

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

OCTOBER 28, 2015 / 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 Chancey Chambers, 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

Michael Jaworski, of Twentynine Palms, spoke to the water conservation goals of the District and the approval of the City for an additional 200 homes.

Ed Vallerand, of Twentynine Palms, spoke to the assumptions used for the rate study and the State's chromium 6 standards.

1. Consider Approval of the Pond #3 Project Based on the Finding that the Original Adopted Mitigated Negative Declaration Complies with CEQA and Direct General Manager to File an Updated Notice of Determination

Tom Dodson, of Tom Dodson and Associates, was in attendance to answer questions from the Board. The original document addressed the expansion and determined CEQA compliance.

Director Chambers moved to approve the Pond #3 project based on the finding that the original adopted Mitigated Negative Declaration complies with the California Environment Quality Act and direct General Manager to file an updated Notice of Determination, seconded by Director Giannini and approved by the following roll call vote:

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

2. Review Bid Results and Approve Selection of Contractor for Evaporation Pond #3 Contract
Staff recommends awarding the contract to The Van Dyke Corporation.

Director Horn moved to award the Pond #3 contract to The Van Dyke Corporation in the amount of \$1,138,000, seconded by Director Giannini and approved by the following roll call vote:

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

3. Authorize General Manager to Execute Contract for Quality Control Assurance Services for Evaporation Pond #3

Staff recommends authorizing the General Manager to enter into a contract with Geo-Logic Associates to provide construction quality assurance services for evaporation pond #3. With the inclusion of this expense, the project is still projected to come in under budget.

Director Chambers moved to authorize the General Manager to execute contract for quality control assurance services with Geo-Logic Associates for Pond #3 in the amount of \$51,986.00, seconded by Director Horn and approved by the following roll call vote:

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

4. Presentation of Audit Report for Fiscal Year 2014/2015 by Cindy Byerrum

Ed Vallerand, of Twentynine Palms, spoke to the CalPers unfunded liability and the need for the 6% rate increase.

Financial Consultant, Cindy Byerrum, presented the Audit Report on behalf of Rogers, Anderson, Malody & Scott. The financial statements were found to be in accordance to the generally accepted accounting principles (GAAP) and the audit report reflects a clean and unqualified audit opinion. The following items were highlighted:

- Unfunded pension liabilities are now required on budget sheets. CalPERS is changing their investment strategy, resulting in an increase in employer costs.
- Post-retirement benefits will be required to be at full value in two years.
- The District had a net loss of \$371,959 for the fiscal year.

5. Discussion of Ready to Serve Fees for Inactive Service Connections

The District currently has 8,083 service connections with approximately 600 inactive accounts. In 1992 the District passed Resolution 92-06, charging inactive accounts half (1/2) of the ready to serve charge. The District passed Ordinance 78 in 1999 and ceased charging the inactive accounts as it was not part of the fee schedule. The District incurs costs even though the meter is inactive.

After discussion, the Board was in agreement to bring the item back at a future meeting.

6. Discussion of District's Emergency Response Plan

Many more resources have become available to the District with its recent mutual assistance agreements with the Emergency Response Network of the Inland Empire (ERNIE) and the California Water/Wastewater Agency Response Network (CalWARN).

The District will continue discussions and research regarding the maintaining of operations and service to the community in the event of a disaster. A table top discussion took place with District staff on the day of the Great Shake Out. Staff voiced concerns about family and resources available to them at the District.

7. Review and Adjust Schedule of Board Meeting in November and December

Following discussion, it was the consensus of the Board to reschedule the regular Water and Fire Department Board meetings from the original dates of November 25, 2015 and December 23, 2015, to Thursday, November 19, 2015, and Wednesday, December 16, 2015. Meetings will begin at their regular time, 6:00 p.m.

8. Consent Calendar

- Minutes of the Regular Meeting held on September 23, 2015
- Audit List

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

9. Items Removed from the Consent Calendar for Discussion or Separate Action

None

10. Management Reports

10.1 Operations

The District responded to 49 Underground Service Alerts, had 0 water main leaks, 4 water meter leaks, performed 4 customer pressure checks, replaced 4 customer gate valves, performed 4 leak audits, and repaired 2 fire hydrants. Water quality levels were normal for the month. Water production is down 13.3% as compared to the same month in 2013. The District continues working to achieve the 28% conservation goal. The District is awaiting response from the State concerning the actions the District has taken to meet conservation goals.

10.2 Finance

Ms. Byerrum reported that the District is at 13% less than the prior year.

10.3 General Manager

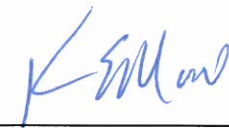
Mr. Kolisz reported that he attended a water and energy summit with Felicia Marcus of the State Water Resource Control Board as a keynote speaker. The focus was on achieving state mandated goals through landscape conservation. Energy production is seeing a greater impact on the grid with solar production. Afternoon energy use is now being promoted. The District is looking into funding for low flow toilets. The District continued its conservation outreach, attending the Pancake Breakfast and handing out literature and over 200 calendars with water saving tips. Prop 218 notices are being mailed out this week. Ray is starting a yearlong leadership training program. Grant assistance funding is being submitted for Chromium 6 compliance planning.

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

Director Giannini commended all staff for their hard work and professionalism.

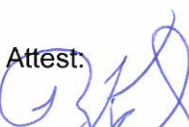
12. Adjournment

On motion by Director Horn seconded by Director Shinaver and approved by the Board, the meeting was adjourned at 7:58 p.m.



Kerron E. Moore, President
Board of Directors

Attest:



Ray Kolisz, Board Secretary
Twentynine Palms Water District