

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 17, 2021 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

ANNOUNCEMENT: THIS MEETING IS BEING CONDUCTED VIA TELECONFERENCE AS AUTHORIZED BY GOVERNOR GAVIN NEWSOM'S EXECUTIVE ORDER N-25-20. DIRECTORS AND THE PUBLIC WILL HAVE THE OPTION OF ATTENDING VIA THE ZOOM MEETING APP. THE MEETING ID IS 864-1901-9047. THE PASSWORD IS 0217RBM. NO PHYSICAL MEETING IS SCHEDULED AT THE DISTRICT BOARDROOM, 22901 BANDUCCI ROAD, TEHACHAPI, CA 93561.

- Item 1. Call to Order and Roll Call**
Directors Present: Cassil (remote), Hall (remote), Pack (remote), Schultz (remote)
Directors Absent: Zanutto
Legal Counsel: None
Staff in Attendance: Catherine Adams (in person), Jon Curry (remote), LaMinda Madenwald (remote) and Tom Neisler (in person)
- Item 2. Announcement:** This meeting is being audio recorded, including all Board, Staff, and Public comments.
- Item 3. Flag Salute**
 The Pledge of Allegiance was led by Secretary Adams.
- Item 4. Approval of Agenda**
 Mr. Neisler requested Item 11 be tabled until next month as the information was not received from the contractor. President Schultz moved to table Item 11 and approve the Agenda as amended. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.
- Item 5. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body**
 Mr. Neisler stated the Board has been provided emails from Anthony Chessick and he would like to make a public comment. Mr. Chessick presented the possibility of adding power sources to the pumping plants through wind energy, adding an electric pump to the plants, and running natural gas pumps as back-ups for intermittent wind. He also suggested the possible use of the Kern River Power Plant. The price differential and capital costs are unknown at this point and he would like to continue discussions through email. President Schultz thanked him for his comments and appreciated his interest. He added in his discussions with the General Manager and others, he has not found a route where electricity can trump the current ability to operate continuously and reliably with natural gas, but the Board is always open to listen. Director Hall commented that if there were ever an opportunity to install larger pipes, the system could then transport more water at a time, for the expected future of hourly market rates for electricity. Of course, the costs would have to pencil out.
- Ms. Adams stated she sent an email to all the Directors regarding required Ethics and Sexual Harassment Training and requested they contact her if they have any questions. The trainings must be completed by the end of this month. She is also sending out the Form 700 (Statement of Economic Interests) packets next week, so if Directors do not receive those by next Friday, notify her.

Item 6. Consent Calendar - Consent items are considered routine and are intended to be acted upon as a single item, without discussion. During this portion of the meeting, the Consent Calendar will be read aloud. Prior to approval, the President will give the Board the opportunity to remove any item from the Consent Calendar to be discussed and voted on individually. The President will also give staff and the public the opportunity to request any item be discussed individually, in which case the President will determine whether the item will be removed from the Consent Calendar. The remaining calendar will be acted upon. Any removed items will then be heard and acted upon individually.

- a. Approve Minutes of the Regular Board Meeting of January 20, 2021
- b. Approve Quarterly Investment Report, Financial Report and Payment of Bills
- c. Consent to Sale of Certain Tax-Defaulted Properties

President Schultz asked if there were any items the Board, Staff or Public would like to remove for discussion. Director Cassil requested Item 6.b. be removed.

Director Hall moved to approve Items 6.a. and 6.c. of the Consent Calendar. Director Cassil seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.

Item 6.b.- Director Cassil referred to the Financial Statements and in looking at the Board-Designated Reserves, she was wondering if the Emergency Fund is adequate to cover the costs of an unexpected emergency. Ms. Madenwald stated that the reserves limit for each fund is set by the Board in the Reserves Policy and currently the Emergency Fund is set at 5% of the prior year's General Fund operating expenses. The Reserves Policy will be reviewed with the Preliminary Budget, so changes to the limit can be done at that time if the Board desires. Director Cassil asked how much money would be immediately available for the General Manager to deal with a significant emergency. Ms. Madenwald stated that the General Manager has been given authority to address a significant emergency and the District has immediate access to all the money in the cash account at the given time. Mr. Neisler further explained the investment portfolios and how the District keeps money in a Local Agency Investment Fund (LAIF) because the funds are available within 24 hours. The money in the Emergency Fund is available on short notice and the General Manager's credit card limit is set at \$100,000 for use in emergencies. There is about half a million dollars available immediately to deal with a significant emergency, so hopefully this will be sufficient and if not, it is a good start. Director Cassil appreciated the information and is glad the District is well positioned to deal with an emergency.

Director Hall moved to approve Item 6.b. of the Consent Calendar. Director Cassil seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.

Item 7. General Manager's Report

Mr. Neisler reported on the following matters:

- The engine shown in the picture was at the plant in Texas, but it is now installed in Pump Plant 3. It will be operational by the time the system starts up. This a great accomplishment by Jon Curry, Chris Vigil, and the Pumping Systems Department. Mr. Curry's diligence in keeping the insurance claim moving forward was quite an effort that has paid off.
- The Table A Allocation remains at 10% and at the January Water Operations Committee meeting, there was a discussion about reducing the allocation. Thankfully, no action was taken.
- The KCWA Division 2 Director, Bruce Hafenfeld, passed away in January. TCCWD is split between Division 2 and 3. KCWA is currently recruiting a new director.
- KCWA has seated their director, Martin Milobar, on the Board of the Delta Conveyance Authority (DCA). He is a registered engineer and retired district manager who is a very competent and

knowledgeable representative. The DCA is increasing activities and KCWA is providing updates through weekly Member Unit Managers meetings.

-FEMA has agreed to fund another \$307 million in Oroville Spillway repairs. The split of the total \$1.2 billion in costs is now 68% Federal and 32% State Water Contractors (SWC). The SWC share is approximately \$456 million (with interest), equating to approximately \$12/AF of SWP allocation.

-The main pipeline was under a scheduled shutdown for repair and the Pipeline Department was able to return it to service ahead of schedule, despite working through snow, wind, and rain. The crew provided exemplary service. This completion allowed pumping to begin from the extraction wells.

-He is closely monitoring 2024 natural gas prices. Currently, quotes are greater than \$3/mmbtu and he is looking for a dip to secure supply. Spot prices were over \$100/mmbtu over the weekend due to weather in the Midwest. This is an anomaly but shows how variable the market can be.

-Technical work continues on the 2020 RUWMP and a meeting is scheduled later this month.

-The COVID Prevention Program is in place and the District remains infection free.

-The CalOES PSPS grant program still has not announced awards. Cole Karr, our CSDA Regional Representative, is tracking the program on our behalf and everyone is experiencing the same frustration.

-The District has received the JPIA President's Special Recognition Award for low claims ratios for the Liability and Property insurance programs. The District's claims are less than 20% of JPIA's average.

-He discussed the attached graphs; Brite Lake levels started to rise when the wells began pumping and the annual precipitation YTD was 47% of historical average.

Item 8. Operation Manager's Report

Mr. Curry reported on the following matters:

-The Cummings Basin Westerly Recharge Project (CBWRP) site electrical work is complete. Flow testing of the CLA-VAL and meter were performed along with operation of the individual cells. All systems tested to specifications and the project is ready for flowing water. Staff has been working on required paperwork to get the project closed out.

-All Staff completed training on the COVID Prevention Program (CPP) and the Operations Staff completed annual AB 203 Valley Fever training.

-Brite Lake data from February 11, 2021 was: elevation 4,345.5', volume 652.1 AF, and level 19.5'. All wells are running, and the lake level is rising as today it is 21.0'. The recharges remain shutdown.

-The Pipeline Department did great work on the 10-day mainline shutdown. There was coordination with the Pumping Systems Department on certain elements, the weather was horrible, and the crews still got everything done in a timely fashion. Some of the highlights were installation and setup of the 14" CLA-VAL at PP4, changeout the 30" Lake Meter, installation of valves for future isolation, and multiple repairs at turnouts in the Brite and Tehachapi Basin areas. The Office Staff, particularly Judy Negrete, did a great job handling the notification and coordination with the customers.

-Superior Tank completed maintenance work at PP3 and is finishing up visual inspections at the Campground Tank (east), PP2 tank, and Oak Creek Tanks.

-A new pump and motor were installed at the Ashtown Well South. The Dennison Well/Booster panel and controls upgrade work is nearing completion. They discovered the SCE panel had an obsolete meter, so this required some additional work from Staff and SCE, but they were able to get the Dennison Well back in service.

-Installation of an Emergency Power Load Center at the District Office is complete. This allows for additional circuits to be added to the emergency generator power system for things such as lighting in the restrooms and power to the HVAC unit in the Control Room.

-The replacement engine arrived for PP3 and was set on the pad. The Pumping Systems Staff has begun the installation process.

-Jim Burke Ford indicated the new truck is due to Bakersfield between February 16th-22nd. Douglass Truck Bodies has completed the bed and it will be ready for installation so the District should take delivery of the completed truck in mid-March.

Director Hall asked if there was trouble with the JPIA insurance company on the engine claim. Mr. Curry explained there was a lot of work in the beginning, supplying data requests to the third party insurer for the Boiler and Machinery coverage, but once that was all worked out, the process went smoothly. Director Hall asked what the worst hardship was for the customers during the mainline shutdown. Mr. Curry felt that customers watering livestock had to make the most accommodations during the shutdown.

President Schultz commented that the whole crew did a fantastic job on the mainline shutdown project. He witnessed the crew working in the terrible weather conditions and was surprised they were able to get done ahead of schedule. He really appreciates everyone's hard work and Mr. Curry stated he will pass that along to the crew and expressed his thanks. President Schultz also appreciated the pictures of the clean electrical work done on the Dennison Well control panel. It was previously messy and now it is first class. Nice job!

Item 9. Discussion of Water Operations – 2020 Review and 2021 Forecast

Mr. Neisler stated 2020 was a challenging year for water operations given that the Table A Allocation was only at 20%. To accommodate the shortfall, the District withdrew 2,800 AF of banked water from the San Joaquin Valley (SJV), which is about half the water the District has stored there. The total water importation amount for the year was 7,371 AF and that was not enough supply to meet peak demands in the normal operating fashion. Consequently, we struggled throughout the high demand months with low reservoir levels and severely restricted recharge operations. In 2017-2019, we recharged more than 4,000 AF each year. Those amounts fulfilled all the requirements, retired the deficits that were acquired in the previous drought, and slightly increased the District's banked totals. In 2020, the recharge total fell to 636 AF, so the requirements of the Term M&I Agreements were not fulfilled, and the District is incurring deficits again. Additionally, we delivered approximately 400 AF more water than was forecast. Attachment A is a summary of operations from 2016-2020.

Unfortunately, 2021 does not appear to offer relief from the challenges faced last year. The Table A Allocation is currently at 10% (1,930 AF) and the forecast for an increase is not promising. The District's annual importation target is 10,000 AF or 53% of the Table A Allocation. The current estimated customer demand and water banking goals require over 9,000 AF each year. Attachment B shows operational estimates for a range of scenarios from 10% to 50% allocation, and he reviewed the details. To operate on 10% for 2021, all recharges will be deferred, 2,158 AF will be pumped from the TCCWD banked supply and 2,000 AF will be withdrawn from SJV. Withdrawing water from storage is not ideal, but it can be replenished in years when the importation target can be met. If the allocation increases to 20%, the SJV banked supplies will not be needed. We are only halfway through the major precipitation season and in the past, we have experienced heavy precipitation as late as May, so changes are possible.

He described the anticipated agricultural activities for this year. In Tehachapi Basin, one customer plans to take over agricultural land that a previous customer will not be farming this year. In order to accommodate that usage, Mr. Neisler has requested they lease groundwater rights to fulfill this demand as additional imported water is not available. Overall, Mr. Neisler is confident the 2021 demands can be met with the operational scenario he has presented.

Director Pack asked for clarification on whether the leased groundwater rights would be Wheeled Water. Mr. Neisler stated that it was and that the District will be extracting the groundwater on their behalf and delivering it to them via the pipeline system.

President Schultz asked if Mr. Neisler anticipates any issues meeting demand coming off the line when it peaks in the summer. Mr. Neisler stated it will be a struggle. With the wells and system running, the total production capacity is less than 30 CFS however, the customers can draw as much as 60 CFS. The difference has to be made up of what we have stored in the lake. The balance of supply on hand versus demand becomes very critical. Fortunately, we work with only a few large customers, and they understand this constraint and have pledged to work with us. President Schultz wondered if there is a need for more wells. Mr. Neisler stated perhaps in the long term. During the last drought, the District expended a significant amount of money looking for unused wells to convert and were unsuccessful. Since that time, we are fortunate to partner with the City of Tehachapi on the Snyder Well project, which is pumping water into our system regularly.

Director Cassil asked if TCCWD has ever asked the other water districts to work with their customers to reduce water usage. Mr. Neisler responded that is an ongoing effort and our local partners have done an excellent job of conservation, specifically during the last drought. The community as a whole, decreased consumption in excess of 20% during the last drought. As the situation continues to tighten, he anticipates a similar response from those agencies. Director Cassil also appreciated the work and detail he put into these charts; they are very helpful.

Item 10. Authorize President and Secretary to Execute Regional Urban Water Management Plan Cost Sharing Agreements with City of Tehachapi, Golden Hills CSD, Bear Valley CSD and Stallion Springs CSD

Mr. Neisler stated this is a housekeeping item. The Board approved these agreements back in November and each agency presented these to their governing bodies and received authorization to participate in the contracts. When the Board approved these, there was not a step to authorize the President and Secretary to execute the agreements, so this item will do that now. The agreements are attached to the Staff Report.

Director Hall moved that the Board authorize the President and Secretary to execute the Cost-Sharing Agreements for the 2020 RUWMP Update with the City of Tehachapi and the Golden Hills, Bear Valley and Stallion Springs Community Services Districts. Director Cassil seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.

Item 11. Accept General Manager Certification of Completion of Cummings Basin Westerly Recharge Basin Project

This item is tabled. Mr. Curry had intended to bring a Certification of Completion to the Board for approval. The final pay request was not received by the District until yesterday afternoon so it did not arrive in time for processing and inclusion in the Board pack, therefore will have to wait until the next meeting.

Item 12. Declare District Property Surplus to the Needs of the District and Authorize Sale or Disposal

Mr. Curry stated the office is currently being reconfigured as part of the Capital Improvements Plan. This has resulted in some equipment and furniture that are no longer needed. The attached pictures show that some of the furniture is aged while others are no longer useful. He reviewed the list of surplus items and they are currently being stored in the shop.

President Schultz moved that the Board declare certain items listed in the Staff Report surplus to the needs of the District and authorize District Staff to sell and/or dispose of them per District policy. Director

Hall seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.

Item 13. Approve Director's Attendance at Spring ACWA Virtual Conference

Mr. Neisler stated ACWA has announced that the Spring 2021 Conference will be a virtual event on May 12th-13th. The JPIA Conference will be on May 10th-11th. He wanted to make the Board aware of the dates. There is no agenda available at this time. The cost is \$375/Director plus \$100/day for Director service. Director Zanutto has already stated he cannot attend. Mr. Neisler cannot dedicate the time to attend but he is going to ask other Staff if they have interest in attending. The Directors had a short discussion and President Schultz tabled the item until the agenda is available. Director Hall indicated he will plan to attend the JPIA Conference.

Item 14. Indicate Director's Interest in Running for CSDA Board of Directors Seat A

Mr. Neisler stated there is an opening on the CSDA Board of Directors for the Central Network, Seat A. That seat is currently vacant. He provided the nomination material if any Director is interested. The Board will need to take action to support a nomination. He noted there are significant requirements to fulfill the position; attend the Special Districts Leadership Academy, attend four meetings a year, and two of those are held at the annual conference. The estimated cost of attending those conferences is about \$4,200 annually. He explained there are 3 seats on the Central Network Board and there is already a representative of the Eastern Kern area, Steve Perez, General Manager of the Rosamond CSD. The deadline to receive nominations is March 29, 2021.

Director Hall inquired when the CSDA was formed, and Mr. Neisler stated 1969.

After a short discussion, President Schultz stated all Directors will pass on the opportunity at this time.

Item 15. Board of Directors Comments

Director Hall commented that he assumed everyone received an email from the JPIA Executive Committee regarding a renomination. No one else had received the email so he stated next time he will be sure to bring it to the Board. He brought up the past experiences Directors had attending CSDA conferences and Ms. Madenwald was asked her opinion of the conference she attended in the past. She felt it was valuable and most of the trainings were geared toward Directors. Director Pack stated he found the CSDA conference was useful when he attended.

Director Cassil received an email regarding the ACWA 2021 Washington D.C. Conference that is scheduled for March and she was interested in attending. Mr. Neisler apologized for overlooking this as typically it is an in-person event in Washington D.C. so there is usually no interest, however, with COVID it has been moved to a virtual event. Mr. Neisler stated the requirement to approve Director attendance to conferences is associated with reimbursement of expenses, and in this case, there are no travel expenses to be reimbursed. This would be no different than attending a required training such as Ethics.

President Schultz moved that Director Cassil be approved to attend the ACWA 2021 Washington D.C. Virtual Conference. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.

President Schultz commented he hopes we get more water as the water system is going to be stressed this year.

Item 16. Adjourn to Closed Session

President to reference Closed Session items as presented on Agenda, then Board to adjourn to Closed Session

- a. In Accordance with Exhibit A Attached Hereto, Performance Evaluation, General Manager

The Board went into Closed Session at 4:50 p.m.

Item 17. Return to Open Session

The Board returned to Open Session at 5:43 p.m.

Report Action Taken in Closed Session:

- a. No reportable action.

Item 18. Adjournment

The meeting was adjourned at 5:44 p.m. on a motion made by Director Hall, seconded by Director Pack, and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz; Noes: None; Abstain: None; Absent: Zanutto.



Robert W. Schultz, Board President



Catherine Adams, Board Secretary



CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8.)

Description of Property: _____
Proposed District Negotiator: _____
Negotiating Parties: _____
Subject of Conference: _____

B. CONFERENCE WITH LEGAL COUNSEL (Gov. Code § 54956.9.)

1. Existing Litigation: _____
Name of Case: _____

2. Anticipated Litigation: _____
Gov. Code § 54956.9 (b): _____
Gov. Code § 54956.9 (c): _____

C. PUBLIC EMPLOYEES (Gov. Code § 54957.)

1. Appointment: _____
Title: _____

2. Employment: _____
Title: _____

3. Performance Evaluation: _____
Title: General Manager

4. Discipline/Dismissal/Release: _____

D. CONFERENCE WITH LABOR NEGOTIATOR (Gov. Code § 54957.6.)

Agency Negotiator: _____
Employee Organization: Not Applicable
Unrepresented Employee: _____