



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Recycled Water Service Charges – Set Public Hearing

Board of Directors Special Meeting
August 17, 2023

Background

Transforming Wastewater to Resources



- District provides recycled water treatment and distribution services via its Recycled Water Facility
 - In FY23/24, 7.0 million gallons per day (MGD) produced or 49% of 14.2 MGD of WWTP influent flow
 - 90-95% provided for industrial purposes (Calpine, two large power plants—Delta Energy Center, Los Medanos Energy Center)
 - 5-10% for irrigation purposes (City of Antioch golf course/parks/medians, City of Pittsburg parks/medians, PUSD, MDRR, Caltrans)
- District utilizes voluntary user service agreements
 - Calpine has first right to recycled water; service to other customers is “interruptible”
 - Agreements require RWSCs to be set by Board

Key Drivers for Adjustments to Recycled Water Service Charges



- RWSCs were last adjusted by Board on July 10, 2019
 - Utilized RWSC revenue and RW fund equity to continue meeting District costs in recent years
 - Significant staff efforts to effectively manage RW operating budget, implement cost saving measures (RWF Sand Filter Upgrade Project)
- In June 2023, Board adopted FY23/24 Budget with FY24/25 (2nd year) budget forecast (not appropriated)
 - Substantial increases in chemicals and utilities costs over last two years due to distribution issues and inflationary pressure
 - Chemicals: FY23/24 Budget = \$1.41M compared to actual expenditures of \$0.66M in FY21/22 (+\$0.75M or 118% increase)
 - Utilities: FY23/24 Budget = \$0.66M compared to actual expenditures of \$0.61M in FY21/22 (+\$50k or 8.1% increase)
- RWSC adjustment is necessary to cover District costs

Key RWSC Financial Modeling Assumptions



- Rate model includes actual FY23/24 and FY24/25 budget amounts (10-year planning horizon)
- Utilize escalation factors for expenditures beyond FY24/25 budget projections
 - Utilities, 5%; Chemicals, 8%; Capital construction, 5%; Salaries, 3.2%; Benefits, 6%
 - Escalation factors for utilities and chemicals significantly impact revenue needs
- Capital Improvement Program projects
 - RW Capital Asset Fund - \$1.7M (FY23/24 to FY27/28)
 - RW Capital Asset Replacement Fund - \$4.6M (FY23/24 to FY27/28)

Preliminary RWSC Revenue Requirements



- Preliminary analysis indicates total revenue must increase by 7.5% (effective in October 2023) to cover District costs
 - Projecting similar increases in revenue requirements in subsequent years
- RWSCs include fixed + variable-rate components (48%/52%)
 - Customers pay same variable-rate (cost based on consumption), but different fixed costs
 - Variable-rate (RW CAR, chemicals/utilities) component expected to increase by 13.8%
 - Fixed cost (labor, office expenses, outside services, repairs and maintenance, and distribution system O&M) increases for Calpine, decreases for others
 - Actual costs and revenues are highly dependent on usage

RWSCs Incorporate Customer Specific Surcharges



- Calpine – Revenue Stability Surcharge
 - Established in FY11/12 to stabilize revenue associated with decline in consumption from Calpine (i.e., major plant disruptions)
 - No change proposed to current surcharge (\$30,000/month)
- Antioch RW Project Surcharge
 - Covers Antioch’s \$1.1M share of Antioch Recycled Water Project costs that exceeded \$5M SRF loan cap
 - Established in FY12/13 with a 20-year repayment period (~\$6,826/month)
- Pittsburg RW Distribution System Project Surcharge
 - Covers Pittsburg’s local share of grant funded pipeline project
 - Ended in June 2023 after a 10-year repayment period

Recycled Water Program

Upcoming Related Activities



- District's RW agreement with Calpine has 30-year term (ends on June 7, 2031) with following milestones:
 - District must submit a facilities assessment with estimated costs to extend service life of recycled water production and distribution assets (due by June 7, 2025)
 - Calpine must inform District of its decision to either cease receiving recycled water or continue service and fund its portion capital asset replacement costs after 2031 (due by June 7, 2026)
- Approved 5-year CIP includes RWF Master Plan in FY23/24 (\$300k) to meet agreement requirements
 - Conduct facilities assessment
 - Identify potential new RW customers with focus on irrigation users and associated nutrient management benefits
 - Update RW distribution system hydraulic model

Recommendations/Next Steps



- Set Public Hearing for September 13, 2023, at 4:30 pm to consider adopting ordinance establishing adjustments to RWSCs
- Staff will provide detailed RWSC report to Finance Committee on August 24, 2023
- If Board approves RWSC adjustments after Public Hearing, RWSCs would be implemented on customer invoices issued in November 2023