

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
August 17, 2022, 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

CALIFORNIA DPH RECOMMENDS ALL PERSONS CONTINUE WEARING MASKS INDOORS IN PUBLIC SETTINGS

- Item 1. Call to Order and Roll Call**
Directors Present: Cassil, Hall, Pack, Schultz, Zanutto
Legal Counsel: Robert Kuhs
Staff in Attendance: Catherine Adams, Jon Curry, LaMinda Madenwald, Tom Neisler
- 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 Director Cassil.
- Item 4. Approval of Agenda**
 Director Hall moved to approve the agenda. Director Cassil seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. Motion passed.
- Item 5. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body**
 Mr. Jay Schlosser, City of Tehachapi, asked for an update on the RUWMP. Mr. Neisler stated they are working on the District's submittal, and they've been in contact with Monique. He hopes to get that to her soon; there has been a lot going on. Ms. Susan Wells, GHCSO, asked for an update on the Ad-Hoc Water Priority Committee. President Schultz stated the Ad-Hoc Committee did not meet this month.
- 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 July 20, 2022
 - b. Approve Quarterly Investment Report, Financial Report and Payment of Bills

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

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

Item 7. General Manager's Report

Mr. Neisler reported on the following:

- He highlighted our Administrative Assistant, Judy Negrete, for her good work on the District's social media presence. One of her tweets on Twitter was recognized in the ACWA News edition for July.
- Governor Newsom unveiled his long-term strategy to bolster California's water supply on August 11th. It addresses the declining water supply in California and includes some measures to help provide for long-term water storage. Ms. Claudia Elliot has written an informative article in the Tehachapi News that discusses it. The Press Release Mr. Neisler sent her is attached to the Staff Report.
- The Voluntary Agreement discussions continue. As the drought worsens, operating mechanisms to cooperatively operate the State Water Project and the Central Valley Project become more critical, especially as the 2035 deadline for DWR to borrow money draws closer. They hope to have the Memorandum of Understanding (MOU) complete by the end of the year.
- DWR released the draft Environmental Impact Report (EIR) for the Delta Conveyance Project (DCP) at the end of July. The document is very large and Mr. Neisler is working to review the sections that will impact TCCWD. The State Water Contractors are formulating a plan as to how to provide comments on the document; the thought is the comments will get more traction if everyone unifies. The public comment period closes on October 27th and Mr. Neisler will keep the Board apprised.
- The lake is higher than anticipated at this point and he shared the lake chart. The importation system is scheduled to shut down on Friday so the lake level will begin to decrease after that.
- The weather does not look promising for next year however the cooperation we have received from our customers this year, bodes well for local operations next year.
- We are continuing to experience impacts of the supply chain shortages and Mr. Curry will report on this.
- He reviewed the reservoir charts; Lake Oroville is at 40% capacity and 62% of average and San Luis Reservoir is at 30% capacity and 73% of average. The Governor's plan speaks of increasing the dam height at both of these facilities, however the Federal Government has been trying to increase the dam height at Mr. Shasta, but have not been able to get the permits from the State.
- He traveled to Sacramento for ACWA business, and it was beneficial to have in-person discussions. On July 26, he attended the Water Association of Kern County (WAKC) in Bakersfield for a panel discussion by Senators Shannon Grove and Hurtado and Assemblyman Vince Fong. The panel was very informed, discussions were lively, and he felt that all three of these representatives have passion for water issues.
- He discussed the charts attached to the Staff Report and offered to answer questions; there were none.

Item 8. Operation Manager's Report

Mr. Curry reported on the following:

- On July 25-29, Pumping Systems Staff completed emissions source testing on 8 of the district's 16 natural gas engines located at Pump Plants 1-4. All 8 engines tested within the permitted compliance limits and this reflects the great job done by the Pumping Systems Supervisor, Mechanics, and Controls and Emissions Specialist.
- Capital Improvement Projects (CIP) continue as Staff works on the closeout of the Pump Plant Painting and Storage Canopy Projects. The CalOES Generator Project is moving slowly but the stationary 100kW generator for PP5 has been delivered to the vendor and is being prepped for delivery to our yard. For the Benz Well Project, we are waiting on delivery of electrical/control components. Lastly, Staff has executed a purchase order for the replacement generator for PP2 and it has a 23 week lead time.
- The importation system is currently operation on two engines flowing at 14 CFS. All the extraction wells were shutdown Monday to isolate a leak.
- Brite Lake data from August 12th was: elevation 4,360.3', volume was 1,548.3 AF and level 34.3'.

- The importation system will be shutdown on Friday, August 19th to end pumping season.
- Pumping Systems Staff has been doing maintenance work such as RA Drive oil changes, heat exchanger screen cleanouts, and other interval driven maintenance tasks. At PP4, they changed out the RA Drive cooling water flow indicators and installed new wye strainers to the Cla-Vals.
- Pipeline Staff completed numerous maintenance tasks such as storm drain installation, aggregate base compaction near shop, cleared brush along JCJ perimeter fence, rebuilt 8' Cla-Val, poured concrete and repaired barbed wire fencing at Antelope and Blackburn Dams. They also completed a line repair at the start of this week.
- On September 1st, Operations Staff will be meeting with the USDA-NRCS Staff to tour the Antelope and Blackburn Flood Control Dams for the annual inspection of these facilities.

President Schultz asked if the line break was an 8" lateral line and Mr. Curry confirmed it was. He stated it was old, welded pipe that split in the seam.

Item 9. Receive and File Electrification Studies Prepared by Agilitech for Pumping Plant Electrification

Mr. Neisler stated that during the bi-annual Strategic Plan update, the Board asked Staff to analyze the feasibility of converting the importation system pumping plants from natural gas to an electrical energy supply. At the March 16, 2022 RBM, the Board approved the contract with Agilitech and Provost & Pritchard to analyze three scenarios: electrification of some/all pumps at Plants 1-3, electrification of some/all pumps at Plant 4, and alternate power purchases for our other current electrical pumps/facilities. Agilitech worked closely with Staff and Provost & Pritchard to prepare the electrification evaluation studies contained in the Staff Report.

Mr. Jordan Stockton from Agilitech presented the study and answered questions. Mr. Stockton stated he is a Registered Professional Electrical Engineer and has been doing work in industrial industries focusing on renewable energy for the last 15 years. For Plants 1-3, the price the District pays for natural gas is very competitive which makes electrification of those plants difficult. For the purposes of the study, they have projected a significant increase in the natural gas costs and incorporated that into a number of options for those plants. The study compares costs for five options: continue current natural gas operation, connect to an existing utility and converting all four pumps to electricity, owned solar system, Physical Power Purchase Agreement, and Virtual Power Purchase Agreement. For Plants 1-3, just in the cost of natural gas for one year versus the cost of power for one year, total conversion becomes financially infeasible, even before the costs of infrastructure are considered. Director Hall asked questions regarding the electrical costs, backup power and storage, and the energy market and Mr. Stockton answered them. Mr. Neisler mentioned there are other obstacles that are not considered in this study such as regulatory issues, right-of-way acquisition for infrastructure, and diesel generator (backup) permits are not forthcoming in California. Mr. Stockton described the study for Plant 4 and explained that natural gas at this plant is delivered through the SoCal Gas Gate and rates are more costly than Plants 1-3 who get delivery through the Kern River Gas Gate, so electrification through an existing utility or a Virtual PPA may be a financially feasible option. He described that due to the amount of power storage required to have 24 hours of backup power, the size of the necessary solar field renders that option not financially feasible. Agilitech also provided a study on the "other loads" the District has at 10 locations throughout the District. The results showed that the current power purchase contracts with SCE and PG&E provide very competitive rates and no changes are recommended. Director Zanutto and President Schultz asked some details of the land requirements and pumping capabilities and Mr. Neisler answered those.

President Schultz thanked Mr. Stockton for the presentation. Mr. Neisler commented it has been a pleasure working with Agilitech and Staff looks forward to working with them again. Mr. Neisler went on to conclude that based on these findings, Staff's conclusions are as follows: electrification at Plants 1-3 is not feasible and will not be considered for the upcoming engine replacement at Plants 2 and 3,

electrification at Plant 4 may be feasible due to the high cost of natural gas at that facility, however Staff feels it does not present the full picture as there needs to be continuous service during a power outage. Staff feels a partial electrification of Plant 4 is more attractive as it provides for reliable uptime. The upcoming engine replacement project is only for Plants 2 and 3, however the Board could consider adding partial electrification to Plant 4 as part of this project. Staff does not propose any changes to the other load locations in the District.

Item 10. Adopt Resolution 09-22 Approving Fiscal Year 2022-23 Final Budget, Investment Policy, Appropriations Limit and Reserve Policy

Ms. Madenwald stated that with more current information, a Final Budget for FY 2022-23 has been prepared for Board approval. Appropriate minor changes have been made to the Preliminary Budget and she reviewed the changes as detailed in the Staff Report. The Net Change to the Operating Budget equals an increase of \$7,400 to Reserves and the Net Change to Overall Budget equals a decrease of \$868,550 from Reserves. The Fiscal Impact as a whole during FY 2022-23 will be a decrease of \$388,284 from Reserves and a gain of \$7,716 in the General Fund. The General Fund Designated Reserves are now fully funded so no transfers are planned at this time. The balances will be recalculated after the FY 2021-22 Audited Comprehensive Financial Report is completed. President Schultz thanked her for her report and commented it was very well done. Mr. Neisler noted the Ad-Hoc Budget Committee was given an oral presentation of this Final Budget and a copy of the document for review. The Committee supported a recommendation for adoption.

Director Zanutto moved for adoption of Resolution 09-22 Approving the Fiscal Year 2022-23 Final Budget, Investment Policy, Appropriations Limit, and Reserves Policy. President Schultz seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 11. Provide Report on Status of TCCWD Banked Water Reserve Accounts

Mr. Neisler recalled that at last month's meeting, he presented a report on the status and recommendations for the District's Banked Water Reserve Account (BWRA) supplies in Tehachapi and Cummings Basins. At that meeting, President Schultz appointed an Ad-Hoc Committee of Directors Hall and Zanutto to review the information. Staff met with the committee and discussed the details of the three options presented and Mr. Neisler reviewed those options for the audience. The Committee proposed an amendment to the third option and their final recommendation is to set a minimum BWRA balance based on the projected average for a 5-year period and then reevaluate that limit every five years. These calculations are detailed in the Staff Report and will yield a 3,750 AF minimum for Tehachapi Basin and a 6,750 AF minimum for Cummings Basin.

President Schultz asked what comprises the demand for those amounts. Mr. Neisler stated it is primarily Conjunctive Use and Banking requirements for Term M&I customers. It was clarified that these storage limits are for TCCWD's BWRA supplies and are irrespective of customers' BWRA. Mr. Neisler stated he envisions these minimum balances being reserves for a catastrophic event such as an earthquake that shuts down the Delta, not to supplement available supply. He stated that not all 5% allocation years are the same and if there is another one next year, our water allocation strategy is not going to be the same. President Schultz expressed concern for ensuring that this policy treats all varying types of customers fairly, does not alienate any customers, or have unanticipated problems over time by setting a hard stop. He questions if setting this limit may be an overlap as many M&I customers have BWRAs of their own and if this minimum would only be used for health and safety during an emergency event, this would be providing additional backup for M&I use. Director Cassil pointed out that the decisions on which customers will get the banked water in an emergency event is something that will be decided on based on the circumstances at that time. She feels this Board has an obligation to provide assurance to all

customers that water is being well maintained in the basins, especially in these times of extreme water shortages across the State, so she is supportive of a developing a plan to accomplish that.

Mr. Don Marsh, City of Tehachapi, pointed out that non-M&I customers also have the opportunity to establish their own BWRAs as some M&I customers have done. President Schultz commented that some challenges Agricultural use faces is they not only need wells in seasonal time, but they need high flow from the pipeline, so it is a different scenario. Mr. Marsh stated he would argue they are no different; they (COT) have just engineered that problem out. He added that on the overall report, the presentation is well thought out and prepared, and this is a reasonable approach, but he feels there is another step that needs to be taken. When the District goes below that minimum, what is the approach for rebuilding that? Would that mean the District gets the first water that comes off the pipe? President Schultz agreed and stated that is why the water priority needs to be discussed further but cannot be resolved just yet.

Ms. Susan Well, GHCS D, thanked Mr. Marsh for his comments as she had similar and reiterated that the Ag customers could bank like the M&I customers have. She stated that all these issues have to be looked at wholistically, not separately; the DCP, BWRA, and the annual Water Priority Ordinance and she feels they (agencies) all need to be a part of these discussions.

Director Zanutto commented that one reason this limit discussion came up is because this year we took 3,000 AF from the District's BWRA and we can only do that so long; there needs to be a limit. If circumstances continue, there are going to be some hard decisions that will need made. President Schultz proposed the idea of a gradual slow down rather than a hard stopping point. He stated that as things get worse, use will be curtailed, and water can go further. He wants to ensure that this plan is fully vetted before it is approved to reduce the risk of an unintended result. Director Zanutto stated he understands President Schultz's concerns and agrees he doesn't want to get to a point where we have to say there is no water, but it will come to a point where public safety will take precedent. He feels the District is responsible enough that when the time comes, they will consider all these factors President Schultz is pointing out.

Ms. Wells commented that GHCS D, the City and other M&I users have been very responsible in banking their water. Agriculture has the same opportunity to do that whether they choose to or not. She feels it is responsible of this Board to set a policy to have a minimum and to do that in a way that considers all of the other things we have been talking about. Director Hall appreciates the M&I users ensuring they have the backup water supplies they need.

Director Zanutto moved that the Board direct Staff to prepare a resolution for Board consideration to establish minimum banked water reserve for TCCWD in the quantities of 3,750 AF in Tehachapi Basin and 6,750 AF in Cummings Basin. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 12. Approve Contract Change Order No. 01 for Jacobsen Reservoir Fence Repair Project

Mr. Curry stated at the July Board meeting the Board authorized Staff to execute a contract with Mike's Fencing Inc. (Attachment B) to install the new five-strand barbed wire fence. Grimmway Farms has expressed continued interest in including a 96" game fence along the north side of the project area. This item is a request for the Board to accept Change Order No. 01 to include this additional work to the project. The work outlined in the Change Order was included as Bid Alternate B in the project scope that was sent out to qualified contractors for bidding. The Board rejected the inclusion of this Bid Alternate with the approval in July. The details of this contract change are included at Attachment A and include the installation of 3,152' of 96" tall game fencing, bracing and gates along with the deletion of the five-strand barbed wire fence in that area. The increase in cost for this change order is \$49,920.00 however the District will receive a credit for the deletion of \$23,766.08 resulting in a net increase of \$26,153.92

which will be paid for by Grimmway Farms. Grimmway will also supply the materials for this Change Order. In conclusion, the cost to the District will remain the same at \$94,151.98.

Mr. Jay Schlosser, City of Tehachapi, asked who will be responsible for maintaining this alternate fence and is there a difference in expense to maintain the larger fence. Mr. Curry responded that the fence will be a District owned facility once construction is complete so the District will maintain it and ongoing maintenance shouldn't be any different than any other chain link style fence the District has. Mr. Neisler added he suspects the maintenance responsibilities on this fence will be less as it is harder to cut through this woven wire fence than it is to cut through barbed wire.

Director Zanutto moved that the Board approve Contract Change Order No. 1 and Authorize the General Manager to execute the same with Mike's Fencing, Inc. for the JC Jacobsen Reservoir Fence Repair Project. Director Pack seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Zanutto; Noes: None; Abstain: Schultz; Absent: None. Motion passed.

Item 13. Reject Bids Received for Replacement of Dennison Well Pump, Motor and Appurtenances

Mr. Curry stated they did not get a good response of qualified bids for the Dennison Well Rehabilitation Project. On July 21, 2022, Staff sent out bid notices to eight qualified contractors and due to higher than estimated costs along with a very low number of submittals, Staff is asking the Board to reject the bids submitted for this project. Of the bids submitted, one was a complete bid and two site electrical bids were received. Once these bids are rejected, Staff will contact vendors to try to determine why more bids were not received and then ask the Board to reschedule and rebid the project with a revised project scope. The FY 2022-23 CIP Budget includes \$100,000 for this project.

President Schultz moved that the Board reject the bids for the Dennison Well Rehabilitation Project. Director Zanutto seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 14. Accept Storage Canopy Project as Complete and Authorize General Manager to Execute and Record Notice of Completion

Mr. Curry stated the Storage Canopy Project is complete and gave a short description of the project. The contractor has submitted payroll records, appropriate lien releases, and supporting documentation as per the contract. There were three Contract Change Orders totaling \$49,037.49. This project is complete and acceptable, so Staff wishes to move forward with filing the Notice of Completion. Per the contract, the District will retain 5% of the final invoice amount (\$4,268.95) until 35 days after the recording of the Notice of Completion with Kern County. The FY 2021-22 CIP Budget amount for this project was \$90,000.00 and the total cost came in at \$89,049.09 (including Change Order).

Director Zanutto inquired about the two storm drains waiting to be installed and Mr. Curry clarified that is a project District staff will complete.

President Schultz moved that the Board accept the certification of project completion from the General Manager for the Storage Canopy Project and authorize the General Manager to execute and record the Notice of Completion per the approved contract. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 15. Board of Directors Comments

Director Cassil asked if there were any candidates in the audience and if they could introduce themselves. Mr. Nathanael Harbison of Castle Oak Homes introduced himself. Ms. Cassil discussed the Annual Watermaster Report and let candidates know this is a very useful document to get to know the District.

She asked Mr. Neisler to explain the hydrographs contained in the report and he did so. She stated this report is on the District website or a copy can be requested from the office.

Director Hall commented that he would have liked to see a total tons of carbon that will be released on the electrification study.

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, 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; 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 went into Closed Session at 4:57 p.m.

Item 17. Return to Open Session

The Board returned to Open Session at 5:32 p.m.

Report Action Taken in Closed Session:

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

Item 18. Adjournment

The meeting was adjourned at 5:33 p.m. on a motion made by Director Hall, seconded by Director Cassil, and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. 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: KCSC No. BCV-21-102184 KCT
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: _____