

# AGENDA

## 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.)**  
WEDNESDAY, JUNE 9, 2021  
4:30 P.M.

**In lieu of a public gathering, the Board of Directors meeting will be accessible via ZOOM to all members of the public as permitted by the 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 Board of Directors Meeting on June 9, 2021 will not be physically open to the public and all Board Members will be teleconferencing into the meeting. Members of the public can observe the meeting by following the steps listed below to view and listen to the Board Meeting.

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

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

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

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

**Using your computer, access the Zoom meeting at: <https://us02web.zoom.us/j/83801581318>**

**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: 838 0158 1318**

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)

# AGENDA

## 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.)**

WEDNESDAY, JUNE 9, 2021

4:30 P.M.

#### A. ROLL CALL

#### B. PLEDGE OF ALLEGIANCE

#### C. PUBLIC COMMENTS

#### D. RECOGNITION

**Introduction** of Anika Lyons, Finance Manager, to the District (Brian Thomas)

#### E. PUBLIC HEARINGS

- 1) **Conduct** Public Hearing on Fiscal Year 2021/2022 through 2025/2026 Capital Improvement Program; **Close** Public Hearing and **Consider** Any Testimony Received; **Adopt** Resolution Approving the Program; and **Authorize** Filing of Notice of Exemption in Compliance with Public Resources Code Section 21152 (Thanh Vo)
- 2) **Conduct** Public Hearing on Sewer Service and Delinquency Charges and Collection System Charges and Surcharges; **Determine** No Majority Protests Exists; **Adopt** Ordinance Establishing Charges; and **Adopt** Resolution Approving Final Written Report and Directing Collection of Certain Sewer Service and Delinquency Charges on County Tax Roll (Brian Thomas)

#### F. CONSENT CALENDAR

- 1) **Approve** Minutes of the Regular Board of Directors Meeting, May 12, 2021 (Cecelia Nichols-Fritzler)
- 2) **Receive** Notes from Personnel Committee, June 1, 2021 (Cecelia Nichols-Fritzler)
- 3) **Receive** District Monthly Check Register, April 2021 (Eka Ekanem)
- 4) **Approve** and **Authorize** General Manager to Execute Amendment to Construction Services Contract in the Amount of \$432,100 for a New Total Contract Amount Not to Exceed \$1,432,100, Construction Services, J.W. Backhoe & Construction, Inc., Bridgehead Pipeline Replacement, Project No. 21123 (Irene O'Sullivan)
- 5) **Adopt** Resolution Establishing Fiscal Year 2021/2022 Appropriations (GANN) Limit for Expenditures That Can Be Funded from Tax Proceeds (Brian Thomas)
- 6) **Authorize** General Manager or His Designee to Approve Construction Contract Change Orders in an Amount Not to Exceed 30% of the Contract Amount, for a New Total

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)

Contract Authorization of \$777,835.50, Parkson Corporation, Sand Filter Intermittent Backwash System, Project No. 21121 (Ian Bronswick)

- 7) **Authorize** General Manager to Execute Amendment No. 4 to Professional Services Agreement, Contract Extension and 8.2% Increase in Unit Costs, Household Hazardous Waste Management Services, Clean Earth, Inc. (Amanda Roa)
- 8) **Approve** and **Authorize** General Manager to Execute an Agreement, Including Specified Rates, for a Two-Year Term from July 1, 2021 through June 30, 2023, Class A Biosolids Processing Services, Lystek International Limited (Dean Eckerson)
- 9) **Approve** Job Description and Salary Range for New Purchasing Supervisor Classification (Brian Thomas)
- 10) **Approve** and **Authorize** General Manager to Execute Product Supply Agreement and Rider for a Five-Year Term Beginning July 1, 2021, in an Annual Amount Not to Exceed \$33,000, Supply and Delivery of Liquid Oxygen, Praxair Distribution, Inc. (Joaquin Gonzalez)
- 11) **Approve** and **Authorize** General Manager to Execute Two-Year General Services Contract for a Total Amount Not to Exceed \$390,000 per Year and a Total Contract Amount Not to Exceed \$780,000 from July 1, 2021 through June 30, 2023, Street Sweeping Services, Contract Sweeping Services, Inc. (Dean Eckerson)

#### **G. DELIBERATION ITEMS**

**Approve** Fiscal Year 2021/2022 Budget and Adopt Resolution Approving Fiscal Year 2021/2022 Budget Appropriations (Brian Thomas)

#### **H. PRESENTATIONS AND REPORTS**

##### **I. MANAGER'S COMMENTS**

##### **J. DIRECTORS' COMMENTS**

##### **K. CORRESPONDENCE**

**Receive** Monthly Lobbyist Report Dated May 2021, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024 (Jayne Strommer)

##### **L. CLOSED SESSION**

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

Agency Negotiators: Vince De Lange, Michael Jarvis

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

##### **M. ADJOURNMENT**

The next Board of Directors meeting will be held on July 14, 2021, at 4:30 p.m.

The District will provide reasonable accommodations for persons with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board 24-hours prior to the scheduled meeting at (925) 756-1927. Disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of members of the Board of Directors less than 72-hours prior to that meeting are available for public inspection on the District website at [www.deltadiablo.org](http://www.deltadiablo.org)

June 9, 2021

INTRODUCTION OF ANIKA LYONS, FINANCE MANAGER, TO THE DISTRICT

**Recommendation**

Welcome Ms. Anika Lyons, Finance Manager, to the District.

**Background Information**

The District recently completed a recruitment and selection process to fill the vacant Finance Manager position. Based on the results of this comprehensive and competitive process, Ms. Lyons was selected as the most highly qualified candidate for this position and joined the District on May 17, 2021.

**Analysis**

Ms. Lyons has a Bachelor of Science degree in Business Administration with an accounting concentration from California State University, East Bay and is a Certified Public Accountant. During her 20-year career, she has gained extensive experience working as an auditor in the private sector, and as an accountant and manager in the public sector with the City and County of San Francisco. She is expected to apply her education and experience to identify and implement organizational improvements in the Finance Division, including ensuring appropriate financial controls are in place, exploring opportunities to modernize the District's financial system by improving data reporting, continuing movement toward paperless processes, and refining the District's financial policies and procedures. She will be a valuable resource in supporting continued career development for Finance Division staff and will seek opportunities to improve coordination and customer service for internal and external customers.

**Financial Impact**

Sufficient funding for the Finance Manager position is included in the adopted Fiscal Year 2020/2021 Budget.

**Attachments**

None.

Reviewed by:



\_\_\_\_\_  
Brian Thomas  
Acting Business Services Director

cc: Anika Lyons  
District File No. HR.01-PEF-00019813



## ITEM E/1

June 9, 2021

CONDUCT PUBLIC HEARING ON FISCAL YEAR 2021/2022 THROUGH 2025/2026 CAPITAL IMPROVEMENT PROGRAM; CLOSE PUBLIC HEARING AND CONSIDER ANY TESTIMONY RECEIVED; ADOPT RESOLUTION APPROVING THE PROGRAM; AND AUTHORIZE FILING OF NOTICE OF EXEMPTION IN COMPLIANCE WITH PUBLIC RESOURCES CODE SECTION 21152

### **Recommendations**

- 1) Conduct a public hearing on the Fiscal Year 2021/2022 – 2025/2026 (FY21/22-FY25/26) Capital Improvement Program (CIP).
- 2) Close public hearing and consider any testimony received.
- 3) Adopt Resolution approving the FY21/22-FY25/26 CIP.
- 4) Authorize the General Manager to file a California Environmental Quality Act (CEQA) Notice of Exemption.

### **Background Information**

At its May 12, 2021 meeting, the Board received a report on the draft FY21/22-FY25/26 CIP and set June 9, 2021 at 4:30 p.m. as the date and time of the public hearing on the program. The CIP is developed to guide planning, design, construction, and financing of prioritized capital projects in the District's wastewater conveyance, collection, and treatment systems and recycled water system. These critical projects are necessary to ensure the continued effective and reliable operation of existing infrastructure, address future service needs, and meet current and future regulatory requirements. Staff prepares an updated 5-year CIP each year to reflect current priorities, address new project needs, and adjust estimated project costs and implementation schedules. In addition, this process assists in identifying long-term financial and resource needs, and budget appropriations required to support project implementation.

Supporting documentation used during CIP development includes city and county General Plans, city collection system master plans, and detailed master plans prepared by the District for its wastewater treatment, recycled water, and conveyance system facilities. The District completed a Conveyance System Master Plan update in April 2010 and a Recycled Water Master Plan in August 2013, and is currently completing a Resource Recovery Facility Master Plan (RRFMP) that will supersede the 2011 Treatment Plant Master Plan.

### **Analysis**

Since the May 12, 2021 Board Meeting, staff has reviewed the draft CIP and no revisions are recommended. The draft FY21/22-FY25/26 CIP includes approximately \$127 million in infrastructure investment needs. Key CIP highlights include the following:

- *Secondary Process Improvements Project*: As part of the RRFMP, the Secondary Process Improvements Project (\$60.0 million) was identified to replace the existing tower trickling filters with aeration basins in the next five years to: 1) address a significant regulatory compliance vulnerability associated with potential loss of critical infrastructure and



associated treatment capacity, 2) ensure compatibility with long-term nutrient management plant upgrades, and 3) accommodate growth in the District's service area through 2040. The majority of project expenditures (\$58.0 million) is anticipated in Years 3, 4, and 5 of the CIP.

- *Addressing New Infrastructure Needs:* As a result of the RRFMP condition assessment findings, 16 new projects were added to the CIP with an estimated total project cost of \$10.0 million, including \$0.7 million for the Treatment Plant Structural Assessment and Rehabilitation Project and \$0.3 million for Condition Assessment of Treatment Plant Underground Piping Project, both of which will inform future infrastructure renewal needs.
- *CIP Prioritization:* To support incorporation of new projects, staff worked to prioritize and defer implementation of previously identified projects, which resulted in deferral of approximately \$10.0 million for seven projects from Years 1, 2, and 3 to Years 4 and 5 of the proposed CIP.
- *Cash Funding Maximization:* Despite the significant increase in the magnitude of the proposed 5-year CIP (\$127 million compared to \$81.3 million for the current 5-year CIP), staff has worked to ensure the lowest overall cost to ratepayers by maximizing cash funding versus issuing debt. The planned funding approach for the proposed 5-year CIP includes 74% cash funding (versus 92% for the current CIP), which incorporates a 50% debt financing assumption for the new \$60.0 million Secondary Process Improvements Project.
- *Investing in Existing Wastewater Infrastructure Renewal:* Approximately 70% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$10.3 million), WWTP Electrical Switchgear Replacement (\$9.4 million), WWTP Cogeneration System Improvements (\$5.0 million), and Bridgehead Pipeline Replacement (\$2.3 million).
- *Ensuring Integrity of Bay Point Collection System:* The District owns and operates 43 miles of gravity sewers in Bay Point. The CIP includes \$3.2 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- *Planning for the Future:* The proposed CIP identifies funding for multiple master planning efforts, including the current RRFMP (\$0.2 million), Electrical System Master Plan (\$0.3 million in FY24/25), Supervisory Control and Data Acquisition Master Plan (\$0.5 million in FY23/24), Biosolids Management Master Plan (\$0.4 million in FY25/26), and Recycled Water Master Plan Update (\$0.3 million in FY23/24).

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

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




**Financial Impact**

The proposed FY21/22-FY25/26 CIP includes approximately \$127 million in capital investment needs. As presented at the Board Meeting on April 14, 2021, staff is recommending that the majority of the District’s capital spending be cash funded (versus debt financed) to provide the highest overall value to the District’s customers. The proposed CIP has been incorporated into the current FY21/22 SSC analysis, which would provide necessary funding to support planned capital expenditures in FY21/22.

**Attachments**

- 1) FY21/22-FY25/26 CIP Program Summary
- 2) Draft CIP Resolution
- 3) CEQA Notice of Exemption

Prepared by:   
\_\_\_\_\_  
Thanh Vo  
Acting Engineering Services Director

cc: District File CORP.09-CORRES-00019639



**Delta Diablo 5-Year Capital Improvement Program  
FY2021/2022 - FY2025/2026**

Page	Project Name	Project No.	Priority	Lead Dept. *	Total Approved Budget	Actual Expenditures to 6/30/20	Adjusted Budget FY19/20 to FY20/21	Approved Budget FY20/21	Total FY20/21 Budget Appropriation	Projected FY20/21 Cash Flow	Estimated Carryover Budget FY20/21 to FY21/22	Anticipated Budgets					Fund Distribution												
												FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total	WW CA	WW CAR	WW Exp	AT	RW CA	RW CAR	RW Exp	BP Coll.	HHW			
<b>Wastewater Capital Asset (Fund 120)</b>																													
	Asset Management Program	19109	3	ES	\$750,000	\$160,039	\$139,961	\$450,000	\$589,961	\$400,000	\$189,961		\$250,000	\$250,000			\$689,961	100%											
	Conveyance and Treatment Systems Reliability Improvements	18107	3	RRS	\$50,000			\$50,000	\$50,000			\$25,000	\$25,000	\$25,000	\$50,000	\$50,000	\$175,000	100%											
	Energy and Water Efficiency Improvements	18908	3	ES	\$50,000			\$50,000	\$50,000			\$25,000	\$25,000	\$25,000	\$50,000	\$50,000	\$175,000	50%	50%										
	Small District Capital Asset Project	18908	3	ES	\$50,000			\$50,000	\$50,000			\$50,000	\$50,000	\$50,000	\$100,000	\$100,000	\$350,000	50%	50%										
	<b>Wastewater Capital Asset Fund Total</b>				<b>\$900,000</b>	<b>\$160,039</b>	<b>\$139,961</b>	<b>\$600,000</b>	<b>\$739,961</b>	<b>\$400,000</b>	<b>\$189,961</b>	<b>\$100,000</b>	<b>\$350,000</b>	<b>\$350,000</b>	<b>\$200,000</b>	<b>\$200,000</b>	<b>\$1,389,961</b>												
<b>Wastewater Capital Asset Replacement (Fund 130)</b>																													
	Aboveground Fuel Storage Tank Rehabilitation	TBA	1	ES	\$300,000	\$21,481	\$78,519	\$200,000	\$278,519	\$50,000	\$228,519						\$228,519	100%											
	BHPS Sewage Diversion Pump Rebuilds	TBA	1	RRS	\$60,000			\$60,000	\$60,000	\$60,000		\$80,000					\$80,000	100%											
	CCT Sluice Gates & Chemical Mixer Replacements	TBA	1	RRS											\$400,000	\$1,100,000	\$1,500,000	100%											
	Headworks Improvements	17117	1	ES	\$14,100,000	\$3,483,094	\$581,931	\$10,034,975	\$10,616,906	\$10,000,000	\$616,906	\$300,000					\$916,906	100%											
	IT Equipment Replacement	TBA	1	IT	\$325,000			\$325,000	\$325,000	\$325,000		\$50,000	\$50,000	\$50,000	\$400,000	\$50,000	\$600,000	100%											
	Lab Equipment Replacement	TBA	1	RRS	\$50,000			\$50,000	\$50,000			\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000	100%											
	Site Security Improvements	TBA	1	ES	\$365,025	\$0	\$700,000	(\$334,975)	\$365,025	\$300,000	\$65,025						\$65,025	70%								20%	10%		
	Manhole, Gravity Interceptor, and Easement Road Improvements	TBA	1	ES	\$230,000			\$230,000	\$230,000	\$100,000	\$130,000	\$770,000	\$500,000				\$1,400,000	70%										30%	
	On-Site Fueling Station Replacement	19112	1	ES	\$550,000	\$148,075	\$401,925		\$401,925	\$200,000	\$201,925	\$100,000					\$301,925	100%											
	District Office Building Roofing and Sheet Metal Replacement	18112	1	ES	\$2,300,000	\$1,672,340	\$627,660		\$627,660	\$627,660									100%										
	PPS Raw Sewage Pump Rebuilds	20116	1	RRS	\$215,000		\$215,000		\$215,000	\$215,000								100%											
	Primary Clarifier Nos. 1 - 4 Coating	TBA	1	ES										\$400,000	\$500,000	\$500,000	\$1,400,000	100%											
	Pump Station Facilities Repair	80008	1	ES	\$14,018,914	\$8,131,243	\$2,387,671	\$3,500,000	\$5,887,671	\$5,887,671		\$300,000					\$300,000	100%											
	Pump Station Grinder Replacements	20115	1	RRS	\$100,000			\$100,000	\$100,000	\$100,000		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000	100%											
	Resource Recovery Facility Master Plan	80009	1	ES	\$1,600,000	\$150,550	\$449,450	\$1,000,000	\$1,449,450	\$1,000,000	\$449,450	\$200,000					\$649,450	35%	50%		10%						5%		
	SCADA Communication Network/PLC Processor Upgrade	18114	1	RRS	\$746,855	\$172,772	\$574,083		\$574,083	\$100,000	\$474,083		\$200,000				\$674,083	90%					10%						
	SCADA Master Plan Update	TBA	1	ES										\$500,000			\$500,000	100%											
	Sodium Bisulfite Tank Replacement	17139	1	ES	\$800,000	\$286,132	\$463,868	\$50,000	\$513,868	\$513,868								100%											
	Tower Mixing Chamber & Overflow Structure Rehabilitation	TBA	1	ES										\$550,000	\$870,000		\$1,420,000	100%											
	Treatment Plant Switchgear Replacement	17120	1	ES	\$4,201,305	\$1,259,899	\$2,191,406	\$750,000	\$2,941,406	\$1,500,000	\$1,441,406	\$3,000,000	\$5,000,000				\$9,441,406	100%											
	Treatment Plant Roadway Maintenance Project	18115	1	BS			\$75,000		\$75,000	\$75,000		\$250,000	\$750,000				\$1,000,000	100%											
	Triangle Pump Station and Force Main Replacement	19111	1	ES	\$350,000	\$6,664	\$493,336		\$343,336		\$343,336		\$650,000				\$993,336	100%											
	Unanticipated WW Treatment & Conveyance Infrastructure Repairs	21109	1	ES	\$282,301		\$232,301	\$50,000	\$282,301	\$232,301		\$260,000	\$260,000	\$260,000	\$200,000	\$200,000	\$1,180,000	100%											
	Biosolids Management Master Plan	TBA	2	ES												\$400,000	\$400,000	100%											
	Electrical System Master Plan	TBA	2	ES											\$300,000	\$300,000	\$300,000	100%											
	Emergency Retention Basin Improvements	19110	2	RRS	\$50,000		\$50,000		\$50,000	\$50,000		\$850,000	\$50,000	\$50,000	\$50,000	\$50,000	\$1,050,000	100%											
	ERB Pump Rebuilds	TBA	2	RRS	\$80,000			\$80,000	\$80,000	\$80,000		\$80,000	\$80,000				\$160,000	100%											
	PFM 2401 Dresser Coupler Removal	TBA	2	ES								\$250,000					\$250,000	100%											
	RAS Pump Rehabilitation	TBA	2	ES										\$300,000			\$300,000	100%											
	Sewer Permit Software Replacement	18107	2	IT	\$50,000		\$50,000		\$50,000	\$50,000								100%											
	Vehicle Replacements	TBA	2	RRS	\$945,000	\$89,945	\$555,055	\$300,000	\$855,055	\$817,000		\$100,000	\$400,000	\$100,000	\$100,000	\$100,000	\$800,000	100%											
	Primary Clarifier Area Improvements	17140		ES	\$4,285,614	\$3,694,870	\$590,744		\$590,744	\$590,744								100%											
	Shore Acres Pump Station Pump Replacement	17138		ES	\$275,000	\$166,179	\$108,821		\$108,821	\$108,821								100%											
	Remote Sites Connectivity Improvements	TBA		ES	\$300,000			\$300,000	\$300,000		\$300,000						\$300,000	100%											
	Digester No. 1 Cleaning & Repair	TBA		ES	\$200,000			\$200,000	\$200,000		\$200,000	\$200,000					\$400,000	100%											
	Digester No. 3 Cleaning & Repair	TBA		ES									\$200,000	\$200,000			\$400,000	100%											
	Digester Gas Handling and Compressors Replacement	TBA		ES	\$100,000			\$100,000	\$100,000	\$100,000		\$600,000					\$600,000	100%											
	Cogen System Improvements	TBA		ES								\$250,000	\$750,000	\$4,000,000			\$5,000,000	100%											
	Secondary Clarifier Area Improvements	TBA		ES										\$350,000	\$650,000		\$1,000,000	100%											
	Primary Clarifiers Area Improvements - Phase 2	TBA		ES								\$150,000	\$350,000				\$500,000	100%											
	Primary Service Water Filter Replacement	TBA		RRS	\$100,000			\$100,000	\$100,000		\$100,000	\$50,000	\$150,000				\$300,000	100%											
	Antioch Pump Station and Conveyance System Improvements	20121		ES	\$850,000	\$445,445	\$554,555	(\$150,000)	\$404,555	\$404,555			\$300,000	\$4,000,000	\$6,000,000		\$10,300,000	80%	20%										
	Bridgehead Temporary Pipeline Installation & Replacement	21123		ES	\$1,500,000			\$1,500,000	\$1,500,000	\$1,200,000	\$300,000	\$2,000,000					\$2,300,000	100%											
New	CCT Service Water Pumps Replacement	TBA		RRS								\$150,000	\$150,000				\$300,000	100%											
New	TTF Odor Control Rehabilitation	TBA		RRS								\$100,000	\$100,000				\$200,000	100%											
New	Dewat Boiler Replacement	TBA		RRS								\$300,000					\$300,000	100%											
New	Primary Clarifiers 1 & 4 Drive Unit Replacement	TBA		RRS								\$																	







**NOTICE OF EXEMPTION**

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

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

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

\_\_\_\_\_  
Date

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

**PROJECT TITLE:** Five-Year Capital Improvement Program, Fiscal Years 2021/2022 through 2025/2026

**DATE ON WHICH AGENCY APPROVED THE PROJECT:** June 9, 2021

**STATE CLEARINGHOUSE NUMBER:** N/A

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

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

**LEAD AGENCY APPROVING AND CARRYING OUT PROJECT:** Delta Diablo

**CONTACT PERSON:** Thanh Vo, Acting Engineering Services Director

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

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

---

**AFFIDAVIT OF POSTING**

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

June 9, 2021

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

**Recommendations**

1. Conduct a public hearing on Fiscal Year 2021/2022 (FY21/22) Sewer Service Charges (SSCs) and Delinquency Charges and Collection System Charges and Surcharges;
2. Receive and consider any testimony and protests received;
3. Determine that no majority protest exists within the meaning of Article XIII D, Section 6 of the California Constitution and Health and Safety Code Section 5473.2;
4. Adopt Ordinance (Attachment 1) establishing SSCs and Surcharges to be effective in FY21/22; and
5. Adopt Resolution (Attachment 2) approving Written Report and directing collection of SSCs and delinquent charges on the County Tax Roll.

**Summary**

The proposed SSC adjustments for FY21/22 include:

- Cost-of-Service (CoS) Study (Attachment 3) findings required adjustments to SSCs for both residential and non-residential customers to rebalance cost allocation between these customer categories. Implementation of CoS findings only (without an SSC revenue increase) in FY21/22 would result in aggregate (i.e., adjustments vary by individual communities and business classes) SSC adjustments of +1.7% and -15.8% for residential and non-residential customers, respectively.
- Applying a 6.5% SSC rate increase for Antioch (District Zone 3) and Pittsburg (District Zone 2) residential customers in FY21/22. The proposed rate increase (does not include wastewater collection services, which are provided by the respective cities) equates to an SSC increase of \$26.32 per year or approximately \$2.19 per month for residential customers.
- Applying a 5.9% SSC rate increase to Bay Point (District Zone 1) residential customers in FY21/22. The proposed rate increase (includes wastewater collection services provided by the District) equates to an SSC increase of \$32.78 per year or approximately \$2.73 per month for residential customers.
- Various adjustments to specific business classes (non-residential customers) based on updated CoS findings.

**No Proposed Street Sweeping Charge Increase**

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

**Background Information**

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



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

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

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

### Analysis

In order to determine annual revenue requirements to meet operating cost and capital investment needs, the District utilizes a long-term financial plan model that considers a 10-year planning horizon while focusing on balancing revenues and costs by fund over the next 5 years through application of SSC adjustments, operating cost reductions, prioritization of capital investment needs, and financing assumptions (i.e., cash funding versus debt financing). Key model inputs include the preliminary FY21/22 operating budget with estimated increases in subsequent years and the draft FY21/22-FY25/26 Capital Improvement Program (CIP), which was presented to the Board for consideration in draft form on May 12, 2021. The final FY21/22-FY25/26 CIP has been submitted for Board consideration of approval on the June 9, 2021 Board Meeting agenda. In developing the proposed FY21/22 SSCs, staff worked with an experienced financial planning consultant to refine the District's rate modeling approach to effectively support dynamic scenario planning and sensitivity analyses across a range of operating cost, capital investment, existing cash balance use, and financing assumptions, while meeting the District's fiscal policy requirements. This financial planning approach ensures the District is charging rates that are appropriate to recover costs of providing service and in compliance with California law, including Proposition 218. In addition, the proposed FY21/22 SSCs incorporate 2021 Cost-of-Service Study findings, which reapportioned certain costs from non-residential customers to residential customers to ensure SSCs accurately reflect the District's cost of providing services to difference

customer classes. Staff has determined that the proposed FY21/22 SSCs are necessary and meet the following requirements:

- Collects sufficient revenue to meet current and long-term projected costs of operations and maintenance, fund capital investment in aging infrastructure necessary to maintain effective and reliable services, and maintain overall financial stability
- Complies with state-mandated regulatory requirements
- Meets and complies with annual debt service requirements
- Avoids generating operational deficits and depleting reserves
- Complies with California Constitution Article XIII D, Section 6, which includes the following requirements:
  - An agency cannot collect revenue beyond what is necessary to provide service
  - No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property
  - Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed
  - The amount of the charge must be proportional to the cost of the service, and the apportionment of total costs of service amongst ratepayer classes must be reasonable (e.g., avoidance of subsidization within the rates)
- Meets District fiscal policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund
- Meets commitments made in loan agreements

In June 2020, the Board adopted an FY20/21 SSC increase of 3.5% for Antioch/Pittsburg customers and 3.0% for Bay Point customers. At that time, staff projected a future FY21/22 SSC increase of 4.0% for Antioch/Pittsburg residential customers (current proposed SSC increase = 6.5%) and 3.5% for Bay Point residential customers (current proposed SSC increase = 5.9%). Key changes driving these differences from last year’s 5-year SSC projection include recommended implementation of: 1) the \$60 million Secondary Process Improvements Project, which has emerged as a near-term priority in Year 3-5 of the new 5-year CIP, and 2) the 2021 Cost-of-Service Study findings.

**Table 1 – Example Annual Residential SSC on Property Tax Bills for FY21/22**

Residential Service	Current FY20/21	Proposed FY21/22	Annual Change
6.5% SSC Increase for Customers in Antioch (Zone 3*) and Pittsburg (Zone 2*)	\$403.10	\$429.42	\$26.32
5.9% SSC Increase for Customers in Bay Point (Zone 1*) (includes wastewater collection services)	\$556.47	\$589.25	\$32.78

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

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

- FY20/21 Service Area Growth: A total of 1,099 equivalent residential units (ERUs) have been added to the 5-year financial plan, which generates an additional \$450,000 annual SSC revenue. Staff updates the District’s 5-year financial plan each year to reflect any growth that has occurred in the service area during the current year.
- 2021 Cost-of-Service (CoS) Study: As referenced above, adjustments to SSCs are required for both residential and non-residential to rebalance cost allocation between these customer categories. Implementation of CoS findings only (without an SSC revenue increase) in FY21/22 would result in aggregate (i.e., adjustments vary by individual



communities and business classes) SSC adjustments of +1.7% and -15.8% for residential and non-residential customers, respectively. Following implementation of proposed SSC revenue adjustments, the aggregate SSC adjustment are +6.5% and -11.0% for residential and non-residential customers, respectively. Staff has also implemented the recommended changes to annual minimum charges for non-residential customers (i.e., 80 hundred cubic feet per year of potable water use multiplied by applicable SSC for specific business class) and elimination of SSC differences for the same business classes in different District zones.

- Operating Expenses. The District continues to experience progressive increases in annual operating costs over time due to escalations in chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as increasingly more stringent regulatory requirements.
- Salaries and Benefits. The labor cost assumption was based on budgeted salaries and benefits based on positions included in existing labor agreements with estimated salary increases in accordance with memoranda of understanding (MOUs) for each of the District's three bargaining units and general industry cost projections for various medical and retirement benefits
- Wastewater Infrastructure Investment Costs. The District continues to plan for and implement major capital improvements to ensure the continued reliability of its wastewater conveyance, collection, and treatment infrastructure. The draft FY21/22-FY25/26 Capital Improvement Program (CIP) totals \$127 million and includes approximately \$113 million of prioritized wastewater conveyance and treatment system infrastructure investment needs to be funded by SSCs. The District's ongoing Resource Recovery Facility Master Plan (RRFMP) identified the Secondary Process Improvements Project (\$60.0 million) in the next five years to: 1) address a significant regulatory compliance vulnerability associated with potential loss of critical infrastructure and associated treatment capacity, 2) ensure compatibility with long-term nutrient management plant upgrades, and 3) accommodate growth in the District's service area through 2040. In addition, the RRFMP identified 16 new projects totaling \$10.0 million as a result of condition assessment finding. To support incorporation of new projects, staff worked to prioritize and defer implementation of previously identified projects, which resulted in deferral of approximately \$10.0 million for seven projects to later years in the CIP.
- Financing Assumptions: Despite the significant increase in the magnitude of the proposed 5-year CIP (\$127 million compared to \$81.3 million for the current 5-year CIP), staff has worked to ensure the lowest overall cost to ratepayers by maximizing cash funding versus issuing debt. The planned funding approach for the proposed 5-year CIP includes 74% cash funding (versus 92% for the current CIP), which incorporates a 50% debt financing assumption for the new \$60.0 million Secondary Process Improvements Project.
- Advanced Treatment (AT) Reserve Fund: Based on the extended timeline for implementation of nutrient removal regulatory requirements, staff is recommending that the District continue suspending collection of this SSC revenue component.
- Regulatory Requirements. Because the wastewater sector is highly regulated, the District is subject to new requirements, such as unfunded mandated programs, increasingly stringent process monitoring and reporting requirements, and/or compliance with updated testing standards.
- Economic Reserves. Maintaining sufficient economic reserves is an essential part of the District's ability to ensure reliable and cost-effective services now and in the future. As referenced above, the District has established a policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional



Treatment and Conveyance (Wastewater O&M) Fund. In addition, other fund balances are included in the 5-year financial analysis. These funds are designated to support multiple District services (beyond wastewater operations) and are constrained as to their use, applicability, and consideration as “available cash.” Maintaining economic reserves supports the District’s efforts to meet unanticipated operating costs, continue services during unforeseen economic events and emergencies, and address other urgent and/or unusual items.

- Ad Valorem Taxes: Based on the assumption that District Ordinance No. 120 will be adopted by the Board on April 14, 2021 to eliminate Capital Facilities Capacity Charge (CFCC) reductions for certain development types and support the District’s financial needs, staff has increased the annual Ad Valorem Tax revenue assumption from \$2.0 million to \$3.0 million (i.e., \$1.0 million had previously been set aside to offset CFCC reductions to restore lost CFCC revenue in the Wastewater Expansion Fund).
- Debt Service Coverage. The District is obligated to meet debt service coverage requirements related to long-term debt as part of various loan agreements. On November 13, 2019, the Board adopted a Debt Management and Continuing Disclosure Policy, which included a minimum debt service coverage ratio (ratio of net revenues to debt service) of 1.80, which helps maintaining the District’s good credit rating, reduce future borrowing costs, and ensure long-term financial sustainability.
- Inter-fund Loans: The 5-year financial plan includes: 1) repayment of the FY20/21 Board-approved \$3.0 million loan from the AT Fund to the WW Capital Asset Replacement (WW CAR) Fund in FY21/22; 2) a \$9.6 million loan from the WW CAR Fund to the WW Expansion Fund in FY24/25 with a subsequent annual \$1.0 million payment until the loan is repaid.

In FY21/22, the District will utilize existing Wastewater O&M Fund equity in combination with directing approximately 55% of SSC revenue to the WW CAR Fund to support cash funding (versus debt financing) of critical wastewater infrastructure projects. This approach provides the highest overall value to District ratepayers and preserves future debt management capacity for long-term treatment process upgrade and expansion improvements.

#### Street Sweeping Services

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

#### **Public Communication and Outreach**

Pursuant to Proposition 218, a California law since 1996, notices on proposed rate adjustments were sent to all utility customer accounts by April 23, 2021 (meets minimum of 45 days prior to the June 9, 2021 Public Hearing) (Attachment 5). Proposition 218 provides the opportunity for District customers to protest proposed rate adjustments. In the event protests are received representing more than 50% of parcel owners, adjustments could not be implemented. To date, ten written protests have been received and are provided in Attachment 4. Protests may be received until the closing of the public hearing by the Board of Directors.

In accordance with the Governor’s Executive Order N-29-20, in lieu of a public gathering, the Board of Directors Meeting and public hearing on June 9, 2021 will be held via Zoom. A public notice announcing the date and time of this public hearing was published on May 24, 2021 and June 1, 2021 in the East County Times newspaper, in accordance with state law. Members of the public may participate in the public hearing using the Zoom meeting access information provided on the agenda for the June 9, 2021 Board Meeting, which was posted to the District’s website on





Friday, June 4, 2021. At the close of the public hearing, the Secretary to the Board will announce the total number of protests received.

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

### **Fiscal Impact**

If the Board approves the proposed SSC increases after the June 9, 2021 public hearing, Pittsburg and Antioch residential customers would see an estimated increase of \$26.32 per year or approximately \$2.19 per month, an approximate increase of 6.5%. Bay Point residential customers would see an estimated annual increase of \$32.78 or approximately \$2.73 per month, an approximate increase of 5.9%. Non-residential customer rates would be adjusted according to the table provided in the attached Prop. 218 Notice. The proposed SSC adjustments for Pittsburg, Antioch, and Bay Point customers in FY21/22 would result in additional annual SSC revenue of approximately \$1.6 million to recover costs of providing wastewater service.

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

### **Attachments**

- 1) Proposed Ordinance
- 2) Proposed Resolution
- 3) FY21/22 Wastewater Rate Study (2021 Cost-of-Service Analysis)
- 4) Written Protests Received
- 5) Proposition 218 Notice – Proposed FY21/22 SSC Increases
- 6) “Proposed Sewer Service Charge Increases” Fact Sheet (posted on District website)
- 7) “Investing in Critical Wastewater Infrastructure” Fact Sheet (posted on District website)
- 8) “FY21/22 Proposed Sewer Service Charge Increases Frequently Asked Questions” (posted on District website)

Prepared by: 

Brian Thomas  
Acting Business Services Director

cc: District File No. BRD.01-ACTS-XXX



## **ORDINANCE NO. 121**

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

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

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

**SECTION 1.** The District's Board of Directors hereby establishes the annual Sewer Service Charges applicable to Zone 1 (Bay Point), Zone 2 (Pittsburg), and Zone 3 (Antioch), and the Zone 1 Surcharge and Collection System Charges for Fiscal Year 2021/2022 and each fiscal year thereafter, until lawfully modified by action of the Board of Directors:

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

**SECTION 2. Residential User Charges**

- A. Exhibit A (Residential User Charges) of this Ordinance specifies the fees and charges imposed on residential properties. Beginning with Fiscal Year 2021/2022, the fees and charges identified in Section 1 of Exhibit A shall be the Annual Residential User Charges adopted.

**SECTION 3. Non-Residential User Charges**

- A. Exhibit B (Non-Residential User Charges) of this Ordinance specifies the fees and charges imposed on non-residential properties.
- B. Beginning with Fiscal Year 2021/2022, the formula identified in Section 1 of Exhibit B shall be used to calculate non-residential user charges. The total Sewer Service Charge for a given year, not including street sweeping, is calculated by first taking the location of the Property (i.e., Zone 1 Bay Point; Zone 2 Pittsburg; Zone 3 Antioch) and identifying the Business Class for the Property and the applicable Non-Residential Total Rate for that Business Class. The Non-Residential Total Rate for that Business Class is then multiplied by the annual water consumed by the Property, measured in hundred cubic feet (hcf), and the resulting amount is the annual Sewer Service Charge for that Property. If the annual water consumed is less than 80 hcf, the designated minimum annual charge is calculated by multiplying 80 hcf per year by the applicable SSC per hcf per year for the Zone in which the Property is located.

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

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

PASSED AND ADOPTED on June 9, 2021 by the following vote:

AYES:  
NOES:

ABSENT:  
ABSTAIN:

---

Federal Glover, Board Chair

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

ATTESTED: June 9, 2021

---

Cecelia Nichols-Fritzler  
Secretary to the Board of Directors

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

**SCHEDULE OF USER CHARGES**

**EXHIBIT A: Residential User Charges (Sewer Service Component)  
Beginning Fiscal Year 2021/2022**

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

Total Residential User Charges shown are annual rates per Equivalent Residential Unit (Multi-Family Properties Multiply # Units times Total Residential User Charge).

Residential Zone	Wastewater O&M	Capital Improvements	Sub-Total Residential User Charges	Bay Point Collections	Total Residential User Charge (per ERU)	*Street Sweeping (per parcel)	INFO ONLY TOTAL TAX BILL LEVY
<b>Zone 1 - Bay Point</b>	\$ 184.67	\$ 244.75	\$ 429.42	\$ 159.83	\$ 589.25	\$ 4.58	\$ 593.83
<b>Zone 2 - Pittsburg</b>	\$ 184.67	\$ 244.75	\$ 429.42	\$ -	\$ 429.42	\$ 10.26	\$ 439.68
<b>Zone 3 - Antioch</b>	\$ 184.67	\$ 244.75	\$ 429.42	\$ -	\$ 429.42	\$ 5.60	\$ 435.02

**EXHIBIT B: Non-Residential User Charges (Sewer Service Component)  
Beginning Fiscal Year 2021/2022**

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

Total Non-Residential Rates are per hundred cubic feet of water consumed annually.

BUSINESS CLASS Commercial / Industrial	Wastewater O&M	Capital Improvements	Sub-Total Non-Residential User Charges	Bay Point Collections	Total Non-Residential Rate (x HCF/yr.)	*Street Sweeping (per parcel)
<b>Zone 1 - Bay Point</b>						
Premark Packaging	\$ 1.81	\$ 2.41	\$ 4.22	\$ 1.69	\$ 5.91	\$ 45.80
Hotel/Motel*	\$ 1.97	\$ 2.60	\$ 4.57		\$ 4.57	\$ 45.80
Institutional*	\$ 2.54	\$ 3.37	\$ 5.91		\$ 5.91	\$ 45.80
Light Industrial	\$ 1.73	\$ 2.29	\$ 4.02	\$ 1.69	\$ 5.71	\$ 45.80
Marinas*	\$ 2.59	\$ 3.44	\$ 6.03		\$ 6.03	\$ 45.80
Misc. Commercial	\$ 1.81	\$ 2.41	\$ 4.22	\$ 1.69	\$ 5.91	\$ 45.80
Mortuaries*	\$ 2.51	\$ 3.32	\$ 5.83		\$ 5.83	\$ 45.80
U.S. Army	\$ 1.54	\$ 2.04	\$ 3.58	\$ 1.69	\$ 5.27	\$ 45.80
Bakeries/Restaurants	\$ 3.15	\$ 4.18	\$ 7.33	\$ 1.69	\$ 9.02	\$ 45.80
Annual Minimum**					Varies	\$ 45.80
<b>Zone 2 - Pittsburg</b>						
Bakeries/Restaurants	\$ 3.15	\$ 4.18	\$ 7.33	\$ -	\$ -	\$ 51.35
Dow Chemical	\$ 1.59	\$ 2.11	\$ 3.70	\$ -	\$ -	\$ 51.35
G&K Services	\$ 2.17	\$ 2.87	\$ 5.04	\$ -	\$ -	\$ 51.35
Hotel/Motel	\$ 1.97	\$ 2.60	\$ 4.57	\$ -	\$ -	\$ 51.35
Institutional	\$ 1.81	\$ 2.41	\$ 4.22	\$ -	\$ -	\$ 51.35
Light Industrial	\$ 1.73	\$ 2.29	\$ 4.02	\$ -	\$ -	\$ 51.35
Marinas	\$ 2.59	\$ 3.44	\$ 6.03	\$ -	\$ -	\$ 51.35
Generon IGS	\$ 2.15	\$ 2.84	\$ 4.99	\$ -	\$ -	\$ 51.35
Misc. Commercial	\$ 1.81	\$ 2.41	\$ 4.22	\$ -	\$ -	\$ 51.35
Mortuaries	\$ 2.51	\$ 3.32	\$ 5.83	\$ -	\$ -	\$ 51.35
Praxair	\$ 1.54	\$ 2.04	\$ 3.58	\$ -	\$ -	\$ 51.35
Annual Minimum*			Varies			\$ 51.35
<b>Zone 3 - Antioch</b>						
Bakeries/Restaurants	\$ 3.15	\$ 4.18	\$ 7.33	\$ -	\$ -	\$ 56.00
Hotel/Motel	\$ 1.97	\$ 2.60	\$ 4.57	\$ -	\$ -	\$ 56.00
Institutional	\$ 1.81	\$ 2.41	\$ 4.22	\$ -	\$ -	\$ 56.00
Light Industrial	\$ 1.73	\$ 2.29	\$ 4.02	\$ -	\$ -	\$ 56.00
Marinas	\$ 2.59	\$ 3.44	\$ 6.03	\$ -	\$ -	\$ 56.00
Misc. Commercial	\$ 1.81	\$ 2.41	\$ 4.22	\$ -	\$ -	\$ 56.00
Mortuaries	\$ 2.51	\$ 3.32	\$ 5.83	\$ -	\$ -	\$ 56.00
Annual Minimum*			Varies			\$ 56.00

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

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

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

**Re: Approving Written Report and Sewer Service )  
Charges; and Directing Collection of )  
Certain Sewer Service Charges, Surcharges )  
And Delinquencies on the County Tax Roll )**      **RESOLUTION NO. 05/2021**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, in accordance with Health and Safety Code Sections 5471, 5473 and 5473.1 through 5473.11, it is necessary to adopt Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2021/2022, and to cause their collection on the property tax roll; and

WHEREAS, on April 14, 2021, in accordance with Article XIII D, Section 6, of the California Constitution, Government Code Section 53755, and Health and Safety Code Sections 5471, 5473 and 5473.1 through 5473.11, the Board of Directors directed staff to notify property owners of the proposed Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2021/2022, and of their proposed collection on the property tax roll; and

WHEREAS, the Board set a regular meeting on June 9, 2021, at 4:30 p.m., as the date and time for a Public Hearing on the written report (“Report”) filed by the General Manager, and the method of collection of Sewer Service Charges and Delinquency Charges, and all required hearing notices have been given; and

WHEREAS, in accordance with the Governor’s Executive Order N-29-20 in lieu of a public gathering, the Board of Directors held the regular meeting and this Public Hearing via Zoom, and the public meeting agenda included information regarding how the public could attend and participate in the meeting; and

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

WHEREAS, the Board has heard and considered all objections and protests, if any, to the Report filed by the General Manager with the Secretary of the Board, said Report containing a description of each parcel of real property receiving sewer service from said District and the amount of the charges against each parcel for Fiscal Year 2021/2022, and specifying that each charge shall continue annually until lawfully modified by action of the Board of Directors.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF DELTA DIABLO DOES  
HEREBY RESOLVE THAT:

1. The Board finds that the Board has considered all protests and objections, and further finds that valid protests were not made by the owners of a majority of separate parcels of property described in the Report; and
2. The Board adopts the Report, and makes its final determination pursuant to Health and Safety Code Section 5471, 5473 and 5473.1 through 5473.11, upon each charge for each parcel, as described in the Report; and
3. The Board determines that the Proposition 218 notification and process requirements were satisfied, and that all notices required by applicable statutes were satisfied; and
4. The Board finds that, following the public hearing on the proposed Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2021/2022, the Board adopted Ordinance No. 121; and
5. The adoption of Ordinance No. 121 approves and establishes the Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2021/2022, and it determines that certain annual charges beginning in Fiscal Year 2021/2022 can be collected by placing them on the Contra Costa County Property Tax Roll for the respective fiscal years; and
6. In accordance with the provisions of Health & Safety Code Sections 5471, 5473, and 5473.1 through 5473.11, the Board directs the Secretary of the Board to file a copy of the Report with the County Auditor-Controller, by the deadline specified in Health and Safety Code Section 5473.4, to cause the Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2021/2022 to be collected on the property tax roll at the same time and in the same manner as other property taxes for the parcels described in the Report.

PASSED AND ADOPTED on June 9, 2021 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on June 9, 2021.

ATTEST: Juan Banales  
Board Secretary

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

*Wastewater Rate Study  
(2021 Cost-of-Service Analysis)*



IB Consulting, LLC

31938 Temecula Parkway, Suite A #350

Temecula, CA. 92592

**TABLE OF CONTENTS**

Executive Summary ..... 5

Background..... 7

Financial Plan Overview ..... 13

Proposed Financial Plan ..... 20

Cost-of-Service Analysis..... 26

Rate Design ..... 32

Sewer Service Charge Summary ..... 40

Cost-Based Wastewater Rate Schedule ..... 42



## TABLES

Table 1: Proposed FY21/22 Sewer Service Charges .....	6
Table 2: Accounts / Equivalent Residential Units by Customer Class and Zone .....	11
Table 3: FY20/21 Sewer Service Charges .....	12
Table 4: Revenue Forecasting Assumptions .....	14
Table 5: Expense Forecasting Assumptions .....	14
Table 6: Delta Diablo Projected Revenues Based on FY20/21 Rates .....	15
Table 7: Projected O&M Expenses .....	16
Table 8: Reserve Requirement and Recommended Capital Funding Targets .....	17
Table 9: Proposed Financial Plan .....	21
Table 10: FY21/22 Wastewater Revenue Requirements .....	27
Table 11: O&M Expense Allocation to Cost Components (%) .....	29
Table 12: O&M Expense Allocation to Cost Components (\$) .....	30
Table 13: Direct Transfer Expense Allocation to Cost Components (%) .....	30
Table 14: Direct Transfer Expense Allocation to Cost Components (\$) .....	30
Table 15: Revenue Offsets and Capital / Reserve Funding (%) .....	31
Table 16: Revenue Offsets and Capital / Reserve Funding (\$) .....	31
Table 17: FY21/22 Cost of Service Requirements by Cost Component .....	31
Table 18: Residential Projected Flows .....	32
Table 19: Non-Residential Projected Flows .....	32
Table 20: Non-Residential Flow Return Factors .....	33
Table 21: Units of Service – Projected Water Usage and Projected Flow .....	34
Table 22: Units of Service – Weighted BOD .....	34
Table 23: Units of Service – Weighted TSS .....	35
Table 24: FY21/22 Treatment Flow – Cost of Service by Customer Class .....	36
Table 25: BOD Cost of Service by Customer Class .....	37
Table 26: TSS Cost of Service by Customer Class .....	38
Table 27: FY21/22 Bay Point Collection – Cost of Service by Customer Class .....	38
Table 28: Revenue Requirement by Customer Class .....	39
Table 29: Bay Point Collection SSCs .....	39
Table 30: Proposed Wastewater Fixed Charges and Variable Rates .....	42

**FIGURES**

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

Figure 2: Capital Improvement Program – Capital Assets..... 8

Figure 3: Capital Improvement Program – Advanced Treatment ..... 9

Figure 4: Capital Improvement Program – Capital Asset Replacement ..... 9

Figure 5: Capital Improvement Program – Bay Point Collection ..... 10

Figure 6: Capital Improvement Program – All Funds..... 10

Figure 7: Financial Plan Key Elements ..... 13

Figure 8: Wastewater Utility Reserves..... 17

Figure 9: Current Operating Financial Position Before Direct Transfers..... 18

Figure 10: Current Operating Financial Position After Direct Transfers..... 19

Figure 11: Projected Ending Operating Reserve at Existing Rates ..... 19

Figure 12: Proposed Operating Position After Direct Transfers ..... 22

Figure 13: Capital Funding Plan – Capital Assets ..... 22

Figure 14: Capital Funding Plan – Advanced Treatment..... 23

Figure 15: Capital Funding Plan – Capital Asset Replacement..... 23

Figure 16: Capital Funding Plan – Bay Point Collection ..... 24

Figure 17: Projected Ending Reserves - Operating ..... 24

Figure 18: Projected Ending Reserves – All Funds ..... 25

Figure 19: Cost Components..... 28

Figure 20: Distribution Basis and Units of Service by Cost Component..... 35

## Executive Summary

---

Delta Diablo (District) reviews and updates its Sewer Service Charges (SSCs) annually to determine if adjustments are necessary to generate sufficient revenue to meet operational costs, capital investment needs, and reserve funding policy requirements. The District collects its SSCs on the property tax roll and finalizes proposed rates before submitting the levy to Contra Costa County. The District hired IB Consulting to conduct a comprehensive cost of service update, and this Report sets rates for FY 2021-2022 (FY21/22 or FY 2022).

### Overview

When necessary, the District updates SSCs to meet overall revenue requirements based on the updated operating budget and capital improvements plans. As part of updating the FY21/22 SSCs, IB Consulting developed a financial plan model to review the long-term financial outlook at current rates and determine the wastewater utility's revenue requirements over the next five years (Financial Plan Period). Developing a long-term financial plan is a prudent business practice to ensure the utility can fund the upcoming fiscal year needs and fully fund revenue requirements over the Financial Plan Period.

Developing a financial plan requires a thorough review of the utility's current financial health. The utility has significant capital projects during the Financial Plan Period, generating pressure to increase SSCs to meet total obligations. Significant projects coming online over the next few years include Headworks Improvements, Pump Station Facilities Repairs, Cogeneration System Improvements, Treatment Plant Switchgear Replacement, and Secondary Process Improvements. Collectively, the District's proposed 5-year (FY21/22 – FY25/26) Capital Improvement Program (CIP) totals over \$123 million. Without any SSC adjustments, current rate revenues will not be sufficient to fund operating expenses, capital investment needs, and minimum reserve targets.

This Report includes a comprehensive update to the District's SSCs to reflect updated costs, current water usage and flow trends, and a cost-of-service analysis that accounts for the updated flows and strength concentrations of wastewater influent by customer class. The existing rate structure consists of annual fixed charges per dwelling unit for Residential parcels and flow rates for Non-Residential parcels. Residential and most Non-Residential SSCs are levied on the tax roll. Non-Residential SSCs levied on the tax roll are based on water usage data from the previous calendar year. Flow rates are for each Hundred Cubic Feet (HCF) of water used (HCF = 748.05 gallons of water) with a minimum annual charge equal to the Residential SSC.

Existing SSCs vary by three separate service areas identified as Bay Point, Antioch, and Pittsburg. Antioch and Pittsburg Residential SSCs are the same, but commercial SSCs vary by Non-Residential customer class. Bay Point SSCs include an additional charge to pay for a wastewater collection system owned and operated by the District. Antioch and Pittsburg only pay for the District's Wastewater Treatment Plant (WWTP) as the collection systems for those service areas are owned and operated by each city.

The FY21/22 proposed SSCs incorporates a comprehensive update to the cost-of-service between customer classes and existing zones. The 2021 cost-of-service analysis eliminated separate service areas for setting SSCs related to the WWTP expenses. However, the Bay Point service area continues to pay an additional charge to operate and maintain the collection system that serves Bay Point. The 2021 cost-of-service analysis and elimination of service areas for WWTP expenses caused a shift of approximately \$740,000 from Non-Residential to Residential.

## Delta Diablo – Wastewater Rate Study

Therefore, the FY21/22 proposed SSCs reflect equivalent rates across all service areas for the District's WWTP operating and capital expenses. The proposed SSCs derived within this Report also include a revenue adjustment of 4.75% that will generate approximately \$1.6 million in additional revenue for FY21/22. FY21/22 SSCs will continue to generate positive net income before direct transfers, generate additional funding for reinvestment in the WWTP and Bay Point collection system, and meet minimum reserve targets. The proposed SSCs were noticed to each customer by mail as part of the Proposition 218 noticing requirements. On June 9, 2021, a Public Hearing will occur on the proposed SSCs identified in Table 1. SSCs for Single-Family residential units in Bay Point will increase by approximately 5.9% and SSCs for Single-Family residential units in Pittsburg and Antioch will increase by approximately 6.5%, which incorporates a revenue adjustment for FY21/21 and cost-of-service findings. Non-Residential SSCs adjustments will vary by category and previous service area designation.

*Table 1: Proposed FY21/22 Sewer Service Charges*

<b>FY 21/22 Sewer Service Charges</b>		<b>Zone 1 - Bay Point</b>	<b>Zone 2 - Pittsburg</b>	<b>Zone 3 - Antioch</b>
<b>Residential</b>		<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2022</b>
Equivalent Residential Unit	(\$/Year)	\$589.24	\$429.41	\$429.41
<b>Non-Residential Charges</b>		<b>FY 2022</b>	<b>FY 2022</b>	<b>FY 2022</b>
Bakeries & Restaurants	(\$/HCF)	\$9.02	\$7.33	\$7.33
Dow Chemical	(\$/HCF)	\$3.70	\$3.70	\$3.70
G&K Services	(\$/HCF)	\$5.04	\$5.04	\$5.04
Hotel/Motel	(\$/HCF)	\$4.57	\$4.57	\$4.57
Institutional	(\$/HCF)	\$5.91	\$4.22	\$4.22
Light Industry	(\$/HCF)	\$5.71	\$4.02	\$4.02
Marinas	(\$/HCF)	\$6.03	\$6.03	\$6.03
Generon IGS	(\$/HCF)	\$4.99	\$4.99	\$4.99
Misc. Commercial	(\$/HCF)	\$5.91	\$4.22	\$4.22
Mortuaries	(\$/HCF)	\$5.83	\$5.83	\$5.83
Praxair	(\$/HCF)	\$3.58	\$3.58	\$3.58
Premark Packaging	(\$/HCF)	\$5.91	\$4.22	\$4.22
U.S. Army	(\$/HCF)	\$5.27	\$3.58	\$3.58

## Background

### Wastewater System

The District provides wastewater conveyance and treatment services for about 215,000 customers in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. The District treats approximately 13 million gallons of wastewater and produces 6 million gallons of recycled water daily.

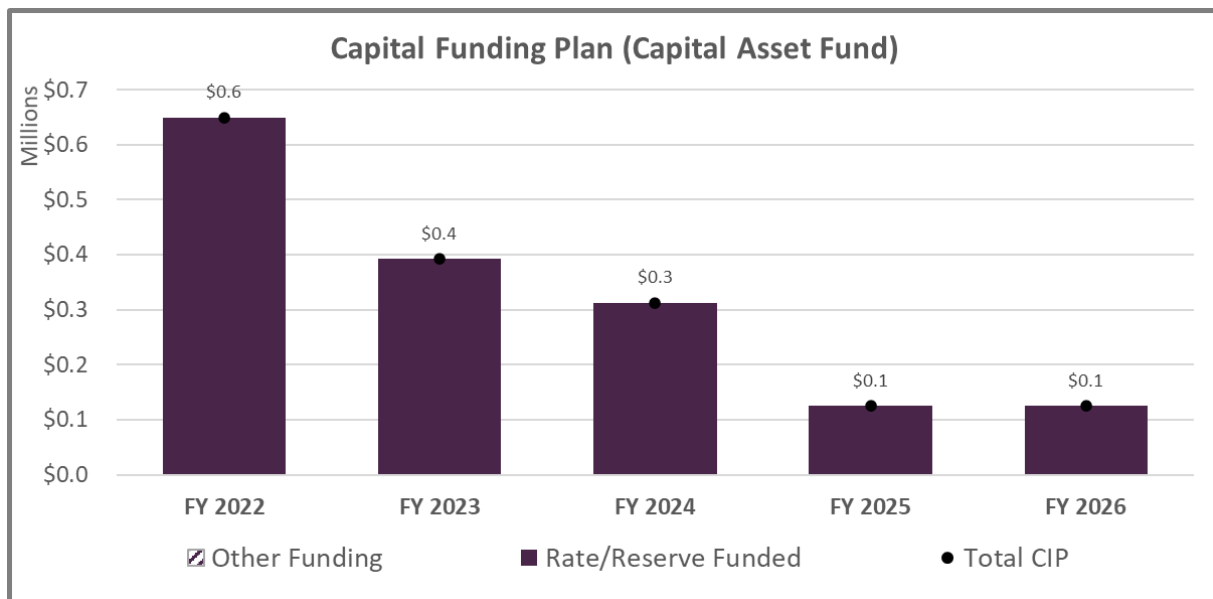
Figure 1: Delta Diablo Wastewater Treatment Plant



# Delta Diablo – Wastewater Rate Study

The District is currently completing a Resource Recovery Facility Master Plan (RRFMP) that identifies current and future capital investment needs. Based on the District's current CIP, the District requires approximately \$123 million in capital funding over the next five years. The CIP is broken out between the District's capital-related funds, including Capital Asset Fund, Advanced Treatment Fund, Capital Asset Replacement, and Bay Point Collection. Figure 2 through Figure 5 identifies the CIP distribution by each capital fund through FY25/26, without considering debt financing as a funding source (Figure 13 through Figure 16 within Proposed Financial Plan section includes debt as a funding source). Figure 6 provides a summary of all funds combined through FY25/26.

Figure 2: Capital Improvement Program – Capital Assets



# Delta Diablo – Wastewater Rate Study

Figure 3: Capital Improvement Program – Advanced Treatment

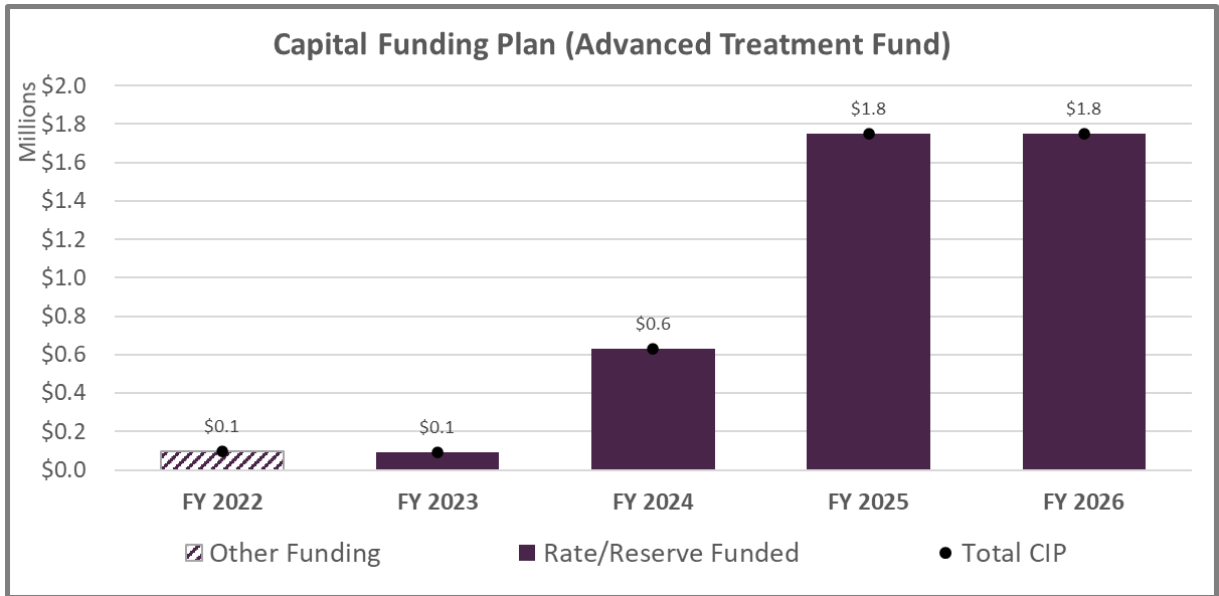
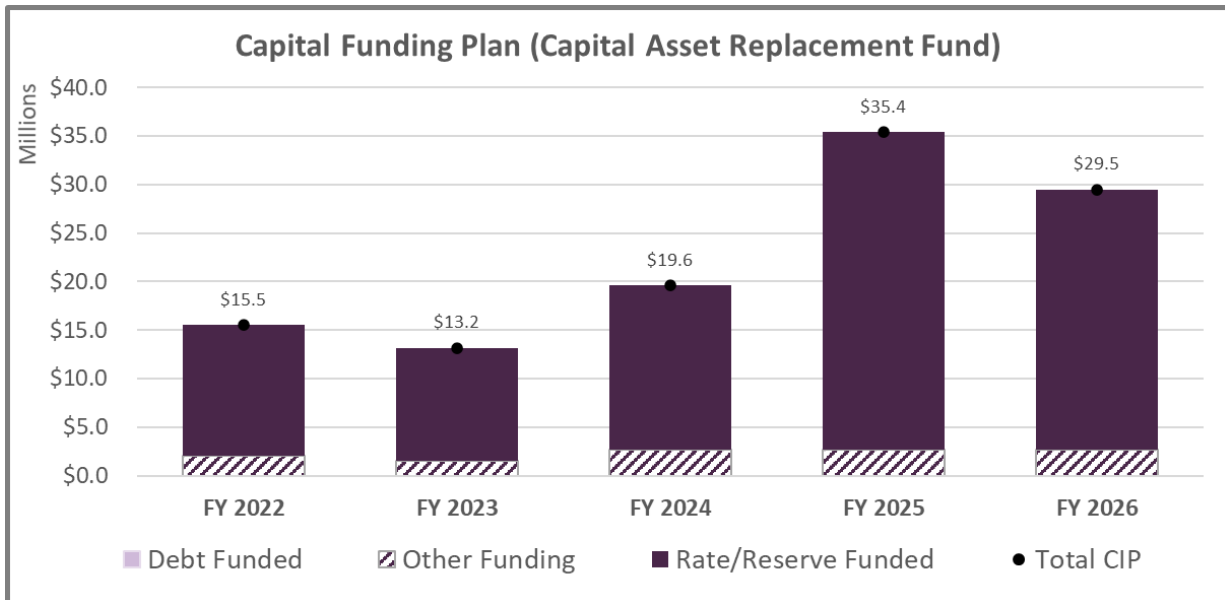


Figure 4: Capital Improvement Program – Capital Asset Replacement



# Delta Diablo – Wastewater Rate Study

Figure 5: Capital Improvement Program – Bay Point Collection

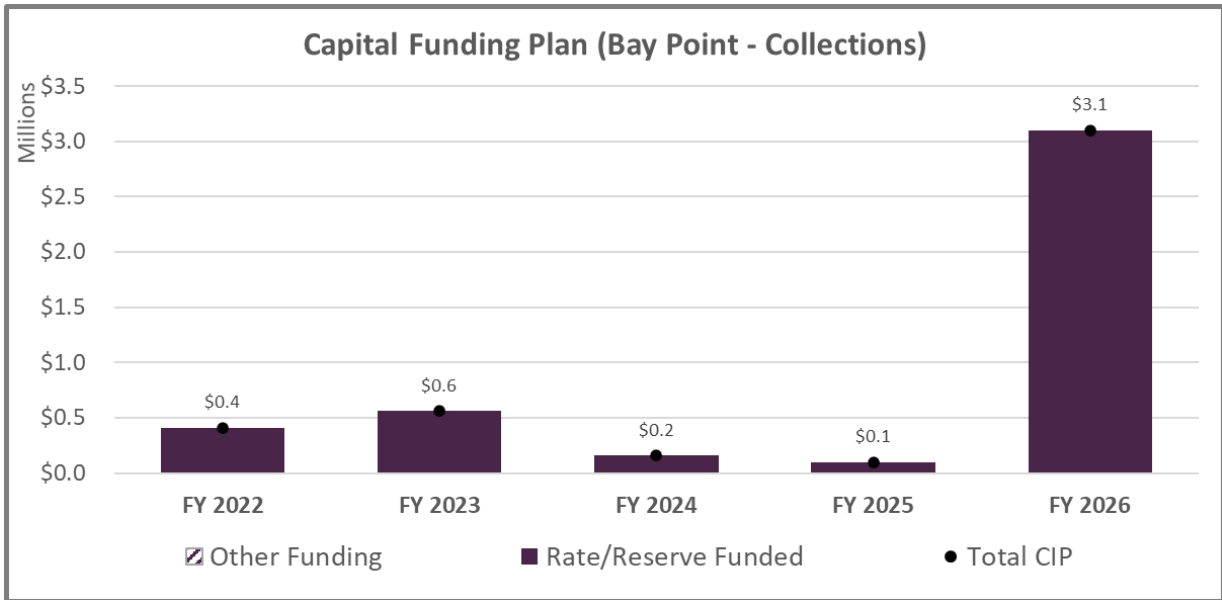
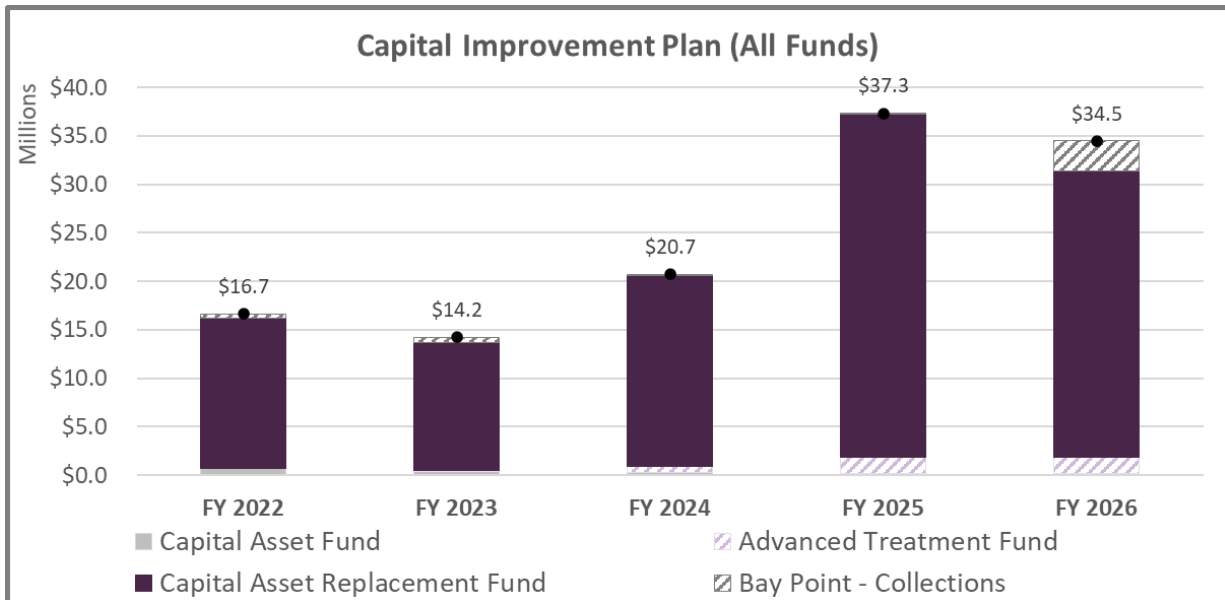


Figure 6: Capital Improvement Program – All Funds



## Customers

The District serves 68,598 Residential units and 2,887 Non-Residential accounts, with over 95% of sewer units classified as Residential. Table 2 provides a summary of accounts/sewer units by customer class and zone.



# Delta Diablo – Wastewater Rate Study

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

Customer Class	Zone 1	Zone 2	Zone 3	Total Combined
	Bay Point	Pittsburg	Antioch	
<b>Residential</b>	<b>7,231</b>	<b>24,056</b>	<b>37,311</b>	<b>68,598</b>
<b>Non-Residential</b>				
Bakeries & Restaurants	13	98	152	263
Dow Chemical	-	1	-	1
G&K Services	-	1	-	1
Hotel/Motel	-	4	5	9
Institutional	25	95	120	240
Light Industry	7	168	121	296
Marinas	-	2	1	3
Generon IGS	-	1	-	1
Misc. Commercial	123	651	1,293	2,067
Mortuaries	-	2	1	3
Praxair	-	1	-	1
Premark Packaging	1	-	-	1
U.S. Army	1	-	-	1
<b>Subtotal of Non-Residential</b>	<b>170</b>	<b>1,024</b>	<b>1,693</b>	<b>2,887</b>
<b>Units of Service</b>	<b>7,401</b>	<b>25,080</b>	<b>39,004</b>	<b>71,485</b>

The current SSCs consist of annual fixed charges per dwelling unit for Residential customers and flow rates for Non-Residential customers with a minimum charge equal to the Residential SSC for usage less than 90 HCF. Existing SSCs are identified in Table 3.

# Delta Diablo – Wastewater Rate Study

Table 3: FY20/21 Sewer Service Charges

Existing Sewer Service Charges		Zone 1 - Bay Point	Zone 2 - Pittsburg	Zone 3 - Antioch
Residential		Existing	Existing	Existing
Equivalent Residential Unit	(\$/Year)	\$556.47	\$403.10	\$403.10
Non-Residential Charges		Existing	Existing	Existing
Bakeries & Restaurants	(\$/HCF)	\$9.47	\$8.01	\$7.94
Dow Chemical	(\$/HCF)	-	\$4.66	-
G&K Services	(\$/HCF)	-	\$5.46	-
Hotel/Motel	(\$/HCF)	-	\$4.27	\$4.64
Institutional	(\$/HCF)	\$6.52	\$4.89	\$4.85
Light Industry	(\$/HCF)	\$6.52	\$4.89	\$4.85
Marinas	(\$/HCF)	-	\$6.30	\$6.34
Generon IGS	(\$/HCF)	-	\$9.11	-
Misc. Commercial	(\$/HCF)	\$6.52	\$4.89	\$4.79
Mortuaries	(\$/HCF)	-	\$5.53	\$5.55
Praxair	(\$/HCF)	-	\$4.62	-
Premark Packaging	(\$/HCF)	\$6.58	-	-
U.S. Army	(\$/HCF)	\$6.38	-	-

## Financial Plan Overview

### Financial Planning

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

- 1) Historical Non-Residential water sales, expected flows by customer class, flow return factors, and inflow/infiltration factors determine an appropriate level of flow to project expenses.
- 2) Operational costs that may change over the planning period due to inflation and any new expenditures incurred to meet strategic goals, regulatory requirements, or changes in operations.
- 3) Multi-year system improvements and scheduling based on priority. This review also considers available funding sources to complete capital projects such as “pay-as-you-go (PAYGO)”, grants, and debt financing.
- 4) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and potential system failures.

Figure 7 illustrates the key elements when developing a long-term financial plan.

*Figure 7: Financial Plan Key Elements*



# Delta Diablo – Wastewater Rate Study

## Financial Planning Assumptions

Developing a long-term financial plan requires an understanding of the utility’s financial position by evaluating existing revenue streams, ongoing expenses, how those expenses are expected to change over time, existing debt requirements, new strategic objectives, and reserve policies. With these considerations, certain assumptions are required for projecting revenues, expenses, and expected ending fund balances. Table 4 identifies assumptions used for forecasting revenues, and Table 5 identifies assumptions used for forecasting increases in expenses through FY25/26.

*Table 4: Revenue Forecasting Assumptions*

Key Assumptions	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
<b>Revenue</b>						
Non-Rate Revenues	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Reserve Interest	10%	10%	10%	10%	10%	10%
Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Flow Dem and Increases	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Residential Water Usage	762,054	762,054	762,054	762,054	762,054	762,054

*Table 5: Expense Forecasting Assumptions*

Key Assumptions	Notes:	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Expenditure</b>						
Employee Benefits		4.0%	4.0%	6.0%	6.0%	6.0%
Capital Construction	ENR - SF 5-Year Average	2.8%	2.8%	2.8%	2.8%	2.8%
Chemicals		6.0%	6.0%	6.0%	6.0%	6.0%
General Costs	CPI - SF (BLS) 5-Year Average	3.1%	3.1%	3.1%	3.1%	3.1%
Utilities		4.0%	4.0%	4.0%	4.0%	4.0%
Salaries & Wages		3.2%	3.2%	3.2%	3.2%	3.2%

# Delta Diablo – Wastewater Rate Study

## Current Financial Position

### Revenues

The District collects almost all of the SSCs on the Contra Costa County tax roll, with a few Non-Residential customers direct billed. The County guarantees the levy as part of the Teeter Plan (California Revenue and Taxation Code Section 4701-4717). The Teeter Plan allows cities and special districts to receive the total allocation of each levy submitted. In return, the County keeps all delinquencies and penalties incurred. The total levy amount submitted to the County for FY20/21 is the baseline revenue used for financial planning. SSCs revenue for FY21/22 and beyond were increased by new accounts that have come online since the submittal of the FY20/21 tax levy, generating an additional \$475k in revenue. Table 6 shows all revenues, including SSCs, Other Revenues, and Other Financing Sources. Interfund Transfer is increased based on the “Non-Rate Revenues” percentage increase from Table 4. The Interfund Transfer goes towards the District’s Household Hazardous Waste (HHW) program that mitigates significant hazardous constituents from entering the WWTP influent. The Interfund Loan in FY21/22 is repayment to operating from expansion for a previous advancement of funds.

*Table 6: Delta Diablo Projected Revenues Based on FY20/21 Rates*

Revenue	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Rate Revenue</b>						
SSCs	\$32,700,000	\$33,175,000	\$33,175,000	\$33,175,000	\$33,175,000	\$33,175,000
<b>Total Rate Revenue</b>	<b>\$32,700,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>
<b>Other Revenues</b>						
Discharge Permit & Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest	\$205,000	\$266,000	\$235,000	\$163,000	\$100,000	\$38,000
<b>Subtotal Other Revenues</b>	<b>\$1,555,000</b>	<b>\$1,616,000</b>	<b>\$1,585,000</b>	<b>\$1,513,000</b>	<b>\$1,450,000</b>	<b>\$1,388,000</b>
<b>Other Financing Sources</b>						
Interfund Transfer	(\$370,000)	(\$381,000)	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)
Interfund Loan	\$0	\$478,000	\$0	\$0	\$0	\$0
<b>Subtotal Other Financing Sources</b>	<b>(\$370,000)</b>	<b>\$97,000</b>	<b>(\$392,000)</b>	<b>(\$404,000)</b>	<b>(\$416,000)</b>	<b>(\$428,000)</b>
<b>Total Revenues</b>	<b>\$33,885,000</b>	<b>\$34,888,000</b>	<b>\$34,368,000</b>	<b>\$34,284,000</b>	<b>\$34,209,000</b>	<b>\$34,135,000</b>

# Delta Diablo – Wastewater Rate Study

## Expenses

The preliminary FY21/22 budget was used as the baseline expenses for the utility and were adjusted in subsequent years based on the percentage increases shown in Table 5. Table 7 provides projected Operational & Maintenance (O&M) costs through FY25/26 (rounded to thousands). Each expense category includes detailed line-item expenditures discussed with staff to determine the appropriate escalation factor for forecasting how costs will increase over time. Revenues in Table 6 exceed total O&M expenses because total revenue requirements also include capital expenses and reserve funding.

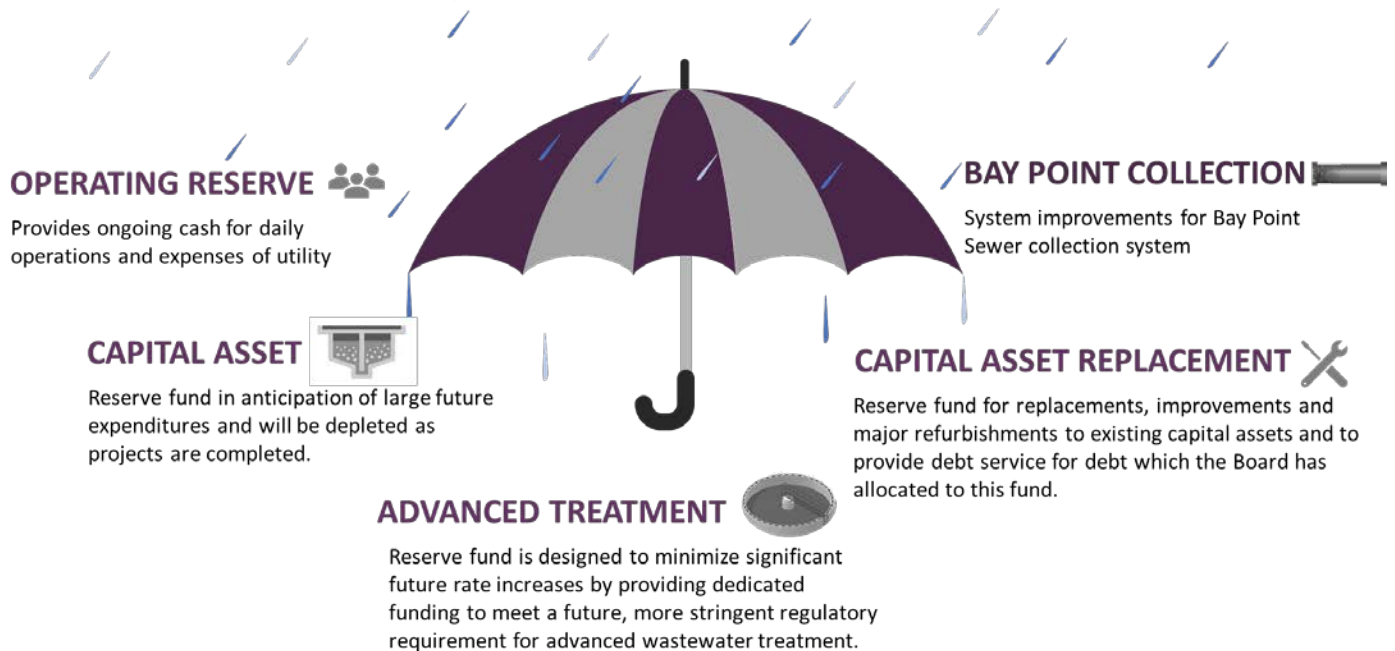
*Table 7: Projected O&M Expenses*

O&M Expenses	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Operating Expenses</b>						
Administration Division	\$1,870,000	\$2,229,000	\$2,304,000	\$2,396,000	\$2,492,000	\$2,592,000
Board of Directors Division	\$68,000	\$32,000	\$33,000	\$35,000	\$37,000	\$39,000
Public Information Division	\$200,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
Human Resources Division	\$928,000	\$1,133,000	\$1,170,000	\$1,214,000	\$1,260,000	\$1,307,000
Finance Division	\$1,597,000	\$2,077,000	\$2,145,000	\$2,227,000	\$2,312,000	\$2,401,000
Information Technology Division	\$1,226,000	\$1,404,000	\$1,452,000	\$1,507,000	\$1,563,000	\$1,621,000
Purchasing Division	\$192,000	\$623,000	\$644,000	\$670,000	\$698,000	\$727,000
Engineering Division	\$2,551,000	\$2,077,000	\$2,149,000	\$2,239,000	\$2,333,000	\$2,431,000
Maintenance Division	\$4,677,000	\$5,107,000	\$5,281,000	\$5,493,000	\$5,715,000	\$5,946,000
Operations/Plant Division	\$6,430,000	\$6,936,000	\$7,208,000	\$7,521,000	\$7,851,000	\$8,196,000
Laboratory Division	\$1,118,000	\$1,209,000	\$1,251,000	\$1,304,000	\$1,361,000	\$1,422,000
Lab Pretreatment Division	\$341,000	\$437,000	\$452,000	\$470,000	\$489,000	\$509,000
Lab Pollution Prevention Division	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Safety Division	\$282,000	\$368,000	\$380,000	\$395,000	\$410,000	\$426,000
<b>Subtotal Operating Expenses</b>	<b>\$21,480,000</b>	<b>\$23,683,000</b>	<b>\$24,521,000</b>	<b>\$25,524,000</b>	<b>\$26,575,000</b>	<b>\$27,672,000</b>

# Delta Diablo – Wastewater Rate Study

## Reserves

Figure 8: Wastewater Utility Reserves



Per District policy, the Wastewater Operating and Maintenance (WW O&M) Fund is required to maintain a reserve for operating equal to 40% of operating expenses. There are no formal capital-related reserves as part of the District’s reserve policy; however, capital reserves are recommended to ensure that the District maintains a strong financial outlook moving forward. It is standard industry best management practice to establish a capital reserve equal to at least the annual depreciation value of the District’s assets or to cover a year’s worth of upcoming capital expenses within the CIP. Therefore, as part of the proposed financial plan, reserves include the existing Operating Reserve and recommended minimum capital funding targets for each capital-related fund based on the average annual expenses of the CIP over the next five years. These reserves help mitigate risks to the utility by ensuring sufficient cash is on hand for daily operations and to fund annual system improvements. In addition, these reserves help smooth rates and mitigate the potential for sharp rate increases due to emergencies or unplanned, higher system costs. Table 8 summarizes the minimum operating reserve requirement and recommended funding targets of each capital-related fund.

Table 8: Reserve Requirement and Recommended Capital Funding Targets

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

The reserve balance as of July 1, 2020, equaled approximately \$55.6 million.

## Financial Outlook at Existing Rates

Revenues from existing rates are sufficient to fund WW O&M through FY25/26 as shown in Figure 9. However, after direct transfers for capital spending, WW O&M is overdrawn, and reserves would need to be used to ensure capital projects move forward as scheduled (Figure 10). Using operating reserves would cause the balance to fall below the 40% target generating pressure to increase rates. The current operating reserve can absorb the direct transfers through FY22/23 while maintaining the 40% operating minimum reserve requirement but depletes by FY25/26. Figure 9 illustrates the operating position of the utility, where WW O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at current rates. The bars represent the amount of net operating income before direct transfers for capital spending. Figure 10 identifies the operating position after direct transfers for capital.

Figure 9: Current Operating Financial Position Before Direct Transfers

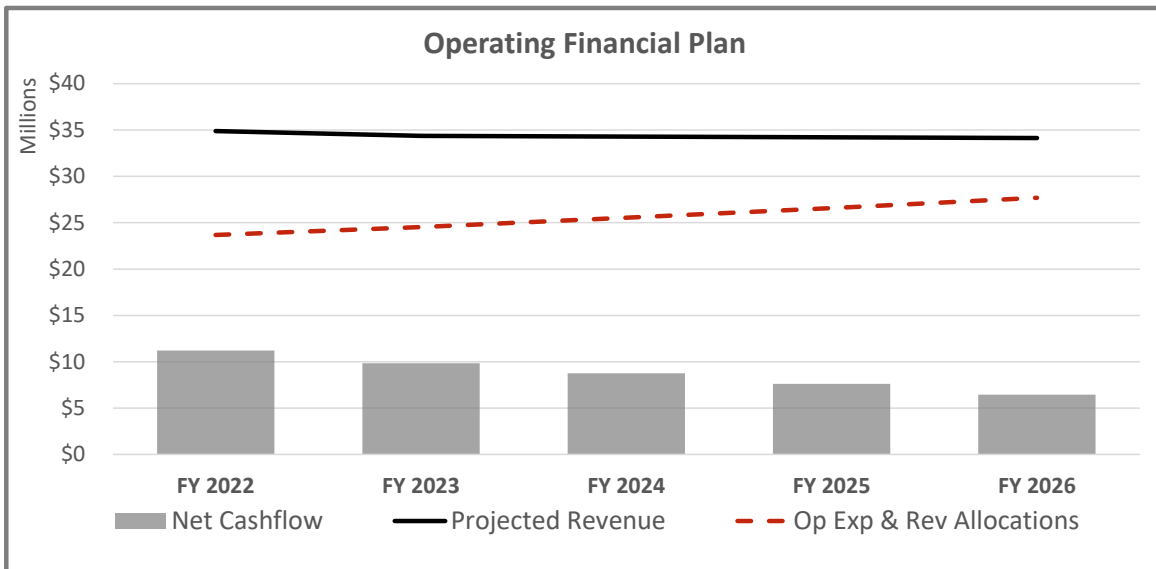




Figure 10: Current Operating Financial Position After Direct Transfers

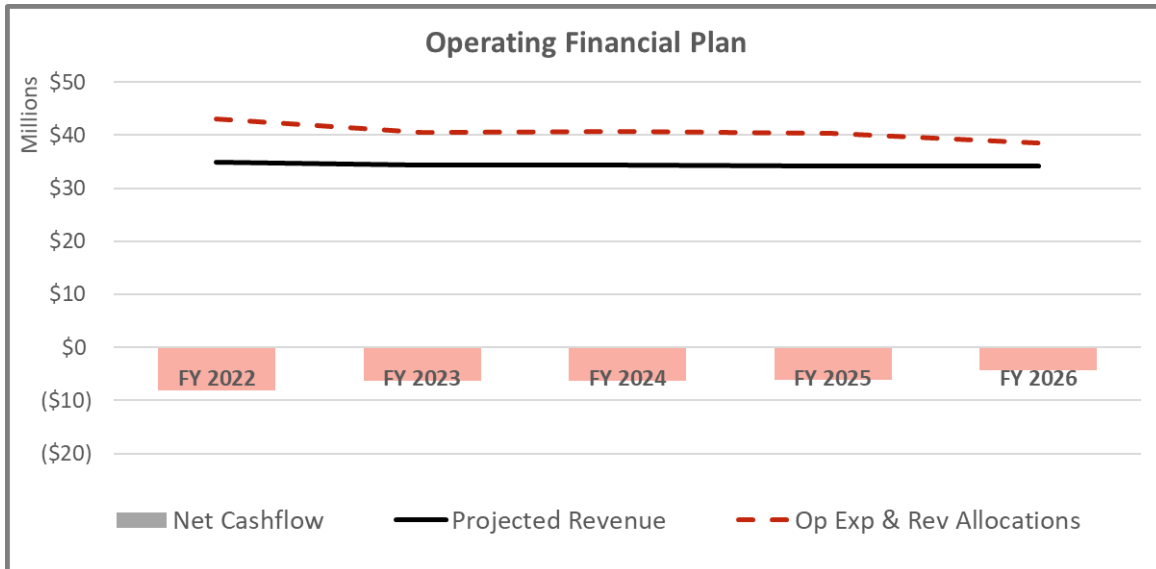
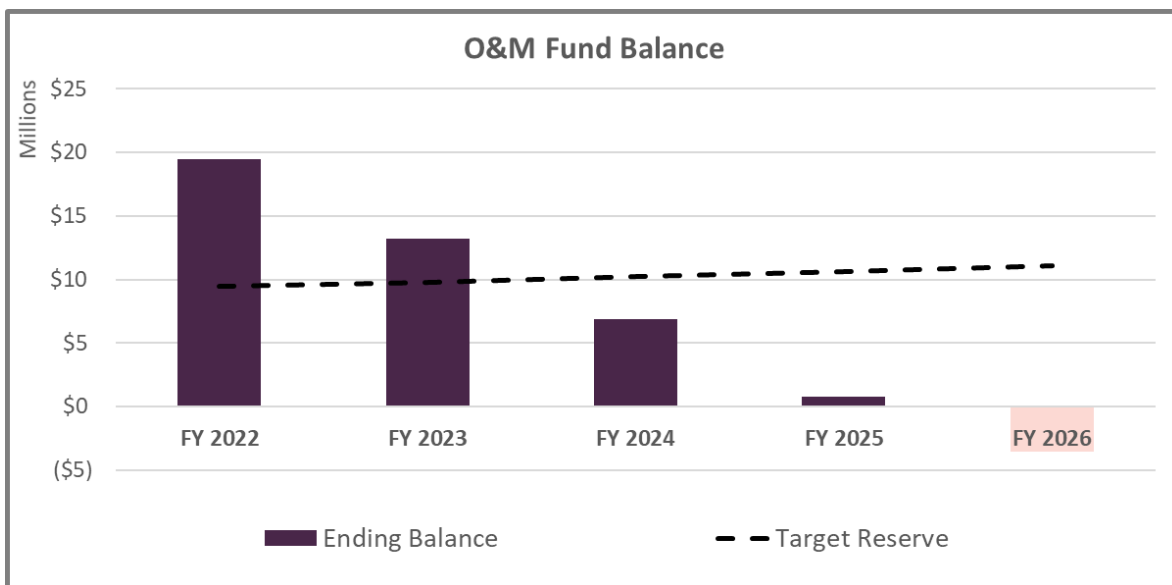


Figure 11 reflects the projected ending balances of the District’s operating reserve after direct transfers are funded through FY25/26. By FY23/24, the operating reserve is below the minimum target.

Figure 11: Projected Ending Operating Reserve at Existing Rates



### Proposed Financial Plan

---

Based on existing revenues, projected expenses, the District's updated CIP, and reserves, a proposed financial plan can be developed to meet the District's overall revenue requirements over the next Financial Plan Period. Based on additional capital reinvestment and the new Secondary Process Improvements, Table 9 forecasts projected revenues and expenses through FY25/26. Proposed revenue adjustments for FY21/22 through FY25/26 are 4.75%, 5.75%, 5.75%, 2.5%, and 2.0%, respectively. The proposed FY21/21 SSC rate adjustments also include cost-of-service study findings that result in a reallocation of cost to the District's customer classes. Therefore SSCs increases will vary by customer and not necessarily be equivalent to the 4.75% revenue adjustment.

# Delta Diablo – Wastewater Rate Study

Table 9: Proposed Financial Plan

Revenue	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>Rate Revenue</b>						
SSCs	\$32,700,000	\$33,175,000	\$33,175,000	\$33,175,000	\$33,175,000	\$33,175,000
<b>Total Rate Revenue</b>	<b>\$32,700,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>	<b>\$33,175,000</b>
<b>Additional Revenue (from revenue adjustments):</b>						
<b>Fiscal Year</b>	<b>Revenue Adjs</b>					
FY 2022	4.75%	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000	\$1,575,000
FY 2023	5.75%		\$1,998,000	\$1,998,000	\$1,998,000	\$1,998,000
FY 2024	5.75%			\$2,113,000	\$2,113,000	\$2,113,000
FY 2025	2.50%				\$971,000	\$971,000
FY 2026	2.00%					\$796,000
<b>Total Additional Revenue</b>	<b>\$0</b>	<b>\$1,575,000</b>	<b>\$3,573,000</b>	<b>\$5,686,000</b>	<b>\$6,657,000</b>	<b>\$7,453,000</b>
<b>Projected Rate Revenues (with adjustments)</b>	<b>\$32,700,000</b>	<b>\$34,750,000</b>	<b>\$36,748,000</b>	<b>\$38,861,000</b>	<b>\$39,832,000</b>	<b>\$40,628,000</b>
<b>Other Revenues</b>						
Discharge Permit it & Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest	\$205,000	\$266,000	\$238,000	\$179,000	\$141,000	\$114,000
<b>Subtotal Other Revenues</b>	<b>\$1,555,000</b>	<b>\$1,616,000</b>	<b>\$1,588,000</b>	<b>\$1,529,000</b>	<b>\$1,491,000</b>	<b>\$1,464,000</b>
<b>Other Financing Sources</b>						
Interfund Transfer	(\$370,000)	(\$381,000)	(\$392,000)	(\$404,000)	(\$416,000)	(\$428,000)
Interfund Loan	\$0	\$478,000	\$0	\$0	\$0	\$0
<b>Subtotal Other Financing Sources</b>	<b>(\$370,000)</b>	<b>\$97,000</b>	<b>(\$392,000)</b>	<b>(\$404,000)</b>	<b>(\$416,000)</b>	<b>(\$428,000)</b>
<b>Total Revenues</b>	<b>\$33,885,000</b>	<b>\$36,463,000</b>	<b>\$37,944,000</b>	<b>\$39,986,000</b>	<b>\$40,907,000</b>	<b>\$41,664,000</b>
<b>O&amp;M Expenses</b>						
<b>Operating Expenses</b>						
Administration Division	\$1,870,000	\$2,229,000	\$2,304,000	\$2,396,000	\$2,492,000	\$2,592,000
Board of Directors Division	\$68,000	\$32,000	\$33,000	\$35,000	\$37,000	\$39,000
Public Information Division	\$200,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000
Human Resources Division	\$928,000	\$1,133,000	\$1,170,000	\$1,214,000	\$1,260,000	\$1,307,000
Finance Division	\$1,597,000	\$2,077,000	\$2,145,000	\$2,227,000	\$2,312,000	\$2,401,000
Information Technology Division	\$1,226,000	\$1,404,000	\$1,452,000	\$1,507,000	\$1,563,000	\$1,621,000
Purchasing Division	\$192,000	\$623,000	\$644,000	\$670,000	\$698,000	\$727,000
Engineering Division	\$2,551,000	\$2,077,000	\$2,149,000	\$2,239,000	\$2,333,000	\$2,431,000
Maintenance Division	\$4,677,000	\$5,107,000	\$5,281,000	\$5,493,000	\$5,715,000	\$5,946,000
Operations/Plant Division	\$6,430,000	\$6,936,000	\$7,208,000	\$7,521,000	\$7,851,000	\$8,196,000
Laboratory Division	\$1,118,000	\$1,209,000	\$1,251,000	\$1,304,000	\$1,361,000	\$1,422,000
Lab Pretreatment Division	\$341,000	\$437,000	\$452,000	\$470,000	\$489,000	\$509,000
Lab Pollution Prevention Division	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Safety Division	\$282,000	\$368,000	\$380,000	\$395,000	\$410,000	\$426,000
<b>Subtotal Operating Expenses</b>	<b>\$21,480,000</b>	<b>\$23,683,000</b>	<b>\$24,521,000</b>	<b>\$25,524,000</b>	<b>\$26,575,000</b>	<b>\$27,672,000</b>
<b>Net Income (before transfers)</b>	<b>\$12,405,000</b>	<b>\$12,780,000</b>	<b>\$13,423,000</b>	<b>\$14,462,000</b>	<b>\$14,332,000</b>	<b>\$13,992,000</b>
<b>Direct Transfers</b>						
Capital Asset - 120	\$0	\$0	\$0	\$0	\$298,740	\$406,280
Capital Replacement - 130	\$9,156,000	\$19,112,500	\$16,536,600	\$16,321,620	\$14,737,840	\$11,375,840
Bay Point - 520 & 550	\$1,173,930	\$1,216,250	\$1,286,180	\$1,360,135	\$1,394,120	\$1,421,980
<b>Subtotal Direct Transfers</b>	<b>\$10,329,930</b>	<b>\$20,328,750</b>	<b>\$17,822,780</b>	<b>\$17,681,755</b>	<b>\$16,430,700</b>	<b>\$13,204,100</b>
<b>Net Income (after transfers)</b>	<b>\$2,075,070</b>	<b>(\$7,548,750)</b>	<b>(\$4,399,780)</b>	<b>(\$3,219,755)</b>	<b>(\$2,098,700)</b>	<b>\$787,900</b>

# Delta Diablo – Wastewater Rate Study

Figure 12 identifies the operating position based on the proposed financial plan. Although operating reflects an annual deficit due to direct transfers, the operating reserve can absorb the transfers while maintaining the 40% operating reserve requirement. Figure 13 through Figure 16 identifies the capital plan of each fund with funding sources. Debt financing is anticipated for the Wastewater Capital Asset Replacement Fund to finance a portion of the Secondary Process Improvements (\$30 million in debt) and Bay Point to fund collection system repairs (\$3 million).

Figure 12: Proposed Operating Position After Direct Transfers

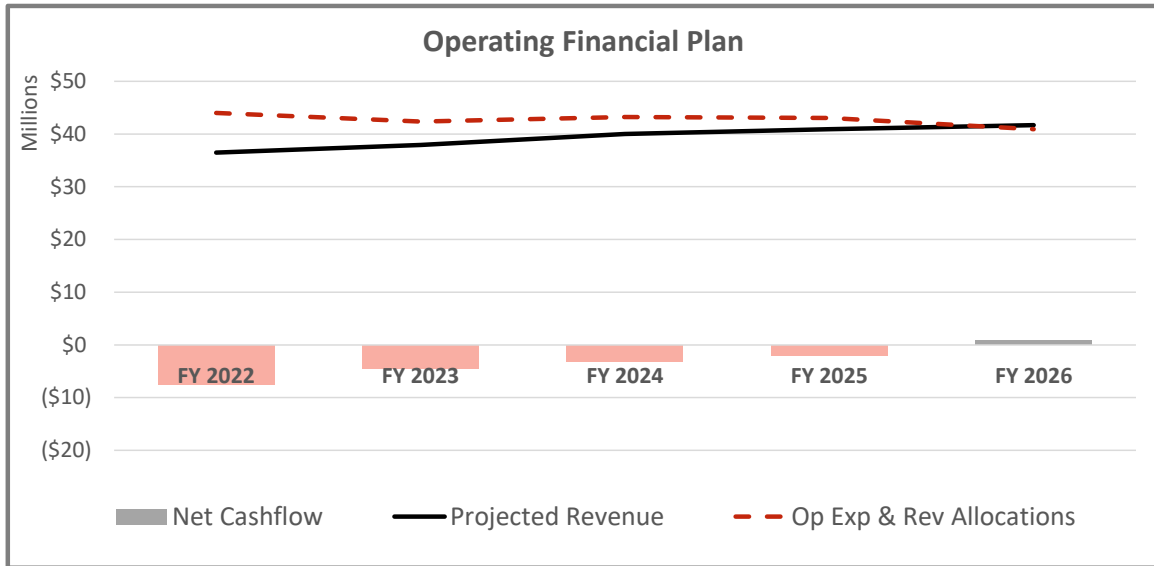


Figure 13: Capital Funding Plan – Capital Assets

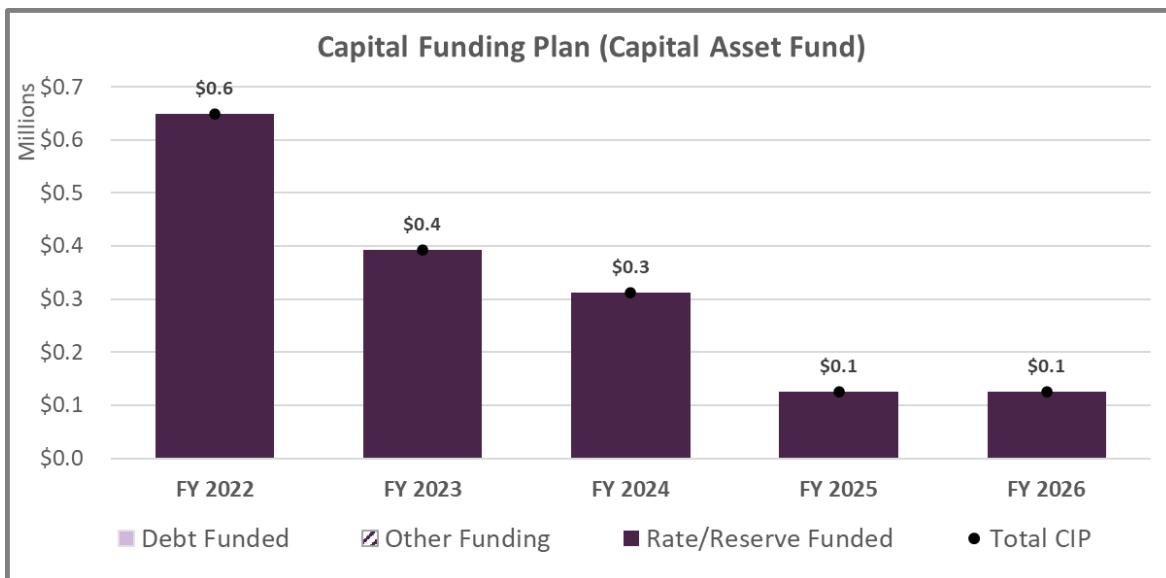


Figure 14: Capital Funding Plan – Advanced Treatment

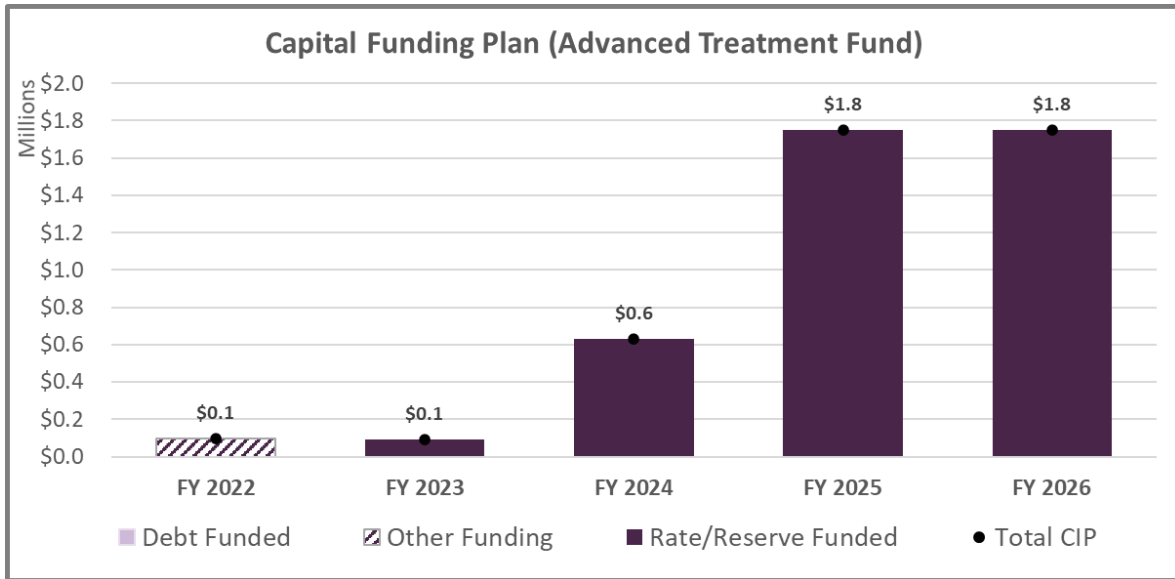


Figure 15: Capital Funding Plan – Capital Asset Replacement

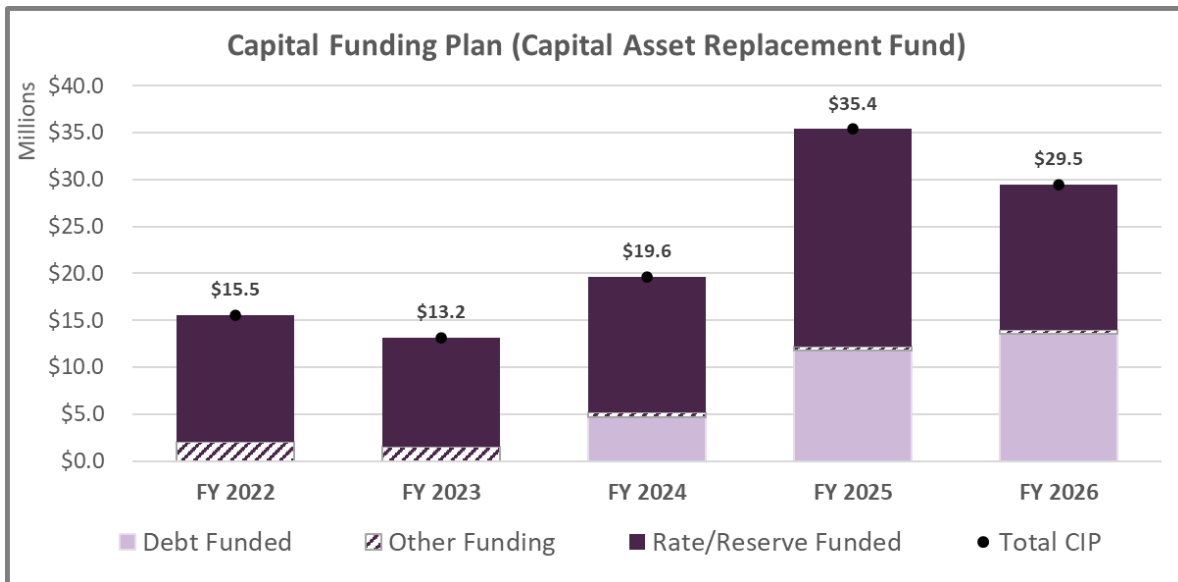


Figure 16: Capital Funding Plan – Bay Point Collection

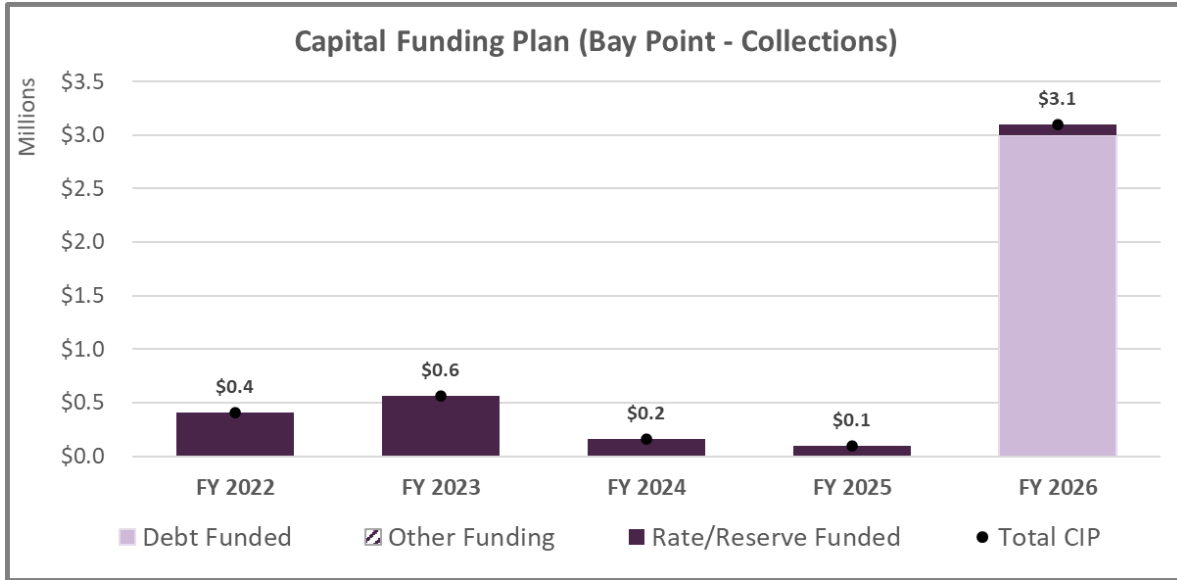


Figure 17 identifies projected ending reserve balances for the operating fund, and Figure 18 identifies projected ending reserve balances for all funds combined.

Figure 17: Projected Ending Reserves - Operating

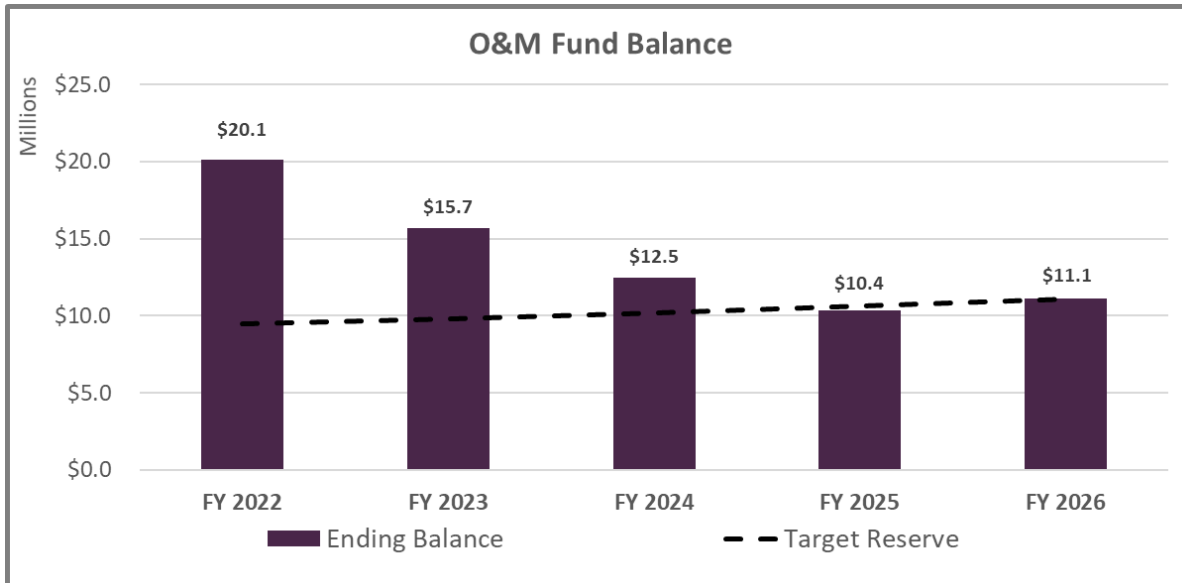
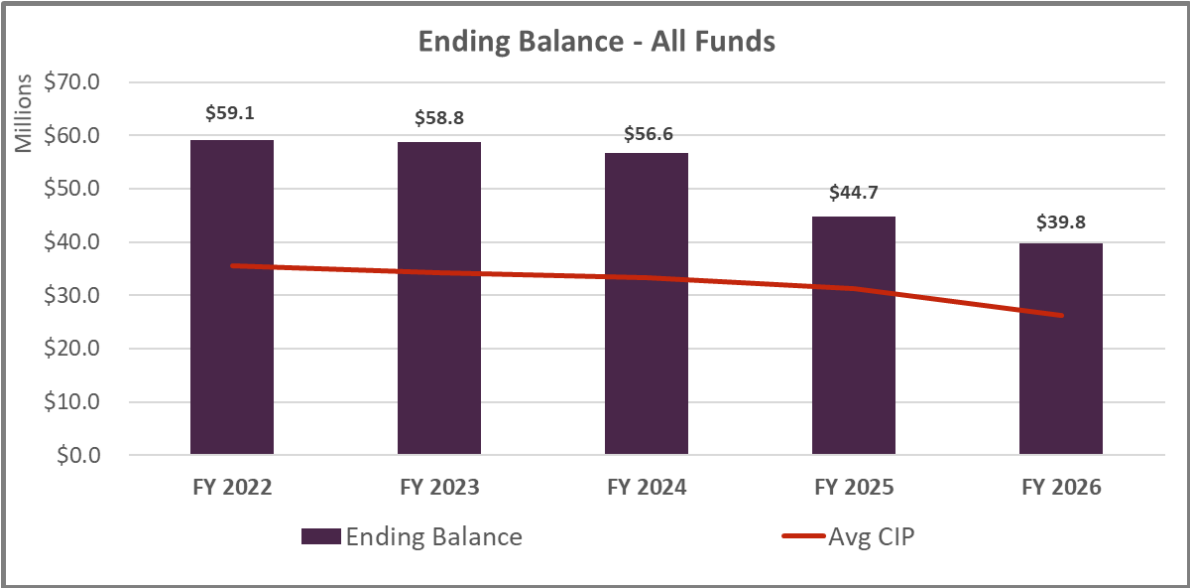


Figure 18: Projected Ending Reserves – All Funds



# Cost-of-Service Analysis

---

### Cost-of-Service Process

The next step in developing wastewater rates is to perform a cost of service analysis. Through this process, costs incurred are allocated to customer classes based on their proportional share. As a result, proposed rates are cost-based and reflect the costs incurred to provide service to customers. Critical components of this study were to restructure wastewater rates to reflect current flow trends, eliminate zones for treatment-related expenses, recalibrate SSCs, and set minimum charges based on new minimum flow amounts.

### Revenue Requirements

FY21/22 revenue requirements were used for the cost-of-service analysis. Revenue requirements include O&M expenses, debt service, available revenue offsets, non-rate revenues, and annual net income. The proposed revenue adjustment for FY21/22 and corresponding rates accumulate the necessary funding to fund O&M, capital projects, and comply with minimum reserve requirements. The results of the financial plan analysis are summarized in [Table 10](#) and represent the revenue required from rates for FY21/22.



# Delta Diablo – Wastewater Rate Study

Table 10: FY21/22 Wastewater Revenue Requirements

Revenue Requirements	Total
<b>Operating Expenses</b>	
Administration Division	\$2,229,665
Board of Directors Division	\$31,941
Public Information Division	\$46,000
Human Resources Division	\$1,133,164
Finance Division	\$2,077,016
Information Technology Division	\$1,405,344
Purchasing Division	\$622,791
Engineering Division	\$2,076,928
Maintenance Division	\$5,106,204
Operations/Plant Division	\$6,936,349
Laboratory Division	\$1,209,100
Lab Pretreatment Division	\$436,966
Lab Pollution Prevention Division	\$5,000
Safety Division	\$367,318
<b>Subtotal Operating Expenses</b>	<b>\$23,683,786</b>
<b>Direct Transfers</b>	
Capital Replacement - 130	\$19,112,997
Bay Point - 520 & 550	\$1,216,282
<b>Subtotal Direct Transfers</b>	<b>\$20,329,279</b>
<b>Revenue Offsets / Reserve Funding</b>	
<b>Other Revenues</b>	
Discharge Permit & Fees	(\$250,000)
Overhead (from Capital Projects)	(\$700,000)
Miscellaneous	(\$200,000)
Utility Rebates (from Calpine)	(\$200,000)
Interest	(\$266,316)
<b>Subtotal Other Revenues</b>	<b>(\$1,616,316)</b>
<b>Other Financing Sources</b>	
Interfund Transfer	\$381,594
Interfund Loan	(\$478,600)
<b>Subtotal Other Financing Sources</b>	<b>(\$97,006)</b>
Reserve Funding (Fund 110 Net Income)	(\$7,548,839)
<b>Subtotal Revenue Offsets / Reserve Funding</b>	<b>(\$9,262,161)</b>
<b>Revenue Required from Rates</b>	<b>\$34,750,904</b>

## Define Cost Components

Cost-of-service requirements were allocated to cost components and then to customer classes utilizing a cost causation approach endorsed by the Water Environment Federation (WEF) rate-setting manual - Financing and Charges for Wastewater Systems (Manual of Practice 27). The utility incurs costs to accommodate total flow demand and various strength concentrations of influent generated by different customer classes. Therefore, to determine the most appropriate way to recover the utility's expenses, cost components are identified and used to allocate expenses based on how they are incurred. Through the review of the revenue requirements and based on an understanding of the wastewater system, the cost-of-service allocation documented in this Report is based on total accounts, flow (volume influent in HCF), and the strength characteristics of the District's customer classes. Strength loading factors for biochemical oxygen demand (BOD) and total suspended solids (TSS) are identified by customer class. Strength factors are based on previous constituent testing performed by the District and the State Water Resources Control Board (SWRCB) *Revenue Program Guidelines, Appendix G*. Using this approach, revenue requirements are allocated to the different customer classes proportionate to their demand on the WWTP.

The cost-of-service analysis accounts for system costs to meet both the total volume of influent and the strength of influent from customers. The cost components shown in Figure 19 are used within the cost-of-service to allocate costs to customer classes based on the demand each place on the system.

Figure 19: Cost Components



*Treatment Flow* – Expenses associated with operating and maintaining the District's WWTP, including overhead, central service expenses, staffing, and a portion of capital and reserves.

*BOD* – Expenses incurred to treat BOD at the WWTP, including a portion of capital and reserves.

*TSS* – Expenses incurred to treat TSS at the WWTP, including a portion of capital and reserves.

*Bay Point Collection* – Expenses associated with operating and maintaining the Bay Point wastewater collection system.

# Delta Diablo – Wastewater Rate Study

## Allocate Expenses to Cost Components

When allocating expenses to the defined cost components, it is vital to have a sound basis for why an expense was allocated to a specific cost component. The distribution of expenses to the cost components should be straightforward to ensure the method of apportionment is **understandable** and easily **correlates to how expenses are incurred**. A description of each expense category is identified below.

### **Expense Categories:**

*Operating Expenses* – The annual operating costs include general overhead, District central services, and expenses directly related to the daily operations of the WWTP. Therefore, specific line items associated with overhead and District central services were allocated to total flow, and treatment-related expenses were allocated between flow, BOD, and TSS based on the configuration of the WWTP processes that were provided by District staff.

*Direct Transfers* – Annual fund transfers necessary to meet the District’s capital needs, including debt.

*Revenue Offsets* – Non-operating revenues available to offset SSCs.

*Reserve Funding* – Net income (+/-) applied to operating reserves.

Table 11 summarizes the percent allocation of operating expenses to the cost components. The percentages shown in Table 11 were based on discussions with District staff. Based on the District staff’s experience and direct knowledge of the treatment plant processes, 74.2% of the cost incurred is to move flow, 14.8% is associated with BOD treatment, and 11% is associated with TSS treatment. Table 12 uses the percent allocations in Table 11 to allocate expenses in dollars to each cost component.

*Table 11: O&M Expense Allocation to Cost Components (%)*

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Administration Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Board of Directors Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Public Information Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Human Resources Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Finance Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Information Technology Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Purchasing Division	Specific	100.0%	0.0%	0.0%	0.0%	100%
Engineering Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Maintenance Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Operations/Plant Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Laboratory Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Lab Pretreatment Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Lab Pollution Prevention Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Safety Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%

# Delta Diablo – Wastewater Rate Study

Table 12: O&M Expense Allocation to Cost Components (\$)

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Administration Division	Specific	\$2,229,665	\$0	\$0	\$0	\$2,229,665
Board of Directors Division	Specific	\$31,941	\$0	\$0	\$0	\$31,941
Public Information Division	Specific	\$46,000	\$0	\$0	\$0	\$46,000
Human Resources Division	Specific	\$1,133,164	\$0	\$0	\$0	\$1,133,164
Finance Division	Specific	\$2,077,016	\$0	\$0	\$0	\$2,077,016
Information Technology Division	Specific	\$1405,344	\$0	\$0	\$0	\$1,405,344
Purchasing Division	Specific	\$622,791	\$0	\$0	\$0	\$622,791
Engineering Division	Treatment Plant	\$1,541,081	\$307,385	\$228,462	\$0	\$2,076,928
Maintenance Division	Treatment Plant	\$3,788,803	\$755,718	\$561,682	\$0	\$5,106,204
Operations/Plant Division	Treatment Plant	\$5,146,771	\$1,026,580	\$762,998	\$0	\$6,936,349
Laboratory Division	Treatment Plant	\$897,152	\$178,947	\$133,001	\$0	\$1,209,100
Lab Pretreatment Division	Treatment Plant	\$324,229	\$64,671	\$48,066	\$0	\$436,966
Lab Pollution Prevention Division	Treatment Plant	\$3,710	\$740	\$550	\$0	\$5,000
Safety Division	Treatment Plant	\$272,550	\$54,363	\$40,405	\$0	\$367,318
<b>Total Allocation (\$)</b>		<b>\$19,520,217</b>	<b>\$2,388,404</b>	<b>\$1,775,165</b>	<b>\$0</b>	<b>\$23,683,786</b>
<b>Operating Expenses Allocation (%)</b>		<b>82.4%</b>	<b>10.1%</b>	<b>7.5%</b>	<b>0.0%</b>	<b>100%</b>

Table 13 summarizes the percent allocation of direct transfers for FY21/22. Table 14 uses the percent allocations in Table 13 to allocate expenses in dollars to each cost component.

Table 13: Direct Transfer Expense Allocation to Cost Components (%)

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Capital Asset - 120	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Advanced Treatment - 125	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Capital Replacement - 130	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Bay Point - 520 & 550	Specific	0.0%	0.0%	0.0%	100.0%	100%

Table 14: Direct Transfer Expense Allocation to Cost Components (\$)

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Capital Asset - 120	Treatment Plant	\$0	\$0	\$0	\$0	\$0
Advanced Treatment - 125	Treatment Plant	\$0	\$0	\$0	\$0	\$0
Capital Replacement - 130	Treatment Plant	\$14,181,844	\$2,828,724	\$2,102,430	\$0	\$19,112,997
Bay Point - 520 & 550	Specific	\$0	\$0	\$0	\$1,216,282	\$1,216,282
<b>Total Allocation (\$)</b>		<b>\$14,181,844</b>	<b>\$2,828,724</b>	<b>\$2,102,430</b>	<b>\$1,216,282</b>	<b>\$20,329,279</b>

# Delta Diablo – Wastewater Rate Study

Table 15 summarizes the percent allocation of District revenue offsets and operating reserve funding. For general non-operating revenues, such as other operating charges and interest income, the percentages identified in Table 12 were used to allocate a portion to each cost component. Interfund transfers were allocated based on the Treatment allocations because the HHW program mitigates significant constituent impacts to the treatment plant, and Reserve Funding was allocated using the percentages of O&M expenses identified in Table 12. Table 16 uses the percent allocations in Table 15 to allocate expenses in dollars to each cost component.

*Table 15: Revenue Offsets and Capital / Reserve Funding (%)*

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Discharge Permit & Fees	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Overhead (from Capital Projects)	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Miscellaneous	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Utility Rebates (from Calpine)	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Interest	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Interfund Transfer	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100%
Interfund Loan	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%
Reserve Funding (Fund 110 Net Income)	Operating Allocation	82.4%	10.1%	7.5%	0.0%	100%

*Table 16: Revenue Offsets and Capital / Reserve Funding (\$)*

Expense Category	Methodology /	Flow	BOD	TSS	BP Collection	Total
Discharge Permit & Fees	Operating Allocation	(\$206,050)	(\$25,211)	(\$18,738)	\$0	(\$250,000)
Overhead (from Capital Projects)	Operating Allocation	(\$576,941)	(\$70,592)	(\$52,467)	\$0	(\$700,000)
Miscellaneous	Operating Allocation	(\$164,840)	(\$20,169)	(\$14,991)	\$0	(\$200,000)
Utility Rebates (from Calpine)	Operating Allocation	(\$164,840)	(\$20,169)	(\$14,991)	\$0	(\$200,000)
Interest	Operating Allocation	(\$219,498)	(\$26,857)	(\$19,961)	\$0	(\$266,316)
Interfund Transfer	Treatment Plant	\$283,143	\$56,476	\$41,975	\$0	\$381,594
Interfund Loan	Operating Allocation	(\$394,463)	(\$48,265)	(\$35,872)	\$0	(\$478,600)
Reserve Funding (Fund 110 Net Income)	Operating Allocation	(\$6,221,766)	(\$761,267)	(\$565,806)	\$0	(\$7,548,839)
<b>Total Allocation (\$)</b>		<b>(\$7,665,257)</b>	<b>(\$916,054)</b>	<b>(\$680,851)</b>	<b>\$0</b>	<b>(\$9,262,161)</b>

Table 17 summarizes the wastewater revenue requirements by cost component for FY21/22.

*Table 17: FY21/22 Cost of Service Requirements by Cost Component*

Revenue Requirements	Flow	BOD	TSS	BP Collection	Total
Operating Expenses	\$19,520,217	\$2,388,404	\$1,775,165	\$0	\$23,683,786
Designated Funds	\$14,181,844	\$2,828,724	\$2,102,430	\$1,216,282	\$20,329,279
Other Financing Sources	(\$7,665,257)	(\$916,054)	(\$680,851)	\$0	(\$9,262,161)
<b>COS Requirement</b>	<b>\$26,036,804</b>	<b>\$4,301,074</b>	<b>\$3,196,744</b>	<b>\$1,216,282</b>	<b>\$34,750,904</b>

## Rate Design

### Develop Units of Service

Residential customer flows were projected using expected indoor use for Single-Family and Multi-Family based on a gallons per capita per day (gpcd) basis. Single-Family persons per household (pph) was based on the Department of Finance E-5 Report for 2020, reflecting an average household size of 3.3 pph within the Antioch and Pittsburg areas. Residential projected flows were based on 55 gpcd for indoor use with a 90% return factor (55 gpcd x 0.90 = 50 gpcd, rounded to the nearest whole number), which generates an annual flow of 80 HCF (rounded down to nearest whole number). The 10% reduction accounts for indoor water use that does not return to the collection system. Taking the product of the average household size, 50 gpcd, and number of residential units, results in a total projected Residential flow of 5.52 million HCF as shown in Table 18.

*Table 18: Residential Projected Flows*

Line	Residential Flow Projections	Assumptions [A]	Annual HCF [B]	Form ula
1	Gallons per capita per day	<b>50.0 gpcd</b>	24.40	(A x 365) ÷ 748.052
2	People per Residential household	<b>3.3 pph</b>	3.3 pph	
3	Number of Residential parcels	68,598	68,598	
4	<b>Projected Residential Flow</b>		5,522,788	(B1 x B2 x B3)

Non-Residential customer flows were determined by estimating flow return factors. To determine the appropriate flow return factor, we reviewed the amount of total influent treated at the WWTP for FY19/20. The total treated influent was reduced by the projected amount of flow from Residential and infiltration/inflow (known as I/I, which is a measure of the amount of water that enters the collection system that is not sewage, such as stormwater or groundwater that infiltrates into the collection system). The remainder is the estimated amount of influent generated by Non-Residential customers. Table 19 provides the calculations used to derive the amount of projected flow expected from Non-Residential customers.

*Table 19: Non-Residential Projected Flows*

Flow Assumptions	HCF
Total Flow to Treatment Plant	6,328,437
Less: Inflow and Infiltration (I&I)      2.0%	(126,569)
<b>Projected Flows from Customers</b>	<b>6,201,868</b>
Less: Projected Residential Flows	(5,522,788)
<b>Projected Non-Residential Flows</b>	<b>679,080</b>

## Delta Diablo – Wastewater Rate Study

Residential customers' projected flow is based on gallons per capita per day (gpcd) of indoor use, and a flow return factor is used to project flows from Non-Residential customers based on their water usage. With expected flows generated by Non-Residential customers derived in Table 19, a connection between Non-Residential water usage and generated flows is determined by identifying a return factor for Non-Residential customer classes. Applying a return factor of 85% to Non-Residential water use generates a total projected flow equal to 684k HCF. Table 20 identified FY19/20 water usage by Non-Residential customer class and influent to the treatment plant based on the 85% return factor. The variance between projected flows using the return factors and the expected flow from Table 19 is less than 1% ( $684,603 / 679,080 - 1 = 0.81\%$ ). Wastewater flows are not metered and the comparison between treated flow at the plant versus estimated Non-Residential influent using an 85% assures that the projected Non-Residential flows are reasonable. Therefore, an 85% return factor is applied to projected Non-Residential water usage for FY21/22 and beyond.

*Table 20: Non-Residential Flow Return Factors*

Customer Class	FY 19/20 Actual Water Usage (HCF)				FY 19/20 Projected Flow @ 85% Return Factor (HCF)			
	Zone 1 Usage	Zone 2 Usage	Zone 3 Usage	Water Usage	Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Projected Flow
	Bay Point	Pittsburg	Antioch	Combined	Bay Point	Pittsburg	Antioch	Combined
Bakeries & Restaurants	4,942	46,892	51,328	103,162	4,201	39,858	43,629	87,688
Dow Chemical		63,062		63,062	-	53,603	-	53,603
G&K Services		19,877		19,877	-	16,895	-	16,895
Hotel/Motel		17,937	8,066	26,003	-	15,246	6,856	22,103
Institutional	5,014	59,015	135,177	199,206	4,262	50,163	114,900	169,325
Light Industry	9,532	48,549	28,546	86,627	8,102	41,267	24,264	73,633
Marinas		556	-	556	-	473	-	473
Generon IGS		5,943		5,943	-	5,052	-	5,052
Misc. Commercial	12,647	85,346	187,329	285,322	10,750	72,544	159,230	242,524
Mortuaries		495	752	1,247	-	421	639	1,060
Praxair		12,332		12,332	-	10,482	-	10,482
Premark Packaging	304			304	258	-	-	258
U.S. Army	1,774			1,774	1,508	-	-	1,508
<b>Total</b>	<b>34,213</b>	<b>360,004</b>	<b>411,198</b>	<b>805,415</b>	<b>29,081</b>	<b>306,003</b>	<b>349,518</b>	<b>684,603</b>

# Delta Diablo – Wastewater Rate Study

The 85% return factor derived in Table 20 was applied to the projected FY21/22 usage to determine the units of service for the cost-of-service analysis. Unit rates for the cost components are calculated by determining the units of service for each cost component (distribution basis). The distribution basis varies by cost component and includes total projected flow, weighted BOD, and weighted TSS. Table 21 summarizes the projected flow and loading characteristics of each customer class. Table 22 derives the units of service for BOD by taking the strength concentrations of BOD weighted by projected flow (Weighted BOD). Table 23 derives the units of service for TSS by taking the strength concentrations of TSS weighted by projected flow (Weighted TSS).

*Table 21: Units of Service – Projected Water Usage and Projected Flow*

Customer Class	Projected Usage w/ Min (HCF)				Return Factor	FY 21/22 Projected Flow (HCF)				BOD (ppm)	TSS (ppm)
	Zone 1 Usage	Zone 2 Usage	Zone 3 Usage	Water Usage		Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Projected Flow		
	Bay Point	Pittsburg	Antioch	Combined		Bay Point	Pittsburg	Antioch	Combined		
Residential	582,161	1,936,751	3,003,875	5,522,788	-	582,161	1,936,751	3,003,875	5,522,788	220	220
Bakeries & Restaurants	5,072	47,275	53,203	105,550	85%	4,311	40,184	45,223	89,718	1,000	600
Dow Chemical	-	63,062	-	63,062	85%	-	53,603	-	53,603	25	56
G&K Services	-	19,877	-	19,877	85%	-	16,895	-	16,895	481	132
Hotel/Motel	-	17,937	8,146	26,083	85%	-	15,246	6,924	22,171	310	120
Institutional	3,079	50,836	136,672	190,587	85%	2,617	43,211	116,171	161,999	150	150
Light Industry	9,852	54,529	32,631	97,012	85%	8,374	46,350	27,736	82,460	130	80
Marinas	-	556	80	636	85%	-	473	68	541	500	600
Generon IGS	-	5,943	-	5,943	85%	-	5,052	-	5,052	559	5
Misc. Commercial	15,818	114,065	242,194	372,077	85%	13,445	96,955	205,865	316,265	150	150
Mortuaries	-	545	752	1,297	85%	-	463	639	1,102	500	500
Praxair	-	12,332	-	12,332	85%	-	10,482	-	10,482	3	23
Premark Packaging	304	-	-	304	85%	258	-	-	258	150	150
U.S. Army	1,774	-	-	1,774	85%	1,508	-	-	1,508	13	9
<b>Total</b>	<b>618,060</b>	<b>2,323,708</b>	<b>3,477,553</b>	<b>6,419,322</b>		<b>612,676</b>	<b>2,265,665</b>	<b>3,406,502</b>	<b>6,284,842</b>		

*Table 22: Units of Service – Weighted BOD*

Customer Class	FY 21/22 Projected Flow (HCF)				Conversion			Weighted BOD (lbs)			
	Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Projected Flow	BOD	TSS	Factor	Zone 1 BOD	Zone 2 BOD	Zone 3 BOD	Weighted BOD
	Bay Point	Pittsburg	Antioch	Combined	(ppm)	(ppm)	(HCF to lbs)	Bay Point	Pittsburg	Antioch	Combined
	[A]	[B]	[C]	[D] = A+B+C	[E]	[F]	[G]	[H] = A x E x G	[I] = B x E x G	[J] = C x E x G	[K] = H+I+J
Residential	582,161	1,936,751	3,003,875	5,522,788	220	220	0.00620883	795,199	2,645,492	4,103,122	7,543,813
Bakeries & Restaurants	4,311	40,184	45,223	89,718	1,000	600	0.00620883	26,768	249,494	280,779	557,041
Dow Chemical	-	53,603	-	53,603	25	56	0.00620883	-	8,320	-	8,320
G&K Services	-	16,895	-	16,895	481	132	0.00620883	-	50,457	-	50,457
Hotel/Motel	-	15,246	6,924	22,171	310	120	0.00620883	-	29,345	13,327	42,672
Institutional	2,617	43,211	116,171	161,999	150	150	0.00620883	2,437	40,243	108,193	150,874
Light Industry	8,374	46,350	27,736	82,460	130	80	0.00620883	6,759	37,411	22,387	66,558
Marinas	-	473	68	541	500	600	0.00620883	-	1,467	211	1,678
Generon IGS	-	5,052	-	5,052	559	5	0.00620883	-	17,533	-	17,533
Misc. Commercial	13,445	96,955	205,865	316,265	150	150	0.00620883	12,522	90,297	191,727	294,546
Mortuaries	-	463	639	1,102	500	500	0.00620883	-	1,438	1,984	3,422
Praxair	-	10,482	-	10,482	3	23	0.00620883	-	195	-	195
Premark Packaging	258	-	-	258	150	150	0.00620883	241	-	-	241
U.S. Army	1,508	-	-	1,508	13	9	0.00620883	122	-	-	122
<b>Total</b>	<b>612,676</b>	<b>2,265,665</b>	<b>3,406,502</b>	<b>6,284,842</b>				<b>844,048</b>	<b>3,171,693</b>	<b>4,721,732</b>	<b>8,737,472</b>



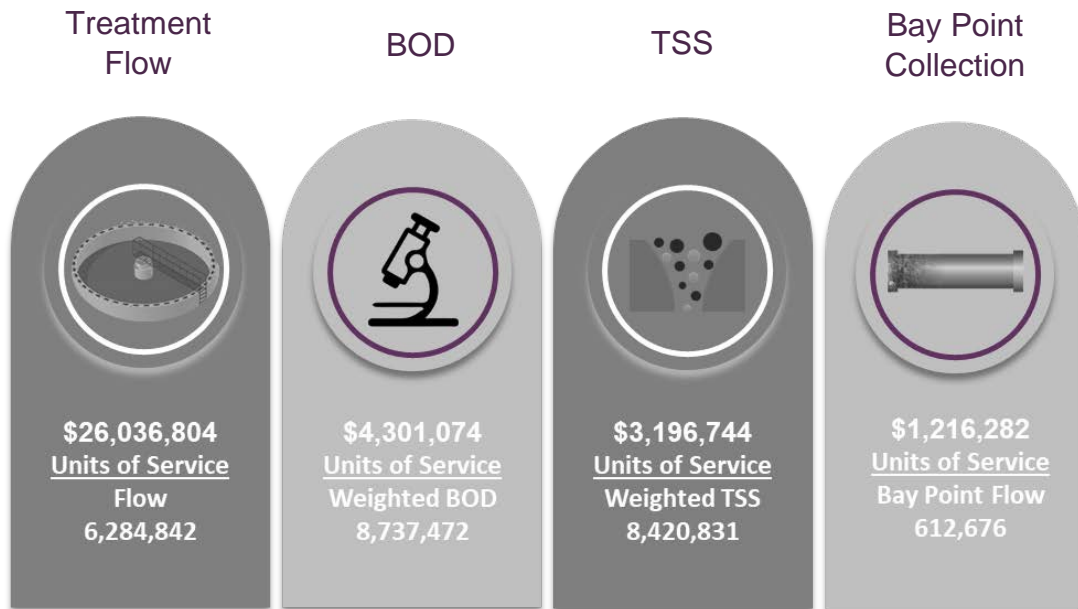
# Delta Diablo – Wastewater Rate Study

Table 23: Units of Service – Weighted TSS

Customer Class	FY 21/22 Projected Flow (HCF)				Conversion			Weighted TSS (lbs)			
	Zone 1	Zone 2	Zone 3	Projected	BOD	TSS	Conversion	Zone 1	Zone 2	Zone 3	Weighted
	Flow	Flow	Flow	Flow	(ppm)	(ppm)	Factor	TSS	TSS	TSS	TSS
	Bay Point	Pittsburg	Antioch	Combined	[E]	[F]	[G]	Bay Point	Pittsburg	Antioch	Combined
	[A]	[B]	[C]	[D] = A+B+C				[L] = A x F x G	[M] = B x F x G	[N] = C x F x G	[O] = L+M+N
Residential	582,161	1,936,751	3,003,875	5,522,788	220	220	0.00620883	795,199	2,645,491	4,103,121	7,543,811
Bakeries & Restaurants	4,311	40,184	45,223	89,718	1,000	600	0.00620883	16,061	149,696	168,467	334,224
Dow Chemical	-	53,603	-	53,603	25	56	0.00620883	-	18,637	-	18,637
G&K Services	-	16,895	-	16,895	481	132	0.00620883	-	13,847	-	13,847
Hotel/Motel	-	15,246	6,924	22,171	310	120	0.00620883	-	11,360	5,159	16,518
Institutional	2,617	43,211	116,171	161,999	150	150	0.00620883	2,437	40,243	108,193	150,874
Light Industry	8,374	46,350	27,736	82,460	130	80	0.00620883	4,160	23,022	13,777	40,959
Marinas	-	473	68	541	500	600	0.00620883	-	1,761	253	2,014
Generon IGS	-	5,052	-	5,052	559	5	0.00620883	-	157	-	157
Misc. Commercial	13,445	96,955	205,865	316,265	150	150	0.00620883	12,522	90,297	19,172	294,546
Mortuaries	-	463	639	1,102	500	500	0.00620883	-	1,438	1,984	3,422
Praxair	-	10,482	-	10,482	3	23	0.00620883	-	1,497	-	1,497
Premark Packaging	258	-	-	258	150	150	0.00620883	241	-	-	241
U.S. Army	1,508	-	-	1,508	13	9	0.00620883	84	-	-	84
<b>Total</b>	<b>612,676</b>	<b>2,265,665</b>	<b>3,406,502</b>	<b>6,284,842</b>				<b>830,703</b>	<b>2,997,446</b>	<b>4,592,682</b>	<b>8,420,831</b>

The distribution basis can be identified for each cost component with the units of service shown in Table 21 through Table 23. Figure 20 identifies the total revenue requirements by cost component from Table 17 and the corresponding units of service.

Figure 20: Distribution Basis and Units of Service by Cost Component



# Delta Diablo – Wastewater Rate Study

## Allocate to Customer Class

Using the FY21/22 revenue requirements, the cost of service allocates expenses to customer classes based on the service demands that each place on the system (cost causation). This approach provides a clear connection between costs incurred and the proportionate share attributable to each customer class. When designing rates, the most critical component is to connect costs to the proposed rates, resulting in a cost-based rate structure and compliance with Proposition 218. In the previous section, costs were summarized by expense category and allocated to cost components based on how each cost was incurred. The next step in designing rates is to allocate each cost component to customers in relation to their use of the system and facilities. The District is required to charge each customer an SSC that is proportional to the cost of providing service to, or making service immediately available to, each parcel. Through the cost of service analysis, each customer proportionately shares in the financial obligation of the wastewater utility. For each cost component's following unit rate computations, unit rates were rounded up to the nearest penny.

### Treatment Flow

The cost associated with influent treated at the WWTP is a function of total volume and does not vary based on the type or strength concentration of influent. Therefore, the revenue requirement for Treatment Flow is apportioned to each customer class based on their percentage of total projected flow into the treatment plant as summarized within Table 24.

*Table 24: FY21/22 Treatment Flow – Cost of Service by Customer Class*

<b>Customer Class</b>	<b>Projected Flow (HCF)</b>	<b>% Allocation</b>	<b>Revenue Requirement</b>
Residential	5,522,788	87.9%	\$22,879,772
Bakeries & Restaurants	89,718	1.4%	\$371,681
Dow Chemical	53,603	0.9%	\$222,065
G&K Services	16,895	0.3%	\$69,994
Hotel/Motel	22,171	0.4%	\$91,848
Institutional	161,999	2.6%	\$671,128
Light Industry	82,460	1.3%	\$341,616
Marinas	541	0.0%	\$2,240
Generon IGS	5,052	0.1%	\$20,928
Misc. Commercial	316,265	5.0%	\$1,310,223
Mortuaries	1,102	0.0%	\$4,567
Praxair	10,482	0.2%	\$43,426
Premark Packaging	258	0.0%	\$1,070
U.S. Army	1,508	0.0%	\$6,247
<b>Total</b>	<b>6,284,842</b>	<b>100.0%</b>	<b>\$26,036,804</b>

# Delta Diablo – Wastewater Rate Study

## BOD

BOD costs relate to the treatment process of breaking down organic material in the wastewater. Higher BOD strengths require increased costs and extended treatment periods to reduce the high BOD levels before discharging effluent into waterways. Therefore, the revenue requirement for BOD is apportioned based on Weighted BOD for each customer class, as shown in Table 25.

Table 25: BOD Cost of Service by Customer Class

Customer Class	Weighted BOD	% Allocation	Revenue Requirement
Residential	7,543,813	86.3%	\$3,713,488
Bakeries & Restaurants	557,041	6.4%	\$274,207
Dow Chemical	8,320	0.1%	\$4,096
G&K Services	50,457	0.6%	\$24,838
Hotel/Motel	42,672	0.5%	\$21,006
Institutional	150,874	1.7%	\$74,268
Light Industry	66,558	0.8%	\$32,763
Marinas	1,678	0.0%	\$826
Generon IGS	17,533	0.2%	\$8,631
Misc. Commercial	294,546	3.4%	\$144,992
Mortuaries	3,422	0.0%	\$1,685
Praxair	195	0.0%	\$96
Premark Packaging	241	0.0%	\$118
U.S. Army	122	0.0%	\$60
<b>Total</b>	<b>8,737,472</b>	<b>100.0%</b>	<b>\$4,301,074</b>

## TSS

TSS costs relate to the treatment process of removing solids from wastewater through settling, screening, and filtering. Higher TSS strengths require increased costs and additional filtration to treat and remove the high levels of TSS before discharging effluent into waterways. Therefore, the revenue requirement for TSS is apportioned based on Weighted TSS for each customer class, as shown in Table 26.

# Delta Diablo – Wastewater Rate Study

Table 26: TSS Cost of Service by Customer Class

Customer Class	Weighted TSS	% Allocation	Revenue Requirement
Residential	7,543,811	89.6%	\$2,863,807
Bakeries & Restaurants	334,224	4.0%	\$126,879
Dow Chemical	18,637	0.2%	\$7,075
G&K Services	13,847	0.2%	\$5,257
Hotel/Motel	16,518	0.2%	\$6,271
Institutional	150,874	1.8%	\$57,275
Light Industry	40,959	0.5%	\$15,549
Marinas	2,014	0.0%	\$765
Generon IGS	157	0.0%	\$60
Misc. Commercial	294,546	3.5%	\$111,816
Mortuaries	3,422	0.0%	\$1,299
Praxair	1,497	0.0%	\$568
Premark Packaging	241	0.0%	\$91
U.S. Army	84	0.0%	\$32
<b>Total</b>	<b>8,420,831</b>	<b>100.0%</b>	<b>\$3,196,744</b>

## Bay Point Collection

The cost associated with the operating and maintenance of the Bay Point Collection system is a function of the total volume conveyed through the collection system. It does not vary based on the strength concentration of the influent. Therefore, the revenue requirement for Bay Point Collection is apportioned solely to Bay Point customers based on their percentage of total Projected Flow, as summarized within Table 27.

Table 27: FY21/22 Bay Point Collection – Cost of Service by Customer Class

Customer Class	Zone 1 Flow (HCF)	% Allocation	Revenue Requirement
Residential	582,161	95.0%	\$1,155,705
Bakeries & Restaurants	4,311	0.7%	\$8,559
Institutional	2,617	0.4%	\$5,196
Light Industry	8,374	1.4%	\$16,624
Misc. Commercial	13,445	2.2%	\$26,692
Premark Packaging	258	0.0%	\$513
U.S. Army	1,508	0.2%	\$2,993
<b>Total</b>	<b>612,676</b>	<b>100.0%</b>	<b>\$1,216,282</b>

## Delta Diablo – Wastewater Rate Study

Collectively, the total allocation of costs associated with Treatment Flow, BOD, TSS, and Bay Point Collection (Total Revenue Requirement) derives the cost of providing service to each customer class. However, given that Residential customers exhibit a relatively constant amount of wastewater flows per month, the total Residential Revenue Requirement may be recovered as an annual charge. For Non-Residential customer classes, flow rates are derived for the variable components by dividing the total allocated cost by total water usage as wastewater flows are not metered. Table 28 summarizes the combined Revenue Requirement by customer class and updated SSCs for treatment. Table 29 summarizes the updated SSCs for Bay Point Collection.

*Table 28: Revenue Requirement by Customer Class*

Customer Class	Flow [A]	BOD [B]	TSS [C]	Variable Allocation (\$)	Billing Units	Unit Rate
				[D] = A+B+C	Residential = Dwelling Units Non-Res = Water Usage (HCF)	[E] = D ÷ Billing Units
Residential	\$22,879,772	\$3,713,488	\$2,863,807	\$29,457,067	68,598	<b>\$ 429.42</b>
Bakeries & Restaurants	\$371,681	\$274,207	\$126,879	\$772,767	105,550	<b>\$ 7.33</b>
Dow Chemical	\$222,065	\$4,096	\$7,075	\$233,236	63,062	<b>\$ 3.70</b>
G&K Services	\$69,994	\$24,838	\$5,257	\$100,089	19,877	<b>\$ 5.04</b>
Hotel/Motel	\$91,848	\$21,006	\$6,271	\$119,125	26,083	<b>\$ 4.57</b>
Institutional	\$671,128	\$74,268	\$57,275	\$802,672	190,587	<b>\$ 4.22</b>
Light Industry	\$341,616	\$32,763	\$15,549	\$389,928	97,012	<b>\$ 4.02</b>
Marinas	\$2,240	\$826	\$765	\$3,830	636	<b>\$ 6.03</b>
Generon IGS	\$20,928	\$8,631	\$60	\$29,618	5,943	<b>\$ 4.99</b>
Misc. Commercial	\$1,310,223	\$144,992	\$111,816	\$1,567,031	372,077	<b>\$ 4.22</b>
Mortuaries	\$4,567	\$1,685	\$1,299	\$7,551	1,297	<b>\$ 5.83</b>
Praxair	\$43,426	\$96	\$568	\$44,090	12,332	<b>\$ 3.58</b>
Premark Packaging	\$1,070	\$118	\$91	\$1,280	304	<b>\$ 4.22</b>
U.S. Army	\$6,247	\$60	\$32	\$6,339	1,774	<b>\$ 3.58</b>

*Table 29: Bay Point Collection SSCs*

Customer Class	BP Collection	Zone 1 Billing Units	Unit Rate
	[A]	Residential = Dwelling Units Non-Res = Water Usage (HCF)	[B] = A ÷ Billing Units
Residential	\$1,155,705	7,231	<b>\$ 159.83</b>
Bakeries & Restaurants	\$8,559	5,072	<b>\$ 1.69</b>
Institutional	\$5,196	3,079	<b>\$ 1.69</b>
Light Industry	\$16,624	9,852	<b>\$ 1.69</b>
Misc. Commercial	\$26,692	15,818	<b>\$ 1.69</b>
Premark Packaging	\$513	304	<b>\$ 1.69</b>
U.S. Army	\$2,993	1,774	<b>\$ 1.69</b>

# Sewer Service Charge Summary

---

### Financial Plan Summary

The financial plan developed for the District identifies revenue adjustments for FY21/22 through FY25/26. The District will conduct a Public Hearing to consider adjusting SSCs for the upcoming fiscal year. Based on the review of the District's current SSC revenue and multi-year revenue requirements, SSC rates for FY21/22 need to recover approximately \$1.6 million in additional annual revenue. Forward-looking through FY25/26, future revenue adjustments for the subsequent four fiscal years are projected to be 5.75%, 5.75%, 2.5%, and 2.0%, respectively. These recommended revenue adjustments will allow the District to cover its multi-year revenue requirements while maintaining the District's 40% WW O&M Fund minimum reserve requirement. In addition, the revenue adjustments will provide sufficient funding for each capital-related fund to cover a year's worth of upcoming capital expenses based on the current 5-year CIP. These recommended capital-related funding targets will ensure that the District has a starting fund balance each fiscal year that is sufficient to cover its planned capital needs. This financial plan also anticipates debt financing for the Secondary Process Improvements (\$30 million in FY23/24) and Collection Improvements for Bay Point (\$3 million in FY25/26). Both improvements will have a useful life of over 30-years, and the proposed debt issues are amortized over a 30-year term. The financial plan should be updated annually to review actual revenue recovered, capture new accounts, update changes in water usage and influent, and track capital expenses as estimates change. As the baseline assumptions change, the proposed revenue adjustments may also need to be revised to reflect updated conditions.

### Cost-of-Service and Rate Summary

Projected flows were compared to actual influent treated at the WWTP, and existing flow assumptions were adjusted to better align to the amount of influent actually treated. Residential flows reflect a net amount of 50 gpcd, which results in an annual influent amount of 80 HCF versus 90 HCF. Based on the updated 80 HCF from each Single-Family residential unit and the amount of influent treated at the WWTP in FY19/20, a return factor of 85% was derived for Non-Residential customers.

The updated cost-of-service analysis includes these updated flow projections and a redistribution of costs between customer classes as existing service areas, for WWTP expenses, are unnecessary for Non-Residential customers. Similar commercial uses discharge characteristics in one service area do not vary when compared to another service area. For example, a Starbucks within the service area of Pittsburg will generate similar influent to a Starbucks within the Antioch or Bay Point service areas. Therefore, non-Residential SSCs do not need to vary by service area. However, the Bay Point service area includes the additional operating and maintenance costs of the collection system that serves Bay Point. These specific costs are only allocated to Bay Point customers.

The proposed Residential SSCs for FY21/22 are based on a flow amount of 80 HCF, irrespective of the amount of indoor water actually used because flows are not metered, and expected indoor usage is based on water efficiency standards outlined by the state. Therefore, to establish equity between all customers and account for the District administrative code of a minimum charge to Non-Residential, Non-Residential

## Delta Diablo – Wastewater Rate Study

customers are also charged a minimum flow of 80 HCF to account for a minimum capacity. The 80 HCF minimum charge is applied to the corresponding Non-Residential SSC flow rates.

The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218, which includes:

1. An agency cannot collect revenue beyond what is necessary to provide service.

*The long-term financial plan identifies the District's revenue requirements including operating expense, capital improvement program, debt coverage, and reserves. Projected revenues do not exceed to cost of providing service.*

2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed

*The District does not use SSCs for any other purpose. SSCs pay for the WWTP, with Bay Point SSCs covering the cost to operate and maintain the collection system that serves Bay Point.*

3. The amount of the fee may not exceed the proportional cost of service for the parcel

*The comprehensive cost-of-service analysis and updated SSCs reapportions costs to customers classes and corresponding parcels based on the demand each place on the WWTP. Through this update, each parcel is paying its proportionate share in line with the cost of providing service.*

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property

*Each parcel is paying for a minimum capacity in the WWTP. Residential parcels are charged based on a projected annual influent of 80 HCF and Non-Residential parcels are charged based on actual water usage with a minimum charge based on 80 HCF of annual flow.*

5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing

*Notices were mailed to each affected parcel at least 45 days prior to the June 9, 2021 Public Hearing.*

## Cost-Based Wastewater Rate Schedule

### Proposed FY21/22 SSCs

Table 30 provides a comparison of existing SSCs and FY21/22 Proposed SSCs by zone. The Proposed FY21/22 SSCs are equivalent across all zones for WWTP expenses, and Bay Point includes an additional charge for the wastewater collection system. Non-Residential customers are charged a minimum flow amount equivalent to the projected flow assumed for a Residential dwelling unit, equal to 80 HCF.

*Table 30: Proposed Wastewater Fixed Charges and Variable Rates*

<b>Sewer Service Charges</b>		<b>Zone 1 - Bay Point</b>		<b>Zone 2 - Pittsburg</b>		<b>Zone 3 - Antioch</b>	
<b>Residential</b>		<b>Existing</b>	<b>FY 2022</b>	<b>Existing</b>	<b>FY 2022</b>	<b>Existing</b>	<b>FY 2022</b>
Residential Dwelling Unit	(\$/Year)	\$556.47	\$589.25	\$403.10	\$429.42	\$403.10	\$429.42
<b>Non-Residential Charges</b>		<b>Existing</b>	<b>FY 2022</b>	<b>Existing</b>	<b>FY 2022</b>	<b>Existing</b>	<b>FY 2022</b>
Bakeries & Restaurants	(\$/HCF)	\$9.47	\$9.02	\$8.01	\$7.33	\$7.94	\$7.33
Dow Chemical	(\$/HCF)	-	\$3.70	\$4.66	\$3.70	-	\$3.70
G&K Services	(\$/HCF)	-	\$5.04	\$5.46	\$5.04	-	\$5.04
Hotel/Motel	(\$/HCF)	-	\$4.57	\$4.27	\$4.57	\$4.64	\$4.57
Institutional	(\$/HCF)	\$6.52	\$5.91	\$4.89	\$4.22	\$4.85	\$4.22
Light Industry	(\$/HCF)	\$6.52	\$5.71	\$4.89	\$4.02	\$4.85	\$4.02
Marinas	(\$/HCF)	-	\$6.03	\$6.30	\$6.03	\$6.34	\$6.03
Generon IGS	(\$/HCF)	-	\$4.99	\$9.11	\$4.99	-	\$4.99
Misc. Commercial	(\$/HCF)	\$6.52	\$5.91	\$4.89	\$4.22	\$4.79	\$4.22
Mortuaries	(\$/HCF)	-	\$5.83	\$5.53	\$5.83	\$5.55	\$5.83
Praxair	(\$/HCF)	-	\$3.58	\$4.62	\$3.58	-	\$3.58
Premark Packaging	(\$/HCF)	\$6.58	\$5.91	-	\$4.22	-	\$4.22
U.S. Army	(\$/HCF)	\$6.38	\$5.27	-	\$3.58	-	\$3.58



DELTA DIABLO  
BOARD OF DIRECTORS MEETNG  
JUNE 9, 2021  
WRITTEN PROTESTS RECEIVED



RECEIVED BY  
DELTA DIABLO  
MAY 11 2021

~~PSRT STD  
US POSTAGE  
PAID  
PITTSBURG, CA  
PERMIT NO. 21~~

2500 Pittsburg-Antioch Highway  
Antioch, CA 94509

*attn: Office manager/secretary  
to the Board*

0933600157

P2 T57 B 62 45402



\*\*\*\*\*ECRWSS\*\*C 045  
FROM: FERRI CARL J & GERALDINE M TRE  
2362 FIELDGATE DR  
PITTSBURG CA 94565-7360

NOTICE OF PUBLIC HEARING  
PROPOSED SEWER SERVICE CHARGE  
RATE INCREASES  
  
4:30 PM  
WEDNESDAY, JUNE 9, 2021  
2500 PITTSBURG-ANTIOCH HIGHWAY  
ANTIOCH, CA 94509

*FYI we copied this because we  
NOT know which #s above our  
address is the  
ASSESSOR PARCEL NUMBER*

*Subj: OUR PROTEST*

*We protest your ~~prosed~~ proposed rate adjustment increase  
of 6.5% for residents, us, in Pittsburg.*

*We wouldn't do this if the increase was in line with  
our 2021 social security Cost of Living increase of 1.3%.*

*Regards from two (2) 81 yr olds.*

*Carl + Gerry Ferri*

*May 5, 2021*

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



May 5, 2021

Attention: Office Manager/Secretary to the Board

Since I cannot come in person this year, I am writing in protest of the annual increase of the wastewater utility services. I cannot call it a proposed increase because it will be done regardless.

Let me repeat of what I say each time. These meetings are only a legal exercise required by law before you force increases you have already decided upon go into effect. I know it is futile to protest them but I must even though I know it is just a public farce. The concept of requiring a certain percent of responses is part of that farce. If out of 214,00 residents a majority of the parcel owners have NOT protested in person or in writing, whatever increase you want will be passed. That means you must get at least 107,000 plus 1 for the increase NOT to be passed. You know you will never come anywhere near that percentage. Usually there are less than 10 written responses. And the last time I was here in person, I was the only protest. Other than your own people, there is no one else approving these increases.

Part of my protest is that these are annual increases projected for years in advance. So increases will happen every year ad infinitum. Because these are called fees does NOT make them any less of a tax on the public. They are called fees so the public cannot vote on them and you are free imposing them. The public those foots the bill actually has no real say in this or any other agency.

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

Don't tell me that the fee money is all going into facilities and services. Most of it's going to be given to management, consultants, directors, and the unions. As a retired homeowner with an income of that is less than \$2000 a month, I cannot support these fees being constantly increased. I'm sure there are others in this boat with me. You have no provisions for low-income people.

Even more important, you do not give the option of paying your fees on a monthly basis. Your fees, added to all the other bonds and fees on my property tax bill, actually add up to double of my actual property tax for a year. Perhaps if I had the option of paying in smaller segments, the fees wouldn't sting so much. Then I could just worry about getting the funds to pay for the actual property tax and bonds. As you sit in your comfortable chairs and collect your fees for this and all the other committees you are on, remember that the ordinary people don't have your incomes, your perks, or your pensions

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

There are still homes and businesses being built, aren't those already increasing your bottom-line even in this economy? Especially now we are beginning to recover?

**In futile protest,**

Dorothy Leah Miller  
205 Dawson Ct  
Pittsburg, CA 94565  
925-427-5148  
0862600723  
P1 T19 B 19 15585



May 10, 2021

Delta Diablo  
2500 Pittsburg-Antioch Highway  
Antioch, CA 94509

Proposed sewer Service Charge Increase 2021/2022

Directors c/o Office Manager/Secretary to the Board

Re: 3501 Davi Place, Antioch  
Parcels  
0711020545  
0762220218  
0550500052  
0556200509  
0714020062  
0671570125

I write in opposition to the proposed increase in fees for 2021/2022. For Antioch the proposed increase is 6.5%.

1. Rents have not increased over the past 18 months and sewer fees are included in tax bills not paid by tenants.
2. The inflation rate for the San Francisco Bay area during 2020 was 1.25%
3. Rates were increased in 2020/2021 and previous years above the inflation rate or CPI
4. The District lists the following:
  - a. Meet the District's core mission; that does not cost money
  - b. Address aging infrastructure; specifics are not listed or itemized
  - c. Recover increase in operating costs; you have a budget live within the budget amount
  - d. Prevent the need for more significant SSC adjustments in the future, again; live within your budget
  - e. There is no proof provided that any increased benefit is provided by the increased cost

Because the fee charge is or may be defined as an assessment under Proposition 218, I question the assessment based on the following:

## RE/MAX PREFERRED PROPERTIES

Mark Jordan Broker-Owner, REALTOR® DRE#00676018 ABR, CRS, GRI, SRES, A-REO, CDPE  
Cynthia Jordan Salesperson-Owner, REALTOR® DRE#00892787 ABR, GRI, CDPE

2830 Lone Tree Antioch, CA 94509

OFFICE: (925) 757-8080 FAX: (925) 757-8582

mark@markcynthia.com

www.markcynthia.com



Each RE/MAX office is independently owned and operated.





Section 4 of article XIII D and the Proposition 218 Omnibus Implementation Act (Gov. Code § 53750 et seq.) set forth Proposition 218's procedural requirements.<sup>21</sup> The principal requirements are: An agency must provide 45 days' written notice of a public hearing, and mail ballots, to the owners of the parcels to be assessed; The notice must include specified information, including information regarding the assessments, the public hearing, and owners' right to cast votes weighted by each owner's assessment amount; An agency must hold a noticed public hearing and tally the results of the majority protest vote; and If a majority of the weighted votes does not oppose the assessments, the agency may vote to levy the assessment.

Given that the service provider desires to recapture then the method of calculation may have or is being modified to an extent that a vote of the owner's of the parcels should be required to obtain the increase. In the final evaluation no method of calculation is provided at all to the parcel holder.

A detailed explanation is not provided as to why there is a 0.6% difference in cost increase to Antioch/Pittsburg in comparison to Bay Point.

The parcel assessment is based on unit but not bathroom count or kitchen count as can easily be obtained from the Contra Costa County assessor. Stated more clearly a fourplex with 4 bathrooms is charged 4 times the amount of assessment but a 4 bathroom single family home is charge one time. But; the number of bathrooms are, equal.

Dose this not fly in the face of the intent of Prop 218 given the service provided does not equal benefit relative to parcel cost?

Stated in the Delta Diablo publication is a reference to 5 pump stations. How many pump stations affect Antioch? Do all properties in Antioch gain a direct benefit from a pump station? Are properties on hills charged less than properties in low lying areas? Which parcels directly benefit from pump stations? I ask, because if you live on the top of a hill in Antioch and the water is pumped up the hill to you, then you pay a higher rate than others who do not have the benefit of the elevation. So, what benefit to which parcels are the five pump stations?

I object to the process of calculation. I am concerned with the lack of clarity in the publication. And, I object to the amount of the proposed assessment increase as being excessive and unsupported.

Respectfully,

Mark Jordan



5-9-21



TO: BOARD OF DIRECTORS

RE: PROPOSED SSC INCREASE

I AM WRITING TO PROTEST THE PROPOSED INCREASE IN THE RESIDENTIAL SERVICE CHARGE. MAKE CON IN OVERHEAD COSTS AND DO NOT FUND A \$1.6 MILLION INCREASE THAT IS BEING REQUESTED.

YOURS TRULY

K. TA

KEN TATUM  
18729 W. CAVERNSH DR.  
CASANO VALLEY, CALIF. 94552

1509 Rollingwood Place  
P.O. Box 1, Mendocino, CA

ADN - 0883240194



Louise Karu  
600 Chestnut Street, #107  
San Francisco, CA 94565

May 23, 2021

**RE: Protest of Rate Increase from Parcel Numbers: 088-680-040-8-00**

Attention Office Manager/Secretary to the Board:

I oppose the rate adjustment which would increase cost for residential customers to 6.5%. Start using your payroll more efficiently rather than passing on the costs of bloated agencies to the residents.

Sincerely,

A handwritten signature in blue ink, appearing to read "Louise Karu". The signature is fluid and cursive, written over a faint circular stamp or watermark.

Louise Karu  
Owner/Trustee of:  
1211 Lakeview Circle  
Pittsburg, CA 94565  
(Parcel # 088-680-040-8-00)



2500 Pittsburg-Antioch Highway  
Antioch, CA 94509

PRSRT STD  
US POSTAGE  
PAID  
PITTSBURG, CA  
PERMIT NO. 21



## Notice of Proposed Sewer Service Charge Rate Adjustments for Fiscal Year 2021/2022

Proposition 218 Notification to Property Owners of Public Hearing

**NOTICE IS HEREBY GIVEN** that the Delta Diablo Board of Directors will hold a public hearing on **Wednesday, June 9, 2021, at 4:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California**, to consider adoption of proposed rate adjustments for wastewater utility services. A summary of the proposed rates and associated financial needs and information, and instructions for protesting the rate adjustments (if desired) are provided below. In addition, related fact sheets and a “Frequently Asked Questions” document are available on the District’s website ([www.deltadiablo.org](http://www.deltadiablo.org)).

If state and local COVID-19 restrictions remain in effect, the June 9, 2021 Board Meeting agenda posted on the District’s website will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws, health orders, and Governor’s executive orders.

**NOTICE OF PUBLIC HEARING  
PROPOSED SEWER SERVICE CHARGE  
RATE INCREASES**

**4:30 PM  
WEDNESDAY, JUNE 9, 2021  
2500 PITTSBURG-ANTIOCH HIGHWAY  
ANTIOCH, CA 94509**

### WHAT IS DELTA DIABLO?

Delta Diablo (“District”) provides wastewater conveyance and treatment services for over 70,000 customer accounts (residential and non-residential), representing approximately 214,000 residents in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. As part of our core mission to protect public health and the environment, the District treats 13 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public’s resources and trust.

The District has transformed its Wastewater Treatment Plant (WWTP) into a “resource recovery facility” by producing approximately 6 million gallons per day of recycled water, generating on-site renewable energy to meet over 55 percent of WWTP power needs, reusing residual biosolids as fertilizer via land application, providing household hazardous waste (HHW) collection services, and further protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems.



**Delta Diablo provides wastewater conveyance and treatment services to approximately 214,000 customers in Pittsburg, Antioch, and Bay Point**

*Our core mission is to protect public health and the environment in our communities by providing wastewater resource recovery services of exceptional quality and value*

#### Environmental Stewardship

In treating 13 million gallons of wastewater each day, Delta Diablo has an exemplary regulatory compliance record in meeting federal, state, and local regulatory requirements and protecting the local Delta receiving waters.

#### Infrastructure Investment

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

#### Fiscal Responsibility

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

### PROPOSED FISCAL YEAR 2021/2022 SEWER SERVICE CHARGES

The District collects Sewer Service Charges (SSCs) from its customers each year as the primary revenue source needed to fund capital infrastructure investments, labor, energy, chemicals, regulatory compliance obligations, plant maintenance, and Delta HHW Collection Facility operations. For Fiscal Year 2021/2022 (FY21/22) (July 1, 2021 – June 30, 2022), the District is proposing SSC adjustments of approximately 6.5% (+\$26.32 per year) for residential customers in Antioch and Pittsburg, and approximately 5.9% (+\$32.78 per year) for residential customers in Bay Point.

Because the District’s costs in the categories referenced above will increase in the next fiscal year, SSC adjustments are required to recover the District’s costs, maintain effective and reliable wastewater conveyance and treatment services, and ensure financial integrity and long-term sustainability. In addition, the proposed FY21/22 SSCs incorporate 2021 Cost-of-Service Study findings, which reapportioned certain costs from non-residential customers to residential customers to ensure SSCs accurately reflect the District’s cost of providing services to different customer classes. SSCs for non-residential customers (i.e., commercial, industrial) have been adjusted accordingly and vary based on customer class. Most District customers are billed on a fiscal-year basis and pay SSCs via annual property tax bills. Property tax bills also include a street sweeping service charge (no increase from FY20/21) that varies by community based on service frequency.

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

For more information, visit [www.deltadiablo.org](http://www.deltadiablo.org) or call (925) 756-1900.



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

**Table 1 – Example Annual Residential SSC on Property Tax Bills for FY21/22**

Residential Service Customers	Proposed SSC Increase*	Current FY20/21	Proposed FY21/22	Annual Change
Antioch/Pittsburg	6.5%	\$403.10	\$429.42	+\$26.32
Bay Point**	5.9%	\$556.47	\$589.25	+\$32.78

Notes: \* Percentage increases are approximate.

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

**Non-residential Customers:** The District is proposing SSCs adjustments for commercial and industrial customers based on 2021 Cost-of-Service Study findings and annual potable water consumption data (i.e., the SSC rates are per one hundred cubic feet per year [HCF/y] of potable water consumption), as presented in **Table 2**, by business class and community. A minimum annual charge of 80 HCF/y multiplied by the applicable rate for each business class will be assessed.

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

Business Class (Commercial/Industrial)	Bay Point (Zone 1)		Pittsburg (Zone 2)		Antioch (Zone 3)	
	Current FY20/21	Proposed FY21/22	Current FY20/21	Proposed FY21/22	Current FY20/21	Proposed FY21/22
Bakeries/Restaurants	\$9.47	\$9.02	\$8.01	\$7.33	\$7.94	\$7.33
Hotels/Motels	-	\$4.57*	\$4.27	\$4.57	\$4.64	\$4.57
Institutional	\$6.52	\$5.91	\$4.89	\$4.22	\$4.85	\$4.22
Light Industrial	\$6.52	\$5.71	\$4.89	\$4.02	\$4.85	\$4.02
Marinas	-	\$6.03*	\$6.30	\$6.03	\$6.34	\$6.03
Misc. Commercial	\$6.52	\$5.91	\$4.89	\$4.22	\$4.79	\$4.22
Mortuaries	-	\$5.83*	\$5.53	\$5.83	\$5.55	\$5.83
Annual Minimum	\$556.47	varies**	\$403.10	varies**	\$403.10	varies**

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

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

## WHAT DO SEWER SERVICE CHARGES FUND?

The SSC adjustments are necessary to fund \$1.6 million in increased costs attributable to providing wastewater services. The District utilizes annual SSC revenue to:

- **Meet the District’s core mission of protecting public health and the environment.** Achieving this mission requires sufficient capital investment and staffing levels to properly operate and maintain the District’s complex network of sewer pipes, pump stations, and treatment processes.
- **Address aging infrastructure through prioritized capital investment.** The District continues to strategically rehabilitate and replace essential elements of the wastewater collection, conveyance, and treatment systems to maintain effective and reliable services.
- **Recover increases in operating costs.** As a regulated utility that requires specialized employees, materials, and services to meet its mission, the District continues to experience progressive increases in annual operating costs due to escalations in labor, chemical, energy, materials, supplies, hauling, services, and regulatory compliance costs.
- **Prevent the need for more significant SSC adjustments in the future.** In developing its 5-year financial plan each year, the District works hard to balance direct economic impacts

to customers and the need for sufficient revenue to cover capital investment needs and operating costs. The District continues to maintain its rates well below the average of its peer agencies in the Bay Area. If SSC adjustments are not implemented this year, more significant rate adjustments may need to be proposed in subsequent years.

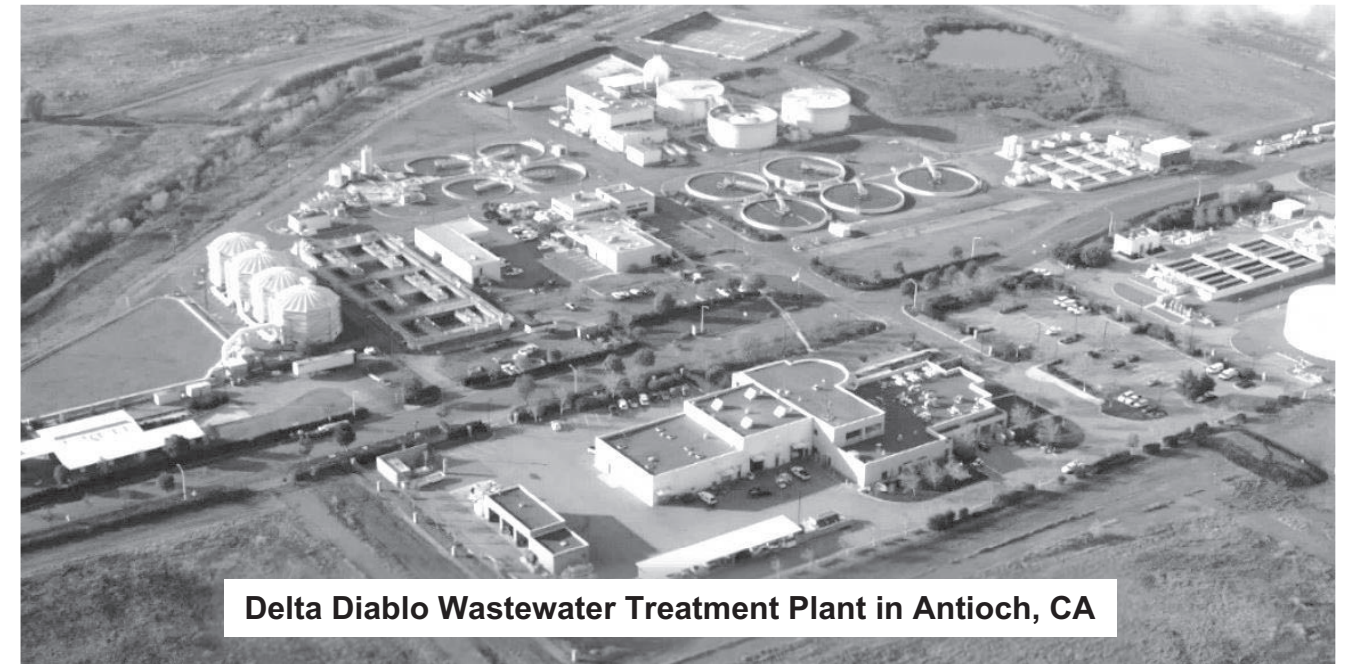
- **Focus on cash funding versus borrowing for capital improvements.** Increasing overall SSC revenue allows the District to continue cash funding a majority of necessary capital improvements in its wastewater conveyance and treatment systems.

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

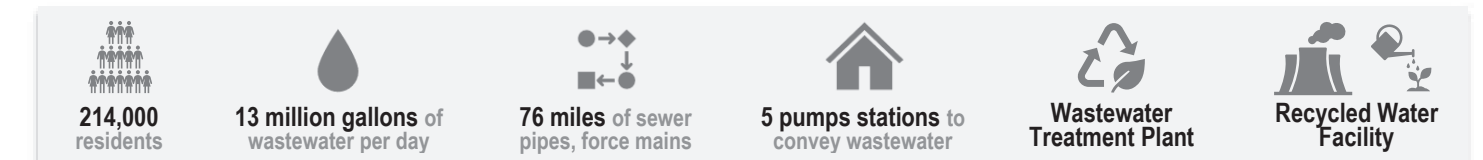
## PUBLIC HEARING AND PROTEST PROCEDURES

The Board of Directors will hold a public hearing on the proposed SSC adjustments on Wednesday, June 9, 2021, at 4:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509. If state and local COVID-19 restrictions remain in effect, the June 9, 2021 Board Meeting agenda posted on the District’s website will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws, health orders, and Governor’s executive orders. After the close of the public hearing and consideration of all public comments and written protests received, the Board of Directors will be asked to take action to implement the proposed SSC adjustments at this meeting.

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



Delta Diablo Wastewater Treatment Plant in Antioch, CA





# Ensuring Long-term Financial Sustainability

## Proposed Sewer Service Charge Increases

April 2021

In developing its budget each year, Delta Diablo (District) carefully considers operational and capital investment needs to maintain effective and reliable wastewater collection (Bay Point only), conveyance, and treatment services for its **214,000 customers** in Antioch, Pittsburg, and Bay Point. Our primary revenue comes from **Sewer Service Charges (SSCs)\*** charged to residential, commercial, and industrial customers on the tax roll each year.

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

We critically review required SSC adjustments to ensure sufficient revenue collection that reflects cost-of-service, while minimizing economic impacts to customers. For **Fiscal Year 2021/2022** (effective July 1, 2021), the District has notified customers (via **Proposition 218 Notices\*\*\*** mailed to property owners on or before April 26, 2021) of its intent to increase SSCs for residential customers by **\$26.32/year** (6.5%, \$429.42 total) for **Antioch/Pittsburg** and **\$32.78/year** (5.9%, \$589.25 total) for **Bay Point**.

- **SSC Revenue Allocation:** We have identified a total SSC revenue need of **\$34.8 million** for FY21/22, which includes \$15.1 million for operational needs and \$19.7 million for capital project funding. Other funding includes ad valorem taxes and available unallocated funds.
- **Annual Revenue Increase Drivers:** The proposed SSC increase would generate an **additional \$1.6 million in revenue** in FY21/22 to support cash funding of critical capital investments in aging infrastructure to ensure the lowest overall cost to ratepayers.
- **Updated Cost-of-Service Study Revenue Allocation:** Based on the District's 2021 Cost-of-Service Study, proposed SSC increases for residential customers include a shift in the annual revenue requirement from non-residential (i.e., commercial, industrial) to residential customers of approximately \$550,000. The District is required to assess SSCs based on cost-of-service avoid subsidizing a customer class with revenues from other classes.
- **COVID-19 Impacts:** In providing essential services throughout the COVID-19 pandemic, we have worked hard to minimize financial impacts to our customers. The proposed SSC increases for residential customers in FY21/22 will help the District continue meeting its core mission of protecting public health and the environment.
- **Long-term Financial Planning:** We conduct a 5-year SSC analysis to identify future SSC adjustments to **maintain sustained fiscal integrity**, while avoiding sharp rate increases. The **District continues to maintain its rates well below the average** of its peer agencies in the San Francisco Bay Area.

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

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

\*\*\* "Notice of Proposed SSC Adjustments for FY21/22" is available on website for more information.

As a nationally-recognized industry leader, the District values strong community engagement, serving as responsible stewards of the public's resources and trust, transparency, innovative approaches, and sustainable solutions in achieving its core mission.

### About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 214,000 residents in Antioch, Pittsburg, and Bay Point.

The District treats 13 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public's resources and trust.

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

- ❖ Producing 6 million gallons of recycled water per day
- ❖ Generating on-site renewable energy to meet over 55% of WWTP power needs
- ❖ Reusing residual biosolids as fertilizer through land application at farm sites
- ❖ Providing household hazardous waste (HHW) collection services
- ❖ Protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems

### Our Mission

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



13 million gallons of wastewater per day



76 miles of sewer pipes, force mains



5 pumps stations to convey wastewater



Wastewater Treatment Plant



Proposed SSC Revenue for FY21/22 Budget

Capital \$19.7M  
Operating \$15.1M

Proposed SSC Increase

+ \$26.32/year  
(Antioch/Pittsburg residential)  
+ \$32.78/year  
(Bay Point residential)

visit [www.deltadiablo.org](http://www.deltadiablo.org) or call (925) 756-1900 for more information



# Protecting Public Health and the Environment

## Investing in Critical Wastewater Infrastructure

April 2021



Delta Diablo Wastewater Treatment Plant in Antioch, CA

Delta Diablo (District) has developed a proposed **\$127 million** prioritized **5-year Capital Improvement Program** (CIP) to meet critical aging infrastructure needs. This continued investment is essential to **protecting public health and the environment** and maintaining effective and reliable wastewater collection, conveyance, and treatment services, and recycled water production. The **District's Wastewater Treatment Plant** (WWTP), which includes a combination of physical, biological, and chemical treatment processes, is **nearly 40 years old** and requires significant rehabilitation and replacement work to address aging concrete structures, mechanical equipment, and electrical systems. Key CIP highlights include:

- **Secondary Process Improvements Project** (\$60 million): As part of recent master planning and WWTP condition assessment activities, the District has identified the need to replace the existing tower trickling filters with aeration basins in the next five years to: 1) address a significant regulatory compliance vulnerability, and 2) support future service area growth.
- **Investing in Wastewater Infrastructure Renewal:** Approximately 70% of the CIP supports rehabilitation and/or replacement of existing wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$10.3M), WWTP Electrical Switchgear Replacement (\$9.4M), WWTP Cogeneration System Improvements (\$5.0M), and Bridgehead Pipeline Replacement (\$2.3M).
- **Ensuring Integrity of Bay Point Collection System:** Because the District owns and operates 43 miles of gravity sewers in Bay Point, the CIP includes \$3.2 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- **Focus on Cash Funding:** Approximately 74% of the District's CIP projects are planned to be cash funded (versus debt) to ensure the lowest overall costs for District customers, while reserving debt management capacity for future large-scale WWTP upgrades.

Our primary source of revenue is **Sewer Service Charges** (SSCs), which are charged to customers via the property tax roll each year. To meet revenue needs, we have proposed SSC adjustments for Fiscal Year 2021/2022 (FY21/22) to generate an additional \$1.6 million in annual revenue. Approximately 57% (\$19.7M) of the total SSC revenue (\$34.8 million) for FY21/22 directly supports CIP implementation and critical infrastructure needs with the remainder of SSC revenue (\$15.1 million) funding District operation and maintenance costs. An SSC fact sheet is available on the District's website.

### About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 214,000 residents in Antioch, Pittsburg, and Bay Point.

The District treats 13 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public's resources and trust.

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

- ❖ Producing 6 million gallons of recycled water per day
- ❖ Generating on-site renewable energy to meet over 55% of WWTP power needs
- ❖ Reusing residual biosolids as fertilizer through land application at farm sites
- ❖ Providing household hazardous waste (HHW) collection services
- ❖ Protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems

### Our Mission

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



214,000 residents



13 million gallons of wastewater per day



76 miles of sewer pipes and force mains



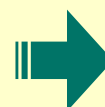
5 pumps stations to convey wastewater



Wastewater Treatment Plant



Recycled Water Facility



5-year Capital Improvement Program  
**\$127M**

visit [www.deltadiablo.org](http://www.deltadiablo.org) or call (925) 756-1900 for more information



# FY21/22 Proposed Sewer Service Charge Increases Frequently Asked Questions

April 2021

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

This document complements these fact sheets by addressing potential questions from our customers regarding the **proposed Sewer Service Charge (SSC) increase** for Fiscal Year 2021/2022 (FY21/22).

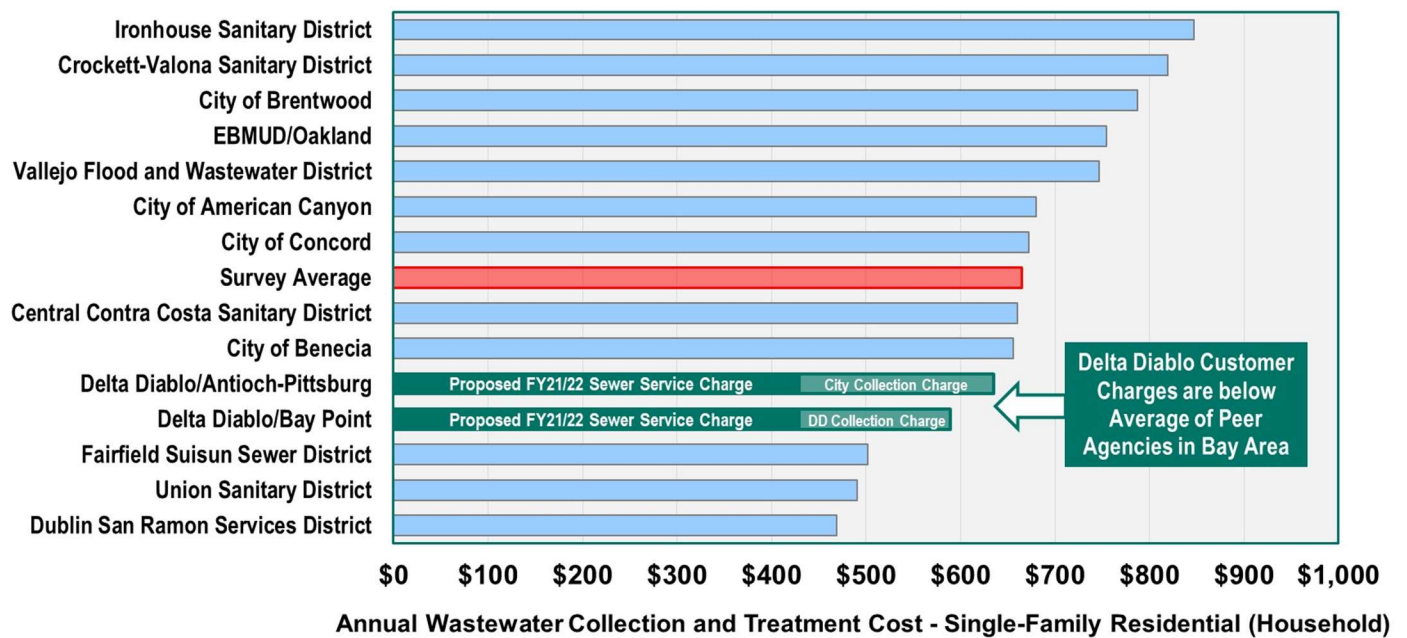
\* The referenced Fact Sheets are available at: <https://www.deltadiablo.org/proposed-sewer-service-charge-ssc-increases>

**1. Why is the District raising rates for residential customers during the COVID-19 pandemic?** The economic impacts of the COVID-19 pandemic on customers in our service area are significant and may not be fully understood for months or even years into the future. We recognize that the prospect of raising rates during a global pandemic is challenging when there is so much economic uncertainty in our local communities. As summarized in the two fact sheets referenced above, the District is proposing to increase SSCs for residential customers by \$26.32/year (6.5%, \$429.42 total) for Antioch/Pittsburg and \$32.78/year (5.9%, \$589.25 total) for Bay Point to:

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

Throughout the COVID-19 pandemic, our core mission of protecting public health and the environment as “essential services” has remained unchanged as we continue to effectively convey and treat 13 million gallons of wastewater each day from our customers on a 24/7 basis.

- If I am a property owner, how much more will I have to pay in FY21/22?** The proposed SSC increase for residential customers translates to approximately +\$26.32/year (6.5%, \$429.42 total) for Antioch and Pittsburg residential (i.e., households) customers, and +\$32.78/year (5.9%, \$589.25 total) for Bay Point residential customers. If approved, the proposed SSC increases would go into effect on July 1, 2021 and be included on property tax statements beginning in November 2021.
- How do the District's rates compare to its peer agencies?** As shown in the graph below, the total wastewater collection and treatment charges (including collection services billed directly by the cities of Antioch and Pittsburg) for the District's residential customers remains below average when compared to our peer agencies in the Bay Area.



- What happens if the District does not raise rates in FY21/22?** In determining proposed SSC adjustments required to meet revenue needs, the District updates its 5-year annual SSC projection. In the absence of the proposed SSC adjustments this year, annual increases of 9.0-9.5% would likely be required over the next few years.

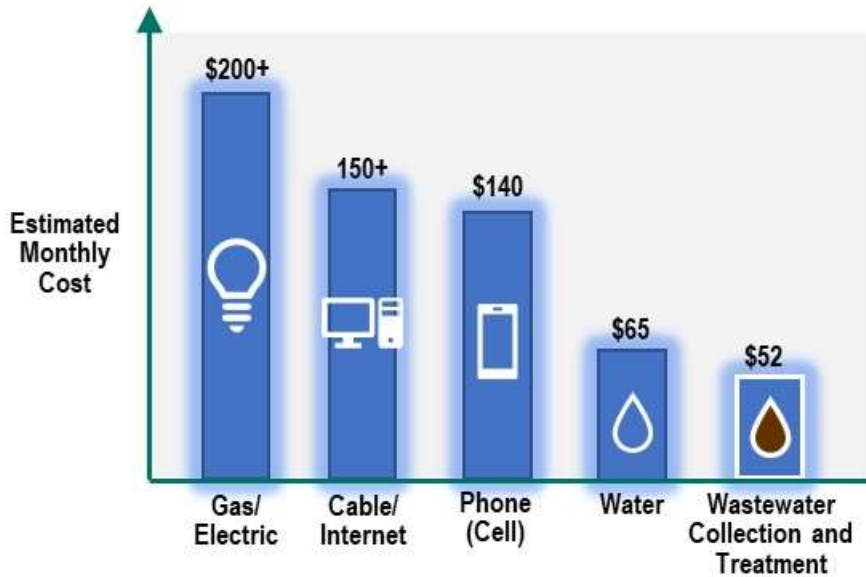
**5. Why can't the District scale back its staffing levels, services, and activities to offset the need for a rate increase?** The proposed FY21/22 Budget includes 78 funded staff positions to ensure the District meets its obligation to protect public health and the environment. As part of our commitment to fiscal responsibility, the District critically reviews the need for each position, in particular, when positions become vacant, and implements appropriate staffing level and position changes to continuously improve the District's services.

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

We have worked hard to ensure the safety, health, and well-being of District staff throughout the COVID-19 pandemic through social distancing and implementation of modified staffing plans to ensure our critical wastewater services workers are protected and available to provide their essential functions. The District is appropriately staffed to maintain critical staffing levels, while ensuring that we can effectively respond to unplanned and/or emergency situations that can arise periodically.

- 6. What could happen if the District's level of service declines or investment in critical wastewater infrastructure is reduced?** Potential impacts associated with the lack of available qualified and experienced personnel, coupled with failure of critical wastewater conveyance and treatment infrastructure, can be severe with significant disruptions in local communities due to sanitary sewer overflows and backups in local streets and residences, respectively, and discharge of partially treated wastewater to the local Delta receiving waters in violation of discharge permit requirements. These conditions would expose the District to significant regulatory fines and penalties (millions of dollars for sustained periods of non-compliance), as many agencies across the country have experienced in the past, with associated financial impacts on our customers. The District proactively designs its staffing levels and infrastructure investment approaches to guard against this potential scenario. Our team of dedicated wastewater professionals is critical to protecting public health and the environment both during and after the COVID-19 pandemic.
- 7. Are the District's peer agencies raising rates during the current COVID-19 pandemic?** Based on a review of available information, a number of the District's peer agencies are also in the process of implementing rate increases (in the range of 3.0 – 8.0%) in FY21/22.

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



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

June 9, 2021

APPROVE MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING, MAY 12, 2021

**Recommendation**

Approve Minutes of the Regular Board of Directors Meeting held on May 12, 2021.

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

**DELTA DIABLO**  
**May 12, 2021**

The meeting was called to order by Chair Glover at 4:32 p.m. on Wednesday, May 12, 2021, via Zoom. Present were Vice Chair Monica Wilson and Director Juan Banales. 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; Brian Thomas, Acting Business Services Director; Thanh Vo, Acting Engineering Services Director; Darrell Cain, Laboratory Manager; and Sandeep Sidhu, Chemist I.

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 Secretary to the Board read a statement regarding the process for receiving public comments.

**PUBLIC COMMENTS**

None.

**RECOGNITION**

**Adopt Resolution Commending and Congratulating Tim Roa, Construction Inspector, on His Retirement from the District**

Mr. Vo recognized Mr. Tim Roa for his 30 years of service to the District and highlighted his career dating back to December 1990, when he joined the District as a Temporary Laborer. Mr. Vo noted Mr. Roa was promoted to Construction Inspector in 1996 and served in that position for nearly 25 years prior to his retirement from the District on April 30, 2021. He also acknowledged Mr. Roa’s key contributions in overseeing major construction activities to address aging infrastructure needs and thanked him for his contributions to the District.

The Board thanked Mr. Roa for his 30 years of service to the District and wished him well in retirement. Vice Chair Wilson moved approval to Adopt a Resolution Commending and Congratulating Tim Roa, Construction Inspector, on His Retirement from the District, seconded by Director Banales and by a roll call vote (Ayes: *Banales, Glover, and Wilson*, Noes: *None*; Abstain: *None*), the Resolution was adopted.





### Introduction of Sandeep Sidhu, Chemist I, to the District

Mr. Cain introduced Ms. Sandeep Sidhu to the District. Ms. Sidhu began her employment with the District on April 19, 2021. She has four years of experience working in water and wastewater utility laboratories and 15 years of experience working in contract laboratories. Ms. Sidhu earned her Bachelor of Science degree in Chemistry from Punjab University and holds a California Water Environment Association (CWEA) Laboratory Analyst Grade II certification. Prior to joining the District, Ms. Sidhu was employed as a Chemist/Microbiologist for the Contra Costa Water District. The Board welcomed Ms. Sidhu to the District. Ms. Sidhu thanked the Board for the opportunity.

### CONSENT CALENDAR

Prior to approval of the Consent Calendar, Mr. De Lange noted Item E/1 was corrected and the Board received an updated agenda packet prior to the meeting. Vice Chair Wilson moved approval of the Consent Calendar, seconded by Director Banales and by a roll call vote (Ayes: *Banales, Glover, and Wilson*, Noes: *None*; Abstain: *None*), the following Consent items were approved: Approve Minutes of the Board of Directors Meeting, April 14, 2021; Receive District Monthly Check Register, March 2021; Receive Notes from Finance Committee Meeting, May 5, 2021; Authorize Amendment to Purchase Order in the Amount of \$97,000, for a New Total Amount Not to Exceed \$720,000, Synagro West, LLC, Biosolids Handling Services, for Fiscal Year 2020/2021; Authorize General Manager to Transfer Monies to the Headworks Improvements Project from other Budgeted Wastewater Capital Asset Replacement Fund Projects in the Amount of \$2,034,975, for a Total Budget of \$14,100,000, and Authorize General Manager or His Designee to Approve Construction Contract Change Orders in an Amount Not to Exceed 12% of the Contract Amount, for a New Total Contract Authorization of \$10,655,680, Headworks Improvements, Project No. 17117; Authorize General Manager to Execute Amendment No. 2 to Consulting Services Contract in the Amount of \$148,500, for a New Total Contract Amount of \$1,397,445, ICM Group, Inc., Construction Management and Inspection Services, Pump Station Facilities Repair, Project No. 80008; Authorize General Manager or His Designee to Execute, on Behalf of District, a Customer Information Service Request with Pacific Gas and Electric Company, and a Demand Response Agreement with Voltus, Inc., in Connection with District's Participation in the California Public Utilities Commission's Rule 24 Demand Response Program During an Initial 60-Month Term Beginning June 1, 2021; Receive Third Quarter Fiscal Year 2020/2021 District Investment Report; Receive Report on Bay Area Air Quality Management District Notice of Violation; and Authorize Issuance of the Following Purchase Orders for One Year Beginning July 1, 2021: in an Amount Not to Exceed \$306,000, Univar USA Inc., Supply and Delivery of Sodium Bisulfite; in an Amount Not to Exceed \$256,000, Kemira Water Solutions, Inc., Supply and Delivery of Ferrous Chloride; in an Amount Not to Exceed \$285,000, Thatcher Company of California Inc., Supply and Delivery of Liquid Aluminum Sulfate; in an Amount Not to Exceed \$376,000, Univar USA Inc., Supply and Delivery of Sodium Hypochlorite; in an Amount Not to Exceed \$400,000, Polydyne Inc., Supply and Delivery of Dry Polymer; and in an Amount Not to Exceed \$108,000, Polydyne Inc., Supply and Delivery of Liquid Polymer.

### DELIBERATION

#### Review Proposed Fiscal Year 2021/2022 through Fiscal Year 2025/2026 Capital Improvement Program (CIP) and Set Public Hearing for June 9, 2021 to Consider Approval of 5-Year CIP

Mr. Vo provided an overview of the Capital Improvement Program (CIP) development process, noting staff efforts to incorporate asset management principles and master planning findings into the project prioritization process. He stated that the proposed 5-year CIP totals \$127 million with estimated expenditures of \$18.7 million in Fiscal Year 2021/2022 (FY21/22), which is proposed

to be funded with an FY21/22 CIP budget appropriation of \$12.9 million and carryover of \$5.8 million in existing budget appropriations. Mr. Vo presented a breakdown of 5-year CIP expenditures by major components of the District's major infrastructure locations, as well as a comparison of planned expenditures by fiscal year compared to the current 5-year CIP.

Mr. Vo noted staff efforts to address key focus areas as part of the CIP development process, including: 1) Addressing New Infrastructure Needs (16 new projects added = \$10 million), 2) Investing in Existing Wastewater Infrastructure Renewal (79% of CIP), 3) Incorporating the Secondary Process Improvements Project (\$60 million), 4) Ensuring the Integrity of the Bay Point Collection System (\$3.8 million), and 5) Planning for the Future (\$1.8 million for master planning). In closing, Mr. Vo reviewed the planned CIP review and approval timeline.

The Board thanked Mr. Vo for the report. Director Banales moved approval of the Consent Calendar, seconded by Vice Chair Wilson and by a roll call vote (Ayes: *Banales, Glover, and Wilson*, Noes: *None*; Abstain: *None*), the recommendation to Set the Public Hearing for June 9, 2021 to Consider Approval of 5-Year CIP was approved.

### PRESENTATION AND REPORTS

#### Receive Report on Key Assumptions for Proposed Fiscal Year 2021/2022 Operating Budget

Mr. Thomas reviewed the FY21/22 Budget and Sewer Service Charge (SSC) development schedule. As an overview, he noted that the preliminary FY21/22 Operating Budget totals \$28.9 million, which represents a \$0.5 million decrease (1.4%) compared to FY20/21 (\$29.3 million). Mr. Thomas stated, however, that staff continues to refine the budget and that the proposed operating budget would likely be increased by approximately \$300,000 to incorporate recent chemical bid and onsite security contract information, as well as the Cost of Living Increase (4.1%) which are consistent with the SSC projections presented on April 14, 2021. He noted no other adjustments are anticipated. He presented a breakdown of the proposed operating budget by major category, as well as the source of revenue for each of the District's services. In noting that Salaries and Benefits comprise 59% (\$17.1 million) of the overall operating budget, Mr. Thomas emphasized the District's efforts to ensure appropriate staffing levels, deliver efficiency through a highly-skilled workforce, meet licensing and certification requirements, and navigate a competitive labor market. He reviewed key assumptions for Salaries, Benefits, Chemicals, Utilities, Office and Operating, and Other cost centers for the proposed FY21/22 Operating Budget. In closing, Mr. Thomas highlighted that staff has developed an operating budget that supports the District's financial sustainability guiding principles and prepared an SSC-related fact sheet and Frequently Asked Questions document, which is available to the public via the District's website.

Chair Glover commended staff on the presentation and inquired whether the District was still offering a Tier 1 CalPERS retirement plans. Mr. Thomas confirmed Tier 1 is closed and new employees hired at the District are members of either Tiers 2 or 3. The Board thanked Mr. Thomas for the report.

### MANAGER'S COMMENTS

Mr. De Lange provided an update on development of the District's new Strategic Plan, noting that the District has conducted numerous meetings with staff to ensure engagement regarding new Mission, Vision, and Value statements. He reported staff has provided good input via strong engagement and there has been good progress in coalescing the feedback and ideas. Mr. De Lange noted the draft document will be presented to the Board at the July 14, 2021 meeting.



## DIRECTORS' COMMENTS

None.

## CORRESPONDENCE

Receive Monthly Lobbyist Report dated March 2021, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024

The Board received and filed the report.

## CLOSED SESSION

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

Agency Negotiators: Vince De Lange, Michael Jarvis

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

Before adjourning to Closed Session, the Secretary to the Board asked if there were any public comments on the Closed Session item. No comments were made. At 5:26 p.m., Chair Glover convened the Board of Directors meeting to Closed Session. Following Closed Session, Chair Glover reconvened the Board of Directors meeting in open session at 5:59 p.m. and stated there was nothing to report from Closed Session.

## ADJOURNMENT

Chair Glover adjourned the meeting at 5:59 p.m.

---

Juan Banales  
Board Secretary

(Recording Secretary:  
Cecelia Nichols-Fritzler)



June 9, 2021

RECEIVE NOTES FROM PERSONNEL COMMITTEE MEETING, JUNE 1, 2021

**Recommendation**

Note receipt and file.

**Background Information**

The Personnel Committee met on June 1, 2021. The meeting was attended by Committee Chair, Federal Glover; Vince De Lange, General Manager; Brian Thomas, Acting Business Services Director; Dean Eckerson, Resource Recovery Services Director; Anika Lyons, Finance Manager; Cheryl Rhodes Alexander, Human Resources and Risk Manager; and Cecelia Nichols-Fritzler, Secretary to the Board.

The purpose of the meeting was to review and receive comments on the proposed Purchasing Supervisor Classification, Job Description, and Updated Salary Schedule.

**Analysis**

Committee Chair Glover recommended that the agenda item be submitted for consideration at the Board Meeting on June 9, 2021. Committee meeting notes are provided as an informational report at regular Board Meetings as part of the Consent Calendar.

**Financial Impact**

None.

**Attachments**

1. Personnel Committee Meeting Notes, June 1, 2021
2. Personnel Committee Agenda, June 1, 2021

Reviewed by:



Vince De Lange  
General Manager

**DRAFT MEETING NOTES**

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

**2500 Pittsburg-Antioch Highway | Antioch, CA 94509  
WEDNESDAY, JUNE 1, 2021  
4:30 P.M.**

The Personnel Committee meeting was called to order by Committee Chair Federal Glover, on Wednesday, June 1, 2021 at 2:00 p.m. via Zoom. Present on the call were Vince De Lange, General Manager; Brian Thomas, Acting Business Services Director; Dean Eckerson, Resource Recovery Services Director; Anika Lyons, Finance Manager; Cheryl Rhodes Alexander, Human Resources and Risk Manager; and Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board.

Committee Chair Glover read the following statement: “To slow the spread of COVID-19, in lieu of a public gathering, the Personnel Committee 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 meetings.” He noted that presentations are available at:

<https://www.deltadiablo.org/Personnel-subcommittee-meetings>

**PUBLIC COMMENTS**

None.

**REVIEW AND COMMENT ON PURCHASING SUPERVISOR CLASSIFICATION,  
JOB DESCRIPTION, AND SALARY SCHEDULE**

Mr. Thomas provided background on past use of the Buyer and Purchasing Manager positions to execute procurement and purchasing functions at the District. Following retirement of the incumbent Buyer in 2018, the District identified the need to elevate the purchasing function level and authority. He noted that staff is now proposing creation of a new Purchasing Supervisor classification following two unsuccessful recruitments for the Purchasing Manager position in 2019 and 2020. Mr. Thomas noted the new Purchasing Supervisor would report to the Finance Manager and supervise two existing warehouse positions and associated warehouse activities. He highlighted that this change would provide the following organizational benefits: 1) increases level of procurement oversight and authority, 2) enhances organizational structure alignment and integration, and 3) expands candidate pool and recruitment opportunities. Mr. Thomas reviewed key job duties, the recommended salary range, and engagement with the applicable bargaining unit to finalize the proposed job description and salary range.

Committee Chair Glover thanked staff for the presentation and recommended submitting this item for consideration to the Board on June 9, 2021.

**ADJOURNMENT**

The meeting was adjourned by Chair Glover at 2:12 p.m.

(Recording Secretary: Cecelia Nichols-Fritzler)



**AGENDA**  
**BOARD OF DIRECTORS PERSONNEL COMMITTEE 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.)**  
**TUESDAY, JUNE 1, 2021**  
**2:00 P.M.**

In lieu of a public gathering, the Board of Directors Personnel Committee 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 Board of Directors Personnel Committee Meeting on June 1, 2021 will not be physically open to the public and the Personnel Committee Chair 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 Personnel Committee Meeting.

Persons who wish to address the Personnel Committee during the Public Comment period or with respect to an item on the Agenda will be limited to two (2) minutes. The Secretary to the Board will call on members of the public at the beginning of the meeting to establish a speaking order. Please indicate whether you wish to speak during the Public Comment period or on a specific Agenda item at that time. The Personnel Committee Chair may reduce or eliminate 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/personnel-subcommittee-meetings> approximately 30 minutes prior to the start of the Personnel Committee 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/89165888519>

**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: 891 6588 8519

**A. PUBLIC COMMENTS**

**B. REVIEW AND COMMENT ON PURCHASING SUPERVISOR CLASSIFICATION, JOB DESCRIPTION, AND SALARY SCHEDULE (Brian Thomas)**

**C. ADJOURNMENT**

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)

June 9, 2021

RECEIVE DISTRICT MONTHLY CHECK REGISTER, APRIL 2021

**Recommendation**

Receive District Monthly Check Register for the month ending April, 2021.

**Background Information**

Attached is the Check Register for the month of April 2021. The report reflects payments to the District's suppliers, consultants, service providers, and contractors. A total of \$2,497,557.10 was disbursed in the month of April 2021, which includes 178 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 for month ending April 30, 2021

Reviewed by:



\_\_\_\_\_  
Brian Thomas  
Acting Business Services Director

CHECK REGISTER  
DELTA DIABLO

CASH DISBURSEMENTS FOR THE MONTH OF APRIL 2021

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/1/2021	AFLAC	54212	35323	942.86	INSURANCE	942.86
4/1/2021	BARNETT MEDICAL SERVICES, LLC	54216	35324	39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	39.00
4/1/2021	BIDSYNC	54215	35325	6,752.00	SOFTWARE PACKAGE AND LICENSE ANNUAL FEE	6,752.00
4/1/2021	C.W.ROEN CONSTRUCTION COMPANY	54126	35326	206,712.27	CONSTRUCTION SVCS, HEADWORKS IMPROVEMENTS PN 17117	206,712.27
4/1/2021	CALIFORNIA BANK OF COMMERCE	54127	35327	10,879.59	RETENTION	10,879.59
4/1/2021	CALTEST ANALYTICAL LABORATORY	54044	35328	87.30	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	87.30
4/1/2021	CHEMTRADE CHEMICALS US LLC	54222	35329	4,275.89	ALUMINUM SULFATE	4,275.89
4/1/2021	CSRMA	54220	35330	2,104.28	INSURANCE	2,104.28
4/1/2021	ERIKS NORTH AMERICA, INC.	54109	35331	778.82	INVENTORY	778.82
4/1/2021	FASTENAL COMPANY	54193 54194 54196	35332	533.74 3.82 485.98	MAINTENANCE CONSUMABLE ITEMS MAINTENANCE CONSUMABLE ITEMS MAINTENANCE CONSUMABLE ITEMS	1,023.54
4/1/2021	MICHAEL CRAMBLIT FOSTER	54031	35333	4,461.31	APCO-DEZURIK SILENT CHECK VALVE FOR ASSET P12101	4,461.31
4/1/2021	HACH COMPANY	54192	35334	566.05	RWF INVENTORY	566.05
4/1/2021	JW BACKHOE & CONSTRUCTION, INC	54077	35335	17,231.91	BRIDGEHEAD FM TEMPORARY BYPASS	17,231.91
4/1/2021	KEY ADVOCATES INC.	54237	35336	7,083.33	FEDERAL ADVOCACY FOR WRWC PN	7,083.33
4/1/2021	KOA HILLS CONSULTING LLC.	54019 54020	35337	700.00 218.75	MUNIS CONTRACT SERVICES ERP FUNCTIONALITY IMPROVEMENTS	918.75
4/1/2021	LARRY WALKER ASSOCIATES	54132	35338	1,303.00	NPDES PERMIT REISSUANCE ASSIST	1,303.00
4/1/2021	LIEBERT, CASSIDY, WHITMORE	54208 54209 54210 54211	35339	120.00 3,520.00 1,128.00 432.00	Labor Negotiations Services Labor Negotiations Services Labor Negotiations Services Labor Negotiations Services	5,200.00
4/1/2021	MANAGED HEALTH NETWORK	54238	35340	390.55	EAP APRIL	390.55
4/1/2021	McCAULEY AGRICULTURAL & PEST SERVICES	54197 54198 54199 54200 54201 54202 54203	35341	75.00 825.00 60.00 60.00 60.00 60.00 60.00	PEST CONTROL PEST CONTROL PEST CONTROL PEST CONTROL PEST CONTROL PEST CONTROL PEST CONTROL	1,200.00
4/1/2021	MEYERS NAVE	54206	35342	1,876.50	LEGAL SERVICES	1,876.50
4/1/2021	MOSS ADAMS LLP	54226	35343	2,619.75	IT ASSESSMENT, POLICY, & PROCEDURE	2,619.75
4/1/2021	OFFICE DEPOT	54227	35344	114.73	OFFICE SUPPLIES	114.73
4/1/2021	PACIFIC GAS & ELECTRIC COMPANY	54245	35345	30,866.85	UTILITIES	30,866.85
4/1/2021	PAN PACIFIC SUPPLY CO.		35346			3,091.78



CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
		54065		3,091.78	INVENTORY	
4/1/2021	POLYDYNE INC		35347			13,066.30
		54232		13,066.30	LIQUID POLYMER	
4/1/2021	RED WING SHOE STORE 165		35348			151.00
		54056		151.00	SAFETY SHOES - C. THOMAS	
4/1/2021	DARIN JAMES REINHOLDT		35349			500.00
		54111		500.00	UNDERGROUND STORAGE TANK DESIGNATED OPERATOR	
4/1/2021	ROCKWELL SOLUTIONS INC.		35350			1,640.51
		54233		1,640.51	INVENTORY	
4/1/2021	SNAP-ON TOOLS CORPORATION		35351			589.74
		54204		589.74	TOOLS FOR JUSTIN MCKINNEY	
4/1/2021	TYLER TECHNOLOGIES, INC.		35352			1,304.00
		54057		1,304.00	MUNIS PERMITS AND CODE ENFORCEMENT MODULE	
4/1/2021	UNIFIRST CORPORATION		35353			374.87
		54177		167.36	UNIFORM/ LAUNDRY SERVICE	
		54178		181.59	UNIFORM/ LAUNDRY SERVICE	
		54179		25.92	UNIFORM/ LAUNDRY SERVICE	
4/1/2021	UNIVAR USA INC		35354			9,097.65
		54067		5,779.98	SODIUM BISULFITE	
		54068		3,317.67	SODIUM HYPOCHLORITE	
4/1/2021	VERIZON WIRELESS		35355			2,414.13
		54235		2,414.13	phone expense	
4/1/2021	VISION SERVICE PLAN		35356			1,757.50
		54241		1,726.50	VISION INSURANCE	
		54242		31.00	COBRA VISION	
4/9/2021	JEFF ALEXANDER		35357			24.00
		54269		24.00	REIMBURSEMENT	
4/9/2021	ALL STAR FORD		35358			6,157.21
		54308		6,157.21	VEHICLE REPAIRS	
4/9/2021	BARNETT MEDICAL SERVICES, LLC		35359			39.00
		54217		39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORTATION/DISPOSAL	
4/9/2021	BARTEL ASSOCIATES, LLC		35360			837.00
		54143		837.00	ACTUARIAL SERVICES FY 2020-2022	
4/9/2021	CALTEST ANALYTICAL LABORATORY		35361			577.80
		54163		577.80	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
4/9/2021	CHEMTRADE CHEMICALS US LLC		35362			8,402.16
		54223		4,163.23	ALUMINUM SULFATE	
		54224		4,238.93	ALUMINUM SULFATE	
4/9/2021	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC		35363			56,320.57
		54250		20,414.45	PROVIDE TRANS/DISPOSAL/LABOR FOR HHW & TEMP EVENTS	
		54251		35,906.12	PROVIDE TRANS/DISPOSAL/LABOR FOR HHW & TEMP EVENTS	
4/9/2021	CONTRA COSTA COUNTY CLERK		35364			50.00
		54264		50.00	NOE FEE	
4/9/2021	CONTRA COSTA COUNTY CLERK		35365			50.00
		54300		50.00	NOE FEE	
4/9/2021	DARRIN G. STANLEY		35366			9,871.37
		54306		5,172.75	EMERGENCY PO - BRIDGEHEAD- WATERLINE BREAK	
		54307		2,608.53	EMERGENCY PO - BRIDGEHEAD- WATERLINE BREAK	
		54309		2,090.09	EMERGENCY PO - BRIDGEHEAD- WATERLINE BREAK	
4/9/2021	FEDERAL EXPRESS		35367			31.90
		54303		31.90	POSTAGE	
4/9/2021	GRAINGER		35368			927.71
		54225		927.71	INVENTORY	
4/9/2021	JESS HAGUE		35369			175.00
		54270		175.00	SAFETY SHOES - J. HAGUE	
4/9/2021	TIMOTHY J. HAMMETT		35370			65.99
		54268		65.99	REIMBURSEMENT	
4/9/2021	HAZEN & SAWYER		35371			38,467.50
		54159		38,467.50	RESOURCE RECOVERY FACILITY MASTER PLAN PN 18120	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/9/2021	HUNT & SONS INC	54253	35372	3,129.99	INVENTORY LUBICANTS	3,129.99
4/9/2021	JOSEPH BUHOWSKY	54195	35373	4,000.00	NFPA 70E TRAINING	4,000.00
4/9/2021	LEGAL SHIELD	54301	35374	122.15	LEGAL MEMBERSHIPS	122.15
4/9/2021	OFFICE DEPOT	54228 54229 54230 54231	35375	97.70 8.07 114.73 8.29	OFFICE SUPPLIES OFFICE SUPPLIES OFFICE SUPPLIES OFFICE SUPPLIES	228.79
4/9/2021	PACIFIC GAS & ELECTRIC COMPANY	54304 54305	35376	58.09 345.15	UTILITIES UTILITIES	403.24
4/9/2021	PUBLIC EMPLOYEES UNION	3163370	35377	1,474.98	UNION DUES P&T	1,474.98
4/9/2021	PUBLIC EMPLOYEES UNION	3163270	35378	3,567.17	UNION DUES O&M	3,567.17
4/9/2021	SCHAAF & WHEELER CONSULTING	54271	35379	30,558.28	DESIGN FOR PUMP STATION FACILI	30,558.28
4/9/2021	STANDARD INSURANCE COMPANY	54267	35380	3,766.40	LIFE AND LTD INS	3,766.40
4/9/2021	CA STATE DISBURSEMENT UNIT	CS9648326	35381	750.00	GARNISHMENT	750.00
4/9/2021	STATE WATER RESOURCES	54275	35382	17,035.41	LOAN PAYMENT	17,035.41
4/9/2021	STATE WATER RESOURCES	54277	35383	9,390.84	LOAN PAYMENT	9,390.84
4/9/2021	STATE WATER RESOURCES	54279	35384	99,372.79	LOAN PAYMENT	99,372.79
4/9/2021	UNIFIRST CORPORATION	54180 54182 54183	35385	134.24 181.59 25.92	UNIFORM/ LAUNDRY SERVICE UNIFORM/ LAUNDRY SERVICE UNIFORM/ LAUNDRY SERVICE	341.75
4/9/2021	UNIVAR USA INC	54125 54234	35386	3,316.27 5,428.60	SODIUM HYPOCHLORITE SODIUM BISULFITE	8,744.87
4/9/2021	VAL SECURITY, INC	54142	35387	10,080.00	Security Patrol Services	10,080.00
4/15/2021	ALHAMBRA & SIERRA SPRGS WATER	54393 54394	35388	213.73 197.67	BOTTLED WATER SERVICE BOTTLED WATER SERVICE	411.40
4/15/2021	CITY OF ANTIOCH- WATER	54408 54409	35389	94.60 928.26	UTILITIES UTILITIES	1,022.86
4/15/2021	APG NEUROS INC.	54354	35390	176.58	BLOWER BLANK PLATES AND GASKETS	176.58
4/15/2021	BARNETT MEDICAL SERVICES, LLC	54218 54248 54311	35392	39.00 663.00 39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL SHARPS/PHARMACEUTICAL DISPOSAL HHW-SHARPS/PHARMACEUTICAL TRANSPORATION/DISPOSAL	741.00
4/15/2021	BAY AREA BARRICADE SERVICE INC	54310	35393	1,638.75	RECYCLED WATER SIGNS	1,638.75
4/15/2021	WILLIAM WESLEY BRANNON	54254	35394	884.27	INVENTORY	884.27
4/15/2021	C.W.ROEN CONSTRUCTION COMPANY	54399	35395	270,655.00	CONSTRUCTION SVCS, HEADWORKS IMPROVEMENTS PN 17117	270,655.00
4/15/2021	CALIFORNIA BANK OF COMMERCE	54400	35396	14,245.00	RETENTION	14,245.00
4/15/2021	CALTEST ANALYTICAL LABORATORY	54221 54312	35397	960.30 577.80	PROVIDE LABORATORY SERVICES FOR NPDES TESTING PROVIDE LABORATORY SERVICES FOR NPDES TESTING	2,063.70

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
		54313		525.60	PROVIDE LABORATORY SERVICES FOR NPDES TESTING	
4/15/2021	CAROLLO ENGINEERS		35398			46,119.00
		54272		1,210.00	PRIMARY CLARIFIER AREA IMPROVE	
		54383		23,445.00	CONSULTING SERVICES HEADWORK I	
		54406		8,222.50	CONSULTING SERVICES HEADWORK I	
		54407		13,241.50	CONSULTING SERVICES HEADWORK I	
4/15/2021	CDW GOVERNMENT, INC.		35399			428.00
		54274		428.00	ADOBE ACROBAT LICENSES	
4/15/2021	CHEMTRADE CHEMICALS US LLC		35400			4,258.30
		54260		4,258.30	ALUMINUM SULFATE	
4/15/2021	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC		35401			19,171.24
		54415		19,171.24	PROVIDE TRANS/DISPOSAL/LABOR FOR HHW & TEMP EVENTS	
4/15/2021	COMCAST BUSINESS COMMUNICATIONS, LLC		35402			548.36
		54398		548.36	PHONE EXPENSE	
4/15/2021	CONCENTRA/OCCUPATIONAL HEALTH CENTERS		35403			215.00
		54318		215.00	PRE EMPL COSTS	
4/15/2021	CONTRA COSTA COUNTY		35404			21,038.00
		54388		21,038.00	LEGAL SERVICES	
4/15/2021	CONTRA COSTA COUNTY FIRE		35405			1,674.00
		54316		1,674.00	PERMIT FEE	
4/15/2021	CONTRA COSTA COUNTY FIRE		35406			837.00
		54317		837.00	PERMIT FEE	
4/15/2021	CONTRA COSTA WATER DISTRICT		35407			47.92
		54411		47.92	UTILITIES	
4/15/2021	CORELOGIC INFORMATION SOLUTIONS, INC		35408			165.00
		54412		165.00	REALQUEST PROPERTY INFORMATION	
4/15/2021	COUNTY OF CONTRA COSTA		35409			48.93
		54302		48.93	SUBSCRIPTION	
4/15/2021	DARRIN G. STANLEY		35410			14,810.25
		54389		2,396.25	VEGETATION REMOVAL IN SUPPORT OF RIVER WATCH CCTV	
		54390		4,775.25	VEGETATION REMOVAL IN SUPPORT OF RIVER WATCH CCTV	
		54392		7,638.75	VEGETATION REMOVAL IN SUPPORT OF RIVER WATCH CCTV	
4/15/2021	DATCO		35411			188.50
		54319		136.50	O/S	
		54320		52.00	O/S	
4/15/2021	DIABLO WATER DISTRICT		35412			151.65
		54414		151.65	UTILITIES	
4/15/2021	ENVIRONMENTAL RESOURCE ASSOCIATES, INC		35413			1,687.05
		54413		1,687.05	ERA PROFICENCY TESTING SAMPLES	
4/15/2021	FASTENAL COMPANY		35414			2,080.30
		54355		233.92	MAINTENANCE CONSUMABLE ITEMS	
		54356		1,846.38	MAINTENANCE CONSUMABLE ITEMS	
4/15/2021	FLYERS ENERGY LLC		35415			11,765.17
		54357		11,765.17	MOBIL PEGASUS 805 ULTRA	
4/15/2021	MICHAEL CRAMBLIT FOSTER		35416			15,895.11
		54346		4,912.97	P1201 SUCTION ISOLATION VALVE	
		54347		4,080.40	AIR RELEASE VALVES	
		54348		3,995.41	TOWER PUMP #1 CHECK VALVE, ARV1301	
		54349		2,906.33	PROCO EXP. JOINT FOR P8414, P8514, & P8614	
4/15/2021	FREMONT ANALYTICAL INC.		35417			585.00
		54351		585.00	DIGESTER GAS ANALYSIS	
4/15/2021	GRAINGER		35418			4,246.70
		54358		4,246.70	HEADWORKS HYPO AREA EYE WASH	
4/15/2021	HAZEN & SAWYER		35419			30,572.50
		54252		30,572.50	RESOURCE RECOVERY FACILITY MASTER PLAN PN 18120	
4/15/2021	HUNT & SONS INC		35420			6,554.48
		54322		6,554.48	DISTRICT FUEL SERVICES	
4/15/2021	IB CONSULTING, LLC		35421			30,750.00
		54278		30,750.00	DATA REQUEST, REVIEW AND ANALYSIS	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/15/2021	JEFF IMACHI		35422			54.00
		54330		54.00	REIMBURSEMENT	
4/15/2021	JOHN MUIR HEALTH		35423			853.16
		54324		853.16	2021 WELLNESS AGREEMENT WITH JOHN MUIR HEALTH	
4/15/2021	KEMIRA WATER SOLUTIONS, INC.		35424			7,572.04
		54261		7,572.04	FERROUS CHLORIDE	
4/15/2021	KENNEDY/JENKS CONSULTANTS INC.		35425			1,382.26
		54243		1,382.26	ASSET MANAGEMENT PROGRAM DEVELOPMENT PN 19109	
4/15/2021	KOA HILLS CONSULTING LLC.		35426			2,712.50
		54187		262.50	ERP FUNCTIONALITY IMPROVEMENTS	
		54190		87.50	MUNIS CONTRACT SERVICES	
		54325		2,187.50	ERP FUNCTIONALITY IMPROVEMENTS	
		54327		175.00	MUNIS CONTRACT SERVICES	
4/15/2021	KONE. INC.		35427			114.02
		54352		114.02	ELEVATOR SERVICE	
4/15/2021	MCCAMPBELL ANALYTICAL, INC.		35428			651.20
		54333		325.60	LABORATORY SERVICES FOR PRETREATMENT	
		54334		325.60	LABORATORY SERVICES FOR PRETREATMENT	
4/15/2021	McCAULEY AGRICULTURAL & PEST SERVICES		35429			1,200.00
		54364		75.00	PEST CONTROL	
		54365		825.00	PEST CONTROL	
		54366		60.00	PEST CONTROL	
		54367		60.00	PEST CONTROL	
		54368		60.00	PEST CONTROL	
		54369		60.00	PEST CONTROL	
		54370		60.00	PEST CONTROL	
4/15/2021	MDRR-PARK (MT. DIABLO RESOURCE RECOVERY PARK)		35430			143.51
		54332		143.51	WASTE	
4/15/2021	MONUMENT CAR PARTS		35431			85.26
		54236		85.26	INVENTORY	
4/15/2021	NEW IMAGE LANDSCAPE COMPANY		35432			22,094.00
		54335		19,531.00	LANDSCAPE SERVICES	
		54336		2,563.00	LANDSCAPE SERVICES	
4/15/2021	NWN CORPORATION		35433			4,209.57
		54384		4,209.57	PHONE EXPENSE	
4/15/2021	OFFICE DEPOT		35434			222.42
		54337		99.40	OFFICE SUPPLIES	
		54401		114.73	OFFICE SUPPLIES	
		54403		8.29	OFFICE SUPPLIES	
4/15/2021	PACIFIC GAS & ELECTRIC COMPANY		35435			34,629.44
		54416		34,629.44	UTILITIES	
4/15/2021	PSOMAS		35436			132,660.22
		54385		65,263.00	CONSTRUCTION MGMT & INSPECTION PN 17117	
		54386		67,397.22	CONSTRUCTION MGMT & INSPECTION PN 17117	
4/15/2021	QUENVOLD'S		35437			317.58
		54265		152.47	SAFETY SHOES - M. GOTTSBALL	
		54266		165.11	SAFETY SHOES - S. WILLIAMS	
4/15/2021	REBUILD-IT SERVICES GROUP, LLC		35439			1,437.16
		54360		1,437.16	GEAR REDUCER FOR DU2401, PRIMARY CLARIFIER #4	
4/15/2021	RED WING SHOE STORE 165		35440			350.00
		54191		350.00	SAFETY SHOES	
4/15/2021	DARIN JAMES REINHOLDT		35441			1,826.25
		54339		1,826.25	UNDERGROUND STORAGE TANK DESIGNATED OPERATOR	
4/15/2021	SEMITORR GROUP INC		35442			198.39
		54255		198.39	INVENTORY	
4/15/2021	SHAPE INCORPORATED		35443			13,169.65
		54353		13,169.65	NP3127-439 SUBMERSIBLE PUMP	
4/15/2021	SNAP-ON TOOLS CORPORATION		35444			1,009.30
		54361		874.36	TOOLS FOR JUSTIN MCKINNEY	
		54362		52.36	TOOLS FOR JUSTIN MCKINNEY	
		54363		82.58	TOOLS FOR JUSTIN MCKINNEY	
4/15/2021	STATE WATER RESOURCES		35445			125.00
		54417		125.00	CERT. RENEWAL - R. CROWELL	
4/15/2021	STREAMLINE		35446			550.00
		54239		550.00	WEBSITE SUBSCRIPTION	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/15/2021	TELSTAR INSTRUMENTS INC		35447			5,855.81
		54256		4,979.62	INVENTORY	
		54257		229.43	INVENTORY	
		54258		646.76	INVENTORY	
4/15/2021	TRI-VALLEY JANITORIAL SERVICE & SUPPLY INC,		35448			14,526.00
		54341		350.00	NIGHTLY JANITORIAL SERVICES	
		54342		4,840.00	COVID-19 RESPONSE DAYTIME JANITORIAL SERVICES	
		54343		9,336.00	NIGHTLY JANITORIAL SERVICES	
4/15/2021	STACY TUCKER		35449			8.00
		54344		8.00	REIMBURSEMENT	
4/15/2021	TYLER TECHNOLOGIES, INC.		35450			19,256.00
		54246		1,304.00	MUNIS PERMITS AND CODE ENFORCEMENT MODULE	
		54396		1,404.00	MUNIS PERMITS AND CODE ENFORCEMENT MODULE	
		54397		16,548.00	SOFTWARE RENEWAL	
4/15/2021	UNIFIRST CORPORATION		35451			1,136.39
		54185		181.59	UNIFORM/ LAUNDRY SERVICE	
		54186		25.92	UNIFORM/ LAUNDRY SERVICE	
		54189		175.44	UNIFORM/ LAUNDRY SERVICE	
		54372		175.36	UNIFORM/ LAUNDRY SERVICE	
		54373		181.59	UNIFORM/ LAUNDRY SERVICE	
		54374		25.92	UNIFORM/ LAUNDRY SERVICE	
		54375		162.04	UNIFORM/ LAUNDRY SERVICE	
		54376		182.61	UNIFORM/ LAUNDRY SERVICE	
		54377		25.92	UNIFORM/ LAUNDRY SERVICE	
4/15/2021	UNIVAR USA INC		35452			9,261.92
		54262		2,947.57	SODIUM HYPOCHLORITE	
		54263		3,348.85	SODIUM HYPOCHLORITE	
		54378		2,965.50	SODIUM HYPOCHLORITE	
4/15/2021	WEX HEALTH INC.		35453			105.00
		54345		105.00	FSA	
4/15/2021	WM LYLES COMPANY		35454			170,753.00
		54273		170,753.00	CONSTRUCTION SERVICES PN 80008	
4/15/2021	ASSOCIATED SERVICES COMPANY		35455			497.41
		54213		488.62	PROVIDE PREMIUM COFFEE SERVICE TO DISTRICT	
		54405		8.79	PROVIDE PREMIUM COFFEE SERVICE TO DISTRICT	
4/29/2021	AT&T		35456			1,583.59
		54453		1,583.59	PHONE EXPENSE	
4/29/2021	MICHAEL AUER		35457			178.46
		54450		178.46	REIMBURSEMENT	
4/29/2021	MICHAEL BAKALDIN		35458			178.46
		54449		178.46	REIMBURSEMENT	
4/29/2021	BARNETT MEDICAL SERVICES, LLC		35459			39.00
		54418		39.00	HHW-SHARPS/PHARMACEUTICAL TRANSPORTATION/DISPOSAL	
4/29/2021	BASIC BENEFITS, LLC		35460			75.00
		54470		75.00	FSA	
4/29/2021	BAY AREA CLEAN WATER AGENCIES		35461			1,543.24
		54480		1,543.24	O/S	
4/29/2021	BIOENERGY ASSOCIATION OF CALIFORNIA		35462			2,750.00
		54469		2,750.00	M&D	
4/29/2021	CDW GOVERNMENT, INC.		35463			21,258.00
		54468		21,258.00	IT EQUIPMENT REPLACEMENT	
4/29/2021	CHEMTRADE CHEMICALS US LLC		35464			4,371.51
		54420		4,371.51	ALUMINUM SULFATE	
4/29/2021	CONTRACT SWEEPING SERVICES		35465			30,319.86
		54481		30,319.86	STREET SWEEPING SERVICES	
4/29/2021	COUNTY RECORDER		35466			92.00
		54457		92.00	NOC FEE	
4/29/2021	DAHL-BECK ELECTRIC		35467			9,708.53
		54483		9,708.53	CENTRIFUGE BOWL VFD8201 REPLACEMENT	
4/29/2021	DEPARTMENT OF THE TREASURY		35468			13,870.87
		54488		13,870.87	QUALIFIED FAM SICK LEAVE	
4/29/2021	DU-ALL SAFETY, LLC		35469			3,600.00
		54421		3,600.00	MOBILE EQUIPMENT TRAINING-	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/29/2021	EMPLOYMENT DEVELOPMENT DEPARTMENT		35470			306.50
		54452		306.50	EMPLOYMENT COSTS	
4/29/2021	EVOQUA WATER TECHNOLOGIES, LLC		35471			323.60
		54423		323.60	ANNUAL SUPPORT AND MAINTENANCE FOR LAB DI WATER SY	
4/29/2021	FRESCHI AIR SYSTEMS		35472			3,144.00
		54484		1,424.00	HVAC SERVICE AGREEMENT - MULTI	
		54485		1,720.00	CHILLER SERVICE	
4/29/2021	JW BACKHOE & CONSTRUCTION, INC		35473			20,669.74
		54489		20,669.74	EMERGENCY PO TO COVER WILBUR AVE MANHOLES	
4/29/2021	KEMIRA WATER SOLUTIONS, INC.		35474			16,253.16
		54475		5,307.75	FERROUS CHLORIDE	
		54477		5,985.07	FERROUS CHLORIDE	
		54478		4,960.34	FERROUS CHLORIDE	
4/29/2021	KOA HILLS CONSULTING LLC.		35475			2,012.50
		54328		2,012.50	ERP FUNCTIONALITY IMPROVEMENTS	
4/29/2021	LEE & RO, INC.		35476			19,517.50
		54428		7,704.00	DESIGN SERVICES DURING CONSTRUCTION	
		54429		11,813.50	DESIGN SERVICES DURING CONSTRUCTION	
4/29/2021	LIEBERT, CASSIDY, WHITMORE		35477			4,540.00
		54490		816.00	Labor Negotiations Services	
		54491		1,828.00	Labor Negotiations Services	
		54492		1,896.00	Labor Negotiations Services	
4/29/2021	MAINSAYER SOFTWARE		35478			6,841.50
		54474		6,841.50	SOFTWARE RENEWAL	
4/29/2021	MCMaster CARR SUPPLY CO		35479			1,056.55
		54493		1,007.74	INVENTORY	
		54494		(153.12)	CREDIT MEMO	
		54495		201.93	INVENTORY	
4/29/2021	MUFG UNION BANK		35480			875.00
		54496		875.00	INVESTMENTS	
4/29/2021	MUNIQUIP, LLC		35481			12,609.00
		54503		12,609.00	WEMCO REBUILD PARTS	
4/29/2021	OFFICE DEPOT		35482			1,073.56
		54460		748.08	OFFICE SUPPLIES	
		54461		108.49	OFFICE SUPPLIES	
		54462		94.83	OFFICE SUPPLIES	
		54497		122.16	OFFICE SUPPLIES	
4/29/2021	PACIFIC GAS & ELECTRIC COMPANY		35483			46,259.08
		54501		46,259.08	UTILITIES	
4/29/2021	ABEL PALACIO		35484			1,105.21
		54448		1,105.21	REIMBURSEMENT	
4/29/2021	THE PAPE GROUP INC		35485			417,342.50
		54514		417,342.50	JET/ VAC TRUCK PURCHASE	
4/29/2021	CITY OF PITTSBURG		35486			617.45
		54499		617.45	UTILITIES	
4/29/2021	CITY OF PITTSBURG		35487			21,092.40
		54504		21,092.40	STREET SWEEPING SERVICES	
4/29/2021	PRESIDIO SYSTEMS		35488			78,306.70
		54465		78,306.70	CCTV/PACP SCORING FOR RIVER WATCH SETTLEMENT	
4/29/2021	PSOMAS		35489			6,514.50
		54433		6,514.50	CONSTRUCTION MANAGEMENT SERVICES	
4/29/2021	QUALITY SCALE, INC		35490			1,626.00
		54515		1,626.00	SCALE SERVICE- 2 PER YEAR	
4/29/2021	READY PRINT		35491			27,435.00
		54505		27,435.00	POSTAGE	
4/29/2021	RED WING SHOE STORE 165		35492			151.70
		54338		151.70	SAFETY SHOES - T. VO	
4/29/2021	REGIONAL GOVERNMENT SERVICES		35493			270.00
		54506		270.00	LABOR RELATIONS CONSULTING WORK	
4/29/2021	REPUBLIC SERVICES #210		35494			5,141.15
		54507		1,085.42	WASTE	
		54508		4,055.73	WASTE	
4/29/2021	RH TECHNOLOGY		35495			15,336.72
		54436		4,510.80	O/S TEMP	
		54437		4,510.80	O/S TEMP	
		54438		1,804.32	O/S TEMP	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
		54439		4,510.80	O/S TEMP	
4/29/2021	ROCKWELL SOLUTIONS INC.		35496			7,388.32
		54434		7,388.32	INVENTORY	
4/29/2021	SHARP ELECTRONICS CORP		35497			1,316.64
		54509		1,316.64	SHARP MAINTENANCE SERVICES	
4/29/2021	TERRY SPURGEON		35498			332.20
		54451		332.20	REIMBURSEMENT	
4/29/2021	CA STATE DISBURSEMENT UNIT		35499			750.00
		CS9648327		750.00	GARNISHMENT	
4/29/2021	SYNAGRO WEST, LLC		35500			65,919.28
		54435		65,919.28	BIOSOLIDS HAULING	
4/29/2021	SYSTEM 1 STAFFING		35501			7,879.80
		54510		2,626.60	O/S TEMP	
		54511		2,626.60	O/S TEMP	
		54512		2,626.60	O/S TEMP	
4/29/2021	UNIVAR USA INC		35502			2,959.21
		54379		2,959.21	SODIUM HYPOCHLORITE	
<b>GRAND TOTAL</b>						<b><u>2,497,557.10</u></b>

June 9, 2021

APPROVE AND AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT TO CONSTRUCTION SERVICES CONTRACT IN THE AMOUNT OF \$432,100 FOR A NEW TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,432,100, CONSTRUCTION SERVICES, J.W. BACKHOE & CONSTRUCTION, INC., BRIDGEHEAD PIPELINE REPLACEMENT, PROJECT NO. 21123

**Recommendation**

Approve and authorize General Manager to execute amendment to construction services contract with J.W. Backhoe & Construction, Inc. in the amount of \$432,100 for a new total contract amount not to exceed \$1,432,100 for the Bridgehead Pipeline Replacement Project.

**Background Information**

In September 2020, the Board authorized the General Manager to procure necessary materials and contracting services to complete an emergency repair and install a temporary parallel pipeline to address a failed 18-inch gravity line suspended from the Wilbur Avenue overcrossing that conveys flows from Bridgehead Pump Station to Antioch Pump Station. Subsequently, the District executed a Construction Services Contract with J.W. Backhoe to install a temporary pipeline to be placed in operation while the permanent replacement pipeline is being designed and constructed. The temporary pipeline was successfully placed into service in October 2020.

**Analysis**

Initial assessments indicated the design and construction of the permanent replacement pipeline could be completed within nine months. However, during design, the existing underground utilities and the configuration of the overcrossing structure presented a number of conflicts and challenges that required additional time to design. In addition, the review process by BNSF Railway took longer than anticipated due to discrepancies with the current easement agreement and location of the existing pipeline. In addition, the COVID-19 pandemic has significantly impacted the construction supply chain resulting in a longer lead time on pipe materials. These unforeseen delays have now increased the overall estimated project schedule by approximately nine months.

The original contract with J.W. Backhoe accounted for installation of the temporary piping system with a nine-month rental period through June 2021. Construction for the permanent replacement project is now anticipated to commence in September 2021 with completion in March 2022. Staff recommends increasing the existing Construction Services Contract with J.W. Backhoe in the amount of \$432,100, as shown in the attached summary, to address the additional rental costs and demobilization through the anticipated project completion date.

**Financial Impact**

In September 2020, the Board authorized the General Manager to establish the Bridgehead Pipeline Replacement Project with an initial total project budget of \$1.5 million through transfers from existing budgeted projects within the Wastewater Capital Asset Replacement Fund. Sufficient funding is available to increase J.W. Backhoe's existing contract to account for the additional rental costs through Fiscal Year 2020/2021 (FY20/21). Staff intends to recommend award of the permanent replacement construction contract at the July 2021 Board Meeting. Funding for the construction phase is addressed in the proposed FY21/22-FY25/26 Capital






Improvement Program, which is included for Board consideration on the June 9, 2021 Board Meeting agenda.

**Attachment**

J.W. Backhoe Contract Increase Scope and Cost Summary

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

Thanh Vo  
Acting Engineering Services Director

cc: District File No. 21123.01.01



**BRIDGEHEAD PIPELINE REPLACEMENT  
PROJECT NO. 21123**

**J.W. BACKHOE & CONSTRUCTION, INC. (CONTRACTOR)**

**CONTRACT SUMMARY**

<b><u>DESCRIPTION</u></b>	<b><u>PROPOSED COST</u></b>
<b>Original Authorized Contract Amount</b>	\$ 1,000,000.00
<b>Additional Rental</b>	
- Nine months through March 2022	\$ 432,100.00
<b>NEW CONTRACT TOTAL</b>	<b>\$ 1,432,100.00</b>

June 9, 2021

ADOPT RESOLUTION ESTABLISHING FISCAL YEAR 2021/2022 APPROPRIATIONS  
(GANN) LIMIT FOR EXPENDITURES THAT CAN BE FUNDED FROM TAX PROCEEDS

**Recommendations**

Adopt Resolution establishing the Fiscal Year 2021/2022 (FY21/22) Appropriations (Gann) Limit for expenditures that can be funded from tax proceeds.

**Background Information**

Article XIII B of the California Constitution establishes a formula to calculate a limit on appropriations made from taxes by public agencies in the state of California. The intent of the limitation is to restrict growth of tax-funded programs and services in California. The original requirement was enacted by voters in 1979 as Proposition 4, referred to as the Gann Initiative. The requirements were amended by voters in 1989 to modify formulas used to adjust the limit.

The Appropriations Limit establishes a threshold for the expenditure of revenues that are derived from ad valorem (property) taxes. The District collects a small portion of its total revenue from property taxes and annual proceeds are well below the limit. Although the District's tax revenues remain below the limit, a resolution adopting a new limit is required annually to comply with state laws. The annual calculation begins with the adopted limit for the prior year and applies an adjustment factor based on a formula contained in the California Revenue and Taxation Code, which is based on change in population and per capita personal income. The Appropriations Limit for FY20/21 was \$18,555,928.

**Analysis**

The calculated Appropriations Limit for FY21/22, using the factors described in the proposed resolution, is \$19,687,850. This is higher than FY20/21 as a net result of the state per capita personal income growth increase of 5.73%, and the county population increase of 0.35% compared to last year. The proposed FY21/22 Budget includes \$3,000,000 in revenue from property taxes, which is well below the Appropriations Limit and in compliance with state law.


Property tax revenue is allocated to the Capital Asset Replacement Fund per previously approved District Board policy. Although the Board has discretion to make determinations annually regarding how the ad valorem tax revenues will be allocated based on the District's needs, no change to the current policy regarding use of these funds is recommended.

**Fiscal Impact**

There is no fiscal impact because the projected FY21/22 property tax revenues of \$3,000,000 are well below the calculated Appropriations Limit of \$19,687,850.

**Attachments**

Resolution Establishing FY21/22 Appropriation Limits

Prepared by: 

Brian Thomas  
Acting Business Services Director

cc: District File No. BRD.01-ACTS-XXX

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

**Re: Establishing Fiscal Year 2021/2022 )  
Appropriations [Gann] Limit )**

**RESOLUTION NO. 06/2021**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Article XIII B of the California Constitution establishes a formula to calculate a limit on appropriations made from taxes by public agencies in the State of California; and

WHEREAS, the Appropriation Limit is the prior year's Appropriation Limit adjusted by factors identified in State Law; and

WHEREAS, the law requires each public agency's Appropriation Limit to be adjusted based upon: 1) changes in the California per capita personal income; and 2) changes in population as provided by the State of California Department of Finance; and

WHEREAS, the factor used by the District for the Fiscal Year 2021/2022 (FY21/22) calculation is the change in the California per capita personal income in conjunction with the change of population in Contra Costa County; and

WHEREAS, as presented at a public meeting on June 9, 2021, and in the proposed FY21/22 Budget, the calculation of the FY21/22 Appropriations Limit is \$19,687,850.

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

1. To adopt a FY21/22 Appropriations Limit as described in the "Calculation of FY21/22 Appropriations Limit," attached hereto and by reference made a part hereof.
2. To select and use the California Per Capita Personal Income Factor in conjunction with the Contra Costa County Population Change Factor.

PASSED AND ADOPTED on June 9, 2021, 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 June 9, 2021.

ATTEST:

Board Secretary

By: \_\_\_\_\_  
Juan Banales

Exhibit: Calculation of FY21/22 Appropriations Limit

**CALCULATION OF FY21/22 APPROPRIATIONS LIMIT**

**PERMITTED GROWTH RATE IN APPROPRIATIONS USING  
CHANGE IN STATE PERCENTAGE CHANGE IN PER CAPITA INCOME  
2020 to 2021**

**CALCULATION OF POPULATION CHANGE**

Line #

Per California Revenue & Taxation Code Section 2228 (a)(3)  
A Special District Covering multiple jurisdictions may use either the change in population for the County; or the weighted average of each city and unincorporated area.

Jurisdiction	Population	Percent of Total	Change From 1/2020-1/2021	WEIGHTED AVERAGE % CHANGE
Unincorporated Bay Point	Not Available		Not Available	
Antioch	112,848		0.55%	
Pittsburg	74,498		0.00%	
<b>1</b> Weighted Average	<u>Not Available</u>			<u>Not Available</u>

- 2 Per State of California Department Finance  
January 1, 2021 Contra Costa County Population Change **0.35%**
- 3 State Per Capita Personal Income Change **5.73%**  
(Per Capita Income Change Issued By State Dept of Finance in May 2021)

**REQUIRED FORMULA FOR CALCULATING ANNUAL ADJUSTMENT**

The formula for calculating the adjustment is as follows:

$$\frac{\text{Selected Factor (Population Growth- Line 2) + 100}}{100} = X$$

$$\frac{\text{Selected Factor (State / Capita Income- Line 3) + 100}}{100} = Y$$

(X) x (Y) = Fiscal Year Appropriations Limit Adjustment Factor

$$\frac{0.30 + 100}{100} = 1.0035$$

$$\frac{5.73 + 100}{100} = 1.0573$$

$$1.0035 \times 1.0573 = \mathbf{1.06100} = \mathbf{FY21/22 \text{ Adjustment Factor}}$$

**CALCULATION**

Appropriations Limit for year ending June 30, 2021 (Adopted 7/6/2020 Reso 7/2020)	\$18,555,928
Permitted Adjustment Factor Determined By Calculation Formula	<u>1.06100</u>
Appropriations Limit for year ending June 30, 2022 (Prior Yr Limit x Adj Factor)	<u><b>\$19,687,850</b></u>

Due to unavailable data on non-residential new construction, the factor selected for use in this calculation was the State percentage change in per capita income.

Note: This appropriation calculation is posted at District offices and will be included in the June 9, 2021 Board Minutes.

June 9, 2021

AUTHORIZE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE CONSTRUCTION CONTRACT CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 30% OF THE CONTRACT AMOUNT, FOR A NEW TOTAL CONTRACT AUTHORIZATION OF \$777,835.50, PARKSON CORPORATION, SAND FILTER INTERMITTENT BACKWASH SYSTEM, PROJECT NO. 21121

**Recommendation**

Authorize the General Manager or his designee to approve construction change orders to the Parkson Corporation contract for the Sand Filter Intermittent Backwash System Project in an amount not to exceed 30% of the contract amount, for a new total contract authorization of \$777,835.50.

**Background Information**

In October 2020, the Board awarded the Sand Filter Intermittent Backwash System Project to Parkson Corporation (Parkson) to upgrade the existing sand filtration system at the District's Recycled Water Facility (RWF). In addition, the Board authorized the General Manager or his designee to execute change orders in an amount not to exceed 10% of the contract amount, for a total contract authorization of \$658,168.50. Construction will commence in October 2021 with final completion anticipated in spring 2022.

**Analysis**

The original project approach included Parkson upgrading the existing RWF sand filtration system and the District performing associated electrical and instrumentation work through a third-party contractor. However, upon project award, it was determined that Parkson's subcontractor is licensed to perform electrical and instrumentation services. Staff reevaluated the initial approach and solicited quotations from Parkson and other local contractors to include the electrical and instrumentation work. Integration of this work with Parkson is now recommended to ensure effective project coordination and installation of the new equipment, while also the entire project work to be covered under single warranty provisions to better facilitate repairs and/or replacements in the event of any warranty issues. Based on quotes received, Parkson was determined to be the lowest responsive bidder at \$119,667 for the additional electrical and instrumentation work. Staff recommends that the change order contingency for the original Parkson contract be increased from 10% to 30% of the contract amount to incorporate this change.

**Financial Impact**

The adopted FY20/21-FY24/25 Capital Improvement Program includes appropriations of \$750,000 through FY20/21, with a total project budget of \$850,000, for the Sand Filter Intermittent Backwash System Project in the Wastewater Capital Asset Replacement Fund. Sufficient funding is available for the planned expenditures in the current fiscal year. The overall project cost estimate of \$850,000, as shown in the attached summary, remains unchanged.

**Attachment**

Project Cost Summary

Reviewed by: 

Thanh Vo  
Acting Engineering Services Director

cc: District File No. 21121.01.01



**SAND FILTER INTERMITTENT BACKWASH SYSTEM  
PROJECT NO. 21121**

**PARKSON CORPORATION, INC. (CONTRACTOR)**

**CONTRACT SUMMARY**

<b><u>DESCRIPTION</u></b>		<b><u>COST</u></b>
<b>Original Authorized Contract Amount</b>	\$	598,335.00
<b>Change Order Contingency (10%)</b>	\$	59,833.50
<b>Additional Change Order Contingency (20%)</b>	\$	119,667.00
- Electrical and Instrumentation		
<b>Administrative</b>	\$	72,164.50
<b>TOTAL CONTRACT</b>	\$	<b>850,000.00</b>

June 9, 2021

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 4 TO PROFESSIONAL SERVICES AGREEMENT, CONTRACT EXTENSION AND 8.2% INCREASE IN UNIT COSTS, HOUSEHOLD HAZARDOUS WASTE MANAGEMENT SERVICES, CLEAN EARTH, INC.

**Recommendation**

Authorize General Manager to execute Amendment No. 4 to the Professional Services Agreement with Clean Earth, Inc. for household hazardous waste (HHW) management services, to increase unit rates by 8.2%, add an annual cost-of-living adjustment provision, and extend the contract completion term to June 30, 2024.

**Background Information**

Clean Earth, Inc. (formerly 21st Century Environmental Management of California, LP and Stericycle, Inc.) has a Professional Services Agreement with the District to provide HHW waste management services, which include full staffing and operation of the Delta Household Hazardous Waste Collection Facility (DHHWCF), household hazardous and small business waste transportation and disposal services, and provision of a minimum of three temporary collection events per year. Following Board approval, the original contract was executed with 21st Century Environmental Management of California on July 1, 2012. Since 2012, the District has executed three amendments to accommodate a cost-saving disposal option, cost-of-living adjustments to unit pricing, and extension of the agreement for two successive three-year periods. The current extended contract will expire on June 30, 2021.

**Analysis**

In July 2012, the original agreement was awarded with a three-year term and options to extend the agreement for four successive three-year periods. The agreement also contains unit pricing for labor, transportation, and disposal, as well as other HHW-related items. The current unit pricing has been in place since July 1, 2018 and Clean Earth, Inc. has requested an 8.2% increase in the unit costs to be applied for the next fiscal year. This requested increase is consistent with the April 2018 to April 2021 Consumer Price Index (CPI), West Region, All Urban Consumers. Staff recommends increasing the current unit price by 8.2%, adding language to provide for an annual cost-of-living adjustment based on the April to April CPI each fiscal year, and extending the contract completion term to June 30, 2024.

**Financial Impact**

Funding for the HHW program is delineated in the HHW Operations Agreement with the District's partner agencies (the cities of Antioch, Brentwood, Oakley, and Pittsburg; and Contra Costa County). Each partner agency pays a percentage of the operational costs according to the usage of the HHW program by residents from their service area. The costs for Antioch, Pittsburg, and Bay Point are capped, and the District pays any additional costs. Sufficient funds available in the FY20/21 Budget for the District's estimated share of these costs. Staff has included sufficient






funding in the proposed FY21/22 Budget, which has been submitted for Board consideration as part of the June 9, 2021 Board Meeting agenda.

**Attachment**

Amendment No. 4 to Professional Services Agreement with Clean Earth, Inc.

Reviewed by:   
\_\_\_\_\_  
Thanh Vo  
Acting Engineering Services Director

cc: Sean Burchill, Clean Earth, Inc.  
District File No. COPR.10-AGR-81872



**FOURTH AMENDMENT TO THE  
AGREEMENT FOR  
HOUSEHOLD HAZARDOUS WASTE MANAGEMENT SERVICES**

This Fourth Amendment (“Fourth Amendment”) to the Agreement for Household Hazardous Waste Management Service is entered into as of June 30, 2021, by and between Delta Diablo, a county sanitation district formed and existing under the laws of the State of California, (the “District”) and, Clean Earth Environmental Solutions, Inc., a Delaware corporation, (“Contractor”) (formerly 21<sup>st</sup> Century Environmental Management of California, LP).

Recitals

- A. The District and Contractor are parties to an Agreement for Household Hazardous Waste Management Services dated as of July 1, 2012 (the “Agreement”). Under the Agreement, Contractor provides Household Hazardous Waste management services for the District.
- B. The First Amendment to the Agreement was approved on May 1, 2013, to allow the Contractor to utilize the program established by Public Resources Code 48700 in its management of post-consumer paint and other architectural coatings collected as part of the services it provides under the Agreement.
- C. The Second Amendment to the Agreement was approved on June 2, 2015, to provide for cost of living adjustments to the unit rate pricing in the Agreement and extend the term of the Agreement through June 30, 2018.
- D. The Third Amendment to the Agreement was approved on June 13, 2018, to provide for cost of living adjustments to the unit rate pricing in the Agreement and extend the term of the Agreement through June 30, 2021.
- E. The District and Contractor now desire to amend the Agreement to provide for cost of living adjustments to the unit rate pricing in the Agreement, add an annual cost of living adjustment provision, modify other terms and conditions, and extend the term of the Agreement through June 30, 2024.

The parties, therefore, agree to amend the Agreement, as previously amended, as follows:

Amendment

- 1. Definitions. Unless otherwise defined herein, defined terms have the meaning ascribed to them in the Agreement. Upon execution of this Fourth Amendment, all references to the Agreement will be deemed to mean the Agreement as amended.
- 2. Term. The term of the Agreement is extended through June 30, 2024.

3. Exhibit A. Exhibit A (INSURANCE REQUIREMENTS) to the Agreement is amended, as follows:
- a. Section A.2. is hereby deleted in its entirety and replaced with the following new Section A.2., to read:
    - “2. Insurance Services Office form number CA 0001 (Ed.1/2013) covering Automobile Liability, code 1 (any auto).”
  - b. Section C (Deductibles and Self-Insured Retentions) is hereby deleted in its entirety and replaced with the following new Section C, to read:
    - “C. Self-Insured Retentions  
Self-insured retentions must be declared to and approved by the District. The District may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or District.”
  - c. The following sentence is hereby added to the end of paragraph D.1.a., to read:
    - “Additional insured for Commercial General Liability will be at least as broad as Additional Insured Endorsement Form 17, a copy of which is attached to this Agreement as Exhibit D.”
  - d. Section D.1.c. is hereby deleted in its entirety and replaced with the following new Section D.1.c., to read:
    - “c. Should any of the requested policies be cancelled before the expiration date, notice will be provided in accordance with the policy provisions.”
  - e. Section D.1.d is hereby deleted in its entirety.
  - g. Section D.2. is hereby deleted in its entirety and replaced with the following new Section D.2., to read:
    - “2. The Automobile Liability policy shall be endorsed to include Transportation Pollution Liability insurance, covering materials to be transported by Contractor pursuant to the contract. This coverage may also be provided on the Contractor’s Pollution Liability policy.”
4. Exhibit C. Exhibit C is hereby deleted in its entirety and replaced with the Amended Exhibit C attached hereto.

5. Exhibit D. New Exhibit D (Form 17) attached hereto is added as new Exhibit D to the Agreement.
6. All other terms of the Agreement, as previously amended, remain unchanged.

[Signatures on next page.]

The parties are signing this Fourth Amendment as of the date set forth in the introductory paragraph.

**DELTA DIABLO**

**CLEAN EARTH ENVIRONMENTAL  
SOLUTIONS, INC.**

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

**By:** \_\_\_\_\_  
Melinda Rath  
Vice President, Regional Sales

**By:** \_\_\_\_\_  
Sarah Kowalczyk  
Vice President, Division Counsel

**Note:** If the Contractor is a corporation, the contract must be signed by two officers. The first signature must be that of the chairman of the board, president or vice-president; the second signature must be that of the secretary, assistant secretary, chief financial officer or assistant treasurer. (Civil Code, Sec. 1190 and Corporations Code, Sec. 313.)

AMENDED EXHIBIT C

**COMPENSATION**

District will pay Contractor for the services provided under this Agreement at the rates set forth below:

A. Staffing

The District will pay for staffing as described in Exhibit B, Part B at the following rates:

<b>Labor Category</b>	<b>Standard Hourly Rate</b>	<b>Overtime Hourly Rate</b>
Site Supervisor	\$45.00	\$54.00
Chemist	\$45.00	\$52.00
Technician	\$39.00	\$43.00

District will pay for hours worked at the DHHWCF and will not pay for travel time. Standard Hourly Rate applies to straight time which is the first 8 hours onsite time. Overtime Hourly Rate applies to all hours after the first 8 hours onsite and all hours on Holidays.

B. Transportation and Disposal

The District will pay for transportation and disposal for all household hazardous waste and CESQG waste collected at the DHHWCF and temporary collection events as indicated in the following table:

<b>Category</b>	<b>Waste Management Method</b> [1]	<b>Waste Packaging Method</b> [2]	<b>Unit</b> [3]	<b>Turnkey Cost per Unit</b> [4]	<b>Pounds per Unit</b>
<b>Flammable &amp; Poison</b>					
Flammable liquid	FB	LP	55	\$183.00	225
Flammable liquid	FB	BU	55	\$143.00	450
Flammable solid	FB	LO	CYB	\$371.00	800
Oil-based paint	FB	LO	CYB	\$0.00	800
Oil-based paint	FB	BU	55	\$0.00	450
Other PaintCare Program Products	FB	LO	CYB	\$0.00	800
Other PaintCare Program Products	FB	BU	55	\$0.00	450
Poison liquids	DI	LP	55	\$234.00	190

Category	Waste Management Method [1]	Waste Packaging Method [2]	Unit [3]	Turnkey Cost per Unit [4]	Pounds per Unit
Poison solids	DI	LO	CYB	\$657.00	700
Reactive and explosive	DI	LP	5	\$120.00	40
<b>Acid</b>					
Inorganic acid	TR	LP	55	\$205.00	190
Organic acid	DI	LP	55	\$205.00	190
<b>Base</b>					
Inorganic base	TR	LP	55	\$206.00	190
Organic base	DI	LP	55	\$206.00	190
<b>Oxidizer</b>					
Neutral oxidizers	TR	LP	55	\$303.00	190
Organic peroxides	DI	LP	5	\$120.00	40
Oxidizing acid	TR	LP	55	\$303.00	190
Oxidizing base	TR	LP	55	\$303.00	190
<b>PCB-containing</b>					
PCB-containing paint	DI	BU	55	\$890.00	450
PCB ballasts	DI	LP	55	\$338.00	250
Other PCB waste	RC	LP	55	\$890.00	250
<b>Aerosol</b>					
Corrosive aerosols	DI	LO	CYB	\$603.00	650
Flammable aerosols	FB	LO	CYB	\$603.00	650
Poison aerosols	DI	LO	CYB	\$603.00	650
Mixed aerosols	FB/DI	LO	CYB	\$603.00	650
<b>Reclaimable</b>					
Antifreeze	RC	BU	GAL	\$1.30	8
Latex Paint	RC	BU	55	\$0.00	450
Latex Paint	RC	LO	CYB	\$0.00	800
Latex Paint	RC	LO	Roll-Off	\$0.00	33,000
Lead-Acid Batteries	RC	PA	EA	\$0.00	40
Mercury	RC	LP	5	\$200.00	60
Motor Oil	RC	BU	GAL	\$0.07	8
Oil Filters	RC	LO	55	\$97.00	250
<b>Lamps</b>					
Straight Fluorescent	RC	LO	LF	\$0.11	0.125
Compact fluorescent	RC	LO	EA	\$0.85	1

Category	Waste Management Method [1]	Waste Packaging Method [2]	Unit [3]	Turnkey Cost per Unit [4]	Pounds per Unit
U-Tube	RC	LO	EA	\$0.85	1
Circular	RC	LO	EA	\$0.85	1
HID	RC	LO	EA	\$1.72	1
Mercury	RC	LO	EA	\$1.72	1
Metal Halide	RC	LO	EA	\$1.72	1
Low-High Pressure Sodium	RC	LO	EA	\$1.72	1
Shielded/Coated/Power Groove	RC	LO	EA	\$1.72	1
UV/Arc/Ignitron/Germicidal/Projection	RC	LO	LB	\$4.86	Varies
UV Fluorescent/Suntan	RC	LO	LB	\$4.86	Varies
Incandescent	RC	LO	EA	\$0.29	Varies
Biaxial	RC	LO	EA	\$0.85	Varies
Quartz	RC	LO	EA	\$0.85	Varies
Halogen	RC	LO	EA	\$0.85	Varies
Broken Fluorescent	RC	LO	55	\$815.00	Varies
Broken HID/NEON	RC	LO	LB	\$4.86	Varies
LED	RC	LO	LB	\$4.86	Varies
Non-PCB Ballasts	RC	LO	LB	\$0.24	55
<b>Electronic Waste</b>					
CRTs	RC	LO	CYB	\$0.00	
Flat Screen TVs	RC	LO	CYB	\$0.00	
CPUs (intact)	RC	LO	CYB	\$0.00	
Cell phones/PDAs/GPSs	RC	LO	15	\$0.00	
Hard Drives (loose)	RC	LO	15	\$0.00	
Laptops	RC	LO	CYB	\$0.00	
All other ewaste	RC	LO	CYB	\$0.00	
<b>Other</b>					
Propane (5 gal)	RC	LO	EA	\$5.55	40
Propane (< 5 gal)	RC	LO	EA	\$1.11	Varies
Propane (5-10 gal)	RC	LO	EA	\$11.00	Varies
Propane (10+ gal)	RC	LO	EA	\$23.00	Varies



Category	Waste Management Method [1]	Waste Packaging Method [2]	Unit [3]	Turnkey Cost per Unit [4]	Pounds per Unit
Flammable Gas	RC	LO	EA	Case by Case	Varies
Non-Flammable Gas	RC	LO	EA	Case by Case	Varies
Freon	RC	LO	55	\$258.00	Varies
Fire Extinguishers	RC	LO	EA	\$11.00	Varies
Carbon Dioxide	RC	LO	EA	\$16.00	Varies
Helium	RC	LO	EA	\$22.00	Varies
Oxygen	RC	LO	EA	\$22.00	Varies
Alkaline Batteries	RC	LO	55	\$547.00	800
Lithium Batteries (primary)	DI	LO	LB	\$4.86	Varies
Gel Cell Lead Acid Batteries	RC	LO	LB	\$0.22	Varies
Ni-Cd Batteries	RC	LO	LB	\$0.32	Varies
Lithium, rechargeable	RC	LO	LB	\$0.22	Varies
Empty Drums	RC	LO	EA	\$29.00	Varies
Sharps	DI	LO	40	\$85.00	Varies
Pharmaceuticals	DI	LO	55	\$279.00	Varies
Solar Panels		LO	CYB	\$698.00	Varies
<b>Asbestos</b>	LF	LO	55	\$314.00	Varies

**Notes:**

[1] Waste Management Method

RU – Reuse

RC – Recycle

FB – Fuels Blending

TR – Treatment

DI – Destructive Incineration

LF – Landfill (specify Class I, II or III)

[2] Waste Packaging Method

LO – Loose pack

LP – Lab pack

BU – Bulking

PA – Palletize

Other (specify)

[3] Unit

55 – 55 gallon drum

CYB – cubic yard box

40 – 40 gallon bin

5 – 5 gallon drum

EA – each

GAL – gallon

LF – linear foot

LB – pound

RO – roll-off bin

[4] Rates for other container sizes shall be as follows:

<10 gallon drums – 25% of 55 gallon drum rate

10-25 gallon drums – 30% of 55 gallon drum rate

30 gallon drums – 75% of 55 gallon drum rate

Cubic yard box – triple the 55 gallon drum rate

Negative numbers indicate payment to the District for the waste stream

C. Temporary Collection Events

The District will pay the Contractor a lump sum for each one-day collection event in accordance with the following table:

<b>Event Size</b>	<b>Fixed Cost</b>
1 - 50 cars	\$3,313.00
51 - 100 cars	\$3,884.00
101 - 200 cars	\$5,322.00
201 - 300 cars	\$7,128.00
301 - 425 cars	\$10,176.00
426 - 575 cars	\$13,321.00
576 - 675 cars	\$16,370.00
676 - 775 cars	\$20,228.00
776 - 875 cars	\$24,454.00
876 - 975 cars	\$30,287.00
976 cars and higher	\$37,234.00

The fixed costs shall cover all supply, equipment, and staffing costs associated with conduction a HHW collection event as described in Exhibit B, Part D, Items 2-5 of this Agreement.

D. Additional Items

Upon written approval of the District, the District will pay Contractor the following amounts for the additional items listed below:

<b>Service</b>	<b>Unit</b>	<b>Unit Rate</b>
40-Hr HAZWOPER Refresher Training	PSC established training session	\$0.00
8-Hr HAZWOPER Refresher Training	PSC established training session	\$0.00
DOT Training	PSC established training session	\$0.00
Door-to-Door Service	Hourly portal	\$120.00 per hour portal to portal
Hourly Rate for Truck, 1 Chemist and 1 Technician	Pick-up, pack & transport of abandoned waste and storage clean outs	\$120.00 per hour portal to portal

<b>Service</b>	<b>Unit</b>	<b>Unit Rate</b>
Hourly Rate for Truck and 1 Technician	Pick-up, pack & transport of universal waste from recycling partners	\$120.00 per hour portal to portal
Emergency Response Services		See <u>Exhibit D</u>
Faithful Performance Bond	annual surcharge	2.5% of contract amount
Services not otherwise specified		Cost + 15%

E. Annual Cost Adjustment

Beginning on July 1, 2022, and on each July 1 thereafter, the unit rates then in effect in Sections B, C and D of this Exhibit shall be adjusted by any increase in the Consumer Price Index ("CPI") during the 12-month period ending on the April 30 immediately preceding the July 1 when the adjustment to the unit rates will take effect. Unit rates \$10 and over will be rounded to the nearest dollar and rates under \$10 will be rounded to the nearest cent. If there is a decrease or no change in a CPI calculation, the unit rates shall remain unchanged. For purposes hereof "Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers, West, published by the Bureau of Labor Statistics of the United States Department of Labor, All Items (1982-84=100).

EXHIBIT D

**ADDITIONAL INSURED - FORM 17**

Named Insured Harsco Corporation			Endorsement Number 3
Policy Symbol HDO	Policy Number G71449294	Policy Period 06/30/2020 TO 06/30/2021	Effective Date of Endorsement
Issued By (Name of Insurance Company) ACE American Insurance Company			

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**THIS ENDORSEMENT MODIFIES INSURANCE PROVIDED UNDER THE FOLLOWING:**

**COMMERCIAL GENERAL LIABILITY COVERAGE FORM**

**SCHEDULE**

<b>Name Of Additional Insured Person(s) Or Organization(s):</b>	<b>Location(s) Of Covered Operations</b>
Any organization with whom you have agreed under written contract, executed prior to loss, to include as an additional insured with the specific terms set forth in this endorsement. Such insureds will be reported to us on a quarterly basis. Failure to report any specific additional insured will not invalidate coverage hereunder provided the insured has endeavored to report all additional insureds to the best of their knowledge.	All locations where you are performing work for such additional insured

- A. SECTION II - WHO IS AN INSURED is amended to include as an additional insured the persons or organizations shown in the schedule, for loss occurring after the date the written contract was executed, but only with respect to liabilities for "bodily injury" or "property damage" caused, in whole or in part, by "your work" performed for the additional insured and performed pursuant to the written contract.
- B. With respect to the insurance afforded to the additional insured, the insurance provided hereunder shall be limited by and not inconsistent with the indemnification obligations as set forth in the written contract.
- C. Notwithstanding anything to the contrary contained herein or in paragraph B. above, this endorsement is not intended to, and all parties hereby agree, that in no way shall it be construed as providing coverage greater than provided under the terms of the policy.

June 9, 2021

APPROVE AND AUTHORIZE GENERAL MANAGER TO EXECUTE AN AGREEMENT, INCLUDING SPECIFIED RATES, FOR A TWO-YEAR TERM FROM JULY 1, 2021 THROUGH JUNE 30, 2023, CLASS A BIOSOLIDS PROCESSING SERVICES, LYTEK INTERNATIONAL LIMITED

**Recommendation**

Approve and authorize the General Manager to execute an agreement, including specified rates, for a two-year term from July 1, 2021 through June 30, 2023 with Lystek International Limited for Class A Biosolids Processing Services.

**Background Information**

Biosolids, the nutrient-rich organic material resulting from wastewater treatment, are one of the primary resources produced by the District's Wastewater Treatment Plant. The District produces approximately 35 wet tons of Class B biosolids per day through anaerobic digestion and dewatering. There are several end-use options for biosolids, including land application as a fertilizer, further treatment to produce compost or other higher quality biosolids options, alternative daily cover at landfills, and landfill disposal. Each end use has unique considerations with regards to environmental benefits, cost, and operational restrictions. Historically, the District has beneficially used over 97% of its biosolids through land application and composting.

**Analysis**

On June 10, 2020, the Board of Directors approved an Agreement for Biosolids Handling Services with Synagro West, LLC. The Synagro agreement includes a two-year term with a one-year extension option subject to mutual agreement and Board approval, utilizes several biosolids end-use alternatives including land application, composting, landfill alternative daily cover, landfill disposal, and transportation to a third-party processor. The contract also includes a unit cost to haul biosolids to a separate company that offers further processing of biosolids to create a high-quality fertilizer product.

Lystek operates a regional treatment facility at Fairfield Suisun Sewer District that produces a Class A biosolids fertilizer product using advanced technology. Staff recommends sending two biosolids truckloads per month to Lystek to diversify the District's biosolids management portfolio, increase operational resiliency, and support a regional biosolids management facility.

**Financial Impact**

Sufficient funding for this agreement is included in the proposed FY21/22 Budget, which is included for consideration as part of the June 9, 2021 Board Meeting agenda. Staff has included \$760,000 in the FY21/22 operating budget and estimates that the two monthly truckloads sent to Lystek for Class A biosolids processing will cost \$46,440 annually, which is a net cost increase of \$28,500 relative to existing baseline costs for land application and composting via Synagro.

**Attachments**

Agreement for Class A Biosolids Processing Services



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

Dean Eckerson  
Resource Recovery Services Director

cc: Jim Dunbar, Lystek  
District File No. BRD.01-ACTS-XXX



## AGREEMENT FOR CLASS A BIOSOLIDS PROCESSING SERVICES

This Agreement for Class A Biosolids Processing Services (“Agreement”) is made and entered into as of July 1, 2021, (“Effective Date”) by and between Delta Diablo, a county sanitation district formed and existing under the laws of the State of California, hereinafter referred to as “District”, and Lystek International Limited, a Delaware corporation, hereinafter referred to as “Lystek” or “Company”. District and Lystek are sometimes referred to herein together as the “Parties” and each as a “Party”.

### Recitals

- A. The District provides water resource recovery services for the City of Antioch, the City of Pittsburg, and the unincorporated community of Bay Point, serving a population of over 214,000 people. The District’s water resource recovery services consist of conventional treatment of wastewater, recycled water production and distribution, pollution prevention, energy recovery, beneficial reuse of biosolids, street sweeping, and household hazardous waste collection.
- B. Lystek operates a treatment facility, at the Fairfield-Suisun Sewer District (FSSD) facility, located at 1014 Chadbourne Road in Fairfield, Solano County, CA, (“Facility”) that has the capacity to process biosolids to create a sustainable product that meets Class A standards, as defined under 40 C.F.R., Part 503.
- C. The District is responsible for the generation and transportation of approximately 12,500 wet tons of dewatered biosolids annually. The District currently utilizes the services of a third-party for the management of the biosolids (“Hauler”). The District is interested in diversification of its biosolids management options and supporting regional biosolid management facilities. Lystek’s operations and Facility would satisfy the District’s interest in diversifying its biosolids options. The District desires to utilize Lystek for biosolids processing services, and Lystek is willing to perform biosolids processing services under the terms of this Agreement.

### Agreement

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed by and between the Parties hereto as follows:

#### ENGAGEMENT; TERM.

Engagement. District hereby engages Lystek to do and perform biosolids processing services, and Lystek accepts said engagement and agrees to perform said services, in accordance with the terms of this Agreement.

Term. The term of this Agreement (“Term”) begins on July 1, 2021, and it ends on June 30, 2022, unless this Agreement is terminated sooner in accordance with Section 6.3 or 6.4.

Contract Extension. The District, at its discretion, may extend the Term for one additional one-year period, through June 30, 2023, under the same terms set forth herein, by providing



Lystek a written Term extension notice at least 30 days before the date on which this Agreement would otherwise expire.

### LYSTEK'S OBLIGATIONS.

Biosolids Processing. Subject to the requirements of this Agreement, the District and its Hauler will deliver, and Lystek shall accept, dewatered biosolids. Lystek shall process the biosolids to EPA 503 Class A standards.

Biosolids Disposal. Lystek shall be solely responsible for beneficial reuse or properly disposing of the processed biosolids and/or selling it as liquefied fertilizer for agricultural purposes.

Permits. Lystek shall maintain all applicable permits, approvals, and agreements in accordance with all applicable laws necessary to utilize the Facility for biosolids processing.

Regulatory Compliance. Lystek shall comply with applicable federal, state, and local laws, rules, and regulations covering its activities in connection with processing biosolids at the Facility.

Monitoring. Lystek shall be solely responsible for satisfying, at its sole expense, all applicable monitoring and reporting requirements imposed by regulatory agencies having appropriate jurisdiction over Lystek's operations and its Facility.

Operating Expenses. Lystek shall be solely responsible for paying, at its sole expense, all operating expenses imposed by regulatory agencies for processing Class A Biosolids.

Violations. Within five (5) days after any permit, regulatory, or legal violation connected with Lystek's processing of biosolids at the Facility, Lystek shall provide written notice of the violation to the District's Operations Manager. That written notice must include a copy of the notice of violation and an explanation of the steps, if any, that Lystek will take to correct the violation in accordance with all applicable permit, regulatory, and/or legal requirements. Lystek shall provide the District's Operations Manager copies of any subsequent notice or response within five (5) days after receiving or sending that notice or response. Notwithstanding anything to the contrary herein, Lystek shall indemnify, defend, and hold harmless the District, its officers, employees, agents, contractors, and Hauler from all costs, expenses, damages, liabilities, fees, penalties, judgments, administrative fines and penalties, attorney's fees, and all other expenses of whatever kind and nature that arise from or are connected with the violation of any permit, regulatory, or legal requirement governing Lystek's operations and processing of biosolids, except where any such Liabilities arise from the sole negligence or willful misconduct of the District, or any of its officers, employees, agents, contractors, or its Hauler. Lystek's obligations under this Section 2.7 shall survive the termination or expiration of this Agreement.

Facilities to Handle Receipt of Biosolids from District. Lystek shall provide adequate space to accommodate the ingress and egress of the trucks and trailers of the District and its Hauler. The trailers must not exceed eight (8) feet in width, twelve (12) feet in height, and sixty-two (62) feet in length. Lystek shall also reasonably provide non-potable water for vehicle clean-up, suitable lighting for nighttime operations, and any additional facilities (portable toilets, hand washing facilities, or equivalent) that may be required.



Quantity Limit. Lystek shall be capable of accepting a minimum of 1,000 wet tons of biosolids per month from the District or its Hauler, based on a delivery schedule determined by the District in accordance with Section 2.10. Lystek shall accept two (2) truck load(s) each month during the term of this Agreement. Lystek's authorized representative and District's Operations Manager, may mutually agree in writing to increase the quantity limit.

Biosolids Delivery Hours. Lystek shall ensure that its Facility will be open to receive deliveries of biosolids from the District at least twelve (12) hours per day, seven (7) days per week, excluding only state and federal holidays. The District's Operations Manager and Lystek's authorized representative may mutually agree in writing that the District and its Hauler may have access to Lystek's facility for additional hours, or on any state or federal holiday.

Provision of Annual Summaries to District. On January 31, 2022, on each January 31 thereafter that this Agreement remains in effect, and on the January 31 immediately following the date this Agreement expires or is terminated, Lystek shall provide the District's Operations Manager a written annual summary ("Annual Summary") that includes, for the calendar year ending on the December 31 immediately preceding the January 31 when the Annual Report is provided, all monitoring and analytical data required to complete the Delta Diablo Annual Biosolids Generator's Report for the period covered by the Annual Summary, as required by the U.S. Environmental Protection Agency (which the District must submit by February 19<sup>th</sup> of each year). Lystek shall ensure that each Annual Summary includes a statement that Lystek's Facility has complied with all applicable provisions 40 C.F.R. Part 503 during the period covered by the Annual Summary. Lystek's obligations under this Section 2.11 shall survive the expiration or termination of this Agreement and shall expire when Lystek delivers the Annual Summary due on the January 31 immediately following the date on which this Agreement expires or terminates.

Safety Plan. Upon request by the District's Operations Manager, Lystek shall provide the District a copy of Lystek's Safety Record and Plan.

Emergency Response. Lystek shall provide its operations personnel all necessary emergency and spill response training. Upon request of District's Operations Manager, Lystek shall provide the District a copy of any requested training records. Lystek shall ensure that an emergency contact person is available 24 hours per day, seven days per week, throughout the term of this Agreement. Lystek shall provide the District the name and phone number of each emergency contact person.

Inspections. Lystek shall provide District staff, contractors, and representatives access to the Facility for the purpose of making inspections within 48 hours after the District provides Lystek written notice of the need to make an inspection. During the term of this Agreement, and for a period of five years following its expiration or termination, Lystek shall maintain, and upon District's request shall provide District copies of, all records, documents, and papers documenting the disposition of District biosolids handled by Lystek. Lystek shall ensure that, at all times, the Facility is available for inspection by authorized local, state, and federal representatives as required by law.



## DISTRICT'S OBLIGATIONS.

Biosolids Delivery: District or its Hauler shall deliver District biosolids to Lystek's Facility, and Lystek shall accept all delivered District biosolids, provided that the following requirements are met:

- 1.1.1 Quantity. Subject to the terms of this Agreement, the District shall have sole discretion to determine the amount of biosolids delivered to Lystek's Facility.
- 1.1.2 Solids Content. The District shall ensure that biosolids have a solids content between 23% and 27%. If Lystek reasonably determines that, on a consistent basis (greater than two consecutive months), the solids content does not meet this requirement, the District and Lystek may mutually agree to amend this Agreement to adjust the payment amount required under this Agreement.
- 1.1.3 Quality. The District shall ensure that biosolids will meet or exceed EPA 503 Class B quality and will be free of contaminants that would impair Lystek's ability to produce a Class A biofertilizer ("Contaminants"). Within five (5) days after the Effective Date, Lystek shall provide the District a list of unauthorized Contaminants.

Removal of Non-Acceptable Materials. Lystek may refuse to accept biosolids if it reasonably determines that the biosolids contain Contaminants, or that they otherwise do not meet the Acceptance Criteria; and, upon Lystek's refusal or any biosolids under this Section 3.2, District or its Hauler shall not deliver said noncompliant biosolids to Lystek and shall remove said noncompliant biosolids from the Facility.

Additional Biosolids. With at least 24-hours advance telephone notice to Lystek, District may request that additional deliveries of biosolids be allowed. Lystek and District, or its Hauler, will work cooperatively to meet the delivery schedule for any additional loads of acceptable biosolids.

Comply with Regulations. The District shall, and shall require its Hauler to, comply with all applicable regulations and traffic laws while delivering District biosolids to the Facility; and District shall, and shall require its Hauler to, utilize authorized Facility access points and obey posted speed limits while on the premises of the Facility.

## MEASUREMENT AND PAYMENT.

Measurement. For each delivery of District biosolids accepted by Lystek, District will pay Lystek on a per-wet-ton basis, with the biosolids load weight ("Load Weight") measured by Lystek's certified scale, calculated as follows: [weight of the District's or Hauler's truck and trailer loaded] - [tare weight of the truck and trailer] = Load Weight.

Delivery Charges. During the period from July 1, 2021, through June 30, 2022, the District will pay Lystek a delivery fee of \$86.00 per wet ton ("Fee"), for each wet ton of District biosolids accepted by Lystek. If the District exercises its option to extend the term of this Agreement through June 30, 2023, for the period from July 1, 2022, through June 30, 2023, the District shall pay Lystek a delivery fee of \$89.50 per wet ton ("Fee"), for each wet ton of District biosolids accepted by Lystek. The District will pay Lystek a delivery

charge (“Delivery Charge”) for each delivery of biosolids accepted by Lystek at the Facility, calculated as follows: [Load Weight] x [applicable Fee per wet ton] = Delivery Charge.

Invoices. Within 15 days after the end of each month, Lystek shall provide the District an invoice covering that month that includes all of the following information: the date of the invoice; the month covered by the invoice; for each delivery of biosolids, the date and approximate time of the delivery, the weight tag number, the Load Weight of the delivery as calculated based on the formula in Section 4.1, and the Delivery Charge for the delivery as calculated based on the formula in Section 4.2; and the total of all Delivery Charges for deliveries made during the month. Within 30 days after receiving the invoice, the District will pay Lystek the total of all Delivery Charges required to be paid as stated on the invoice. However, notwithstanding the foregoing, if the District believes that any information on the invoice is incorrect or inaccurate, the District may dispute any corresponding Delivery Charges and (a) withhold that amount pending the outcome of the dispute, and (b) pay the remaining balance of Delivery Charges stated on the invoice. When Lystek sends an invoice to the District, Lystek shall email the District’s Operations Manager, a monthly electronic spreadsheet, in Excel format, detailing, for each delivery specified on the invoice, the delivery date, the weight tag number, and the Load Weight.

Adjustment of Fees Due to Regulatory Requirements. If costs incurred by Lystek to process biosolids at its Facility increase as a result of any change in federal or state law, Lystek may make a written request to the District to negotiate an adjustment to the Fees specified in Section 4.2 to the extent necessary to recover said cost increases. In response, the District, in its sole discretion, may (a) negotiate with Lystek regarding an increase in the Fees specified in Section 4.2, or (b) terminate this Agreement by providing written notice of termination for convenience under Section 6.3.

NOTICES.

Except as otherwise expressly provided herein, any notices given under this Agreement shall be effective only if in writing and given by delivering the notice in person, by sending it first class mail or certified mail with a return receipt requested or overnight courier, return receipt requested, with postage prepaid, addressed as follows:

District: Delta Diablo  
2500 Pittsburg-Antioch Hwy.  
Antioch, CA 94509  
Attn: General Manager

FSSD: Fairfield-Suisun Sewer District  
1010 Chadbourne Road  
Fairfield, CA 94534  
Attn: General Manager

Lystek Int’l: Lystek International Ltd.  
1014 Chadbourne Road  
Fairfield, CA 94534  
Attn: General Manager



The foregoing addresses may be changed by written notice. Notices herein shall be deemed given two (2) days after the date when they shall have been mailed if sent by first class, certified or overnight courier, or upon the date personal delivery is made.

## GENERAL PROVISIONS.

Invalidity of Any Term Not to Invalidate Remainder of Agreement. In the event that any of the terms, covenants, or conditions of this Agreement or the application of any such term, covenant, or condition shall be held invalid or unenforceable as to any party by any court of competent jurisdiction, all remaining terms, covenants, and conditions of this Agreement and their application shall not be affected thereby and shall remain in full force and effect unless any such court holds that those provisions are not separable from all other provisions of this Agreement.

Liability of District. Notwithstanding any other provision of this Agreement, in no event shall the District be liable to Lystek, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect, or incidental damages, including, but not limited to lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.

Termination for Convenience. Either party may terminate this agreement for convenience and without cause at any time by giving the other party ninety (90) days' advance written notice of such termination specifying the termination date. In the event of termination under this Section 6.3, (a) District will pay Lystek for services Lystek actually performs under this Agreement through the termination date, in accordance with the terms of this Agreement, and (b) Lystek shall continue performing services under this Agreement, as required by the District, through the termination date.

Termination for Cause. If a party is in breach of any of its obligations under this Agreement, the nonbreaching party shall initiate the dispute resolution process under Section 6.6 (Dispute Resolution). If a resolution is not reached through that process, or if the breaching party fails to cure the breach within the period of time agreed to by the parties through that process, the nonbreaching party may terminate this Agreement immediately by delivering written notice of termination to the breaching party. In the event of termination for cause under this Section 6.4, (a) the District will pay Lystek for services Lystek actually performs under this Agreement through the termination date, in accordance with the terms of this Agreement, and (b) Lystek shall continue performing services under this Agreement, as required by the District, through the termination date.

Amendment. The Parties may agree to modify the terms of this Agreement in a writing executed by both Parties.

Dispute Resolution. The Parties shall seek to informally resolve disputes or disagreements arising from this Agreement. If a dispute or disagreement arises under this Agreement, the aggrieved Party shall provide the other Party a written notice of dispute specifying the nature of the dispute. Within 10 days after a notice of dispute is given, the Parties' authorized representatives will meet in an effort to resolve the dispute or disagreement.



If a resolution is not reached, the aggrieved Party may pursue any and all remedies available to it.

Counterparts. This Agreement may be executed in counterparts.

Compliance with Laws. Lystek shall be responsible for complying with all laws and regulations while performing its obligations under this Agreement, including but not limited to all wage and hour laws, prevailing wage laws, and environmental laws.

Governing Law. This Agreement is made under and shall be governed by the laws of the State of California.

[Remainder of page left blank. Signatures on next page.]



IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of Effective Date.

DELTA DIABLO

LYSTEK INTERNATIONAL LIMITED

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

By: \_\_\_\_\_  
James Dunbar  
General Manager

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_



June 9, 2021

**APPROVE JOB DESCRIPTION AND SALARY RANGE FOR NEW PURCHASING SUPERVISOR CLASSIFICATION**

**Recommendations**

Approve job description and salary range for new Purchasing Supervisor classification.

**Background Information**

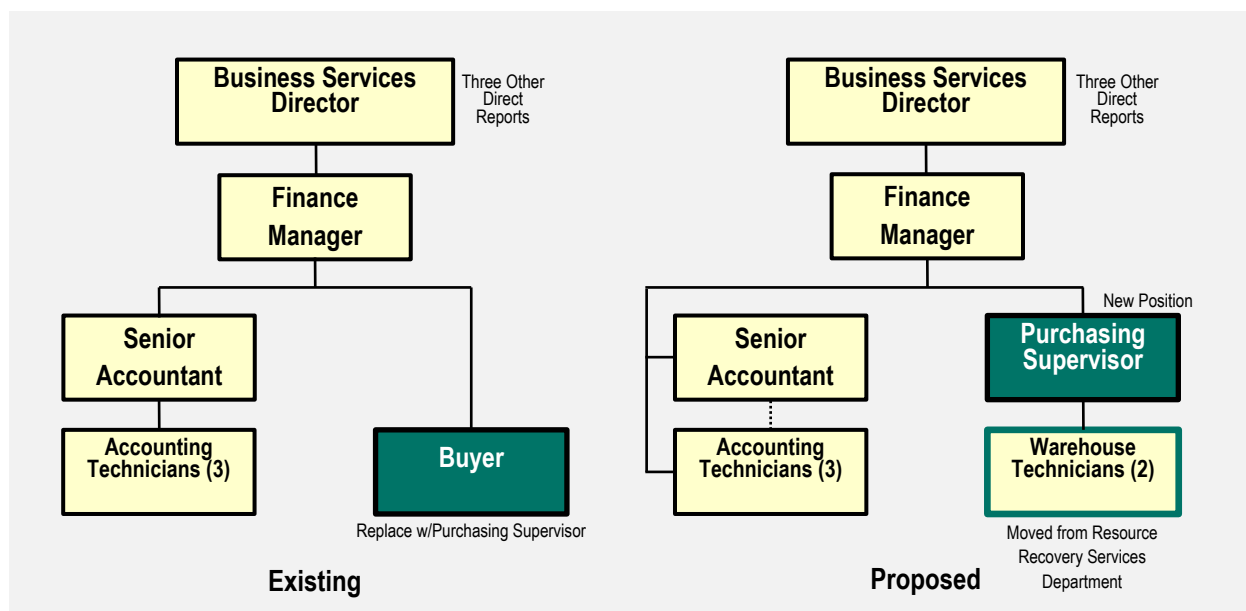
In 2013, the District created a Buyer position instead of filling the existing Purchasing Manager position (vacated following retirement of incumbent) to execute procurement and purchasing functions. The District has utilized a temporary resource to conduct these functions since October 2017. Following the retirement of the incumbent Buyer in October 2018, the District retained a consultant to conduct an operational review of the District's procurement function, which included a recommendation to elevate the purchasing function level and authority from the current Buyer position. Following an associated unsuccessful recruitment for the Purchasing Manager in October/November 2019 and a suspended and canceled recruitment in February-September 2020, the District revisited its approach to addressing the procurement function, which now includes a recommendation to create a new Purchasing Supervisor position that would report to the Finance Manager in the Business Services Department.

On June 1, 2021, staff presented the Purchasing Supervisor job description and salary range to the Personnel Committee, which recommended that this item be submitted to the Board for consideration of approval on June 9, 2021.

**Analysis**

The proposed organizational structure changes associated with the new Purchasing Supervisor position are highlighted in Figure 1. This approach would create a second direct report for the Finance Manager position rather than adding a fifth direct report to the Business Services Director. This position would be the sole procurement-related position at the District (i.e., the Purchasing Manager and Buyer positions would not be filled but would remain available for future use, if needed). In addition, the Purchasing Supervisor would be responsible for oversight of warehouse activities, which requires relocation of existing staff (i.e., two Warehouse Technicians) from the Resource Recovery Services Department to the Business Services Department. The proposed classification would provide the following organizational benefits:

- Addresses need to increase procurement oversight and authority
- Enhances organizational structure vertical and horizontal alignment and integration
- Expands candidate pool and recruitment opportunities
- Aligns job classification with business need



**Figure 1 – Existing and Proposed Business Services Department Organizational Structure**

The District engaged with the Professional and Technical (P&T) and Management Association (MA) bargaining units regarding unit placement for this new position. Following this engagement, the District is recommending placement of the Purchasing Supervisor job classification in the P&T unit based on several factors including the proposed job description, community of interest with respect to similar classifications represented by P&T, and consistency with historical unit formation and District Policy. Following the unit placement determination, the District engaged with P&T regarding the proposed job description (refer to Attachment 1). In addition, the District conducted a comparison of similar positions at other agencies to develop the proposed salary range (refer to Attachment 2) for this non-exempt position, which was also reviewed with P&T.


If approved by the Board, staff will commence recruitment for the Purchasing Supervisor classification in June 2021.

**Fiscal Impact**

Sufficient funding for this position is included in the proposed Fiscal Year 2021/2022 Budget, which has been submitted for Board consideration as part of the June 9, 2021 meeting agenda.

**Attachments**

- 1) Proposed Job Description – Purchasing Supervisor
- 2) Position Salary Schedule

Prepared by:   
 Brian Thomas  
 Acting Business Services Director

cc: District File No. BRD.01-ACTS-XXX





## **PURCHASING SUPERVISOR**

### **DEFINITION**

Under general direction, serves as the principal purchasing official responsible for development, processing, and execution of contracts; ensures compliance with procurement policies and procedures; performs procurements, quality control, and procurement training; administers the District's procurement card program; and supervises procurement and warehouse activities.

### **DISTINGUISHING CHARACTERISTICS**

This is a single position, advanced journey-level classification. Incumbent possesses advanced knowledge of government procurement and warehousing practices, and demonstrates initiative and judgment to perform the full range of procurement and contract management duties. The Purchasing Supervisor is distinguished from the Finance Manager by the latter's responsibility for overall management of the Finance Division. This position is distinguished from the Warehouse Technician II based on supervisory responsibilities and responsibility for administering purchasing functions and activities.

### **SUPERVISION RECEIVED AND EXERCISED**

Under general direction from the Finance Manager and may receive functional direction from other managers. This classification exercises supervision and direction over lower level purchasing and warehouse classifications. May act as a leader for assigned District teams and projects and as such may coordinate or oversee the work of other District staff directly related to the assigned activity.

### **TYPICAL DUTIES**

Duties and responsibilities may include, but are not limited to, the following:

- Oversee, coordinate, and administer cost-effective, diversified, and reliable procurement of materials, supplies, equipment, and services in accordance with established policies, procedures, and applicable federal, state, and local laws.
- Support development of revised procurement policies, procedures, and forms, as needed, and ensure broad awareness and adherence to internal controls to support effective implementation and compliance.
- Develop, implement, and administer effective systems for facilitating work planning needs, oversee contract administration activities, by reviewing, resolving issues, and processing submitted purchase requisitions, and orders, quotes, and contracts to final execution.
- Utilize software applications to effectively administer procurement functions and financial system transactions during the initial and administration phases of contract management to ensure conformance with contract terms and conditions and maintenance of vendor data for accuracy and validity.
- Coordinate with District staff to prepare requests for quotations, requests for proposals, and invitations for bids and conduct timely procurement of goods and services.
- Coordinate with District staff to ensure timely review, approval, and filing of contracts.

- Prepare and maintain accurate records and documentation for solicitations, responses, purchases, contracts, correspondence, and related follow-up activities in compliance with District policies and procedures.
- Conduct effective research for developing scopes of work, prices, terms and conditions, contract amendments, extensions, and change orders with vendors, as needed; and work effectively with District staff and vendors to resolve disputes that may arise.
- Administer the procurement of the District's vehicles, manage the associated vehicle registration requirements, and coordinate procurement of insurance with District's Risk Manager.
- Supervise key warehouse functions and activities, including conducting an annual inventory, establishing ordering points and inventory control system in coordination other District division needs, using electronic information to maintain efficient inventory levels, providing District management with appropriate inventory and usage reports.
- Administer disposal of surplus assets in accordance with District policies and procedures.
- Develop, coordinate, and/or conduct procurement training, including software applications.
- Administer the District's purchasing card program.
- Provide supporting information to department managers during annual operating budget development and for ongoing management of operational budget reports.
- Support compliance with grant administration and reporting requirements.
- Supervise staff by providing technical guidance, direction, work review, and training; establishing work schedules; reviewing and coordinating leave requests; and formally evaluating employee performance through proper documentation of job performance.
- Effectively perform other work duties and responsibilities consistent with the position on an as-needed and/or assigned basis.

**General Organizational Duties**

- Actively promote the District's focus on effective and respectful communications to build better work relationships at all levels in the organization.
- Establish and maintain effective relationships with other staff members, staff at other agencies, and professional organizations.
- Participate in teams engaged in District projects and organizational activities.
- Provide appropriate, timely, and customer-service focused responses to inquiries from the public.
- Understand and conform with the District's Policies and Procedures.
- Understand and conform with the District's Safety Program.

**KNOWLEDGE, SKILLS, AND ABILITIES****Knowledge of:**

- Modern principles and practices of public sector, governmental procurement and supply-chain management.
- Principles, practices, methods, and techniques of public procurement purchasing, including specification development, and contracting.
- Development and administration of effective procurement, purchasing, and inventory control systems, policies, and procedures.
- Computerized purchasing, finance, and inventory systems.

- Types of supplies, materials and equipment commonly used by water and wastewater agencies, including terminology and nomenclature.
- Working knowledge of math to perform computations and collect statistics for basic cost and price analysis.
- Procurement best practices of governmental purchasing, including sources of supply, marketing practices and pricing methods, and trends in the procurement industry.
- Applicable state and federal laws and regulations, including the Uniform Commercial Code and Public Contracting Code.
- Recordkeeping principles and procedures.
- Modern office practices, methods, and computer equipment.
- Principles of supervision and techniques for training, motivating, and developing employees, and conducting formal performance evaluations.

### **Skills and Abilities:**

- Accurately interpret, apply and ensure compliance with established District policies and procedures.
- Evaluate, plan, and articulate actions necessary to complete procurement of goods and services.
- Evaluate sections of technical specifications related to parts and materials purchasing requirements.
- Ensure procurement records are accurately managed and summarized to produce detailed summary reports.
- Establish and maintain open and honest communications with co-workers at all levels.
- Embody and provide a high-quality customer service experience both internally and externally.
- Provide effective verbal and written communications; and comprehend verbal and written instructions.
- Perform arithmetic and mathematical calculations common to procurement of goods and services and the associated contract and inventory management.
- Use tact, initiative, prudence, and independent judgment within general policy, procedural, and legal guidelines.
- Operate automobiles and electric carts.

### **QUALIFYING TRAINING AND EXPERIENCE**

A combination of training and experience that demonstrates an individual has obtained the required knowledge and is able to perform the required work (with reasonable accommodation, if needed). A person with the following combined training and experience would most likely qualify to compete in a selection process:

**Education:** Associates Degree or a combination of equivalent work experience, training, and education in business or public administration, finance, purchasing, or another related field.

**Experience:** Minimum of four (4) years of increasingly responsible full-time professional experience in procurement, public contracting, or finance involving the acquisition of goods and services. Prior supervisory experience or two (2) years in a lead-level capacity.

**Licenses and Certifications:** A valid California Class C driver’s license and insurability under the District’s driving program must always be maintained.

**PHYSICAL DEMANDS**

The physical demands described herein are representative of those that may be encountered by an employee while performing the essential job functions. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

- Perform simple grasping, pushing, pulling, and fine manipulation.
- Sitting, standing, walking on level and unlevel surfaces, reaching, twisting, turning, kneeling, bending/stooping, crouching, grasping, and making repetitive hand movements in the performance of daily duties.
- Must possess the mobility to work in a standard office setting and use standard office equipment, including a computer.
- Mobility to visit and observe various construction sites.
- Vision to read printed materials and a computer screen, clearly see objects, and observe spatial relationships.
- Finger dexterity is required to access, enter, and retrieve data using a computer keyboard and to operate standard office equipment.

**WORKING CONDITIONS**

The work environment characteristics are representative of those an employee encounters while performing the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- Typically works in a normal office environment with controlled lighting and ventilation, and moderate noise levels.
- Periodic travel may be required for training, meetings, and other business purposes.
- Noise levels in the field work environment are usually moderate with occasional exposure to loud equipment. This position may enter locations that require personal protective equipment (PPE). The specific PPE required for the exposure will be provided and worn in accordance with current District, state, and federal regulations.
- Employee may interact with the public or private representatives while conducting job duties.

**EMPLOYMENT CONDITIONS**

Fair Labor Standards Act Classification:	Non-exempt
Collective Bargaining Representation Unit:	Professional & Technical
Pay Level:	P158
Job Specifications Approved by:	Board of Directors
Approval Date:	XX/XX/21
Appointment and Removal Authority:	General Manager
Revision Approval Authority:	General Manager
Revision Date:	XX/XX/21

**Proposed Salary Range for New Purchasing Supervisor Position - May 2021**

RANGE	CLASSIFICATIONS	Monthly Salary at Step Level									
		A	B	C	D	E	F	G	H	I	J
M 178	Finance Manager	\$11,469.59	\$11,756.33	\$12,050.24	\$12,351.49	\$12,660.28	\$12,976.79	\$13,301.21	\$13,633.74	\$13,974.58	\$14,323.95
M 165	Senior Accountant	\$9,357.88	\$9,591.82	\$9,831.62	\$10,077.41	\$10,329.34	\$10,587.58	\$10,852.27	\$11,123.57	\$11,401.66	\$11,686.70
P 135	Accounting Technician	\$6,852.76	\$7,024.07	\$7,199.68	\$7,379.67	\$7,564.16	\$7,753.26	\$7,947.10	\$8,145.77	\$8,349.42	\$8,558.15
M 168	Purchasing Manager	\$9,722.10	\$9,965.15	\$10,214.28	\$10,469.63	\$10,731.37	\$10,999.66	\$11,274.65	\$11,556.52	\$11,845.43	\$12,141.56
<b>P 158</b>	<b>Purchasing Supervisor</b>	<b>\$8,788.00</b>	<b>\$9,007.70</b>	<b>\$9,232.89</b>	<b>\$9,463.72</b>	<b>\$9,700.31</b>	<b>\$9,942.82</b>	<b>\$10,191.39</b>	<b>\$10,446.17</b>	<b>\$10,707.33</b>	<b>\$10,975.01</b>
P 148	Buyer	\$7,989.09	\$8,188.82	\$8,393.54	\$8,603.38	\$8,818.46	\$9,038.92	\$9,264.90	\$9,496.52	\$9,733.93	\$9,977.28
OM 142	Warehouse Technician II	\$7,300.22	\$7,482.73	\$7,669.80	\$7,861.54	\$8,058.08	\$8,259.53	\$8,466.02	\$8,677.67	\$8,894.61	\$9,116.98
OM 130	Warehouse Technician I	\$6,338.04	\$6,496.49	\$6,658.90	\$6,825.38	\$6,996.01	\$7,170.91	\$7,350.18	\$7,533.94	\$7,722.29	\$7,915.34

June 9, 2021

APPROVE AND AUTHORIZE GENERAL MANAGER TO EXECUTE PRODUCT SUPPLY AGREEMENT AND RIDER FOR A FIVE-YEAR TERM BEGINNING JULY 1, 2021, IN AN ANNUAL AMOUNT NOT TO EXCEED \$33,000, SUPPLY AND DELIVERY OF LIQUID OXYGEN, PRAXAIR DISTRIBUTION, INC.

**Recommendation**

Approve and authorize General Manager to execute a product supply agreement and rider with Praxair Distribution, Inc. (Praxair) for supply and delivery of liquid oxygen in an annual amount not to exceed \$33,000 for a five-year term beginning July 1, 2021.

**Background Information**

Liquid oxygen is used for odor control and corrosion protection for the force main serving Shore Acres Pump Station. The oxygen is injected into the force main at the pump station to inhibit septic conditions, which allow microscopic organisms to produce hydrogen sulfide gas. Hydrogen sulfide gas within the force main increases odors and accelerates corrosion of the pipeline. Liquid oxygen was previously supplied by Linde LLC until 2019 when it was acquired by another company that was unable to continue the service because it did not have delivery vehicles capable of accessing Shore Acres Pump Station.

**Analysis**

Following engagement with liquid oxygen providers, staff determined that Praxair is the only company with delivery vehicles small enough to deliver liquid oxygen to Shore Acres Pump Station. Staff negotiating contract terms and conditions with Praxair for supply and delivery of liquid oxygen, along with rental of an onsite storage tank and appurtenances. Restoring this service will assist the District in managing potential odor and corrosion issues, while ensuring continued operational reliability of the Shore Acres Pump Station discharge force main.

**Financial Impact**

Sufficient funding is included in the proposed Fiscal Year 2021/22 Budget.

**Attachments**

None



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

Dean Eckerson  
Resource Recovery Services Director

cc: District File No. BRD.01-ACTS-XXX



June 9, 2021

APPROVE AND AUTHORIZE GENERAL MANAGER TO EXECUTE TWO-YEAR GENERAL SERVICES CONTRACT FOR A TOTAL AMOUNT NOT TO EXCEED \$390,000 PER YEAR AND A TOTAL CONTRACT AMOUNT NOT TO EXCEED \$780,000 FROM JULY 1, 2021 THROUGH JUNE 30, 2023, STREET SWEEPING SERVICES, CONTRACT SWEEPING SERVICES, INC.

**Recommendation**

Approve and authorize General Manager to execute a two-year general services contract with Contract Sweeping Services, Inc. (CSS) to provide street sweeping services for a total amount not to exceed \$390,000 per year and a total contract amount not to exceed \$780,000 from July 1, 2021 through June 30, 2023.

**Background Information**

Street sweeping is one of the many pollution prevention activities performed by the District for residents and businesses within its service area. Street sweeping is required by state and federal regulations under the Clean Water Act, as well as under state storm water regulations. This service is effective in improving water quality by removing pollutants from streets before wind, rain, and water carry them into the storm drain system where they may enter local waterways and the Delta without treatment. Street sweeping is particularly important during the winter months when heavy rainfall is often experienced and can result in accumulated debris blocking storm water facilities causing local flooding.

On October 11, 2017, the Board of Directors authorized the General Manager to execute Amendment No. 6 with CSS for street sweeping services in Antioch and Bay Point, extending the term for three years. CSS is headquartered in Milpitas, California and has been serving municipalities in the San Francisco Bay Area and the Central Valley for 17 years. CSS owns and operates over 85 sweepers consisting of regenerative air and mechanical broom and has extensive experience with residential and commercial street sweeping.

**Analysis**

On April 21, 2021, staff issued a request for proposals (RFP) for interested street sweeping service providers to identify possible qualified bidders. The RFP was sent to five potential bidders and the only response was received from CSS. Staff reviewed the proposal and determined it meets all the requirements in the RFP. CSS has performed well in conducting street sweeping services in Antioch and Bay Point and has established effective relationships within these local communities, while ensuring customer issues are addressed and resolved in a courteous and timely manner. Based upon a review of the proposal and past performance, staff recommends executing a general services contract with CSS.

**Financial Impact**

The new contract agreement for street sweeping services with CSS will increase from \$26.87 to \$28.58 per curb mile, an increase of 8.8%. The increase in cost per curb mile is recommended to address additional hauling and disposal fees, including during the heaviest time of the year often referred to as leaf season (October to February) where tonnages will increase significantly. The overall cost will increase by \$1,847 per month for the 1,080 curb miles swept. Sufficient funds



are available in the Street Sweeping fund to incorporate the increased service cost for the proposed two-year term.

**Attachments**

None



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

Dean Eckerson  
Resource Recovery Services Director

cc: District File No. CORP.10-AGR-1394





## ITEM G

June 9, 2021

### APPROVE FISCAL YEAR 2021/2022 BUDGET AND ADOPT RESOLUTION APPROVING FISCAL YEAR 2021/2022 BUDGET APPROPRIATIONS

#### **Recommendations**

- 1) Approve the Fiscal Year 2021/2022 (FY21/22) Budget; and
- 2) Adopt Resolution Approving FY21/22 Budget Appropriations (Attachment 1).

#### **Background Information**

Following critical review of operating budget adjustment needs and opportunities, staff has developed a proposed FY21/22 operating budget, which served as the baseline for calculation of the proposed Sewer Service Charges (SSCs) presented to the Board on April 14, 2021. This critical review directly supports the District's long-term financial sustainability and effective stewardship of limited ratepayer funds in operating the District's wastewater collection, conveyance, and treatment systems; recycled water system; household hazardous waste collection facility; and street sweeping services program.

The FY21/22 Budget (and associated "Budget Book") includes funding for the FY21/22 operating and capital budgets. The Budget Book (Attachment 3) combines budget information into a single document to meet industry best practices and guidelines. Key assumptions for the FY21/22 operating budget were reviewed by the Board at its meeting on May 12, 2021. Staff presented the proposed FY21/22-FY25/26 CIP to the Board of Directors at its meeting on May 12, 2021. The final CIP is proposed for adoption by the Board as part of the June 9, 2021 Board Meeting agenda.

#### **Analysis**

The proposed FY21/22 Budget presents a projection of revenue, operating expenses, and FY21/22 capital expenditures included in the approved 5-year CIP. The District continues to experience progressive increases in annual operating costs over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as increasingly more stringent regulatory requirements. The FY21/22 Budget is \$43.5 million with the operating budget totaling \$29.3 million and capital (including debt service) totaling \$14.2 million. The operating budget is equivalent to FY20/21 (\$29.3 million) and the capital budget (including debt service) represents a \$3.6 million decrease (-20%) relative to FY20/21 (\$17.8 million).

Board policy calls for budget adoption and approval of new fiscal year appropriations by the first Board meeting in July. With the current budget concluding at the end of June, it is recommended that the Board consider approval of the FY21/22 Budget and that funds be appropriated for the new fiscal year.

Where applicable, each District program area is budgeted with salaries and benefits, chemicals, office and operating expenses, outside services/repairs and maintenance, utilities, capital, debt service, and program-specific costs. In addition to anticipated expenses to be incurred during the next fiscal year, estimated revenues are also included in the proposed FY21/22 Budget so that the



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

*Salaries and Benefits:* This category represents approximately 59% of the District's FY21/22 operating budget.

- Cost-of-Living Adjustment: (COLA). An annual COLA is specified in the memoranda of understanding (MOUs) for each of the District's three bargaining units. The MOUs specify that the District will adjust salaries for the first full pay period after July 1 each year, from a minimum of 2% up to 5% based on the April-to-April change in the Consumer Price Index (CPI), San Francisco/Bay Area Wage Earners. The required COLA adjustment for FY21/22 is 4.1%, which has been incorporated into the budget.
- Unfunded Positions: A total of 77.5 full-time equivalent (FTE) positions are budgeted for FY21/22, including 2.5 FTEs for part-time positions. Based on an assessment of resource needs, four positions are proposed to remain unfilled and unfunded in FY21/22, which results in an annual savings of \$1.1 million.
- Position Changes: No new full-time positions are recommended. The proposed FY21/22 operating budget includes funding for two retired annuitant positions—Operations Construction Coordinator/Retired Annuitant and Finance Professional/Retired Annuitant—which were approved by the Board in FY20/21, as well as three intern positions for the Laboratory, Maintenance, and Engineering Divisions.
- Medical Insurance: Annual medical insurance premium costs have been increased by 7.5%, while most other health benefits (e.g., vision, Employee Assistance Program, dental, and life insurance) are not expected to increase.
- California Public Employees' Retirement System (CalPERS) Funding: In November 2011, the Board adopted CalPERS Tier 2 (2.0% at age 55), which applies to employees hired between July 1, 2012 and December 31, 2012, or hired on or after January 1, 2013, as a member of a qualified public pension plan (e.g., CalPERS, Contra Costa County Employee Retirement Plan, etc.). Prior to July 1, 2012, 100% of all employees were enrolled in CalPERS Tier 1 (2.7% at age 55). Furthermore, the Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, established Tier 3 (2.0% at age 62), which applied to employees hired on or after January 1, 2013, who are not members of a qualified public pension plan. As of FY20/21, 54% of all employees are in either Tier 2 or Tier 3 and since new hires are no longer eligible to become members of Tier 1, there are ongoing savings as employees leave the District and vacant positions are filled at Tiers 2 and 3. The District assumes that new journey level, professional, and management hires will be Tier 2, because it is likely that they would have been a member in CalPERS or a reciprocal plan. The District assumes that new entry level hires will be Tier 3, because it is unlikely that these hires would have been members in CalPERS or a reciprocal plan. In addition to the lower employer-paid contributions into CalPERS, all new hires pay their full employee contributions into CalPERS, as well as contributions into the Other Post-employment Benefits (OPEB) trust, which is at 3% of base salary.
- CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.3 million, which is an increase of approximately \$0.2 million from FY20/21.



- Succession Planning: There was no change in the \$0.1 million budget for FY21/22 for overlap of new hires and incumbents in critical positions.
- Contra Costa County Retirees' Association (CCCERA) Funding: In July 2014, the Board established Contributed Benefit Savings funding levels of 3.75% of salaries to maintain the integrity of the CCCERA plan for District retirees and employees who remained in the CCCERA system after the District transitioned from the CCCERA pension plan to CalPERS in July 2014.
- OPEB Trust Fund Annual Funding: The Board's adopted OPEB Trust Funding Policy states the intent to fund the District's Actuarially Determined Contribution (ADC) within 30 years, which the District has done each year since the trust fund was established in February 2010. District employees pay 3% of base salaries into the trust and the District budgets the required 3% match, as well as actual retiree medical costs which are deposited into the OPEB trust fund. The FY21/22 operating budget includes an ADC of \$0.9 million and will be evaluated in accordance with the OPEB Trust Funding Policy after receipt of the audited financial statements.
- Public Agency Retirement Services (PARS) Funding: The FY21/22 operating budget includes a one-time payment of \$0.1 million to PARS. The PARS trust account was established to pre-fund both CalPERS pension obligations and/or OPEB obligations. The additional funds in PARS will provide funding to mitigate future rate revenue required for projected sharp increases in pension or OPEB costs due to decreases in discount rates, an accelerated amortization schedule, and/or investment losses.

*Chemicals*: This cost is approximately 6% of the FY21/22 operating budget. The District participates in the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals, to leverage purchasing power among the members and receive cost-effective bids. As external factors (e.g., tariffs) cause chemical prices to rise, this approach allows the District to benefit from the most competitive market prices. However, because BACC eliminated the bidding process in FY20/21 due to the COVID-19 pandemic, the District secured one-year contract extensions at no additional cost. For FY21/22, the BACC resumed competitively bidding chemicals which resulted in increased chemical unit costs. The FY21/22 chemical budget totals \$1.7 million, including \$1.1 million for wastewater and \$0.6 million for recycled water.

*Utilities*: This category represents approximately 8% of the FY21/22 operating budget. Staff continues to identify opportunities to reduce on-site energy demand and increase renewable energy production. Staff has identified and implemented changes to operating strategies based on variable energy cost schedules to reduce energy costs, including: 1) operating high-electricity demand solids dewatering centrifuges in a batch dewatering mode during off-peak hours; 2) retrofitting the centrifuges with recovery vanes to capture rotational energy from discharged water (6% improvement in energy use); and 3) improving the aeration blower filtration system to decrease the pressure drop and improve energy performance. The budget assumes 85% uptime for the on-site cogeneration engine, which is expected to meet over 50% of plant power demand, while providing waste heat for the anaerobic digesters.

*Office and Operating*: This category represents approximately 11% of the FY21/22 operating budget. Permit and regulatory fees are expected to increase by 8% in FY21/22 for a total budget



of \$0.3 million. The budget also included allowances for general office supplies, insurance, staff training and professional development.

*Outside Services:* This category represents approximately 14% of the FY21/22 operating budget and includes items such as temporary, legal, and professional services. Professional services is the largest item in the Outside Services category and is budgeted in the amount of \$1.0 million. This represents a 13% (\$0.2 million) decrease over last year. Organizational improvement initiatives, including Munis Enterprise Resource Planning enhancements, as well as Capital Facilities Capacity Charges study, GIS system improvements, regulatory compliance support services, and updates to District standards are planned for FY21/22.

*Other:* This category represents 2% of the FY21/22 operating budget and includes a contingency allowance of \$0.3 million and accounts for transfers to other District funds.


*Inter-fund Loans/Repayment:* In FY20/21, the Board authorized a \$3.0 million loan from the Advanced Treatment Fund to the WW Capital Asset Replacement Fund that will be fully repaid in FY21/22.

### **Fiscal Impact**

To finance District activities in FY21/22, it is recommended that the Board of Directors adopt the recommended budget appropriations. The FY21/22 Proposed Budget Summary (Attachment 2) is provided as an Exhibit to the attached draft resolution proposed for Board adoption. Total budgeted revenues of \$34.8 million, along with non-SSC revenue sources and utilization of existing fund equity are proposed to fund \$43.5 million in expenditures. Adoption of a resolution approving the proposed appropriations will allow for the budget to be in place for the new fiscal year as of July 1, 2021.

### **Attachments**

- 1) Resolution Approving FY21/22 Budget Appropriation
- 2) FY21/22 Proposed Budget Summary
- 3) FY21/22 Budget Book

Prepared by: 

\_\_\_\_\_  
Brian Thomas  
Acting Business Services Director

cc: District File No. BRD.01-ACTS-XXX



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

**Re: Approving Fiscal Year 2021/2022 )  
Budget Appropriations )**

**RESOLUTION NO. 07/2021**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, it is necessary to adopt a District Budget for the Fiscal Year beginning July 1, 2021; and;

WHEREAS, the adoption of the Fiscal Year 2021/2022 (FY21/22) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the attached FY21/22 Proposed Budget Summary exhibit includes expenditures for: Operation and Maintenance of Sub-Regional Plant Facilities; Recycled Water Program; Household Hazardous Waste Program; Street Sweeping; Bay Point Collection Program; acquisition and construction of Capital Assets, including required reserves; and payment of annual debt service obligations; and

WHEREAS, the funding sources proposed for FY21/22, as described in the attached FY21/22 Proposed Budget Summary include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY21/22 Property Tax allocation funds; Interest; Other Miscellaneous Revenues; and carryover, if any, of prior fiscal year funds.

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

The FY21/22 Budget Appropriations are hereby adopted, as presented in the Budget Summary exhibit attached hereto and by reference made a part hereof.

PASSED AND ADOPTED ON June 9, 2021 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 June 9, 2021.

ATTEST: Juan Banales  
Board Secretary

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

Exhibit: Delta Diablo FY21/22 Proposed Budget Summary

**EXHIBIT  
DELTA DIABLO FY21/22 PROPOSED BUDGET SUMMARY**

ITEM G  
Attachment 2

Line No.	CATEGORY	WASTEWATER FUND				OTHER FUNDS					All Funds Total
		OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	
1	<b>SOURCE OF FUNDS/REVENUES:</b>										
2	Capital Facilities Capacity Charges					\$ 1,840,000	\$ 2,464				\$ 1,842,464
3	Service Charges										
6	Sewer Service	\$ 14,421,625			\$ 19,112,197					\$ 1,216,282	34,750,104
7	Street Sweeping								\$ 650,000		650,000
8	Household Hazardous Waste							\$ 554,400			554,400
9	Property Taxes				3,000,000						3,000,000
10	Utility Rebates (from Calpine)	200,000									200,000
11	Interest Income	266,316					27,185	550	4,794	16,282	315,127
13	Discharge Permits & Fees	250,000									250,000
14	Overhead (from Capital Projects)	700,000									700,000
15	Miscellaneous	200,000									200,000
16	Recycled Water Service Charges						3,719,963				3,719,963
16	<b>TOTAL REVENUES</b>	<b>\$ 16,037,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,112,197</b>	<b>\$ 1,840,000</b>	<b>\$ 3,749,612</b>	<b>\$ 554,950</b>	<b>\$ 654,794</b>	<b>\$ 1,232,564</b>	<b>\$ 46,182,058</b>
17	<b>OTHER FINANCING SOURCES</b>										
18	Loan and/or Other Financing Sources				4,500,000						4,500,000
19	Transfers In/(Out)	(381,600)						381,600			0
20	Interfund Loan	478,600		3,000,000	(140,000)	(3,338,600)					0
21	<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 97,000</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 4,360,000</b>	<b>\$ (3,338,600)</b>	<b>\$ -</b>	<b>\$ 381,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,500,000</b>
22	<b>TOTAL SOURCE OF FUNDS/REVENUES</b>	<b>\$ 16,134,941</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 26,472,197</b>	<b>\$ (1,498,600)</b>	<b>\$ 3,749,612</b>	<b>\$ 936,550</b>	<b>\$ 654,794</b>	<b>\$ 1,232,564</b>	<b>\$ 50,682,058</b>
23											
24	<b>USE OF FUNDS/EXPENDITURES:</b>										
25	<b>OPERATING</b>										
26	Salaries and Wages	\$ 8,966,925					\$ 513,927	\$ 134,146		\$ 373,535	\$ 9,988,533
27	Benefits	6,428,583					332,884	122,101		313,998	7,197,566
28	Chemicals	1,162,000					584,000			8	1,746,008
29	Office and Operating Expense	2,924,282					309,318	63,036		14,724	3,311,360
30	Outside Services	2,657,613					33,300	621,016	717,000	43,500	4,072,429
31	Program Costs (Overhead)						360,000			50,000	410,000
32	Utilities	1,777,775					521,000	886			2,299,661
33	Contingency Allowance	300,000					10,000				310,000
34	<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 24,217,178</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,664,429</b>	<b>\$ 941,185</b>	<b>\$ 717,000</b>	<b>\$ 795,765</b>	<b>\$ 29,335,557</b>
35	<b>CAPITAL IMPROVEMENT PROJECTS</b>										
36	Debt Service		146,624		763,211	127,646	15,102			283,741	1,336,324
37	Capital Projects		100,000		12,315,000		350,000	25,000		100,000	12,890,000
38	<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 246,624</b>	<b>\$ -</b>	<b>\$ 13,078,211</b>	<b>\$ 127,646</b>	<b>\$ 365,102</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 383,741</b>	<b>\$ 14,226,324</b>
39	<b>TOTAL USE OF FUNDS/EXPENDITURES</b>	<b>\$ 24,217,178</b>	<b>\$ 246,624</b>	<b>\$ -</b>	<b>\$ 13,078,211</b>	<b>\$ 127,646</b>	<b>\$ 3,029,531</b>	<b>\$ 966,185</b>	<b>\$ 717,000</b>	<b>\$ 1,179,506</b>	<b>\$ 43,561,881</b>
40											
41	<b>CONTRIBUTION/(USE) of RESERVES</b>	<b>\$ (8,082,237)</b>	<b>\$ (246,624)</b>	<b>\$ 3,000,000</b>	<b>\$ 13,393,986</b>	<b>\$ (1,626,246)</b>	<b>\$ 720,081</b>	<b>\$ (29,635)</b>	<b>\$ (62,206)</b>	<b>\$ 53,058</b>	<b>\$ 7,120,177</b>
42	<i>Estimated Beginning Fund Equity</i>	\$ 27,907,149	\$ 3,852,117	\$ 16,828,496	\$ 5,404,796	\$ 7,108,678	\$ 6,265,599	\$ 147,686	\$ 1,196,134	\$ 3,965,209	\$ 72,675,864
43	<i>Estimated Ending Fund Equity*</i>	\$ 19,824,912	\$ 3,605,493	\$ 19,828,496	\$ 18,798,782	\$ 5,482,432	\$ 6,985,680	\$ 118,051	\$ 1,133,928	\$ 4,018,267	\$ 79,796,041

\* Does not include depreciation or amortization expense.



TRANSFORMING WASTEWATER TO RESOURCES

# Fiscal Year 2021/2022 Budget

*This page intentionally left blank.*





## *Acknowledgements*

### **Board of Directors**



**Federal Glover**  
Chair (Contra Costa  
County Supervisor)

**Monica Wilson**  
Vice Chair (Antioch  
Councilmember)

**Juan Banales**  
Secretary (Pittsburg  
Councilmember)

### *District Executive Management*

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

*This page intentionally left blank.*



**DELTA DIABLO BUDGET  
JULY 1, 2021 – JUNE 30, 2022**

**Table of Contents**

Acknowledgements..... 3  
District Executive Management ..... 3  
Message from the General Manager ..... 7  
Annual Budget Resolution ..... 13  
SECTION 1: INTRODUCTION AND OVERVIEW ..... 15  
Budget Comparison Summary ..... 16  
District Overview ..... 17  
Strategic Planning Goals and Objectives ..... 22  
Budget Overview ..... 24  
SECTION 2. FINANCIAL STRUCTURE, POLICIES, AND PROCESSES..... 29  
Organization ..... 29  
Fund Descriptions and Fund Structure ..... 34  
Basis of Accounting and Budgeting ..... 35  
Budget Process ..... 35  
FY20/21 Budget Development Calendar ..... 36  
Budgetary Levels of Control ..... 36  
Financial Planning Policies ..... 38  
SECTION 3. FINANCIAL SUMMARIES ..... 41  
Consolidated Financial Schedule ..... 41  
Fund Equity..... 43  
SECTION 4. CAPITAL AND DEBT ..... 45  
Capital..... 45  
Project Descriptions ..... 51  
Projects in Focus ..... 56  
Debt ..... 72  
Current Debt Obligations ..... 72  
Current Year Debt Transactions and Balances ..... 75  
Outstanding Debt by Type ..... 75  
Debt Service Coverage Ratio ..... 77  
SECTION 5. DEPARTMENT INFORMATION..... 78  
Administration Department ..... 78

Business Services Department ..... 80  
Engineering Services Department..... 82  
Resource Recovery Services Department ..... 84  
APPENDIX A - FINANCIAL POLICIES ..... 86

**List of Figures**

Figure 1 Map of Delta Diablo Service Area ..... 18  
Figure 2 FY18/19 – FY20/21 Sources of Funds/Revenues..... 24  
Figure 3 Delta Diablo Organization Chart..... 31  
Figure 4 Delta Diablo Funds ..... 34  
Figure 5 Historical Fiscal Year Debt Service Summary by Loan..... 76

**List of Tables**

Table 1 Budget Comparison Summary ..... 16  
Table 2 Budgeted Positions as of July 1 ..... 32  
Table 3 FY20/21 Consolidated Financial Schedule ..... 41  
Table 4 Fund Equity Summary..... 43  
Table 5 CIP Totals by District Fund..... 47  
Table 6 FY20/21 – FY24/25 CIP Summary ..... 49  
Table 7 Long-Term Obligation Changes and Balances as of June 30, 2020 ..... 75  
Table 8 Outstanding Debt by Type..... 75  
Table 9 All Principal, Interest, and Annual Debt Service..... 76  
Table 10 Net Revenue and Debt Service Coverage Ratio..... 77  
Table 11 Administration Department Budget ..... 79  
Table 12 Business Services Department Budget..... 81  
Table 13 Engineering Services Department Budget ..... 83  
Table 14 Resource Recovery Services Department Budget..... 85

## Message from the General Manager



# DELTA DIABLO FISCAL YEAR 2020/2021 BUDGET Message from the General Manager

### Dear Honorable Members of the Board of Directors:

It is my pleasure to present the Delta Diablo (District) Fiscal Year 2021/2022 (FY21/22) Budget, which reflects planned operating (\$29.3 million) and capital expenditures (\$14.2 million) necessary for the District to continue meeting its core mission of protecting public health and the environment in the year ahead. Under the Board’s progressive leadership, the District continues to drive organizational excellence by ensuring a strategic approach to addressing near- and long-term challenges and embracing innovative approaches. This approach is critical to navigating competing resource needs and delivering our essential services to the local communities we serve in an effective, reliable, and financially sustainable manner.



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

Throughout the COVID-19 pandemic, the District’s highly-skilled and dedicated staff have continued providing “essential services” in a professional and adaptable manner. The economic impacts of COVID-19 on our customers are significant and may not be fully understood for months or even years into the future. In FY21/22, the District will continue to monitor specific impacts on residential, commercial, and industrial customers to better understand associated effects on future District revenues and inform financial decisions. After carefully considering the challenges associated with increasing rates during the current COVID-19 pandemic, the District is proposing Sewer Service Charge (SSC) increases of \$26.32/year (6.5%, \$429.42 total) for Antioch/Pittsburg residents and \$32.78/year (5.9%, \$589.25 total) for Bay Point residents in FY21/22 to ensure sufficient revenue collection that reflects cost-of-service, while meeting capital investment and operational needs. Based on the 2021 Cost-of-Service Study findings, the District is proposing adjustments to non-residential SSCs in FY21/22, which vary by customer class. The SSC adjustments for residential and non-residential customers are expected to generate an additional \$1.6 million in annual revenue.

### Reinforcing Sustained Organizational Excellence

The District continues to be recognized as a “Utility of the Future” by the National Association of Clean Water Agencies, the Water Environment Federation, the Water Research Foundation, and the Water Reuse Association for its outstanding industry leadership and progressive commitment to innovation, resource recovery, and “cutting-edge” practices. This prestigious award, which was presented to only 65 other agencies across the country in FY20/21, highlights our broad regulatory compliance, water recycling, energy management, biosolids reuse, household hazardous waste collection, community engagement, and industry leadership achievements.



Key organizational highlights in FY20/21 include:

- **Regulatory Compliance:** One National Pollution Discharge Elimination System (NPDES) permit exceedance occurred at the District’s Wastewater Treatment Plant (WWTP). In response, staff conducted a root cause investigation and identified appropriate corrective actions to prevent a recurrence. The District continues to build on its exemplary regulatory compliance record, which includes only two NPDES permit exceedances in the last 17 years. The District received the 2019 NACWA Gold Peak Performance Award for excellence in regulatory compliance.
- **Infrastructure Investment:** The District implemented critical investments in infrastructure rehabilitation and renewal projects at its WWTP and Recycled Water Facility (RWF), while continuing to treat an average flow of 13 million gallons per day (MGD) and 6 MGD, respectively. As part of the Resource Recovery Facility Master Plan (RRFMP) and associated WWTP infrastructure condition assessment activities, the District identified the need to implement a significant large-scale upgrade and expansion of its secondary treatment



process—the \$60.0 million Secondary Process Improvements Project, which has been included for implementation in Years 3-5 (FY23/24-FY25/26) in the new 5-year CIP. In addition, approximately \$10.0 million in new projects were identified and prioritized for implementation as part of the RRFMP condition assessment activities.

The new 5-year CIP (FY21/22-FY25/26) totals \$127 million, which is a significant increase from the previous 5-year CIP (\$81.3 million) and includes a 74% cash funding assumption (compared to 92% cash funding for the previous CIP) with the remainder funded by an anticipated debt issuance. The District continued development of a formalized Asset Management Program (AMP).

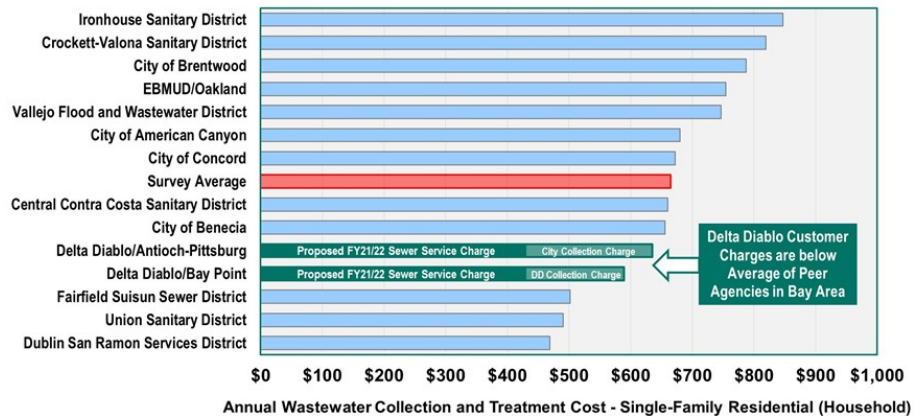
- **Resource Recovery:** We continue to transform our WWTP into a “wastewater resource recovery facility” by: 1) producing 6 million gallons of recycled water per day; 2) generating on-site renewable energy to meet over 55 percent of WWTP power needs; 3) beneficially reusing 100 percent of biosolids produced as fertilizer through land application at farm sites; and 4) collecting and recycling household hazardous waste.
- **Long-term Strategic Planning:** The District made significant progress in ensuring a strategic approach to addressing both near- and long-term challenges and integrating a complex planning environment with competing drivers, considerations, and resource needs. The RRFMP was conducted to address a suite of strategic issues (e.g., nutrients, biosolids, water recycling, secondary process upgrade/expansion), while providing guidance on infrastructure investment and supporting enhanced regulatory compliance capabilities through vulnerability assessments. In addition, the District continued to implement investments in information technology to drive sustained organizational effectiveness and efficiency, which will continue in FY21/22. Last, the District is developing a new Strategic Plan, including a new Mission, Vision, Values, and Goals/Strategies/Objectives, which is expected to be finalized by September 2021.

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



This sound science-based approach resulted in increased research investment under the regional Nutrient Watershed Permit, which was issued in June 2019, and likely deferred nutrient limits for 10 years or more. In addition, preliminary work under the RRFMP indicates that the original capital cost estimate for removing nutrients at the District’s WWTP may be reduced significantly. These changes allowed the District to eliminate the SSC component for the Advanced Treatment Reserve Fund in FY20/21, which will continue in FY21/22 to allow a significant increase in the SSC revenue allocation to the Wastewater Capital Asset Replacement Fund

- Long-term Financial Sustainability:** Following critical review of operational needs, the District has developed a \$29.3 million operating budget for FY21/22, which reflects no increase from FY20/21. In order to allocate additional SSC funding to meet capital investment needs, the District plans to utilize \$8.1 million in existing Wastewater Operations & Maintenance Fund equity in FY21/22. The District’s SSCs remain below average when compared to our peer agencies in the Bay Area. The District continued to excel in financial



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

- Safety:** In response to the COVID-19 pandemic, the District implemented numerous protective measures to ensure the health and safety of its employees and members of the public, while continuing to provide essential services for our local communities. These measures were extremely effective in minimizing COVID-19 infections and exposure in the workplace with no significant disruptions to District services. District staff demonstrated a remarkable level of commitment and dedication to adhering to social distancing and face covering requirements to ensure their personal safety, as well as the safety of co-workers and members of the public.

- **Public Communications:** The District continued to make excellent progress in its public outreach and education materials this past year. This included development of targeted fact sheets and a “Frequently Asked Questions” document to augment public communications in support of the proposed SSC adjustments for FY21/22.

**Ensuring Long-term Financial Sustainability Proposed Sewer Service Charge Increases** April 2021

**About Delta Diablo**  
Delta Diablo is a special district that provides wastewater collection and treatment services for over 21,000 residents in Antioch, Pittsburg, and Bay Point.

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

Proposed SSC Revenue for FY22 Budget	Proposed SSC Revenue for FY23 Budget
\$24.22/year	\$32.70/year

**The Road Ahead: FY21/22 Priority Organizational Focus Areas**

The FY21/22 Budget will help the District build on its achievements in FY20/21 by continuing to effectively support our core mission of protecting public health and the environment, while supporting sustained organizational improvement. To date, the District’s resilient staff have risen to the challenge COVID-19 presents in the workplace and remains well positioned to continue providing effective and reliable services in the year ahead. Priority organizational focus areas for FY21/22 include:

1. **Ensure an effective “return to the workplace” as COVID-19 restrictions are reduced and/or eliminated.** Because ensuring the health and safety of employees and members of the public is the District’s highest priority, we will continue to focus on mitigating COVID-19 impacts in the workplace while requirements are in place at the federal, state, and/or local level. As these requirements are reduced and/or eliminated, the District intends to ensure a smooth transition back to “normal” while reserving the ability to reinstitute protective measures in the future if conditions warrant.
2. **Meet or exceed all NPDES permit requirements** for the District’s WWTP.
3. **Address prioritized, near-term aging infrastructure needs** through effective implementation of engineering planning, design, and construction activities.
4. **Finalize the District’s new Strategic Plan**, which includes new Mission, Vision, Values, and Goals/Strategies/Objectives. This document will be used to guide future priorities, resource allocation, and decision-making processes.
5. **Complete a study to update the District’s Capital Facilities Capacity Charges (CFCCs)** to ensure recovery of necessary sewer connection fees in the District’s service area.
6. **Advance development of the District’s Asset Management Program** by building on the foundational work completed in FY20/21.





- 7. **Continue to develop and implement a prioritized, strategic approach to expand use of information technology applications and tools** to drive organizational effectiveness and efficiency in the District’s business processes and workflow.
- 8. **Develop and implement a two-year Budget and SSC process** for FY22/23 and FY23/24, including integration of updated cost-of-service/CFCC changes, master planning recommendations, and strategic organizational improvement initiatives.
- 9. **Ensure organizational focus on hiring and retaining highly-skilled, dedicated staff** to continue supporting the District’s mission, including assessing opportunities to align resources to meet needs when positions become vacant.



### **FY21/22 Budget Highlights**

In support of enhancing presentation of the District’s FY21/22 Budget by providing meaningful and understandable context for our customers and other interested parties, key budget highlights are provided below.

- The FY21/22 Budget totals \$43.5 million, which includes operating and capital (including debt service) budgets of \$29.3 million and \$14.2 million, respectively.
- The FY21/22 operating budget (\$29.3 million) remains largely unchanged from FY20/21 through unfunding one additional position, reducing the “GM Contingency” from \$500,000 to \$310,000 (increased in FY20/21 due to COVID-19 uncertainty), reducing projected utility costs, and negotiating reasonable contract extensions with chemical suppliers.
- Approximately 79% of the FY21/22 CIP budget is allocated to rehabilitation and/or replacement of existing critical wastewater infrastructure, including the Antioch Pump Station and Conveyance System Improvements, WWTP Electrical Switchgear Replacement, Cogeneration System improvements, Bridgehead Pipeline Replacement, Manhole, Gravity Interceptor, and Easement Road.
- An SSC increase of 6.5% and 5.9% is included for Antioch/Pittsburg and Bay Point residential customers, respectively, along with adjustment for non-residential customers. These SSC adjustments are expected to provide an additional \$1.6 million in revenue.
- Total revenue of \$46.2 million is anticipated in FY21/22, which includes \$34.7 million in SSCs, \$3.7 million in Recycled Water Service Charges, \$3.0 million in Ad Valorem property taxes, \$1.8 million in Capital Facilities Capacity Charges, and \$2.9 million in other revenue.
- Debt service payments of \$1.3 million are included, which supports \$33.4 million in existing debt (94% of debt is low-interest Clean Water State Revolving Fund or California Energy Commission loans).
- The District continues to suspend the SSC revenue component for the Advanced Treatment Reserve Fund due to favorable changes in the implementation timeline and associated cost estimate for upgrading the WWTP to meet nutrient removal requirements. This change has allowed the District to support cash funding of infrastructure investments in the 5-year CIP.

- The FY21/22 Budget includes planned expenditures to continue driving organizational excellence by developing an Asset Management Program, expanding use of IT applications, and completing numerous business and financial services studies.

### **Driving Sustained Organizational Excellence while Meeting the District's Mission**

In addition to providing the resources necessary to continue meeting our core mission of protecting public health and the environment, the FY21/22 Budget supports the District's focus on achieving sustained organizational excellence. As responsible stewards of the public's resources and trust, this organizational commitment is essential to ensuring delivery of financially sustainable, effective and reliable wastewater conveyance and treatment services to our customers in the local community. I would like to acknowledge the Board's strong leadership and guidance during this challenging COVID-19 environment over the past year, as well as the key contributions from each of our dedicated employees who continued to effectively meet the District's core mission as essential workers throughout the pandemic.

Sincerely,



Vincent P. De Lange  
General Manager



***Annual Budget Resolution***

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

**Re: Approving Fiscal Year 2021/2022 )  
Budget Appropriations )**

**RESOLUTION NO.**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, it is necessary to adopt a District Budget for the Fiscal Year beginning July 1, 2021; and;

WHEREAS, the adoption of the Fiscal Year 2021/2022 (FY21/22) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the attached FY21/22 Proposed Budget Summary exhibit includes expenditures for: Operation and Maintenance of Sub-Regional Plant Facilities; Recycled Water Program; Household Hazardous Waste Program; Street Sweeping; Bay Point Collection Program; acquisition and construction of Capital Assets, including required reserves; and payment of annual debt service obligations; and

WHEREAS, the funding sources proposed for FY21/22, as described in the attached FY21/22 Proposed Budget Summary include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY21/22 Property Tax allocation funds; Interest; Other Miscellaneous Revenues; and carryover, if any, of prior fiscal year funds.

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

The FY21/22 Budget Appropriations are hereby adopted, as presented in the Budget Summary exhibit attached hereto and by reference made a part hereof.

PASSED AND ADOPTED ON by the following vote:

AYES:  
NOES:

ABSENT:  
ABSTAIN:

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

ATTEST:  
By:

Exhibit: Delta Diablo FY21/22 Proposed Budget Summary

**Exhibit – Delta Diablo FY21/22 Proposed Budget Summary**

Line No.	CATEGORY	WASTEWATER FUND				OTHER FUNDS					All Funds Total
		OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	
	<b>SOURCE OF FUNDS/REVENUES:</b>										
1	Capital Facilities Capacity Charges					\$ 1,840,000	\$ 2,464				\$ 1,842,464
2	Service Charges										
3	Sewer Service	\$ 14,421,625			\$ 19,112,197					\$ 1,216,282	34,750,104
6	Street Sweeping								\$ 650,000		650,000
7	Household Hazardous Waste							\$ 554,400			554,400
8	Property Taxes				3,000,000						3,000,000
9	Utility Rebates (from Calpine)	200,000									200,000
10	Interest Income	266,316					27,185	550	4,794	16,282	315,127
11	Discharge Permits & Fees	250,000									250,000
13	Overhead (from Capital Projects)	700,000									700,000
14	Miscellaneous	200,000									200,000
15	Recycled Water Service Charges						3,719,963				3,719,963
16	<b>TOTAL REVENUES</b>	<b>\$ 16,037,941</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,112,197</b>	<b>\$ 1,840,000</b>	<b>\$ 3,749,612</b>	<b>\$ 554,950</b>	<b>\$ 654,794</b>	<b>\$ 1,232,564</b>	<b>\$ 46,182,058</b>
17	<b>OTHER FINANCING SOURCES</b>										
18	Loan and/or Other Financing Sources				4,500,000						4,500,000
19	Transfers In/(Out)	(381,600)						381,600			0
20	Interfund Loan	478,600		3,000,000	(140,000)	(3,338,600)					0
21	<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 97,000</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 4,360,000</b>	<b>\$ (3,338,600)</b>	<b>\$ -</b>	<b>\$ 381,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,500,000</b>
22	<b>TOTAL SOURCE OF FUNDS/REVENUES</b>	<b>\$ 16,134,941</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 26,472,197</b>	<b>\$ (1,498,600)</b>	<b>\$ 3,749,612</b>	<b>\$ 936,550</b>	<b>\$ 654,794</b>	<b>\$ 1,232,564</b>	<b>\$ 50,682,058</b>
23											
24	<b>USE OF FUNDS/EXPENDITURES:</b>										
25	<b>OPERATING</b>										
26	Salaries and Wages	\$ 8,966,925					\$ 513,927	\$ 134,146		\$ 373,535	\$ 9,988,533
27	Benefits	6,428,583					332,884	122,101		313,998	7,197,566
28	Chemicals	1,162,000					584,000			8	1,746,008
29	Office and Operating Expense	2,924,282					309,318	63,036		14,724	3,311,360
30	Outside Services	2,657,613					33,300	621,016	717,000	43,500	4,072,429
31	Program Costs (Overhead)						360,000			50,000	410,000
32	Utilities	1,777,775					521,000	886			2,299,661
33	Contingency Allowance	300,000					10,000				310,000
34	<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 24,217,178</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,664,429</b>	<b>\$ 941,185</b>	<b>\$ 717,000</b>	<b>\$ 795,765</b>	<b>\$ 29,335,557</b>
35	<b>CAPITAL IMPROVEMENT PROJECTS</b>										
36	Debt Service		146,624		763,211	127,646	15,102			283,741	1,336,324
37	Capital Projects		100,000		12,315,000		350,000	25,000		100,000	12,890,000
38	<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$ -</b>	<b>\$ 246,624</b>	<b>\$ -</b>	<b>\$ 13,078,211</b>	<b>\$ 127,646</b>	<b>\$ 365,102</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ 383,741</b>	<b>\$ 14,226,324</b>
39	<b>TOTAL USE OF FUNDS/EXPENDITURES</b>	<b>\$ 24,217,178</b>	<b>\$ 246,624</b>	<b>\$ -</b>	<b>\$ 13,078,211</b>	<b>\$ 127,646</b>	<b>\$ 3,029,531</b>	<b>\$ 966,185</b>	<b>\$ 717,000</b>	<b>\$ 1,179,506</b>	<b>\$ 43,561,881</b>
40											
41	<b>CONTRIBUTION/(USE) of RESERVES</b>	<b>\$ (8,082,237)</b>	<b>\$ (246,624)</b>	<b>\$ 3,000,000</b>	<b>\$ 13,393,986</b>	<b>\$ (1,626,246)</b>	<b>\$ 720,081</b>	<b>\$ (29,635)</b>	<b>\$ (62,206)</b>	<b>\$ 53,058</b>	<b>\$ 7,120,177</b>
42	<b>FY21/22 Estimated Beginning Fund Equity</b>	<b>\$ 27,907,149</b>	<b>\$ 3,852,117</b>	<b>\$ 16,828,496</b>	<b>\$ 5,404,796</b>	<b>\$ 7,108,678</b>	<b>\$ 6,265,599</b>	<b>\$ 147,686</b>	<b>\$ 1,196,134</b>	<b>\$ 3,965,209</b>	<b>\$ 72,675,864</b>
43	<b>FY21/22 Estimated Ending Fund Equity*</b>	<b>\$ 19,824,912</b>	<b>\$ 3,605,493</b>	<b>\$ 19,828,496</b>	<b>\$ 18,798,782</b>	<b>\$ 5,482,432</b>	<b>\$ 6,985,680</b>	<b>\$ 118,051</b>	<b>\$ 1,133,928</b>	<b>\$ 4,018,267</b>	<b>\$ 79,796,041</b>

\* Does not include depreciation or amortization expense.

## **Section 1: Introduction and Overview**

Delta Diablo's (District's) Fiscal Year 2021/2022 (FY21/22) Budget assists the District in communicating its planned use of resources to elected officials, District employees, and the public. This section provides the reader with an overview of the essential components included in this budget document, which includes five major sections: 1) Introduction and Overview; 2) Financial Structure, Policies, and Processes; 3) Financial Summaries; 4) Capital and Debt; and 5) Department Information. A summary of the District's financial policies is included in Appendix A.

### **Introduction and Overview**

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

### **Financial Structure, Policies, and Processes**

This section is designed to provide the reader with an overview of the District's Organization, Organizational Chart, Budgeted Positions as of July 1, 2021 (on a full-time equivalent basis), and Fund Descriptions and Structure. It also highlights the District's financial bases and policies along with its budget process, calendar, and levels of budgetary control. Here the reader may find some more detailed information regarding financial and budgetary guidelines.

### **Financial Summaries**

The Financial Summaries section introduces the Consolidated Financial Schedule and the Fund Equity Summary. In the Consolidated Financial Schedule section, the reader may review the various inflows of revenue (Source of Funds/Revenues) and outflows of expenses (Use of Funds/Expenditures) for the prior year budget, the prior year actual, the current year budget, the current year proposed, and the proposed FY21/22 Budget along with a variance between the current year budget and the proposed FY21/22 Budget. The Fund Equity Summary is organized by fund and presents the beginning and ending fund equity, sources of funds/revenues, and use of funds/expenditures.

### **Capital and Debt**

This two-part section starts with a program overview of the District's Fiscal Year 2021/22 – Fiscal Year 2025/2026 (FY21/22-FY25/26) Capital Improvement Program (CIP). Next, the consolidated 5-year CIP Summary is provided with planned expenditures over the next five years, which is followed by a comprehensive project description listing by fund for each project with an appropriation in FY21/22. Finally, pertinent information for each major capital project is presented under the Projects in Focus section. The second half of this section presents information regarding outstanding debt obligations, outstanding debt balances by type, debt service requirements, and debt service coverage ratio by fiscal year.

### **Department Information**

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

## Budget Comparison Summary

The FY21/22 Budget includes total revenue of \$46.2 million, which includes \$34.7 million in Sewer Service Charges (SSCs), \$3.7 million in Recycled Water Service Charges, \$3.0 million in ad valorem property taxes, \$1.8 million in Capital Facilities Capacity Charges (CFCCs), and \$3.0 million in other revenue. Budgeted expenditures total \$43.5 million, which includes operating and capital (including debt service) budgets of \$29.3 million and \$14.2 million, respectively. A budget comparison summary is presented in Table 1 and provides an overview of significant budgetary items, trends, and variances.

**Table 1 – Budget Comparison Summary**

Category	Budget FY20/21	Proposed FY21/22	% Variance
<b>Sources of Funds/Revenues</b>			
Service Charges	\$ 32,723,671	\$ 34,750,104	6%
Capacity Charges	1,842,464	1,842,464	0%
Street Sweeping	649,115	650,000	0%
Household Hazardous Waste	494,087	554,400	12%
Recycled Water	3,802,371	3,719,963	-2%
Property Taxes	2,000,000	3,000,000	50%
Utility Rebate	200,000	200,000	0%
Interest Income	593,356	315,127	-47%
Discharge Permits & Fees	250,000	250,000	0%
Overhead (From Capital Projects)	700,000	700,000	0%
Miscellaneous	200,000	200,000	0%
Other Finance Sources	-	-	0%
<b>Subtotal Sources of Funds/Revenues</b>	<b>43,455,064</b>	<b>46,182,058</b>	<b>6%</b>
Loans	3,500,000	4,500,000	29%
<b>Total Source of Funds/Revenues</b>	<b>46,955,064</b>	<b>50,682,058</b>	<b>8%</b>
<b>Use of Funds/Expenditures</b>			
Salaries & Wages	10,183,026	9,988,533	-2%
Employee Benefits	6,875,550	7,197,566	5%
Chemicals	1,725,750	1,746,008	1%
Office and Operating Expense	3,265,410	3,311,360	1%
Outside Services	4,389,806	4,072,429	-7%
Program Costs (Overhead)	400,000	410,000	3%
Utilities	1,946,139	2,299,661	18%
Contingency Allowance	500,000	310,000	-38%
<b>Operating before Debt and Capital</b>	<b>29,285,681</b>	<b>29,335,557</b>	<b>0%</b>
Debt Service	1,190,769	1,336,324	12%
<b>Operating before Capital</b>	<b>30,476,450</b>	<b>30,671,881</b>	<b>1%</b>
Capital Improvements	16,650,000	12,890,000	-23%
<b>Total Use of Funds/Expenditures</b>	<b>47,126,450</b>	<b>43,561,881</b>	<b>-8%</b>
<b>CONTRIBUTION/(USE) of RESERVES</b>	<b>-\$171,386</b>	<b>\$ 7,120,177</b>	<b>N/A</b>

**Significant Sources of Funds % Difference (variance):**

**The SSC variance** of 6% is primarily due to an increase in SSCs of 6.5% and 5.9% for Antioch/Pittsburg and Bay Point customers, respectively which is expected to provide an additional \$1.6 million in revenue. An additional \$0.4 million is estimated due to 1,099 ERUs being added to the SSC calculation due to development in the service area.

**The Recycled Water variance** of -2% is primarily due to anticipated adjustments in recycled water consumption estimates.

**Property Taxes variance** of 50% increased 1.0 million following elimination of CFCC reductions for certain development types (March 2021 Board action). The annual ad valorem tax revenue assumption has been increased from \$2.0 million to \$3.0 million.

**The Interest Income variance** of -47% (\$0.2 million) is due to a reduction in assumed interest rates for FY21/22.

**Significant Use of Funds % Difference (variance):**

**The Outside Services variance** of -7% includes reduced costs for Professional Services, which is the largest item in the Outside Services category. The \$1.0 million budgeted amount represents a 12% decrease over last year or a \$0.14 million decrease. This budgetary amount will support planned organizational improvement initiatives, including Munis Enterprise Resource Planning (ERP) enhancements, as well as Capital Facilities Capacity Charges Study, GIS system improvements, regulatory compliance support services, and updates to District standards are planned for FY 21/22.

**The Utilities variance** of 18% is due to an increase in planned usage and assumed unit costs.

**The Contingency Allowance variance** of -38% reflects a reduction in the COVID-19-related budget contingencies included in the FY20/21 budget (\$510,000 reduced to \$300,000)

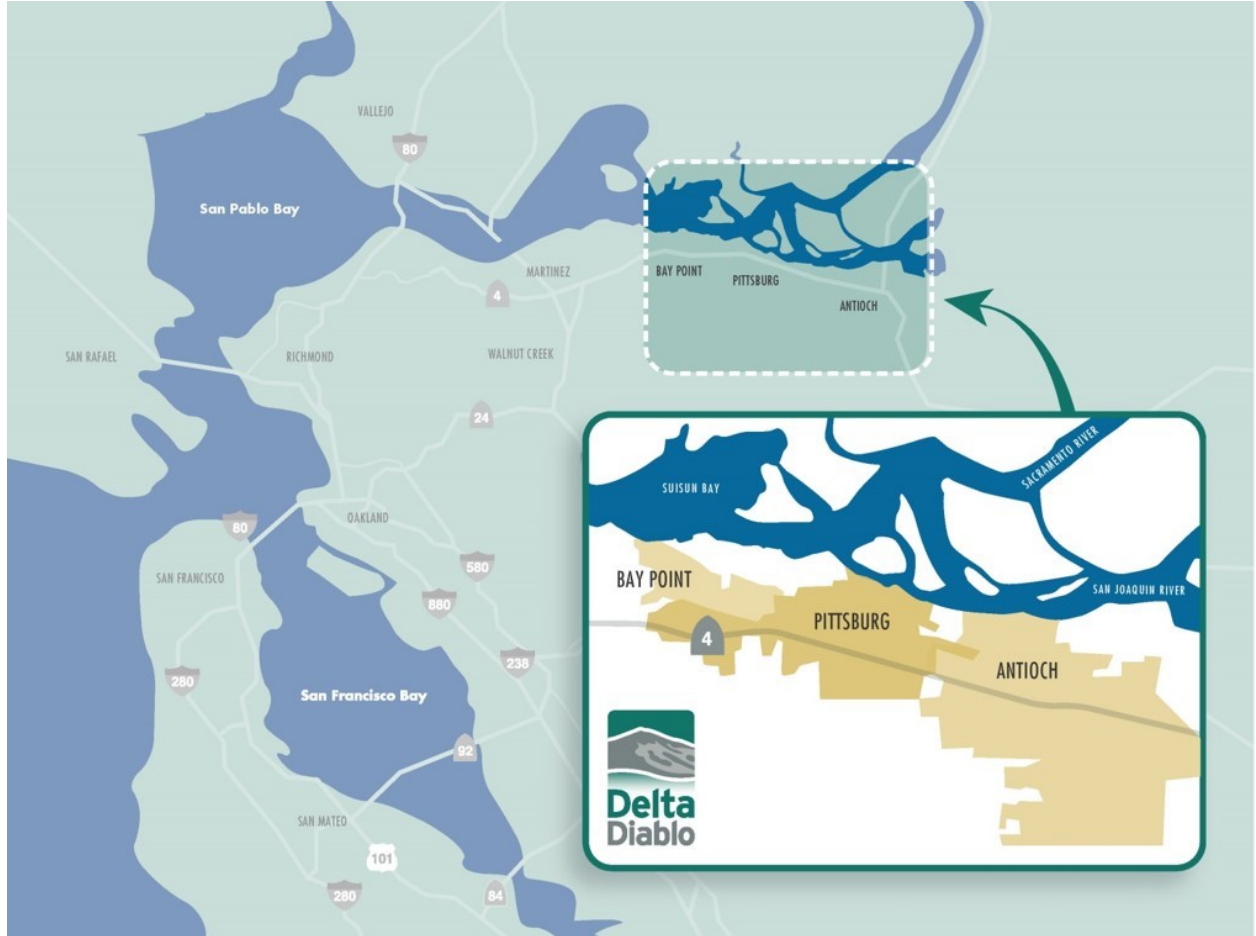
**The Debt Service variance** of 12% is largely due to adjustments made to anticipated FY21/22 Wastewater Capital Asset Replacement (CAR) Fund debt service based on more current information.

***District Overview***

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

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

The District provides services to over 215,000 residential, 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) as shown in Figure 1.



**Figure 1 - Map of Delta Diablo Service Area**



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

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

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

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

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

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

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

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

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

### **Local Economy**

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

Because the area functions in part as "bedroom communities" to the Bay Area's financial, high-tech, and service industries, housing-related development, construction, and service-related businesses dominate the local economy. In general, the local economy is consistent with the Bay Area economy. During the first half of FY19/20, the local economy within the District's service area experienced solid economic growth with no indication of an economic slowdown in the short term. The unemployment rate within the region was 3.0% in February 2020, slightly lower than the last couple of years<sup>1</sup>, and lower than the state average unemployment rate for February 2020 of 3.9%.<sup>2</sup>

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

During the COVID-19 pandemic, many people lost their jobs and the unemployment rate soared to 15.5% in April 2020 in California. As of March 2021, the state unemployment rate was 8.3%. Unemployment rates have started to decline as businesses have been allowed to reopen.<sup>2</sup> In addition, the Bay Area region experienced a sharp increase in the unemployment rate (14.2%) for the same period in 2020 and has recovered slightly to 6.6% as of March 2021.<sup>1</sup>

There are many unknown factors and uncertainties regarding the financial impacts associated with the COVID-19 pandemic. Growth and development activities will continue to be closely monitored for any unknown impacts to water use and the associated impact to SSC revenue in the future.

Median household income in Bay Point, Pittsburg, and Antioch was \$55,856, \$70,770, and \$71,422, respectively, compared with the Contra Costa County median household income of \$93,712 in 2018<sup>3</sup>. Populations in Pittsburg and Antioch have grown from 64,015 and 103,509 in 2011 to 74,498 and 112,848 in 2021, respectively<sup>4</sup>. This information was not separately available for Bay Point as it is an unincorporated area. Median housing prices were \$512,777 in Bay Point, \$650,000 in Pittsburg, and \$563,643 in Antioch, as reported by Zillow for March 2021<sup>5</sup>.

<sup>1</sup> US Bureau of Labor Statistics - [www.bls.gov/regions/west/ca\\_oakland\\_md.htm](http://www.bls.gov/regions/west/ca_oakland_md.htm)

<sup>2</sup> US Bureau of Labor Statistics - [www.bls.gov/regions/west/california.htm](http://www.bls.gov/regions/west/california.htm)

<sup>3</sup> United States Census Bureau - [www.census.gov/quickfacts/fact/table/US/PST045219](http://www.census.gov/quickfacts/fact/table/US/PST045219)

<sup>4</sup> California Department of Finance - [www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/](http://www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/)

<sup>5</sup> Zillow - [www.zillow.com/home-values](http://www.zillow.com/home-values)

## ***Strategic Planning Goals and Objectives***

The District's current Strategic Business Plan, which includes Mission, Vision, Values, and Goals, was adopted by the Board in September 2014. In March 2021, the Board adopted minor revisions to the Strategic Business Plan to update key staffing changes, add a new "General Manager's Message," and revise the overall document format. The District is currently undertaking a major revision to this document, which will likely result in new Mission, Vision, and Values, as well as Goals, Strategies, and Objectives to guide long-term planning, focus areas and resource allocation, and decision-making processes over the next few years. This effort is expected to be completed by September 2021. Following a brief excerpt of the existing Strategic Business Plan's Mission, Vision, and Core Values below, a list of key initiatives intended to support implementation of the plan in FY19/20 is provided (no initiatives developed in FY20/21 due to COVID-19).

## **Mission, Vision & Core Values**

### **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**

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

## **Strategic Business Initiatives** (presented to Board in September 2019)

### **Financial Sustainability**

1. Conduct a comprehensive infrastructure condition assessment at the District's Wastewater Treatment Plant (WWTP) to guide prioritized, long-term capital investment.
2. Navigate potential barriers to implementing a large-scale organics co-digestion effort ("East County Bioenergy Project") and explore alternative project models and implementation timelines that bolster project viability.
3. Develop a near-term strategy and timeline to guide financial planning for future nutrient management investment at the WWTP (i.e., Advanced Treatment Fund).
4. 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**

1. Provide "change management" training to support development and application of new ideas and approaches to improve the organization.
2. Provide biological wastewater treatment process training (e.g., activated sludge, microscopy, process control model) for Operations/Engineering staff.
3. Develop an improved performance planning and appraisal process to support workforce development and management.

### **Operational Excellence**

1. Initiate implementation of a risk-based Asset Management Program that ensures effective asset performance, reliability, and investment through integrated, robust business processes.
2. Conduct disaster response and recovery exercises to support emergency preparedness and resiliency.
3. Conduct a vulnerability assessment at the WWTP to mitigate the impacts of potential infrastructure, equipment, and operational threats to regulatory compliance and safety.
4. 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.

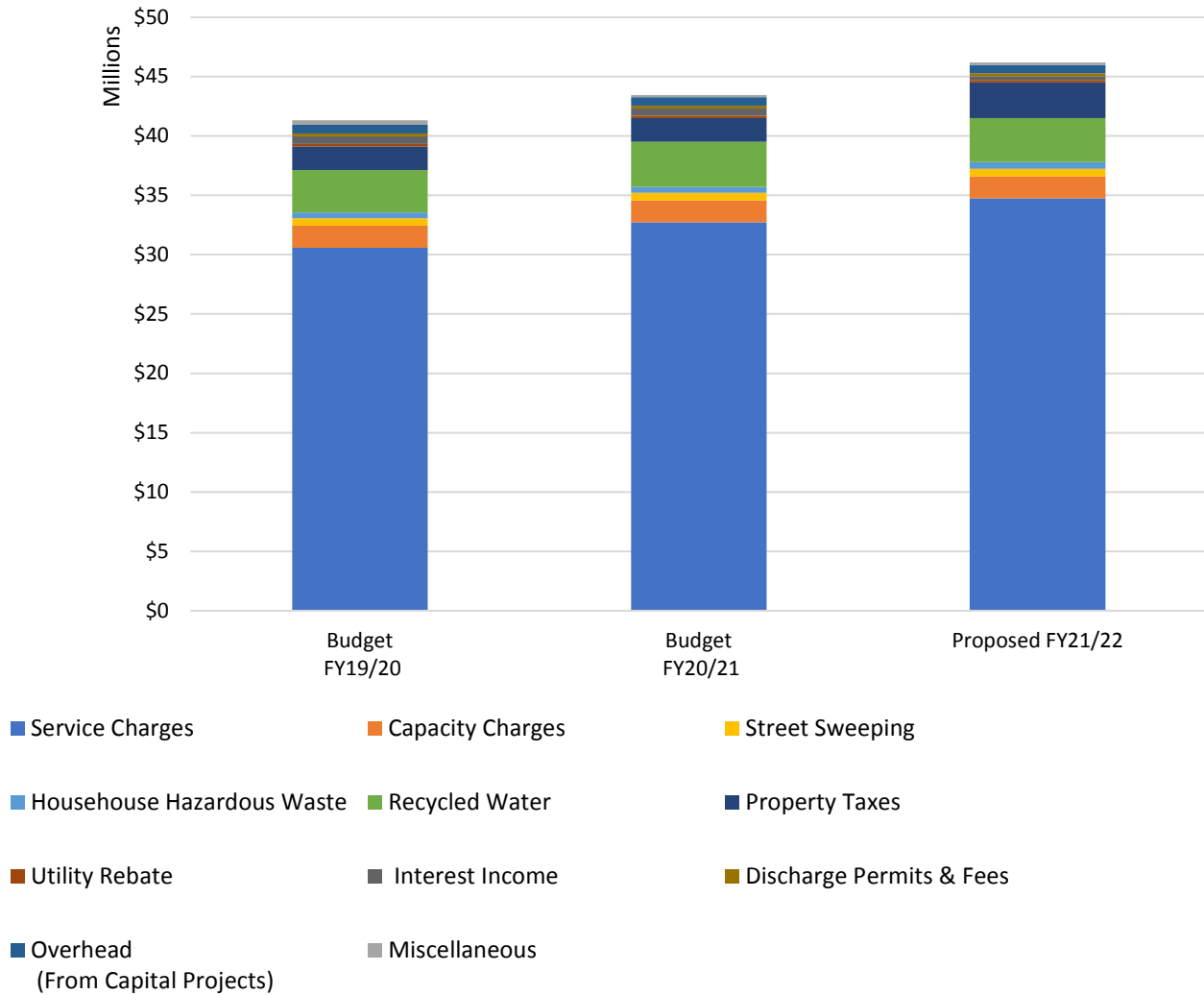
### **Workplace Innovation**

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

### **Stakeholder Engagement**

1. 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.
2. 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.

## Budget Overview



**Figure 2 - FY19/20-FY21/22 Sources of Funds/Revenues**

### Budget Assumptions

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

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

The District has a stable revenue foundation, with 69% of the District's FY21/22 total sources of funds/revenues coming from SSCs. SSC revenue as a percentage of total revenue excluding debt is approximately 75%. Other significant revenue sources include CFCCs, recycled water sales, and ad valorem taxes. The proposed FY21/22 Budget includes revenue totaling \$46.2 million, excluding other financing sources. This represents an increase of 6% relative to FY20/21.

**SSCs** are charges collected from residential and non-residential customers for sewer use. Annual SSC revenues are collected by the Contra Costa County Tax Assessor's Office on the property tax roll and are remitted to the District in December, April, and June. Some non-residential customers are charged monthly or quarterly, rather than annually, based on either water usage or actual sewer flows. SSCs are a highly distributed revenue source for the District with the top ten wastewater service customers representing approximately 15% of annual billing in FY20/21. This lack of concentration equates to a more stable revenue stream and is less susceptible to fluctuations in the economy or local business climate.

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

On June 9, 2021, following a Proposition 218 notice process, the Board is scheduled hold a public hearing for FY21/22 SSC increases of 6.5% for residential customers in Antioch and Pittsburg (from \$403.10 to \$429.42 annually [+\$26.32/year increase]) and 5.9% for residential customers in Bay Point (from \$556.47 to \$589.25 annually [+\$32.78/year increase]), along with SSC adjustments for non-residential customers (varies by customer class).

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

CFCC revenue is forecasted for the next year based on the cost per ERU and an assumed growth rate of 400 ERUs being developed during the fiscal year. In FY21/22, staff plans to conduct a CFCC cost-of-service study to ensure costs are in alignment with capacity considerations and capital planning.

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

Recycled water usage for FY21/22 is forecasted to be about 7,147 acre-feet (2,254 million gallons). Recycled water revenue is projected to decrease by \$82,408 or -2% compared to FY20/21.

**Ad Valorem Property Taxes** are collected on property tax bills and represent 1% of the assessed value of property. The ad valorem property tax paid for a particular parcel is allocated to several agencies for a variety of purposes. As a special district, the District is allocated a portion of these taxes. Ad Valorem Property Taxes are projected to increase 50% or \$1 million following elimination of CFCC reductions (March 2021 Board action).

**Other Financing Sources** – Other financing sources are primarily debt in the form of low interest-loans from the state of California. Clean Water State Revolving Fund (SRF) loans and other loan

proceeds are used in combination with existing funds and reserves for capital improvements to implement the District's CIP.

**Use of Funds/Expenditures:** The District continues to experience increases in annual operating costs over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and outside services costs, as well as increasingly more stringent regulatory requirements. The FY21/22 Budget is \$43.5 million with the operating budget totaling \$29.3 million and capital (including debt service) totaling \$14.2 million. The operating budget represents a \$19,876 increase (0.0%) relative to FY20/21 (\$29.3 million) and the capital budget (including debt service) represents a \$3.6 million decrease (-20%) relative to FY20/21 (\$17.8 million). Major operating cost categories include Salaries and Benefits, Chemicals, Utilities, Office and Operating, and Outside Services. The District has planned use of \$8.1 million in WW O&M Fund reserves for FY21/22 to support allocation of additional SSC revenue to meet capital investment needs.

**Salaries and Benefits:** This category represents approximately 59% of the District's FY21/22 operating budget. The District regularly evaluates organizational structure and needs, and strives to align staffing with the changing operating needs and regulatory requirements. The current staffing plan facilitates how the District responds to those needs. Staffing will continue to be a priority as the District has experienced and will potentially continue to experience a high number of staff retirements in the near term with approximately 47% of staff approaching retirement eligibility within the next three years.

- **Cost-of-Living Adjustment (COLA).** An annual COLA is specified in the memoranda of understanding (MOUs) for each of the District's three bargaining units. The MOUs specify that the District will adjust salaries for the first full pay period after July 1 each year, from a minimum of 2% up to 5% based on the April to April change in the Consumer Price Index (CPI) for San Francisco/Bay Area Wage Earners. The percentage information was available in May and COLAs of 4.1% are included in Salaries and Benefits.
- **Unfunded Positions and Salary Savings:** A total of 77.5 full-time equivalent (FTE) positions are budgeted in FY21/22. Based on an assessment of resource needs, staff estimates that four positions will remain unfilled and unfunded in FY21/22, which results in an annual savings of \$1.1 million.
- **Position Changes:** No new full-time positions are recommended, despite complex initiatives being proposed. The FY21/22 budget includes an Operations Support-Construction Coordinator/Retired Annuitant, Finance Professional/Retired Annuitant, and three intern positions (Maintenance, Engineering, Laboratory) (5 x 0.5 FTE each = 2.5 FTEs)
- **Medical Insurance:** Annual medical insurance premium costs have increased by 7.5%, (+\$60,000) while most other health benefits (e.g., vision, Employee Assistance Program, and life insurance) are not expected to increase.
- **California Public Employees' Retirement System (CalPERS) Funding:** In November 2011, the Board adopted CalPERS Tier 2 (2.0% at age 55), which applies to employees hired between July 1, 2012 and December 31, 2012, or hired on or after January 1, 2013, as a member of a qualified public pension plan (e.g., CalPERS, Contra Costa County Employee Retirement Plan, etc.). Prior to July 1, 2012, 100% of all employees were enrolled in CalPERS Tier 1 (2.7% at age 55). Furthermore, the Public Employees' Pension Reform Act of 2013 (PEPRA), effective January 1, 2013, established Tier 3 (2.0% at age 62), which



applied to employees hired on or after January 1, 2013, who are not members of a qualified public pension plan. As of FY20/21, 54% of all employees are in either Tier 2 or Tier 3 and since new hires are no longer eligible to become members of Tier 1, there are ongoing savings as employees leave the District and vacant positions are filled at Tiers 2 and 3. The District assumes that new journey level, professional, and management hires will be Tier 2, because it is likely that they would have been a member in CalPERS or a reciprocal plan. The District assumes that new entry level hires will be Tier 3, because it is unlikely that these hires would have been members in CalPERS or a reciprocal plan. In addition to the lower employer-paid contributions into CalPERS, all new hires pay their full employee contributions into CalPERS, as well as contributions into the Other Post-Employment Benefits (OPEB) trust, which is at 3% of base salary.

- CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.3 million, which is an increase of approximately \$0.2 million from FY20/21.
- Succession Planning: There was no change from FY20/21 in the \$0.1 million budget for overlap of new hires and incumbents in critical positions.
- Contra Costa County Retirees' Association (CCCERA) Funding: In July 2014, the Board established Contributed Benefit Savings (CBS) funding levels of 3.75% of salaries to maintain the integrity of the CCCERA plan for District retirees and employees who remained in the CCCERA system after the District transitioned from the CCCERA pension plan to CalPERS in July 2014.
- OPEB Trust Fund Annual Funding: The Board's adopted OPEB Funding Policy states the intent to fund the District's Actuarially Determined Contribution (ADC), which the Board has done each year since the trust fund was established in February 2010. District employees pay 3% of base salaries into the trust and the District budgets the required 3% match, as well as actual retiree medical costs which are deposited into the OPEB trust fund. The FY21/22 operating budget includes an ADC of \$0.9 million. The funded status of the District's total OPEB liability was 79% on June 30, 2020 and 78.3% on June 30, 2019 using the market value of assets. Potential impacts from COVID-19 are as follows:
  - Public Employees' Medical & Hospital Care Act (PEMHCA) premiums: CalPERS issued preliminary 2022 premiums in June and will issue final 2021 premiums in July. This will impact the next June 30, 2020 actuarial valuation. Going forward, healthcare insurers will need to look at many impacts, including the cost of COVID-19 care, the possibility of future waves, the amount of testing, the development of treatments and vaccines, the delay of other healthcare, and the impact of social distancing on the level of other healthcare claims.
  - Asset Values on June 30, 2020: The equity market has recovered from its low back in March 2020. However, if there is any difference from the long-term annual return rate assumption of 6.25%, it will be phased in over five years for funding and reflected immediately for accounting.
  - Mortality assumptions: The Society of Actuaries is monitoring how mortality improvement assumptions will be impacted.

- **Public Agency Retirement Services (PARS) Funding:** The FY21/22 operating budget includes a one-time payment of \$0.1 million to PARS. The PARS trust account was established to pre-fund both CalPERS pension obligations and/or OPEB obligations. The additional funds in PARS will provide funding to mitigate future rate revenue required for projected sharp increases in pension or OPEB costs due to decreases in discount rates, an accelerated amortization schedule, and/or investment losses.

**Chemicals:** This cost is approximately 6% of the FY21/22 Budget. The District normally participates in the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals, to leverage purchasing power among the members and receive cost-effective bids. As external factors (e.g., tariffs) cause chemical prices to rise, this approach allows the District to benefit from the most competitive market prices. Staff has conducted a comprehensive review of chemical unit costs, estimated quantities, and associated contingencies. The FY21/22 chemical budget totals \$1.7 million, including \$1.1 million for wastewater and \$0.6 million for recycled water, which is the same as last year.

**Utilities:** This category represents approximately 8% of the FY21/22 Budget. Staff continues to identify opportunities to reduce on-site energy demand. Staff has identified and implemented changes to operating strategies based on variable energy cost schedules to reduce energy costs.

**Office and Operating:** This category represents approximately 11% of the FY21/22 Budget. Permit and regulatory fees are expected to increase by 4% (\$13,000) in FY21/22 for a total budget of \$0.3 million.

**Outside Services:** This category represents approximately 14% of the FY21/22 Budget and includes items such as temporary, legal, and professional services. Professional services is the largest item in the Outside Services category and is budgeted in the amount of \$1.1 million. This represents an 8% decrease over last year or a \$0.1 million decrease and is representative of planned organizational improvement initiatives, including Munis ERP enhancements, as well as Capital Facilities Capacity Charges study, GIS system improvements, regulatory compliance support services, and updates to District standards are planned for FY21/22.

**Capital Expenses** of \$12.9 million for FY 21/22 include expenses to build or acquire new capital assets, replace existing assets, or rehabilitate existing assets to extend the useful life. Details of these expenses can be found in the 5-Year CIP, which is presented later in this budget document.

**Debt Service** includes the principal and interest payments for the District's outstanding loans. Debt service is approximately \$1.3 million, which is a 12% increase or over last year. This increase is due to conclusion of the Bay Point Sewer Rehabilitation Phase 4 Project. Debt service is anticipated to increase in FY23/24 when debt service for the Pump Station Facilities Repair Project begins. A detailed breakdown of debt related activities can be found in Section 4.

## Section 2. Financial Structure, Policies, and Processes

### *Organization*

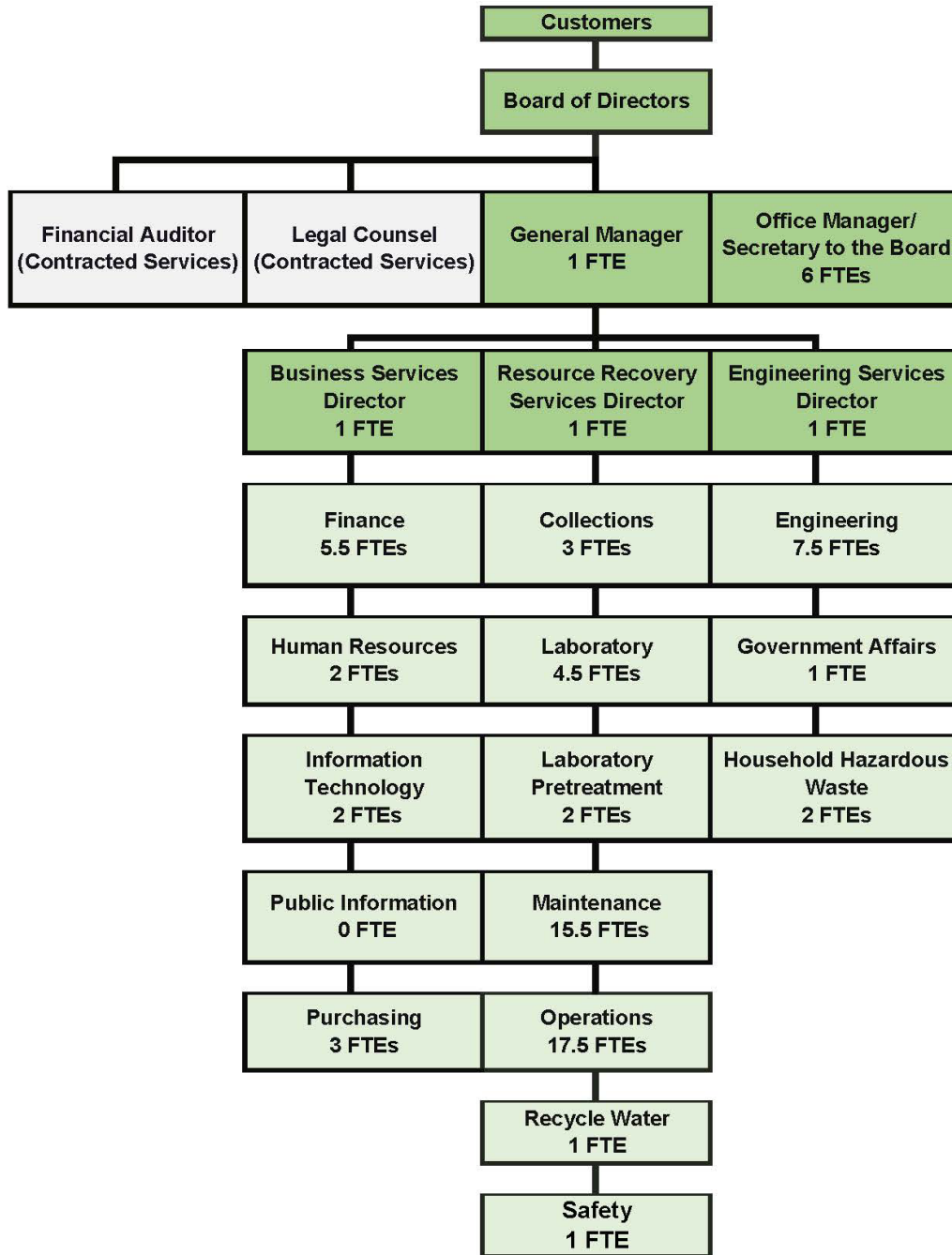
The District is governed by a three-member Board with one member appointed to represent each zone, including a designated councilmember from the City of Pittsburg, the Mayor of the City of Antioch (or designee), and the Contra Costa County Board of Supervisors member representing the unincorporated Bay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

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

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

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

The Delta Diablo Organization Chart is presented in Figure 3 and includes a graphical representation of the District's fund structure. This figure is followed by a summary of Budgeted Positions as of July 1, 2021 in Table 2. This table shows a three-year comparison of budget positions for the prior year, the current year, and the new budget year.



**Figure 3 – Delta Diablo Organization Chart**

**Table 2 – Budgeted Positions as of July 1**

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

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

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

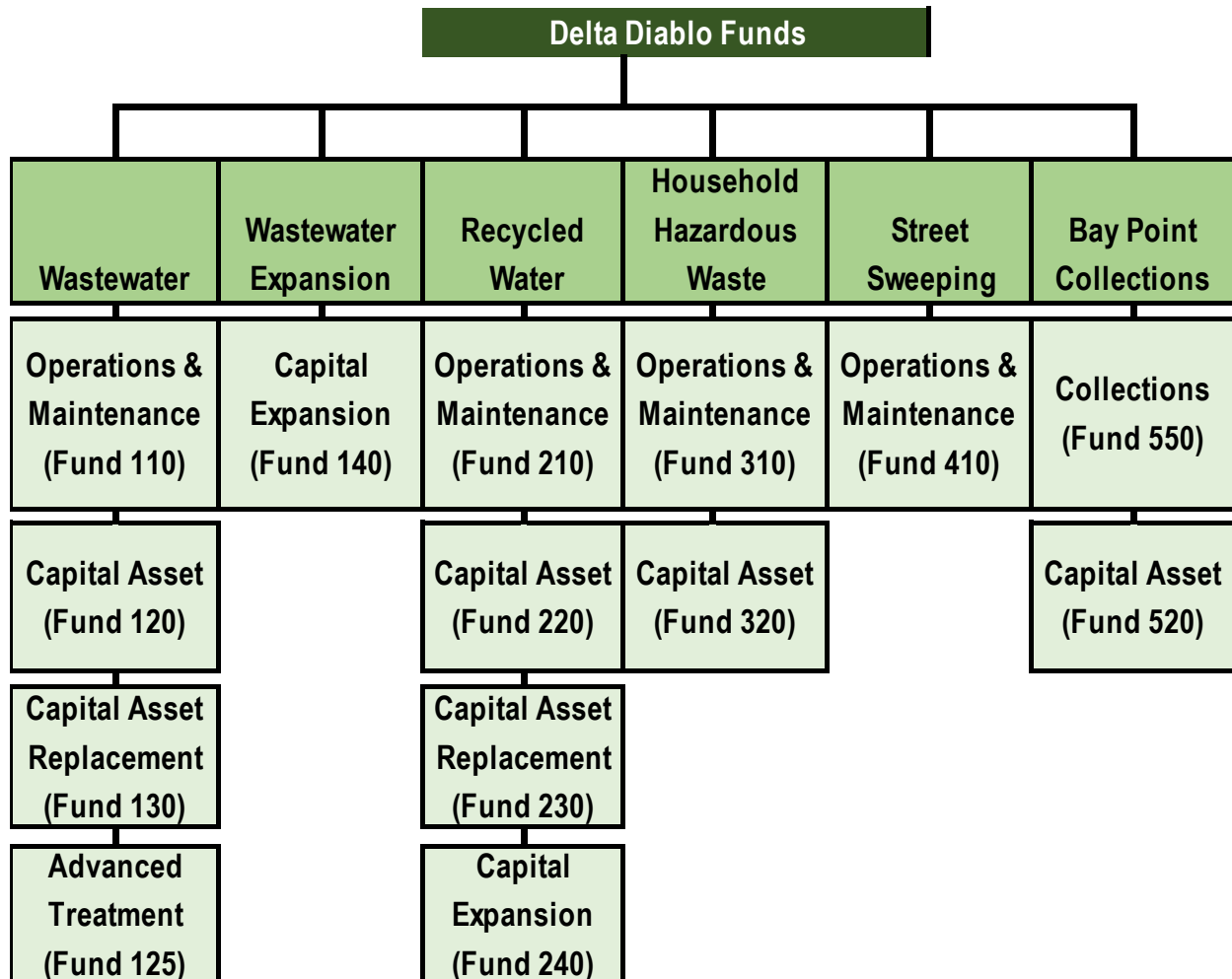
<sup>2</sup>Positions transferred from Resource Recovery to Business Services

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

<sup>4</sup>Assistant Engineer promoted to Associate Engineer in FY19/20

### **Fund Descriptions and Fund Structure**

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



**Figure 4 – Delta Diablo Funds**

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



**Capital Asset (CA) Funds:** The Wastewater, Recycled Water, and HHW Funds ensure that adequate resources are available to fund new capital projects (not related to growth) and to provide debt service for debt which the Board has allocated to these funds. Expenses are non-linear. Reserves in these funds grow in anticipation of large future expenditures and will be depleted as projects are completed. Primary funding is from applicable service charges and may include other funding sources such as grants and loans.

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

**Advanced Treatment (AT) Fund:** This fund is designed to minimize significant future rate increases by providing dedicated funding to meet a future, more stringent regulatory requirement for advanced wastewater treatment. Primary funding is from SSCs and may be include other funding sources such as grants and loans. The SSC rate component has been suspended for FY21/22 based on a revised implementation schedule and capital cost estimate.

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

### ***Basis of Accounting and Budgeting***

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

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

### ***Budget Process***

The annual budget process begins each year with a review of expenditures to determine how well the budget plan is working. Unanticipated expenses are identified, and revenue and expenditure patterns are analyzed. With this information, the operational budget directions are provided to staff and line item proposals are developed. For the capital budget, the Senior Engineer works with

department managers to update the 5-year CIP. Operational budget line item proposals are reviewed by each respective department's Director and the Business Services Director prior to submittal to the General Manager for final review. Changes are made as appropriate throughout the review process.

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

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

### ***FY21/22 Budget Development Calendar***

<b>January 2021</b>	Budget kickoff meeting with District management is held and budget directions provided to staff.
<b>Jan – April</b>	Staff develops proposed Operating Budget and 5-year CIP.
<b>May 5, 2021</b>	Finance Committee reviews key assumptions for proposed FY21/22 Operating Budget and draft 5-year CIP.
<b>May 12, 2021</b>	Board receives report on key assumptions for proposed FY21/22 Operating Budget. Board receives presentation on draft 5-year CIP. Board sets Public Hearing for June 9, 2021 to consider approval of 5-year CIP.
<b>June 9, 2021</b>	Board adopts a resolution approving 5-year CIP after Public Hearing.
<b>June 9, 2021</b>	Board considers FY21/22 Budget.

### ***Budgetary Levels of Control***

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

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

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

- l) Except in the event of calamities as prescribed by Public Contracts Code § 20783, sign unbudgeted agreements/contracts on behalf of the District up to \$35,000 consistent with Board philosophy and direction and subject to a monthly report to the Board of all agreements/contracts signed during the previous month.
- m) In accordance with Resolution 3/96, approve Change Orders to construction contracts.
- n) Manage long-term debt obligations based upon the approved contracts and obligations by the Board.
- o) Execute and/or accept easements, offers of dedication and right-of-way documents and/or drawings for the District.
- p) Negotiate and execute contractual agreements regarding recycled water matters and issues which have been previously presented to the Board and for which they have issued general direction after confirmation from the Recycling Ad Hoc Committee prior to finalization.
- q) Issue requests for qualifications, proposals, construction bids for contracts or construction projects included in the budget or Capital Improvement Program.
- r) Prepare and circulate Initial Studies, Notices of Intent and set hearing dates as required under CEQA.
- s) Circulate Capital Improvement Program (CIP) to planning agencies for review and findings on consistency between District CIP and agency's General or Specific plans.

### ***Financial Planning Policies***

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

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

### ***Reserves***

- Economic Reserves: Maintaining sufficient economic reserves is an essential part of the District's ability to ensure reliable and cost-effective services now and in the future. The District has established a policy to maintain a minimum reserve balance of 40 percent of annual budgeted operating expenditures in the Regional Treatment and Conveyance (Wastewater O&M) Fund. In addition, all fund balances are considered in the longer 5-year financial plan. A number of these funds are designated to support multiple District services (beyond wastewater operations) and are constrained as to their use, applicability, and consideration as "available cash." Maintaining economic reserves supports the District's efforts to meet unanticipated operating costs, continue services during unforeseen economic events and emergencies, and address other urgent and/or unusual items. Future

capital planning and associated capital fund balances are a cost of current service, because current service does not just include providing wastewater conveyance and treatment service today, but also ensuring ongoing, reliable service into the future.

- **AT Reserves:** The District has to modified its original approach to collecting revenues for the AT Fund, which was proactively established in 2011 to avoid sharp rate increases to customers due to implementation of nutrient removal upgrades at the District's WWTP. In recent years, the District has successfully collaborated with regulators, the scientific community, and other Bay Area Clean Water Agencies members to focus on nutrient impact analyses and water quality modeling in San Francisco Bay rather than the future imposition of regional nutrient removal permit limits. The key outcome of this collaborative effort has been an approximate 10-year extension in the originally-anticipated implementation timeline. In response to the implementation timeline extension, the Board has taken actions to reduce and eliminate planned AT Fund SSC component increases in June 2018 and June 2019, respectively. As presented at the Board Meeting on March 11, 2020, in addition to the timeline extension, staff has estimated that the initial capital cost for nutrient management is lower than originally anticipated and will most likely be combined with a secondary treatment capacity plant expansion. Based on this new information and the anticipated timeline for using these funds, the District suspended collection of the AT Fund SSC component in FY20/21 and FY21/22, which has allowed staff to increase revenue to support capital investment needs.

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

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

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

*This page intentionally left blank.*



## Section 3. Financial Summaries

### Consolidated Financial Schedule

The District's Consolidated Financial Schedule is presented in Table 3. It includes major funding sources/revenues and the use of funds/expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the District for the Budget FY19/20, Actual FY19/20, Budget FY20/21, Proposed FY20/21, and Proposed FY21/22. The % Difference from FY21/22 to FY20/21 is shown for comparison.

**Table 3 – FY21/22 Consolidated Financial Schedule**

Funding Sources/Use of Funds						
Category	Budget FY19/20	Actual FY19/20	Budget FY20/21	Proposed FY20/21	Proposed FY21/22	% Difference FY22 to FY21 Budget
<b>Sources of Funds/Revenues</b>						
Service Charges	\$30,592,143	\$33,035,789	\$32,723,671	\$34,387,926	\$34,750,104	6%
Capacity Charges	1,842,464	1,540,614	1,842,464	5,591,294	1,842,464	0%
Street Sweeping	639,008	647,366	649,115	661,080	650,000	0%
Household Hazardous Waste	481,409	424,924	494,087	499,389	554,400	12%
Recycled Water	3,569,848	3,629,421	3,802,371	3,719,963	3,719,963	-2%
Property Taxes	2,000,000	3,111,068	2,000,000	3,244,536	3,000,000	50%
Utility Rebate	200,000	244,300	200,000	246,908	200,000	0%
Interest Income	650,389	1,243,479	593,356	264,204	315,127	-47%
Discharge Permits & Fees	250,000	150,600	250,000	120,550	250,000	0%
Overhead (From Capital Projects)	700,000	248,294	700,000	1,288,000	700,000	0%
Miscellaneous	200,000	227,231	200,000	162,506	200,000	0%
Other Finance Sources		101,384		423,275	-	0%
<b>Subtotal Sources of Funds/Revenues</b>	<b>41,125,261</b>	<b>44,604,470</b>	<b>43,455,064</b>	<b>50,609,631</b>	<b>46,182,058</b>	6%
Loans	12,024,480	1,206,169	3,500,000	10,815,263	4,500,000	8%
<b>Total Source of Funds/Revenues</b>	<b>53,149,741</b>	<b>45,810,639</b>	<b>46,955,064</b>	<b>61,424,894</b>	<b>50,682,058</b>	8%
<b>Use of Funds/Expenditures</b>						
Salaries & Wages	10,247,667	9,628,896	10,183,025	9,655,017	9,988,533	-2%
Employee Benefits	6,690,797	6,402,625	6,875,551	6,312,369	7,197,566	5%
Chemicals	1,864,900	1,299,884	1,725,750	1,384,008	1,746,008	1%
Office and Operating Expense	3,007,499	2,508,654	3,265,410	2,813,362	3,311,360	1%
Outside Services	4,042,433	3,199,829	4,389,806	3,285,294	4,072,429	-7%
Program Costs (Overhead)	454,905	353,745	400,000	410,000	410,000	3%
Utilities	1,888,570	1,774,025	1,946,139	2,145,876	2,299,661	18%
Contingency Allowance	460,000	36,787	500,000		310,000	-38%
<b>Operating before Debt and Capital</b>	<b>28,656,771</b>	<b>25,204,445</b>	<b>29,285,681</b>	<b>26,005,926</b>	<b>29,335,557</b>	0%
Debt Service	2,044,548	1,187,440	1,190,769	1,190,769	1,336,324	12%
<b>Operating before Capital</b>	<b>30,701,319</b>	<b>26,391,885</b>	<b>30,476,450</b>	<b>27,196,695</b>	<b>30,671,881</b>	1%
Capital Improvements	20,845,433	17,104,582	16,650,000	26,088,516	12,890,000	-23%
<b>Total Use of Funds/Expenditures</b>	<b>51,546,752</b>	<b>43,496,467</b>	<b>47,126,450</b>	<b>53,285,211</b>	<b>43,561,881</b>	-8%
<b>CONTRIBUTION/(USE) of RESERVES</b>	<b>\$1,602,989</b>	<b>\$2,314,172</b>	<b>(\$171,386)</b>	<b>\$8,139,683</b>	<b>\$7,120,177</b>	N/A

*This page intentionally left blank.*





## Fund Equity

The District's Fund Equity is presented in Table 4 and includes the proposed FY21/22 Budget for all major funds, by major category.

**Table 4 – Fund Equity Summary**

	OPERATIONS & MAINTENANCE	CAPITAL ASSET	ADVANCED TREATMENT	CAPITAL ASSET REPLACEMENT	WASTEWATER EXPANSION	RECYCLED WATER	HOUSEHOLD HAZARDOUS WASTE	STREET SWEEPING	BAY POINT	All Funds Total
<b>SOURCE OF FUNDS/REVENUES</b>										
Capital Facilities Capacity Charges					\$1,840,000	\$2,464				\$1,842,464
Sewer Service Charges	\$14,421,625			\$19,112,197					\$1,216,282	34,750,104
Street Sweeping Charges								\$650,000		650,000
Household Hazardous Waste							\$554,400			554,400
Property Taxes				3,000,000						3,000,000
Utility Rebates (from Calpine)	200,000									200,000
Interest Income	266,316					27,185	550	4,794	16,282	315,127
Discharge Permits & Fees	250,000									250,000
Overhead (from Capital Projects)	700,000									700,000
Miscellaneous	200,000									200,000
Recycled Water Charges						3,719,963				3,719,963
<b>TOTAL REVENUES</b>	<b>16,037,941</b>	<b>0</b>	<b>0</b>	<b>22,112,197</b>	<b>1,840,000</b>	<b>3,749,612</b>	<b>554,950</b>	<b>654,794</b>	<b>1,232,564</b>	<b>46,182,058</b>
<b>OTHER FINANCING SOURCES</b>										
Loans and/or Other Financing Sources				4,500,000						4,500,000
Transfers In/(Out)	-381,600			-			381,600			-
Interfund Loan	478,600		3,000,000	-140,000	-3,338,600					-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>97,000</b>		<b>3,000,000</b>	<b>4,360,000</b>	<b>-3,338,600</b>	<b>-</b>	<b>381,600</b>	<b>-</b>	<b>-</b>	<b>4,500,000</b>
<b>TOTAL SOURCE OF FUNDS/REVENUES</b>	<b>16,134,941</b>	<b>0</b>	<b>3,000,000</b>	<b>26,472,197</b>	<b>-1,498,600</b>	<b>3,749,612</b>	<b>936,550</b>	<b>654,794</b>	<b>1,232,564</b>	<b>50,682,058</b>
<b>USE OF FUNDS/EXPENDITURES</b>										
<b>OPERATING</b>										
Salaries and Wages	8,966,925					513,927	134,146	-	373,535	9,988,533
Benefits	6,428,583					332,884	122,101		313,998	7,197,566
Chemicals	1,162,000					584,000			8	1,746,008
Office and Operating Expense	2,924,282					309,318	63,036		14,724	3,311,360
Outside Services	2,657,613					33,300	621,016	717,000	43,500	4,072,429
Program Costs (Overhead)						360,000			50,000	410,000
Utilities	1,777,775					521,000	886			2,299,661
Contingency Allowance	300,000					10,000				310,000
<b>TOTAL OPERATING EXPENDITURES</b>	<b>24,217,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,664,429</b>	<b>941,185</b>	<b>717,000</b>	<b>795,765</b>	<b>29,335,557</b>
<b>CAPITAL IMPROVEMENT PROJECTS</b>										
Debt Service		\$146,624	-	763,211	127,646	15,102			283,741	1,336,324
Capital Projects		100,000		12,315,000		350,000	25,000		100,000	12,890,000
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>-</b>	<b>246,624</b>	<b>-</b>	<b>13,078,211</b>	<b>127,646</b>	<b>365,102</b>	<b>25,000</b>	<b>-</b>	<b>383,741</b>	<b>14,226,324</b>
<b>TOTAL USE OF FUNDS/EXPENDITURES</b>	<b>24,217,178</b>	<b>246,624</b>	<b>-</b>	<b>13,078,211</b>	<b>127,646</b>	<b>3,029,531</b>	<b>966,185</b>	<b>717,000</b>	<b>1,179,506</b>	<b>43,561,881</b>
<b>CONTRIBUTION/(USE) of RESERVES</b>	<b>-8,082,237</b>	<b>-246,624</b>	<b>3,000,000</b>	<b>13,393,986</b>	<b>-1,626,246</b>	<b>720,081</b>	<b>-29,635</b>	<b>-62,206</b>	<b>53,058</b>	<b>7,120,177</b>
<b>FY21/22 Estimated Beginning Fund Equity</b>										
	27,907,149	3,852,117	16,828,496	5,404,796	7,108,678	6,265,599	147,686	1,196,134	3,965,209	72,675,864
<b>FY21/22 Estimated Ending Fund Equity</b>										
	\$19,824,912	\$3,605,493	\$19,828,496	\$18,798,782	\$5,482,432	\$6,985,680	\$118,051	\$1,133,928	\$ 4,018,267	\$ 79,796,041

*This page intentionally left blank.*



## **Section 4. Capital and Debt**

### ***Capital***

The FY21/22-FY25/26 CIP provides the financial plan for use of various District financial resources for acquisition, planning, design, and construction of major capital improvements within the District's facilities for the Wastewater, Recycled Water, Bay Point Collections, and HHW programs. This section summarizes the financial plan for major capital projects required to meet District infrastructure investment needs. The CIP reflects long-range capital planning efforts by identifying specific projects, the timing of expenditures, and the estimated impact on future operating budgets.

### **Definition of Capital Expenditures**

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

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

### **Program Description**

The FY21/22-FY25/26 CIP guides planning, design, construction, and financing of prioritized capital projects in the District's wastewater conveyance, collection, and treatment systems and recycled water system. These critical projects are necessary to ensure the continued effective and reliable operation of existing infrastructure, address future service needs, and meet current and future regulatory requirements. The 5-year CIP is updated annually to reflect current priorities, address new project needs, and adjust estimated project costs and implementation schedules. In addition, this process assists in identifying long-term financial and resource needs and budget appropriations required to support project implementation at the start of each fiscal year. The 5-year CIP was considered in developing both the SSCs for FY21/22 and the 5-year SSC forecast.

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

The FY21/22-FY25/26 CIP includes a total of approximately \$127 million in prioritized capital improvements that address significant changes to existing projects, as well as addition of new priorities. Key CIP highlights include the following:

- **Addressing New Infrastructure Needs:** As a result of the RRFMP condition assessment findings, 16 new projects were added to the CIP with an estimated total project cost of \$10.0 million, including \$0.7 million for the Treatment Plant Structural Assessment and Rehabilitation Project and \$0.3 million for Condition Assessment of Treatment Plant Underground Piping Project, both of which will inform future infrastructure renewal needs.
- **Investing in Existing Wastewater Infrastructure Renewal:** Approximately 79% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$10.3 million), WWTP Electrical Switchgear Replacement (\$9.4 million), Cogeneration System Improvements (\$5.0 million), Bridgehead Pipeline Replacement (\$2.0 million), and Manhole, Gravity Interceptor, and Easement Road Improvements (\$1.3 million).
- **CIP Prioritization:** To support incorporation of new projects, staff worked to prioritize and defer implementation of previously identified projects, which resulted in deferral of approximately \$10.0 million for seven projects from Years 1, 2, and 3 to Years 4 and 5 of the proposed CIP.
- **Cash Funding Maximization:** Despite the significant increase in the magnitude of the proposed 5-year CIP (\$127 million compared to \$81.3 million for the current 5-year CIP), staff has worked to ensure the lowest overall cost to ratepayers by maximizing cash funding versus issuing debt. The planned funding approach for the proposed 5-year CIP includes 74% cash funding (versus 92% for the current CIP), which incorporates a 50% debt financing assumption for the new \$60.0 million Secondary Process Improvements Project.
- **Ensuring Integrity of Bay Point Collection System:** The District owns and operates 43 miles of gravity sewers in Bay Point. The CIP includes \$3.2 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years
- **Planning for the Future:** The proposed CIP identifies funding for multiple master planning efforts, including the current RRFMP (\$0.2 million), Electrical System Master Plan (\$0.3 million in FY24/25), Supervisory Control and Data Acquisition Master Plan (\$0.5 million in FY23/24), Biosolids Management Master Plan (\$0.4 million in FY25/26), and Recycled Water Master Plan Update (\$0.3 million in FY23/24)

### **FY21/22-FY25/26 CIP Budget Documents**

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

- **CIP Program Summary:** The schedule summarizes the available budget from prior appropriations, the anticipated budget for each fiscal year, the 5-year total budget, and the budget distribution among District funds for each capital project in the 5-year CIP. As shown in Table 5, most of the capital expenditures are focused on rehabilitation and replacement of existing assets in both FY21/22 (95.5%) and the 5-year CIP. Key asset renewal and replacement projects in FY21/22 include the WWTP Electrical Switchgear

Replacement (\$3.0 million), Cogeneration System Improvements (\$0.3 million), Bridgehead Pipeline Replacement (\$2.0 million) and, Manhole, gravity Interceptor, and Easement Road Improvements (\$0.8 million).

- ***FY21/22 CIP Project Descriptions:*** This document summarizes the project scope, identifies the FY21/22 project budget and the total 5-year budget, and serves as a consolidated reference for active capital projects.
- ***Detailed Project Descriptions:*** Each significant capital project has a dedicated planning level document that describes its scope, schedule, budget, risk assessment, funding type and source(s), inter-relationship to other capital projects, and other information to adequately justify the project need and timing.

<b>Fund</b>	<b>FY21/22 Budget (\$M)</b>	<b>% of FY21/22 Total</b>	<b>5-Year CIP Total (\$M)</b>	<b>% of 5-Year CIP Total</b>
Wastewater				
Capital Asset	\$0.10	0.8%	\$1.0	0.8%
Capital Asset Replacement	12.32	95.5	100.0	78.7
Expansion	0.00	0.0	11.7	9.2
Advanced Treatment	0.00	0.0	4.3	3.4
Recycled Water				
Capital Asset	0.05	0.4	1.6	1.3
Capital Asset Replacement	0.30	2.3	3.9	3.1
Expansion	0.00	0.0	0.2	0.1
Bay Point Collection	0.10	0.8	3.9	3.1
Household Hazardous Waste	0.03	0.2	0.4	0.3
<b>Total</b>	<b>\$12.90</b>	<b>100%</b>	<b>\$127.0M</b>	<b>100%</b>

**Table 5 – FY21/22-FY25/26 CIP Totals by District Fund**

*This page intentionally left blank.*





**Table 6 – FY21/22-FY25/26 CIP Summary (cont'd)**

Project Name	Project No.	Priority	Lead Dept. *	Total Approved Budget	Actual Expenditures to 6/30/20	Adjusted Budget FY19/20 to FY20/21	Approved Budget FY20/21	Total FY20/21 Budget Appropriation	Projected FY20/21 Cash Flow	Estimated Carryover Budget FY20/21 to FY21/22	Anticipated Budgets					5-Year Total	Fund Distribution											
											FY21/22	FY22/23	FY23/24	FY24/25	FY25/26		WW CA	WW CAR	WW Exp	AT	RW CA	RW CAR	RW Exp	BP Coll.	HHW			
<b>Advanced Treatment (Fund 125)</b>																												
Nutrient Technology Research and Innovation	17123	1	ES	\$201,844												\$250,000	\$250,000	\$500,000									100%	
<b>Advanced Treatment Fund Total</b>				<b>\$201,844</b>												<b>\$250,000</b>	<b>\$250,000</b>	<b>\$500,000</b>										
<b>Recycled Water Capital Asset (Fund 220)</b>																												
RWF IPS, Process Line Modification, and Blowdown	TBA	3	ES													\$250,000	\$850,000	\$1,100,000									100%	
Recycled Water Master Plan Update	TBA	3	ES															\$300,000		\$300,000							50%	
Small Recycled Water Facility Capital Asset Project	19103	3	ES	\$50,000			\$50,000	\$50,000			\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000									100%	
Treatment Plant Flow Equalization Improvements - Emergency Storage Basin	TBA	3	ES															\$125,000		\$125,000							100%	
<b>Recycled Water Capital Asset Fund Total</b>							<b>\$50,000</b>	<b>\$50,000</b>			<b>\$50,000</b>	<b>\$50,000</b>	<b>\$350,000</b>	<b>\$300,000</b>	<b>\$1,025,000</b>	<b>\$1,775,000</b>												
<b>Recycled Water Capital Asset Replacement (Fund 230)</b>																												
DEC and CCT Valves Replacement	TBA	1	ES													\$225,000	\$375,000	\$600,000									100%	
DEC Storage Tank Rehabilitation	TBA	2	ES													\$250,000	\$750,000	\$1,000,000									100%	
Sand Filter and Filter Cover Improvements	TBA	2	RRS													\$500,000	\$582,000	\$1,082,000									100%	
Recycled Water Distribution System Improvements	19114	3	ES															\$500,000		\$500,000							100%	
Unanticipated Recycled Water Infrastructure Repairs	19114	3	ES	\$100,000			\$100,000	\$100,000			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000									100%	
Sand Filter Intermittent Backwash System	TBA		RRS	\$750,000			\$750,000	\$750,000	\$250,000	\$500,000	\$100,000							\$600,000									100%	
DEC Tank Isolation Valves Replacement	TBA		RRS														\$100,000	\$100,000									100%	
Sand Filter Air Compressor Replacement	TBA		RRS	\$90,000			\$90,000	\$90,000	\$90,000																		100%	
RWF Clarifier Liner Rehabilitation	TBA		RRS														\$50,000	\$50,000									100%	
RWF Sand Pump Piping Replacement	TBA		RRS								\$100,000							\$100,000									100%	
<b>Recycled Water Capital Asset Replacement Fund Total</b>							<b>\$940,000</b>	<b>\$940,000</b>	<b>\$340,000</b>	<b>\$500,000</b>	<b>\$300,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$1,075,000</b>	<b>\$2,457,000</b>	<b>\$4,532,000</b>												
<b>Recycled Water Expansion (Fund 240)</b>																												
Recycled Water Distribution System Expansion	18110	3	ES															\$150,000		\$150,000							100%	
<b>Recycled Water Expansion Fund Total</b>																		<b>\$150,000</b>	<b>\$150,000</b>									
<b>Bay Point Collection (Fund 520)</b>																												
Bay Point Overlay Manhole Adjustments	TBA	1	ES	\$250,000		\$250,000		\$250,000		\$250,000										\$250,000								100%
Bay Point Rehabilitation Phase 4	18119	1	ES	\$4,850,000	\$3,511,035	\$1,338,965		\$1,338,965	\$1,338,965																			100%
River Watch Settlement Compliance	TBA	1	ES	\$740,000		\$670,000	\$70,000	\$740,000	\$740,000																			100%
Unanticipated Bay Point Repairs	TBA	1	ES	\$100,000			\$100,000	\$100,000			\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000									100%	
Bay Point Sewer Repairs - Phase 5	18119	1	ES															\$3,000,000		\$3,000,000							100%	
<b>Bay Point Collections Fund Total</b>				<b>\$5,940,000</b>	<b>\$3,511,035</b>	<b>\$2,258,965</b>	<b>\$170,000</b>	<b>\$2,428,965</b>	<b>\$2,078,965</b>	<b>\$250,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$100,000</b>	<b>\$3,100,000</b>	<b>\$3,750,000</b>												
<b>Household Hazardous Waste (Fund 310)</b>																												
Household Hazardous Waste Improvements	18105	3	ES	\$25,000			\$25,000	\$25,000			\$25,000	\$25,000	\$25,000	\$25,000	\$300,000	\$400,000											100%	
<b>Household Hazardous Waste Fund Total</b>				<b>\$25,000</b>			<b>\$25,000</b>	<b>\$25,000</b>			<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$300,000</b>	<b>\$400,000</b>												
<b>Total</b>				<b>\$56,396,858</b>	<b>\$23,399,763</b>	<b>\$13,780,251</b>	<b>\$20,230,000</b>	<b>\$34,010,251</b>	<b>\$27,506,585</b>	<b>\$5,790,611</b>	<b>\$12,890,000</b>	<b>\$13,390,000</b>	<b>\$21,760,000</b>	<b>\$39,945,000</b>	<b>\$38,407,000</b>	<b>\$132,182,611</b>												

Note: The approximate \$127 million in capital projects is \$132 million total less Estimated Carry Over Budget.



**DELTA DIABLO  
Fiscal Year 2021/2022  
Capital Improvement Program**

***Project Descriptions***

**WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130)**

**BHPS Sewage Diversion Pump Rebuilds**

**Project Total: \$80,000      FY21/22: \$80,000**

This project will rebuild three submersible pumps at the Bridgehead Pump Station.

**Headworks Improvements**

**Project Total: \$300,000      FY21/22: \$300,000**

This project includes design and construction to rehabilitate the Headworks structure and replace major equipment to provide effective and efficient screening and grit removal.

**IT Equipment Replacement**

**Project Total: \$600,000      FY21/22: \$50,000**

This project allowance is for the repair/replacement/improvement of IT equipment that is not functioning properly or is scheduled for replacements.

**Lab Equipment Replacement**

**Project Total: \$125,000      FY21/22: \$25,000**

This project allowance is for the repair/replacement/improvement of lab equipment that is not functioning properly or is scheduled for replacement.

**Manhole, Gravity Interceptor, and Easement Road Improvements**

**Project Total: \$1,270,000      FY21/22: \$770,000**

This project will consist of planning, design, and construction of approximately 50 identified manholes and four access roads.

**On-site Fueling Station Replacement**

**Project Total: \$100,000      FY21/22: \$100,000**

This project includes planning, evaluation, design, and construction of a new gas and diesel fueling station for the District.

**Pump Station Facilities Repair**

**Project Total: \$300,000      FY21/22: \$300,000**

This project comprises of comprehensive repair and replacement work that includes replacing isolation gates, electrical conduits, and ductwork; rehabilitating ventilation system; protective coating of structures and flood mitigation improvements at the Antioch Pump Station (17128), Bridgehead Pump Station (17129), Broadway Pump Station (17130), Pittsburg Pump Station (17131), and Shore Acres Pump Station (17132).

**Pump Station Grinder Replacements**

**Project Total: \$500,000      FY21/22: \$100,000**

This project allowance is for the replacement of the grinders at the remote pump station sites on an annual basis.

**Resource Recovery Facility Master Plan**

**Project Total: \$200,000      FY21/22: \$200,000**

The RRFMP will provide an integrated, strategic planning focused guidance document with an in-depth analysis of key focus areas – asset condition, nutrient management, biosolids, recycled water, biogas management, process control and vulnerabilities, and flows and loads – to guide near-term and long-term infrastructure investment decisions.

**WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) (cont'd)**

**Treatment Plant Electrical Switchgear Replacement**

**Project Total: \$8,000,000      FY21/22: \$3,000,000**

This project will replace the existing switchgear to ensure continuous, reliable power and treatment plant operations.

**Treatment Plant Roadway Maintenance Project**

**Project Total: \$1,000,000      FY21/22: \$250,000**

This project will include design, reconstruction of failed areas, improvements of roadway geometry, rehabilitation of the asphalt service, and striping.

**Unanticipated WW Treatment & Conveyance System Repairs**

**Project Total: \$1,180,000      FY21/22: \$260,000**

This project allowance is for the design and implementation of unplanned repair/replacement/improvement of treatment plant and conveyance assets that have an unexpected failure during fiscal year.

**Emergency Retention Basin Improvements**

**Project Total: \$1,050,000      FY21/22: \$850,000**

This project is to haul off previously removed vegetation and evaluate alternatives for managing maintenance flows from the RWF, restoring basin's original capacity, and reducing future vegetation growth within the ERB.

**ERB Pump Rebuilds**

**Project Total: \$160,000      FY21/22: \$80,000**

This project is to remove, inspect, and rebuild the pumps, including their oiling systems, to extend their useful life.

**PFM 2401 Dresser Coupler Removal**

**Project Total: \$250,000      FY21/22: \$250,000**

This project will remove and replace the dresser coupler from Pittsburg Force Main 2401 (PFM 2401) to improve the reliability of the force main.

**Vehicle Replacements**

**Project Total: \$800,000      FY21/22: \$100,000**

This project allowance is for the repair/replacement of District vehicles.

**Digester No. 1 Cleaning & Repair**

**Project Total: \$200,000      FY21/22: \$200,000**

This project consists of removing debris to correct any deficiencies, evaluating the interior condition of the structure and piping, and performing the necessary corrective work.

**Digester Gas Handling & Compressor Replacement**

**Project Total: \$600,000      FY21/22: \$600,000**

This project will upgrade the existing digester gas handling system and replaced the associated gas compressors.

**Cogen System Improvements**

**Project Total: \$5,000,000      FY21/22: \$250,000**

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

**Fiscal Year 2021/2022  
Capital Improvement Program  
Project Descriptions (cont'd)**

**WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) (cont'd)**

**Primary Clarifier Area Improvements – Phase 2**

**Project Total: \$500,000** **FY21/22: \$150,000**

This project will complete the primary clarifier and scum pit control system upgrades by replacing upgrading local control panels, replacing the portions of the original relay control systems not upgraded with the Phase 1 project, improve pump fault alarm reliability, replacement of suction pressure switch assemblies, and the installation of motor soft starters or VFDs on the sludge and scum pump. Work will also include removal and abandonment on unused components in MCC Relay Control Panels E & F, Local Control Panel X-2001, and RTU-2000.

**Primary Service Water Filter Replacement**

**Project Total: \$200,000** **FY21/22: \$50,000**

This project will replace the existing water filters in the primary clarifier distribution area.

**Antioch Pump Station and Conveyance System Improvements**

**Project Total: \$10,300,000** **FY21/22: -**

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

**Bridgehead Temporary Pipeline Installation & Replacement**

**Project Total: \$2,000,000** **FY21/22: \$2,000,000**

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

**CCT Water Service Pumps Replacement**

**Project Total: \$300,000** **FY21/22: \$150,000**

This project will replace the existing four water service pumps in the Treatment Plant chlorine contact tank area.

**TTF Odor Control Rehabilitation**

**Project Total: \$200,000** **FY21/22: \$100,000**

This project will replace the existing fans and modifications to the floor allow proper drainage underneath the fan assemblies to facilitate future maintenance.

**Dewater Boiler Replacement**

**Project Total: \$300,000** **FY21/22: \$300,000**

This project will replace the existing boiler in the Dewater Building.

**Primary Clarifiers 2 & 3 Drive Unit Replacement**

**Project Total: \$200,000** **FY21/22: \$100,000**

This project will replace the existing water filters in the primary clarifier distribution area that are nearing the end of their useful life.

**Fiscal Year 2021/2022  
Capital Improvement Program  
Project Descriptions (cont'd)**

**WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) (cont'd)**

**Force Mains & Gravity Interceptors Cleaning & Maintenance**

**Project Total: \$300,000**

**FY21/22: \$200,000**

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

**Vactor Decant Facility**

**Project Total: \$500,000**

**FY21/22: \$200,000**

This project will include design and construction of a decant facility for disposal of debris removed from treatment process and conveyance/collection system.

**Arcy Lane Junction Structure Rehabilitation**

**Project Total: \$500,000**

**FY21/22: \$500,000**

This project will evaluate the existing Arcy Lane junction structure, identify a rehabilitation or replacement alternative, and design and construct the recommended option to ensure long-term conveyance reliability.

**CCT Analyzer Building Improvements**

**Project Total: \$200,000**

**FY21/22: \$200,000**

This project will modify the existing CCT analyzer building to receive, sample, and monitor the brine waste stream from the City of Antioch Brackish Water Desalination Project to ensure compliance with the NPDES Permit.

**Cathodic Protection Monitoring Program**

**Project Total: \$250,000**

**FY21/22: \$50,000**

This project allowance is for monitoring and testing of the District's cathodic protection system within its service area.

**Manhole Performance Monitoring Program**

**Project Total: \$150,000**

**FY21/22: \$50,000**

This project allowance is for the evaluation and monitoring of the existing gravity sewer manholes within the District's service area.

**Secondary Process Improvements**

**Project Total: \$60,000,000**

**FY21/22: \$500,000**

The project includes planning, design, and construction of i) new Tower Trickling Filter (TTF) pump station, ii) new aeration basins, iii) retrofit of existing aeration basins to include anaerobic selectors, iv) new blower, headers and associated building, v) new mixed liquor distribution box, and vi) new secondary clarifier to address future regulatory compliance vulnerability associated with potential loss of critical infrastructure and treatment capacity, ensure compatibility with long-term nutrient management, and accommodate growth in the District's service area through 2040. Planning/Design is scheduled to start in FY21/22 with construction to commence in FY 22/23. The project also includes replacement of actuators on sluice gates of the aeration basins to ease operation. The project will include an evaluation of the addition of a basin dewatering pump to facilitate the basin operations and maintenance activities.

**WASTEWATER CAPITAL ASSET (FUND 120)**

**Conveyance and Treatment System Reliability Improvements**

**Project Total: \$175,000**

**FY21/22: \$25,000**

This project allowance is for the design and implementation of small, unplanned work to increase the reliability of the District's pumping and conveyance system.

**Fiscal Year 2021/2022  
Capital Improvement Program  
Project Descriptions (cont'd)**

**WASTEWATER CAPITAL ASSET (FUND 120) (cont'd)**

**Energy and Water Efficiency Improvements**

**Project Total: \$175,000      FY21/22: \$25,000**

This project allowance is for the implementation of various energy and water efficiency measures that will lead to long-term energy and water savings.

**Small District Capital Asset Project**

**Project Total: \$350,000      FY21/22: \$50,000**

This project allowance is for the implementation of unplanned conveyance system and treatment plant improvements which are identified during the fiscal year.

**RECYCLED WATER CAPITAL ASSET (FUND 220)**

**Small Recycled Water Facility Capital Asset Project**

**Project Total: \$250,000      FY21/22: \$50,000**

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

**RECYCLED WATER CAPITAL ASSET REPLACEMENT (FUND 230)**

**Sand Filter Intermittent Backwash System**

**Project Total: \$100,000      FY21/22: \$100,000**

This project will replace the existing air lift module, which are facing obsolescence, add isolation valves, and control system for the backwash function of the filters.

**Unanticipated Recycled Water Infrastructure Repairs**

**Project Total: \$500,000      FY21/22: \$100,000**

This project allows for the repair and/or replacement of major equipment that has failed prematurely during the fiscal year.

**RWF Sand Pump Piping Replacement**

**Project Total: \$100,000      FY21/22: \$100,000**

This project will replace the existing sand piping within the RWF filtration area due to severe corrosion concerns.

**BAY POINT COLLECTION (FUND 520)**

**Unanticipated Bay Point Repairs**

**Project Total: \$500,000      FY21/22: \$100,000**

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

**HOUSEHOLD HAZARDOUS WASTE (FUND 310)**

**Household Hazardous Waste Improvements**

**Project Total: \$400,000      FY21/22: \$25,000**

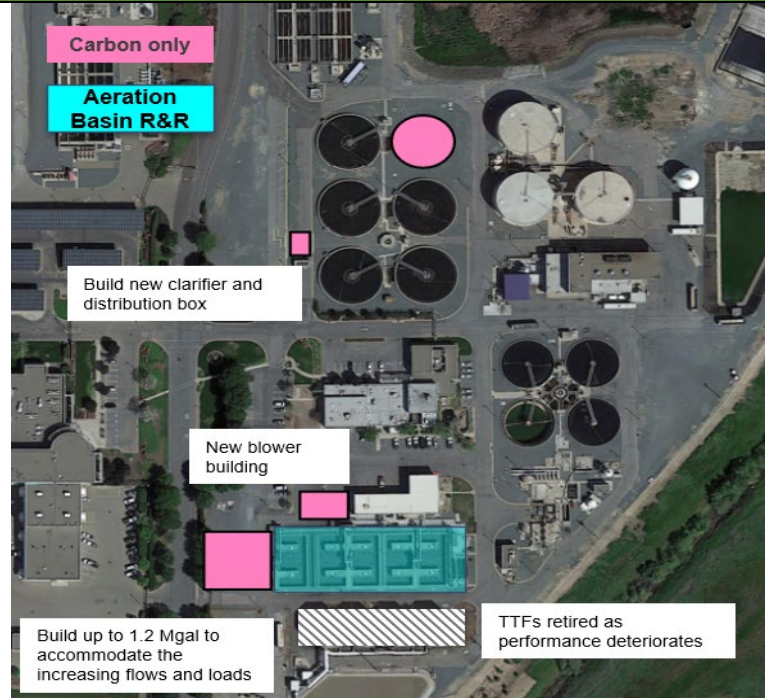
This project allowance is for minor projects or equipment repair/replacement at the HHW Facility.

**DELTA DIABLO  
CAPITAL IMPROVEMENT PROGRAM  
FISCAL YEAR 2021/2022 – FISCAL YEAR 2025/2026  
CAPITAL PROJECT**

*Projects in Focus*

<b>Project Name: Secondary Process Improvements</b>	<b>Project Number: CIP-XXX</b>
---	--------------------------------

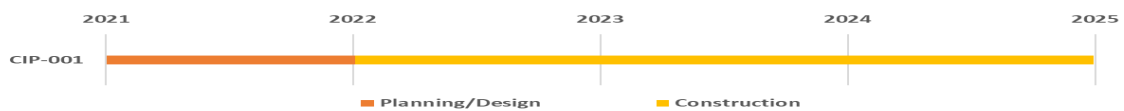
**Description/Justification:**  
The project includes planning, design, and construction of i) new Tower Trickling Filter (TTF) pump station, ii) new aeration basins, iii) retrofit of existing aeration basins to include anaerobic selectors, iv) new blower, headers and associated building, v) new mixed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



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

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 78%, WW Exp - 16%, AT - 6%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$46,800,000, WW Exp - \$9,600,000, AT - \$3,600,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	\$500,000
Future Fiscal Year(s) Budget	\$59,500,000
<b>Estimated Total Project Cost</b>	<b>\$60,000,000</b>

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



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

<b>Anticipated Project Budget Schedule:</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget	\$500,000	\$1,500,000	\$8,000,000	\$25,000,000	\$25,000,000	\$60,000,000
<b>Funding Source: WW CAR, WW Exp, AT</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds	\$500,000	\$1,500,000	\$8,000,000	\$20,000,000		\$30,000,000
Debt Issuance				\$5,000,000	\$25,000,000	\$30,000,000

**Project Name: CCT Sluice Gates & Chemical Mixer Improvements**

**Project Number: CIP-XXX**

**Description/Justification:**

Replace sluice gates, drain mud valves, chlorine flash mixers, bisulfate diffuser assembly, and surface sprayer assemblies at CCT. Consider converting manual sluice gates to Motor Operated Valves (MOVs) for gates that are operated frequently.

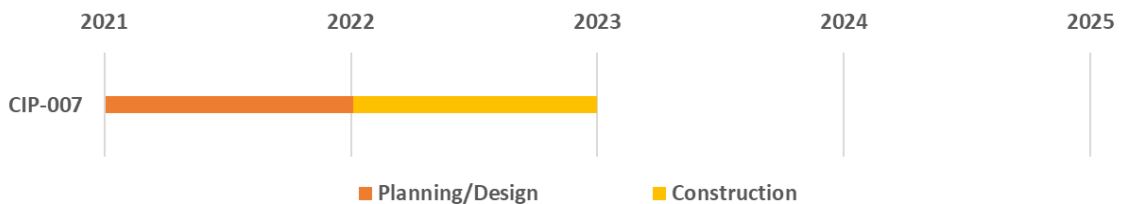
**Project Assessment:**

This project addresses sluice gates that are showing signs of corrosion and currently being operated manually. The sluice gates and chemical mixers are approaching the end of their useful lives and need replacement to support proper operation and to avoid failures.



<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$800,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$800,000
<b>Estimated Total Project Cost</b>	<b>\$800,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget		\$200,000	\$600,000			\$800,000
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds		\$200,000	\$600,000			\$800,000
Debt Issuance						
Grant Proceeds						

**Project Name: Gravity Belt Thickeners Improvements**

**Project Number: CIP-XXX**

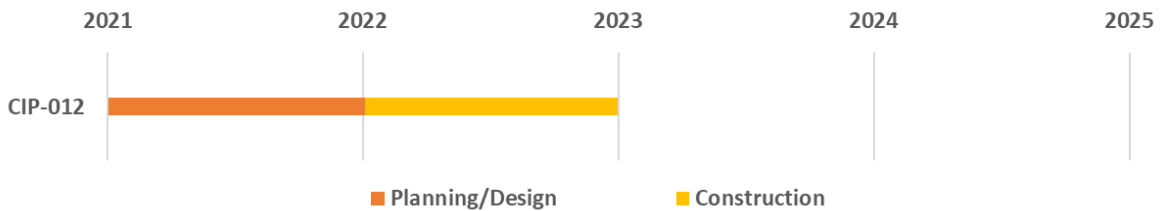
**Description/Justification:**  
 Improve reliability of gravity belt thickeners. Rework the control panel to fix operational control issues.



**Project Assessment:**  
 This project addresses reliability issues with gravity belt thickener 2. There are operational concerns with the mechanical and I&C portion of this thickener that result in multiple false alarms. Reworking some of the components such as the control panel, belt and hopper is required for proper operation of the thickener, including adding the ability for the thickeners to operate simultaneously as needed.

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$1,300,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$1,300,000
<b>Estimated Total Project Cost</b>	<b>\$1,300,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget		\$300,000	\$1,000,000			\$1,300,000
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds		\$300,000	\$1,000,000			\$1,300,000
Debt Issuance						
Grant Proceeds						



**Project Name: Centrifuge Platform Area Improvements**

**Project Number: CIP-XXX**

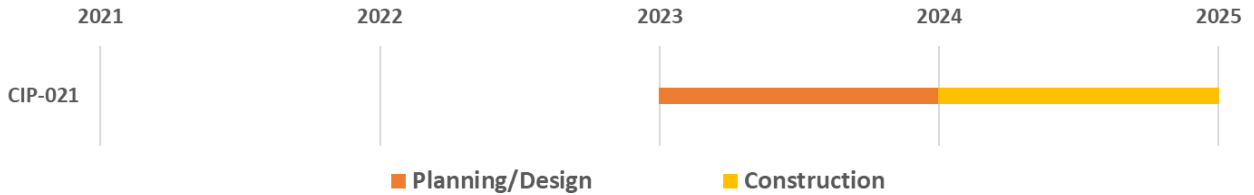
**Description/Justification:**  
Replacement or rehabilitation of sludge conveyors, centrifuge feed grinders and feed switching valve. The project also includes overhaul of the centrifuges.



**Project Assessment:**  
This project addresses mechanical assets supporting the operation of the centrifuges that are approaching the end of their useful lives and other operational issues. Currently both the centrifuges are on an alternating schedule for preventative maintenance and overhaul. Replacing components of the centrifuge platform and overhauling the centrifuges will fix the operational issues and increase reliability.

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$3,500,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$3,500,000
<b>Estimated Total Project Cost</b>	<b>\$3,500,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget				\$1,500,000	\$2,000,000	<b>\$3,500,000</b>
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds				\$1,500,000	\$2,000,000	\$3,500,000
Debt Issuance						
Grant Proceeds						

**Project Name: Tower Mixing Chamber & Overflow Structure Rehabilitation**

**Project Number: CIP-XXX**

**Description/Justification:**

In 2018, the District completed a condition assessment and performance evaluation of the Tower Mixing Chamber (TMC) and Diversion Overflow Structure (DOS) (including slide gate MSG-1612). These structures are past their useful lives due to corrosion from normal sulfide gases generated in raw sewage. The project will involve planning, design and construction of the concrete structures and slide gate rehabilitation and replacement work including a major temporary bypass system to allow the District to continue its normal treatment operations.

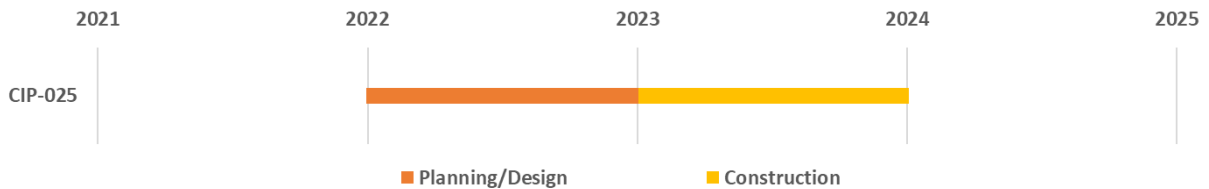


**Project Assessment:**

This project addresses the failures within the structures and will eliminate significant safety hazards and NPDES permit violations due to flooding and improper treatment.

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$1,420,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$1,420,000
<b>Estimated Total Project Cost</b>	<b>\$1,420,000</b>

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



**Anticipated Project Budget Schedule:**

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget			\$550,000	\$870,000		<b>\$1,420,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds			\$550,000	\$870,000		
Debt Issuance						
Grant Proceeds						

**Project Name: Antioch Pump Station and Conveyance System Improvements**

**Project Number: CIP-XXX**

**Description/Justification:**

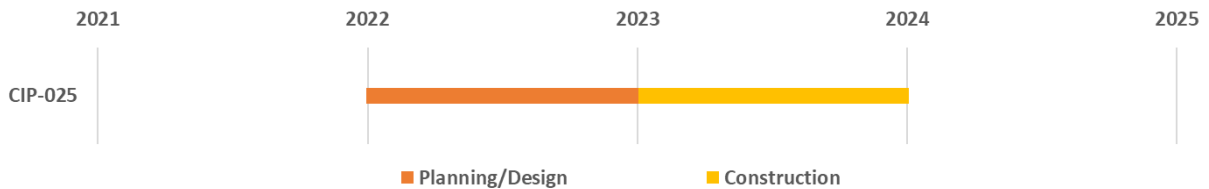
This multi-year, multiphase project will assess the Antioch Conveyance System, which consists of two 24-inch force mains – AFM 101 and AFM 102. The initial phase will identify portions of the force mains that need to be repaired immediately to ensure near-term operational reliability. The future phases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

**Project Assessment:**

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

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$10,300,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	\$404,555
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$10,300,000
<b>Estimated Total Project Cost</b>	<b>\$10,704,555</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget		\$300,000	\$4,000,000	\$6,000,000		<b>\$10,300,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds		\$300,000	\$4,000,000	\$6,000,000		\$10,300,000
Debt Issuance						
Grant Proceeds						

**Project Name: Biosolids Management Master Plan**

**Project Number: CIP-XXX**

**Description/Justification:**

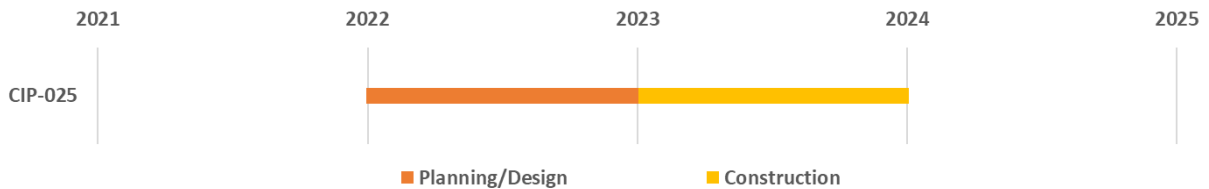
This project will establish long-term strategies for the management and potential marketing of the District's biosolids to ensure compliance with existing and future regulatory requirements.

**Project Assessment:**

While there are no regulatory requirements that immediate changes to the District's existing biosolids management practices, it is possible that future regulatory changes could significantly impact available biosolids end use options. The Resource Recovery Facility Master Plan includes a preliminary assessment of existing biosolids and practices, threats, and opportunities.

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$400,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$400,000
<b>Estimated Total Project Cost</b>	<b>\$400,000</b>

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



**Anticipated Project Budget Schedule:**

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget					\$400,000	<b>\$400,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds					\$400,000	\$400,000
Debt Issuance						
Grant Proceeds						

**Project Name: Electrical System Master Plan**

**Project Number: CIP-XXX**

**Description/Justification:**

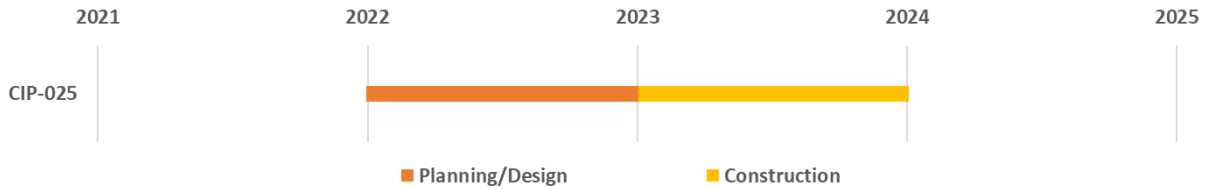
The project will evaluate the District's current and future electrical requirements and provide guidelines for planning the electric distribution system to serve the District in reliable manner and potentially export power.

**Project Assessment:**

The existing electric distribution system has adequate capacity for the existing infrastructure and appears to have limited capacity to serve additional power demands from new infrastructure. This project will consider future projects in the CIP and Resource Recovery Facility Master Plan.

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$400,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$400,000
<b>Estimated Total Project Cost</b>	<b>\$400,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget				\$400,000		<b>\$400,000</b>
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds				\$400,000		\$400,000
Debt Issuance						
Grant Proceeds						

**Project Name: Recycled Water Master Plan Update**

**Project Number: CIP-XXX**

**Description/Justification:**

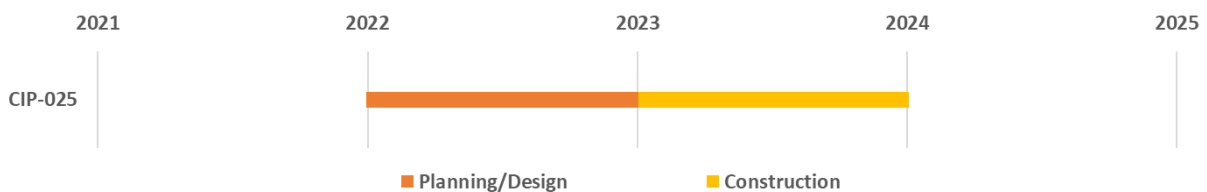
The District's Recycled Water Supply Agreement with Calpine expires in 2030. In accordance with the Agreement terms, the District is obligated to notify the District of its intent to continue receiving recycled water beyond 2030 by April 2025. This project will access the capital infrastructure needs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

**Project Assessment:**

The District must complete the project to comply with the Recycled Water Supply Agreement. The Resource Recovery Facility Master Plan will assess recycled water distribution alternatives if Calpine does not receive recycled water beyond 2030 and identify near-term facility investment(s) needed to maintain reliability.

<b>Priority:</b>	<b>2- High Priority (3 – 5 years)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$300,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$300,000
<b>Estimated Total Project Cost</b>	<b>\$300,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget			\$300,000			<b>\$300,000</b>
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds			\$300,000			\$300,000
Debt Issuance						
Grant Proceeds						

**Project Name: Treatment Plant Electrical Switchgear Replacement**

**Project Number: CIP-XXX**

**Description/Justification:**

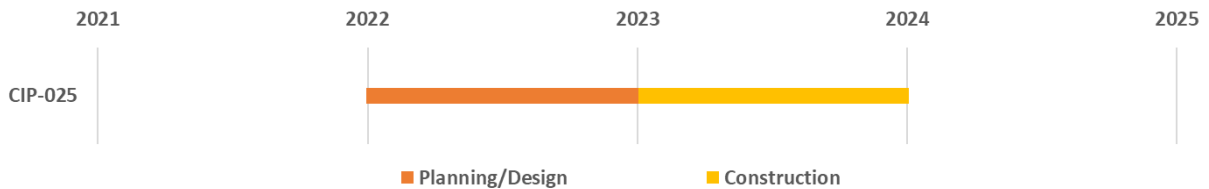
This project will replace the existing switchgear to ensure continuous reliable power and treatment operations. This is a critical component of the treatment plant electrical power feed system.

**Project Assessment:**

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

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$12,201,305</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	\$4,201,305
FY 21/22 Budget	\$3,000,000
Future Fiscal Year(s) Budget	\$5,000,000
<b>Estimated Total Project Cost</b>	<b>\$12,201,305</b>

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



**Anticipated Project Budget Schedule:**

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget	\$3,000,000	\$5,000,000				<b>\$8,000,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds	\$3,000,000	\$5,000,000				\$8,000,000
Debt Issuance						
Grant Proceeds						

**Project Name: Cogeneration System Improvements**

**Project Number: CIP-XXX**

**Description/Justification:**

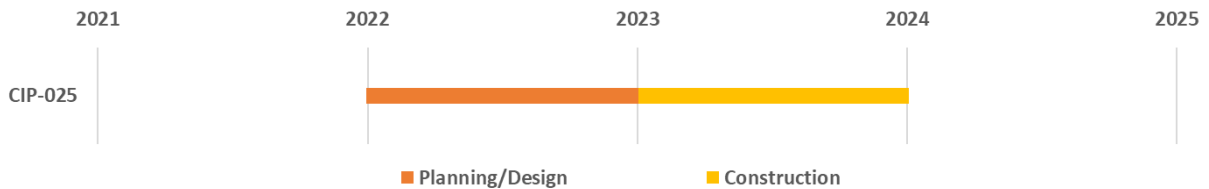
This project will replace the existing cogen engine, controls, and paralleling gear to ensure compatibility with the new switchgear, which is a critical component of the treatment plant electrical power feed system.

**Project Assessment:**

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

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$5,000,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	\$250,000
Future Fiscal Year(s) Budget	\$4,750,000
<b>Estimated Total Project Cost</b>	<b>\$5,000,000</b>

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



**Anticipated Project Budget Schedule:**

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget	\$250,000	\$750,000	\$4,000,000			<b>\$5,000,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds	\$250,000	\$750,000	\$4,000,000			\$5,000,000
Debt Issuance						
Grant Proceeds						



**Project Name: Bridgehead Temporary Pipeline Installation & Replacement**

**Project Number: CIP-XXX**

**Description/Justification:**

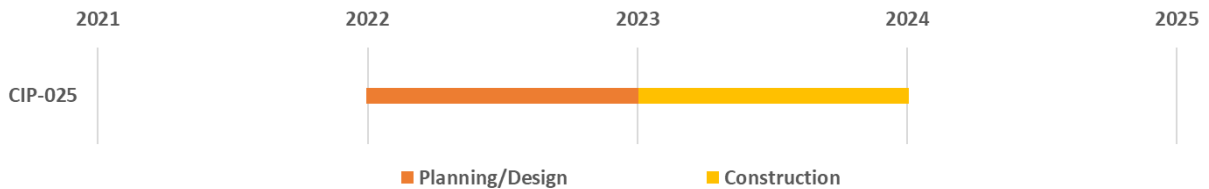
This project will immediately install a temporary 24-inch parallel pipeline that will be placed in operation while the permanent replacement pipeline is being designed and constructed. Installing the temporary pipeline is needed to provide reliable infrastructure in the near term to convey BHPS flow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

**Project Assessment:**

The Bridgehead Pump Station (BHPS) wastewater conveyance system includes a pressurized force main and gravity pipeline of various materials ranging in size from 18 to 24 inches in diameter. The gravity pipeline recently experienced a failure in August 2020. Another failure of the existing 18-inch line will result in disruption of certain BNSF rail line activities, and potential adverse public health and environmental impacts due to insufficient and/or unreliable conveyance capacity. The Antioch Pump Station and Conveyance System Improvements will include the BHPS conveyance system to address long-term deficiencies in the Antioch and Bridgehead pump stations and conveyance systems.

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$3,500,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	\$1,500,000
FY 21/22 Budget	\$2,000,000
Future Fiscal Year(s) Budget	
<b>Estimated Total Project Cost</b>	<b>\$3,500,000</b>

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



**Anticipated Project Budget Schedule:**

	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
Budget	\$2,000,000					<b>\$2,000,000</b>
<b>Funding Source: WW CAR</b>						
	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26	5-Year Total
District Funds	\$2,000,000					\$2,000,000
Debt Issuance						
Grant Proceeds						

**Project Name: Site Security Improvements**

**Project Number: CIP-XXX**

**Description/Justification:**

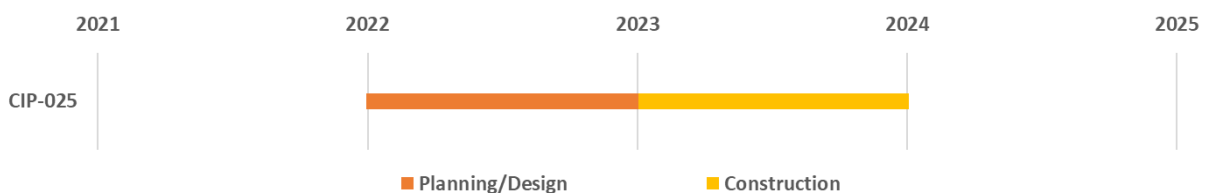
This multiphase project will address recent security concerns at the District's Wastewater Treatment Plant. The initial phase will upgrade office building doors to control access into the POC and TP buildings. The future phases will evaluate and install perimeter barriers and video surveillance system to ensure long-term security and safety of staff and the general public.

**Project Assessment:**

Ongoing security breaches can result in potential safety concerns for staff and the general public as well in loss of properties, which could severely impact treatment plant processes or staff's ability to respond to maintenance needs. The CIP includes a project to upgrade the data network infrastructure via a third-party provider to support video and other access control measures at the remote pump station sites and treatment plant.

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$365.025</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	\$365,025
FY 21/22 Budget	
Future Fiscal Year(s) Budget	
<b>Estimated Total Project Cost</b>	<b>\$365,025</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget						
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds						
Debt Issuance						
Grant Proceeds						

**Project Name: Bay Point Sewer Repairs  
– Phase 5**

**Project Number: CIP-XXX**

**Description/Justification:**

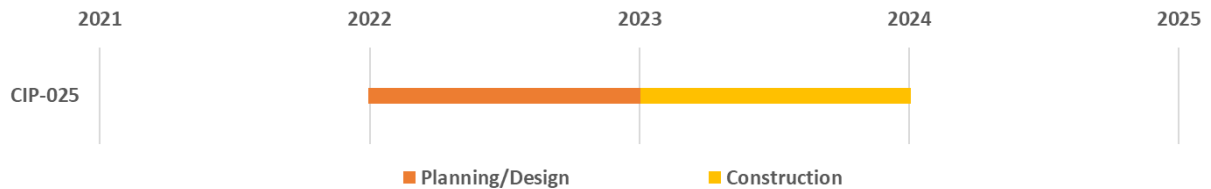
This project will include inspection, repair, and rehab of prioritized segments in Bay Point over the next five years for ongoing compliance with the 2013 River Watch Settlement Agreement.

**Project Assessment:**

The District must complete the project to comply with the 2013 River Watch Settlement Agreement. Additionally, this project will ensure long-term collection and conveyance reliability of the Bay Point system.

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$3,000,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	
FY 21/22 Budget	
Future Fiscal Year(s) Budget	\$3,000,000
<b>Estimated Total Project Cost</b>	<b>\$3,000,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget					\$3,000,000	<b>\$3,000,000</b>
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds					\$3,000,000	\$3,000,000
Debt Issuance						
Grant Proceeds						

**Project Name: Manhole, Gravity Interceptor, and Easement Road Improvements**

**Project Number: CIP-XXX**

**Description/Justification:**

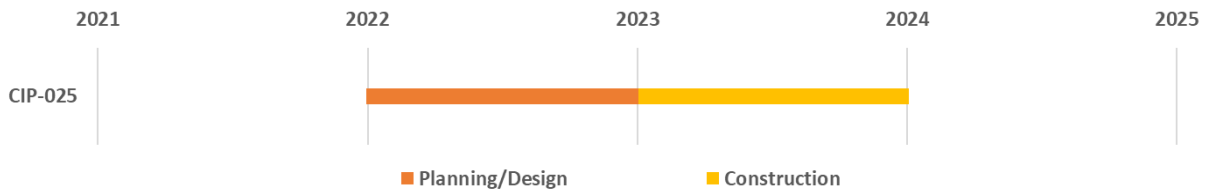
This project will consist of planning, design, and construction of approximately 50 identified manholes and four access roads to ensure ongoing inspection and maintenance of the District's conveyance system.

**Project Assessment:**

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

<b>Priority:</b>	<b>1- Urgent Priority (12-24 months)</b>
<b>Funding Type*:</b>	<b>WW CAR - 100%</b>
<b>Funding Amount:</b>	<b>WW CAR - \$1,500,000</b>
<b>Lead Department:</b>	<b>ES*</b>
<b>Project Budget Estimate</b>	
Prior Fiscal Year(s) Approved Budget	\$230,000
FY 21/22 Budget	\$770,000
Future Fiscal Year(s) Budget	\$500,000
<b>Estimated Total Project Cost</b>	<b>\$1,500,000</b>

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



<b>Anticipated Project Budget Schedule:</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
Budget	\$770,000	\$500,000				<b>\$1,270,000</b>
<b>Funding Source: WW CAR</b>						
	<b>FY21/22</b>	<b>FY22/23</b>	<b>FY23/24</b>	<b>FY24/25</b>	<b>FY25/26</b>	<b>5-Year Total</b>
District Funds	\$770,000	\$500,000				\$1,270,000
Debt Issuance						
Grant Proceeds						

*This page intentionally left blank.*



## ***Debt***

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

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

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

## ***Current Debt Obligations***

### **2010 Recycled Water SRF Loan**

The District entered into a loan contract with the SWRCB on July 8, 2009, for the purpose of financing the Antioch/Delta Diablo Sanitation District Recycled Water Project. The loan amount totaled \$6,325,503 with a stated interest rate of 0.077% per year over a 20-year term. The City of Antioch owed the District \$6.1 million of this amount as part of its cost share for the Antioch Recycled Water Project. As of June 30, 2020, the amount owed to the SWRCB by the District and from the City of Antioch to the District is \$3.5 million. Principal payments are due annually beginning on December 31, 2011 through FY30/31 and are paid from revenue received from the City of Antioch.

### **2011 Installment Sale Agreement**

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

### **2011 Wastewater State Revolving Fund Loan**

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

### **2015 California Energy Commission Loan**

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

### **2015 Bay Point SRF Loan**

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

### **2016 Pittsburg SRF Loan**

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

### **2016 Wastewater SRF Loan**

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

### **2017 Recycled Water SRF Loan**

On September 23, 2016, the District entered into a loan agreement with SWRCB 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 year. 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.

### **2020 Wastewater SRF Loan**

On October 24, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Pump Station Facilities Repair Project. The loan principal totaled \$13,500,000 with a 30-year term and stated interest of 1.9% per year. Principal and interest payments are due semi-annually, on July 31 and January 31, commencing on July 31, 2020 and maturing on July 31, 2051. As of June 30, 2021, the District has received \$8.8 million in loan proceeds.

### **2021 Bay Point SRF Loan**

On August 8, 2014, the District entered into a loan agreement with SWRCB for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Final Phase 4). The loan principal totaled \$4,211,170 with a 30-year term and stated interest of 1.9% per year.

Principal and interest payments are due semi-annually, on December 1 and June 1, commencing on December 1, 2021 and maturing on December 1, 2050. As of June 30, 2021, the District has received \$3.2 million in loan proceeds.



## Current Year Debt Transactions and Balances

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

**Table 7 – Long-Term Obligation Changes and Balances estimated as of June 30, 2021**

Direct Borrowings:	Original Issue Amount	Balance June 30,2020	Additions	Retirements	Balance June 30,2021
2010 RW SRF Loan	\$6,325,503	\$3,491,004		-\$316,144	\$3,174,860
2011 WW Installment Note Payable	2,344,210	1,348,274		-78,021	1,270,253
2011 WW SRF Loan	5,041,873	3,561,285		-233,764	3,327,521
2015 WW CEC Loan	700,000	462,928		-49,409	413,519
2015 Bay Point SRF Loan	1,188,820	1,020,788		-32,278	988,510
2016 WW CAR/WW Exp SRF Loan	12,000,000	10,769,251		-308,959	10,460,292
2016 WW SRF Loan	2,054,000	1,848,846		-55,646	1,793,200
2020 WW SRF Loan	13,500,000	1,206,169	\$7,616,529		8,822,698
2021 WW SRF Loan	4,211,170		3,198,734		3,198,734
<b>Total</b>	<b>\$47,365,576</b>	<b>\$23,708,545</b>	<b>\$10,815,263</b>	<b>-\$1,074,221</b>	<b>\$33,449,587</b>

## Outstanding Debt by Type

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

**Table 8 – Outstanding Debt by Type**

Fiscal Year	Wastewater COPs <sup>(1)</sup>	SRF Loans	Installment Note	CEC Loan	Total	Population Estimates <sup>(2)</sup>	Debt Per Cap <sup>(3)</sup>
11/12	\$14,193,806	\$10,754,568	\$2,212,746		\$27,161,120	192,707	141
12/13	11,714,312	11,568,040	2,072,577		25,354,929	195,392	130
13/14	9,067,882	10,854,596	1,923,203		21,845,681	198,473	110
14/15	6,237,347	10,134,156	1,764,088	\$630,000	18,765,591	200,942	93
15/16	\$3,310,000	11,570,850	1,594,676	655,696	17,131,222	203,759	84
16/17		19,464,968	1,542,156	608,219	21,615,343	204,971	105
17/18		20,258,304	1,483,830	560,267	22,302,401	207,057	108
18/19		21,624,398	1,419,331	511,833	23,555,562	214,327	110
19/20		21,897,344	1,348,274	462,927	23,708,545	214,862	110
20/21		\$31,765,815	\$1,270,254	\$413,518	\$33,449,587	215,394	155

Source: Delta Diablo Audited Financial Statements

Notes:

- 1) Certificates of Participation (COPs) Debt amounts exclude premiums, discounts, or other amortization amounts.

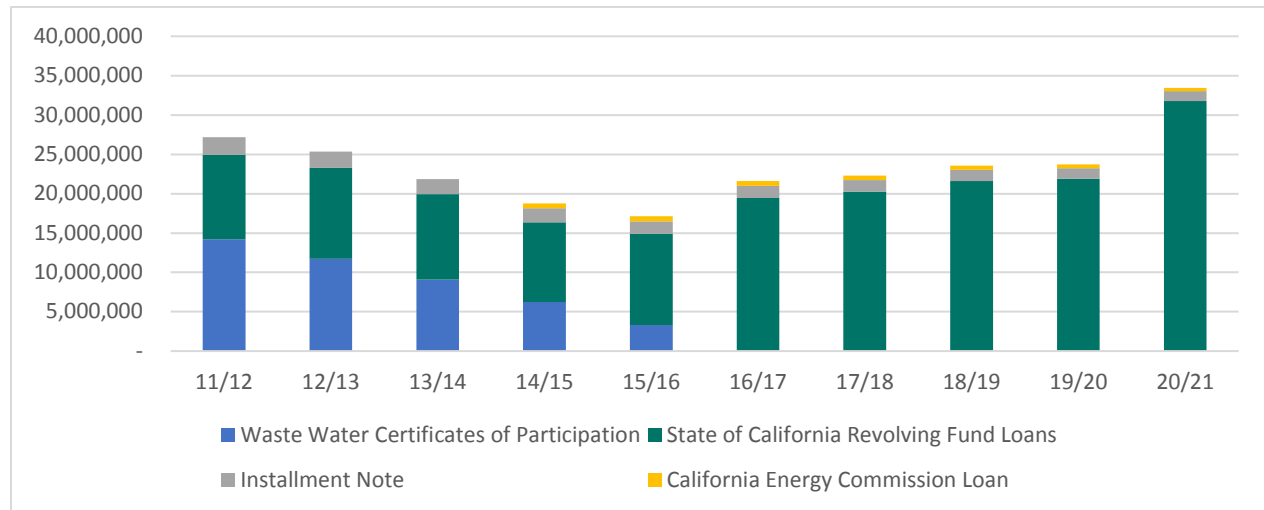
**Debt Service Requirements**

All principal, interest, and annual debt service requirements are presented in Table 9 for all long-term debt as of June 30, 2021. Beyond FY25/26, amounts are shown in five-year increments.

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

Fiscal Year	Principal	Interest	Total
21/22	\$1,177,728	\$462,326	\$1,640,054
22/23	1,427,295	608,313	2,035,608
23/24	1,456,482	582,703	2,039,185
24/25	1,486,622	556,230	2,042,852
25/26	1,517,727	528,882	2,046,609
26/27-30/31	7,983,341	2,201,499	10,184,840
31/32-35/36	5,065,311	1,514,466	6,579,777
36/37-40/41	4,875,981	1,048,694	5,924,675
41/42-45/46	5,306,483	564,398	5,870,881
46/47-50/51	2,958,431	150,313	3,108,744
51/52	194,186	1,845	196,031
<b>Total Payments Due</b>	<b>\$33,449,587</b>	<b>\$8,219,669</b>	<b>\$41,669,256</b>

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



**Figure 5 – Historical Fiscal Year Debt Service Summary by Loan**

### **Debt Service Coverage Ratio**

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

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

**Table 10 – Net Revenue and Debt Service Coverage Ratio**

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	
11/12	\$30,011,686	\$23,217,399	\$6,794,287	\$3,951,703	\$140,199	\$4,091,902	1.66
12/13	33,132,257	26,900,926	6,231,331	3,635,223	700,029	4,335,252	1.44
13/14	34,899,113	23,290,357	11,608,756	4,172,818	248,160	4,420,978	2.63
14/15	35,286,790	21,959,461	13,327,329	4,194,555	233,724	4,428,279	3.01
15/16	37,518,348	23,704,164	13,814,184	4,253,312	226,260	4,479,572	3.08
16/17	38,922,690	26,392,906	12,529,784	4,178,887	221,286	4,400,173	2.85
17/18	38,307,711	29,154,382	9,153,329	1,000,849	381,817	1,382,666	6.62
18/19	44,886,542	29,119,248	15,767,294	973,476	412,175	1,385,651	11.38
19/20	44,604,470	28,567,732	16,036,738	1,053,186	437,985	1,491,171	10.75
20/21	\$50,609,631	\$28,832,416	\$21,777,215	\$1,074,221	\$420,278	\$1,494,499	14.57

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

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

## Section 5. Department Information

### *Administration Department*



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

#### **Board of Directors**

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

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

**General Manager’s Office and Administration**

Key responsibilities for the General Manager include:

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

**Office Manager/Secretary to the Board**

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

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

**Table 11 – Administration Department Budget**

<b>Administration Department</b>					
<b>Operating Budget Category</b>	<b>Budget FY19/20</b>	<b>Actual FY19/20</b>	<b>Budget FY20/21</b>	<b>Proposed FY20/21</b>	<b>Proposed FY21/22</b>
Salaries & Wages	\$1,008,469	\$1,001,144	\$1,018,264	\$956,194	\$962,099
Employee Benefits	620,557	672,253	696,668	700,891	688,268
Office & Operating	196,500	148,545	205,250	204,133	164,250
Outside Services	215,500	85,197	219,000	75,500	159,000
Chemicals	-	-	-	-	-
Utilities	-	-	-	-	-
Contingency Allowance	400,000	36,787	440,000	-	300,000
Program Costs (Overhead)	-	-	-	-	-
<b>Total Operating Expense</b>	<b>\$2,441,026</b>	<b>\$1,943,926</b>	<b>\$2,579,182</b>	<b>\$1,936,718</b>	<b>\$2,273,617</b>

## *Business Services Department*



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

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

**Table 12 – Business Services Department Budget**

<b>Business Services Department</b>					
<b>Operating Budget Category</b>	<b>Budget FY19/20</b>	<b>Actual FY19/20</b>	<b>Budget FY20/21</b>	<b>Proposed FY20/21</b>	<b>Proposed FY21/22</b>
Salaries & Wages	\$1,730,552	\$1,458,162	\$1,927,149	\$1,504,214	\$1,952,429
Employee Benefits	1,026,875	916,043	1,199,751	907,504	1,197,214
Office & Operating	673,307	646,843	759,740	612,239	825,693
Outside Services	1,259,184	1,090,001	1,551,671	1,052,480	1,361,242
Chemicals	-	-	-	-	-
Utilities	105,770	101,576	163,775	90,000	163,775
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	-	-	-	-	-
<b>Total Operating Expense</b>	<b>\$4,795,688</b>	<b>\$4,212,625</b>	<b>\$5,602,086</b>	<b>\$4,166,437</b>	<b>\$5,500,353</b>

## *Engineering Services Department*



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

Key focus areas for the Engineering Services Department include:

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



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

**Table 13 – Engineering Services Department Budget**

<b>Engineering Services Department</b>					
Operating Budget Category	Budget FY19/20	Actual FY19/20	Budget FY20/21	Proposed FY20/21	Proposed FY21/22
Salaries & Wages	\$1,272,770	\$1,356,403	\$1,219,142	\$1,354,231	\$879,405
Employee Benefits	838,057	876,707	781,270	942,128	871,368
Office & Operating	380,390	319,405	418,229	388,611	429,231
Outside Services	724,899	615,341	734,086	786,870	854,458
Chemicals	-	-	-	-	-
Utilities	800	-18,419	864	876	886
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	5,000	2,607	-	-	-
<b>Total Operating Expense</b>	<b>\$3,221,916</b>	<b>\$3,152,044</b>	<b>\$3,153,591</b>	<b>\$3,472,716</b>	<b>\$3,035,348</b>

## *Resource Recovery Services Department*



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

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

Key focus areas for the Resource Recovery Services Department include:

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

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

**Table 14 – Resource Recovery Services Department Budget**

<b>Resource Recovery Services Department</b>					
<b>Operating Budget Category</b>	<b>Budget FY19/20</b>	<b>Actual FY19/20</b>	<b>Budget FY20/21</b>	<b>Proposed FY20/21</b>	<b>Proposed FY21/22</b>
Salaries & Wages	\$6,235,876	\$5,813,187	\$6,018,470	\$5,840,378	\$6,194,600
Employee Benefits	4,205,308	3,937,622	4,197,862	3,761,846	4,440,716
Office & Operating	1,757,302	1,393,861	1,882,191	1,608,379	1,892,186
Outside Services	1,842,850	1,409,290	1,885,049	1,370,444	1,697,729
Chemicals	1,864,900	1,299,884	1,725,750	1,384,008	1,746,008
Utilities	1,782,000	1,690,868	1,781,500	2,055,000	2,135,000
Contingency Allowance	60,000	-	60,000	-	10,000
Program Costs (Overhead)	449,905	351,138	400,000	410,000	410,000
<b>Total Operating Expense</b>	<b>\$18,198,141</b>	<b>\$15,895,850</b>	<b>\$17,950,822</b>	<b>\$16,430,055</b>	<b>\$18,526,239</b>

## Appendix A - Financial Policies

### **Table of Contents**

(sections and subsections are not hyperlinked)

Fixed Asset Policy 202.....	88
Investment of District Funds Policy 3020.....	90
Other Post-Employment Benefits Trust Funding Policy 3025.....	101
Pension Benefits Trust Funding Policy 3030.....	102
Sewer Service Charge Refund/Adjustments Policy 3035.....	103
Purchasing Policy 3050.....	104
Environmentally Preferable Purchasing Policy 3065.....	108
Surplus Policy 3070.....	110
Debt Management and Continuing Disclosure Policy 3075.....	111

*This page intentionally left blank.*



# Delta Diablo

## ADMINISTRATIVE POLICY HANDBOOK

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

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

### POLICY

#### **A. General Policy / Responsibility**

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

#### **B. Capitalization Threshold**

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

#### **C. Fixed Assets**

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

#### **D. Capital Assets / Infrastructure Projects**

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

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

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

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

**E. Inventory Control**

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

**3020.1** Introduction

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

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

**3020.2** Scope

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

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

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

**3020.3** Objectives

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

- 3020.3.1** Safety. Safety of principal is the foremost objective of the investment program. District's investments shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 3020.3.2** Liquidity. The District's investment portfolio will remain sufficiently liquid to enable the District to meet its cash flow requirements.
- 3020.3.3** Return on Investment. The District's investment portfolio shall be designed with the objective of attaining a rate-of-return on its investments that exceeds



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

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

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

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

#### **3020.4** Delegation of Authority

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

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

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

**3020.5. Ethics and Conflict of Interest**

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

**3020.6 Internal Controls**

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

**3020.7 Qualified Financial Institutions and Broker/Dealers**

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

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

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

### **3020.8** Investments

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

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

#### Authorized Instruments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3020.9 Maximum Maturity**

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

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

### **3020.10.Sales Prior to Maturity**

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

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

### **3020.11 Reporting Requirements**

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

### **3020.12 Safekeeping and Custody**

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

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

### **3020.13 Investment Policy Review**

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

### **3020.14 Glossary**

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

**ASKED:** The price at which securities are offered.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

**PORTFOLIO:** Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

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

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

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

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

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

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

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

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

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

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

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

**3035.1 General Policy/Responsibility**

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

**3035.2 Claim Submittal**

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

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

**3035.3 Statute of Limitations for Refunds and/or Billing Adjustments**

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

**3035.4 Form of Refund**

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

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

**3050.2 Definitions.**

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

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

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

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

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

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

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

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

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

**3050.6 Award authority.**

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

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

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

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

**3050.7 Competitive procurement process.**

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

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

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

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

**3050.8 Standard purchase procedure.**

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



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

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

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

**3050.12 Authority to resolve protested solicitations and awards.**

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

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

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

**ADMINISTRATIVE POLICY HANDBOOK**

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

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

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

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

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

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

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

**Goal.** It is the goal of the District to move its operations toward environmental sustainability by minimizing waste and maximizing efficiency. The District's Purchasing Manager and/or his/her designee will:

Ensure that contracting procedures do not discriminate against reusable, recycled, or environmentally preferable products without justification

Evaluate environmentally preferable products to determine the extent to which they may be used by the District and its contractors

Review and revise contracting procedures to maximize the specification of designated environmentally preferable products where practicable

Facilitate data collection on purchases of designated environmentally preferable products by the agencies and its contractors

**Objectives.** The Delta Diablo Sanitation District Environmentally Preferable Purchasing Policy has the following objectives:

Ensure to the extent practicable, all printing and copy paper products shall consist of a minimum of 30% post-consumer recycled fiber.

Ensure that all contractors shall submit requested documents to the District on recycled paper. This shall include, but not be limited to, drafts, reports, bids, and training materials.

The District shall engage in the practice of two-sided copies for all memos and mailings.

All business cards, letterhead stationary, envelopes, business forms and documents shall be printed on recycled paper. If sufficient documentation and certification is available, reasonable efforts shall be undertaken to specifically indicate the percentage of recycled post-consumer content.

Any RFPs or bids for services request by the District will include a statement that the District prefers working with businesses that adhere to our environmental principles.

All departments shall ensure that they and their contractors/consultants use double sided copying.

Purchased or leased equipment, including photocopiers, computers, printers, lighting systems, HVAC, kitchen appliances, and energy management systems must meet US Environmental Protection Agency (EPA) or Department of Energy (DOE) energy efficiency standards. Where applicable, the energy efficiency function shall remain enabled on all energy efficient equipment.

**Reporting.** District staff shall prepare and deliver to the Board periodic reports on the progress of efforts related to the EPP Policy.

**Performance, Price, and Availability.** Nothing contained in this policy shall be construed as requiring a department or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.

**Fiscal Impact.** It is currently estimated that the cost to implement this policy will be minimal and primarily include staff time to meet the goals and objectives the policy. Cost savings may be realized in the waste minimization and energy efficiency objectives of the policy.

**ADMINISTRATIVE POLICY HANDBOOK**

**POLICY TITLE:** Surplus  
**POLICY NUMBER:** 3070  
**PROCEDURE:** 2000-3  
**DATE ADOPTED:** January 14, 2009

**3070.1** The purpose of this policy is to provide an auditable process for the disposal of surplus District personal property.

**3070.2** The General Manager, or his/her designee, is authorized to approve property items deemed unsuitable or unnecessary for District purposes as surplus. Such assets shall be disposed of in a manner which is in the best interest of the District, pursuant to procedures approved by the General Manager. The goal is to maximize surplus revenues net of staff time and other processing costs while disposing of surplus items in a manner that meets all statutes and regulations and reflects a high level of environmental stewardship.

**3070.3** An annual report will be provided to the Board of Directors listing all assets that were surpluses during the prior fiscal year, the method of disposal and the amount received (if any) for each item.

**ADMINISTRATIVE POLICY HANDBOOK**

**POLICY TITLE: DEBT MANAGEMENT AND CONTINUING DISCLOSURE**  
**POLICY NUMBER: 3075**  
**PROCEDURE: N/A**  
**DATE APPROVED: November 13, 2019**

**3075.1 Purposes and General Provisions.** The Government Finance Officers Association (GFOA) recommends that state and local governments adopt comprehensive written debt management policies as a best management practice to improve the quality of decisions, articulate policy goals, provide guidelines for the structure of debt issuance, and demonstrate a commitment to long-term capital financial planning. Additionally, Government Code Section 8855(i) requires public agency issuers of debt to adopt comprehensive written debt management policies. This Debt Management and Continuing Disclosure Policy (Debt Policy) is intended to comply with Government Code Section 8855(i). The purpose of this Debt Policy is to organize and formalize debt issuance and management related policies and procedures for Delta Diablo. This Debt Policy governs all debt issuances by the District and by the Delta Diablo Integrated Financing Corporation. Except where any provision of this Debt Policy refers separately to the IFC, each use of the term “District” in this Debt Policy means the District and the IFC.

State and federal laws and regulations govern the District’s activities under this Debt Policy. In its implementation of this Debt Policy, the District must comply with all applicable state and federal laws and regulations, including but not limited to laws and regulations limiting the types of debt the District may issue and how that debt may be issued, and any applicable appropriations limits and debt limits. Those state and federal laws and regulations may limit the application of this Debt Policy. If any provision of this Debt Policy conflicts with any state or federal law or regulation, either (a) if feasible, the conflicting provision of this Debt Policy shall be modified to be compliant with the applicable conflicting state or federal law or regulation, or (b) if the conflicting provision of this Debt Policy cannot be so modified, it shall not be implemented by District staff.

**3075.2 Objectives.** The primary objectives of the District’s debt and financing related activities are the following:

- 3075.2.1** Maintain cost-effective access to public and private capital markets through prudent fiscal management policies and practices;
- 3075.2.2** Specify parameters related to the prudent use of debt in the context of the District’s rates and financial planning;
- 3075.2.3** Ensure debt proceeds are expenditures for permissible uses as defined in this policy, and in accordance with bond covenants and other applicable requirements;
- 3075.2.4** Minimize debt service commitments through effective planning and cash management;

- 3075.2.5** Ensure the District is compliant with all applicable federal and state securities laws;
- 3075.2.6** Protect the District's creditworthiness and achieve the highest practical credit ratings; and,
- 3075.2.7** Maintain the District's sound financial position.

**3075.3 Scope and Delegation of Authority.** This Debt Policy will govern the issuance and management of all debt issued by the District, including the selection and management of related financial and advisory services and products, and the investment of bond proceeds, all in accordance with state and federal laws and regulations.

The District's Board of Directors retains authority to modify, repeal, or replace this Debt Policy. Responsibility for implementation of the Debt Policy, and day-to-day responsibility for structuring, implementing, and managing the District's debt and finance program, will reside with the General Manager or his/her designee. The General Manager may develop procedures consistent with this Debt Policy to direct the implementation of this Debt Policy by District staff. The Board's adoption of the District's Annual Budget and Capital Improvement Program (CIP), or review of the financial plan, does not constitute authorization for debt issuance for any capital projects. This Debt Policy requires that the Board of Directors specifically authorize each debt financing in accordance with all applicable state and federal laws and regulations.

The Board of Directors recognizes that changes in the public and private capital markets, District programs, and other unforeseen circumstances may, from time to time, produce situations that are not covered by the Debt Policy and will require modifications or exceptions to achieve policy goals. In these cases, the Board of Directors may consider modifying this Debt Policy to provide District staff with flexibility to respond to changed circumstances, while ensuring this policy remains compliant with state and federal laws and regulations.

#### **3075.4 Roles and Responsibilities**

- 3075.4.1** General Manager or his/her designee – Provides oversight of debt program and prepares recommendations on debt to the Board of Directors.
- 3075.4.2** Executive Director of the IFC – Provides oversight of debt program and prepares recommendations on debt to the Board of Directors.
- 3075.4.3** Business Services Director – Has primary responsibility for implementing the General Manager's direction on debt issuance recommendations, financing transaction execution, oversight of bond proceeds expenditures, and ongoing debt management.
- 3075.4.4** Board of Directors – Sets debt policy and authorizes individual transactions.

**3075.5 Ethics and Conflicts of Interest.** Members of the Board of Directors and District staff members who have roles and responsibilities under this Policy: (a) will not engage in any personal business activities that could conflict with proper and lawful execution of securing capital financing, (b) will comply with the District's Conflict of Interest Code, as may be updated from time to time; and (c) will comply with all other applicable state and federal conflict of interest laws and regulations.

**3075.6 Integration with Other Financial Policies and Documents.** The District is committed to long-term capital and financial planning, maintaining appropriate reserve levels, and employing prudent practices in governance, management, and budget administration. Policies related to these topics are adopted separately but affect this Debt Policy. If debt service is a component of proposed new or increased fees or charges (e.g., Sewer Service Charges), at the time the Board of Directors is asked to approve those new or increased fees or charges, the Board of Directors will be presented with financial information in support of the proposed fees or charges, including but not limited to the District budget, any relevant provisions of the CIP, and the terms of any debt service repaid by the fees or charges.

**3075.7 Standards for Use of Debt Financing.** In financial planning, the District will evaluate the use of various alternatives including, but not limited to, current year funding of capital projects through rates, various forms of debt financing, use of reserves, and inter-fund loans and transfers. The District will utilize the most advantageous financing alternative and balance the goals of long-term cost minimization, risk exposure, and compliance with generally accepted rate-setting principles. The District's debt management program will consider debt issuance where public policy, equity (including intergenerational equity), generally-accepted rate-setting principles, economic efficiency, and compliance with long-term financial planning parameters that favor financing over cash funding.

**3075.7.1 Use and Timing of Debt.** The District will integrate its debt issuances with the goals of its CIP by timing the issuance of debt to ensure that projects are planned when needed in furtherance of the District's public purposes (as articulated in, inter alia, the District's mission, vision, and goals) and are consistent with the District's budget, any applicable debt or appropriations limits, and other financial information the General Manager or Business Services Director deems relevant. When the Board of Directors is asked to approve new or increased fees or charges (e.g., Sewer Service Charges), the Board of Directors will be provided all legally-required financial information in support of the new or increased fees or charges, and additional financial information the General Manager or Business Services Director deems relevant.

**3075.7.1.1** All capital projects in the CIP are eligible to use debt financing, so long as the minimum revenues are generated as described in Section 3075.7.1.

Debt financing will be used to finance eligible capital projects, including the acquisition, construction, or rehabilitation of capital facilities, when funding requirements cannot be met with current

revenues, cash reserves or interfund loans and/or transfers or the use of such funds would be contrary to rate-setting principles. The proceeds derived from long-term borrowing will not be considered appropriate for any recurring purpose such as current operating and maintenance expenditures.

With respect to debt repayment and amortization, the debt repayment period will be structured so that the weighted average maturity of the debt does not exceed 100% of the expected average useful life of the project being financed.

**3075.7.2 Credit Quality.** All District debt management activities for new debt issuances will be conducted in a manner conducive to receiving the highest credit ratings possible consistent with the District's debt management objectives and legal terms and covenants of outstanding debt obligations. As debt service coverage is a key ratings consideration, the District shall target a debt service coverage ratio of at least 1.75 for financial planning and rate-setting purposes.

**3075.7.3 Ongoing Debt Administration and Internal Controls.** The District will maintain all debt-related records according to the District's Retention Policy or debt financing documents, whichever retention timeline is longer. The District will maintain internal controls to ensure compliance with the Debt Policy (including use of bond proceeds for purposes specified in the applicable Bond Official Statements and in compliance with this debt policy), all debt covenants, and any applicable requirements of federal and state law, including but not limited to the following: initial bond disclosure, continuing disclosure, tax-exemption, post-issuance compliance, investment of bond proceeds (including, for example, any continuing disclosure obligations under Securities and Exchange Commission (SEC) Rule 15c2-12, and tax covenants, and related federal tax compliance requirements such as arbitrage restrictions and rebate requirements), and annual transparency reporting to California Debt and Investment Advisory Commission.

**3075.7.4 Rebate Policy and System.** The District will develop a system of reporting interest earnings that relates to and complies with Internal Revenue Code requirements relating to rebate, yield limits, and arbitrage. The District will accurately account for all interest earnings in debt-related funds to ensure that the District is compliant with all debt covenants and with state and federal laws. The District will invest funds in accordance with the investment parameters set forth in each respective bond indenture, and as permitted by the District's Investment of District Funds (Policy No. 3020).

**3075.8 Financing Criteria.** When staff intends to recommend that the District incur indebtedness, or when requested by the Board of Directors, the General Manager will provide a report to the Board that, among other things:

**3075.8.1** Describes the intended use of the financing proceeds (i.e., funding for new projects or to refund existing bonds);



**3075.8.2** Recommends a specific debt type to include duration, type, interest rate characteristics, call features, credit enhancement, or financial derivatives to be used in the transaction;

**3075.8.3** Presents the impact of the bonds on the District's forecasted rates based on the anticipated maturity schedule; and,

**3075.8.4** For refunding transactions, includes a comprehensive report on the debt to be redeemed, the replacement debt, and the anticipated benefits of the transaction shall be provided.

**3075.9 Terms and Conditions of Debt.** The Board of Directors will approve all terms and conditions relating to the issuance of debt, and will approve the control, management, and investment all debt proceeds. The proposed debt terms, coupon structure, debt service structure, redemption features, any use of capitalized interest, and lien structure must be approved by the Board of Directors.

**3075.10 Types of Debt.** Subject to the approval of the Board of Directors in accordance with applicable state and federal laws and regulations, the following types of debt are allowable under this Debt Policy:

- State Revolving Fund loans
- California Infrastructure and Economic Development Bank loans
- Revenue bonds
- Lease revenue bonds and certificates of participation
- Commercial paper
- General obligation bonds
- Land-secured financings, such as special tax revenue bonds issued under the Mello-Roos Community Facilities Act of 1982, as amended, and limited obligation bonds issued under applicable assessment statutes
- Refunding Obligations
- Bond or grant anticipation notes
- Tax and revenue anticipation notes
- Federal loans
- Lines of credit

**3075.11 Derivatives.** The District will not use municipal derivative products in connection with its borrowing needs.

**3075.12 Credit Enhancements.** The District may consider the use of credit enhancement on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings or other measurable advantages can be shown will the Board of Directors consider authorizing the enhancement.

**3075.13 Refunding Outstanding Debt.** Refundings are important debt management strategies for the District. Refundings are commonly used to lower future debt service costs but can also be used to change existing legal terms/covenants or restructure debt service. The District will periodically evaluate outstanding bond issues for refunding opportunities and will bring to the attention of the Board those opportunities that are in the District's interest. Reports to the Board on potential refunding shall describe

anticipated savings and the structure of refunding and refunded debt, and any refunding transaction executed will be followed with a report on actual savings. Unless necessary or beneficial to do so, the District's refundings will not extend the final maturity of the debt being refunded.

There are two types of refundings: current refundings and advance refundings. These two refunding types differ by the timing in which they occur.

*Current Refunding.* A current refunding is one in which the refinancing is closed within 90 days of the date on which the refunded debt is redeemed. In most circumstances, the District's Board of Directors will set minimum Present Value (PV) Savings threshold of 3% of refunded par for a current refunding.

*Advance Refunding.* An advance refunding is one in which the refinancing is closed more than 90 days prior to the date on which the refunded debt is redeemed. In most circumstances, the District's Board of Directors will set a minimum PV Savings threshold of 5% of refunded par for an advanced refunding. Lower savings thresholds for both current and advance refundings may be justified in certain circumstances. In those situations, the Business Services Director, in consultation with the District's financial advisor, will recommend an appropriate action by the Board of Directors.

**3075.14 Methods of Issuance.** District bonds may be sold by way of a competitive sale, negotiated sale, or private placement. A recommendation regarding the proposed use method will be prepared by the Business Services Director and General Manager, or his/her designee, and provided to the Board of Directors at the time the Board of Directors is asked to consider approval a proposed bond issuance.

The District will consider the following factors when determining the appropriate method of sale:

**3075.14.1 Competitive Sale.** In a competitive sale, the District's bonds will be awarded to the bidder providing the lowest true interest cost as long as the bid adheres to the requirements set forth in the official notice of sale. Conditions under which a competitive sale would be preferred are as follows:

- Bond prices are stable and/or demand is strong
- Market timing and interest rate sensitivity are not critical to the pricing
- There are no complex explanations required during marketing regarding the District's projects, media coverage, political structure, political support, funding, or credit quality
- The bond type and structure are conventional
- Manageable transaction size
- The bonds carry strong credit ratings
- Issuer is well known to investors

**3075.14.2 Negotiated Sale.** The District recognizes that some securities are best sold through negotiation under the following conditions:

- Bond prices are volatile
- Demand is weak or supply of competing bonds is high
- Market timing is important, such as for refundings

- The bonds will carry lower credit ratings or are not rated
- Issuer is not well known to investors
- The bond type and/or structural features are unusual, such as for a forward delivery bond sale, issuance of variable rate bonds, or where there is the use of derivative products
- Bond insurance is not available
- Early structuring and market participation by underwriters are desired
- The par amount for the transaction is significantly larger than normal
- Demand for the bonds by retail investors is expected to be high

**3075.14.3 Private Placement.** If authorized by law, the District may elect to privately place its debt under certain conditions. Such placement will only be considered where a cost savings can be achieved by the District relative to other methods of debt issuance, or to enable the financing to be completed within a shorter timeframe. Private placements will include not only direct placements with investors or lenders, but also state and federal loan programs.

### **3075.15 Market Relationships**

**3075.15.1 Rating Agencies and Investors.** The General Manager and Business Services Director will be responsible for maintaining the District's relationships with rating agencies, which will typically include two or more of the nationally-recognized statistical rating agencies.

**3075.15.2 Board Communication.** The General Manager will make available to the Board any ratings report or other relevant feedback provided from rating agencies and/or investors regarding the District's financial strengths and weaknesses and recommendations for addressing any weaknesses.

**3075.15.3 Continuing Disclosure.** The District will remain in compliance with SEC Rule 15c2-12, which addresses continuing disclosure obligations. The District will also comply with state reporting requirements as specified in Senate Bill (SB) 1029, which requires initial and ongoing debt reporting requirements for California public agencies.

**3075.15.4 Rebate Reporting.** The use and investment of bond proceeds shall be monitored to ensure compliance with arbitrage restrictions.

**3075.15.5 Other Jurisdictions.** From time to time, the District may issue bonds to fund projects that provide a benefit to other public entities that the District serves. The District will conduct such analyses as deemed necessary to assure adequate cost recovery for such funding and mitigate risks to the District (including consideration of the use of limited bonding capacity).

### **3075.16 Consultants**

**3075.16.1 Selection of Financing Team Members.** The Business Services Director will make recommendations for all financing team members, and the Board of Directors providing final approval. Financing team members may include a financial advisor, bond counsel, disclosure counsel (which may be the

same firm as bond counsel), and underwriter. In the event of a competitive bond sale, the District's debt will be offered to the underwriter providing the most cost-advantageous proposal to the District, as determined by the Board of Directors.

**3075.16.2 Financial Advisor.** The District may utilize a financial advisor to assist in its debt issuance and debt administration processes as is deemed prudent and necessary by the Board of Directors and in compliance with applicable Municipal Securities Rulemaking Board (MSRB) regulations. The District's financial advisor should be independent and not provide underwriting services to ensure they are free of real or perceived conflicts of interest.

**3075.16.3 Bond Counsel.** District debt will include a written opinion by legal bond counsel affirming that the District is authorized to issue the proposed debt, and that the District has met all constitutional and statutory requirements necessary for issuance and a determination of the proposed debt's federal income tax status. The approving opinion and other documents relating to the issuance of debt will be prepared by bond counsel with extensive experience in public finance and tax issues. Bond counsel will be retained by the Board of Directors.

**3075.16.4 Disclosure Counsel.** The District may utilize a separate law firm to serve as disclosure counsel whenever the Board of Directors deems necessary. If cost effective, the Board of Directors may retain the same firm to serve both as bond counsel and as disclosure counsel.

**3075.16.5 Underwriter.** The District's Board of Directors will have the right to select a senior manager for a proposed negotiated sale, as well as co-managers and selling group members, as appropriate.

**3075.16.6 Conflict of Interest Disclosure by Financing Team Members.** All financing team members will be required to provide full and complete disclosures relative to agreements with other financing team members and outside parties. The extent of each disclosure may vary depending on the nature of the transaction. However, in general terms, no agreements will be permitted that could compromise the firm's ability to provide independent advice that is solely in the District's interests (to the extent the firm's role involves a duty to do so) or which could reasonably be perceived as a conflict of interest.

### **3075.17 Initial and Continuing Disclosure Compliance**

#### **3075.17.1 Disclosure Coordinator and Overall Requirements for Initial and Continuing Disclosure**

The Business Services Director or his/her designee will be the disclosure coordinator of the District (Disclosure Coordinator). The Disclosure Coordinator will perform the following functions:

- 3075.17.1.1** Ensure that any Official Statement meets appropriate standards and is approved by the Board of Directors, as required.

**3075.17.1.2** Ensure that initial and continuing disclosure obligations undertaken by the District related to each debt issuance are met, including State of California requirements, and MSRB requirements that the District commits to undertake in the Continuing Disclosure Certificate or Agreement over the life of the bonds to investors.

**3075.17.1.2.1** Initial Disclosure requirements include preparation of the Bond Official statement and reports on the issuance to the California Debt and Investment Advisory Commission (CDIAC).

**3075.17.1.2.2** Ongoing disclosure requirements include annual reports with the MSRB Electronic Municipal Market Access (EMMA) system and the CDIAC.

**3075.18 Exceptions.** In the event there are any deviations or exceptions from the Debt Policy when a certain bond issue is structured, those exceptions will be discussed in the staff report at the time that the bond proposal is presented to the Board of Directors for its consideration.

**3075.19 Policy Review.** Any proposed changes to this Debt Policy must be approved by the Board of Directors.

**ITEM K**

June 9, 2021

RECEIVE MONTHLY LOBBYIST REPORT DATED MAY 2021, 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 May 2021, which was produced by KA and distributed to members of the Western Recycled Water Coalition.


**Financial Impact**

None

**Attachment**

KA Monthly Report, May 2021

Reviewed by:



Thanh Vo  
Acting Engineering Services Director

cc: Project File No. P.90024.06.01





(703) 340-4666

[www.keyadvocates.com](http://www.keyadvocates.com)

May 27, 2021

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

### **Infrastructure: Status**

Negotiations/discussions are ongoing between The White House and Congress, especially with Senate Republicans, on the substance and process of an infrastructure bill, with the goal a bipartisan agreement. On substance, there are three major differences: cost, with the Senate Republicans at \$568B and the President now coming down from \$2.25T to \$1.7 trillion (having jettisoned the highway bill as a separate vehicle and reducing it by \$39B, matching the Senate spending for broadband at \$65B, and dropping spending on manufacturing, research and development and supply chain, although there are recent reports about a possible \$1T deal and a Senator Romney et al. new proposal); scope, with the Republicans defining infrastructure in the traditional sense such as roads, bridges, seaports airports and broadband and the Administration including social programs such as child care, elderly and disabled care, dislocated workers, etc. that have never been considered part of core infrastructure; and, pay-fors with the Republicans opposed to tax increases and not wanting to undo the tax cuts from the last Congress, believing that some of the funds can be obtained from unspent COVID relief funds and new user fees on electric vehicles for example while the President proposes to raise corporate taxes from 21% back to 28%, and increase taxes for individuals earning over \$400K.

On process, there is still the question of whether this would be one big bill or broken up into multiple bills. The President is still saying that he wants a bill this summer and as of this writing set a deadline of Memorial Day to strike a deal with Republicans.

### **Infrastructure Proposal: Senate Republicans**

On April 22, a group of Senate Republicans outlined their infrastructure plan, a much narrower vision both in terms of cost and scope than the approach proposed by President Biden:

- \$299 billion for roads and bridges
- \$65 billion for broadband
- \$61 billion for public transit
- \$44 billion for airports
- \$35 billion for drinking water and waste water systems
- \$20 billion for railways

\$17 billion for ports and inland waterways  
\$14 billion for water storage  
\$13 billion for safety measures

### **Infrastructure Proposal: Biden**

The original proposal at \$2.25T includes the following: \$621B for highways (\$115B to modernize 20,000 miles of highways, roads, and main streets) and bridges (to fix the most economically significant large bridges and repair the worst 10,000 smaller bridges), highway safety (\$20B), transit (\$85B for modernization and system expansion), rail (including \$80B for Amtrak's repair backlog and to modernize the Northeast Corridor), ports and inland waterways and ferries (\$17B), airports (\$25B); electric vehicles (\$174B to accelerate the shift to electric vehicles, consumer rebates and tax incentives to buy American-made electric vehicles, a new grant and incentive program to build a national network of 500,000 charging stations by 2030, replace 50,000 diesel transit vehicles, and electrify at least 20% of yellow school buses); \$300B for housing; \$300B to booster U.S. manufacturing including \$50B for semiconductor manufacturing and \$30B for medical manufacturing; \$400B for elderly and disabled care; expand access to long-term Medicaid care services; give caregiving workers the opportunity to join a union; \$213B for housing including building and rehabilitating more than 50,000 homes for low and middle income homebuyers; \$180B for research in critical technologies; \$111B for water infrastructure to replace all lead pipes and service lines and to upgrade clean water, drinking water, wastewater and storm water systems; \$100B to build new schools and upgrade existing buildings, \$12B for community colleges infrastructure needs; \$25B to upgrade child care facilities; \$100B for broadband; \$100B for workforce development including \$40B to retain dislocated workers; and, \$18B to modernize Veterans Affairs' hospitals and \$10B to modernize federal buildings.

### **H.R.1015, the “Water Recycling Investment and Improvement Act”**

On February 11, Congresswoman Napolitano introduced H.R.1015 with 13 cosponsors - it is the same bill she introduced last Congress as H.R.1162. It increases the WIIN Act authorization for water recycling grants to \$500M, strikes certain requirements, and increases the Federal share from \$20 to \$30 M. Last Congress, H.R.1162 did not move on its own but was included in H.R.2, the omnibus mega infrastructure bill that passed the House but not the Senate. A hearing is expected in the near future.

### **S. 914, “Drinking Water and Wastewater Infrastructure Act of 2021”**

On April 28, the Senate passed the bill by a vote of 89-2 that included the Feinstein-Padilla amendment as part of the Committee leadership substitute. That amendment, per the Coalition's request, limited the prohibition against applying for Alternative Water Source Program (AWSP) grants to USBR projects that received construction funds. Receipt of funds for other purposes - for example, feasibility studies - would no longer be a bar as they are in existing law. Also, unlike the DeFazio bill of the last Congress, the Senate passed AWSP language does NOT include any limitation (25 percent or \$20M for example) on the total Federal share of the costs of a reclamation and reuse project.



## **H.R. 1915, “Water Quality Protection and Job Creation Act of 2021”**

On March 17, Chairman DeFazio (with Subcommittee Chair Napolitano) introduced the above bill. While it did not include the language in H.R. 1497 from the last Congress regarding eligibility for pre-construction recycled water projects in the AWSP, the language is included in a substitute amendment that will be offered in markup by the Chairman. The bill provides \$40B over five fiscal years for the Clean Water SRF and \$1B for the AWSP. The Coalition was listed as one of the supporting entities and sent in a letter of support. Markup is expected in the near future. Congressman Garamendi has said that he will offer an amendment in markup to strike, without modification, the prohibition on recycled water projects being able to apply for grants or an amendment to strike the 25% or \$20M Federal share limitation for AWSP recycled water funded projects.

## **H.R. 3112, To Amend the Reclamation Wastewater and Groundwater Study and Facility Act to Authorize Certain Recycled water Projects and for Other Purposes**

On May 11, Congressman McNerney introduced the Coalition’s projects bill with three cosponsors – Reps. Swalwell, Eshoo and Panetta. The official text is not yet online. When it does become available, we will email it to Angela Ebiner and request that Senator Padilla introduce it. She may ask for a request letter.

## **STREAM Act: “Support to Rehydrate the Environment, Agriculture, and Municipalities Act”**

This is a draft bill by Senator Feinstein for which letters of support/comments were requested by April 15. The Coalition sent a support letter noting the reauthorization of the Title XVI competitive grant program of \$250 million over 5 fiscal years, the increase in the per project maximum Federal funding contribution to \$30 million, and the elimination of the requirement that Congress must approve funding awards for specific projects through designating them by name in an enacted appropriations bill, the newly proposed Reclamation Infrastructure Finance Program and increased funding for, and expedited congressional approval for water storage projects of \$750 million, and \$100 million for desalination projects, both over 5 fiscal years. This draft is viewed as the “son of S. 1932” which stalemated last Congress. The goal of this legislation is with Senate passage to conference with H.R.1015, the Napolitano bill noted above, with the outcome hopefully closer to the higher Napolitano funding levels.

## **Congressman Huffman’s Omnibus Water Bill**

The plan is to introduce a Huffman omnibus water bill with modifications from the draft he had last Congress and which was included in H.R. 2. That draft included the Napolitano bill and a proposed \$300M water trust fund, with \$100M earmarked for recycled water projects. Per the Natural Resources Committee, they said they are waiting on the infrastructure effort to see if any of the Huffman proposals are included. That outcome will define the fate of a separate bill

## **Senator Hirono Water Bill**

Senator Hirono staff has said that the Senator will be introducing a water bill. This goes back to last year. Have an email into her staffer. Unless we hear something more concrete, we will remove it from our tracking list until something comes out of her office.

## **Earmarks**

In the House, Congressman McNerney submitted the Ironhouse \$3M STAG request to the Appropriations Committee. In the Senate, Ironhouse submitted the same request to Senator Feinstein. Also, in the Senate, Monterey One Water submitted to both Feinstein and Padilla requesting \$7.2M to expand Pure Water.

## **USBR**

On March 24, USBR announced the Title XVI WIIN Grant \$20M F21 funding opportunity with applications due by April 23. None of the attendees on the May 13 Coalition conference call submitted an application.

## **Consolidated Appropriations Act, 2021 and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021**

To review, on December 27, the President signed into law, as one vehicle, the Consolidated Appropriations Act, 2021, which funds the government at \$1.4T through next September and the Coronavirus Response and Relief Supplemental Appropriations Act, 2021.

“Water” highlights from the Appropriations portion are \$63.665M for Title XVI, of which \$20M is for WIIN Act projects, and \$55M for Water SMART grants. Also, funding for the CWSRF and the DWSRF are the same as FY20 - \$1.6B and \$1.1B respectfully.

**Bill Tracking** 117th Congress (2021-2022). Summaries and updates included as available.

### **H.R.1660 — To make certain municipalities eligible for grants under the Federal Water Pollution Control Act, and for other purposes.**

**Sponsor:** [Rep. Trahan, Lori \[D-MA-3\]](#) (Introduced 03/08/2021) **Cosponsors:** (4)

**Committees:** House - Transportation and Infrastructure

**Latest Action:** House - 03/09/2021 Referred to the Subcommittee on Water Resources and Environment.

### **H.R.1881 — 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 03/12/2021) **Cosponsors:** (4)

**Committees:** House - Transportation and Infrastructure. **Latest Action:** House - 03/15/2021 Referred to the Subcommittee on Water Resources and Environment.

### **H.R.2173 — 117th Congress (2021-2022)**

**To amend the Federal Water Pollution Control Act with respect to wastewater**

**infrastructure workforce development, and for other purposes.**

**Sponsor:** [Rep. Stanton, Greg \[D-AZ-9\]](#) (Introduced 03/23/2021) **Cosponsors:** (0)

**Committees:** House - Transportation and Infrastructure

**Latest Action:** House - 03/24/2021 Referred to the Subcommittee on Water Resources and Environment.

**H.R.1563 — To extend the authorities under the Water Infrastructure Improvements for the Nation Act of 2016 providing operational flexibility, drought relief, and other benefits to the State of California.**

**Sponsor:** [Rep. Garcia, Mike \[R-CA-25\]](#) (Introduced 03/03/2021) **Cosponsors:** (10)

**Committees:** House - Natural Resources; Science, Space, and Technology

**Latest Action:** House - 03/03/2021 Referred to the Committee on Natural Resources, and in addition to the Committee on Science, Space, and Technology, for a period to be subsequently determined by the Speaker.

**H.R.2952 — To amend the Federal Water Pollution Control Act to require a certain percentage of funds appropriated for revolving fund capitalization grants be used for green projects, and for other purposes.**

**Sponsor:** [Rep. Williams, Nikema \[D-GA-5\]](#) (Introduced 04/30/2021) **Cosponsors:** (0)

**Committees:** House - Transportation and Infrastructure

**Latest Action:** House - 05/03/2021 Referred to the Subcommittee on Water Resources and Environment.

**H.R.2979 — To amend the Water Infrastructure Finance and Innovation Act of 2014 with respect to the final maturity date of certain loans, and for other purposes. Sponsor:** [Rep. Garamendi, John \[D-CA-3\]](#) (Introduced 05/04/2021) **Cosponsors:** (2) **Committees:** House - Transportation and Infrastructure; Energy and Commerce **Latest Action:** House - 05/05/2021 Referred to the Subcommittee on Water Resources and Environment.

**S.916 — Water Affordability, Transparency, Equity, and Reliability Act of 2021**

**Sponsor:** [Sen. Sanders, Bernard \[I-VT\]](#) (Introduced 03/23/2021)

**Cosponsors:** (3) **Committees:** Senate - Environment and Public Works **Latest Action:** Senate - 03/23/2021 Read twice and referred to the Committee on Environment and Public Works Same summary as the next bill.

**H.R.1352 — Water Affordability, Transparency, Equity, and Reliability Act of 2021**

**Sponsor:** [Rep. Lawrence, Brenda L. \[D-MI-14\]](#) (Introduced 02/25/2021) **Cosponsors:** (78)

**Committees:** House - Transportation and Infrastructure; Energy and Commerce; Ways and Means; Agriculture

**Latest Action:** House - 04/05/2021 Referred to the Subcommittee on Conservation and Forestry. This bill increases funding for water infrastructure, including funding for several programs related to controlling water pollution or protecting drinking water.

Specifically, it establishes a Water Affordability, Transparency, Equity, and Reliability Trust Fund. The fund may be used for specified grant programs. The bill increases the corporate income tax rate to 24.5% to provide revenues for the fund. In addition, the bill revises requirements concerning the clean water state revolving fund (SRF) and the drinking water SRF.