

**CONTRA COSTA WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING  
January 8, 2020**

**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**

Directors Present:	Lisa M. Borba, President Connstance Holdaway, Vice President Ernesto A. Avila Bette Boatman John A. Burgh
Directors Absent:	None
General Manager:	Stephen J. Welch
Legal Counsel:	Douglas E. Coty
District Secretary	Mary A. Neher

**PLEDGE OF ALLEGIANCE**

President Borba led the pledge of allegiance.

**ADOPTION OF AGENDA**

The Board Future Services calendar was updated to include additional meetings, and the Board adopted the agenda by rule.

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

President Borba asked for public comments.

Bird Morningstar, a Concord resident, reviewed his efforts to get water customers to use their water bills to help manage water use and that the new District billing statement was understandable.

**CONSENT CALENDAR**

1. Approve Directors' Service/Business and Travel Expenses
  - a. Future Services – January 2020
  - b. Compensation – December 1-20, 2019
2. Approval of meeting minutes
  - a. November 20, 2019
  - b. December 11, 2019
3. Approve the warrant register dated January 9, 2020.
4. Authorize execution of the Utility Relocation Agreement with the Contra Costa County Flood Control and Water Conservation District in the amount not to exceed \$496,000 for pipeline relocation activities related to the Lower Walnut Creek Restoration Project.
5. Authorize execution of a land lease with Denali Water Solutions, LLC for District property at Grant Line Road in Alameda County.

President Borba asked if anyone wanted to remove an item from the consent calendar to be separately considered. No items were removed for separate consideration.

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

President Borba asked for public comments. There were none.

**MOTION:** Boatman/Holdaway to approve the consent calendar. The motion carried by unanimous vote.

**ACTION**

6. 2020 Rate Review – Public Hearing and Adoption
  - a. Conduct a public hearing to provide information and receive comments on proposed water rate, fee, and charge adjustments for 2020; and
  - b. Adopt Resolution No. 20-001 amending portions of Title 5 of the District's Code of Regulations pertaining to untreated and treated water rates, fees, and charges and making findings under the California Environmental Quality Act.

At 6:38 p.m. President Borba opened the public hearing.

Director of Finance Lizz Cook explained that the annual rate review identified that a 6% revenue increase was needed for replacing aging infrastructure, implementing technology improvements, rebuilding the drought contingency reserve, and addressing inflationary increases in the coming year. With the proposed revenue increase, untreated water revenues would increase by \$2.7 million

and treated water revenues would increase by \$4.7 million. A discussion ensued regarding key District technology programs, which were approximately 25 years old and no longer supported.

The Administrative Record will be updated to reflect a one-third reduction to the non-rate revenue offset used to lower the treated water energy charge component determined during the rate study last year. Those freed up non-rate revenues will be reallocated to reduce all treated water charges in proportion to costs. The proposed 6% rate increase impacts to the District's customer groups were provided. The District has responded to the 13 protest and 1 comment letters it received regarding the proposed rate increase.

As part of the annual rate review, the District reviews other fees and charges in compliance with Proposition 26 (Prop 26). The proposed fee and charge changes within Chapter 5 of the District's Code of Regulations were reviewed. A discussion ensued regarding the change from plastic to copper service lines to help protect the water service in case of fire. The fee changes for meter services were reviewed and included a three-year phase-in period for increases to new meters, meter installation, and service termination charges. The District was codifying new regulatory language pertaining to the discontinuation of residential water service, which did not impact the District's current business practices. The backflow prevention device charges were last updated in 1995 and now reflect the current cost. The 2020 rate review schedule was reviewed.

President Borba asked for Board questions and comments.

Director Avila discussed that the District must stay in compliance with Proposition 218 (Prop 218) updates. The rate increases help to address unforeseen cost increases charged to the District for things like water purchases and power. The emergency power outages require additional preparation so the District can ensure water deliveries to customers during outages. Mr. Coty provided additional information regarding the legal obligations the District must meet under Prop 218 and Prop 26, which the District included in this rate review process.

President Borba asked for public comments.

Mr. Morningstar was glad that the District did not have a tiered water rate structure, had implemented a more understandable billing statement, and did the rate structure study. He asked for clarification about the 10-year rate revenue projections included in the staff report. Director Boatman explained that the projections beyond the current year were estimates that may be impacted by unknown future expenses. President Borba explained that projections were part of the District's rolling 10-year Capital Improvement Program and Financial Plan that is annually reviewed and adjusted to meet revenue needs. He thought the proposed 6% rate increase was better than other local water agencies.

Scott Butler, a Clayton resident, expressed concerns about a 6% rate increase last year and again this year. The compounding impact is significantly higher than the cost of inflation in comparison to salaries and other cost of living expenses. He asked for more information about the offsets used to mitigate inflation impacts and benefits for investment in capital expenditures and technology

improvements. President Borba explained that maintaining the infrastructure and facilities is continuous and District expenses continue to increase from such things as unfunded state mandates, water purchase increases, and power cost increases. The annual review of the 10-year Capital Improvement Program and Financial Plan includes a review of staffing levels, capital improvements, program processes, and services with the goal of providing customers with more for less. Director Avila explained the Board's review process to evaluate recommendations for capital improvements, program changes, and meeting new regulatory requirements. Even with the additional reporting requirements to meet the new regulations, the staffing level has gone down without reducing services provided to customers. The Board and staff work hard to maximize the bang for the buck because rate increases are hard to ask of customers. Mr. Welch reviewed optimizations implemented and planned by the District to save costs and increase productivity improvements.

Per the request of Stephen Francis, DDS, a Martinez customer, Ms. Neher read his protest letter into the record, and a copy is attached to these minutes.

At 7:17 p.m., President Borba asked for a motion to close the public hearing. Director Avila made the motion to close the public hearing, and Director Burgh seconded the motion.

The Board thanked the public members for their comments.

**Motion:** Avila/Burgh to close the public hearing. The motion was carried by unanimous vote.

President Borba asked for additional Board comments.

Vice President Holdaway acknowledged that it was hard to ask for the proposed 6% rate increase. The increase is needed to comply with the additional state mandates, to strategically plan maintenance and updates of the aging infrastructure, and complete the canal modernization, as planned repairs are much less expensive than emergency repairs. She supported the proposed 6% increase.

Director Boatman reviewed the impacts to other water agencies' customers when water agencies do not reinvest in their facilities and infrastructure, do not address additional cost increases as they happen, and do not plan for revenue reductions from emergency drought mandates. She supported the proposed 6% increase and felt the District needs to maintain its financial planning program to ensure water for customers today and in the future.

Director Burgh reviewed how staff productivity has increased over the past 10 years. The District serves approximately 10% more customers today with 10% fewer employees. The rate structure study completed last year took two years instead of the initial one year planned. The District did a thorough cost review to allow the costs to be equitably broken down across the various customer groups. The costs to do business continues to increase, and the District must continue to adjust the rates to address planned and unplanned costs. The District takes its mission statement seriously to provide customers with reliable, high-quality water service at the lowest price that is

environmentally possible. He thanked staff for the detailed financial information provided to the Board throughout the rate review process. The rate increase proposal supports the District's mission statement.

Director Avila discussed the large main replacement program about to be conducted to address aging infrastructure now and not kick the problem down the road. District customers expect to turn on the tap and have water even if there is a five-day Public Safety Power Shutoff (PSPS) event. PSPS events are new and have to be included in the financial plan. The District is expected to be proactive and manage PSPS events. Another area the District addressed, long before other water agencies, was seismic reliability. Although a 6% rate increase is a difficult issue, he supported the proposed 6% rate increase to allow the District to continue to provide reliable service to its customers.

President Borba said the rate review was a long process and thanked staff for the detailed information and the Board for its work to evaluate and discuss the information in order to be able to decide. With the cost review and use of the financial planning tools, she agreed that the proposed 6% increase was the right move.

**MOTION:** Burgh/Holdaway to adopt Resolution No. 20-001 amending portions of Title 5 of the District's Code of Regulations pertaining to untreated and treated water rates, fees, and charges and making findings under the California Environmental Quality Act. The motion carried by unanimous vote.

### ***DISCUSSION AND INFORMATION***

#### 7. Review and comment on the Bay Area Regional Reliability update.

Dr. Maureen Martin Water Resources Phase 2 LV Reservoir Expansion Project Deputy Program Manager reviewed the history of the Bay Area Regional Reliability (BARR) program and participating agencies. Following receipt of a \$400,000 Reclamation grant in 2017, the program's name, Bay Area Water Marketing Strategy, was changed to Shared Water Access Program (SWAP) to better describe the intention of the program. A breakdown of how the grant funds will be used was provided. SWAP will implement up to two pilot projects, which includes conducting public outreach and development of a road map to use for future water exchanges and transfers in the region. The District has successfully completed other various pilot programs, which is not case for other regional water agencies.

The first pilot would use the South Bay Aqueduct (SBA) to exchange up to 1,000 acre-feet of water for the San Francisco Regional Water System (RWS), which includes Alameda County Water District, Bay Area Water Supply and Conservation Agency, and San Francisco Public Utilities Commission.

The second pilot has the District taking and storing up to 1,000 acre-feet of Santa Clara Valley Water District's (Valley Water) Central Valley Project (CVP) water in the Los Vaqueros Reservoir, which will be used by the District. The District would forego taking the same amount of its CVP water allocation at a later date so Valley Water could take it to convey to the BARR partners. The various pilot projects

provide knowledge related to potential challenges not previously considered, such as necessary approvals, water rights changes, and duration of how long a pilot project may take. The information can be reviewed and discussed to determine the success and benefit of moving water throughout the region. Staff confirmed the pilots will provide information to assist with the Phase 2 Los Vaqueros Reservoir Expansion Project. The next steps needed to move the pilots forward were reviewed.

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

President Borba asked for public comments.

Mr. Morningstar asked if the amount of water stored for another agency would be all that is returned to that agency. The Board confirmed that was correct and included in the terms of agreement.

President Borba discussed how beneficial the information learned through previous District pilot projects has been and helps to provide regional reliability. A good way to show the state that local water agencies can work together to ensure water reliability.

The Board thanked staff for the BARR update.

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

8. Committee Report(s):
  - a. Other Post-Employment Benefits Committee Meeting (11/25/2019)
  - b. Retirement Committee Meeting (11/25/2019)
  - c. Public Information and Conservation Committee Meeting (11/26/2019)
  - d. CCWD-East Bay Regional Park District Ad Hoc Committee Meeting (12/10/2019)
  
9. Future Meeting Dates and Times

There were no comments on the committee reports. No meetings were added to the schedule.

#### ***REPORTS***

10. General Manager

Mr. Welch reported that the City of Concord was reviewing the Concord Naval Weapons Station development at its city council on January 7, which was continued today. He will attend the California Urban Water Agency on Friday, January 10.

11. Legal Counsel

Mr. Coty did not have a report.

12. Board

Director Avila reported that he had met with the General Manager on December 31. He attended a City Council meeting at the City of Walnut Creek regarding accessory dwelling units. The presentation was informative and is available online. He is glad the District continues to follow the legislative changes and expressed concerns about meeting water demands and impacts to District water delivery facilities and fire suppression and protection services. Mr. Welch confirmed the District was working with the various cities in its service area and will address impacts to the facilities and infrastructure. Director Avila thanked Director Boatman for her support of his participation in the ACWA Federal Affairs and Local Affairs committees.

Director Burgh shared positive comments from customers about the District's annual calendar. The Martinez Arts Association commended the District for encouraging art and education. The Contra Costa County Historical Society has an exhibit celebrating the 100-year anniversary of the passage of the 19<sup>th</sup> Amendment to the United States Constitution granting women the right to vote.

Vice President Holdaway did not have a report.

Director Boatman expressed appreciation for the detailed response letters provided to the protests and comments received about the proposed rate increase. She asked for Ms. Seed to be provided with more information about the work being done by the State of California regarding rate affordability. She reported that she had participated in the January 6 ACWA Board meeting to affirm the ACWA committee chairs and vice chairs. The Metropolitan Water District of Southern California provided its Board with training and drills in case of attack.

President Borba reported that she had met with the General Manager on December 24 and 31.

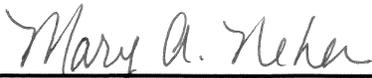
At 8:00 p.m., President Borba adjourned the meeting. The next regular meeting of the Board of Directors will be on January 15, 2020 commencing at 6:30 p.m. in the Board Room located at 1331 Concord Avenue in Concord.



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Lisa M. Borba, President

Attest:



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Mary A. Neher, District Secretary

**Francis Plaza, LLC**

1124 Arnold Dr.  
Martinez, CA 94553  
(925) 372-4747

RECEIVED

JAN 08 2020

FINANCE DEPT

January 7, 2020

Dear Contra Costa Water District,

It has come to our attention that we are facing another increase in our water rates that is again well above the cost of living for our area.

The owner and the tenants at 1124 Arnold Drive "Francis Plaza" would like to protest this increase as excessive, especially in light of previous increases over the last few years.

A 6% increase is again above the cost of living and should be reconsidered since a large increase was assessed last year.

When our building was built in 2015 we incurred a great expense paid to Contra Costa Water District for a 6 inch supply line to service our fire sprinkler system and for 1 ½ and 5/8 lines. The typical charge to maintain the 6" line was about \$40 a month. This fee has been raised to almost \$120 a month, abruptly last year.

This is an extreme increase, especially considering no water is ever used (and if it were we would be charged). In a time when Amazon and other internet businesses are creating a challenging environment for brick and mortar businesses to survive, it would seem to be a good idea for utilities and government agencies to keep cost increases under control.

Recent tax increases and increases by the garbage, sewer and water utilities, to name a few, have greatly increased our common area maintenance charges. These increases make it difficult to have competitive leases and to attract and retain quality businesses that offer services that encourage local patronage.

Sincerely,



Stephen C. Francis, DDS  
Owner Francis Plaza

Jordan Schreiber, ATA Martial Arts  
Ariel Ceja, Barber Pole