



A CALIFORNIA SPECIAL DISTRICT

Delta Diablo Special Board of Directors Meeting

4:30 PM, Wednesday, April 23, 2025

2500 Pittsburg-Antioch Highway, Antioch, CA 94509

Individuals who wish to address the Board during Public Comments or with respect to a specific agenda item will be limited to two minutes. The Board Chair may reduce the amount of time allotted per speaker for Public Comments or specific agenda item(s) depending on the number of speakers and available time.

Presentations will be made available at www.deltadiablo.org/board-meetings approximately one hour prior to the start of the Board meeting. A copy of the presentations will also be available for inspection at the meeting and at the District Administration Building, which is located at 2500 Pittsburg-Antioch Highway, Antioch, California. Disclosable public records related to an open session item on a regular meeting agenda and distributed by the District to a majority of the Board of Directors less than 72 hours prior to that meeting will be made available for public inspection on the District website at www.deltadiablo.org and at the District Administration Building during normal business hours.

The District will provide reasonable accommodations for individuals with disabilities who plan to participate in Board (or committee) meetings by contacting the Secretary to the Board at least 24 hours prior to the scheduled meeting at (925) 756-1927.

AGENDA

A. ROLL CALL

B. PLEDGE OF ALLEGIANCE

C. PUBLIC COMMENTS

D. RECOGNITION

Recognize and **Commend** Ron Crowell, WWTP Operator I; Anthony Dejesus, Collection System Worker III; Anthony Novero, WWTP Operator III; Alonso Rodriguez, Construction Inspector; Taylor Schofield, WWTP Operator III; Michael Sprague, Collection System Worker I; Nick Steiner, Operations Supervisor; and Thanh Vo, Senior Engineer, for Contributions Related to Potential Recycled Water Distribution System Leak Response (Brian Thomas)

E. CONSENT CALENDAR

- 1) **Approve** Minutes of Board of Directors Meeting, April 9, 2025 (Cecelia Nichols-Fritzler)
- 2) **Authorize** General Manager to Execute General Services Contract with Modified Indemnification Language and Issue Purchase Order in the Amount of \$115,000, Apex Systems, LLC, Contract Employee Services (Nitish Sharma)

F. DELIBERATION ITEMS

Review Proposed Maximum Sewer Service Charge Increases for FY25/26 through FY29/30; **Set** Public Hearing for June 26, 2025, at 5:30 pm, to Consider Protests Against Sewer Service Charge Increases for FY25/26 through FY29/30, and to Consider Authorizing Collection of FY25/26 Sewer Service Charges on the Tax Roll; and **Authorize** Distribution of Proposition 218 Hearing Notices and Publication of Hearing Notices (Nitish Sharma)

G. PRESENTATIONS AND REPORTS – None.

H. GENERAL MANAGER COMMENTS

I. BOARD MEMBER COMMENTS

J. CORRESPONDENCE – None.

K. CLOSED SESSION – None.

L. ADJOURNMENT

The next Board of Directors Meeting will be held at 4:30 pm on May 14, 2025.

RECOGNIZE AND COMMEND RON CROWELL, WWTP OPERATOR I; ANTHONY DEJESUS, COLLECTION SYSTEM WORKER III; ANTHONY NOVERO, WWTP OPERATOR III; ALONSO RODRIGUEZ, CONSTRUCTION INSPECTOR; TAYLOR SCHOFIELD, WWTP OPERATOR III; MICHAEL SPRAGUE, COLLECTION SYSTEM WORKER I; NICK STEINER, OPERATIONS SUPERVISOR; AND THANH VO, SENIOR ENGINEER, FOR CONTRIBUTIONS RELATED TO POTENTIAL RECYCLED WATER DISTRIBUTION SYSTEM LEAK RESPONSE

Recommendation

Recognize and commend Ron Crowell, WWTP Operator I; Anthony Dejesus, Collection System Worker III; Anthony Novero, WWTP Operator III; Alonso Rodriguez, Construction Inspector; Taylor Schofield, WWTP Operator III; Michael Sprague, Collection System Worker I; Nick Steiner, Operations Supervisor; and Thanh Vo, Senior Engineer, for contributions related to potential recycled water (RW) distribution system leak response.

Background Information

On April 10, 2025, City of Antioch (City) crews informed the District of an apparent leak emanating from a buried valve on the District’s RW distribution system on Longview Drive near Clayburn Road. Because uncontrolled RW discharges are prohibited by the General Water Reclamation Requirements for Recycled Water Use, staff implemented emergency response efforts to protect public health and the environment from potential impacts.

Analysis

Following initial notification, staff were immediately dispatched to the site and observed water slowly discharging from a buried valve box. In response, staff isolated the valve by closing nearby valves in the RW distribution system. Because these actions did not stop or reduce the observed water flow, staff installed a containment system in the street gutter and pumped the water to an adjacent sanitary sewer throughout the night. On April 11, 2025, the District’s contractor excavated the valve in the morning and discovered that water was entering the RW pipeline trench from an apparent failure of an adjacent potable water distribution pipeline owned and operated by the City. Staff immediately notified the City, which dispatched a crew to the site. The City will complete necessary repairs to its potable water system and backfill the excavated area around the District’s RW valve. The District’s staff exhibited a high degree of professionalism in coordinating with the City, engaging external resources, and responding to an emergency need after normal business hours. In addition, this event assisted staff in identifying additional enhancements to the District’s emergency response preparedness.

Financial Impact

Sufficient funding for this work is included in the approved FY24/25 Budget.

Prepared By:	Brian Thomas, Deputy General Manager	Attachments	
Reviewed By:	Vince De Lange, General Manager	<input checked="" type="checkbox"/> None	<input type="checkbox"/> Scope/Budget
Approved By:	Vince De Lange, General Manager	<input type="checkbox"/> Resolution	<input type="checkbox"/> Contract
File No.	BRD.01-ACTS	<input type="checkbox"/> Ordinance	<input type="checkbox"/> As Listed

APPROVE MINUTES OF BOARD OF DIRECTORS MEETING, APRIL 9, 2025

Recommendation

Approve Minutes of Board of Directors Meeting, April 9, 2025.

DRAFT
 Board of Directors Meeting Minutes
 DELTA DIABLO
 April 9, 2025

The meeting was called to order by Chair Juan Banales at 4:30 pm, on Wednesday, April 9, 2025. Present were Vice Chair Shanelle Scales-Preston and Director Monica Wilson. Also present were Rebecca Hooley, District Counsel; Vince De Lange, General Manager; Brian Thomas, Deputy General Manager; Dean Eckerson, Resource Recovery Services Director; Nitish Sharma, Business Services Director; Murat Bozkurt, Engineering Services Director/ District Engineer; Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board; Jason Piper, Information Technology Manager (and Management Association bargaining unit representative); Anika Lyons, Finance Manager; Joaquin Gonzalez, Operations Manager; and Jamie Lyn Alfonso, Human Resources and Risk Manager.

PUBLIC COMMENTS – None.

RECOGNITION – None.

CONSENT CALENDAR

Director Wilson moved approval of the Consent Calendar, seconded by Vice Chair Scales-Preston, and by roll call vote (Ayes: *Banales, Scales-Preston, and Wilson*; Noes: *None*; Absent: *None*; Abstain: *None*), the following Consent Calendar Items were approved: Approve Minutes of Board of Directors Meeting, March 12, 2025; Receive District Monthly Check Register for March 2025; Accept Project as Complete and Authorize General Manager to File Notice of Completion, Smelly Mel’s Plumbing, Inc., IT Office Remodel and Site Security Improvements, Project No. 21113; Authorize General Manager to Execute and Accept Bill of Sale from GTE Mobilnet of California Limited Partnership, dba Verizon Wireless, for Transfer of Ownership of an Equipment Shelter, including Electric Meter and Panel, Located on District-owned Property (APN 051-051-023 and APN 051-051-024); Accept Project as Complete and Authorize General Manager to File Notice of Completion, McNabb Construction, Inc. DBA: DK Environmental, Emergency Retention Basin Improvements, Project No. 19110; Adopt Resolution to Implement New Legal Requirements to Conduct Public Hearing on District Position Vacancies and Recruitment and Retention Efforts under Government Code Section 3502.3 (Assembly Bill 2561); and Authorize General Manager to Execute Amendment No. 4 to General Services Contract in the Amount of \$38,500, for a New Total Contract Amount Not to Exceed \$324,924, New Image Landscape Company, Landscaping Services.

Prepared By:	Cecelia Nichols-Fritzler, Office Manager/Secretary to the Board	Attachments	
Reviewed By:	Vince De Lange, General Manager	<input checked="" type="checkbox"/> None	<input type="checkbox"/> Scope/Budget
Approved By:	Vince De Lange, General Manager	<input type="checkbox"/> Resolution	<input type="checkbox"/> Contract
File No.	BRD.01-MINS	<input type="checkbox"/> Ordinance	<input type="checkbox"/> As Listed

DELIBERATION ITEMS – None.

PRESENTATIONS AND REPORTS

Receive Update on Major Factors Impacting Sewer Service Charge Financial Assumptions

As a follow up to the presentation to the Board on March 12, 2025, Mr. Sharma provided an update on major factors impacting development of Sewer Service Charge (SSC) projection scenarios with various cash versus debt funding ratios for the Capital Improvement Program (CIP). Based on the significant increase in revenue needs for CIP projects, he stated the District is currently projecting annual SSC increases of 8.5% over the next five years. Mr. Sharma noted the staff recommendation to issue a five-year SSC increase notice to customers, which provides significant benefits relative to an anticipated upcoming debt issuance by providing increased certainty that the District will collect sufficient revenue to meet financial needs. Mr. De Lange emphasized the extensive work conducted by staff that included sensitivity analyses, and “what-if” scenarios in evaluating the proposed SSC increases.

Ms. Nichols-Fritzler stated there were no public comments received.

Vice Chair Scales-Preston expressed appreciation for staff developing an SSC increase projection that is consistent over the five-year period. Mr. Sharma responded to a clarifying question regarding the difference between two of the SSC increase scenarios relative to financial benefits. The Board thanked Mr. Sharma for the report.

Update on Development of Revised Strategic Plan and FY25/26 Strategic Initiatives

Mr. Thomas highlighted the planned approach and timeline for completing a revision to the District’s Strategic Plan adopted by the Board in August 2021 and developing FY25/26 Strategic Initiatives. Mr. Thomas noted he will be conducting meetings over the next several weeks with staff to receive input. It is expected that the District will maintain the current Mission and Vision Statements and will review the District’s Behavioral Value Statements. As part of the presentation, he also highlighted significant changes since approval of the District’s Strategic Plan by the Board in August 2021. Mr. Thomas noted that staff would provide an update on plan development at the June 11, 2025 Board meeting.

Mr. De Lange noted the significance of developing a Nutrient Trading Program in the San Francisco Bay Area, the potential to mitigate financial impacts associated with planned nutrient removal capital upgrades at the District’s Wastewater Treatment Plant, and potential future opportunities for engagement with nearby agencies at the Board level.

Ms. Nichols-Fritzler stated there were no public comments received.

Director Wilson commented she recalls the excellent staff work in developing the current high-quality District Strategic Plan in 2021, noting that it has served as an effective guidance document following approval by the Board. The Board thanked Mr. Thomas for the presentation.

GENERAL MANAGER COMMENTS

Mr. De Lange highlighted the District’s participation in the Future Build Career Day in Pittsburg on April 9, 2025, as well as the upcoming STEM Community Event in Antioch on May 3, 2025, and the Corteva Reemployment Hiring Fair in Pittsburg on May 21, 2025.

BOARD MEMBER COMMENTS – None.

CORRESPONDENCE – None.

CLOSED SESSION

Before adjourning to closed session, Ms. Nichols-Fritzler stated there were no public comments received. The Board convened to closed session at 5:05 p.m. The Board reconvened to open session at 5:23 p.m. and noted there was nothing to report out of Closed Session.

ADJOURNMENT

Chair Banales adjourned the meeting at 5:23 pm and noted the next Board of Directors Meeting will be held at 4:30 pm on April 23, 2025.

Monica Wilson
Board Secretary

(Recording Secretary: Cecelia Nichols-Fritzler)

AUTHORIZE GENERAL MANAGER TO EXECUTE GENERAL SERVICES CONTRACT WITH MODIFIED INDEMNIFICATION LANGUAGE AND ISSUE PURCHASE ORDER IN THE AMOUNT OF \$115,000, APEX SYSTEMS, LLC, CONTRACT EMPLOYEE SERVICES

Recommendation

Authorize General Manager to execute a general services contract with modified indemnification language and issue a purchase order in the amount of \$115,000 to Apex Systems, LLC (Apex) for temporary staffing services for Fiscal Years 2024/2025 (FY24/25) and 2025/2026 (FY25/26).

Background Information

The District requires temporary staffing support for certain business needs including, but not limited to, extended leaves of absence for regular employees, recruitment periods to fill vacant positions, and limited project assistance.

Analysis

Because Apex has recommended quality applicants for prior District vacancies, staff engaged with Apex to negotiate a contract for temporary staffing services. The proposed contract services include providing contract employees who have the necessary knowledge, skills, and qualifications to perform the work. Apex will provide any salary or other benefits to contract employees, withhold all appropriate deductions and payments, provide workers’ compensation insurance coverage, and make all appropriate unemployment tax payments.

The contract includes a negotiated change to the District’s standard indemnification language. Following a review of the liability and indemnification provisions with District Legal and consideration of potential risk management impacts, staff recommends execution of this agreement with Apex based on a relatively low level of risk.

The District engaged with the Professional and Technical (P&T) Representation Bargaining Unit on the proposed scope of services. P&T expressed concerns regarding the regular, ongoing use of contract employees in lieu of hiring a permanent employee and questioned if the District could hire directly. In response to these concerns, staff noted that the District’s recruitment and selection procedure does not allow for direct hiring and use of temporary staffing will be evaluated on a regular basis.

Financial Impact

Sufficient funding for this work is available in the current FY24/25 Budget and proposed FY25/26 Budget.

Prepared By:	Jamie Lyn Alfonso, Human Resources and Risk Manager	Attachments	
Reviewed By:	Nitish Sharma, Business Services Director	<input checked="" type="checkbox"/> None	<input type="checkbox"/> Scope/Budget
Approved By:	Vince De Lange, General Manager	<input type="checkbox"/> Resolution	<input type="checkbox"/> Contract
File No.	BRD.01-ACTS	<input type="checkbox"/> Ordinance	<input type="checkbox"/> As Listed

REVIEW PROPOSED MAXIMUM SEWER SERVICE CHARGE INCREASES FOR FY25/26 THROUGH FY29/30; SET PUBLIC HEARING FOR JUNE 26, 2025, AT 5:30 P.M., TO CONSIDER PROTESTS AGAINST SEWER SERVICE CHARGE INCREASES FOR FY25/26 THROUGH FY29/30, AND TO CONSIDER AUTHORIZING COLLECTION OF FY25/26 SEWER SERVICE CHARGES ON THE TAX ROLL; AND AUTHORIZE DISTRIBUTION OF PROPOSITION 218 HEARING NOTICES AND PUBLICATION OF HEARING NOTICES

Recommendations

1. Review proposed maximum Sewer Service Charge (SSC) increases for Fiscal Year 2025/2026 (FY25/26) through Fiscal Year 2029/2030 (FY29/30).
2. Set public hearing for June 26, 2025, at 5:30 pm, at which the Board will do the following: receive public comments; consider all protests received; consider whether to adopt an ordinance establishing increased SSCs for FY25/26; and consider whether to adopt a resolution authorizing collection of the increased FY25/26 SSCs on the tax roll.
3. Authorize distribution of Proposition 218 Hearing Notices addressing proposed SSC increases and notifying property owners of the associated public hearing; and authorize publication of hearing notices in accordance with Health and Safety Code Section 5473.1.

Background

The District’s proposed 5-year Capital Improvement Program (CIP) for FY25/26-FY29/30 totals \$238.1 million, which represents a \$51.0 million increase from the current \$187.1 million 5-year CIP. On March 12, 2025, and April 9, 2025, staff presented SSC increase projection scenarios for various cash versus debt CIP funding ratios to address this significant increase in the District’s infrastructure investment needs. In addition, staff highlighted the benefits associated with issuing a Proposition 218 notice that includes *maximum* SSC increases for the next five years, including directly supporting an upcoming public bond issuance by providing increase revenue collection certainty. The draft Proposition 218 notice includes proposed SSC increases for FY25/26, which the Board would consider for approval and placement on the tax roll for FY25/26 during a public hearing on June 26, 2025. In addition, the notice includes maximum SSC increases for FY26/27 through FY29/30, which will require Board consideration of approval and authorization to be placed on the tax roll in each of those subsequent years.

Summary

The wastewater sector is heavily regulated with new and emerging issues competing with aging infrastructure needs, operating budget challenges (e.g., chemical, energy, hauling costs), regulatory compliance obligations, and limited state and federal funding support. The District endeavors to meet these challenges while ensuring SSCs remain below average when compared to peer agencies in the San Francisco Bay Area. The following key actions are associated with the proposed 5-year SSC increases from FY25/26 to FY29/30:

- **Capital Improvement Program (CIP):** The significant increase in the 5-year CIP is largely driven by the need to comply with a regulatory mandate to remove nutrients at the District’s Wastewater Treatment Plant via the Secondary Process Improvements Project, which includes two distinct phases. Phase 1 (\$140.5 million) addresses aging infrastructure, meets future service area growth needs, and provides foundational improvements for future nutrient removal, while Phase 2 (\$121

Prepared By:	Nitish Sharma, Business Services Director	Attachments	
Reviewed By:	Vince De Lange, General Manager	<input type="checkbox"/> None	<input type="checkbox"/> Scope/Budget
Approved By:	Vince De Lange, General Manager	<input type="checkbox"/> Resolution	<input type="checkbox"/> Contract
File No.	BRD.01-ACTS	<input type="checkbox"/> Ordinance	<input checked="" type="checkbox"/> As Listed

million) includes significant WWTP upgrades to achieve nutrient removal. In addition, the District has incorporated cost increases for multiple large-scale capital projects, including addition of the Shore Acres Forcemain Repair Project (\$9.5 million), Cogeneration System Improvements (\$20.0 million), Antioch Pump Station and Conveyance System Improvements (\$24.0 million), and Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2 Project (\$14.0 million).

- FY25/26 SSC Revenue Increase: Generate an additional \$3.7 million in SSC revenue in FY25/26 to support the District's near-term capital investment financial needs. In addition, the draft Proposition 218 notice includes maximum SSC increases for FY26/27-FY29/30 to meet ongoing capital investment and debt service coverage needs. If the District were to implement the maximum SSC increases over the next five years, an additional \$58.6 million in SSC revenue would be generated to support critical infrastructure investment and operational needs.
- Residential Customers
 - Implement an SSC increase of 8.5% (+\$40.25 per year) in FY25/26 for residential customers in Antioch (Zone 3) and Pittsburg (Zone 2). The proposed SSC increase does not include wastewater collection services, which are provided by the respective cities. The Proposition 218 notice includes annual maximum SSC increases of 8.5% for FY26/27-FY29/30, subject to future Board consideration for approval (refer to Table 1 in the attached draft Prop. 218 Notice).
 - Implement an SSC increase of 8.8% (+\$57.35 per year) in FY25/26 for residential customers in Bay Point (Zone 1). The proposed SSC increase includes wastewater collection services provided by the District. The Proposition 218 notice includes annual maximum SSC increases of 8.5% for FY26/27-FY29/30, subject to future Board consideration for approval (refer to Table 1 in the attached draft Prop. 218 Notice).
- Non-residential Customers: Implement an average SSC increase of 7.75% in FY25/26 to specific business classes. The Proposition 218 notice includes annual maximum SSC increases of 8.5% for FY26/27-FY29/30, subject to future Board consideration for approval (refer to Tables 2 and 3 in the attached draft Prop. 218 Notice).
- 2025 Cost-of-Service (CoS) Study: The District updated its current total number of residential and non-residential customers and influent flow to the District's WWTP to ensure the proposed SSCs accurately reflect the District's cost of providing services to different customer classes.
- Street Sweeping Charges: No proposed changes (service level varies by community)
 - Annual single-family residential: \$4.58 for Bay Point, \$10.26 for Pittsburg, \$5.60 for Antioch
 - Annual non-residential unit: \$45.80 for Bay Point, \$51.35 for Pittsburg, \$56.00 for Antioch

In developing proposed SSC increases to meet revenue requirements each year, staff utilizes the following guiding principles to ensure long-term financial sustainability, as highlighted under the Fiscal Responsibility goal area in the District's Strategic Plan (dated August 2021):

- Critically review operating budget each year to identify budget adjustment needs and business process optimization opportunities
- Ensure effective risk-based prioritization of a CIP that addresses critical infrastructure needs
- Utilize a 5-year rate model with a 10-year planning horizon to identify SSC revenue needed to meet cost projections without sharp rate increases
- Maximize cash funding of CIP (vs. debt financing) to ensure lowest overall costs for customers
- Meet District policy to maintain a minimum reserve balance of 40% of annual budgeted operating expenses in the Wastewater Operations & Maintenance (WW O&M) Fund

- Effectively utilize available debt capacity to address aging infrastructure renewal, capacity expansion, and nutrient management regulations
- Meet District policy requirement to meet a minimum debt service coverage ratio of 1.40
- Maintain SSCs near average relative to peer agencies
- Comply with legal requirements for revenue collection

Staff has developed a 5-year financial plan (with a 10-year planning horizon) to effectively identify the District’s capital investment and operational financial needs, while meeting District fiscal policy requirements. This financial planning approach ensures the District is setting appropriate rates to recover costs of providing service in compliance with California law, including Proposition 218. In response to the significant increase in CIP funding needs, staff has also identified key financial planning strategies to ensure long-term financial sustainability and ratepayer affordability. Staff has determined that the proposed 5-year maximum SSC increases (FY25/26 through FY29/30) are necessary and meet the following requirements:

- Collect sufficient revenue to meet current and long-term projected costs of operations and maintenance, and fund capital investments in aging infrastructure and debt service obligations necessary to maintain effective and reliable services and maintain overall financial stability.
- Comply with state-mandated regulatory requirements.
- Meet and comply with annual debt service requirements and loan agreements.
- Avoid generating operational deficits and depleting reserves.
- Cash fund the majority of CIP projects, except for significant debt funding of the Secondary Process Improvements Project; align the long-term debt funding approach with the extended project completion timeline (10-12 years) to meet the regulatory mandate issued by San Francisco Bay Regional Water Quality Control Board (RWB); and stagger public bond issuances to align with major construction phases
- Shift the long-term debt funding source from the federal Water Infrastructure Finance and Innovation Act (WIFIA) to a public bond offering—a bond issuance is expected to offer a 0.5-1.0% lower borrowing rate
- Develop a 5-year Proposition 218 notice to support the anticipated public bond offering (i.e., provides increased revenue collection certainty)
- Ensure appropriate CIP project cost allocation to the Wastewater Expansion Fund (funded by Capital Facilities Capacity Charges [CFCCs]). The District updated CFCCs in FY24/25 and expects to recommend CFCC adjustments in FY25/26 based on increased costs for projects that directly support growth in the District’s service area.
- Comply with California Constitution Article XIII D, Section 6, which includes the following requirements:
 - An agency cannot collect revenue beyond what is necessary to provide service.
 - No charge may be imposed for a service unless that service is actually used or immediately available to property owners.
 - Revenues derived from the charge shall not be used for any other purpose other than that for which the charge was imposed.
 - The amount of the charge is proportional to the cost of the service, and the apportionment of total costs among ratepayer classes must be reasonable (e.g., avoidance of subsidization across customer classes).

Each year, the District submits required information to Contra Costa County to place SSCs on the property tax roll for most customers. At the proposed public hearing on June 26, 2025, staff is requesting

the Board consider placing increased SSCs on the tax roll for FY25/26 with future Board actions for consideration to place increased SSCs on the tax roll for FY26/27-FY29/30.

Analysis

Key assumptions in developing the updated 5-year financial plan and associated 5-year (FY25/26-FY29/30) SSC revenue increases include:

- Preliminary FY25/26 and FY26/27 Operating Budget: \$31.3M funded by SSCs (\$35.8M total) in FY25/26 and \$32.3M (\$37.1M in total) funded in FY26/27 with planned escalations in subsequent years to address increased costs associated with labor, energy, biosolids, chemicals, and outside services.
- Preliminary 5-year CIP: \$202.7M funded by SSCs (\$238.1M total). Staff highlighted major factors impacting capital investment needs at the March 12, 2025 and April 9, 2025 Board Meetings.
- Compliance with Nutrient Removal Regulatory Mandate: In July 2024, RWB implemented a regulatory mandate for all 37 Bay Area wastewater facilities to meet new nutrient removal requirements to reduce the potential for algae blooms in San Francisco Bay. The District has identified a \$145 million in capital projects to meet this regulatory mandate over the next ten years.
- Financing Assumptions: The proposed 5-year maximum SSC increases assumes the District will utilize a combination of cash (71%) and debt (29%) funding of the \$238.1M 5-year CIP to ensure the lowest cost of capital for customers, which includes a planned public debt offering of \$70M in FY26/27 and \$50M in FY31/32. Based on the significance of the planned debt issuances, it is critical that the District demonstrate SSC revenue certainty (i.e., issuing a 5-year maximum SSC increase Proposition 218 notice) and increase SSC revenue over time to support meeting debt service payment obligations.
- 2025 Cost-of-Service Study (CoS) and Growth Projection: The CoS Study has been updated to incorporate growth within the service area (488 equivalent residential units [ERUs]) and the associated additional flow to the District's WWTP. The financial plan assumes an additional 367 ERUs will be added to the District's service area in FY25/26, resulting in \$187,000 in additional annual SSC revenue.
- Ad Valorem Taxes: The annual Ad Valorem Tax revenue assumption of \$4.2M increased by \$0.5M from prior financial planning activities. Ad Valorem Tax revenue is assumed to increase by 2.0% per year in subsequent years.
- Advanced Treatment (AT) Fund: The 5-year financial plan allocates \$25.5M in cash to the Secondary Process Improvements Phase 1 Project, which includes foundational infrastructure improvements to meet the regulatory mandate to remove nutrients at the District's WWTP.
- Street Sweeping Service Charges: Staff intends to develop updated Street Sweeping Service Charge in FY25/26 to address increased labor costs due to prevailing wages, expanded scope of services for consideration of implementation in FY26/27.

On June 12, 2024, the Board adopted an FY24/25 SSC increase of 5.5% for Antioch (District Zone 3) and Pittsburg (District Zone 2) residential customers and a 5.4% SSC rate increase to Bay Point (District Zone 1) residential customers.

Public Communication and Outreach

In compliance with Article XIII D, Section 6 of the California Constitution, and Government Code Section 53750, *et seq.*, notices on proposed maximum SSC increases for FY25/26-FY29/30 are planned to be sent to all utility customer accounts by May 12, 2025 (a minimum of 45 days prior to the public hearing in June) (refer to attachment). The notice includes the information required under Proposition

218, and outlines the process for protesting the proposed rate increases. Written protests can be mailed or hand-delivered to the District on or before the public hearing date or in person at the public hearing that is expected to be set for June 26, 2025. In addition, notices of the public hearing will be published twice in the East County Times, in accordance with Health and Safety Code Section 5473.1 to provide notice of the proposed collection of FY25/26 SSCs on the tax roll. At the close of the public hearing, the Secretary to the Board will announce the total number of protest responses. If written protests against the proposed maximum SSC increases for FY25/26-FY29/30 are presented by a majority of the parcel owners in the District's service area, the District cannot implement SSC increases.

Financial Impact

The proposed FY25/26 SSC increase would generate an additional \$3.7 million in SSC revenue in FY25/26 to support the District's near-term capital investment financial needs. In addition, the draft Proposition 218 notice includes maximum SSC increases for FY26/27-FY29/30 to meet ongoing capital investment and debt service coverage needs. If the District were to implement the maximum SSC increases over the next five years, an additional \$58.6 million in SSC revenue would be generated to support critical infrastructure investment and operational needs.

Following implementation of the proposed SSC increases, the District's cost for providing wastewater collection, conveyance, and treatment services would remain near the average when compared to peer agencies in the San Francisco Bay Area region. A comparison of District SSCs to regional peer agencies will be highlighted during the Board meeting.

Attachment

Draft Prop. 218 Notice of Proposed Five-Year Maximum Sewer Service Charge Increases for Fiscal Years 2025/26-2029/30



Notice of Proposed Five-Year Maximum Sewer Service Charge Rate Increases for Fiscal Years 2025/26-2029/30

Proposition 218 Notification to Property Owners of Public Hearing

NOTICE IS HEREBY GIVEN that the Delta Diablo Board of Directors will hold a public hearing on **Thursday, June 26, 2025, at 5:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California**, to consider adoption of proposed rate increases for wastewater utility services. A summary of the proposed rates and associated financial needs and information, and instructions for protesting the rate increases (if desired) are provided below. In addition, related fact sheets are available at www.deltadiablo.org.

What Services Does Delta Diablo Provide to Customers?

Delta Diablo (“District”) provides **wastewater conveyance and treatment services** for approximately 73,273 customer accounts (residential and non-residential), representing over 218,000 residents in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. As part of our **core mission to protect public health and the environment**, the District treats 14.0 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and **sound stewardship of the public’s resources and trust**. The District has transformed its Wastewater Treatment Plant (WWTP) into a “resource recovery facility” by producing approximately 7.0 million gallons per day of recycled water, generating onsite renewable energy to meet over 50% of WWTP power needs, reusing biosolids as fertilizer, providing household hazardous waste (HHW) collection services, and further protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems.

Why is Delta Diablo Proposing Rate Increases?



Infrastructure Investment

The District has developed a proposed **5-Year Capital Improvement Program (CIP) totaling \$238.1 million** to ensure **prioritized, critical investment in aging infrastructure** in its wastewater conveyance and treatment systems, which represents an **increase of \$51.0 million** from the current \$187.1 million CIP.



New Regulatory Mandate

In July 2024, the San Francisco Bay Regional Water Quality Control Board implemented a **regulatory mandate** for all 37 Bay Area wastewater facilities to meet new **nutrient removal requirements** to reduce the potential for algae blooms in San Francisco Bay. The District has identified a **\$145 million in capital projects** to meet this regulatory mandate over the next ten years.



Fiscal Responsibility

The District continues to **effectively manage its annual operating budget**, which has resulted in **average annual operating cost increases of only 3.8% over the last four years** despite inflationary pressure with similar projections in the near term. However, additional revenue is needed to meet increased labor, energy, biosolids, chemicals, and outside services costs over the next five years.

Proposed Five-Year Maximum Sewer Service Charge Increases for FY25/26-FY29/30

The District collects Sewer Service Charges (SSCs) from its customers each year as the primary revenue source needed to fund capital infrastructure investments, labor, energy, biosolids, chemicals, regulatory compliance, infrastructure maintenance, and Delta HHW Collection Facility operations. For Fiscal Year 2025/26 (FY25/26) (July 1, 2025-June 30, 2026), the District is proposing SSC increases of approximately 8.5% per year (+\$40.25) for residential customers in Antioch/Pittsburg, and approximately 8.8% (+\$57.35) for residential customers in Bay Point. In FY26/27 through FY29/30, the District is proposing maximum SSC increases of 8.5% and 8.5% for Antioch/Pittsburg and Bay Point customers, respectively. **The District continues to maintain rates near the average of peer agencies in the San Francisco Bay Area region.**

In compliance with California Constitution Article XIII(D), Section 6 (“Proposition 218”), the proposed FY25/26-FY29/30 maximum SSCs incorporate FY25/26 Cost-of-Service Study findings (prepared by IB Consulting), which updated growth in the service area and corresponding additional wastewater flow to the District’s WWTP. The Study will be made available at the District’s offices and website. SSCs for non-residential customers (i.e., commercial, industrial) were adjusted accordingly for FY25/26-FY29/30 based on customer class. Most District customers are billed on a fiscal-year basis and pay SSCs via annual property tax bills. The District’s Board of Directors will consider approval of SSC increases for each fiscal year, subject to the maximum SSC increases included in the tables below. Property tax bills also include a street sweeping service charge (no increase from FY24/25) that varies by community based on service frequency

Residential Customers: The impact of the proposed SSC increase on the annual property tax bill for a single-family residential customer is shown in **Table 1**. The total annual charge for residential properties with multiple units (e.g., duplex, fourplex, apartment complex, etc.) can be calculated by multiplying the applicable per unit SSC charge in **Table 1** by the total number of units.

Table 1 – Example Annual Residential SSC on Property Tax Bills for FY25/26-FY29/30

Residential Service Customers	Current FY24/25	Proposed Maximum Sewer Service Charge by Fiscal Year				
		FY25/26	FY26/27	FY27/28	FY28/29	FY29/30
Antioch/Pittsburg	\$473.55	\$513.80	\$557.48	\$604.88	\$656.30	\$712.10
Bay Point*	\$648.93	\$706.28	\$766.32	\$831.46	\$901.14	\$978.84

* Delta Diablo provides wastewater collection services for Bay Point customers only (i.e., higher Sewer Service Charge), while the respective cities charge customers in Antioch and Pittsburg directly for this service.

Non-residential Customers: The District is proposing SSC increases for commercial and industrial customers based on annual potable water consumption data (i.e., the SSC rates are per one hundred cubic feet per year [HCF/y] of potable water consumption) by business class and community, as presented in **Table 2** (Bay Point) and **Table 3** (Pittsburg/Antioch). If annual water consumption is less than 80 HCF/y, a minimum annual charge of 80 HCF/y multiplied by the applicable rate for each business class will be applied.

**Table 2 – Non-residential Proposed User Charges for Bay Point (Zone 1)
Sewer Service Charge (\$) per Hundred Cubic Feet per Year for FY25/26-FY29/30**

Business Class (Commercial/Industrial)	Current FY24/25	Maximum User Charges (SSC per HCF/y) by Fiscal Year				
		FY25/26	FY26/27	FY27/28	FY28/29	FY29/30
Bakeries/Restaurants	\$9.67	\$10.60	\$11.52	\$12.50	\$13.58	\$14.74
Hotels/Motels	\$4.97*	\$5.46	\$5.94	\$6.46	\$7.02	\$7.62
Institutional	\$6.47	\$7.14	\$7.76	\$8.42	\$9.14	\$9.92
Light Industrial	\$6.26	\$6.94	\$7.54	\$8.20	\$8.90	\$9.66
Marinas	\$6.73*	\$7.24	\$7.86	\$8.54	\$9.28	\$10.08
Misc. Commercial	\$6.56	\$7.40	\$8.04	\$8.74	\$9.50	\$10.32
Mortuaries	\$6.26*	\$6.88	\$7.48	\$8.12	\$8.82	\$9.58

**Table 3 – Non-residential Proposed User Charges for Pittsburg (Zone 2) and Antioch (Zone 3)
Sewer Service Charge (\$) per Hundred Cubic Feet per Year for FY25/26-FY29/30**

Business Class (Commercial/Industrial)	Current FY24/25	Maximum User Charges (SSC per HCF/y) by Fiscal Year				
		FY25/26	FY26/27	FY27/28	FY28/29	FY29/30
Bakeries/Restaurants	\$7.82	\$8.54	\$9.28	\$10.08	\$10.94	\$11.88
Hotels/Motels	\$4.97	\$5.46	\$5.94	\$6.46	\$7.02	\$7.62
Institutional	\$4.61	\$5.08	\$5.52	\$6.00	\$6.52	\$7.08
Light Industrial	\$4.42	\$4.90	\$5.32	\$5.78	\$6.28	\$6.82
Marinas	\$6.73	\$7.24	\$7.86	\$8.54	\$9.28	\$10.08
Misc. Commercial	\$4.67	\$5.28	\$5.74	\$6.24	\$6.78	\$7.36
Mortuaries	\$6.26	\$6.88	\$7.48	\$8.12	\$8.82	\$9.58

Note: *SSC per HCF/y for FY24/25 provided, although no businesses in these classes are known in Bay Point.

Upcoming Major Infrastructure Investment Capital Projects

The District is implementing planning, design, and construction of multiple large-scale capital projects at the WWTP, which is now 43 years old, as well as the wastewater conveyance system, which includes sewer pipes that are nearing the end of their useful life. Once completed, these capital investments will renew critical infrastructure components in the wastewater conveyance and treatment systems for the next 40 to 50 years. Increasing SSC revenue over the next five years will support the District's efforts to ensure the lowest cost of capital by cash funding the majority of its CIP, while issuing debt to reduce the need for higher SSC increases.

Secondary Process Improvements Phase 1 Project (\$140.5 million): Replace existing tower trickling filters with additional aeration basin capacity; expand WWTP capacity to meet growth in service area through 2050; and provide foundational improvements to support meeting nutrient removal requirements as part of Phase 2.

Antioch Pump Station and Conveyance System Improvements (\$24.0 million): Install a new line or rehabilitate the existing forcemain(s) to reliably convey wastewater flows from Antioch to the District's WWTP.

Cogeneration System Improvements Project (\$20.0 million): Install a new cogeneration system that utilizes biogas from the wastewater treatment process to generate renewable electricity to offset plant power demand.

Manhole, Gravity Interceptor, and Easement Road Improvements Phase 2 Project (\$14.0 million): Address corrosion issues in prioritized areas in the wastewater conveyance system in Pittsburg and Bay Point.

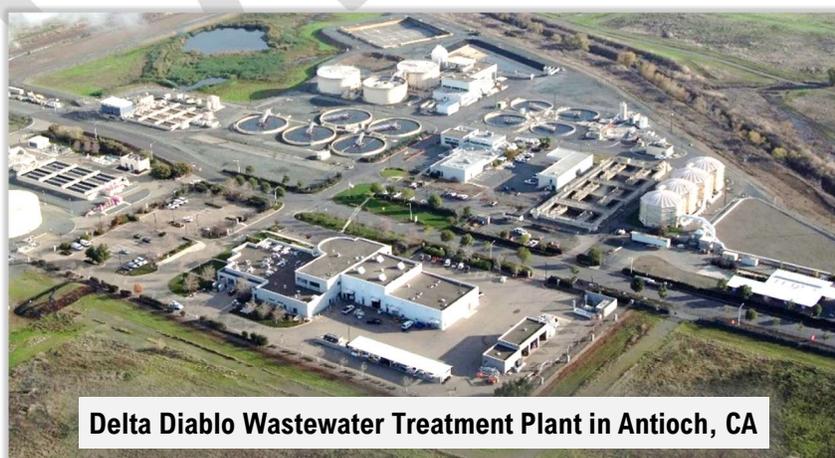
Shore Acres Forcemain Repair Project (\$9.5 million): Install a new line or rehabilitate the existing forcemain to reliably convey wastewater flows from Bay Point to the District's WWTP.

Detailed information on operating and capital costs is available in the District's FY24/25 Budget Book and CIP documentation, which is on file at the District's offices.

Public Hearing and Protest Procedures

The Board of Directors will hold a public hearing on the proposed SSC increases on **Thursday, June 26, 2025, at 5:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509.** After close of the public hearing and consideration of all public comments and written protests received, the Board of Directors will be asked to take action to implement the proposed SSC increases at this meeting.

Written protests may be sent to the District (attention of "Office Manager/Secretary to the Board", 2500 Pittsburg-Antioch Highway, Antioch, California, 94509) prior to the close of the public hearing and **must include your property address and the Assessor Parcel Number** found on your mailing label. At the close of the public hearing, the Secretary to the Board will announce the total number of protest responses, including any received by the close of the public hearing. If written protests are presented by a majority of the parcel owners in the District's service area, the District cannot implement the SSC increases. Pursuant to Government Code Section 53759, there is a 120-day statute of limitations for any judicial challenge to a new or increased sewer service fee or charge.



218,000
residents



14.0 million gallons
of wastewater per day



76 miles of sewer
pipes, force mains



5 pumps stations to
convey wastewater



Wastewater
Treatment Plant



Recycled Water
Facility



2500 Pittsburg-Antioch Highway
Antioch, CA 94509

**NOTICE OF PUBLIC HEARING
PROPOSED FIVE-YEAR MAXIMUM
SEWER SERVICE CHARGE
RATE INCREASES FOR
FISCAL YEAR 2025/26-2029/30**

**5:30 PM
THURSDAY, JUNE 26, 2025
2500 PITTSBURG-ANTIOCH HIGHWAY
ANTIOCH, CA 94509**



Delta Diablo provides wastewater conveyance and treatment services to over 218,000 customers in Pittsburg, Antioch, and Bay Point

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

**Environmental
Stewardship**

In treating 14.0 million gallons of wastewater each day, Delta Diablo has a strong regulatory compliance record in meeting federal, state, and local regulatory requirements and protecting the local Delta receiving waters.

**Infrastructure
Investment**

Continued capital investment in the Wastewater Treatment Plant, 76 miles of sewer pipes and force mains, and five pump stations is critical to maintaining effective, reliable, and high-quality customer service.

**Fiscal
Responsibility**

Delta Diablo is committed to maintaining responsible rates by prioritizing capital investments, implementing effective operating budget control, and targeting available grant and low-interest loan programs.

For more information, visit www.deltadiablo.org or call (925) 756-1900.