

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 15, 2023, 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561

Item 1. Call to Order and Roll Call

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

Legal Counsel: None

Staff in Attendance: Catherine Adams, Jon Curry, LaMinda Madenwald, Tom Neisler, Crystal Sampson

Item 2. Announcement

President Schultz announced this meeting is being audio recorded, including all Board, Staff, and Public comments.

Item 3. Flag Salute

The Pledge of Allegiance was led by President Schultz.

Item 4. Approval of Agenda

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

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

None

Item 6. Consent Calendar - Consent items are considered routine and are intended to be acted upon as a single item, without discussion. During this portion of the meeting, the Consent Calendar will be read aloud. Prior to approval, the President will give the Board the opportunity to remove any item from the Consent Calendar to be discussed and voted on individually. The President will also give staff and the public the opportunity to request any item be discussed individually, in which case the President will determine whether the item will be removed from the Consent Calendar. The remaining calendar will be acted upon. Any removed items will then be heard and acted upon individually.

- a. Approve Minutes of the Regular Board Meeting of October 18, 2023
- 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.

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

Item 7. General Manager's Report

Mr. Neisler reported on the following:

- He shared a fun picture of Staff dressed as Alice in Wonderland characters for Halloween.
- Meter installations in Cummings Basin continue. There was a significant waterline break that will be discussed under the Operations Report.

- Staff is meeting regularly on capital project planning and are preparing to provide more comprehensive reporting at the mid-year budget review.
- There are currently two openings in the District: the Pipeline Maintenance II/Welder and Operations Assistant positions.
- Forecasts are predicting El Nino conditions this winter but he explained that statistics show El Nino only produces warmer and wetter conditions one-third of the time. Last year at this time, there was still a record drought and as of last week, the entire state of California is drought free.
- On November 2, Staff reduced the Pumping System to two engines and will run at this level until November 22 at which point the system will be shut down for the year. The pumping expectations provided at the beginning of the year have been exceeded by a significant amount, so the Operations team has done a great job.
- Recharge facilities and the lake continue to operate and modulate flows to keep those balances where they need to be. We are on track to bank 10,000 AF of the remaining Table "A" Allocation in ID-4 in the San Joaquin Valley. Under the ID-4 agreement, the District retains 50% of that amount.
- During the State Water Operations call last week, DWR mentioned they miscalculated the estimated volume in San Luis Reservoir by 200,000 AF. All summer, they reported that it would be full at the end of this year, but there will actually be additional capacity. Karla Nemeth, Director of DWR, acknowledged they need to get serious about their initial allocations and projections they give members because many people base their operational decisions on the information that DWR disseminates.
- The ACWA Fall Conference is November 28-30th in Indian Wells, CA. President Schultz, Director Ables, and Mr. Neisler will be attending the ACWA Conference and Director Hall will be attending the JPIA conference on November 27-28th.
- The 50th anniversary event went very well. Proclamations were received from Congressman McCarthy, Senator Grove and Assemblyman Fong, and Kern County Supervisor Scrivner, and those were displayed at the meeting. The event was well attended, the speakers did a great job, and the Jasper family was very appreciative.
- As a reminder, the December Board meeting will be held on December 13, 2023, at 3:00 p.m. rather than December 20th.
- He is working with Shell to true up the natural gas and the District will need to purchase more to get through next week. The market price authorized was \$7.71/mmbtu and the market is very volatile.
- He wished everyone a Happy Thanksgiving and reviewed the charts attached to the report. He overlooked sending the Operations Summary with the board packet, so he distributed it at the meeting and reviewed the amounts.

President Schultz asked the current price of natural gas and how far out we have gas purchased for. Mr. Neisler stated the current price is \$7.71/mmbtu and the pre-purchased gas was \$2.67/mmbtu. Natural gas is purchased for 2024 and none yet for 2025. Director Zanutto asked if the District had utilized the San Luis Reservoir, would there have been a chance of our water spilling? Mr. Neisler confirmed there would be the risk of our carryover amount spilling and that is why he preferred to get as much as possible banked in the San Joaquin Valley rather than holding it in San Luis Reservoir. Director Zanutto agreed it is safer to bank in the San Joaquin Valley.

Item 8. Operations Report

Mr. Curry reported on the following:

- On October 31st, a test run and controls functionality test was performed at the Dennison Well by Bakersfield Well and Pump along with the support of both Pipeline and Pumping Systems staff. The well performed as designed and was able to produce 1000 gpm into the system without the use of a booster pump. The drawdown level was 30 feet after 30 minutes of running. There is an item on the agenda to file a Notice of Completion for this project.

-The Engine Replacement Project is moving forward, and the draft procurement document is due back this week to be reviewed. Staff held meetings with engine suppliers and Provost and Pritchard Engineering Group to discuss the tentative project timelines and contract documents to be generated. Staff plans to request authorization to solicit bids at the December Regular Board Meeting.

-As of November 9th, the District has imported 9,195.4 AF of water and the system will continue to run until November 22nd.

-He provided details of the projects and tasks that the Pumping Systems and Pipeline staff have been working on as listed in the Staff Report.

-He explained the large line break in Cummings Valley happened when a property owner hit an unmarked 4" wharf head in a brushy, pasture area while doing tractor work. The property owner notified Staff immediately and the system was shut down. The leak was repaired the following day.

-A Notice to Proceed was issued to P & J Electric for the CalOES Site Electrical Improvements Project and work commencement is scheduled for the week of 12/11/2023.

President Schultz asked if the Cummings Basin meter installations are going well. Mr. Curry said it is going well and Staff has held some internal meetings to discuss things Staff has encountered such as older pipes, site access, coordination with the property owner, etc. and came up with ways to handle those. Mr. Neisler directed everyone's attention to the picture of the engine attached to Mr. Curry's Staff Report and noted the pristine condition it is in. This engine has lived its useful life and is being replaced but it is a testament to how well these engines are taken care of.

Item 9. Approve Non-SWP Water Purchase Agreement and Amended and Restated Supplemental Water Purchase and Banking Agreement between CEFF II Tehachapi Property LLC and Tehachapi-Cummings County Water District

Mr. Neisler stated this item was presented at the last Board meeting and it was tabled to allow for more time for the Board to review the documents. He included the Staff Report from last month with further details and a redlined copy of the agreement, as requested. This client is giving the District the authorization to purchase additional Non-SWP water on their behalf, under the terms and limitations of this agreement. The District retains the right to import that water through the system, at a cost not to exceed the maximum cost they have authorized, at a time when it is convenient for the District. During the course of the rate study, the cost for wheeling the water up the mountain will be determined. This water will only be pumped when the District is not fully utilizing the capacity of the system. He reviewed the redlined changes to the existing agreement. CEFF II has accepted and signed these agreements.

President Schultz stated he reviewed both agreements and made notes. He thinks they did a great job on the Amended and Restated Supplemental Water Purchase and Banking Agreement. The Non-SWP Water Purchase Agreement works for this situation, but he does not feel like this is a good template for the District. Under these circumstances, he thinks both of these agreements are good to enter into. Director Zanutto commented it makes very good business sense to have these agreements. President Schultz agreed it is good security for customers and thanked Mr. Neisler and Mr. Kuhs for their work on these.

Director Zanutto moved that the Board approve the Non-State Water Project Water Purchase Agreement and the Amended and Restated Supplemental Water Purchase and Banking Agreement between CEFF II Tehachapi Property LLC and the Tehachapi-Cummings County Water District (both subject to legal counsel approval of final form) and authorize the Board President to execute the agreements on behalf of the District. President Schultz seconded the motion, and it was carried on the following vote: Ayes: Ables, Hall, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Sasia. Motion passed.

Item 10. Review Investment Options and Provide Staff Direction on District Investment Policy

Ms. Sampson stated at the October 18th Regular Board Meeting Staff was directed to perform research on investment options for the District's Reserve Funds. Per the Investment Policy, the District's current

pooled investment options are the Kern County Treasury and Local Agency Investment Fund (LAIF), and these continue to be safe places for the District to invest its reserves. There are other types of investments authorized by the California Government Code for local agencies. Staff investigated the following Joint Power Authority (JPA) investment pools; California Asset Management Program (CAMP), CalTRUST, and California Cooperative Liquid Assets Securities System (CLASS). She reviewed the safety, liquidity, and competitive returns information for these JPAs as detailed in the Staff Report. Attachment A is a comparison table showing the three JPAs compared to the current investment options. Further attachments show 30-day net yields over the past year, comparison of the portfolio composition of each company, and the proposed revisions to the Investment Policy to allow for an additional investment pool option if the Board chooses so. In that case, Staff would recommend adding CAMP as an investment option.

President Schultz asked if there is any real risk in losing principal as compared to our current investments. Ms. Sampson explained the current portfolios are protected with FDIC insurance and bank collateral. That would not be the same with the JPAs however, they consistently maintain a stable net asset value of \$1.00, meaning they manage the portfolios and are able to calculate that they are always maintaining the principal that's invested. He asked for more information on the choice of CAMP over CalTrust and Ms. Sampson explained in researching, CAMP had a lot of information available to the public online such as audit reports that show thorough accounting, they manage the most assets showing there is a lot of trust bestowed upon them, and their pooled money fund has a much longer track record than the others. She referenced a list in the Staff Report highlighting the net assets, longevity (nearly three decades), stability and quality of assets in their portfolio and consistent performance record. President Schultz agreed and referenced CalTrust's assets are only \$900 million versus CAMP with \$14.8 billion.

Director Zanutto asked if there is a reason that the Kern County Treasury and LAIF are not rated. Ms. Sampson clarified that since they are not mutual funds and they are specific to counties, they are not rated by S & P Global Ratings. President Schultz stated he is interested in expanding the District's opportunities. He would like to see data showing how these pools weathered the significant turns in the economy over the years and whether any principal was at risk during catastrophes. Mr. Neisler thought that was an excellent suggestion. Director Zanutto agreed that safeguarding the principal is the top priority, then liquidity and then interest. Staff was directed to research to see if there has been any principal loss with these pools and bring this back to the Board for consideration and revision to the Investment Policy.

Item 11. Accept Project as Complete and Authorize General Manager to Execute and Record Notice of Completion for Dennison Well Rehabilitation Project

Mr. Curry stated the Dennison Well Rehabilitation Project came about to try to eliminate the booster assembly at the Dennison Well. The project included upgrading to a new 200 hp motor, pump assembly, column pipe, shafting, airline and upgrading the electrical panels and controls components. There was a swage repair to a perforated section where there was significant decay. The project is complete, and testing has been performed resulting in 1000 gpm directly into the distribution system.

The contractor has submitted payroll records per the contract, the appropriate lien releases and supporting documentation. Staff wishes to move forward with filing the Notice of Completion. Per the contract, the District will retain 5% of the final invoice amount (\$11,228.50) until 35 days after the recording of the Notice of Completion with Kern County. The project extended over two CIP Budget cycles and with the two contract change orders totaling \$98,295.00, the total project cost to the District was \$243,700.89.

President Schultz commented that even though this project was over budget, the result is fantastic. In dealing with wells, this is within the scope of what can happen, and he feels it's better to fix it now rather than go back later. Given the cost of things currently, he is very happy with the outcome for this cost and

complimented Staff. Director Ables considered that this well will not be running for some time now and asked how it will be handled if something goes wrong once it is operational next year. Mr. Curry stated there is a standard one-year Public Works warranty on the equipment. Director Zanutto agreed with President Schultz and added that this project may have taken two budget cycles, but it is a very important Capital Improvement Project for the District and congratulated Staff.

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

Item 12. Accept Project as Complete and Authorize General Manager to Execute and Record Notice of Completion for Automated Gate Project

Mr. Curry reported the Gate Automation Project is complete and the performance period test was satisfactory. All the controls and cloud interface are working correctly. The contractor has submitted payroll records, lien releases and supporting documentation per the contract. Staff would like to move forward with filing the Notice of Completion and the District will retain 5% of the final invoice amount (\$1,795.50) until 35 days after the recording of the Notice of Completion with Kern County. He noted that throughout this project, Vortex never submitted a change order and honored their contract amount. The total cost of the project was \$38,980.01.

Director Ables asked about the warranty on the equipment and Mr. Curry stated there is a 3 year warranty on the equipment and some components have a 5 year warranty.

Director Ables moved that the Board accept the certification of project completion from the General Manager for the Gate Automation 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: Ables, Hall, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Sasia. Motion passed.

Item 13. Schedule Ad-Hoc Audit Committee Meeting

Ms. Madenwald stated the audit is nearing completion and it will be presented at the December Regular Board Meeting (RBM). It is time to schedule the Ad-Hoc Audit Committee meeting with Directors Ables and Sasia. Director Sasia notified Staff that he prefers to have the meeting immediately preceding the RBM on December 13th. Director Ables agreed, and the Ad-Hoc Audit Committee meeting was scheduled for December 13, 2023, at 2:00 p.m.

Item 14. Board of Directors Comments

Director Zanutto commented that at the last two meetings, the Board has discussed the CalPERS Unfunded Accrued Liability and approved a \$1,200,000.00 payment to fund that. In thinking about this, the liability will come up in the future and he thinks it would be beneficial to set up a reserve fund for this purpose. In the future, the District may not have the money available as it did this time. President Schultz liked the idea and asked Mr. Neisler if he had any thoughts on budgeting something like this. Mr. Neisler likes the idea as well and suggested considering it during the Preliminary Budget process.

President Schultz stated he really appreciates the work of this District. At yesterday's anniversary event, many people talked to him about the longevity and stability of this District and what it has brought to the community. Being on this Board is a very large responsibility to ensure this District is operated in a way that we provide consistent and reliable water into the future. This is a great achievement from Staff, and he thanked Mr. Neisler, Mr. Curry and the Board.

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, DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds, et al.; DWR v. All Persons Interested In The Matter of the Authorization of Delta Program Revenue Bonds, *Et al.*
- c. In Accordance with Exhibit C Attached hereto, Rosedale-Rio Bravo WSD *Et al.* v. Kern County Water Agency *Et al.*

The Board adjourned to Closed Session at 4:10 p.m.

Item 16. Return to Open Session

The Board returned to Open Session at 5:16 p.m.

Report Action Taken in Closed Session:

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

Item 17. Adjournment

The meeting was adjourned at 5:17 p.m. on a motion made by Director Hall, seconded by President Schultz, and carried on the following vote: Ayes: Ables, Hall, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Sasia. Motion passed.


Robert W. Schultz, Board President


Catherine Adams, Board Secretary



CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8.)

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

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

1. Existing Litigation: County of Sacramento Superior Court Case No. Case No. 34-
2022-80003892
Name of Case: TCCWD v. City of Tehachapi *Et al.*

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

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

1. Appointment: _____
Title: _____
2. Employment: _____
Title: _____
3. Performance Evaluation: _____
Title: _____
4. Discipline/Dismissal/Release: _____

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

Agency Negotiator: _____
Employee Organization: _____
Unrepresented Employee: _____



CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8.)

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

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

1. Existing Litigation: Two Cases
Names of Cases: DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds, et al.; DWR v. All Persons Interested In The Matter of the Authorization of Delta Program Revenue Bonds, et al.
2. Anticipated Litigation: _____
Gov. Code § 54956.9 (b): _____
Gov. Code § 54956.9 (c): _____

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

1. Appointment: _____
Title: _____
2. Employment: _____
Title: _____
3. Performance Evaluation: _____
Title: _____
4. Discipline/Dismissal/Release: _____

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

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



CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

A. CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov. Code § 54956.8.)

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

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

1. Existing Litigation: KCSC No. BCV 21100418 TSC
Name of Case: Rosedale-Rio Bravo WSD *Et al.* v. Kern County Water Agency
Et al.

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

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

- 1. Appointment: _____
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: _____