

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 17, 2019 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

Item 1. Call to Order and Roll Call

Directors Present: Cassil, Hall, Pack, Zanutto. Schultz arrived at 3:02 p.m.

Staff in Attendance: Catherine Adams, Troy DePriest, LaMinda Madenwald and Tom Neisler

Item 2. Flag Salute

The Pledge of Allegiance was led by Director Cassil.

Item 3. Approval of Agenda

Mr. Neisler informed the Board that on Monday of this week, David Villarino, the Executive Director of the FIELD Program (Farmworker Institute of Education & Leadership Development) came in to inform the District of a Cesar Chavez Legacy Breakfast, Honoring Dolores Huerta on April 24, 2019. He was soliciting sponsorship from the District for this event and Mr. Neisler informed him it was past the deadline to put his item on the agenda, however he would give the Board the opportunity to add it by vote at the meeting.

Director Hall moved to add this topic to the agenda. Director Cassil seconded the motion and it was carried on the following vote: Ayes: Cassil, Hall, Schultz, Zanutto; Noes: Pack; Abstain: None; Absent: None. Mr. Neisler stated this item will be added after Item 12.

Item 4. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body

Mr. Cappello with Grimmway Farms expressed his frustration with the fact that the draft Cummings Valley Amended and Restated Judgement did not contain the referenced appendices. He said it makes it hard to understand the full document and what's backing it up, and it's difficult to make a constructive comment by the deadline. He requested that the appendices be sent out and the deadline for comments be extended to allow time for review. He also requested that there be a formal meeting with possibly an Ad-Hoc Committee of the Board to hear Grimmway's comments and intentions.

Director Schultz commented that forming an Ad-Hoc Committee was a valid point. Director Cassil informed Mr. Cappello that because this was not on the agenda, the Board cannot act on it however, when the meeting gets to the Board of Directors Comments, she would be happy to open it up for discussion.

Director Zanutto asked for clarification on whether the Board had approved the agenda. It in fact had not been approved, only added to. Director Hall moved to approve the amended agenda. Director Schultz seconded the motion and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 5. 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 March 20, 2019
- b. Approve Financial Report and Payment of Bills

President Pack asked if there were any items the Board members, public or staff would like to remove for discussion. There being no objections, Items 5 a. and 5 b. of the Consent Calendar were approved.

Item 6. General Manager's Report

Mr. Neisler reported on the following matters:

- He discussed the video he played of the Oroville Spillway and operations prior to the meeting. It operated from April 2nd to April 11th, then the gates closed again. The video showed about 10,000 CFS flow and the theoretical capacity of the spillway is 300,000 CFS.
- Irrigation operations are starting.
- About 88% of the natural gas needed for 2019 has been purchased. He committed to purchasing that natural gas given the very uncertain nature of the market this year. There have been dramatic peaks and valleys in the market and he did not want to be subject to those over the course of the summer. The total combined cost was \$3.32/mmbtu. Last year, taking into account everything that was purchased, the cost was \$3.13/mmbtu so the price of \$3.32 seemed reasonable to have the assurance there would be no astronomical bills during the peak production period in summer. About half of the gas is purchased for 2020 and 2021, and he is looking at 2022 gas now.
- The state water supply allocation was increased to 70% on the day of the last Board meeting, and it was discussed how that will provide the District more than enough water to meet the demand. In the month of March, the District pumped about 800 acre feet of Article 21 water and overall between February and March, about 950 acre feet of Article 21 water was pumped. That is high flow, low cost, state water project water that's made available on a limited basis.
- The California WaterFix continues to evolve. The DWR staff is currently working on an updated definition and scope of the project. There is not much work activity on the project at this time.
- All recharge facilities are currently operating at full capacity. There is about 2500 CFS going in behind Antelope Dam in an effort to control the level of the lake.
- Staff is a little unclear on some of the agricultural water orders this year. As mentioned before, one of the District's large agricultural customers withdrew from Tehachapi and most of their interests have been taken up by a new company. The new company has signed water right lease agreements with people who own rights in Tehachapi but have not signed any connection agreements with the District. They have no property holdings within this District and if the customer does not have property that the District can lien if the account goes into default, the customer has to put up a deposit that is equal to two months of its highest monthly usage. In this particular case, that will run into hundreds of thousands of dollars. They have informed the District of their expected demand and that has been factored into calculations but as of today, they are not in a position to take any water.
- A party who owns water rights in the Tehachapi Basin was not able to execute their lease arrangements (water rights transfer) with this new entity as they came in after the deadline. The lessor submitted a request for an appeal however, it was not received until after the agenda had been posted and Board pack had gone out, so Mr. Neisler told them he would bring it to the Board next month for consideration.
- One of the District's customers, SunSelect, has announced publicly that they are planning to grow about 116 acres of industrial hemp. It is legal, and it is not marijuana as it does not have the active ingredients in it that marijuana has. It's grown to harvest CBD oil. He told SunSelect the District can provide them water because there is excess available this year. They will be using imported water through an existing turnout on their property and that has also been factored into the latest forecast he has for 2019.

-The amended and restated judgement was sent out to the stakeholders on March 28th. Several information requests have been responded to via email and phone calls. Written comments are due by April 30, 2019. Grimmway has requested a meeting with the District's attorney, Mr. Neisler and the principals of Grimmway. They are working to get that scheduled as soon as possible. The appendices have been submitted to legal counsel for their review and he anticipates those will be distributed by the end of the week. Two of the appendices are the Ag and M&I allocations, and the others are copies of the boundary and the watershed that are currently available to the public.

-On April 12th, a 65 foot deep boring hole was drilled at the site of the Westerly Cummings Recharge Project. Everything went smoothly and the site was cleaned up before they left. The report will be due in approximately 4 weeks. The next step will be to get an agricultural/commercial appraiser to appraise the property.

-When this was written last Friday, there had been no news about the Prop 1 grant application. The executive committee of IRWMP met this morning via phone and he has not received official notification yet, but he has heard positive things about where the District's application is in the process. Again, if the grant is received, it will be used toward the Westerly Cummings Recharge Project.

-The District and TVRPD has completed their review of the Paddle Boat Festival agreement and Kiwanis is looking it over now. The Kiwanis Board will consider the licensing agreement soon and if it passes, the agreement will be on the TCCWD agenda next month for Board consideration.

-Yesterday morning, TCCWD hosted a reception in the Board room for Mr. Dave Eggerton, ACWA Executive Director, who was accompanied by Michael Cervantes who is the field representative. Director Zanutto and Director Schultz attended the event and it was an informative meeting. Mr. Neisler had the opportunity to stress several items with Mr. Eggerton and he was open to that discussion. He has great interest in attending the Pump Plant Tour next year.

-The Pump Plant Tour is tomorrow and is at full capacity. There are representatives from elected officials, Congressman McCarthy's office, and Assemblyman Fong's office, a general manager from another water district, some people from the media, several of the Board members, and members of the public attending.

-He discussed the attached charts. The max elevation for Brite Lake is 4,364.5 and today it's over elevation 4362.5. Everything is looking very good throughout the state.

Director Zanutto mentioned that at one time SunSelect expressed interest in banking water and he asked if they ever did. Mr. Neisler stated they had not, and that none of the agricultural customers have taken advantage of that opportunity. He did discuss it with the SunSelect President when he came in earlier this week.

Director Schultz brought up the Paddle Boat Festival and asked if there was ever any reconciliation between TVRPD and the District regarding the long-standing agreement between the two parties. Mr. Neisler stated there had not, and that will be coming back for Board discussion later in the year. Director Schultz asked if there was anything in the original agreement that restricted paddle boats and Mr. Neisler answered there was not, however, it mentions there can be no direct contact with the water and that is contained in the licensing agreement for the event. Kiwanis claims they can conduct the event with no direct contact with the water.

Ms. Cunningham asked if hemp uses more or less water than other crops. Mr. Neisler answered that the customer represents that it uses about 2 acre feet of water per acre, and that is less than a typical row crop. The District has no experience with this crop.

Director Hall wanted to point out to the Board that years ago there was no schedule for approving water rights transfers, they could happen throughout the year. It wasn't until someone pointed out that the judgement has a specific deadline that the Board began to follow that process and that if it can be done legally, he doesn't foresee any repercussions for granting that.

Item 7. Operations Manager's Report

Mr. DePriest reported on the following matters:

- Staff transitioned from a two-engine system, pumping 14 CFS, to a three-engine system, pumping 21 CFS, on April 2nd and the system has been running well.
- He and Mr. Neisler met with the City of Tehachapi (COT) to discuss a groundwater sustainability project which will use tertiary recycled water from the COT wastewater treatment plant and pump the effluent to Blackburn Dam for groundwater recharge. After the kickoff meeting they toured both Blackburn and Antelope Dams.
- On March 22, 2019, there was a safety incident where an employee tried to stand up an 8-inch gate valve to attach a strap and it slipped off the pallet, and his finger was pressed between a steel pipe and the valve. He suffered a cut on his pinky finger and received medical attention including 3 stitches and was able to return to work. The employee and his supervisor were counselled on the incident.
- The rehabilitation of the East Steel Bolted Tank at Pump Plant 4 was completed on March 26, 2019. The crew installed a new valve at the tank connection, filled the tank, and placed it back into service.
- Coming up, Superior Tank Solutions will perform routine inspections on 3 additional tanks and provide a comprehensive report. That will conclude the preventative tank maintenance program for the 2018-2019 season. Next year there is work scheduled on several tanks; two welded tanks at Pump Plants 2 and 4 will have interior re-coatings, and Pump Plant 4 Bolted West, Campground West, and Oak Creek tanks will have washouts. The remaining tanks will have visual inspections. All will be accompanied by a comprehensive report. The budget will reflect the costs for this program as previously approved by the Board.
- The 19-Acre Recharge facility is pumping at approximately 1,100 GPM, the Cummings Pond facility at 500 GPM, and the total Cummings Valley recharge is approximately 7 acre feet per day. The Antelope Dam is operating at 2,502 GPM and the Gravel Pit is operating at 400 GPM. Tehachapi Valley recharge is currently approximately 12.8 acre feet per day.
- On April 10, 2019, Brite Lake elevation was 4,361.3 feet, the volume was 1,621.3 acre feet, and the depth was 35.2 feet.
- Mechanics have completed engine rebuilds at Pump Plant 4 engine 3 and Pump Plant 2 engine 1.
- The pipeline department repaired leaks at two turnouts in Cummings Valley.
- Condition Monitoring Services (CMS) and Pumping Systems' staff continue to collect vibration data from the engines, pump assemblies and gearheads. This predictive approach identified elevated readings and potential problems with one of the gears in the Pump Plant 4 engine 1 gearhead. When removed, a broken gear was discovered, and the gearhead was replaced and sent to De'Ran Gear in Texas for a root-cause analysis and repair. The vibration readings on Pump Plant 1 engine 1 are now in line with the other gear drives at that plant. On April 10th, a rebuilt gearhead was received from De'Ran Gear and will be installed at Pump Plant 2 engine 3 due to high readings recorded on that gearhead.
- Staff is preparing for the Pump Plant Tour tomorrow.
- He is looking forward to scheduling the exterior painting of the office buildings when the weather is better.
- He described the attached pictures.

President Pack asked if the injured employee returned to work the same day. Mr. DePriest explained that the employee had a previously scheduled medical physical for his Class A license that day, so he came back to work and went to his appointment. The following day he came back to work and performed his equipment operator job without any issues. There was no lost time and he has been medically cleared.

Director Schultz asked if the Condition Monitoring Service (CMS) is an ongoing cost and if it is done remotely or onsite. Mr. DePriest explained that CMS was recommended by Evans Hydro and on a monthly basis, they send a technician out with their equipment, collect the data, bring it back to their facility and upload it into their proprietary software to generate a report and make recommendations based on their findings. Staff mechanics collect data in house as well on a weekly basis. Mr. DePriest stated that the goal will be to eventually get Board approval to purchase one of the analyzers and have staff operate it. Director Schultz asked if there is equipment available that gives real-time data. Mr. Neisler stated it is available and it's a cost consideration. He is excited to discuss this program and it was a recommendation of the Grand Jury. The interim step to getting to the real-time monitor would be to get the analyzer to collect the data, and then send it to CMS to put into their software and get their determination. Director Schultz stated he is bringing this up because in order to maintain a 10,000 acre feet importation goal, it's extremely important to have the capability to find all the things wrong with the equipment before it breaks. Mr. DePriest and Mr. Neisler agreed that a proactive approach is what they strive for and they are planning to have some information and discussions on this subject for the budget preparation.

Item 8. Authorize Staff to Coordinate with City of Tehachapi on Groundwater Sustainability Project

Mr. Neisler introduced two members in the audience, Don Marsh, Tehachapi Public Works Director, and Tyler Napier, Utilities Manager for City of Tehachapi (COT) who are managing the Groundwater Sustainability Project. Mr. Neisler discussed the background information contained in his staff report. The 2015, the COT prepared a Conceptual Study to determine the feasibility of upgrading their Wastewater Treatment Plant (WWTP) to produce more treated effluent that would meet State Standards for indirect potable recharge. TCCWD was included in the study and the most feasible recharge location was in Tehachapi Basin, exactly where Blackburn Dam is located.

Last year, the City prepared an addendum to the study to reduce the scope, lower estimated costs and utilize Blackburn Dam as the location of the recharge. TCCWD has participated in the process of preparing the addendum and has indicated desire to work with the City on the project. This project will upgrade the treatment process at the WWTP, utilize an existing pressure main and lift station to pump treated effluent to the "borrow pit" south of Flying J. It will construct a pressure main and lift station to deliver treated effluent to Blackburn Dam for recharge via spreading. The City will compensate TCCWD for use of the recharge basins and to administer the additional recharge. At completion, the project will produce approximately 1,000 AFY of treated effluent for recharge and approximately 1,500 AFY at capacity. The water will be metered upon entrance into Blackburn Dam, the recharge water will percolate into the aquifer and be extracted from City wells as potable water.

This will not result in an increase to the natural safe yield of Tehachapi Basin. It's important to note that the natural safe yield of the basin is set by the adjudication and this project will produce supplemental water that is not part of that NSY. That being said, it is water that will be fully accessible to the City via their extraction wells once that water has travelled from Blackburn Dam down through the basin. The City's allowed water/pumping rights will not change, they will just have a supplemental supply of approximately 1,000 acre feet that they will be able to extract and sell. TCCWD will account for that water and it will be reflected in the Watermaster Report.

In practical terms, more water being recharged into the basin is better for everyone. For TCCWD, there will be more imported water available to other customers since the City's demand will be less as the groundwater supply increases.

On April 1, 2019, the Tehachapi City Council approved an engineering contract to continue with Phase 2 of the project. Mr. Neisler spoke in favor of the project at the meeting. Phase 2 will include environmental review, permitting, continuing design and negotiation of a Memorandum of Understanding with TCCWD for use of Blackburn Dam. The City has scheduled a meeting between City staff and attorneys, and a water rights attorney next Tuesday. At this time there are no committees for this item, however as these discussions progress, that may be recommended at a later date. Mr. Neisler then went through the PowerPoint presentation prepared by Mr. Marsh to describe the project.

Director Schultz asked the City how much water they currently use, and they answered the usage was just under 2,000 acre feet last year. Discussion took place about anticipated growth in the future that would lead to more water usage and the need to eventually upgrade the WWTP. Residential water returns about 60% back to the treatment plant. Director Schultz also asked about the lift from the borrow pit up to the dam and who pays for that. The City clarified they would pay for that, the only involvement of TCCWD is the use of Blackburn Dam. They stated that without the use of Blackburn Dam this project would not be feasible.

Director Schultz asked if there were any wells near Blackburn Dam that in the event there was a problem, could result in contamination. Mr. Neisler stated the closest well is about $\frac{3}{4}$ of a mile away and it is an agricultural well. The closest potable water wells are in excess of a mile away. The City will be certifying the quality of the effluent before TCCWD accepts it into the Dam. The City added that looking at existing wells and the predicted water quality at those locations will be included in the study they will perform in the next phase.

Ms. Cunningham asked some questions about the stages the water goes through and it was explained that the water goes through tertiary treatment at the WWTP, is recharged into the ground through the Dam, and then as it goes through the natural filtration process of being extracted through the wells, the pumped water is then potable.

President Pack asked for clarification of what the District's role will be in this. Mr. Neisler explained that the District will have to ensure that this project is compatible with the current use of the Dam, explore what happens when there is recharged water in the facility and storm events occur, so there may be some timing restrictions, and staff will talk to USDA as well since they still inspect that facility. The District will not have any function until the water is ready to go in the Dam, a which point it will be metered and that will be the basis for whatever calculation is decided on to charge for the use. Mr. Neisler feels that it can be paid for with either money or water; the District can take a percentage of the water or there can be a charge per acre foot and that is part of what will be discussed in the next stage and brought to the Board.

Director Cassil brought up the mention of monitoring wells near the base of Blackburn Dam and asked if they knew at this point how many wells that will be. The City responded that will be part of the study work done over the next year and it depends on how much time it takes the water to travel. The data will be available to TCCWD but the City will pay for the construction of the wells, monitoring, and maintenance.

Mr. Marsh stated that this project is to ensure that the City has water for the future. It's difficult for the City to currently operate a domestic water system on one year water contracts and it's not viable for the long term. It's currently being purchased from TCCWD or leased from water rights owners.

Director Hall mentioned that since this is going to be more expensive, any development that is going to require this extra water might be justified to be in a Special Assessment district so that the current land owners aren't burdened by the profit given to the developer. Mr. Marsh stated that is part of what will be determined in a fee study that will be performed.

Director Schultz made a motion to authorize the General Manager to coordinate with the City of Tehachapi to design the Indirect Potable Water Recharge Project. The motion was seconded by Director Hall and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 9. Report of Ad-Hoc Water Rate Committee, Adopt Resolution 3-19, Setting Water Rates for 2019

Mr. Neisler stated that the Ad-Hoc Water Rate Committee met on April 5th and reviewed the calculation for the Regular M&I rate. The 5-year average cost for Regular M&I water is \$1,735/acre foot. That is the full cost to import an acre foot of water from the State Water Project, averaged over 5 years. Last year the average was over \$1,900/acre foot and the table contained in the staff report shows the 5-year average for that cost. An important point to note is that when more water is imported, the cost goes down. Considering there will be another year of importing at least 10,000 acre feet of water, the District will approach or maybe even go below the current rate which is \$1,385/acre foot. With that explanation, the recommendation from the committee and staff is that the Regular M&I rate remain unchanged at \$1,385.00.

The Historical Analytics Method was used to look at what the actual rates and costs are, and that method is based solely on the price of natural gas. There is a Historical Analytics Method chart attached to the staff report that shows what the costs would be, based on the natural gas cost and what the current rates are. This shows there is no upward pressure on the rates at this time. He explained how volatile the gas prices are and that they seem to be increasing for the coming years.

The debt servicing for the engine replacement project has been incorporated into the rates, which is the appropriate place for it. That project was undertaken to allow the District to import 10,000 acre feet of water to service the customers. As it stands now, more money is collected in rates than is spent on providing the water based on the Historic Analytics Method. It is proposed to put the additional collections into reserve funds against rate stabilization and against future equipment requirements to maintain the pumping levels. There are some significant expenses on the horizon in order to meet the pumping requirements. Staff is looking into 2022 and 2023, to replace 8 engines at Plants 2 and 3, and hopefully 4 engines at Plant 4 for a cost of around \$15 million.

Director Zanutto asked questions about the Prop 218 process for changing rates and wondered if there are any exceptions to going through that process to where it would be easier to change the rates more often to help keep them consistent with current costs. Mr. Neisler agreed with Director Zanutto's comments and stated that unfortunately, that was the rationale for Prop 218; so districts wouldn't have the ability to change their rates as they pleased. That is also the reason the District instituted the 5-year average, to try to absorb any of the anomalies in the rate. Bear in mind that the District sells very small quantities of Regular M&I water. Last year it was less than 80 acre feet and that was with the construction of Walmart. On an average year, sales are less than 50 acre feet. The cost implications to the District are relatively small where as the cost of a Prop 218 election is more than \$20,000.

Director Hall commented that if the District ever does go through a Prop 218 election, he feels it would be beneficial to establish pressure zone rates for Regular M&I. He also mentioned that customers have expressed a desire for constant rates so there's some value to that even if there isn't a number that can be put on it.

Director Zanutto recommended that the Board adopt Resolution 3-19 Setting Water Rates. The motion was seconded by Director Schultz and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None

Item 10. Adopt Ordinance 2019-1 Establishing Water Delivery Priorities for 2019

Mr. Neisler stated that last month he presented a water summary of the proposed water operations for 2019. Given the 70% allocation this year, there is more than enough water to meet all the anticipated demand, including the unanticipated request from SunSelect for additional irrigated acreage in Cummings Valley. The Ad-Hoc Water Priority Committee met on April 5th and reviewed the water supply and demand forecast that was presented, along with the previous year's Ordinance 2018-1, Establishing Water Priorities for 2018. The 2019 forecast indicates the District will have plenty of supply and consequently, staff and the committee, saw no need to change the priorities that have been established and been in place for a number of years with one exception. In Section 2. (D)5. ii of the Ordinance, it is proposed to expand the definition of "On land that was fallow" by adding, "with an exception for crop rotation patterns". If a farmer is using the land beneficially, rotating the crops to ensure the viability of the soil, he should not be penalized for doing that simply because the previous year that particular piece of property was left fallow for that reason. This change has been added to Ordinance 2019-1, Establishing Water Priorities for 2019.

The District has received no requests for interim water banking agreements from agricultural customers for 2019. All the municipal customers are covered under Term M&I agreements and Mr. Neisler has met with all of them and told them what the requirement would be for this year, and they all have indicated that they will accommodate that and budget for it. Those bills will be going out in May.

Director Cassil asked if the District currently has any turf sod farmers. Mr. Neisler stated there is one and they primarily use recycled water, the treated effluent from the CCI treatment plant. They need to have a higher priority because that source is not necessarily reliable. It relies on the prison to produce compliant waste water and if they have sod in the field, they can't let it die, so they have to use imported water at 4 times the cost of the recycled water in the event CCI cannot provide conforming treated effluent. All the priorities are primarily based on the value of the use. Director Hall added that the District backing up the sod is a means of making the reuse more viable and Director Zanutto stated that has happened in the past.

President Pack moved that the Board approve Ordinance No. 2019-1 Establishing District Water Sales Priorities for 2019. The motion was seconded by Director Hall and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None

Item 11. Provide Update on SWP Contract Amendment

Mr. Neisler stated that the operating contracts between DWR and the State Water Contractors (SWC) expire in 2035. DWR cannot issue debt beyond that expiration of the current contracts. That restriction requires that all existing and proposed debt be retired prior to 2035. He went on to describe the details contained in the staff report. Previously, the contract amendment (extension) and the CWF were anticipated to be approved concurrently. The KCWA agricultural Member Units are advocating specific language that prevents any bond issuance for CWF and that the contract amendment be separated from

the twin tunnel project. KCWA has requested the Member Units take Board action to both approve the contract extension and withdraw from the validation complaint objecting to the issue of bonds for funding of CWF and other future DWR projects.

When the validation was issued, the response time was limited and none of the details were available at that time. In order to preserve the District's position, the Board directed the attorney to sign on to the validation complaint. At this time, the District really doesn't have much of an objection to the validation. The District agrees with the agricultural District partners, that the two issues should be separate at this point. It would be hard to recommend agreeing to incur debt on the California WaterFix today, because no one knows the details of the costs or schedule. However, the extension of the contract needs to go forward because everything cannot come to a screeching halt in 2035. KCWA stated the information would be available no later than the Member Unit Managers meeting on April 11, 2019. Anticipating that, he placed this item on the agenda, but unfortunately the information was not available. The Agency has a deadline for action of May 17, 2019, so this will be on the agenda for the May meeting.

Item 12. Declare Case 580E Backhoe Surplus and Authorize Liquidation

Mr. DePriest stated the 1986 Case 580E backhoe has not been operational for at least 6 years. It needs extensive repairs; fuel injection pump, new tires, and many other components. The District is subject to strict emissions requirements governed by the California Air Resources Control Board (CARB) relating to off-road equipment. Part of the regulation requires fleets to reduce their Particulate Matter (PM) and NOx emissions by retiring, replacing, or repowering older engines. The backhoe is currently removed from the emissions reporting, so all the off-road fleet meets State of California emissions requirements.

Staff recommends that the Board declare this equipment surplus to the District's needs and authorize the General Manager, in his sole discretion, to determine the manner and method of disposal. Proceeds from the sale will be recorded in General Fund account 70-00-40299 and removed as a District asset with a book value of zero dollars.

Director Schultz asked what the estimated value of the equipment is. Mr. DePriest estimated the scrap value would be approximately \$1,000 and probably not much more than that if sold. Director Schultz asked what the method will be for selling it. Mr. DePriest stated it could be advertised for sale, an auctioning firm could be paid to sell it, it can be posted in the paper, or a sealed bid process.

Director Zanutto commented that 3,100 hours is not a lot of time for this machine to be in such disrepair. Mr. Neisler and Mr. DePriest both feel that the machine has a lot more hours and suspect that the meter was not working.

Director Cassil moved that the Board declare the Case 580 E Backhoe, described on Attachment "A", to be surplus to the needs of the District and authorize District Staff to sell and/or dispose of the equipment, in accordance with District policy and legal requirements. The motion was seconded by Director Hall and carried on by the following vote: Ayes: Cassil, Hall, Pack, Zanutto; Noes: Schultz; Abstain: None; Absent: None.

Item 12.a. Farmworker Institute of Education & Leadership Development (FIELD)

Mr. Neisler stated that as he mentioned, the President came in and described the Legacy Breakfast Honoring Dolores Huerta, and requested the District sponsor the event benefitting the FIELD program. TCCWD has utilized FIELD in the past for some weed and tree maintenance at the dams. The sponsorship prices are listed in the handout. Mr. Neisler stated that to the best of his knowledge, the District has

never made a donation or sponsored anything of this nature, but he sees agencies do this for conferences.

A discussion took place among the Directors and it was mentioned how the FIELD program is used throughout the community, it is a good program and the Directors are in support of the program itself. There were concerns with sponsorships in general, because it gets complicated with making decisions on who to pick and who not to pick. There is the potential for "opening a can of worms" because if you gave to "them" you should give to "us", etc. There is also the concern that the District's money is the taxpayer's money. There are private businesses and other agencies that can offer financial support for these events.

Overall, based on all these factors the Board decided it is not proper to make any sponsorships with District money and no action was taken.

Item 13. Board of Directors Comments

Director Cassil requested to address Mr. Cappello's concern. She discussed the important dates regarding the amended and restated judgement process and pointed out that the Board cannot add anything to the agenda to take action at this time and the written comments are due before the next Board meeting will take place. She clarified that Mr. Cappello is requesting that the appendices be mailed out to all stakeholders and the deadline for comments be extended. Mr. Neisler stated that staff can take care of both of those requests without Board action.

Director Schultz commented that the meetings have been going on for years and it seems to go back and forth with making progress and not making progress, and there have been accusations in each direction as to who is causing this. Mr. Cappello has mentioned several times that he would like to reach a solution and in order to accomplish that, Director Schultz suggested that this Board needs to be more knowledgeable, more interactive, and that the interaction doesn't just go between lawyers, the General Manager, and the stakeholders. He felt that the suggestion of an Ad-Hoc Committee would be very beneficial. With a committee, there could be meetings focused solely on the topic without other unrelated agenda items, and it would allow Board members to sit down with stakeholders and really understand their position.

Director Zanutto commented that it is his understanding that once all the comments are received by April 30th, staff and legal counsel will review them and if there are concerns, they will make meetings with stakeholders and address those. All the stakeholders had months of input into that document to get it where it is today. He agrees that if there needs to be meetings they should be planned and issues ironed out, but until the comments are reviewed it's hard to determine what that need will be.

Director Hall discussed the resource of storage. When people put water into the ground, they will want to get it back out and there's no guarantee that will happen with overlying rights so he feels the Board should not delay in this process.

President Pack asked Mr. Neisler if he felt it is advantageous to form an Ad-Hoc Committee. Mr. Neisler agreed and said it was a good idea. He went on to note that there has been significant Board involvement throughout this process. There was never an Ad-Hoc Committee but there have been two Board members at almost every meeting and Director Zanutto was present for most of them serving in another capacity.

In regard to the appendices that were not sent out with the draft amended and restated judgement, Mr. Neisler explained that they had not been developed at that time. The appendices are the adjudicated boundary, the watershed boundary, the CDCR agreement, the theoretical M&I allocation, the Ag allocation, and the Motion to Intervene for New Pumpers which the attorneys are drafting. The only two that are of any consequence are the M&I allocation and the Ag allocation, and the reason they were not included is because the only reason there is to develop those, is if this process is going to go forward and there has not been clear indication that this process is going to go forward. In the meantime, he has taken the time to develop those appendices and the attorneys are reviewing them now.

It was discussed that staff will send out the appendices, extend the deadline for comments to May 15th, and put an agenda item on next month's agenda to consider an Ad-Hoc Committee.

Item 14. 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, Conference with Real Property Negotiator (Mueller)

The Board went into Closed Session at 5:22 p.m.

Item 15. Return to Open Session

The Board returned to Open Session at 5:45 p.m.

Report Action Taken in Closed Session:

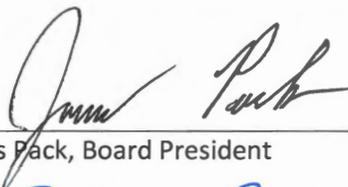
a. The Board rejected the counter offer and directed the Real Property Negotiator to take no further action.

Item 16. Adjournment

The meeting was adjourned at 5:46 p.m. on a motion made by Director Hall, seconded by Director Cassil and unanimously carried. Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

The meeting was re-opened at 5:49 p.m. and Director Hall moved to approve Item 5. Consent Calendar. The motion was seconded by Director Cassil and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

President Pack moved to adjourn the meeting and it was seconded by Director Cassil. It was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None. The meeting adjourned at 5:50 p.m.



James Pack, 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: APN 222-470-17
 Proposed District Negotiator: Tom Neisler, General Manager
 Negotiating Parties: Glenn Mueller
 Subject of Conference: Terms, Price and Conditions of Sale or Lease

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: _____
4. Discipline/Dismissal/Release: _____

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

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