

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
July 6, 2023, 2:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561

Item 1. Call to Order and Roll Call

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

Legal Counsel: None

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 Zanutto.

Item 4. Approval of Agenda

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

Director Hall commented that he felt the larger attendance last time was performative.

Item 6. Approve Distribution of Request for Bids for Three Vehicles:

- a. Three Quarter Ton Pickup
- b. One Ton Service Body Truck
- c. Class 4 Service Body Truck w/Crane

Mr. Curry stated this item is for the Board to consider approving Staff to solicit bids for three vehicles for the Operations Department. Staff has identified three vehicles that need replaced: 2014 Ford F250 (PL16), 2014 Ford F150 (PP35) and 2015 Ford F450 (PP36) Service Truck. Staff would like to retain and repurpose these three vehicles for different roles within the District. They would like to use PL16 as a spare Pipeline truck that can also be used for Summer Interns. PP35 would be utilized by the Operations Assistant who is currently using the Toyota Highlander and PP36 would become a spare service truck for Pumping Systems Department.

There are two vehicles Staff would like to offer as trade-in vehicles with the purchases; the 2013 Toyota Highlander and the 2013 GMC 1-ton with a utility bed and crane and explained the needed repairs for both vehicles.

Staff is asking for authorization to solicit bids for a ¾ ton pickup for the Pumping Systems Department, a 1-ton truck with a service body and rack for the Pipeline Department, and a Class 4 service truck with a crane for the Pumping Systems Department. Solicitations will be sent out on July 8th with a bid deadline of August 10th at 3:00 pm so bids can be presented to the Board at the August 16th Regular Board Meeting. The FY 2023-24 CIP Budget includes \$275,000 for these purchases.

President Schultz inquired about deadlines for the emission standards coming up. Mr. Curry responded that the Advanced Clean Fleet rules have a deadline of the end of this year so as long as we issue a purchase order before the deadline, it counts as a purchase in 2023. Once we roll into 2024, then either half of the vehicles we purchase have to be compliant or we have to file for exemptions through CARB. Director Sasia asked if these new vehicles will be gas or diesel. Mr. Curry replied that there will be two diesel and one gas.

Director Sasia moved that the Board authorize Staff to solicit bids for the purchase of three vehicles for the Operations Department as listed in the Staff Report. Director Ables seconded the motion, and it was carried on the following vote: Ayes: Ables, Sasia, Schultz, Zanutto; Noes: Hall; Abstain: None; Absent: None. Motion passed.

Item 7. Conduct Workshop to Consider Updates to the District Strategic Plan

President Schultz stated in some cases we would move into a workshop format but since the turnout is low (two attendees), he will leave the seating the way it is but told the audience to feel free to be a part of this as a workshop and understand that your voices will be heard today.

Mr. Neisler stated the Strategic Plan was adopted by the Board in 2019 and in accordance with the direction from the Board, a review of the plan is scheduled every two years. The initial review took place in July 2021. He prepared an outline to guide the discussion with the intention of using it as a reference or starting point. He will take notes on the outline as the meeting goes on to document what takes place and displayed the outline on the screens. Staff has done an extensive update to the Capital Improvement element of the plan which includes Short-Term (1-2 yrs), Mid-Term (3-5 yrs) and Long Term (6-10 yrs) Plans. For reference, he included the Staff Report from the Regular Board Meeting in July 2021 when the changes that were discussed at the workshop were included and approved in the Strategic Plan. He encouraged free flowing conversation and will work through any issues the Board or Public may have. He had various documents ready for display on the screens to share the outline, current Strategic Plan, and the CIP lists. The following discussion and updates were done on the sections below.

1. Introduction

Update Directors, titles and individual photos with current Board members. There were no changes to the Mission Statement. In reviewing the Core Values, Mr. Neisler pointed out with regards to safety, the District's current Experience Modification Rate is 0.74 which shows we have done an excellent job of ensuring the safety and well-being of our team and this rate saves the District money on premiums. Under fiscal responsibility and accountability, he mentioned the District has received a clean audit for at least the last 10 years and received the GFOA Certificate of Excellence for 11 years running. Director Hall commented that he would like the Core Values to include honesty and social responsibility. There were no changes to the Vision.

2. Strategic Planning Process

The process has been to create and update this plan in-house rather than pay a consultant or facilitator. Mr. Neisler feels this is a functional document and has served the District's needs. The process used is the Vision, Alignment, and Execution process. There were no objections to continue the current process.

3. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

- a. Human Resources- There have been adjustments to positions to meet the needs of the District. The current structure of the departments has allowed us to not require lead positions under the supervisors in the Operations departments. A welder position was created in the Pipeline Department in exchange for that lead position. The average age of the workforce is getting younger and more employees are in the PEPPA retirement

classification which helps to lower premiums. There is institutional knowledge that is lost when employees retire.

- b. Water Supply- The District is participating in the Delta Conveyance Project (DCP) that is moving forward and supports the project streamlining legislation. The Regional Urban Water Management Plan (RUWMP) is being taken much more seriously with this current update. There is considerable disagreement on the growth rate and it is tied up in litigation. This document is delayed until there is resolution on the litigation. The long-term Table A Allocation estimate from DWR is 58% and he explained why he doesn't feel that is accurate. The DCP is under environmental review and the EIR document is available in volumes and digital format as it is thousands of pages long. The Governor and Director of DWR, Karla Nemeth, have said they anticipate a 10% reduction in the allocation over the next 20 years.
- c. Importation System- The system consists of pipes and pumps which both have limited capacity of importing a maximum of 21 CFS for a portion of the year. Running February through November allows the District to import approximately 10,000 AF which is 51% of our allocation. This last year there were extensive discussions on the Water Priority Ordinance and although we were not able to satisfy all of our customers, he feels comfortable knowing they understand why we do things this way. The condition of our importation system is excellent for being approximately 50 years old. In 2016, an inspection of the pipeline was done from the turnout at the aqueduct to Pump Plant 1 (7 miles). The analysis developed a lifecycle forecast for that pipe of 75+ years of remaining service. Staff has included more inspections in the Mid-Term and Long-Term Capital Improvement Plans. The Board has done a great job of funding upgrades to the pump inventory; we have one brand new and two rebuilt pumps in reserve. The current Engine Replacement Project will replace the engines at Pump Plants 2 and 3. Even with natural gas prices increasing, it is still more cost effective to run natural gas engines rather than electric motors. The District had a professional engineering study done to verify that. The systems need to run 24/7 when operating and that's not the way renewable energy works and storage is an issue. Pump Plant 4 is the exception as it is smaller, only has half the lift as the others so the pumps, and runs intermittently so it may be feasible to use electric motors at this plant. The District's SCADA system capabilities are improving and remotely read meters are being installed at the large agriculture turnouts in Cummings Valley as well as pressure control valves that prevent overtaxing the meters. He explained how important controlling the pressure in the system is and how these measures will help to maintain smooth operations to prevent loss of suction and system shutdown.
- d. Support Systems- Staff is continuing to implement the GIS structure. The Public Portal is in beta testing now and we hope to have it available soon. The GIS Technician is out continually documenting repairs and system locations and this has proved to be a valuable tool. The goal is to eventually have everything run through the GIS; workflow, meter reading, inventory control and billings. An inventory management system will be a key component of that system. Staff has looked into Computerized Maintenance Management Systems (CMMS) and found the initial data entry is overwhelming, the level of tracking needs to be worked out as one engine has roughly 6,000 parts, and they need a platform that can be integrated into the current GIS. Therefore, the project has been moved to a lower priority at this time until a new system can be found and timeline created.
- e. Financial Resources- He thanked the Board and Ms. Madenwald for keeping the District on track. In 2008, Mr. John Martin set the course for the financial planning, rate calculation, and things of that nature that are still followed today. This helped the District move into an

incredibly strong financial position that is borne out by the credit rating received at the bond issuance, by the accounting awards the District receives annually, the clean audits received, and maintaining a balanced budget. That being said, the District is under financial pressures it has not seen in the past. The cost of natural gas is increasing and is the second largest expense of the District. Current rates are over \$5.00/mmbtu and he is hopeful to see some relief in the future with changes in the political issues in the world. With this new loan, the District has increased its debt service by about \$300,000 a year.

4. Major Challenges

- a. Human Resources- Mr. Neisler stated the District has taken good care of the team; COLAs, performance evaluations, great benefits and pay, employee enrichment opportunities, etc. President Schultz mentioned cross training employees and promoting from within the organization. He would like to ensure the District has the ability to replace key individuals with less pain if there was an incident, someone left unexpectedly, or even during vacations. Mr. Neisler shared the cross training that currently exists and possible succession scenarios. Mr. Neisler thought that was an excellent comment and noted it in the plan.
- b. Water Supply- Each year the District has to adapt to the current conditions. Recently we have seen less snow and more rain. Regulations are challenging but it is looking like things may be improving as they are looking at a resolution to the Voluntary Agreements, are seeing efforts on resolving the DCP environmental review, and the State is taking steps to try to limit the litigation that projects like this inevitably entail. Since the last review of this plan, we are utilizing the new Cummings Basin Westerly Recharge facility and we are still looking for out of District banking opportunities. The City of Tehachapi has an Indirect Potable Recharge project that we are partnered with them on. CCI is producing less effluent as the prison population is down 40%. The District is in the preliminary stages of purchasing property in Cummings Basin for a well.
- c. Infrastructure- With the Strategic Plan we implemented a 10-year Capital Improvement Plan that remains in place and updated. It is addressed during each Budget and is addressed in detail at this biennial review.

5. Capital Improvement Plan

- a. Mr. Curry reviewed the projects in the Short-Term, Mid-Term, and Long-Term CIPs.
 - Short-Term: He described each item and noted this list only has a couple projects that were not in the list that was in the FY 2023-24 Budget. The sub-totals are as follows for each department: Administration \$355,000.00, Pipeline \$813,000.00, and Pumping \$1,522,000.00. Director Zanutto asked about the Electric Vehicle Charging Station. Mr. Curry explained this is in preparation for upcoming regulations and to get things started while there are incentives from SCE to do the project. They are confident that a charging station will be necessary in the future, whether it be for District use or Public use, and are hoping to take advantage of some cost savings by starting the process sooner rather than later.
 - Mid-Term: He described the details of each project and noted a correction to "Brite Lake access road paving" as they do not plan to pave the road. They are looking at a form of resurfacing rather than paving as paving needs to be driven on and used in a matter that will maintain its useful life and it does not get that kind of traffic around the lake. President Schultz commented that he would like to see a smoother surface that can be better utilized by the Public. Mr. Neisler pointed out that the Public's use of that facility is a recreational use whereas everything the District uses that road for could be accessed with a dirt road. He is not denigrating the contribution to the community, but if the District were going to

replace the paving, he would recommend that Tehachapi Valley Recreation and Parks District participate in those costs. The 10-Wheel Dump Truck is still on this list because it has not been received it yet, but the Purchase Order has already been issued. The total Mid-Term CIP is \$10,670,000.00. President Schultz referred to the Fairview Loop Line project and how it started off planning as an in-house project and then moved to contracting it out due to lack of available Staff time as the District has had to take on additional projects like meter installations in Cummings Valley. He wondered if based on costs, it would make sense to hire additional employees and expand our operation. Director Ables asked in looking at electrification on Pump Plant 4, have they looked into differences in horsepower when switching to those motors. Mr. Curry stated they specifically had the engineer look at it. It would probably have to been a combination of electric motors and natural gas engines to make it work. This would allow for a backup option when there is no power. Mr. Neisler will add the Electrification Study to the Director's Drive as requested by President Schultz.

-Long-Term: He described the details of each project planned. The total Long-Term CIP is \$10,569,000.00. President Schultz asked if there has been any indication that the inspection of the Pump Plant discharge piping needs to be done sooner than 6-10 years. Mr. Curry stated they have not seen any leakage on the piping and there has not been any problems. President Schultz inquired how the Superior Tank Project has gone and if Staff feels the District has received a good value from the cost of the contract. Mr. Curry stated they have been very happy with the work, it has truly extended the life of the tanks, and he feels it has been successful. Mr. Neisler added the District has not had to pay any money in extras to Superior, it has allowed for controlling the costs, they are great to work with and it has been a tremendous value.

-They briefly discussed the long list of completed projects at the end of the CIP attachments.

6. Conclusion

Mr. Neisler was very happy with the results of the discussion and noted there are very minimal updates to be made. He will make the recommended changes and prepare the document for formal approval by the Board. President Schultz recalled another question he had regarding the floor grating at the Pump Plants that the mechanics are lifting up to access the heat exchangers. Mr. Curry explained they tried aluminum grates in the past because they were lighter, but they did not hold up to the conditions. President Schultz asked if there is some kind of system that can be put in place to make this safer for employees. Mr. Neisler stated there is a system in place as they have installed gantry cranes at every Pump Plant that can be used. President Schultz asked if they could explore options, maybe look at it from a mechanical engineering standpoint, to find a better solution to that process. Director Zanutto commented that he has been through a number of Strategic Planning sessions in his time on Boards and has seen Boards pay as high as \$5,000 to \$7,000 for a facilitator and it looked great on paper but without teamwork from Staff and Board, it remains just something nice on paper. He thinks Mr. Neisler does a great job with this and is very impressed with this District funding the projects, Staff getting them done, and it is enjoyable to see it carried out. Mr. Neisler echoed Director Zanutto's comments adding it is definitely a team effort from the Directors all the way down to the person who answers the phone and runs the errands.

Item 8. Board of Directors Comments

There were none.

Item 9. 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.*

The Board adjourned to Closed Session at 4:26 p.m.

Item 10. Return to Open Session

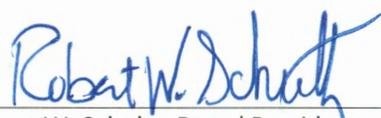
The Board returned to Open Session at 4:46 p.m.

Report Action Taken in Closed Session:

- a. No reportable action.

Item 11. Adjournment

The meeting was adjourned at 4:47 p.m. on a motion made by Director Hall, seconded by Director Sasia, and carried on the following vote: Ayes: Ables, Hall, Sasia, 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: 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: _____