

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

MAY 24, 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

Ed Vallerand, of Twentynine Palms, expressed concerns regarding the proposed base sewer plant and the potential of a negative impact on the water table.

Jeffrey Johnson, of Twentynine Palms, also expressed concerns over the lack of ground water recharge once a base sewer treatment plant is built. Mr. Johnson also suggested a drug drop off box to eliminate water contamination.

Local Hazard Mitigation Plan Open Comments

Mr. Kolisz informed the Board that a draft will be provided to the Board in the near future.

1. Presentation of First Draft for Fiscal Year 2017/2018 Budget

The Board was presented with a draft budget for review. Ms. Byerrum explained the budget reflects a continuation of the 6% increase. Revenues are projected to increase 4% with expenses going up 12%, with an increase in staffing and rising health care costs. Depending on the capital improvement projects, the projected fund balances will fluctuate between a positive and negative scale in the coming years. The District can expect a \$2 million draw down this coming fiscal year. The pursuance of grant funds may offset the expenses of some projects. The following expenditures and capital improvement projects were noted:

- Implementation of the SMART plan
- (2) Additional staff positions
- Treatment of Well 11B for chromium and fluoride (CIP)
- Drilling costs for Well 11B (CIP)
- Increase in employee health benefits
- Updated Injury and Illness Plan
- Increase in CalPERS and the annual unfunded payment
- Lobby Remodel for safety and compliance regulations

The Board was in consensus to bring the budget back without changes.

2. Discussion and Possible Action to Adopt Resolution 17-07 Consenting to Enter the Joint Protection Programs of the Association of California Water Agencies/Joint Powers Insurance Authority

With the Fire Department divesting from the District, staff contacted ACWA JPIA for a workers' compensation proposal. The District currently has health care benefits, liability, and property insurance coverage through ACWA JPIA. An annual proposal was provided for \$50,045, which included a multiple program discount of 5%. This is an approximate savings of \$4,865.83 from the current program provider.

Director Coghill made a motion to adopt Resolution 17-07, consenting to enter the joint protection programs of the Association of California Water Agencies/Joint Powers Insurance Authority, seconded by Director Giannini, and approved by the following roll call vote:

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

3. Discussion and Possible Action to Adopt Resolution 17-08 Authorizing Application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure Workers' Compensation Liabilities

Staff recommends adopting Resolution 17-08 as a required action for changing workers' compensation carriers.

Director Horn made a motion to adopt Resolution 17-08, authorizing application to the Director of Industrial Relations, State of California, for a Certificate of Consent to self-insure workers' compensation liabilities, seconded by Director Coghill, and approved by the following roll call vote:

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

4. Discussion of Developing an Employee Recognition Program

Mr. Kolisz suggested recognizing employees based on longevity, for 5 year anniversary increments. The Board was in agreement. An Employee Recognition Program will be presented to the Board, including projected expenses for an annual recognition dinner/luncheon and plaques.

5. Update on Hexavalent Chromium Treatment Status

Mr. Kolisz provided the Board with an update concerning the recent ruling on hexavalent chromium. Superior Court Judge Christopher Kruger ruled that the State Water Resources Control Board's implementation of a maximum contaminant level (mcl) of 10 parts per billion (ppb) did not consider the economic feasibility to small water systems and their users. The State was ordered to withdraw the regulation and has 60 days to appeal. The District has spent approximately \$300,000 to comply with the State's mandated regulation for hexavalent chromium. The District has suspended moving forward with treatment options until the State addresses compliance with the court's ruling. The District will be joining other signatories in a written request to meet with the

State's Attorney General to consider the economic feasibility of the standard and deny any appeal by the State. The Board unanimously supported the letter.

Ed Vallerand, of Twentynine Palms, suggested the District not only pursue the avenue of financial hardship, but also challenge the validity of the State's chromium requirement.

6. Consent Calendar

- Minutes of a Regular Meeting held on April 26, 2017
- Audit List

Director Shinaver moved to approve the Consent Calendar, seconded by Director Giannini, 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 7 Underground Service Alerts, had 0 water main leaks, 4 water meter leaks, 2 service line leaks, 1 fire hydrant repair, performed 2 customer pressure checks, replaced 18 meters, replaced 1 customer gate valve, and installed 2 new (residential) services. Water production was down 32% as compared to the same month in 2013. The District received an insurance check for approximately \$3,000 for a fire hydrant replacement, which included permit fees and labor costs.

8.2 Finance

Ms. Byerrum reported the District is at 75% of the budget and tracking as expected. It was suggested the Board may want to consider reviewing the District's fee schedule to ensure costs are relative to service.

8.3 General Manager

Mr. Kolisz reported the District participated in Reach Out Morongo Basin which provided information regarding emergency preparedness. The District is asking the State Water Resources Control Board for a reduction in permit fees as Twentynine Palms is considered a disadvantaged community. Well 12 is back online and pumping water.

9. Closed Session: Public Employee Performance Evaluation (Per Government Code § 54957)

Title: General Manager

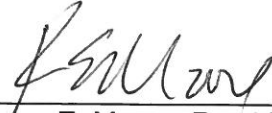
Director Shinaver moved to enter closed session at 7:04 p.m., seconded by Director Horn, and unanimously approved. The Board returned to open session at 8:42 p.m. Director Moore announced there was no reportable action.

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

Director Coghill would like to see the fee schedule on the Agenda in the near future. Director Moore referenced the news article commending Matt Shragge, Matt Pastor, and Victoria for their excellent customer service.

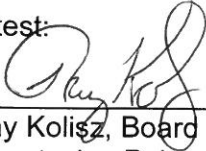
11. Adjournment

On motion by Director Shinaver, seconded by Director Horn, and approved by the Board, the meeting was adjourned at 8:43 p.m.



Kerron E. Moore, President
Board of Directors

Attest:



Ray Kolişz, Board Secretary
Twentynine Palms Water District

APPROVED JUN 28 2017