

**CONTRA COSTA WATER DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
September 16, 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 6:32 p.m., at 1331 Concord Avenue, Concord, the regular meeting place of the Board.

President Borba announced that the teleconference was being held pursuant to Governor Newsom's Executive Orders. The meeting facilitation procedure was provided.

SAFETY BRIEFING

Mr. Welch provided a COVID-19 safety briefing.

ROLL CALL

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

PLEDGE OF ALLEGIANCE

Director Avila 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. There were none.

CONSENT CALENDAR

1. Approve Directors' Service/Business and Travel Expenses
 - a. Future Services – September/October 2020
 - b. Expenses – August 2020
 - c. Compensation – August 2020
2. Approval of meeting minutes:
 - a. August 12, 2020
 - b. August 19, 2020
3. Approve the warrant register dated September 17, 2020.
4. Approve the terms and conditions of employment with Unrepresented employees, Confidential Unit employees, and the District Secretary for the term of October 3, 2020 through October 2, 2021, including a base salary adjustment of 3.0% effective September 21, 2020.
5. Authorize execution of an amendment to the Untreated Water Renewal and Replacement Study Agreement with Brown and Caldwell for the Los Vaqueros Reservoir Expansion risk assessment for an amount not to exceed \$78,000, for a revised total agreement amount not to exceed \$418,000.
6. Conduct the annual review of the District's Investment Policy as provided under Chapter 7.16 of the Code of Regulations pertaining to financial management.

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

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

ACTION

7. Request for Modified Pressure Service at 2640 Jones Road, Walnut Creek
 - a. Adopt Resolution No. 20-015 designating a Modified Pressure Service Area for 2640 Jones Road, Walnut Creek; and
 - b. Authorize conditional Modified Pressure Service agreements for the six proposed townhomes.

Assistant General Manager – Engineering and Operations & Maintenance Rachel Murphy reviewed the request for modified pressure service at 2640 Jones Road in Walnut Creek, which is a project consisting of six new townhomes that will require fire sprinklers and backflow devices. The District's standard water service pressure cannot be met by the three-story townhomes due to the required backflow devices. The project meets the Board-established modified pressure service area criteria, which were reviewed.

District staff have outreached to the Contra Costa County to discuss its plans for infill and higher density housing for this unincorporated area of Walnut Creek to evaluate future water service needs, which will be included in the upcoming Treated Water Master Plan update. Due to the timing of this development, staff

recommended for the Board to approve a modified pressure service agreement for 2640 Jones Road in Walnut Creek so as not to impact the development schedule.

The Board concurred that the collaborative work with the County and evaluation of future water service needs were good planning and customer service efforts. A discussion ensued regarding redevelopment of this portion of the service area and the modified pressure agreement requirements should new higher-pressure facilities be provided in this portion of the service area in the future.

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

MOTION: Avila/Burgh to adopt Resolution No. 20-015 designating a Modified Pressure Service Area for 2640 Jones Road, Walnut Creek; and authorize conditional Modified Pressure Service Agreements for the six proposed townhomes. The motion was approved by roll-call vote (Ayes: Avila, Boatman, Borba, Burgh, Holdaway; Noes: None; Abstain: None; Absent: None).

8. FY20 Year-End Financial Results and Reserve Allocations
 - a. Authorize a transfer of \$1.0 million from Unrestricted Reserves to the Drought Contingency Reserve;
 - b. Authorize transfer of \$380,000 from Unrestricted Reserves to the Los Vaqueros Reservoir Refill Reserve; and
 - c. Authorize a transfer of \$53,290 from the Emergency Response Reserve to Unrestricted Reserves.

Rate & Financial Analyst Celia Cheung provided the Board with the FY20 year-end financial results and recommended reserve fund allocations. The net Financial Plan benefit for FY20 was \$9.5 million. A review of the results was provided and included a \$2.3 million increase in revenues and a \$7.2 million decrease in expenditures. Staff confirmed that there has been an increase of water usage by residential customers since the beginning of the COVID-19 pandemic. The capital rebudgets of \$8.7 million across 16 programs and projects were reviewed. Rebudgets allow for program and project works to overlap fiscal years and are commonly caused by scheduling constraints and unanticipated delays. Rebudgets do not affect the rates but change the timing of payments for the cash flow of a project.

The Financial Plan benefit allocation recommendations were reviewed and include \$1.0 million to the Drought Contingency Reserve, \$380,000 to the Los Vaqueros Reservoir Refill Reserve, and \$9.1 million retained in operating reserves. The higher operating reserves will provide the District with financial flexibility going into FY21 to mitigate the anticipated financial impacts from the closure of the Marathon refinery in Martinez and the \$30.0 million debt service payment due in October. Updated reserve allocations will be brought to the Board during the mid-year review of the Financial Plan. A review of other reserve allocations was provided.

A review of the financial details for the Phase 2 Los Vaqueros Reservoir Expansion Project was provided, which included budget, expenditures, funding received, and outstanding receivables. The cash reserves as of June 30, 2020 for the project were \$246,000.

The recommended action was for the Board to authorize the three reserve transfers as noted in the staff report.

President Borba asked for public comment. There were none.

President Borba asked the Board for comments. The Board expressed appreciation for the detailed Financial Plan review and commended staff for its continued fiscal responsibility to the ratepayers. The Board acknowledged the benefit of reducing debt service expenditures.

MOTION: Avila/Boatmun to authorize a transfer of \$1.0 million from Unrestricted Reserves to the Drought Contingency Reserve; authorize transfer of \$380,000 from Unrestricted Reserves to the Los Vaqueros Reservoir Refill Reserve; and authorize a transfer of \$53,290 from the Emergency Response Reserve to Unrestricted Reserves. The motion was approved by roll-call vote (Ayes: Avila, Boatmun, Borba, Burgh, Holdaway; Noes: None; Abstain: None; Absent: None).

9. Authorize execution of Amendment No. 2 to the consulting services agreement with Environmental Science Associates for Phase 2 Los Vaqueros Reservoir Expansion Project (Project) environmental planning services in an amount not to exceed \$410,000 for a revised total agreement amount not to exceed \$1,785,000.

At 7:14 p.m. Director Avila explained that he had a conflict of interest related to his business and recused himself from the Board Room.

Mr. Welch explained the amendment was before the Board as an action item because the revised total agreement was higher than the Board's action threshold of \$1 million. Amendment No. 2 to the Environmental Science Associates for the Project would authorize the additional work needed to fulfil the Multi-party Cost Share Agreement Amendment approved by the Board on August 19, 2020.

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

MOTION: Boatmun/Holdaway to authorize execution of Amendment No. 2 to the consulting services agreement with Environmental Science Associates for Phase 2 Los Vaqueros Reservoir Expansion Project environmental planning services in an amount not to exceed \$410,000 for a revised total agreement amount not to exceed \$1,785,000. The motion was approved by roll-call vote (Ayes: Boatmun, Borba, Burgh, Holdaway; Noes: None; Abstain: Avila; Absent: None).

At 7:17 p.m. Director Avila returned to the Board Room.

REPORTS FOR DISCUSSION

10. Committee Report(s):
 - a. Joint Meeting of the Retirement Committee and Other Post-Employment Benefits Committee Post-Meeting Report (08/20/2020)
 - b. Finance Committee Post-Meeting Report (08/28/2020)
11. Schedule Future Meeting Dates and Times

There were no comments on the committee reports. Director Boatmun announced that she has been asked to participate in a statewide task force meeting on September 25.

REPORTS

12. General Manager

The General Manger reported that Association of California Water Agencies (ACWA) plans to present Director Boatmun with a Lifetime Achievement Award at its Fall 2020 Virtual Conference. Due to the water quality currently available in the Delta, the District recently began to take its water at the Middle River Intake. Soon the District will need to start to blend with Los Vaqueros Reservoir water to meet its water quality standards. There were two Local Area Partners that have signed the Amendment No. 2 to the Multi-party Cost Share Agreement. The others will be taking the matter before their Boards over the next several weeks.

13. Legal Counsel

Mr. Coty did not have a report.

14. Board

Director Avila reported that he had attended the September 15 East Bay Leadership Council (EBLC) Water and Environmental Task Force (WETF) meeting. He attended the ACWA Region 5 Board of Directors meeting.

Director Boatmun reported that she had attended the Mayors' Conference on September 3. On September 15 she attended the EBLC WETF meeting.

Director Burgh reported he had received an email from Mr. Leland Frayseth regarding the cost information included on the District's website for the Los Vaqueros Expansion. Director Burgh requested for Mr. Frayseth's email to be attached to the meeting minutes and for staff to reply to Mr. Frayseth.

Vice President Holdaway did not have a report.

President Borba reported that she had two meetings with the General Manager, which occurred on September 8 and 15. She had attended the Operations and Engineering Committee meeting, along with Director Avila, on September 9. She discussed topics from non-CCWD events related to environmental justice, race, equality, and economic recovery after COVID-19 and the possibility of applying them to CCWD.

CLOSED SESSION

15. Conference with Legal Counsel – Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (one case).
16. Public Employee Performance Evaluation as allowed under Government Code Section 54957, Employee: General Manager.

At 7:30 p.m. President Borba announced that the Board would move into a closed session. The first matter pertained to a significant exposure to litigation and did not require announcement of additional attendees. The second matter pertained to a public employee performance evaluation, and there would be no additional attendees.

RECONVENE FROM CLOSED SESSION

17. Report out on closed session.

At 8:23 p.m. President Borba announced the Board did not take a reportable action during the closed session.

ADJOURNMENT

At 8:24 p.m. President Borba adjourned the meeting. The next meeting of the Board of Directors will be a special meeting scheduled at 6:30 p.m. on Wednesday, September 23, 2020 and held via teleconference. The next regular meeting of the Board of Directors will be on October 7, 2020 commencing at 6:30 p.m. and will be held by teleconference.



Constance Holdaway, Vice President, for
Lisa M. Borba, President

Attest:



Mary A. Neher, District Secretary

From: [Jennifer Allen](#)
To: [Mary Neher](#)
Subject: FW: Public records request updated CCWD Construction in Progress (CIP)
Date: Thursday, September 17, 2020 8:35:48 AM

Jennifer Allen

Director of Public Affairs

P 925-688-8041
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CONTRA COSTA WATER DISTRICT

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From: Leland Frayseth <leland.frayseth@gmail.com>
Sent: Saturday, September 12, 2020 12:27 PM
To: John Burgh <studie23@comcast.net>; Jennifer Allen <jjallen@ccwater.com>
Subject: Public records request updated CCWD Construction in Progress (CIP)

Dear Mr. Burgh and Ms. Allen,

This is a California public records request for updated 2020 CCWD Construction in Progress (CIP) pages missing in the 2020 CCWD financial report that was an item on the most recent Finance Committee document and next week's Board meeting agenda.

Attached are images of the 2019 documents that I seek updated to 2020.

Delta Conveyance Joint Powers Authority was using a CIP account but after me shining a light on it through public records requests, DWR said there should be no CIP because there is no construction yet. In August the Delta Conveyance Joint Powers Authority stopped using CIP and moved all those costs to expense.

I do not think CCWD should be using CIP for Los Vaqueros 275,000 AF studies, I raised this with Mr. Brown 4 years ago in a Board meeting and Ms. Borba shut me down.

CIP is rarely used in the private sector, investors won't tolerate it because it masks an entities financial health.

Leland Frayseth
Concerned citizen, CCWD ratepayer, taxpayer

**CONTRA COSTA WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019**

NOTE 2 – CAPITAL ASSETS (Continued)

E. Construction in Progress

Construction in Progress in fiscal year 2019 comprises:

	<u>Expended to Date</u>
Los Vaqueros (LV) Expansion 275TAF Federal/State Studies	\$27,410,799

**CONTRA COSTA WATER DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019**

NOTE 2 – CAPITAL ASSETS (Continued)

At June 30, 2019, the remaining costs for major projects are estimated to be:

	<u>Projected Costs</u>	<u>Estimated Completion Date</u>
Canal Modernization - Main Canal	\$23,786,559	2024
Shortcut Pipeline Improvements - All Phases	10,602,097	2021
Los Vaqueros (LV) Expansion 275TAF Federal/State Studies	7,815,311	2020
Water Treatment Plant - 100 MGD	7,526,143	2021



Treasurer's Report

Contact: Katano Kasaine, Treasurer

Date: August 20, 2020

Item No. 8b

Subject: Treasurer's Monthly Report, July 2020

Summary:

The beginning cash balance for the Delta Conveyance Design and Construction Joint Powers Authority (Authority) at July 1, 2020 was \$723,240. During July 2020, receipts totaled \$6,185,847 representing contributions from the Department of Water Resources, Delta Conveyance Office (DCO) for payment of the Authority's obligations. Total disbursements for the month were \$6,175,847. The ending cash balance at July 31, 2020 was \$733,240.

As of July 31, 2020, the Authority's receivables totaled \$3,816,703 consisting of 13 invoices to the DCO, of which \$3,604,690 was received through August 13, 2020. Various invoices in the amount of \$715,921 were paid out through August 14, 2020, leaving a cash balance of approximately \$3,622,009.

As of July 31, 2020, prepaid expenses and construction in progress (CIP) for the same period were \$198,068 and \$7,616,922, respectively. Costs incurred in fiscal year 2020 that were previously reported as construction in progress through June 30, 2020 have been expensed as the current state of the Delta Conveyance Project does not meet the capitalization criteria of Generally Accepted Accounting Principles. Costs reported as CIP incurred through June 30, 2019 under the California WaterFix Project are currently being evaluated to determine if they meet the capitalization criteria. As of July 31, 2020, total accounts payable were \$3,854,147 and total net position was \$8,510,786.