

## Minutes of the Special Board of Directors Meeting

### DELTA DIABLO April 23, 2020

The meeting was called to order by Chair Banales on Thursday, April 23, 2020, at 4:30 p.m., via Zoom audio. Present were Chair Juan Banales, and Directors Federal Glover and Sean Wright. Also present on the call were Stephen Siptroth, District Counsel (alternate); Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director/District Engineer; and Carol Margetich, Business Services Director.

Chair Banales read the following statement: “To slow the spread of COVID-19, the Contra Costa County Health Officer’s Shelter-in-Place Order of March 31, 2020 prevents public gatherings. In lieu of a public gathering, the Board of Directors meeting will be accessible via ZOOM Audio to all members of the public as permitted by the Governor’s Executive Order 29-20, which suspends certain requirements of the Ralph M. Brown Act.”

#### **PUBLIC COMMENTS**

None.

#### **RECOGNITION**

None.

#### **CONSENT CALENDAR**

Director Wright moved approval, seconded by Director Glover, and, by a roll call vote (Ayes: *Banales, Glover, and Wright*; Noes: *None*; Absent: *None*), the following consent items were approved according to staff recommendations: Approve Minutes of Regular Board of Directors Meeting, April 8, 2020; Receive Notes from the Finance Committee Meeting, April 17, 2020.

#### **DELIBERATION ITEMS**

Review Proposed Sewer Service Charge Increases; Set Public Hearing for June 25, 2020, at 4:30 p.m. to Consider Protests and Adoption of Sewer Service Charge Increases and to Consider Authorizing Collection of Increased Sewer Service Charges on the Tax Roll; and Authorize Distribution of Proposition 218 Hearing Notices and Publication of Hearing Notices

Ms. Margetich provided an overview of the FY20/21 budget and Sewer Service Charge (SSC) development schedule. She highlighted key guiding principles in developing proposed SSC increases, including critically reviewing the operating budget, ensuring effective capital improvement program (CIP) prioritization, utilizing a 5-year financial plan, maximizing cash funding of the CIP (versus debt financing), meeting the District’s operating reserve policy, reserving future debt management capacity, and complying with all legal requirements. Ms. Margetich noted the District’s five key funds that receive portions of the SSCs. She summarized key assumptions in the 5-year SSC analysis, including the SSC-funded portion of the preliminary FY20/21 operating budget (\$26.7 million), draft 5-year CIP (\$82 million total, \$71 million funded by SSCs), current and pending debt, suspension of the Advanced Treatment Reserve Fund SSC component, and significant reduction of planned debt financing.

Ms. Margetich provided an overview of the proposed FY20/21 SSC increase for Antioch/Pittsburg (+3.5%) and Bay Point (+3.0%), while noting the total increase in SSC annual revenue is \$1.1 million to fund increased District costs. She highlighted how portions of the SSCs would be allocated to specific funds, including a significant increase in allocation to the Capital Asset Replacement (CAR) Fund to support cash funding of critical wastewater conveyance and treatment system infrastructure improvement projects. Ms. Margetich noted that AT Fund contributions would be suspended in FY20/21. Ms. Margetich presented a breakdown of the District's SSC-funded expenses, highlighted that the District's SSCs remain below the average of its peer agencies, and noted that the current 5-year SSC increase projection is slightly lower than last year's forecast. She demonstrated future financial impacts in the absence of the proposed SSC increases and presented anticipated revenues, expenses, and use of fund balance in the CAR Fund over the next five years.

Ms. Margetich highlighted the key drivers for the increased CAR Fund contributions in FY20/21, including \$55 million in CAR-funded critical wastewater infrastructure projects over the next five years. She noted that the increase in the CAR SSC component would allow the District to increase cash funding of capital projects, which would eliminate the need to take on approximately \$20 million in assumed debt financing for the projects (assumed in last year's 5-year SSC analysis). She explained that this is expected to save customers approximately \$20 million in financing costs over the long term.

Ms. Margetich illustrated that the District's rates are well below average when compared to peer agencies in the Bay Area. In addition, she demonstrated that significantly higher annual SSC increases would be required in the next few years if the proposed SSC increase is not implemented. Ms. Margetich emphasized the District's progressive efforts to reduce the magnitude of projected 5-year SSC increases over the last few years.

Ms. Margetich summarized key elements of the draft Proposition 218 Notice, the SSC implementation timeline, and recommended actions. On April 17, 2020, the Finance Committee reviewed the proposed SSC increases, reviewed setting the public hearing and authorization of Proposition 218 notices and recommended that they be presented to the Board for consideration. Staff recommended that the Board approve the recommended actions.

During public comment, Mr. Paul Hodge inquired as to how Bay Point SSCs are related to the CAR Fund and how the Bay Point collection system capital project work is prioritized. Mr. De Lange responded that Bay Point improvements are developed in the CIP based on condition inspection and assessment information. Mr. Thomas stated that this process helps the District in prioritizing and developing project repair work in Bay Point. Mr. De Lange requested that Mr. Thomas follow up with Mr. Hodge directly to discuss his specific questions and issues.

Director Wright noted that he expressed his comments during the Finance Committee meeting on April 17, 2020 and that staff had addressed his comments in today's presentation. Director Wright moved adoption, seconded by Director Glover, and, by roll call vote (Ayes: *Wright, Glover, Banales*; Noes: *None*) the Board: Approved Setting a Public Hearing for June 25, 2020, at 4:30 p.m. to Consider Protests and Adoption of Sewer Service Charge Increases and to Consider Authorizing Collection of Increased Sewer Service Charges on the Tax Roll; and Authorize Distribution of Proposition 218 Hearing Notices and Publication of Hearing Notices.

## **PRESENTATIONS AND REPORTS**

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### Receive Update on District Response to Coronavirus

Mr. Eckerson provided an overview of the District's ongoing COVID-19 response actions, highlighting recent preventative measures and actions to protect the health, safety, and well-being of all employees. He noted that, as of April 20, 2020, no District staff have tested positive for COVID-19, and that 85% of non-O&M/Lab staff have been transitioned off-site via designation as non-essential or teleworking status. Mr. Eckerson summarized key workforce planning activities and revised, optimized staffing plans for Operations and Maintenance personnel. He described the District's ongoing capital projects that were essential to District operations. He explained that contractors would implement social distancing practices, including those required to reduce potential staff exposure. In closing, Mr. Eckerson shared key next steps in the District's response.

The Board received and filed the report.

## **MANAGER'S COMMENTS**

None.

## **DIRECTORS' COMMENTS**

None.

## **CORRESPONDENCE**


None.

## **CLOSED SESSION**

None.

## **ADJOURNMENT**

Chair Banales adjourned the meeting at 5:21 pm. The next Board meeting will be May 13, 2020, at 4:30 p.m.

  
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Sean Wright  
Board Secretary

(Recording Secretary:  
Cecelia Nichols-Fritzler)