



MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
DIABLO WATER DISTRICT
HELD ON JANUARY 26, 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:
A. Miliband

Due to the current COVID-19 Pandemic, Local Health Orders, and the Governor's Health Orders, the Regular Meeting of the Board of Directors of Diablo Water District was held on January 26, 2022 at 6:30 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 President Seger at 6:32 p.m. on January 26, 2022.

Directors Present: Seger, Pastor, Crockett, Tieman, Kovalick
Staff Present: Dan Muelrath, Kait Knight, Jennifer McCoy, Lauren Posada
General Counsel: Wes Miliband (AARLL)
District Engineer: Bill Brick (CDM Smith)
Others Present: Pete Zirkle (ISD Liaison), Wing-See Fox (Urban Futures, Inc.), Brandon Kfoury (Urban Futures, Inc.), Geoff Michalczyk (HF&H Consultants), John Farnkopf (HF&H Consultants), 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. Consent Calendar.

It is recommended by the General Manager that these items, which are expected to be routine in nature and without controversy, be received and acted upon by the

Board without discussion. If any Board member or interested party requests that an item be removed from the Consent Calendar for discussion, it will be considered separately. *The consent calendar may be approved by a single motion to approve, followed by a second and then a call for vote.*

A. Minutes of the Special Meeting of December 15, 2021.

Staff Recommendation: Approve.

B. Minutes of the Special Meeting of January 12, 2022.

Staff Recommendation: Approve.

C. Authorization to Execute Facilities Installation Agreement with Elm Lane Oakley, L.P. for Anton Oakley, Elm Lane Workforce Housing.

Staff Recommendation: Authorize the General Manager to Execute the Agreement.

D. Remote Meeting Access Approval.

Staff Recommendation: Approve remote meeting access for the current agenda.

President Seger pulled item 3D for discussion. General Manager Muelrath explained that this will be a regular consent calendar item to remain in compliance for remote meetings under AB361 until we are meeting in person again. Legal Counsel, Wes Miliband (AALRR), concurred that due to the sunset of Governor Newsom's executive order, this will be a requirement.

It was moved by Director Tiernan, seconded by Director Kovalick, and approved by the following vote to approve the Consent Calendar.

AYES: Crockett, Kovalick, Tiernan, Pastor, Seger

NOES: None

ABSTAIN: None

4. Public Hearing- Proposed Water Rates.

Staff Recommendation: Conduct public hearing.

Public Comment from a resident of Oakley, was announced by General Manager Muelrath, and is attached.

Pete Zirkle, ISD Liaison, introduced himself to the Board as the new liaison from ISD.

Director Tiernan expressed that she thought that the rate study and Prop 218 were done well and addressed outstanding issues.

Director Kovalick commented that the website, videos, and Prop 218 were also well done, and he thanked Staff and the rate consultants for the work done.

President Seger added that he agrees with a job well done, and this was the most in-depth rate study he's ever seen in the District's history.

President Seger closed the hearing.

5. Proposed Water Rates Adoption.

Staff Recommendation: Adopt Resolution Number 2022-01, determining compliance with procedural requirements, making findings and determinations, revising rates for potable water services and meter services and meter rates, amending the corresponding rate and charge schedules of the Diablo Water District, and taking related actions.

It was moved by Director Kovalick, seconded by Director Tiernan, and approved by the following vote to adopt Resolution Number 2022-01, determining compliance with procedural requirements, making findings and determinations, revising rates for potable water services and meter services and meter rates, amending the corresponding rate and charge schedules of the Diablo Water District, and taking related actions.

AYES: Crockett, Kovalick, Tiernan, Pastor, Seger

NOES: None

ABSTAIN: None

6. Financial Reports.

Staff Recommendation: Approve warrant register 2021-12, ACH and wire transactions, and receive the monthly financial statements.

It was moved by Director Crockett, seconded by Director Tiernan, and approved by the following vote to approve warrant register 2021-12, ACH and wire transactions, and receive the monthly financial statements.

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

7. Adoption of Reserve Funds Management Regulation.

Staff Recommendation: Adopt Resolution Number 2022-02, establishing District Regulation 14, Reserve Funds Management.

Director Kovalick commented that this was a well thought out policy.

It was moved by Director Tiernan, seconded by Vice President Pastor, and approved by the following vote to adopt Resolution Number 2022-02, establishing District Regulation 14, Reserve Funds Management.

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

8. Creation of Mission Statement Subcommittee Ad Hoc.

Staff Recommendation: Establish a mission statement ad hoc subcommittee and select two directors to serve on the subcommittee.

Director Tiernan stated that she has had experience with this before and would like to be on the committee.

President Seger nominated Vice President Pastor for the other seat.

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

9. HomeServe Contract Amendment.

Staff Recommendation: Authorize the General Manager to amend the contract with HomeServe to include Sewer Lateral Coverage offerings to all Diablo Water District customers.

Pete Zirkle, ISD, commented that this was the first time he has heard about this coverage and supports the District moving forward on offering this product.

General Manager Muelrath added that this really does help bring another level of customer service and benefits the customer.

President Seger shared that his neighbor had to fix sewer in the street and the repairs cost upwards of \$11,000, which is part of what prompted the District to move forward with researching this.

Director Kovalick would like to move forward with sewer coverage; however, he would like the District to look into negotiating a higher commission from HomeServe than 10%. He does understand other Districts are receiving the same commission allocation and are also undertaking the billing portion for the premiums while the District remains off-bill.

Director Crockett does not feel that the added costs should be put on our customers and was concerned that a higher commission rate would mean an increase to the customer cost. General Manager Muelrath explained this would not affect customer pricing, and we could even see if they would negotiate a lower price point for our customer.

General Manager Muelrath suggested a motion that would allow him to negotiate and execute a contract with HomeServe accordingly.

It was moved by Director Kovalick, seconded by Director Tiernan, and approved by the following vote to authorize the General Manager to negotiate and amend accordingly the contract with HomeServe to include Sewer Lateral Coverage offerings to all Diablo Water District customers.

AYES: Crockett, Kovalick, Tiernan, Pastor, Seger

NOES: None

ABSTAIN: None

10. ACWA Region 5 Board Nomination.

Staff Recommendation: Adopt Resolution No. 2022-03, supporting President Seger's nomination to the ACWA Region 5 Board, and authorizing staff to submit requested forms to ACWA.

Director Tiernan wanted to know how often these elections are held. General Manager Muelrath advised they are held every even year in December, so this would be for the 22/23 term.

It was moved by Director Tiernan, seconded by Director Kovalick, and approved by the following vote to adopt Resolution No. 2022-03, supporting President Seger's nomination to the ACWA Region 5 Board, and authorizing staff to submit requested forms to ACWA.

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

11. 2022 Bond Options.

Presentation was received.

Director Kovalick asked for clarification on the total par amount that we are borrowing and what cash we can use for the projects.

General Manager Muelrath asked what the expected time period would be for potentially refinancing this proposed bond. Wing-See Fox, Urban Futures, Inc., shared that the standard is usually 10 years; however, we can sometimes do a year or two earlier. There are many variants that would determine when the bond can be refinanced.

12. 2022 Update to Voting Wards.

President Seger expressed disappointment with the proposed map and requested to be on the call with the demographer.

Director Tiernan also volunteered to be on the call.

13. Facilities Reserve Charge Update.

District Engineer Bill Brick (CDM Smith) provided an overview of current project cost estimates.

General Manager Muelrath did note that some of the items on the report that showed a significant cost-increase will need to be revisited. He also stated that additional review and input will be sought from the Board at a future meeting.

14. General Manager's Reports.

- Water Supply Charts
- Office Solar Project Update
- New Corporation Yard Project Update
- Water Hardness Follow-Up from Strategic Planning Meeting

General Manager Muelrath did add that the 95% plans for the New Corporation Yard are expected this week.

Director Tiernan commented on the water hardness follow-up and wanted to remind the Board and Staff that Discovery Bay and Brentwood's water is publicly known to be bad and would like for that to be kept in mind.

15. Engineer's Reports.

Pete Zirkle, ISD, commented regarding the water quality on the previous agenda item, stating that he always drinks from the tap and our water is excellent and much better than bottled water. He added that he is impressed by the District's Development Status Report and would appreciate information on how to develop a similar report at ISD.

16. General Counsel's Reports.

None.

17. Directors' Reports.

- Representative verbal reports.
- Other items as needed.

President Seger attended the City of Oakley meeting. He commented that Councilmember Fuller mentioned that development cannot occur on top of an aquifer, and he would be curious to hear more about that. The City also mentioned they would like to incorporate ideas they have heard from the District, such as zero-water landscaping for new development. There was also a public workshop on the Laurel Plaza approval of a fast-food restaurant and car wash.

Director Kovalick attended Contra Costa Water District's Board meeting and the main topic was their HomeServe contract. They provide HomeServe as an option to all customers receiving treated water from their facility.

Director Tiernan reported that the SGMA meeting had pushed the GSP on and it was now out of their hands.

18. Future Agenda Items.

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

Director Tiernan requested that Land Preservation be added on as a future agenda item.

19. Next Meetings of the Board of Directors.

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

Closed Session

Entered closed session at: 9:04 pm.

20. Closed Session – Conference with Legal Counsel – Anticipated Litigation.
(Government Code section 54956.9(b): Two potential cases)

No reportable action.

Open Session

Reconvened open session at: 10:05 pm.

21. Adjournment.

Director Crockett adjourned the meeting at 10:06 p.m.



Dan Muelrath, General Manager/Secretary

Attachment referenced in Item 4 above.

Memorandum

To: Directors

From: Kait Knight, Program Analyst

Re: Customer Response – Prop 218

We received a call from a customer on January 25, 2022, in response to the Public Hearing scheduled for January 26, 2022. I shared with her that under Prop 218, a valid protest would need to be submitted in written form; however, our Board passed a new regulation that all protests should be brought in front of them regardless of validity. That their main objective was a commitment to transparency and that all customer feedback was to be heard. She declined to attend the meeting and to submit her concerns in valid written format. She asked that her concerns be shared with the Board.

The initial complaint was that our Prop 218 notice felt like what ISD had just done to the community. She kept saying that this was a “bill increase” and that it should have been voted on by the public. After lengthy discussion, she understood that this was a rate schedule restructuring and that 66% of our customers are seeing a bill decrease. We discussed that the goal was to be more equitable in our rates, and she concurred that this was more equitable and was the opposite of how she had felt about how ISD handled their new rates. She wanted it on the record that ISD should reconsider their rates.

She also mentioned the Build Back Better funds that City of Oakley is supposed to receive for infrastructure. She would like the District to ask the City to give us money for our infrastructure to offset our rates.