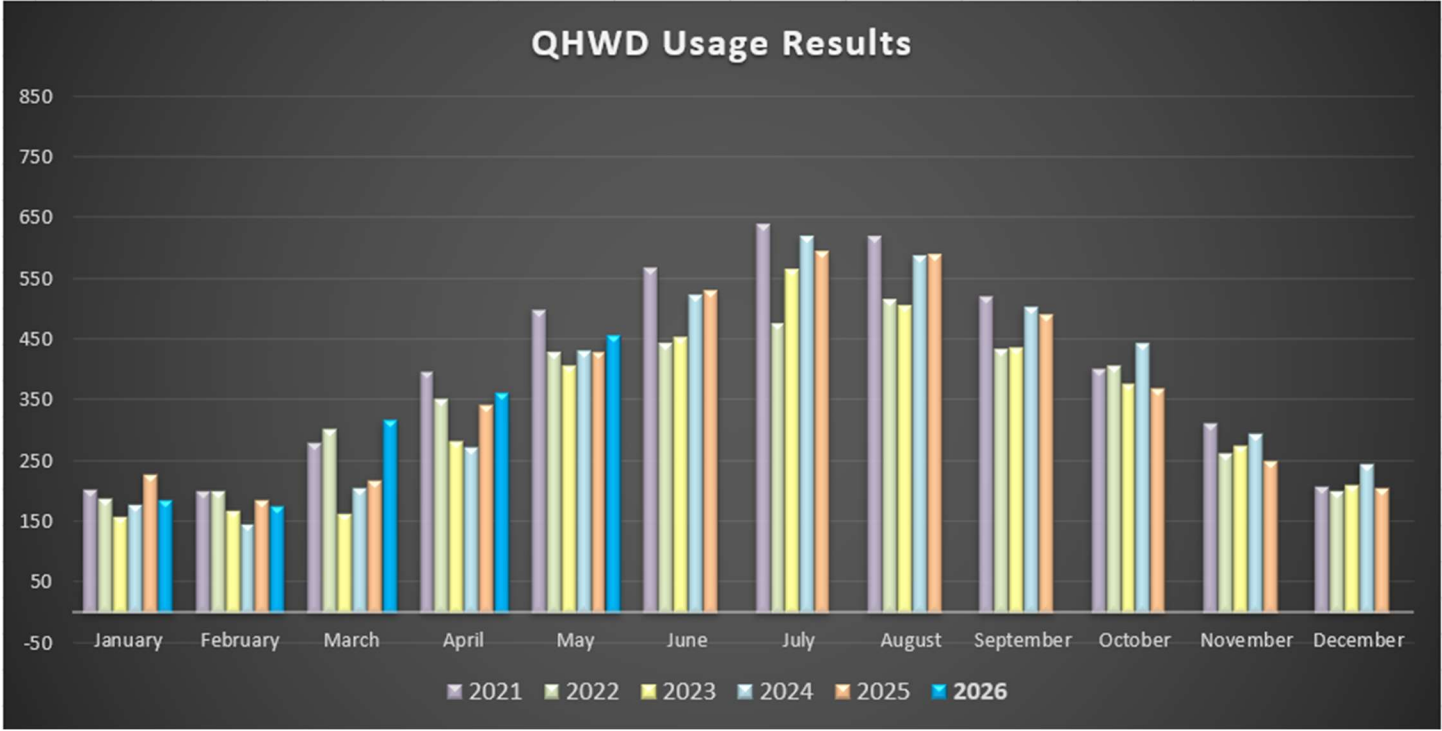
Water usage in the month of May increased to meet warm weather demands but remains on par with historical averages.

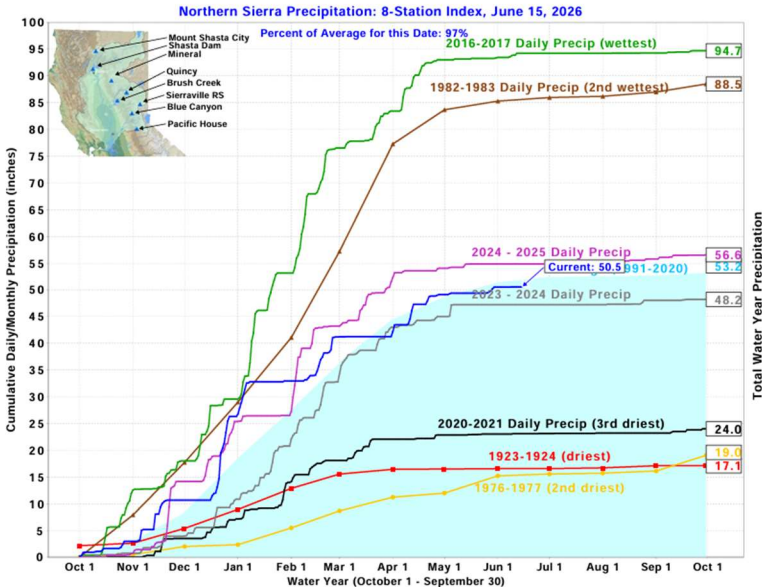
- Total production was 456.53 acre-feet, up 6.5% from last year but down 10% from 2020.
- The split was 58% AVEK, 42 % wells.
- Average well runtime was 7.7 hours per day
- Residential per capita was 231.07

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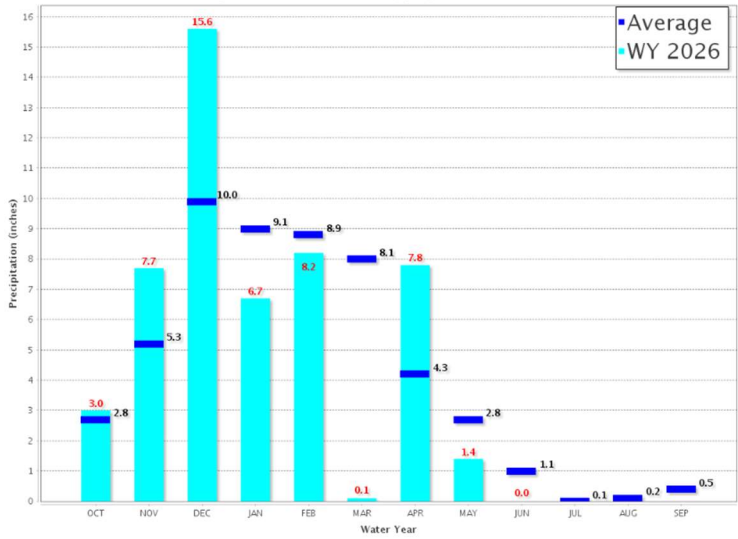
Average daily demand was 4.79 MGD, with highest day being 5.30 MGD on 5/24. The lowest day was 3.91 MGD on 5/4.





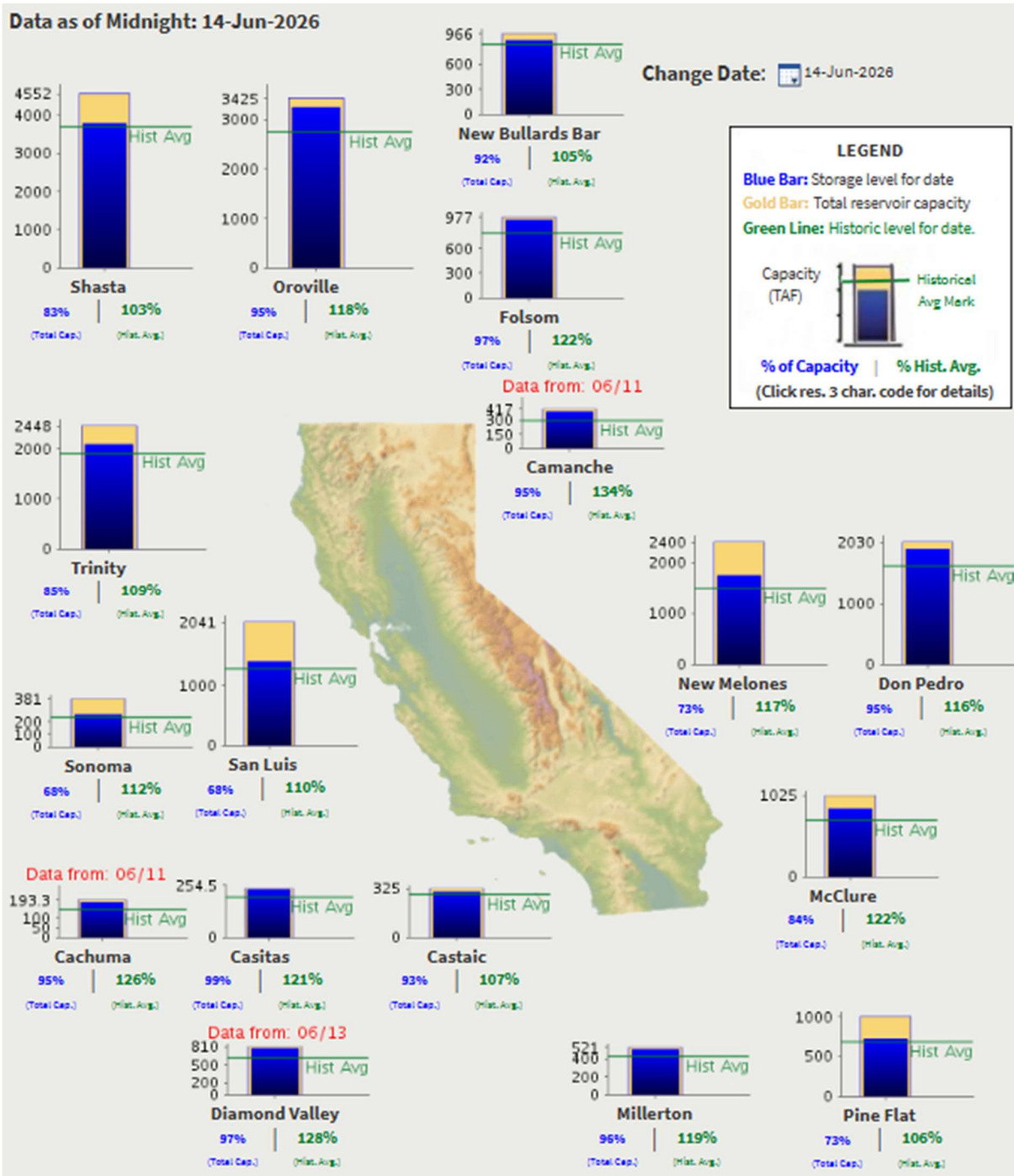
Northern Sierra 8-Station Precipitation Index for Water Year 2026 - Updated on June 15, 2026 09:48 AM

Note: Monthly totals may not add up to seasonal total because of rounding
Water Year Monthly totals are calculated based on Daily precipitation data from 12am to 12am PST



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Daily Reservoir Storage Summary: <https://cdec.water.ca.gov/reservoir.html>

Income/Expense Report

April was a decent month with the District’s revenues on par and investments performing well. Water deliveries were slightly lower than the previous year. The depreciation fund (non-cash operating expense) was fully funded (\$103k).

**Quartz Hill Water District
Capital Outlay
FY 2025-26 - April 2026**

CIP Project	FY 24-25 Adopted Budget (For Reference)	FY 25-26 Adopted Budget	YTD Actuals Through 3/31/26	Remaining Budget	YTD% of Budget
Well 8 Rehabilitation	\$ 250,000	\$ -	COMPLETED FY 24-25	-	-
Re-Coat 75th St Tank Interior & Exterior	550,000	-	COMPLETED FY 24-25	-	-
Replace Booster Pump M-4 and 50th St W	20,000	-	COMPLETED FY 24-25	-	-
Class 6 Field Service Truck (Petbuilt Truck)	350,000	-	365,277	(15,277)	104%
Class 8 Dump Truck	250,000	-	277,181	(27,181)	111%
Valve & Hydrant Replacement (Ongoing)	30,000	40,000	12,172	27,828	30%
Large Meter Replacement (Ongoing)	20,000	20,000	-	20,000	0%
Small Meter Replacement (Ongoing)	-	200,000	203,006	(3,006)	102%
Large Purchase Two(2) New Crew Trucks-EV	-	200,000	105,315	94,685	53%
Meter Box Lid Replacements	-	50,000	-	50,000	0%
Rehab One(1) Groundwater Well	-	150,000	-	150,000	0%
Site 32 Improvements & Wellll Constuction	-	676,170	24,898	651,272	4%
Site 32 Standby House	-	-	70,541	(70,541)	N/A
Cal Prop Emergency Backup Pump	-	80,000	89,938	(9,938)	112%
Total	\$ 1,470,000	\$ 1,416,170	\$ 1,148,328	\$ 867,842	81%

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Quartz Hill Water District
Statement of Revenues and Expenditures
From 4/1/2026 Through 4/30/2026

	April 2026 Actual	FY 25-26 YTD Actual	FY 25-26 Budget
Revenues			
Operating Revenues from Rates			
Water Sales - Usage	285,166.79	3,013,408.55	3,686,944.00
Water Service Charges	<u>197,671.99</u>	<u>1,979,120.01</u>	<u>2,385,726.00</u>
Total Operating Revenues from Rates	482,838.78	4,992,528.56	6,072,670.00
Other Operating Revenues			
Other Operating Revenues	<u>8,783.44</u>	<u>100,945.53</u>	<u>83,143.00</u>
Total Other Operating Revenues	8,783.44	100,945.53	83,143.00
Non-Operating Revenues			
Construction & Development	0.00	6,500.00	22,209.00
Capacity Charges	10,646.00	84,191.00	100,000.00
Water Replenishment Fees	6,696.00	56,916.00	0.00
Investment Earnings/(Losses)	48,927.48	552,470.16	487,636.00
Taxes & Assessments	171,858.16	565,053.12	562,943.00
Rents & Leases	4,613.85	94,741.98	108,443.00
Other Non-Operating Revenues	<u>84,604.00</u>	<u>96,305.72</u>	<u>18,775.00</u>
Total Non-Operating Revenues	<u>327,345.49</u>	<u>1,456,177.98</u>	<u>1,300,006.00</u>
Total Revenues	<u>818,967.71</u>	<u>6,549,652.07</u>	<u>7,455,819.00</u>
Expenses			
Water Purchases	168,569.09	1,727,329.79	2,013,999.00
Salaries & Benefits	252,184.05	1,969,493.12	2,367,250.00
Operations & Maintenance	46,489.99	825,159.76	1,100,663.00
General & Administrative	<u>256,488.47</u>	<u>1,190,439.03</u>	<u>1,258,194.00</u>
Total Expenses	<u>723,731.60</u>	<u>5,712,421.70</u>	<u>6,740,106.00</u>
Net Income (Loss) Subtotal	<u>95,236.11</u>	<u>837,230.37</u>	<u>715,713.00</u>
Non-Cash Operating Expenses			
Depreciation Expense	<u>103,266.03</u>	<u>1,004,777.40</u>	<u>1,344,395.00</u>
Total Non-Cash Operating Expenses	<u>103,266.03</u>	<u>1,004,777.40</u>	<u>1,344,395.00</u>
Net Income (Loss) Total	<u>(8,029.92)</u>	<u>(167,547.03)</u>	<u>(628,682.00)</u>

This concludes my report, and as always please contact me with any questions or concerns at brentb@qhwd.org

Thank you,

Brent Byrne

General Manager