

**Minutes of the Regular Board of Directors Meeting
DELTA DIABLO
March 14, 2018**

The meeting was called to order by Chair Glover on Wednesday, March 14, 2018, at 4:51 p.m., in the Board Room, located at 2500 Pittsburg-Antioch Highway, Antioch. Director Sean Wright and Chair Federal Glover were present. Director D. Pete Longmire was absent. Also present were Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Denise Cappucini Jones, Office Manager/Secretary to the Board; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Darrell Cain, Laboratory Manager; Jayne Strommer, Government Affairs Manager; Thanh Vo, Acting Engineering Services Director; Joaquin Gonzalez, Operations Manager/Management Association Representative; Steve Rodriguez, Operations Supervisor; Matt Gotshall, Computer Analyst/P&T Bargaining Unit Representative; Nick Steiner, Recycled Water Program Coordinator/P&T Bargaining Unit Representative; Angela Lowrey, Public Information Manager; Holland White, Contra Costa County Office of Supervisor Federal Glover; and Joseph D'Onofrio, Bartel Associates, LLC.

PUBLIC COMMENTS

None

CONSENT CALENDAR

Director Wright moved approval, seconded by Chair Glover and by unanimous voice vote (*Ayes: Wright and Glover; Noes: None; Absent: Longmire*), the Board approved the following Consent Calendar according to staff recommendations: Approve Minutes of Regular Board of Directors Meeting, February 14, 2018; Approve Minutes of Special Board of Directors Meeting, February 27, 2018; Receive Notes from Finance Committee Meeting, March 6, 2018; Approve District Monthly Check Register, January 2018; Receive First-Half of Fiscal Year 2017/2018 Operating Budget Expenditure Report; Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed \$165,000 V. W. Housen & Associates, Engineering Services, Permanent Brine Transfer Facility, Project No. 18109; Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$2,717,000, W. M. Lyles Co.; Authorize General Manager or His Designee to Approve Contract Change Orders in an Amount Not to Exceed 10% Of Contract Amount; and Authorize General Manager to Execute Amendment No. 2 to Consulting Services Contract in an Amount Not to Exceed \$175,164, Carollo Engineers Inc., Primary Clarifier Area Improvements, Project No. 17140; and Authorize General Manager to Re-Open Project, Appropriate \$45,618 to Project from Wastewater Capital Asset Reserves, and Close Out Project Upon Payment, SunPower Corporation, Photovoltaic Energy Generation, Project No. 10119.

DELIBERATION

Accept General Manager Acknowledgement of Government Code Section 7507 Actuarial Report, Retiree Health Benefits, Bartel Associates, LLC

As presented at the January 10, 2018 Board Meeting, the General Manager's Acknowledgment of financial impacts is required by Government Code (GC) Section 7507 prior to considering proposed clarifications to retiree health benefits for post-2008 hires. Ms. Margetich outlined the GC Section 7507 requirements and noted that Mr. De Lange has signed the Acknowledgement and the next steps are to consider a separate Board item outlining the proposed clarifications to retiree health care language in the three Bargaining Unit Memoranda of Understanding (MOUs), approve MOU Side Letters with the Bargaining Units, and authorize a budget adjustment for the new Actuarially Determined Contribution.

Director Wright moved approval, seconded by Chair Glover, and by voice vote (Ayes: *Wright* and *Glover* Noes: *None*; Absent: *Longmire*) the Board accepted the General Manager's Acknowledgement of the GC Section 7507 Actuarial Report on retiree health benefits.

Adopt Proposed Clarifications in Retiree Health Care Language in Memoranda of Understanding Affecting Employees Represented By the District's Three Bargaining Units (Management Association Bargaining Unit, Operations and Maintenance Bargaining Unit, and Professional and Technical Bargaining Unit) and Similar Clarifications for Unrepresented Employees; Approve Side Letters to Memoranda of Understanding for Management Association Bargaining Unit, Operations and Maintenance Bargaining Unit, and Professional and Technical Bargaining Unit that will Include Clarifications for the Duration of the Memoranda of Understanding; and Authorize Budget Adjustment in the Amount of \$41,000 for the Increased Annual Actuarially Determined Contribution

Ms. Margetich outlined the proposed clarifications to retiree health benefits for post-2008 hires and the GC Section 7507 requirements. As required, the District's Actuary, Mr. Joseph D'Onofrio, was present.

Ms. Margetich outlined the proposed clarifications and showed a summary table of the proposed changes and the District's liability, as determined by the Actuary. Another table showed the impact of the proposed benefit change and the total cost difference of \$41,000 for FY17/18.

Director Wright moved approval, seconded by Chair Glover, and by voice vote (Ayes: *Wright* and *Glover* Noes: *None*; Absent: *Longmire*) the Board adopted the proposed clarifications, approved the Side Letter Agreements with the Bargaining Units, and authorized the budget adjustment for the increased annual Actuarially Determined Contribution.

Review Proposed Sewer Service Charge Increases, Set Public Hearing for May 9, 2018, and Authorize Distribution of Proposition 218 Notices

Ms. Margetich outlined the District's rate-setting philosophy and the key assumptions used in the Sewer Service Charge (SSC) analysis. She outlined the proposed rate increases for each community, which are 6.0% for Antioch and Pittsburg customers; and 5.0% for customers in Bay Point, which includes a component for wastewater collection services. She showed breakdowns of the fee components, and a pie chart outlining District expenses. Ms. Margetich provided rate projections through Fiscal Year 2022/2023 (FY22/23), and a comparison with other agencies in the region showing that the District's rates remain comparable with the proposed increase. Tables were shown of Wastewater O&M Fund projections both with and without infusion of the proposed rate increase. Without implementation of the proposed rate increase, insufficient fund balances would occur by FY20/21. The same comparison was shown for the Capital Asset and Capital Asset Replacement Funds.

Ms. Margetich discussed status of the Advanced Treatment (AT) Fund and presented an updated timeline for the project. She outlined projected FY18/19 Inter-Fund Transfers and Loans, noting that loans are repaid at the Local Agency Investment Fund (LAIF) interest rate.

Next steps, if approved, include distribution of the Proposition 218 Notices and a public hearing to be held at the May 9, 2018 Board meeting.

Director Wright inquired regarding the total funding goal for the AT Fund, and Ms. Margetich responded that the original total anticipated goal was \$44 million by the project completion date. The District is on

track to have \$90 million in the fund by the revised target completion date, which will allow the District to cash fund a portion of the construction cost and reduce requirements for issuing debt. The project cost remains at \$125 million based on prior estimates.

Director Wright moved approval, seconded by Chair Glover, and by voice vote (Ayes: *Wright* and *Glover* Noes: *None*; Absent: *Longmire*) the Board set the public hearing for May 9, 2018 and authorized distribution of the Proposition 218 Notices.

Adopt Administrative Handbook Policy No. 1060 – Sustainability

Mr. Eckerson identified the reasons for the new Sustainability Policy, including increased public awareness and the demand for green solutions. He referenced the District's Mission Statement and Strategic Goals. The Policy provides a formal statement of intent and commitment to incorporate sustainability into the District's business practices and decision-making process. Mr. Eckerson outlined the key goals and explained the "Triple Bottom Line" approach, which covers economic, environmental, and social impacts. Director Wright asked how staff will balance the economic and social impacts with financial impacts, and Mr. Eckerson responded that financial considerations would remain a key component of the decision-making process, but that other considerations would be incorporated and shared with the Board when making project recommendations.

Director Wright moved approval, seconded by Chair Glover, and by voice vote (Ayes: *Wright* and *Glover* Noes: *None*; Absent: *Longmire*) the Board adopted Administrative Handbook Policy No. 1060 – *Sustainability*.

PRESENTATIONS AND REPORT

Receive Annual Report on Public Information Program (Angela Lowrey)

Ms. Lowrey provided an annual report on the District's Public Information Program. She outlined the goals and highlights of the program for the past year, including increased participation with local schools. Ms. Lowrey discussed focus items for 2018, and noted key activities, including increased outreach on flushable wipes and ongoing activities. Targeted projects for 2018 include LMC Career Fairs, continued Business-Education alliances, and presenting at industry conferences. She noted her participation on local Boards, public information awards received, and current nominations.

Director Wright expressed appreciation for Ms. Lowrey's work with the local schools and her efforts to facilitate alliances. The Board received and filed the Report.

MANAGER'S COMMENTS

Mr. De Lange reported that the District will be hosting a site visit by Assembly member Phil Ting, to advocate for project funding for the East County Bioenergy Project. He will tour both the Delta Diablo and Mt. Diablo Resource Recovery project sites.

Mr. De Lange reported that he will be participating in the Imagine H2O Water Innovation Forum tomorrow in San Francisco and will lead a roundtable discussion with industry leaders regarding financial challenges associated with developing and implementing innovative technologies.

Mr. De Lange noted that a portion of the District's laboratory space was recently leased out through June 30, 2018, with an option for an additional six months, at a cost of \$1,000 per month. ICF will be using the

space to measure available fish food sources in water samples collected from the Delta as a possible linkage to declining fish populations in the Delta.

Mr. De Lange thanked staff for their very well thought-out and informational presentations.

DIRECTORS COMMENTS:

Chair Glover reported that he and the other Board Members recently attended the California Association of Sanitation Agencies (CASA) Annual Policy Forum in Washington, D.C. He stated that the meetings attended on Capitol Hill with congressional representatives will pay off in the future for various District projects. It was a great delegation in attendance, including District Board members, key staff, and lobbyists, and sharing the projects is beneficial to all.

Director Wright stated that this was his first time attending the CASA Washington, D.C. conference and he was able to learn more about the politics associated with water. He noted that it was powerful to have the full Board, together with the General Manager, meet with Senator Feinstein's staff and Congressman McNerney directly to share the importance of these projects to Delta Diablo and our customers, and that we need their support.

CORRESPONDENCE

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


The Board received and filed the report.

CLOSED SESSION

None

ADJOURNMENT

Chair Longmire adjourned the meeting at 5:49 p.m. The next regular meeting of the Board of Directors will be on Wednesday, April 11, 2018, at 4:30 p.m.



Sean K. Wright
Vice Chair

(Recording Secretary:

Denise Cappucini Jones)