

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
TOPIC: STRATEGIC PLANNING WORKSHOP
May 21, 2018 1:00 P.M.
22901 Banducci Road, Tehachapi, CA 93561**

- Item 1. Call to Order and Roll Call**
Directors Present: Hall, Pack, Worden and Zanutto. Director Prel arrived at 1:04 p.m.
Staff in Attendance: Catherine Adams, Lori Bunn, Troy DePriest, LaMinda Madenwald and Tom Neisler
- Item 2. Flag Salute**
The Pledge of Allegiance was led by President Zanutto.
- Item 3. Comments by any Party on Items of Interest and Within the Subject Matter Jurisdiction of the Legislative Body**
Mr. Neisler explained that the District received the Notice of Elective Offices to be filled in the Tehachapi-Cummings County Water District for the November 2018 election, along with the Mini-Calendar for the Consolidated General Election. This information was provided to the Board members. Mr. Neisler explained that the seats for Divisions 1, 3, 4 and 5 would be on the ballot in November.
- Item 4. Adjourn to Closed Session**
Closed Session item was referenced by President Zanutto.
A. In Accordance with Exhibit A Attached Hereto, DWR v. All Persons Interested in Authorization of WaterFix Revenue Bonds et al.

The Board went into Closed Session at 1:06 p.m.
- Item 5. Return to Open Session**
The Board returned to Open Session at 1:38 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.
- Item 6. Strategic Planning Workshop**
Mr. Neisler said this is the third workshop for strategic planning. He summarized the SWOT analysis that took place at the workshop on April 30, 2018 and he said the short-term capital improvement list was reviewed. Mr. Neisler reviewed the process for this workshop, which included going through the mid-term and long-term capital improvement lists, reviewing the vision, alignment and execution process, working on developing the vision(s) that the Board would like to pursue and begin to discuss the alignment items that the vision(s) will require.

Mr. Neisler said he envisions that one more workshop will be required to discuss the vision, alignment and execution models, review the existing mission statement, talk about the core values and vision(s) and to decide whether additional action is needed on those items. Mr. Neisler said he anticipates that after this is completed, the Board will direct staff to develop the Strategic Plan Document, which will be presented to the Board in July, with the final document being brought to the Board for consideration in August.

A. MID-TERM (3-5 YEARS) CAPITAL IMPROVEMENT PLAN

Mr. Neisler provided a detailed description of the items contained in the Mid-Term Capital Improvement Plan. A copy of the Mid-Term (3-5 Years) Capital Improvement Plan is attached as Exhibit B to these minutes.

B. LONG-TERM (6-10 YEARS) CAPITAL IMPROVEMENT PLAN

Mr. Neisler described the items contained in the Long-Term Capital Improvement Plan (CIP). Mr. Neisler reviewed each project. A copy of the Capital Improvement Plan Long-Term (6-10 Years) is attached as Exhibit C to these minutes.

Mr. Neisler offered to answer questions.

Director Worden asked about the frequency of pipeline inspections. Mr. Neisler explained that pipeline inspections would only be done if conditions indicate an inspection is necessary.

Director Worden asked about the expansion of Brite Lake. Mr. Neisler reviewed this project and explained that the additional surface storage would help meet the District's demand.

Mr. Mueller asked what percentage increase the expansion would provide. Mr. Neisler said he did not have that information at this time.

Short break.

Return at 2:37 p.m.

In regard to the Mid-Term CIP item for Accounting Software, Director Worden asked if there was any thought of contracting for another accounting system. Mr. Neisler said it would be prudent to put new accounting system software into next year's budget. Staff does not want to change software if the new ownership group makes system improvements.

C. VISION

Mr. Neisler reviewed the highlights of the Vision process:

1. INFRASTRUCTURE

Maintain, upgrade and replace infrastructure to ensure reliable operation and adequate capacity to meet regulatory constraints and customer's requirements.

2. WATER SUPPLY

Protect existing water supplies and explore additional opportunities to enhance and expand supply resources.

3. HUMAN RESOURCES (WORKFORCE AGING)

Nurture and stimulate our team members and provide a positive, fulfilling workplace. Plan for succession when team members leave the District.

Mr. Neisler opened the floor for discussion.

President Zanutto made comments regarding Water Supply. He said two years ago, the California WaterFix was not being discussed as far as protecting the water supply for the future.

Mr. Neisler referenced the vision ideas for Water Supply and Building Alignment for Water Supply and said the California WaterFix is included in that process.

Comments on Building Alignment: Mr. Neisler defined Building Alignment: Getting to the point where everyone in the group understands and is committed to the vision; Building Alignment is the process of gaining buy-in or the vision; a dynamic process that requires continual monitoring and realignment as conditions and needs change; alignment integrates the vision with the resources required to achieve it; alignment is developed by management, reviewed and approved by the Board and presented to staff. The next step would be Championing Execution, which is developed by staff and presented to the Board.

D. VISION IDEAS

Mr. Neisler reviewed the ideas developed for each part of the vision and reviewed the process.

Mr. Neisler asked the Board members if they liked the three goals: Infrastructure, Water Supply and Human Resources.

Director Pack said he liked the Human Resources section and suggested that (Workforce Aging) should be a sub-category. Mr. Neisler responded to his comment and said he would eliminate the workforce aging parenthesis.

President Zanutto said these vision ideas look fine to him.

Director Hall suggested a "water citizenship" concept should be added to Water Supply. This concept would relate to the fair distribution of water and water rights. Mr. Neisler explained that for it to be included in the Vision for Water Supply, the progress must be measurable.

E. BUILDING ALIGNMENT

1. WATER SUPPLY

Mr. Neisler reviewed the components of Building Alignment for Water Supply.

a. Protect Existing Water Supplies and Explore Additional Opportunities to Enhance and Expand Supply Resources

Mr. Neisler reviewed the District's existing water supply resources, the groundwater basins and the State Water Project imported water.

b. Expanded Resources

Mr. Neisler reviewed the California WaterFix, described the efforts made to maximize SWP importation, and he reviewed the groundwater banking opportunities available to the District. Potential resources including indirect-potable recharge working with other agencies within the District, use of recycled water, storm water capture and other non-SWP sources, such as Lower Kern River water were reviewed. Mr. Neisler said he wanted to recognize these sources and develop a plan to implement them.

2. INFRASTRUCTURE

Mr. Neisler reviewed the goal for Infrastructure.

a. Maintain, Upgrade and Replace Infrastructure to Ensure Reliable Operation and Adequate Capacity to Meet Regulatory Constraints and Customer Requirements

Mr. Neisler provided a detailed description of each item contained in Building Alignment for Infrastructure: 1) Maintenance schedules; 2) Inspecting pipeline regularly and develop schedule for eventual replacement; 3) Plan for engine replacement; 4) Develop schedules for key equipment replacement; 5) Develop reserves once these items are quantified.

Mr. Schultz suggested including a statement about fiscal responsibility, which provides customers with water supplies at reliable, competitive rates.

Mr. Neisler responded that it is in the Mission Statement and suggested another vision for financial and social responsibility could be added.

Mr. Schultz said the water used by the farmers has a water plus land value component to it. If the water is priced too high, the property values are decreased. He said at some level, there is a fiscal responsibility.

Mr. Neisler agreed with his comments. He said that the Mission Statement could be expanded or it could be included in the Core Values of the District. He suggested adding a statement, "to represent the public's benefit in the resources we manage."

Director Hall shared his thoughts on delivery of water and property values. He said the District delivers both water and property values. He said some of the costs to operate the District are attached to the land value by the District's share of the 1% Kern County property tax. He said he feels the District is doing the best that it can to keep the water rates down.

In regard to Mr. Schultz's comments, Mr. Neisler said his concerns need to be addressed in the Mission Statement or a Core Value needs to be developed. He added that Mr. Hall's comment about protecting the public's interest in the resources that we manage is also a Core Value of the District. Mr. Neisler said it could be defined the way Director Hall has defined it, or it could be defined as supporting the quality of life that we all enjoy. He added, Tehachapi would not be what it is today if the District did not exist and the District would not exist if the property owners did not pay for it on their property tax bill. Fiscal responsibility, resource protection and protection of our people (safety) are Core Values.

Mr. Schultz said that the reason this District is here is because a group of people came together and decided that water needed to be brought into the valley, because there was a water shortage. He added that the District cannot continue without fiscal responsibility. He said the District has to be fiscally responsible and it has to work for the farmers, because that is the reason the District was formed.

Director Hall said that it was a land use decision.

President Zanutto asked Mr. Schultz if he had concerns about fiscal responsibility because of the proposed capital improvement plans.

Mr. Schultz said he feels that fiscal responsibility should be included in the Core Values. He added that expenditures can be made, but the expenditure needs to make fiscal sense for the public.

Ms. Madenwald suggested adding the phrase, "all of these things we do while safeguarding the economic feasibility of..." could be added to the core value. Ms. Madenwald added that striving to maintain a rate structure that supports economic feasibility could also be added.

Mr. Schultz agreed with these comments and said the District would be safeguarding the economic feasibility of farming as well as the value of the homes in the area; adding value to the properties and the homes. He said fiscal responsibility is at the core.

Director Hall made comments about conducting cost analyses on proposed projects to determine feasibility.

Mr. Neisler suggested that the Board re-address this issue when the Mission Statement is reviewed and core values are discussed. Mr. Schultz agreed with Mr. Neisler's suggestion.

3. HUMAN RESOURCES

Mr. Neisler reviewed the goals for Human Resources:

a. Nurture and Stimulate Team Members

Mr. Neisler reviewed the performance evaluation process and the salary schedule. He described ways to stimulate the team members, described the efforts being made in team activities and reviewed the efforts being made in the area of communication.

b. Plan for Succession When Team Members Leave the District

Mr. Neisler explained how he plans to work towards this goal. Procedures and protocols will be documented; the GIS system will be developed and implemented; training and opportunities for team members to advance will be provided; and areas of weakness will be identified and resources will be developed to address the weaknesses.

Mr. Neisler asked the Board members if there was anything they would like to add to this vision.

Director Pack suggested that Work Force Aging should be changed to Work Force Synergy, which is much more positive. Mr. Neisler said that he would make that change. Discussion took place in this regard.

President Zanutto provided positive comments with regard to Human Resources.

Mr. Wyman made comments about the importance of Board member education. Mr. Neisler responded that a Board Member Handbook is provided to the Directors, and the Board supports board member participation in the ACWA and CSDA conferences. Mr. Neisler also reviewed the District's public outreach efforts through the pump plant tours, new articles, etc.

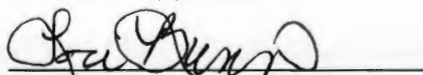
Mr. Neisler suggested that the final Strategic Planning Workshop be scheduled to discuss the Vision, Alignment and Execution models, based on the goals and visions that were discussed today. The execution section will be developed by staff and presented to the Board. We will discuss the Mission Statement and Core Values. The first draft of the Strategic Plan document will be brought to the Board in July and the final document will be presented in August.

After discussion, the Strategic Planning Workshop was scheduled for June 18, 2018 at 1:00 p.m.

Item 7. 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, Worden and Zanutto; Noes: None; Abstain: None; Absent: None.


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: _____



CAPITAL IMPROVEMENT PLAN MID-TERM (3-5 YEARS)

PRIORITY	DESCRIPTION	BUDGET	COMMENTS
DEPARTMENT 01 - ADMINISTRATION			
	Vehicles	\$ 50,000	1/year
	Brite Lake access road paving	\$ 500,000	
	Brite Lake Fencing repair	\$ 100,000	
	Accounting software	\$ 300,000	hard cost only, soft costs TBD
	Cummings Basin groundwater model	\$ 200,000	approx. 2023
	Indirect potable recharge study CCI effluent	\$ 50,000	
	Storage Structure	\$ 75,000	3 sided - open front west of PL shop
	Security system upgrades	\$ 50,000	
	HVAC system replacement	\$ 75,000	front of main bldg & PL shop
DEPARTMENT 02 - PIPELINE			
	Pipeline Inspection	\$ 1,000,000	
	Crawler tractor	\$ 200,000	D5, 6 way blade, slope boards, T3?
	Backhoe	\$ 150,000	replacement
	Front end loader	\$ 150,000	ITC option
	Cummings Valley loop line completion	\$ 2,000,000	
DEPARTMENT 03 - PUMPING SYSTEMS			
	7 stage pumps	\$ 80,000	0.5/yr
	3 stage pump	\$ 50,000	1 spare on ground, lighter duty
	Cummings Valley recharge add'n capacity	\$ 400,000	
	Fiber optic cable replacement	\$ 200,000	PP 2 to CoGen (service life exist)
		\$ 5,630,000	

