

Delta Diablo

(a California Special District)

Board of Directors Meeting

5:30 PM, Wednesday, June 14, 2023

2500 Pittsburg-Antioch Highway, Antioch, CA 94509

AGENDA

The Board of Directors meeting will be conducted as an in-person meeting that is open to members of the public. In addition, the meeting will be accessible to members of the public via Zoom or phone (access information is provided below).

Persons who wish to address the Board during Public Comments or with respect to a specific Agenda item will be limited to two (2) minutes. The Secretary to the Board will call on members of the public to establish a speaking order during Public Comments and on specific Agenda items. The Board Chair may reduce the amount of time allotted per speaker for Public Comments or specific Agenda item(s) depending on the number of speakers and the business of the day.

Presentations will be available online at <https://www.deltadiablo.org/board-meetings> approximately one hour prior to the start of the Board meeting. A copy of the presentations will also be available for inspection at the meeting and at the District Administration Building.

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/89387972388>

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: 893 8797 2388**

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 and also at the District Administration Building located at 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal business hours.

Delta Diablo

(a California Special District)

Board of Directors Meeting

5:30 PM, Wednesday, June 14, 2023

2500 Pittsburg-Antioch Highway, Antioch, CA 94509

AGENDA

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. PUBLIC HEARING

- 1) **Conduct** Public Hearing on Fiscal Year 2023/2024-2027/2028 Capital Improvement Program; **Close** Public Hearing and Consider Any Testimony Received; **Adopt** Resolution Approving Program; and **Authorize** Filing of California Environmental Quality Act Notice of Exemption in Compliance with Public Resources Code Section 21152 (Thanh Vo)
- 2) **Conduct** Public Hearing on Written Report and Collection of Sewer Service and Delinquency Charges and Collection System Charges and Surcharges on County Tax Roll; **Close** Public Hearing and **Consider** Any Objections and Protests; **Determine** No Majority Protests Exists; and **Adopt** Resolution Approving Final Written Report and Directing Collection of Certain Sewer Service and Delinquency Charges on County Tax Roll (Brian Thomas)

E. RECOGNITION

Congratulate Brian Thomas, Deputy General Manager, on His Recent Promotion (Vince De Lange)

F. CONSENT CALENDAR

- 1) **Approve** Minutes of Board of Directors Meeting, May 10, 2023 (Cecelia Nichols-Fritzler)
- 2) **Approve** Minutes of Special Board of Directors Meeting, May 23, 2023 (Cecelia Nichols-Fritzler)
- 3) **Adopt** Resolution Commending Mary Ann McNett Mason, District Counsel, on Her Service to the District (Brian Thomas)
- 4) **Receive** District Monthly Check Register for April 2023 (Eka Ekanem)

- 5) **Authorize** General Manager to Execute a Subscriber Service Agreement and an Agency Security Agreement with Cooperative Organization for the Development of Employee Selection Procedures (CODESP), a Joint Exercise of Powers Agency, to Pay Fees Specified in the Subscriber Service Agreement for Testing Products and Services in Connection with Pre-employment Testing for Fiscal Year 2023/2024 (Niger Edwards)
- 6) **Adopt** Resolution Establishing FY23/24 Appropriations (GANN) Limit for Expenditures that Can Be Funded from Tax Proceeds (Anika Lyons)
- 7) **Ratify** General Manager's Execution of a Participation Agreement with Coalition for Controlling Insurance Costs in California Schools (CICCS), a California Public Agency, with Modified Indemnification Language, for Employee Assistance Program Services, Beginning, July 1, 2023 (Niger Edwards)
- 8) **Authorize** Issuance of the Following Purchase Orders for One Year Beginning July 1, 2023: in an Amount Not to Exceed \$441,000, Univar USA Inc., Supply and Delivery of Sodium Bisulfite; in an Amount Not to Exceed \$328,000, Kemira Water Solutions, Inc., Supply and Delivery of Ferrous Chloride; in an Amount Not to Exceed \$372,000, Chemtrade Logistics, Inc., Supply and Delivery of Liquid Aluminum Sulfate; in an Amount Not to Exceed \$1,294,000, Hasa, Inc., Supply and Delivery of Sodium Hypochlorite; in an Amount Not to Exceed \$265,000, Polydyne Inc., Supply and Delivery of Dry Polymer; in an Amount Not to Exceed \$162,000, Polydyne Inc., Supply and Delivery of Liquid Polymer (Judy Phan)
- 9) **Authorize** General Manager to Execute Amendment No. 2 to General Services Contract in the Amount of \$495,000 for a New Total Contract Amount Not to Exceed \$1,335,000, and Extend Contract through June 30, 2024, SCA OF CA, LLC, Street Sweeping Services for City of Antioch and Bay Point (Judy Phan)
- 10) **Authorize** General Manager to Approve Purchase Order in the Amount of \$250,000, G3 Engineering, Inc., Polyblend Dry Polymer Feed System, and **Approve** Appropriation in the Amount of \$250,000 from Wastewater Capital Asset Replacement Reserve Fund (Dustin Bloomfield)
- 11) **Authorize** General Manager to Execute Amendment No. 2 to Agreement for Biosolids Handling Services with Synagro West, LLC, Effective July 1, 2023, to Extend the Term for Two Years, from July 1, 2023 through June 30, 2025, and to Authorize Payment for Services in Amounts Specified in the Agreement, as Amended (Joaquin Gonzalez)
- 12) **Authorize** General Manager to Execute Amendment No. 1 to Agreement for Class A Biosolids Processing Services with Lystek International Limited, Effective July 1, 2023, to Extend the Term for Two Years, from July 1, 2023 through June 30, 2025, and to Authorize Payment for Services in Amounts Specified in the Agreement, as Amended (Joaquin Gonzalez)
- 13) **Authorize** General Manager to Execute License Agreement with Delta Energy Center, LLC, for Temporary Use to Stage an Event Adjacent to the Recycled Water Facility (Dean Eckerson)
- 14) **Authorize** General Manager to Transfer Monies to Cogeneration Engine Rebuild Project from Wastewater Capital Asset Replacement Fund Reserves in the

Amount of \$200,000, for a New Total Project Budget of \$600,000; **Authorize** General Manager to Execute General Services Contract in an Amount Not to Exceed \$440,330, Peterson Power Systems, Inc.; and **Authorize** General Manager to Approve Contract Change Orders in an Amount Not to Exceed 10% of Contract Amount, Cogeneration Engine Rebuild, Project No. 23115 (Thank Vo)

G. DELIBERATION ITEMS

Approve FY23/24 Budget and **Adopt** Resolution Approving FY23/24 Budget Appropriations (Anika Lyons)

H. PRESENTATIONS AND REPORTS – None.

I. GENERAL MANAGER COMMENTS

J. BOARD MEMBER COMMENTS

K. CORRESPONDENCE

Receive Monthly Lobbyist Report Dated May 2023 Key Advocates, Inc., Western Recycled Water Coalition (Thank Vo)

L. CLOSED SESSION – None.

M. ADJOURNMENT

The next regular Board of Directors Meeting will be held at 4:30 p.m. on July 12, 2023.

June 14, 2023

CONDUCT PUBLIC HEARING ON FISCAL YEAR 2023/2024-2027/2028 CAPITAL IMPROVEMENT PROGRAM; CLOSE PUBLIC HEARING AND CONSIDER ANY TESTIMONY RECEIVED; ADOPT RESOLUTION APPROVING PROGRAM; AND AUTHORIZE FILING OF CALIFORNIA ENVIRONMENTAL QUALITY ACT NOTICE OF EXEMPTION IN COMPLIANCE WITH PUBLIC RESOURCES CODE SECTION 21152

Recommendations

- 1) Conduct a public hearing on the Fiscal Year 2023/2024-2027/2028 (FY23/24-FY27/28) Capital Improvement Program (CIP).
- 2) Close the public hearing and consider any testimony received.
- 3) Adopt a Resolution approving the FY23/24-FY27/28 CIP.
- 4) Authorize the General Manager to file a California Environmental Quality Act (CEQA) Notice of Exemption in compliance with Public Resources Code Section 21152.

Background Information

At its May 10, 2023 meeting, the Board received a report on the proposed FY23/24-FY27/28 CIP and set June 14, 2023 at 5:30 p.m. as the date and time of the associated public hearing. 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, a Recycled Water Master Plan in August 2013, and a Resource Recovery Facility Master Plan (RRFMP) in December 2022.

Analysis

Following the May 10, 2023 Board Meeting, staff made minor corrective adjustments to project cost estimates and associated cash flows. The updated FY23/24-FY27/28 CIP includes approximately \$139.1 million in infrastructure investment needs. The required FY23/24 CIP budget appropriation is \$12.0 million and estimated FY23/24 CIP expenditures total \$16.8 million. Key CIP highlights include the following:

Secondary Process Improvements Project: The District has identified a \$60 million project to address a significant regulatory compliance vulnerability associated with potential loss of critical infrastructure and associated treatment capacity, ensure compatibility with long-term nutrient management plant upgrades, and accommodate growth in the District's service area through



2040. This project was established as part of the RRFMP to address aging infrastructure needs (i.e., tower trickling filters) and future service area growth. Delayed initiation of this project provides the District with an opportunity to engage with regulators and the scientific community via the Bay Area Clean Water Agencies (BACWA) to understand potential impacts associated with likely accelerated implementation of nutrient limits in future NPDES permits for WWTPs as a result of algal blooms in San Francisco Bay (beginning in late July 2022 through mid-September 2022). In response, the scope of the Secondary Process Improvements Project will now include an evaluation of intermediate, cost-effective treatment process upgrades that could reduce nutrient loading in the District's WWTP effluent by approximately 10-15% (or greater). While the estimated CIP total cost remains relatively unchanged from the previous 5-year CIP, staff has adjusted the timing of cash flow needs based on delays in initiating pre-design and design activities with the bulk of the \$60 million cost now occurring in FY24/25-FY26/27.

Antioch Pump Station and Conveyance System Improvements Project: Implementation of this \$18.5 million project has been delayed by approximately two years as staff completed significant planning and pre-design efforts to determine the most effective project approach to address future force main pipe alignments and major changes to pump station configuration.

Cogeneration System Improvements Project: At the November 9, 2022 Board Meeting, staff highlighted the District's focus on expanding biogas utilization, pursuing federal tax credits under the Inflation Reduction Act (approximately 30% of capital cost). At the February 9, 2023 Board Meeting, a consultant contract was awarded for design services with an accelerated project schedule to meet the Inflation Reduction Act requirement that the project must be in construction by December 31, 2024. While the project construction cost is currently estimated to be approximately \$10 million, the proposed 5-year CIP includes \$6.7 million in cash flows and assumes the project will qualify for federal tax credit funding. Staff may request additional budget appropriations in future CIPs once actual construction cost is determined in summer 2024.

Addressing New Infrastructure Needs: The proposed 5-year CIP includes ten new projects totaling \$6.0 million, including \$2.0 million for the Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2 Project and \$0.7 million for the Conveyance System Assessment Project to address infrastructure renewal needs.

Investing in Existing Wastewater Infrastructure Renewal: Approximately 78% of the CIP is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Antioch Pump Station and Conveyance System Improvements (\$17.5 million), Cogeneration System Improvements (\$6.7 million), Willow Pass Interceptor Improvements (\$3.0 million), and Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 (\$1.5 million).

Ensuring Integrity of Bay Point Collection System: The District owns and operates 43 miles of gravity sewers in Bay Point. The CIP includes \$3.9 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.

Planning for the Future: The proposed 5-year CIP includes \$1.8 million for various master planning efforts to identify near- and long-term strategies, needs, and priorities associated with specific focus area, including recycled water (\$0.3 million FY23/24), biosolids management (\$0.4 million in FY24/25), electrical systems (\$0.3 million in FY25/26), and supervisory control and data acquisition (SCADA) systems (\$0.5 million in FY26/27).

The proposed 5-year CIP is provided in the CIP Program Summary (refer to 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 (refer to Attachment 2) approving the CIP. The Board must also consider determining that the CIP is exempt from CEQA and authorize the General Manager to file a Notice of Exemption with the County Recorder. The attached Notice of Exemption (refer to Attachment 3) describes the justification for the exemption.

Financial Impact

The proposed FY23/24-FY27/28 CIP includes approximately \$139.1 million in capital investment needs. Although staff is recommending that the majority of the District's capital spending be cash funded to provide the highest overall value to the District's customers, the District's current financial plan includes an assumption of \$30 million in debt financing for the \$60 million Secondary Process Improvements Project. The proposed CIP has been incorporated into the current FY23/24 Sewer Service Charge (SSC) analysis, which would maintain SSCs at the same level as in FY22/23 and provide sufficient funding to support planned capital expenditures in FY23/24.

Attachments

- 1) FY23/24-FY27/28 CIP Program Summary
- 2) Draft CIP Resolution
- 3) CEQA Notice of Exemption

Prepared by: 

Thanh Vo
Acting Engineering Services Director

cc: District File BRD.01-ACTS



DELTA DIABLO 5-YEAR CAPITAL IMPROVEMENT PROGRAM
FISCAL YEAR 2023/2024-2027/2028
PROGRAM SUMMARY

Table with columns: Project Name, Project No., Lead Dept., Approved Budget FY22/23, Total FY22/23 Budget Appropriation, Projected FY22/23 Cash Flow (as of Jan), Estimated Carryover Budget FY22/23 to FY23/24, FY23/24 (Estimated Budget, Estimated Cashflow), FY24/25 (Estimated Budget, Estimated Cashflow), FY25/26 (Estimated Budget, Estimated Cashflow), FY26/27 (Estimated Budget, Estimated Cashflow), FY27/28 (Estimated Budget, Estimated Cashflow), 5-Year Total Budget, 5-Year Total Cashflow. Includes sections for Wastewater Capital Asset (Fund 120), Wastewater Capital Asset Replacement (Fund 130), Wastewater Expansion (Fund 140), and Advanced Treatment (Fund 125).

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

(a California Special District)

RESOLUTION NO. 04/2023

MATTER: Approving Fiscal Year 2023/2024-2027/2028 Capital Improvement Program

The BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, the District finds that it is in its best interest to prepare a 5-year Capital Improvement Program that conforms with Government Code Section 65403 regarding preparation of programs by special districts and other government agencies; and

WHEREAS, Government Code Section 65403 requires an annual review and revision of the program to include an extension of the program for an additional year; and

WHEREAS, the Board of Directors of Delta Diablo was presented with a proposed Fiscal Year 2023/2024-2027/2028 (FY23/24-FY27/28) Capital Improvement Program on May 10, 2023; and

WHEREAS, the District did, on June 14, 2023, conduct a public hearing for purposes of receiving input with regard to the revised program, and did consider the direct inclusion of appropriate changes.

NOW, THEREFORE, the Board of Directors of Delta Diablo **DOES HEREBY RESOLVE AND ORDER** that it approves the FY23/24-FY27/28 Capital Improvement Program (refer to Exhibit).

PASSED AND ADOPTED on June 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

EXHIBIT: FY23/24-FY27/28 CIP Program Summary

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: 5-year Capital Improvement Program, FY23/24-FY27/28

DATE ON WHICH AGENCY APPROVED THE PROJECT: June 14, 2023

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, (925) 756-1949

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

CONDUCT PUBLIC HEARING ON WRITTEN REPORT AND COLLECTION OF SEWER SERVICE AND DELINQUENCY CHARGES AND COLLECTION SYSTEM CHARGES AND SURCHARGES ON COUNTY TAX ROLL; CLOSE PUBLIC HEARING AND CONSIDER ANY OBJECTIONS OR PROTESTS; DETERMINE NO MAJORITY PROTESTS EXISTS; AND ADOPT RESOLUTION APPROVING FINAL WRITTEN REPORT AND DIRECTING COLLECTION OF CERTAIN SEWER SERVICE AND DELINQUENCY CHARGES ON COUNTY TAX ROLL

Recommendations

1. Conduct a public hearing on Written Report and collection of Fiscal Year 2023/24 (FY23/24) Sewer Service Charges (SSCs) and Delinquency Charges and Collection System Charges and Surcharges on Contra Costa County tax roll;
2. Close the public hearing, and consider any objections and protests received;
3. Determine that no majority protest exists within the meaning of Health and Safety Code Section 5473.2; and
4. Adopt a Resolution (refer to Attachment 1) approving final Written Report and directing collection of certain Sewer Service and Delinquency Charges on the County Tax Roll.

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 the unincorporated community of 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 (Wastewater O&M): 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 below the average when compared to its peer agencies in the Bay Area region.

Analysis

Following critical review of operating budget adjustment needs and opportunities, staff has developed a proposed FY23/24 Operating Budget and 5-year (FY23/24-FY27/28) Capital Improvement Program (CIP). These documents directly support the District's focus on long-term financial sustainability and effective stewardship of limited ratepayer funds in operating and investing in critical infrastructure in the District's wastewater collection, conveyance, and treatment systems; recycled water system; household hazardous waste collection facility; and street sweeping services program.

The proposed FY23/24 Operating Budget, including salaries and benefits, chemicals, utilities, office and operating, and outside services, totals \$32.3 million. This represents a \$0.6 million increase (2.0%) relative to FY22/23 (\$31.7 million), which is a significant positive financial outcome considering the ongoing cost increase pressures for labor, chemicals, biosolids management, utilities, and outside services. The proposed 5-year CIP totals \$139.1 million and represents a \$3.2 million increase from the current CIP. The requested CIP budget appropriation for FY23/24 is estimated at \$12.0 million.

At the March 8, 2023 Board Meeting, staff informed the Board that based on the delays in major capital project expenditures, it was likely that no increase to SSCs would be required for FY23/24 (i.e., SSCs may be maintained at the same level as in FY22/23). Subsequent financial planning confirmed that rebalancing the allocation of projected FY23/24 SSC revenue between the District's operating and capital funds can meet cash flow needs and fund balance reserve requirements. At the May 10, 2023 Board Meeting, staff confirmed that no SSC increase is required, but highlighted that future Board approval would be requested to authorize collection of FY23/24 SSCs on the tax roll. In FY23/24, SSCs will continue to be levied at the same rates set by Ordinance No. 122 (refer to Attachment 2), which was adopted on June 22, 2022. These SSCs will remain in effect until changed by a future Board action. At the May 23, 2023 Board Meeting, the Board set the public hearing date for June 14, 2023, to consider approving collection of FY23/24 SSCs on the tax roll.

In order to collect SSCs on the tax roll in FY23/24, the District must conduct a public hearing to consider adopting a resolution approving a Written Report and directing collection of SSCs on the County tax roll. Notices of the public hearing were published twice in the East County Times, in accordance with Health and Safety Code Section 5473.1 and Government Code Section 6066 to provide notice of the availability of the Written Report and of the proposed collection of SSCs on the tax roll. During the public hearing, the Board will consider any protests or objections against collection of the SSCs on the tax roll in FY23/24. At the close of the public hearing, the Secretary



to the Board will announce the total number of protests and whether a majority protest exists. If a majority protest against the collecting SSCs on the tax roll is presented, the District would be prohibited from collecting SSCs via the tax roll and would be required to directly bill its customers. As of June 8, 2023, the District had not received any written protests regarding FY23/24 SSC collection on the tax roll.

Financial Impact

If the Board approves collection of SSCs on the tax roll after the June 14, 2023 public hearing, annual SSC revenue would be collected to meet the District's capital investment and operational financial needs. SSCs for Pittsburg and Antioch residential customers will remain at \$448.75 per year (does not include collection system charges) and Bay Point residential customers SSCs will remain at \$615.77 per year (includes collection system charges). Non-residential customer rates will be applied according to Exhibits A and B that are attached to Ordinance No. 122. The District's cost for providing wastewater collection, conveyance, and treatment services would remain below the average of rates charged by peer agencies in the San Francisco Bay Area.

Attachments

1. Proposed Resolution Authorizing SSC Collection on Tax Roll
2. Ordinance No. 122 (SSCs Approved June 22, 2022)

Reviewed by:



Brian Thomas

Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS



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

(a California Special District)

RESOLUTION NO. 05/2023

MATTER: Approving Written Report and Sewer Service Charges; and Directing Collection of Certain Sewer Service Charges, Surcharges, and Delinquencies on the County Tax Roll

The BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, on June 22, 2022, the Delta Diablo Board of Directors adopted Ordinance No. 122 to establish Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges beginning in Fiscal Year 2022/2023 and continuing thereafter in future fiscal years until modified by the Board; and

WHEREAS, the Board of Directors has determined that said charges will not be increased or otherwise modified in Fiscal Year 2023/2024; and

WHEREAS, in accordance with Health and Safety Code Sections 5471, 5473 and 5473.1 through 5473.11, it is necessary to cause Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2023/2024 to be collected on the property tax roll; and

WHEREAS, on May 23, 2023, in accordance with Health and Safety Code Sections 5471, 5473, and 5473.1 through 5473.11, the Board of Directors set a public hearing on June 14, 2023, at 5:30 p.m., to consider adopting a resolution authorizing collection of the Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges for Fiscal Year 2023/2024 on the county property tax roll, and directed the Secretary to publish notice of said public hearing and filing of a written report ("Report") by the General Manager, and the method of collection of Sewer Service Charges and Delinquency Charges; and all required hearing notices have been given with Health and Safety Code section 5473.1 and other applicable laws; and

WHEREAS, the annual Sewer Service Charges, Surcharges, and Delinquency Charges proposed for collection on the property tax roll 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 2023/2024, 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 AND ORDER:**

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 all notices required by applicable statutes were satisfied; and
4. The Board finds that, following a June 22, 2022, public hearing on the proposed Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges, the Board adopted Ordinance No. 122, to establish charges in Fiscal Year 2022/2023 and each fiscal year thereafter until modified by the Board; and
5. The Sewer Service Charges for Bay Point, Pittsburg, and Antioch, and the Bay Point Surcharge and Collection System Charges set forth in Ordinance No. 122 remain unchanged and will continue to be imposed in Fiscal Year 2023/2024 and each fiscal year thereafter until modified by the Board; 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 2023/2024 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 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

ORDINANCE NO. 122

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 2022/2023 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 2022/2023, the fees and charges identified in 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 2022/2023, the formula identified 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 22, 2022 by the following vote:

AYES: Banales, Glover, Wilson ABSENT: None

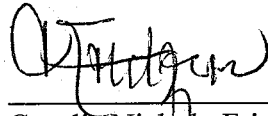
NOES: None ABSTAIN: None



Monica Wilson, 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 22, 2022



Cecelia Nichols-Fritzler
Secretary to the Board of Directors

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

**DELTA DIABLO
SCHEDULE OF USER CHARGES**

**EXHIBIT A: Residential User Charges (Sewer Service Charge Component)
Beginning Fiscal Year 2022/2023**

Total Residential User Charges shown are annual rates per Equivalent Residential Unit (Multi-Family Properties Multiply No. of Units times Total Residential User Charge).

Residential Zone	SSC Component: Wastewater O&M	SSC Component: Capital Improvements	SSC Component: Zone 1 Surcharge for Bay Point Collection System	Total Residential User Charge (per ERU)	Street Sweeping* (per parcel)	INFO ONLY TOTAL TAX BILL LEVY
Zone 1 - Bay Point	\$ 263.70	\$ 185.05	\$ 167.02	\$ 615.77	\$ 4.58	\$ 620.35
Zone 2 - Pittsburg	\$ 263.70	\$ 185.05	\$ -	\$ 448.75	\$ 10.26	\$ 459.01
Zone 3 - Antioch	\$ 263.70	\$ 185.05	\$ -	\$ 448.75	\$ 5.60	\$ 454.35

* 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.

**EXHIBIT B: Non-Residential User Charges (Sewer Service Charge Component)
Beginning Fiscal Year 2022/2023**

Total Non-Residential User Charges are per hundred cubic feet of annual potable water consumption.

BUSINESS CLASS Commercial / Industrial	SSC Component: Wastewater O&M	SSC Component: Capital Improvements	SSC Component: Zone 1 Surcharge for Bay Point Collection System	Non-Residential Total Rate (SSC) (x HCF/yr)**	Street Sweeping*** (per parcel)
Zone 1 - Bay Point					
Premark Packaging	\$ 2.59	\$ 1.82	\$ 1.77	\$ 6.18	\$ 45.80
Hotel/Motel*	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 45.80
Institutional*	\$ 3.63	\$ 2.55	\$ -	\$ 6.18	\$ 45.80
Light Industrial	\$ 2.47	\$ 1.73	\$ 1.77	\$ 5.97	\$ 45.80
Marinas*	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 45.80
Misc. Commercial	\$ 2.59	\$ 1.82	\$ 1.77	\$ 6.18	\$ 45.80
Mortuaries*	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 45.80
U.S. Army	\$ 2.20	\$ 1.54	\$ 1.77	\$ 5.51	\$ 45.80
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ 1.77	\$ 9.43	\$ 45.80
Zone 2 - Pittsburg					
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ -	\$ 7.66	\$ 51.35
Dow Chemical	\$ 2.27	\$ 1.60	\$ -	\$ 3.87	\$ 51.35
G&K Services	\$ 3.10	\$ 2.17	\$ -	\$ 5.27	\$ 51.35
Hotel/Motel	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 51.35
Institutional	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 51.35
Light Industrial	\$ 2.47	\$ 1.74	\$ -	\$ 4.21	\$ 51.35
Marinas	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 51.35
Generon IGS	\$ 3.07	\$ 2.15	\$ -	\$ 5.22	\$ 51.35
Misc. Commercial	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 51.35
Mortuaries	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 51.35
Praxair	\$ 2.20	\$ 1.55	\$ -	\$ 3.75	\$ 51.35
Zone 3 - Antioch					
Bakeries/Restaurants	\$ 4.50	\$ 3.16	\$ -	\$ 7.66	\$ 56.00
Hotel/Motel	\$ 2.81	\$ 1.97	\$ -	\$ 4.78	\$ 56.00
Institutional	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 56.00
Light Industrial	\$ 2.47	\$ 1.74	\$ -	\$ 4.21	\$ 56.00
Marinas	\$ 3.71	\$ 2.60	\$ -	\$ 6.31	\$ 56.00
Misc. Commercial	\$ 2.59	\$ 1.82	\$ -	\$ 4.41	\$ 56.00
Mortuaries	\$ 3.58	\$ 2.52	\$ -	\$ 6.10	\$ 56.00

*SSC per HCF/y for FY22/23 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

***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.

June 14, 2023

CONGRATULATE BRIAN THOMAS, DEPUTY GENERAL MANAGER, ON HIS PROMOTION

Recommendation

Congratulate Mr. Brian Thomas, Deputy General Manager/District Engineer, on his recent promotion at the District.

Background Information

Following a competitive internal recruitment and selection process to fill the vacant Deputy General Manager position, Mr. Thomas was selected as the most qualified candidate for this position and began employment with the District on May 15, 2023. He joined the District as Engineering Services Director/District Engineer on June 4, 2018, and served as Acting Business Services Director/District Engineer for approximately two years since January 2021. Mr. Thomas will continue serving as the District Engineer, while the District works to fill the vacant Engineering Services Director/District Engineer position.

Analysis

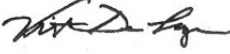
Mr. Thomas has dedicated his 24-year professional career to the wastewater sector, including serving as Technical Services Manager and Engineering Manager at Central Marin Sanitation Agency (5 years), and Capital Program Manager, Senior Civil Engineer, and Associate Engineer at Napa Sanitation District (8 years); and working at two engineering consulting firms (6 years). He possesses a Bachelor of Science Degree in Civil Engineering from the University of Toledo and is a registered professional engineer (civil) in California.

In his new role at Deputy General Manager/District Engineer, Brian will build on his demonstrated strengths as an Executive Team member over the past five years, which include a strong strategic and organizational improvement perspective, and excellent leadership, critical-thinking, coordination, and communication skills.

Financial Impact

Sufficient funding for this position is available in the adopted FY22/23 Budget and proposed FY23/24 Budget.

Attachment – None.

Reviewed by: 

Vince De Lange
General Manager

cc: Mr. Brian Thomas, Deputy General Manager
District File No. BRD.01-ACTS



June 14, 2023

**APPROVE MINUTES OF BOARD OF DIRECTORS MEETING,
MAY 10, 2023****Recommendation**

Approve Minutes of the Board of Directors Meeting on May 10, 2023.

DRAFT

Board of Directors Meeting Minutes
DELTA DIABLO
May 10, 2023

The meeting was called to order by Chair Juan Banales at 4:30 pm, on Wednesday, May 10, 2023. Present were Vice Chair Federal Glover and Director Monica Wilson. Also present were Rebecca Hooley, Alternate District Counsel; Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Brian Thomas, Acting Business Services Director/District Engineer; Dean Eckerson, Resource Recovery Services Director; Thanh Vo, Acting Engineering Services Director; Jason Piper, Information Technology Manager; Niger Edwards, Human Resources and Risk Manager; Todd Ravazza, Safety Manager; Sean Williams, Acting Senior Engineer; Amanda Roa, Environmental Programs Manager (Management Association bargaining unit representative); Dustin Bloomfield, Maintenance Manager; Trevor Simpson, Maintenance Supervisor; Nick Steiner, Recycled Water Program Coordinator (Professional & Technical bargaining unit representative); Cody Haight, Maintenance Mechanic II; Mark Guadagni, Associate Engineer; and Violet Le, Contra Costa County Science and Engineering Fair Winner.

PUBLIC COMMENTS - None.

RECOGNITION**Congratulate Violet Le, Contra Costa County Science and Engineering Fair Winner**

Ms. Nichols-Fritzler introduced Ms. Le, Contra Costa County Science and Engineering Fair winner. The District assisted in sponsoring this event, along with other Contra Costa County water and wastewater agencies, which was held at Los Medanos College from March 8-9, 2023. Ms. Le, a student at Deer Valley High School in Antioch, submitted a project entitled "Disinfectant Wars: The Quest to Find the Best Weapon Against Bacteria," and was awarded third place for her entry. The Board congratulated Ms. Le on her achievement. Ms. Le thanked the Board.

Introduction of Cody Haight, Maintenance Mechanic II, to the District

Mr. Bloomfield introduced Mr. Haight, who joined the District as a Maintenance Mechanic II on April 17, 2023. Mr. Haight has over eight years of mechanical work experience in an industrial environment. Prior to joining the District, he was employed by the City of San Leandro. Mr. Haight completed his vocational training at Wyoming Technical Institute where he earned his welding certifications. As a member of the Maintenance Division,



Mr. Haight will support the District's core mission of protecting public health and the environment, and the Environmental Stewardship and Infrastructure Investment goals in the District's Strategic Plan. The Board welcomed Mr. Haight, who thanked the Board for the opportunity.

Introduction of Mark Guadagni, Associate Engineer, to the District

Mr. Williams introduced Mr. Guadagni, who joined the District as an Associate Engineer on April 17, 2023. Mr. Guadagni earned a Bachelor of Science Degree in Mechanical Engineering from the University of California, Berkeley. He also received a Master of Science Degree in Environmental Engineering from Johns Hopkins University and a Master of Business Administration Degree from St. Mary's College of California. Prior to joining the District, Mr. Guadagni worked at Zero Waste Energy LLC as a Project Engineer, and Tesoro (now Marathon) as a Process Reliability Engineer. He will apply his extensive engineering knowledge and project management experience to support the Infrastructure Investment goal in the District's Strategic Plan. In addition, he will be directly involved with implementing key measures to improve capital project delivery through enhanced coordination, collaboration, and communication. The Board welcomed Mr. Guadagni, who thanked the Board for the opportunity.

CONSENT CALENDAR

Chair Glover moved approval of the Consent Calendar, seconded by Director Wilson and by roll call vote (Ayes: *Banales, Glover, and Wilson*; Noes: *None*; Absent: *None*; Abstain: *None*), the following Consent Calendar items were approved: Approve Minutes of Board of Directors Meeting, April 12, 2023; Receive District Monthly Check Register for March 2023; Receive Notes of Board of Directors Finance Committee Meeting, April 26, 2023; Receive Notes of Board of Directors Personnel Committee Meeting, May 3, 2023; Authorize General Manager to Execute Amendment No. 1 to General Services Contract in the Amount of \$41,000, for a New Total Contract Amount Not to Exceed \$292,538, Lee & Associates Rescue, Inc., Safety Services; Receive Third Quarter FY22/23 District Investment Report; Approve Project Design, Award and Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$2,788,610, Con-Quest Contractors, Inc., Authorize General Manager to Approve Contract Change Orders in an Amount Not to Exceed 10% of Contract Amount; Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed \$244,653, Kennedy Jenks Consultants, Engineering Services, Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed \$276,415, Alpha CM, Construction Management Services, and Take Related Actions, Manhole, Gravity Interceptor, and Easement Road Improvements, Project No. 21114; Authorize Amendment to Purchase Order in the Amount of \$41,000, for a New Amount Not to Exceed, \$365,000, Chemtrade Chemicals US, LLC., Supply and Delivery of Liquid Aluminum Sulfate for FY22/23; Approve Job Description and Salary Range for new Systems Administrator Classification, and Updated Salary Schedule; Approve Job Description and Salary Range for New Senior Construction Inspector Classification, Salary Range Change for Existing Construction Inspector Classification, and Updated Salary Schedule; and Approve Project Design, Award and Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$233,323, TCB Industrial Contractor, and Authorize General Manager to Approve Contract Change



Orders in an Amount Not to Exceed 10% of Contract Amount, and Take Related Actions, RWF Sand Pump Piping Replacement, Project No. 22127.

DELIBERATION ITEMS

Review Proposed FY23/24-FY27/28 Capital Improvement Program (CIP) and Set Public Hearing for June 14, 2023, to Consider Approval of 5-Year CIP

Mr. Vo highlighted that the proposed 5-year CIP totals \$139.1 million, which represents a \$3.2 million increase compared to the current CIP. He reviewed the major capital project drivers impacting CIP development, including the \$60 million Secondary Process Improvements Project, the \$18.5 million Antioch Pump Station and Conveyance System Improvements Project, and the \$10 million Cogeneration System Improvements Project. Mr. Vo reviewed proposed 5-year CIP expenditures by major infrastructure area, noting that the vast majority of capital investment needs are in the District's Wastewater Treatment Plant (73%) and conveyance and pumping stations (16%), and by fiscal year. He stated that the proposed 5-year CIP includes ten new projects totaling \$6.0 million. Mr. Vo reviewed planned capital investments in the Bay Point wastewater collection system and upcoming master planning activities.

No public comments were received. Vice Chair Glover thanked Mr. Vo for the presentation. Director Wilson asked Mr. De Lange if the District applied for federal earmarks. Mr. De Lange stated the funding is available for shovel-ready projects and perhaps by this time next year, the District would be in a position to do so as the District's largest projects are in the planning and design phases.

Vice Chair Glover moved approval of the Item, seconded by Director Wilson and by roll call vote (*Ayes: Banales, Glover, and Wilson; Noes: None; Absent: None; Abstain: None*), the Board Set the Public Hearing for June 14, 2023, to Consider Approval of 5-Year CIP.

FY23/24 Operating Budget and Classification Control Plan - Receive Report on Key Assumptions for Proposed FY23/24 Operating Budget and Approve FY23/24 Classification Control Plan

Mr. Thomas highlighted that the proposed FY23/24 Operating Budget is \$33.0 million, which represents a \$1.3 million (4.0%) increase from FY22/23. He reviewed various sources of revenue and presented a breakdown of the operating budget by major cost category. Mr. Thomas discussed proposed staffing changes in FY23/24, development of a Classification Control Plan, and organizational focus on professional development and staff training. He noted that the Classification Control Plan is a concise document that includes maximum staffing levels and supports the Workforce Development goal as outlined in the District's Strategic Plan. He also reviewed current staffing levels and noted that the District is projecting labor costs will be lower in FY23/24. Mr. Thomas highlighted key budget drivers and associated changes for salaries, benefits, chemicals, utilities, office and operating, and outside services. He noted that the cost-of-living adjustment (COLA) will be 3.6%, which is lower than the projected COLA of 5% that was included in the preliminary budget estimate. In addition, he commented that staff will be incorporating a budget projection for FY24/25, which will enhance the District's conformance to GFOA budget reporting guidelines and noted this is



informational only and Board action is not required. In closing, Mr. Thomas confirmed that no increase in Sewer Service Charges is required for FY23/24.

No public comments were received. Vice Chair Glover thanked Mr. Thomas for the report. Director Wilson commented on the Classification Control Plan and applauded the District's commitment to investing and supporting staff with professional development and training opportunities. Chair Glover moved approval of the FY23/24 Classification Control Plan, seconded by Director Wilson and by roll call vote (Ayes: *Banales, Glover, and Wilson*; Noes: *None*; Absent: *None*; Abstain: *None*), the Board approved the FY23/24 Classification Control Plan.

PRESENTATIONS AND REPORTS – None.

GENERAL MANAGER COMMENTS

Mr. De Lange commented on the benefit of having Ms. Le in attendance at the meeting and noted the District's focus on community engagement efforts, including participation in various events such as Big Truck Day hosted by the City of Antioch, mock interviews at Pittsburg High School, and upcoming participation in Career Day at Antioch Middle School.

BOARD MEMBER COMMENTS

Vice Chair Glover commented that his office will host a youth summit this year. Director Wilson commented that she is pleased to see the District supporting community engagement, especially with the youth and internship programs.

CORRESPONDENCE

Receive Monthly Lobbyist Report Dated April 2023 Key Advocates, Inc., Western Recycled Water Coalition

The Board received and filed the report.

CLOSED SESSION – None.

ADJOURNMENT

Chair Banales adjourned the meeting at 5:17 pm and noted the next regular Board of Directors Meeting will be held at 5:30 pm on June 14, 2023.

Monica Wilson
Board Secretary

(Recording Secretary: Cecelia Nichols-Fritzler)

cc: District File No. BRD.01-MINS



June 14, 2023

**APPROVE MINUTES OF SPECIAL BOARD OF DIRECTORS MEETING,
MAY 23, 2023****Recommendation**

Approve Minutes of the Special Board of Directors Meeting on May 23, 2023.

DRAFT

Special Meeting of the Board of Directors Meeting Minutes
DELTA DIABLO
May 23, 2023

The meeting was called to order by Chair Juan Banales at 6:00 pm, on Tuesday, May 23, 2023. Present was Vice Chair Federal Glover. Director Monica Wilson was absent. Also present were Rebecca Hooley, Alternate District Counsel; Vince De Lange, General Manager; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Brian Thomas, Acting Business Services Director/District Engineer; Thanh Vo, Acting Engineering Services Director; and Jason Piper, Information Technology Manager.

PUBLIC COMMENTS - None.

RECOGNITION - None.

CONSENT CALENDAR - None.

DELIBERATION ITEMS

Set Public Hearing on June 14, 2023, at 5:30 p.m., to Consider Adopting Resolution Authorizing Collection of District's Fiscal Year 2023/24 Sewer Service Charges on Tax Roll; and Direct Secretary to Cause Notice of the Filing of a Written Report and Public Hearing to be Published in Accordance with Health and Safety Code Section 5473.1

Mr. Thomas provided an overview of the proposed FY23/24 Operating Budget and 5-year Capital Improvement Program (CIP). He noted the proposed operating budget is \$32.3M, which represents a \$0.6 million (2.0%) increase from FY22/23, while the 5-year CIP totals \$138.7 million, which represents a \$2.8 million increase from the current CIP. Mr. Thomas proceeded to discuss FY23/24 Sewer Services Charges (SSCs), highlighting that no SSC increase is necessary (i.e., SSCs will be maintained at the same level as FY22/23). He stated that the Board set current SSCs by adopting Ordinance No. 122 on June 22, 2022, which will remain in effect until changed by a future Board action. Mr. Thomas noted that a public hearing is required for the Board to consider adopting a resolution to collect FY23/24 SSCs on the County tax roll. In closing, he reviewed recommended actions and next steps.

No public comments were received. Chair Banales thanked Mr. Thomas for the presentation. Vice Chair Glover moved approval to set the Public Hearing on June 14,



2023, at 5:30 p.m., to Consider Adopting Resolution Authorizing Collection of District's Fiscal Year 2023/24 Sewer Service Charges on Tax Roll; and Direct Secretary to Cause Notice of the Filing of a Written Report and Public Hearing to be Published in Accordance with Health and Safety Code Section 5473.1; seconded by Chair Banales and by roll call vote (Ayes: *Banales, and Glover*; Noes: *None*; Absent: *Wilson*; Abstain: *None*), the Board approved the Item.

PRESENTATIONS AND REPORTS – None.

GENERAL MANAGER COMMENTS

Mr. De Lange thanked the Board for their consideration and attendance at the Special Board of Directors Meeting.

BOARD MEMBER COMMENTS – None.

CORRESPONDENCE – None.

CLOSED SESSION – None.

ADJOURNMENT

Chair Banales adjourned the meeting at 6:07 pm and noted that the next regular Board of Directors Meeting will be held at 5:30 pm on June 14, 2023.

Monica Wilson
Board Secretary

(Recording Secretary: Cecelia Nichols-Fritzler)

cc: District File No. BRD.01-MINS



June 14, 2023

ADOPT RESOLUTION COMMENDING MARY ANN MCNETT MASON, DISTRICT COUNSEL, ON HER SERVICE TO THE DISTRICT

Recommendations

Adopt Resolution commending Ms. Mary Ann McNett Mason, District Counsel, on her service to the District.

Background Information

Ms. Mason served as District Counsel for over 21 years from July 2001 to October 2022.

Analysis

In May 1987, Ms. Mason began her career with Contra Costa County in the County Counsel's Office as Deputy County Counsel and retired as County Counsel following 35 years of distinguished service. She served as chief legal advisor to the County Board of Supervisors, the County Administrator, six elected County officers, and County departments, and provided defense against civil litigation. Ms. Mason was appointed as Assistant County Counsel in 2010, Chief Assistant County Counsel in 2016, and County Counsel in 2016. As County Counsel, she was responsible for 37 attorneys and 18 support staff. Ms. Mason specialized in open meeting and conflict of interest laws, and served as the County's retirement and employee benefit counsel. Ms. Mason graduated with distinction from the University of California, Berkeley, and received her law degree from the University of California Hastings College of the Law.

During her tenure as District Counsel, she provided her expertise and guidance to 12 different board members and three different general managers. She was responsible for legal review of 375 resolutions and 47 ordinances covering a wide range of topics related to District Code, Sewer Service Charges, Capital Facilities Capacity Charges, Recycled Water Service Charges, the Capital Improvement Program, and several other activities critical to achieving the District's core mission of protecting public health and the environment. She skillfully provided critical guidance during labor negotiations and the recent COVID-19 pandemic. Ms. Mason demonstrated a high degree of professionalism, active engagement, and effective issue resolution as part of her dedicated commitment to public service. The District wishes her well in her future endeavors.

Attachment

Resolution Commending Mary Ann McNett Mason, District Counsel, on Her Service to the District

Reviewed by: 

Brian Thomas

Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS



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

(a California Special District)

RESOLUTION NO. 06/2023

MATTER: Commending Mary Ann McNett Mason, District Counsel, on Her Service to the District

The BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Ms. Mary Ann McNett Mason began her career with Contra Costa County in the County Counsel's Office as Deputy County Counsel in May 1987 and retired as County Counsel following 35 years of distinguished service at the County; and

WHEREAS, Ms. Mason served as District Counsel for over 21 years from July 2001 to October 2022; and

WHEREAS, during that time, Ms. Mason provided her expertise and guidance to 12 different Board members, three different general managers, and numerous District staff on a wide range of complex legal issues; and

WHEREAS, Ms. Mason was responsible for legal review of 375 resolutions and 47 ordinances covering a wide range of topics related to District Code, Sewer Service Charges, Capital Facilities Capacity Charges, Recycled Water Service Charges, the Capital Improvement Program, and several other activities critical to achieving the District's mission of protecting public health and the environment; and

WHEREAS, Ms. Mason skillfully provided critical guidance during labor negotiations and the recent COVID-19 pandemic; and

WHEREAS, Ms. Mason demonstrated a high degree of professionalism, active engagement, and effective issue resolution in her dedicated commitment to public service.

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

Ms. Mary Ann McNett Mason is hereby commended and congratulated for over 21 years of outstanding service and dedication to the District. The Board of Directors and staff wish her well in all her future endeavors.

PASSED AND ADOPTED on June 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

June 14, 2023

RECEIVE DISTRICT MONTHLY CHECK REGISTER FOR APRIL 2023

Recommendation

Receive District Monthly Check Register for the month ending April 30, 2023.

Background Information

Attached is the Check Register for April 2023. The report reflects payments to the District's suppliers, consultants, service providers, and contractors. A total of \$1,793,756.65 was disbursed in April 2023, which includes 133 checks.

Financial Impact

All payments made during April 2023 are within funding levels included in the adopted FY22/23 Budget.

Attachment

Check Register for month ending April 30, 2023

Reviewed by:



Brian Thomas
Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS



CHECK REGISTER
DELTA DIABLO
CASH DISBURSEMENTS FOR THE MONTH OF APRIL 2023

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/6/2023	AFSCME DISTRICT COUNCIL 57	5627018 5627118	38993	3,258.89 1,325.64	UNION DUES O&M UNION DUES P&T	4,584.53
4/6/2023	ASSOCIATED SERVICES COMPANY	61371	38994	426.54	COFFEE AND COFFEE SUPPLIES	426.54
4/6/2023	JASON BOOE	61469	38995	2,500.00	COMPUTER LOAN - J. BOOE	2,500.00
4/6/2023	BRENTWOOD PRESS	61288	38996	2,199.00	AD	2,199.00
4/6/2023	BUCKLES-SMITH. AKA: ALLIED ELECTRIC	61396	38997	1,419.42	INVTY U103916	1,419.42
4/6/2023	CLEAN EARTH ENVIRONMENTAL SOLUTIONS, INC	61486	38998	50,495.60	PROVIDE TRANS/DISPOSAL/LABOR FOR HHW & TEMP EVENTS	50,495.60
4/6/2023	CONSTRUCTICON CORPORATION	61446	38999	62,937.50	CONSTRUCTION SERVICES FOR PROJECT NO. 19112	62,937.50
4/6/2023	FASTENAL COMPANY	61360	39000	26.08	MAINTENANCE CONSUMABLE ITEMS	26.08
4/6/2023	FEDERAL EXPRESS	61490	39001	90.62	POSTAGE	90.62
4/6/2023	FLYERS ENERGY LLC	61270 61271 61391	39002	180.00 1,242.34 150.00	NET15 TEMPORARY TANK RENTAL AND FUELING PN19112 NET15 TEMPORARY TANK RENTAL AND FUELING PN19112 NET15 TEMPORARY TANK RENTAL AND FUELING PN19112	1,572.34
4/6/2023	FRESCHI AIR SYSTEMS	61421 61422	39003	1,358.00 2,848.00	CONTRACTED SERVICES FOR DISTRICT HVAC ASSETS CONTRACTED SERVICES FOR DISTRICT HVAC ASSETS	4,206.00
4/6/2023	GRAINGER	60982 61298 61311	39004	1,011.01 1,825.99 32.16	INVTY U103917 INVTY U103939 INVTY U103939	2,869.16
4/6/2023	INFERRERA CONSTRUCTION MANAGEMENT GROUP INC.	61430	39005	347.63	CSC PN 80008 (17128, 17129, 17	347.63
4/6/2023	JWC ENVIRONMENTAL	61381	39006	78,585.39	DUAL DRUM CHANNEL GRINDER PN23109	78,585.39
4/6/2023	KENNEDY/JENKS CONSULTANTS INC.	61473 61474 61475 61483 61484	39007	1,601.07 1,437.39 5,704.28 26,900.90 4,842.50	ASSET MANAGEMENT PROGRAM DEVELOPMENT PN 19109 ASSET MANAGEMENT PROGRAM DEVELOPMENT PN 19109 ASSET MANAGEMENT PROGRAM DEVELOPMENT PN 19109 WILLOW PASS INTERCEPTOR REPAIR PN 23118 WILLOW PASS INTERCEPTOR REPAIR PN 23118	40,486.14
4/6/2023	LEE & RO, INC.	61206 61207 61307 61308 61309 61444 61445	39008	31,364.50 36,087.63 3,896.00 12,445.50 2,734.00 12,885.50 5,804.50	DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120 DESIGN SERVICES DURING CONSTRUCTION PN17120	105,217.63
4/6/2023	LINDE GAS & EQUIPMENT INC	61345	39009	1,258.95	OXYGEN RENTAL	1,258.95
4/6/2023	MSC INDUSTRIAL SUPPLY CO. INC.	61398 61401	39010	284.80 807.17	INVTY U103938 INVTY U103938	1,091.97

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/6/2023	NWN CORPORATION	61457 61458	39011	3,032.66 817.95	PHONE EXP PHONE EXP	3,850.61
4/6/2023	THE PAPE GROUP INC	61310	39012	11,849.56	VACALL PARTS	11,849.56
4/6/2023	PITTSBURG WINSUPPLY	61211	39013	1,342.64	INVTY U103919	1,342.64
4/6/2023	PSOMAS	61436 61468	39014	14,895.00 31,178.42	PEER & CONSTRUCTIONABILITY REVIEW OF RW STANDARDS CM&I SERVICES FOR PN21123	46,073.42
4/6/2023	RED WING SHOE STORE 165	61377	39015	250.00	SAFETY SHOES - LOU VELARDE	250.00
4/6/2023	SHAPE INCORPORATED	61397	39016	12,727.59	INVTY U103898	12,727.59
4/6/2023	SOUTHWEST VALVE & EQUIPMENT LLC	61389 61390	39017	3,358.40 5,882.82	REPLACEMENT VALVES/ SERVICE WATER PN23109 REPLACEMENT VALVES/ ERB PUMPS PN21115	9,241.22
4/6/2023	STATE OF CALIFORNIA	5988212	39018	125.00	EARNINGS GARNISHMENT	125.00
4/6/2023	SUBTRONIC CORP.	61287	39019	729.00	UNDERGROUND UTILITY LOCATING & MARKING PN 23109	729.00
4/6/2023	SWEEPING CORP OF AMERICA	61420	39020	37,388.34	FY22/23 ANTIOCH AND BAY POINT STREET SWEEPING	37,388.34
4/6/2023	SYNAGRO WEST, LLC	61372	39021	72,342.84	BIOSOLIDS HAULING	72,342.84
4/6/2023	THE NEW YORK BLOWER COMPANY	61353	39022	44,843.85	NYB SIZE 36 FE MP BARE FAN COMPLETE	44,843.85
4/6/2023	UNIFIRST CORPORATION	61415 61419	39023	191.10 136.71	UNIFORM/ LAUNDRY SERVICE UNIFORM/ LAUNDRY SERVICE	327.81
4/6/2023	UNIVAR USA INC	61346 61407	39024	6,839.97 7,833.02	SODIUM HYPOCHLORITE SODIUM BISULFITE	14,672.99
4/6/2023	HD SUPPLY FACILITIES MAINTENANCE LTD	61264 61293	39025	661.86 185.47	INVTY U103934 INVTY U103934	847.33
4/6/2023	VERIZON WIRELESS	61449	39026	2,102.98	PHONE EXP	2,102.98
4/6/2023	WILSON, MONICA	61447	39027	480.56	T&M	480.56
4/6/2023	UNION PACIFIC RAILROAD CO.	61492	39028	1,045.00	PERMIT	1,045.00
4/13/2023	AIRGAS USA, LLC	61374 61375 61376	39029	503.53 755.30 444.71	INVTY U103933 INVTY U103933 INVTY U103933	1,703.54
4/13/2023	ALHAMBRA & SIERRA SPRGS WATER	61521	39030	322.71	ALHAMBRA WATER	322.71
4/13/2023	ANALYSTS INC/INSPECTORATE AMERICA CORP	59689 61491	39031	755.90 (52.00)	INVTY U103858 INVTY U103858	703.90
4/13/2023	CITY OF ANTIOCH- WATER	61471 61472 61499 61500 61501 61502 61503	39032	795.06 94.60 5,257.26 94.60 94.60 94.60 72.76	AC# 004-01513 AC# 004-01510 AC# 013-00110 AC# 013-00210 AC# 013-00022 AC# 013-00024 AC# 013-00023	6,503.48
4/13/2023	ARCO BUSINESS SOLUTIONS	61493	39033	3,208.15	GAS	3,208.15
4/13/2023	BATTALION ONE FIRE PROTECTION, INC	61385	39034	4,290.00	TEST, CLEAN AND INSPECT FIRE PROTECTION SYSTEMS	4,290.00
4/13/2023	BRENTWOOD PRESS	61525	39035	539.00	AD	539.00

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/13/2023	CALIFORNIA PRODUCT STEWARDSHIP COUNCIL	61504	39036	544.61	ASSIST WITH IMPLEMENTATION OF CALRECYCLE GRANT -	544.61
4/13/2023	CALTEST ANALYTICAL LABORATORY	61388	39037	1,427.40	CONTRACT LABORATORY FOR SAMPLE ANALYSIS	1,427.40
4/13/2023	CHEMTRADE CHEMICALS US LLC	61410 61411	39038	4,158.61 4,032.13	ALUMINUM SULFATE ALUMINUM SULFATE	8,190.74
4/13/2023	COMCAST BUSINESS COMMUNICATIONS, LLC	61537	39039	860.93	PHONE EXP	860.93
4/13/2023	CONCENTRA/OCCUPATIONAL HEALTH CENTERS	61559 61560	39040	342.00 723.00	PRE EMPL COST PRE EMPL COST	1,065.00
4/13/2023	CORELOGIC INFORMATION SOLUTIONS, INC	61545	39041	165.00	REALQUEST PROPERTY INFORMATION	165.00
4/13/2023	DEPT OF GENERAL SERVICES	61431	39042	37,378.06	UTILITIES	37,378.06
4/13/2023	TIMOTHY J. CLAY	61522 61523	39043	724.00 724.00	SEMI ANNUAL BOILER SERVICE/ RITE SEMI ANNUAL BOILER SERVICE/ PARKER	1,448.00
4/13/2023	DIABLO WATER DISTRICT	61538	39044	670.41	UTILITIES	670.41
4/13/2023	GOLDEN STATE WATER CO.	61450 61451	39045	853.44 1,315.34	AC# 32249200000 AC# 07744100004	2,168.78
4/13/2023	IN SHAPE HEALTH CLUBS	61534	39046	533.96	GYM	533.96
4/13/2023	KEMIRA WATER SOLUTIONS, INC.	61409	39047	7,761.14	FERROUS CHLORIDE	7,761.14
4/13/2023	LARRY WALKER ASSOCIATES	61495	39048	532.00	NPDES LOCAL LIMITS REGULATORY ASSISTANCE	532.00
4/13/2023	McCAULEY AGRICULTURAL & PEST SERVICES	61424 61437 61438 61439 61440 61441 61442 61443 61456	39049	75.00 825.00 60.00 60.00 60.00 60.00 300.00 60.00 300.00	PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES PEST CONTROL SERVICES	1,800.00
4/13/2023	MDRR PITTSBURG	61518 61519	39050	1,428.40 3,821.30	AC# 10-0018920 AC# 10-0031550	5,249.70
4/13/2023	ODP BUSINESS SOLUTIONS LLC	61476 61477	39051	14.86 57.79	OFFICE SUPPLIES OFFICE SUPPLIES	72.65
4/13/2023	OEM AIR COMPRESSOR CORP.	61402	39052	318.82	INVTY U103906	318.82
4/13/2023	PACIFIC ECO-RISK LABORATORIES	61435	39053	3,665.00	CHRONIC TOXICITY TESTING - COMPLIANCE SAMPLES	3,665.00
4/13/2023	POLYDYNE INC	61406	39054	17,366.84	LIQUID POLYMER	17,366.84
4/13/2023	PSOMAS	61426 61467	39055	9,330.00 34,561.20	CONSTRUCTION MANAGEMENT SERVICES PN17120 CM&I SERVICES FOR PN21123	43,891.20
4/13/2023	READY PRINT	61428	39056	316.08	STATIONARY SUPPLIES	316.08
4/13/2023	REPUBLIC SERVICES #210	61535	39057	1,162.49	WASTE	1,162.49
4/13/2023	RH TECHNOLOGY	61433 61434	39058	4,270.32 2,563.60	O/S TEMP O/S TEMP	6,833.92
4/13/2023	SHAPE INCORPORATED	61297	39059	24,845.81	INVTY U103898	24,845.81
4/13/2023	STANDARD INSURANCE COMPANY	61489	39060	3,322.97	LIFE & LTD INS.	3,322.97

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/13/2023	STATE WATER RESOURCES	61539	39061	93,334.21	LOAN PAYMENT	93,334.21
4/13/2023	STATE WATER RESOURCES	61540	39062	15,947.81	LOAN PAYMENT	15,947.81
4/13/2023	STATE WATER RESOURCES	61541	39063	8,759.96	LOAN PAYMENT	8,759.96
4/13/2023	SYSTEM 1 STAFFING	61432 61497 61548 61555	39064	5,138.55 5,237.00 6,378.35 (84.10)	O/S TEMP O/S TEMP O/S TEMP O/S TEMP	16,669.80
4/13/2023	TRANSENE COMPANY, INC.	61403	39065	1,552.42	INVTY U103941	1,552.42
4/13/2023	UNIVAR USA INC	61408	39066	6,853.95	SODIUM HYPOCHLORITE	6,853.95
4/13/2023	HD SUPPLY FACILITIES MAINTENANCE LTD	61068	39067	1,905.91	INVTY U103924	1,905.91
4/13/2023	VISION SERVICE PLAN	61487 61488	39068	1,625.34 50.98	VISION VISION COBRA	1,676.32
4/13/2023	WESCO	61399 61400	39069	1,179.24 196.58	INVTY U103936 INVTY U103936	1,375.82
4/20/2023	ALPHA MEDIA II LLC	61485	39070	750.00	RADIO BROADCASTS FOR PUBLIC EDUCATION CAMPAIGN	750.00
4/20/2023	BASIC BENEFITS, LLC	61572	39071	90.00	FSA	90.00
4/20/2023	CALTEST ANALYTICAL LABORATORY	61462 61463	39072	682.20 914.40	CONTRACT LABORATORY FOR SAMPLE ANALYSIS CONTRACT LABORATORY FOR SAMPLE ANALYSIS	1,596.60
4/20/2023	CAROLLO ENGINEERS	61553	39073	1,820.00	PRIMARY CLARIFIER AREA IMPROVE	1,820.00
4/20/2023	CON-QUEST CONTRACTORS, INC	61580	39074	183,937.34	CONSTRUCTION SERVICES FOR PN 21123	183,937.34
4/20/2023	CUPERTINO ELECTRIC, INC	61524	39075	33,687.38	CONSTRUCTION SERVICES FOR PROJECT NO. 17120	33,687.38
4/20/2023	DU-ALL SAFETY, LLC	61496	39076	4,050.00	TEMPOARY SAFETY MANAGER DUTIES COVERAGE	4,050.00
4/20/2023	DXP ENTERPRISES, INC	61554	39077	952.80	MECHANIC LABOR BACKFILL FROM 5/14/21 TO 6/30/21	952.80
4/20/2023	EVOQUA WATER TECHNOLOGIES, LLC	61460	39078	368.90	LABORATORY REAGENT GRADE WATER EQUIPMENT AND SERVI	368.90
4/20/2023	FEDERAL EXPRESS	61546 61589	39079	34.19 138.38	POSTAGE POSTAGE	172.57
4/20/2023	ICS INTEGRATED COMMUNICATION SYSTEMS	61571	39080	727.00	CONTRACTOR - BOARDROOM AUDIO REPAIR	727.00
4/20/2023	KOA HILLS CONSULTING LLC.	61478 61479	39081	568.75 87.50	MUNIS ERP ENHANCEMENT PROJECT KOA HILLS CONSULTING MUNIS SUPPORT SERVICES	656.25
4/20/2023	LEE & ASSOCIATES RESCUE EQUIPMENT INC	61464	39082	10,750.00	RESCUE TEAM SERVICES/ ARV	10,750.00
4/20/2023	LINDE GAS & EQUIPMENT INC	60985	39083	2,443.01	OXYGEN RENTAL	2,443.01
4/20/2023	LYSTEK INTERNATIONAL LIMITED	61494	39084	4,056.14	BIOSOLIDS DISPOSAL	4,056.14
4/20/2023	MARINE SCIENCE INSTITUTE	61558	39085	20,000.00	SPONSORSHIP	20,000.00
4/20/2023	MCMASTER CARR SUPPLY CO	61453 61480	39086	234.93 3,305.92	PIPING MATERIALS PIPING MATERIALS	3,540.85
4/20/2023	NEW IMAGE LANDSCAPE COMPANY	61452	39087	2,563.00	LANDSCAPE SERVICES	2,563.00

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/20/2023	PACIFIC GAS & ELECTRIC COMPANY	61517	39088	98,056.11	AC# 4887173962-8	98,056.11
4/20/2023	PACIFIC GAS & ELECTRIC COMPANY	61557	39089	121,280.24	AC# 4835091675-4	121,280.24
4/20/2023	PITTSBURG WINSUPPLY	61215 61216	39090	1,619.91 49.17	STEEL/ STAINLESS STEEL STOCK STEEL/ STAINLESS STEEL STOCK	1,669.08
4/20/2023	CITY OF PITTSBURG	61585	39091	26,630.55	STREET SWEEPING FOR CITY OF PITTSBURG	26,630.55
4/20/2023	RH TECHNOLOGY	61573 61574 61575 61576	39092	3,795.84 1,538.16 3,638.07 2,563.60	O/S TEMP O/S TEMP O/S TEMP O/S TEMP	11,535.67
4/20/2023	STATE WATER RESOURCES	61570	39093	125.00	MEMBRS, DUES & PROF LICENS	125.00
4/20/2023	SYNAGRO WEST, LLC	61547	39094	86,136.88	BIOSOLIDS HAULING	86,136.88
4/20/2023	TELSTAR INSTRUMENTS INC	61531	39095	3,638.03	INVTY U103927	3,638.03
4/20/2023	TRI-VALLEY JANITORIAL SERVICE & SUPPLY INC,	61481	39096	9,336.00	NIGHTLY JANITORIAL SERVICES	9,336.00
4/20/2023	UNITED RENTALS	61556	39097	1,334.66	COMPRESSOR RENTAL	1,334.66
4/20/2023	UNIVAR USA INC	61526 61527 61528	39098	7,275.04 5,796.44 6,847.58	SODIUM BISULFITE SODIUM BISULFITE SODIUM HYPOCHLORITE	19,919.06
4/20/2023	VULCAN INDUSTRIES INC	61533	39099	4,344.00	VULCAN REPLACMENT PARTS	4,344.00
4/27/2023	MICHAEL AUER	61630	39100	251.72	REIMBURSEMENT	251.72
4/27/2023	MICHAEL BAKALDIN	61631	39101	486.14	REIMBURSEMENT	486.14
4/27/2023	BAY AREA AIR QUALITY MNGMENT	61635	39102	35,638.00	PERMIT & REGULATORY FEES	35,638.00
4/27/2023	CHEMTRADE CHEMICALS US LLC	61565	39103	4,144.94	ALUMINUM SULFATE	4,144.94
4/27/2023	FASTENAL COMPANY	61549	39104	173.12	MAINTENANCE CONSUMABLE ITEMS	173.12
4/27/2023	FEDERAL EXPRESS	61395	39105	59.48	POSTAGE	59.48
4/27/2023	FLUID COMPONENTS INTL., LLC	61544	39106	1,188.72	SEAL WATER FLOW SWITCH FOR P2001 SLUDGE PN23109	1,188.72
4/27/2023	TIMOTHY J. HAMMETT	61632	39107	243.41	REIMBURSEMENT	243.41
4/27/2023	IB CONSULTING, LLC	61551	39108	3,290.00	FY23-24 RATE STUDY	3,290.00
4/27/2023	LEEANN KNIGHT	61629	39109	393.75	REIMBURSEMENT	393.75
4/27/2023	LEE & ASSOCIATES RESCUE EQUIPMENT INC	61498	39110	17,493.75	RESCUE TEAM SERVICES/ TRICKLE TOWERS	17,493.75
4/27/2023	LINKO TECHNOLOGY INC	61588	39111	24,678.00	SOFTWARE RENEWAL - LINKO HOSTED SOLUTION	24,678.00
4/27/2023	CAROL MARGETICH	61628	39112	389.14	REIMBURSEMENT	389.14
4/27/2023	MEYERS NAVE	61562	39113	9,099.00	LEGAL SERVICES	9,099.00
4/27/2023	ODP BUSINESS SOLUTIONS LLC	61581	39114	474.65	OFFICE SUPPLIES	474.65
4/27/2023	ABEL PALACIO	61641	39115	567.55	REIMBURSEMENT	567.55
4/27/2023	PSOMAS	61542 61543	39116	23,140.00 23,240.00	CONSTRUCTION MANAGEMENT SERVICES PN17120 CM&I SERVICES FOR PN21123	46,380.00

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	INVOICE AMOUNT	DESCRIPTION	CHECK AMOUNT
4/27/2023	READY PRINT	60705	39117	316.08	STATIONARY SUPPLIES	316.08
4/27/2023	TAC AMERICAS, INC.	61579	39118	2,008.31	POC BUILDING HVAC SERVICES	2,008.31
4/27/2023	TERRY SPURGEON	61625	39119	558.66	REIMBURSEMENT	558.66
4/27/2023	JAYNE STROMMER	61626	39120	128.48	REIMBURSEMENT	128.48
4/27/2023	WILLIAM SVOBODA	61627	39121	1,523.35	REIMBURSEMENT	1,523.35
4/27/2023	SYSTEM 1 STAFFING	61623	39122	6,005.23	O/S TEMP	6,005.23
4/27/2023	TERRYBERRY	61617	39123	176.53	EMPLOYEE RECOGNITION	176.53
4/27/2023	TRI POINTE HOME HOLDING INC	61648	39124	3.00	REFUND OVERPAYMENT	3.00
4/27/2023	UNITED RENTALS	61025	39125	3,791.86	COMPRESSOR RENTAL	3,791.86
4/27/2023	UNIVAR USA INC	61529	39126	6,833.13	SODIUM HYPOCHLORITE	20,632.93
		61563		6,841.34	SODIUM HYPOCHLORITE	
		61593		6,958.46	SODIUM BISULFITE	
GRAND TOTAL						<u>1,793,756.65</u>

June 14, 2023

AUTHORIZE GENERAL MANAGER TO EXECUTE A SUBSCRIBER SERVICE AGREEMENT AND AN AGENCY SECURITY AGREEMENT WITH COOPERATIVE ORGANIZATION FOR THE DEVELOPMENT OF EMPLOYEE SELECTION PROCEDURES (CODESP), A JOINT EXERCISE OF POWERS AGENCY, TO PAY FEES SPECIFIED IN THE SUBSCRIBER SERVICE AGREEMENT FOR TESTING PRODUCTS AND SERVICES IN CONNECTION WITH PRE-EMPLOYMENT TESTING FOR FISCAL YEAR 2023/2024

Recommendations

Authorize the General Manager to execute a Subscriber Service Agreement and an Agency Security Agreement with Cooperative Organization for the Development of Employee Selection Procedures (CODESP), a joint exercise of powers agency, to pay fees specified in the Subscriber Service Agreement for testing products and services in connection with pre-employment testing during the period July 1, 2023, through June 30, 2024.

Background Information

The District has engaged with CODESP to develop testing materials that are legal, reliable, valid, and equitable in support of recruitment efforts. These testing materials support an objective evaluation of candidate knowledge, skills, and abilities, which assists the District in making well-informed hiring decisions.

Analysis

The District's use of the testing materials requires execution of CODESP's Subscriber Service and Agency Security Agreements. The Agency Security Agreement outlines the measures required to ensure staff use and secure testing materials consistent with CODESP's policy terms. Board approval is required because: 1) the Subscriber Service Agreement requires users of CODESP materials to indemnify CODESP from liability claims that may arise from the use of the test materials; and 2) CODESP has two annual subscriber options for services that are priced based on the number of budgeted full-time equivalent (FTE) positions. Option 1 provides annual access to proprietary products and tools to create and customize test and interview materials for use in the recruitment and selection process. Option 1 also allows customers to add on online testing services for an additional fee. Option 2 is a modified version of Option 1 without access to the products and tools to create or customize test materials. The annual subscriber fee for less than 100 FTEs is \$1,400 and the scoring services cost \$200 for FY23/24. Staff recommends approval of the Subscriber Service Agreement with Option 1 (annual fee totaling \$1,600 for FY23/24).

Financial Impact

Sufficient funding for this work is available in the approved FY23/24 Budget.



Attachments

1. CODESP Subscriber Service Agreement
2. CODESP Agency Security Agreement

Reviewed by: 

Brian Thomas
Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS





CODESP SUBSCRIBER SERVICE AGREEMENT

Please read, acknowledge, and agree to the following service agreement terms.

Terms:

All terms of this agreement shall prevail over any terms and conditions to the contrary outlined in purchase orders or any other agreements or documentation provided by the agency named below in order to obtain services from CODESP unless explicitly agreed to in writing by an authorized agent of CODESP.

Services Provided:

CODESP provides online employment selection materials and training presentations to customers who are employed at public agencies that have met all of the subscriber terms. Once the registration process is completed and payment is received your agency will gain access to the secure areas of the website associated with your subscription type.

Modified subscribers will gain access to all content currently posted to the subscribers area of the site including the Interview Builder and posted supplemental application forms and situational, performance, and writing exercises. Additional services include live and recorded webinars, live training (may be subject to an additional fee), a job description builder, sample job analysis questionnaires, an online testing option (subject to an additional fee) and online Links and Resources related to public-sector Human Resources.

Full subscribers will gain access to the CATS (CODESP Automated Test System) Request Form to order test materials in addition to all content noted above. Full subscribers may request multiple-choice test packets along with custom supplemental application forms and situational, performance, and writing exercises. Please refer to the **Test Material Requests** and **New Test Material Development** sections of this agreement for further details regarding these requests.

Payment for Services:

A Purchase Order may be submitted to initiate services, but payment must be received within 45 days after the PO is received. Payment or proof of payment (such as a Purchase Order) for all services must be made in advance of services being provided. Please refer to our current fee schedule for the most current pricing and options. PayPal payment requires an additional service fee.

Service Options:

- **Full year:** A full year payment is for services from July 1 – June 30 in the same fiscal year.
- **Less Than Full Year:** A less than full year payment is for any services initiated after July of the current fiscal year. If joining after July, an agency may choose one of the following options:
 - **Pay the full year rate for the current year with no additional commitment.**
 - **Pay a prorated amount for services for the months remaining in the current fiscal year with a contractual obligation to continue the following year.**
 - The prorated fee shall be one-twelfth (1/12) of the full year fee multiplied by the number of months remaining in the fiscal year. Any months in which services will be rendered will be included in this calculation.
 - By agreeing to this option, the agency agrees to pay for a full year of service the fiscal year following the fiscal year in which services are originated. The fee for the following year will be in accordance with the posted fee schedule for the following year which shall

be made available by no later than February of the preceding fiscal year. In the event that the posted fee schedule for the following year indicates a fee increase in excess of ten (10) percent from the previous year, the agency will have the right to option out of the following full year of service. This agreement may be amended to remove the requirement for an additional year of service under special circumstances wherein an agency policy is provided that supports a limitation set by the governing body of the agency limiting the agency's ability to agree to a multi-year contractual obligation upon consent of the CODESP administration.

CODESP reserves the right to refuse future service or to restrict services provided or service options (as indicated above) for any subscriber that violates, or has previously violated, this or any other CODESP agreement.

Refunds:

Refunds for subscription fees will not be made.

Refunds for fees associated with additional services such as Online Testing will only be made in cases where circumstances arise which prohibit the intended use of such services (e.g. technology issues). Refunds of these costs will be issued in the form of credit for future services and may be applied to future use of additional services or standard subscription fees.

Continuation of Services:

To continue a subscription in good standing, agencies shall pay the subscription fee no later than July 1 or communicate their intent to rejoin through e-mail or other correspondence. Unless the subscription fee is received by September 1, the intent to rejoin becomes null and void, and agency access will be disabled.

Please note that the following terms apply at the start of each fiscal year. Failure to adhere to the following may result in access to the secure areas of the CODESP website being temporarily disabled.

- Payment must be received within 45 days of receipt of a Purchase Order
- A signed copy of the Agency Security Agreement and Service Agreement for the current fiscal year must be received within 45 days of the start of the new fiscal year

Test Material Requests:

Multiple-choice test materials from the online item bank are requested by completing a **CATS Request Form**.

Other test materials such as interviews (Interview Builder), supplemental application forms, writing, situational, and performance exercises (under Test Materials) can be accessed from the secure areas of the website. If customized materials are needed, the customer will complete a CATS Request Form and provide current job information and access to job experts as needed to fulfill such a request.

When submitting requests for test materials, customers must provide a job description and other pertinent information needed to guide CODESP staff in selecting job-related materials. The customer will allow at least 10 business days for the request to be fulfilled. If new test materials need to be developed, the customer acknowledges that these requests take longer to fulfill and will work with CODESP staff on an appropriate timeline for fulfilling the request.

Access to the secure areas of the website and all test materials is restricted to authorized employees who are responsible for accessing test materials and implementing the selection process. Authorization is determined by the customer's Human Resources administrator and subject to approval by CODESP administration. The number of users is based on the size of the agency and approved by CODESP. Generally, no more than 10 users per agency may have access to the secure areas of the website. Exceptions to the restriction on the number of users may be authorized for agencies with an employee count of over 3,000.

A maximum of five test material requests can be submitted by the subscriber per month, unless otherwise approved by CODESP administration. CODESP provides unlimited access to the products and services accessible from the secure areas of the website that do not require completing a CATS Request Form.

Unlimited test products include all questions in the Interview Builder and posted sample test materials such as supplemental application forms and writing, situational, and performance exercises.

New Test Material Development:

CODESP will expand test material job families when resources are available. Job experts are to be provided by the customer whenever possible. CODESP maintains final edit approval on test materials entered into the CATS system. Adding job families and items to the item bank is at the discretion of CODESP. A list of Multiple-Choice Item Banks currently available for public agency customers is available under **Join CODESP / Frequently Asked Questions**. The list is subject to revision and the job families listed do not contain test items for all possible classifications that may fall under a specific job family.

CODESP requires the following to develop new test materials:

- A job expert provided by the customer to assist CODESP staff in the development, edit, and final review of the new materials.
- Technical documents/manuals or other appropriate source material provided by the customer when they are not readily available to CODESP.
- At least 15 business days for development, review, and edits of new test materials. The 15 day period begins after the job expert and/or technical materials are provided to CODESP.

CODESP will not:

- Recreate state licensure, Microsoft certification, or similar examinations that require formal certificates.
- Enter copyrighted materials into our item bank.
- Create test materials for sworn police or fire personnel.
- Create test materials for positions where the type of assessment method requested is inappropriate. For example, multiple-choice tests for senior management or highly technical positions like engineer.

Use of Test Materials:

The final selection of which test materials to use is the responsibility of the agency. A local job analysis is highly recommended to determine test content which is appropriate for your agency's specific position/classification for which you are testing. All test materials should be reviewed by a local job expert prior to use in order to ensure validity.

The use of test materials by a customer agency to test or assess candidates for another agency which is not a customer is strictly prohibited.

The charging of any test administration or related fees to a candidate for any job for taking a test that includes any CODESP materials is strictly prohibited unless otherwise approved by CODESP administration.

Test materials are intended to be used in-person in proctored settings only. The use of any test materials in any non-proctored or remote (proctored or non-proctored) setting is strictly prohibited unless otherwise approved by CODESP administration. This restriction does not apply to materials specifically designated for remote or non-proctored use.

Retention of Test Materials:

Upon termination of a CODESP subscription, the agency shall immediately cease and desist the use of all CODESP test materials and shall cease administering any and all tests that contain CODESP test materials. The agency shall destroy all CODESP test materials, both paper and electronic, except those used to document existing test records. The agency shall inform CODESP at the time of the discontinuation of service of any test materials that are being maintained in order to document existing test records. The agency shall delete CODESP test materials from electronic storage devices, databases, test management systems, and/or item banks that may be accessible by unauthorized individuals, agencies, or vendors, including any third-party testing software.

Legal Acknowledgements:

The terms of this Service Agreement may change prior to the start of each fiscal year as solely determined by the CODESP Board of Directors. A copy of this Service Agreement will be sent to customers in advance of the

new fiscal year. Customers must agree to the terms of the current Service Agreement in order to continue services.

To the extent allowable by California law, the agency named below shall defend, indemnify, and hold harmless CODESP, its board members, officers, employees, and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising out of the use of materials or services provided by CODESP unless such liability, loss, expense, or claims is due to CODESP's sole negligence.

CODESP agrees to defend, indemnify, and hold harmless the agency named below, its board members, officers, employees, and agents from and against any and all liability, loss, expense (including reasonable attorneys' fees), or claims for injury or damages arising solely out of negligent activities of CODESP or those of any of its officers, employees, and agents, whether such act or omission is authorized by this Agreement or not. The provisions of this Indemnification do not apply to any damage or losses caused by the negligence of the Agency or any of its board members, officers, employees, and/or agents.

The agency named below understands and acknowledges that it is solely responsible for its employment decisions including, but not limited to, all uses of CODESP materials including, but not limited to, test materials, rating criteria, training materials, statistical reports, and cutoff scores. The agency named below also acknowledges that it is solely responsible for ensuring its employment practices comply with all applicable federal, state, and local laws, regulations, and professional guidelines. It is the exclusive responsibility of the agency named below to ensure that the knowledge, skills, and abilities and/or competencies measured by CODESP test materials are valid job requirements.

By entering into this Service Agreement the agency acknowledges that so far as it pertains to the agency and CODESP, that CODESP is the sole owner of the intellectual property that the agency will have access to under this Agreement, described herein as "content" or "materials," as well as any other intellectual property the agency will have access to under this Agreement. CODESP hereby grants to the agency a non-transferable and non-exclusive license to the materials and content for the purposes described herein. This license shall be in effect only as long as the agency remains as a party in good standing to this Agreement and only while the agency is current in its financial obligations to CODESP. The agency acknowledges that any use of the intellectual property owned by CODESP in violation of this license will constitute an intentional infringement of CODESP's copyright interest in such property. The agency agrees that copyright infringement under this Agreement includes obtaining CODSEP materials while a subscriber and continuing to use such materials after the end of the subscription. The agency agrees that should it infringe upon CODSEP's intellectual property rights that the agency will pay for CODSEP's attorney fees and costs incurred by CODSEP in any ensuing litigation.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions will not be affected thereby.

I agree with the terms and conditions as stated in this document.

I do not agree with the terms and conditions.

Agency: _____

Signature of Authorized Agency Representative: _____ Date: _____

Printed Name: _____ Title: _____

Signature of HR Administrator (if different from above): _____ Date: _____

Printed Name: _____ Title: _____

Please agree, complete, sign and e-mail a scanned copy to codesp@codesp.com. If you are unable to send a scanned copy via e-mail, please fax a signed copy to: 714-374-8225



CODESP AGENCY SECURITY AGREEMENT

The parties to this agreement are the Cooperative Organization for the Development of Employee Selection Procedures (CODESP) and the DELTA DIABLO hereinafter known as the Agency. In order to protect the mutual interests of all CODESP agencies, each Agency is required to execute this agreement and fulfill its terms.

- a. It is understood and agreed that the primary signer of this agreement will be an authorized agent of the Agency. The Agency may designate one or more alternates. If the primary signer of this agreement is not an agent of the Agency with responsibility for oversight of the Agency's test administration and selection practices, an alternate signer is required who maintains responsibility in this area. The Agency may also assign an additional alternate signer of its choosing. All alternate signers will be regarded as sharing the responsibility with the primary signer for carrying out the terms of this agreement. CODESP has the right to terminate this agreement and all associated agreements and to withhold or recall CODESP materials and services if terms and conditions of this agreement have been violated.
- b. Test materials obtained through CODESP will be used for the official purposes of the Agency in testing candidates for placement within their Agency or at other approved public agencies who are current customers of CODESP only. The use of test materials by the Agency to test or assess candidates for a non-customer agency is strictly prohibited. Under no circumstances will materials so obtained, including tutorials, be posted on the Agency's website or other websites. Under no circumstances will test materials be stored in any other agency's or private computer systems for sale or disbursement to any other agency or person that is not authorized to have access to such materials, nor will the Agency knowingly permit others to do so. The Agency will not enter any test materials obtained through CODESP into any third-party testing or test management system unless there is an expressed written consent that the third-party will not retain any of the data and that consent has been shared with CODESP administration.
- c. Test materials obtained through CODESP may be reviewed by examiners, subject matter experts, researchers, consultants, test proctors, or others working on the development of examinations. Such persons are not authorized to receive access to the secure areas of the website or to make notes about, copy, or retain any of the actual materials. Any reviews of materials are to be conducted under the general supervision and responsibility of the primary signer (or alternate signer with responsibility over the area of test administration and selection practices) of this agreement. The final selection and use of test materials is the

responsibility of the Agency.

- d. No official, staff member, consultant, or other agent of the Agency may loan, give, sell, nor otherwise make available any testing material obtained through CODESP to any other agency or person that is not authorized to have access to such material, nor will they knowingly permit others to do so. Under no circumstances will CODESP materials be available for study, copying, photographing, reproduction, or re-publication, in whole or in part.
- e. Test materials obtained through CODESP will be used and stored at the Agency in a manner that will prevent unauthorized persons from having access to them. Tests will be administered in-person in proctored environments by an Agency employee to ensure that no test materials are removed from the test site. Test materials shall not be used in any non-proctored or remote (proctored or non-proctored) setting without the expressed written consent of CODESP administration. Test materials specifically designated by CODESP for remote or non-proctored use are exempted. Any test materials entered into any third-party software must be removed immediately upon termination of the Agency's business relationship with the third-party.
- f. All system users and test proctors must be employees of the Agency and must sign the CODESP User Security Agreement. No more than 10 users are allowed per agency (exceptions may apply for agencies with over 3,000 employees). Access to the secure areas of the CODESP website is restricted to employees of the Agency with a direct reporting relationship to an Agency administrator with responsibility for the oversight of the Agency's test administration and selection practices and who are involved in the employment testing process. The sharing of usernames or passwords is strictly prohibited. Employees of third-party vendors serving solely as test proctors for remotely proctored test administrations approved by CODESP in accordance with section E above are exempt from signing the CODESP User Security Agreement.
- g. If candidates are allowed consultation regarding their test results, they may only review the test under a restrictive time-limit with an authorized individual whose signature is on the CODESP User Security Agreement. The candidate may not make notes about, copy, or retain any of the test materials. Under no circumstances will candidates be allowed to view the answer key for an exam or any reports generated from the CODESP website containing such information in an unsupervised environment. No candidate will be allowed to make notes about, copy, or retain any information relating to keyed responses.
- h. If it is necessary that materials obtained through CODESP be presented in proceedings conducted by a court or other body vested with legal authority, the Agency shall request that the material be covered by a protective order that will safeguard its confidentiality, and CODESP will be promptly notified of the proceedings.
- i. The Agency understands and acknowledges that it is solely responsible for its employment decisions including, but not limited to, all uses of CODESP materials and services including, but not limited to, test materials, rating criteria, training materials, statistical reports, and cutoff scores. The Agency also is solely responsible for ensuring its employment practices comply with all applicable

federal, state, and local laws, regulations, and professional guidelines. It is the exclusive responsibility of the Agency to ensure that the knowledge, skills, and abilities and/or competencies measured by CODESP test materials are valid job requirements.

- j. The Agency agrees that all necessary administrative steps will be taken to ensure that staff members, consultants, or others who may have access to material provided through CODESP will be informed of this agreement and required to comply with it. Any Agency violating test security, intentionally or otherwise, will be denied further test materials and will have access to current materials revoked until the security violation has been resolved to the satisfaction of CODESP administration. The signers of this agreement are authorized to execute this agreement on behalf of the parties.
- k. Upon termination of CODESP membership/subscription, the Agency shall destroy all CODESP test materials, both paper and electronic, except those used to document existing test records. The Agency shall immediately cease and desist the use of all CODESP test materials and shall cease administering any and all tests that contain CODESP test materials. The Agency shall delete CODESP test materials from electronic storage devices, databases, test management systems, and/or item banks that that may be accessible by unauthorized individuals, agencies, or vendors, including any third-party testing software.
- l. If the signer(s) of this agreement find(s) it impossible to ensure fulfillment of this agreement or leave(s) the Agency, an authorized agent of the Agency shall notify CODESP to make arrangements for continuation or termination of the agreement.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions will not be affected thereby.

Primary Signer:

Print Name: _____ Title: _____

Signature: _____ Date: _____

Human Resources Administrator (if different from above):

Print Name: _____ Title: _____

Signature: _____ Date: _____

June 14, 2023

ADOPT RESOLUTION ESTABLISHING FY23/24 APPROPRIATIONS (GANN) LIMIT FOR EXPENDITURES THAT CAN BE FUNDED FROM TAX PROCEEDS

Recommendations

Adopt Resolution establishing the Fiscal Year 2023/2024 (FY23/24) 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 FY22/23 was \$21,087,468.

Analysis


The calculated Appropriations Limit for FY23/24, using the factors described in the proposed resolution, is \$21,944,466. This is higher than FY22/23 as a net result of the state per capita personal income growth increase of 4.44% and the county population decrease of 0.36% compared to last year. The proposed FY23/24 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 Wastewater Capital Asset Replacement Fund per previously approved Board actions. Although the Board has discretion to make annual determinations regarding how Ad Valorem Tax revenues will be allocated based on District needs, no change to the current policy regarding use of these funds is recommended.

Fiscal Impact

There is no fiscal impact because the projected FY23/24 property tax revenues of \$3,000,000 are well below the calculated Appropriations Limit of \$21,944,466.

Attachment

Resolution Establishing FY23/24 Appropriation Limit

Reviewed by: 

Brian Thomas
Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS



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

(a California Special District)

RESOLUTION NO. 07/2023

MATTER: Establishing Fiscal Year 2023/2024 Appropriations (Gann) Limit

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 on 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 2023/2024 (FY23/24) 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 14, 2023, and in the proposed FY23/24 Budget, the calculation of the FY23/24 Appropriations Limit is \$21,944,466.

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

1. To adopt an FY23/24 Appropriations Limit as described in the "Calculation of FY23/24 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 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

EXHIBIT: Calculation of FY23/24 Appropriations Limit

CALCULATION OF FY23/24 APPROPRIATIONS LIMIT

**PERMITTED GROWTH RATE IN APPROPRIATIONS USING
CHANGE IN STATE PERCENTAGE CHANGE IN PER CAPITA INCOME
2022 to 2023**

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 1/2022-1/2023	WEIGHTED AVERAGE % CHANGE
Unincorporated Bay Point	Not Available		Not Available	
Antioch	115,442		0.94%	
Pittsburg	74,809		0.16%	
1 Weighted Average	Not Available			Not Available

2	Per State of California Department Finance January 1, 2023 Contra Costa County Population Change	<u><u>-0.36%</u></u>
3	State Per Capita Personal Income Change (Per Capita Income Change Issued By State Dept of Finance in May 2023)	<u><u>4.44%</u></u>

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

$$\frac{-0.36 + 100}{100} = 0.9964$$

$$\frac{4.44 + 100}{100} = 1.0444$$

$$0.9964 \times 1.0444 = \mathbf{1.04064} = \mathbf{FY23/24 Adjustment Factor}$$

CALCULATION

Appropriations Limit for year ending June 30, 2023 (Adopted 6/22/2022 Reso 13/2022)	\$21,087,468
Permitted Adjustment Factor Determined By Calculation Formula	<u>1.04064</u>
Appropriations Limit for year ending June 30, 2024 (Prior Yr Limit x Adj Factor)	<u><u>\$21,944,466</u></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 14, 2023 Board Minutes.

June 14, 2023

RATIFY GENERAL MANAGER'S EXECUTION OF A PARTICIPATION AGREEMENT WITH COALITION FOR CONTROLLING INSURANCE COSTS IN CALIFORNIA SCHOOLS (CICCS), A CALIFORNIA PUBLIC AGENCY, WITH MODIFIED INDEMNIFICATION LANGUAGE, FOR EMPLOYEE ASSISTANCE PROGRAM SERVICES, BEGINNING JULY 1, 2023

Recommendations

Ratify the General Manager's execution of a Participation Agreement with the Coalition for Controlling Insurance Costs in California Schools (CICCS), a California public agency, with modified indemnification language, for employee assistance program (EAP) services, beginning July 1, 2023.

Background Information

On January 31, 2023, the District was advised by its current EAP provider, MHN, that it would no longer provide services in California effective July 1, 2023. The District worked with its benefits insurance broker (Keenan and Associates) to solicit quotes from other EAP providers. CICCS's EAP service package was the best option of the six EAP provider quotes received by the District as it relates to employees' historic average use, services provided, and cost. CICCS EAP services are provided through Anthem, and include counseling, legal consultation, financial consultation, identification recovery, emotional well-being resources, dependent care and daily living resources, and crisis consultation.

Analysis

CICCS is a California public agency and a tax-exempt trust under Internal Revenue Code Section 501(c)(9). CICCS was established in 2014 to provide health and welfare benefits to employees, retired employees, and respective eligible dependents of participating public agencies. Membership is open to all California public employers, including school districts, community college districts, municipalities, and special districts and their respective bargaining units, as well as for non-bargaining unit employees, management, confidential employees, elected officials, and retirees.


The CICCS Participation Agreement terms include an indemnity provision requiring a participating member agency to indemnify the CICCS Board of Trustees against expenses incurred in the lawful performance of their duties. Because the District's indemnity obligations are limited to lawful expenses incurred and is part of a coalition of participants, the District's overall risk is minimal. Further, the District maintains adequate insurance policies to cover potential liabilities. Based on the limited risk to the District and the provision in Memoranda of Understanding with all three of the District's bargaining units to provide an EAP for District employees, the General Manager executed the CICCS Participant Agreement for EAP services only. It is recommended that the Board ratify the execution of the CICCS EAP Participant Agreement with modified indemnification language.



Financial Impact

Sufficient funding for this work is included in the proposed FY23/24 Budget.

Attachments - None

Reviewed by: 

Brian Thomas
Deputy General Manager/District Engineer

cc: District File No. BRD.01-ACTS



June 14, 2023

AUTHORIZE ISSUANCE OF THE FOLLOWING PURCHASE ORDERS FOR ONE YEAR BEGINNING JULY 1, 2023: IN AN AMOUNT NOT TO EXCEED \$441,000, UNIVAR USA INC., SUPPLY AND DELIVERY OF SODIUM BISULFITE; IN AN AMOUNT NOT TO EXCEED \$328,000, KEMIRA WATER SOLUTIONS, INC., SUPPLY AND DELIVERY OF FERROUS CHLORIDE; IN AN AMOUNT NOT TO EXCEED \$372,000, CHEMTRADE LOGISTICS, INC., SUPPLY AND DELIVERY OF LIQUID ALUMINUM SULFATE; IN AN AMOUNT NOT TO EXCEED \$1,294,000, HASA, INC., SUPPLY AND DELIVERY OF SODIUM HYPOCHLORITE; IN AN AMOUNT NOT TO EXCEED \$265,000, POLYDYNE INC., SUPPLY AND DELIVERY OF DRY POLYMER; IN AN AMOUNT NOT TO EXCEED \$162,000, POLYDYNE INC., SUPPLY AND DELIVERY OF LIQUID POLYMER

Recommendation

Authorize issuance of purchase orders for one year beginning July 1, 2023 through June 30, 2024 (FY23/24) for the following:

1. Univar USA Inc., in an amount not to exceed \$441,000 for supply and delivery of sodium bisulfite.
2. Kemira Water Solutions, Inc., in an amount not to exceed \$328,000 for supply and delivery of ferrous chloride.
3. Chemtrade Logistics, Inc., in an amount not to exceed \$372,000 for supply and delivery of liquid aluminum sulfate.
4. Hasa, Inc., in an amount not to exceed \$1,294,000 for supply and delivery of sodium hypochlorite.
5. Polydyne Inc., in an amount not to exceed \$265,000 for supply and delivery of dry polymer.
6. Polydyne Inc., in an amount not to exceed \$162,000 for supply and delivery of liquid polymer.

Background Information

The District uses various chemicals at its Wastewater Treatment Plant (WWTP) to meet National Pollution Discharge Elimination System (NPDES) permit discharge requirements, ensure effective treatment process performance, provide high-quality recycled water to customers, and control odors. The District is a member of the Bay Area Chemical Consortium (BACC), which administers an annual bidding process for water and wastewater treatment chemicals to reduce unit costs from chemical suppliers and overall costs by collectively pooling chemical volumes. For FY23/24, the District participated in the BACC bidding process and received bids for sodium bisulfite, liquid aluminum sulfate, and sodium hypochlorite. In addition, staff directly negotiated FY23/24 unit costs for ferrous chloride, dry polymer, and liquid polymer.

Analysis

Sodium bisulfite is used to eliminate residual chlorine from the WWTP effluent following disinfection with sodium hypochlorite prior to discharge to receiving waters. The lowest responsive, responsible BACC bidder was Univar USA Inc. at \$1.85 per gallon delivered, which is \$0.38 (25%) higher than the FY22/23 unit cost of \$1.47 per gallon.

Liquid aluminum sulfate is used for solids coagulation at the District's Recycled Water Facility (RWF) prior to settling in the tertiary clarifiers. The lowest responsive, responsible BACC bidder was Chemtrade Logistics, Inc. at \$0.89 per gallon delivered, which is \$0.02 (3.5%) higher than the FY22/23 unit cost of \$0.87 per gallon.



Sodium hypochlorite is used for disinfecting both treated wastewater and recycled water and controlling odors at several District facilities. The lowest responsive, responsible BACC bidder was Hasa, Inc. at \$2.81 per gallon delivered, which is \$1.42 (103%) higher than the FY22/23 unit cost of \$1.39 per gallon. The sodium hypochlorite unit cost has increased significantly in recent years due to high demand, production and supply chain issues, and inflation.

Ferrous chloride is used to control hydrogen sulfide concentrations in the biogas generated in the anaerobic digesters at the WWTP, which helps extend the time interval between major cogeneration engine maintenance activities. In addition, this chemical is used for odor and corrosion control purposes at the District's wastewater pump stations. The lowest responsive, responsible BACC bidder was Kemira Water Solutions, Inc. at a unit price of \$1,266.63 per dry ton delivered, which is \$336.15 (36%) higher than FY22/23 unit cost of \$930.48 per dry ton.


Dry polymer (Clarifloc WE-223) is used as part of the solids dewatering centrifuge process at the WWTP following anaerobic digestion. In response to a sole-source solicitation that was issued due to the site-specific nature of polymer selection and District digested solids characteristics, Polydyne Inc. agreed to a price of \$2.95 per pound delivered, which is \$0.13 (5%) higher than the FY22/23 unit cost of \$2.82 per pound.

Liquid polymer (Clarifloc WE-363) is used for solids coagulation at RWF. In response to a sole-source solicitation that was issued due to the site-specific nature of polymer selection, Polydyne Inc. agreed to a price of \$1.90 per pound delivered, which is \$0.18 (10.5%) higher than the FY22/23 unit cost of \$1.72 per gallon.

Financial Impact

The estimated chemical budget for FY23/24 is approximately \$2.9 million, including \$1.5 million for wastewater and \$1.4 million for recycled water. Sufficient funding is included in the proposed FY23/24 Budget for these purchase orders. The District participates in BACC to leverage purchasing power and receive cost-effective bids. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical unit costs. Staff continues to refine total annual chemical usage estimates, while working to optimize chemical consumption, to partially offset the impact of higher chemical supply costs. The Chemicals budget increased from \$2.2 million in FY22/23 to \$2.9 million (+32%) in FY23/24, which is driven largely by an increase of \$0.5 million in anticipated RWF chemical expenditures.

Attachments – None.

Reviewed by: 
Dean Eckerson
Resource Recovery Services Director

cc: District File No. BRD.01-ACTS



June 14, 2023

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 2 TO GENERAL SERVICES CONTRACT IN THE AMOUNT OF \$495,000, FOR A NEW TOTAL CONTRACT AMOUNT NOT TO EXCEED \$1,335,000, AND EXTEND CONTRACT THROUGH JUNE 30, 2024, SCA OF CA, LLC, STREET SWEEPING SERVICES FOR CITY OF ANTIOCH AND BAY POINT

Recommendations

Authorize the General Manager to execute Amendment No. 2 to the general services contract with SCA OF CA, LLC (SCA) to provide additional sweeping services for City of Antioch and Bay Point in the amount of \$495,000, for a new total contract amount not to exceed \$1,335,000 and extend the contract through June 30, 2024.

Background Information

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

Since inception of this program, several street sweeping contractors have provided services on behalf of the District in the City of Antioch and the community of Bay Point. In December 2014, the Board approved assignment of the service agreement to Contract Sweeping Services (CSS). On July 1, 2021, the District executed a two-year general services contract with CSS in the amount of \$780,000. In April 2022, CSS was acquired by SCA, which assumed responsibility for street sweeping services in the city of Antioch and Bay Point under the existing contract terms. In June 2022, the Board authorized a contract amendment to account for increased fuel, labor, and consumable materials costs, which represented an increase of \$60,000 for a new total contract amount of \$840,000.

Analysis

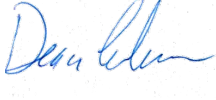
In April 2023, staff met with SCA to discuss continuation of services through another contract amendment for a one-year extension through June 30, 2024. SCA identified increased expenses related to fuel, labor, and equipment maintenance and repair, and requested the District consider a 10% increase in the contract amount. Staff reviewed associated data and determined that if the requested cost adjustment from SCA is implemented, the resulting cost-per-curb mile will remain below the unit price that other agencies in the Bay Area are paying for similar services.



Financial Impact

Sufficient street sweeping revenues are projected for FY23/24, in addition to the use of existing Street Sweeping Fund equity, to support this contract amendment.

Attachment – None.

Reviewed by: 
Dean Eckerson
Resource Recovery Services Director

cc: District File No. BRD.01-ACTS



June 14, 2023

AUTHORIZE GENERAL MANAGER TO APPROVE PURCHASE ORDER IN THE AMOUNT OF \$250,000, G3 ENGINEERING, INC., POLYBLEND DRY POLYMER FEED SYSTEM, AND APPROVE APPROPRIATION IN THE AMOUNT OF \$250,000 FROM WASTEWATER CAPITAL ASSET REPLACEMENT RESERVE FUND

Recommendations

- 1) Authorize the General Manager to approve a purchase order in the amount of \$250,000 with G3 Engineering, Inc., for a Polyblend dry polymer feed system.
- 2) Approve an appropriation in the amount of \$250,000 from the Wastewater Capital Asset Replacement Reserve Fund.

Background Information

Polymer is a chemical compound that comes in a dry granular or liquid emulsion form and is used to help separate solids from liquids through flocculation. In the solids handling processes, polymer is used in the gravity belt thickeners (GBTs) to thicken the waste activated sludge and, in the centrifuges to dewater digested solids. Because of the high polymer demands associated with the solids handling processes, dry polymer provides the most cost-effective chemical with the longest shelf life. Dry polymer requires a feed system to accurately mix the granular material with water to become fully activated and allow for proper dosing of the chemical. A single dry polymer feed system provides chemicals for both the GBT and the centrifuge processes.


Analysis

A single dry polymer feed system presents an operational risk because the solids handling processes require operation of the GBTs and centrifuges on a daily basis, which require polymer addition to ensure effective and reliable performance. An additional polymer feed system will provide redundant equipment to mitigate operational risks and allow feeding unique polymer chemical to better optimize both process operations and achieve overall chemical cost savings. The new equipment will be installed by staff and configured to run independently under normal conditions with the ability to run in a combined manner for operational redundancy.

Financial Impact

Sufficient funding is available in the adopted FY22/23 Budget for this work.

Attachment – None.

Reviewed by: 

Dean Eckerson
Resource Recovery Services Director

cc: District File No. BRD.01-ACTS



June 14, 2023

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 2 TO AGREEMENT FOR BIOSOLIDS HANDLING SERVICES WITH SYNAGRO WEST, LLC, EFFECTIVE JULY 1, 2023, TO EXTEND THE TERM FOR TWO YEARS, FROM JULY 1, 2023 THROUGH JUNE 30, 2025, AND TO AUTHORIZE PAYMENT FOR SERVICES IN AMOUNTS SPECIFIED IN THE AGREEMENT, AS AMENDED

Recommendation

Authorize the General Manager to execute Amendment No. 2 to an agreement with Synagro West, LLC for biosolids handling services, effective July 1, 2023, to extend the term for two years, from July 1, 2023 through June 30, 2025 with three one-year options to extend under mutual agreement, and to authorize payment for services in amounts specified in the agreement, as amended.

Background Information

Biosolids, the nutrient-rich organic material resulting from the treatment of wastewater, are one of the primary resources produced by the District's Wastewater Treatment Plant. The District produces approximately 35 wet tons of stabilized Class B biosolids per day, which is beneficially reused as a soil amendment via land application or through composting. In April 2020, staff issued a request for proposals to contractors with experience in providing turnkey biosolids handling services. Synagro provided a proposal with the lowest estimated cost and high beneficial reuse portfolio and a two-year term through June 30, 2022, with a one-year extension option subject to mutual agreement, which was approved by the Board on June 10, 2020. In June 2022, the Synagro agreement was amended to provide an additional year of biosolids handling services.


Analysis

There are only two biosolids handling providers in northern California. Synagro has provided reliable biosolids management services by holding multiple permits for land application in Solano, Sacramento, and Merced counties, and operating a composting facility in Merced county. Staff negotiated mutually acceptable unit cost adjustments with Synagro for each biosolids management handling option for a two-year term to address multiple cost component increases identified by Synagro, including escalating fuel prices, regulatory requirements for diversion of organics from landfills, and reduced available capacity for biosolids end use. Based on a history of good service, reliable beneficial use, and market pricing, staff recommends extending the contract for a two-year term with three one-year options to extend under mutual agreement.

Financial Impact

This contract amendment will result in an annual biosolids management cost of approximately \$980,000, which represents an increase of \$140,000 (9%) from the FY22/23 Budget amount of \$900,000. Sufficient funding is available in the proposed FY23/24 Budget.

Attachment – None.

Reviewed by: 
Dean Eckerson
Resource Recovery Services Director

cc: Synagro West, LLC
District File BRD.01-ACTS



June 14, 2023

AUTHORIZE GENERAL MANAGER TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT FOR CLASS A BIOSOLIDS PROCESSING SERVICES WITH LYTEK INTERNATIONAL LIMITED, EFFECTIVE JULY 1, 2023, TO EXTEND THE TERM FOR TWO YEARS, FROM JULY 1, 2023 THROUGH JUNE 30, 2025, AND TO AUTHORIZE PAYMENT FOR SERVICES IN AMOUNTS SPECIFIED IN THE AGREEMENT, AS AMENDED

Recommendation

Authorize the General Manager to execute Amendment No. 1 to the agreement for Class A biosolids processing services with Lystek International Limited (Lystek) effective July 1, 2023, to extend the term for two years from July 1, 2023 through June 30, 2025, and to authorize payment for services in amounts specified in the agreement, as amended.

Background Information

Biosolids, the nutrient-rich organic material resulting from the treatment of wastewater, 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 benefit, cost, and operational restrictions. Historically, the District has beneficially used over 97% of its biosolids through land application and composting.

Analysis

On June 10, 2022, the Board of Directors approved an amendment to the biosolids management services agreement with Synagro West, LLC for a one-year agreement that utilizes several biosolids end-use alternatives including land application, composting, landfill alternative daily cover, landfill disposal, and transportation to a third-party processor (i.e., Lystek, which operates a facility that further processes biosolids to create a high-quality fertilizer product). Staff has submitted a second amendment to the Synagro agreement, which would extend the term through June 30, 2025, as part of the June 14, 2023 Board Meeting agenda.

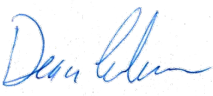
Lystek operates a regional treatment facility at Fairfield Suisun Sewer District that produces a Class A biosolids fertilizer product using advanced technology. The prior contract allowed for two loads per month for further processing at Lystek's facility. Staff recommends increasing the amount sent to Lystek to four trucks per month of biosolids. The additional amount of biosolids processed by Lystek will reduce the amount of biosolids processed at Synagro's facilities, offsetting a portion of the costs of increasing the amount sent to Lystek. Increasing the amount sent to Lystek diversifies the District's biosolids management portfolio and supports a regional facility.

Financial Impact

This contract amendment will result in an annual biosolids handling cost of approximately \$125,500 for this biosolids management option. Sufficient funding is included for these services in the proposed FY23/24 Budget.



Attachment – None.

Reviewed by: 
Dean Eckerson
Resource Recovery Services Director

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



June 14, 2023

AUTHORIZE GENERAL MANAGER TO EXECUTE LICENSE AGREEMENT WITH DELTA ENERGY CENTER, LLC, FOR TEMPORARY USE TO STAGE AN EVENT ADJACENT TO THE RECYCLED WATER FACILITY

Recommendation

Authorize the General Manager to execute a license agreement with Delta Energy Center, LLC (DEC), for temporary use to stage an event adjacent to the District's Recycled Water Facility.

Background Information

In April 2023, DEC inquired regarding temporary use of a vacant portion of the District's property adjacent to the District's Recycled Water Facility to stage an upcoming event.


Analysis

Staff reviewed the DEC request, determined temporary use of the subject District property from July 1, 2023 through July 31, 2023 will not impact operations, and developed a license agreement to facilitate the short-term, temporary property use by DEC. DEC will ensure all activities occur within the area described in the license agreement and assumes responsibility for site preparation, temporary improvements, and restoration after conclusion of the event.

The draft license agreement (attached) has been reviewed by District legal counsel, who developed the associated indemnification clause language. DEC will provide indemnity and defend the District to the extent liabilities arise from the use of the site; to the extent liabilities arise from the District's negligence or misconduct, no indemnity is required. The District will not be responsible for damages to DEC resulting from the use of District property.

Financial Impact - None.

Attachment – Draft License Agreement

Reviewed by: 
Dean Eckerson
Resource Recovery Services Director

cc: Delta Energy Center, LLC
District File BRD.01-ACTS



LICENSE AGREEMENT

This license agreement ("Agreement") is effective July 1, 2023 ("Effective Date"), and is between DELTA DIABLO, a California special district that provides wastewater resource recovery services and exists under the laws of the State of California (the "District"), and DELTA ENERGY CENTER, LLC, a Delaware limited liability company ("DEC").

RECITALS

- A. The District owns that certain real property commonly known as 2500 Pittsburg Antioch Highway, Antioch, California 94509 (the "Property"). The Property is used by the District to conduct wastewater treatment operations.
- B. DEC operates an energy facility on property that is adjacent to the Property (the "DEC Facility"). DEC desires to hold an event on a portion of the Property to promote DEC's facility ("Event"), and, in connection with the event, to perform site preparation, staging, setup, removal, cleanup, and related ingress and egress from Pittsburg-Antioch Highway (the Event and all of the aforementioned activities are collectively referred together to as the "Activities"). The portions of the Property that DEC desires to use for the Activities are the "Licensed Areas," which are identified on Exhibit A, attached hereto. The Licensed Areas include both the Event location, parking areas for DEC personnel, Event staff, and invited Event attendees, and the means of ingress and egress.
- C. The District and DEC desire that DEC be granted a non-exclusive revocable license to enter upon the Property to carry out the Activities within the Licensed Areas in accordance with the terms set forth herein. In consideration for the benefits of the Event and publicity that will accrue to the District, and for other good and valuable consideration contained herein, the District is willing to grant, and DEC is willing to accept, a license in the Property without fee and subject to the requirements of this Agreement.

Now, therefore, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. Term of Agreement; Termination. The "Term" of this Agreement commences on the Effective Date, and it expires July 31, 2023, unless sooner terminated. Following the Event and completion of all other Activities, and after satisfying all obligations to restore the Licensed Areas as required by this Agreement, DEC may terminate this Agreement immediately by providing written notice to the District's General Manager, or his designee ("General Manager"). If DEC is in material breach of any of its obligations under this Agreement, the District may terminate this Agreement immediately upon written notice by the General Manager.
2. Grant of License. The District hereby grants to DEC, for use by DEC, its agents, officers employees, contractors, subcontractors, Event guests, and invitees (collectively, the "DEC Parties"), and DEC hereby accepts, a nonexclusive revocable license (the "License") to

enter upon and use the Licensed Areas for the Activities under the terms and conditions set forth in this Agreement.

3. Ingress and Egress; Parking. DEC shall ensure that DEC Parties utilize only the paved roadway and paved parking areas within the Licensed Areas, as shown and designated in Exhibit A, for ingress to and egress from the Property, and for Event-related parking.
4. Event.
 - a. Event and Event Planning. DEC shall ensure that all Activities, including the Event and all Event-related seating, structures, other temporary improvements, and related personal property, are located in or occur within only the portion of the Licensed Areas shown and designated on Exhibit A. At least two weeks prior to the Event, At least two weeks prior to the Event, DEC shall provide the General Manager written notice of the following information related to the Activities: (i) the type and locations of temporary improvements, seating, and structures that will be placed within the portion of the Licensed Areas designated for the Event; (ii) the date, time, and duration of the Event; (iii) the anticipated number of Event attendees; (iv) the date(s) and time(s) for Event setup, site preparation, removal of Event improvements, and restoration of the Licensed Areas; (v) the type and scope of Event site preparation, including the number of personnel and type of equipment to be used for preparation; and (vi) any other information requested in advance by the General Manager. All Activities must occur between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday excluding District holidays. The parties acknowledge that, currently, the Event is scheduled to occur on Friday, July 14, 2023. Before Licensee commences any Activities, and no later than one week prior to the Event, and no later than one week prior to the Event, the General Manager must approve, with or without modifications required by the General Manager, the information provided in Licensee's notice.
 - b. Signage. Prior to the Event, DEC shall install, at its sole expense, signage directing DEC Parties (i) travelling along Arcy Lane to the Licensed Areas designated for the Event and Event parking, and (ii) back to the Pittsburg-Antioch Highway when they are leaving those Licensed Areas.
 - c. Site Preparation and Restoration. DEC shall complete all site preparation using its own equipment. DEC shall not apply or store any herbicide or other chemicals within the Licensed Areas without first obtaining the advance written approval of the General Manager. DEC shall ensure that the Licensed Areas are accessible to persons with disabilities, and that they are maintained in a safe condition for all Event attendees. Within two weeks after the conclusion of the Event, DEC shall remove all temporary improvements, personal property, and other materials placed within the Licensed Areas, and shall restore the Licensed Areas substantially to the condition they were in prior to holding the Event (changes for site preparation and ordinary wear and tear excepted). DEC shall be responsible for repairing any damage to the Property, or to any other properties, caused by or contributed to any DEC Parties. DEC shall be solely responsible for all temporary improvements, personal property, and other materials placed within the Licensed Areas, including all responsibility for their loss, theft,

damage, and/or destruction.

5. Access to Property. DEC shall ensure that all persons entering the Property on behalf of DEC in connection with the Event comply with the terms of this Agreement. The General Manager may deny access to any individual who fails to comply with this Agreement or with any reasonable security or safety measures established by the District or required by the General Manager. DEC shall cause all DEC Parties to refrain from engaging in any activity that is not among the Activities or otherwise directly related to the Event.
6. Permitted Use. DEC's use of the Property is limited to the Activities within the Licensed Areas, as described herein. No other areas or facilities on the Property are available for use by DEC Parties. DEC may not permit any person other than DEC Parties to enter and use the Licensed Areas without the prior written consent of the General Manager. DEC is responsible for ensuring all DEC Parties comply with all provisions of this Agreement, and for the acts or omissions of any DEC Parties under this Agreement as if they were the acts or omissions of DEC.
7. Restrictions on Use.
 - a. Caution Required. DEC shall exercise, and shall ensure all DEC Parties exercise, due care in the entry, movement, and security of all vehicles, equipment, temporary improvements, event furnishings, and any other personal property entering or placed on the Property in connection with this Agreement. DEC shall comply with all safety-related and other applicable regulations affecting DEC's use of the Licensed Areas that are imposed by Federal, State, or local law, or by written direction of the General Manager.
 - b. No Nuisance. DEC shall cause its Event setup and takedown work and site preparation work, including the work of any of its contractors and subcontractors, to be done in a manner that does not create a nuisance, as determined by the General Manager, in his sole discretion. If the General Manager determines that a nuisance is being created, the General Manager shall provide written notice to DEC describing the nuisance and requiring DEC to take corrective action. DEC shall, at its sole expense, implement appropriate corrective action(s) at its earliest opportunity, but no later than twenty-four (24) hours after receipt of the notice.
8. Maintenance. During the period of DEC's active use of the Licensed Area, During the period of DEC's active use of the Licensed Area, DEC shall, at its sole expense, (i) keep the Licensed Areas in a clean, safe and orderly condition, free of any debris and trash, (ii) protect and maintain all storm drains free of debris or trash; (iii) immediately repair any damage to any portion of the Property or Licensed Areas caused by DEC Parties' use of the Property.
9. No Real Property Rights. This Agreement may not be construed as conveying to DEC or any DEC Parties any fee, leasehold, or any other interest or right in the Property or Licensed Area greater than or in addition to the License granted hereby. This Agreement may not be construed to convey to DEC any rights, express or implied, to participate in any

way in the operation of the District's wastewater treatment operations or to participate in any capacity in agreements or proceedings concerning the sale, lease, or other disposition of the Property.

10. Non-Exclusive Use. This License is non-exclusive. The District may grant leases, licenses, easements, or other rights to use all or a portion of the Licensed Areas to others, provided however, that such uses do not substantially interfere with the Event.

GENERAL TERMS

11. Hazardous Material.

- a. DEC may not cause or permit any discharge, spill or other release of any Hazardous Substance, as defined below, on or from the Property or any part thereof in violation of applicable environmental laws.
- b. In the event of a release of a Hazardous Substance by DEC or any DEC Parties on the Property or any part thereof, DEC shall (i) immediately notify the District by contacting Todd Ravazza at (925) 382-4604, and (ii) at its own expense, clean all property affected thereby, whether owned or controlled by the District or any third person, to the satisfaction of the District and any government body having jurisdiction, and (iii) indemnify, protect and hold the District, its officers, employees, and representatives harmless from and against any and all costs, fees, damages, losses, expenses and/or liabilities of any kind or nature in any way related to the release, removal, transportation and/or disposal of such Hazardous Substance. In the event the District incurs any costs, fees, damages, losses, expenses, and/or liabilities in connection with a release of a Hazardous Substance by DEC or any of its agents, employees or contractors, DEC shall pay such costs, fees, and/or expenses within ten (10) days of written request from the District. DEC's obligations under this Section 11(b) shall survive the termination or expiration of this Agreement.

The term "Hazardous Substance" means any waste, substance or material that is or may become designated, classified, or regulated as being "toxic," "hazardous" or a "pollutant" under any federal, state or local law, regulation or ordinance.

12. Insurance. DEC shall obtain and maintain during the Term all the insurance required in this section and shall provide a certificate of insurance evidencing the coverage noted below to the District. Acceptance of the certificates by the District does not relieve DEC of any of the insurance requirements, nor decrease the liability of DEC under this Agreement.

DEC shall, and shall cause its contractors to, obtain, and maintain in full force and effect during the Term, at the employers' sole expense, workers' compensation insurance as required by the State of California with statutory limits and employer's liability insurance (for all employees engaged in services or operations at the Premises) with limits no less than \$1 million per accident for bodily injury or disease.

DEC shall obtain and maintain during the Term, Automobile (if applicable) and Commercial General Liability Insurance that provides protection from claims that may arise from operations or performance under this Agreement. The District acknowledges that DEC utilizes a large deductible insurance program. The District acknowledges that DEC utilizes a large deductible insurance and any request to self-insure must be approved by the District.

DEC shall cause the insurance to be not less than the following:

- \$33,000,000/Occurrence, Bodily Injury, Property Damage - Automobile (if applicable).
- \$33,000,000/Occurrence, Bodily Injury, Property Damage - Commercial General Liability.

In addition, DEC shall cause the following coverages or endorsements to be included in the policies:

- a. The District, its Directors, Officers, and Employees are Additional Insureds in the policy(ies) as to all Activities being carried out under this Agreement. A certificate of insurance evidencing the Automobile and Commercial General Liability insurance the Automobile and Commercial General Liability insurance coverage is required before DEC may access the Property under this Agreement.
- b. The coverage is Primary and non-contributory to any other applicable insurance carried by the District.
- c. The policy(ies) must cover waiver of subrogation by the carrier(s) against the District and its Directors, officers, agents, and employees.
- d. The policy(ies) must cover contractual liability.
- e. The policy(ies) may be written on an occurrence basis or claims-made basis. If any of the required policies provide claims-made coverage, then:
 - i. The retroactive date must be shown, which date must be before the date of this Agreement or the date that is the first day work is performed pursuant to this Agreement;
 - ii. The insurance must be maintained for at least thirty-three (33) years after completion of any work performed pursuant to this Agreement; and
 - iii. If coverage is cancelled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the date of this Agreement or the date that is the first day work is performed pursuant to this Agreement, DEC must purchase "extended reporting" coverage for a minimum of thirty-three (33) years after completion of the work performed pursuant to this Agreement.

- f. The policy(ies) must cover personal injury liability.
 - g. DEC shall self-insure or self-insure or maintain policies that cover sudden and accidental pollution liability for claims related to the release or the threatened release of pollutants into the environment arising out of or resulting from DEC's performance under this Agreement.
13. Indemnification. As partial consideration for this Agreement, DEC, on behalf of itself and all DEC Parties, its successors, and its assigns, hereby releases and discharges the District, and its employees, agents, attorneys, officers, divisions, related agencies and entities, affiliates, successors and assigns, from any and all claims, demands, causes of action, obligations, damages and liabilities, that DEC now has or could assert in any manner related to or arising from this Agreement or any actions taken by the parties pursuant to this Agreement, or DEC's use of the Property, including but not limited to the condition of the Property, including the presence of any hazardous substance in or around the Property, and the present or future use of the Property. DEC knowingly waives the right to make any claim against the District for such damages and expressly waives all rights provided by section 1542 of the California Civil Code, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

In addition, to the fullest extent not prohibited by applicable law, DEC shall indemnify, defend, and hold harmless the District, its officers, agents, employees, attorneys, divisions, related agencies and entities, successors and assigns, and contractors and representatives (each an "Indemnified Party" and collectively "Indemnified Parties") against any and all damages (including foreseeable and unforeseeable consequential damages), liabilities, claims, suits, demands, judgments, orders, costs, fines, property damage, injuries, including death, penalties, or expenses, of whatever character (including any costs, attorneys' fees or experts' fees incurred by the District or any Indemnified Party) (collectively, "Liabilities") that arise from, are associated with, are caused by, or are alleged to be caused by the negligence or willful misconduct of any DEC Parties while performing or engaged in any Activities, while accessing the Property, or while satisfying any of DEC's obligations under this Agreement. Provided, however that nothing in this Agreement requires DEC to indemnify, defend, or hold harmless any Indemnified Parties from any Liabilities that arise from the sole negligence or sole willful misconduct of the District.

The requirements of this Section 13 shall survive the termination or expiration of this Agreement.

14. Points of Contact. Each party has designated a person ("Contact") to be responsible for

administering the terms and conditions of this Agreement and who will act as the primary point of contact for the other party in connection with this Agreement. The District's Contact is Thanh Vo, available at (925) 756-1949 and thanhv@deltadiablo.org. DEC's Contact is Alfonso Rodriguez, available at (925) 252-2085252-2085 and alfonso.rodriguez@calpine.com. If either party elects to assign a different Contact to act on its behalf, that party shall notify the other party of the change in writing.

15. Notices. All notices required or permitted under this Agreement are to be in writing and delivered personally, sent by overnight delivery service, or sent registered or certified mail, postage prepaid and directed as follows. A courtesy copy of any notice may be sent by email, but an emailed notice does not relieve a party from providing notice as required by this section.

Either party may, at any time or from time to time, designate in writing a substitute address for that above set forth. Notices to either party are effective on the date of delivery, if delivered personally, on the next business day if sent by overnight courier, and three business days after depositing in the United States Postal system if sent via registered or certified mail.

If to the District:

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

If to DEC:

Delta Energy Center, LLC
Attention: Operations Manager
1200 Arcy Lane
Pittsburg, CA 94565
Phone: (925) 252-852085
Email: Alfonso.Rodriguez@calpine.com

Copy to:

Delta Energy Center, LLC c/o/ Calpine Corporation
Attn: Legal Department
717 Texas Avenue, Ste. 1000
Houston, Texas 77002

16. Miscellaneous.
- a. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the Project. Any prior agreements, promises, negotiations or representations are superseded by this Agreement. Any amendment to this Agreement

must be in writing, reference the specific section(s) to be amended and be signed by the District and DEC.

- b. No Construction Against Drafter. Both parties have participated in negotiating and drafting this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement is to be construed as if the parties had drafted it jointly, as opposed to being construed against a party because it was responsible for drafting one or more provisions of this Agreement.
- c. No Assignment. DEC may not assign, transfer, or otherwise substitute its interest in, or obligations under, this Agreement without the prior written consent of the District, which shall be within its sole discretion to provide.
- d. Not a Joint Venture. Any intention to create a joint venture or partnership relationship between the parties hereto is hereby expressly disclaimed. This Agreement may not be construed to convey to DEC any rights, express or implied, to participate in any way in the operation of the District's wastewater treatment operations.
- e. No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to, or does, confer upon any other person any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.
- f. Waiver. No failure or delay by the District or DEC to exercise any right under this Agreement may be construed as a waiver. The waiver of either party of the performance of any covenant, condition, obligation, representation, warranty or promise in this Agreement does not invalidate this Agreement and may not be deemed to be a waiver of any covenant, condition, obligation, representation, warranty, or promise.
- g. Governing Law. The laws of the State of California govern all matters arising from this Agreement.

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

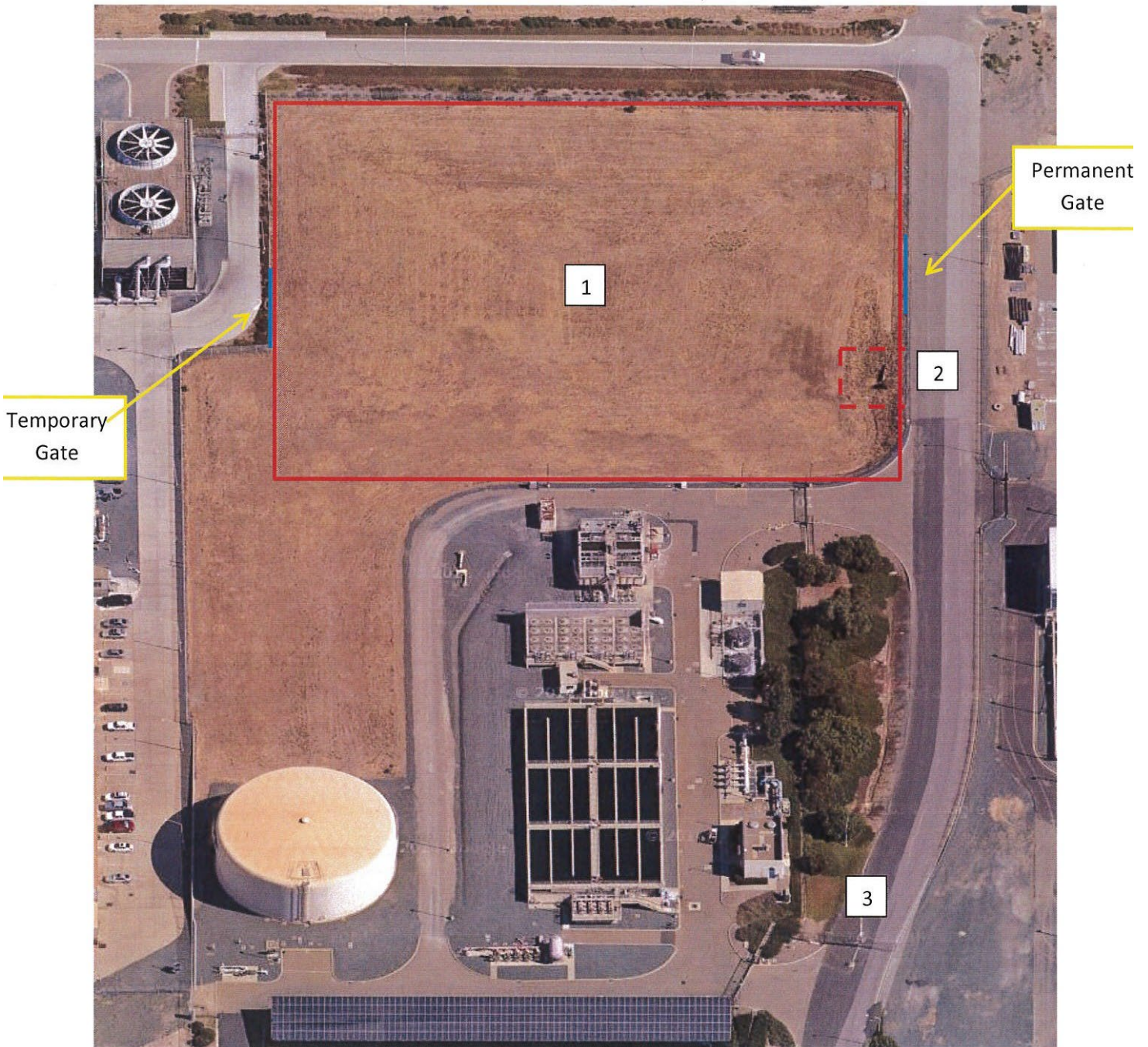
DELTA DIABLO

DELTA ENERGY CENTER, LLC

By: _____
Vince De Lange
General Manager

By: _____
Chris German
Vice President

Exhibit A



Notes

- 1) Area designated for the Event.
- 2) Location of storm drain.
- 3) Access gate will remain open during the Event and all additional access for Activities should be coordinated with the District to occur Monday through Friday, 8 a.m. to 5 p.m., excluding District holidays.

June 14, 2023

AUTHORIZE GENERAL MANAGER TO TRANSFER MONIES TO COGENERATION ENGINE REBUILD PROJECT FROM WASTEWATER CAPITAL ASSET REPLACEMENT FUND RESERVES IN THE AMOUNT OF \$200,000, FOR A NEW TOTAL PROJECT BUDGET OF \$600,000; AUTHORIZE GENERAL MANAGER TO EXECUTE GENERAL SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED \$440,330, PETERSON POWER SYSTEMS, INC.; AND AUTHORIZE GENERAL MANAGER TO APPROVE CONTRACT CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF CONTRACT AMOUNT, COGENERATION ENGINE REBUILD, PROJECT NO. 23115

Recommendations

- 1) Authorize the General Manager to transfer monies to the Cogeneration Engine Rebuild Project from the Wastewater Capital Asset Replacement (WW CAR) Fund Reserves in the amount of \$200,000, for a new total project budget of \$600,000.
- 2) Authorize the General Manager to execute a general services contract with Peterson Power Systems, Inc. (Peterson) in an amount not to exceed \$440,330 to rebuild the existing cogeneration engine.
- 3) Authorize the General Manager to approve contract change orders up to 10% of the contract amount (i.e., up to an additional \$44,033), for a total contract authorization of \$484,363.

Background Information

The adopted FY22/23-FY26/27 Capital Improvement Program (CIP) includes an appropriation of \$400,000 for the Cogeneration Engine Rebuild Project in the WW CAR Fund. This project involves performing a major overhaul to the District's existing cogeneration engine that was last overhauled in 2019. The existing cogeneration engine requires an in-frame overhaul every two years and a major overhaul every four years to ensure ongoing operational reliability.

Analysis

Since 2011, Peterson has successfully performed the in-frame and major overhauls to the District's existing cogeneration engine. Peterson is the most cost-effective company to perform the work and has the required experience to minimize "learning curve" issues and enhance effective project administration to support timely project completion. Staff recommends immediate execution of a general services contract with Peterson to begin procuring materials and rebuilding the existing cogeneration engine. In addition, staff recommends the Board authorize the General Manager to transfer monies from the WW CAR Fund Reserves to increase the Cogeneration Engine Rebuild Project budget by \$200,000 to account for costs in the current highly competitive construction market and other unforeseen engine rebuild needs.

Financial Impact

Sufficient reserves are available in the WW CAR Fund Reserves to support the recommended transfer of \$200,000 to the Cogeneration Engine Rebuild Project to complete the necessary engine overhaul work.



Attachments - None.

Reviewed by: _____



Thanh Vo
Acting Engineering Services Director

cc: District File No. BRD.01-ACTS



June 14, 2023

APPROVE FY23/24 BUDGET AND ADOPT RESOLUTION APPROVING FY23/24 BUDGET APPROPRIATIONS

Recommendations

- 1) Approve the Fiscal Year 2023/2024 (FY23/24) Budget.
- 2) Adopt Resolution Approving FY23/24 Budget Appropriations (refer to Attachment 1).

Background Information

Following critical review of operating budget adjustment needs and opportunities, staff developed a proposed FY23/24 operating budget. 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 FY23/24 Budget (and associated "Budget Book") includes funding for the FY23/24 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 FY23/24 operating budget were reviewed by the Board at its meeting on May 10, 2023. Staff presented the proposed FY23/24-FY27/28 CIP to the Board of Directors at its meeting on May 10, 2023. The final CIP is proposed for approval by the Board as part of the June 14, 2023 Board Meeting agenda. In support of future financial planning considerations, the FY23/24 Budget Book will include an estimate of the FY24/25 Budget; however, staff will not be requesting the Board to appropriate associated funding until June 2024.

Analysis

The proposed FY23/24 Budget presents a projection of revenue, operating expenses, and FY23/24 capital expenditures included in the approved 5-year CIP. The District anticipates that it will continue to experience progressive increases in annual operating costs in future years due to escalations in labor, chemicals, energy, materials, supplies, equipment, hauling, and services costs, as well as increasingly more stringent regulatory requirements and has incorporated these cost increases in financial planning activities. The FY23/24 Budget is \$46.2 million with the operating budget totaling \$32.3 million and capital (including debt service) totaling \$13.9 million. The operating budget represents a \$0.6 million increase (2%) relative to FY22/23 (\$31.7 million) and the capital budget (including debt service) represents a \$1.8 million increase (15%) relative to FY22/23 (\$12.1 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 FY23/24 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 FY23/24 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 (\$17.3 million): This category represents approximately 53% of the District's FY23/24 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 2.0% up to 5.0% based on the April-to-April change in the Consumer Price Index (CPI), San Francisco/Bay Area Wage Earners. The required COLA adjustment for FY23/24 is 3.6%, which has been incorporated into the budget.
- Position Changes: A total of 81.5 full-time equivalent (FTE) positions, including 4.5 FTEs for part-time positions, are budgeted for FY23/24. This represents an increase of 4.0 FTEs from FY22/23, which includes an additional Junior/Assistant/Associate Engineer, a Laboratory Management Professional/Retired Annuitant, a second Operations Supervisor, and three interns in the Operations and Maintenance Divisions associated with the District's participation in the BAYWORK "stackable" internship program. As highlighted at the April 12, 2023 Board Meeting, staff intends to implement a number of additional modifications to existing positions that do not result in a net increase to total funded positions.
- Anticipated Salaries and Benefit Savings: Based on an assessment of anticipated vacancies and associated recruitment periods in FY23/24, staff has incorporated a labor cost savings of approximately \$1.0 million in the proposed FY23/24 Operating Budget.
- Medical Insurance: Annual medical insurance premium costs have decreased by 6%. Although the price of medical insurance premiums has increased by 10%, the District has experienced cost savings due to changes in medical benefit elections by employees and the decrease in the District's required medical coverage benefit in the three bargaining unit MOUs. The cost of other health benefits— vision, Employee Assistance Program, dental, and life insurance—are not expected to increase significantly.
- 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). In addition, 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.

In FY23/24, 72% of all employees are assumed to be in either Tier 2 or Tier 3, compared to 68% in FY22/23. Because new hires are no longer eligible to become members of Tier 1, the District receives 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 in Tier 2, because it is probable that they would have been a CalPERS or a reciprocal plan member. The District assumes that new entry-level hires will be in Tier 3, because it is less likely that these hires would have been CalPERS or a reciprocal plan member. In addition to the lower employer-paid contributions into CalPERS, all new hires pay their full employee contributions into CalPERS.



- CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.5 million, which is a decrease of approximately \$0.1 million from FY22/23.
- 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. Based on a recent actuarial valuation, the District has incorporated an annual reduction of approximately \$0.5 million in contribution requirements for FY23/24 and FY24/25.
- 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 OPEB Trust Fund was established in February 2010. District employees hired prior to the effective dates of the current bargaining unit MOUs pay 3.0% of base salaries into the trust and the District budgets the required 3.0% match for these employees, as well as actual retiree medical costs which are deposited into the OPEB Trust Fund. The FY23/24 Operating Budget includes an ADC of \$0.4 million and will be evaluated in accordance with the OPEB Trust Funding Policy after receipt of audited financial statements for FY22/23.
- Retiree Health Savings (RHS) Accounts: The District provides all employees with RHS accounts and provides contributions based on an employee's date of hire and specified amounts in the three bargaining unit MOUs. Employees may withdraw funds from the RHS accounts upon separation from District. The total FY23/24 budgeted amount for RHS account contributions is \$0.4 million.

Chemicals (\$3.0 million): This cost is approximately 9% of the FY23/24 Operating Budget and includes \$1.6 million for Wastewater and \$1.4 million for Recycled Water. 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. Although this approach allows the District to benefit from competitive prices, current market conditions (including disruption in production activities and supply chain challenges) have resulted in significant increases in chemical unit costs. Staff continues to refine total annual chemical usage estimates, while working to optimize chemical consumption, to partially offset the impact of higher chemical supply costs. The Chemicals budget increased by \$0.8 million (+36%) to \$3.0 million in FY23/24 from \$2.2 million in FY22/23, which is driven largely by an increase of \$0.6 million in sodium hypochlorite (+104% unit price increase).

Utilities (\$2.8 million): This category represents approximately 9% of the FY23/24 Operating Budget. The budget increased \$0.2 million (9%) due to increased natural gas supply costs and expected increases in wastewater conveyance system pumping costs.

Office and Operating (\$4.1 million): This category represents approximately 13% of the FY23/24 Operating Budget. The budget increased 20% (\$0.7 million) due to expected increases in general insurance premiums, hauling services (including biosolids hauling which accounts for approximately half of the budget increase), and technology systems and applications. Staff training and professional development budget allowances have been augmented to support the District's strategic focus on workforce development.



Outside Services (\$4.5 million): This category represents approximately 14% of the FY23/24 Operating Budget and is unchanged compared to FY22/23. This category includes \$1.1 million for professional services to support organizational improvement and business processes, \$1.7 million for Street Sweeping and Household Hazardous Waste program services, and \$1.7 million for temporary and other services such as legal, facilities, and maintenance.


Other (\$0.6 million): This category represents 2% of the FY23/24 Operating Budget and includes a contingency allowance of \$0.25 million and accounts for transfers to other District funds.


Fiscal Impact

To finance District activities in FY23/24, it is recommended that the Board of Directors adopt the recommended budget appropriations. The FY23/24 Proposed Budget Summary (refer to Attachment 2) is provided as an Exhibit to the attached draft resolution proposed for Board adoption. Total budgeted revenues of \$36.7 million, along with non-SSC revenue sources and utilization of existing fund equity are proposed to fund \$46.2 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, 2023.

Attachments

- 1) Resolution Approving FY23/24 Budget Appropriation
- 2) FY23/24 Proposed Budget Summary
- 3) FY23/24 Budget Book

Prepared by: 
Anika Lyons
Finance Manager

Reviewed by: 
Brian Thomas
Deputy General Manager/
District Engineer

cc: District File No. BRD.01-ACTS



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

(a California Special District)

RESOLUTION NO. 08/2023

MATTER: Approving Fiscal Year 2023/2024 Budget Appropriations

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, 2023 and ending June 30, 2024; and

WHEREAS, the adoption of the Fiscal Year 2023/2024 (FY23/24) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the FY23/24 Proposed Budget Summary (refer to 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 FY23/24, as described in the FY23/24 Proposed Budget Summary (refer to Exhibit) include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY23/24 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 **DOES HEREBY RESOLVE AND ORDER:**

The FY23/24 Budget Appropriations are hereby adopted, as presented in the FY23/24 Proposed Budget Summary Exhibit attached hereto and by reference made a part hereof.

PASSED AND ADOPTED on June 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

EXHIBIT: FY23/24 Proposed Budget Summary

EXHIBIT
DELTA DIABLO FY23/24 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
SOURCE OF FUNDS/REVENUES:											
1	Capital Facilities Capacity Charges					\$ 2,392,000					\$ 2,392,000
2	Service Charges										
3	Sewer Service	\$ 20,939,903			\$ 14,694,669					\$ 1,102,100	36,736,672
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	590,143	\$ 94,518	\$ 490,282	562,711	2,742	265,361	12,521	28,234	150,079	2,196,591
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	0					3,719,963				3,719,963
16	TOTAL REVENUES	\$ 22,880,046	\$ 94,518	\$ 490,282	\$ 18,257,380	\$ 2,394,742	\$ 3,985,324	\$ 566,921	\$ 678,234	\$ 1,252,179	\$ 50,599,626
OTHER FINANCING SOURCES											
18	Loan and/or Other Financing Sources										0
19	Transfers In/(Out)	\$ (700,365)						\$ 700,365			0
20	Interfund Loan										0
21	TOTAL OTHER FINANCING SOURCES	\$ (700,365)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,365	\$ -	\$ -	\$ -
22	TOTAL SOURCE OF FUNDS/REVENUES	\$ 22,179,681	\$ 94,518	\$ 490,282	\$ 18,257,380	\$ 2,394,742	\$ 3,985,324	\$ 1,267,286	\$ 678,234	\$ 1,252,179	\$ 50,599,626
USE OF FUNDS/EXPENDITURES:											
OPERATING											
25	Salaries and Wages	\$ 9,493,891					\$ 552,976	\$ 153,707		\$ 369,505	\$ 10,570,079
26	Benefits	\$ 6,083,739					\$ 381,687	\$ 148,981		\$ 175,534	\$ 6,789,941
28	Chemicals	1,569,600					1,414,700				2,984,300
29	Office and Operating Expense	3,492,801					496,598	72,201		43,500	4,105,100
30	Outside Services	2,776,584					24,700	866,415	\$ 807,156	65,000	4,539,855
31	Program Costs (Overhead)	-					320,000				320,000
32	Utilities	2,123,800					664,200	982			2,788,982
33	Contingency Allowance	250,000									250,000
34	TOTAL OPERATING EXPENDITURES	\$ 25,790,415	\$ -	\$ -	\$ -	\$ -	\$ 3,854,861	\$ 1,242,286	\$ 807,156	\$ 653,539	\$ 32,348,257
CAPITAL IMPROVEMENT PROJECTS											
36	Debt Service	\$ -	\$ 153,842	\$ -	\$ 1,382,897	\$ 127,617	\$ -	\$ -	\$ -	\$ 281,760	\$ 1,946,116
37	Capital Projects	-	300,000	186,000	8,933,000	156,000	900,000	25,000	-	1,450,000	11,950,000
38	TOTAL CAPITAL EXPENDITURES	\$ -	\$ 453,842	\$ 186,000	\$ 10,315,897	\$ 283,617	\$ 900,000	\$ 25,000	\$ -	\$ 1,731,760	\$ 13,896,116
39	TOTAL USE OF FUNDS/EXPENDITURES	\$ 25,790,415	\$ 453,842	\$ 186,000	\$ 10,315,897	\$ 283,617	\$ 4,754,861	\$ 1,267,286	\$ 807,156	\$ 2,385,299	\$ 46,244,373
41	CONTRIBUTION/(USE) of RESERVES	\$ (3,610,734)	\$ (359,324)	\$ 304,282	\$ 7,941,483	\$ 2,111,125	\$ (769,537)	\$ -	\$ (128,922)	\$ (1,133,120)	\$ 4,355,253
42	Estimated Beginning Fund Equity	\$ 22,720,757	\$ 3,583,810	\$ 20,090,516	\$ 28,689,757	\$ 11,907,773	\$ 8,888,459	\$ 435,797	\$ 1,227,841	\$ 6,530,146	\$ 104,074,856
43	Estimated Ending Fund Equity*	\$ 19,110,023	\$ 3,224,486	\$ 20,394,798	\$ 36,631,239	\$ 14,018,898	\$ 8,118,922	\$ 435,797	\$ 1,098,919	\$ 5,397,026	\$ 108,430,108

* Does not include depreciation or amortization expense.

EXHIBIT
DELTA DIABLO FY23/24 PROPOSED BUDGET SUMMARY

Line No.	CATEGORY	WASTEWATER FUND				OTHER FUNDS				All Funds Total	
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* Does not include depreciation or amortization expense.



Wastewater
Treatment



Recycled
Water



Energy
Production



Biosolids
Reuse



FY23/24 Budget

June 2023

Prepared by:
Business Services Department

Submitted to:
Board of Directors



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Acknowledgements

Board of Directors



District Executive Management

Vince De LangeGeneral Manager
Brian ThomasDeputy General Manager/District Engineer
Thanh VoActing Engineering Services Director
Dean Eckerson Resource Recovery Services Director
Cecelia Nichols-FritzlerOffice Manager/Secretary to the Board

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GFOA Distinguished Budget Presentation Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Delta Diablo
California**

For the Fiscal Year Beginning

July 01, 2022

Christopher P. Morill

Executive Director

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DELTA DIABLO BUDGET

July 1, 2023 – June 30, 2024

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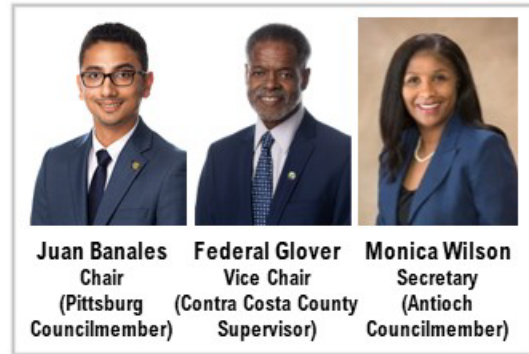
Message from the General Manager



DELTA DIABLO FISCAL YEAR 2023/2024 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 2023/2024 (FY23/24) Budget, which totals \$46.2 million and reflects planned operating (\$32.3 million), capital (\$12.0 million), and debt service (\$1.9 million) funding appropriations necessary for the District to continue meeting our core mission of protecting public health and the environment in the year ahead. Despite significant labor, chemicals, biosolids management, utilities, and outside services cost increase pressures, we were able to achieve a remarkable financial outcome with the FY23/24 operating budget (\$32.3 million) increasing only 2.0% (\$0.6 million) relative to FY22/23. Planned capital expenditures in FY23/24 total \$16.8 million (\$12.0 million in new appropriations, \$4.8 million in estimated carryover from FY22/23), to support infrastructure investment needs in the District’s wastewater collection, conveyance, and treatment systems, and recycled water system. In developing the updated 5-year Capital Improvement Program (CIP), which totals \$139.1 million (+\$3.2 million from prior CIP), the District identified significant delays in the implementation schedule for several major capital projects, which directly impacted future cash flow needs and timing included in prior long-term financial planning activities. Based on this updated information, the District was able to recommend collecting Sewer Service Charges (SSCs) in FY23/24 at the same level as in FY22/23, which was approved by the Board of Directors in June 2023.



Reinforcing Sustained Organizational Excellence

Under the Board’s progressive leadership and vision, 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. The District has been recognized as a “Utility of the Future” by the National Association of Clean Water Agencies (NACWA), the Water Environment Federation (WEF), the Water Research Foundation (WRF), and the WaterReuse Association for its outstanding industry leadership and progressive commitment to innovation, resource recovery, and “cutting-edge” practices. This prestigious award highlights our broad regulatory compliance, water recycling, energy management, biosolids reuse, household hazardous waste collection, community engagement, and industry leadership achievements.



Key FY22/23 Organizational Highlights

Regulatory Compliance: The District received the National Association of Clean Water Agencies Silver Peak Performance Award for 2021, which recognizes agencies for complete and consistent National Pollutant Discharge Elimination System (NPDES) permit compliance. In FY22/23, the District experienced multiple NPDES permit violations due to minor non-conformances with Self-Monitoring Program requirements and an unauthorized sanitary sewer overflow (SSO) discharge at the District’s Wastewater Treatment Plant (WWTP) during the New Year’s Eve extreme storm event.

Infrastructure Investment: The District continued implementing critical investments in infrastructure rehabilitation and renewal projects in our wastewater collection, conveyance, and treatment systems, and recycled water system, while continuing to treat an average wastewater flow of 13.6 million gallons per day (MGD). These projects include the Bridgehead Pipeline Replacement, Electrical Switchgear Replacement, Pump Station Facilities Repair, Onsite Fueling Station Replacement, RWF Sand Filter Intermittent Backwash System, Cogeneration System Improvements Project, and Camp Stoneman Interceptor Force Main Repair. The District completed emergency repair of a major pipe defect in the Willow Pass Interceptor with no interruption of services for customers in July 2022.



Despite delays to several major capital projects, the District expended an estimated \$11.3 million (67%) of the \$16.8 million in planned FY22/23 capital expenditures. In addition, the District developed an updated 5-year CIP totaling \$139.1 million that integrated asset management considerations, risk-based decision making principles, and recommendations from the Resource Recovery Facility Master Plan (December 2022), to ensure effective prioritization of capital investment needs and responsible stewardship of public resources. The \$60.0 million Secondary Process Improvements Project will address a significant regulatory compliance vulnerability due to potential loss of critical infrastructure (i.e., existing tower trickling filters) and associated secondary treatment capacity, ensure compatibility with long-term nutrient management WWTP upgrades, and accommodate service area growth through 2040.

Capital Project Labor Agreement (PLA): In March 2023, the District executed a PLA with the Contra Costa Construction and Building Trades Council, which requires District capital project contractors and subcontractors to utilize union labor and apprenticeship programs while supporting a local hire preference and employment programs for military veterans. The PLA requirements will apply for large capital projects with an engineer’s estimate of construction cost greater than \$1.0 million.



New Year’s Eve Storm Event: Despite historical rainfall intensity and duration, the District effectively balanced and managed wastewater flows in the wastewater conveyance system to minimize the frequency and magnitude of sanitary sewer overflows in the service area while continuing to provide uninterrupted services to the District’s customers.

The District is pursuing reimbursement from external funding sources (e.g., FEMA, insurance providers) to recover costs associated with flooding of the grit removal process blower room at the District’s WWTP and other costs.

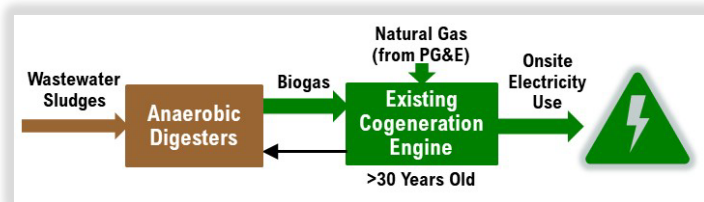
Nutrient Management: During the summer of 2022, algal blooms and associated fish mortality, toxicity, and low dissolved oxygen conditions in San Francisco Bay led to an intensified focus on nutrient (i.e., nitrogen, phosphorus) loading from Bay Area WWTPs, which contribute approximately 65% of nutrient loading. Because upgrading our WWTP to achieve nutrient removal would cost over \$200 million with significant operating cost impacts, the District continues to work with regulators, the scientific community, and peer agencies through Bay Area Clean Water Agencies (BACWA) to ensure an effective, sound science based, and collaborative approach serves as the foundation for addressing regional nutrient management issues. As the Regional Water Board is strongly encouraging Bay Area wastewater agencies to proactively address nutrient discharges in the near term (i.e., without formally imposing nutrient limits in NPDES permits), the District will include an evaluation of cost-effective, partial nutrient removal approaches as part of the upcoming \$60.0 million Secondary Process Improvements Project.



50-year Anniversary of 1972 Clean Water Act: In October 2022, we reflected on the significance of the Clean Water Act and its connection to the District’s efforts to effectively manage two significant regulatory issues:

1) potential acceleration of regulatory requirements for nutrient removal at Bay Area WWTPs given the recent algal blooms in San Francisco Bay, and 2) increasing regulatory pressure on addressing PFAS (per- and polyfluoroalkyl substances), which are ubiquitous in homes and the environment.

Resource Recovery – Biogas Utilization: In November 2022, the District developed a “Biogas Utilization Roadmap” that highlights the significant opportunity for the District to consider expanding renewable energy production and associated revenue generation, while targeting available tax credits (~\$3.0 million) under the federal Inflation Reduction Act for the current Cogeneration System Improvements Project.



Workforce Development Focus: The District identified and implemented an FY22/23 Strategic Initiative to: “Encourage engagement with peer agency counterparts and applicable industry associations at all levels in the organization to support workforce development, technological innovation, continuous improvement, and information sharing (e.g., key considerations, lessons learned).” Developed a formalized professional development and training program (including safety) with a focus on managers and supervisors that leverages outside training services and industry associations to meet workforce development needs.



Classification Control Plan: The District developed a new document that is intended to consolidate Board-approved classifications, maximum staffing levels, and position funding plans, while supporting the Workforce Development goal in the District’s Strategic Plan and effective internal communications by highlighting promotional opportunities, flexibly-staffed positions, career paths, and succession planning efforts. This document includes multiple staffing changes to address supervisory span of control issues, succession planning needs, capital project delivery, technical leadership needs, promotional opportunities, and organizational capacity. The Classification Control Plan was approved by the Board in May 2022, and we intend to include updated versions on an annual basis as part of the budget development and approval process.

Execution of Labor Agreements with Bargaining Units: In October 2022 and February 2023, the District completed labor contract negotiations with its three bargaining units, which represents a significant organizational milestone as new memoranda of understanding (MOUs) had not been executed at the District since July 2008. This achievement better aligns the District’s benefits, work practices, and internal processes with its peer agencies in the Bay Area, while supporting long-term financial sustainability, retention and recruitment efforts, workforce development, and cost savings over time.

Asset Management Program Development: The District continues developing a targeted, value-added Asset Management Program (AMP) based on the AMP Development Roadmap completed in June 2022. In FY22/23, the District made a major decision to update and enhance its existing computerized maintenance management system (CMMS) rather than pursuing procurement of a new CMMS. Under the direction of an internal AMP Steering Committee, the near-term focus is on conducting pilot-level application of a reliability centered maintenance (RCM)/criticality reviews for selected infrastructure process/system focus areas and improving application for future RCM assessments on additional focus areas.

Financial Reporting Excellence: The District received four GFOA awards for preparation of the FY22/23 Budget Book and FY20/21 Annual Comprehensive Financial Report (ACFR), which highlights the District’s commitment to excellence in financial reporting, communication, and transparency. Following an audit of our FY21/22 ACFR, the District receive a “clean” audit opinion with one material weakness and three opportunities to strengthen internal controls identified.



FY21/22 District Annual Performance Report: In July 2022, the District developed a new annual performance report, which was presented to the Board to highlight key outcomes in the resource recovery, regulatory compliance/safety, infrastructure investment, workforce development, fiscal responsibility, strategic planning, sustaining long-term organizational excellence, and industry association awards categories. Staff intends to present an FY22/23 District Annual Performance Report to the Board in September 2023.

Strategic Communications Plan: In July 2022, the District completed an update to this internal document, which is intended to serve as a useful guide for all District staff to raise awareness of key public communications issues and strategies, high-level messaging points, and associated initiatives.

Annual District Performance Report: Fiscal Year 2021/2022

Resource Recovery

- 14.1 MGD of wastewater treated (5,143 MG total)
- 7.6 MGD of recycled water produced (2,781 MG total)
- 49% of WWTP power needs met via on-site renewable energy production
- 38 tpd of biosolids produced (13,724 tons total)
- 100% beneficial use via land application and composting

The District continues effectively "Transforming Wastewater to Resources" by reducing local potable water demand via water recycling, generating on-site renewable energy via biogas utilization, and recovering valuable nutrients to improve soil health via biosolids reuse.

Regulatory Compliance/Safety

- WWTP NPDES permit violations
- Recycled Water Facility Title 22 permit violation
- Air permit violations
- SSOs in Bay Point collection system
- COVID-19 outbreaks in the workplace

Experienced three NPDES permit violations for effluent copper and mercury concentrations in July/August 2021. Engaged with Calpine to investigate potential causes associated with recycled water return flow and modified plant operations to successfully prevent a recurrence. Anticipate being awarded the WQMA Silver Peak Performance Award for excellent regulatory compliance record in 2021.

Despite critical staffing level challenges, the Operations Division maintained NPDES permit-mandated staffing requirements to support both 24/7 facility operation and a significant number of active capital projects in construction. Maintenance Division staff completed critical activities in the District's wastewater conveyance system, including pump system upgrades at the Shore Acres and Antioch Pump Stations, while effectively reducing the preventative maintenance activity backlog. Laboratory Division staff completed a successful ELAP accreditation renewal (via third-party audit) and progressed toward TNI standard compliance.

Effectively responded to multiple critical, emergency events in the wastewater conveyance system without an SSO or disruption of service to customers.

Infrastructure Investment

- Made significant progress toward completing construction of critical capital projects (bold = completed, total project cost in parentheses):
 - Headworks Improvements (\$14.9M)
 - Electrical Switchgear Replacement (\$12.2M)
 - Pump Station Facilities Repair (\$14.3M)
 - Sodium Bisulfite Tank Replacement (\$6.9M)
 - Primary Clarifier Area Improvements (\$4.4M)
 - Permanent Breeze Transfer Facility (\$1.4M)
- Intensified focus on addressing significant gravity sewer condition vulnerabilities in the Shore Acres Interceptor System via multiple emergency repair efforts (\$0.9M)
- Adopted new 5-year CIP (FY22/23-FY26/27) totaling \$135.9 million to continue effectively guiding prioritized capital infrastructure investment
- Formed a cross-divisional team to engage in effective management of key challenges with active construction projects, and conduct a comprehensive review of the capital project delivery process that yielded ten prioritized organizational improvements
- Prepared an Asset Management Program Development Roadmap to prioritize key activities and support effective program implementation (FY21/22 Strategic Initiative)
- Prepared an informative "Investing in Critical Wastewater Infrastructure" fact sheet to support effective public communications during the 5-year CIP development process

Page 1 of 3

FY22/23 Strategic Initiatives: In September 2022, the District identified eight Strategic Initiatives to support implementation of the six goals included in the District's Strategic Plan (dated August 2021). These initiatives are intended to drive organizational excellence and improvement over time in the focus areas of asset management, capital project delivery, financial planning, use of information technology, and employee engagement and performance management.



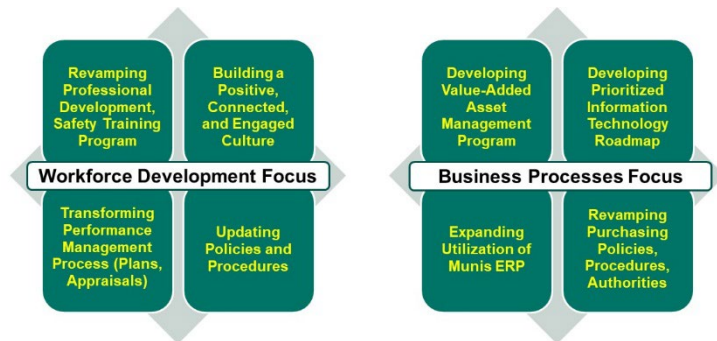
The Road Ahead: FY23/24 Priority Organizational Focus Areas

The FY23/24 Budget will help the District build on its achievements in FY22/23 by continuing to effectively support our Mission: "Delta Diablo protects public health and the environment for our communities by, safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner." In addition to continuing to implement the goals, strategies, and objectives identified in the District's Strategic Plan, the following priority organizational focus areas have been identified for FY23/24:

1. **Ensure timely completion of detailed design work** for the \$10.0 million Cogeneration System Improvements Project to receive approximately **\$3.0 million in tax credits under the federal Inflation Reduction Act**, which requires projects to be in construction by December 2024.

2. **Identify cost-effective process design approach to achieve partial nutrient removal** via the upcoming \$60.0 million Secondary Process Improvements Project to support regional efforts to reduce nutrient loading to San Francisco Bay.
3. **Continue identifying and implementing enhancements to capital project delivery** to support effective transition from project construction to operation and maintenance.
4. **Transition to a multi-year rate setting process** while developing associated public communications (i.e., Proposition 218 Notice) for proposed FY24/25 SSCs.
5. **Develop recommended updates to the District’s Capital Facilities Capacity Charges** and District Code requirements for accessory dwelling units to ensure effective cost recovery and appropriate allocation to customers.

6. **Finalize development of an Information Technology (IT) Roadmap** to guide effective investment in prioritized IT enhancements that drive organizational efficiency, support workforce development, and address potential vulnerabilities.



7. **Develop and implement a performance planning and appraisal process** with a streamlined, effective approach that supports supervisor-employee engagement and aligns with District needs, behavioral values, and strategic goals and objectives.
8. **Encourage engagement with peer agency counterparts and applicable industry associations at all levels** in the organization to support workforce development, technological innovation, continuous improvement, and information sharing (e.g., key considerations, lessons learned).
9. **Implement formalized professional development and training program** to support organizational effectiveness and efficiency, workforce development, and succession planning efforts.

FY23/24 Budget Highlights

In support of enhancing presentation of the District’s FY23/24 Budget by providing meaningful and understandable context for our customers and other interested parties, key budget highlights are provided below.

- The FY23/24 Budget totals \$46.2 million, which includes operating (\$32.3 million), capital (\$12.0 million), and debt service (\$1.9 million) funding appropriations.
- The FY23/24 operating budget represents a \$0.6 million increase (2.0%) from FY22/23 despite significant labor, chemicals, biosolids management, utilities, and outside services cost increase pressures. This remarkable financial outcome was achieved through critically reviewing major budget cost categories, better aligning with historical expenditures, and reducing embedded cost contingencies. In particular, there is no increase in labor costs for FY23/24 due to new benefits provisions in the labor MOUs and salary savings assumptions associated with anticipated position vacancies.

- Planned FY23/24 capital expenditures total \$16.8 million, which includes \$12.0 million in new appropriations and \$4.8 million in estimated carryover from FY22/23.
- In support of excellence in financial reporting and complying with GFOA budget document criteria, the District has included a projection for the FY24/25 Budget, although this estimate will be updated in April-to-June 2024 with an associated appropriation request to the Board in June 2024. The FY24/25 Budget totals \$59.8 million (+29%), which includes operating (\$34.5 million, +7.0%), capital (\$23.5 million, +97%), and debt service (\$1.8 million, -5.0%) funding appropriation needs. The large increase in capital budget appropriation needs in FY24/25 is largely due to cash flow estimates for the \$60.0 million Secondary Process Improvements Project (\$9.0 million in FY24/25) and the \$10.0 million Cogeneration System Improvements Project (\$4.0 million in FY24/25). The District factored the significant increase in capital spending over the next few years into its financial plan and does not expect to significantly increase SSCs during this period as the District will be using available cash reserves and partial debt funding (estimated \$30 million of \$139.1 million 5-year CIP).
- In FY23/24, the District anticipates collecting a total of \$50.6 million in revenue, which includes \$36.7 million in SSCs, \$3.7 million in Recycled Water Service Charges, \$3.0 million in Ad Valorem property taxes, \$2.4 million in Capital Facilities Capacity Charges, \$2.2 million in interest income, and \$2.6 million in other revenue.
- The debt service payments of \$1.9 million support repayment of \$35.0 million in existing debt obligations (97% of debt is low-interest loans from Clean Water State Revolving Fund and California Energy Commission).

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 FY23/24 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 engagement, as well as the key contributions from each of our dedicated employees who continued to effectively meet the District’s Mission.

Sincerely,



Vincent P. De Lange
General Manager



Annual Budget Resolution

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

(a California Special District)

RESOLUTION NO. 08/2023

MATTER: Approving Fiscal Year 2023/2024 Budget Appropriations

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, 2023 and ending June 30, 2024; and

WHEREAS, the adoption of the Fiscal Year 2023/2024 (FY23/24) Budget Appropriations reflects the agency goals and programs; and

WHEREAS, the Budget as presented in the FY23/24 Proposed Budget Summary (refer to 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 FY23/24, as described in the FY23/24 Proposed Budget Summary (refer to Exhibit) include: Collection of User Charges and Capital Facilities Capacity Charges under District Code; FY23/24 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 **DOES HEREBY RESOLVE AND ORDER:**

The FY23/24 Budget Appropriations are hereby adopted, as presented in the FY23/24 Proposed Budget Summary Exhibit attached hereto and by reference made a part hereof.

PASSED AND ADOPTED on June 14, 2023, by the following vote:

AYES:

ABSENT:

NOES:

ABSTAIN:

I DO 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 14, 2023.

ATTEST:

Monica Wilson
Board Secretary

EXHIBIT: FY23/24 Proposed Budget Summary

Exhibit – Delta Diablo FY23/24 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	
	SOURCE OF FUNDS/REVENUES:										
1	Capital Facilities Capacity Charges					\$ 2,392,000					\$ 2,392,000
2	Service Charges										
3	Sewer Service	\$ 20,939,903			\$ 14,694,669					\$ 1,102,100	36,736,672
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	590,143	94,518	490,282	562,711	2,742	265,361	12,521	28,234	150,079	2,196,591
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	TOTAL REVENUES	\$ 22,880,046	\$ 94,518	\$ 490,282	\$ 18,257,380	\$ 2,394,742	\$ 3,985,324	\$ 566,921	\$ 678,234	\$ 1,252,179	\$ 50,599,626
17	OTHER FINANCING SOURCES										
18	Loan and/or Other Financing Sources										0
19	Transfers In/(Out)	(700,365)						700,365			0
20	Interfund Loan										0
21	TOTAL OTHER FINANCING SOURCES	\$ (700,365)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,365	\$ -	\$ -	\$ -
22	TOTAL SOURCE OF FUNDS/REVENUES	\$ 22,179,681	\$ 94,518	\$ 490,282	\$ 18,257,380	\$ 2,394,742	\$ 3,985,324	\$ 1,267,286	\$ 678,234	\$ 1,252,179	\$ 50,599,626
23											
24	USE OF FUNDS/EXPENDITURES:										
25	OPERATING										
26	Salaries and Wages	\$ 9,493,891					\$ 552,976	\$ 153,707		\$ 369,505	\$ 10,570,079
27	Benefits	6,083,739					381,687	148,981		175,534	6,789,941
28	Chemicals	1,569,600					1,414,700				2,984,300
29	Office and Operating Expense	3,492,801					496,598	72,201		43,500	4,105,100
30	Outside Services	2,776,584					24,700	866,415	807,156	65,000	4,539,855
31	Program Costs (Overhead)						320,000				320,000
32	Utilities	2,123,800					664,200	982			2,788,982
33	Contingency Allowance	250,000									250,000
34	TOTAL OPERATING EXPENDITURES	\$ 25,790,415	\$ -	\$ -	\$ -	\$ -	\$ 3,854,861	\$ 1,242,286	\$ 807,156	\$ 653,539	\$ 32,348,257
35	CAPITAL IMPROVEMENT PROJECTS										
36	Debt Service		153,842		1,382,897	127,617				281,760	1,946,116
37	Capital Projects		300,000	186,000	8,933,000	156,000	900,000	25,000		1,450,000	11,950,000
38	TOTAL CAPITAL EXPENDITURES	\$ -	\$ 453,842	\$ 186,000	\$ 10,315,897	\$ 283,617	\$ 900,000	\$ 25,000	\$ -	\$ 1,731,760	\$ 13,896,116
39	TOTAL USE OF FUNDS/EXPENDITURES	\$ 25,790,415	\$ 453,842	\$ 186,000	\$ 10,315,897	\$ 283,617	\$ 4,754,861	\$ 1,267,286	\$ 807,156	\$ 2,385,299	\$ 46,244,373
40											
41	CONTRIBUTION/(USE) of RESERVES	\$ (3,610,734)	\$ (359,324)	\$ 304,282	\$ 7,941,483	\$ 2,111,125	\$ (769,537)	\$ -	\$ (128,922)	\$ (1,133,120)	\$ 4,355,253
42	Estimated Beginning Fund Equity	\$ 22,720,757	\$ 3,583,810	\$ 20,090,516	\$ 28,689,757	\$ 11,907,773	\$ 8,888,459	\$ 435,797	\$ 1,227,841	\$ 6,530,146	\$ 104,074,856
43	Estimated Ending Fund Equity*	\$ 19,110,023	\$ 3,224,486	\$ 20,394,798	\$ 36,631,240	\$ 14,018,898	\$ 8,118,922	\$ 435,797	\$ 1,098,919	\$ 5,397,026	\$ 108,430,109

* Does not include depreciation or amortization expense.

Section 1: Introduction and Overview

Delta Diablo's (District's) Fiscal Year 2023/2024 (FY23/24) 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, 2023 (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, the proposed FY23/24 Budget, and the forecasted FY24/25 Budget, along with a variance between the current year budget and the proposed FY23/24 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 FY23/24-FY27/28 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 FY23/24. 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 FY23/24 Budget includes total revenue of \$50.6 million, which includes \$36.7 million in Sewer Service Charges (SSCs), \$3.7 million in Recycled Water Service Charges, \$3.0 million in Ad Valorem property taxes, \$2.4 million in Capital Facilities Capacity Charges (CFCCs), \$2.2 in Interest Income, and \$2.6 million in other revenue. Budgeted expenditures total \$46.2 million, which includes operating and capital (including debt service) budgets of \$32.3 million and \$13.9 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 FY22/23	Proposed Budget FY23/24	% Variance
Sources of Funds/Revenues			
Service Charges	\$36,736,672	\$36,736,672	0%
Capacity Charges	1,842,464	2,392,000	30%
Street Sweeping	650,000	650,000	0%
Household Hazardous Waste	554,400	554,400	0%
Recycled Water	3,719,963	3,719,963	0%
Property Taxes	3,000,000	3,000,000	0%
Utility Rebate	200,000	200,000	0%
Interest Income	208,703	2,196,591	952%
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%
Subtotal Sources of Funds/Revenues	48,062,202	50,599,626	5%
Loans	-	-	0%
Total Source of Funds/Revenues	48,062,202	50,599,626	5%
Use of Funds/Expenditures			
Salaries & Wages	10,536,091	10,570,079	0%
Employee Benefits	7,480,256	6,789,941	-9%
Chemicals	2,192,900	2,984,300	36%
Office and Operating Expense	3,421,793	4,105,100	20%
Outside Services	4,576,685	4,539,855	-1%
Program Costs (Overhead)	630,000	320,000	-49%
Utilities	2,547,727	2,788,982	9%
Contingency Allowance	300,000	250,000	-17%
Operating before Debt and Capital	31,685,452	32,348,257	2%
Debt Service	1,322,535	1,946,116	47%
Operating before Capital	33,007,987	34,294,373	4%
Capital Improvements	10,760,000	11,950,000	1%
Total Use of Funds/Expenditures	43,767,987	46,244,373	3%
CONTRIBUTION/(USE) of RESERVES	\$4,294,214	\$4,355,253	

Significant Sources of Funds % Difference (variance):

The SSC variance of 0% is due to no rate increases for Antioch, Pittsburg, and Bay Point customers. An additional \$0.5 million is estimated due to 520 equivalent residential units (ERUs) being added to the SSC calculation due to development in the service area compared to 400 ERUs budgeted in FY22/23.

The Interest Income variance of 952% (\$2.0 million) is due additional reserves for capital projects and assumed increased interest rates for FY23/24.

Significant Use of Funds % Difference (variance):

The Salaries & Wages variance of 0% increased (+\$0.03 million) was driven by Cost-of-Living Adjustment (COLA, 3.6%): 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 2.0% up to 5.0% based on the April-to-April change in the Consumer Price Index (CPI), San Francisco/Bay Area Wage Earners. Position Changes: There are 4.0 more full-time equivalents (FTEs) from FY22/23. The proposed FY23/24 drivers for preliminary staffing changes include: Electrical Maintenance Supervisor (supervisory span of control, technical leadership), Operations Supervisor (succession planning, span of control), Engineering position (capital project delivery), Senior Construction Inspector (classification upgrades to address recruitment challenges), Systems Administrator (expanded information technology capacity), Electrical/Instrumentation Technician II (expanded capacity), and Collection System Worker III (promotional opportunity). Most staffing changes include a conversion of existing positions with incremental cost differentials. The Operating Budget includes savings in salaries due to anticipated vacancies during recruitment periods.

Employee Benefits variance of -9% (-\$0.7 million) driven by changes in California Public Employees' Retirement System (CalPERS) Pensions, reduced unfunded liability, and temporary reductions for vacant positions.

The Chemicals variance of 36% is largely driven by an increase of \$0.8 million in anticipated Recycled Water chemical expenditures. 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. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical unit costs. Staff continues to refine total annual chemical usage estimates, while working to optimize chemical consumption, to partially offset the impact of higher chemical supply costs.

The Office and Operating variance of 20% (+\$0.7 million) was due to expected increases in general insurance premiums, biosolid hauling, permits and regulatory fees, technology systems and applications, fuel, and professional development. This budget also includes allowances for general office supplies, memberships and program administration.

The Outside Services variance of -1% (-\$0.04 million) includes item such as temporary, legal, and professional services for planned organizational improvement initiatives, including Munis Enterprise Resource Planning enhancements, CFCC Study, regulatory compliance support services, confined space rescue standby services, and updates to District Standards in FY23/24.

The Utilities variance of 9% (+\$0.2 million) is due to an increased natural gas supply cost. Staff has implemented several changes to reduce onsite energy demand and increase renewable energy production. The most recent action is construction of the Sand Filter Intermittent Backwash

System Project, which decreases energy usage and chemical consumption at the Recycled Water Facility. The Budget assumes 85% uptime for the onsite cogeneration engine at the District's Wastewater Treatment Plant (WWTP), which is expected to meet 55% of plant power demand and provide waste heat for anaerobic digesters.

The Contingency Allowance variance of -17% (-\$0.05 million) reflects a small reduction in contingency amount included in the FY22/23 Budget (\$0.3 million reduced to \$0.25 million).

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.

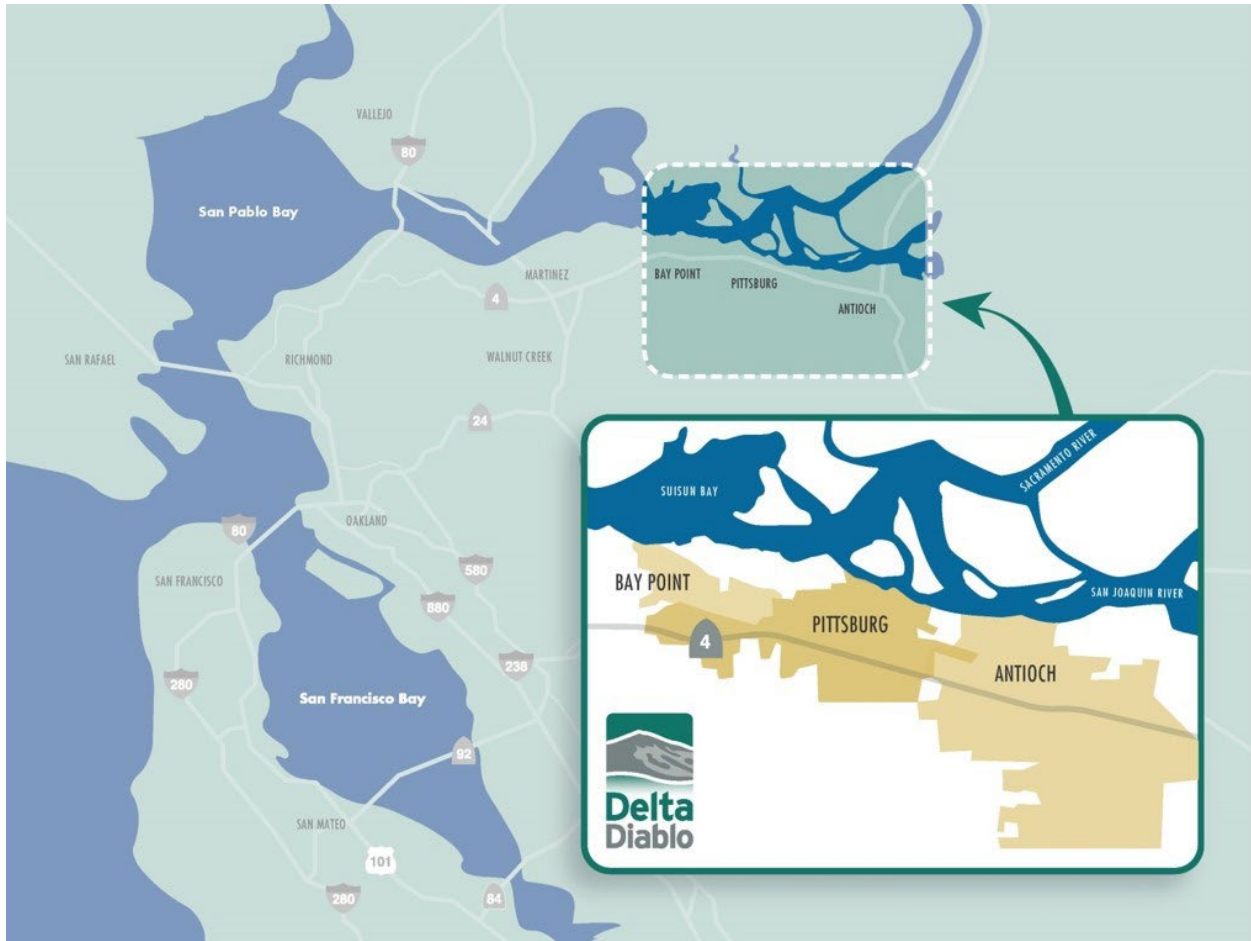


Figure 1 - Map of Delta Diablo Service Area

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 7.5 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 71,650 connections (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 years¹, and lower than the state average unemployment rate for February 2020 of 3.9%.²

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, the unemployment rate soared to 15.5% in April 2020 in California². In March 2021, the state unemployment rate was 8.3%². As of February 2023, employment rates have completely recovered with the regional unemployment rate at 3.9% and the state unemployment rate at 4.4%¹. While there are still unknown factors and uncertainties regarding the financial impacts associated with the COVID-19 pandemic. Growth and development activities continue to be closely monitored for any impacts to water use and associated impacts to SSC revenue in the future.

Median household income in Bay Point, Pittsburg, and Antioch was \$71,250, \$88,343, and \$82,244, respectively, compared with the Contra Costa County median household income of \$110,455 in 2021³. Populations in Pittsburg and Antioch have grown from 64,015 and 103,509 in 2011 to 474,809 and 115,442 in 2023, respectively⁴. This information was not separately available for Bay Point as it is an unincorporated area. Median housing prices were \$554,980 in Bay Point, \$625,000 in Pittsburg, and \$620,000 in Antioch, as reported by Realtor.com for April 2023⁵.

¹ US Bureau of Labor Statistics - www.bls.gov/regions/west/ca_oakland_md.htm

² US Bureau of Labor Statistics - www.bls.gov/regions/west/california.htm

³ United States Census Bureau - www.census.gov/quickfacts/fact/table/US/PST045219

⁴ California Department of Finance - www.dof.ca.gov/Forecasting/Demographics/Estimates/e-4/

⁵ Realtor.com - www.realtor.com/realestateandhomes-search

Strategic Planning Goals and Objectives

In August 2021, the District completed development of a new Strategic Plan that included new Mission, Vision, and Behavioral Value statements, as well as Goals, Strategies, and Objectives to guide long-term planning, organizational focus areas, resource allocation, and decision-making processes over the next few years. In addition, the District has developed ten Strategic Initiatives to directly support Strategic Plan implementation in FY22/23 in each of the six goal areas.

Mission, Vision, & Behavioral Values

Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.

Vision

Delta Diablo will achieve sustained organizational excellence through dedicated commitment to public service, stewardship, innovation, industry leadership, and active engagement at all levels.

Behavioral Value Statements

Delta Diablo has identified Behavioral Value Statements that directly support success in achieving our shared Mission and Vision:

- Serve as responsible stewards of valuable public resources at all levels in the organization
- Maintain public trust and confidence through excellent customer service, community engagement, transparency, and responsiveness
- Ensure a positive, safe, equitable, diverse, and inclusive work environment that promotes honest, transparent, ethical, and respectful interactions
- Communicate with integrity to share knowledge, inspire trust and camaraderie, and maintain authentic professional relationships
- Embrace and manage change to support implementation of innovative approaches that add value and drive sustained organizational improvement over time
- Foster a collaborative, team-based work culture that inspires engagement, solutions-oriented dialogue, and sound decision-making processes to achieve successful outcomes
- Reinforce accountability and ownership to ensure each employee is supported in effectively contributing to the District's overall success
- Model an open, proactive, and productive approach to resolving key issues to enhance organizational unity and alignment
- Actively seeking opportunities to build a "learning" culture by supporting individual and peer professional development; expanding knowledge, skills, and abilities; learning from mistakes and "near misses"; and improving work processes and use of technology

Strategic Plan Implementation – FY22/23 Strategic Initiatives

In September 2022, staff presented eight FY22/23 Strategic Initiatives to support Strategic Plan implementation in each of the six Goal Areas, as highlighted below.

FY22/23 Strategic Initiatives	Supports Strategic Plan Goal Area(s)
1. Ensure prioritized, integrated, and effective development of Asset Management Program (AMP) , consistent with established AMP Development Roadmap	<p>① Infrastructure Investment Ensure the long-term effectiveness and reliability of critical infrastructure through prioritized, cost-effective capital investment and maintenance</p> <p>② Environmental Stewardship Meet or surpass environmental and public health requirements to maintain public trust</p> <p>③ Fiscal Responsibility Manage financial resources effectively to meet funding needs and maintain fair and reasonable rates</p>
2. Apply formalized risk-based criteria and project evaluation methodology to all capital projects during preparation of new 5-year (FY23/24-FY27/28) Capital Improvement Program	
3. Evaluate alternative project delivery methods for large-scale capital projects to support cost-effective, timely, and high-quality infrastructure improvements	
4. Ensure effective integration of financial planning and budgeting activities to support Board approval of proposed Sewer Service Charges, CIP, and Budget for two fiscal years (FY23/24-FY24/25) (currently one-year cycle)	<p>④ Organizational Change Embrace innovation, engagement, and change to enhance service delivery, work processes, and use of technology to drive sustained improvement in organizational effectiveness and efficiency</p> <p>⑤ Fiscal Responsibility Manage financial resources effectively to meet funding needs and maintain fair and reasonable rates</p>
5. Develop an Information Technology (IT) Program Implementation Roadmap to guide effective investment in prioritized IT enhancements that drive organizational efficiency, support workforce development, and address potential vulnerabilities	<p>④ Organizational Change Embrace innovation, engagement, and change to enhance service delivery, work processes, and use of technology to drive sustained improvement in organizational effectiveness and efficiency</p> <p>⑤ Workforce Development Support development of an engaged, skilled workforce that is dedicated to organizational excellence and exceptional service delivery</p> <p>⑥ Customer Services and Engagement Deliver an exceptional customer service experience and embrace opportunities to enhance service value through engagement and collaboration</p>
6. Encourage engagement with peer agency counterparts and applicable industry associations at all levels in the organization to support workforce development, technological innovation, continuous improvement, and information sharing (e.g., key considerations, lessons learned)	
7. Develop recommended updates to the District's Capital Facilities Capacity Charges to ensure effective cost recovery and appropriate allocation to customers	<p>⑤ Fiscal Responsibility Manage financial resources effectively to meet funding needs and maintain fair and reasonable rates</p>
8. Implement a streamlined, effective approach to the performance planning and appraisal process that supports supervisor-employee engagement and aligns with District needs, behavioral values, and strategic goals and objectives	<p>⑤ Workforce Development Support development of an engaged, skilled workforce that is dedicated to organizational excellence and exceptional service delivery</p> <p>⑥ Customer Services and Engagement Deliver an exceptional customer service experience and embrace opportunities to enhance service value through engagement and collaboration</p>

In addition to adopting new strategic initiatives, Key Success Indicators (KSIs) were identified to provide a measurement of progress for goals and initiatives. The following are those key success indicators which are being monitored for progress.

Goal Area	KSI	Target
1 Infrastructure Investment	Number of Master Plans included in 5-year CIP	≥3
	Meet Completion Schedule for Master Plans and Condition Assessment Activities	varies
	Actual Annual Capital Expenditures as Percent of Budgeted Cash Flow (including carry forward)	≥80%
	Annual Number of Miles of Wastewater Collection System Pipe Inspected (Bay Point only)	14 miles
2 Environmental Stewardship	Number of Violations or Exceedances of National Pollutant Discharge Elimination System (NPDES) Permit for District's Wastewater Treatment Plant (WWTP)	0
	Number of Violations or Exceedances of Recycled Water Title 22 Compliance Requirements	0
	Number of Violations or Exceedances of Air Permit Title V Compliance Requirements	0
	Annual Environmental Compliance Inspections and Permit Issuances Completed on Schedule	100%
	Household Hazardous Waste Facility – Compliance with Requirements	100%
	Annual Recycled Water Production and Distribution (as percent of WWTP influent)	≥50%
	Annual On-site Power Generation (as percent of WWTP power demand)	≥55%
	Annual Biosolids Beneficial Use (as percent of biosolids production)	100%
3 Fiscal Responsibility	Maintain Reasonable SSCs when Compared to Peer Agencies in the San Francisco Bay Area	<avg. of peers
	Received Annual Recognition from Government Finance Officers Association for Excellence in Financial Reporting for CAFR and Budget Book?	Yes
	Number of "Significant Deficiencies" in Internal Controls or "Material Weaknesses" Identified during Annual Third-party Audit of Financial Reports	0
	Percent of Third-party Financial Audit Findings Resolved within 90 days	100%
	Debt Service Coverage Ratio	≥1.75
4 Organizational Change	Number of Annual Strategic Initiatives Identified	>8
	Critical IT Application Uptime	100%
	IT Customer Satisfaction Results	>95%
5 Workforce Development	Compliance with Mandatory Training Requirements	100%
	Maintain All Required Licenses, Certifications, and Training	100%
	Annual Performance Plans Completed on Schedule	>95%
6 Customer Service and Engagement	Initial Response Time for Conveyance/Collection System Emergencies	≤30 minutes
	Initial Response Time for Customer Voicemails/Emails (during business hours)	≤2 hours
	Number of Annual Confirmed Odor Complaints to BAAQMD	0
	Number of Annual Unresolved Construction-related Customer Complaints	0

Budget Overview

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.

The District has a stable revenue foundation, with 73% of the District’s FY23/24 total sources of funds/revenues coming from SSCs. Other significant revenue sources include CFCCs, recycled water sales, and ad valorem taxes. The proposed FY23/24 Budget includes revenue totaling \$50.6 million, excluding other financing sources. This represents an increase of 5% relative to FY22/23.

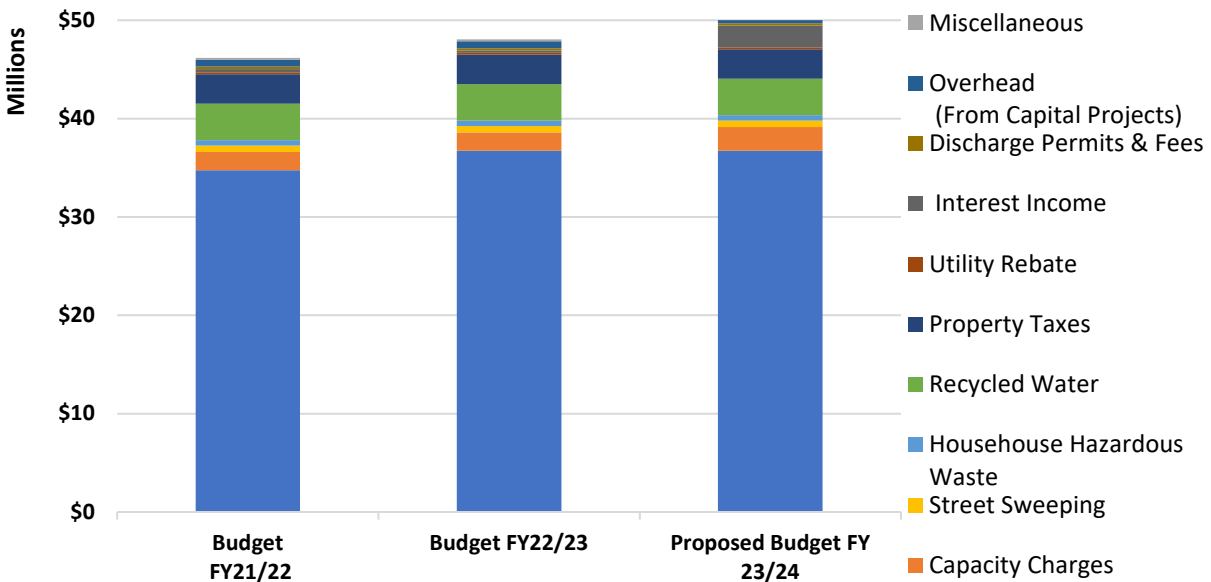


Figure 2 - FY21/22-FY23/24 Sources of Funds/Revenues

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 14% of annual billing in FY22/23. 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. The FY23/24 budget assumes no increases in SSC revenues.

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 520 ERUs being developed during the fiscal year. In FY23/24, staff plans to complete 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 FY23/24 is forecasted to be about 7,147 acre-feet (2,254 million gallons). Recycled water revenue is projected to remain the same compared to FY23/24.

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 remain the same as in FY22/23.

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, chemical, energy, materials, supplies, equipment, hauling, and outside services costs, as well as increasingly more stringent regulatory requirements. The FY23/24 Budget is \$46.2 million with the operating budget totaling \$32.3 million and capital (including debt service) totaling \$13.9 million. The operating budget represents a \$0.6 increase (2.0%) relative to FY22/23 (\$31.7 million) and the capital budget (including debt service) represents a \$1.8 million increase (15%) relative to FY22/23 (\$12.1 million). Major operating cost categories include Salaries and Benefits, Chemicals, Utilities, Office and Operating, and Outside Services.

Salaries and Benefits: This category represents approximately 53% of the District's FY23/24 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 21% of staff approaching retirement eligibility within the next three years compared to 49% in FY22/23.

- **Cost-of-Living Adjustment**: 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 2.0% up to 5.0% 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 3.6% are included in Salaries and Benefits.

- Unfunded Positions and Salary Savings: A total of 81.5 FTE positions are budgeted in FY23/24, including 4.5 FTEs for part-time positions. Based on an assessment of resource needs, approximately \$0.7 million will be saved in salaries due to 3.5 FTE positions not being filled the entire year due to vacancies.
- Position Changes: A total of 4.0 FTE positions have been added in FY23/24. The FY23/24 Budget includes funding an Engineering position, a Laboratory Management Professional/Retired Annuitant, an additional Operations Supervisor, and three intern positions in the Operations and Maintenance Divisions.
- Medical Insurance: Annual medical insurance premium costs have decreased by 6%. Although the price of medical insurance premiums has increased by 10%, the District has experienced cost savings due to changes in medical benefit elections by employees and the decrease in the District's required medical coverage benefit in the three bargaining unit MOUs. The cost of other health benefits— vision, Employee Assistance Program, dental, and life insurance—are not expected to increase significantly.
- 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 Employees Retirement Association [CCCERA], 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. In FY23/24, 72% of all employees are assumed to be in either Tier 2 or Tier 3 compared to 68% in FY 23/24. Because new hires are no longer eligible to become members of Tier 1, the District receives 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.
- CalPERS Pension Unfunded Liability Contribution: This cost is budgeted at \$1.5 million, which is a decrease of approximately \$0.03 million from FY22/23.
- 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. No payments are due for the next two fiscal years due to being fully funded.
- 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 OPEB Trust Fund was established in

February 2010. District employees hired prior to the effective dates of the current bargaining unit MOUs pay 3.0% of base salaries into the trust and the District budgets the required 3.0% match for these employees, as well as actual retiree medical costs which are deposited into the OPEB Trust Fund. The FY23/24 Budget includes an ADC of \$0.4 million and will be evaluated in accordance with the OPEB Trust Funding Policy after receipt of audited financial statements for FY22/23.

- Retiree Health Savings (RHS) Accounts: The District provides all employees with RHS accounts and provides contributions based on an employee's date of hire and specified amounts in the three bargaining unit MOUs. Employees may withdraw funds from the RHS accounts upon separation from District. The total FY23/24 budgeted amount for RHS account contributions is \$0.4 million.

Chemicals (\$3.0 million): This cost is approximately 9% of the FY23/24 Operating Budget and includes \$1.6 million for Wastewater and \$1.4 million for Recycled Water. 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. Although this approach allows the District to benefit from the most competitive market prices, supply chain challenges have resulted in increased chemical costs. Staff has conducted a comprehensive review of chemical unit costs, estimated quantities, and associated contingencies. The FY23/24 chemical budget increased from \$0.8 million to \$3.0 million (36%) in FY 23/24, which is driven largely by an increase of \$0.6 million in sodium hypochlorite (+104% unit price increase).

Utilities (\$2.8 million): This category represents approximately 9% of the FY23/24 Operating Budget. The budget increased \$0.2 million (9%) due to increased natural gas supply costs and expected increases in wastewater conveyance system pumping costs.

Office and Operating (\$4.1 million): This category represents approximately 13% of the FY23/24 Operating Budget. The budget increased 20% (\$0.7 million) due to expected increases in general insurance premiums, hauling services (include biosolids hauling which accounts for approximately half of the budget increase), and technology systems and applications. Staff training and professional development budget allowances have been augmented to support the District's strategic focus on workforce development.

Outside Services (\$4.5 million): This category represents approximately 14% of the FY23/24 Operating Budget and is relatively unchanged compared to FY22/23. This category includes \$1.1 million for professional services to support organizational improvement and business processes, \$1.7 million for Street Sweeping and Household Hazardous Waste program services, and \$1.7 million for temporary and other services such as legal, facilities, and maintenance.

Other (\$0.6 million): This category represents 2% of the FY23/24 Operating Budget and includes a contingency allowance of \$0.3 million and accounts for transfers to other District funds.

Capital Funding Appropriations of \$12.0 million for FY23/24 include expenses to build or acquire new capital assets, replace existing assets, or rehabilitate existing assets to extend the useful life. An estimated carryover of \$4.8 million is anticipated from FY22/23 for total planned capital expenditures of \$16.8 million in FY23/24. Details of these expenditures 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 \$1.9 million, which increased 47% from FY22/23. 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, 2023 in Table 2. This table shows a five-year comparison of budget positions for the prior year, the current year, and the new budget year.

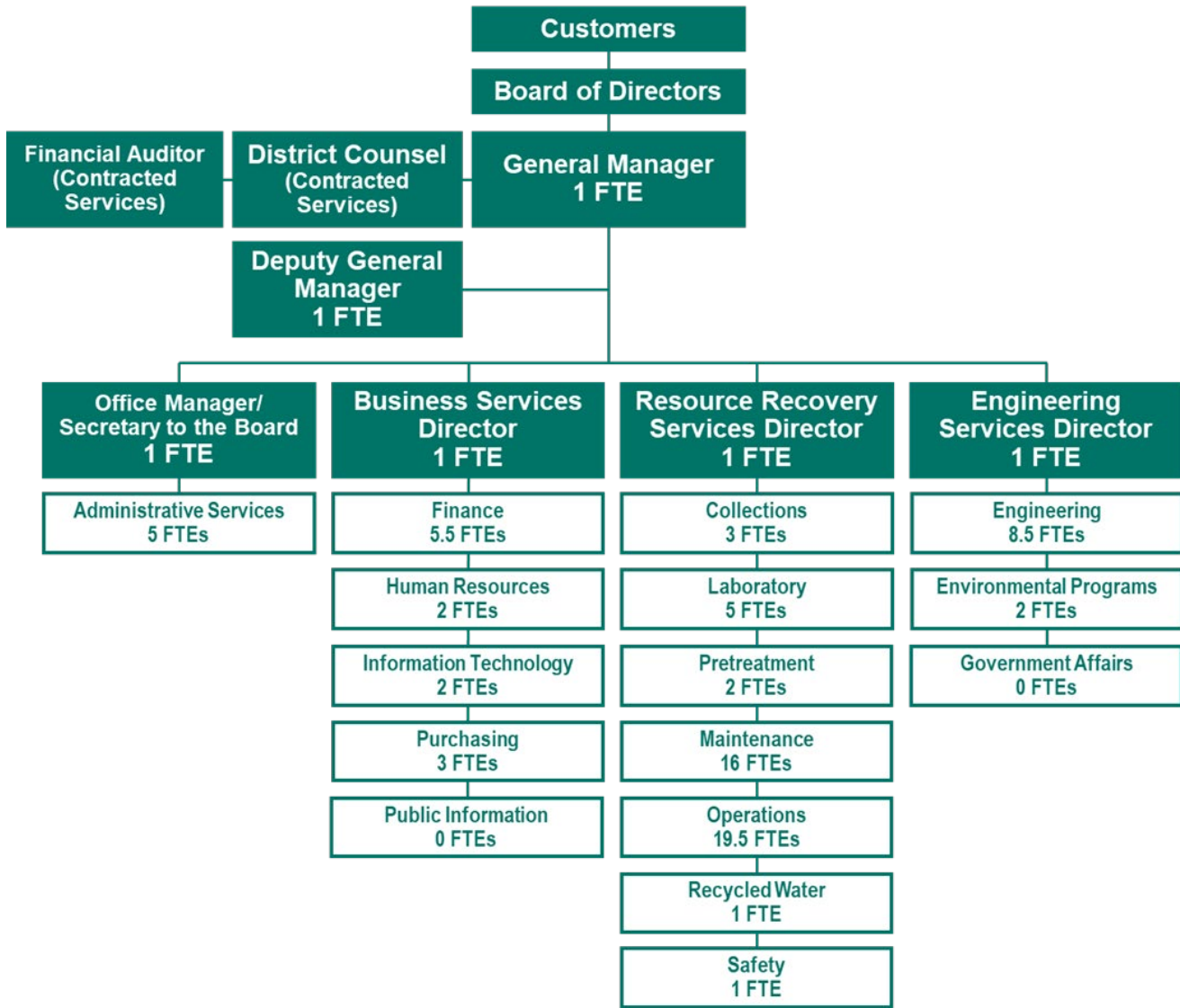


Figure 3 – Delta Diablo Organizational Chart

Table 2 – Budgeted Positions by Fiscal Year

Department/Division/Position (excluding Board Members)	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Administration					
General Manager	1	1	1	1	1
Deputy General Manager	0	0	0	1	1
Office Manager/Secretary to the Board	1	1	1	1	1
Senior Administrative Assistant	1	1	1	1	1
Administrative Assistant II/III	5	5	4	4	4
Administration	8	8	7	8	8
Business Services Department					
Business Services Director	1	1	1	1	1
Finance					
Finance Manager	1	1	1	1	1
Senior Accountant	1	1	1	1	1
Accounting Technician	3	3	3	3	3
Finance Professional/ Retired Annuitant (Temp)	0	0	0.5	0.5	0.5
Human Resources					
Human Resource Manager and Risk Manager	1	1	1	1	1
Human Resource Analyst II	1	1	1	1	1
Information Technology					
Information Technology Manager	1	1	1	1	1
Computer Analyst	1	1	1	1	0
Systems Administrator	0	0	0	0	1
Public Information					
Public Information Manager	1	1	0	0	0
Purchasing					
Purchasing Manager/Supervisor	1	1	1	1	1
Buyer	0	0	0	0	0
Warehouse Technician I/II	0	2	2	2	2
Business Services Department	12	14	13.5	13.5	13.5
Engineering Services Department					
Engineering Services Director/District Engineer	1	1	1	1	1
Engineering					
Senior Engineer	1	1	1	1	1
Associate Engineer	3	3	3	3	4
Junior Engineer, Assistant Engineer	1	2	2	2	2
Engineering Technician I	1	0	0	0	0
Construction Inspector	1	1	1	1	0
Senior Construction Inspector	0	0	0	0	1
Student Intern	0	0	0.5	0.5	0.5
Government Affairs					
Government Affairs Manager	1	1	1	0	0
Household Hazardous Waste					
Environmental Programs Manager	1	1	1	1	1
Household Hazardous Waste Technician III	1	1	1	1	1
Engineering Services Department	11	11	11.5	10.5	11.5

Department/Division/Position (excluding Board Members)	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Resource Recovery Services Department					
Resource Recovery Services Director	1	1	1	1	1
Collections					
Collection Systems Worker I/II	2	2	2	2	2
Collection Systems Worker III	1	1	1	1	1
Laboratory					
Laboratory Manager	1	1	1	1	1
Chemist I/II	2	2	2	2	2
Chemist III	1	1	1	1	1
Lab Management Professional/Retired Annuitant (Temp)	0	0	0	0	0.5
Intern (Co-op Student)	0.5	0.5	0.5	0.5	0.5
Laboratory Pretreatment					
Environmental Compliance Specialist II	2	2	2	2	2
Maintenance					
Maintenance Manager	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	2
Control Systems Specialist	1	1	1	1	0
Electrical/Instrumentation Technician II	2	2	2	2	3
Electrical/Instrumentation Technician III	1	1	1	1	1
Maintenance Mechanic I/II	7	7	6	6	6
Maintenance Mechanic I/II	0	0	0	0	0
Maintenance Mechanic III	1	1	1	1	1
Planner/Scheduler	1	1	1	1	0
Maintenance Worker	1	1	1	1	0
Utility Laborer	0	0	0	0	1
Warehouse Technician I/II	2	0	0	0	0
Intern (Co-op Student) ³	0	0.5	0.5	0.5	1
Operations					
Operations Manager	1	1	1	1	1
Operations Supervisor	1	1	1	1	2
Wastewater Treatment Plant Operator I/II	8	8	9	9	9
Wastewater Treatment Plant Operator III	3	3	3	3	3
Senior Wastewater Treatment Plant Operator IV/V	4	4	3	3	3
Intern (Co-op Student)	0	0	0	0	1
Operations Construction Coordinator/Retired Annuitant (Temp)	0	0	0.5	0.5	0.5
Recycled Water					
Recycled Water Program Coordinator	1	1	1	1	1
Safety					
Safety Manager	1	1	1	1	1
Resource Recovery Services Department	47.5	46.0	45.5	45.5	48.5
Total Budgeted Positions	78.5	79.0	77.5	77.5	81.5

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 in the following Figure 4.

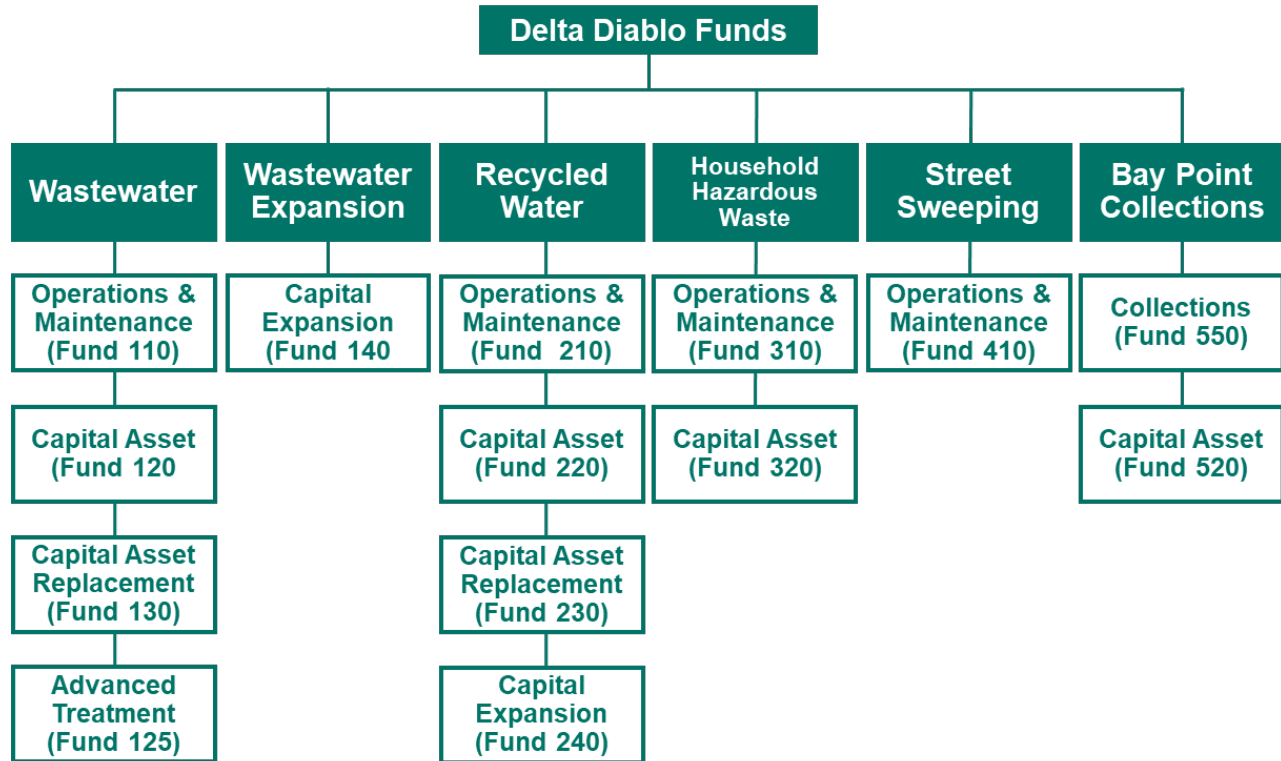


Figure 4 – Delta Diablo Funds

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 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 include other funding sources such as grants and loans. The SSC rate component has been suspended 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.

FY23/24 Budget Development Calendar

- January 2023** Budget kickoff meeting with District management is held and budget directions provided to staff.
- Jan – April** Staff develops proposed Operating Budget and 5-year CIP.
- April 26, 2023** Finance Committee reviews key assumptions for proposed FY23/24 Operating Budget and draft 5-year CIP.
- May 10, 2023** Board receives report on key assumptions for proposed FY23/24 Operating Budget. Board receives presentation on draft 5-year CIP. Board sets Public Hearing for June 14, 2023 to consider approval of 5-year CIP.
- June 14, 2023** Board adopts a resolution approving 5-year CIP after Public Hearing.
- June 14, 2023** Board considers FY23/24 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.
- **Advanced Treatment Reserves:** The District has 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 beginning in FY20/21, 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.

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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 FY21/22, Actual FY21/22, Budget FY22/23, Projected FY22/23, Proposed FY23/24, and Forecasted FY24/25. The % Difference from FY23/24 to FY22/23 is shown for comparison.

Table 3 – FY23/24 Consolidated Financial Schedule with FY24/25 Forecast

Funding Sources/Use of Funds							
Category	Budget FY21/22	Actual FY21/22	Budget FY22/23	Projected FY22/23	Proposed FY23/24	Forecast FY24/25	% Difference FY24 to FY23 Budget
Sources of Funds/Revenues							
Service Charges	\$ 34,750,104	\$ 36,772,591	\$ 36,736,672	\$ 37,795,723	\$ 36,736,672	\$ 36,736,672	0%
Capacity Charges	1,842,464	2,808,983	1,842,464	3,411,108	2,392,000	2,392,000	30%
Street Sweeping	650,000	651,270	650,000	667,074	650,000	650,000	0%
Househouse Hazardous Waste	554,400	543,987	554,400	509,410	554,400	554,400	0%
Recycled Water	3,719,963	4,028,007	3,719,963	3,930,089	3,719,963	3,719,963	0%
Property Taxes	3,000,000	3,686,204	3,000,000	3,232,175	3,000,000	3,000,000	0%
Utility Rebate	200,000	249,668	200,000	252,629	200,000	200,000	0%
Interest Income	315,127	291,895	208,703	1,825,434	2,196,591	2,196,591	952%
Discharge Permits & Fees	250,000	122,425	250,000	113,779	250,000	250,000	0%
Overhead/Work for others (From Capital Projects)	700,000	758,857	700,000	965,365	700,000	700,000	0%
Miscellaneous	200,000	143,885	200,000	93,497	200,000	200,000	0%
Other Finance Sources	-	-	-	1,707,943	-	-	0%
Subtotal Sources of Funds/Revenues	46,182,058	50,057,772	48,062,202	54,504,227	50,599,626	50,599,626	5%
Loans	4,500,000	2,746,619	-	-	-	-	0%
Total Source of Funds/Revenues	50,682,058	52,804,391	48,062,202	54,504,227	50,599,626	50,599,626	5%
Use of Funds/Expenditures							
Salaries & Wages	9,988,533	9,559,762	10,536,091	9,507,540	10,570,079	11,693,829	0%
Employee Benefits	7,197,566	6,049,032	7,480,256	6,272,390	6,789,942	7,260,894	-9%
Chemicals	1,746,008	1,555,667	2,192,900	2,048,500	2,984,300	3,144,600	36%
Office and Operating Expense	3,311,360	3,122,824	3,421,793	3,294,468	4,105,099	4,314,843	20%
Outside Services	4,072,429	3,442,305	4,576,685	3,797,400	4,539,855	4,572,964	-1%
Program Costs (Overhead)	410,000	321,295	630,000	310,000	320,000	330,000	-49%
Utilities	2,299,661	2,686,744	2,547,727	2,580,437	2,788,982	2,937,811	9%
Contingency Allowance	310,000	80,438	300,000	-	250,000	250,000	-17%
Operating before Debt and Capital	29,335,557	26,818,067	31,685,452	27,810,735	32,348,257	34,504,941	2%
Debt Service	1,336,324	1,349,716	1,322,535	1,322,782	1,946,116	1,839,250	47%
Operating before Capital	30,671,881	28,167,783	33,007,987	29,133,517	34,294,373	36,344,191	4%
Capital Improvements	12,890,000	11,092,327	10,790,000	11,374,491	11,950,000	23,500,000	11%
Total Use of Funds/Expenditures	43,561,881	39,260,110	43,797,987	40,508,008	46,244,373	59,844,191	6%
CONTRIBUTION/(USE) of RESERVES	\$ 7,120,177	\$ 13,544,281	\$ 4,264,215	\$ 13,996,219	\$ 4,355,253	\$ (9,244,565)	

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Fund Equity

The District's Fund Equity is presented in Table 4 and includes the proposed FY23/24 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
SOURCE OF FUNDS/REVENUES										
Capital Facilities Capacity Charges	-	-	-	-	\$2,392,000	-	-	-	-	\$2,392,000
Sewer Service Charges	\$20,939,903	-	-	\$14,694,669	-	-	-	-	\$1,102,100	36,736,672
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	590,143	\$94,518	\$490,282	562,711	2,742	265,361	12,521	28,234	150,079	2,196,591
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
TOTAL REVENUES	\$22,880,046	\$94,518	\$490,282	\$18,257,380	\$2,394,742	\$3,985,324	\$566,921	\$678,234	\$1,252,179	\$50,599,626
OTHER FINANCING SOURCES										
Loans and/or Other Financing Sources	-	-	-	-	-	-	-	-	-	-
Transfers In/(Out)	(700,365)	-	-	-	-	-	700,365	-	-	-
Interfund Loan	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES	(700,365)	-	-	-	-	-	700,365	-	-	-
TOTAL SOURCE OF FUNDS/REVENUES	\$22,790,415	\$94,518	\$490,282	\$18,257,380	\$2,394,742	\$3,985,324	\$1,267,286	\$678,234	\$1,252,179	\$50,599,626
USE OF FUNDS/EXPENDITURES										
OPERATING										
Salaries and Wages	\$9,493,891	-	-	-	-	\$552,976	\$153,707	-	\$369,505	\$10,570,079
Benefits	6,083,739	-	-	-	-	381,687	148,981	-	175,534	6,789,941
Chemicals	1,569,600	-	-	-	-	1,414,700	-	-	-	2,984,300
Office and Operating Expense	3,492,801	-	-	-	-	496,598	72,201	-	43,500	4,105,100
Outside Services	2,776,584	-	-	-	-	24,700	866,415	807,156	65,000	4,539,855
Program Costs (Overhead)	-	-	-	-	-	320,000	-	-	-	320,000
Utilities	2,123,800	-	-	-	-	664,200	982	-	-	2,788,982
Contingency Allowance	250,000	-	-	-	-	-	-	-	-	250,000
TOTAL OPERATING EXPENDITURES	\$25,790,415	\$-	\$-	\$-	\$-	\$3,854,861	\$1,242,286	\$807,156	\$653,539	\$32,348,257
CAPITAL IMPROVEMENT PROJECTS										
Debt Service	-	153,842	-	1,382,897	127,617	-	-	-	281,760	1,946,116
Capital Projects	-	300,000	186,000	8,933,000	156,000	900,000	25,000	-	1,450,000	11,950,000
TOTAL CAPITAL EXPENDITURES	\$-	\$453,842	\$186,000	\$10,315,897	\$283,617	\$900,000	\$25,000	\$-	\$1,731,760	\$13,896,116
TOTAL USE OF FUNDS/EXPENDITURES	\$25,790,415	\$453,842	\$186,000	\$10,315,897	\$283,617	\$4,754,861	\$1,267,286	\$807,156	\$2,385,299	\$46,244,373
CONTRIBUTION/(USE) of RESERVES	(3,610,734)	(359,324)	304,282	7,941,483	2,111,125	(769,537)	-	(128,922)	(1,133,120)	4,355,253
Est. FY23/24 Beginning Fund Equity	22,720,757	3,583,810	20,090,516	28,689,757	11,907,773	8,888,459	435,797	1,227,841	6,530,146	104,074,856
Est. FY23/24 Ending Fund Equity	\$19,110,023	\$3,224,486	\$20,394,798	\$36,631,400	\$14,018,898	\$8,118,922	\$435,797	\$1,098,797	\$5,397,026	\$108,430,109

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Section 4. Capital and Debt

Capital

The FY23/24-FY27/28 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 FY23/24-FY27/28 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 FY23/24 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 the Resource Recovery Facility Master Plan (RRFMP) updated in December 2022. 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 FY23/24-FY27/28 CIP includes a total of approximately \$139.1 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:* Changes to existing projects have been incorporated in the 5-year CIP as a result of the RRFMP, which was completed in December 2022. New regulatory requirements also contributed to updating the CIP.
- *Investing in Existing Wastewater Infrastructure Renewal:* Approximately 78% of the CIP total is allocated to support rehabilitation and/or replacement of existing critical wastewater infrastructure, including Secondary Process Improvements (\$60.0 million), Antioch Pump Station and Conveyance System Improvements (\$17.5 million), WWTP Cogeneration System Improvements (\$7.0 million), Willow Pass Interceptor Repair (\$3.0 million), and Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 (\$3.9 million).
- *CIP Prioritization:* To support incorporation of new projects, staff worked to prioritize and defer implementation of previously identified projects.
- *Cash Funding Maximization:* Despite the magnitude of the proposed 5-year CIP (\$139.1 million compared to \$135.9 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 78% cash funding, which incorporates a 50% debt financing assumption for the \$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 \$5.8 million to support inspection, repair, and rehabilitation of prioritized segments over the next five years.
- *Planning for the Future:* The proposed 5-year CIP includes \$1.8 million for various master planning efforts to identify near- and long-term strategies, needs, and priorities associated with specific focus area, including recycled water (\$0.3 million FY23/24), biosolids management (\$0.4 million in FY24/25), electrical systems (\$0.3 million in FY25/26), Arc Flash Study (\$0.3 in FY 25/26), and supervisory control and data acquisition (SCADA) systems (\$0.5 million in FY26/27).

FY23/24-FY27/28 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 FY23/24 (92.6%) and the 5-year CIP. Key asset renewal and replacement projects in FY23/24 including the Antioch Pump Station and Conveyance System Improvements (\$17.5 million), Cogeneration System Improvements (\$6.7 million), Willow Pass Interceptor Improvements (\$3.0 million), and Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 (\$3.9 million).

FY23/24 CIP Project Descriptions: This document summarizes the project scope, identifies the FY23/24 project budget and the total project 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.

Table 5 – FY23/24-FY27/28 CIP Totals by District Fund*

Fund	FY23/24 Budget (\$M)	% of FY23/24 Total	5-Year CIP Total** (\$M)	% of 5-Year CIP Total
Wastewater				
Capital Asset	\$0.3	2.5%	\$2.0	1.4%
Capital Asset Replacement	\$8.9	74.3%	107.1	77.0%
Expansion	\$0.2	1.3%	13.1	9.4%
Advanced Treatment	\$0.2	2%	4.2	3%
Recycled Water				
Capital Asset	\$0.2	1.7%	1.7	1.2%
Capital Asset Replacement	\$0.7	5.8%	4.6	3.3%
Expansion	\$0.0	0.0%	0.2	0.1%
Bay Point Collection	\$1.5	12.5%	5.8	4.2%
Household Hazardous Waste	\$0.0	0.3%	0.4	0.3%
Total	\$12.0	100.0%	\$139.1	100.0%

* Detail funding distribution is shown on Table 6 and uses % shown for projects.

** Includes estimated carryovers

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Table 6 – FY23/24-FY27/28 CIP Summary

Project Name	Project No.	Lead Dept.	Approved Budget FY22/23	Estimated Carryover Budget FY22/23 to FY23/24	FY23/24		FY24/25		FY25/26		FY26/27		FY27/28		5-Year Total Budget	5-Year Total Cashflow
					Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow		
Wastewater Capital Asset (Fund 120)																
Asset Management Program	19109	ES	0	0	250,000	250,000	0	0	0	0	0	0	0	0	\$250,000	\$250,000
Conveyance and Treatment Systems Reliability Improvements	23107	RRS	50,000	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$250,000	\$250,000
RWF & TP Interlie	TBA	ES	0	0	0	0	0	0	0	0	300,000	300,000	1,200,000	1,200,000	\$1,500,000	\$1,500,000
Wastewater Capital Asset Replacement (Fund 130)																
Treatment Plant Switchgear Replacement	17120	ES	5,000,000	1,633,043	0	1,633,043	0	0	0	0	0	0	0	0	\$0	\$1,633,043
Treatment Plant Roadway Maintenance Project	18115	ES	0	0	0	0	250,000	250,000	750,000	750,000	0	0	0	0	\$1,000,000	\$1,000,000
Emergency Retention Basin Improvements	19110	ES	500,000	500,000	0	250,000	500,000	750,000	0	0	0	0	0	0	\$500,000	\$1,000,000
Triangle Pump Station and Force Main Replacement	19111	ES	0	0	0	0	0	0	500,000	500,000	0	0	0	0	\$500,000	\$500,000
Aboveground Fuel Storage Tank Rehabilitation	20113	ES	100,000	200,000	200,000	400,000	0	0	0	0	0	0	0	0	\$200,000	\$400,000
Pump Station Grinder Replacements	20115	RRS	0	0	0	0	100,000	100,000	0	0	100,000	100,000	0	0	\$200,000	\$200,000
PFM 2401 Dresser Coupling Removal & ARV2001 Repair	21116	ES	0	0	350,000	350,000	0	0	0	0	0	0	0	0	\$350,000	\$350,000
Digester Nos. 1-2 Cleaning and Repair	21118	RRS	0	100,000	250,000	350,000	0	0	0	0	0	0	0	0	\$250,000	\$350,000
Small District Capital Asset Project	22100	ES	0	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$250,000	\$250,000
Cogen System Improvements	22114	ES	100,000	100,000	1,500,000	1,600,000	4,000,000	4,000,000	1,050,000	1,050,000	0	0	0	0	\$6,550,000	\$6,650,000
Vector Decant Facility	22121	ES	0	100,000	0	0	200,000	300,000	0	0	0	0	0	0	\$200,000	\$300,000
CCT Analyzer Building Improvements	22123	ES	0	50,000	300,000	350,000	0	0	0	0	0	0	0	0	\$300,000	\$350,000
Cathodic Protection Monitoring Program	22124	ES	50,000	0	50,000	50,000	0	0	50,000	50,000	0	0	50,000	50,000	\$150,000	\$150,000
Manhole Performance Monitoring Program	22125	ES	0	0	50,000	50,000	0	0	50,000	50,000	0	0	50,000	50,000	\$150,000	\$150,000
Unanticipated WW Treatment & Conveyance Infrastructure Repairs	23109	ES	750,000	0	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	\$2,500,000	\$2,500,000
Lab Equipment Replacement	23110	RRS	25,000	0	125,000	125,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	\$225,000	\$225,000
IT Equipment Replacement	23111	BS	50,000	0	50,000	50,000	400,000	400,000	50,000	50,000	50,000	50,000	50,000	50,000	\$600,000	\$600,000
Vehicle Replacements	23113	RRS	150,000	0	450,000	450,000	350,000	350,000	150,000	150,000	150,000	150,000	150,000	150,000	\$1,250,000	\$1,250,000
Dewat Polymer Separation	23114	RRS	160,000	160,000	0	160,000	0	0	0	0	0	0	0	0	\$0	\$160,000
Cogeneration Engine Rebuild	23115	RRS	400,000	0	0	0	0	0	0	0	0	0	0	0	\$0	\$0
Willow Pass Interceptor Repair	23118	ES	300,000	200,000	300,000	500,000	2,500,000	2,500,000	0	0	0	0	0	0	\$2,800,000	\$3,000,000
CCT Assessment and Repair (New)	24110	ES	0	0	500,000	500,000	0	0	0	0	0	0	0	0	\$500,000	\$500,000
Conveyance System Assessment (New)	24111	ES	0	0	500,000	500,000	0	0	100,000	100,000	0	0	100,000	100,000	\$700,000	\$700,000
Treatment Plant Outfall Pipeline Cleaning & Inspection	24115	ES	0	0	600,000	600,000	0	0	0	0	0	0	0	0	\$600,000	\$600,000
Pump Station Facilities Repair	80008	ES	181,086	399,820	0	399,820	0	0	0	0	0	0	0	0	\$0	\$399,820
Biosolids Management Master Plan	TBA	ES	0	0	0	0	400,000	400,000	0	0	0	0	0	0	\$400,000	\$400,000
Electrical System Master Plan	TBA	ES	0	0	0	0	0	0	300,000	300,000	0	0	0	0	\$300,000	\$300,000
Arc Flash Study	TBA	ES	0	0	0	0	0	0	300,000	300,000	0	0	0	0	\$300,000	\$300,000
SCADA Master Plan Update	TBA	ES	0	0	0	0	0	0	0	0	500,000	500,000	0	0	\$500,000	\$500,000
Primary Clarifier Nos. 1 - 4 Coating	TBA	ES	0	0	0	0	0	0	400,000	400,000	500,000	500,000	500,000	500,000	\$1,400,000	\$1,400,000
Primary Clarifiers Controls System Improvements	TBA	ES	0	0	0	0	250,000	250,000	0	0	0	0	0	0	\$250,000	\$250,000
Tower Mixing Chamber and Overflow Structure Rehabilitation	TBA	ES	0	0	0	0	600,000	600,000	900,000	900,000	0	0	0	0	\$1,500,000	\$1,500,000
RAS Pump Rehabilitation	TBA	ES	0	0	0	0	0	0	0	0	300,000	300,000	0	0	\$300,000	\$300,000
Digester No. 3 Cleaning & Repair	TBA	ES	0	0	0	0	200,000	200,000	200,000	200,000	0	0	0	0	\$400,000	\$400,000
Secondary Clarifier Area Improvements	TBA	ES	0	0	0	0	0	0	350,000	350,000	650,000	650,000	0	0	\$1,000,000	\$1,000,000
Treatment Plant Structural Assessment & Rehabilitation	TBA	ES	0	0	0	0	250,000	250,000	450,000	450,000	0	0	0	0	\$700,000	\$700,000
Gravity Belt Thickener Improvements	TBA	ES	0	0	0	0	0	0	300,000	300,000	1,000,000	1,000,000	0	0	\$1,300,000	\$1,300,000
WAS Pump Station Rehabilitation	TBA	ES	0	0	0	0	0	0	50,000	50,000	0	0	0	0	\$50,000	\$50,000
RAS Meter Pit Improvements	TBA	ES	0	0	0	0	0	0	300,000	300,000	0	0	0	0	\$300,000	\$300,000
Chemical Canopy Rehabilitation	TBA	ES	0	0	0	0	0	0	0	0	800,000	800,000	0	0	\$800,000	\$800,000
FEB Slide Gate Replacements	TBA	ES	0	0	0	0	0	0	0	0	0	0	400,000	400,000	\$400,000	\$400,000
Condition Assessment of Treatment Plant Underground Piping	TBA	ES	0	0	0	0	0	0	400,000	400,000	0	0	0	0	\$400,000	\$400,000
Operational Improvements at Aeration Basins	TBA	ES	0	0	0	0	0	0	0	0	400,000	400,000	0	0	\$400,000	\$400,000
Sanitary Drain PS Rehabilitation	TBA	ES	0	0	0	0	0	0	0	0	0	0	600,000	600,000	\$600,000	\$600,000
Centrifuge Platform Area Improvements	TBA	ES	0	0	0	0	0	0	0	0	1,500,000	1,500,000	2,000,000	2,000,000	\$3,500,000	\$3,500,000
Improvements at Secondary Effluent Feed to RWF	TBA	ES	0	0	0	0	0	0	0	0	0	0	150,000	150,000	\$150,000	\$150,000
CCT Sluice Gates & Chemical Mixer Replacements	TBA	RRS	0	0	0	0	0	0	0	0	400,000	400,000	1,100,000	1,100,000	\$1,500,000	\$1,500,000
POC HVAC System Replacement (New)	TBA	ES	0	0	0	0	500,000	500,000	400,000	400,000	0	0	0	0	\$900,000	\$900,000
Ops Control Room Improvements (New)	TBA	ES	0	0	0	0	0	0	400,000	400,000	0	0	0	0	\$400,000	\$400,000
Broadway Diversion Facility Water Service Replacement (New)	TBA	ES	0	0	0	0	0	0	0	0	0	0	250,000	250,000	\$250,000	\$250,000
PPS Slide Gate & Wetwell Ventilation Improvements (New)	TBA	ES	0	0	0	0	0	0	0	0	0	0	400,000	400,000	\$400,000	\$400,000
Portable Generator Procurement (New)	TBA	ES	0	0	0	0	300,000	300,000	0	0	0	0	0	0	\$300,000	\$300,000
Electric Vehicle Charging Stations (New)	TBA	ES	0	0	0	0	200,000	200,000	0	0	0	0	0	0	\$200,000	\$200,000
<i>See Multi-Fund Projects for additional projects with WW CAR funding</i>																
Wastewater Expansion (Fund 140)																
<i>See Multi-Fund Projects for additional projects with WW Exp funding</i>																
Advanced Treatment (Fund 125)																
Nutrient Technology Research and Innovation	TBA	ES	0	0	0	0	0	0	0	0	250,000	250,000	250,000	250,000	\$500,000	\$500,000
<i>See Multi-Fund Projects for additional projects with AT funding</i>																

Table 6 – FY23/24-FY27/28 CIP Summary (cont'd)

Project Name	Project No.	Lead Dept.	Approved Budget FY22/23	Estimated Carryover Budget FY22/23 to FY23/24	FY23/24		FY24/25		FY25/26		FY26/27		FY27/28		5-Year Total Budget	5-Year Total Cashflow
					Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow	Estimated Budget	Estimated Cashflow		
Recycled Water Capital Asset (Fund 220)																
Small RWF Capital Asset Project	23103	ES	50,000	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$250,000	\$250,000
RWF IPS, Process Line Modification, and Blowdown	TBA	ES	0	0	0	0	0	0	0	0	250,000	250,000	850,000	850,000	\$1,100,000	\$1,100,000
TP Flow Equalization Improvements - ESB	TBA	ES	0	0	0	0	0	0	0	0	0	0	200,000	200,000	\$200,000	\$200,000
<i>See Multi-Fund Projects for additional projects with RW CA funding</i>																
Recycled Water Capital Asset Replacement (Fund 230)																
RWF Sand Pump Piping Replacement	22127	RRS	0	0	250,000	250,000	0	0	0	0	0	0	0	0	\$250,000	\$250,000
Unanticipated Recycled Water Infrastructure Repairs	23104	RRS	100,000	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	\$500,000	\$500,000
RWF Sand Filter Coupling & Safety Improvements (New)	24114	ES	0	0	350,000	350,000	0	0	0	0	0	0	0	0	\$350,000	\$350,000
Recycled Water Distribution System Improvements	TBA	ES	0	0	0	0	0	0	0	0	225,000	225,000	375,000	375,000	\$600,000	\$600,000
DEC and CCT Valves Replacement	TBA	ES	0	0	0	0	0	0	0	0	225,000	225,000	375,000	375,000	\$600,000	\$600,000
DEC Storage Tank Rehabilitation	TBA	ES	0	0	0	0	0	0	0	0	250,000	250,000	750,000	750,000	\$1,000,000	\$1,000,000
Sand Filter and Filter Cover Improvements	TBA	ES	0	0	0	0	0	0	0	0	500,000	500,000	600,000	600,000	\$1,100,000	\$1,100,000
DEC Tank Isolation Valves Replacement	TBA	ES	0	0	0	0	0	0	0	0	0	0	100,000	100,000	\$100,000	\$100,000
RWF Clarifier Liner Rehabilitation	TBA	ES	0	0	0	0	0	0	0	0	0	0	100,000	100,000	\$100,000	\$100,000
Recycled Water Expansion (Fund 240)																
Recycled Water Distribution System Expansion	18110	ES	0	0	0	0	0	0	0	0	0	0	200,000	200,000	\$200,000	\$200,000
Bay Point Collection (Fund 520)																
Bay Point Collection System Point Repairs	23119	ES	150,000	50,000	300,000	350,000	0	0	0	0	0	0	0	0	\$300,000	\$350,000
Unanticipated Bay Point Repairs	23106	ES	100,000	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	\$500,000	\$500,000
Bay Point Overlay Manhole Adjustments	20116	ES	0	0	0	0	100,000	100,000	100,000	0	0	0	0	0	\$100,000	\$100,000
Bay Point Sewer Repairs - Phase 5	TBA	ES	0	0	0	0	0	0	0	0	0	0	3,000,000	3,000,000	\$3,000,000	\$3,000,000
<i>See Multi-Fund Projects for additional projects with BP Coll funding</i>																
Household Hazardous Waste (Fund 310)																
Household Hazardous Waste Improvements	23105	ES	25,000	0	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000	300,000	\$400,000	\$400,000
Split Funding																
Antioch Pump Station and Conveyance System Improvements	20121	ES	300,000	100,000	300,000	400,000	1,000,000	1,000,000	3,000,000	3,000,000	7,000,000	7,000,000	6,050,000	6,050,000	\$17,350,000	\$17,450,000
Wastewater Capital Asset Replacement (80%)			240,000	80,000	240,000	320,000	800,000	800,000	2,400,000	2,400,000	5,600,000	5,600,000	4,840,000	4,840,000	\$13,880,000	\$13,980,000
Wastewater Expansion (20%)			60,000	20,000	60,000	80,000	200,000	200,000	600,000	600,000	1,400,000	1,400,000	1,210,000	1,210,000	\$3,470,000	\$3,490,000
Site Security Improvements	21113	ES	50,000	236,503	0	236,503	0	0	0	0	0	0	0	0	\$0	\$236,503
Wastewater Capital Asset Replacement (70%)			35,000	165,552	0	165,552	0	0	0	0	0	0	0	0	\$0	\$165,552
Bay Point Collection (20%)			10,000	47,301	0	47,301	0	0	0	0	0	0	0	0	\$0	\$47,301
Household Hazardous Waste (10%)			5,000	23,650	0	23,650	0	0	0	0	0	0	0	0	\$0	\$23,650
Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 1	21114	ES	500,000	921,010	3,000,000	3,921,010	0	0	0	0	0	0	0	0	\$3,000,000	\$3,921,010
Wastewater Capital Asset Replacement (70%)			350,000	644,707	2,100,000	2,744,707	0	0	0	0	0	0	0	0	\$2,100,000	\$2,744,707
Bay Point Collection (30%)			150,000	276,303	900,000	1,176,303	0	0	0	0	0	0	0	0	\$900,000	\$1,176,303
Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 2 (New)	24112	ES	0	0	500,000	500,000	1,500,000	1,500,000	0	0	0	0	0	0	\$2,000,000	\$2,000,000
Wastewater Capital Asset Replacement (70%)			0	0	350,000	350,000	1,050,000	1,050,000	0	0	0	0	0	0	\$1,400,000	\$1,400,000
Bay Point Collection (30%)			0	0	150,000	150,000	450,000	450,000	0	0	0	0	0	0	\$600,000	\$600,000
Secondary Process Improvements	22126	ES	500,000	400,000	600,000	1,000,000	9,000,000	9,000,000	25,000,000	25,000,000	24,900,000	24,900,000	0	0	\$59,500,000	\$59,900,000
Wastewater Capital Asset Replacement (78%)			390,000	312,000	468,000	780,000	7,020,000	7,020,000	19,500,000	19,500,000	19,422,000	19,422,000	0	0	\$46,410,000	\$46,722,000
Wastewater Expansion (16%)			80,000	64,000	96,000	160,000	1,440,000	1,440,000	4,000,000	4,000,000	3,984,000	3,984,000	0	0	\$9,520,000	\$9,584,000
Advanced Treatment (6%)			30,000	24,000	36,000	60,000	540,000	540,000	1,500,000	1,500,000	1,494,000	1,494,000	0	0	\$3,570,000	\$3,594,000
RWF Condition Facility Assessment & Master Plan Update	24113	ES	0	0	300,000	300,000	0	0	0	0	0	0	0	0	\$300,000	\$300,000
Advanced Treatment (50%)			0	0	150,000	150,000	0	0	0	0	0	0	0	0	\$150,000	\$150,000
Recycled Water Capital Asset (50%)			0	0	150,000	150,000	0	0	0	0	0	0	0	0	\$150,000	\$150,000
All Funds Total			\$11,791,086	\$5,150,376	\$11,950,000	\$16,750,376	\$23,500,000	\$23,850,000	\$36,350,000	\$36,350,000	\$41,150,000	\$41,150,000	\$21,025,000	\$21,025,000	\$133,975,000	\$139,125,376
Wastewater Capital Asset Fund Total			\$50,000	\$0	\$300,000	\$300,000	\$50,000	\$50,000	\$50,000	\$50,000	\$350,000	\$350,000	\$1,250,000	\$1,250,000	\$2,000,000	\$2,000,000
Wastewater Capital Asset Replacement Fund Total			\$10,981,086	\$4,645,122	\$8,933,000	\$13,228,122	\$20,445,000	\$20,795,000	\$29,925,000	\$29,925,000	\$31,947,000	\$31,947,000	\$11,215,000	\$11,215,000	\$102,465,000	\$107,110,122
Wastewater Expansion Fund Total			\$140,000	\$84,000	\$156,000	\$240,000	\$1,640,000	\$1,640,000	\$4,600,000	\$4,600,000	\$5,384,000	\$5,384,000	\$1,210,000	\$1,210,000	\$12,990,000	\$13,074,000
Advanced Treatment Fund Total			\$30,000	\$24,000	\$186,000	\$210,000	\$540,000	\$540,000	\$1,500,000	\$1,500,000	\$1,744,000	\$1,744,000	\$250,000	\$250,000	\$4,220,000	\$4,244,000
Recycled Water Capital Asset Fund Total			\$50,000	\$0	\$200,000	\$200,000	\$50,000	\$50,000	\$50,000	\$50,000	\$300,000	\$300,000	\$1,100,000	\$1,100,000	\$1,700,000	\$1,700,000
Recycled Water Capital Asset Replacement Fund Total			\$100,000	\$0	\$700,000	\$700,000	\$100,000	\$100,000	\$100,000	\$100,000	\$1,300,000	\$1,300,000	\$2,400,000	\$2,400,000	\$4,600,000	\$4,600,000
Recycled Water Expansion Fund Total			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$200,000	\$200,000	\$200,000	\$200,000
Bay Point Collections Fund Total			\$410,000	\$373,604	\$1,450,000	\$1,823,604	\$650,000	\$650,000	\$100,000	\$100,000	\$100,000	\$100,000	\$3,100,000	\$3,100,000	\$5,400,000	\$5,773,604
Household Hazardous Waste Fund Total			\$30,000	\$23,650	\$25,000	\$48,650	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$300,000	\$300,000	\$400,000	\$423,650

**FY23/24
Capital Improvement Program
Project Descriptions**

WASTEWATER CAPITAL ASSET (FUND 120)

FY23/24 Total \$300,000

Asset Management Program

Project Total: \$1,250,000

FY23/24: \$250,000

This project will implement a formalized, comprehensive business process to ensure prioritized, cost-effective, and risked-based maintenance and renewal of critical infrastructure assets in the wastewater collection, conveyance, and treatment systems to meet operational effectiveness and reliability needs for District customers. In addition, this project will expand CMMS utilization, implement reliability-centered maintenance (RCM) approach to support reliability-based asset management activities, data driven decision making, and overall efficiency.

Conveyance and Treatment System Reliability Improvements

Project Total: \$250,000

FY23/24: \$50,000

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.

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130)

FY23/24 Total \$8,933,000

Aboveground Fuel Storage Tank Rehabilitation

Project Total: \$400,000

FY23/24: \$200,000

This project will repair and/or replace the aboveground diesel/oil storage tanks at the District's Wastewater Treatment Plant and pump stations to address infrastructure deficiencies.

PFM 2401 Dresser Coupling Removal & ARV 2001 Repair

Project Total: \$350,000

FY23/24: \$350,000

This project will evaluate and, if necessary, replace a corroded dresser coupling and a damaged air release valve on the Pittsburg Force Main (PFM) 2401 to address infrastructure deficiencies.

Digester Nos. 1-2 Cleaning and Repair

Project Total: \$400,000

FY23/24: \$250,000

This project consists of demolition of various components, and installation of miscellaneous equipment and piping associated with Digester No. 2 and clean and assess the condition existing of Digester No.1 to inform future infrastructural renewal needs for this facility.

Small District Capital Asset Project

Project Total: \$250,000

FY23/24: \$50,000

This project allowance is for the design and implementation of small capital projects at the District's wastewater treatment and conveyance systems, which are identified during the fiscal year.

Cogen System Improvements

Project Total: \$10,000,000

FY23/24: \$1,500,000

This project highlights the District's focus on expanding biogas utilization, pursuing federal tax credits under the Inflation Reduction Act (approximately 30% of the capital cost). The 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. The Inflation Reduction Act requires the project must be in construction by December 31, 2024.

CCT Analyzer Building Improvements

Project Total: \$400,000

FY23/24: \$300,000

This project will replace and reconfigure existing analyzers and associated piping and modify existing ventilation and drainage systems to address safety concerns.

Cathodic Protection Monitoring Program

Project Total: \$250,000

FY23/24: \$50,000

This project allowance is for monitoring and testing of the District's cathodic protection system to inform future maintenance and/or renewal needs.

**FY23/24
Capital Improvement Program
Project Descriptions (cont'd)**

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) – cont'd

Manhole Performance Monitoring Program

Project Total: \$150,000

FY23/24: \$50,000

This project allowance is for inspecting and monitoring the District's wastewater conveyance system manholes to inform future renewal needs.

Unanticipated WW Treatment & Conveyance Infrastructure System Repairs

Project Total: \$1,750,000

FY23/24: \$500,000

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.

Lab Equipment Replacement

Project Total: \$225,000

FY23/24: \$125,000

This project allowance is for the repair/replacement/improvement of lab equipment that is not functioning properly or is scheduled for replacement.

IT Equipment Replacement

Project Total: \$600,000

FY23/24: \$50,000

This project allowance is for the repair/replacement/improvement of IT equipment that is not functioning properly or is scheduled for replacements.

Vehicle Replacements

Project Total: \$1,250,000

FY23/24: \$450,000

This project allowance is for the repair/replacement of District vehicles.

Willow Pass Interceptor Repair

Project Total: \$2,800,000

FY23/24: \$300,000

This project will assess and rehabilitate or replace approximately 4,000 feet of reinforced concrete pipe (RCP) in the Willow Pass Interceptor system.

Treatment Plant Outfall Pipeline Cleaning & Inspection

Project Total: \$600,000

FY23/24: \$600,000

This project will assess, inspect, and clean the existing 42-inch outfall pipeline at the District's Wastewater Treatment Plant.

Conveyance System Assessment

Project Total: \$700,000

FY23/24: \$500,000

This project allowance is for cleaning and inspecting the District's wastewater conveyance system to inform future infrastructure renewal needs.

CCT Assessment and Repair

Project Total: \$500,000

FY23/24: \$500,000

This project will assess and repair damage to the Chlorine Contact Tanks (CCTs) concrete at the District's Wastewater Treatment Plant.

Antioch Pump Station and Conveyance System Improvements-^{*}Multi-fund project

Project Total: \$13,880,000 (Fund 130 80% portion)

FY23/24: \$240,000 (Fund 130 80% portion)

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.

FY23/24
Capital Improvement Program
Project Descriptions (cont'd)

WASTEWATER CAPITAL ASSET REPLACEMENT (FUND 130) – cont'd

Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 - *Multi-fund project
 Project Total: \$2,100,000 (Fund 130 70% portion) FY23/24: \$2,100,000 (Fund 130 70% portion)

This multiphase project will address infrastructure needs, conduct sewer condition assessments, and improve access to critical assets in the Shore Acres Interceptor system. The initial phase consists of planning, design, and construction of approximately 30 critical manholes and rehabilitate approximately 200 feet of 30-inch RCP pipe using a structural cured-in-place (CIPP) liner.

Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2 - *Multi-fund project
 Project Total: \$1,400,000 (Fund 130 70% portion) FY23/24: \$350,000 (Fund 130 70% portion)

This is the next phase of the Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 1 Project. This project will assess and repair/replace additional at-risk manholes and improve access to critical assets in the Shore Acres System. Design for this project will be initiated in FY23/24 with construction beginning in FY24/25.

Secondary Process Improvements - *Multi-fund project
 Project Total: \$46,098,000 (Fund 130 78% portion) FY23/24: \$468,000 (Fund 130 78% portion)

The project includes planning, design, and construction of i) new Tower Tricking 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 started in FY22/23 with construction scheduled to commence in FY 24/25. 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.

RECYCLED WATER CAPITAL ASSET (FUND 220)	FY23/24 Total \$200,000
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Small Recycled Water Facility Capital Asset Project
 Project Total: \$250,000 FY23/24: \$50,000

The project allowance is for the implementation of unplanned improvements of the recycled water system, which are identified during the fiscal year.

RWF Condition Facility Assessment & Master Plan Update- * Multi-fund Project
 Project Total: \$150,000 (Fund 220 50% portion) FY23/24: \$150,000 (Fund 220 50% portion)

The project will conduct the condition assessment at the RWF and update the 2012 RW master plan.

RECYCLED WATER CAPITAL ASSET REPLACEMENT (FUND 230)	FY23/24 Total \$700,000
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RWF Sand Pump Piping Replacement
 Project Total: \$150,000 FY23/24: \$250,000

The project will replace approximately 560 feet of RWF sand pump piping and associated supports, including 12 plug valves.

Unanticipated Recycled Water Infrastructure Repair
 Project Total: \$500,000 FY23/24: \$100,000

This project allowance is for the implementation of unplanned repair/replacement of major equipment and infrastructure renewal that have failed prematurely during the fiscal year.

RWF Sand Filter Coupling & Safety Improvements
 Project Total: \$350,000 FY23/24: \$350,000

This project will replace the existing reject lines with differing elevations, address non-compliant stair railing, and install support for the valve system associated with the RWF sand filter system.

**FY23/24
Capital Improvement Program
Project Descriptions (cont'd)**

BAY POINT COLLECTION (FUND 520) FY23/24 Total \$1,450,000

Bay Point Collection System Point Repairs

Project Total: \$300,000 FY23/24: \$300,000

This project consists of performing point repairs of 14 sewer segments with various localized structural defects (i.e. sewer offsets, major cracks) in different areas of the Bay Point collection system.

Unanticipated Bay Point Repairs

Project Total: \$500,000 FY23/24: \$100,000

This project allowance is for small, high-priority collection system renewal/replacement improvements that cannot be deferred until the next rehabilitation project.

Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 - *Multi-fund project

Project Total: \$900,000 (Fund 520 30% portion) FY23/24: \$900,000 (Fund 520 30% portion)

This multiphase project will address infrastructure needs, conduct sewer condition assessments, and improve access to critical assets in the Shore Acres Interceptor system. The initial phase consists of planning, design, and construction of approximately 30 critical manholes and rehabilitate approximately 200 feet of 30-inch RCP pipe using a structural cured-in-place (CIPP) liner.

Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2 - *Multi-fund project

Project Total: \$600,000 (Fund 520 30% portion) FY23/24: \$150,000 (Fund 520 30% portion)

This is the next phase of the Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 1 Project. This project will assess and repair/replace additional at-risk manholes and improve access to critical assets in the Shore Acres System. Design for this project will be initiated in FY23/24 with construction beginning in FY24/25.

HOUSEHOLD HAZARDOUS WASTE (FUND 310) FY23/24 Total \$25,000

Household Hazardous Waste Improvements

Project Total: \$400,000 FY23/24: \$25,000

This project allowance is for minor projects or equipment repair/replacement at the HHW Facility.

WASTEWATER EXPANSION (FUND 140) FY23/24 Total \$156,000

Antioch Pump Station and Conveyance System Improvements-*Multi-fund project

Project Total: \$3,470,000 (Fund 140 20% portion) FY23/24: \$60,000 (Fund 140 20% portion)

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.

Secondary Process Improvements - *Multi-fund project

Project Total: \$9,456,000 (Fund 140 16% portion) FY23/24: \$96,000 (Fund 140 16% portion)

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 started in FY22/23 with construction scheduled to commence in FY 24/25. 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.

**FY23/24
Capital Improvement Program
Project Descriptions (cont'd)**

ADVANCED TREATMENT (FUND 125)

FY23/24 Total \$186,000

Secondary Process Improvements - *Multi-fund project

Project Total: \$3,546,000 (Fund 125 6% portion)

FY23/24: \$36,000 (Fund 125 6% portion)

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 started in FY22/23 with construction scheduled to commence in FY 24/25. 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.

RWF Condition Facility Assessment & Master Plan Update- * Multi-fund Project

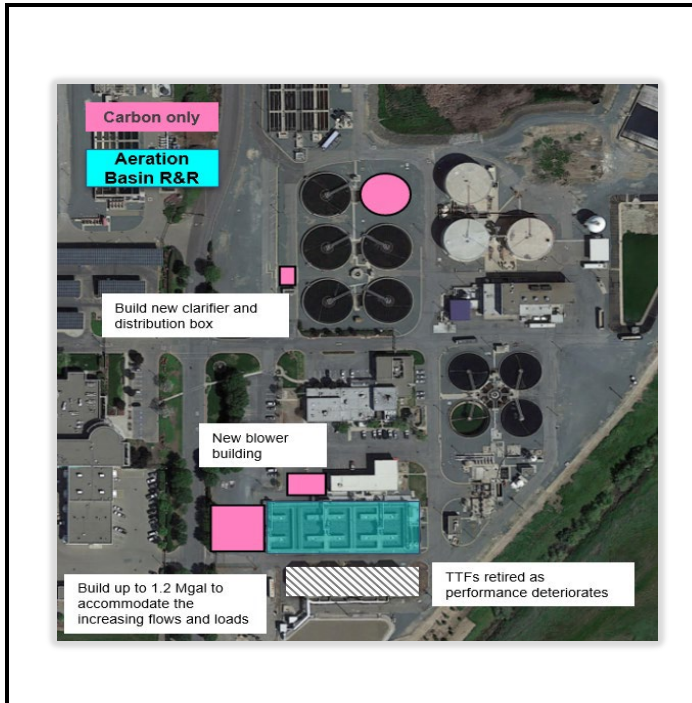
Project Total: \$150,000 (Fund 125 50% portion)

FY23/24: \$150,000 (Fund 125 50% portion)

The project will update the 2012 RW Master Plan and conduct condition assessment of the Recycled Water Facility and provide results to Calpine by June 2025 to inform renewal needs in accordance with the existing agreement.

Project Name	Secondary Process Improvements
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Project No.	CIP-22126
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Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0.4M
	FY23/24 Budget	\$0.6M
	Future FY Budget	\$58.9M
	Estimated Total Project Cost	\$59.9M
Funding Source (Total)	District Funds	\$29.0M
	Debt	\$30.0M
	Grant(s)	-
Fund Sources	WW CAR: \$16.7M, 28% WW EXP: \$9.6M, 16% AT: \$3.6M, 6%	

Description/Justification

This project includes planning, design, and construction of new facilities (i.e., Tower Trickling Filter Pump Station, new aeration basin, 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 District’s service area through 2040.

Project Risk Assessment

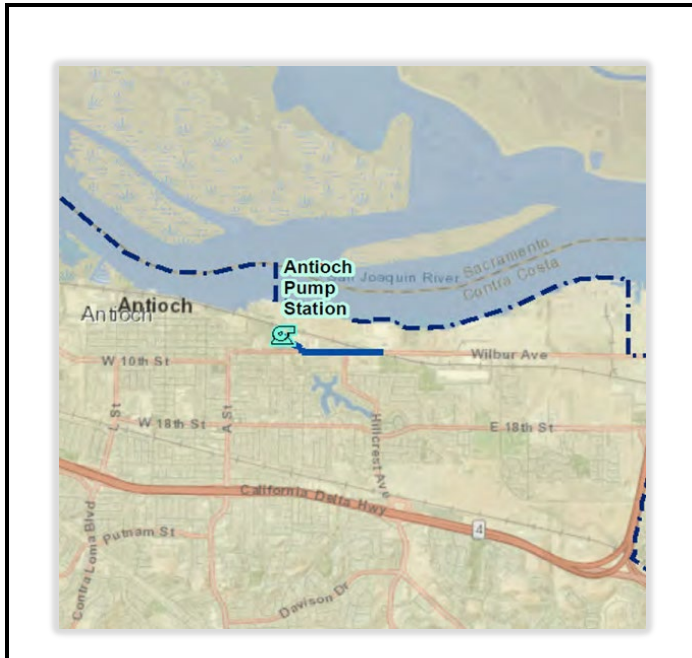
This project not only addresses aging infrastructure associated with the secondary process, but also includes modifications to improve operational efficiency as a result of projected loads. The secondary process is considered high risk and therefore, failure of this process would result in major regulatory compliance and operational issues.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.6M	\$9.0M	\$25.0M	\$24.9M	-	\$59.5M
Funding Source						
WW CAR	\$0.47	\$7.02	\$4.5	\$4.42	-	\$16.4M
WW EXP	\$0.09	\$1.44	\$4.0	\$3.98	-	\$9.5M
AT	\$0.04	\$0.54	\$1.5	\$1.49	-	\$3.6M
Debt	-	-	\$15.0	\$15.0	-	\$30.M
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by December 31, 2025 Construction completion by June 30, 2028				

Project Name	Antioch Pump Station and Conveyance System Improvements
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Project No.	CIP-20121
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Priority	2 – High Priority (3-5 years)	
Project Budget	FY22/23 Carryover	\$0.1M
	FY23/24 Budget	\$0.3M
	Future FY Budget	\$17.1M
	Estimated Total Project Cost	\$17.5M
Funding Source (Total)	District Funds	\$17.4M
	Debt	-
	Grant(s)	-
Fund Sources	WW CAR: \$13.9M, 80% WW EXP: \$3.5M, 20%	

Description/Justification

This multi-year, multi-phase project will assess the Antioch conveyance system, which consists of two 24-inch force mains—AFM 101, 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 and ensure long-term operational reliability.

Project Risk Assessment

AFM 101 and AFM 102 have experienced multiple failures due to severe corrosion from corrosive gases over the past ten years, with the most recent occurring on AFM 102 in December 2019. There are operational issues at the Antioch Pump Station that also affect force main operating conditions.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.3M	\$1.0M	\$3.0M	\$7.0M	\$6.05	\$17.4M
Funding Source						
WW CAR	\$0.24	\$0.8	\$2.4	\$5.6	\$4.84	\$13.9M
WW EXP	\$0.06	\$0.2	\$0.6	\$1.4	\$1.21	\$3.5M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by December 31, 2025 Construction completion by June 30, 2028				

Project Name	Cogeneration System Improvements
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Project No.	CIP-22114
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Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0.1M
	FY23/24 Budget	\$1.5M
	Future FY Budget	\$8.4M
	Estimated Total Project Cost	\$10.0M
Funding Source (Total)	District Funds	\$6.6M
	Debt	-
	Grant (tax credit)	\$3.4M
Fund Sources	WW CAR: \$6.7M, 67%	

Description/Justification

This project highlights the District’s focus on expanding biogas utilization and pursuing federal tax credits under the Inflation Reduction Act (IRA) (approximately 30% of the capital cost). The project will replace the existing cogeneration engine, controls, and paralleling gear to ensure compatibility with new switchgear at the WWTP. The IRA requires the project to be in construction by December 31, 2024.

Project Risk Assessment

Loss of the existing cogeneration system would result in loss of avoided electricity purchase revenue and reduce WWTP resiliency in the event of a PG&E power outage.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$1.5M	\$4.0M	\$4.35M	-	-	\$10.0M
Funding Source						
WW CAR	\$1.5	\$4.0	\$1.05	-	-	\$6.6M
Debt	-	-	-	-	-	-
Grant(s)	-	-	\$3.4	-	-	\$3.4M

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by June 30, 2024 Construction completion by June 30, 2026				

Project Name	Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 1
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Project No.	CIP-21114
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Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0.9M
	FY23/24 Budget	\$3.0M
	Future FY Budget	\$0M
	Estimated Total Project Cost	\$3.9M
Funding Source (Total)	District Funds	\$3.0M
	Debt	-
	Grant(s)	-
Fund Sources	WW CAR: \$2.7M, 70% BP COLL: \$1.2M, 30%	

Description/Justification

This multi-phase project will address infrastructure needs, conduct sewer condition assessments, and improve access to critical assets in the Shore Acres Interceptor system. The initial phase consists of planning, design, and construction of ~30 critical manholes and rehabilitate ~200 feet of 30-inch RCP pipe using a structural cured-in-place (CIPP) liner.

Project Risk Assessment

The 2020 Final Report for the Facility Condition Assessment Project 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.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$3.0M	-	-	-	-	\$3.0M
Funding Source						
WW CAR	\$2.1	-	-	-	-	\$2.1M
BP Coll	\$0.9	-	-	-	-	\$0.9M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by April 30, 2023 Construction completion by June 30, 2024				

Project Name	Manhole, Gravity Interceptor, and Easement Road Improvements, Phase 2
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Project No.	CIP-24112
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Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0
	FY23/24 Budget	\$0.5M
	Future FY Budget	\$1.5M
	Estimated Total Project Cost	\$2.0M
Funding Source (Total)	District Funds	\$2.0M
	Debt	-
	Grant(s)	-
Fund Sources	WW CAR: \$1.4M, 70% BP COLL: \$0.6M, 30%	

Description/Justification

This is the next phase of the Manhole, Gravity Interceptor, and Easement Road Improvements Phase 1 Project. This project will assess and repair/replace additional at-risk manholes and improve access to critical assets in the Shore Acres System. Design will be initiated in FY23/24 with construction beginning in FY24/25.

Project Risk Assessment

The 2020 Final Report for the Facility Condition Assessment Project 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.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.5M	\$1.5M	-	-	-	\$2.0M
Funding Source						
WW CAR	\$0.35	\$1.05	-	-	-	\$1.4M
BP Coll	\$0.15	\$0.45	-	-	-	\$0.6M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by December 31, 2024 Construction completion by June 30, 2026				

Project Name	Willow Pass Interceptor Repair
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Project No.	CIP-23118
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Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0.2M
	FY23/24 Budget	\$0.3M
	Future FY Budget	\$2.5M
	Estimated Total Project Cost	\$3.0M
Funding Source (Total)	District Funds	\$2.8M
	Debt	-
	Grant(s)	-
Fund Sources	WW CAR: \$3.0M, 100%	

Description/Justification

Following identification and repair of a defect in the Willow Pass Interceptor, staff conducted closed-circuit television inspection of this 30-inch reinforced pipe concrete (RCP) pipeline. The inspection confirmed the adjacent segments are severely corroded with damage to the steel reinforcement. This project will assess and rehabilitate or replace ~4,000 feet of 30-inch RCP pipeline in this system.

Project Risk Assessment

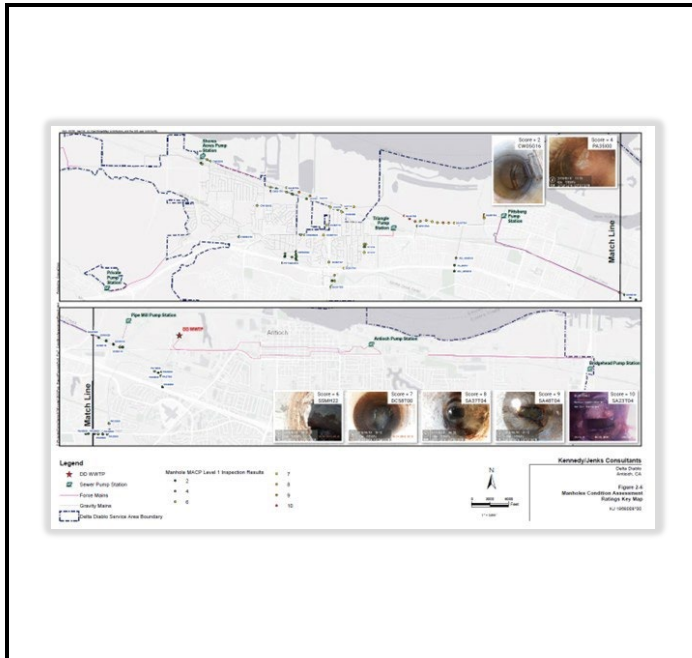
Failure of the Willow Pass Interceptor can lead to sanitary sewer overflows and potential adverse public health and environmental impacts due to insufficient and/or unreliable conveyance capacity.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.3M	\$2.5M	-	-	-	\$2.8M
Funding Source						
WW CAR	\$0.3	\$2.5	-	-	-	\$2.8M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by March 31, 2024 Construction completion by June 30, 2025				

Project Name	Conveyance System Assessment
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Project No.	CIP-24111
--------------------	------------------



Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0M
	FY23/24 Budget	\$0.5M
	Future FY Budget	\$0.2M
	Estimated Total Project Cost	\$0.7M
Funding Source (Total)	District Funds	\$0.7M
	Debt	-
	Grant(s)	-
Fund Sources	WW CAR: \$0.7M, 100%	

Description/Justification

This project will provide for cleaning and inspecting prioritized segments of the District’s wastewater conveyance system to inform future infrastructure renewal needs.

Project Risk Assessment

Failure of the District’s wastewater conveyance system can lead to sanitary sewer overflows and potential adverse public health and environmental impacts due to insufficient and/or unreliable conveyance capacity.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.5M	-	\$0.1M	-	\$0.1M	\$0.7M
Funding Source						
WW CAR	\$0.5	-	\$0.1	-	\$0.1	\$0.7M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by N/A Construction completion by June 30, 2024				

Project Name: Asset Management Program

Project No.: CIP-19109

Asset Management Program (AMP) Development Roadmap

Issued June 23, 2023

Priority	1 – Urgent (12-24 months)	
Project Budget	FY22/23 Carryover	\$0M
	FY23/24 Budget	\$0.25M
	Future FY Budget	\$0M
	Estimated Total Project Cost	\$0.25M
	District Funds	\$0.25M
Funding Source (Total)	Debt	-
	Grant(s)	-
	Fund Sources	WW CA: \$0.25M, 100%

Description/Justification

This project will implement a formalized, comprehensive business process to ensure prioritized, cost-effective, and risk-based maintenance and renewal of critical infrastructure assets in the wastewater collection, conveyance, and treatment systems to meet operational effectiveness and reliability needs for District customers. In addition, this project will expand CMMS utilization, implement reliability-centered maintenance (RCM) approach to support reliability-based asset management activities, data driven decision making, and overall efficiency.

Project Risk Assessment

An effective Asset Management Program (AMP) will provide a prioritized, achievable, and sequenced approach to AMP development and implementation that considers available resources. It will also ensure the program is driven by the District and supported by consultants, as needed.

Funding Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28	5-year Total
Budget	\$0.25M	-	-	-	-	\$0.25M
Funding Source						
WW CA	\$0.25	-	-	-	-	\$0.25M
Debt	-	-	-	-	-	-
Grant(s)	-	-	-	-	-	-

Project Schedule	FY23/24	FY24/25	FY25/26	FY26/27	FY27/28
Planning					
Design					
Construction					
Notes	Design completion by N/A Construction completion by N/A				

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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, 2021, the amount owed to the SWRCB by the District and from the City of Antioch to the District is \$2.9 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.

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 June 30 and December 31, commencing on December 31, 2023, and maturing on December 31, 2052. As of June 30, 2023, the District has received \$11.6 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 \$3,198,734 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.

Current Year Debt Transactions and Balances

The Long-Term Obligation Balances as of June 30, 2022, are presented in Table 7 and include changes (additions and retirements) to long-term obligations during the year and estimated balances as of June 30, 2023.

Table 7 – Long-Term Obligation Changes and Balances estimated as of June 30, 2023

Direct Borrowings:	Original Issue Amount	Balance June 30,2022	Additions	Retirements	Balance June 30,2023
2010 RW SRF Loan	\$6,325,503	\$ 2,858,472		\$(316,631)	\$2,541,841
2011 WW Installment Note Payable	2,344,210	1,184,837		(93,261)	1,091,576
2011 WW SRF Loan	5,041,873	3,087,679		(246,078)	2,841,601
2015 WW CEC Loan	700,000	363,614		(50,405)	313,209
2015 Bay Point SRF Loan	1,188,820	955,617		(33,517)	922,100
2016 WW CAR/WW Exp SRF Loan	12,000,000	10,145,465	58,581	(320,811)	9,883,235
2016 WW SRF Loan	2,054,000	1,736,498		(57,780)	1,678,718
2020 WW SRF Loan	13,500,000	11,569,317		-	11,569,317
2021 WW SRF Loan	3,198,734	3,115,829	5,479	(81,682)	3,039,626
Total	\$46,353,140	\$35,017,328	\$64,060	\$ (1,200,165)	\$33,881,223

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 ⁽¹⁾	SRF Loans	Installment Note	CEC Loan	Total	Population Estimates ⁽²⁾	Debt Per Cap ⁽³⁾
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	1,270,253	413,518	33,449,586	215,394	155
21/22		33,468,876	1,184,838	363,613	35,017,327	218,683	160
22/23		\$32,476,438	\$1,091,576	\$313,209	\$33,881,223	218,281	155

Source: Delta Diablo Audited Financial Statements

Notes:

- 1) Certificates of Participation (COPs) Debt amounts exclude premiums, discounts, or other amortization amounts.
- 2) Includes accrued interest. Matured in 2016.
- 3) Debt per Capita = Total Debt/Population Estimate.

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, 2023. Beyond FY27/28, amounts are shown in five-year increments.

Table 9 – All Principal, Interest, and Annual Debt Service

Fiscal Year	Principal	Interest	Total
23/24	\$1,516,153	\$748,796	\$2,264,949
24/25	1,547,397	610,685	2,158,082
25/26	1,579,628	582,142	2,161,770
26/27	1,612,889	552,658	2,165,547
27/28	1,647,219	522,198	2,169,417
28/29-32/33	7,542,813	2,134,959	9,677,772
33/34-37/38	4,979,743	1,518,370	6,498,113
38/39-42/43	5,471,141	1,022,294	6,493,435
43/44-47/48	5,156,198	490,087	5,646,285
48/49-52/53	2,828,042	128,420	2,956,462
Total Payments Due	\$33,881,223	\$8,310,609	\$42,191,832

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.

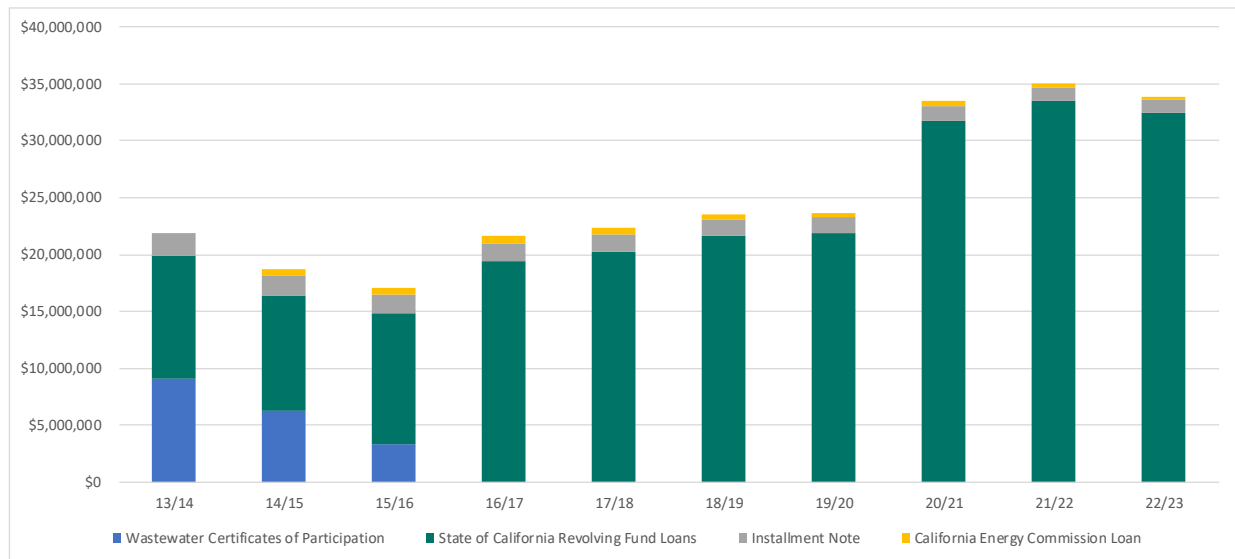


Figure 5 – Historical Fiscal Year Debt Service Summary by Loan

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 ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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	52,069,161	25,325,223	26,743,938	1,074,221	420,278	1,494,499	17.89
21/22	49,481,921	29,708,164	19,773,757	1,179,018	489,530	1,668,548	11.85
22/23	54,504,227	27,810,735	26,693,492	1,200,166	441,448	1,641,614	16.26

⁽¹⁾ All revenues including capacity charges and other capital contributions.

⁽²⁾ Does not include depreciation and amortization.

Section 5. Department Information

Administration Department



The Administration Department consists of the Board, the General Manager's Office, Deputy General Manager, 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

Administration Department					
Operating Budget Category	Budget FY21/22	Actual FY21/22	Budget FY23/24	Projected FY22/23	Proposed Budget FY23/24
Salaries & Wages	\$962,099	\$905,039	\$1,282,678	\$945,912	\$1,242,409
Employee Benefits	688,267	600,872	767,575	574,003	678,603
Office & Operating	164,250	137,805	185,750	197,976	264,350
Outside Services	159,000	171,527	175,500	184,100	216,800
Chemicals	-	-	-	-	-
Utilities	-	-	-	-	-
Contingency Allowance	300,000	80,438	300,000	-	250,000
Program Costs (Overhead)	-	-	-	-	-
Total Operating Expense	\$2,273,616	\$1,895,681	\$2,711,503	\$1,901,991	\$2,652,162

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

Business Services Department					
Operating Budget Category	Budget FY21/22	Actual FY21/22	Budget FY23/24	Projected FY22/23	Proposed Budget FY23/24
Salaries & Wages	\$1,952,428	\$1,618,323	\$1,978,439	\$1,631,566	\$1,984,702
Employee Benefits	1,197,215	886,888	1,209,814	945,183	998,932
Office & Operating	825,693	784,522	999,739	938,792	1,179,666
Outside Services	1,361,242	1,033,406	1,297,802	751,505	873,064
Chemicals	-	-	-	-	-
Utilities	163,775	102,923	173,601	126,011	180,000
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	-	-	-	-	-
Total Operating Expense	\$5,500,353	\$4,426,062	\$5,659,395	\$4,393,057	\$5,216,364

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

Engineering Services Department					
Operating Budget Category	Budget FY21/22	Actual FY21/22	Budget FY23/24	Projected FY22/23	Proposed Budget FY23/24
Salaries & Wages	\$879,405	\$1,232,696	\$737,021	\$1,231,392	\$798,853
Employee Benefits	871,367	814,106	743,547	763,727	747,574
Office & Operating	429,231	396,367	475,551	448,146	526,686
Outside Services	854,458	817,022	956,358	973,768	1,233,915
Chemicals	-	-	-	-	-
Utilities	886	212	926	926	982
Contingency Allowance	-	-	-	-	-
Program Costs (Overhead)	-	5,112	-	-	-
Total Operating Expense	\$3,035,347	\$3,265,515	\$2,913,403	\$3,417,959	\$3,308,010

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

Resource Recovery Services Department					
Operating Budget Category	Budget FY21/22	Actual FY21/22	Budget FY23/24	Projected FY22/23	Proposed Budget FY23/24
Salaries & Wages	\$6,194,602	\$5,803,704	\$6,537,952	\$5,698,670	\$6,544,115
Employee Benefits	4,440,717	3,747,166	4,759,320	3,989,477	4,364,833
Office & Operating	1,892,186	1,804,130	1,760,753	1,709,554	2,134,397
Outside Services	1,697,729	1,420,350	2,147,025	1,888,027	2,216,076
Chemicals	1,746,008	1,555,667	2,192,900	2,048,500	2,984,300
Utilities	2,135,000	2,583,609	2,373,200	2,453,500	2,608,000
Contingency Allowance	10,000	-	-	-	-
Program Costs (Overhead)	410,000	316,183	630,000	310,000	320,000
Total Operating Expense	\$18,526,242	\$17,230,809	\$20,401,150	\$18,097,728	\$21,171,721

Appendix A – Glossary & Financial Policies

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(sections and subsections are not hyperlinked)

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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** Supranational. 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 supranational 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.

Glossary

Accrual Basis of Accounting	The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows. An example of accrual basis occurs when an invoice is sent out for services: a receivable is booked and revenue is recorded even though no cash has been received at the time the invoice is mailed to the customer. (See Cash Basis of Accounting and Modified Accrual Basis of Accounting.)
Ad Valorem Tax	Are Property Taxes collected on property tax bills and represent 1% of the assessed value of the 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.
Adopted Budget	A balanced financial plan for a specific period authorized by the Board for expenditure or obligation.
Amended Budget	An adopted balanced financial plan reflecting budgetary transfers that occurred since adoption of the budget. The total budget amount must stay within the Board-approved appropriation limit.
Amortization	The action or process of gradually writing off the initial cost of an asset, the action or process of reducing or paying off a debt with regular payments, or a period in which debt is reduced or paid off by regular payments.
Annual Comprehensive Financial Report (ACFR)	The ACFR is prepared at the close of each fiscal year to show the actual audited condition of Delta Diablo's funds and serves as the official public record of Delta Diablo's financial status and activities.
Arbitrage	Borrowing in one market (such as bonds) at one interest rate and investing in another market (such as certificates of deposit) at a higher interest rate. Such activities are highly restricted by the federal government, and any excess interest earned in this manner is not tax-exempt and is subject to rebate to the Federal Government.
Asset	An economic resource owned by the entity that is expected to benefit future operations. Examples of assets are cash, investments, receivables, and capital or fixed assets.
Board of Directors	The three public officials elected to represent Delta Diablo's service area. Also known as the Board.

Bonds	A written promise to pay a sum of money (principal or face value) at a future date (maturity date) along with a periodic interest amount paid at a specified percentage of the principal (interest rate). Bonds are typically used to finance long-term capital improvements. Debt service payments are made to repay the bond holders.
Budget	A plan of financial operation, embodying an estimate of proposed expenditures for a given period (typically a fiscal year) and the proposed means of financing them (revenue estimates).
Capacity Fee	Also called CFCC, this is a charge paid at the time of connection to compensate Delta Diablo for capital facilities that provide wastewater treatment (i.e., interceptors, primary and secondary treatment facilities) to new connections. A fee charged when new or additional Equivalent Residential Unit (ERU) connect to the sewer to contribute their fair share of service and facility costs.
Capital Assets	Land, improvements to land, easements, furniture & fixtures, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.
Capital Budget	A financial plan for providing the purchase, construction, or rehabilitation of fixed assets such as equipment, facilities, and systems. The capital budget is usually enacted as a part of the complete annual budget, which includes both operating and capital outlays. The capital budget should be based on a longer-term capital improvement program (CIP).
Capital Expenditures	Expenditures related to the purchase or construction of furniture & fixtures, buildings, machinery and equipment, building structures, that have a useful life greater than one year and a cost greater than \$5,000. All costs associated with purchase or construction should be considered, including ancillary charges, professional fees, and legal costs directly attributable to asset acquisition.
Capital Improvement Program (CIP)	A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Cash Reserves	Easily liquidated cash and investments available to meet operating, capital, self-insurance, and debt service obligations. Reserves may be restricted or unrestricted. The O&M and Capital Funds Available are unrestricted cash reserves, made up of cash and investments.
Commercial Paper	Commercial paper, in the global financial market, is an unsecured promissory note with a fixed maturity of rarely more than 270 days. In layperson terms, it is like an "IOU" but can be bought and sold because its buyers and sellers have some degree of confidence that it can be successfully redeemed later for cash, based on their assessment of the creditworthiness of the issuing company.
Connection Fees	See Capacity Fee
Contra Costa County Employees' Retirement Association	The retirement association for 16 local agencies in Contra Costa County, including the County itself. CCCERA's retirement benefit structure is based upon the County Employees Retirement Law (CERL) of 1937, commonly referred to as the "37 Act."
Conveyance System	Pipelines and pumping stations that convey wastewater from customers to the treatment Plant.
Cost of Service Study	Equitably assigns cost responsibility to customers through rates and charges developed as part of the study.
Credit Rating	A rating assigned by a nationally recognized statistical rating agency, providing an indication to creditors of the ability of Delta Diablo to meet its financial obligations when due. Delta Diablo currently has a credit rating from Standard & Poor's. This good credit rating allows Delta Diablo to borrow at a lower cost than a less favorable credit rating.
Debt Policy	A policy adopted by the Board that discusses when and how bonds and other forms of indebtedness may be used by Delta Diablo.
Debt Service	Expenditures for interest and principal repayment on bonds or other debt.

Debt Service Coverage	The ratio of net revenues to debt service requirements, calculated in accordance with bond documents. Delta Diablo's debt policy specifies that Delta Diablo will target a debt service coverage ratio of at least 1.75 for financial planning and rate-setting purposes.
Debt-Funded	Expenditures for capital projects which are funded by bonds, state loans, or other debt.
Deficit	The excess of expenditures or expenses over revenues during a single accounting period.
Delta Household Hazardous Waste Collection Facility (DHHWCF)	The service and facility operated by Delta Diablo providing for the safe disposal of items that, in the absence of this service, could be inappropriately disposed of through the sewer system, risking pollution of the Bay.
Department	A major organizational unit with overall managerial responsibility for functional programs.
Depreciation	A reduction in the value of an asset with the passage of time, due in particular to wear and tear.
District Code	A system of rules, which are compiled and arranged by a municipal corporation, and are adopted and used to regulate the conduct of its inhabitants and government.
Division	A major organizational unit of a department. Most departments have several divisions, each providing different services.
Encumbrance	The obligated and unspent portion of a contingent liability established through a purchase order that is chargeable to an account. It ceases to be an encumbrance when it is paid by the recording of an invoice or a reduction of the purchase order's outstanding balance occurs.
Enterprise Funds	In governmental accounting, these are used to account for self-sustaining activities that derive the major portion of their revenue from user fees. Enterprise Fund Accounting is used operations financed and operated in a manner similar to business enterprises, and for which preparation of an income statement is desirable. Delta Diablo uses six enterprise funds to account for separate business-type activities.

Equivalent Residential Unit (ERU)	A measure of sewage volume and strength equivalent to a typical residential household.
Expenditure	The payment of an obligation from Delta Diablo's cash amounts.
Fiscal Year	The 12-month period that begins on July 1 and ends on June 30 of the following year.
Full-Time Equivalent (FTE)	An employee who works full time counts as 1 FTE.
Fund	An independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and/or resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives. One type of government fund is an enterprise fund and is the only type of government fund used by Delta Diablo.
Fund Balance (Net Assets)	Assets minus liabilities (also called net assets).
Funded Position	Authorized position for which the Board has appropriated funding in a fiscal year.
GASB 45	An accounting requirement published in 2004 by the Governmental Accounting Standards Board (GASB) that addresses how the accounting and financial reporting for post-employment benefits other than pensions (OPEB) should be performed. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.
GASB 68	An accounting requirement of the Governmental Accounting Standards Board effective in 2014 that addresses Accounting and Financial Reporting for Pensions, which revises and establishes new financial reporting requirements for most state and local governments that provide their employees with pension benefits.

General Manager	The Chief Executive Officer of Delta Diablo, hired by the Board.
General Obligations (GO) Bonds	When a government pledges its full faith and credit to the repayment of the bonds it issues, those bonds are general obligation (GO) bonds. Sometimes, the term is also used to refer to bonds which are to be repaid from taxes and other general revenues.
Generally Accepted Accounting Principles (GAAP)	Generally Accepted Accounting Principles are the accounting rules that are required to be followed by organizations in the U.S. These Principles are established by two organizations: The Financial Accounting Standards Board for commercial and not-for-profit entities, and the Governmental Accounting Standards Board for governmental entities in the United States.
Goal	The long-term continuing mission of a department, division, or program. Goals define the strategic results to be achieved and therefore indicate the relevance, permanence, scope, and effectiveness of that outcome.
Government Finance Officers Association (GFOA)	Government Finance Officers Association represents public finance officials throughout the U.S. and Canada; it provides best practice guidance, consulting, networking opportunities, publications, training programs, and recognition programs to its members.
Governmental Accounting Standards Board (GASB)	Governmental Accounting Standards Board is the body that specifies the accounting rules for governmental agencies in the U.S. The Board issues GASB statements that can require significant changes to an agency's financial reporting.
Infrastructure	The tangible physical components that ensure delivery of reliable, high-quality wastewater service now and in the future. Typical components are reservoirs, pumping plants, pipelines, and anaerobic digesters.
Internal Control	The plan of organization and all other coordinated methods and procedures adopted to safeguard assets; check the operations data; promote operational efficiency, economy, and effectiveness; and encourage adherence to prescribed managerial policies that will accomplish the objectives of the organization.

Key Performance Indicators (KPI)	Indicators with specific targets that measure how well Delta Diablo is progressing in achieving its goals under the Key Metrics of the Strategic Plan.
Liability	A debt of the business; an amount owed to creditors, employees, government bodies, and others; a claim against assets.
Modified Accrual Basis of Accounting	The accrual basis of accounting adapted to the government fund type under which revenues are recognized when they become both "measurable" and "available to finance expenditures of the current period." Expenditures are generally recognized when the related fund liability is incurred.
Modified Cash Flow Basis	Income and expense accounting method that records revenue when cash is received and records expenses when cash is paid.
Net Assets	<i>See Fund Balance.</i>
One-Time Revenue	A revenue that cannot reasonably be expected to continue, such as a single-purpose federal grant, an interfund transfer, or use of a reserve. Continual use of one-time revenues to balance the annual budget can indicate that the revenue base is not strong enough to support current service levels.
Operating Appropriation	Board-approved funding for operating expenses. Unspent appropriations do not rollover to the next fiscal year.
Operating Budget	A financial plan to fund ongoing operations costs incurred to operate Delta Diablo, excluding the building of capital assets, which are included in the capital budget.
Operating Deficit	When current expenditures exceed current revenues.
Operating Departments	The units of Delta Diablo that carry out the mission of the agency: Administration, Business Services, Engineering, and Resource Recovery Services.

Operating Labor	The portion of Delta Diablo’s labor costs supporting day-to-day operations.
Other Post- Employment Benefits (OPEB)	In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (e.g., life insurance) when provided separately from a pension plan.
Pay as You Go	A term used to describe paying expenses as they are incurred, as opposed to pre-paying, pre-funding, or setting money aside for future expenses. Used primarily to refer to the strategy of paying for capital projects.
Performance Measures	Specific quantitative measures of work performed within an activity or program (e.g., total miles of pipes cleaned). Also, a specific quantitative measure of results obtained through a program or activity (e.g., reduced incidence of vandalism due to a new street lighting program).
Program	Broadly defined group of related reference projects combined to facilitate planning and decision making.
Project	Project level identified in the CIP comprised of a set of tasks that can be carried out independently but require coordination with other projects to ensure overall program success.
Proposed Budget	The recommended balanced financial plan for a specific period of time submitted for consideration to the Board prior to the start of the Proposition 218 notification process.
Proprietary Fund	Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis.
Public Employees’ Pension Reform Act (PEPRA)	California’s Public Employees’ Pension Reform Act established a new less costly retirement tier for employees newly hired or which did not have prior service with a reciprocal retirement system prior to January 1, 2013.

Rate (or Cash) Funded Expenditures	Annual operations and maintenance expenses as well as the portion of the capital program that are funded from current revenues.
Rates	Charges for services to customers that cover the costs of such services while allowing Delta Diablo to remain reserve neutral.
Regular Position	Full-time, civil service position.
Reserve Policy	A document outlining minimum reserve thresholds, identifying current and potential reserves, and explaining what reserves are, or will be used for.
Reserves	See <i>Cash Reserves</i> .
Restricted Reserves	Monies that, by action of the Board, State Law, or Bond Covenants, are required to be spent on specific programs or held for specified purposes.
Restricted Revenue	Monies that are legally earmarked for a specific use, as may be required by state law, bond covenants, or grant requirements. For instance, capacity fees must be used within the Sewer Construction Fund; the revenue cannot be transferred to O&M.
Revenue	Monies received from rates, charges, and other sources. Revenues are used to pay for expenditures.
Revenue Bonds	Bonds (instruments and indebtedness) issued by the public sector to finance a facility or equipment purchase, which, unlike general obligation bonds, are not backed by the full faith and credit of the government. Instead, their revenues are generated from the facility or equipment that they finance. Because they are state or local government bonds, their interest earnings are typically tax-exempt under the Internal Revenue Code.
Revenue-Funded Capital	Expenditures on capital projects which are funded by revenues of Delta Diablo rather than by debt, grants, or other funds.

Service Area	The cities and areas served by Delta Diablo, including Antioch, Pittsburg and Bay point in Contra Costa County.
Statement of Net Assets (Balance Sheet prior to GASB 34)	A statement reporting the present financial position of an entity by disclosing the value of its assets, liabilities, and equities as of a specified date. Assets minus liabilities equal fund balance (also called Net Assets).
Strategic Plan	The document that provides a blueprint for how Delta Diablo will respond to future challenges and changing priorities. It outlines specific goals, strategies, and objectives to guide Delta Diablo and establishes criteria to measure progress.
Strategy	Highest level of capital improvement activities, generally a grouping of related programs. Represents key capital objectives as defined in the Mission Statement, Strategic Plan, and Board policies and directives.
Unfunded Actuarial Accrued Liability (UAAL)	The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation. This is a term used in connection with pension plans or commitments to provide other post-employment benefits (OPEB) to employees.
Unfunded Liability	Liability that has been incurred during the current or a prior year, that does not have to be paid until a future year, and for which reserves have not been set aside. This is similar to a long-term debt in that it represents a legal commitment to pay at some time in the future.
Working Capital	The capital of a business which is used in its day-to-day trading operations, calculated as the current assets minus the current liabilities.

List of Acronyms

ADC	Actuarial Determined Contribution
AMP	Asset Management Program
AT	Advanced Treatment
BACC	Bay Area Chemical Consortium
CA	Capital Asset
CAR	Capital Asset Replacement Fund
CBS	Contributed Benefit Savings
CCCERA	Contra Costa County Retirees' Association
CFCC	Capital Facilities Capacity Charges
CIP	Capital Improvement Program
ECBP	East County Bioenergy Project
ERP	Enterprise Resource Planning
ERU	Equivalent Residential Unit
HHW	Household Hazardous Waste
IFC	Delta Diablo Integrated Finance Corporation
MGD	Million Gallons per Day
NPDES	National Pollution Discharge Elimination System
OPEB	Other Post-Employment Benefits
PARS	Public Agency Retirement Services
PEMHCA	Public Employees Medical & Hospital Care Act
RRFMP	Resource Recovery Facility Master Plan
RWF	Recycled Water Facility
SCADA	Supervisory Control and Data Acquisition
SSC	Sewer Service Charge
SWRCB	State Water Resources Control Board
WWTP	Wastewater Treatment Plant

June 14, 2023

**RECEIVE MONTHLY LOBBYIST REPORT DATED MAY 2023,
KEY ADVOCATES, INC., WESTERN RECYCLED WATER COALITION**

Recommendation

Receive and file report.

Background Information

As a member of the Western Recycled Water Coalition (WRWC), the District receives a monthly summary report related to lobbying activities from Key Advocates, Inc. (KA).

Analysis

Attached is the report for May 2023, which was produced by KA and distributed to WRWC members.

Financial Impact - None.

Attachment

KA Monthly Report, May 2023

Prepared by: _____



Thanh Vo
Acting Engineering Services Director

cc: District File No. BRD.01-ACTS





(703) 340-4666

www.keyadvocates.com

May 31, 2023

To: WRWC
From: Sante Esposito
Subject: May Monthly Report

NOTE: default deadline June 5. House of Representatives expected to vote today on agreement/bill after 7PM EST. Passage is expected with supporting votes coming from both parties. Senate consideration starting tomorrow.

Debt Limit Extension Agreement: the “Fiscal Responsibility Act of 2023”

- **Raises the debt ceiling:** Increases the debt limit for two years until January 1, 2025.
- **Caps non-defense spending:** Rolls back to FY22 levels, described as “remaining essentially flat,” with a 1% annual growth for the next six years.
- **Defense spending:** Would be protected, rising about 3% for FY24.
- **Protects veterans’ medical care:** Maintains full funding for veterans’ health care and increases support for the PACT Act’s toxic exposure fund by nearly \$15B for FY24.
- **Expands work requirements:** Temporarily broadens work requirements for certain adults receiving food stamps. Currently, childless, able-bodied adults ages 18 to 49 are only able to get food stamps for three months out of every three years unless they are employed at least 20 hours a week or meet other criteria. Raises the age to 54. Also expands exemptions for veterans, people who are homeless and others in the Supplemental Nutrition Assistance Program, or SNAP, as food stamps are formally known. All changes would end in 2030. No work requirements for Medicaid.
- **Recovers unspent Covid-19 relief funds:** Rescinds approximately \$30B in unspent funds from the Covid-19 relief packages but state and local government funds not included.
- **Cuts Internal Revenue Service funding:** Cancels the FY23 staffing funding for new IRS agents.
- **Restarts student loan repayments:** Requires borrowers to pay back their student loans starting at the end of August.
- **Appropriations incentives:** Requires all the appropriations bills be passed by year’s end and, if not, a 1% spending cut would be enforced evenly to defense and nondefense programs.
- **Environmental permitting:** Limits Federal environmental reviews to one or two years.
- **Reduces the deficit:** By \$1.5T over a decade, according to the Congressional Budget Office.

- **Non-defense Spending Caps**

The agreement does NOT specify or include specific program cuts. What it includes is an overall total cap on spending (for FY24, \$703.7B), leaving it to the appropriations process to decide how to “live” within the cap. Therefore, the agreement does not necessarily mean that each nondefense program will be cut by 1%. Some could be cut more; some not at all. Some could even get an increase as long as funding for other programs is offset. Of concern is what impact the nondefense spending caps will have on FY24 CWSRF funding.

FY24 Appropriations Bills

No markups yet in either House. Bills on hold pending resolution of debt limit extension issue. A Continuing Resolution is becoming more and more likely. Uncertainty, per the above, as to how funding for the CWSRF will fare given the FY24 cap.

Clean Water SRF: FY24 Versus FY22 Funding

For FY24, the general fund appropriation for the CWSRF base allotment (does not include takedowns like emerging containments) is expected to be \$1.639B plus another \$2.628B from the Bipartisan Infrastructure Law (BIF) for a total of \$4.267B. However, two factors could alter these – earmarks as a takedown as was done in FY22 (\$443M) and FY23 (\$863M), and/or an agreement to cap FY24 levels at FY22 amounts, as the House Republicans have proposed. .

For FY22, the CWSRF base allotment general fund appropriation after the earmark takedown was \$1.195B plus another \$1.902B from the BIF for a total of \$3.097B. So that’s \$3.097B in FY22 versus potentially \$4.267B in FY24.

Earmarks

The Coalition continues to express concern about the FY23 appropriations process regarding final funding of the CWSRF and related earmarks. Going into final deliberations of the House and Senate Interior Appropriations Bills, funding for the CWSRF was basically about the same in both bills - @\$1.6B. Then came the decision to reduce spending overall. Instead of reducing earmark spending – owing to Member pressure – programs were cut including the CWSRF base allotment which was reduced to \$775.8M to accommodate related earmarks. The Coalition stated that continuance of that approach for FY24 and beyond is a real problem and counter to the goal of the Bipartisan Infrastructure Law which was to increase CWSRF spending over and above increases in the traditional appropriations process and not in lieu of reductions by that process. Regarding earmarks in general, this year both House Republicans and Democrats are heavy participants in the earmark process – House members requested about 5,000 earmarks, a nearly 7% increase over last year, for a total of \$19.4B. Also, 70% of House Republicans are participating in the earmark process this year compared to 50 percent two years ago. Senate earmark numbers are still being tabulated, but there is heavy participation from both sides.

President's FY24 Budget

For the CWSRF, \$1.638B and for the Safe Drinking Water SRF, \$1.2B. The President's Budget rejects earmarks as a takedown from the basic SRF funding. For Title XVI, \$4M, the same as the FY23 Biden Budget but increased by the appropriators to \$60M, of which \$20M was for WIIN grants.

Coalition 2023 WIIN Grant Applications

Received an inquiry from USBR headquarters. They said that they are interested in knowing if any of the Coalition members are considering applying for a 2023 WIIN grant. They said that they are just looking for "best guesses" at this time - nothing binding. Title XVI 2023 WIIN Grants – the USBR announced that \$150M plus what is provided in the FY23 appropriations bill (\$20M) would be available for 2023 WIIN grants. We're hearing closer to \$134M. As previously reported, for 2023 WIIN Act funding opportunities, the USBR is still developing the schedule but the plan is to first release the funding opportunity for the large-scale water recycling program in the spring with funding opportunities for WIIN grants and desalination construction to follow in the summer.

Issues/Bills of Interest

Alternative Water Source Program Funding - regarding the AWSP, it was authorized in the Bipartisan Infrastructure Law but was not funded. Again, all were in support of funding for the Program, which includes the language the Coalition requested that makes USBR recycled water projects that have not received construction funds eligible to apply for AWSP grants.

Mega Recycled Water Project Funding – continue to look for opportunities to increase funding for mega recycled water projects over and above the \$450M provided in the Bipartisan Infrastructure Law.

STREAM Act – on May 26, at the request of staff of Senator Feinstein, the Coalition sent a letter of support for the the bill regarding its plan introduction. The bill is basically the same bill the Senator introduced last Congress and includes the following: \$300M over five years for water recycling, \$750M for surface and groundwater storage and conveyance projects, \$150M for desalination projects, \$100M for projects to provide drinking water for disadvantaged communities, and \$250M for environmental restoration projects.

Napolitano WIIN Grant Reform Bill - waiting on her office and the Natural Resources Committee Democrats for next steps. Her staffer said that the major features of the bill - increased funding, federal share increase, and repeal of prior approval appropriations requirement - were all included in the Bipartisan Infrastructure Law, and that now they are focusing on smaller items, if any, that were not included. This is an issue that the Coalition needs to research further because the Coalition's view is that the Napolitano bill, which authorizes the WIIN grant program, is different than the Bipartisan Infrastructure Law which appropriated WIIN grant funding, and thus, is still needed to support funding beyond the life of the Bipartisan

Infrastructure Law, to codify the Federal share increase which was done this year by the USBR administratively and not by law and thus, could be undone as well, etc. Also, if the Napolitano bill of last Congress is not needed because it was overtaken by the Bipartisan Infrastructure Law, then why is Feinstein pursuing the STREAM Act which addresses the same issues as the Napolitano bill bill?

Bill Tracking

Many bills are introduced. Most of them for political reasons. Most do not advance beyond introduction – committee hearing, markup, Floor action. Accordingly, we will only note bills of interest that are advancing through the legislative process and/or come to our attention.