

AGENDA

SPECIAL MEETING OF THE BOARD OF DIRECTORS

DELTA DIABLO (a California Special District)

2500 Pittsburg-Antioch Highway | Antioch, CA 94509

(Note: There will be no in-person meeting at the District.)

WEDNESDAY, JUNE 22, 2022

5:30 P.M.

In lieu of a public gathering, the Special Meeting of the Board of Directors will be accessible via ZOOM to all members of the public as permitted by the Government Code Section 54953(e).

The Special Meeting of the Board of Directors on June 22, 2022 will not be physically open to the public and all Board Members will be teleconferencing into the meeting. Members of the public can observe the meeting by following the steps listed below to view and listen to the Board Meeting.

Persons who wish to address the Board during the Public Comment period or with respect to an item on the Agenda will be limited to two (2) minutes. The Secretary to the Board will call on members of the public at the beginning of the meeting to establish a speaking order. Please indicate whether you wish to speak during the Public Comment period or on a specific Agenda item at that time.

The Board Chair may reduce the amount of time allotted to provide comments at the beginning of each item or public comment period depending on the number of comments and the business of the day. Your patience is appreciated.

Presentations will be made available online at <https://www.deltadiablo.org/board-meetings> approximately one hour prior to the start of the Board meeting.

How to view, listen to, and provide a Public Comment during the meeting via ZOOM:

Using your computer, access the Zoom meeting at: <https://us02web.zoom.us/j/87910180005>

How to listen and provide a Public Comment during the meeting via ZOOM:

§ **Using your telephone, access the Zoom meeting by dialing (669) 900-6833**

§ **Meeting ID: 879 1018 0005**

The District will provide reasonable accommodations for persons with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board 24 hours prior to the scheduled meeting at (925) 756-1927. 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 on the District website at www.deltadiablo.org and also at the District office (Arcy Lane Gate and Treatment Plant Building) located at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509



AGENDA

SPECIAL MEETING OF THE BOARD OF DIRECTORS

DELTA DIABLO (a California Special District)

2500 Pittsburg-Antioch Highway | Antioch, CA 94509

(Note: There will be no in-person meeting at the District.)

WEDNESDAY, JUNE 22, 2022

5:30 P.M.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. DELIBERATION

Consider Adopting Resolution Authorizing the Board of Directors, in All Its Capacities, and Its Subcommittees to Continue Teleconference Meetings under Government Code Section 54953(e), **Make** Related Findings, and **Take** Related Actions (Cecelia Nichols-Fritzler)

E. PUBLIC HEARING

- 1) **Conduct** Public Hearing on Fiscal Year 2022/2023 through 2026/2027 Capital Improvement Program; **Close** Public Hearing and **Consider** Any Testimony Received; **Adopt** Resolution Approving the Program; and **Authorize** Filing of Notice of Exemption in Compliance with Public Resources Code Section 21152 (Thank Vo)
- 2) **Conduct** Public Hearing on Sewer Service and Delinquency Charges and Collection System Charges and Surcharges; **Determine** No Majority Protests Exists; **Adopt** Ordinance Establishing Charges; and **Adopt** Resolution Approving Final Written Report and Directing Collection of Certain Sewer Service and Delinquency Charges on County Tax Roll (Brian Thomas)

F. DELIBERATION (continued)

Approve Fiscal Year 2022/2023 Budget and Adopt Resolution Approving Fiscal Year 2022/2023 Budget Appropriations (Anika Lyons)

G. RECOGNITION

Congratulate Ron Crowell (WWTP Operator I), Joe Ciochon (WWTP Operator III), Sandeep Sidhu (Chemist II), and Celia Kitchell (Assistant Engineer) on Promotions (Dean Eckerson)

The District will provide reasonable accommodations for persons with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board 24 hours prior to the scheduled meeting at (925) 756-1927. 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 on the District website at www.deltadiablo.org and also at the District office (Arcy Lane Gate and Treatment Plant Building) located at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509

H. CONSENT CALENDAR

- 1) **Approve** Minutes of the Board of Directors Meeting, May 11, 2022 (Cecelia Nichols-Fritzler)
- 2) **Receive** District Monthly Check Register, April 2022 (Eka Ekanem)
- 3) **Authorize** General Manager to Execute Amendment No. 1 to Agreement for Biosolids Handling Services With Synagro West, LLC, Effective June 30, 2022, to Extend the Term for One Year, from June 30, 2022, to June 30, 2023, and to Authorize Payment for Services in Amounts Specified in the Agreement, as Amended (Joaquin Gonzalez)
- 4) **Adopt** Resolution Establishing Fiscal Year 2022/2023 Appropriations (GANN) Limit for Expenditures that can be Funded from Tax Proceeds (Anika Lyons)
- 5) **Authorize** General Manager to Execute a Subscriber Service Agreement and an Agency Security Agreement with Cooperative Organization for the Development of Employee Selection Procedures, a Joint Exercise of Powers Agency, to Pay Fees Specified in the Agreement for Testing Products and Services in Connection with Pre-employment Testing for Fiscal Year 2022/2023 (Niger Edwards)
- 6) **Authorize** General Manager to Execute Amendment No. 1 to General Services Contract in the Amount of \$60,000 for a New Total Contract Amount Not to Exceed \$840,000, SCA OF CA, LLC, Street Sweeping Services for City of Antioch and Bay Point (Judy Phan)
- 7) **Authorize** General Manager to Execute Amendment No. 3 to Construction Services Contract in the Amount of \$255,000, for a New Contract Amount Not to Exceed \$1,687,100, J.W. Backhoe & Construction, Inc., Construction Services, Bridgehead Pipeline Replacement, Project No. 21123 (Celia Kitchell)
- 8) **Authorize** General Manager to Execute Amendment No. 7 to Street Sweeping Services Agreement, Extending the Term for Three Years, July 1, 2022 to June 30, 2025, and Authorizing Payment in an Amount Not to Exceed \$385,000 per Year, City of Pittsburg, Street Sweeping Services (Dean Eckerson)

I. PRESENTATIONS AND REPORTS

None.

J. MANAGER'S COMMENTS

K. DIRECTORS' COMMENTS

L. CORRESPONDENCE

Receive Monthly Lobbyist Report Dated May 2022, Key Advocates, Inc., Western Recycled Water Coalition (Thanh Vo)

M. CLOSED SESSION

None.

N. ADJOURNMENT

The next Board of Directors meeting will be held on July 13, 2022 at 4:30 p.m.

The District will provide reasonable accommodations for persons with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board 24 hours prior to the scheduled meeting at (925) 756-1927. 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 on the District website at www.deltadiablo.org and also at the District office (Arcy Lane Gate and Treatment Plant Building) located at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509



June 22, 2022

CONSIDER ADOPTING RESOLUTION AUTHORIZING THE BOARD OF DIRECTORS, IN ALL ITS CAPACITIES, AND ITS SUBCOMMITTEES TO CONTINUE TELECONFERENCE MEETINGS UNDER GOVERNMENT CODE SECTION 54953(e), MAKE RELATED FINDINGS, AND TAKE RELATED ACTIONS

Recommendations

1. Find that the following circumstances exist: (a) the Statewide state of emergency and the Countywide local emergency continue to directly impact the ability of the Board of Directors, in all its capacities, and its subcommittees and advisory bodies, to meet safely in person because the COVID-19 case rate in Contra Costa County remains high and (b) the County Health Officer's recommendations for safely holding public meetings, which recommend virtual meetings and other measures to promote social distancing, are still in effect.
2. Authorize the Board of Directors, in all its capacities, and its Subcommittees, to conduct teleconference meetings under Government Code Section 54953(e).
3. Determine that these bodies will hold virtual meetings for the next 30 days.
4. Direct the General Manager to return to the Board, acting in all its capacities, with an item to reconsider the state of emergency and whether to continue meeting virtually under the provisions of Government Code Section 54953(e) and to make required findings as to all bodies covered by this Board order.

Background Information

Since the introduction of Assembly Bill 361 (AB 361), Government Code Section 54953(e), the Board has approved Resolution Nos. 15/2021, 19/2021 and 01/2022, and 08/2022, which authorized the Board, in all its capacities, and subcommittees, to conduct teleconferencing meetings under Government Code Section 54953(e). In addition, the Board also authorized the continuance of teleconference meetings at its December 8, 2021, February 9, 2022, April 20, 2022, and May 11, 2022 meetings.

Government Code Section 54953(e), added to the Brown Act by AB 361, allows a local agency to use special teleconferencing rules during a declared state of emergency. When a legislative body uses the emergency teleconferencing provisions under Government Code Section 54953(e), the following rules apply:

- § The agency must provide notice of the meeting and post an agenda as required by the Brown Act and Better Government Ordinance, but the agenda does not need to list each teleconference location or be physically posted at each teleconference location.
- § The agenda must state how members of the public can access the meeting and provide public comment.
- § The agenda must include an option for all persons to attend via a call-in or internet-based service option.
- § The body must conduct the meeting in a manner that protects the constitutional and statutory rights of the public.
- § If there is a disruption in the public broadcast of the meeting, or of the public's ability to comment virtually for reasons within the body's control, the legislative body must stop the meeting and take no further action on agenda items until public access and/or ability to comment is restored.

- § Local agencies may not require public comments to be submitted in advance of the meeting and must allow virtual comments to be submitted in real time.
- § The body must allow a reasonable amount of time per agenda item to permit members of the public to comment, including time to register or otherwise be recognized for the purposes of comment.
- § If the body provides a timed period for all public comment on an item, it may not close that period before the time has elapsed.
- § AB 361 sunsets on January 1, 2024.

Analysis

Under Government Code Section 54953(e), if the local agency wishes to continue using these special teleconferencing rules after adopting an initial resolution, the legislative body must reconsider the circumstances of the state of emergency every 30 days and make certain findings. The agency must find that the state declared emergency continues to exist and either that it continues to directly impact the ability of officials and members of the public to meet safely in person, or that state or local officials continue to impose or recommend measures to promote social distancing.

The Board last considered these matters on May 11, 2022 and made the required findings and continued use of special teleconferencing rules. The Board can again make these findings. The statewide state of emergency continues to exist, and the state and the countywide local emergencies continue to directly impact the ability of the Board of Directors, in all its capacities, and its subcommittees to meet safely in person. As of June 14, 2022 the COVID-19 case rate, test positivity, COVID-19 hospitalizations, and COVID-19 wastewater surveillance data are increasing in Contra Costa County at this time. In addition to this, the Omicron variant and its subvariants are the predominant variants in the county. These variants have been shown to dramatically increase COVID-19 transmission.


If the Board wishes to continue teleconferencing under Section 54953(e), at its next meeting, the Board must reconsider the circumstances of the state of emergency and find that one or both of the following circumstances exists: a) the state declared emergency continues to directly impact the ability of members to safely meet in person, or b) state or local officials continue to impose or recommend measures to promote social distancing. If the state declared emergency no longer exists, or if the Board does not make these findings by majority vote, then it and its subcommittees will no longer be exempt from the Brown Act's non-emergency teleconferencing rules.


Fiscal Impact

None.

Attachments

Draft Resolution Authorizing Teleconference Meetings

Prepared by: 
Cecelia Nichols-Fritzler
Office Manager/Secretary to the Board

Reviewed by: 
Vince De Lange
General Manager

cc: District File No. BRD.01-ACT



BEFORE THE BOARD OF DIRECTORS
OF DELTA DIABLO

Re: **Authorizing Teleconference Meetings**)
Under Government Code Section)
54953(e), Assembly Bill 361)

RESOLUTION NO. 09/2022

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, on March 4, 2020, Governor Gavin Newsom proclaimed the existence of a state of emergency in California under the California Emergency Services Act, Gov. Code § 8550 et seq.; and

WHEREAS, on March 10, 2020, Contra Costa County proclaimed the existence of a local emergency throughout the county due to conditions of disaster or extreme peril to the safety of persons and property had arisen due to COVID-19; and

WHEREAS, on March 17 and 21, 2020, Governor Newsom issued Executive Orders N-29-20 and N-35-20, which suspended the teleconferencing rules set forth in the California Open Meeting law, Government Code Section 54950 et seq. (the Brown Act), provided certain requirements were met and followed; and

WHEREAS, on June 11, 2021, Governor Newsom issued Executive Order N-08-21, which clarified the suspension of the teleconferencing rules set forth in the Brown Act and further provided that those provisions would remain suspended through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed Assembly Bill 361, which provides that under Government Code Section 54953(e), a legislative body subject to the Brown Act may continue to meet using teleconferencing without complying with the non-emergency teleconferencing rules in Government Code Section 54953(b)(3) if a state declared state of emergency exists and either state or local officials have imposed or recommended measures to promote social distancing or meeting in person would present imminent risks to health and safety of meeting attendees; and

WHEREAS, on September 20, 2021, Governor Newsom issued Executive Order N-15-21, which suspended the provisions of Assembly Bill 361 until October 1, 2021; and

WHEREAS, on June 14, 2022, the Contra Costa County Health Officer issued recommendations for safely holding public meetings that include recommended measures to promote social distancing; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Delta Diablo Board of Directors, acting in all its capacities, intends to invoke the provisions of Government Code Section 54953(e), added by Assembly Bill 361, related to teleconferencing.

WHEREAS, among the Health Officer's recommendations: (1) Online meetings (i.e., teleconferencing meetings) are recommended as these meetings present the lowest risk of transmission of SARS CoV-2, the virus that causes COVID-19. This is particularly important in

light of the current community prevalence rate as of as of June 14, 2022 the COVID-19 case rate, test positivity, COVID-19 hospitalizations, and COVID-19 wastewater surveillance data are increasing in Contra Costa County at this time. In addition to this, the Omicron variant and its subvariants are the predominant variants in the county. These variants have been shown to dramatically increase COVID-19 transmission. (2) If a local agency determines to hold in-person meetings, offering the public the opportunity to attend via a call-in option or an internet-based service option is recommended, when possible, to give those at higher risk of and/or higher concern about COVID-19 an alternative to participating in person; (3) A written safety protocol should be developed and followed. It is recommended that the protocol require social distancing – i.e., six feet of separation between attendees and face masking of all attendees; (4) Seating arrangements should allow for staff and members of the public to easily maintain at least six-foot distance from one another at all practicable times; (5) Consider holding public meetings outdoors. Increasing scientific consensus is that outdoor airflow reduces the risk of COVID-19 transmission compared to indoor spaces. Hosting events outdoors also may make it easier to space staff and members of the public at least six feet apart; (6) Current evidence is unclear as to the added benefit of temperature checks in addition to symptom checks. We encourage focus on symptom checks as they may screen out individuals with other COVID-19 symptoms besides fever and help reinforce the message to not go out in public if you are not feeling well; (7) Consider a voluntary attendance sheet with names and contact information to assist in contact tracing of any cases linked to a public meeting.

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Board of Directors, acting in all its capacities, intends to invoke the provisions of Government Code Section 54953(e), added by Assembly Bill 361, related to teleconferencing.

NOW THEREFORE, the Board of Directors of Delta Diablo DOES HEREBY RESOLVE AND ORDER:

1. The state of emergency proclaimed by Governor Newsom on March 4, 2020 remains in place.
2. The Contra Costa County Health Officer has recommended that public meetings be held by teleconferencing as those meetings present the lowest risk of transmission of SARS-CoV-2, the virus that causes COVID-19.
3. In-person meetings of the Board of Directors would present imminent risks to the health or safety of the public, staff and officials attending meetings, in light of the high case rate of COVID-19 infections in Contra Costa County.
4. As authorized by Assembly Bill 361, effective immediately and for the next 30 days the Board of Directors, acting in all its capacities and its subcommittees will use teleconferencing for meetings in accordance with the provisions of Government Code Section 54953(e).
5. The Secretary to the Board and General Manager are authorized and directed to take all actions necessary to implement the intent and purpose of this resolution, including conducting open and public meetings in accordance with Government Code Section 54953(e) and all other applicable provisions of the Brown Act.

ITEM D
Attachment

6. The Secretary to the Board and General Manager are directed to return to the Board acting in all its capacities, at its next meeting if this resolution is adopted, with an item to reconsider the state of emergency and whether to continue meeting virtually under the provisions of Government Code Section 54953(e) and to make required findings as to all bodies covered by this resolution.

PASSED AND ADOPTED on June 22, 2022, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

DRAFT

June 22, 2022

CONDUCT PUBLIC HEARING ON FISCAL YEAR 2022/2023 THROUGH 2026/2027 CAPITAL IMPROVEMENT PROGRAM; CLOSE PUBLIC HEARING AND CONSIDER ANY TESTIMONY RECEIVED; ADOPT RESOLUTION APPROVING THE PROGRAM; AND AUTHORIZE FILING OF NOTICE OF EXEMPTION IN COMPLIANCE WITH PUBLIC RESOURCES CODE SECTION 21152

Recommendations

- 1) Conduct a public hearing on the Fiscal Year 2022/2023-2026/2027 (FY22/23-FY26/27) Capital Improvement Program (CIP).
- 2) Close public hearing and consider any testimony received.
- 3) Adopt Resolution approving the FY22/23-FY26/27 CIP.
- 4) Authorize the General Manager to file a California Environmental Quality Act (CEQA) Notice of Exemption.

Background Information

At its May 11, 2022 meeting, the Board received a report on the proposed FY22/23-FY26/27 CIP and set June 22, 2022 at 5:30 p.m. as the date and time of the public hearing on the program. The CIP is developed to guide planning, design, construction, and financing of prioritized capital projects in the District's wastewater conveyance, collection, and treatment systems and recycled water system. These critical projects are necessary to ensure the continued effective and reliable operation of existing infrastructure, address future service needs, and meet current and future regulatory requirements. Staff prepares an updated 5-year CIP each year to reflect current priorities, address new project needs, and adjust estimated project costs and implementation schedules. In addition, this process assists in identifying long-term financial and resource needs, and budget appropriations required to support project implementation.

Supporting documentation used during CIP development includes city and county General Plans, city collection system master plans, and detailed master plans prepared by the District for its wastewater treatment, recycled water, and conveyance system facilities. The District completed a Conveyance System Master Plan update in April 2010 and a Recycled Water Master Plan in August 2013 and is currently finalizing a Resource Recovery Facility Master Plan (RRFMP).

Analysis

Since the May 11, 2022 Board Meeting, staff has reviewed the proposed CIP and no revisions are recommended. The proposed FY22/23-FY26/27 CIP includes approximately \$135.9 million in infrastructure investment needs. The required FY22/23 CIP budget appropriation is \$10.8 million and estimated FY22/23 CIP expenditures total \$16.8 million. Key CIP highlights include the following:

- § Secondary Process Improvements Project: The RRFMP indicates that the District's Wastewater Treatment Plant (WWTP) is near 80 percent of loading capacity, which may be exceeded in 10 to 15 years due to growth in the service area and increased organics and solids concentrations. The District identified the \$60 million Secondary Process



Improvements Project to address a significant regulatory compliance vulnerability associated with potential loss of critical infrastructure and associated treatment capacity, ensure compatibility with long-term nutrient management plant upgrades, and accommodate growth in the District's service area through 2040. While the estimated total cost remains unchanged from the current 5-year CIP, staff has adjusted cash flow estimates based on delays in initiating pre-design and design activities in FY21/22 with the bulk of the \$60 million cost occurring in FY23/24-FY25/26.

- § Addressing New Infrastructure Needs: The proposed 5-year CIP includes seven new projects with an estimated total project cost of \$3.0 million, including \$0.3 million for the RWF Condition Assessment Project and \$0.3 million for the Arc Flash Study, both of which will inform future infrastructure renewal needs.
- § Investing in Existing Wastewater Infrastructure Renewal: Approximately 78% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$17.6 million), WWTP Electrical Switchgear Replacement (\$6.0 million), WWTP Cogeneration System Improvements (\$5.0 million), Bridgehead Pipeline Replacement (\$1.3 million), and Manhole, Gravity Interceptor, and Easement Roadway Improvements (\$1.5 million).
- § Ensuring Integrity of Bay Point Collection System: The District owns and operates 43 miles of gravity sewers in Bay Point. The CIP includes \$3.6 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- § Planning for the Future: The proposed 5-year CIP includes \$1.8 million for various master planning efforts to identify near- and long-term strategies, needs, and priorities associated with specific focus area, including electrical systems (\$0.3 million in FY24/25), supervisory control and data acquisition (SCADA) systems (\$0.5 million in FY23/24), biosolids management (\$0.4 million in FY25/26), and recycled water (\$0.3 million in FY23/24).

The proposed 5-year CIP is provided in the CIP Program Summary (refer to Attachment 1), which includes a summary of capital projects by major fund.

It is requested that the Board open the public hearing on the CIP, receive testimony, close the public hearing, and, if no substantive comments are received, adopt a resolution (Attachment 2) approving the CIP. The Board must also determine that the CIP is exempt from the CEQA and authorize the General Manager to file a Notice of Exemption with the County Recorder. The attached Notice of Exemption (Attachment 3) describes the justification for the exemption.

Financial Impact

The proposed FY22/23-FY26/27 CIP includes approximately \$135.9 million in capital investment needs. As presented at the Board Meeting on April 20, 2022, staff is recommending that the majority of the District's capital spending be cash funded (versus debt financed) to provide the highest overall value to the District's customers. The proposed CIP has been incorporated into the current FY22/23 SSC analysis, which would provide necessary funding to support planned capital expenditures in FY22/23.



Attachments

- 1) FY22/23-FY26/27 CIP Program Summary
- 2) Draft CIP Resolution
- 3) CEQA Notice of Exemption

Prepared by: 

Thanh Vo
Acting Engineering Services Director

cc: District File BRD.01-ACTS



**BEFORE THE BOARD OF DIRECTORS
OF DELTA DIABLO**

Re: Approving Fiscal Year)
2022/2023-2026/2027)
Capital Improvement Program)

RESOLUTION NO. 10/2022

The BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, the District finds that it is in its best interest to prepare a Five-Year Capital Improvement Program that conforms with Government Code Section 65403 regarding preparation of programs by special districts and other government agencies; and

WHEREAS, Government Code Section 65403 requires an annual review and revision of the program to include an extension of the program for an additional year; and

WHEREAS, the Board of Directors of Delta Diablo was presented with a proposed Fiscal Year 2022/2023 – 2026/2027 Capital Improvement Program on May 11, 2022; and

WHEREAS, the District did, on June 22, 2022, conduct a public hearing for purposes of receiving input with regard to the revised program, and did consider the direct inclusion of appropriate changes.

NOW THEREFORE, the Board of Directors of Delta Diablo DOES HEREBY RESOLVE AND ORDER that it approves the Fiscal Year 2022/2023-2026/2027 Capital Improvement Program, attached by reference.

PASSED AND ADOPTED on June 22, 2022, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I DO HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted at a meeting of the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

NOTICE OF EXEMPTION

TO: County Clerk
County of Contra Costa
555 Escobar Street
Martinez, CA 94553

PROJECT APPLICANT: Vincent P. De Lange, General Manager
Delta Diablo, Local Public Agency
2500 Pittsburg-Antioch Highway
Antioch, CA 94509-1373
Telephone: (925) 756-1900

Vincent P. De Lange, General Manager

Date

SUBJECT: FILING OF NOTICE OF EXEMPTION, CALIFORNIA ENVIRONMENTAL QUALITY ACT IN COMPLIANCE WITH PUBLIC RESOURCES CODE 21152

PROJECT TITLE: Five-Year Capital Improvement Program, Fiscal Years 2022/2023 through FY2026/2027

DATE ON WHICH AGENCY APPROVED THE PROJECT: June 22, 2022

STATE CLEARINGHOUSE NUMBER: N/A

PROJECT LOCATION: 2500 Pittsburg-Antioch Highway, Antioch, CA

PROJECT DESCRIPTION: The new 5-year Capital Improvement Program will guide planning, design, construction, and financing of prioritized capital projects in the District's wastewater conveyance, collection, and treatment systems and recycled water system.

LEAD AGENCY APPROVING AND CARRYING OUT PROJECT: Delta Diablo

CONTACT PERSON: Thanh Vo, Acting Engineering Services Director, (925) 756-1949

EXEMPT STATUS: The Board of Directors of the District finds that this project qualifies for categorical and statutory exemptions from the provisions of CEQA under California Code of Regulations, Title 14, Section 15061 (b)(3) and Section 15262.

REASONS WHY PROJECT IS EXEMPT: This project is a planning study, which does not approve or adopt the specific projects, and preparation of this document has no adverse environmental impacts.

AFFIDAVIT OF POSTING

I declare that on _____, I received and posted this Notice as required by Public Resources Code 21152 (c). It will remain posted for 30 days.

Signature

Title

June 22, 2022

CONDUCT PUBLIC HEARING ON SEWER SERVICE AND DELINQUENCY CHARGES AND COLLECTION SYSTEM CHARGES AND SURCHARGES; DETERMINE NO MAJORITY PROTESTS EXISTS; ADOPT ORDINANCE ESTABLISHING CHARGES; ADOPT RESOLUTION APPROVING WRITTEN REPORT AND DIRECTING COLLECTION OF CERTAIN SEWER SERVICE AND DELINQUENT CHARGES ON COUNTY TAX ROLL

Recommendations

1. Conduct a public hearing on Fiscal Year 2022/2023 (FY22/23) Sewer Service Charges (SSCs) and Delinquency Charges and Collection System Charges and Surcharges;
2. Receive and consider any testimony and protests received;
3. Determine that no majority protest exists within the meaning of Article XIII D, Section 6 of the California Constitution and Health and Safety Code Section 5473.2;
4. Adopt Ordinance (Attachment 1) establishing SSCs and Surcharges to be effective in FY22/23; and
5. Adopt Resolution (Attachment 2) approving Written Report and directing collection of SSCs and delinquent charges on the County Tax Roll.

Summary

The proposed SSC adjustments for FY22/23 include:

- Applying a 4.5% SSC rate increase for Antioch (District Zone 3) and Pittsburg (District Zone 2) residential customers in FY22/23. The proposed rate increase (does not include wastewater collection services, which are provided by the respective cities) equates to an SSC increase of \$19.33 per year or approximately \$1.61 per month for residential customers.
- Applying a 4.5% SSC rate increase to Bay Point (District Zone 1) residential customers in FY22/23. The proposed rate increase (includes wastewater collection services provided by the District) equates to an SSC increase of \$26.52 per year or approximately \$2.21 per month for residential customers.
- Applying a 4.5% SSC increase to specific business classes (non-residential customers).
- Key findings from the 2021 Cost-of-Service (CoS) Study, which reapportioned certain costs from non-residential customers to residential customers to ensure SSCs accurately reflect the District's cost of providing services to different customer classes, are incorporated into the development of proposed SSC increases for FY22/23.
- The proposed SSC adjustments are expected to generate approximately \$1.2 million in additional revenue in FY22/23 to recover costs of providing wastewater service, including capital investment and operational needs.

No Proposed Street Sweeping Charge Increase

- Annual street sweeping charges, which vary by community, are not proposed to increase.
 - Annual single-family residential: \$4.58 for Bay Point, \$10.26 for Pittsburg, \$5.60 for Antioch
 - Annual non-residential unit: \$45.80 for Bay Point, \$51.35 for Pittsburg, \$56.00 for Antioch

Background Information

Delta Diablo is a California special district that provides wastewater conveyance and treatment, recycled water production and distribution, renewable energy production, pollution prevention, street sweeping, and household hazardous waste (HHW) collection services to over 215,000 customers in Antioch, Pittsburg, and the unincorporated community of Bay Point. As a progressive "Utility of the Future," the District embraces innovative approaches, sustainable



solutions, and community engagement in achieving its core mission of protecting public health and the environment, while maintaining reasonable rates and serving as responsible stewards of the public's resources and trust. For Bay Point, the District also provides wastewater collection services, and only Bay Point customers are charged for those additional services through a separate SSC component to recover wastewater collection system operating, maintenance, and rehabilitation costs (Bay Point Collections). SSC revenues are not used to pay for any capital costs related to growth, which is funded through the District's Capital Facilities Capacity Charges (CFCCs). The District's SSC revenue is allocated to several key funds to support ongoing operations, as well as capital investment in existing and future infrastructure, as described below.

1. Regional Treatment and Conveyance (Wastewater O&M): Funds facility operation and maintenance (O&M) costs associated with regional wastewater conveyance and treatment, as well as the District's share of the Delta HHW facility expenses.
2. Capital Asset: Funds new wastewater capital projects that are not related to new growth (the District charges separate CFCCs for growth-related capital costs).
3. Capital Asset Replacement: Funds capital infrastructure renewal and replacement projects.
4. Advanced Treatment Reserve: This fund is designed to minimize significant future rate increases by providing dedicated funding to meet a future, more stringent regulatory requirement for advanced wastewater treatment (i.e., removal of nutrients from treated wastewater prior to discharge).
5. Bay Point Collections: This SSC rate component is only collected for Bay Point customers and funds operation and maintenance/rehabilitation of the Bay Point collection system.

Each year, the District submits required information to Contra Costa County to place SSCs on the property tax roll for most customers. The wastewater sector is heavily regulated with new and emerging issues competing with aging infrastructure needs, operating budget challenges (e.g., chemical, energy, hauling costs) regulatory compliance obligations, and limited state and federal funding support. Staff endeavors to meet these challenges while ensuring the District's SSCs remain among the lowest when compared to its peer agencies in the Bay Area region.

Analysis

In order to determine annual revenue requirements to meet operating cost and capital investment needs, the District utilizes a long-term financial model that considers a 10-year planning horizon while focusing on balancing revenues and costs by fund over the next 5 years through application of SSC adjustments, operating cost reductions, prioritization of capital investment needs, and financing assumptions (i.e., cash funding versus debt financing). Key model inputs include the preliminary FY22/23 operating budget with estimated increases in subsequent years and the draft FY22/23-FY26/27 Capital Improvement Program (CIP), which was presented to the Board for consideration in draft form on May 11, 2022. The final FY22/23-FY26/27 CIP has been submitted for Board consideration of approval on the June 22, 2022 Board Meeting agenda. In developing the proposed FY22/23 SSCs, staff worked with an experienced financial planning consultant to refine the District's rate modeling approach to effectively support dynamic scenario planning and sensitivity analyses across a range of operating cost, capital investment, existing cash balance use, and financing assumptions, while meeting the District's fiscal policy requirements. This financial planning approach ensures the District is charging rates that are appropriate to recover costs of providing service and in compliance with California law, including Proposition 218. In addition, the proposed FY22/23 SSCs incorporate 2021 CoS Study findings, which reapportioned certain costs from non-residential customers to residential customers to ensure SSCs accurately reflect the District's cost of providing services to different customer

classes. Staff has determined that the proposed FY22/23 SSCs are necessary and meet the following requirements:

- Collects sufficient revenue to meet current and long-term projected costs of operations and maintenance, fund capital investment in aging infrastructure necessary to maintain effective and reliable services, and maintain overall financial stability
- Complies with state-mandated regulatory requirements
- Meets and complies with annual debt service requirements
- Avoids generating operational deficits and depleting reserves
- Complies with California Constitution Article XIII D, Section 6, which includes the following requirements:
 - 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
 - The amount of the charge must be proportional to the cost of the service, and the apportionment of total costs of service amongst ratepayer classes must be reasonable (e.g., avoidance of subsidization within the rates)
- Meets District fiscal policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund
- Meets commitments made in loan agreements

In June 2021, the Board adopted an FY21/22 SSC increase of 6.5% for Antioch/Pittsburg customers and 5.9% for Bay Point customers. At that time, staff projected a future FY22/23 SSC increase of 5.8% for Antioch/Pittsburg and Bay Point residential customers (current proposed FY22/23 SSC increase = 4.5%). Key changes driving these differences from last year’s 5-year SSC projection include: 1) a significant increase in the customer base which resulted in increased annual revenue, 2) fund balances were higher than estimated during the previous budget development process, and 3) delay in implementing the \$60 million Secondary Process Improvements Project, which remains as a near-term priority in the proposed 5-year CIP.

Table 1 – Example Annual Residential SSC on Property Tax Bills for FY22/23

Residential Service	Current FY21/22	Proposed FY22/23	Annual Change
4.5% SSC Increase for Customers in Antioch (Zone 3*) and Pittsburg (Zone 2*)	\$429.42	\$448.75	+\$19.33
4.5% SSC Increase for Customers in Bay Point (Zone 1*) (includes wastewater collection services)	\$589.25	\$615.77	+\$26.52

*As shown on Map of Zones 1, 2, and 3 on file with the Board Clerk.

The following key considerations and assumptions were used in completing the SSC analysis:

- FY22/23 Service Area Growth: A total of 520 equivalent residential units (ERUs) to date in FY22/23 were added to the 5-year financial plan, which generates an additional \$225,000 in annual SSC revenue. Staff updates the District’s 5-year financial plan each year to reflect any growth that has occurred in the service area during the current year.
- 2021 Cost-of-Service Study: As referenced above, the 2021 CoS Study findings were implemented in FY21/22 to rebalance the cost allocation between residential and non-residential customer categories, change the annual minimum charge for non-residential customers (i.e., 80 HCF), and eliminate SSC differences for the same business classes in



different District zones. The proposed SSC adjustments incorporate the 2021 CoS Study recommendations.

- Operating Expenses. The District continues to experience progressive increases in annual operating costs over time due to escalations in chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as increasingly more stringent regulatory requirements.
- Salaries and Benefits. The labor cost assumption was based on budgeted salaries and benefits based on positions included in existing labor agreements with estimated salary increases in accordance with memoranda of understanding (MOUs) for each of the District's three bargaining units and general industry cost projections for various medical and retirement benefits.
- Wastewater Infrastructure Investment Costs. The District continues to plan for and implement major capital improvements to ensure the continued reliability of its wastewater conveyance, collection, and treatment infrastructure. The proposed FY22/23-FY26/27 Capital Improvement Program (CIP) totals \$135.9 million and includes approximately \$117 million in prioritized wastewater conveyance and treatment system infrastructure investment needs to be funded by SSCs. The District's ongoing Resource Recovery Facility Master Plan (RRFMP) identified the \$60 million Secondary Process Improvements Project for implementation in the next five years to: 1) address a significant regulatory compliance vulnerability associated with potential loss of critical infrastructure and associated treatment capacity, 2) ensure compatibility with long-term nutrient management plant upgrades, and 3) accommodate growth in the District's service area through 2040. In addition, the District intends to make significant investments in renewal of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$17.6 million), WWTP Electrical Switchgear Replacement (\$6.0 million), WWTP Cogeneration System Improvements (\$5.0 million), Bridgehead Pipeline Replacement (\$1.3 million), and Manhole, Gravity Interceptor, and Easement Roadway Improvements (\$1.5 million).
- Financing Assumptions: Despite increasing the proposed 5-year CIP (\$135.9 million compared to \$127 million for the current 5-year CIP), staff has worked to ensure the lowest overall cost to ratepayers by maximizing cash funding versus issuing debt. The planned funding approach for the proposed 5-year CIP includes 78% cash funding (versus 74% for the current CIP), which incorporates a 50% debt financing assumption for the \$60 million Secondary Process Improvements Project.
- Advanced Treatment (AT) Reserve Fund: Based on the extended timeline for implementation of nutrient removal regulatory requirements, staff is recommending that the District continue suspending collection of this SSC revenue component.
- Regulatory Requirements. Because the wastewater sector is highly regulated, the District is subject to new requirements, such as unfunded mandated programs, increasingly stringent process monitoring and reporting requirements, and/or compliance with updated testing standards.
- Economic Reserves. Maintaining sufficient economic reserves is an essential part of the District's ability to ensure reliable and cost-effective services now and in the future. As referenced above, the District has established a policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund. In addition, other fund balances are included in the 5-year financial analysis. These funds are designated to support multiple District services (beyond wastewater operations) and are constrained as to their use, applicability, and consideration as "available cash." Maintaining economic reserves supports the District's



efforts to meet unanticipated operating costs, continue services during unforeseen economic events and emergencies, and address other urgent and/or unusual items.

- Ad Valorem Taxes: The annual Ad Valorem Tax revenue assumption of \$3.0 million remained unchanged from the current fiscal year.
- Debt Service Coverage. The District is obligated to meet debt service coverage requirements related to long-term debt as part of various loan agreements. On November 13, 2019, the Board adopted a Debt Management and Continuing Disclosure Policy, which included a minimum debt service coverage ratio (ratio of net revenues to debt service) of 1.80, which helps maintaining the District's good credit rating, reduce future borrowing costs, and ensure long-term financial sustainability.
- Inter-fund Loans: The 5-year financial plan includes a \$9.6 million loan from the WW Capital Asset Replacement (WW CAR Fund) to the Wastewater Expansion Fund in FY24/25 with a subsequent annual \$1.0 million payment until the loan is repaid.

In FY22/23, the District will utilize existing Wastewater O&M Fund equity (~\$3.5 million) in combination with directing approximately 40% of SSC revenue to the WW CAR Fund to support cash funding (versus debt financing) of critical wastewater infrastructure projects. This approach provides the highest overall value to District ratepayers and preserves future debt management capacity for long-term treatment process upgrade and expansion improvements.

Street Sweeping Services

Street sweeping service charges are not proposed to increase next year, as they are sufficient to cover the costs of providing these services.

Public Communication and Outreach

Pursuant to Proposition 218, a California law since 1996, notices on proposed rate adjustments were sent to all utility customer accounts prior to May 8, 2022 (meets minimum of 45 days prior to the June 22, 2022 Public Hearing) (Attachment 5). Proposition 218 provides the opportunity for District customers to protest proposed rate adjustments. In the event protests are received representing more than 50% of parcel owners, adjustments could not be implemented. To date, nine written protests have been received and are provided in Attachment 4. Protests may be received until the closing of the public hearing by the Board of Directors.

In lieu of a public gathering, the Special Meeting of the Board of Directors and public hearing on June 22, 2022 will be accessible via ZOOM to all members of the public as permitted by the Government Code Section 54953(e). A public notice announcing the date and time of this public hearing was published on May 25, 2022 and June 1, 2022 in the East County Times newspaper, in accordance with state law. Members of the public may participate in the public hearing using the Zoom meeting access information provided on the agenda for the June 22, 2022 Board Meeting, which is posted on the District's website. At the close of the public hearing, the Secretary to the Board will announce the total number of protests received.

In addition to distributing Proposition 218 Notices, the District also prepared two fact sheets—"Proposed Sewer Service Charge Increases" (Attachment 6) and "Investing in Critical Wastewater Infrastructure" (Attachment 7)—as well as a "Frequently Asked Questions" (Attachment 8) document to enhance public communications regarding the proposed SSC increases.



Fiscal Impact

If the Board approves the proposed SSC increases after the June 22, 2022 public hearing, Pittsburg and Antioch residential customers would experience an estimated increase of \$19.33 per year or approximately \$1.61 per month, an approximate increase of 4.5%. Bay Point residential customers would experience an estimated annual increase of \$26.52 or approximately \$2.21 per month, an approximate increase of 4.5%. Non-residential customer rates would increase 4.5% according to the table provided in the attached Prop. 218 Notice (Attachment 5). The proposed SSC adjustments for Pittsburg, Antioch, and Bay Point customers in FY22/23 would result in additional annual SSC revenue of approximately \$1.2 million to recover costs of providing wastewater service.

Following implementation of the proposed SSC adjustments, the District's cost for providing wastewater conveyance and treatment services would remain below average when compared to peer agencies in the San Francisco Bay Area region. A comparison of total rates for wastewater collection and treatment services, including District SSCs and wastewater collection rates for Antioch and Pittsburg, to regional peer agencies will be included in the Board presentation.

Attachments

- 1) Proposed Ordinance
- 2) Proposed Resolution
- 3) FY22/23 Wastewater Rate Study (2021 Cost-of-Service Analysis)
- 4) Written Protests Received
- 5) Proposition 218 Notice – Proposed FY22/23 SSC Increases
- 6) “Proposed Sewer Service Charge Increases” Fact Sheet
- 7) “Investing in Critical Wastewater Infrastructure” Fact Sheet
- 8) “FY22/23 Proposed Sewer Service Charge Increases Frequently Asked Questions”

Prepared by: _____



Brian Thomas
Acting Business Services Director

cc: District File No. BRD.01-ACTS



ORDINANCE NO. 122

BEFORE THE BOARD OF DIRECTORS OF DELTA DIABLO

AN ORDINANCE ESTABLISHING SEWER SERVICE AND DELINQUENCY CHARGES AND COLLECTION SYSTEM CHARGES AND SURCHARGES

The Board of Directors of DELTA DIABLO (District) ordains as follows:

SECTION 1. The District's Board of Directors hereby establishes the annual Sewer Service Charges applicable to Zone 1 (Bay Point), Zone 2 (Pittsburg), and Zone 3 (Antioch), and the Zone 1 Surcharge and Collection System Charges for Fiscal Year 2022/2023 and each fiscal year thereafter, until lawfully modified by action of the Board of Directors:

- A. All of the above charges and surcharges are established as set forth in the SCHEDULE OF USER CHARGES, attached hereto as Exhibit A (Residential User Charges) and Exhibit B (Non-Residential User Charges) and incorporated herein by this reference.

SECTION 2. Residential User Charges

- A. Exhibit A (Residential User Charges) of this Ordinance specifies the fees and charges imposed on residential properties. Beginning with Fiscal Year 2022/2023, the fees and charges identified in Exhibit A shall be the Annual Residential User Charges adopted.

SECTION 3. Non-Residential User Charges

- A. Exhibit B (Non-Residential User Charges) of this Ordinance specifies the fees and charges imposed on non-residential properties.
- B. Beginning with Fiscal Year 2022/2023, the formula identified Exhibit B shall be used to calculate non-residential user charges. The total Sewer Service Charge for a given year, not including street sweeping, is calculated by first taking the location of the Property (i.e., Zone 1 Bay Point; Zone 2 Pittsburg; Zone 3 Antioch) and identifying the Business Class for the Property and the applicable Non-Residential Total Rate for that Business Class. The Non-Residential Total Rate for that Business Class is then multiplied by the annual water consumed by the Property, measured in hundred cubic feet (hcf), and the resulting amount is the annual Sewer Service Charge for that Property. If the annual water consumed is less than 80 hcf, the designated minimum annual charge is calculated by multiplying 80 hcf per year by the applicable SSC per hcf per year for the Zone in which the Property is located.

SECTION 4. The charges and surcharges set forth in Exhibit A and Exhibit B shall remain in effect until changed by Ordinance adopted by the District's Board of Directors.

SECTION 5. EFFECTIVE DATE. This Ordinance becomes effective 30 days after passage, and within 15 days of passage shall be published once with the names of Directors voting for and against it in the East Contra Costa County Times, a newspaper published in this county and circulated in the District.

PASSED AND ADOPTED on June 22, 2022 by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

Monica Wilson, Board Chair

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 on the date shown.

ATTESTED: June 22, 2022

Cecelia Nichols-Fritzler
Secretary to the Board of Directors

Attachments: Exhibit A, Residential User Charges
Exhibit B, Non-Residential User Charges

**DELTA DIABLO
SCHEDULE OF USER CHARGES**

**EXHIBIT A: Residential User Charges (Sewer Service Charge Component)
Beginning Fiscal Year 2022/2023**

Total Residential User Charges shown are annual rates per Equivalent Residential Unit (Multi-Family Properties Multiply No. of Units times Total Residential User Charge).

Residential Zone	SSC Component: Wastewater O&M	SSC Component: Capital Improvements	SSC Component: Zone 1 Surcharge for Bay Point Collection System	Total Residential User Charge (per ERU)	Street Sweeping* (per parcel)	INFO ONLY TOTAL TAX BILL LEVY
Zone 1 - Bay Point	\$ 263.70	\$ 185.05	\$ 167.02	\$ 615.77	\$ 4.58	\$ 620.35
Zone 2 - Pittsburg	\$ 263.70	\$ 185.05	\$ -	\$ 448.75	\$ 10.26	\$ 459.01
Zone 3 - Antioch	\$ 263.70	\$ 185.05	\$ -	\$ 448.75	\$ 5.60	\$ 454.35

* Note: Street Sweeping fees were previously established by the Board of Directors in 1997 under Ordinances 66 and 67, and no changes have been incorporated since that time other than a reduction of \$0.01 per parcel within the City of Pittsburg. In order to collect these fees in an efficient manner, Street Sweeping fees are consolidated with the Sewer Service Charge for collection purposes only and only a single levy appears on the Property Tax Bill. The combined levy is shown in the "INFO ONLY" column.

**EXHIBIT B: Non-Residential User Charges (Sewer Service Charge Component)
Beginning Fiscal Year 2022/2023**

Total Non-Residential User Charges are per hundred cubic feet of annual potable water consumption.

BUSINESS CLASS Commercial / Industrial	SSC Component: Wastewater O&M	SSC Component: Capital Improvements	SSC Component: Zone 1 Surcharge for Bay Point Collection System	Non-Residential Total Rate (SSC) (x HCF/yr)**	Street Sweeping*** (per parcel)
Zone 1 - Bay Point					
Premark Packaging	\$ 2.59	\$ 1.82	\$ 1.77	\$ 6.18	\$ 45.80
Hotel/Motel*	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 45.80
Institutional*	\$ 3.63	\$ 2.55	\$ -	\$ 6.18	\$ 45.80
Light Industrial	\$ 2.47	\$ 1.73	\$ 1.77	\$ 5.97	\$ 45.80
Marinas*	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 45.80
Misc. Commercial	\$ 2.59	\$ 1.82	\$ 1.77	\$ 6.18	\$ 45.80
Mortuaries*	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 45.80
U.S. Army	\$ 2.20	\$ 1.54	\$ 1.77	\$ 5.51	\$ 45.80
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ 1.77	\$ 9.43	\$ 45.80
Zone 2 - Pittsburg					
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ -	\$ 7.66	\$ 51.35
Dow Chemical	\$ 2.27	\$ 1.60	\$ -	\$ 3.87	\$ 51.35
G&K Services	\$ 3.10	\$ 2.17	\$ -	\$ 5.27	\$ 51.35
Hotel/Motel	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 51.35
Institutional	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 51.35
Light Industrial	\$ 2.47	\$ 1.74	\$ -	\$ 4.21	\$ 51.35
Marinas	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 51.35
Generon IGS	\$ 3.07	\$ 2.15	\$ -	\$ 5.22	\$ 51.35
Misc. Commercial	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 51.35
Mortuaries	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 51.35
Praxair	\$ 2.20	\$ 1.55	\$ -	\$ 3.75	\$ 51.35
Zone 3 - Antioch					
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ -	\$ 7.66	\$ 56.00
Hotel/Motel	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 56.00
Institutional	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 56.00
Light Industrial	\$ 2.47	\$ 1.74	\$ -	\$ 4.21	\$ 56.00
Marinas	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 56.00
Misc. Commercial	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 56.00
Mortuaries	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 56.00

*SSC per HCF/y for FY22/23 provided, although no businesses in these classes are known in Bay Point

**Annual minimum charge is calculated by multiplying 80 HCF/y by the applicable SSC per HCF/y

***Street Sweeping fees were previously established by the Board of Directors in 1997 under Ordinances 66 and 67, and no changes have been incorporated since that time other than a reduction of \$0.01 per parcel within the City of Pittsburg. In order to collect these fees in an efficient manner, Street Sweeping fees are consolidated with the Sewer Service Charge for collection purposes only and only a single levy appears on the Property Tax Bill. The combined levy is shown in the "INFO ONLY" column.

**BEFORE THE BOARD OF DIRECTORS
OF DELTA DIABLO**

**Re: Approving Written Report and Sewer Service)
Charges; and Directing Collection of)
Certain Sewer Service Charges, Surcharges)
And Delinquencies on the County Tax Roll)** **RESOLUTION NO. 11/2022**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, in accordance with Health and Safety Code Sections 5471, 5473 and 5473.1 through 5473.11, it is necessary to adopt Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2022/2023, and to cause their collection on the property tax roll; and

WHEREAS, on April 20, 2022, in accordance with Article XIII D, Section 6, of the California Constitution, Government Code Section 53755, and Health and Safety Code Sections 5471, 5473 and 5473.1 through 5473.11, the Board of Directors directed staff to notify property owners of the proposed Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2022/2023, and of their proposed collection on the property tax roll; and

WHEREAS, the Board set a special meeting on June 22, 2022, at 5:30 p.m., as the date and time for a Public Hearing on the written report (“Report”) filed by the General Manager, and the method of collection of Sewer Service Charges and Delinquency Charges, and all required hearing notices have been given; and

WHEREAS, in lieu of a public gathering, the Board of Directors held the special meeting and this Public Hearing via Zoom as permitted by the Government Code Section 54953(e), and the public meeting agenda included information regarding how the public could attend and participate in the meeting; and

WHEREAS, the proposed annual Sewer Service Charges, Surcharges, and Delinquency Charges are needed to fund and maintain sewer service within the District and to collect for late payment; and

WHEREAS, the Board has heard and considered all objections and protests, if any, to the Report filed by the General Manager with the Secretary of the Board, said Report containing a description of each parcel of real property receiving sewer service from said District and the amount of the charges against each parcel for Fiscal Year 2022/2023, and specifying that each charge shall continue annually until lawfully modified by action of the Board of Directors.

NOW THEREFORE, the Board of Directors of Delta Diablo DOES HEREBY RESOLVE AND ORDER:

1. The Board finds that the Board has considered all protests and objections, and further finds that valid protests were not made by the owners of a majority of separate parcels of property described in the Report; and
2. The Board adopts the Report, and makes its final determination pursuant to Health and Safety Code Section 5471, 5473 and 5473.1 through 5473.11, upon each charge for each parcel, as described in the Report; and
3. The Board determines that the Proposition 218 notification and process requirements were satisfied, and that all notices required by applicable statutes were satisfied; and
4. The Board finds that, following the public hearing on the proposed Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2022/2023, the Board adopted Ordinance No. 122; and
5. The adoption of Ordinance No. 122 approves and establishes the Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2022/2023, and it determines that certain annual charges beginning in Fiscal Year 2022/2023 can be collected by placing them on the Contra Costa County Property Tax Roll for the respective fiscal years; and
6. In accordance with the provisions of Health & Safety Code Sections 5471, 5473, and 5473.1 through 5473.11, the Board directs the Secretary of the Board to file a copy of the Report with the County Auditor-Controller, by the deadline specified in Health and Safety Code Section 5473.4, to cause the Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2022/2023 to be collected on the property tax roll at the same time and in the same manner as other property taxes for the parcels described in the Report.

PASSED AND ADOPTED on June 22, 2022 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

*Wastewater Rate Study
(FY 22/23 Sewer Service Charges)*



IB Consulting, LLC

31938 Temecula Parkway, Suite A #350

Temecula, CA. 92592

TABLE OF CONTENTS

Executive Summary5

Background.....7

Financial Plan Overview.....13

Proposed Financial Plan20

Cost-of-Service Analysis26

Cost-Based Wastewater Rate Schedule28

Delta Diablo – Wastewater Rate Study

TABLES

Table 1: Proposed FY 22/23 Sewer Service Charges6
Table 2: Accounts / Equivalent Residential Units by Customer Class and Zone.....11
Table 3: Non-Residential CY 2021 Water Usage12
Table 4: FY 21/22 Sewer Service Charges12
Table 5: Revenue Forecasting Assumptions14
Table 6: Expense Forecasting Assumptions14
Table 7: Delta Diablo Projected Revenues Based on FY21/22 Rates15
Table 8: Projected O&M Expenses16
Table 9: Reserve Requirement and Recommended Capital Funding Targets17
Table 10: Proposed Financial Plan21
Table 11: FY 22/23 Wastewater Revenue Requirements.....27
Table 12: Proposed FY 22/23 Wastewater SSCs.....28

FIGURES

Figure 1: Delta Diablo Wastewater Treatment Plant.....7

Figure 2: Capital Improvement Program – All Funds.....8

Figure 3: Capital Spending Plan – All Funds at 90% of CIP9

Figure 4: Capital Spending – Capital Assets9

Figure 5: Capital Spending – Advanced Treatment.....10

Figure 6: Capital Spending – Capital Asset Replacement10

Figure 7: Capital Spending – Bay Point Collection11

Figure 8: Financial Plan Key Elements.....13

Figure 9: Wastewater Utility Reserves17

Figure 10: Current Operating Financial Position Before Direct Transfers18

Figure 11: Current Operating Financial Position After Direct Transfers19

Figure 12: Projected Ending Operating Reserve at Existing Rates.....19

Figure 13: Proposed Operating Position After Direct Transfers22

Figure 14: Capital Funding Plan – Capital Assets22

Figure 15: Capital Funding Plan – Advanced Treatment23

Figure 16: Capital Funding Plan – Capital Asset Replacement23

Figure 17: Capital Funding Plan – Bay Point Collection24

Figure 18: Projected Ending Reserves – Operating24

Figure 19: Projected Ending Reserves – All Funds25

Executive Summary

Delta Diablo (District) reviews its Sewer Service Charges (SSCs) annually to determine if adjustments are necessary to generate sufficient revenue to meet operational costs, capital investment needs, and reserve funding policy requirements. The District collects its SSCs on the property tax roll and finalizes proposed rates before submitting the levy to Contra Costa County. The District hired IB Consulting in 2021 to conduct a comprehensive cost-of-service update for the Fiscal Year ending June 30, 2022 (FY21/22 or FY 2022) SSCs charges. This report is a financial plan update to SSCs for FY 22/23 based on the cost-of-service analysis performed last year (hereafter referred to as the 2021 Report).

Financial Plan Overview

The District updates SSCs to meet overall revenue requirements based on each fiscal year's operating budget and capital improvements plans. IB Consulting updated the financial plan model to review the long-term financial outlook at current rates and determine the wastewater utility's revenue requirements over the next five years (Financial Plan Period). Annual updates to the District's long-term financial plan are prudent to ensure the utility can fund the upcoming fiscal year needs and fully fund revenue requirements over the Financial Plan Period.

Financial planning requires a thorough review of the utility's current financial health. The utility has significant capital projects during the Financial Plan Period and beyond, generating pressure to increase SSCs. Collectively, the District's proposed 5-year (FY 22/23 – FY 26/27) Capital Improvement Program (CIP) totals almost \$126 million with the Secondary Process Treatment Improvements accounting for 48% of the total. For financial planning, the District's capital spending plan assumes 90% of the total CIP based on historical capital spending versus what was planned.

Within the 2021 Report, the expected revenue adjustments from FY 22/23 through FY 25/26 were 5.75%, 5.75%, 2.5%, and 2%, respectively. Through this annual update, projected revenue adjustments are slightly reduced to 4.5%, 4.5%, 2.5%, and 2.0% over the same period. The revenue adjustment reductions in FY 22/23 and FY 23/24 result from the following updates:

1. Beginning reserve balances for FY 21/22 were projected to be \$58.9M, but actuals were \$60.8M due to additional revenue from new connections and adjustments in capital spending.
2. New parcels generated additional SSC revenue in FY 21/22, reflecting an increase in baseline revenues.
3. The Secondary Process Treatment Improvements were delayed until FY 23/24, along with the associated debt.

Cost-of-Service / SSCs Overview

The 2021 Cost-of-Service Report (2021 Report) incorporated a comprehensive update to the cost-of-service between customer classes and existing zones. The 2021 Report eliminated separate service areas for setting SSCs for the District's Wastewater Treatment Plant (WWTP) operating and capital expenses. However, the Bay Point service area continues to pay an additional charge to operate and maintain the collection system

Delta Diablo – Wastewater Rate Study

that serves only Bay Point. For FY 22/23, there are no further changes to the cost-of-service; therefore, the FY 21/22 cost-of-service remains intact for setting FY 22/23 SSCs.

Based on the updated financial plan, the revenue adjustment in FY 22/23, equal to 4.5%, is applied to the current cost-of-service rates derived in FY 21/22. Since the proposed rates maintain the cost-of-service analysis from the 2021 Report, the 2021 Report is considered part of this report by reference, which is on file at the District office.

The proposed FY 22/23 SSCs were noticed to each customer by mail as part of the Proposition 218 noticing requirements. On June 22, 2022, a Public Hearing will occur on the proposed SSCs identified in Table 1.

Table 1: Proposed FY 22/23 Sewer Service Charges

Proposed SSCs		Zone 1 - Bay Point	Zone 2 - Pittsburg	Zone 3 - Antioch
Residential SSCs				
Residential	(\$/Year)	\$615.77	\$448.75	\$448.75
Non-Residential Charges SSCs				
Bakeries & Restaurant	(\$/HCF)	\$9.43	\$7.66	\$7.66
Dow Chemical	(\$/HCF)	\$3.87	\$3.87	\$3.87
G&K Services	(\$/HCF)	\$5.27	\$5.27	\$5.27
Hotel/Motel	(\$/HCF)	\$4.78	\$4.78	\$4.78
Institutional	(\$/HCF)	\$6.18	\$4.41	\$4.41
Light Industry	(\$/HCF)	\$5.97	\$4.21	\$4.21
Marinas	(\$/HCF)	\$6.31	\$6.31	\$6.31
Generon IGS	(\$/HCF)	\$5.22	\$5.22	\$5.22
Misc. Commercial	(\$/HCF)	\$6.18	\$4.41	\$4.41
Mortuaries	(\$/HCF)	\$6.10	\$6.10	\$6.10
Praxair	(\$/HCF)	\$3.75	\$3.75	\$3.75
Premark Packaging	(\$/HCF)	\$6.18	\$4.41	\$4.41
U.S. Army	(\$/HCF)	\$5.51	\$3.75	\$3.75

Delta Diablo – Wastewater Rate Study

Background

Wastewater System

The District provides wastewater conveyance and treatment services for about 215,000 customers in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. The District treats approximately 13.6 million gallons of wastewater and produces 7.6 million gallons of recycled water daily.

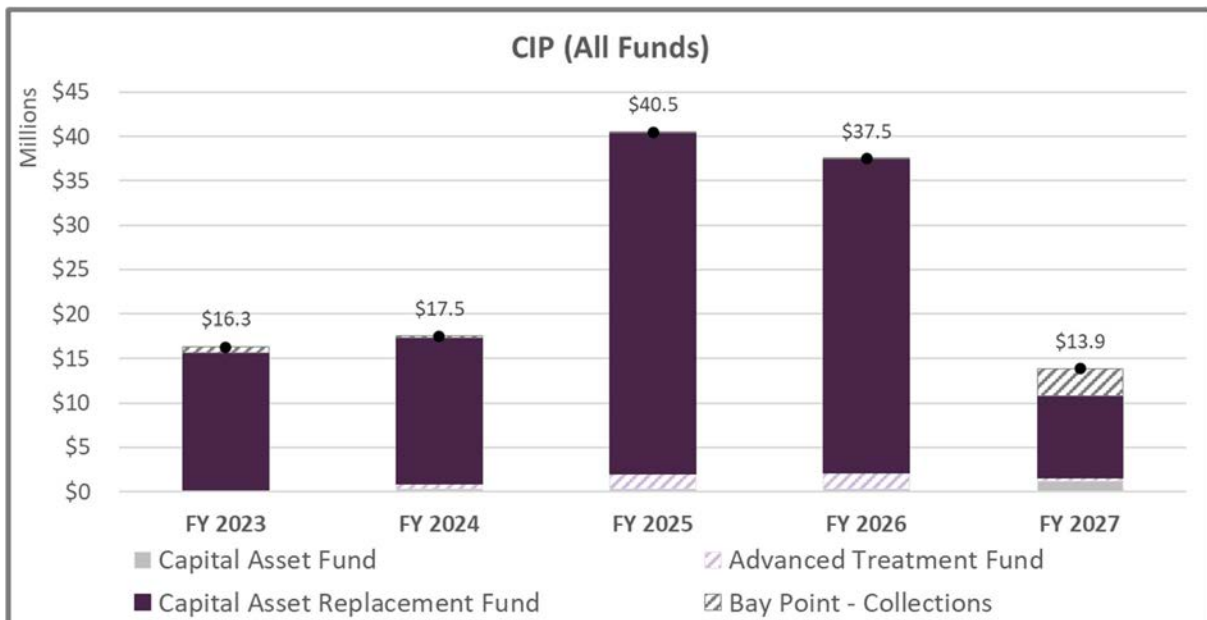
Figure 1: Delta Diablo Wastewater Treatment Plant



Delta Diablo – Wastewater Rate Study

Based on the District's current CIP and capital spending at 90%, the District requires approximately \$113 million in capital funding over the next five years. The CIP is broken out between the District's capital-related funds, including Capital Asset, Advanced Treatment, Capital Asset Replacement, and Bay Point Collection. Figure 2 identifies the District's total CIP estimated costs, and Figure 3 reflects the capital spending plan at 90%. Figure 4 through Figure 7 identifies the capital spending plan for each capital fund through FY26/27, without considering debt financing as a funding source (Figure 14 through Figure 17 within the Proposed Financial Plan section includes debt as a funding source).

Figure 2: Capital Improvement Program – All Funds



Delta Diablo – Wastewater Rate Study

Figure 3: Capital Spending Plan – All Funds at 90% of CIP

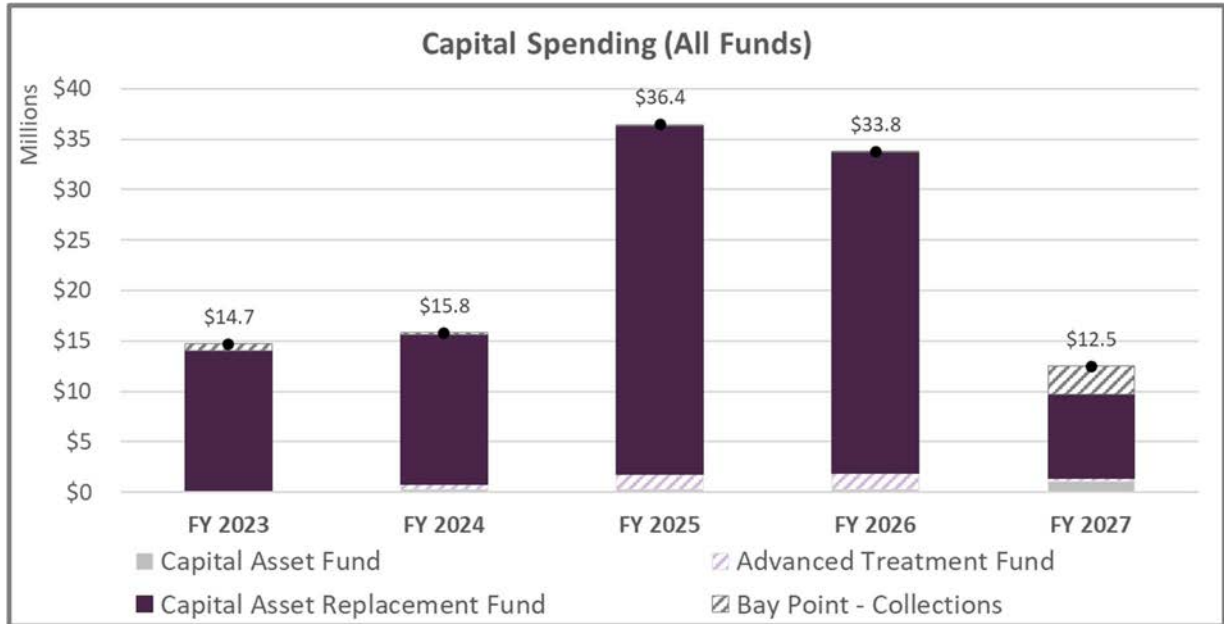
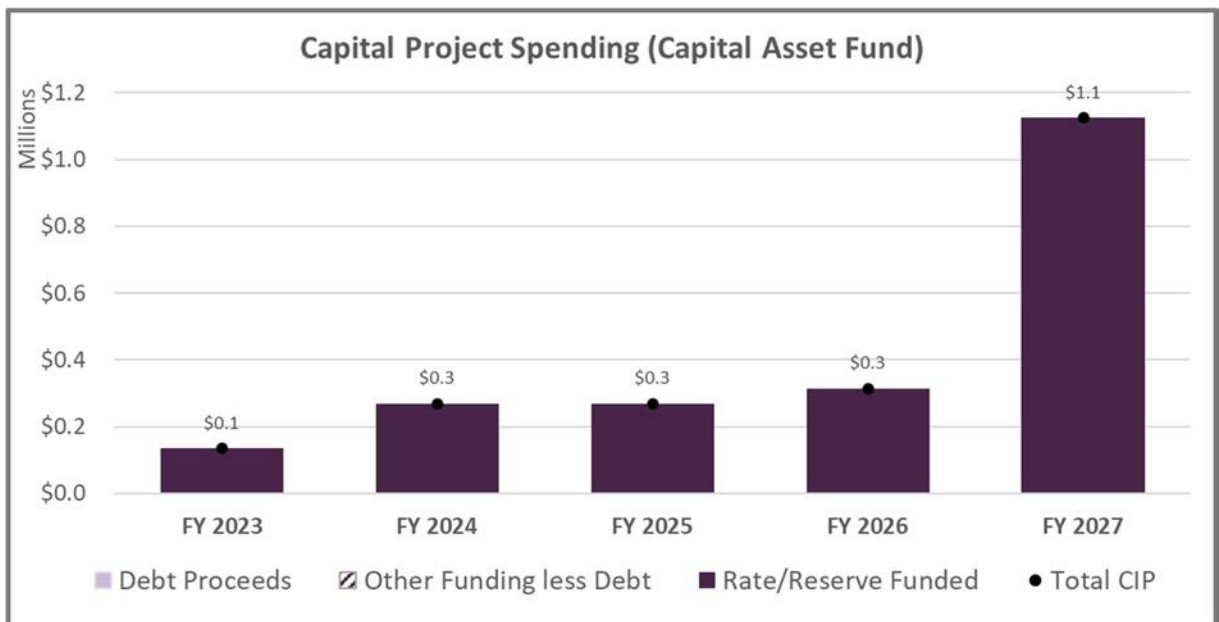


Figure 4: Capital Spending – Capital Assets



Delta Diablo – Wastewater Rate Study

Figure 5: Capital Spending – Advanced Treatment

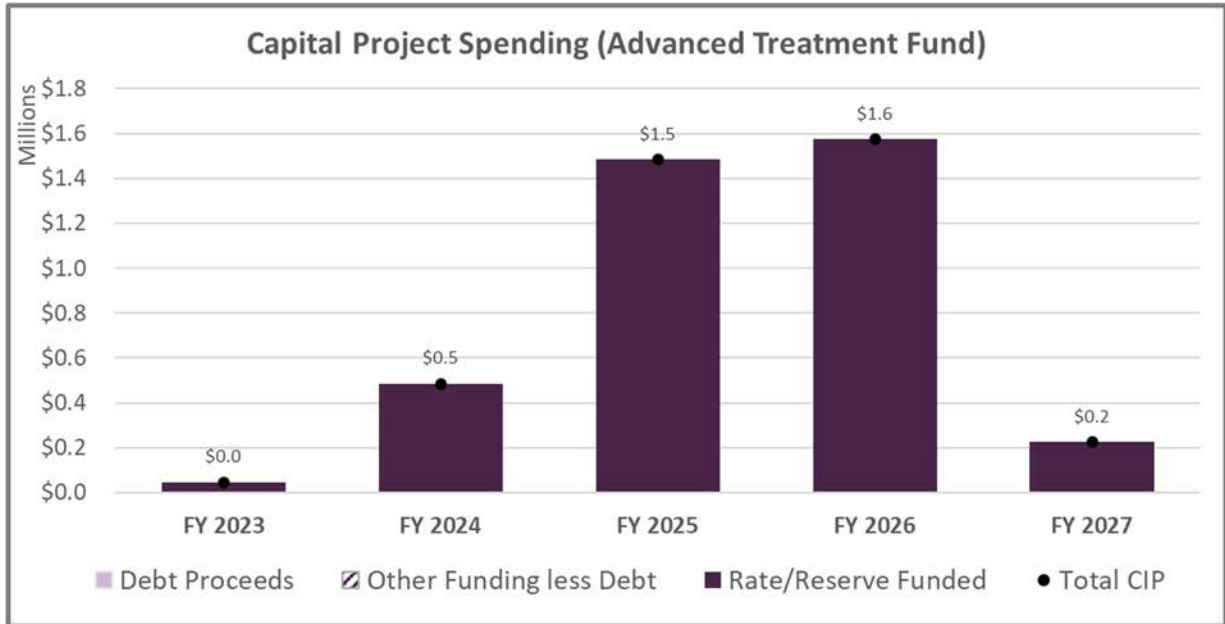
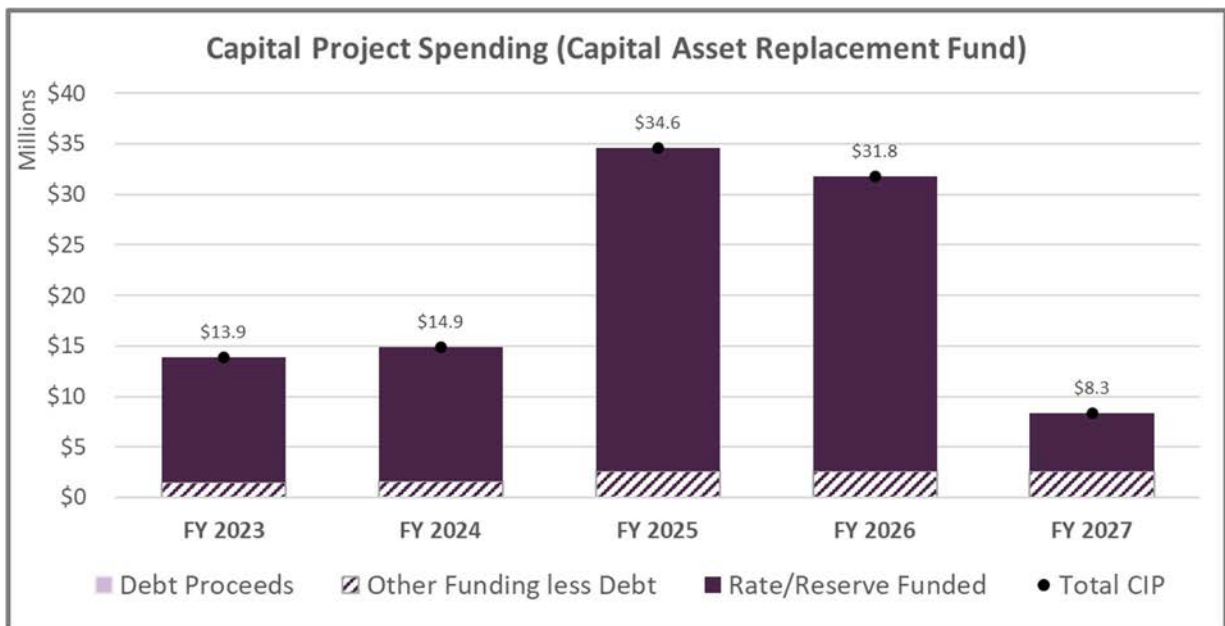
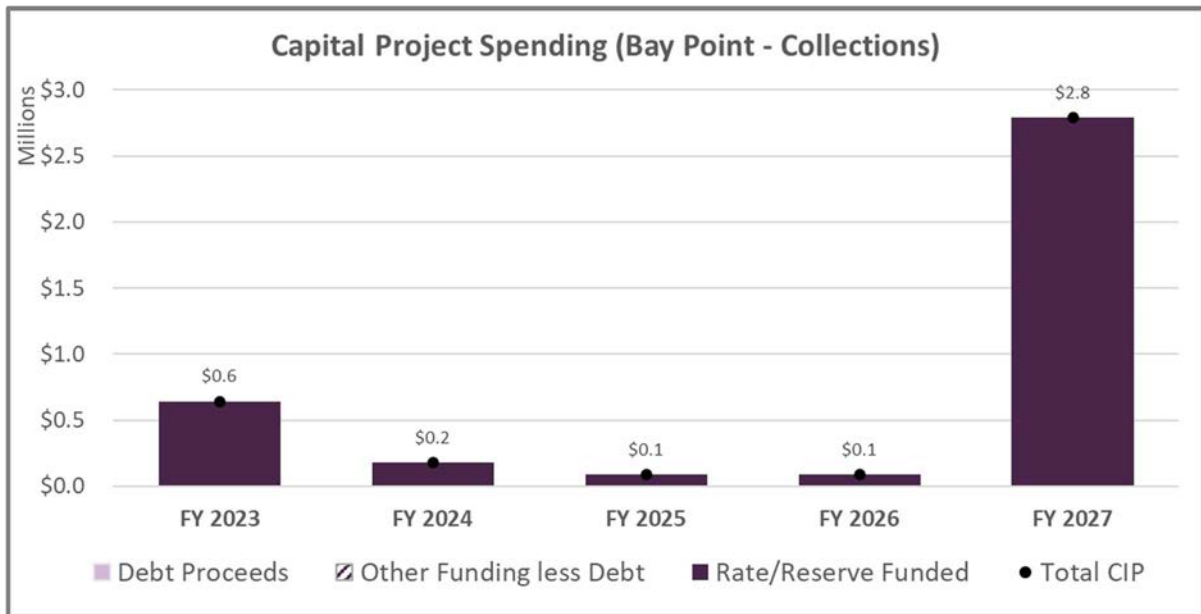


Figure 6: Capital Spending – Capital Asset Replacement



Delta Diablo – Wastewater Rate Study

Figure 7: Capital Spending – Bay Point Collection



Customers

The District serves 69,116 Residential units and 2,871 Non-Residential accounts, with over 95% of sewer units classified as Residential. Table 2 provides a summary of accounts/equivalent residential units by customer class and zone, and Table 3 provides a summary of Calendar Year 2021 (CY 2021) Non-Residential water usage.

Table 2: Accounts / Equivalent Residential Units by Customer Class and Zone

Customer Class	Zone 1	Zone 2	Zone 3	All Parcels Combined
	Bay Point	Pittsburg	Antioch	
Residential	7,244	24,064	37,808	69,116
Bakeries & Restaurants	13	98	153	264
Dow Chemical	-	1	-	1
G&K Services	-	1	-	1
Hotel/Motel	-	4	5	9
Institutional	21	91	120	232
Light Industry	7	169	121	297
Marinas	-	2	1	3
Generon IGS	-	1	-	1
Misc. Commercial	118	649	1,291	2,058
Mortuaries	-	2	1	3
Praxair	-	1	-	1
Premark Packaging	1	-	-	1
U.S. Army	1	-	-	1
Units of Service	7,405	25,083	39,500	71,987

Delta Diablo – Wastewater Rate Study

Table 3: Non-Residential CY 2021 Water Usage

Customer Class	Billing Units	Zone 1 Bay Point	Zone 2 Pittsburg	Zone 3 Antioch	Total
Bakeries & Restaurants	Annual HCF	6,213	47,171	58,203	111,587
Dow Chemical	Annual HCF	-	66,585	-	66,585
G&K Services	Annual HCF	-	20,361	-	20,361
Hotel/Motel	Annual HCF	-	11,807	8,796	20,603
Institutional	Annual HCF	5,936	60,055	130,608	196,599
Light Industry	Annual HCF	18,081	49,184	44,170	111,435
Marinas	Annual HCF	-	180	80	260
Generon IGS	Annual HCF	-	4,964	-	4,964
Misc. Commercial	Annual HCF	15,933	114,462	252,153	382,548
Mortuaries	Annual HCF	-	458	1,077	1,535
Praxair	Annual HCF	-	12,214	-	12,214
Premark Packaging	Annual HCF	284	-	-	284
U.S. Army	Annual HCF	1,017	-	-	1,017
Total		47,464	387,441	495,087	929,992

The current SSCs consist of annual Residential fixed charges per dwelling unit and Non-Residential flow rates. Non-Residential customers are charged a minimum equal to their respective flow rate times 80 HCF. 80 HCF is equivalent to the projected flow charged against Residential units as part of their annual fixed charge. Existing SSCs are identified in Table 4.

Table 4: FY 21/22 Sewer Service Charges

Proposed SSCs		Zone 1 - Bay Point	Zone 2 - Pittsburg	Zone 3 - Antioch
Residential SSCs				
Residential	(\$/Year)	\$589.25	\$429.42	\$429.42
Non-Residential Charges SSCs				
Bakeries & Restaurants	(\$/HCF)	\$9.02	\$7.33	\$7.33
Dow Chemical	(\$/HCF)	\$3.70	\$3.70	\$3.70
G&K Services	(\$/HCF)	\$5.04	\$5.04	\$5.04
Hotel/Motel	(\$/HCF)	\$4.57	\$4.57	\$4.57
Institutional	(\$/HCF)	\$5.91	\$4.22	\$4.22
Light Industry	(\$/HCF)	\$5.71	\$4.02	\$4.02
Marinas	(\$/HCF)	\$6.03	\$6.03	\$6.03
Generon IGS	(\$/HCF)	\$4.99	\$4.99	\$4.99
Misc. Commercial	(\$/HCF)	\$5.91	\$4.22	\$4.22
Mortuaries	(\$/HCF)	\$5.83	\$5.83	\$5.83
Praxair	(\$/HCF)	\$3.58	\$3.58	\$3.58
Premark Packaging	(\$/HCF)	\$5.91	\$4.22	\$4.22
U.S. Army	(\$/HCF)	\$5.27	\$3.58	\$3.58

Financial Plan Overview

Financial Planning

A comprehensive financial plan was developed for the wastewater utility, including the following:

- 1) Flows are based on Residential annual flows of 80 HCF per dwelling unit, Non-Residential water sales with an 85% return factor, and an inflow/infiltration factor of 2%.
- 2) Operational costs that may change over the planning period due to inflation and any new expenditures incurred to meet strategic goals, regulatory requirements, or changes in operations.
- 3) Multi-year system improvements and scheduling based on priority. This review also considers available funding sources to complete capital projects such as "pay-as-you-go (PAYGO)," grants, and debt financing.
- 4) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and potential system failures.

Figure 8 illustrates the key elements when developing a long-term financial plan.

Figure 8: Financial Plan Key Elements



Delta Diablo – Wastewater Rate Study

Financial Planning Assumptions

Long-term financial planning requires an understanding of the utility's financial position. This is achieved by evaluating existing revenue streams, ongoing expenses, how those expenses are expected to change over time, existing debt requirements, new strategic objectives, and reserve policies. With these considerations, certain assumptions are required for projecting revenues, expenses, and expected ending fund balances. Table 5 identifies assumptions used for forecasting revenues, and Table 6 identifies assumptions used to forecast expenses increases through FY 26/27.

Table 5: Revenue Forecasting Assumptions

Key Assumptions	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenue Escalation					
Non-Inflated	Budget	0.0%	0.0%	0.0%	0.0%
Non-Rate Revenues	Budget	3.1%	3.1%	3.1%	3.1%
Reserve Interest	Budget	1.0%	1.0%	1.0%	1.0%
Growth	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Residential Water Usage	929,992	929,992	929,992	929,992	929,992

Table 6: Expense Forecasting Assumptions

Key Assumptions	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Expenditure Escalation					
Employee Benefits	Budget	6.0%	6.0%	6.0%	6.0%
Capital Construction	Budget	5.3%	5.3%	3.5%	3.5%
Chemicals	Budget	6.0%	6.0%	6.0%	6.0%
General Costs	Budget	3.1%	3.1%	3.1%	3.1%
Non-Inflated	Budget	0.0%	0.0%	0.0%	0.0%
Utilities	Budget	4.0%	4.0%	4.0%	4.0%
Salaries & Wages	Budget	3.2%	3.2%	3.2%	3.2%

Delta Diablo – Wastewater Rate Study

Current Financial Position

Revenues

The District collects almost all SSCs on the Contra Costa County tax roll, with a few Non-Residential customers directly billed. The County guarantees the levy as part of the Teeter Plan (California Revenue and Taxation Code Section 4701-4717). The Teeter Plan allows cities and special districts to receive the total allocation of each levy submitted. In return, the County keeps all delinquencies and penalties incurred. The total levy amount submitted to the County for FY21/22 is typically used as the baseline revenue for financial planning. However, based on the total number of residential units and actual Non-Residential water usage for CY 2021, the total revenue amount that could be verified was slightly less than the FY 21/22 levy amount. Therefore, the baseline revenue used for FY 22/23 and beyond was approximately \$35.1M instead of \$35.5M.

Table 7 shows all revenues, including SSCs, Other Revenues, and Other Financing Sources. Interfund Transfer is increased based on the "Non-Rate Revenues" percentage increase from Table 5 (3.1%). The Interfund Transfer goes towards the District's Household Hazardous Waste (HHW) program that mitigates significant hazardous constituents from entering the WWTP influent. The Interfund Loan in FY21/22 is repayment to operating from the Expansion Fund for a previous advancement of funds.

Table 7: Delta Diablo Projected Revenues Based on FY21/22 Rates

Revenue	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rate Revenue						
SSCs Levy	\$34,856,000	\$34,491,000	\$34,491,000	\$34,491,000	\$34,491,000	\$34,491,000
SSCs - Direct Charges	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000
Total Rate Revenue	\$35,519,000	\$35,154,000	\$35,154,000	\$35,154,000	\$35,154,000	\$35,154,000
Other Revenues						
Discharge Permit & Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest	\$266,000	\$267,000	\$223,000	\$182,000	\$138,000	\$97,000
Contract Revenue (Calpine)	\$1,259,000	\$167,000	\$167,000	\$167,000	\$167,000	\$167,000
Subtotal Other Revenues	\$2,875,000	\$1,784,000	\$1,740,000	\$1,699,000	\$1,655,000	\$1,614,000
Other Financing Sources						
Interfund Transfer	(\$381,000)	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)	(\$441,000)
Interfund Loan	\$478,000	\$0	\$0	\$0	\$0	\$0
Subtotal Other Financing Sources	\$97,000	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)	(\$441,000)
Total Revenues	\$38,491,000	\$36,546,000	\$36,490,000	\$36,437,000	\$36,381,000	\$36,327,000

Delta Diablo – Wastewater Rate Study

Expenses

The preliminary FY 22/23 budget was used as the baseline expenses for the utility and was adjusted in subsequent years based on the percentage increases shown in Table 6. Table 8 provides projected Operational & Maintenance (O&M) costs through FY 26/27 (rounded to thousands). Each expense category includes detailed line-item expenditures discussed with District staff to determine the appropriate escalation factor for forecasting future costs.

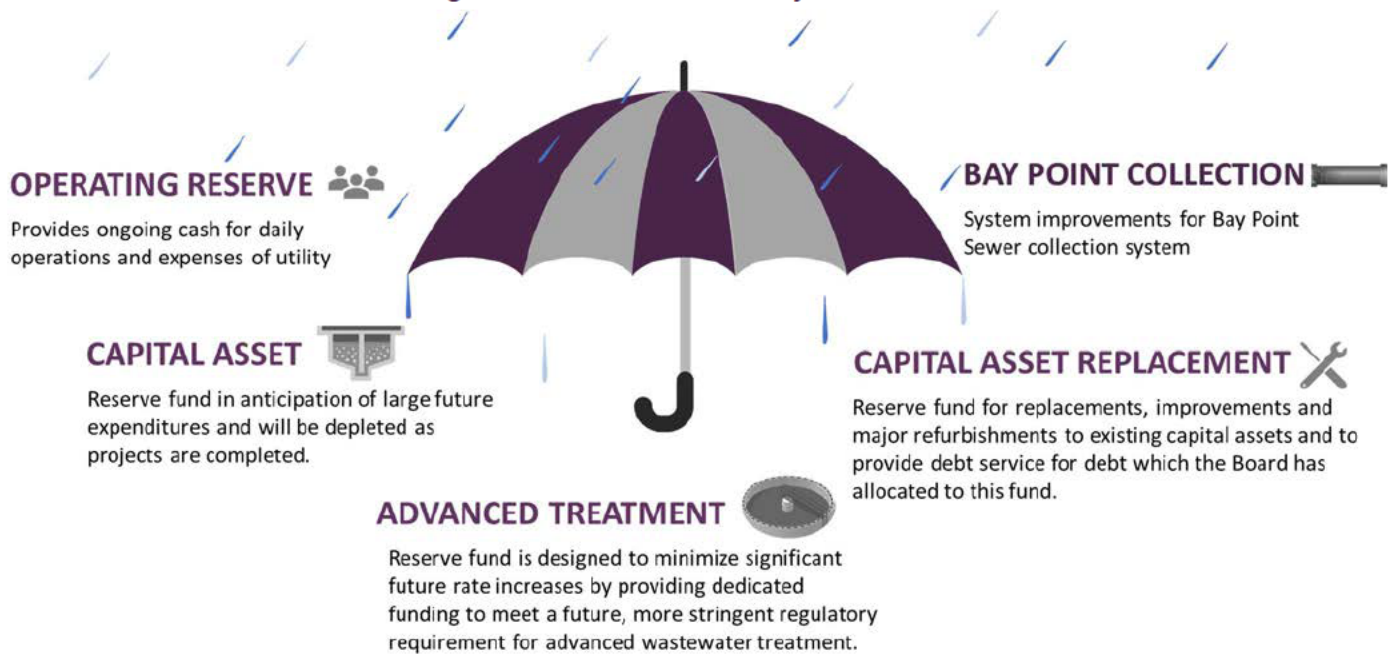
Table 8: Projected O&M Expenses

O&M Expenses	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Operating Expenses						
Administration Division	\$1,952,000	\$2,756,000	\$2,863,000	\$2,976,000	\$3,094,000	\$3,217,000
Board of Directors Division	\$37,000	\$48,000	\$50,000	\$52,000	\$54,000	\$56,000
Public Information Division	\$31,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
Human Resources Division	\$1,352,000	\$1,390,000	\$1,440,000	\$1,492,000	\$1,546,000	\$1,601,000
Finance Division	\$1,474,000	\$2,063,000	\$2,142,000	\$2,224,000	\$2,310,000	\$2,399,000
Information Technology Division	\$1,218,000	\$1,470,000	\$1,525,000	\$1,582,000	\$1,641,000	\$1,702,000
Purchasing Division	\$281,000	\$634,000	\$661,000	\$689,000	\$717,000	\$747,000
Engineering Division	\$2,211,000	\$1,857,000	\$1,933,000	\$2,012,000	\$2,094,000	\$2,181,000
Maintenance Division	\$5,076,000	\$5,271,000	\$5,484,000	\$5,706,000	\$5,939,000	\$6,181,000
Operations/Plant Division	\$6,745,000	\$8,036,000	\$8,388,000	\$8,757,000	\$9,145,000	\$9,550,000
Laboratory Division	\$1,019,000	\$1,211,000	\$1,265,000	\$1,322,000	\$1,381,000	\$1,443,000
Lab Pretreatment Division	\$431,000	\$463,000	\$481,000	\$501,000	\$523,000	\$545,000
Lab Pollution Prevention Division	\$1,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Safety Division	\$341,000	\$569,000	\$589,000	\$609,000	\$630,000	\$654,000
Subtotal Operating Expenses	\$22,169,000	\$25,828,000	\$26,882,000	\$27,984,000	\$29,137,000	\$30,340,000

Delta Diablo – Wastewater Rate Study

Reserves

Figure 9: Wastewater Utility Reserves



Per District policy, the Wastewater Operating and Maintenance (WW O&M) Fund is required to maintain a reserve for operating at 40% of operating expenses. There are no formal capital-related reserves as part of the District's reserve policy; however, capital reserves are recommended to ensure that the District maintains a strong financial outlook moving forward. It is standard industry best management practice to establish a capital reserve equal to at least the annual depreciation value of the District's assets or to cover a year's worth of upcoming capital expenses within the CIP. Therefore, as part of the proposed financial plan, reserves include the existing Operating Reserve and recommended minimum capital funding targets for each capital-related fund based on the average annual expenses of the CIP over the next five years. These reserves help mitigate risks to the utility by ensuring sufficient cash is on hand for daily operations and to fund annual system improvements. In addition, these reserves help smooth rates and mitigate the potential for sharp rate increases due to emergencies or unplanned, higher system costs. Table 9 summarizes each capital-related fund's minimum operating reserve requirement and recommended funding targets.

Table 9: Reserve Requirement and Recommended Capital Funding Targets

Reserve/Fund	Minimum Requirement/Funding Target	Status
Operating	40% of WW O&M	Policy
Capital Asset	1-year of capital expenditures (5-year average)	Recommended
Advanced Treatment	\$2M	Recommended
Capital Asset Replacement	1-year of capital expenditures (5-year average)	Recommended
Bay Point Collection	40% of O&M + 1-year of capital expenditures (5-year average)	Recommended

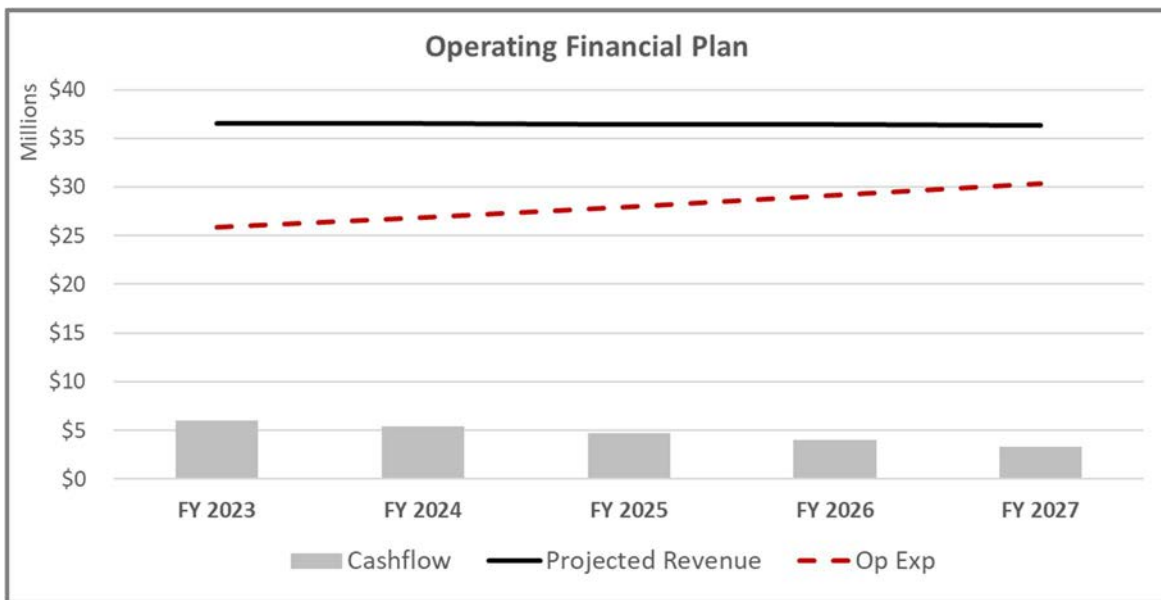
The reserve balance as of July 1, 2021, equaled approximately \$60.8 million.

Delta Diablo – Wastewater Rate Study

Financial Outlook at Existing Rates

Revenues from existing rates are sufficient to fund WW O&M through FY 26/27, as shown in Figure 10. However, after direct transfers for capital spending, WW O&M is overdrawn, and reserves would need to be used to ensure capital projects move forward as scheduled (Figure 11). Using operating reserves would cause the balance to fall below the 40% target generating pressure to increase rates. The current operating reserve can absorb the direct transfers through FY 22/23 while maintaining the 40% operating minimum reserve requirement but depletes by FY 25/26. Figure 10 illustrates the operating position of the utility, where WW O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at current rates. The bars represent the amount of net operating income before direct transfers for capital spending. Figure 11 identifies the operating position after direct transfers for capital.

Figure 10: Current Operating Financial Position Before Direct Transfers



Delta Diablo – Wastewater Rate Study

Figure 11: Current Operating Financial Position After Direct Transfers

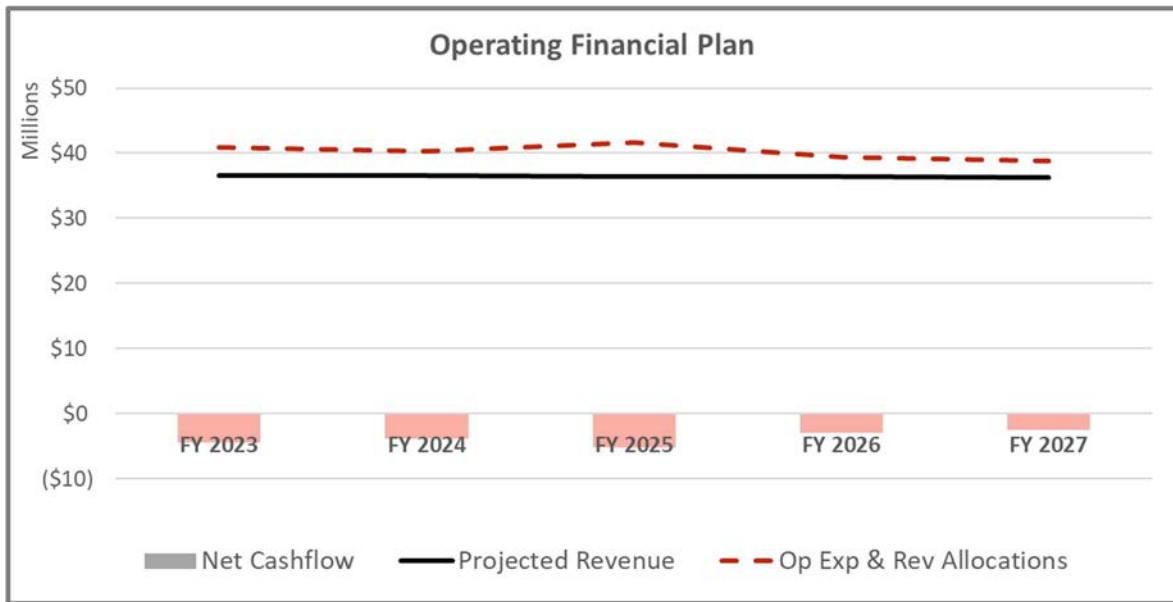
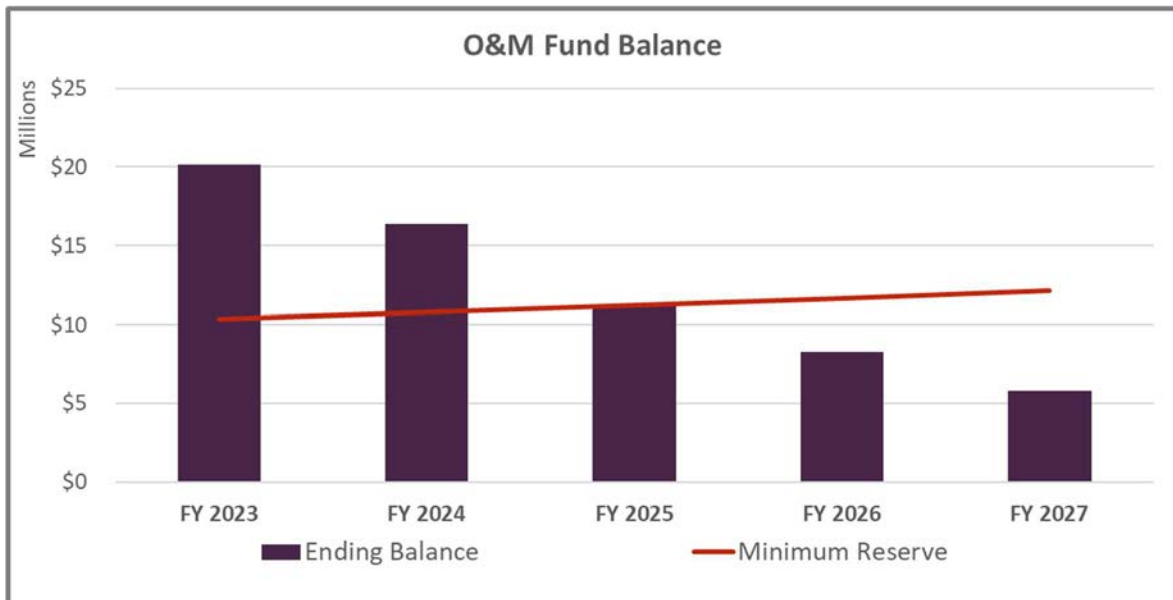


Figure 12 reflects the projected ending balances of the District's operating reserve after direct transfers are funded through FY 26/27. By FY 25/26, the operating reserve is below the minimum target.

Figure 12: Projected Ending Operating Reserve at Existing Rates



Proposed Financial Plan

Based on existing revenues, projected expenses, updated CIP, and reserves, a proposed financial plan can be developed to meet the District's overall revenue requirements over the Financial Plan Period. Based on the District's capital reinvestment and the new Secondary Process Improvements, **Table 10** forecasts projected revenues and expenses through FY 26/27. Proposed revenue adjustments for FY 22/23 through FY 26/27 are 4.5%, 4.5%, 2.5%, 2.0%, and 2.0%, respectively.

Delta Diablo – Wastewater Rate Study

Table 10: Proposed Financial Plan

Revenue	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Rate Revenue						
SSCs Levy	\$34,856,000	\$34,491,000	\$34,491,000	\$34,491,000	\$34,491,000	\$34,491,000
SSCs - Direct Charges	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000	\$663,000
Total Rate Revenue	\$35,519,000	\$35,154,000	\$35,154,000	\$35,154,000	\$35,154,000	\$35,154,000
Additional Revenue (from revenue adjustments):						
	Fiscal Year	Revenue Adjs				
	FY 2023	4.5%	\$1,581,000	\$1,581,000	\$1,581,000	\$1,581,000
	FY 2024	4.5%		\$1,653,000	\$1,653,000	\$1,653,000
	FY 2025	2.5%		\$959,000	\$959,000	\$959,000
	FY 2026	2.0%			\$786,000	\$786,000
	FY 2027	2.0%				\$802,000
Total Additional Revenue			\$0	\$1,581,000	\$3,234,000	\$4,979,000
Projected Rate Revenues (with revenue adjustments)	\$35,519,000	\$36,735,000	\$38,388,000	\$39,347,000	\$40,133,000	\$40,935,000
Other Revenues						
Discharge Permit & Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest	\$266,000	\$267,000	\$227,000	\$201,000	\$180,000	\$170,000
Contract Revenue (Calpine)	\$1,259,000	\$167,000	\$167,000	\$167,000	\$167,000	\$167,000
Subtotal Other Revenues	\$2,875,000	\$1,784,000	\$1,744,000	\$1,718,000	\$1,697,000	\$1,687,000
Other Financing Sources						
Interfund Transfer	(\$381,000)	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)	(\$441,000)
Interfund Loan	\$478,000	\$0	\$0	\$0	\$0	\$0
Subtotal Other Financing Sources	\$97,000	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)	(\$441,000)
Total Revenues	\$38,491,000	\$38,127,000	\$39,728,000	\$40,649,000	\$41,402,000	\$42,181,000
O&M Expenses						
Operating Expenses						
Administration Division	\$1,952,000	\$2,756,000	\$2,863,000	\$2,976,000	\$3,094,000	\$3,217,000
Board of Directors Division	\$37,000	\$48,000	\$50,000	\$52,000	\$54,000	\$56,000
Public Information Division	\$31,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
Human Resources Division	\$1,352,000	\$1,390,000	\$1,440,000	\$1,492,000	\$1,546,000	\$1,601,000
Finance Division	\$1,474,000	\$2,063,000	\$2,142,000	\$2,224,000	\$2,310,000	\$2,399,000
Information Technology Division	\$1,218,000	\$1,470,000	\$1,525,000	\$1,582,000	\$1,641,000	\$1,702,000
Purchasing Division	\$281,000	\$634,000	\$661,000	\$689,000	\$717,000	\$747,000
Engineering Division	\$2,211,000	\$1,857,000	\$1,933,000	\$2,012,000	\$2,094,000	\$2,181,000
Maintenance Division	\$5,076,000	\$5,271,000	\$5,484,000	\$5,706,000	\$5,939,000	\$6,181,000
Operations/Plant Division	\$6,745,000	\$8,036,000	\$8,388,000	\$8,757,000	\$9,145,000	\$9,550,000
Laboratory Division	\$1,019,000	\$1,211,000	\$1,265,000	\$1,322,000	\$1,381,000	\$1,443,000
Lab Pretreatment Division	\$431,000	\$463,000	\$481,000	\$501,000	\$523,000	\$545,000
Lab Pollution Prevention Division	\$1,000	\$14,000	\$14,000	\$14,000	\$14,000	\$14,000
Safety Division	\$341,000	\$569,000	\$589,000	\$609,000	\$630,000	\$654,000
Subtotal Operating Expenses	\$22,169,000	\$25,828,000	\$26,882,000	\$27,984,000	\$29,137,000	\$30,340,000
Net Income (before transfers)	\$16,322,000	\$12,299,000	\$12,846,000	\$12,665,000	\$12,265,000	\$11,841,000
Fund WW Revenue Allocations						
Capital Asset - 120	\$0	\$0	\$0	\$295,103	\$300,998	\$307,013
Capital Replacement - 130	\$19,535,450	\$14,694,000	\$13,435,800	\$13,771,450	\$10,033,250	\$8,187,000
Bay Point - 520 & 550	\$1,243,165	\$1,102,050	\$1,151,640	\$1,180,410	\$1,304,323	\$1,330,388
Subtotal Fund WW Revenue Allocations	\$20,778,615	\$15,796,050	\$14,587,440	\$15,246,963	\$11,638,570	\$9,824,400
Net Income (after transfers)	(\$4,456,615)	(\$3,497,050)	(\$1,741,440)	(\$2,581,963)	\$626,430	\$2,016,600

Delta Diablo – Wastewater Rate Study

Figure 13 identifies the operating position based on the proposed financial plan. Although operating reflects an annual deficit due to direct transfers, the operating reserve can absorb the transfers while maintaining the 40% operating reserve requirement. Figure 14 through Figure 17 identifies the capital plan of each fund with funding sources. Debt financing is anticipated for the Wastewater Capital Asset Replacement to finance a portion of the Secondary Process Improvements (approximately \$30 million in debt).

Figure 13: Proposed Operating Position After Direct Transfers

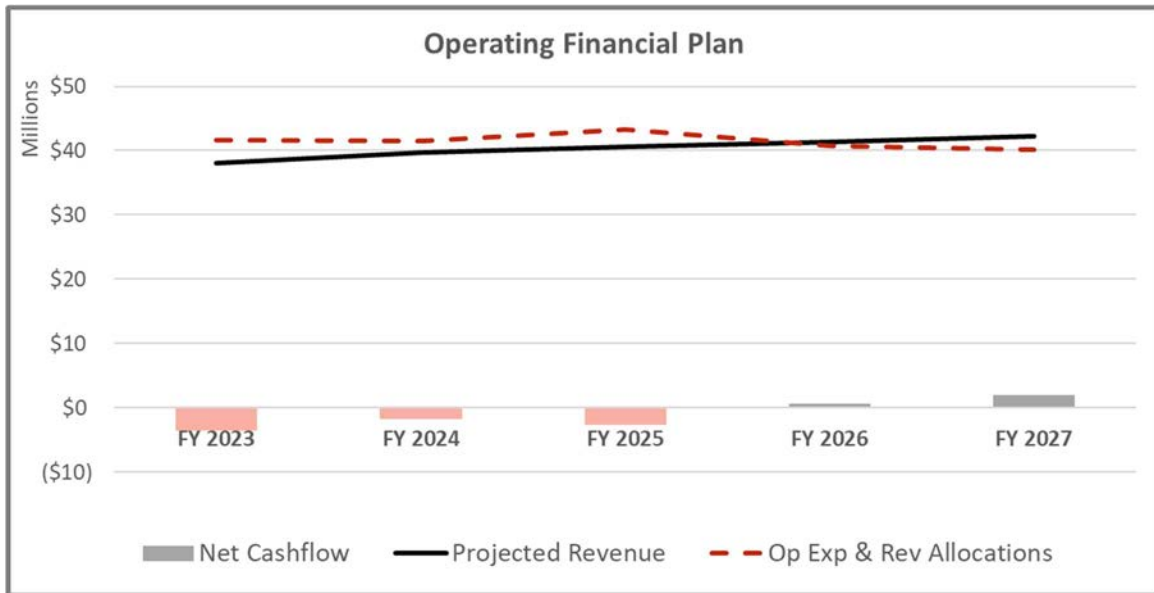
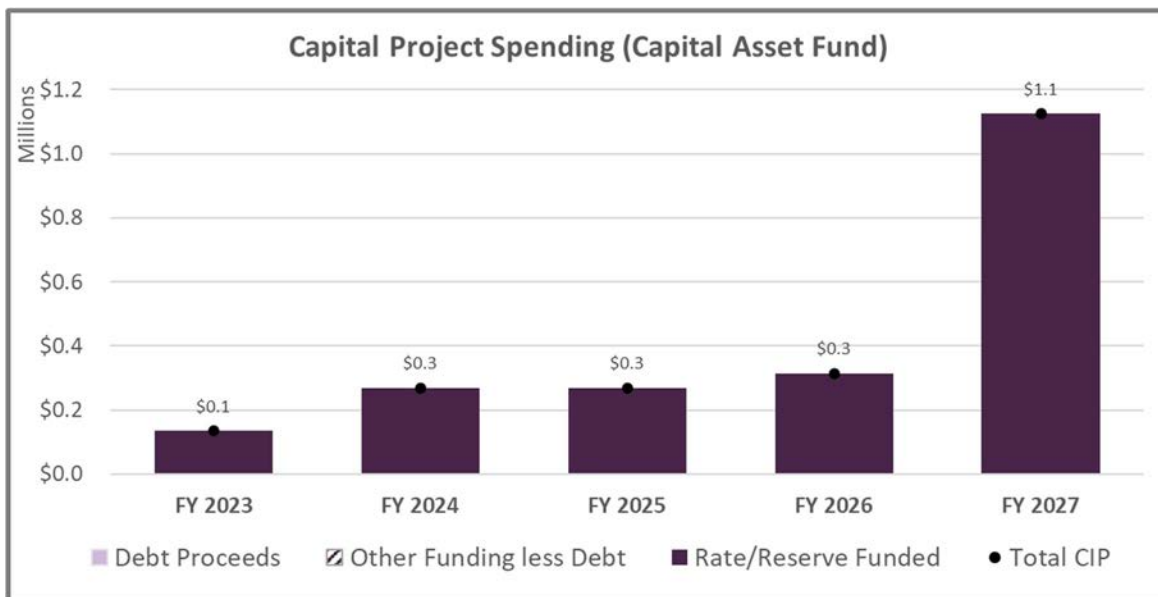


Figure 14: Capital Funding Plan – Capital Assets



Delta Diablo – Wastewater Rate Study

Figure 15: Capital Funding Plan – Advanced Treatment

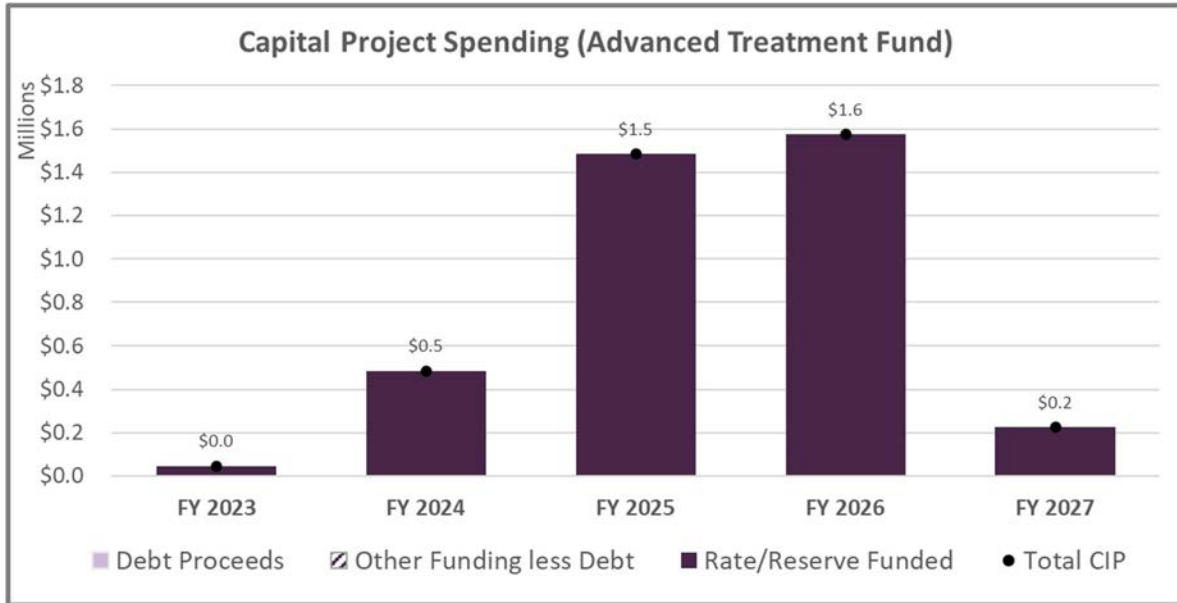
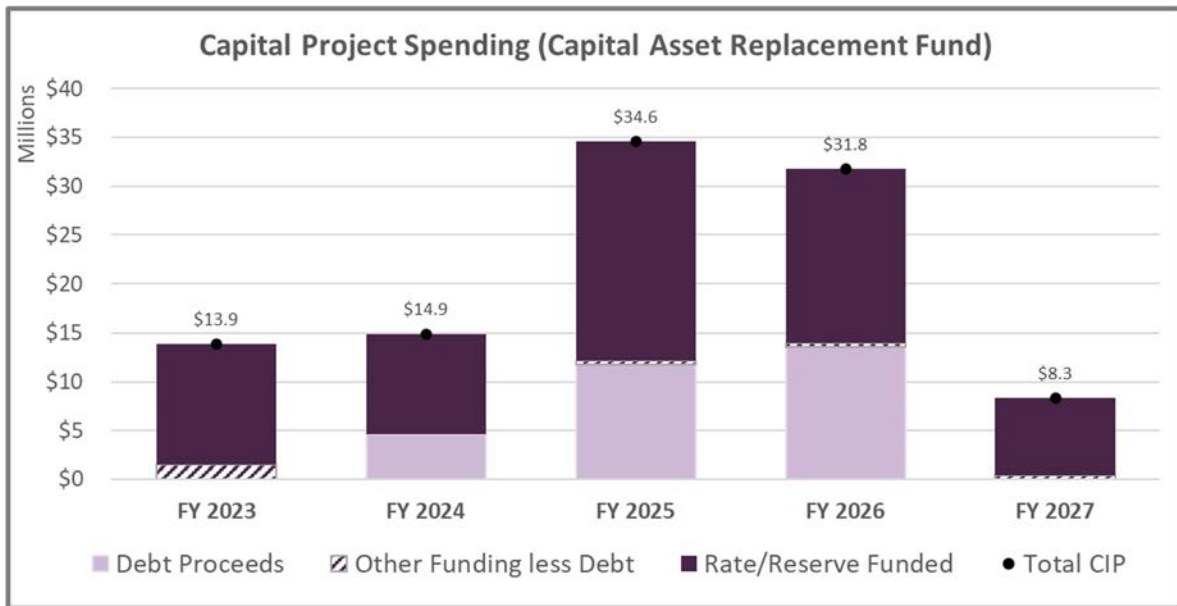


Figure 16: Capital Funding Plan – Capital Asset Replacement



Delta Diablo – Wastewater Rate Study

Figure 17: Capital Funding Plan – Bay Point Collection

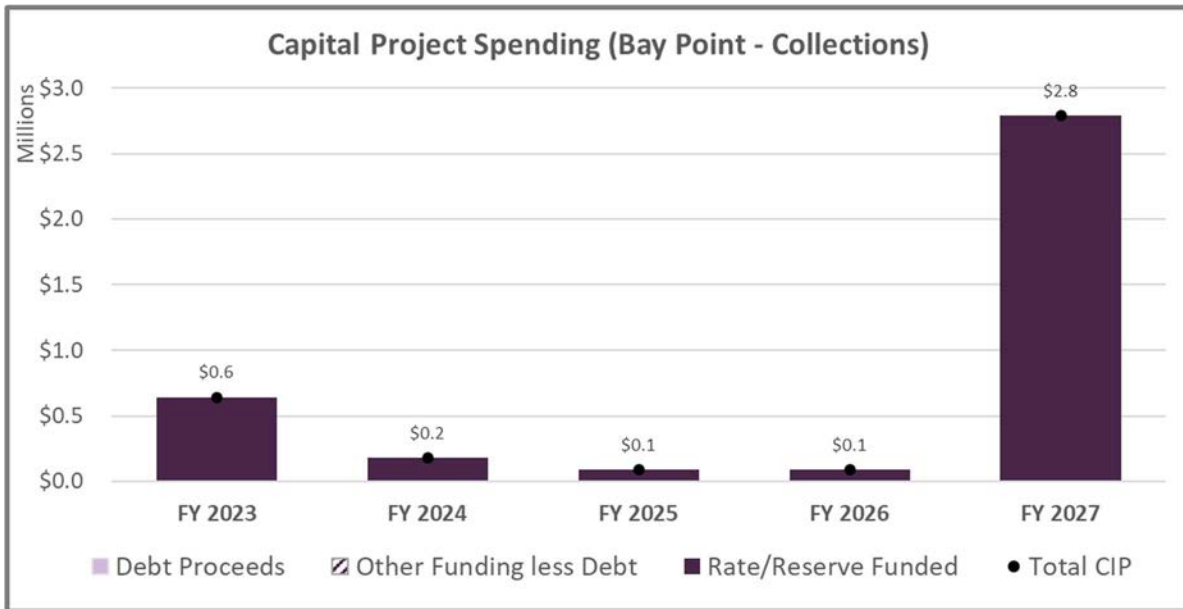
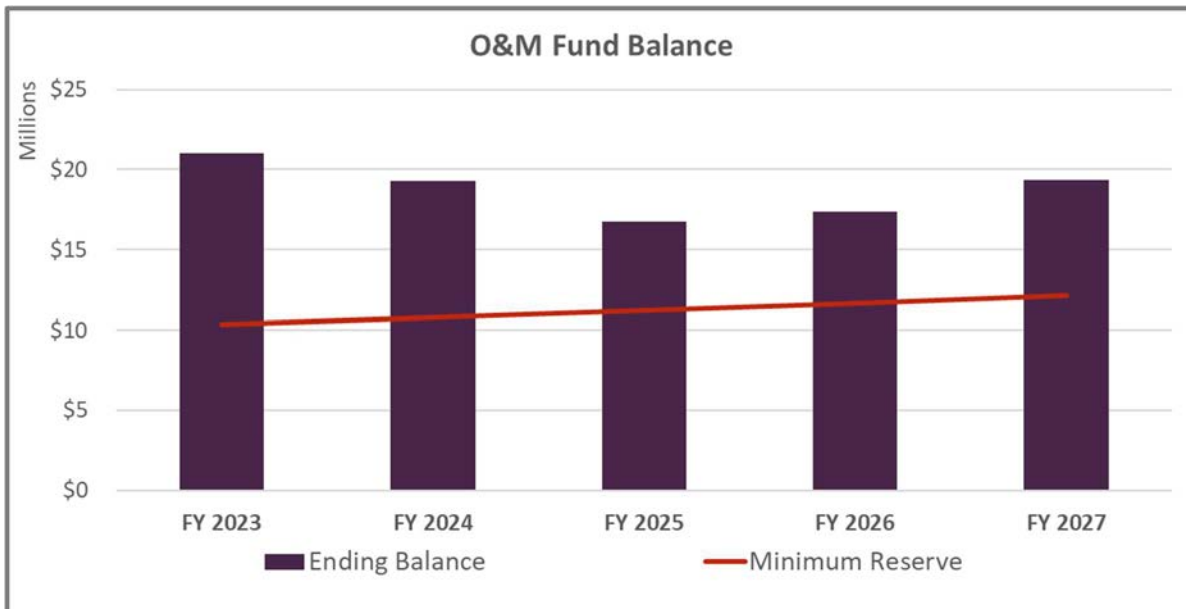


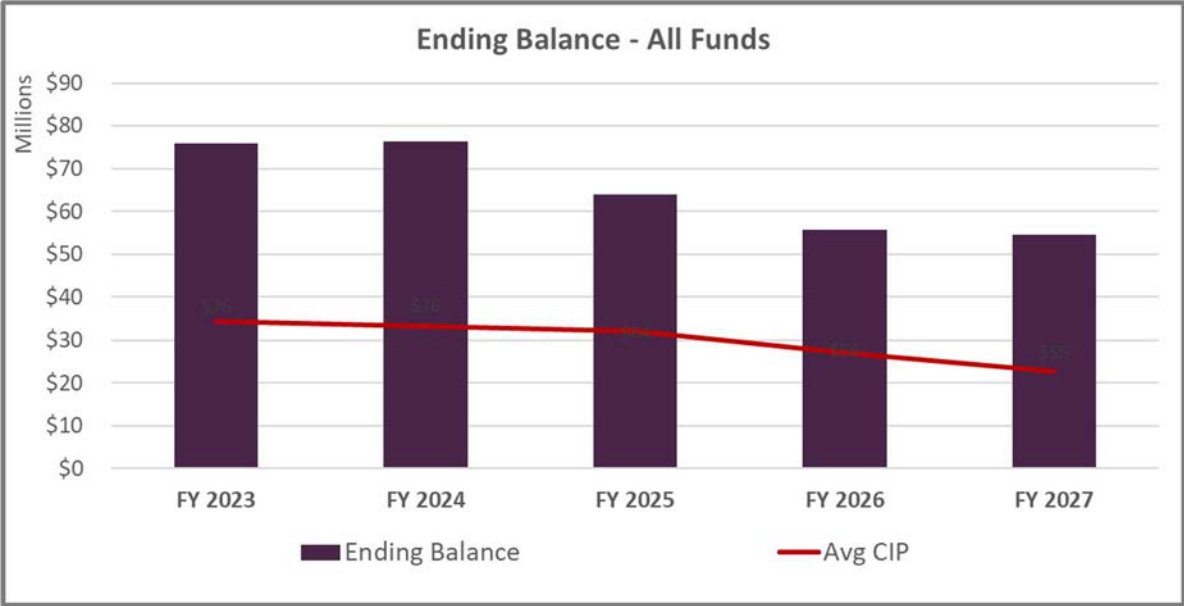
Figure 18 identifies projected ending reserve balances for the Operating Fund, and Figure 19 identifies projected ending reserve balances for all funds combined.

Figure 18: Projected Ending Reserves – Operating



Delta Diablo – Wastewater Rate Study

Figure 19: Projected Ending Reserves – All Funds



Cost-of-Service Analysis

The most recent comprehensive cost-of-service analysis occurred in 2021, and there are no additional rate structure changes to consider for FY 22/23. However, account and parcel data were updated, including Non-Residential water usage, to reflect CY 2021.

Revenue Requirements

The District updates SSCs annually, and FY 22/23 revenue requirements were determined. Revenue requirements include O&M expenses, debt service, available offsets from non-rate revenues, direct capital revenue transfers, and reserve funding.

Funding the capital replacement plan and replenishing reserves to meet or exceed the minimum reserve requirement is achieved over the Financial Plan Period. However, the District notices rates annually, and only FY 22/23 SSCs were included within the Proposition 218 Notice. The results of the financial plan analysis are summarized in [Table 11](#) and represent the revenue required from SSCs in FY 22/23.

Delta Diablo – Wastewater Rate Study

Table 11: FY 22/23 Wastewater Revenue Requirements

Revenue Requirements	Total
Operating Expenses	
Administration Division	\$2,756,000
Board of Directors Division	\$48,000
Public Information Division	\$46,000
Human Resources Division	\$1,390,000
Finance Division	\$2,063,000
Information Technology Division	\$1,470,000
Purchasing Division	\$634,000
Engineering Division	\$1,857,000
Maintenance Division	\$5,271,000
Operations/Plant Division	\$8,036,000
Laboratory Division	\$1,211,000
Lab Pretreatment Division	\$463,000
Lab Pollution Prevention Division	\$14,000
Safety Division	\$569,000
Subtotal Operating Expenses	\$25,828,000
Designated Funds	
Capital Replacement - 130	\$14,694,000
Bay Point - 520 & 550	\$1,102,050
Subtotal Designated Funds	\$15,796,050
Revenue Offsets / Reserve Funding	
Other Revenues	
Discharge Permit & Fees	(\$250,000)
Overhead (from Capital Projects)	(\$700,000)
Miscellaneous	(\$200,000)
Utility Rebates (from Calpine)	(\$200,000)
Interest	(\$267,000)
Contract Revenue (Calpine)	(\$167,000)
Subtotal Other Revenues	(\$1,784,000)
Other Financing Sources	
Interfund Transfer	\$392,000
Subtotal Other Financing Sources	\$392,000
Reserve Funding (Fund 110 Net Income)	(\$3,497,050)
Subtotal Revenue Offsets / Reserve Funding	(\$4,889,050)
Revenue Required from Rates	\$36,735,000

Cost-Based Wastewater Rate Schedule

Proposed FY 22/23 SSCs

The proposed SSCs FY 22/23 are shown in Table 12. The Proposed FY 22/23 SSCs are equivalent across all zones for WWTP expenses, and Bay Point includes an additional charge for the wastewater collection system. Non-Residential customers are charged a minimum flow amount equivalent to the projected flow assumed for a Residential dwelling unit, equal to 80 HCF.

Based on the proposed financial plan (Table 10), the corresponding revenue adjustment for FY 22/23, equal to 4.5%, is applied to the current FY 21/22 SSCs (FY 21/22 rates x 1.045) and rounded up to the nearest penny.

Table 12: Proposed FY 22/23 Wastewater SSCs

Proposed SSCs	Zone 1 - Bay Point		Zone 2 - Pittsburg		Zone 3 - Antioch	
	Existing	FY 2023	Existing	FY 2023	Existing	FY 2023
Residential SSCs						
Residential (\$/Year)	\$589.25	\$615.77	\$429.42	\$448.75	\$429.42	\$448.75
Non-Residential Charges SSCs						
Bakeries & Restaurants (\$/HCF)	\$9.02	\$9.43	\$7.33	\$7.66	\$7.33	\$7.66
Dow Chemical (\$/HCF)	\$3.70	\$3.87	\$3.70	\$3.87	\$3.70	\$3.87
G&K Services (\$/HCF)	\$5.04	\$5.27	\$5.04	\$5.27	\$5.04	\$5.27
Hotel/Motel (\$/HCF)	\$4.57	\$4.78	\$4.57	\$4.78	\$4.57	\$4.78
Institutional (\$/HCF)	\$5.91	\$6.18	\$4.22	\$4.41	\$4.22	\$4.41
Light Industry (\$/HCF)	\$5.71	\$5.97	\$4.02	\$4.21	\$4.02	\$4.21
Marinas (\$/HCF)	\$6.03	\$6.31	\$6.03	\$6.31	\$6.03	\$6.31
Generon IGS (\$/HCF)	\$4.99	\$5.22	\$4.99	\$5.22	\$4.99	\$5.22
Misc. Commercial (\$/HCF)	\$5.91	\$6.18	\$4.22	\$4.41	\$4.22	\$4.41
Mortuaries (\$/HCF)	\$5.83	\$6.10	\$5.83	\$6.10	\$5.83	\$6.10
Praxair (\$/HCF)	\$3.58	\$3.75	\$3.58	\$3.75	\$3.58	\$3.75
Premark Packaging (\$/HCF)	\$5.91	\$6.18	\$4.22	\$4.41	\$4.22	\$4.41
U.S. Army (\$/HCF)	\$5.27	\$5.51	\$3.58	\$3.75	\$3.58	\$3.75

DELTA DIABLO
BOARD OF DIRECTORS MEETNG
JUNE 22, 2022
WRITTEN PROTESTS RECEIVED

(Sewer Service Charge)

June 12, 2022



Address: 2909 EL REY STREET

Assessor Parcel Number: 071-113-001-3 00

Hello, This IS in regards to the proposed
Rate increases for fiscal year 2022/2023.

I am NOT IN FAVOR of the increases.

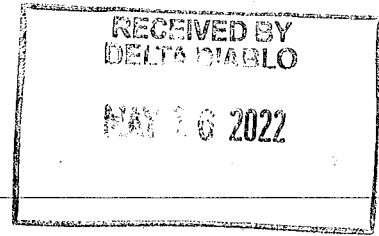
At this time we are still in pandemic
state and the economy with cost of living
prices through the roof, it just isn't realistically
feasible for people who can barely pay the minimum
of housing food clothing to stay afloat in
life at this time. Thank you,
Bobbi Turner
BT

We PROTEST

Why are the rate increases for the last 15+ years averaging more than 2X the rate of inflation? The community can't afford housing, and the cost of this REQUIRED services just keeps escalating the cost so more people cannot afford to live here – mainly I believe so employees can maintain their pensions. A benefit almost no one else in the REAL economy is now receiving.

Parcel Number: 0712910041

Address: 3217 G St
Antioch, CA 94509



David Frandsen



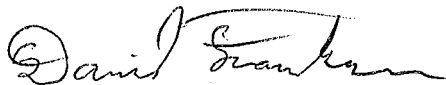
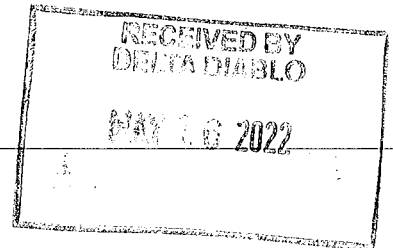
Christina Frandsen

We PROTEST

Why are the rate increases for the last 15+ years averaging more than 2X the rate of inflation? The community can't afford housing, and the cost of this REQUIRED services just keeps escalating the cost so more people cannot afford to live here – mainly I believe so employees can maintain their pensions. A benefit almost no one else in the REAL economy is now receiving.

Parcel Number: 1561100397

Address: 5329 Woodside Way
Antioch, CA 94539



David Frandsen



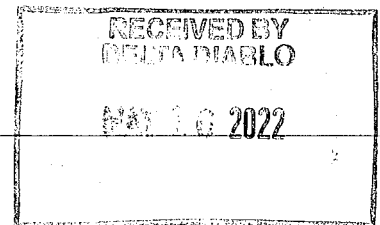
Christina Frandsen

We PROTEST

Why are the rate increases for the last 15+ years averaging more than 2X the rate of inflation? The community can't afford housing, and the cost of this REQUIRED services just keeps escalating the cost so more people cannot afford to live here – mainly I believe so employees can maintain their pensions. A benefit almost no one else in the REAL economy is now receiving.

Parcel Number: 0755400165

Addresss: 5188 Murry Ct
Antioch, CA 94539



David Frandsen

David Frandsen

Christina Frandsen

Christina Frandsen

Delta Diablo
Business Service Director
2500 Pittsburg-Antioch Highway, CA 94509



June 9, 2022

Attention: Business Service Director

First a repeat of what I say each time. These meetings are only a legal exercise required by law before you force increases you have already decided upon go into effect. I know it is futile to protest them but I must even though I know it is just a public farce. The concept of requiring a certain percent of responses is part of that farce. You know you will never come anywhere near that percentage. Usually there are less than 10 written responses. And the last time I was here in person, I was the only one to protest. Other than your own people, there is no one else approving these increases.

Part of the protest is that these are annual increases projected for years in advance. So increases will happen every year ad infinitum. Even if the specified time frame should end, there are sure to be more years of annual increases projected.

Because these are called fees does NOT make them any less of a tax on the public. They are called fees so the public cannot vote on them and you are free imposing them. The public that foot the bill actually has no real say in this or any other agency.

My property taxes specific to the Brickyard area in Pittsburg includes charges for sewer and street cleaning. So the people in my area pay twice for the same sewer and street cleaning service. The current fixed sewer fees on my water bill also. What is called "pennies on the dollar" adds up in the aggregate.

Don't tell me that the fee money is all going into facilities and services. Most of it's going to be given as raises to management, consultants, directors, and the unions. As a retired homeowner with an income of that is less than \$2,000 a month, I cannot support these fees being constantly increased. I'm sure there are others in this boat with me. You have no provisions for low-income people that must pay your fees.

Even more important, you do not give the option of paying your fees on a monthly basis. Your fees, added to all the other bonds and fees on my property tax bill, add up to more than double of my actual property tax for a year. Perhaps if I had the option of paying in smaller segments, they wouldn't sting so much.

As you sit in your comfortable chairs and collect your fees for this and all the other committees you are on, remember that the ordinary people don't have your incomes, your perks, or your pensions.

Does anybody ever do a real line by line audit and demand accounting for all expenses? Are economies of scale used by this agency before demanding more money for sewer services justified as effective - and can you prove that?

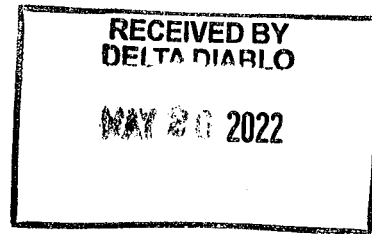
There are still homes and businesses being built and created, aren't those already increasing your bottom-line even in this economy? I'm sure the various fees I pay for the sewer are added to them right off the get go.

In futile protest,

Dorothy Leah Miller
205 Dawson Ct
Pittsburg, CA 94565

Phone: 925-427-5148
APN #862600723

5-23-22



TO: BOARD OF DIRECTORS

RE: PROPOSED SSC INCREASE

I AM WRITING TO PROTEST THE PROPOSED INCREASE IN THE RESIDENTIAL SERVICE CHARGE. MAKE CUTS IN OVERHEAD COSTS AND DO NOT FUND A \$1.2 MILLION INCREASE THAT IS BEING REQUESTED.

YOURS TRULY,

K. Tatum

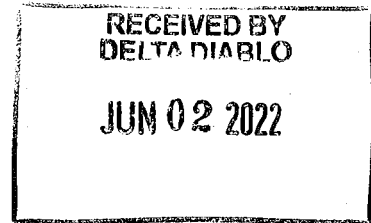
KEVIN TATUM
18729 W. CAVENISH DR.
CASTRO VALLEY, CALIF. 94552

1509 ROLLINGWOOD PLACE
PITTSBURGH, CALIF.

APN: 0883240194

Orill & Soonanta Fountain
1731 Peachwillow St.
Pittsburg, CA 94565-7303
APN: 0932610082

May 25, 2022



To:

Delta Diablo District
2500 Pittsburg-Antioch Highway
Antioch, CA 94509
Attn. of Office Manager/Secretary to the Board

Ref. your public hearing on June 22, 2022 to consider rate increases for Sewer Service Charges (SSCs).

I have looked at my SSCs for the last 25 years and noted that you have given yourselves a rate increase every year during that time period except for two years so I'm inclined to think that your discussion of a rate increase is a mere formality. It appears that a rate increase is automatic whether one protests or not. I hope that's not the case for this year because of the burden imposed on all of us by inflation..

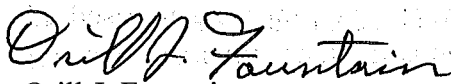
I've also noted that on my first property tax bill, 1997-1998, the SSC was \$145.00. Your proposed increase for FY22/23 would bring my SSC up to \$448.75, a whopping 300% increase over my first bill! You've been exceedingly generous in awarding yourself past yearly rate increases so you should be able to do all the things you cite in your letter without another increase for 2022-2023.

It is indeed time to forego any further SSC rate increase. It is also time for Delta Diablo to do some serious saving and investment like I and other consumers have to with our personal finances. Manage and stop taking the easy route by charging us more---we are not ATMs!

Another idea---I suspect that board members have more than adequate compensation compared to the masses that Delta Diablo serves. Perhaps some of that compensation could be converted in operational funds. In light of the downward trend of the economy, that would be the fair thing to do.

In closing, I have to tell you that I'm strongly feeling the frustrations of prices and fees going up all around me and I think all of us are feeling that way. In my opinion, these frustrations are causing increases in shootings and crimes. Please don't add to the frustration by increasing the SSC.

Yours truly,


Orill J. Fountain

Steve Eydam
3580 Sharon Ct.
Bay Point, CA 94565



Assessor Parcel Number: 098-382-029-1

6/10/22

Delta Diablo
c/o: Office Manager/Secretary to the Board
2500 Pittsburg-Antioch Highway
Antioch, CA 94509

RE: Protest of Proposed Fiscal Year 2022/2023 Sewer Service Charge Increase.

To Whom It May Concern,

I am writing to you prior to your public hearing on June 22, 2022 in regard to the proposed rate increase in the Sewer Service Charge (SSC) to voice my protest of the unreasonable rate increase.

I understand that service charges do need to occasionally rise, but the Diablo Diablo District has over the years raised rates far exceeding the average person's annual income increases. Back in 2011/12, my SSC was \$354.64 and this year (2021/22) it was \$593.82 that's a \$239.18 increase in 11 years of tax bills. Your new proposal will now raise my SSC to \$620.34, which would be a whopping 74.92% increase over a 12 year period **that's been an average annual increase of 6.24% a year.** My income has not come anywhere close to that kind of an annual increase.

There are many like me here in Bay Point that are retired and unreasonable rate increases make living life difficult. An addition problem is that it is not only you raising service rates at astronomically proportions, but phone, cable TV, PGE, gasoline, groceries, etc. are all also doing the same thing, thus rapidly decreasing our quality of life.

It is true that inflation has gone up at a very rapid pace this year, but that was not the case in the prior 11 years, yet your SSC rates went up as though we were in inflationary times all these years.

My last couple of issues in regard to this rate increase is to why are the rates so much higher (\$159.83) in Bay Point as opposed to your other service areas of Pittsburg & Antioch. With next year's rate increase, that difference will be even larger at \$167.02. Lastly, why is your recycled water fill station still not open to the public in this time of drought? With the exorbitant SSC fees that we are paying, we should also have access to recycled water. All the surrounding districts have their fill stations open for their customers.

In closing, **I wish to state once again that I am strongly OPPOSED to the proposed SSC rates for next year.** It is aggravating that when you are the only game in town, you feel that you need to take advantage of people by charging them outrageous rates for your service.

Kindly reconsider your decision concerning this rate increase at this point of time being that your rates have already been raised dramatically over the past 12 years.

Thank you for taking the time to read this letter.

Sincerely,

Steven D. Eydam

RECEIVED BY
DELTA DIABLO

JUN 17 2022

No New Increases.
Can't afford.

5005 Moccasin
Antioch CA 94531
055-230-098



2500 Pittsburg-Antioch Highway
Antioch, CA 94509

NOTICE OF PUBLIC HEARING
PROPOSED SEWER SERVICE CHARGE
RATE INCREASES

5:30 PM
WEDNESDAY, JUNE 22, 2022
2500 PITTSBURG-ANTIOCH HIGHWAY
ANTIOCH, CA 94509



Delta Diablo provides wastewater conveyance and treatment services to approximately 215,000 customers in Pittsburg, Antioch, and Bay Point

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner

Environmental Stewardship

In treating 13.6 million gallons of wastewater each day, Delta Diablo has an exemplary regulatory compliance record in meeting federal, state, and local regulatory requirements and protecting the local Delta receiving waters.

Infrastructure Investment

Continued capital investment in the Wastewater Treatment Plant, 76 combined miles of sewer pipes and force mains, and five pump stations is critical to maintaining effective, reliable, and high-quality customer service.

Fiscal Responsibility

Delta Diablo is committed to maintaining responsible rates by prioritizing capital investments, managing budgets through operational efficiencies, and targeting available grant and low-interest loan programs.

For more information, visit www.deltadiablo.org or call (925) 756-1900.



Notice of Proposed Sewer Service Charge Rate Increases for Fiscal Year 2022/2023

Proposition 218 Notification to Property Owners of Public Hearing

NOTICE IS HEREBY GIVEN that the Delta Diablo Board of Directors will hold a public hearing on **Wednesday, June 22, 2022, 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 utility services. A summary of the proposed rates and associated financial needs and information, and instructions for protesting the rate increases (if desired) are provided below. In addition, related fact sheets and a “Frequently Asked Questions” document are available on the District’s website (www.deltadiablo.org).

If state and local COVID-19 regulations remain in effect, the June 22, 2022 Board Meeting agenda posted on the District’s website will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws and health orders.

WHAT IS DELTA DIABLO?

Delta Diablo (“District”) provides wastewater conveyance and treatment services for over 71,000 customer accounts (residential and non-residential), representing approximately 215,000 residents in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. As part of our core mission to protect public health and the environment, the District treats 13.6 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public’s resources and trust.

The District has transformed its Wastewater Treatment Plant (WWTP) into a “resource recovery facility” by producing approximately 7.6 million gallons per day of recycled water, generating on-site renewable energy to meet over 55 percent of WWTP power needs, reusing residual biosolids as fertilizer via land application, providing household hazardous waste (HHW) collection services, and further protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems.

PROPOSED FISCAL YEAR 2022/2023 SEWER SERVICE CHARGES

The District collects Sewer Service Charges (SSCs) from its customers each year as the primary revenue source needed to fund capital infrastructure investments, labor, energy, chemicals, regulatory compliance obligations, plant maintenance, and Delta HHW Collection Facility operations. For Fiscal Year 2022/2023 (FY22/23) (July 1, 2022 – June 30, 2023), the District is proposing SSC increases of approximately 4.5% (+\$19.33 per year) for residential customers in Antioch and Pittsburg, and approximately 4.5% (+\$26.52 per year) for residential customers in Bay Point.

Because the District’s costs in the categories referenced above will increase in the next fiscal year, SSC increases are required to recover the District’s costs, maintain effective and reliable wastewater conveyance and treatment services, and ensure financial integrity and long-term sustainability. In addition, the proposed FY22/23 SSCs incorporate 2021 Cost-of-Service Study findings, which reapportioned certain costs from non-residential customers to residential customers to ensure SSCs accurately reflect the District’s cost of providing services to different customer classes. SSCs for non-residential customers (i.e., commercial, industrial) were adjusted accordingly in FY21/22 based on customer class. Most District customers are billed on a fiscal-year basis and pay SSCs via annual property tax bills. Property tax bills also include a street sweeping service charge (no increase from FY21/22) that varies by community based on service frequency.

Residential Customers: The impact of the proposed SSC increase on the annual property tax bill for a single-family residential customer is shown in **Table 1**. The total annual charge for residential

properties with multiple units (e.g., duplex, fourplex, apartment complex, etc.) can be calculated by multiplying the applicable per unit SSC charge in **Table 1** by the total number of units.

Table 1 – Example Annual Residential SSC on Property Tax Bills for FY22/23

Residential Service Customers	Proposed SSC Increase*	Current FY21/22	Proposed FY22/23	Annual Change
Antioch/Pittsburg	4.5%	\$429.42	\$448.75	+\$19.33
Bay Point**	4.5%	\$589.25	\$615.77	+\$26.52

Notes: * Percentage increases are approximate.

** Delta Diablo provides wastewater collection services for Bay Point customers only (i.e., higher SSC), while the respective cities provide these services for Antioch and Pittsburg customers.

Non-residential Customers: The District is proposing SSCs increases for commercial and industrial customers based on annual potable water consumption data (i.e., the SSC rates are per one hundred cubic feet per year [HCF/y] of potable water consumption) by business class and community, as presented in **Table 2**. If annual water consumption is less than 80 HCF/y, a minimum annual charge of 80 HCF/y multiplied by the applicable rate for each business class will be applied.

Table 2 – Non-residential Proposed User Charges: SSC (\$) per Hundred Cubic Feet per Year

Business Class (Commercial/Industrial)	Bay Point (Zone 1)		Pittsburg (Zone 2)		Antioch (Zone 3)	
	Current FY21/22	Proposed FY22/23	Current FY21/22	Proposed FY22/23	Current FY21/22	Proposed FY22/23
Bakeries/Restaurants	\$9.02	\$9.43	\$7.33	\$7.66	\$7.33	\$7.66
Hotels/Motels	\$4.57*	\$4.78*	\$4.57	\$4.78	\$4.57	\$4.78
Institutional	\$5.91	\$6.18	\$4.22	\$4.41	\$4.22	\$4.41
Light Industrial	\$5.71	\$5.97	\$4.02	\$4.21	\$4.02	\$4.21
Marinas	\$6.03*	\$6.31*	\$6.03	\$6.31	\$6.03	\$6.31
Misc. Commercial	\$5.91	\$6.18	\$4.22	\$4.41	\$4.22	\$4.41
Mortuaries	\$5.83*	\$6.10*	\$5.83	\$6.10	\$5.83	\$6.10
Annual Minimum	varies**	varies**	varies**	varies**	varies**	varies**

Notes: * SSC per HCF/y for FY21/22 provided, although no businesses in these classes are known in Bay Point.

** Annual minimum charge is calculated by multiplying 80 HCF/y by the applicable SSC per HCF/y

WHAT DO SEWER SERVICE CHARGES FUND?

The SSC increases are necessary to fund \$1.2 million in increased costs attributable to providing wastewater services. The District utilizes annual SSC revenue to:

- **Meet the District’s core mission of protecting public health and the environment.** Achieving this mission requires sufficient capital investment and staffing levels to properly operate and maintain the District’s complex network of sewer pipes, pump stations, and treatment processes.
- **Address aging infrastructure through prioritized capital investment.** The District continues to strategically rehabilitate and replace essential elements of the wastewater collection, conveyance, and treatment systems to maintain effective and reliable services.
- **Recover increases in operating costs.** As a regulated utility that requires specialized employees, materials, and services to meet its mission, the District continues to experience progressive increases in annual operating costs due to escalations in labor, chemical, energy, materials, supplies, hauling, services, and regulatory compliance costs.

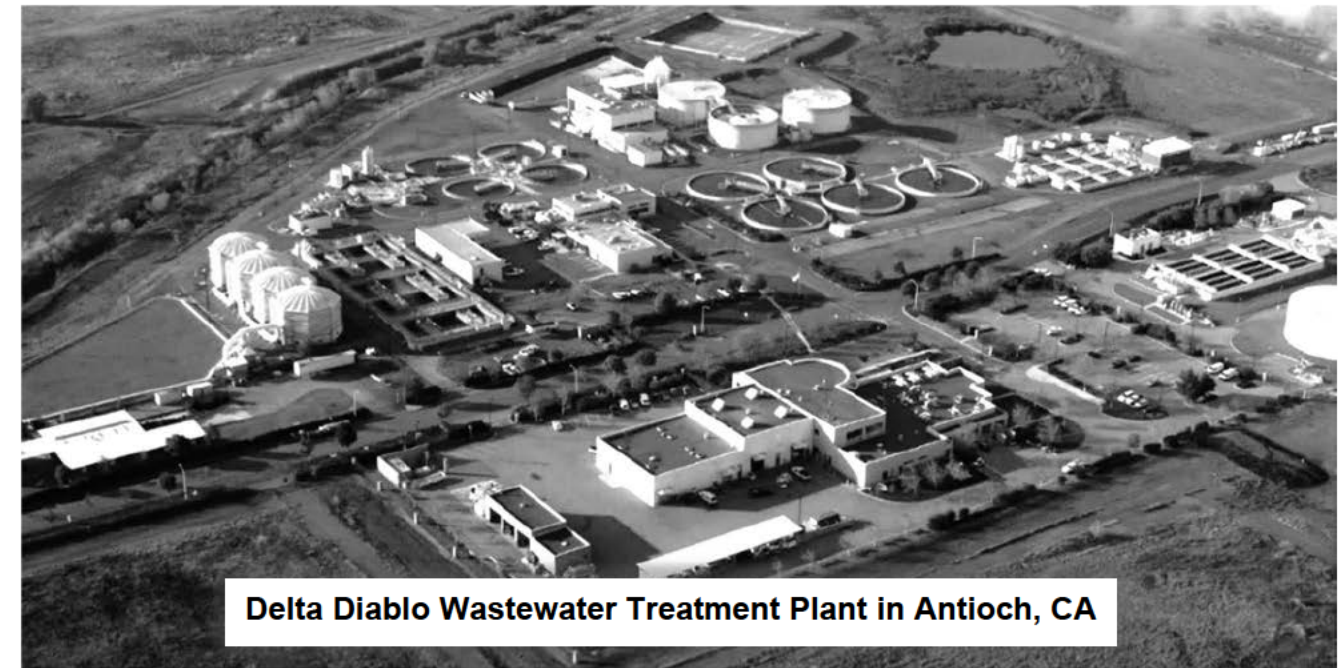
- **Prevent the need for more significant SSC adjustments in the future.** In developing its 5-year financial plan each year, the District works hard to balance direct economic impacts to customers and the need for sufficient revenue to cover capital investment needs and operating costs. The District continues to maintain its rates below the average of its peer agencies in the Bay Area. If SSC adjustments are not implemented this year, more significant rate adjustments may need to be proposed in subsequent years.
- **Focus on cash funding versus borrowing for capital improvements.** Increasing overall SSC revenue allows the District to continue cash funding a majority of necessary capital improvements in its wastewater conveyance and treatment systems.

Detailed information on operating and capital costs is available within the District’s budget and CIP documents, which are on file at the District’s offices.

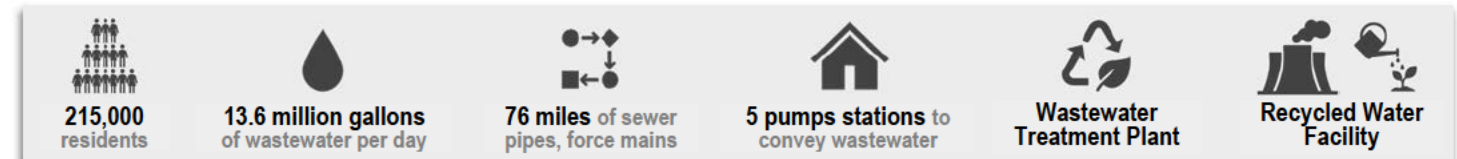
PUBLIC HEARING AND PROTEST PROCEDURES

The Board of Directors will hold a public hearing on the proposed SSC increases on Wednesday, June 22, 2022, at 5:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509. If state and local COVID-19 regulations remain in effect, the June 22, 2022 Board Meeting agenda posted on the District’s website will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws and health orders. After close of the public hearing and consideration of all public comments and written protests received, the Board of Directors will be asked to take action to implement the proposed SSC increases at this meeting.

Written protests may be sent to the District (attention of “Office Manager/Secretary to the Board”, 2500 Pittsburg-Antioch Highway, Antioch, California, 94509) prior to the close of the public hearing and **must include your property address and the Assessor Parcel Number** found on your mailing label. At the close of the public hearing, the Secretary to the Board will announce the total number of protest responses, including any received by the close of the public hearing. If written protests are presented by a majority of the parcel owners in the District’s service area, the District cannot implement the SSC increases.



Delta Diablo Wastewater Treatment Plant in Antioch, CA





Ensuring Long-term Financial Sustainability Proposed Sewer Service Charge Increases

April 2022

In developing its budget each year, Delta Diablo (District) carefully considers operational and capital investment needs to maintain effective and reliable wastewater collection (Bay Point only), conveyance, and treatment services for its **215,000 customers** in Antioch, Pittsburg, and Bay Point. Our primary revenue comes from **Sewer Service Charges (SSCs)*** charged to residential, commercial, and industrial customers on the tax roll each year.

We continue to prioritize sustained **capital investment** to maintain the integrity of our **aging wastewater system infrastructure****, while ensuring sufficient funding to meet **progressive increases in annual operating costs** over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as **increasingly more stringent regulatory requirements**.

We critically review required SSC adjustments to ensure sufficient revenue collection that reflects cost-of-service, while minimizing economic impacts to customers. For **Fiscal Year 2022/2023** (effective July 1, 2022), the District has notified customers (via **Proposition 218 Notices***** mailed to property owners on or before May 8, 2022) of its intent to increase SSCs for residential customers by **\$19.33/year** (4.5%, \$448.75 total) for **Antioch/Pittsburg** and **\$26.52/year** (4.5%, \$615.77 total) for **Bay Point**.

- **SSC Revenue Allocation:** We have identified a total SSC revenue need of **\$36.7 million** for FY22/23, which includes \$20.9 million for operational needs and \$15.8 million for capital project funding. Other funding includes ad valorem taxes and available unallocated funds.
- **Annual Revenue Increase Drivers:** The proposed SSC increase would generate an **additional \$1.2 million in revenue** in FY22/23 to support cash funding of critical capital investments in aging infrastructure to ensure the lowest overall cost to ratepayers.
- **Cost-of-Service Study Revenue Allocation:** Key findings from the 2021 Cost-of-Service Study, which reapportioned certain costs from non-residential customers to residential customers to **ensure SSCs accurately reflect the District’s cost of providing services** to different customer classes, are incorporated into the development of proposed SSC increases for FY22/23.
- **Strategic Planning:** The District faces challenges related to aging infrastructure, meeting regulatory drivers, navigating a competitive labor market, and effectively engaging with the local community to ensure sustained organizational improvement. The District’s Strategic Plan (dated August 2021), coupled with Board of Directors leadership, provides a **strategic framework that will guide key decisions, initiatives, and activities** at the District.
- **Long-term Financial Planning:** We conduct a 5-year SSC analysis to identify future SSC adjustments to **maintain sustained fiscal integrity**, while avoiding sharp rate increases. The **District continues to maintain its rates well below the average** of its peer agencies in the San Francisco Bay Area.

* SSCs are not used for recycled water or street sweeping services, which are funded separately.

** “Investing in Critical Wastewater Infrastructure” fact sheet is available on website for more information.

*** “Notice of Proposed SSC Increases for FY22/23” is available on website for more information.

As a nationally-recognized leader and progressive “Utility of the Future”, the District values community engagement, serving as responsible stewards of the public’s resources and trust, transparency, innovation, and workforce engagement and development to achieve its mission.

About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 215,000 residents in Antioch, Pittsburg, and Bay Point.

The District treats 13.6 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public’s resources and trust.

The District has transformed its Wastewater Treatment Plant (WWTP) into a “water resource recovery facility” by:

- ❖ Producing 7.6 million gallons of recycled water per day
- ❖ Generating on-site renewable energy to meet over 55% of WWTP power needs
- ❖ Reusing residual biosolids as fertilizer through land application at farm sites
- ❖ Providing household hazardous waste (HHW) collection services
- ❖ Protecting the Delta by providing street sweeping services

Our Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.

					Proposed SSC Revenue for FY22/23 Budget	Proposed SSC Increase
13.6 million gallons of wastewater per day	76 miles of sewer pipes, force mains	5 pumps stations to convey wastewater	Wastewater Treatment Plant		Capital \$15.8M	+\$19.33/year (Antioch/Pittsburg residential)
					Operating \$20.9M	+\$26.52/year (Bay Point residential)

visit www.deltadiablo.org or call (925) 756-1900 for more information



Investing in Critical Wastewater Infrastructure



Delta Diablo Wastewater Treatment Plant in Antioch, CA

Delta Diablo (District) has developed a proposed **\$136 million** prioritized **5-year Capital Improvement Program (CIP)** to meet critical aging infrastructure needs. This continued investment is essential to **protecting public health and the environment** and maintaining effective and reliable wastewater collection, conveyance, and treatment services, and recycled water production. The **District's Wastewater Treatment Plant (WWTP)**, which includes a combination of physical, biological, and chemical treatment processes, is **40 years old** and requires significant rehabilitation and replacement work to address aging concrete structures, mechanical equipment, and electrical systems. Key CIP highlights include:

- **Secondary Process Improvements Project** (\$60 million): As part of recent master planning and WWTP condition assessment activities, the District has identified the need to replace the existing tower trickling filters with aeration basins in the next five years to: 1) address a significant regulatory compliance vulnerability, and 2) support future service area growth.
- **Investing in Wastewater Infrastructure Renewal:** Approximately 70% of the CIP supports rehabilitation and/or replacement of existing wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$18.5M), WWTP Electrical Switchgear Replacement (\$9.9M), and WWTP Cogeneration System and Digester Gas Handling Improvements (\$7.0M).
- **Ensuring Integrity of Bay Point Collection System:** Because the District owns and operates 43 miles of gravity sewers in Bay Point, the CIP includes \$3.6 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- **Focus on Cash Funding:** Approximately 78% of the District's CIP projects are planned to be cash funded (versus debt) to ensure the lowest overall costs for District customers, while reserving debt management capacity for future large-scale WWTP upgrades.

Our primary source of revenue is **Sewer Service Charges (SSCs)**, which are charged to customers via the property tax roll each year. To meet revenue needs, we have proposed SSC adjustments for Fiscal Year 2022/2023 (FY22/23) to generate an additional \$1.2 million in annual revenue. Approximately 43% (\$15.8M) of the total SSC revenue (\$36.7 million) for FY22/23 directly supports CIP implementation and critical infrastructure needs with the remainder of SSC revenue (\$20.9 million) funding District operation and maintenance costs. An FY22/23 SSC fact sheet is available on the District's website.

About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 215,000 residents in Antioch, Pittsburg, and Bay Point.

The District treats 13.6 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public's resources and trust.

The District has transformed its Wastewater Treatment Plant (WWTP) into a "water resource recovery facility" by:

- ❖ Producing 7.6 million gallons of recycled water per day
- ❖ Generating on-site renewable energy to meet over 55% of WWTP power needs
- ❖ Reusing residual biosolids as fertilizer through land application at farm sites
- ❖ Providing household hazardous waste (HHW) collection services
- ❖ Protecting the Delta by providing street sweeping services

Our Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.



215,000 residents



13.6 million gallons of wastewater per day



76 miles of sewer pipes and force mains



5 pumps stations to convey wastewater



Wastewater Treatment Plant



Recycled Water Facility



5-year Capital Improvement Program
\$136M



FY22/23 Proposed Sewer Service Charge Increases Frequently Asked Questions

April 2022

Delta Diablo has provided **two fact sheets**—“**Proposed Sewer Service Charge Increases**” and “**Investing in Critical Wastewater Infrastructure**”—on its **website*** to respond to the question, “**Why is Delta Diablo Increasing Rates?**”

This document complements these fact sheets by addressing potential questions from our customers regarding the **proposed Sewer Service Charge (SSC) increase** for Fiscal Year 2022/2023 (FY22/23).

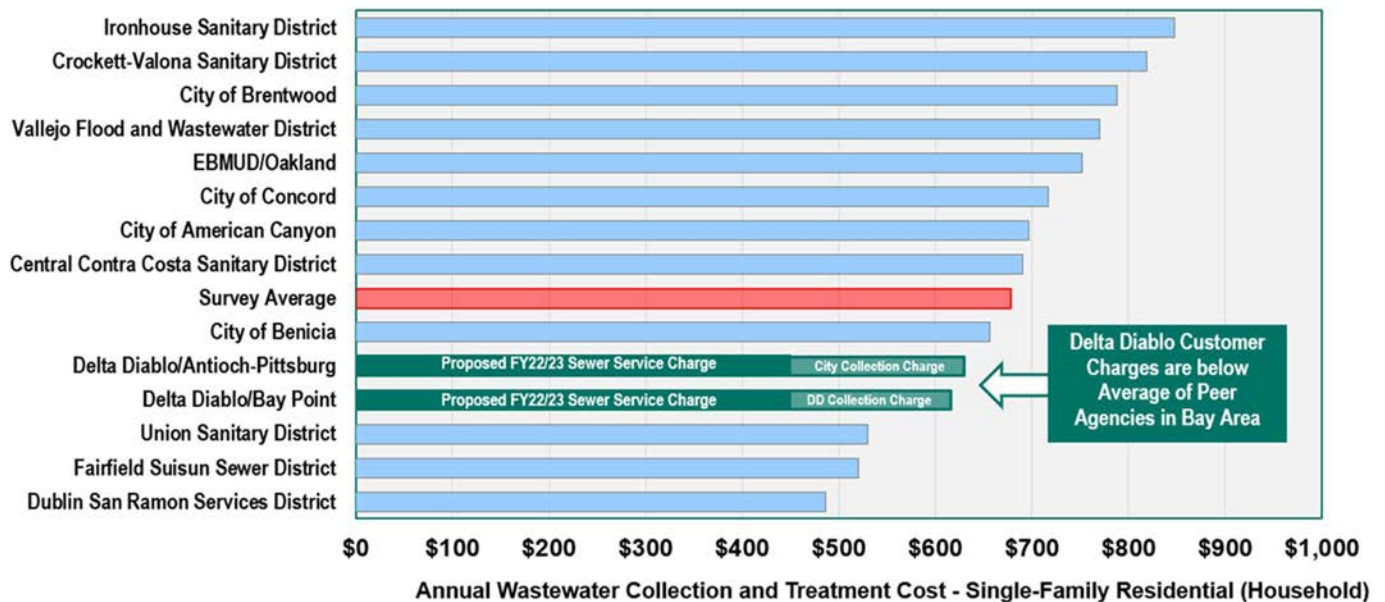
* The referenced Fact Sheets are available at: <https://www.deltadiablo.org/proposed-sewer-service-charge-ssc-increases>

1. Why is the District raising rates for residential customers during the COVID-19 pandemic? We recognize that the economic impacts of the COVID-19 pandemic on customers in our service area are significant and the prospect of raising rates during an ongoing global pandemic is challenging when there is economic uncertainty in our local communities. As summarized in the two fact sheets referenced above, the District is proposing to increase SSCs for residential customers by \$19.33/year (4.5%, \$448.75 total) for Antioch/Pittsburg and \$26.52/year (4.5%, \$615.77 total) for Bay Point to:

- **Meet the District’s core mission of protecting public health and the environment.** Achieving this mission requires sufficient capital investment and staffing levels to properly operate and maintain the District’s complex network of sewer pipes, pump stations, and treatment processes. Failure to do so could expose our customers to costly regulatory fines and penalties if partially-treated wastewater is discharged to the Delta or sanitary sewer overflows occur in local communities and/or residences.
- **Address aging infrastructure through prioritized capital investment.** We continue to strategically rehabilitate and replace essential elements of the District’s wastewater collection, conveyance, and treatment system to maintain effective and reliable services. Addressing these issues in a proactive manner prevents infrastructure failure, which would lead to higher costs and associated rate impacts.
- **Offset increases in operating costs.** As a regulated utility that requires employees with specialized skills to meet its mission, the District continues to experience progressive increases in annual operating costs due to supply chain constraints and escalations in labor, chemical, energy, materials, supplies, hauling, services, and regulatory compliance costs. Staffing levels are critically reviewed to meet service level needs, while ensuring cost-effective service delivery for our customers.
- **Prevent the need for more significant SSC increases in the future.** In developing its 5-year SSC projection each year, the District works hard to balance direct economic impacts to our customers and the need for sufficient revenue to cover operating costs and capital investment needs. If an SSC increase is not implemented this year, more significant rate increases would likely be required in the next few years.
- **Focus on cash funding versus borrowing for capital improvements.** An SSC increase allows the District to continue predominantly cash funding its capital improvement program. If the District were to begin borrowing capital for these improvements, project costs to our customers could nearly double when considering loan interest repayment and the lack of available low-interest loans.

Throughout the COVID-19 pandemic, our core mission of protecting public health and the environment as “essential services” has remained unchanged as we continue to effectively convey and treat 13.6 million gallons of wastewater each day from our customers on a 24/7 basis.

- If I am a property owner, how much more will I have to pay in FY22/23?** The proposed SSC increase for residential customers translates to approximately +\$19.33/year (4.5%, \$448.75 total) for Antioch and Pittsburg residential (i.e., household) customers, and +\$26.52/year (4.5%, \$615.77 total) for Bay Point residential customers. If approved, the proposed SSC increases would go into effect on July 1, 2022 and be included on property tax statements beginning in November 2022.
- How do the District's rates compare to its peer agencies?** As shown in the graph below, the total wastewater collection and treatment charges (including collection services billed directly by the cities of Antioch and Pittsburg) for the District's residential customers remains below average when compared to our peer agencies in the Bay Area.



- What happens if the District does not raise rates in FY22/23?** In determining proposed SSC adjustments required to meet revenue needs, the District updates its 5-year annual SSC projection. In the absence of the proposed SSC adjustments this year, annual increases of 6.0-6.5% would likely be required over the next few years.

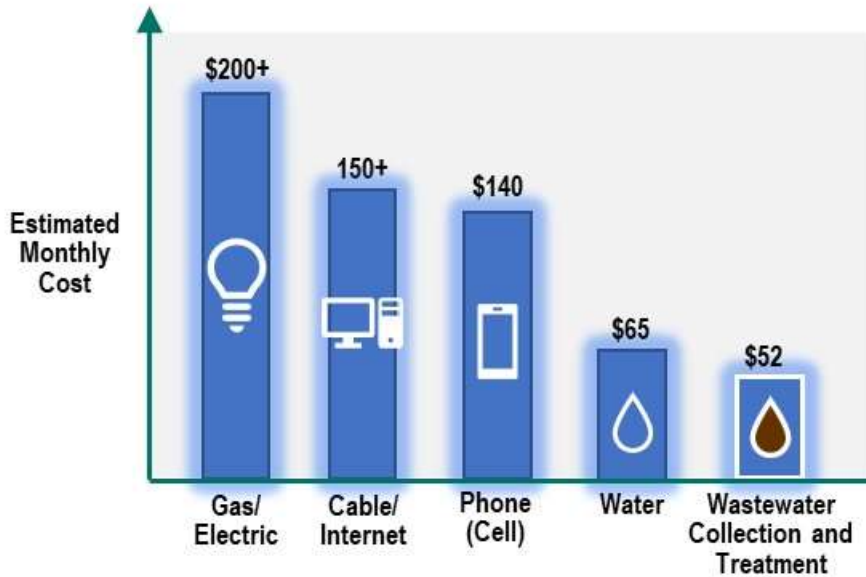
5. Why can't the District scale back its staffing levels, services, and activities to offset the need for a rate increase? The proposed FY22/23 Budget includes 78 funded staff positions to ensure the District meets its obligation to protect public health and the environment. As part of our commitment to fiscal responsibility, the District critically reviews the need for each position, in particular, when positions become vacant, and implements appropriate staffing level and position changes to continuously improve the District's services.

- **Delivering Efficiency through a Highly-skilled Workforce:** The District requires specialized skills and experience in its operations, maintenance, engineering, business services (finance, human resources, information technology), laboratory, and administrative staff positions to ensure efficient service delivery and drive long-term organizational improvement.
- **Meeting Staff Licensing and Certification Requirements:** Many of the District's positions require licensing and certification by the State of California and/or industry associations, years of experience in the water/wastewater sector, and specific knowledge, skills, and abilities. The District supports workforce development by encouraging staff to progressively increase license, certification, and training levels to minimize loss of institutional knowledge and capacity as experienced staff retire.
- **Navigating a Competitive Labor Market:** Because the District and its peer agencies continue experiencing the loss of experienced staff through retirements and career advancement opportunities, we continue to maintain our focus on staff retention and recruitment in a very competitive wastewater sector labor market with limited available candidates in multiple critical disciplines.

We have worked hard to ensure the safety, health, and well-being of District staff throughout the COVID-19 pandemic by implementing various protocols and policies to ensure our critical wastewater services workers are protected and available to provide their essential functions. The District is appropriately staffed to ensure that we can effectively respond to unplanned and/or emergency situations that can arise periodically.

6. What could happen if the District's level of service declines or investment in critical wastewater infrastructure is reduced? Potential impacts associated with the lack of available qualified and experienced personnel, coupled with failure of critical wastewater conveyance and treatment infrastructure, can be severe with significant disruptions in local communities due to sanitary sewer overflows and backups in local streets and residences, respectively, and discharge of partially treated wastewater to the local Delta receiving waters in violation of discharge permit requirements. These conditions would expose the District to significant regulatory fines and penalties (millions of dollars for sustained periods of non-compliance), as many agencies across the country have experienced in the past, with associated financial impacts on our customers. The District proactively designs its staffing levels and infrastructure investment approaches to guard against this potential scenario. Our team of dedicated wastewater professionals is critical to protecting public health and the environment both during and after the COVID-19 pandemic.

7. **How do the District's rates compare to common utility costs?** For comparison purposes, the chart below highlights the District's rates relative to typical gas/electricity, cable/internet, phone (cell), and water service monthly costs.



8. **Can the District collect SSC revenues based on income levels to provide assistance or discounts to fixed-income (e.g., senior citizens), lower-income, or unemployed customers to offset SSC impacts?** We understand the concern an increase in utility service rates (gas/electricity, cable, internet, phone, water, wastewater) causes for fixed-/lower-income and unemployed customers. However, the District is constrained by voter-approved Proposition 218 requirements and state laws and regulations that mandate that all customers must pay their proportional share of the cost to provide service. Because the District is barred from subsidizing one portion of its customer base by charging higher SSCs for other customers, we are unable to apply SSCs toward a fixed-/lower-income customer assistance program.

ITEM F

June 22, 2022

APPROVE FISCAL YEAR 2022/2023 BUDGET AND ADOPT RESOLUTION APPROVING FISCAL YEAR 2022/2023 BUDGET APPROPRIATIONS

Recommendations

- 1) Approve the Fiscal Year 2022/2023 (FY22/23) Budget; and
- 2) Adopt Resolution Approving FY22/23 Budget Appropriations (Attachment 1).

Background Information

Following critical review of operating budget adjustment needs and opportunities, staff developed a proposed FY22/23 operating budget, which served as the baseline for calculation of the proposed Sewer Service Charges (SSCs) presented to the Board on April 20, 2022. This critical review directly supports the District's long-term financial sustainability and effective stewardship of limited ratepayer funds in operating the District's wastewater collection, conveyance, and treatment systems; recycled water system; household hazardous waste collection facility; and street sweeping services program.

The FY22/23 Budget (and associated "Budget Book") includes funding for the FY22/23 operating and capital budgets. The Budget Book (Attachment 3) combines budget information into a single document to meet industry best practices and guidelines. Key assumptions for the FY22/23 operating budget were reviewed by the Board at its meeting on May 11, 2022. Staff presented the proposed FY22/23-FY26/27 CIP to the Board of Directors at its meeting on May 11, 2022. The final CIP is proposed for approval by the Board as part of the June 22, 2022 Board Meeting agenda.

Analysis

The proposed FY22/23 Budget presents a projection of revenue, operating expenses, and FY22/23 capital expenditures included in the approved 5-year CIP. The District anticipates that it will continue to experience progressive increases in annual operating costs in future years due to escalations in labor, chemicals, energy, materials, supplies, equipment, hauling, and services costs, as well as increasingly more stringent regulatory requirements and has incorporated these cost increases in financial planning activities. The FY22/23 Budget is \$43.8 million with the operating budget totaling \$31.7 million and capital (including debt service) totaling \$12.1 million. The operating budget represents a \$2.4 million increase (8%) relative to FY21/22 (\$29.3 million) and the capital budget (including debt service) represents a \$2.1 million decrease (-15%) relative to FY21/22 (\$14.2 million).

Board policy calls for budget adoption and approval of new fiscal year appropriations by the first Board meeting in July. With the current budget concluding at the end of June, it is recommended that the Board consider approval of the FY22/23 Budget and that funds be appropriated for the new fiscal year.

Where applicable, each District program area is budgeted with salaries and benefits, chemicals, office and operating expenses, outside services/repairs and maintenance, utilities, capital, debt service, and program-specific costs. In addition to anticipated expenses to be incurred during the next fiscal year, estimated revenues are also included in the proposed FY22/23 Budget so that the



sources of funds used to offset planned expenditures are clearly identified. The following is a summary of major budget components:

Salaries and Benefits (\$18 million): This category represents approximately 57% of the District's FY22/23 operating budget.

- § Cost-of-Living Adjustment (COLA): An annual COLA is specified in the memoranda of understanding (MOUs) for each of the District's three bargaining units. The MOUs specify that the District will adjust salaries for the first full pay period after July 1 each year, from a minimum of 2% up to 5% based on the April-to-April change in the Consumer Price Index (CPI), San Francisco/Bay Area Wage Earners. The required COLA adjustment for FY22/23 is 5%, which has been incorporated into the budget.
- § Unfunded Positions: A total of 77.5 full-time equivalent (FTE) positions are budgeted for FY22/23, including 2.5 FTEs for part-time positions. Based on an assessment of resource needs, four positions are proposed to remain unfilled and unfunded in FY22/23, which results in an annual savings of \$0.9 million.
- § Position Changes: There is no change to total FTEs from FY21/22. The proposed FY22/23 Operating Budget includes funding the Deputy General Manager position and not funding the Government Affairs Manager position, which results in a net annual cost increase of approximately \$0.1 million.
- § Medical Insurance: Annual medical insurance premium costs have been increased by 14%, while most other health benefits (e.g., vision, Employee Assistance Program, dental, and life insurance) are not expected to increase.
- § California Public Employees' Retirement System (CalPERS) Funding: In November 2011, the Board adopted CalPERS Tier 2 (2.0% at age 55), which applies to employees hired between July 1, 2012 and December 31, 2012, or hired on or after January 1, 2013, as a member of a qualified public pension plan (e.g., CalPERS, Contra Costa County Employee Retirement Plan, etc.). Prior to July 1, 2012, 100% of all employees were enrolled in CalPERS Tier 1 (2.7% at age 55). In addition, the Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, established Tier 3 (2.0% at age 62), which applied to employees hired on or after January 1, 2013, who are not members of a qualified public pension plan.

In FY22/23, 68% of all employees are assumed to be in either Tier 2 or Tier 3, compared to 54% in FY21/22. Because new hires are no longer eligible to become members of Tier 1, the District receives ongoing savings as employees leave the District and vacant positions are filled at Tiers 2 and 3. The District assumes that new journey level, professional, and management hires will be in Tier 2, because it is probable that they would have been a CalPERS or a reciprocal plan member. The District assumes that new entry level hires will be in Tier 3, because it is unlikely that these hires would have been CalPERS or a reciprocal plan member. In addition to the lower employer-paid contributions into CalPERS, all new hires pay their full employee contributions into CalPERS, as well as contributions into the Other Post-employment Benefits (OPEB) Trust, which is 3.0% of base salary.

- § CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.6 million, which is an increase of approximately \$0.3 million from FY21/22.



- § Contra Costa County Retirees' Association (CCCERA) Funding: In July 2014, the Board established Contributed Benefit Savings funding levels of 3.75% of salaries to maintain the integrity of the CCCERA plan for District retirees and employees who remained in the CCCERA system after the District transitioned from the CCCERA pension plan to CalPERS in July 2014.
- § OPEB Trust Fund Annual Funding: The Board's adopted OPEB Trust Funding Policy states the intent to fund the District's Actuarially Determined Contribution (ADC) within 30 years, which the District has done each year since the trust fund was established in February 2010. District employees pay 3% of base salaries into the trust and the District budgets the required 3% match, as well as actual retiree medical costs which are deposited into the OPEB trust fund. The FY22/23 operating budget includes an ADC of \$0.6 million and will be evaluated in accordance with the OPEB Trust Funding Policy after receipt of the audited financial statements.
- § Public Agency Retirement Services (PARS) Funding: The FY22/23 operating budget includes a one-time payment of \$0.1 million to PARS. The PARS trust account was established to pre-fund both CalPERS pension obligations and/or OPEB obligations. The additional funds in PARS will provide funding to mitigate future rate revenue required for projected sharp increases in pension or OPEB costs due to decreases in discount rates, an accelerated amortization schedule, and/or investment losses.

Chemicals (\$2.2 million): This cost is approximately 7% of the FY22/23 Operating Budget and includes \$1.3 million for Wastewater and \$0.9 million for Recycled Water. The District participates in the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals, to leverage purchasing power among the members and receive cost-effective bids. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical unit costs. Staff continues to refine total annual chemical usage estimates, while working to optimize chemical consumption, to partially offset the impact of higher chemical supply costs. The Chemicals budget increased from \$1.7 million in FY21/22 to \$2.2 million (+26%) in FY22/23, which is driven largely by an increase of \$0.3 million in anticipated Recycled Water chemical expenditures.

Utilities (\$2.6 million): This category represents approximately 8% of the FY22/23 Operating Budget. The budget increased \$0.2 million (11%) due to increased natural gas supply costs. Staff has implemented several changes to reduce on-site energy demand and increase renewable energy production. The most recent action is construction of the Sand Filter Intermittent Backwash System Project, which decreases energy usage and chemical consumption at the Recycled Water Facility. The budget assumes 85% uptime for the on-site cogeneration engine at the District's Wastewater Treatment Plant, which is expected to meet over 50% of plant power demand and provide waste heat for the anaerobic digesters.

Office and Operating (\$3.4 million): This category represents approximately 11% of the FY22/23 Operating Budget. The budget increased 3% (\$0.1 million) due to expected increases in general insurance premiums, and staff training and professional development costs. This budget also includes allowances for general office supplies, technology systems and applications, biosolids management, solid waste hauling services, and program administration.



Outside Services (\$4.6 million): This category represents approximately 14% of the FY22/23 Operating Budget and includes items such as temporary, legal, and professional services. Outside Services increased 12% (\$0.5 million) over last year for planned organizational improvement initiatives, including Munis Enterprise Resource Planning enhancements, Capital Facilities Capacity Charges study, regulatory compliance support services, confined space rescue standby services, COVID-19 testing services, and updates to District standards in FY22/23.


Other (\$0.9 million): This category represents 3% of the FY22/23 Operating Budget and includes a contingency allowance of \$0.3 million and accounts for transfers to other District funds.


Fiscal Impact

To finance District activities in FY22/23, it is recommended that the Board of Directors adopt the recommended budget appropriations. The FY22/23 Proposed Budget Summary (Attachment 2) is provided as an Exhibit to the attached draft resolution proposed for Board adoption. Total budgeted revenues of \$36.7 million, along with non-SSC revenue sources and utilization of existing fund equity are proposed to fund \$43.8 million in expenditures. Adoption of a resolution approving the proposed appropriations will allow for the budget to be in place for the new fiscal year as of July 1, 2022.

Attachments

- 1) Resolution Approving FY22/23 Budget Appropriation
- 2) FY22/23 Proposed Budget Summary
- 3) FY22/23 Budget Book

Prepared by: 
Anika Lyons
Finance Manager

Reviewed by: 
Brian Thomas
Acting Business Services Director

cc: District File No. BRD.01-ACTS



BEFORE THE BOARD OF DIRECTORS
OF DELTA DIABLO

Re: Approving Fiscal Year 2022/2023) RESOLUTION NO. 12/2022
Budget Appropriations)

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, it is necessary to adopt a District Budget for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023; and

WHEREAS, the adoption of the Fiscal Year 2022/2023 (FY22/23) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the attached FY22/23 Proposed Budget Summary exhibit includes expenditures for: Operation and Maintenance of Sub-Regional Plant Facilities; Recycled Water Program; Household Hazardous Waste Program; Street Sweeping; Bay Point Collection Program; acquisition and construction of Capital Assets, including required reserves; and payment of annual debt service obligations; and

WHEREAS, the funding sources proposed for FY22/23, as described in the attached FY22/23 Proposed Budget Summary include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY22/23 Property Tax allocation funds; Interest; Other Miscellaneous Revenues; and carryover, if any, of prior fiscal year funds.

NOW THEREFORE, the Board of Directors of Delta Diablo DOES HEREBY RESOLVE AND ORDER:

The FY22/23 Budget Appropriations are hereby adopted, as presented in the Budget Summary exhibit attached hereto and by reference made a part hereof

PASSED AND ADOPTED on June 22, 2022, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

Exhibit: Delta Diablo FY22/23 Proposed Budget Summary

**EXHIBIT
DELTA DIABLO FY22/23 PROPOSED BUDGET SUMMARY**

ITEM F
Attachment 2

Line No.	CATEGORY	WASTEWATER FUND				OTHER FUNDS					All Funds Total
		OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	
1	SOURCE OF FUNDS/REVENUES:										
2	Capital Facilities Capacity Charges					\$ 1,840,000	\$ 2,464				\$ 1,842,464
3	Service Charges										
4	Sewer Service	\$ 20,939,903			\$ 14,694,669					\$ 1,102,100	36,736,672
5	Street Sweeping								\$ 650,000		650,000
6	Household Hazardous Waste							\$ 554,400			554,400
7	Property Taxes				3,000,000						3,000,000
8	Utility Rebates (from Calpine)	200,000									200,000
9	Interest Income	45,248	9,607	46,119	20,029	206	62,459	9,103	2,771	13,159	208,703
10	Discharge Permits & Fees	250,000									250,000
11	Overhead (from Capital Projects)	700,000									700,000
12	Miscellaneous	200,000									200,000
13	Recycled Water Service Charges						3,719,963				3,719,963
14	TOTAL REVENUES	\$ 22,335,151	\$ 9,607	\$ 46,119	\$ 17,714,698	\$ 1,840,206	\$ 3,784,886	\$ 563,503	\$ 652,771	\$ 1,115,259	\$ 48,062,202
15	OTHER FINANCING SOURCES										
16	Loan and/or Other Financing Sources										0
17	Transfers In/(Out)	(393,300)						393,300			0
18	Interfund Loan										0
19	TOTAL OTHER FINANCING SOURCES	\$ (393,300)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,300	\$ -	\$ -	\$ -
20	TOTAL SOURCE OF FUNDS/REVENUES	\$ 21,941,851	\$ 9,607	\$ 46,119	\$ 17,714,698	\$ 1,840,206	\$ 3,784,886	\$ 956,803	\$ 652,771	\$ 1,115,259	\$ 48,062,202
21	USE OF FUNDS/EXPENDITURES:										
22	OPERATING										
23	Salaries and Wages	\$ 9,512,741					\$ 538,846	\$ 141,271		\$ 343,233	\$ 10,536,091
24	Benefits	6,653,101					368,529	130,811		327,815	7,480,256
25	Chemicals	1,285,300					907,600				2,192,900
26	Office and Operating Expense	3,047,298					295,194	68,601		10,700	3,421,793
27	Outside Services	3,029,902					37,900	696,358	756,525	56,000	4,576,685
28	Program Costs (Overhead)						630,000				630,000
29	Utilities	1,990,601					556,200	926			2,547,727
30	Contingency Allowance	300,000									300,000
31	TOTAL OPERATING EXPENDITURES	\$ 25,818,943	\$ -	\$ -	\$ -	\$ -	\$ 3,334,269	\$ 1,037,967	\$ 756,525	\$ 737,748	\$ 31,685,452
32	CAPITAL IMPROVEMENT PROJECTS										
33	Debt Service		150,190		763,169	127,632				281,545	1,322,535
34	Capital Projects		50,000		10,435,000		150,000	25,000		100,000	10,760,000
35	TOTAL CAPITAL EXPENDITURES	\$ -	\$ 200,190	\$ -	\$ 11,198,169	\$ 127,632	\$ 150,000	\$ 25,000	\$ -	\$ 381,545	\$ 12,082,535
36	TOTAL USE OF FUNDS/EXPENDITURES	\$ 25,818,943	\$ 200,190	\$ -	\$ 11,198,169	\$ 127,632	\$ 3,484,269	\$ 1,062,967	\$ 756,525	\$ 1,119,293	\$ 43,767,987
37											
38	CONTRIBUTION/(USE) of RESERVES	\$ (3,877,092)	\$ (190,582)	\$ 46,119	\$ 6,516,530	\$ 1,712,575	\$ 300,617	\$ (106,164)	\$ (103,754)	\$ (4,034)	\$ 4,294,214
39	<i>Estimated Beginning Fund Equity</i>	\$ 23,373,104	\$ 3,635,164	\$ 19,680,238	\$ 21,431,500	\$ 8,018,822	\$ 7,212,365	\$ 216,257	\$ 1,148,327	\$ 6,259,271	\$ 90,975,049
40	Estimated Ending Fund Equity*	\$ 19,496,012	\$ 3,444,582	\$ 19,726,357	\$ 27,948,030	\$ 9,731,397	\$ 7,512,983	\$ 110,093	\$ 1,044,573	\$ 6,255,237	\$ 95,269,263

* Does not include depreciation or amortization expense.



TRANSFORMING WASTEWATER TO RESOURCES

Fiscal Year 2022/2023 Budget

This page intentionally left blank.



Acknowledgements

Board of Directors



Monica Wilson **Juan Banales** **Federal Glover**
Chair (Antioch Vice Chair (Pittsburg Secretary (Contra Costa
Councilmember) Councilmember) County Supervisor)

District Executive Management

Vince De LangeGeneral Manager
Brian Thomas Acting Business Services Director/District Engineer
Thanh VoActing Engineering Services Director
Dean Eckerson Resource Recovery Services Director
Cecelia Nichols-FritzlerOffice Manager/Secretary to the Board

This page intentionally left blank.



GFOA Distinguished Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Delta Diablo
California**

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morrill

Executive Director

This page intentionally left blank.



DELTA DIABLO BUDGET
JULY 1, 2022 – JUNE 30, 2023

Table of Contents

Acknowledgements..... 3

District Executive Management 3

GFOA Distinguished Budget Presentation Award 5

Message from the General Manager..... 9

Annual Budget Resolution 15

SECTION 1: INTRODUCTION AND OVERVIEW 17

Budget Comparison Summary 18

District Overview 20

Strategic Planning Goals and Objectives 24

Budget Overview 26

SECTION 2. FINANCIAL STRUCTURE, POLICIES, AND PROCESSES..... 31

Organization 31

Fund Descriptions and Fund Structure..... 36

Basis of Accounting and Budgeting..... 37

Budget Process 37

FY22/23 Budget Development Calendar..... 38

Budgetary Levels of Control 38

Financial Planning Policies 40

SECTION 3. FINANCIAL SUMMARIES 43

Consolidated Financial Schedule 43

Fund Equity..... 45

SECTION 4. CAPITAL AND DEBT 47

Capital..... 47

Debt 69

Current Debt Obligations 69

Current Year Debt Transactions and Balances 71

Outstanding Debt by Type 71

Debt Service Coverage Ratio 73

SECTION 5. DEPARTMENT INFORMATION..... 74

Administration Department 74
Business Services Department 76
Engineering Services Department..... 78
Resource Recovery Services Department 80
APPENDIX A - FINANCIAL POLICIES 82

List of Figures

Figure 1 Map of Delta Diablo Service Area 20
Figure 2 FY20/21 – FY22/23 Sources of Funds/Revenues..... 26
Figure 3 Delta Diablo Organization Chart..... 33
Figure 4 Delta Diablo Funds 36
Figure 5 Historical Fiscal Year Debt Service Summary by Loan..... 72

List of Tables

Table 1 Budget Comparison Summary 18
Table 2 Budgeted Positions by Fiscal Year..... 34
Table 3 FY22/23 Consolidated Financial Schedule 43
Table 4 Fund Equity Summary 45
Table 5 FY22/23-FY26/27 CIP Totals by District Fund 49
Table 6 FY22/23-FY26/27 CIP Summary 51
Table 7 Long-Term Obligation Changes and Balances as of June 30, 2022 71
Table 8 Outstanding Debt by Type..... 71
Table 9 All Principal, Interest, and Annual Debt Service..... 72
Table 10 Net Revenue and Debt Service Coverage Ratio..... 73
Table 11 Administration Department Budget 75
Table 12 Business Services Department Budget..... 77
Table 13 Engineering Services Department Budget 79
Table 14 Resource Recovery Services Department Budget..... 81

Message from the General Manager



DELTA DIABLO FISCAL YEAR 2022/2023 BUDGET Message from the General Manager

Dear Honorable Members of the Board of Directors:

It is my pleasure to present the Delta Diablo (District) Fiscal Year 2022/2023 (FY22/23) Budget, which reflects planned operating (\$31.7 million) and capital expenditures (\$12.1 million) necessary for the District to continue meeting its core mission of protecting public health and the environment in the year ahead. Under the Board’s progressive leadership, the District continues to drive organizational excellence by ensuring a strategic approach to addressing near- and long-term challenges and embracing innovative approaches. This approach is critical to navigating competing resource needs and delivering our essential services to the local communities we serve in an effective, reliable, and financially sustainable manner.

Throughout the COVID-19 pandemic, the District’s highly-skilled and dedicated staff have continued providing “essential services” in a professional and adaptable manner. In FY22/23, the District will continue to monitor specific COVID-19 impacts on residential, commercial, and industrial customers to better understand associated effects on future District revenues and inform financial decisions. After carefully considering the challenges associated with increasing rates, the District is proposing Sewer Service Charge (SSC) increases of \$19.33/year (4.5%, \$448.75 total) for Antioch/Pittsburg residents and \$26.52/year (4.5%, \$615.77 total) for Bay Point residents in FY22/23 to ensure sufficient revenue collection that reflects cost-of-service, while meeting capital investment and operational needs. The SSC adjustments for residential and non-residential customers are expected to generate an additional \$1.2 million in annual revenue.

Reinforcing Sustained Organizational Excellence

The District continued to be recognized as a “Utility of the Future” by the National Association of Clean Water Agencies, the Water Environment Federation, the Water Research Foundation, and the WateReuse Association in FY21/22 for its outstanding industry leadership and progressive commitment to innovation, resource recovery, and “cutting-edge” practices. This prestigious award, which was presented to only 39 other agencies across the country in FY21/22, highlights our broad regulatory compliance, water recycling, energy management, biosolids reuse, household hazardous waste collection, community engagement, and industry leadership achievements.



Key organizational highlights in FY21/22 include:

- **District Strategic Plan:** In August 2021, the District completed an update to its Strategic Plan following extensive engagement with employees, which resulted in new Mission, Vision, and Behavioral Value statements, as well as detailed Goals, Strategies, and Objectives to guide District decision making and focus areas over the next few years. In addition, the District identified and made excellent progress toward completing ten Strategic Initiatives to effectively support Strategic Plan implementation in FY21/22.
- **Regulatory Compliance:** In response to two National Pollution Discharge Elimination System (NPDES) permit exceedances that occurred at the District’s Wastewater Treatment Plant (WWTP) in July and August 2021, the District conducted effective follow-up investigations regarding potential causative factors to prevent recurrences. The District received the 2020 NACWA Silver Peak Performance Award for excellence in regulatory compliance and continues to build on its exemplary record.
- **Infrastructure Investment:** The District implemented critical investments in infrastructure rehabilitation and renewal projects in its wastewater collection, conveyance, and treatment systems, while continuing to treat an average flow of 13.6 million gallons per day (MGD) and 7.6 MGD, respectively. As part of the Resource Recovery Facility Master Plan (RRFMP) and associated WWTP infrastructure condition assessment activities, the District identified the need to implement a significant large-scale upgrade and expansion of its



secondary treatment process—the \$60.0 million Secondary Process Improvements Project, which has been included for implementation in Years 2-4 (FY23/24-FY25/26) of the new 5-year Capital Improvement Program (CIP) (FY22/23-FY26/27), which totals \$135.9 million.

This represents an increase of \$8.9 million from the previous 5-year CIP, and includes \$3.0 million in new projects and a 78% cash funding assumption with the remainder funded by an anticipated future debt issuance.

- **Asset Management Program (AMP) Development:** The District completed development of a “roadmap” to effectively guide AMP implementation over the next few years through an action-based framework that considers key organizational priorities, risk-based decision making, and prioritized use of valuable, limited resources. This framework will ensure the District is effectively maintaining and renewing critical infrastructure assets in the wastewater collection, conveyance, and treatment systems.
- **Capital Project Delivery Enhancements:** In July 2021, a cross-divisional team began engaging to effectively manage key challenges with active construction projects and conducted a comprehensive work process review that yielded ten prioritized organizational improvements to reinforce enhanced capital project delivery, collaboration, and communication.

- **Resource Recovery:** We continue to transform our WWTP into a “wastewater resource recovery facility” by 1) producing 7.6 million gallons of recycled water per day (56% of treated wastewater flow); 2) generating on-site renewable energy to meet over 55 percent of WWTP power needs; 3) beneficially reusing 100 percent of biosolids produced as fertilizer through land application at farm sites and composting; and 4) collecting and recycling household hazardous waste.

- **Nutrient Management:** Our agency has benefited from regional collaboration with peer agencies, regulators, and the scientific community, via the Bay Area Clean Water Agencies. In advocating to maintain a focus on understanding potential water quality impacts associated with nutrient loading in San Francisco Bay, the District is reducing the potential that costly nutrient removal requirements are imposed on Bay Area wastewater agencies without demonstrated environmental benefits.



This sound science-based approach resulted in increased research investment under the regional Nutrient Watershed Permit, which was issued in June 2019, and likely deferred nutrient limits for 10 years or more. In addition, preliminary work under the RRFMP indicates that the original capital cost estimate for removing nutrients at the District’s WWTP may be reduced significantly. These changes allowed the District to eliminate the SSC component for the Advanced Treatment Reserve Fund in FY20/21, which will continue in FY22/23 and support the District’s focus on renewing existing WWTP infrastructure.

- **Long-term Financial Sustainability:** Following critical review of operational needs, the District has developed a \$31.7 million operating budget for FY22/23, which reflects an increase of \$2.4 million from FY21/22 due to increased labor, chemicals, utilities, and outside services costs. In order to allocate additional SSC funding to meet capital investment

needs, the District plans to utilize \$3.9 million in existing Wastewater Operations & Maintenance Fund equity in FY22/23. The District’s SSCs remain below average when compared to our peer agencies in the Bay Area. The District continued to excel in



financial reporting and transparency, highlighted by receipt of the Certificate of Achievement in Financial Reporting Award and the Certificate of Excellence in Financial Reporting Award from the Government Finance Officers Association.

- **Safety:** In response to the COVID-19 pandemic, the District continues to implement numerous protective measures to ensure the health and safety of its employees and members of the public, while continuing to provide essential services for our local communities. These measures were effective in minimizing COVID-19 infections and exposure in the workplace with no significant disruptions to District services. District staff demonstrated a remarkable level of commitment and dedication to adhering to social distancing and face covering requirements to ensure their personal safety, as well as the safety of co-workers and members of the public.
- **Public Communications:** The District continued to make excellent progress in its public outreach and education materials this past year. This included development of targeted fact sheets and a “Frequently Asked Questions” document to augment public communications in support of the proposed SSC adjustments for FY22/23. In addition, the District will complete an update to its “Strategic Communications Plan” (dated October 2019) in early FY22/23, which is intended to support effective, consistent, and meaningful external communications on a range of key topic areas.

Ensuring Long-term Financial Sustainability Proposed Sewer Service Charge Increases April 2022

In developing its budget each year, Delta Diablo (District) carefully considers operational and capital investment needs to maintain efficient and reliable wastewater collection (Bay Point only), conveyance, and treatment services for its **215,000 customers** in Antioch, Pittsburg, and Bay Point. Our primary revenue comes from **Sewer Service Charges (SSCs)** charged to residential, commercial, and industrial customers on the tax roll each year.

We continue to prioritize sustained **capital investment** to maintain the integrity of our **sewage wastewater system infrastructure**, while ensuring sufficient funding to meet **progressive increases in annual operating costs** over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as **increasingly more stringent regulator requirements**.

We critically review required SSC adjustments to ensure sufficient revenue collection that reflects cost-of-service, while minimizing economic impacts to customers. For **Fiscal Year 2022/2023** (effective July 1, 2022), the District has notified customers (via **Proposition 218 Notices**)¹ mailed to property owners on or before May 9, 2022 of its intent to increase SSCs for residential customers by **\$19.33/year** (4.3%, \$448.75 total) for Antioch/Pittsburg and **\$26.52/year** (4.3%, \$615.77 total) for Bay Point.

SSC Revenue Allocation: We have identified a total SSC revenue need of **\$36.7 million** for FY2023, which includes **\$29.8 million** for operational needs and **\$15.8 million** for capital project funding. Other funding includes ad valorem taxes and available unallocated funds.

Annual Revenue Increase Drivers: The proposed SSC increase would generate an **additional \$1.2 million in revenue** in FY2023 to support cash funding of critical capital investments in aging infrastructure to ensure the lowest overall cost to ratepayers.

Cost-of-Service Study Revenue Allocation: Key findings from the 2021 Cost-of-Service Study, which reorganized certain costs from non-residential customers to residential customers to **ensure SSCs accurately reflect the District's cost of providing services** to different customer classes, are incorporated into the development of proposed SSC increases for FY2023.

Strategic Plan: The District faces challenges related to aging infrastructure, meeting regulatory drivers, navigating a competitive labor market, and effectively engaging with the local community to ensure sustained operational improvement. The District's Strategic Plan (dated August 2021), coupled with Board of Directors leadership, provides a **strategic framework that will guide key decisions, initiatives, and activities** at the District.

Long-term Financial Plan: We conduct a 3-year SSC analysis to identify future SSC adjustments to **maintain sustained fiscal integrity**, while avoiding sharp rate increases. The District continues to **maintain its rates well below the average** of its peer agencies in the San Francisco Bay Area.

¹ SSCs are not used for recycled water or street sweeping services, which are funded separately.
² "Meeting to Official Wastewater Infrastructure" fact sheet is available on website for more information.
³ Notice of Proposed SSC Increase for FY2023 is available on website for more information.

As a nationally-recognized leader and progressive "Utility of the Future," the District values community engagement, serving as responsible stewards of the public's resources and trust, transparency, innovation, and workforce engagement and development to achieve its mission.

Proposed SSC Revenue for FY2023 Budget	Proposed SSC Increase
Capital: \$15.8M	+\$19.33/year (4.3% increase)
Operating: \$20.9M	+\$26.52/year (4.3% increase)

visit www.deltadiablo.org or call (925) 756-1998 for more information

The Road Ahead: FY22/23 Priority Organizational Focus Areas

The FY22/23 Budget will help the District build on its achievements in FY21/22 by continuing to effectively support our Mission: “Delta Diablo protects public health and the environment for our communities by, safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.” To date, the District’s resilient staff have risen to the challenge COVID-19 presents in the workplace and remains well positioned to continue providing effective and reliable services in the year ahead. Priority organizational focus areas for FY22/23 include:

1. **Actively support progress toward achieving the long-term goals identified in the District’s Strategic Plan** by completing outstanding FY21/22 Strategic Initiatives and identifying, prioritizing, and implementing new FY22/23 Strategic Initiatives.
2. **Advance development of the District’s AMP** by implementing key tasks identified in the AMP Development Roadmap for FY22/23 to ensure effective, proactive maintenance and renewal of critical infrastructure assets.
3. **Continue to drive improvement in the capital project delivery process** by implementing multi-faceted, prioritized organizational improvements to support effective decision making, timely project completion, and enhanced collaboration, communication, and engagement.

4. **Meet or exceed all NPDES permit requirements** for the District’s WWTP and develop effective preventive and corrective measures to address any non-compliance events that may occur.
5. **Complete a study to update the District’s Capital Facilities Capacity Charges (CFCCs)** to ensure appropriate recovery of necessary sewer connection fees in the service area.
6. **Continue to develop and implement a prioritized, strategic approach to expanded use of information technology** applications and tools to drive organizational effectiveness and efficiency in the District’s business processes and workflow.
7. **Develop and implement an integrated two-year Budget and SSC process** for FY23/24 and FY24/25, including integration of updated cost-of-service and CFCC considerations, master planning recommendations, CIP needs, and strategic organizational improvement initiatives.
8. **Ensure organizational focus on hiring, retaining, and developing highly-skilled, dedicated staff** to continue effectively supporting the District’s mission, including reinforcing Behavioral Values included in the Strategic Plan and assessing opportunities to align resources to meet needs when positions become vacant.



“Value Statements,” Strategic Plan (dated August 2021)

FY22/23 Budget Highlights

In support of enhancing presentation of the District’s FY22/23 Budget by providing meaningful and understandable context for our customers and other interested parties, key budget highlights are provided below.

- The FY22/23 Budget totals \$43.8 million, which includes operating and capital (includes \$1.3 million in debt service) budgets of \$31.7 million and \$10.8 million, respectively.
- The FY22/23 operating budget (\$31.7 million) represents a \$2.4 million increase (8.0%) relative to FY21/22 (\$29.3 million) due to increased labor, chemicals, utilities, materials, hauling, and services costs. The District anticipates that it will continue to experience progressive increases in annual operating costs in future years due to escalations in these key cost centers, as well as increasingly more stringent regulatory requirements, and has incorporated these cost increases in financial planning activities.
- Approximately 78% of the FY22/23 CIP budget is allocated to rehabilitation and/or replacement of existing critical wastewater infrastructure, including the Antioch Pump Station and Conveyance System Improvements, WWTP Electrical Switchgear Replacement, Cogeneration System improvements, Bridgehead Pipeline Replacement, and Manhole, Gravity Interceptor, and Easement Roadway Improvements.

- An SSC increase of 4.5% is included for Antioch, Pittsburg, and Bay Point residential customers, and non-residential customers. These SSC adjustments are expected to provide an additional \$1.2 million in annual revenue. Total revenue of \$48.1 million is anticipated in FY22/23, which includes \$36.7 million in SSCs, \$3.7 million in Recycled Water Service Charges, \$3.0 million in Ad Valorem property taxes, \$1.8 million in Capital Facilities Capacity Charges, and \$2.9 million in other revenue.
- Debt service payments of \$1.3 million are included, which supports \$35.0 million in existing debt (97% of debt is low-interest Clean Water State Revolving Fund or California Energy Commission loans).
- The District continues to suspend the SSC revenue component for the Advanced Treatment Reserve Fund due to favorable changes in the implementation timeline and associated cost estimate for upgrading the WWTP to meet nutrient removal requirements. This change has allowed the District to support cash funding of infrastructure investments in the 5-year CIP.
- The FY22/23 Budget includes planned expenditures to continue driving organizational excellence by advancing AMP development, expanding use of IT applications, and completing essential business and financial services studies.

Driving Sustained Organizational Excellence while Meeting the District's Mission

In addition to providing the resources necessary to continue meeting our core mission of protecting public health and the environment, the FY22/23 Budget supports the District's focus on achieving sustained organizational excellence. As responsible stewards of the public's resources and trust, this organizational commitment is essential to ensuring delivery of financially sustainable, effective, and reliable wastewater conveyance and treatment services to our customers in the local community. I would like to acknowledge the Board's strong leadership and guidance during this challenging COVID-19 environment over the past year, as well as the key contributions from each of our dedicated employees who continued to effectively meet the District's mission.

Sincerely,



Vincent P. De Lange
General Manager



Annual Budget Resolution

**BEFORE THE BOARD OF DIRECTORS OF
DELTA DIABLO**

**Re: Approving Fiscal Year 2022/2023)
Budget Appropriations)**

RESOLUTION NO.

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, it is necessary to adopt a District Budget for the Fiscal Year beginning July 1, 2022 and ending June 30, 2023; and;

WHEREAS, the adoption of the Fiscal Year 2022/2023 (FY22/23) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the attached FY22/23 Proposed Budget Summary exhibit includes expenditures for: Operation and Maintenance of Sub-Regional Plant Facilities; Recycled Water Program; Household Hazardous Waste Program; Street Sweeping; Bay Point Collection Program; acquisition and construction of Capital Assets, including required reserves; and payment of annual debt service obligations; and

WHEREAS, the funding sources proposed for FY22/23, as described in the attached FY22/23 Proposed Budget Summary include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY22/23 Property Tax allocation funds; Interest; Other Miscellaneous Revenues; and carryover, if any, of prior fiscal year funds.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF DELTA DIABLO RESOLVES THAT:

The FY22/23 Budget Appropriations are hereby adopted, as presented in the Budget Summary exhibit attached hereto and by reference made a part hereof.

PASSED AND ADOPTED ON June 22, 2022 by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

Exhibit: Delta Diablo FY22/23 Proposed Budget Summary

Exhibit – Delta Diablo FY22/23 Proposed Budget Summary

Line No.	CATEGORY	WASTEWATER FUND				OTHER FUNDS					All Funds Total
		OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	
	SOURCE OF FUNDS/REVENUES:										
1	Capital Facilities Capacity Charges					\$ 1,840,000	\$ 2,464				\$ 1,842,464
2	Service Charges										
3	Sewer Service	\$ 20,939,903			\$ 14,694,669					\$ 1,102,100	36,736,672
6	Street Sweeping								\$ 650,000		650,000
7	Household Hazardous Waste							\$ 554,400			554,400
8	Property Taxes				3,000,000						3,000,000
9	Utility Rebates (from Calpine)	200,000									200,000
10	Interest Income	45,248	9,607	46,119	20,029	206	62,459	9,103	2,771	13,159	208,703
11	Discharge Permits & Fees	250,000									250,000
13	Overhead (from Capital Projects)	700,000									700,000
14	Miscellaneous	200,000									200,000
15	Recycled Water Service Charges						3,719,963				3,719,963
16	TOTAL REVENUES	\$ 22,335,151	\$ 9,607	\$ 46,119	\$ 17,714,698	\$ 1,840,206	\$ 3,784,886	\$ 563,503	\$ 652,771	\$ 1,115,259	\$ 48,062,202
17	OTHER FINANCING SOURCES										
18	Loan and/or Other Financing Sources										0
19	Transfers In/(Out)	(393,300)						393,300			0
20	Interfund Loan										0
21	TOTAL OTHER FINANCING SOURCES	\$ (393,300)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 393,300	\$ -	\$ -	\$ -
22	TOTAL SOURCE OF FUNDS/REVENUES	\$ 21,941,851	\$ 9,607	\$ 46,119	\$ 17,714,698	\$ 1,840,206	\$ 3,784,886	\$ 956,803	\$ 652,771	\$ 1,115,259	\$ 48,062,202
23											
24	USE OF FUNDS/EXPENDITURES:										
25	OPERATING										
26	Salaries and Wages	\$ 9,512,741					\$ 538,846	\$ 141,271		\$ 343,233	\$ 10,536,091
27	Benefits	6,653,101					368,529	130,811		327,815	7,480,256
28	Chemicals	1,285,300					907,600				2,192,900
29	Office and Operating Expense	3,047,298					295,194	68,601		10,700	3,421,793
30	Outside Services	3,029,902					37,900	696,358	756,525	56,000	4,576,685
31	Program Costs (Overhead)						630,000				630,000
32	Utilities	1,990,601					556,200	926			2,547,727
33	Contingency Allowance	300,000									300,000
34	TOTAL OPERATING EXPENDITURES	\$ 25,818,943	\$ -	\$ -	\$ -	\$ -	\$ 3,334,269	\$ 1,037,967	\$ 756,525	\$ 737,748	\$ 31,685,452
35	CAPITAL IMPROVEMENT PROJECTS										
36	Debt Service		150,190		763,169	127,632				281,545	1,322,535
37	Capital Projects		50,000		10,435,000		150,000	25,000		100,000	10,760,000
38	TOTAL CAPITAL EXPENDITURES	\$ -	\$ 200,190	\$ -	\$ 11,198,169	\$ 127,632	\$ 150,000	\$ 25,000	\$ -	\$ 381,545	\$ 12,082,535
39	TOTAL USE OF FUNDS/EXPENDITURES	\$ 25,818,943	\$ 200,190	\$ -	\$ 11,198,169	\$ 127,632	\$ 3,484,269	\$ 1,062,967	\$ 756,525	\$ 1,119,293	\$ 43,767,987
40											
41	CONTRIBUTION(USE) of RESERVES	\$ (3,877,092)	\$ (190,582)	\$ 46,119	\$ 6,516,530	\$ 1,712,575	\$ 300,617	\$ (106,164)	\$ (103,754)	\$ (4,034)	\$ 4,294,214
42	<i>Estimated Beginning Fund Equity</i>	\$ 23,373,104	\$ 3,635,164	\$ 19,680,238	\$ 21,431,500	\$ 8,018,822	\$ 7,212,365	\$ 216,257	\$ 1,148,327	\$ 6,259,271	\$ 90,975,049
43	<i>Estimated Ending Fund Equity*</i>	\$ 19,496,012	\$ 3,444,582	\$ 19,726,357	\$ 27,948,030	\$ 9,731,397	\$ 7,512,983	\$ 110,093	\$ 1,044,573	\$ 6,255,237	\$ 95,269,263

* Does not include depreciation or amortization expense.

Section 1: Introduction and Overview

Delta Diablo's (District's) Fiscal Year 2022/2023 (FY22/23) Budget assists the District in communicating its planned use of resources to elected officials, District employees, and the public. This section provides the reader with an overview of the essential components included in this budget document, which includes five major sections: 1) Introduction and Overview; 2) Financial Structure, Policies, and Processes; 3) Financial Summaries; 4) Capital and Debt; and 5) Department Information. A summary of the District's financial policies is included in Appendix A.

Introduction and Overview

The Introduction and Overview begins with an overview of District services, funds, local economic conditions, and strategic planning considerations. This section concludes with a Budget Overview that includes more detailed information regarding the District's Sources of Funds and Uses of Funds.

Financial Structure, Policies, and Processes

This section is designed to provide the reader with an overview of the District's Organization, Organizational Chart, Budgeted Positions as of July 1, 2022 (on a full-time equivalent basis), and Fund Descriptions and Structure. It also highlights the District's financial bases and policies along with its budget process, calendar, and levels of budgetary control. Here the reader may find some more detailed information regarding financial and budgetary guidelines.

Financial Summaries

The Financial Summaries section introduces the Consolidated Financial Schedule and the Fund Equity Summary. In the Consolidated Financial Schedule section, the reader may review the various inflows of revenue (Source of Funds/Revenues) and outflows of expenses (Use of Funds/Expenditures) for the prior year budget, the prior year actual, the current year budget, the current year proposed, and the proposed FY22/23 Budget along with a variance between the current year budget and the proposed FY22/23 Budget. The Fund Equity Summary is organized by fund and presents the beginning and ending fund equity, sources of funds/revenues, and use of funds/expenditures.

Capital and Debt

This two-part section starts with a program overview of the District's Fiscal Year 2022/23 – Fiscal Year 2026/2027 (FY22/23-FY26/27) Capital Improvement Program (CIP). Next, the consolidated 5-year CIP Summary is provided with planned expenditures over the next five years, which is followed by a comprehensive project description listing by fund for each project with an appropriation in FY22/23. Finally, pertinent information for each major capital project is presented under the Projects in Focus section. The second half of this section presents information regarding outstanding debt obligations, outstanding debt balances by type, debt service requirements, and debt service coverage ratio by fiscal year.

Department Information

This section provides more detailed information regarding departmental functions and responsibilities throughout the fiscal year. In this section, the roles and responsibilities of each division within the District's departments are described, along with a 3-year budget breakdown of operating and maintenance expenses by department.

Budget Comparison Summary

The FY22/23 Budget includes total revenue of \$48.1 million, which includes \$36.7 million in Sewer Service Charges (SSCs), \$3.7 million in Recycled Water Service Charges, \$3.0 million in ad valorem property taxes, \$1.8 million in Capital Facilities Capacity Charges (CFCCs), and \$2.9 million in other revenue. Budgeted expenditures total \$43.8 million, which includes operating and capital (including debt service) budgets of \$31.7 million and \$12.1 million, respectively. A budget comparison summary is presented in Table 1 and provides an overview of significant budgetary items, trends, and variances.

Table 1 – Budget Comparison Summary

Category	Budget FY21/22	Proposed Budget FY22/23	% Variance
Sources of Funds/Revenues			
Service Charges	\$34,750,104	\$36,736,672	6%
Capacity Charges	1,842,464	1,842,464	0%
Street Sweeping	650,000	650,000	0%
Household Hazardous Waste	554,400	554,400	0%
Recycled Water	3,719,963	3,719,963	0%
Property Taxes	3,000,000	3,000,000	0%
Utility Rebate	200,000	200,000	0%
Interest Income	315,127	208,703	-34%
Discharge Permits & Fees	250,000	250,000	0%
Overhead (From Capital Projects)	700,000	700,000	0%
Miscellaneous	200,000	200,000	0%
Other Finance Sources	-	-	0%
Subtotal Sources of Funds/Revenues	46,182,058	48,062,202	4%
Loans	4,500,000	-	-100%
Total Source of Funds/Revenues	50,682,058	48,062,202	-5%
Use of Funds/Expenditures			
Salaries & Wages	9,988,533	10,536,091	5%
Employee Benefits	7,197,566	7,480,256	4%
Chemicals	1,746,008	2,192,900	26%
Office and Operating Expense	3,311,360	3,421,793	3%
Outside Services	4,072,429	4,576,685	12%
Program Costs (Overhead)	410,000	630,000	54%
Utilities	2,299,661	2,547,727	11%
Contingency Allowance	310,000	300,000	-3%
	29,335,557	31,685,452	8%
Operating before Debt and Capital			
Debt Service	1,336,324	1,322,535	-1%
Operating before Capital	30,671,881	33,007,987	8%
Capital Improvements	12,890,000	10,760,000	-17%
Total Use of Funds/Expenditures	43,561,881	43,767,987	0%
CONTRIBUTION/(USE) of RESERVES	\$7,120,177	\$4,294,214	N/A

Significant Sources of Funds % Difference (variance):

The SSC variance of 6% is primarily due to an increase in SSCs of 4.5% for Antioch, Pittsburg, and Bay Point customers, which is expected to provide an additional \$1.2 million in revenue. An additional \$0.2 million is estimated due to 520 ERUs being added to the SSC calculation due to development in the service area.

The Interest Income variance of -34% (\$0.1 million) is due to a reduction in assumed interest rates for FY22/23.

Significant Use of Funds % Difference (variance):

The Salaries & Wages variance of 5% increased (+\$0.5 million) was driven by Cost-of-Living Adjustment (COLA): An annual COLA is specified in the memoranda of understanding (MOUs) for each of the District's three bargaining units. The MOUs (expired on July 1, 2021) specify that the District will adjust salaries for the first full pay period after July 1 each year, from a minimum of 2% up to 5% based on the April-to-April change in the Consumer Price Index (CPI), San Francisco/Bay Area Wage Earners. Position Changes: There is no change to total FTEs from FY21/22. The proposed FY22/23 Operating Budget includes funding the Deputy General Manager position and not funding the Government Affairs Manager position, which results in a net annual cost increase of approximately \$0.1 million.

Employee Benefits variance of 4% (+\$0.3 million) driven by the CalPERS Pension Unfunded Liability Contribution and medical insurance premiums increasing an estimated 14%.

The Chemicals variance of 26% is largely driven by an increase of \$0.3 million in anticipated Recycled Water chemical expenditures. The District participates in the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals, to leverage purchasing power among the members and receive cost-effective bids. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical unit costs. Staff continues to refine total annual chemical usage estimates, while working to optimize chemical consumption, to partially offset the impact of higher chemical supply costs.

The Office and Operating variance of 3% (+\$0.1 million) was due to expected increases in general insurance premiums, and staff training and professional development costs. This budget also includes allowances for general office supplies, technology systems and applications, hauling services, and program administration.

The Outside Services variance of 12% includes item such as temporary, legal, and professional services. The additional \$0.5 million over FY 21/22 is for planned organizational improvement initiatives, including Munis Enterprise Resource Planning enhancements, Capital Facilities Capacity Charges Study, regulatory compliance support services, confined space rescue standby services, COVID- 19 testing services, and updates to District standards in FY 22/23.

The Utilities variance of 11% (+\$0.2 million) is due to an increased natural gas supply cost. Staff has implemented several changes to reduce on-site energy demand and increase renewable energy production. The most recent action is construction of the Sand Filter Intermittent Backwash System Project, which decreases energy usage and chemical consumption at the Recycled Water Facility. The Budget assumes 85% uptime for the on-site cogeneration engine at the District's Wastewater Treatment Plant, which is expected to meet over 50% of plant power demand and provide waste heat for anaerobic digesters.

The Contingency Allowance variance of -3% reflects a small reduction in contingency amount included in the FY21/22 Budget (\$310,000 reduced to \$300,000).

District Overview

The District is a special district in the state of California that was originally formed in 1955 as Contra Costa County Sanitation District No. 7-A, pursuant to California Health and Safety Code Section 4700 for the purpose of operating, maintaining, and constructing wastewater collection and treatment facilities in the unincorporated West Pittsburg (now called Bay Point) area. In the early 1970s, the California State Water Resources Control Board (SWRCB) adopted a policy of encouraging public wastewater agencies to consolidate on a sub-regional basis. In 1976, the cities of Pittsburg and Antioch were annexed to the District.

A new sub-regional conveyance system and treatment facility was recommended and subsequently constructed in the current location between the two cities. In 1989, the District's name was changed to Delta Diablo Sanitation District after years of being referred to as such by the public. In 2014, the District's name was changed to Delta Diablo to reflect the general industry shift to viewing Wastewater Treatment Plants (WWTPs) as water resource recovery facilities via renewable energy production, water recycling, and biosolids reuse.

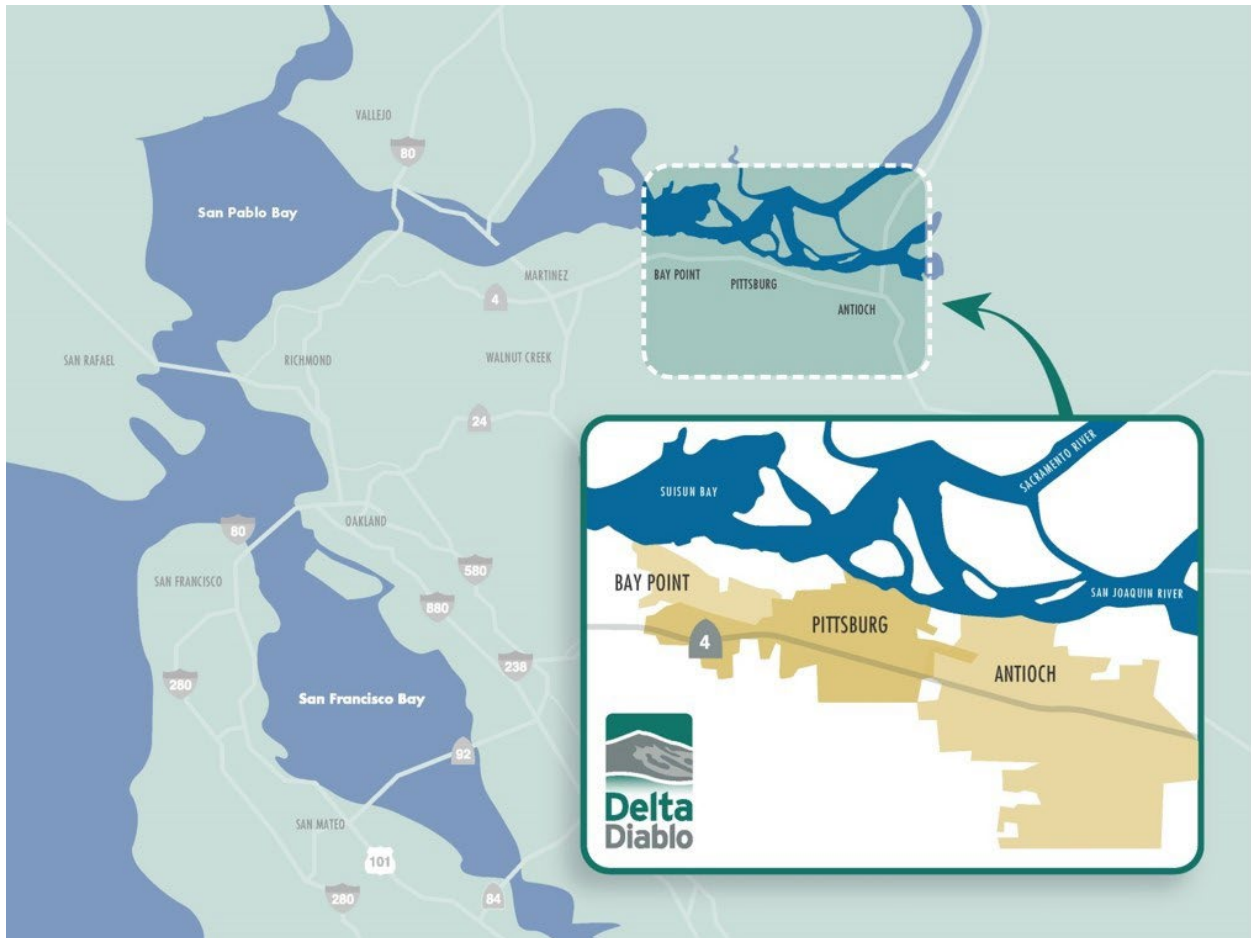


Figure 1 - Map of Delta Diablo Service Area

The District is governed by a three-member Board of Directors (Board) with one member appointed to represent each zone, including a designated councilmember from the City of Pittsburg, the Mayor of the City of Antioch (or designee), and the Contra Costa County Board of Supervisors member representing the unincorporated Bay Point community. The Board establishes overall policies to guide District operations, which are then implemented under the direction of the General Manager, to provide reliable, high-quality wastewater conveyance and treatment services at rates that are below average when compared to other agencies in the San Francisco Bay Area (Bay Area).

Board meetings are open to the public and held the second Wednesday of each month. In addition, committee meetings, workshop sessions, special meetings, and public hearings are occasionally scheduled and noticed.

The District has continually pursued an array of solutions to provide high-quality and environmentally-sound resource recovery services to its service area to protect public health, the Delta, and San Francisco Bay, now and into the future. As a result, five core resource recovery and services programs have been developed: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections. Additional resource recovery services include pollution prevention, energy recovery, and beneficial use of biosolids.

Wastewater Program: The Wastewater Program's primary purpose is to protect public health and the environment by conveying and effectively treating wastewater. Operating 24 hours a day, 365 days a year, the District's WWTP is permitted by the San Francisco Bay Regional Water Quality Control Board (Regional Board) as a secondary wastewater treatment facility with a permitted average dry weather flow capacity of 19.5 million gallons per day (MGD).

Recycled Water Program: Since 2000, the District has been operating an industrial Recycled Water Facility (RWF). Generating an average of 6 MGD, the RWF is rated for 12.8 MGD and utilizes a state-of-the-art computerized Supervisory Control and Data Acquisition (SCADA) system. Recycled water is distributed for use as cooling water at two power plants, as well as landscape irrigation at several parks, Caltrans rights-of-way, city offices, and a golf course in Antioch. The use of high-quality recycled water for industrial and landscape irrigation applications provides an alternative source of water that not only is more cost efficient than potable water and promotes water conservation, but is also an environmentally sound approach to reducing potable water use and discharge of treated wastewater to the Delta.

Household Hazardous Waste Program: In partnership with multiple local governmental entities, the District has operated a regional HHW Program since 1996. The core of the program is operation of the Delta Household Hazardous Waste Collection Facility (DHHWCF), which was constructed in 2003 adjacent to the District's WWTP. The purpose of the HHW Program is to prevent hazardous pollutants from reaching waterways, landfills, and the wastewater system in support of the District's Pollution Prevention Program and compliance with state and federal regulatory requirements. Use of the District's DHHWCF is free of charge for residents and small businesses in East Contra Costa County, and accepts HHWs, such as medications, used oil and filters, anti-freeze, paints and stains, batteries, fluorescent and high intensity lamps, cosmetics, pesticides, pool chemicals and household cleaners, cooking oils and grease, and electronic waste.

Street Sweeping Program: Street sweeping is another pollution prevention service offered by the District. One of the best ways to prevent pollutants from entering local waterways is to remove them from streets before wind and rain carries them into storm drains, which flow directly to Delta

receiving waters. Regular street sweeping provides an aesthetic benefit to local neighborhoods, attracts businesses to downtown areas, and supports regional compliance with state and federal regulations related to Clean Water Act implementation.

Bay Point Collection Program: In 1984, the District assumed responsibility from Contra Costa County for the West Pittsburg (Bay Point) collection system. Services provided for this system consists of cleaning, inspection, and maintaining 43 miles of sanitary sewer mains for collection and delivery of untreated wastewater to the WWTP through the District's conveyance system. The cities of Antioch and Pittsburg maintain their own collection systems.

Local Economy

The District provides wastewater conveyance and treatment services in its service area via 39,000, 25,100, and 7,550 connections in Antioch, Pittsburg, and Bay Point, respectively. These communities are located in the Delta region where the Sacramento and San Joaquin Rivers meet at the eastern edge of the greater Bay Area. Housing is affordable relative to the otherwise expensive Bay Area, and there is still significant undeveloped land in the area available for future development. The Bay Area Rapid Transit (BART) Pittsburg-Antioch line and Highway 4 run through the area, connecting commuters in the three communities to jobs in other parts of the Bay Area.

Because the area functions in part as "bedroom communities" to the Bay Area's financial, high-tech, and service industries, housing-related development, construction, and service-related businesses dominate the local economy. In general, the local economy is consistent with the Bay Area economy. During the first half of FY19/20, the local economy within the District's service area experienced solid economic growth with no indication of an economic slowdown in the short term. The unemployment rate within the region was 3.0% in February 2020, slightly lower than the last couple of years¹, and lower than the state average unemployment rate for February 2020 of 3.9%.²

However, in March 2020, customers in the District's service area were ordered to shelter in place and economic activity slowed significantly. COVID-19 was declared a global pandemic and local county health orders shut down businesses that were not considered essential. This public health crisis has had significant economic effects.

During the COVID-19 pandemic, the unemployment rate soared to 15.5% in April 2020 in California². In March 2021, the state unemployment rate was 8.3%². As of February 2022, employment rates have almost completely recovered with the regional unemployment rate at 3.9% and the state unemployment rate at 5.9%¹. There are many unknown factors and uncertainties regarding the financial impacts associated with the COVID-19 pandemic. Growth and development activities will continue to be closely monitored for any unknown impacts to water use and associated impacts to SSC revenue in the future.

Median household income in Bay Point, Pittsburg, and Antioch was \$69,464, \$83,163, and \$80,234, respectively, compared with the Contra Costa County median household income of \$103,997 in 2020³. Populations in Pittsburg and Antioch have grown from 64,015 and 103,509 in 2011 to 74,498 and 112,848 in 2021, respectively⁴. This information was not separately available for Bay Point as it is an unincorporated area. Median housing prices were \$717,500 in Bay Point, \$639,000 in Pittsburg, and \$650,000 in Antioch, as reported by Realtor.com for March 2022⁵.

¹ US Bureau of Labor Statistics - www.bls.gov/regions/west/ca_oakland_md.htm

² US Bureau of Labor Statistics - www.bls.gov/regions/west/california.htm

³ United States Census Bureau - www.census.gov/quickfacts/fact/table/US/PST045219

⁴ California Department of Finance - www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/

⁵ Realtor.com - www.realtor.com/realestateandhomes-search

Strategic Planning Goals and Objectives

In August 2021, the District completed development of a new Strategic Plan that included new Mission, Vision, and Behavioral Value statements, as well as Goals, Strategies, and Objectives to guide long-term planning, organizational focus areas, resource allocation, and decision-making processes over the next few years. In addition, the District has developed ten Strategic Initiatives to directly support Strategic Plan implementation in FY21/22 in each of the six goal areas.

Mission, Vision, & Behavioral Values

Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.

Vision

Delta Diablo will achieve sustained organizational excellence through dedicated commitment to public service, stewardship, innovation, industry leadership, and active engagement at all levels.

Behavioral Value Statements

Delta Diablo has identified Behavioral Value Statements that directly support success in achieving our shared Mission and Vision:

- **Stewardship** - Serve as responsible stewards of valuable public resources at all levels in the organization
- **Public Trust** - Maintain public trust and confidence through excellent customer service, community engagement, transparency, and responsiveness
- **Work Environment** - Ensure a positive, safe, equitable, diverse, and inclusive work environment that promotes honest, transparent, ethical, and respectful interactions
- **Communication, Trust** - Communicate with integrity to share knowledge, inspire trust and camaraderie, and maintain authentic professional relationships
- **Innovation** - Embrace and manage change to support implementation of innovative approaches that add value and drive sustained organizational improvement over time
- **Teamwork, Engagement** - Foster a collaborative, team-based work culture that inspires engagement, solutions-oriented dialogue, and sound decision-making processes to achieve successful outcomes
- **Accountability, Ownership** - Reinforce accountability and ownership to ensure each employee is supported in effectively contributing to the District's overall success
- **Engaging to Address Key Issues** - Model an open, proactive, and productive approach to resolving key issues to enhance organizational unity and alignment
- **Learning Culture** - Actively seeking opportunities to build a "learning" culture by supporting individual and peer professional development; expanding knowledge, skills, and abilities; learning from mistakes and "near misses"; and improving work processes and use of technology

Strategic Plan Implementation – FY 21/22 Strategic Initiatives

In September 2021, staff presented ten FY21/22 Strategic Initiatives to support Strategic Plan implementation in each of the six Goal Areas, as highlighted below.

Strategic Plan Goals	FY21/22 Strategic Initiatives
<p>1 Infrastructure Investment</p> <p>Ensure the long-term effectiveness and reliability of critical infrastructure through prioritized, cost-effective capital investment and maintenance</p>	<p>1. Develop a formalized Asset Management Program Implementation Roadmap, including vision, goals, priorities, key actions, and resource needs</p> <p>2. Engage an inter-divisional team to identify and implement measures to improve capital project delivery via enhanced coordination, collaboration, communication, risk management, and integration of key “lessons learned”</p>
<p>2 Environmental Stewardship</p> <p>Meet or surpass environmental and public health requirements to maintain public trust</p>	<p>3. Advocate for development of a regional nutrient “trading” program via active engagement as a member of the Bay Area Clean Water Agencies (BACWA) “Nutrient Strategy Team”</p>
<p>3 Fiscal Responsibility</p> <p>Manage financial resources effectively to meet funding needs and maintain fair and reasonable rates</p>	<p>4. Develop recommended updates to the District’s Capital Facilities Capacity Charges to ensure effective cost recovery and appropriate allocation to customers</p>
<p>4 Organizational Change</p> <p>Embrace innovation, engagement, and change to enhance service delivery, work processes, and use of technology to drive sustained improvement in organizational effectiveness and efficiency</p>	<p>5. Effectively implement prioritized, value-added IT enhancements to improve contract administration, budget/cost tracking and reporting, human resources management, e-records management, and customer payment processing (i.e., e-payment for permits)</p>
<p>5 Workforce Development</p> <p>Support development of an engaged, skilled workforce that is dedicated to organizational excellence and exceptional service delivery</p>	<p>6. Implement a streamlined, effective approach to the performance planning and appraisal process that supports supervisor-employee engagement and aligns with District needs, behavioral values, and strategic goals and objectives</p>
<p>6 Customer Services and Engagement</p> <p>Deliver an exceptional customer service experience and embrace opportunities to enhance service value through engagement and collaboration</p>	<p>7. Implement a process to ensure customers are able to provide feedback and an evaluation of customer service experiences with the District</p> <p>8. Update the Strategic Communications Plan (Oct 2019) to align with the District’s Strategic Plan</p> <p>9. Identify critical emergency response scenarios and conduct associated tabletop exercises (minimum of two) with key internal stakeholders</p> <p>10. Enhance public awareness of key District and regional (i.e., Bay Area Pollution Prevention Group) pollution prevention activities through targeted website, community event, and direct contact communications</p>

Budget Overview

Budget Assumptions

A budget is an estimate of revenues and expenditures for a set period. Estimates used for budgeting purposes involve a set of assumptions. It is important that the reader of this budget understand the assumptions used in preparing the revenue and expenditure estimates contained herein. Listed below are the primary assumptions used in the creation of this budget.

Sources of Funds/Revenue: The District generates funding from multiple sources, including service charges, capacity charges, ad valorem property taxes, and miscellaneous other sources. Sources of funds are presented in Figure 2 and are discussed in further detail.

The District has a stable revenue foundation, with 76% of the District's FY22/23 total sources of funds/revenues coming from SSCs. Other significant revenue sources include CFCCs, recycled water sales, and ad valorem taxes. The proposed FY22/23 Budget includes revenue totaling \$48.1 million, excluding other financing sources. This represents an increase of 4% relative to FY21/22.

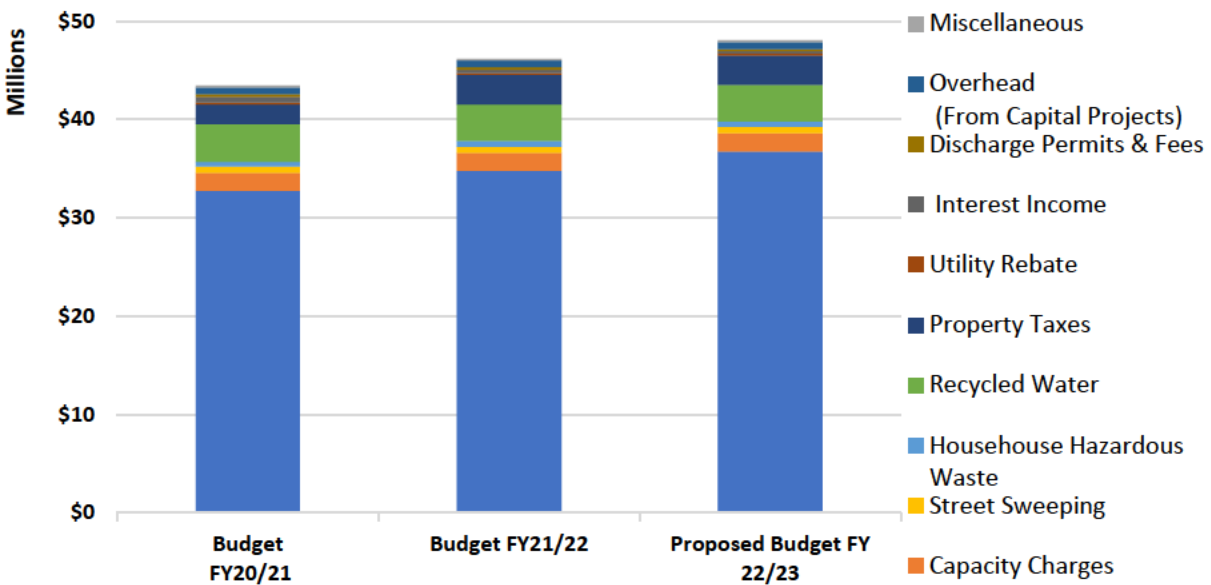


Figure 2 - FY20/21-FY22/23 Sources of Funds/Revenues

SSCs are charges collected from residential and non-residential customers for sewer use. Annual SSC revenues are collected by the Contra Costa County Tax Assessor's Office on the property tax roll and are remitted to the District in December, April, and June. Some non-residential customers are charged monthly or quarterly, rather than annually, based on either water usage or actual sewer flows. SSCs are a highly distributed revenue source for the District with the top ten wastewater service customers representing approximately 16% of annual billing in FY21/22. This lack of concentration equates to a more stable revenue stream and is less susceptible to fluctuations in the economy or local business climate.

SSCs are subject to California's Proposition 218, which requires that SSC increases be noticed to all property owners, with the opportunity to protest the increase via written protests. If there is a majority of the property owners in protest of the SSC increase, the proposed SSC increase cannot be implemented.

On June 22, 2022, following a Proposition 218 notice process, the Board held a public hearing for FY22/23 SSC increases of 4.5% for residential customers in Antioch and Pittsburg (from \$429.42 to \$448.75 annually [+\$19.33/year increase]) and 4.5% for residential customers in Bay Point (from \$589.25 to \$615.77 annually [+\$26.52/year increase]), along with 4.5% SSC increases for non-residential customers.

CFCCs are fees paid by developers to pay for expanded capacity in the sewer collection and treatment systems to convey and treat wastewater. They are also paid by commercial or industrial customers who expand the use of sewer services at their facilities.

CFCC revenue is forecasted for the next year based on the cost per ERU and an assumed growth rate of 520 ERUs being developed during the fiscal year. In FY22/23, staff plans to conduct a CFCC cost-of-service study to ensure costs are in alignment with capacity considerations and capital planning.

Recycled Water Service Charges are collected from customers who purchase recycled water from the District. Most recycled water is used by Calpine for cooling its gas-fired plants. Other customers use recycled water for landscape irrigation.

Recycled water usage for FY22/23 is forecasted to be about 7,147 acre-feet (2,254 million gallons). Recycled water revenue is projected to remain the same compared to FY21/22.

Ad Valorem Property Taxes are collected on property tax bills and represent 1% of the assessed value of property. The ad valorem property tax paid for a particular parcel is allocated to several agencies for a variety of purposes. As a special district, the District is allocated a portion of these taxes. Ad valorem property taxes are projected to remain the same as in FY21/22.

Other Financing Sources – Other financing sources are primarily debt in the form of low interest-loans from the state of California. Clean Water State Revolving Fund (SRF) loans and other loan proceeds are used in combination with existing funds and reserves for capital improvements to implement the District's CIP.

Use of Funds/Expenditures: The District continues to experience increases in annual operating costs over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and outside services costs, as well as increasingly more stringent regulatory requirements. The FY22/23 Budget is \$43.8 million with the operating budget totaling \$31.7 million and capital (including debt service) totaling \$12.1 million. The operating budget represents a \$2.4 increase (8.0%) relative to FY21/22 (\$29.3 million) and the capital budget (including debt service) represents a \$2.1 million decrease (-15%) relative to FY21/22 (\$14.2 million). Major operating cost categories include Salaries and Benefits, Chemicals, Utilities, Office and Operating, and Outside Services. The District has planned use of \$3.9 million in WW O&M Fund reserves for FY22/23 to support allocation of additional SSC revenue to meet capital investment needs.

Salaries and Benefits: This category represents approximately 57% of the District's FY22/23 operating budget. The District regularly evaluates organizational structure and needs, and strives to align staffing with the changing operating needs and regulatory requirements. The current

staffing plan facilitates how the District responds to those needs. Staffing will continue to be a priority as the District has experienced and will potentially continue to experience a high number of staff retirements in the near term with approximately 49% of staff approaching retirement eligibility within the next three years.

- Cost-of-Living Adjustment (COLA). An annual COLA is specified in the memoranda of understanding (MOUs) for each of the District's three bargaining units. The MOUs specify that the District will adjust salaries for the first full pay period after July 1 each year, from a minimum of 2% up to 5% based on the April-to-April change in the Consumer Price Index (CPI) for San Francisco/Bay Area Wage Earners. The percentage information was available in May and COLAs of 5.0% are included in Salaries and Benefits.
- Unfunded Positions and Salary Savings: A total of 77.5 full-time equivalent (FTE) positions are budgeted in FY22/23, including 2.5 FTEs for part-time positions. Based on an assessment of resource needs, four positions are proposed to remain unfilled and unfunded in FY 22/23, which results in an annual savings of \$0.9 million.
- Position Changes: There is no change to total FTEs from FY21/22. The proposed FY22/23 Operating Budget includes funding the Deputy General Manager position and not funding the Government Affairs Manager position, which results in a net annual cost increase of approximately \$0.1 million.
- Medical Insurance: Annual medical insurance premium costs have been increased by 14%, while most other health benefits (e.g., vision, Employee Assistance Program, dental, and life insurance) are not expected to increase significantly.
- California Public Employees' Retirement System (CalPERS) Funding: In November 2011, the Board adopted CalPERS Tier 2 (2.0% at age 55), which applies to employees hired between July 1, 2012, and December 31, 2012, or hired on or after January 1, 2013, as a member of a qualified public pension plan (e.g., CalPERS, Contra Costa County Employee Retirement Plan, etc.). Prior to July 1, 2012, 100% of all employees were enrolled in CalPERS Tier 1 (2.7% at age 55). Furthermore, the Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, established Tier 3 (2.0% at age 62), which applied to employees hired on or after January 1, 2013, who are not members of a qualified public pension plan. In FY22/23, 68% of all employees are assumed to be in either Tier 2 or Tier 3 compared to 54% in FY 21/22. Because new hires are no longer eligible to become members of Tier 1, the District receives ongoing savings as employees leave the District and vacant positions are filled at Tiers 2 and 3. The District assumes that new journey level, professional, and management hires will be Tier 2, because it is likely that they would have been a member in CalPERS or a reciprocal plan. The District assumes that new entry level hires will be Tier 3, because it is unlikely that these hires would have been members in CalPERS or a reciprocal plan. In addition to the lower employer-paid contributions into CalPERS, all new hires pay their full employee contributions into CalPERS, as well as contributions into the Other Post-Employment Benefits (OPEB) trust, which is at 3% of base salary.
- CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.6 million, which is an increase of approximately \$0.3 million from FY21/22.

- Contra Costa County Retirees' Association (CCCERA) Funding: In July 2014, the Board established Contributed Benefit Savings (CBS) funding levels of 3.75% of salaries to maintain the integrity of the CCCERA plan for District retirees and employees who remained in the CCCERA system after the District transitioned from the CCCERA pension plan to CalPERS in July 2014.
- OPEB Trust Fund Annual Funding: The Board's adopted OPEB Funding Policy states the intent to fund the District's Actuarially Determined Contribution (ADC), which the Board has done each year since the trust fund was established in February 2010. District employees pay 3% of base salaries into the trust and the District budgets the required 3% match, as well as actual retiree medical costs which are deposited into the OPEB trust fund. The FY22/23 operating budget includes an ADC of \$0.6 million and will be evaluated in accordance with the OPEB Trust Funding Policy after receipt of the audited financial statements. The District will conduct a biennial actuarial valuation of the District's OPEB funding status in FY22/23 as required by the OPEB Funding Policy. The economic and labor market impacts on the funding status of the OPEB liability that are associated with the COVID-19 pandemic and other current economic conditions will be accounted for in the actuarial valuation report.
- Public Agency Retirement Services (PARS) Funding: The FY22/23 operating budget includes a one-time payment of \$0.1 million to PARS. The PARS trust account was established to pre-fund both CalPERS pension obligations and/or OPEB obligations. The additional funds in PARS will provide funding to mitigate future rate revenue required for projected sharp increases in pension or OPEB costs due to decreases in discount rates, an accelerated amortization schedule, and/or investment losses.

Chemicals (\$2.2 million): This cost is approximately 7% of the FY22/23 Budget and includes \$1.3 million for Wastewater and \$0.9 million for Recycled Water. The District participates in the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals, to leverage purchasing power among the members and receive cost-effective bids. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical costs. Staff has conducted a comprehensive review of chemical unit costs, estimated quantities, and associated contingencies. The FY22/23 chemical budget increased from \$1.7 million to \$2.2 million (26%) in FY 22/23, which is driven largely by an increase of \$0.3 million in anticipated Recycled Water chemical expenditures.,

Utilities (\$2.6 million): This category represents approximately 8% of the FY22/23 Operating Budget. The budget increased \$0.2 million (11%) due to increased natural gas supply costs. Staff has implemented several changes to reduce on-site energy demand and increase renewable energy production. The most recent action is construction of the Sand Filter Intermittent Backwash System Project, which decreases energy usage and chemical consumption at the Recycled Water Facility. The budget assumes 85% uptime for the on-site cogeneration engine at the District's Wastewater Treatment Plant, which is expected to meet over 50% of plant power demand and provide waste heat for the anaerobic digesters.

Office and Operating (\$3.4 million): This category represents approximately 11% of the FY22/23 Operating Budget. The budget increased 3% (\$0.1 million) due to expected increases in general insurance premiums, and staff training and professional development costs. This budget also

includes allowances for general office supplies, technology systems and applications, hauling services, and program administration.

Outside Services (\$4.6 million): This category represents approximately 14% of the FY22/23 Operating Budget and includes items such as temporary, legal, and professional services. Outside Services increased 12% (\$0.5 million) over last year for planned organizational improvement initiatives, including Munis Enterprise Resource Planning enhancements, Capital Facilities Capacity Charges study, regulatory compliance support services, confined space rescue standby services, COVID-19 testing services, and updates to District standards in FY22/23.

Capital Expenses of \$10.8 million for FY22/23 include expenses to build or acquire new capital assets, replace existing assets, or rehabilitate existing assets to extend the useful life. Details of these expenses can be found in the 5-Year CIP, which is presented later in this budget document.

Debt Service includes the principal and interest payments for the District's outstanding loans. Debt service is approximately \$1.3 million, which remains constant from FY 21/22. A detailed breakdown of debt related activities can be found in Section 4.

Section 2. Financial Structure, Policies, and Processes

Organization

The District is governed by a three-member Board with one member appointed to represent each zone, including a designated councilmember from the City of Pittsburg, the Mayor of the City of Antioch (or designee), and the Contra Costa County Board of Supervisors member representing the unincorporated Bay Point community. The District is managed by a General Manager.

The Financial Auditor and Legal Counsel for the District are contracted services. These functions report directly to the Board. All other functions report directly to the General Manager. The District is organized into four departments—Resource Recovery Services, Engineering Services, Business Services, and Administration. The first three are headed by a Department Director. The fourth department includes the General Manager's Office, the Board, and Administration. There are several divisions under each Department Director, as described below.

- **Resource Recovery Services** includes those divisions associated with operations and maintenance, safety, and overseeing regulatory compliance. They include the following functions:
 - **Collections** includes preventive and corrective maintenance of the Bay Point collection system.
 - **Laboratory/Laboratory Pretreatment** includes all regulatory compliance and reporting functions, including the laboratory, pretreatment, and regulatory reporting. Ensures the District's permitted businesses and industrial customers comply with all applicable pretreatment and requirements. Ensures WWTP effluent meets all water quality standards and evaluates WWTP operations to ensure compliance with all air pollution control standards. Develops and implements new programs as mandated by legislation and/or policy monitors.
 - **Maintenance** includes the preventive and corrective maintenance of all mechanical, electrical, and instrumentation equipment. Maintains the WWTP, wastewater collection and conveyance systems (including pumping stations), RWF and recycled water distribution system, and the buildings and grounds at the District's facility in Antioch.
 - **Operations** includes operation of the wastewater pumping stations, WWTP, and RWF.
 - **Recycled Water** includes coordination and oversight of RWF and distribution systems.
 - **Safety** includes primary objective to reduce injuries, accidents, and environmental impact. This division oversees and administers the District's comprehensive occupational health and safety program; manages the emergency preparedness and response programs; and ensures compliance with federal, state, and local safety requirements and regulations. It also monitors and maintains compliance with industry standards, oversees training, workplace evaluation, incident response and hazardous materials management, and manages regulatory information.

- **Engineering Services** includes those divisions associated with planning and implementing capital projects and asset management, construction inspection and overseeing government affairs and HHW. They include the following functions:
 - **Engineering** includes development review, capital project management, project design/engineering, and inspection.
 - **Government Affairs** includes the funding for and administration of agreements for capital programs and external activities. Also includes the administration of District coalition efforts.
 - **Household Hazardous Waste**, in support of state regulations and the District's Pollution Prevention program, includes the operation of the DHHWCF and regional program in partnership with the cities of Antioch, Brentwood, Oakley and Pittsburg, and Contra Costa County.
- **Business Services** includes finance and accounting services, human resources and risk management, information technology (IT), and public information.
 - **Finance** includes District financial management functions of the general ledger, budgeting, accounts payable, accounts receivable, fiscal reporting, and payroll.
 - **Human Resources/Risk Management** includes the management of all programs and services related to personnel, employee/labor relations, training, claims, insurance, and employee benefits. In addition, Human Resources manages risks to protect the District from loss or damage to its personnel and assets.
 - **IT** includes operating and maintaining hardware, software, communications, and cloud services, as well as protecting the District from cybersecurity threats.
 - **Public Information** includes media relations, ratepayer communications, stakeholder engagement, community outreach, and student educational programming.
 - **Purchasing** includes procurement management and warehouse and inventory management.
- **Administration** includes support functions for Board meetings and the administrative support for the District.

The Delta Diablo Organization Chart is presented in Figure 3 and includes a graphical representation of the District's fund structure. This figure is followed by a summary of Budgeted Positions as of July 1, 2022 in Table 2. This table shows a five-year comparison of budget positions for the prior year, the current year, and the new budget year.

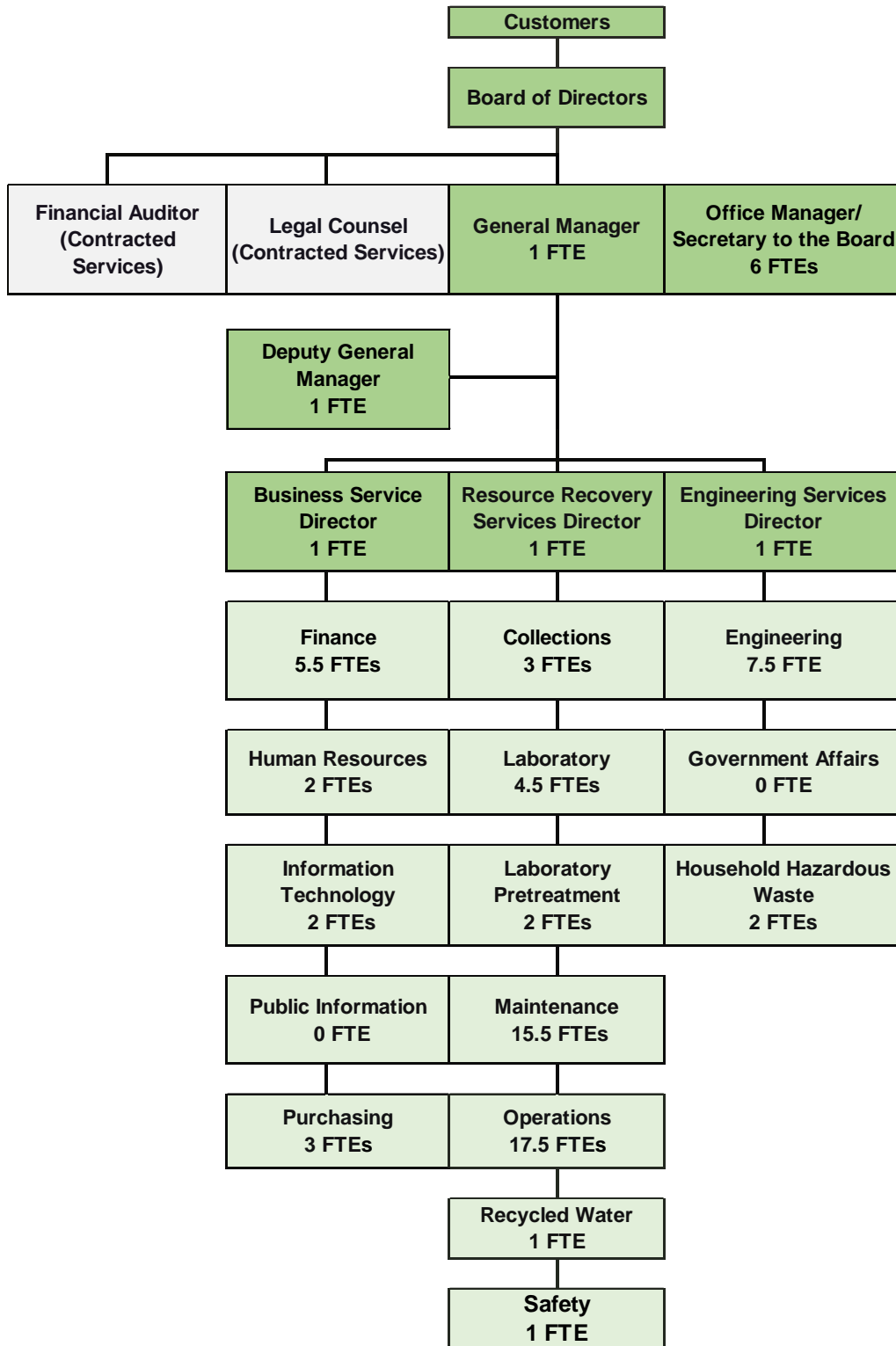


Figure 3 – Delta Diablo Organization Chart

Table 2 – Budgeted Positions by Fiscal Year

Department/Division/Position (excluding Board Members)	FY18/19	FY19/20	FY20/21	FY21/22	FY 22/23
Administration					
General Manager	1	1	1	1	1
Deputy General Manager	1	0	0	0	1
Office Manager/Secretary to the Board	1	1	1	1	1
Senior Administrative Assistant	1	1	1	1	1
Administrative Assistant II/III	5	5	5	4	4
Administration	9	8	8	7	8
Business Services Department					
Business Services Director	1	1	1	1	1
Finance					
Finance Manager	1	1	1	1	1
Senior Accountant	1	1	1	1	1
Accounting Technician	3	3	3	3	3
Finance Professional/ Retired Annuitant (Temp)	0	0	0	0.5	0.5
Human Resources					
Human Resource Manager and Risk Manager	1	1	1	1	1
Human Resource Analyst II	1	1	1	1	1
Information Technology					
Information Technology Manager	1	1	1	1	1
Computer Analyst	1	1	1	1	1
Public Information					
Public Information Manager	1	1	1	0	0
Purchasing					
Purchasing Manager/Supervisor	0	1	1	1	1
Buyer	1	0	0	0	0
Warehouse Technician I/II ²	0	0	2	2	2
Business Services Department	12	12	14	13.5	13.5
Engineering Services Department					
Engineering Services Director/District Engineer	1	1	1	1	1
Engineering					
Senior Engineer	1	1	1	1	1
Associate Engineer ^{1,4}	3	3	3	3	3
Junior Engineer, Assistant Engineer ^{1,4}	1	1	2	2	2
Engineering Technician I ¹	1	1	0	0	0
Construction Inspector	1	1	1	1	1
Student Intern	0	0	0	0.5	0.5
Government Affairs					
Government Affairs Manager	1	1	1	1	0
Household Hazardous Waste					
Environmental Programs Manager	1	1	1	1	1
Household Hazardous Waste Technician III	1	1	1	1	1
Engineering Services Department	11	11	11	11.5	10.5

Department/Division/Position (excluding Board Members)	FY18/19	FY19/20	FY20/21	FY21/22	FY 22/23
Resource Recovery Services Department					
Resource Recovery Services Director	1	1	1	1	1
Collections					
Collection Systems Worker I/II	2	2	2	2	2
Collection Systems Worker III	1	1	1	1	1
Laboratory					
Laboratory Manager	1	1	1	1	1
Chemist I/II	2	2	2	2	2
Chemist III	1	1	1	1	1
Intern (Co-op Student)	0.5	0.5	0.5	0.5	0.5
Laboratory Pretreatment					
Environmental Compliance Specialist II	2	2	2	2	2
Maintenance					
Maintenance Manager	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1
Control Systems Specialist	1	1	1	1	1
Electrical/Instrumentation Technician I/II	2	2	2	2	2
Electrical/Instrumentation Technician III	1	1	1	1	1
Maintenance Mechanic I/II	7	7	7	6	6
Maintenance Mechanic I/II	1	0	0	0	0
Maintenance Mechanic III	2	1	1	1	1
Planner/Scheduler	0	1	1	1	1
Maintenance Worker	1	1	1	1	1
Warehouse Technician I/II ²	2	2	0	0	0
Intern (Co-op Student) ³	0	0	0.5	0.5	0.5
Operations					
Operations Manager	1	1	1	1	1
Operations Supervisor	1	1	1	1	1
Wastewater Treatment Plant Operator I/II	8	8	8	9	9
Wastewater Treatment Plant Operator III	3	3	3	3	3
Senior Wastewater Treatment Plant Operator IV/V	4	4	4	3	3
Operations Construction Coordinator/Retired Annuitant (Temp)	0	0	0	0.5	0.5
Recycled Water					
Recycled Water Program Coordinator	1	1	1	1	1
Safety					
Safety Manager	1	1	1	1	1
Resource Recovery Services Department	48.5	47.5	46.0	45.5	45.5
Total Budgeted Positions	80.5	78.5	79.0	77.5	77.5

¹Associate Engineer and Engineering Technician I retirements in FY19/20. Filling behind with Junior and/or Assistant Engineer levels

²Positions transferred from Resource Recovery to Business Services

³Maintenance Intern (LMC PTEC/ETEC Program - 20 hours per week)

⁴Assistant Engineer promoted to Associate Engineer in FY19/20

Fund Descriptions and Fund Structure

The District uses six enterprise funds to account for separate business-type activities. The funds are segregated with the intent that resources in the fund are used exclusively for the purpose for which they were collected including payment of debt service and capital needs. Figure 4 below shows the separate funds for Wastewater, Wastewater Expansion, Recycled Water, Household Hazardous Waste, Street Sweeping and Bay Point Collections. The District breaks these funds out further into sub-funds for accounting and budgeting purposes (as shown in Figure 4). When comparing the budget to financial statements these sub-funds are rolled back together for reporting. Functions of sub-funds are described following Figure 4.

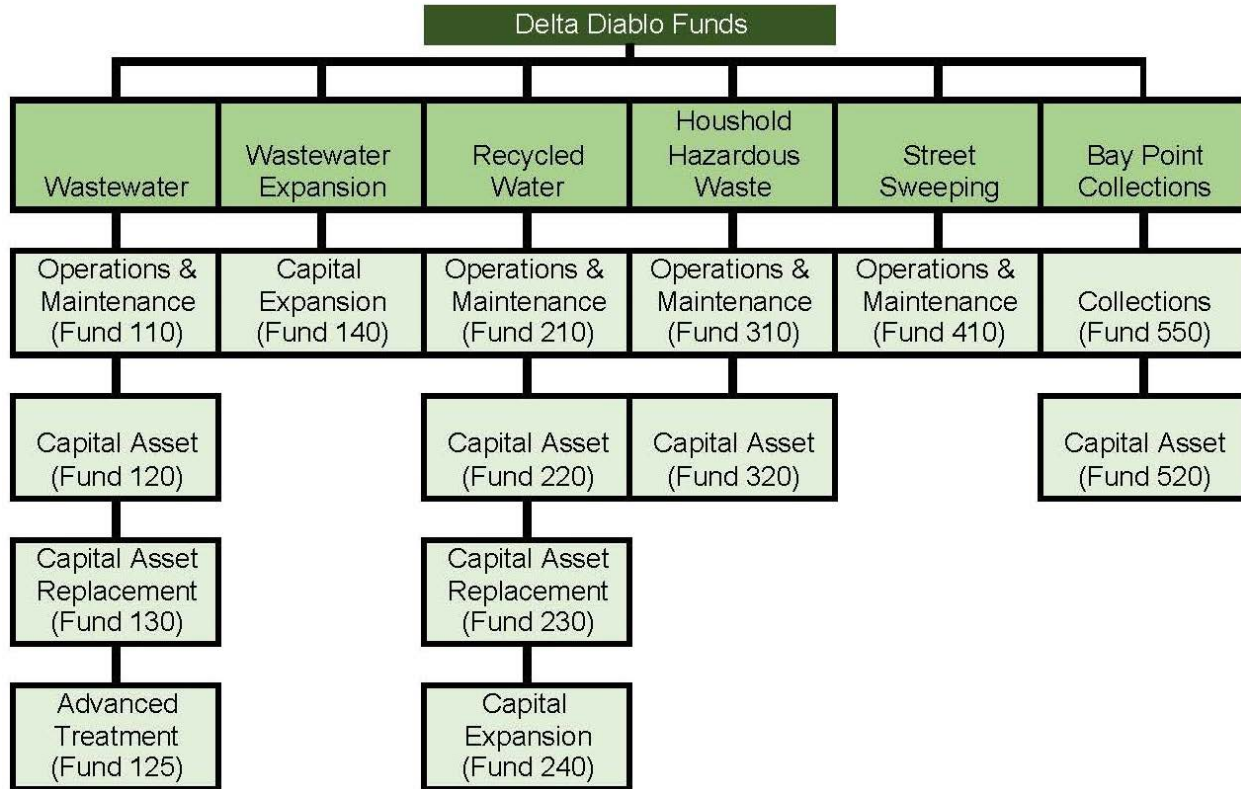


Figure 4 – Delta Diablo Funds

Operations and Maintenance (O&M) Funds: The respective Wastewater (regional wastewater conveyance and treatment), HHW, Recycled Water, and Bay Point Collections Funds provide for operations and maintenance costs. Primary funding is from applicable service charges. Bay Point ratepayers, however, are charged an additional component in the SSC revenues to provide for the added service to maintain their collection system. The Street Sweeping (SS) Operations & Maintenance Fund provides for street sweeping services throughout the District’s 54 square mile service area. A flat service fee per customer is charged based on the frequency of sweeping service provided in their area. Primary funding is from applicable service charges.

Capital Asset (CA) Funds: The Wastewater, Recycled Water, and HHW Funds ensure that adequate resources are available to fund new capital projects (not related to growth) and to provide debt service for debt which the Board has allocated to these funds. Expenses are non-linear. Reserves in these funds grow in anticipation of large future expenditures and will be depleted as

projects are completed. Primary funding is from applicable service charges and may include other funding sources such as grants and loans.

Capital Asset Replacement (CAR) Funds: The respective Wastewater, Recycled Water, and Bay Point Collections Funds ensure that adequate resources are available to fund replacements, improvements and major refurbishments to existing capital assets and to provide debt service for debt which the Board has allocated to this fund. Reserves will grow in anticipation of large future expenditures and will be depleted as projects are completed. Primary funding is from applicable service charges and may be include other funding sources such as grants and loans.

Advanced Treatment (AT) Fund: This fund is designed to minimize significant future rate increases by providing dedicated funding to meet a future, more stringent regulatory requirement for advanced wastewater treatment. Primary funding is from SSCs and may be include other funding sources such as grants and loans. The SSC rate component has been suspended based on a revised implementation schedule and capital cost estimate.

Expansion (WW Exp) Funds: The respective Wastewater and Recycled Water Funds provide for wastewater treatment capacity for new development. The funding is provided through CFCCs collected when new or expanded development occurs. Pursuant to California Government Code §66013 (c), the District maintains this separate capital facilities fund for the charges in a manner to avoid any commingling with other monies of the District. For Recycled Water, revenues collected are remitted to Calpine pursuant to District Ordinance 103.

Basis of Accounting and Budgeting

The District's basis of accounting for budgetary purposes generally conforms with the generally accepted accounting principles (GAAP). Financial statements are presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

As the District's financials are accounted for as an enterprise fund, the budget is prepared generally based on the full accrual basis of accounting. Revenues are recognized when earned and costs are recognized when a liability is incurred. Exceptions are as follows: Depreciation and amortization are handled differently in financial reporting and budgetary reporting. In financial reporting, depreciation and amortization are included, and the repayment of the principal on debt is not reported as expenses. In budgetary reporting, depreciation and amortization are excluded, and the repayments of the principal on debt as expenditures are included.

Budget Process

The annual budget process begins each year with a review of expenditures to determine how well the budget plan is working. Unanticipated expenses are identified, and revenue and expenditure patterns are analyzed. With this information, the operational budget directions are provided to staff and line-item proposals are developed. For the capital budget, the Senior Engineer works with department managers to update the 5-year CIP. Operational budget line-item proposals are reviewed by each respective department's Director and the Business Services Director prior to submittal to the General Manager for final review. Changes are made as appropriate throughout the review process.

The key assumptions for the proposed operating budget and the proposed CIP are provided to the Finance Committee, a subcommittee of the Board, who reviews, comments, and makes recommendations to the full Board.

Key budget assumptions and the CIP are presented to the Board for consideration. A CIP Public Hearing is held to seek input from interested stakeholders and the general public. The Board can direct staff to make changes to the key budget assumptions. All changes are then compiled and presented to the Board for final adoption of the budget.

FY22/23 Budget Development Calendar

- January 2022** Budget kickoff meeting with District management is held and budget directions provided to staff.
- Jan – April** Staff develops proposed Operating Budget and 5-year CIP.
- May 4, 2022** Finance Committee reviews key assumptions for proposed FY22/23 Operating Budget and draft 5-year CIP.
- May 11, 2022** Board receives report on key assumptions for proposed FY22/23 Operating Budget. Board receives presentation on draft 5-year CIP. Board sets Public Hearing for June 22, 2022 to consider approval of 5-year CIP.
- June 22, 2022** Board adopts a resolution approving 5-year CIP after Public Hearing.
- June 22, 2022** Board considers FY22/23 Budget.

Budgetary Levels of Control

Board Resolution 6/2001, Establishing Operating Authorities and Modifying Procedures Related to District Fund Accounting, directs that formal budget integration be employed as a management control device throughout the year and outlines the Board and General Manager's authority to implement and amend the budget as follows:

1. The General Manager shall each year prior to June 30, submit to the Board a proposed budget balancing revenues and expenditures for each of the District's program funds.
2. The Board shall consider and adopt no later than the first meeting of July the budget for that fiscal year.
3. Formal budget integration shall be employed as a management control device throughout the year.
4. The Board shall retain the authority for the following:
 - a) Approval of program transactions and transfers not specifically included below.
 - b) Write-off of uncollectible receivables and unusable inventory.
 - c) Final approval of carry forward items into the new fiscal year from a previous year.
 - d) Establishment, combination or elimination of program funds in the District accounting system.
 - e) Non-recurring transfers made in compliance with special statues or ordinances which do not qualify as revenues or expenditures to the receiving or disbursing funds.
 - f) Approval of the District budget and any revisions thereto during the fiscal year.
 - g) Approval of the District audit.

- h) Execute agreements for budgeted services and supplies exceeding \$100,000 annually to operate and maintain the District's Wastewater Treatment facilities, Recycled Water facilities and Household Hazardous Waste facilities.
 - i) Transfer of cash or assets between operating funds, projects or budgets.
 - j) Disposal of fixed assets.
 - k) Approval of monthly financial and investment reports.
 - l) Approval of increases in expenditures for department budgets in the general fund and for project budgets in other funds.
 - m) Annual review and approval of a District investment policy.
 - n) Authorization of long-term obligations on behalf of the District from one or more programs or funds of the District.
5. The General Manager shall have the following authorities, to the extent permitted by law:
- a) Prepare and implement the budget after Board adoption.
 - b) Reallocate funds between line items in individual department budgets and projects that do not result in an increase in the approved budget.
 - c) Approve contracts, agreements and expenditures up to \$35,000 for items previously approved by the Board in the budget or the Capital Improvement Program.
 - d) Execute agreements for budgeted services and supplies agreements and purchase orders under \$100,000 annually to operate and maintain the District's Wastewater Treatment facilities, Recycled Water facilities and Household Hazardous Waste facilities.
 - e) Approve Progress Payments on all Board approved contracts and obligations.
 - f) Carry forward funds into new fiscal year from the previous year for budgeted, committed and/or planned expenses.
 - g) Transfer funds for investment purposes between funds and investment institutions based upon Board investment policy.
 - h) Distribute interest from investment to the funds based upon appropriate Board policy.
 - i) Implement policies and procedures adopted by the Board of Directors.
 - j) Settle General Liability and Workers' Compensation claims less than \$35,000.
 - k) Establish accounts and methods to properly account and manage District funds in accordance with established District policies and procedures and/or standard government accounting practice.
 - l) Except in the event of calamities as prescribed by Public Contracts Code § 20783, sign unbudgeted agreements/contracts on behalf of the District up to \$35,000 consistent with Board philosophy and direction and subject to a monthly report to the Board of all agreements/contracts signed during the previous month.
 - m) In accordance with Resolution 3/96, approve Change Orders to construction contracts.

- n) Manage long-term debt obligations based upon the approved contracts and obligations by the Board.
- o) Execute and/or accept easements, offers of dedication and right-of-way documents and/or drawings for the District.
- p) Negotiate and execute contractual agreements regarding recycled water matters and issues which have been previously presented to the Board and for which they have issued general direction after confirmation from the Recycling Ad Hoc Committee prior to finalization.
- q) Issue requests for qualifications, proposals, construction bids for contracts or construction projects included in the budget or Capital Improvement Program.
- r) Prepare and circulate Initial Studies, Notices of Intent and set hearing dates as required under CEQA.
- s) Circulate Capital Improvement Program (CIP) to planning agencies for review and findings on consistency between District CIP and agency's General or Specific plans.

Financial Planning Policies

The District has financial policies that set forth guidelines to maintain accountability and control over operating revenue and expenses, ensure proper appropriation of reserves and restricted funds, and proactively address the rising costs of pension and other post-employment benefits.

Investments: Annually, the Board adopts an Investment Policy pursuant to California Government Code, Sections 53600 et seq. The investment of idle funds is delegated by the Board to the General Manager, who assumes full responsibility for investment program transactions. Investment Policy objectives include safety, liquidity, yield, and diversity. The District's investments comply with the adopted Investment Policy.

Reserves

- Economic Reserves: Maintaining sufficient economic reserves is an essential part of the District's ability to ensure reliable and cost-effective services now and in the future. The District has established a policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund. In addition, all fund balances are considered in the longer 5-year financial plan. A number of these funds are designated to support multiple District services (beyond wastewater operations) and are constrained as to their use, applicability, and consideration as "available cash." Maintaining economic reserves supports the District's efforts to meet unanticipated operating costs, continue services during unforeseen economic events and emergencies, and address other urgent and/or unusual items. Future capital planning and associated capital fund balances are a cost of current service, because current service does not just include providing wastewater conveyance and treatment service today, but also ensuring ongoing, reliable service into the future.
- AT Reserves: The District has modified its original approach to collecting revenues for the AT Fund, which was proactively established in 2011 to avoid sharp rate increases to customers due to implementation of nutrient removal upgrades at the District's WWTP. In

recent years, the District has successfully collaborated with regulators, the scientific community, and other Bay Area Clean Water Agencies members to focus on nutrient impact analyses and water quality modeling in San Francisco Bay rather than the future imposition of regional nutrient removal permit limits. The key outcome of this collaborative effort has been an approximate 10-year extension in the originally anticipated implementation timeline. In response to the implementation timeline extension, the Board has taken actions to reduce and eliminate planned AT Fund SSC component increases in June 2018 and June 2019, respectively. As presented at the Board Meeting on March 11, 2020, in addition to the timeline extension, staff has estimated that the initial capital cost for nutrient management is lower than originally anticipated and will most likely be combined with a secondary treatment capacity plant expansion. Based on this new information and the anticipated timeline for using these funds, the District suspended collection of the AT Fund SSC component beginning in FY20/21, which has allowed staff to increase revenue to support capital investment needs.

OPEB Trust Funding: Following acceptance of each fiscal year's audited financial statements for the District, the Board makes a determination as to how much of that year's remaining Actuarially Determined Contribution (ADC) (formerly Annual Required Contributions or ARC) will be funded by the District and deposited into the OPEB trust fund from all or part of the following sources in the hierarchical order listed below: 1) unanticipated revenue streams, 2) wastewater service charge revenues exceeding planned levels for the prior fiscal year, 3) unused wastewater operating contingency funds from the prior fiscal year, 4) wastewater operating budget savings from the prior fiscal year, 5) ad valorem tax revenues, and 6) wastewater general fund.

Pension Benefits Trust Funding: The District's intent is to set aside additional funds in a separate, qualified trust fund that may be directed to CalPERS and/or CCCERA in the future. Annual budgeted amounts are contributed following budget adoption. Upon fully funding the OPEB Trust Fund, those funding sources previously discussed shall be redirected to pension benefit trust funding, provided the OPEB trust funds remains fully funded.

A complete set of the District's Financial Policies are included in Appendix A.

This page intentionally left blank.



Section 3. Financial Summaries

Consolidated Financial Schedule

The District's Consolidated Financial Schedule is presented in Table 3. It includes major funding sources/revenues and the use of funds/expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the District for the Budget FY20/21, Actual FY20/21, Budget FY21/22, Projected FY21/22, and Proposed FY22/23. The % Difference from FY22/23 to FY21/22 is shown for comparison.

Table 3 – FY22/23 Consolidated Financial Schedule

Funding Sources/Use of Funds						
Category	Budget FY20/21	Actual FY20/21	Budget FY21/22	Projected FY21/22	Proposed Budget FY22/23	% Difference FY23 to FY22 Budget
Sources of Funds/Revenues						
Service Charges	\$32,723,671	\$34,359,163	\$34,750,104	\$37,000,879	\$36,736,672	6%
Capacity Charges	1,842,464	6,757,343	1,842,464	2,363,007	1,842,464	0%
Street Sweeping	649,115	657,460	650,000	643,125	650,000	0%
Household Hazardous Waste	494,087	552,305	554,400	554,358	554,400	0%
Recycled Water	3,802,371	3,850,494	3,719,963	3,541,139	3,719,963	0%
Property Taxes	2,000,000	3,449,560	3,000,000	3,436,269	3,000,000	0%
Utility Rebate	200,000	246,908	200,000	249,668	200,000	0%
Interest Income	593,356	241,502	315,127	172,373	208,703	-34%
Discharge Permits & Fees	250,000	140,700	250,000	96,285	250,000	0%
Overhead (From Capital Projects)	700,000	1,305,770	700,000	461,890	700,000	0%
Miscellaneous	200,000	147,624	200,000	266,915	200,000	0%
Other Finance Sources	-	360,332	-	-	-	0%
Subtotal Sources of Funds/Revenues	43,455,064	52,069,161	46,182,058	48,785,909	48,062,202	4%
Loans	3,500,000	10,815,263	4,500,000	2,746,619	-	-100%
Total Source of Funds/Revenues	46,955,064	62,884,424	50,682,058	51,532,528	48,062,202	-5%
Use of Funds/Expenditures						
Salaries & Wages	10,183,025	9,730,546	9,988,532	9,417,423	10,536,091	5%
Employee Benefits	6,875,551	6,500,396	7,197,566	6,055,259	7,480,256	4%
Chemicals	1,725,750	1,478,113	1,746,008	1,572,000	2,192,900	26%
Office and Operating Expense	3,265,410	2,945,540	3,311,360	3,077,550	3,421,793	3%
Outside Services	4,389,806	3,110,734	4,072,429	3,641,310	4,576,685	12%
Program Costs (Overhead)	400,000	31,715	410,000	538,974	630,000	54%
Utilities	1,946,139	2,045,451	2,299,661	2,437,148	2,547,727	11%
Contingency Allowance	500,000	-	310,000	169,000	300,000	-3%
Operating before Debt and Capital	29,285,681	25,842,495	29,335,556	26,908,664	31,685,452	8%
Debt Service	1,190,769	1,160,565	1,336,324	1,334,316	1,322,535	-1%
Operating before Capital	30,476,450	27,003,060	30,671,880	28,242,980	33,007,987	8%
Capital Improvements	16,650,000	23,478,944	12,890,000	9,576,726	10,760,000	-17%
Total Use of Funds/Expenditures	47,126,450	50,482,004	43,561,880	37,819,706	43,767,987	0%
CONTRIBUTION/(USE) of RESERVES	\$(171,386)	\$12,402,420	\$7,120,178	\$13,712,822	\$4,294,214	N/A

This page intentionally left blank.



Fund Equity

The District's Fund Equity is presented in Table 4 and includes the proposed FY22/23 Budget for all major funds, by major category.

Table 4 – Fund Equity Summary

	OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	All Funds Total
SOURCE OF FUNDS/REVENUES										
Capital Facilities Capacity Charges					\$1,840,000	\$2,464				\$1,842,464
Sewer Service Charges										
Street Sweeping Charges	\$20,939,903			\$14,694,669					\$1,102,100	36,736,672
Household Hazardous Waste								\$650,000		650,000
Property Taxes							\$554,400			554,400
Utility Rebates (from Calpine)				3,000,000						3,000,000
Interest Income	200,000									200,000
Discharge Permits & Fees	45,248	9,607	46,119	20,029	206	62,459	9,103	2,771	13,159	208,703
Overhead (from Capital Projects)	250,000									250,000
Miscellaneous	700,000									700,000
Recycled Water Charges	200,000									200,000
TOTAL REVENUES	\$22,335,151	\$9,607	\$46,119	\$17,714,698	\$1,840,206	\$3,784,886	\$563,503	\$652,771	\$1,115,259	\$48,062,202
OTHER FINANCING SOURCES										
Loans and/or Other Financing Sources										-
Transfers In/(Out)	-393,300						393,300			-
Interfund Loan										-
TOTAL OTHER FINANCING SOURCES	-393,300						393,300	-	-	-
TOTAL SOURCE OF FUNDS/REVENUES	\$21,941,851	\$9,607	\$46,119	\$17,714,698	\$1,840,206	\$3,784,886	\$956,803	\$652,771	\$1,115,259	\$48,062,202
USE OF FUNDS/EXPENDITURES										
OPERATING										
Salaries and Wages	\$9,512,741					\$538,846	\$141,271		\$343,233	\$10,536,091
Benefits	6,653,101					368,529	130,811		327,815	7,480,256
Chemicals	1,285,300					907,600				2,192,900
Office and Operating Expense	3,047,298					295,194	68,601		10,700	3,421,793
Outside Services	3,029,902					37,900	696,358	756,525	56,000	4,576,685
Program Costs (Overhead)						630,000				630,000
Utilities	1,990,601					556,200	926			2,547,727
Contingency Allowance	300,000									300,000
TOTAL OPERATING EXPENDITURES	\$25,818,943	\$-	\$-	\$-	\$-	\$3,334,269	\$1,037,135	\$756,525	\$737,748	\$31,685,452
CAPITAL IMPROVEMENT PROJECTS										
Debt Service		150,190		763,169	127,632				281,545	1,332,535
Capital Projects		50,000		10,435,000		150,000	25,000		100,000	10,760,000
TOTAL CAPITAL EXPENDITURES	\$-	\$200,190	\$-	\$11,198,169	\$127,632	\$150,000	\$25,000	\$-	\$381,545	\$12,082,535
TOTAL USE OF FUNDS/EXPENDITURES	25,818,943	200,190	-	11,198,169	127,632	3,484,269	1,062,967	756,525	1,119,293	43,767,987
CONTRIBUTION/(USE) of RESERVES	-3,877,092	-190,582	46,119	6,516,530	1,712,575	300,617	-106,164	-103,754	-4,034	4,294,214
FY22/23 Estimated Beginning Fund Equity	23,373,104	3,635,164	19,680,238	21,431,500	8,018,822	7,212,365	216,257	1,148,327	6,259,271	90,975,049
FY22/23 Estimated Ending Fund Equity	\$19,496,012	\$3,444,582	\$19,726,357	\$27,948,030	\$9,731,397	\$7,512,983	\$110,093	\$1,044,573	\$6,255,237	\$95,269,263

This page intentionally left blank.



Section 4. Capital and Debt

Capital

The FY22/23-FY26/27 CIP provides the financial plan for use of various District financial resources for acquisition, planning, design, and construction of major capital improvements within the District's facilities for the Wastewater, Recycled Water, Bay Point Collections, and HHW programs. This section summarizes the financial plan for major capital projects required to meet District infrastructure investment needs. The CIP reflects long-range capital planning efforts by identifying specific projects, the timing of expenditures, and the estimated impact on future operating budgets.

Definition of Capital Expenditures

Capital expenditures, or capital outlays, are cash outlays by the District that result in the acquisition or construction of a capital asset. A capital asset is any asset of significant value (over \$5,000) that has a useful life of over one year. Examples include land, buildings, machinery, vehicles, and equipment. All capital assets acquired or constructed are included in the CIP. Land is always considered a capital asset, regardless of value.

A capital project is usually considered a one-time expenditure that may or may not be funded over several years. The District adopts a 5-year CIP to identify funding needs for multiyear projects and inform future long-term financial plans and rate-setting processes. By presenting the CIP in this format, the Board provides staff with appropriations and an expectation of when projects are to be completed. It also provides staff with a planning tool to help procure resources necessary to meet the expectations of the public and the Board.

Program Description

The FY22/23-FY26/27 CIP guides planning, design, construction, and financing of prioritized capital projects in the District's wastewater conveyance, collection, and treatment systems and recycled water system. These critical projects are necessary to ensure the continued effective and reliable operation of existing infrastructure, address future service needs, and meet current and future regulatory requirements. The 5-year CIP is updated annually to reflect current priorities, address new project needs, and adjust estimated project costs and implementation schedules. In addition, this process assists in identifying long-term financial and resource needs and budget appropriations required to support project implementation at the start of each fiscal year. The 5-year CIP was considered in developing both the SSCs for FY22/23 and the 5-year SSC forecast.

Supporting documentation used during CIP development includes city collection system master plans and detailed master plans prepared by the District for its wastewater treatment, recycled water, and conveyance system facilities. The District completed a Conveyance System Master Plan update in April 2010 and a Recycled Water Master Plan in August 2013 and is currently completing preparation of a Resource Recovery Facility Master Plan (RRFMP) that will supersede the District's 2011 Treatment Plant Master Plan. District staff coordinated with planning agencies in the District's service area (i.e., the cities of Antioch and Pittsburg, and Contra Costa County) to ensure that recommended projects in the CIP are consistent with the respective agency's applicable specific and general plans.

The FY22/23-FY26/27 CIP includes a total of approximately \$135.9 million in prioritized capital improvements that address significant changes to existing projects, as well as addition of new priorities. Key CIP highlights include the following:

- *Addressing New Infrastructure Needs:* As a result of the RRFMP condition assessment findings, 7 new projects were added to the CIP with an estimated total project cost of \$3.0 million, including \$0.3 million for the RWF Condition Assessment Project and \$0.3 million for the Arc Flash Study, both of which will inform future infrastructure renewal needs.
- *Investing in Existing Wastewater Infrastructure Renewal:* Approximately 78% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$17.6 million), WWTP Electrical Switchgear Replacement (\$5.0 million), WWTP Cogeneration System Improvements (\$4.9 million), Bridgehead Pipeline Replacement (\$0.7 million), and Manhole, Gravity Interceptor, and Easement Road Improvements (\$0.5 million).
- *CIP Prioritization:* To support incorporation of new projects, staff worked to prioritize and defer implementation of previously identified projects.
- *Cash Funding Maximization:* Despite the significant increase in the magnitude of the proposed 5-year CIP (\$135.9 million compared to \$127 million for the current 5-year CIP), staff has worked to ensure the lowest overall cost to ratepayers by maximizing cash funding versus issuing debt. The planned funding approach for the proposed 5-year CIP includes 78% cash funding (versus 74% for the current CIP), which incorporates a 50% debt financing assumption for the \$60.0 million Secondary Process Improvements Project.
- *Ensuring Integrity of Bay Point Collection System:* The District owns and operates 43 miles of gravity sewers in Bay Point. The CIP includes \$3.5 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- *Planning for the Future:* The proposed 5-year CIP includes \$1.8 million for various master planning efforts to identify near- and long-term strategies, needs, and priorities associated with specific focus area, including electrical systems (\$0.3 million in FY24/25), supervisory control and data acquisition (SCADA) systems (\$0.5 million in FY23/24), biosolids management (\$0.4 million in FY25/26), and recycled water (\$0.3 million FY23/24).

FY22/23-FY26/27 CIP Budget Documents

A description of key documents providing more detailed information regarding the 5-year CIP is provided below. Capital projects in these documents are generally organized by District fund (refer to Section 2 for detailed descriptions of each District fund).

- *CIP Program Summary:* The schedule summarizes the available budget from prior appropriations, the anticipated budget for each fiscal year, the 5-year total budget, and the budget distribution among District funds for each capital project in the 5-year CIP. As shown in Table 5, most of the capital expenditures are focused on rehabilitation and replacement of existing assets in both FY22/23 (98.5%) and the 5-year CIP. Key asset renewal and replacement projects in FY22/23 include the WWTP Electrical Switchgear Replacement (\$5.0 million), Cogeneration System Improvements (\$0.1 million), Bridgehead Pipeline Replacement (\$0.7 million) and, Manhole, Gravity Interceptor, and Easement Road Improvements (\$0.5 million).

- ***FY22/23 CIP Project Descriptions:*** This document summarizes the project scope, identifies the FY22/23 project budget and the total project budget, and serves as a consolidated reference for active capital projects.
- ***Detailed Project Descriptions:*** Each significant capital project has a dedicated planning level document that describes its scope, schedule, budget, risk assessment, funding type and source(s), inter-relationship to other capital projects, and other information to adequately justify the project need and timing.

Table 5 – FY22/23-FY26/27 CIP Totals by District Fund*

Fund	FY22/23 Budget (\$M)	% of FY22/23 Total	5-Year CIP Total ¹ (\$M)	% of 5-Year CIP Total
Wastewater				
Capital Asset	\$0.1	0.4%	\$2.4	1.8%
Capital Asset Replacement	10.1	93.9	105.4	77.5
Expansion	0.1	1.3	13.1	9.6
Advanced Treatment	0.0	0.3	4.2	3.1
Recycled Water				
Capital Asset	0.1	0.5	1.6	1.2
Capital Asset Replacement	0.1	0.9	4.3	3.2
Expansion	0.0	0.0	0.2	0.1
Bay Point Collection	0.3	2.4	4.2	3.1
Household Hazardous Waste	0.0	0.3	0.5	0.4
Total	\$10.8M	100%	\$135.9M	100%

*Detail funding distribution is shown on Table 6 and uses % shown for projects.

1) Includes \$7.6 million in estimated carryovers

This page intentionally left blank.



**Fiscal Year 2022/2023
Capital Improvement Program
Project Descriptions**

WASTEWATER CAPITAL ASSET (FUND 120) FY 22/23 Total \$50,000

Asset Management Program **Project Total: \$1,250,000** **FY22/23: \$0**
This project will implement a formalized, comprehensive business process to ensure prioritized, cost-effective, and risked-based maintenance and renewal of critical infrastructure assets in the wastewater collection, conveyance, and treatment systems to meet operational effectiveness and reliability needs for District customers. In addition, this project will expand CMMS utilization, implement reliability-centered maintenance (RCM) approach to support reliability-based asset management activities, data driven decision making, and overall efficiency.

Conveyance and Treatment System Reliability Improvements **Project Total: \$250,000** **Y22/23: \$50,000**
This project allowance is for the design and implementation of small, unplanned work to increase the reliability of the District's pumping and conveyance system.

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) FY 22/23 Total \$10,435,000

Aboveground Fuel Storage Tank Rehabilitation **Project Total: \$400,000** **FY22/23: \$100,000**
This project will repair and/or replace the aboveground diesel/oil storage tanks at the District's Wastewater Treatment Plant and pump stations to address infrastructure deficiencies.

Site Security Improvement **Project Total: \$915,025** **FY22/23: \$50,000**
This project multi-phase project will address recent security concerns at the District's Wastewater Treatment Plant. The initial phase will upgrade office building doors to control access into the POC and TP buildings. The future phases will evaluate and install perimeter barriers and video surveillance system to ensure long-term security and safety of staff and the general public.

Manhole, Gravity Interceptor, and Easement Road Improvements **Project Total: \$1,500,000** **FY22/23: \$500,000**
This multi-phase project will address infrastructure needs, assess sewer condition, and improve access to critical assets in the Shore Acres System. The initial phase will consist of planning, design, and construction of approximately 30 critical manholes and condition assessment in FY22/23. Pending the results of the assessment, future phases will include sewer pipeline replacement/rehabilitation and access improvements in FY23/24.

On-Site Fueling Station Replacement **Project Total: \$1,250,000** **FY22/23: \$450,000**
This project consists of abandoning the existing underground storage tanks to meet regulatory compliance and replacing the onsite fueling station to meet District operational needs (i.e., 48 hours run time).

Treatment Plant Electrical Switchgear Replacement **Project Total: \$12,201,305** **FY22/23: \$5,000,000**
This project will replace the existing switchgear to ensure continuous, reliable power and treatment plant operations.

Unanticipated WW Treatment & Conveyance Infrastructure System Repairs
Project Total: \$1,750,000 **FY22/23: \$350,000**
This project allowance is for the design and implementation of unplanned repair/replacement/improvement of treatment plant and conveyance assets that have an unexpected failure during fiscal year.

Remote Sites Connectivity Improvements **Project Total: \$150,000** **FY22/23: \$50,000**
This project includes upgrading the data network infrastructure via a third-party provider to support video and other access control measures at the remote pump station sites.

Cogen System Improvements **Project Total: \$5,100,000** **FY22/23: \$100,000**
This project will replace the existing cogen engine, controls, and paralleling gear to ensure compatibility with the new switchgear, which is a critical component of the treatment plant electrical power feed system.

Bridgehead Temporary Pipeline Installation & Replacement **Project Total: \$4,500,000** **FY22/23: \$700,000**
This project will immediately install a temporary 24-inch parallel pipeline that will be placed in operation while the permanent replacement pipeline is being designed and constructed. Installing the temporary pipeline is needed to provide reliable infrastructure in the near term to convey BHPS flow with the existing 18-inch pipeline to be utilized for redundancy and operational reliability needs, if necessary.

**Fiscal Year 2022/2023
Capital Improvement Program
Project Descriptions – Cont'd**

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) – CONT'D

Arcy Lane Junction Structure Rehabilitation	Project Total: \$600,000	FY22/23: \$400,000
This project will evaluate the existing Arcy Lane junction structure, identify a rehabilitation or replacement alternative, and design and construct the recommended option to ensure long-term conveyance reliability.		
Cathodic Protection Monitoring Program	Project Total: \$250,000	FY22/23: \$50,000
This project allowance is for monitoring and testing of the District's cathodic protection system within its service area.		
Secondary Process Improvements	Project Total: \$60,000,000	FY22/23: \$500,000
The project includes planning, design, and construction of i) new Tower Trickling Filter (TTF) pump station, ii) new aeration basins, iii) retrofit of existing aeration basins to include anaerobic selectors, iv) new blower, headers and associated building, v) new mixed liquor distribution box, and vi) new secondary clarifier to address future regulatory compliance vulnerability associated with potential loss of critical infrastructure and treatment capacity, ensure compatibility with long-term nutrient management, and accommodate growth in the District's service area through 2040. Planning/Design started in FY22/23 with construction scheduled to commence in FY 24/25. The project also includes replacement of actuators on sluice gates of the aeration basins to ease operation. The project will include an evaluation of the addition of a basin dewatering pump to facilitate the basin operations and maintenance activities.		
Emergency Retention Basin Improvements	Project Total: \$1,100,000	FY22/23: \$500,000
This project is to haul off previously removed vegetation and evaluate alternatives for managing maintenance flows from the RWF, restoring basin's original capacity, and reducing future vegetation growth within the ERB.		
IT Equipment Replacement	Project Total: \$650,000	FY22/23: \$50,000
This project allowance is for the repair/replacement/improvement of IT equipment that is not functioning properly or is scheduled for replacements.		
Lab Equipment Replacement	Project Total: \$150,000	FY22/23: \$25,000
This project allowance is for the repair/replacement/improvement of lab equipment that is not functioning properly or is scheduled for replacement.		
Vehicle Replacements	Project Total: \$750,000	FY22/23: \$150,000
This project allowance is for the repair/replacement of District vehicles.		
CCT Water Service Pumps Replacement	Project Total: \$150,000	FY22/23: \$150,000
This project will replace the existing four water service pumps in the Treatment Plant chlorine contact tank area.		
TTF Odor Control Rehabilitation	Project Total: \$100,000	FY22/23: \$100,000
This project will replace the existing fans and modifications to the floor allow proper drainage underneath the fan assemblies to facilitate future maintenance.		
Dewat Polymer Separation	Project Total: \$250,000	FY22/23: \$160,000
This project will replace the existing polymer separation system.		
Cogen System Repair	Project Total: \$400,000	FY22/23: \$400,000
This project will overhaul the existing cogeneration system while the permanent cogeneration system is being designed and constructed.		
POC Conduit and Generator Wiring Repair	Project Total: \$150,000	FY22/23: \$50,000
This project will replace the existing failed conduit associated with the POC generator.		
Camp Stoneman Interceptor Force Main Repair	Project Total: \$200,000	FY22/23: \$200,000
This project includes construction to rehabilitate Camp Stoneman Interceptor force Main.		
Primary Clarifiers 1 & 4 Drive Unit Repair	Project Total: \$200,000	FY22/23: \$100,000
This project will repair the number 1 & 4 drives to the primary clarifier.		

**Fiscal Year 2022/2023
Capital Improvement Program
Project Descriptions – Cont'd**

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) – CONT'D

Antioch Pump Station and Conveyance System Improvements Project Total: \$18,450,000 FY22/23: \$300,000

This multi-year, multiphase project will assess the Antioch Conveyance System, which consists of two 24-inch diameter force mains – Antioch Force Main 101 (AFM 101) and Antioch Force Main (102). The initial phase will identify portions of the force mains that need to be repaired immediately to ensure near-term operational reliability. The future phases will include conducting preliminary design activities of the Antioch conveyance system, including the Antioch Pump Station, to develop a major project to address deficiencies in these systems to ensure long-term operational reliability.

RECYCLED WATER CAPITAL ASSET (FUND 220) FY 22/23 Total \$50,000

Small Recycled Water Facility Capital Asset Project Project Total: \$250,000 FY22/23: \$50,000

The project allowance is for the implementation of unplanned improvements of the recycled water system, which are identified during the fiscal year.

RECYCLED WATER CAPITAL ASSET REPLACEMENT (FUND 230) FY 22/23 Total \$100,000

Unanticipated Recycled Water Infrastructure Repair Project Total: \$600,000 FY22/23: \$100,000

This project allowance is for the implementation of unplanned repair/replacement of major equipment and infrastructure renewal that have failed prematurely during the fiscal year.

BAY POINT COLLECTION (FUND 520) FY 22/23 Total \$200,000

Unanticipated Bay Point Repairs Project Total: \$500,000 FY22/23: \$100,000

This project allowance is for small, high-priority collection system renewal/replacement improvements that cannot be deferred until the next rehabilitation project.

HOUSEHOLD HAZARDOUS WASTE (FUND 310) FY 22/23 Total \$25,000

Household Hazardous Waste Improvements Project Total: \$400,000 FY22/23: \$25,000

This project allowance is for minor projects or equipment repair/replacement at the HHW Facility.

**DELTA DIABLO
CAPITAL IMPROVEMENT PROGRAM
FISCAL YEAR 2022/2023 – FISCAL YEAR 2026/2027
CAPITAL PROJECT HIGHLIGHTS**

Projects in Focus

Project Name: Asset Management Program **Project Number: CIP-XXX**

Description/Justification:

This project will implement a formalized, comprehensive business process to ensure prioritized, cost-effective, and risked-based maintenance and renewal of critical infrastructure assets in the wastewater collection, conveyance, and treatment systems to meet operational effectiveness and reliability needs for District customers. In addition, this project will expand CMMS utilization, implement reliability-centered maintenance (RCM) approach to support reliability-based asset management activities, data driven decision making, and overall efficiency.



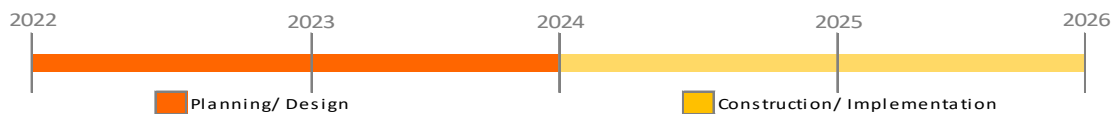
Project Assessment:

An effective asset management program (AMP) will provide a prioritized, achievable, and sequenced approach to AMP development and implementation that considers available resources. It will also ensure the program is driven by the District and supported by consultants as needed.

Priority:	2 -Moderate Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$1,250,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 750,000
FY 22/23 Budget	\$ -
Future Fiscal Year(s) Budget	\$ 500,000
Estimated Total Project Cost	\$ 1,250,000

*Note: ES: Engineering Services; RRS: Resource Recovery Services; WW: Wastewater; CA: Capital Asset, CAR: Capital Asset Replacement, Exp: Expansion, AT:

Advanced Treatment RW: Recycled Water, BP CA: Bay Point Capital Asset Rehabilitation, HHW: Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ 500,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ -	\$ 500,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Manhole, Gravity Interceptor, and Easement Road improvements

Project Number: CIP-21114

Description/Justification:

This multi-phase project will address infrastructure needs, assess sewer condition, and improve access to critical assets in the Shore Acres System. The initial phase will consist of planning, design, and construction of approximately 30 critical manholes and condition assessment in FY22/23. Pending the results of the assessment, future phases will include sewer pipeline replacement/rehabilitation and access improvements in FY23/24.

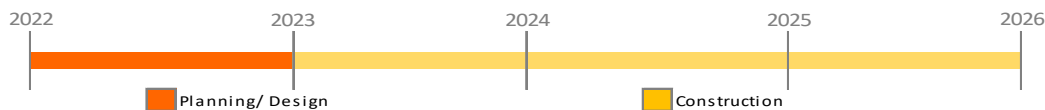


Project Assessment:

The District's Resource Recovery Facility Master Plant condition assessment identified this project as a high priority. Failure of the manholes and gravity interceptors with limited site access can lead to sanitary sewer overflows and potential adverse public health and environmental impacts due to insufficient and/or unreliable conveyance capacity

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 70%, BP Coll.- 30%
Funding Amount:	WW CAR - \$1,050,000, BP Coll.- \$450,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 1,000,000
FY22/23 Budget	\$ 500,000
Future Fiscal Year(s) Budget	\$ -
Estimated Total Project Cost	\$ 1,500,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Onsite Fueling Station Replacement

Project Number: CIP-19112

Description/Justification:

This project consists of abandoning the existing underground storage tanks to meet regulatory compliance and replacing the onsite fueling station to meet District operational needs (i.e., 48 hours run time).

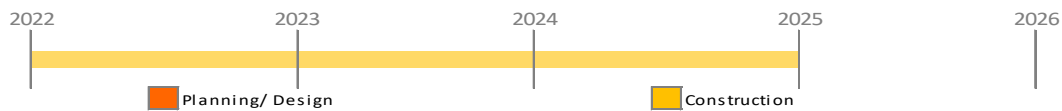


Project Assessment:

Recent inspections confirmed the inadequate condition of the existing facilities, which accelerated the need to immediately remove the underground tanks to comply with local regulatory requirements. This project was identified as a high priority by the RRFMP condition assessment.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$1,250,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 650,000
FY 22/23 Budget	\$ 450,000
Future Fiscal Year(s) Budget	\$ 150,000
Estimated Total Project Cost	\$ 1,250,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 450,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 600,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 450,000	\$ 150,000	\$ -	\$ -	\$ -	\$ 600,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Treatment Plant Electrical Switchgear Replacement

Project Number: CIP-17120

Description/Justification:

This project will replace the existing electrical switchgear to ensure continuous reliable power and treatment operations. This is a critical component of the treatment plant electrical power feed system.

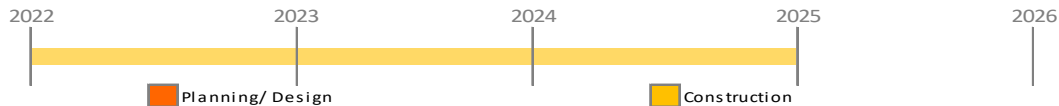


Project Assessment:

A failure in the main switchgear would cause a loss of power for the entire treatment plant, which would severely impact treatment plant processes. This project may affect the District's ability to operate the existing cogeneration system. The CIP includes other projects to address the digester gas handling system and compressors and upgrade the cogeneration system immediately after completion of this project.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$12,201,305
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 7,201,305
FY 22/23 Budget	\$ 5,000,000
Future Fiscal Year(s) Budget	\$ -
Estimated Total Project Cost	\$ 12,201,305

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Digester Gas Handling and Compressors Replacement

Project Number: CIP-21119

Description/Justification:

This project will upgrade the existing digester gas handling system and replace the associated gas compressors to ensure ongoing operational reliability and meet future needs.



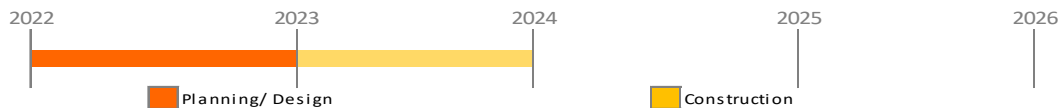
Project Assessment:

The RRFMP condition assessment identified this project as a high priority. This project may impact the District's ability to meet power generation needs without improvements.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$1,000,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 700,000
FY 22/23 Budget	\$ -
Future Fiscal Year(s) Budget	\$ 500,000
Estimated Total Project Cost	\$ 1,200,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:**

Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Cogen System Improvement

Project Number: CIP-XXX

Description/Justification:

This project will replace the existing cogen engine, controls, and paralleling gear to ensure compatibility with the new switchgear, which is a critical component of the treatment plant electrical power feed system.

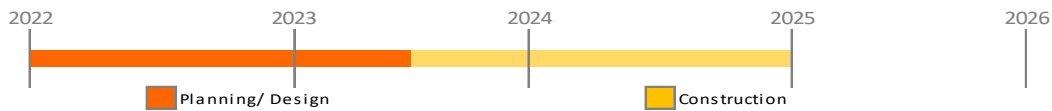


Project Assessment:

This project may affect the District's ability to operate the new switchgear. The CIP includes a project to replace the existing switchgear prior to the start of this project.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$5,100,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 250,000
FY 22/23 Budget	\$ 100,000
Future Fiscal Year(s) Budget	\$ 4,750,000
Estimated Total Project Cost	\$ 5,100,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 100,000	\$ 750,000	\$ 4,000,000	\$ -	\$ -	\$ 4,850,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 100,000	\$ 750,000	\$ 4,000,000	\$ -	\$ -	\$ 4,850,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Bridgehead Temporary Pipeline Installation & Replacement

Project Number: CIP-XXX

Description/Justification:

This multi-phase project consists of installing a temporary 24-inch parallel pipeline that will immediately be placed in operation while a new permanent 24-inch pipeline is being designed and constructed. Installing the temporary pipeline is needed to provide reliable infrastructure in the near term to convey BHPS flow with the existing 18-inch pipeline to be utilized for redundancy and operational reliability needs, if necessary.



Project Assessment:

The gravity pipeline experienced a failure in August 2020. Another failure of the existing 18-inch line will result in disruption of certain BNSF rail line activities, and potential adverse public health and environmental impacts due to insufficient and/or unreliable conveyance capacity. A recently completed evaluation identified this project as a high priority to provide long-term conveyance needs for the southeast area of Antioch via the Bridgehead Pump Station.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$4,500,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 3,800,000
FY 22/23 Budget	\$ 700,000
Future Fiscal Year(s) Budget	\$ -
Estimated Total Project Cost	\$ 4,500,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



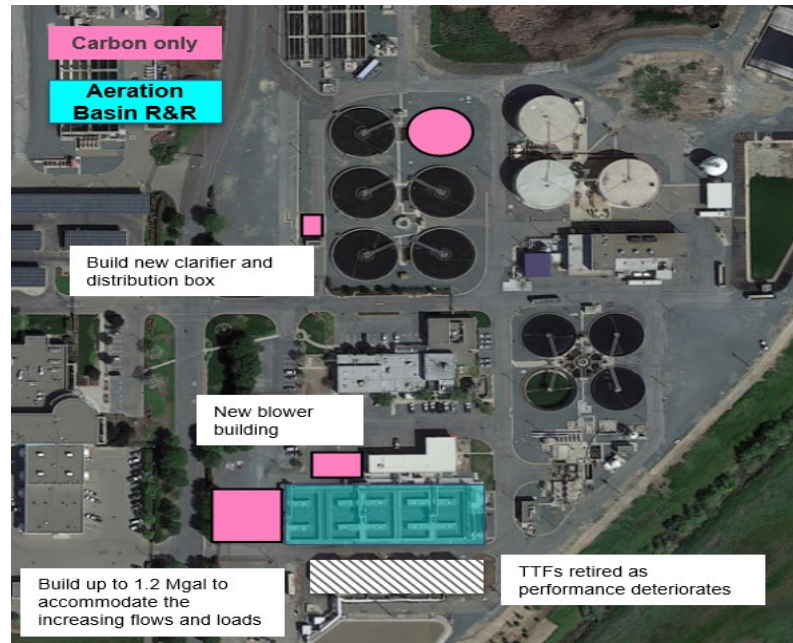
Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Secondary Process Improvements

Project Number: CIP-XXX

Description/Justification:

The project includes planning, design, and construction of i) new Tower Trickling Filter (TTF) pump station, ii) new aeration basins, iii) retrofit of existing aeration basins to include anaerobic selectors, iv) new blower, headers and associated building, v) new mixed liquor distribution box, and vi) new secondary clarifier. The project components are needed to allow the RRF to perform carbon only treatment using activated sludge only (after existing tower trickling filters are retired) through 2040 projected flows and loads. Planning/Design started in FY21/22 with construction to commence in FY 22/23. The project also includes replacement of actuators on sluice gates of the aeration basins to ease operation. The project will include an evaluation of the addition of a basin dewatering pump to facilitate the basin operations and maintenance activities.

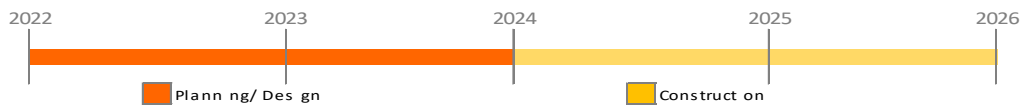


Project Assessment:

This project not only addresses the aging infrastructure associated with the secondary process, but also includes modifications to improve operational efficiency. The secondary process is considered high risk and therefore the failure of this process will result in major operational issues in the future. The project takes into account projected loads in the future and hence the modifications are needed for operational efficiency of the secondary process.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 78%, WW Exp - 16%, AT - 6%
Funding Amount:	WW CAR - \$46,956,000, WW Exp - \$9,632,000, AT - \$3,612,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 500,000
FY 22/23 Budget	\$ 500,000
Future Fiscal Year(s) Budget	\$ 59,000,000
Estimated Total Project Cost	\$ 60,000,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 500,000	\$ 9,000,000	\$ 25,000,000	\$ 25,000,000	\$ -	\$ 59,500,000

Funding Source: WW CAR, WW Exp, AT

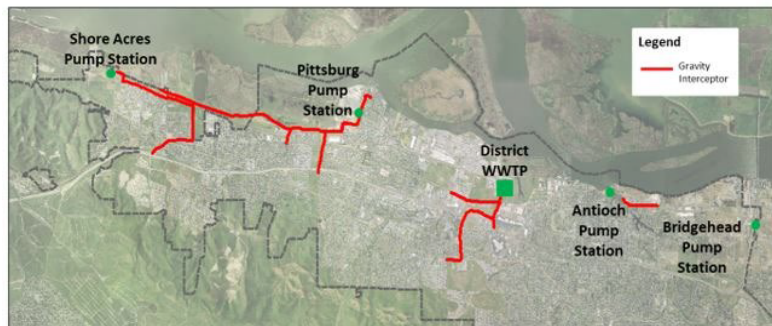
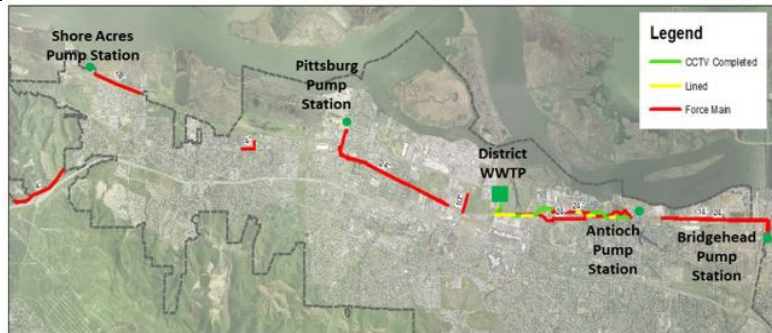
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 500,000	\$ 9,000,000	\$ -	\$ 20,000,000	\$ -	\$ 29,500,000
Debt Issuance	\$ -	\$ -	\$ 25,000,000	\$ 5,000,000	\$ -	\$ 30,000,000
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Project Name: Force Mains & Gravity Interceptors
Cleaning & Maintenance**

Project Number: CIP-22120

Description/Justification:

This project allowance is for cleaning and maintenance of the existing force mains and gravity interceptors to ensure ongoing operational reliability of the District's conveyance system.

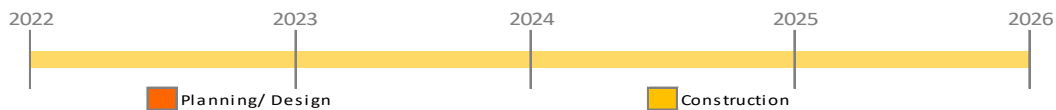


Project Assessment:

This project will establish a cleaning and inspection program that will facilitate future maintenance of the conveyance system to prevent failure events that may impact the environment and public health.

Priority:	1- Urgent Priority (12-24 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$300,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 200,000
FY 22/23 Budget	\$ -
Future Fiscal Year(s) Budget	\$ 100,000
Estimated Total Project Cost	\$ 300,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste

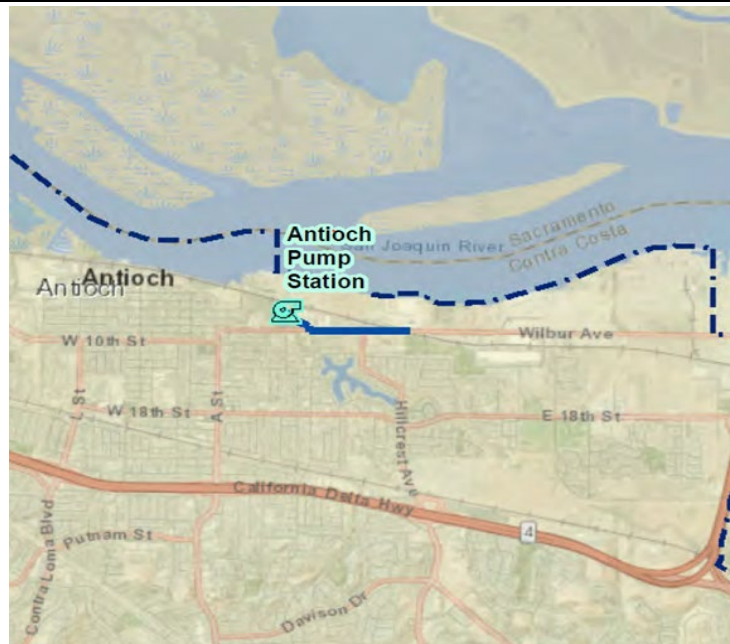


Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 100,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ 100,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Antioch Pump Station and Conveyance System Improvements **Project Number: CIP-XXX**

Description/Justification:

This multi-year, multiphase project will assess the Antioch Conveyance System, which consists of two 24-inch force mains – AFM 101 and AFM 102. The initial phase will identify portions of the force mains that need to be repaired immediately to ensure near-term operational reliability. The future phases will include conducting design activities related to Antioch conveyance system, including the Antioch and Bridgehead pump stations, to develop a major project to address deficiencies in these systems to ensure long-term operational reliability.

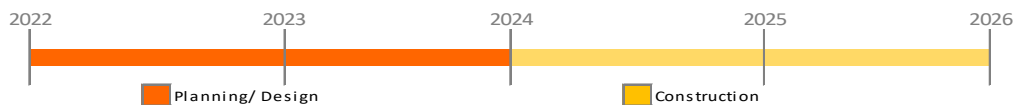


Project Assessment:

AFM 101 and AFM 102 have experienced multiple failures due to severe corrosion from corrosive gases over the past 10 years, with the most recent occurring on AFM 102 in December 2019. There are operational issues at the Antioch Pump Station that also affect the force main operational conditions. The current Pump Station Facilities Repair Project will improve site conditions and renovate some equipment at the Antioch and Bridgehead pump stations.

Priority:	2- High Priority (3-5 years)
Funding Type*:	WW CAR - 80%, WW EXP - 20%
Funding Amount:	WW CAR - \$14,760,000, WW EXP - \$3,690,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ 850,000
FY 22/23 Budget	\$ 300,000
Future Fiscal Year(s) Budget	\$ 17,300,000
Estimated Total Project Cost	\$ 18,450,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ 300,000	\$ 800,000	\$ 2,500,000	\$ 6,000,000	\$ 8,000,000	\$ 17,600,000

Funding Source: WW CAR, WW Exp, AT

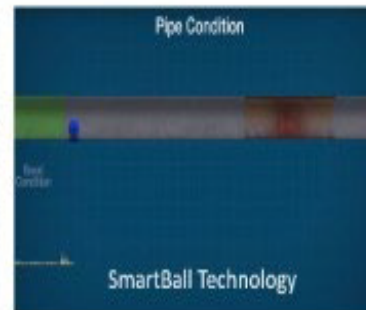
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ 300,000	\$ 800,000	\$ 2,500,000	\$ 6,000,000	\$ 8,000,000	\$ 17,600,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: Treatment Plant Structural Assessment and Rehabilitation

Project Number: CIP-XXX

Description/Justification:

This project will evaluate the condition of the RAS, Mixed Liquor, Primary Effluent, and Secondary Effluent underground pipelines to inform future renewal needs to ensure ongoing operational reliability.



Project Assessment:

The RRFMP identified this project as a high priority to evaluate these underground pipelines to determine pipeline replacement and rehabilitation needs that may significantly affect the overall operation of the different processes inside the treatment plant.

Priority:	2 - High Priority (24-36 months)
Funding Type*:	WW CAR - 100%
Funding Amount:	WW CAR - \$700,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ -
FY 22/23 Budget	\$ -
Future Fiscal Year(s) Budget	\$ 700,000
Estimated Total Project Cost	\$ 700,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ -	\$ 250,000	\$ 450,000	\$ -	\$ -	\$ 700,000
Funding Source: WW CAR, WW Exp, AT						
	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ -	\$ 250,000	\$ 450,000	\$ -	\$ -	\$ 700,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Project Name: RWF Condition Assessment

Project Number: CIP-XXX

Description/Justification:

The District's Recycled Water Supply Agreement with Calpine expires in 2030. In accordance with the Agreement terms, Calpine is obligated to notify the District of its intent to continue receiving recycled water beyond 2030 by April 2025. This project will access the capital infrastructure needs to operate the RWF beyond 2030.

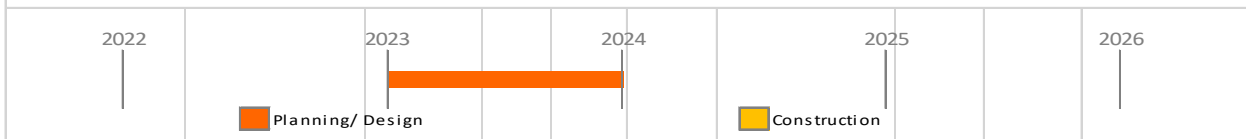


Project Assessment:

The District must complete the project to comply with the existing Recycled Water Supply Agreement.

Priority:	2- High Priority (3-5 Years)
Funding Type*:	RW CAR - 100%
Funding Amount:	RW CAR - \$300,000
Lead Department:	ES*
Project Budget Estimate	
Prior Fiscal Year(s) Approved Budget	\$ -
FY 22/23 Budget	\$ -
Future Fiscal Year(s) Budget	\$ 300,000
Estimated Total Project Cost	\$ 300,000

*Note: **ES:** Engineering Services; **RRS:** Resource Recovery Services; **WW:** Wastewater; **CA:** Capital Asset, **CAR:** Capital Asset Replacement, **Exp:** Expansion, **AT:** Advanced Treatment **RW:** Recycled Water, **BP CA:** Bay Point Capital Asset Rehabilitation, **HHW:** Household Hazardous Waste



Anticipated Project Budget Schedule:

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
Budget	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000

Funding Source: WW CAR, WW Exp, AT

	FY22/23	FY23/24	FY24/25	FY25/26	FY26/27	5-Year Total
District Funds	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ 300,000
Debt Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This page intentionally left blank.



Debt

The District typically secures long-term debt financing for construction of significant capital assets. Debt service is the annual or semi-annual payments. The District's Debt Management and Continuing Disclosure Policy is included in Appendix A.

Outstanding debt issued was used to fund improvements, replacements, and expansion of the WWTP and RWF facilities, conveyance and distribution systems, and wastewater collection systems. The primary funding source for repayment of debt issued for expansion purposes are CFCCs.

The District received a reaffirmation of its "AA" credit rating from Standard & Poor's in November 2015, which represents the District's strong capacity to meet its financial commitments. The primary reason for the reaffirmation was the Board's willingness to continue to adjust rates incrementally, and the very prudent approach to collect and set aside funds for acquisition or construction of new capital assets and maintenance, rehabilitation, and replacement of existing capital assets. Additionally, the District's strong financial performance, debt service coverage, and strong liquidity built on competitive rates; manageable capital plan with expansion costs historically financed from capacity fees; and, a stable and diverse customer base largely collected through the County's Teeter Plan supported the AA credit rating.

Current Debt Obligations

2010 Recycled Water SRF Loan

The District entered into a loan contract with the SWRCB on July 8, 2009, for the purpose of financing the Antioch/Delta Diablo Sanitation District Recycled Water Project. The loan amount totaled \$6,325,503 with a stated interest rate of 0.077% per year over a 20-year term. The City of Antioch owed the District \$6.1 million of this amount as part of its cost share for the Antioch Recycled Water Project. As of June 30, 2021, the amount owed to the SWRCB by the District and from the City of Antioch to the District is \$2.9 million. Principal payments are due annually beginning on December 31, 2011, through FY30/31 and are paid from revenue received from the City of Antioch.

2011 Installment Sale Agreement

On June 9, 2011, the District entered into an installment sale agreement with Municipal Finance Corporation, which was subsequently assigned to City National Bank on June 22, 2011, for the purpose of financing a solar energy project. The agreement amount totaled \$2,344,210 with a stated interest of 4.9% per year and is payable from District revenues. Principal and interest payments are due semi-annually on December 24 and June 24, commencing December 24, 2011, and maturing on June 24, 2031. The outstanding loan, from a direct borrowing, contains a provision that, in an event of default, all principal components of the unpaid installment payments, together with all accrued and unpaid interest components, are immediately due.

2011 Wastewater State Revolving Fund Loan

The District entered into a loan contract with SWRCB on March 25, 2011, for the purpose of financing the Aeration System Improvement Project. The loan amount totaled \$5,041,873 with a stated interest rate of 2.60% per year. Principal payments are due annually beginning on April 3, 2014, through the FY32/33.

2015 California Energy Commission Loan

The District entered into a loan agreement with the California Energy Resources Conservation Development Commission on October 10, 2013, for the purpose of financing the Energy Savings Project. The project consists of energy savings projects at the WWTP. The loan amount totaled \$700,000 at 1.0% interest per year on the unpaid principal. Principal and interest payments are due semi-annually beginning on December 22, 2015, through FY28/29.

2015 Bay Point SRF Loan

On October 8, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 1). The loan principal totaled \$1,188,820 with a 30-year term and stated interest of 1.9% per year. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2015, and maturing on November 1, 2044.

2016 Pittsburg SRF Loan

On October 24, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Pittsburg Force Main Improvement Project. The loan principal totaled \$12,000,000 with a 30-year term and stated interest rate of 1.9% per year. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing November 1, 2017, and maturing on November 1, 2046, from the Wastewater Capital Asset Replacement Fund (75%) and Wastewater Expansion Fund (25%).

2016 Wastewater SRF Loan

On August 8, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 3). The loan principal totaled \$2,054,000 with a 30-year term and stated interest of 1.9% per year. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2016, and maturing on November 1, 2045.

2020 Wastewater SRF Loan

On October 24, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Pump Station Facilities Repair Project. The loan principal totaled \$13,500,000 with a 30-year term and stated interest of 1.9% per year. Principal and interest payments are due semi-annually, on July 31 and January 31, commencing on July 31, 2020, and maturing on July 31, 2051. As of June 30, 2022, the District has received \$11.6 million in loan proceeds.

2021 Bay Point SRF Loan

On August 8, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Final Phase 4). The loan principal totaled \$3,198,734 with a 30-year term and stated interest of 1.9% per year. Principal and interest payments are due semi-annually, on December 1 and June 1, commencing on December 1, 2021, and maturing on December 1, 2050.

Current Year Debt Transactions and Balances

The Long-Term Obligation Balances as of June 30, 2021, are presented in Table 7 and include changes (additions and retirements) to long-term obligations during the year and estimated balances as of June 30, 2022.

Table 7 – Long-Term Obligation Changes and Balances estimated as of June 30, 2022

Direct Borrowings:	Original Issue Amount	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
2010 RW SRF Loan	\$6,325,503	\$3,174,859	-	(\$316,387)	\$2,858,472
2011 WW Installment Note Payable	2,344,210	1,270,253	-	(85,415)	\$1,184,838
2011 WW SRF Loan	5,041,873	3,327,521	-	(239,842)	\$3,087,679
2015 WW CEC Loan	700,000	413,518	-	(49,905)	\$363,613
2015 Bay Point SRF Loan	1,188,820	988,509	-	(32,892)	\$955,617
2016 WW CAR/WW Exp SRF Loan	12,000,000	10,460,294	-	(314,829)	\$10,145,465
2016 WW SRF Loan	2,054,000	1,793,200	-	(56,703)	\$1,736,497
2020 WW SRF Loan	13,500,000	8,822,698	2,746,619	-	\$11,569,317
2021 WW SRF Loan	3,198,734	\$3,198,734	-	(82,905)	\$3,115,829
Total	\$46,353,140	\$33,449,586	\$2,746,619	(\$1,178,878)	\$35,017,327

Outstanding Debt by Type

Outstanding Debt by Type for the past ten years is presented in Table 8 along with the population estimates and debt per capita for each year.

Table 8 – Outstanding Debt by Type

Fiscal Year	Wastewater COPs ⁽¹⁾	SRF Loans	Installment Note	CEC Loan	Total	Population Estimates ⁽²⁾	Debt Per Cap ⁽³⁾
12/13	\$11,714,312	\$11,568,040	\$2,072,577		\$25,354,929	195,392	130
13/14	9,067,882	10,854,596	1,923,203		21,845,681	198,473	110
14/15	6,237,347	10,134,156	1,764,088	\$630,000	18,765,591	200,942	93
15/16	\$3,310,000	11,570,850	1,594,676	655,696	17,131,222	203,759	84
16/17		19,464,968	1,542,156	608,219	21,615,343	204,971	105
17/18		20,258,304	1,483,830	560,267	22,302,401	207,057	108
18/19		21,624,398	1,419,331	511,833	23,555,562	214,327	110
19/20		21,897,344	1,348,274	462,927	23,708,545	214,862	110
20/21		31,765,815	1,270,254	413,518	33,449,587	215,394	155
21/22		\$33,468,876	\$1,184,838	\$363,613	\$35,017,327	218,683	160

Source: Delta Diablo Audited Financial Statements

Notes:

- 1) Certificates of Participation (COPs) Debt amounts exclude premiums, discounts, or other amortization amounts.
- 2) Includes accrued interest. Matured in 2016.
- 3) Debt per Capita = Total Debt/Population Estimate.

Debt Service Requirements

All principal, interest, and annual debt service requirements are presented in Table 9 for all long-term debt as of June 30, 2022. Beyond FY26/27, amounts are shown in five-year increments.

Table 9 – All Principal, Interest, and Annual Debt Service

Fiscal Year	Principal	Interest	Total
22/23	\$1,200,022	\$441,345	\$1,641,367
23/24	1,516,006	748,696	2,264,702
24/25	1,547,249	610,588	2,157,837
25/26	1,579,477	582,047	2,161,524
26/27	1,612,734	552,567	2,165,301
27/28-31/32	7,930,190	2,289,269	10,219,459
32/33-36/37	5,204,081	1,620,043	6,824,124
37/38-41/42	5,368,140	1,125,037	6,493,177
42/43-46/47	5,702,761	593,115	6,295,876
47/48-51/52	2,912,724	182,930	3,095,654
52/53	443,943	4,774	448,717
Total Payments Due	\$35,017,327	\$8,750,411	\$43,767,738

The Historical Fiscal Year Debt Service Summary by Loan is presented in Figure 5. This figure shows the total amount of debt service from each over the past ten years.

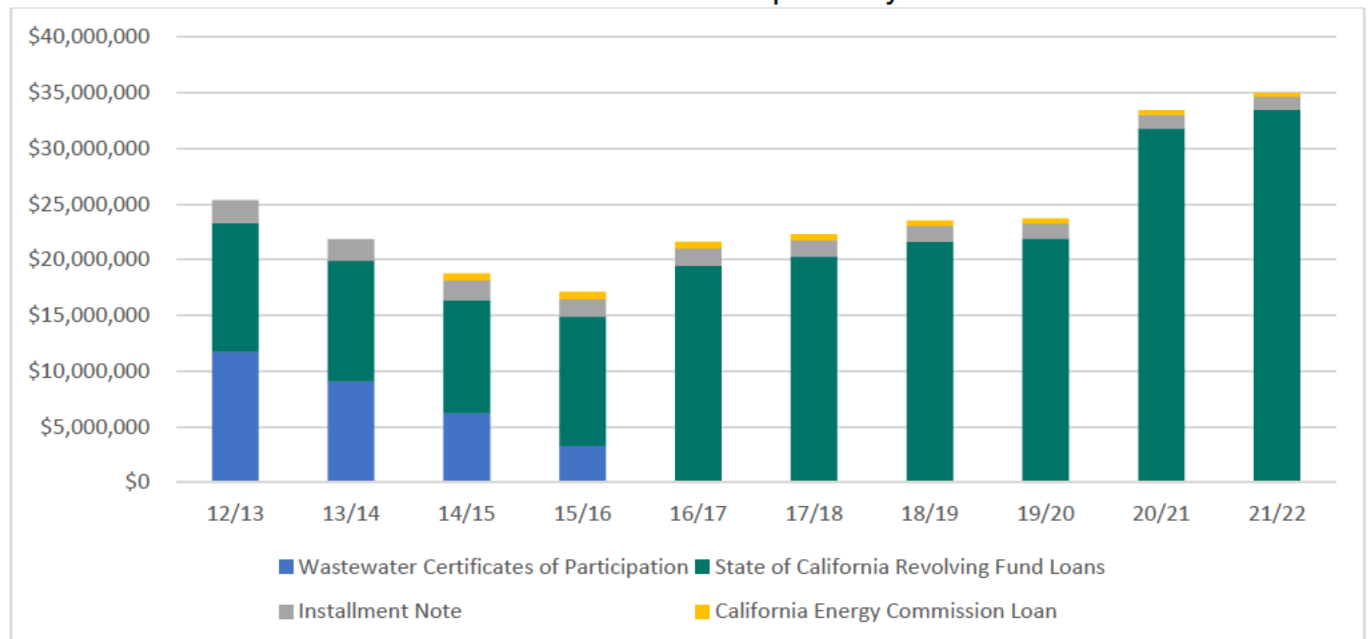


Figure 5 – Historical Fiscal Year Debt Service Summary by Loan

Debt Service Coverage Ratio

The District's historical Net Revenue and Debt Service Coverage Ratio is presented in Table 10 and includes both the Net Revenue Available for Debt Service and the Debt Service Coverage. Existing District loan agreements include a required debt service coverage ratios of approximately 1.25. However, in order to ensure the highest credit ratings possible, the District's Debt Management and Continuing Disclosure Policy 3075 targets a more conservative ratio of at least 1.75 for financial planning and rate-setting purposes. This ratio also limits the amount of debt the District can participate in.

As can be seen in Table 10, the debt service coverage ratio was significantly lower before FY17/18. This is due to the fact that the Delta Diablo Integrated Finance Corporation (IFC) 1991 Certificates of Participation expired in FY16/17 which caused a reduction in the District's annual debt service. Since then, the District's debt service coverage ratio has substantially increased and exceeds the minimum requirement of 1.75.

Fiscal Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
12/13	\$33,132,257	\$26,900,926	\$6,231,331	\$3,635,223	\$700,029	\$4,335,252	1.44
13/14	34,899,113	23,290,357	11,608,756	4,172,818	248,160	4,420,978	2.63
14/15	35,286,790	21,959,461	13,327,329	4,194,555	233,724	4,428,279	3.01
15/16	37,518,348	23,704,164	13,814,184	4,253,312	226,260	4,479,572	3.08
16/17	38,922,690	26,392,906	12,529,784	4,178,887	221,286	4,400,173	2.85
17/18	38,307,711	29,154,382	9,153,329	1,000,849	381,817	1,382,666	6.62
18/19	44,886,542	29,119,248	15,767,294	973,476	412,175	1,385,651	11.38
19/20	44,604,470	28,567,732	16,036,738	1,053,186	437,985	1,491,171	10.75
20/21	52,069,161	25,325,223	26,743,938	1,074,221	420,278	1,494,499	17.89
21/22	\$48,785,909	\$26,908,664	\$21,877,245	\$1,178,878	\$489,372	\$1,668,250	13.11

Table 10 – Net Revenue and Debt Service Coverage Ratio

⁽¹⁾ All revenues including capacity charges and other capital contributions.

⁽²⁾ Does not include depreciation and amortization.

Section 5. Department Information

Administration Department



The Administration Department consists of the Board, the General Manager's Office, Deputy General Manager, the Office Manager/Secretary to the Board, and administrative staff. In addition to the three Department Directors, the Office Manager/Secretary to the Board reports directly to the General Manager and oversees administrative staff who provide and administrative support for the District. The Administration Department Budget is presented in Table 11.

Board of Directors

The Board represents customers in the service area in guiding and directing District activities at a policy level. Key responsibilities for the Board include:

- Establishing District policies to guide regulatory, financial, and operational activities
- Guiding prioritized organizational strategic focus areas through the SBP and associated initiatives
- Reviewing and approving appropriate rates, CIPs, and associated budgets
- Providing support to the General Manager's implementation of key duties and responsibilities
- Conducting performance reviews for the General Manager and establishing associated compensation levels

General Manager’s Office and Administration

Key responsibilities for the General Manager include:

- Overseeing all aspects of District operations to ensure the District meets its core mission of protecting public health and the environment
- Fostering a culture of organizational excellence and sustained improvement
- Implementing a strategic, effective, and efficient approach to providing a high level of service to the District’s customers
- Working under the guidance and direction provided by the Board, in accordance with established District policies and procedures and the SBP
- Ensuring high-quality Board communications to support effective decision making and organizational excellence
- Providing day-to-day guidance and direction to direct reports

Office Manager/Secretary to the Board

Key responsibilities for the Office Manager/Secretary to the Board include:

- Managing the Board and Committee meeting processes
- Preparing and distributing the agendas and minutes
- Publicizing the of notices of public hearings
- Coordinating compliance with Fair Political Practices Commission and the Brown Act
- Receiving of legal claims against the District
- Coordinating elections with the County Elections Office
- Arranging ethics training and Brown Act training for the Board and staff
- Managing the District’s Records Management Program
- Responding to Public Records Act requests

Table 11 – Administration Department Budget

Administration Department					
Operating Budget Category	Budget FY20/21	Actual FY20/21	Budget FY21/22	Projected FY21/22	Proposed Budget FY22/23
Salaries & Wages	\$1,018,264	\$959,874	\$962,099	\$890,122	\$1,282,678
Employee Benefits	696,668	682,474	688,267	594,370	767,574
Office & Operating	205,250	166,560	164,250	160,050	185,750
Outside Services	219,000	110,417	159,000	175,500	175,500
Chemicals	-	-	-	-	-
Utilities	-	-	-	-	-
Contingency Allowance	440,000	-	300,000	169,000	300,000
Program Costs (Overhead)	-	-	-	-	-
Total Operating Expense	\$2,579,182	\$1,919,325	\$2,273,616	\$1,989,042	\$2,711,502

Business Services Department



The Business Services Department consists of five divisions, including Finance, Human Resources and Risk Management, IT, Purchasing, and Public Information that report to the Business Service Director. The Business Services Department Budget is presented in Table 12. Key focus areas incorporate a range of finance and administrative priorities including:

- Developing rate-setting models and financial analyses for 5-year financial planning activities
- Developing and administering the operating budget and annual budget appropriations, including securing Board approval
- Completing the annual financial audit and Comprehensive Annual Financial Report
- Overseeing debt issuance and financial tracking
- Developing the CIP funding plan
- Managing OPEB and pension liabilities and related trust funds
- Ensuring Governmental Accounting Standards Board (GASB) updates are implemented
- Administrative focus areas include:
 - Overseeing labor relations including contract negotiations.
 - Overseeing regular upgrades of the District's ERP system.
- Managing the District's human resources, IT, procurement, and public information functions.

Table 12 – Business Services Department Budget

Business Services Department					
Operating Budget Category	Budget FY20/21	Actual FY20/21	Budget FY21/22	Projected FY21/22	Proposed Budget FY22/23
Salaries & Wages	\$1,927,151	\$1,523,137	\$1,952,426	\$1,562,545	\$1,978,442
Employee Benefits	1,199,751	913,100	1,197,215	812,113	1,209,813
Office & Operating	759,740	621,739	825,693	801,456	999,738
Outside Services	1,551,671	917,795	1,361,242	1,059,119	1,297,802
Chemicals	-	-	-	-	-
Utilities	163,775	104,637	163,775	163,775	173,601
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	-	-	-	-	-
Total Operating Expense	\$5,602,088	\$4,080,408	\$5,500,351	\$4,399,008	\$5,659,396

Engineering Services Department



The Engineering Services Department consists of three divisions, including Environmental Programs, Government Affairs, and Engineering Services that report to the Engineering Services Director/District Engineer. The Engineering Services Department Budget is presented in Table 13.

Key focus areas for the Engineering Services Department include:

- CIP Development and Implementation: Ensuring development of a targeted, prioritized CIP and guiding effective execution of complex projects during the planning, design, and construction phases.
- Infrastructure Inspection and Condition Assessment: Developing and managing an asset management-based program to ensure timely and robust inspection of wastewater collection and treatment system infrastructure elements.
- Master Planning: Overseeing preparation of planning documents to guide major decision making in the near term, while positioning the District to cost effectively address regulatory compliance issues and infrastructure upgrade considerations in the long term.
- Nutrient Management: Maintaining strong engagement in regional efforts to assess the need for future nutrient removal requirements, while leading assessments of innovative technologies that may support future, cost-effective plant upgrades to meet this need.
- Managing the HHW Program.
- Organizational Improvement: Identifying opportunities to improve workflow and department-wide capital project delivery, use of technology, internal and external communications, contractor oversight, and team-based approaches to project implementation.

- Regional program and legislative activities.
- Updating and enforcing compliance with District Standards: Reviewing development plans for conformance with District standards and inspection of newly constructed facilities.
- Technical assistance to the operational departments in support of various District initiatives.

Table 13 – Engineering Services Department Budget

Engineering Services Department					
Operating Budget Category	Budget FY20/21	Actual FY20/21	Budget FY21/22	Projected FY21/22	Proposed Budget FY22/23
Salaries & Wages	\$1,219,142	\$1,361,014	\$879,405	\$1,082,548	\$737,021
Employee Benefits	781,270	932,557	871,367	795,889	743,546
Office & Operating	418,229	403,089	429,231	474,742	475,551
Outside Services	734,086	795,550	854,458	837,196	956,358
Chemicals	-	-	-	-	-
Utilities	864	780	886	873	926
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	-	-	-	-	-
Total Operating Expense	\$3,153,591	\$3,492,990	\$3,035,347	\$3,191,248	\$2,913,402

Resource Recovery Services Department



The Resource Recovery Services Department consists of four divisions, including Operations; Maintenance; Laboratory, and Safety that report to the Resource Recovery Services Director. The primary function of this department is to safely collect, treat, and dispose of wastewater in compliance with regulatory requirements, and to treat a portion of the treated wastewater for distribution and reuse as Title 22 recycled water.

Significant activities include operations and maintenance of pipelines, pumping stations, treatment facilities and power generation systems; fleet maintenance; and management of computerized process monitoring and control equipment. The Laboratory Division provides sample collection and analysis, interpretation of testing results, and preparation and submittal of laboratory data to regulatory agencies, ensuring the wastewater effluent and recycled water meets all applicable discharge requirements and water quality standards.

Key focus areas for the Resource Recovery Services Department include:

- **Wastewater Treatment:** Enhance the process monitoring and control system capabilities to ensure continued compliance with more stringent regulatory permit requirements.
- **Master Planning:** Directly engage in the Resource Recovery Master Plan development to support prioritization and implementation of capital asset investment and optimization of operations and maintenance activities.
- **Laboratory Testing Data:** Integrate process monitoring and laboratory testing data for tracking via “dashboard”.

- Energy Efficiency: Support development of a formalized Energy Management Plan to identify and implement energy conservation and efficiency measures.
- Asset Management: Participate in the development of a comprehensive AMP to optimize repair, rehabilitation, and replacement of capital assets

Table 14 – Resource Recovery Services Department Budget

Resource Recovery Services Department					
Operating Budget Category	Budget FY20/21	Actual FY20/21	Budget FY21/22	Projected FY21/22	Proposed Budget FY22/23
Salaries & Wages	\$6,018,470	\$5,886,521	\$6,194,602	\$5,882,208	\$6,537,951
Employee Benefits	4,197,862	3,972,265	4,440,717	3,852,887	4,759,319
Office & Operating	1,882,191	1,754,152	1,892,186	1,641,302	1,760,753
Outside Services	1,885,049	1,286,972	1,697,729	1,569,495	2,147,025
Chemicals	1,725,750	1,478,113	1,746,008	1,572,000	2,192,900
Utilities	1,781,500	1,940,034	2,135,000	2,272,500	2,373,200
Contingency Allowance	60,000	-	10,000	-	-
Program Costs (Overhead)	400,000	31,715	410,000	538,974	630,000
Total Operating Expense	\$17,950,822	\$16,349,772	\$18,526,242	\$17,329,366	\$20,401,148

Appendix A - Financial Policies

Table of Contents

(sections and subsections are not hyperlinked)

Fixed Asset Policy 202.....	84
Investment of District Funds Policy 3020.....	86
Other Post-Employment Benefits Trust Funding Policy 3025.....	97
Pension Benefits Trust Funding Policy 3030	98
Sewer Service Charge Refund/Adjustments Policy 3035.....	99
Purchasing Policy 3050.....	100
Environmentally Preferable Purchasing Policy 3065	104
Surplus Policy 3070	116
Debt Management and Continuing Disclosure Policy 3075	107

This page intentionally left blank.



Delta Diablo

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Fixed Asset Policy
POLICY NUMBER: 202
PROCEDURE: N/A
DATE ADOPTED: October 8, 2003
DATE SUPERSEDED: April 11, 2001 (Reso. No. 8/2001)

PURPOSE: To establish District Policy for financial reporting of capital assets, and to provide for the assignment of responsibilities to identify the need for effective control procedures over District fixed assets.

POLICY

A. General Policy / Responsibility

It is the policy of Delta Diablo Sanitation District that fixed assets be properly accounted for and secured. It is the responsibility of the Finance Department to ensure fixed assets will be tagged and inventoried on a regular basis, and, as appropriate, accounted for by fund and asset category. It is the responsibility of District Division and Department Heads to ensure proper budgeting and purchasing guidelines are followed, and that fixed assets are adequately controlled and used for appropriate District purposes and to secure such fixed assets. The General Manager shall ensure administrative procedures are in place to implement this policy.

B. Capitalization Threshold

For financial reporting purposes, the District shall establish a capitalization threshold of \$5,000 for all items with an expected life of greater than one year.

C. Fixed Assets

In general, all fixed assets, including furniture & fixtures, buildings, machinery, and equipment, with an original cost equal to or greater than the capitalization threshold, will be subject to accounting and reporting (capitalization). All costs associated with purchase or construction should be considered, including ancillary costs such as: taxes, freight and transportation charges, site preparation expenditures, installation charges, professional fees, and legal costs directly attributable to asset acquisition.

D. Capital Assets / Infrastructure Projects

Assets constructed by the District shall be capitalized if the project is in the nature of a significant addition; or major betterment, improvement, or replacement that significantly prolongs the capital asset's life or expands its usefulness beyond three years. The basis of valuation for capital assets constructed by District personnel should be the costs of

material, direct labor and overhead costs that are identifiable to the project. Projects constructed under contract for the District shall also include the contract cost.

A capital asset is real or personal property that has a cost equal to or greater than the capitalization threshold and has an estimated useful life extending beyond three years. Capital assets should be reported at their original historical cost/purchase price (including capitalized interest costs, if applicable) plus ancillary charges necessary to place the asset into its intended use. Ancillary charges include costs directly attributable to asset acquisition, such as transportation, installation, and site preparation costs. Capital assets donated to the District must be capitalized at their estimated fair value (plus any ancillary costs) at the date of receipt.

If the project represents a routine, recurring expenditure, or ordinary repair that maintains the existing condition of the asset or restores it to normal operating efficiency, the project should not be capitalized, regardless of the amount of the project, but should be expensed as repairs and maintenance in the year incurred.

E. Inventory Control

The General Manager shall ensure procedures are implemented to inventory and track the fixed assets. In general, the inventory control is applied to movable fixed assets and not capital assets. Where appropriate, this will include inventory which do not meet the capitalization threshold and are not depreciated.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Investment of District Funds
POLICY NUMBER: 3020
PROCEDURE: N/A
DATE ADOPTED: February 12, 2020 (*Supersedes 2/13/19*)
DATE SUPERSEDED: February 13, 2019

3020.1 Introduction

The purpose of this policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and organize and formalize investment-related activities.

The investment policies and practices of Delta Diablo (District) are based on state law and prudent money management. All funds governed by this policy will be invested in accordance with this policy and Article 2 of Chapter 4 of the California Government Code Sections 53600 through 53659, the authority governing investments for the District.

3020.2 Scope

This policy applies to all financial assets of the District under its direct control and authority and accounted for in the annual Basic Financial Statements, unless explicitly excluded. Excluded funds may have different criteria or legal bases related to allowed investments.

Proceeds of debt issuances are governed by provisions of their specific bond indentures or resolutions. If the bond documents are silent as to the permitted investments, bond proceeds shall be invested in accordance with investment objectives of this policy. The identification of alternatives by the Board of Directors shall follow the Objectives of this policy.

This policy does not cover funds held by retirement systems, the Deferred Compensation program, or the Other Post-Employment Benefits (OPEB) Trust.

3020.3 Objectives

The primary objectives, in priority order, of the District's investment activities shall be:

3020.3.1 Safety. Safety of principal is the foremost objective of the investment program. District's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

3020.3.2 Liquidity. The District's investment portfolio will remain sufficiently liquid to enable the District to meet its cash flow requirements.

3020.3.3 Return on Investment. The District's investment portfolio shall be designed with the objective of attaining a rate-of-return on its investments that exceeds

the Local Agency Investment Fund (LAIF) and is comparable to the six-month Treasury index consistent with the constraints imposed by the prevailing economic conditions and by its safety objective and cash flow considerations.

In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided diversification has been implemented.

- 3020.3.4** Benchmark for Investment. The performance of the portfolio will be measured against a benchmark with similar characteristics to the District's portfolio. This benchmark will be used to provide a comparison of risk and return in evaluating the District's investment strategy over time.
- 3020.3.5** Diversification. The investment portfolio will be diversified to avoid incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions. This shall also conform with applicable sections of the Government Code.
- 3020.3.6** Prudence. All persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the "prudent investor" standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Authorized individuals acting in accordance with this Policy and written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion. "Timely" reporting means notification of the General Manager and the Board within five business days of any determination that a deviation exists or has occurred.

3020.4 Delegation of Authority

Management responsibility for the investment program is hereby delegated to the General Manager. This delegation is a factor that may be reviewed as part of the annual presentation of an investment policy to the Board of Directors. The General Manager may delegate to appropriately experienced subordinate staff, the responsibility for all transactions undertaken in conformance with this policy. The General Manager shall assure the establishment of a system of controls to regulate the activities of subordinate officials and their procedures.

District staff shall follow the policy and established procedures and such other written instructions as are provided.

The Finance Committee will periodically review the implementation of the District's investment program to determine whether it is consistent with the investment policy as approved by the Board. The Committee shall review annually and as otherwise needed to determine general strategies and monitor results.

3020.5. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Officers and employees involved in the investment process shall abide by the District's Conflict of Interest Code, California Government Code Section 1090 et seq. and the California Political Reform Act (California Government Code Section 81000 et seq.) as it exists now or may be modified by the State Legislature in the future.

3020.6 Internal Controls

The General Manager shall assure the development and implementation of such administrative procedures and internal controls which are considered prudent, given the size of the organization and the complexity of investments. The internal controls will be reviewed with the independent auditor. The controls shall be designed to prevent employee error, misrepresentations by third parties, or imprudent actions by employees or officers of the District.

3020.7 Qualified Financial Institutions and Broker/Dealers

The District shall transact investment business only with banks, savings and loans, and registered securities dealers. All broker/dealers should be dealers regularly reporting to the Federal Reserve Bank and shall maintain an office in the State of California. The District will solicit multiple bids and offers on investment transactions from the District's approved broker/dealers. If an investment adviser is used, they may use their own list of approved broker/dealers and financial institutions for investment purposes. All financial institutions and broker/dealers who desire to become bidders for investment transactions must provide the District with the following:

- Audited financial statements
- Three local government references, preferably California special districts
- Proof of National Association of Securities Dealers' certification
- Proof of California registration
- Certification of having read and agreeing to abide by the District Investment Policy

A periodic review of the financial condition and registrations of approved financial institutions and broker/dealers shall be conducted, including recertification of having read and agreeing to abide by the District's investment policy.

3020.8 Investments

California Government Code Section 53601 governs the investments permitted for purchase by the District. Within the investments permitted by Code, the District seeks to further restrict eligible investment to the investments listed under Authorized Instruments below.

Percentage limitations, where indicated, apply at the time of purchase. Rating requirements where indicated, apply at the time of purchase. In the event a security held by the District is subject to a rating change that brings it below the minimum specified rating requirement, the Business Services Director shall notify the General Manager and the Board of the change. The course of action to be followed will then be decided on a case-by-case basis, considering such factors as the reason for the rate drop, prognosis for recovery or further rate drops, and the market price of the security.

Authorized Instruments

- 3020.8.1** U.S. Treasuries. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 3020.8.2** Federal Agency securities. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- 3020.8.3** State of California or any local agency within the State. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency; provided that the obligations are rated in one of the two highest categories by one or more nationally-recognized statistical rating organization (NRSRO).
- 3020.8.4** Bankers' Acceptances. Bankers' acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System. Purchases of bankers' acceptances may not exceed 180 days maturity. Eligible banker's acceptances are restricted to issuing financial institutions with short-term paper rated in the highest category by one or more NRSROs. Investments in banker's acceptances are further limited to 40 percent of the District's investment portfolio with no more than 30 percent invested in the bankers' acceptances of any one commercial bank.

3020.8.5 Commercial Paper. Commercial paper rated in the highest category by one or more NRSROs. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

3020.8.5.1 The entity meets the following criteria: (A) Is organized and operating in the United States as a general corporation, (B) Has total assets in excess of five hundred million dollars (\$500,000,000), and (C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by a NRSRO.

3020.8.5.2 The entity meets the following criteria: (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company, (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (C) Has commercial paper that is rated A-1” and/or “P-1” or its equivalent or higher by a NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Investments in commercial paper are limited to a maximum of 25 percent of the District’s investment portfolio.

3020.8.6 U.S. Corporate Debt. Medium-term corporate notes issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category “A” or its equivalent or better by an NRSRO.

Purchase of medium-term corporate notes may not exceed 30 percent of the District’s investment portfolio.

3020.8.7 Negotiable Certificates of Deposit. As authorized in Government Code Section 53601(i), no more than 30 percent of the District’s investment portfolio may be invested in negotiable certificates of deposit issued by a nationally or state-chartered bank, a state or federal savings association, a state or federal credit union, or by a state-licensed branch of a foreign bank. The District may not invest in certificates of deposit issued by a state or federal credit union if any member of the District Board, General Manager, or any other employee with investment decision-making authority also serves on the Board of directors, or any committee appointed by the Board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the certificate of deposit.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the District's investment portfolio and are limited to a maximum maturity of five years.

- 3020.8.8** Supranationals. The District may invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO.

Purchases of supranationals shall not exceed 30 percent of the agency's monies that may be invested pursuant to this section.

- 3020.8.9** State of California's Local Agency Investment Fund (LAIF). The District may invest in LAIF. Investment in each LAIF account may not exceed the current approved maximum deposit allowed by LAIF.

- 3020.8.10** Local Government Investment Pools (LGIP). Upon approval of the Board of Directors by adoption of a Resolution the District may participate in other public agency investment pools, which serve to invest public agency funds in conformance with applicable California law and are rated "AAA" by one or more NRSROs. Participation in such a pool shall be consistent with the objectives stated as part of this policy.

- 3020.8.11** Shares of beneficial interest issued by a joint powers authority (JPA). Organized pursuant to Section 6509.7 that invests in the securities and obligations authorized by subdivisions (a) to (q) of California Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA. To be eligible under this section, the JPA issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- 3020.8.11.1** The entity meets the following criteria: (A) The adviser is registered or exempt from registration with the Securities and Exchange Commission. (B) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) of California Government Code 53601, inclusive. (C) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

- 3020.8.12** Insured savings account or money market account. All savings account or money market accounts must be collateralized in accordance with California Government Code Section 53561. The District, at its discretion, may waive

the collateralization requirements for any portion of the deposit that is covered by federal insurance.

3020.8.13 Money Market Mutual Funds. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. §. 80a-1, et seq.)

The District may invest in shares of beneficial interest issued by company shall have met either of the following criteria: (1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs. (2) Retained an investment adviser registered or exempt from registration with the securities and exchange commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge. Investments in Money Market Mutual Funds are further limited to 15 percent of surplus funds.

3020.8.14 Mortgage-backed and Asset-backed Securities: Mortgage pass-through securities; collateralized mortgage obligations; mortgage-backed or other pay-through bonds; equipment lease-backed certificates; consumer receivable pass-through certificates; or consumer receivable-backed bonds rated "AA" or its equivalent or better by an NRSRO and with a remaining maturity of five years or less. The combined base value of this instrument is not to exceed 20 percent of the agency's surplus monies.

3020.9 Maximum Maturity

Selection of investment maturities in conformance with the Government Code restrictions shall be based on a review of cash flow forecasts. Maturities will be scheduled to permit the District to meet all projected obligations.

Unless otherwise specified in this section, no investment shall be made in any security, other than a security underlying a repurchase, reverse repurchase, or investment agreement as authorized by this section that at the time of the investment has a term remaining to maturity in excess of five years.

3020.10.Sales Prior to Maturity

Securities shall not be purchased directly by Staff for the specific purpose of trading. However, sales prior to maturity are permitted under the following circumstances: (1) to meet an unanticipated disbursement; or (2) earn a higher overall rate of return by selling a security and reinvesting the proceeds. Certain investment opportunities may involve the

recognition of value losses. Book value trading losses are permitted. Any trading loss greater than 1 percent of principal value of any investment holding requires the following: (1) explanation of source of loss, (2) rationale for transactions resulting in recognition of loss, and (3) estimation of time necessary to recoup the loss.

3020.11 Reporting Requirements

Quarterly, District staff shall present the Board with a report which conforms with the requirements of Government Code Section 53646(b). The quarterly report also shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the District funds, investments, or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of the District to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may not, be available. The quarterly report shall be submitted by the second regularly scheduled meeting of the Board of Directors following the end of the quarter.

3020.12 Safekeeping and Custody

All securities purchased by or on behalf of the agency, whether negotiable, bearer, registered, or non-registered, shall be delivered, either by book entry or physical delivery, to the District's third-party custodian, and held in the District's name. The third-party custodian shall be independent from the company or firm which sold the security and from its investment adviser if it chooses one.

The only exceptions to the foregoing are LAIF, LGIPs, Certificates of Deposit, and money market funds since the purchased securities are not deliverable. In all cases, purchased securities shall be held in the District's name.

3020.13 Investment Policy Review

Annually, District staff may present the Board with a statement of investment policy, which the Board must consider at a public meeting. Any changes to the policy shall also be considered by the Board at a public meeting.

3020.14 Glossary

AGENCIES: Federal agency securities and/or Government-sponsored enterprises.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CAMP (the California Asset Management Program): A California Joint Powers Authority (CAJPA) established in 1989 to provide California public agencies, together with any bond trustee acting on behalf of such public agency, assistance with the investment of and accounting for bond proceeds and surplus funds. For bond proceeds, the objective of CAMP is to invest and account of such proceeds in compliance with arbitrage management and rebate requirements of the Internal Revenue Service. The program includes the California Asset Management Trust, a California common law trust organized in 1989. The Trust currently offers a professionally managed money market investment portfolio, the Cash Reserve Portfolio, to provide public agencies with a convenient method of pooling funds for temporary investment pending their expenditure. The Trust also provides recordkeeping, custodial and arbitrage rebate calculation services for bond proceeds. As part of the program, public agencies may also establish individual, professionally managed investment accounts.

The pool seeks to attain as high a level of current income as is consistent with the preservation of principal. The Pool purchases only investments of the type in which public agencies are permitted by statute to invest surplus funds and proceeds of their own bonds.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report of the (entity). It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per entity.

FEDERAL RESERVE SYSTEM: The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

JOINT POWERS AUTHORITY POOLS: JPA Pools are local government investment pools comprised of at least two entities and accredited by the CAJPA. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA. To be eligible, the JPA issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) the adviser is registered or exempt from registration with the Securities and Exchange Commission, (2) the adviser has not less than five years of experience investing in the securities and obligations in Section 53601, subdivisions (a) to (n), and (3) the adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

PORTFOLIO: Collection of securities held by an investor.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state—the so-called legal list. In other states the trustee may invest in a security if it

is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves an investor borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar to a repo, the purpose of entering into a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a borrowing.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Other Post-Employment Benefits Trust Funding
POLICY NUMBER: 3025
PROCEDURE: N/A
DATE ADOPTED: February 10, 2010

3025.1 Purpose: It is the intent of the District to fund its Other Post Employment Benefit (OPEB) Trust Fund within 30 years with minimal impacts on District rate payers. Such funding will be based on the actuarially calculated OPEB liability, which shall be updated at least bi-annually.

3025.2 Budgeted Retiree Medical Premiums: Following the adoption of each fiscal year's operating budget, District staff shall transfer all funds budgeted for retiree medical premiums to be paid that year to the District's OPEB Trust Fund.

3025.3 Annual Additional Funding: Following the acceptance of each fiscal year's audited financial statements for the District, the Board will make a determination as to how much of that year's remaining annual required contribution (ARC) will be funded by the District and deposited to the OPEB trust fund from all or part of the following sources in the order listed below:

1. Unanticipated revenue streams (either one-time or ongoing)
2. Sewer Service Charge revenues exceeding planned levels for the prior fiscal year
3. Unused wastewater operating contingency funds from the prior fiscal year
4. Wastewater operating budget savings from the prior fiscal year
5. Ad valorem tax revenues
6. The wastewater general fund

This approach gives the Board the discretion to make OPEB funding decisions annually, taking into account then current economic conditions and other factors.

3025.4 Employee Contributions to the OPEB Trust: Any future provision for employee's funding part of the OPEB obligation would be established through an amendment to each bargaining unit's Memorandum of Understanding, and would require that all bargaining units participate under the same terms and conditions.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Pension Benefits Trust Funding
POLICY NUMBER: 3030
PROCEDURE: N/A
DATE ADOPTED: July 13, 2016

3030.1 Purpose: It is the intent of the District to make its full actuarially determined contributions into the California Public Employees' Retirement System (CalPERS) and Contra Costa County Employees' Retirement Association (CCCERA) pension trust funds. In addition, the District desires to set aside additional funds in a separate qualified trust fund, the Public Agencies Post-Employment Benefits Trust (PAPEBT) with the Public Agency Retirement Services (PARS), which may in the future be directed into either the CalPERS and/or CCCERA pension trust funds.

3030.2 Existing and Budgeted Contributed Benefit Savings Funds: Upon establishment of the District's PAPEBT, all funds then residing in the District's Contributed Benefit Savings reserve shall be transferred to the PAPEBT, along with any additional funds set-aside for that purpose prior to adoption of the next fiscal year's operating budget. Following the adoption of each fiscal year's operating budget, District staff shall transfer all funds budgeted for Contributed Benefit Savings set-aside that year into the District's PAPEBT. This provides the greatest potential for enhanced returns on investment for such funds.

3030.3 Future Additional Funding: Once the District's Other Post-Employment Benefits (OPEB) Trust Fund is fully funded pursuant to the Board's approved Administrative Policy No. 3025 – *Other Post-Employment Benefits Trust Funding*, additional funding, primarily unanticipated revenue streams (either one-time or ongoing), as described in Section 3025.3 of that policy shall be redirected to the PAPEBT as long as the OPEB Trust Fund remains fully funded.

3030.4 Investment of Funds: Funds invested with PARS shall be placed in the Balanced HighMark Active Plus portfolio.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Sewer Service Charge Refund/Adjustments
POLICY NUMBER: 3035
PROCEDURE: N/A
DATE ADOPTED: November 4, 2009

PURPOSE: To establish standard policy and for the issuance of refunds for previously levied sewer service charges for the annual sewer operations and maintenance charges. Typically, sewer service charges are calculated annually and the majority of the charges are collected by the Contra Costa County Tax Collector as part of the annual property tax bill.

3035.1 General Policy/Responsibility

It is the policy of Delta Diablo Sanitation District that all refunds shall be issued in accordance with this policy. The General Manager has the authority to issue and shall ensure that administrative procedures are in place to implement this policy.

3035.2 Claim Submittal

A written claim for refund must be filed at the District Offices at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509. In order to be considered, the claim must be in writing and be dated and signed by the claimant. The claim shall identify the property for which the refund is requested and explain what the billing discrepancy is. In order to be considered for a refund, the claimant must have been the property owner and paid the sewer service charges for the period in question. Finance Staff shall investigate all claims received to determine their validity. All information submitted by the customer shall be considered.

In the event that the District Staff discovers billing errors before a claim is filed, the District may work directly with the property owner to initiate a refund based on proper documentation and without requiring the filing of a written claim.

3035.3 Statute of Limitations for Refunds and/or Billing Adjustments

All claims for refunds and/or adjustments to billed sewer service charges shall only be considered if the claim for an adjustment is filed within four years of the date the billing was issued.

3035.4 Form of Refund

In the event that an adjustment is warranted, and payment of the disputed bill has been verified, and with approval by the General Manager or his designee, District Staff may issue a payment directly to the property owner in accordance with this policy. In the event that an adjustment is warranted, and the disputed bill has not been paid, a corrected billing shall be issued. Interest shall not be paid on any amount refunded or credited as the result of an adjustment of charges.

ADMINISTRATIVE POLICY HANDBOOK
POLICY TITLE: Purchasing Policy
POLICY NUMBER: 3050
PROCEDURE: N/A
DATE ADOPTED: June 11, 2008

3050.1 Purpose. The purpose of this chapter is to set forth policy for the purchase of supplies, material, equipment and services and to clearly define the authority of the purchasing function. This chapter shall not apply to public works projects.

3050.2 Definitions.

“Professional services” means the services rendered by persons who are members of a recognized profession or who possess a special skill. Such services are generally acquired to obtain information, advice, training or direct assistance. “Professional services” includes any type of professional service that may be lawfully rendered but does not include work performed under a contract for a public works project.

“Public works project” means the erection, construction, improvement, or alteration, excluding repair and maintenance, of (1) public buildings and other works; (2) streams, bays, waterfronts, embankments or other work for protection against overflow; (3) streets and related improvements, including lighting and signaling systems; (4) sewer and water systems; (5) parks, playgrounds, recreational and scenic areas.

“Responsible bidder” means a person or entity that has the capability in all respects to perform fully the contract requirements.

“Responsive bidder” means a person or entity who has submitted a bid which conforms in all material respects to the invitations for bids or requests for proposals.

“Services” means any and all work performed and any and all services rendered by independent contractors, with or without the furnishing of material, excluding 1) professional services and 2) work performed under contracts for public works projects.

“Supplies,” “materials,” and “equipment” mean any and all articles or things which shall be furnished to or used by any department of the District, including those items purchased by the District and furnished to contractors for use in public works projects.

3050.3 Establishment of centralized purchasing. In order to 1) implement efficient procedures for the purchase of supplies, material, equipment and services at the lowest possible cost, with appropriate fitness for purpose and quality needed, 2) exercise positive financial control over purchases, and 3) clearly define authority for the purchasing function, a centralized purchasing system is established.

3050.4 Purchasing organization. There is created a centralized purchasing organization in which is vested authority to 1) purchase supplies, material, equipment and services, 2) create and maintain policies for the management of inventory, and 3) perform duties as assigned by ordinance or regulation.

3050.5 Exemptions from centralized purchasing. The Purchasing Manager may authorize, in writing, any department to purchase or contract for specified supplies, material, equipment and services, independently of the Purchasing Department, but shall require that such purchases or contracts be made in conformity with the policies established by this chapter and administrative procedures as approved by the General Manager. The Purchasing Manager may also rescind such authorization with written notice to the department concerned.

3050.6 Award authority.

3050.6.1 If the amount of any purchase or contract for operation and maintenance of the District's facilities exceeds \$100,000, the purchase or contract shall be awarded by the Board of Directors. If the amount of any purchase or contract for operation and maintenance of the District's facilities is less than \$100,000 and is included in the Board authorized annual budget, the purchase or contract shall be awarded by the General Manager or designee.

3050.6.2 Except as specifically provided in this chapter or by ordinance or resolution now or in the future, the District is not bound by any contract unless the same shall be in writing and signed by the General Manager, after Board approval, or by such other officer of the District as authorized by ordinance, resolution, or action of the Board.

3050.6.3 No purchase by any person other than the above shall be binding upon the District or constitute a lawful charge against any District funds.

3050.6.4 Modifications to contracts or purchase orders which represent no change in the scope or character of material or services provided in the original contract or purchase order may be approved by the General Manager or designee if the dollar value of the modification is within their award authority.

3050.7 Competitive procurement process.

3050.7.1 All purchases of and contracts for supplies, material, equipment and services, shall be based, wherever possible, on a competitive procurement process, as described in this chapter.

3050.7.2 It shall be the responsibility of the Purchasing Manager to evaluate each purchase and to initiate the appropriate method of purchase which will be most cost effective for the District.

3050.7.3 Emergency purchases and contracts for supplies, material, equipment or services may be made without using a competitive procurement process when the purchase or contract for the item or items is immediately necessary for the continued operation of a department or for the preservation of life and property, or when such purchase is required for the health, safety, and welfare of the people or for the protection of property, provided that there is a present, immediate, and existing emergency. Determination and declaration that such an emergency exists shall be made at the same level of authority as set forth in Section 3050.6 of this chapter.

3050.7.4 If limitations on the source of supply, necessary restrictions in specifications, necessary standardization, quality considerations, or other valid reasons for waiving a competitive procurement process appear, then purchases may be made without recourse to the competitive procurement process provisions of this chapter. Approval of waiver of a competitive procurement process shall be given by the General Manager or his designee.

3050.8 Standard purchase procedure.

All purchases for goods and services shall be made in accordance with the standard purchase procedures unless the General Manager or designee determines it is in the best interest of the District to use the formal purchase procedure. Award shall be made to the lowest responsive and responsible bidder through request for quotations, or to the offeror whose proposal is determined to be the most advantageous to the District through request for proposals following procedures promulgated by the Purchasing Manager and approved by the General Manager.

3050.9 Formal purchase procedure. Formal purchase procedures are competitive sealed bidding or competitive sealed proposals as provided for in purchasing procedures promulgated by the Purchasing Manager and approved by the General Manager.

3050.10 Cooperative purchasing programs. Where advantageous to the District and to the extent consistent with state law, purchases of supplies, material, equipment or services made under a cooperative purchasing program, utilizing purchasing agreements maintained by the state, county, or other public agencies are exempt from the requirements of this chapter. To the extent possible, cooperative purchases joined will be competitively awarded, and documentation as to the advantage of the cooperative purchase will be retained.

3050.11 Professional services. Contracts for professional services may be negotiated by the District based on the vendor's demonstrated competence and professional qualifications for the service required. Whenever possible, quotes should be obtained from at least three sources using the request for quote or the request for proposal process. Vendor selection, without obtaining three quotes, shall require justification to the Purchasing Manager, except in the case of contracts for specialized legal services.

3050.12 Authority to resolve protested solicitations and awards.

3050.12.1 Right to Protest. Any person or entity that submits a quote, proposal or bid for a contract or purchase order and who objects to the award of that contract or purchase order may protest to the Purchasing Manager within ten (10) business days of the award announcement.

3050.12.2 Authority to Resolve Protests. The Purchasing Manager shall have authority, prior to award, to settle and resolve a protest.

3050.12.3 Decision Process. If the protest is not resolved by mutual agreement, the Purchasing Manager shall issue a decision in writing, stating the decision and facts supporting the decision and informing the protestant of its right to appeal the decision first to the General Manager or designee, and if resolution is not reached, then to the Board of Directors in accordance with Administrative Handbook Policy No. 1030, *Public Complaints*, which provides that such an appeal must be filed within ten (10) business days of receiving the General Manager or designee's decision. A copy of the decision shall be mailed or otherwise furnished to the protesting bidder. Unless a timely appeal is filed, the Purchasing Manager's decision shall be final.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Environmentally Preferable Purchasing
POLICY NUMBER: 3065
PROCEDURE: N/A
DATE ADOPTED: May 10, 2006

Purpose. The Delta Diablo Sanitation District (District) intends to serve as a model for environmental leadership by conserving resources such as water, raw materials, and energy. By incorporating environmental considerations into purchasing procedures, the District can reduce its burden on the environment while remaining fiscally responsible. Environmental factors that should be considered include, but are not limited to, toxicity, energy use, greenhouse gas impacts, disposal options, recycled content, and waste reduction.

Definition. Environmentally preferable means products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose.

Policy. The District's Environmentally Preferable Purchasing (EPP) Policy is based on the following guiding principles:

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

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

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

Goal. It is the goal of the District to move its operations toward environmental sustainability by minimizing waste and maximizing efficiency. The District's Purchasing Manager and/or his/her designee will:

Ensure that contracting procedures do not discriminate against reusable, recycled, or environmentally preferable products without justification

Evaluate environmentally preferable products to determine the extent to which they may be used by the District and its contractors

Review and revise contracting procedures to maximize the specification of designated environmentally preferable products where practicable

Facilitate data collection on purchases of designated environmentally preferable products by the agencies and its contractors

Objectives. The Delta Diablo Sanitation District Environmentally Preferable Purchasing Policy has the following objectives:

Ensure to the extent practicable, all printing and copy paper products shall consist of a minimum of 30% post-consumer recycled fiber.

Ensure that all contractors shall submit requested documents to the District on recycled paper. This shall include, but not be limited to, drafts, reports, bids, and training materials.

The District shall engage in the practice of two-sided copies for all memos and mailings.

All business cards, letterhead stationary, envelopes, business forms and documents shall be printed on recycled paper. If sufficient documentation and certification is available, reasonable efforts shall be undertaken to specifically indicate the percentage of recycled post-consumer content.

Any RFPs or bids for services request by the District will include a statement that the District prefers working with businesses that adhere to our environmental principles.

All departments shall ensure that they and their contractors/consultants use double sided copying.

Purchased or leased equipment, including photocopiers, computers, printers, lighting systems, HVAC, kitchen appliances, and energy management systems must meet US Environmental Protection Agency (EPA) or Department of Energy (DOE) energy efficiency standards. Where applicable, the energy efficiency function shall remain enabled on all energy efficient equipment.

Reporting. District staff shall prepare and deliver to the Board periodic reports on the progress of efforts related to the EPP Policy.

Performance, Price, and Availability. Nothing contained in this policy shall be construed as requiring a department or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.

Fiscal Impact. It is currently estimated that the cost to implement this policy will be minimal and primarily include staff time to meet the goals and objectives the policy. Cost savings may be realized in the waste minimization and energy efficiency objectives of the policy.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: Surplus
POLICY NUMBER: 3070
PROCEDURE: 2000-3
DATE ADOPTED: January 14, 2009

3070.1 The purpose of this policy is to provide an auditable process for the disposal of surplus District personal property.

3070.2 The General Manager, or his/her designee, is authorized to approve property items deemed unsuitable or unnecessary for District purposes as surplus. Such assets shall be disposed of in a manner which is in the best interest of the District, pursuant to procedures approved by the General Manager. The goal is to maximize surplus revenues net of staff time and other processing costs while disposing of surplus items in a manner that meets all statutes and regulations and reflects a high level of environmental stewardship.

3070.3 An annual report will be provided to the Board of Directors listing all assets that were surpluses during the prior fiscal year, the method of disposal and the amount received (if any) for each item.

ADMINISTRATIVE POLICY HANDBOOK

POLICY TITLE: DEBT MANAGEMENT AND CONTINUING DISCLOSURE

POLICY NUMBER: 3075

PROCEDURE: N/A

DATE APPROVED: November 13, 2019

3075.1 Purposes and General Provisions. The Government Finance Officers Association (GFOA) recommends that state and local governments adopt comprehensive written debt management policies as a best management practice to improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital financial planning. Additionally, Government Code Section 8855(i) requires public agency issuers of debt to adopt comprehensive written debt management policies. This Debt Management and Continuing Disclosure Policy (Debt Policy) is intended to comply with Government Code Section 8855(i). The purpose of this Debt Policy is to organize and formalize debt issuance and management related policies and procedures for Delta Diablo. This Debt Policy governs all debt issuances by the District and by the Delta Diablo Integrated Financing Corporation. Except where any provision of this Debt Policy refers separately to the IFC, each use of the term “District” in this Debt Policy means the District and the IFC.

State and federal laws and regulations govern the District’s activities under this Debt Policy. In its implementation of this Debt Policy, the District must comply with all applicable state and federal laws and regulations, including but not limited to laws and regulations limiting the types of debt the District may issue and how that debt may be issued, and any applicable appropriations limits and debt limits. Those state and federal laws and regulations may limit the application of this Debt Policy. If any provision of this Debt Policy conflicts with any state or federal law or regulation, either (a) if feasible, the conflicting provision of this Debt Policy shall be modified to be compliant with the applicable conflicting state or federal law or regulation, or (b) if the conflicting provision of this Debt Policy cannot be so modified, it shall not be implemented by District staff.

3075.2 Objectives. The primary objectives of the District’s debt and financing related activities are the following:

- 3075.2.1** Maintain cost-effective access to public and private capital markets through prudent fiscal management policies and practices;
- 3075.2.2** Specify parameters related to the prudent use of debt in the context of the District’s rates and financial planning;
- 3075.2.3** Ensure debt proceeds are expenditures for permissible uses as defined in this policy, and in accordance with bond covenants and other applicable requirements;
- 3075.2.4** Minimize debt service commitments through effective planning and cash management;

- 3075.2.5** Ensure the District is compliant with all applicable federal and state securities laws;
- 3075.2.6** Protect the District's creditworthiness and achieve the highest practical credit ratings; and,
- 3075.2.7** Maintain the District's sound financial position.

3075.3 Scope and Delegation of Authority. This Debt Policy will govern the issuance and management of all debt issued by the District, including the selection and management of related financial and advisory services and products, and the investment of bond proceeds, all in accordance with state and federal laws and regulations.

The District's Board of Directors retains authority to modify, repeal, or replace this Debt Policy. Responsibility for implementation of the Debt Policy, and day-to-day responsibility for structuring, implementing, and managing the District's debt and finance program, will reside with the General Manager or his/her designee. The General Manager may develop procedures consistent with this Debt Policy to direct the implementation of this Debt Policy by District staff. The Board's adoption of the District's Annual Budget and Capital Improvement Program (CIP), or review of the financial plan, does not constitute authorization for debt issuance for any capital projects. This Debt Policy requires that the Board of Directors specifically authorize each debt financing in accordance with all applicable state and federal laws and regulations.

The Board of Directors recognizes that changes in the public and private capital markets, District programs, and other unforeseen circumstances may, from time to time, produce situations that are not covered by the Debt Policy and will require modifications or exceptions to achieve policy goals. In these cases, the Board of Directors may consider modifying this Debt Policy to provide District staff with flexibility to respond to changed circumstances, while ensuring this policy remains compliant with state and federal laws and regulations.

3075.4 Roles and Responsibilities

- 3075.4.1** General Manager or his/her designee – Provides oversight of debt program and prepares recommendations on debt to the Board of Directors.
- 3075.4.2** Executive Director of the IFC – Provides oversight of debt program and prepares recommendations on debt to the Board of Directors.
- 3075.4.3** Business Services Director – Has primary responsibility for implementing the General Manager's direction on debt issuance recommendations, financing transaction execution, oversight of bond proceeds expenditures, and ongoing debt management.
- 3075.4.4** Board of Directors – Sets debt policy and authorizes individual transactions.

3075.5 Ethics and Conflicts of Interest. Members of the Board of Directors and District staff members who have roles and responsibilities under this Policy: (a) will not engage in any personal business activities that could conflict with proper and lawful execution of securing capital financing, (b) will comply with the District's Conflict of Interest Code, as may be updated from time to time; and (c) will comply with all other applicable state and federal conflict of interest laws and regulations.

3075.6 Integration with Other Financial Policies and Documents. The District is committed to long-term capital and financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. Policies related to these topics are adopted separately but affect this Debt Policy. If debt service is a component of proposed new or increased fees or charges (e.g., Sewer Service Charges), at the time the Board of Directors is asked to approve those new or increased fees or charges, the Board of Directors will be presented with financial information in support of the proposed fees or charges, including but not limited to the District budget, any relevant provisions of the CIP, and the terms of any debt service repaid by the fees or charges.

3075.7 Standards for Use of Debt Financing. In financial planning, the District will evaluate the use of various alternatives including, but not limited to, current year funding of capital projects through rates, various forms of debt financing, use of reserves, and inter-fund loans and transfers. The District will utilize the most advantageous financing alternative and balance the goals of long-term cost minimization, risk exposure, and compliance with generally accepted rate-setting principles. The District's debt management program will consider debt issuance where public policy, equity (including intergenerational equity), generally-accepted rate-setting principles, economic efficiency, and compliance with long-term financial planning parameters that favor financing over cash funding.

3075.7.1 Use and Timing of Debt. The District will integrate its debt issuances with the goals of its CIP by timing the issuance of debt to ensure that projects are planned when needed in furtherance of the District's public purposes (as articulated in, inter alia, the District's mission, vision, and goals) and are consistent with the District's budget, any applicable debt or appropriations limits, and other financial information the General Manager or Business Services Director deems relevant. When the Board of Directors is asked to approve new or increased fees or charges (e.g., Sewer Service Charges), the Board of Directors will be provided all legally-required financial information in support of the new or increased fees or charges, and additional financial information the General Manager or Business Services Director deems relevant.

3075.7.1.1 All capital projects in the CIP are eligible to use debt financing, so long as the minimum revenues are generated as described in Section 3075.7.1.

Debt financing will be used to finance eligible capital projects, including the acquisition, construction, or rehabilitation of capital facilities, when funding requirements cannot be met with current

revenues, cash reserves or interfund loans and/or transfers or the use of such funds would be contrary to rate-setting principles. The proceeds derived from long-term borrowing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

With respect to debt repayment and amortization, the debt repayment period will be structured so that the weighted average maturity of the debt does not exceed 100% of the expected average useful life of the project being financed.

3075.7.2 Credit Quality. All District debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the District's debt management objectives and legal terms and covenants of outstanding debt obligations. As debt service coverage is a key ratings consideration, the District shall target a debt service coverage ratio of at least 1.75 for financial planning and rate-setting purposes.

3075.7.3 Ongoing Debt Administration and Internal Controls. The District will maintain all debt-related records according to the District's Retention Policy or debt financing documents, whichever retention timeline is longer. The District will maintain internal controls to ensure compliance with the Debt Policy (including use of bond proceeds for purposes specified in the applicable Bond Official Statements and in compliance with this debt policy), all debt covenants, and any applicable requirements of federal and state law, including but not limited to the following: initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, investment of bond proceeds (including, for example, any continuing disclosure obligations under Securities and Exchange Commission (SEC) Rule 15c2-12, and tax covenants, and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements), and annual transparency reporting to California Debt and Investment Advisory Commission.

3075.7.4 Rebate Policy and System. The District will develop a system of reporting interest earnings that relates to and complies with Internal Revenue Code requirements relating to rebate, yield limits, and arbitrage. The District will accurately account for all interest earnings in debt-related funds to ensure that the District is compliant with all debt covenants and with state and federal laws. The District will invest funds in accordance with the investment parameters set forth in each respective bond indenture, and as permitted by the District's Investment of District Funds (Policy No. 3020).

3075.8 Financing Criteria. When staff intends to recommend that the District incur indebtedness, or when requested by the Board of Directors, the General Manager will provide a report to the Board that, among other things:

3075.8.1 Describes the intended use of the financing proceeds (i.e., funding for new projects or to refund existing bonds);

3075.8.2 Recommends a specific debt type to include duration, type, interest rate characteristics, call features, credit enhancement, or financial derivatives to be used in the transaction;

3075.8.3 Presents the impact of the bonds on the District's forecasted rates based on the anticipated maturity schedule; and,

3075.8.4 For refunding transactions, includes a comprehensive report on the debt to be redeemed, the replacement debt, and the anticipated benefits of the transaction shall be provided.

3075.9 Terms and Conditions of Debt. The Board of Directors will approve all terms and conditions relating to the issuance of debt, and will approve the control, management, and investment all debt proceeds. The proposed debt terms, coupon structure, debt service structure, redemption features, any use of capitalized interest, and lien structure must be approved by the Board of Directors.

3075.10 Types of Debt. Subject to the approval of the Board of Directors in accordance with applicable state and federal laws and regulations, the following types of debt are allowable under this Debt Policy:

- State Revolving Fund loans
- California Infrastructure and Economic Development Bank loans
- Revenue bonds
- Lease revenue bonds and certificates of participation
- Commercial paper
- General obligation bonds
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Refunding Obligations
- Bond or grant anticipation notes
- Tax and revenue anticipation notes
- Federal loans
- Lines of credit

3075.11 Derivatives. The District will not use municipal derivative products in connection with its borrowing needs.

3075.12 Credit Enhancements. The District may consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings or other measurable advantages can be shown will the Board of Directors consider authorizing the enhancement.

3075.13 Refunding Outstanding Debt. Refundings are important debt management strategies for the District. Refundings are commonly used to lower future debt service costs but can also be used to change existing legal terms/covenants or restructure debt service. The District will periodically evaluate outstanding bond issues for refunding opportunities and will bring to the attention of the Board those opportunities that are in the District's interest. Reports to the Board on potential refunding shall describe

anticipated savings and the structure of refunding and refunded debt, and any refunding transaction executed will be followed with a report on actual savings. Unless necessary or beneficial to do so, the District's refundings will not extend the final maturity of the debt being refunded.

There are two types of refundings: current refundings and advance refundings. These two refunding types differ by the timing in which they occur.

Current Refunding. A current refunding is one in which the refinancing is closed within 90 days of the date on which the refunded debt is redeemed. In most circumstances, the District's Board of Directors will set minimum Present Value (PV) Savings threshold of 3% of refunded par for a current refunding.

Advance Refunding. An advance refunding is one in which the refinancing is closed more than 90 days prior to the date on which the refunded debt is redeemed. In most circumstances, the District's Board of Directors will set a minimum PV Savings threshold of 5% of refunded par for an advanced refunding. Lower savings thresholds for both current and advance refundings may be justified in certain circumstances. In those situations, the Business Services Director, in consultation with the District's financial advisor, will recommend an appropriate action by the Board of Directors.

3075.14 Methods of Issuance. District bonds may be sold by way of a competitive sale, negotiated sale, or private placement. A recommendation regarding the proposed use method will be prepared by the Business Services Director and General Manager, or his/her designee, and provided to the Board of Directors at the time the Board of Directors is asked to consider approval a proposed bond issuance.

The District will consider the following factors when determining the appropriate method of sale:

3075.14.1 Competitive Sale. In a competitive sale, the District's bonds will be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale. Conditions under which a competitive sale would be preferred are as follows:

- Bond prices are stable and/or demand is strong
- Market timing and interest rate sensitivity are not critical to the pricing
- There are no complex explanations required during marketing regarding the District's projects, media coverage, political structure, political support, funding, or credit quality
- The bond type and structure are conventional
- Manageable transaction size
- The bonds carry strong credit ratings
- Issuer is well known to investors

3075.14.2 Negotiated Sale. The District recognizes that some securities are best sold through negotiation under the following conditions:

- Bond prices are volatile
- Demand is weak or supply of competing bonds is high
- Market timing is important, such as for refundings

- The bonds will carry lower credit ratings or are not rated
- Issuer is not well known to investors
- The bond type and/or structural features are unusual, such as for a forward delivery bond sale, issuance of variable rate bonds, or where there is the use of derivative products
- Bond insurance is not available
- Early structuring and market participation by underwriters are desired
- The par amount for the transaction is significantly larger than normal
- Demand for the bonds by retail investors is expected to be high

3075.14.3 Private Placement. If authorized by law, the District may elect to privately place its debt under certain conditions. Such placement will only be considered where a cost savings can be achieved by the District relative to other methods of debt issuance, or to enable the financing to be completed within a shorter timeframe. Private placements will include not only direct placements with investors or lenders, but also state and federal loan programs.

3075.15 Market Relationships

3075.15.1 Rating Agencies and Investors. The General Manager and Business Services Director will be responsible for maintaining the District's relationships with rating agencies, which will typically include two or more of the nationally-recognized statistical rating agencies.

3075.15.2 Board Communication. The General Manager will make available to the Board any ratings report or other relevant feedback provided from rating agencies and/or investors regarding the District's financial strengths and weaknesses and recommendations for addressing any weaknesses.

3075.15.3 Continuing Disclosure. The District will remain in compliance with SEC Rule 15c2-12, which addresses continuing disclosure obligations. The District will also comply with state reporting requirements as specified in Senate Bill (SB) 1029, which requires initial and ongoing debt reporting requirements for California public agencies.

3075.15.4 Rebate Reporting. The use and investment of bond proceeds shall be monitored to ensure compliance with arbitrage restrictions.

3075.15.5 Other Jurisdictions. From time to time, the District may issue bonds to fund projects that provide a benefit to other public entities that the District serves. The District will conduct such analyses as deemed necessary to assure adequate cost recovery for such funding and mitigate risks to the District (including consideration of the use of limited bonding capacity).

3075.16 Consultants

3075.16.1 Selection of Financing Team Members. The Business Services Director will make recommendations for all financing team members, and the Board of Directors providing final approval. Financing team members may include a financial advisor, bond counsel, disclosure counsel (which may be the

same firm as bond counsel), and underwriter. In the event of a competitive bond sale, the District's debt will be offered to the underwriter providing the most cost-advantageous proposal to the District, as determined by the Board of Directors.

3075.16.2 Financial Advisor. The District may utilize a financial advisor to assist in its debt issuance and debt administration processes as is deemed prudent and necessary by the Board of Directors and in compliance with applicable Municipal Securities Rulemaking Board (MSRB) regulations. The District's financial advisor should be independent and not provide underwriting services to ensure they are free of real or perceived conflicts of interest.

3075.16.3 Bond Counsel. District debt will include a written opinion by legal bond counsel affirming that the District is authorized to issue the proposed debt, and that the District has met all constitutional and statutory requirements necessary for issuance and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by bond counsel with extensive experience in public finance and tax issues. Bond counsel will be retained by the Board of Directors.

3075.16.4 Disclosure Counsel. The District may utilize a separate law firm to serve as disclosure counsel whenever the Board of Directors deems necessary. If cost effective, the Board of Directors may retain the same firm to serve both as bond counsel and as disclosure counsel.

3075.16.5 Underwriter. The District's Board of Directors will have the right to select a senior manager for a proposed negotiated sale, as well as co-managers and selling group members, as appropriate.

3075.16.6 Conflict of Interest Disclosure by Financing Team Members. All financing team members will be required to provide full and complete disclosures relative to agreements with other financing team members and outside parties. The extent of each disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted that could compromise the firm's ability to provide independent advice that is solely in the District's interests (to the extent the firm's role involves a duty to do so) or which could reasonably be perceived as a conflict of interest.

3075.17 Initial and Continuing Disclosure Compliance

3075.17.1 Disclosure Coordinator and Overall Requirements for Initial and Continuing Disclosure

The Business Services Director or his/her designee will be the disclosure coordinator of the District (Disclosure Coordinator). The Disclosure Coordinator will perform the following functions:

- 3075.17.1.1** Ensure that any Official Statement meets appropriate standards and is approved by the Board of Directors, as required.

3075.17.1.2 Ensure that initial and continuing disclosure obligations undertaken by the District related to each debt issuance are met, including State of California requirements, and MSRB requirements that the District commits to undertake in the Continuing Disclosure Certificate or Agreement over the life of the bonds to investors.

3075.17.1.2.1 Initial Disclosure requirements include preparation of the Bond Official statement and reports on the issuance to the California Debt and Investment Advisory Commission (CDIAC).

3075.17.1.2.2 Ongoing disclosure requirements include annual reports with the MSRB Electronic Municipal Market Access (EMMA) system and the CDIAC.

3075.18 Exceptions. In the event there are any deviations or exceptions from the Debt Policy when a certain bond issue is structured, those exceptions will be discussed in the staff report at the time that the bond proposal is presented to the Board of Directors for its consideration.

3075.19 Policy Review. Any proposed changes to this Debt Policy must be approved by the Board of Directors.

June 22, 2022

CONGRATULATE RON CROWELL (WWTP OPERATOR I), JOE CIOCHON (WWTP OPERATOR III), SANDEEP SIDHU (CHEMIST II), AND CELIA KITCHELL (ASSISTANT ENGINEER) ON PROMOTIONS

Recommendation

Congratulate Ron Crowell (WWTP Operator I), Joe Ciochon (WWTP Operator III), Sandeep Sidhu (Chemist II), and Celia Kitchell (Assistant Engineer) on recent promotions at the District.

Background Information

In recognition of significant career advancements, the District would like to recognize these four employees who recently earned job promotions because of their commitment to professional development through advancing training, certification, and experience levels. These achievements directly support implementation of the District's Strategic Plan (dated August 2021) Strategy No. 2, "Promote employee professional development and training to ensure readiness and adaptability to meet future workforce challenges and needs" under the Workforce Development goal area, which also includes the following key objective:

- § Encourage staff to acquire certifications, licenses, and training, and demonstrate personal commitment to professional development through use of tuition reimbursement programs, and participation in management/supervisory training and/or industry association training, seminars/webinars, and conferences

Analysis

The District would like to recognize and congratulate the following employees on their promotional achievements in filling their respective critical roles at the District:

- § Ron Crowell (WWTP Operator I): Effective April 18, 2022, Mr. Crowell was promoted from Operator-in-Training (OIT) to WWTP Operator I following 1.5 years of experience at the District, during which he gained significant knowledge and understanding of the treatment processes.
- § Joe Ciochon (WWTP Operator III): Effective June 6, 2022, Mr. Ciochon was promoted from WWTP Operator II to WWTP Operator III (Lead Operator) following 12.5 years of service at the District, which reflects his commitment to career development and advancement in filling a critical leadership position.
- § Sandeep Sidhu (Chemist II): Effective June 13, 2022, Ms. Sidhu was promoted from Chemist I to Chemist II following 14 months of service at the District, during which she exhibited strong technical knowledge, commitment to teamwork, excellent job skills, and certification progression.
- § Celia Kitchell (Assistant Engineer): Effective May 15, 2022, Ms. Kitchell was promoted from Junior Engineer to Assistant Engineer following 14 months of service at the District, where she gained the required engineering experience and demonstrated the ability to learn quickly, take on challenging tasks, and excel in a cross-divisional team environment.

In addition to supporting key workforce development needs, including institutional knowledge capture and transfer, and long-term succession planning efforts, these internal promotions are

critical to meeting the District's core mission of protecting public health and the environment, the Environmental Stewardship Goal in the District's Strategic Plan, and continuing to build on the District's exemplary regulatory compliance record.

The District would like to recognize and congratulate each of these employees on their outstanding achievements.

Financial Impact

Sufficient funding is available in the adopted Fiscal Year 2021/2022 Budget.

Attachments

None.

Prepared by:



Dean Eckerson
Resource Recovery Services Director

cc: Ron Crowell (WWTP Operator I)
Joe Ciochon (WWTP Operator III)
Sandeep Sidhu (Chemist II)
Celia Kitchell (Assistant Engineer)
District File HR.01-PEF



June 22, 2022

APPROVE MINUTES OF THE BOARD OF DIRECTORS MEETING, MAY 11, 2022

Recommendation

Approve Minutes of the Board of Directors Meeting held on May 11, 2022.

DRAFT

Minutes of the Meeting of the Board of Directors

DELTA DIABLO

May 11, 2022

The meeting was called to order by Chair Wilson at 4:30 p.m., on Wednesday, May 11, 2022, via Zoom. Present were Vice Chair Juan Banales, and Director Federal Glover. Also present were Stephen Siptroth, Deputy County Counsel; Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Brian Thomas, Acting Business Services Director; Dean Eckerson, Resource Recovery Services Director; Thanh Vo, Acting Engineering Services Director; Anika Lyons, Finance Manager; and Michael Placencia, Laboratory Manager.

Chair Wilson read the following statement: "In lieu of a public gathering, the Board of Directors meeting will be accessible via ZOOM to all members of the public as permitted by the Government Code Section 54953(e)."

Ms. Nichols-Fritzler read a statement regarding the process for receiving public comments.

PUBLIC COMMENTS

None.

RECOGNITION

Introduction of Michael Placencia, Laboratory Manager, to the District

Mr. Eckerson introduced Mr. Placencia to the District, who began his employment with the District on May 2, 2022. Mr. Placencia has 17 years of public sector laboratory and environmental compliance experience in the wastewater industry with progressively increasing levels of responsibility. He has significant knowledge and experience in wastewater treatment and pretreatment technologies and applications and holds several key industry certifications.

The Board welcomed Mr. Placencia to the District. Mr. Placencia thanked the Board for the warm welcome and stated he is excited to get to work.

CONSENT CALENDAR

Prior to approval of the Consent Calendar, Chair Wilson announced a corrected packet was distributed to the Board and made available to the public.

Director Glover moved approval of Consent Calendar, seconded by Vice Chair Banales, and by roll call vote (Ayes: *Banales, Glover, Wilson*, Noes: *None*; Absent: *None*, Abstain: *None*), the following Consent items were approved: Approve Minutes of the Special Board of Directors Meeting, April 20, 2022; Receive District Monthly Check Register, March 2022; Receive Notes

from Finance Committee Meeting, May 4, 2022; Receive Third Quarter Fiscal Year 2021/2022 District Investment Report; Authorize Issuance of the Following Purchase Orders for One Year Beginning July 1, 2022: in an Amount Not to Exceed \$339,000, Univar USA Inc., Supply and Delivery of Sodium Bisulfite; in an Amount Not to Exceed \$223,000, Kemira Water Solutions, Inc., Supply and Delivery of Ferrous Chloride; in an Amount Not to Exceed \$324,000, Chemtrade Logistics, Inc., Supply and Delivery of Liquid Aluminum Sulfate; in an Amount Not to Exceed \$691,000, Univar USA, Inc., Supply and Delivery of Sodium Hypochlorite; in an Amount Not to Exceed \$380,000, Polydyne Inc., Supply and Delivery of Dry Polymer; and in an Amount Not to Exceed \$147,000, Polydyne Inc., Supply and Delivery of Liquid Polymer; Approve Project Design, Award and Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$769,136.00, Construction Corp DBA: CIC, Authorize General Manager to Approve Contract Change Orders in an Amount Not to Exceed 10% of Contract Amount, and Take Related Actions, Onsite Fueling Station Replacement, Project No. 19112; Authorize General Manager to Transfer Monies to BHPS Diversion Structure Pump Replacement Project from SCADA Communication Network/PLC Processor Upgrade Project within Wastewater Capital Asset Replacement Fund in the amount of \$50,000, for a total project budget of \$190,000; Authorize General Manager to Execute Purchase Order in an Amount Not to Exceed \$166,440, Shape Incorporated, BHPS Diversion Structure Pump Replacement, Project No. 21112; Make Findings and Approve Continuing Teleconference Meetings (AB 361, Government Code Section 54953[e]); Authorize General Manager to Execute Purchase Order in an Amount Not to Exceed \$106,000, Peerless Pump, CCT Service Water Pump Replacement, Project No. 21116; and Receive Updated Report from General Manager about the Actions and Contracts Necessary to Respond to the Emergency Declared by the Board on February 9, 2022 for the Shore Acres Interceptor Emergency Repair Project, Authorize General Manager to Transfer Monies to the Shore Acres Interceptor Emergency Repair from the Wastewater Capital Asset Replacement (WW CAR) Fund Reserves in the Amount of \$400,000, for a New Total Project Budget of \$875,000, Authorize General Manager to Execute a Construction Services Contract Amendment with Con-Quest Contractors, Inc. in the Amount of \$375,000, for a New Total Contract Amount Not to Exceed \$785,000 or to Negotiate an Emergency Repair Contract with Another Qualified Contractor in an Amount Not to Exceed \$375,000, and Take Related Actions under the California Environmental Quality Act, Shore Acres Interceptor Emergency Repair, Project No. 22129

DELIBERATION ITEMS

Review Proposed Fiscal Year 2022/2023 through Fiscal Year 2026/2027 Capital Improvement Program (CIP) and Set Public Hearing for June 22, 2022 to Consider Approval of 5-Year CIP

Mr. Vo provided an overview of the Capital Improvement Program (CIP) development process, noting staff efforts to incorporate asset management principles and master planning findings into the project prioritization process. He stated that the proposed 5-year CIP totals \$135.9 million with estimated expenditures of \$16.8 million in Fiscal Year 2022/2023 (FY22/23), which is proposed to be funded with an FY22/23 CIP budget appropriation of \$9.1 million and carryover of \$7.7 million in existing budget appropriations. Mr. Vo presented a breakdown of 5-year CIP expenditures by major components of the District's major infrastructure locations, as well as a comparison of planned expenditures by fiscal year compared to the current 5-year CIP.

Mr. Vo noted staff efforts to address key focus areas as part of the CIP development process, including: 1) Addressing New Infrastructure Needs (7 new projects added = \$3.0 million), 2) Investing in Existing Wastewater Infrastructure Renewal (78% of CIP), 3) Incorporating the Secondary Process Improvements Project (\$60 million), 4) Ensuring the Integrity of the Bay Point

Collection System (\$3.6 million), and 5) Planning for the Future (\$1.8 million for master planning). In closing, Mr. Vo reviewed the planned CIP review and approval timeline.

Director Glover moved approval, seconded by Vice Chair Banales, to set the public hearing for June 22, 2022, at 5:30 p.m., to consider approval of the 5-Year CIP for Fiscal Year 2022/23 and by roll call vote (Ayes: *Glover, Banales, Wilson*, Noes: *None*, Abstain: *None*), the motion was approved.

PRESENTATIONS AND REPORTS

Receive Report on Key Assumptions for Proposed Fiscal Year 2022/2023 Operating Budget

Ms. Lyons reviewed the FY22/23 Budget and Sewer Service Charge (SSC) development schedule. As an overview, she noted that the preliminary FY22/23 Operating Budget totals \$31.6 million, which represents a \$2.3 million increase (7.7%) compared to FY21/22 (\$29.3 million). Ms. Lyons noted that the annual trend for operating budget cost escalation generally aligns with escalation assumptions in the long-term financial model and have actually grown at a lower-than-expected rate over the past five years due to staff efforts to critically review the budget development process and effectively manage operating costs. She presented a breakdown of the proposed operating budget by major category, as well as the source of revenue for each of the District's services. In noting that labor costs comprise 57% (\$18.0 million) of the overall operating budget, Ms. Lyons emphasized the District's efforts to ensure appropriate staffing levels, deliver efficiency through a highly-skilled workforce, meet licensing and certification requirements, and navigate a competitive labor market. She reviewed key assumptions for Salaries, Benefits, Chemicals, Utilities, Office and Operating, and Other cost centers for the proposed FY22/23 Operating Budget. In closing, Ms. Lyons highlighted that staff has developed an operating budget that supports the District's Strategic Plan and financial sustainability guiding principles, and prepared an SSC-related fact sheet and Frequently Asked Questions document, which is available to the public via the District's website.

Chair Wilson thanked Ms. Lyons for the presentation.

Receive Report on 40-Year Anniversary of District's Wastewater Treatment Plant

Mr. Eckerson presented a report commemorating the District's 40-year anniversary of its Wastewater Treatment Plant (WWTP). Mr. Eckerson provided background information outlining the formation of the District as well as the naming of the District. He noted that the formation of the District required significant planning, coordination, and negotiation between state and local agencies. He also highlighted historical milestones leading up to the establishment of the District. Mr. Eckerson provided a comparison of the number of treated gallons per day and noted the District treated 7.0 million gallons per day from nearly 100,000 customers in 1982, compared to 13.6 million gallons per day today from over 215,000 customers.

In addition, Mr. Eckerson recognized the District's exemplary regulatory compliance record, which includes a recent 14-year streak without any discharge permit violations. He noted the District has become a recognized industry leader known for its progressive "Utility of the Future" commitment to resource recovery, organizational excellence, and environmental stewardship. In looking ahead to the next 40 years, Mr. Eckerson noted the District's continued focus on addressing aging infrastructure needs, meeting the challenges posed by future nutrient removal requirements, ensuring workforce development, recovering valuable resources from wastewater, and implementing the recently adopted Strategic Plan.

Chair Wilson thanked Mr. Eckerson for the presentation and congratulated the District on the 40-year anniversary of the WWTP. Vice Chair Banales and Director Glover thanked Mr. Eckerson and congratulated the District on achieving this milestone.

MANAGER'S COMMENTS

None.

DIRECTORS' COMMENTS

None.

CORRESPONDENCE

Receive Monthly Lobbyist Report Dated April 2022, Key Advocates, Inc., Western Recycled Water Coalition

The Board received and filed the report.

CLOSED SESSION

None.

ADJOURNMENT

Chair Wilson adjourned the meeting at 5:31 p.m. and noted the next meeting is scheduled for June 22, 2022, at 5:30 p.m.

Federal Glover
Board Secretary

(Recording Secretary:
Cecelia Nichols-Fritzler)

cc: District File No. BRD.01-MINS



ITEM H/2

June 22, 2022

RECEIVE DISTRICT MONTHLY CHECK REGISTER, APRIL 2022

Recommendation

Receive District Monthly Check Register for the month ending April 30, 2022.

Background Information

Attached is the Check Register for the month of April 2022. The report reflects payments to the District's suppliers, consultants, service providers, and contractors. A total of \$1,408,484.61 was disbursed in the month of April 2022, which includes 134 checks.

Financial Impact

All payments made during the month are within funding levels included in the adopted Fiscal Year 2021/2022 Budget.

Attachment

Check Register for month ending April 30, 2022

Reviewed by: 

Brian Thomas
Acting Business Services Director

cc: District File No. BRD.01-ACTS



CHECK REGISTER
DELTA DIABLO
CASH DISBURSEMENTS FOR THE MONTH OF APRIL 2022

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/7/2022	AFLAC	57920	37244	573.38	NSURANCE	573.38
4/7/2022	AFSCME DISTRICT COUNCIL 57	562706 562716	37245	2,851.47 1,489.21	UNION DUES O&M UNION DUES P&T	4,340.68
4/7/2022	ARCO BUSINESS SOLUTIONS	57937	37246	3,461.61	GAS	3,461.61
4/7/2022	ASSOCIATED SERVICES COMPANY	57871	37247	357.34	PROVIDE PREMIUM COFFEE SERVICE TO DISTRICT quote*	357.34
4/7/2022	BAY POWER INC.	57947	37248	5,444.89	PPS BREAKERS FOR VFD'S AND MCC	5,444.89
4/7/2022	CALIFORNIA PRODUCT STEWARDSHIP COUNCIL	57861	37249	92.50	ASSIST WITH IMPLEMENTATION OF CALRECYCLE GRANT -	92.50
4/7/2022	CALTEST ANALYTICAL LABORATORY	57893 57953 57954	37250	472.50 336.60 336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINCE PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINCE PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINCE	1,145.70
4/7/2022	CAROLLO ENGINEERS	57874	37251	1,020.00	CONSULTING SERVICES HEADWORK I	1,020.00
4/7/2022	CDW GOVERNMENT, INC.	57839	37252	900.74	NETWORK EQUIPMENT/EXTENSION FOR AERATION BU LD NG	900.74
4/7/2022	CORELOGIC INFORMATION SOLUTIONS, INC	57960	37253	165.00	REALQUEST PROPERTY NFORMATION	165.00
4/7/2022	DATCO	57969	37254	172.90	PRE EMPL COST	172.90
4/7/2022	DXP ENTERPRISES, INC	57812 57822	37255	3,930.30 4,585.35	TEMPORARY MAINTENANCE BACKFILL LABOR TEMPORARY MAINTENANCE BACKFILL LABOR	8,515.65
4/7/2022	EVOQUA WATER TECHNOLOGIES, LLC	57956	37256	704.57	SUPPORT & MAINTENACE FOR DI WATER SYSTEM FOR LAB	704.57
4/7/2022	FLYERS ENERGY LLC	57890 57892	37257	220.62 331.02	NVENTORY LURICANTS NVENTORY LURICANTS	551.64
4/7/2022	GRAINGER	57843 57844 57847 57877 57878	37258	1,471.96 86.04 34.69 200.33 2,647.88	NVENTORY NVENTORY NVENTORY NVENTORY NVENTORY	4,440.90
4/7/2022	JW BACKHOE & CONSTRUCTION, INC	57919 57925 57926 57927 57928 57938	37259	19,303.54 13,677.00 3,685.09 19,303.54 13,677.00 5,288.95	BR DGEHEAD FM TEMPORARY BYPASS BR DGEHEAD FM TEMPORARY BYPASS BR DGEHEAD FM TEMPORARY BYPASS (INV#3718) BR DGEHEAD FM TEMPORARY BYPASS BR DGEHEAD FM TEMPORARY BYPASS ARCY LANE STEEL PLATE RENTAL PN 90091	74,935.12
4/7/2022	KEMIRA WATER SOLUTIONS, INC.	57831 57832	37260	7,041.45 6,429.03	FERROUS CHLORIDE FERROUS CHLORIDE	13,470.48
4/7/2022	KOA HILLS CONSULTING LLC.	57816	37261	831.25	MUNIS ERP ENHANCEMENT PROJECT	831.25
4/7/2022	MANAGED HEALTH NETWORK	57921	37262	331.70	EAP	331.70

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/7/2022	MCCAMPBELL ANALYTICAL, INC.		37263			12,681.40
		57677		(10.00)	CONTRACT LAB SUPPORT FOR PRETREATMENT	
		57881		10,414.00	ONSITE COVID-19 TESTING SERVICES	
		57961		1,138.70	CONTRACT LAB SUPPORT FOR PRETREATMENT	
		57962		1,138.70	CONTRACT LAB SUPPORT FOR PRETREATMENT	
4/7/2022	MOTION INDUSTRIES INC.		37264			2,412.85
		57879		2,412.85	NVENTORY	
4/7/2022	NORTHPOINT SECURITY SERVICES, INC		37265			5,184.00
		57889		5,184.00	SECURITY PATROL SERVICES	
4/7/2022	PACIFIC ECO-RISK LABORATORIES		37266			3,436.00
		57955		3,436.00	QUARTERLY CHRONIC TOXICITY TESTING	
4/7/2022	PHIL'S DIESEL CLINIC INC.		37267			1,033.00
		57906		290.50	VEHICLE BIT INSPECTIONS	
		57907		247.50	VEHICLE BIT INSPECTIONS	
		57908		247.50	VEHICLE BIT INSPECTIONS	
		57909		247.50	VEHICLE BIT INSPECTIONS	
4/7/2022	PSOMAS		37268			32,802.50
		57929		15,595.00	CONSTRUCTION MGMT & NSPECTION PN 17117	
		57930		7,460.00	CONSTRUCTION MGMT & NSPECTION PN 17117	
		57931		3,790.00	CONSTRUCTION MGMT & NSPECTION PN 17117	
		57939		4,557.50	CM&I SERVICES FOR PN21123	
		57941		1,400.00	CM&I SERVICES FOR PN21123	
4/7/2022	REPUBLIC SERVICES #210		37269			6,185.84
		57951		6,185.84	WASTE	
4/7/2022	RH TECHNOLOGY		37270			8,972.36
		57873		2,017.04	O/S TEMP	
		57898		4,885.20	O/S TEMP	
		57922		2,070.12	O/S TEMP	
4/7/2022	STATE WATER RESOURCES		37271			9,078.36
		57899		9,078.36	LOAN PAYMENT	
4/7/2022	STATE WATER RESOURCES		37272			16,496.73
		57900		16,496.73	LOAN PAYMENT	
4/7/2022	STATE WATER RESOURCES		37273			96,381.92
		57901		96,381.92	LOAN PAYMENT	
4/7/2022	SYNAGRO WEST, LLC		37274			121,616.60
		57944		64,970.16	BIOSOLIDS HAUL NG	
		57945		56,646.44	BIOSOLIDS HAUL NG	
4/7/2022	THATCHER COMPANY OF CALIFORNIA, INC		37275			3,357.26
		57870		3,357.26	ALUM NUM SULFATE	
4/7/2022	TRIDENT ENVIRON. & ENGINEER.		37276			1,764.75
		57897		1,764.75	SPCC NSPECTION TRAIN NG	
4/7/2022	UNIFIRST CORPORATION		37277			956.27
		57910		30.19	UNIFORM/ LAUNDRY SERVICE	
		57911		30.19	UNIFORM/ LAUNDRY SERVICE	
		57912		30.19	UNIFORM/ LAUNDRY SERVICE	
		57913		124.16	UNIFORM/ LAUNDRY SERVICE	
		57914		124.66	UNIFORM/ LAUNDRY SERVICE	
		57915		124.16	UNIFORM/ LAUNDRY SERVICE	
		57916		164.24	UNIFORM/ LAUNDRY SERVICE	
		57917		164.24	UNIFORM/ LAUNDRY SERVICE	
		57918		164.24	UNIFORM/ LAUNDRY SERVICE	
4/7/2022	UNIVAR USA INC		37278			13,051.50
		57833		3,538.49	SODIUM HYPOCHLORITE	
		57834		3,539.76	SODIUM HYPOCHLORITE	
		57885		5,973.25	SODIUM BISULFITE	
4/7/2022	VISION SERVICE PLAN		37279			1,691.71
		57923		1,640.73	VISION INSURANCE	
		57924		50.98	COBRA VISION	
4/14/2022	CITY OF ANTIOCH- WATER		37280			876.34
		58005		781.74	AC# 004-01513	
		58006		94.60	AC# 004-01510	
4/14/2022	BRENTWOOD PRESS		37281			539.00
		58004		539.00	AD	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/14/2022	CALTEST ANALYTICAL LABORATORY		37282			6,266.20
		57958		336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57959		2,488.00	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57989		336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57990		336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57991		785.70	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57992		336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57993		261.90	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57994		336.60	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57995		523.80	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
		57996		523.80	PROVIDE LAB TEST NG FOR NPDES PERMIT COMPLAINE	
4/14/2022	CWEA - CA WATER ENVIRONMENT		37283			290.00
		57894		290.00	AD	
4/14/2022	DEPT OF GENERAL SERVICES		37284			18,771.70
		58000		18,771.70	UTILITIES	
4/14/2022	GRAINGER		37285			293.69
		57845		293.69	NVENTORY	
4/14/2022	HACH COMPANY		37286			984.24
		57952		984.24	NVENTORY	
4/14/2022	IN SHAPE HEALTH CLUBS		37287			533.96
		57988		533.96	GYM	
4/14/2022	JW BACKHOE & CONSTRUCTION, INC		37288			12,085.98
		57975		3,940.00	BR DGEHEAD FM TEMPORARY BYPASS (INV# 3695)	
		57977		3,879.04	BR DGEHEAD FM TEMPORARY BYPASS (INV#3696)	
		57978		4,266.94	BR DGEHEAD FM TEMPORARY BYPASS (INV#3702)	
4/14/2022	KEMIRA WATER SOLUTIONS, INC.		37289			7,086.98
		57887		7,086.98	FERROUS CHLORIDE	
4/14/2022	LEGAL SHIELD		37290			52.85
		57987		52.85	LEGAL MEMBERSHIP	
4/14/2022	MDRR PITTSBURG		37291			1,310.40
		57986		1,310.40	AC# 10-0018920	
4/14/2022	PACIFIC GAS & ELECTRIC COMPANY		37292			52,383.47
		58003		52,383.47	AC# 4887173962-8	
4/14/2022	PSOMAS		37293			4,770.00
		58007		4,770.00	CM&I SERVICES FOR PN21123	
4/14/2022	READY PRINT		37294			948.24
		57985		948.24	PR NTING SERVICES	
4/14/2022	REPUBLIC SERVICES #210		37295			1,107.13
		57999		1,107.13	WASTE	
4/14/2022	RH TECHNOLOGY		37296			13,906.80
		57982		4,885.20	O/S TEMP	
		57983		4,510.80	O/S TEMP	
		57984		4,510.80	O/S TEMP	
4/14/2022	STANDARD INSURANCE COMPANY		37297			3,215.56
		57981		3,215.56	L FE & LTD INS.	
4/14/2022	SUBTRONIC CORP.		37298			1,064.00
		57980		1,064.00	USA MARKING SERVICES FOR POC CONDUIT REPA R PROJ.	
4/14/2022	UNITED TEXTILE INC.		37299			470.00
		58002		470.00	NVENTORY	
4/14/2022	UNIVAR USA INC		37300			8,572.85
		57886		3,539.36	SODIUM HYPOCHLORITE	
		57942		5,033.49	SODIUM BISULFITE	
4/21/2022	ALHAMBRA & SIERRA SPRGS WATER		37301			332.57
		58014		332.57	BOTTLED WATER SERVICE	
4/21/2022	ALPHA MEDIA II LLC		37302			750.00
		57957		750.00	RADIO ADS BY KUIC FOR POLLUTION PREVENTION	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/21/2022	CITY OF ANTIOCH- WATER		37303			5,034.90
		58045		94.60	AC# 013-00024	
		58047		94.60	AC# 013-00022	
		58049		94.60	AC# 013-00021	
		58050		4,751.10	AC# 013-00110	
4/21/2022	APPLIED INDUSTRIAL TECHNOLOGIES, CA		37304	206.19	NVENTORY	206.19
		57948				
4/21/2022	BASIC BENEFITS, LLC		37305	70.00	FSA	70.00
		58059				
4/21/2022	CALIFORNIA PRODUCT STEWARDSHIP COUNCIL		37306	5,000.00	M&D	5,000.00
		58015				
4/21/2022	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC		37307	40,595.80	PROVIDE TRANS/DISPOSAL/LABOR FOR HHW & TEMP EVENTS	40,595.80
		58037				
4/21/2022	COMCAST BUSINESS COMMUNICATIONS, LLC		37308	555.43	PHONE EXP	555.43
		58033				
4/21/2022	CONCENTRA/OCCUPATIONAL HEALTH CENTERS		37309	344.00	PRE EMPL COST	344.00
		58039				
4/21/2022	CUPERTINO ELECTRIC, INC		37311	63,178.70	CONSTRUCTION SERVICES FOR PROJECT NO. 17120	63,178.70
		58060				
4/21/2022	DEE CONSULTANTS		37312	10,605.00	NSPECTION SERVICES	24,990.00
		58040		14,385.00	NSPECTION SERVICES	
4/21/2022	DIABLO WATER DISTRICT		37313	135.62	UTILITIES	135.62
		58066				
4/21/2022	DXP ENTERPRISES, INC		37314	1,548.30	TEMPORARY MAINTENANCE BACKFILL LABOR	1,548.30
		57902				
4/21/2022	FLYERS ENERGY LLC		37315	150.00	NET15 TEMPORARY TANK RENTAL AND FUELING PN19112	150.00
		58041				
4/21/2022	FRESCHI AIR SYSTEMS		37316	2,848.00	CONTRACTED SERVICES FOR DISTRICT HVAC	2,848.00
		57946				
4/21/2022	GRAINGER		37317	22.61	NVENTORY	22.61
		58067				
4/21/2022	JOHN MUIR HEALTH		37318	853.16	ANNUAL CORPORATE WELLNESS SERVICES	853.16
		58024				
4/21/2022	JW BACKHOE & CONSTRUCTION, INC		37319	3,243.00	ARCY LANE STEEL PLATE RENTAL PN 90091	6,486.00
		58028		3,243.00	ARCY LANE STEEL PLATE RENTAL PN 90091	
		58030				
4/21/2022	KONE. INC.		37320	117.76	ELEVATOR SERVICE	117.76
		58013				
4/21/2022	LYSTEK INTERNATIONAL LIMITED		37321	4,004.16	BIOSOLIDS DISPOSAL	4,004.16
		57974				
4/21/2022	MECHANICAL COMPONENTS & SERVIC		37322	1,421.40	NVENTORY	1,421.40
		57949				
4/21/2022	NEW IMAGE LANDSCAPE COMPANY		37323	2,563.00	LANDSCAPE SERVICES	2,563.00
		57884				
4/21/2022	OFFICE DEPOT		37324	14.26	OFFICE SUPPLIES	216.11
		58021		168.16	OFFICE SUPPLIES	
		58022		33.69	OFFICE SUPPLIES	
		58023				
4/21/2022	PACIFIC GAS & ELECTRIC COMPANY		37325	53.70	UTILITIES	53.70
		58051				
4/21/2022	PACIFIC GAS & ELECTRIC COMPANY		37326	334.04	UTILITIES	334.04
		58052				
4/21/2022	PACIFIC GAS & ELECTRIC COMPANY		37327	37,676.16	AC# 4835091675-4	37,676.16
		58068				

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/21/2022	PSOMAS	58053 58054	37328	61,961.26 46,505.00	CONSTRUCTION MANAGEMENT SERVICES CONSTRUCTION MANAGEMENT SERVICES	108,466.26
4/21/2022	QUALITY SCALE, INC	58008	37329	1,867.00	SCALE SERVICE- 2 PER YEAR	1,867.00
4/21/2022	RH TECHNOLOGY	58025 58026	37330	1,698.56 4,885.20	O/S TEMP O/S TEMP	6,583.76
4/21/2022	SYNAGRO WEST, LLC	58056	37331	66,252.67	BIOSOLIDS HAUL NG	66,252.67
4/21/2022	TRI-VALLEY JANITORIAL SERVICE & SUPPLY INC,	57895 57896	37332	197.90 9,336.00	NIGHTLY JANITORIAL SERVICES NIGHTLY JANITORIAL SERVICES	9,533.90
4/21/2022	STACY TUCKER	57759 57837 58038	37333	108.00 18.00 13.00	RE MBURSEMENT RE MBURSEMENT RE MBURSEMENT	139.00
4/21/2022	UNITED TEXTILE INC.	58069	37334	45.85	NVENTORY	45.85
4/21/2022	UNIVAR USA INC	57943 58020	37335	3,539.04 6,433.76	SODIUM HYPOCHLORITE SODIUM BISULFITE	9,972.80
4/21/2022	V.W. HOUSEN & ASSOCIATES, INC.	58027	37336	4,212.00	DESIGN SERVICES DURING CONSTRUCTION FOR PN21123	4,212.00
4/21/2022	VERIZON WIRELESS	58058	37337	2,046.20	PHONE EXP	2,046.20
4/28/2022	AIRGAS USA, LLC	58062	37338	235.93	NVENTORY	235.93
4/28/2022	CITY OF ANTIOCH- WATER	58095	37339	72.76	AC# 013-00023	72.76
4/28/2022	AT&T	58107	37340	1,989.13	PHONE EXP	1,989.13
4/28/2022	MICHAEL AUER	58082	37341	245.36	RE MBURSEMENT	245.36
4/28/2022	JACQUELINE BAELO	58125	37342	16.04	RE MBURSEMENT	16.04
4/28/2022	MICHAEL BAKALDIN	58083	37343	245.36	RE MBURSEMENT	245.36
4/28/2022	CDW GOVERNMENT, INC.	58132 58133	37344	2,000.00 2,006.55	MICROSOFT LICENSE RENEWALS NETWORK EQUIPMENT/EXTENSION FOR AERATION BUILDING	4,006.55
4/28/2022	COLLICUTT ENERGY SERVICES, INC.	58018	37345	296.14	NVENTORY	296.14
4/28/2022	COMCAST BUSINESS COMMUNICATIONS, LLC	58094	37346	1,856.12	PHONE EXP	1,856.12
4/28/2022	CONCENTRA/OCCUPATIONAL HEALTH CENTERS	58079	37347	218.00	PRE EMPL COST	218.00
4/28/2022	CONTRA COSTA WATER DISTRICT	58017	37348	35.78	UTILITIES	35.78
4/28/2022	EVOQUA WATER TECHNOLOGIES, LLC	58104	37349	323.60	SUPPORT & MAINTENACE FOR DI WATER SYSTEM FOR LAB	323.60
4/28/2022	FEDERAL EXPRESS	58117	37350	122.70	POSTAGE	122.70
4/28/2022	GP CRANE & HOIST SERVICES	58096	37351	6,433.62	BUS AND GROUND BAR NSTALLATON	6,433.62
4/28/2022	GRAINGER	58016	37352	3,242.82	NVENTORY	3,242.82
4/28/2022	IN SHAPE HEALTH CLUBS	58078	37353	533.96	GYM	533.96

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/28/2022	KEMIRA WATER SOLUTIONS, INC.	58061	37354	7,090.99	FERROUS CHLORIDE	7,090.99
4/28/2022	LEEANN KNIGHT	58084	37355	224.82	RE MBURSEMENT	224.82
4/28/2022	KOA HILLS CONSULTING LLC.	57997	37356	131.25	KOA HILLS CONSULT NG MUNIS SUPPORT SERVICES	525.00
		57998		393.75	MUNIS ERP ENHANCEMENT PROJECT	
4/28/2022	MANAGED HEALTH NETWORK	58120	37357	353.10	EAP	353.10
4/28/2022	CAROL MARGETICH	58089	37358	985.12	RE MBURSEMENT	985.12
4/28/2022	MCCAMPBELL ANALYTICAL, INC.	58106	37359	789.50	CONTRACT LAB SUPPORT FOR PRETREATMENT	789.50
4/28/2022	McCAULEY AGRICULTURAL & PEST SERVICES	58042	37360	1,250.00	VEGETATION MANAGEMENT FOR THE DISTRICT	4,750.00
		58043		3,500.00	VEGETATION MANAGEMENT FOR THE DISTRICT	
4/28/2022	NWN CORPORATION	58134	37361	3,097.54	PHONE EXP	7,851.87
		58135		817.95	PHONE EXP	
		58138		3,118.43	PHONE EXP	
		58139		817.95	PHONE EXP	
4/28/2022	PACIFIC GAS & ELECTRIC COMPANY	58131	37362	44,434.47	AC# 5138050344-4	44,434.47
4/28/2022	ABEL PALACIO	58086	37363	918.63	RE MBURSEMENT	918.63
4/28/2022	CITY OF PITTSBURG	58122	37364	596.05	UTILITIES	596.05
4/28/2022	PSOMAS	58055	37365	55,066.73	CONSTRUCTION MANAGEMENT SERVICES	55,066.73
4/28/2022	READY PRINT	57963	37366	316.08	PR NTING SERVICES	316.08
4/28/2022	RH TECHNOLOGY	58077	37367	4,885.20	O/S TEMP	19,540.80
		58118		4,885.20	O/S TEMP	
		58119		4,885.20	O/S TEMP	
		58130		4,885.20	O/S TEMP	
4/28/2022	CHERYL RHODES ALEXANDER	58085	37368	96.17	RE MBURSEMENT	346.53
		58124		250.36	RE MBURSEMENT	
4/28/2022	TERRY SPURGEON	58087	37369	483.62	RE MBURSEMENT	483.62
4/28/2022	JAYNE STROMMER	58088	37370	166.12	RE MBURSEMENT	166.12
4/28/2022	THATCHER COMPANY OF CALIFORNIA, INC	58113	37371	3,360.17	ALUM NUM SULFATE	3,360.17
4/28/2022	TOSHIBA INTERNATIONAL CORP	58074	37372	12.50	COPIER USAGE	12.50
4/28/2022	UNIVAR USA INC	58019	37373	3,539.44	SODIUM HYPOCHLORITE	9,191.41
		58110		5,651.97	SODIUM BISULFITE	
4/28/2022	V&A CONSULTING ENGINEERS, INC.	58076	37374	7,080.00	PN90091 CONDITION ASSESSMENT CONSULTING	7,080.00
4/28/2022	VISION SERVICE PLAN	58121	37375	1,730.91	VISION INSURANCE	1,730.91
4/28/2022	WESCO	58032	37376	2,360.96	NVENTORY	2,360.96
4/28/2022	WM LYLES COMPANY	58103	37377	214,913.15	CONSTRUCTION SERVICES PN 80008	214,913.15
4/28/2022	ZORO TOOLS, INC	58127	37378	1,117.04	NVENTORY	2,826.67
		58128		351.20	NVENTORY	
		58129		1,358.43	NVENTORY	
GRAND TOTAL						1,408,484.61

June 22, 2022

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT FOR BIOSOLIDS HANDLING SERVICES WITH SYNAGRO WEST, LLC, EFFECTIVE JUNE 30, 2022, TO EXTEND THE TERM FOR ONE YEAR, FROM JUNE 30, 2022, TO JUNE 30, 2023, AND TO AUTHORIZE PAYMENT FOR SERVICES IN AMOUNTS SPECIFIED IN THE AGREEMENT, AS AMENDED

Recommendation

Authorize General Manager to execute Amendment No. 1 to Agreement for Biosolids Handling Services with Synagro West, LLC (Synagro), effective June 30, 2022, to extend the term for one year, from June 30, 2022, to June 30, 2023, and to authorize payment for services in amounts specified in the Agreement, as amended.

Background Information

Biosolids, the nutrient-rich organic material resulting from the treatment of wastewater, are one of the primary resources produced by the District's Wastewater Treatment Plant. The District produces approximately 35 wet tons of stabilized Class B biosolids per day, which is beneficially reused as a soil amendment via land application or through composting.

In April 2020, staff issued a request for proposals to contractors with experience in providing turnkey biosolids handling services. Synagro provided a proposal with the lowest estimated cost and high beneficial reuse portfolio and a two-year term through June 30, 2022 with a one-year extension option subject to mutual agreement, which was approved by the Board at the June 10, 2020 meeting.

Analysis

In lieu of exercising the one-year extension option at existing pricing, staff negotiated mutually acceptable unit cost adjustments with Synagro for each biosolids management handling option for a one-year term to address multiple cost component increases identified by Synagro, including escalating fuel prices, regulatory requirements for diversion of organics from landfills, and reduced available capacity for biosolids end use.

Financial Impact

This contract amendment will result in an annual biosolids management cost of approximately \$900,000, which represents an increase of \$140,000 (18%) from the FY21/22 Budget amount of \$760,000. Sufficient funding is available in the proposed FY22/23 Budget.

Attachment

Amendment No. 1 to Agreement for Biosolids Handling Services

Reviewed by:  _____

Dean Eckerson
Resource Recovery Services Director

cc: Synagro West, LLC
District File No. BRD.01-ACTS



**AMENDMENT NO. 1 TO THE
AGREEMENT FOR BIOSOLIDS HANDLING SERVICES**

This Amendment No. 1 (“Amendment”) to the Agreement for Biosolids Handling Services (“Agreement”) is made and entered into as of June 30, 2022 (“Effective Date”), by and between Delta Diablo, a county sanitation district formed and existing under the laws of the State of California, hereinafter referred to as “District”, and Synagro West, LLC, a Delaware limited liability company, hereinafter referred to as “Contractor.” District and Contractor are sometimes referred to herein together as the “Parties” and each as a “Party.”

Recitals

A. Since July 1, 2020, the District has contracted with Contractor for biosolids handling services under the terms of the Agreement. The original term of the Agreement expires June 30, 2022. Under Section 1.3 of the Agreement, the parties may agree to extend the term of the Agreement by one additional year, through June 30, 2023.

B. After the District and the Contractor entered into the Agreement, unforeseen economic and regulatory changes affected the cost of biosolids disposal and the price of diesel fuel. Additionally, the Contractor has experienced significant unforeseen delays in offloading biosolids at biosolids disposal sites.

C. The Parties desire to amend the Agreement to extend its term through June 30, 2023, and to make adjustments to the payment terms governing payment for biosolids disposal and calculation of the diesel fuel surcharge, among other changes, to allow the Contractor to continue providing biosolids handling services to the District.

Amendment

NOW, THEREFORE, the Parties hereto agree to amend the Agreement, as follows:

1. Term Extension. In accordance with Section 1.3 (Contract Extension) of the Agreement, the expiration date of the Agreement is extended from June 30, 2022, to a new expiration date of June 30, 2023. The term of the Agreement shall expire on June 30, 2023, unless the Agreement is terminated sooner in accordance with Article 16.
2. Damage to Contractor’s Equipment. Section 4.8.4 (Damage to Contractor’s Equipment) of the Agreement is deleted in its entirety and replaced with new Section 4.8.4, to read:

“4.8.4 Damage to Contractor’s Equipment. Contractor acknowledges that biosolids may cause rust and may contain pathogenic microorganisms. Contractor further acknowledges that biosolids contain small quantities of hydrogen sulfide and ammonia and also may produce methane gas if stored. Contractor further acknowledges that District makes no guarantee regarding the condition or quality of the biosolids material. District will reimburse Contractor for reasonable costs that Contractor actually incurs, plus 15% of those costs, to repair any damage to

Contractor’s equipment that is caused by District’s employees while spotting trailers or loading biosolids. Otherwise, District assumes no responsibility whatsoever for loss of or damage to equipment owned or operated by Contractor, its employees, or its agents, including but not limited to any loss or damage from corrosion.”

3. Base Price Adjustment. Effective July 1, 2022, the table in Section 5.3 (Base Price) of the Agreement is deleted in its entirety and replaced with the following table showing the Base Price for transporting biosolids for disposal at each End Use Site. Each Base Price listed in the table below includes the CPI adjustment to the Base Price that is to be made on July 1, 2022, in accordance with Section 5.5 of the Agreement, and no further adjustment CPI increases shall be made to each Base Price through June 30, 2023.

End Use	Base Price (\$/wet ton)
Class B Beneficial Use	\$57.46
Class A Beneficial Use	\$88.51
Off-Spec Disposal	\$95.59
Transportation to Lystek	\$18.81

4. Diesel Surcharge. Effective July 1, 2022, Section 5.6 (Diesel Surcharge Added to the Base Price) is hereby deleted in its entirety and replaced with new Section 5.6, to read:

“5.6. Diesel Surcharge Added to the Base Price. On July 1, 2022, and on the first day of each month thereafter, the Contractor shall calculate a diesel surcharge (“Diesel Surcharge”) that will be effective for that month and added to the Base Price of biosolids transported to an End Use Site during that month. To calculate the Diesel Surcharge, the Contractor shall first determine the per-gallon retail on-highway diesel fuel cost published as of the first day of the then-current month using the Retail On-Highway Diesel Price – California, low extra low sulfur index published by the U.S. Department of Energy’s Energy Information Administration for California (the “Current Diesel Cost”). The Contractor then shall calculate the Diesel Surcharge per wet ton of biosolids transported to an End Use Site, as follows:

(Current Base Price Per Wet Ton for Applicable End Use Site) x (Applicable Percentage Adjustment in Table 5.6.1 for End Use Site and Current Diesel Cost) = Diesel Surcharge Per Wet Ton

Table 5.6.1

Current Diesel Cost (per gallon)	Percentage Adjustment, Class B Beneficial Use	Percentage Adjustment, Class A Beneficial Use & Off- Spec Disposal	Percentage Adjustment, Transportation to Lystek
Less than or equal to \$3.60	None	None	None
\$3.60 - \$3.649	0.15 %	0.125 %	0.5 %
\$3.65 - \$3.699	0.30 %	0.250 %	1.0 %
\$3.70 - \$3.749	0.45 %	0.375 %	1.5 %
Above \$3.749	0.45%, plus an additional 0.15% per additional five-cent increment above \$3.749	0.375%, plus an additional 0.125% per additional five-cent increment above \$3.749	1.5%, plus an additional 0.5% per additional five-cent increment above \$3.749

5. Standby Time. Effective July 1, 2022, the following is added as Section 5.8 (Standby Time) to the Agreement, to read:

“5.8 Standby Time. If delays at an End Use Site beyond Contractor’s reasonable control prevent Contractor from offloading biosolids at the End Use Site within 30 minutes after arriving at the site, the District will pay the Contractor \$31.25 for each 15-minute increment, or portion thereof, during the period that begins 30 minutes after Contractor’s arrival at an End Use Site, and that ends when Contractor completes biosolids offloading at the End Use Site. When the Contractor charges for standby time under this section, the Contractor shall include in its billing statement the arrival time at and departure time from the End Use Site.”

Except as amended by this Amendment, the remainder of the Agreement remains unchanged and in full force and effect.

[Remainder of page left blank. Signatures on next page.]

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment as of the Effective Date written.

DELTA DIABLO

SYNAGRO WEST, LLC

By: _____
Vincent De Lange, General Manager

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

Approved as to form:
Mary Ann McNett Mason

Approved as to form:

By: _____
County Counsel

By: _____

June 22, 2022

ADOPT RESOLUTION ESTABLISHING FISCAL YEAR 2022/2023 APPROPRIATIONS
(GANN) LIMIT FOR EXPENDITURES THAT CAN BE FUNDED FROM TAX PROCEEDS

Recommendations

Adopt Resolution establishing the Fiscal Year 2022/2023 (FY22/23) Appropriations (Gann) Limit for expenditures that can be funded from tax proceeds.

Background Information

Article XIII B of the California Constitution establishes a formula to calculate a limit on appropriations made from taxes by public agencies in the state of California. The intent of the limitation is to restrict growth of tax-funded programs and services in California. The original requirement was enacted by voters in 1979 as Proposition 4, referred to as the Gann Initiative. The requirements were amended by voters in 1989 to modify formulas used to adjust the limit.

The Appropriations Limit establishes a threshold for the expenditure of revenues that are derived from ad valorem (property) taxes. The District collects a small portion of its total revenue from property taxes and annual proceeds are well below the limit. Although the District's tax revenues remain below the limit, a resolution adopting a new limit is required annually to comply with state laws. The annual calculation begins with the adopted limit for the prior year and applies an adjustment factor based on a formula contained in the California Revenue and Taxation Code, which is based on change in population and per capita personal income. The Appropriations Limit for FY21/22 was \$19,687,850.

Analysis

The calculated Appropriations Limit for FY22/23, using the factors described in the proposed resolution, is \$21,087,468. This is higher than FY21/22 as a net result of the state per capita personal income growth increase of 7.55% and the county population decrease of 0.41% compared to last year. The proposed FY22/23 Budget includes \$3,000,000 in revenue from property taxes, which is well below the Appropriations Limit and in compliance with state law.

Property tax revenue is allocated to the Wastewater Capital Asset Replacement Fund per previously approved Board actions. Although the Board has discretion to make annual determinations regarding how Ad Valorem Tax revenues will be allocated based on District needs, no change to the current policy regarding use of these funds is recommended.

Fiscal Impact

There is no fiscal impact because the projected FY22/23 property tax revenues of \$3,000,000 are well below the calculated Appropriations Limit of \$21,087,468.

Attachments

Resolution Establishing FY22/23 Appropriation Limits

Reviewed by:  _____

Brian Thomas
Acting Business Services Director

cc: District File No. BRD.01-ACTS



**BEFORE THE BOARD OF DIRECTORS
OF DELTA DIABLO**

**Re: Establishing Fiscal Year 2022/2023)
Appropriations [Gann] Limit)**

RESOLUTION NO. 13/2022

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Article XIII B of the California Constitution establishes a formula to calculate a limit on appropriations made from taxes by public agencies in the State of California; and

WHEREAS, the Appropriation Limit is the prior year's Appropriation Limit adjusted by factors identified in State Law; and

WHEREAS, the law requires each public agency's Appropriation Limit to be adjusted based upon: 1) changes in the California per capita personal income; and 2) changes in population as provided by the State of California Department of Finance; and

WHEREAS, the factor used by the District for the Fiscal Year 2022/2023 (FY22/23) calculation is the change in the California per capita personal income in conjunction with the change of population in Contra Costa County; and

WHEREAS, as presented at a public meeting on June 22, 2022, and in the proposed FY22/23 Budget, the calculation of the FY22/23 Appropriations Limit is \$21,087,468.

NOW THEREFORE, the Board of Directors of Delta Diablo DOES HEREBY RESOLVE AND ORDER:

1. To adopt a FY22/23 Appropriations Limit as described in the "Calculation of FY22/23 Appropriations Limit," attached hereto and by reference made a part hereof.
2. To select and use the California Per Capita Personal Income Factor in conjunction with the Contra Costa County Population Change Factor.

PASSED AND ADOPTED on June 22, 2022, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 22, 2022.

ATTEST: Federal Glover
Board Secretary

By: _____

Exhibit: Calculation of FY22/23 Appropriations Limit

CALCULATION OF FY22/23 APPROPRIATIONS LIMIT

**PERMITTED GROWTH RATE IN APPROPRIATIONS USING
CHANGE IN STATE PERCENTAGE CHANGE IN PER CAPITA INCOME
2021 to 2022**

CALCULATION OF POPULATION CHANGE

Line #

Per California Revenue & Taxation Code Section 2228 (a)(3)
A Special District Covering multiple jurisdictions may use either the change in population for the County; or the weighted average of each city and unincorporated area.

Jurisdiction	Population	Percent of Total	Change From 1/2021-1/2022	WEIGHTED AVERAGE % CHANGE
Unincorporated Bay Point	Not Available		Not Available	
Antioch	115,074		-0.06%	
Pittsburg	75,156		-0.83%	
1 Weighted Average	Not Available			Not Available

- 2 Per State of California Department Finance
January 1, 2022 Contra Costa County Population Change -0.41%
- 3 State Per Capita Personal Income Change 7.55%
(Per Capita Income Change Issued By State Dept of Finance in May 2022)

REQUIRED FORMULA FOR CALCULATING ANNUAL ADJUSTMENT

The formula for calculating the adjustment is as follows:

$$\frac{\text{Selected Factor (Population Growth- Line 2) + 100}}{100} = X$$

$$\frac{\text{Selected Factor (State / Capita Income- Line 3) + 100}}{100} = Y$$

(X) x (Y) = Fiscal Year Appropriations Limit Adjustment Factor

$$\frac{-0.41 + 100}{100} = 0.9959$$

$$\frac{7.55 + 100}{100} = 1.0755$$

$$0.9959 \times 1.0755 = \mathbf{1.07109} = \mathbf{FY22/23 \text{ Adjustment Factor}}$$

CALCULATION

Appropriations Limit for year ending June 30, 2022 (Adopted 6/9/2021 Reso 06/2021)	\$19,687,850
Permitted Adjustment Factor Determined By Calculation Formula	<u>1.07109</u>
Appropriations Limit for year ending June 30, 2023 (Prior Yr Limit x Adj Factor)	<u><u>\$21,087,468</u></u>

Due to unavailable data on non-residential new construction, the factor selected for use in this calculation was the State percentage change in per capita income.

Note: This appropriation calculation is posted at District offices and will be included in the June 22, 2022 Board Minutes.

June 22, 2022

AUTHORIZE GENERAL MANAGER TO EXECUTE A SUBSCRIBER SERVICE AGREEMENT AND AN AGENCY SECURITY AGREEMENT WITH COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES, A JOINT EXERCISE OF POWERS AGENCY, TO PAY FEES SPECIFIED IN THE AGREEMENT FOR TESTING PRODUCTS AND SERVICES IN CONNECTION WITH PRE-EMPLOYMENT TESTING FOR FISCAL YEAR 2022/2023

Recommendation

Authorize the General Manager to execute a Subscriber Service Agreement and an Agency Security Agreement with Cooperative Organization for the Development of Employee Selection Procedures (CODESP), a joint exercise of powers agency, to pay fees specified in the Subscriber Service Agreement for testing products and services in connection with pre-employment testing during the period July 1, 2022, through June 30, 2023.

Background Information

The District has engaged with CODESP to develop testing materials that are legal, reliable, valid, and equitable in support of recruitment efforts. These testing materials support an objective evaluation of candidate knowledge, skills, and abilities, which assists the District in making well-informed hiring decisions.


The District's use of the testing materials requires the execution of CODESP's Subscriber Service and Agency Security Agreements. The Agency Security Agreement outlines the measures required to ensure staff use and secure the testing materials consistent with CODESP's policy terms. Board approval is required because: 1) the Subscriber Service Agreement requires users of CODESP materials to indemnify CODESP from liability claims that may arise from the use of the test materials; and 2) CODESP has two annual subscriber options for services and is priced based on the number of budgeted full-time equivalent (FTE) positions. Option 1 provides annual access to proprietary products and tools to create and customize test and interview materials for use in the recruitment and selection process. Option 1 also allows customers to add on online testing services for an additional fee. Option 2 is a modified version of Option 1 without access to the products and tools to create or customize test materials. The annual subscriber fee for less than 100 FTEs is \$1,300 and the scoring services cost \$200 for Fiscal Year 2022/23 (FY22/23). Staff recommends approval of the Subscriber Service Agreement with Option 1 (annual fee totaling \$1,500 for FY22/23).

Financial Impact

Sufficient funding is available in the proposed FY22/23 Budget.

Attachments

- 1) CODESP Subscriber Service Agreement
- 2) CODESP Agency Security Agreement

Reviewed by: 

Brian Thomas
Acting Business Services Director

District File: BRD.01-ACTS



CODESP SUBSCRIBER SERVICE AGREEMENT

Please read, acknowledge, and agree to the following service agreement terms.

Terms:

All terms of this agreement shall prevail over any terms and conditions to the contrary outlined in purchase orders or any other agreements or documentation provided by the agency named below in order to obtain services from CODESP unless explicitly agreed to in writing by an authorized agent of CODESP.

Services Provided:

CODESP provides online employment selection materials and training presentations to customers who are employed at public agencies that have met all of the subscriber terms. Once the registration process is completed and payment is received your agency will gain access to the secure areas of the website associated with your subscription type.

Modified subscribers will gain access to all content currently posted to the subscribers area of the site including the Interview Builder and posted supplemental application forms and situational, performance, and writing exercises. Additional services include live and recorded webinars, live training (may be subject to an additional fee), a job description builder, sample job analysis questionnaires, an online testing option (subject to an additional fee) and online Links and Resources related to public-sector Human Resources.

Full subscribers will gain access to the CATS (CODESP Automated Test System) Request Form to order test materials in addition to all content noted above. Full subscribers may request multiple-choice test packets along with custom supplemental application forms and situational, performance, and writing exercises. Please refer to the **Test Material Requests** and **New Test Material Development** sections of this agreement for further details regarding these requests.

Payment for Services:

A Purchase Order may be submitted to initiate services, but payment must be received within 45 days after the PO is received. Payment or proof of payment (such as a Purchase Order) for all services must be made in advance of services being provided. Please refer to our current fee schedule for the most current pricing and options. PayPal payment requires an additional service fee.

Service Options:

- **Full year:** A full year payment is for services from July 1, 2022 – June 30, 2023. Fees for services detailed in Exhibit A.
- **Less Than Full Year:** A less than full year payment is for any services initiated after July of the current fiscal year. If joining after July, an agency may choose one of the following options:
 - **Pay the full year rate for the current year with no additional commitment.**
 - **Pay a prorated amount for services for the months remaining in the current fiscal year with a contractual obligation to continue the following year.**
 - The prorated fee shall be one-twelfth (1/12) of the full year fee multiplied by the number of months remaining in the fiscal year. Any months in which services will be rendered will be included in this calculation.
 - By agreeing to this option, the agency agrees to pay for a full year of service the fiscal year following the fiscal year in which services are originated. The fee for the following year will be in accordance with the posted fee schedule for the following year which shall

be made available by no later than February of the preceding fiscal year. In the event that the posted fee schedule for the following year indicates a fee increase in excess of ten (10) percent from the previous year, the agency will have the right to option out of the following full year of service. This agreement may be amended to remove the requirement for an additional year of service under special circumstances wherein an agency policy is provided that supports a limitation set by the governing body of the agency limiting the agency's ability to agree to a multi-year contractual obligation upon consent of the CODESP administration.

CODESP reserves the right to refuse future service or to restrict services provided or service options (as indicated above) for any subscriber that violates, or has previously violated, this or any other CODESP agreement.

Refunds:

Refunds for subscription fees will not be made.

Refunds for fees associated with additional services such as Online Testing will only be made in cases where circumstances arise which prohibit the intended use of such services (e.g. technology issues). Refunds of these costs will be issued in the form of credit for future services and may be applied to future use of additional services or standard subscription fees.

Continuation of Services:

To continue a subscription in good standing, agencies shall pay the subscription fee no later than July 1 or communicate their intent to rejoin through e-mail or other correspondence. Unless the subscription fee is received by September 1, the intent to rejoin becomes null and void, and agency access will be disabled.

Please note that the following terms apply at the start of each fiscal year. Failure to adhere to the following may result in access to the secure areas of the CODESP website being temporarily disabled.

- Payment must be received within 45 days of receipt of a Purchase Order
- A signed copy of the Agency Security Agreement and Service Agreement for the current fiscal year must be received within 45 days of the start of the new fiscal year

Test Material Requests:

Multiple-choice test materials from the online item bank are requested by completing a **CATS Request Form**.

Other test materials such as interviews (Interview Builder), supplemental application forms, writing, situational, and performance exercises (under Test Materials) can be accessed from the secure areas of the website. If customized materials are needed, the customer will complete a CATS Request Form and provide current job information and access to job experts as needed to fulfill such a request.

When submitting requests for test materials, customers must provide a job description and other pertinent information needed to guide CODESP staff in selecting job-related materials. The customer will allow at least 10 business days for the request to be fulfilled. If new test materials need to be developed, the customer acknowledges that these requests take longer to fulfill and will work with CODESP staff on an appropriate timeline for fulfilling the request.

Access to the secure areas of the website and all test materials is restricted to authorized employees who are responsible for accessing test materials and implementing the selection process. Authorization is determined by the customer's Human Resources administrator and subject to approval by CODESP administration. The number of users is based on the size of the agency and approved by CODESP. Generally, no more than 10 users per agency may have access to the secure areas of the website. Exceptions to the restriction on the number of users may be authorized for agencies with an employee count of over 3,000.

A maximum of five test material requests can be submitted by the subscriber per month, unless otherwise approved by CODESP administration. CODESP provides unlimited access to the products and services accessible from the secure areas of the website that do not require completing a CATS Request Form.

Unlimited test products include all questions in the Interview Builder and posted sample test materials such as supplemental application forms and writing, situational, and performance exercises.

New Test Material Development:

CODESP will expand test material job families when resources are available. Job experts are to be provided by the customer whenever possible. CODESP maintains final edit approval on test materials entered into the CATS system. Adding job families and items to the item bank is at the discretion of CODESP. A list of Multiple-Choice Item Banks currently available for public agency customers is available under **Join CODESP / Frequently Asked Questions**. The list is subject to revision and the job families listed do not contain test items for all possible classifications that may fall under a specific job family.

CODESP requires the following to develop new test materials:

- A job expert provided by the customer to assist CODESP staff in the development, edit, and final review of the new materials.
- Technical documents/manuals or other appropriate source material provided by the customer when they are not readily available to CODESP.
- At least 15 business days for development, review, and edits of new test materials. The 15 day period begins after the job expert and/or technical materials are provided to CODESP.

CODESP will not:

- Recreate state licensure, Microsoft certification, or similar examinations that require formal certificates.
- Enter copyrighted materials into our item bank.
- Create test materials for sworn police or fire personnel.
- Create test materials for positions where the type of assessment method requested is inappropriate. For example, multiple-choice tests for senior management or highly technical positions like engineer.

Use of Test Materials:

The final selection of which test materials to use is the responsibility of the agency. A local job analysis is highly recommended to determine test content which is appropriate for your agency's specific position/classification for which you are testing. All test materials should be reviewed by a local job expert prior to use in order to ensure validity.

The use of test materials by a customer agency to test or assess candidates for another agency which is not a customer is strictly prohibited.

The charging of any test administration or related fees to a candidate for any job for taking a test that includes any CODESP materials is strictly prohibited unless otherwise approved by CODESP administration.

Test materials are intended to be used in-person in proctored settings only. The use of any test materials in any non-proctored or remote (proctored or non-proctored) setting is strictly prohibited unless otherwise approved by CODESP administration. This restriction does not apply to materials specifically designated for remote or non-proctored use.

Retention of Test Materials:

Upon termination of a CODESP subscription, the agency shall immediately cease and desist the use of all CODESP test materials and shall cease administering any and all tests that contain CODESP test materials. The agency shall destroy all CODESP test materials, both paper and electronic, except those used to document existing test records. The agency shall inform CODESP at the time of the discontinuation of service of any test materials that are being maintained in order to document existing test records. The agency shall delete CODESP test materials from electronic storage devices, databases, test management systems, and/or item banks that may be accessible by unauthorized individuals, agencies, or vendors, including any third-party testing software.

Legal Acknowledgements:

The terms of this Service Agreement may change prior to the start of each fiscal year as solely determined by the CODESP Board of Directors. A copy of this Service Agreement will be sent to customers in advance of the

new fiscal year. Customers must agree to the terms of the current Service Agreement in order to continue services.

To the extent allowable by California law, the agency named below shall defend, indemnify, and hold harmless CODESP, its board members, officers, employees, and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the use of materials or services provided by CODESP unless such liability, loss, expense, or claims is due to CODESP's sole negligence.

CODESP agrees to defend, indemnify, and hold harmless the agency named below, its board members, officers, employees, and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising solely out of negligent activities of CODESP or those of any of its officers, employees, and agents, whether such act or omission is authorized by this Agreement or not. The provisions of this Indemnification do not apply to any damage or losses caused by the negligence of the Agency or any of its board members, officers, employees, and/or agents.

The agency named below understands and acknowledges that it is solely responsible for its employment decisions including, but not limited to, all uses of CODESP materials including, but not limited to, test materials, rating criteria, training materials, statistical reports, and cutoff scores. The agency named below also acknowledges that it is solely responsible for ensuring its employment practices comply with all applicable federal, state, and local laws, regulations, and professional guidelines. It is the exclusive responsibility of the agency named below to ensure that the knowledge, skills, and abilities and/or competencies measured by CODESP test materials are valid job requirements.

By entering into this Service Agreement the agency acknowledges that so far as it pertains to the agency and CODESP, that CODESP is the sole owner of the intellectual property that the agency will have access to under this Agreement, described herein as "content" or "materials," as well as any other intellectual property the agency will have access to under this Agreement. CODESP hereby grants to the agency a non-transferable and non-exclusive license to the materials and content for the purposes described herein. This license shall be in effect only as long as the agency remains as a party in good standing to this Agreement and only while the agency is current in its financial obligations to CODESP. The agency acknowledges that any use of the intellectual property owned by CODESP in violation of this license will constitute an intentional infringement of CODESP's copyright interest in such property. The agency agrees that copyright infringement under this Agreement includes obtaining CODSEP materials while a subscriber and continuing to use such materials after the end of the subscription. The agency agrees that should it infringe upon CODSEP's intellectual property rights that the agency will pay for CODSEP's attorney fees and costs incurred by CODSEP in any ensuing litigation.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions will not be affected thereby.

- I agree with the terms and conditions as stated in this document.**
- I do not agree with the terms and conditions.**

Agency: _____

Signature of Authorized Agency Representative: _____ Date: _____

Printed Name: _____ Title: _____

Signature of HR Administrator (if different from above): _____ Date: _____

Printed Name: _____ Title: _____

Please agree, complete, sign and e-mail a scanned copy to codesp@codesp.com. If you are unable to send a scanned copy via e-mail, please fax a signed copy to: 714-374-8225

EXHIBIT A



2022 – 2023 CODESP SUBSCRIBER FEE STRUCTURE

Subscribers include all non-educational public agencies such as cities, counties, rail-transit, courts, utilities, health, airport, and special districts. Fees are based on the number of eligible positions.

Current Fiscal Year: July 1, 2022 through June 30, 2023

Prorated: Prorated amount for any time after August 1, 2022 through June 30, 2023 *with an obligation for a full-year subscription for the following full fiscal year (July 1, 2023-June 30, 2024)*[#]

CODESP has two subscriber options. Option 1 provides full services to our customers as described below. Option 1 customers may also choose to add on online testing at an additional fee. Option 2 provides customers with “modified” services at a discount. This option does not include multiple-choice item bank questions or the ability to request new or customized test materials. Registration instructions and forms are available online under **Join CODESP**. If you have questions or need an invoice, email codesp@codesp.com or call 714-374-8644.

CODESP will not duplicate, or develop new versions of, state or private certification/licensing tests such as those for CPA, Occupational Therapy, Ultrasound/Radiology, RN/LVN, POST, Microsoft, Water, Bus Driver, Mechanic, Telecommunications, Engineering, etc. CODESP will not develop higher level management multiple-choice questions.

OPTION 1 - Products and Services:

Includes:

- Multiple-choice test materials:
 - Customer requests test materials by sending position information/job description
 - Customer is sent test materials online selected by CODESP staff from our multiple-choice item bank.
 - Customer reviews and selects items/test materials online with their job experts
 - Customer selects questions and generates a test online from items sent by CODESP
 - Two multiple choice test format options: Online (extra fee) and paper
 - Scoring and item analysis – Immediate reports available for online tests
 - No per candidate or test rental fees
- Interview Bank and Builder – Accessible online by the customer
- Test materials such as writing exercises, performance tests and supplemental applications – Samples accessible online by the customer. Customer can request materials not found online
- Job Description Builder (not all job families available) – Accessible online by the customer
- Resources, such as the CODESP Employee Selection Handbook and HR Job Postings
- Free HR “hot topics” training: Live training and Webinars (recorded and archived for on-demand viewing)
- Access for up to 10 active Human Resource (must work in employee testing) staff members (additional users may be authorized for agencies with an employee count of over 3,000)

OPTION 1 - FEE SCHEDULE

Number of Budgeted FTEs (Full-Time Equivalent Positions)*	Annual Fee	Prorated Fee^
100 or less	\$1,300	\$108.33/month
101 - 1,000	\$2,600	\$216.67/month
1,001 – 1,500	\$3,100	\$258.33/month
1,501 – 2,000	\$3,600	\$300.00/month
2,001 – 2,500	\$4,100	\$341.67/month
2,501 – 3,000	\$4,600	\$383.33/month
Each additional 500 after 3,000	+\$500	+\$41.67/month

*Police and fire sworn positions are not factored into the number of budgeted positions. Additionally, elected officials should not be included in the position count. No sworn police or fire test products will be provided. No discount available to subscribers with less than 100 budgeted FTEs.

Option 1 - Fee Calculation Example:

Number of total budgeted positions	7,500
Minus sworn police and fire positions*	-600
<u>Minus excluded independent departments**</u>	<u>-2,500</u>
Total Number of Positions Included in Fee:	4,400
 Total Annual Fee:	 \$6,100

Departments that have their own HR staff, and conduct employee assessment for their department, must become customers as a separate subscriber. Their fee is based on the **Subscriber Fee Schedule. For example: LA Department of Water and Power, SF Department of Public Health, etc., are considered separate subscribers and their fees are based on the **Fee Schedule** above. Online testing is optional and includes a separate fee.

Optional Extra Service – Online Testing (available only with Option 1)

- Available Monday – Friday (excluding holidays) from 8:00 – 4:30 pm.
- Fees will be added to the basic service fee listed on the subscriber fee schedule

ONLINE TESTING OPTION - FEE SCHEDULE

Number of Budgeted FTEs (Full-Time Equivalent Positions)*	Annual Fee	Prorated Fee^
100 or less	\$200	\$16.67/month
101 - 500	\$500	\$41.67/month
501 – 1,000	\$1,000	\$83.33/month
1,001 – 1,500	\$1,500	\$125.00/month
1,501 – 2,000	\$2,000	\$166.67/month
2,001 – 2,500	\$2,500	\$208.33/month
2,501 – 3,000	\$3,000	\$250.00/month
Each additional 500 after 3,000	+\$500	+\$41.67/month

OPTION 2 - "MODIFIED" SERVICES

Includes:

- Interview Bank and Builder
- Miscellaneous Test materials –posted supplemental applications, writing, situational, and performance exercises
- Job Description Builder (not all job families available)
- Resources, such as the CODESP Employee Selection Handbook
- Free HR training: Live training and Webinars (recorded and archived for on-demand viewing)
- Access for up to 10 Human Resources (must work in employee testing) staff members (additional users may be authorized for agencies with an employee count of over 3,000)
- NO access to multiple-choice test questions, online testing, or the ability to request new or customized test materials

OPTION 2 - MODIFIED SERVICES FEE SCHEDULE

Number of Budgeted FTEs (Full-Time Equivalent Positions)*	Annual Fee	Prorated Fee^
1,000 or less	\$1,300	\$108.33/month
1,001 – 1,500	\$1,550	\$129.17/month
1,501 – 2,000	\$1,800	\$150.00/month
2,001 – 2,500	\$2,050	\$170.83/month
2,501 – 3,000	\$2,300	\$191.67/month
Each additional 500 after 3,000	+\$250	+\$20.83/month

*No sworn police or fire test products will be provided. No discount available to subscribers with less than 100 budgeted positions.

Option 2 - Fee Calculation Example:

Number of total positions	7,500
Minus sworn police and fire positions*	-600
Minus excluded departments**	-2,500
Total Number of Positions Included in Fee:	4,400
Total Annual Fee:	\$3,050

Departments that have their own HR staff, and conduct employee assessment for their department, must become customers as separate subscribers. Their fee is based on the **Subscriber Fee Schedule.

PAYPAL PAYMENT OPTION: Customers have the option to pay with a credit card through PayPal. Payments through paypal will be subject to an additional 3.5% service fee.

^Prorated fee is based on a prorated annual fee. This fee will be 1/12th of the annual fee for each month remaining in the current fiscal year (July – June) and must be paid in full at the time an agency becomes a subscriber.

#Fees are adopted each fiscal year by the CODESP Board of Directors and may differ from the fees in the current fiscal year

The final selection of test materials is the customer's responsibility.



CODESP AGENCY SECURITY AGREEMENT

The parties to this agreement are the Cooperative Organization for the Development of Employee Selection Procedures (CODESP) and the _____ hereinafter known as the Agency. In order to protect the mutual interests of all CODESP agencies, each Agency is required to execute this agreement and fulfill its terms.

- a. It is understood and agreed that the primary signer of this agreement will be an authorized agent of the Agency. The Agency may designate one or more alternates. If the primary signer of this agreement is not an agent of the Agency with responsibility for oversight of the Agency's test administration and selection practices, an alternate signer is required who maintains responsibility in this area. The Agency may also assign an additional alternate signer of its choosing. All alternate signers will be regarded as sharing the responsibility with the primary signer for carrying out the terms of this agreement. CODESP has the right to terminate this agreement and all associated agreements and to withhold or recall CODESP materials and services if terms and conditions of this agreement have been violated.
- b. Test materials obtained through CODESP will be used for the official purposes of the Agency in testing candidates for placement within their Agency or at other approved public agencies who are current customers of CODESP only. The use of test materials by the Agency to test or assess candidates for a non-customer agency is strictly prohibited. Under no circumstances will materials so obtained, including tutorials, be posted on the Agency's website or other websites. Under no circumstances will test materials be stored in any other agency's or private computer systems for sale or disbursement to any other agency or person that is not authorized to have access to such materials, nor will the Agency knowingly permit others to do so. The Agency will not enter any test materials obtained through CODESP into any third-party testing or test management system unless there is an expressed written consent that the third-party will not retain any of the data and that consent has been shared with CODESP administration.
- c. Test materials obtained through CODESP may be reviewed by examiners, subject matter experts, researchers, consultants, test proctors, or others working on the development of examinations. Such persons are not authorized to receive access to the secure areas of the website or to make notes about, copy, or retain any of the actual materials. Any reviews of materials are to be conducted under the general supervision and responsibility of the primary signer (or alternate signer with responsibility over the area of test administration and selection practices) of this agreement. The final selection and use of test materials is the

responsibility of the Agency.

- d. No official, staff member, consultant, or other agent of the Agency may loan, give, sell, nor otherwise make available any testing material obtained through CODESP to any other agency or person that is not authorized to have access to such material, nor will they knowingly permit others to do so. Under no circumstances will CODESP materials be available for study, copying, photographing, reproduction, or re-publication, in whole or in part.
- e. Test materials obtained through CODESP will be used and stored at the Agency in a manner that will prevent unauthorized persons from having access to them. Tests will be administered in-person in proctored environments by an Agency employee to ensure that no test materials are removed from the test site. Test materials shall not be used in any non-proctored or remote (proctored or non-proctored) setting without the expressed written consent of CODESP administration. Test materials specifically designated by CODESP for remote or non-proctored use are exempted. Any test materials entered into any third-party software must be removed immediately upon termination of the Agency's business relationship with the third-party.
- f. All system users and test proctors must be employees of the Agency and must sign the CODESP User Security Agreement. No more than 10 users are allowed per agency (exceptions may apply for agencies with over 3,000 employees). Access to the secure areas of the CODESP website is restricted to employees of the Agency with a direct reporting relationship to an Agency administrator with responsibility for the oversight of the Agency's test administration and selection practices and who are involved in the employment testing process. The sharing of usernames or passwords is strictly prohibited. Employees of third-party vendors serving solely as test proctors for remotely proctored test administrations approved by CODESP in accordance with section E above are exempt from signing the CODESP User Security Agreement.
- g. If candidates are allowed consultation regarding their test results, they may only review the test under a restrictive time-limit with an authorized individual whose signature is on the CODESP User Security Agreement. The candidate may not make notes about, copy, or retain any of the test materials. Under no circumstances will candidates be allowed to view the answer key for an exam or any reports generated from the CODESP website containing such information in an unsupervised environment. No candidate will be allowed to make notes about, copy, or retain any information relating to keyed responses.
- h. If it is necessary that materials obtained through CODESP be presented in proceedings conducted by a court or other body vested with legal authority, the Agency shall request that the material be covered by a protective order that will safeguard its confidentiality, and CODESP will be promptly notified of the proceedings.
- i. The Agency understands and acknowledges that it is solely responsible for its employment decisions including, but not limited to, all uses of CODESP materials and services including, but not limited to, test materials, rating criteria, training materials, statistical reports, and cutoff scores. The Agency also is solely responsible for ensuring its employment practices comply with all applicable

federal, state, and local laws, regulations, and professional guidelines. It is the exclusive responsibility of the Agency to ensure that the knowledge, skills, and abilities and/or competencies measured by CODESP test materials are valid job requirements.

- j. The Agency agrees that all necessary administrative steps will be taken to ensure that staff members, consultants, or others who may have access to material provided through CODESP will be informed of this agreement and required to comply with it. Any Agency violating test security, intentionally or otherwise, will be denied further test materials and will have access to current materials revoked until the security violation has been resolved to the satisfaction of CODESP administration. The signers of this agreement are authorized to execute this agreement on behalf of the parties.
- k. Upon termination of CODESP membership/subscription, the Agency shall destroy all CODESP test materials, both paper and electronic, except those used to document existing test records. The Agency shall immediately cease and desist the use of all CODESP test materials and shall cease administering any and all tests that contain CODESP test materials. The Agency shall delete CODESP test materials from electronic storage devices, databases, test management systems, and/or item banks that that may be accessible by unauthorized individuals, agencies, or vendors, including any third-party testing software.
- l. If the signer(s) of this agreement find(s) it impossible to ensure fulfillment of this agreement or leave(s) the Agency, an authorized agent of the Agency shall notify CODESP to make arrangements for continuation or termination of the agreement.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions will not be affected thereby.

Primary Signer:

Print Name: _____ Title: _____

Signature: _____ Date: _____

Human Resources Administrator (if different from above):

Print Name: _____ Title: _____

Signature: _____ Date: _____



CODESP AGENCY SECURITY AGREEMENT

The parties to this agreement are the Cooperative Organization for the Development of Employee Selection Procedures (CODESP) and the _____ hereinafter known as the Agency. In order to protect the mutual interests of all CODESP agencies, each Agency is required to execute this agreement and fulfill its terms.

- a. It is understood and agreed that the primary signer of this agreement will be an authorized agent of the Agency. The Agency may designate one or more alternates. If the primary signer of this agreement is not an agent of the Agency with responsibility for oversight of the Agency's test administration and selection practices, an alternate signer is required who maintains responsibility in this area. The Agency may also assign an additional alternate signer of its choosing. All alternate signers will be regarded as sharing the responsibility with the primary signer for carrying out the terms of this agreement. CODESP has the right to terminate this agreement and all associated agreements and to withhold or recall CODESP materials and services if terms and conditions of this agreement have been violated.
- b. Test materials obtained through CODESP will be used for the official purposes of the Agency in testing candidates for placement within their Agency or at other approved public agencies who are current customers of CODESP only. The use of test materials by the Agency to test or assess candidates for a non-customer agency is strictly prohibited. Under no circumstances will materials so obtained, including tutorials, be posted on the Agency's website or other websites. Under no circumstances will test materials be stored in any other agency's or private computer systems for sale or disbursement to any other agency or person that is not authorized to have access to such materials, nor will the Agency knowingly permit others to do so. The Agency will not enter any test materials obtained through CODESP into any third-party testing or test management system unless there is an expressed written consent that the third-party will not retain any of the data and that consent has been shared with CODESP administration.
- c. Test materials obtained through CODESP may be reviewed by examiners, subject matter experts, researchers, consultants, test proctors, or others working on the development of examinations. Such persons are not authorized to receive access to the secure areas of the website or to make notes about, copy, or retain any of the actual materials. Any reviews of materials are to be conducted under the general supervision and responsibility of the primary signer (or alternate signer with responsibility over the area of test administration and selection practices) of this agreement. The final selection and use of test materials is the

responsibility of the Agency.

- d. No official, staff member, consultant, or other agent of the Agency may loan, give, sell, nor otherwise make available any testing material obtained through CODESP to any other agency or person that is not authorized to have access to such material, nor will they knowingly permit others to do so. Under no circumstances will CODESP materials be available for study, copying, photographing, reproduction, or re-publication, in whole or in part.
- e. Test materials obtained through CODESP will be used and stored at the Agency in a manner that will prevent unauthorized persons from having access to them. Tests will be administered in-person in proctored environments by an Agency employee to ensure that no test materials are removed from the test site. Test materials shall not be used in any non-proctored or remote (proctored or non-proctored) setting without the expressed written consent of CODESP administration. Test materials specifically designated by CODESP for remote or non-proctored use are exempted. Any test materials entered into any third-party software must be removed immediately upon termination of the Agency's business relationship with the third-party.
- f. All system users and test proctors must be employees of the Agency and must sign the CODESP User Security Agreement. No more than 10 users are allowed per agency (exceptions may apply for agencies with over 3,000 employees). Access to the secure areas of the CODESP website is restricted to employees of the Agency with a direct reporting relationship to an Agency administrator with responsibility for the oversight of the Agency's test administration and selection practices and who are involved in the employment testing process. The sharing of usernames or passwords is strictly prohibited. Employees of third-party vendors serving solely as test proctors for remotely proctored test administrations approved by CODESP in accordance with section E above are exempt from signing the CODESP User Security Agreement.
- g. If candidates are allowed consultation regarding their test results, they may only review the test under a restrictive time-limit with an authorized individual whose signature is on the CODESP User Security Agreement. The candidate may not make notes about, copy, or retain any of the test materials. Under no circumstances will candidates be allowed to view the answer key for an exam or any reports generated from the CODESP website containing such information in an unsupervised environment. No candidate will be allowed to make notes about, copy, or retain any information relating to keyed responses.
- h. If it is necessary that materials obtained through CODESP be presented in proceedings conducted by a court or other body vested with legal authority, the Agency shall request that the material be covered by a protective order that will safeguard its confidentiality, and CODESP will be promptly notified of the proceedings.
- i. The Agency understands and acknowledges that it is solely responsible for its employment decisions including, but not limited to, all uses of CODESP materials and services including, but not limited to, test materials, rating criteria, training materials, statistical reports, and cutoff scores. The Agency also is solely responsible for ensuring its employment practices comply with all applicable

federal, state, and local laws, regulations, and professional guidelines. It is the exclusive responsibility of the Agency to ensure that the knowledge, skills, and abilities and/or competencies measured by CODESP test materials are valid job requirements.

- j. The Agency agrees that all necessary administrative steps will be taken to ensure that staff members, consultants, or others who may have access to material provided through CODESP will be informed of this agreement and required to comply with it. Any Agency violating test security, intentionally or otherwise, will be denied further test materials and will have access to current materials revoked until the security violation has been resolved to the satisfaction of CODESP administration. The signers of this agreement are authorized to execute this agreement on behalf of the parties.
- k. Upon termination of CODESP membership/subscription, the Agency shall destroy all CODESP test materials, both paper and electronic, except those used to document existing test records. The Agency shall immediately cease and desist the use of all CODESP test materials and shall cease administering any and all tests that contain CODESP test materials. The Agency shall delete CODESP test materials from electronic storage devices, databases, test management systems, and/or item banks that that may be accessible by unauthorized individuals, agencies, or vendors, including any third-party testing software.
- l. If the signer(s) of this agreement find(s) it impossible to ensure fulfillment of this agreement or leave(s) the Agency, an authorized agent of the Agency shall notify CODESP to make arrangements for continuation or termination of the agreement.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions will not be affected thereby.

Primary Signer:

Print Name: _____ Title: _____

Signature: _____ Date: _____

Human Resources Administrator (if different from above):

Print Name: _____ Title: _____

Signature: _____ Date: _____

June 22, 2022

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO GENERAL SERVICES CONTRACT IN THE AMOUNT OF \$60,000, FOR A NEW TOTAL CONTRACT AMOUNT NOT TO EXCEED \$840,000, SCA OF CA, LLC, STREET SWEEPING SERVICES FOR CITY OF ANTIOCH AND BAY POINT

Recommendation

Authorize the General Manager to execute Amendment No. 1 to the general services contract with SCA OF CA, LLC (SCA) to provide additional sweeping services in the amount of \$60,000, for a new total contract amount not to exceed \$840,000.

Background Information

Street sweeping service is one of the many pollution prevention activities performed by the District for residents and businesses within its service area. Street sweeping is required by state and federal regulations under the Clean Water Act, as well as state storm water regulations. This service is effective in improving water quality by removing pollutants from streets before wind, rain, and water carry them into the storm drain system where they would otherwise enter local waterways and the Delta without treatment. On July 1, 2021, the District executed a general services contract with SCA for \$780,000 to provide street sweeping services on behalf of the District to the City of Antioch and the community of Bay Point.

Analysis

SCA identified increased expenses related to fuel, labor, and consumable materials that are impacting its overall cost to provide street sweeping services. These factors have created an operational and financial condition that is substantially different than when SCA submitted its bid to provide street sweeping services in July 2021. SCA requested that the District consider amending the total contract amount to account for these increased operational costs and provided supporting data showing its total costs have increased by approximately 15%, which exceeds the 5% Consumer Price Index (CPI) maximum adjustment allowed for in the contract. Staff reviewed the data and determined that if the requested cost adjustment from SCA is approved via contract amendment, the resulting increased cost-per-mile will remain below the unit price that other agencies in the Bay Area are paying for similar services. If this contract amendment is approved, SCA has agreed not to request any other contract amendments for the remainder of the contract term, which ends on June 30, 2023.

Financial Impact

Sufficient street sweeping revenues are projected for FY22/23, in concert with use of existing Street Sweeping Fund equity, to support this contract amendment.

Prepared by: _____



Brian Thomas
Acting Business Services Director

cc: SCA OF CA, LLC
District File No. CORP.10-AGR



June 22, 2022

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 3 TO CONSTRUCTION SERVICES CONTRACT IN THE AMOUNT OF \$255,000, FOR A NEW TOTAL CONTRACT AMOUNT NOT EXCEED \$1,687,100, J.W. BACKHOE & CONSTRUCTION, INC., CONSTRUCTION SERVICES, BRIDGEHEAD PIPELINE REPLACEMENT, PROJECT NO. 21123

Recommendation

Authorize the General Manager to execute Amendment No. 3 to the construction services contract with J.W. Backhoe & Construction, Inc. (J.W. Backhoe) in the amount of \$255,000, for a new total contract amount not to exceed \$1,687,100, to provide construction services for the Bridgehead Pipeline Replacement Project.

Background Information

On September 9, 2020, the Board adopted a resolution declaring an emergency and finding that public interest and necessity demanded the immediate expenditure of public money to repair the unanticipated structural failure of an 18-inch gravity sewer segment of the Bridgehead conveyance system on August 2, 2020, without submitting the expenditure to public bid, to safeguard life, health, and property. In addition, the Board authorized the General Manager to negotiate and execute agreements for material procurement, construction, and other related services as required to complete the necessary emergency repair in an amount of \$1,400,000. J.W. Backhoe was contracted to install a temporary piping system, while the permanent replacement was being designed and constructed, for an amount of \$1,000,000, which was later amended to \$1,432,100. The temporary pipeline has been in service since October 2020.

Analysis

The initial amended contract with J.W. Backhoe included additional rental services through June 2022 to account for completion of the permanent pipeline installation. However, due to the ongoing impacts of the COVID-19 pandemic on the construction supply chain, procurement of the specified materials for the permanent replacement project has been further delayed, which impacted the contractor's ability to meet the project completion date of June 14, 2022. Delivery of these materials, originally scheduled in March 2022, is currently anticipated for late August 2022. Project completion is now anticipated in December 2022.

The contract with J.W. Backhoe has been extended to December 31, 2022. To account for the additional rental costs through the new anticipated project completion date, staff recommends increasing the existing contract with J.W. Backhoe in the amount of \$255,000, for a total contract amount of \$1,687,100, as shown in the attached summary.

Financial Impact

The adopted Fiscal Year 2021/2022-2025/2026 (FY21/22-FY25/26) Capital Improvement Program includes a total project budget of \$3.8 million for planned expenditures through FY21/22. Sufficient funding is available in FY21/22 for this recommended action. Staff has requested an additional appropriation of \$700,000 in the proposed FY22/23 Budget to reflect the new total project cost estimate of \$4.5 million, which includes planning, design, construction, construction management and inspection, and additional rental costs associated with the temporary pipeline system.



Attachment

J.W. Backhoe Contract Increase Scope and Cost Summary

Reviewed by:



Thanh Vo
Acting Engineering Services Director

cc: District File No. 21123.01.01



**BRIDGEHEAD PIPELINE REPLACEMENT
PROJECT NO. 21123**

AMENDMENT NO. 3
J.W. BACKHOE & CONSTRUCTION, INC. (CONTRACTOR)

CONTRACT INCREASE SCOPE AND COST SUMMARY

<u>DESCRIPTION</u>	<u>PROPOSED COST</u>
ORIGINAL AUTHORIZED CONTRACT AMOUNT	\$1,000,000
Amendment No. 1 – Rental costs through June 2022	\$432,100
Amendment No. 2 – Time extension to December 31, 2022	\$0.00
<u>AMENDMENT NO. 3 SCOPE OF WORK:</u>	
Additional rental costs through December 2022	\$255,000
TOTAL	<u>\$1,687,100</u>

June 22, 2022

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 7 TO STREET SWEEPING SERVICES AGREEMENT, EXTENDING THE TERM FOR THREE YEARS, JULY 1, 2022 TO JUNE 30, 2025, AND AUTHORIZING PAYMENT IN AN AMOUNT NOT TO EXCEED \$385,000 PER YEAR, CITY OF PITTSBURG, STREET SWEEPING SERVICES

Recommendation

Authorize the General Manager to execute Amendment No. 7 to the Agreement with the City of Pittsburg (City) for street sweeping services in the city of Pittsburg (Zone 2) for an amount not to exceed \$385,000 per year for three years.

Background Information

Street sweeping is one of the pollution prevention activities provided by the District for residents and businesses in its service area. Street sweeping is an effective method of protecting water quality by removing pollutants from streets for proper treatment before they enter local waterways. The District and the City entered into a three-year agreement on June 20, 2000 to provide street sweeping services within the City. Since then, the City and the District have executed six amendments to the contract. Amendment No. 6 was approved by the Board in June 2019 and extended the contract term from July 1, 2019 through June 30, 2022.

Analysis

Amendment No. 7 would extend the term of this agreement from July 1, 2022 through June 30, 2025 and increase the annual cost by \$70,000. The City identified increased labor, fuel, and consumable material expenses that have resulted in overall increased operating costs to continue providing this service. The City requested a maximum rate of \$29.61 per curb-mile for the next three-year period, which represents a 25% increase over the current rate of \$23.25 per curb-mile. The rate includes equipment depreciation, inflation, labor, and fuel costs. The City would like to continue providing street sweeping services as a “City-provided service” and has performed these street sweeping services very well over numerous years. Following review, staff determined the proposed adjusted rate is competitive when compared to other local agencies. Based on a history of reliable service and competitive costs, staff recommends extending the existing contract with the City for three years through June 30, 2025.

Financial Impact

Current annual revenue and street sweeping reserve fund will cover the additional costs without the need for increased street sweeping rates over the term of this agreement. Sufficient funding for this contract amendment has been included in the proposed Fiscal Year 2022/2023 Budget.

Attachment

Delta Diablo Agreement Amendment No. 7, City of Pittsburg Street Sweeping Services

Reviewed by: _____



Dean Eckerson
Resource Recovery Services Director

cc: Garrett Evans, City Manager, City of Pittsburg
District File No. CORP.10-AGR



**DELTA DIABLO
AGREEMENT AMENDMENT**
City of Pittsburg Street Sweeping Services

Amendment No. 7

1. **EFFECTIVE DATE AND PARTIES:** Delta Diablo (formerly Delta Diablo Sanitation District), a political subdivision of the State of California (hereinafter called the "District"), and the City of Pittsburg (hereinafter called the "Contractor"), entered into an Agreement, dated July 12, 2000, to provide Street Sweeping Services for the District through the period of June 30, 2003. In June 2003, an amendment (Amendment No. 1) was approved to extend the contract term from July 1, 2003, through June 30, 2006. Amendment No. 2 was approved in June 2006 extending the contract term from July 1, 2006, through June 30, 2009. Amendment No. 3 was approved in June 2009 extending the contract term from July 1, 2009, through June 30, 2012. Amendment 4 was approved in June 2012 extending the contract term from July 1, 2012, through June 30, 2015. Amendment No. 5 was approved in August 2015 extending the contract term from September 1, 2015, through June 30, 2018, and Amendment No. 6 was approved in June 2019 extending the contract term from July 1, 2019 through June 30, 2022. The parties now desire to amend that Agreement as follows:
2. **PURPOSE:** To continue to provide street sweeping services in the City of Pittsburg.
3. **AMENDMENT:**
Article 6: TERM OF AGREEMENT, shall be deleted and replaced with the following:
 - i. The term of this Agreement shall be from July 1, 2022, through June 30, 2025.
Article 7: COMPENSATION, first paragraph shall be deleted and replaced by the following:
 - i. It is agreed that the compensation to be paid to the Contractor for machine sweeping services described in Article 3 and 4 herein covered by this Agreement shall not exceed \$29.61 per curb-mile and \$385,000 per fiscal year for the period of July 1, 2022, through June 30, 2025. These rates include consideration for vehicle depreciation and replacement based on a seven (7) year operating life for machine sweepers.
4. **EFFECT:** This Amendment is effective on the last date entered below. Except for the amendments agreed to herein, the above-referenced Agreement remains in full force and effect.

Delta Diablo

City of Pittsburg

By: _____
Vince De Lange, General Manager

By: _____
Garrett Evans, City Manager

Date: _____

Date: _____

District Contact: Dustin Bloomfield
Maintenance Manager

ITEM L

June 22, 2022

**RECEIVE MONTHLY LOBBYIST REPORT DATED MAY 2022, KEY ADVOCATES, INC.,
WESTERN RECYCLED WATER COALITION**

Recommendation

Receive and file report.

Background Information

Beginning in January 2022, Ironhouse Sanitary District (ISD) assumed the role of lead agency for the Western Recycled Water Coalition (WRWC). As a member of the WRWC, the District receives a monthly summary report related to lobbying activities from Key Advocates, Inc. (KA).

Analysis

Attached is the report for May 2022, which was produced by KA and distributed by ISD to WRWC members.

Financial Impact

None.

Attachment

KA Monthly Report, May 2022

Prepared by:



Thanh Vo
Acting Engineering Services Director

cc: District File No. BRD.01-ACTS





(703) 340-4666

www.keyadvocates.com

May 31, 2022

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

“Build Back Better” Bills (BBB)

The Senate situation is still a work in progress. The House-passed mega bill is dead in the Senate. The focus now on the Senate. The latest from Senator Manchin is that he’s waiting on the Senate Democratic leaders to fashion a proposal that reflects his demands. Those demands include much less funding than the House bill, exclusion of child care or if included, at a much reduced funding amount, and tax reform. Discussions are on-going between the White House and Senate Democratic leaders regarding the Manchin situation. Included in the House-passed bill of interest to the Coalition

- \$30B for Safe Drinking Water SRF lead service line replacement projects;
- \$100M for state public water systems;
- \$700M to reduce lead in school drinking water;
- \$100M for large scale water recycling projects;
- \$1.15B for emergency drought relief;
- \$125M for Alternative Water Source Program grants; and,
- \$2B for sewer overflow and storm water reuse grants.

No funding for the Clean Water SRF is included in the House BBB. It does include new taxes.

Unofficially, the Senate Environment and Public Works Committee released its BBB title which includes \$9B for SDWSRF-funded lead remediation projects, \$225M for rural and low-income water assistance grants, \$125M for Alternative Water Source Program grants, and \$500M for sewer overflow and storm water reuse municipal grants.

“Infrastructure Investment and Jobs Act” (BIF)

The \$1.2T law (P.L. 117-58) includes the following (it does not include any new taxes) –

- For FY22-26 \$12.838B for the Clean Water State SRF, starting at \$2.127B in FY22 and going up to \$2.828B in FY26;

- \$35.713B over five years for the Safe Drinking Water SRF, starting at \$6.702B in FY22 and going up to \$7.403B in FY26;
- No appropriations are included for the Alternative Water Source Projects program (an authorization of \$125M over 5 fiscal years is included);
- \$8.3B for the USBR for FY22-26 with an annual cap of \$1.66B per year including a number of programs under USBR's jurisdiction with specific appropriated amounts but without specifying annual funding amounts for each program;
- For water recycling, the bill appropriates \$1B over 5 FY's, broken down to \$550M for Title XVI and WIIN Act grants and \$450M for "large scale" projects (those with project costs >\$500M);
- \$400M over 5 FY's for WaterSMART;
- \$1.2B for water storage and groundwater;
- \$25M for desalination; and,
- S. 914, as passed by the Senate, which authorizes \$14.65B over five fiscal years for the Clean Water SRF and the Safe Drinking Water SRF, and \$125M for the AWSP and which includes the Feinstein-Padilla amendment which limits the prohibition against applying for Alternative Water Source Program (AWSP) grants to USBR projects that received construction funds; and,

Other core infrastructure -

- \$65B for Broadband
- \$17B for Ports
- \$25B for Airports
- \$7.5B for Zero and Low-Emission Buses and Ferries
- \$7.5B for Plug-In Electric Vehicle Chargers
- \$65B to Rebuild the Electric Grid
- \$21B for Superfund and Brownfield sites

Funding Opportunities

USBR Title XVI Recycled Water Grants – applications for \$245M for FY22 are to be submitted by March 15.

State and Tribal Assistance grants – nothing announced so far.

Alternative Water Source Program grants – pending action on the Build Back Better bills.

WRDA 2022 – reported by the House Transportation and Infrastructure Committee on May 18 on a bipartisan basis. Army Corps of Engineers bill. Waiting on Senate action.

FY22 WIIN Grants

Application deadline was March 15 for \$245M for FY22. There were three Coalition member submissions: Mountain View for \$1.24M, Monterey One (waiting for info), and Palo Alto for \$12.868M. On May 25, Key Advocates met with USBR headquarters in support of these. Per the

USBR, they received 27 applications totaling \$368.6M for the \$245M. The final decision goal is June.

President's FY23 Proposed "Water" Budget

On March 28, the President released his FY23 Budget. It includes \$1.638B for the Clean Water SRF, \$1.126B for the Safe Drinking Water SRF and \$4M for WIIN grants. See last line below - amounts are in addition to the SRF funding in the Bipartisan Infrastructure Law. The Budget provides roughly \$4B for water infrastructure, an increase of \$1B over the 2021 enacted level. These resources would advance efforts to upgrade drinking water and wastewater infrastructure nationwide, with a focus on underserved communities that have historically been overlooked. The budget funds all of the authorizations in the original Drinking Water and Wastewater Infrastructure Act of 2021, including the creation of 20 new targeted water grant programs and an increase of over \$160M above 2021 enacted levels for the Reducing Lead in Drinking Water grant program. The budget also maintains funding for EPA's State Revolving Funds (SRF) at 2021 enacted levels, which would complement the \$23.4B provided for the traditional SRF programs in the Bipartisan Infrastructure Law.

The next step in the budget/appropriations process is passage of the FY23 Congressional Budget Resolution which sets overall spending for FY23 for each Appropriations Subcommittee. The finding levels are set for each major area of the budget, called functions. Function 3330, Natural Resources, is where all the water programs are included. The goal is to secure the highest funding levels for the Function to support subsequent appropriations. The budget resolution is not a law but it must be passed by both Houses.

FY23 Appropriations

The goal is to secure the highest appropriated amount for the Clean Water SRF which would, hopefully, be over and above the FY23 BIF authorization level of \$2.750 subject to takedowns. Note: looking to future years the BIF provides \$3B for FY24 and \$3.25B for each of FY25 and 26.

FY22 "Water" Appropriations

On March 15, the President signed into law the FY22 Omnibus Appropriations Act funding all 12 appropriations bills for the remainder of the current fiscal year. Included in the bill are \$1.638B for the Clean Water SRF, \$1.126B for the Safe Drinking Water SRF, \$35.693M for the traditional Title XVI program, and \$17.5M for Title XVI WIIN grants. These funding amounts are over and above those included in the Bipartisan Infrastructure Law - \$2.127B for the Clean Water SRF, \$6.702B for the Safe Drinking Water SRF, and \$500M for Title XVI and the Title XVI WIIN programs combined. As a result, for the current fiscal year total funding for the Clean Water SRF is \$3.765B, \$7.828 for the Safe Drinking Water SRF, and \$553.193M for both Title XVI programs.

Bills of Interest

Note: the following bills have some policy issues which were not addressed in the bipartisan infrastructure law and the House-passed BBB. Issues of interest in some of the bills below (H.R. 1015, H.R. 3404, STREAM Act) include raising the Federal share project cap from \$20 to \$30M (although for FY22 the USBR has done so), removing the congressional approval process requirement, and providing opportunities for unauthorized projects to compete for both traditional Title XVI and Title XVI WIIN grants. The goal is to get these changes enacted into law notwithstanding any administrative effort by the USBR to address the issues.

Morgan Leonard, LA, Congresswoman Napolitano, contacted the Natural Resources Committee and was told that a decision on this has not been made although they may be considering an omnibus bill of sorts.

H.R. 1015, “Water Recycling Investment and Improvement Act” and STREAM Act (“Support to Rehydrate the Environment, Agriculture and Municipalities Act”)

- H.R. 1015 not only authorizes \$500M for WIIN Act grants but also eliminates the requirement that Congress must approve funding awards for specific projects by designating them in an enacted appropriations bill and increases the Federal share from \$20M to \$30M.
- The STREAM Act, while authorizing the WIIN grant program at \$250M, includes the same WIIN grant changes and establishes a new Reclamation Infrastructure Finance Program, expedites congressional approval for water shortage projects of \$750 million, and authorizes \$100 million for desalination projects.

H.R. 3404, “FUTURE Western Water Infrastructure and Drought Resiliency Act”

- H.R. 3404 also authorizes \$500M for the WIIN Act grant program, increases the Federal share to \$30M, and authorizes a new \$300M water trust fund with \$100M earmarked for recycled water projects.

H.R. 4099, the “Large Scale Water Recycling Project Investment Act”

- The BIF appropriates \$450M for large water recycling projects with total estimated cost of at least \$500M with the Federal share at 25%.

H.R. 3112, Western Water Recycling and Drought Relief Act of 2021

- On March 2, via a virtual meeting, Angela Ebiner and Sarah Swig, LA’s, Senator Padilla, requested, in response to our inquiry regarding the Senator introducing the Coalition’s projects bill, that we check with Congressman McNerney’s office on the plans in the House for the bill. Chloe Koseff, LA, Congressman McNerney, contacted the Natural Resources Committee, and was advised that at this time no hearing is planned. We’ve asked if McNerney can make a personal appeal to the Committee leadership. Waiting to

hear back.

Bill Tracking

Tracking bills that are marked up by committees and/or come to our attention.