

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
 REGULAR MEETING OF THE BOARD OF DIRECTORS
 January 15, 2025, 3:00 P.M.
 22901 Banducci Road, Tehachapi, CA 93561

Item 1. Call to Order and Roll Call

Directors Present: Ables, Hall, Schultz, Davis arrived 3:07p.m . **Absent:** Sasia
Legal Counsel Present: None
Staff Present: Catherine Adams, Jon Curry, Tom Neisler, Crystal Sampson

Item 2. Announcement

President Schultz 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 President Schultz.

Item 4. Approval of Agenda

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

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

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 December 18, 2024
- b. Approve Financial Report and Payment of Bills
- c. Approve Date for Public Hearing – Cummings Basin Annual Allocations
- d. Approve 2025 Regular Board Meeting Schedule and Holiday Schedule

President Schultz asked if there were any items the Board, Staff or Public would like to remove for discussion, and there were none.

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

Item 7. General Manager’s Report

Neisler reported on the following:

- The photo on the report is of one of the new engines and he mentioned how big it is in comparison to the old engines. Curry will have more on the engines in his report.

-He discussed the current wildfires in Southern California and emphasized that the highest priority for water delivery in this District is firefighting. Brite Lake is the primary source for firefighting water for the entire area and staff began pumping water from the wells into the lake last week in an overabundance of caution. He discussed how much water is now available in the lake, what other public agency partners have available in storage tanks, fire hydrant connections and the dip tanks available for firefighting systems and helicopter access. The importation system can run indefinitely off natural gas and District has robust backup power generation for its systems, including the office complex.

-On December 23, 2024, DWR increased the allocation to 15% from the original allocation of 5%. Even before the wildfire crisis, the State was under a lot of pressure because of the allocations from last year and the way the State Water Project operated under the Biological Opinions with respect to the Incidental Take Permits for fish.

-Governor Newsom has attempted to close the massive budget deficit in the State by shifting some general plan obligations to be funded by bond proceeds, specifically from Prop 1, the water bond. Some of the burden that he's placed on those bond funds are dam safety funding, recycled water programs, and wildfire prevention which takes funds away from the desperately needed water infrastructure projects.

-Kern County projects the District's property tax revenues for the year and Staff uses those projections for budgeting purposes. Kern County anticipated a 4% increase in property tax revenues in the 2024-25 fiscal year and in July, they announced that the actual increase was only 0.5%. Additionally, the property tax revenue is distributed under the teeter plan in which the County gives the District the money they determined it will receive in taxes and then the District is responsible to pay back any adjustments later that might decrease those revenues. The District is required to set aside a certain amount of those proceeds against reassessments or adjustments. This year, the District had to set aside half a million dollars. So, with the much lower increase and the amount required to set aside, the District had about \$1 million decrease in the property tax revenues it anticipated. Sampson will discuss this today in the budget presentation, he just wanted to highlight the fact that these are the conditions the District has to operate under, and they are outside its control.

-He reminded the Board of the CSDA Virtual Workshop on Board Member Best Practices that is available and if there is any interest, to please let Adams know.

-Valley Water, located in the San Jose area, approved participation in the Delta Conveyance Planning Project and Neisler thinks this has reached enough participation for the project to move forward with major State Water Contractors involved. The only significant agency not committed to the project is the Kern County Water Agency. This District has stated it wants to participate but other member units are still working their way through the process.

-He reviewed the charts attached to the Staff Report highlighting that Lake Oroville is at 129% of its historical average, Lake Shasta is at 128%, and San Luis Reservoir is at 108%. These above normal conditions have prevailed throughout most of last calendar year. The Brite Lake reservoir level has stabilized and will begin to increase as water is pumping into the lake. He shared the precipitation charts and the snow water content and statewide it's about 96% year to date for precipitation.

-He offered to answer any questions and there were none.

Item 8. Operations Report

Curry reported on the following:

-The Pump Plant 3 Engine Replacement Project is going well, and all four new engines are in the plant and set on sole plates. Director Sasia responded to the invitation to go look at the engines and Curry escorted him to the project. The discharge heads and pump columns were picked up yesterday and will start to be installed on Friday. There is currently a delay on the right angle drives.

-Brite Lake data from January 10, 2025, was elevation 4344.6', volume 613.46 AF, and level 18.6'. Today the lake volume is up to 660 AF. Benz, PP5, and Dennison wells are pumping, and all recharge facilities are shut down. The Benz well has been consistently running around 950 gallon per minute.

- He provided details of the projects and tasks performed by the Pumping Systems and Pipeline Staff as listed in the Staff Report.
- Daily logs, progress meetings, submittal review, and site visits for the Engine Replacement project continue.
- The Annual Streambed Alteration Permit to California Department of Fish and Wildlife has been submitted.
- Operations departments prepared and staged equipment for Red Flag weather.
- New audio broadcast devices were installed in the Board Room.
- The Public GIS Portal is now live on the District website, and this allows the Public to view a scaled down version of the District GIS to view adjudication boundaries and other layers.
- The CARB Clean Truck Check (emissions testing) of the two 14,000lb vehicles has been completed.
- Staff met with a contractor for the Small Shop Remodel Project.
- Staff continues to coordinate with WM Lyles on the PP3 Engine Replacement Project to work toward completion.
- He offered to answer any questions.

President Schultz asked questions regarding the Pipeline Department excavating and locating a Brite Valley blow-off valve. He also asked what the upgrades were to the audio system and Curry explained there had been issues with the voice system holding Zoom calls when audio was patched in. Now a hard line system is installed for a better connection. Director Davis inquired where the Dennison well is located, and Curry explained it is across from the high school.

Item 9. Adopt Resolution 01-25, Amending the Fiscal Year 2024-25 Final Budget

Sampson stated that adoption of the Resolution (Attachment B) will amend the Final Budget that was adopted in August 2024. New information has come available since the Final Budget's adoption, so a mid-year budget review was performed to assess actual results and incorporate any updated information. The recommended changes are summarized in Attachment A. She reviewed the changes listed in the Staff Report. For the General Fund (70), the surplus of \$32,000 in the Final Budget is reduced to a \$3,950 surplus after these mid-year revisions. Staff projected conservatively that the District's interest earnings for this fiscal year would be over \$1 million, and it is well underway to reach that projection. Interest earnings increased 68% in this last fiscal year, which is a great improvement considering the District implemented the active management strategy from March forward. For the Engine Project Fund (73), there was an increase to expenditures of \$20,000 and the State Payment Fund (82) increased expenditures by \$165,200.

The fiscal impact is a decrease to District-wide reserves of about \$200,000 due to the planned activities in the Engine Project Fund and State Payment Fund. The Ad-Hoc Committee, President Schultz and Director Davis, met with Staff on January 7, 2025, and discussed the budget. The committee recommends Board adoption of Resolution 01-25, Amending the Fiscal Year 2024-25 Final Budget. She offered to answer any questions.

President Schultz commented on the active management strategy for investments, complimenting the team on great work and stating the results are fantastic. He feels this is a positive move for the District and looks forward to seeing how it will work in the future.

Director Hall moved that the Board adopt Resolution 01-25, Amending the Fiscal Year 2024-25 Final Budget. President Schultz seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Schultz; Noes: None; Abstain: None; Absent: Sasia. Motion passed.

Item 10. Adopt Resolution 02-25, For Transfer of Funds

Sampson stated that adoption of this resolution will authorize the transfer of funds per the results of the mid-year review of the Fiscal Year 2024-25 Final Budget and the amendments that were just adopted by the Board. The Board reviews the Reserves Policy annually prior to adopting a Final Budget and the Reserves Policy sets forth reserve targets for each fund and formulas by which those reserve targets are set. Whenever changes to reserve targets occur, there is a potential need for inter-fund transfers to satisfy revised reserve target thresholds.

Neisler mentioned in the General Manger's Report, the decrease to projected tax revenue which resulted in an increase in tax liability of nearly \$900,000, so the portion the District must set aside requires the transfer of \$310,000 from the General Fund (70) to the Tax Revenue Liability Fund (85). This transfer was discussed at the Ad-Hoc Budget Committee meeting and the committee recommends the Board approve the transfer. She offered to answer any questions and there were none.

President Schultz moved for adoption of Resolution 02-25, for Transfer of Funds as described. Director Ables seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Schultz; Noes: None; Abstain: None; Absent: Asia. Motion passed.

Item 11. Presentation of 2024 Water Operations Summary and 2025 Forecast

Neisler stated this is the first step in the 2025 Water System Operations planning and he explained the challenges of compiling all of this data given the holidays, and this meeting date falling so early in the month. In addition, this is the first year of gathering meter readings for the Cummings Basin private wells, so all this work combined with a very short period of time, led to him distributing one of the exhibits to the Staff Report late and he apologized.

He began by reviewing the 2024 Summary noting this covers the last six years and in 2024, the District's allocation was 40% or 7,720 AF. The Department of Water Resources did not deliver any Article 21 water in 2024. The Granite Solari Project purchased 125 AF of Table A water under the multi-year contract the District holds with them, so the total SWP water available for 2024 was 7,443 AF. Deliveries totaled 7,498 AF so there is a shortfall of approximately 55 AF for the next year. He reviewed the totals of each water category as listed in Attachment A, Water System Summary- End of Calendar Year 2019-2024.

Neisler noted that the District cannot determine the exact available supplies yet for 2025. He mentioned the collating of final supplies for 2024 is still in the works as well production reports are coming in from pumpers and banked water reserve accounts will be reviewed for the end of the year. The Cummings Basin allocations for 2025 need to be calculated and will be presented at the February Board Meeting, as the Board just approved the date for the hearing in today's Consent Calendar.

He displayed Attachment B, SWP Water Supply and Demand Analysis-2025, stating he derived estimates for Table A allocation amounts of 15%, 25%, 35%, 45%, and 50%. The District owns the right to 19,300 AF so a 15% allocation gives the District 2,895 AF to pump and so on. Once the allocation reaches 50%, that about reaches the import capacity since the maximum is 10,00 AF per year. The summary shows the delivery quantities and estimated water requirements provided by customers and he reviewed each column by category of water. He also explained how Term M&I customers have a requirement to bank water as well as Water Supply Agreement extractors in Tehachapi Basin. He explained that the Cummings Basin Amended and Restated Judgment calls for the District to charge customers for overextraction and then replenish the water in the basin. In looking at the proposed deliveries for each percentage allocation, it referenced a proposed withdrawal of District supplies of 2,000 AF if the allocation only reaches 15% and a proposed withdrawal of 1,000 AF if the allocation only reaches 25%. Any allocation above 25% will not require withdrawal of District supplies to meet demands, so these withdrawals will be

something the Board will consider based on what allocation they end up with. He offered to answer any questions.

Jay Schlosser, Development Director for the City of Tehachapi, recalled a couple years ago, the Board was trying to create a policy on what minimum balances the District would keep in its banked supplies in both basins and asked for those amounts. Neisler stated they were determined and approved by resolution, so Staff will send a copy to him. Schlosser asked questions regarding the Wheeled Water amounts being reflected in this chart reducing imported water and wondered if it should also be reflected as additional supply to balance the net effect since Wheeled Water is ground water rights. He and Neisler discussed the concept. Schlosser also sought clarification on the Conjunctive Use and Recharge requirements for Stallion Springs CSD and Bear Valley Springs CSD and Neisler explained how those can be met.

President Schultz thanked Neisler for the nice report.

Item 12. Board of Directors Comments

Director Hall commented how nice it was to be moving into Closed Session at 4:12p.m.

Item 13. 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.*
- d. In Accordance with Exhibit D Attached hereto, City of Tehachapi vs. TCCWD
- e. In Accordance with Exhibit E Attached hereto, City of Tehachapi vs. TCCWD
- f. In Accordance with Exhibit F Attached hereto, In the Matter of the Bozenich Family Trust dated 8/10/1999

The Board adjourned to Closed Session at 4:14 p.m.

Item 14. Return to Open Session

The Board returned to Open Session at 5:10 p.m.

Report Action Taken in Closed Session:

- a. No reportable action.
- b. No reportable action.
- c. No reportable action.
- d. No reportable action.
- e. No reportable action.
- f. No reportable action.

Item 15. Adjournment

The meeting adjourned at 5:10 p.m. on a motion made by Director Hall, seconded by Director Ables and carried on the following vote: Ayes: Ables, Davis, Hall, Schultz; Noes: None; Abstain: None; Absent: Sasia. Motion passed.



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: 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: _____
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- 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: KCSC Case No. BCV-23-104134
Names of Cases: City of Tehachapi vs. Tehachapi-Cummings County Water District

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)

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

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

1. Existing Litigation: KCSC Case No. BCV-24-101512
Names of Cases: City of Tehachapi vs. Tehachapi-Cummings County Water District

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: _____



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(Gov. Code § 54954.5)

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

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

1. Existing Litigation: Case No. 22PR00156
Names of Cases: In the Matter of the Bozenich Family Trust dated 8/10/1999

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

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

1. Appointment: _____
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Agency Negotiator: _____
Employee Organization: Not Applicable
Unrepresented Employee: _____