

Minutes of the Regular Board of Directors Meeting

DELTA DIABLO

April 10, 2019

The meeting was called to order by Chair Wright on Wednesday, April 10, 2019 at 4:35 p.m., in the Board Room, located at 2500 Pittsburg-Antioch Highway, Antioch. Present were Chair Sean Wright and Director Juan Banales. Director Federal Glover arrived at 5:02 p.m. Also present were Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Cheryl Rhodes Alexander, Human Resources and Risk Manager; Thanh Vo, Senior Engineer; Matt Gotshall, Computer Analyst/P&T Bargaining Unit Representative; Dustin Bloomfield, Maintenance Supervisor, Michael McKinney, Maintenance Mechanic II; Michael Skillings, Maintenance Mechanic II; and Holland White, City of Pittsburg Councilmember and Supervisor's Aide for Special Projects, Office of Supervisor Federal D. Glover.

PUBLIC COMMENTS

None.

RECOGNITION

INTRODUCTION OF MICHAEL MCKINNEY, MAINTENANCE MECHANIC II

Mr. Bloomfield introduced Michael McKinney, Maintenance Mechanic II, who began employment with the District on March 25, 2019. He has worked for the City of Livermore as a Water Resource Mechanic I, journey level. He holds several certifications including California Water Environment Association Mechanical Technologist Grade II, Certified Crane Operator, Flygt pump factory trainer, and Netzsch pump factory trainer.

INTRODUCTION OF MICHAEL SKILLINGS, MAINTENANCE MECHANIC II

Mr. Bloomfield introduced Michael Skillings, Maintenance Mechanic II, who began employment with the District on March 25, 2019. Mr. Skillings most recently worked for Turbo Machinery, Incorporated.

Chair Wright and Director Banales welcomed Mr. McKinney and Mr. Skillings to the District.

CONSENT CALENDAR

Director Banales moved approval, seconded by Wright, and by unanimous voice vote (Ayes: *Banales*, and *Wright*; Noes: *None*; Absent: Glover (arrived after the vote), the Board approved the following Consent Calendar according to staff recommendations: Approve Minutes of Regular Board of Directors Meeting, March 13, 2019; Receive Notes from Finance Committee Meeting, March 19, 2019; Receive Notes from Finance Committee Meeting, April 2, 2019; Receive District Monthly Check Register, February 2019; Authorize General Manager to Execute Amendment No. 3 to Consulting Services Contract in an Amount Not to Exceed \$38,990, Carollo Engineers, Inc., Primary Clarifier Area Improvements, Project No. 17140.

DELIBERATION ITEMS

Receive Presentation on Proposed Fiscal Year 2019/2020 through 2023/2024 Capital Improvement Program and Set Public Hearing for June 12, 2019 to Consider Approval of Five-Year Capital Improvement Program

Mr. Vo thanked staff for their efforts and collaboration in preparing the 5-year capital improvement program (CIP). He provided an overview of the CIP development process, goals, and associated Board interactions. He highlighted that planned capital improvements total \$109 million to support continued investment in critical wastewater collection, conveyance, and treatment system infrastructure. Mr. Vo noted that 17 new projects have been added with an estimated cost of \$12.4 million. He highlighted that over \$44 million is assumed to be funded by State Revolving Fund (SRF) and IBank loans.

Mr. Vo presented the proposed 5-year CIP by fiscal year, noting that the majority (80%) of the estimated cost (\$34 million) for the East County Bioenergy Project (ECBP) is assumed to be rate neutral. He presented a breakdown of planned capital expenditures by major infrastructure area (i.e., collection, conveyance, treatment, advanced treatment, recycled water, and ECBP). Mr. Vo reviewed a breakdown of the nine largest capital projects (not including ECBP), which total \$56.7 million. Mr. Vo presented a list of the 17 new capital projects and closed the presentation with a review of next steps, including consideration of the final CIP and an associated Public Hearing at the June 12, 2019 Board meeting.

Chair Wright thanked Mr. Vo for the presentation.

Director Banales moved approval, seconded by Chair Wright, and by unanimous voice vote (Ayes: *Banales*, and *Wright*; Noes: *None*; Absent: Glover), the Board received the Report and set the Public Hearing for the June 12, 2019 Board Meeting.

Review Proposed Sewer Service Charge Increases, Set Public Hearing for June 12, 2019 and Authorize Distribution of Proposition 218 Notice

Ms. Margetich opened by thanking staff for their tremendous efforts related to the sewer service charge (SSC) and budget development process. She proceeded to outline the budget and rates development schedule, guiding principles, and key assumptions used in the SSC analysis for Fiscal Year 2019/2020 (FY19/20). She presented a table with the proposed SSC increases for Antioch and Pittsburg customers (4.5%) and Bay Point (3.5%) customers. She highlighted the various SSC components by fund and noted that the Advanced Treatment (AT) Reserve Fund component is proposed to be maintained at the same level as FY18/19. Ms. Margetich presented

a breakdown of District expenses paid by SSC with salaries/benefits (39%) and capital improvements (38%) as the largest categories.

Ms. Margetich presented a preliminary rate comparison table for FY19/20, which highlights that the District's ratepayers pay among the lowest rates relative to peer agencies. She reviewed the projected SSCs increases over the next five years and noted that staff has worked diligently to refine both capital and operating budgets to reduce the rate projection relative to last year's estimate. Ms. Margetich provided an overview of the District's efforts to balance various fund balances each year and presented preliminary budget expenditures by fund for the 5-year period. She provided a comparison of planned revenues and expenses in the Wastewater O&M Fund and use of cash reserves to smooth fund balances and rate impacts. She showed a chart illustrating the severe impacts on the District's ability to maintain cash reserves at 40% of operating budget without the proposed SSC increases; in particular, cash reserves would fall below this target by FY22/23 and be nearly depleted by FY23/24.

Director Banales thanked staff and the Finance Committee for their work. He noted the tremendous work and improved outcome in the SSC development process relative to last year's projection of 6.0 to 6.5% SSC increases over the next five years. Chair Wright thanked Ms. Margetich for the presentation.

Director Glover moved approval, seconded by Banales, and by unanimous voice vote (Ayes: *Banales, Glover, and Wright*; Noes: *None*; Absent: *None*), the Board received the Report, set the Public Hearing for the June 12, 2019 Board Meeting at 5:30 pm.

Director Banales moved approval, seconded by Director Glover, and by unanimous voice vote (Ayes: *Banales, Glover, and Wright*; Noes: *None*; Absent: *None*), the Board authorized distribution of the Proposition 218 Notice.

PRESENTATIONS AND REPORTS

Receive Update on Biological Treatment Process Performance at Wastewater Treatment Plant

Mr. Eckerson provided a timeline overview of biological process upset event that began on March 9, 2019, which resulted in elevated secondary effluent total suspended solids (TSS) and biochemical oxygen demand (BOD). He highlighted multiple actions by staff to prevent exceedances of the District's National Pollutant Discharge Elimination System (NPDES) permit requirements, including initial process control adjustments, installation of temporary pumping systems to allow additional secondary effluent treatment at the Recycled Water Facility (RWF), and engagement with industry experts to support additional process control adjustments.

On March 25, 2019, the District engaged with a team of industry experts, who worked side-by-side with staff over the next few days to analyze process data, perform microscopic analyses to understand biomass characteristics, collect additional process samples for laboratory analyses, and assess whether a toxic influent event occurred. This joint team effort yielded several near-term process control actions to assist the District in recovering from the biological process upset event. The team also developed potential working theories to help determine the root cause and contributing factors resulting in the upset condition.

Mr. Eckerson noted that as elevated secondary effluent TSS and BOD concentrations persisted, the quality of recycled water produced at the RWF degraded, which resulted in exceedance of turbidity limits in the District's RWF Title 22 permit on March 22, 2019 and March 23, 2019. and The District notified the Regional Water Quality Control Board (RWB) regarding the exceedances and associated corrective actions. The RWB indicated it will not pursue regulatory action due to the minor exceedance and prompt actions taken by staff.

Mr. Eckerson noted that the District suspended recycled water distribution to all customers, including Calpine, for two days while staff worked to restore recycled water quality. During this period, the District provided raw canal water to Calpine's Los Medanos Energy Center via RWF. Mr. Eckerson explained that staff implemented multiple critical mitigation measures to maintain NPDES permit compliance, including an outstanding staff effort on March 22, 2019 to identify and implement an operating mode to allow both feeding raw water to Calpine and treating secondary effluent at RWF.

Mr. Eckerson reported that since April 1, 2019, plant operation has stabilized and generally returned to producing normal effluent quality characteristics. The District will continue working to understand causes of the upset event and will document and/or implement potential preventative and corrective measures and long-term process control actions. Mr. Eckerson noted that the District's ability to maintain NPDES permit compliance during a significant process upset was entirely due to the tremendous staff responsiveness, dedication, and problem-solving focus at all levels and between multiple workgroups in the organization.

Director Glover thanked Mr. Eckerson for the update. He stated this incident highlights the talented employees at the District and noted the District's exceptional leadership. He recommended a letter be sent to all employees under the Chair Wright's signature to convey that the Board is proud of their actions and to thank them for their professionalism and ability to solve problems. Director Banales thanked Mr. Eckerson and staff for the tremendous effort and dedication. He acknowledged the amount of work and collaboration across departments to resolve the issue. He further stated this is a testament to the talented staff and commented that this is a learning opportunity for the District. Chair Wright stated that the more time he serves on the Board, the more he is impressed by the incredible staff. He concurred with Director Glover regarding sending a thank you letter to all District employees. Chair Wright thanked Mr. Eckerson for the presentation.

MANAGER'S COMMENTS

Mr. De Lange expressed his gratitude and acknowledged the tremendous staff efforts in response to the treatment plant process upset, as well as those working behind the scenes to develop the proposed budget, rates, and CIP. He expressed appreciation to the Board for its support.

DIRECTORS' COMMENTS

None.

CORRESPONDENCE

Receive Monthly Lobbyist Report dated March 2019, Key Advocates, Inc., Western Recycled Water Coalition, Project No.

The Board received and filed the report.

Receive Letter Dated March 7, 2019, California Sanitation Risk Management Authority, Pooled Liability Program Twenty-Seventh Dividend Declaration Letter from CSRMA

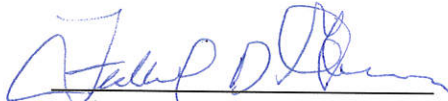
The Board received and filed the report.

CLOSED SESSION

None.

ADJOURNMENT

Chair Wright adjourned the meeting at 5:45 pm. The next regular monthly meeting will be Wednesday, May 8, 2019, at 4:30 p.m.



Federal Glover
Board Secretary

(Recording Secretary:

Cecelia Nichols-Fritzler)