

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

OCTOBER 22, 2014 / 4:00 P.M.

Call to Order and Roll Call

President Moore called the meeting to order at 4:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Chancey Chambers, Suzi Horn, Sam Moore, and Roger Shinaver. Also present were General Manager Tamara Alaniz, Operations 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

1. Rate Study Workshop and Possible Action

Kim Boehler from NBS continued discussion on the rate study and revisited the two alternative Five Year Plans presented at the September 24, 2014 Board meeting. Alternative A provides funding for all planned capital improvements, including the Treatment Plant expansion with the use of State Revolving Fund Loans. Alternative B provides funding for all planned capital improvements minus the Treatment Plant expansion. The following were key discussion items.

- Without a treatment plant expansion, the District would have to impose water restrictions should the current plant become inoperable. The District currently has 17 million gallons of water in storage, equating to approximately 5 days of storage during the hottest time of the summer when production is at 3.2 million gallons of water per day.
- Ready to serve charges provide stability for districts with dependable revenues. A 70%/30% rate structure would meet the retail conservation pricing guidelines in the Demand Management Measurers of the Urban Water Management Plan.
- Several state mandates and planning requirements have come up in the years since the last rate increase in 2009. The following are a list of items not accounted for in the current rate: Chromium 6 mandate; UCMR3 and UCMR4; Urban Water Management Plan; a rise in health costs projected between 6-10%; Salt and Nutrient Management Plan; replacement of emergency generators to meet MAQMD requirements. Implementing the Salt and Nutrient Management Plan, in partnership with the City, will

require 1, possibly 2 monitoring wells, public outreach, and groundwater protection costs.

- The Water District hired an outside firm for a legally defensible Prop 218 rate study and fiscal model that can be used to defend potential lawsuits by justifying the costs associated with the fees being charged to the customer.

The Board directed staff to manipulate Alternative B with the addition of two production wells and an increase of only 3%.

Director Shinaver moved to bring back the Rate Study on the regular November Agenda, seconded by Director Horn and approved unanimously.

2. Future Agenda Items and Staff Tasks/Directors' Comments and Reports
None

3. Adjournment
On motion by Director Shinaver seconded by Director Horn and approved by the Board, the meeting was adjourned at 6:12 p.m.

Kerron E. Moore, President
Board of Directors

Attest:

Tamara Alaniz, Board Secretary
Twentynine Palms Water District