

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
 REGULAR MEETING OF THE BOARD OF DIRECTORS
 August 20, 2025, 3:00 P.M.
 22901 Banducci Road, Tehachapi, CA 93561

Item 1. Call to Order and Roll Call

Directors Present: Ables, Davis, Hall, Sasia, Schultz

Legal Counsel Present: Counsel joined via Zoom for Closed Session

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

Neisler stated Legal Counsel has made him aware of a situation that requires immediate Board attention. He requested an emergency item be added to the agenda for a closed session item to discuss a settlement agreement and pending litigation. That closed session item would be Item 15. e., In Accordance with Exhibit E attached hereto, In the Matter of the Bozenich Family Trust dated 8/10/1999.

Director Hall moved to add Item 15.e. to the agenda via emergency declaration. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Director Sasia moved to approve the agenda as amended. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; 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

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 July 16, 2025, Special Board Meeting of July 30, 2025, and Special Board Meeting of August 8, 2025
- 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 Sasia moved to approve the Consent Calendar. Director Ables seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 7. General Manager's Report

Neisler reported on the following:

- The chart illustrates CalPERS returns over the last 20 years and overall, they are positive. The total return for Fiscal Year End 06/30/25 was 11.6%, which exceeds the discount rate of 6.8% by a healthy 4.8%. This should obviate the need to increase the Unfunded Pension Liabilities (UAL) and the upcoming premiums. He reminded everyone that the Board has authorized paying the UAL in full, to avoid borrowing that amount from CalPERS at 6.8% per year. The chart was provided by Dimitri Semenov, the District's Municipal Advisor of Ridgeline Securities. Neisler offered to contact Semenov to request a presentation on this topic or other municipal finance issues if the Board was interested.
- The California Legislature has returned to work and will work until they adjourn for the year on September 12th. Governor Newsom's trailer bill has a critical item to streamline the path forward for the Delta Conveyance Project. It will go before the full Legislature and the Senate during the closing period.
- With regard to DWR's amendment to the 2023 Delivery Capability Report (DCR), the estimated impact of subsidence may decrease the capacity and consequently the Table A Allocation in the State Water Project (SWP) by up to 85% of the total capacity of the project. Neisler does not feel this is a reasonable expectation but it is causing people to take sides. The Metropolitan Water District (MWD), a 50% owner of the SWP, is opposing the State's proposal to fund the subsidence work, about \$4 billion for temporary repairs. Majority of the subsidence problems are north of Kern County, so MWD does not feel they should have to pay 50% of the cost of the problem when a significant portion of the subsidence was caused by Central Valley Project contractors.
- DWR is currently working on a Debt Reconciliation Project. Over the course of 60 years, DWR has issued a large amount of municipal debt to fund their operations and needed improvements. As financial conditions have improved, they have refinanced that debt but they have not reconciled State Water Contractor's bills to reflect potential cost savings for that refinancing, the consolidation, and reconciliation of that debt. The issue was brought to their attention and they have acknowledged it needs to be dealt with. The State Water Contracts that were on hold have been extended to 2085, so this gives ample time to reconcile the debt.
- The District has discontinued the use of the extraction wells that they were granted permission to use by public agency partners. The lake level is high enough to continue operations normally. The District acknowledges the gracious offer by those agencies and the Board approved their payments in the amount of \$145/acre foot of water for the use of their facility to pump the District's water. Neisler sent notices of thanks and appreciation to Golden Hills CSD, Stallion Springs CSD, and Bear Valley CSD.
- The importation system continues pumping at 19 CFS and Curry will expand on this in his report.
- Staff advertised for a Controls and Emissions Technician and received a good response. Interviews have been scheduled. The Board had previously authorized Staff to advertise for a Administrative Assistant and that is currently underway. The costs for those are included in the Budget.
- The standard charts are included with the Staff Report. He offered to answer any questions the Board or Public may have and there were none.

Item 8. Operations Report

Curry reported on the following:

- On July 23rd, the District was notified of a leak near Casey Lane and the Antelope Run bike path. The Pipeline Department responded and shutdown the pipeline to make a repair to the six-inch branch line off the mainline that had blown out. The District's fence and one customer's fence suffered damage along with the bike path itself. The line was repaired and put back in service, and the fence and bike path repairs were made thereafter.

- The Engine Replacement Project continues with structural engineering work for Pump Plant 2 for the exterior exhaust structure and the excavation plan. Pump Plant 3 is down to a couple punch list items to be completed once the system is shut down for the season, such as installing the gas earthquake valve and some realignment work on Engine 3.
- The system continues to operate with three engines running at 19 CFS due to the vibration issues at Pump Plant 3 with the right angle gear drives. Staff is working with Philadelphia Gear to get those repaired units back soon.
- Brite Lake data from August 15, 2025, was: elevation 4351.2', volume 956.4 AF, and level 25.2'. The only extraction well operating at this time is Pump Plant 5 to help maintain pressure on the far end of the system.
- He reviewed the details of the Pumping Systems and Pipeline Staff projects and tasks listed in the Staff Report.
- Staff coordinated with the City of Tehachapi Engineering Staff on their Tucker and Highline roundabout project to relocate one of the District's fire hydrants.
- Pay Request #10 for WM Lyles was reviewed and processed.
- Operations Staff training on securing cargo loads and accident reporting was conducted.
- He is working with the integrator for the new ISP and phone system. The system should go live in late September or early October.
- Staff is coordinating with DWR-DSOD on piezometer data for JC Jacobsen Dam.
- Capital Improvement Projects continue to move forward.
- He offered to answer any questions the Board or Public may have.

Director Ables inquired about the progression of the new building. Curry stated the Pipeline Department is working on rerouting the waterline and storm drain for the building pad. Once the final grading plan comes back from the contractor, Staff will review and approve it to move forward. President Schultz referenced the weekly cleaning of the screens at Pump Plant 4 and asked what is found in them. Curry replied that the debris in the surface water is everything from fish scales, to sticks, to anything that can fit through a quarter inch piece of tubing. There are screens that protect this debris from getting into the control valve. Director Hall asked if some debris makes its way to the customers and Curry confirmed it does. When there has been mainline breaks, Staff has found fish and debris in the line.

Item 9. Adopt Resolution 13-25, Approving the Fiscal Year 2025-26 Final Budget, Appropriations Limit, and Reserves Policy

Sampson stated adoption of the Resolution will approve the Fiscal Year 2025-26 Final Budget. The information and projections from the Preliminary Budget are used to true up against the actuals and updated information received for year end. Reserve fund balances have been adjusted to reflect actuals and those are used for projections in the Final Budget. Attachment C contains the Final Budget document.

The Ad-Hoc Budget Committee, comprised of Directors Schultz and Davis, met on August 5th to review the proposed revisions from the Preliminary to the Final Budget. The topic of discussion was the recommended changes that are included in Attachment A and she reviewed the summary of those changes that was included in the Staff Report. In summation, the Operating Budget had a reduction of \$295,100 largely due to property tax projections but was still positive with a surplus of \$1,350 to be added to Reserve Fund balances. The overall budget increase was \$1,451,200 as a result of the operational and non-operational budgets and the Reserve Fund balances increase was \$1,900,142, so the District is in a very good position going into this next year.

The Ad-Hoc Budget Committee recommended approval of the Final Budget, Appropriations Limit and Reserves Policy. The fiscal impact is an addition of \$1,350 to General Fund Reserves and Reserve Fund ending balances improving by \$3,351,342 over the Preliminary Budget. Attachment B contains the Capital

Expenditure Budget. President Schultz stated he is an advocate of this Budget and appreciates the hard work put into it as it is very well done.

President Schultz moved for adoption of Resolution 13-25, Approving the Fiscal Year 2025-26 Final Budget, Appropriations Limit and Reserves Policy. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 10. Approve Updates to District Strategic Plan

Neisler stated the Board held a Special Board Meeting on July 30th in a workshop format to discuss updates and changes to the Strategic Plan. The Strategic Plan was originally approved in 2019 and the Board directed Staff to conduct a biennial review in odd years thereafter. The Staff Report from the Special Board meeting is Attachment A. A hyperlink is available in the Staff Report to view the redlined version of the document. Neisler displayed the redlined document and reviewed all the proposed updates. President Schultz referred to page 17 of the plan, and stated that given this is a two-year planning document, he only takes exception to the part where it states “the City of Tehachapi is currently not honoring agreement and requesting termination” and prefers that it be worded differently to not come across negative. He welcome other Board Member’s input on this thought. Neisler stated his commented is well made and he agrees. Director Davis agreed as well and Neisler directed Adams to make a note of the change to be made. President Schultz thanked Neisler and everyone who put time into this document as he knows it was a lot of work.

Director Sasia moved that the updated Strategic Plan, including Capital Improvement Element, be approved, and new graphic copies prepared. President Schultz seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 11. Accept Project as Substantially Complete and Authorize General Manager to file Notice of Substantial Completion for the Pumping Plant Engine Replacement Project – Phase I Plant 3

Neisler stated that filing the Notice of Completion is the last step of the first phase of the Engine Replacement Project. This gives suppliers, vendors, or subcontractors official notice that the District is planning to issue a final payment to the contractor and they have 35 days to protest or make a claim if they have not been paid. Staff has no concerns about this particular project. In addition, the filing also implements the warranty period for the work that is included in the project. This project is more complicated than a standard project. The project has two phases over multiple years and the facility has been operating since June without a Notice of Completion. Out of fairness to the contractor, Staff would like to implement the warranty period so that this does not run into an 18 month or two year warranty period, rather than the 12 months it should encompass. Neisler has prepared a Notice of Substantial Completion that includes three exceptions. The main exception has to do with the alignment issue with Plant 3, Engine 3 and the engine supplier and contractor are aware of that. Staff has received a tremendous amount of cooperation and joint problem-solving to resolve that issue, but the full breakdown and analysis cannot be done until pumping has stopped for the year.

This item is for the Board to accept the project as substantially complete and authorize Neisler to record the Notice of Completion to commence that warranty period and then pay the 5% retention after the 35-day public review period expires. President Schultz wanted to confirm that this exception covers the vibration issue and Neisler confirmed that is part of the Plant 3 alignment issue referenced.

Director Hall moved that the Board accept Phase I of the Engine Replacement Project as substantially complete and authorize the General Manager to file the Notice of Completion with the Kern County

Recorder. President Schultz seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 12. Reschedule September Regular Board Meeting

Neisler stated he has been notified that two Board members will not be available for the regularly scheduled September 17th Board Meeting so the schedule needs modified. Since the schedule of Board meetings was approved at the beginning of the year, we need the Board to vote to reschedule the meeting to be held on September 24th instead and notify the Public. President Schultz asked the Board if there were any conflicts with moving the meeting to the new date. Director Hall asked who the two Board members were and it was President Schultz and Director Ables and there were no other conflicts.

President Schultz moved that the September Regular Board meeting be rescheduled from September 17th to September 24, 2025. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 13. Authorize Director Attendance at ACWA Region 6 & 7 San Joaquin Valley Water Tour and 2025 Fall ACWA Conference

Neisler informed the Board that the Fall ACWA Conference is the first week in December in San Diego and hotels should not be a problem in this area. The Board is required to approve reimbursable expenses for Directors such as attending training. Another event coming up is the ACWA Region 6 & 7 Water Tour. A water forum will not be held this year, only a tour in Kern County. Information on both events is attached to the Staff Report. Director Hall is the District's JPIA Director so he has approval to attend the JPIA Conference which precedes the ACWA Conference and he confirmed he will attend this session. Discussion took place on the tour and Directors' availability for these events.

President Schultz moved that Directors Ables, Schultz, and Davis be approved to attend the Fall 2025 ACWA Conference, and he moved that Director Hall be approved to attend the Region 6-7 San Joaquin Valley Water Tour. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; Noes: None; Abstain: None; Absent: None. Motion passed.

Item 14. Board of Directors Comments

President Schultz commented that we are substantially through the water year and there are still months left to pump and in speaking with Neisler we hope to pump close to 7,000 AF (Neisler clarified that was off the top of his head, he has not determined that number) and President Schultz was impressed given the hurdles and problems the District has had to face this year. President Schultz wanted to congratulate Staff for working hard, planning ahead, and allowing TCCWD to import the needed water for customers this year. There were a lot of concerns this year and he thanked the contractors, local CSDs that allowed the use of their water wells, and all those involved to help make this happen. He also appreciated the customers who cut back on their use when the District needed it. He thanked the Operations Staff for everything they did to keep things going this year and thinks the community appreciates it too. Curry thanked him for the comments and stated he would pass them on to the Staff.

Item 15. 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, TCCWD v. City of Tehachapi
- c. In Accordance with Exhibit C Attached hereto, City of Tehachapi vs. TCCWD
- d. In Accordance with Exhibit D Attached hereto, City of Tehachapi vs. TCCWD
- e. In Accordance with Exhibit E Attached hereto, In the Matter of the Bozenich Family Trust dated 8/10/1999

The Board adjourned to Closed Session at 4:16 p.m.

Item 16. Return to Open Session

The Board returned to Open Session at 5:08 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. The Board unanimously approved the Settlement Agreement in a final form agreeable to Legal Counsel and directs Staff to implement the agreement.

Item 17. Adjournment

The meeting adjourned at 5:08 p.m. on a motion made by Director Hall, seconded by Director Sasia and carried on the following vote: Ayes: Ables, Davis, Hall, Sasia, Schultz; 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: County of Sacramento Superior Court 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: KCSC Case No. BCV-25-103013
Name of Case: Tehachapi-Cummings County Water District v.
City of Tehachapi

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 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)

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-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: _____



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.)

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

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

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

- Appointment: _____
Title: _____
- Employment: _____
Title: _____
- Performance Evaluation: _____
Title: _____
- Discipline/Dismissal/Release: _____

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

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