

**CONTRA COSTA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
June 16, 2021**

MINUTES

CALL TO ORDER

President Borba called to order a regular meeting of the Board of Directors of the Contra Costa Water District (District or CCWD) at 6:30 p.m., at 1331 Concord Avenue, Concord, the regular meeting place of the Board. Pursuant to Governor Newsom's Executive Orders, the public and Board members may participate in-person or via the teleconference.

SAFETY BRIEFING

The safety protocols completed by Board and staff participating in-person were provided.

ROLL CALL

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|------------------------------|--|
| Directors Present: | Lisa M. Borba, President Ernesto A. Avila, Vice President John A. Burgh Connstance Holdaway Antonio Martinez |
| Directors Absent: | None |
| General Manager: | Stephen J. Welch |
| Legal Counsel: | Douglas E. Coty |
| District Secretary | Mary A. Neher |
| Executive Management Analyst | Shelly Wise |

PLEDGE OF ALLEGIANCE

President Borba led the pledge of allegiance.

ADOPTION OF AGENDA

The Board adopted the agenda by rule.

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

President Borba asked for public comment. Diablo Water District (DWD) Director Joe Kovalick announced his attendance at the meeting.

CONSENT CALENDAR

1. Approve Directors' Services/Business and Travel Expenses
 - a. Future Services – June/July 2021
 - b. Expenses – May 2021

- c. Compensation – May 2021
2. Approval of May 19, 2021 meeting minutes.
3. Approve the warrant register dated June 17, 2021.
4. Vehicle and Equipment Replacement
 - a. Authorize the purchase of four light vehicles from Sourcewell in the amount of \$177,024.92;
 - b. Authorize the purchase of ten boat hulls from Klamath in the amount of \$100,558, the motors and chargers for ten boats from Ray Electric Outboard in the amount of \$62,430 and batteries for ten boats from Powerstride Battery in the amount of \$6,409.80;
 - c. Authorize additional authority with John Deere for a new total amount not to exceed \$104,594 for previously approved tractor purchase;
 - d. Authorize additional authority with Coast Counties Peterbilt for a new total amount not to exceed \$147,074 for previously approved dump truck purchase; and
 - e. Authorize additional authority with PB Loader Corporation for a new total amount not to exceed \$183,934 for previously approved dump truck purchase.

President Borba asked if anyone wanted to remove an item from the Consent Calendar to be separately considered. There were no items removed from the agenda. No Board or public comments were made on the consent calendar.

MOTION: Martinez/Holdaway to approve the consent calendar. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

ACTION

5. Authorize Agreements for Canal Replacement Project – Segment 5
 - a. Authorize FY22 services budget increases in the Engineering and Planning departments in the amounts of \$580,000 and \$200,000, respectively;
 - b. Authorize execution of an agreement with Brown and Caldwell for consulting services in an amount not to exceed \$580,000; and
 - c. Authorize an amendment to the Agreement with Olberding Environmental, Inc. for consulting services in the amount of \$200,000, for a revised total amount not to exceed \$810,000.

Interim Design Division Manager Peter Stabb reviewed the background and benefits of replacing four miles of unlined Contra Costa Canal (Canal) with a 10-foot diameter concrete pipeline, including the previous Canal replacement projects as well as the final phase, designated as Segment 5. The developer of the Grand Cypress Preserve will complete a portion of the Canal replacement as part of their levee and East Cypress Road widening projects. The required coordination between CCWD and the developer was discussed. The necessary project design services were reviewed, and staff recommended using Brown and Caldwell, who has provided design services for the previous Canal replacement projects. The additional environmental review and permit amendments, which were not included in the Olberding Environmental two-year on-call agreement, that will be needed for Segment 5 were provided. Moving forward with the agreement and amendment would allow for the work to begin early 2022. The 2021-2030 Capital Improvement Program includes \$24 million in construction services for Segment 5 in FY26 where 50 percent is included as priority level 2 and 50 percent, priority level 3 that is anticipated to be provided through developer fees. The requested increase to the FY22 services budget for the Segment 5 work was reviewed, and the project schedule was provided.

President Borba asked for Board comment. The Board spoke in favor of the Canal replacement project and discussed the benefits to the customers. Staff confirmed that the anticipated \$12 million from the developer was

included as a priority level 3 in the budget because the payment timing was not known at this time. The development fees were negotiated in 2005 based upon increased impacts and liability to the District from planned residential development adjacent to the Canal, which now includes the Grand Cypress Preserve development. The specific agreement related to the Grand Cypress Preserve development is being negotiated and will be brought to the Board for review. A discussion ensued regarding right-of-way items for the project. Staff confirmed there were no agriculture water services on this portion of the Canal and that CCWD engineering standards were being followed. Once the design and environmental work are completed, the project construction schedule will be evaluated and brought to the Board for consideration and approval. A discussion ensued regarding the benefits from having continuity with the engineer of record for the project as well as competitively bidding the work. Staff reviewed the capital improvement budget planning and construction process.

President Borba asked for public comment. DWD Director Kovalick asked where the groundwater intrusion came from and if there were any water quality concerns from it in the Canal? Staff explained that studies and data identified that the high surrounding groundwater levels in the Delta and earthen bottom of the Canal allow groundwater intrusion, and the water quality characteristics include salinity, hardness, and pH.

MOTION: Avila/Martinez to authorize FY22 services budget increases in the Engineering and Planning departments in the amounts of \$580,000 and \$200,000, respectively; authorize execution of an agreement with Brown and Caldwell for consulting services in an amount not to exceed \$580,000; and authorize an amendment to the Agreement with Olberding Environmental, Inc. for consulting services in the amount of \$200,000, for a revised total amount not to exceed \$810,000. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

6. Authorize continued automatic payout of excess accrued vacation and administrative leave through the pay period that includes September 30, 2021.

General Manager Welch explained the matter was to allow CCWD to comply with COVID related laws that are currently in place and extend through to September 30, 2021, per state and federal laws. During the pandemic, CCWD has authorized the automatic payout of excess accrued leave to staff who are unable to use that leave because of COVID travel restrictions.

President Borba asked for Board comment. There were none. President Borba asked for public comment. There were none.

MOTION: Holdaway/Burgh to authorize continued automatic payout of excess accrued vacation and administrative leave through the pay period that includes September 30, 2021. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

7. Award of Contract – Old River Pump Station Motors/Starters Improvements Project
 - a. Authorize execution of a contract with Telstar Instruments for the Old River Pump Station Motors/Starters Improvements Project in the amount of \$3,122,685, with a change order authority of \$249,815, for a total amount not to exceed \$3,372,500; and
 - b. Authorize an amendment to the Fiscal Year FY21 and FY22 Untreated Water Facilities Improvements Program professional services agreement with GEI Consultants, Inc. in the amount of \$220,000, for a total revised amount not to exceed \$924,000.

General Manager Welch reviewed the equipment and work for the Old River Pump Station, which has been in service over 20 years. Due to the challenges encountered over the years in maintaining and repairing the original equipment, which was foreign, the improvements project includes the requirement for domestic equipment. The competitive bid process was provided.

President Borba asked for Board comment. There were none. President Borba asked for public comment. There were none.

MOTION: Martinez/Holdaway to authorize execution of a contract with Telstar Instruments for the Old River Pump Station Motors/Starters Improvements Project in the amount of \$3,122,685, with a change order authority of \$249,815, for a total amount not to exceed \$3,372,500; and authorize an amendment to the Fiscal Year FY21 and FY22 Untreated Water Facilities Improvements Program professional services agreement with GEI Consultants, Inc. in the amount of \$220,000, for a total revised amount not to exceed \$924,000. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

8. Adopt Resolution No. 21-011 authorizing execution of an Assistance Agreement with the Bureau of Reclamation (Reclamation) for the Phase 2 Los Vaqueros Reservoir Expansion Project for an amount not to exceed \$30 million.

General Manager Welch explained that Reclamation could provide up to 25 percent of the pre-construction cost of the Phase 2 Los Vaqueros Reservoir Expansion (LVE) Project under the Water Infrastructure Improvements for the Nation (WIIN) Act, which would be matched by the LVE project partners. Agenda Item No. 9 regarding the Pumping Plant No. 1 Replacement Project will provide additional details for how the funds will be allocated.

President Borba asked for Board comment. There were none. President Borba asked for public comment. There were none.

MOTION: Avila/Martinez to adopt Resolution No. 21-011 authorizing execution of an Assistance Agreement with the Bureau of Reclamation for the Phase 2 Los Vaqueros Reservoir Expansion Project for an amount not to exceed \$30 million. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

9. Authorize an amendment to the consultant services agreement with Brown and Caldwell for the Phase 2 Los Vaqueros Reservoir Expansion - Pumping Plant No. 1 Replacement Project in the amount of \$4,075,000, for a revised total not to exceed \$4,475,000.

Los Vaqueros Project Engineering Manager Chris Hentz provided the background and functions of Pumping Plant No. 1. (PP1). Water supply reliability will be provided by PP1 during the LVE Project construction. The benefits to the LVE project partners from PP1 were provided. Reclamation has received \$10 million for LVE from the WIIN Act. The Reclamation Assistance Agreement allows the District to receive \$7.5 million, which will cover all the LVE costs from January 2020 through December 2022. Reclamation will provide up to 25 percent of the total LVE costs. Non-federal agency funding will pay the remaining 75 percent of those costs, which include funds from the California Water Commission (CWC) and the Local Agency Partners' Multi-Party Agreement. Brown and Caldwell was selected through a competitive selection process for the entire work scope of the project. The initial agreement was limited to the \$400,000 available from a State of California grant provided to the Canal Replacement Project. The \$4.075 million amendment includes services through final design. The scope of work was reviewed. The costs for CCWD labor and services will be reimbursed through the Reclamation Assistance Agreement, CWC Early Funding Agreement, and the Multi-Party Agreement. The project schedule was provided.

President Borba asked for Board comment. The Board recognized the benefits of using value-engineering for projects, especially large projects. A discussion ensued regarding the importance of PP1 to the potential future Neroly Lift Station and various potential LVE facility and operation scenarios and the benefit to CCWD customers from the PP1 Improvements Project.

President Borba asked for public comment. There were none.

MOTION: Holdaway/Burgh to authorize an amendment to the consultant services agreement with Brown and Caldwell for the Phase 2 Los Vaqueros Reservoir Expansion - Pumping Plant No. 1 Replacement Project in the amount of \$4,075,000, for a revised total not to exceed \$4,475,000. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

10. FY21-FY22 Mid-Cycle Budget Review

- a. Adopt Resolution No. 21-012 amending the FY22 budget by \$24.9 million, including expenditure increases of \$2.6 million, operating rebudget requests of up to \$0.8 million, and capital rebudget requests of up to \$21.5 million from FY21; and
- b. Authorize the extension, through FY22, of all FY21 contracts related to the rebudgeted projects.

Rate & Financial Analyst Celia Cheung reviewed the District's third quarter financials, estimating a \$3 million positive financial plan benefit from revenues, which includes water sales, facilities reserve charges, interest income, and miscellaneous revenues as funding resources. The impacts from COVID-19 to collections was provided. While most of the accounts are current, an increase in the number of accounts at or over 180 days is projected to reach \$500,000 by summer, which is less than 1 percent of the total water sales revenue. The state's utility rate assistance program was reviewed. The FY21 expenditures, which include operating, debt service, and capital, are projected to be \$2.7 million less than the financial plan. No change to the FY22 projected water sales is recommended however, water sales revenue will be monitored closely for potential drought impacts and budget updates will be provided quarterly and at mid-year. The requested FY22 operating budget adjustments of \$2.6 million, which will come from FY21 financial plan benefits, were reviewed. A review of the operating and capital fund rebudgets from FY21 to FY22 was provided. A financial status updated on the Phase 2 Los Vaqueros Reservoir Expansion Project was provided, and amendment 3 to the Multi-party agreement was being developed that will provide the necessary funding to reach the final California Water Commission approval.

President Borba asked for Board comment. The Board acknowledged its ratepayers for being so responsible in paying their bills during these challenging times. A discussion ensued regarding the cost increases, which includes higher costs for water treatment chemicals, 34 percent increase to Central Valley Project water purchases, 79 percent increase to insurance premiums. A discussion regarding the difference between one-time and life-cycle revenues and the impacts to the District's financial plan and the importance to evaluate the District's rate structure. Staff confirmed the COVID utility relief program is new and that CCWD is talking with other water agencies regarding the program. The Board anticipates ratepayers will be interested in the upcoming redistricting process.

President Borba asked for public comment. DWD Director Kovalick asked if CCWD has explored the use of solar to offset the increase in PG&E bills? President Borba explained that CCWD has solar installations and continues to evaluate alternative energy proposals and their business cases to find viable energy options for CCWD.

MOTION: Burgh/Martinez to adopt Resolution No. 21-012 amending the FY22 budget by \$24.9 million, including expenditure increases of \$2.6 million, operating rebudget requests of up to \$0.8 million, and capital rebudget requests of up to \$21.5 million from FY21; and authorize the extension, through FY22, of all FY21 contracts related to the rebudgeted projects. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

11. Receive legislative update and adopt recommended legislative positions on SB 323, SB 427, H.R. 3293, and H.R. 3404.

Director of Public Affairs Jennifer Allen reported that the state budget bill was passed by the Assembly and Senate on June 14, 2021, which includes \$3.7 billion of drought funding and \$1 billion in water bill arrearage assistance. AB 1434 regarding indoor water use standards has become a two-year bill and SB 223 regarding water arrearage debt forgiveness is not moving forward at this time. The District recommended taking a *Support* position on SB

323 that would require water rate challenges to be filed within 120 days of when the rate goes into effect. The District recommended taking a *Support* position on SB 427 that would increase the cap on the fines/penalties local agencies may adopt in an ordinance prohibiting water theft, which includes meter tampering and other forms of theft. Staff confirmed that hydrant tampering was included in the other forms of theft.

The federal legislators continue to focus and negotiate on infrastructure issues. The District recommended taking a *Favor* position on H.R. 3293 that would develop a permanent rate assistance program for low-income water customers funded by U.S. Environmental Protection Agency (EPA) grants. Local municipalities would apply for the EPA grants. The District recommended taking a *Support* position on H.R. 3404 that would provide a comprehensive western water infrastructure and drought response package, which includes infrastructure development, improvements to technology and data, ecosystem protection and restoration, and water job training and education.

President Borba asked for Board comment. A discussion ensued regarding SB 427 and the importance to reduce theft at water hydrants which puts public health and safety at risk. President Borba asked for public comment. There were none.

MOTION: Avila/Holdaway to adopt recommended legislative positions on SB 323 *Support*, SB 427 *Support*, H.R. 3293 *Favor*, and H.R. 3404 *Support*. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

REPORTS FOR DISCUSSION

12. Schedule Future Meeting Dates and Times

There were no meetings added to the calendar.

REPORTS

13. General Manager

General Manager Welch reported that the California Division of Occupational Safety and Health (Cal/OSHA) will hold a hearing on June 17 on COVID-19 work requirements. CCWD will incorporate the results into its plan and report out to the Board next week and notify staff of the new requirements. CCWD's post-1914 water rights have been curtailed by the state, which also occurred during the last drought. The curtailment impacts the District's Mallard Slough and Los Vaqueros water rights.

14. Legal Counsel

Legal Counsel Coty provided three reports. 1) Governor Newsom's Executive Order N-08-21 begins to eliminate many of the Executive Orders put into place at the advent of the COVID pandemic. The relaxation of Brown Act restrictions from Executive Order N-29-20, which allowed Board meetings to be held virtually or telephonically, and Executive Order N-42-20, which prohibited utilities from shutting off service for non-payment, are set to term out on September 30, 2021. There are over \$1 billion of unpaid water bills across California. 2) Due to the Census 2020 delay from COVID, the federal government data needed by the state for redistricting has been delayed, and the data is now expected late in September. Current state law requires for CCWD to complete its redistricting by May 2022. The efforts to modify the redistricting deadline (different for many special districts) were reviewed. 3) Carl Nelson of Bold, Polisner, Maddow, Nelson & Judson will retire on June 30, 2021.

15. Board

Director Holdaway reported attendance at and provided comments on the June 3 Mayors' Conference.

Vice President Avila reported attendance at and provided comments on the June 15 East Bay Leadership Council Water and Environment Task Force meeting. Vice President Avila expressed appreciation for the dedication, critical work, and professionalism provided by Carl Nelson to the District and its ratepayers.

Director Burgh described Carl Nelson's expertise and ability to use a sense of humor to defuse contentious situations. Director Burgh reported attendance at and provided comments on the Pleasant Hill Chamber of Commerce presentation provided on June 14. Staff were commended for coordinating a resolution for the Holbrook Drive repaving issues.

Director Martinez reported attendance at and provided comments on the June 3 Mayors' Conference.

President Borba reported attendance at and provided comments on a meeting with Contra Costa County Supervisor Burgis on June 3; the Mayors' Conference on June 3; and a meeting with the General Manager on June 15.

CLOSED SESSION

16. Conference with Labor Negotiator as allowed under Government Code Section 54957.6; Agency Negotiator: General Manager; Employee: District Secretary.

At 8:22 p.m. President Borba announced the Board would move into a closed session regarding labor negotiations per Government Code Section 54957.6 and that there were no additional attendees.

RECONVENE FROM CLOSED SESSION

17. Report on Closed Session.

At 8:46 p.m. President Borba announced the Board had returned from closed session and did not take a reportable action.

ADJOURNMENT

At 8:47 p.m. President Borba adjourned the meeting. The next regular meeting of the Board of Directors will be on Wednesday, July 7, 2021 commencing at 6:30 p.m. and held via teleconference.



Lisa M. Borba, President

Attest:



Mary A. Neher, District Secretary