

**CONTRA COSTA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
APRIL 6, 2022**

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 Ave. Concord, the regular meeting place of the Board.

SAFETY BRIEFING

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

ROLL CALL

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	Veronica Sepulveda

PLEDGE OF ALLEGIANCE

District Secretary Veronica Sepulveda 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; District Secretary Sepulveda read four letters regarding Retiree Cost of Living Adjustments (COLA) into the record. The letters are attached to these minutes.

Karen Ustin, Retiree, stated the District's main objectives for not offering a COLA were to provide fairness for all employees, that retirees have not contributed to COLA's and that there is no designated fund; she recommended the District establish a funding plan, which would provide certainty to all stakeholders; and stated the Board should consider retirees comments because the conceptional alternative is not an interest-based option, it is a position.

Chris Dundon, Retiree, thanked the Board and staff for addressing the retiree COLA issue and committing to find a successful resolution. He stated retirees expect and planned for an annual COLA and requested the retiree COLA's apply to more than the proposed \$58,000 a year, due to Contra Costa County reporting low income as \$87,700. He recommended the Board approve an ad hoc COLA of three percent by the end of the year and to reach out, via hard copy, to all retirees to be notified of retiree COLA updates.

Al Donner, Retiree, spoke against the proposal for no retiree COLA; stated it will adversely impact recruitment for top employees and significant loss of best employees; recommended the Board to address the COLA situation now, as it will be difficult to fix later. Requested to receive an invite to the opening of the Los Vaqueros Expansion.

Stuart Engle, Retiree, spoke against the proposal for no retiree COLA; stated through his involvement within the District he has developed distrust in it; and stated the District has an opportunity to show good faith rather than disdain by granting retiree COLA's. He stated many employees retired earlier than expected due to the way employees were treated at the time, which has left lasting scars; recommended the Board think about it not only in business terms but in emotional terms, to show appreciation to retirees instead of sending them adrift.

President Borba expressed appreciation to the retirees for attending and providing comments. She assured everyone is being heard and knows the retiree COLA discussion has been a continued topic during her 12 years on the Retirement Committee. She stated the Board is trying to find the best decision in the fairest way possible and expressed disappointment that some of the comments coming forward are being made by retirees who were in a position to make a change during their time at the District. She hopes the retirees would listen to the facts, do their research, and ask questions.

CONSENT CALENDAR

1. Approve Directors' Services/Business and Travel Expenses
 - a. Future Services – April 2022
2. Approval of March 2, 2022 meeting minutes.
3. Approve the warrant register dated April 7, 2022.
4. Authorize the purchase of a Bobcat Skid-Steer Track Loader from Clark Equipment Company in the amount of \$122,616.44 (not including tax and freight).
5. Authorize authority increase with Joe Shaver Backhoe Service in the amount of \$100,000 for a new amount not to exceed \$385,000.

President Borba asked the Board if any item should be removed from the Consent Calendar for separate consideration. There were no items removed.

President Borba asked for Board comments; Vice President Avila reported an upcoming meeting with Assistant General Manager Patil on April 12 for the Los Vaqueros Joint Power Authority. President Borba asked for public comments; there were none.

MOTION: Burgh/Holdaway to approve Consent Calendar. The motion carried by unanimous vote.

ACTION

6. Authorize the District's representative to vote for Director Martinez to fill the regular seat on the Contra Costa Local Agency Formation Commission.

General Manager Welch reported the Board previously nominated Director Martinez and now the action is required for the Board to support President Borba, as the voting representative, to vote for Director Martinez.

President Borba asked for Board comments; Director Martinez expressed appreciation for the opportunity to run for this position and for the support from the Board. President Borba asked for public comments; there were none.

MOTION: Avila/Holdaway to authorize the District's representative to vote for Director Martinez to fill the regular seat on the Contra Costa Local Agency Formation Commission. The motion carried by unanimous vote.

7. Approve the change in dental plans for the Unrepresented Unit and Board of Directors.

General Manager Welch stated the dental plan benefits for the Confidential Unit were recently adjusted to align with the local bargaining units. In the process, it was discovered the Unrepresented Unit and Board of Directors did not have the same benefits. Approving this change will ensure parity of benefits among all bargaining units.

President Borba asked for Board and public comments; there were none.

MOTION: Martinez/Avila to approve the change in dental plans for the Unrepresented Unit and Board of Directors. The motion carried by unanimous vote.

8. Award of Contra Loma Safety Improvements

- a. Authorize an amendment to the Construction and Repair Services agreement with GSE Construction, Inc. in the amount of \$326,920, for a revised FY22 agreement authority not to exceed \$1,326,920;
- b. Authorize execution of a task order in the Construction and Repair Services agreement with GSE Construction, Inc. for the Contra Loma and Los Vaqueros Safety Improvement Project in the amount of \$297,200, with a 10 percent change order authority of \$29,720, for a total not to exceed \$326,920; and
- c. Authorize an amendment to the professional services agreement with GEI Consultants, Inc. in the amount of \$22,000 for a total amount not to exceed \$564,000.

General Manager Welch provided an overview of each recommended action. Stated GSE Construction has proven to be effective in completing smaller construction projects in a cost-effective manner. The additional recommendations are to continue improvement projects.

President Borba asked for Board and public comments; there were none.

MOTION: Holdaway/Martinez to authorize an amendment to the Construction and Repair Services agreement with GSE Construction, Inc. in the amount of \$326,920, for a revised FY22 agreement authority not to exceed \$1,326,920; authorize execution of a task order in the Construction and Repair Services agreement with GSE Construction, Inc. for the Contra Loma and Los Vaqueros Safety Improvement Project in the amount of \$297,200, with a 10 percent change order authority of \$29,720, for a total not to exceed \$326,920; and authorize an amendment to the professional services agreement with GEI Consultants, Inc. in the amount of \$22,000 for a total amount not to exceed \$564,000. The motion carried by unanimous vote.

9. Authorize execution of the Cooperative Agreement for water transfer and exchange with Alameda County Water District.

Assistant General Manager – Policy and External Affairs (AGM), Marguerite Patil provided an overview of the District's partnership with Alameda County Water District (ACWD). ACWD expressed interest to the District to acquire a water transfer from Yuba County Water Agency (Yuba) up to 5,000 acre-feet. This transfer would occur through the 2022 Yuba-EBMUD-CCWD Water Purchase Agreement and be stored at Los Vaqueros Reservoir until the water could be delivered to ACWD in the summer. A similar transfer was proven successful through a ACWD pilot transfer project in 2014. A map of the transfer locations was provided. Yuba received regulatory approvals for its water transfer program.

The key principles of the agreement were reviewed. ACWD would reimburse all District costs for the water transfer with no adverse impact to the rate payers.

President Borba asked for Board comments; Vice President Avila asked for clarification on regulatory approvals and if it is California Environmental Quality Act (CEQA) exempt. AGM Patil responded it is and the District has documentation of the process for public access. Vice President Avila expressed appreciation for the fiscal benefit of the transfer and emphasized the importance to track costs relative to usage fees, as it progresses.

Director Martinez asked for the time frame of the transfer window. AGM Patil responded the transfer window is expected to be within the months of April to May, depending on the Delta conditions.

President Borba expressed appreciation for staff establishing this program; proving it to be successful; and for continuing to strengthen partnerships with other agencies.

President Borba asked for public comments; there were none.

MOTION: Avila/Burgh to authorize the execution of the Cooperative Agreement for water transfer and exchange with Alameda County Water District. The motion carried by unanimous vote.

10. Receive legislative update and adopted recommended positions on AB 1717-*Watch*, AB 1944-*Watch*, AB 2078-*Support*, AB 2449-*Support and Seek Amendments*, SB 880-*Support*, The Water Efficiency, Conservation and Sustainability Act of 2022-*Support*.

Director of Public Affairs, Jennifer Allen provided an update on State issues including potential budget proposals, Governor Newsom's Executive Order for the Drought, and the District's Lobby Day. Due to scheduling conflicts, the District's Lobby Day will be postponed to May, in hopes of combining it with the Association of Water Agencies (ACWA) conference. An overview of each State bill and the recommended actions were provided.

An overview of the Fiscal Year 2023 Federal budget was released on March 28. Key focuses are climate change/climate resilience, clean energy economy, and diversity and equity. An overview of the Water Efficiency, Conservation and Sustainability Act of 2022 was provided.

President Borba asked for Board and public comments; there were none.

MOTION: Holdaway/Martinez to adopt the following positions: AB 1717-*Watch*, AB 1944-*Watch*, AB 2078-*Support*, AB 2449-*Support and Seek Amendments*, SB 880-*Support*, The Water Efficiency, Conservation and Sustainability Act of 2022-*Support*. The motion carried by unanimous vote.

REPORTS FOR DISCUSSION

11. Committee Report(s):
 - a. Retirement and Other Post-Employment Benefits Committee Post Meeting Report (2/17/22)

President Borba asked for Board comments; there were none.

12. Schedule Future Meeting Dates and Times

President Borba asked for Board comments; Director Martinez reported he attended a Contra Costa Special District meeting in the morning and that he will inform the District Secretary on upcoming Sierra Club - San Francisco Bay Water Chapter meetings he will be attending.

Vice President Avila reported there will be several ACWA meetings coming up and he is working with the District Secretary to manage his calendar.

REPORTS

13. General Manager

General Manager Welch reported there have been six meetings held with employees to discuss the retiree COLA updates. Although retirees were not invited to participate in the meetings, they were able to access the recordings. Next steps are to meet with representatives from bargaining units Local 21 and 39 to request their members to vote on a proposal, then present the vote at the joint Retirement and Other Post-Employment Benefits Committee on May 26. Once a final proposal has been agreed on, it will be brought to the Board in June.

14. Legal Counsel

Legal Counsel Coty had no report.

15. Board Members

Director Holdaway reported attendance to a meeting with General Manager Welch on March 17 and her daughter's field trip to Los Vaqueros on April 4. She commended Public Information Specialist, Justin Fivella for his work and passion for the education program and expressed appreciation for the program.

Vice President Avila provided a brief overview of the upcoming effort from ACWA to develop a 501c organization to focus on Diversity and Inclusion within water agencies; stated he will provide the Board with the Master Plan once it is developed. He thanked General Manager Welch and staff for working with the California Urban Water Agencies (CUWA) on presenting Urban Water Management plans to the Governor, which encouraged him to direct agencies to enact their individual stage 2 drought plans. General Manager Welch thanked the staff that was involved in the effort to speak to the Governor and encourage action.

Director Burgh reported presenting to the Concord Kiwanis club on April 1; stated they expressed support for the Canal Modernization Project and District efforts.

Director Martinez had no report.

President Borba reported attendance to an East Bay Leadership Council event on April 26; meetings with the General Manager on March 22, March 29 and April 5; and the Board Study Session on March 25. She announced her resignation to the Board of Directors and her last Board meeting will be on April 22.

CLOSED SESSION

16. Public Employee Performance Evaluation as allowed under Government Code Section 54957, Employee: General Manager.

At 7:44 p.m. President Borba announced the Board would move into a closed session; there were no additional attendees.

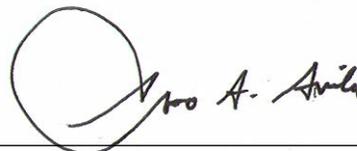
RECONVENE FROM CLOSED SESSION

17. Report on Closed Session

At 8:25 p.m. President Borba announced the Board had returned from closed session and did not take a reportable action.

ADJOURNMENT

President Borba adjourned the meeting at 8:26 p.m. The next regular meeting of the Board of Directors will be held on Wednesday, April 20, 2022, commencing at 6:30 p.m. in the Board Room located at 1331 Concord Avenue, Concord.



Ernesto A. Avila, President

Attest:



Veronica Sepulveda, District Secretary

April 4, 2022

Board of Directors
Contra Costa Water District
P.O. Box H2O
Concord, CA 94524-2099

Dear CCWD Board of Directors:

I am writing to you on the topic of Retiree Cost of Living Adjustment. The current approach has consisted of a letter on Dec 20, 2021, from the District stating there would be no COLA because of “anticipated diminished investment returns, lack of funding source, the impacts of the pandemic”. Other than this letter, there has been no opportunity to understand the rationale for the abrupt change from past practices over the last 20 plus years. The impact of this has created a tremendous amount of anxiety by the retirees that I have spoken with. They are frustrated by the lack of public process and analysis.

Also, some are saying there is a long-term fix being considered by the Board for retiree COLA that could entail 0% going forward, or possibly 1% COLA for some retirees and 0% for others. Again, there has been no process to engage with the retirees to share any analysis and recommendations. It would be a misconception to think that having the issue go through the OPEB/Retirement Committee checks the box that the group of 400 retirees are informed and engaged. There are no retirees on that committee. That committee is more appropriate for active employees.

Specific Requests for the Board:

1. Reconsider the 2022 retiree COLA determination. Place it on an upcoming agenda and direct staff to include all analysis (updated to include this first quarter of 2022) and recommendations for full discussion by the Board and provide the retirees an opportunity to participate. Please make this an action item so that each Board member will have an opportunity to engage and vote.
2. De-couple the existing retiree COLA issue from the negotiations going on with the active employee bargaining units. Retirees are not at the bargaining table.
3. Direct staff to create a separate comprehensive process that will give retirees a voice in determining what the retiree COLA should be going forward. Give Board guidance on what your interests are in public.

I know that you understand that the current CCWD retirees put their heart and soul into their accomplishments at CCWD that we all can be proud of. My fellow retirees deserve better treatment by creating an open and inclusive process associated with Cost of Living Adjustments.

Sincerely,

Gary W. Darling

(Active employee from 1987 to 2000)

April 4, 2022

Dear Contra Costa Board of Directors:

As a retiree of CCWD, I sincerely hope you are making good progress on a plan to ensure fair and reasonable pension COLAs into the future. With U.S. inflation at nearly 8 percent, it is essential to continue the long-standing practice of adjusting pension amounts to keep up with the cost of living.

While you continue to work on the issue, please keep the following points in mind:

- It is unethical to use current retirees' COLAs as leverage in your negotiations with current employees. Current retirees and current employees are two separate groups of people. Retirees have no power, no voice and no involvement in your negotiations with employees. You have a responsibility to administer pensions objectively, ethically and fairly – completely separate from negotiations and disagreements with other groups of people.
- PEPPRA applies to employees hired after Jan. 1, 2013. Nearly all current retirees were hired well before 2013, so there is no justification for applying PEPPRA to them.
- GASB is a private, non-profit organization that creates guidelines that state how it believes you should report your finances. It does not ban pension COLAs.
- Our retirement fund is very healthy and sufficient funds are available for COLAs. The Retirement Plan Performance Report by Wells Fargo for FY 22 second quarter shows the value of our pension fund increased 95.7 percent to more than \$272 million between Oct. 1, 2015, and Dec. 31, 2021. Nearly \$130 million of the increase came from market gains.
- Any plan implemented on pension COLAs should protect the value of existing retirees' pensions and prevent erosion by inflation as much as fund performance allows.

Finally, you should reinstate the teleconference option for all public meetings. The teleconference option allowed retirees to participate in meetings, even when they couldn't attend in person due to health issues or because they no longer live in the area. Eliminating the teleconference option at this time – when important decisions are being made about pensions – looks very much like you intend to block a substantial number of retirees from the public process so that you can make decisions without input or transparency.

Rather than taking away an electronic option for public participation in meetings, you should make an electronic option permanent. At the very least, your meetings should be streamed live on your website with recordings posted for later viewing. This is not expensive or uncommon, and it would make your meetings truly public and accessible to anyone who can't attend in person for whatever reason.

Sincerely,

Gina Oltman
CCWD retiree, 2016

April 5th, 2022

TO: CCWD Board Members
From: Ron Skrehot, CCWD Retiree
RE: Retiree Cola

Dear Board Members,

I would first like to address comments made at the Dec. 8th, 2021 board meeting regarding the retiree cola. I called into that meeting and had mentioned that there was a financial carryover from 2020 to 2021 that shows operating income carryover from 2020 of \$75,485,882. In this figure I subtracted depreciation which does not belong in the operating budget in the amount of \$34,459,353. The \$76 million plus figure is strictly 2021 operating income minus 2021 operating expenses.

At the Dec. 8th board meeting Steve Welch stated in regard to my comment on operating carryover, that the figure was between \$2 million and \$6 million dollars. I have attached the page from the June 30, 2021 year end financial statement in which you can see the \$75 million plus figure when you remove depreciation.

As for the Adhoc Retiree Cola which Mr. Welch stated was no longer in the financial interest of the rate payer, I would like this board to answer four questions.

- 1.) Is it in the best interest of the rate payer to have a carryover of \$75 million and not give that money back to the rate payers and is that money instead being rat holed away for capital projects?
- 2.) Isn't the annual carryover the same pot of money that management bonuses were paid out of for 2021 and how much money was paid in total to management bonuses?
- 3.) Isn't the annual carryover the same pot of money that employee colas are paid out of and how much in total was paid in employee salary increases for 2021?
- 4.) Isn't the annual carryover the same pot of money that adhoc retiree colas were paid out of in the past?

CCWD management and the Governing Board managed to spend hundreds of thousands of dollars on employee salary increases as well as hundreds of thousands of dollars in management bonuses for 2021 yet had no money in the financial carryover to give even a 1% adhoc retiree cola, from the same pot of money management received money from. How is one considered in the best interest of the rate payer and one is not?

At one time this board was just one of the voices that CCWD retirees had when it came to keeping up with the cost of living. Now we have no voice, no advocate to argue our concerns. We have been kicked to the curb while management continues to receive big annual bonuses at the expense of the rate payer. How is this fair?

Ron Skrehot

CONTRA COSTA WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS - ENTERPRISE
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2020

	Water District Fund	Water Authority Fund	Totals	
			2021	2020
OPERATING REVENUES:				
Untreated water sales	\$49,184,883		\$49,184,883	\$47,807,383
Treated water sales	94,073,974		94,073,974	85,514,653
Reimbursement of operating expenses	7,856,342		7,856,342	6,585,740
Miscellaneous service charges	501,663		501,663	426,482
Total Operating Revenues	151,616,862		151,616,862	140,334,258
OPERATING EXPENSES:				
Source of supply	8,857,997		8,857,997	9,359,276
Water treatment	10,335,875		10,335,875	8,723,538
Pumping	6,871,656		6,871,656	6,070,391
Transmission and distribution	1,065,068	\$3,687	1,068,755	1,178,788
Maintenance	27,764,277		27,764,277	25,715,293
Public information and customer service	5,617,427		5,617,427	5,298,345
Administrative and general	14,969,895		14,969,895	28,770,457
Depreciation (Note 2)	32,893,403	1,565,950	34,459,353	33,708,318
Total Operating Expenses	108,375,598	1,569,637	109,945,235	118,824,406
NET OPERATING INCOME (LOSS)	43,241,264	(1,569,637)	41,671,627	21,509,852
NONOPERATING REVENUE (EXPENSE):				
Property taxes	4,413,012		4,413,012	4,240,972
Investment earnings	1,715,067		1,715,067	3,005,121
Net changes in fair value of investments	(1,750,267)	(29,444)	(1,779,711)	2,809,284
Interest expense	(10,613,316)	(23,079)	(10,636,395)	(12,201,613)
Gain on sale of investments	233,481	32,293	265,774	360,281
Rent and other	6,986,862	1,090,517	8,077,379	8,246,226
Nonoperating Revenue (Expenses), net	984,839	1,070,287	2,055,126	6,460,271
NET INCOME (LOSS) BEFORE CONTRIBUTIONS	44,226,103	(499,350)	43,726,753	27,970,123
CONTRIBUTIONS:				
Capital grants	2,962,785		2,962,785	1,908,540
Contributions in aid of construction	17,840,345		17,840,345	8,071,207
Total Capital Contributions	20,803,130		20,803,130	9,979,747
CHANGES IN NET POSITION	65,029,233	(499,350)	64,529,883	37,949,870
NET POSITION, BEGINNING OF YEAR	960,544,563	19,413,579	979,958,142	942,008,272
NET POSITION, END OF YEAR	\$1,025,573,796	\$18,914,229	\$1,044,488,025	\$979,958,142

See accompanying notes to financial statements

From: [Jean Zacher](#)
To: [Veronica Sepulveda](#)
Subject: Retiree COLA
Date: Wednesday, April 6, 2022 4:08:59 PM

Hello,

If you or someone else could read this at this evening's meeting during public comments, or provide it to the Board I would appreciate it. I live in Delaware so unable to attend! Thank-you.

Good evening,

My name is Jean Zacher. I retired from CCWD in 2014 after 20 years of service with the District as the Lab Supervisor. During that time it was accepted that the District paid a COLA to retirees each January. Although not provided for in the MOU, it was historic practice. I had no idea such a drastic change as no COLA's ever again would be possible. Last year when there was no COLA due to the pandemic, I said nothing as I fully understood the situation the District was in at the time. However, I feel I need to speak now that we are under the threat of losing it permanently. While I don't believe anybody is expecting a COLA anywhere near the true cost of living this year, a modest 2%/year would help keep pace with inflation and at least stop us from losing ground.

Everyone still employed at the District needs to think long and hard about their own retirement as this can be a game changer or a retirement delayer. To prove my point I provide just one statistic. What a dollar bought in 2000 now costs \$1.64. And this is happening at a time of life where we are ill equipped to handle such inflation and are encountering more and more medical bills.

I sincerely hope the District can find it within itself to do the right thing by former employees who feel they retired under different circumstances.

Thank you for your time and consideration.