

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

May 27, 2026 / 4:00 P.M.

Call to Order and Roll Call

President Bob Coghill called the Board meeting to order at 4:02 p.m. Those responding to roll call were Directors Michael Arthur, Bob Coghill, and Randy Leazer. Directors Larry Bowden and Amy Woods were absent. Also present were General Manager Matt Shragge, Director of Operations Mike Minatrea, Financial Consultant Scott Nelsen, and District Secretary Cindy Fowlkes.

Pledge of Allegiance

Karen Coghill led the pledge.

Additions/Deletions to the Agenda

None

Public Comments

None

1. Presentation and Public Hearing on the District's Urban Water Management Plan and Water Shortage Contingency Plan

Ms. Lauren Everett with Kennedy/Jenks Consultants provided a presentation of the plans noting the following:

- The plan is a state requirement and is mandated to be updated every five years
- The State Implemented a new water loss standard
- The District has adequate supply of water to meet demands
- Historical groundwater production has been relatively stable since 1990 with the District pumping only 1/3 of the DWR pumping limit
- Residential water use variance is being sought due to the use of evaporative coolers
- Water Shortage Contingency Plan draws on the Local Hazard Mitigation Plan to mitigate potential shortages
- The plan documents the authority to impose the five stages of the Water Shortage Contingency Plan
- The District's use of AMI mitigates water loss
- The District is putting effort into water quality; conditions of wells; managing water losses, and meeting the state regulations

1.1 Board to Hear Public Testimony at this Time

Director Arthur moved to open the Public Hearing at 4:21 p.m., seconded by Director Arthur, and unanimously approved.

There being no public comment, Director Leazer moved to close the public hearing at 4:21 p.m., seconded by Director Arthur, and unanimously approved.

2. Consider Resolution 26-06 Adopting the 2025 Urban Water Management Plan and Water Shortage Contingency Plan

Director Leazer made a motion to adopt the 2025 Urban Water Management Plan and Water Shortage Contingency Plan, seconded by Director Arthur, and approved by the following roll call vote:

Ayes: Directors Arthur, Leazer, and Coghill
Noes: None
Abstain: None
Absent: Directors Bowden and Woods

3. Public Hearing Regarding Vacancies in Compliance with Assembly Bill 2561 (2024) – Local Public Employees: Vacant Positions

In compliance with Assembly Bill (AB) 2561, public agencies must hold a public hearing at least once per fiscal year to report on vacancies, recruitment status, and retention efforts. The American Federation of State, County, and Municipal Employees, AFSCME, declined to make a presentation.

In fiscal year 2025-2026, the Board approved a total of 24 positions, 19 of these represented by the American Federation of State, County, and Municipal Employees Union (AFSCME). As of May 1, 2026, all 19 of the represented positions were filled, equating to a 0% vacancy rate. In fiscal year 2025-2026, the District successfully completed 5 recruitments averaging 29.8 days from posting the position until acceptance by the perspective new hire.

3.1 Board to Hear Public Testimony at this Time

Director Leazer moved to open the Public Hearing at 4:25 p.m., seconded by Director Arthur, and unanimously approved.

There being no public comment, Director Arthur moved to close the public hearing at 4:25 p.m., seconded by Director Leazer, and unanimously approved.

Director Arthur made a motion to receive and file the District's report on workforce vacancies, recruitment, and retention, seconded by Director Leazer, and unanimously approved by all those present. Directors Bowden and Woods was absent.

4. Adopt Resolution 26-07 Appointing Robert Shelton as Treatment/Production Superintendent on an Interim Basis and Approving Employment Agreement
Staff recommends adopting Resolution 26-07. This will allow the District more time in promoting an internal candidate to the position. Internal recruitment efforts are ongoing.

Director Arthur made a motion to adopt Resolution 26-07 appointing Robert Shelton as Treatment/Production Superintendent on an interim basis and approving Employment Agreement, seconded by Leazer, and approved by the following roll call vote:

Ayes: Directors Arthur, Leazer, and Coghill
Noes: None
Abstain: None
Absent: Directors Bowden and Woods

5. Review and Adjust Board Meeting Schedule for July and August

Due to a scheduling conflict, the Board asked staff to reschedule the July 22nd meeting to July 15th and cancel the August meeting, as the Board of Directors will be attending the CSDA Annual Conference and Exhibitor Showcase.

Director Arthur made a motion to change the July Board meeting to the 15th and cancel the August meeting, seconded by Leazer, and approved by the following roll call vote:

Ayes: Directors Arthur, Leazer, and Coghill
Noes: None
Abstain: None
Absent: Directors Bowden and Woods

6. Approve Proposal for Engineering Services During Construction for the Redundant Finish Water Reservoir and Booster Pump Station at the Fluoride Removal Plant

Staff recommends approving the Albert A. Webb Associates proposal for engineering services. This will allow Webb to assist in project management including review of contractor submittals, assist in resolving field issues, review contractor RFI/RFC's, and preparation of final as-builts.

Director Arthur made a motion to approve the Albert A. Webb Associates proposal for engineering services in the amount not to exceed \$57,200 for the redundant finish water reservoir and booster pump station at the Fluoride Removal Plant, seconded by Leazer, and approved by the following roll call vote:

Ayes: Directors Arthur, Leazer, and Coghill
Noes: None
Abstain: None
Absent: Directors Bowden and Woods

7. Consideration of Approval for CalPERS (California Public Employees' Retirement System) Payment

The District received a letter from the California Public Employees' Retirement System (CalPERS) regarding a case (Liu v. CalPERS) ruling asking the District to report lump-sum merit pay bonus payments for Classic Members. In 2019/2020, the District was instructed to stop reporting such payments as they were not considered compensable by CalPERS. District staff, in compliance with the request from CalPERS, determined there were 7 retired Classic Member employees and 3 current Classic Member employees that required the reporting of such payments. After making the necessary adjustments to the reporting, CalPERS invoiced the District for the difference in the merit bonus payment adjustments in the amount of \$13,809.30 for the District's contribution and \$6,849.59 for the member's contribution, for a total of \$20,658.89.

Staff recommends covering the member's contribution portion due to the following analysis: the anticipated costs of collection efforts are likely to exceed the amount recovered; collection efforts by staff would impose a disproportional administrative burden; disputes regarding retroactive contribution obligations could expose the District to litigation expense and operational disruption; District payment serves the public interest by minimizing public expenditures.

Matt spoke with Director Bowden and Director Woods and they were in favor of approving the payment.

Director Leazer made a motion to approve the payment of the CalPERS invoice in the amount of \$20,658.89, seconded by Arthur, and approved by the following roll call vote:

Ayes: Directors Arthur, Leazer, and Coghill
Noes: None

Abstain: None
Absent: Directors Bowden and Woods

8. Presentation of Draft for Fiscal Year 2026/2027 Annual Budget

Financial Consultant, Scott Nelsen with Startingline Advisory, presented the Board with a draft budget for review. The narrative provides detailed information for the budget schedules. The following expenditures and capital improvement projects were noted:

- Total revenue is \$8.72 million with a 7% assumption from the Rate Study
- Total expenses are \$7.08 million
- 3.4% COLA for employees
- Election expenses is budgeted at \$50,000
- Operating revenue increasing at 6%
- Non-operating revenue is budgeted conservatively and includes cell tower revenue
- Water sales increased 7% based on the current Rate Study
- Interest revenue conservatively estimated at 2.5%
- Retiree medical is increasing with employees retiring over the last year
- CalPERS Unfunded Accrued Liability is expected to decline with Classic members retiring and the hiring of more Pepra members
- Labor and Benefits have increased with retired annuitants, COLA, and Vacation/Sick payouts, but less than 1% overall
- Pension is increasing at a lower rate with Classic members retiring
- Workers Compensation has decreased
- \$200,000 budgeted for the USGS Study with the City
- SCADA distribution system update
- Local Hazard Mitigation Plan projects
- Administration building improvement beginning with the Board room
- Projected \$3.5 million decrease in fund balance

9. Consent Calendar

- Minutes of a Regular Meeting held on April 22, 2026
- Audit List

Director Arthur moved to approve the Minutes and Audit List, seconded by Director Leazer, and approved unanimously by all those present. Directors Bowden and Woods were absent.

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

None

11. Management Reports

11.1 Maintenance

Mike reported that the District responded to 59 Underground Service Alerts, had 0 water main leaks, 4 water meter leaks, 0 service line leaks, 2 fire hydrant repairs/maintenance, installed 1 new service, replaced 5 customer gate valves, performed 4 leak audits, painted 41 fire hydrants, performed 2 customer pressure checks, replaced 4 water meters, Tested and exercised emergency generators

and sounded wells for April. 0 water waste inquiries were received. There was a total of 512 work orders processed during the month. Exercised 253 valves.

11.2 Water Quality

Mike reported water production was down 31.41% as compared to the same month in 2013. 40 routine and 15 special water samples were taken. All special samples tested negative for Colilert. All current wells meet the 2.0 mg/L standard fluoride variance set by the State Water Resource Control Board. All samples tested were below the variance. The 2025 Consumer Confidence Report is out and posted to the website.

11.3 Finance

Scott Nelsen reported on March financials. At 75% of the fiscal year, the total revenues were at 77% with total operating expenditures trending below expectation at 72%.

11.4 General Manager

Matt reported that District Council did have some minor comments on the Urban Water Management Plan that will be included in the final revision. Matt thanked Kennedy Jenks for all their help. Matt will be working with the new City Manager on the Salt Nutrient Management Plan. The District is working on a slogan for septic tank management outreach. Amy Bowe was congratulated on promoting to Bookkeeper and Dylan Todd for promoting to Service Worker II.

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

Director Coghill recognized employee Dylan Todd for going above and beyond his duties for assisting a customer. The customer sent the District correspondence reflecting his outstanding service.

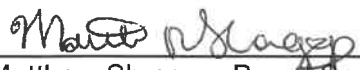
13. Adjournment

On motion by Director Arthur, seconded by Director Leazer, and approved by the Board, the regular and special meetings were adjourned at 5:11 p.m.



Bob Coghill, President
Board of Directors

Attest:



Matthew Shragge, Board Secretary
Twentynine Palms Water District