

**CONTRA COSTA WATER DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING  
March 20, 2019**

**MINUTES**

***CALL TO ORDER***

President Borba called to order a regular meeting of the Board of Directors of the Contra Costa Water District (District) at 6:31 p.m., at 1331 Concord Avenue, Concord, the regular meeting place of the Board.

***ROLL CALL***

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

Director Boatmun led the pledge of allegiance.

***ADOPTION OF AGENDA***

There were no changes to the agenda, and the Board adopted the agenda by rule.

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

President Borba asked for public comments. There were none.

***CONSENT CALENDAR***

1. Approve Directors' Service/Business and Travel Expenses
  - a. Future Services – March/April 2019

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- b. Expenses – February 2019
  - c. Compensation – February 2019
2. Approve February 20, 2019 meeting minutes.
  3. Approve the warrant register dated March 21, 2019.
  4. Authorize the execution of a 25-year license from Burlington Northern Santa Fe Railway Company to Contra Costa Water District to use an existing railway crossing at North Broadway Avenue in Bay Point for access to the Mallard Pipeline.
  5. Authorize the purchase of Honeywell evoQ4 large treated water meters from Elster AMCO Water, and the purchase of Master Meter Octave water meters from Core & Main, up to a maximum aggregate authority of \$418,000 over three fiscal years starting in FY19.
  6. Authorize increase in authority for the utility relocation agreement with Western Area Power Administration for the Canal Replacement Project, Segments 3 and 4 in the amount of \$53,465.59, for a revised agreement amount not to exceed \$248,465.59.
  7. Authorize execution of a task order in the Construction and Repair Services agreement with GSE Construction Company for the Loop Canal Liner Repairs between Mileposts 30.62 and 31.50 Project in an amount of \$282,939.

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

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

President Borba asked for public comments. There were none.

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

***ACTION***

8. Review update on legislative issues and adopt District positions for the following: AB 533, AB 670, AB 671, AB 1074, AB 1180, AB 1585, ACA 1, SB 134, and SB 669.

Director of Public Affairs Jennifer Allen explained that the state was holding committee hearings. Bills continue to be formed throughout the hearing process and must pass out of the first house by May 31. The May budget revise is expected soon, and Legislators must pass the budget by June 15. On March 14 the Board had its annual state legislative visit, which included Director Boatmun, Mr. Brown, and Ms. Allen. The various meetings included topics regarding the Los Vaqueros Reservoir Expansion Project (Project), state water tax, Bay Delta Water Quality Control Plan, the California WaterFix, and accessory dwelling units.

**SB 669 (Caballero) Water Quality: Safe and Affordable Drinking Water Fund.** The bill is sponsored by the Association of California Water Agencies (ACWA) and proposes establishing a trust as an alternative to a drinking water tax as a funding source for the safe and affordable drinking water program. A one-time infusion from the state budget would be placed in a trust, and the investment interest would provide operation and maintenance funds for communities in need, and the funds would be administered by the State Water Board. It is recommended for the District to take a *Support* position, as this is an alternative to a water tax. The State Water Board needs to conduct an assessment to better understand the problem, necessary funding, and program administration.

**AB 217 (Garcia) Safe Drinking Water for All Act.** The bill was significantly amended on March 19 and now includes several options for funding sources, which were reviewed. Staff needs to complete additional review of the bill and report out to the Board before a position is recommended.

**AB 533 (Holden) Income Taxes: Exclusion: Water Conservation or Efficiency Programs: Water Runoff Management Improvement Program.** The bill would permanently memorialize the exclusion of conservation program rebates being declared as income on state income taxes. It is recommended for the District to take a *Support* position on the bill to encourage customers to participate in conservation programs.

**AB 670 (Friedman), AB 671 (Friedman), and AB 1585 (Boerner Horvath)** are accessory dwelling unit (ADU) spot bills under development. The Board will be provided updates when language is available. It is recommended for the District to take a *Watch* position on these bills until they are further developed.

**AB 1074 (Diep) Accessory Dwelling Unit Construction Bond Act of 2020.** This bill would carry forward a bond measure for the 2020 ballot to authorize \$500 million to fund a state administered program to offset any fees or charges to build ADUs. It is recommended for the District to take a *Watch* position until the bill is further developed.

**AB 1180 (Friedman) Water: Recycled Water.** The bill would require inclusion of a swivel or changeover device for a dual-plumbed system in the State Water Board policy handbook for backflow protection and cross-connection control. The handbook is due to be completed by January 1, 2020. In response to President Borba, Director Avila explained how the manual device functions and noted agencies that approve use of this type of device. It is recommended for the District to take a *Favor* position on the bill.

**ACA 1 (Aguiar-Curry) Local Government Financing: Affordable Housing and Public Infrastructure: Voter Approval.** This would amend the state constitution that requires a two-thirds majority to only a 55% approval rating of voters for the passing of local property tax measures, which includes construction, reconstruction, rehabilitation, or placement of public infrastructure or affordable housing, which includes water infrastructure. It is recommended for the District to take a *Watch* position on the bill and to see if there are potential future impacts to the District.

**SB 134 (Hertzberg) Water Conservation: Water Loss Performance Standards: Enforcement.** This bill cleans up legislation passed last year to fix conflicting language related to water loss accounting and enforcement. The bill would prohibit the State Water Board from imposing liability for water loss except as part of the urban water use objective. It is recommended for the District to take a *Support* position on the bill.

Regarding federal legislative matters, legislation that includes authorization to transfer the Contra Costa Canal system to the District, S. 47: John D. Dingel Jr. Conservation, Management and Receptions Act, was signed by President Trump. The District and U.S. Bureau of Reclamation can begin to work together toward the title transfer.

The Water Infrastructure and Investment for the Nation (WIIN) Act funding for the Los Vaqueros Reservoir Expansion Project and other storage projects has been published but is stalled while the state and federal governments disagree on whether the Shasta Expansion Project will move forward. During the Board state legislative visits, the District encouraged Governor Newsom's staff to move the decision forward, as this is delaying funding for various water storage projects.

Staff asked the Board for comments and questions.

In response to Director Boatman, staff confirmed media reports of Governor Newsom announcing support for a drinking water tax modeled after a previous proposal with up to \$10 per month for large meters, such as commercial and multi-residential meters. Staff said the state legislators plan to negotiate a solution for the funding of the safe drinking water program this year and were noncommittal to provide support of a drinking water tax. The Board discussed the impact from a drinking water tax to the District's ratepayers now and in the future. A discussion ensued regarding the management of the program and accountability for use of program funds.

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

President Borba asked for public comments. There were none.

**MOTION:** Burgh/Holdaway to adopt District positions for the following: AB 533, AB 670, AB 671, AB 1074, AB 1180, AB 1585, ACA 1, SB 134, and SB 669. The motion carried by a unanimous voice vote.

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

9. Receive and comment on the Multi-party Agreement status update.

Mr. Brown said the agenda description inadvertently did not reference the Los Vaqueros Reservoir Expansion Project (Project), and staff will be sure to include it in future agenda items. The Multi-party Agreement (Agreement) was developed over the past several months and was brought to the Board in November 2018 for its approval. The Agreement has been updated to

reflect comments from the Local Agency Partners (LAPs) and associated legal counsel. The Agreement complies with the Board-approved key agreement terms, protects the District's interests, and complies with the Board principles for the Project.

Special Assistant to the General Manager Marguerite Patil said the Agreement was developed through the work and collaboration of Mr. Coty, Principal Water Resources Specialist Dr. Maureen Martin, herself, the LAPs, and their associated legal counsel. The Board approved the key terms of the Agreement in November. The Agreement allows for the collections of local agency funds in support of ongoing critical activities, such as environmental planning and permitting, refinement of the financial performance model, and governance development. The LAPs agreed to pay an equal share of the direct Project funding at this time. These contributions as well as LAP in-kind services will continue to be tracked for a future financial true-up when the LAPs move to a beneficiary-pay cost allocation. If the Joint Powers Authority (JPA) formation agreement is not in place by June 30, 2020, this Agreement will need to be extended.

A status of the partnership development activities was provided. In response to Director Boatman, staff explained that the estimated participation cost was too expensive for East Contra Costa Irrigation District, who would not be able to store water diverted under its own water right in Los Vaqueros. The South of Delta Central Valley Project (CVP) contractors currently participating in the Project development activities decided to participate through the San Luis & Delta-Mendota Water Authority. Six of the LAPs have received authorization to move forward. The remaining three LAPs are scheduled to go to their boards on March 26.

Staff provided a brief overview of the two key terms added to the Agreement since the previous approval in November 2018 and a re-authorization of the agreement with these two added terms will be brought back to the Board at their next meeting.

Alameda County Water District (ACWD) will procure and manage an independent, third-party financial consultant to perform a financial review of the usage fees developed by the District and East Bay Municipal Utility District. The South Bay Aqueduct (SBA) Contractors, which include ACWD, Santa Clara Valley Water District, and Alameda County Flood Control and Water Conservation, Zone 7, will assess SBA capacity and operating constraints and will participate with the District in negotiations with the Department of Water Resources regarding use of the SBA for conveyance. A discussion ensued regarding the possible alternatives to provide water to San Francisco Public Utilities Commission through the Project.

The process to add new partners described in the Agreement was reviewed. Kern Tulare Water District (Kern-Tulare), which is a small irrigation district located in the Central Valley and CVP contractor, has expressed interest in becoming a partner. Vice President Holdaway expressed concerns regarding the location of Kern-Tulare, as the 2004 vote said the Project would not be used to serve water to southern California. Director Boatman asked questions about Kern-Tulare uses of water. Staff reviewed the Kern-Tulare water supply sources and uses. President Borba said in looking at the map and from touring facilities in the Kern area, she personally believes Kern-Tulare is located in southern California, which was concurred by Vice President Holdaway. Director Burgh expressed the need to meet the District's commitments described in

the Board principles and the 2004 advisory vote on the Project to its ratepayers. The Board discussed concerns about the potential customer perception of Kern-Tulare as a potential partner and the possibility to research Kern-Tulare further. President Borba said it is important to respect the commitment to the voters. Staff explained that Kern-Tulare's interest in the Project is being brought to the Board as part of the evaluation of additional partners as described in the Agreement; however, no formal action or consistency determination was requested of the Board at this time. Director Avila said he was not comfortable with adding Kern-Tulare as a partner because of its location. Vice President Holdaway said she believes Kern-Tulare is located in southern California. In response to Director Burgh, Assistant General Manager – Administration Ron Jacobsma explained how the natural drainage of the San Joaquin River occurs. Director Burgh said he believes Kern-Tulare is located in southern California.

The current concept being explored in the development of the Federal Feasibility Report is a recommendation for Reclamation to provide a 25% capital cost share for construction of the Project, which could be justified as non-reimbursable federal funds that would not be billed back to the CVP contractors, as the Project provides significant wildlife refuges and CVP operational flexibility benefits throughout the CVP service area, but particularly South of Delta in the Central Valley. An overview of Reclamation's review process was provided.

Director Avila discussed that when the Project was online there would be a need for regular audits to ensure the LAPs are complying with the terms of the Project agreements in existence at that time related to their use of the expanded Los Vaqueros Reservoir and their operations. Staff said the LAPs will also need to ensure the District is operating the Project facilities according to the terms of the Project agreements. Staff said that the audit process will need to be further developed prior to implementation.

The schedule for the next three months was reviewed.

In response to Director Boatman, staff confirmed that the exhibits included in the Multi-party Agreements, which include the Board principles, have been attached to other previous agreements as well. In response to President Borba, staff said the National Environmental Policy Act environmental document is being prepared jointly with Reclamation and is combined with the California Environmental Quality Act document for the Project. A discussion ensued regarding ownership of future facilities. Director Avila said it is important for there to be a full vetting of facility ownership and impacts to the District's ratepayers. In response to Director Avila, Mr. Coty confirmed the withdrawal provision was consistent with previous discussions and had not changed from the version of the Agreement that the Board considered in November.

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

President Borba asked for public comments. There were none.

The Board acknowledged receipt of and commented on the Multi-party Agreement. The Board asked for the reauthorization of the Agreement with the two additional key terms summarized be provided to the Board as an action item at the April 3, 2019 Board meeting.

***REPORTS FOR DISCUSSION***

10. Committee Report(s):
  - a. Other Post-Employment Benefits Committee Post-Meeting Report (02/22/19)
  - b. Retirement Committee Post-Meeting Report (02/22/19)
11. Future meeting dates and times.

President Borba acknowledged a letter received by the Board from Local 21 regarding the meeting notes from the Other Post-Employment Benefits Committee meeting.

***REPORTS***

12. General Manager

During the state legislative visits, the District reminded legislators that if new accessory dwelling unit fees were waived, existing customers would be financially impacted. Legislators feel it is a potential way to address the housing crisis. As noted in the state legislative report tonight, the draft bills continue to be developed. Mr. Brown complimented Director Boatman for her work and interactions with legislators and their staff throughout the long day of legislative visits.

The updated SWP allocations were released today, and the allocations were increased to 70%. The Colorado River Watershed is also having a good water year.

Mr. Brown reported that Director of Finance Desiree Castello, who has served the District for 20 years, announced her retirement from the District effective June 28, 2019. The Board congratulated her on her pending retirement.

13. Legal Counsel

The District filed a dismissal of a litigation between the District and Bay Cities Paving & Grading resulting from damage to the Muir Siphon Facility by Bay Cities actions as a paving contractor for CalTrans. The litigation has been settled within the parameters previously established by the Board. The District has received a total payment of \$142,000.

14. Board Members

Director Avila reported that he presented a District overview as part of Ms. Patil's Los Vaqueros Reservoir Expansion Project presentation to the Clayton Sons in Retirement on March 7. He met with Mr. Brown on March 8. On March 13 he attended the Operations and Engineering Committee meeting. He participated as a judge and award presenter on March 15 and 16 for the Contra Costa County Science Fair, which included District staff and other water agencies.

Director Burgh did not have a report. He appreciated reductions in overhead costs by distributing the District's annual report electronically. The City of Martinez appointed Eric Figueroa as its new city manager.

Vice President Holdaway reported that she did a podcast interview with *Contra Costa Today's* east county affiliate on March 8. Mr. Brown said the interview link will be included in the Board letter.

Director Boatmun reported that she was asked to participate in the ACWA Nomination Committee for its upcoming elections. The committee meetings were not yet scheduled. She participated in a conference call of a special meeting of the ACWA Executive Committee on March 15. On March 14 she attended the state legislative visits. A Zone 7 Board member has resigned, and Zone 7 will fill the seat through an appointment process.

President Borba reported that she, along with Director Boatmun, attended the March 11 East Bay Leadership Council (EBLC) Water Task Force meeting. She had meetings with Mr. Brown on March 13 and 19. On March 13 she attended the Operations and Engineering Committee meeting. She attended the March 15 EBLC Board of Directors meeting.

**ADJOURNMENT**

At 8:09 p.m., President Borba adjourned the meeting.

The next meeting of the Board of Directors will be a study session on Friday, March 29, 2019 at 8:30 a.m. in the Delta Conference Room located at 2411 Bisso Lane in Concord.

The next regular meeting of the Board of Directors will be on April 3, 2019 commencing at 6:30 p.m. in the Board Room located at 1331 Concord Avenue in Concord.



Lisa M. Borba, President

Attest:

  
Mary A. Neher, District Secretary