

**CONTRA COSTA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
FEBRUARY 2, 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., via teleconference.

SAFETY BRIEFING

General Manager Welch indicated a safety briefing was not necessary, as the meeting is being held telephonically.

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
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. Executive Management Analyst Wise read 5 letters from retirees regarding retiree cost of living adjustments (COLA). The letters are added to these minutes.

General Manager Welch clarified the statement made in Jim Freschi's letter regarding a General Manager receiving a 10-year service extension was given to a prior General Manger.

Joe Kavolic, Diablo Valley Water Director, announced his presence.

Ralph Strong, District retiree, spoke against the consideration for no retiree COLA; stated not providing a COLA is unfair; agreed with several comments made in the retiree letters; and asked why the retirees were not notified ahead of time.

President Borba responded the District is currently in negotiations with the labor unions regarding a retiree COLA and a decision has not been made; stated retiree COLA is typically discussed annually at the Board meetings in December and January; and expressed appreciation to retirees for their years of service.

CONSENT CALENDAR

1. Approve Directors' Services/Business and Travel Expenses
 - a. Future Services – February 2022
 - b. Travel Authorization for MSSC Annual Summit
2. Approval of January 5, 2022 meeting minutes.
3. Approve the warrant register dated February 3, 2022.
4. Adopt Resolution No. 22-004 authorizing the extension of teleconference meetings, pursuant to Government Code section 54953(e), effective through March 4, 2022.
5. Authorize Amendment with Aleshire and Wynder for Legal Services
 - a. Authorize a contract amendment with Aleshire and Wynder for employment and labor law services in an amount not to exceed \$295,000, for a revised FY22 total not to exceed \$449,000; and
 - b. Authorize a budget transfer of \$295,000 from the FY22 Labor Budget to the FY22 General District Activities budget.

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

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

ACTION

6. Receive update and approve continuation of the local emergency, as declared in Contra Costa Water District Resolution No. 22-003, resulting from the COVID-19 pandemic.

General Manager Welch reported the District is slowly seeing a decrease in COVID-19 cases among employees. There has only been one day with no positive cases. The District has taken several measures to eliminate the spread by spacing out employees, renting more vehicles for field crews, and staggering work schedules. Though these measures are showing positive results, the continuation of the local emergency is recommended at least until the next Board meeting.

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

MOTION: Holdaway/Burgh to approve continuation of the local emergency, as declared in Contra Costa Water District Resolution No. 22-003, resulting from the COVID-19 pandemic. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

7. Adopt Resolution No. 22-005 authorizing implementation of a labor stabilization program for the Phase 2 Los Vaqueros Reservoir Expansion Project by requiring the construction contractor and subcontractors to sign the Project Labor Agreement.

Assistant General Manager - Engineering and Operations & Maintenance, Rachel Murphy provided an overview of the Labor Stabilization Program. The Los Vaqueros Reservoir Expansion Project (LVE Project) will construct several large storage and conveyance facilities totaling \$900 million. The LVE Project will compete for skilled labor with other regional and state-wide projects. The District is considering execution of a Project Labor Agreement (PLA) to provide stability and security to ensure quality construction on the project. PLAs establish the working conditions, dispute resolutions, and ensure coordination occurs before and during the project to prevent work stoppages. The District has successfully used PLAs on past large, complex projects and continue to see construction interest in projects with competitive pricing. The recommended action is to negotiate the PLA prior to advertising the first component of the LVE Project pumping plant replacement project.

President Borba asked for Board comments; Vice President Avila stated PLAs bring an enhanced value and quality to critical projects like the LVE Project; and expressed support due to the multitude of reasons identified in the docket and based on his own professional experience in the water industry.

Director Burgh stated PLAs have proven positive outcomes and although they have a cost associated with them, they are another layer of insurance to yield a successful project.

Director Holdaway spoke in support of the item; stated the District has had a long success rate with previous PLA's and looks forward to moving the LVE Project forward.

Director Martinez looks forward to the opportunity to meet and partner with the unions to find local labor; stated it is a great opportunity to go to community colleges and partner with unions to offer construction training to young people.

President Borba echoed many of the comments provided by the Board; stated it is great to employ local labor and have the opportunity to expose young workers to some cool projects, and stated the District relies on successful partnerships when it comes to big projects.

President Borba asked for public comments; Bill Whitney, CEO of Contra Costa Building and Construction Trades Council (BTC), spoke in support of the PLA; stated the BTC has a long history of working with the District to complete projects on budget and on time; and stated the BTC offers successful apprenticeship and pre-apprenticeship programs in and around Contra Costa County, to provide the best skilled workers with a diverse workforce.

Mr. Kovalick suggested the District's Diversity and Inclusion initiative be included in the PLA.

Treston Shull, Vice President of Contra Costa BTC and Vice President of Labors Local 324 thanked the Board for the opportunity to be part of the LVE Project; expressed the importance of a short commute for the workers; and stated they look forward to working with the District and building a stronger relationship.

Derek Cole, Electrical Workers Local 302, thanked the Board, on behalf of their members, for executing a PLA.

Mark Lopez, Plumbers and Steamfitters Local Union 342, thanked the Board for the PLA; stated there are several people looking for work in this area, so they will meet the manpower needs; and stated they look forward to working with the District.

MOTION: Avila/Martinez to adopt Resolution No. 22-005 authorizing implementation of a labor stabilization program for the Phase 2 Los Vaqueros Reservoir Expansion Project by requiring the construction contractor and subcontractors to sign the Project Labor Agreement. The motion was approved by roll-call vote (Ayes: Avila, Borba, Burgh, Holdaway, Martinez; Noes: None; Abstain: None; Absent: None).

REPORTS FOR DISCUSSION

8. Receive Legislative Update.

Director of Public Affairs, Jennifer Allen provided an overview of three key bills, SB 52, SB 323, and SB 427, chaptered in 2021 supported by the District. The Governor released a draft of the budget on January 10 for \$286.4 billion. \$750 million will be allotted for drought resilience and response, including turf replacement, conservation, emergency supplies and groundwater. The State had a \$45 billion surplus, of which \$21 billion are discretionary. The District is working with the Association of California Water Agencies (ACWA) and other water agencies to advocate for additional funding for water infrastructure and water programs. Budget subcommittee meetings are

being held and more details will be released soon. The State is negotiating bringing back COVID-19 sick pay to include in the budget; no information has been released, staff will monitor and report back to the Board.

The primary for the special election of 11th District will be held on April 5 and the election will be June 7. Staff will monitor the election and provide updates to the Board. Board Legislative visits are being scheduled for the end of March. The legislative schedule was reviewed. The deadline for legislators to submit 2022 bills is February 18. Key topics are water and sewer connection fees and urban water use goals.

On the Federal level, discussions continue regarding the President's Build Back Better initiative. More information will be provided at the President's State of the Union address on March 1. Legislators have until February 18 to submit a FY22 spending plan and the President will release the FY23 budget in March.

President Borba asked for Board comments; Vice President Avila commended staff on the great presentation; and stated several water agencies are concerned regarding the legislation for water and sewer connection fees specifically on the impacts on service.

9. Receive and comment on Los Vaqueros Reservoir Joint Power Authority Communications Strategy Report.

Assistant General Manager (AGM) Policy and External Affairs Marguerite Patil provided an overview of the Los Vaqueros Reservoir Joint Powers Authority (JPA). The JPA was formed in October 2021 and JPA members appointed a Director and Alternate to the JPA Board of Directors. Meetings are held every second Wednesday of each month at 9:30 a.m. via Zoom. The JPA established three Committees: Finance, Operations and Engineering, and Communications and Outreach. The Committees are expected to begin meeting in late February or early March.

Per the JPA Board members request, initial drafts of significant items are provided to the JPA Board as discussion and information items prior to becoming an action item. This allows the Directors and Alternate time to consider the item with their own agencies perspective before bringing it back to the JPA Board for a vote.

The JPA Director and Alternate responsibilities were discussed. The role of the Director is primarily to ensure the District is represented at the JPA meetings, to vote on matters brought to the JPA Board, and report back to the District Board on the discussions and outcomes of the JPA Board and Committees meetings. The Alternate assumes the responsibilities of the Director when they are not able to attend the meetings.

To provide enhanced communication between the JPA Board and the District Board, the JPA Interim Administrator and the JPA Director and Alternate meet regularly. The JPA Director will receive key messages or written reports from the JPA Interim Administrator to report out to the District Board. Coordination between the District major policy calendar items and JPA items allow the District Board to provide early input on items before they are presented to the JPA Board.

Director Burgh asked for clarification on the parameters for District Board members attending the JPA meetings as attendees. AGM Patil explained the meetings are held via Zoom format and only the JPA Board Members, key staff and presenters are present on the screen as panelists. All other attendees on the Zoom meeting are considered members of the public. Director Burgh encourages the JPA to provide more transparency by defining who can attend the meetings and encourage other agency Board members to attend.

President Borba asked if an announcement needs to be made if additional District Board members attend the JPA Board meeting. Legal Counsel Doug Coty responded an announcement would not be legally required but in terms of transparency a notification can be provided either verbally at the time of the meeting or recorded in the written reports following the meeting. AGM Patil responded the JPA does not record the names of the public members in the minutes, they only record the number of public attendees.

Director Burgh stated the importance of establishing a protocol and expectation of behavior for attendance at the JPA meetings to eliminate issues in the long run.

Vice President Avila agreed with Director Burgh's comment and said the framework is a work in progress and should be better defined to withstand future personality changes of the JPA Board members; and stated he likes the model the Director of Public Affairs Jennifer Allen uses to report the Legislative Update.

Options for periodic rotation of the JPA Director and Alternate were presented and key items for 2022 JPA Board items were reviewed. The JPA is working on opening a recruitment for an Executive Director and Clerk. President Borba asked why a permanent JPA Administrator is not being considered. AGM Patil responded the Executive Director will take the role as the administrator. President Borba asked if the current JPA Clerk will remain with the JPA until a replacement is found. AGM Patil responded the JPA Clerk has not given an end date and is expected to remain with the JPA until a permanent clerk is found.

President Borba asked for Board comments; Director Holdaway stated she appreciates the verbal report from the JPA Director to the District Board but suggests having a written report with more detail; and recommends the rotation of the JPA Director and Alternate to be every two years like the District's President and Vice President voting term.

Director Martinez stated he would like to be cautious of the full District Board engaging in the JPA meetings and agreed that a rotation is important to allow for all District Board members to participate in the JPA; recommended having a one-year term for the JPA Director and Alternate and allow the JPA Alternate to rotate into the Director position for an additional term. Director Martinez expressed the current JPA communications are fine but does not like the idea of having to announce attendance as a public member and stated the JPA has their own finance system and should not be intermingled with CCWD interests or finances.

Director Burgh expressed he is comfortable with the current procedures of the JPA; expressed there are wonderful benefits that will come out of this project.

Vice President Avila agreed with the rotation concept presented by Director Martinez; stated the proposed rotation has a lot of merit and will allow the alternate to get up to speed before taking over as the Director; stated his interests are in transparency in the implementation of the JPA agreement to ensure check and balances throughout the years. He expressed his vision is to have an Executive Director and major policy calendar in place so that significant items are brought to the District Board prior to the JPA Board. The purpose would be for the District Board to provide clear direction and guidance to the JPA appointed representatives on what positions they should take at the JPA meetings.

President Borba expressed support for the rotation proposed by Director Martinez; would like more communication between the JPA appointed representatives and the District Board to allow for more dialogue and comments on JPA issues; expressed support for having a written summary of the JPA meetings to report to the Board; suggested allowing her to serve an additional year as JPA Director and then rotate out; and expressed support for having the rotation be decided by Board vote. Thanked AGM Patil on her work with the JPA and stated her role is necessary.

General Manager Welch responded the discussion provided good input and staff will move forward with the Board recommendations and provide updates at a future meeting.

10. Schedule Future Meeting Dates and Times

President Borba asked for Board comments, there were none.

REPORTS

11. General Manager

General Manager Welch commented he has read news article regarding pressure being put on Governor Newsom's Administration to take more stringent action on water users; the District is partnering with the California Urban Water Agencies to craft messages to show support and leadership to the Governor. The deadline for the public to submit redistricting submissions has passed and there were no alternate maps submitted. The next redistricting meeting will be held on March 2. General Manager Welch will be on vacation February 7-11, Assistant General Manager Jeff Quimby will be Acting General Manager.

12. Legal Counsel

Legal Counsel Coty had no report

13. Board Members

Director Holdaway reported attending the Finance Committee on January 28.

Director Martinez reported attending a meeting with the Mayor of Antioch on January 27 to go over issues with water agreements.

President Borba reported attending the East Bay Leadership Council (EBLC) Leadership Series on January 20, the EBLC Board Meeting on January 21 and attended two meetings with the General Manager on January 25 and February 1.

CLOSED SESSION

14. Conference with Legal Counsel – Existing litigation pursuant to paragraph (1) of subdivision (d) of Section 54956.9:

- a. Fred Simon v. Contra Costa Water District; Contra Costa Superior Court, Case No. C20-01382; and
- b. North Coast Rivers Alliance v. Marin Municipal Water District; Marin County Superior Court, Case No. CIV2104008

At 8:29 p.m. President Borba announced the Board would move into a closed session regarding two existing litigation cases; the additional attendee was Assistant General Manager Marguerite Patil.

RECONVENE FROM CLOSED SESSION

15. Report on Closed Session

At 8:52 p.m. President Borba announced the Board had returned from closed session and did not take a reportable action.

ADJOURNMENT

At 8:53 p.m. President Borba adjourned the meeting. The next regular meeting of the Board of Directors will be on Wednesday, February 16, 2022 commencing at 6:30 p.m. via teleconference.



Lisa M. Borba, President

Attest:



Veronica Sepulveda, District Secretary

From: [Karen Ustin](#)
To: [Veronica Sepulveda](#)
Cc: [Steve Welch](#)
Subject: Communication to the Board for February 2 Meeting
Date: Tuesday, February 1, 2022 1:24:32 PM

Hi, Veronica - I am requesting that the following be provided to the Board and read into the record at tomorrow night's Board meeting. Thanks, Karen Ustin

President Borba; Members of the Board - I am a retiree of the District, who served as Finance Director for nearly 10 years; I am also a treated water rate payer.

As I reported in December, the District is being very short-sighted in its approach to retiree cost of living adjustments. Every other major retirement system active in the Bay Area provides for such adjustments on a formula- driven basis tied to CPI. That is the "best practice" approach, which provides for fair and reasonable financial planning by agencies, retirees and employees. CCWD is virtually alone in proposing that COLAs be essentially zero going forward.

My key points are:

- 1) The District has the financial capacity to address the cost of a reasonable retiree COLA assumption without additional rate impacts or employee contributions. This is evidenced by the additional reserve build-up of more than \$67 million shown in the current 10-year CIP, and the huge reduction in debt service, which is already built into current rates at over \$50 million annually.
- 2) Classic employees are currently paying 40% of normal cost into the retirement plan, and PEPRA employees are paying 50%. Over time, as classic employees retire, there will be a full transition to PEPRA employees paying 50% of normal cost.
- 3) A zero COLA philosophy will substantially impact the District's ability to attract and retain top-notch employees, who are more likely to go to agencies with reasonable retiree COLA provisions and classic employee contribution rates. Is CCWD really not valuing it's employees adequately? The loss of trust and morale simply is not worth overlooking the District's most valuable asset - it's work force.

I would propose that retired CCWD financial professionals be asked to help formulate an interest-based, balanced and reasonable pension funding plan to address the additional cost of including a COLA assumption in future actuarial studies. Personally, I would volunteer to participate in this effort. The current approach, I fear, is short-sighted, and not in the best long-term interests of CCWD and its ratepayers, not to mention current employees and retirees.

Respectfully,

Karen Ustin

[REDACTED]
Pleasant Hill
[REDACTED]

Received February 1, 2022 at 5:28 p.m.

Feb. 1, 2022

Board of Directors
Contra Costa Water District

Dear Directors,

CCWD's retirement fund has fared quite well in recent years due to investment gains and good management. Prior to December 2020, the District had a long history of annual retirement COLAs when the fund performed well.

Now retirees are hearing that you are moving quickly to eliminate future COLAs for existing retirees. This is a terrible idea that would allow inflation to seriously erode pension values over time. The result would be a major reduction in many retirees' standard of living as they face the inevitable expenses of aging.

It's alarming that you would seriously consider this unnecessary idea. Is there no one on your management team who can think creatively and come up with workable solutions to prevent such a draconian measure? Past management was not perfect, but they always seemed to find ways to work out issues while avoiding harsh outcomes.

As employees of CCWD, retirees were required to invest a substantial portion of their salaries in the retirement fund. The understanding was that our required investment would pay off in the form of a pension that mostly kept up with inflation through annual COLAs.

If you eliminate the long-standing practice of COLAs, you will unnecessarily pull the rug out from under the many retirees who left the District believing they had relatively solid (not shrinking) pensions they could count on.

Since your Dec. 8, 2021 meeting, you obviously have been unable to make good progress on resolving this issue. So rather than rush toward the worst solution possible, why not pursue a new approach to finding a good solution? Perhaps your management team could reach out to other agencies that have been successful at continuing retiree COLAs to learn how they're doing it. You may get some good ideas from those agencies. You may even find out that your problem is not as difficult to resolve as it seems. Wouldn't that be nice?

Sincerely,

Gina Oltman
CCWD retiree, 2016

From: [Antonio Rocha](#)
To: [Veronica Sepulveda](#)
Subject: Communication to the Board for February 2, 2022 Meeting
Date: Wednesday, February 2, 2022 10:48:37 AM

Veronica, could you please have the following letter read into the record at today's Board meeting?

My name is Antonio Rocha and I am a retiree of the District having worked there for 26 years. I am also a CCWD customer.

At the previous meeting at which the retiree COLA was discussed I had a letter read into the record as did many other retirees. I am disappointed to learn that the suggestions of the retirees were not taken into consideration and the Board is considering a policy of no COLA's. These are some points I would like to make.

- 1) These are times of increasing inflation and interest rates. The District is earning a higher rate of return on the retirement fund and has the financial resources to implement a COLA.
- 2) Many of us have been retired for years and some of us depend on our pension for most of our income. With increases in prices and no increase in COLA we may find it difficult to make ends meet.
- 3) We retirees paid into the retirement system with the understanding that the District would invest our funds and pay the stated pension with adjustments for cost of living based on the Bay Area cost of living index. This has been the case for the past 20 years of my retirement. The District is proposing to break this understanding and break the trust between retirees and District.
- 4) While this proposed policy will adversely affect long time retirees, if implemented and continued it will also adversely affect new and future retirees, as they see their purchasing power dwindle through the years.
- 5) Lastly, a no COLA policy for retirement benefits appears to indicate that though we contributed to the success of the District over many years, the District apparently does not value that effort.

I respectfully ask that the Board reconsider this proposal and research a plan which will fund a COLA for all retirees.

Thank you,
Antonio Rocha

[REDACTED]
Martinez
[REDACTED]

From: [Ratch Reshaw](#)
To: [Veronica Sepulveda](#)
Subject: Communication w/Board of Directors for 2/2/22 mtg
Date: Wednesday, February 2, 2022 2:03:45 PM

Dear Board Members,

I retired from CCWD 6 months ago after 30 years of service. For 30 years, I didn't have to guess what color shirt I would wear to work. I proudly wore orange!! I'm grateful to have worked with so many excellent people over those years, and I enjoyed going to work everyday. I loved my job. CCWD felt like family, and I still keep in touch with many of my former supervisors & coworkers. So, it really saddens me to hear that part of my 'family', the Board of Directors, is considering ending retiree COLA.

Admittedly, I knew when I retired that a COLA wasn't guaranteed, but the District has shown kind consideration to their retirees for years. And CCWD has been doing well. Reserve's are up, and debt is down. That took a joint effort of the entire CCWD family, and now it feels that those of us who helped contribute to that success are being overlooked or even ignored, when it comes to sharing in that success.

I needn't go on as to how eliminating retiree COLA will discourage excellent employees from remaining at CCWD for their entire career, or prevent attracting such ones to begin with. In the past, CCWD's retirement package has attracted many first-rate workers from other agencies. It would be a shame to see that end, or for CCWD to move backward in its goal to be a World Class Utility.

Please, make the right decision for our 'family', and establish a COLA for retirees. Thank you for your consideration in this matter, and may you all be well...

Sincerely,

Ratch Reshaw

--

Ratch

Received February 2, 2022 at 2:23 p.m.

President Borba, Members of the Board,

I understand the Retirement Committee may consider eliminating future cost of living adjustments for retirees at the Contra Costa Water District.

When I attended a Board Meeting in December, members of the Board assured us they would find a way out of this unique issue and asked for patience.

As stated in the meeting's minutes:

- Director Martinez expressed the decision is difficult but stated the Board is committed to finding a solution.
- Vice President Avila expressed appreciation for the retiree's contributions to the District, understands it is a tough decision, and is committed to finding a resolution in a timely manner.
- Director Holdaway expressed appreciation for the retiree's service and commitment to the District, stated the Board will work together to find a solution.
- President Borba concurred with the Board comments, stated COLA's have been a long-standing issue but ensured the Board is committed to finding a solution.

A possible freeze of the COLA is not the solution I expected to hear.

As you well know, retirees have not received a COLA this year, at a time when the Consumer Price Index in the Bay Area is the highest in more than 25 years. There was no increase last year.

This is affecting retirees' livelihoods.

Other Bay Area public agencies do not seem to have this issue. The District remains financially sound, the retirement fund is healthy.

The Turlock Irrigation District, which is similar to CCWD in budget, number of employees and has a self-funded pension, granted employees a 2.5 percent COLA for 2021. CalPers participants are receiving a COLA increase, EBMUD retirees received a COLA increase seven months ago, Social Security is increasing by 5.9

percent this year.

Yet, CCWD cannot do the same?

Like most employees, I based my career decisions on the reputation of the organization I was working for. Dependable benefits, including the pension, are among the reasons I chose to work at CCWD for nearly 17 years. My retirement plans were based on the District's reputation and performance.

I - and all employees - made healthy financial contributions to this plan. Some employees were able to buy extra service years in the pension, an investment that they will now deeply regret.

Yet the Board has been reckless with the fund at times. While I worked at the District, one year the Board granted the General Manager a 10-year service extension to his pension rather than a pay raise. As I understand this scheme, this clever lifetime compensation package allowed the GM - the highest-paid employee - to leapfrog to nearly the maximum pension benefit when he retired. The GM received a healthy unearned lifelong raise, did not need to publicly report it as a raise to his salary, and it was all funded by the pension fund that today is under some undefinable threat.

I still find it extremely difficult to believe that the PEPRA Act passed in 2013 - as mentioned in the agenda docket in December - should have an impact on the fund or its ability to provide COLAs nine years later. Why don't other agencies have this problem?

Finally, I worry about the future of the District. Knowing the pension fund COLA is capped, I believe the District's talented employees will begin leaving and the top prospects the District traditionally attracted will look elsewhere.

I worked with many remarkable people, and I cannot imagine where the District would be today without their unique contributions. Erosion of the workforce doesn't help the District or the public it serves.

While I was employed by the District, employees voted to remain with the CCWD pension plan rather than transfer the funds and administration to CalPers. They placed their trust in the Board of Directors. Ensure that faith was not misplaced and do not freeze the COLA.

Sincerely,

Jim Freschi