

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
April 17, 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: None
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 President Schultz.
- 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: 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**
There were 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 Special Board Meeting and Regular Board Meeting of March 20, 2024
 - b. Approve Financial Report and Payment of Bills
 - c. Receive and File 2023 Amended Annual Watermaster Report for Tehachapi Basin and Cummings Basin
 - d. Receive and File Actuarial Report for Other Post-Employment Benefits (Retiree Medical)
- President Schultz asked if there were any items the Board, Staff or Public would like to remove for discussion and no items were removed.
- Director Sasia moved to approve the Consent Calendar. President Schultz 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**
Mr. Neisler reported on the following:

- The picture shows the operation of the Lake Oroville Spillway on January 31, 2024, and it has not stopped flowing since that date. At the time, it was flowing at 5,000 cfs and as of now, the flow is 8,500 cfs which is 17,000 AF of water going out to the ocean each day.
- The State Water Contractors (SWC) and the Kern County Water Agency (KCWA) have been voicing their concerns about this situation, but it is not making much impact. This situation further highlights the variability and uncertainty of the State Water Project (SWP) supplies.
- Department of Water Resources (DWR) raised the Table A Allocation to 30% on March 22, 2024, and it has remained unchanged.
- Currently, the snowpack is at 118% average YTD. The statewide precipitation was over 105% YTD. This is the second year in a row with above average precipitation.
- Exports from Lake Oroville into the SWP system through the Delta are at 970 cfs of the 10,900 cfs capacity and 1,800 cfs for the Central Valley Project (CVP) and those are due to the flows on the San Joaquin River. The river flows are more restrictive in the Biological Opinions than the steelhead trout issue. The state has conducted DNA testing on 1,600 of the 4,000 fish that they took at the pumps and determined 20 of those are native fish. The limitation comes into effect when the take is 4,000 native fish, yet the system has suffered the restrictions of the inappropriately applied constraint for over a month. This issue is being discussed at length on the SWC calls and Member Unit Managers meetings.
- Reservoir conditions are 122% of historical average at Lake Oroville and 118% of historical average at Lake Shasta.
- The next SWC operations call will be April 22, 2024, and DWR may make an adjustment to the allocation.
- The TCCWD system continues to operate at peak efficiency. He provided handouts for the Board and Public and discussed the Brite Lake chart, noting he created a new graph line and cleaned up the chart. He reviewed the Operations Summary and reported that 842 AF was imported last month, 30 AF of water was delivered, and about 700 AF was recharged.
- The KCWA has not resolved 2023 final delivery numbers and they have not balanced the transfers between TCCWD and ID4.
- He attended the April 11th BVCS Board meeting and made a presentation on the relationship between our District and Bear Valley. He will be making a similar presentation at their community workshop that will be more heavily attended on May 11, 2024.
- The Sage Ranch litigation hearing will be May 3, 2024, in Sacramento.
- He is speaking at the CSDA General Manager's Summit on a panel with Dmitry Semenov, Municipal Advisor, and Rick Brandis, Bond underwriter, on June 24, 2024.
- The Annual Pump Plant Tour is scheduled for April 18 and 19, 2024 and both days are almost full.
- He acknowledged that Jenny Pfeiffer, Accounting Assistant, celebrated her 30th anniversary with the District and a luncheon to honor her was held on April 5, 2024. She is a tremendous asset to our District and 30 years is quite an achievement.

Director Zanutto asked if Staff has noticed any difference in the Cummings Valley Recharge Ponds taking water this year. Mr. Neisler responded it is doing better this year and feels starting off slower made a difference and they were able to rip the soil in the ponds and remove the vegetation prior to recharging. He asked Mr. Curry to discuss the District's proposed weed maintenance program in the next item.

Item 8. Operations Report

Mr. Curry reported on the following:

- The PP2/3 Engine Package Procurement Project continues to move ahead. Submittal set #5 for the catalyst housing and exhaust system was received and Staff is reviewing it.
- Staff is working to issue a PO for the new Right-Angle Drives and Discharge Heads.
- The 2023 Electronic Annual Report to SWRCB-District 19 has been submitted for review and comment. This covers the drinking water quality and maintenance of the public water system for 2023.

- The initial reporting for the California Air Resources Board (CARB) Advanced Clean Fleet (ACF) regulations was completed. This includes on-road vehicles that are Class 2b (8,500lbs) and heavier. Staff is working with Cal Fleet Advisor, which is a state funded technical service provider, on compliance strategies moving forward.
- The system continues to run on two-engines at 14 CFS and Brite Lake data from April 12, 2024, was: elevation 4,351.8', volume 991.5 AF, and level 25.8'. All recharge facilities are operating, and Tehachapi Basin extraction wells are shut down. The system uptime percentage for March was 99.84% and YTD there has been 1,300 AF of water imported. He complimented the Pumping Systems staff on all the alignment work they have done and improvements to efficiency over the last couple of years and that has led to increased uptime.
- He described the projects and tasks the Pumping Systems and Pipeline Staff have been working on as listed in the Staff Report.
- The District currently does weed abatement through application of herbicide and Staff is looking into developing a maintenance program. They are getting pricing together and the company that was used the last two years is getting better results than the prior company. The goal is to help the sites look better year-round.
- Superior Tank has completed the interior coating of the Campground East Tank (CIP) and Staff completed CPR/AED/First Aid Training on March 27, 2024.
- The District will be coordinating with the City of Tehachapi and the Salvation Army to conduct another Clean Up event at Antelope Run and Valley Blvd. The event is April 22nd, from 8:30am to 10:30am and Staff looks forward to getting together with volunteers and supporting that effort.

President Schultz commented that years ago the Cummings Valley Protective Association used Transline herbicide to get rid of starthistle and asked if this plan will work to get rid of invasive plants yet preserve native grasses. Mr. Curry stated the prior company used Transline, however in the last two years, this new company is applying a similar herbicide from a different manufacturer and the results have greatly improved. Part of the maintenance program is getting rid of weeds that cause maintenance issues at our locations. President Schultz asked for more details on what the Cal Fleet Advisor brings to the District. Mr. Curry stated their role is to assist the District in choosing the best compliance strategy and they know all the nuances that Special Districts, such as the parts of CARB regulation that apply to Special Districts and Municipalities, which do not apply to the private sector. The Advisor collects data from the District; fleet size, number of vehicles, year of vehicles, etc. and develops a strategy of compliance.

Item 9. Update on Investment Adviser Engagement

Ms. Sampson recalled that at the March 20, 2024, Regular Board Meeting, the Board authorized execution of an agreement to contract with Optimized Investment Partners, LLC (OIP) to provide non-discretionary investment advisory services for the District's investment portfolio. Staff met with OIP and Time Value Investments, Inc. (TVI), the broker/dealer, to discuss the process and everyone's roles. Staff successfully opened the necessary accounts to move forward with the new active management strategy. The initial \$5 million laddered approach is underway with investments maturing over the next five years. Within the next month, the remaining investments will be made to gain 70% of the District's investment portfolio being invested in this portion.

She described the custodial account with US Bank and their role in the process. California Asset Management Program (CAMP) is the Joint Powers Authority (JPA) pool account that will be used for liquid investment funds. OIP suggests nearly 25% of the portfolio be invested in CAMP or other liquid assets. Staff is happy to report that CAMP is currently yielding 5.45% compared to 3.39% from the Kern County Treasury Pool (KCTP). She reported the account balances and wires that were made.

Moving forward, Staff will consider OIPs recommendations to invest in the strategy that was conceptualized at the last meeting. At the next Regular Board Meeting, she will provide an update on the

progress and the Quarterly Investment Report will be for the third quarter so it will be the existing format, however for the fourth quarter report, these new investments will be reflected.

Director Zanutto asked if KCTP inquired why we were withdrawing our funds and Ms. Sampson stated she was forthcoming stating the majority of the funds were being withdrawn for other investments, but the District does not intend to close the account. President Schultz asked if there have been any issues or anything that we need to look out for now that Staff has been through the whole process. Ms. Sampson stated there were numerous meetings in the onboarding process to ensure Staff knew, and was comfortable with how everything would work. There were not any issues, and everything went very smoothly. President Schultz thanked everyone for the very good execution. Mr. Neisler complimented Ms. Sampson stating she is new to the organization and this process is something the District has never done before, and she has done a fantastic job. He also mentioned that the presentation from OIP at the last meeting anticipated an average yield of about 4.35% and the securities that were purchased yesterday have a blended 5-year yield of 50 basis points higher. He feels the District has received great support from the team that has been assembled and Ms. Sampson has done a great job guiding the process.

Item 10. Discussion Regarding Natural Gas Purchases

Mr. Neisler stated that he received a call from the Shell sales representative on March 27, 2024, because there was a small quantity of excess natural gas they were going to buy back, and it prompted him to inquire about a quotes for the rest of 2024 and 2025. He was informed that Shell Energy will no longer service our natural gas needs and will not contract beyond our current contracts. They are leaving the California commercial and industrial market. Mr. Neisler expressed his dismay and wrote an email the following day asking for formal notification and stating he did not feel it was appropriate for them to leave the District without the ability to purchase gas for the remainder of 2024. Shell then agreed to meet the District's natural gas needs for the remainder of 2024, but reiterated that they will not extend contracts for 2025. Given this uncertainty, he purchased all the natural gas needed for the rest of this year at a price of less than \$3.00/mmbtu.

He has begun to reach out to other suppliers and has one that is a direct supplier on the Kern River Pipeline as well as on the SoCal Gas system. He will continue to research viable candidates and will request a copy of any agreement that the District will be expected to sign, so it can be reviewed by legal counsel.

President Schultz feels Staff should move forward as quickly as possible to secure supplies while prices are low and to maintain stability. Mr. Neisler thanked him and asked if he should plan to schedule a Special Board Meeting to make a decision if the opportunity arises prior to the next Board meeting and President Schultz agreed he should.

Item 11. Schedule Ad-Hoc Budget Committee Meeting

Ms. Sampson stated Staff is currently working on the Budget for FY 2024-2025 and would like to schedule an Ad-Hoc Budget Committee meeting. President Schultz and Director Zanutto are the committee members. There was a discussion on time and availability. The meeting was scheduled for May 31, 2024, at 10:00am.

Item 12. Board of Directors Comments

Director Sasia thanked Ms. Sampson for her time and effort.

President Schultz missed Ms. Jenny Pfeiffer's 30th Anniversary lunch and commented that it is amazing so many people work so long at this District, and it seems to be a regular occurrence. That says something about the overall operation. He thanked Staff for all that they do to make things work.

Item 13. 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

The Board adjourned to Closed Session at 3:49 p.m.

Item 14. Return to Open Session

The Board returned to Open Session at 4:20 p.m.

Report Action Taken in Closed Session:

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

Item 15. Adjournment

The meeting adjourned at 4:21 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

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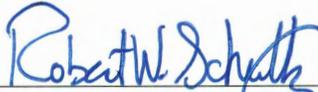
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Robert W. Schultz, Board President


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: _____



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(Gov. Code § 54954.5)

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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): _____

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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: _____



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(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): _____

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- 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: _____



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(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.)

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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: _____