



MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF DIRECTORS OF
DIABLO WATER DISTRICT
HELD ON JANUARY 12, 2022

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Directors:
Paul Seger
President

Scott R. Pastor
Vice President

Kenneth L. Crockett
Marilyn Tieman
Joe Kovalick

General Manager
& Secretary:
Daniel Muelrath

General Counsel:
Wesley A. Miliband

Due to the current COVID-19 Pandemic, Local Health Orders, and the Governor's Health Orders, the Special Meeting of the Board of Directors of Diablo Water District was held on January 12, 2022 at 2:00 pm via conference call / web as noticed in the posted agenda.

1. Call to Order and Roll Call

The special meeting of the Board of Directors of Diablo Water District (District) was called to order by Vice President Pastor at 2:00 p.m. on January 12, 2022.

Directors Present: Seger, Pastor, Crockett, Tieman, Kovalick

Staff Present: Dan Muelrath, Kait Knight, Jennifer McCoy, Christine Belleci

General Counsel: Wes Miliband (AARLL)

District Engineer: Bill Brick (CDM Smith)

Others Present: Angela Lowery (ISD Liaison), Wing-See Fox (Urban Futures, Inc.), Brandon Kfoury (Urban Futures, Inc.), Juan Galvan (Jones Hall), Nicki Tallman (Oppenheimer), Members of the General Public

- 2. Public Input.** (Anyone present may address the Board of Directors on any subject within the jurisdiction of Diablo Water District. If the subject item is on this Agenda, please hold public comment until the appropriate item).

3. Selection of Bond Finance Team.

Staff Recommendation: Authorize the General Manager to execute not to exceed contracts, in the amount of \$70,000 with Jones Hall, for bond/disclosure counsel and \$6.35 per \$1,000 with Oppenheimer, for underwriting

services, on the upcoming bond refinancing and issuance.

Director Kovalick requested a breakdown of what the services from our Bond team would include. Juan Galvan, Jones Hall, confirmed that their team would handle all legal matters, including but not limited to, document provisions, terms, market, selling and closing. They would also provide an analysis of the federal tax law exemption and provide a negative assurance letter compliant with federal securities laws. Wing-See Fox, Urban Futures, Inc. added that they would also deliver opinions at closing. Nicki Tallman, Oppenheimer, explained she would be underwriting the bond and would assist in setting interest rates and selling the bond for the District, as well as providing feedback on the market. General Manager Muelrath explained that a bond overview would be presented at the regular Board meeting on January 26, 2022.

It was moved by President Seger, seconded by Director Tiernan, and approved by the following vote to authorize the General Manager to execute not to exceed contracts, in the amount of \$70,000 with Jones Hall, for bond/disclosure counsel and \$6.35 per \$1,000 with Oppenheimer, for underwriting services, on the upcoming bond refinancing and issuance.

AYES: Kovalick, Tiernan, Crockett, Seger, Pastor
NOES: None
ABSTAIN: None

4. Contra Costa County Special District Association Elections.

Staff Recommendation: Authorize the General Manager to run for an executive committee at-large position and vote on behalf of the District.

The consensus of the Board was they would like the District to be involved where we can be as much as possible.

It was moved by Director Tiernan, seconded by Director Crockett, and approved by the following vote to authorize the General Manager to run for an executive committee at-large position and vote on behalf of the District.

AYES: Kovalick, Tiernan, Crockett, Seger, Pastor
NOES: None
ABSTAIN: None

5. 2021/22 Project Tracker.

General Manager Muelrath presented the District's major projects and provided updates. Highlights included:

- Solar installation at the office set to begin on January 18, 2022.
- O&M Repair & Rehabilitation CIP plan being reviewed, and final comments being sent back on the draft report, and we expect to see the final report in another month or two.
- Sandmound Consolidation efforts are underway. This includes four mutuals with water quality exceedances. Technical assistance is being provided by the State through RCAC and this consolidation will be offered to the mutuals as a whole – not individually to each customer.
- New Corpyard is on track pending a solution to the PG&E power pole relocation. This is set to break ground late this spring.
- Earthquake retrofits are underway with destructive testing on the ring wall foundation at R2 to investigate it and see what condition the ring is in for the phase two of design and engineering.
- Corpyard VFD replacement will have a pre-construction meeting next week with the expectation that this will be installed by March.
- Fiscal Year 22/23 budget preparation will start once the new rates are adopted, and staff is meeting tomorrow to review the mid-year budget.
- DEI has been moving forward with the 2022 committee meeting kick-off to occur later this month.
- Lawn-to-Garden rebranding is moving forward. CCWD is on board with the District taking this program over.

Director Kovalick asked how many AMI meters were left to be installed for this project. General Manager Muelrath answered that the second order was in, and he anticipated roughly 1,000 meters remained in the changeout program. Kait Knight, Program Analyst, added that the last grant update in November 2021 had it at about 2,000 meters, and once all meters are installed the District will begin public outreach and education.

6. District's Investment Policy.

General Manager Muelrath informed the Board that if their desire was to move forward with divesting from companies that do not align with our environmental policies and initiatives, we will need to allow for a transition out of them.

The Board agreed that the District should invest where values are shared.

Jennifer McCoy, Finance and Accounting Manager, let the Board know that she will be participating in a webinar on this topic to gather more information and insight on this topic. General Manager Muelrath said he would bring this back to the Board for review once more information has been gathered.

7. Water Hardness Operating Permit Fiscal Impacts Update.

Director Tiernan requested that the District reach out to CCWD to find out why these hardness levels are up and what they can do about it. General Manager Muelrath advised that a meeting had been requested earlier this week and that District staff did their own sampling and that the water is truly that hard. Randall-Bold Water Treatment Plant cannot remove hardness – the issue is more so the form that it is in. We are having our engineer team review this to evaluate the financial impact and if it will make more sense to put this money towards wellhead treatment.

Director Kovalick wanted to know if other districts have a hardness threshold of 175 and what their experience has been. His concern was also with how the hardness increase would affect our infrastructure, as well as the taste, odor, and other side effects customers may notice. General Manager Muelrath replied that locally, there are districts with significantly higher hardness and TDS and they do have more end-customer impacts, but he will look into their exact numbers. He also explained that industry documents would say you can taste a difference in water with hardness in the high 100s in a side-by-side tasting; however, it does depend on what you are used to. We fluctuate from the 100s to the 140s and get very few customers noticing a difference. The District will look into potential impacts and bring this back to the Board for review as a possible third-year drought may cause the Delta to get worse with TDS and hardness.

8. Organizational Development Initiatives.

General Manager Muelrath presented to the Board the steps the District has taken towards Organizational Development and the next steps in this transformation.

The Board found this information and direction Staff was going to be encouraging and that they fully support these efforts and direction that the District is going.

9. Land/Aquifer Preservation.

Director Tiernan wanted to know how long the parcel tax assessment would be if we were to explore that route, and General Manager Muelrath advised this would be a 30-year tax assessment based off current customers.

Director Crockett requested clarification on if this would be all current parcels or only new construction. General Manager Muelrath clarified that this would be for all current District customers and may change if we continue considering this option. We would have the option to lower the assessment as new development progresses or keep the assessment the same for current and future customers to use towards additional projects.

Vice President Pastor asked if this could be brought back at a future date with more information, and General Manager Muelrath advised that we probably need to start the conversation now.

President Seger would like the District to explore land trust relationships. General Manager Muelrath did advise that grant funds are typically for completing actual projects and not for preservation purposes only. He added that we could always go the philanthropic route.

Director Tiernan feels that there is money out there and companies that are willing to donate. She would also like to explore that option. General Manager Muelrath asked that the Board loop Staff in if any connections were to be made.

10. Vision for East County Water Management Association.

Vice President Pastor asked what was needed from the Board to reinvigorate this group. General Manager Muelrath told the Board he would try to get a meeting going in May, and revisit with the Board if this attempt is not successful. He will let the Board know if a meeting is to be held, so they can inform their liaison agencies appropriately.

11. Review District Mission.

The general consensus of the Board was to revise our mission statement to reflect our commitment to groundwater sustainability and the environment.

General Manager Muelrath recommended that we bring this back at the next regular meeting to form an ad hoc committee, and Wes Miliband, AARLL, agreed that this was the best course of action.

12. Future Agenda Items.

- Preliminary list of items for the next two months.
- Other items being tracked and awaiting a scheduled date.

13. Next Meetings of the Board of Directors.

- January 26, 2022 Regular Meeting
- February 23, 2022 Regular Meeting
- March 9, 2022 Special Meeting
- March 23, 2022 Regular Meeting

Closed Session

Entered closed session at: 3:39 pm.

14. Closed Session – Conference with Real Property Negotiator.

District Negotiator: General Manager Muelrath

Property of Interest: APNs 028-030-004-7, 028-030-003-9 & 028-030-002-1
(Government Code section 54956.8)

No reportable action.

Open Session

Reconvened open session at: 4:03 pm.

15. Adjournment.

Director Crockett adjourned the meeting at 4:03 p.m.



Dan Muelrath, General Manager/Secretary