

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
September 20, 2023, 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

Item 1. Call to Order and Roll Call

Directors Present: Ables, Hall, Sasia, Zanutto **Absent:** Schultz

Legal Counsel: None

Staff in Attendance: Catherine Adams, Jon Curry, LaMinda Madenwald, Tom Neisler, Crystal Sampson

Item 2. Announcement

Vice-President Hall announced this meeting is being audio recorded, including all Board, Staff, and Public comments.

Item 3. Flag Salute

The Pledge of Allegiance was led by Director Zanutto.

Item 4. Approval of Agenda

Director Sasia moved to approve the agenda. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Item 5. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body

There were none.

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 August 16, 2023

b. Approve Financial Report and Payment of Bills

Director Sasia moved to approve Item a. Minutes of the Regular Board Meeting of August 16, 2023. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Director Sasia moved to approve Item b. Financial Report and Payment of Bills. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Item 7. General Manager's Report

Mr. Neisler reported on the following:

-He was privileged to attend the Swearing In Ceremony for Bernie Barmann as he has been appointed to the Kern County Superior Court bench. Mr. Barmann was previously a partner in the law firm of Kuhs & Parker and provided legal services for the District.

- Governor Newsom and his administration continue to be very aware and involved in water issues. Water rights legislation was up for consideration and the bills were problematic. ACWA was successful in several lobbying efforts and worked to have AB 389 revised to the point ACWA changed their position from “oppose” to “support”. Two water bills failed to advance out of Committee and are now two-year bills. There was progress on the Climate Resilience Bond proposed to be between \$12 and \$18 billion and should be on the November 2024 General Election ballot. AB 1572, prohibiting the use of potable water for irrigation of nonfunctional turf, passed the legislature and is now before the Governor for approval.
- The pumping system has been experiencing a slight decrease in flow over the course of the year. This has happened in the past during extended periods of maximum pumping. He explained the dynamics of the system flows and the importance of suction pressure and Staff attributes this decrease in flow to the accumulation of air in the line. They may do a system shutdown to relieve that.
- The system suffered a pump failure, and a new pump was installed in its place and will be put into service tomorrow. The old pump will be sent in for repair. When the system is being run hard for so long, mechanical failures do happen, but the uptime of this pumping season has been in excess of 97%.
- He met with the operations team, and they developed a plan to operate the system for the remainder of the year. The plan is to operate with three engines until the end of October and drop down to two engines in November. Flow into the lake versus flow in the recharges is being adjusted to try to maximize both of those opportunities and after operating under this plan for the last month, the projections are lining up with the results very well.
- The automatic gate is complete and working well.
- The 100% Table A allocation is 19,300 AF for the District and the system can only import about 10,000 AF of water, however not being able to start until 6 weeks later this year will decrease the amount of import. DWR has stated KCWA will be limited to 200,000 AF of carryover in San Luis Reservoir, so the District’s proportion will be about 4,000 AF. This amount would be protected next year but will be subject to spill thereafter. If the 2024 allocation is large enough to pump the District’s full 10,000 AF, there will be no capacity left to bring in that carryover amount in San Luis, so Mr. Neisler does not recommend leaving that much water in carryover. He is making a transfer request to bank water under the existing agreement with ID4 for the remaining allocation and supplemental water.
- As a reminder, the ACWA Region 6 & 7 Water Forum will be held in Coalinga on October 12th and 13th.
- The first water that was pumped into Brite Lake, through the importation system, took place on November 14, 1973, and this year marks the 50th anniversary. A commemoration ceremony is being planned and announcements will be made soon.
- Last month the Board authorized entering into a contract with Provost & Pritchard for the procurement engineering for the engine replacement program. The kick-off meeting was very successful as the project principal and project engineer from the first project are both going to be in charge of this project.
- The auditors are onsite this week and met with the Ad-Hoc Audit Committee, Directors Ables and Sasia, this morning. The auditors will be back in December to present the Annual Comprehensive Financial Report (ACFR).
- He reviewed the charts noting that San Luis Reservoir is at 204% of historical average and 82% of full capacity. Lake Oroville is at 138% of the historical average and 78% of full capacity. Last Tuesday, there was 7,000 CFS of water flowing over the spillway at Lake Oroville to accommodate winter storms. The Brite Lake level chart shows levels are normal for this time of year. The Monthly Operations Summary shows 1247 AF were imported in August and the YTD total is 6557 AF imported. He reviewed the details of extraction, deliveries and recharge.
- He offered to answer any questions.

Ms. Claudia Elliot shared that she was present in 1973 when the first water was delivered into the lake and recalled some of the details from that day.

Director Zanutto asked where the water was headed that is being released from the Lake Oroville spillway and Mr. Neisler answered that most of it is coming into the system. Director Sasia asked if the Snyder Well was operating and Mr. Neisler responded that it has not been used this year.

Item 8. Operations Report

Mr. Curry reported on the following:

- The tropical storm, Hilary, came through on the weekend of August 19th and 20th and he had been engaging with both Kern County OES and the National Weather Service of Hanford for updates and preparation. The information was spot on, and the coordination efforts were great. He shared pictures of Antelope and Blackburn Dam as the facilities performed very well considering the amount of rain received. There was minor damage to the pump plant roads and the culverts have been repaired, but overall, the facilities performed very well throughout the storm.
- The Dennison Well Rehabilitation Project is near completion. Staff is coordinating with SCE to schedule inspection and start-up.
- The rescheduled source testing for 8 of the 16 engines was completed with all tested engines operating well and within permitted limits. Hats off to the Pumping Systems crew and the Controls and Emissions Specialist.
- Operations continue with a three engine importation system with the Tehachapi Basin extraction wells shut down. Brite Lake data from September 19, 2023, was elevation 4,350.7', volume 927.7 AF, and level 24.7'. All recharges are operating, and 7,301.9 AF has been imported YTD.
- He reviewed the details of the Pumping Systems and Pipeline department projects and tasks as listed in the Staff Report.
- SWRCB-District 19 staff will be performing a Sanitary Survey of the Public Water System on September 21st. This is conducted every 2-3 years to maintain the drinking water system classification.

Director Hall asked if they found the cause of the sinkhole he mentioned at Brite Lake near West Pavilion and Mr. Curry explained there was no water line or indication of any old tank, so they are assuming it was due to rodent activity. Director Ables inquired if the new generators can be monitored via cellar devices and Mr. Curry explained they will connect those through the SCADA system. Mr. Neisler commented there was a Tehachapi Brew Fondo event at the lake and Staff required they have monitors at both gates for safety as riders would be interfacing with traffic and farming operations at these locations. The event was successful, and their cooperation was great. He complimented Staff on what a great job they have done on upgrades and cleaning up the Public Water Systems facilities.

Item 9. Authorize Staff to Solicit Requests for Proposals to Prepare Cost of Service, Rate and Fee Study

Mr. Neisler reported Staff desires to do a full cost of service rate and fee study. The last study was done in-house in 2016 and the current method of setting rates was developed by Mr. John Martin. The water rates are intended to cover the cost of importation of the water only. Those expenses consist of energy costs and debt service. The cost of natural gas has increased significantly and with the sale of the general obligation bonds to cover the second engine replacement project, the annual debt service has increased. Therefore, the District needs to review its rate and fee structure to ensure it is covering those costs.

The last time the District raised its Term M&I rate was in 2006 and it has been lowered several times after that leaving the current Pressure Zone 1 rate at \$363/AF. The last time the Agriculture rate increased was in 2014 to align with Term M&I rates. The cost of Regular M&I water varies year to year, but the quantity sold is very small so fiscal impact is minimal. In addition to water rates, Staff is proposing to review the overall rate structure of the District including service and connection fees as they are very outdated. The rates are not adjusted annually because it requires a Proposition 218 process which is extensive and costly.

At this time, Staff would like to solicit proposals from consulting firms to perform a rate study. Staff will then bring a contract to the Board for approval and work toward having the results of the study completed in the first quarter of the new year. A copy of the Request for Proposals and the contract are attached to the Staff Report for reference. He offered to answer questions and the Board members all expressed their support in conducting a rate study.

Director Sasia moved that the Board authorize Staff to issue a Request for Proposals for a Cost-of-Service, Rate and Fee Study. Director Zanutto seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Item 10. Authorize Staff to Solicit Bids for Electrical Site Improvements for the CalOES Generator Project

Mr. Curry reported the District received a \$300,000 grant from CalOES to purchase two portable and two stationary generators, along with the necessary transfer switches for each site. Now that the two stationary generators have been sited and set on concrete pads, this completes the grant tasks and the funds have been exhausted. To officially complete this project, the electrical site improvements are the final step, so Staff is requesting authorization to solicit bids. Staff have been able to complete the installation of a portion of the electrical improvements by coupling them with other CIP projects such as the Dennison, Nunes and Benz Well projects. The two remaining sites are the District office and Pump Plant 5.

At the September 16, 2022, Regular Board meeting, the Board authorized a contract with Electrical Power Systems to develop a project scope, drawings and specifications so that the District could get adequate bids from contractors to complete the site electrical improvements. These have been completed and are attached to the Staff Report. The FY 2023-2024 CIP Budget includes a total of \$175,000 for this project.

Director Sasia moved that the Board authorize Staff to solicit bids for Electrical Site Improvements for the CalOES Generator Project. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Item 11. Reschedule December Regular Board Meeting

Mr. Neisler reported that in the past the Board has looked at the December Board meeting with its proximity to the Christmas holiday and last year it was rescheduled to the second Wednesday of the month. In accordance with the California Water Code, the Board approved the Regular meeting schedule for the year in January and the schedule is attached to the Staff Report. In writing the Staff Report, Mr. Neisler assumed the school holiday break began on December 18th, which is prior to the regular scheduled meeting on December 20th. In fact, the Christmas break does not begin until Friday the 22nd, however the fact remains that the meeting is currently 5 days before Christmas. The request is to reschedule the December Board meeting from December 20th to December 13th.

Director Sasia moved that the December Regular Board meeting be rescheduled from December 20 to December 13, 2023. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

Item 12. Report on CalPERS Unfunded Accrued Liability

Ms. Madenwald stated that the Board authorized payment to the District's CalPERS Pension Plan Unfunded Accrued Liability (UAL) for \$3,014,000, based on the amount of Net Pension Liability (NPL) reported in the Audited Comprehensive Financial Report (ACFR) dated June 30, 2021. She explained the process CalPERS uses for valuations and emphasized that the valuations are a snapshot of a point-in-time and are based on projections. The June 30, 2022, valuation shows that the District's UAL balance for 2022-23 is \$1,028,241 and \$1,098,160 for 2023-24. The charts in the Staff Report show more detail and

help explain how much larger the liability would have been if the District had not made such a large payment last year.

Mr. Neisler explained that over the course of the last two years, CalPERS not only did not see a 6.8% gain, but they suffered a 7% loss. That delta is over 14% less return than what they had projected, and that difference is what becomes the unfunded liability. Agencies who do not pay the UAL in full are paying the 6.8% interest, so in the District's case, that roughly \$1 million would become almost \$4 million in the 20 years. Ms. Madenwald stated that if the District pays the amount due in full, it will save millions in interest over the course of 20 years. This agenda item today is only for discussion, but if the Board is interested in making that payment, an item for action would be brought back to the Board in October. There are adequate reserves available to cover that amount.

Director Zanutto sought clarification on whether the District had any actuarials with a zero balance after they made the lump sum payment and Ms. Madenwald reported the actuarial for 06/30/2021 showed that there was a credit balance and projected a zero balance for the next fiscal year. She explained that the District is in a pooled plan, so every agency owes a "share" in the pool's UAL. Director Hall asked if the CalPERS loss was due to COVID and Ms. Madenwald shared that the webinar she attended discussed the main factor being the projection versus the actual performance in the market and higher than projected inflation. Director Hall commented that as unfortunate as this all is, he feels it is still worth saving the 6.8% by paying off the UAL now and would like Staff to set up a plan to pay this off. The Board consensus was to have Staff bring back an item next month to consider making this payment.

Item 13. Board of Directors Comments

There were none.

Item 14. 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, TCCWD v. City of Tehachapi *Et al.*
- b. In Accordance with Exhibit B Attached hereto, DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds, et al.; DWR v. All Persons Interested In The Matter of the Authorization of Delta Program Revenue Bonds, *Et al.*
- c. In Accordance with Exhibit C Attached hereto, Rosedale-Rio Bravo WSD *Et al.* v. Kern County Water Agency *Et al.*

The Board adjourned to Closed Session at 4:18 p.m.

Item 15. Return to Open Session

The Board returned to Open Session at 5:07 p.m.

Report Action Taken in Closed Session:

- a. No reportable action.
- b. No reportable action.
- c. No reportable action.

Item 16. Adjournment

The meeting was adjourned at 5:07 p.m. on a motion made by Director Hall, seconded by Director Sasia, and carried on the following vote: Ayes: Ables, Hall, Sasia, Zanutto; Noes: None; Abstain: None; Absent: Schultz. Motion passed.

A handwritten signature in blue ink that reads "Robert W. Schultz". The signature is written in a cursive style with a horizontal line underneath it.

Robert W. Schultz, Board President

A handwritten signature in blue ink that reads "Catherine Adams". The signature is written in a cursive style with a horizontal line underneath it.

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: County of Sacramento Superior Court Case No. Case No. 34-
2022-80003892
Name of Case: TCCWD v. City of Tehachapi *Et al.*

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: _____
4. Discipline/Dismissal/Release: _____

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

Agency Negotiator: _____
Employee Organization: _____
Unrepresented Employee: _____



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: Two Cases
Names of Cases: DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds, et al.; DWR v. All Persons Interested In The Matter of the Authorization of Delta Program Revenue Bonds, et al.
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: _____
4. Discipline/Dismissal/Release: _____

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

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



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: KCSC No. BCV 21100418 TSC
Name of Case: Rosedale-Rio Bravo WSD *Et al.* v. Kern County Water Agency
Et al.

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: _____
- 4. Discipline/Dismissal/Release: _____

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

Agency Negotiator: _____
Employee Organization: _____
Unrepresented Employee: _____