

Minutes of the Regular Board of Directors Meeting

DELTA DIABLO

January 9, 2019

The meeting was called to order by Chair Glover on Wednesday, January 9, 2019 at 5:20 p.m., in the Board Room, located at 2500 Pittsburg-Antioch Highway, Antioch. Present were Chair Federal Glover and Directors Sean Wright and Shanelle Scales-Preston (Alternate). 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; Brian Thomas, Engineering Services Director/District Engineer; Joaquin Gonzalez, Operations Manager/Management Association Representative; Darrell Cain, Laboratory Manager; Jayne Strommer, Government Affairs Manager; Amanda Roa, Environmental Programs Manager; Thanh Vo, Senior Engineer; Matt Gotshall, Computer Analyst/P&T Bargaining Unit Representative; Cheryl Rhodes Alexander, Human Resources & Risk Manager; Garrett Evans, Acting City Manager, City of Pittsburg; and Holland White, City of Pittsburg Councilmember and Supervisor's Aide for Special Projects, Office of Supervisor Federal D. Glover.

PUBLIC COMMENTS

None.

BOARD REORGANIZATION

General Manager, Vince De Lange, outlined the recommended traditional rotation of the Board positions, committee members, and representatives for 2019, proposed to take effect on February 1, 2019.

Director Wright moved approval, seconded by Director Scales-Preston, and by unanimous voice vote (Ayes: *Glover, Scales-Preston*, and *Wright*; Noes: *None*, Absent: *None*), the Board approved reorganization of the Board and appointment of committee members, alternates, and representatives for 2019.

RECOGNITION

Introduction of Jason Yun, Environmental Compliance Specialist II

Darrell Cain, Laboratory Manager, introduced new employee, Jason Yun, who started working at the District on January 7, 2019. Mr. Yun has worked at the cities of San Leandro, Manteca and Livermore. He has a Bachelor of Science degree in Environmental Science from the University of the Pacific. Chair Glover congratulated Mr. Yun and welcomed him to the District. Mr. Yun thanked the Board.

CONSENT CALENDAR

Mr. De Lange noted Item F/5 (c), paragraph 1(d) related to the Purchase and Sale Agreement with City of Antioch (City) to Purchase Approximately 1.987 Acres of Property was corrected to reflect "*Execute and deliver into escrow certificates of acceptance, to accept, on behalf of the District, fee title to the Parcel.*"



Director Wright moved approval, seconded by Director Scales-Preston, who abstained from Item F/1, and by unanimous voice vote (Ayes: *Glover, Scales-Preston*, and Wright; Noes: *None*, Absent: *None*), the following consent items were approved according to staff recommendations: Approve Minutes of Regular Board of Directors Meeting, December 12, 2018; Receive Notes from Finance Committee Meeting, December 20, 2018; Receive District Monthly Check Register, November 2018; Authorize General Manager to Execute Amendment No. 1 to Consulting Services Contract in an Amount Not to Exceed \$50,600, Lee & Ro, Inc., Engineering Services, Treatment Plant Electrical Switchgear Replacement Project No. 17120; Approve Actions Related to Pump Station Facilities Repairs, Project No. 80008; Award Project Construction Contract Documents and Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$9,872,000, W.M. Lyles Co., and Authorize General Manager or His Designee to Approve Contract Change Orders in an Amount Not to Exceed 5% of Contract Amount, Pump Station Facilities Repair Project No. 80008; Authorize General Manager to Execute Amendment No. 2 to Consulting Services Contract in an Amount Not to Exceed \$353,220, Schaaf & Wheeler, Engineering Services; and Authorize the General Manager to Execute a Consulting Services Agreement in an Amount Not to Exceed \$832,000, Inferrera Construction Management Group, Inc., Construction Management Services, Pump Station Facilities Repair Project 80008; Approve and Authorize Execution of Purchase and Sale Agreement with City of Antioch to Purchase Approximately 1.987 Acres of Property, a Portion of Assessor's Parcel No. 065-050-037, Opposite of 724 Fulton Shipyard Road, in Exchange for Paying the City an Amount Not to Exceed \$291,721 and Granting the City Maintenance and Pipeline Easements in the Property; and take Related Actions Under the California Environmental Quality Act; Adopt Resolution Amending Section 2 of Reimbursement Resolution 7/2017 to Provide the Reasonably Expected Maximum Principal Amount of Project Funds is \$13,500,000 for the Pump Station Facilities Repair Project No. 80008; Authorize General Manager to Execute Amendment No. 2 to Consulting Services Contract in an Amount Not to Exceed \$6,595, Regional Government Services, District Job Classification and Job Description Project, RFP #51103117.

DELIBERATION

None.

PRESENTATION AND REPORTS

Receive Audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year Ended June 30, 2018

Ms. Margetich provided an overview of the annual audit process and stated the District has exceeded its traditional audit approach to increase transparency and provide greater context for the District's financial documents to the public. The District will be applying for recognition under the Government Finance Officers Association (GFOA) Excellence in Financial Reporting Program. Ms. Margetich acknowledged the work of the Finance staff. She introduced the District's auditor, Ms. Vicki Rodriguez (Partner, Maze & Associates).

Ms. Rodriguez reviewed key findings from the Fiscal Year 2017/2018 (FY17/18) financial audit. She noted the District continues to maintain a strong financial position and that there were no material weaknesses identified in the District's internal controls. She highlighted a few opportunities for the District to strengthen internal controls and operating efficiency.



Ms. Rodriguez noted that the District's net position as of June 30, 2018 is \$158.7 million, a decrease of \$7.4 million from last year, which is attributed to a \$2.3 million increase from positive operating results and a \$9.7 million decrease due to accounting restatements pertaining to Governmental Accounting Standards Board (GASB) 75 (\$7.2 million decrease) and GASB 68 (\$1.2 million increase), as well as the expensing of previously capitalized costs which resulted in a \$3.7 million decrease.

Total revenue equaled \$38.8 million, with service charges being the largest source of revenue at \$32.4 million, an increase of 9.9% from the previous year. Total expenses in FY17/18 were \$36.6 million, with Salary and Benefits being the largest expense at \$18.6 million, which is attributed to salary increases due to cost of living adjustments, merit increases, and new hires, as well as an increase in health care and pension costs.

Ms. Rodriguez highlighted the net pension liability under GASB 68 is \$17 million, net Other Post-Employment Benefits (OPEB) liability is \$4.8 million under GASB 75, and the District has a OPEB trust fund balance of \$13.4 million. Chair Glover commented that the District was proactive in addressing the OPEB issue. Ms. Rodriguez noted that the total net position was down slightly in 2018 due to restatements as part of GASB 75. Vice Chair Wright inquired regarding non-cash liabilities. Ms. Rodriguez explained that the non-cash liability is due over time and the current liabilities are normal for operations. She also stated the OPEB long-term obligations includes active and retired employees.

Chair Glover thanked Ms. Rodriguez for the report. Director Wright moved approval, seconded by Director Scales-Preston and by unanimous voice vote (Ayes: *Glover, Scales-Preston, and Wright*; Noes: *None*, Absent: *None*) the Board received and filed the Report.

MANAGER COMMENTS

Mr. De Lange provided an update on the cogeneration engine, which is used to produce biogas. He reported the engine was returned to service on January 3, 2019.

DIRECTOR COMMENTS

Vice Chair Wright wished everyone a Happy New Year. Chair Glover also wished everyone a Happy New Year. He commented that there are exciting things on the horizon at the District.

CORRESPONDENCE

Receive Monthly Lobbyist Report dated December 2018, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024.

The Board received and filed the report.


CLOSED SESSION

District Counsel announced that the Board would adjourn to Closed Session to discuss an employment discrimination matter. Closed session commenced at 5:42 pm and the meeting reconvened in Open Session at 6:18 pm. Chair Glover reported out of closed session stating there is nothing to report.



ADJOURNMENT

Chair Glover adjourned the meeting at 6:18 pm. The next regular meeting of the Board of Directors will be on Wednesday, February 13, 2019, at 4:30 pm.



Federal Glover
Board Secretary

(Recording Secretary:

Cecelia Nichols-Fritzler)

