

AGENDA

BOARD OF DIRECTORS FINANCE COMMITTEE MEETING

DELTA DIABLO

(a California Special District)

**2500 PITTSBURG-ANTIOCH HIGHWAY
ANTIOCH, CA 94509**

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

Persons who wish to address the Board during Public Comment 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 Comment 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. PUBLIC COMMENTS

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

C. ADJOURNMENT

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 2500 Pittsburg-Antioch Highway, Antioch, CA 94509 during normal working business hours.





MEMORANDUM

Date: March 19, 2019

To: Sean Wright, Chair, Finance Committee

From: Thanh Vo, Senior Engineer

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

RECOMMENDATION

Review and comment on the proposed update to the District's Fiscal Year 2019/2020 – 2023/2024 (FY19/20 – FY23/24) Capital Improvement Program.

Background

The District's five-year Capital Improvement Program (CIP) is developed to guide the planning, design, construction, and financing of major projects to ensure the continued effectiveness and reliability of existing infrastructure, address future service needs, and meet current and future regulatory requirements. Each year, the District prepares an update to its CIP to reflect projects planned over the next five years. Preparation of a five-year CIP assists in identifying long-term financial and resource needs, while establishing budget appropriations required to support implementation of projects planned for the new fiscal year beginning in July. Anticipated project expenditures and future appropriations are included for the four subsequent years. In addition, the CIP is incorporated into the annual rate analysis to establish required sewer service charges (SSCs). Staff will present the proposed CIP to the Finance Committee and incorporate comments received into the final CIP.

Supporting documents used for the development of the District's CIP include planning projections from updates to city and county General Plans, city Collection System Master Plans, as well as detailed master plans prepared by the District for its wastewater treatment and conveyance system facilities. The District completed a Conveyance System Master Plan update in April 2010, a Treatment Plant Master Plan update in April 2011, and a Recycled Water Master Plan in August 2013.

Staff reviewed historical growth and development trends for the service area and completed an analysis of expected revenue generated by new development. Based upon this review and analysis, staff recommends including an annual average growth assumption of 400 equivalent residential units (ERUs) throughout the five-year planning period to reflect the current rate of growth and development.

Analysis

The FY19/20 – FY23/24 CIP includes approximately \$127 million in planned improvements. Staff recommends adding 17 new capital projects with an estimated total value of \$12.4 million. The CIP Program Summary (Attachment 1) highlights these new projects along with previously identified capital projects. These projects are needed to ensure renewal and replacement of critical District capital assets to maintain continued operational effectiveness and reliability.

Wastewater Capital Asset Fund: The District continues to evaluate the feasibility of the East County Bioenergy Project for generating additional biogas and renewable energy. Although a \$34 million budget is included in the CIP, the majority of this cost does not impact the rate-setting process, because this effort is assumed to be rate neutral with associated revenues from tipping fees and renewable energy production offsetting the initial capital costs. The Resource Recovery Facility Master Plan (RRFMP), including the Facility Condition Assessment (FCA) Project, will assist with identifying and prioritizing renewal and replacement of critical infrastructure in the District's wastewater treatment and conveyance system, and recycled water system. The FCA Project will improve the District's ability to proactively repair and replace assets, while reducing costs associated with unexpected infrastructure failure. The Recycled Water Facility (RWF) and Treatment Plant Intertie Project will provide operational flexibility during potential regulatory compliance upset events at the treatment plant.

Wastewater Capital Asset Replacement Fund: The District continues to implement several existing CIP projects including the Pump Station Facilities Repair, Headworks Rehabilitation, Treatment Plant Switchgear Replacement, and District Office Building Improvements. These projects will help ensure continued operational effectiveness and reliability, as well as the security of District facilities. Key new projects include rehabilitation of the Tower Mixing Chamber and Overflow Structure (\$1.4 million), repair of conveyance system manholes and associated access improvements (\$3.0 million), and security enhancements at remote sites (\$800,000). Staff also identified seven new planned maintenance projects (\$1.26 million) to replace critical equipment at the treatment plant and pump stations that are near the end of their service life.

Recycled Water Capital Asset Replacement Fund: A key new project is the rehabilitation of the Delta Energy Center (DEC) Tank (\$1 million). This project will extend the service life of the existing tank and ensure operational reliability at DEC. Additionally, staff incorporated several combined planned maintenance projects at the RWF to replace critical equipment with the intent of maximizing resources and reducing overall engineering costs.

Bay Point Collection Fund: The scope of work for the existing Bay Point Rehabilitation Phase IV Project was expanded, increasing the total project cost from \$2.5 million to \$6 million. The increased project cost will address additional high-priority sewer mains from the FCA findings to ensure collection and conveyance reliability. Staff also added the River Watch Settlement Compliance Project (\$1.39 million) to inspect the remaining conveyance system pipelines and gravity mains within the Bay Point service area for full compliance with the River Watch Settlement Agreement.

Sean Wright, Chair, Finance Committee

March 19, 2019

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

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Public Code Section 65403 establishes requirements for the content of the CIP document, as well as the timeline for review and consideration of approval. At least 60 days prior to consideration of adoption by the Board, the proposed CIP must be circulated to planning agencies within the District's service area for review. This review ensures that the CIP accurately reflects the District's policy regarding physical and economic development within our service area. As shown in the CIP Preparation Schedule (Attachment 2), staff recommends that the Board consider approval of the CIP at the June 12, 2019 Board meeting so that adopted capital project costs are known in advance of any SSC adjustments considered by the Board.

Financial Impact

The CIP Summary Table shows the draft Project List and anticipated expenditures in each fiscal year. A total of 17 new projects are requested for addition to the CIP, as highlighted in Attachment 1 (CIP Program Summary) with the majority of these projects funded by the Wastewater Capital Asset Replacement Fund. The overall five-year costs are approximately \$127 million with over \$30 million funded with low-interest Clean Water State Revolving Fund and IBank loans. The proposed total CIP budget of \$127 million will be considered in the development of the FY19/20 – FY23/24 rate model and associated SSCs. Staff will present proposed SSCs to the Finance Committee in the next month.

Attachments

- 1) CIP Program Summary Table
- 2) CIP Preparation Schedule

TV:tv

cc: District File No. CORP.09-CORRES-XXXX
Chron File

Delta Diablo
FY19/20 - FY23/24 Capital Improvement Program
Program Summary

Page	Project Name	Project No.	Priority	Lead Dept.	*Approved Budget through FY18/19	Anticipated Budgets						
						FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	Estimated Total Project Cost	
Wastewater Capital Asset (Fund 120)												
	CA-3	Permanent Brine Transfer Facility	18109	1	ES	808,741	\$191,259					\$1,000,000
	CA-4	Resource Recovery Facility Master Plan	18120	1	ES	200,000	\$600,000	\$700,000				\$1,500,000
	CA-5	Facility Condition Assessment	18121	1	ES	617,048	\$682,952					\$1,300,000
	CA-5	Recycled Water Facility and Treatment Plant Intertie	TBA	1	ES				\$500,000	\$1,200,000		\$1,700,000
	CA-6	Asset Management Program	19109	3	ES	300,000		\$100,000	\$100,000			\$600,000
	CA-7	Conveyance and Treatment Systems Reliability Improvements	18107	3	RRS		\$50,000	\$50,000	\$50,000	\$350,000		\$500,000
	CA-9	East County Bioenergy Project	16117	3	ES	5,634,606		\$12,500,000	\$15,865,394			\$34,000,000
	CA-10	Energy and Water Efficiency Improvements	18908	3	ES		\$50,000	\$50,000	\$50,000	\$450,000		\$600,000
	CA-12	Small District Capital Asset Project	19100	3	ES		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
	Wastewater Capital Asset Fund Total					7,560,395	\$1,674,211	\$13,500,000	\$16,165,394	\$1,500,000	\$1,300,000	\$41,700,000
Wastewater Capital Asset Replacement (Fund 130)												
	CAR-3	Chlorine Contact Influent Gates Replacement	TBA	1	RRS				\$400,000	\$1,100,000		\$1,500,000
	CAR-4	Conveyance System Improvements - Sewer Main Blowoffs	TBA	1	ES					\$200,000		\$200,000
	CAR-7	District Office Building Roof Replacement	18112	1	ES	2,400,000						\$2,400,000
	CAR-8	District Office Building Rehabilitation	18113	1	ES	817,163	\$700,000	\$5,000,000	\$2,482,837			\$9,000,000
	CAR-9	Headworks Improvements	17117	1	ES	1,524,286	\$2,475,714	\$5,000,000	\$3,000,000			\$12,000,000
	CAR-10	On-Site Fueling Station Replacement	19112	1	ES	200,000	\$300,000					\$500,000
	CAR-11	Primary Clarifier Area Improvements	17140	1	ES	3,238,070	\$761,930					\$4,000,000
	CAR-12	Primary Clarifier Nos. 1 - 4 Coating	TBA	1	ES				\$400,000	\$500,000	\$500,000	\$1,400,000
	CAR-13	Pump Station Facilities Repair	80008	1	ES	4,726,234	\$5,773,766	\$3,500,000				\$14,000,000
	CAR-14	SCADA Communication Network/PLC Processor Upgrade	18114	1	RRS	646,855	\$100,000	\$100,000	\$153,145			\$1,000,000
	CAR-15	SCADA Master Plan	TBA	1	ES					\$500,000		\$500,000
	CAR-16	Sodium Bisulfite Tank Replacement	13105	1	ES	290,443	\$409,557					\$700,000
	CAR-17	Treatment Plant Electrical Switchgear Replacement	17120	1	ES	2,006,272	\$1,243,728	\$1,250,000				\$4,500,000
	CAR-18	Treatment Plant Roadway Maintenance Project	18115	1	ES	248,972	\$40,000			\$1,461,028		\$1,750,000
	CAR-19	Triangle Pump Station Replacement	19111	1	ES	200,000	\$300,000					\$500,000
	CAR-22	Emergency Retention Basin Improvements	19110	2	ES		\$50,000	\$50,000	\$50,000	\$750,000		\$900,000
	CAR-24	RAS Pump Rehabilitation	TBA	2	RRS					\$300,000		\$300,000
	CAR-25	Sewer Permit Software Replacement	18107	2	ES		\$50,000					\$50,000
	New	New Combined Project #2			ES			\$200,000	\$600,000			\$800,000
	New	New Combined Project #3			ES			\$600,000	\$1,500,000	\$900,000		\$3,000,000
	New	Biosolids Management Master Plan			ES						\$400,000	\$400,000
	New	Electrical System Master Plan			ES					\$300,000		\$300,000
	New	Tower Mixing Chamber & Overflow Structure Rehabilitation			ES				\$550,000	\$870,000		\$1,420,000
	New	PFM 2401 Dresser Coupler Removal			ES			\$250,000				\$250,000
	New	Aboveground Fuel Storage Tank Rehabilitation			ES		\$100,000					\$100,000
	New	Aeration Basin Area Rehabilitation			RRS		\$90,000	\$100,000	\$100,000			\$290,000
	New	Pump Station Grinder Replacements			RRS		\$100,000	\$100,000	\$100,000	\$100,000		\$400,000
	New	BHPS Sewage Diversion Pump Rebuilds			RRS			\$60,000	\$60,000			\$120,000
	New	ERB Pump Rebuilds			RRS			\$77,000	\$77,000	\$77,000		\$231,000
	New	PPS Raw Sewage Pump Rebuilds			RRS		\$215,000					\$215,000
	New	Vehicle Replacements			RRS		\$645,000	\$400,000				\$1,045,000
	New	Unanticipated Wastewater Treatment and Conveyance Infrastructure Repairs			RRS		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
	New	Lab Equipment Replacement			LAB		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$125,000
	New	IT Equipment Replacement			IT		\$70,000	\$325,000	\$85,000	\$400,000	\$100,000	\$980,000
	Wastewater Capital Asset Replacement Fund Total					16,298,295	\$13,649,695	\$17,237,000	\$9,782,982	\$7,683,028	\$1,225,000	\$65,876,000

Delta Diablo
FY19/20 - FY23/24 Capital Improvement Program
Program Summary

Page	Project Name	Project No.	Priority	Lead Dept.	*Approved Budget through FY18/19	Anticipated Budgets					
						FY19/20	FY20/21	FY21/22	FY22/23	FY23/24	Estimated Total Project Cost
Wastewater Expansion (Fund 140)											
E-3	Bridgehead Phase IV Expansion - Force Main Completion	10178	3	ES					\$700,000	\$3,300,000	\$4,000,000
Wastewater Expansion Fund Total					0					\$3,300,000	\$4,000,000
Advanced Treatment (Fund 125)											
AT-3	Nutrient Technology Research and Innovation	17123	1	ES	100,000				\$250,000	\$250,000	\$600,000
Advanced Treatment Fund Total					100,000					\$250,000	\$600,000
Recycled Water Capital Asset (Fund 220)											
Existing	Existing Combined Project #2	TBD	3	ES					\$250,000	\$850,000	\$1,100,000
RWA-11	Recycled Water Distribution System Improvements	19114	3	ES						\$500,000	\$500,000
RWA-13	Recycled Water Master Plan Update	TBD	3	ES			\$300,000				\$300,000
RWA-14	Small Recycled Water Facility Capital Asset Project	19103	3	ES		\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$250,000
RWA-15	Treatment Plant Flow Equalization Improvements - Emergency Storage Basin	TBA	3	ES					\$125,000		\$125,000
Recycled Water Capital Asset Fund Total					0	\$50,000	\$50,000	\$350,000	\$425,000	\$1,400,000	\$2,275,000
Recycled Water Capital Asset Replacement (Fund 230)											
Existing	Existing Combined Project #1			ES					\$225,000	\$375,000	\$600,000
New	DEC Storage Tank Rehabilitation			ES					\$250,000	\$750,000	\$1,000,000
New	New Combined Project #1			RRS		\$75,000			\$500,000	\$582,000	\$1,157,000
New	Unanticipated Recycled Water Infrastructure Repairs	19104	3	RRS		\$100,000	\$50,000	\$50,000	\$25,000	\$25,000	\$250,000
Recycled Water Capital Asset Replacement Fund Total					0	\$175,000	\$50,000	\$50,000	\$775,000	\$1,357,000	\$3,007,000
Recycled Water Expansion (Fund 240)											
RWE-3	Recycled Water Distribution System Expansion	18110	3	ES						\$1,000,000	\$1,000,000
Recycled Water Expansion Fund Total					0					\$1,000,000	\$1,000,000
Bay Point Collection (Fund 520)											
BP-3	Bay Point Rehabilitation Phase IV	18119	1	ES	798,473	\$3,951,527	\$1,250,000				\$6,000,000
New	Bay Point Overlay Manhole Adjustments			ES		\$250,000					\$250,000
New	River Watch Settlement Compliance			ES		\$670,000	\$720,000				\$1,390,000
New	Unanticipated Bay Point Repairs			ES		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Bay Point Collections Fund Total					798,473	\$4,971,527	\$2,070,000	\$100,000	\$100,000	\$100,000	\$8,140,000
Household Hazardous Waste (Fund 310)											
HHW-3	Household Hazardous Waste Improvements	18105	3	ES		\$25,000	\$25,000	\$25,000	\$25,000	\$300,000	\$400,000
Household Hazardous Waste Fund Total					0	\$25,000	\$25,000	\$25,000		\$300,000	\$400,000
					24,757,163	\$20,545,433	\$32,932,000	\$26,473,376	\$10,483,028	\$10,232,000	\$126,998,000

Delta Diablo Fiscal Year 2019/2020 - 2023/2024 Capital Improvement Program – Preparation Schedule

Task	Documents/Preparation	Completion Date	Meeting Time	Status
Distribute Request for Projects to District Management Staff	Memo via email, attach link for project request form and prep schedule	November 28, 2018	-	Completed
1 st Check-in Meeting with Staff	Existing Project List	December 5, 2018	-	Completed
2 nd Check-in Meeting with Staff	Draft Project List	December 12, 2018	-	Completed
Submit Draft Project Request Forms to CIP Manager	Departments submit forms	December 21, 2018	-	Completed
CIP Update Kickoff meeting Develop/Review Draft Project List with Staff	Send out meeting notice, schedule meeting room, prepare Kickoff Agenda, Tables, Email, Memo, and Attachment	January 8, 2019	1:00 – 2:00 pm	Completed
Finalize Preferred Project List; Confirm Revenue Sources; and Prioritize CIP Projects	Send out project list to confirm with Staff	January 29, 2019	-	Completed
Executive Management review of Draft CIP (SE, ESD, and GM)	Table 1	March 4, 2019	1:00 – 2:00 pm	Scheduled
Contact Secretary to Board to schedule Finance Committee Meeting	Call or email request	-	-	Completed
Finance Committee Packet Items due for review	Memo, Table 1	March 12, 2019	-	Completed
Draft CIP Report to Finance Committee	Prepare Memo and Table 1 for meeting	March 19, 2019	9:00 – 10:00 am	Scheduled
Board Meeting Packet Items due for review		March 27, 2019	-	Pending
Prepare Final Draft CIP Document: Initiate 40-day Public Review (This date is driven by necessity to meet June Board Meeting)	Prepare updated CIP (copied & bound), letter to Cities/County & mail, internal review with memo to staff	April 10, 2019	-	Pending

ITEM B
Attachment 2

Delta Diablo Fiscal Year 2019/2020 - 2023/2024 Capital Improvement Program – Preparation Schedule

Task	Documents/Preparation	Completion Date	Meeting Time	Status
Present Draft CIP to Board and Establish Public Hearing Date	Prepare Docket, New Project Table, CIP Preparation Schedule, & Draft CIP Docs	April 10, 2019	4:30 – 5:30 pm	Pending
Internal Review Comments on Draft CIP	Update draft CIP with changes/addition from internal review	April 24, 2019	1:00 – 2:00 pm	Pending
Submit Final Draft to Finance Committee (This meeting is to be scheduled only if necessary due to significant changes or addition during public review period prior to Board Meeting)	Contact Secretary to the Board to schedule. Prepare Agenda item and Tables 1A and 1B	May 1, 2019 (tentative – depends on necessity date TBD)	To be determined	Schedule with Secretary to the Board upon necessity
Receive Public Review Comments (This date is driven by 40-day review initiation date)	Receive comments, if any, and update finalize draft CIP document	May 20, 2019	-	Pending
Prepare Final draft CIP Document	Update document	May 30, 2019	-	Pending
Publish Public Hearing Notice (Minimum 10 days prior to Hearing Date)	Senior Engineer to write up notice and Submits to Secretary to the Board to publish	May 30, 2019	-	Pending
Final CIP Document Board Approval, Public Hearing	Prepare Board item, Power Point and Final Draft CIP (copy/bind)	June 12, 2019	4:30 – 5:30 pm	Pending
Send CIP to printing company	Prepare final CIP in pdf format	June 14, 2019	5:00 pm	Pending
Distribute finalized CIP document	Prepare transmittals for Cities and County and Interoffice memo for DD Employees	Before July 1, 2019	5:00 pm	Pending
Update District website	Email link to PIM	Before July 1, 2019	5:00 pm	Pending