

MINUTES

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS
June 20, 2018 3:00 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 3:04 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 Lori Bunn.

Item 3. Approval of Agenda

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

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

Director Worden asked if Legal Counsel was present at today's meeting and began to ask a question regarding Director voting. Mr. Neisler informed him Legal Counsel was not present and requested this question be asked in Closed Session. There were no further questions.

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 May 16, 2018
- b. Approve Minutes of the Special Meeting of May 21, 2018
- c. Approve Financial Report and Payment of Bills

President Zanutto asked if there were any items the Board members, public or staff would like to remove for discussion. Director Worden asked to pull Item 5c, Approve Financial Report and Payment of Bills.

President Zanutto stated that if there were no objections, Item 5a Minutes of the Regular Meeting of May 16, 2018; and Item 5b Minutes of the Special Meeting of May 21, 2018 will be adopted. There being no objections, Items 5a and 5b were adopted.

Director Worden had a question regarding there being two line item billings for Legal Counsel. Mr. Neisler explained that check #4093 was the April billing and check #4140 was the May billing. Director Worden asked another question about two items referencing Jim's Retirement Luncheon. Mr. Neisler and Ms. Madenwald explained that the CASH item was a small reimbursement from Petty Cash for a party item and the Business Card item was for the catering. After discussion, Director Worden made a motion to approve Item 5c. The motion was seconded by Director Hall and carried on the following vote: Ayes: Hall, Pack, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: None.

Item 6. General Manager's Report

Mr. Neisler mentioned a trip he took with Troy DePriest and Alex Steele to Las Vegas to meet with Pure Technologies and stated Mr. DePriest will report on that meeting in his report. He said he is pleased to once again present a balanced budget to the Board for their review. Ms. Madenwald will discuss the budget in her report. The District is well positioned to continue to excel into the next year.

In addition, Mr. Neisler reported on the following matters:

- The State Water Project Table A allocation increased to 35%. The District will have a 2,000 acre foot shortfall this year so under the Banking Agreement, arrangements have been made to extract that water to maintain the goal of importing 10,000 acre feet of water this year.
- The US Bureau of Reclamation increased their South of Delta Ag allocation to 50% and their M&I allocation was set at 75% at the beginning of the year.
- We are currently pumping at 21 CFS, full production, with better suction than in the past.
- The normal algae bloom is occurring.
- The last Strategic Planning Workshop was this week. There was one carryover item that will be discussed in a later agenda item.
- City of Tehachapi is on board with participating in the Tehachapi Groundwater Model Update. Both Golden Hills and City of Tehachapi have agreed to fund their pro-rata share of the model. The next step in the process will be for Mr. Neisler to distribute requests for qualifications from consulting firms to conduct that study. He hopes to have this done this fiscal year.
- The Company Safety Picnic invitations have been sent out; Mr. Neisler hopes everyone can attend again this year.

There were a few items that have come about after the General Manager's Report was complete. Mr. Neisler reported on the following:

- The incumbent for the Special District Board seat that Director Hall was a candidate for was retained.
- CSDA Conference material was given to the Board for consideration of attending. The Board will authorize attendees at the July Board Meeting.
- There are rumors of mandatory water conservation; not using more than 55 gallons of residential water and those are not true. The Governor did sign SB 606 and AB 1668 which are complimentary bills that include water conservation measures. There are no regulatory agencies to implement a cap on any residential water use. Tina Cunningham from The Loop is writing an article about it.
- Mr. Neisler reviewed the lake level has peaked and begun to drop. It is within 16 acre feet of where it was last year. Things are on track to operate the lake as intended this year.
- Key reservoir conditions are: Lake Shasta 101% of normal; Lake Oroville 80% of normal; San Luis Reservoir 96% of normal.

Mr. Neisler offered to answer any questions. Director Hall asked if this printed graph shows the full extremities of the graph grid. Mr. Neisler answered that it did include the full extremities and that the grid terminates at today's date. President Zanutto asked if the District will no longer have water banked at the end of this season. Mr. Neisler answered that if they do, it will be a very small amount.

Item 7. Operations Manager's Report

Mr. DePriest reported on the following matters:

- The system is running at full capacity with excellent suction pressure.
- Curtis Hilliker is a new team member who is fitting in very well; he is getting familiarized with everyone and his job duties. He has a great attitude and is a good addition to our team.
- Preparations are being made for our new Controls and Emissions Technician who will be coming on board on Monday. He is a military veteran with extensive experience with SCADA.

- The plumbing fixture replacement project is almost complete at all locations; Central Park, Brite Lake Campground, and the Dye Natatorium.
- Over the last month, the system has encountered a type of algae that is new to the District called Water Net. It initially caused difficulties to the rotating screen and carried rocks, glass, and debris into Pump Plant 1 and some carried up the mountain to the other plants. Staff has been cleaning the screens and heat exchangers. Currently the Water Net algae is gone and the usual Seagrass algae has appeared. Seagrass must be cleaned out of the screens but does not pose as big a problem as the Water Net.
- There was an issue with diminished suction pressure at Pump Plant 1. Mechanics exercised the valves to release any trapped air and the algae bloom went through the line possibly carrying out an air pocket. Good suction pressure was regained and is currently operating around 9 CFS.
- On the topic of maintenance, there was a State inspection of the Brite Lake Campground and a few changes were made. There was a leak at the Gliderport that was repaired.
- Mr. DePriest described the pictures in his report.

Mr. DePriest asked if there were any questions. President Zanutto commented how it is amazing that the debris can get through the screen. Mr. Neisler agreed and added that the screen has $\frac{3}{4}$ " holes yet 2" debris was able to get through. Mr. DePriest stated that screens have been fabricated in house with $\frac{1}{2}$ " holes to replace current screens on the heat exchangers to reduce the debris getting in. Unfortunately the heat exchangers will have to be taken apart and cleaned at some point. Mr. Neisler described how the heat exchangers work and what the cleaning process would entail, stating that it is a ponderous undertaking.

Mr. Wyman asked if this algae will potentially impact recreation on Brite Lake. Mr. Neisler responded that last year we did not experience a Blue-Green algae bloom in Brite Lake while most other reservoirs in the state did. Mr. Neisler feels that there being so much water moving in and out of the lake continuously, it has protected the lake from a bloom. He stated we are currently in the in the Sea Grass algae stage and the Blue-Green algae usually doesn't hit the system until late July, early August. Unfortunately we will just have to see if it hits the lake and if it does, some fish may die and the water may get nasty. The treatment for this is Copper Sulfate. Mr. Neisler would prefer to deal with the algae in the lake rather than treat the irrigation supply with Copper Sulfate because this water primarily irrigates organic vegetables and it could have a significant impact on those crops. It could also damage the above ground aluminum piping. We are hopeful we will escape it again this year.

Item 8. Approve Fiscal Year 2018-19 Cost-of-Living Adjustment for all Employees and Amend General Manager's Contract

Mr. Neisler stated this is the time of year to consider the COLA for District employees in conjunction with the preliminary budget which is on the agenda later for today. The Board's preference has been to use the Consumer Price Index (CPI) West Coast version for urban areas smaller than 2.5 million population. The District uses the small city factor as measured in April. Last year that amounted to a 2.4% COLA increase; this year that calculation is a 2.7% increase. These same numbers were presented to the Budget Committee on June 7, 2018. The Preliminary Budget does include these funds and the District's Pay Scale has been adjusted for reference. The 2.7% COLA will equate to approximately \$50,000 increase to salaries and benefits over what it would have been without the COLA, however the overall cost of salaries and benefits will be lower this year than last year due to retirements and bringing in new people. This will be discussed further in Ms. Madenwald's report. The Budget Committee did consider the preliminary budget with the 2.7% COLA included and recommends that the Board approve the budget as presented.

Mr. Neisler stated, in conjunction with the COLA, the General Manager's contract contains the exact salary amount and the recommended motion includes an amendment to the contract for the COLA as well. The relevant CPI is attached that discloses these numbers and the small city number is far preferable to the large city number which is 3.9%. The Pay Schedule for Authorize Positions is attached and there are no proposed changes to that schedule and the salary ranges presented do include the 2.7% COLA.

Mr. Neisler offered to answer any questions. President Zanutto mentioned a few years ago the CPI was zero. Mr. Neisler responded that he recalls there being two years that the CPI was less than 1% and in both instances John Martin, the General Manager, recommended a 1% increase in recognition of employee's contributions. Mr. Neisler stated his recommendation is to use the Index and if it winds up being less than 1%, his recommendation to the Board will be the same.

Director Worden made a motion that the Board approve the pay schedule as presented effective July 17, 2018, and amend the General Manager's contract as presented. Director Hall seconded the motion and it was carried on the following vote: Ayes: Hall, Prel, Worden and Zanutto; Noes: Pack; Abstain: None; Absent: None.

Item 9. Adopt Resolution 9-18 Approving the Fiscal Year 2018-19 Preliminary Budget, Investment Policy, Appropriations Limit and Reserves Policy

Ms. Madenwald explained that the purpose of the preliminary budget is to be available for public review and input. The final budget will be brought before the Board at the August Regular Board Meeting.

The Ad-Hoc Budget Committee met on June 7, 2018 and went over the preliminary budget. Ms. Madenwald explained the details of the three sections of the budget document. The district-wide budget is all of the funds combined and it shows that the budget revenues will exceed the budget expenditures by \$26,394 and this is a balanced budget.

Ms. Madenwald called special attention to the Capital Outlay section of the preliminary budget document. At the time this preliminary budget document was prepared, there was a dollar amount for Capital Outlay and since that time, there have been some changes. The most significant change is in the pump alignment expenditure.

The fiscal impact overall, is that this budget is balanced and it will provide \$124,005 to be added to the reserves in the general fund in the next fiscal year. The Ad-Hoc Budget Committee recommends that the Board approve the preliminary budget.

Ms. Madenwald asked if there were any questions. President Zanutto asked what the 2,000 acre feet transfer from the water bank would equate to. Mr. Neisler explained that is the \$310,000 temporary reserves transfer in the budget; this is the fee at the current summer rate from the Kern Water Bank. Mr. Neisler mentioned to keep in mind that this is being funded this year as a reserve and if at some time in the future that water is sold, that cost will be recouped as revenue.

President Zanutto asked what the new total for Capital Projects is. Ms. Madenwald answered that it is approximately \$130,000. Mr. Neisler supplemented with an explanation of the change in cost to pump plant improvements (alignment).

Further questions were asked by Mr. Wyman and Mr. Shultz regarding pump plant maintenance in association to the budget and Mr. Neisler provided explanations and answers to their questions. As discussion took place, Director Prel expressed concern that the debris running through the pumps (from

the Water Net issue) would have the effect of a grinder to the pumps. Mr. Neisler commented that the vendor that services the pumps came to inspect them and Mr. Neisler was relieved to hear they were not concerned with the debris traveling through them. Director Prel asked if anything showed in the pipes when the camera was sent through. Mr. Neisler explained that the pipes were clear, and they can only speculate that the Water Net carried the debris through the system from the aqueduct.

Director Hall made a motion to adopt Resolution 9-18. Director Zanutto seconded the motion and it was carried on the following vote: Ayes: Hall, Pack, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: None.

Item 10. Adopt Resolution 10-18 Transferring funds from the General Fund to Certain Reserves Funds.

Ms. Madenwald stated that this item accomplishes the transfers that the preliminary budget calls for. Adoption of this Resolution will authorize and direct the District Treasurer to complete these transfers. Two of the transfers are required in the budget to meet the full reserve target for this current fiscal year; one to major repair/overhaul fund for \$105,025 and one to the emergency fund for \$68,493. In addition, the 2,000 acre feet that is planned to be extracted from the Kern Water Bank requires a \$310,000 to be set aside in the water bank reserve to cover the extraction cost. The net effect of all three transfers is to transfer \$483,518 from the general fund to the three reserve funds. The Ad-Hoc Budget Committee recommended approval of these transfers as part of their recommendation of the preliminary budget.

Director Worden moved to adopt Resolution 10-18 Transferring of funds from the General Fund to Certain Reserve Funds. The motion was seconded by Director Hall and it was carried on the following vote: Ayes: Hall, Pack, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: None.

Item 11. Accept Bids and Authorize General Manager to Execute Contract for Pump Plants Fixed Ladder Installation

Mr. DePriest explained the purpose of this item is to accept bids to install fixed steel ladders at the back of the pump plant buildings. This is also to authorize the General Manager to enter into a contract with a select bidder. Three contractors have submitted bids.

Currently, when the mechanics have to access the roof, they prop a ladder up to the building which poses a safety risk. Installing a fixed steel ladder with a security cage around it will provide a safer way to access the roof.

The low bid was from Medford Construction. Mr. DePriest explained that Medford is capable of fabricating these ladders in house and that is why their cost was significantly lower than the other contractors. It is recommended that the Board accept the Medford Construction bid of \$19,216 for this installation project. The 2017-18 budget included \$20,000 for this project so this project would be \$784 less than originally budgeted. The project will be completed and invoiced in FY 2018-19 therefore, \$20,000 will be carried over from the FY 2017-18 capital expenditures budget and into the FY 2018-19 capital expenditures budget.

President Zanutto asked if TCCWD was going to build the pad. Mr. DePriest answered that yes it will be done in house and he felt this would save money since the employees are capable of performing the work and there are summer interns available to assist.

Mr. Neisler commented that this improvement was suggested by one of the team members and this is an example of what has been discussed about involving line employees in the decision making process. Mr.

DePriest stated that after the project is complete he would like to apply for a safety award from JPIA since it was a suggestion from an employee to make accessing the roof safer.

Mr. Cappello asked if there will be lock-outs installed to keep people out who should not have access. Mr. Neisler and Mr. DePriest confirmed there will be locks and plates in place.

Director Hall made a motion to accept the bid, award a contract for \$19,200 to Medford Construction and authorize the General Manager to execute the contract with Medford Construction, Bakersfield for the Pump Plant Ladder Installation Project. Director Pack seconded the motion and it was carried on the following vote: Ayes: Hall, Pack, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: None.

Item 12. Update on Strategic Planning Workshop

Mr. Neisler said the Board held a fourth Strategic Planning Workshop on June 18, 2018 and described the steps that were completed. The Board directed staff to carry over the Mission Statement, and the Core Values and Vision to this meeting for final decision.

A ten year, three stage, Capital Improvement Plan was discussed with Short-Term, Mid-Term, and Long-Term goals and the Board came to an agreement on what those should be. The Mission Statement was discussed and changes were suggested at the Monday Workshop. The Board left with copies of the proposed Mission Statement, and Core Values and Vision to review and bring back for discussion at this Regular Board meeting.

President Zanutto led the Board in a discussion on the Mission Statement, and Core Values and Vision.

Mr. Neisler stated that he consulted legal counsel and at this time there is no action needed. He requested the Board provide direction to staff to proceed with the preparation of the Strategic Planning Document. This document will later come back to the Board for review and adoption and that will be the action step.

The Board gave Mr. Neisler direction to complete the Strategic Planning Document.

Item 13. 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, 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, a Body Corporate and politic vs. Frank Armstrong et al.**
- c. In Accordance with Exhibit C Attached Hereto, Performance Evaluation, General Manager**

The Board went into Closed Session at 4:37 p.m.

Item 14. Return to Open Session

The Board returned to Open Session at 6:50 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, a Body Corporate and politic vs. Frank Armstrong, et al.**

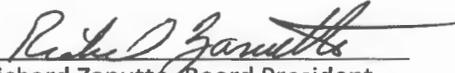
President Zanutto reported that there was no reportable action taken.

- 3. In Accordance with Exhibit C Attached Hereto, Performance Evaluation, General Manager**

President Zanutto reported that there was no reportable action taken.

Item 15. Adjournment

The meeting was adjourned at 6:51 p.m. on a motion made by Director Hall, seconded by Director Worden and unanimously carried. Ayes: Hall, Pack, Prel, Worden and Zanutto; Noes: None; Abstain: None; Absent: none.


Richard Zanutto, Board President


Lori Bunn, Board 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: _____

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: 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

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: _____
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: _____