AGENDA

REGULAR BOARD OF DIRECTORS MEETING
DELTA DIABLO

(a California Special District)

2500 Pittsburg-Antioch Highway | Antioch, CA | 94509
WEDNESDAY, MARCH 14, 2018
4:30 p.m.

Persons who wish to address the board during Public Comment or with respect to an item that is on the Agenda, will be limited to three (3) minutes. The Board Chair may reduce the amount of time allotted per speaker at the beginning of each Item or Public Comment period depending on the number of speakers and the business of the day. Your patience is appreciated. A break or closed session may be called at the discretion of the Board Chair.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. CONSENT CALENDAR

1) **Approve** Minutes of Regular Board of Directors Meeting, February 14, 2018 (Denise Jones)

2) **Approve** Minutes of Special Board of Directors Meeting, February 27, 2018 (Denise Jones)

3) **Receive** Notes from Finance Committee Meeting, March 6, 2018 (Denise Jones)

4) **Approve** District Monthly Check Register, January 2018 (Eka Ekanem)

5) **Receive** First-Half of Fiscal Year 2017/2018 Operating Budget Expenditure Report (Carol Margetich)

6) **Authorize** General Manager to Execute Consulting Services Contract in an Amount Not to Exceed $165,000 V. W. Housen & Associates, Engineering Services, Permanent Brine Transfer Facility, Project No. 18109 (Irene O'Sullivan)

7) **Authorize** General Manager to Execute Construction Services Contract in an Amount Not to Exceed $2,717,000, W. M. Lyles Co.; **Authorize** General Manager or His Designee to Approve Contract Change Orders in an Amount Not to Exceed 10% Of Contract Amount; and **Authorize** General Manager to Execute Amendment No. 2 to Consulting Services Contract in an Amount Not to Exceed $175,164, Carollo Engineers Inc., Primary Clarifier Area Improvements, Project No. 17140 (Sean Williams)

8) **Authorize** General Manager to Re-Open Project, Appropriate $45,618 to Project from Wastewater Capital Asset Reserves, and Close Out Project Upon Payment, SunPower Corporation, Photovoltaic Energy Generation, Project No. 10119 (Irene O'Sullivan)

Note: The District will provide reasonable accommodations for persons with disabilities planning to participate in Board (or committee) meetings who contact the Office Manager/Secretary to the Board at (925) 756-1927 at least 24 hours prior to the scheduled meeting. Note: Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspection at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.

E. **DELIBERATION ITEMS**: *The Board will consider and take action on the following:*

1) **Accept** General Manager Acknowledgement of Government Code Section 7507 Actuarial Report, Retiree Health Benefits, Bartel Associates, LLC (Carol Margetich)

2) **Adopt** Proposed Clarifications in Retiree Health Care Language in Memoranda of Understanding Affecting Employees Represented By the District's Three Bargaining Units (Management Association Bargaining Unit, Operations and Maintenance Bargaining Unit, and Professional and Technical Bargaining Unit) and Similar Clarifications for Unrepresented Employees; **Approve** Side Letters to Memoranda of Understanding for Management Association Bargaining Unit, Operations and Maintenance Bargaining Unit, and Professional and Technical Bargaining Unit that will Include Clarifications for the Duration of the Memoranda of Understanding; and **Authorize** Budget Adjustment in the Amount of $41,000 for the Increased Annual Actuarially Determined Contribution (Carol Margetich)

3) **Review** Proposed Sewer Service Charge Increases, Set Public Hearing for May 9, 2018, and **Authorize** Distribution of Proposition 218 Notices (Carol Margetich)

4) **Adopt** Administrative Handbook Policy No. 1060 – *Sustainability* (Dean Eckerson)

F. **PRESENTATIONS AND REPORTS:** *The Board may consider and take action on the following:*

Receive Annual Report on Public Information Program (Angela Lowrey)

G. **MANAGER'S COMMENTS**

H. **DIRECTORS' COMMENTS**

I. **CORRESPONDENCE**

Receive Monthly Lobbyist Report dated February 2018, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024 (Jayne Strommer)

J. **CLOSED SESSION**
None

K. **ADJOURNMENT**
The next regular monthly meeting will be **Wednesday, April 11, 2018, at 4:30 p.m.**

Note: The District will provide reasonable accommodations for persons with disabilities planning to participate in Board (or committee) meetings who contact the Office Manager/Secretary to the Board at (925) 756-1927 at least 24 hours prior to the scheduled meeting. Note: Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspection at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.

ITEM D/1

March 14, 2018

APPROVE MINUTES OF REGULAR BOARD OF DIRECTORS MEETING, FEBRUARY 14, 2018

RECOMMENDATION
Approve Minutes of the Regular Board of Directors Meeting of February 14, 2018.

DRAFT
Minutes of the Regular Board of Directors Meeting
DELTA DIABLO
February 14, 2018

The meeting was called to order by Chair Glover on Wednesday, February 14, 2018, at 4:41 p.m., in the Board Room, located at 2500 Pittsburg-Antioch Highway, Antioch. Present were Directors D. Pete Longmire and Sean Wright, and Chair Federal Glover. Also present were Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Mike Bakaldin, Deputy General Manager; Denise Cappucini Jones, Office Manager/Secretary to the Board; Dean Eckerson, Resource Recovery Services Director; Amanda Roa, Environmental Programs Manager; Thanh Vo, Senior Engineer; Joaquin Gonzalez, Operational Services Manager; Steve Rodriguez, Operations Supervisor; Matt Gotshall, Computer Analyst/P&T Bargaining Unit Representative; Nick Steiner, Recycled Water Program Coordinator/P&T Bargaining Unit Representative; and Angela Lowrey, Public Information Manager.

PUBLIC COMMENTS
None

CONSENT CALENDAR
Director Wright moved approval, seconded by Director Longmire and by unanimous voice vote *(*Ayes: *Longmire, Wright* and *Glover;* Noes: *None;* Absent: *None)*, the Board approved the following Consent Calendar according to staff recommendations: Approve Minutes of Regular Board of Directors Meeting, January 10, 2018; Approve District Monthly Check Register, December 2017; Receive Notes from Finance Committee Meeting, February 6, 2018; Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed $140,500, Drake Haglan & Associates, Engineering Services, Sodium Bisulfite Tank and Chemical Building Replacement, Project No. 17139; Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed $425,000, Engineering Services, Treatment Plant Electrical Switchgear Replacement, Project No. 17120; Accept and Authorize General Manager to File Notice of Completion, GSE Construction Company, Inc., Primary Clarifier Effluent Pipe and Slide Gate Replacements, Project No. 17121; Authorize General Manager to Execute a Construction Services Contract in an Amount Not to Exceed $1,044,257, Clyde G. Steagall, Inc.; and Authorize General Manager or his Designee to Approve Contract Change Orders in an Amount Not to Exceed 10% of Contract Amount, Recycled Water Facility Emergency Backup Generator, Project No. 15126; Authorize General Manager to Execute Amendment No. 1 to Consulting Services Contract in an Amount not to Exceed $36,000, Collison Engineering, Zeolite-Anammox Pilot, Project No. 17123; Authorize General Manager to Execute Materials Procurement Contract in an Amount Not to Exceed $70,166, Alan Pre-Fab Building Corporation; Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed $50,000; and Authorize General Manager or his Designee to Approve Contract Change

Orders in an Amount Not to Exceed 10% of Contract Amount, Recycled Water Facility Analyzer Room Installation, Project No. 10187; Accept and Authorize General Manager to File Notice of Completion, SAK Construction, LLC, Antioch Force Main 102 Repair, Project No. 18122; and Accept and Authorize General Manager to File Notice of Completion, GSE Construction Company, Inc., Tower Pump Station Rehabilitation, Project No. 13106.

DELIBERATION

Approve Updated Administrative Handbook Policy No. 3020, *Investment of District Funds*

Ms. Margetich reported on the primary objectives of the District's Investment Policy. The District's investment strategy provides for diversification of investments with $40.1 million in LAIF and other liquid accounts, and $5.0 million managed by the District's investment Advisor, PFM Asset Management (PFM). A Cash Use breakdown was shown indicating Operating Reserves of $10.5 million and a further breakdown for Advanced Treatment, Current Liabilities, Miscellaneous Uses, and Cash Needed to Fund the Operating and Capital Budget prior to revenue collection, for total cash investments of $45.1 million.

No required changes were identified in PFM's review; however, staff is proposing minor modifications related to updating language for clarification and adding Joint Powers Authorities (JPAs) as an allowable investment option.

Director Longmire moved approval, seconded by Director Wright, and by voice vote (Ayes: *Longmire, Wright and Glover* Noes: *None*; Absent: *None*) the Board approved the updated Administrative Handbook Policy No. 2013, *Investment of District Funds*.

PRESENTATIONS AND REPORT

East County Bioenergy Project Update

Ms. Roa provided an update on the project. Site improvements at Mt. Diablo Resource Recovery (MDRR) Park include building expansion and installation of a press and polisher that will produce an organic slurry to be transported to the District's wastewater treatment plant and fed to the digesters. Ms. Roa outlined the process and the existing and proposed new equipment that will be utilized at the District. Chair Glover asked if it will be necessary to add additional staff, and Ms. Roa responded that staff is evaluating that now and the addition of an operator and mechanic may be necessary. Chair Glover asked how many trucks per day would deliver slurry, and Ms. Roa responded that the estimate is between 10 to 14; however, more trucks coming to the District means fewer trucks going to other locations.

MDRR and the District are each completing respective 30% designs, which will include guaranteed maximum price proposals from Anaergia. At present, the estimated capital costs for MDRR and the District are estimated at $15 million and $28 million, respectively. Ms. Roa highlighted key activities, including the air permit application, the PG&E interconnection application, and current efforts to develop term sheets for the feedstock supply and design-build agreements. Staff is continuing to refine a robust financial model to ensure that the District would be protected under various scenarios.

Chair Glover thanked Ms. Roa for her informative presentation. He believes this project will be a great benefit to the rate payers. The Board received and filed the Report.

MANAGER'S COMMENTS
Mr. De Lange reported on recent National Pollutant Discharge Elimination System (NPDES) permit compliance challenges and staff's dedicated efforts to address the plant conditions. He reported that the District's semiannual NPDES permit site inspection was conducted today and staff anticipates a positive report.

Mr. De Lange reported that Deputy General Manager, Mr. Bakaldin, has announced his retirement from the District. Mr. Bakaldin has been a tremendous asset to the District over the past five years and he will be missed.

Mr. De Lange noted that the Board will be attending the California Association of Sanitation Agencies (CASA) Policy Forum conference in Washington, D.C. to directly support the District's efforts to secure federal support for its projects.

DIRECTOR'S COMMENTS
Director Longmire commended Ms. Margetich and Ms. Roa on very informative presentations. He anticipates working with his colleagues in Washington, D.C. on important issues. Legislators have been very excited to hear about the District's public-private partnership project. He encouraged all Board members to attend the meetings. Director Longmire thanked Mr. Bakaldin for his service and wished him the best of luck in his future endeavors.

Director Wright wished everyone a Happy Valentine's Day.

Chair Glover complimented the presentations by Ms. Margetich and Ms. Roa. He feels Delta Diablo is moving in the right direction on many fronts, recognizes the team effort, and expressed his appreciation for everyone in the organization. He extended his congratulations and best wishes to Mr. Bakaldin on his retirement.

CORRESPONDENCE
Receive Monthly Federal Report dated January 2018, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024
The Board received and filed the report.

CLOSED SESSION
None

ADJOURNMENT
Chair Longmire adjourned the meeting at 5:31 p.m. The next regular meeting of the Board of Directors will be on Wednesday, March 14, 2018, at 4:30 p.m.

D. Pete Longmire
Board Secretary

(Recording Secretary:

Denise Cappucini Jones)

ITEM D/2

March 14, 2018

APPROVE MINUTES OF SPECIAL BOARD OF DIRECTORS MEETING, FEBRUARY 27, 2018

RECOMMENDATION
Approve Minutes of the Special Board of Directors Meeting of February 27, 2018.

DRAFT
Minutes of the Special Board of Directors Meeting
DELTA DIABLO
February 27, 2018

The meeting was called to order by Chair Glover on Tuesday, February 27, 2018 at 10:34 a.m. at the office of Federal Advocates, 1666 K Street NW, Suite 1110, Washington, D.C. Present were Directors Federal Glover, D. Pete Longmire and Sean Wright. Also present was Vince De Lange, General Manager, Delta Diablo.

PUBLIC COMMENTS
None

Chair Glover adjourned the meeting until 11:00 a.m. due to a schedule change in the meeting with Federal Advocates.

BRIEFING WITH FEDERAL ADVOCATES, 1666, K STREET NW, SUITE 1110, WASHINGTON, D.C., 11:00 A.M. – 12:30 P.M.
The briefing with Federal Advocates was attended by several of their staff, including Michael Esposito, Nick Tobenkin, Chris Carney, Ben Odendahl, Michael Stroud, Jim Kiley and John Lopez.

Following introduction of Federal Advocates staff and their backgrounds, the group discussed the meetings planned for that afternoon, including logistics, anticipated attendees, and messaging. Delta Diablo's specific interest is in increasing awareness to Congressional Members on the East County Bioenergy Project (ECBP) and identifying potential federal funding opportunities.

Mr. De Lange noted that the meetings with the Representative's offices will also include members from California Association of Sanitation Agencies (CASA) addressing additional industry-wide priority issues, and he may have limited time to discuss Delta Diablo's ECBP. Federal Advocates will follow up with staff for both Representative DeSaulnier and Representative McNerney to ensure they are aware of the ECBP.

Federal Advocates discussed infrastructure legislation status, and addressed highlights of the Trump Administration's recently released infrastructure proposal. They noted the section on the "Transformative Projects Program," which includes a goal of supporting innovative and transformative infrastructure projects across a variety of sectors. They also stated that because the ECBP is a public-private partnership, it aligns well with the Administration's priority for highly-leveraged projects (private investment with state and local public investment).

Director Wright acknowledged the need for increased funding for California, which currently has a backlog of projects seeking funding through the Clean Water State Revolving Fund (CWSRF), and is known as a donor state to the federal government because it receives approximately $0.75 for every $1 paid in federal taxes. Federal Advocates agreed with this concern and stated its intent to work with Congress to seek removal of state caps on funding for certain infrastructure projects.

Federal Advocates also proposed that ECBP representatives from both Delta Diablo and Mt. Diablo Resource Recovery make a follow up visit to Washington, D.C. in April or early May.

MEETINGS WITH CONGRESSIONAL MEMBERS REGARDING KEY PRIORITIES – INFRASTRUCTURE POLICY AND FINANCING, EXTENSION OF NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM PERMIT TERMS TO 10 YEARS, REGULATORY REFORM, AND DELTA DIABLO EAST COUNTY BIOENERGY PROJECT

The meeting with Congressman Mark DeSaulnier's staff was called to order by Chair Federal Glover at 1:00 p.m. at the Cannon House Office Building. The meeting was held with Andrew Perlstein, Legislative Assistant for Congressman DeSaulnier. Present were Directors Glover, Longmire, and Wright. Also present were Vince De Lange, General Manager, Delta Diablo; Jayne Strommer, Government Affairs Manager, Delta Diablo; Emily Barnett, Central Contra Costa Sanitary District (CCCSD); Mike McGill, CCCSD; Dwight Merrill, Stege Sanitary District; Audrey Comeaux, West County Wastewater District (WCWD); Lisa Malek-Zadeh, WCWD; and Harry Wiener, WCWD.

Introductions were followed by a discussion of CASA's top three federal legislative priorities. This included the importance of the CWSRF and need for additional funding; a request for National Pollutant Discharge Elimination System (NPDES) permit terms to be extended from 5 to 10 years; and, streamlining the federal permit process (e.g., implementation of a "one-stop shop" approach). Copies of the CASA fact sheets on these topics were provided to DeSaulnier's staff members.

Following this was a discussion of the Delta Diablo ECBP, including its status, benefits, and request for federal funding consideration. A copy of the ECBP fact sheet was provided as a handout.

Mr. De Lange provided status on the ECBP, progressing toward 30% design. He said that it appears to fit well with the concept of "transformative projects," and is a good example of a public-private partnership, marrying a public wastewater treatment facility with a private municipal solid waste hauler. The proximity of Delta Diablo to MDRR also makes the project appealing (~1 mile) as it reduces hauling distance and associated pollutants. It also utilizes existing digester capacity at Delta Diablo, which is not uncommon for wastewater treatment facilities across California with a majority having excess capacity. The addition of the organics to the digesters results in increased biogas production which creates renewable energy. If converted to electricity, it will take Delta Diablo from providing 60% of its on-site energy needs to 280% of its needs – thus creating excess renewable energy that can be sold to the grid. The estimated combined cost of the projects being designed at both sites is about $43 million. This is a significant venture for Delta Diablo. Securing federal funding through grants or low-interest loans to supplement local and state funding will help ensure that the project can move forward and demonstrate a successful project and technology for other entities pursuing similar mandates or goals.

Director Longmire noted that this directly impacts three communities served by Delta Diablo, but also more after it is implemented (over 250,000 customers). It will help provide jobs and take trucks off the road. It also serves as a replicable model and a good example of a public-private partnership. A federal funding push would be very helpful in this effort and in stabilizing rates.

The attendees thanked the Congressman for his on-going support for recycled water and services provided by wastewater resource recovery facilities. The Congressman was invited to tour the attendee's facilities when back in the District.

(The meeting concluded at 1:30 p.m.)

The meeting with Senator Kamala Harris' office staff at the Hart Senate Office Building was called to order by Chair Federal Glover at 2:30 p.m. The meeting was held with Isaac Irby, Legislative Science Fellow with Senator Harris' office. Present were Directors Glover, Longmire and Wright. Also present were Vince De Lange, General Manager, Delta Diablo, and Federal Advocates team members including Michael Esposito, Nick Tobenkin, Ben Odendahl, and John Lopez.

This meeting served as an introduction to the ECBP. Mr. De Lange provided status on the ECBP, progressing toward 30% design. He said that it appears to fit well with the concept of "transformative projects," and is a good example of a public-private partnership, marrying a public wastewater treatment facility with a private municipal solid waste hauler. The proximity of Delta Diablo to MDRR also makes the project appealing (~1 mile) as it reduces hauling distance and associated pollutants. It also utilizes existing digester capacity at Delta Diablo, which is not uncommon for wastewater treatment facilities across California with a majority having excess capacity. The addition of the organics to the digesters results in increased biogas production which creates renewable energy. If converted to electricity, it will take Delta Diablo from providing 60% of its on-site energy needs to 280% of its needs – thus creating excess renewable energy that can be sold to the grid. The estimated combined cost of the projects being designed at both sites is about $43 million. This is a significant venture for Delta Diablo. Securing federal funding through grants or low-interest loans to supplement local and state funding will help ensure that the project can move forward and demonstrate a successful project and technology for other entities pursuing similar mandates or goals.

Director Glover highlighted the impact this project would have in creating local jobs and supporting efforts to reduce commute times and quality of life for local residents. Director Longmire emphasized that this project could serve as a replicable model for other agencies and echoed the importance of creating local jobs. Director Wright echoed the sentiments expressed by Directors Glover and Longmire.

Dr. Irby inquired as to what level of funding is being requested. Mr. De Lange stated that MDRR is currently pursuing $4 million in grant funding from CalRecyle, which would provide a benefit to the project financials. He stated that federal funding in the $5 to 10 million range would be significant, although additional funding is also highly desired.

(The meeting concluded at 2:55 p.m.)

The meeting with Senator Dianne Feinstein's office staff at the Hart Senate Office Building was called to order by Chair Federal Glover at 3:20 p.m. The meeting was held with Alexis Segal, Legislative Assistant for Senator Feinstein. Present were Directors Glover, Longmire and Wright. Also present were Vince De Lange, General Manager, Delta Diablo and Federal Advocates team members including Michael Esposito, Nick Tobenkin, Ben Odendahl, and John Lopez.

Mr. De Lange provided status on the ECBP, progressing toward 30% design. He said that it appears to fit well with the concept of "transformative projects," and is a good example of a public-private partnership, marrying a public wastewater treatment facility with a private municipal solid waste hauler. The proximity of Delta Diablo to MDRR also makes the project appealing (~1 mile) as it reduces hauling distance and associated pollutants. It also utilizes existing digester capacity at Delta Diablo, which is not uncommon for wastewater treatment facilities across California with a majority having excess capacity. The addition of the organics to the digesters results in increased biogas production which creates renewable energy. If converted to electricity, it will take Delta Diablo from providing 60% of its on-site energy needs to 280% of its needs – thus creating excess renewable energy that can be sold to the grid. The estimated combined cost of the projects being designed at both sites is about $43 million. This is a significant venture for Delta Diablo. Securing federal funding through grants or low-interest loans to supplement local and state funding will help ensure that the project can move forward and demonstrate a successful project and technology for other entities pursuing similar mandates or goals.

Director Glover highlighted the impact this project would have in creating local jobs and supporting efforts to reduce commute times and quality of life for local residents. Director Longmire emphasized that this project could serve as a replicable model for other agencies and echoed the importance of creating local jobs. Director Wright echoed the sentiments expressed by Directors Glover and Longmire.

(The meeting concluded at 3:45 p.m.).

The meeting with Congressman McNerney was called to order by Chair Glover at 4:00 p.m. at the Rayburn House Office Building. The meeting was held with Congressman McNerney and his Legislative Counsel, Teresa Frison. Present were Directors Glover, Longmire and Wright. Also present were Vince De Lange, General Manager, Delta Diablo; Jayne Strommer, Government Affairs Manager, Delta Diablo; Emily Barnett, CCCSD; Mike McGill, CCCSD; and Harry Wiener, WCWD.

The Congressman was thanked for his introduction of the "WEST Act".

Ms. Barnett acknowledged the Congressman's support of many of CASA's initiatives. Congressman McNerney was then briefed on the top CASA federal legislative priorities, including the importance of the Clean Water State Revolving Fund and need for additional funding; a request for NPDES permit terms to be extended from 5 to 10 years; and, streamlining the federal permit process such as through implementation of a one-stop shop.

Mr. De Lange spoke to the issue of increased funding needed for the CWSRF program, especially considering increasing infrastructure costs and funding needs if wastewater treatment facilities are required to implement nutrient removal.

Congressman McNerney acknowledged that the Federal government is not meeting its obligations on infrastructure.

Mr. McGill noted that if the CWSRF is opened to private entities, even more funding will be needed.

Mr. De Lange provided an update on the status of the ECBP, noting that it will not only make Delta Diablo energy self-sufficient, but will provide up to 280% of the District's energy needs, with excess being sold to the grid. He also noted the combined project cost estimated at $43 million, and the need for and value of low-interest debt. Issuing debt on our own will be twice the interest of the CWSRF program, which greatly impacts costs over time.

Director Wright also noted the value of a fertilizer byproduct that will be created in addition to the excess energy. Chair Glover commented that this project is a public-private partnership, and that it fits into the Northern Waterfront Economic Initiative as it will create local jobs and help spur additional economic growth. Director Longmire noted that this is a green project and that getting it up and running will help stabilize rates.

Mr. De Lange discussed that this is a project that others can emulate. Existing wastewater treatment facilities could provide a home for about 75% of California's food waste. The timing is also right as entities consider how to meet California's organics diversion mandates.

The Congressman was thanked for his time and support.

(The meeting concluded at 4:30 p.m.)

ADJOURNMENT

The next Regular Meeting of the Board of Directors will be Wednesday, March 14, 2018, at 4:30 p.m. at Delta Diablo, 2500 Pittsburg-Antioch Highway, Antioch, CA.

D. Pete Longmire
Board Secretary

(Recording Secretary:
Vince De Lange)

ITEM D/3

March 14, 2018

RECEIVE NOTES FROM FINANCE COMMITTEE MEETING, MARCH 6, 2018

RECOMMENDATION
Note receipt and file.

Background Information
The Finance Committee Chair and Personnel Committee Chair are appointed every January by the Board of Directors. Committee meetings are held on an as-needed basis and are attended by the Committee Chair and members of staff.

Analysis
Committee meeting notes are provided as an informational report at regular Board Meetings as part of the Consent Calendar.

Financial Impact
None

Attachment
Finance Committee Meeting Notes, March 6, 2018

Signature: Denise C Jones

Denise Cappucini Jones, Office Manager/Secretary to the Board

MEETING NOTES

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING
DELTA DIABLO
(a California Special District)

Plant Operations Center Conference Room
2600 Pittsburg-Antioch Highway
Pittsburg, California

TUESDAY, MARCH 6, 2018
11:00 A.M.

The meeting was called to order by Committee Chair D. Pete Longmire on Tuesday, March 6, 2018, at 11:03 a.m. in the Plant Operations Center Conference Room of Delta Diablo, 2600 Pittsburg-Antioch Highway, Pittsburg, CA. Also present were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Thanh Vo, Acting Engineering Services Director; and Denise Cappucini Jones, Office Manager/Secretary to the Board.

PUBLIC COMMENTS

None

REVIEW AND COMMENT ON PRELIMINARY SEWER SERVICE CHARGE ANALYSIS FOR FISCAL YEAR 2018/2019 AND DRAFT PROPOSITION 218 NOTICES

Ms. Margetich provided a report on the preliminary Sewer Service Charge (SSC) analysis, noting that staff has modified the schedule to bring forth the proposed SSCs a month earlier this year to align with approval of the Capital Improvement Program (CIP) with new rates are effective on July 1, 2018.

Ms. Margetich outlined the rate setting philosophy and the key assumptions used in the analysis, including compliance with Proposition 218, targeted reserves, required capital spending, escalation factors, debt ratio and advanced treatment requirements. At Chair Longmire's request, Ms. Margetich expanded on the District's philosophy of a 40% Operations & Maintenance (O&M) cash reserve target. She reported that the percentage varies from agency to agency, and in her experience, may be considerably higher in other agencies. Staff will be performing a review of the District's reserve level and other fiscal policies in the near future to ensure it is at the appropriate level and in-line with the District's needs. Chair Longmire requested that staff provide background for the target, a comparison to other agencies, and an explanation of why fund reserves are necessary.

Ms. Margetich showed a table of current SSCs compared to the proposed SSCs broken down by community and by component for Pittsburg and Antioch, and for Bay Point, as well as a five-year rate increase projection through Fiscal Year 2022/2023 (FY22/23). Chair Longmire asked if the District is adequately positioned for the large aging infrastructure projects that are anticipated. Mr. De Lange noted that equipment and building inspections and condition assessments are currently being conducted, which will continue to identify more of the infrastructure needs. As projects are identified, they will be incorporated into the CIP and appropriately prioritized. Funding is included in the draft CIP in anticipation of the needs that are being identified in the assessments, and will be prioritized out over the next few years.

Under O&M Fund Projections, Ms. Margetich identified the current fund balance over five years, through FY22/23. Chair Longmire raised concern over the use of cash reserves and reliance on reserves rather than rate increases. Ms. Margetich explained how the fund levels balance out over the next five years with the

SSC increases added in, correcting itself by FY21/22. At this time, reserve balances are sufficient and can be used to supplement revenues collected from SCCs. To more clearly show this to the Board, Ms. Margetich will add a column to the spreadsheets showing the infusion of cash and the drawdown. She will prepare a second slide showing how it looks without the rate increase. The suggested changes will give a clearer picture of the necessity for the SSC rate increase. Similar graphs were shown for the Capital Asset and Capital Asset Replacement funds. Ms. Margetich will change the graphs for the Board presentation to match the suggested changes to the O&M Fund graph.

Ms. Margetich discussed the FY18/19 Analysis and projected inter-fund transfers and loans. She showed an Advanced Treatment Fund Usage Timeline indicating the extended deadline for construction in FY33/34, allowing for more time to plan.

Next steps include consideration by the full Board at the March 14, 2018 meeting and authorization to distribute Proposition 2018 Notices, which have been combined into one notice for all customers this year, providing consistency with other agencies and increased transparency. Chair Longmire requested the proposed increase amounts, 6% for Antioch and Pittsburg, and 5% for Bay Point, be in bold type for easier identification by customers.

Chair Longmire thanked Ms. Margetich for the report and recommended the item be brought to the full Board for consideration at the March Board meeting.

ADJOURNMENT

With no further business to come before the Finance Committee, the meeting was adjourned at 12:05 p.m.

(Recording Secretary:

Denise Cappucini Jones)

ITEM D/4

March 14, 2018

APPROVE DISTRICT MONTHLY CHECK REGISTER, JANUARY 2018

RECOMMENDATION
Approve District Monthly Check Register for the month ending January 31, 2018.

Background Information
The Check Register for the month of January 2018 is attached. The Check Register Report reflects payments for one month to the District's suppliers, consultants, service providers, and contractors. A total of 176 checks totaling $1,055,997.77 were disbursed for January 2018.

Financial Impact
All payments made during the month of January 2018 are within funding levels included in the adopted operating and capital budgets for Fiscal Year 2017/2018.

Attachment
Check Register, month ending January 31, 2018

Prepared by: ______________________
Eka Ekanem
Senior Accountant

Reviewed by: ______________________
Carol Margetich
Business Services Director

CHECK REGISTER

DELTA DIABLO

CASH DISBURSEMENTS FOR THE MONTH OF JANUARY 2018

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. / INVOICE AMOUNT	CHECK AMOUNT / DESCRIPTION
1/4/2018	**ACCOUNTING PRINCIPALS, INC.**		**28825**	**1,318.80**
		41935	1,318.80	O/S TEMP
1/4/2018	**ALWAYS UNDER PRESSURE**		**28826**	**314.75**
		41903	314.75	HOTSY PREASURE WASHER BLANKET
1/4/2018	**AT&T**		**28827**	**1,369.47**
		41951	1,369.47	PHONE EXP
1/4/2018	**AVERY ASSOCIATES**		**28828**	**7,900.00**
		41765	7,900.00	Professional Recruitment Servi
1/4/2018	**SCOT ALLISON CAMPBELL**		**28829**	**1,691.50**
		41905	1,691.50	BORESCOPE ENGINE #3
1/4/2018	**BAY RUBBER COMPANY**		**28830**	**6,468.02**
		41944	6,468.02	6" LAY FLAT DISCHARGE HOSE AND
1/4/2018	**CALIFORNIA WATER TECHNOLOGIES, L.L.C.**		**28831**	**4,524.33**
		41816	4,524.33	FERROUS CHLORIDE
1/4/2018	**CAROLLO ENGINEERS**		**28832**	**65,526.23**
		41768	59,946.23	PRIMARY CLARIFIER AREA IMPROVE
		41906	5,580.00	BLOWER BUILDING MEZZANINE ROOM
1/4/2018	**CHEMTRADE CHEMICALS US LLC**		**28833**	**2,914.76**
		41817	2,914.76	ALUMINUM SULFATE
1/4/2018	**CINTAS CORPORATION # 38K**		**28834**	**1,451.98**
		41892	323.34	UNIFORM/LAUNDRY SERVICE AGREEM
		41893	363.98	UNIFORM/LAUNDRY SERVICE AGREEM
		41894	19.72	UNIFORM/LAUNDRY SERVICE AGREEM
		41912	323.34	UNIFORM/LAUNDRY SERVICE AGREEM
		41913	401.88	UNIFORM/LAUNDRY SERVICE AGREEM
		41914	19.72	UNIFORM/LAUNDRY SERVICE AGREEM
1/4/2018	**CLASS C SOLUTIONS GROUP/**		**28835**	**730.57**
		41809	730.57	OPERATING STOCK
1/4/2018	**CONTRA COSTA COUNTY TAX**		**28836**	**6,968.58**
		41937	3,326.58	PROP TAX
		41938	3,642.00	PROP TAX
1/4/2018	**CONTRA COSTA MOSQUITO**		**28837**	**22.25**
		41908	22.25	OE
1/4/2018	**HSBC BUSINESS SOLUTIONS-COSTCO**		**28838**	**239.24**
		41946	239.24	SUPPLIES
1/4/2018	**DARRIN G. STANLEY**		**28839**	**3,619.50**

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. INVOICE AMOUNT	CHECK AMOUNT DESCRIPTION
		41793	3,619.50	EMER - REPAIR 24" ANTIOCH FORC
1/4/2018	**VINCENT DE LANGE**		**28840**	**371.58**
		41934	371.58	T&M
1/4/2018	**FERGUSON ENTERPRISES, INC.**		**28841**	**274.62**
		41964	274.62	INVENTORY
1/4/2018	**FIRE DETECTION UNLIMITED, INC**		**28842**	**580.00**
		41821	580.00	EMER PO- FIRE SYSTEM REPAIR
1/4/2018	**FLYERS ENERGY LLC**		**28843**	**1,083.92**
		41772	1,083.92	MOBIL PEGASUS 805
1/4/2018	**MICHAEL CRAMBLIT FOSTER**		**28844**	**37,586.89**
		41910	37,586.89	APS P-105 SUCTION VALVE W/ OPE
1/4/2018	**FRONTIER ANALYTICAL LABORATORY**		**28845**	**1,600.00**
		41740	1,600.00	ANALYTICAL LAB TESTING IN SUPP
1/4/2018	**MARY HARVEY**		**28846**	**58.31**
		41939	58.31	T&M
1/4/2018	**HDR ENGINEERING, INC.**		**28847**	**9,412.28**
		41773	9,412.28	ENGINEERING SERVICES - HDR
1/4/2018	**HOPKINS TECHNICAL PRODUCTS**		**28848**	**7,154.05**
		41942	7,154.05	INVENTORY
1/4/2018	**KONE. INC.**		**28849**	**100.00**
		41915	100.00	ELEVATOR SERVICE AGREEMENT
1/4/2018	**LARRY WALKER ASSOCIATES**		**28850**	**187.50**
		41948	187.50	REGULATORY ASSISTANCE & LOCAL
1/4/2018	**ANGELA LOWREY**		**28851**	**46.76**
		41960	46.76	T&M
1/4/2018	**MANAGED HEALTH NETWORK**		**28852**	**428.00**
		41949	428.00	EAP
1/4/2018	**MDRR-PARK (MT. DIABLO RESOURCE RECO**		**28853**	**95.86**
		41919	95.86	WASTE
1/4/2018	**JAIME A. MOSQUEDA**		**28854**	**7,494.00**
		41920	7,494.00	STOP GAP LANDSCAPE SERVICES
1/4/2018	**NATIONAL BUSINESS FURNITURE LLC**		**28855**	**1,424.54**
		41952	1,424.54	NEW TABLE FOR SMALL BOARD ROOM
1/4/2018	**OWENS EQUIPMENT SALES**		**28856**	**13,556.72**
		41918	13,556.72	VACTOR RENTAL
1/4/2018	**PACIFIC GAS & ELECTRIC COMPANY**		**28857**	**25,222.53**
		41954	25,222.53	UTILITIES
1/4/2018	**ABEL PALACIO**		**28858**	**545.45**
		41953	545.45	RETIREE MED
1/4/2018	**CITY OF PITTSBURG**		**28859**	**1,206.43**

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. / INVOICE AMOUNT	CHECK AMOUNT / DESCRIPTION
		41955	1,206.43	UTILITIES
1/4/2018	**CITY OF PITTSBURG**		**28860**	**21,850.19**
		41927	21,850.19	CITY OF PITTSBURG STREET SWEEP
1/4/2018	**PUBLIC EMPLOYEES UNION**		**28861**	**1,517.07**
		3163331	1,517.07	UNION DUES P&T
1/4/2018	**PUBLIC EMPLOYEES UNION**		**28862**	**4,132.48**
		3163231	4,132.48	UNION DUES O&M
1/4/2018	**REBUILD-IT SERVICES GROUP, LLC**		**28863**	**2,850.00**
		41929	2,850.00	REBUILD IT QUOTE # Q121519-B D
1/4/2018	**ROTO ROOTER SEWER SERVICE**		**28864**	**2,172.00**
		41928	2,172.00	URGENT AFM102 CCTV INSPECTION
1/4/2018	**SAVE MART SUPERMARKET**		**28865**	**300.00**
		41940	300.00	REFUND
1/4/2018	**TAC AMERICAS, INC.**		**28866**	**1,506.46**
		41931	1,506.46	POC HVAC SYSTEM SERVICE AGREEM
1/4/2018	**CA STATE DISBURSEMENT UNIT**		**28867**	**750.00**
		CS9648248	750.00	GARNISHMENT
1/4/2018	**UNIVAR USA INC**		**28868**	**4,550.69**
		41802	2,275.09	SODIUM HYPOCHLORITE
		41803	2,275.60	SODIUM HYPOCHLORITE
1/4/2018	**VERIZON WIRELESS**		**28869**	**2,380.59**
		41956	2,380.59	PHONE EXP
1/4/2018	**VINCENT ELECTRIC MOTOR**		**28870**	**6,811.16**
		41932	6,422.85	BHPS P613 MOTOR
		41933	388.31	BHPS COUPLING
1/11/2018	**ACCOUNTING PRINCIPALS, INC.**		**28871**	**2,637.60**
		41979	1,318.80	O/S TEMP
		42030	1,318.80	O/S TEMP
1/11/2018	**ALLIANT INSURANCE SERVICES**		**28872**	**2,779.00**
		41763	2,779.00	GEN INSURANCE
1/11/2018	**BAY RUBBER COMPANY**		**28873**	**1,500.00**
		41973	1,500.00	6" LAY FLAT DISCHARGE HOSE AND
1/11/2018	**CALIFORNIA WATER TECHNOLOGIES, L.L.C.**		**28874**	**270.00**
		41974	270.00	FERROUS CHLORIDE
1/11/2018	**CALTEST ANALYTICAL LABORATORY**		**28875**	**1,763.10**
		41873	307.80	PROVIDE LAB ANALYTICAL FOR NPD
		41876	737.10	PROVIDE LAB ANALYTICAL FOR NPD
		41877	65.70	PROVIDE LAB ANALYTICAL FOR NPD
		41885	652.50	PROVIDE LAB ANALYTICAL FOR NPD
1/11/2018	**CHEMTRADE CHEMICALS US LLC**		**28876**	**5,933.78**

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. INVOICE AMOUNT	CHECK AMOUNT DESCRIPTION
		41896	3,000.29	ALUMINUM SULFATE
		41907	2,933.49	ALUMINUM SULFATE
1/11/2018	**CLASS C SOLUTIONS GROUP/**		**28877**	**104.52**
		42032	104.52	OPERATING STOCK
1/11/2018	**COMCAST BUSINESS COMMUNICATIONS, LI**		**28878**	**537.13**
		42013	537.13	UTILITIES
1/11/2018	**CONTRA COSTA COUNTY**		**28879**	**32,412.55**
		41995	32,412.55	LEGAL
1/11/2018	**CORELOGIC INFORMATION SOLUTIONS, INC**		**28880**	**165.00**
		42031	165.00	REALQUEST PROPERTY INFORMATION
1/11/2018	**CUSTOM COFFEE PLAN**		**28881**	**449.16**
		41769	449.16	COFFEE SERVICE PLAN
1/11/2018	**DATCO**		**28882**	**191.10**
		42015	191.10	O/S
1/11/2018	**MICHAEL CRAMBLIT FOSTER**		**28883**	**1,636.64**
		41943	1,636.64	INVENTORY
1/11/2018	**FREMONT ANALYTICAL INC.**		**28884**	**355.00**
		41911	355.00	DIGESTER GAS ANALYSIS
1/11/2018	**GOLDEN STATE WATER CO.**		**28885**	**2,034.20**
		41977	1,462.84	UTILITIES
		41978	571.36	UTILITIES
1/11/2018	**GRAINGER**		**28886**	**3,656.08**
		41996	1,715.26	INVENTORY
		41997	1,159.36	INVENTORY
		42007	781.46	INVENTORY
1/11/2018	**HUNT & SONS INC**		**28887**	**183.62**
		42046	183.62	BLANKET PO FOR LUBRICANTS
1/11/2018	**IN SHAPE HEALTH CLUBS**		**28888**	**892.00**
		42034	892.00	GYM
1/11/2018	**JWC ENVIRONMENTAL**		**28889**	**10,043.07**
		41881	10,043.07	INVENTORY
1/11/2018	**MCMASTER CARR SUPPLY CO**		**28890**	**234.07**
		42019	138.70	INVENTORY
		42020	95.37	INVENTORY
1/11/2018	**MDRR PITTSBURG**		**28891**	**1,802.35**
		42021	1,802.35	WASTE
1/11/2018	**NATIONAL COMMISSION FOR THE CERTIFIC**		**28892**	**50.00**
		42048	50.00	DUES
1/11/2018	**OAKLEYS PEST CONTROL**		**28893**	**1,275.00**
		41921	315.00	STOP GAP PEST CONTROL SERVICES

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		41922	815.00	STOP GAP PEST CONTROL SERVICES
		41923	145.00	STOP GAP PEST CONTROL SERVICES
1/11/2018	**PACIFIC COAST TRANE SERVICE**		**28894**	**680.00**
		41924	680.00	POC CHILLER ANNUAL PREVENTIVE
1/11/2018	**CITY OF PITTSBURG**		**28895**	**6,941.42**
		42035	6,941.42	PERMIT
1/11/2018	**CITY OF PITTSBURG**		**28896**	**2,335.00**
		42054	2,335.00	CLEAN UP COSTS INCURRED FROM T
1/11/2018	**POLYDYNE INC**		**28897**	**42,206.96**
		41899	31,401.56	DRY POLYMER
		41900	10,805.40	LIQUID POLYMER
1/11/2018	**STANDARD INSURANCE COMPANY**		**28898**	**4,254.08**
		41991	4,254.08	LIFE INS
1/11/2018	**SYNAGRO WEST, LLC**		**28899**	**47,371.87**
		41891	47,371.87	BIOSOLIDS HAULING
1/11/2018	**SYSTEM 1 STAFFING**		**28900**	**7,296.00**
		42038	3,648.00	O/S TEMP
		42039	3,648.00	O/S TEMP
1/11/2018	**UNIVAR USA INC**		**28901**	**14,765.06**
		41897	5,262.09	SODIUM BISULFITE
		41898	2,276.10	SODIUM HYPOCHLORITE
		41901	4,950.77	SODIUM BISULFITE
		41902	2,276.10	SODIUM HYPOCHLORITE
1/11/2018	**VISION SERVICE PLAN**		**28902**	**1,962.12**
		42041	1,943.02	VISION INS
		42042	19.10	VISION COBRA
1/11/2018	**TRENT WENTWORTH**		**28903**	**115.52**
		42004	115.52	T&M
1/18/2018	**AFLAC**		**28904**	**1,627.32**
		42122	813.66	INSURANCE
		42123	813.66	INSURANCE
1/18/2018	**CITY OF ANTIOCH- WATER**		**28905**	**1,243.56**
		42077	109.60	UTILITIES
		42078	1,133.96	UTILITIES
1/18/2018	**BAY AREA COATING CONSULTANT**		**28906**	**4,317.00**
		42010	4,317.00	NACE COATING INSPECTIONS & CON
1/18/2018	**SCOT ALLISON CAMPBELL**		**28907**	**1,195.49**
		41963	1,195.49	INVENTORY
1/18/2018	**MARTHA G. BRONITSKY**		**28908**	**175.00**
		2486352	175.00	GARNISHMENT

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1/18/2018	**CALIFORNIA DEPT OF TAX AND FEE**		**28909**	**210.80**
		42088	210.80	FEE
1/18/2018	**CAROLLO ENGINEERS**		**28910**	**73,183.49**
		41874	73,183.49	CONSULTING SERVICES HEADWORK I
1/18/2018	**CINTAS CORPORATION # 38K**		**28911**	**408.85**
		42062	389.14	UNIFORM/LAUNDRY SERVICE AGREEM
		42064	19.71	UNIFORM/LAUNDRY SERVICE AGREEM
1/18/2018	**CINTAS CORPORATION # 38K**		**28912**	**335.56**
		42063	335.56	UNIFORM/LAUNDRY SERVICE AGREEM
1/18/2018	**CUES**		**28913**	**3,600.00**
		42014	3,600.00	SOFTWARE RENEWAL
1/18/2018	**DIABLO WATER DISTRICT**		**28914**	**247.38**
		42079	247.38	UTILITIES
1/18/2018	**JOSEPH PETRONIO**		**28915**	**450.00**
		42105	450.00	CMMS SUPPORT & SERVICES
1/18/2018	**FARWEST SANITATION & STORAGE**		**28916**	**4,000.00**
		41976	4,000.00	DEPOSIT REFUND
1/18/2018	**FEDERAL EXPRESS**		**28917**	**36.17**
		42091	36.17	OE - POSTAGE
1/18/2018	**FIRE DETECTION UNLIMITED, INC**		**28918**	**3,442.16**
		41965	3,442.16	EMER PO- FIRE SYSTEM REPAIR
1/18/2018	**G3 ENGINEERING, INC**		**28919**	**26,011.66**
		41966	26,011.66	INVENTORY
1/18/2018	**GRAINGER**		**28920**	**97.30**
		42005	97.30	INVENTORY
1/18/2018	**GSE CONSTRUCTION CO., INC.**		**28921**	**9,706.49**
		42008	9,706.49	PRIMARY CLARIFIER EFFLUENT PIP
1/18/2018	**HDR ENGINEERING, INC.**		**28922**	**18,040.16**
		42071	18,040.16	HDR TASK ORDER NO. 1 - SIDESTR
1/18/2018	**LINDE, INC.**		**28923**	**2,125.24**
		42073	2,125.24	LIQUID OXYGEN
1/18/2018	**MAINSAVER SOFTWARE**		**28924**	**6,841.50**
		41980	6,841.50	ANNUAL SOFTWARE RENEWAL
1/18/2018	**MDRR PITTSBURG**		**28925**	**567.15**
		42075	567.15	WASTE
1/18/2018	**MDRR-PARK (MT. DIABLO RESOURCE RECO**		**28926**	**394.14**
		42104	394.14	WASTE
1/18/2018	**MONUMENT CAR PARTS**		**28927**	**263.91**
		41895	263.91	INVENTORY
1/18/2018	**MOTION INDUSTRIES INC.**		**28928**	**3,830.96**

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		42089	3,830.96	INVENTORY
1/18/2018	**MSC INDUSTRIAL SUPPLY CO. INC.**		**28929**	**657.62**
		41967	657.62	INVENTORY
1/18/2018	**NV5 INC.**		**28930**	**37,385.88**
		41968	37,385.88	RWF EMERGENCY BACKUP GENERATOR
1/18/2018	**NWN CORPORATION**		**28931**	**3,847.40**
		42103	3,847.40	UTILITIES
1/18/2018	**PACIFIC GAS & ELECTRIC COMPANY**		**28932**	**67,779.86**
		42081	33,159.19	UTILITIES
		42082	34,620.67	UTILITIES
1/18/2018	**PILLSBURY WINTHROP SHAW PITTMAN LLP**		**28933**	**26,739.71**
		41994	26,739.71	LEGAL
1/18/2018	**POLYDYNE INC**		**28934**	**3,140.16**
		42033	3,140.16	Dry Polymer
1/18/2018	**PRAXAIR, INC.**		**28935**	**436.84**
		42106	436.84	PRAXAIR MONTHLY RENTALS
1/18/2018	**RAILROAD MANAGEMENT CO, LLC**		**28936**	**170.00**
		41982	170.00	M&D
1/18/2018	**RAIN FOR RENT**		**28937**	**1,115.92**
		41981	1,115.92	PROVIDE BI-LEVEL TANK PN 14116
1/18/2018	**REPUBLIC SERVICES #210**		**28938**	**6,290.16**
		42084	917.58	WASTE
		42085	5,372.58	WASTE
1/18/2018	**CA STATE DISBURSEMENT UNIT**		**28939**	**750.00**
		CS9648249	750.00	GARNISHMENT
1/18/2018	**UNIVAR USA INC**		**28940**	**2,274.57**
		41971	2,274.57	SODIUM HYPOCHLORITE
1/18/2018	**V.W. HOUSEN & ASSOCIATES, INC.**		**28941**	**2,451.00**
		41957	472.00	PSFR ENGINEERING SERVICES
		41958	1,136.00	TPS REHABILITATION - ESDC
		41959	371.00	2016 PITTSBURG RW IMPROVEMENTS
		42003	472.00	TECH ADVISOR FOR PN 17127
1/18/2018	**WECK LABORATORIES, INC.**		**28942**	**243.84**
		41972	243.84	LABORATORY SERVICES FOR PRETRE
1/25/2018	**ACCOUNTING PRINCIPALS, INC.**		**28943**	**1,730.95**
		42130	879.20	O/S TEMP
		42227	851.75	O/S TEMP
1/25/2018	**AFLAC**		**28944**	**813.66**
		42210	813.66	INSURANCE
1/25/2018	**CITY OF ANTIOCH- WATER**		**28945**	**7,665.74**

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		42185	22.37	UTILITIES
		42186	7,314.57	UTILITIES
		42187	109.60	UTILITIES
		42188	109.60	UTILITIES
		42189	109.60	UTILITIES
1/25/2018	**BAY AREA COATING CONSULTANT**		**28946**	**10,080.00**
		42212	10,080.00	NACE COATING INSPECTIONS & CON
1/25/2018	**DARRELL CAIN**		**28947**	**80.00**
		42172	52.00	MED REIMB
		42173	28.00	MED REIMB
1/25/2018	**LESLIE J. CAIN**		**28948**	**81.00**
		42174	81.00	MED REIMB
1/25/2018	**CALTEST ANALYTICAL LABORATORY**		**28949**	**333.90**
		41992	333.90	PROVIDE LAB ANALYTICAL FOR NPD
1/25/2018	**REGINA CARTWRIGHT-MORALES**		**28950**	**163.00**
		42131	128.00	COMPUTER GLASSES
		42175	35.00	MED REIMB
1/25/2018	**CDW GOVERNMENT, INC.**		**28951**	**3,009.40**
		41975	3,009.40	MICROSOFT PROJECT AND VISIO AN
1/25/2018	**CINTAS CORPORATION # 38K**		**28952**	**749.41**
		42065	394.14	UNIFORM/LAUNDRY SERVICE AGREEM
		42067	19.71	UNIFORM/LAUNDRY SERVICE AGREEM
		42107	335.56	UNIFORM/LAUNDRY SERVICE AGREEM
1/25/2018	**CONTRA COSTA WATER DISTRICT**		**28953**	**202.79**
		42192	202.79	UTILITIES
1/25/2018	**CONVERGEONE INC**		**28954**	**7,057.92**
		42194	4,755.82	HARDWARE AND SECURITY UPGRADE
		42195	2,302.10	HARDWARE AND SECURITY UPGRADE
1/25/2018	**CSRMA**		**28955**	**97,155.00**
		41947	97,155.00	INS LIABILITY
1/25/2018	**ANDRZEJ DEMBNY**		**28956**	**98.67**
		42176	98.67	MED REIMB
1/25/2018	**DISCOVERY BENEFITS, INC.**		**28957**	**115.50**
		42016	115.50	FSA
1/25/2018	**JOSEPH PETRONIO**		**28958**	**630.00**
		42111	630.00	CMMS SUPPORT & SERVICES
1/25/2018	**EPIC COMPLIANCE SYSTEMS, INC.**		**28959**	**240.00**
		42044	240.00	UST/AST TESTING AND MAINTENANC
1/25/2018	**EVOQUA WATER TECHNOLOGIES, LLC**		**28960**	**288.00**
		42017	288.00	DI WATER FOR LABORATORY

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1/25/2018	**FREMONT ANALYTICAL INC.**		**28961**	**355.00**
		42045	355.00	DIGESTER GAS ANALYSIS
1/25/2018	**GOLDEN GATE PETROLEUM**		**28962**	**1,351.94**
		42241	1,351.94	BLANKET PO FUEL
1/25/2018	**GRAINGER**		**28963**	**892.09**
		42006	892.09	INVENTORY
1/25/2018	**GRAYBAR ELECTRIC COMPANY, INC.**		**28964**	**5,032.06**
		42200	5,032.06	PPS WET WELL EXPLOSION PROOF L
1/25/2018	**GURMUKH SINGH GREWAL**		**28965**	**47.00**
		42177	47.00	MED REIMB
1/25/2018	**MARY HARVEY**		**28966**	**92.61**
		42133	92.61	T&M
1/25/2018	**HUNT & SONS INC**		**28967**	**147.97**
		42202	147.97	BLANKET PO FOR LUBRICANTS
1/25/2018	**JEFF IMACHI**		**28968**	**57.67**
		42178	57.67	MED REIMB
1/25/2018	**JOHN MUIR HEALTH**		**28969**	**761.25**
		42072	761.25	Service Agreement - Wellness P
1/25/2018	**DENISE JONES**		**28970**	**127.26**
		42179	63.26	MED REIMB
		42208	64.00	MED REIMB
1/25/2018	**KEY ADVOCATES INC.**		**28971**	**9,000.00**
		42018	9,000.00	FEDERAL ADVOCACY WRWC PN 90024
1/25/2018	**KONE. INC.**		**28972**	**100.00**
		42047	100.00	ELEVATOR SERVICE AGREEMENT
1/25/2018	**LEE & RO, INC.**		**28973**	**26,621.50**
		42112	26,621.50	ELECTRICAL PREDESIGN SERVICES
1/25/2018	**LINDE, INC.**		**28974**	**527.44**
		42080	527.44	LIQUID OXYGEN
1/25/2018	**MCCAMPBELL ANALYTICAL, INC.**		**28975**	**486.00**
		42224	486.00	LAB ANALYTICAL SERVICES FOR PR
1/25/2018	**SUE THOMASON**		**28976**	**265.00**
		41950	265.00	INDOOR PLANT MAINTENANCE
1/25/2018	**MUNIQUIP, LLC**		**28977**	**17,813.06**
		42205	17,813.06	DIGESTER MIXING PUMPS
1/25/2018	**PACIFIC GAS & ELECTRIC COMPANY**		**28978**	**403.24**
		42213	345.15	UTILITIES
		42214	58.09	UTILITIES
1/25/2018	**ABEL PALACIO**		**28979**	**545.45**
		42217	545.45	RETIREE MED PREMIUM REIMB

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. / INVOICE AMOUNT	CHECK AMOUNT / DESCRIPTION
1/25/2018	**PFM ASSET MANAGEMENT**		**28980**	**1,179.67**
		42228	579.97	O/S INVESTMENT
		42232	599.70	INVESTMENT O/S
1/25/2018	**CITY OF PITTSBURG**		**28981**	**18,022.16**
		42215	18,022.16	CITY OF PITTSBURG STREET SWEEP
1/25/2018	**CITY OF PITTSBURG**		**28982**	**900.00**
		42252	900.00	PERMIT
1/25/2018	**PRESIDIO SYSTEMS**		**28983**	**4,400.00**
		42256	4,400.00	BLANKET PO FOR PRESIDIO SYSTEM
1/25/2018	**PURSUIT NORTH**		**28984**	**4,995.55**
		42216	4,995.55	SAFETY LIGHTING FOR SERVICE TR
1/25/2018	**READY PRINT**		**28985**	**64.71**
		41969	64.71	AD
1/25/2018	**RED WING SHOE STORE 165**		**28986**	**146.12**
		42138	146.12	SAFETY SHOES - R. BIELSKI
1/25/2018	**ROTO ROOTER SEWER SERVICE**		**28987**	**6,592.50**
		42219	6,592.50	URGENT REPAIR OF CHEMICAL CONT
1/25/2018	**SIERRA OFFICE SUPPLY & PRINTING**		**28988**	**1,402.88**
		42229	1,402.88	NEW CHAIRS FOR SMALL BOARD ROO
1/25/2018	**SYSTEM 1 STAFFING**		**28989**	**6,768.00**
		42139	4,560.00	O/S TEMP
		42234	2,208.00	O/S TEMP
1/25/2018	**TERRYBERRY**		**28990**	**123.44**
		42220	123.44	EMPLOYEE RECOG
1/25/2018	**TRI-VALLEY JANITORIAL SERVICE & SUPPLY**		**28991**	**6,666.00**
		41970	6,666.00	JANITORIAL SERVICES
1/25/2018	**STACY TUCKER**		**28992**	**265.33**
		42181	134.00	MED REIMB
		42182	131.33	MED REIMB
1/25/2018	**TYLER TECHNOLOGIES, INC.**		**28993**	**16,573.75**
		42040	350.00	SOFTWARE
		42141	16,223.75	MUNIS SOFTWARE AND HOSTING FEE
1/25/2018	**UNION BANK OF CALIFORNIA**		**28994**	**875.00**
		42238	875.00	O/S INVESTMENT
1/25/2018	**UNITED PARCEL SERVICE**		**28995**	**10.00**
		42221	5.00	OE - POSTAGE
		42222	5.00	OE - POSTAGE
1/25/2018	**UNIVAR USA INC**		**28996**	**11,871.54**
		41999	2,320.10	SODIUM HYPOCHLORITE
		42000	2,276.61	SODIUM HYPOCHLORITE

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. INVOICE AMOUNT	CHECK AMOUNT DESCRIPTION
		42001	4,887.17	SODIUM BISULFITE
		42002	2,387.66	SODIUM BISULFITE
1/25/2018	**USA BLUEBOOK**		**28997**	**600.60**
		41998	600.60	INVENTORY
1/25/2018	**GARY A. VAN PELT**		**28998**	**151.14**
		42183	67.14	MED REIMB
		42184	84.00	MED REIMB
1/25/2018	**WECK LABORATORIES, INC.**		**28999**	**1,975.59**
		42049	466.41	LABORATORY SERVICES FOR PRETRE
		42050	248.85	LABORATORY SERVICES FOR PRETRE
		42051	505.74	LABORATORY SERVICES FOR PRETRE
		42052	248.85	LABORATORY SERVICES FOR PRETRE
		42053	505.74	LABORATORY SERVICES FOR PRETRE
1/25/2018	**CWEA - CA WATER ENVIRONMENT**		**29000**	**515.00**
		42193	515.00	CWEA ANNUAL REWARDS
	GRAND TOTAL			**1,055,997.77**

ITEM D/5

March 14, 2018

RECEIVE FIRST-HALF OF FISCAL YEAR 2017/2018 OPERATING BUDGET EXPENDITURE REPORT

RECOMMENDATION
Receive first six months operating budget expenditure report for Fiscal Year 2017/2018 (FY17/18) ending December 31, 2017.

Background Information
The Operating Budget Expenditure report reflects the District's Operating Expenditures and compares actual performance to budgeted levels through December 2017.

Analysis
Operating expenditures compared to budget are provided by department category (Table 1), and by expense category (Table 2). For the first half of FY17/18 ending December 31, 2017, actual overall District expenditures are 44% or $13,013,240 of the total budget of $29,252,360. This is 6% below the projected expenditures of 50% for the first half of the year.

By Department
All departments are within or below budgeted levels for the first half of the fiscal year. It is projected that each department will be near budget levels at fiscal year-end, with the exception of the Engineering and Resource Recovery Departments, which are expected to be slightly below budget. Although there are transactions within the Engineering Services Department that are expected to transpire in the latter half of the fiscal year, at year-end the department is projected to be slightly lower than budgeted levels due to lower than anticipated Outside Services. The Resource Recovery Services Department is at 45%, or 5% below budgeted levels for the first half of the fiscal year due to lower Chemical, Gas & Oil, Solid Waste Disposal, Utilities, Outside Services, and Repairs and Maintenance. It is expected to be below budgeted levels at year-end due to lower usage and operational savings.

TABLE 1: OPERATING EXPENDITURES BY DEPARTMENT

	Original Appropriation	Revised Budget	YTD Actual	Available Budget	Percent Used
Administration	2,920,485	2,920,485	1,340,915	1,579,570	46%
Business Services	3,700,196	3,700,196	1,864,127	1,836,069	50%
Engineering Services	4,216,383	4,216,383	1,611,441	2,604,942	38%
Resource Recovery Services	18,415,296	18,415,296	8,196,757	10,218,539	45%
TOTAL	**29,252,360**	**29,252,360**	**13,013,240**	**16,239,120**	**44%**

Note: This budget report does not include depreciation, gain/loss on sale of fixed assets, transfers, other post-employment (OPEB) liability, GASB68 and accrued leave expenses.

By Expense Category
All expense categories are at or below budgeted levels of 50% for the first six months of FY17/18 (Table 2) with the exception of Labor and Office Expenses.

TABLE 2: OPERATING EXPENDITURES BY EXPENSE CATEGORY

	Original Appropriation	Revised Budget	YTD Actual	Available Budget	Percent Used
Labor	17,642,821	17,642,821	8,958,401	8,684,420	51%
Chemicals	1,811,348	1,811,348	580,375	1,230,973	32%
Office Expenses	1,078,561	1,078,561	560,625	517,936	52%
Operating Expenses	999,670	999,670	438,066	561,604	44%
Outside Services & Maintenance	4,778,814	4,778,814	1,400,750	3,378,064	29%
Travel & Meetings	121,278	121,278	27,529	93,749	23%
Utilities	1,936,069	1,936,069	841,147	1,094,922	43%
Other Expenses	621,799	621,799	206,347	415,452	33%
Contingency Allow	262,000	262,000	0	262,000	0%
TOTAL	**29,252,360**	**29,252,360**	**13,013,240**	**16,239,120**	**44%**

Note: This budget report does not include depreciation, loss on sale of fixed assets, transfers, other post-employment (OPEB) liability, GASB68 and accrued leave expenses.

Several budget categories came in below the budgeted levels for this period, including Chemicals, Operating Expenses, Outside Services/Maintenance, Utilities, and Other Expenses. All are projected to remain below budget at year-end due a combination of lower usage and operational savings. Chemical expenses were lower than anticipated as a result of Calpine's continued outage at their Delta Energy Center (DEC) and the corresponding reduction in chemical usage associated with the decreased recycled water production. Utility expenses are lower due to a combination of the afore-mentioned DEC outage and the reduced wastewater conveyance pumping costs related to the dry year the region is experiencing. Outside Services/Maintenance are lower due to operational efficiencies. Although utilities are lower than anticipated, they are expected to increase in the second half of the year. All other expenditures, including Travel & Meetings and Other Expenses, are below budgeted levels, primarily due to cash flow timing differences, and are expected to be in-line or below the budget at year-end, June 30, 2018.

As of December 31, 2017, none of the Board-approved budget of $262,000 for Operating Contingency has been expended.

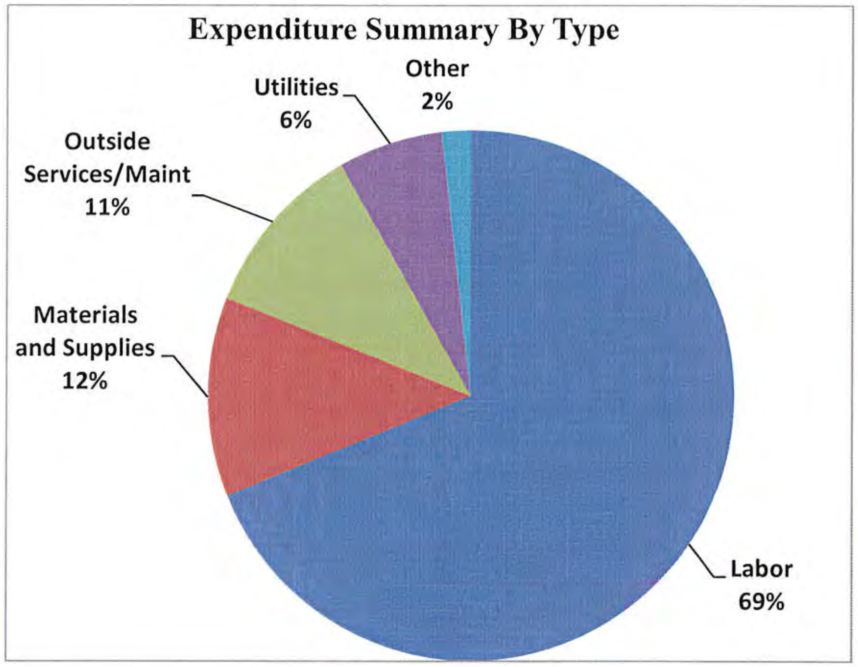
Expenditure Summary by Type

Labor costs amounted to $9M, or 69%, of the total expenditures of $13 M for the first half of the FY.

Materials and Supplies make up $1.6M, or 12%,

Outside Services and Maintenance was at $1.4M, or 11%.

Utilities were $0.8M, or 6%, while Other Expenditures amounted to $0.2M, or 2%, of the total expenditures.



<u>Financial Impact</u>
The Actual Operating Expenditures for the first six months of FY17/18 are at $13,013,240 or 44% of the total $29.3 million budget appropriation approved by the Board. Any budget savings or unspent Operating Contingency will have a favorable impact on future rates and/or can additionally fund liabilities such as pension or Other Post-Employment benefits, as directed by the Board.

<u>Attachments</u>
None

Prepared by: Carol S. Margetich
Carol S. Margetich
Business Services Director

ITEM D/6

March 14, 2018

AUTHORIZE GENERAL MANAGER TO EXECUTE CONSULTING SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED $165,000, V. W. HOUSEN & ASSOCIATES, ENGINEERING SERVICES, PERMANENT BRINE TRANSFER FACILITY, PROJECT NO. 18109

RECOMMENDATION

Authorize General Manager to execute Consulting Services Contract with V. W. Housen & Associates in an amount not to exceed $165,000 for engineering services for the Permanent Brine Transfer Facility Project.

Background Information

The Permanent Brine Transfer Facility Project is included in the adopted Fiscal Year 2017/2018 – 2021/2022 (FY17/18 – FY21/22) Capital Improvement Program (CIP). This project includes design and construction of a new 20,000-gallon brine wastewater receiving station at the District's Wastewater Treatment Plant. The new brine facility will replace the existing temporary facility that was installed in 2013 to receive brine wastewater from The Dow Chemical Co. (Dow) pursuant to the Temporary License and Brine Discharge Agreement executed between the District and Dow in July 2013.

Analysis

Due to the desire to replace the existing temporary brine transfer facility, the District and Dow executed the Brine Facility Construction Agreement in August 2016 to construct a permanent facility to receive and process brine wastewater from Dow. The District will oversee the design and construction of this new facility. Upon completion of work, the District will own, operate, and maintain the new brine facility with Dow with exclusive use for ten years from the final construction completion date.

In January 2018, staff issued a request for proposals to highly-qualified design firms. Proposals were received from V.W. Housen & Associates, Carollo Engineers, Inc., and Fraxia Engineering, Inc. on February 9, 2018. Staff carefully evaluated all proposals and recommends that the Board award the engineering service contract for this project to V. W. Housen & Associates (VWHA). VWHA demonstrated direct experience with design of this type of receiving station, presented a favorable project completion schedule, and proposed the most cost-effective use of resources.

Financial Impact

The adopted FY17/18 – FY21/22 CIP includes an appropriation of $1 million through FY17/18 with an overall budget of $1 million for the Permanent Brine Transfer Facility Project. Dow is responsible for all costs incurred for the project and will reimburse the District in accordance with the 2016 Brine Facility Construction Agreement. The estimated cost for this design scope of work is $165,000. There is sufficient budget to cover this work.

Attachment

Scope of Work and Cost Estimate Summary

Prepared by: IO Irene O'Sullivan Associate Engineer	Reviewed by: [signature] Thanh Vo Acting Engineering Services Director

cc: District File No. 18109.01.01

PERMANENT BRINE TRANSFER FACILITY
PROJECT NO. 18109

SCOPE OF WORK AND COST ESTIMATE SUMMARY

DESCRIPTION	**PROPOSED COST**
Projected Expenses:	
Base Scope of Work:	
Project management and controls	$20,000
Background investigation and preliminary assessment	$20,000
Design work	$90,000
*Key equipment evaluation and selection	
*50%, 90%, 100% design documents	
*Bid-level documents	
California Environmental Quality Act (CEQA)	$10,000
Cost Estimating	$10,000
Subtotal for Base Scope of Work	***$150,000***
District As Needed Task:	
As-Needed Services (10%)*	$15,000
GRAND TOTAL (ROUNDED)	***$165,000***

*This task requires additional approval in writing from District staff, prior to initiation and prior to billing by the Consultant.

ITEM D/7

March 14, 2018

AUTHORIZE GENERAL MANAGER TO EXECUTE CONSTRUCTION SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED $2,717,000, W. M. LYLES CO.; AUTHORIZE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE CONTRACT CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF CONTRACT AMOUNT; AND AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 2 TO CONSULTING SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED $175,164, CAROLLO ENGINEERS, INC., PRIMARY CLARIFIER AREA IMPROVEMENTS, PROJECT NO. 17140

RECOMMENDATION

1. Authorize the General Manager to execute a Construction Services Contract with W. M. Lyles Co. in an amount not to exceed $2,717,000 for the Primary Clarifier Area Improvements Project.
2. Authorize the General Manager or his Designee to approve construction change orders up to 10% of the contract amount, for a total authorization of $2,988,700.
3. Authorize the General Manager to execute Amendment No. 2 to the Consulting Services Contract with Carollo Engineers, Inc. (Carollo) to provide engineering services during construction in an amount not to exceed $175,164, for a new total contract amount of $580,739.

Background Information

The Primary Clarifier Area Improvements Project is included in the adopted Fiscal Year 2017/2018 – 2021/2022 (FY17/18 – FY21/22) Capital Improvement Program (CIP). This project consists of replacing and rehabilitating the primary clarifier solids handling equipment and piping, as well as other miscellaneous improvements in the primary clarifier area and dewatering building basement. These critical components were part of the original plant construction in the early 1980s and are near the end of their useful life.

The final design for the updated project was completed in January 2018 and the project was advertised for bids on January 29, 2018. A mandatory pre-bid meeting and site visit was held for contractors to thoroughly review the project requirements and site conditions. Bids were publicly opened on February 26, 2018.

This project is considered categorically exempt and a Notice of Exemption has been filed with the Contra Costa County Recorder's Office and publicly posted in compliance with Public Resources Code Section 21152 satisfying the requirements of the California Environmental Quality Act (CEQA).

Analysis

Seven bids were received for the project as shown in the attached bid summary. The apparent low bid was submitted by W. M. Lyles Co. with a base bid amount of $2,717,000. Based on a detailed review of the submitted bid documents, including reference checks, staff determined W. M Lyles Co. to be the lowest responsive and responsible bidder for the project. It is recommended that the Board authorize the General Manager to execute a Construction Services Contract with W. M. Lyles in the amount of $2,717,000 to perform this work. In addition, staff requests that the Board authorize the General Manager or his Designee to execute change orders up to 10% of the original contract amount to account for potential changes, for total contract authorization of $2,988,700.

During the project design phase, based on additional condition assessment information, staff elected to accelerate addressing a broader range of infrastructure issues at the primary clarifier area. The scope change is necessary to address ongoing safety and reliability concerns relating to this process unit. The added work increases the total project cost, including planning, design, construction, and potential change orders, from $3.1 million to $3.9 million. Staff plans to request an additional budget appropriation, increasing the revised total project cost to $3.9 million as part of the upcoming FY18/19 – FY22/23 CIP.

As the project transitions to the construction phase, engineering services during construction are necessary for submittal reviews and responses to information requests on the design documents. Carollo is the engineer of record for the project during the design phase. Staff recommends that the Board authorize the General Manager to execute an amendment to the existing Consulting Services Contract in an amount not to exceed $175,164 to retain their services during the construction phase. A summary of the scope of work and anticipated costs associated with these services is attached.

Financial Impact

The adopted FY17/18 – FY21/22 CIP Capital Asset Replacement Fund includes an appropriation of $2.5 million through FY17/18 with an overall project budget of $3.1 million for the Primary Clarifier Area Improvements Project. There is sufficient budget appropriated in the current fiscal year for the planned work. No additional budget appropriation is needed at this time.

Attachments

1) Bid Summary
2) Scope and Cost Estimate Summary

Prepared by: Sean Williams
Sean Williams
Associate Engineer

Reviewed by: Thanh Vo
Thanh Vo
Acting Engineering Services Director

cc: Project File No. P.17140.09.02

DELTA DIABLO

PRIMARY CLARIFIER AREA IMPROVEMENTS
PROJECT NO. 17140

Bid Opening: Monday, February 26, 2018

BID SUMMARY

BIDDER	BASE BID AMOUNT
W.M. Lyles Co.	$2,717,000
K.G. Walters Construction Co., Inc.	$3,085,500
Mountain Cascade, Inc.	$3,244,800
Myers and Sons Construction, LP	$3,330,000
Valentine Corporation	$3,357,369
Pacific Infrastructure Corporation	$3,442,375
Monterey Mechanical Co.	$3,475,000

* Lowest responsible and responsive bidder

SCOPE AND COST ESTIMATE SUMMARY – AMENDMENT NO. 2

Project: Primary Clarifier Area Improvements, Project No. 17140

Consultant: Carollo Engineers, Inc.

Scope of Work Items: **Estimated Cost:**

TASK 1 – DESIGN	
1. Project Management & Meetings	$ 15,368
2. Engineering Support Services	$ 124,686
3. Conformed Documents and Record Drawings	$ 20,110
4. Engineering Contingency	$ 15,000
TOTAL AMENDMENT NO. 2	**$ 175,164**

ITEM D/8

March 14, 2018

AUTHORIZE GENERAL MANAGER TO RE-OPEN PROJECT, APPROPRIATE $45,618 TO PROJECT FROM WASTEWATER CAPITAL ASSET RESERVES, AND CLOSE OUT PROJECT UPON PAYMENT, SUNPOWER CORPORATION, PHOTOVOLTAIC ENERGY GENERATION, PROJECT NO. 10119

RECOMMENDATION

Authorize the General Manager to re-open the Photovoltaic Energy Generation Project, appropriate $45,618 to the project from the Wastewater Capital Asset Reserves, and close out the project upon payment to SunPower Corporation (SunPower).

Background Information

The Photovoltaic Energy Generation Project was included in the adopted Fiscal Year 2009/2010 – 2014/2015 (FY09/10 – FY14/15) Capital Improvement Program (CIP). This project included design and construction of a new 420-kilowatt solar energy producing system at the Plant Operations Center (POC) north parking lot. The facility was completed and placed into operation in May 2012.

Analysis

The District and SunPower Corporation (SunPower) entered into a design-build contract in June 2011 to construct the Photovoltaic Energy Generation Project. Upon completion of work, the District elected to purchase a 20-year performance guarantee option at a cost of $45,618. The performance guarantee ensured the system would be properly operated and maintained to produce the desired energy generation during the 20-year period.

In July 2012, the Board accepted the project. Subsequently, the project was closed with the understanding that there were no outstanding issues. However, based on SunPower's recent audit of its financials, it was determined the 20-year performance guarantee option was not invoiced. This was an oversight by SunPower. In order to maintain the 20-year performance guarantee, SunPower is now requesting payment in the amount of $45,618 for this option. This 20-year performance guarantee is required to minimize future risks. Staff recommends that the Board authorize the General Manager to re-open the project, allocate funds to the project in the amount of $45,618 from the Wastewater Capital Asset Reserves, and close out the project upon payment of the outstanding invoice.

Financial Impact

The adopted FY09/10 – FY14/15 CIP included a total appropriation of $5 million in the Wastewater Capital Asset Fund for design and construction of the Photovoltaic Energy Generation Project. This budget was subsequently revised to $3,149,120 and the project was completed at an overall cost of $2,816,249. The additional appropriation of $45,618 to pay the 20-year performance guarantee option will increase the overall project cost to $2,861,867.

Attachments

None

Prepared by: Irene O'Sullivan, Associate Engineer

Reviewed by: Thanh Vo, Acting Engineering Services Director

cc: District File No. P.90049.01.01

ITEM E/1

March 14, 2018

ACCEPT GENERAL MANAGER ACKNOWLEDGEMENT OF GOVERNMENT CODE SECTION 7507 ACTUARIAL REPORT, RETIREE HEALTH BENEFITS, BARTEL ASSOCIATES, LLC

Recommendation
Accept written acknowledgment by the Delta Diablo General Manager (Chief Executive Officer) that he understands the current and future costs of post-employment health benefits for members of the Operations & Maintenance (O&M), Public Employees Union (PEU)/Local One; Professional & Technical (P&T), PEU/Local One; and Management Association (MA) Bargaining Units and certain persons retired from classifications represented by O&M, PEU/Local One; P&T, PEU/Local One; and MA Bargaining Units, as determined by the District's Actuary in the January 4, 2018 Actuarial Report (Attached).

Financial Impact
As shown in the valuations, the result of the retiree health benefits described herein, will create a \$196,000 or 1.15% increase in the Actuarial Accrued Liability and a \$41,000 or 4.56% increase in the calculated Actuarially Determined Contribution.

Background
At its meeting on January 10, 2018, the Board of Directors received the Government Code (GC) Section 7507 Actuarial Report outlining future annual costs of retiree healthcare benefits, as provided by the District's Actuary in a letter (report) dated January 4, 2018. The Board was informed that GC Section 7507 requires, with regard to local legislative boards, that the future costs of other post-employment benefits as determined by the Actuary, shall be made public at a public meeting at least two weeks prior to the adoption of any labor agreement regarding the post-employment benefits. The January 4, 2018 report and subsequent January 10, 2018 Board meeting fulfilled that requirement.

Analysis
GC Section 7507 also requires that if the future costs (or savings) of the future benefits exceed one-half of 1 percent of the future annual costs of the existing benefits for the body, an actuary shall be present to provide information as needed at the public meeting at which the benefit shall be considered.

In addition, GC Section 7507 requires that upon the adoption of a labor agreement regarding a benefit to which the section applies, the person with the responsibilities of a chief executive officer in an entity providing the benefit, however that person is denominated, shall acknowledge in writing that he or she understands the future cost of the benefit as determined by the actuary.

As the General Manager (chief executive officer) and by approving this Board Docket, I acknowledge in writing that I understand the future cost impact of the labor agreements regarding post-employment benefits presented to you today, as determined by the actuary and contained in the January 4, 2018 letter (report) from Bartel Associates, LLC (District's Actuary).

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Directors of Delta Diablo on the date shown.

ATTESTED: March 8, 2018

By: ______________________
Vincent P. De Lange
General Manager

By: ______________________
Denise Jones
Secretary to the Board

Attachment
GC Section 7507 Statement, by Joseph D'Onofrio, FSA, of Bartel Associates, LLC

Signature: ______________________
Carol S. Margetich, Business Services Director

District File No. FIN.05-DOCS

January 4, 2018

Carol Margetich
Business Services Director
Delta Diablo
2500 Pittsburg-Antioch Highway
Antioch, CA 94509-1373

Re: Cost Impact of Proposed Retiree Medical Plan Benefit Change

Dear Ms. Margetich:

California Government Code Section 7507 requires governmental agencies:

- Obtain the services of an actuary to provide a statement of the actuarial impact of retiree healthcare benefit changes on future annual costs, including the Normal Cost and the Actuarial Accrued Liability, before authorizing the benefit change.[1]
- Provide this information to the public at a public meeting at least two weeks prior to the adoption of the benefit change. The adoption of the benefit change should not be placed on a consent calendar.
- Have an actuary present at the public meeting to provide any information needed in regard to the cost impact of the benefit change if the future annual costs of the benefit change exceed 0.5% of the future annual costs of the current plan.
- Have an agency representative with the responsibilities of chief executive officer acknowledge in writing that he or she understands the future annual cost impact of the benefit change as determined by the actuary.

Current Postretirement Medical Benefits[2]

For employees hired before January 1, 2009, the District provides employees who retire directly from the District under CalPERS a monthly premium subsidy up to the greater of the PEMHCA Kaiser and Blue Shield Access+ Bay Area Basic family premiums for any coverage level elected (single, 2-party, or family) but no more than the actual premium for the plan and coverage elected.

PEMHCA Bay Area Monthly Premiums		
Basic Family Premium	**2017**	**2018**
Blue Shield Access+	$2,664.61	$2,311.45
Kaiser	1,906.81	2,027.64
District Maximum Premium Subsidy	2,664.61	2,311.45

For employees hired on or after January 1, 2009, the District provides employees who retire directly from the District under CalPERS with at least 5 years of District service a monthly premium subsidy under California Government Code Section 22893 equal to a percentage of the "100/90 amount."

- The percentage is based on all years of CalPERS service:

[1] For purposes of Section 7507, the actuary must be an Associate or Fellow of the Society of Actuaries.

[2] Description of the District's current postretirement medical benefits as provided by the District and confirmed by the District's outside counsel.

- For service retirees, the percentage starts at 50% after 10 years of CalPERS service, increases by 5% for each additional year of CalPERS service, and reaches 100% after 20 years of CalPERS service.
- The percentage is 100% for disability retirees regardless of years of service.
- Employees who retire with 20 or more years of District service do not need to retire directly from the District to receive a District premium subsidy.

■ The 100/90 amount is:
- 100% of the weighted average State employee single premium for the four PEMHCA plans with highest State enrollment in the prior year, plus
- 90% of the weighted average of the additional State employee premium for 2-party or family coverage for the four PEMHCA plans with highest State enrollment in prior year for retirees who elect 2-party or family coverage.
- For the 2018, the four plans with the highest State enrollment for the prior year are Blue Shield Access+, Kaiser, UnitedHealthcare, and PERS Choice.

PEMHCA 100/90 Monthly Amounts		
Coverage Election	**2017**	**2018**
Single	$ 707	$ 725
2-Party	1,349	1,377
Family	1,727	1,766

For all employees, regardless of date of hire:

■ Employee's contribute 3% of PERSable base pay. This employee contribution is suspended when the plan's Unfunded Actuarial Accrued Liability is 100% funded and reinstated when it is less than 95% funded.

■ The retiree benefit continues to the surviving spouse of a retired employee or active employee who has satisfied the requirements to retire and receive the District premium subsidy if he or she receives a survivor benefit from the CalPERS pension plan.

Proposed Postretirement Medical Benefits
For employees hired on and after January 1, 2009, the District has proposed that the percentage under California Government Code Section 22893 be applied to the greater of the 100/90 amount and the monthly premium subsidy provided to employees hired before January 1, 2009, that is, the greater of (1) the 100/90 amount, (2) the Kaiser Bay Area Basic family premium, and (3) the Blue Shield Access + Bay Area Basic family premium.

Cost Impact of the Proposed Benefit Change
The chart below shows the estimated change in the District's Actuarial Obligations and Actuarially Determined Contribution due to the proposed benefit change based on the June 30, 2016 actuarial valuation, including all actuarial methods and assumptions used for the valuation.

The **Present Value of Projected Benefits (PVB)** is the discounted value of expected District-provided retiree healthcare benefits for active employee and retirees on the valuation date using various economic and demographic assumptions about future events. If the OPEB trust has assets equal to the PVB, it would have enough funds to pay for all District benefits for active employees and retirees on the valuation date if all actuarial assumptions are realized. The Discount Rate used was 6.5%, the expected long-term net rate of return of the OPEB trust assets. The PVB includes both the premium subsidy (the portion of the retiree premium paid by the District) and the implied subsidy (the amount by which active premiums subsidize retiree healthcare costs).[3] The PVB from the June 30, 2016 valuation was projected to June 30, 2017. The proposed benefit change would increase the PVB on June 30, 2017 by $413,000 (1.88%).

Delta Diablo Retiree Healthcare Plan (Amounts in $000's)				
Impact of Proposed Benefit Change	**Current Benefit**	**Proposed Benefit**	**Dollar Change**	**Percent Change**
■ **Actuarial Obligations projected to 6/30/17**				
• Present Value of Projected Benefits (PVB)	$21,952	$22,365	$413	1.88%
• Actuarial Accrued Liability (AAL)	17,110	17,306	196	1.15%
• Actuarial Value of Assets (AVA)	11,352	11,352	0	0.00%
• Unfunded Actuarial Accrued Liability (UAAL)	5,758	5,954	196	3.40%
• Funded Percentage	66.3%	65.6%	n/a	n/a
■ **2017/18 Normal Cost**				
• Total Plan Normal Cost	735	762	27	3.67%
• Estimated Employee Contributions	(242)	(242)	0	0.00%
• District Normal Cost	493	520	27	5.48%
■ **2017/18 Actuarially Determined Contribution (ADC)**				
• District Normal Cost	493	520	27	5.48%
• Amortization of Unfunded Actuarial Accrued Liability	391	405	14	3.40%
• Actuarially Determined Contribution	884	925	41	4.56%
■ **2017/18 Projected Payroll**	8,312	8,312	8,312	n/a
■ **ADC as a Percent of Projected Payroll**				
• District Normal Cost	5.9%	6.3%	0.3%	5.48%
• Amortization of Unfunded Actuarial Accrued Liability	4.7%	4.9%	0.2%	3.40%
• Actuarially Determined Contribution	10.6%	11.1%	0.5%	4.56%

The **Actuarial Accrued Liability (AAL)** is the portion of the PVB allocated to past District service. This is generally considered the funding target at any point in time. The AAL from the June 30, 2016 valuation was projected to June 30, 2017. The proposed benefit change would increase the AAL on June 30, 2017 by $196,000 (1.15%).

The **Actuarial Value of Assets (AVA)** is the market value of assets with asset gains and losses spread over five years to mitigate the effect of market fluctuations on District contributions.

The **Unfunded Actuarial Accrued Liability (UAAL)** is the difference between the AAL and AVA, that is, the amount of the AAL that is not considered funded. The proposed benefit change would increase the UAAL by $196,000, the same amount as the increase in the AAL. The **Funded Percentage** is the portion of the AAL that is funded by the AVA. The proposed benefit change would decrease the projected Funded Percentage on June 30, 2017 from 66.3% to 65.6%.

[3] Healthcare costs generally increase with age. Since healthcare plan premiums are the same for active employees and non-Medicare eligible retirees, the premiums for younger employees subsidize healthcare costs for older employees and retirees. The Actuarial Obligations and retiree healthcare costs include an estimate of this active employee subsidy.

The **Total Plan Normal Cost** is the portion of the PVB allocated to the 2017/18 fiscal year, that is, the cost of benefits accrued by active employees during the fiscal year. The proposed benefit change would increase the 2017/18 Total Plan Normal Cost by $27,000 (3.67%). The District Normal Cost is the Total Plan Normal Cost less estimated employee contributions. The proposed benefit change would increase the 2017/18 District Normal Cost by $27,000 (5.48%).

The **Actuarially Determined Contribution (ADC)** is a measure of the District contribution for 2017/18.[4] The ADC consists of the fiscal year's District Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability. The District decided to amortize the June 30, 2008 Unfunded Actuarial Accrued Liability over 30 years. As of June 30, 2017, there are 21 years remaining in this amortization period. The proposed benefit change is expected to increase the projected 2017/18 District ADC by $41,000 (4.56%) or about 0.5% of projected employee payroll.

In summary, the proposed benefit change is projected to increase the PVB by $413,000. Of this, the increase in the AAL of $196,000 is an immediate impact that is reflected in the ADC over 21 years. The difference of $217,000 between the PVB and AAL will be included in future District contributions as an increase in the annual Normal Cost. The proposed benefit change increased the 2017/18 District Normal Cost by $27,000 and the ADC by $41,000.

Comments

Actuarial valuations include assumptions about future events in order to estimate future benefit payments. These include assumptions about healthcare plan elections, coverage elections, and premium increases. For example, the June 30, 2016 valuation assumed employees will participate in the same healthcare plan with the same single or 2-party coverage election at retirement as they had on the valuation date with 25% of retirees electing family coverage until age 65.

For 2017, the District monthly premium subsidy of $2,664.61 for employees hired before January 1, 2009 covers the full premium for all PEMCHA plans and coverage elections except for non-Medicare eligible retirees electing UnitedHealthcare with family coverage, in which case the District premium subsidy pays 96% of the premium.

For 2017, the District monthly premium subsidy for employees hired on or after January 1, 2009 covers between 63% and 96% of the non-Medicare eligible premium for those whose percentage is 100% depending on the healthcare plan and coverage elected.

The actual cost impact of the proposed benefit change will depend on employee healthcare plan elections at retirement, which may be impacted by the magnitude of the District premium subsidy relative to the premium at the time of retirement and thereafter. For example:

- Consider an employee participating in the Bay Area Basic Blue Shield Access+ plan with family coverage with 20 or more years of CalPERS service who retires during 2017.
  - If the employee was hired before January 1, 2009, the District would provide a premium subsidy of $2,664.61 per month, the full premium, and the retiree would pay nothing.

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[4] The 2017/18 ADC provided by the June 30, 2016 actuarial valuation was $924,000. The amount shown above, $884,000, for this analysis was recalculated using actual rather than projected June 30, 2017 trust assets and includes an additional retiree from the active group. The June 30, 2016 actuarial valuation included the 2017 PEMHCA premiums. The 2018 PEMHCA premiums were not known when the June 30, 2016 valuation was completed.

  - If the employee was hired on or after January 1, 2009, the District would provide $1,727.00 per month and the retiree would pay $937.61 per month.
  - If the District adopts the proposed benefit change, the District would provide the full premium for the employee hired on or after January 1, 2009, for an additional District cost of $937.61 per month, a 54.3% increase in the District premium subsidy.
- Now consider an employee participating in the Bay Area Kaiser plan with single coverage and 20 or more years of CalPERS service who retires during 2017.
  - If the employee was hired before January 1, 2009, the District would provide a premium subsidy of $733.39 per month, the full premium, and the retiree would pay nothing.
  - If the employee was hired after January 1, 2009, the District would provide $707.00 per month and the retiree would pay $26.39 per month.
  - If the District adopts the proposed benefit change, the District would provide the full premium for the employee hired on or after January 1, 2009, for an additional District cost of $26.39 per month, a 3.7% increase in the District premium subsidy.
- For Medicare eligible retirees, the District would pay the full premium for employees hired before January 1, 2009, for employees hired on or after January 1, 2009 for those whose percentage is 100% under the current plan, and for employees hired on or after January 1, 2009 for those whose percentage is 100% under the proposed plan.

On the valuation date of June 30, 2016, 65% of active employees and 60% of retirees participated in the Kaiser healthcare plan. Since the valuation assumed employees and retirees stay in the same healthcare plan at retirement as elected on the valuation date, actual results can be impacted by movement of employees and retirees among plans and by actual premium increases.

Note that actuarial valuations are done on a "closed group" basis, that is, they consider only active employees and retirees on the valuation date and do not include expected future hires. District future hiring practices and new hire healthcare plan and coverage choices may impact actual future plan costs.

Sincerely,

Joseph D'Onofrio

Joseph R. D'Onofrio, FSA
Actuary

c: Katherine Moore, ASA

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March 14, 2018

ADOPT PROPOSED CLARIFICATIONS IN RETIREE HEALTH CARE LANGUAGE IN MEMORANDA OF UNDERSTANDING AFFECTING EMPLOYEES REPRESENTED BY THE DISTRICT'S THREE BARGAINING UNITS (MANAGEMENT ASSOCIATION BARGAINING UNIT, OPERATIONS AND MAINTENANCE BARGAINING UNIT, AND PROFESSIONAL AND TECHNICAL BARGAINING UNIT) AND SIMILAR CLARIFICATIONS FOR UNREPRESENTED EMPLOYEES; APPROVE SIDE LETTERS TO MEMORANDA OF UNDERSTANDING FOR MANAGEMENT ASSOCIATION BARGAINING UNIT, OPERATIONS AND MAINTENANCE BARGAINING UNIT, AND PROFESSIONAL AND TECHNICAL BARGAINING UNIT THAT WILL INCLUDE CLARIFICATIONS FOR THE DURATION OF THE MEMORANDA OF UNDERSTANDING; AND AUTHORIZE BUDGET ADJUSTMENT IN THE AMOUNT OF $41,000 FOR THE INCREASED ANNUAL ACTUARIALLY DETERMINED CONTRIBUTION

RECOMMENDATION

1) Adopt proposed clarifications in retiree health care benefit language affecting employees represented by the District's three bargaining units (Management Association [MA] Bargaining Unit, Operations and Maintenance Bargaining Unit [O&M], and Professional and Technical [P&T] Bargaining Unit) and unrepresented employees.
2) Approve side letters to Memoranda of Understanding (MOUs) for the MA Bargaining Unit, O&M Bargaining Unit, and P&T Bargaining Unit.
3) Authorize a budget adjustment in the amount of $41,000 to fund the increase of the annual Actuarially Determined Contribution (ADC).

Background Information

Government Code (GC) Section 7507 requires that governmental agencies obtain the services of an actuary to provide a statement of the future annual cost impacts of proposed retiree health care benefits, including the Normal Cost and the Actuarial Accrued Liability, before authorizing the benefit. Staff retained the services of Joseph D'Onofrio, FSA, of Bartel Associates, LLC, to provide the attached statement. On January 10, 2018, the Board received the statement (report) of future annual costs of Other Post-Employment Benefits, regarding the District health care premium subsidy for employees represented by the MA Bargaining Unit, O&M Bargaining Unit, P&T Bargaining Unit and unrepresented employees, hired on or after January 1, 2009. Additionally, GC Section 7507 requires:

- This information be presented at a public meeting at least two weeks prior to adoption of the benefit;
- An actuary to be present at the public meeting to provide any information needed regarding the cost impact of the future benefit if the future annual costs of the benefit exceeds 0.5% of the future annual costs of the current plan; and,
- An agency representative with the responsibilities of chief executive office to acknowledge in writing that he or she understands the future annual cost impact of the future benefit as determined by the actuary.

The District's Actuary, Bartel Associates, LLC, will be present at the March 14, 2018 Board Meeting to provide any necessary information and in a separate Board action, the General Manager will provide written acknowledgment of the future cost impacts of the labor agreements regarding post-employment benefits.

Analysis

The District currently has MOUs with its three represented bargaining units with terms and conditions of employment that are effective until June 30, 2021, and/or until new terms and conditions of employment are created after satisfying the meet and confer process. Staff is proposing clarifying retiree health benefits language in the MOUs affecting employees represented by the District's three bargaining units (O&M, P&T, MA) for their duration, as well as for unrepresented employees. The clarification will provide that District contributions are the amount necessary to pay the full monthly premium subsidy of each employee's enrollment, including the enrollment of his/her family members in a health benefits plan up to the greater of (1) or (2) below:

(1) The minimum employer contribution amount required by section 22893 of the California Government Code for the retiree's selected Public Employees' Medical and Health Care Act (PEMHCA) coverage.

(2) An amount equal to the Applicable Percentage of the greater of:

(A) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Kaiser Permanente HMO Bay Area health plan or

(B) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Blue Shield of CA Access + HMO Bay Area health plan.

With the only exception to the amount being the percentage applied based on years of service for GC Section 22893 eligible employees hired on or after January 1, 2009.

To clarify the Bargaining Unit MOUs which are in effect until June 30, 2021, Section IV.8 – Retiree Benefits, side letters need to be approved by the Board. The side letters are provided in Attachment 2. Unrepresented employees' individual MOUs do not require a side letter, because they are subject to the provisions of the MA MOU for benefits.

Financial Impact

The GC Section 7507 statement from Bartel Associates, LLC summarizes the Actuarial Obligations projected to June 30, 2017 and District contributions for Fiscal Year 2017/2018 (FY17/18). The Present Value of Projected Benefits (PVB) will increase by $413,000, or 1.88%. Of this, the cost of benefits accrued for active employees during the year, or the Total Plan Normal Cost, will increase by $27,000 (3.67%). Total Normal Costs are funded by both employee and District contributions. As employee contributions are not increasing, the resultant District Normal Cost will increase by $27,000, or 5.48%. The District Normal Cost is one of two components of the ADC. The other component consists of the Amortization of the Unfunded Actuarial Accrued Liability, which will increase by $14,000. The ADC will, therefore, increase by $41,000, or 4.56% for FY17/18. Staff is recommending a budget adjustment in the amount of $41,000 to cover the increased expenditure.

Attachments

1) GC Section 7507 Statement, by Joseph D'Onofrio, FSA, Bartel Associates, LLC
2) Bargaining Unit Side Letters

Signature: Carol S. Margetich

Carol S. Margetich, Business Services Director

District File No. HR.04-XX

BARTEL ASSOCIATES, LLC

January 4, 2018

Carol Margetich
Business Services Director
Delta Diablo
2500 Pittsburg-Antioch Highway
Antioch, CA 94509-1373

Re: Cost Impact of Proposed Retiree Medical Plan Benefit Change

Dear Ms. Margetich:

California Government Code Section 7507 requires governmental agencies:

- Obtain the services of an actuary to provide a statement of the actuarial impact of retiree healthcare benefit changes on future annual costs, including the Normal Cost and the Actuarial Accrued Liability, before authorizing the benefit change.[1]
- Provide this information to the public at a public meeting at least two weeks prior to the adoption of the benefit change. The adoption of the benefit change should not be placed on a consent calendar.
- Have an actuary present at the public meeting to provide any information needed in regard to the cost impact of the benefit change if the future annual costs of the benefit change exceed 0.5% of the future annual costs of the current plan.
- Have an agency representative with the responsibilities of chief executive officer acknowledge in writing that he or she understands the future annual cost impact of the benefit change as determined by the actuary.

Current Postretirement Medical Benefits[2]

For employees hired before January 1, 2009, the District provides employees who retire directly from the District under CalPERS a monthly premium subsidy up to the greater of the PEMHCA Kaiser and Blue Shield Access+ Bay Area Basic family premiums for any coverage level elected (single, 2-party, or family) but no more than the actual premium for the plan and coverage elected.

PEMHCA Bay Area Monthly Premiums		
Basic Family Premium	**2017**	**2018**
Blue Shield Access+	$2,664.61	$2,311.45
Kaiser	1,906.81	2,027.64
District Maximum Premium Subsidy	2,664.61	2,311.45

For employees hired on or after January 1, 2009, the District provides employees who retire directly from the District under CalPERS with at least 5 years of District service a monthly premium subsidy under California Government Code Section 22893 equal to a percentage of the “100/90 amount.”

- The percentage is based on all years of CalPERS service:

[1] For purposes of Section 7507, the actuary must be an Associate or Fellow of the Society of Actuaries.

[2] Description of the District’s current postretirement medical benefits as provided by the District and confirmed by the District’s outside counsel.

- For service retirees, the percentage starts at 50% after 10 years of CalPERS service, increases by 5% for each additional year of CalPERS service, and reaches 100% after 20 years of CalPERS service.
- The percentage is 100% for disability retirees regardless of years of service.
- Employees who retire with 20 or more years of District service do not need to retire directly from the District to receive a District premium subsidy.

■ The 100/90 amount is:
- 100% of the weighted average State employee single premium for the four PEMHCA plans with highest State enrollment in the prior year, plus
- 90% of the weighted average of the additional State employee premium for 2-party or family coverage for the four PEMHCA plans with highest State enrollment in prior year for retirees who elect 2-party or family coverage.
- For the 2018, the four plans with the highest State enrollment for the prior year are Blue Shield Access+, Kaiser, UnitedHealthcare, and PERS Choice.

PEMHCA 100/90 Monthly Amounts		
Coverage Election	**2017**	**2018**
Single	$ 707	$ 725
2-Party	1,349	1,377
Family	1,727	1,766

For all employees, regardless of date of hire:

■ Employee's contribute 3% of PERSable base pay. This employee contribution is suspended when the plan's Unfunded Actuarial Accrued Liability is 100% funded and reinstated when it is less than 95% funded.

■ The retiree benefit continues to the surviving spouse of a retired employee or active employee who has satisfied the requirements to retire and receive the District premium subsidy if he or she receives a survivor benefit from the CalPERS pension plan.

Proposed Postretirement Medical Benefits

For employees hired on and after January 1, 2009, the District has proposed that the percentage under California Government Code Section 22893 be applied to the greater of the 100/90 amount and the monthly premium subsidy provided to employees hired before January 1, 2009, that is, the greater of (1) the 100/90 amount, (2) the Kaiser Bay Area Basic family premium, and (3) the Blue Shield Access + Bay Area Basic family premium.

Cost Impact of the Proposed Benefit Change

The chart below shows the estimated change in the District's Actuarial Obligations and Actuarially Determined Contribution due to the proposed benefit change based on the June 30, 2016 actuarial valuation, including all actuarial methods and assumptions used for the valuation.

The **Present Value of Projected Benefits (PVB)** is the discounted value of expected District-provided retiree healthcare benefits for active employee and retirees on the valuation date using various economic and demographic assumptions about future events. If the OPEB trust has assets equal to the PVB, it would have enough funds to pay for all District benefits for active employees and retirees on the valuation date if all actuarial assumptions are realized. The Discount Rate used was 6.5%, the expected long-term net rate of return of the OPEB trust assets. The PVB includes both the premium subsidy (the portion of the retiree premium paid by the District) and the implied subsidy (the amount by which active premiums subsidize retiree healthcare costs).[3] The PVB from the June 30, 2016 valuation was projected to June 30, 2017. The proposed benefit change would increase the PVB on June 30, 2017 by $413,000 (1.88%).

Delta Diablo Retiree Healthcare Plan (Amounts in $000's)				
Impact of Proposed Benefit Change	**Current Benefit**	**Proposed Benefit**	**Dollar Change**	**Percent Change**
■ **Actuarial Obligations projected to 6/30/17**				
• Present Value of Projected Benefits (PVB)	$21,952	$22,365	$413	1.88%
• Actuarial Accrued Liability (AAL)	17,110	17,306	196	1.15%
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• Unfunded Actuarial Accrued Liability (UAAL)	5,758	5,954	196	3.40%
• Funded Percentage	66.3%	65.6%	n/a	n/a
■ **2017/18 Normal Cost**				
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• Estimated Employee Contributions	(242)	(242)	0	0.00%
• District Normal Cost	493	520	27	5.48%
■ **2017/18 Actuarially Determined Contribution (ADC)**				
• District Normal Cost	493	520	27	5.48%
• Amortization of Unfunded Actuarial Accrued Liability	391	405	14	3.40%
• Actuarially Determined Contribution	884	925	41	4.56%
■ **2017/18 Projected Payroll**	8,312	8,312	8,312	n/a
■ **ADC as a Percent of Projected Payroll**				
• District Normal Cost	5.9%	6.3%	0.3%	5.48%
• Amortization of Unfunded Actuarial Accrued Liability	4.7%	4.9%	0.2%	3.40%
• Actuarially Determined Contribution	10.6%	11.1%	0.5%	4.56%

The **Actuarial Accrued Liability (AAL)** is the portion of the PVB allocated to past District service. This is generally considered the funding target at any point in time. The AAL from the June 30, 2016 valuation was projected to June 30, 2017. The proposed benefit change would increase the AAL on June 30, 2017 by $196,000 (1.15%).

The **Actuarial Value of Assets (AVA)** is the market value of assets with asset gains and losses spread over five years to mitigate the effect of market fluctuations on District contributions.

The **Unfunded Actuarial Accrued Liability (UAAL)** is the difference between the AAL and AVA, that is, the amount of the AAL that is not considered funded. The proposed benefit change would increase the UAAL by $196,000, the same amount as the increase in the AAL. The **Funded Percentage** is the portion of the AAL that is funded by the AVA. The proposed benefit change would decrease the projected Funded Percentage on June 30, 2017 from 66.3% to 65.6%.

[3] Healthcare costs generally increase with age. Since healthcare plan premiums are the same for active employees and non-Medicare eligible retirees, the premiums for younger employees subsidize healthcare costs for older employees and retirees. The Actuarial Obligations and retiree healthcare costs include an estimate of this active employee subsidy.

The **Total Plan Normal Cost** is the portion of the PVB allocated to the 2017/18 fiscal year, that is, the cost of benefits accrued by active employees during the fiscal year. The proposed benefit change would increase the 2017/18 Total Plan Normal Cost by $27,000 (3.67%). The District Normal Cost is the Total Plan Normal Cost less estimated employee contributions. The proposed benefit change would increase the 2017/18 District Normal Cost by $27,000 (5.48%).

The **Actuarially Determined Contribution (ADC)** is a measure of the District contribution for 2017/18.[4] The ADC consists of the fiscal year's District Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability. The District decided to amortize the June 30, 2008 Unfunded Actuarial Accrued Liability over 30 years. As of June 30, 2017, there are 21 years remaining in this amortization period. The proposed benefit change is expected to increase the projected 2017/18 District ADC by $41,000 (4.56%) or about 0.5% of projected employee payroll.

In summary, the proposed benefit change is projected to increase the PVB by $413,000. Of this, the increase in the AAL of $196,000 is an immediate impact that is reflected in the ADC over 21 years. The difference of $217,000 between the PVB and AAL will be included in future District contributions as an increase in the annual Normal Cost. The proposed benefit change increased the 2017/18 District Normal Cost by $27,000 and the ADC by $41,000.

Comments
Actuarial valuations include assumptions about future events in order to estimate future benefit payments. These include assumptions about healthcare plan elections, coverage elections, and premium increases. For example, the June 30, 2016 valuation assumed employees will participate in the same healthcare plan with the same single or 2-party coverage election at retirement as they had on the valuation date with 25% of retirees electing family coverage until age 65.

For 2017, the District monthly premium subsidy of $2,664.61 for employees hired before January 1, 2009 covers the full premium for all PEMCHA plans and coverage elections except for non-Medicare eligible retirees electing UnitedHealthcare with family coverage, in which case the District premium subsidy pays 96% of the premium.

For 2017, the District monthly premium subsidy for employees hired on or after January 1, 2009 covers between 63% and 96% of the non-Medicare eligible premium for those whose percentage is 100% depending on the healthcare plan and coverage elected.

The actual cost impact of the proposed benefit change will depend on employee healthcare plan elections at retirement, which may be impacted by the magnitude of the District premium subsidy relative to the premium at the time of retirement and thereafter. For example:

- Consider an employee participating in the Bay Area Basic Blue Shield Access+ plan with family coverage with 20 or more years of CalPERS service who retires during 2017.
  - If the employee was hired before January 1, 2009, the District would provide a premium subsidy of $2,664.61 per month, the full premium, and the retiree would pay nothing.

[4] The 2017/18 ADC provided by the June 30, 2016 actuarial valuation was $924,000. The amount shown above, $884,000, for this analysis was recalculated using actual rather than projected June 30, 2017 trust assets and includes an additional retiree from the active group. The June 30, 2016 actuarial valuation included the 2017 PEMHCA premiums. The 2018 PEMHCA premiums were not known when the June 30, 2016 valuation was completed.

  - If the employee was hired on or after January 1, 2009, the District would provide $1,727.00 per month and the retiree would pay $937.61 per month.
  - If the District adopts the proposed benefit change, the District would provide the full premium for the employee hired on or after January 1, 2009, for an additional District cost of $937.61 per month, a 54.3% increase in the District premium subsidy.
- Now consider an employee participating in the Bay Area Kaiser plan with single coverage and 20 or more years of CalPERS service who retires during 2017.
  - If the employee was hired before January 1, 2009, the District would provide a premium subsidy of $733.39 per month, the full premium, and the retiree would pay nothing.
  - If the employee was hired after January 1, 2009, the District would provide $707.00 per month and the retiree would pay $26.39 per month.
  - If the District adopts the proposed benefit change, the District would provide the full premium for the employee hired on or after January 1, 2009, for an additional District cost of $26.39 per month, a 3.7% increase in the District premium subsidy.
- For Medicare eligible retirees, the District would pay the full premium for employees hired before January 1, 2009, for employees hired on or after January 1, 2009 for those whose percentage is 100% under the current plan, and for employees hired on or after January 1, 2009 for those whose percentage is 100% under the proposed plan.

On the valuation date of June 30, 2016, 65% of active employees and 60% of retirees participated in the Kaiser healthcare plan. Since the valuation assumed employees and retirees stay in the same healthcare plan at retirement as elected on the valuation date, actual results can be impacted by movement of employees and retirees among plans and by actual premium increases.

Note that actuarial valuations are done on a "closed group" basis, that is, they consider only active employees and retirees on the valuation date and do not include expected future hires. District future hiring practices and new hire healthcare plan and coverage choices may impact actual future plan costs.

Sincerely,

Joseph D'Onofrio

Joseph R. D'Onofrio, FSA
Actuary

c: Katherine Moore, ASA

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Side Letter Agreement

Effective upon approval by the Board of Directors, the Memorandum of Understanding (MOU) between Delta Diablo, a California Sanitation District, and the **Professional & Technical Representation Unit/Public Employees Union Local One** shall be amended by the following provisions:

Section IV.8 – RETIREE BENEFITS

The District currently contracts with the California Public Employees' Retirement System (CalPERS) to provide post-employment (i.e., retiree) medical coverage through the Public Employees' Medical and Health Care Act (PEMHCA) to qualified employees, their eligible spouse/registered domestic partner, and/or dependent children.

<u>Employees Hired Before January 1, 2009 ("Pre-2009 Hires")</u>

To be eligible for District-provided retiree PEMHCA coverage, a Pre-2009 Hire must retire from CalPERS within 120 days after his or her District employment terminates.

While a Pre-2009 Hire is enrolled in PEMHCA coverage as a retiree, the District will subsidize the retiree's PEMHCA premium cost up to the greater of (1) or (2) below:

(1) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Kaiser Permanente HMO Bay Area health plan or
(2) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Blue Shield of CA Access + HMO Bay Area health plan.

<u>Employees Hired On or After January 1, 2009 ("Post-2008 Hires")</u>

To be eligible for District-provided PEMHCA coverage, a Post-2008 Hire must satisfy the requirements set out under section 22893 of the California Government Code to receive an employer contribution from the District. With certain exceptions specified in section 22893, these requirements include the following: (1) a Post-2008 Hire must have a minimum of 10 years of CalPERS service credit, of which at least five years were accrued at the District, and (2) if the Post-2008 Hire has accrued fewer than 20 years of CalPERS credit for District service, he or she must retire from CalPERS within 120 days after his or her District employment terminates.

While a Post-2008 Hire is enrolled in PEMHCA coverage as a retiree, the District will subsidize the retiree's PEMHCA premium cost up to the greater of (1) or (2) below:

(1) The minimum employer contribution amount required by section 22893 of the California Government Code for the retiree's selected PEMHCA coverage.

(2) An amount equal to the Applicable Percentage of the greater of:

   (A) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Kaiser Permanente HMO Bay Area health plan or
   (B) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Blue Shield of CA Access + HMO Bay Area health plan.

For this purpose, a retiree's "Applicable Percentage" means the percentage determined under section 22893(a) of the California Government Code, as follows:

Years of CalPERS Service Credit*	Applicable Percentage	Years of CalPERS Service Credit*	Applicable Percentage
10 Years	50%	15 Years	75%
11 Years	55%	16 Years	80%
12 Years	60%	17 Years	85%
13 Years	65%	18 Years	90%
14 Years	70%	19 Years	95%
		20 Years or more	100%
***A minimum of five years must be attributable to District service.**			

Reimbursement of the monthly premium deduction will be made in accordance with the process outlined in the Retiree Medical Premium Reimbursement Procedure.

Provisions Applicable to all Retirees Regardless of Hire Date

In no event will the District subsidy provided to a retiree exceed the premium for the retiree's selected PEMHCA coverage.

No in-lieu of medical insurance payments shall be made to retirees. Retirees must enroll in Medicare Part A and participate in a PEMHCA Medicare supplement plan when eligible to enroll in Medicare to receive a District subsidy.

Retired employees are responsible for their own dental, vision (if not covered by the health care plan), and life insurance coverage.

In the event Federal or State legislation, which affects the health care coverage for employees provided under this MOU, is enacted into law during the term of this MOU and such legislation has an adverse impact on either party, the Parties shall meet and confer regarding the impact of such legislation on the MOU.

Signatures of Approvals:

DELTA DIABLO:

By: ______________________________
Federal D. Glover, Chair
Board of Directors

By: ______________________________
Vincent P. De Lange
General Manager

By: ______________________________
Carol Margetich
Business Services Director

PROFESSIONAL AND TECHNICAL REPRESENTATION UNIT/PEU, LOCAL ONE:

By: ____________________________
Matthew Gotshall
Chair

By: ____________________________
Nicholas Steiner
Vice Chair

By: ____________________________
Irene O'Sullivan
Secretary

By: ____________________________
Genevieve Vigil
Business Agent, Public Employees Union, Local One

Side Letter Agreement

Effective upon approval by the Board of Directors, the Memorandum of Understanding (MOU) between Delta Diablo, a California Sanitation District, and the **Operations & Maintenance Representation Unit/Public Employees Union Local One** shall be amended by the following provisions:

Section IV.8 – RETIREE BENEFITS

The District currently contracts with the California Public Employees' Retirement System (CalPERS) to provide post-employment (i.e., retiree) medical coverage through the Public Employees' Medical and Health Care Act (PEMHCA) to qualified employees, their eligible spouse/registered domestic partner, and/or dependent children.

<u>Employees Hired Before January 1, 2009 ("Pre-2009 Hires")</u>

To be eligible for District-provided retiree PEMHCA coverage, a Pre-2009 Hire must retire from CalPERS within 120 days after his or her District employment terminates.

While a Pre-2009 Hire is enrolled in PEMHCA coverage as a retiree, the District will subsidize the retiree's PEMHCA premium cost up to the greater of (1) or (2) below:

(1) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Kaiser Permanente HMO Bay Area health plan or
(2) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Blue Shield of CA Access + HMO Bay Area health plan.

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While a Post-2008 Hire is enrolled in PEMHCA coverage as a retiree, the District will subsidize the retiree's PEMHCA premium cost up to the greater of (1) or (2) below:

(1) The minimum employer contribution amount required by section 22893 of the California Government Code for the retiree's selected PEMHCA coverage.

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***A minimum of five years must be attributable to District service.**			

Reimbursement of the monthly premium deduction will be made in accordance with the process outlined in the Retiree Medical Premium Reimbursement Procedure.

Provisions Applicable to all Retirees Regardless of Hire Date

In no event will the District subsidy provided to a retiree exceed the premium for the retiree's selected PEMHCA coverage.

No in-lieu of medical insurance payments shall be made to retirees. Retirees must enroll in Medicare Part A and participate in a PEMHCA Medicare supplement plan when eligible to enroll in Medicare to receive a District subsidy.

Retired employees are responsible for their own dental, vision (if not covered by the health care plan), and life insurance coverage.

In the event Federal or State legislation, which affects the health care coverage for employees provided under this MOU, is enacted into law during the term of this MOU and such legislation has an adverse impact on either party, the Parties shall meet and confer regarding the impact of such legislation on the MOU.

Signatures of Approvals:

DELTA DIABLO:

By: ______________________________
Federal D. Glover, Chair
Board of Directors

By: ______________________________
Vincent P. De Lange
General Manager

By: ______________________________
Carol Margetich
Business Services Director

OPERATIONS AND MAINTENANCE REPRESENTATION UNIT/PEU LOCAL ONE:

By: ____________________________
Jeffrey Navarrete
Chair

By: ____________________________
Christopher Phillips
Vice Chair

By: ____________________________
Joseph Ciochon
Safety Representative

By: ____________________________
Genevieve Vigil
Business Agent, Public Employees Union, Local One

Side Letter Agreement

Effective upon approval by the Board of Directors, the Memorandum of Understanding (MOU) between Delta Diablo, a California Sanitation District, and the **Management Association** shall be amended by the following provisions:

Section IV.8 – RETIREE BENEFITS

The District currently contracts with the California Public Employees' Retirement System (CalPERS) to provide post-employment (i.e., retiree) medical coverage through the Public Employees' Medical and Health Care Act (PEMHCA) to qualified employees, their eligible spouse/registered domestic partner, and/or dependent children.

<u>Employees Hired Before January 1, 2009 ("Pre-2009 Hires")</u>

To be eligible for District-provided retiree PEMHCA coverage, a Pre-2009 Hire must retire from CalPERS within 120 days after his or her District employment terminates.

While a Pre-2009 Hire is enrolled in PEMHCA coverage as a retiree, the District will subsidize the retiree's PEMHCA premium cost up to the greater of (1) or (2) below:

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(2) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Blue Shield of CA Access + HMO Bay Area health plan.

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To be eligible for District-provided PEMHCA coverage, a Post-2008 Hire must satisfy the requirements set out under section 22893 of the California Government Code to receive an employer contribution from the District. With certain exceptions specified in section 22893, these requirements include the following: (1) a Post-2008 Hire must have a minimum of 10 years of CalPERS service credit, of which at least five years were accrued at the District, and (2) if the Post-2008 Hire has accrued fewer than 20 years of CalPERS credit for District service, he or she must retire from CalPERS within 120 days after his or her District employment terminates.

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(A) The Employee & 2+ Dependents rate (under CalPERS Basic Rate Schedule) of the Kaiser Permanente HMO Bay Area health plan or
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For this purpose, a retiree's "Applicable Percentage" means the percentage determined under section 22893(a) of the California Government Code, as follows:

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14 Years	70%	19 Years	95%
		20 Years or more	100%
***A minimum of five years must be attributable to District service.**			

Reimbursement of the monthly premium deduction will be made in accordance with the process outlined in the Retiree Medical Premium Reimbursement Procedure.

<u>Provisions Applicable to all Retirees Regardless of Hire Date</u>

In no event will the District subsidy provided to a retiree exceed the premium for the retiree's selected PEMHCA coverage.

No in-lieu of medical insurance payments shall be made to retirees. Retirees must enroll in Medicare Part A and participate in a PEMHCA Medicare supplement plan when eligible to enroll in Medicare to receive a District subsidy.

Retired employees are responsible for their own dental, vision (if not covered by the health care plan), and life insurance coverage.

In the event Federal or State legislation, which affects the health care coverage for employees provided under this MOU, is enacted into law during the term of this MOU and such legislation has an adverse impact on either party, the Parties shall meet and confer regarding the impact of such legislation on the MOU.

Signatures of Approvals:

<u>DELTA DIABLO:</u>

By: ______________________________
Federal D. Glover, Chair
Board of Directors

By: ______________________________
Vincent P. De Lange
General Manager

By: ______________________________
Carol Margetich
Business Services Director

MANAGEMENT ASSOCIATION:

By: ____________________________
Christopher Hanna
Chair

By: ____________________________
Joaquin Gonzalez
Vice Chair

ITEM E/3

March 14, 2018

REVIEW PROPOSED SEWER SERVICE CHARGE INCREASES, SET PUBLIC HEARING FOR MAY 9, 2018, AND AUTHORIZE DISTRIBUTION OF PROPOSITION 218 NOTICES

RECOMMENDATION
1) Review and comment on proposed Sewer Service Charge (SSC) increases for Fiscal Year 2018/2019 (FY18/19).
2) Set public hearing to receive public comment and respond to questions regarding the proposed rate increases for wastewater services for May 9, 2018 at 5:30 p.m.
3) Authorize distribution of Proposition 218 Notice addressing proposed increases and notifying property owners of the public hearing on this matter.

Summary Statement
The proposed rate increases include:

- Applying a 6.0% SSC rate increase for Antioch and Pittsburg customers in FY18/19. The proposed rate increase (does not include wastewater collection) equates to an estimated SSC increase of $21.06 per year or approximately $1.76 per month.
- Applying a 5.0% SSC rate increase to Bay Point customers in FY18/19. The proposed rate increase (includes wastewater collection) equates to an estimated SSC increase of $24.99 per year or approximately $2.08 per month.

No Proposed Street Sweeping Increase

- Annual Street Sweeping Charges, which vary by community ($4.58 for Bay Point, $10.26 for Pittsburg and $5.60 for Antioch) are not proposed to increase.

Background Information
Delta Diablo (District) is a California special district that provides wastewater, street sweeping, and household hazardous waste collection services to the City of Antioch, the City of Pittsburg, and the unincorporated community of Bay Point. For the community of Bay Point (Zone 1), the District also provides wastewater collection services, and Bay Point customers are charged for those additional services through Collection System operating and rehabilitation components added to their SSCs.

SSCs do not pay for any capital costs related to growth, which is funded through the District's Capital Facilities Capacity Charges (CFCCs). Serving nearly 210,000 residents and encompassing 54 square miles, the District is an award-winning agency with a mission to protect public health and the environment. Public ownership of these services allows customers the benefit of reliable service while still having rates among the lowest in the region.

High-quality and environmentally-sound resource recovery services (wastewater utility operations, household hazardous waste, and street sweeping) are essential for public health and economic vitality. Consistent delivery of District services requires continued top performance of our publicly-owned facilities and related infrastructure systems and the expertise of professionals, including state-certified staff.

Each year, the District submits required information to Contra Costa County to place SSCs on the property tax roll for most customers. The current rate analysis includes a 5-year financial planning horizon from fiscal years FY18/19 through FY22/23. The study meets the legal requirement for setting rates that are proportionate to the cost of services provided. The proposed single-year rate implementation will meet the financial goals of generating sufficient revenues given the current assessment of future expenses and economic reserves.

The Board last adopted a rate adjustment in June 2017. The adjustment consisted of a single-year increase of 6.5% for customers in Antioch and Pittsburg and 6.1% for customers in Bay Point, effective FY17/18.

The District's SSCs are determined based on the costs of providing services. These costs include utility operations, capital, rehabilitation, state and federal regulatory compliance, household hazardous waste collection, street sweeping services, and adopted fiscal policies. For the community of Bay Point (Zone 1), the District also provides wastewater collection services, and Bay Point customers are charged for that additional service through an added component to their SSCs. In addition to SSCs, District reserve funds are used consistent with Board policies to keep SSC increases as low as practical.

Based on the financial analysis, staff is recommending adjustments to SSCs rates to remain fiscally sound by:

- Collecting revenues sufficient to meet expenses.
- Complying with Proposition 218, which stipulates that:
    - An agency cannot collect revenue beyond what is necessary to provide service
    - No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property
    - Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed
    - Fairness in apportionment of total costs of service amongst ratepayer classes (avoidance of subsidization within the rates)

- Reflecting adopted fiscal policies for economic reserves of 40% of operating expenditures
- Meeting commitments made in loan agreements

The remainder of this report details the rates analysis process and conclusions necessitating the SSC rate increases.

<u>Analysis</u>
The process to establish rates that support fiscal stability relies on long-term financial planning and sound fiscal policies. The District continues to be subject to increases in regulatory, operational, and rehabilitation costs. General cost increases include:

- <u>Growth</u>. Because the District uses a multi-year rate model to evaluate and project future costs and revenue requirements, projected growth is one of the key assumptions. To the extent growth is robust, fixed costs are spread over more services and rate adjustments may be lower; to the extent growth is slow, fixed costs are spread over fewer services resulting in marginally higher SSC adjustments. Beginning with the FY12/13 rate analysis, the growth assumption was reduced from 600 to 400 equivalent residential units (ERUs) annually. The average growth rate over the past five years (FY12/13 – FY16/17) has been 433 ERUs, so the assumption of 400 added ERUs annually has been maintained for the FY18/19 analysis.

- Operating Expenses. The District has seen costs increase in general. The assumption used for increases in annual operating expenses is 3.0% in the rate model.
- Salaries. Labor cost inputs were based on salaries in existing negotiated contracts. Salary and benefits were increased by 3.6% annually based on estimated cost of living adjustment (COLA) increases. Per the terms of the District's current labor Memoranda of Understanding (MOUs), COLA impacts are reviewed each year and adjusted as necessary.
- Regulatory Requirements. Wastewater utilities are highly regulated. New requirements, such as unfunded mandated programs, increasingly stringent reporting requirements, or compliance with updated standards, are routine.
- Wastewater Rehabilitation Costs. The District has over $100 million in wastewater infrastructure assets (net of depreciation) and is currently conducting an assessment of its wastewater conveyance and treatment system infrastructure. The results of this study will better inform the District's need for long-term infrastructure rehabilitation. An effective rehabilitation program includes evaluations of facilities and proactive repairs and replacements, thus avoiding expenses associated with unexpected infrastructure failure. Alternatively, the utility would be obligated to seek bond financing or emergency loan funds to pay for the repairs, with associated high-interest rates.
- Economic Reserves. Utility economic reserves are an essential part of the utility's operating procedures and ensure the continued ability to provide services during budget shortfalls or unforeseen circumstances. The analysis includes a 40% economic reserve target based on operating expenditures.
- Debt Service Coverage. The District is obligated to meet debt service coverage requirements related to long-term debt as part of our various loan agreements. The typical rate covenant for debt issued on wastewater capital improvement projects requires a minimum debt service coverage ratio of 1.20 (ratio of net revenues to expenses). Maintaining debt service coverage requirements is crucial to maintaining the District's good credit rating.

The District's revenues and expenditures have been calculated for the next fiscal year based on the adopted FY17/18 Operating Budget, advanced treatment, and draft FY18/19 through FY22/23 capital improvement program (CIP), which have resulted in projected SSC adjustments to ensure that total revenues, including reserve use, cover the cost of providing service. The core components of SSCs are: Regional Treatment and Conveyance, which funds wastewater operations and maintenance (O&M) costs, Capital Asset (CA) for new wastewater reliability capital projects, and Capital Asset Replacement (CAR) for rehabilitation and replacement capital projects. Based on these projected expenditures, the SSCs need to increase for FY18/19, as reflected in Table 1. The projected increases are due to increases in core wastewater service operating and capital needs.

Table 1: Sample Single Family Sewer Service Change on Property Tax Bills for FY18/19

Residential Service	Current Rates	Proposed Rates	Increase
Sewer Service Charges (Customers in Antioch and Pittsburg)	$351.62	$372.68	$21.06
Sewer Service Charges (Customers in Bay Point)	$497.14	$522.13	$24.99

Additionally, it continues to be likely that advanced treatment for nutrient removal will be required to meet future wastewater discharge standards. Funding for this effort began with the FY11/12 SSC review, when the Board established a designated Advanced Treatment (AT) Reserve fund and approved a new rate component to begin funding that reserve. This was the first step in a proposed sinking fund approach to build future cash reserves to levels sufficient to pay for project planning and design, and revenue streams to service debt for project construction. Original capital costs for this effort were estimated to be $125 million in escalated dollars with an anticipated target date for compliance of FY23/24. However, as reported to the Board in November 2017 updated information on future permit requirements suggest a new target date of FY33/34, creating additional time to collect the designated funds necessary for this effort and mitigate the significant cost of future long-term debt.

Therefore, instead of 2.7% of the overall proposed increase being designated for future nutrient removal improvements, staff is now recommending 1.0% increases over the next two years. This is consistent with the fund strategy established by the Board of Directors in FY11/12 and minimizes rate increases over the long-run to meet these requirements. The proposed 1.0% increase in FY18/19 would add an additional $3.47 per year to the AT Reserve rate component, or $0.29 per month. This, added to the proposed increase for core wastewater SSC components, would bring the total annual adjustment to $21.06 (6.0%), or $1.76 per month for all three District zones.

In FY17/18, an additional $4.1 million was transferred from the AT fund to fund the first year of the CAR fund-related CIP. These fund reserves are rate-funded and, as such, are not typically subject to inter-fund loan provisions. However, because the AT fund was set up for the specific purpose of funding the future AT Project, the transfer will be repaid from the CAR fund beginning FY20/21.

Additionally, inter-fund transfers from the CA fund to the CAR fund of $1.2 million in FY18/19 and $1.2 in FY19/20 will provide further funding for rehabilitation needs. Because both funds are rate-funded, inter-fund loans are not required.

Inter-fund loan repayments are also planned from the Capital Expansion fund to the CAR fund to repay funds previously borrowed to cover anticipated shortfalls in CFCC revenue and CFCC-funded debt service. Because the Expansion fund is funded by new development through CFCCs, the loan payments include interest based on Local Agency Investment Fund (LAIF) interest rates. The first repayment to the CAR fund, averaging about $1 million annually, began in FY17/18 because the existing bonded debt was retired in FY16/17.

Street Sweeping Charges are not proposed to increase next year, as they are sufficient to cover the costs of providing street sweeping services.

Future Considerations

Wastewater services are subject to a myriad of regulatory requirements, power supply, and chemical costs. In the upcoming year, rehabilitation funds will be used to extend the useful life of facilities at the treatment plant, pump station facilities, and in the collection system. In response to new water quality permit limits, the biological treatment process at the plant is anticipated to undergo significant construction during the upcoming years to allow the process to meet more stringent National Pollution Discharge Elimination System (NPDES) requirements. In addition, work to replace the existing Supervisory Control and Data Acquisition (SCADA) system has been ongoing over the past year and should be completed next year. This is a significant milestone that updates a major system that is vital to reliable and effective operation of the treatment plant. In addition to treatment plant improvements, work is planned each year to repair or replace portions of the wastewater collection system that have sustained damage due to age, tree root intrusion, or other natural forces.

Public Outreach

In compliance with Proposition 218, a California law since 1996, notices on proposed rate increases will be sent to all utility customers by March 23, 2018 (a minimum of 45 days prior to the May 9, 2018 public hearing). A copy of the notice is included in this report as Attachment A. The notice outlines the process for protesting the proposed rate increases. Protest ballots can be mailed or hand delivered to the District on or before the public hearing date, or in person at the public hearing on May 9, 2018. In addition, pursuant to Government Code requirements, notices of the public hearing will be published twice in the East County Times. At the close of the Public Hearing, the Board Secretary will announce the total number of protest responses. If written protests against the proposed rate increases are presented by a majority of the owners of identified parcels, the District cannot impose the adjustments.

Staff presented the proposed SSC analyses to the Finance Committee on March 6, 2018, and the Committee recommended that the Board consider the core SSC, Advanced Treatment and Bay Point Collection System rate component adjustments for the upcoming fiscal year. The Finance Committee also recommended that draft Proposition 218 notices reflecting an increase of up to 6.0% for customers in Pittsburg and Antioch; and an increase of up to 5.0% for customers in Bay Point, be reviewed by the full Board.

Fiscal Impact

Without a rate increase, the overall economic reserves would decline rapidly; from an approximate 63.2% in FY17/18 to 48.9% in FY18/19 and 32.6% in FY19/20. At the end of five years (FY22/23), the reserves would be completely depleted and the District would be unable to fully fund its annual operating costs.

With the proposed rate increase, Pittsburg and Antioch residential customers would see an estimated increase of $21.06 per year or approximately $1.76 per month, an increase of 6.0%. Bay Point residential customers would see an estimated increase of $24.99 or approximately $2.08 per month, an increase of 5.0%.

The proposed rate adjustments will result in additional revenue of approximately $1.7 million to the District including the incremental increase of $272,000 for deposit into the designated AT Reserve fund. There are separate surcharges for service to Bay Point for operation and rehabilitation of that community's Collection System. The Bay Point surcharges along with growth would increase FY18/19 revenues for Collection System operations and rehabilitation by about $28,195.

The proposed rate adjustment maintains the District's position as one of the lowest cost overall service providers in the region; strengthens the District's rehabilitation program; and maintains economic reserves, helping to ensure fiscal soundness and resiliency in the face of upcoming unfunded mandates and regulatory requirements. A comparison of District rates, including rates for collections in the cities of Antioch and Pittsburg, with the rates of other regional sanitation agencies will be provided as part of the Board presentation.

Attachments

1) Finance Committee Staff Report Memo, dated March 6, 2018
2) Draft Proposition 218 Notice

Signature: Carol S. Margetich

Carol S. Margetich, Business Services Director

cc: District File CORP.07-CORRES-XXX

ITEM B

Delta Diablo

MEMORANDUM

Date: March 6, 2018

To: D. Pete Longmire, Chair, Finance Committee

From: Carol S. Margetich, Business Services Director

SUBJECT: REVIEW AND COMMENT ON PRELIMINARY SEWER SERVICE CHARGE ANALYSIS FOR FISCAL YEAR 2018/2019 AND DRAFT PROPOSITION 218 NOTICES

RECOMMENDATION

1) Review and comment on proposed Sewer Service Charge (SSC) increases for Fiscal Year 2018/2019 (FY18/19).
2) Review and comment on Proposition 218 Notices addressing proposed increases and notifying property owners of the May 9, 2018 public hearing on this matter.

Summary Statement

The proposed rate increases include:

- Applying a 6.0% SSC rate increase for Antioch and Pittsburg customers in FY18/19. The proposed rate increase (does not include wastewater collection) equates to an estimated SSC increase of $21.06 per year or approximately $1.76 per month.
- Applying a 5.0% SSC rate increase to Bay Point customers in FY18/19. The proposed rate increase (includes wastewater collection) equates to an estimated SSC increase of $24.99 per year or approximately $2.08 per month.

No Proposed Street Sweeping Increase

- Annual Street Sweeping Charges, which vary by community ($4.58 for Bay Point, $10.26 for Pittsburg and $5.60 for Antioch) are not proposed to increase.

Background Information

Delta Diablo (District) is a California special district that provides wastewater, street sweeping, and household hazardous waste collection services to the City of Antioch, the City of Pittsburg, and the unincorporated community of Bay Point. For the community of Bay Point (Zone 1), the District also provides wastewater collection services, and Bay Point customers are charged for those additional services through Collection System operating and rehabilitation components added to their SSCs.

SSCs do not pay for any capital costs related to growth, which is funded through the District's Capital Facilities Capacity Charges (CFCCs). Serving nearly 210,000 residents and encompassing 54 square miles, the District is an award-winning agency with a mission to protect public health and the environment. Public ownership of these services allows customers the benefit of reliable service while still having rates among the lowest in the region.

High-quality and environmentally-sound resource recovery services (wastewater utility operations, household hazardous waste, and street sweeping) are essential for public health and economic vitality. Consistent delivery of District services requires continued top performance of our publicly-owned facilities and related infrastructure systems and the expertise of professionals, including state-certified staff.

Each year, the District submits required information to Contra Costa County to place SSCs on the property tax roll for most customers. The current rate analysis includes a 5-year financial planning horizon from fiscal years FY18/19 through FY22/23. The study meets the legal requirement for setting rates that are proportionate to the cost of services provided. The proposed single-year rate implementation will meet the financial goals of generating sufficient revenues given the current assessment of future expenses and economic reserves.

The Board last adopted a rate adjustment in June 2017. The adjustment consisted of a single-year increase of 6.5% for customers in Antioch and Pittsburg and 6.1% for customers in Bay Point, effective FY17/18.

The District's SSCs are determined based on the costs of providing services. These costs include utility operations, capital, rehabilitation, state and federal regulatory compliance, household hazardous waste collection, street sweeping services, and adopted fiscal policies. For the community of Bay Point (Zone 1), the District also provides wastewater collection services, and Bay Point customers are charged for that additional service through an added component to their SSCs. In addition to SSCs, District reserve funds are used consistent with Board policies to keep SSC increases as low as practical.

Based on the financial analysis, staff is recommending adjustments to SSCs rates to remain fiscally sound by:

- Collecting revenues sufficient to meet expenses.
- Complying with Proposition 218, which stipulates that:
  - An agency cannot collect revenue beyond what is necessary to provide service
  - No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property
  - Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed
  - Fairness in apportionment of total costs of service amongst ratepayer classes (avoidance of subsidization within the rates)

- Reflecting adopted fiscal policies for economic reserves of 40% of operating expenditures
- Meeting commitments made in loan agreements

The remainder of this report details the rates analysis process and conclusions necessitating the SSC rate increases.

Analysis

The process to establish rates that support fiscal stability relies on long-term financial planning and sound fiscal policies. The District continues to be subject to increases in regulatory, operational, and rehabilitation costs. General cost increases include:

- Growth. Because the District uses a multi-year rate model to evaluate and project future costs and revenue requirements, projected growth is one of the key assumptions. To the extent growth is robust, fixed costs are spread over more services and rate adjustments may be lower; to the extent growth is slow, fixed costs are spread over fewer services resulting in marginally higher SSC adjustments. Beginning with the FY12/13 rate analysis, the growth assumption was reduced from 600 to 400 equivalent residential units (ERUs) annually. The average growth rate over the past five years (FY12/13 – FY16/17) has been 433 ERUs, so the assumption of 400 added ERUs annually has been maintained for the FY18/19 analysis.
- Operating Expenses. The District has seen costs increase in general. The assumption used for increases in annual operating expenses is 3.0% in the rate model.
- Salaries. Labor cost inputs were based on salaries in existing negotiated contracts. Salary and benefits were increased by 3.6% annually based on estimated cost of living adjustment (COLA) increases. Per the terms of the District's current labor Memoranda of Understanding (MOUs), COLA impacts are reviewed each year and adjusted as necessary.
- Regulatory Requirements. Wastewater utilities are highly regulated. New requirements, such as unfunded mandated programs, increasingly stringent reporting requirements, or compliance with updated standards, are routine.
- Wastewater Rehabilitation Costs. The District has over $100 million in wastewater infrastructure assets (net of depreciation) and is currently conducting an assessment of its wastewater conveyance and treatment system infrastructure. The results of this study will better inform the District's need for long-term infrastructure rehabilitation. An effective rehabilitation program includes evaluations of facilities and proactive repairs and replacements, thus avoiding expenses associated with unexpected infrastructure failure. Alternatively, the utility would be obligated to seek bond financing or emergency loan funds to pay for the repairs, with associated high-interest rates.
- Economic Reserves. Utility economic reserves are an essential part of the utility's operating procedures and ensure the continued ability to provide services during budget shortfalls or unforeseen circumstances. The analysis includes a 40% economic reserve target based on operating expenditures.
- Debt Service Coverage. The District is obligated to meet debt service coverage requirements related to long-term debt as part of our various loan agreements. The typical rate covenant for debt issued on wastewater capital improvement projects requires a minimum debt service coverage ratio of 1.20

(ratio of net revenues to expenses). Maintaining debt service coverage requirements is crucial to maintaining the District's good credit rating.

The District's revenues and expenditures have been calculated for the next fiscal year based on the adopted FY17/18 Operating Budget, advanced treatment, and draft FY18/19 through FY22/23 capital improvement program (CIP), which have resulted in projected SSC adjustments to ensure that total revenues, including reserve use, cover the cost of providing service. The core components of SSCs are: Regional Treatment and Conveyance, which funds wastewater operations and maintenance (O&M) costs, Capital Asset (CA) for new wastewater reliability capital projects, and Capital Asset Replacement (CAR) for rehabilitation and replacement capital projects. Based on these projected expenditures, the SSCs need to increase for FY18/19, as reflected in Table 1. The projected increases are due to increases in core wastewater service operating and capital needs.

Table 1: Sample Single Family Sewer Service Charge on Property Tax Bills for FY18/19

Residential Service	Current Rates	Proposed Rates	Increase
Sewer Service Charges (Customers in Antioch and Pittsburg)	$351.62	$372.68	$21.06
Sewer Service Charges (Customers in Bay Point)	$497.14	$522.13	$24.99

Additionally, it continues to be likely that advanced treatment for nutrient removal will be required to meet future wastewater discharge standards. Funding for this effort began with the FY11/12 SSC review, when the Board established a designated Advanced Treatment (AT) Reserve fund and approved a new rate component to begin funding that reserve. This was the first step in a proposed sinking fund approach to build future cash reserves to levels sufficient to pay for project planning and design, and revenue streams to service debt for project construction. Original capital costs for this effort were estimated to be $125 million in escalated dollars with an anticipated target date for compliance of FY23/24. However, as reported to the Board in November 2017 updated information on future permit requirements suggest a new target date of FY33/34, creating additional time to collect the designated funds necessary for this effort and mitigate the significant cost of future long-term debt.

Therefore, instead of 2.7% of the overall proposed increase being designated for future nutrient removal improvements, staff is now recommending 1.0% increases over the next two years. This is consistent with the fund strategy established by the Board of Directors in FY11/12 and minimizes rate increases over the long-run to meet these requirements. The proposed 1.0% increase in FY18/19 would add an additional $3.47 per year to the AT Reserve rate component, or $0.29 per month. This, added to the proposed increase for core wastewater SSC components, would bring the total annual adjustment to $21.06 (6.0%), or $1.76 per month for all three District zones.

In FY17/18, an additional $4.1 million was transferred from the AT fund to fund the first year of the CAR fund-related CIP. These fund reserves are rate-funded and, as such, are not typically subject to inter-fund loan provisions. However, because the AT fund was set up for the specific purpose of funding the future AT Project, the transfer will be repaid from the CAR fund beginning FY20/21.

Additionally, inter-fund transfers from the CA fund to the CAR fund of $1.2 million in FY18/19 and $1.2 in FY19/20 will provide further funding for rehabilitation needs. Because both funds are rate-funded, inter-fund loans are not required.

Inter-fund loan repayments are also planned from the Capital Expansion fund to the CAR fund to repay funds previously borrowed to cover anticipated shortfalls in CFCC revenue and CFCC-funded debt service. Because the Expansion fund is funded by new development through CFCCs, the loan payments include interest based on Local Agency Investment Fund (LAIF) interest rates. The first repayment to the CAR fund, averaging about $1 million annually, began in FY17/18 because the existing bonded debt was retired in FY16/17.

Street Sweeping Charges are not proposed to increase next year, as they are sufficient to cover the costs of providing street sweeping services.

Future Considerations
Wastewater services are subject to a myriad of regulatory requirements, power supply, and chemical costs. In the upcoming year, rehabilitation funds will be used to extend the useful life of facilities at the treatment plant, pump station facilities, and in the collection system. In response to new water quality permit limits, the biological treatment process at the plant is anticipated to undergo significant construction during the upcoming years to allow the process to meet more stringent National Pollution Discharge Elimination System (NPDES) requirements. In addition, work to replace the existing Supervisory Control and Data Acquisition (SCADA) system has been ongoing over the past year and should be completed next year. This is a significant milestone that updates a major system that is vital to reliable and effective operation of the treatment plant. In addition to treatment plant improvements, work is planned each year to repair or replace portions of the wastewater collection system that have sustained damage due to age, tree root intrusion, or other natural forces.

Public Outreach
In compliance with Proposition 218, a California law since 1996, notices on proposed rate increases will be sent to all utility customers by March 23, 2018 (a minimum of 45 days prior to the May 9, 2018 public hearing). A copy of the notice is included in this report as Attachment A. The notice outlines the process for protesting the proposed rate increases. Protest ballots can be mailed or hand delivered to the District on or before the public hearing date, or in person at the public hearing on May 9, 2018. In addition, pursuant to Government Code requirements, notices of the public hearing will be published twice in the East County Times. At the close of the Public Hearing, the Board Secretary will announce the total number of protest responses. If written protests against the proposed rate increases are presented by a majority of the owners of identified parcels, the District cannot impose the adjustments.

Fiscal Impact
Without a rate increase, the overall economic reserves would decline rapidly; from an approximate 63.2% in FY17/18 to 48.9% in FY18/19 and 32.6% in FY19/20. At the end of five years (FY22/23), the reserves would be completely depleted and the District would be unable to fully fund its annual operating costs.

With the proposed rate increase, Pittsburg and Antioch residential customers would see an estimated increase of $21.06 per year or approximately $1.76 per month, an increase of 6.0%. Bay Point residential customers would see an estimated increase of $24.99 or approximately $2.08 per month, an increase of 5.0%.

The proposed rate adjustments will result in additional revenue of approximately $1.7 million to the District including the incremental increase of $272,000 for deposit into the designated AT Reserve fund. There are separate surcharges for service to Bay Point for operation and rehabilitation of that community's Collection System. The Bay Point surcharges along with growth would increase FY18/19 revenues for Collection System operations and rehabilitation by about $28,195.

The proposed rate adjustment maintains the District's position as one of the lowest cost overall service providers in the region; strengthens the District's rehabilitation program; and maintains economic reserves, helping to ensure fiscal soundness and resiliency in the face of upcoming unfunded mandates and regulatory requirements. A comparison of District rates, including rates for collections in the cities of Antioch and Pittsburg, with the rates of other regional sanitation agencies will be provided as part of the Board presentation.

Attachment
Draft Proposition 218 Notice

CSM/rcm

cc: District File CORP.07-CORRES-XXX
Chron File

Attachment 2

Delta Diablo

Notice of Proposed Fiscal Year 2018-2019 Rate Increases

Proposition 218 Notification to Property Owners of Public Hearing on
Proposed Sewer Service Charge Rate Increases

March 16, 2018

NOTICE IS HEREBY GIVEN that the Delta Diablo Board of Directors will hold a public hearing on **Wednesday, May 9, 2018 at 5:30 p.m. in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California,** to consider adoption of proposed rate increases for wastewater (sewer) utility services. Key drivers for the proposed increases and instructions for protesting the rate increases, if desired, are described in more detail below.

WHAT DO SEWER CHARGES FUND?

The District provides wastewater conveyance and treatment services for over 65,000 customer accounts (residential and non-residential), representing 205,000 customers in the City of Pittsburg, City of Antioch, and unincorporated Bay Point. Customers are typically billed on a fiscal-year basis on their annual property tax bill. These billings are the primary source of revenue for the District. Revenue is used to fund utility costs, such as labor, energy, chemicals, regulatory compliance, plant maintenance, rehabilitation and replacement of infrastructure, household hazardous waste facility operation, and street sweeping services. Utility rates are calculated based on the cost to provide service.

PROPOSED INCREASES TO MONTHLY SEWER SERVICE CHARGES:

For Fiscal Year 2018/2019 (FY18/19) (July 1, 2018 through June 30, 2019), the District is proposing a Sewer Service Charge (SSC) rate increase of **6.0% for customers in Antioch and Pittsburg, and an effective SSC rate increase of 5.0% for customers in Bay Point**. These increases are necessary to:

- Recover current and long-term projected costs of operating and maintaining the wastewater systems;
- Fund capital infrastructure to rehabilitate, replace, and update aging wastewater systems;
- Maintain long-term fiscal sustainability and avoid deficits and depletion of financial reserves;
- Comply with state-mandated wastewater discharge regulatory requirements;
- Fund anticipated costs for state-mandated advanced treatment of wastewater;
- Meet and comply with annual debt service coverage requirements; and,
- Maintain the Bay Point sewer collection system (charged only to customers in the Bay Point community).

Table 1 below demonstrates the impact of the proposed rate increases on the annual property tax bill for a single-family customer:

Table 1: Sample Single Family Sewer Service Charge on Property Tax Bills for FY18/19

Residential Service	Current Rates	Proposed Rates	Increase
Sewer Service Charges (Customers in Antioch and Pittsburg)	$351.62	$372.68	$21.07
Sewer Service Charges (Customers in Bay Point)	$497.14	$522.13	$24.99

PUBLIC HEARING AND PROTEST PROCEDURES:

The Board of Directors will hold a public hearing on the proposed increases to SSCs on **Wednesday, May 9, 2018 at 5:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509**. Public comments and written protests will be accepted at this Public Hearing, and the Board of Directors will be requested to take action to implement increases at this meeting. Written protests may be sent to the District prior to the public hearing to the attention of the District's "Business Services Director" at the address shown above, and must include the property address AND the Assessor Parcel Number found on your mailing label.

At the close of the Public Hearing, the Board Secretary will announce the total number of protest responses, including any received at the public hearing. If written protests against the proposed sewer service charge increases are presented by a majority of the owners of identified parcels, the District cannot impose the adjustments.

Delta Diablo SSCs have up to five components: **1)** Operations and Maintenance (O&M) - for the regional cost to treat and dispose of wastewater and the cost for collecting household hazardous waste at the Delta Household Hazardous Waste Collection Facility; **2)** Capital Asset (CA) - for new wastewater reliability capital projects, **3)** Capital Asset Replacement (CAR) - for rehabilitation and replacement capital projects; **4)** Advanced Treatment (AT) - for funding a dedicated reserve fund to pay for advanced wastewater treatment facilities to meet new, more stringent regulatory requirements. These advanced treatment facilities are estimated to cost $125 million when they are completed in the future. Should the District not continue to set aside necessary funds, future rate increases needed to fund these facilities would be substantially higher. **Continuing to increase this fund in advance results in the lowest SSCs over time**; and, **5)** BP Collections - for customers in Bay Point, an additional component to fund wastewater collections. Table 2 below outlines the SSC component increases by community.

Table 2: Average Single Family Residential Rate Increases (by component)		
Antioch and Pittsburg Customers		
	FY17/18	**FY18/19**
Sewer Service Rate Components	**Current**	**6.0%**
Regional Treatment and Conveyance	$ 256.23	$ 271.09
Capital Asset	$ 18.11	$ 18.47
Capital Asset Replacement	$ 23.70	$ 26.07
Advanced Treatment Reserve Fund	$ 53.58	$ 57.05
Total Sewer Service Charges per ERU	**$ 351.62**	**$ 372.68**
Approximate Equivalent Monthly Charge:	$ 29.30	$ 31.06
Bay Point Customers		
	FY17/18	**FY18/19**
Sewer Service Rate Components	**Current**	**5.0%**
Regional Treatment and Conveyance	$ 256.23	$ 271.09
Capital Asset	$ 18.11	$ 18.47
Capital Asset Replacement	$ 23.70	$ 26.07
Advanced Treatment Reserve Fund	$ 53.58	$ 57.05
Bay Point Collections	$ 145.52	$ 149.45
Total Sewer Service Charges per ERU	**$ 497.14**	**$ 522.13**
Approximate Equivalent Monthly Charge:	$ 41.43	$ 43.51

The SSC on your property tax bill also includes an annual charge (which is not proposed to increase) to sweep the streets based on the frequency of street sweeping in each community. The total proposed charge, including street sweeping, is reflected in Table 3. Residential properties with multiple residential units (duplex, fourplex, apartment complex, etc.) can calculate their total annual cost by multiplying the per unit annual charge by the number of residential units.

Table 3: Sample Single Family Sewer Service Charge including Street Sweeping on Property Tax Bills for FY18/19 (by community)				
Residential Service	**Current Rates**	**Proposed Rates**	**Street Sweeping**	**Total with Street Sweeping**
Antioch Sewer Service Charges	$351.62	$372.68	$5.60	$378.28
Pittsburg Sewer Service Charges	$351.62	$372.68	$10.26	$382.94
Bay Point Sewer Service Charges	$497.14	$522.13	$4.58	$526.71

Non-Residential Charges:

As a result of increased costs to treat and dispose of wastewater and continuing to set aside funds to meet new regulations, the annual SSC for FY18/19 will have to increase per Hundred Cubic Feet per Year (HCF/y) of water consumed as shown in Table 4 below. If the annual water consumed is less than 90 hundred cubic feet, the minimum annual charge will be used.

Table 4: Proposed FY18/19 Non-Residential Total Rate (xHCF/y)		
Non-Residential	**FY17/18**	**FY18/19**
Zone 1 - Bay Point (includes collection charges)		
Premark Packaging	$ 5.85	$ 6.15
Light Industrial	$ 5.81	$ 6.11
Misc Commercial	$ 5.81	$ 6.11
U.S. Army	$ 5.68	$ 5.97
Bakeries / Restaurants	$ 8.38	$ 8.83
Annual Minimum	$497.14	$522.13
Zone 2 - Pittsburg		
Bakeries/Restaurants	$ 6.99	$ 7.40
Dow Chemical	$ 4.08	$ 4.32
G&K Services	$ 4.78	$ 5.07
Hotel/Motel	$ 3.74	$ 3.96
Institutional	$ 4.27	$ 4.52
Light Industrial	$ 4.27	$ 4.52
Marinas	$ 5.50	$ 5.83
Generon IGS	$ 7.95	$ 8.43
Misc. Commercial	$ 4.27	$ 4.52
Mortuaries	$ 4.82	$ 5.11
Praxair	$ 4.04	$ 4.28
Annual Minimum	$351.62	$372.68
Zone 3 - Antioch		
Bakeries/Restaurants	$ 6.92	$ 7.34
Hotel/Motel	$ 4.06	$ 4.30
Institutional	$ 4.25	$ 4.50
Light Industrial	$ 4.25	$ 4.50
Marinas	$ 5.54	$ 5.88
Misc Commercial	$ 4.21	$ 4.46
Mortuaries	$ 4.84	$ 5.13
Annual Minimum	$351.62	$372.68

Delta Diablo

2500 Pittsburg-Antioch
Highway, Antioch, CA 94509

WHERE YOUR MONEY GOES

KEEPING SOUND AND STABLE UTILITY SERVICES:
To ensure high levels of customer satisfaction and reliable utility services, it takes appropriate staffing levels, quality programs and well-maintained infrastructure to deliver services that customers have grown to rely on and appreciate.

MAINTAINING FISCAL STABILITY:
To protect the District's good credit rating, the District has a reserve policy that will maintain credit worthiness and allow the District to readily respond to unexpected and costly situations.

COMPLYING WITH CHANGING REGULATORY CLIMATE:
State and federal mandates result in unfunded programs and services. The District is required to implement programs and operational changes as a result of changing laws.

FOR MORE INFORMATION ABOUT DELTA DIABLO SEWER SERVICES,
VISIT DELTADIABLO.ORG
(925) 756-1900

ITEM E/4

March 14, 2018

ADOPT ADMINISTRATIVE HANDBOOK POLICY NO. 1060 - *SUSTAINABILITY*

RECOMMENDATION
Adopt Administrative Handbook Policy No. 1060 – *Sustainability*.

Background Information
In meeting its mission to protect public health and the environment within the communities we serve, the District is committed to doing so in an efficient and sustainable manner. This commitment is comprehensively addressed in our strategic goals which strive to balance the financial, environmental, and social needs of our customers and stakeholders, today and into the future. These goals have been guided by policies previously adopted by the Board, including the Environmentally Preferable Purchasing Policy in 2006 and the Energy Management System Pledge in 2016. As the public's interest in sustainability has broadened, the District has undertaken efforts to consider more ambitious opportunities for improved energy management and expanded resource recovery.

Analysis
While there are many drivers for sustainability, a consistent driver where considerable progress has been achieved is public and stakeholder concern. In response to these increasing concerns, best practices are expanding to ensure the most effective economic, environmental, and social impact through the services we provide. The proposed Sustainability Policy is the result of staff's analysis of various successfully implemented similar policies in the water resource sector. The predominant goal of this policy is to increase the sustainability of District operations over time through "triple bottom line" consideration in our business decisions and continuous improvement of our overall performance.

Staff will share this policy with external partners and stakeholders, as well as the public to promote understanding and awareness of the beneficial goals related to sustainability. Additionally, staff will provide periodic updates to the Board on the activities and achievements related to the Sustainability Policy.

Financial Impact
The cost to implement this policy will be minimal and primarily include staff time necessary to meet the goals of the policy. Cost savings are anticipated through the waste reduction, resource recovery, and improved energy management objectives of the policy.

Attachment
Draft Administrative Handbook Policy No. 1060

Prepared by: Dean H. Eckerson
Dean Eckerson
Resource Recovery Services Director

cc: District File No. CORP.01-POL-16

Delta Diablo

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE:	**Sustainability**
POLICY NUMBER:	**1060**
PROCEDURE:	**N/A**
DATE ADOPTED:	**March 14, 2018**

D. Pete Longmire, Board Secretary

It is the policy of Delta Diablo (District) to provide reliable, cost-effective water resource recovery services through sustainable operations, maintenance, planning, design, and construction activities that avoid, minimize, or mitigate adverse effects on the economy, environment, and the public, and nurture a productive and motivated workforce.

1060.1 Purpose

The purpose of the Sustainability Policy is to set forth the District's intent and commitment to incorporate sustainability into its business practices and decision-making processes.

1060.2 Definitions

1060.2.1 **Sustainability:** The ability to meet the needs of the present without compromising the ability of future generations to meet their needs.

1060.2.2 **Triple Bottom Line:** An evaluation framework made up of three main categories—social, environmental, and financial.

1060.3 Policy

The District's Sustainability Policy is based on the following guiding principles:

1060.3.1 **Environmental Excellence:** The District shall consistently meet or exceed all regulatory standards and comply with environmental regulations and legislation.

1060.3.2 **Environmental Responsibility:** The District shall contribute to the long-term preservation and enhancement of the environment.

1060.3.3 **Environmental Progress:** The District shall continuously improve its environmental performance.

1060.4 Goal

It is the goal of the District to increase the sustainability of its operations by incorporating the triple bottom line approach into its decision-making process. The General Manager and/or his/her designee will guide the District's efforts to:

1060.4.1 Promote an environmental stewardship ethic in its staff and amongst the water resource recovery industry.

1060.4.2 Incorporate economic, environmental, and social considerations into key business decisions to benefit our customers.

1060.4.3 Support continuous improvement of environmental performance in the areas of resource conservation, waste reduction, resource recovery, pollution prevention, and renewable resources.

1060.4.4 Promote the efficient use of materials and resources throughout District operations including, but not limited to, water, energy, raw materials, and chemicals.

1060.4.5 Be a positive force through advocacy in support of the state's efforts to protect and preserve the quality of our environment, communities, and workplace.

1060.4.6 Build partnerships, inside and outside of the District, to sustain and enhance our environment.

1060.4.7 Support and incorporate other related policies and programs, such as the Environmentally Preferable Purchasing Policy and the Energy Management System Pledge.

1060.4.8 Accord the highest respect and value to every individual and community by developing and conducting business in a manner that promotes equity and affords fair treatment, accessibility, and protection for all people, regardless of race, age, culture, income, or geographic location.

1060.5 Awareness

The District will make this policy available to staff, external partners, community members, and the general public.

1060.6 Reporting

Staff will prepare and submit periodic reports to the Board on ongoing efforts related to the Sustainability Policy. This information will also be provided to staff.

ITEM F

March 14, 2018

RECEIVE ANNUAL REPORT ON PUBLIC INFORMATION PROGRAM

RECOMMENDATION

Receive Annual Report on Public Information Program.

Background Information

The goal of the District's Public Information Program is to build strategic relationships and trust with key stakeholders, while giving visibility to the challenges and opportunities in wastewater management, water resource development, and environmental stewardship. A key focal point of all public information activities is to successfully reflect a "Utility of the Future" culture that promotes the social, environmental, and economic value that the District brings to our community. This includes embracing innovative approaches and sustainable solutions to benefit the environment; lowering operating costs; increasing revenue; and serving as responsible stewards of the public's resources and trust. The value of the District's Public Information Program is showcased in the positive name recognition associated with our agency within the District, regionally, statewide, and even nationally.

Analysis

The focus of the District's program is to communicate the social, environmental and economic value wastewater resource recovery brings to our community as a Utility of the Future. Specific goals are to: 1) build on previous successes, while identifying new opportunities that add value and support for the District's core services; 2) identify communication strategies to enhance collaborative initiatives; 3) coordinate legislative strategies with other parties to address challenges and opportunities in wastewater management, water resources development, and environmental stewardship; 4) continue to secure opportunities to promote the District's commitment to business-education alliances in local school districts; and 5) provide leadership within industry associations, such as the California Association of Sanitation Agencies (CASA) and the California Water Environment Association (CWEA). The program will also involve supporting and collaborating with other Bay Area public agencies to expand stakeholder awareness, and secure legislative support for regional recycled water, bioenergy alternatives, pollution prevention, and safe pharmaceutical disposal across all levels of government and industry associations.

Staff will present a review of key accomplishments associated with the program over the past year, informed by direction from the Board, including:

- Proactive approach to public information strategy
- Expanded business-education alliances with local school districts
- Targeted community outreach on specific Capital Improvement Program projects
- Industry awards received
- Increased positive community presence
- Introduction of an internal monthly employee newsletter
- Appointments to communications/Utility of the Future committees within industry associations
- Overview of targeted community engagement activities that increased awareness of issues associated with Fats, Oils, and Grease (FOG), street sweeping, the Residential Recycled Water Fill Station, pollution prevention, sewer system management, and household hazardous waste.

Attachments

None

Prepared by: ____________________ Reviewed by: ____________________

Angela Lowrey, Public Information Manager — Mike Bakaldin, Deputy General Manager

cc: District File CORP.11-REP

ITEM I

March 14, 2018

RECEIVE MONTHLY LOBBYIST REPORT DATED FEBRUARY 2018, KEY ADVOCATES, INC., WESTERN RECYCLED WATER COALITION, PROJECT NO. 90024

RECOMMENDATION
Receive and file Report.

Background Information
As lead Agency for the Western Recycled Water Coalition, the District administers a contract with a lobbyist, Key Advocates, Inc. (KA), and receives a monthly summary report regarding related lobbying activities. Attached is the report for February 2018, which was produced by KA and distributed to members of the Western Recycled Water Coalition.

Analysis
None

Financial Impact
None

Attachment
Monthly Report, February 2018

Prepared by: ______________________
Jayne Strommer
Government Affairs Manager

Reviewed by: ______________________
Thanh Vo
Acting Engineering Services Director

cc: Project File No. P.90024.06.01

Key Advocates
1701 Pennsylvania Avenue
Suite 300
Washington, D.C. 20006
(202) 722-0167

February 28, 2018

To: Western Recycled Water Coalition
From: Sante Esposito
Subject: Feb. Monthly Report

Infrastructure: The Administration's Plan

On Feb. 12, the Administration unveiled its long-awaited infrastructure plan. The 53-page document lays out its vision: to turn $200 billion in federal money into $1.5 trillion for fixing America's infrastructure by leveraging local and state tax dollars and private investment. However, existing funding sources — such as sales taxes that have already been levied to pay for transit projects — may count towards a local jurisdiction's contribution.

Half of the new federal money, $100 billion, would be parceled out as incentives to local government entities. An additional $20 billion would go toward "projects of national significance" that can "lift the American spirit." Another $50 billion is earmarked for rural block grants, most of which will be given to states according to a formula based on the miles of rural roads and the rural population they have. States can then spend that money on transportation, broadband, water, waste and power projects. The rest of the money would support other infrastructure-related undertakings, including existing loan programs like WIFIA and RRIF, which White House officials said could leverage up to $40 in local and private money for every $1 in federal investment.

The Trump administration says it wants to shorten the time and expense of getting federal permits by consolidating the reviews conducted by different agencies into "one federal decision," with one agency taking the lead on evaluating a project. The plan proposes to cut federal permitting to two years, down from five to ten. The plan also calls for changes aimed at widening the pipeline of skilled construction workers, such as allowing Pell Grants to be used for short-term credentials from places like community colleges and targeting federal work-study funding toward on-the-job training. Finally, the plan proposes to allow the federal government to quickly and more easily sell assets that it says "would be better managed by state, local, or private entities." As examples of property that could be divested, the plan named the Ronald Reagan and Dulles International Airports, the Tennessee Valley Authority and Bonneville Power Authority's transmission assets, and the Washington Aqueduct, which supplies Washington, D.C. with fresh drinking water.

At the Conference of Mayors in January, the Administration explained that it would not be proposing a specific funding mechanism for the infrastructure plan, saying that will be a conversation with Congress. But that discussion just got a lot harder following the passage of a tax plan that is expected to expand the deficit by over a trillion dollars over ten years. The U.S. Chamber of Commerce has proposed hiking the federal gas tax, which hasn't gone up since 1993, to raise $394 billion over 10 years. The White House said that it is open to that idea but hasn't ruled anything out. Over the past year, Democrats have accused Trump of seeking to create the $200 billion infrastructure fund by proposing cuts to other infrastructure-related programs. The Administration committed to leaving major pots of money intact, such as the Highway Trust Fund, but said that some existing spending may be "repurposed."

Infrastructure: The House Democrats' Plan

House Democrats came out with their infrastructure "proposal" calling for a $1 trillion federal investment as opposed to President Trump's proposal for just $200 billion in public funds. The proposal specifically calls for stabilizing the Highway Trust Fund, which Trump's plan doesn't appear to address. It further separates itself by trumpeting support for environmental sustainability and Davis-Bacon labor protections. In some places, the document puts dollar amounts on various infrastructure needs - $100 billion for airports, $30 billion for rail, $92 billion for ports and waterways - without explicitly calling for those spending levels. House Transportation Committee ranking member Peter DeFazio (D-Ore.) and House Minority Leader Pelosi dismissed the $20 billion for infrastructure included in this week's budget deal. The Plan is as follows:

- Roads, Bridges & Transit: Americans waste billions of dollars and gallons of gas each year stuck in traffic and from outdated and inefficient transportation options. Democrats will build world-class transportation systems that increase safety, lower costs for commuters and businesses and get goods to market quicker. We will achieve this by stabilizing the Highway Trust Fund and providing a major increase in federal investment to upgrade the 56,000 structurally deficient bridges across the country, improve road quality and improve access to reliable transit options.

- High-Speed Internet: Democrats understand that access to quality, affordable high-speed internet is no longer luxury; it is a necessity for 21st century commerce, education, telemedicine and public safety. High-speed internet can unlock communities' full economic potential, help rural areas attract new employers, improve health care outcomes and help students succeed. We will close the rural-urban divide and build out high-speed broadband in unserved and underserved areas in both rural communities and large cities.

- Rail: Our energy-efficient railroads move more freight than ever and Amtrak's ridership has never been higher, but our rail infrastructure, as it stands now, cannot meet this demand and match its projected growth. Democrats will work to improve our nation's inter-city passenger railroads and high-speed rail to connect more communities and implement lifesaving Positive Train Control technology. This will not only reduce service disruptions across the country, but it will also make our rail service more convenient and safer for all passengers. Amtrak has identified over $30 billion in long-term construction projects that would improve rail infrastructure, meet public demand and create thousands of new jobs.

- Schools: Safe, healthy and modern learning environments are key to all students' success. Democrats will leverage federal, state and local resources to invest $107 billion in critical physical and digital infrastructure needs in schools while creating 1.9 million jobs.

- Airports: Democrats will increase public investment in our airports and aviation system so Americans arrive at their final destination safely and on time, and with more money in their pockets. Airports Council International estimates that, over the next five years, U.S. airports will require total investment of $100 billion to address their capital needs and meet projected passenger growth and cargo activity. These investments will improve today's difficult passenger experience.

- Ports and Inland Waterways: America's ports, inland waterways, locks and dams serve as economic lifelines for many communities. Allowing these assets to fall into disrepair is causing the United States to lose business to Canada and Mexico, and places our national security in jeopardy as more goods are brought over land through our borders. The American Society of Civil Engineers estimates we need to invest $92 billion in marine dredging and inland waterways to accommodate anticipated growth in waterborne traffic. Democrats will make sure money paid by shippers into the Harbor Maintenance Trust Fund (HMTF) is used for its intended purpose. The $9 billion already collected is currently diverted to hide the size of the budget deficit.

- Water: Water is the lifeblood of any community – without it, there is no farming or ranching, no jobs or economic activity. Democrats will restore our historical commitment to addressing our drinking and wastewater infrastructure so that all Americans in both urban and rural areas have reliable access to safe and clean water. We will protect public health for all communities, especially the most vulnerable populations, and ensure these essential public services remain affordable to hard working American families.

- Energy: Democrats will deliver cheaper energy prices for consumers and reduce the number of power failures by improving and modernizing our aging energy infrastructure so that it is secure, efficient and resilient. We will expand renewable energy infrastructure to create jobs of the future and lessen our carbon footprint. We will also strengthen our bioenergy capabilities and invest in energy efficiency retrofits and smart communities that help cut energy usage and combat climate change.

Infrastructure: The Senate Democrats' Plan

The Senate Democrats' plan is as follows:

- Revitalize America's Main Streets: $100 billion – Creating 1.3 Million New Jobs.
  - We will make a historic investment in our cities, towns, and rural communities, to address their unique challenges. Federal funding will enable communities to rethink their downtowns, creating places for people to live, work, and thrive. Projects could include safety improvements, congestion reduction, grade crossings, resilient infrastructure projects, intelligent transportation systems, bicycle and pedestrian safety projects, and other locally-determined priorities. Funding could also be used to address housing challenges, remove blighted buildings, or remediate lead and other hazards in the 1.25 million homes where children are at high risk of lead poisoning. Further, funding could be used to support solutions geared toward helping the more than 11.4 million households that pay more than half of their income monthly on rent, including expanding existing tax incentives and other affordable housing federal programs.

- Expand the Successful federal TIGER Grant Program $10 billion – Creating 130,000 New Jobs
  - We will significantly increase funding for the highly successful TIGER Grant program. This will provide States and local communities with the means to mobilize transportation projects that the traditional formula grant programs are unable to accommodate. By increasing funding to TIGER, we will enable more highly qualified multi-modal projects to be funded that will improve safety and mobility, fix freight bottlenecks, shorten commutes, expand access to jobs and schools, and generate economic development.

- Rehabilitating Water & Sewer Systems: $110 billion – Creating 2.5 Million New Jobs

  - We will make major investments in the Clean Water and the Drinking Water state revolving funds, and USDA water programs, to address the growing backlog of water and sewer projects. We will also give States new flexibility to provide communities with more grants rather than loans. This will unlock thousands of new water and sewer infrastructure projects without burdening local ratepayers. In addition, we propose decreasing the local matching funds required of states and local governments who simply cannot afford to take on more debt. Finally, we will increase funding for the Water Infrastructure Finance and Innovation Act program that provides federal loans to support large-scale water infrastructure projects with national and regional significance.

- Modernize America's Rail Infrastructure $50 billion – Creating 650,000 New Jobs
  - We will invest in critically important passenger and freight rail projects. Specifically, we will provide federal funding for grant programs passed with strong bipartisan support, including: Amtrak, the Consolidated Rail Infrastructure and Safety Improvement program, the Federal-State Partnership program, and Restoration and Enhancement grants. This will improve and grow passenger rail service, enhance the movement of freight by rail, and accelerate the deployment of safety measures like Positive Train Control. More convenient and safer rail service will also help reduce congestion on our roads and airports.

- Repairing and Improving Public Transportation: $130 billion – Creating 1.9 Million New Jobs
  - We will invest $90 billion to reverse the national repair backlog: $15 billion to support large, urgent repair projects that address critical safety risks, $30 billion to replace many of the 46,000 buses and 8,000 rail vehicles that will exceed their useful service life by 2025, and $45 billion to increase core formula programs, which support repair projects across the country. Formula investments also support rural transit, tribal transit and specialized transit services for seniors and persons with disabilities. To address overcrowding and ridership growth, we will invest $25 billion to advance subway, light rail, streetcar and bus rapid transit projects that are under development but lack funding and $15 billon to expand existing public transportation facilities, like stations. An infrastructure package should also include a bipartisan plan that ensures the long-term solvency of the Federal Highway Trust Fund, including the Mass Transit Account.

- Thinking Big and Get Major Projects Moving $200 billion – Creating 2.6 Million New Jobs
  - We propose creating the Vital Infrastructure Program (VIP) to focus major federal investments on the nation's most critical and transformative transportation projects. The Vital Infrastructure Program will be a valuable tool in jumpstarting innovative new projects that connect communities from coast to coast. From changing the way we move goods and freight, to modernizing our highways and transit systems, the Vital Infrastructure Program will provide the federal funding needed to make big ideas a reality. This new federal funding program would be available for priority projects with broad eligibility for all modes of surface transportation and significant funding to enable immediate completion of major projects across the nation.

- Strengthening America's Public Schools $75 billion – Creating 975,000 New Jobs
  - We will invest $75 billion to jumpstart public school modernization. The funds would be distributed on a formula basis to the public schools with the greatest and most urgent needs. Funding will ensure that school construction and modernization projects can get underway quickly without placing an undo financial burden on local taxpayers. We will also reauthorize the Qualified Zone Academy Bonds program and expand its use to help public schools located in economically- distressed and high-poverty communities invest in their school districts.

- Improving America's Airports: $30 billion – Creating 390,000 New Jobs
    - We will make a major investment in America's airports. Specifically, we will provide a major increase in appropriations to the FAA's annual facilities and equipment budget, the Airport Improvement Program (AIP), and additional investments to accelerate the continued implementation of the NextGen modernization program, which is deploying technology to improve aviation performance and safety. These investments will not only improve public safety and modernize our airspace, but can also help improve efficiency and productivity in the aviation industry.

- Addressing our Ports and Waterways $10 billion – Creating 130,000 New Jobs
    - We will invest $10 billion to support, dredging, maintenance of locks, dams, harbors and other coastal and inland navigable waterway projects, including environmental infrastructure projects, shore protection, and ecosystem restoration. This funding will be available to the Army Corps Construction, Operations & Maintenance, and Investigations accounts, as well as projects supported by the Bureau of Reclamation.

- Building More Resilient Communities $25 billion – Creating 325,000 New Jobs.
    - To help communities better prepare for disasters, we will invest $25 billion to support three individual resiliency programs. The federal funding will be used to (1) support a critical infrastructure resiliency competition; (2) support a new Resilient Communities Revolving Loan Fund; and (3) to support the National Oceans and Coastal Security Fund that supports projects that raise or relocate coastal infrastructure at risk of flooding, and promotes smart coastal development. These three programs will provide high-risk communities with the tools to prepare, prevent, and recover from future disasters in order to minimize the cost of recovery from future events.

- Next Generation Energy Infrastructure $100 billion - Creating 1.3 Million New Jobs
    - We will invest $100 billion in much-needed power transmission and distribution upgrades, and we will consolidate and reform existing tax incentives for clean, renewable energy. These investments will improve the reliability and resiliency of our electric power grid, protect against cyber-attacks, and prepare for more locally generated renewable energy. In addition, a permanent incentive would be given for electricity generation, transportation fuels, and energy efficiency improvements. The level of incentive would be based on performance: the cleaner the technology or the more energy conserved, the larger the incentive. Technology-neutral energy tax credits would reward clean energy and promote innovation and investment in renewable energy and energy conservation. With this new certainty in the tax code, large investments to support next generation energy infrastructure will be viable, supporting new energy opportunities that will increase efficiency, protect the environment and bring down consumer costs.

- Connecting America's Communities $20 billion – Creating 260,000 New Jobs
    - To close the rural-urban divide, and to push toward ubiquitous access to high-speed broadband, we will invest $20 billion to fund the build out of high-speed broadband in unserved and underserved areas. This funding will be available to projects currently eligible under programs at both the Department of Commerce and the US Department of Agriculture. We also propose expanding the programs to enable grant recipients to use grant funds to deploy various types of infrastructure capable of offering, middle-mile, last-mile wired and wireless broadband access, and adding evaluation criteria in the awards process to ensure that the funding goes to the most effective and efficient uses. Finally, we propose ensuring additional funding is available to help

upgrade our nation's aging 9-1-1 system and other critical infrastructure technology.

- Investing in America's Public Lands & Tribal Infrastructure $20 billion – Creating 260,000 New Jobs
  - We will invest $20 billion in federal funding in public lands and tribal infrastructure. This includes funding for construction, maintenance and restoration projects at the four Federal land management agencies – the National Parks Service, the US Forest Service, the Bureau of Land Management, and the US Fish and Wildlife Service. We also propose significant federal funding, above current tribal set asides in other programs, for tribal health care facilities, schools, roads, public safety maintenance and other construction needs. Investments of this type have bi-partisan support and this blueprint makes a significant down payment toward the construction backlog on federal and tribal lands.

- Modernizing VA & National Guard Facilities $10 B – Creating 130,000 New Jobs
  - To address this backlog and ensure that our Veterans get the modern care they deserve, we will invest $8.5 billion in funding for on-going and high priority major VA construction projects. In addition, we will invest $500 million to help foster partnerships with States to construct high-priority extended care facilities, and $1 billion to help address capital backlogs at domestic military installations, including National Guard and Reserve centers.

- Closing the Infrastructure Financing Gap $10 billion - Creating 1.3 Million New Jobs
  - To leverage additional funding and help drive greater investment into our nation's infrastructure, we will invest in a new infrastructure finance entity, like an 'I-Bank', that would unlock pools of capital to provide low-cost loans or loan guarantees for appropriate projects across a broad range of sectors, including transportation, energy, affordable housing, and water infrastructure. It's estimated that the creation of such a fund with $10 billion in seed money could leverage over $100 billion in private investment over 10 years for infrastructure projects. In addition, we propose protecting and strengthening the existing financing programs available under USDOT and other agencies, including the Railroad Rehabilitation & Improvement Financing (RRIF) program, the Transportation Infrastructure Finance and Innovation Act (TIFIA), and EPA's Water Infrastructure Finance and Innovation Act (WIFIA). These traditional financing programs have been critical tools in advancing a number of projects across the country. All projects must abide by federal prevailing wage requirements, environmental rules, 'Buy America' provisions and other requirements that would apply to a federally-assisted project within a particular infrastructure sector.

Environmental Streamlining

The White House is circulating a draft memo to more than a dozen federal agencies that would dramatically speed up the time it takes to secure environmental permits for infrastructure projects. The draft memorandum of understanding, which is being reviewed by 17 federal agencies and is expected to be finalized soon, would help implement an executive order signed by President Trump in August that set a goal of completing the environmental review process for major infrastructure projects within two years.

Faster permitting is expected to be one element of the infrastructure plan the White House is slated to unveil today, though the inter-agency memorandum of understanding is not expected to be finalized in time for this rollout.

In order to more quickly green-light proposed bridges, pipelines and roads, the Trump administration — led by the White House Office of Management and Budget and the Council on Environmental Quality — has been working behind the scenes for weeks to establish a more streamlined process among the dozens of federal agencies that often have to weigh in before a project can move forward. Among the changes: requiring that agencies conduct their individual reviews concurrently, rather than sequentially.

The “new” process has three broad goals - to provide a more predictable, transparent and timely federal review and authorization process for delivering major infrastructure projects; establish standard operating procedures for how the federal government will make concurrent and synchronized reviews for major infrastructure projects; and eliminate duplication of effort among agencies, improve the efficiency of product delivery, make better-informed decisions and promote good environmental, community and economic outcomes.

DC Meetings

Yesterday, Feb. 27, the Coalition Executive Director Jayne Strommer, with Key Advocates, attended a number of Hill meetings (see below). The purposes of the meetings were to provide an update on the Coalition, address its experiences with Title XVI, the WIIN grant program and the Clean Water SRF, express support for robust funding for those programs in an infrastructure bill, and learn the plans/thoughts about the infrastructure initiative (summary of meetings forthcoming).

Isaac Irby, LA, Senator Harris
John Watts, LD, Senator Feinstein
Teri Donaldson, General Counsel, Senate Energy and Natural Resources
Lane Dickson Majority Prof Staff Member
Member, and Camille Touton, Minority Prof Staff Member
Jackie Silvers, Minority Deputy Chief Counsel, and Matthew Muittagui, Minority Prof Staff
Member, House Committee on Natural Resources
Mike Brain, Minority Professional Staff Member, House Committee on Transportation and Infrastructure
Joe Sheehy, LD, and Morgan Leonard, LA, Congresswoman Napolitano

FY18 Appropriations Bills: Generally

On Feb 9 the President signed into law another FY18 appropriations continuing resolution that, for FY18 and 19, lifted the statutory budget caps and increased funding for national defense, provided emergency disaster aid funding, lifted the debt ceiling, extended certain health care and tax authorizations, and maintained government operations until March 23, 2018. The law represents an agreement, reached on a bipartisan basis by House and Senate leaders, that will enable work to proceed on all 12 annual Appropriations bills each year.

FY18 Interior Appropriations

To review, the House FY18 Interior and Environment Appropriations bill provides $1,143,887,000 for the Clean Water SRF (compared to $1,393,887,000 for FY17). Also included is $25M for WIFIA. No action to date in the Senate.

FY18 Energy and Water Appropriations

To review, the House bill includes $10M for the WIIN recycled water projects program. Also included in the bill are the following: WaterSMART $24M, Title XVI $35M and CALFED $37M. The Senate bill also includes $10M for the WIIN recycled water projects program and for WaterSMART $24M, Title XVI $34.4M and CALFED $37M.

President's FY19 Budget: WaterSMART, Title XVI, CALFED

The Budget proposes $10M for WaterSMART grants, $3M for Title XVI and $35M for CALFED.

Quoting from the Budget proposal:

"The Budget invests in the safe, reliable, and efficient management of water resources throughout the United States. The Budget requests $1 billion for the Bureau of Reclamation. The Budget does not propose any new starts for the Bureau of Reclamation, but rather focuses resources on operating, maintaining, and rehabilitating existing infrastructure. Through the Bureau of Reclamation and BIA, the Budget requests $172 million for the implementation of enacted Indian water rights settlements in support of Federal trust responsibilities to Tribes. The Budget also invests $179 million in water-related science, monitoring, research, and development to better understand the water resources challenges facing the Nation, and develop new technologies to respond to those challenges.

The funding proposed in Reclamation's FY 2019 WaterSMART budget ($19.9 million) supports Reclamation's collaboration with non-Federal partners in efforts to increase water supply reliability through investments in existing infrastructure and attention to local water conflicts. The WaterSMART Program includes funding for cost-shared grants for water management improvement projects, Title XVI water – reclamation and reuse research, support for collaborative watershed groups, planning and design of water conservation activities through the Water Conservation Field Services Program (WCFSP); and a comprehensive approach to drought planning and implementation actions that address water shortages.

Through WaterSMART Grants, Reclamation will continue to help address western water issues by providing cost-shared assistance on a competitive basis. On-the-ground projects may result in water delivery improvements that facilitate future on-farm improvements, which can be carried out with the assistance of the Natural Resources Conservation Service to accomplish coordinated water conservation improvements. Projects that include multiple benefits are given the greatest consideration for funding.

The Department will continue to provide financial assistance to establish and expand collaborative watershed groups through the Cooperative Watershed Management Program. In FY 2019, funding opportunity announcements will be used to continue to allocate program funding through a competitive process for the establishment or expansion of a watershed groups.
Reclamation will also address risks to water supplies from drought, population growth, long-term trends in weather and precipitation patterns, and increased water needs for environmental purposes through the Basin Study Program, which implements Section 9503 of the SECURE Water Act through a complementary set of activities.

Through the Drought Response Program, Reclamation has implemented a comprehensive approach to drought planning and is carrying out implementation actions to address water shortages. Funding for planning and implementation actions is allocated through a competitive process using an empirical approach that emphasizes involvement from multiple stakeholders. These Comprehensive Drought Plans and Drought Resiliency Projects will help Reclamation avoid drought-related crises in the short term, while laying a foundation for drought resiliency in the long term.

Through the WCFSP, Reclamation will continue to make cost-shared financial assistance available on a competitive basis at the area and regional office levels development of water conservation plans and design of water management improvements, identifying water management improvements through System Optimization Reviews, and improving the understanding of water conservation technologies through demonstration activities, as well as technical assistance from Reclamation staff.

The Title XVI Water Reclamation and Reuse Program was authorized by P.L.102-575 in 1992, as amended. Through this program Reclamation provides financial and technical assistance to local water agencies for water reclamation and reuse research. Projects will be identified for funding through a competitive process using programmatic criteria that are focused on helping to secure and stretch water supplies or addressing specific water supply issues in a cost-effective manner and meeting other program goals. Funding will also be used to continue general program administration such as collection of data on program accomplishments and coordination among regional offices for consistency."

President's FY19 Budget: Clean Water State Revolving Fund (SRF)

The Budget proposes $997M for the Clean Water SRF.

Quoting from the Budget Proposal:

"The Budget funds water infrastructure through the State Revolving Funds and the Water Infrastructure Finance and Innovation Act (WIFIA) credit program. The 2019 capitalization of the State Revolving Funds would supplement the approximately $80 billion currently revolving at the State level; in addition, the WIFIA credit subsidy would support more than $1 billion in direct loans, resulting in more than $2 billion in total investment. These resources would complement State and local drinking water and wastewater infrastructure investments as well as funding provided through other Federal channels, including the President's Infrastructure Initiative. "

Hearings

On Feb 14, the Subcommittee on Water, Power and Oceans of the House Natural Resources Committee held a hearing on *"The State of the Nation's Water and Power Infrastructure."* This hearing examined policy reforms to foster a water and power 'renaissance,' improve America's aging infrastructure and meet growing demands; focused on the current, burdensome federal regulatory permitting framework that has stifled the development of new water and power infrastructure throughout the West and impeded the modernization of existing facilities: and, included potential solutions on permitting and process reforms in order to promote the development of increased water supplies and power production. Witnesses were *Daren Bakst,* Research Fellow, The Heritage Foundation's Institute for Economic Freedom Washington, DC; *Charles Freeman,* District Manager, Kennewick Irrigation District Kennewick, Washington; *Jonathan Nelson,* Policy Director, Community Water Center Visalia, California; and, *Jim Watson,* General Manager, Sites Project Authority Willows, California.

Napolitano Title XVI Bill

The Coalition has submitted its comments regarding legislation that Congresswoman Napolitano is pursuing on Title XVI et al. Those comments were well received as the latest draft (possibly the final version) includes most of the Coalition's suggestions. A second comment email was sent to the Congresswoman's staff raising again the issue of small projects and their treatment under the process, at least based on the first go-around. A letter of support for the bill was also submitted. Introduction is expected any day. Cosponsors are being solicited. Her office is also circulating a letter for Members to sign to the Appropriations Committee for increased funding for WaterSMART and Title XVI (including the WIIN grant program).

GAO Recycled Water Study

The original request (per a July 29, 2015, letter from Reps. Napolitano, Huffman and Tonko) was for a comprehensive water report that looked across agencies at the federal water role and addressed bureaucracy, redundancy and improving the government's role in water issues. GAO produced this report - http://www.gao.gov/products/GAO-17-559?utm_medium=email&utm_source=govdelivery. Given that the question asked of GAO at the time to investigate water recycling was prior to the WIIN Act program, GAO, in conjunction with the original requestors, has decided to do a second report focusing on the "new" Title XVI program. Input from the Coalition has been sought regarding this effort. The first step was a conference call between GAO, Jayne and Key Advocates. The Coalition provided background information as well as its history with Title XVI, pre- and post the WINN Act. The Coalition plans to submit formal, written comments this month.

Bureau of Reclamation $50M Grant Program

As of this past Monday, Feb. 26, the proposed criteria for public comment was still going through the Department's internal review process. USBR has signed-off on them, now waiting further internal sign-offs. Once published, parties will be given 30 days to comment. Once the project solicitation is posted, parties will have 60 days to respond. Regarding the three first round winners (North Valley Regional Recycled Water Program (which includes the City of Turlock) at $4.3 million, Orange Co. San. District at $1.4 million, and the Water Replenishment District of SoCal at $4.3 million), the Bureau is still waiting on the FY17 appropriations process for project listings.

SRF WIN Bills

The bills are S. 2364 and H.R. 4902. The Senate bill was introduced by Senators John Boozman (R-AR), Chair of the Water Subcommittee of the Environment and Public Works Committee (EPW), and Senator Dianne Feinstein (D-CA), Ranking Democrat of the Energy and Water Appropriations Subcommittee the EPW Superfund Subcommittee. Cosponsors to date are 9. The House bill was introduced by Congressmen John Katko (R-NY-24), a member of the Water Resources Subcommittee of the Transportation and Infrastructure Committee, and Earl Blumenauer (D-OR-3), a member of the Ways and Means Committee and, if you recall, the author of the voluntary fee labeling bill. Cosponsors to date are 4.

Generally, the bills - a new loan program - are intended to combine the "best aspects of the SRF's with the leveraging power of WIFIA."

Specifically, the bills authorize $200M for each of FY19-23 for states to apply for loans. There is a $7B per state loan cap for the 5 years. Fifty percent of the funds would be loaned at the current Treasury rate. The bill states that those funds would support $10B in loans per year. The other fifty percent would go to states that receive less than 2 percent of the total amount of funds made available to the states for the state loan funds for the most recent fiscal year OR to major disaster declared states if the loan is for a project related to wastewater or drinking water infrastructure damaged by the disaster. The bills states that those funds would support $850M in loans per year.
The Federal share for loans is up to $100%. Eligible project activities are those included in a state's SRF "intended use plan."

The $100,000 WIFIA application fee is waived. The application process is limited to 180 days maximum.

No new project approval requirements would be needed - existing approvals would suffice. The new program is tied to FY18 appropriation levels for the SRF's - if at any year in the appropriations process the SRF funding levels are below the FY18 levels, this new program will not kick in for that year.

Status Update: 5 additional cosponsors (2 Repubs and 3 Dems) added to the Senate bill, and 2 cosponsors (1 Repub and 1 Dem) added to the House bill.

Hearings

On Feb 14, the Subcommittee on Water, Power and Oceans of the House Natural Resources Committee held a hearing on *"The State of the Nation's Water and Power Infrastructure."* This hearing examined policy reforms to foster a water and power 'renaissance,' improve America's aging infrastructure and meet growing demands; focused on the current, burdensome federal regulatory permitting framework that has stifled the development of new water and power infrastructure throughout the West and impeded the modernization of existing facilities; and, included potential solutions on permitting and process reforms in order to promote the development of increased water supplies and power production. Witnesses were *Daren Bakst,* Research Fellow, The Heritage Foundation's Institute for Economic Freedom Washington, DC; *Charles Freeman,* District Manager, Kennewick Irrigation District Kennewick, Washington; *Jonathan Nelson,* Policy Director, Community Water Center Visalia, California; and, *Jim Watson,* General Manager, Sites Project Authority Willows, California.

Earmarks

As a result of the recent hearings on earmarks, it was decided that both parties would take the issue to their respective caucus for further deliberation.

To review, on Jan. 17-18, the House Rules Committee held hearings on earmarks. The formal title of the hearings was "Article 1: Effective Oversight and the Power of the Purse." Members of Congress were the witnesses for day one of the hearings. Over 25 testified and the support was overwhelming by both Republicans and Democrats for return of some form of earmarks. Day two included "outside" witnesses who testified both for and against bringing earmarks back.

Bill Tracking

Note the format per the change in format by the Congress for the listing of bills. More information on each bill will be provided when it becomes available on the official site. Note: summary of subject matter will only appear once. Note further: "Latest Action" will only be included when substantive: hearing, markup, Floor action, etc.

H.R. 4419 - **The "Bureau of Reclamation and Bureau of Indian Affairs Water Project Streamlining Act of 2017 Sponsor:** Rep. Newhouse, Dan [R-WA-4] (Introduced 11/16/2017) **Cosponsors:** (2) **Committees:** House - Natural Resources **Latest Action:** House - 11/30/2017 Subcommittee Hearings

Status Update: no change since the last report.

H.R.434 — 115th Congress (2017-2018) **New WATER Act Sponsor:** Rep. Denham, Jeff [R-CA-10] (Introduced 01/11/2017) **Cosponsors:** (9) **Committees:** House - Natural Resources
Status Update: no change since the last report.

H.R.23 — 115th Congress (2017-2018) **Gaining Responsibility on Water Act of 2017 Sponsor:** Rep. Valadao, David G. [R-CA-21] (Introduced 01/03/2017) **Cosponsors:** (14) **Committees:** House - Natural Resources, Agriculture **Latest Action:** Passed House on July 12.
Status Update: no change since the last report.

H.R.465 — 115th Congress (2017-2018) **To amend the Federal Water Pollution Control Act to provide for an integrated planning and permitting process, and for other purposes.**
Sponsor: Rep. Gibbs, Bob [R-OH-7] (Introduced 01/12/2017) **Cosponsors:** (1, now 8)
Committees: House - Transportation and Infrastructure
Status Update: one cosponsor added since the last report.

H.R.547 — 115th Congress (2017-2018) **National Infrastructure Development Bank of 2017**
Sponsor: Rep. DeLauro, Rosa L. [D-CT-3] (Introduced 01/13/2017) **Cosponsors:** (73, now 79)
Committees: House - Energy and Commerce, Transportation and Infrastructure, Financial Services, Ways and Means
Status Update: no change since the last report.

H.R.875 — 115th Congress (2017-2018) **Bureau of Reclamation Water Project Streamlining Act**
Sponsor: Rep. Newhouse, Dan [R-WA-4] (Introduced 02/06/2017) **Cosponsors:** (0)
Committees: House - Natural Resources
Status Update: no change since the last report.

H.R.660 — 115th Congress (2017-2018) **Bureau of Reclamation Transparency Act Sponsor:** Rep. Gosar, Paul A. [R-AZ-4] (Introduced 01/24/2017) **Cosponsors:** (18, now 20) **Committees:** House - Natural Resources
Status Update: no change since the last report.

S.216 — 115th Congress (2017-2018) **Bureau of Reclamation Transparency Act Sponsor:** Sen. Barrasso, John [R-WY] (Introduced 01/24/2017) **Cosponsors:** (1) **Committees:** Senate - Energy and Natural Resources
Status Update: no change since the last report.

H.R.1670 — 115th Congress (2017-2018) **Infrastructure 2.0 Act**
Sponsor: Rep. Delaney, John K. [D-MD-6] (Introduced 03/22/2017) **Cosponsors:** (21)
Committees: House - Ways and Means, Transportation and Infrastructure, Rules
Status Update: no change since the last report.

H.R.1669 — 115th Congress (2017-2018 **Partnership to Build America Act of 2017**
Sponsor: Rep. Delaney, John K. [D-MD-6] (Introduced 03/22/2017) **Cosponsors:** (23, now 27)
Committees: House - Transportation and Infrastructure, Ways and Means
Status Update: no change since the last report.

S.1756 — 115th Congress (2017-2018) **Rebuild America Now Act**
Sponsor: Sen. Sullivan, Dan [R-AK] (Introduced 08/03/2017) **Cosponsors:** (10)
Committees: Senate - Environment and Public Works
Status Update: no change since the last report.