

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT REGULAR MEETING OF THE BOARD OF DIRECTORS

July 15, 2009

4:00 P.M.

22901 Banducci Road

Item 1. **Call to Order and Roll Call**

Cowan, Hadley, Hall, Prel and Schultz

Others in Attendance: John Martin, Steve Minton, James R. Parker, Jr., John Otto and Lori Bunn. For additional attendees, see attached list.

Item 2. **Public Hearing Concerning the Adoption of Resolution 17-09 Establishing a State Appropriations Surcharge on all Water Sold by the District**

(a) Opening Remarks of President

President Cowan stated that this was the time and place for the notice of a public hearing concerning adopting Resolution 17-09, which establishes a State Appropriations Surcharge on water sold by the District.

(b) Staff Presentation

(i) Certification of Mailing Notice by Assistant General Manager
(Mark and Admit Proof of Mailing as Exhibit 1):

Mr. Otto said that he officially posted and caused 359 notices to be mailed to parties who had adjoining parcels to the pipeline easement and also to existing water customers on May 29, 2009.

The Declaration of Posting Notice signed by the Assistant Manager was marked and admitted into evidence as Exhibit 1.

(ii) Explanation of Proposed Surcharge by General Manager:

The General Manager reviewed the Staff Report for the benefit of the Board and the audience. He also reviewed the process that the Governor and the State had to take in order to appropriate local taxes. He explained that subsequent to the mailing of notices for this public hearing, the Kern County Auditor-Controller distributed letters to all the local agencies showing their proportional property tax shift, based on the Governor's threat to take 8%. Based on this letter, the District's share will be \$276,656. He said that each county has to give 8% to the State and it will be up to the Kern County Auditor-Controller to determine how much each District will have to give to the State. President Cowan asked if it could be more than 8%. The General Manager said that it could be more for the District, and the Board of Supervisors will decide how to calculate the shift. Whatever the amount is, it will impact the District's revenues for this fiscal year.

The history of ERAF 3 was reviewed. The General Manager explained that it took place in 2003 and 2004 and the District lost \$1,144,000. In response, the Board approved a State Appropriations Surcharge of \$18.00 per acre foot, which generated \$216,000 over a two year period and still left the District with a loss of \$900,000. District reserves had to be used to cover operating costs. He added that at this point the District does not have the reserves to get through another tax shift without an immediate rate increase of some kind.

A hand-out showing the District's revenues for fiscal year ending June 2008 was made available to the Board and those present at the public hearing. The General Manager reviewed this handout in detail. He explained that the District receives revenue from four sources: water sales including the service fee of \$4.50, general property taxes, the special tax for SWP water and a little revenue from interest and other sources. He said that the revenue received totaled nearly \$10,000,000 to run the water operations. He explained that of the \$10 million, a little less than 1/3 came from the customers that use the water; 35% came from general property taxes, the District's share of the 1% tax; \$3 million came from the special tax, which covers the cost, fixed and variable under the District's two contracts with the Kern County Water Agency. He said in looking at this chart, it raises a couple of questions. If the water customers are only paying 1/3 of the actual cost and that is too high, what is the rights amount? How much of the total burden should be placed on the customer and how much should be placed on the taxpayers? He added that it is extremely difficult for the District to increase the numbers on the tax side, because the general property tax is limited by Proposition 13. If the assessed values go up, the taxes increase, but there is no way to increase the percentage.

The special tax for the State Payment cannot exceed the cost of the contractual obligations for the Kern County Water Agency. That leaves us with two options: increase revenues from water sales and decrease costs.

The General Manager reviewed the cost-cutting measures that the District is taking. He said no part-time help is being hired and one full-time person is on an extended leave of absence and he has not been replaced. He is recommending to the Board today a 5% salary reduction for all District employees and cutting the capital budget to only mission critical items. He said the District has done everything it can do, short of lay-offs.

The General Manager explained that these financial problems are not new. The leadership of the District has been reluctant to raise rates, but now threatened with this shift, we have to do something about that.

He then reviewed the fund transfers that have been made over the last few years to keep the District running and the reserves that are currently on hand.

At this point, the General Manager addressed some of the comments received in the written protests:

Comment: The District did not comply with Proposition 218, because all of the property owners in the District were not notified by direct mail.

Response: The General Manager responded by explaining that Proposition 218 requires notice only to “affected property owners”, which in the current situation are parcels receiving water and those parcels which have the potential to receive water. The owners and tenants (if different) of those parcels were notified. Either the owner or the tenant can protest but not both.

Comment: This action is premature.

Response: One of the recommended options to the Board is to approve the surcharge today, but not make it effective until the tax shift actually occurs. He explained that the problem with this is the District relies on the water sales in the irrigation season to generate revenue and if the State does not adopt a budget until September or October, then the irrigation season will be over and the revenue cannot be recovered until next summer. Another option is to adopt the surcharge today, make it effective August 1, begin to collect money and if the State does not borrow the money, refund the money that was charged to the customers. This would be a safer approach for the District. The Board could also consider a surcharge less than \$60 per acre foot, which would take longer for the District to recover the lost revenue.

Comment: Since this is going to be a loan to the State, after the District is repaid, the District should repay the customers.

Response: The General Manager deferred to Legal Counsel to address this comment. Mr. Parker explained that while the deferment of Prop 1A requires the State to repay the property taxes taken, there is not a similar obligation that the District must repay customers when and if the District gets repaid by the State, it will be up to the Board, based on the District’s financial condition to decide what to do with that for example the Board may decide that these funds must be used to restore the reserve funds that have been depleted.

Comment: The proposed increase in water cost will have the effect of reducing the viability of farming in Cummings Valley.

Response: The General Manager referred to the 1969 Feasibility Report that was submitted to the Bureau of Reclamation for the loan the District received to build the project. He said that this was like the master plan for the District and it described what the project would do and the benefits the project would provide. The General Manager read a few excerpts from this document:

- a. “The agricultural future of the District depends upon a conversion of use from field crops to deciduous fruits and specialty crops and even then is limited to the acreage which may be irrigated from natural groundwater replenishment plus the presently contracted 5,000 acre feet annually of imported agricultural water. This will utilize only a fraction of the land within the District, leaving the remainder un-irrigable. Conversion of use must therefore be limited to only the best lands within the District.
- b. “Economic studies show that of the various agricultural crops now raised in the District, deciduous fruits, especially pears and apples, and specialty crops such as turf sod, Christmas trees and other high

income crops have the ability to pay the cost of imported water whereas field crops do not.”

- c. “It is anticipated that by 1980 the pumping of agricultural water will be devoted entirely to the production of deciduous fruits and specialty crops and that acreage farmed to the lower income crops will correspondingly decrease to zero during this period of time.”
- d. “It is predicted that those farmers possessing a water right will find it more profitable to convert their acreage to a higher use or to sell their water right than to grow low income, irrigated crops. The water right will yield a greater dollar return through irrigation of a high income crop or by direct sale than the net yield from a low income crop. Irrigated low income crops, therefore, will cease to exist.”

In closing, the General Manager said that he thought that it was understood back then that the price of water was not going to be affordable for some growers, based on the crops they were growing.

(c) Public Comment

The floor was open for public comment.

Ted Wyman, Summit Lime Company, voiced his concern about the District being a viable fiscal entity. He suggested that District’s mission may need to be changed and he expressed concern over a possible 30% decrease in the assessed valuation. He said the District is going from an agricultural to a basic M&I use District and he suggested that the district needs to determine what its fundamental purpose is.

Al Romano, Director for Bear Valley CSD, asked what percentage of the sales go to ag as compared to M&I, and who will buy the water if there is no ag use.

The General Manager responded by saying that 2/3rd of the water is sold to ag and 1/3rd is sold to M&I. The District’s operation works most efficiently when we bring up 7 to 8,000 acre feet of water per pumping season. If we had a sudden, large scale reduction in the quantity of water we deliver, there would be a significant budget impact.

David Ha addressed the Board and he said that he grows apples and it is not a high income crop. His neighbor has given up farming this year, because of water costs. If rates keep going up he may be next. It is hard to manage with the rates the way they are.

Thomas Crandall addressed the Board. He asked how much the 5% reduction in all employees’ salaries would generate.

The General Manager responded that it would be \$115,000.

Glenn Baumann addressed the Board. He said it was written previously that the highest and best use of the water was predicted to change from agriculture to residential. This perception is changing. A lot of people in the Tehachapi area like to keep agriculture and people value living in an agricultural community. He said he personally values the agriculture in Tehachapi, Cummings and Brite Valleys. If this was all to be developed with homes, there would still be a lot of water usage, but it would be going to irrigate lawns. He added that his personal viewpoint is that

agricultural is a valuable asset to our region. Mr. Baumann said he was not opposed to raising the water rates.

President Cowan stated that the District is not against agriculture, but the District has to cover the cost of pumping the water.

The General Manager said that the only alternative to raising the revenue from water rates is to raise taxes and that would require the voters to approve a special tax by a two-thirds vote. He said it would be difficult to sell an additional tax burden to the property owners.

Rick Zanetto, Bear Valley CSD, thanked the General Manager for his report and said that it answered most of his questions. He also said that the General Manager painted a pretty dim picture for the District and it looks like the District has bigger problems than the 8% property tax shift. He said when the District had the pass through for the natural gas and the natural gas came down the rates stayed the same. He added that when the District gets the money back from the State, he does not foresee money being returned to the water customers. He said that he knew they are doing the best they could to keep the District viable and he wished him luck.

Rudy Hernandez, Bear Valley CSD, addressed the Board and asked what number of protests is required to stop the action.

The General Manager responded that the District had 33% protests and 50% is the number that would stop the proceeding.

Jon Curry, City of Tehachapi, expressed the opinion that if the Board voted to start the surcharge and if the money is repaid by the State, the money should be returned to the water purveyors.

The General Manager said that it has been decided yet, and added that he did not believe that the State would repay this money.

Mary Ann Hester said that from what she gathers, this should have been dealt with years ago and now it is an astronomical problem.

David Ha said he did not receive a notice. Staff reviewed the list and found that a notice was mailed to him.

Rudy Hernandez, Bear Valley CSD, asked which option the Board would take and when the action would be taken.

Pat Riley, employee of TCCWD, addressed the Board and made comments pertaining to the operation and maintenance costs of the pump plants. He said that it costs a lot of money to maintain and replace the parts necessary to run the pumping plants.

Ted Wyman addressed the Board again and expressed his concern over the estimated assessed valuation. He said he would like the Board to look again at the figures before making a decision.

(d) Call for Written Protests and Receipt of Written Protests

Legal Counsel asked if anyone had a written protest that they would like to file. There were some written protests submitted.

(e) Following a short recess to verify and tabulate protests, the results were read as follows:

(f) Announcement of Results

Out of 359 parcels that could have filed protests, 117 valid protests have been filed; which is less than 50% of the total parcels entitled to vote.

(g) Close Hearing

President Cowan declared the hearing closed.

Item 3. Adopt Resolution 17-09 Establishing A State Appropriations Surcharge on all Water Sold by the District

President Cowan asked the Directors if they had any comments.

Director Hall addressed the audience and shared his thoughts on the services the District provides and the cost of delivering water. He said there are two services provided by the District. One is the delivery of water and the second is availability of water. He explained that delivery of water is consumable and availability of water is a service to land and when water is available to land, it increases the value of the land. He added that land owners should be taxed for the increased land value. He said that if you look at the apportionment of cost, there are two different costs. A "per drop cost" and "fixed costs". The fixed costs are the services to land, because that is part of the availability. The service to land has to come from the land tax. He then reviewed revenue received from the property tax and the distributive cost of the water and he said that the water rates are being subsidized to some degree and it is in the best interests of all of the people in the District. He said that he does not represent only the agricultural interests, but everyone in the District. Director Hall continued by saying that he wants to hold the water rates down as low as possible, because the District is not the only one that can sell water and if the District moves the rates up to \$700; there are other private water rights owners that can also charge \$700 and the District loses that money to a private party. In closing, Director Hall said that it is in the economic interests of everyone here to keep the rates down and although there is a small decrease in property tax coming up, they will have to pay a much higher rate for water. There are almost 30,000 people in the District that have an interest in keeping the water rates as low as possible. It is not in the District's power to raise the taxes to do this correctly. There are a lot of minds that need changing and it will require a 2/3 vote. He also said that he understands that everyone is upset and he shares their feelings.

Director Schultz shared his thoughts. He said he was not surprised by the 117 protests. He said it represents a high number of protests in his opinion. Mr. Wyman's comment regarding rethinking the District's mission statement is well taken and it will be opened up for discussion as we move forward. Director Schultz said he is going to support the surcharge, however with the large number of protests, he asked that the surcharge not go into effect until the State actually enacts the tax shift.

Director Prel said in regards to the District refunding the surcharge, if the rates are raised, there won't be any farmers left to receive the refunds. He added that he was totally against the rate increase.

President Cowan asked Legal Counsel if the Board postponed the action, do we have to have the Proposition 218 hearing again?

Legal Counsel responded that the District would not have to notice another Proposition 218 hearing. If the proposed resolution is worded such that the surcharge goes into effect when the tax shift is enacted.

Some additional discussion took place and after it was complete, Director Schultz introduced and moved for the adoption of Resolution 17-09, imposing the surcharge of \$60 per acre foot when and if the State of California suspends the Proposition 1A property tax protection and thereby reduces this District's normal share of the property tax and until the District is repaid in full. The motion was seconded by President Cowan and Resolution 17-09 was adopted on the following roll call vote:

| | |
|----------|-------------------------|
| AYES: | Cowan, Hall and Schultz |
| NOES: | Hadley and Prel |
| ABSTAIN: | None |

Item 4. **Approve Minutes of the Regular Meeting of June 17, 2009**

Director Schultz made a motion to approve the minutes of the Regular meeting of June 17, 2009 as presented. Director Hadley seconded the motion and it was unanimously carried.

Item 5. **Manager's Report – John Martin**

The General Manager reported that the imported water system is still operating at 17.5 cubic feet per second with a three-engine system. He said for the month of June the District imported 1,054 acre feet of water and as of July 10, the lake level was 4,360, the same elevation as last month's report. Normally this time of year there are big draw downs on the lake level due to the ag use. This year ag use is down. There will be a meeting on Monday, July 20, 2009 to discuss changing the plants to a two-engine system. He explained that the plan was to import 6,700 acre feet and have a carryover of 1,933 acre feet into 2010. He said we are going to look at how this can be modified and there will be a couple of issues to consider. One is that we will only be able to carryover 1,933 acre feet into 2010 and the second thing is that if the pumping operation is cut back to a two-engine system, the District will have to sell the natural gas that has been contracted for at a loss. The General Manager said another option is to pump the water up and recharge the Tehachapi Basin. He said that the risks will have to be considered: bringing up the water up this year, banking it and knowing we will have to incur the extra cost of extracting it from the ground; or leaving it down there and taking a chance that next year's natural gas prices will be higher.

Alex Steele, Pipeline Superintendent, said that normally this time of year the District is operating with a two-engine system and the wells are used to supplement the lake. Some discussion took place at this time on the operations used in the past and the possibility of not pumping the extra water up the hill. The General Manager said that he will update the Board after next week's meeting.

Director Schultz asked how much excess water is in the reservoir. Alex Steele responded that there is approximately 100 acre feet more than 2008.

The General Manager reported that the District has not acquired any natural gas for next year. Staff will continue to watch the gas prices.

The General Manager is still working with I.D. 4 on the contract for the sale of surplus water. If this agreement is signed this year, we could bank some of the carryover water down there as opposed to San Luis Reservoir.

We are proceeding with the CEQA documentation for the effluent pipeline to the golf course in Stallion Springs. The agenda for today's meeting includes an item for approval of the design engineering for the project.

The General Manager sent letters to the Governor and other elected representatives in opposition to the suspension of Proposition 1A. A letter of support was sent for Assembly Constitutional Amendment #9, which attempts to reduce the threshold for passage of special tax measures for all government agencies from a 2/3rd's vote to 55%. SDA and ACWA have not yet asked for resolutions of support. If ACA9 is approved by the Legislature and signed by the Governor, it will still need to be approved by California voters.

The deadline for bids for the propane tanks was June 19. One bid was received from Benz that offered to remove the tanks at no charge and without any compensation. Staff considers this bid to be unacceptable. District personnel can remove and scrap the tanks that are in the way as time permits and deliver them to the scrap yard and compare how much money we get to the labor we invest. If it turns out that it costs more to scrap them than we can get, then we might go back to Benz.

A Grower's Meeting was held on June 23 and it was well attended. The discussion focused on the price of water and the future of farming in the Tehachapi area considering the high price of water. The reduced productivity in some of the wells in Cummings Valley was also discussed at this meeting.

John Otto attended the Smart Growth Tehachapi Valley meeting. They held a community forum on wastewater management in the Tehachapi area on June 27th. President Cowan also represented the District and provided comments to the Board. John Otto said that the meeting went well and he reviewed some of the presentations that were made at the meeting. Directors Hadley and Prel also attended this meeting.

On July 9th, the Golden Hills CSD held a special Board meeting where they received comments on the Tehachapi Basin Groundwater Study from their Engineer, Dale Melville. John Martin and John Otto attended this meeting. The final payment from Golden Hills CSD was also approved at this meeting.

The General Manager updated the Board on the status of the Tehachapi Area Specific Plan. A meeting was held on July 9th between members of the Water Availability Committee and the Kern County Planning Department.

The pump plant crew began working four ten-hour shifts on July 6th. This project will end the first pay period in October. This is being done in an effort to cover the seven days of the week without scheduled overtime. A report will be given to the Board at the end of the project.

A report was received from ACWA-JPIA recently and the District's Worker's Compensation experience modification factor remains at 69%, which is an excellent rating. The General Manager thanked District personnel for their safety efforts.

Director Prel asked what the cost difference would be for Horse Thief to modify the Stallion Springs CSD treatment plant as opposed to the District putting in a line. He also raised a concern that the District's easement may be needed for additional pipeline. Some discussion took place on this matter and the General Manager said from the District's perspective; we need to find buyers for the effluent because we have a contractual obligation to take this water.

Item 6. Assistant Manager's Report – John Otto

The Assistant Manager reviewed his written report. He reviewed the hydrologic conditions of the State and he said that on July 9th, the NOAA scientists announced the arrival of El Nino and reviewed the details of this matter with the Board.

H&H Grading has stopped taking water from the District for the SCE project. During their peak usage, they were taking about 134 truck loads of water per day. Total usage for the job was approximately 30 ace feet for about \$33,000.

Ag deliveries continue to be slow for June and the beginning of July. He reviewed the data on the lake elevation graph with the Board and added that recharge projects in Cummings Basin are operating at about 2,000 gallons per minute or 4.5 cubic feet per second.

The Assistant Manager also reported on the Integrated Regional Water Management Plan Workshop that was held on June 29th. He said it included extensive discussions about the Project Prioritization Matrix. He said the call for projects is now open so now we are competing against 95 other local projects.

Information received on the District's assessed valuation was reviewed. The Assistant Manager said that the AV was increased 1.4%.

Item 7. Operations Manager's Report – Steve Minton

The Operations Manager reported that he met with representatives from Flow Serve last week. The pump will be ready for pick up next week. There will be no expense to the District, with the exception of a new column piece, which was damaged when it came apart. That was a piece that the District supplied before. On July 27th, their representatives will be here to witness the install.

The small shop building is nearing completion.

A report was received from Far West Corrosion Control on a portion of our mainline in Cummings Valley. We have some recommendations from them on future turnout construction to eliminate corrosion and for existing turnouts where the pipe is exposed. There is a recommendation to use grounding rods and straps to help reduce corrosion. Nothing was catastrophic and Staff was pleased with this report.

Pump efficiency tests by SCE were done on our wells and booster pumps. We had one rate change and have completed the application for a motor replacement at Pump Plant 5. The

rebate is for \$5,000. The cost of the motor is \$7,000, so the District will only be out-of-pocket \$2,000 for the pump and the efficiency of the new motor will more than pay for that.

Item 8. Comments by Any Party on Items of Interest to the Public and Within the Subject Matter Jurisdiction of the Legislative Body

Tom Crandall addressed the Board. He asked how the District was going to operate in a year or two without any reserves. The General Manager explained that revenue is coming in to cover the operation and maintenance of the plants. He said the District has no reserves for the unexpected things. He added that he would like to recommend to the Board that we have a long range planning workshop.

Item 9. Public Hearing Concerning Adoption of Resolution 18-09 Determining Benefit Assessment 2009-2010

President's Opening Remarks:

President Cowan stated that this was a Regular Meeting of the Board of Directors in which the Assessment Hearing for Benefit Assessment Zone #1 is being held for the purpose of considering Resolution No. 18-09. He explained that the resolution asks for a benefit assessment in the amount of \$106,000 to finance the maintenance, operation, installation and replacement of the Tehachapi Watershed Project for fiscal year 2009-2010.

The public hearing was declared open by President Cowan.

Staff Report:

The Assistant Manager reviewed the Staff Report with the Board and noted that the assessed valuation was \$445,724,225 this year, 5% of which was attributed to the utilities. He said in reviewing the 2008-09 report, District Staff updated the ownership records and parcel changes for 2009-10. He said the assessment amount is the same this year, \$106,000.00. He also explained that the utility companies' holdings were updated by questionnaires, which were mailed by District Staff to each company. The assessed value of land and improvements went from \$420,029,783 last year to \$423,276,666 this year. The assessed value of the utilities is \$22,447,563, which makes the total assessed value \$445,724,229.

John Otto explained that notices were posted at the Fire Station, City Hall and the Tehachapi Unified School District.

Exhibits:

After the discussion was complete, the General Manager introduced the following Exhibits into evidence:

Declaration of Posting Notice - The Declaration of Posting Notice was signed by John Otto and on July 2, 2008 it was posted in three places: the Kern County Fire Department, Tehachapi Substation; Tehachapi City Hall; and the Tehachapi Unified School District office. President Cowan directed the minutes show the Declaration of Posting Notice be entered as Exhibit A to the minutes.

Proof of Publication – The Proof of Publication certifies that the public notice for the assessment hearing ran in the July 2nd and July 9th issues of the Tehachapi News. President Cowan directed that the minutes show the Proof of Publication be entered as Exhibit B to the minutes.

Staff Report – Previously reviewed by the Assistant Manager. President Cowan directed the minutes show the Staff Report be entered as Exhibit C to the minutes.

The General Manager said that this is a flood control assessment on properties that directly benefit from the flood control project. The benefit assessment is the same gross amount every year. He added that in prior years a portion of this assessment has gone to the General Fund to repay capital costs for the project that were advanced by the General Fund, but now it has been fully repaid and this money will remain within the flood control benefit assessment fund and it will be used to build reserves for replacement or damage repairs within the flood control project.

President Cowan asked if there were any additional questions regarding the proposed assessment.

Director Hall asked about the undeveloped land with a land use factor of zero. Legal Counsel clarified that it was “undevelopable” land. No other questions were asked at this time, therefore, the hearing was closed.

Item 10. Adopt Resolution No. 18-09, Benefit Assessment 2009-2010

The Board reviewed Resolution 18-09 and after discussion, Director Schultz moved for its adoption. The motion was seconded by Director Hadley. Resolution No. 18-09 was adopted on the following roll call vote:

AYES: Cowan, Hadley, Hall, Prel and Schultz
NOES: None
ABSTAIN: None

Item 11. Personnel Committee Report and Adjustment of Employees’ Salaries

The General Manager reviewed his written staff report. He explained that in developing this year’s budget, there were some serious financial issues that were going to have to be addressed. He said he felt that the only way he could get the water rate increase done, was for the District to meet the water customers half-way. He proposed to: make a 5% across the Board pay cut; change the disability plan from a private plan to the employee paid State plan; and discontinue the take home car privileges for management. He said these three ideas went to the Personnel Committee and out of the three, the pay reduction was the one that came out of the committee to be recommended to the Board.

At this time, the floor was open for comments.

Ted Wyman asked if the District had a 401K plan. The General Manager responded that the District had CalPERS. Mr. Wyman also asked if the General Manager had considered changing the matching amounts into the retirement plan. The General Manager explained that the employees’ share is 7% and it is District paid. If the employees had to pay their own share, it would mean a 7% cut to the employees as opposed to a 5%.

At this point, Alex Steele read a letter that was written on behalf of the employees, which asked the Board to table this decision to allow the employees time to work together to come up with other ideas to increase revenue and cut expenses. Alex added that there are some other solutions to balancing this budget and they pertain to finding a home for the extra water we have.

James Mann asked, if the employees take this cut, will it guarantee no lay-offs. The General Manager said no.

Joseph Dahl, asked if the pay cut would only be two years, like the water rate increase. The General Manager said he could not answer that at this time. Joseph Dahl said he was nervous and concerned, because he does not see the use of some of the people who have been here forever. If we have valuable resources, we need to make use of them.

The General Manager said that he appreciated Alex Steele's approach to coming up with creative ways to balance the budget, but he said the District would not be providing a service to the community if balancing the books means not providing water. If there are ways to do that without going contrary to our mission, he is willing to look at it.

Discussion continued on this matter and after it was complete, Director Schultz said that it is a reasonable request to table this item for a month and re-evaluate it. In light of the raise in rates that we just recently passed, the timing that the money will come and the changes that could occur in the budget because of that. He added that it is a reasonable request to examine every possible avenue before the Board adopts the policy to reduce salaries overall.

Director Prel said he would like to see it tabled for a month.

Director Hall said he would like to see it tabled for a month.

President Cowan said that he would like to see it tabled as well and he said he had a few additional comments to make. He referred to letters received by the Board, and said that it made him mad to be held hostage by people. He added that it was wrong for Stallion Springs to dictate what this Board does by demanding that if the Board make these cuts and they would not protest the surcharge.

Director Schultz made a motion to table Agenda Item 11, Personnel Committee Report and Adjustment of Employees' Salaries. Director Hall seconded the motion and it was unanimously carried.

Some discussion took place and Director Hadley suggested that a special meeting be held to address this matter. He added that he was given all this information that he has not seen and he is being asked to make a decision and now he is changing some thoughts in his mind. Director Hadley added that with everything being in crisis, it takes more than two people to figure out what to do.

President Cowan said that he was one of the two people that recommended this action, but now he is going to vote against it.

Director Hall asked what was driving him to support the recommendation. President said he never supported it, but he did not see how the District could avoid it.

Legal Counsel advised that the meeting could be adjourned to a certain date, or the President could call for a special meeting. He suggested that this meeting be adjourned to an agreeable date.

After discussion, the Board decided to have a special meeting on July 29, 2009 at 1:00 p.m. to reconsider Agenda Item 11, Personnel Committee Report and Adjustment of Employees' Salaries and also consider Strategic Financial Planning.

The Board moved to Agenda Item 17 at this time.

Item 17. **Approve Contract for Design Engineering for CCI Recycled Water Pipeline**

Steve Minton reviewed this matter with the Board. He reviewed the application process and explained that the project had to be shovel-ready before it could be submitted.

President Cowan asked if the District personnel could do the work. Steve Minton said he did not know, it may have to go out to bid. Alex Steele said it was set up for prevailing wage, so either way the grant would cover the cost.

President Cowan asked if the District gets this grant, will it pay for the project. The General Manager explained that a portion would be paid and a portion would be a loan, but we do not know what the percentages are.

The General Manager reviewed the payment plan that has been set up to recover the funds the District has to spend on this project. He said that all of the soft costs will be included in the repayment plan, which is a 12 year repayment plan.

President Cowan asked what would happen if we do not get the grant money.

Legal Counsel responded that the District has a signed guarantee and a financial statement from Mr. Nuveau.

A lengthy discussion took place and questions from the audience were addressed. After discussion was complete, Director Hall made a motion to accept Staff's recommendation to approve the contract for design engineering for the CCI Recycled Water Pipeline for \$10,000. The motion was seconded by Director Schultz, and approved on the following vote:

| | |
|----------|---------------------------------|
| AYES: | Cowan, Hadley, Hall and Schultz |
| NOES: | Prel |
| ABSTAIN: | None |

The Board returned to Agenda Item 12.

Item 12. Adopt Resolution No. 18-09, Benefit Assessment 2009-2010

The General Manager reviewed the changes that were made to the budget. He said that this budget can be modified according to subsequent Board actions. He said this is an extremely tight budget.

After discussion, Director Schultz introduced Resolution No 18-09 and moved for its adoption. Director Prel seconded the motion and roll call was taken:

AYES: Cowan, Hall and Schultz
NOES: None
ABSTAIN: Hadley and Prel

Item 13. Adopt Resolution 20-09 for Transfer of Funds from 60172 to 60170

The General Manager said that this resolution will transfer the remaining funds in the Cummings Basin Mitigation Fund (60172) to the General Fund (60170) and this fund will be closed.

Director Hall introduced Resolution No. 20-09 and moved for its adoption. The motion was seconded by Director Schultz and roll call was taken on the vote:

AYES: Cowan, Hadley, Hall, Prel and Schultz
NOES: None
ABSTAIN; None

Item 14. Adopt Resolution 21-09 for Transfer of Funds from 60170 to 60183

The General Manager explained that this transfer was necessary to cover the regular quarterly payment for the certificates of participation that were issued for the Emissions Reduction Project.

Director Schultz introduced Resolution No. 21-09 and moved for its adoption. The motion was seconded by Director Hadley and roll call was taken on the vote:

AYES: Cowan, Hadley, Hall, Prel and Schultz
NOES: None
ABSTAIN; None

Item 15. Adopt Resolution 22-09 Setting Tax Rate for State Water Project Payments

The General Manager explained that this is something that is done every year. He said that this resolution has been updated and revised.

Legal Counsel addressed the Board and said that in order to bring the District within the exemption of the 1% limitation of Proposition 13, we have to explain that this tax is to pay for a prior voter-approved indebtedness. That is the exception to the 1% limitation in Proposition 13. The proposed resolution recites that there was a state-wide election in 1960 that approved the State Water Project, which envisioned water supply contracts between the State and local agencies. The Kern County Water Agency entered into a contract with the DWR and the District, in turn, entered into two water supply contracts with the Kern County Water Agency for a portion of the KCWA's State Project yield. Therefore, the District's contract obligated the

KCWA and KCWA's contract with the DWR to all prior voter-approved indebtedness and the District can exceed the 1% limitation.

Director Hadley introduced Resolution No. 22-09 and moved for its adoption. Director Hall seconded the motion and Resolution No. 22-09 was adopted with the following roll call vote:

AYES: Cowan, Hadley, Hall, Prel and Schultz
NOES: None
ABSTAIN: None

Item 16. Set Date for Special Board Meeting for Thursday, August 6, 2009 at Golden Hills CSD

President Cowan announced that he would call a Special Meeting, for August 6, 2009 at 6:00 p.m. at the Golden Hills CSD meeting room to present the final Tehachapi Basin Groundwater Model.

Item 18. Tehachapi Basin Watermaster – Consider Approval of Request for Temporary Assignment of Water Rights

The Board reviewed a Request for a Temporary Assignment of Water Rights from the David and Kung Sik Ha to the City of Tehachapi for 99.210 acre feet of base water rights or 66.140 acre feet of allowed pumping allocation for a period of two years. After discussion, Director Schultz made a motion to approve the temporary assignment of water rights. The motion was seconded by Director Prel. The vote was approved with a majority vote:

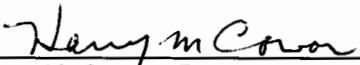
AYES: Cowan, Hadley, Prel and Schultz
NOES: None
ABSTAIN: Hall
ABSENT: None

Item 19. Financial

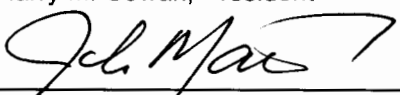
Vouchers #917-962 totaling \$481,686.85 and additional Vouchers #963-978 totaling \$70,759.82 to be paid from Fund 60170; Voucher #16 and 17 totaling \$1,975.00 to be paid from Fund 60186 were reviewed by the Board. After discussion, Director Prel made a motion to approve the bills. The motion was seconded by Director Schultz and unanimously carried.

Item 20. Adjournment

President Cowan entertained a motion that the meeting be adjourned. The motion was made by Director Prel, seconded by Director Hall and unanimously carried.



Harry M. Cowan, President



John Martin, Secretary

**Tehachapi-Cummings
County Water District**

Regular Board Meeting

July 15, 2009

| <u>NAME</u> | <u>AGENCY</u> |
|--------------------|-----------------|
| Jon Curry | COT |
| AL ROMANO | BPCSD |
| BILL FISHER | GHCSD |
| David Aranda | SSCSD |
| Dick Considine | Superior Sod |
| Rick Zappit | BUS CSD |
| Guyon Bowman | - |
| Ed Wyman | Summit Lime Co. |
| Tom Crowell | - |
| David [unclear] | TCCWD |
| Steve [unclear] | Self |
| GLENN S. [unclear] | SSCSD |
| Pat Kelly | TCCWD |
| [unclear] | TCCWD |
| [unclear] | TCCWD |
| [unclear] | TCCWD |
| [unclear] | TCCWD |
| [unclear] | TCCWD |

Note: Signing this document is voluntary. All persons may attend the meeting regardless of whether or not a person signs in.

RESOLUTION NO. 17-09

A RESOLUTION OF THE BOARD OF DIRECTORS OF
TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
ADJUSTING RATES FOR WATER ON ACCOUNT OF STATE
APPROPRIATION OF DISTRICT PROPERTY TAX REVENUES

A. Recitals.

(i) This District has received a letter dated June 16, 2009 from the Kern County Auditor-Controller advising that the State will likely take 8% of general ad valorem real property tax revenues which would otherwise be distributed by law to the Counties and, in turn, to this District, by suspending the provisions of Proposition 1A, adopted by the voters in November 2004, which protect local agencies' property tax revenues from being taken by the State on account of the State's financial problems.

(ii) Consequently, this District stands to lose approximately \$280,000 of its anticipated share of ad valorem tax revenues in fiscal year 2009-10.

(iii) To partially offset such anticipated loss of property tax revenues, which are needed for maintenance and operation of the District's Imported Water Project, it is necessary to impose a surcharge on each and every acre foot of water sold by the District, effective August 1, 2009.

(iv) Pursuant to Article XIII B, Section 6, of the California Constitution, a Notice of Public Hearing was mailed on May 29, 2009 to all owners of parcels of land receiving water, or potentially capable of receiving water, directly from the District, proposing a \$60/AF surcharge and setting July 15, 2009 for a public hearing before the Board of Directors of this District to consider such surcharge and any written protests thereto.

(v) Such public hearing was duly held pursuant to such notice on July 15, 2009, at which owners of less than half of such parcels presented written protests.

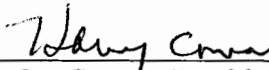
(vi) Pursuant to section 21080(b)(8) of the Public Resources Code and section 15273(c) of the State CEQA Guidelines (14 Cal. Code Regs., § 15273(c)), the District's setting of rates for water to meet operating expenses and to maintain financial reserves is not a "project" requiring review under the California Environmental Quality Act and the aforesaid exemption applies to the proposed surcharge since it is necessary to impose a surcharge to meet operating expenses and maintain an adequate reserve for future maintenance and repairs of the District's Imported Water System.

B. Resolution.

NOW, THEREFORE, BE IT FOUND, DETERMINED, RESOLVED AND ORDAINED by the Board of Directors of Tehachapi-Cummings County Water District as follows:

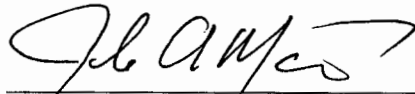
1. Each of the foregoing recitals is true and correct and the Board so finds and determines.
2. When and if the State of California suspends suspends Proposition 1A's property tax protection and thereby reduces this District's normal share of property tax revenues, and until the District is repaid in full, a surcharge of \$60.00/AF shall be added to the base rates for all classes of water sold by the District, as set forth in Resolution No. 14-09.

ADOPTED and APPROVED this 15th day of July, 2009.



Harry M. Cowan, President

ATTEST:



John A. Martin, Secretary

SECRETARY'S CERTIFICATE

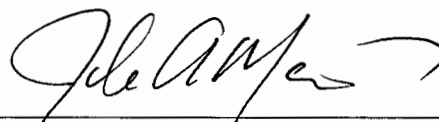
I, JOHN A. MARTIN, Secretary to the Board of Directors of Tehachapi-Cummings County Water District do hereby certify the foregoing Resolution was introduced at a regular meeting of the Board of Directors of said District held on the 15th day of July 2009, by the following vote:

AYES: Cowan, Hall & Schultz

NOES: Hadley and Prel

ABSTAIN: None

ATTEST:



John A. Martin, Secretary
to the Board of Directors

HARRY M. COWAN
DAVID HADLEY
JONATHAN HALL
JEAN PREL
ROBERT R. SCHULTZ

OFFICERS:
HARRY M. COWAN, PRESIDENT
ROBERT R. SCHULTZ, VICE PRESIDENT
GLENN H. MUELLER
SECRETARY-
GENERAL MANAGER

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT

22901 BANDUCCI RD.
POST OFFICE BOX 326
TEHACHAPI, CALIFORNIA 93561
(661) 822-5504 - (661) 325-3733 - FAX (661) 822-5122
E-MAIL: tccwd@tccwd.com

DECLARATION OF POSTING NOTICE

I, JOHN R. OTTO, state and declare as follows:

I am currently and have at all times herein mentioned been Assistant Manager of the Tehachapi-Cummings County Water District.

On May 29, 2009, I deposited into the United States mail, first class postage prepaid, the Notice of Public Hearing Concerning the adoption of a resolution imposing a State appropriations surcharge, dated May 29, 2009, attached hereto as Exhibit A, addressed to property owners whose names and addresses are listed in Exhibit B attached hereto.

I declare under the penalty of perjury that the foregoing is true and correct.



John R. Otto
Assistant Manager

Dated: May 29, 2009

DIRECTORS:
HARRY M. COWAN
DAVID HADLEY
JONATHAN HALL
JEAN PREL
ROBERT R. SCHULTZ

OFFICERS:
HARRY M. COWAN, PRESIDENT
ROBERT R. SCHULTZ, VICE PRESIDENT
JOHN A. MARTIN
SECRETARY-
GENERAL MANAGER

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT

22901 BANDUCCI RD.
POST OFFICE BOX 326
TEHACHAPI, CALIFORNIA 93561
(661) 822-5504 - (661) 325-3733 - FAX (661) 822-5122
E-MAIL: tccwd@tccwd.com

NOTICE OF PUBLIC HEARING CONCERNING INCREASING WATER RATES

PLEASE TAKE NOTICE that on July 15, 2009 at 4:00 p.m. at the office of Tehachapi-Cummings County Water District (the "District"), located at 22901 Banducci Road, Tehachapi, California; the District's Board of Directors will hold a public hearing at which time the Board will receive oral or written comments and will consider written protests filed before the close of the hearing concerning the proposed adoption of a resolution imposing a State appropriations surcharge of \$60.00 per acre foot for water sold by the District, effective August 1, 2009.

The surcharge is required because the State is appropriating 8% of the District's property tax revenue, amounting to approximately \$300,000, beginning July 1, 2009. This surcharge will remain in effect until the State appropriations end.

The procedural requirements of Proposition 218 require the District to provide notice of the proposed rate adjustment to all owners of real property who will be affected by the proposed adjustment. The District has elected to send notice to not only its existing agricultural water customers but also to all owners of land within the District's service area who potentially could connect to the District's transmission facilities and receive direct water service from the District. Record owners of land receiving direct water service or capable of receiving direct water service from the District or a tenant who is a "water user," as defined in Section 8 of District Resolution No. 15-76, may file a written protest against the proposed rate adjustments before close of the public hearing. As provided in Government Code section 53755(b), one written protest per parcel, filed by an owner or tenant water user, shall be calculated in considering whether a majority protest exists. The enclosed protest form must be properly completed for each parcel, including listing the Assessor's Parcel Number, and must be signed by the record owner or tenant water user. The Assessor's Parcel Numbers of the parcels you own, based on the current Kern County Assessor's Roll, appear on your address label of the envelope containing this notice. Upon conclusion of the hearing, the Secretary of the Board will determine the validity of filed protests and tabulate valid protests. The Secretary will use the current Kern County Assessor's Roll to verify that a protest is signed by the current record owner and that correct Assessor Parcel Number or Numbers are listed, however, if you have acquired your parcel or parcels recently and the change of

ownership has not yet been reflected in the Roll, you must attach to your protest a copy of the recorded deed by which you took title.

Written protests may be presented at the hearing, delivered to the District office or mailed to the District at P.O. Box 326, Tehachapi, CA 93561, but they must be received by the District before the close of the hearing to be considered.

If you have questions or require additional information, please contact John Otto or John Martin at the above address or telephone number.

Dated: May 29, 2009

Tehachapi-Cummings County Water District

By 

John Martin, General Manager/Secretary

PROTEST

I _____, protest the Tehachapi-
(Print Landowner's or Tenant Water User's Name)

Cummings County Water District's proposed State appropriations surcharge set forth in the Notice of Public Hearing dated May 29, 2009.

Assessor's Parcel Number: _____

(Signature)

If you wish this protest to be considered, it must be received by the District before close of the hearing to be held at 4:00 p.m. on July 15, 2009 at the District's Office, 22901 Banducci Road, Tehachapi, California.

2009 PROP 218 PARCELS

| NO. | APN | NAME OF OWNER | BILLING NAME | ADDRESS | CITY | ST | ZIP | ACRE |
|-----|--------------|--------------------------------------|---------------------------------------|-----------------------------------|-----------------|----|-------|--------|
| 1 | 223-052-02-8 | MELENDEZ FAMILY TR | MELENDEZ, J C & HELEN A TRS | 1822 WESTRIDGE RD | LOS ANGELES | CA | 90049 | 161.92 |
| 2 | 223-052-05-1 | MUNCHOW, OTTO B GEORGE ET AL | BARRETT, L G | PO BOX 100 | TEHACHAPI | CA | 93581 | 82.95 |
| 3 | 223-052-09-3 | CLEARVISTA RANCH LLC | | 19234 CALIFA DT | TARZANA | CA | 91356 | 199.15 |
| 4 | 223-052-11-9 | CLEARVISTA RANCH LLC | | 19234 CALIFA ST | TARZANA | CA | 91356 | 20.99 |
| 5 | 223-052-12-7 | GE WIND ENERGY LLC | | 13000 JAMESON RD | TEHACHAPI | CA | 93561 | 17.88 |
| 6 | 223-052-13-5 | THEIMER, THOMAS W & VICTORIA | | 11215 HICKORY ST | HESPERIA | CA | 92345 | 20.12 |
| 7 | 223-052-14-3 | ROWAN, JOHN E & PEGGY S | | 19134 TEHACHAPI WILLOW SPRINGS RD | TEHACHAPI | CA | 93561 | 21.06 |
| 8 | 223-052-15-0 | BRUST, JOEL | | P O BOX 640 | TEHACHAPI | CA | 93581 | 37.52 |
| 9 | 223-052-19-2 | MUNCHOW, OTTO B GEORGE ET AL | LE BARRETT | P O BOX 100 | TEHACHAPI | CA | 93581 | 48.30 |
| 10 | 223-052-20-0 | STOCKDALE INV GROUP INC | ARB INC | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 150.98 |
| 11 | 223-052-21-8 | STOCKDALE INV GROUP INC | ARB INC | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 162.64 |
| 12 | 223-052-23-4 | STOCKDALE INV GROUP INC | ARB INC | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 128.03 |
| 13 | 223-052-28-3 | KIM, KOOK TAE | | 26530 BROOKS RANCH CIR | STEVENSON RANCH | CA | 91381 | 25.81 |
| 14 | 223-052-29-1 | KIM, CHOUNG DOUK | | 6074 LAKEVIEW CIR | SAN RAMON | CA | 94582 | 25.85 |
| 15 | 223-052-30-9 | SHIN, THOMAS S TR | | 1941 MANGRUM CT | LA HABRA | CA | 90631 | 25.75 |
| 16 | 223-052-32-5 | RO, YOUNG ZA | | 2351 LANE RD | COLUMBUS | OH | 43220 | 25.82 |
| 17 | 223-052-33-3 | RO, YOUNG ZA | | 2351 LANE RD | COLUMBUS | OH | 43220 | 25.66 |
| 18 | 223-190-28-1 | MENDEZ, FRANK C & ISABEL P | | 20701 JEFFERY RD | TEHACHAPI | CA | 93561 | 4.79 |
| 19 | 223-360-13-2 | NEW MILLENNIUM FAMILY L P | | 229-3RD ST | MARYSVILLE | CA | 95901 | 19.46 |
| 20 | 223-451-07-1 | B & L FAMILY TRUST | STENDER, ROBERT & PRESSBURG LINDA TRS | PO BOX 1911-44 | TEHACHAPI | CA | 93581 | 4.73 |
| 21 | 223-451-16-2 | FRANKS, JOHN R & CHERIE R TR | FRANKS, JOHN R & CHERIE R TRS | 20144 GOLDEN HILLS BLVD | TEHACHAPI | CA | 93561 | 3.40 |
| 22 | 223-451-17-0 | WERNER, MAUREEN T | | 20126 GOLDEN HILLS BLVD | TEHACHAPI | CA | 93561 | 2.41 |
| 23 | 223-452-03-8 | GABLE, PAUL H JR & CATHERINE TR | | 20401 TUCKER ROAD #G-218 | TEHACHAPI | CA | 93561 | 17.32 |
| 24 | 223-500-01-8 | SCHMIDT, DONNA RAE | | 21576 STACEY LN | TEHACHAPI | CA | 93561 | 19.90 |
| 25 | 223-500-08-3 | ARDESHIRI, MOHAMAD R & GRACE | | 2543 PALOS VERDES DR | ROLLING HILLS | CA | 90274 | 20.40 |
| 26 | 223-500-12-5 | CHUNG, JAMES K & KATHERINE S | | 18326 CHARLTON LN | NORTHBRIDGE | CA | 91326 | 21.07 |
| 27 | 223-500-14-1 | PARK, HONG SOON & PEGGY L | | 208 COYATTE CT | LOUDON | TN | 37774 | 20.45 |
| 28 | 223-500-15-8 | CHU, JEAN HYUNG YUL | | 357 VERMONT AVE | BERKELEY | CA | 94707 | 20.49 |
| 29 | 223-500-16-6 | DIETEL FAMILY TR | DIETEL, GERHARD H & URSULA TRS | 6466 SMOKETREE AVE | OAK PARK | CA | 91377 | 20.75 |
| 30 | 223-500-21-6 | JAMES, THOMAS JR | | 1334 E CHANDLER BLVD STE 5 | PHOENIX | AZ | 85048 | 19.90 |
| 31 | 223-500-22-4 | WILLIAMSON, CHARLES S & SALLY REV TR | | 3300 S COULTER STREET UNIT 3 | AMARILLO | TX | 79106 | 20.31 |
| 32 | 223-500-24-0 | ROBBY, CLARKE A & HILDA A | | P O BOX 1606 | ROMOLAND | CA | 92585 | 20.44 |
| 33 | 223-500-25-7 | ROCK CREEK RANCH LLC | | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 18.82 |
| 34 | 223-500-26-5 | ROCK CREEK RANCH LLC | | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 19.99 |
| 35 | 223-500-27-3 | ROCK CREEK RANCH LLC | | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 18.87 |
| 36 | 223-500-29-9 | TEXAS LONGHORN EQUITIES CORP II | | 5300 ORANGE AVE #112 | CYPRESS | CA | 90630 | 20.59 |

2009 PROP 218 PARCELS

| NO. | APN | NAME OF OWNER | BILLING NAME | ADDRESS | CITY | ST | ZIP | ACRE |
|-----|--------------|--|-----------------------------|-------------------------|-----------------|----|-------|-------|
| 37 | 223-510-06-6 | KUBICEK, MARIANNE H | | 6400 VIA COLINITA | RNCH PAL VERDES | CA | 90274 | 19.47 |
| 38 | 223-510-08-2 | KUBICEK, MARIANNE H | | 6400 VIA COLINITA | RNCH PAL VERDES | CA | 90274 | 19.64 |
| 39 | 223-510-10-8 | KUBICEK, MARIANNE H | | 6400 VIA COLINITA | RNCH PAL VERDES | CA | 90274 | 20.21 |
| 40 | 223-510-12-4 | KUBICEK, MARIANNE H | | 6400 VIA COLINITA | RNCH PAL VERDES | CA | 90274 | 20.04 |
| 41 | 223-510-13-2 | KUBICEK, MARIANNE H | | 6400 VIA COLINITA | RNCH PAL VERDES | CA | 90274 | 20.16 |
| 42 | 223-510-14-0 | ROCK CREEK RANCH LLC | | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 18.87 |
| 43 | 223-510-15-7 | ROCK CREEK RANCH LLC | | 26000 COMMERCENTRE DR | LAKE FOREST | CA | 92630 | 19.21 |
| 44 | 223-510-17-3 | HILAND, GERALD DEE | | 3214 TOURNAMENT DR | PALMDALE | CA | 93551 | 18.70 |
| 45 | 223-510-18-1 | DI ROMA, MICHAEL | | P O BOX 41616 | SACRAMENTO | CA | 95841 | 9.81 |
| 46 | 223-510-19-9 | SMOTRICH, MARVIN L TR ET AL | | 310 HILGARD AVE | LOS ANGELES | CA | 90024 | 9.12 |
| 47 | 223-510-20-7 | DI ROMA, MICHAEL | | P O BOX 41616 | SACRAMENTO | CA | 95841 | 9.12 |
| 48 | 223-510-21-5 | SMOTRICH, MARVIN L TR ET AL | | 310 HILGARD AVE | LOS ANGELES | CA | 95841 | 9.60 |
| 49 | 223-510-49-6 | DINALLO, RINO & BEATRIZ | | 11256 ERWIN ST | N HOLLYWOOD | CA | 90024 | 9.66 |
| 50 | 223-510-53-8 | SALDANA, RAUDEL & GEMA | | 426 FIRKROFT | WEST COVINA | CA | 91791 | 5.18 |
| 51 | 223-510-54-6 | SALDANA, FRANCISCO C & FELICITAS S | | 18502 LINDA CIR | CERRITOS | CA | 90703 | 5.24 |
| 52 | 223-510-55-3 | CROWELL FMLY TR | | PO BOX 304 | TEHACHAPI | CA | 93581 | 4.64 |
| 53 | 223-510-56-1 | LESTER, MICHAEL W | | 15146 WADE AVE | TEHACHAPI | CA | 93581 | 5.31 |
| 54 | 224-320-12-7 | WESTERN WIND ENERGY CORP | BRUST, JOEL | 785 TUCKER ROAD STE G | TEHACHAPI | CA | 93581 | 5.19 |
| 55 | 224-320-14-3 | WESTERN WIND ENERGY CORP | BRUST, JOEL | 785 TUCKER ROAD STE G | TEHACHAPI | CA | 93581 | 59.15 |
| 56 | 224-320-16-8 | WESTERN WIND ENERGY CORP | BRUST, JOEL | 785 TUCKER ROAD STE G | TEHACHAPI | CA | 93581 | 2.66 |
| 57 | 224-320-19-2 | WESTERN WIND ENERGY CORP | BRUST, JOEL | 785 TUCKER ROAD STE G | TEHACHAPI | CA | 93581 | 91.82 |
| 58 | 237-294-01-2 | RUSTON, THOMAS W | DARLING, JERJ B | 5047 LEDGE AVE | TEHACHAPI | CA | 93581 | 5.71 |
| 59 | 237-294-02-0 | HOOD, JOHN & SANDRA TRUST | HOOD, JOHN A & SANDRA J TRS | 28906 BURLESON ST | NORTH HOLLYWOOD | CA | 91601 | 9.24 |
| 60 | 237-294-03-8 | HOOD, JOHN & SANDRA TRUST | HOOD, JOHN A & SANDRA K TRS | 28906 BURLESON ST | AGOURA HILLS | CA | 91301 | 9.49 |
| 61 | 237-294-04-6 | SILVER FAMILY TR-B | | 17337 SEPTO ST | AGOURA | CA | 91301 | 9.82 |
| 62 | 237-294-05-3 | KEMP, NIKKI S & HOPKINS, SHERYL A | | 213 "T" W ST | NORTHIDGE | CA | 91325 | 9.53 |
| 63 | 237-294-26-9 | SCHIAPPI, ERNEST H | | 3332 BRITTANY LN | TEHACHAPI | CA | 93561 | 20.33 |
| 64 | 237-296-02-5 | BAGLIONI, BROOKE WISER TR | | 707 MAC CADDEN PLAZA PL | LANCASTER | CA | 93536 | 37.89 |
| 65 | 237-296-16-5 | DUNN, JAMES & MARY T | ROY, DONNA SUCC TRS | 5706 FACULTY AVE | LOS ANGELES | CA | 90038 | 39.67 |
| 66 | 237-296-18-1 | GIPE, PAUL B | | 606 HILLCREST DR | LAKEWOOD | CA | 90712 | 10.10 |
| 67 | 376-011-07-8 | ROGERS FAMILY CUMMINGS VALLEY LLC | ROGERS, RICHARD B | | BAKERSFIELD | CA | 93305 | 25.66 |
| 68 | 376-011-08-6 | ROGERS FAMILY CUMMINGS VALLEY LLC | ROGERS, RICHARD B | 315 W HUENEME RD | CAMARILLO | CA | 93012 | 19.91 |
| 69 | 376-011-09-4 | ROGERS FAMILY CUMMINGS VALLEY LLC | ROGERS, RICHARD B | 315 W HUENEME RD | CAMARILLO | CA | 93012 | 20.09 |
| 70 | 376-011-10-2 | ROGERS FAMILY CUMMINGS VALLEY LLC | ROGERS, RICHARD B | 315 W HUENEME RD | CAMARILLO | CA | 93012 | 20.78 |
| 71 | 376-012-01-9 | CUMMINGS, ROBERT A & SHIRLEY J REV TRUST | CUMMING CHRISTOPHER C TRS | 520 PAULEY ST | CAMARILLO | CA | 93012 | 18.96 |
| 72 | 376-012-02-7 | CUMMINGS, ROBERT A & SHIRLEY J REV TRUST | CUMMING CHRISTOPHER C TRS | 520 PAULEY ST | TEHACHAPI | CA | 93581 | 21.36 |

2009 PROP 218 PARCELS

| NO. | APN | NAME OF OWNER | BILLING NAME | ADDRESS | CITY | ST | ZIP | ACRE |
|-----|--------------|--|---------------------------------|--------------------------|------------------|----|-------|--------|
| 73 | 376-012-03-5 | CUMMINGS, ROBERT A & SHIRLEY J REV TRUST | CUMMING CHRISTOPHER C TRS | 520 PAULEY ST | TEHACHAPI | CA | 93581 | 21.25 |
| 74 | 376-012-04-3 | CUMMINGS, ROBERT A & SHIRLEY J REV TRUST | CUMMING CHRISTOPHER C TRS | 520 PAULEY ST | TEHACHAPI | CA | 93581 | 20.44 |
| 75 | 376-014-01-5 | PREL, JEAN A | | 27501 BANDUCCI RD | TEHACHAPI | CA | 93561 | 327.09 |
| 76 | 376-170-08-0 | PETRACCHIONE, VINCENT | | 23270 CUMMINGS VALLEY RD | TEHACHAPI | CA | 93561 | 20.62 |
| 77 | 376-170-09-8 | DE LEON, RAFAEL M | | 23216 CUMMINGS VALLEY RD | TEHACHAPI | CA | 93561 | 20.20 |
| 78 | 376-170-12-2 | WALBRIDGE, ALAN & DOROTHY | | 234 CANADA LARGA | VENTURA | CA | 90031 | 20.46 |
| 79 | 376-170-13-0 | WALBRIDGE-ALLISON | | 234 CANADA LARGA RD | VENTURA | CA | 90031 | 20.50 |
| 80 | 377-020-06-0 | DEVERA, REYDANTE | | 1581 WALDRAN AVE | LOS ANGELES | CA | 90044 | 82.15 |
| 81 | 377-020-09-4 | BRITE MEADOWS INC | | 19670 EASY ST | TEHACHAPI | CA | 93561 | 58.81 |
| 82 | 377-020-10-2 | OWENS, KELCY & MARJORIE M TR | OWENS, KELCY & MARJORIE TRS | 517 OAKWOOD CT | TEHACHAPI | CA | 93561 | 8.28 |
| 83 | 377-040-04-3 | BEGLEY, DONNA L | | 21916 HWY 202 | TEHACHAPI | CA | 93561 | 1.51 |
| 84 | 377-040-21-7 | KILMER FAMILY TRUST | KILMER, BONNIE J TRS | PO BOX 1775 | TEHACHAPI | CA | 93581 | 1.55 |
| 85 | 377-040-31-6 | MORENO, MARTINA | | 21888 HIGHWAY 202 | TEHACHAPI | CA | 93561 | 1.26 |
| 86 | 377-051-01-6 | MORGAN, JAMES & JANICE | | 21850 HWY 202 | TEHACHAPI | CA | 93561 | 3.11 |
| 87 | 377-051-02-4 | COBB, VIVIAN K | | 471 SUMMERFIELD CIR | ANAHEIM | CA | 92802 | 1.39 |
| 88 | 377-051-03-2 | JULIAN PMLY TR | JULIAN, RICHARD D & WANDAL TRS | 208 BRENTWOOD DR | TEHACHAPI | CA | 93561 | 1.24 |
| 89 | 377-051-04-0 | SEAMAN, PATRICIA LIV TR | | 129 E "D" ST | TEHACHAPI | CA | 93561 | 1.24 |
| 90 | 377-051-05-7 | CARROLL, MICHAEL J & JULIE ANN | | 21722 HWY 202 | TEHACHAPI | CA | 93561 | 1.26 |
| 91 | 377-051-06-5 | CALANCHINI, VICTOR M & JOPHA | | 21694 HWY 202 | TEHACHAPI | CA | 93561 | 5.43 |
| 92 | 377-130-03-4 | BONIFACIO, NESTOR B | J B LAND DEV | 202 ALTA VISTADR | SO SN FRANCISCO | CA | 94070 | 39.38 |
| 93 | 377-130-14-1 | BANDY, GERALD E & EILEEN M | | 21254 HIGHWAY 202 | TEHACHAPI | CA | 93561 | 5.09 |
| 94 | 377-182-01-9 | TUFFLI CO INC | | 2780 SKYPARK DR STE 240 | TORRANCE | FL | 90505 | 142.19 |
| 95 | 377-250-12-1 | LARKIN, DEANE & VALERIE | | 20607 NEELY AVE | TEHACHAPI | CA | 93561 | 2.49 |
| 96 | 377-250-25-3 | ARNOLD, RICHARD W & KANANAN | | 1760 WOLVERTON | CAMARILLO | CA | 93010 | 2.56 |
| 97 | 377-250-32-9 | LARKIN, DEANE & VALERIE | | 20607 NEELY AVE | TEHACHAPI | CA | 93561 | 3.89 |
| 98 | 417-011-05-3 | ARDESHIRI MOHAMAD REZA & GRACE Y | | 2543 PALOS VERDES DR | ROLLING HILLS ES | CA | 90274 | 42.28 |
| 99 | 417-012-37-4 | PARKSIDE ESTATES LLC | | 19234 CALIFA ST | TARZANA | CA | 91356 | 59.33 |
| 100 | 417-050-01-1 | KOLESAR TRUST | KOLESAR, JOHN J & JANET B TRS | 2731 SECURE PL | LANCASTER | CA | 93536 | 7.54 |
| 101 | 417-050-07-7 | REILLY, BEVERLY | | 460 TUTTLE CREEK RD | LONE PINE | CA | 93544 | 2.52 |
| 102 | 417-050-09-3 | PARKER FAMILY TRUST | PARKER, EDWARD A & JUDITH L TRS | 18585 HIGHLINE RD | TEHACHAPI | CA | 93561 | 2.36 |
| 103 | 417-050-10-1 | HECHT, RODGER & SUSAN | | 18641 HIGHLINE RD | TEHACHAPI | CA | 93561 | 2.40 |
| 104 | 417-050-11-9 | CLOTHIER, WILLIAM L & TWILA J | | P O BOX 159 | TEHACHAPI | CA | 93561 | 2.62 |
| 105 | 448-040-10-5 | BORRELL, MERCEDES | | 19724 MESA DR | TEHACHAPI | CA | 93561 | 20.95 |
| 106 | 448-051-03-7 | RODRIGUEZ, NABOR & MARIA ET AL | | 12860 YORBA AVE | CHINO | CA | 91710 | 19.32 |
| 107 | 448-051-04-5 | BRUST, JOEL | | P O BOX 640 | TEHACHAPI | CA | 93581 | 19.14 |
| 108 | 448-051-05-2 | GRAMAJO, CAMILO | | 20654 SASIA RD | TEHACHAPI | CA | 93561 | 19.00 |

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT SPECIAL MEETING OF THE BOARD OF DIRECTORS

July 29, 2009

1:00 P.M.

22901 Banducci Road

Item 1. **Call to Order and Roll Call**

Cowan, Hadley, Hall, Prel and Schultz

Others in Attendance: John Martin, Steve Minton, John Otto and Lori Bunn. For additional attendees, see attached list

Item 2. **Comments by Any Party on Items of Interest to the Public and Within the Subject Matter Jurisdiction of the Legislative Body**

The General Manager said the District received an invitation to the City of Tehachapi's 100th Anniversary Celebration on August 13, 2009 at 6:00 p.m. if anyone is interested in attending.

Also noted by the General Manager, the Governor signed the State budget and it did include the suspension of Proposition 1A. They will be taking the property taxes from the local agencies, so effective August 1; the surcharge will go into effect.

Item 3. **Strategic Planning/Long-Term Financial Planning**

The General Manager reviewed his report regarding the benefits of a strategic planning/long-term financial planning session with the Board. He suggested that if the Board wants to have a session for strategic planning, a date should be set for it and the Board should hire a facilitator to conduct the meeting. He said the facilitator would be needed for the first time, but the second session could be done without one. He said it is important to have a disinterested third party to conduct the meeting.

He then reviewed a list of questions that he felt the Board should consider. These questions were provided in the staff report for the Board to review. The General Manager said that it will cost approximately \$2,000 to hire someone as the facilitator.

The General Manager asked David Aranda, Stallion Springs CSD, for his comments in this regard. Mr. Aranda said he felt the strategic planning sessions were very important. He said if the Board decides to go forward with this they may want to pick a couple of dates, because sometimes facilitators are not available on the first date that is chosen. He also said he has a couple of names to suggest.

Jodie Love, employee of TCCWD, asked what the purpose of this planning session would be, because the District already has a mission statement. The General Manager responded that the District does have a mission statement, which would be the beginning of the discussion. The Board needs to layout what the goals of the District are and set some measurable, achievable objectives for the next year and possibly long-term. This allows the Board to measure the General Manager's performance and it is a way for the District to ensure that we go forward and accomplish the goals the Board sets.

The General Manager, John Martin, asked the Board if they wanted to have a strategic planning session and hire a facilitator to conduct the session.

Director Hall asked David Aranda if Stallion Springs CSD got their monies worth out of hiring a facilitator. David Aranda offered comments on the benefits of having the strategic planning session.

Some discussion took place at this time on the cost of hiring a facilitator in light of the budget situation.

Director Hall said he felt it was a good idea to have a strategic planning session and hire a facilitator.

President Cowan said it is important to get the directors to state their opinions, but he wasn't sure about the expense of \$2,000.

Director Hadley said that it sounds like a brain storming session. He also said he has never dealt with a facilitator so he does not see the benefit of doing that. He added that the Board is here talking about money and this is a \$2,000 expense. He asked if the District could do this without a facilitator.

John Martin suggested that it might be possible to get a volunteer from the community to do this.

Director Hadley said that it is only \$2,000, but the Board is meeting here today to consider peoples jobs and lives and now we are considering the expense of \$2,000 to have someone come in to brainstorm. He added that he really does not understand it well enough to say yes or no.

Director Hall asked when the District had a solid review of its priorities.

Director Schultz said that he has been a member of the Board for a number of years and there has not been an open discussion of this type. We generally followed agendas or suggestions of staff, management or Board members; but he has never been a participant in an overall discussion of policies, goals and objectives. He said he has been involved with a meeting with a facilitator and it was beneficial. He said it would be a positive move. He questioned whether the cost benefit was there and added that it probably is.

Director Prel said he has never dealt with a facilitator, but we have a manager that should be able to conduct this type of meeting.

Discussion continued on this matter at this time. After discussion was complete, Director Prel made a motion not to spend the money. This motion died for lack of a second.

Discussion continued and Director Hall made a motion that the District hire a facilitator in accordance with Staff's suggestion at the cost of \$2,000. The motion was seconded by Director Schultz. Failing to get a majority vote, this motion also died.

The General Manager suggested that a strategic planning session could be held without a facilitator. He said that it may be possible to get someone to volunteer to help out.

Item 4. Personnel Committee Report and Adjustment of Employees' Salaries

John Martin said his recommendation was a 5% pay decrease across the board and staff is of the opinion that there are other ways to save money and balance the budget without cutting salaries.

John Otto read the letter that was prepared on behalf of the District's personnel to the Board. This report and a packet of information were distributed to the Board and the details of the report were reviewed by John Otto. The most important suggestion that staff recommended was to change the SWP pumping operations.

President Cowan asked about getting caught up on the recharge in Cummings Basin. Alex Steele explained the District's recharge operations and the plan to catch up the recharge in Cummings Basin. John Martin added that if we catch up at the rate of 460 additional acre feet this year, it will catch up over a three year period.

The natural gas orders were reviewed with the Board. John Otto explained that the District could save \$381,810.00 by changing to a two-engine system for August, September and October.

John Otto also reviewed the possible ways to benefit from the District's surplus water, including a three party agreement, multi-year sales agreement, selling surplus water to the KCWA settlement pool; or carrying the water over into next year.

John Martin reviewed these options. He said if the District uses the one year arrangement, it has to go to the settlement pool and will be sold at a loss. Also, if the water is sold through the settlement pool, it will only give the District a credit on the invoice for the State Water Payment. It would not provide any additional operating revenue. If an agreement can be reached with I.D. 4, it will make the District whole. We are trying to get this agreement in place for next year. He said we can also carryover 1,933 acre feet of water and store it in Bakersfield or pump it up and store it in the groundwater basins here.

John Otto reviewed his projections for the actual tax revenue received by the District.

John Otto thanked the Board for their time.

Director Schultz asked how much gas the District has committed for and asked if we have committed for more gas than we are going to actually use?

John Martin explained that we have enough natural gas to pump 5,700 acre feet of water. We sold back one third for August, September and October. We lost less than \$4,000 by selling the gas back.

John Martin said he appreciated everyone's input and said he would like to see things work well. He said his recommendation to the Board was not his first choice and if the Board does not want to do this, we will find a way to make ends meet.

Director Hall had some questions on the presentation and he shared some comments on the economy. He asked how the sale of surplus water would affect the General Fund. John Martin explained that if the water was sold to the settlement pool, it would only benefit the tax payers;

but if a multi-year agreement could be structured, it would increase revenue to the General Fund.

Director Schultz asked how these proposals on managing the reservoir and the changes in the financial picture will impact the budget. John Martin said that the budget is based on \$5 gas and 8,000 acre feet of imported water. If we only import 6,000 acre feet that is a drastic reduction in fuel expense. If the economy stays soft and the farmers don't take the water, we need to revisit that. It will reduce the expenditure side of the budget a lot.

Alex Steele said that we need to think about letting the farmers know earlier next year so they will be able to commit their ground for farming. Next year, they will probably have everything in place if the State will let us know what our allocation will be early enough.

John Otto said the high agricultural rate will prevent the farmers from operating.

Steve Minton said that we need to make a better effort at communicating with each other and with the farmers next year.

A return flow chart was passed out to the Board and the General Manager asked for some direction from the Board on the use of return flow. John Otto said that in the past, it has been management's direction to take care of the budget with return flow and offset the costs with that water. Some discussion took place on this matter, and John Martin said it could be continued in the strategic planning session.

Director Schultz asked to see how this would all look incorporated into the budget. John Martin said he can put a pencil to that for the next meeting.

Discussion took place on the estimated tax revenue. John Otto said that the budget needs to be done on the projected value and the appreciation going forward. John Martin said that was incorrect. John Otto said we have always done it that way and it has always worked. Alex Steele agreed and said it has always been right.

Jodie Love asked how this has been done wrong for 45 years and no one has ever caught it. She said she does not understand how the founding fathers have done everything wrong, President Cowan agreed.

Jodie Love said again, she does not understand how the founding fathers have done everything wrong, the attorneys and board members have missed it and all of a sudden it has been found.

President Cowan agreed. He said he did not understand how so many things that have been done were wrong, the attorneys get our minutes every month, how does this happen?

Lori Bunn commented on the tax revenue. She said the tax revenue estimates have been right on for the last 21 years. They have not been low or high, they have been right on. She suggested that a comparison be done on what was estimated and what was actually received.

John Martin said that would be a good idea.

Alex Steele suggested the original attorneys should be contacted to find out why some of these things were done the way they were.

Director Hadley asked if we are going to reduce the pumping, costs and maintenance, then can we reduce the employees?

Alex Steele said that we are not reducing the pumping; it is just that management chose to pump everything up this year, but the numbers don't work and the room does not work. We tried to do more this year than what we do every year. The maintenance is the same, we just tried to pump more this year.

Director Hall said in defense of Mr. Martin, the resources are thinner this year. If the resources were as strong as they normally were, for example, getting our allocation on time so the farmers could take our water and the expiration of the long-term sales contract. A lot of bad things happened and his instinct to get the water up here while the gas is cheap is right on. He added that the plan to pump less water, draw down and turn our water into cash is what we are going to have to do.

Steve Minton said there may be a slight reduction in the maintenance and operations costs, but there will still be a lot of work to do to keep the engines running. He added that we cannot keep the system operating with reduced staff.

Director Hadley said he is not saying we should lay anyone off, but if we are not going to pump and we are reducing costs and reducing maintenance; then there isn't enough work for all the mechanics.

Steve Minton said there are going to be some changes in the future with the demographics and the farming industry, and it will have to be addressed as we go. He said he didn't know what was going to happen, but he knew where we stand right now. There is plenty of work to do. President Cowan said as the equipment gets older, it takes more maintenance to keep it operating.

President Cowan said to take this type of action to appease others is not right.

John Martin asked if the Board wanted to take any action at this time in regard to the strategic planning session and started reviewing some of the items listed in Item 1 of the agenda.

Discussion took place on the employee benefits that were being paid on behalf of the employees.

John Otto reminded the General Manager of the concessions that the employees have made. He said that the employees have given up their scheduled overtime.

Alex Steele said that the mechanics are now cross-training on the pipeline duties so that they can cover the pipeline crew and save the expense of paying a pipeline crew member.

Director Schultz made comments about the salary increases over the last 20 years. He referred to the Urban Wage Earners and said he was concerned because of the years that no increases were given, but after he reviewed the Urban Wage Earners, he said the District has been keeping pace.

Discussion took place at this time regarding salary increases. John Martin asked the Board how the salary increases should be determined. President Cowan said that they would decide if

there was enough money in the budget to give cost of living increases, then they would look at the cost of living percentages from different areas and would meet in the middle.

President Cowan said we need to decide what we need to do.

Chris Clenard asked how the Board can make a decision on salary cuts when the Board is planning to meet a facilitator.

President Cowan explained that the meeting with the facilitator is for long range planning.

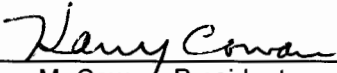
Director Hall asked each Director if they were pushing for pay cuts.

Director Schultz said he would like to see the budget revised before a decision is made.

Director Schultz made a motion for this item to be tabled pending seeing the revised figures in the budget at the next regular meeting. The motion was seconded by Director Prel and unanimously carried.

Item 5. **Adjournment**

President Cowan made a motion that the meeting be adjourned. The motion was made by Director Prel, seconded by Director Schultz and unanimously carried.



Harry M. Cowan, President



John Martin, Secretary

