

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
November 20, 2024, 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

- Item 1. Call to Order and Roll Call**
Directors Present: Hall, Sasia, Schultz, Zanutto **Absent:** Ables
Legal Counsel Present: Robert Kuhs
Staff in Attendance: 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 Director Zanutto.
- Item 4. Approval of Agenda**
 Director Sasia moved to approve the agenda. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ables. 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 16, 2024
 - 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 Mr. Neisler requested the removal of Item b. for discussion.

Director Hall moved to approve Item a. Minutes of the Regular Board Meeting of October 16, 2024. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ables. Motion passed.

Neisler explained that check number 9870 is to Mike's Fencing for \$4,017.00 to repair damage to the District fence on the corner of Brite Lake Road and Banducci Road that was damaged as a result of an accident. This will be reimbursed by the party who caused the damage. Check number 9882 is the last check to Shell Energy for natural gas purchases as they are no longer supplying the District going forward. The add-on check issued to Waukesha Pierce in the amount of \$2,319,199.80 is for the new engines for Plant 2 that are being stored in WPI's warehouse in Bakersfield. He explained some details they are still

working through with regard to maintenance and protection. There is not a problem with any of these checks, he just wanted to provide further information for the Board.

President Schultz moved to approve Item b. Quarterly Investment Report, Financial Report and Payment of Bills. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ables. Motion passed.

Item 7. General Manager's Report

Neisler reported on the following:

- The photo on the report is of the staff dressed up as characters from the movie Grease for Halloween.
- The importation system was shut down on October 18, 2024, and Staff transitioned into the Engine Replacement Project at Plant 3. It is going well and more information on that will be provided in the Operations Report.
- Looking at statewide and regional updates, the Bureau of Reclamation certified the EIR for the ongoing operations of the Central Valley Project (CVP). That's the fundamental operating principles the Healthy Rivers and Landscapes Program (formerly Voluntary Agreements) are based upon.
- A \$1.3 billion expansion of San Luis Reservoir has been announced. The CVP and SWP share storage in this facility and the expansion will provide about 130,000 acre feet of additional storage.
- The 10-day forecast shows 13.1 inches of precipitation and snow level at 8,000 feet in the Feather River Basin, so this is good news.
- He pointed out the abnormal water usage during pumping season, highlighting that in September and October, the District sold 900 more acre feet of irrigation water than the previous year. Staff works closely with customers to plan recharge and shutdown operations based on demand and there was unanticipated usage after the system was shut down and that is why the lake is lower than planned but is still in line with the five-year average.
- He displayed and described the Reservoir Charts highlighting that Lake Oroville is at 48% of capacity and 93% of historical average. San Luis Reservoir is at 107% of historical average. He shared the Monthly Operations Summary highlighting deliveries we almost to the acre-foot, the amount of water available to pump this year. No water was recharged in San Joaquin Valley and about 1,700 acre feet of water was recharged in-district.
- He previously mentioned he was holding off on purchasing natural gas for 2025 until after the election so on November 7th, and the day after, he purchased two-engines worth of gas supplies for April to September of 2025 at \$3.43/MMBTU. This is enough to pump about 5,000 acre feet of water. This is great news as most of the year prices were trending in the \$5-\$8 range. No gas is purchased beyond 2025 for a variety of factors, and he explained those. He is still working on contracting a second supplier for a backup.
- He advised the Board that long-serving Director and President, Harry Cowen, lost his wife of 65 years and her service was last weekend.
- Attached to his report is an article that was in the November 2024 ACWA newsletter regarding the Region 6 and 7 event that he and President Schultz attended.
- Pumping Systems Mechanic, Art Renteria, just completed five years of service at the District. Controls and Emissions Specialist, Paul Dutcher, will be attending the JPIA Leadership Essentials for the Water Industry training.
- The Fall ACWA Conference is December 3rd through 5th and Directors Schultz, Ables and Hall will be attending along with Neisler. Director Hall will be attending the JPIA conference as well.

President Schultz commented on the Region 6 and 7 Water Forum stating the financing topic Neisler was a part of is valuable to agencies going down that path.

Item 8. Operations Report

Curry reported on the following:

-The installation phase of the Engine Replacement Project has begun, and equipment is being staged, submittals and RFIs are going back and forth, and things are moving along. On November 4th, they broke ground and started the footings for the catalyst and silencer access structure at the back of the building. He provided more details on the work being done inside the building. The second set of engines have been delivered and are stored in WPI's warehouse.

-Staff has also been working on the off-season Network Segregation Project to split the business and operations sides of the network to alleviate some communication issues. Our IT contractor, Steve Lee, and our Controls and Emissions Specialist, Paul Dutcher, have done a great job with this project and were able to successfully complete it last weekend.

-The importation system was shut down October 18th with 7,499.7 acre feet of water imported this year. Brite Lake data from November 15, 2024, was elevation 4345.1', volume 632.6 acre-feet, and level 19.1'. The recharge facilities and Tehachapi Basin wells are currently shut down.

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

-He completed the insurance claim for the damaged fence along Banducci Road.

-He attended the quarterly utility meeting with the City of Tehachapi, other agencies, and utility providers.

-No bids were received for the small shop remodel project, and no one attended the job walk. Staff will be making direct contact with a local contractor and will try to keep that project moving forward. It is a DIR project based on the cost, but now the bidding requirement has been exhausted.

-Staff is completing and filing the annual Streambed Alteration Permit with CDFW.

-He offered to answer any questions the Board or Public may have.

President Schultz referred to the Pipeline Department cleaning out sand from the inlet of Blackburn Dam and was amazed that 127 loads were taken out. A discussion took place on further details of that project and the process.

Item 9. Adopt Resolution No. 16-24, Amending and Restating the District Investment Policy

Sampson stated the Investment Policy was revised at the March 20, 2024, Board meeting with Resolution 4-24. This current revision is to make certain clarifications specifically to the sections covering scope, internal controls and reporting. The last edition came with hiring an investment advisor who helped the District engage in an active investment management strategy. After going through the active management process, Staff noted it would be beneficial to clarify some of the roles and processes and specify some of the deliverables that are provided to the Board quarterly. Under the scope section, funds that are not covered under the policy are identified such as deferred compensation, other post-employment benefit assets and debt obligations. Staff feels these revisions add better clarification and greater transparency to the Investment Policy. She offered to answer any questions the Board or Public may have.

Director Zanutto commented that in reading through the policy, it definitely adds clarification to the policy and internal controls. With the District having a new audit company, they will be looking at this closely and he thinks it is done well. President Schultz asked if there had been lack of clarity on roles and duties and Sampson explained all the required controls were in place, they just expanded further such as who is reviewing reconciliations and noted that different people have those roles. It helps provide a rubric and as Director Zanutto mentioned, when the auditors come in, they can use that tool for their audit.

Director Zanutto moved that the Board adopt Resolution No. 16-24, Amending and Restating the District Investment Policy. Director Sasia seconded the motion, and it was carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ables. Motion passed.

Item 10. Reject Bids and Authorize Staff to Investigate Alternatives for the Pump Plant 4 “Dead Legs” Project

Curry stated the Dead Legs Project is to replace the piping and manifold behind Pump Plant 4 and at the October 16th Regular Board Meeting, the Board authorized Staff to solicit bids. Bid notices were sent out to six pipe fabrication and underground contractors on October 19th. A job walk was held on October 28th and four contractors attended (Attachment A). Bids received back by the deadline ranged from \$157,434 to \$400,663 which is well above the \$30,000 that was budgeted. To clarify, when this project was originally budgeted, it was for an in-house project with an on-staff certified welder. Since that time, the District no longer has a certified welder so Staff decided to see what the bids would come in at, knowing they would be higher, and if they were within reason, potentially look at increasing the project budget at the mid-year review. However, that was not the case as these bids are significantly higher.

Curry spent some time describing why this project is challenging and noted that in the 2023-24 off-season, the leaking portions were patched and are still holding fine, so it is not imperative this project gets done immediately. Staff can take some time to explore alternatives such as turning this back to an in-house project with the addition of a contract welder or combining this with a future project at Plant 4. He offered to answer any questions.

Director Hall asked why we do not keep a welder on staff anymore. Curry explained that they have tried twice, and they both have left for other opportunities. He explained welding is a small portion of that job and they’ve found that certified welders prefer to do more welding than the other aspects of the job.

President Schultz asked what the risk is of just leaving the Dead Legs as they are for a while. Curry stated it is no more risk than any other year; it’s minimal especially now that the leaks have been patched. President Schultz stated the return on value to the District at this point is very low and Staff agreed. He also asked what percentage of time an on-staff certified welder would truly be welding. Neisler explained the background of past challenges in getting contract welders, the dynamics of the position, and stated it is 10% welding, 90% pipeline maintenance. The current Pipeline Supervisor, Graysen Oldham, has a network of contacts in the gas and oil industry with access to a large number of certified welders that the District can utilize. Neisler clarified that a certified welder is only required when working on the high-pressure sections of the pipeline. Staff is currently reviewing applications to fill the Pipeline Maintenance position without the welder component.

Director Zanutto asked if there was any reason the low bid was so much lower than the rest and if they missed something. Curry stated that bid had a lot of unanswered questions so it looked like it would have to be a heavy Change Order contract. The labor they listed did not seem realistic compared to the other bids.

President Schultz moved that the Board of Directors reject the bids and authorize Staff to investigate alternatives for the Pumping Plant 4 Dead Legs Piping Project. Director Hall seconded the motion, and it was carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ales. Motion passed.

Item 11. Board of Directors Comments

President Schultz commented on the history of the Board receiving \$100 for each meeting and that generally that is not a concern because being on the Board is a job of public service. He referenced inflation rates and compared the value of a dollar during the inception of the District as compared to today. He commented on the time involved in preparing for meetings, lawsuits and other things. He stated he just wanted to put it out there for thought. He added that he is really going to miss Director Zanutto on the Board as this is his last full meeting and that he has been an absolutely amazing public servant.

Director Hall commented that when he was first on the Board close to 18 years ago, the agendas and staff reports were not near this long and Directors were paid \$100 stipend back then. He stated this District is not a small District anymore and is more of a medium-sized District both in constituents and the amount of water pumped. He added that no one ran against him in this election. President Schultz clarified that he would not want the stipend to incentivize people to run on the Board for the money, it is more to offset some of the costs. He clarified that he is not requesting this to be an item on an agenda, he is just making a comment.

Item 12. 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.*
- d. In Accordance with Exhibit D Attached hereto, City of Tehachapi vs. TCCWD
- e. In Accordance with Exhibit E Attached hereto, City of Tehachapi vs. TCCWD
- f. In Accordance with Exhibit F Attached hereto, In the Matter of the Bozenich Family Trust dated 8/10/1999
- g. In Accordance with Exhibit G Attached hereto, Performance Evaluation – General Manager

The Board adjourned to Closed Session at 3:55 p.m.

Item 13. Return to Open Session

The Board returned to Open Session at 6:34 p.m.

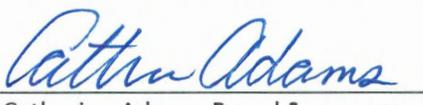
Report Action Taken in Closed Session:

- a. No reportable action.
- b. No reportable action.
- c. No reportable action.
- d. No reportable action.
- e. No reportable action.
- f. No reportable action.
- g. No reportable action.

Item 14. Adjournment

The meeting adjourned at 6:35 p.m. on a motion made by Director Hall, seconded by Director Sasia and carried on the following vote: Ayes: Hall, Sasia, Schultz, Zanutto; Noes: None; Abstain: None; Absent: Ables. 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: _____



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.)

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

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: _____
Name of Case: _____

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: General Manager
4. Discipline/Dismissal/Release: _____

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

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