

MINUTES

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
December 20, 2017 3:00 P.M.
21415 Reeves Street, Tehachapi, CA 93561

Item 1. Call to Order and Roll Call

Directors Present: Hall, Worden and Zanutto

Directors Absent: Pack and Prel

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

Item 2. Flag Salute

The pledge of Allegiance was led by Lori Bunn.

Item 3. Approval of Agenda

The agenda was approved as presented on motion made by Director Hall, seconded by Director Worden and carried on the following vote: Ayes: Hall, Worden and Zanutto; Noes: None; Abstain: None; Absent: Pack and Prel.

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

No comments were made.

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.

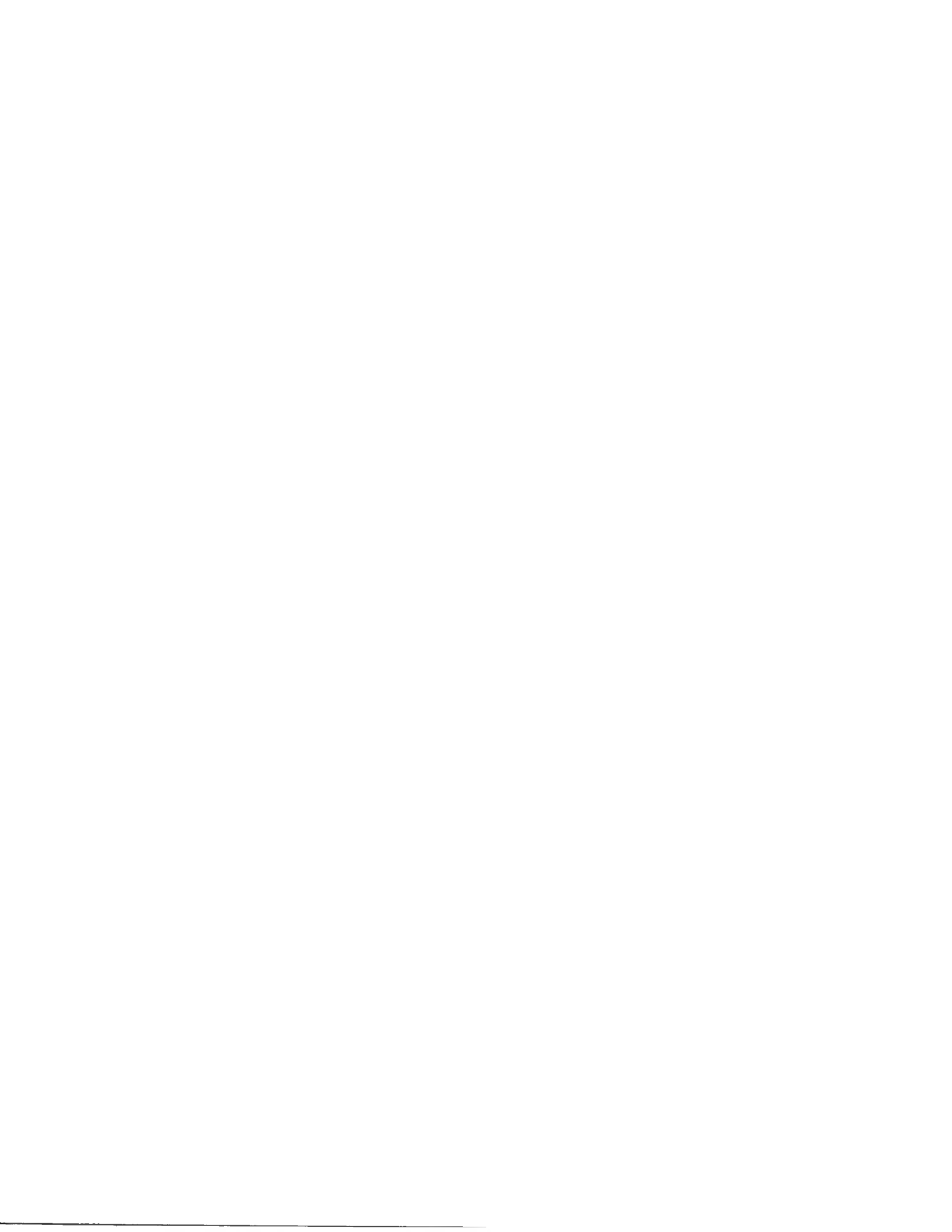
- a. Approve Minutes of the Regular Meeting of November 15, 2017;
- b. Approve Financial Report and Payment of Bills;
- c. Approve Consent to Sale of Certain Tax-defaulted Properties

President Zanutto asked if there were any items the Board members, public or staff would like to pull for discussion. Director Worden asked to have Item 5 c. pulled for discussion.

Director Prel arrived at 3:06 p.m.

President Zanutto stated that if there were no objections, Item 5 a. Minutes of the Regular Meeting of November 15, 2017 and Item 5 b. Financial Report and Payment of Bills would be adopted. There being no objections, Item 5 a. and Item 5 b. were adopted.

Director Worden asked if Item 5 c. was similar to what has been done in the past.



Mr. Neisler explained the Assessor's office completes this process twice a year and it is the same this time. Each parcel was reviewed to see if it could be a benefit to the District. Since no parcels were found to be beneficial, Mr. Neisler recommended that the Board consent to Sale of Certain Tax-defaulted Properties. After discussion, Director Hall made the motion as recommended by staff. Director Worden seconded the motion and it was carried on the following vote: Ayes: Hall, Prel, Worden and Zanutto; Noes; None; Abstain: None; Absent: Pack.

Item 6. General Manager's Report

Mr. Neisler provided a written report to the Board and reported on the following matters during the meeting:

- The pumping season was completed on November 30, on schedule. Personnel are performing maintenance as scheduled and are busy trying to complete the required work prior to start-up. Team TCCWD continues to exceed expectations;
- Director Hall and Tom Neisler attended the Fall ACWA Conference and the ACWA/JPIA meeting;
- Ag customers in Cummings Valley continue to use water for the cover crops;
- The Brite Lake level detail was reviewed;
- An initial SWP allocation of 15% for 2018 was announced on November 30;
- Mr. Neisler reported on conversations he has had with the manager of ID 4 regarding the exchange agreement between ID 4 and TCCWD;
- The California WaterFix issues continue unabated;
- The Board Room Remodel Project continues to progress;
- The average cost of natural gas for 2017 was \$2.68 per mmbtu. For calendar year 2017 year-to-Date the average cost was \$3.19. For the entire year of 2016, the average cost was \$3.43. Two-thirds of the estimated demand for 2018 has been purchased for an average cost of \$3.01. Natural gas has also been procured for 2019 and 2020 at a cost lower than \$3.01. In the future, this information will be included in the Manager's Report;
- The Turkey Trot 5K run took place at Brite Lake on November 18, hosted by the Tehachapi Recreation and Parks District. There were no problems and TVRPD did a great job. Due to discussions that have taken place about additional activities at Brite Lake, Mr. Neisler said he is reviewing the existing agreements with TVRPD concerning the operation of Brite Lake and the surrounding area. After the review is complete, the comments will be submitted to the District's Legal Counsel, Legal Counsel for ACWA/JPIA and TVRPD. When a revised document is ready, it will be presented to the Board for consideration;
- The South Valley Resource Management Authority decided not to submit the letter to the KCWA regarding the Fish Friendly Diversion Project, which the Board authorized the General Manager to sign at the regular Board meeting in October. Mr. Neisler did not attend the SVRMA meeting in December, because the topics of discussion were the potential storage projects the Board directed that TCCWD would not be participating in at this time;
- Mr. Neisler reported on meetings he attended: KCWA Member Unit Manager's meeting and the grand opening of the new Tehachapi Public Library;
- Save the Date: March 7, will be the second Water Association of Kern County Water Summit. Details to follow;
- The SWP reservoir conditions and precipitation indexes were reviewed;
- Mr. Neisler presented the Board with Team TCCWD caps, in recognition of the banner year the District had;
- Mr. Neisler wished all a Merry Christmas and a Safe New Year.

Director Hall asked how much natural gas was used this year. Mr. Neisler said he would report back at the next meeting.

Director Hall asked what groundwater storage projects the Board was not interested in. Mr. Neisler explained that these are projects that the SVRMA is considering and explained some of the details of the projects.

Director Hall asked what the maximum winter storage line was in elevation. Mr. Neisler explained that the maximum winter storage elevation is 4355.5. Director Hall asked where the clay layer ends. Mr. Neisler responded 4355.5.

Director Hall asked Mr. Neisler about his objections to swimming in Brite Lake. Mr. Neisler said he was not personally opposed, but the existing agreement prohibits swimming in Brite Lake.

Item 7. Operations Manager's Report

Mr. DePriest reported on the items listed below at the Board meeting:

- The imported water system was shut down on November 30, as scheduled;
- The recharge operations were paused on December 7, because the Cummings Valley agricultural customers were using from 10-20 cfs to water cover crops for several days and lake storage decreased;
- Off-season work commenced on Friday, December 1;
- Webb Builders continue to make progress on the Board Room Remodel Project;
- Tom Neisler and Troy DePriest attended a presentation on GIS and Asset Mapping in San Diego;
- Mr. DePriest attended the Water Association of Kern County Water Bank Tour on November 29, along with Director Worden;
- Mr. DePriest reported on a meeting that took place with John Crane, Evans Hydro, and Condition Monitoring Service representatives regarding mitigating equipment vibration and creating uniform alignment and vibration monitoring procedures for the equipment. Primarily, the engines, pumps and drive shafts alignment and vibration;
- The November SWP imported water total was 802.4 AF and on December 15, 2017, the Brite Lake elevation was 4345.2, with a volume of 637.5 AF;
- Maintenance items in November included: On November 27, pipeline staff shut down the mainline in Tehachapi Basin, east of Dennison Road, to replace a failed 8-inch butterfly valve; off-season maintenance work has begun and multiple projects have been completed; Pump Plant 4, engine 2 is in the process of being rebuilt; the gas regulators and gas meters at Pump Plants 1, 2 and 3 have been replaced and the gas regulator and meter at the main Mojave natural gas turnout at Sebastian and Rancho Road has been replaced;
- Imported water operations will resume on February 1, 2018;
- The Board Room is scheduled to be completed in February 2018;
- The photo journal included in the written report was reviewed.

President Zanutto asked what equipment would be moved to do the alignment. Mr. DePriest provided more details of the project to answer his question.

Item 8. Receive and File the June 30, 2017 Audited Comprehensive Annual Financial Report

LaMinda Madenwald read the written staff report and the highlights of the transmittal letter and the Management Discussion Analysis. A bound copy of the CAFR and the auditor's management letters were provided to the Board.

Ms. Madenwald read the auditor's transmittal letter addressed to the Board of Directors and the Citizens of the Tehachapi-Cummings County Water District, reviewed the financial highlights of the Management's Discussion and Analysis and read the Economic Factors and Next Year's Budgets and Rates portion of the MDA.

Greg Fankhanel, Van Lant and Fankhanel LLP, the District's auditing firm addressed the Board regarding the June 30, 2017 Audited Comprehensive Annual Financial Report. He said the firm has issued an unmodified opinion or a clean opinion on the CAFR this year. He explained what was involved in performing the audit and reviewed the letters prepared for the Board, along with the CAFR.

President Zanutto asked about the financial requirements for CalPERS. Mr. Fankhanel provided information in this regard, which was on page 27 of the CAFR.

Director Hall made a motion to receive and file the audit report. The motion was seconded by President Zanutto and carried on the following vote: Ayes: Hall, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: Pack.

Item 9. Report on ACWA/JPIA and ACWA Conference

Tom Neisler provided a written report on the workshops and meetings he attended at the ACWA/JPIA and ACWA Conference. Mr. Neisler felt the conference was very beneficial.

Director Hall reported on the ACWA/JPIA meetings he attended and the topic of creating an insurance captive, which was discussed at the ACWA/JPIA meeting. He also reported on a meeting he attended on the California WaterFix.

Item 10. Report on Preliminary 2018 SWP Allocation

Mr. Neisler prepared a written report on the Preliminary 2018 SWP Allocation. During the meeting, he reported that a workshop for the State Water Contractors was held on November 28, however, he was at the ACWA Conference and unable to attend.

Mr. Neisler said the DWR announced an initial 2018 SWP Table A Allocation of 15%. He then provided a detailed report on the factors used in the allocation forecasts, shown on the KCWA Chart on Allocation Studies, Attachment A. Attachment B, Lake Oroville Storage Levels was reviewed and Mr. Neisler explained other factors included in the forecasted allocations are the operating conditions of Oroville Reservoir and the Biological Opinions restrictions on Delta exports and he reviewed the effects of these factors.

Mr. Neisler said that prospects for TCCWD to meet all of the 2018 delivery requirements are excellent.

Item 11. Closed Session:

- a. In accordance with Exhibit A Attached Hereto, DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds et al.
- b. In accordance with Exhibit B Attached Hereto, Kern County Superior Court Case 97209, Tehachapi-Cummings County Water District vs. Frank Armstrong et al.

The Board went into Closed Session at 4:50 p.m.

Item 12. Return to Open Session

The Board returned to Open Session at 5:20 p.m.

a. Report Action Taken in Closed Session:

- 1. In Accordance with Exhibit A Attached Hereto, DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds et al.

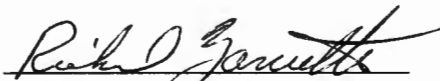
President Zanutto reported that there was no reportable action taken.

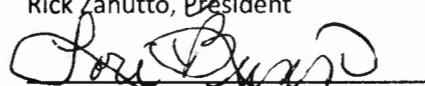
- 2. In Accordance with Exhibit B Attached Hereto, Kern County Superior Court Case 97209, Tehachapi-Cummings County Water District vs. Frank Armstrong et al.

President Zanutto reported that there was no reportable action taken.

Item 13. Adjournment

The meeting was adjourned at 5:25 p.m. on a motion made by Director Hall, seconded by Director Worden and unanimously carried. Ayes: Hall, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: Pack.


Rick Zanutto, President


Lori Bunn, Secretary

TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT

CLOSED SESSION ITEM DESCRIPTIONS

(Gov. Code § 54954.5)

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

Description of Property: _____

Negotiating Parties: _____

Subject of Conference: _____

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

1. Existing Litigation: _____
Name of Case: DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds et al.

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

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

1. Appointment: _____
Title: _____

2. Employment: _____
Title: _____

3. Performance Evaluation: _____
Title: _____

4. Discipline/Dismissal/Release: _____

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

Agency Negotiator: _____

Employee Organization: _____

Unrepresented Employee: _____

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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): _____

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

Agency Negotiator: _____

Employee Organization: Not applicable

Unrepresented Employee: _____