RESOLUTION NO. 10-26

A RESOLUTION OF THE BOARD OF DIRECTORS OF TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT DETERMINING THE MINIMUM AMOUNT REQUIRED TO BE RAISED BY TAXES TO MAKE PAYMENTS DUE UNDER WATER SUPPLY CONTRACTS WITH THE KERN COUNTY WATER AGENCY FOR FISCAL YEAR 2026-27 AND FIXING THE TAX RATE FOR SUCH PURPOSE

A. Recitals.

1. The voters of the State of California on November 8, 1960, approved the Burns-Porter Act (Wat. Code, §§ 12930-12944) pursuant to which the State Department of Water Resources ("DWR") was authorized, among other things, to enter into long-term contracts for the sale and delivery of State Water Project ("SWP") water to local Agencies.

2. Pursuant to the Burns-Porter Act, DWR entered into a Water Supply Contract with the Kern County Water Agency ("KCWA") dated November 15, 1963, whereby KCWA obtained a long-term supply of SWP water for its Member Units, including this District (the "Master Contract").

3. As contemplated in the Master Contract, this District and KCWA entered into two Water Supply Contracts dated December 15, 1966, pursuant to which the District acquired a long-term supply of SWP water for agricultural purposes and municipal and industrial purposes (the "District's Water Supply Contracts").

4. Since the Master Contract and the District's Water Supply Contracts were authorized and anticipated under the Burns-Porter Act and the Burns-Porter Act was approved by the voters of the State, the obligations of the District thereunder are prior voter-approved indebtedness and, thus, exempt from the limitation set forth in subdivision (a) of section 1 of Article XIIIA of the California Constitution.

5. The District's Water Supply Contracts obligate the District to use all powers and resources available to it under the law to collect the funds necessary to pay its obligations to KCWA under such contracts, including levying of ad valorem taxes, a power available to the District under the County Water District Law (Wat. Code, § 31701-31709).

6. Pursuant to the budget adopted by the Board for fiscal year 2026-2027, there will be insufficient revenue from the District's share of the 1% general ad valorem tax levy, water sales, and all other income to meet the District's obligations to KCWA under the District's Water Supply Contracts and it is necessary, therefore, to levy ad valorem taxes in order for the District to meet its contractual obligations to KCWA under the District's Water Supply Contracts in fiscal year 2026-2027.

7. The water rates currently set by the District for agricultural water and for municipal and industrial water are the highest of any Member Unit of KCWA and it is not feasible at this time to raise water rates any higher; to do so could severely curtail District water sales and revenue, adversely impact the local economy, and encourage over-extraction of groundwater in excess of the basin's safe annual yield.

8. Having considered all anticipated District revenues, including water tolls and the District's property tax allocation, against all District expenses in fiscal year 2026-2027, it is necessary to levy an ad valorem tax to meet all of the District's contractual obligations to KCWA in fiscal year 2026-2027, no other sources of District revenue being available for that purpose.

B. Resolutions.

NOW, THEREFORE, BE IT FOUND, DETERMINED, AND RESOLVED by the Board of Directors of TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT as follows:

1. Each of the above recitals is true and correct and the Board so finds and determines.

2. The minimum amount of money required to be raised by ad valorem taxes on all taxable property in the District during the fiscal year 2026-2027 to meet payment obligations under the District's Water Supply Contracts is $2,219,866.

3. The District has heretofore elected to set its own tax rates pursuant to Water Code section 31702.1.

4. Pursuant to Government Code section 29142, the County of Kern will collect one quarter of one percent (1/4%) of the total revenues collected by ad valorem tax for the District by the County Tax Collector in payment for collection services, as covered under the agreement between the District and the County of Kern, effective July 1, 1992. The District hereby takes into account the one quarter of one percent (1/4%) of the amount collected by the County on behalf of the District in fixing its tax rates.

5. The Board of Directors of the District hereby fixes and levies 0.036953% of taxable value of all taxable property in the District as the rate of ad valorem tax required to be levied thereon to meet obligations to KCWA under the District's Water Supply Contracts. Such tax is hereby designated as the "TEH-CUM ST PYMNT". The tax rate calculation is shown at **Exhibit A** attached hereto and incorporated herein by reference.

6. The Board of Directors of the District hereby takes into account current and future reserves needed for delinquencies, contingencies, and cash flow requirements in setting such rates.

7. The tax levied in Paragraph 5 above is not subject to the limitations contained in subdivision (a) of Section 1 of Article XIIIA of the California Constitution and is exempt from any tax limitations under subdivision (b) of Section 1 thereof and is otherwise within the taxing authority of this District under all applicable provisions of the Constitution and laws of this State.

8. Pursuant to the provisions of the County Water District Law (Wat. Code, § 30000, et seq.), the Board of Supervisors of Kern County, at the time and in the manner required by law for the levying of taxes for county purposes, shall levy in addition to all other taxes levied by it, a tax rate on all taxable property in the District in accordance with paragraph 5 above. Such tax shall be separately stated on tax bills.

9. In the event that the rate described in paragraph 5 above may not be lawfully levied, the Board of Directors requests that the maximum rate provided by law be levied.

10. On or before August 1st, the Secretary is directed to transmit certified copies of this resolution to the Board of Supervisors of Kern County and to the Kern County Auditor-Controller. The Board of Supervisors will accept their copy via email while the Auditor-Controller requires a physical copy.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT this 15th day of July 2026.

Robert W. Schultz

Robert W. Schultz, Board President

ATTEST:

Catherine Adams

Catherine Adams, Board Secretary

SECRETARY'S CERTIFICATE

I, CATHERINE ADAMS, Secretary of the Board of Directors of Tehachapi-Cummings County Water District, hereby certify as follows:

The foregoing is a full, true, and correct copy of Resolution No. 10-26 duly adopted at a regular meeting of the Board of Directors of the District duly and legally held at the regular meeting place thereof on July 15, 2026. All of the members of the Board of Directors received due notice of the meeting and a majority thereof was present. At the meeting, the resolution was adopted by the following vote:

AYES: Ables, Davis, Schultz

NOES: None

ABSTAIN: None

ABSENT: Hall

ATTEST: Catherine Adams

Catherine Adams, Board Secretary

(SEAL)

EXHIBIT A

Tehachapi-Cummings County Water District
State Payment Tax Calculation - Fiscal Year 2026-27

Money required to be raised by ad valorem tax

Revenue requirement:			
2026 SWP costs 45% allocation- Ag		$	1,966,130
2026 SWP costs 45% allocation- M&I			2,205,758
2026 2025/26 entitlement carryover program			118,250
2026 SWP billings			4,290,138
2026 SWP credits			(1,153,873)
	SWP Obligation		3,136,265
2026 Kern River lower river rights & obligations			18,528
Charges/(credits) from KCWA for prior years			(303,927)
	Total KCWA billings		2,850,866
Add forecast SWP cost increase for 2026-27 @ 20%			570,173
	Forecasted total of KCWA billings		3,421,039
2026 KCWA participation in independent audit			5,000
2026 Delta Conveyance Project (DCP)			570,977
Kern County collection fee (0.25%)			5,500
	Subtotal of costs		4,002,516
50% contingency reserve requirement (6-months of operating expenses)			2,001,000
Tax revenue liability reserve requirement (Kern County)			843,000
Contingency reserve for future DCP participation			10,300,000
	Total gross revenue required to cover costs		17,146,516
Less other funds available:			
Forecast reserves as of 6/30/26			13,283,000
Estimated unitary tax revenues for 2026-27			1,250,650
Estimated interest earnings in 2026-27			393,000
	Total other available funds		14,926,650
	Total revenue required from ad valorem tax in 2026-27	$	2,219,866

Ad valorem tax rate required on all taxable property within District

Total revenue required from tax	$	2,219,866
Divided by total gross taxable assessed value of District		6,007,188,586
Ad valorem tax rate required		**0.036953%**
2025-26 approved tax rate (for comparison purposes)		0.052340%
2024-25 approved tax rate (for comparison purposes)		0.053148%
2023-24 approved tax rate (for comparison purposes)		0.053732%
2022-23 approved tax rate (for comparison purposes)		0.053498%
2021-22 approved tax rate (for comparison purposes)		0.053559%
2020-21 approved tax rate (for comparison purposes)		0.050046%
2019-20 approved tax rate (for comparison purposes)		0.051333%
2018-19 approved tax rate (for comparison purposes)		0.056778%
2017-18 approved tax rate (for comparison purposes)		0.056653%
2016-17 approved tax rate (for comparison purposes)		0.069397%