

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
 SPECIAL MEETING OF THE BOARD OF DIRECTORS
 March 9, 2022, 9:00 A.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: Tom Neisler, Jon Curry, LaMinda Madenwald, Catherine Adams
- 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 Cassil moved to approve the agenda. 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 5. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body**
 There were none.
- Item 6. Presentation DRAFT 2022 Water Operations Plan**

 - a. Public Workshop to receive comments and questions

Mr. Neisler opened with the California DPH recommendations, evacuation procedures, voluntary sign-in sheet, and that all are welcome speak and comment times will not be limited. Introductions were made beginning with the Board, then Staff and Public. Mr. Neisler presented the following information on the background of the District:

 - The District has two water supplies; groundwater in three adjudicated basins and imported (surface) water. This presentation focuses primarily on imported water.
 - TCCWD obtains an imported water supply as a Member Unit of the Kern County Water Agency (KCWA). KCWA contracts with the State of California-Department of Water Resources (DWR) for State Water Project (SWP) imported water. The District holds two contracts for SWP water, one for Municipal & Industrial (M&I) and one for Agriculture (Ag). Initially under the M&I contract, the District’s contract amount was 15,000 AF and under the Ag contract, 4,300 AF. In the 1994 Monterey Amendments, the contracts were amended to remove the separation of M&I and Ag, giving the District a contracted amount of 19,300 AF with no differentiation or preference.
 - The State allocates the amount of water available in the SWP through DWR as a Table A Allocation. The final allocation is not known until April or May of a typical year. Currently, the allocation is at 15% (2,895 AF) and could be in jeopardy due to lack of precipitation and snowfall since the first of the year.

- The District's importation system has the capacity to pump a maximum of 10,000 AF per year and that annual goal has been set by the Board. Therefore, an allocation of 51.8% ($10,000\text{AF} \div 19,300\text{AF}=51.8\%$) from DWR is necessary to meet that goal. Historical graphs of annual allocations, long-term average calculations, and precipitation charts were presented.
- In 2020, with a 20% allocation and use of stored water, over 8,000 AF was provided to customers, and in 2021, with a 5% allocation, around 7,000 AF of water was provided. All M&I wet water deliveries were met while agricultural deliveries had to be reduced. The draft plan for 2022 predicts around 6,000 AF of deliveries, but that will depend on the final allocation determination.
- In years where State Water Contractors (TCCWD) do not get 100% Table A Allocation, they are still subject to paying 100% of the operating costs of the State Water Project.
- The Sustainable Groundwater Management Act (SGMA) is a series of 3 legislative bills that manage groundwater. One component of SGMA is that groundwater sustainability agencies be formed and prepare sustainability plans. SGMA applies to all 515 groundwater basins in California, with the exception of 26 basins. Three of those exempted basins are Tehachapi, Brite and Cummings Basins as they are already effectively managing groundwater through the adjudications in place. TCCWD, as court appointed Watermaster, is required to report annually on Tehachapi and Cummings Basins, and those reports can be found on the District website.
- He shared the groundwater banking opportunities the District has utilized in the past as well as the fact that the District is actively seeking a stake in a groundwater bank in the San Joaquin Valley.
- In years of shortage, the District adopts a Water Priority Ordinance to establish the water priorities for surface water. Prior to adopting the Ordinance, the Board will decide if this operation plan is what they want to see carried out, and once the final allocation is determined, the District will know how much water there is to work with. Typically, the Ordinance goes before the Board in April or May, and prior to that, a noticed public hearing will take place.

He presented the following information on the DRAFT Operations Plan:

- The draft Operations Plan was first presented at the February Regular Board Meeting. Because the final allocation is yet to be determined, he prepared various scenarios from 0% to 30% allocation. He focused on the 10% to 20% range as that is the most likely. He reviewed the estimates he prepared for the Operations Plan that are based on customers' average use over the last 5 years.
- One way the District can supplement supply during low allocation years is by extracting our banked supply. In 2021, the District extracted 3,800 AF of our banked supply and this draft plan for 2022 proposes extracting 3,000 AF of banked supply via the District's Tehachapi Basin extraction wells. The District does not own any wells in Cummings Basin but is actively looking for opportunities. The District does have agreements with BVCS and SSCSD to utilize some of their wells in Cummings Basin. However, in order to utilize water pumped from those wells, the importation system has to be operating to gain enough pressure to pump that water over the hill and into Brite Lake, so there are restrictions.
- BVCS and SSCSD have deficits in their Banked Water Reserve accounts and Mr. Neisler stated that one option to reduce those deficits is to ask the Board if they can purchase water from the District's Banked Water Reserve account in Cummings Basin. This would only require ownership change, no physical transportation of the water.
- The District offers Wheeled Water to customers in Tehachapi Basin who have water rights but do not have extraction capabilities. If they are close to the system, surface water can be sold off the pipeline and in turn, the District exercises their water rights. This only works well when there is surface water available for this use.
- In 2022, the District will import 2,000 AF (10%) to 4,000 AF (20%) of water rather than the goal of 10,000 AF based on the variable allocation. The current plan is to operate 2 engines for 2.5 to 5 months as there will not be enough water to operate a third engine. The importation process can start once water is being sold as there has to be water going out of the lake to ensure there is capacity to put imported water into the lake.

- The SWP Water Supply/Demand Analysis-Existing Use chart was presented, and he reviewed requested water amounts and 5-year average use by category.
- The projected 2022 demand amounts are as follows: Regular M&I 100 AF, Term M&I 315 AF, Wheeled Water 250 AF, Agricultural 6,065 AF, and Recharge 1,584 AF for a total of 8,624 AF of SWP water demand. A 45% allocation would be necessary to meet those requests which is not possible this year.
- The plan the District will try to carry out will be based on the SWP Water Supply/Demand Analysis-Estimated Supply & Demand chart with multiple allocation scenarios ranging from 0% to 30%. He focused on the 10% to 20% allocation columns as those should be the range we can expect to receive.
- For Supply, the District will receive between 2,000 AF (10%) and 4,000 AF (20%) of SWP water and it has 50 AF of Table A Carryover from 2021, 190 AF stored in ID4-LKR, 11,255 AF banked in Cummings Basin and 6,791 AF banked in Tehachapi Basin.
- For Demand, the chart shows the amounts the District would be able to provide considering requests, and based on the allocation it receives. This plan proposes fulfilling 100% of the requests for Regular M&I, Term M&I, and Wheeled Water customers. The amount of water available to Ag customers will be on a limited basis and will vary by allocation amount (decreasing as the allocation decreases). The total delivery amounts are as follows given these allocation amounts: 10% allows for 4,465 AF, 15% allows for 5,365 AF, and 20% allows for 6,265 AF. These all fall short of the total requested amount of 8,624 AF, so if 3,000 AF of TCCWD banked water is withdrawn, more of these requests can be met.
- If 3,000 AF of banked water were used, it would leave the District with about 15,000 AF banked In-District and no water banked in the San Joaquin Valley.
- The Banked Water Reserve Account Analysis chart was presented showing customers' current balances, goals, and whether they have a surplus or deficit. The current goal for all Tehachapi Basin customers combined is 3,022 AF and it currently has a surplus amount of 2,290 AF, however that is because GHCS D has a surplus amount of 2,575 AF while the other customers are slightly under their goals. In Cummings Basin, the current total goal is 6,810 AF and there is a total deficit of 3,659 AF. The District has a balance of 6,791 AF of water banked in Tehachapi Basin and 11,255 AF in Cummings Basin for a total of 18,046 AF. If 3,000 AF is withdrawn as proposed, the District will have a remaining balance of 15,046 AF.

He welcomed any questions or comments from the Board and Public. Director Cassil appreciated the effort the General Manager and Staff made to put all of this together; it's very complex and she feels he did an excellent job. She appreciates people being able to see the numbers, understand where we've been, where we are, and how to project forward. Bill Kelley with Fairview Ranches inquired if the banked water Revol Farms purchased has been transferred to their account already and Mr. Neisler confirmed it had. He further asked if there are plans to replace that water if and when it is available, and Mr. Neisler answered yes, stating that there is a reserve account dedicated to that purpose. There were no further questions or comments.

Item 7. Presentation by City of Tehachapi – City Water Demand/Supply

a. Public Workshop to receive comments and questions

President Schultz stated that with this being a workshop, the City offered to do a presentation on their future needs. They look forward to hearing the City's views and ideas which are provided for informational purposes only. Due to pending litigation between the City and TCCWD, the Board cannot comment on issues relating to water supply or take any action at this time. The Board's silence should not be taken as acceptance or rejection of Mr. Schlosser's statements or presentation. The Board will review, consider, and respond at an appropriate time. Director's comments are individual opinions and are not made on behalf of the Board or TCCWD.

Mr. Jay Schlosser thanked the Board for the opportunity to present. He began with describing the City's perspective of the TCCWD origins and referenced the Geology Ground-Water Survey (1962),

Tehachapi Project Report (1969), and the 1969 Feasibility Report. He feels these documents define the District's purpose as a water district which serves both Agricultural and M&I customers. His interpretation is that the documents project that both categories water demands would reach 5,000 AF each by the 1990s, and an additional amount of 10,000 AF was expected for M&I growth beyond 1990. M&I's demand has not reached that point. He described the factors he thinks have contributed to that; decrease in average domestic consumption, previous CB adjudication did not have the same demand for imported water, and many water rights were annexed to the City as it grew rather than an increase in imported water demand. The City feels that over the years, the message from TCCWD has been to not rely on imported water to meet their growth needs.

He stated that the City contributed funds to support the efforts of the studies, the creation of the District and the importation system. He feels it is important to note that TCCWD was formed as a water district, with taxing authority, not an irrigation district. He stated the Tehachapi economy in the 1960s and 1970s had a much larger agricultural base with many "mom and pop" farms whereas now there is a much larger corporate agricultural base that does not have as many ties to the local economy. He referenced figures from the TCCWD Budget, comparing operating budget and tax revenues claiming majority of the property tax revenues come from non-agricultural properties.

He described two methods for M&I growth planning; Count Them All and Develop & Monitor a Long-Term Plan. With the Count Them All method, when a project is approved, the City would take that water out of their balance and set it aside for that project only. Under the Long-Term Plan method, the City would develop estimates of future growth, make projections, and periodically monitor the estimates to see how they align with reality. He referred to the City Project List he provided to the Board stating this contains all the projects the City has on the books to-date and reviewed the details. The total demand (if all projects are built), less conservation projects and water rights acquisition, is 340.06 AF. He presented a graph displaying the Historic & Projected Water Demand for the last 20 years. He stated he would argue that the Count Them All method is inaccurate as it overestimates what will actually be built and how quickly, so the provided City Project List should not be used to determine what the City will need. He referenced a list of Parcel/Tract Maps Expirations, stating that many projects go undeveloped. The City uses the second method for water planning and has made efforts in the last two years to expand their available water to meet the growth. The City's efforts to meet future demands consists of requiring new developments be highly water efficient, they are actively working on water conservation projects, water rights acquisitions, a water recycling project (GSP), and purchasing SWP from TCCWD. In closing, he stated he hopes this information was accepted in the spirit it was offered, and the City hopes to move away from a relationship based on annual transactions and move into a genuine, long-term partnership with TCCWD that plans for things.

Mr. Neisler commented with respect to the 1990 projections of 10,000 AF delivered, with an additional 10,000 AF expected, that capacity does not exist in the system. The system did not reach 10,000 AF of importation capability until 2017 with the new engines, so he questions projections made in 1969 speaking to that. Regarding the budget numbers presented, the District's 2020-21 operating budget projected \$9,600,000 in revenue, \$9,400,000 in expenses, property tax revenue of \$5,663,500, and the budget surplus that was referenced was a result of certain unexpected revenue that was received. The District received an insurance reimbursement for an engine that failed (\$330,000), a CalOES Grant for PSPS generators (\$300,000), reimbursement for the Prop 1 Grant CB Westerly Recharge project (\$350,000), and due to the lack of water to pump, the District had to sell back Natural Gas that had been purchased (\$275,000). Together, those total \$1,255,000 and rather than have it sit in the bank, the Board just approved a payment of \$2,600,000 to the CalPERS Unfunded Pension Liability and the remaining balance will be paid off next year. He also commented that the District fully supports the City's GSP project and has entered into an MOU with them to use District property. We look forward to continuing those discussions. He stated he personally appreciates the information provided today

as it will help with projections and estimating the upper limit that has to be accounted for. Mr. Schlosser thanked the Board for their time and President Schultz thanked him for his presentation.

Item 8. Presentation of DRAFT 2022 Cummings Basin Groundwater Allocations

a. Public Workshop to receive comments and questions

Mr. Neisler opened with background information on the original Cummings Basin Adjudication and over the last five years, the District worked to amend it. On January 5, 2021, the Cummings Basin Amended and Restated Judgment (ARJ) was granted by the courts. The ARJ provides a method for calculating annual allocation amounts as follows: the M&I allocations are fixed based on parcel size and are first priority, so that total amount is deducted from the new Native Safe Yield (NSY) of 2,990 AF. The remaining amount is made available for irrigators. Irrigators are required to submit their allocation requests annually, based on their irrigated acreage. The remaining NSY is divided by the total requested irrigated acres and that becomes the irrigation allocation in acre feet per acre of land. For this year, the M&I allocations totaled 1,055 AF, which leaves 1,935 AF available for irrigation requests. The requested irrigated acreage amounted to 2,642 net acres. This amount is adjusted as greenhouses get a higher allocation than exterior row crops because the growing season is 12 months versus a calculated 8 months for exterior crops. With these totals, the irrigation allocation came out to 0.73 AF of water per acre of irrigated land. He mentioned there is a common misconception that prior to the ARJ, large agricultural pumpers used all the water they wanted and that was not the case. The District had gentlemen's agreements with them to where half of their water would be groundwater and the other half imported water. With this ARJ, their available groundwater has been cut back significantly.

This year the allocation request deadline was extended to February 1st from January 15th, as it was the first year of implementation and it took significantly more time to prepare the paperwork than anticipated. The District received approximately 28% of the request forms that were mailed out. For the rest that were not returned, Staff had to determine the allocation based on their best estimation. All pumpers were notified of their final allocation for 2022 by a mailing that was sent out on February 28th, the allocation amounts were posted on the website, and all pumpers were encouraged to complete their forms for 2023. M&I requests only need to be updated when there is a change to the use category, while irrigation requests need updated annually as the amount of water available and irrigated acreage varies each year.

He presented the spreadsheet that was posted on the website and reviewed that 376 AF is allocated to existing residential development, 679 AF is allocated to commercial/industrial, and 1,929 AF is allocated to irrigators. The ARJ requires the District hold this public meeting to answer any questions and he offered that Staff is always available to answer questions at anytime outside of this meeting as well. He thanked Ms. Judy Negrete, Administrative Assistant, and Ms. Cat Adams, Executive Assistant/Board Secretary, for all their work on this project. He offered to answer any questions or provide further details.

Ms. Susan Wells, GHCSO, asked with this new allocation process, what percentage of the agricultural need will be met. Mr. Neisler stated the total agricultural requests were 4,300 AF and the groundwater portion of that was 1,929 AF.

Director Cassil asked what the Safe Yield of Tehachapi Basin is, and Mr. Neisler responded 5,500 AF. She asked what the meaning of Safe Yield is in the context of this water district and its customers. Mr.

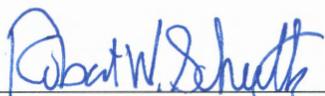
Kuhs stated in the judgment it is referred to as “Natural” yield and the water community has gravitated to the term “Safe” or “Sustainable” yield and they are generally equivalent. The meaning is, how much water can be extracted from a basin on a long-term average without causing a chronic decline in water levels or causing other undesirable results. It looks at how much water Mother Nature provides to the basin and how much people extract on a long-term average. She further asked what the relationship is between adjudicated water rights in the Tehachapi Basin and the Safe Yield. Mr. Neisler stated the judgment defines that relationship; the prescribed water rights in the judgment total 8,020 AF (judge’s determination in 1972). The Native Safe Yield (NSY) of the basin is 5,500 AF and is stated in the Amended Judgment. Since the water rights exceed the NSY of the basin, the judge determined that the annual pumping allocation was to be set by the Watermaster to bring those two numbers into compliance. Therefore, the annual pumping allocation was set at 2/3 of the base water rights to stay within the NSY. The judgment contains provisions for the Watermaster to adjust the annual pumping allocation, should there be a need to adjust the NSY.

Item 9. Board of Directors Comments

Director Zanutto thanked everyone for attending and for their input.

Item 10. Adjournment

The meeting was adjourned at 12:18 p.m. on a motion made by President Schultz, seconded by Director Hall, 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