

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

2500 Pittsburg-Antioch Highway | Antioch, CA 94509
WEDNESDAY, DECEMBER 11, 2019
4:30 P.M.

Persons who wish to address the Board during Public Comments or with respect to an item on the Agenda will be limited to three (3) minutes. The Board Chair may reduce the amount of time allotted per speaker at the beginning of each Item or Public Comments period depending on the number of speakers and the business of the day. Your patience is appreciated. A break may be called, or an item may be taken out of order, at the discretion of the Board Chair.

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. RECOGNITION

- 1) **Adopt** Resolution Commending and Congratulating Patricia Chapman, Associate Engineer, on her Retirement from the District (Brian Thomas)
- 2) **Introduction** of Andrew Mora, Environmental Compliance Specialist I (Darrell Cain)

E. CONSENT CALENDAR

- 1) **Adopt** Resolution Authorizing General Manager to File U.S. Bureau of Reclamation CALFED Water Use Efficiency Grant Application and to Execute the Grant Agreement upon Completion of Negotiations, Recycled Water Facility Sand Filter Efficiency Project (Jayne Strommer)
- 2) **Approve** Delta Diablo Board of Directors Meeting Schedule for 2020 (Cecelia Nichols-Fritzler)
- 3) **Approve** Minutes of Regular Board of Directors Meeting, November 13, 2019 (Cecelia Nichols-Fritzler)
- 4) **Authorize** General Manager to Execute Consulting Services Contract in an Amount Not to Exceed \$183,798, Kennedy Jenks, Engineering Services, Asset Management Program Development, Project No. 19109 (Jayne Strommer)
- 5) **Approve** Project Design; **Award** and **Authorize** General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$502,900, Pacific Infrastructure Corporation; **Authorize** General Manager or His Designee to Approve Contract Change Orders in an Amount Not to Exceed 10% of Contract Amount; and Related Actions, Sodium Bisulfite Tank Replacement, Project No. 17139 (Ian Bronswick)

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 at the Treatment Plant Building, 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.

- 6) **Receive** District Monthly Check Register, November 2019 (Eka Ekanem)
- 7) **Adopt** Resolution Commending and Congratulating Tom Dacy, Engineering Technician, on his Retirement from the District (Brian Thomas)
- 8) **Approve** Re-Appropriation of Capital Improvement Program (CIP) Budget from Fiscal Year 2018/2019 to Fiscal Year 2019/2020 for Carryover Projects; and CIP Budget Adjustments for Reductions of Carryover Projects and Project Closures in Fiscal Year 2018/2019 (Carol Margetich)
- 9) **Receive** Notes from Finance Committee Meeting, December 3, 2019 (Cecelia Nichols-Fritzler)

F. DELIBERATION ITEMS

None

G. PRESENTATIONS AND REPORTS

- 1) **Receive** Update on Business Continuity Plan (Mary Harvey)
- 2) **Receive** Audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for Fiscal Year Ended June 30, 2019 (Carol Margetich)

H. MANAGER'S COMMENTS

I. DIRECTORS' COMMENTS

J. CORRESPONDENCE

Receive Monthly Lobbyist Report dated October 2019, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024 (Jayne Strommer)

K. CLOSED SESSION

None

L. ADJOURNMENT

Assuming the proposed 2020 Board meeting schedule is approved, the next regular Board meeting will be January 15, 2020 at 4:30 p.m.

The District will provide reasonable accommodations for persons with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board 24-hours prior to the scheduled meeting at (925) 756-1927. Disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of members of the Board of Directors less than 72 hours prior to that meeting are available for public inspection at the Treatment Plant Building, 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.

December 11, 2019

ADOPT RESOLUTION COMMENDING AND CONGRATULATING PATRICIA CHAPMAN,
ASSOCIATE ENGINEER, ON HER RETIREMENT FROM THE DISTRICT

RECOMMENDATION

Adopt Resolution commending and congratulating Ms. Patricia Chapman on her retirement from the District, effective December 13, 2019.

Background Information

Ms. Chapman began her public service career with the Peace Corps where she served in Kenya from 1983 to 1985. She subsequently worked as an Assistant Engineer and Associate Engineer for the Contra Costa Water District. Ms. Chapman began her employment here at the District in May 1990 where she worked for seven years before leaving to pursue a consulting career. She rejoined the District as an Associate Engineer in November 2004.

Analysis

During her career at the District, Ms. Chapman managed over \$50 million in key capital planning and construction projects, including the Plant Operations Center, Treatment Plant Influent Pipeline Rehabilitation, Pittsburg Force Main Improvements, Bay Point Sewer Repairs, and Headworks Improvements. Each of these projects were integral to ensuring the renewal and replacement of critical District capital assets to ensure operational effectiveness and reliability. She also served as the project manager for a variety of wastewater conveyance and treatment system master plans, which helped establish capital improvement project priorities to address aging infrastructure, growth in the District's service area, and future regulatory impacts.

Ms. Chapman's proudest achievements were the 2010 Conveyance Master Plan Update and the current Headworks Improvements Project. The 2010 Conveyance Master Plan Update was the first project to utilize a new technology to perform hydraulic modeling that ultimately recommended the Headworks Improvements Project. As project manager, Ms. Chapman's leadership in the planning and design of the Headworks Improvements Project was instrumental in moving this project forward with construction scheduled to begin in early 2020.

Ms. Chapman is known for conducting detailed and thorough research and her willingness to share her knowledge with other staff and youths in the community. She was a regular volunteer at student events such as the annual Contra Costa County Science and Engineering Fair and plans to continue similar activities during her retirement years.

Staff is appreciative of Ms. Chapman's contributions to the District and the wastewater industry. She is well respected by her peers for her efforts to research and understand complex issues for the betterment of the District. We wish her well in her retirement.


Financial Impact

None


Attachment

Proposed Resolution

Prepared by:


Thanh Vo
Senior Engineer

Reviewed by:


Brian Thomas
Engineering Services Director/
District Engineer

cc: Patricia Chapman
District File HR.01



**BEFORE THE BOARD OF DIRECTORS
OF
DELTA DIABLO
(a Special District)**

**Re: Commending and Congratulating)
Ms. Patricia Chapman on her) RESOLUTION NO. xxx/2019
Retirement from the District)**

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Ms. Chapman served the District for over seven years from May 21, 1990 to September 30, 1997 and another 15 years from November 1, 2004 until her retirement on December 13, 2019; and

WHEREAS, she managed over \$50 million in key capital planning, design, and construction projects during her career at the District, including the Plant Operations Center, Treatment Plant Influent Pipeline Rehabilitation, Pittsburg Force Main Improvements, Bay Point Sewer Repairs, and Headworks Improvements; and

WHEREAS, she was the project manager for a variety of wastewater conveyance and treatment system master plans, which helped to prioritize implementation of capital improvement project to maintain operational effectiveness and reliability to address aging infrastructure, growth in the District's service area, and future regulatory impacts; and

WHEREAS, she volunteered to assist with various community events such as the annual Contra Costa County Science and Engineering Fair, which she participated in regularly as a District representative; and

WHEREAS, she was well respected by her peers for her efforts to research and understand complex issues for the betterment of the District and her willingness to share her knowledge.

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

Ms. Patricia Chapman is hereby commended and thanked for her 22 cumulative 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 December 11, 2019, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on December 11, 2019.

ATTEST: Federal Glover
Board Secretary

By: _____

December 11, 2019

INTRODUCTION OF ANDREW MORA, ENVIRONMENTAL COMPLIANCE SPECIALIST I

RECOMMENDATION

Welcome Mr. Andrew Mora to the District.

Background Information

The District recently completed a recruitment and selection process to fill the vacant Environmental Compliance Specialist position following a recent retirement. Based on a comprehensive and competitive recruitment and selection process, Mr. Mora was selected as the most qualified candidate to fill the position.

Analysis

Mr. Mora's employment commenced on November 13, 2019. As an Environmental Compliance Specialist I, his responsibilities include conducting stormwater inspections on behalf of the cities of Antioch and Pittsburg, and food service establishment inspections for fats, oils, and grease; monitoring and enforcing federal and state pretreatment regulations; performing laboratory analyses; and conducting pollution prevention public outreach and education.

Mr. Mora most recently served as an Environmental Compliance Inspector at the City of San Luis Obispo, where he was responsible for developing and conducting training programs to educate the general public, business owners, and contractors regarding industrial waste and stormwater pollution prevention, and sampling industrial dischargers for compliance. In addition, he was an Environmental Technician at the Selma-Kingsburg-Fowler County Sanitation District, where his responsibilities included laboratory sampling and analysis, stormwater inspections, and implementation of a pretreatment program. Mr. Mora has a Bachelor of Science degree in Biology from California State University Fresno. He resides in Antioch, enjoys hiking, and is a passionate San Jose Earthquakes and Sharks fan.

Financial Impact

Funding for the Environmental Compliance Specialist I position is included in the District's adopted Fiscal Year 2019/2020 budget.

Attachments

None

Prepared by:



Darrell Cain
Laboratory Manager

Reviewed by:



Dean Eckerson
Resource Recovery
Services Director

cc: Andrew Mora, Environmental Compliance Specialist I
District File HR.01-PEF-16382



December 11, 2019

ADOPT RESOLUTION AUTHORIZING GENERAL MANAGER TO FILE U.S. BUREAU OF RECLAMATION CALFED WATER USE EFFICIENCY GRANT APPLICATION AND TO EXECUTE THE GRANT AGREEMENT UPON COMPLETION OF NEGOTIATIONS, RECYCLED WATER FACILITY SAND FILTER EFFICIENCY PROJECT

RECOMMENDATION

Adopt Resolution authorizing the General Manager to file a CALFED Water Use Efficiency grant application with the United States Department of Interior, Bureau of Reclamation (USBR) and to execute the grant agreement and commit the required non-federal cost share upon completion of negotiations for implementation of the Recycled Water Facility (RWF) Sand Filter Efficiency Project.

Background Information

The U.S. Department of Interior's CALFED Water Use Efficiency Grants Program is part of the Bay-Delta Restoration Program. The USBR released a Funding Opportunity Announcement to support projects that will increase water reliability and improve water management within the Bay-Delta area. The District submitted a funding application as part of the competitive grant application process to upgrade the existing sand filter backwash system at the RWF. The grant funding application requires a Board-adopted Resolution authorizing submittal of the application within 30 days following the application deadline.

Analysis

This project involves the complete upgrade of the District's sand filter backwash system for the RWF, including air lift pumps, control panels, valves, sensors, and other ancillary equipment that are due for replacement. The existing sand filter backwash system uses a continuous backwash process to transport captured debris from the sand bed. The proposed project will allow for intermittent backflow of the existing sand filters, resulting in reduced internal recirculation, enhanced effluent quality, decreased chemical usage, and reduced energy consumption. It is anticipated that this project would significantly increase efficiency and result in a 90 percent reduction in reject water volume.

The project is estimated to cost \$729,000 with \$115,000 in annual operating savings through reduced electricity consumption and chemical usage. The maximum amount of grant funding that may be awarded is \$500,000 at a 50 percent cost share.

Financial Impact

The adopted Fiscal Year 2019/2020 – 2023/2024 (FY19/20 – FY23/24) Capital Improvement Program includes a total project budget through FY23/24 of \$600,000 in the Recycled Water Capital Asset Replacement Fund for the RWF Sand Filter Backwash Optimization Project. If the application is selected for funding and the District agrees with the terms of the grant agreement, the District will be required to provide the non-federal cost share, which is estimated at \$364,000. Staff will adjust the overall project budget as needed during the next CIP approval process to account for the full project cost and staff labor.

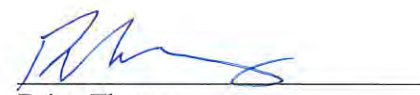
Attachment

Draft Grant Application Resolution

Prepared by:


Jayne Strommer
Government Affairs Manager

Reviewed by:


Brian Thomas
Engineering Services
Director/District Engineer

cc: District File No.



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

**Re: Authorizing Filing of CALFED Water Use Efficiency)
Grant Application for Funding Recycled Water)
Facility Sand Filter Efficiency Project and Authorizing)
General Manager to Execute Grant Agreement)**

RESOLUTION NO. X/2019

The BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, the United States Department of Interior, Bureau of Reclamation (USBR) CALFED Water Use Efficiency Grant program as part of the Bay-Delta Restoration Program provides grant funding opportunities on a competitive basis for the efficient use of water; and

WHEREAS, on June 12, 2019, the Board of Directors adopted Resolution No. 4/2019 approving the Fiscal Year 2019/20-2023/24 Capital Improvement Program, which includes this project; and

WHEREAS, Delta Diablo wishes to submit a grant application for said funding program.

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

1. The General Manager or his designee has reviewed and supports the application to be submitted to USBR for funding of the project under the CALFED Water Use Efficiency Grant program.
2. The General Manager or his designee is hereby authorized and directed to sign and file, for and on behalf of the Delta Diablo, a grant application.
3. The General Manager or his designee is hereby authorized to negotiate and execute a grant agreement with the USBR and any amendments thereto.
4. Contingent upon award of funding by USBR and approval by the General Manager or his designee, Delta Diablo has the capability to contribute the non-federal cost share, and work with USBR to meet established deadlines for entering into a grant agreement.

PASSED AND ADOPTED on December 11, 2019, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on December 11, 2019.

ATTEST: Federal Glover
Board Secretary

By: _____

December 11, 2019

APPROVE DELTA DIABLO BOARD OF DIRECTORS MEETING SCHEDULE FOR 2020

RECOMMENDATION

Approve the meeting schedule for the 2020 Delta Diablo Board of Directors meetings.

Background Information

The Brown Act requires public agencies to provide the time and place for holding regular meetings. The regular Board of Directors meetings are held monthly on the second Wednesday of each month at 4:30 p.m. at the District offices with certain exceptions. The 2020 meeting schedule includes a staff recommendation to move the January meeting from the second Wednesday (January 8, 2020) to the third Wednesday (January 15, 2020) of the month due to the compressed meeting preparation schedule associated with the holiday period and the normal Board meeting schedule.

Analysis

All meetings are scheduled to begin at 4:30 p.m. except for the May 13, 2020, meeting, which will include the annual Public Hearing on Sewer Service Charges and begin at 5:30 p.m.

Proposed dates for regular Board meetings in 2020 are as follows:

- January 15
- February 12
- March 11
- April 8
- May 13 (5:30 p.m. start)
- June 10
- July 8
- August – no regular Board meeting scheduled
- September 9
- October 14
- November 11
- December 9

The Board is asked to review the meeting schedule and approve or revise the schedule for 2020.

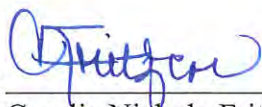
Financial Impact

None

Attachments


None

Prepared by:



Cecelia Nichols-Fritzler
Office Manager/Secretary to the Board

Reviewed by:



Vince De Lange
General Manager



December 11, 2019

APPROVE MINUTES OF REGULAR BOARD OF DIRECTORS MEETING, NOVEMBER 13, 2019

RECOMMENDATION

Approve Minutes of the Regular Board of Directors Meeting of November 13, 2019

DRAFT

**Minutes of the Regular Board of Directors Meeting
NOVEMBER 13, 2019**

The meeting was called to order by Chair Sean Wright on Wednesday, November 13, 2019, at 5:32 p.m., in the Board Room, located at 2500 Pittsburg-Antioch Highway, Antioch. Also present were Juan Antonio Banales, Vice Chair; Federal Glover, Director; Mary Ann Mason, District Counsel; Vince De Lange, General Manager; Stacy Tucker, Acting Office Manager/Secretary to the Board; Carol Margetich, Business Services Director; Dean Eckerson, Resource Recovery Services Director; Brian Thomas, Engineering Services Director/District Engineer; Mary Harvey, Safety Manager; Amanda Roa, Environmental Programs Manager; Jayne Strommer, Government Affairs Manager; Irene O’Sullivan, Associate Engineer/P&T Bargaining Unit Representative; Joaquin Gonzalez, Operations Manager; Steve Rodriguez, Operations Supervisor; Thanh Vo, Senior Engineer; Matt Gotshall, Computer Analyst/P&T Bargaining Unit Representative; Cindy Kirk, Administrative Assistant III; Eka Ekanem, Senior Accountant; Jackie Baello, Accounting Technician; Jennifer Moniz, Accounting Technician; Alex Nepomuceno, Accounting Technician; and Christopher Davenport, Psomas.

PUBLIC COMMENTS

None.

RECOGNITION

Receive Presentation of Certificate of Achievement for Excellence in Financial Reporting and Recognize and Commend the Finance Division and Business Services Director for Receiving the Award of Financial Reporting Achievement for Fiscal Year 2017/2018 from the Government Finance Officers Association

Ms. Margetich presented the Certificate of Achievement for Excellence in Financial Reporting and the Award of Financial Reporting Achievement (AFRA) from the Government Finance Officers Association (GFOA) for the District’s Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2017/2018 (FY17/18). She expressed this is a prestigious national award and represents the highest form of recognition in the area of governmental accounting and financial reporting. Only 1.4% of California Special Districts and approximately 0.8% of Special Districts on a national level received this award in 2017. Ms. Margetich recognized the efforts of Finance Division staff, who were in attendance, noting that this achievement would not be possible without their efforts. In addition, she noted that the District has early indications that the recent

external financial audit would conclude with no findings. Mr. De Lange recognized Ms. Margetich for her efforts in leading and guiding the team. The Board applauded the Finance Division staff for their efforts. Director Glover thanked staff for their great work and dedicated service to the District. Chair Wright congratulated and thanked the Finance Division for being part of the top 1%.

CONSENT CALENDAR

Prior to approval of the Consent Calendar, Chair Wright stated he would abstain from Item E/1 Approve Minutes of Regular Board of Director Meeting, October 9, 2019, as he was absent from the meeting. Director Glover called for a motion for approval of the Consent Calendar without Item E/1, Director Banales moved approval, and by voice vote (Ayes: *Glover, Banales and Wright*; Noes: *None*; Absent: *None*; Abstain: *None*), the following consent items were approved according to staff recommendations: Receive Notes from Personnel Committee Meeting, October 30, 2019; Approve Job Description and Salary Range for New Maintenance Planner/Scheduler Classification; Approve Actions Related to Headworks Improvement Project, Project No. 17117, (a) Approve Project and Design; Grant Bid Relief for Construction Bid Submitted By Myers and Sons Construction, LLC; Waive Minor Irregularities in Bid Documents Submitted by C.W. Roen Construction Company; Award and Authorize General Manager to Execute Construction Services Contract in an Amount Not to Exceed \$9,514,000, C.W. Roen Construction Company; Authorize General Manager or His Designee to Approve Contract Change Orders in an Amount Not to Exceed 5% of Contract Amount; and Related Actions, Headworks Improvements Project, Project No. 17117, (b) Authorize General Manager to Execute Amendment No. 4 to Consulting Services Contract in an Amount Not to Exceed \$572,493 Engineering Services, Carollo Engineers, Inc.; and Authorize General Manager to Execute Consulting Services Contract in an Amount Not to Exceed \$780,181, Construction Management Services, Psomas, Headworks Improvements Project, Project No. 17117; Receive District Monthly Check Register, September 2019; Receive First Quarter Fiscal Year 2019/2020 District Investment Report; Authorize General Manager to Execute Amendment No. 2 to Consulting Services Contract, Dewberry Engineers, Inc., Sodium Bisulfite Tank and Chemical Building Replacement Project, Project No. 17139; and Receive Notes from Finance Committee Meeting, November 7, 2019

DELIBERATION ITEMS

Approve Administrative Handbook Policy No. 3075, Debt Management and Continuing Disclosure

Ms. Margetich provided a presentation and overview of the key policy development drivers, noting the policy directly supports the District's Financial Sustainability, which is included in the Strategic Business Plan. She described key drivers, which includes supporting the District's financial sustainability, meeting new loan documentation requirements, and complying with Senate Bill 1029 (SB 1029) requirements. Ms. Margetich reviewed the main elements of SB 1029, which includes adopting a debt management policy that specifies allowable uses of debt, types of debt, and internal control procedures. Ms. Margetich highlighted that the policy will ensure regular Board reporting, transparency, and maintenance of internal controls. She stated there are no direct impacts to near-term financial decisions.

Ms. Margetich requested that the Board approve the proposed Debt Policy, which was reviewed by the Finance Committee and recommended to be presented to the full Board for consideration.

Director Glover called for a motion for approval, Director Banales moved approval, and by voice vote (Ayes: *Glover, Banales and Wright*; Noes: *None*; Absent: *None*; Abstain: *None*) the Board approved the Debt Management and Continuing Disclosure Policy.

PRESENTATIONS AND REPORTS

Receive Update on District's Safety Program

Ms. Harvey provided an overview and update on the District's Safety Program. She noted the District's Injury and Illness Prevention Program (IIPP) promotes the health and well-being of its employees, contractors, and the public through established procedures and safe work practices, which is required by Cal/OSHA. Ms. Harvey described the Consolidated Emergency Management Plan, which complies with Health and Safety Training Requirements, as key to coordinating response and recovery exercises and supporting emergency preparedness and resiliency. Ms. Harvey reviewed the District's safety record from 2014 through 2018, noting that 2018 incident rates were slightly higher than industry average. She stated that the four recordable incidents, which include lost time or modified duty, have all been addressed.

Director Banales inquired regarding the year to date total amount of recordables for 2019 to determine if this trend was continuing. Ms. Harvey responded that she believes there is one incident to date. Director Banales commented that the incident trend has increased recently and asked Ms. Harvey to provide her thoughts on the progression from 2016 to 2018, as well as ideas for improvement. Ms. Harvey responded that the incidents were preventable and that the District will continue to focus on safety by consistently avoiding potential safety hazards and ensuring safety planning is a priority component of job planning.

Mr. De Lange requested that Ms. Harvey highlight Safety Committee activities as they relate to reviewing safety incidents, identifying root causes, and providing staff communication and training. Ms. Harvey reported that the Safety Committee meets quarterly and discusses safety incidents and creates investigative teams. Director Banales questioned whether each incident is investigated with corrective actions identified on a formal level, which was confirmed by Ms. Harvey.

Director Glover thanked Ms. Harvey for the report and asked if a root cause analysis is completed for every incident. Ms. Harvey responded that a root cause analysis is not performed on every incident. Director Glover questioned what raises an incident to be investigated to a root cause level. Ms. Harvey explained that a root cause analysis is typically triggered by lost-time injury, modified work duty, or physical therapy.

Chair Wright inquired if lost time or modified work duty is recorded as a number, as shown on the recordable incident chart. Ms. Harvey confirmed and explained that a reportable number is anything that is not treatable with an adhesive bandage, such as needing physical therapy or receiving prescription medication. Chair Wright thanked Ms. Harvey for her report.

The Board received and filed the Report.

Receive Update on National Pollutant Discharge Elimination System and Nutrient Watershed Permits

Ms. Roa provided background on the NPDES permit process and its connection to the goals of the 1972 Clean Water Act. She provided examples of both technology- and water quality-based

permit limits. Ms. Roa stated that the San Francisco Regional Water Quality Control Board (RWB) issues an NPDES permit to the District every five years, while noting that the current permit expired on September 30, 2019 and remains in effect until the new one is issued. Ms. Roa highlighted the District's efforts to negotiate and work collaboratively with RWB to address potential impacts from the City of Antioch's proposed Brackish Water Desalination Project on the District's NPDES permit requirements. She provided a project overview and a summary of key operating conditions. Ms. Roa informed the Board regarding key changes to the District's NPDES permit and the associated permit approval timeline, with an RWB hearing on December 11, 2019 and an effective date of February 1, 2020.

Ms. Roa provided background on the Nutrient Watershed Permit (NWP) approach, which represents a regional, collaborative, and sound-science based approach between publicly-owned treatment works (POTWs), regulators, and the scientific community to address the potential impacts of nutrient loading on the health of San Francisco Bay. As a Bay Area Clean Water Agencies (BACWA) member, the District participated in a Nutrient Reduction Study along with 36 other POTWs to identify the cost and effectiveness of various nutrient management approaches. The study indicated that nutrient load reductions of 10-20%, 60%, and 80% on a regional level would require capital investments of \$119-\$391 million, \$7 billion, and \$8.5 billion, respectively. In addition, in order for the District to meet potential nutrient removal limits, required capital improvements would be in the range of \$134-\$167 million. Ms. Roa emphasized the continued need for scientific research to ensure a scientific approach to nutrient management and regulation, while noting BACWA's increased funding contributions in this area.

Chair Wright asked whether future nutrient load caps factored in potential future growth in the District's service area. Ms. Roa responded that RWB included a 15% contingency to account for future growth. Mr. De Lange commented that this was a key focus area for the District during negotiations and that this contingency would provide coverage for seven to eight years based on current growth projections. In addition, he noted that the District has negotiated consideration for nutrient loading associated with growth of organics co-digestion programs, as well as potential loss of recycled water production—both of which would increase nutrient loading to the Delta.

Chair Wright thanked Ms. Roa for the report.

The Board received and filed the Report.

MANAGER'S COMMENTS

Mr. De Lange recognized Operations and Maintenance staff for their excellent response in maintaining operational reliability at the Pittsburg Pump Station and avoiding a sanitary sewer overflow despite excessive debris buildup, which required de-ragging multiple pumps on a daily basis over the last two weeks. He stated that the District has identified illegal dumping of trash and clothing through manholes adjacent to local encampments as the cause and worked to secure these manholes in response. Mr. De Lange stated that staff conducted CCTV inspection of the 30-inch line upstream of the pump station and is now working to remove accumulated debris. In addition, he acknowledged the District team, led by Ms. Roa, that supported a successful NPDES permit compliance site inspection by RWB representatives on November 8, 2019.

DIRECTORS' COMMENTS

Chair Wright noted the City of Antioch's focus on homelessness and recent approval to provide outhouses and dumpsters near some of the encampments, which would likely help alleviate impacts of debris that is currently being dumped into manholes.

CORRESPONDENCE

Receive Monthly Lobbyist Report dated September 2019, Key Advocates, Inc., Western Recycled Water Coalition, Project No. 90024

The Board received and filed the report.

CLOSED SESSION

District Counsel stated that the Board would be going into Closed Session regarding anticipated litigation involving an employment discrimination claim.

Director Banales adjourned to Closed Session at 5:22 p.m. He reconvened to open session at 5:53 p.m. and stated there was nothing to report.

ADJOURNMENT

Director Banales adjourned the meeting at 5:53 p.m. The next regular meeting of the Board of Directors is scheduled for December 11, 2019 at 4:30 p.m.

Federal Glover
Board Secretary

(Recording Secretary:
Stacy Tucker)

December 11, 2019

AUTHORIZE GENERAL MANAGER TO EXECUTE CONSULTING SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED \$183,798, KENNEDY JENKS, ENGINEERING SERVICES, ASSET MANAGEMENT PROGRAM DEVELOPMENT, PROJECT NO. 19109

RECOMMENDATION

Authorize the General Manager to execute a Consulting Services Contract with Kennedy Jenks (KJ) to provide Asset Management Program development services in an amount not to exceed \$183,798.

Background Information

The District's wastewater collection, conveyance, and treatment systems include thousands of District-owned assets. These assets need to be properly designed, constructed, operated, maintained, and periodically replaced to meet the District's core mission to "Protect public health and the environment of our communities by providing wastewater and other resource recovery services of exceptional quality and value." In addition to focusing on physical infrastructure, a successful Asset Management Program (AMP) also includes the District's internal and external stakeholders (e.g., staff, customers, regulators) who directly or indirectly interact with and/or rely on these assets.

The District has a Fiscal Year 2019/2020 (FY19/20) Strategic Business Plan Initiative to "Initiate implementation of a risk-based Asset Management Program that ensures effective asset performance, reliability, and investment through integrated, robust business processes." To further this effort, the District entered into a consultant services contract with KJ in July 2019. KJ held two general asset management training sessions focused on reliability principles that were well-attended by staff. Subsequent to the training sessions, KJ conducted five half-day workshops to conduct a Business Risk and Vulnerability Analysis (BRVA) of the District's conveyance, wastewater, and recycled water system assets. Over 20 employees participated in these workshops to develop an agency-wide risk matrix that was used to assess the risk associated with existing systems. Following the workshops, KJ prepared a BRVA report, which provided a detailed roadmap with recommended organizational improvements to implement a risk-based AMP in accordance with the District's Strategic Initiative.

Analysis

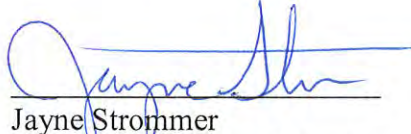
The proposed scope of work for AMP development includes two primary tasks. The first task will assess and develop Business Process Standards and identify improvements to current practices to better support the District's AMP goals. The second will assess the functionality of the current computerized maintenance management system (CMMS) platform, identify improvements to the CMMS application to support facility operation and maintenance, and provide functional requirements to upgrade or replace the existing CMMS.




Financial Impact

The adopted FY19/20 – FY23/24 Capital Improvement Program budget includes an appropriation of \$300,000 through FY19/20 with a total project budget of \$600,000 for the Asset Management Program in the Wastewater Capital Asset Fund. There is sufficient budget appropriated in the current fiscal year for the planned expenses.

Prepared by:


Jayne Strommer
Government Affairs Manager

Reviewed by:


Brian Thomas
Engineering Services
Director/District Engineer

cc: District File No. P.19109.01.04



ITEM E/5

December 11, 2019

APPROVE PROJECT DESIGN; AWARD AND AUTHORIZE GENERAL MANAGER TO EXECUTE CONSTRUCTION SERVICES CONTRACT IN AN AMOUNT NOT TO EXCEED \$502,900, PACIFIC INFRASTRUCTURE CORPORATION; AUTHORIZE GENERAL MANAGER OR HIS DESIGNEE TO APPROVE CONTRACT CHANGE ORDERS IN AN AMOUNT NOT TO EXCEED 10% OF CONTRACT AMOUNT; AND RELATED ACTIONS, SODIUM BISULFITE TANK REPLACEMENT, PROJECT NO. 17139

RECOMMENDATION

1. Approve the plans, specifications, and design for the Sodium Bisulfite Tank Replacement Project.
2. Award and authorize the General Manager to execute a Construction Services Contract with Pacific Infrastructure Corporation (PIC) in an amount not to exceed \$502,900.
3. Authorize the General Manager or his Designee to approve construction change orders up to 10% of the contract amount (i.e., \$50,290 additional), for a total authorization of \$553,190.
4. Declare that, should the contract award be invalidated for any reason, the Board in any event would not have awarded the contract to the second lowest bidder or any other bidder but instead would have exercised its discretion to reject all bids received. Nothing herein shall prevent the Board from awarding the contract to another bidder in cases where the successful bidder establishes mistake, refuses to sign the contract, or fails to furnish required bonds or insurance (see Pub. Contract Code, §§ 5100-5107).

Background Information

This project was originally bid in April 2019 and no responsive bids were received by the District. It was determined that, because of the timing of the first bid solicitation, contractors had commitments for the 2019 construction season and could not meet the project timeline. As a result, the project was postponed with intent to re-advertise in the fall when contractors are preparing for and bidding on projects in the 2020 construction season. In October 2019, the District re-advertised the Sodium Bisulfite Tank Replacement Project for construction to replace two existing chemical storage tanks and associated chemical feed piping.

Analysis

Bids were publicly opened on November 5, 2019, with three bids received (see Attachment 1). The apparent low bid was submitted by PIC in the total bid amount of \$502,900. Based on a detailed review of the submitted bid documents, staff determined PIC to be the lowest responsive, responsible bidder for the project.

Following the receipt of bids, the District received a bid protest from the second lowest bidder, Valentine Corporation, which argued that the low bid was defective because of an inconsistency between the unit prices and extended bid prices for two items. After reviewing and considering the bid protest, staff determined that PIC's low bid amount was determined by the extended bid prices, as provided in the project specifications, and was unaffected by any claimed



inconsistency in the unit prices. A written response rejecting the bid protest was sent to Valentine Corporation on December 2, 2019.

It is recommended that the Board award and authorize the General Manager to execute a construction services contract with PIC in the amount of \$502,900 to perform the project work. In addition, staff requests that the Board authorize the General Manager or his Designee to execute change orders up to 10% of the original contract amount to cover any unforeseen issues, for a total contract authorization of \$553,190 (i.e., an additional \$50,290).

It is also recommended that the Board approve the project design per Government Code Section 830.6, which provides design immunity against injury or death resulting from a project where the project design is reasonable and is approved by the Board in advance of construction. Project plans and specifications, along with Addendum No. 1, were prepared by Dewberry Engineers, Inc. and have been placed on file in the Administrative Office of the District for review by members of the Board and other interested persons.

This project was previously approved by the Board on September 11, 2019 as an exempt project under the California Environmental Quality Act (CEQA) and a Notice of Exemption was subsequently posted. The project fully complies with CEQA with no legal challenge having been filed within the time allowed by law.

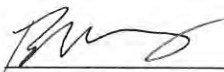
Financial Impact

The adopted Fiscal Year 2019/2020 – 2023/2024 (FY19/20 – FY23/24) Capital Improvement Program (CIP) includes a total project budget of \$700,000 through FY19/20 for the Sodium Bisulfite Tank Replacement Project in the Wastewater Capital Asset Fund. Sufficient funding is available to complete the planned work. If necessary, staff will adjust the overall project budget as needed during the next CIP approval process to account for the full contract amount and staff labor.

Attachment

Bid Summary

Prepared by: 
Ian Bronswick
Associate Engineer

Reviewed by: 
Brian Thomas
Engineering Services
Director/District Engineer

cc: Project File No. P.17139.09.02



DELTA DIABLO
SODIUM BISULFITE TANK REPLACEMENT
PROJECT NO. 17139

Bid Opening: Tuesday, November 5, 2019

BID SUMMARY

<u>BIDDER</u>	<u>BASE BID AMOUNT</u>
<u>Pacific Infrastructure Corporation (*)</u>	<u>\$502,900</u>
<u>Valentine Corporation</u>	<u>\$518,369</u>
<u>TNT Industrial Contractors Inc.</u>	<u>\$557,928</u>

* Lowest responsible and responsive bidder

December 11, 2019

RECEIVE DISTRICT MONTHLY CHECK REGISTER, OCTOBER 2019

RECOMMENDATION

Receive District Monthly Check Register for the month ending October 31, 2019.

Background Information

The Check Register for the month of October 2019 is attached. The report reflects payments to the District's suppliers, consultants, service providers, and contractors. A total of \$2,157,962.84 was disbursed in October 2019, which includes 194 checks.

Financial Impact

All payments made during the month are within funding levels included in the adopted operating and capital budgets for Fiscal Year 2019/2020.

Attachment

Check Register, month ending October 31, 2019

Prepared by:



Eka Ekanem
Senior Accountant

Reviewed by:



Carol Margetich
Business Services Director



CHECK REGISTER

DELTA DIABLO

CASH DISBURSEMENTS FOR THE MONTH OF OCTOBER 2019

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. INVOICE AMOUNT	CHECK AMOUNT DESCRIPTION
10/3/2019	ADVANTAGE ELECTRIC SUPPLY		32474	16,890.77
		49033	16,890.77	CENTRIFUGE #2 BOWL VFD REPLACE
10/3/2019	ALHAMBRA & SIERRA SPRGS WATER		32475	242.34
		49020	242.34	BOTTLED WATER SERVICE
10/3/2019	JARED & MICHELE COPELAND		32476	2,486.84
		48908	2,486.84	BLACK WOVEN SHOPPING BAGS FOR
10/3/2019	AT&T		32477	1,200.23
		48996	1,200.23	PHONE EXPENSE
10/3/2019	BRENTWOOD PRESS		32478	699.00
		49014	699.00	AD
10/3/2019	CAROLLO ENGINEERS		32479	21,861.35
		48858	16,063.85	CONSULTING SERVICES HEADWORK I
		48922	5,797.50	PRIMARY CLARIFIER AREA IMPROVE
10/3/2019	CHEMTRADE CHEMICALS US LLC		32480	3,325.24
		48995	3,325.24	ALUMINUM SULFATE
10/3/2019	CONSOLIDATED ELECTRIC DIST INC		32481	76.48
		48909	76.48	INVENTORY
10/3/2019	DEPT OF GENERAL SERVICES		32482	13,657.59
		49034	13,657.59	UTILITIES
10/3/2019	FEDERAL EXPRESS		32483	29.97
		49008	29.97	OE POSTAGE
10/3/2019	FRAXIA ENGINEERING		32484	12,457.95
		48863	12,457.95	DESIGN SERVICES BP SEWER REHAB
10/3/2019	FREMONT ANALYTICAL INC.		32485	300.00
		48924	300.00	DIGESTER GAS ANALYSIS need q
10/3/2019	GOLDEN STATE WATER CO.		32486	1,357.91
		49009	1,357.91	UTILITIES
10/3/2019	HDL COREN & CONE		32487	745.00
		48977	745.00	O/S PROF
10/3/2019	KEMIRA WATER SOLUTIONS, INC.		32488	7,363.46
		48880	7,363.46	FERROUS CHLORIDE
10/3/2019	MANAGED HEALTH NETWORK		32489	406.60
		49037	406.60	EAP
10/3/2019	MCCAMPBELL ANALYTICAL, INC.		32490	315.20
		49004	315.20	LABORATORY SERVICES FOR PRETRE
10/3/2019	MEYERS NAVE		32491	6,646.32
		48837	6,646.32	LEGAL SERVICES

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT	DESCRIPTION
10/3/2019	MUNIQUIP, LLC		32492	3,984.44		
		48943		3,984.44		INVENTORY
10/3/2019	OFFICE DEPOT		32493	31.90		
		48975		31.90		OFFICE SUPPLIES
10/3/2019	PACIFIC GAS & ELECTRIC COMPANY		32494	48,428.80		
		49011		48,428.80		UTILITIES
10/3/2019	PAN PACIFIC SUPPLY CO.		32495	12,251.30		
		48899		12,251.30		SAND PUMP REPLACEMENT PARTS
10/3/2019	QUALITY SCALE, INC		32496	1,438.00		
		48901		1,438.00		SCALE SERVICE
10/3/2019	STANDARD INSURANCE COMPANY		32497	3,848.56		
		49015		3,848.56		LIFE INSURANCE
10/3/2019	TERRYBERRY		32498	305.94		
		49035		137.53		EMPLOYEE RECOGNITION
		49036		168.41		EMPLOYEE RECOGNITION
10/3/2019	TURBO MACHINERY, INC		32499	10,281.08		
		48960		10,281.08		DIGESTER AREA REHABILITATION
10/3/2019	UNIFIRST CORPORATION		32500	331.33		
		48794		167.24		UNIFORM/ LAUNDRY SERVICE
		48795		31.63		UNIFORM/ LAUNDRY SERVICE
		48961		132.46		UNIFORM/ LAUNDRY SERVICE
10/3/2019	UNIVAR USA INC		32501	11,067.75		
		48805		3,315.60		SODIUM HYPOCHLORITE
		48838		3,316.62		SODIUM HYPOCHLORITE
		48853		4,435.53		SODIUM BISULFITE
10/3/2019	VISION SERVICE PLAN		32502	1,918.12		
		49016		1,835.46		VISION INSURANCE
		49017		82.66		VISION COBRA
10/3/2019	WOLLBORG MICHELSON PERSONNEL		32503	5,341.50		
		49002		5,341.50		O/S TEMP
10/10/2019	ANTIOCH SENIOR CENTER		32504	25.00		
		49119		25.00		SPONSORSHIP
10/10/2019	CITY OF ANTIOCH- WATER		32505	6,210.17		
		49079		72.49		UTILITIES
		49080		835.02		UTILITIES
		49081		94.60		UTILITIES
		49082		94.60		UTILITIES
		49083		94.60		UTILITIES
		49084		4,924.26		UTILITIES
		49085		94.60		UTILITIES

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	DESCRIPTION
10/10/2019	ASSOCIATED SERVICES COMPANY		32506	969.91	
		48913	969.91		PROVIDE PREMIUM COFFEE SERVICE
10/10/2019	GARRISON BOTTS		32507	1,600.00	
		48998	1,600.00		NETWORK SUPPORT SERVICES
10/10/2019	BRENTWOOD PRESS		32508	699.00	
		49097	699.00		AD
10/10/2019	CALTEST ANALYTICAL LABORATORY		32509	2,281.50	
		48884	307.80		NPDES LABORATORY SERVICES
		48917	418.50		NPDES LABORATORY SERVICES
		48918	913.50		NPDES LABORATORY SERVICES
		48919	307.80		NPDES LABORATORY SERVICES
		48920	333.90		NPDES LABORATORY SERVICES
10/10/2019	COMCAST BUSINESS COMMUNICATIONS, LI		32510	542.72	
		49098	542.72		PHONE EXPENSE
10/10/2019	CONCENTRA/OCCUPATIONAL HEALTH CENT		32511	240.50	
		49086	240.50		PRE EMPL COSTS
10/10/2019	CONSOLIDATED ELECTRIC DIST INC		32512	267.66	
		48910	267.66		INVENTORY
10/10/2019	CONTRA COSTA COUNTY		32513	19,235.50	
		49091	19,235.50		LEGAL SERVICES
10/10/2019	CONTRA COSTA COUNTY TAX		32514	6,636.76	
		49120	3,168.18		PROPERTY TAX
		49121	3,468.58		PROPERTY TAX
10/10/2019	CORELOGIC INFORMATION SOLUTIONS, INC		32515	165.00	
		49087	165.00		REALQUEST PROPERTY INFORMATION
10/10/2019	DRAKE HAGLAN & ASSOCIATES, INC		32516	4,116.00	
		49042	792.00		CONSULTING SERVICES SODIUM BIS
		49043	3,324.00		CONSULTING SERVICES SODIUM BIS
10/10/2019	ERIKS NORTH AMERICA, INC.		32517	194.05	
		49110	194.05		1/4" EPDM Sleeve (Mixd Liquor
10/10/2019	FASTENAL COMPANY		32518	481.87	
		49007	481.87		MAINTENANCE CONSUMABLE ITEMS
10/10/2019	FEDERAL EXPRESS		32519	26.29	
		49089	26.29		OE - POSTAGE
10/10/2019	GOLDEN STATE WATER CO.		32520	731.73	
		49090	731.73		UTILITIES
10/10/2019	GRAINGER		32521	479.72	
		48926	479.72		INVENTORY
10/10/2019	IN SHAPE HEALTH CLUBS		32522	944.00	
		49094	944.00		GYM

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	DESCRIPTION
10/10/2019	KEMIRA WATER SOLUTIONS, INC.		32523	7,354.38	
		49003	7,354.38		FERROUS CHLORIDE
10/10/2019	KENNEDY/JENKS CONSULTANTS INC.		32524	35,335.07	
		48928	35,335.07		ASSET MANAGEMENT PLANNING PROJ
10/10/2019	LARRY WALKER ASSOCIATES		32525	5,088.00	
		48929	5,088.00		NPDES PERMIT REISSUANCE ASSIST
10/10/2019	MAZE & ASSOCIATES		32526	14,975.00	
		49122	14,975.00		Audit Services FYE 6/30/2019
10/10/2019	MCCAMPBELL ANALYTICAL, INC.		32527	782.60	
		49038	782.60		LABORATORY SERVICES FOR PRETRE
10/10/2019	MDRR PITTSBURG		32528	3,126.65	
		49101	1,065.10		WASTE
		49105	2,061.55		WASTE
10/10/2019	MOTION INDUSTRIES INC.		32529	1,474.10	
		49059	1,474.10		INVENTORY
10/10/2019	MSC INDUSTRIAL SUPPLY CO. INC.		32530	392.44	
		49046	392.44		316SS PIPE & NIPPLE (Mixed Liq
10/10/2019	NWN CORPORATION		32531	4,017.29	
		49060	4,017.29		PHONE EXPENSE
10/10/2019	OFFICE DEPOT		32532	592.57	
		49053	481.52		OFFICE SUPPLIES
		49054	39.21		OFFICE SUPPLIES
		49055	31.13		OFFICE SUPPLIES
		49056	40.71		OFFICE SUPPLIES
10/10/2019	PACIFIC GAS & ELECTRIC COMPANY		32533	403.24	
		49092	345.15		UTILITIES
		49093	58.09		UTILITIES
10/10/2019	PATTERSON LIFT TRUCKS, INC.		32534	249.87	
		49029	249.87		PREVENTIVE MAINTENANCE FOR TCM
10/10/2019	PILLSBURY WINTHROP SHAW PITTMAN LLP		32535	19,668.00	
		49050	13,794.00		LEGAL SERVICES
		49052	5,874.00		LEGAL SERVICES
10/10/2019	PITTSBURG WINSUPPLY		32536	1,019.83	
		48973	1,019.83		INVENTORY
10/10/2019	PUBLIC EMPLOYEES UNION		32537	1,855.27	
		3163352	1,855.27		UNION DUES P&T
10/10/2019	PUBLIC EMPLOYEES UNION		32538	3,964.25	
		3163252	3,964.25		UNION DUES O&M
10/10/2019	QUALITY ASSURANCE SOLUTIONS, LLC		32539	2,994.54	
		48885	2,994.54		CONSULTING SUPPORT FOR LABORAT

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT	DESCRIPTION
10/10/2019	CA STATE DISBURSEMENT UNIT		32540	750.00		
		CS9648290		750.00		GARNISHMENT
10/10/2019	STATE OF CALIFORNIA		32541	150.00		
		4461729		150.00		INCOME TAX WITHOLDING ORDER
10/10/2019	SUBTRONIC CORP.		32542	2,884.00		
		48985		2,884.00		LOCATE UNDERGROUND UTILITIES
10/10/2019	SYNAGRO WEST, LLC		32543	36,672.27		
		48955		36,672.27		BIOSOLIDS HAULING
10/10/2019	SYSTEM 1 STAFFING		32544	4,537.40		
		49061		4,537.40		O/S TEMP
10/10/2019	TOYOTA MATERIAL HANDLING		32545	3,355.70		
		49116		3,355.70		GEM CART REPLACEMENT PARTS
10/10/2019	TRI-VALLEY JANITORIAL SERVICE & SUPPL'		32546	13,932.00		
		49117		6,966.00		BASIC JANITORIAL SERVICES
		49118		6,966.00		BASIC JANITORIAL SERVICES
10/10/2019	UNIFIRST CORPORATION		32547	331.33		
		48962		132.46		UNIFORM/ LAUNDRY SERVICE
		48963		167.24		UNIFORM/ LAUNDRY SERVICE
		48964		31.63		UNIFORM/ LAUNDRY SERVICE
10/10/2019	UNIVAR USA INC		32548	11,072.98		
		48886		3,381.86		SODIUM HYPOCHLORITE
		48894		3,316.70		SODIUM HYPOCHLORITE
		48972		4,374.42		SODIUM BISULFITE
10/10/2019	V.W. HOUSEN & ASSOCIATES, INC.		32549	9,761.78		
		48986		9,761.78		DESIGN WORK
10/10/2019	VELODYNE DYNAMICS LLC		32550	61,331.76		
		49095		61,331.76		RWF POLYMER BLENDING UNITS
10/10/2019	VERIZON WIRELESS		32551	2,846.01		
		49104		2,846.01		PHONE EXPENSE
10/10/2019	WOLLBORG MICHELSON PERSONNEL		32552	5,229.00		
		49062		5,229.00		O/S TEMP
10/16/2019	ALTEC		32553	491.65		
		49041		251.29		AP ENVELOPES
		49102		251.29		AP CHECKS
		49103		-10.93		CREDIT MEMO
10/16/2019	ASSOCIATED SERVICES COMPANY		32554	190.04		
		49179		190.04		PROVIDE PREMIUM COFFEE SERVICE
10/16/2019	IAN BRONSWICK		32555	1,455.44		
		49138		1,455.44		T&M
10/16/2019	CAROLLO ENGINEERS		32556	3,570.00		

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT DESCRIPTION
		49149		3,570.00	PRIMARY CLARIFIER AREA IMPROVE
10/16/2019	REGINA CARTWRIGHT-MORALES		32557	50.00	
		49000		50.00	REIMBURSEMENT
10/16/2019	CDW GOVERNMENT, INC.		32558	19,545.23	
		49044		15,933.68	MICROSOFT SOFTWARE ASSURANCE
		49045		3,611.55	Adobe Enterprise Level 9 Agree
10/16/2019	CHEMTRADE CHEMICALS US LLC		32559	10,225.41	
		49040		3,446.35	ALUMINUM SULFATE
		49184		3,262.44	ALUMINUM SULFATE
		49185		3,516.62	ALUMINUM SULFATE
10/16/2019	CONTRA COSTA WATER DISTRICT		32560	20.87	
		49144		20.87	UTILITIES
10/16/2019	DIABLO WATER DISTRICT		32561	414.85	
		49145		414.85	UTILITIES
10/16/2019	EVOQUA WATER TECHNOLOGIES, LLC		32562	305.28	
		49088		305.28	PROVIDE DI WATER FOR LABORATOR
10/16/2019	FASTENAL COMPANY		32563	1,956.61	
		49021		1,035.46	MAINTENANCE CONSUMABLE ITEMS
		49022		921.15	MAINTENANCE CONSUMABLE ITEMS
10/16/2019	FEDERAL EXPRESS		32564	30.11	
		49186		30.11	OE - POSTAGE
10/16/2019	FLUID COMPONENTS INTL., LLC		32565	5,731.57	
		49109		5,731.57	DIGESTER #3 GAS FLOW METER REP
10/16/2019	FRESCHI AIR SYSTEMS		32566	2,848.00	
		49024		2,848.00	HVAC SERVICE AGREEMENT - MULTI
10/16/2019	HAZEN & SAWYER		32567	6,655.00	
		49099		6,655.00	CONSULTING SERVICES 2019
10/16/2019	INFERRERA CONSTRUCTION MANAGEMENT		32568	22,084.95	
		49150		22,084.95	CSC PN 80008 (17128, 17129, 17
10/16/2019	JOHN MUIR HEALTH		32569	822.50	
		49172		822.50	2019 CORPORATE WELLNESS SERVIC
10/16/2019	KEMIRA WATER SOLUTIONS, INC.		32570	7,544.83	
		49012		7,544.83	FERROUS CHLORIDE
10/16/2019	KENNEDY/JENKS CONSULTANTS INC.		32571	9,957.67	
		49165		9,957.67	FACILITY CONDITION ASSESSMENT
10/16/2019	KEY ADVOCATES INC.		32572	7,750.00	
		49013		7,750.00	FEDERAL ADVOCACY FOR WRWC PN
10/16/2019	ANGELA LOWREY		32573	20.00	
		49139		20.00	T&M
10/16/2019	MCCAMPBELL ANALYTICAL, INC.		32574	648.40	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO. INVOICE AMOUNT	CHECK AMOUNT DESCRIPTION
		49133	324.20	LABORATORY SERVICES FOR PRETRE
		49177	324.20	LABORATORY SERVICES FOR PRETRE
10/16/2019	McCAULEY AGRICULTURAL & PEST SERVIC		32575	1,200.00
		49026	75.00	PEST CONTROL SERVICES
		49027	825.00	PEST CONTROL SERVICES
		49111	60.00	PEST CONTROL SERVICES
		49112	60.00	PEST CONTROL SERVICES
		49113	60.00	PEST CONTROL SERVICES
		49114	60.00	PEST CONTROL SERVICES
		49115	60.00	PEST CONTROL SERVICES
10/16/2019	MESSER LLC		32576	639.11
		49100	639.11	LIQUID OXYGEN
10/16/2019	SUE THOMASON		32577	275.00
		49010	275.00	INDOOR PLANT MAINTENANCE
10/16/2019	OFFICE DEPOT		32578	1,061.08
		49134	54.60	OFFICE SUPPLIES
		49136	112.02	OFFICE SUPPLIES
		49180	106.27	OFFICE SUPPLIES
		49181	24.84	OFFICE SUPPLIES
		49182	763.35	OFFICE SUPPLIES
10/16/2019	PACIFIC WATER RESOURES		32579	19,114.67
		49058	19,114.67	RWF INVENTORY
10/16/2019	POLYDYNE INC		32580	16,332.88
		49005	16,332.88	LIQUID POLYMER
10/16/2019	PSOMAS		32581	4,910.50
		48984	4,910.50	CONSTRUCTION MANAGEMENT SERVIC
10/16/2019	QUENVOLD'S		32582	163.87
		49146	163.87	SAFETY SHOES - R. CARTWRIGHT
10/16/2019	READY PRINT		32583	43.70
		48987	13.11	E/R CERTIFICATES
		49183	30.59	PRINTING SERVICES
10/16/2019	REPUBLIC SERVICES #210		32584	4,443.84
		49151	1,117.36	WASTE
		49152	3,326.48	WASTE
10/16/2019	DARLENE D.RHODES		32585	4,587.19
		49175	4,587.19	HR CONSULTANT
10/16/2019	SCHAAF & WHEELER CONSULTING		32586	20,055.00
		49170	20,055.00	DESIGN FOR PUMP STATION FACILI
10/16/2019	NICHOLAS STEINER		32587	175.00
		49169	175.00	M&D

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	DESCRIPTION
10/16/2019	SUBTRONIC CORP.		32588	412.00	
		49047	412.00		GPR LOCATIONS SERVICES - MIXE
10/16/2019	SYSTEM 1 STAFFING		32589	4,155.24	
		49147	4,155.24		O/S TEMP
10/16/2019	TRI-VALLEY JANITORIAL SERVICE & SUPPL'		32590	6,966.00	
		49187	6,966.00		BASIC JANITORIAL SERVICES
10/16/2019	STACY TUCKER		32591	15.00	
		49001	15.00		REIMBURSEMENT
10/16/2019	UNIFIRST CORPORATION		32592	663.16	
		48965	132.46		UNIFORM/ LAUNDRY SERVICE
		48966	167.74		UNIFORM/ LAUNDRY SERVICE
		48967	31.63		UNIFORM/ LAUNDRY SERVICE
		49030	132.46		UNIFORM/ LAUNDRY SERVICE
		49031	167.24		UNIFORM/ LAUNDRY SERVICE
		49032	31.63		UNIFORM/ LAUNDRY SERVICE
10/16/2019	UNIVAR USA INC		32593	31,946.46	
		48980	3,351.27		SODIUM HYPOCHLORITE
		48981	3,384.29		SODIUM HYPOCHLORITE
		49018	5,688.28		SODIUM BISULFITE
		49019	6,187.34		SODIUM BISULFITE
		49048	3,316.78		SODIUM HYPOCHLORITE
		49049	3,382.15		SODIUM HYPOCHLORITE
		49106	3,318.55		SODIUM HYPOCHLORITE
		49140	3,317.80		SODIUM HYPOCHLORITE
10/16/2019	V.W. HOUSEN & ASSOCIATES, INC.		32594	5,025.67	
		48999	5,025.67		DESIGN WORK
10/16/2019	WM LYLES COMPANY		32595	292,225.32	
		49148	292,225.32		CONSTRUCTION SERVICES PN 17140
10/16/2019	ZORO TOOLS, INC		32596	1,091.16	
		49107	1,091.16		INVENTORY
10/24/2019	AFLAC		32597	974.34	
		49298	974.34		INSURANCE
10/24/2019	ALPHA OMEGA WIRELESS INC		32598	3,500.00	
		49243	3,500.00		PUMP STATION RADIOS CORRECTION
10/24/2019	MICHAEL BAKALDIN		32599	209.45	
		49197	209.45		REIMBURSEMENT
10/24/2019	BARNETT MEDICAL SERVICES, LLC		32600	721.00	
		49231	96.00		SHARPS/PHARMACEUTICAL DISPOSAL
		49232	312.00		SHARPS/PHARMACEUTICAL DISPOSAL
		49233	96.00		SHARPS/PHARMACEUTICAL DISPOSAL

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	DESCRIPTION
		49234		61.00	SHARPS/PHARMACEUTICAL DISPOSAL
		49235		156.00	SHARPS/PHARMACEUTICAL DISPOSAL
10/24/2019	BRENTWOOD PRESS		32601	699.00	
		49221		699.00	AD
10/24/2019	DARRELL CAIN		32602	36.67	
		49262		36.67	REIMBURSEMENT
10/24/2019	CAMC " YOUR MONITORING CENTER"		32603	408.00	
		49257		408.00	OE
10/24/2019	REGINA CARTWRIGHT-MORALES		32604	15.00	
		49263		15.00	REIMBURSEMENT
10/24/2019	CHEMTRADE CHEMICALS US LLC		32605	3,533.07	
		49213		3,533.07	ALUMINUM SULFATE
10/24/2019	CONTRACT SWEEPING SERVICES		32606	30,280.01	
		49258		29,988.81	STREET SWEEPING SERVICES
		49264		291.20	STREET SWEEPING SERVICES
10/24/2019	VINCENT DE LANGE		32607	435.34	
		49199		150.44	T&M
		49200		284.90	T&M
10/24/2019	DELTA BAY CONCRETE CUTTING INC		32608	625.00	
		49259		625.00	CONCRETE CORING SERVICES
10/24/2019	DEAN ECKERSON		32609	239.00	
		49266		146.00	REIMBURSEMENT
		49267		93.00	REIMBURSEMENT
10/24/2019	FEDERAL GLOVER		32610	651.61	
		49305		651.61	T&M
10/24/2019	GP CRANE & HOIST SERVICES		32611	3,120.00	
		49271		3,120.00	DISTRICT CRANE SERVICE/ TESTIN
10/24/2019	GURMUKH SINGH GREWAL		32612	129.00	
		49272		129.00	REIMBURSEMENT
10/24/2019	TIMOTHY J. HAMMETT		32613	205.28	
		49280		178.80	REIMBURSEMENT
		49281		26.48	REIMBURSEMENT
10/24/2019	CHRISTOPHER HANNA		32614	327.60	
		49244		327.60	T&M
10/24/2019	HUNT & SONS INC		32615	3,222.82	
		49282		2,298.74	FUEL SERVICES FOR THE DISTRICT
		49283		924.08	INVENTORY LUBICANTS-
10/24/2019	HYDROSCIENCE ENGINEERS, INC		32616	11,200.00	
		49278		11,200.00	RECYCLED WATER STANDARDS REVIE
10/24/2019	JEFF IMACHI		32617	127.37	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT DESCRIPTION
		49307		127.37	REIMBURSEMENT
10/24/2019	KONE. INC.		32618	106.67	
		49279		106.67	ELEVATOR SERVICE
10/24/2019	LEE & RO, INC.		32619	7,051.00	
		49223		7,051.00	SWGR DESIGN SERVICES
10/24/2019	LEGAL SHIELD		32620	139.65	
		49203		139.65	LEGAL MEMBERSHIPS
10/24/2019	JACQUELINE MCDUFFIE		32621	309.28	
		49251		309.28	T&M
10/24/2019	MDRR-PARK (MT. DIABLO RESOURCE RECC		32622	201.21	
		49303		201.21	WASTE
10/24/2019	MISSION COMMUNICATIONS, LLC		32623	909.60	
		49220		909.60	SERVICE ON MANHOLE MONITORS
10/24/2019	MUFG UNION BANK		32624	875.00	
		49255		875.00	INVESTMENT
10/24/2019	NEW IMAGE LANDSCAPE COMPANY		32625	2,563.00	
		49228		2,563.00	Landscape Services
10/24/2019	OFFICE DEPOT		32626	111.67	
		49309		-441.53	CREDIT MEMO
		49310		71.68	OFFICE SUPPLIES
		49311		481.52	OFFICE SUPPLIES
10/24/2019	PACIFIC GAS & ELECTRIC COMPANY		32627	96,376.46	
		49204		49,406.65	UTILITIES
		49236		46,969.81	UTILITIES
10/24/2019	PACIFIC WATER RESOURES		32628	3,670.98	
		49284		3,670.98	INVENTORY
10/24/2019	ABEL PALACIO		32629	736.34	
		49205		736.34	REIMBURSEMENT
10/24/2019	REGIONAL GOVERNMENT SERVICES		32630	1,050.00	
		49225		1,050.00	JOB DESCRIPTION PROJECT
10/24/2019	REGIONAL GOVERNMENT SERVICES		32631	4,592.30	
		49216		540.00	JOB DESCRIPTION PROJECT
		49224		2,352.90	JOB DESCRIPTION PROJECT
		49226		91.10	JOB DESCRIPTION PROJECT
		49229		1,608.30	JOB DESCRIPTION PROJECT
10/24/2019	PAULETTE RIOS		32632	377.13	
		49207		377.13	REIMBURSEMENT
10/24/2019	CA STATE DISBURSEMENT UNIT		32633	750.00	
		CS9648291		750.00	GARNISHMENT
10/24/2019	STATE OF CALIFORNIA		32634	150.00	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT DESCRIPTION
		4461730		150.00	INCOME TAX WITHOLDING ORDER
10/24/2019	STATE WATER RESOURCES		32635	41,674.97	
		49210		41,674.97	LOAN PAYMENT
10/24/2019	STATE WATER RESOURCES		32636	72,690.97	
		49211		72,690.97	LOAN PAYMENT
10/24/2019	STATE WATER RESOURCES		32637	408,386.31	
		49212		408,386.31	LOAN PAYMENT
10/24/2019	SYSTEM 1 STAFFING		32638	4,537.40	
		49209		4,537.40	O/S TEMP
10/24/2019	STACY TUCKER		32639	24.00	
		49285		16.00	REIMBURSEMENT
		49286		8.00	REIMBURSEMENT
10/24/2019	TURBO MACHINERY, INC		32640	43,118.50	
		49245		14,180.80	MAINTENANCE BACKFILL LABOR
		49246		11,965.05	MAINTENANCE BACKFILL LABOR
		49287		16,972.65	MAINTENANCE BACKFILL LABOR
10/24/2019	TYLER TECHNOLOGIES, INC.		32641	16,548.00	
		49247		16,548.00	MUNIS SOFTWARE
10/24/2019	UNIQUE SCAFFOLD		32642	2,680.00	
		49289		2,680.00	SCAFFOLD SUPPORT FOR BLOWER CH
10/24/2019	WM LYLES COMPANY		32643	141,360.00	
		49219		141,360.00	CONSTRUCTION SERVICES PN 80008
10/24/2019	WOLLBORG MICHELSON PERSONNEL		32644	7,083.00	
		49218		4,779.00	O/S TEMP
		49230		2,304.00	O/S TEMP
10/24/2019	ROBERT WRIGHT		32645	44.39	
		49297		44.39	REIMBURSEMENT
10/30/2019	ALHAMBRA & SIERRA SPRGS WATER		32646	320.59	
		49312		320.59	BOTTLED WATER SERVICE
10/30/2019	BARNETT MEDICAL SERVICES, LLC		32647	117.00	
		49314		117.00	SHARPS/PHARMACEUTICAL DISPOSAL
10/30/2019	CALIFORNIA SPECIAL DISTRICT ASSOCIATI		32648	1,446.00	
		49316		1,446.00	M&D DISTRICT WIDE
10/30/2019	CAROLLO ENGINEERS		32649	4,315.40	
		49315		4,315.40	CONSULTING SERVICES HEADWORK I
10/30/2019	CHEMTRADE CHEMICALS US LLC		32650	3,577.92	
		49317		3,577.92	ALUMINUM SULFATE
10/30/2019	DIG DEFENCE LLC		32651	4,461.64	
		49275		4,461.64	DIG DEFENCE - SITE PERIMETER S
10/30/2019	JOSEPH PETRONIO		32652	125.00	

CHECK DATE	VENDOR NAME	INVOICE NO.	CHECK NO.	CHECK AMOUNT	CHECK AMOUNT DESCRIPTION
		49260		125.00	CMMS SUPPORT
10/30/2019	EAST BAY MUNICIPAL UTILITIES		32653	79,557.00	
		49330		79,557.00	PERMIT AND REGULATORY FEES
10/30/2019	FEDERAL EXPRESS		32654	44.78	
		49328		44.78	OE - POSTAGE
10/30/2019	MICHAEL CRAMBLIT FOSTER		32655	6,966.48	
		49261		2,322.16	REPPLACMENT CHECK VALVE
		49269		2,322.16	REPLACEMENT CHECK VALVE
		49270		2,322.16	REPLACMENT CHECK VALVE
10/30/2019	GOLDEN STATE WATER CO.		32656	2,391.29	
		49333		713.40	UTILITIES
		49334		1,677.89	UTILITIES
10/30/2019	HUNT & SONS INC		32657	42.66	
		49319		42.66	INVENTORY LUBICANTS-
10/30/2019	OFFICE DEPOT		32658	766.78	
		49241		333.52	OFFICE SUPPLIES
		49242		293.58	OFFICE SUPPLIES
		49248		21.84	OFFICE SUPPLIES
		49322		117.84	OFFICE SUPPLIES
10/30/2019	PACIFIC GAS & ELECTRIC COMPANY		32659	45,240.63	
		49335		45,240.63	UTILITIES
10/30/2019	CITY OF PITTSBURG		32660	632.52	
		49323		632.52	UTILITIES
10/30/2019	POLYDYNE INC		32661	45,858.78	
		49206		45,858.78	DRY POLY
10/30/2019	SUBTRONIC CORP.		32662	1,648.00	
		49208		1,648.00	LOCATE UNDERGROUND UTILITIES
10/30/2019	SYSTEM 1 STAFFING		32663	3,221.08	
		49325		3,221.08	O/S TEMP
10/30/2019	TURBO MACHINERY, INC		32664	17,149.91	
		49288		17,149.91	MAINTENANCE BACKFILL LABOR
10/30/2019	UNIFIRST CORPORATION		32665	331.33	
		49290		132.46	UNIFORM/ LAUNDRY SERVICE
		49291		167.24	UNIFORM/ LAUNDRY SERVICE
		49292		31.63	UNIFORM/ LAUNDRY SERVICE
10/30/2019	UNIVAR USA INC		32666	5,960.72	
		49214		5,960.72	SODIUM BISULFITE
10/30/2019	WOLLBORG MICHELSON PERSONNEL		32667	5,904.00	
		49327		5,904.00	O/S TEMP

CHECK DATE VENDOR NAME

INVOICE NO.

CHECK NO.
INVOICE AMOUNT

CHECK AMOUNT
DESCRIPTION

GRAND TOTAL

2,157,962.84

December 11, 2019

ADOPT RESOLUTION COMMENDING AND CONGRATULATING TOM DACY,
ENGINEERING TECHNICIAN, ON HIS RETIREMENT FROM THE DISTRICT

RECOMMENDATION

Adopt Resolution commending and congratulating Mr. Tom Dacy on his retirement from the District, effective December 13, 2019.

Background Information

Mr. Dacy joined the District as an Engineering Technician on May 15, 2000. He was introduced to the engineering field during his senior year in high school, while working as a student intern for the City of Vacaville. He spent 15 years with the City of Woodland and Solano County Irrigation District where he gained valuable experience as an Engineering Technician prior to joining the District.

Analysis

Mr. Dacy is retiring after 19 years of service at the District. As an Engineering Technician, he performed a wide range of work, including scanning and organizing record drawings and easements, creating and updating figures and maps, surveying and locating facilities, calculating and collecting sewer connection fees, and reviewing plans from developers.

Mr. Dacy's key achievement was creation of the District's geographic information system (GIS) database, which serves as the foundation for the District's wastewater collection and conveyance system data management and an integral component of the District's developing Asset Management Program. His curiosity and thirst for knowledge allowed him to embrace new technology to increase data access efficiency for staff.

Mr. Dacy was an invaluable member of the Engineering Services Department, which provides technical support to stakeholders across the District. He was known for his authenticity and directness and was well respected by his peers for his vast knowledge of District facilities. Staff is appreciative of his contributions to the District and the wastewater industry.

In retirement, Mr. Dacy plans to travel frequently, especially to warm weather locales. The District wishes him all the best in his future endeavors.

Financial Impact

None

Attachment

Proposed Resolution

Prepared by: _____

Thanh Vo
Senior Engineer

Reviewed by: _____

Brian Thomas
Engineering Services
Director/District Engineer

cc: Tom Dacy
District File HR.01



**BEFORE THE BOARD OF DIRECTORS
OF
DELTA DIABLO
(a Special District)**

**Re: Commending and Congratulating)
Mr. Tom Dacy on his)
Retirement from the District)**

RESOLUTION NO. xx/2019

THE BOARD OF DIRECTORS OF DELTA DIABLO HAS DETERMINED THAT:

WHEREAS, Mr. Tom Dacy was hired by the District as an Engineering Technician on May 15, 2000; and

WHEREAS, he served in that capacity until his retirement on December 13, 2019, a period of over 19 years; and

WHEREAS, he provided excellent customer service to developers and residents inquiring about sewer permits and fees; and

WHEREAS, he was instrumental in reorganizing and improving on how record drawings and easement documents are maintained for the treatment, conveyance, and recycled water systems; and

WHEREAS, he was instrumental in the creation the District's geographic information system (GIS) database, which serves as the foundation for the District's wastewater collection and conveyance system data management and an integral component of the District's developing Asset Management Program; and

WHEREAS, he was known for his authenticity and directness and was well respected by his peers for his vast knowledge of District facilities.

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

Mr. Tom Dacy is hereby commended and thanked for his 19 years of outstanding service and dedication to the District. The Board of Directors and staff wish him well in all his future endeavors.

PASSED AND ADOPTED on December 11, 2019, by the following vote:

AYES:
NOES:

ABSENT:
ABSTAIN:

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution adopted by the Board of Directors of Delta Diablo on December 11, 2019.

ATTEST: Federal Glover
Board Secretary

By: _____

December 11, 2019

APPROVE RE-APPROPRIATION OF CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET FROM FISCAL YEAR 2018/2019 TO FISCAL YEAR 2019/2020 FOR CARRYOVER PROJECTS AND, CIP BUDGET ADJUSTMENTS FOR REDUCTIONS OF CARRYOVER PROJECTS AND PROJECT CLOSURES IN FISCAL YEAR 2018/2019

RECOMMENDATION

Approve the re-appropriation of Capital Improvement Program (CIP) Budget from the from Fiscal Year 2018/2019 (FY18/19) to FY19/20 for carryover projects; and, CIP budget adjustments for reductions of carryover projects and project closures in FY18/19.

Background Information

As provided for in Resolution No. 6/2001, the General Manager is authorized to re-appropriate (carry forward) funds from the previous year that are for committed and/or planned expenses. The Resolution requires final approval of this action by the Board. Following the end of each fiscal year, the Board also addresses any required transfers or budget adjustments to close completed projects or reduce carryover projects.

Analysis

As part of the fiscal year-end accounting and close-out process, staff reviews CIP project budget encumbrances and remaining balances. For projects that are expected to continue another year (carryover projects), staff recommends the carryover of unspent funds from FY18/19 to FY19/20. This year, in addition to the carryover of unspent funds, staff recommends that the Board authorize budget adjustments for the reduction of four projects and other project closures in FY18/19. Any additional appropriations required to complete project close-outs are also submitted to the Board for consideration. A summary of 1) the proposed budget carryover from FY18/19 to FY19/20, and 2) FY18/19 budget adjustments for closed or reduced projects is shown in Table 1 below.

Table 1. Summary of Proposed CIP Budget Carryover and/or Adjustments

Fund	Available Adjusted CIP Budget FY18/19 ⁽¹⁾	Actual Expenditures FY18/19	CIP Budget Remaining 6/30/2019 ⁽²⁾	CIP Budget Carryover FY19/20 ⁽³⁾	CIP Budget Adjustments FY18/19 Reductions/ (Increases) ⁽⁴⁾
WW Capital Asset (120)	5,500,000	861,131	4,638,869	4,389,424	249,445
WW Capital Asset - Adv Treatment (125)	650,000	205,515	444,485	416,633	27,852
WW Capital Asset Replacement (130)	19,028,093	6,214,862	12,813,231	10,034,699	2,778,532
WW Expansion (140)	351,272	3,346	347,926	-	347,926
Recycled Water (220, 230 & 240)	2,386,593	1,719,328	667,265	99,985	567,280
HHW Capital Asset (320)	50,000	-	50,000	-	50,000
Bay Point Capital Asset (520)	850,000	379,561	470,439	370,590	99,849
TOTAL - ALL FUNDS	\$28,815,958	\$9,383,743	\$19,432,215	\$15,311,331	\$4,120,884

⁽¹⁾ Original CIP Budget appropriation + budget amendments/transfers including prior year carryovers

⁽²⁾ Available Adjusted CIP Budget minus Actual Expenditures FY18/19

⁽³⁾ CIP Budget Carryover from FY18/19 to FY19/20 (detailed listing in Attachment 1)

⁽⁴⁾ CIP Budget Adjustments for CIP Project Reductions or Close-out FY18/19 (detailed listing in Attachment 2)



For FY18/19, actual project expenditures of \$9,383,743 (33%) were incurred out of the total available budget of \$28,815,958 (Table 1, Footnote 1). There was \$19,432,215 (67%) of unspent CIP Budget funds as of fiscal year-end (Table 1, Footnote 2). A total of \$15,311,331 (79%) of the unspent CIP Budget (Table 1, Footnote 3) will be carried over from FY18/19 to FY19/20, primarily for large, active ongoing projects that are planned to continue in FY19/20 and the remaining \$4,120,884 (21%) (Table 1, Footnote 4) represents CIP Budget adjustments for project reductions or close-outs. Most of the projects that will be closed have remaining budget due to cost savings, changes to project scope, and/or the project was discontinued. There were also other projects that slightly exceeded its projected budget due to unanticipated expenditures, primarily staff time, and/or had offsetting revenues through grants/project reimbursements.

Major CIP Budget project funds (amounts greater than \$500,000) to be carried over from FY18/19 to FY19/20 year totaled \$13,364,849 (87%), of the total of \$15,311,331. Most projects with carryover budget are expected to close out within the next two to three fiscal years. The major projects are highlighted in Table 2.

Table 2. Proposed Major CIP Budget Project Funds Carried Over from FY18/19 to FY19/20

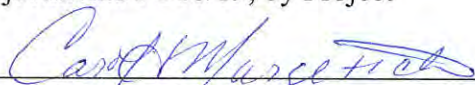
Project Description	Fund	Project No.	CIP Budget Carried Over (\$)
East County Bioenergy Project	120/125/130	16117	4,555,784
Permanent Brine Transfer Facility	120	18109	585,727
Treatment Plant Electrical Switchgear Replacement	130	17120	1,318,330
District Office Building Roofing and Sheet Metal Replacement	130	18112	1,542,130
District Office Building Systems Replacement	130	18113	545,381
SCADA Communication Network / PLC Processor Upgrade	130	18114	517,585
Pump Station Facility Repair (Minor projects 17128-17132)	130	80008	3,539,912
Rehabilitations and Replacements	130	19102	760,000
TOTAL - ALL FUNDS			\$13,364,849

Financial Impact

There are sufficient funds for the \$15,311,331 CIP Budget carryover from FY18/19 to FY19/20. For those projects that were either closed or reduced, the budget adjustments represent a decrease of \$4,120,884. For closed projects, this budget action will finalize the financial recording of expenses. In addition, the impact of these budget actions on fund balances is contingent on the funding source for each project. To the extent that projects were planned to be debt funded, these budget actions do not impact fund balances for FY18/19 or FY19/20 because anticipated debt proceeds (revenues), which completely offset these expenses were not realized.

Attachments

- 1) CIP Budget Carryover FY18/19 to FY19/20, by Project
- 2) CIP Budget Adjustments FY18/19, by Project

Signature: 
 Carol S. Margetich, Business Services Director

cc: District File



Attachment 1
CIP Budget Carryover FY18/19 to FY19/20, by Project

ITEM E/8
Attachment 1

No.	Project Description	Project	Fund	CIP Budget Carryover
1	East County Bioenergy Project	16117	120/125/130	\$ 4,555,784
2	Permanent Brine Transfer Facility	18109	120	585,727
3	Asset Management Program	19109	120	250,391
4	Nutrient Technology Research and Innovation	17123	125	82,000
5	Headworks Improvements	17117	130	224,395
6	Treatment Plant Electrical Switchgear Replacement	17120	130	1,318,330
7	Shore Acres Pump Station Sewage Pump Replacement	17138	130	116,320
8	SBS Tank and Chemical Building Canopy Replacement	17139	130	96,704
9	Primary Clarifier Area Improvement	17140	130	225,707
10	Triangle Pump Station Replacement	19111	130	200,000
11	On-Site Fueling Station Replacement	19112	130	190,749
12	District Office Building Roofing and Sheet Metal Replacement	18112	130	1,542,130
13	District Office Building Systems Replacement	18113	130	545,381
14	SCADA Communication Network / PLC Processor Upgrade	18114	130	517,585
15	Treatment Plant Roadway Maintenance Project	18115	130	89,641
16	Pump Station Facility Repair (Minor projects 17128-17132)	80008	130	3,539,912
17	Rehabilitations and Replacements	19102	130	760,000
18	Pittsburg Recycled Water Meter Standardization	15120	230	99,985
19	Bay Point Rehabilitation Phase IV	18119	520	370,590

Fund Codes:

TOTAL	\$ 15,311,331
--------------	----------------------

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

Attachment 2
CIP Budget Adjustments FY18/19, by Project

No.	Project Description	Project No.	Fund No.	CIP Budget Adjustment: Reductions/ (Increases)
Closed Project CIP Budget Adjustments				
1	Future Use Projects	19099	120	\$ 50,000
2	Small District Capital Asset Projects	19100	120	150,000
3	Energy & Water Efficiency Improvements	19108	120	25,000
4	Resource Recovery Master Plan	80009	120	24,445
5	Resource Recovery Master Plan	80009	125	27,852
6	Plant Water Line Replacement 09-10	10114	130	45,666
7	Tower Pump Station Rehabilitation 12-13	13106	130	35,003
8	Pittsburg Forcemain Improvements 13-14	14116	130	1,044,159
9	Cathodic Protection Replacement & Maintenance	15109	130	(29,650) ⁽¹⁾
10	Area Control Panel Door Replacements 15-16	16114	130	39,059
11	Conveyance System Rehabilitation and Replacement	19101	130	956,121
12	Rehabilitations and Replacements	19102	130	583,813
13	Energy & Water Efficiency Improvements	19108	130	25,000
14	Emergency Retention Basin Improvements	19110	130	100,000
15	Digesters Nos. 1-3 Evaluation and Repair	18111	130	(20,639) ⁽²⁾
16	Pittsburg Forcemain Improvements 13-14	14116	140	347,926
17	Analyzer Room Installation 11-12	10187	220	(2,421) ⁽²⁾
18	Emergency Back-up Power Generator 14-15	15126	220	24,491
19	Commercial/Residential Recycled Water Fill Station	17124	220	(1,033) ⁽¹⁾
20	Small RWF Capital Asset Projects	19103	220	25,261
21	Power Ave. RW Pipeline Rehab	17126	230	(2,184) ⁽¹⁾
22	Unanticipated RWF Repairs and Replacements	19104	230	(12,509) ⁽²⁾
23	Resource Recovery Master Plan	80009	240	675
24	Household Hazardous Waste Improvements	19105	320	50,000
25	Unanticipated Repairs and Replacements	19106	520	99,849

TOTAL	\$	3,585,884
--------------	-----------	------------------

Carryover Project CIP Budget Adjustments

1	RWF Filter Cover Improvements Phase II	19113	220	\$ 15,000 ⁽³⁾
2	Recycled Water Distribution System Improvements	19114	220	300,000 ⁽³⁾
3	RWF DEC Drain Valve Automation	19115	230	120,000 ⁽³⁾
4	RWF Sand Filter Backwash Optimization	19116	230	100,000 ⁽³⁾

TOTAL	\$	535,000
--------------	-----------	----------------

GRAND TOTAL	\$	4,120,884
--------------------	-----------	------------------

Fund Codes:

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

Notes:

(1) CIP Budget adjustments due to expenses incurred post project close-out in prior year
 (2) CIP Budget adjustments due to revised budget on FY18/19 closed projects
 (3) CIP Budget adjustments due to revised budget on FY18/19 carryover projects

December 11, 2019

RECEIVE NOTES FROM FINANCE COMMITTEE MEETING, DECEMBER 3, 2019

RECOMMENDATION

Note receipt and file.

Background Information

The Finance Committee met on December 3, 2019. The meeting was attended by Committee Chair, Sean Wright; Vince De Lange, General Manager; Carol Margetich, Business Services Director; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and David Alvey, Vice President, Maze & Associates.

The purpose of the meeting was to review the draft Comprehensive Annual Financial Report and Memorandum on Internal Control for the Fiscal Year ending June 30, 2019. Mr. Alvey reviewed key findings from the financial audit, which are summarized in the meeting notes.

Analysis

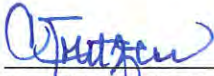
Committee Chair Wright recommended the audit report be presented to the full Board at the December 11, 2019 meeting. Committee meeting notes are provided as an informational report at regular Board Meetings as part of the Consent Calendar.


Financial Impact

None

Attachment

Finance Committee Meeting Notes, December 3, 2019

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

Reviewed by: 
Vince De Lange
General Manager



MEETING NOTES

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

DELTA DIABLO

(a California Special District)

**PLANT OPERATIONS CENTER CONFERENCE ROOM
2600 PITTSBURG-ANTIOCH HIGHWAY, ANTIOCH, CA 94509**

TUESDAY, DECEMBER 3, 2019

10:00 A.M.

The meeting was called to order by Committee Chair Sean Wright, on Tuesday, December 3, 2019, at 10:02 a.m. at the Delta Diablo Plant Operations Center Conference Room, at 2600 Pittsburg-Antioch Highway, Antioch, California. Present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and David Alvey, Vice President, Maze & Associates.

PUBLIC COMMENTS

None

**REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT and
MEMORANDUM ON INTERNAL CONTROL, JUNE 30, 2019**

Ms. Margetich referenced the District's recent award from the Government Finance Officers Association (GFOA) in recognition of excellence in financial reporting. She highlighted that the District has again exceeded basic requirements in preparing a Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2018/2019 (FY18/19) to improve context and transparency. She introduced the District's auditor (Mr. David Alvey, Vice President of Maze & Associates).

Mr. Alvey reviewed key findings from the FY18/19 financial audit. He noted the District continues to maintain a strong financial position and there were no material weaknesses or opportunities for improvement identified in the District's internal controls. Mr. Alvey noted that the District's net position as of June 30, 2019 is \$167.6 million, which represents an increase of \$8.8 million from last year, and noted key contributing factors. Total revenue equaled \$44.8 million with sewer service charges as the largest source of revenue at \$35.5 million. Total expenses in FY18/19 were \$36.0 million with Salary and Benefits representing the largest expense at \$17.6 million, which is a decrease of \$1.0 million (5.2%) from the prior year. All other expenses totaled \$18.4 million. Mr. Alvey highlighted that net pension liability under GASB 68 is \$17.6 million, net Other Post-Employment Benefits (OPEB) liability is \$4.1 million under GASB 75, and the District's OPEB trust fund balance is \$14.9 million.

Chair Wright asked that staff clarify whether the increase in net position was associated with an actual increase in cash as part of the presentation to the full Board. He thanked staff and Mr. Alvey for the presentation. Chair Wright recommended the audit report be presented to the full Board at the December 11, 2019 meeting.

ADJOURNMENT

The meeting was adjourned at 10:22 a.m.

Recording Secretary: Cecelia Nichols-Fritzler

December 11, 2019

RECEIVE UPDATE ON BUSINESS CONTINUITY PLANRECOMMENDATION

Receive update on the District's Business Continuity Plan.

Background Information

The District's Business Continuity Plan (BCP) is a guidance document that supports the District's core mission of protecting public health and the environment by outlining specific strategies, plans, and procedures necessary to maintain business and wastewater conveyance and treatment service continuity following an event that poses an unacceptable risk of business and/or operational disruption (e.g., major earthquake, fire). In preparing this document, the District utilized the "Business Continuity Planning for Water Utilities: Guidance Document," which is jointly sponsored and prepared by the Water Research Foundation, U.S. Environmental Protection Agency, and American Water Works Association. As the BCP Coordinator, the District's Safety Manager has led BCP Planning Committee efforts to develop a working draft of the BCP over the past two years. This committee consists of key staff representing each major functional area at the District and is organized based on the Federal Emergency Management Agency recommended teams and responsibilities for implementation of the BCP.

Analysis

The BCP will be implemented in 2020 through a series of staff orientation and training sessions. Integration of business continuity planning into our culture allows the District to continue providing critical services to its customers in the local community following implementation of a companion Emergency Response Plan that addresses the initial impacts of the disruptive incident and restores business operations. The District's BCP is divided into the eleven major sections listed below and is designed to restore and maintain comprehensive and effective financial, managerial, and functional operations during the extended period following a disruptive incident.

- | | |
|--------------------------------|----------------------------------|
| 1. Introduction | 7. Delegation of Authority |
| 2. Concept of Operations | 8. Succession Planning |
| 3. Mission Essential Functions | 9. Alert Notification Procedures |
| 4. Critical Resources | 10. Reconstitution |
| 5. Vital Records and Data | 11. Training |
| 6. Alternate Facilities | |

Staff will present a brief overview of the BCP purpose, major sections, and timeline for District-wide implementation at the December 11, 2019 Board Meeting.

Financial Impact

None

Attachment

None

Prepared by:


 Mary Harvey
 Safety Manager

Reviewed by:


 Dean Eckerson
 Resource Recovery Services Director

cc: District File No. SFTY.03-PROC1-XXXX

December 11, 2019

RECEIVE AUDITED COMPREHENSIVE ANNUAL FINANCIAL REPORT AND
MEMORANDUM ON INTERNAL CONTROL FOR FISCAL YEAR ENDED JUNE 30, 2019

RECOMMENDATION

Review audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for the Fiscal Year Ended June 30, 2019 (FY18/19).

Background Information

California statutes require special districts to have an annual audit conducted by independent certified public accountants. At its meeting on November 13, 2019, the Board received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for preparing a CAFR for FY17/18, which exceeds basic financial reporting requirements, provides more information (i.e., Letter of Transmittal and a statistical section), and improves context for the reader and overall transparency. Staff has undertaken preparation of a CAFR for FY18/19 to continue excellence at the District in the financial reporting arena.

The FY18/19 CAFR was audited by Maze & Associates, who has performed financial audits for the District since FY13/14 following Board approval of the original contract on June 11, 2014, a two-year renewal on December 14, 2016, and a one-year renewal on May 8, 2019.

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

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

GFOA works to advance excellence in state and local government financial management and promote financial reporting that provides useful information to taxpayers, customers, public officials, investors, and others who use financial reports. The District will submit the FY18/19 CAFR to GFOA for its Certificate of Achievement for Excellence in Financial Reporting.

Analysis

Consistent with prior audit results, the District's auditor has determined that the CAFR fairly presents the District's financial condition (this is known as an "unmodified opinion" or "clean"



opinion) and the District continues to maintain a strong financial position. Achieving an unmodified opinion provides reasonable assurance that the District's CAFR is free of material misstatements and represents the highest opinion that can be rendered in an audit.

In addition to conducting the audit and reviewing the CAFR, the auditor reviewed internal controls and provided a "Memorandum on Internal Control." There were no material weaknesses or opportunities for improvement identified this year, which highlights the strength of the District's internal financial controls.

FY18/19 Financial Highlights

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by \$167.6 million (net position)
- Net position increased by \$8.8 million (5.6%)
- Total assets plus deferred outflows increased \$8.5 million (4.1%)
- Total liabilities plus deferred inflow of resources decreased by \$0.3 million (0.6%)
- Total operating revenue was \$36.8 million, an increase of \$3.1 million (9.2%)
- Total operating expenses were \$35.4 million, a decrease of \$0.1 million (0.3%)
- Capital contributions were \$2.6 million, an increase of \$1.6 million (165.6%)

The District remains financially sound with a combined total net position at the end of FY18/19 of \$167.6 million. Changes in net position serve as a useful indicator of the District's financial standing over time. For FY18/19, the District's net position increased by \$8.8 million, which was the result of two main factors:

- 1) Operating revenues of \$36.8 million exceeded operating expenses by \$1.4 million. This positive result demonstrates the success of the District's overall operations for the fiscal year and shows effective cost recovery from user fees and other charges.
- 2) Implementation of Governmental Accounting Standards Board (GASB) pronouncements and a correction of prior period accounting that contributed to a \$7.4 million decrease in net position in the prior year (FY17/18). The District's net position at the end of FY18/19 has increased by only \$1.4 million compared to the end of FY16/17.

A thorough discussion the financial activities for FY18/19 is provided in the Management Discussion and Analysis (MD&A) section of the CAFR.

During the fiscal year, the Wastewater Capital Expansion Fund continued repaying an interfund loan from the Wastewater Fund. A payment of \$1.5 million was made and the outstanding balance at the end of FY18/19 was \$5.7 million.

Mr. David Alvey, CPA, Vice President, Maze & Associates, presented the FY18/19 Financial Audit Results to the Finance Committee at its December 3, 2019 meeting. The staff report and meeting notes are provided in Attachments 3 and 4, respectively. At the conclusion of the meeting, Chair Wright recommended presentation of the audit findings to the Board at its December 11, 2019 meeting.



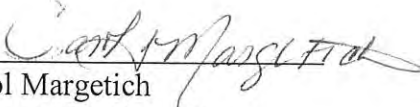
Financial Impact

The District remains financially sound and no material weaknesses in internal controls were identified by the auditor. The District's net position increased by \$8.8 million in FY18/19 due to total revenues exceeding total expenses. The District will consider this increase, as well as other FY18/19 final audited results during the near-term budget and rate development process.

Attachments

- 1) Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2019
- 2) Memorandum on Internal Control for the Year Ended June 30, 2019
- 3) Staff Report to Finance Committee, dated December 3, 2019 (without attachments)
- 4) Meeting Notes from December 3, 2019 Finance Committee Meeting

Prepared by:


Carol Margetich
Business Services Director

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





Delta Diablo

Comprehensive Annual Financial Report



TREATMENT PLANT AND DISTRICT OFFICES

For the Fiscal Years Ended
June 30, 2019 and 2018

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

This page is intentionally left blank.

Delta Diablo
Comprehensive Annual Financial Report
For The Years Ended June 30, 2019 and 2018

Prepared by the Finance Division

This page is intentionally left blank.

Introductory Section

Letter of Transmittal.....	i
District Principal Officers	xii
Organizational Chart	xiii
Vision, Mission and Values.....	xiv
Location Map	xv
GFOA Certificate of Achievement for Excellence in Financial Reporting	xvi

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statements of Net Position	14
Statements of Revenue, Expenses and Changes in Net Position	16
Statements of Cash Flows	17
Statements of Fiduciary Net Position – Other Post-Employment Benefit Trust Fund	18
Statements of Changes in Fiduciary Net Position – Other Post-Employment Benefit Trust Fund	19
Notes to Basic Financial Statements	21

Required Supplementary Information Section

Schedule of Changes in Net Pension Liability and Related Ratios – Multiple-Employer Defined Pension Plan	56
Schedule of Pension Contributions – Multiple-Employer Defined Pension Plan.....	57
Schedule of Changes in Net OPEB Liability and Related Ratios – Retiree Health Funding Plan	58
Schedule of OPEB Contributions – Retiree Health Funding Plan	59
Schedule of OPEB Investment Returns.....	59

Supplementary Information

Supplementary Schedule of Net Position	62
Supplementary Schedule of Revenue, Expenses and Changes in Net Position	64

Statistical Section

Net Position by Component	70
Condensed Statement of Revenues, Expenses and Changes in Net Position.....	71
Total Revenue By Source.....	72
Total Expense By Category.....	73
Major Revenue Base and Rates.....	74
Service Charges and Service Charges as a Percentage of Total Operating Revenue.....	75
Principal Customers	75
Outstanding Debt By Type and Debt per Capita.....	76
Pledged-Revenue Coverage	77
Principal Employers in the District	78
Demographic and Economic Statistics: District Service Area and Contra Costa County ...	79
About the District	80
District Employees By Department.....	81
Operating and Capital Indicators By Program	82

INTRODUCTORY SECTION



TOWER TRICKLING FILTERS AND AERATION BASINS

This page left intentionally blank.



November 27, 2019

To the Honorable Board of Directors and Delta Diablo Customers:

Delta Diablo (District) is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2019 (FY18/19).

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

California statutes require special districts to have an annual audit conducted by independent, certified public accountants. This report is published to fulfill that requirement for FY18/19. Maze & Associates, Accountancy Corporation, has issued an unmodified ("clean") opinion on the District's financial statements for FY18/19. The independent auditor's report is located at the front of the financial section of this report.

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

The CAFR follows the GFOA recommended guidelines and the District is submitting this report to GFOA for review and certification.

Profile of the Government

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

alternative source of water that not only is more cost efficient than potable water and promotes water conservation, but is also an environmentally sound recapturing of precious water resources rather than discharging the treated water directly to the Delta.

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

Street Sweeping Program: Street sweeping is another pollution prevention service offered by the District. One of the best ways to prevent pollutants from entering local waterways is to remove them from streets before wind and rain carries them into storm drains, which flow to Delta receiving waters. Regular street sweeping provides a clean appearance throughout neighborhoods, attracts businesses to downtown areas, and supports regional compliance with state and federal regulations related to the Clean Water Act implementation.

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

Local Economy

The District provides wastewater conveyance and treatment services in its service area via 38,100, 24,300, and 7,500 connections in Antioch, Pittsburg, and Bay Point, respectively. These communities are located in the Delta where the Sacramento and San Joaquin Rivers meet at the eastern edge of the greater San Francisco Bay Area (Bay Area). Housing is affordable relative to the otherwise expensive Bay Area, and there is still significant undeveloped land in the area available for future development. The Bay Area Rapid Transit (BART) Pittsburg-Antioch line and Highway 4 run through the area, connecting commuters in the three communities to jobs in other parts of the Bay Area.

Because the area functions in part as “bedroom communities” to the Bay Area’s financial district and high-tech industries, housing-related development, construction, and service-related businesses dominate the local economy. In general, the local economy is

Financial Policies

The District has financial policies that set forth guidelines to maintain accountability and control over operating revenue and expenses, ensure proper appropriation of reserves and restricted funds, and proactively address the rising costs of pension and other post-employment benefits.

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

Reserves:

- ***Economic Reserves:*** Economic reserves are an essential part of the District's operating requirements and ensure the continued ability to provide services during budget shortfalls or unforeseen circumstances. The purpose of this reserve is to provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District's revenues or increase the District's operating costs.
- ***Advanced Treatment Reserve:*** A component of the wastewater rate is dedicated and set aside to provide funding for advanced treatment projects to meet more stringent anticipated discharge regulations (e.g., nutrient removal).

Other Post-Employment Benefits (OPEB) Trust Funding: Following the acceptance of each fiscal year's audited financial statements for the District, the Board of Directors makes a determination as to how much of that year's remaining Actuarially Determined Contribution (ADC) (formerly Annual Required Contributions or ARC) will be funded by the District and deposited to the OPEB trust fund from all or part of the following sources in the order listed below: 1) unanticipated revenue streams, 2) wastewater service charge revenues exceeding planned levels for the prior fiscal year, 3) unused wastewater operating contingency funds from the prior fiscal year, 4) wastewater operating budget savings from the prior fiscal year, 5) ad valorem tax revenues, and 6) wastewater general fund.

Pension Benefits Trust Funding: The District's intent is to set aside additional funds in a separate, qualified trust fund which may be directed into either the California Public Employees' Retirement System (CalPERS) and/or Contra Costa County Employee's Retirement Association (CCCERA) in the future. Annual budgeted amounts are contributed following the adoption of the budget. Upon fully funding the OPEB Trust Fund, those funding sources previously discussed shall be redirected to pension benefit trust funding, provided the OPEB trust funds remains fully funded.

FY18/19 Strategic Business Plan Initiatives

Financial Sustainability

- *Critically review the financial viability of the East County Bioenergy Project and ensure that associated project agreements protect the District from potential financial, technological, operational, regulatory, and public acceptance risks.* Status: Staff evaluated project risks and mitigation strategies and identified potential barriers to implementing a large-scale organics co-digestion project. These barriers will be evaluated in FY19/20 to determine alternative project models and implementation timelines.
- *Implement improvements to the parcel database to ensure efficient and reliable revenue collection.* Status: This project is complete and the improvements have been implemented, which ensures accurate, updated parcel data is used for the FY19/20 tax roll.
- *Implement energy use and production measures and achieve Superior Energy Performance and ISO 50001 certifications.* Status: Energy use and production measures are evaluated for possible implementation on an ongoing basis. The superior Energy Performance and ISO 50001 certifications will be considered as a component of the Resource Recovery Facility Master Plan project in FY19/20.

Leadership

- *Implement Succession Planning Strategy (e.g., filling critical positions, knowledge capture), complete job description updates, and initiate a total compensation study to support workforce development and business continuity.* Status: Implemented several succession planning strategies including scheduling training for new hires with the outgoing retiree for an overlapping period (e.g., one to two months), offering enhanced continuing professional education and training for active employees, encouraging on-the-job mentoring and coaching, and implementing cross-training for critical positions. The job description updates and total compensation study are underway in FY19/20.

Operational Excellence

- *Complete development of a comprehensive Business Continuity Plan to minimize disruption to critical operational functions during emergency conditions.* Status: Department representatives met regularly to complete the development of a comprehensive Business Continuity Plan in August 2019.
- *Conduct an emergency preparedness training “fair” for employees that includes hands-on and interactive elements to improve engagement and information retention.* Status: Emergency preparedness training for employees was completed in September 2018 to review disaster response resources and protocols.

- *Develop a long-term plan to guide investment in information technology.* Status: An information technology (IT) steering committee was formed to enhance engagement across the organization and guide a formal IT assessment project in FY19/20 to identify near- and long-term investment recommendations.

Stakeholder Engagement

- *Actively support the Bay Area Biosolids Coalition's key strategic activities, including developing year-round biosolids management alternatives, forging partnerships to advance biosolids research, and informing key stakeholders.* Status: The District continues to actively participate in strategic planning workshops and steering committee meetings to guide development of sustainable biosolids management alternatives and potential site locations, and support research and product market assessments that highlight the environmental benefits and value of biosolids. Coalition members also developed a strategic framework and scope of work to guide development of year-round biosolids management alternatives, as well as forging partnerships to advance biosolids research.
- *Develop strategic planning framework to guide proactive public information and outreach activities and ensure alignment with key District initiatives.* Status: Staff developed a draft strategic planning framework which will be finalized and implemented in FY19/20.

Long-Term Infrastructure Investment

The District's Capital Improvement Program (CIP) presents project needs and funding requirements to maintain and/or upgrade District infrastructure. Recommended projects in the CIP are based on previous master planning efforts, as well as ongoing condition assessment of existing facilities. The five-year CIP defines and prioritizes projects for each of the Resource Recovery Program areas described above. Below is a discussion of the active major capital projects in FY18/19.

- **East County Bioenergy Project** – Preliminary design activities to understand technology risks, project costs, regulatory and permitting constraints, and overall financial viability under various operating scenarios of an innovative public-private partnership between the District and Mt. Diablo Resource Recovery (MDRR, solid waste hauler) that aims to meet organics landfill diversion state mandates by producing renewable energy, achieving energy self-sufficiency, and reducing greenhouse gas emissions.
- **Permanent Brine Transfer Facility** – Completed design and began construction of a brine transfer facility that will be used to store and discharge brine delivered by The Dow Chemical (DOW) to the District's WWTP for processing.
- **Asset Management Program** – Conducted workshops to establish a plan to begin implementation of an update to the District's Asset Management Program.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Delta Diablo for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The District would like to thank the Board of Directors for its continued interest and dedicated support for maintaining the highest standards of professionalism and integrity in the management of the District's finances. Additionally, this report was prepared through the skill, effort, and dedication of all Finance Division staff, with significant support and contributions from many other staff in providing the data necessary to prepare this report.

Sincerely,



Vince De Lange
General Manager



Carol Margetich
Business Services Director

DELTA DIABLO Principal Officers – June 30, 2019

Board of Directors

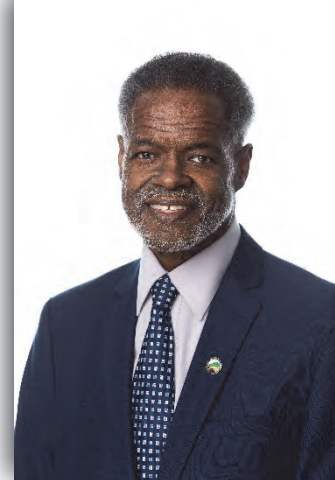
Delta Diablo has a three-member Board of Directors consisting of representatives appointed by the governing bodies of the three service areas: unincorporated Bay Point, City of Pittsburg and City of Antioch.



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



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

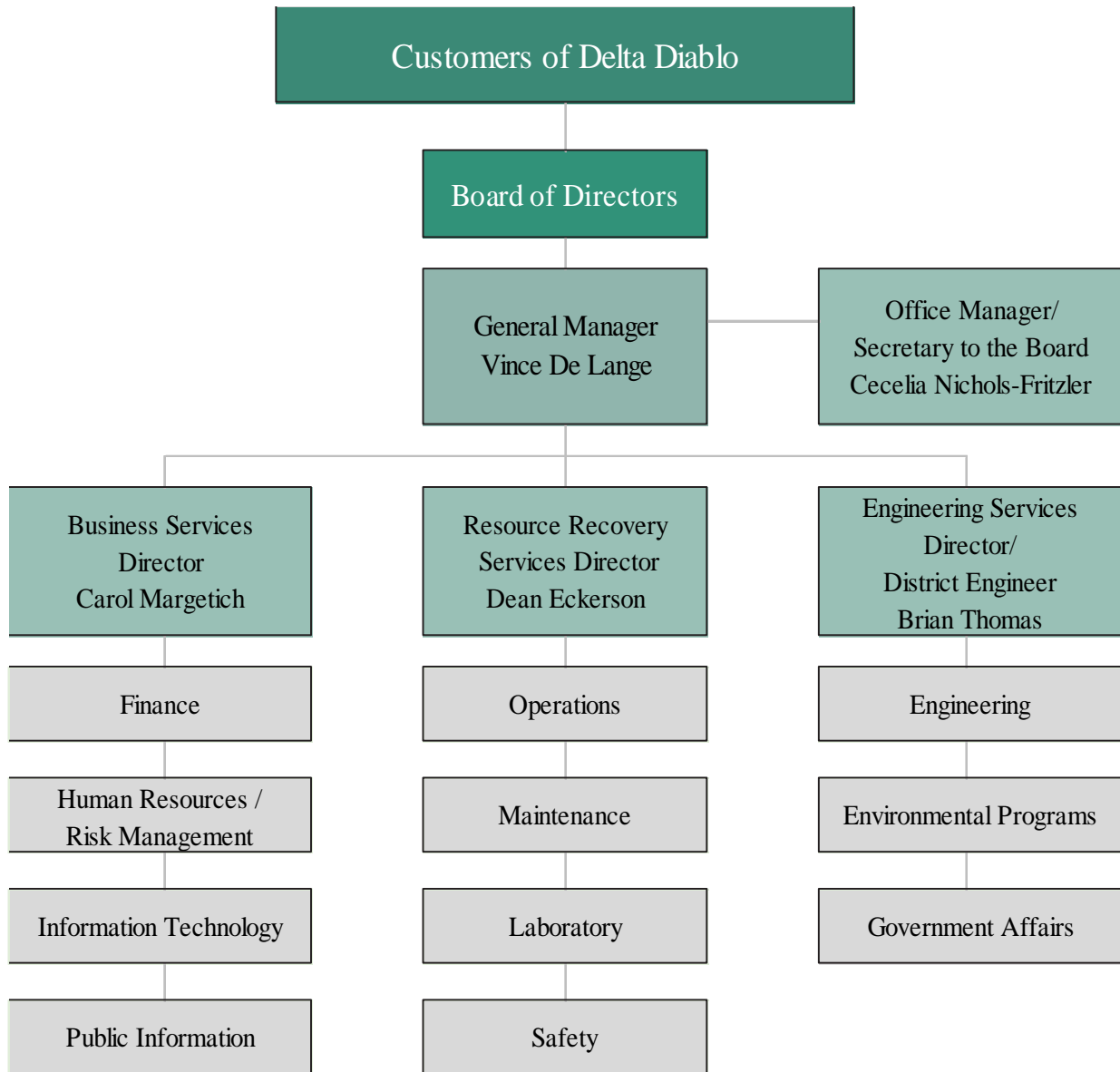


Federal Glover
Director
Appointed by the Contra Costa County Board of Supervisors, represents unincorporated Bay Point

District Management

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

DELTA DIABLO Organization Chart



DELTA DIABLO

Vision, Mission and Core Values

Mission

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

Vision

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

Core Values

Delta Diablo is committed to:

Integrity

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

Teamwork

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

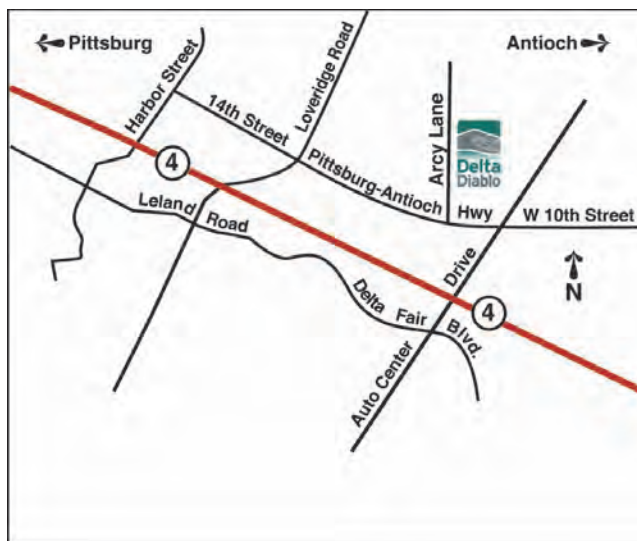
Trust

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

DELTA DIABLO Location Map



Delta Diablo
Antioch, CA





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Delta Diablo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



TREATMENT PLANT

This page is intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Delta Diablo
Antioch, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate remaining fund information of Delta Diablo (District), California, as of and for the years ended June 30, 2019 and June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of Delta Diablo as of June 30, 2019 and 2018, and the respective changes in the financial positions, and where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2019 as discussed in Note 1 to the financial statements:

Governmental Accounting Standards Board Statement 88 - *Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements*. See Note 7 to the financial statements for relevant disclosures.

The emphasis of these matters does not constitute a modification to our opinions.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material aspects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Maze + Associates

Pleasant Hill, California
November 27, 2019

This Page Left Intentionally Blank

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

The District's Management Discussion and Analysis (MD&A) provides an overview of the District's financial performance and activities for the fiscal year (FY) ended June 30, 2019 (FY18/19). The MD&A should be read in conjunction with the transmittal letter (pgs. i-xi) and the District's basic financial statements which begin on page 14. The MD&A is presented in a concise format and organized under the following headings:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Financial Statements

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

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

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

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

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

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

The *Notes to the Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes begin on page 21 of this report.

Other Information

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

FINANCIAL ANALYSIS

Financial Highlights

In FY18/19, the District continued to effectively manage its finances and strengthen its financial position by adopting sufficient user rates to fund operations, capital improvements, future other post-employment benefits (OPEB), and maintain strong financial performance. The District implemented Governmental Accounting Standards Board (GASB) Statement Number 83, Certain Asset Retirement Obligations and Statement Number 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. The new accounting rules did not require any changes to the District's financial report. The following results of operations in FY18/19 indicate a continuing strong and stable fiscal position:

- Total assets plus deferred outflows of the District exceeded the total liabilities and deferred inflows by \$167.6 million (net position)
- Net position increased by \$8.8 million (5.6%)
- Total assets plus deferred outflows increased \$8.5 million (4.1%)
- Total liabilities plus deferred inflow of resources decreased by \$0.3 million (0.6%)
- Total operating revenue was \$36.8 million, an increase of \$3.1 million (9.2%)
- Total operating expenses were \$35.4 million, a decrease of \$0.1 million (0.3%)
- Capital contributions were \$2.6 million, an increase of \$1.6 million (165.6%)

Financial Position

In FY18/19, the District's net position increased by \$8.8 million (5.6%) to \$167.6 million from \$158.7 million. The largest portion of the District's net position, \$118.4 million (71%), is invested in capital assets necessary to provide services to its rate payers. Total assets plus deferred outflows increased \$8.5 million (4.1%) during the year to \$217.7 million from \$209.2 million. Total liabilities plus deferred inflow of resources decreased by \$0.3 million (0.6%) to \$50.2 million from \$50.5 million.

In FY17/18, the District's net position decreased by \$7.4 million (4.5%) to \$158.7 million with total assets plus deferred outflows remaining unchanged at \$209.2 million. Total liabilities plus deferred inflows increased \$7.5 million (17.4%) to \$50.5 million due to the implementation of GASB 75. The new accounting rule resulted in the elimination of \$3.3 million in OPEB assets and the recognition of an additional \$4.8 million in OPEB liabilities. Additional information on long-term debt, net pension liability, and net OPEB liability is provided in the accompanying *Notes to the Financial Statements* (refer to Note 7 – Long-term Debt and Note 8 – Retirement).

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

The FY18/19 increase in net position of \$8.8 million was primarily due to net non-operating income of \$7.4 million and net operating income of \$1.4 million.

Table 1 below presents the District's Condensed Statement of Net Position for the FYs ended June 30, 2019, 2018, and 2017:

Table 1
Condensed Statement of Net Position

	Fiscal Year Ended June 30			2019	2018
	2019	2018	2017	vs 2018	vs 2017
Current and other assets	\$ 70,908,975	\$ 62,567,110	\$ 64,250,314	13.3%	-2.6%
Capital assets (net)	141,912,357	141,042,779	140,744,217	0.6%	0.2%
Total assets	<u>212,821,332</u>	<u>203,609,889</u>	<u>204,994,531</u>	<u>4.5%</u>	<u>-0.7%</u>
Deferred outflow of resources	4,922,919	5,617,629	4,185,836	-12.4%	34.2%
Current liabilities	4,372,371	6,550,685	6,041,924	-33.3%	8.4%
Long-term liabilities	44,295,575	43,086,149	35,742,341	2.8%	20.5%
Total liabilities	<u>48,667,946</u>	<u>49,636,834</u>	<u>41,784,265</u>	<u>-2.0%</u>	<u>18.8%</u>
Deferred inflows of resources	1,492,682	848,160	1,204,735	76.0%	-29.6%
Net position					
Net investment in capital assets	118,356,795	118,740,378	119,128,874	-0.3%	-0.3%
Restricted	1,008,283	929,736	378,358	8.4%	145.7%
Unrestricted	<u>48,218,545</u>	<u>39,072,410</u>	<u>46,684,135</u>	<u>23.4%</u>	<u>-16.3%</u>
Total net position	<u>\$ 167,583,623</u>	<u>\$ 158,742,524</u>	<u>\$ 166,191,367</u>	<u>5.6%</u>	<u>-4.5%</u>

Results of Operations

In FY18/19, the District's total operating revenue was \$36.8 million and total operating expense was \$35.4 million, which represented an increase of \$3.1 million and a decrease of \$0.1 million, respectively from FY17/18. The change in net position (including capital contributions) increased from \$2.3 million in the previous fiscal year to \$8.8 million in the current fiscal year and ended the year with a total net position of \$167.6 million.

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

- Operating revenue increased by \$3.1 million (9.2%). Service charges increased by \$3.1 million (9.6%), which was driven by recycled water rate restructuring to address fixed costs and variable costs in response to reduced consumption and a wastewater sewer service charge increase of 6.0%. The service charge increase was offset by reductions in discharge permits and miscellaneous revenues (\$0.05 million).
- Labor costs, consisting of salaries and benefits, decreased by \$1.0 million (5.2%), primarily due to GASB 68 pension and GASB 75 OPEB accounting rule changes (\$0.6 million) and the one-time additional contribution of \$0.6 million to the OPEB trust account made in FY17/18, and was offset by employee Memoranda of Understanding (MOU) Cost-of-Living Adjustment (COLA) increases in salaries and benefits.

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

- Property tax revenue increased \$0.3 million (11.1%) due to the ongoing economic recovery.
- Interest income increased \$0.9 million (136.7%), primarily due to an increased rate-of-return from a weighted average of 1.358% in FY17/18 to 2.388% and an increase of \$10 million invested throughout FY18/19.
- Capital contributions increased to \$2.6 million (165.6%) due to the issuance of 582 new equivalent residential unit (ERU) permits in FY18/19 compared to 219 ERU permits in FY17/18.
- Other non-operating items increased \$0.6 million (225%) due to the receipt of federal and state grants totaling \$0.8 million (compared to \$0.2 million in FY17/18).

For FY17/18, the District's total operating revenue of \$33.7 million remained unchanged from the prior fiscal year and total operating expense of \$35.5 million increased by \$2.6 million. The change in net position (including capital contributions) decreased from \$5.6 million in the previous fiscal year to \$2.3 million in the current fiscal year. The District's total net position decreased \$7.5 million from \$166.2 million to \$158.7 million during the fiscal year due to the GASB 75 prior period adjustment.

The major components of the District's financial results in FY17/18 were:

- Operating revenue remained stable at \$33.7 million. Service charges increased \$0.8 million (2.6%), which was driven by a wastewater sewer service charge increase of 6.5% which was offset by reductions in recycled water service charges due to service rate restructuring and usage reductions by the largest commercial account. A decrease \$0.8 million (38%) in other operating revenues includes rebates (\$0.1 million) and work for others (\$0.7 million).
- Labor costs, consisting of salaries and benefits, increased \$1.6 million (9.5%), primarily due to MOU-related increases (\$0.4 million), rising pension rates, GASB 68 pension, and GASB 75 OPEB accounting rule changes (\$0.6 million), and the one-time additional contribution of \$0.6 million to the OPEB trust account.
- Outside services and maintenance costs increased \$1.2 million (29.4%), primarily due to correctly expensing costs that had been capitalized in the past.
- Property tax revenue increased \$0.2 million (9.1%) due to the ongoing economic recovery.
- Capital contributions decreased \$1.4 million (57.9%) due to a reduction of 377 ERUs from FY16/17 as a result of construction delays.

Table 2 on the following page presents the District's Condensed Statement of Revenues, Expenses and Changes in Net Position for the FYs ended June 30, 2019, 2018, and 2017:

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

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

	Fiscal Year Ended June 30			2019	2018
	2019	2018	2017	vs 2018	vs 2017
Service charges	\$ 35,484,438	\$ 32,389,604	\$ 31,572,922	9.6%	2.6%
Other operating revenues	1,322,760	1,302,988	2,121,889	1.5%	-39%
Operating revenue	36,807,198	33,692,592	33,694,811	9.2%	0.0%
Salaries and benefits	17,604,581	18,569,205	16,951,986	-5.2%	9.5%
Chemicals and utilities	3,204,882	2,908,186	2,772,504	10.2%	4.9%
Outside services and maintenance	5,652,901	5,352,273	4,137,773	5.6%	29.4%
Depreciation and amortization	6,926,195	6,897,318	6,881,767	0.4%	0.2%
Other operating expenses	1,986,524	1,751,761	2,159,552	13.4%	-18.9%
Operating expense	35,375,083	35,478,743	32,903,582	-0.3%	7.8%
Operating Income/(Loss)	1,432,115	(1,786,151)	791,229	-180.2%	-326%
Nonoperating income (expense)					
Property Taxes	2,977,580	2,679,597	2,455,507	11.1%	9.1%
Interest income	1,606,118	678,535	359,034	136.7%	89.0%
Capital Contributions	2,636,962	992,717	2,359,761	165.6%	-57.9%
Interest expense	(670,360)	(572,957)	(371,091)	17.0%	54.4%
Other non-operating	858,684	264,270	53,577	224.9%	393.3%
Nonoperating Income/(Expense), Net	7,408,984	4,042,162	4,856,788	83.3%	-16.8%
CHANGE IN NET POSITION	8,841,099	2,256,011	5,648,017	291.9%	-60.1%
Net position - beginning of year	158,742,524	166,191,367	160,543,350	-4.5%	3.5%
Prior period adjustment: GASB 75		(9,704,854)	-		
Net position - end of year	\$ 167,583,623	\$ 158,742,524	\$ 166,191,367	5.6%	-4.5%

Capital Assets

The District had capital assets (net of depreciation) of \$141.9 million, \$141.0 million, and \$140.7 million as of June 30, 2019, 2018 and 2017, respectively. The District invests in a broad range of capital assets including land, buildings, improvements, wastewater treatment facilities, water reclamation facilities, hazardous waste facilities, transmission and conveyance systems, pump stations, and machinery and equipment. In FY18/19, capital assets increased \$0.9 million, primarily due to the acquisition of a land parcel for \$0.3 million, \$7.5 million in new construction for major projects, and a net change of \$6.9 million in accumulated depreciation. The District capitalized \$14.8 million construction-in-progress expenses.

Table 3 on the following page presents the District's Capital Assets, net of depreciation, for FY18/19, FY17/18, and FY16/17:

**DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019**

Table 3
Schedule of Capital Assets, Net of Depreciation

	Fiscal Year Ended June 30			2019	2018
	2019	2018	2017	vs 2018	vs 2017
				Variance	Variance
Land	\$ 6,490,355	\$ 6,226,308	\$ 2,719,251	4.2%	129.0%
Construction in progress	10,426,167	17,703,738	20,653,811	-41.1%	-14.3%
Treatment & collection system	124,798,878	116,652,539	116,595,301	7.0%	0.0%
Equipment	196,957	460,194	775,854	-57.2%	-40.7%
Capital Assets, Net of Depreciation	\$ 141,912,357	\$ 141,042,779	\$ 140,744,217	0.6%	0.2%

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

This year's major capital expenditures included:

Project	Amount
Pittsburg Force Main Rehabilitation	\$ 12,207,912
Emergency Back-Up Generator	1,527,548
Primary Clarifiers Influent Piping Rehabilitation	565,831
Land, two acres adjacent to the Antioch Pump Station	264,047
Total	\$ 14,565,338

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

Debt Administration

The District had total net long-term debt outstanding of \$23.6 million, \$22.3 million, and \$21.6 million as of June 30, 2019, 2018 and 2017, respectively. In FY18/19, long-term debt increased by \$1.3 million (5.6%) due to an increase of \$2.0 million in the State of California Water Resources Control Board's State Revolving Fund (SRF) loan for the Pittsburg Force Main Improvements Project, which was offset by scheduled principal repayments. The District did not issue any new bonded debt in FY18/19.

Table 4 on the following page presents the District's Long-Term Debt for the FY18/19, FY17/18, and FY16/17.

**DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019**

Table 4
Schedule of Long-Term Debt

	Fiscal Year Ended June 30			2019	2018
	2019	2018	2017	vs 2018	vs 2017
				Variance	Variance
2010 RW State Revolving Fund Loan (SRF)	\$ 3,806,905	\$ 4,122,562	\$ 4,437,977	-7.7%	-7.1%
2011 WW Installment Note Payable	1,419,331	1,483,830	1,542,156	-4.3%	-3.8%
2011 WW SRF Loan	3,789,125	4,011,192	4,227,632	-5.5%	-5.1%
2015 WW California Energy Commission Loan	511,834	560,266	608,219	-8.6%	-7.9%
2015 Bay Point SRF Loan	1,052,464	1,083,550	1,114,056	-2.9%	-2.7%
2016 WW/Bay Point SRF Loan	11,072,449	9,083,957	7,624,170	21.9%	19.1%
2016 WW SRF Loan	1,903,454	1,957,044	2,017,507	-2.7%	-3.0%
2017 RW SRF Loan		-	43,626	n/a	-100%
Total Long-Term Debt	\$ 23,555,562	\$ 22,302,401	\$ 21,615,343	5.6%	3.2%

The outstanding debt issued was used to fund improvements, replacements, and expansion of the wastewater treatment and recycled water treatment facilities, conveyance and distribution systems, and wastewater collection systems. The primary funding source for repayment of debt issued for expansion purposes is the Capital Facility Capacity Charge (CFCC). The 2017 SRF loan was defeased in FY16/17 due to the cancellation of the associated project. For additional information, see accompanying *Notes to the Financial Statements* Note 7 – Long-Term Debt.

The District received a reaffirmation of its “AA” credit rating from Standard & Poor’s in November 2015, which represents the District’s very strong capacity to meet its financial commitments. The primary reason for the reaffirmation was the District Board’s willingness to continue to adjust rates incrementally, and the very prudent approach to collect and set aside funds for the acquisition or construction of new capital assets and for the maintenance, rehabilitation, and replacement of current capital assets. Additionally, the District’s strong financial performance, debt service coverage, and strong liquidity built on competitive rates; manageable capital plan with expansion costs historically financed from capacity fees; and a stable and diverse customer base largely collected through the County’s Teeter Plan supported the AA credit rating.

ECONOMIC FACTORS AND NEXT FISCAL YEAR’S BUDGETS AND RATES

Economic Factors

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

- Economic cycle, which impacts CFCCs as new development projects are highly sensitive to the economic cycle. Economic cycle also impacts the federal and state budgets and legislation, which could affect the District’s ability to secure grant funding and low-interest loans.
- Interest rate and/or investment return, which directly impact investment earnings, borrowing costs, and pension and OPEB contribution rates.
- Consumer price index (CPI), which is a measure of inflation. CPI for San Francisco-Oakland-Hayward directly impacts COLAs provided in the employee MOUs and costs for supplies and expenses.

DELTA DIABLO
MANAGEMENT'S DISCUSSION & ANALYSIS
for the Fiscal Year Ended June 30, 2019

- Crude oil prices impact the energy market for electricity and gas prices and the chemicals used for wastewater treatment. The District's chemical and utilities expenses ranged from \$2.8 million to \$3.2 million in the three-year period ending FY18/19.
- Changes in assessed property values, which affect the District's property tax revenue. When the housing market improves, the assessed property values increase, thereby increasing the District's property tax receipts. Conversely, any decline in the housing market will decrease property values and correspondingly decrease property tax receipts for the District.

These factors, to the extent known, were considered in preparing the District's budget for FY19/20.

Next Fiscal Year's Budget and Rates:

In June 2019, the Board adopted the FY19/20 annual operating and capital budgets of \$28.7 million and \$22.9 million, respectively.

In April 2019, Proposition 218 (Prop. 218) notices were mailed to rate payers to communicate the proposed FY19/20 rates and the associated public hearing date and location. The District proposed an increase of 4.5% in wastewater sewer service charge for customers in Pittsburg and Antioch, and an increase of 3.5% for customers in Bay Point. In June 2019, a public hearing was held and the Board of Directors subsequently approved FY19/20 rates for implementation in July 2019.

For the FY19/20 budget summary, please visit the District's website at www.deltadiablo.org.

REQUESTS FOR INFORMATION

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

This Page Left Intentionally Blank

DELTA DIABLO
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash (Note 2)	\$5,066,900	\$4,607,730
Investments (Note 2)	27,645,233	24,232,689
Restricted cash (Note 2)		398,880
Restricted investments (Note 2)	1,008,283	929,736
Committed investments (Note 2)	30,870,249	25,609,156
Accounts receivable	1,009,723	1,150,780
Interest receivable	328,711	196,154
Notes receivable, current portion (Note 3)	334,833	331,042
Employee computer loans receivable, current portion (Note 4)	5,931	6,976
Materials and supplies (Note 1H)	875,672	963,173
Prepaid expenses	60,108	102,372
	<u>67,205,643</u>	<u>58,528,688</u>
NON-CURRENT ASSETS		
Other Assets:		
Notes receivable, less current portion (Note 3)	3,699,853	4,034,686
Employee computer loans receivable, less current portion (Note 4)	3,479	3,736
	<u>3,703,332</u>	<u>4,038,422</u>
Capital Assets (Note 5):		
Capital assets, non-depreciable	16,916,522	23,930,046
Depreciable capital assets, net of accumulated depreciation	124,995,835	117,112,733
	<u>141,912,357</u>	<u>141,042,779</u>
Total capital assets, net	<u>141,912,357</u>	<u>141,042,779</u>
Total noncurrent assets	<u>145,615,689</u>	<u>145,081,201</u>
TOTAL ASSETS	<u>212,821,332</u>	<u>203,609,889</u>
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions (Note 9)	4,619,576	5,617,629
Related to OPEB (Note 10)	303,343	
	<u>4,922,919</u>	<u>5,617,629</u>
Total deferred inflows of resources	<u>4,922,919</u>	<u>5,617,629</u>

See accompanying notes to financial statements

DELTA DIABLO
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$1,339,764	\$3,303,109
Accrued payroll and benefits	592,458	583,483
Deposits payable	406,624	717,966
Unearned revenue	78,374	80,468
Compensated absences - current portion (Note 6)	833,528	824,918
Current portion of long-term debt (Note 7)	1,053,187	973,476
Accrued interest payable	68,436	67,265
	4,372,371	6,550,685
LONG-TERM LIABILITIES		
Long-term debt, net of current portion (Note 7):		
State revolving fund loans	21,154,101	19,909,594
Installment sale agreement	1,348,274	1,419,331
	22,502,375	21,328,925
Compensated absences -net of current portion (Note 6)	79,815	33,695
Property tax refund		31,121
Net pension liability (Note 9)	17,576,687	16,919,408
Net OPEB liability (Note 10)	4,136,698	4,773,000
	44,295,575	43,086,149
	48,667,946	49,636,834
DEFERRED INFLOWS OF RESOURCES		
Related to pensions (Note 9)	896,661	747,160
Related to OPEB (Note 10)	596,021	101,000
	1,492,682	848,160
NET POSITION (Note 12)		
Net investment in capital assets	118,356,795	118,740,378
Restricted for debt service	1,008,283	929,736
Unrestricted	48,218,545	39,072,410
	\$167,583,623	\$158,742,524

See accompanying notes to financial statements

DELTA DIABLO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Service charges	\$35,484,438	\$32,389,604
Discharge permits	144,000	161,900
Household hazardous waste operating fees	497,828	471,923
Miscellaneous	465,796	499,084
Work for others	215,136	170,081
Total operating revenues	36,807,198	33,692,592
OPERATING EXPENSES		
Salaries and benefits	17,604,581	18,083,303
Chemicals	1,405,512	1,178,138
Depreciation (Note 5)	6,926,195	6,897,318
Office and operating expense	1,901,272	2,100,498
Outside service and maintenance	5,652,901	5,352,273
Utilities	1,799,370	1,730,048
Other	85,252	137,165
Total operating expenses	35,375,083	35,478,743
OPERATING INCOME/(LOSS)	1,432,115	(1,786,151)
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(670,360)	(572,957)
Interest income	1,606,118	678,535
Capital facilities capacity charges (Note 11)	2,636,962	992,717
Lease revenue (Note 13)	36,540	36,332
Gain on sale of asset	11,277	29,357
Federal grants	519,391	194,014
Subgrants	291,476	4,567
Property taxes	2,977,580	2,679,597
Total nonoperating revenues (expenses), net	7,408,984	4,042,162
NET INCOME	8,841,099	2,256,011
NET POSITION, BEGINNING OF YEAR	158,742,524	166,191,367
Prior period adjustment		(9,704,854)
NET POSITION, END OF YEAR	\$167,583,623	\$158,742,524

See accompanying notes to financial statements

DELTA DIABLO
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$36,948,255	\$34,256,175
Payments to employees	(16,180,667)	(18,825,463)
Payments to utilities	(1,799,370)	(1,730,048)
Payments to contractual/professional services	(5,964,243)	(5,478,265)
Payments to suppliers	(5,140,364)	(2,630,114)
Other receipts (payments)	(87,346)	(223,842)
Net Cash Provided by Operating Activities	7,776,265	5,368,443
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxes	2,946,459	2,679,597
State, federal and sub grants	810,867	198,581
Receipts (payments) on employee computer loans	1,302	5,289
Cash Flows from Noncapital Financing Activities	3,758,628	2,883,467
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(7,795,773)	(10,903,194)
Proceeds from sale of capital assets	11,277	29,357
Proceeds from loan agreements	2,324,520	1,929,835
Interest paid on long-term debt	(669,189)	(517,824)
Payment of long-term debt	(1,071,359)	(1,242,777)
Connection fees	2,636,962	992,717
Cash Flows (used for) Capital and Related Financing Activities	(4,563,562)	(9,711,886)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption and (acquisition) of investments	(8,752,184)	(5,693,781)
Receipts on note	331,042	327,405
Interest received on investments	1,473,561	566,101
Interest received on lease	36,540	36,332
Cash Flows provided by Investing Activities	(6,911,041)	(4,763,943)
NET INCREASE IN CASH	60,290	(6,223,919)
Cash, beginning of year	5,006,610	11,230,529
Cash, end of year	\$5,066,900	\$5,006,610
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$1,432,115	(\$1,786,151)
Adjustments to reconcile operating loss to cash flows from operating activities:		
Depreciation	6,926,195	6,897,318
Change in assets and liabilities:		
(Increase) decrease in receivables, net	141,057	56,528
(Increase) decrease in materials and supplies	87,501	(33,016)
(Increase) decrease in prepaid expenses	42,264	8,137
Increase (decrease) in accounts payable and accrued expenses	(1,963,345)	609,618
Increase (decrease) in accrued payroll and related expenses	63,705	(61,240)
Increase (decrease) in deposits payable	(311,342)	(125,992)
Increase (decrease) in unearned revenue	(2,094)	(1,741)
Increase (decrease) in net pension liability	1,804,833	(1,141,018)
Increase (decrease) in net OPEB liability	(444,624)	946,000
Net cash provided by operating activities	\$7,776,265	\$5,368,443
SCHEDULE OF NON CASH ACTIVITY		
Change in fair value of investments	\$92,838	(\$85,761)

See accompanying notes to financial statements

DELTA DIABLO
STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Investments with Trustees:		
Cash equivalents (Note 2)	\$391,716	\$355,187
Fixed income mutual funds (Note 2)	5,394,087	8,122,840
Equity mutual funds (Note 2)	9,102,611	4,919,423
Total investments	14,888,414	13,397,450
Total Assets	\$14,888,414	\$13,397,450
NET POSITION		
Net position restricted for OPEB	\$14,888,414	\$13,397,450

See accompanying notes to basic financial statements

DELTA DIABLO
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
OTHER POST-EMPLOYMENT BENEFIT TRUST FUND
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
ADDITIONS		
Contributions:		
District	\$1,326,952	\$1,744,458
Total contributions	1,326,952	1,744,458
Investment income:		
Interest, dividends and other	932,562	971,720
Less: investment expenses	(69,615)	(66,447)
Total net investment income	862,947	905,273
Total additions	2,189,899	2,649,731
Distributions:		
Payments made to retirees	698,935	654,453
Total distributions	698,935	654,453
Change in net position	1,490,964	1,995,278
NET POSITION		
Beginning of year	13,397,450	11,402,172
End of year	\$14,888,414	\$13,397,450

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *General*

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

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

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

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

B. *Reporting Entity*

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

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

C. *Basis of Accounting*

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

D. Budgets and Budgetary Accounting

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

E. Use of Estimates

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

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

F. Compensated Absences

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

G. Cash and Cash Equivalents

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

H. Materials and Supplies

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

I. Revenues – Capital Facilities Capacity Charges

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

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

J. Deferred Outflows/Inflows of Resources

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fair Value Hierarchy

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

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

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

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

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

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

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2019.

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB Statement No. 83), addresses accounting and financial reporting for certain assets retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 requires the current value of a government's AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. GASB Statement No. 83 is effective for the District's fiscal year ending June 30, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* (GASB Statement No. 88), improves the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in the notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB Statement No.88 is effective for the District's reporting periods beginning after June 15, 2018.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Reclassification

For the year ended June 30, 2019, certain classifications have been changed to improve financial statement presentation. For comparative purposes, prior year balances have been reclassified to conform with the fiscal year 2019 presentation.

NOTE 2 – CASH AND INVESTMENTS

A. Policies

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

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

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

B. Classification

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

	June 30,	
	2019	2018
Cash and cash equivalents	\$5,066,900	\$4,607,730
Investments	27,645,233	24,232,689
Restricted cash and cash equivalents		398,880
Restricted investments	1,008,283	929,736
Committed investments	30,870,249	25,609,156
Cash and investments held with OPEB trust	14,888,414	13,397,450
Total Cash and Investments	\$79,479,079	\$69,175,641

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

The District’s cash and investments consist of the following at June 30:

	June 30,	
	2019	2018
Cash on hand	\$600	\$800
Cash with County Treasury Pool	1,720,595	1,667,604
Deposits with financial institutions	3,345,705	3,338,206
Investments	59,523,765	50,771,581
Cash and investments held with OPEB trust	14,888,414	13,397,450
Total Cash and Investments	\$79,479,079	\$69,175,641

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	5 years		100%	No Limit
United States Government Agency Obligations	5 years		100%	No Limit
State of California Obligations	5 years		100%	No Limit
Local Agency Obligations	5 years		100%	No Limit
Banker’s Acceptances	180 days		40%	30%
Commercial Paper	270 days	A-1	25%	10%
United States Medium-Term Corporate Notes	5 years	AA	30%	No Limit
Supranationals	5 years	AA	30%	No Limit
Negotiable Certificates of Deposit	1 year	AA	30%	No Limit
Local Agency Investment Fund	n/a		\$65 million per account	No Limit
Local Government Investment Pools	n/a	AAA	100%	No Limit
Money Market Mutual Funds	n/a		15%	10%
Insured savings or money market accounts	n/a		100%	No Limit

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

The District must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the District fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with District resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions related to maturities and credit ratings, where applicable, of these investments:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations		
U.S. Government Sponsored Enterprises		
U.S. Agency Obligations		
State Obligations:		
Long-term General Obligations		A
Short-term General Obligations		Highest to A-1+
Special Revenue Bonds		AA
Demand Deposits		
Time Deposits		
Unsecured Certificates of Deposit	30 days	A-1
FDIC Insured Deposits		
Repurchase Agreements	30 days	A-1 to A
Investment Agreements		AA
Pre-refunded Municipal Obligations		AAA
Prime Commercial Paper	270 days to 365 days	A-1 to A-1+
Banker's Acceptances		
Money Market Mutual Funds		Aam or AAAM-G
State Pooled Investment Fund		
Local Agency Investment Fund		

E. Interest Rate Risk

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$59,522,400	\$59,522,400
Money Market Mutual Funds	1,365	1,365
Total Investments	\$59,523,765	\$59,523,765

Information about the sensitivity of the fair values of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity or earliest call dates, at June 30, 2018:

Investment Type	12 Months or less	Total
California Local Agency Investment Fund	\$45,699,047	\$45,699,047
Money Market Mutual Funds	5,072,534	5,072,534
Total Investments	\$50,771,581	\$50,771,581

The District is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2019 and 2018, these investments matured in an average of 173 and 193 days, respectively.

Money market mutual funds are available for withdrawal on demand. At June 30, 2019 and 2018, these investments matured in an average of 27 days.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

F. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2019 for each investment type as provided by Moody’s investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	\$1,365	\$1,365
Total	\$1,365	1,365
<i>Not Rated:</i>		
California Local Agency Investment Fund		59,522,400
Total Investments		\$59,523,765

Presented below is the actual rating as of June 30, 2018 for each investment type as provided by Moody’s investment rating system:

Investment Type	Aaa	Total
Money Market Mutual Funds	\$5,072,534	\$5,072,534
Total	\$5,072,534	5,072,534
<i>Not Rated:</i>		
California Local Agency Investment Fund		45,699,047
Total Investments		\$50,771,581

G. Concentration Risk

There are no instances of concentration risk at June 30, 2019 and June 30, 2018.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

H. *Restricted Cash and Investments*

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

Restricted for Debt Service – State Revolving Fund Loan – The District has restricted investments in reserves as required by the agreement between the District and the California State Water Resources Control Board State Revolving Fund Loan (SRF) in the amount of \$1,008,283 and \$929,736 at June 30, 2019 and 2018, respectively.

Restricted for Escrow – Pittsburg Force Main Improvement Project – The District held \$398,880 at June 30, 2018, in escrow related to retentions on the construction project. As of June 30, 2019, the project was completed and all retention was released.

I. *Board Committed Investments*

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

Committed for Economic Uncertainty – The District has committed investments to ensure the continued ability to provide wastewater services during budget shortfalls or unforeseen circumstances and provide adequate funding to mitigate overall rate volatility resulting from economic changes or events that significantly decrease the District’s revenues or increase the District’s operating costs. Funding amounted to \$11,462,708 and \$11,701,858 at June 30, 2019 and 2018, respectively.

Committed for Advanced Treatment (AT) – The District has committed investments for advanced treatment projects to meet more stringent anticipated discharge regulations (e.g., nutrient removal). Funding amounted to \$18,854,300 and \$13,340,886 at June 30, 2019 and 2018, respectively.

Committed for Salary Continuation Benefit – The District has committed investments for employee assistance in accordance with employee labor contracts. Funding amounted to \$53,241 and \$66,412 at June 30, 2019 and 2018, respectively.

Committed for Self-Insurance – The District has committed investments to cover self-insured losses. Funding amounted to \$500,000, at June 30, 2019 and 2018.

J. *Fair Value Hierarchy*

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Investment Type	Total
<i>Investments Measured at Amortized Cost:</i>	
Money Market Mutual Funds	\$1,365
 <i>Investments Exempt from Fair Value Hierarchy:</i>	
California Local Agency Investment Fund	59,522,400
Total Investments	\$59,523,765

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2018:

Investment Type	Level 2	Total
Corporate Notes	\$1,002,168	\$1,002,168
 <i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Funds		4,020,110
 <i>Investments Exempt from Fair Value Hierarchy:</i>		
California Local Agency Investment Fund		41,353,966
Total Investments		\$46,376,244

U.S. Securities and Corporate Notes categorized as Level 2 are valued based on matrix pricing which uses observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable inputs market data by correlation to other means.

NOTE 3 – NOTES RECEIVABLE

Notes receivable at June 30 consisted of the following:

	2019	2018
Recycled Water:		
City of Antioch	\$3,009,232	\$3,258,750
City of Antioch - Surcharge	817,013	863,129
City of Pittsburg - Surcharge	148,337	181,651
Household Hazardous Waste:		
Contra Costa County	60,104	62,198
Total Notes Receivable	4,034,686	4,365,728
Less: Current Portion	(334,833)	(331,042)
Long-Term Portion	\$3,699,853	\$4,034,686

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 – NOTES RECEIVABLE (Continued)

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

In fiscal year 2010/2011 (FY 2011), the District recognized a Note Receivable in the amount of \$5,753,348 from the City of Antioch for their net share of the costs for this project. This note has an interest rate of .077% with principal and interest due annually commencing December 31, 2011 and maturing on December 31, 2030. On June 10, 2012, the District and the City of Antioch amended the Joint Powers Agreement to cap this Notes Receivable to a maximum of \$5,000,000. As of June 30, 2019 and 2018, the outstanding balance was \$3,009,232 and \$3,258,750, respectively.

In FY 2012, additional project cost share incurred in excess of \$5 million in the amount of \$1,102,272 will be financed by the District at an interest rate of 4.25% with principal and interest due monthly over a 20-year term commencing July 1, 2012 and maturing on June 1, 2032. This monthly installment is billed to the City of Antioch as a Recycled Water Surcharge and annually amounts to \$81,908. The outstanding balance as of June 30, 2019 and 2018 was \$817,013 and \$863,129, respectively.

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

The actual cost of this rehabilitation amounted to \$244,187. The District recognized a Note Receivable for this amount with principal and interest due monthly commencing July 1, 2013 and maturing on June 1, 2023. This monthly installment is billed to the City of Pittsburg as a Recycled Water Surcharge and annually amounts to \$40,391. The outstanding balance as of June 30, 2019 and 2018 was \$148,337 and \$181,651, respectively.

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

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 3 – NOTES RECEIVABLE (Continued)

On April 9, 2008, this agreement was amended and includes capital cost sharing minus any grants received for the planning and construction of the new facility expansion. The Delta Household Hazardous Waste Collection Facility (DHHWCF) expansion was completed in September 2009. Per the provisions of this amendment, the outstanding principal balance from the original facility construction will be combined with the new facility expansion costs, to be re-paid over a 25-year period with interest at 6% per annum. Total capital costs were allocated to the Subscribers based on the number of housing units in each Subscriber’s jurisdiction. The City of Brentwood and Ironhouse Sanitary District have paid their respective shares in full. The total outstanding balance of the loans as of June 30, 2019 and 2018 were \$60,104 and \$62,198, respectively.

NOTE 4 – EMPLOYEE COMPUTER LOANS RECEIVABLE

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

	2019	2018
Employee computer loans	\$9,410	\$10,712
Less: Current portion	(5,931)	(6,976)
Long-term portion	\$3,479	\$3,736

NOTE 5 – CAPITAL ASSETS

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

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 – CAPITAL ASSETS (Continued)

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

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

Changes in property, plant and equipment, and construction in progress are summarized below for the year ended June 30, 2018:

	Balance at June 30, 2017	Additions	Transfers	Retirement	Balance at June 30, 2018
Capital assets not being depreciated:					
Land	\$2,719,251	\$3,507,057			\$6,226,308
Construction in Progress	20,653,811	3,701,148	(\$6,651,221)		17,703,738
Total capital assets not being depreciated	<u>23,373,062</u>	<u>7,208,205</u>	<u>(6,651,221)</u>		<u>23,930,046</u>
Capital assets being depreciated:					
Treatment & Collection System	229,356,753		6,605,433		235,962,185
Equipment	5,183,977	5,151	45,788	(\$181,341)	5,053,575
Total capital assets being depreciated	<u>234,540,730</u>	<u>5,151</u>	<u>6,651,221</u>	<u>(181,341)</u>	<u>241,015,760</u>
Less accumulated depreciation for:					
Treatment & Collection System	112,761,452	6,548,194			119,309,646
Equipment	4,408,123	349,124		(163,866)	4,593,381
Total accumulated depreciation	<u>117,169,575</u>	<u>6,897,318</u>		<u>(163,866)</u>	<u>123,903,027</u>
Net capital assets being depreciated	<u>117,371,155</u>	<u>(6,892,167)</u>	<u>6,651,221</u>	<u>(17,475)</u>	<u>117,112,733</u>
Total Capital Assets, net	<u>\$140,744,217</u>	<u>\$316,038</u>		<u>(\$17,475)</u>	<u>\$141,042,779</u>

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 – COMPENSATED ABSENCES

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

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

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$858,613	\$893,088
Additions	915,310	785,819
Payments	<u>(860,580)</u>	<u>(820,294)</u>
Ending Balance	<u>\$913,343</u>	<u>\$858,613</u>
Current Portion	<u>\$833,528</u>	<u>\$824,918</u>
Non-Current Portion	<u>\$79,815</u>	<u>\$33,695</u>

In addition, the Board has set up a Catastrophic Leave Bank, which accumulates up to 40 hours from each terminated employee's forfeited sick leave. Employees may also donate vacation hours. This time may be used by employees who have used all their sick leave due to catastrophic illness and need additional time off. Accumulated Catastrophic Leave at June 30, 2019 was \$100,667 and is included in the balance of Accrued Payroll and Benefits on the Statements of Net Position.

NOTE 7 – LONG-TERM DEBT

A. Current Year Transactions and Balances

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

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

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 7 – LONG-TERM DEBT (Continued)

The changes in the District’s long-term obligations during the year ended June 30, 2018 consisted of the following:

Direct Borrowings:	Original Issue Amount	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Amount due within one year
2010 RW State Revolving Fund Loan .077% due 4/03/2030	\$6,325,503	\$4,437,977		\$315,415	\$4,122,562	\$315,658
2011 Installment Sale Agreement 4.9%, due 6/24/2031	2,344,210	1,542,156		58,326	1,483,830	64,499
2011 State Revolving Fund Loan 2.60%, due 4/03/2033	5,041,873	4,227,632		216,440	4,011,192	222,067
2015 California Energy Commission Loan 1.00%, due 06/22/2029	700,000	608,219		47,953	560,266	48,433
2015 Bay Point State Revolving Fund Loan 1.9% due 11/01/2044	1,188,820	1,114,056		30,506	1,083,550	31,086
2016 Pittsburg State Revolving Fund Loan 1.9% due 11/1/2046	12,000,000	7,624,170	\$1,772,760	312,973	9,083,957	238,143
2016 WW State Revolving Fund Loan 1.9% due 12/30/2046	2,054,000	2,017,507		60,463	1,957,044	53,590
2017 RW State Revolving Fund Loan 1.9% due 6/1/2048	6,000,000	43,626	157,075	200,701		
Total Long-Term Debt		21,615,343	<u>\$1,929,835</u>	<u>\$1,242,777</u>	22,302,401	<u>\$973,476</u>
Less:						
Amount due within one year		<u>(1,000,849)</u>			<u>(973,476)</u>	
Total Long-Term Debt, net		<u>\$20,614,494</u>			<u>\$21,328,925</u>	

B. 2010 RW State Revolving Fund Loan

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

C. 2011 Installment Sale Agreement

On June 9, 2011, the District entered into an installment sale agreement (agreement) with Municipal Finance Corporation, which was subsequently assigned to City National Bank on June 22, 2011, for the purpose of financing a solar energy project. The agreement amount totals \$2,344,210 with a stated interest of 4.9% per annum, and is payable from revenues of the District. Principal and interest payments are due semi-annually on December 24 and June 24, commencing December 24, 2011 and maturing on June 24, 2031. The outstanding loan from directing borrowings contain a provision that in an event of default, they declare all principal components of the unpaid installment payments, together with all accrued and unpaid interest components immediately due.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 7 – LONG-TERM DEBT (Continued)

D. 2011 WW State Revolving Fund Loan

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

E. 2015 California Energy Commission Loan

The District entered into a loan agreement with the California Energy Resources Conservation Development Commission on October 10, 2013, for the purpose of financing the Energy Savings Project. The project consists of energy savings projects to be installed at the Wastewater Treatment Plant. The loan amount totals \$700,000 at 1.00% interest per annum on the unpaid principal. Principal and interest payments are due semi-annually beginning on December 22, 2015 through the fiscal year 2029.

F. 2015 Bay Point State Revolving Fund Loan

On October 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 1). The loan principal totals \$1,188,820 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2015 and maturing on November 1, 2044.

G. 2016 Pittsburg State Revolving Fund Loan

On October 24, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing the Pittsburg Forcemain Improvement Project. The loan principal totals \$12,000,000 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing November 1, 2017 and maturing on November 1, 2046, from the Waste Water Fund (75%) and Bay Point Collection Fund (25%).

H. 2016 Wastewater State Revolving Fund Loan

On August 8, 2014, the District entered into a loan agreement with the State of California Water Resources Control Board for the purpose of financing Bay Point Wastewater Infrastructure Repair and Rehabilitation Project (Phase 3). The loan principal totals \$2,054,000 with a 30-year term and stated interest of 1.9% per annum. Principal and interest payments are due semi-annually, on November 1 and May 1, commencing on November 1, 2016 and maturing on November 1, 2045.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 7 – LONG-TERM DEBT (Continued)

I. 2017 Recycled Water State Revolving Fund Loan

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

J. Debt Service Requirements

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

2019 Direct Borrowings			
For The Year Ending June 30	Principal	Interest	Total
2020	\$1,053,187	\$437,983	\$1,491,170
2021	1,074,221	420,277	1,494,498
2022	1,095,973	401,937	1,497,910
2023	1,118,482	382,919	1,501,401
2024	1,141,773	363,206	1,504,979
2025 - 2029	6,088,476	1,493,247	7,581,723
2030 - 2034	4,642,118	917,624	5,559,742
2035 - 2039	2,682,708	571,916	3,254,624
2040 - 2044	2,947,433	304,499	3,251,932
2045 - 2048	1,711,191	46,495	1,757,686
Total payments due	<u>\$23,555,562</u>	<u>\$5,340,103</u>	<u>\$28,895,665</u>

2018 Direct Borrowings			
For The Year Ending June 30	Principal	Interest	Total
2019	\$973,476	\$412,174	\$1,385,650
2020	992,234	396,256	1,388,490
2021	1,012,110	379,719	1,391,829
2022	1,032,682	362,570	1,395,252
2023	1,053,988	344,766	1,398,754
2024-2028	5,617,582	1,431,841	7,049,423
2029-2033	5,031,558	888,472	5,920,030
2034-2038	2,220,680	522,041	2,742,721
2039-2043	2,439,815	300,641	2,740,456
2044-2047	1,928,276	69,627	1,997,903
Total payments due	<u>\$22,302,401</u>	<u>\$5,108,107</u>	<u>\$27,410,508</u>

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 – INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2019, the Wastewater Fund recorded a due from other funds in the amount of \$232,491 to cover a deficit cash balance in the Wastewater Expansion Fund.

B. Transfers

Transfers during the fiscal year ended June 30, 2019, comprised of the following:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
Wastewater	Household Hazardous Waste	\$289,962	(A)
Waste Water Expansion	Wastewater	3,060,565	(B)
Recycled Water	Wastewater	466,940	(A)
Bay Point	Wastewater	122,680	(A)
		<u>\$3,940,147</u>	

(A) Operating Transfer

(B) Transfer of capital assets into Wastewater Fund

C. Advances

At June 30, 2019 and 2018, the Wastewater Fund and its committed reserves had a receivable due from the Wastewater Expansion Fund, which carries interest at the LAIF rate, paid annually. Principal balances and activity for the fiscal years are as follows:

Advance from Fund/ Reserve	Advance to Fund	Balance at June 30, 2017	FY2017/18 Advance/ (Repayment)	Balance at June 30, 2018	FY2018/19 Advance/ (Repayment)	Balance at June 30, 2019
WW O&M	WW Expansion	\$1,600,000	(\$621,400)	\$978,600	(\$500,000)	\$478,600
WW CA	WW Expansion	830,000		830,000		830,000
WW CAR	WW Expansion	6,360,000	(1,000,000)	5,360,000	(1,000,000)	4,360,000
	Total	<u>\$8,790,000</u>	<u>(\$1,621,400)</u>	<u>\$7,168,600</u>	<u>(\$1,500,000)</u>	<u>\$5,668,600</u>

NOTE 9 – RETIREMENT

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

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 9 – RETIREMENT (Continued)

A. General Information about the Pension Plans

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

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

The Plan’s provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous		
	Tier I	Tier II	Tier III
Hire date	Prior to 6/30/12	6/30/12 to 12/31/12 and employees hired on or after 1/1/13 who are not a "new member"	On or after 1/1/13; new member
Benefit formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	55	62
Monthly benefits, as a % of eligible compensation	2.70%	2.00%	2.00%
Required employee contribution rates	7.952%	7.0%	6.5%
Required employer contribution rates	12.860%	9.894%	7.383%

CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts for the UAL were paid in lump-sum in July 2018. The District’s total annual required contribution was \$816,913 in fiscal year 2019.

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – RETIREMENT (Continued)

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

	2019	2018
	Miscellaneous Tier I, II & III	Miscellaneous Tier I, II & III
Contributions - employer	\$1,880,697	\$1,224,400
Contributions - employee (paid by employer)	177,870	530,512

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

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

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

	2019	2018
	Proportionate Share of Net Pension Liability	Proportionate Share of Net Pension Liability
CCCERA Plan	\$2,433,196	\$1,435,257
Miscellaneous Tier I, II & III	15,143,491	15,484,151
Total Net Pension Liability	\$17,576,687	\$16,919,408

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

	Miscellaneous Tier I, II & III
Proportion - June 30, 2017	0.37573%
Proportion - June 30, 2018	0.38228%
Change - Increase (Decrease)	0.00655%

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – RETIREMENT (Continued)

For the year ended June 30, 2019, the District’s recognized pension expense of \$2,687,590. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous Tier I, Tier II, & III	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	\$1,710,608	
Differences between actual and expected experience	20,465	(\$293,197)
Changes in assumptions	2,539,209	(193,617)
Changes in employer's proportion	773,083	
Net differences in actual contributions and proportionate contributions		(260,346)
Net differences between projected and actual earnings on pension plan investments	574,264	
Total	\$5,617,629	(\$747,160)

Deferred outflows of \$1,710,608 related to contributions subsequent to the measurement date, was recognized as a reduction of the net pension liability in the year ended June 30, 2019.

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

Miscellaneous -Tier I, II, & III	
Year Ended June 30	Annual Amortization
2020	\$1,542,289
2021	902,325
2022	(466,188)
2023	(136,207)
Total	\$1,842,219

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – RETIREMENT (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2017 valuation was determined using the following actuarial assumptions:

	<u>All Plans</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.25% (1)

(1) Net of pension plan investment expenses, including inflation

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

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate was reduced from 2.75% to 2.50%.

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – RETIREMENT (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

(A) Asset Class	(B) Policy Strategic Allocation	(C) Market Value (\$ Billion)
Public Equity	50.0%	\$156.2
Private Equity	8.0%	25.9
Global Fixed Income	28.0%	62.9
Liquidity	1.0%	15.5
Real Assets	13.0%	36.3
Inflation Sensitive Assets	0.0%	25.3
Other	0.0%	1.6
Total	100%	\$323.7

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate at June 30, 2019:

	Miscellaneous - Tier I, II & III
1% Decrease Net Pension Liability	6.15% \$23,977,775
Current Discount Rate Net Pension Liability	7.15% \$15,143,491
1% Increase Net Pension Liability	8.15% \$7,850,934

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 – RETIREMENT (Continued)

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

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

The District discontinued participation in the Contra Costa County Employees Retirement Association (CCCERA) effective June 20, 2004. The termination agreement provides for an evaluation of any additional liability owed to CCCERA every three years. CCCERA retained certain assets contributed by the District and they remain responsible for retiree benefits for retirees and deferred vested members who were not transferred to the CalPERS system. The designation of 3.75% of payroll annually for Employee Benefit Costs will be a source of funds to address this or other liabilities due. CCCERA’s actuary has conducted and determined the District’s termination liability using the triennial experience analysis as of December 31, 2015. Based on this analysis and in accordance with the termination agreement with CCCERA, the District’s unfunded obligation of \$2,017,307 is to be amortized over 15 years, resulting in annual payments of \$221,489 starting December 31, 2016. The next triennial actuarial valuation is expected on November 2019. As of June 30, 2019, in accordance with GASB 68, the District recorded a net pension liability of \$2,433,196 under the CCCERA plan.

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS

A. *Plan Description and Funding Policy*

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

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

1. Unanticipated revenue streams (either one-time or on-going)
2. Wastewater Service Charge revenues exceed planned levels for the prior fiscal year
3. Unused wastewater operating contingency funds from the prior fiscal year
4. Wastewater operating budget savings from the prior fiscal year
5. Ad valorem tax revenues
6. The wastewater general fund

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

	Fiscal Years Ended June 30, 2019 and 2018
Plan Type	Single Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

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

	2019	2018
Active plan members	75	79
Inactive employees or beneficiaries currently receiving benefit payments	56	56
Inactive employees entitled to but not yet receiving benefit payments	2	0
Total	133	135

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018 that was rolled forward to determine the \$19,025,112 total OPEB liability June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75% per annum
Payroll Growth	Aggregate - 3% annually
Investment Rate of Return	Same as discount rate. Plan assets projected to be sufficient to pay all benefits from trust.
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2018
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076
Participation at Retirement	Actives covered & surviving spouse hired < 1/1/09 - 100% Actives covered & surviving spouse hired ≥ 1/1/09 - 0% with <10 years service, 90% with 10-14 years, 95% with 15-19 years, 100% with 20+ years Actives waived - 80% of above assumption for covered active Retirees & surviving spouses - 100% if covered, 20% at 65 if waived < 65, 0% waived ≥ 65

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

As of June 30, 2019:

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

As of June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	5.35%
Fixed Income	35%	1.55%
Cash	5%	0.00%
Total	100%	
Assumed Long-Term Rate of Inflation		3.00%
*Assumed Long-Term Investment Expenses		0.30%
Expected Long-Term Net Rate of Return		7.19%
*Discount rate		6.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25% for 2019 and 6.50% for 2018. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

C. Changes in Net OPEB Liability

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

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

The changes in the Net OPEB Liability follows as of June 30, 2018:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017	\$16,922,000	\$11,402,000	\$5,520,000
Changes Recognized for the Measurement Period:			
Service Cost	725,000		725,000
Interest on the total OPEB liability	1,122,000		1,122,000
Changes in benefit terms	182,000		182,000
Contributions from the employer		1,592,000	(1,592,000)
Contributions from the employees		282,000	(282,000)
Net investment income		935,000	(935,000)
Administrative expenses		(33,000)	33,000
Benefit payments and refunds	(781,000)	(781,000)	
Net Changes during July 1, 2017 to June 30, 2018	1,248,000	1,995,000	(747,000)
Balance at June 30, 2018	\$18,170,000	\$13,397,000	\$4,773,000

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

D. Sensitivity of the Net OPEB Liability

The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current discount rate:

As of June 30, 2019:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
\$6,556,942	\$4,136,698	\$2,140,030

As of June 30, 2018:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate +1% (7.50%)
\$7,175,000	\$4,773,000	\$2,810,000

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

As of June 30, 2019:

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

As of June 30, 2018:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1%	Health Care Cost Trend Rates	Discount Rate +1%
\$2,298,000	\$4,773,000	\$7,852,000

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

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

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

The District did not have any contributions subsequent to the measurement date to report as deferred outflows of resources as of June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2020	(\$67,073)
2021	(67,073)
2022	(68,073)
2023	(42,072)
2024	(43,987)
Thereafter	(4,400)

F. Payable to the OPEB Plan

At June 30, 2019, the District reported a payable of \$292,678 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 11 – RISK MANAGEMENT

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

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

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

The following is a summary of the insurance policies in force carried by the District as of June 30, 2019:

Type of Coverage	Limits	Deductibles
General Liability	\$15,000,000	\$100,000
Excess General Liability	25,500,000	15,000,000
Worker's Compensation	750,000	None
Excess Worker's Compensation Liability	Statutory Limit	750,000
Special Form Property	174,780,183	25,000
Public Entity Pollution Liability	2,000,000	75,000
Cyber Liability Coverage	2,000,000	None
Master Crime Liability	2,000,000	2,500

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

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

DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 12 – NET POSITION

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

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

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

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

NOTE 13 – COMMITMENTS AND CONTINGENCIES

A. Lease Revenue

Delta Energy Center, LLC (DEC) and Calpine Corporation entered into an operating lease with the District, effective December 11, 2002, to lease real property located at 2600 Pittsburg-Antioch Highway, in Pittsburg, for a cooling tower site. The base rent for the leased land started at \$32,500 per year and is set to escalate every five years based on changes in the Consumer Price Index. The current rate is \$36,540 per year. The area leased is 260 feet by 50 feet, on land that is not targeted for District improvements. The agreement terminates May 31, 2050. Minimum future rentals total \$1,132,740 at June 30, 2019. The lessee, DEC, retains an option to terminate the lease agreement by providing a thirty-day written notice to the District. The total remaining minimum future rental payments are as follows:

For the Year Ending June 30	Minimum Future Rentals
2020	\$36,540
2021	36,540
2022	36,540
2023	36,540
2024	36,540
2025 - 2029	182,700
2030 - 2034	182,700
2035 - 2039	182,700
2040 - 2044	182,700
2045 - 2049	182,700
2050 - 2050	36,540
	\$1,132,740

**DELTA DIABLO
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

B. Purchase Commitments

The District has a number of purchase commitments for ongoing operating and capital projects that involves multi-year contracts. Purchase commitments related to these multi-year contracts are approximately \$17,652,136 and \$6,443,839 as of June 30, 2019 and 2018, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

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

Measurement Date	Miscellaneous				
	Tier I & II 6/30/2018	Tier I & II 6/30/2017	Tier I & II 6/30/2016	Tier I & II 6/30/2015	Tier I & II 6/30/2014
Plan's Proportion of the Net Pension Liability/Asset	0.3823%	0.3757%	0.3817%	0.3747%	0.3345%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$15,143,491	\$15,484,151	\$13,258,795	\$10,279,890	\$10,961,818
Plan's Covered Payroll	\$9,385,142	\$8,274,225	\$7,557,557	\$8,138,640	\$7,681,566
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	161.36%	187.14%	175.44%	126.31%	142.70%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	23.19%	25.45%	24.48%	20.43%	24.57%

* Fiscal year 2015 was the 1st year of implementation, therefore only five years are shown.

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

	Miscellaneous Tier I, II, & III FY 2019	Miscellaneous Tier I, II, & III FY 2018	Miscellaneous Tier I, II, & III FY 2017	Miscellaneous Tier I, II, & III FY 2016	Miscellaneous Tier I, II, & III FY 2015
Actuarially determined contribution	\$1,880,696	\$1,710,608	\$1,663,037	\$1,669,912	\$1,251,178
Contributions in relation to the actuarially determined contributions	(1,880,696)	(1,710,608)	(1,663,037)	(1,669,912)	(1,251,178)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$9,473,230	\$9,385,142	\$8,274,225	\$7,557,557	\$8,138,640
Contributions as a percentage of covered payroll	19.85%	18.23%	20.10%	22.10%	15.37%
Notes to Schedule					
Valuation date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
Methods and assumptions used to determine contribution rates:					
Actuarial cost method			Entry age		
Amortization method			Level percentage of payroll, closed		
Remaining amortization period			30 years		
Asset valuation method			5-year smoothed market		
Inflation			2.75%		
Salary increases			Varies by Entry Age and Service		
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age			55 yrs. Misc., 62 yrs. Tier 2		
Mortality	The probabilities of mortality are based on the December 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* FY 2015 was the 1st year of implementation, therefore only five years are shown.

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

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

Notes to schedule:

* FY 2018 was the first year of implementation.

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

Delta Diablo
 Retiree Health Funding Plan
 Last Ten Fiscal Years *
SCHEDULE OF OPEB CONTRIBUTIONS

Fiscal Year Ended June 30,	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$926,000	\$920,000	\$910,000
Contributions in relation to the actuarially determined contributions	<u>1,642,483</u>	<u>1,592,000</u>	<u>1,208,525</u>
Contribution deficiency (excess)	<u>(\$716,483)</u>	<u>(\$672,000)</u>	<u>(\$298,525)</u>
Covered-Employee payroll **	<u>\$8,724,000</u>	<u>\$9,385,000</u>	<u>\$9,371,057</u>
Contributions as a percentage of covered-employee payroll	18.83%	16.96%	12.90%

Notes to Schedule

Valuation date:	June 30, 2015	June 30, 2016	June 30, 2018
-----------------	---------------	---------------	---------------

Methods and assumptions used to determine contribution rates:

Actuarial Assumptions

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
	21-year fixed (closed) period for 2017/18
Amortization Period	20-year fixed (closed) period for 2018/19
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.5%
General Inflation	3.0%
Medical Trend	Non-Medicare - 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 Medicare - 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021
Mortality	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality Improvement Scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022
Payroll increase	Aggregate - 3.25% annually. Merit - CalPERS 1997-2011 Experience study
	Aggregate - 3% annually. Merit - CalPERS 1997-2015 Experience study for 18/19
All Other Assumptions	Same as those used to determine the total OPEB liability

* FY 2018 was the first year of implementation.

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

SCHEDULE OF OPEB INVESTMENT RETURNS

	<u>2018</u>	<u>2019</u>
Annual Money Weighted Rate of Return,	Not	
Net of Investment Expense	Available	6.80%

* FY 2018 was the first year of implementation.

This Page Left Intentionally Blank

SUPPLEMENTARY INFORMATION

DELTA DIABLO
SUPPLEMENTARY SCHEDULE OF NET POSITION - PROPRIETARY FUND TYPE
ENTERPRISE FUNDS
JUNE 30, 2019

	Wastewater ^(A)	Wastewater Expansion ^(B)	Recycled Water Facility	Hazardous Waste
ASSETS				
CURRENT ASSETS:				
Cash	\$2,032,885		\$1,322,180	\$11,312
Investments	17,780,808	\$2,642,518	2,569,126	160,000
Restricted investments	726,023	133,222		
Committed investments	30,870,249			
Accounts receivable	527,835	1,220	266,607	195,832
Due from other funds	232,491			
Interest receivable	269,256	484	23,062	
Current portion of notes receivable			332,583	2,250
Current portion of employee computer loans receivable	5,931			
Inventory	800,141		75,531	
Prepaid expenses	51,092		9,016	
Total current assets	<u>53,296,711</u>	<u>2,777,444</u>	<u>4,598,105</u>	<u>369,394</u>
NON-CURRENT ASSETS:				
OTHER ASSETS:				
Notes receivable less current portion			3,641,999	57,854
Interfund receivable	5,668,600			
Employee notes receivable less current portion	3,479			
Total other assets	<u>5,672,079</u>		<u>3,641,999</u>	<u>57,854</u>
CAPITAL ASSETS:				
Capital assets, non depreciable	16,491,153		(2,513)	
Capital assets, net of accumulated depreciation	87,730,950		31,043,552	1,304,541
Total capital assets, net	<u>104,222,103</u>		<u>31,041,039</u>	<u>1,304,541</u>
Total Noncurrent Assets	<u>109,894,182</u>		<u>34,683,038</u>	<u>1,362,395</u>
TOTAL ASSETS	<u>163,190,893</u>	<u>2,777,444</u>	<u>39,281,143</u>	<u>1,731,789</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	4,619,576			
Related to OPEB	303,343			
Total deferred inflows of resources	<u>4,922,919</u>			
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	1,073,674		159,299	72,998
Due to other funds		232,491		
Accrued payroll and benefits	548,094		24,127	6,143
Deposits payable	398,240		8,384	
Deferred revenue	18,270			60,104
Compensated absences - due within one year	833,528			
Current portion of long-term debt	575,201	75,800	315,901	
Accrued interest payable	50,566	8,646		
Total current liabilities	<u>3,497,573</u>	<u>316,937</u>	<u>507,711</u>	<u>139,245</u>
NON-CURRENT LIABILITIES:				
Long-term debt, net of current portion:				
Certificates of participation				
State revolving fund loans	12,101,152	2,692,312	3,491,004	
Installment sale agreement	1,348,274			
Compensated absences - due in more than one year	79,815			
Interfund payable		5,668,600		
Net pension liability	17,576,687			
Net OPEB Liability	4,136,698			
Total long-term liabilities	<u>35,242,626</u>	<u>8,360,912</u>	<u>3,491,004</u>	
TOTAL LIABILITIES	<u>38,740,199</u>	<u>8,677,849</u>	<u>3,998,715</u>	<u>139,245</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	896,661			
Related to OPEB	596,021			
Total deferred inflows of resources	<u>1,492,682</u>			
NET POSITION				
Net investment in capital assets	90,197,476	(2,768,112)	27,234,134	1,304,541
Restricted for debt service	726,023	133,222		
Unrestricted	36,957,432	(3,265,515)	8,048,294	288,003
TOTAL NET POSITION (DEFICIT)	<u>\$127,880,931</u>	<u>(\$5,900,405)</u>	<u>\$35,282,428</u>	<u>\$1,592,544</u>

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

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

^(C) Street Sweeping is funded by user charges.

^(D) Bay Point is funded by user charges.

Street Sweeping ^(C)	Bay Point ^(D)	Total
\$577,863	\$1,122,660	\$5,066,900
592,161	3,900,620	27,645,233
	149,038	1,008,283
		30,870,249
\$56	18,173	1,009,723
		232,491
7,037	28,872	328,711
		334,833
		5,931
		875,672
		60,108
<u>1,177,117</u>	<u>5,219,363</u>	<u>67,438,134</u>
		3,699,853
		5,668,600
		3,479
		<u>9,371,932</u>
	427,882	16,916,522
	4,916,792	124,995,835
	<u>5,344,674</u>	<u>141,912,357</u>
	5,344,674	151,284,289
<u>1,177,117</u>	<u>10,564,037</u>	<u>218,722,423</u>
		4,619,576
		303,343
		<u>4,922,919</u>
27,962	5,831	1,339,764
	14,094	232,491
		592,458
		406,624
		78,374
		833,528
	86,285	1,053,187
	9,224	68,436
<u>27,962</u>	<u>115,434</u>	<u>4,604,862</u>
	2,869,633	21,154,101
		1,348,274
		79,815
		5,668,600
		17,576,687
		4,136,698
	<u>2,869,633</u>	<u>49,964,175</u>
<u>27,962</u>	<u>2,985,067</u>	<u>54,569,037</u>
		896,661
		596,021
		<u>1,492,682</u>
	2,388,756	118,356,795
	149,038	1,008,283
<u>1,149,155</u>	<u>5,041,176</u>	<u>48,218,545</u>
<u>\$1,149,155</u>	<u>\$7,578,970</u>	<u>\$167,583,623</u>

DELTA DIABLO
SUPPLEMENTARY SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
PROPRIETARY FUND TYPE ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Waste Water ^(A)	Waste Water Expansion ^(B)	Recycled Water Facility	Household Hazardous Waste
OPERATING REVENUES				
Service charges	\$30,321,364		\$3,360,654	
Discharge permits	144,000			
Household hazardous waste operating fees				\$497,828
Miscellaneous	460,688		4,500	608
Work for others	207,042		6,000	2,094
	<u>31,133,094</u>		<u>3,371,154</u>	<u>500,530</u>
OPERATING EXPENSES				
Salaries and benefits	16,219,788		732,708	226,826
Chemicals	824,117		581,390	
Depreciation	5,423,026		1,327,185	37,704
Office and operating expense	1,751,077		107,300	37,442
Outside services and maintenance	3,703,533		806,124	523,129
Utilities	1,325,526		472,841	1,003
Other	69,762		25,120	
	<u>29,316,829</u>		<u>4,052,668</u>	<u>826,104</u>
OPERATING INCOME (LOSS)	<u>1,816,265</u>		<u>(681,514)</u>	<u>(325,574)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(379,909)	(\$221,086)	(3,174)	
Interest income	1,262,616	72,611	134,081	4,410
Capital facilities capacity charges		2,619,462	17,500	
Lease revenue	36,540			
Gain (Loss) on sale of assets	11,277			
Federal grants	219,391		300,000	
Subgrants			291,476	
Property taxes	2,773,027	204,553		
	<u>3,922,942</u>	<u>2,675,540</u>	<u>739,883</u>	<u>4,410</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>5,739,207</u>	<u>2,675,540</u>	<u>58,369</u>	<u>(321,164)</u>
Transfers In	3,650,185			289,962
Transfers (Out)	(289,962)	(3,060,565)	(466,940)	
	<u>3,360,223</u>	<u>(3,060,565)</u>	<u>(466,940)</u>	<u>289,962</u>
NET INCOME (LOSS) AFTER TRANSFERS	<u>9,099,430</u>	<u>(385,025)</u>	<u>(408,571)</u>	<u>(31,202)</u>
NET POSITION (DEFICIT), BEGINNING OF YEAR	<u>118,781,501</u>	<u>(5,515,380)</u>	<u>35,690,999</u>	<u>1,623,746</u>
NET POSITION (DEFICIT), END OF YEAR	<u>\$127,880,931</u>	<u>(\$5,900,405)</u>	<u>\$35,282,428</u>	<u>\$1,592,544</u>

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

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

^(C) Street Sweeping is funded by user charges.

^(D) Bay Point is funded by user charges.

Street Sweeping ^(C)	Bay Point ^(D)	Total
\$649,115	\$1,153,305	\$35,484,438
		144,000
		497,828
		465,796
		215,136
<u>649,115</u>	<u>1,153,305</u>	<u>36,807,198</u>
1,054	424,205	17,604,581
	5	1,405,512
	138,280	6,926,195
	5,453	1,901,272
604,943	15,172	5,652,901
		1,799,370
	(9,630)	85,252
<u>605,997</u>	<u>573,485</u>	<u>35,375,083</u>
<u>43,118</u>	<u>579,820</u>	<u>1,432,115</u>
	(66,191)	(670,360)
25,078	107,322	1,606,118
		2,636,962
		36,540
		11,277
		519,391
		291,476
		2,977,580
<u>25,078</u>	<u>41,131</u>	<u>7,408,984</u>
<u>68,196</u>	<u>620,951</u>	<u>8,841,099</u>
		3,940,147
	(122,680)	(3,940,147)
	(122,680)	
68,196	498,271	8,841,099
<u>1,080,959</u>	<u>7,080,699</u>	<u>158,742,524</u>
<u>\$1,149,155</u>	<u>\$7,578,970</u>	<u>\$167,583,623</u>

STATISTICAL SECTION



RECYCLED WATER FACILITY – CHLORINE CONTACT TANKS

This page is intentionally left blank.

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

Financial Trends

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

Net Position by Component	70
Condensed Statement of Revenues, Expenses and Changes in Net Position.....	71
Total Revenues By Source	72
Total Expenses By Category	73

Revenue Capacity

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

Major Revenue Base and Rates.....	74
Service Charges and Service Charges as a Percentage of Total Operating Revenue.....	75
Principal Customers	75

Debt Capacity

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

Outstanding Debt By Type and Debt per Capita.....	76
Pledged-Revenue Coverage	77

Demographics and Economic Information

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

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

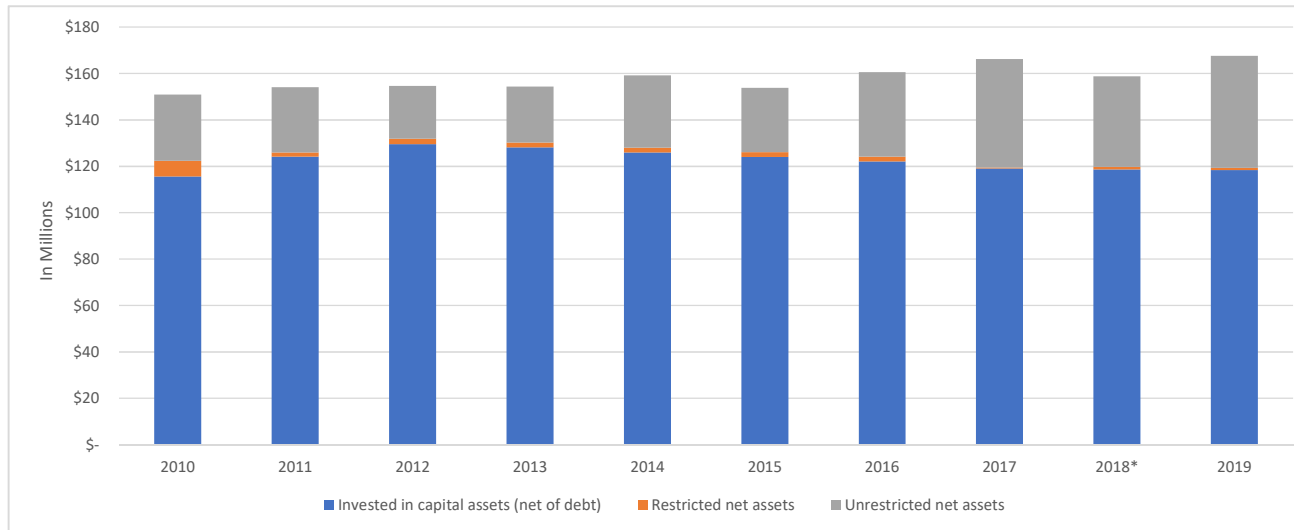
Operating Information

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

About the District	80
District Employees By Department.....	81
Operating and Capital Indicators By Program	82

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

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



	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019
Net Position Component										
Invested in capital assets (net of debt)	\$ 115,710,911	\$ 124,147,282	\$ 129,564,959	\$ 128,104,632	\$ 125,917,417	\$ 123,992,770	\$ 122,139,055	\$ 119,128,874	\$ 118,740,378	\$ 118,356,795
Restricted net assets	6,589,435	1,796,301	2,307,508	2,088,821	2,088,848	2,087,120	2,086,398	378,358	929,736	1,008,283
Unrestricted net assets	28,654,152	28,186,209	22,772,245	24,176,242	31,151,027	27,642,843	36,317,897	46,684,135	39,072,410	48,218,545
Total Net Position	\$ 150,954,498	\$ 154,129,792	\$ 154,644,712	\$ 154,369,695	\$ 159,157,292	\$ 153,722,733	\$ 160,543,350	\$ 166,191,367	\$ 158,742,524	\$ 167,583,623

Source: Delta Diablo Audited Financial Statements

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues										
Service charges ¹	\$ 20,867,811	\$ 21,650,025	\$ 23,741,202	\$ 25,824,829	\$ 27,151,658	\$ 28,626,113	\$ 30,755,640	\$ 31,572,922	\$ 32,389,604	\$ 35,484,438
Discharge permits	193,942	191,200	148,900	186,200	167,150	158,950	145,750	124,250	161,900	144,000
Household hazardous waste operating fees	430,508	464,830	471,627	457,034	437,394	450,714	468,206	472,479	471,923	497,828
Miscellaneous	309,303	351,168	547,008	554,666	641,136	641,137	699,005	613,001	499,084	465,796
Work for Others ²	5,925,106	2,022,277	1,448,157	1,479,705	915,624	896,889	676,712	912,159	170,081	215,136
Total operating revenues	27,726,670	24,679,500	26,356,894	28,502,434	29,312,962	30,773,803	32,745,313	33,694,811	33,692,592	36,807,198
Operating Expenses										
Salaries and benefits	12,806,405	13,089,446	13,892,968	17,593,719 ³	13,500,132	12,304,139	12,796,436	16,951,986	18,083,303	17,604,581
Chemicals	1,217,860	1,144,660	1,266,027	1,311,718	1,160,309	1,078,924	1,160,518	1,027,234	1,178,138	1,405,512
Depreciation (Note 5)	6,411,047	5,990,441	6,279,367	6,506,348	6,821,159	6,959,201	6,993,567	6,881,767	6,897,318	6,926,195
Office expense and operating expense	1,451,873	1,460,196	1,522,907	1,743,582	1,709,046	1,844,178	1,942,438	1,998,743	2,100,498	1,901,272
Outside service and maintenance	3,703,991	3,368,044	3,833,246	3,810,858	4,071,441	4,445,466	5,265,128	4,137,773	5,352,273	5,652,901
Utilities	1,496,049	1,441,417	1,549,545	1,444,024	1,606,954	1,488,843	1,488,734	1,745,270	1,730,048	1,799,370
Other	162,859	126,065	127,113	128,920	130,976	62,813	171,067	160,809	137,165	85,252
Total operating expenses	27,250,084	26,620,269	28,471,173	32,539,169	29,000,017	28,183,564	29,817,888	32,903,582	35,478,743	35,375,083
Operating Income/(Loss)	476,586	(1,940,769)	(2,114,279)	(4,036,735)	312,945	2,590,239	2,927,425	791,229	(1,786,151)	1,432,115
Non-Operating Revenues (Expenses)										
Interest expense	(1,301,793)	(1,174,581)	(1,025,593)	(868,105)	(695,818)	(735,098)	(662,132)	(371,091)	(572,957)	(670,360)
Interest income	568,784	275,653	151,223	189,139	174,179	207,369	297,905	359,034	678,535	1,606,118
Capital facilities capacity charges	1,393,342	2,160,678	1,687,667	2,280,985	2,250,790	1,926,982	2,031,409	2,359,761	992,717	2,636,962
Lease revenue	35,773	35,773	35,949	36,125	36,125	36,125	36,125	36,540	36,332	36,540
Gain (Loss) on sale of asset	(1,644,748)		5,295	20,382	(415,681)	4,034	(217,711)	3,739	29,357	11,277
State grants	2,254,643	389,697	1,742	(1,742)	512,404	160,683	37,500			
Federal grants	2,402,617	1,478,384	-	205,043		-	-	-	194,014	519,391
Subgrants	158,773	288,023	181,749	272,185	914,469	203,021	139,638	13,298	4,567	291,476
Property taxes	1,636,278	1,662,436	1,591,167	1,627,706	1,698,184	1,974,773	2,230,458	2,455,507	2,679,597	2,977,580
Total non-operating revenues/(expenses), net	5,503,669	5,116,063	2,629,199	3,761,718	4,474,652	3,777,889	3,893,192	4,856,788	4,042,162	7,408,984
Net Income/(Loss)	5,980,255	3,175,294	514,920	(275,017)	4,787,597	6,368,128	6,820,617	5,648,017	2,256,011	8,841,099
Net Position, Beginning of Year	144,974,243	150,954,498	154,129,792	154,644,712	154,369,695	159,157,292	153,722,733	160,543,350	166,191,367	158,742,524
Prior Period Adjustment ⁴						(11,802,687)			(9,704,854)	
Net Position, End of Year	\$ 150,954,498	\$ 154,129,792	\$ 154,644,712	\$ 154,369,695	\$ 159,157,292	\$ 153,722,733	\$ 160,543,350	\$ 166,191,367	\$ 158,742,524	\$ 167,583,623

Source: Delta Diablo Audited Financial Statements

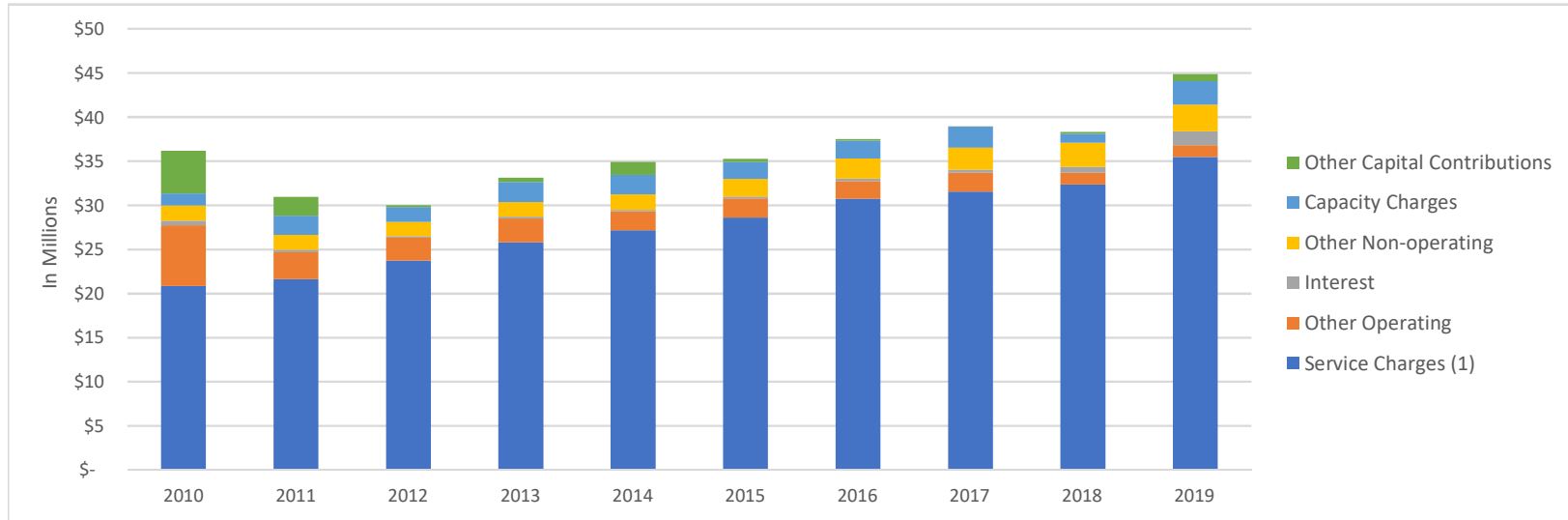
Note: ⁽¹⁾ Service Charges is comprised of Wastewater Sewer Service, Recycled Water, Street Sweeping, and Bay Point Collection Charges.

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

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

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

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



72

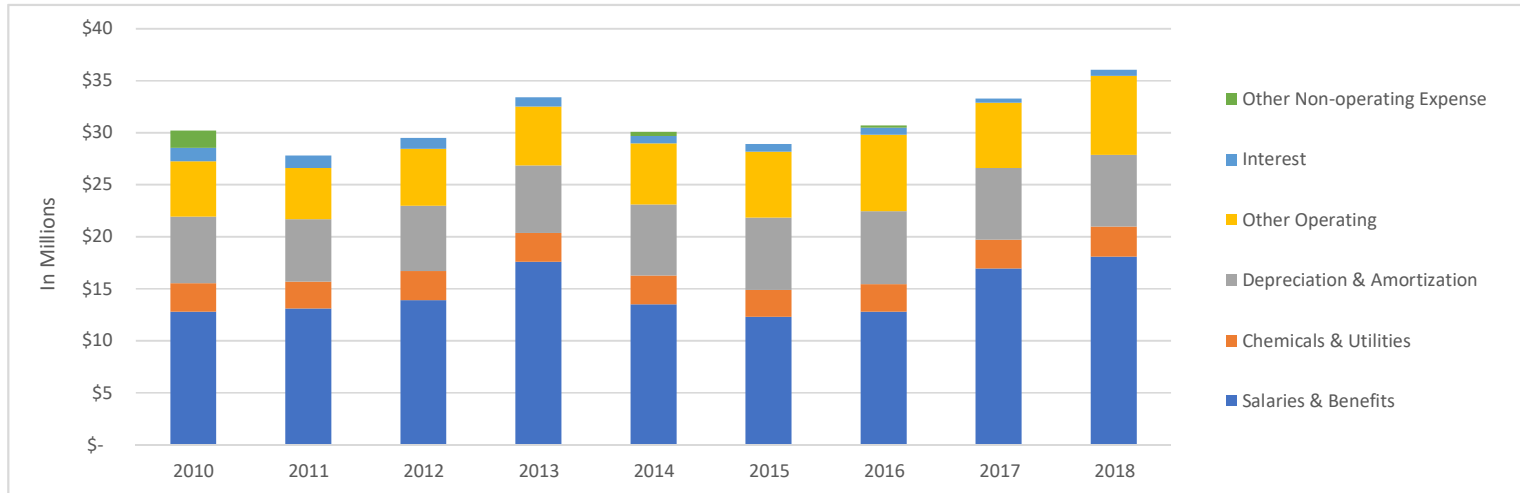
Revenue Sources							
Fiscal Year	Service Charges ⁽¹⁾	Other Operating	Interest	Other Non-Operating	Capacity Charges	Other Capital Contributions ⁽²⁾	Total
2010	\$ 20,867,811	\$ 6,858,859	\$ 568,784	\$ 1,672,051	\$ 1,393,342	\$ 4,816,033	\$ 36,176,880
2011	21,650,025	3,029,475	275,653	1,698,209	2,160,678	2,156,104	30,970,144
2012	23,741,202	2,615,692	151,223	1,632,411	1,687,667	183,491	30,011,686
2013	25,824,829	2,677,605	189,139	1,684,213	2,280,985	475,486	33,132,257
2014	27,151,658	2,161,304	174,179	1,734,309	2,250,790	1,426,873	34,899,113
2015	28,626,113	2,147,690	207,369	2,014,932	1,926,982	363,704	35,286,790
2016	30,755,640	1,989,673	297,905	2,266,583	2,031,409	177,138	37,518,348
2017	31,572,922	2,121,889	359,034	2,495,786	2,359,761	13,298	38,922,690
2018	32,389,604	1,302,988	678,535	2,745,286	992,717	198,581	38,307,711
2019	35,484,438	1,322,760	1,606,118	3,025,397	2,636,962	810,867	44,886,542

Source: Delta Diablo Audited Financial Statements

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

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

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



Expense Categories

Fiscal Year	Salaries & Benefits	Chemicals & Utilities	Depreciation & Amortization	Other Operating	Interest	Other Non-operating	Total
2010	\$ 12,806,405	\$ 2,713,909	\$ 6,411,047	\$ 5,318,723	\$ 1,301,793	\$ 1,644,748 ⁽³⁾	\$ 30,196,625
2011	13,089,446	2,586,077	5,990,441	4,954,305	1,174,581		27,794,850
2012	13,892,968	2,815,572	6,279,367	5,483,266	1,025,593		29,496,766
2013	17,593,719 ⁽¹⁾	2,755,742	6,506,348	5,683,360	868,105		33,407,274
2014	13,500,132	2,767,263	6,821,159	5,911,463	695,818	415,681	30,111,516
2015	12,304,139	2,567,767	6,959,201	6,352,457	735,098		28,918,662
2016	12,796,436	2,649,252	6,993,567	7,378,633	662,132	217,711	30,697,731
2017	16,951,986 ⁽²⁾	2,772,504	6,881,767	6,297,325	371,091		33,274,673
2018	18,083,303 ⁽²⁾	2,908,186	6,897,318	7,589,936	572,957		36,051,700
2019	17,604,581	3,204,882	6,926,195	7,639,425	670,360		36,045,443

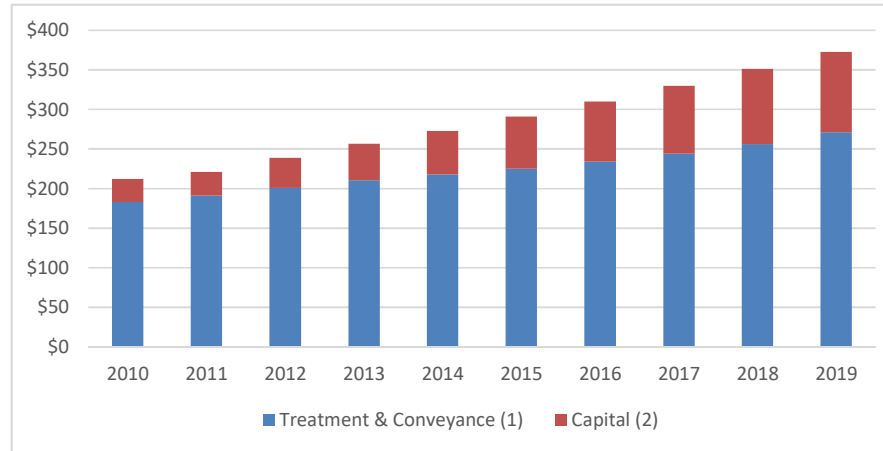
Source: Delta Diablo Audited Financial Statements

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

⁽²⁾ Includes adjustment for Implementation of GASB 68.

⁽³⁾ Loss on disposition of capital assets.

DELTA DIABLO
Major Revenue Base and Rates
Last Ten Fiscal Years



Fiscal Year	Annual Sewer Service Charge			Capacity Charges ⁽³⁾
	Treatment & Conveyance ⁽¹⁾	Capital ⁽²⁾	Total	
2010	\$183	\$29	\$211	\$4,444
2011	191	30	222	4,444
2012	201	38	238	4,444
2013	211	46	257	4,444
2014	218	55	273	4,444
2015	225	66	291	4,444
2016	234	76	310	4,444
2017	244	86	330	4,444
2018	256	95	352	4,444
2019	271	102	373	4,444

Source: Delta Diablo Rate Ordinance

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

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

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

DELTA DIABLO
Service Charges and Service Charges as a Percentage of Total Operating Revenue
Last Ten Fiscal Years

	<u>2009 - 2010</u>	<u>2018 - 2019</u>
Service Charges:		
Waste Water Sewer	\$ 16,547,731	\$ 30,321,364
Recycled Water	2,938,583	3,360,654
Street Sweeping	587,756	649,115
Baypoint	<u>793,741</u>	<u>1,153,305</u>
Total Service Charges	\$ 20,867,811	\$ 35,484,438
Total Operating Revenues	\$ 27,726,670	\$ 36,807,198

Service Charges as a Percentage of Total Operating Revenue 75% 96%

Principal Customers - Revenue Capacity
Current Year and Nine Years Ago

Customer	Business Type	City	FY 2009-2010 Service Charge Annual Billing	Rank	Percentage of Total Annual Billings	FY 2018-2019 Service Charge Annual Billing	Rank	Percentage of Total Annual Billings
Calpine ⁽¹⁾	Utility	Pittsburg	\$ 3,228,315	1	15.5%	\$ 3,821,870	1	10.8%
Dow Chemical	Manufacturing	Pittsburg	130,445	3	0.6%	322,246	2	0.9%
Angelica Healthcare	Service	Antioch/Pittsburg ⁽²⁾	104,915	5	0.5%	210,978	3	0.6%
Woodland Hills Apartments	Housing	Pittsburg	120,605	4	0.6%	207,553	4	0.6%
Kaiser Hospital	Service	Antioch	-		0.0%	192,290	5	0.5%
City of Antioch	City Government	Antioch	1,641		0.0%	158,007	6	0.4%
Rivershore Apartments	Housing	Bay Point	78,429	6	0.4%	129,042	7	0.4%
Villas at San Marcos	Housing	Pittsburg	-		0.0%	128,668	8	0.4%
The Meadows Trailer Park	Housing	Pittsburg	66,510	7	0.3%	114,882	9	0.3%
City of Pittsburg	City Government	Pittsburg	63,448	10	0.3%	111,798	10	0.3%
GWF Power Systems	Utility	Pittsburg	173,094	2	0.8%			
Oakwood Village	Housing	Antioch	65,112	8	0.3%			
Delta Hawaii Mobile Home Park	Housing	Pittsburg	63,628	9	0.3%			
All Other ⁽³⁾		Combined Area	16,771,669		80.4%	30,087,105		84.8%
Total			\$ 20,867,811		100.0%	\$ 35,484,438		100.0%

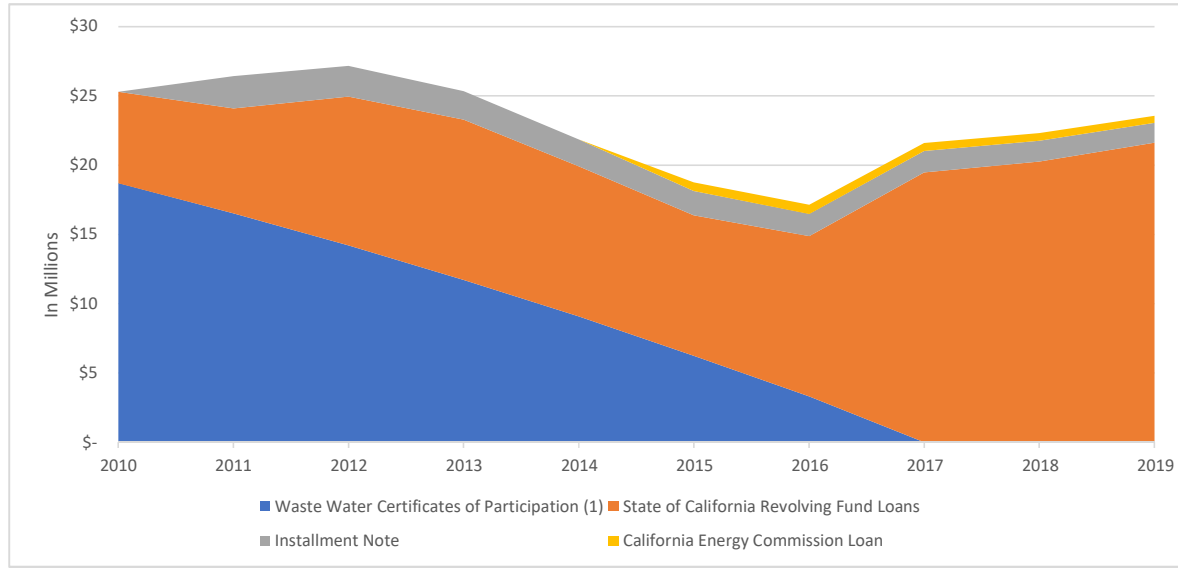
Source: Delta Diablo Audited Financial Statements and Billing Records

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

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

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

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



Fiscal Year	Waste Water Certificates of Participation ⁽¹⁾	State of California Revolving Fund Loans	Installment Note	California Energy Commission Loan	Total	Population Estimates ⁽²⁾	Debt Per Capita ⁽³⁾
2010	\$ 18,700,761	\$ 6,599,396	\$ 2,344,210	\$ 0	\$ 25,300,157	186,985	\$ 135
2011	16,517,749	7,580,161	2,344,210	0	26,442,120	189,700	139
2012	14,193,806	10,754,568	2,212,746	0	27,161,120	192,707	141
2013	11,714,312	11,568,040	2,072,577	0	25,354,929	195,392	130
2014	9,067,882	10,854,596	1,923,203	0	21,845,681	198,473	110
2015	6,237,347	10,134,156	1,764,088	\$ 630,000	18,765,591	200,942	93
2016	3,310,000	11,570,850	1,594,676	655,696	17,131,222	203,759	84
2017	0	19,464,968	1,542,156	608,219	21,615,343	204,971	105
2018	0	20,258,304	1,483,830	560,267	22,302,401	207,057	108
2019	0	21,624,398	1,419,331	511,833	23,555,562	214,327	110

Source: Delta Diablo Audited Financial Statements

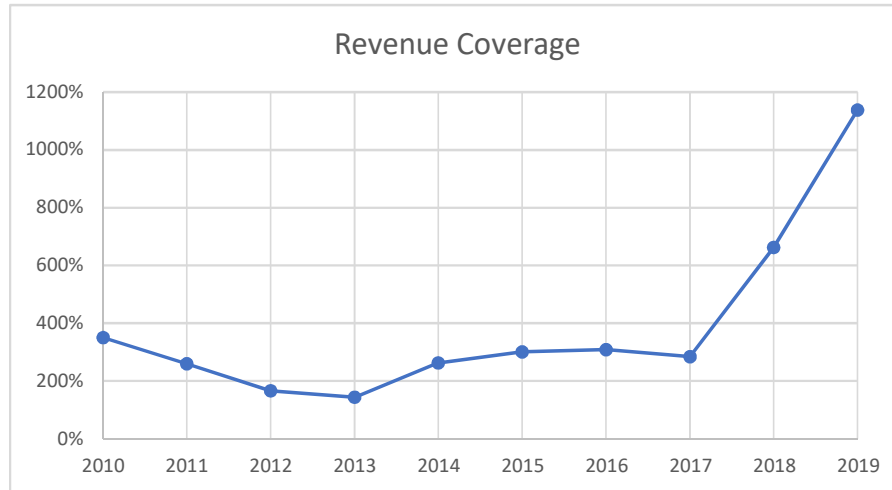
Notes: Debt amounts exclude premiums, discounts, or other amortization amounts.

⁽¹⁾ Includes accrued interest. Matured in 2016.

⁽²⁾ Demographics and Economic Statistics (Statistical section)

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

DELTA DIABLO
Pledged Revenue Coverage
Last Ten Fiscal Years



Fiscal Year	Gross Revenue ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2010	\$ 36,176,880	\$ 23,785,578	\$ 12,391,302	\$ 3,211,127	\$ 320,537	\$ 3,531,664	351%
2011	30,970,144	21,804,409	9,165,735	3,506,189	25,475	3,531,664	260%
2012	30,011,686	23,217,399	6,794,287	3,951,703	140,199	4,091,902	166%
2013	33,132,257	26,900,926	6,231,331	3,635,223	700,029	4,335,252	144%
2014	34,899,113	23,290,357	11,608,756	4,172,818	248,160	4,420,978	263%
2015	35,286,790	21,959,461	13,327,329	4,194,555	233,724	4,428,279	301%
2016	37,518,348	23,704,164	13,814,184	4,253,312	226,260	4,479,572	308%
2017	38,922,690	26,392,906	12,529,784	4,178,887	221,286	4,400,173	285%
2018	38,307,711	29,154,382	9,153,329	1,000,849	381,817	1,382,666	662%
2019	44,886,542	29,119,248	15,767,294	973,476	412,175	1,385,651	1138%

Source: Delta Diablo Audited Financial Statements

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

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

⁽²⁾ Does not include depreciation and amortization

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

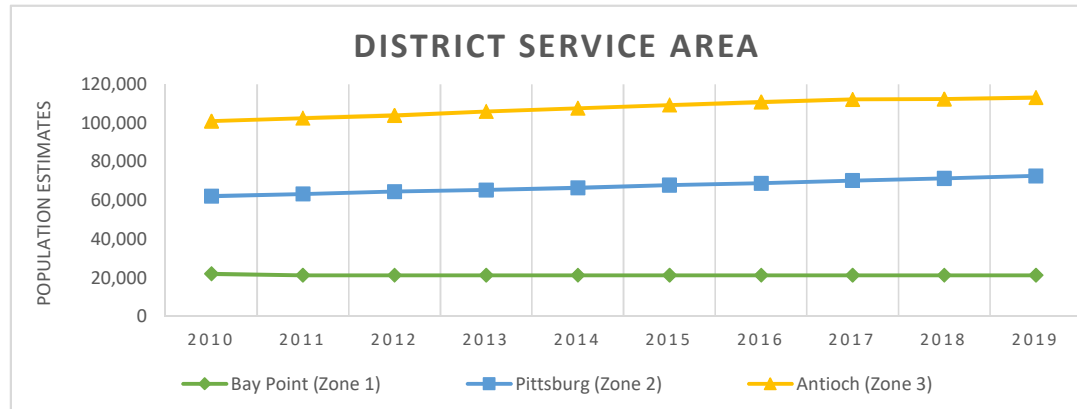
Employer ⁽¹⁾	Industry ⁽²⁾	2019 ⁽¹⁾			2010 ⁽¹⁾		
		Estimated Employees	Rank	Percent of District Employment	Estimated Employees	Rank	Percent of District Employment
Kaiser Permanente	Hospitals/Clinics	2,457	1	2.52%	2,040	1	2.25%
Antioch Unified School District	Schools-Universities	1,725	2	1.77%	1,626	2	1.79%
Pittsburg Unified School District	Schools-Universities	1,226	3	1.26%	868	4	0.96%
Sutter Delta Medical Center	Hospitals/Clinics	1,200	4	1.23%	830	5	0.92%
USS-POSCO	Manufacturing	621	5	0.64%	1,000	3	1.10%
Los Medanos Community College	Schools-Universities	584	6	0.60%	520	6	0.57%
Contra Costa County Social Services	Family Services	525	7	0.54%	419	8	0.46%
Walmart	Retail	425	8	0.44%	320	9	0.35%
Ramar Foods	Retail	363	9	0.37%			
Dow Chemical Company	Manufacturing	350	10	0.36%	425	7	0.47%
Contra Costa Health Services	Hospitals/Clinics				300	10	0.33%
All Others		88,124			82,352		
Total ⁽³⁾		97,600			90,700		

Source: ⁽¹⁾ City of Antioch and City of Pittsburg 2017/2009 CAFR

⁽²⁾ State of California, Employment Development , Major Employers (Industry Type)

⁽³⁾ State of California , Employment Development Department, Labor Market Information

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



Population Estimates for the District's Service Area					Contra Costa County			
Fiscal Year Ended June 30	Bay Point ⁽¹⁾ (Zone 1)	Pittsburg ⁽²⁾ (Zone 2)	Antioch ⁽²⁾ (Zone 3)	Total District Population	Population ⁽²⁾	Personal Income ⁽³⁾	Per Capital Personal Income	Average Unemployment Rate ⁽⁴⁾
2010	21,349	63,264	102,372	186,985	1,049,025	\$ 56,594,058	\$ 53,752	10.8
2011	21,349	64,483	103,868	189,700	1,059,557	\$ 61,156,431	\$ 57,363	10.8
2012	21,349	65,407	105,951	192,707	1,070,440	\$ 66,344,299	\$ 61,530	9.7
2013	21,349	66,499	107,544	195,392	1,083,937	\$ 66,607,757	\$ 60,883	8.2
2014	21,349	67,849	109,275	198,473	1,098,018	\$ 69,818,812	\$ 62,957	6.8
2015	21,349	68,895	110,698	200,942	1,112,328	\$ 76,517,699	\$ 68,123	5.6
2016	21,349	70,233	112,177	203,759	1,127,279	\$ 80,412,234	\$ 70,840	4.7
2017	21,349	71,342	112,280	204,971	1,139,313	\$ 87,810,279	\$ 76,527	4.2
2018	21,349	72,647	113,061	207,057	1,149,363	n/a	n/a	3.5
2019	27,885	72,541	113,901	214,327	1,155,879	n/a	n/a	3.4
Average (10 years)	22,003	68,316	109,113	199,431				
As a % of Total	11%	34%	55%	100%				

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

The district is located in Contra Costa County and serves 3 areas: Bay Point, and Cities of Pittsburg and Antioch.

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

⁽²⁾ California Department of Finance, Estimate for January 1 of each year.

⁽³⁾ U.S. Department of Commerce-Bureau of Economic Analysis (thousands).

⁽⁴⁾ Federal Reserve Economic Data-Economic Research Division.

DELTA DIABLO
About the District

Date of Formation	1955
Number of employee positions filled	75
Governing Body	Three appointed Board Members (The Mayors of the City of Pittsburg [or Designee] and City of Antioch [or Designee]), and the Contra Costa County Supervisor of Bay Point.
Services Provided	Wastewater treatment and disposal, Recycled Water, Household Hazardous Waste Facility and disposal, Street Sweeping and Wastewater collection for Bay Point.

Service Areas in Contra Costa County	Square Miles	Population Estimates ⁽¹⁾	Per Capita Income ⁽²⁾	Household Income ⁽²⁾	Unemployment Rate ⁽³⁾
Bay Point (Unincorporated)	7	27,885	\$ 18,892	\$ 46,435	6.6%
Pittsburg (City)	18	72,541	\$ 26,781	\$ 66,739	3.9%
Antioch (City)	29	113,901	\$ 27,112	\$ 69,925	4.1%
Total	54	214,327			
Weighted Average District Area Per Capita Income			\$ 25,931		
Weighted Average District Area Per Household Income				\$ 65,791	
Weighted Average District Area Unemployment (based on District population)					4.4%

Number of Facilities:

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

Source: Delta Diablo Records

Notes: ⁽¹⁾ Demographic and Economic Statistics Section of this report.

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

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

DELTA DIABLO
District Employees By Department
Last Ten Fiscal Years

Department/Function	Fiscal Year Ending June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Administration	8.00	8.00	8.00	8.00	8.00	8.00	8.00	9.00	8.00	8.00
Public Information ¹	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Sub-total Administrative Services Department	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	8.00	8.00
Human Resources and Safety	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Finance	5.80	5.80	5.80	5.80	6.00	6.00	5.00	6.00	6.00	5.00
Information systems	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Information ¹	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00
Purchasing	2.00	2.00	2.00	0.00	0.00	1.00	1.00	1.00	1.00	0.00
Sub-total Business Services Department	12.80	12.80	12.80	10.80	11.00	12.00	11.00	12.00	13.00	11.00
Engineering Services	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	12.00	11.00
Sub-total Engineering Services	10.00	10.00	10.00	10.00	10.00	10.00	11.00	11.00	12.00	11.00
Maintenance	19.00	19.00	18.00	19.00	19.00	18.00	18.00	21.00	19.00	17.00
Collection	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Plant Operations	18.00	18.00	18.00	18.00	17.00	18.00	17.00	19.00	19.00	19.00
Laboratory, pre-treatment, pollution prevention	7.00	7.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	6.00
Sub-total Operations Services	46.00	46.00	44.00	45.00	43.00	43.00	43.00	48.00	46.00	45.00
Total Number of Active Positions Filled	<u>77.80</u>	<u>77.80</u>	<u>75.80</u>	<u>74.80</u>	<u>73.00</u>	<u>74.00</u>	<u>74.00</u>	<u>81.00</u>	<u>79.00</u>	<u>75.00</u>
Total Number of Budgeted Positions ²						<u>76.80</u>	<u>78.80</u>	<u>82.00</u>	<u>81.00</u>	<u>78.00</u>
Total Number of Retirees	<u>25.00</u>	<u>25.00</u>	<u>28.00</u>	<u>31.00</u>	<u>33.00</u>	<u>39.00</u>	<u>42.00</u>	<u>46.00</u>	<u>50.00</u>	<u>56.00</u>

Source: Delta Diablo Payroll and Financial Records

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

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

² Prior years Budgeted Positions not available.

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

Program	Year	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Wastewater (WW)												
Number of Treatment Plants	CY		1	1	1	1	1	1	1	1	1	1
Miles of Sanitary Sewer	CY		71	71	71	71	71	71	71	73.5	71	73.5
Number of Pump Stations	CY		5	5	5	5	5	5	5	5	5	5
Annual Average Influent Flow	CY	mgd	13.4	13.5	13.2	13.0	12.8	12.2	12.4	13.3	12.6	12.6
Treatment Plant Capacity (ADWF)	CY	mgd	16.5	16.5	16.5	16.5	19.5	19.5	19.5	19.5	19.5	19.5
Average Dry Weather Flow (ADWF)	CY	mgd	13.2	13.2	12.7	13.1	12.5	11.8	12.3	12.8	12.4	12.4
Recycled Water (RW)												
Number of Recycled Water Reservoirs	CY		3	3	3	3	3	3	3	3	3	3
Miles of Recycled Water Mains	CY		14.2	14.2	14.2	14.2	16.0	16.0	16.0	16.2	16.2	16.2
Storage Capacity of Recycled Water Reservoirs	CY	mg	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Annual Average Recycled Water Produced	CY	mgd	5.6	5.8	7.9	8.0	7.2	6.6	6.4	4.4	6.2	6.2
Average Dry Weather Flow (ADWF)	CY	mgd	4.8	4.6	8.3	8.6	7.4	7.3	7.8	5.2	6.0	6.0
Household Hazardous Waste (HHW)												
Number of Households (est)	FY		97,112	97,714	95,064	95,656	97,837	99,036	100,249	101,954	103,153	102,923
Total Number of Vehicles	FY		12,544	12,661	14,345	14,609	14,560	15,504	16,071	17,465	19,151	20,005
Total Participation Rate	FY		12.9%	13.0%	15.1%	17.0%	14.9%	15.7%	16.0%	17.1%	18.6%	19.4%
Total Tons of Waste Collected	FY		518	562	498	434	399	441	516	533	545	556
Total Percent of Waste Recycled	FY		77.1%	78.2%	74.9%	77.6%	73.0%	71.0%	69.0%	68.7%	72.4%	70.8%
Street Sweeping												
Annual Curb Miles Swept	CY		25,070	25,114	25,380	25,494	25,609	25,724	25,840	25,989	25,989	25,989
Collection												
Miles of Collection Sewer Lines	CY		43	43	43	43	43	43	43	43	43	43

Source: Delta Diablo Records

mgd = million gallons per day, mg = million gallons

**DELTA DIABLO
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED JUNE 30, 2019**

This Page Left Intentionally Blank

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

For The Year Ended June 30, 2019

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
Schedule of Other Matters	3
<i>Required Communications</i>	9
Significant Findings	9
Accounting Policies.....	9
Unusual Transactions, Controversial or Emerging Areas	9
Accounting Estimates.....	10
Disclosures.....	10
Difficulties Encountered in Performing the Audit.....	10
Corrected and Uncorrected Misstatements.....	11
Disagreements with Management.....	11
Management Representations	11
Management Consultations with Other Independent Accountants	11
Other Audit Findings and Issues.....	11
Other Information Accompanying the Financial Statements	12

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Delta Diablo
Antioch, California

In planning and performing our audit of the basic financial statements of the Delta Diablo (District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

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

Maze + Associates

Pleasant Hill, California
November 27, 2019

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2019-01 New GASB Pronouncements Not Yet Effective

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

EFFECTIVE FISCAL YEAR 2019/20:

GASB 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 90 - *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2020/21:

GASB 87 – Leases

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

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

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

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

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

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

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2021/22:

GASB 91 - Conduit Debt Obligations

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

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

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

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

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

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

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

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

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

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

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

To the Board of Directors
Delta Diablo
Antioch, California

We have audited the basic financial statements of the Delta Diablo (District) for the year ended June 30, 2019. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards.

Significant Audit Findings

Accounting Policies

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

The following Governmental Accounting Standards Board (GASB) pronouncement became effective, but did not have a material effect on the financial statements.

GASB 83 – Certain Asset Retirement Obligations

GASB 88 – Certain Disclosures Related to Debt including Direct Borrowings and Direct Placements.

Unusual Transactions, Controversial or Emerging Areas

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

Accounting Estimates

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

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

Estimated Net OPEB Liabilities and OPEB-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net OPEB liability and deferred outflows/ inflows of resources are disclosed in Note 10 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: The District's cash and investments held at June 30, 2019 as measured by fair value are disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2019. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2019.

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

Disclosures

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 27, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information Accompanying the Financial Statements

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

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

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

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


Maze + Associates

Pleasant Hill, California
November 27, 2019

ITEM B



MEMORANDUM

Date: December 3, 2019
To: Sean Wright, Chair, Finance Committee
From: Carol S. Margetich, Business Services Director 
SUBJECT: REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)
AND MEMORANDUM ON INTERNAL CONTROL, FOR THE FISCAL
YEAR ENDED JUNE 30, 2019

RECOMMENDATION

Review audited Comprehensive Annual Financial Report (CAFR) and Memorandum on Internal Control for the Fiscal Year Ended June 30, 2019 (FY18/19).

Background Information

California statutes require special districts to have an annual audit conducted by independent certified public accountants. This year, in addition to preparing basic financial statements for FY18/19, the District has prepared a CAFR, which provides more information (i.e., a Letter of Transmittal and a statistical section) to improve context for the reader. Major CAFR elements and audit findings will be presented to the Finance Committee on December 3, 2019 prior to including this item on the agenda for the December 11, 2019 Board Meeting.

The FY18/19 CAFR was audited by Maze & Associates, who has performed financial audits for the District since FY13/14 following Board approval of the original contract on June 11, 2014, a two-year contract renewal on December 14, 2016, and a one-year contract renewal on May 8, 2019.

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

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

The Government Finance Officers Association (GFOA) works to advance excellence in state and local government financial management and promote financial reporting that provides useful

information to taxpayers, customers, public officials, investors, and others who use financial reports. The District will submit the FY18/19 CAFR to GFOA for its Certificate of Achievement for Excellence in Financial Reporting.

Analysis

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

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

FY18/19 Financial Highlights

- Total assets plus deferred outflows exceeded total liabilities and deferred inflows by \$167.6 million (net position)
- Net position increased by \$8.8 million (5.6%)
- Total assets plus deferred outflows increased \$8.5 million (4.1%)
- Total liabilities plus deferred inflow of resources decreased by \$0.3 million (0.6%)
- Total operating revenue was \$36.8 million, an increase of \$3.1 million (9.2%)
- Total operating expenses were \$35.4 million, a decrease of \$0.1 million (0.3%)
- Capital contributions were \$2.6 million, an increase of \$1.6 million (165.6%)

The District remains financially sound with a combined total net position at the end of FY18/19 of \$167.6 million. Changes in net position serve as a useful indicator of the District's financial standing over time. For FY18/19, the District's net position increased by \$8.8 million, which was the result of two main factors:

- 1) Operating revenues of \$36.8 million exceeded operating expenses by \$1.4 million. This positive result demonstrates the success of the District's overall operations for the fiscal year and shows effective cost recovery from user fees and other charges.
- 2) Net non-operating revenue of \$7.4 million from Capital Facilities Capacity Charges (CFCCs) of \$2.6 million, property taxes of \$3.0 million, and interest income of \$1.6 million.

A thorough discussion the financial activities for FY18/19 is provided in the Management Discussion and Analysis (MD&A) section of the CAFR.

Sean Wright, Chair, Finance Committee

December 3, 2019

REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT AND MEMORANDUM
ON INTERNAL CONTROL, JUNE 30, 2019

Page 3

During the fiscal year, the Wastewater Capital Expansion Fund continued repaying an interfund loan from the Wastewater Fund. A payment of \$1.5 million was made and the outstanding balance at the end of FY18/19 was \$5.7 million.

The partner responsible for the independent audit (David Alvey, CPA, Vice President, Maze & Associates) will present the FY18/19 Financial Audit Results to the Finance Committee and will address questions on the scope of work, and associated findings and reports.

Next Steps

If recommended by the Finance Committee, the draft documents would be finalized and presented to the Board of Directors at the December 11, 2019 meeting. Finance Committee comments and recommendations would be included in the report to the Board.

Financial Impact

The District remains financially sound and no material weaknesses in internal controls were identified by the auditor. The District's net position increased by \$8.8 million in FY18/19 due to total revenues exceeding total expenses. The District will consider this increase, as well as other FY18/19 final audited results during the near-term budget and rate development process.

Attachments

- 1) FY18/19 Comprehensive Annual Financial Report
- 2) Memorandum on Internal Controls

//CSM

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

MEETING NOTES

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

DELTA DIABLO

(a California Special District)

**PLANT OPERATIONS CENTER CONFERENCE ROOM
2600 PITTSBURG-ANTIOCH HIGHWAY, ANTIOCH, CA 94509**

TUESDAY, DECEMBER 3, 2019

10:00 A.M.

The meeting was called to order by Committee Chair Sean Wright, on Tuesday, December 3, 2019, at 10:02 a.m. at the Delta Diablo Plant Operations Center Conference Room, at 2600 Pittsburg-Antioch Highway, Antioch, California. Present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; and David Alvey, Vice President, Maze & Associates.

PUBLIC COMMENTS

None

**REVIEW OF COMPREHENSIVE ANNUAL FINANCIAL REPORT and
MEMORANDUM ON INTERNAL CONTROL, JUNE 30, 2019**

Ms. Margetich referenced the District's recent award from the Government Finance Officers Association (GFOA) in recognition of excellence in financial reporting. She highlighted that the District has again exceeded basic requirements in preparing a Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2018/2019 (FY18/19) to improve context and transparency. She introduced the District's auditor (Mr. David Alvey, Vice President of Maze & Associates).

Mr. Alvey reviewed key findings from the FY18/19 financial audit. He noted the District continues to maintain a strong financial position and there were no material weaknesses or opportunities for improvement identified in the District's internal controls. Mr. Alvey noted that the District's net position as of June 30, 2019 is \$167.6 million, which represents an increase of \$8.8 million from last year, and noted key contributing factors. Total revenue equaled \$44.8 million with sewer service charges as the largest source of revenue at \$35.5 million. Total expenses in FY18/19 were \$36.0 million with Salary and Benefits representing the largest expense at \$17.6 million, which is a decrease of \$1.0 million (5.2%) from the prior year. All other expenses totaled \$18.4 million. Mr. Alvey highlighted that net pension liability under GASB 68 is \$17.6 million, net Other Post-Employment Benefits (OPEB) liability is \$4.1 million under GASB 75, and the District's OPEB trust fund balance is \$14.9 million.

Chair Wright asked that staff clarify whether the increase in net position was associated with an actual increase in cash as part of the presentation to the full Board. He thanked staff and Mr. Alvey for the presentation. Chair Wright recommended the audit report be presented to the full Board at the December 11, 2019 meeting.

ADJOURNMENT

The meeting was adjourned at 10:22 a.m.

Recording Secretary: Cecelia Nichols-Fritzler

ITEM J

December 11, 2019

RECEIVE MONTHLY LOBBYIST REPORT DATED NOVEMBER 2019, KEY
ADVOCATES, INC., WESTERN RECYCLED WATER COALITION, PROJECT NO. 90024

RECOMMENDATION

Receive and file Report.

Background Information

As lead Agency for the Western Recycled Water Coalition, the District administers a contract with a lobbyist, Key Advocates, Inc. (KA), and receives a monthly summary report regarding related lobbying activities.

Analysis

Attached is the report for November 2019, which was produced by KA and distributed to members of the Western Recycled Water Coalition.

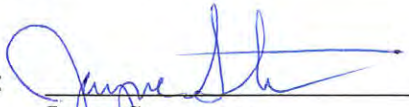
Financial Impact

None


Attachment

Monthly Report, November 2019

Prepared by:


Jayne Strommer
Government Affairs Manager

Reviewed by:


Brian Thomas
Engineering Services
Director/District Engineer

cc: Project File No. P.90024.06.01





1701 Pennsylvania Avenue
Suite 300
Washington, D.C. 20006
(202) 722-0167

November 27, 2019

To: Western Recycled Water Coalition
From: Sante Esposito
Subject: November Monthly Report

Infrastructure

On a positive note, on Nov. 13, T&I Committee Chairman DeFazio briefed the House Democratic Caucus on his outline for an infrastructure package. The broad package of spending priorities includes, highways, transit, airports, water, clean water, dredging and other infrastructure priorities. No price tag or specific details were released but the Chairman said that he hopes the House will act on a package next spring. The biggest question is how to pay for such a plan and whether the Trump Administration will jump on board.

However, as previously reported on the last conference call, at this time all the attention is on the impeachment situation. As a result, activity on an infrastructure bill, as well as on other major policy bills, has been pushed aside. Involvement by the White House is critical to the movement and success of the infrastructure issue. Currently, the relationship between the two branches is strained at best notwithstanding the fact that the White House, DOT, and the Congress all still maintain that they want to do a bill. Whether or not that happens after the impeachment situation is resolved remains unclear.

S. 1932, “Drought Resiliency and Water Supply Infrastructure Act”

Introduced on June 20 by Senator Cory Gardner (D-CO) with cosponsors Senators Feinstein, McSally (R-AZ), Sinema (D-AZ) and Rosen (D-NV). The bill was referred to the Energy and Natural Resources Committee. McSally is the Chair of its Water and Power Subcommittee. Gardner is a member of the Subcommittee. Feinstein and Sinema are not on the Committee. The bill would authorize for FY19-24 \$670M for surface and groundwater storage projects, \$100M for water recycling projects, and \$60M for desalination projects. It would also create a new loan program at 30-year Treasury rates for water supply projects known as the Reclamation Infrastructure Finance and Innovation Act (RIFIA). The \$150M authorized for the program would make available \$8 to \$12B in lending authority for the low interest loans. The loans would use existing criteria under the WIFIA program, with projects for funding to be recommended by the Bureau of Reclamation, and with the loans to be administered by EPA. The bill would also authorize \$140M for restoration and environmental compliance projects. The bill provides

offsets, one of which is a process to de-authorize inactive water recycling projects – projects for which no Federal or sponsor funds were spent on construction in the past 10 years, with an allowance of two and one-half years to spend funds to prevent de-authorization.

Status Update: Per John Watts on Nov. 12, the bill is not ready for markup yet as there are still issues that need to be worked out, which they are trying to do.

H.R. 1162, the “Water Recycling Investment and Improvement Act”

On Feb. 13, Congresswoman Napolitano introduced the above bill (with 17 cosponsors, now 26–all Dems) which the Coalition supports. The Coalition supported her bill last Congress. Two changes were made from last year’s version: the EPA grant program was dropped so the focus could be on Title XVI; and, the cap on the Federal share for individual projects was increased from \$20M to \$30M. Per the Congresswoman’s office, the following summary was provided:

- Increases the WIIN Act authorization for Title XVI from \$50 million to \$500 million
- Makes the WIIN Act Title XVI program permanent as it currently expires in 2021.
- Strikes the requirement that projects must be in drought or disaster areas
- Strikes the requirement that the projects need to be designated in an appropriations legislation
- Increases the limitation on the federal share of individual Title XVI projects from the current \$20 million in October 1996 prices to \$30 million in January 2019 prices.

Does not change the 25% federal cost share.

On June 13, the Subcommittee on Water, Oceans, and Wildlife (WOW) of the House Natural Resources Committee held a hearing on the bill.

Status Update: Per Joe Sheehy on Nov. 12, the Committee is deciding which water bills to markup as some are controversial between political parties and some within the parties. He expects Committee action in January.

H.R. 2473, “Securing Access for the Central Valley and Enhancing (SAVE) Water Resources Act

Introduced on May 2 by Congressman Josh Harder (D-CA-10) with 7 cosponsors – all CA Dems including Reps. Napolitano, McNerney and Panetta. Note: on Feb. 28, the Coalition met with Harder’s staff in DC and were told that he was working on a water bill. The official summary of the bill is not online. However, in general the bill provides \$100M for Title XVI WIIN grants from deposits made to the Reclamation Fund; authorizes \$150M for a reclamation infrastructure finance and innovation pilot program; increases the current Title XVI WIIN grant authorization from \$50M to \$500M (the same increase as in Cong. Napolitano’s H.R. 1162) and raises the Federal share cap from \$20M to \$30M; and, establishes a water technology investment program to expand use of technology for improving the availability and resiliency of water supplies and power deliveries, and authorizes \$5M per fiscal year for the program. The bill was referred to the

Natural Resources Committee. On June 13, the Subcommittee on WOW of the House Natural Resources Committee held a hearing on the bill.

Status Update: not clear whether all or parts of the bill will be included in the Huffman omnibus water bill.

DeFazio H.R.1497, the “Water Quality Protection and Job Creation Act of 2019.”

On March 5th Chair DeFazio, Subcommittee Chair Napolitano, and Representatives Don Young and John Katko introduced the above bill (now with 52 cosponsors) which the Coalition sent a letter of support to the Committee. The bill:

- Authorizes \$20 billion in Federal grants over five years for Clean Water SRFs.
- Authorizes \$1.5 billion over five years for grants to implement state water pollution control programs.
- Provides \$600 million over five years for Clean Water pilot programs (including Federal technical assistance and/or grants) for watershed-based or system-wide efforts to address wet weather discharges, to promote storm water best management practices, to undertake integrated water resource management, and to increase the resiliency of treatment works to natural or man-made disasters.
- Authorizes \$375 million in grants over five years for alternative water source projects including projects that reuse wastewater and storm water to augment the existing sources of water.

Status Update: Per Nov.13 report from the Committee, they are still working on the Committee report so have not as yet been officially discharged from consideration until the report is filed. Regarding Floor consideration, the Committee said that the first opportunity would likely be next year, given all the other macro House business (their words). On Oct. 29, the Committee ordered the bill reported. The bill includes the Coalition’s suggested language allowing projects that have not received USBR construction funds to be eligible to apply for alternative water source grants, keeping the current Title XVI cost share cap (25%/\$20M) in place. The bill also authorizes \$14B over the next five fiscal years for the CWSRF, thereby giving the appropriators the necessary legislative justification to support increased CWSRF funding, \$1.125B for overflow and sewer grants, \$1.295B for state water pollution control programs, \$110M for innovative water grants, and \$150M for alternative water source projects. A Coalition support letter was submitted.

Huffman Omnibus Water Bill

Congressman Jared Huffman (D-CA-2), Chair of the Water, Oceans and Wildlife Subcommittee of the Natural Resources Committee, is currently drafting, in conjunction with the Committee, an omnibus water bill.

Status Update: Per Logan Ferree on Nov. 12, the bill is still being finalized. When it’s finished it will be shared with all stakeholders at the same time. Per Matthew Muirragui, Majority Staff Director, Subcommittee on water, Oceans and Wildlife, on Nov. 13, the Chairman is still reviewing the staff draft. The plan is to mark up the bill early next year. Most importantly, he

said, and I quote: “I think it’s safe to say the bill will include Rep. Napolitano’s recycling bill (HR 1162).”

Coalition Projects Bill

Per Mike Stoeber on Nov. 26, introducing the bill next Tuesday - Dec. 3 – with at least Gabbard and Swalwell as original cosponsors. Once introduced, we need to rethink our strategy for Senate introduction – someone other than Feinstein/Harris.

H.R. 4780, the “National Infrastructure Investment Corporation Act of 2019”

Introduced by Congressman Salud Carbajal (D-CA-24). The bill would finance infrastructure projects via loans from pension fund loans to the Corporation. No federal funds would be involved and there would be enhanced congressional oversight – majority of the Board appointed by Congress. Member input in project selection, annual audits, GAO five- year review, congressional review of selected projects, etc. Modeled after TIFIA. The Coalition received a request from Carbajal’s office for support of the legislation. A support letter was submitted with the caveats that the term infrastructure in the bill include recycled water projects and that the interest rate on Corporation loans be less than the prevailing Treasury rate.

FY20 Appropriations in General

The FY20 Continuing Resolution to fund the government has been extended until Dec. 20. That action was necessary given the House has passed only 10 of 12 appropriations bills and the Senate has reported (not passed) 9 of 12.

FY20 Interior Appropriations Bill

The House has decided to package appropriations bills into what they call “minibuses” rather than consider bills individually on the Floor. On June 25, the House passed a minibus that includes the FY20 Interior Appropriations Bill providing \$1.810B for the Clean Water SRF, \$1.3B (the amount authorized by the Americas Water Infrastructure Act of 2018) for the Safe Drinking Water SRF, and \$50M for WIFIA.

On Sept. 26, the Senate reported its version of the bill which provides \$1.638B for the CWSRF, \$1.13B for the SDWSRF, and \$65M for WIFIA.

FY20 Energy and Water Appropriations Bill

On June 19, the House passed its version of the FY20 Energy and Water Appropriations bill as part of another minibus which provides \$63.617M for Title XVI (of which \$10M is for the Title XVI WIIN grant program) and \$60M for WaterSMART and lists the names of the FY18 USBR Title XVI grant awardees, as required by law.

On September 12, the Senate reported its version of the bill which provides \$65.017M for Title XVI, of which \$20M is for Title XVI WIIN grants, and \$60M for WaterSMART.

Senate Appropriations Update

On Oct. 22, the Senate Appropriations Committee reported its version of a mini bill that includes funding for the Commerce, Agriculture, Interior and Transportation bills per the above.

WIIN Grants

Per the USBR on Nov. 14, no change since the last report. The FY19 funding opportunity of \$20M for Title XVI recycled water projects under the WIIN Act is in process. There were 19 applications, decisions have been made subject to review. Per above, the list of FY18 awardees is included in the FY20 House Energy and Water Appropriations Bill which also includes \$10M for Title XVI WIIN grants. The list was not included in the Senate bill or the Continuing Resolution.

Bill Tracking

NOTE: the summary of bills will appear only once but can be made available as requested.

S.611 — Water Affordability, Transparency, Equity, Reliability Act of 2019 Sponsor: Sen. Sanders, Bernard [I-VT] (Introduced 02/28/2019) Cosponsors: (2, now 3) Committees: Environment and Public Works

S.1518 — Rebuild America Now Act

Sponsor: Sen. Sullivan, Dan [R-AK] (Introduced 05/16/2019) Cosponsors: (4) Committee: Environment and Public Works. To improve the processes by which environmental documents are prepared and permits and applications are processed and regulated by Federal departments and agencies, and for other purposes.

H.R.1764 — To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.

Sponsor: Rep. Garamendi, John [D-CA-3] (Introduced 03/14/2019) **Cosponsors:** (8) **Committees:** House - Transportation

S.40 — Bureau of Reclamation Transparency Act

Sponsor: Sen. Barrasso, John [R-WY] (Introduced 01/08/2019) Cosponsors: (1) Committees: Energy and Natural Resources

H.R.180 — Build America Act of 2019

Sponsor: Rep. Hastings, Alcee L. [D-FL-20] (Introduced 01/03/2019) Cosponsors: (7, now 10) Committees: Transportation and Infrastructure and Ways and Means

S.146 — Move America Act of 2019

Sponsor: Sen. Hoeven, John [R-ND] (Introduced 01/16/2019) Cosponsors: (1) Committees: Finance

H.R.658 — National Infrastructure Development Bank Act of 2019 Sponsor: Rep. DeLauro,

Rosa L. [D-CT-3] (Introduced 01/17/2019) Cosponsors: (60, now 61) Committees: Energy and Commerce, Transportation and Infrastructure, Financial Services and Ways and Means

S.353 — **RAPID Act**

Sponsor: Sen. Cornyn, John [R-TX] (Introduced 02/06/2019) Cosponsors: (1)
Committees: Environment and Public Works

S.403 — **IMAGINE Act**

Sponsor: Sen. Whitehouse, Sheldon [D-RI] (Introduced 02/07/2019) Cosponsors: (5, now 7)
Committees: Environment and Public Works

H.R.880 — **Surface Transportation Investment Act of 2019**

Sponsor: Rep. Brownley, Julia [D-CA-26] (Introduced 01/30/2019) Cosponsors: (1)
Committees: Ways and Means and Transportation and Infrastructure