

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

January 23, 2019 / 6:00 P.M.

AGENDA

This meeting may be viewed on the District's website at www.29palmswater.net

Next Resolution #19-04

Next Ordinance #98

Call to Order and Roll Call

Pledge of Allegiance

Additions/Deletions to the Agenda

Public Comments

Please complete a "Request to be Heard" form prior to the start of the meeting. The public may address the Board for 3 minutes on District-related matters. Government Code prohibits the Board from taking action on matters that are not on the agenda. However, the Board may refer matters for future consideration.

1. Consideration of Resolution 19-01 Adopting Annual Statement of Investment Policy
2. AMI/AMR Discussion and Funding Options
3. Consider Resolution 19-03 Adopting a Memorandum of Understanding with the California Association of Mutual Water Companies
4. Accept Director Moore's Resignation from the Board of Directors and Consider Process to Fill Vacancy
5. Recognizing Kerron "Sam" Moore for Public Service as a Director of the Twentynine Palms Water District
6. Consent Calendar

Matters under the Consent Calendar are to be considered routine and will be enacted in a single motion. There will be no separate discussion of these items unless the Board, staff or the public requests specific items be removed for separate discussion and action before the Board votes on the motion to adopt.

 - Minutes of the Regular Meeting held on December 19, 2018
 - Audit List
7. Items Removed from the Consent Calendar for Discussion or Separate Action

8. Management Reports

8.1 Maintenance

8.2 Water Quality

8.3 Finance

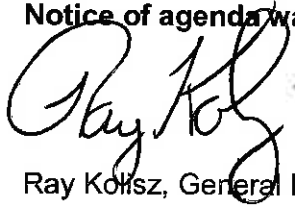
8.4 General Manager

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

10. Adjournment

The Board reserves the right to discuss only or take action on any item on the agenda.

Notice of agenda was posted on or before 4:00 p.m., January 18, 2019.



Ray Kolsz, General Manager

Upon request, this Agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to Cindy Fowlkes at (760) 367-7546 at least 48 hours before the meeting, if possible.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors. Any such writing will be available for public inspection at the District offices located at 72401 Hatch Road, Twentynine Palms, CA 92277. In addition, any such writing may also be posted on the District's website.

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO: BOARD OF DIRECTORS
DATE: JANUARY 23, 2019
FROM: RAY KOLISZ, GENERAL MANAGER
SUBJECT: CONSIDERATION TO APPROVE RESOLUTION 19-01 ADOPTING
ANNUAL STATEMENT OF INVESTMENT POLICY

BACKGROUND AND DISCUSSION

Every year the District reviews and adopts an investment policy that authorizes the District to invest funds and outlines criteria for such investments.

The Resolution presented for consideration to adopt has been reviewed by legal counsel.

RECOMMENDATION

Approve Resolution 19-01 Adopting Annual Statement of Investment Policy

**RESOLUTION NO. 19-01
RESOLUTION OF THE BOARD OF DIRECTORS
OF TWENTYNINE PALMS WATER DISTRICT
ADOPTING ANNUAL STATEMENT OF INVESTMENT POLICY**

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code Section 53600.6); and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5920 and 53600 *et. seq.*; and

WHEREAS, the General Manager of the Twentynine Palms Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting (California Government Code Section 53646[a]).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Twentynine Palms Water District as follows:

Section 1. Scope of Policy: This Investment Policy ("Policy") applies to all financial assets of the District. Funds in any deferred compensation plan and/or in a trust for retiree benefits are not included.

Section 2. Prudence: Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Section 3. Objectives: As specified in California Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

a. **Safety:** Safety of principal is the foremost objective of the Policy. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

b. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.

c. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Section 4. Delegation of Authority: Authority to manage the Policy is derived from California Government Code Section 53600, *et. seq.* Management responsibility for the Policy is hereby delegated to the General Manager. No person may engage in an investment transaction except as provided under the terms of this Policy. The Board of Directors shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the General Manager or any other subordinate officials. Under the provisions of California Government Code Section 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

Section 5. Ethics and Conflicts of Interest: Officers and employees involved in the investment process shall fully comply with the District's Conflict of Interest Code in the execution of this policy. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Section 6. Authorized Financial Institutions and Dealers: The General Manager may maintain a list of financial institutions, selected on the basis of credit worthiness financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list may also be maintained of approved security brokers/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only brokers/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed certification form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Policy.

Where all funds of the District not placed in FDIC -insured accounts are invested through the State of California Local Agency Investment Fund (LAIF), the District need not investigate the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

Section 7. Authorized and Suitable Investments:

a. **Permitted Investments:** District funds may be invested as authorized by, and subject to the limitations and special conditions of California Government Code Section 53601 *et. seq.*

b. **Prohibited Investments:** Under the provisions of California Government Code Section 53601.6, the District shall not invest any funds covered by this Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

Section 8. Collateralization: All certificates of deposits must be collateralized by U. S. Treasury obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under California Government Code Section 53601(i)(2).

Section 9. Safekeeping and Custody: All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement as required by California Government Code Section 53601.

Section 10. Diversification: The District will diversify its investments by security type and institution. It is the policy of the District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.

c. Disbursement and payroll dates shall be covered through maturities investments, marketable U. S. Treasury Bills or other cash equivalent instruments such as money market mutual funds.

Section 11. Reporting: In accordance with California Government Code Section 53646(b) (1), the General Manager shall submit to each member of the Board a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values on current market values of each component of the portfolio, including funds managed for the District by third party contracted managers, if applicable. The report will also include a certification that **(1)** all investment actions executed since the last report have been made in full compliance with the Policy and, **(2)** the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively. The General Manager shall maintain a complete and timely record of all investment transactions.

Section 12. Investment Policy Adoption: The policy shall be adopted by resolution of the Board of Directors. The Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED AND ADOPTED this 23rd day of January 2019 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

| | |
|----------|--|
| TO: | BOARD OF DIRECTORS |
| DATE: | JANUARY 23, 2019 |
| FROM: | RAY KOLISZ, GENERAL MANAGER |
| SUBJECT: | AMI/AMR DISCUSSION AND FUNDING OPTIONS |

BACKGROUND AND DISCUSSION

District staff and the Board have been discussing the possibility to convert and upgrade the water meters to an AMI (Advanced Meter Infrastructure) and/or AMR (Automated Meter Reading) system.

Currently staff manually reads all water meters within the District on a bi-monthly schedule according to the billing cycle. The annual labor and fuel costs to perform this task is approximately \$70K.

An AMR system consists of retrofitting and replacing water meters with transmitting equipment that would allow a "drive by" system of meter reading. Equipment would be installed in a District vehicle and allow a staff member to just drive down the street where the data would be transmitted into the vehicle equipment and stored to be downloaded into the District's billing server. The meters would still be read only once in a billing cycle and no real time data would be available during the billing cycle. This method would significantly reduce the amount of labor needed to read the District's water meters with an approximate annual labor and fuel cost of \$8.5K.

Approximate Cost of an AMR system is \$1.5M.

An AMI system uses the same meters and equipment for AMR but adds the element of installing collectors and repeaters throughout the District's service area that when integrated together with AMR automatically collects data from the meters once every hour. These two components are referred to an AMI\AMR¹ system. The communications between meters and the District's server is established using the collectors and repeaters with an Internet Protocol (IP) address. This system would eliminate the need to perform "drive by" meter reading virtually eliminating any labor and fuel cost to read meters and would provide real time data of customer accounts providing alerts to staff of possible leaks on the customer side of meter.

Approximate Cost of an AMI system is \$2.5M (this includes the \$1.5M for the AMR).

¹ Note that the AMI\AMR system does not include software and programming that would allow a customer to access and view real time data on their account. This would require additional funding.

In April of 2018 the District submitted an application to the Bureau of Reclamation (BOR) seeking funding opportunities for the District's AMI/AMR meter project. The District was seeking up to \$1M dollars for this project. As reported to the Board back in October of 2018 the District was not awarded any grant funding for this project. This led to the conversation and direction from the Board to explore other funding opportunities such as debt financing the project or paying out of District reserves.

The District has requested a quote from different financial institutions to finance \$2.5M dollars for the project based on a 10 year and 20 year payback schedule. Holman Capital has provided a quote with the lowest interest rate. The quote is attached showing the 10 and 20 year payback schedule for review and discussion.

Another option to consider would be a phased approach to the project. The District could start off by installing and implementing an AMR system that would allow "drive by" meter reading. AMR would also allow the District to consider changing from bi-monthly billing to monthly billing. This strategy would reduce the amount of funding needed from reserves or debt financing. Once the AMR is in place the funding for AMI could be explored and/or built into future CIP budgeting and implemented at a later date.

ANALYSIS

Staff prepared a preliminary draft budget and cash flow analysis for the next 5 years to determine the fiscal impact of the AMI project. The following options were analyzed:

1. Fully fund the AMI project with 10 debt financing
2. Fund the AMI project out of reserves
3. Fund the AMR project out of reserves

As of December 31, 2018, the total cash and investments (reserves) of the District were \$7.3 million. Minimum reserve levels should be around \$4 million as contemplated in the 2015 rate study, leaving excess cash on hand to fund projects. However, the \$4 million is the very minimum the District should have and District staff would prefer not to be near the minimum level, so projections were done for all three options. The rate increases for 20/21 and beyond were assumed to be 4%, as was contemplated in the 2015 rate study.

Option 1, funding the AMI\AMR with 10-year debt financing, would have the District falling below the minimum \$4 million in six years, year 24/25. The pros of this option is that we do not deplete our reserves to minimum levels, and the public is essentially paying for this option over the years through debt service as they receive the benefits. The cons of this option is that the District would pay over \$500K in interest expense over the 10 years.

Option 2, funding the AMI out of reserves, would immediately put the District reserves below the minimum level.

Option 3, funding the AMR project out of reserves at \$1.5M, would keep the District over the \$4M minimum level over the years.

RECOMMENDATION

Staff is seeking consensus from the Board to continue with the AMI/AMR project and desired funding choices based on the options presented.



SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED JANUARY 11, 2019

BORROWER: TWENTYNINE PALMS WATER DISTRICT
LENDER: HOLMAN CAPITAL CORPORATION
COMMENCEMENT: 13-Feb-2019
TERM: 10 YEARS
1ST PAYMENT DUE: 13-Aug-2019
RATE: 3.9000%

| Payment No. | Date | Payment | Interest | Principal | Purchase Option |
|---------------------|-----------|------------------------|----------------------|------------------------|-----------------|
| 0 | 2/13/2019 | | | | |
| 1 | 8/13/2019 | \$ 152,155.06 | \$ 48,750.00 | \$ 103,405.06 | \$ 2,470,889.38 |
| 2 | 2/13/2020 | \$ 152,155.06 | \$ 46,733.60 | \$ 105,421.46 | \$ 2,362,199.86 |
| 3 | 8/13/2020 | \$ 152,155.06 | \$ 44,677.88 | \$ 107,477.18 | \$ 2,251,390.89 |
| 4 | 2/13/2021 | \$ 152,155.06 | \$ 42,582.08 | \$ 109,572.98 | \$ 2,138,421.14 |
| 5 | 8/13/2021 | \$ 152,155.06 | \$ 40,445.40 | \$ 111,709.66 | \$ 2,023,248.48 |
| 6 | 2/13/2022 | \$ 152,155.06 | \$ 38,267.07 | \$ 113,887.99 | \$ 1,905,829.97 |
| 7 | 8/13/2022 | \$ 152,155.06 | \$ 36,046.25 | \$ 116,108.81 | \$ 1,786,121.78 |
| 8 | 2/13/2023 | \$ 152,155.06 | \$ 33,782.13 | \$ 118,372.93 | \$ 1,664,079.29 |
| 9 | 8/13/2023 | \$ 152,155.06 | \$ 31,473.86 | \$ 120,681.20 | \$ 1,539,656.97 |
| 10 | 2/13/2024 | \$ 152,155.06 | \$ 29,120.57 | \$ 123,034.49 | \$ 1,412,808.42 |
| 11 | 8/13/2024 | \$ 152,155.06 | \$ 26,721.40 | \$ 125,433.66 | \$ 1,283,486.31 |
| 12 | 2/13/2025 | \$ 152,155.06 | \$ 24,275.44 | \$ 127,879.62 | \$ 1,151,642.42 |
| 13 | 8/13/2025 | \$ 152,155.06 | \$ 21,781.79 | \$ 130,373.27 | \$ 1,017,227.58 |
| 14 | 2/13/2026 | \$ 152,155.06 | \$ 19,239.51 | \$ 132,915.55 | \$ 880,191.65 |
| 15 | 8/13/2026 | \$ 152,155.06 | \$ 16,647.66 | \$ 135,507.40 | \$ 740,483.52 |
| 16 | 2/13/2027 | \$ 152,155.06 | \$ 14,005.27 | \$ 138,149.79 | \$ 598,051.09 |
| 17 | 8/13/2027 | \$ 152,155.06 | \$ 11,311.34 | \$ 140,843.72 | \$ 452,841.21 |
| 18 | 2/13/2028 | \$ 152,155.06 | \$ 8,564.89 | \$ 143,590.17 | \$ 304,799.75 |
| 19 | 8/13/2028 | \$ 152,155.06 | \$ 5,764.88 | \$ 146,390.18 | \$ 153,871.47 |
| 20 | 2/13/2029 | \$ 152,155.06 | \$ 2,910.18 | \$ 149,244.88 | \$ - |
| Grand Totals | | \$ 3,043,101.20 | \$ 543,101.20 | \$ 2,500,000.00 | |

OPTION A - 10 YEARS



SUBJECT TO AND MADE A PART OF THAT CERTAIN PROPOSAL DATED JANUARY 11, 2019

BORROWER: TWENTYNINE PALMS WATER DISTRICT
LENDER: HOLMAN CAPITAL CORPORATION
COMMENCEMENT: 13-Feb-2019
TERM: 20 YEARS
1ST PAYMENT DUE: 13-Aug-2019
RATE: 4.4500%

| Payment No. | Date | Payment | Interest | Principal | Purchase Option |
|---------------------|-----------|------------------------|------------------------|------------------------|-----------------|
| 0 | 2/13/2019 | | | | |
| 1 | 8/13/2019 | \$ 95,033.82 | \$ 55,625.00 | \$ 39,408.82 | \$ 2,536,869.51 |
| 2 | 2/13/2020 | \$ 95,033.82 | \$ 54,748.15 | \$ 40,285.67 | \$ 2,495,334.98 |
| 3 | 8/13/2020 | \$ 95,033.82 | \$ 53,851.80 | \$ 41,182.02 | \$ 2,452,876.32 |
| 4 | 2/13/2021 | \$ 95,033.82 | \$ 52,935.50 | \$ 42,098.32 | \$ 2,409,472.95 |
| 5 | 8/13/2021 | \$ 95,033.82 | \$ 51,998.81 | \$ 43,035.01 | \$ 2,365,103.85 |
| 6 | 2/13/2022 | \$ 95,033.82 | \$ 51,041.28 | \$ 43,992.54 | \$ 2,319,747.55 |
| 7 | 8/13/2022 | \$ 95,033.82 | \$ 50,062.45 | \$ 44,971.37 | \$ 2,273,382.06 |
| 8 | 2/13/2023 | \$ 95,033.82 | \$ 49,061.83 | \$ 45,971.99 | \$ 2,225,984.94 |
| 9 | 8/13/2023 | \$ 95,033.82 | \$ 48,038.96 | \$ 46,994.86 | \$ 2,177,533.24 |
| 10 | 2/13/2024 | \$ 95,033.82 | \$ 46,993.32 | \$ 48,040.50 | \$ 2,128,003.49 |
| 11 | 8/13/2024 | \$ 95,033.82 | \$ 45,924.42 | \$ 49,109.40 | \$ 2,077,371.69 |
| 12 | 2/13/2025 | \$ 95,033.82 | \$ 44,831.74 | \$ 50,202.08 | \$ 2,025,613.35 |
| 13 | 8/13/2025 | \$ 95,033.82 | \$ 43,714.74 | \$ 51,319.08 | \$ 1,972,703.38 |
| 14 | 2/13/2026 | \$ 95,033.82 | \$ 42,572.89 | \$ 52,460.93 | \$ 1,918,616.16 |
| 15 | 8/13/2026 | \$ 95,033.82 | \$ 41,405.63 | \$ 53,628.19 | \$ 1,863,325.50 |
| 16 | 2/13/2027 | \$ 95,033.82 | \$ 40,212.41 | \$ 54,821.41 | \$ 1,806,804.62 |
| 17 | 8/13/2027 | \$ 95,033.82 | \$ 38,992.63 | \$ 56,041.19 | \$ 1,749,026.16 |
| 18 | 2/13/2028 | \$ 95,033.82 | \$ 37,745.71 | \$ 57,288.11 | \$ 1,689,962.11 |
| 19 | 8/13/2028 | \$ 95,033.82 | \$ 36,471.05 | \$ 58,562.77 | \$ 1,629,583.90 |
| 20 | 2/13/2029 | \$ 95,033.82 | \$ 35,168.03 | \$ 59,865.79 | \$ 1,567,862.27 |
| 21 | 8/13/2029 | \$ 95,033.82 | \$ 33,836.02 | \$ 61,197.80 | \$ 1,504,767.34 |
| 22 | 2/13/2030 | \$ 95,033.82 | \$ 32,474.37 | \$ 62,559.45 | \$ 1,440,268.54 |
| 23 | 8/13/2030 | \$ 95,033.82 | \$ 31,082.42 | \$ 63,951.40 | \$ 1,374,334.65 |
| 24 | 2/13/2031 | \$ 95,033.82 | \$ 29,659.50 | \$ 65,374.32 | \$ 1,306,933.73 |
| 25 | 8/13/2031 | \$ 95,033.82 | \$ 28,204.92 | \$ 66,828.90 | \$ 1,238,033.13 |
| 26 | 2/13/2032 | \$ 95,033.82 | \$ 26,717.98 | \$ 68,315.84 | \$ 1,167,599.50 |
| 27 | 8/13/2032 | \$ 95,033.82 | \$ 25,197.95 | \$ 69,835.87 | \$ 1,095,598.72 |
| 28 | 2/13/2033 | \$ 95,033.82 | \$ 23,644.10 | \$ 71,389.72 | \$ 1,021,995.92 |
| 29 | 8/13/2033 | \$ 95,033.82 | \$ 22,055.68 | \$ 72,978.14 | \$ 946,755.45 |
| 30 | 2/13/2034 | \$ 95,033.82 | \$ 20,431.92 | \$ 74,601.90 | \$ 869,840.89 |
| 31 | 8/13/2034 | \$ 95,033.82 | \$ 18,772.03 | \$ 76,261.79 | \$ 791,214.99 |
| 32 | 2/13/2035 | \$ 95,033.82 | \$ 17,075.20 | \$ 77,958.62 | \$ 710,839.65 |
| 33 | 8/13/2035 | \$ 95,033.82 | \$ 15,340.62 | \$ 79,693.20 | \$ 628,675.96 |
| 34 | 2/13/2036 | \$ 95,033.82 | \$ 13,567.45 | \$ 81,466.37 | \$ 544,684.14 |
| 35 | 8/13/2036 | \$ 95,033.82 | \$ 11,754.82 | \$ 83,279.00 | \$ 458,823.49 |
| 36 | 2/13/2037 | \$ 95,033.82 | \$ 9,901.86 | \$ 85,131.96 | \$ 371,052.44 |
| 37 | 8/13/2037 | \$ 95,033.82 | \$ 8,007.68 | \$ 87,026.14 | \$ 281,328.49 |
| 38 | 2/13/2038 | \$ 95,033.82 | \$ 6,071.35 | \$ 88,962.47 | \$ 189,608.18 |
| 39 | 8/13/2038 | \$ 95,033.82 | \$ 4,091.93 | \$ 90,941.89 | \$ 95,847.09 |
| 40 | 2/13/2039 | \$ 95,033.82 | \$ 2,068.65 | \$ 92,965.17 | \$ - |
| Grand Totals | | \$ 3,801,352.80 | \$ 1,301,352.80 | \$ 2,500,000.00 | |

OPTION B - 20 YEARS

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TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

TO: BOARD OF DIRECTORS
DATE: JANUARY 23, 2019
FROM: RAY KOLISZ, GENERAL MANAGER
SUBJECT: CONSIDERATION TO APPROVE RESOLUTION 19-03 ADOPTING A
MEMORANDUM OF UNDERSTANDING WITH THE CALIFORNIA
ASSOCIATION OF MUTUAL WATER COMPANIES

BACKGROUND AND DISCUSSION

At the December 19, 2018 Board of Directors Meeting, the Board approved to contribute \$10,000 to the Community Water System Alliance (CWSA) Initiative allowing the District to be a Charter Member. At that time I informed the Board that a Memorandum of Understanding (MOU) would be developed and presented to the Board for approval which is attached tonight for your consideration to approve.

This MOU has been reviewed by District's legal counsel.

RECOMMENDATION

Approve Resolution 19-03 Adopting a Memorandum of Understanding with the California Association of Mutual Water Companies

RESOLUTION 19-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TWENTYNINE PALMS WATER DISTRICT
ADOPTING A MEMORANDUM OF UNDERSTANDING WITH
THE CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES**

WHEREAS, there are numerous regulatory and legislative issues facing water suppliers in California;

WHEREAS, there are numerous water suppliers serving disadvantaged and severely disadvantaged communities that, while operating efficiently and well, do not, on an individual basis have the financial resources to be able to effectively advocate with respect to legislative issues;

WHEREAS, California Association of Mutual Water Companies ("Cal Mutuals") is a non-profit association formed to provide effective advocacy for, and to facilitate operational and educational resources to ensure effective and compliant operation and governance of mutual water companies and other small water systems in California;

WHEREAS, Cal Mutuals has developed a collaborative program to assist water systems serving disadvantaged and severely disadvantaged communities with regulatory and legislative advocacy (the "Initiative");

WHEREAS, the Community Water Systems Alliance ("CWSA") is an alliance of water systems who are undertaking the Initiative, working with and through Cal Mutuals;

WHEREAS, the Twentynine Palms Water District ("District") desires to participate in CWSA and desires to make a financial contribution to help offset the costs of the Initiative, in accordance with the provisions set forth in the memorandum of understanding ("MOU") attached to this Resolution as Attachment A.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Twentynine Palms Water District as follows:

1. All of the foregoing Recitals set forth above are incorporated herein and made an operative part of this Resolution.
2. The District hereby adopts the MOU, attached to this Resolution as Attachment A.
3. The General Manager is hereby authorized to make minor, non-substantive modifications to the MOU on behalf of the District during the term of the MOU.
4. This Resolution shall become effective upon the date of adoption as set forth herein.

PASSED, APPROVED AND ADOPTED this 23rd day of January, 2019 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

**MEMORANDUM OF UNDERSTANDING
COMMUNITY WATER SYSTEMS ALLIANCE**

This Memorandum of Understanding (“MOU”) is entered into this 23rd day of January, 2019 (“Effective Date”) by and between the California Association of Mutual Water Companies, a California non-profit mutual benefit corporation (“Cal Mutuals”), and Twentynine Palms Water District (“Participant”) with respect to the following.

RECITALS

- A. There are numerous regulatory and legislative issues facing water suppliers in California, including, but not limited to, water quality standards, requirements to limit water losses, a potential water tax, funding mechanisms for low-income rate assistance and long-term water use efficiency requirements.
- B. There are numerous water suppliers serving disadvantaged and severely disadvantaged communities that, while operating efficiently and well, do not, on an individual basis, have the financial resources to be able to effectively advocate with respect to the issues identified in Recital A.
- C. Cal Mutuals is a non-profit association formed to provide effective advocacy for, and to facilitate operational and educational resources to ensure effective and compliant operation and governance of, mutual water companies and other small water systems in California.
- D. Cal Mutuals has worked with various water systems to develop a collaborative program to assist water systems serving disadvantaged and severely disadvantaged communities with regulatory and legislative advocacy, as described in Section 1, below (the “Initiative”).
- E. The Community Water Systems Alliance (“CWSA”) is an alliance of water systems who are undertaking the Initiative, working with and through Cal Mutuals as described herein.
- F. Participant desires to participate in CWSA and desires to make a financial contribution to help offset the costs of the Initiative, in accordance with the provisions set forth below.

NOW, THEREFORE, Participant and Cal Mutuals agree as follows:

1. The Initiative. Cal Mutuals will provide the services necessary to administer and coordinate the functions relating to the Initiative, as guided by the principles attached hereto as Exhibit A and incorporated herein by this reference. Participant, in its sole discretion and at its sole cost, may provide services of its employees to assist with implementing the Initiative. Participant shall cooperate with Cal Mutuals in coordinating and organizing any such services that are to be provided in conjunction with the Initiative.

2. Participant's Financial Contribution; Charter Membership. (a) Cal Mutuals has established the following dues structure for Participants to join and participate in CWSA:

| REVENUE TIERS | DUES |
|---|-------------------|
| Tier 1: Annual Gross Revenues of less than \$250,000 | \$500 |
| Tier 2: Annual Gross Revenues between \$250,000 and \$499,999 | \$750 |
| Tier 3: Annual Gross Revenues between \$500,000 and \$999,999 | \$1,250 |
| Tier 4: Annual Gross Revenues between \$1,000,000 and \$3,999,999 | \$2,500 |
| Tier 5: Annual Gross Revenues of \$4,000,000 and higher | \$5,000 |
| Charter Member (see subsection (c)) | At least \$10,000 |

(b) Participant has agreed to contribute \$ 10,000 in consideration of its Charter Membership pursuant to subsection (c), below. That amount may be paid in a lump sum or through a payment arrangement to be agreed upon by Participant and Cal Mutuals. The amount shall be payable by check payable to Cal Mutuals or by wire transfer or other electronic funds transfer in the manner directed by Cal Mutuals. Cal Mutuals shall separately account for all such contributions and shall utilize Participant's and other CWSA members' contributions only for costs related to the Initiative and its administration. Cal Mutuals shall issue a quarterly report of CWSA's income and expenses, including the use of Participant's contribution, on or before the thirtieth (30th) day following the end of each calendar quarter (i.e., March 31, June 30, September 30 and December 31). Participant acknowledges that, with the exception of the dues structure set forth in subsection (a), above, the financial contributions of other CWSA members may vary and may be greater than or less than Participant's contributions.

(c) Charter Members shall contribute at least \$10,000 in support of the Initiative. As consideration for such contributions, a representative from each Charter Member shall serve on the Advisory Board for CWSA, along with Cal Mutuals' Executive Director. The Advisory Board shall periodically review CWSA's finances and shall approve any expenditures exceeding \$1,000. The Advisory Board shall also consult with Cal Mutuals' Executive Director to ensure the goals of the Initiative are being properly pursued.

3. CWSA Participant Issues. Participant shall allow Cal Mutuals to use Participant's name in any correspondence that Cal Mutuals may send regarding the Initiative and in any materials used in soliciting additional members in CWSA; provided, however, that if such correspondence relates to any position CWSA will be taking, including, but not limited to legislation or regulatory matters, Participant shall be provided the opportunity to opt out of being specifically named in any such correspondence by notifying Cal Mutuals by telephone or e-mail within twenty-four (24) hours after being notified of the position CWSA proposes to take. If the Participant desires to opt out from being included on any such communication, Cal Mutuals will remove Participant's name from the communication. Upon written request of Participant, Cal Mutuals shall promptly (i.e., within three business days) provide Participant by e-mail with a list of all participants in CWSA and their respective contributions.

4. Audit/Inspection. Upon at least forty-eight (48) hours' prior written notice, Participant may audit or inspect, at Participant's sole cost and expense, Cal Mutuals' accounting books and records relating to CWSA and the Initiative.

5. Term; Termination. This MOU shall have an indefinite term, although it is contemplated to last approximately two years. Because CWSA is intended to be a temporary program, it may be terminated at any time by the vote of at least sixty percent (60%) of its members. Participant may withdraw from CWSA at any time, upon at least seven (7) days' written notice. Such withdrawal shall not entitle Participant to a refund of any portion of its contribution under Section 2, above, unless any audit or inspection under Section 4, above, reveals the misappropriation of funds by Cal Mutuals, in which case CWSA shall be entitled to the return of its entire contribution or such other amount thereof as the parties may agree.

6. Indemnification. Cal Mutuals shall indemnify and defend Participant, and its members, directors, officers, employees and agents, against any third party claims, losses, liabilities damages, lawsuits, claims, judgments or other costs resulting from Cal Mutuals' gross negligence or intentional misconduct in performing its duties hereunder. In the event Participant provides employees to render services in conjunction with the Initiative, Participant shall indemnify and defend Cal Mutuals, and its members, directors, officers, employees and agents, against any third party claims, losses, liabilities damages, lawsuits, claims, judgments or other costs resulting from the gross negligence or intentional misconduct or any employee of Participant in rendering such services.

7. Notices. Any notice or other communication to be provided under this MOU shall be in writing, and shall be deemed effectively given upon personal delivery; or upon deposit in any United States mail box, by registered, certified, Priority, or Express mail, postage prepaid; or upon delivery by nationally recognized overnight courier; or upon confirmed transmission by facsimile, addressed to the other party at the address shown below.

8. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of California.

9. Amendment. This MOU may be modified only by a written agreement signed by both parties.

10. Severability. If any court determines that any provision of this MOU is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this MOU invalid or unenforceable and such provision shall be modified, amended or limited only to the extent necessary to render it valid and enforceable

11. Counterparts; Execution Transmitted by E-Mail or Fax. This MOU may be executed in counterparts, effective as of the Effective Date first set forth above. The parties agree that this MOU will be considered signed when the signature of a party is delivered by e-mail or by facsimile transmission. Such e-mailed or facsimile signature shall be treated in all respects as having the same effect of an original signature.

IN WITNESS WHEREOF, the Participant and Cal Mutuals have executed this MOU as of the date first above written.

California Association of Mutual Water Companies

Twentynine Palms Water District
Participant

By _____
Lisa Yamashita-Lopez, President

By _____
Ray Kolisz-General Manager

Address: 1370 N. Brea Blvd., Suite 238
Fullerton, CA 92835

Address: 72401 Hatch Road
Twentynine Palms, CA 92277

Fax Number:

Fax Number:

4

TWENTYNINE PALMS WATER DISTRICT
72401 HATCH ROAD, TWENTYNINE PALMS, CA 92277-2935
760.367.7546 PHONE 760.367.6612 FAX

| | |
|----------|---|
| TO: | BOARD OF DIRECTORS |
| DATE: | JANUARY 23, 2019 |
| FROM: | RAY KOLISZ, GENERAL MANAGER |
| SUBJECT: | ACCEPT DIRECTOR MOORE'S RESIGNATION FROM THE BOARD OF DIRECTORS AND CONSIDER PROCESS TO FILL VACACANY |

Director Moore has submitted his letter of resignation from the Board of Directors effective January 31, 2019. The term of office that will be vacated by Director Moore expires on December 1, 2019.

DISCUSSION OF FILLING VACANCY

When a vacancy on the Board occurs, the Board may fill the vacancy either by appointment or by calling an election. With the effective date of the vacancy of January 31, 2019 the seat be vacated must be filled within 60 days which is no later than April 1, 2019.

There are two available methods of filling the vacancy which are outlined below:

Election: The Board may within 60 days of the date of the vacancy call an election to fill the unexpired balance of the term of office. Having an election involves a cost to the District of several thousand dollars.

Appointment: In lieu of an election, the members of the Board can make an appointment within 60 days after the effective date of the vacancy for the unexpired balance of the term of office.

Historically the District has chosen the method of appointment to fill a vacancy to save the District the cost to hold an election.

If the appointment method is chosen to fill the vacancy, staff will begin the process of advertising accordingly for the open seat on the Board.

The appointment process would require that the District post the Notice of Vacancy for a minimum of 15 days and invite interested registered voters who reside within the District boundaries to submit letters of interest and/or resumes to the District.

RECOMMENDATION

Staff recommends that the Board accept the letter of resignation from Director Moore and direct staff to post a Notice of Vacancy to fill the vacancy at the March 27, 2019 Board of Directors Meeting.

December 19, 2018

Ray Kolisz
General Manager
Twentynine Palms Water District
72401 Hatch Road
Twentynine Palms, CA 92277

Dear General Manager and Board of Directors,

It is with regret that I tender my resignation from the Twentynine Palms Water District effective January 31, 2019 at 11:59 PM

I am grateful for having had the opportunity to serve on the board of this fine organization for the past 19 years, and offer my best wishes for its continued success.

Sincerely,



Kerron Moore
73961 Desert Dunes Dr.
Twentynine Palms, CA

5

RESOLUTION 19-02

**A RESOLUTION OF THE BOARD OF DIRECTORS
RECOGNIZING KERRON "SAM" MOORE
FOR DISTINGUISHED PUBLIC SERVICE AS A DIRECTOR AND OFFICER
OF THE TWENTYNINE PALMS WATER DISTRICT**

WHEREAS, Kerron "Sam" Moore faithfully and with honor, integrity and great distinction served as a Board of Director of the Twentynine Palms Water District for nineteen years from December 1999 through January 2019;

WHEREAS, Kerron "Sam" Moore served as President of the Board of Directors for 7 years and Vice President for 9 years;

WHEREAS, Kerron "Sam" Moore has provided leadership and guidance to the Board of Directors, General Manager, and Fire Chief;

WHEREAS, Kerron "Sam" Moore has assisted, guided, and directed the administration of the District during his time to serve the needs of the residents within the District; including but not limited to, the following accomplishments:

Ensured the best possible drinking water at the lowest feasible cost to the citizens of Twentynine Palms; Provided guidance and input to decision making process of the Board of Directors based on his knowledge of the water distribution system; Committed to reducing debt service of the District through the annual budget process;

Instrumental in the decision making process to fund and construct a state of the art Fluoride Removal Treatment Plant that is globally recognized;

Provided support and guidance to the Fire Department with years of personal experience as a professional firefighter and Assistant Fire Chief.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Twentynine Palms Water District does, by this Resolution, acknowledge and commend Kerron "Sam" Moore for his distinguished years of public service as a Director and Officer of the Twentynine Palms Water District.

PROCLAIMED by the Board of Directors of the Twentynine Palms Water District this 23RD day of January 2019 by the following vote:

Ayes:
Noes:
Abstain:
Absent:

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

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

December 19, 2018 / 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, Randy Leazer, and Sam Moore. Also present were General Manager Ray Kolisz, Operations Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, Financial Consultant Cindy Byerrum, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Director Moore led the pledge.

Additions/Deletions to the Agenda

There were none.

Public Comments

There were none.

1. Election of Officers

Director Horn nominated Director Giannini to serve as President, seconded by Director Coghill, and approved by the following roll call vote:

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

Director Moore nominated Director Horn to serve as Vice-President, seconded by Director Giannini, and approved by the following roll call vote:

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

The General Manager, Ray Kolisz, will serve as the Board Secretary, which is common practice with most Districts.

2. Discussion of Community Water System Alliance Formation and Approval to Contribute Funding

Participation at the \$10,000 level allows the District to be part of the policy council that will guide the Community Water System Alliance. Staff recommends the District participate at the \$10,000 level.

Adan Ortega was present and updated the Board on the Legislative Committee's efforts on creating an alliance with other water districts to give voice to elected officials who represent disadvantage communities. Costs of representation will be shared amongst the Community Water System Alliance members.

Director Leazer, made a motion to contribute \$10,000 to the Community Water System Alliance Formation, seconded by Director Horn, and approved by the following roll call vote:

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

3. Consent Calendar

- Minutes of a Regular Meeting held on November 28, 2018
- Audit List

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

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

None

5. Management Reports

5.1 Maintenance

Matt Shragge reported that the District responded to 47 Underground Service Alerts, had 1 water main leak, 0 water meter leaks, 1 service line leak, 4 fire hydrant repairs, performed 8 customer pressure checks, replaced 12 meters, replaced 2 customer gate valves, and installed 2 new services. 0 water waste inquiries were received. 568 work orders were performed during the month. Neal Stephenson, Austin Meyers, Jeremy McCool, and Zach Siedschlag were commended for their hard work repairing a 16" water main break.

5.2 Water Quality

Mike Minatrea reported Water production was down 5.19% as compared to the same month in 2013. 38 routine and 7 special water samples were taken. All samples tested negative for Colilert. 57,000,000 gallons of water was produced in November.

Ed Vallerand, of Twentynine Palms, requested to have the fluoride variance be listed on future reports.

5.3 Finance

Ms. Byerrum reported that revenues are at 39% for the fiscal year with expenses at 33%. A working budget for next fiscal year has been prepared to help project upcoming cash flow and CIP projects. The budget is expected to be presented to the Board at the next Board meeting.

5.4 General Manager

Mr. Kolisz informed the Board that he and Cindy are looking at funding for the AMI/AMR project. Ray will be speaking with the Bureau of Reclamation to get insight as to why the District was denied grant funding for that project. Ray was a guest speaker at a recent Rotary meeting, reporting on the history of the District and future projections. He and Director Coghill attended Assemblyman Chad Mayes' open House last Friday.

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

Director Horn thanked Director Moore for his service as the Board President.

Director Giannini thanked Director Moore for twenty years of service on the Board.

7. Adjournment

On motion by Director Giannini, seconded by Director Coghill, and approved by the Board, the meeting was adjourned at: 6:24 p.m.

Carol Giannini, President
Board of Directors

Attest:

Ray Kolisz, Board Secretary
Twentynine Palms Water District

8

8.1

TWENTYNINE PALMS WATER DISTRICT
72401 Hatch Road/P. O. Box 1735
Twentynine Palms, CA 92277-1000
PHONE (760) 367-7546 FAX (760) 367-6612

TO: Board of Directors

FROM: Matt Shragge, Maintenance Superintendent

DATE: January 7, 2019

SUBJECT: Management Report

A. The Operations and Maintenance Department performed the following tasks during the month of December 2018:

1. Responded to 24 Underground Service Alerts
2. Responded to and repaired
 - a. 1 water main leak
 - b. 2 water meter leaks
 - c. 0 service line leaks
 - d. 1 fire hydrant repair/maintenance
3. Installed 1 new service
4. Replaced 5 customer gate valves
5. Performed 1 leak audit
6. Painted 24 fire hydrants
7. Performed 1 customer pressure check
8. Replaced 18 water meters
9. Tested and exercised emergency generators
10. Sounded wells for December
11. 0 water waste inquiries were reported

B. The following customer service tasks were performed:

1. 224 work orders were generated from reading meters
2. 35 work orders were generated from billing variance list
3. 227 work orders were generated for turn on or turn off
4. 329 termination notices were distributed
5. 33 non-pay turn offs were performed
6. 63 extensions were granted
7. 6 extensions were shut off for non-payment
8. 3 payment schedules have been granted
9. 0 payment schedules failed, total outstanding \$0
10. 10 customer requests and 1 inquiry was logged and investigated

C. Valve and Hydrant Maintenance Update

| | Valves Exercised (Began 07/18) | Dead Ends Flushed (Began 7/18) |
|---------------|-----------------------------------|-----------------------------------|
| Current Month | 115 | 21 |
| Year to Date | * 690 | 102 |

*Triennial cycle

D. Status of Cross-Connection Control Program (Quarterly)

| | In District | 2018 Test/Surveys |
|--------------------------|-------------|----------------------|
| Cross-Connection Devices | 340 | 333 |

8.2

TWENTYNINE PALMS WATER DISTRICT
72401 Hatch Road/P. O. Box 1735
Twentynine Palms, CA 92277-1000
PHONE (760) 367-7546 FAX (760) 367-6612

TO: Board of Directors

FROM: Mike Minatrea, Treatment/Production Superintendent

DATE: January 8, 2019

SUBJECT: Management Report

1. ENGINEERING

A. No items to report.

2. WATER QUALITY

A. Chlorine Levels: Average levels maintained in the storage and distribution system ranged from a low of 0.13 mg/L to a high of 0.28 mg/L. Chlorination point (the point where chlorine is introduced into the distribution system) averages ranged from 0.26 mg/L to 0.52 mg/L.

B. Bacteria Samples: A total of 38 routine bacteria samples were collected at test points for the storage and distribution system during this past month. In addition 8 special bacteria samples were collected. All routine and special samples indicated ABSENT for Colilert.

C. Fluoride Samples: A total of 15 fluoride samples were collected at established test points for the storage and distribution system, and 6 fluoride samples were taken from potable water production wells. Fluoride levels in the distribution system ranged from a low of .84 mg/L to a high of 1.7 mg/L. Fluoride measurements collected at the wells ranged from a low of 0.34 to a high of 1.9 mg/L.

*Current fluoride variance of 3.0 mg/L expires in 2023.

D. General Physical: A total of 11 general physical samples were collected from established locations as a part of routine testing requirements. Levels reported for color are <3.0, 1 for threshold odor and <0.1 – 0.2 for turbidity.

TWENTYNINE PALMS WATER DISTRICT
Water Production Report
FY 2018/2019

| Groundwater Source | | | | | | | | | | | | | |
|--------------------|------------------------|-----------------------|----------------|-------------------|-----------------|-----------------|-------------------------------|------------------------------|-------------|----------------|------------|----------------------|------------|
| | Mesquite Springs Basin | Fortynine Palms Basin | Eastern Basin | Indian Cove Basin | Total Produced | Total Prior Yr | %Increase Decrease prior year | %Increase Decrease from 2013 | New Service | Active Account | Prior Year | %Increase (Decrease) | Main Leaks |
| July | 140.59 | 77.374 | 32.165 | 24.176 | 274.305 | 292.785 | -5.31% | -11.50% | 3 | | | | 1 |
| August | 161.772 | 56.956 | 37.467 | 24.471 | 280.666 | 269.139 | 4.28% | -3.95% | 5 | 7,776 | 7,703 | 0.93% | 1 |
| Sept. | 132.623 | 53.667 | 33.600 | 24.591 | 244.481 | 232.006 | 5.37% | 0.11% | 0 | | | | 1 |
| October | 131.134 | 45.084 | 22.702 | 14.670 | 213.590 | 213.888 | -0.14% | 1.06% | 4 | N/A | N/A | | 0 |
| Nov. | 109.264 | 45.486 | 11.048 | 11.581 | 177.379 | 189.941 | -6.61% | -5.19% | 2 | | | | 1 |
| Dec. | 85.796 | 58.458 | 11.053 | 13.503 | 168.810 | 175.841 | -3.99% | 2.49% | 1 | 7,660 | 7,660 | 0.00% | 1 |
| Jan. | | | | | 0.000 | | | | | | | | |
| Feb. | | | | | 0.000 | | | | | | | | |
| March | | | | | 0.000 | | | | | | | | |
| April | | | | | 0.000 | | | | | | | | |
| May | | | | | 0.000 | | | | | | | | |
| June | | | | | 0.000 | | | | | | | | |
| Totals | 761.179 | 337.025 | 148.035 | 112.992 | 1359.231 | 1373.600 | -1.05% | | 15 | | | | 5 |

Production Totals Expressed in Acre Feet

NOTE: Year to Date Mesquite Springs Basin regeneration production of **11.715** acre feet = **1.52%** treatment loss.

Total Connections in District = 8,113

8.3

TWENTYNINE PALMS WATER DEPARTMENT

FINANCIAL REPORT

For The Month Of

Nov. 2018

***PRELIMINARY -SUBJECT TO YEAR-END
AND AUDIT ADJUSTMENTS***

**TWENTYNINE PALMS WATER DEPARTMENT
STATEMENT OF INVESTMENTS AND RESERVES
For the Period Ending November 30, 2018
(Unaudited)**

| <u>Operating Funds & Internal Reserves:</u> | <u>Prior Balance</u> | <u>Deposits</u> | <u>Disbursements</u> | <u>Current Balance</u> | <u>Market</u> |
|---|--------------------------|-----------------|----------------------|----------------------------|---------------------|
| Operating Funds - LAIF | \$ 5,588,735 | \$ - | \$ (2,380) | \$ 5,586,355 | \$ 5,583,902 |
| Election Fund Reserve - LAIF | 20,925 | - | - | 20,925 | 20,915 |
| Internal Operating Reserve - LAIF | 169,353 | - | - | 169,353 | 169,278 |
| Capital Funds for Primary Infrastructure - LAIF | 75,857 | 1,300 | - | 77,157 | 77,123 |
| Capital Funds for Secondary Infrastructure - LAIF | 59,271 | 1,080 | - | 60,351 | 60,324 |
| Total Investments | <u>\$ 5,914,139</u> | <u>\$ 2,380</u> | <u>\$ (2,380)</u> | <u>\$ 5,914,139</u> | <u>\$ 5,911,543</u> |

CERTIFICATION

I certify that (1) all investment actions executed since the last report have been made in full compliance with the District's Investment Policy and, (2) the District will meet its expenditure obligations for the next six months as required by California Government Code Sections 53646(b)(2) and (3), respectively.

Cindy Byerrum, CPA
Contract CPA

*** Market values are adjusted on this report on a quarterly basis and recorded in the District's financials statements at the end of the fiscal year*

**Twentynine Palms Water Department
Statement of Revenues and Expenses
For the Period Ending November 30, 2018
(Unaudited)**

| | Nov. 2018 | Oct 2018 | YTD | Budget | YTD 42% | Prior YTD |
|--|----------------|----------------|------------------|------------------|------------|------------------|
| 1 Operating Revenues | \$ 334,036 | \$ 405,082 | \$ 1,973,507 | \$ 4,212,800 | 47% | \$ 1,859,154 |
| 2 Non-Operating Revenues | 65,264 | 83,892 | 320,580 | 704,700 | 45% | 289,862 |
| Total Revenue Available to | | | | | | |
| 3 Fund Operations & Capital/R&R | 399,300 | 488,974 | 2,294,086 | 4,917,500 | 47% | 2,149,015 |
| 4 Operating Expenses | 300,557 | 329,348 | 1,588,978 | 3,962,500 | 40% | 1,475,646 |
| 5 Non-Operating Expenses | 24,909 | 24,909 | 124,545 | 298,700 | 42% | 81,787 |
| Net Revenues Available to Fund | | | | | | |
| 6 Capital Related Expenditures | 73,834 | 134,717 | 580,563 | 656,300 | 88% | 591,582 |

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2018
(Unaudited)**

| | Nov. 2018 | Oct 2018 | YTD | Budget | YTD 42% | Prior YTD |
|---|----------------|----------------|------------------|------------------|------------|------------------|
| 1 Operating Revenues | | | | | | |
| 2 Water Sales | \$ 219,192 | \$ 288,023 | \$ 1,394,078 | \$ 2,861,200 | 49% | \$ 1,325,160 |
| 3 RTS | 102,357 | 102,340 | 511,444 | 1,242,500 | 41% | 477,953 |
| 4 Other Operating Revenue | 12,486 | 14,719 | 67,985 | 109,100 | 62% | 56,041 |
| 5 Total Operating Revenues | 334,036 | 405,082 | 1,973,507 | 4,212,800 | 47% | 1,859,154 |
| 6 Non-Operating Revenues | | | | | | |
| 7 Capital Impact Fees | 2,380 | 3,660 | 15,000 | - | 0% | 2,725 |
| 8 Water Availability Assessment | 49,258 | 49,258 | 246,292 | 591,100 | 42% | 246,292 |
| 9 Interest Revenue | - | 26,685 | 34,466 | 73,700 | 47% | 18,112 |
| 10 Other Penalties | 13,440 | - | 16,522 | 34,900 | 47% | 20,980 |
| 11 Reimbursed Expenses | 10 | 4,154 | 7,060 | 5,000 | 141% | 7,569 |
| 12 Other Non-Operating Revenue | 175 | 135 | 1,240 | - | 0% | (5,817) |
| 13 Total Non-Operating Revenues | 65,264 | 83,892 | 320,580 | 704,700 | 45% | 289,862 |
| 14 Total Revenues | 399,300 | 488,974 | 2,294,086 | 4,917,500 | 47% | 2,149,015 |
| 15 Operating Expenditures | | | | | | |
| 16 Source of Supply | | | | | | |
| 17 Labor & Benefits | 1,390 | 2,648 | 7,998 | 8,600 | 93% | 2,157 |
| 18 Direct Expenses | 22,611 | 22,952 | 111,644 | 325,200 | 34% | 108,320 |
| 19 Total Source of Supply | 24,001 | 25,600 | 119,641 | 333,800 | 36% | 110,477 |
| 20 Pumping | | | | | | |
| 21 Labor & Benefits | 1,112 | 287 | 1,901 | 4,900 | 39% | 2,455 |
| 22 Direct Expenses | 10,573 | 8,223 | 57,123 | 117,900 | 48% | 55,307 |
| 23 Total Pumping | 11,685 | 8,509 | 59,024 | 122,800 | 48% | 57,762 |
| 24 Transmission & Distribution | | | | | | |
| 25 Labor & Benefits | 75,933 | 73,278 | 373,815 | 1,121,100 | 33% | 310,404 |
| 26 Direct Expenses | 33,363 | 34,638 | 147,154 | 265,400 | 55% | 93,746 |
| 27 Total Transmission & Distribution | 109,296 | 107,917 | 520,969 | 1,386,500 | 38% | 404,150 |
| 28 Treatment Wells | | | | | | |
| 29 Labor & Benefits | 4,510 | 4,691 | 24,070 | 48,400 | 50% | 17,824 |
| 30 Direct Expenses | 1,201 | 4,387 | 11,998 | 31,900 | 38% | 9,845 |
| 31 Total Treatment Wells | 5,711 | 9,079 | 36,068 | 80,300 | 45% | 27,669 |
| 32 Treatment Facility | | | | | | |
| 33 Labor & Benefits | 20,612 | 18,714 | 108,532 | 224,800 | 48% | 80,439 |
| 34 Direct Expenses | 21,832 | 28,343 | 152,653 | 382,600 | 40% | 190,139 |
| 35 Total Treatment Facility | 42,444 | 47,057 | 261,185 | 607,400 | 43% | 270,577 |
| 36 Customer Accounts | | | | | | |
| 37 Labor & Benefits | 18,437 | 18,836 | 103,464 | 197,700 | 52% | 78,540 |
| 38 Direct Expenses | 2,146 | 7,542 | 13,879 | 55,400 | 25% | 10,730 |
| 39 Total Customer Accounts | 20,583 | 26,379 | 117,343 | 253,100 | 46% | 89,270 |

**Twentynine Palms Water Department
Detail Statement of Revenues and Expenses
For the Period Ending November 30, 2018
(Unaudited)**

| | Nov. 2018 | Oct 2018 | YTD | Budget | YTD 42% | Prior YTD |
|---|----------------|----------------|------------------|------------------|------------|------------------|
| 40 General Administration | | | | | | |
| 41 Outside Services | 31,022 | 44,755 | 149,778 | 293,700 | 51% | 153,462 |
| 42 Direct Expenses | 16,604 | 21,112 | 105,560 | 313,900 | 34% | 100,791 |
| 43 Total General Admin. | 47,626 | 65,867 | 255,337 | 607,600 | 42% | 254,253 |
| 44 Employee Salaries | | | | | | |
| 45 Direct Labor | 106,388 | 103,042 | 571,153 | 1,357,200 | 42% | 477,618 |
| 46 Less Transfer to Operations | 83,896 | 79,695 | 437,771 | 1,057,400 | 41% | 354,148 |
| 47 Total General & Admin. Salaries | 22,492 | 23,347 | 133,383 | 299,800 | 44% | 123,470 |
| 48 Employee Benefits | | | | | | |
| 48 Health Benefits | 11,032 | 12,523 | 61,375 | 166,600 | 37% | 53,323 |
| 49 Vacation / Sick Payouts | 4,072 | - | 6,682 | 45,700 | 15% | 57,968 |
| 50 Retirement Expenses | 567 | 2,241 | 9,779 | 28,900 | 34% | 15,967 |
| 51 Total Employee Benefits | 15,671 | 14,764 | 77,836 | 241,200 | 32% | 127,258 |
| 52 Board of Directors | | | | | | |
| 53 Directors' Fees | 1,025 | 625 | 3,500 | 15,000 | 23% | 5,250 |
| 54 Direct Expenses | 24 | 205 | 4,692 | 15,000 | 31% | 5,510 |
| 55 Total Board of Directors | 1,049 | 830 | 8,192 | 30,000 | 27% | 10,760 |
| 56 Total Operating Expenditures | 300,557 | 329,348 | 1,588,978 | 3,962,500 | 40% | 1,475,646 |
| 57 Non-Operating Expenditures | | | | | | |
| 58 Unfunded PERS | 9,909 | 9,909 | 49,545 | 118,700 | 42% | 39,120 |
| 59 Unfunded OPEB Liability | 15,000 | 15,000 | 75,000 | 180,000 | 42% | 42,667 |
| 60 Total Non-Operating Expenditures | 24,909 | 24,909 | 124,545 | 298,700 | 42% | 81,787 |
| 61 Total Expenditures | 325,466 | 354,257 | 1,713,523 | 4,261,200 | 40% | 1,557,433 |
| Net Revenues Available to Fund Capital | | | | | | |
| 62 Related Expenditures | 73,834 | 134,717 | 580,563 | 656,300 | 88% | 591,582 |

No assurance is provided on these financial statements.

The financial statements do not include a statement of cash flows.

Substantially all disclosures required by accounting principles generally accepted in the United States are not included.

**Twentynine Palms Water Department
Special Revenue Fund
For the Period Ending November 30, 2018
(Unaudited)**

| | <u>Nov. 2018</u> | <u>Oct 2018</u> | <u>YTD</u> | <u>Budget</u> | <u>YTD 42%</u> | <u>Prior YTD</u> |
|-------------------------------|------------------|-----------------|----------------|----------------|--------------------|----------------------|
| 1 Tower Revenues | \$ 9,333.65 | \$ 13,824.69 | \$ 55,924.63 | \$ 131,100.00 | 43% | \$ 54,125.14 |
| 2 Less Transfers Out to Fire | \$ - | \$ - | \$ - | \$ - | N/A | \$ - |
| 3 Less Transfers Out To Water | \$ (6,000.32) | \$ (10,491.36) | \$ (39,257.98) | \$ (91,100.00) | 43% | \$ (37,458.49) |
| 4 Transfer to PARS Trust | \$ (3,333.33) | \$ (3,333.33) | \$ (16,666.65) | \$ (40,000.00) | 42% | \$ (16,666.65) |
| Ending Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | <u>\$ -</u> |

Twentynine Palms Water Department
Carryover CIP/Current CIP and R&M/Capital Outlay
For the Period Ending November 30, 2018
(Unaudited)

| Carryover Capital Approved in Previous Years | Budget FY 18/19 | Current Year Expenditures | Remaining Budget / (Over Budget) |
|---|----------------------------|--------------------------------------|---|
| District Projects | | | |
| 1 GW Mgmt. Plan & Urban Water Mgmt. Plan | \$ 45,000 | \$ - | \$ 45,000 |
| 2 Treatment Feasibility & Exploration Costs | 150,000 | 12,157 | 137,843 |
| 3 Salt Nutrient Monitoring Wells | 100,000 | - | 100,000 |
| 4 Asset Management Plan | 100,000 | - | 100,000 |
| 5 USGS Study | 100,000 | - | 100,000 |
| 6 Total Carryover Capital Approved in Previous Years | 495,000 | 12,157 | 482,843 |
| 7 Capital Improvement Plan | | | |
| 8 Chromium VI and Flouride for Well 11B | 500,000 | - | 500,000 |
| 9 Fluoride Variance (Expiring) - TP-2, W12, W16 | 1,200,000 | - | 1,200,000 |
| 10 Well 11-B | - | 59,857 | (59,857) |
| 11 Total Capital Improvement Plan | 1,700,000 | 59,857 | 1,640,143 |
| 12 Repairs, Rehabilitation, & Maintenance | | | |
| 13 Plant 6 Electrical and Well Upgrade | 75,000 | 6,408 | 68,592 |
| 14 Emergency Repairs, Unspecified | 50,000 | 7,954 | 42,046 |
| 15 Repiping/Distribution System Upgrades | 50,000 | 24,050 | 25,950 |
| 16 Reservoir Recoating / Cathodic Protection | 20,000 | - | 20,000 |
| 17 Meter Replacement Program | 50,000 | 34,895 | 15,105 |
| 18 Well Rehabilitation | 75,000 | 45,796 | 29,204 |
| 19 Fluoride Plant Instrumentation\Coating | 10,000 | - | 10,000 |
| 20 Treated Water Reservoir Coating | 50,000 | - | 50,000 |
| 21 Total Repairs & Maintenance | 380,000 | 119,103 | 260,897 |
| 22 Capital Outlay | | | |
| 23 Vehicle/Equipment Replacements | 175,000 | 161,399 | 13,601 |
| 24 Computer/Technology Replacements | 30,000 | 17,670 | 12,330 |
| 25 GIS | 25,000 | 3,000 | 22,000 |
| 26 Administrative Building\Office Remodel | 75,000 | 13,543 | 61,457 |
| 27 Fencing Upgrade | 20,000 | 10,850 | 9,150 |
| 28 Energy Efficiency Projects | 150,000 | - | 150,000 |
| 29 One-Time Existing Conditions Sampling Event | 13,500 | - | 13,500 |

8.4

**NO
MATERIAL
PROVIDED**