

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
February 20, 2019 3:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

Item 1. Call to Order and Roll Call

Directors Present: Cassil, Hall, Pack, Schultz, Zanutto

Legal Counsel: Bernard Barmann

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

Item 2. Flag Salute

The Pledge of Allegiance was led by Director Hall.

Item 3. Approval of Agenda

The agenda was approved on a motion made by Director Hall, seconded by Director Cassil and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

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

David Worden asked if the article in the paper included the full Grand Jury report. Mr. Neisler was not sure but stated the full report is an attachment to the staff report, it's available on the Grand Jury website, and after the Board so directs today, it will be posted to the District's website and hard copies will be available at the front counter. Director Hall added that the Tehachapi News online had a link to the report on the Grand Jury's website.

Director Cassil explained that the next item, Board of Directors Comments, would generally be placed at the end of the agenda so that issues that are raised or important thoughts can be brought up later. When it's at the beginning, the Board hasn't had a chance to process all the items yet. Mr. Neisler thanked her for the comment and agreed with her suggestion. He requested to discuss it further when they are officially on the next item.

Mr. Worden commented that at times it is hard to hear the Directors over the dais when they are speaking. Mr. Neisler thanked him, and stated staff has recognized that deficiency and is looking into an amplification system.

Item 5. Board of Directors Comments

Mr. Neisler spoke as to why this item is on the agenda. At a Director's request, this item has been added to the agenda with the President's permission. It will continue to appear as a regular item on the agenda if the Board so wishes. Other agencies follow this practice and use an item like this to allow Directors time to talk about things that are not specific to a particular agenda item. This item allows Directors to comment on items of interest, make requests of staff, or to provide information on items that have come to their attention. He stated he added the item near the beginning of the agenda and he understands Director Cassil's comments and the benefit to having it near the end. He is happy to make that change.

Another request was made concerning committee reports. This District does not have any standing committees. As the Ad-Hoc committees meet, the results of those meetings and the minutes prepared are presented to the Board under that agenda item. Because of this, Mr. Neisler doesn't feel it is appropriate to add an item that will typically have no content on a monthly basis. He has discussed that with the Director that made the comment and also with the President, but he will add it to the future agendas if the Board wishes.

The Board directed staff to place the Board of Directors Comments item near the end of the agenda, before Closed Session, beginning on the agenda for the next Board meeting.

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 January 16, 2019 and Special Board Meeting of January 28, 2019
- b. Approve Quarterly Investment Report, Financial Report and Payment of Bills

Mr. Neisler requested that Item a. be removed from the consent calendar.

Item b. was approved.

Item a. – Mr. Neisler stated he spoke to Mr. Cappello prior to the meeting and he had some comments on the minutes of the regular Board meeting of January 16, 2019. He asked Mr. Cappello to speak to that concern. Mr. Cappello requested that some key points of his conversation regarding the Cummings Adjudication be added to the minutes. The conversation he referenced had taken place during Item 9. Draft Strategic Plan.

Director Hall moved the Board approve the January 16, 2019 minutes as amended* and approve the minutes of the Special Board Meeting of January 28, 2019. The motion was seconded by Director Cassil and it was carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

**Mr. Cappello referenced a meeting with Mr. Neisler on September 20, 2018 in which Grimmway's consultant commented on the issues they had with some of the Fugro Report information. Mr. Neisler agreed to review the discussed issues and get back to Mr. Cappello, and as of January 16, 2019, there has been no response. Grimmway is interested in having additional landowner meetings to resolve any issues that still exist on the amended and restated judgement. (This paragraph was added to the January 16, 2019 minutes under Item 9. The sentence in red was added per RBM 3-20-19)*

Item 7. General Manager's Report

Mr. Neisler reported on the following matters:

- At 2:52 p.m. today, he was informed that the SWP Table "A" allocation was increased to 35%. A lot of the uncertainty regarding 2019 operations can now be clarified.
- The picture on the staff report is indicative of the current snow pack situation. The picture on the left is from January 2, 2019 and the picture on the right is from February 11, 2019. These pictures show how the snow pack has increased dramatically.
- Governor Newsom's State of the State address has caused planning for the WaterFix to become uncertain. The Member Unit managers spent a fruitless hour trying to decide if it should be an opt-in or opt-out approach to a project that isn't defined, doesn't exist at this point, and has a no limit budget in place.
- The Prop 84 grant for low flow toilets is now complete. The State has the final paperwork to approve and release the retention for that project. The District was able to utilize the funds for their intended

purpose and also to provide a valuable improvement to the Recreation and Parks District at no cost to them. Ms. Madenwald did a great job with this assuming responsibility for this grant project.

- DWR released Article 21 high-flow water. This water becomes available when San Luis Reservoir is in imminent danger of spilling. It is technically spilling right now. The District ordered Article 21 water and as of noon today, that water is being pumped.
- Attached to the staff report are letters that Congressman Kevin McCarthy sent to the Director of DWR and to the new Mid-Pacific Regional Director of USBR, Ernest Conant. These letters requested that additional water supplies be provided under the WIIN Act.
- The state has requested orders for Turnback Pool water and the District has applied for that as well.
- With the warmer weather forecasts, it's probable that growers will want to begin planting soon and there will not be enough water in the reservoir to meet the demand. To alleviate that crisis, water is being put back into Brite Lake by turning on the District's extraction wells in Tehachapi Valley and the system is online again.
- Once the District's Operational Plan is more definitive, staff will meet with the growers to discuss scheduling and new contact information. It's a good public outreach exercise as well.
- He purchased two strips of 2021 natural gas last week which is enough to power two engines for May through September. The price was \$2.71/mmbtu. The 2020 gas price was \$2.66/mmbtu. The gas that the District is pumping today is spot gas, therefore they cannot quote a price. This is worrisome because spot prices can vary greatly. Regardless of what the price will be, Mr. Neisler felt it was prudent to begin operating the system and get some water up the mountain.
- He has until next Tuesday to purchase March fixed price gas, and a quote has been given for around \$4.00/mmbtu. Given the news today, the District will begin pumping the Table A allocation water.
- He met with Ron Gaiser, Kiwanis President, regarding their paddle race festival which is now scheduled for June of 2020. There was some confusion between Mr. Gaiser, the Kiwanis and the Recreation District. TCCWD was not included in those discussions so Mr. Neisler made it clear that TCCWD will be included in future discussions and will have approval authority over that event. Mr. Gaiser met with Mr. DePriest and Mr. Neisler, and it was a productive meeting. Mr. Gaiser followed up with an email detailing what was discussed and agreed upon, and Mr. Neisler agreed with his summary. Mr. Barmann has been asked to draft a licensing agreement between all three parties; TCCWD as the Property Owner, the Recreation District as the Operator, and Kiwanis as the Sponsor. The first draft was returned to Mr. Neisler this afternoon, so he will review it, and bring it to the Board for approval at the March meeting. He stated he is keeping track of the costs for this task as it was not something the District had any input into and it is shaping up to be a significant task. He will keep the Board apprised of those costs.
- The ACWA Spring Conference is May 7th-10th and the literature is not yet available. Attendance requests will be taken at the next Board meeting to make timely reservations in Monterey, CA.
- The Water Association of Kern County Water Summit is on March 7th from 7:00 a.m. to 2:00 p.m. Mr. Neisler felt last year's event was really good and he would like to get a count of Directors planning to attend because the tickets need to be purchased. He will invite the District legal counsel to attend again this year as well. He requested the Directors inform Ms. Adams if they plan to attend.
- He met with a representative from the new Tehachapi Living magazine and their first issue will be March of 2019. This representative invited Mr. Neisler to be an expert contributor and this would provide the District an opportunity for public outreach. An expert contributor is allowed to write 4 articles per year so every three months the District would have an article on a particular topic. This would also include a business profile that will be published in a quarter page add. It requires a 36-issue commitment as well. The District can run an add that they create, and it can be customized every month as to what the District wants to talk about. It will cost approximately \$400/month. Mr. Neisler is not asking for Board authorization or recommendation on this, he is simply bringing it to the Board to think about and he will put it on the agenda for next month.

- The District has received the formal notice of Bankruptcy from PG&E. He doesn't feel that this will have any impact on the District as there is no obligation to them other than the rate contracts and he would assume whoever is going to run that will maintain those for the time being.
- So far this year there have been 3.5" of precipitation here at the office in January, and 3.46" so far in February. The February total may have been shorted due to not being able to capture all the snow, even though there is a heating element on the rain gauge.
- The reservoir chart shows that Lake Oroville is 72% of normal year-to-date. The precipitation charts are rising rapidly, and statewide precipitation is 127% and 87% of the normal water year. Currently, conditions are 120% of the April 1st average already.

There were no questions.

Item 8. Operations Manager's Report

Mr. DePriest reported on the following matters:

- The system started up today and the goal is to get up to 12 CFS.
- The recycled water training event was well attended by TCCWD, Valley Sod and Horsethief Golf Course staff.
- The demolition of the east steel bolted tank at Pump Plant 4 is underway today by Superior Tank.
- He went down to Rancho Cucamonga to tour Superior Tank Solutions' facility. It is a very impressive facility and he feels the District made a good choice in using them. The components of the tank are in fabrication and the tank is scheduled to be delivered February 25, 2019.
- There have been winter weather issues recently and staff continues to work hard to keep the pump plant roads in safe condition utilizing gravel and road base.
- The District weather station has measured 8.79" of precipitation since November 2018.
- On February 13th, Brite Lake elevation was 4,343.8' and Brite Lake volume was 571.2 acre feet.
- The ESM-2 engine control units for Pump Plant 1 were installed with updated firmware. As of now, the communications network at Pump Plant 1 is in good condition.
- At Pump Plant 1 Engine 4, the mechanics installed a discharge head that was recently repaired at Evans Hydro. Evans Hydro engineering staff provided alignment training specifically for the District's system. It covered topics such as how to best use a dial indicator to achieve acceptable run out when aligning pump components.
- Pump Plant 3, Engine 2 is rebuilt, and at Pump Plant 4, Engine 4, mechanics installed and aligned the repaired discharge head recently received from Keto Pump in Bakersfield.
- This off season and shoulder season, mechanics will complete 3 engine rebuilds.
- Annual inspections and preventative maintenance work are complete on all six District emergency generators.
- Looking ahead, there will be a JPIA Defensive Driver training scheduled for March 21, 2019. This is an important safety training and it is also a condition of the District insurance coverage.
- He described the pictures he included in the staff report.

There were no questions.

Item 9. Discussion of Draft Strategic Plan

Mr. Neisler stated he brought back the draft Strategic Plan narrative and Capital Improvement Plan (CIP) for Board discussion pursuant to Board direction at the January regular Board meeting. The CIP that went out in the Board pack did not have the most recent addition of the Cummings Valley Adjudication \$150,000.00, so the most recent copy was passed out to the Board members. President Pack asked if there were any comments from the Board.

Director Cassil commented that with the General Manager's corrections she has read and reviewed, the document looks excellent to her.

Director Zanutto agreed that the corrections he had noted were taken care of in the revised version passed out. He did ask on page 6, under Water Supply, for a better understanding of the State Water Project contracts for Municipal & Industrial (M&I) and Agricultural (Ag). Mr. Neisler explained that after the Monterey Amendments in 1998, the two allocations were combined into one and the District is no longer required to segregate between M&I (15,000 AF) and Ag (4,300 AF). The District still operates under the two original contracts from 1966, but the District has 19,300 acre feet of firm allocation. Director Zanutto suggested more detail be added to this section to clarify those points. Mr. Neisler suggested adding another bullet point and the other Board members were asked their thoughts.

Director Hall asked if the District has any differences in financial considerations between the two. Mr. Neisler answered that the repayment terms are different between M&I and Ag contracts, however both contracts expire in 2039. The M&I debt is retired at that point, the Ag debt is not, so that is a difference. All of this will be cleaned up in the contract extension language.

Mr. Cappello added that Mr. Neisler was correct and that the original contracts are with the Kern County Water Agency and those still hold, even though Monterey changed some of the portions of those contracts. Mr. Neisler thanked him and added that the Monterey Amendments are for the master contract between the DWR and the State Water Contractors. TCCWD has contracts with the water agency which is a member unit to the State Water Contractors. The delivery contracts to the member units are what was changed there.

The Board agreed that a third bullet, stating the combined 19,300 acre foot firm entitlement can be utilized at the discretion of TCCWD pursuant to the Monterey Amendments should be added.

Director Schultz stated he has reviewed the document and does not have any other comments besides the one he made at a previous meeting stating he feels the Cummings Adjudication \$150,000 should be moved to the 3-5 year budget rather than 1-2 year and that has already been discussed.

Mr. Neisler discussed that this Strategic Plan is a dynamic document that can be amended at the discretion of the Board at any time. He also wanted the Board to be aware that he and Director Schultz have been conducting a dialog that President Pack is aware of, regarding some Human Resources topics and how the District deals with the workforce, that have not been concluded. This may very well impact this document but it's an ongoing dialog and if Director Schultz and President Pack feel that it warrants amending the Strategic Plan, it will be brought before the Board.

President Pack directed Mr. Neisler to make the discussed changes and begin working on drafting the final document. Mr. Neisler stated that he would like to have some pictures taken of the facilities this Spring as most of the graphics the District currently uses are outdated. He would like to be able to include up-to-date graphics in this document.

Director Zanutto commented that he has been through many Strategic Planning sessions over the years and consultants were paid to draft the documents. He stated that having staff, Mr. Neisler in particular, doing the work for the District's document has proven to be as good or better than what he has seen from consultants. He thanked staff for all the work they have done.

Item 10. Discussion of Kern County Grand Jury Report

Mr. Neisler stated the Grand Jury completed their investigation and published the report on February 4, 2019 and the full report is attached to this staff report. The report was distributed to the Directors that day via email. He also prepared and distributed a press release, Attachment B of the staff report, to Tehachapi News, The Loop and The Bakersfield Californian. The Tehachapi News published an article describing the report (Attachment C) and The Loop published a great article that was passed out to the Board members today.

After the Board has given staff the authorization, they will publish the report on the website and have hard copies available at the front counter of the office.

The Grand Jury came out on 3 occasions and spent a lot of time with staff. They also attended the December Board meeting and put a lot of effort into this project and the report they put out. Mr. Neisler was happy to see when the report came out it was entitled, "Tehachapi-Cummings County Water District – A State of the Art Water District!". Everything was a team effort and the Grand Jury had access to all employees. The report was very informative and complimentary to the District. The District is required by law to respond to each finding and recommendation contained in the report within 90 days. He proposed the Board direct staff to prepare the responses and bring them back to the Board for approval at the March meeting.

Director Hall mentioned that as a Board member, he feels the accolades should go to John Martin, Tom Neisler and the team here at the District. He recognizes these people are the ones implementing the processes and he is quite pleased with the results of this Grand Jury Report. He expressed his thanks to everyone.

Director Zanutto commented that some of the findings are general and asked if a response is required for each one. Mr. Neisler clarified that a response is required, however, in some cases it may be as simple as stating, "Agree", or "Disagree" and explain why, or "Modify" and explain what the modification is. Director Zanutto commented that The Loop article was very good, and he was glad to see that "good" news was getting published because we so often only see "bad" news in publications these days.

President Pack stated he felt it was a great report and it speaks very well of the District. The Board directed staff to prepare the responses and present them at the regular Board meeting in March.

Item 11. Review of 2018 Water Operations and Forecast for 2019 Water Operations

Mr. Neisler apologized for putting a place holder memo in the Board packet for this item. He stated he was trying to get as complete of a staff report as he could, unfortunately this report he spent so much time on, now needs revisions (the allocation increased right before this meeting). Staff can now come to the Board in March with an Operational Plan.

He reviewed the 2018 operations noting the following information:

- For the second year in a row, the District met the 10,000 acre foot importation target. This was accomplished despite only having a 35% allocation.

-The Table A allocation was 6,755 acre feet and 3,150 acre feet of banked water supply was withdrawn. He doesn't think there will be a need to call on that supply in 2019. He is going to make it a goal to not keep carryover water in San Luis Reservoir. That preference was justified last Tuesday when there was notice given that San Luis Reservoir was going to spill imminently, and it spilled this last weekend. Mr. Neisler requested Article 21 Water and KCWA said there would be a decision made by Tuesday, February 19th, with the possibility of starting pumping water on Wednesday the 20th. On Monday, February 18th, a holiday, he received notice that water will be available the next day! Staff was able to quickly switch gears as the plan had been to not start pumping until March 1st. They were able to get everything ready and are pumping today. With the increased allocation to 35% today, operations will be able to continue pumping into the season.

-The District accepted 350 acre feet more water into the system from the City of Tehachapi from the Snyder Well, and over 150 acre feet more water from Stallion Springs than was anticipated.

-Attachment A is the 2018 End of Year Summary that shows three years of data. Mr. Neisler reviewed key points. For 2018, the District sold more water than was pumped so that is positive. There was a significant decrease in the Agricultural use due to some of the growers using different operations and that will continue in 2019. The overall water delivery totals for the last three years have decreased as well, but the same amount of water has been imported so that has allowed the District to increase the recharges. This is great for basin management, not great for water sales.

He continued to look at 2019 scenarios and reviewed Attachment B, Estimated Supply & Demand for 2019. This chart considers scenarios for possible allocations of 35%, 45%, and 55%. Next month, Mr. Neisler anticipates presenting a 2019 Operational Plan that shows the District importing 10,000 acre feet. This will impact the budget if the District is importing 10,000 acre feet but not selling that much water.

-There were two types of water made available when the allocation was 15%; the first was Article 21 water and the other was Turnback Pool water. Turnback Pool water is available when north of the Delta contractors, who had allocations on the system, in high flow years have excess water. Even though they are paying a good price for the water, they do not have anywhere to store it so they are allowed to turn it back to the project for a partial credit. Currently, DWR has established Turnback Pool A and Pool B. Pool A would be available March 6th and Pool B would be available on June 1st. Mr. Neisler requested through Article 21, as much water as the District needed from the then current allocation of 15%, all the way up to 80%. The District won't receive all that water but should get some of it. He requested 5,000 acre feet through both of the Turnback Pools to use as recharge water in the SJ valley. Today he received notification that there is no Turnback Pool A water available, so he will watch what happens with Pool B. Again, this water will not be needed to meet the District's demand now that the Table A allocation has been raised to 35%; Turnback Pool water would be excess.

-Attachment B shows all his projections for 2019 demand. Based on the Operation Plan that will be presented next month, the water recommendations and water priority recommendations will be considered.

Item 12. Update on Cummings Valley Adjudication process

Staff has reinvigorated efforts and is moving forward on several fronts along with legal counsel. Counsel has reviewed the latest version of the amended and restated judgement and recently provided a draft to Mr. Neisler. He has not had a chance to review it yet, but he will shortly. After he has had a chance to review it with counsel, they plan to present that to the stakeholders for their review and comment no later than March 8th. They plan to set a deadline to receive written comments on the report approximately 30 days after it's distributed. After the comments are reviewed, they will determine the value or necessity of more stakeholder meetings to see if an approach can be agreed upon. The goal is still to come up with a cooperative approach to move forward. There are several management issues contained in the judgment, irrespective of the natural safe yield, that they want the judge to rule on and

finalize, so that portion will most likely be taken to court. He will continue to keep the Board updated and there will be more discussion on this in closed session.

One of the major issues for the stakeholders is the Fugro report. He anticipates bringing a full report to the Board with action steps at the March meeting.

George Cappello asked for clarification on the statement that was made that the value or necessity of more stakeholder meetings will be determined. Mr. Neisler and Mr. Barmann explained that the idea is that this will be taken one step at a time. The first step is to get out a revised and updated proposal and once that's put out, accept written comments so it's clear what everyone's thoughts are. One scenario could be that everyone's comments are agreeable and therefore not many meetings will be required. If the comments are in the nature that there is room to discuss, meetings will be held. The comments need to be submitted before they can make determinations on meetings. Cappello made a statement concerning what the Ag stakeholders would and would not accept.

Director Zanutto commented that in attending those stakeholder meetings, there was a difference in opinions from the M&I side and the Ag side. Now that about two years has gone by, sending out this judgement and requesting comments will get people's attention again, and the District can address those comments. Mr. Cappello expressed his desire to work through this process and come to an agreement without going to court and incurring those costs.

Item 13. Schedule Meetings of Audit Committee, Water Rate Committee and Water Priority Committee

Mr. Neisler stated this is the time of year when the Ad-Hoc Committees meet to do their work. The Audit Committee is comprised of Director Cassil and President Pack. Staff would like to hold an Audit Committee meeting because there is a need to enter into a new contract with an auditor. Ms. Madenwald will be prepared to present and describe the qualifications and proposals received for the Committee to review and weigh in on. The goal is to bring this to the Board at the March meeting.

The Water Rate and Water Priority Committees need to meet as well, but they cannot productively meet until the 2019 Operations Plan has been developed, so those meetings should be held after the March 20th Board meeting. The Water Priority Committee is comprised of Director Hall and Director Schultz and the Water Rate Committee is Director Schultz and Director Zanutto.

The Audit Committee meeting was scheduled for March 4th at 10:00 a.m. The Water Rate Committee was scheduled for April 5th at 9:00 a.m. and the Water Priority Committee was scheduled for April 5th at 10:00 a.m.

Item 14. Authorize General Manager to Execute Contract for Geotechnical Investigation Services, Cummings Valley Recharge

Mr. Neisler stated that as part of the investigation of the Cummings Valley recharge project, he has solicited a proposal for geotechnical services. The solicitation is attached, and the scope is to drill one 65 foot hole and then prepare the findings. Four vendors were solicited, and two proposals were received. The proposals are attached, and the recommended firm is a Joint Venture between BSK Associates and W3i Engineering. The other proposal was from Provost & Pritchard.

W3i is a new venture with a principal, Terry Schroeffer, who is very well known in public agency engineering in the Bakersfield area and he has worked for many reputable firms. BSK is a respected geotechnical firm. Mr. Neisler went through some key comparisons of the Provost & Pritchard proposal

versus the BSK Joint Venture proposal. Staff is recommending the Board accept the contract with BSK Associates for the estimated cost of \$21,400.00.

Director Zanutto asked if Mr. Neisler had any idea what the asking price is for that property. Mr. Neisler answered that there are two 20 acre parcels adjacent to each other, and Stallion Springs is in escrow or has purchased that property for \$1.8 million. That includes a large structure in which this District has no use, and a very productive well which was the main incentive behind Stallion Springs purchasing the property. The easterly of the two 20 acre parcels is not of interest to this District. The interest is in leasing or purchasing a portion of the westerly 20 acre parcel, somewhere around 15 acres and he would estimate the value of the property is about \$25,000/acre. With his preference being to lease, not purchase the property, that way the District is not taking it permanently out of production and it can be restored to its original condition at any time. So, at this time, this project is just to determine the suitability of use of the property, then in house develop a design, and a cost estimate to build the ponds. Director Zanutto commented that he brought this up because if the cost of the property is going to end up a lot more than anticipated, why spend the money to do this project.

Director Schultz suggested having a price already set and have a contingency upon drilling. Mr. Neisler stated he can ask the question. A discussion took place between the Board members regarding these concerns.

The Board directed Mr. Neisler to approach Stallion Springs and attempt to determine what their asking price would be to both purchase and to lease approximately 15 acres to use as a recharge. No action was taken on the contracts for geotechnical services.

Item 15. Authorize General Manager to Execute Contract for Exterior Painting of Office Buildings

Mr. DePriest stated this item is to accept the bids and award the contract to a lowest responsive bidder. Approval of this item will authorize the General Manager to execute a contract for exterior painting of the District office building and the pipeline building. Invitations to bid were sent to seven painting contractors and 4 estimates were received. Wm. B. Saleh Co. was the lowest bid at \$14,644.00, and therefore staff recommends the Board accept this contract. The FY 2018-19 Capital Expenditure Budget includes \$20,000.00 for this project.

President Pack asked if there was any way this project could be done in house. Mr. DePriest stated he would not recommend it since the District does not have any professional painters and there is a long list of projects in the queue that are directly related to the water system that he would prefer staff work on.

Director Schultz asked if it's a requirement to take the lowest bid. Mr. DePriest answered that it is not, it must be the most qualified bid. Director Schultz asked if there was a reason to use a painter out of Bakersfield rather than Tehachapi. Mr. Neisler stated that aside from having the lowest price, Saleh is the preeminent commercial coating contractor in the area. A discussion then took place regarding using local contractors and it was brought up that if the Board would like there to be a preference to use local contractors for certain projects, it would have to be decided in advance, included in the purchasing policy and disclosed in the bid documents.

Director Zanutto moved that the Board accept the three, responsive bids received and award the contract to the lowest, responsive bidder and authorize the General Manager to execute a contract for the exterior painting of District office buildings with Wm. B. Saleh Co., Bakersfield for \$14,644.00. The motion was seconded by Director Pack and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 16. Schedule Sexual Harassment Prevention and Ethics Training for Directors

Ms. Adams stated it has been discussed in prior meetings that Directors will need to attend Sexual Harassment Training and Ethics training. There is an opportunity to take both of these classes through an on-demand class with CSDA. It can be done in the Board room as a group and then the attendance sheet will be submitted to receive the credits. Currently the Sexual Harassment Training is \$85.00 per person and the Ethics Training is offered at no charge to the District now through March 15th because the dues were paid on time. She proposed both trainings be done in the same day for a total of 4 hours of training.

Director Cassil moved that staff schedule Sexual Harassment and Ethics Training on February 25th beginning at 10:00 a.m. through 2:30 p.m. The motion was seconded by Director Schultz and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 17. 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, Kern County Superior Court Case 97209, Tehachapi-Cummings County Water District, a Body Corporate and Politic vs. Frank Armstrong, et al.**

The Board went into Closed Session at 5:10 p.m.

Item 18. Return to Open Session


The Board returned to Open Session at 5:48 p.m.

Report Action Taken in Closed Session:

- a. No action taken.

Item 19. Adjournment

The meeting was adjourned at 5:48 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.


James Pack, Board President


Catherine Adams, Board Secretary