

**AGENDA**  
**SPECIAL BOARD OF DIRECTORS MEETING**  
**DELTA DIABLO**  
**(a California Special District)**

**2500 Pittsburg-Antioch Highway | Antioch, CA 94509**  
**(Note: There will be no in-person meeting at the District.)**  
**THURSDAY, DECEMBER 17, 2020**  
**4:30 P.M.**

**In lieu of a public gathering, the Special Board of Directors meeting will be accessible via ZOOM to all members of the public as permitted by the Governor's Executive Order N-29-20, which suspends certain requirements of the Ralph M. Brown Act to allow for greater flexibility in conducting public meetings.**

The Special Board of Directors Meeting on December 17, 2020 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 alphabetically by last name (A-L) and (M-Z) 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/87135404265>**

**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: [871 3540 4265](https://us02web.zoom.us/j/87135404265)**

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](http://www.deltadiablo.org)

**A. ROLL CALL**

**B. PLEDGE OF ALLEGIANCE**

**C. PUBLIC COMMENTS**

**D. RECOGNITION**

- 1) **Introduction** of Anthony Novero, Wastewater Treatment Plant Operator I, to the District (Joaquin Gonzalez)
- 2) **Recognize** Operations, Maintenance, and Laboratory Division Staff for Key Role in District Response to COVID-19 Pandemic and Providing Uninterrupted Essential Services (Dean Eckerson)

**E. CONSENT CALENDAR**

- 1) **Approve** Minutes of the Regular Board of Directors Meeting, November 18, 2020 (Cecelia Nichols-Fritzler)
- 2) **Approve** Delta Diablo Board of Directors Meeting Schedule for 2021 (Cecelia Nichols-Fritzler)
- 3) **Receive** Notes from Finance Committee Meeting, December 10, 2020 (Cecelia Nichols-Fritzler)
- 4) **Receive** District Monthly Check Register, October 2020 (Eka Ekanem)
- 5) **Accept** and **Authorize** General Manager to File Notice of Completion, Alcal Specialty Contracting, Inc., District Office Building Roof Replacement, Project No. 18112 (Irene O’Sullivan)
- 6) **Authorize** Non-Interest Bearing Inter-fund Loan from Advanced Treatment Fund to Wastewater Capital Asset Replacement Fund in the Amount of \$3,000,000 in Fiscal Year 2020/2021; and **Authorize** an increase of \$3,000,000 in budgeted expenditures in Fiscal Year 2020/2021, Headworks Improvements, Project No. 17117 (Thanh Vo)
- 7) **Adopt** Resolution Commending and Congratulating Leslie “Chip” Cain, Senior Operator, on His Retirement from the District (Joaquin Gonzalez)
- 8) **Adopt** Resolution Commending and Congratulating Gurmukh Grewal, Chemist II, on His Retirement from the District (Darrell Cain)
- 9) **Approve** Reappropriation of the Capital Improvement Program (CIP) Budget Carried Forward from Fiscal Year 2019/2020 to Fiscal Year 2020/2021; Transfer of Budgets Between CIP Projects In Fiscal Year 2020/2021; and Adjustment and/or Closing of CIP Projects In Fiscal Year 2019/2020 (Carol Margetich)

**F. DELIBERATION ITEMS**

None.

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**G. PRESENTATIONS AND REPORTS**

Receive Audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year 2019/2020 (Carol Margetich)

**H. MANAGER'S COMMENTS**

**I. DIRECTORS' COMMENTS**

**J. CORRESPONDENCE**

Receive Monthly Lobbyist Report Dated November 2020, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024 (Jayne Strommer)

**K. CLOSED SESSION**

CONFERENCE WITH LABOR NEGOTIATORS (GOV. CODE, SECTION 54957.6)

Agency Negotiators: Federal Glover, Vince De Lange

Employee Organizations: Operations and Maintenance Unit, Public Employees Union, Local One; Professional & Technical Unit, Public Employees Union, Local One; Management Association

Unrepresented Employees: All unrepresented employees

**L. ADJOURNMENT**

The next Board of Directors meeting will be held on January 13, 2021 at 4:30 p.m.

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December 17, 2020

INTRODUCTION OF ANTHONY NOVERO, WASTEWATER TREATMENT PLANT OPERATOR I, TO THE DISTRICT

RECOMMENDATION

Welcome Mr. Anthony Novero, Wastewater Treatment Plant (WWT) Operator I to the District.

Background Information

The District previously completed a recruitment to establish an eligibility list to fill vacant WWTP Operator positions. The comprehensive and competitive selection process included an initial oral interview to establish candidate rankings, as well as a second interview. Based on the results of the interviews, Mr. Novero was selected as the most qualified candidate for the WWTP Operator I position. Reference checks were performed, which confirmed Mr. Novero's ability to be a valuable team member.

Analysis

Mr. Novero began his employment with the District on November 30, 2020. He has three years of experience in the wastewater industry. He holds a WWTP Operator Grade V Certificate from the State Water Resources Control Board and a Bachelor's degree in Geography from California State University, Sonoma. Prior to joining the District, Mr. Novero was employed as an Operator Technician 3 for the Fairfield-Suisun Sewer District. He possesses a variety of operational and technical skills that will directly support organizational improvement and the District's core mission of protecting public health and the environment.

Financial Impact

Sufficient funding for this position is available in the approved Fiscal Year 2020/2021 Budget.

Attachments

None

Reviewed by: \_\_\_\_\_



Dean Eckerson  
Resource Recovery Services Director

cc: Anthony Novero  
District File No. HR.01-PEF-00019456



December 17, 2020

RECOGNIZE OPERATIONS, MAINTENANCE, AND LABORATORY DIVISION STAFF FOR KEY ROLE IN DISTRICT RESPONSE TO COVID-19 PANDEMIC AND PROVIDING UNINTERRUPTED ESSENTIAL SERVICES

RECOMMENDATION

Recognize Operations, Maintenance, and Laboratory Division staff for their key role in response to the COVID-19 pandemic and providing uninterrupted essential services to our customers.

Background Information

The Resource Recovery Services Department consists of the Operations, Maintenance, Laboratory, and Safety Divisions. Staff members are responsible for providing uninterrupted wastewater conveyance and treatment services, as well as recycled water production and distribution services in a safe and reliable manner, while complying with all regulatory permitting requirements. The staff providing these services are highly-trained professionals with specialized certifications, who have dedicated their careers to ensuring the sustainability of our water resources.

Following the COVID-19 emergency declaration by Contra Costa County (County) in March 2020, the District immediately developed and implemented numerous preventative and precautionary measures in the workplace to protect the health, well-being, and safety of District employees in response to the pandemic. The Operations and Maintenance Divisions modified work practices and adjusted staffing plans to establish multiple independent teams to minimize direct contact between individuals and reduce the risk of exposure. The Laboratory Division also modified work practices and implemented telework assignments for the Environmental Compliance Specialists in support of the shelter-in-place order.

Analysis

*Operations Division:* In the Operations Division, the independent work teams eliminated daily close contact between shifts, but also reduced the total number of operators on a given shift. The workload was rebalanced between day shift and night shift in support of the revised staffing plan. Despite this disruption to the normal work routine, all process operations have continued without interruption thanks to the individual and collective efforts of the team members. In addition to ensuring uninterrupted process operations, these staff members also provided critical support on a total of nine capital projects beginning in the summer season and continuing for the remainder of the calendar year. This support involved close coordination with Engineering and Maintenance on dozens of shutdowns to accommodate outside contractor work on the wastewater treatment facilities, as well as the remote pump station facilities.

Maintenance Division

In April 2020, Maintenance Division staff worked quickly to develop and implement a number of engineering controls throughout the administration buildings to provide effective barriers in



lobbies and in several of the workspaces to provide safe spaces for office staff and prevent direct contact with others. In addition, warehouse staff worked with the Safety Manager to procure sufficient quantities of personal protective equipment and cleaning/disinfecting products, which were very difficult to source at the time. The mechanics, electricians, and collection system workers were assigned to independent teams to preserve minimum staffing levels in the event of an exposure to coronavirus. In addition to accomplishing the critical preventative and corrective maintenance tasks, these teams were also assigned to standby on an ongoing basis in support of the temporary headworks bypass system and the loss of operational redundancy associated with several capital improvement projects. Standby staff were often called in during off hours to resolve issues and restore reliable operations. Despite these challenges, the Maintenance team was still able to accomplish a number of planned rehabilitation and repair projects at the remote pump stations to ensure these critical facilities would be ready for the wet weather season.

#### Laboratory Division

The Laboratory Division utilized the large available laboratory space to incorporate social distancing for the chemists performing the sample analyses on a daily basis. Initially, the Environmental Compliance Specialists were able to telework because the pretreatment site facility inspection work was temporarily suspended. With reactivation of the site inspections, these staff members work under modified work practices and protocols to maintain social distancing at all times. The Laboratory team members continued regulatory compliance sampling and analysis without interruption to ensure all permit reporting requirements were met.

Throughout the extended duration of this pandemic and the associated challenges, Operations, Maintenance, and Laboratory staff have continued to report to the worksite to ensure the District is able to continue providing essential services to its customers. The District acknowledges these team members with well-earned and deserved recognition for a job well done. COVID-19 response efforts from other District workgroups and staff will be recognized at future Board meetings.

#### Financial Impact

None

#### Attachments

None

Prepared by: \_\_\_\_\_



Dean Eckerson  
Resource Recovery Services Director

cc: Joaquin Gonzalez, Operations Manager  
Dustin Bloomfield, Acting Maintenance Manager  
Darrell Cain, Laboratory Manager  
District File No. BRD.01-ACTS-00017958



December 17, 2020

APPROVE MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING,  
NOVEMBER 18, 2020

RECOMMENDATION

Approve Minutes of the Regular Board of Directors Meeting on November 18, 2020.

DRAFT

**Minutes of the Regular Board of Directors Meeting**

**DELTA DIABLO  
November 18, 2020**

The meeting was called to order by Vice Chair Glover at 4:30 p.m. on Wednesday, November 18, 2020, via Zoom. Present were Vice Chair Federal Glover, Director Sean Wright, and Alternate Director Shanelle Scales-Preston. Also present on the call were: Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director/District Engineer; Carol Margetich, Business Services Director; Mary Harvey, Safety Manager; Joaquin Gonzalez, Operations Manager; and Ronald Crowell, Operator-in-Training.

Vice Chair Glover read the following statement: “To slow the spread of COVID-19, in lieu of a public gathering, the Board of Directors meeting will be accessible via teleconference to all members of the public as permitted by the Governor’s Executive Order N-29-20, which suspends certain requirements of the Ralph M. Brown Act to allow for greater flexibility in conducting public hearings. The presentation for Item G is available on the District’s website at [www.deltadiablo.org/board-meetings](http://www.deltadiablo.org/board-meetings).”

PUBLIC COMMENTS

None.

RECOGNITION

Adopt Resolution of Appreciation, Director Sean Wright

Mr. De Lange thanked Director Wright for his service as on the Board of Directors over the last four years. He acknowledged Director Wright’s leadership and guidance and his role as Chair of the Finance Committee, in which he guided the District in meeting long-term financial sustainability goals. He also thanked Director Wright for his support in aging infrastructure investment, as well as consistently recognizing and commending staff efforts in achieving a variety of awards.

Alternate Director Scales-Preston congratulated Director Wright on his leadership on the Board and thanked him for his leadership and contributions. Vice Chair Glover thanked Director Wright for his leadership at the District, highlighting his outstanding service on the Board and



in the region. Director Wright thanked the Board and General Manager and commented that it was a pleasure to serve on the Board and that he is looking forward to the future.

Alternate Director Scales-Preston moved approval, seconded by Vice Chair Glover; and by a roll call vote (*Ayes: Glover, Scales-Preston; Noes: None; Abstain: Wright*), the Board Adopted a Resolution of Appreciation for Director Sean Wright.

#### Introduction of Ronald Crowell, Operator-in-Training

Mr. Gonzalez introduced Mr. Crowell, who began his employment on September 28, 2020 as an Operator-in-Training. Prior to being hired, Mr. Crowell was a temporary Operations Assistant working on summer projects. He earned an Associate of Science Degree in Process Technology at Los Medanos College. Mr. Crowell commented on his prior experience and thanked the Board for the opportunity. The Board welcomed Mr. Crowell to the District.

#### Recognize Mary Harvey, Safety Manager, for Key Role in District Response to COVID-19 Pandemic and Continuing Efforts to Ensure Safe Workplace

Mr. Eckerson recognized Ms. Harvey for her key role in the District's response to the COVID-19 pandemic and her continuing efforts to review and implement health directives and recommendations for ensuring a safe workplace. He highlighted her critical role and detailed how her initial efforts were instrumental in the District's ability to quickly modify work practices and staffing plans to ensure employee safety, while continuing to provide essential wastewater services. Mr. Eckerson recognized her dedication to duty and critical contributions.

Vice Chair Glover thanked Ms. Harvey for setting the highest level of standard for the District. Alternate Director Scales Preston and Director Wright also thanked Ms. Harvey for her service and commended her for a job well done in ensuring the health and safety of District staff.

#### Receive Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association; and Recognize and Commend Finance Division for Receiving Award for Financial Reporting Achievement for Fiscal Year 2018/2019

Ms. Margetich highlighted that the District received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and recognized and commended staff for receiving the Award for Financial Reporting Achievement for Fiscal Year 2018/2019. Ms. Margetich noted this is a prestigious national award and represents the highest form of recognition in governmental accounting and financial reporting. She commended the outstanding efforts from staff that were critical in achieving these awards.

Vice Chair Glover congratulated and thanked staff for their work in receiving this distinguished award, acknowledging the leadership of Director Wright as the Chair of the Finance Committee. Director Wright and Alternate Director Scales-Preston also congratulated staff.

#### CONSENT CALENDAR

Director Wright moved approval, seconded by Alternate Director Scales-Preston; and by a roll call vote (*Ayes: Glover, Scales-Preston, and Wright, Noes: None; Abstain: None*), the following consent items were approved according to staff recommendation: Approve Minutes from Board of Directors Meeting, October 14, 2020; Receive District Monthly Check Register, September 2020; Receive First Quarter 2020/2021 District Investment Report; and Authorize General Manager to Execute First Amendment to Reverse Osmosis Discharge Facilities Design and Construction Access Agreement related to City of Antioch





Brackish Water Desalination Project; Authorize General Manager to Reopen Cathodic Protection Replacement and Maintenance, Project No. 15109, and Reappropriate \$30,160 to Project from Wastewater Capital Asset Replacement Equity, Take Related Actions, and Close Out Project

### DELIBERATION ITEMS

None.

### PRESENTATIONS AND REPORTS

#### Receive Update on Major Capital Projects

Mr. Thomas presented an update on Major Capital Projects and noted staff is beginning development of the new five-year Capital Improvement Program (CIP). He highlighted that the current five-year CIP budget is \$81.3 million and the Board authorized CIP expenditures of \$28.7 million in FY20/21. Mr. Thomas provided updates on four active capital projects that are currently impacting facility operations and future CIP planning: Headworks Improvements, Bridgehead Pipeline Replacement, Treatment Plant Switchgear Replacement, and the Resource Recovery Facility Master Plan (RRFMP).

Construction of the \$9.5 million Headworks Improvements Project is expected to be complete in early 2021, which is ahead of the current CIP schedule. Staff will recommend the Board authorize transfer of \$3.0 million into the project at a future Board meeting. The temporary parallel pipeline for the Bridgehead Pipeline Replacement Project has been placed into service and design of the permanent pipeline is ongoing with construction expected to begin in spring 2021. The Treatment Plant Switchgear Replacement Project is currently being publicly bid with a construction cost estimate of \$6.0 million. Mr. Thomas discussed the risks associated with constructing this critical infrastructure including potential compatibility issues with the District's existing cogeneration engine. The RRFMP condition assessment identified several infrastructure renewal projects that will be incorporated into the next CIP. The District's Wastewater Treatment Plant is currently at 80% of secondary treatment loading capacity and continued investment in the existing tower trickling filters does not support future nutrient removal treatment flexibility. Mr. Thomas presented a two-phased project that would expand secondary treatment capacity in Phase 1 to meet projected WWTP flows and loads in 2040 and provide nutrient removal infrastructure in Phase 2. Preliminary total project cost estimates for Phase 1 and Phase 2 are \$56 million and \$63 million, respectively. The Phase 1 project design is expected to require 2 years to complete and 2.5 years to construct. Staff will incorporate the Phase 1 project into the next CIP and will explore several funding alternatives to minimize sewer service charge impacts. Mr. Thomas concluded with next steps in the CIP development process.

Director Wright thanked Mr. Thomas for the report and noted that during his tenure on the Board, a major focus was improving infrastructure and it is great to see significant progress. Vice Chair Glover and Alternate Director Scales-Preston thanked Mr. Thomas for the report.

### MANAGER'S COMMENTS

Mr. De Lange thanked the Board for their continuing support in recognizing staff during Board meetings. He commented that staff would provide additional employee recognition opportunities at future Board meetings.



### DIRECTORS' COMMENTS

Vice Chair Glover acknowledged Director Wright, stating it has been a pleasure serving with him on the Board and thanked him for his work as Chair of the Finance Committee. He closed his comments and stated he looks forward to working with him in other capacities in the future. Alternate Director Scales-Preston thanked Director Wright for his public service. Director Wright thanked the Board.

### CORRESPONDENCE

Receive Monthly Lobbyist Report dated October 2020, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024

The Board received and filed the report.

### CLOSED SESSION

None.

### ADJOURNMENT

Before adjourning the meeting, Vice Chair Glover stated the next Board of Directors meeting scheduled for December 9, 2020 would be rescheduled for the week of December 14, 2020. Vice Chair Glover adjourned the meeting at 5:28 p.m.

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Sean K. Wright  
Board Secretary

(Recording Secretary:  
Cecelia Nichols-Fritzler)



**ITEM E/2**

December 17, 2020

APPROVE DELTA DIABLO BOARD OF DIRECTORS MEETING SCHEDULE FOR 2021

RECOMMENDATION

Approve the meeting schedule for the 2021 Delta Diablo Board of Directors meetings.

Background Information

The Brown Act requires public agencies to provide the time and place for holding regular meetings. The regular Board of Directors meetings are held monthly on the second Wednesday of each month at 4:30 p.m. at the District offices with certain exceptions.

Analysis

All meetings are scheduled to begin at 4:30 p.m. except for the June 9, 2021 meeting, which is expected to include the Public Hearing for Fiscal Year 2021/2022 Sewer Service Charges and begin at 5:30 p.m. Proposed dates for regular Board meetings in 2021 are as follows:

- January 13
- February 10
- March 10
- April 14
- May 12
- June 9 (5:30 p.m. start)
- July 14
- August – no regular Board meeting scheduled
- September 8
- October 13
- November 10
- December 8

Financial Impact

None

Attachments

None

Prepared by: \_\_\_\_\_

Cecelia Nichols-Fritzler  
Office Manager/Secretary to the Board

Reviewed by: \_\_\_\_\_

Vince De Lange  
General Manager



**ITEM E/3**

December 17, 2020

RECEIVE NOTES FROM FINANCE COMMITTEE MEETING, DECEMBER 10, 2020

RECOMMENDATION

Note receipt and file.

Background Information

The Finance Committee met on December 10, 2020. The meeting was attended by Alternate Committee Chair, Federal Glover; Vince De Lange, General Manager; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director; Eka Ekanem, Acting Finance Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and Vikki Rodriguez, Maze & Associates.

The purpose of the meeting was to review the draft Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year 2019/2020. Ms. Rodriguez reviewed key findings from the financial audit, which are summarized in the meeting notes.

Analysis


Alternate Committee Chair Glover recommended the CAFR audit report be presented to the Board at its December 17, 2020 meeting. Committee meeting notes are provided as an informational report at Board Meetings as part of the Consent Calendar.


Financial Impact

None

Attachment

Finance Committee Meeting Notes, December 10, 2020

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

Reviewed by:   
Vince De Lange  
General Manager

**MEETING NOTES**

**BOARD OF DIRECTORS FINANCE COMMITTEE MEETING**  
**DELTA DIABLO**

(a California Special District)

**THURSDAY, DECEMBER 10, 2020**  
**10:00 A.M.**

The meeting was called to order by Alternate Committee Chair Federal Glover, on Wednesday, December 10, 2020, at 10:01 a.m. via Zoom Video Conferencing. Present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director; Eka Ekanem, Acting Finance Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and Vikki Rodriguez, CPA, Maze & Associates.

**PUBLIC COMMENTS**

None

**REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND**  
**MEMORANDUM ON INTERNAL CONTROL FOR FISCAL YEAR 2019/2020**

Ms. Margetich introduced a representative from the District's external audit firm (Ms. Vikki Rodriguez, CPA, of Maze & Associates). Ms. Rodriguez reviewed key findings from the FY19/20 financial audit and stated the District continues to maintain a strong financial position with no material weaknesses or opportunities for improvement identified in the District's internal controls. She noted that the District's net position as of June 30, 2020 is \$176.4 million, which represents an increase of \$8.8 million from FY18/19. Total revenue equaled \$44.6 million with sewer service charges as the largest source of revenue at \$37.3 million. Total expenses in FY19/20 were \$35.8 million with labor costs representing the largest expense at \$16.3 million. All other expenses totaled \$19.5 million. Ms. Rodriguez highlighted that net pension liability under GASB 68 is \$18.3 million, net Other Post-Employment Benefits (OPEB) liability is \$4.2 million under GASB 75, and the District's OPEB trust fund balance is \$15.8 million. She highlighted the District's historical net position and noted the recent increase supports long-term infrastructure investment planning.

Alternate Committee Chair Glover thanked staff and recommended the CAFR audit report be presented to the Board at its December 17, 2020 meeting.

**ADJOURNMENT**

The meeting was adjourned at 10:17 a.m.

Recording Secretary: Cecelia Nichols-Fritzler



December 17, 2020

RECEIVE DISTRICT MONTHLY CHECK REGISTER, OCTOBER 2020

RECOMMENDATION

Receive District Monthly Check Register for the month ending October 31, 2020.

Background Information

The Check Register for the month of October is attached. The report reflects payments to the District's suppliers, consultants, service providers, and contractors. A total of \$7,009,717.30 was disbursed in the month of October 2020, which includes 177 checks.

Financial Impact

All payments made during the month are within funding levels included in the adopted Fiscal Year 2020/2021 Budget.

Attachment

Check Register month ending October 31, 2020



Reviewed by: \_\_\_\_\_

Carol Margetich  
Business Services Director



**CHECK REGISTER  
DELTA DIABLO**

CASH DISBURSEMENTS FOR THE MONTH OF OCTOBER 2020

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
10/1/2020	AFLAC	52511 52512	34403	974.34 974.34	INSURANCE INSURANCE	1,948.68
10/1/2020	AIRGAS USA, LLC	52547	34404	152.52	INVENTORY	152.52
10/1/2020	ALFA LAVAL INC.	52482	34405	2,507.19	INVENTORY	2,507.19
10/1/2020	ALHAMBRA & SIERRA SPRGS WATER	52535	34406	142.07	BOTTLED WATER SERVICE	142.07
10/1/2020	ASSOCIATED SERVICES COMPANY	52524	34407	430.02	PROVIDE PREMIUM COFFEE SERVICE TO DISTRICT	430.02
10/1/2020	BARNETT MEDICAL SERVICES, LLC	52393	34408	39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	39.00
10/1/2020	C.W.ROEN CONSTRUCTION COMPANY	52533	34409	807,652.00	CONSTRUCTION SVCS, HEADWORKS IMP	807,652.00
10/1/2020	CALIFORNIA BANK OF COMMERCE	52534	34410	42,508.00	RETENTION	42,508.00
10/1/2020	CALTEST ANALYTICAL LABORATORY	52394	34411	827.10	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	827.10
10/1/2020	CAROLLO ENGINEERS	52438	34412	2,090.00	PRIMARY CLARIFIER AREA IMPROVE	2,090.00
10/1/2020	COUNTY RECORDER	52532	34414	50.00	NOTICE OF EXEMPTION	50.00
10/1/2020	JOSEPH PETRONIO	52525	34415	687.50	CMMS SUPPORT	687.50
10/1/2020	ERIKS NORTH AMERICA, INC.	52497	34416	470.23	INVENTORY	470.23
10/1/2020	FRONTIER ANALYTICAL LABORATORY	52396	34417	1,600.00	DIOXIN AND PCBS ANALYSIS	1,600.00
10/1/2020	GURMUKH SINGH GREWAL	52542	34418	119.20	SAFETY SHOES - G. GREWAL	119.20
10/1/2020	GROTH CORP	52554	34419	6,629.66	DRIP TRAPS	6,629.66
10/1/2020	TIMOTHY J. HAMMETT	52392	34420	44.99	REIMBURSEMENT	44.99
10/1/2020	KEMIRA WATER SOLUTIONS, INC.	52489	34421	7,000.73	FERROUS CHLORIDE	7,000.73
10/1/2020	KEY ADVOCATES INC.	52543	34422	7,375.00	FEDERAL ADVOCACY FOR WRWC PN	7,375.00
10/1/2020	KOA HILLS CONSULTING LLC.	52490	34423	240.00	MUNIS CONTRACT SERVICES	240.00
10/1/2020	KONE. INC.	52526 52530	34424	110.40 2,963.47	ELEVATOR SERVICE ELEVATOR REPAIRS	3,073.87
10/1/2020	ANGELA LOWREY	47971	34425	34.68	T&M	34.68
10/1/2020	MCCAMPBELL ANALYTICAL, INC.	52499 52544 52545 52546	34426	782.60 300.80 887.60 300.80	LABORATORY SERVICES FOR PRETREATMENT LABORATORY SERVICES FOR PRETREATMENT LABORATORY SERVICES FOR PRETREATMENT LABORATORY SERVICES FOR PRETREATMENT	2,271.80

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
10/1/2020	MCMASTER CARR SUPPLY CO		34427			652.77
		52536		362.22	INVENTORY	
		52537		290.55	INVENTORY	
10/1/2020	NATIONAL ASSOC OF CLEAN WATER AGENCY		34428			12,820.00
		52500		12,820.00	M&D DISTRICT WIDE	
10/1/2020	OFFICE DEPOT		34429			114.59
		52492		66.06	OFFICE SUPPLIES	
		52539		48.53	OFFICE SUPPLIES	
10/1/2020	PACIFIC GAS & ELECTRIC COMPANY		34430			55,079.38
		52527		55,079.38	UTILITIES	
10/1/2020	PAN PACIFIC SUPPLY CO.		34431			9,416.07
		52430		1,974.00	IMPELLER COATING AND BALANCE	
		52502		7,442.07	PUMP SEAL	
10/1/2020	DANNY LEE WILLIAMS		34432			1,160.00
		52501		1,160.00	DAYTIME JANITORIAL SERVICES	
10/1/2020	CITY OF PITTSBURG		34433			604.78
		52495		604.78	UTILITIES	
10/1/2020	CITY OF PITTSBURG		34434			25,084.43
		52529		25,084.43	STREET SWEEPING SERVICES	
10/1/2020	QUENVOLD'S		34435			205.39
		52398		205.39	R. WRIGHT SAFETY SHOES	
10/1/2020	READY PRINT		34436			65.55
		52541		65.55	EMPLOYEE RECOGNITION	
10/1/2020	RH TECHNOLOGY		34437			8,038.80
		52516		4,466.00	O/S TEMP	
		52517		3,572.80	O/S TEMP	
10/1/2020	SMITH & LOVELESS, INC		34438			18,845.94
		52475		18,845.94	GRIT CLASSIFIER PARTS	
10/1/2020	SYSTEM 1 STAFFING		34439			2,626.60
		52505		2,626.60	O/S TEMP	
10/1/2020	STACY TUCKER		34440			69.34
		52513		69.34	REIMBURSEMENT	
10/1/2020	UNIFIRST CORPORATION		34441			714.09
		52548		132.36	UNIFORM/ LAUNDRY SERVICE	
		52549		208.44	UNIFORM/ LAUNDRY SERVICE	
		52550		31.66	UNIFORM/ LAUNDRY SERVICE	
		52551		132.36	UNIFORM/ LAUNDRY SERVICE	
		52552		177.61	UNIFORM/ LAUNDRY SERVICE	
		52555		31.66	UNIFORM/ LAUNDRY SERVICE	
10/1/2020	UNIVAR USA INC		34442			5,683.19
		52507		5,683.19	SODIUM BISULFITE	
10/1/2020	VERIZON WIRELESS		34443			2,752.76
		52531		2,752.76	PHONE EXPENSE	
10/1/2020	WEST YOST & ASSOCIATES		34444			4,420.00
		52518		4,420.00	CONSULTING SERVICES - RW STANDARD	
10/1/2020	WM LYLES COMPANY		34445			1,486,332.90
		52514		50,295.66	CONSTRUCTION SERVICES PN 17140	
		52515		99,614.15	CONSTRUCTION SERVICES PN 17140	
		52521		1,336,423.09	CONSTRUCTION SERVICES PN 80008	
10/8/2020	ALCAL SPECIALTY CONTRACTING, INC		34446			413,524.55
		52557		413,524.55	CONSTRUCTION SERVICES PN 18112	
10/8/2020	CALTEST ANALYTICAL LABORATORY		34447			2,926.60
		52483		2,253.40	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
		52484		336.60	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
		52485		336.60	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
10/8/2020	CCSDA		34448			100.00
		52629		100.00	M&D - V. DE LANGE	
10/8/2020	CONSOLIDATED ELECTRIC DIST INC		34449			656.44
		52494		656.44	INVENTORY	



CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
10/8/2020	DATCO		34450			188.50
		52624		136.50	QUARTERLY FEES	
		52625		52.00	PRE EMPL COSTS	
10/8/2020	EMPLOYMENT DEVELOPMENT DEPARTMENT		34451			579.00
		52630		579.00	EMPLOYMENT COSTS	
10/8/2020	FERGUSON ENTERPRISES, LLC		34452			2,880.02
		52466		2,880.02	FLANGE COUPLER	
10/8/2020	FRONTIER ANALYTICAL LABORATORY		34453			2,100.00
		52567		1,700.00	DIOXIN AND PCBS ANALYSIS	
		52568		400.00	DIOXIN ANALYSIS FOR RECYCLED WATER	
10/8/2020	GOLDEN STATE WATER CO.		34454			1,759.33
		52560		1,759.33	UTILITIES	
10/8/2020	GRAINGER		34455			827.01
		52487		95.43	INVENTORY	
		52488		197.26	INVENTORY	
		52561		534.32	INVENTORY	
10/8/2020	INTERACTIVE RESOURCES INC.		34456			1,180.00
		52605		1,180.00	ON CALL ROOF CONSULTANT SERVICES	
10/8/2020	JW BACKHOE & CONSTRUCTION, INC		34457			239,142.08
		52564		82,751.78	BRIDGEHEAD FM TEMPORARY BYPASS	
		52565		156,390.30	BRIDGEHEAD FM TEMPORARY BYPASS	
10/8/2020	KENNEDY/JENKS CONSULTANTS INC.		34458			18,576.34
		52439		18,576.34	ASSET MANAGEMENT PROGRAM DEVELOPMENT PN 19109	
10/8/2020	KRUGER, INC		34459			7,382.64
		52569		7,382.64	RWF ACTIFLO MICROSAND	
10/8/2020	MANAGED HEALTH NETWORK		34460			385.20
		52620		385.20	EAP OCTOBER	
10/8/2020	MCCAMPBELL ANALYTICAL, INC.		34461			887.60
		52606		887.60	LABORATORY SERVICES FOR PRETREATMENT	
10/8/2020	MITCHELL INSTRUMENT CO.		34462			3,138.49
		52538		3,138.49	SKF INDUCTION BEARING HEATER	
10/8/2020	MONUMENT CAR PARTS		34463			728.17
		52491		728.17	INVENTORY	
10/8/2020	NWN CORPORATION		34464			4,060.76
		52607		4,060.76	PHONE EXPENSE	
10/8/2020	PACIFIC INFRASTRUCTURE		34465			151,525.00
		52610		151,525.00	SODIUM BISULFITE TANKS REPLACEMENT PROJECT	
10/8/2020	DANNY LEE WILLIAMS		34466			696.00
		52496		696.00	DAYTIME JANITORIAL SERVICES	
10/8/2020	POLYDYNE INC		34467			43,083.84
		52503		16,332.88	LIQUID POLYMER	
		52504		26,750.96	DRY POLY	
10/8/2020	PSOMAS		34468			3,293.50
		52611		3,293.50	CONSTRUCTION MANAGEMENT SERVICE	
10/8/2020	PUBLIC EMPLOYEES UNION		34469			1,364.72
		3163364		1,364.72	UNION DUES P&T	
10/8/2020	PUBLIC EMPLOYEES UNION		34470			3,566.87
		3163264		3,566.87	UNION DUES O&M	
10/8/2020	QUENVOLD'S		34471			203.20
		52493		203.20	SAFETY SHOES-J.BOOE	
10/8/2020	SHAWN REDMOND		34472			1,502.19
		52628		1,502.19	REIMBURSEMENT 457 CONTRIBUTION	
10/8/2020	RH TECHNOLOGY		34473			13,398.00
		52612		4,466.00	O/S TEMP	
		52613		4,466.00	O/S TEMP	
		52614		4,466.00	O/S TEMP	
10/8/2020	STANDARD INSURANCE COMPANY		34474			3,677.62
		52623		3,677.62	LIFE INSURANCE	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
10/8/2020	CA STATE DISBURSEMENT UNIT		34475			750.00
		CS9648314		750.00	GARNISHMENT	
10/8/2020	SYSTEM 1 STAFFING		34476			5,253.20
		52576		2,626.60	O/S TEMP	
		52615		2,626.60	O/S TEMP	
10/8/2020	TRI-VALLEY JANITORIAL SERVICE & SUPPLY		34477			1,218.68
		52478		1,218.68	NIGHTLY JANITORIAL SERVICES	
10/8/2020	UNIFIRST CORPORATION		34478			341.63
		52579		132.36	UNIFORM/ LAUNDRY SERVICE	
		52580		177.61	UNIFORM/ LAUNDRY SERVICE	
		52581		31.66	UNIFORM/ LAUNDRY SERVICE	
10/8/2020	UNIVAR USA INC		34479			15,455.07
		52508		3,317.00	SODIUM HYPOCHLORITE	
		52509		3,316.86	SODIUM HYPOCHLORITE	
		52520		5,502.44	SODIUM BISULFITE	
		52589		3,318.77	SODIUM HYPOCHLORITE	
10/8/2020	USA BLUEBOOK		34480			1,294.44
		52506		1,294.44	INVENTORY	
10/8/2020	VISION SERVICE PLAN		34481			1,819.50
		52621		1,763.34	VISION INS	
		52622		56.16	COBRA VISION	
10/8/2020	WATEREUSE RESEARCH FOUNDATION		34482			7,543.50
		52631		7,543.50	M&D - DISTRICT WIDE	
10/8/2020	YORKE ENGINEERING, LLC		34483			3,006.25
		52440		2,369.00	AIR PERMITTING ASSISTANCE	
		52443		637.25	AIR PERMITTING ASSISTANCE	
10/15/2020	CITY OF ANTIOCH- WATER		34484			7,710.89
		52653		94.60	UTILITIES	
		52654		1,407.78	UTILITIES	
		52682		94.60	UTILITIES	
		52684		5,852.22	UTILITIES	
		52685		94.60	UTILITIES	
		52686		72.49	UTILITIES	
		52687		94.60	UTILITIES	
10/15/2020	BARNETT MEDICAL SERVICES, LLC		34485			39.00
		52602		39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	
10/15/2020	BAY AREA CLEAN WATER AGENCIES		34486			74,488.28
		52655		74,488.28	M&D DISTRICT WIDE	
10/15/2020	BNSF RAILWAY CO.		34487			8,672.17
		52634		8,672.17	RAILROAD FLAGGER AT BHF6M-601 FAILURE	
10/15/2020	CALTEST ANALYTICAL LABORATORY		34488			960.30
		52486		960.30	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
10/15/2020	CONTRA COSTA WATER DISTRICT		34489			27.25
		52688		27.25	UTILITIES	
10/15/2020	CORELOGIC INFORMATION SOLUTIONS, INC		34490			165.00
		52656		165.00	REALQUEST PROPERTY INFORMATION	
10/15/2020	CSRMA		34491			48,283.15
		52661		48,283.15	CLAIMS PAID	
10/15/2020	DIABLO WATER DISTRICT		34492			643.25
		52689		643.25	UTILITIES	
10/15/2020	FRAXIA ENGINEERING		34493			6,618.75
		52652		6,618.75	DESIGN SERVICES BP SEWER REHAB	
10/15/2020	GENERAL ELECTRIC COMPANY		34494			18,736.66
		52000		18,736.66	SCADA SUPPORT RENEWAL AS PER QUOTE	
10/15/2020	GRAINGER		34495			751.47
		52562		443.38	INVENTORY	
		52563		43.70	INVENTORY	
		52637		264.39	INVENTORY	

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10/15/2020	GURMUKH SINGH GREWAL	52690	34496	39.00	REIMBURSEMENT	39.00
10/15/2020	HUNT & SONS INC	52636	34497	4,867.22	FUEL SERVICES FOR THE DISTRICT	4,867.22
10/15/2020	JOHN MUIR HEALTH	52662	34498	837.58	2020 WELLNESS AGREEMENT WITH JOHN MUIR HEALTH	1,675.16
		52663		837.58	2020 WELLNESS AGREEMENT WITH JOHN MUIR HEALTH	
10/15/2020	MCCAMPBELL ANALYTICAL, INC.	52658	34499	782.60	LABORATORY SERVICES FOR PRETREATMENT	1,886.00
		52659		320.80	LABORATORY SERVICES FOR PRETREATMENT	
		52660		782.60	LABORATORY SERVICES FOR PRETREATMENT	
10/15/2020	MDRR-PARK (MT. DIABLO RESOURCE RECOVERY)	52672	34500	148.16	WASTE	148.16
10/15/2020	MSC INDUSTRIAL SUPPLY CO. INC.	52570	34501	203.18	INVENTORY	203.18
10/15/2020	MUNIQUIP, LLC	52571	34502	3,316.58	INVENTORY	3,316.58
10/15/2020	OEM AIR COMPRESSOR CORP.	52572	34503	82.45	INVENTORY	82.45
10/15/2020	PACIFIC GAS & ELECTRIC COMPANY	52676	34504	58.09	UTILITIES	57,960.56
		52677		345.15	UTILITIES	
		52691		57,557.32	UTILITIES	
10/15/2020	DANNY LEE WILLIAMS	52540	34505	681.50	DAYTIME JANITORIAL SERVICES	681.50
10/15/2020	POLYDYNE INC	52573	34506	3,266.58	LIQUID POLYMER	30,017.54
		52692		26,750.96	DRY POLY	
10/15/2020	REBUILD-IT SERVICES GROUP, LLC	52574	34507	2,998.36	INVENTORY	2,998.36
10/15/2020	SHAPE INCORPORATED	52575	34508	4,960.86	REPLACEMENT PUMP PARTS	4,960.86
10/15/2020	STATE WATER RESOURCES	52679	34509	411,266.69	LOAN PAYMENT	411,266.69
10/15/2020	STATE WATER RESOURCES	52680	34510	41,975.90	LOAN PAYMENT	41,975.90
10/15/2020	STATE WATER RESOURCES	52681	34511	73,209.75	LOAN PAYMENT	73,209.75
10/15/2020	TURBO MACHINERY, INC	52578	34512	3,989.30	IMPELLER RETAINERS PER TURBO QUOTE	3,989.30
10/15/2020	UNIFIRST CORPORATION	52582	34513	132.36	UNIFORM/ LAUNDRY SERVICE	341.63
		52583		177.61	UNIFORM/ LAUNDRY SERVICE	
		52584		31.66	UNIFORM/ LAUNDRY SERVICE	
10/15/2020	UNIVAR USA INC	52590	34514	3,317.00	SODIUM HYPOCHLORITE	9,326.14
		52617		6,009.14	SODIUM BISULFITE	
10/22/2020	AFLAC	52726	34515	942.86	INSURANCE	942.86
10/22/2020	MICHAEL AUER	52718	34516	130.07	REIMBURSEMENT	130.07
10/22/2020	MICHAEL BAKALDIN	52719	34517	130.07	REIMBURSEMENT	130.07
10/22/2020	BARNETT MEDICAL SERVICES, LLC	52603	34518	429.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORTATION/DISPOSAL	468.00

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
		52604		39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	
10/22/2020	SCOT ALLISON CAMPBELL		34519			5,087.13
		52696		5,087.13	VHP GL HEAD ASSEMBLY BAY POWER QU	
10/22/2020	DARRIN G. STANLEY		34520			7,200.00
		52730		7,200.00	SHORE ACRES PUMP STATION REPLACE	
10/22/2020	DISCOVERY BENEFITS, INC.		34521			105.00
		52626		105.00	FSA SEPTEMBER	
10/22/2020	EVOQUA WATER TECHNOLOGIES, LLC		34522			323.60
		52657		323.60	ANNUAL SUPPORT AND MAINTENANCE FOR LAB DI WATER SY	
10/22/2020	FASTENAL COMPANY		34523			1,283.72
		52698		1,283.72	MAINTENANCE CONSUMABLE ITEMS	
10/22/2020	GOLDEN STATE WATER CO.		34524			813.35
		52737		813.35	UTILITIES	
10/22/2020	JOHN MUIR HEALTH		34525			837.58
		52665		837.58	2020 WELLNESS AGREEMENT WITH JOHN MUIR HEALTH	
10/22/2020	JW BACKHOE & CONSTRUCTION, INC		34526			192,711.47
		52710		192,711.47	BRIDGEHEAD FM TEMPORARY BYPASS	
10/22/2020	KOA HILLS CONSULTING LLC.		34527			160.00
		52591		160.00	MUNIS CONTRACT SERVICES	
10/22/2020	LEE & RO, INC.		34528			11,715.50
		52635		11,715.50	SWGR DESIGN SERVICES	
10/22/2020	LIEBERT, CASSIDY, WHITMORE		34529			1,530.00
		52735		1,530.00	TRAINING - REG FEES	
10/22/2020	MCCAMPBELL ANALYTICAL, INC.		34530			320.80
		52733		320.80	LABORATORY SERVICES FOR PRETREATMENT	
10/22/2020	McCAULEY AGRICULTURAL & PEST SERVICE		34531			1,140.00
		52666		75.00	PEST CONTROL SERVICES	
		52667		825.00	PEST CONTROL SERVICES	
		52668		60.00	PEST CONTROL SERVICES	
		52669		60.00	PEST CONTROL SERVICES	
		52670		60.00	PEST CONTROL SERVICES	
		52671		60.00	PEST CONTROL SERVICES	
10/22/2020	MCMASTER CARR SUPPLY CO		34532			396.52
		52739		396.52	INVENTORY	
10/22/2020	MRO SUPPLY		34533			361.84
		52627		361.84	INVENTORY	
10/22/2020	MSC INDUSTRIAL SUPPLY CO. INC.		34534			55.26
		52700		55.26	INVENTORY	
10/22/2020	MUFG UNION BANK		34535			875.00
		52732		875.00	INVESTMENT	
10/22/2020	NEW IMAGE LANDSCAPE COMPANY		34536			2,563.00
		52608		2,563.00	LANDSCAPE SERVICES	
10/22/2020	OFFICE DEPOT		34537			1,282.77
		52701		589.88	OFFICE SUPPLIES	
		52740		93.79	OFFICE SUPPLIES	
		52741		224.27	OFFICE SUPPLIES	
		52742		168.57	OFFICE SUPPLIES	
		52743		206.26	OFFICE SUPPLIES	
10/22/2020	PACIFIC GAS & ELECTRIC COMPANY		34538			70,506.01
		52731		70,506.01	UTILITIES	
10/22/2020	ABEL PALACIO		34539			1,064.20
		52720		1,064.20	REIMBURSEMENT	
10/22/2020	DANNY LEE WILLIAMS		34540			1,160.00
		52609		1,160.00	DAYTIME JANITORIAL SERVICES	
10/22/2020	QUALITY SCALE, INC		34541			1,510.00
		52704		1,510.00	SCALE SERVICE- 2 PER YEAR	
10/22/2020	RH TECHNOLOGY		34542			3,572.80

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		52722		3,572.80	O/S TEMP	
10/22/2020	SHARP ELECTRONICS CORP		34543			2,103.67
		52678		2,103.67	SHARP MAINTENANCE SERVICES	
10/22/2020	CA STATE DISBURSEMENT UNIT		34544			750.00
		CS9648315		750.00	GARNISHMENT	
10/22/2020	SYSTEM 1 STAFFING		34545			4,701.20
		52703		2,626.60	O/S TEMP	
		52724		2,074.60	O/S TEMP	
10/22/2020	TRI-VALLEY JANITORIAL SERVICE & SUPPLY		34546			8,986.00
		52616		8,986.00	NIGHTLY JANITORIAL SERVICES	
10/22/2020	UNIFIRST CORPORATION		34547			341.63
		52585		132.36	UNIFORM/ LAUNDRY SERVICE	
		52586		177.61	UNIFORM/ LAUNDRY SERVICE	
		52587		31.66	UNIFORM/ LAUNDRY SERVICE	
10/22/2020	UNIVAR USA INC		34548			8,798.52
		52618		3,319.00	SODIUM HYPOCHLORITE	
		52709		5,479.52	SODIUM BISULFITE	
10/22/2020	VELODYNE		34549			1,704.98
		52619		1,704.98	INVENTORY	
10/22/2020	ROBERT WRIGHT		34550			15.39
		52721		15.39	REIMBURSEMENT	
10/29/2020	AT&T		34551			2,693.63
		52759		2,693.63	PHONE EXP	
10/29/2020	BARNETT MEDICAL SERVICES, LLC		34552			39.00
		52632		39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	
10/29/2020	BARTEL ASSOCIATES, LLC		34553			135.00
		52782		135.00	ACTUARIAL SERVICES FY 2020-2022	
10/29/2020	SCOT ALLISON CAMPBELL		34554			995.85
		52766		995.85	INVENTORY	
10/29/2020	BRENTWOOD PRESS		34555			1,098.00
		52792		549.00	AD	
		52793		549.00	AD	
10/29/2020	C.W.ROEN CONSTRUCTION COMPANY		34556			1,145,890.00
		52807		1,145,890.00	CONSTRUCTION SVCS, HEADWORKS IMP	
10/29/2020	CALIFORNIA BANK OF COMMERCE		34557			60,310.00
		52808		60,310.00	RETENTION ACCOUNT	
10/29/2020	CHEMTRADE CHEMICALS US LLC		34558			75,071.98
		52744		4,323.42	ALUMINUM SULFATE	
		52745		3,976.64	ALUMINUM SULFATE	
		52746		4,326.95	ALUMINUM SULFATE	
		52747		4,249.48	ALUMINUM SULFATE	
		52748		4,031.20	ALUMINUM SULFATE	
		52749		4,314.62	ALUMINUM SULFATE	
		52750		4,300.54	ALUMINUM SULFATE	
		52751		4,113.94	ALUMINUM SULFATE	
		52752		4,228.37	ALUMINUM SULFATE	
		52753		4,367.43	ALUMINUM SULFATE	
		52754		4,333.99	ALUMINUM SULFATE	
		52755		3,142.22	ALUMINUM SULFATE	
		52756		4,172.05	ALUMINUM SULFATE	
		52757		4,348.08	ALUMINUM SULFATE	
		52758		4,312.86	ALUMINUM SULFATE	
		52784		4,038.25	ALUMINUM SULFATE	
		52785		4,209.00	ALUMINUM SULFATE	
		52786		4,282.94	ALUMINUM SULFATE	
10/29/2020	EAST BAY TIMES		34559			173.32
		52806		173.32	SUBSCRIPTION	
10/29/2020	FRAXIA ENGINEERING		34560			1,850.44
		52633		1,850.44	DESIGN SERVICES BP SEWER REHAB	
10/29/2020	MDRR PITTSBURG		34561			1,175.00
		52778		1,175.00	WASTE	
10/29/2020	MERITAGE HOMES OF CALIFORNIA		34562			42,988.66
		52794		42,988.66	REFUND-DUPLICATE PYMNT	
10/29/2020	OFFICE DEPOT		34563			439.00

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		52770		409.09	OFFICE SUPPLIES	
		52771		29.91	OFFICE SUPPLIES	
10/29/2020	DANNY LEE WILLIAMS		34564			1,160.00
		52675		1,160.00	DAYTIME JANITORIAL SERVICES	
10/29/2020	PITTSBURG WINSUPPLY		34565			758.96
		52775		758.96	INVENTORY	
10/29/2020	CITY OF PITTSBURG		34566			714.34
		52810		714.34	UTILITIES	
10/29/2020	PRESIDIO SYSTEMS		34567			5,899.63
		52702		5,899.63	PIV AND TAMPER SWITCH REPLACEMENT	
10/29/2020	PSOMAS		34568			87,825.37
		52773		52,244.00	CONSTRUCTION MGMT & INSPECTION PN	
		52774		35,581.37	CONSTRUCTION MGMT & INSPECTION PN	
10/29/2020	REPUBLIC SERVICES #210		34569			3,733.73
		52776		2,648.31	WASTE	
		52777		1,085.42	WASTE	
10/29/2020	STATE WATER RESOURCES		34570			150.00
		52801		150.00	CERTIF RENEWAL- JUAN A.	
10/29/2020	SYNAGRO WEST, LLC		34571			61,884.00
		52779		61,884.00	BIO SOLIDS HAULING	
10/29/2020	SYSTEM 1 STAFFING		34572			2,626.60
		52796		2,626.60	O/S TEMP	
10/29/2020	STACY TUCKER		34573			31.00
		52797		16.00	REIMBURSEMENT	
		52798		15.00	REIMBURSEMENT	
10/29/2020	TYLER TECHNOLOGIES, INC.		34574			17,952.00
		52780		1,404.00	MUNIS PERMITS AND CODE ENFORCEMENT	
		52781		16,548.00	MUNIS APPLICATION RENEWAL	
10/29/2020	UNIFIRST CORPORATION		34575			443.05
		52705		195.17	UNIFORM/ LAUNDRY SERVICE	
		52706		216.22	UNIFORM/ LAUNDRY SERVICE	
		52707		31.66	UNIFORM/ LAUNDRY SERVICE	
10/29/2020	UNIVAR USA INC		34576			3,319.00
		52802		3,319.00	SODIUM HYPOCHLORITE	
10/29/2020	VERIZON WIRELESS		34577			3,500.33
		52811		3,500.33	PHONE EXPENSE	
10/29/2020	WM LYLES COMPANY		34578			826,347.05
		52727		826,347.05	CONSTRUCTION SERVICES PN 80008	
10/29/2020	WOODARD & CURRAN INC.		34579			26,225.51
		52799		26,225.51	ON-SITE FUELING STATION REPLACEMENT	
<b>GRAND TOTAL</b>						<b><u>7,009,717.30</u></b>

December 17, 2020

ACCEPT AND AUTHORIZE GENERAL MANAGER TO FILE NOTICE OF COMPLETION, ALCAL SPECIALTY CONTRACTING, INC., DISTRICT OFFICE BUILDING ROOF REPLACEMENT, PROJECT NO.18112

RECOMMENDATION

Accept the District Office Building Roof Replacement Project as complete and authorize the General Manager to file a Notice of Completion (NOC) with the Contra Costa County Recorder's Office.

Background Information

In June 2018, the Board awarded a construction services contract for the District Office Building Roof Replacement Project to Alcal Specialty Contracting, Inc. (Alcal) in the amount of \$1,514,415. The construction work included roofing system replacements for the Plant Operations Center (POC) and Treatment Plant (TP) buildings. This project is in response to the condition assessment effort completed in 2017 for the POC and TP buildings, which concluded that the built-up roofing systems had reached the end of their useful lives.

Analysis

The project work has been inspected and found to meet contract requirements. Staff recommends acceptance of the project by the Board. In addition, staff recommends the Board authorize the General Manager to file the NOC for the project with the Contra Costa County Recorder's Office. Per California Civil Code Section 9204(a), filing the NOC will provide notification to subcontractors, vendors, and suppliers of the completion of work, and will require such parties to submit any claims within thirty (30) days of the notice. Presently, there are no pending claims and staff is not aware of any unresolved issues that could lead to a claim related to this project.

Financial Impact

The adopted Fiscal Year 2019/2020 – 2023/2024 (FY19/20 – FY23/24) Capital Improvement Program includes an appropriation of \$2,400,000 for the District Office Building Roof Replacement Project. Alcal's final contract amount is \$1,601,574.10, which includes the base contract and 3% for construction change orders. The total project cost, including design, construction, and staff time is \$2.3 million. Unused funds will be returned to the Wastewater Capital Asset Replacement Fund.

Attachment

Notice of Completion for District Office Building Roof Replacement Project

Reviewed by: \_\_\_\_\_



Brian Thomas  
Engineering Services Director/District Engineer

cc: Alcal Specialty Contracting, Inc.  
District File No. P.18112.11.04



When Recorded, Return to:

Delta Diablo  
2500 Pittsburg-Antioch Highway  
Antioch, CA 94509-1373

## NOTICE OF COMPLETION

NOTICE IS HEREBY GIVEN THAT:

1. The undersigned is an owner of an interest or estate in the hereinafter-described real property, the nature of which interest or estate is fee simple.
2. The full name and address of the undersigned owner and of any and all co-owners is: Delta Diablo, 2500 Pittsburg-Antioch Highway, Antioch, CA 94509.
3. On the 17th day of December 2020, there was completed upon the hereinafter-described real property a work of improvement as a whole known as District Office Building Roof Replacement, Project No. 18112.
4. The name of the original contractor for the work of improvement as a whole was Alcal Specialty Contracting, Inc.
5. The real property herein referred to is situated in the cities of Antioch and Pittsburg, County of Contra Costa, State of California, and described as follows:

New roof systems for the Plant Operations Center and Treatment Plant office buildings at Delta Diablo Wastewater Treatment Plant.

DELTA DIABLO  
(Owner)

By: \_\_\_\_\_  
Vincent P. De Lange  
General Manager

### VERIFICATION

I, Vincent P. De Lange, declare:

I hold the title of General Manager of Delta Diablo and am authorized to make this declaration on its behalf.

I have read the foregoing Notice of Completion and know the contents thereof. The Notice of Completion is true of my own knowledge, except as to those matters that are therein stated on information and belief, and as to those matters, I believe them to be true.

This declaration was signed on \_\_\_\_\_, at Antioch, California. I declare under penalty of perjury that the foregoing is true and correct.

\_\_\_\_\_  
Vincent P. De Lange  
General Manager



December 17, 2020

AUTHORIZE NON-INTEREST BEARING INTER-FUND LOAN FROM ADVANCED TREATMENT FUND TO WASTEWATER CAPITAL ASSET REPLACEMENT FUND IN THE AMOUNT OF \$3,000,000 IN FISCAL YEAR 2020/2021; AND AUTHORIZE AN INCREASE OF \$3,000,000 IN BUDGETED EXPENDITURES IN FISCAL YEAR 2020/2021, HEADWORKS IMPROVEMENTS, PROJECT NO. 17117

RECOMMENDATION

- 1) Authorize a non-interest bearing inter-fund loan from the Advanced Treatment (AT) Fund to the Wastewater Capital Asset Replacement (CAR) Fund in the amount of \$3,000,000 to provide funding for the Headworks Improvements Project in Fiscal Year 2020/2021 (FY20/21); and
- 2) Authorize an increase of \$3,000,000 in budgeted expenditures in FY20/21 for the Headworks Improvements Project.

Background Information

In November 2019, the Board awarded a construction contract to rehabilitate the existing headworks facility and replace mechanical equipment at the District's Wastewater Treatment Plant. A significant portion of the new headworks facility equipment has been installed and is currently operational. The remaining ancillary work necessary to provide a fully-functional facility is anticipated to be completed by June 2021.

Analysis

The FY20/21 – FY24/25 Capital Improvement Program (CIP) includes budget appropriations of \$5.0 million in FY20/21 and \$3.0 million in FY21/22 to complete construction of the Headworks Improvements Project. Based on the contractor's current schedule, the project construction will be fully completed within FY20/21. To ensure sufficient project budget is available for the remaining work in the current fiscal year, staff recommends that the Board authorize an increase in budgeted expenditures in the amount of \$3.0 million for the project in FY20/21 and a non-interest-bearing inter-fund loan in FY20/21 from the AT Fund to the Wastewater CAR Fund in the amount of \$3.0 million.

Financial Impact

A total of \$8.0 million in expenditures for the Headworks Improvements Project was included in the FY20/21 – FY24/25 CIP. The proposed increase of \$3.0 million in FY20/21 budgeted expenditures represents a shift in previously planned expenditures (of the same amount) from FY21/22 to FY20/21. If authorized, the Wastewater CAR Fund will receive a non-interest bearing interfund loan from the AT Fund in FY20/21 in the amount of \$3.0 million to fund the increased budgeted expenditures, which will be repaid in FY21/22. This inter-fund loan transfer and repayment is not expected to have any significant financial impacts.

Attachments

None.

Reviewed by:  \_\_\_\_\_

Brian Thomas  
Engineering Services Director/District Engineer

cc: District File No. P.17117.01.03



December 17, 2020

ADOPT RESOLUTION COMMENDING AND CONGRATULATING LESLIE “CHIP” CAIN, SENIOR OPERATOR, ON HIS RETIREMENT FROM THE DISTRICT

RECOMMENDATION

Adopt Resolution commending and congratulating Mr. Leslie “Chip” Cain, Senior Operator, on his retirement from the District.

Background Information

After joining the District as an Operator-in-Training in June 1991, Mr. Cain made a strong commitment to expanding his knowledge of District operations and advancing through operator certifications at the state level, which yielded promotions to Wastewater Treatment Plant (WWTP) Operator I (November 1992), WWTP Operator II (October 1993), WWTP Operator III (February 2004), and WWTP Senior Operator (April 2008), along with achieving WWTP Operator Grade V certification from the State Water Resources Control Board.

Mr. Cain earned a Bachelor of Science Degree in Physical Education and Health from Bob Jones University (South Carolina). Prior to beginning his career in the wastewater industry, he worked as a junior and senior high school teacher, teaching physical education, health, and English classes, as well as coaching basketball.

Analysis

Mr. Cain is retiring after over 29 years of service to the District with his last day of employment on December 30, 2020. During his career, he was part of the District’s transition from analog, manual process controls to digital, computerized systems, while working to ensure successful transition of new facilities, infrastructure upgrades, and plant expansions into effective operation.


Mr. Cain made a strong commitment to mentoring new staff, supporting their professional development, and serving as a valuable resource for operational decisions and activities. His long-standing dedication to public service and operational excellence played a key role in the District’s outstanding regulatory compliance record. Mr. Cain’s exceptional effort, spirit of cooperation, professionalism, and knowledge will be greatly missed at the District. The District wishes him well in his future endeavors.

Financial Impact

None

Attachment

Resolution Commending and Congratulating Mr. Cain on His Retirement

Reviewed by:   
\_\_\_\_\_  
Dean Eckerson  
Resource Recovery Services Director

cc: District File No. HR.01-PEF-15



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

**Re: Commending and Congratulating )  
Leslie “Chip” Cain on His )  
Retirement from the District )**

**RESOLUTION NO. 20/2020**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Mr. Leslie “Chip” Cain served the District from June 10, 1991 until his retirement on December 30, 2020, which is a period of over 29.5 years; and

WHEREAS, during that period, he held the positions of Operator-in-Training, Wastewater Treatment Plant (WWTP) Operator I, WWTP Operator II, WWTP Operator III, and WWTP Senior Operator; and

WHEREAS, he achieved WWTP Operator Grade V certification from the State Water Resources Control Board, which represents the highest state certification level; and

WHEREAS, he supported implementation of major changes at the District, including transitioning from analog, manual process controls to digital, computerized systems, while working to ensure successful transition of new facilities, infrastructure upgrades, and plant expansions into effective operation; and

WHEREAS, he made a strong commitment to mentoring new staff, supporting their professional development, and serving as a valuable resource for operational decisions and activities; and

WHEREAS, his long-standing dedication to public service and operational excellence played a key role in the District’s outstanding regulatory compliance record; and

WHEREAS, Mr. Cain’s exceptional effort, spirit of cooperation, professionalism, and knowledge will be great missed at the District.

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

**Mr. Leslie “Chip” Cain is hereby commended and thanked for over 29 years of outstanding service and dedication to the District. The Board of Directors and staff wish him well in all his future endeavors.**

PASSED AND ADOPTED on December 17, 2020, by the following vote:

AYES:

ABSENT:

NOES:

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 December 17, 2020.

ATTEST:

Board Secretary

By: \_\_\_\_\_

December 17, 2020

ADOPT RESOLUTION COMMENDING AND CONGRATULATING GURMUKH GREWAL, CHEMIST II, ON HIS RETIREMENT FROM THE DISTRICT

RECOMMENDATION

Adopt Resolution commending and congratulating Mr. Gurmukh Grewal, Chemist II, on his retirement from the District.

Background Information

Mr. Grewal began his employment at the District as a Chemist I on November 19, 1990 and was promoted to Chemist II on November 3, 1997. During his 30-year career in the Laboratory Division, he helped anchor a critical function for the District by conducting the laboratory testing and analysis necessary to demonstrate compliance with regulatory requirements and support treatment process control. Mr. Grewal was recognized as CWEA SF Bay Section Laboratory Person of the Year in 2005 and achieved the highest certification level possible in his field—the CWEA Laboratory Analyst Grade IV Certificate—in June 2011. In addition, he was recognized as the District’s Laboratory Person of the Year in 1992 and 2009.

Analysis

Mr. Grewal recently announced his plans to retire on December 30, 2020 after serving the District for 30 years. One of his most significant contributions was serving in a lead role to bring the new ion chromatograph into operational service to analyze regulatory compliance samples for permit monitoring and reporting purposes.

Mr. Grewal is well respected by his co-workers, because he is a team player who is willing to step up when extra assistance is needed. He prides himself on providing excellent customer service to Operations staff. In support of the District’s commitment to community engagement, Mr. Grewal excels in his ambassador role when presenting educational outreach programs to fifth graders in the service area. His co-workers enjoy his sense of humor and commitment to his family, who have participated in numerous District celebrations over the years. The District wishes Mr. Grewal all the best in his future endeavors.

Financial Impact

None

Attachment

Resolution Commending and Congratulating Mr. Grewal on His Retirement



Reviewed by: \_\_\_\_\_

Dean Eckerson  
Resource Recovery Services Director

cc: Gurmukh Grewal  
District File No. HR.01-PEF-83



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

**Re: Commending and Congratulating )  
Mr. Gurmukh Grewal on His )  
Retirement from the District )**

**RESOLUTION NO. 21/2020**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Mr. Gurmukh Grewal has served the District from November 19, 1990 until his retirement on December 30, 2020, which is a period of over 30 years; and

WHEREAS, he joined the District as a Chemist I and was promoted to Chemist II on November 3, 1997, and achieved California Water Environment Association (CWEA) certified Laboratory Analyst Grade IV certification, which is the highest state certification level; and

WHEREAS, he helped anchor a critical function for the District by conducting the laboratory testing and analysis necessary to demonstrate compliance with regulatory requirements and support treatment process control; and

WHEREAS, he was recognized as CWEA San Francisco Bay Section Laboratory Person of the Year in 2005 and District Laboratory Person of the Year in 1992 and 2009; and

WHEREAS, he served in a lead role to bring the laboratory ion chromatograph into operational service to analyze regulatory compliance samples for permit reporting purposes; and

WHEREAS, he is well respected by his co-workers, because he is a team player who is willing to step up when extra assistance is needed, and prides himself on providing excellent customer service to Operations staff; and

WHEREAS, Mr. Grewal excels when presenting educational outreach programs to fifth graders in the service area.

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

**Mr. Grewal is hereby commended and thanked for his 30 years of outstanding service and dedication to the District. The Board of Directors and staff wish him well in all his future endeavors.**

PASSED AND ADOPTED on December 17, 2020 by the following vote:

AYES:

ABSENT:

NOES:

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 December 17, 2020.

ATTEST:

By: \_\_\_\_\_  
Board Secretary

December 17, 2020

APPROVE REAPPROPRIATION OF THE CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET CARRIED FORWARD FROM FISCAL YEAR 2019/2020 TO FISCAL YEAR 2020/2021; TRANSFER OF BUDGETS BETWEEN CIP PROJECTS IN FISCAL YEAR 2020/2021; AND ADJUSTMENT AND/OR CLOSING OF CIP PROJECTS IN FISCAL YEAR 2019/2020

RECOMMENDATION

1. Approve reappropriation of the Capital Improvement Program (CIP) budget from Fiscal Year 2019/2020 (FY19/20) to FY20/21 for activity related to ongoing multi-year projects in the amount of \$14,135,251 (Attachment 1).
2. Approve transfer of budgets in the amount of \$951,451 between CIP projects in FY20/21. Because the transfer activity is between projects within the same fund (Wastewater Capital Asset Replacement [WW CAR] Fund), there is no net financial impact.
3. Approve adjustment and/or closing of CIP projects in FY19/20 in the amount of \$4,916,913 (Attachment 2).

Background Information

Annually, as part of the fiscal year-end closing process, the District's Finance Division works with Engineering staff to thoroughly review the multi-year CIP budget to: 1) identify and "carry forward" unexpended budgeted funds from the previous year to the current fiscal year for ongoing multi-year capital projects, and 2) adjust and/or close budgets for capital projects that are complete or no longer active from the prior fiscal year.

This year, in addition to these two key financial activities, staff determined that a Wastewater Capital Asset (WW CA) Fund budget adjustment for the Permanent Brine Transfer Facility and multiple budget transfers within WW CAR (between capital projects) are necessary to account for unplanned capital project expenditures and shifting CIP priorities that altered the scope and/or schedule of respective capital projects. These actions will result in better alignment between CIP project budgets and anticipated spending in FY20/21.

Analysis

*CIP Budget Carry Forward from FY19/20 to FY20/21*

Staff has identified a total of 29 capital projects to be carried forward into FY20/21, as presented in Attachment 1. Nine of these projects have funding amounts greater than \$500,000 and account for approximately 67% of the total carry forward amount of \$14,135,251 (refer to Table 1 below). These significant projects are currently either in design or construction and six of the nine projects are expected to be completed in FY20/21. The remaining three multi-year projects are scheduled to be completed in FY21/22 and FY22/23.

Table 1. Significant Capital Projects to be Carried Forward from FY19/20 to FY20/21

Project Description	Fund	Project No.	CIP Budget Carried Forward (\$)
Headworks Improvements	WW CAR	17117	581,931
Treatment Plant Switchgear Replacement	WW CAR	17120	2,191,406



Project Description	Fund	Project No.	CIP Budget Carried Forward (\$)
Primary Clarifier Area Improvement	WW CAR	17140	590,744
District Office Building Roofing and Sheet Metal Replacement	WW CAR	18112	627,660
SCADA Communication Network / PLC Processor Upgrade	WW CAR	18114	574,083
Vehicle Replacements	WW CAR	20117	555,055
Antioch Pump Station & Conveyance System Improvements	WW CAR	20121	554,555
Pump Station Facility Repair (Minor projects 17128-17132)	WW CAR	80008	2,387,671
Bay Point Rehabilitation Phase IV	BP CAR	18119	1,338,965
<b>TOTAL - ALL FUNDS</b>			<b>\$9,402,070</b>

#### *FY19/20 Project Closures and Associated Budget Adjustments*

In conjunction with the CIP budget carry forward analysis, staff recommends the closure of 29 CIP projects in FY19/20 (Attachment 2). In general, these projects have remaining budget due to cost savings, changes to project scope, and/or project discontinuation and will result in net increases to WW CAR Fund equity. However, actual spending for a few projects slightly exceeded available budget due to unanticipated expenditures. For those projects, staff is recommending that the Board authorize budget adjustments to align budgeted expenditures with actual expenditures prior to closing these respective projects. The net impact of the project closures is a \$5,200,195 reduction to the FY19/20 CIP budget.

#### *FY20/21 CIP Project Budget Transfers*

In addition, staff recommends that the Board authorize budget transfers (Attachment 1) necessary to account for project funds that were transferred following Board authorization in September 2020 to establish the Bridgehead Pipeline Replacement Project and provide additional funding the Site Security Improvements Project. These transfer amounts include \$951,451 budgeted in the District Office Building Rehabilitation (Project No. 18113) in the amount of \$874,120 and the Unanticipated Wastewater Treatment and Conveyance Infrastructure Repairs (Project No. 20109) in the amount of \$77,331 and are proposed to be transferred to the Treatment Plant Roadway Maintenance (Project No. 18115) in the amount of \$19,150, Unanticipated Wastewater Treatment and Conveyance Infrastructure Repairs (Project No. 21109) in the amount of \$232,301, and the Site Security Improvements (Project No. 21113) in the amount of \$700,000. These projects are all included the WW CAR Fund and the transfers net to zero with no impact to overall fund equity.

#### *FY20/21 Permanent Brine Transfer Facility Budget Adjustment*

Due to the construction bidding environment, the associated engineering services and construction costs for the Permanent Brine Transfer Facility Project were greater than estimated, which resulted in a budget exceedance of \$283,282. Staff recommends the Board authorize a budget increase of \$283,282 from the WW CA reserves to cover these unanticipated expenses. Corteva Agriscience LLC is responsible for all costs incurred for this project and has agreed to reimburse the District in accordance with the 2016 Brine Facility Construction Agreement. The District has submitted the associated billing to Corteva for these additional costs.

Table 2 below provides a summary of the adopted FY19/20 CIP budget in the amount of \$36,156,764, actual project expenditures of \$17,104,600 (47%) incurred during FY19/20, proposed closed/adjusted CIP budget for projects that have either been closed or are no longer active in the amount of \$4,916,913 (14%), and the remaining CIP budget proposed to be carried

forward from FY19/20 to FY20/21 totaling \$14,135,251 (39%) for active ongoing projects that are planned to continue in FY20/21.

Table 2. Summary of Proposed CIP Budget Carry Forward and/or Adjustments

Fund	CIP Budget FY19/20	Actual Expenditures FY19/20	Closed/ Adjusted CIP Budget FY19/20	Proposed CIP Budget Carry Forward FY19/20 to FY20/21
WW Capital Asset (120)	4,965,683	-1,422,574	-3,392,835	150,274
WW Capital Asset - Adv Treatment (125)	476,633	-57,847	-415,840	2,946
WW Capital Asset Replacement (130)	24,774,927	-12,208,145	-816,680	11,750,102
WW Expansion (140)	0	-2,074	2,074	0
Recycled Water (220, 230 & 240)	354,985	-159,880	-193,632	1,473
HHW Capital Asset (320)	25,000		-25,000	0
Bay Point Capital Asset Rehabilitation (520)	5,559,536	-3,254,080	-75,080	2,230,456
<b>TOTAL - ALL FUNDS</b>	<b>\$36,156,764</b>	<b>-\$17,104,600</b>	<b>-\$4,916,913</b>	<b>\$14,135,251</b>

Financial Impact

Because the proposed \$14,135,251 CIP budget being carried forward was previously budgeted in FY19/20 and would now be reappropriated to FY20/21 if approved, there is no fiscal impact. For those projects that were either adjusted and/or closed, the budget adjustments represent a decrease of \$4,916,913, and will assist in finalizing financial recording of project expenses. In addition, the impact of these budget actions on fund balances is contingent on the funding source for each project. To the extent that projects were planned to be debt funded, these budget actions do not impact fund balances for FY19/20 or FY20/21 because anticipated debt proceeds (revenues), which completely offset these expenses, were not realized.

Attachments

- 1) CIP Budget Carry Forward FY19/20 to FY20/21 and FY20/21 Budget Transfers by Project
- 2) CIP Budget Closures/Adjustments FY19/20 by Project



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

cc: District File No. CORP.08-DOCS





**Attachment 1**  
**CIP Budget Carry Forward FY19/20 to FY20/21 and FY20/21 Budget Transfers, by Project**

ITEM E/9  
Attachment 1

No.	Project Description	Project	Fund	CIP Budget Carryover	Transfers	CIP Budget Carryover After Transfers	
<b>Carryover Projects</b>							
1	Asset Management Program	19109	120	\$ 139,961		\$ 139,961	
2	Resource Recovery Master Plan	80009	120	10,313		10,313	
3	Resource Recovery Master Plan	80009	125	2,946		2,946	
4	Headworks Improvements	17117	130	581,931		581,931	
5	Treatment Plant Electrical Switchgear Replacement	17120	130	2,191,406		2,191,406	
6	Shore Acres Pump Station Sewage Pump Replacement Sodium Bisulfite Tank and Chemical Buildup Canopy	17138	130	108,821		108,821	
7	Replacement	17139	130	463,868		463,868	
8	Primary Clarifier Area Improvement	17140	130	590,744		590,744	
9	District Office Building Roofing and Sheet Metal Replacement	18112	130	627,660		627,660	
10	District Office Building Systems Replacement	18113	130	1,229,120	(874,120)	355,000	
11	SCADA Communication Network / PLC Processor Upgrade	18114	130	574,083		574,083	
12	Treatment Plant Roadway Maintenance Project	18115	130	55,850	19,150	75,000	
13	Emergency Retention Basin Improvements	19110	130	50,000		50,000	
14	Triangle Pump Station Replacement	19111	130	493,336		493,336	
15	On-Site Fueling Station Replacement	19112	130	401,925		401,925	
16	Unanticipated Wastewater Treatment and Conveyance Infrastructure Repairs	20109	130	77,331	(77,331)	-	
	Unanticipated Wastewater Treatment and Conveyance Infrastructure Repairs	21109	130		232,301	232,301	
17	Sewer Permit Software Replacement	20112	130	50,000		50,000	
18	Aboveground Fuel Storage Tank Rehabilitation Site Security Improvements	20113	130	78,519		78,519	
	Site Security Improvements	21113	130		700,000	700,000	
19	PPS Raw Sewage Pump Rebuilds	20116	130	215,000		215,000	
20	Vehicle Replacements	20117	130	555,055		555,055	
21	River Watch Settlement Compliance	20120	130	301,500		301,500	
22	Antioch Pump Station & Conveyance System Improvements	20121	130	554,555		554,555	
23	Pump Station Facility Repair (Minor projects 17128-17132)	80008	130	2,387,671		2,387,671	
24	Resource Recovery Master Plan	80009	130	161,727		161,727	
25	Resource Recovery Master Plan	80009	240	1,473		1,473	
26	Bay Point Rehabilitation Phase IV	18119	520	1,338,965		1,338,965	
27	Bay Point Overlay Manhole Adjustments	20119	520	250,000		250,000	
28	River Watch Settlement Compliance	20120	520	368,500		368,500	
29	Resource Recovery Master Plan	80009	520	272,991		272,991	
				<b>TOTAL</b>	<b>\$ 14,135,251</b>	<b>\$ -</b>	<b>\$ 14,135,251</b>

**Fund Codes:**

- 120: Wastewater - Capital Asset
- 125: Wastewater Capital Asset - Advanced Treatment
- 130: Wastewater - Capital Asset Replacement
- 140: Wastewater - Capital Expansion
- 220: Recycled Water - Capital Asset
- 230: Recycled Water - Capital Asset Replacement
- 240: Recycled Water - Capital Expansion
- 320: Household Hazardous Waste - Capital Asset
- 520: Bay Point - Capital Asset Rehabilitation

**Attachment 2**  
**CIP Budget Closures/Adjustments FY19/20, by Project**

No.	Project Description	Project No.	Fund No.	CIP Budget Adjustment: Increases/ (Reductions)
<b>Project Closures and CIP Budget Adjustments</b>				
1	East County Bioenergy Project	16117	120	\$ (3,544,357)
2	Small District Capital Asset Projects	20100	120	(74,508)
3	Conveyance and Treatment System Reliability Improvements	20107	120	(49,082)
4	Energy & Water Efficiency Improvements	20108	120	(8,170)
5	East County Bioenergy Project	16117	125	(333,840)
6	Nutrient Technology Research and Innovation	17123	125	(82,000)
7	Pittsburg Forcemain Improvements 13-14	14116	130	5,920 <sup>(1)</sup>
8	East County Bioenergy Project	16117	130	(666,259)
9	Digesters Nos. 1-3 Evaluation and Repair	18111	130	351 <sup>(1)</sup>
10	Conveyance System Rehabilitation and Replacement	19101	130	89,780 <sup>(2)</sup>
11	Rehabilitations and Replacements	19102	130	(116,742) <sup>(2)</sup>
12	Unanticipated Bay Point Repairs and Replacements	20106	130	(25,000)
13	Energy & Water Efficiency Improvements	20108	130	(25,000)
14	Lab Equipment Replacement	20110	130	(25,000)
15	IT Equipment Replacement	20111	130	(31,518)
16	Aeration Basin Area Rehabilitation	20114	130	(14,591)
17	Pump Station Grinder Replacements	20115	130	(8,621)
18	Pittsburg Forcemain Improvements 13-14	14116	140	2,074 <sup>(1)</sup>
19	Analyzer Room Installation	10187	220	3,500 <sup>(1)</sup>
20	Emergency Back-up Power Generator 14-15	15126	220	30,385 <sup>(1)</sup>
21	Small RWF Capital Asset Projects	20103	220	(27,801)
22	Pittsburg Recycled Water Meter Standardization 14-15	15120	230	(99,985)
23	Power Ave. RW Pipeline Rehab	17126	230	3,496 <sup>(1)</sup>
24	RWF DEC Drain Valve Automation	19115	230	9,970 <sup>(3)</sup>
25	Unanticipated RWF Replacement Projects	20104	230	(100,000)
26	RWF Repair/New Combined Project #1	20118	230	(13,668)
27	RW System Storage Tank	17127	240	471 <sup>(1)</sup>
28	Household Hazardous Waste Improvements	20105	320	(25,000)
29	Unanticipated Bay Point Repairs and Replacements	20106	520	(75,000)
<b>SUBTOTAL</b>				<b>\$ (5,200,195)</b>
<b>CIP Budget Adjustments</b>				
1	Permanent Brine Transfer Facility	18109	120	283,282 <sup>(4)</sup>
<b>SUBTOTAL</b>				<b>\$ 283,282</b>
<b>TOTAL</b>				<b>\$ (4,916,913)</b>

**Fund Codes:**

- 120: Wastewater - Capital Asset
- 125: Wastewater Capital Asset - Advanced Treatment
- 130: Wastewater - Capital Asset Replacement
- 140: Wastewater - Capital Expansion
- 220: Recycled Water - Capital Asset
- 230: Recycled Water - Capital Asset Replacement
- 240: Recycled Water - Capital Expansion
- 320: Household Hazardous Waste - Capital Asset
- 520: Bay Point - Capital Asset Rehabilitation

**Notes:**

- (1) CIP Budget adjustments needed due to additional expenses incurred after projects were closed in the prior year
- (2) Projects 19101 and 19102 are interrelated. The budget increase in 19101 is offset by budget reduction on 19102
- (3) Additional unanticipated costs were incurred than previously budgeted
- (4) Corteva is responsible for all costs associated with this project and has been billed for the reimbursement due.

## ITEM G

December 17, 2020

### RECEIVE AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT AND MEMORANDUM ON INTERNAL CONTROL FOR FISCAL YEAR 2019/2020

#### RECOMMENDATION

Receive audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year 2019/2020 (FY19/20).

#### Background Information

California statutes require special districts to have an annual audit conducted by independent certified public accountants. In addition to preparing basic financial statements for FY19/20, the District has prepared a CAFR, which provides more information (i.e., a Letter of Transmittal and a statistical section) to improve context for the reader.

The FY19/20 CAFR was audited by Maze & Associates, who has performed financial audits for the District following Board approval of the original contract on June 11, 2014 and subsequent contract extensions (two-year extension on December 14, 2016, one-year extension on May 8, 2019, and one-year extension on May 18, 2020).

The basic structure of the District's CAFR includes three primary sections:

- 1) **Introductory Section.** This section contains the Letter of Transmittal, which provides a brief overview and directs readers to relevant information within the CAFR to provide context and improve comprehension of the CAFR contents.
- 2) **Financial Section.** This section contains both comparative totals from the prior fiscal year and supplementary information relating to the District's five core programs: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections.
- 3) **Statistical Section.** This section provides additional historical perspective, context, and detail to help the reader utilize the information located elsewhere in the financial report to better understand the District's economic condition.

The Government Finance Officers Association (GFOA) works to advance excellence in state and local government financial management and promote financial reporting that provides useful information to taxpayers, customers, public officials, investors, and others who use financial reports. The District will submit the FY19/20 CAFR to GFOA for review under its Certificate of Achievement for Excellence in Financial Reporting program.

#### Analysis

Consistent with prior audit results, the District's auditor has determined that the CAFR fairly presents the District's financial condition (this is known as an "unmodified opinion" or "clean" opinion), and no material weaknesses were identified during review of internal controls over financial reporting. Achieving an unmodified opinion provides reasonable assurance that the



District's CAFR is free of material misstatements and represents the highest opinion that can be rendered in an audit.

In addition to conducting the audit and reviewing the CAFR, the auditor reviewed internal controls and made recommendations for improvements in a "Memorandum on Internal Control." There were no findings or recommendations this year, which highlights the strength of the District's internal financial controls.

#### *FY19/20 Financial Highlights*

A summary of key findings included in the CAFR regarding the District's financial position (as compared to FY18/19) is provided below.

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by \$176.4 million (net position)
- Net position increased by \$8.8 million (5.3%)
- Total assets plus deferred outflows increased by \$13.7 million (6.3%)
- Total liabilities plus deferred inflow of resources increased by \$4.8 million (9.7%)
- Total operating revenues = \$38.6 million, an increase of \$1.8 million (4.9%)
- Total operating expenses = \$35.3 million, a decrease of \$0.03 million (0.1%)
- Capital contributions = \$1.5 million, a decrease of \$1.0 million (41.6%)

The District remains financially sound with a combined total net position at the end of FY19/20 of \$176.4 million. Changes in net position serve as a useful indicator of the District's financial position over time. For FY19/20, the District's net position increased by \$8.8 million, which was the result of two main factors:

- 1) Total operating revenues of \$38.6 million exceeded total operating expenses by \$3.2 million. This positive result, which includes the collection of SSCs, demonstrates the success of the District's overall fiscal year operations and long-term infrastructure planning.
- 2) Net non-operating revenue of \$5.5 million (Capital Facilities Capacity Charges [CFCCs] of \$1.5 million + ad valorem property taxes of \$3.1 million + interest income of \$1.2 million + other non-operating revenue of \$0.1 million – interest expense of \$0.4 million).

A thorough discussion of the financial activities for FY19/20 is provided in the Management Discussion and Analysis (MD&A) section of the CAFR.

During FY19/20, the Wastewater Capital Expansion Fund paid \$1.8 million toward the interfund loan from the Wastewater O&M Fund, Wastewater Capital Asset Fund, and Wastewater Capital Asset Replacement Fund. The balance of the interfund loan at the end of FY19/20 was \$3.8 million. In addition, an interfund load of \$4.0 million was made from the Advanced Treatment Fund to the Capital Asset Replacement Fund.

A representative from the accounting firm responsible for the independent audit presented the FY19/20 CAFR audit results to the Finance Committee on December 10, 2020. The staff report and meeting notes are provided in Attachments 3 and 4, respectively. At the conclusion of the



meeting, Alternate Chair Glover recommended presentation of the audit findings to the Board at its December 17, 2020 meeting.

#### Financial Impact

The District remains financially sound and no material weaknesses in internal controls were identified by the auditor. The District's net position increased by \$8.8 million in FY19/20 due to total operating revenues exceeding total operating expenses. The District will consider this increase, as well as other FY19/20 final audited results during the near-term budget and rate development process.

#### Attachments

- 1) FY19/20 CAFR for the Fiscal Year Ended June 30, 2020
- 2) Memorandum on Internal Control for the Fiscal Year Ended June 30, 2020
- 3) Staff Report to Finance Committee, dated December 10, 2020 (w/o attachments)
- 4) Meeting Notes from December 10, 2020 Finance Committee Meeting

Reviewed by: *Carol Margetich*  
Carol Margetich  
Business Services Director

cc: David Alvey, CPA, Vice President, Maze & Associates





# Delta Diablo

## Comprehensive Annual Financial Report



TREATMENT PLANT AND DISTRICT OFFICES

For the Fiscal Years Ended  
June 30, 2020 and 2019

Prepared By: Finance Division  
2500 Pittsburg Antioch Hwy  
Antioch, California 94509

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**Delta Diablo, Antioch CA**  
**Comprehensive Annual Financial Report**  
**For The Years Ended June 30, 2020 and 2019**

**Prepared by the Finance Division**



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# INTRODUCTORY SECTION



TOWER TRICKLING FILTERS AND AERATION BASINS

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## DATE

To the Honorable Board of Directors and Delta Diablo Customers:

Delta Diablo (District) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2020 (FY19/20).

This document has been prepared by the District’s Finance Division in compliance with the financial reporting principles and standards set forth by the Governmental Accounting Standards Board (GASB). This report consists of three sections: introductory, financial and, statistical. District Management assumes the responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

California statutes require special districts to have an annual audit conducted by independent, certified public accountants. This report is published to fulfill that requirement for FY19/20. Maze & Associates, Accountancy Corporation, has issued an unmodified (“clean”) opinion on the District’s financial statements for FY19/20. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides an introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The CAFR follows the Government Finance Officers Association (GFOA) recommended guidelines and the District is submitting this report to GFOA for review and certification.

### ***Profile of the Government***

Delta Diablo 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 the California Health and Safety Code Section 4700 for the purpose of operating, maintaining, and constructing wastewater collection and treatment facilities in the West Pittsburg (now called Bay Point) area. In the early 1970s, the California State Water Resources Control Board 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 as water resource recovery facilities via renewable energy production, water recycling, and biosolids reuse.

The District provides services to nearly 215,000 residents, as well as commercial and industrial customers, in Bay Point, Pittsburg, and Antioch which comprises a service area of approximately 54 square miles. The District's service area is divided into three zones: Zone 1 – Bay Point, Zone 2 – Pittsburg, and Zone 3 – Antioch. It is governed by a three-member Board of Directors with one member appointed to represent each zone, including the Mayor of the City of Pittsburg (or designee), the Mayor of the City of Antioch (or designee), and the Contra Costa County Board of Supervisors member representing Bay Point, which is unincorporated. The Board of Directors 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 among the lowest in the San Francisco Bay Area.

Board meetings are open to the public and held on 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 customers to protect public health, the Delta, and San Francisco Bay, now and into the future. As a result, five core resource recovery programs and services 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 reuse 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 Wastewater Treatment Plant (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 plant. Generating an average of 6 MGD, this recycled water facility is rated for 12.8 MGD and utilizes a state-of-the-art computerized Supervisory Control and Data Acquisition (SCADA) system. Recycled water produced at the District 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 the golf course in Antioch. The use of high-quality recycled water for industrial and 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 recapturing of precious water resources rather than discharging the treated water directly to the Delta.

***Household Hazardous Waste Program:*** In partnership with multiple local governmental entities, the District has operated a regional Household Hazardous Waste (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 prevent hazardous pollutants from reaching waterways, landfills, and the wastewater system in support of the District’s Pollution Prevention Program, and 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 to Delta receiving waters. Regular street sweeping provides a clean appearance throughout neighborhoods, attracts businesses to downtown areas, and supports regional compliance with state and federal regulations related to the 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. Both 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 38,300, 24,700, and 7,500 connections in Antioch, Pittsburg, and Bay Point, respectively. These communities are located in the Delta where the Sacramento and San Joaquin Rivers meet at the eastern edge of the greater San Francisco Bay Area (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 district and high-tech 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. An independent economic research firm, Beacon Economics, reported that the East Bay's economy showed strength prior to the COVID-19 pandemic. While the East Bay's economy has suffered with unemployment rates reaching 14.2% as of April 2020 (Bureau of Labor Statistics) the region is in a relatively better position to deal with the economic fallout than other California cities due to its high representation of workers in technology and professional services. Home sales fell in the East Bay, and across the Bay Area while prices increased, in the first quarter of 2020 compared to the first quarter of 2019. This decline in sales, along with increased prices also occurred at the state level. According to the California Association of Realtors, sales of existing single-family residences in Contra Costa County fell 8.3% from the first quarter of 2019 to the first quarter of 2020, which represents a greater drop than in San Francisco (-7.6%) and California (-6.1%). Decreases are directly related to the COVID-19 pandemic and the number of houses listed for sale during shelter in place orders. As one of the few affordable areas in the Bay Area, the housing industry is projected to recover, along with the Bay Area economy, which is expected to support the local economy. Given the vulnerability of the single-unit housing industry dominating the local economy, local officials are exploring opportunities and providing incentives to businesses to diversify the local economy.

Median household income in Bay Point, Pittsburg, and Antioch were \$55,856, \$70,770, and \$71,422, respectively, compared with the Contra Costa County median household income of \$93,712 in 2018. Populations in Pittsburg and Antioch have grown from 63,483 and 103,868 in 2011, respectively, to 74,321 and 112,520 in 2020, respectively. This information was not separately available for Bay Point as it is an unincorporated area. Median housing prices were \$448,607 in the Bay Point and Pittsburg areas, and \$542,826 in Antioch, as reported by Zillow for August 2020.

### ***Long-term Planning***

Consistent with GFOA's recommendations, the District has developed a Strategic Business Plan as a blueprint for how the District will respond to future challenges and changing priorities. Based on the District's mission, vision, core values, and goals, Management presents Strategic Business Plan Initiatives in support of Strategic Focus Areas under each goal area for the Board's review and acceptance each year.

The Strategic Business Plan was adopted by the Board in September 2014 along with the mission, vision, core values, and goals as follows:

**Mission:** Protect public health and the environment in our communities by providing wastewater resource recovery services of exceptional quality and value.

**Vision:** Delta Diablo will be a national leader in wastewater resource recovery

**Core Values:** Integrity, Teamwork, and Trust

### ***Strategic Goals:***

- Financial Sustainability
- Leadership
- Operational Excellence
- Workplace Innovation
- Stakeholder Engagement

### ***Financial 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 of Directors adopts an Investment Policy pursuant to California Government Code, Sections 53600 et seq. The investment of idle funds is delegated by the Board of Directors to the District's General Manager, who assumes full responsibility for the transactions of the investment program. The objectives of the Investment Policy are safety, liquidity, yield, and diversity. The District's investments are in compliance with the adopted Investment Policy. See Note 2 – Cash and Investments in the Notes section of this report for detailed investment information.

### ***Reserves:***

- ***Economic Reserves:*** Economic reserves are an essential part of the District's operating requirements and ensure the continued ability to provide services during budget shortfalls or unforeseen circumstances. The purpose of this reserve is to provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District's revenues or increase the District's operating costs.
- ***Advanced Treatment Reserve:*** The District continues to modify its original approach to collecting revenues for the Advanced Treatment Fund, which was proactively established in 2011 to avoid sharp rate increases to customers due to implementation of nutrient removal upgrades at Delta Diablo's WWTP. 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 outcome of this effort is an approximate 10-year extension in the implementation timeline. 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 extended timeline for use of these funds, staff has suspended the Advanced Treatment Fund Sewer Service Charge (SSC) component in FY20/21.

***Other Post-Employment Benefits (OPEB) Trust Funding:*** Following the acceptance of each fiscal year's audited financial statements for the District, the Board of Directors 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 to the OPEB trust fund from all or part of the following sources in the 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 which may be directed into either the California Public Employees' Retirement System (CalPERS) and/or Contra Costa County Employee's Retirement Association (CCCERA) in the future. Annual budgeted amounts are contributed following the adoption of the budget. 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.

***Internal Controls:*** Management is responsible for establishing and maintaining adequate internal controls to ensure that District operations are effective and efficient, applicable laws and regulations are followed, and financial reports are reliable. Internal controls provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and that the cost-benefit analyses require estimates and judgments by Management.

### ***Financial Highlights***

The District's overall financial condition continues to be sound as demonstrated by a stable revenue base, effective cost containment, stable net position, and appropriate fund reserves.

In FY19/20, the District continued to effectively manage its finances and strengthen its financial position by adopting sufficient recycled water and wastewater rates to fund operations, OPEB trust contributions, and capital infrastructure improvements. The following results of operations indicate a continuing strong and stable fiscal position:

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by \$176.4 million (net position)
- Net position increased by \$8.8 million or 5.3% during the year to \$176.4 million
- Operating revenue increased \$1.8 million or 4.9% to \$38.6 million
- Operating expenses decreased \$.03 million or .01% to \$35.3 million
- Capital contributions decreased \$1 million or 41.6% to \$1.5 million

### ***Debt Administration***

As of the end of FY19/20, the District had a long-term outstanding debt total of \$23.7 million, compared to \$23.5 million as of the end of FY18/19.

Prudent financial management policies and the District's sound financial position resulted in an "AA" credit rating from Standard & Poor's in November 2015.

### ***Budget and Rates***

The adopted total operating and capital budget for FY19/20 was \$51.5 million compared to \$52.6 million for FY18/19. Wastewater service rates increased by 3.5% for Antioch and Pittsburg customers and 3.0% for Bay Point customers for FY19/20, compared to the 6.0% for Antioch and Pittsburg customers and 5.0% for Bay Point customers for FY18/19.

In contrast to the previous approach of proposing a three-year operating budget and planning cycle, the District started proposing and adopting a single-year budget in FY18/19 and continued the process in FY19/20. The District's intent is to transition to a budget cycle that better aligns the rate-setting and capital improvement program development process.

### ***FY19/20 Strategic Business Plan Initiatives***

#### ***Financial Sustainability***

- Conduct a comprehensive infrastructure condition assessment at the District's WWTP to guide prioritized, long-term capital investment.
- Navigate potential barriers to implementing a large-scale organics co-digestion effort. (This was previously a capital project was discontinued in FY19/20.).
- Develop a near-term strategy and timeline to guide financial planning for future nutrient management investment at the WWTP (i.e., Advanced Treatment Fund).
- Complete a utility "Cost-of-Service Study" to ensure District is recovering its costs via sewer service, recycled water service, and capital facilities capacity charges.

#### ***Leadership***

- Provide "change management" training to support development and application of new ideas and approaches to improve the organization.
- Provide biological wastewater treatment process training for Operations/Engineering staff.
- Develop an improved performance planning and appraisal process to support workforce development and management.

#### ***Operational Excellence***

- Initiate implementation of a risk-based Asset Management Program that ensures effective asset performance, reliability, and investment through integrated, robust business processes.
- Conduct disaster response and recovery exercises to support emergency preparedness and resiliency.
- Conduct a vulnerability assessment at the WWTP to mitigate the impacts of potential infrastructure, equipment, and operational threats to regulatory compliance and safety.
- Implement priority “best practice” enhancements to District procurement and purchasing procedures, revise signature authority levels, and conduct associated staff training to ensure effective and efficient business processes.

### ***Workplace Innovation***

- Identify and prioritize opportunities to drive organizational effectiveness and efficiency through expanded use of information technology (IT) as part of the IT Assessment.
- Evaluate the feasibility of implementing interactive, dynamic capital improvement project summaries via a web-based application.

### ***Stakeholder Engagement***

- Enhance external website content and public information materials, and develop targeted fact sheets (e.g., infrastructure investment, nutrient management, rates/budget) in support of the District’s Strategic Communications Plan.

Emphasize the increased need for private sector engagement to accelerate development of regional biosolids management facilities through active participation in the Bay Area Biosolids Coalition.

### ***Long-Term Infrastructure Investment***

The District’s Capital Improvement Program (CIP) presents project needs and funding requirements to maintain and/or upgrade District infrastructure. Recommended projects in the CIP are based on previous master planning efforts, as well as ongoing condition assessment of existing facilities. The five-year CIP defines and prioritizes projects for each of the Resource Recovery Program areas described above. Below is a discussion of the active major capital projects in FY19/20.

- Permanent Brine Transfer Facility – Major construction was completed for a brine transfer facility that will be used to store and discharge brine delivered by The Dow Chemical Co. to the District’s WWTP for processing.
- Asset Management Program – Completed significant efforts to build the foundation of a formalized asset management program.
- Headworks Improvements – Major construction occurred on the rehabilitation of

headworks and grit removal facilities to address critical infrastructure needs, provide redundancy, and ensure effective removal of debris/grit to protect downstream equipment.

- Treatment Plant Electrical Switchgear Replacement – Replaced critical electrical power distribution system component to ensure reliable power feed.
- Primary Clarifier Area Improvements – Continued construction to rehabilitate the primary clarifier infrastructure including exposed piping, mechanical equipment, and electrical systems.
- District Office Building Improvements – Replace mechanical/electrical systems, modify office spaces, and evaluate campus/building security improvements to ensure offices remain safe, secure, functional, and meet staffing demands.
- Bay Point Rehabilitation Phase IV – Continued construction of gravity sewer rehabilitation and replacement to address defects identified as part of the District’s sewer inspection program.
- Information Technology (IT) – Initialized an IT Assessment to identify prioritized business needs and implementation plans to enhance business processes and use of IT to support organizational effectiveness and efficiency. Included replacement servers, storage, and network gear in support of this initiative.

### *Awards & Acknowledgements*

The District was a proud recipient of several prestigious awards:

- National Association of Clean Water Agencies (NACWA) Gold Peak Performance Award
- NACWA 2019 Utility of the Future Today Award

GFOA of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for FY18/19. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

### *Acknowledgements*

The District would like to thank the Board of Directors for its continued interest and dedicated support for maintaining the highest standards of professionalism and integrity

in the management of the District's finances. Additionally, this report was prepared through the skill, effort, and dedication of all Finance Division staff, with significant support and contributions from many other staff in providing the data necessary to prepare this report.

Sincerely,

---

Vincent P. De Lange  
General Manager

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Carol Margetich  
Business Services Director

# DELTA DIABLO Principal Officers – June 30, 2020

## Board of Directors

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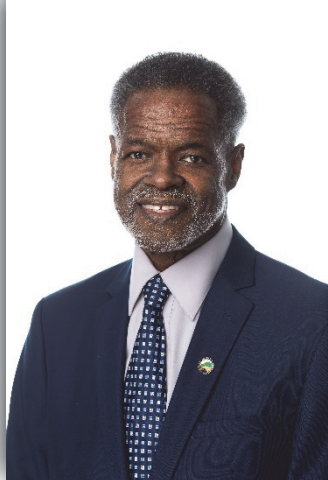
Delta Diablo has a three-member Board of Directors consisting of representatives appointed by the governing bodies of the three service areas: unincorporated Bay Point, City of Pittsburg and City of Antioch.



**Sean Wright**  
Chair  
Appointed by the Antioch City Council, represents the City of Antioch.



**Juan Antonio Banales**  
Director  
Appointed by the Pittsburg City Council, represents the City of Pittsburg



**Federal Glover**  
Director  
Appointed by the Contra Costa County Board of Supervisors, represents unincorporated Bay Point

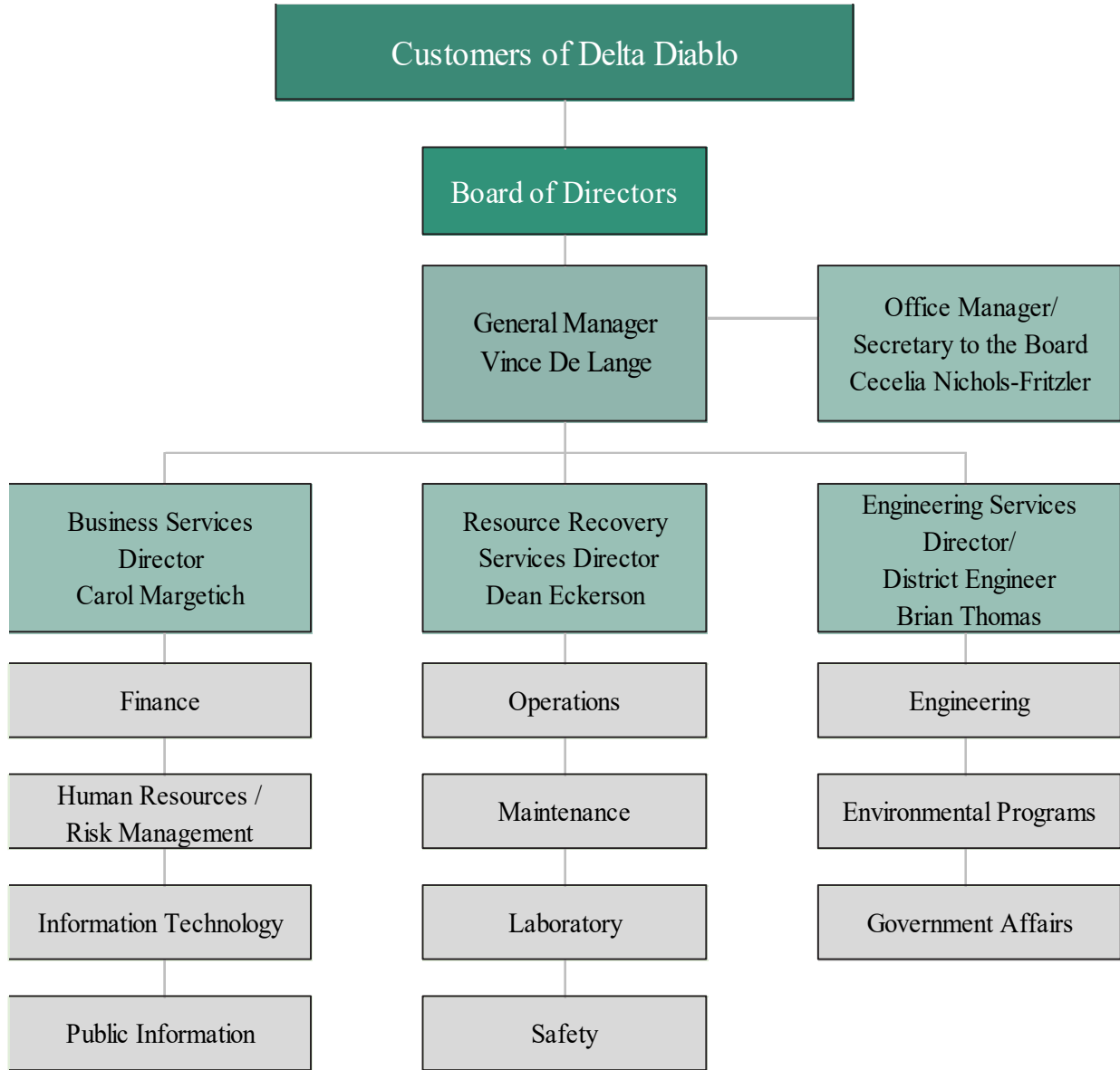
## District Management

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- Vince De Lange.....General Manager
- Carol Margetich .....Business Services Director
- Brian Thomas .....Engineering Services Director/District Engineer
- Dean Eckerson.....Resource Recovery Services Director
- Cecelia Nichols-Fritzler ..... Office Manager/Secretary to the Board



# DELTA DIABLO Organization Chart



# DELTA DIABLO

## Vision, Mission and Core Values

### **Mission**

Protect public health and the environment of our communities by providing *wastewater* and other resource recovery services of exceptional quality and value.

### **Vision**

Delta Diablo will be a national leader in *wastewater* resource recovery.

### **Core Values**

Delta Diablo is committed to:

#### **Integrity**

- Maintain the highest ethical standards with our customers, partners and each other
- Honor our commitments
- Treat others fairly and consistently

#### **Teamwork**

- Collaborate to achieve a common vision
- Communicate in an open and timely manner
- Celebrate our successes and achievements

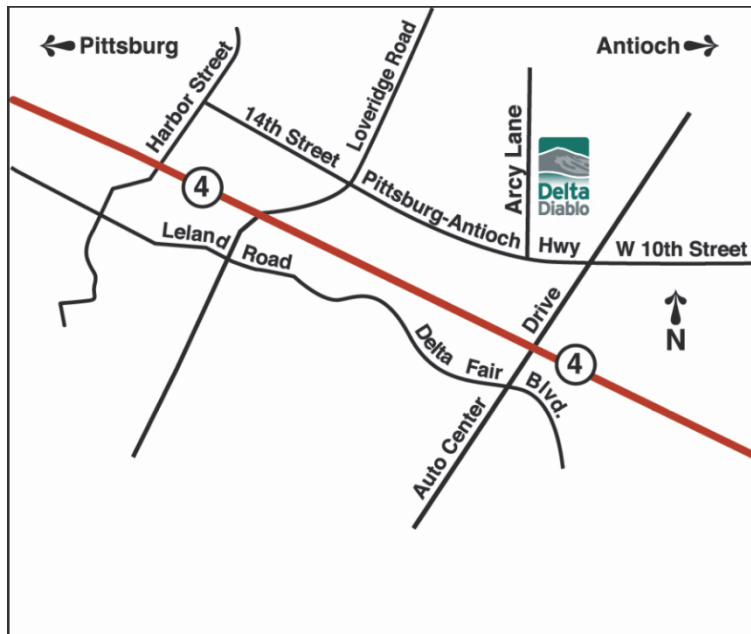
#### **Trust**

- Inspire confidence through our words and actions
- Promote a positive work environment through honest, transparent, and respectful interactions
- Encourage and embrace diverse points of view

# DELTA DIABLO Location Map



Delta Diablo  
Antioch, CA





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Delta Diablo  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morrill*

Executive Director/CEO

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# FINANCIAL SECTION



TREATMENT PLANT

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Delta Diablo  
Antioch, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of Delta Diablo (District), California, as of and for the years ended June 30, 2020 and June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Delta Diablo as of June 30, 2020 and 2019, and the respective changes in the financial positions, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Report on Summarized Comparative Information***

We have previously audited the District's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the table of contents the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, Supplementary Information and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis are not required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted standards in the United States of America. In our opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Pleasant Hill, California  
December 10, 2020

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DELTA DIABLO  
MANAGEMENT’S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020

The District’s Management Discussion and Analysis (MD&A) provides an overview of the District’s financial performance and activities for the fiscal year (FY) ended June 30, 2020 (FY19/20). The MD&A should be read in conjunction with the transmittal letter (pgs. X-XX) and the District’s basic financial statements which begin on page [redacted]. The MD&A is presented in a concise format and organized under the following headings:

- Overview of the Financial Statements
- Financial Highlights
- Financial Analysis
- Capital Assets and Debt
- Economic Factors and Next Year’s Budgets and Rates
- Requests for Information

## OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District’s basic financial statements, which consist of the Financial Statements and Notes to the Financial Statements. The CAFR contains other supplementary information in addition to the basic financial statements.

### *Financial Statements*

As a special purpose government, the District reports its financial statements in accordance with business-type activities known as enterprise funds. Enterprise funds are used to account for services provided on a total or partial cost-recovery basis to users. Enterprise funds are reported on an “accrual basis” of accounting similar to private sector companies. Accrual basis is the basis of accounting under which revenues and gains are recorded when earned, and all expenses and losses are recorded when incurred.

The financial statements consist of the *Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; Statement of Cash Flows; and Notes to Financial Statements.*

The *Statement of Net Position* reports all of the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position in a format displaying *assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position.* Over time, increases or decreases in net position serve as an indicator of whether the District’s financial position improves or declines.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the District’s operating results and how the net position changed during the fiscal year. Revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of related cash flows. This statement measures the success of the District’s operations over the past year and can be used to determine whether the District has successfully recovered all its costs through user fees and other charges.

The *Statement of Cash Flows* reflects changes in cash and cash equivalents resulting from operating, capital spending, and related financing, non-capital financing, and investing activities. This statement summarizes cash inflows (receipts) and outflows (disbursements) without consideration of the timing of the event giving rise to the obligation or receipt and excludes non-cash transactions such as depreciation and amortization.

DELTA DIABLO  
MANAGEMENT'S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes begin on page \_ of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, the CAFR also presents an introductory section, certain required supplementary information concerning the District's progress in funding its obligation to provide pension and other post-employment healthcare benefits to its employees, supplementary information by fund, and a statistical section.

**FINANCIAL ANALYSIS**

***Financial Highlights***

In FY19/20, the District continued to effectively manage its finances and strengthen its financial position by adopting sufficient service charges to fund operations, capital improvements, future other post-employment benefits (OPEB), and maintain strong financial performance. The District implemented Governmental Accounting Standards Board (GASB) Statement Number 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The new accounting rule did not require any changes to the District's financial report. The following results of operations in FY19/20 indicate a continuing strong and stable fiscal position:

- Total assets plus deferred outflows of the District exceeded the total liabilities and deferred inflows by \$176.4 million (net position)
- Net position increased by \$8.8 million (5.3%)
- Total assets plus deferred outflows increased \$13.7 million (6.3%)
- Total liabilities plus deferred inflow of resources increased by \$4.8 million (9.7%)
- Total operating revenue was \$38.6 million, an increase of \$1.8 million (4.9%)
- Total operating expenses were \$35.3 million, a decrease of \$0.03 million (0.1%)
- Capital contributions were \$1.5 million, a decrease of \$1 million (41.6%)

***Financial Position***

In FY19/20, the District's net position increased by \$8.8 million (5.3%) to \$176.4 million from \$167.6 million. The largest portion of the District's net position, \$124.1 million (70.8%), is invested in capital assets necessary to provide services to its customers. Total assets plus deferred outflows increased by \$13.7 million (6.3%) during the year to \$231.4 million from \$217.7 million. Total liabilities plus deferred inflow of resources increased by \$4.8 million (9.7%) to \$55.0 million from \$50.2 million.

In FY18/19, the District's net position increased by \$8.8 million (5.6%) to \$167.6 million from \$158.7 million. The largest portion of the District's net position, \$118.4 million (71%), is invested in capital assets necessary to provide services to its customers. Total assets plus deferred outflows increased by \$8.5 million (4.1%) during the year to \$217.7 million from \$209.2 million. Total liabilities plus deferred inflow of resources decreased by \$0.3 million (0.6%) to \$50.2 million from \$50.5 million. Additional information on long-term debt, net pension liability, and net OPEB liability is provided in the accompanying *Notes to the Financial Statements* (refer to Note 7 – Long-term Debt and Note 8 – Retirement).

**DELTA DIABLO  
MANAGEMENT'S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020**

The FY19/20 increase in net position of \$8.8 million was primarily due to net non-operating income of \$5.5 million and net operating income of \$3.3 million.

Table 1 below presents the District's Condensed Statement of Net Position for the FYs ended June 30, 2020, 2019, and 2018:

**Table 1**  
Condensed Statement of Net Position

	Fiscal Year Ended June 30			2020 vs 2019	2019 vs 2018
	2020	2019	2018	Variance	Variance
Current and other assets	\$ 77,696,399	\$ 70,908,975	\$ 62,567,110	9.6%	13.3%
Capital assets (net)	<u>148,638,293</u>	<u>141,912,357</u>	<u>141,042,779</u>	<u>4.7%</u>	<u>0.6%</u>
Total assets	<u>226,334,692</u>	<u>212,821,332</u>	<u>203,609,889</u>	<u>6.3%</u>	<u>4.5%</u>
Deferred outflow of resources	5,097,634	4,922,919	5,617,629	3.5%	-12.4%
Current liabilities	8,286,636	4,372,371	6,550,685	89.5%	-33.3%
Long-term liabilities	<u>45,294,112</u>	<u>44,295,575</u>	<u>43,086,149</u>	<u>2.03%</u>	<u>2.8%</u>
Total liabilities	<u>53,580,748</u>	<u>48,667,946</u>	<u>49,636,834</u>	<u>10.1%</u>	<u>-2.0%</u>
Deferred inflows of resources	1,434,213	1,492,682	848,160	-3.9%	76.0%
Net position					
Net investment in capital assets	124,929,747	118,356,795	118,740,378	5.6%	-0.3%
Restricted	1,008,283	1,008,283	929,736	0.0%	8.4%
Unrestricted	<u>50,479,335</u>	<u>48,218,545</u>	<u>39,072,410</u>	<u>4.7%</u>	<u>23.4%</u>
Total net position	<u>\$ 176,417,365</u>	<u>\$ 167,583,623</u>	<u>\$ 158,742,524</u>	<u>5.3%</u>	<u>5.6%</u>

***Results of Operations***

In FY19/20, the District's total operating revenue was \$38.6 million and total operating expense was \$35.3 million, which represented an increase of \$1.8 million and a decrease of \$0.03 million, respectively, from FY18/19.

The major components of the District's financial results in FY19/20 were:

- Operating revenue increased by \$1.8 million (4.9%), primarily due to increases in Sewer Service Charges (SSCs) and Recycled Water Service Charges (RWSCs). SSC's increased by 3.5% for customers in Pittsburg and Antioch while Bay Point customers has a 3% increase. RWSCs also increased by 8.6%.
- Labor costs, consisting of salaries and benefits, decreased by \$1.3 million (7.5%), primarily due a decrease in contributions of \$0.5 million to the OPEB pension and OPEB trust accounts, \$0.9 million decrease in GASB 68 pension and GASB 75 OPEB expense, savings from vacant positions, offset by employee Memoranda of Understanding (MOU) Cost-of-Living Adjustment (COLA) increases in salaries and benefits.

DELTA DIABLO  
MANAGEMENT'S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020

- Other operating items increased \$1.3 million (69.7%) for expenses related to the east county bioenergy project that was discontinued in FY19/20.
- Property tax revenue increased \$0.1 million (4.5%) due to the increase in property values.
- Interest income decreased \$0.4 million (22.6%), primarily due to a decreased rate-of-return from a weighted average of 2.4% in FY18/19 to 2.0% and an increase of \$3.0 million invested throughout FY19/20.
- Capital contributions decreased to \$1.1 million (41.6%) due to the issuance of 304 new equivalent residential unit (ERU) permits in FY19/20 compared to 582 ERU permits in FY18/19.
- Other non-operating items decreased \$0.7 million (88%) due to the receipt of federal and state grants totaling \$0.1 million (compared to \$0.8 million in FY18/19).

The major components of the District's financial results in FY18/19 were:

- Operating revenue increased by \$1.8 million (4.9%). Service charges increased by \$3.1 million (9.6%), which was driven by RWSC restructuring to address fixed costs and variable costs in response to reduced consumption and an SSC increase of 6.0%. The SSC increase was offset by reductions in discharge permits and miscellaneous revenues (\$0.05 million).
- Labor costs, consisting of salaries and benefits, decreased by \$1.0 million (5.2%), primarily due to GASB 68 pension and GASB 75 OPEB accounting rule changes (\$0.6 million) and the one-time additional contribution of \$0.6 million to the OPEB trust account made in FY17/18, and was offset by employee MOU COLA increases in salaries and benefits.
- Property tax revenue increased \$0.1 million (4.5%) due to the ongoing economic recovery.
- Interest income decreased \$0.4 million (22.6%), primarily due to a decreased rate-of-return from a weighted average of 1.4% in FY17/18 to 2.4% and an increase of \$10.0 million invested throughout FY18/19.
- Capital contributions decreased to \$1.5 million (41.6%) due to the issuance of 582 new ERU permits in FY18/19 compared to 219 ERU permits in FY17/18.
- Other non-operating items decreased \$0.8 million (225%) due to the receipt of federal and state grants totaling \$0.8 million (compared to \$0.2 million in FY17/18).

**DELTA DIABLO**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
for the Fiscal Year Ended June 30, 2020

Table 2 below presents the District's Condensed Statement of Revenues, Expenses and Changes in Net Position for the FYs ended June 30, 2020, 2019, and 2018:

**Table 2**  
Condensed Statement of Revenues, Expenses and Changes in Net Position

	Fiscal Year Ended June 30			2020	2019
	2020	2019	2018	vs 2019	vs 2018
Service charges	\$ 37,312,576	\$ 35,484,438	\$ 32,389,604	5.2%	9.6%
Other operating revenues	1,295,349	1,322,760	1,302,988	-2.1%	2%
Operating revenue	<u>38,607,925</u>	<u>36,807,198</u>	<u>33,692,592</u>	<u>4.9%</u>	<u>9.2%</u>
Salaries and benefits	16,279,300	17,604,581	18,569,205	-7.5%	-5.2%
Chemicals and utilities	3,073,901	3,204,882	2,908,186	-4.1%	10.2%
Outside services and maintenance	5,410,194	5,652,901	5,352,273	-4.3%	5.6%
Depreciation and amortization	7,202,996	6,926,195	6,897,318	4.0%	0.4%
Other operating expenses	3,371,729	1,986,524	1,751,761	69.7%	13.4%
Operating expense	<u>35,338,120</u>	<u>35,375,083</u>	<u>35,478,743</u>	<u>-0.1%</u>	<u>-0.3%</u>
<b>Operating Income/(Loss)</b>	3,269,805	1,432,115	(1,786,151)	128.3%	-180%
Nonoperating income (expense)					
Property Taxes	3,111,068	2,977,580	2,679,597	4.5%	11.1%
Interest income	1,243,479	1,606,118	678,535	-22.6%	136.7%
Capital Contributions	1,540,614	2,636,962	992,717	-41.6%	165.6%
Interest expense	(432,608)	(670,360)	(572,957)	-35.5%	17.0%
Other non-operating	101,384	858,684	264,270	-88.2%	224.9%
<b>Nonoperating Income/(Expense), Net</b>	5,563,937	7,408,984	4,042,162	-24.9%	83.3%
CHANGE IN NET POSITION	8,833,742	8,841,099	2,256,011	-0.1%	291.9%
Net position - beginning of year	167,583,623	158,742,524	166,191,367	5.6%	-4.5%
Prior period adjustment: GASB 75			(9,704,854)		
Net position - end of year	<u>\$ 176,417,365</u>	<u>\$ 167,583,623</u>	<u>\$ 158,742,524</u>	<u>5.3%</u>	<u>5.6%</u>

**Capital Assets**

The District had capital assets (net of depreciation) of \$148.6 million, \$141.9 million, and \$141.0 million as of June 30, 2020, 2019, and 2018, respectively. The District invests in a broad range of capital assets including land, buildings, improvements, wastewater treatment facilities, water reclamation facilities, hazardous waste facilities, transmission and conveyance systems, pump stations, and machinery and equipment. In FY19/20, capital assets increased \$6.7 million, primarily due \$13.7 million in new construction for major projects, \$0.2 million in new equipment, and a net change of \$7.2 million in accumulated depreciation. The District capitalized \$13.9 million construction-in-progress expenses.



**DELTA DIABLO  
MANAGEMENT'S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020**

Table 3 presents the District's Capital Assets, net of depreciation, for FY19/20, FY18/19, and FY17/18:

**Table 3**  
Schedule of Capital Assets, Net of Depreciation

	Fiscal Year Ended June 30			2020 vs 2019	2019 vs 2018
	2020	2019	2018	Variance	Variance
Land	\$ 6,490,355	\$ 6,490,355	\$ 6,226,308	0.0%	4.2%
Construction in progress	24,154,621	10,426,167	17,703,738	131.7%	-41.1%
Treatment & collection system	117,826,216	124,798,878	116,652,539	-5.6%	7.0%
Equipment	167,101	196,957	460,194	-15.2%	-57.2%
Capital Assets, Net of Depreciation	\$ 148,638,293	\$ 141,912,357	\$ 141,042,779	4.7%	0.6%

The District's net revenue, long-term debt, property tax revenue, and contributions from customers are used to finance capital investments.

This year's major capital expenditures included:

Project	Amount
Permanent Brine Transfer Facility	\$ 1,283,281
Headworks Improvements	3,483,093
Treatment Plant Electrical Switchgear Replacement	1,259,898
Pump Station Facility Repair	5,483,383
Primary Clarifier Area Improvement	3,919,870
District Office Building Roofing and Sheet Metal Replacen	1,772,339
Bay Point Rehabilitation Phase IV	3,511,034
Total	\$ 20,712,898

The District's Capital Improvement Program (CIP) prioritizes capital needs with funding sources for a five-year period. The plan is updated annually and presented to the District's Board of Directors for approval. Each year, the District continues to expand and improve its wastewater and recycled water treatment facilities, and conveyance and distribution systems to comply with more stringent environmental regulations and minimize wastewater overflows and/or disruptions of service. For additional information, see accompanying *Notes to the Financial Statements* Note 5 – Capital Assets.

***Debt Administration***

The District had total net long-term debt outstanding of \$23.7 million, \$23.5 million, and \$22.3 million as of June 30, 2020, 2019, and 2018, respectively. In FY19/20, long-term debt increased by \$0.2 million (0.6%) due to an increase of \$1.2 million in the State of California Water Resources Control Board's State Revolving Fund (SRF) loan for the Wastewater Infrastructure Repair and Rehabilitation Project, which was offset by scheduled principal repayments. The District did not issue any new bonded debt in FY19/20.

**DELTA DIABLO  
MANAGEMENT’S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020**

Table 4 presents the District’s Long-Term Debt for the FY19/20, FY18/19, and FY17/18.

**Table 4**  
Schedule of Long-Term Debt

	Fiscal Year Ended June 30			2020	2019
	2020	2019	2018	vs 2019	vs 2018
				Variance	Variance
2010 RW State Revolving Fund (SRF) Loan	\$ 3,491,004	\$ 3,806,905	\$ 4,122,562	-8.3%	-7.7%
2011 WW Installment Note Payable	1,348,274	1,419,331	1,483,830	-5.0%	-4.3%
2011 WW SRF Loan	3,561,285	3,789,125	4,011,192	-6.0%	-5.5%
2015 WW California Energy Commission Loan	462,927	511,834	560,266	-9.6%	-8.6%
2015 Bay Point SRF Loan	1,020,787	1,052,464	1,083,550	-3.0%	-2.9%
2016 WW/Bay Point SRF Loan	10,769,253	11,072,449	9,083,957	-2.7%	21.9%
2016 WW SRF Loan	1,848,847	1,903,454	1,957,044	-2.9%	-2.7%
2019 WW SRF Loan	1,206,169		-		
<b>Total Long-Term Debt</b>	<b>\$ 23,708,546</b>	<b>\$ 23,555,562</b>	<b>\$ 22,302,401</b>	<b>0.6%</b>	<b>5.6%</b>

The outstanding debt issued was used to fund improvements, replacements, and expansion of the wastewater treatment and recycled water treatment facilities, conveyance and distribution systems, and wastewater collection systems. The primary funding source for repayment of debt issued for expansion purposes is the Capital Facilities Capacity Charge (CFCC).

The District received a reaffirmation of its “AA” credit rating from Standard & Poor’s in November 2015, which represents the District’s very strong capacity to meet its financial commitments. The primary reason for the reaffirmation was the District Board’s willingness to continue to adjust rates incrementally, and the very prudent approach to collect and set aside funds for the acquisition or construction of new capital assets and for the maintenance, rehabilitation, and replacement of current 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.

**ECONOMIC FACTORS AND NEXT FISCAL YEAR’S BUDGETS AND RATES**

***Economic Factors***

The District operates as an enterprise fund and is therefore self-supporting. The District charges rates and fees to users to cover the costs of operations and capital improvements. Economic factors that may affect the District include, but are not limited, to the following:

- Economic cycle, which impacts CFCCs as new development projects are highly sensitive to the economic cycle. Economic cycle including the uncertainty regarding COVID-19 also impacts the federal and state budgets and legislation, which could affect the District’s ability to secure grant funding and low-interest loans.
- Interest rate and/or investment return, which directly impact investment earnings, borrowing costs, and pension and OPEB contribution rates.

DELTA DIABLO  
MANAGEMENT'S DISCUSSION & ANALYSIS  
for the Fiscal Year Ended June 30, 2020

- Consumer price index (CPI), which is a measure of inflation. CPI for San Francisco-Oakland-Hayward directly impacts COLAs provided in the employee MOUs and costs for supplies and expenses.
- Crude oil prices impact the energy market for electricity and gas prices and the chemicals used for wastewater treatment. The District's chemical and utilities expenses ranged from \$2.9 million to \$3.2 million in the three-year period ending FY19/20.
- Changes in assessed property values, which affect the District's property tax revenue. When the housing market improves, the assessed property values increase, thereby increasing the District's property tax receipts. Conversely, any decline in the housing market will decrease property values and correspondingly decrease property tax receipts for the District.

These factors, to the extent known, were considered in preparing the District's budget for FY20/21.

***Next Fiscal Year's Budget and Rates:***

In July 2020, the Board adopted the FY20/21 Budget, which included operating and capital budgets including debt service of \$29.3 million and \$17.8 million, respectively. For a summary of the District's FY20/21 Budget, please visit the District's website at [www.deltadiablo.org](http://www.deltadiablo.org).

In April 2020, Proposition 218 (Prop. 218) notices were mailed to customers to communicate the proposed FY20/21 rates and the associated public hearing date and location. The District proposed an increase of 3.5% in SSCs for customers in Pittsburg and Antioch, and an increase of 3.0% for customers in Bay Point. In June 2020, a public hearing was held and the Board of Directors subsequently approved FY20/21 SSCs for implementation in July 2020.

**REQUESTS FOR INFORMATION**

The CAFR is designed to provide members of the public, legislative and oversight bodies, customers, taxpayers, investors, and creditors with the District's finances and demonstrate the District's accountability for the funding it receives. If you have questions regarding the information provided in this report or need additional financial information, please visit the District's website at [www.deltadiablo.org](http://www.deltadiablo.org) or the District office at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509.

DELTA DIABLO  
STATEMENTS OF NET POSITION  
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
<b>CURRENT ASSETS</b>		
Cash (Note 2)	\$19,642,362	\$5,066,900
Investments (Note 2)	8,183,127	27,645,233
Restricted cash (Note 2)	57,018	
Restricted investments (Note 2)	1,008,283	1,008,283
Committed investments (Note 2)	42,701,341	30,870,249
Accounts receivable	1,259,580	1,009,723
Interest receivable	181,150	328,711
Notes receivable, current portion (Note 3)	338,783	334,833
Employee computer loans receivable, current portion (Note 4)	4,429	5,931
Materials and supplies (Note 1H)	942,699	875,672
Prepaid expenses	15,573	60,108
	<u>74,334,345</u>	<u>67,205,643</u>
<b>NON-CURRENT ASSETS</b>		
Other Assets:		
Notes receivable, less current portion (Note 3)	3,361,069	3,699,853
Employee computer loans receivable, less current portion (Note 4)	985	3,479
	<u>3,362,054</u>	<u>3,703,332</u>
Capital Assets (Note 5):		
Capital assets, non-depreciable	30,644,976	16,916,522
Depreciable capital assets, net of accumulated depreciation	117,993,317	124,995,835
	<u>148,638,293</u>	<u>141,912,357</u>
Total noncurrent assets	<u>152,000,347</u>	<u>145,615,689</u>
<b>TOTAL ASSETS</b>	<u>226,334,692</u>	<u>212,821,332</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to pensions (Note 8)	4,502,487	4,619,576
Related to OPEB (Note 9)	595,147	303,343
	<u>5,097,634</u>	<u>4,922,919</u>

See accompanying notes to financial statements

DELTA DIABLO  
STATEMENTS OF NET POSITION  
JUNE 30, 2020 AND 2019

	2020	2019
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$4,628,244	\$1,339,764
Accrued payroll and benefits	629,932	592,458
Deposits payable	919,266	406,624
Unearned revenue	76,124	78,374
Compensated absences - current portion (Note 6)	892,511	833,528
Current portion of long-term debt (Note 7)	1,074,221	1,053,187
Accrued interest payable	66,338	68,436
Total current liabilities	8,286,636	4,372,371
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion (Note 7):		
State revolving fund and California energy commission loans	21,364,072	21,154,101
Installment sale agreement	1,270,253	1,348,274
Total long-term debt, net of current portion	22,634,325	22,502,375
Compensated absences -net of current portion (Note 6)	163,891	79,815
Net pension liability (Note 8)	18,292,494	17,576,687
Net OPEB liability (Note 9)	4,203,402	4,136,698
Total long-term liabilities	45,294,112	44,295,575
<b>TOTAL LIABILITIES</b>	53,580,748	48,667,946
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to pensions (Note 8)	1,010,001	896,661
Related to OPEB (Note 9)	424,212	596,021
Total deferred inflows of resources	1,434,213	1,492,682
<b>NET POSITION (Note 11)</b>		
Net investment in capital assets	124,929,747	118,356,795
Restricted for debt service	1,008,283	1,008,283
Unrestricted	50,479,335	48,218,545
<b>TOTAL NET POSITION</b>	\$176,417,365	\$167,583,623

See accompanying notes to financial statements

DELTA DIABLO  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Service charges	\$37,312,576	\$35,484,438
Discharge permits	150,600	144,000
Household hazardous waste operating fees	424,924	497,828
Miscellaneous	471,531	465,796
Work for others	248,294	215,136
	<u>38,607,925</u>	<u>36,807,198</u>
OPERATING EXPENSES		
Salaries and benefits	16,279,300	17,604,581
Chemicals	1,299,877	1,405,512
Depreciation (Note 5)	7,202,996	6,926,195
Office and operating expense	1,944,002	1,901,272
Outside service and maintenance	5,410,194	5,652,901
Utilities	1,774,024	1,799,370
Other	1,427,727	85,252
	<u>35,338,120</u>	<u>35,375,083</u>
OPERATING INCOME/(LOSS)	<u>3,269,805</u>	<u>1,432,115</u>
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(432,608)	(670,360)
Interest income	1,243,479	1,606,118
Capital facilities capacity charges (Note 11)	1,540,614	2,636,962
Lease revenue (Note 12)	36,540	36,540
Gain on sale of asset	13,086	11,277
Federal grants	51,758	519,391
Subgrants		291,476
Property taxes	3,111,068	2,977,580
	<u>5,563,937</u>	<u>7,408,984</u>
NET INCOME	8,833,742	8,841,099
NET POSITION, BEGINNING OF YEAR	<u>167,583,623</u>	<u>158,742,524</u>
NET POSITION, END OF YEAR	<u>\$176,417,365</u>	<u>\$167,583,623</u>

See accompanying notes to financial statements

DELTA DIABLO  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$38,358,068	\$36,948,255
Payments to employees	(15,549,440)	(16,180,667)
Payments to utilities	(1,774,024)	(1,799,370)
Payments to contractual/professional services	(4,897,552)	(5,964,243)
Payments to suppliers	22,109	(5,140,364)
Other receipts (payments)	(1,429,977)	(87,346)
Net Cash Provided by Operating Activities	14,729,184	7,776,265
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Taxes	3,111,068	2,946,459
State, federal and sub grants	51,758	810,867
Receipts (payments) on employee computer loans	3,996	1,302
Cash Flows from Noncapital Financing Activities	3,166,822	3,758,628
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(17,104,582)	(7,795,773)
Proceeds from sale of capital assets	13,086	11,277
Proceeds from loan agreements	2,324,520	2,324,520
Interest paid on long-term debt	(434,706)	(669,189)
Payment of long-term debt	(1,071,359)	(1,071,359)
Connection fees	1,540,614	2,636,962
Cash Flows (used for) Capital and Related Financing Activities	(14,732,427)	(4,563,562)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption and (acquisition) of investments	9,649,469	(8,752,184)
Receipts on note	334,834	331,042
Interest received on investments	1,391,040	1,473,561
Interest received on lease	36,540	36,540
Cash Flows provided by Investing Activities	11,411,883	(6,911,041)
<b>NET INCREASE IN CASH</b>	14,575,462	60,290
Cash, beginning of year	5,066,900	5,006,610
Cash, end of year	\$19,642,362	\$5,066,900
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$3,269,805	\$1,432,115
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	7,202,996	6,926,195
Change in assets and liabilities:		
(Increase) decrease in receivables, net	(249,857)	141,057
(Increase) decrease in materials and supplies	(67,027)	87,501
(Increase) decrease in prepaid expenses	44,535	42,264
Increase (decrease) in accounts payable and accrued expenses	3,288,480	(1,963,345)
Increase (decrease) in accrued payroll and related expenses	180,533	63,705
Increase (decrease) in deposits payable	512,642	(311,342)
Increase (decrease) in unearned revenue	(2,250)	(2,094)
Increase (decrease) in net pension liability	946,236	1,804,833
Increase (decrease) in net OPEB liability	(396,909)	(444,624)
Net cash provided by operating activities	\$14,729,184	\$7,776,265
<b>SCHEDULE OF NON CASH ACTIVITY</b>		
Change in fair value of investments	\$227,862	\$92,838

See accompanying notes to financial statements

DELTA DIABLO  
STATEMENTS OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Investments with Trustees:		
Cash equivalents (Note 2)	\$615,825	\$391,716
Fixed income mutual funds (Note 2)	5,928,118	5,394,087
Equity mutual funds (Note 2)	9,264,564	9,102,611
Total investments	15,808,507	14,888,414
Total Assets	\$15,808,507	\$14,888,414
NET POSITION		
Net position restricted for OPEB	\$15,808,507	\$14,888,414

See accompanying notes to basic financial statements



DELTA DIABLO  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
ADDITIONS		
Contributions:		
District	\$1,276,535	\$1,326,952
Total contributions	1,276,535	1,326,952
Investment income:		
Interest, dividends and other	505,519	932,562
Less: investment expenses	(73,072)	(69,615)
Total net investment income	432,447	862,947
Total additions	1,708,982	2,189,899
DISTRIBUTIONS		
Payments made to retirees	788,889	698,935
Total distributions	788,889	698,935
Change in net position	920,093	1,490,964
NET POSITION RESTRICTED FOR OPEB		
Beginning of year	14,888,414	13,397,450
End of year	\$15,808,507	\$14,888,414

See accompanying notes to basic financial statements

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

Delta Diablo (District), formerly known as Delta Diablo Sanitation District, was formed in 1955 and later incorporated in October 1976 to serve the cities of Antioch and Pittsburg and the unincorporated community of Bay Point. Treatment of the wastewater collected from the three communities began in 1982.

The District constructs and operates subregional wastewater facilities and is responsible for maintenance of the collection system in Bay Point.

The District is divided into three separate zones and may impose different service charges for each area in accordance with the benefits received by those areas.

The Other Post-Employment Benefit Trust Fund is an irrevocable trust to account for contributions and investment income restricted to pay medical benefits. Benefit and contribution provisions are established by the Board of Directors. Eligibility, actuarial interest rates, administration and certain other tasks are the responsibility of the Board established by action of the Board. The financial activities of the Plan have been included in these financial statements in the OPEB Trust Fund. The Plan does not issue separate financial statements.

**B. Reporting Entity**

As required by generally accepted accounting principles (GAAP), these basic financial statements present Delta Diablo and its component unit. The component unit discussed in the following paragraph is included in the District's reporting entity because of the significance of its operational or financial relationships with the District.

Blended Component Unit – The Delta Diablo Integrated Financing Corporation (Corporation) was organized November 1, 1988, under the Non-Profit Public Benefit Corporation Law of the State of California solely for the purpose of providing financial assistance to the District by acquiring, constructing, improving and financing various facilities, land and equipment, and by leasing or selling certain facilities, land and equipment for the use and benefit of the public served by the District. The Corporation has no members and the Board of Directors of the Corporation consists of the same persons who are serving as the Board of Directors of the District. There are no separate basic financial statements for the Corporation.

**C. Basis of Accounting**

Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position display information about Delta Diablo. Eliminations have been made to minimize the double counting of internal activities. Business-type activities are financed in whole or in part by fees charged to external parties.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. 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 cost and expenses, including depreciation, of providing goods or services to its customers be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expense incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Enterprise funds are used to account for activities similar to those in the private sector, where the proper matching of revenues and costs is important and the full accrual basis of accounting is required. With this measurement focus, all assets and liabilities of the enterprise are recorded on its statement of net position, all revenues are recognized when earned and all expenses, including depreciation, are recognized when incurred.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

In addition to the District's enterprise activities, the District maintains a fiduciary fund to account for the assets held in a trustee capacity. Fiduciary funds are also accounted for using the economic resources measurement focus and accrual basis of accounting. The District reports the following fiduciary fund:

The Other Post-Employment Benefits Trust Fund (OPEB Trust Fund) is an irrevocable trust fund used to account for assets held by the District as Trustee for the other postemployment benefits as further described in Note 9.

***D. Budgets and Budgetary Accounting***

The District annually prepares and presents a proposed annual operating and capital budget to the District's Board of Directors. The budget is reviewed and adopted by the Board. The District has a five-year Capital Improvement Program which is updated annually and adopted by the Board. Budgetary controls are used and maintained by the District to facilitate compliance with the annually appropriated budget.

***E. Use of Estimates***

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

<b>NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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***F. Compensated Absences***

The total amount of liability for compensated absences is reflected in the basic financial statements. See Note 6 for additional information regarding compensated absences.

***G. Cash and Cash Equivalents***

For purposes of the statement of cash flows, the District defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

***H. Materials and Supplies***

Inventories consist of operational materials and supplies, which are valued using the weighted average costing method.

***I. Revenues – Capital Facilities Capacity Charges***

Capital facilities capacity charges are a one-time, non-discriminatory charge imposed at the time a structure is connected to the District’s system, directly or indirectly, or an existing structure or category of use is expanded or increased. The charge is to pay for District facilities in existence at the time the charge is imposed, or to pay for new facilities to be constructed in the future, that are of benefit to the property being charged.

Revenues derived from these charges are used for the acquisition, construction and reconstruction of the wastewater collection, conveyance, treatment and disposal facilities of the District, to repay principal and interest on debt instruments, or to repay federal or state loans for the construction and reconstruction of the sewerage facilities, together with costs of administration and provisions for necessary reserves.

***J. Deferred Outflows/Inflows of Resources***

In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***K. Fair Value Hierarchy***

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

***L. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2020.

***GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance*** – This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

***M. Reclassification***

For the year ended June 30, 2020, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2020 presentation.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 – CASH AND INVESTMENTS**

**A. Policies**

The District and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the District employs the Trust Department of a bank as the custodian of all District managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District’s cash on deposit or first trust deed mortgage notes with a value of 150% of the District’s cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the District’s name and places the District ahead of general creditors of the institution pledging the collateral.

The District’s investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the District’s case, fair value equals fair market value, since all District’s investments are readily marketable.

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted.

	June 30,	
	2020	2019
Cash and cash equivalents	\$19,642,362	\$5,066,900
Investments	8,183,127	27,645,233
Restricted cash and cash equivalents	57,018	
Restricted investments	1,008,283	1,008,283
Committed investments	42,701,341	30,870,249
Cash and investments held with OPEB trust	15,808,507	14,888,414
Total Cash and Investments	\$87,400,638	\$79,479,079

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The District’s cash and investments consist of the following as of:

	June 30,	
	2020	2019
Cash on hand	\$600	\$600
Cash with County Treasury Pool	1,818,668	1,720,595
Deposits with financial institutions	17,880,112	3,345,705
Investments	51,892,751	59,523,765
Cash and investments held with OPEB trust	15,808,507	14,888,414
Total Cash and Investments	\$87,400,638	\$79,479,079

**C. Investments Authorized by the California Government Code and the District’s Investment Policy**

The District’s Investment Policy and the California Government Code allow the District to invest in the following, provided the credit ratings of the issuers are acceptable to the District and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the District’s Investment Policy, where it is more restrictive, that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years		100%	No Limit
United States Government Agency Obligations	5 years		100%	No Limit
State of California Obligations	5 years		100%	No Limit
Local Agency Obligations	5 years		100%	No Limit
Banker’s Acceptances	180 days		40%	30%
Commercial Paper	270 days	A-1	25%	10%
United States Medium-Term Corporate Notes	5 years	AA	30%	No Limit
Supranationals	5 years	AA	30%	No Limit
Negotiable Certificates of Deposit	1 year	AA	30%	No Limit
Local Agency Investment Fund	n/a		\$75 million per account	No Limit
Local Government Investment Pools	n/a	AAA	100%	No Limit
Money Market Mutual Funds	n/a		15%	10%
Insured savings or money market accounts	n/a		100%	No Limit

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity which is required by the District’s Investment Policy.

Information about the sensitivity of the fair values of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity or earliest call dates, at June 30, 2020:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$46,609,201	\$46,609,201
California Asset Management Program	5,282,168	5,282,168
Money Market Mutual Funds	1,382	1,382
Total Investments	\$51,892,751	\$51,892,751

Information about the sensitivity of the fair values of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity or earliest call dates, at June 30, 2019:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$54,327,070	\$54,327,070
California Asset Management Program	5,195,330	5,195,330
Money Market Mutual Funds	1,365	1,365
Total Investments	\$59,523,765	\$59,523,765

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2020 and 2019, these investments matured in an average of 191 and 173 days, respectively.



**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

The District is a participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the “Act”) for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. At June 30, 2020 and 2019, these investments had an average maturity of 53 and 54 days, respectively.

Money market mutual funds are available for withdrawal on demand. At June 30, 2020 and 2019 these investments had an average of 44 and 27 days, respectively.

The District has authorized staff to deposit cash with the Contra Costa County Treasurer in a series of pooled accounts with cash from various other governmental entities within the County, for investment purposes. The County’s investment policies are governed by State statutes. In addition, the County has an investment committee, which prescribes written investment policies regarding the types of investments that may be made. The policies limit amounts that may be invested in any one financial institution or amounts, which may be invested in long-term instruments. Interest earned from such time deposits and investments is allocated quarterly to the District based on its average daily cash balances. The fair value of the account at June 30, 2019 was provided by the County Treasurer.

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2020 for each investment type as provided by Moody’s investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	\$1,382	\$1,382
Total	\$1,382	1,382
<i>Not Rated:</i>		
California Local Agency Investment Fund		46,609,201
California Asset Management Program		5,282,168
Total Investments		\$51,892,751

**DELTA DIABLO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Presented below is the actual rating as of June 30, 2019 for each investment type as provided by Moody’s investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	\$1,365	\$1,365
Total	\$1,365	1,365
<i>Not Rated:</i>		
California Local Agency Investment Fund		54,327,070
California Asset Management Program		5,195,330
Total Investments		\$59,523,765

**G. Concentration Risk**

There are no instances of concentration risk at June 30, 2020 and June 30, 2019.

**H. Restricted Cash and Investments**

The District segregates cash and investments into funds that are “Restricted” and “Unrestricted.” Funds are “restricted” when limitations on use of the resources are imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provision or by enabling legislation. “Unrestricted” resources are designated by the Board of Directors through policy adoption, or constrained for a specific purpose by committees or officials with authority delegated by the Board.

**Restricted for Debt Service – State Revolving Fund Loan** – The District has restricted investments in reserves as required by the agreement between the District and the California State Water Resources Control Board State Revolving Fund Loan (SRF) in the amount of \$1,008,283 at June 30, 2020 and 2019, respectively.

**Restricted for Escrow – Headworks Improvement Project** – The District held \$57,018 at June 30, 2020, in escrow related to retentions on the construction project.

**I. Board Committed Investments**

The District has the following committed investments as of June 30:

**Committed for Economic Uncertainty** – The District has committed investments to ensure the continued ability to provide wastewater services during budget shortfalls or unforeseen circumstances and provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District’s revenues or increase the District’s operating costs. Funding amounted to \$9,299,090 and \$9,657,506 at June 30, 2020 and 2019, respectively.

**Committed for Advanced Treatment (AT)** – The District has committed investments for advanced treatment projects to meet more stringent anticipated discharge regulations (e.g., nutrient removal). Funding amounted to \$19,746,369 and \$18,854,300 at June 30, 2020 and 2019, respectively.

**DELTA DIABLO**  
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**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**Committed for Salary Continuation Benefit** – The District has committed investments for employee assistance in accordance with employee labor contracts. Funding amounted to \$3,250 and \$66,412 at June 30, 2020 and 2019, respectively.

**Committed for Self-Insurance** – The District has committed investments to cover self-insured losses. Funding amounted to \$500,000 at June 30, 2020 and 2019.

**J. Fair Value Hierarchy**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2020:

Investment Type	Total
<i>Investments Measured at Amortized Cost:</i>	
Money Market Mutual Funds	\$1,382
<i>Investments Exempt from Fair Value Hierarchy:</i>	
California Local Agency Investment Fund	46,609,201
<i>Investments Measured at Net Asset Value Per Share:</i>	
California Asset Management Program	5,282,168
Total Investments	\$51,892,751

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2019:

Investment Type	Total
<i>Investments Measured at Amortized Cost:</i>	
Money Market Mutual Funds	\$1,365
<i>Investments Exempt from Fair Value Hierarchy:</i>	
California Local Agency Investment Fund	54,327,070
<i>Investments Measured at Net Asset Value Per Share:</i>	
California Asset Management Program	5,195,330
Total Investments	\$59,523,765

**DELTA DIABLO  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 – NOTES RECEIVABLE**

Notes receivable at June 30 consisted of the following:

	2020	2019
Recycled Water:		
City of Antioch	\$2,759,522	\$3,009,232
City of Antioch - Surcharge	768,898	817,013
City of Pittsburg - Surcharge	113,578	148,337
Household Hazardous Waste:		
Contra Costa County	57,854	60,104
 Total Notes Receivable	 3,699,852	 4,034,686
Less: Current Portion	(338,783)	(334,833)
 Long-Term Portion	 \$3,361,069	 \$3,699,853

**Recycled Water (RW): City of Antioch** – The District and the City of Antioch (City) entered into a Joint Powers Agreement on November 18, 2003, for the purpose of development and operation of a “Recycled Water Program” (the Project). Under the provisions of the agreement, the Project is to be jointly funded (50/50) by the District and the City. The District is authorized to design, construct, own, operate and regulate the facilities.

In fiscal year 2010/2011 (FY 2011), the District recognized a Note Receivable in the amount of \$5,753,348 from the City of Antioch for their net share of the costs for this project. This note has an interest rate of .077% with principal and interest due annually commencing December 31, 2011 and maturing on December 31, 2030. On June 10, 2012, the District and the City of Antioch amended the Joint Powers Agreement to cap this Notes Receivable to a maximum of \$5,000,000. As of June 30, 2020 and 2019, the outstanding balance was \$768,898 and \$817,013, respectively.

In FY 2012, additional project cost share incurred in excess of \$5 million in the amount of \$1,102,272 will be financed by the District at an interest rate of 4.25% with principal and interest due monthly over a 20-year term commencing July 1, 2012 and maturing on June 1, 2032. This monthly installment is billed to the City of Antioch as a Recycled Water Surcharge and annually amounts to \$81,908. The outstanding balance as of June 30, 2020 and 2019 was \$2,759,522 and \$3,009,232, respectively.

**City of Pittsburg** – The District and the City of Pittsburg (City) entered into a Joint Powers Agreement on November 24, 1999, for the purpose of development and operation of a “Recycled Water Program” (the Project). The goal of this project is to construct a conveyance system and transport recycled water to the City’s golf course and certain parks to reduce the City’s reliance on treated drinking water for irrigation. Under the provisions of the agreement, the Project is to be jointly funded by the District and the City. The City is responsible for the design and construction of the Project. The District will operate and maintain after construction is completed. The original project was completed, however, it was discovered that a portion of the previously existing line needs to be rehabilitated in order to ensure reliability. The estimated cost for this rehabilitation project was \$1,500,000. Of this amount, the City has agreed to pay a maximum of \$375,000 payable over a 10-year term with an interest of 4.25 percent (prime plus 1 percent).

**DELTA DIABLO  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 – NOTES RECEIVABLE (Continued)**

The actual cost of this rehabilitation amounted to \$244,187. The District recognized a Note Receivable for this amount with principal and interest due monthly commencing July 1, 2013 and maturing on June 1, 2023. This monthly installment is billed to the City of Pittsburg as a Recycled Water Surcharge and annually amounts to \$40,391. The outstanding balance as of June 30, 2020 and 2019 was \$113,578 and \$148,337, respectively.

**Household Hazardous Waste (HHW)** – The District owns and operates a Household Hazardous Waste (HHW) and a Conditionally Exempt Small Quantity Generator (CESQG) waste collection facility. In an agreement dated July 1, 2002, Contra Costa County, Ironhouse Sanitary District and the Cities of Antioch, Brentwood and Pittsburg (Subscribers) agreed to reimburse the District for capital costs in planning and constructing the household hazardous waste facility.

On April 9, 2008, this agreement was amended and includes capital cost sharing minus any grants received for the planning and construction of the new facility expansion. The Delta Household Hazardous Waste Collection Facility (DHHWCF) expansion was completed in September 2009. Per the provisions of this amendment, the outstanding principal balance from the original facility construction will be combined with the new facility expansion costs, to be re-paid over a 25-year period with interest at 6% per annum. Total capital costs were allocated to the Subscribers based on the number of housing units in each Subscriber’s jurisdiction. The City of Brentwood and Ironhouse Sanitary District have paid their respective shares in full. The total outstanding balance of the loan as of June 30, 2020 and 2019 were \$57,854 and \$60,104, respectively.

**NOTE 4 – EMPLOYEE COMPUTER LOANS RECEIVABLE**

The District provides a zero interest loan to its employees for the purchase of personal computers. These loans are payable in a maximum of 78 equal payroll deductions (3 years). The maximum amount each employee may borrow is \$2,500. The loan receivable balances were as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Employee computer loans	\$5,414	\$9,410
Less: Current portion	<u>(4,429)</u>	<u>(5,931)</u>
Long-term portion	<u>\$985</u>	<u>\$3,479</u>

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – CAPITAL ASSETS**

Property, plant and equipment are recorded at the time of purchase and are capitalized at cost. The District capitalizes as part of the asset cost, any significant interest incurred during the construction phase of the asset. Contributed capital assets are valued at their estimated fair market value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The District defines capital assets as property, plant and equipment with an initial individual cost of \$5,000 and an estimated useful life in excess of one year.

Depreciation is provided using the straight-line method for assets other than land and construction in progress. Estimated useful lives are as follows:

Conveyance and collection systems	50 years
Treatment plant	40 years
Office furniture	15 years
Shop, lab and other equipment	10 years
Computer equipment	3 years
Vehicles	3 years

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5 – CAPITAL ASSETS (Continued)**

Changes in property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Transfers	Retirement	Balance at June 30, 2020
Capital assets not being depreciated:					
Land	\$6,490,355				\$6,490,355
Construction in Progress	10,426,167	\$17,104,582	(\$200,478)	(\$3,175,650)	24,154,621
Total capital assets not being depreciated	16,916,522	17,104,582	(200,478)	(3,175,650)	30,644,976
Capital assets being depreciated:					
Treatment & Collection System	250,758,525				250,758,525
Equipment	4,980,861		200,478	(\$90,300)	5,091,039
Total capital assets being depreciated	255,739,386		200,478	(90,300)	255,849,564
Less accumulated depreciation for:					
Treatment & Collection System	125,959,647	6,972,662			132,932,309
Equipment	4,783,904	230,334		(90,300)	4,923,938
Total accumulated depreciation	130,743,551	7,202,996		(90,300)	137,856,247
Net capital assets being depreciated	124,995,835	(7,202,996)	200,478		117,993,317
Total Capital Assets, net	\$141,912,357	\$9,901,586		(\$3,175,650)	\$148,638,293

Changes in property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2019:

	Balance at June 30, 2018	Additions	Transfers	Retirement	Balance at June 30, 2019
Capital assets not being depreciated:					
Land	\$6,226,308	\$264,047			\$6,490,355
Construction in Progress	17,703,738	7,524,462	(\$14,802,033)		10,426,167
Total capital assets not being depreciated	23,930,046	7,788,509	(14,802,033)		16,916,522
Capital assets being depreciated:					
Treatment & Collection System	235,962,185		14,796,340		250,758,525
Equipment	5,053,575	7,264	5,693	(\$85,671)	4,980,861
Total capital assets being depreciated	241,015,760	7,264	14,802,033	(85,671)	255,739,386
Less accumulated depreciation for:					
Treatment & Collection System	119,309,646	6,650,001			125,959,647
Equipment	4,593,381	276,194		(85,671)	4,783,904
Total accumulated depreciation	123,903,027	6,926,195		(85,671)	130,743,551
Net capital assets being depreciated	117,112,733	(6,918,931)	14,802,033		124,995,835
Total Capital Assets, net	\$141,042,779	\$869,578			\$141,912,357

Construction in progress represents construction of treatment facilities and conveyance systems.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – COMPENSATED ABSENCES**

Accumulated unpaid vacation and compensatory time have been accrued at year end. Accumulated unpaid sick pay is not included in the amount for accrued benefits due to the contingent nature of any future payment.

The changes in compensated absences were as follows for the fiscal years ended June 30:

	2020	2019
Beginning Balance	\$913,343	\$858,613
Additions	1,139,719	915,310
Payments	(996,660)	(860,580)
Ending Balance	\$1,056,402	\$913,343
Current Portion	\$892,511	\$833,528
Non-Current Portion	\$163,891	\$79,815

In addition, the Board has set up a Catastrophic Leave Bank, which accumulates up to 40 hours from each terminated employee's forfeited sick leave. Employees may also donate vacation hours. This time may be used by employees who have used all their sick leave due to catastrophic illness and need additional time off. Accumulated Catastrophic Leave at June 30, 2020 was \$43,786 and is included in the balance of Accrued Payroll and Benefits on the Statements of Net Position.

**NOTE 7 – LONG-TERM DEBT**

**A. Current Year Transactions and Balances**

The changes in the District's long-term obligations during the year ended June 30, 2020 consisted of the following:

Direct Borrowings:	Original Issue Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Amount due within one year
2010 RW State Revolving Fund Loan .077% due 4/03/2030	\$6,325,503	\$3,806,905		\$315,901	\$3,491,004	\$316,144
2011 WW Installment Sale Agreement 4.9%, due 6/24/2031	2,344,210	1,419,331		71,057	1,348,274	78,021
2011 WW State Revolving Fund Loan 2.60%, due 4/03/2033	5,041,873	3,789,125		227,840	3,561,285	233,764
2015 WW California Energy Commission Loan 1.00%, due 06/22/2029	700,000	511,834		48,907	462,927	49,409
2015 Bay Point State Revolving Fund Loan 1.9% due 11/01/2044	1,188,820	1,052,464		31,677	1,020,787	32,278
2016 Pittsburg State Revolving Fund Loan 1.9% due 11/1/2046	12,000,000	11,072,449		303,196	10,769,253	308,959
2016 WW State Revolving Fund Loan 1.9% due 12/30/2046	2,054,000	1,903,454		54,607	1,848,847	55,646
2019 WW State Revolving Fund Loan 1.9% due 12/1/2050	1,206,169		\$1,206,169		1,206,169	
Total Long-Term Debt		23,555,562	\$1,206,169	\$1,053,185	23,708,546	\$1,074,221
Less:						
Amount due within one year		(1,053,187)			(1,074,221)	
Total Long-Term Debt, net		\$22,502,375			\$22,634,325	



**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – LONG-TERM DEBT (Continued)**

The changes in the District’s long-term obligations during the year ended June 30, 2019 consisted of the following:

Direct Borrowings:	Original Issue Amount	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Amount due within one year
2010 State Revolving Fund Loan .077% due 4/03/2030	\$6,325,503	\$4,122,562		\$315,657	\$3,806,905	\$315,901
2011 Installment Sale Agreement 4.9%, due 6/24/2031	2,344,210	1,483,830		64,499	1,419,331	71,057
2011 State Revolving Fund Loan 2.60%, due 4/03/2033	5,041,873	4,011,192		222,067	3,789,125	227,840
2015 California Energy Commission Loan 1.00%, due 06/22/2029	700,000	560,266		48,432	511,834	48,906
2015 Bay Point State Revolving Fund Loan 1.9% due 11/01/2044	1,188,820	1,083,550		31,086	1,052,464	31,677
2016 PB State Revolving Fund Loan 1.9% due 11/1/2046	12,000,000	9,083,957	\$2,324,520	336,028	11,072,449	303,198
2016 WW State Revolving Fund Loan 1.9% due 12/30/2046	2,054,000	1,957,044		53,590	1,903,454	54,608
<b>Total Long-Term Debt</b>		<b>22,302,401</b>	<b><u>\$2,324,520</u></b>	<b><u>\$1,071,359</u></b>	<b>23,555,562</b>	<b><u>\$1,053,187</u></b>
Less:						
Amount due within one year		<u>(973,476)</u>			<u>(1,053,187)</u>	
<b>Total Long-Term Debt, net</b>		<b><u>\$21,328,925</u></b>			<b><u>\$22,502,375</u></b>	

**B. 2010 RW State Revolving Fund Loan**

The District entered into a loan contract with the State of California Water Resources Control Board on July 8, 2009, for the purpose of financing the Antioch/Delta Diablo Sanitation District Recycled Water Project. The loan amount totals \$6,325,503 with a stated interest rate of .077% per annum over a 20-year term. The City of Antioch owes the District \$5,000,000 of this amount as part of their cost share for the Recycled Water Antioch Project (see Note 3 - Notes Receivable). Principal payments are due annually beginning on December 31, 2011 through the fiscal year 2030/31 and are paid from revenue received from the City of Antioch.

**C. 2011 Installment Sale Agreement**

On June 9, 2011, the District entered into an installment sale agreement (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 totals \$2,344,210 with a stated interest of 4.9% per annum, and is payable from revenues of the District. 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 directing borrowings contain a provision that in an event of default, they declare all principal components of the unpaid installment payments, together with all accrued and unpaid interest components immediately due.

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**NOTE 7 – LONG-TERM DEBT (Continued)**

***D. 2011 WW State Revolving Fund Loan***

The District entered into a loan contract with the State of California Water Resources Control Board on March 25, 2011, for the purpose of financing the Aeration System Improvement Project. The loan amount totals \$5,041,873 with a stated interest rate of 2.60% per annum. Principal payments are due annually beginning on April 3, 2014 through the fiscal year 2033.

***E. 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 to be installed at the Wastewater Treatment Plant. The loan amount totals \$700,000 at 1.00% interest per annum on the unpaid principal. Principal and interest payments are due semi-annually beginning on December 22, 2015 through the fiscal year 2029.

***F. 2015 Bay Point State Revolving Fund Loan***

On October 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 1). The loan principal totals \$1,188,820 with a 30-year term and stated interest of 1.9% per annum. 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.

***G. 2016 Pittsburg State Revolving Fund Loan***

On October 24, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Pittsburg Forcemain Improvement Project. The loan principal totals \$12,000,000 with a 30-year term and stated interest of 1.9% per annum. 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 Waste Water Fund (75%) and Bay Point Collection Fund (25%).

***H. 2016 Wastewater State Revolving Fund Loan***

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 3). The loan principal totals \$2,054,000 with a 30-year term and stated interest of 1.9% per annum. 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.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7 – LONG-TERM DEBT (Continued)**

**I. 2017 Recycled Water State Revolving Fund Loan**

On September 23, 2016, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Recycled Water System Storage Tank Project. The loan principal totaled \$6,000,000 with a 30-year term and stated interest of 1% per annum. Principal and interest payments were due semi-annually, on November 1 and May 1, commencing on December 1, 2018 and maturing on December 1, 2048. This loan was fully repaid and retired in March 2018 due to the cancellation of the associated project.

**J. 2019 Wastewater State Revolving Fund Loan**

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Pump Station Facility Repair (Phase 2). The loan principal totals \$13,500,000 with a 30-year term and stated interest of 1.9% per annum. Principal payments are due annually on July 31, and interest payments are due semi-annually, on July 31 and January 31. Payments commence on July 31, 2022 and mature on July 31, 2051. As of June 30, 2020, the District has drawn down a total of \$1,206,169.

**K. 2020 Wastewater State Revolving Fund Loan**

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing 2017 Sewer Pipeline Repair (Phase 4). The loan principal totals \$4,211,170 with a 30-year term and stated interest of 1.9% per annum. Principal payments are due annually on December 1, and interest payments are due semi-annually, on December 1 and June 1. Payments commence on November 1, 2021 and mature on December 1, 2050. As of June 30, 2020, the District has not drawn down any of these funds.

**L. Debt Service Requirements**

Annual debt service requirements are shown below for all long-term debt as of June 30, 2020:

For The Year Ending June 30	Direct Borrowings		
	Principal	Interest	Total
2021	\$1,074,221	\$420,277	\$1,494,498
2022	1,095,973	401,937	1,497,910
2023	1,149,310	405,691	1,555,001
2024	1,173,190	385,389	1,558,579
2025	1,197,921	364,322	1,562,243
2026 - 2030	6,338,141	1,477,386	7,815,527
2031 - 2035	4,098,865	905,539	5,004,404
2036 - 2040	2,938,448	583,512	3,521,960
2041 - 2045	3,228,508	291,070	3,519,578
2046 - 2050	1,335,073	40,509	1,375,582
2051 - 2052	78,896	1,504	80,400
Total payments due	<u>\$23,708,546</u>	<u>\$5,277,136</u>	<u>\$28,905,282</u>

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – RETIREMENT**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**A. General Information about the Pension Plans**

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Rate Plan. The District’s Miscellaneous Rate Plan are part of the public agency cost-sharing multiple-employer, which is administered by the California Public Employees’ Retirement System (CalPERS). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III
Hire date	Prior to 6/30/12	6/30/12 to 12/31/12 and employees hired on or after 1/1/13 who are not a "new member"	On or after 1/1/13; new member
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.70%	2.00%	2.00%
Required employee contribution rates	8.00%	7.00%	7.25%
Required employer contribution rates	13.666%	10.579%	7.191%

CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts for the UAL were paid in lump-sum in July 2018. The District’s total annual required contribution was \$992,686 in fiscal year 2020.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – RETIREMENT (Continued)**

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, the contributions to the Plan were as follows:

	2020	2019
	Miscellaneous Tier I, II & III	Miscellaneous Tier I, II & III
Contributions - employer	\$2,071,446	\$1,880,697
Contributions - employee (paid by employer)	992,686	177,870

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	2020	2019
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
CCCERA Plan	\$1,673,872	\$2,433,196
Miscellaneous Tier I, II & III	16,618,622	15,143,491
Total Net Pension Liability	\$18,292,494	\$17,576,687

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 8 – RETIREMENT (Continued)**

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous Tier I, II & III
Proportion - June 30, 2018	0.38228%
Proportion - June 30, 2019	0.37440%
Change - Increase (Decrease)	-0.00788%

For the year ended June 30, 2020, the District’s recognized pension expense of \$3,777,006. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier I, Tier II, & III		Deferred Inflows of Resources
	Deferred Outflows of Resources		Deferred Inflows of Resources
Contributions made after the measurement date	\$2,071,446		
Differences between actual and expected experience	1,154,234	(\$89,430)	
Changes in assumptions	792,453	(280,918)	
Change in employer's proportion	484,354		
Net differences in actual contributions and proportionate contributions			(349,108)
Net differences between projected and actual earnings on pension plan investments			(290,545)
Total	\$4,502,487		(\$1,010,001)

Deferred outflows of \$2,071,446 related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous -Tier I, II, & III
Year Ended June 30	Annual Amortization
2021	\$1,302,605
2022	(108,969)
2023	168,693
2024	58,711
Total	\$1,421,040

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 8 – RETIREMENT (Continued)**

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier I, Tier II, & III	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$1,880,696	
Differences between actual and expected experience	581,029	(\$197,721)
Changes in assumptions	1,726,403	(423,108)
Changes in employer's proportion	356,582	
Net differences in actual contributions and proportionate contributions		(275,832)
Net differences between projected and actual earnings on pension plan investments	74,866	
Total	<u>\$4,619,576</u>	<u>(\$896,661)</u>

Deferred outflows of \$1,880,696 related to contributions subsequent to the measurement date, was recognized as a reduction of the net pension liability in the year ended June 30, 2020.

**Actuarial Assumptions** – The total pension liability in the June 30, 2018 valuation was determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS Membership data for all Funds (3)
Post Retirement Benefit Increases	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CALPERS' Specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CALPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 8 – RETIREMENT (Continued)**

**Discount Rate** – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The expected rate of return was then set equal to the single equal rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects expected real rate of return by asset class.

(A) Asset Class	Current Target Allocation	Real Return Years 1 - 10(B)	Real Return Years 11+ (C)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	<u>100%</u>		

(A) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(B) An expected inflation of 2.0% used for this period.

(C) An expected inflation of 2.92% used this period.



**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 8 – RETIREMENT (Continued)**

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate at June 30, 2020:

	Miscellaneous - Tier I, II & III
1% Decrease	6.15%
Net Pension Liability	\$25,893,761
Current Discount Rate	7.15%
Net Pension Liability	\$16,618,622
1% Increase	8.15%
Net Pension Liability	\$8,962,651

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**C. *Subsequent Event***

***Subsequent Event – CalPERS Pension Contribution Rates*** – The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy removes the 5-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the District’s contribution rates for the fiscal year ended June 30, 2021 are expected to increase over the fiscal year 2020 contribution rates.

**D. *Contra Costa County Employees Retirement Association Closed Plan***

The District discontinued participation in the Contra Costa County Employees Retirement Association (CCCERA) effective June 20, 2004. The termination agreement provides for an evaluation of any additional liability owed to CCCERA every three years. CCCERA retained certain assets contributed by the District and they remain responsible for retiree benefits for retirees and deferred vested members who were not transferred to the CalPERS system. The designation of 3.75% of payroll annually for Employee Benefit Costs will be a source of funds to address this or other liabilities due. CCCERA’s actuary has conducted and determined the District’s termination liability using the triennial experience analysis as of December 31, 2015. Based on this analysis and in accordance with the termination agreement with CCCERA, the District’s unfunded obligation of \$2,017,307 is to be amortized over 15 years, resulting in annual payments of \$221,489 starting December 31, 2016. The next triennial actuarial valuation is expected on November 2022. As of June 30, 2020, in accordance with GASB 68, the District recorded a net pension liability of \$1,673,872 under the CCCERA plan.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS**

*A. Plan Description and Funding Policy*

The District provides post-retirement health care benefits to eligible retirees in accordance with Memorandums of Understanding (M.O.U.s) with employee groups. In accordance with the M.O.U.s, the District contracts with CalPERS to provide post-retirement health benefits through the CalPERS PEMHCA program, which provides for vesting at age 50 with five (5) years of service. The District implemented the California State Vesting Program for Retiree Health Care as regulated by Government Code 22893 by resolution (8/2008).

All District employees hired after the implementation date (01/01/2009), will be enrolled in the State's Vesting Program, which starts fifty percent (50%) medical benefit at age 50 with 10 years of service, increasing by 5% for each additional year of service to 100% with 20 years of service. The District contribution for eligible retirees (and spouses) is continued at the rate in effect each year. The cost of the benefits provided by the plan is currently being pre-funded in an irrevocable trust by the District. The District's plans to fund the benefits provided under the plan over a 30-year horizon, with minimal impacts to District rate payers. Upon adoption of the annual fiscal year operating budget, the District will transfer all funds budgeted for retiree medical premiums to its OPEB Trust Fund. Additional funding over and above the actuarially determined contributions (ADC) will be set by the District Board from all or part of the following sources, in the order listed below:

1. Unanticipated revenue streams (either one-time or on-going)
2. Wastewater Service Charge revenues exceed 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

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

On July 14, 2011, the Board adopted the District’s Retiree Health Funding Plan which outlines that employees will begin contributing 1% of their salaries to the OPEB trust in July 2010; that these contributions will increase to 2% of salaries in July 2011 and to 3% of salaries in July 2012. It also covers all of the other key elements of the Principles of Agreement such as 1) employee contributions are made on a pre-tax basis and are included in employee compensation for CalPERS retirement purposes; 2) the District at least match the annual employee contributions; 3) the District make a good faith effort to fully fund the remaining ADC each year; and 4) that in recognition of the employees’ initiative in assisting in funding the OPEB obligation, the terms of the bargaining units’ MOU with the District be extended by three years to June 30, 2021.

	Fiscal Years Ended June 30, 2020 and 2019
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

***Employees Covered by Benefit Terms*** – Membership in the plan consisted of the following at the measurement date of June 30:

	2020	2019
Active plan members	71	75
Inactive employees or beneficiaries currently receiving benefit payments	56	56
Inactive employees entitled to but not yet receiving benefit payments	3	2
Total	130	133

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**B. Net OPEB Liability**

**Actuarial Methods and Assumptions** – The District net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the \$20,011,910 total OPEB liability June 30, 2020, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75% per annum
Payroll Growth	Aggregate - 3% annually
Investment Rate of Return	Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust.
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Participation at Retirement	Actives covered & surviving spouse hired < 1/1/09 - 100% Actives covered & surviving spouse hired ≥ 1/1/09 - 0% with <10 years service, 90% with 10-14 years, 95% with 15-19 years, 100% with 20+ years Actives waived - 80% of above assumption for covered active Retirees & surviving spouses - 100% if covered, 20% at 65 if waived < 65, 0% waived ≥ 65

The underlying mortality assumptions were based on the CalPERS 1997-2015 Experience Study and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a June 30, 2017 actuarial experience study for the period of July 1, 2016 to June 30, 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables as of June 30:

2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58%	4.82%
Fixed Income	35%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.25%

2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58%	4.82%
Fixed Income	35%	1.47%
REITs	2%	3.76%
Cash	5%	0.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Expected Long-Term Net Rate of Return		6.25%

**Discount Rate** – The discount rate used to measure the total OPEB liability was 6.25% for 2020 and 2019. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**C. Changes in Net OPEB Liability**

The changes in the Net OPEB Liability follows as of June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2019	\$19,025,112	\$14,888,414	\$4,136,698
Changes Recognized for the Measurement Period:			
Service Cost	771,606		771,606
Interest on the total OPEB liability	1,206,322		1,206,322
Difference between expected and actual experience			
Changes of assumptions			
Contributions from the employer		1,202,808	(1,202,808)
Contributions from the employees		278,048	(278,048)
Net investment income		467,104	(467,104)
Administrative expenses		(36,736)	36,736
Benefit payments and refunds	(991,130)	(991,130)	
Net Changes during July 1, 2019 to June 30, 2020	986,798	920,094	66,704
Balance at June 30, 2020	\$20,011,910	\$15,808,508	\$4,203,402

The changes in the Net OPEB Liability follows as of June 30, 2019:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018	\$18,170,000	\$13,397,000	\$4,773,000
Changes Recognized for the Measurement Period:			
Service Cost	779,569		779,569
Interest on the total OPEB liability	1,203,775		1,203,775
Difference between expected and actual experience	(631,144)		(631,144)
Changes in benefit terms	362,822		362,822
Contributions from the employer		1,208,525	(1,208,525)
Contributions from the employees		281,058	(281,058)
Net investment income		896,214	(896,214)
Administrative expenses		(34,473)	34,473
Benefit payments and refunds	(859,910)	(859,910)	
Net Changes during July 1, 2018 to June 30, 2019	855,112	1,491,414	(636,302)
Balance at June 30, 2019	\$19,025,112	\$14,888,414	\$4,136,698

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**D. Sensitivity of the Net OPEB Liability**

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of June 30:

2020		
Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(5.25%)	(6.25%)	(7.25%)
\$6,736,071	\$4,203,402	\$2,112,750

2019		
Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount	Discount Rate +1%
(5.50%)	Rate (6.50%)	(7.50%)
\$6,556,942	\$4,136,698	\$2,140,030

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

2020		
Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Health Care Cost	Discount Rate +1%
	Trend Rates	
\$1,525,167	\$4,203,402	\$7,516,435

2019		
Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Health Care Cost	Discount Rate +1%
	Trend Rates	
\$1,743,233	\$4,136,698	\$7,090,044

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 9 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the District recognized OPEB expense of \$805,899. As of June 30, 2020 the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		(\$424,212)
Changes of assumptions	\$243,864	
Net difference between projected and actual earnings on OPEB plan investments	351,283	
Total	\$595,147	(\$424,212)

The District did not have any contributions subsequent to the measurement date to report as deferred outflows of resources as of June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2020	\$32,062
2021	31,062
2022	57,063
2023	55,148
2024	(4,400)
Total	\$170,935

For the year ended June 30, 2019, the District recognized OPEB expense of \$763,901. As of June 30, 2019 the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		(\$527,678)
Changes of assumptions	\$303,343	
Net difference between projected and actual earnings on OPEB plan investments		(68,343)
Total	\$303,343	(\$596,021)

**F. Payable to the OPEB Plan**

At June 30, 2020, the District reported a payable of \$170,935 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.



**DELTA DIABLO  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 60 member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays an annual premium to CSRMA for its general liability, property damage, workers compensation insurance and automobile coverage.

CSRMA is governed by a Board composed of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

CSRMA is not a component unit of the District and the District's share of assets, liabilities, and equity has not been calculated.

The following is a summary of the insurance policies in force carried by the District as of June 30, 2020:

Type of Coverage	Limits	Deductibles
General Liability	\$15,500,000	\$100,000
Excess General Liability	25,500,000	None
Worker's Compensation	750,000	None
Excess Worker's Compensation Liability	Statutory Limit	750,000
Special Form Property	182,824,788	25,000
Public Entity Pollution Liability	2,000,000	100,000
Cyber Liability Coverage	2,000,000	None
Master Crime Liability	2,000,000	2,500

The District also maintains employee fidelity bonds to protect against the risk of employee theft or defalcation. Settled claims for CSRMA or employee fidelity bonds have not exceeded coverage in any of the past three fiscal years. Audited financial statements of CSRMA may be obtained at 500 Washington Street, Suite 300, San Francisco, CA 94111-2933.

The District did not record a liability for outstanding claims at fiscal year-end, as management believes that the claims were minimal.

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 – NET POSITION**

Net Position is the excess of all the District’s assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into three categories. These captions apply only to Net Position, which is determined only at the District-wide level, and are described below:

*Net investment in Capital Assets* describes the portion of Net Positions which is represented by the current net book value of the District’s capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter.

*Unrestricted* describes the portion of Net Position which is not restricted to use.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Lease Revenue**

Delta Energy Center, LLC (DEC) and Calpine Corporation entered into an operating lease with the District, effective December 11, 2002, to lease real property located at 2600 Pittsburg-Antioch Highway, in Pittsburg, for a cooling tower site. The base rent for the leased land started at \$32,500 per year and is set to escalate every five years based on changes in the Consumer Price Index. The current rate is \$36,540 per year. The area leased is 260 feet by 50 feet, on land that is not targeted for District improvements. The agreement terminates May 31, 2050. Minimum future rentals total \$1,096,200 at June 30, 2020. The lessee, DEC, retains an option to terminate the lease agreement by providing a thirty-day written notice to the District. The total remaining minimum future rental payments are as follows:

For the Year Ending June 30	Minimum Future Rentals
2021	\$36,540
2022	36,540
2023	36,540
2024	36,540
2025	36,540
2026 - 2030	182,700
2031 - 2035	182,700
2036 - 2040	182,700
2041 - 2045	182,700
2046 - 2050	182,700
	\$1,096,200

**DELTA DIABLO**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

**NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)**

***B. Purchase Commitments***

The District has a number of purchase commitments for ongoing operating and capital projects that involves multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$20,743,786 and \$17,652,136 as of June 30, 2020 and 2019, respectively.

***C. COVID-19 Global Pandemic***

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID- 19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. However, the ultimate financial impact and duration cannot be reasonably estimated at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Delta Diablo**  
**Cost-Sharing Multiple-Employer Defined Pension Plan**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**AS OF THE MEASUREMENT DATE**  
**Last 10 Years\***

Measurement Date	Miscellaneous					
	Tier I & II 6/30/2019	Tier I & II 6/30/2018	Tier I & II 6/30/2017	Tier I & II 6/30/2016	Tier I & II 6/30/2015	Tier I & II 6/30/2014
Plan's Proportion of the Net Pension Liability/Asset	0.3744%	0.3823%	0.3757%	0.3817%	0.3747%	0.3345%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$16,618,622	\$15,143,491	\$15,484,151	\$13,258,795	\$10,279,890	\$10,961,818
Plan's Covered Payroll	\$9,473,230	\$9,738,463	\$8,705,573	\$8,075,458	\$8,138,640	\$7,681,566
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	175.43%	155.50%	177.86%	164.19%	126.31%	142.70%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	24.10%	23.19%	25.45%	24.48%	20.43%	24.57%

\* Fiscal year 2015 was the 1st year of implementation.

**Delta Diablo**  
**Cost-Sharing Multiple-Employer Defined Pension Plan**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Last 10 Years\***

	<b>Miscellaneous Tier I, II, &amp; III FY 2020</b>	<b>Miscellaneous Tier I, II, &amp; III FY 2019</b>	<b>Miscellaneous Tier I, II, &amp; III FY 2018</b>	<b>Miscellaneous Tier I, II, &amp; III FY 2017</b>	<b>Miscellaneous Tier I, II, &amp; III FY 2016</b>	<b>Miscellaneous Tier I, II, &amp; III FY 2015</b>
Actuarially determined contribution	\$2,071,446	\$1,880,696	\$1,710,608	\$1,663,037	\$1,669,912	\$1,251,178
Contributions in relation to the actuarially determined contributions	(2,071,446)	(1,880,696)	(1,710,608)	(1,663,037)	(1,669,912)	(1,251,178)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$9,254,288	\$9,473,230	\$9,738,463	\$8,705,573	\$8,075,458	\$8,138,640
Contributions as a percentage of covered payroll	22.38%	19.85%	17.57%	19.10%	20.68%	15.37%
<b>Notes to Schedule</b>						
Valuation date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	30 years					
Asset valuation method	5-year smoothed market					
Inflation	2.75%					
Salary increases	Varies by Entry Age and Service					
Investment rate of return	7.15%, net of pension plan investment and administrative expenses, including inflation	7.25%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 3					
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using 90% Scale MP 2-16 published by the Society of Actuaries.	The probabilities of mortality are based on the December 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* FY 2015 was the 1st year of implementation.

**Delta Diablo**  
**Retiree Health Funding Plan**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**AS OF THE MEASUREMENT DATE**  
**Last 10 Years\***

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20
<b>Total OPEB Liability</b>				
Service Cost	\$702,000	\$725,000	\$779,569	\$771,606
Interest	1,056,000	1,122,000	1,203,775	1,206,322
Differences between expected and actual experience	(12,000)		(631,144)	
Change of benefit terms		182,000		
Differences in assumptions			362,822	
Benefit payments, including refunds of employee contributions	(720,000)	(781,000)	(859,910)	(991,130)
<b>Net change in total OPEB liability</b>	<b>1,026,000</b>	<b>1,248,000</b>	<b>855,112</b>	<b>986,798</b>
<b>Total OPEB liability - beginning</b>	<b>15,896,000</b>	<b>16,922,000</b>	<b>18,170,000</b>	<b>19,025,112</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$16,922,000</b>	<b>\$18,170,000</b>	<b>\$19,025,112</b>	<b>\$20,011,910</b>
<b>OPEB fiduciary net position</b>				
Contributions - employer	\$1,505,000	\$1,592,000	\$1,208,525	\$1,202,808
Contributions - employee	262,000	282,000	281,058	278,048
Net investment income	1,236,000	935,000	896,214	467,104
Administrative expense	(26,000)	(33,000)	(34,473)	(36,736)
Benefit payments, including refunds of employee contributions	(720,000)	(781,000)	(859,910)	(991,130)
<b>Net change in plan fiduciary net position</b>	<b>2,257,000</b>	<b>1,995,000</b>	<b>1,491,414</b>	<b>920,094</b>
<b>Plan fiduciary net position - beginning</b>	<b>9,145,000</b>	<b>11,402,000</b>	<b>13,397,000</b>	<b>14,888,414</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$11,402,000</b>	<b>\$13,397,000</b>	<b>\$14,888,414</b>	<b>\$15,808,508</b>
Net OPEB liability - ending (a)-(b)	\$5,520,000	\$4,773,000	\$4,136,698	\$4,203,402
Plan fiduciary net position as a percentage of the total OPEB liability	67%	74%	78%	79%
Covered-employee payroll**	\$8,724,000	\$9,385,000	\$9,371,057	\$9,254,288
Net OPEB liability as a percentage of covered-employee payroll	63.27%	50.86%	44.14%	45.42%

**Notes to schedule:**

\* FY 2018 was the first year of implementation.

\*\* The District makes contributions based on the Actuarially Determined Contributions, not on the measure of pay.

**Delta Diablo  
Retiree Health Funding Plan  
SCHEDULE OF OPEB CONTRIBUTIONS  
Last 10 Years\***

Fiscal Year Ended June 30,	2017	2018	2019	2020
Actuarially determined contribution	\$926,000	\$920,000	\$910,000	\$878,000
Contributions in relation to the actuarially determined contributions	1,642,483	1,592,000	1,208,525	1,202,808
Contribution deficiency (excess)	(\$716,483)	(\$672,000)	(\$298,525)	(\$324,808)
Covered-Employee payroll**	\$8,724,000	\$9,385,000	\$9,371,057	\$9,254,288
Contributions as a percentage of covered-employee payroll	18.83%	16.96%	12.90%	13.00%
<b>Notes to Schedule</b>				
Valuation date:	June 30, 2015	June 30, 2016	June 30, 2018	June 30, 2018

Methods and assumptions used to determine contribution rates:

	<b>Actuarial Assumptions</b>
Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	19-year fixed (closed) period for 2019/20
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.25%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 CalPERS 1997-2015 experience study
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP- 2018
Payroll increase	Aggregate - 3% annually. Merit - CalPERS 1997-2015 Experience study
All Other Assumptions	Same as those used to determine the total OPEB liability

\* FY 2018 was the first year of implementation.

\*\* The District makes contributions based on the Actuarially Determined Contributions, not on the measure of pay.

**SCHEDULE OF OPEB INVESTMENT RETURNS  
Last 10 Years\***

	2018	2019	2020
Annual Money Weighted Rate of Return,	Not		
Net of Investment Expense	Available	6.80%	3.29%

\* FY 2018 was the first year of implementation.



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**SUPPLEMENTARY INFORMATION**

DELTA DIABLO  
SUPPLEMENTARY SCHEDULE OF NET POSITION - PROPRIETARY FUND TYPE  
ENTERPRISE FUNDS  
JUNE 30, 2020

	Wastewater <sup>(A)</sup>	Wastewater Expansion <sup>(B)</sup>	Recycled Water Facility	Hazardous Waste
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash	\$16,086,799	\$335,851	\$1,167,850	\$82,360
Investments	5,511,412	1,894,300		160,000
Restricted cash	57,018			
Restricted investments	726,023	133,222		
Committed investments	37,797,963		3,655,247	
Accounts receivable	600,004		543,932	98,977
Interest receivable	155,972	283	13,536	
Current portion of notes receivable			336,366	2,417
Current portion of employee computer loans receivable	4,429			
Inventory	873,320		69,379	
Prepaid expenses	13,237		2,336	
Total current assets	<u>61,826,177</u>	<u>2,363,656</u>	<u>5,788,646</u>	<u>343,754</u>
<b>NON-CURRENT ASSETS:</b>				
<b>OTHER ASSETS:</b>				
Notes receivable less current portion			3,305,632	55,437
Interfund receivable	7,838,600			
Employee notes receivable less current portion	985			
Total other assets	<u>7,839,585</u>		<u>3,305,632</u>	<u>55,437</u>
<b>CAPITAL ASSETS:</b>				
Capital assets, non depreciable	27,072,610		61,332	
Capital assets, net of accumulated depreciation	82,257,814		29,689,874	1,267,117
Total capital assets, net	<u>109,330,424</u>		<u>29,751,206</u>	<u>1,267,117</u>
Total Noncurrent Assets	<u>117,170,009</u>		<u>33,056,838</u>	<u>1,322,554</u>
<b>TOTAL ASSETS</b>	<u>178,996,186</u>	<u>2,363,656</u>	<u>38,845,484</u>	<u>1,666,308</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions	4,502,487			
Related to OPEB	595,147			
Total deferred inflows of resources	<u>5,097,634</u>			
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	4,316,280		132,874	38,081
Accrued payroll and benefits	577,080		26,676	8,750
Deposits payable	766,178		9,494	
Deferred revenue	18,270			57,854
Compensated absences - due within one year	892,511			
Current portion of long-term debt	592,913	77,240	316,144	
Accrued interest payable	48,725	8,526		
Total current liabilities	<u>7,211,957</u>	<u>85,766</u>	<u>485,188</u>	<u>104,685</u>
<b>NON-CURRENT LIABILITIES:</b>				
Long-term debt, net of current portion:				
Certificates of participation				
State revolving fund loans	12,792,430	2,615,072	3,174,860	
Installment sale agreement	1,270,253			
Compensated absences - due in more than one year	163,891			
Interfund payable	4,000,000	3,838,600		
Net pension liability	18,292,494			
Net OPEB Liability	4,203,402			
Total long-term liabilities	<u>40,722,470</u>	<u>6,453,672</u>	<u>3,174,860</u>	
<b>TOTAL LIABILITIES</b>	<u>47,934,427</u>	<u>6,539,438</u>	<u>3,660,048</u>	<u>104,685</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions	1,010,001			
Related to OPEB	424,212			
Total deferred inflows of resources	<u>1,434,213</u>			
<b>NET POSITION</b>				
Net investment in capital assets	94,674,828	(2,692,312)	26,260,202	1,267,117
Restricted for debt service	726,023	133,222		
Unrestricted	39,324,329	(1,616,692)	8,925,234	294,506
TOTAL NET POSITION (DEFICIT)	<u>\$134,725,180</u>	<u>(\$4,175,782)</u>	<u>\$35,185,436</u>	<u>\$1,561,623</u>

<sup>(A)</sup> Wastewater is funded by user charges and is comprised of operations & maintenance, capital assets, and capital asset replacement for wastewater treatment and operations. Starting fiscal year 11/12 includes committed for Advanced Treatment.

<sup>(B)</sup> Wastewater Expansion is funded by developers for connection fees.

<sup>(C)</sup> Street Sweeping is funded by user charges.

<sup>(D)</sup> Bay Point is funded by user charges.

Street Sweeping <sup>(C)</sup>	Bay Point <sup>(D)</sup>	Total
\$646,413	\$1,323,089	\$19,642,362
617,415		8,183,127
		57,018
	149,038	1,008,283
	1,248,131	42,701,341
\$799	15,868	1,259,580
3,670	7,689	181,150
		338,783
		4,429
		942,699
		15,573
<u>1,268,297</u>	<u>2,743,815</u>	<u>74,334,345</u>
		3,361,069
		7,838,600
		985
		<u>11,200,654</u>
	3,511,034	30,644,976
	4,778,512	117,993,317
	8,289,546	148,638,293
	8,289,546	159,838,947
<u>1,268,297</u>	<u>11,033,361</u>	<u>234,173,292</u>
		4,502,487
		595,147
		<u>5,097,634</u>
80,244	60,765	4,628,244
	17,426	629,932
	143,594	919,266
		76,124
		892,511
	87,924	1,074,221
	9,087	66,338
<u>80,244</u>	<u>318,796</u>	<u>8,286,636</u>
	2,781,710	21,364,072
		1,270,253
		163,891
		7,838,600
		18,292,494
		4,203,402
	<u>2,781,710</u>	<u>53,132,712</u>
<u>80,244</u>	<u>3,100,506</u>	<u>61,419,348</u>
		1,010,001
		424,212
		<u>1,434,213</u>
	5,419,912	124,929,747
	149,038	1,008,283
1,188,053	2,363,905	50,479,335
<u>\$1,188,053</u>	<u>\$7,932,855</u>	<u>\$176,417,365</u>

DELTA DIABLO  
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUND TYPE ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Waste Water <sup>(A)</sup>	Waste Water Expansion <sup>(B)</sup>	Recycled Water Facility	Household Hazardous Waste
<b>OPERATING REVENUES</b>				
Service charges	\$31,855,654		\$3,629,421	
Discharge permits	150,600			
Household hazardous waste operating fees				\$424,924
Miscellaneous	468,573		2,500	458
Work for others	210,100		36,100	2,094
	<u>32,684,927</u>		<u>3,668,021</u>	<u>427,476</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	14,935,581	\$1,156	700,438	235,893
Chemicals	740,507		559,370	
Depreciation	5,673,614		1,353,678	37,424
Office and operating expense	1,781,371		124,284	34,875
Outside services and maintenance	3,920,965		349,829	351,559
Utilities	1,283,318		489,715	991
Other	1,430,240		(2,513)	
	<u>29,765,596</u>	<u>1,156</u>	<u>3,574,801</u>	<u>660,742</u>
<b>OPERATING INCOME (LOSS)</b>	<u>2,919,331</u>	<u>(1,156)</u>	<u>93,220</u>	<u>(233,266)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest expense	(244,697)	(\$129,774)	(2,931)	
Interest income	961,888	60,625	118,346	4,407
Capital facilities capacity charges		1,525,214	15,400	
Lease revenue	36,540			
Gain (Loss) on sale of assets	13,086			
Federal grants	51,758			
Subgrants				
Property taxes	2,840,437	270,631		
	<u>3,659,012</u>	<u>1,726,696</u>	<u>130,815</u>	<u>4,407</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS</b>	<u>6,578,343</u>	<u>1,725,540</u>	<u>224,035</u>	<u>(228,859)</u>
Transfers In	868,729			197,938
Transfers (Out)	(602,823)	(917)	(321,027)	
	<u>265,906</u>	<u>(917)</u>	<u>(321,027)</u>	<u>197,938</u>
<b>NET INCOME (LOSS) AFTER TRANSFERS</b>	6,844,249	1,724,623	(96,992)	(30,921)
<b>NET POSITION (DEFICIT), BEGINNING OF YEAR</b>	<u>127,880,931</u>	<u>(5,900,405)</u>	<u>35,282,428</u>	<u>1,592,544</u>
<b>NET POSITION (DEFICIT), END OF YEAR</b>	<u>\$134,725,180</u>	<u>(\$4,175,782)</u>	<u>\$35,185,436</u>	<u>\$1,561,623</u>

(A) Wastewater is funded by user charges and is comprised of operations & maintenance, capital assets, and capital asset replacement for wastewater treatment and operations. Starting FY 11/12 includes committed for Advanced Treatment.

(B) Wastewater Expansion is funded by developers for connection fees.

(C) Street Sweeping is funded by user charges.

(D) Bay Point is funded by user charges.

<u>Street Sweeping <sup>(C)</sup></u>	<u>Bay Point <sup>(D)</sup></u>	<u>Total</u>
\$647,366	\$1,180,135	\$37,312,576
		150,600
		424,924
		471,531
		248,294
<u>647,366</u>	<u>1,180,135</u>	<u>38,607,925</u>
	406,232	16,279,300
		1,299,877
	138,280	7,202,996
	3,472	1,944,002
630,354	157,487	5,410,194
		1,774,024
		1,427,727
<u>630,354</u>	<u>705,471</u>	<u>35,338,120</u>
<u>17,012</u>	<u>474,664</u>	<u>3,269,805</u>
	(55,206)	(432,608)
21,886	76,327	1,243,479
		1,540,614
		36,540
		13,086
		51,758
		3,111,068
<u>21,886</u>	<u>21,121</u>	<u>5,563,937</u>
<u>38,898</u>	<u>495,785</u>	<u>8,833,742</u>
		1,066,667
	(141,900)	(1,066,667)
	(141,900)	
38,898	353,885	8,833,742
<u>1,149,155</u>	<u>7,578,970</u>	<u>167,583,623</u>
<u>\$1,188,053</u>	<u>\$7,932,855</u>	<u>\$176,417,365</u>

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# STATISTICAL SECTION



RECYCLED WATER FACILITY – CHLORINE CONTACT TANKS



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This section of the District’s comprehensive annual report provides detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall financial health. Information provided in this section is not subject to an independent audit.

## **Financial Trends**

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These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.

Net Position by Component .....	69
Condensed Statement of Revenues, Expenses and Changes in Net Position.....	70
Total Revenues By Source .....	71
Total Expenses By Category .....	72

## **Revenue Capacity**

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These schedules contain information to help the reader assess the District’s most significant revenue sources.

Major Revenue Base and Rates.....	73
Service Charges and Service Charges as a Percentage of Total Operating Revenue.....	74
Principal Customers .....	74

## **Debt Capacity**

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These schedules contain information to help the reader assess the affordability of the District’s current level of outstanding debt and its ability to issue additional debt in the future.

Outstanding Debt By Type and Debt per Capita.....	75
Pledged-Revenue Coverage .....	76

## Demographics and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.

Principal Employers in Contra Costa County .....	77
Demographic and Economic Statistics - District Service Area and Contra Costa County ....	78

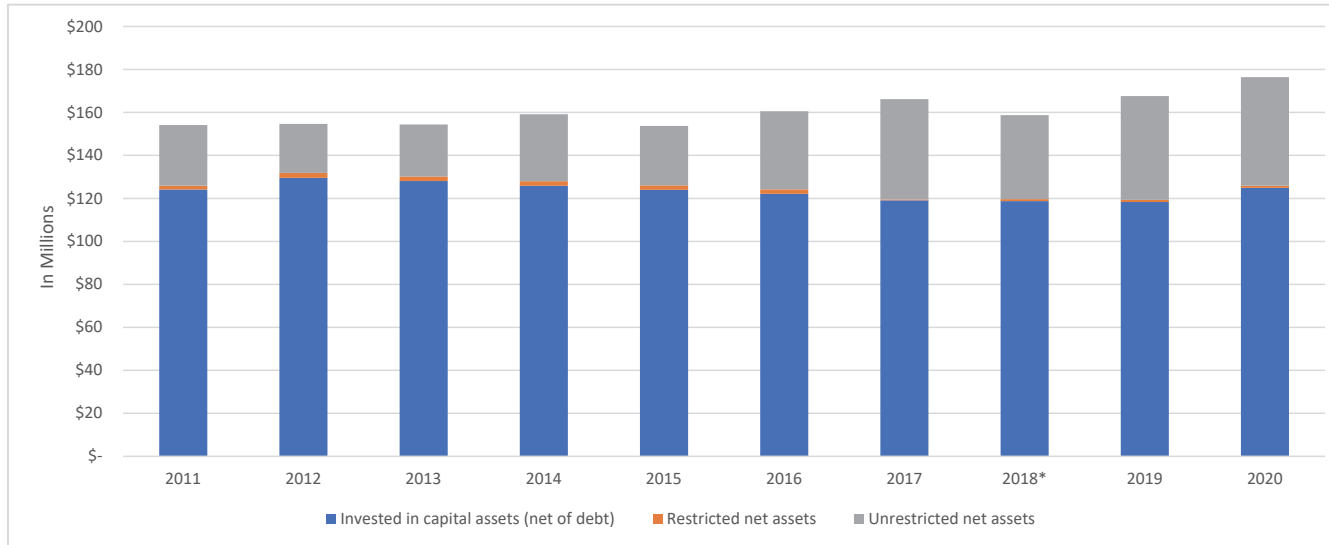
## Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and activities/programs it performs.

About the District .....	79
Number of District Employees By Department/Function .....	80
Operating and Capital Indicators By .....	81

Sources: Unless otherwise noted, the information in these schedules is derived from the annual audited financial reports for the relevant year.

**DELTA DIABLO**  
**Net Position By Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



	2011	2012	2013	2014	2015	2016	2017	2018*	2019	2020
<b>Net Position Component</b>										
Invested in capital assets (net of debt)	\$ 124,147,282	\$ 129,564,959	\$ 128,104,632	\$ 125,917,417	\$ 123,992,770	\$ 122,139,055	\$ 119,128,874	\$ 118,740,378	\$ 118,356,795	\$ 124,929,747
Restricted net assets	1,796,301	2,307,508	2,088,821	2,088,848	2,087,120	2,086,398	378,358	929,736	1,008,283	1,008,283
Unrestricted net assets	28,186,209	22,772,245	24,176,242	31,151,027	27,642,843	36,317,897	46,684,135	39,072,410	48,218,545	50,479,335
<b>Total Net Position</b>	<b>\$ 154,129,792</b>	<b>\$ 154,644,712</b>	<b>\$ 154,369,695</b>	<b>\$ 159,157,292</b>	<b>\$ 153,722,733</b>	<b>\$ 160,543,350</b>	<b>\$ 166,191,367</b>	<b>\$ 158,742,524</b>	<b>\$ 167,583,623</b>	<b>\$ 176,417,365</b>

Source: Delta Diablo Audited Financial Statements

\* Includes GASB 68 prior year adjustment of \$6M and a \$3.7M write-off of construction in progress.

**DELTA DIABLO**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Operating Revenues</b>										
Service charges <sup>1</sup>	\$ 21,650,025	\$ 23,741,202	\$ 25,824,829	\$ 27,151,658	\$ 28,626,113	\$ 30,755,640	\$ 31,572,922	\$ 32,389,604	\$ 35,484,438	\$ 37,312,576
Discharge permits	191,200	148,900	186,200	167,150	158,950	145,750	124,250	161,900	144,000	150,600
Household hazardous waste operating fees	464,830	471,627	457,034	437,394	450,714	468,206	472,479	471,923	497,828	424,924
Miscellaneous	351,168	547,008	554,666	641,136	641,137	699,005	613,001	499,084	465,796	471,531
Work for Others <sup>2</sup>	2,022,277	1,448,157	1,479,705	915,624	896,889	676,712	912,159	170,081	215,136	248,294
Total operating revenues	24,679,500	26,356,894	28,502,434	29,312,962	30,773,803	32,745,313	33,694,811	33,692,592	36,807,198	38,607,925
<b>Operating Expenses</b>										
Salaries and benefits	13,089,446	13,892,968	17,593,719 <sup>3</sup>	13,500,132	12,304,139	12,796,436	16,951,986	18,083,303	17,604,581	16,279,300
Chemicals	1,144,660	1,266,027	1,311,718	1,160,309	1,078,924	1,160,518	1,027,234	1,178,138	1,405,512	1,299,877
Depreciation (Note 5)	5,990,441	6,279,367	6,506,348	6,821,159	6,959,201	6,993,567	6,881,767	6,897,318	6,926,195	7,202,996
Office expense and operating expense	1,460,196	1,522,907	1,743,582	1,709,046	1,844,178	1,942,438	1,998,743	2,100,498	1,901,272	1,944,002
Outside service and maintenance	3,368,044	3,833,246	3,810,858	4,071,441	4,445,466	5,265,128	4,137,773	5,352,273	5,652,901	5,410,194
Utilities	1,441,417	1,549,545	1,444,024	1,606,954	1,488,843	1,488,734	1,745,270	1,730,048	1,799,370	1,774,024
Other	126,065	127,113	128,920	130,976	62,813	171,067	160,809	137,165	85,252	1,427,727
Total operating expenses	26,620,269	28,471,173	32,539,169	29,000,017	28,183,564	29,817,888	32,903,582	35,478,743	35,375,083	35,338,120
<b>Operating Income/(Loss)</b>	<b>(1,940,769)</b>	<b>(2,114,279)</b>	<b>(4,036,735)</b>	<b>312,945</b>	<b>2,590,239</b>	<b>2,927,425</b>	<b>791,229</b>	<b>(1,786,151)</b>	<b>1,432,115</b>	<b>3,269,805</b>
<b>Non-Operating Revenues (Expenses)</b>										
Interest expense	(1,174,581)	(1,025,593)	(868,105)	(695,818)	(735,098)	(662,132)	(371,091)	(572,957)	(670,360)	(432,608)
Interest income	275,653	151,223	189,139	174,179	207,369	297,905	359,034	678,535	1,606,118	1,243,479
Capital facilities capacity charges	2,160,678	1,687,667	2,280,985	2,250,790	1,926,982	2,031,409	2,359,761	992,717	2,636,962	1,540,614
Lease revenue	35,773	35,949	36,125	36,125	36,125	36,125	36,540	36,332	36,540	36,540
Gain (Loss) on sale of asset		5,295	20,382	(415,681)	4,034	(217,711)	3,739	29,357	11,277	13,086
State grants	389,697	1,742	(1,742)	512,404	160,683	37,500				
Federal grants	1,478,384	-	205,043	-	-	-	-	194,014	519,391	51,758
Subgrants	288,023	181,749	272,185	914,469	203,021	139,638	13,298	4,567	291,476	
Property taxes	1,662,436	1,591,167	1,627,706	1,698,184	1,974,773	2,230,458	2,455,507	2,679,597	2,977,580	3,111,068
Total non-operating revenues/(expenses), net	5,116,063	2,629,199	3,761,718	4,474,652	3,777,889	3,893,192	4,856,788	4,042,162	7,408,984	5,563,937
<b>Net Income/(Loss)</b>	<b>3,175,294</b>	<b>514,920</b>	<b>(275,017)</b>	<b>4,787,597</b>	<b>6,368,128</b>	<b>6,820,617</b>	<b>5,648,017</b>	<b>2,256,011</b>	<b>8,841,099</b>	<b>8,833,742</b>
Net Position, Beginning of Year	150,954,498	154,129,792	154,644,712	154,369,695	159,157,292	153,722,733	160,543,350	166,191,367	158,742,524	167,583,623
Prior Period Adjustment <sup>4</sup>					(11,802,687)			(9,704,854)		
Net Position, End of Year	\$ 154,129,792	\$ 154,644,712	\$ 154,369,695	\$ 159,157,292	\$ 153,722,733	\$ 160,543,350	\$ 166,191,367	\$ 158,742,524	\$ 167,583,623	\$ 176,417,365

Source: Delta Diablo Audited Financial Statements

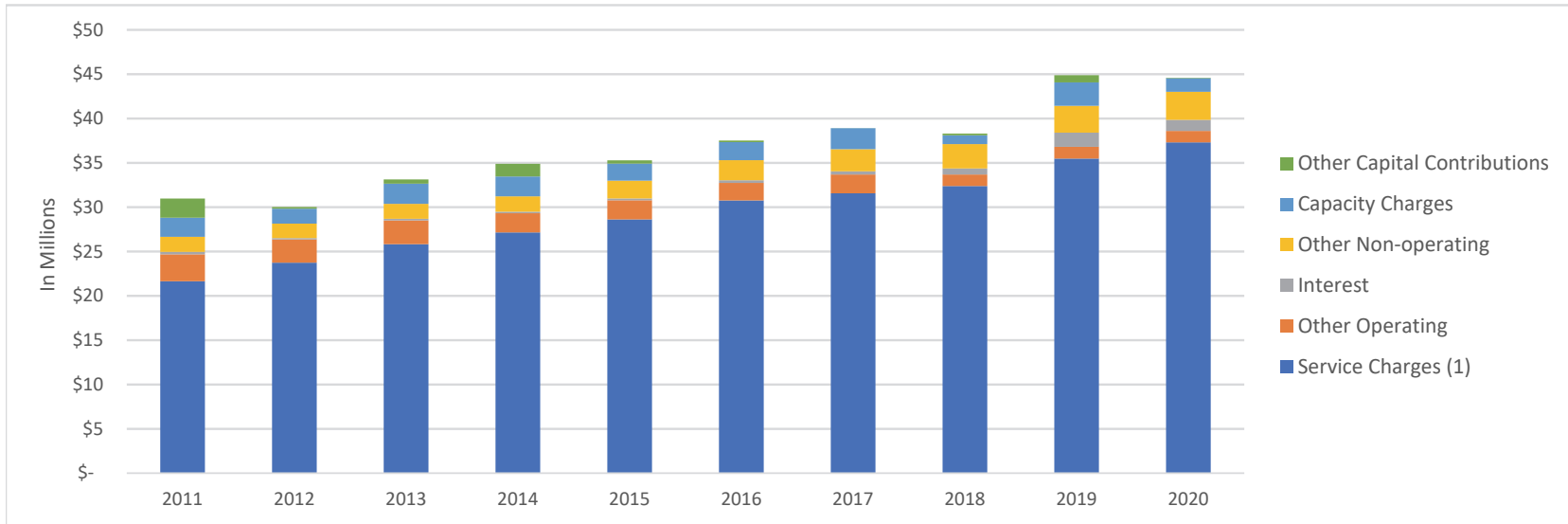
Note: <sup>(1)</sup> Service Charges is comprised of Wastewater Sewer Service, Recycled Water, Street Sweeping, and Bay Point Collection Charges.

<sup>(2)</sup> Prior to FY18/19, overhead from capital projects was reported as Work for Others. Commencing FY18/19, reported as transfer and eliminated for entity-wide statements.

<sup>(3)</sup> Includes a one-time side fund payment made to CalPERS of \$3.9M.

<sup>(4)</sup> Implementation of GASB 68 and 75; write-off of construction in progress.

**DELTA DIABLO**  
**Total Revenue By Source**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



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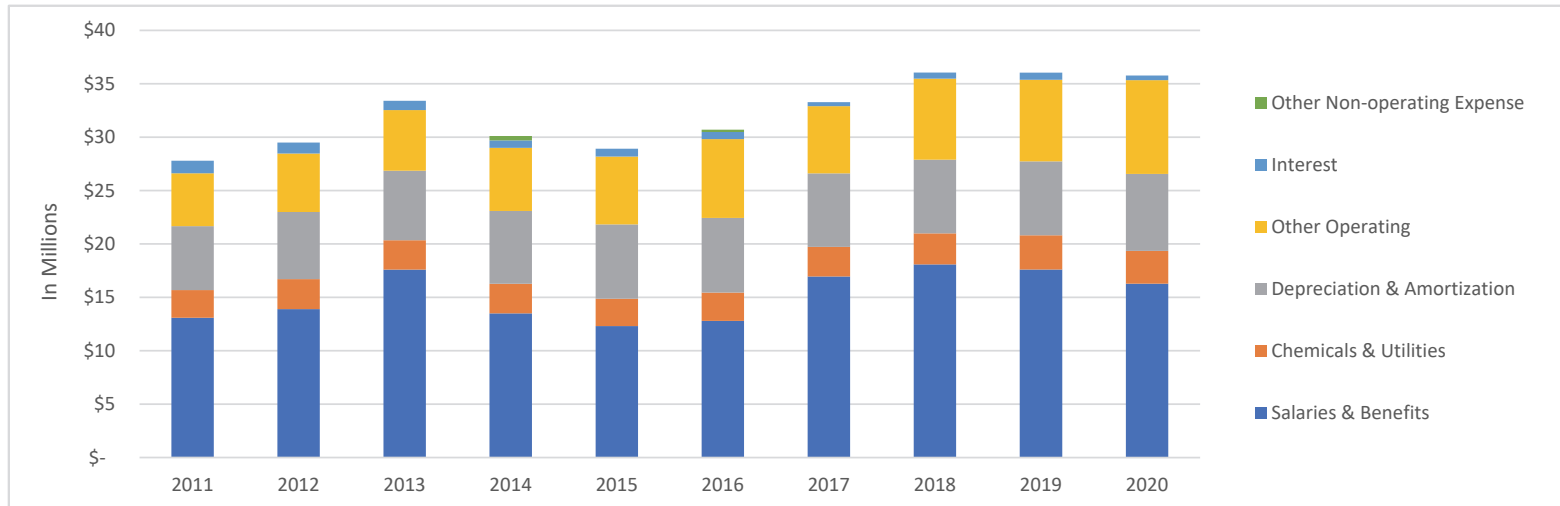
<b>Revenue Sources</b>							
<b>Fiscal Year</b>	<b>Service Charges <sup>(1)</sup></b>	<b>Other Operating</b>	<b>Interest</b>	<b>Other Non-Operating</b>	<b>Capacity Charges</b>	<b>Other Capital Contributions <sup>(2)</sup></b>	<b>Total</b>
2011	\$ 21,650,025	\$ 3,029,475	\$ 275,653	\$ 1,698,209	\$ 2,160,678	\$ 2,156,104	\$ 30,970,144
2012	23,741,202	2,615,692	151,223	1,632,411	1,687,667	183,491	30,011,686
2013	25,824,829	2,677,605	189,139	1,684,213	2,280,985	475,486	33,132,257
2014	27,151,658	2,161,304	174,179	1,734,309	2,250,790	1,426,873	34,899,113
2015	28,626,113	2,147,690	207,369	2,014,932	1,926,982	363,704	35,286,790
2016	30,755,640	1,989,673	297,905	2,266,583	2,031,409	177,138	37,518,348
2017	31,572,922	2,121,889	359,034	2,495,786	2,359,761	13,298	38,922,690
2018	32,389,604	1,302,988	678,535	2,745,286	992,717	198,581	38,307,711
2019	35,484,438	1,322,760	1,606,118	3,025,397	2,636,962	810,867	44,886,542
2020	37,312,576	1,295,349	1,243,479	3,160,694	1,540,614	51,758	44,604,470

Source: Delta Diablo Audited Financial Statements

Note: <sup>(1)</sup> Service Charges is comprised of Wastewater Sewer Service, Recycled Water, Street Sweeping, and Bay Point Collection Charges.

<sup>(2)</sup> The District received capital contributions either in the form of State, Subgrants and/or Federant grants.

**DELTA DIABLO**  
**Total Expense By Category**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



Expense Categories							
Fiscal Year	Salaries & Benefits	Chemicals & Utilities	Depreciation & Amortization	Other Operating	Interest	Other Non-operating	Total
2011	\$ 13,089,446	\$ 2,586,077	\$ 5,990,441	\$ 4,954,305	\$ 1,174,581		\$ 27,794,850
2012	13,892,968	2,815,572	6,279,367	5,483,266	1,025,593		29,496,766
2013	17,593,719 <sup>(1)</sup>	2,755,742	6,506,348	5,683,360	868,105		33,407,274
2014	13,500,132	2,767,263	6,821,159	5,911,463	695,818	415,681	30,111,516
2015	12,304,139	2,567,767	6,959,201	6,352,457	735,098		28,918,662
2016	12,796,436	2,649,252	6,993,567	7,378,633	662,132	217,711	30,697,731
2017	16,951,986 <sup>(2)</sup>	2,772,504	6,881,767	6,297,325	371,091		33,274,673
2018	18,083,303 <sup>(2)</sup>	2,908,186	6,897,318	7,589,936	572,957		36,051,700
2019	17,604,581	3,204,882	6,926,195	7,639,425	670,360		36,045,443
2020	16,279,300	3,073,901	7,202,996	8,781,923	432,608		35,770,728

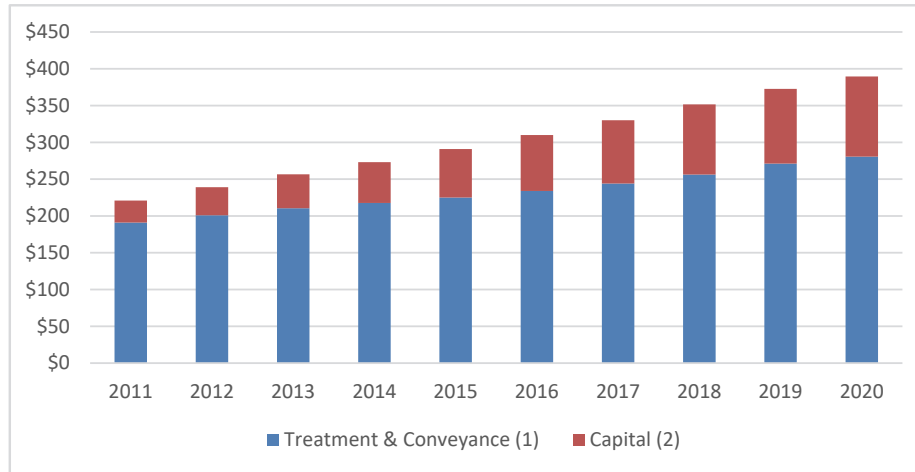
Source: Delta Diablo Audited Financial Statements

Note: <sup>(1)</sup> Includes a one-time side fund payment made to CALPERS of \$3.9M.

<sup>(2)</sup> Includes adjustment for Implementation of GASB 68.

<sup>(3)</sup> Loss on disposition of capital assets.

**DELTA DIABLO**  
**Major Revenue Base and Rates**  
**Last Ten Fiscal Years**



Fiscal Year	Annual Sewer Service Charge			Capacity Charges <sup>(3)</sup>
	Treatment & Conveyance <sup>(1)</sup>	Capital <sup>(2)</sup>	Total	
2011	\$191	\$30	\$222	\$4,444
2012	201	38	238	4,444
2013	211	46	257	4,444
2014	218	55	273	4,444
2015	225	66	291	4,444
2016	234	76	310	4,444
2017	244	86	330	4,444
2018	256	95	352	4,444
2019	271	102	373	4,444
2020	281	109	389	4,444

Source: Delta Diablo Rate Ordinance

Note: <sup>(1)</sup> Average annual flat fee (Zone 1-3) per Equivalent Residential Unit (ERU). Multi-family properties, multiply # of ERU x annual flat fee. Commercial user charges consist of an annual rate x hundred cubic feet (HCF) of water consumed except for customers with less than 90 HCF of water consumed, which are assessed an annual flat fee.

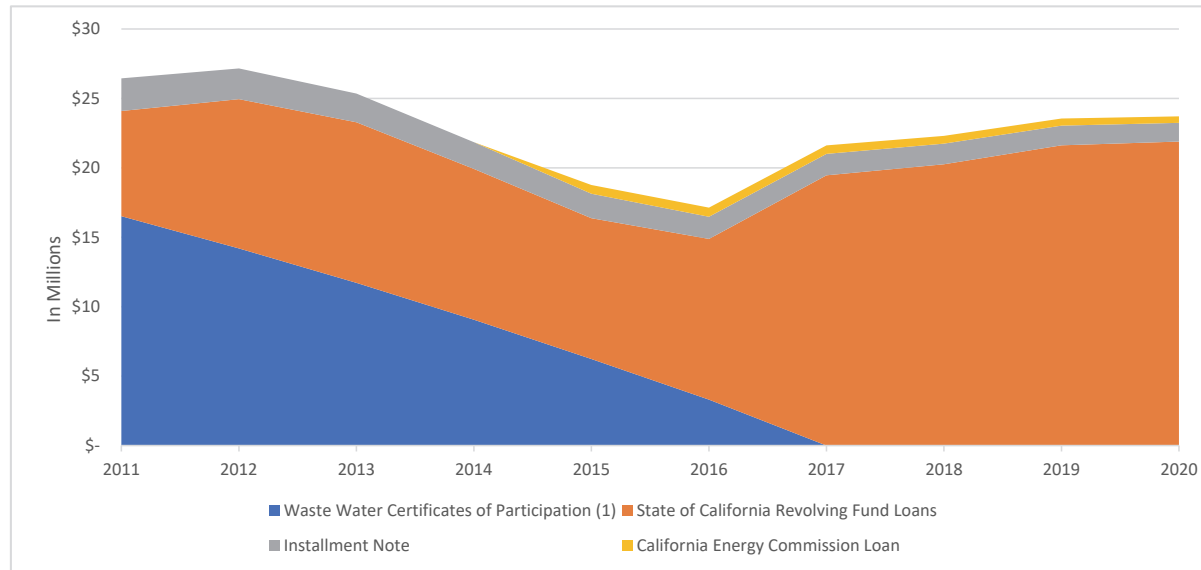
<sup>(2)</sup> Average annual flat fee (Zone 1-3) for Capital Asset and Capital Asset Replacement. Starting in FY11-12 includes an Advance Treatment Plant component.

<sup>(3)</sup> Average Capital Facilities Capacity Charges (Zone 1-3) for new users per ERU connecting to the wastewater system.





**DELTA DIABLO**  
**Outstanding Debt by Type and Debt Per Capita**  
**Last Ten Fiscal Years**



Fiscal Year	Waste Water Certificates of Participation <sup>(1)</sup>	State of California Revolving Fund Loans	Installment Note	California Energy Commission Loan	Total	Population Estimates <sup>(2)</sup>	Debt Per Capita <sup>(3)</sup>
2011	\$ 16,517,749	\$ 7,580,161	2,344,210		\$ 26,442,120	189,700	\$ 139
2012	14,193,806	10,754,568	2,212,746		27,161,120	192,707	141
2013	11,714,312	11,568,040	2,072,577		25,354,929	195,392	130
2014	9,067,882	10,854,596	1,923,203		21,845,681	198,473	110
2015	6,237,347	10,134,156	1,764,088	\$ 630,000	18,765,591	200,942	93
2016	3,310,000	11,570,850	1,594,676	655,696	17,131,222	203,759	84
2017		19,464,968	1,542,156	608,219	21,615,343	204,971	105
2018		20,258,304	1,483,830	560,267	22,302,401	207,057	108
2019		21,624,398	1,419,331	511,833	23,555,562	214,327	110
2020		21,897,345	1,348,274	462,927	23,708,546	214,862	110

Source: Delta Diablo Audited Financial Statements

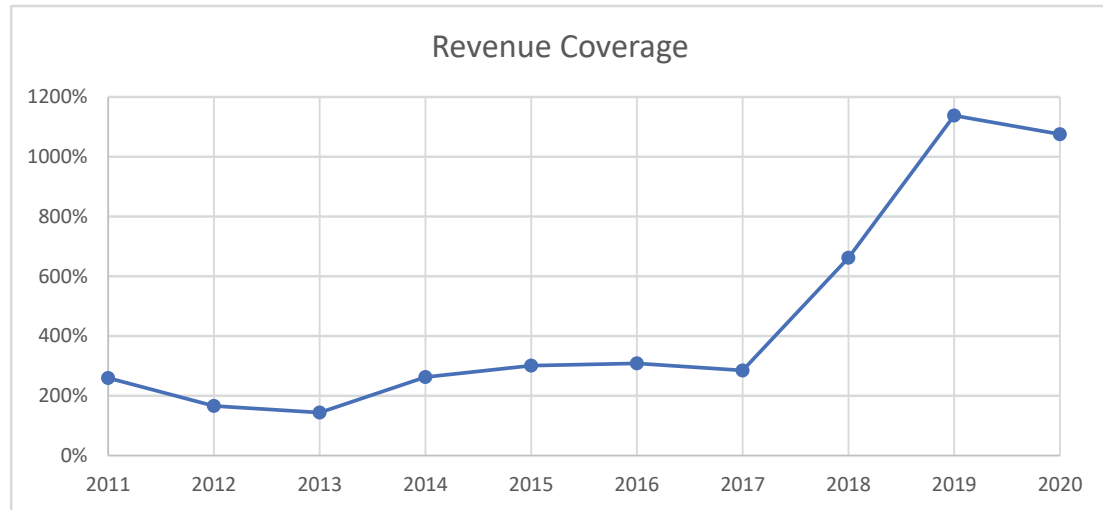
Notes: Debt amounts exclude premiums, discounts, or other amortization amounts.

<sup>(1)</sup> Includes accrued interest. Matured in 2016.

<sup>(2)</sup> Demographics and Economic Statistics (Statistical section)

<sup>(3)</sup> Debt per Capita = Total Debt/Population Estimate.

**DELTA DIABLO**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**



Fiscal Year	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011	\$ 30,970,144	\$ 21,804,409	\$ 9,165,735	\$ 3,506,189	\$ 25,475	\$ 3,531,664	260%
2012	30,011,686	23,217,399	6,794,287	3,951,703	140,199	4,091,902	166%
2013	33,132,257	26,900,926	6,231,331	3,635,223	700,029	4,335,252	144%
2014	34,899,113	23,290,357	11,608,756	4,172,818	248,160	4,420,978	263%
2015	35,286,790	21,959,461	13,327,329	4,194,555	233,724	4,428,279	301%
2016	37,518,348	23,704,164	13,814,184	4,253,312	226,260	4,479,572	308%
2017	38,922,690	26,392,906	12,529,784	4,178,887	221,286	4,400,173	285%
2018	38,307,711	29,154,382	9,153,329	1,000,849	381,817	1,382,666	662%
2019	44,886,542	29,119,248	15,767,294	973,476	412,175	1,385,651	1138%
2020	44,604,470	28,567,732	16,036,738	1,053,186	437,985	1,491,171	1075%

Source: Delta Diablo Audited Financial Statements

Note: Detail information on long-term debt can be found in the notes to the financial statements

<sup>(1)</sup> All revenues including capacity charges and other capital contributions

<sup>(2)</sup> Does not include depreciation and amortization

**DELTA DIABLO**  
**Principal Employers in the District**  
**Current Year and Nine Years Ago**

Employer <sup>(1)</sup>	Industry <sup>(2)</sup>	2020 <sup>(1)</sup>			2010 <sup>(1)</sup>		
		Estimated Employees	Rank	Percent of District Employment	Estimated Employees	Rank	Percent of District Employment
Pittsburg Unified School District	Schools-Universities	1,242	1	1.27%	868	4	0.96%
Kaiser Permanente	Hospitals/Clinics	960	2	0.98%	2,040	1	2.25%
Antioch Unified School District	Schools-Universities	<sup>(4)</sup>	3		1,626	2	1.79%
Sutter Delta Medical Center	Hospitals/Clinics	872	4	0.89%	830	5	0.92%
Los Medanos Community College	Schools-Universities	584	5	0.60%	520	6	0.57%
Walmart	Retail	582	6	0.59%	320	9	0.35%
USS-POSCO	Manufacturing	581	7	0.59%	1,000	3	1.10%
Dow Chemical Company	Manufacturing	350	8	0.36%	425	7	0.47%
Contra Costa County Social Services	Family Services	<sup>(4)</sup>	9		419	8	0.46%
City of Antioch	Hospitals/Clinics	300	10		300	10	0.33%
All Others		92,537			82,352		
Total <sup>(3)</sup>		98,000			90,700		

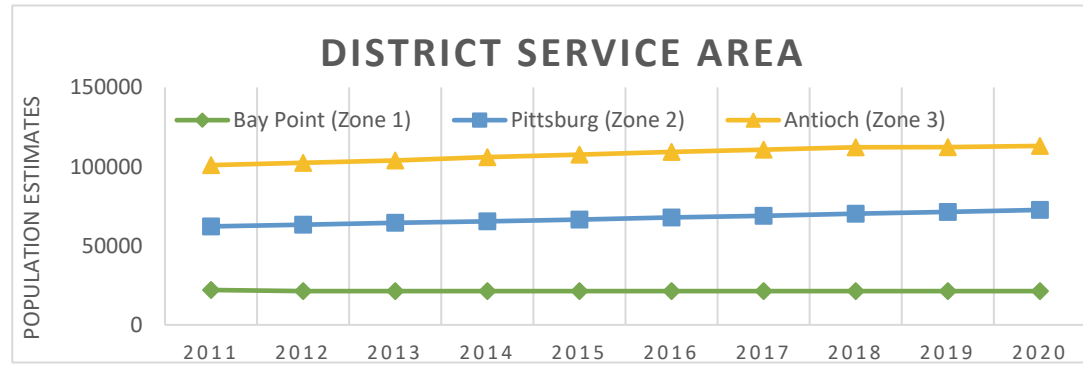
Source: <sup>(1)</sup> City of Antioch and City of Pittsburg 2019/2010 CAFR

<sup>(2)</sup> State of California, Employment Development , Major Employers (Industry Type)

<sup>(3)</sup> State of California , Employment Development Department, Labor Market Information

<sup>(4)</sup> Information not available for City of Antioch 2019 CAFR

**DELTA DIABLO**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal or Calendar Years**



Population Estimates for the District's Service Area					Contra Costa County			
Fiscal Year Ended June 30	Bay Point <sup>(1)</sup> (Zone 1)	Pittsburg <sup>(2)</sup> (Zone 2)	Antioch <sup>(2)</sup> (Zone 3)	Total	Population <sup>(2)</sup>	Personal Income <sup>(3)</sup>	Per Capita Personal Income <sup>(3)</sup>	Average Annual Unemployment Rate <sup>(4)</sup>
2011	21,349	64,483	103,868	189,700	1,059,557	\$ 61,156,431	\$ 57,363	10.8
2012	21,349	65,407	105,951	192,707	1,070,440	\$ 66,344,299	\$ 61,530	9.7
2013	21,349	66,499	107,544	195,392	1,083,937	\$ 66,607,757	\$ 60,883	8.2
2014	21,349	67,849	109,275	198,473	1,098,018	\$ 69,818,812	\$ 62,957	6.8
2015	21,349	68,895	110,698	200,942	1,112,328	\$ 76,517,699	\$ 68,123	5.6
2016	21,349	70,233	112,177	203,759	1,127,279	\$ 80,412,234	\$ 70,840	4.7
2017	21,349	71,342	112,280	204,971	1,139,313	\$ 88,024,256	\$ 76,886	4.2
2018	21,349	72,647	113,061	207,057	1,149,363	\$ 94,900,003	\$ 82,506	3.5
2019	27,885	72,541	113,901	214,327	1,155,879	n/a	n/a	3.4
2020	28,021	74,321	112,520	214,862	1,153,561	n/a	n/a	4.0
Average (10 years)	22,670	69,422	110,128	202,219				
As a % of Total	11%	34%	54%	100%				

Source: <sup>(1)</sup> U. S. Census Bureau -2010-2017 Census People Quick Facts, population 2010 or latest estimates available.

<sup>(2)</sup> California Department of Finance, Estimate for January 1 of each year.

<sup>(3)</sup> U.S. Department of Commerce-Bureau of Economic Analysis (thousands).

<sup>(4)</sup> Federal Reserve Economic Data-Economic Research Division.

Notes: Data shown as n/a denotes information is not available.

The district is located in Contra Costa County and serves 3 cities (Bay Point, Pittsburg and Antioch) within the county.

**DELTA DIABLO**  
**About the District**

Date of Formation	1955
Number of employee positions filled	72
Governing Body	Three appointed Board Members (The Mayors of the City of Pittsburg [or Designee] and City of Antioch [or Designee]), and the Contra Costa County Supervisor of Bay Point.
Services Provided	Wastewater treatment and disposal, Recycled Water, Household Hazardous Waste Facility and disposal, Street Sweeping and Wastewater collection for Bay Point.

Service Areas in Contra Costa County	Square Miles	Population Estimates <sup>(1)</sup>	Per Capita Income <sup>(2)</sup>	Household Income <sup>(2)</sup>	Unemployment Rate <sup>(3)</sup>
Bay Point (Unincorporated)	7	28,021	\$ 20,289	\$ 55,856	16.5%
Pittsburg (City)	18	74,321	\$ 28,258	\$ 70,770	12.9%
Antioch (City)	29	112,520	\$ 28,138	\$ 71,422	13.4%
Total	54	214,862			
Weighted Average District Area Per Capita Income			\$ 27,156		
Weighted Average District Area Per Household Income				\$ 69,166	
Weighted Average District Area Unemployment (based on District population)					13.6%

Number of Facilities:			
Treatment Plants	1	Recycled Water Plants	1
Miles of Sanitary Sewer	73.5	Miles of Recycled Water Main	16
Pump Stations	5	Recycled Water Reservoirs	3
Household Hazardous Waste Facilities	1		

Source: Delta Diablo Records

Notes: <sup>(1)</sup> Demographic and Economic Statistics Section of this report.

<sup>(2)</sup> U.S. Census Bureau, State & County Quick Facts, 2017 Dollars

<sup>(3)</sup> State of California, Employment Development Department, Monthly Labor Force Data for Cities and Census Designated Places (2019 Preliminary, data not seasonally adjusted)

**DELTA DIABLO**  
**District Employees By Department**  
**Last Ten Fiscal Years**

Department/Function	Fiscal Year Ending June 30									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	8.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00	7.00
Public Information <sup>1</sup>	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
Sub-total Administrative Services Department	9.00	9.00	9.00	9.00	9.00	9.00	10.00	8.00	8.00	7.00
Human Resources and Safety	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	5.80	5.80	5.80	6.00	6.00	5.00	6.00	6.00	5.00	5.00
Information systems	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Information <sup>1</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Purchasing	2.00	2.00	0.00	0.00	1.00	1.00	1.00	1.00	0.00	0.00
Sub-total Business Services Department	12.80	12.80	10.80	11.00	12.00	11.00	12.00	13.00	11.00	11.00
Engineering Services	10.00	10.00	10.00	10.00	10.00	11.00	11.00	12.00	11.00	9.00
Sub-total Engineering Services	10.00	10.00	10.00	10.00	10.00	11.00	11.00	12.00	11.00	9.00
Maintenance	19.00	18.00	19.00	19.00	18.00	18.00	21.00	19.00	17.00	17.00
Collection	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Plant Operations	18.00	18.00	18.00	17.00	18.00	17.00	19.00	19.00	19.00	19.00
Laboratory, pre-treatment, pollution prevention	7.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00
Sub-total Operations Services	46.00	44.00	45.00	43.00	43.00	43.00	48.00	46.00	45.00	45.00
Total Number of Active Positions Filled	<u>77.80</u>	<u>75.80</u>	<u>74.80</u>	<u>73.00</u>	<u>74.00</u>	<u>74.00</u>	<u>81.00</u>	<u>79.00</u>	<u>75.00</u>	<u>72.00</u>
Total Number of Budgeted Positions <sup>2</sup>					<u>76.80</u>	<u>78.80</u>	<u>82.00</u>	<u>81.00</u>	<u>78.00</u>	<u>79.00</u>
Total Number of Retirees	<u>25.00</u>	<u>28.00</u>	<u>31.00</u>	<u>33.00</u>	<u>39.00</u>	<u>42.00</u>	<u>46.00</u>	<u>50.00</u>	<u>56.00</u>	<u>60.00</u>

Source: Delta Diablo Payroll and Financial Records

Note: Active positions filled and budgeted positions does not include Board members, temporary and/or summer co-op interns. Retiree count does not include spouses.

<sup>1</sup> Public Information was moved from Administration to Business Services in FY17/18.

<sup>2</sup> Prior years Budgeted Positions not available.

**DELTA DIABLO**  
**Operating and Capital Indicators by Program**  
**Last Ten Fiscal Years (FY) or Calendar Years (CY)**

Program	Year	Unit	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Wastewater (WW)</b>												
Number of Treatment Plants	CY		1	1	1	1	1	1	1	1	1	1
Miles of Sanitary Sewer	CY		71	71	71	71	71	71	73.5	71	73.5	73.5
Number of Pump Stations	CY		5	5	5	5	5	5	5	5	5	5
Annual Average Influent Flow	CY	mgd	13.5	13.2	13.0	12.8	12.2	12.4	13.3	12.6	12.6	12.7
Treatment Plant Capacity (ADWF)	CY	mgd	16.5	16.5	16.5	19.5	19.5	19.5	19.5	19.5	19.5	19.5
Average Dry Weather Flow (ADWF)	CY	mgd	13.2	12.7	13.1	12.5	11.8	12.3	12.8	12.4	12.4	12.5
<b>Recycled Water (RW)</b>												
Number of Recycled Water Reservoirs	CY		3	3	3	3	3	3	3	3	3	3
Miles of Recycled Water Mains	CY		14.2	14.2	14.2	16.0	16.0	16.0	16.2	16.2	16.2	16.2
Storage Capacity of Recycled Water Reservoirs	CY	mg	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Annual Average Recycled Water Produced	CY	mgd	5.8	7.9	8.0	7.2	6.6	6.4	4.4	6.2	6.2	5.6
Average Dry Weather Flow (ADWF)	CY	mgd	4.6	8.3	8.6	7.4	7.3	7.8	5.2	6.0	6.0	4.5
<b>Household Hazardous Waste (HHW)</b>												
Number of Households (est)	FY		97,714	95,064	95,656	97,837	99,036	100,249	101,954	103,153	102,923	102,159
Total Number of Vehicles	FY		12,661	14,345	14,609	14,560	15,504	16,071	17,465	19,151	20,005	13,521
Total Participation Rate	FY		13.0%	15.1%	15.3%	17.0%	15.7%	16.0%	17.1%	18.6%	19.4%	13.2%
Total Tons of Waste Collected	FY		562	498	434	399	441	516	533	545	556	338
Total Percent of Waste Recycled	FY		78.2%	74.9%	77.6%	73.0%	71.0%	69.0%	68.7%	72.4%	70.8%	73.8%
<b>Street Sweeping</b>												
Annual Curb Miles Swept	CY		25,114	25,380	25,494	25,609	25,724	25,840	25,989	25,989	25,989	25,989
<b>Collection</b>												
Miles of Collection Sewer Lines	CY		43	43	43	43	43	43	43	43	43	43

Source: Delta Diablo Records

mgd = million gallons per day, mg = million gallons



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**DELTA DIABLO  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**DELTA DIABLO  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For The Year Ended June 30, 2020**

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## MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors  
Delta Diablo  
Antioch, California

In planning and performing our audit of the basic financial statements of the Delta Diablo (District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Pleasant Hill, California

Date

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## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **2020-01 New GASB Pronouncements Not Yet Effective**

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

#### **EFFECTIVE FISCAL YEAR 2021/22:**

##### **GASB 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

##### **GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period**

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.



## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 92 – Omnibus 2020**

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

#### **GASB 93 – Replacement of Interbank Offered Rates**

Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 93 – Replacement of Interbank Offered Rates (Continued)**

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### EFFECTIVE FISCAL YEAR 2022/23:

#### ***GASB 91 - Conduit Debt Obligations***

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  - (1) an issuer
  - (2) a third-party obligor, and
  - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

## MEMORANDUM ON INTERNAL CONTROL

### SCHEDULE OF OTHER MATTERS

#### **GASB 91 - Conduit Debt Obligations (Continued)**

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

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## REQUIRED COMMUNICATIONS

To the Board of Directors  
Delta Diablo  
Antioch, California

We have audited the basic financial statements of the Delta Diablo (District) for the year ended June 30, 2020. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

### **Significant Audit Findings**

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

The following Governmental Accounting Standards Board (GASB) pronouncement became effective:

#### **GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance***

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

**GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance (Continued)**

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The District implemented the provisions of Statement No. 95 in fiscal year 2020.

***Unusual Transactions, Controversial or Emerging Areas***

We noted no transactions entered into by the District's during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

## ***Accounting Estimates***

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

*Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liability and deferred outflows/inflows of resources are disclosed in Note 8 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liability and deferred outflows/ inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

*Estimated Fair Value of Investments:* The District's cash and investments held at June 30, 2020 as measured by fair value are disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2020.

*Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

## ***Disclosures***

The financial statement disclosures are neutral, consistent, and clear.

## ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.



### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated **Date**.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Information Accompanying the Financial Statements**

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information, which accompanying the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory and Statistical Sections which accompany the financial statements, but are not required supplementary information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

\*\*\*\*\*

This information is intended solely for the use of Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Pleasant Hill, California

Date



## ***MEMORANDUM***

Date: December 10, 2020

To: Federal Glover, Alternate Chair, Finance Committee

From: Carol S. Margetich, Business Services Director

SUBJECT: REVIEW COMPREHENSIVE ANNUAL FINANCIAL REPORT AND  
MEMORANDUM ON INTERNAL CONTROL FOR FISCAL YEAR 2019/2020

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### Recommendation

Review audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year 2019/2020 (FY19/20).

### Background Information

California statutes require special districts to have an annual audit conducted by independent certified public accountants. In addition to preparing basic financial statements for FY19/20, the District has prepared a CAFR, which provides more information (i.e., a Letter of Transmittal and a statistical section) to improve context for the reader. Major CAFR elements and audit findings will be presented to the Finance Committee on December 10, 2020 prior to including this item on the agenda for the December 17, 2020 Board Meeting.

The FY19/20 CAFR was audited by Maze & Associates, who has performed financial audits for the District following Board approval of the original contract on June 11, 2014 and subsequent contract extensions (two-year extension on December 14, 2016, one-year extension on May 8, 2019, and one-year extension on May 18, 2020).

The basic structure of the District's CAFR includes three primary sections:

- 1) **Introductory Section.** This section contains the Letter of Transmittal, which provides a brief overview and directs readers to relevant information within the CAFR to provide context and improve comprehension of the CAFR contents.
- 2) **Financial Section.** This section contains both comparative totals from the prior fiscal year and supplementary information relating to the District's five core programs: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping, and Bay Point Collections.
- 3) **Statistical Section.** This section provides additional historical perspective, context, and detail to help the reader utilize the information located elsewhere in the financial report to better understand the District's economic condition.

The Government Finance Officers Association (GFOA) works to advance excellence in state and local government financial management and promote financial reporting that provides useful information to taxpayers, customers, public officials, investors, and others who use financial

reports. The District will submit the FY19/20 CAFR to GFOA for review under its Certificate of Achievement for Excellence in Financial Reporting program.

### Analysis

Consistent with prior audit results, the District's auditor has determined that the CAFR fairly presents the District's financial condition (this is known as an "unmodified opinion" or "clean" opinion), and no material weaknesses were identified during review of internal controls over financial reporting. Achieving an unmodified opinion provides reasonable assurance that the District's CAFR is free of material misstatements and represents the highest opinion that can be rendered in an audit.

In addition to conducting the audit and reviewing the CAFR, the auditor reviewed internal controls and made recommendations for improvements in a "Memorandum on Internal Control." There were no findings or recommendations this year, which highlights the strength of the District's internal financial controls.

### *FY19/20 Financial Highlights*

A summary of key findings included in the CAFR regarding the District's financial position (as compared to FY18/19) is provided below.

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by \$176.4 million (net position)
- Net position increased by \$8.8 million (5.3%)
- Total assets plus deferred outflows increased by \$13.7 million (6.3%)
- Total liabilities plus deferred inflow of resources increased by \$4.8 million (9.7%)
- Total operating revenues = \$38.6 million, an increase of \$1.8 million (4.9%)
- Total operating expenses = \$35.3 million, a decrease of \$0.03 million (0.1%)
- Capital contributions = \$1.5 million, a decrease of \$1.0 million (41.6%)

The District remains financially sound with a combined total net position at the end of FY19/20 of \$176.4 million. Changes in net position serve as a useful indicator of the District's financial position over time. For FY19/20, the District's net position increased by \$8.8 million, which was the result of two main factors:

- 1) Total operating revenues of \$38.6 million exceeded total operating expenses by \$3.2 million. This positive result, which includes the collection of SSCs, demonstrates the success of the District's overall fiscal year operations and long-term infrastructure planning.
- 2) Net non-operating revenue of \$5.5 million (Capital Facilities Capacity Charges [CFCCs] of \$1.5 million + ad valorem property taxes of \$3.1 million + interest income of \$1.2 million + other non-operating revenue of \$0.1 million – interest expense of \$0.4 million).

A thorough discussion of the financial activities for FY19/20 is provided in the Management Discussion and Analysis (MD&A) section of the CAFR.

Federal Glover, Alternate Chair, Finance Committee

December 10, 2020

REVIEW COMPREHENSIVE ANNUAL FINANCIAL REPORT AND MEMORANDUM ON  
INTERNAL CONTROL FOR FISCAL YEAR 2019/2020

Page 3

During FY19/20, the Wastewater Capital Expansion Fund paid \$1.8 million toward the interfund loan from the Wastewater O&M Fund, Wastewater Capital Asset Fund, and Wastewater Capital Asset Replacement Fund. The balance of the interfund loan at the end of FY19/20 was \$3.8 million. In addition, an interfund load of \$4.0 million was made from the Advanced Treatment Fund to the Capital Asset Replacement Fund.

A representative from the accounting firm responsible for the independent audit will present the FY19/20 Financial Audit Results to the Finance Committee and will address questions on the scope of work, associated findings, and reports.

Next Steps

If recommended by the Finance Committee, the draft documents would be finalized and presented to the Board of Directors at the December 17, 2020 meeting. Any comments received from the Finance Committee will be reflected in the finalized Board communications.

Financial Impacts

The District remains financially sound and no material weaknesses in internal controls were identified by the auditor. The District's net position increased by \$8.8 million in FY19/20 due to total operating revenues exceeding total operating expenses. The District will consider this increase, as well as other FY19/20 final audited results during the near-term budget and rate development process.

Attachments

- 1) FY19/20 Comprehensive Annual Financial Report
- 2) Memorandum on Internal Controls, Maze and Associates

//CSM

cc: David Alvey, CPA, Vice President, Maze & Associates

**MEETING NOTES**

**BOARD OF DIRECTORS FINANCE COMMITTEE MEETING**  
**DELTA DIABLO**

(a California Special District)

**THURSDAY, DECEMBER 10, 2020**  
**10:00 A.M.**

The meeting was called to order by Alternate Committee Chair Federal Glover, on Wednesday, December 10, 2020, at 10:01 a.m. via Zoom Video Conferencing. Present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director; Eka Ekanem, Acting Finance Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and Vikki Rodriguez, CPA, Maze & Associates.

**PUBLIC COMMENTS**

None

**REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND**  
**MEMORANDUM ON INTERNAL CONTROL FOR FISCAL YEAR 2019/2020**

Ms. Margetich introduced a representative from the District's external audit firm (Ms. Vikki Rodriguez, CPA, of Maze & Associates). Ms. Rodriguez reviewed key findings from the FY19/20 financial audit and stated the District continues to maintain a strong financial position with no material weaknesses or opportunities for improvement identified in the District's internal controls. She noted that the District's net position as of June 30, 2020 is \$176.4 million, which represents an increase of \$8.8 million from FY18/19. Total revenue equaled \$44.6 million with sewer service charges as the largest source of revenue at \$37.3 million. Total expenses in FY19/20 were \$35.8 million with labor costs representing the largest expense at \$16.3 million. All other expenses totaled \$19.5 million. Ms. Rodriguez highlighted that net pension liability under GASB 68 is \$18.3 million, net Other Post-Employment Benefits (OPEB) liability is \$4.2 million under GASB 75, and the District's OPEB trust fund balance is \$15.8 million. She highlighted the District's historical net position and noted the recent increase supports long-term infrastructure investment planning.

Alternate Committee Chair Glover thanked staff and recommended the CAFR audit report be presented to the Board at its December 17, 2020 meeting.

**ADJOURNMENT**

The meeting was adjourned at 10:17 a.m.

Recording Secretary: Cecelia Nichols-Fritzler



**ITEM J**

December 17, 2020

RECEIVE MONTHLY LOBBYIST REPORT DATED NOVEMBER 2020, KEY ADVOCATES, INC., WESTERN RECYCLED WATER COALITION, PROJECT NO. 90024

RECOMMENDATION

Receive and file report.

Background Information

As lead agency for the Western Recycled Water Coalition, the District administers a contract with a lobbyist, Key Advocates, Inc. (KA), and receives a monthly summary report regarding related lobbying activities.

Analysis

Attached is the report for November 2020, which was produced by KA and distributed to members of the Western Recycled Water Coalition.

Financial Impact

None

Attachment

Monthly Report, November 2020

Reviewed by:



\_\_\_\_\_  
Brian Thomas  
Engineering Services Director/District Engineer

cc: Project File No. P.90024.06.01





1701 Pennsylvania Avenue  
Washington, D.C. 20006  
(703)340-4666  
[www.keyadvocates.com](http://www.keyadvocates.com)

November 30, 2020

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

### **The Election: House of Representatives**

In the House, there were 236 Democrats and 199 Republicans going into the election. The polling indication was that the Democrats would pick up seats (anywhere from 5 to 15), but instead they ended up losing seats. Incomplete results at this time show 222 Democrats to 205 Republicans, with the remaining 8 still to be confirmed. There are 218 votes needed for a majority. While the Democrats will continue to maintain a majority in the new Congress, looking ahead to the mid-term election two years away, the Republicans will only need to pick up a handful of seats to gain a majority which has frequently happened in mid-term elections; that is, the party that controls the White House tends to lose seats.

House Leadership elections held this month resulted in no changes at the two highest levels in both parties - for the Democrats, Pelosi and Hoyer and for the Republicans, McCarthy and Scalise. The official vote for Speaker will occur the first day of the new Congress in January. The committee ratios of Democrats to Republicans will be adjusted with the Republicans gaining seats on committees. Committee ratios mirror the ratio of majority to minority in the full House. Both caucuses have their own process to select committee assignments, and this usually happens in December. There will be some "musical chair" situations with committee and subcommittee chairs given the new Republicans, some of the Democrat defeats, and a number of retirements.

### **The Election: Senate**

Going into the election, the Senate was at 53 Republicans and 47 Democrats. The Democrats flipped two seats in the election (Arizona and Colorado), and lost one (Alabama). Two Senate races in Georgia did not result in any candidate receiving 50% or more of the vote, forcing a January 5<sup>th</sup> runoff. If the Republicans win both or one of the seats, then they will have a majority with either 52 or 51 seats. If, however, both go Democratic, then it would be a 50/50 split with Vice President Harris being the tie breaker vote (note two seats are actually independents who caucus with the Democrats).



The Senate held leadership elections this month, with the same elected on the Republican side (McConnell and Thune) and with the same on the Democrat side (Schumer and Durbin). There is not much change in overall majority to minority ratios in the full Senate so the number of committee seats will remain mostly the same. There could be a shift in committee members due to some leaving and being replaced because of election results or because of Senate committee term limits on chair positions. The Senate has been historically very slow at making chair, committee and subcommittee assignments, so these may not be finalized for a few months.

### **The Election: The White House**

Watching with interest cabinet and undersecretary key nominations as well as key sublevel assignment at relevant agencies and The White House.

### **2020 Remaining Schedule**

Congress is back in session. The focus is on Fiscal Year (FY) 21 appropriations bills and possible COVID relief stimulus legislation.

Regarding FY21 appropriations, on November 24 the House and Senate appropriators clinched a deal on a bipartisan overall spending total - \$1.4 trillion – to fund all 12 appropriation bills in one massive omnibus bill. Now with agreement on the overall number, over the next two weeks the appropriators will decide how to divide it up by program with the goal of reaching a bipartisan, bicameral final bill on or before December 11, thereby avoiding another continuing resolution.

Regarding COVID relief, there had been quite a bit of back and forth for three to four months before the election with Secretary of the Treasury Mnuchin leading the effort for The White House and Hill Republicans, and Speaker Pelosi leading the effort for Hill Democrats. However, since the election, Senate Majority Leader McConnell has stepped in and is representing both The White House and Hill Republicans. McConnell is pushing for a bill this year because he believes that he has a better chance at getting a bill more to the Republican's liking while President Trump is still in office than from the new Administration. While the two sides have come closer together in terms of the overall funding of the relief effort, they still are very far apart in terms of scope. The House Democrats are pushing for a mega omnibus bill while the Republicans want a smaller targeted approach. Without stimulus enacted by December 31, a number of programs will expire, including expanded unemployment benefits, student loan payment pause, eviction protection, paid family leave, and relief funds for states.

### **Earmarks**

Per Steny Hoyer, House Majority Leader, Democrats are planning to bring back earmarks – “safe, transparent, and accountable Congressionally-directed spending.” This will be part of the FY22 appropriations process. T&I Chair DeFazio is also “fully supportive of bringing earmarks back.”

## **FY 21 Continuing Resolution**

Per the above, the government is operating on a Continuing Resolution to December 11 that is funding most programs at the FY20 levels (\$1.6 B Clean Water State Revolving Fund (CWSRF) and \$1.1 B Drinking Water State Revolving Fund). The Resolution was necessitated because while the House had passed all of its FY21 appropriation bills the Senate had passed none. However, on November 10, the Senate released all 12 of its spending bills. If all the bills are completed before December 11, there won't be a need for another Continuing Resolution. If not, there will be either a short-term (or series of short terms) and/or a long-term Continuing Resolution (to February or March) until the appropriations bills are completed.

## **House and Senate FY21 “Water” Appropriations**

The House included \$63.665 M for Title XVI, of which \$11.791 M is for WIIN Act projects. The Senate included \$63.617 M for Title XVI, of which \$20 M is for WIIN Act projects. The House included \$60 M for WaterSMART and the Senate \$55 M. The Senate numbers for the CWSRF and the SDWSRF are the same as the House (\$1.6B and \$1.1B respectfully).

## **Lame Duck Session**

Pushing for enactment of WRDA, S. 1932, Gardner/Feinstein, and Napolitano/Huffman bills – see sections following.

### **S. 1932, “Drought Resiliency and Water Supply Infrastructure Act”**

**Status:** On November 20, per Lane Dickson, Professional Staff, Senate Committee on Energy & Natural Resources (when asked about the plan/goal for the lame duck session) – “There will not be an opportunity to move S. 1932 due to continued opposition on the Democratic side of the aisle in both the House and Senate. We will resume negotiations next Congress. We are looking at a water package to try and move in the lame duck, which likely will require a one-year extension of both the WIIN Storage and Title XVI programs. If that is something the group supports as a way to kick the can down the road and give additional time to find long term solutions, it would be great for you to encourage members to support that. So far, there appears to be Democrat opposition to inclusion of a one-year extension.” Apparently, negotiations hit an impasse while pending was a proposed compromise wherein the Republicans would get more funding for water storage in return for the Democrats getting more funding for recycled water (\$160M over 5 years).

To review, the bill was introduced on June 20 by Senator Gardner (R-CO) with cosponsors Senators Feinstein, McSally (R-AZ), Sinema (D-AZ) and Rosen (D-NV). The bill was referred to the Energy and Natural Resources Committee. McSally is the Chair of its Water and Power Subcommittee. Gardner is a member of the Subcommittee. Feinstein and Sinema are not on the Committee. As introduced, the bill would authorize for FY19-24 \$670M for surface and groundwater storage projects, \$100M for water recycling projects, and \$60M for desalination projects. It would also create a new loan program at 30-year Treasury rates for water supply projects known as the Reclamation Infrastructure Finance and Innovation Act (RIFIA). The

\$150M authorized for the program would make available \$8 to \$12B in lending authority for the low interest loans. The loans would use existing criteria under the WIFIA program, with projects for funding to be recommended by the Bureau of Reclamation, and with the loans to be administered by EPA. The bill would also authorize \$140M for restoration and environmental compliance projects. The bill provides offsets, one of which is a process to de-authorize inactive water recycling projects – projects for which no Federal or sponsor funds were spent on construction in the past 10 years, with an allowance of two and one-half years to spend funds to prevent de-authorization.

### **H.R. 1162, the “Water Recycling Investment and Improvement Act”**

**Status:** On November 23, Matthew Muirragui, Staff Director, House Subcommittee on Water, Oceans and Wildlife (when asked about the plan/goal for the lame duck session for both the Napolitano and Huffman bills) – “These bills are key priorities and it would be great to move them, though it’s hard to predict how things may shake out given all the variables. Appreciate the support and happy to keep you posted as things develop.”

To review, on February 13, Congresswoman Napolitano introduced the bill (with 17 cosponsors, now 27– all Dems). On June 13, the Subcommittee on Water, Oceans, and Wildlife of the Natural Resources Committee held a hearing on the bill and on March 11, the Full Committee marked it up. The bill increases the WIIN Act authorization for Title XVI from \$50 million to \$500 million; makes the WIIN Act Title XVI program permanent as it currently expires in 2021; strikes the requirement that projects must be in drought or disaster areas; strikes the requirement that the projects need to be designated in an appropriations legislation; increases the limitation on the Federal share of individual Title XVI projects from the current \$20 million in October 1996 prices to \$30 million in January 2019 prices; and, does not change the 25% Federal cost share.

### **Huffman Omnibus Water Bill**

**Status:** See above.

To review, on January 10, Congressman Jared Huffman (D-CA-2), Chair of the Water, Oceans, and Wildlife Subcommittee of the Natural Resources Committee, unveiled a draft for comment of his omnibus water bill, the “FUTURE Drought Resiliency Act,” that includes Congresswoman Napolitano’s H.R. 1162 and a section from Congressman Harder’s H.R. 2473 (both also included in this monthly report). The included Napolitano language increases from \$50M to \$500M the authorization for Title XVI WIIN grants and from \$20M to \$30M the Federal share. The Harder language also authorizes \$300M per year for a new “Water Infrastructure and Drought Solutions Fund,” of which \$100M is for ground water storage projects, \$100M for water reclamation and reuse projects, and \$100M for WaterSMART grants. Because it will take years for revenues (they would come from the existing reclamation fund) to reach the \$300M level, the authorizations are for FY2030-2060. Other provisions in the draft - \$750M for storage projects; \$240 for desalination projects; \$100M for disadvantaged communities without adequate drinking water; various technology provisions; and, various ecosystem protection provision.

## **House Water Resources Development Act (WRDA) Bill**

**Status:** On November 25 per Nadia Bermudez, Professional Staff member, T&I/Water Subcommittee (when asked about the status of the WRDA conference) – “Negotiations are continuing. I can’t give you a prediction as to timing.”

On July 29, the House passed H.R. 7575, the “Water Resources Development Act of 2020.” The bill is a Corps of Engineers bill only. No other water programs included such as reauthorization of the CWSRF. The Senate bills, already reported from committee, include non-Corps items (see above). However, of interest is H.R. 1497 (also above) which, while a separate bill, will hopefully link up with the House WRDA bill as it goes to conference, thereby creating a situation where reauthorization of the CWSRF and the Alternative Water Source Program have a good chance of happening. See links to House WRDA bill:

Section-by-Section:

<https://transportation.house.gov/imo/media/doc/WRDA%202020%20Section%20by%20Section%20Final.pdf>

Fact Sheet:

[https://transportation.house.gov/imo/media/doc/WRDA%202020%20Fact%20Sheet\\_FINAL-2.pdf](https://transportation.house.gov/imo/media/doc/WRDA%202020%20Fact%20Sheet_FINAL-2.pdf)

## **Senate WRDA Bills**

**Status:** See above.

The Senate bill includes reauthorization of the CWSRF, and hopefully the House will try to incorporate in the DeFazio bill in their WRDA negotiations, which has even higher levels of funding for CWSRF reauthorization. To review, on May 6, the Senate Environment and Public Works Committee reported two water bills – S. 3591, the “America’s Water Infrastructure Act of 2020” (AWIA) and S. 3590, the “Drinking Water Infrastructure Act of 2020.” The two bills are intended to comprise the Senate 2020 WRDA bill. There are two bills because of the split jurisdiction in the House - AWIA is a Corps of Engineers/CWSRF bill which is under the jurisdiction of the House T&I Committee; the DWSRF bill falls under the jurisdiction of the House Energy and Commerce Committee.

Highlights of both bills: \$25M for FY 2022-2024 for the Alternative Water Source Grants Program - the DeFazio bill authorizes \$75M for each of 5 fiscal years; \$2B in FY 2022, \$2.5B in FY 2023 and \$3B in FY 2024 for the Clean Water SRF (subject to scorekeeping and offsets if necessary) - the DeFazio bill authorizes \$14B over 5 fiscal years; reauthorization and expansion of the Drinking Water Infrastructure Risk and Resiliency Program (\$10M for FY 2022-2024 of the Drinking Water bill), and the creation of a companion \$15M for FY2022-2024 program for clean water systems; \$250M for FY 2021-2022 for reauthorization of the Sewer Overflow and Stormwater Reuse Grant Program - the DeFazio bill authorizes \$225M for each of five fiscal years; \$50M for WIFIA for FY 2022-2024; no authorizations for the Safe Drinking Water SRF as that was re-authorized and increased last Congress; and, no funds for the Title XVI WIIN

grant program as that falls under the jurisdiction of the Senate Energy and Natural Resources Committee.

### **DeFazio H.R.1497, the “Water Quality Protection and Job Creation Act of 2019.”**

**Status:** The bill was reported on September 4. No decision yet as to separate Floor consideration or in WRDA conference.

To review, on March 10 Chair DeFazio, Water and the Environment Subcommittee Chair Napolitano, and Representatives Don Young and John Katko introduced the bill (now with 57 cosponsors) which was amended in markup to authorize \$14B over the next five fiscal years for the CWSRF, \$1.125B for overflow and sewer grants, \$1.295B for state water pollution control programs, \$110M for innovative water grants, and \$150M for alternative water source projects. A Coalition letter of support was submitted.

### **Infrastructure: Congress**

Currently targeted by the new Administration and Hill Democrats for next year. The highway bill, still considered to be the driving force behind a mega infrastructure bill, is expected to be considered in the spring. In addition to including a one-year extension of the current highway program, this year’s House Democrats’ mega-infrastructure bill also includes \$40B for the Clean Water State Revolving Fund, \$500M for recycled water projects under the WIIN Act, a de-authorization process for inactive Title XVI projects, and \$600M for the Alternative Water Source Program. On the Senate side, the only committee to act so far on its portion of a highway bill (the Environment and Public Works committee) has not solicited input from the other committees of jurisdiction, and no bill has gone to the Floor.

### **Infrastructure: Biden \$2T Campaign Plan**

- Update roads, bridges and electric grids.
- Expand access to broadband.
- Upgrade 4 million buildings and weatherize 2 million homes over four years by providing homeowners with direct cash rebates and low-cost financing.
- Provide cities with high-quality, zero-emissions public transportation options, such as light rail networks.
- Achieve a carbon pollution-free power sector by 2035.
- Enable the creation of 1.5 million sustainable homes and housing units.
- Provide increased funding to meet long overdue clean and safe drinking water needs.
- Create union jobs in the construction industry.
- Create 1 million jobs in the auto industry and increase the demand for American-made, American-sourced clean vehicles.
- Provide consumers with rebates for trading in old, less-efficient vehicles for newer America-made vehicles.
- Construct 500,000 electric vehicle charging stations.
- Require all new American-built buses be zero-emissions by 2030.
- Establish new fuel economy standards to reduce pollution.

## **Hirono Water Legislation**

**Status:** On November 19, per Jen Burks, Senior Policy Advisor, Office of Senator Hirono (when asked about the status of the water legislation we were told that the Senator is working on) - “With the ongoing pandemic our time and resources have been focused on responding to constituents’ needs, causing some long-term legislative developments as water legislation to not progress as quickly as we had hoped. We will be sure to reach out once that firms up more, as we do very much want to receive the input when the legislation is at a place to receive input.

## **WIIN Grants**

Per the USBR on November 25, “No change. We are in a holding pattern.” FY19 awardees still at OMB. The current plan is to apply the FY20 \$20M appropriations to the FY19 awardees – add more to what they would get from FY19 allocations only, transmit to Congress for inclusion in the appropriations bill in the next month or so and then focus on FY21 in late summer or early fall.

## **Bill Tracking 116<sup>th</sup> Congress (2019-2020)**

**NOTE: the summary of bills will appear only once but can be made available as requested.**

### **S.40 — Bureau of Reclamation Transparency Act**

Sponsor: Sen. Barrasso, John [R-WY] (Introduced 01/08/2019) Cosponsors: (1) Committees: Energy and Natural Resources

### **S.611 — Water Affordability, Transparency, Equity, Reliability Act of 2019**

Sponsor: Sen. Sanders, Bernard [I-VT] (Introduced 02/28/2019) Cosponsors: (2, now 3) Committees: Environment and Public Works

### **H.R.1764 — To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.**

Sponsor: Rep. Garamendi, John [D-CA-3] (Introduced 03/14/2019) Cosponsors: (8, now 10) Committees: House - Transportation and Infrastructure

### **H.R.5628 — Clean Water Allotment Modernization Act**

Sponsor: Rep. Waltz, Michael [R-FL-6] (Introduced 01/16/2020) Cosponsors: (8) Committees: House - Transportation and Infrastructure

### **S.3211 — Clean Water Allotment Modernization Act**

Sponsor: Sen. Rubio, Marco [R-FL] (Introduced 01/16/2020) Cosponsors: (1) Committees: Senate - Environment and Public Works

### **S.3160 — Affordable Safe Drinking Water Act of 2020**

Sponsor: Sen. Warren, Elizabeth [D-MA] (Introduced 01/08/2020) Cosponsors: (1) Committees: Senate - Environment and Public Works

### **H.R.5539 — Clean Water Standards for PFAS Act of 2020**

Sponsor: [Rep. Pappas, Chris \[D-NH-1\]](#) (Introduced 01/03/2020) Cosponsors: (13)  
Committees: House - Transportation and Infrastructure

**[H.R.5513](#) — Affordable Safe Drinking Water Act of 2019**

Sponsor: [Rep. Kennedy, Joseph P., III \[D-MA-4\]](#) (Introduced 12/19/2019) Cosponsors: (8)  
Committees: House - Energy and Commerce; Transportation and Infrastructure

**[H.R.5445](#) — Critical Infrastructure Act of 2019**

Sponsor: [Rep. Stewart, Chris \[R-UT-2\]](#) (Introduced 12/17/2019) Cosponsors: (6)  
Committees: House - Natural Resources

**[H.R.5361](#) — Safe Drinking Water Assistance Act of 2019**

Sponsor: [Rep. Blunt Rochester, Lisa \[D-DE-At Large\]](#) (Introduced 12/09/2019) Cosponsors: (1)  
Committees: House - Energy and Commerce; Science, Space, and Technology

**[H.R.4780](#) — National Infrastructure Investment Corporation Act of 2019**

**Sponsor:** [Rep. Carbajal, Salud O. \[D-CA-24\]](#) (Introduced 10/22/2019) **Cosponsors:** (0)  
**Committees:** House - Transportation and Infrastructure

**[H.R.4687](#) — SMART Infrastructure Act**

Sponsor: [Rep. Rouda, Harley \[D-CA-48\]](#) (Introduced 10/16/2019) **Cosponsors:** (3, now 5)  
Committees: Transportation and Infrastructure; Science, Space, and Technology; Agriculture; Energy and Commerce

**[S.352](#) — BUILD Act**

Sponsor: [Sen. Cornyn, John \[R-TX\]](#) (Introduced 02/06/2019) Cosponsors: (1)  
Committees: Finance Increases from \$15 billion to \$20.8 billion the national limitation on the amount of tax-exempt highway or surface freight transfer facility bonds.

**[H.R.180](#) — Build America Act of 2019**

Sponsor: [Rep. Hastings, Alcee L. \[D-FL-20\]](#) (Introduced 01/03/2019) Cosponsors: (7, now 12)  
Committees: Transportation and Infrastructure and Ways and Means Directs the Department of Transportation (DOT) to carry out a national infrastructure investment grant program for capital investments in surface transportation infrastructure. Projects eligible for funding under the program include, at a minimum, highway and bridge projects, public transportation projects, passenger and freight rail transportation projects, and port infrastructure investments. In distributing grants under the program, DOT shall ensure an equitable geographic distribution of funds, an appropriate balance in addressing the needs of urban and rural areas, and investment in a variety of transportation modes. At least 20% of grant funds must be set aside for projects in rural areas. The bill amends the Internal Revenue Code to: (1) establish a National Infrastructure Investment Trust Fund, and (2) increase the tax on gasoline other than aviation gasoline and on diesel fuel or kerosene.

**[S.146](#) — Move America Act of 2019**

Sponsor: [Sen. Hoeven, John \[R-ND\]](#) (Introduced 01/16/2019) Cosponsors: (1)  
Committees: Finance Allows tax exempt Move America bonds and Move America tax credits to

be used for certain infrastructure projects. A Move America bond is treated as a tax-exempt private facility bond with certain exceptions. At least 95% of the net proceeds from the issuance of the bond must be used for infrastructure projects. The bill specifies exceptions and modifications to existing rules for bonds regarding land acquisition, government ownership, rehabilitation expenditures, and the alternative minimum tax. The bonds are subject to a volume cap equal to 50% of a state's current private activity bond volume cap. States may exchange all or a portion of the volume cap for Move America tax credits to be allocated to taxpayers. The credits include (1) an equity credit for a portion of the basis of each qualified facility; and (2) an infrastructure fund credit for investments in qualified infrastructure funds, including a state infrastructure bank, a water pollution control revolving fund, or a drinking water treatment revolving loan fund.

**H.R.658 — National Infrastructure Development Bank Act of 2019**

Sponsor: Rep. DeLauro, Rosa L. [D-CT-3] (Introduced 01/17/2019) Cosponsors: (60, now 61)  
Committees: Energy and Commerce, Transportation and Infrastructure, Financial Services and Ways and Means

**S.353 — RAPID Act**

Sponsor: Sen. Cornyn, John [R-TX] (Introduced 02/06/2019) Cosponsors: (1)  
Committees: Environment and Public Works This bill revises the transportation infrastructure finance and innovation (TIFIA) program to (1) require program applicants to obtain investment grade ratings from at least two credit rating agencies, unless the federal credit instrument is less than \$150 million (currently, less than \$75 million), in which case one rating will suffice; (2) require the Department of Transportation (DOT) to implement an expedited decision timeline for public agency borrowers seeking secured loans; and (3) require DOT to publish status reports on program applications on the TIFIA website.

**S.403 — IMAGINE Act**

Sponsor: Sen. Whitehouse, Sheldon [D-RI] (Introduced 02/07/2019) Cosponsors: (5, now 7)  
Committees: Environment and Public Works. Encourages the use of innovative construction materials and techniques to accelerate the deployment, extend the service life, improve the performance, and reduce the cost of domestic transportation and water infrastructure projects.

**H.R.228 — Increase Transportation Alternatives Investment Act of 2019**

Sponsor: Rep. Velazquez, Nydia M. [D-NY-7] (Introduced 01/03/2019) Cosponsors: (2) Committees: Transportation and Infrastructure Directs the Department of Transportation (DOT) to ensure that states give preference under the Surface Transportation Block Grant Program to eligible projects that (1) are located in areas that are undergoing extensive repair or reconstruction of transportation infrastructure, including federal-aid highways, federally owned roads open for public travel, passenger rail facilities, and public transportation facilities; and (2) will provide transportation alternatives related to the closure of transportation infrastructure in such areas. DOT shall (1) carry out a competitive grant program to support community efforts to invest in transportation alternatives; and (2) give preference in awarding grants to projects located in such areas. Entities eligible for grants include state and local governments, metropolitan planning organizations, and rural planning organizations.<sup>[1]</sup><sub>[SEP]</sub>

**H.R.880 — Surface Transportation Investment Act of 2019**



Sponsor: Rep. Brownley, Julia [D-CA-26] (Introduced 01/30/2019) Cosponsors: (1)  
Committees: Ways and Means and Transportation and Infrastructure. This bill limits or repeals certain tax benefits for major integrated oil companies, including (1) the foreign tax credit for companies that are dual capacity taxpayers, (2) the tax deduction for intangible drilling and development costs, (3) the percentage depletion allowance for oil and gas wells, and (4) the tax deduction for qualified tertiary injectant expenses.

The bill modifies the definition of "major integrated oil company" to include certain successors in interest that control more than 50% of the crude oil production or natural gas production of the company. The bill establishes a Transportation Block Grant Fund and appropriates to the fund amounts equal to the increase in revenues as a result of this bill. The funds must be used for making grants under the Surface Transportation Block Grant Program.

**S.1518 — Rebuild America Now Act**

Sponsor: Sen. Sullivan, Dan [R-AK] (Introduced 05/16/2019) Cosponsors: (4)  
Committee: Environment and Public Works. To improve the processes by which environmental documents are prepared and permits and applications are processed and regulated by Federal departments and agencies, and for other purposes.

**H.R.3134 — To direct the Secretary of Transportation to assist States to rehabilitate or replace certain bridges, and for other purposes.** Sponsor: Rep. Langevin, James R. [D-RI-2] (Introduced 06/05/2019) Cosponsors: (2) Committee: Transportation and Infrastructure. To direct the Secretary of Transportation to assist States to rehabilitate or replace certain bridges, a