

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

May 22, 2019 / 4:00 P.M.

Call to Order and Roll Call

President Giannini called the meeting to order at 4:00 p.m., 72401 Hatch Road, Twentynine Palms, California. Those responding to roll call were Directors Bob Coghill, Carol Giannini, Suzi Horn, Randy Leazer, and Neal Stephenson. Also present were General Manager Ray Kolisz, Treatment/Production Superintendent Mike Minatrea, Maintenance Superintendent Matt Shragge, Financial Consultant Cindy Byerrum, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Matt Shragge led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

Mr. Vallerand, of Twentynine Palms, commented on the possibility of pressure regulators being sold to the ratepayers at cost, connected during the AMI/AMR meter installation, and suggested the District sell the used water meters.

1. Discussion of Current Reserve Policy and Recommended Changes to the Policy to Increase Reserve Levels

Ms. Byerrum explained that the current Reserve Policy was deemed to be the minimum amounts the District could allow at the time of adoption in 2015. Due to the increasing state regulations and unfunded mandates, along with aging infrastructure and facility needs, the District has determined that the minimum reserve levels need to be increased to address the increased risk and to be more in line with best practice reserve levels. This would increase the O&M budgeted expenses from 120 days to 180 days and fixed assets from 3% to 6%. The total reserve minimum would increase from approximately \$3.1 million to approximately \$5.3 million.

The Board unanimously directed staff to amend the Reserve Policy, changing the current levels as proposed, and bring back for adoption at the next Board meeting.

2. Presentation of Draft for Fiscal Year 2019/2020 Annual Budget

The Board was presented with a draft budget for review. Ms. Byerrum explained the budget reflects a continuation of the 6% increase as adopted by the Board in 2015.

The following expenditures and capital improvement projects were noted:

- Operating and non-operating expenses, each, are projected to go up 16%.
- General administrative costs increased due in part to conservation/legislative affairs, two full time temporary employees were included in the budget for the AMI/AMR project.
- CIP projects - The District anticipates having to treat for arsenic and fluoride for Well 11B; TP2 sits in the flood plain and will require dirt work to mitigate, along

with electrical work; and the re-coating and steel removal of the distribution reservoir.

The Board was in agreement to bring back the budget for approval at next month's meeting.

3. Consent Calendar

Due to a clerical error, it was noted that the date of the minutes on the agenda did not reflect the minutes included in the agenda packet.

- Minutes of a Regular Meeting held on April 24, 2019
- Audit List

Director Horn, moved to approve the Minutes and Audit List, seconded by Director Coghill, 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 69 Underground Service Alerts, had 0 water main leaks, 2 water meter leaks, 0 service line leaks, 4 fire hydrant repairs and 25 painted, performed 2 customer pressure checks, replaced 10 meters, replaced 5 customer gate valves, and installed 3 new services. 0 water waste inquiries were received. 552 work orders were generated and performed during the month. The new dump truck is in service. 187 AMI/AMR meters have been installed to date. Steve Gurney was acknowledged and thanked for his help with the dump truck.

5.2 Water Quality

Mike Minatrea reported Water production was down 31.91% as compared to the same month in 2013. 48 routine and 6 special water samples were taken. All samples tested negative for Colilert. The 2018 Consumer Confidence Report has been completed with notices mailed out with the billing. There is a direct link to the website specified on the notice. Copies can be acquired at the District office.

5.3 Finance

Cindy Byerrum informed the Board the rate study will begin in December.

5.4 General Manager

Mr. Kolisz informed the Board that the mainline extension in the Lear area has been installed with samples taken. Engineer estimates for TP2 range from \$600,000 - \$800,000, stainless steel being on the higher end which has a higher life expectancy and less rust build up.

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

Title: General Manager

Director Horn moved to enter closed session at 4:43 p.m., seconded by Director Leazer, and unanimously approved. The Board returned to open session at 7:25 p.m. Director Giannini announced there was no reportable action.

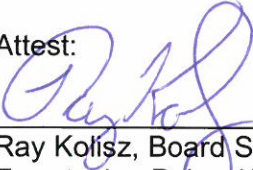
7. Future Agenda Items and Staff Tasks/Directors' Comments and Reports

Director Coghill read a letter from a ratepayer commending Matt Shragge for his professionalism. He also informed the Board that the Legislative Committee along with the CalMutual alliance were instrumental in the California Assembly Budget Subcommittee's rejection of Governor Newsom's water tax. The District's lobbying and letters of recommendations are being taken under advisement.

8. Adjournment

On motion by Director Cogill, seconded by Director Horn, and approved by the Board, the meeting was adjourned at: 7:30 p.m.

Attest:



Ray Kolisz, Board Secretary
Twentynine Palms Water District



Carol Giannini, President
Board of Directors