

**MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277**

JANUARY 25, 2017 / 6:00 P.M.

Call to Order and Roll Call

President Moore called the meeting to order at 6:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghill, Carol Giannini, Suzi Horn, Sam Moore, and Roger Shinaver. Also present were General Manager Ray Kolisz, Financial Consultant Cindy Byerrum, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Director Moore led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

None

Local Hazard Mitigation Plan Open Comments

Gary Sturdivan, with Sierra West Consultants, informed the Board that FEMA and the State requires input from the public concerning the implementation of a Hazard Mitigation Plan. The District will hold monthly Internal meetings with key staff members and External meetings with members of the public to identify potential hazards and ways to mitigate those vulnerabilities. Minutes will be posted to the website for review.

1. Public Hearing on Proposed Amended 2015 Urban Water Management Plan

1.1 Board to Hear Public Testimony at This Time

Ms. Lauren Everett with Kennedy/Jenks Consultants provided a presentation highlighting the reasons for the plan and the proposed amendments. The Department of Water Resources requested the District amend the plan to include production values versus losses. The District also took the opportunity to address the loss of redundancy and capacity with Wells #4 and #9 having been taken offline due to elevated Chromium VI levels. In addition to the amendments, the plan also included funding opportunities and avenues available to the District.

Director Shinaver moved to open the Public Hearing at 6:06 p.m., seconded by Director Horn, and unanimously approved.

Public comment – A speaker in the audience voiced concerns over the State's imposed 20% cut in consumption by year 2020 by a community reliant upon swamp coolers.

Director Horn moved to close the public hearing at 6:18 p.m., seconded by Director Coghill, and unanimously approved.

2. Consideration of Resolution 17-01 Adopting the Amended 2015 Urban Water Management Plan

Director Shinaver made a motion to adopt Resolution 17-01 Amending the 2015 Urban Water Management Plan, seconded by Director Giannini, and approved by the following roll call vote:

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|----------|--|
| Ayes: | Directors Coghill, Giannini, Horn, Shinaver, and Moore |
| Noes: | None |
| Abstain: | None |
| Absent: | None |

3. Consideration of Resolution 17-02 Authorizing and Pledging Revenues and Funds to Satisfy Repayment Obligations for the Financial Assistance Agreement with the California State Water Resources Control Board for the Potable Groundwater Management Project
Kenedy/Jenks Consultants prepared and filed a grant application, on the behalf of the District, to the State of California Drinking Water State Revolving Fund. To satisfy repayment obligations and as a required element, the District must pass a resolution demonstrating to the State the District's commitment to repay the funds in the form of a low interest loan, should the District not qualify for grants.

Director Coghill made a motion to adopt Resolution 17-02 authorizing and pledging revenues and funds to satisfy repayment obligations for the financial assistance agreement with the California State Water Resources Control Board for the Potable Groundwater Management project, seconded by Director Shinaver, and approved by the following roll call vote:

Ayes: Directors Coghill, Giannini, Horn, Shinaver, and Moore
Noes: None
Abstain: None
Absent: None

4. Presentation of Audit Report for Fiscal Year 2015/2016 by Cindy Byerrum
Financial Consultant, Cindy Byerrum, presented the Audit Report on behalf of The Pun Group. The financial statements were found to be in accordance to the Generally Accepted Accounting Principles for State and Local Governments (GAAP) and the audit report reflects a clean and unqualified audit opinion. The District ended the fiscal year with a 2.1% decrease in revenues. Liability for pensions remained the same for the fiscal year, but are expected to increase next year as PERS lowers the projected rate of return.
5. Approve Director Coghill to Attend the Special District Leadership Academy Conference (February 26-March 1, 2017) and to Provide Daily Meeting Stipend
Director Horn made a motion to approve Director Coghill's attendance at the Special District Leadership Academy Conference and to provide daily meeting stipend, seconded by Director Shinaver, and approved unanimously.
6. Discussion of Well #11 Replacement Costs
The estimated cost to drill a well to a depth of 500 feet, including pumping equipment, is approximately \$573,790.00, without 10% contingencies and factoring in water treatment for chromium VI and fluoride. Staff is considering drilling to a depth of 600 feet, at an additional cost of \$50,000, during the pilot borehole process to analyze the quality of water and determine if better water quality is present. Any new well that is drilled must comply with all State water quality standards, regardless of any existing variances that the District was given. The Rate Study included \$600,000 for the replacement of Well #10. This funding would be redirected to offset the costs of drilling Well #11B.
7. Discussion of (801 Housing) Valve Report
Operations Superintendent, Mike Minatrea, provided the Board with information pertaining to the number of valves (152) at the Lincoln Military Housing units. The District inherited the substructure at the housing sites. The valves were installed by a private contractor for the military, and the brand of valve used was not in accordance to the District's specifications. Last month's blow out in the Aztec area resulted in approximately \$28,000 in asphalt damage and \$4,000 in replacement parts and labor costs. Total valve replacement in the housing complex would cost approximately \$302,000.
8. Consent Calendar
- Minutes of a Regular Meeting held on December 14, 2016
 - Audit List

Director Shinaver moved to approve the Consent Calendar, seconded by Director Horn, and approved unanimously.

7. Items Removed from the Consent Calendar for Discussion or Separate Action
None

8. Management Reports

8.1 Operations

The District responded to 15 Underground Service Alerts, had 2 water main leaks, 3 water meter leaks, 0 service line leaks, 2 fire hydrant repairs, performed 3 customer pressure checks, replaced 31 meters, replaced 11 customer gate valves, and installed 3 new services. 1 Wastewater complaint was reported, customer left the garden hose on by mistake. Water quality levels were normal for the month. Water production was up 3% as compared to the same month in 2013.

8.2 Ms. Byerrum reported that Josh will be taking an extended leave. Ian will be assisting in his absence. A PERS update will be brought to the Board at a future meeting. The Fire budget is being finalized.

8.3 General Manager

Mr. Kolisz reported that the mainline at Ed Butler's place was installed in December. The District created an official Facebook page. The public is asked to "like" us at 29 Palms Water. Matt Shragge will be representing the District at The Morongo Basin Conservation Association's Annual Meeting and Desert-Wise Living program on Saturday, January 28th at 9:00 am. The Chromium VI mailer informed ratepayers that the water is safe to drink and is in compliance with the State Water Resource Control Board's approved variance allowed by all water districts whose water contains Chromium VI. The District has since placed the well producing chromium VI offline due to failure.

9. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

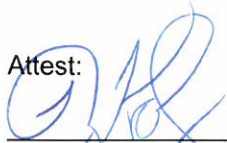
Director Shinaver would like staff to keep the Board apprised of the condition of the valves at 801 housing.

Director Moore wished everyone a happy New Year.

10. Adjournment

On motion by Director Horn, seconded by Director Shinaver, and approved by the Board, the meeting was adjourned at 7:07 p.m.

Attest:



Ray Kolisz, Board Secretary
Twentynine Palms Water District



Kerron E. Moore, President
Board of Directors

APPROVED FEB 22 2017