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Directors:
Paul Seger
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Scott R. Pastor
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Kenneth L. Crockett
Marilyn Tiernan
Joe Kovalick

General Manager
& Secretary:
Daniel Muelrath

General Counsel:
Wes A. Miliband

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
DIABLO WATER DISTRICT
HELD ON FEBRUARY 23, 2022

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 February 23, 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 6:30 p.m. on February 23, 2022.

Directors Present: Seger, Pastor, Crockett, Tiernan, Kovalick
Staff Present: Dan Muelrath, Kait Knight, Jennifer McCoy, Nacho Mendoza
General Counsel: Wes Miliband (AARLL)
District Engineer: Bill Brick (CDM Smith)
Others Present: Pete Zirkle (ISD Liaison), Wing-See Fox (Urban Futures, Inc.), Juan Galvan (Jones Hall), Joanne Nghiem (CDM Smith), Josh Chism (Cooperative Strategies), 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).

Pete Zirkle (ISD) informed the board that he and Angela Lowery will be the ISD liaisons for the Recycled Water Ad Hoc Committee.

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. Remote Meeting Access Approval.

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

B. Minutes of the Regular Meeting of January 26, 2022.

Staff Recommendation: Approve.

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

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

4. Bethel Island and Sandmound Voluntary Consolidation Planning and Feasibility Study (Project) – California Environmental Quality Act, Notice of Exemption and Approval of Project.

Staff Recommendation: Adopt Resolution Number 2022-04, Determining the Bethel Island and Sandmound Area Voluntary Consolidation Feasibility and Planning Study (Project) is Statutorily Exempt from the California Environmental Quality Act and Approving the Project.

It was moved by Director Tiernan, seconded by Director Kovalick, and approved by the following vote to adopt Resolution Number 2022-04, Determining the Bethel Island and Sandmound Area Voluntary Consolidation Feasibility and Planning Study (Project) is Statutorily Exempt from the California Environmental Quality Act and Approving the Project.

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

5. Bond Counsel Training.

Staff Recommendation: Receive.

The board received the presentation from Juan Galvan (Jones Hall).

General Manager Muelrath noted that the bond review includes a line-by-line review of our previously audited documents to ensure accuracy and adjust if any changes have been made since the audit was complete.

6. 2022 Bond Update.

Staff Recommendation: Instruct the Bond Team to prepare bond issuance documents for future Board approval.

General Manager Muelrath reminded the board that the Special Meeting, originally scheduled for March 9, 2022, had been rescheduled to March 16, 2022 and that some of the originally proposed dates would also be pushed out.

Wing-See Fox (Urban Futures, Inc.) informed the board that this was a good opportunity for the District to inform the market of all of the green initiatives that the District has been working on. The bond documents will identify this as a green bond.

It was moved by Director Tiernan, seconded by Vice President Pastor, and approved by the following vote for the Bond Team to prepare bond issuance documents for future Board approval.

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

7. LAFCO Special District Seats, Call for Nominations.

Staff Recommendation: If desired, nominate a director from the Board to run for the LAFCO Commission.

Director Kovalick wanted to know what LAFCO was working on and asked if there was any conflict of interest for a board member to serve on LAFCO. He also added that since there was not an actual vacancy, we would have to fight for a seat on LAFCO.

General Manager Muelrath advised LAFCO works with Special Districts as well as city for changes of boundaries and services offered. Every four years a seat comes up - where we normally endorse Mike McGill; this is not what this seat is.

Wes Miliband (Legal Counsel) advised that there is generally no conflict of interest, and this is a good opportunity for the voice of the District to be heard.

Director Tiernan expressed interest in running for the LAFCO seat as she felt it was important to have the District's voice heard.

It was moved by Director Kovalick, seconded by Vice President Pastor, and approved by the following vote to nominate Director Tiernan to run for a regular seat on the LAFCO Commission.

AYES: Crockett, Kovalick, Pastor, Seger, Tiernan

NOES: None

ABSTAIN: None

8. Art on District Reservoir.

Staff Recommendation: Assign two Board members to the Reservoir Artwork Ad Hoc Subcommittee.

General Manager Muelrath informed the board that the city will be involved in the process of art design review for the reservoir. The city does have grant funds, but they are earmarked for other programs.

Director Crockett and Vice President Pastor both expressed an interest in serving on this ad hoc committee.

President Seger added that he had reached out to a member of the Miwok tribe, and that they would be interested in participating in the design process as well.

It was moved by Director Kovalick, seconded by Director Tiernan, and approved by the following vote to assign Director Crockett and Vice President Pastor to the Reservoir Artwork Ad Hoc Subcommittee.

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

9. Financial Reports.

Staff Recommendation: Approve warrant register 2022-01, 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 2022-01, ACH and wire transactions, and receive the monthly financial statements.

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

10. O&M Repair and Rehabilitation Capital Improvement Plan.

Presentation by Bill Brick (CDM Smith) was received.

Director Kovalick asked if we are truly showing \$18m of infrastructure needing replacement right now.

Bill Brick explained there was an initial list of items that General Manager Muelrath was made aware of that were identified early on.

General Manager Muelrath explained a lot of time was spent evaluating the backlog and described the backlog as minor in the grand scheme of things as some items land on this list but still have life left to them, and some are already budgeted for in the next 5–10 year CIP.

President Seger expressed appreciation that the District has taken this initiative to evaluate and plan for repair and replacement to set the District up for success in the future.

11. Fiscal Year 2022/23 Budget Planning Workshop.

President Seger asked for clarification on the backlog of light-duty electric trucks.

General Manager Muelrath confirmed that Ford is the only viable light-duty truck, and that they are currently backlogged on production. We are brainstorming with managers on how we can bypass the national backlog and reach out directly to vendors and getting ourselves in the queue.

President Seger also inquired about groundwater use and if we are going to move forward with using the wells despite not having upgraded them to the higher water quality as desired in the long run by the board.

General Manager Muelrath said he will be bringing forward a water supply and water demand projection for the year at the March meeting, and showing fiscal impacts of not running the wells, and what expected costs would be. So far it has cost the District \$700k, and this has also been disclosed in our bond documents.

12. 2022 Update to Voting Wards.

Map scenarios were received by demographer Josh Chism (Cooperative Strategies).

Director Tiernan shared that this only allowed us to consider the 2020 Census Data when drawing map lines, which is difficult, especially with the continuing growth down East Cypress.

Josh Chism did confirm that we are constrained to using census data and census blocks. He further explained that we can use census blocks to get through parceling. If a census block runs through the center of a parcel, we will need to adjust the map.

General Manager Muelrath did highlight that general demographic trends have remained the same for the most part over the past few years. He informed the Board that the March 23rd Regular Board meeting would be the absolute deadline; however, he would prefer the board hone it down to a preferred scenario to bring back to the Special Board Meeting on March 16th for final approval.

There was much discussion among the board regarding the variables for the maps, but the general consensus was for the demographer to bring back Map Scenario 4 in as near exact format as shown for final approval.

13. 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 noted that the Central Valley Project (CVP) updated their allocations today, and that he would be bringing back water projections at the next board meeting. The Shasta reservoir is in worse condition than last year; however, the snowpack is in a better condition than last year. Recommendations for a shortage declaration will also be made soon.

Office Solar is nearing completion. This is not a traditional solar installation, and the rewiring is taking a while.

A letter of support will be written for AB 2142, which would provide clarity on the District not needing to 1099 customers who take advantage of water conservation rebates (such as turf to garden).

General Manager Muelrath also added that he is now serving on the executive committee for CCSDA as a member at large, and that he will keep the board informed and engaged.

14. Engineer's Reports.

Bill Brick District discussed the District Engineer Standards Update. CDM Smith has processed and received comments on the new standards update that will be posted online and available for contractors and developers to use. The draft will be available to the District within the next two weeks and finalized and posted to the website by the end of March.

He also updated the Board on the Wellhead Treatment Study Update. Have had good discussions with ISD and they are interested in additional information as we talked with vendors. The first draft of the tech memo discussing the different options for treatment has been sent over to the District for review. After, this will be shared with ISD and we will further discuss wellhead treatment options.

The Facilities Reserve Charge and MERA analysis is being further reviewed and will be updated to the board at the regular meeting in March.

15. General Counsel's Reports.

No updates.

16. Directors' Reports.

- Representative verbal reports.
- Other items as needed.

President Seger attended the City of Oakley meetings. He reported that the city is moving forward with waterfront recreational zoning at Big Break Marina that may include retail and apartments. He also commented on traffic study reports regarding McDonalds and Quick Quack and that the city council denied this retail going in. He said there was a lot of public comment and the community seemed excited to be heard. The Strategic Planning Meeting was held, and a lot of good dialogue came from that meeting.

Vice President Pastor shared that the future growth of Jersey Island was the main topic of the ISD board meeting. He added that there has been no involvement with our District regarding providing water services, which raised concerns for Director Kovalick, who inquired if this fell under groundwater protection within the GSP.

General Manager Muelrath explained that Jersey Island is outside of our sphere of influence, but that the District will be looped in for water service discussions in the future.

Pete Zirkle, ISD, added that there have not been any water discussions at this point.

Director Kovalick did not attend the last CCWD board meeting; however, he did review the agenda and the 10-year CIP was on there at \$1.1B – a 7% increase per year for three years.

General Manager Muelrath said this tends to happen and we can make up the rate difference on the pass-through and bill message our customers. President Seger asked if they were using an outdated rate study from 2018 and asked if we were paying for the pumping of the water to Martinez. General Manager Muelrath stated that they weren't using outdated rate studies as CCWD does rate adoptions year-by-year. We should dive in and make sure that we are not paying for the things we are not benefitting from, as we are a large raw water purchaser, and we should be part of the conversation. President Seger requested that we reschedule the Director's dinner between the two districts.

General Manager Muelrath reported on the SGMA meeting for Director Tiernan. The biggest item was the restoration project that the ECC Habitat Conservancy is working on west of Knightsen. We received an overview of the projects in our service area. They also discussed the MOU being finalized and executed for upkeep on annual reports and GSP submittals as needed. They talked about how the County's past practices have led to discussions on things we were not aware of in the past, and how we will be part of the process for things such as abandoning oil wells or drilling. These were great introductory conversations.

Director Tiernan reported on the ad hoc for the Mission Statement. The directors went over the basic spirit of the statement and what they would like to include. The next meeting is scheduled and will include staff from the District.

General Manager Muelrath reported on the new Corpyard. We have submitted our preferences regarding the PG&E power pole relocation and are currently in queue for review. This is not expected to be heard back on for a couple of months. They are also discussing interior branding and exterior signage and will be meeting again next week.

17. Future Agenda Items.

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

General Manager Muelrath reminded the board that the Special Board meeting on March 9th has been moved to March 16th.

18. Next Meetings of the Board of Directors.

- ~~March 9, 2022~~ cancelled
- March 16, 2022 Special Meeting
- March 23, 2022 Regular Meeting
- April 27, 2022 Regular Meeting

General Manager Muelrath stated that board meetings will remain virtual until April due to pre-planned vacations.

President Seger would like staff to make sure we are prepared for the hybrid in-person/remote meetings as it is important to maintain good public relations.

19. Adjournment.

Director Crockett adjourned the meeting at 10:37 p.m.



Dan Muelrath, General Manager/Secretary