

**CONTRA COSTA WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING  
January 16, 2019**

**MINUTES**

***CALL TO ORDER***

President Borba called to order a regular meeting of the Board of Directors of the Contra Costa Water District (District) at 6:30 p.m., at 1331 Concord Avenue, Concord, the regular meeting place of the Board.

***ROLL CALL***

<i>Directors Present:</i>	Lisa M. Borba, President Connstance Holdaway, Vice President Ernesto A. Avila Bette Boatmun John A. Burgh
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<i>Directors Absent:</i>	None
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<i>General Manager:</i>	Jerry Brown
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<i>Legal Counsel:</i>	Douglas E. Coty
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<i>District Secretary:</i>	Mary A. Neher
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***PLEDGE OF ALLEGIANCE***

President Borba led the pledge of allegiance.

***ADOPTION OF AGENDA***

Mr. Brown confirmed the only change was the addition of a few meetings to the Board Future Services Calendar, Agenda Item No. 1.a. The Board adopted the agenda by rule.

***PUBLIC COMMENT (Please observe a three-minute time limit)***

President Borba asked for public comments.

Mr. Jeff Duritz, Local 21 Representative, introduced himself to the Board because he was the new union liaison for about 100 District employees. The Board thanked Mr. Duritz for attending the meeting.

***CONSENT CALENDAR***

1. Approve Directors' Service/Business and Travel Expenses
  - a. Future Services – January/February 2019
  - b. Expenses – December 2018
2. Approve December 19, 2018 meeting minutes.
3. Approve the warrant register dated January 17, 2019.
4. Authorize a professional services agreement amendment with EETS, Inc. for the Canal Pumping Plant and Substations Rehabilitation Project in the amount of \$56,000, for a revised agreement amount not to exceed \$506,000.
5. Award of Contract – PURE Technologies U.S. Inc. for the State Route 4 Crossing Pipeline Condition Assessment
  - a. Authorize a budget change from the Engineering Department Capital services budget to the Engineering Department Operating services budget in the amount of \$155,000;
  - b. Authorize execution of a sole source agreement with Pure Technologies U.S. Inc. to provide technical services for the State Route 4 crossing pipeline condition assessment in an amount not to exceed \$155,000.

President Borba asked if anyone wanted to remove an item from the consent calendar to be separately considered. Director Boatmun said she would abstain from Agenda Item No. 2. regarding the approval of the December 19, 2018 minutes because she did not attend the meeting.

President Borba asked for Board questions and comments. There were none.

President Borba asked for public comments. There were none.

***MOTION:*** Boatmun/Holdaway to approve the consent calendar, except for Agenda Item No. 2. The motion carried by a unanimous voice vote. Agenda Item No. 2 for the approval of the December 19, 2018 minutes was approved by voice vote (Ayes: Avila, Borba, Burgh, Holdaway; Abstain: Boatmun).

***DISCUSSION AND INFORMATION***

6. Provide concurrence on Canal Modernization Project policy objectives in conformance with the 1994 Untreated Water Reliability Criteria.

Principal Engineer Peter Stabb reviewed the background of the 80-year-old Contra Costa Canal that delivers 99% of the District's untreated water. The Contra Costa Canal requires increasingly costly repairs and maintenance, is vulnerable to extended service outages following a seismic

event, poses life and safety risks to the public and staff, and is subject to water loss from seepage and evaporation.

The Canal Modernization Project (Project) is defining improvements needed to modernize the 26-mile portion of the Contra Costa Canal (Main Canal), which extends from the Rock Slough intake in Oakley to the Mallard Reservoir in Concord. Previous studies determined that replacing the Main Canal with a large diameter pipeline will address a variety of facility needs at an estimated cost of \$650 million. Given the magnitude of this investment, the District convened a peer review panel to evaluate the Project. This panel recommended for the District to conduct a comprehensive risk-based evaluation of Project modernization alternatives. The risk-based evaluation is being guided by five Project policy objectives, which include improving safety along the Canal right-of-way, improving water supply reliability, improving water quality, cost-effectively meeting conveyance needs, and increasing water conservation. The objectives were reviewed. A discussion regarding the history of the Canal and its criticality for untreated water supply ensued. The untreated water reliability criteria established in 1994 defines the return to service goals to restore water utility lifelines for public health and safety following a catastrophic or stress event, such as an earthquake. The criteria, which was reviewed in detail, remains relevant and appropriate for current and anticipated needs of the customers and emergency response. A discussion regarding the criteria development process ensued. This evaluation will also define other compatible benefits such as potential enhancement of compatible recreational opportunities within the Canal right-of-way.

The next phase of the Project is to evaluate various risk-based modernization alternatives to determine what improvements are needed along various segments of the Canal to reduce risk exposure, provide the highest value improvement strategies, and meet the Project objectives. Director Avila said that the cost-effective alternatives analysis should include a review of systems that are gravity-fed as well as varying pressurized pipeline alternatives, which have different capital, operational, and life cycle costs. The seismic-risk analysis was reviewed. The alternatives will be developed in consideration of the various soil and groundwater conditions along the Main Canal. In response to Director Boatman, staff explained that the groundwater levels influence the soil liquefaction risk, which is why the groundwater levels need to be further evaluated.

The District performed a sensitivity analysis related to future water demands. Due to the 2012-2015 drought, the actual demands are lower and will be further impacted by the Statewide water efficiency goals established in 2018. A historical review of the demand projections for Canal deliveries was provided. Various demand analysis models have been created to guide evaluation of facility sizing and timing of improvements. In response to Director Avila, staff explained that actual demand and estimated growth data were being used to project the future demand assumptions and to develop a flexible plan that allows the system to be modified as needed in the future. Director Avila agreed that Project flexibility was important to address the demand changes and looked forward to reviewing the cost benefit analysis.

A review of the Project schedule roadmap was provided. The Operations and Engineering Committee and Board will review the alternatives analysis findings. At the conclusion of the

alternatives analysis process, staff will obtain public feedback through focus groups and workshops on the improvement alternatives and associated financing strategies. This public feedback will be reviewed with the Board. The recommended Project improvements will become the basis for the preliminary design and environmental analysis. The fiscal impact was provided.

President Borba asked for Board questions and comments.

Director Avila said the alternatives and conceptional design phase is a large undertaking. This will include outside experts and staff working together to determine the best possible alternatives for the Project.

Vice President Holdaway said it was important to look at the alternatives due to the size and cost of the Project, so the Project may be done efficiently and provide the most benefit to the ratepayers.

President Borba asked for public comments. There were none.

The Board concurred that the Canal Modernization Project policy objectives were in conformance with the 1994 Untreated Water Reliability Criteria.

7. Receive report on legislative affairs.

Director of Public Affairs Jennifer Allen presented changes in legislators representing the District – legislators were in session as of January 7, 2019. The deadline to introduce new bills is February 22. Governor Newsom introduced a preliminary budget that includes a proposed tax on drinking water to generate money for a safe and affordable drinking water fund. That tax would require legislative action and could be included in a budget trailer bill. Governor Newsom is also focusing on long-term pension unfunded liabilities. A couple of spot bills reflect last year's drinking water tax/fee language, which have varying levels of legislator support. A discussion ensued regarding the support the tax/fee has received and how there would be additional costs to water agencies to process and administer a water tax/fee.

Director Avila said legislators were considering an increase in housing densification and cities may have their transportation funding withheld for not meeting the state's requirements. The housing densification would increase the number of customers the District serves and add demands on its system, which include fire protection services. Director Boatman discussed the push for "tiny houses" to be built that would not require individual water meters, which would impact the water provider and its existing customers by subsidizing the new connections.

The District is working with the Association of California Water Agencies (ACWA) to propose an alternative to the water tax/fee that works for both sides to provide a stable funding source to ensure people have safe drinking water. This will be a big topic this year that the District will continue to follow.

The accessory dwelling unit connection fees topic will be another big issue this year. Director Avila expressed concern that the State Water Resources Control Board (State Water Board) would be provided additional control to impact local agency rates for all special districts. In response, staff explained that a draft report released by the State Water Board related to implementation of a statewide low income assistance program included a provision suggesting more oversight from the state on local water rate setting. In addition, the Office of Environmental Health Hazard Assessment released the draft framework for the overarching human right to safe drinking water that would require for the state to provide water quality, water accessibility, and water affordability. The District is watching closely because this could change how the District is assessing its water quality and accessibility and how the District is able to manage its own system. The District will continue to watch the pension reform matter and assess potential impacts to the District's retirement system. Director Avila reviewed a utility tax previously imposed by the City of Richmond as a good case study showing the disconnect between imposing a tax and what the funds are generated to do.

The partial federal government shutdown was still in place. The District's Canal title transfer was still moving in a public lands conservation bill package. If that package does not pass, there are individual bills available as backup.

With regard to the Los Vaqueros Reservoir Expansion project, the Water Infrastructure Investment for the Nation (WIIN) Act funding has not been completed and may occur in the next fiscal year. The draft federal feasibility report was delivered to the Commissioner and is scheduled to be published at the end of March. The WIIN Act extension is waning, as the State Water Board is not continuing with the voluntary settlements on flows. More information will be provided when available.

President Borba asked for Board comments and questions.

Director Avila asked if ACWA or California Urban Water Agencies were working on the drinking water tax issue. Staff said there was a joint listening session in February regarding the drinking water tax/fee and ACWA will provide public comments. Director Avila reviewed the Measure Q sales tax instituted by the City of Concord, which was an example of a successful tax program. Director Boatman said she would find out more about ACWA's participation in the drinking water tax/fee matter during the ACWA Board workshop on January 24. Director Avila said the California Public Utilities Commission has addressed this issue and would be a good resource for those researching a drinking water tax/fee.

President Borba asked for public comments. There were none.

### ***REPORTS FOR DISCUSSION***

8. Committee Report(s):
  - a. Other Post-Employment Benefits Committee Post-Meeting Report (12/07/18)
  - b. Retirement Committee Post-Meeting Report (12/07/18)

9. Future meeting dates and times.

Mr. Brown said the many upcoming state of the city addresses occurring over the next two months provide the Board with opportunities to meet with other community leaders to hear their water service concerns and discuss the District's focus areas.

Director Burgh said the January 28 California Special Districts Association, Contra Costa Chapter meeting will be held at the Central Contra Costa Sanitary District Collection System Operations facility in Walnut Creek.

***REPORTS***

10. General Manager

Mr. Brown reported that the recent storms improved the water supply conditions. Los Vaqueros Reservoir is available and is being used for blending at this time. The level of Lake Shasta is lower than last year, although it was able to move water into the San Luis Reservoir to make it available in the fall and winter.

11. Legal Counsel

Mr. Coty reported that the District entered meet and confer sessions with both Local 21 and Local 39 to discuss new regulations from SB 866 and new requirements resulting United States Supreme Court decision *Janus v. American Federation of State, County, and Municipal Employees, Council 31*, decided in June 2018, regarding membership dues and communications with employees. An agreement was made with Local 21, and a side letter was executed to implement the changes. The District was unable to reach an agreement with Local 39. Per the law, the District has developed a mass communication for the employees regarding the matter, and Local 39 may add its own page to the communication. The matter appears to be resolved to the satisfaction of the unions and District.

10. Board Members

Director Boatman reported that she had attended the East Bay Leadership Council – Water Task Force (EBLC WTF) meeting on January 15 and provided a summary of the presentation by East Bay Municipal Utilities District. Bob Whitley is retiring as chair of the EBLC WTF. There will be a reception on February 11, and she suggested the Board do something to acknowledge him for his service.

Director Burgh reported that on January 5 he spoke to a breakfast group at the St. Andrews Church where he provided information regarding the District's financial position. On January 12 he attended the Contra Costa County Historical Society meeting, and Assistant General Manager – Engineering Steve Welch and his family presented their map of Rancho Los Juntas.

Director Avila did not have a report.

Vice President Holdaway reported that she had met with Mr. Brown on January 11.

President Borba reported that she had met with Mr. Brown on January 3 and 8. She had attended the Operations and Engineering Committee meeting on January 9.

***ADJOURNMENT***

At 7:32 p.m., President Borba adjourned the meeting. The next regular meeting of the Board of Directors will be on February 6, 2019 commencing at 6:30 p.m. in the Board Room located at 1331 Concord Avenue in Concord.



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Lisa M. Borba, President

Attest:



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Mary A. Neher, District Secretary