



BOARD OF DIRECTORS:
MARILYN M. TIERNAN
PRESIDENT

SCOTT R. PASTOR
VICE PRESIDENT

PAUL SEGER
JOE KOVALICK
JASON SHAW

GENERAL MANAGER:
DANIEL MUELARTH

GENERAL COUNSEL:
WESLEY A. MILIBAND

BOARD SECRETARY:
KAIT KNIGHT

MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF
DIABLO WATER DISTRICT
HELD ON MAY 22, 2024

The Regular Meeting of the Board of Directors of Diablo Water District was held on May 22, 2024 at 6:30 pm at the District's office, 87 Carol Lane, Oakley, California and via conference call / web as noticed in the posted agenda.

1. Call to Order and Roll Call and Pledge of Allegiance.

The regular meeting of the Board of Directors of Diablo Water District (District) was called to order by Director Tiernan at 6:34 p.m. on May 22, 2024.

Directors Present: Tiernan, Pastor, Seger, Kovalick, Shaw
Staff Present: Dan Muelrath, Kait Knight, Nacho Mendoza
General Counsel: Wes Miliband (AARLL)
Others Present: Bill Brick (CDM Smith), Angela Lowrey (Ironhouse),
Members of the 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.

Presentation Items

3. Presentation – Salmon Poaching.

Bud Chaddick

The Board received a presentation on salmon poaching in Marsh Creek from Bud Chaddick, a local fisherman.

The Board expressed a desire to explore potential enforcement authority for the GSA and to consider Board representation at the Marsh Creek Watershed Council meetings.

Action Items

4. 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 Regular Meeting of April 24, 2024.

Staff Recommendation: Approve.

B. Authorization to Execute Facilities Installation Agreement with Meritage Homes of California, Inc. for Subdivision 9615 Machado Improvements.

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

C. Authorization to Execute Facilities Installation Agreement with Civic Summer Lake North for Subdivision 9616 Summer Lake North, Phase 1- Village 1 Improvements.

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

D. Authorization to Execute Facilities Installation Agreement with Civic Summer Lake North for Subdivision 9617 Summer Lake North, Phase 1- Village 2 Improvements.

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

Director Seger pulled items 4C and 4D for further discussion.

It was moved by Director Seger, seconded by Director Shaw and approved by the following vote to approve items 4A and 4B of the Consent Calendar.

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

Director Seger inquired about the FIA process and entitlements, highlighting concerns that the developer has constructed only a 100-year levy, which would not adequately protect District assets in the event of a breach.

General Manager Muelrath advised that the FIA locks in District Standards & Specs. Levy protection is built into the FRCs paid by developers and these fees are not locked into the FIA agreement date.

It was moved by Director Shaw, seconded by Vice President Pastor and approved by the following vote to approve items 4C and 4D of the Consent Calendar.

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

5. Financial Reports.

Staff Recommendation: Approve warrant register 2024-4, ACH wire transactions for April 2024, and receive the monthly financial statement for March 2024.

It was moved by Director Shaw, seconded by Director Seger, and approved by the following vote to approve warrant register 2024-4, ACH wire transactions for April 2024, and receive the monthly financial statement for March 2024.

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

6. Authorization to Mail Prop 218 for the District's Well Systems.

Staff Recommendation: Authorize the mailing of Prop 218 notifications for the proposed rate increase to the District's Well Systems.

It was moved by Director Seger, seconded by Director Shaw, and approved by the following vote to authorize the mailing of Prop 218 notifications for the proposed rate increase to the District's Well Systems.

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

7. Rate Pass-through.

Staff Recommendation: Authorize the rate pass-through adjustments in Attachment A effective for July 2024 water bills.

Director Kovalick thought the pass-through should be a more modest option to cover the \$1.5m shortfall discussed at the April board meeting.

General Manager Muelrath advised that the \$1.5m shortfall in this current year compounds annually and was closed this past fiscal year with one-time savings of hiring and project delays. He also highlighted that the District has leveraged \$7.5m in grant funding for District resiliency projects.

The Board engaged in heavy discussion, including the impact of not raising rates during the pandemic, how customer classifications impact the system, and that state regulations will continue to drive down demand while inflationary costs keep rising.

It was moved by Vice President Pastor, seconded by President Tiernan, and approved by the following vote to authorize the rate pass-through adjustments in Attachment A effective for July 2024 water bills.

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

After discussion of Agenda Item 8, Director Seger requested to change his vote. After consultation with General Counsel Miliband, discussion, and with approval of President Tiernan, a new vote was allowed.

It was moved by Vice President Pastor, seconded by President Tiernan, and approved by the following vote to authorize the rate pass-through adjustments in Attachment A effective for July 2024 water bills.

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

Discussion Items

8. **Fiscal Year 2024/25 Draft Budget.**

Director Kovalick asked Staff if the credit card processing fees could be reduced. He also highlighted the major costs of water purchases from CCWD and operating expenses of Randall-Bold Water Treatment Plant.

General Manager Muelrath told the Board that Staff messaging is focused around ACH and bank bill pay which do not cost the District, and is also exploring options and working with the District's billing system to see if fees can be reduced. For the major costs of water purchases from CCWD and operating expenses of Randall-Bold Water Treatment Plant, he explained that these used to account for 40% of the budget and are now at 60% of the budget. He shared that wellhead treatment projects, and other ideas explored at the BlueSky Planning meeting would be brought in front of the Board at the July meeting.

9. **Contra Costa County Local Hazard Mitigation Plan.**

Director Kovalick asked if the dollar amount for the identified mitigation actions would be included in the plan. General Manager Muelrath advised that this has been asked of the County.

10. **General Manager's Reports.**

- Water Supply Charts
- FY 2025 Federal Earmark

General Manager Muelrath provided a report on the current water supply to the Board. Additionally, he updated the Board on the R2 seismic grant status, and that it was on the final federal desk, and if awarded, the goal would be to start construction this fall.

11. **Engineer's Reports.**

- Construction project updates.

Bill Brick, CDM Smith, reported on the status of construction projects.

12. **General Counsel's Reports.**

General Counsel Miliband reported on ongoing litigation pending in Federal court regarding the emergency drought regulations implemented in 2021. Private

companies, which divert water into creeks, had their water diversions curtailed and claimed that the State Water Resources Control Board (SWRCB) didn't go through the legal process to end their water rights. Yesterday, the judge dismissed many of the claims, but did not dismiss the claim concerning the Endangered Species Act.

He also informed the Board about SB 1147, which would require water bottling companies to report microplastic levels in their source water to the state.

13. Directors' Reports.

- Representative verbal reports.
- Other items as needed.

President Tiernan provided updates from the City of Oakley meeting, highlighting that the 55-acre park was approved and the City is seeking grant funding for it.

Vice President Pastor attended the Ironhouse meeting and reported that it was shared that the presidential elections are holding up the grant process. He also reported that the LAFCO meeting was canceled.

Director Seger reported out on the Contra Costa Water District meetings and shared that they passed their budget, reporting that water sales are decreasing and rates will be increasing.

Director Shaw attended the ECWMA meeting and reported out on SB 552 which will require the County to assist small water systems with their groundwater sustainability. The county is recruiting a task force from local GSAs to assist with the unfunded state-mandate. He also reported that the City of Antioch's Desalination Plant should be in commission in a few months. Director Kovalick asked if the District can explore using the RO facility to treat our well water.

14. Future Agenda Items.

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

General Manager Muelrath requested that the Board send all final budget questions to him over the next week to finalize them for the Special meeting on June 12th.

15. Next Meetings of the Board of Directors.

- June 12, 2024 Special Meeting - 2:30 pm
- ~~June 26, 2024 Regular Meeting - 6:30 pm canceled~~
- July 24, 2024 Regular Meeting - 6:30 pm
- August 28, 2024 Regular Meeting - 6:30 pm

Closed Session

**16. Closed Session – Conference with Real Property Negotiations
(Government Code § 54956.8)**

Property Description: Jersey Island located in Contra Costa County
Negotiation: Diablo Water District General Manager Dan Muelrath and
Ironhouse/Reclamation District 830 Representative TBD
Under Negotiation: Terms and Price

No reportable action.

Open Session

17. Adjournment.

Director Tiernan adjourned the meeting at 9:31 p.m.



Kait Knight, Board Secretary

