

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
March 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: Robert Kuhs
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.
- Mr. Neisler pointed out that there are two open session items that are scheduled after Closed Session. This is necessary because there are specific things that must be discussed in Closed Session prior to considering those items in open session.
- Item 4. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body**
Mr. Cappello thanked the Board for making the change in the minutes of the January meeting and requested that one more sentence be added to that revision. He requested the addition be inserted after the first sentence of the paragraph and state, "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." He asked for this request to be considered during the approval of the minutes in the Consent Calendar.
- 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 February 20, 2019
 - b. Approve Financial Report and Payment of Bills
 - c. Approve Requests for Temporary Assignment of Water Rights
- President Packed removed Item 5 a. Director Schultz removed Item 5 b. Director Hall removed Item 5 c.
- Item 5 a. -The Board discussed and considered Mr. Cappello's request and agreed to make the change.
- Director Cassil moved to rescind the prior approval of the January 16, 2019 minutes. It was seconded by Director Hall and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Director Cassil moved to approve the amended January 16, 2019 minutes. It was seconded by Director Hall and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Director Hall moved to approve the February 20, 2019 minutes. It was seconded by Director Cassil. Before roll call was taken, Ms. Adams commented that the February 20, 2019 minutes contained a direct quote of Mr. Cappello's comments from the January 16, 2019 minutes that would now need revised based on the prior amendment to the January minutes. Director Hall withdrew his motion and Director Cassil withdrew her second.

Director Hall moved to approve the amended February 20, 2019 minutes. It was seconded by Director Zanutto and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 5 b. – Director Schultz asked for some details on the Level 3 Communications and Packet Fusion checks. Mr. Neisler explained it is a monthly bill that is for the office phones and data. The Packet Fusion check is for the phone system, with an in-house server and that is an annual bill.

Director Zanutto moved to approve the financial report and payment of bills. It was seconded by Director Cassil and carried on the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 5 c. – Director Hall mentioned that he would like to abstain on some of the Temporary Assignment of Water Rights agreements. Director Schultz asked counsel if he should abstain from voting on the Assignments that involve his father. Counsel stated that even though there is no direct financial interest, the safe course would be to abstain from voting on those. He stated that with two Directors needing to abstain, he recommended voting on the Assignments in three separate batches.

Director Hall moved to approve the following Temporary Assignments of Water Rights: GHCSO to Heritage Farms, GHCSO to California Water Services Co., GHCSO to John Kolesar, GHCSO to Jim Won Chung, Lehigh Southwest Cement to GHCSO, Lehigh Southwest Cement to County of Kern, and Lehigh Southwest Cement to Benz-Visco. 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.

Director Pack moved to approve the following Temporary Assignments of Water Rights: Kubicek Trust to Lehr Bros., Donna Rae Schmidt to John Pulford, Comprehend & Copy Nature LLC to Heritage Farms, Taek K Hwang to Green Rich Farms, and Lester Safier to Heritage Farms. The motion was seconded by Director Cassil and carried on the following vote: Ayes: Cassil, Pack, Schultz, Zanutto; Noes: None; Abstain: Hall; Absent: None

Director Pack moved to approve the following Temporary Assignments of Water Rights: Barbara and Robert Schultz to Heritage Farms, and Schultz Enterprises to Heritage Farms. The motion was seconded by Director Cassil and carried on the following vote: Ayes: Cassil, Pack, Zanutto; Noes: None; Abstain: Hall, Schultz; Absent: None

Item 6. General Manager's Report

Mr. Neisler reported on the following matters:

- He discussed the drought comparison photo in his report pointing out that in 7 weeks' time, conditions went from the majority of the state being in a drought, to now less than 7% of the state is classified as in a drought.
- FEMA has announced that they are not going to cover their contribution to the repairs to Lake Oroville. They are covering approximately \$300 million of the \$1.1 billion total cost to date of the repair to that facility. Reports indicate that the rest of the costs will fall on DWR who will then rely on State Water Contractors to pay. There is current litigation on these matters, so more information will be given in Closed Session.
- The snow level statewide is a 156% of the April 1st year average. The water content in that snowpack is higher than normal.
- On the State Water Operations Committee call this morning, they released their latest forecast and projections. Those projections indicate that Lake Oroville will fill, and San Luis is already full.
- The District has been taking Article 21 water. The Table A Allocation has not been pumped. Around 600 acre feet of Article 21 water has been pumped already. With San Luis being full, Article 21 water deliveries should continue so the District will continue to pump that water.
- Information came in this morning indicating that Lower Kern water is going to be available this year as well. It is estimated that between 90-95,000 acre feet of water will be available on the system. A significant portion of that is spoken for before this District gets a chance at it, however he will apply for as much as possible. It's very inexpensive water.
- Brite Lake is about 2 feet higher than it was this time last year.
- He described the attached Rainfall Totals sheet and pointed out that these totals may not be completely accurate as the rain gauge is not able to record accurate snowfall.
- The 2020 Paddle Boat Festival planning is ongoing, and counsel has drafted a licensing agreement that was presented to TVRPD for comments. On March 4th, TVRPD stated they were sending the agreement on to their legal counsel for review and he has not heard back from them. He told Kiwanis that once TVRPD gets back to TCCWD, the agreement will be sent on to Kiwanis, and the next step is to have a joint meeting with all three agencies and get it approved by both boards.
- The Water Summit was a great success. There was not a lot of information related to directly what this District does, but he hopes the Directors and staff got a feel for some of the statewide issues.
- The Annual Pump Plant tour is April 18th, the day after the Board meeting. If anyone is interested, please let us know so transportation and lunch arrangements can be made.
- The Brite Lake chart shows the dramatic uptake has slowed. Recharge operations have started on a limited basis. Demand is rising as customers are starting to use a little water. He anticipates importing the District's full capacity this year.
- The reservoir conditions chart looks better. Oroville is about where it's supposed to be, but they have a lot of water coming. The rainfall charts show conditions well about average.

President Pack asked for the logo to be updated on the Rainfall Totals attachment. Mr. Neisler stated he would take care of that.

Director Zanutto asked for clarification on opening the gates at Lake Oroville. Mr. Neisler explained the gates are what they open to let the water flow from the reservoir onto the spillway and these gates were not refurbished. There are known problems with the gates that need addressed so they are afraid to have any kind of a failure with the facility. Right now, they are projecting they will be able to contain the runoff in the reservoir.

Director Schultz asked what the District's natural gas situation is and if everything has been bought for the year. Mr. Neisler stated there are two engines worth of natural gas purchased for April through September. Anything that is ordered is bought. Thirty days ago, the District had a 15% allocation and today, that has been increased to 70%, so there is more water available than the District can use. Knowing now, that there is water that can be pumped, the District can supplement those supplies. Currently, the purchase prices are not advantageous. Mr. Neisler put together a spreadsheet trying to figure out what he can order and is looking for the opportunity to do that. Again, as of this morning, the allocation was 35% so he did not have assurance that the District would be able to pump 10,000 acre feet of water this year. The gas that has been purchased was at an average price of about \$2.81/mmbtu and unfortunately, the District will be paying significantly more for the rest of the gas this year to supplement the supply. He is currently looking for April natural gas and the gas to power the third engines for the rest of the year. At this point, he is not anticipating purchasing gas for October and November because hopefully the prices will go down this summer and he will purchase it then. About two-thirds of the natural gas is purchased, and now that the allocation is known, the gaps can be filled in. Director Schultz asked if all the gas purchased in February was on the spot market and Mr. Neisler confirmed it was. He said it was about \$8.00/mmbtu and the gas for March is about \$5.00/mmbtu. He mentioned TCCWD has a designated Shell representative that does a good job and keeps him informed. He has two-thirds of the annual gas purchased through 2021. As he has mentioned in the past, the price fluctuations take place because there is no natural gas storage, so all the demand from California comes right off the pipeline.

Item 7. Operations Manager's Report

Mr. DePriest reported on the following matters:

- The system started on February 20th and began pumping at 12 CFS with two engines. The two days following there was a snowstorm, but staff was able to keep pumping and it has been increased to 14 CFS.
- DWR sent a request to reduce the flow by 50% due to an outage at Dos Amigos Pumping Plant for March 13th-15th. Staff did comply with this request.
- Staff installed two new 8" gate valves on the mainline at a turnout in Cummings Valley. That turnout can potentially be used for a new recharge in Cummings Valley that's proposed at Pellisier and Highline Roads.
- The District entered into the agreement with Wm. B. Saleh, Co. to paint the District's administration office building. This project should start next week pending the weather.
- The rehabilitation of the East Steel Bolted Tank at Pump Plant 4 started as scheduled with the demolition being completed February 26th. They were delayed by the snowstorm as well. As of today, the project is about 98% complete.
- Three TCCWD wells in Tehachapi Valley were shut down now that there is enough volume in Brite Lake.
- On March 12th, recharge was started at the Cummings Pond facility at about 300 GPM/1.3 AFD. The Tehachapi Valley recharge facility at Antelope Dam started as well, at 1,000 GPM/4.41 AFD.
- The District took possession of the 2019 Ford F-350 with a service bed from Jim Burke Ford for the pipeline department.
- On March 14th, the Brite Lake elevation was 4,357.2 feet, the volume was 1,332.1 acre feet, and depth was 31.2 feet.
- The engine control units at Pump Plant 1 are operating as designed with updated firmware. The GE Power and Water Regional Service Coordinator was at Pump Plant 1 making final adjustments to the system and addressing the punch list items for the project.

- An invoice for \$23,695.00 has been sent to WPI and GE Water and Power for reimbursement of additional costs incurred from the communications problems with upgrading from the ESM1 to the ESM2 engine control managers.
- A spare, 7-stage pump was picked up from Evans Hydro on March 11th.
- The engine rebuilds on PP4 engine 3 and PP2 engine 1 are almost complete and the District will be ready to go to a three-engine system on April 2, bringing pumping up to 21 CFS.
- The pipeline department is working on a capital improvement project of installing a permanent line and a dissipater at the Gravel Pit Recharge facility.

There were no questions.

Item 8. Select Auditor and Approve Contract

Ms. Madenwald stated the purpose of this item is to comply with Water Code 30540 which states that the Board shall, by a majority vote, retain an auditor as an independent contractor. The auditor is appointed by the Board, works exclusively for the Board, and is tasked to report to the Board on accuracy and completeness of the financial statements presented by management.

Historically this RFP process has been done every three years, and the auditors have been offered a three-year contract. There is a new government code that puts a six-year regulation in effect that states the audit firm, specifically the lead audit partner, should be rotated every six years. The CSDA and the GFOA suggest this be done every five years, and this District has agreed to go with every five years.

The Audit Committee met to help with this qualifications-based selection of an audit firm. Management's role in this process was to send out the RFPs, and after they were collected, do a discovery of their qualifications, prepare a spreadsheet of the firms that were qualified to perform the audit and then present those conclusions to the Audit Committee for review. The qualifications that were considered were timeliness, education and certifications, experience, having GFOA Certificate of Achievement expertise, peer reviews, references and awards.

Staff solicited twelve firms and received six responses (four proposals, two declines) and did not hear from the rest. The four firms were reviewed and their qualifications were put into a spreadsheet contained in this packet. The Audit Committee reviewed the RFPs, the details management put together, and the spreadsheet. The changes made at the meeting are in red on the spreadsheet. The staff report includes nine attachments for reference and she explained the key points of these.

This District is able to retain the same audit firm it has been using because of the requirement to rotate the lead audit partner and that was a part of the agreement with that firm. The requirement to rotate the partner is a way to show independence and it's significant to note that the current General Manager and current Business Manager have only worked with this auditor for two fiscal years. The qualifications were looked at before the costs were revealed.

In conclusion, after the examination by management and the March 4, 2019 Committee meeting, the Audit Committee recommends the Board approve a five-year contract with Van Lant & Fankhanel, LLP to perform the District's annual audit.

Director Cassil thanked Ms. Madenwald for all the work she has done but asked the Board to table this matter until the next meeting for two reasons; an opportunity for further discovery regarding these qualified firms, and secondly, for the Audit Committee to consider a recommendation that the Board adopt the GFOA Audit Committee Best Practices. Then have a discussion regarding this, by the

Committee, before it comes back to the full Board. There was further information she believes needs to be considered by the Audit Committee regarding these four options.

President Pack asked Ms. Madenwald if it would be possible to postpone this decision for another month. Ms. Madenwald advised that the District may not be able to contract an audit firm due to their scheduling. The two firms that declined were because their schedules were already full. The time constraint would be her only concern with being able to contract with a firm, with the qualifications and caliber that the District would like to have.

A discussion took place amongst the Board members. President Pack shared that he went into the Committee meeting with preconceived notions of changing auditors but found that there were discrepancies in the proposal from Rodgers, Anderson, Malody & Scott, LLP and it is hard to find qualified applicants. At the end of the meeting he had concluded it would be best to stay with the same firm and change lead auditors. Discussions took place verifying that the District would still be in compliance if it stayed with the same firm. It was pointed out that Van Lant & Fankhanel, LLP received the highest ranking in qualifications.

Director Schultz commented that the rest of the Board members just received the full proposals today and requested in the future that they either receive this type of back-up with their packet or a month in advance to thoroughly review it. Mr. Neisler commented that Ms. Madenwald had the full proposals available and had asked him if he would like to include them in the packet and due to the amount of paperwork it was and an already large packet this month, he asked her to hand them out today. Based on past years, he did not anticipate this level of interest from the Board, so he apologized for deciding not to include the proposals.

Director Cassil moved to table this item until after the Audit Committee meets regarding GFOA Audit Committee Best Practices with a request to schedule a Special Meeting for the whole Board. There was no second.

President Pack moved that the Board select Van Lant & Fankhanel, LLP to perform the audit for fiscal years 2018-19 through 2022-23 and authorize the General Manager to execute the engagement letter per the terms in their proposal. The motion was seconded by Director Hall and carried on the following vote: Ayes: Hall, Pack, Schultz, Zanutto; Noes: Cassil; Abstain: None; Absent: None.

Item 9. Approve District Response to Kern County Grand Jury Report

At last month's meeting, the Grand Jury Report was presented to the Board and staff was directed to prepare the required response to the Grand Jury. Mr. Neisler and Counsel have prepared the responses and they are attached to the staff report. They did not disagree with any of the findings or recommendations, they only clarified some information they felt was important. He would like to make a revision to Attachment B, the response letter, under finding F7. He would like to change the last sentence to state TCCWD serves as "a" record keeper, not "the" record keeper. Counsel pointed out that the District does not want to present authority it doesn't have or give the impression that the District's records are definitive as to whom owns what.

Director Cassil made a comment regarding R3 under the Recommendations section. This response references tasks being incorporated into the GIS System and she wondered if it would be possible to incorporate the specific tasks into the response. Her concern is that when this is publicized, people may go directly to the Recommendations and may not understand this if they haven't read the findings.

President Pack agreed adding the specific tasks to this item would be helpful and directed Mr. Neisler to do so.

President Pack made a motion to approve the amended response to the Grand Jury Report and direct the General Manager to sign and send the response. The motion was seconded by Director Cassil and carried on the following vote: Ayes: Cassil, Hall, Pack, Zanutto; Noes: Schultz; Abstain: None; Absent: None

Item 10. Discussion of Forecast for 2019 Water Operations

Mr. Neisler commented this is the second month in a row that he has written a report that was out of date by the time of the meeting. As of today, the District's new pumping allocation is 70%. This is good news as this more than meets the District's requirements. He went from being afraid to start the system in February, to looking for homes for surplus water in March. So goes life in the water business in the Twenty-First Century!

He referred to the attached chart that lays out the projections for the year. There was an increase in the projected Cummings Basin agricultural use and a decrease in the Tehachapi Basin agricultural use. One of the District's largest customers, Bornt & Sons, has left Cummings Valley completely. The acreage that they farmed has been taken over by Grimmway. Grimmway is also farming some acreage that has been dry farmed in the past. A new farming interest will be taking over some of Bornt's acreage in Tehachapi Valley and will not be starting up yet, so subsequently the water use will be less. Grimmway has taken over the leases in Brite Valley and water demand there will be about the same.

This year, Mr. Neisler added the recharge deposits to the report for the Term M&I agreements for both Bear Valley (BV) and Stallion Springs (SS). Last year, BV deposited 250 acre feet into the banked water reserve account. He has given both BV and SS their required contributions for this year and they both indicated they will make those contributions, and therefore, it needs to be accounted for in the water demand.

The total demand for the year, including the recharge obligations and system losses, is 9,349 acre feet. The days of being able to import around 7,000 acre feet of water to meet the demand are gone. The District is closing in on the requirement to import 10,000 acre feet of water just to meet the obligations. He is thankful the Board made the long range, prudent decision to upgrade the infrastructure so that 10,000 acre feet can be imported. This also means that the District will no longer get by on years with a 35% allocation. For this year, no banked water will need to be withdrawn. Additional deposits will probably be made down in the San Joaquin Valley.

In the Water Operations Committee meeting this morning, it was discussed that Oroville will fill and San Luis is already full and spilling. Some people were very unhappy with the 70% allocation given this water year. The trend is troubling. Most districts do not face the physical constraints on being able to import water like this District does, and they want every bit of that allocation they can get. Interestingly, DWR staff acknowledged that given the environmental constraints agencies operate under and the goals they need to meet for the reservoirs going into next year, 70% is about as good as can be expected going forward.

The District has received a request for water from Granite Construction for the Solari Project. They are developing a new handling facility and have concerns about water supply. The Board entered into an agreement with them in 2013 to supply them with water from the Table A allocation when it is available. In the years the District doesn't have it available, it's required that they bank a 4 year supply of their required amount of water in the basin. They have banked that water, 905 acre feet, and that belongs to

them. In an event that the District doesn't have enough allocation to supply them water, the District will withdraw that water. Water would be supplied to them from the Table A allocation since they are down below, and water would be extracted up here for our use. They would have to top off that banked supply in years when the allocation is available. This is a good agreement for both parties and Mr. Neisler has informed Granite that the water is available this year and more if they need it.

Director Schultz referred to the chart and asked how much of the Cummings banked water totals were the District's water versus third parties. Mr. Neisler stated that number is the District's total and it does not include third parties. Director Schultz asked if Bear Valley was coming to the end of their 5-year banking term. Mr. Neisler clarified that they have 10 years to bank a 5-year supply of water and Bear Valley is starting year 3 of the agreement.

Item 11. Update on Cummings Valley Adjudication process

Since the last Board meeting report, staff has continued efforts to keep this project moving. Staff and legal counsel have completed the revisions to the amended and restated judgement. That document was emailed to the Directors on Friday for review and will be discussed in Closed Session. After the Board accepts the amended and restated judgement, the document will be transmitted to the stakeholders for their review and comment. Written comments will be accepted during a defined period. Subsequent to the review of those submitted stakeholder comments, staff will schedule meetings as required and/or determine the next course of action. They would like to see what the comments are before determining how to proceed from there.

Work is still being done on a list that identifies all the active pumpers within the adjudicated basin. That effort is required to ensure that the active pumpers are notified of any actions being taken. Lastly, staff and counsel have discussed updates and revisions to the Fugro report. Progress and options will be discussed in Closed Session. There have been talks of doing a full upgrade of the report or other steps that may be less than upgrading the whole report.

Mr. Cappello commented that he encourages the Board to be open and transparent to land owners and the public through having meetings, regardless of the comments, to air out the issues and discuss the pros and cons of what is being recommended. He feels it would be advantageous for land owners to hear other's comments rather than just written comments and going straight to the judge.

Item 12. Appoint Real Property Negotiator for Purchase of APN 222-470-17 (Mueller)

Mr. Neisler stated this is a request to appoint a Real Property Negotiator (RPN) for a potential purchase of property. He described that Glenn Mueller, through his trust, owns a small parcel of land adjacent to the District's 19 Acre Recharge in Cummings Valley. This parcel, APN 222-470-17, is shown on Attachment A of the staff report. Mr. Neisler met with Mr. Mueller several years ago to discuss the District purchasing the property for expansion of the recharge ponds. Mr. Neisler did not feel then, nor does he now, that the property will be suitable for that purpose as it is very small, irregularly shaped, and separated by powerlines and a SoCal Edison easement. They had no further discussions at that time.

Recently, Mr. Mueller sent a letter, Attachment B, again offering to sell or lease the property to TCCWD. This time, he cited two possible uses that Mr. Neisler feels bear investigation. He suggested the property may be suitable for a well or truck fill turnout for use in Cummings Valley. That is a convenient use for the location of the property. There are other concerns that if the property remains available, in the future it may be used for something that could increase traffic in the area or cause a hinderance to District operations adjacent to the area, so having the property under the District's control could be a general benefit.

Mr. Neisler recommends that the Board appoint an RPN to further these discussions. This item is scheduled for Closed Session, assuming the Board does appoint an RPN, do discuss the price Mr. Mueller has proposed. For purposes of transparency, it is important to note that Mr. Mueller is a retired General Manager of this District.

President Pack asked the approximate size of the property, and Mr. Neisler stated it is about 0.25 acres.

Director Cassil moved the General Manager be appointed as the Real Property Negotiator for potential transactions involving APN 222-470-17. The motion was seconded by Director Zanutto and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 13. Adopt Resolution of Support for IRWMP Proposition 1 Grant Application

Mr. Neisler stated that IRWMP stands for Integrated Regional Water Management Plan. He is asking the Board to issue a resolution of support for this grant application and designate the General Manager as the authorized representative to submit the proposal and execute an agreement with the State of California for this Round 1 Implementation Grant.

He went over the background information contained in the staff report to describe the process and timeline of events which lead him to submitting the project without the requested resolution of support due to the extremely short timeframe. Should the board not adopt the resolution of support, he can easily withdraw from the process.

He submitted the Cummings Basin Westerly Recharge Project as the nominee (the project currently being investigated on the SSCSD property). The grant would allow the District to purchase the property and develop the project, with the District providing a 50% matching contribution. The matching contribution can be made up of cash, in-lieu services or from other funding sources. His intention is to provide as much in-lieu service as possible and analyze whether the rate increases should reimburse the District for costs incurred. The rating process is ongoing and a Kern IRWMP funding recommendation will be required prior to our next Board meeting. The matching funds could be up to a maximum of \$841,555.00. The cost estimate he submitted was very conservative and is about twice that amount.

Director Schultz referenced the Project Description on page 4 of 14 and asked for clarification on the impact of Chanac Creek. Mr. Neisler stated the project is within the floodplain but not in the stream thread that exists. Director Schultz referenced page 10 of 14 where it states there will be 500 acres of land that drain into the detention basin and had concerns with where that would be considered part of Chanac Creek water and if the District would be recharging it. Mr. Neisler clarified that if water fills the area in a storm retention situation, the District does not receive credit for recharge. The 19 Acre Recharge has filled twice this year in that situation and no credit was received. Director Schultz was concerned about the possibility of catching water that would normally flow to the property owners in the Basin and not be considered Native Safe Yield. Mr. Neisler agreed that there may be a case where a property owner may not experience run off from a storm, but the water would still be going into the Basin and be considered part of the Native Safe Yield and not recharge. Director Schultz was satisfied with that answer and then moved to the cost estimates section where he asked for details of the cost estimate for the per acre cost and the total cost of the project. Mr. Neisler explained the per acre cost includes the cost of acquisition which he can give more details on when this is discussed in Closed Session and the total cost of \$1.6 million for the project is inflated as he was trying to be very conservative for the grant application.

Mr. Kuhs asked when Mr. Neisler expects Mr. Eklund to make a decision on priority. Mr. Neisler stated there is a mandatory pre-application funding workshop required by DWR that is scheduled for April 29th. Mr. Kuhs asked if there would be any value to either giving Mr. Neisler authority to look at the environmental exemptions or take some action regarding CEQA compliance in advance of that decision. It was decided that a revision will be made to the recommended Resolution 2-19 to amend section B. 3. to read, "That the General Manager of the Tehachapi-Cummings County Water District is hereby authorized and directed to prepare the necessary data, conduct CEQA investigations, file determination, file such application, and execute a grant agreement with California Department of Water Resources."

Director Cassil thanked Mr. Neisler for getting on top of this right away and getting all this work done in very short order.

Director Cassil moved to adopt Resolution 2-19 with Section 3. B as amended. The motion was seconded by Director Zanutto and carried on by the following vote: Ayes: Cassil, Hall, Schultz, Zanutto; Noes: None; Abstain: Pack; Absent: None.

Item 14. Approve IRWMP Contract and Authorize General Manager to Execute

Mr. Neisler stated this is a corollary item to the last and this is executing the contract for the District's participation in the funding of the IRWMP. The cost of that is \$125,000 and the Cost Sharing Agreement is estimated at \$4,445 and the motion that is prepared states a cost not to exceed \$5,000. The reason he increased it slightly is because one of the things the executive committee considered was a request from the water agency to have their funding participation waived. The executive committee unanimously denied that request. All of the agencies listed are going to their Boards for approval, so if some of those agencies' Boards say no, all the other agencies' share would increase slightly.

Director Zanutto moved to approve the cost sharing agreement to continue participation in the Kern IRWMP and authorize the General Manager to execute the agreement. The motion was seconded by Director Schultz and carried on by the following vote: Ayes: Cassil, Hall, Schultz, Zanutto; Noes: None; Abstain: Pack; Absent: None.

Item 15. Authorize General Manager to Serve as Expert Contributor to "Tehachapi Living" Magazine

Mr. Neisler stated on February 19th, he met with Evalina Stanley, the publisher of Tehachapi Living magazine. This is a new lifestyle magazine which focuses on local issues and businesses. Ms. Stanley presented an opportunity for Mr. Neisler to serve as an expert contributor on a panel of about 15 such experts in a particular area of expertise. He reviewed the proposal listed in the staff report and the costs associated with this role.

The opportunity to regularly publish relevant targeted articles is attractive and he doesn't believe the time commitment would be excessive to develop the content. However, the cost of almost \$5,000 per year warrants Board consideration and participation in this requires a 36-month commitment. Mr. Neisler stated he does not have a recommendation, it is entirely up to the Board.

Director Zanutto asked for some clarification on how the process would work and then stated that his thought process is thinking about how this would benefit the District. Currently there is the website, The Loop, Tehachapi News, social media and other ways of getting the word out. He is not comfortable with the idea of providing an article for the publication and still having to pay for it. He stated a 3 year commitment would be about \$15,000 and he is not in favor of this proposal.

Director Schultz moved to decline the offer from Tehachapi Living magazine. The motion was seconded by Director Cassil and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 16. Approve Director's Attendance at Spring ACWA Conference in Monterey, CA

Mr. Neisler stated the ACWA Spring Conference in Monterey is coming up on May 7-10th. Any elected official who wishes to go to such event needs to get prior authorization from the Board. Their actual and necessary expenses will be reimbursed. Director Hall serves as the District representative on the JPIA Board and they meet Monday and Tuesday. The ACWA portion starts Tuesday afternoon and goes through Friday morning. Typical practice has been to have zero, one or two Directors attend. More than two Directors can attend however, that will be a quorum of the Board, so some precautions would have to be taken. It's entirely up to the Board.

President Pack asked who was interested and available. Director Hall stated he would be going to at least the first two days. Director Cassil stated she is available to attend but if someone else was eager to attend she could wait. Director Zanutto stated he has been to numerous ACWA conferences and they are well worth attending but he is fine with someone else going this time. President Pack stated he is interested but not available. He asked Director Hall if he was interested in attending the full conference and he was.

Director Zanutto moved that Director Hall and Director Cassil be approved to attend the 2019 ACWA Spring Conference. The motion was seconded by President Pack and carried on by the following vote: Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

Item 17. Board of Directors Comments

Director Zanutto referenced a section in Item 9. of the minutes from the February Board meeting that mentioned a dialog between Mr. Neisler and Director Schultz regarding some Human Resource topics. Director Zanutto felt that this should have been discussed during the Strategic Planning Workshops so that all Board members could participate in the dialog on this and asked Mr. Neisler to elaborate on exactly what the dialog is.

Mr. Neisler stated that as a new Board member, Director Schultz has been asking some questions to bring himself up to speed on some policies and procedures of that nature. The intent of those questions as he understands it, is to determine how the employees are being handled and if staff is doing everything they can to make them happy and productive. To make those determinations, he has asked to review several documents and they have been discussing what those documents can provide and the most efficient way to get him that information as they both have busy schedules. Mr. Neisler stated that if anything comes out of those discussions, it will come to the Board for full consideration. There won't be anything that is agreed upon without the Board being made aware of and considered. Any changes made to the Strategic Plan would also be approved by the Board.

Director Schultz added that it is not enough at this point to make a Strategic Plan change. He has just asked questions about what the current process of raises is, the amount of COLAs that have been given through the years, the employee brackets and how they are paid for different jobs, and whether there is cross training involved with different positions. He stated it's things that as a new Director he is trying to get up to speed on and he knows fellow Directors may have those answers as well, but he can't email the entire Board. So, he has only emailed President Pack and Mr. Neisler.

Mr. Neisler clarified that they will not be discussing personnel as that is outside the purview of the Board. He made President Pack aware and included him on the email stream. President Pack felt the discussions are preliminary and general in nature. Director Zanutto was satisfied with the details given.

Director Zanutto shared some information he found interesting at the Kern Water Summit. LA Water & Power talked about having over 7,000 miles of pipe that is over 100 years old and at the rate it takes to replace it, it would take about 300 years to replace. Everyone is in that same boat where it is difficult to get rate increases when you have infrastructure that people don't see and isn't on their mind. There was a brief talk about utilizing technology to meet water goals. It was interesting to hear that desalination costs have come to the point where it is roughly equal to the cost of clean water. There was talk that there are around 1250 dams in California and over half of them are over 70 years old. Most do not meet today's standards so there is a lot of work in that respect. It's been in the paper recently how the Kern Canal has sunk and they are trying to get the funding to get the flow back up to where it belongs. Overall, the Kern Water Summit was great, and time well spent.

Director Hall commented on the Kern Water Summit as well. There was a Republican Water Wonk that gave him some encouragement. There was a lot of discussion about the Central Valley Project he found interesting.

Director Schultz commented that as things are moving forward with the Cummings Valley Adjudication process, he foresees that there will be many people that would like to come to the Board meetings and moving the start time back to 5:00 p.m. should be considered. A discussion took place and many ideas of how to accommodate the public were suggested; moving the topic near the end of the agenda so the discussions fall after people are off work, having special meetings or Saturday meetings, or scheduling convenient stakeholder meetings. The Board concluded a change is not necessary at this time and they are open to addressing this in the future if needed.

Director Hall gave a speech about who owns the rain and the right to natural resources in California. Ms. Cunningham expressed her agreement and gratitude for what he said.

Item 18. 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.
- b. In Accordance with Exhibit B Attached Hereto, Conference with Real Property Negotiator (SSCSD)
- c. In Accordance with Exhibit C Attached Hereto, Conference with Real Property Negotiator (Mueller)
- d. In Accordance with Exhibit D Attached Hereto, Performance Evaluation, General Manager

The Board went into Closed Session at 5:34 p.m.

Item 19. Return to Open Session

The Board returned to Open Session at 7:46 p.m.

Report Action Taken in Closed Session:

- a. The Board accepted the draft written proposal for the Cummings Valley Adjudication and will send the draft to the stakeholders in the Cummings Valley Basin. Comments are invited until April 30th.
- b. No action taken.
- c. The Board authorized the Real Property Negotiator to commence negotiations with the seller.
- d. No action taken.

Item 20. Authorize General Manager to Execute Contract for Geotechnical Investigation Services, Cummings Valley Recharge

At the Board's prior request, Mr. Neisler provided pricing information on the subject parcel and is now bringing this request back to the Board to accept the two bids for the geotechnical work on the subject property, award the contract for the recharge basin investigation to BSK Associates, and authorize the General Manager to execute that contract.

Director Schultz asked what the timeline is on the grant. Mr. Neisler answered that the grant will not be approved until the fourth quarter of this year. Director Schultz commented that chances are high that the Board would have to move ahead with this property purchase well before knowing anything about the grant. Mr. Neisler stated he thinks it would be possible to delay that decision depending on the seller's willingness to entertain an offer at a later date.

Director Zanutto stated that now that the Board has an idea of the cost of the property, it's time to see if in fact it is going to work as a recharge pond. If it doesn't, there is no need to go further in negotiations. Director Schultz verified with Mr. Neisler that the grant application can be pulled at any time. Mr. Neisler also noted that this cost would be reimbursable should the District receive the grant. All costs after a time in February will be reimbursable. Director Hall stated he feels the Board should move ahead with this, even if the District doesn't get the grant. Director Cassil agreed.

Director Hall moved that the Board accept the two bids received as responsive, award the contract for Recharge Basin Investigation to BSK Associates for the estimated cost of \$21,400.00 and authorize the General Manager to execute the contract. The motion was seconded by Director Zanutto and carried on by the following vote: Ayes: Cassil, Hall, Zanutto; Noes: Schultz; Abstain: Pack; Absent: None.

Item 21. Authorize Change in General Manager Compensation

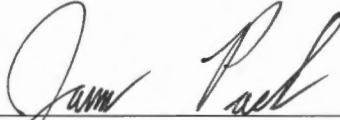
Mr. Neisler stated the summary and background information was discussed in Closed Session.

President Pack stated he feels the General Manager is being properly compensated. Director Zanutto commented that the General Manager has been through 6 evaluations in two years, he's met or exceeded all those requirements, his performance admirably merits an increase, and he's always looking for ways to improve the operations here. Director Zanutto believes Mr. Neisler's earned a merit increase. Director Hall referenced the state of the art rating the District received from the Grand Jury and feels that was given due to the standing transparency of the agency, the efficiency and use of its resources, its forward thinking, and its aggressive stance in acquiring water with success.

Director Hall recommended that the Board ratify the increase in the General Manager's compensation of \$5,400.00 per year through March 30, 2019, and that the Board approve an additional increase of \$600.00 per year, effective April 1, 2019. The motion was seconded by Director Cassil and carried on by the following vote: Ayes: Cassil, Hall, Zanutto; Noes: Pack, Schultz; Abstain: None; Absent: None.

Item 22. Adjournment

The meeting was adjourned at 7:56 p.m. on a motion made by Director Cassil, seconded by Director Hall and unanimously carried. Ayes: Cassil, Hall, Pack, Schultz, Zanutto; Noes: None; Abstain: None; Absent: None.

A handwritten signature in black ink, appearing to read "James Pack", written over a horizontal line.

James Pack, Board President

A handwritten signature in blue ink, appearing to read "Catherine Adams", written over a horizontal line.

Catherine Adams, Board Secretary



Tehachapi-Cummings
County Water District
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CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

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

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

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

1. Existing Litigation: Case No. 97209
Name of Case: Tehachapi-Cummings County Water District,
a Body Corporate and Politic vs. Frank Armstrong, et al.
2. Anticipated Litigation: _____
Gov. Code § 54956.9 (b): _____
Gov. Code § 54956.9 (c): _____

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

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

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

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



Tehachapi-Cummings
County Water District
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CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

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

Description of Property:	APNs 448-051-33-4, 448-051-34-2, 448-052-33-2
Proposed District Negotiator:	Tom Neisler, General Manager
Negotiating Parties:	Stallion Springs Community Services District
Subject of Conference:	Terms, Price and Conditions of Sale or Lease

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

- Existing Litigation: _____
Name of Case: _____

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

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

- Appointment: _____
Title: _____
- Employment: _____
Title: _____
- Performance Evaluation: _____
Title: _____
- Discipline/Dismissal/Release: _____

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

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



Tehachapi-Cummings
County Water District
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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.)

- Existing Litigation: _____
Name of Case: _____

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

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

- Appointment: _____
Title: _____
- Employment: _____
Title: _____
- Performance Evaluation: _____
Title: _____
- Discipline/Dismissal/Release: _____

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

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



Tehachapi-Cummings
County Water District
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CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

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

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

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

1. Existing Litigation: _____
Name of Case: _____

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

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

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

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

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