

MEETING NOTES

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING **DELTA DIABLO**

TUESDAY, MARCH 19, 2019
9:00 A.M.

The meeting was called to order by Committee Chair Sean Wright on Tuesday, March 19, 2019 at 9:01 am in the Board of Directors' Conference Room, 2500 Pittsburg-Antioch Highway, Antioch, California. Also present at the meeting were Vince De Lange, General Manager; Carol Margetich, Business Services Director; Brian Thomas, Engineering Services Director; Thanh Vo, Senior Engineer; and Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board.

PUBLIC COMMENTS

No public comments.

REVIEW REPORT ON PREPARATION OF PROPOSED FISCAL YEAR 2019/2020 – 2023/2024 CAPITAL IMPROVEMENT PROGRAM

Mr. Vo provided an overview of the Fiscal Year 2019/2020 – 2023/2024 (FY19/20 – FY23/24) Capital Improvement Program (CIP) development process, goals, and associated Board interactions. He highlighted that planned capital improvements total \$127 million with over \$30 million funded by State Revolving Fund (SRF) and IBank loans and \$85 million dedicated to rehabilitation and replacement of wastewater and recycled water infrastructure. Mr. Vo noted that 17 new projects have been added with an estimated cost of \$12.4 million. Chair Wright requested that the difference between the \$125 million estimate and the 5-year \$102 million budget request be clarified for the Board meeting. Mr. De Lange stated that the difference was due to \$25 million in prior year appropriations with a significant portion of this amount to be expended in FY18/19. He noted that the impact of capital “carryover” funding would be clarified for the Board presentation. Chair Wright questioned whether the carryover amount is included in the 5-year rate model analysis. Ms. Margetich confirmed that the rate model includes preliminary planned cash expenditures in each fiscal year.

Mr. Vo presented the projected 5-year CIP by fiscal year, noting that the majority (80%) of the estimated cost (\$34 million) for the East County Bioenergy Project (ECBP) is assumed to be rate neutral. He presented a breakdown of planned capital expenditures by major infrastructure area (i.e., collection, conveyance, treatment, advanced treatment, ECBP). Chair Wright requested that the 20% of planned infrastructure improvements should the ECBP not move forward be noted in the CIP breakdowns. Mr. Vo reviewed a breakdown of the nine largest capital projects (not including ECBP), which total \$56.7 million. Mr. Vo presented a list of the 17 new capital projects and closed the presentation with a review of next steps and Board interactions, including presentation of the proposed and final CIP at the April and June Board meetings.

Chair Wright thanked Mr. Vo for the report and recommended the item be brought to the full Board for consideration at the April Board meeting.

ADJOURNMENT

The meeting was adjourned by Chair Wright at 9:22 am.

(Recording Secretary: Cecelia Nichols-Fritzler)