

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
TOPIC: STRATEGIC PLANNING WORKSHOP
April 30, 2018 1:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

Item 1. Call to Order and Roll Call

Directors Present: Hall, Pack, Prel and Zanutto

Absent: Worden

Staff in Attendance: Lori Bunn, Troy DePriest, LaMinda Madenwald and Tom Neisler

Item 2. Flag Salute

The Pledge of Allegiance was led by Director Pack.

Item 3. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body

Director Hall provided his opinion on ACWA goals and objectives.

Director Pack expressed his thoughts on allocating water in the best possible way.

President Zanutto commended staff for the excellent pump plant tour. Mr. Neisler said he would pass President Zanutto's comments along to staff.

Item 4. Strategic Planning Workshop

Mr. Neisler said this is the second workshop. He summarized the information and presentations covered in the first workshop. He explained his plan for the workshops and he said the document he hopes to develop is a long-term capital improvement plan.

1. SWOT-HUMAN RESOURCES

Mr. Neisler reviewed the SWOT analysis for Human Resources and provided details of each item.

- a. Strengths
 1. Experienced, well-trained work force
 2. Safety culture
 3. Management structure
- b. Weaknesses
 1. Age of workforce
 2. Institutional ennui
 3. Licensing and educational opportunities not explored
- c. Opportunities
 1. Attract and hire talent
 2. Provide specialized training
 3. Emphasize morale and teamwork
- d. Threats
 1. Remote location limits qualified applicants
 2. Tight labor market
 3. Expense of provided benefits

Comments on Human Resources Strengths:

President Zanutto asked how the workers' compensation insurance works. Mr. Neisler explained the method that ACWA/JPIA uses to calculate the workers' compensation insurance rates.

Mr. Neisler reviewed the Safety Incentive Program. Troy DePriest reviewed the safety meeting schedule, training programs, stop work authority and safety equipment recently purchased. Mr. DePriest also described a safety-oriented project to build platforms over the engines at Plant 1 to provide easier access to the catalytic converters.

Comments on Weaknesses:

President Zanutto asked about employee participation in the District's education program. Mr. Neisler reviewed the District's educational reimbursement policy. He then discussed the use of the performance evaluation process to motivate employees.

Director Pack asked for comments from staff on upgrading employees to higher level positions. He said the employees that have been moved up are employees that have not been with the organization for a long time. He asked if this was a potential weakness. Mr. Neisler responded to Director Pack's comments.

Mr. Wyman asked about cataloging employees' specific outside capabilities to utilize them on the job. Mr. Neisler provided information to answer his question and said he would add this as an Opportunity.

Comments on Opportunities:

President Zanutto asked if staff tries to promote the Tehachapi area when trying to attract new employees. Mr. Neisler responded affirmatively.

Director Hall said the employees appreciate stability.

Troy DePriest mentioned expanding opportunities to conduct specialized training, using the new facility.

Director Pack asked how the part-time workers are hired. Mr. Neisler said it is through personal knowledge. Director Pack suggested the intern positions could be advertised to attract future full-time employees. Mr. Neisler said he would add this item to Opportunities.

Comments on Threats:

President Zanutto made comments about the expense of providing benefits. Mr. Neisler said the cost of providing benefits is considered on an annual basis during the budget process.

In response to previous actions taken by the Board, Director Pack said he would like to add another "Threat", which is "changing Board priorities." Mr. Neisler agreed with his suggestion. Some discussion took place in this regard.

2. SWOT-WATER SUPPLY

Mr. Neisler said that Water Supply is the most vulnerable resource. Mr. Neisler reviewed the details of the items included in Water Supply and updated the Board on the status of the California WaterFix. Mr. Neisler reviewed the details of the Strengths, Weaknesses, Opportunities and Threats for Water Supply.

a. Strengths

1. Quantity of SWP allocation (19,300 AFY). The 2018 allocation is 30%.
2. Ongoing banking program (both in and out of District)
3. Ownership/control of storage supply and facilities

b. Weaknesses

1. Unpredictability of annual SWP allocation
2. Decreasing allocation due to regulation
3. Vulnerability of SWP to damage and natural disaster

c. Opportunities

1. California WaterFix
2. Develop alternate water supply sources
 - a. Indirect potable recharge
 - b. Storm water recharge
 - c. Upgrade CCI treatment level to advanced tertiary and utilize effluent
3. Continuing conservation emphasis

d. Threats

1. Regulation
2. Environmental restrictions
3. Increasing SWP costs

Comments:

President Zanutto asked about obtaining additional recharge areas. Mr. Neisler said the District should expand the recharge facilities and this should be added to Opportunities.

Some discussion took place regarding new groundwater banking projects outside the District. Mr. Neisler said if this type of opportunity comes up it will be brought to the Board for consideration.

Mr. Wyman asked if the District has provided comments on the new County General Plan. Mr. Neisler said the document has not been released yet, but the District will review the document when it is presented. Discussion continued in this regard.

3. WATER IMPORTATION SYSTEM

Mr. Neisler said the Water Importation System is the most limited resource. He summarized the components of the Water Importation System, providing details on each part. The wheeled water operations were reviewed, along with Jacobsen Reservoir operations and recharge operations. Mr. Neisler then reviewed the SWOT for the Water Importation System.

a. Strengths

1. Strong maintenance program, enhancing life cycle of infrastructure
2. Engine upgrade and replacement program and schedule
3. Coordination/cooperation with WRMWSD

b. Weaknesses

1. Aging infrastructure and cost of replacement
2. Physical/geographic challenges of District
3. Vulnerability of SWP aqueduct and facilities

- c. Opportunities
 1. Continue to operate system with 10,000 AFY goal
 2. Complete intertie with WRMWSD
 3. Improve inspection and monitoring
- d. Threats
 1. Natural gas costs/supplies
 2. Supply interruptions
 3. Emissions regulations become more stringent

Mr. Neisler provided a detailed report on the emissions regulations at Pump Plant 1.

President Zanutto asked if the loan for the engine replacement would be paid off in 2023. Mr. Neisler said, "yes." President Zanutto asked if the District would be replacing the engines at that time. Mr. Neisler said he is planning to replace 12 engines.

President Zanutto asked if the roads were included in the Weaknesses. Mr. Neisler said he would add that item.

In response to comments from Director Hall, a discussion took place on the use of electric powered engines as opposed to natural gas engines.

4. **SWOT-SUPPORT SYSTEMS**

Mr. Neisler explained that Support Systems consists of the office complex, vehicle fleet and equipment. He reviewed the current status of the facilities and equipment, and the planned improvements. He then went through the SWOT for Support Systems, providing detailed information.

- a. Strengths
 1. Adequate, well-maintained facilities
 2. Safe, low mileage vehicle fleet
 3. Current systems and software
- b. Weaknesses
 1. Aging equipment fleet
 2. Age of facilities
 3. Accounting software system
 4. Storage space and records management
- c. Opportunities
 1. Transfer paper records to digital
 2. Continue to maintain/upgrade facilities
 3. Maximize use of new conference room/board room
- D. Threats
 1. Rising cost of improvements, technology and consumables
 2. Natural disaster
 3. Emissions requirements make equipment obsolete

Comments and Questions:

Director Pack asked if there are any weaknesses or threats with the cloud-based/subsription-based software. Mr. Neisler responded affirmatively and described the actions taken to secure the system.

President Zanutto asked if converting the records to a digital format would be done by an employee, or a service. Mr. Neisler said that staff would have to do a cost/benefit analysis and report back to the Board.

5. SWOT-FINANCIAL RESOURCES

Mr. Neisler described the budget process and reviewed the status of the reserve funds. He also reviewed the details of the SWOT for Financial Resources.

a. Strengths

1. Financial reserves
2. Adequate, funded reserves with annual review and adjustment
3. No aged receivables
4. Experienced, professional management and staff

b. Weaknesses

1. Reliability and performance of accounting software
2. No capital replacement plan/reserves
3. Cross-training opportunities

c. Opportunities

1. New technology/software upgrades
2. Implement digital records conversion
3. Promote teamwork and integration

d. Threats

1. State "borrowing" funds
2. Increasing cost of benefits and salaries
3. New or expanded regulations and unfunded mandates

Comments and Questions:

President Zanutto asked how often the auditor was reconsidered. Mr. Neisler responded that it was considered every three years.

6. CAPITAL IMPROVEMENT PLAN, SHORT-TERM (1-2 YEARS)

Mr. Neisler said that staff has prepared some base lines for the Capital Improvement Plan. He reviewed the details of the short-term plan, which was broken down by department.

A copy of the Capital Improvement Plan Short-Term (1-2 Years) is attached as Exhibit A to these minutes.

Questions and Comments:

Director Pack had questions about the plans to upgrade the lights at the pump plants. Comments about

the project were also made by Rob Schultz. Tom Neisler and Troy DePriest responded to these questions and comments. Mr. DePriest said he will provide more information on this project.

President Zanutto asked if the projects would be prioritized. Mr. Neisler said the projects would be prioritized.

Mr. Wyman made comments about capturing data for the GIS system. Mr. Neisler responded to his comments.

Mr. Wyman had questions about the cost of installation of some of the projects. Mr. Neisler provided information to answer his question and said the cost of installation is taken into account.

The third Strategic Planning Workshop was scheduled for Monday, May 21, 2018 from 1:00 to 5:00 p.m.

Item 5. Adjournment

The meeting was adjourned at 5:06 p.m. on a motion made by Director Hall, seconded by President Zanutto and unanimously carried. Ayes: Hall, Pack, Prel and Zanutto; Noes: None; Abstain: None; Absent: Worden.


Rick Zanutto, President


Lori Bunn, Secretary



CAPITAL IMPROVEMENT PLAN SHORT-TERM (1-2 YEARS)

DATE: APRIL 30, 2018

REV. NO.: 04

PRIORITY	DESCRIPTION	BUDGET	COMMENTS
DEPARTMENT 01 - ADMINISTRATION			
	Warehouse restroom	\$ 20,000	septic system required
	Office computer server	\$ 10,000	upgrade hardware and software
	Control room cabinet reconfiguration	\$ 40,000	
	GIS development	\$ 50,000	maintenance ongoing budget exp.
	GPS data collectors	\$ 8,000	
	Front office reconfigure	\$ 5,000	
	Exterior painting	\$ 25,000	
	Tehachapi Valley Groundwater Model	\$ 100,000	
	Automate compound gate	\$ 30,000	
	Digital records transfer	\$ 25,000	ongoing project
DEPARTMENT 02 - PIPELINE			
	Pipeline Truck - 1 ton SRW Diesel w/ svc bed	\$ 60,000	
	Pipeline Truck - Superintendent	\$ 35,000	spec per AS, cost TBD
	Parking lot paving/reconstruction	\$ 200,000	Carryover again! Start engineering?
	Pump plant road base/surfacing	\$ 50,000	
	Pipeline to gravel pit recharge	\$ 20,000	
	Pipeline to new portion 19 ac. Recharge	\$ 36,000	
	Pipeline locator	\$ 8,000	
	WRMWSO inter-tie	\$ 100,000	
DEPARTMENT 03 - PUMPING SYSTEMS			
	Pump Plant Light Upgrades	\$ 50,000	PP 1-4
	Pump alignment	\$ 24,000	PP 2 & 3
	Driveline balancing	\$ 32,000	PP 2 & 3
	PP4 heat exchangers	\$ 100,000	
	Rebuild parts	\$ 100,000	Superior Engines per year
	Tank maintenance and repair service	budget	investigate service contract
	Automate office/campground wells & tanks	\$ 50,000	
	Cummings ponds recharge automation	\$ 30,000	budget?
	Waukesha spare parts	\$ 20,000	PP 1-4
	Air compressors	\$ 60,000	PP 1-4
	7 stage pump	\$ 78,000	FY 2019-2020
	Additional SCADA software licenses	\$ 10,000	New technician
	Bead blaster	\$ 7,000	
	Inventory management system	\$ 20,000	
		\$ 1,403,000	