

Public Hearing
June 12, 2024

*FY 2025 Wastewater Cost-of-Service
Rate Study*

Delta Diablo



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Executive Summary

Delta Diablo (District) reviews and updates its Sewer Service Charges (SSCs) annually to determine if adjustments are necessary to generate sufficient revenue to meet operational costs, capital investment needs, and reserve funding requirements. The District collects its SSCs on the property tax roll and finalizes proposed rates before submitting the levy to Contra Costa County (County). The District hired IB Consulting to conduct a comprehensive cost-of-service update, and this Report sets rates for Fiscal Year 2024-2025 (FY 2025).

Overview

When necessary, the District updates SSCs to meet overall revenue requirements based on the updated operating budget and capital improvement plan. As part of updating the FY 2025 SSCs, IB Consulting developed a financial plan model to review the long-term financial outlook at current rates and determine the wastewater utility's revenue requirements over the next five years (Financial Plan Period). Developing a long-term financial plan is a prudent business practice to ensure the utility can fund the upcoming fiscal year needs and fully fund revenue requirements over the Financial Plan Period.

Developing a financial plan requires thoroughly reviewing the utility's current financial health. The utility has significant capital projects during the Financial Plan Period, requiring adjustments to SSCs to meet total obligations. Significant projects coming online over the next few years include Cogeneration System Improvements, Antioch Pump Station and Conveyance System Improvements, and Secondary Process Improvements. The District's proposed 5-year (FY 2025 to FY 2029) Capital Improvement Program (CIP) totals over \$149.5 million, which reflects an 85% annual execution rate of projects. The District is securing a loan from the Water Infrastructure Finance and Innovation Act (WIFIA) to fund half of the Secondary Process Improvements. The WIFIA loan is expected to fund \$53.9M of the project. However, without any SSC adjustments, current rate revenues will not be sufficient to fund operating expenses and capital investment needs and meet minimum reserve targets.

This Report includes a comprehensive update to the District's SSCs to reflect updated costs, current water usage, and projected flow trends, and a cost-of-service analysis that allocates the FY 2025 revenue requirements proportionately to each customer class and corresponding account. The existing rate structure consists of annual fixed charges per dwelling unit for Residential parcels and flow rates for Non-Residential parcels. Residential and most Non-Residential SSCs are levied on the tax roll. Non-Residential SSCs levied on the tax roll are based on water usage data from the previous calendar year. The variable costs are allocated to Non-Residential customers based on projected flow. Flow rates are for each Hundred Cubic Feet (HCF¹) of water used with a minimum annual charge equal to the Residential SSC.

Existing SSCs vary by three service areas identified as Bay Point, Antioch, and Pittsburg. Antioch and Pittsburg Residential SSCs are the same, but Bay Point SSCs include an additional charge to pay for the wastewater collection system owned and operated by the District. Antioch and Pittsburg only pay for the District's Wastewater Treatment Plant (WWTP), as the collection systems for those service areas are owned and operated by each respective city. The FY 2025 proposed SSCs incorporate a comprehensive update to the cost-of-service between customer classes and existing zones. The proposed SSCs derived within this Report also include a revenue adjustment of 6.72% that will generate approximately \$2.5 million in additional

¹ 1 HCF = 748.05 gallons

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revenue for FY 2025.

FY 2025 SSCs will generate positive net income before designated fund transfers, generate additional funding for reinvestment in the WWTP and Bay Point collection system, and meet minimum fund targets. The proposed SSCs were noticed to each customer by mail as part of the Proposition 218 noticing requirements. On June 12, 2024, a Public Hearing will occur on the proposed SSCs identified in Table 1. SSCs for Single-Family residential units in Bay Point will increase by approximately 5.4% and SSCs for Single-Family residential units in Pittsburg and Antioch will increase by approximately 5.5%. Non-Residential SSCs adjustments will vary by category and service area designation. Non-Residential customer classes in Zone 1 with an “N/A” do not exist within that zone. If the specific business moves from Zone 2 or Zone 3 to Zone 1, an additional surcharge would be required for the cost associated with the Bay Point collection system.

Table 1: Proposed FY 2025 Sewer Service Charges

Proposed Sewer Service Charges (SSCs)	Zone 1 - Bay Point	Zone 2 - Pittsburg	Zone 3 - Antioch
Residential	FY 2025	FY 2025	FY 2025
Equivalent Residential Unit	\$648.93	\$473.55	\$473.55
Non-Residential Charges	FY 2025	FY 2025	FY 2025
Bakeries & Restaurants (\$/HCF)	\$9.67	\$7.82	\$7.82
Dow Chemical (\$/HCF)	N/A	\$4.08	\$4.08
G&K Services (\$/HCF)	N/A	\$5.45	\$5.45
Hotel/Motel (\$/HCF)	N/A	\$4.97	\$4.97
Institutional (\$/HCF)	\$6.47	\$4.61	\$4.61
Light Industry (\$/HCF)	\$6.26	\$4.42	\$4.42
Marinas (\$/HCF)	N/A	\$6.73	\$6.73
Generon IGS (\$/HCF)	N/A	\$5.40	\$5.40
Misc. Commercial (\$/HCF)	\$6.56	\$4.67	\$4.67
Mortuaries (\$/HCF)	N/A	\$6.26	\$6.26
Praxair (\$/HCF)	N/A	\$3.95	\$3.95
Premark Packaging (\$/HCF)	\$6.43	\$4.60	\$4.60
U.S. Army (\$/HCF)	\$5.78	\$3.95	\$3.95

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Wastewater Utility

Wastewater System

The District provides wastewater conveyance and treatment services for about 215,000 customers in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. The District treats approximately 13 million gallons of wastewater and produces 6 million gallons of recycled water daily.

Figure 1: Delta Diablo Wastewater Treatment Plant



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Based on the District’s current CIP, approximately \$149.5 million in capital funding is required over the next five years. The CIP is broken out between the District’s capital-related funds, including Capital Asset Fund, Advanced Treatment Fund, Capital Asset Replacement, and Bay Point Collection. Figure 2 through Figure 5 identify the CIP by each capital fund through FY 2029. Figure 6 provides a summary of all funds combined through FY 2029.

Figure 2: Capital Improvement Program – Capital Assets

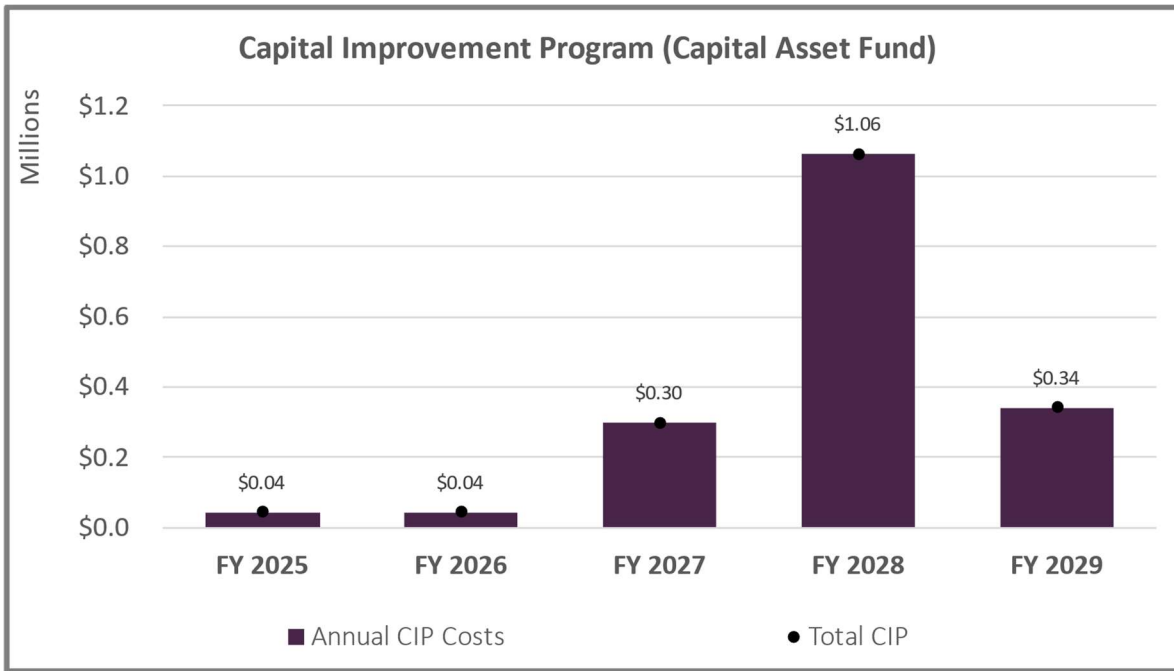
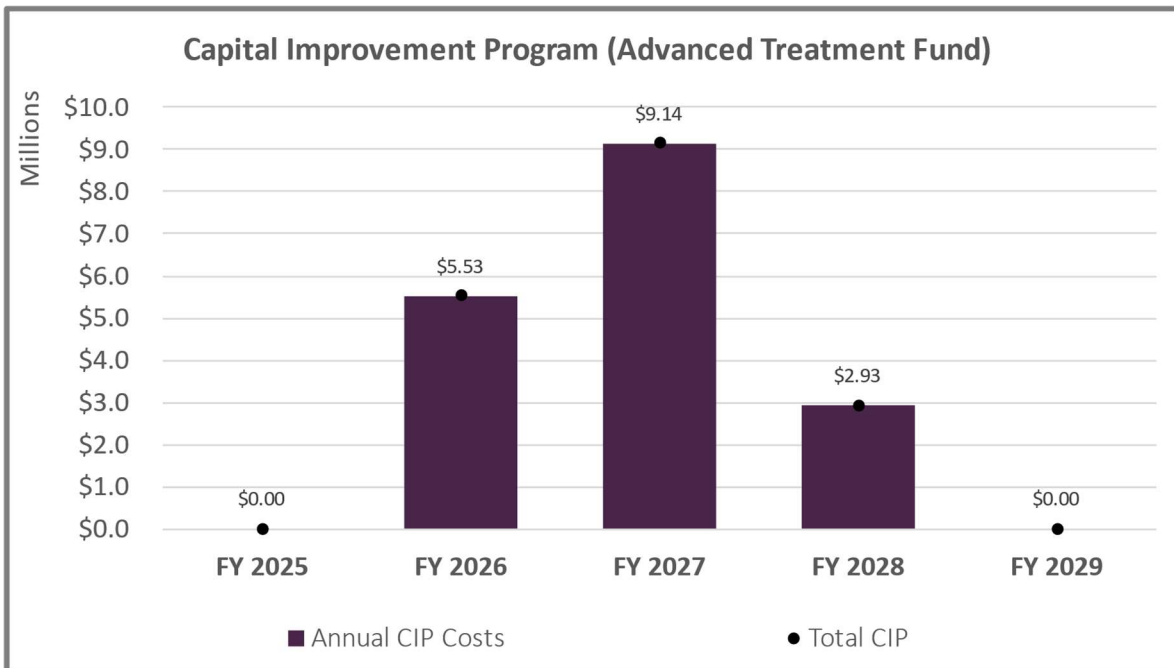


Figure 3: Capital Improvement Program – Advanced Treatment



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Figure 4: Capital Improvement Program – Capital Asset Replacement

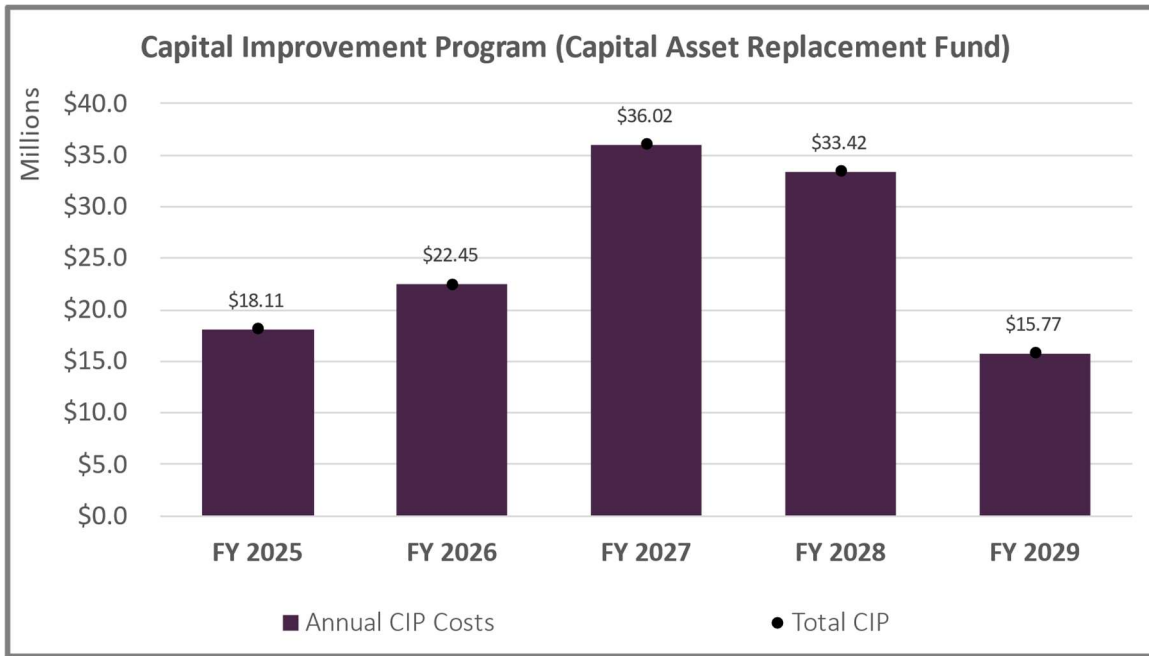
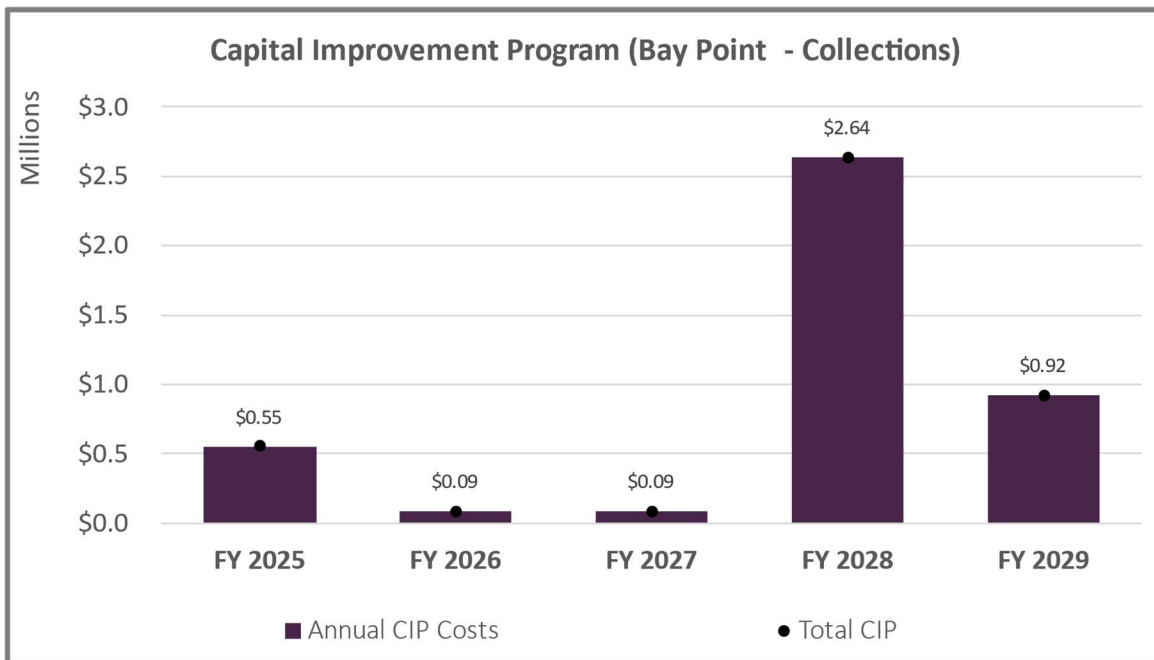
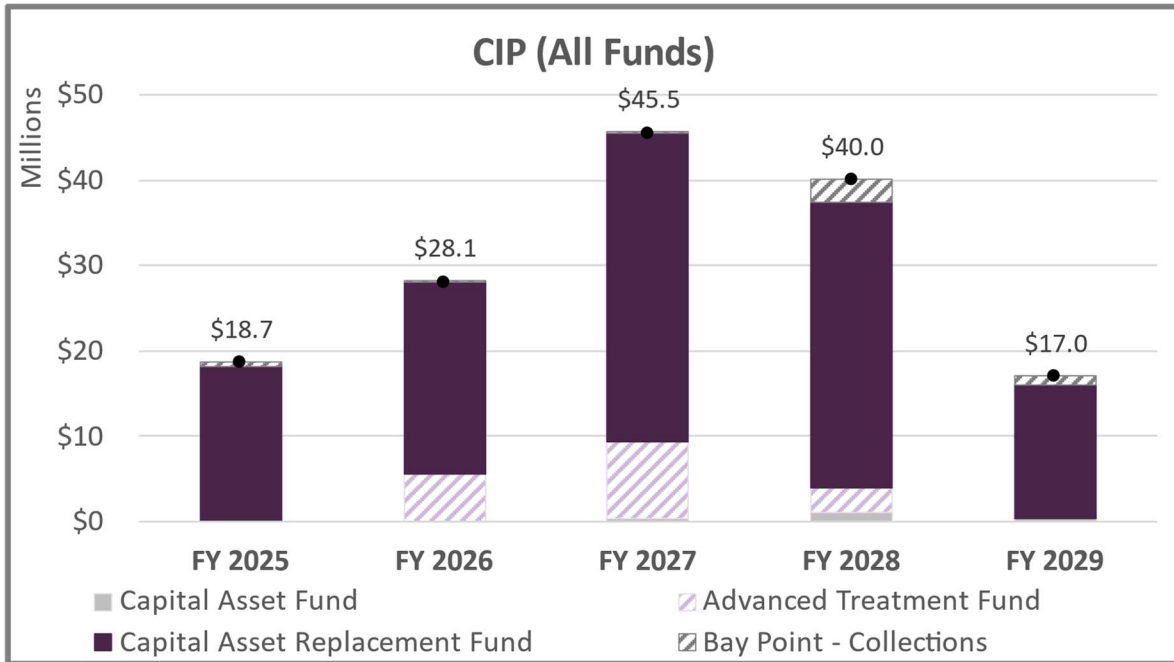


Figure 5: Capital Improvement Program – Bay Point Collection



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Figure 6: Capital Improvement Program – All Funds



Customers

The District serves 69,746 Residential units and 2,871 Non-Residential accounts (collectively, Sewer Units), with over 95% of Sewer Units classified as Residential. Table 2 provides a summary of Sewer Units by customer class and zone.

Table 2: Sewer Units by Customer Class and Zone

Sewer Units by Zone				
Customer Class	Zone 1	Zone 2	Zone 3	Total
	Bay Point [A]	Pittsburg [B]	Antioch [C]	
Residential	7,302	24,236	38,208	69,746
Bakeries & Restaurants	13	101	153	267
Dow Chemical	0	1	0	1
G&K Services	0	1	0	1
Hotel/Motel	0	4	5	9
Institutional	25	91	117	233
Light Industry	8	176	125	309
Marinas	0	2	1	3
Generon IGS	0	1	0	1
Misc. Commercial	102	650	1,289	2,041
Mortuaries	0	2	1	3
Praxair	0	1	0	1
Premark Packaging	1	0	0	1
U.S. Army	1	0	0	1
Total	7,452	25,266	39,899	72,617

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The current SSCs consist of annual fixed charges per dwelling unit for Residential customers and flow rates for Non-Residential customers with a minimum charge equal to the Residential SSC. Existing SSCs are identified in Table 3.

Table 3: Existing Sewer Service Charges

Existing Sewer Service Charges (SSCs)		Zone 1 - Bay Point	Zone 2 - Pittsburg	Zone 3 - Antioch
Residential		FY 2024	FY 2024	FY 2024
Equivalent Residential Unit		\$615.77	\$448.75	\$448.75
Non-Residential Charges				
Bakeries & Restaurants	(\$/HCF)	\$9.43	\$7.66	\$7.66
Dow Chemical	(\$/HCF)	N/A	\$3.87	\$3.87
G&K Services	(\$/HCF)	N/A	\$5.27	\$5.27
Hotel/Motel	(\$/HCF)	N/A	\$4.78	\$4.78
Institutional	(\$/HCF)	\$6.18	\$4.41	\$4.41
Light Industry	(\$/HCF)	\$5.97	\$4.21	\$4.21
Marinas	(\$/HCF)	N/A	\$6.31	\$6.31
Generon IGS	(\$/HCF)	N/A	\$5.22	\$5.22
Misc. Commercial	(\$/HCF)	\$6.18	\$4.41	\$4.41
Mortuaries	(\$/HCF)	N/A	\$6.10	\$6.10
Praxair	(\$/HCF)	N/A	\$3.75	\$3.75
Premark Packaging	(\$/HCF)	\$6.18	\$6.18	\$6.18
U.S. Army	(\$/HCF)	\$5.51	\$5.51	\$5.51

Financial Plan Overview

Financial Planning

Financial planning incorporates numerous considerations, including projecting revenues and forecasting expected costs using various inflationary adjustments. Utilities also need to account for changes in flow driven by variations in weather, changes to water usage, state mandates, growth, and economic factors. In addition, system maintenance and reinvestment, reserves, and debt service requirements all influence the revenues needed in future years. Therefore, a comprehensive financial plan reviews the following:

- 1) Historical Non-Residential water sales, expected flows by customer class, flow return factors, and inflow / infiltration factors determine an appropriate level of flow to project expenses.
- 2) Operational costs that may change over the planning period due to inflation and any new expenditures incurred to meet strategic goals, regulatory requirements, or changes in operations.
- 3) Multi-year system improvements and scheduling based on priority. This review also considers available funding sources to complete capital projects such as “pay-as-you-go” (PAYGO), grants, and debt financing.
- 4) Satisfy debt service coverage ratio requirements based on existing debt and WIFIA loan covenants.
- 5) Reserve funding to meet adopted reserve policies. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs, unexpected increases in expenses, shortages in system reinvestment, and potential system failures.

Figure 7 illustrates the key elements when developing a long-term financial plan.

Figure 7: Financial Plan Key Elements



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Financial Planning Assumptions

Developing a long-term financial plan requires understanding the utility's financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, new strategic objectives, and reserve policies. These considerations require certain assumptions for projecting revenues, expenses, and expected ending fund balances. Table 4 identifies assumptions used for forecasting revenues, and Table 5 identifies assumptions used for forecasting increases in expenses through the Financial Plan Period.

Table 4: Assumptions for Forecasting Revenues

Revenue Forecasting					
Key Assumptions	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue Escalation					
Non-Rate Revenues	3.5%	3.5%	3.5%	3.5%	3.5%
Property Tax	2.0%	2.0%	2.0%	2.0%	2.0%
Reserve Interest	1.0%	2.0%	2.0%	2.0%	2.0%
Growth	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Residential Water Usage	976,148	976,148	976,148	976,148	976,148

Table 5: Assumptions for Forecasting Expense Requirements

Expense Forecasting						
Key Assumptions	Source:	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Expenditure Escalation						
Employee Benefits		<i>Budget</i>	5.0%	5.0%	5.0%	5.0%
Capital Construction	<i>ENR - SF</i>	<i>5-Year Average</i>	<i>Budget</i>	5.1%	5.1%	5.1%
Chemicals			<i>Budget</i>	3.0%	3.0%	3.0%
General Costs	<i>CPI - SF (BLS)</i>	<i>5-Year Average</i>	<i>Budget</i>	3.5%	3.5%	3.5%
Utilities			<i>Budget</i>	5.0%	5.0%	5.0%
Salaries & Wages			<i>Budget</i>	3.5%	3.5%	3.5%

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Current Financial Position

Revenues

The District collects almost all of the SSCs on the Contra Costa County tax roll, with a few Government and Non-Residential customers billed directly. The County guarantees the levy as part of the Teeter Plan (California Revenue and Taxation Code Section 4701-4717). The Teeter Plan allows cities and special districts to receive the total allocation of each levy submitted. In return, the County keeps all delinquencies and penalties incurred. The total levy amount submitted to the County for FY 2024 is the baseline revenue used for financial planning. Table 6 shows all revenues, including SSCs, Other Revenues, and Other Financing Sources. The Interfund Transfer goes towards the District’s Household Hazardous Waste (HHW) program that mitigates significant hazardous constituents from entering the WWTP influent.

Table 6: Projected Revenues at Existing Rates

Projected Revenues					
Revenue	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue					
SSCs Levy	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000
SSCs - Direct Charges	\$701,000	\$701,000	\$701,000	\$701,000	\$701,000
Total Rate Revenue	\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000
Other Revenues					
Discharge Permit & Fees	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)	\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest	\$193,000	\$153,000	\$222,000	\$152,000	\$73,000
Subtotal Other Revenues	\$1,543,000	\$1,503,000	\$1,572,000	\$1,502,000	\$1,423,000
Other Financing Sources					
Interfund Transfer	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Subtotal Other Financing Sources	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Total Revenues	\$37,580,000	\$37,540,000	\$37,609,000	\$37,539,000	\$37,460,000

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Expenses

The preliminary FY 2025 budget was used as the baseline expenses for the utility and were adjusted in subsequent years based on the percentage increases shown in Table 5. Table 7 provides projected Operational & Maintenance (O&M) costs through FY 2029 (rounded to thousands). Each expense category includes detailed line-item expenditures discussed with staff to determine the appropriate escalation factor for forecasting how costs will increase over time. Revenues in Table 6 exceed total O&M expenses because the District requires additional funding for CIP and reserves.

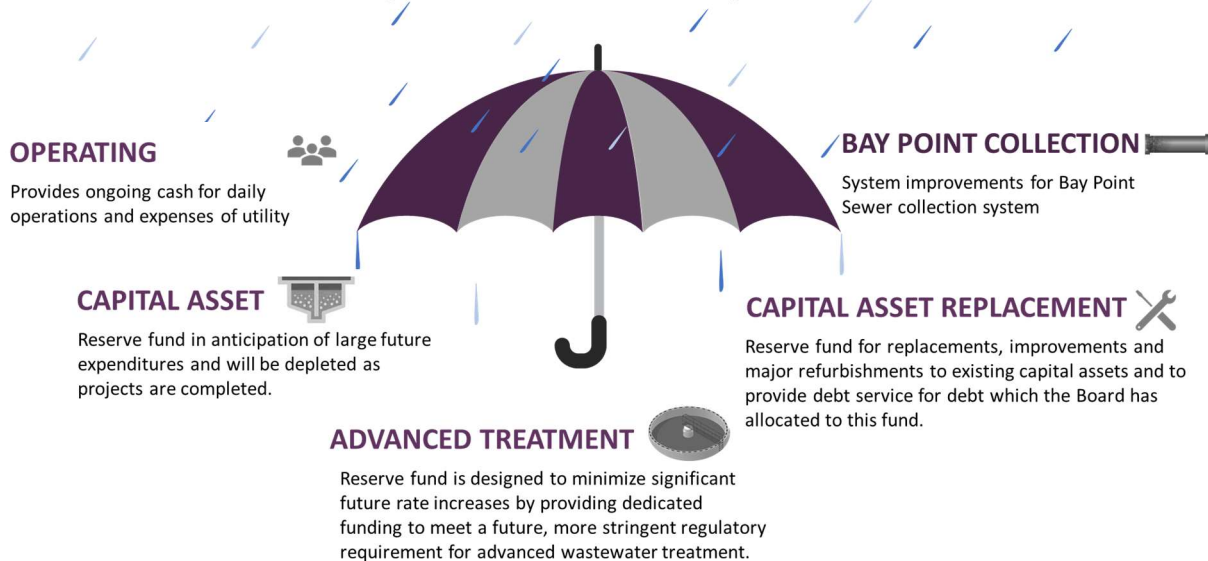
Table 7: Projected O&M Expenses

Projected Expenses					
O&M Expenses	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses					
Administration Division	\$2,723,000	\$2,829,000	\$2,939,000	\$3,053,000	\$3,172,000
Board of Directors Division	\$60,000	\$63,000	\$66,000	\$68,000	\$71,000
Public Information Division	\$54,000	\$56,000	\$58,000	\$60,000	\$62,000
Human Resources Division	\$1,342,000	\$1,392,000	\$1,443,000	\$1,497,000	\$1,552,000
Finance Division	\$1,904,000	\$1,978,000	\$2,055,000	\$2,135,000	\$2,218,000
Information Technology Division	\$1,388,000	\$1,442,000	\$1,498,000	\$1,557,000	\$1,617,000
Purchasing Division	\$686,000	\$714,000	\$743,000	\$773,000	\$804,000
Engineering Division	\$2,328,000	\$2,419,000	\$2,514,000	\$2,613,000	\$2,716,000
Maintenance Division	\$5,560,000	\$5,779,000	\$6,007,000	\$6,244,000	\$6,490,000
Operations/Plant Division	\$9,380,000	\$9,759,000	\$10,154,000	\$10,566,000	\$10,995,000
Laboratory Division	\$1,217,000	\$1,265,000	\$1,314,000	\$1,365,000	\$1,418,000
Lab Pretreatment Division	\$488,000	\$508,000	\$528,000	\$549,000	\$571,000
Lab Pollution Prevention Division	\$10,000	\$11,000	\$11,000	\$12,000	\$12,000
Lab Stormwater Inspection Division	\$3,000	\$4,000	\$4,000	\$4,000	\$4,000
Safety Division	\$536,000	\$556,000	\$577,000	\$598,000	\$621,000
Total Operating Expenses	\$27,679,000	\$28,775,000	\$29,911,000	\$31,094,000	\$32,323,000

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Reserves

Figure 8: Wastewater Utility Funds



Per District policy, the Wastewater Operating and Maintenance (WW O&M) Fund is required to maintain an Operating reserve at 40% of operating expenses. There are no formal capital-related reserves as part of the District's reserve policy; however, each capital-related fund should have a minimum requirement to ensure that the District maintains a strong financial outlook moving forward. It is standard industry best management practice to establish a capital minimum requirement equal to at least the annual depreciation value of the District's assets or to cover a year's worth of upcoming capital expenses. Therefore, as part of the proposed financial plan, minimum funding requirements include the existing Operating Reserve and recommended capital funding targets for each capital-related fund based on the average annual expenses of the CIP over the next five years. The Advanced Treatment reserve will be drawn down to fund Phase 1 of the Secondary Process Improvements, through FY 2028, and then completely depleted for Phase II through FY 2034. Therefore, with the Secondary Process Improvements completed, there is no minimum funding requirement for the Advanced Treatment Fund. These minimum funding levels help mitigate risks to the utility by ensuring sufficient cash is on hand for daily operations and to cover a portion of annual system improvements. In addition, these minimum funds levels help smooth rates and mitigate the potential for sharp rate increases due to emergencies or unplanned, higher system costs. Table 8 summarizes the operating reserve requirement and recommended capital-related minimum requirements.

Table 8: Fund Requirements

Fund	Minimum Reserve Requirements	Status
Operating	40% of WW O&M	Policy
Capital Asset	1-year of capital (5-year average)	Recommended
Advanced Treatment	None	Recommended
Capital Asset Replacement	1-year of capital (5-year average)	Recommended
Bay Point Collection	40% of O&M + 1 year of capital (5-year average)	Recommended

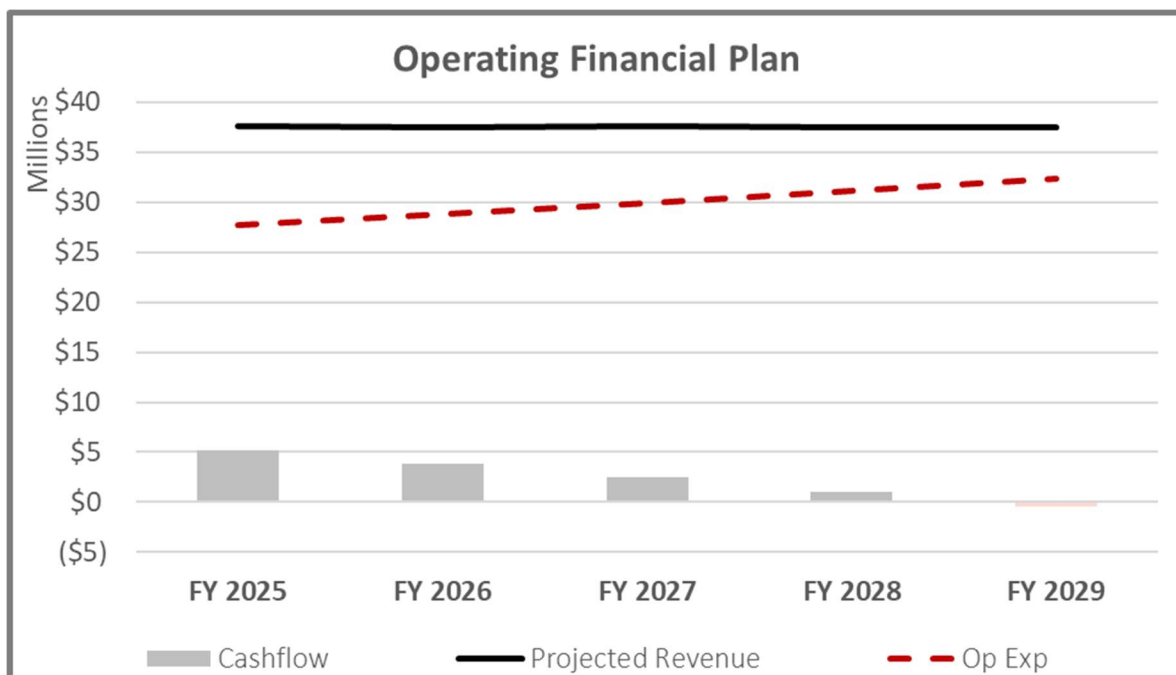
The reserve balance as of July 1, 2023, equaled approximately \$83.7M.

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Financial Outlook at Existing Rates

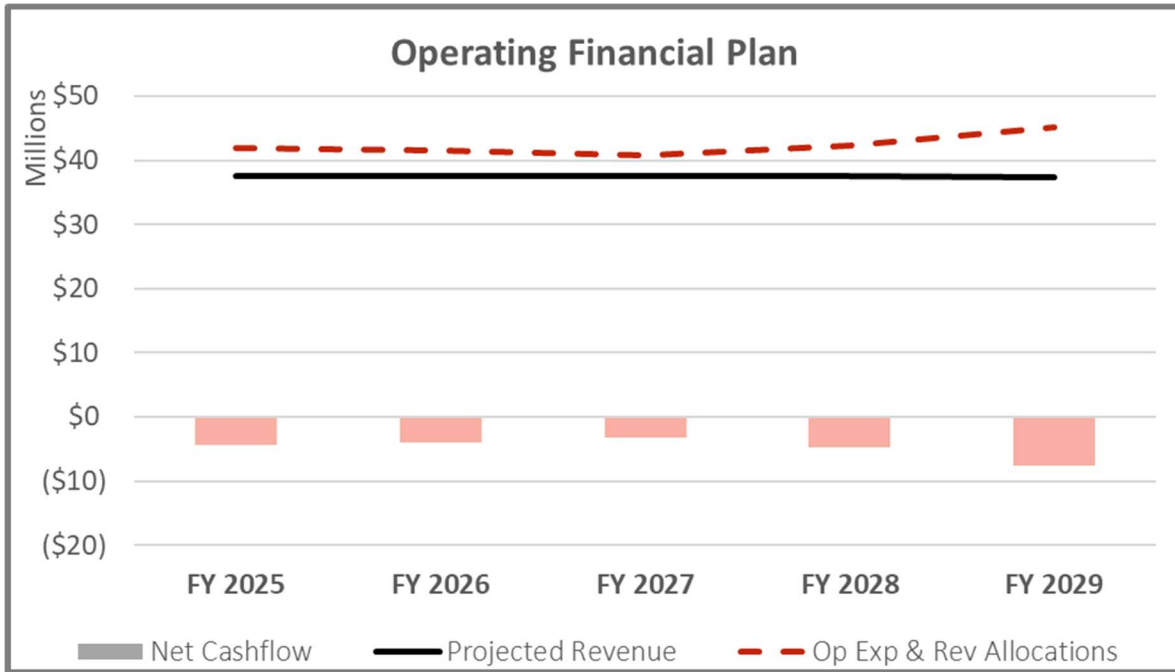
Revenues from existing rates are sufficient to fund WW O&M through FY 2029 as shown in Figure 9. However, after designated fund transfers for capital spending, WW O&M is overdrawn (Figure 10). Using operating fund to cover the capital transfers would cause the balance to fall below the 40% target, generating pressure to increase rates. The current Operating reserve can absorb the designated fund transfers through FY 2026 while maintaining the 40% operating minimum reserve requirement but will be depleted by FY 2029. Figure 9 illustrates the operating position of the utility, before capital fund transfers, where WW O&M expenses are identified with the dashed red trendline, and the horizontal black trendline shows total revenues at current rates. The bars represent the amount of net operating income before designated fund transfers for capital spending. Figure 10 identifies the operating position after designated fund transfers for capital.

Figure 9: Current Operating Financial Position Before Designated Fund Transfers



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Figure 10: Current Operating Financial Position After Designated Fund Transfers



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Table 9 forecasts existing revenues and expenses through the Financial Plan Period. Table 10 identifies designated fund transfers and fund activity, with projected FY 2025 starting reserve balances shown for each fund.

Table 9: Financial Plan at Existing Rates

Financial Plan at Existing Rates						
Revenue		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue						
SSCs Levy	Table 6	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000
SSCs - Direct Charges		\$701,000	\$701,000	\$701,000	\$701,000	\$701,000
Total Rate Revenue		\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000
Other Revenues						
Discharge Permit & Fees	Table 6	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)		\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest		\$193,000	\$153,000	\$222,000	\$152,000	\$73,000
Subtotal Other Revenues		\$1,543,000	\$1,503,000	\$1,572,000	\$1,502,000	\$1,423,000
Other Financing Sources						
Interfund Transfer	Table 6	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Subtotal Other Financing Sources		(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Total Revenues		\$37,580,000	\$37,540,000	\$37,609,000	\$37,539,000	\$37,460,000
O&M Expenses		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses						
Administration Division	Table 7	\$2,723,000	\$2,829,000	\$2,939,000	\$3,053,000	\$3,172,000
Board of Directors Division		\$60,000	\$63,000	\$66,000	\$68,000	\$71,000
Public Information Division		\$54,000	\$56,000	\$58,000	\$60,000	\$62,000
Human Resources Division		\$1,342,000	\$1,392,000	\$1,443,000	\$1,497,000	\$1,552,000
Finance Division		\$1,904,000	\$1,978,000	\$2,055,000	\$2,135,000	\$2,218,000
Information Technology Division		\$1,388,000	\$1,442,000	\$1,498,000	\$1,557,000	\$1,617,000
Purchasing Division		\$686,000	\$714,000	\$743,000	\$773,000	\$804,000
Engineering Division		\$2,328,000	\$2,419,000	\$2,514,000	\$2,613,000	\$2,716,000
Maintenance Division		\$5,560,000	\$5,779,000	\$6,007,000	\$6,244,000	\$6,490,000
Operations/Plant Division		\$9,380,000	\$9,759,000	\$10,154,000	\$10,566,000	\$10,995,000
Laboratory Division		\$1,217,000	\$1,265,000	\$1,314,000	\$1,365,000	\$1,418,000
Lab Pretreatment Division		\$488,000	\$508,000	\$528,000	\$549,000	\$571,000
Lab Pollution Prevention Division		\$10,000	\$11,000	\$11,000	\$12,000	\$12,000
Lab Stormwater Inspection Division		\$3,000	\$4,000	\$4,000	\$4,000	\$4,000
Safety Division		\$536,000	\$556,000	\$577,000	\$598,000	\$621,000
Total Operating Expenses		\$27,679,000	\$28,775,000	\$29,911,000	\$31,094,000	\$32,323,000
Net Income (before transfers)		\$9,901,000	\$8,765,000	\$7,698,000	\$6,445,000	\$5,137,000
Fund WW Revenue Allocations						
Capital Asset - 120		\$183,685	\$183,685	\$165,317	\$165,317	\$165,317
Advanced Treatment - 125		\$0	\$0	\$0	\$367,370	\$1,836,850
Capital Replacement - 130		\$12,857,950	\$11,388,470	\$9,551,620	\$9,551,620	\$9,551,620
Bay Point - 520 & 550		\$1,285,795	\$1,102,110	\$1,102,110	\$1,102,110	\$1,193,953
Subtotal Fund WW Revenue Allocations		\$14,327,430	\$12,674,265	\$10,819,047	\$11,186,417	\$12,747,739
Net Income (after transfers)		(\$4,426,430)	(\$3,909,265)	(\$3,121,047)	(\$4,741,417)	(\$7,610,739)

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

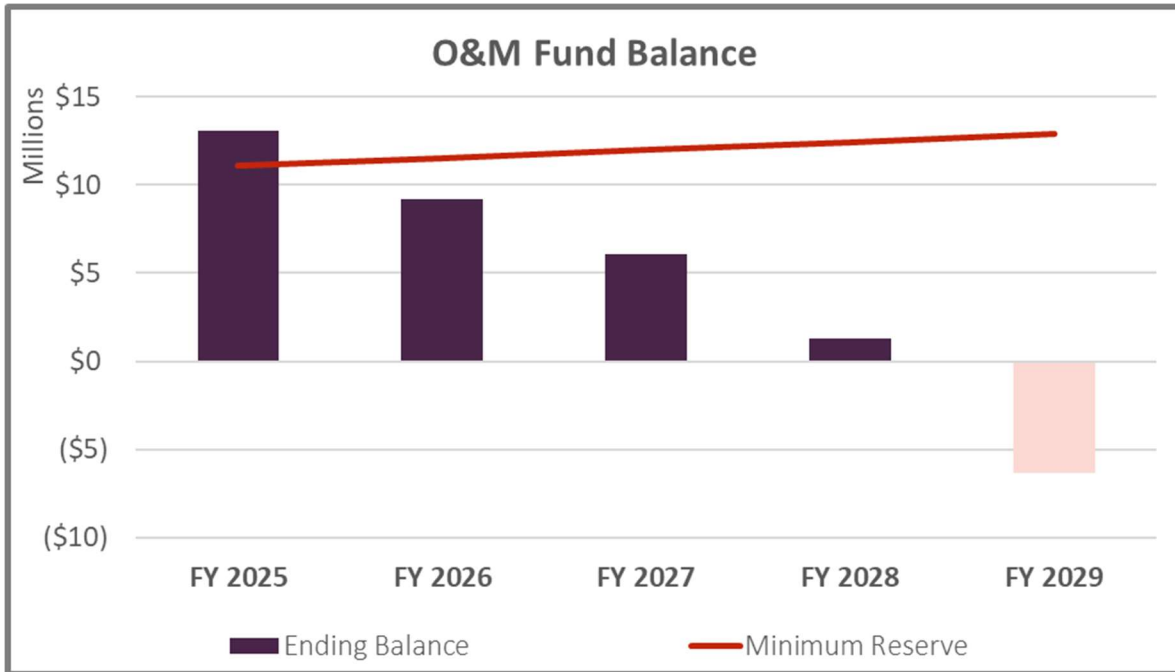
Table 10: Transfers and Fund Activity at Existing Rates

Transfers & Fund Activity						
Operations and Maintenance Fund	<i>110</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$17,501,078	\$13,074,648	\$9,165,383	\$6,044,336	\$1,302,920
Net Cashflow	Table 9	(\$4,426,430)	(\$3,909,265)	(\$3,121,047)	(\$4,741,417)	(\$7,610,739)
Ending Balance		\$13,074,648	\$9,165,383	\$6,044,336	\$1,302,920	(\$6,307,819)
Capital Asset Fund	<i>120</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$3,305,836	\$3,322,414	\$3,368,427	\$3,135,292	\$2,120,783
WW Revenue Allocation	Table 9	\$183,685	\$183,685	\$165,317	\$165,317	\$165,317
Debt Service		(\$157,584)	(\$161,418)	(\$165,344)	(\$169,366)	(\$173,486)
CIP		(\$42,500)	(\$42,500)	(\$297,500)	(\$1,062,500)	(\$340,000)
Subtotal Capital Asset Fund		\$3,289,437	\$3,302,181	\$3,070,899	\$2,068,743	\$1,772,614
Interest Earnings		\$32,976	\$66,246	\$64,393	\$52,040	\$38,934
Ending Balance		\$3,322,414	\$3,368,427	\$3,135,292	\$2,120,783	\$1,811,548
Advanced Treatment Fund	<i>125</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$20,387,094	\$24,610,965	\$19,522,935	\$10,684,518	\$8,307,427
WW Revenue Allocation	Table 9	\$0	\$0	\$0	\$367,370	\$1,836,850
Other Revenues/Financing Sources						
Interfund Loan		\$4,000,000	\$0	\$0	\$0	\$0
Transfer/loan to CAR		\$0	\$0	\$0	\$0	\$0
CIP		\$0	(\$5,525,000)	(\$9,137,500)	(\$2,932,500)	\$0
Subtotal Advanced Treatment Fund		\$24,387,094	\$19,085,965	\$10,385,435	\$8,119,388	\$10,144,277
Interest Earnings		\$223,871	\$436,969	\$299,084	\$188,039	\$184,517
Ending Balance		\$24,610,965	\$19,522,935	\$10,684,518	\$8,307,427	\$10,328,794
Capital Asset Replacement Fund	<i>130</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$35,862,199	\$29,307,560	\$27,244,738	\$23,292,107	\$24,995,814
WW Revenue Allocation	Table 9	\$12,857,950	\$11,388,470	\$9,551,620	\$9,551,620	\$9,551,620
Transfer/loan from AT		\$0	\$0	\$0	\$0	\$0
Other Revenues/Financing Sources						
Property Tax		\$3,650,000	\$3,723,000	\$3,797,000	\$3,873,000	\$3,951,000
Interfund Loan		(\$4,000,000)	\$0	\$0	\$0	\$0
WIFIA Proceeds		\$0	\$6,000,000	\$19,500,000	\$22,500,000	\$5,900,000
Debt Service		(\$1,280,566)	(\$1,280,466)	(\$1,280,365)	(\$1,280,262)	(\$1,280,156)
CIP		(\$18,106,250)	(\$22,453,750)	(\$36,021,250)	(\$33,418,750)	(\$15,770,000)
Subtotal Capital Asset Replacement Fund		\$28,983,333	\$26,684,814	\$22,791,743	\$24,517,716	\$27,348,278
Interest Earnings		\$324,228	\$559,924	\$500,365	\$478,098	\$523,441
Ending Balance		\$29,307,560	\$27,244,738	\$23,292,107	\$24,995,814	\$27,871,719
Bay Point - Collections	<i>520 & 550</i>	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance - Collection		\$5,692,136	\$5,443,703	\$5,452,118	\$5,432,565	\$2,833,046
WW Revenue Allocation	Table 9	\$1,285,795	\$1,102,110	\$1,102,110	\$1,102,110	\$1,193,953
Other Revenues/Financing Sources						
Debt Service		(\$281,728)	(\$281,696)	(\$281,663)	(\$281,629)	(\$281,595)
Collection Operating Exp						
Maintenance Division - BP		(\$700,000)	(\$727,000)	(\$755,000)	(\$785,000)	(\$815,000)
CIP		(\$552,500)	(\$85,000)	(\$85,000)	(\$2,635,000)	(\$918,000)
Subtotal Target		\$5,443,703	\$5,452,118	\$5,432,565	\$2,833,046	\$2,012,404
Interest Earnings		\$0	\$0	\$0	\$0	\$0
Ending Balance		\$5,443,703	\$5,452,118	\$5,432,565	\$2,833,046	\$2,012,404
All Reserves - Ending Balance		\$75,759,290	\$64,753,599	\$48,588,819	\$39,559,990	\$35,716,645

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Figure 11 reflects the projected ending balances of the District's operating reserve after designated fund transfers occur through FY 2029. By FY 2026, the operating reserve is below the minimum target.

Figure 11: Projected Ending Operating Balance at Existing Rates



Proposed Financial Plan

Based on existing revenues, projected expenses, the District's updated CIP, and reserves, a proposed financial plan can be developed to meet the District's overall revenue requirements over the Financial Plan Period. Based on additional capital reinvestment and the new Secondary Process Improvements, Table 11 forecasts projected revenues, **with annual revenue adjustments**, and expenses through FY 2029. Proposed revenue adjustments for FY 2025 through FY 2029 are 6.72%, 5.50%, 3.50%, 3.50%, and 3.50%, respectively. However, the District is only setting rates for FY 2025. FY 2026 through FY 2029 are only included for forecasting and will not be part of the proposed rates within the Proposition 218 Notice.

The proposed FY 2025 SSC rate adjustments also include an updated cost-of-service analysis. Therefore, SSCs increases will vary by customer class and not necessarily be equivalent to the 6.72% revenue adjustment for FY 2025. Table 12 identifies the projected FY 2025 total starting reserve balances, activity within each Fund, transfers between funds, annual CIP, and projected ending balances for each fiscal year of the Financial Plan Period.

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Table 11: Proposed Financial Plan

Proposed Financial Plan						
Revenue		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rate Revenue						
SSCs Levy	Table 6	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000	\$36,036,000
SSCs - Direct Charges		\$701,000	\$701,000	\$701,000	\$701,000	\$701,000
Total Rate Revenue		\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000	\$36,737,000
Additional Revenue (from revenue adjustments):						
	Fiscal Year	Revenue Adjs				
	FY 2025	6.72%	\$2,468,000	\$2,468,000	\$2,468,000	\$2,468,000
	FY 2026	5.50%		\$2,156,000	\$2,156,000	\$2,156,000
	FY 2027	3.50%			\$1,447,000	\$1,447,000
	FY 2028	3.50%				\$1,498,000
	FY 2029	3.50%				\$1,550,000
Total Additional Revenue			\$2,468,000	\$4,624,000	\$6,071,000	\$7,569,000
Projected Rate Revenues (with revenue adjustments)			\$39,205,000	\$41,361,000	\$42,808,000	\$44,306,000
Other Revenues						
Discharge Permit & Fees	Table 6	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Overhead (from Capital Projects)		\$700,000	\$700,000	\$700,000	\$700,000	\$700,000
Miscellaneous		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Utility Rebates (from Calpine)		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Interest		\$193,000	\$160,000	\$283,000	\$286,000	\$305,000
Subtotal Other Revenues		\$1,543,000	\$1,510,000	\$1,633,000	\$1,636,000	\$1,655,000
Other Financing Sources						
Interfund Transfer	Table 6	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Subtotal Other Financing Sources		(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
Total Revenues		\$40,048,000	\$42,171,000	\$43,741,000	\$45,242,000	\$46,811,000
O&M Expenses		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Operating Expenses						
Administration Division	Table 7	\$2,723,000	\$2,829,000	\$2,939,000	\$3,053,000	\$3,172,000
Board of Directors Division		\$60,000	\$63,000	\$66,000	\$68,000	\$71,000
Public Information Division		\$54,000	\$56,000	\$58,000	\$60,000	\$62,000
Human Resources Division		\$1,342,000	\$1,392,000	\$1,443,000	\$1,497,000	\$1,552,000
Finance Division		\$1,904,000	\$1,978,000	\$2,055,000	\$2,135,000	\$2,218,000
Information Technology Division		\$1,388,000	\$1,442,000	\$1,498,000	\$1,557,000	\$1,617,000
Purchasing Division		\$686,000	\$714,000	\$743,000	\$773,000	\$804,000
Engineering Division		\$2,328,000	\$2,419,000	\$2,514,000	\$2,613,000	\$2,716,000
Maintenance Division		\$5,560,000	\$5,779,000	\$6,007,000	\$6,244,000	\$6,490,000
Operations/Plant Division		\$9,380,000	\$9,759,000	\$10,154,000	\$10,566,000	\$10,995,000
Laboratory Division		\$1,217,000	\$1,265,000	\$1,314,000	\$1,365,000	\$1,418,000
Lab Pretreatment Division		\$488,000	\$508,000	\$528,000	\$549,000	\$571,000
Lab Pollution Prevention Division		\$10,000	\$11,000	\$11,000	\$12,000	\$12,000
Lab Stormwater Inspection Division		\$3,000	\$4,000	\$4,000	\$4,000	\$4,000
Safety Division		\$536,000	\$556,000	\$577,000	\$598,000	\$621,000
Total Operating Expenses		\$27,679,000	\$28,775,000	\$29,911,000	\$31,094,000	\$32,323,000
Net Income (before transfers)		\$12,369,000	\$13,396,000	\$13,830,000	\$14,148,000	\$14,488,000
Fund WW Revenue Allocations						
Capital Asset - 120		\$196,025	\$206,805	\$192,636	\$199,377	\$206,352
Advanced Treatment - 125		\$0	\$0	\$0	\$443,060	\$2,292,800
Capital Replacement - 130		\$13,721,750	\$12,821,910	\$11,130,080	\$11,519,560	\$11,922,560
Bay Point - 520 & 550		\$1,372,175	\$1,240,830	\$1,284,240	\$1,329,180	\$1,490,320
Subtotal Fund WW Revenue Allocations		\$15,289,950	\$14,269,545	\$12,606,956	\$13,491,177	\$15,912,032
Net Income (after transfers)		(\$2,920,950)	(\$873,545)	\$1,223,044	\$656,823	(\$1,424,032)

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Table 12: Proposed Transfers & Fund Activity

Transfers & Fund Activity						
Operations and Maintenance Fund <i>110</i>						
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$17,501,078	\$14,580,128	\$13,706,583	\$14,929,627	\$15,586,450
Net Cashflow	Table 11	(\$2,920,950)	(\$873,545)	\$1,223,044	\$656,823	(\$1,424,032)
Ending Balance		\$14,580,128	\$13,706,583	\$14,929,627	\$15,586,450	\$14,162,418
Capital Asset Fund <i>120</i>						
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$3,305,836	\$3,334,815	\$3,404,427	\$3,199,606	\$2,220,784
WW Revenue Allocation	Table 11	\$196,025	\$206,805	\$192,636	\$199,377	\$206,352
Debt Service		(\$157,584)	(\$161,418)	(\$165,344)	(\$169,366)	(\$173,486)
CIP		(\$42,500)	(\$42,500)	(\$297,500)	(\$1,062,500)	(\$340,000)
Subtotal Capital Asset Fund		\$3,301,777	\$3,337,702	\$3,134,220	\$2,167,117	\$1,913,650
Interest Earnings		\$33,038	\$66,725	\$65,386	\$53,667	\$41,344
Ending Balance		\$3,334,815	\$3,404,427	\$3,199,606	\$2,220,784	\$1,954,995
Advanced Treatment Fund <i>125</i>						
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$20,387,094	\$24,610,965	\$19,522,935	\$10,684,518	\$8,383,874
WW Revenue Allocation	Table 11	\$0	\$0	\$0	\$443,060	\$2,292,800
Other Revenues/Financing Sources						
Interfund Loan		\$4,000,000	\$0	\$0	\$0	\$0
Transfer/loan to CAR		\$0	\$0	\$0	\$0	\$0
CIP		\$0	(\$5,525,000)	(\$9,137,500)	(\$2,932,500)	\$0
Subtotal Advanced Treatment Fund		\$24,387,094	\$19,085,965	\$10,385,435	\$8,195,078	\$10,676,674
Interest Earnings		\$223,871	\$436,969	\$299,084	\$188,796	\$190,605
Ending Balance		\$24,610,965	\$19,522,935	\$10,684,518	\$8,383,874	\$10,867,280
Capital Asset Replacement Fund <i>130</i>						
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance		\$35,862,199	\$30,175,679	\$29,577,993	\$27,266,273	\$31,037,082
WW Revenue Allocation	Table 11	\$13,721,750	\$12,821,910	\$11,130,080	\$11,519,560	\$11,922,560
Transfer/loan from AT		\$0	\$0	\$0	\$0	\$0
Other Revenues/Financing Sources						
Property Tax		\$3,650,000	\$3,723,000	\$3,797,000	\$3,873,000	\$3,951,000
Interfund Loan		(\$4,000,000)	\$0	\$0	\$0	\$0
WIFIA Proceeds		\$0	\$6,000,000	\$19,500,000	\$22,500,000	\$5,900,000
Debt Service		(\$1,280,566)	(\$1,280,466)	(\$1,280,365)	(\$1,280,262)	(\$1,280,156)
CIP		(\$18,106,250)	(\$22,453,750)	(\$36,021,250)	(\$33,418,750)	(\$15,770,000)
Subtotal Capital Asset Replacement Fund		\$29,847,133	\$28,986,373	\$26,703,458	\$30,459,821	\$35,760,486
Interest Earnings		\$328,547	\$591,621	\$562,815	\$577,261	\$667,976
Ending Balance		\$30,175,679	\$29,577,993	\$27,266,273	\$31,037,082	\$36,428,462
Bay Point - Collections <i>520 & 550</i>						
		FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Beginning Balance - Collection		\$5,692,136	\$5,530,083	\$5,677,218	\$5,839,795	\$3,467,346
WW Revenue Allocation	Table 11	\$1,372,175	\$1,240,830	\$1,284,240	\$1,329,180	\$1,490,320
Other Revenues/Financing Sources						
Debt Service		(\$281,728)	(\$281,696)	(\$281,663)	(\$281,629)	(\$281,595)
Collection Operating Exp						
Maintenance Division - BP		(\$700,000)	(\$727,000)	(\$755,000)	(\$785,000)	(\$815,000)
CIP		(\$552,500)	(\$85,000)	(\$85,000)	(\$2,635,000)	(\$918,000)
Subtotal Target		\$5,530,083	\$5,677,218	\$5,839,795	\$3,467,346	\$2,943,071
Interest Earnings		\$0	\$0	\$0	\$0	\$0
Ending Balance		\$5,530,083	\$5,677,218	\$5,839,795	\$3,467,346	\$2,943,071
All Reserves - Ending Balance		\$78,231,671	\$71,889,156	\$61,919,819	\$60,695,536	\$66,356,225

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Figure 12 identifies the operating position based on the proposed financial plan. Although operating net cashflow reflects a slight deficit in certain years due to designated fund transfers, the Operating fund can absorb the transfers while maintaining the 40% operating minimum requirement.

Figure 12: Proposed Operating Position After Transfers to Designated Funds

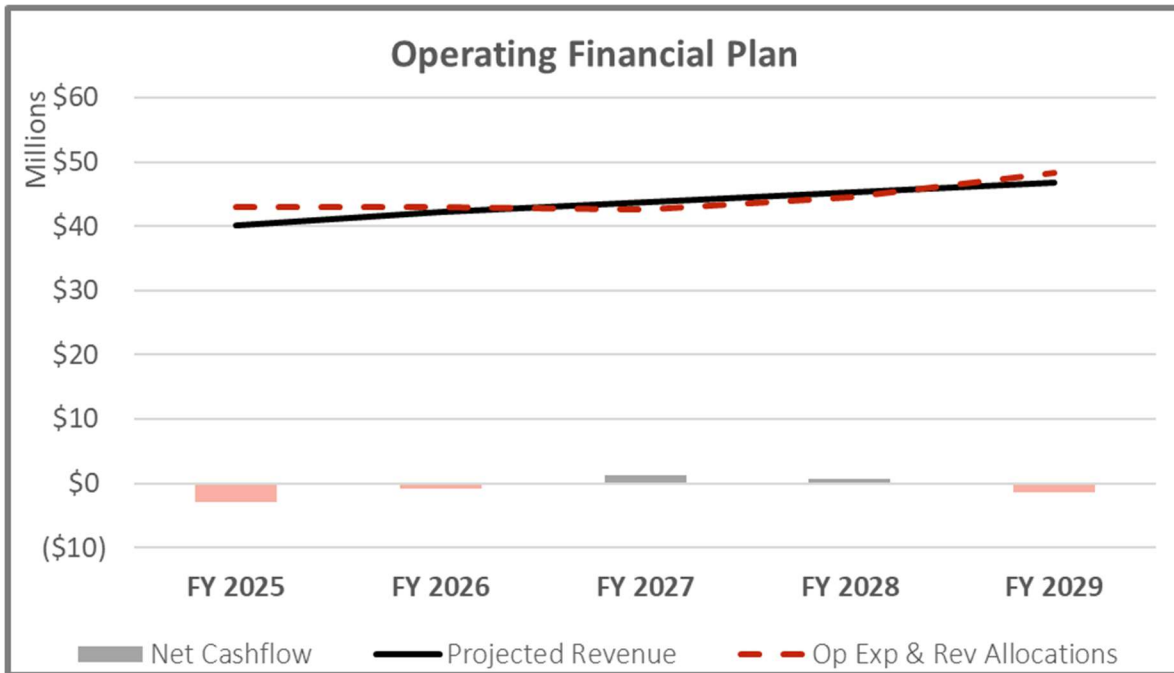


Figure 13 through Figure 16 identify the capital plan of each fund with funding sources. Debt financing is anticipated for the Wastewater Capital Asset Replacement Fund to finance a portion of the Secondary Process Improvements (\$53.9 million in WIFIA loan).

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Figure 13: Capital Funding Plan – Capital Assets

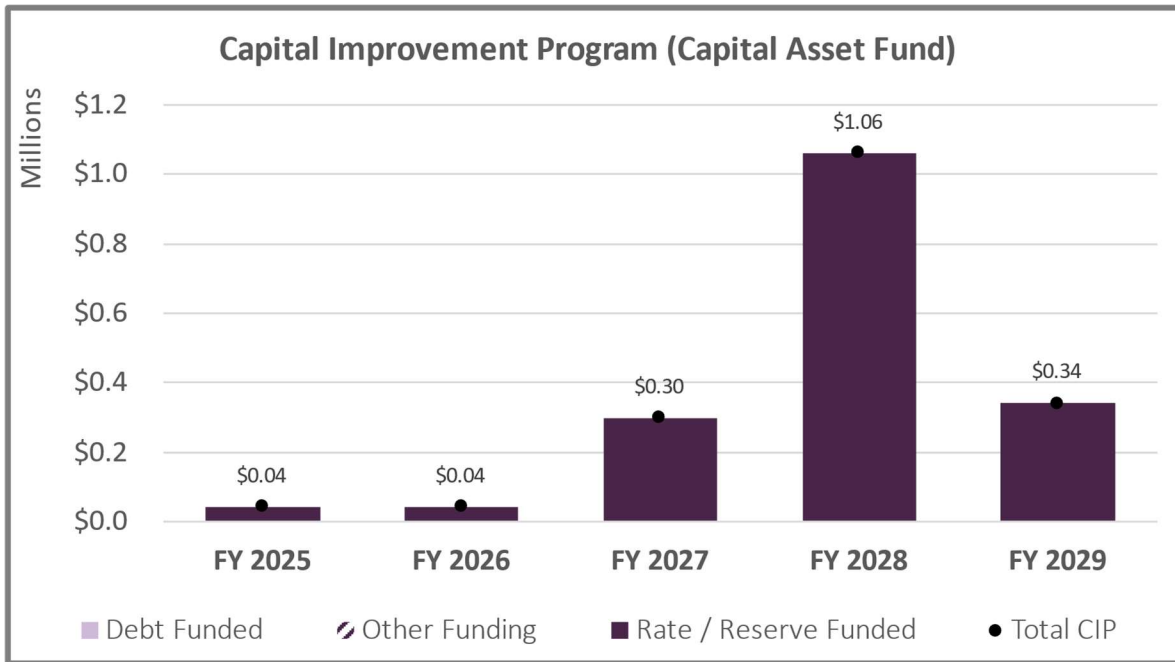
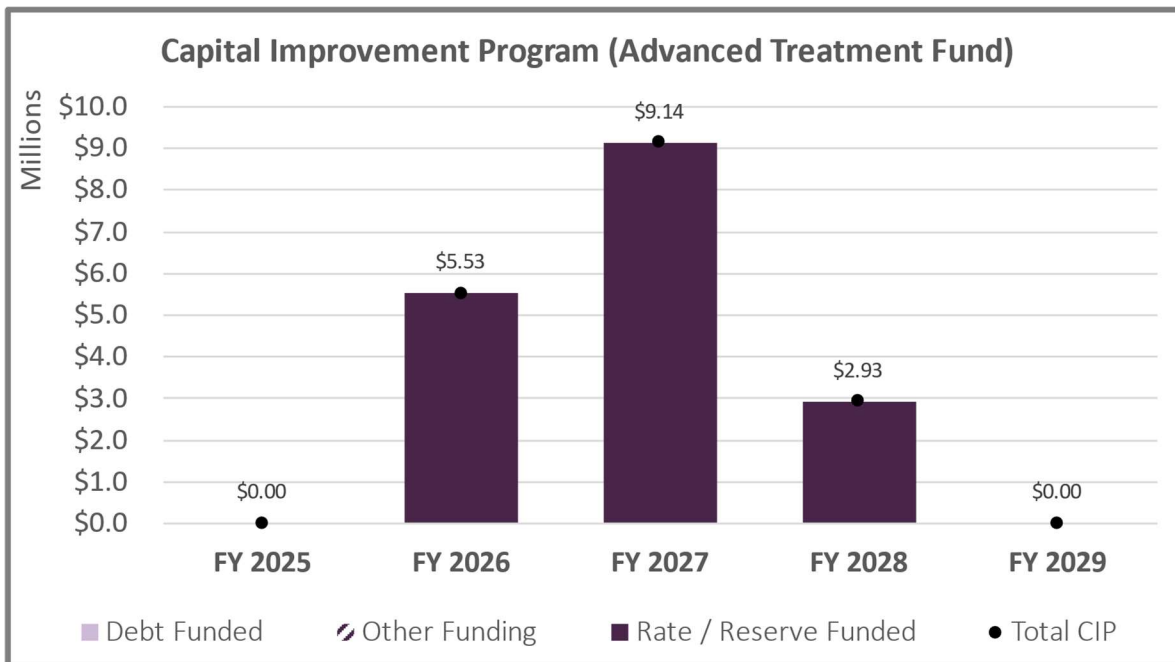


Figure 14: Capital Funding Plan – Advanced Treatment



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Figure 15: Capital Funding Plan – Capital Asset Replacement

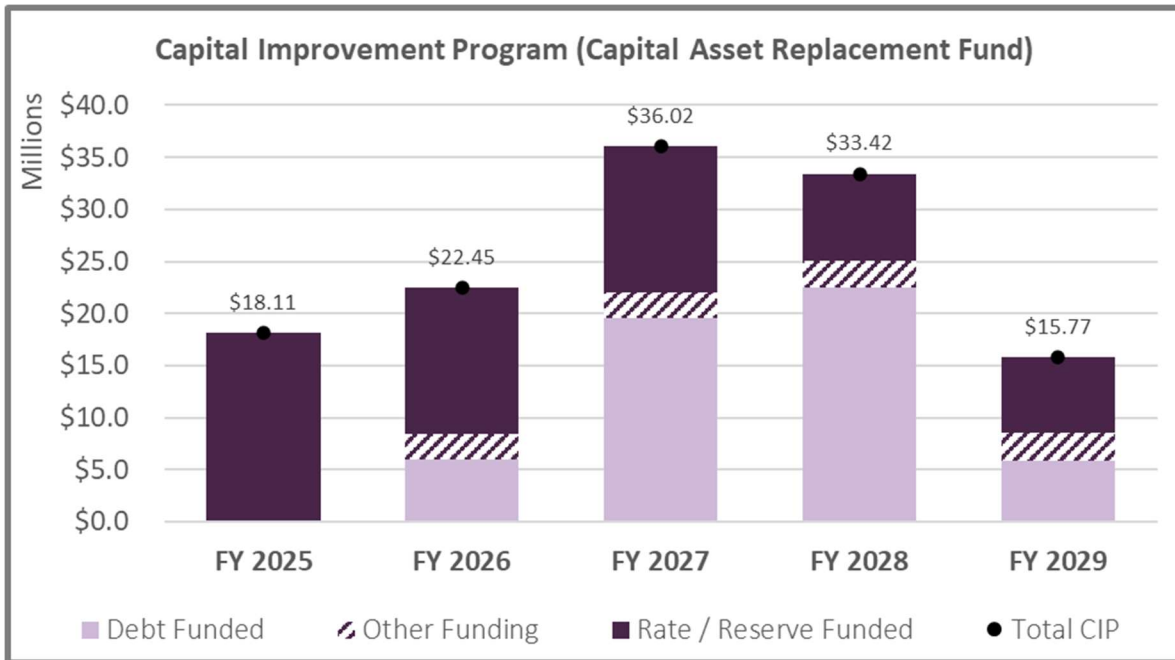
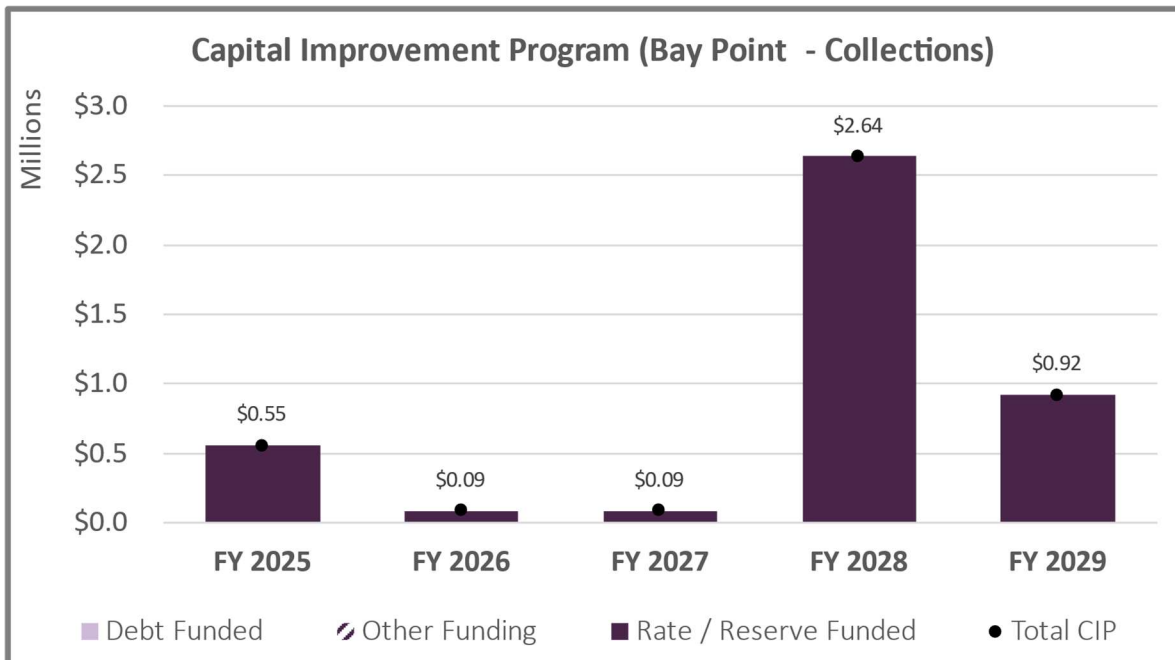


Figure 16: Capital Funding Plan – Bay Point Collection



Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Figure 17 identifies projected ending balances for the Operating fund, and Figure 18 identifies projected ending balances for all funds combined. The capital-related funds include approximately \$51M in FY 2029 because the Phase II of the Secondary Process Improvements is scheduled between FY 2031 – FY 2035, equal to \$100M.

Figure 17: Projected Ending Balance - Operating

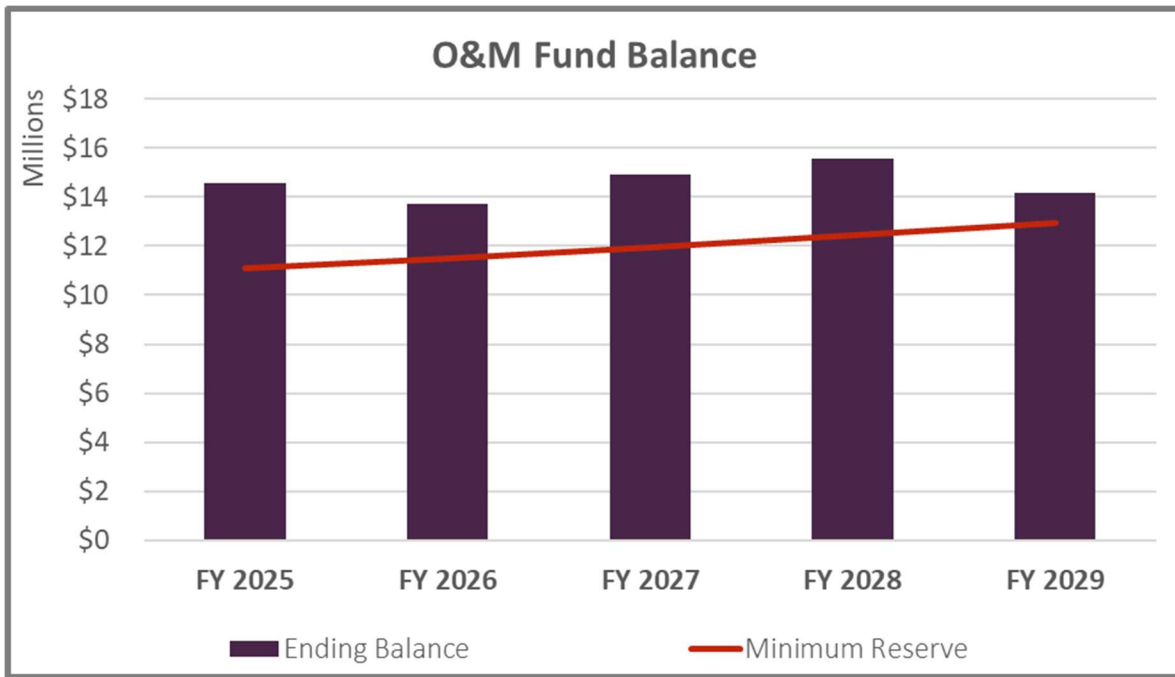
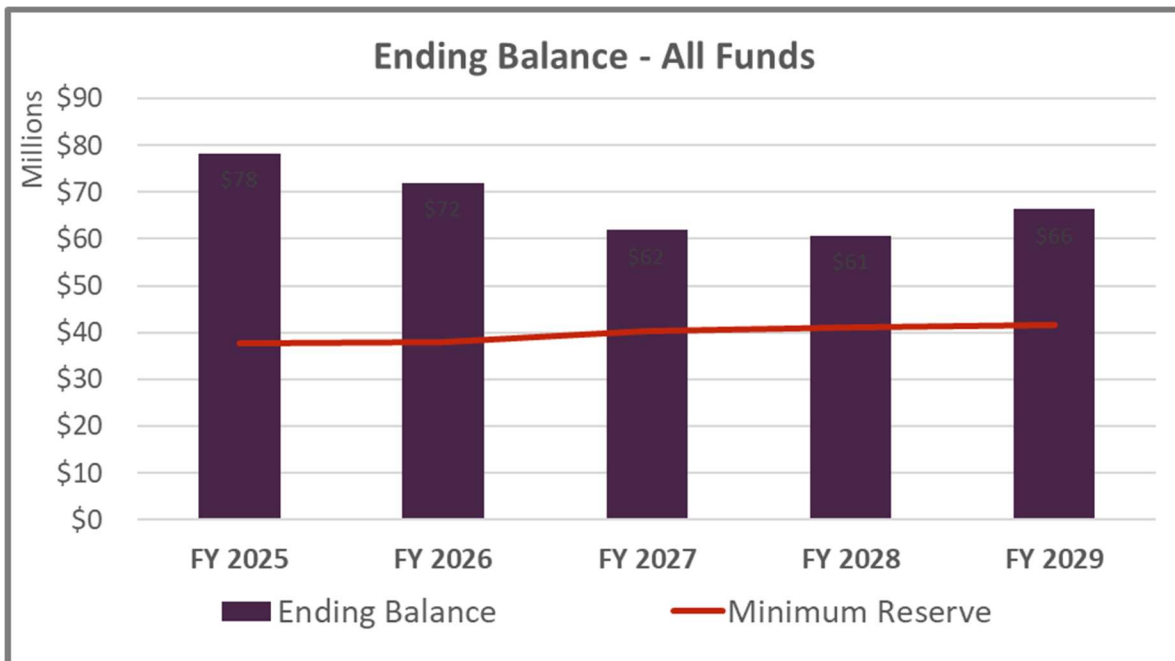


Figure 18: Projected Ending Balances – All Funds



Cost-of-Service Analysis

Cost-of-Service Process

The next step in developing sewer service charges is to perform a cost-of-service analysis. Through this process, costs incurred are allocated to customer classes based on their proportional share. As a result, the proposed charges are cost-based and reflect the costs incurred to provide service to customers.

Revenue Requirements

FY 2025 revenue requirements were used for the cost-of-service analysis. Revenue requirements include O&M expenses, debt service, available revenue offsets, non-rate revenues, and annual net income. The proposed revenue adjustment for FY 2025 and corresponding charges accumulate the necessary revenue to fund O&M, capital projects, and comply with minimum reserve requirements. The results of the financial plan analysis are summarized in Table 13 and represent the revenue required from rates for FY 2025.

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Table 13: FY 2025 Revenue Requirements

Revenue Requirements	FY 2025
	Total
Operating Expenses	
Administration Division	\$2,723,000
Board of Directors Division	\$60,000
Public Information Division	\$54,000
Human Resources Division	\$1,342,000
Finance Division	\$1,904,000
Information Technology Division	\$1,388,000
Purchasing Division	\$686,000
Engineering Division	\$2,328,000
Maintenance Division	\$5,560,000
Operations/Plant Division	\$9,380,000
Laboratory Division	\$1,217,000
Lab Pretreatment Division	\$488,000
Lab Pollution Prevention Division	\$10,000
Lab Stormwater Inspection Division	\$3,000
Safety Division	\$536,000
Total Operating Expenses	\$27,679,000
Designated Funds	
Capital Asset - 120	\$196,025
Advanced Treatment - 125	\$0
Capital Replacement - 130	\$13,721,750
Bay Point - 520 & 550	\$1,372,175
Total Designated Funds	\$15,289,950
Other Funding	
<i>Other Revenues</i>	
Discharge Permit & Fees	(\$250,000)
Overhead (from Capital Projects)	(\$700,000)
Miscellaneous	(\$200,000)
Utility Rebates (from Calpine)	(\$200,000)
Interest	(\$193,000)
Subtotal Other Revenues	(\$1,543,000)
<i>Other Financing Sources</i>	
Interfund Transfer	\$700,000
Subtotal Other Financing Sources	\$700,000
<i>Adjustments</i>	
Reserve Funding (Fund 110)	(\$2,920,950)
Subtotal Adjustments	(\$2,920,950)
Total Other Funding	(\$3,763,950)
Revenue Required from Rate	\$39,205,000

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Define Cost Components

Cost-of-service requirements were allocated to cost components and then to customer classes utilizing a cost causation approach endorsed by the Water Environment Federation (WEF) rate-setting manual - Financing and Charges for Wastewater Systems (Manual of Practice 27). The utility incurs costs to accommodate total flow and various strength concentrations of influent generated by different customer classes. Therefore, to determine the most appropriate way to recover the utility's expenses, cost components are identified and used to allocate expenses based on how they are incurred. Through the review of the revenue requirements and based on an understanding of the wastewater system, the cost-of-service allocation documented in this Report is based on total accounts, flow (volume influent in HCF), and the strength characteristics of the District's customer classes. Strength loading factors for biochemical oxygen demand (BOD) and total suspended solids (TSS) are identified by customer class. Strength factors are based on previous constituent testing performed by the District and the State Water Resources Control Board (SWRCB) Revenue Program Guidelines, Appendix G. Using this approach, revenue requirements are allocated to the different customer classes proportionate to their demand on the WWTP.

The cost-of-service analysis accounts for system costs to meet both the total volume of influent and the strength of influent from customers. The cost components shown in Figure 19 are used within the cost-of-service to allocate costs to customer classes based on the demand each place on the system.

Figure 19: Cost Components



Flow – Expenses associated with operating and maintaining the District's WWTP, including overhead, central service expenses, staffing, and a portion of capital and reserves.

BOD – Expenses incurred to treat BOD at the WWTP, including a portion of capital and reserves.

TSS – Expenses incurred to treat TSS at the WWTP, including a portion of capital and reserves.

Bay Point Collection – Expenses associated with operating and maintaining the Bay Point wastewater collection system.

Allocate Expenses to Cost Components

When allocating expenses to the defined cost components, it is vital to have a sound basis for why an expense was allocated to a specific cost component. The distribution of expenses to the cost components should be straightforward to ensure the method of apportionment is **understandable** and easily **correlates to how expenses are incurred**. A description of each expense category is identified below.

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Expense Categories:

Operating Expenses – The annual operating costs include general overhead, District central services, and expenses directly related to the daily operations of the WWTP. Therefore, specific line items associated with overhead and District central services were allocated to total flow, and treatment-related expenses were allocated between Flow, BOD, and TSS based on the configuration of the WWTP processes that were provided by District staff.

Designated Funds– Annual direct fund transfers necessary to meet the District’s capital needs, including debt.

Other Revenues – Non-operating revenues such as permits & fees and interest.

Other Financing Sources – Costs associated with the District’s Household Hazardous Waste (HHW) program, which properly disposes of high strength discharge related to hazardous materials, such as oils, paints, chemicals, etc., and mitigates these products from being disposed into the sewer system.

Adjustments – Net income applied to operating fund.

Table 14 summarizes the percent allocation of operating expenses to the cost components. The percentages shown in Table 14 were based on discussions with District staff. Based on the District staff’s experience and direct knowledge of the treatment plant processes, 74.2% of the cost incurred is to move flow, 14.8% is associated with BOD treatment, and 11% is associated with TSS treatment (Treatment Plant %). Table 15 uses the percent allocations in Table 14 to allocate expenses in dollars to each cost component.

Table 14: Operating Expense Allocation to Cost Components (%)

Operating Expenses	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
Administration Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Board of Directors Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Public Information Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Human Resources Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Finance Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Information Technology Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Purchasing Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Engineering Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Maintenance Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Operations/Plant Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Laboratory Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Lab Pretreatment Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Lab Pollution Prevention Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Lab Stormwater Inspection Division	Specific	100.0%	0.0%	0.0%	0.0%	100.0%
Safety Division	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%

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Table 15: Operating Expense Allocation to Cost Components (\$)

Operating Expenses	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
Administration Division	Specific	\$2,723,000	\$0	\$0	\$0	\$2,723,000
Board of Directors Division	Specific	\$60,000	\$0	\$0	\$0	\$60,000
Public Information Division	Specific	\$54,000	\$0	\$0	\$0	\$54,000
Human Resources Division	Specific	\$1,342,000	\$0	\$0	\$0	\$1,342,000
Finance Division	Specific	\$1,904,000	\$0	\$0	\$0	\$1,904,000
Information Technology Division	Specific	\$1,388,000	\$0	\$0	\$0	\$1,388,000
Purchasing Division	Specific	\$686,000	\$0	\$0	\$0	\$686,000
Engineering Division	Treatment Plant	\$1,727,376	\$344,544	\$256,080	\$0	\$2,328,000
Maintenance Division	Treatment Plant	\$4,125,520	\$822,880	\$611,600	\$0	\$5,560,000
Operations/Plant Division	Treatment Plant	\$6,959,960	\$1,388,240	\$1,031,800	\$0	\$9,380,000
Laboratory Division	Treatment Plant	\$903,014	\$180,116	\$133,870	\$0	\$1,217,000
Lab Pretreatment Division	Treatment Plant	\$362,096	\$72,224	\$53,680	\$0	\$488,000
Lab Pollution Prevention Division	Treatment Plant	\$7,420	\$1,480	\$1,100	\$0	\$10,000
Lab Stormwater Inspection Division	Specific	\$3,000	\$0	\$0	\$0	\$3,000
Safety Division	Treatment Plant	\$397,712	\$79,328	\$58,960	\$0	\$536,000
Total Allocation (\$)		\$22,643,098	\$2,888,812	\$2,147,090	\$0	\$27,679,000
<i>Operating Expenses Allocation (%)</i>		81.8%	10.4%	7.8%	0.0%	100.0%

Transfers to the designated funds of Capital Asset, Advanced Treatment, and Capital Replacement are allocated to the cost components based on the Treatment Plant % because these capital projects are associated with the WWTP. Bay Point collection improvements are allocated directly to Bay Point. Table 16 summarizes the percent allocation of designated funds to the cost components Table 17 uses the percent allocations in Table 16 to allocate expenses in dollars to each cost component.

Table 16: Designated Funds Allocation to Cost Components (%)

Designated Funds	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
Capital Asset - 120	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Advanced Treatment - 125	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Capital Replacement - 130	Treatment Plant	74.2%	14.8%	11.0%	0.0%	100.0%
Bay Point - 520 & 550	Specific	0.0%	0.0%	0.0%	100.0%	100.0%

Table 17: Designated Funds Allocation to Cost Components (\$)

Designated Funds	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
Capital Asset - 120	Treatment Plant	\$145,451	\$29,012	\$21,563	\$0	\$196,025
Advanced Treatment - 125	Treatment Plant	\$0	\$0	\$0	\$0	\$0
Capital Replacement - 130	Treatment Plant	\$10,181,539	\$2,030,819	\$1,509,393	\$0	\$13,721,750
Bay Point - 520 & 550	Specific	\$0	\$0	\$0	\$1,372,175	\$1,372,175
Total Allocation (\$)		\$10,326,989	\$2,059,831	\$1,530,955	\$1,372,175	\$15,289,950

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Table 18 summarizes the percent allocation of District revenue offsets and operating reserve funding. For Other Revenues, Interfund Transfer, and Reserve Funding, all line items were allocated to the cost components proportionately based on Operating Expenses Allocation percentages derived in Table 15. Table 19 uses the percent allocations in Table 18 to allocate expenses in dollars to each cost component.

Table 18: Other Funding Allocation to Cost Components (%)

Other Funding	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
<i>Other Revenues</i>						
Discharge Permit & Fees	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
Overhead (from Capital Projects)	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
Miscellaneous	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
Utility Rebates (from Calpine)	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
Interest	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
<i>Other Financing Sources</i>						
Interfund Transfer	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%
<i>Adjustments</i>						
Reserve Funding (Fund 110 Net Income)	O&M Allocation	81.8%	10.4%	7.8%	0.0%	100.0%

Table 19: Other Funding Allocation to Cost Components (\$)

Other Funding	Methodology / Allocation Basis	Cost Components				Total
		Flow	BOD	TSS	BP Collection	
<i>Other Revenues</i>						
Discharge Permit & Fees	O&M Allocation	(\$204,515)	(\$26,092)	(\$19,393)	\$0	(\$250,000)
Overhead (from Capital Projects)	O&M Allocation	(\$572,642)	(\$73,058)	(\$54,300)	\$0	(\$700,000)
Miscellaneous	O&M Allocation	(\$163,612)	(\$20,874)	(\$15,514)	\$0	(\$200,000)
Utility Rebates (from Calpine)	O&M Allocation	(\$163,612)	(\$20,874)	(\$15,514)	\$0	(\$200,000)
Interest	O&M Allocation	(\$157,886)	(\$20,143)	(\$14,971)	\$0	(\$193,000)
<i>Other Financing Sources</i>						
Interfund Transfer	O&M Allocation	\$572,642	\$73,058	\$54,300	\$0	\$700,000
<i>Adjustments</i>						
Reserve Funding (Fund 110 Net Income)	O&M Allocation	(\$2,389,514)	(\$304,855)	(\$226,581)	\$0	(\$2,920,950)
Total Allocation (\$)		(\$3,079,139)	(\$392,837)	(\$291,974)	\$0	(\$3,763,950)

Table 20 summarizes the wastewater revenue requirements by cost component for FY 2025.

Table 20: FY 2025 Cost-of-Service Requirements by Cost Component

FY 2025 Revenue Requirements					
Revenue Requirements	Flow	BOD	TSS	BP Collection	Total
Operating Expenses	\$22,643,098	\$2,888,812	\$2,147,090	\$0	\$27,679,000
Designated Funds	\$10,326,989	\$2,059,831	\$1,530,955	\$1,372,175	\$15,289,950
Other Funding	(\$3,079,139)	(\$392,837)	(\$291,974)	\$0	(\$3,763,950)
COS Requirement	\$29,890,948	\$4,555,805	\$3,386,072	\$1,372,175	\$39,205,000

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Rate Design

Develop Units of Service

Residential customers' projected flow is based on gallons per capita per day (gpcd) of indoor use, and a flow return factor is used to project flows from Non-Residential customers based on their water usage. Non-Residential water usage and generated flows are determined by identifying a return factor for Non-Residential customer classes. The cost-of-service rate study conducted for FY 2022 included an analysis of the amount of influent treated at the plant and projections of wastewater flows from the different customer types. Residential customers projected flow was based on 80 HCF per year (50 gpcd x 3.3 people per household x 365 days ÷ 748.05 gals = 80 HCF). For Non-Residential customers, a sewer return factor was derived. The Non-Residential return factor was determined by first taking the total amount of influent treated at the plant, less Inflow and Infiltration (I&I), less projected flows from Residential customers. An 85% sewer return factor against total Non-Residential water usage was used for projected Non-Residential sewer flows. Collectively, the projected flow of Residential customers and Non-Residential customers derived within the FY 2022 analysis tied to the amount treated at the plant (less I&I). Since FY 2023 and FY 2024 have been very wet years, this analysis maintains the 80 HCF minimum flow and 85% Non-Residential sewer return factor.

The 85% return factor was applied to the projected FY 2025 usage to determine the units of service for the cost-of-service analysis. Unit rates for the cost components are calculated by determining the units of service for each cost component (distribution basis). The distribution basis varies by cost component and includes total projected flow, weighted BOD, and weighted TSS. Table 21 summarizes the projected flow of each customer class. Table 22 derives the units of service for BOD by taking the strength concentrations of BOD weighted by projected flow (Weighted BOD). Table 23 derives the units of service for TSS by taking the strength concentrations of TSS weighted by projected flow (Weighted TSS).

Table 21: Units of Service – Projected Water Usage and Projected Flow

Customer Class	FY 2025 Projected Usage w/Min (HCF)				FY 2025 Projected Flow (HCF)			
	Zone 1 Projected Usage	Zone 2 Projected Usage	Zone 3 Projected Usage	Total Water Usage	Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Total Projected Flow
	Bay Point	Pittsburg	Antioch		Bay Point	Pittsburg	Antioch	
Residential	595,036	1,981,046	3,118,562	5,694,644	595,036	1,981,046	3,118,562	5,694,644
Bakeries & Restaurants	3,320	46,348	55,527	105,195	2,846	39,456	47,354	89,656
Dow Chemical	0	66,422	0	66,422	0	56,459	0	56,459
G&K Services	0	23,132	0	23,132	0	19,662	0	19,662
Hotel/Motel	0	10,931	9,209	20,140	0	9,291	7,840	17,131
Institutional	5,163	57,316	124,266	186,745	4,461	48,815	105,722	158,997
Light Industry	19,919	151,419	37,692	209,030	16,979	128,934	32,146	178,059
Marinas	0	265	80	345	0	225	80	305
Generon IGS	0	6,185	0	6,185	0	5,257	0	5,257
Misc. Commercial	15,917	102,227	227,585	345,729	13,961	88,093	196,003	298,058
Mortuaries	0	621	918	1,539	0	528	780	1,308
Praxair	0	6,600	0	6,600	0	5,610	0	5,610
Premark Packaging	148	0	0	148	126	0	0	126
U.S. Army	4,938	0	0	4,938	4,197	0	0	4,197
Total	644,442	2,452,511	3,573,839	6,670,792	637,607	2,383,376	3,508,488	6,529,470

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Table 22: Units of Service – Weighted BOD

Customer Class	BOD (ppm) [A]	Conversion Factor (HCF to lbs) [B]	FY 2025 Projected Flow (HCF)				Total Projected Flow [F] = C+D+E	Weighted BOD (lbs)			Total Weighted BOD [J] = G+H+I
			Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Zone 1 BOD		Zone 2 BOD	Zone 3 BOD		
			Bay Point [C]	Pittsburg [D]	Antioch [E]	Bay Point [G] = AxBxC		Pittsburg [H] = AxBxD	Antioch [I] = AxBxE		
Residential	220	0.00620883	595,036	1,981,046	3,118,562	5,694,644	812,786	2,705,996	4,259,778	7,778,559	
Bakeries & Restaurants	1,000	0.00620883	2,846	39,456	47,354	89,656	17,670	244,974	294,013	556,657	
Dow Chemical	25	0.00620883	0	56,459	0	56,459	0	8,764	0	8,764	
G&K Services	481	0.00620883	0	19,662	0	19,662	0	58,720	0	58,720	
Hotel/Motel	310	0.00620883	0	9,291	7,840	17,131	0	17,883	15,089	32,973	
Institutional	150	0.00620883	4,461	48,815	105,722	158,997	4,154	45,462	98,462	148,078	
Light Industry	130	0.00620883	16,979	128,934	32,146	178,059	13,705	104,069	25,947	143,720	
Marinas	500	0.00620883	0	225	80	305	0	699	248	948	
Generon IGS	559	0.00620883	0	5,257	0	5,257	0	18,247	0	18,247	
Misc. Commercial	150	0.00620883	13,961	88,093	196,003	298,058	13,003	82,043	182,543	277,588	
Mortuaries	500	0.00620883	0	528	780	1,308	0	1,639	2,422	4,061	
Praxair	3	0.00620883	0	5,610	0	5,610	0	104	0	104	
Premark Packaging	150	0.00620883	126	0	0	126	117	0	0	117	
U.S. Army	13	0.00620883	4,197	0	0	4,197	339	0	0	339	
Total			637,607	2,383,376	3,508,488	6,529,470	861,774	3,288,600	4,878,502	9,028,875	

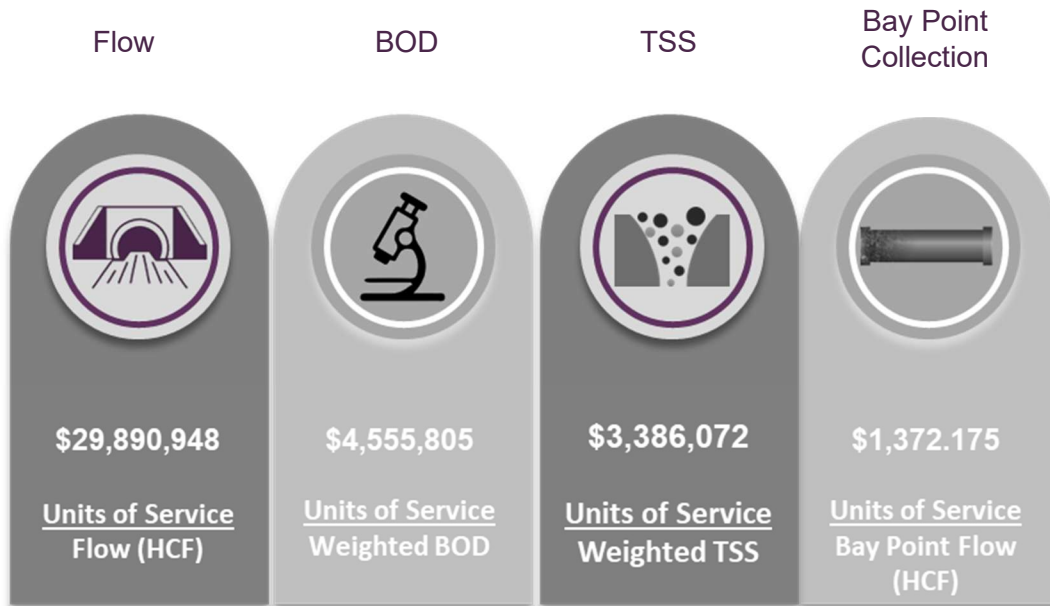
Table 23: Units of Service – Weighted TSS

Customer Class	TSS (ppm) [A]	Conversion Factor (HCF to lbs) [B]	FY 2025 Projected Flow (HCF)				Total Projected Flow [F] = C+D+E	Weighted TSS (lbs)			Total Weighted TSS [J] = G+H+I
			Zone 1 Flow	Zone 2 Flow	Zone 3 Flow	Zone 1 TSS		Zone 2 TSS	Zone 3 TSS		
			Bay Point [C]	Pittsburg [D]	Antioch [E]	Bay Point [G] = AxBxC		Pittsburg [H] = AxBxD	Antioch [I] = AxBxE		
Residential	220	0.00620883	595,036	1,981,046	3,118,562	5,694,644	812,786	2,705,996	4,259,778	7,778,559	
Bakeries & Restaurants	600	0.00620883	2,846	39,456	47,354	89,656	10,602	146,985	176,408	333,994	
Dow Chemical	56	0.00620883	0	56,459	0	56,459	0	19,630	0	19,630	
G&K Services	132	0.00620883	0	19,662	0	19,662	0	16,114	0	16,114	
Hotel/Motel	120	0.00620883	0	9,291	7,840	17,131	0	6,923	5,841	12,764	
Institutional	150	0.00620883	4,461	48,815	105,722	158,997	4,154	45,462	98,462	148,078	
Light Industry	80	0.00620883	16,979	128,934	32,146	178,059	8,434	64,042	15,967	88,443	
Marinas	600	0.00620883	0	225	80	305	0	839	298	1,137	
Generon IGS	5	0.00620883	0	5,257	0	5,257	0	163	0	163	
Misc. Commercial	150	0.00620883	13,961	88,093	196,003	298,058	13,003	82,043	182,543	277,588	
Mortuaries	500	0.00620883	0	528	780	1,308	0	1,639	2,422	4,061	
Praxair	23	0.00620883	0	5,610	0	5,610	0	801	0	801	
Premark Packaging	150	0.00620883	126	0	0	126	117	0	0	117	
U.S. Army	9	0.00620883	4,197	0	0	4,197	235	0	0	235	
Total			637,607	2,383,376	3,508,488	6,529,470	849,330	3,090,637	4,741,719	8,681,686	

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The distribution basis can be identified for each cost component with the units of service shown in Table 21 through Table 23. Figure 20 identifies the total revenue requirements by cost component from Table 20 and the corresponding units of service.

Figure 20: Distribution Basis and Units of Service by Cost Component



Allocate to Customer Class

Using the FY 2025 revenue requirements, the cost-of-service allocates expenses to customer classes based on the service demands that each place on the system (cost causation). This approach provides a clear connection between costs incurred and the proportionate share attributable to each customer class. When designing rates, the most critical component is to connect costs to the proposed rates, resulting in a cost-based rate structure and compliance with Proposition 218. In the previous section, costs were summarized by expense category and allocated to cost components based on how each cost was incurred. The next step in designing rates is to allocate each cost component to customers in relation to their use of the system and facilities. The District is required to charge each customer an SSC that is proportional to the cost of providing service to, or making service immediately available to, each parcel. Through the cost-of-service analysis, each customer proportionately shares in the financial obligation of the wastewater utility. For each cost component's following unit rate computations, unit rates were rounded up to the nearest penny.

Flow

The cost associated with influent treated at the WWTP is a function of total volume and does not vary based on the type or strength concentration of influent. Therefore, the revenue requirement for Flow is apportioned to each customer class based on their percentage of total projected flow into the treatment plant as summarized within Table 24.

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Table 24: Flow Cost-of-Service by Customer Class

Flow Allocation to Customer Classes			
Customer Class	Total Projected Flow	% Allocation	Revenue Requirement
Residential	5,694,644	87.214%	\$26,069,240
Bakeries & Restaurants	89,656	1.373%	\$410,431
Dow Chemical	56,459	0.865%	\$258,460
G&K Services	19,662	0.301%	\$90,011
Hotel/Motel	17,131	0.262%	\$78,423
Institutional	158,997	2.435%	\$727,866
Light Industry	178,059	2.727%	\$815,128
Marinas	305	0.005%	\$1,397
Generon IGS	5,257	0.081%	\$24,067
Misc. Commercial	298,058	4.565%	\$1,364,464
Mortuaries	1,308	0.020%	\$5,989
Praxair	5,610	0.086%	\$25,682
Premark Packaging	126	0.002%	\$576
U.S. Army	4,197	0.064%	\$19,215
Total	6,529,470	100%	\$29,890,948

BOD

BOD costs relate to the treatment process of breaking down organic material in the wastewater. Higher BOD strengths require increased costs and extended treatment periods to reduce the high BOD levels before discharging effluent into waterways. Therefore, the revenue requirement for BOD is apportioned based on Weighted BOD for each customer class, as shown in Table 25.

Table 25: BOD Cost-of-Service by Customer Class

BOD Allocation to Customer Classes			
Customer Class	Total Weighted BOD	% Allocation	Revenue Requirement
Residential	7,778,559	86.152%	\$3,924,919
Bakeries & Restaurants	556,657	6.165%	\$280,879
Dow Chemical	8,764	0.097%	\$4,422
G&K Services	58,720	0.650%	\$29,629
Hotel/Motel	32,973	0.365%	\$16,637
Institutional	148,078	1.640%	\$74,717
Light Industry	143,720	1.592%	\$72,519
Marinas	948	0.010%	\$478
Generon IGS	18,247	0.202%	\$9,207
Misc. Commercial	277,588	3.074%	\$140,066
Mortuaries	4,061	0.045%	\$2,049
Praxair	104	0.001%	\$53
Premark Packaging	117	0.001%	\$59
U.S. Army	339	0.004%	\$171
Total	9,028,875	100%	\$4,555,805

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TSS

TSS costs relate to the treatment process of removing solids from wastewater through settling, screening, and filtering. Higher TSS strengths require increased costs and additional filtration to treat and remove the high levels of TSS before discharging effluent into waterways. Therefore, the revenue requirement for TSS is apportioned based on Weighted TSS for each customer class, as shown in Table 26.

Table 26: TSS Cost-of-Service by Customer Class

TSS Allocation to Customer Classes			
Customer Class	Total Weighted TSS	% Allocation	Revenue Requirement
Residential	7,778,559	89.597%	\$3,033,830
Bakeries & Restaurants	333,994	3.847%	\$130,266
Dow Chemical	19,630	0.226%	\$7,656
G&K Services	16,114	0.186%	\$6,285
Hotel/Motel	12,764	0.147%	\$4,978
Institutional	148,078	1.706%	\$57,754
Light Industry	88,443	1.019%	\$34,495
Marinas	1,137	0.013%	\$444
Generon IGS	163	0.002%	\$64
Misc. Commercial	277,588	3.197%	\$108,266
Mortuaries	4,061	0.047%	\$1,584
Praxair	801	0.009%	\$312
Premark Packaging	117	0.001%	\$46
U.S. Army	235	0.003%	\$91
Total	8,681,686	100%	\$3,386,072

Bay Point Collection

The cost associated with the operating and maintenance of the Bay Point Collection system is a function of the total volume conveyed through the collection system. It does not vary based on the strength concentration of the influent. Therefore, the revenue requirement for Bay Point collection is apportioned solely to Bay Point customers based on the Projected Flow from Zone 1, as summarized within Table 27.

Table 27: Bay Point Collection Cost-of-Service by Customer Class

TSS Allocation to Customer Classes			
Customer Class	Zone 1 Flow	% Allocation	Revenue Requirement
Residential	595,036	93.323%	\$1,280,561
Bakeries & Restaurants	2,846	0.446%	\$6,125
Institutional	4,461	0.700%	\$9,599
Light Industry	16,979	2.663%	\$36,540
Misc. Commercial	13,961	2.190%	\$30,046
Premark Packaging	126	0.020%	\$271
U.S. Army	4,197	0.658%	\$9,033
Total	637,607	100%	\$1,372,175

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

Collectively, the total allocation of costs associated with Flow, BOD, TSS, and Bay Point Collection (Total Revenue Requirement) derives the cost of providing service to each customer class. However, given that Residential customers exhibit a relatively constant amount of wastewater flows per month, the total Residential Revenue Requirement may be recovered as an annual charge. For Non-Residential customer classes, flow rates are derived for the variable components by dividing the total allocated cost by total water usage as wastewater flows are not metered. Table 28 summarizes the combined Revenue Requirement by customer class and updated SSCs for treatment. Table 29 summarizes the updated SSCs for Bay Point Collection.

Table 28: Revenue Requirement by Customer Class

Variable Allocation to Customer Class (except for BP - Collection Component)						
Customer Class	Flow	BOD	TSS	Variable Allocation (\$)	Total Billing Units	Unit Rate
	[A]	[B]	[C]	[D]=A+B+C	[E] Residential = Dwelling Units Non-Res = Water Use (HCF)	[F] = D ÷ E
Residential	\$26,069,240	\$3,924,919	\$3,033,830	\$33,027,989	69,746	\$473.55
Bakeries & Restaurants	\$410,431	\$280,879	\$130,266	\$821,576	105,195	\$7.82
Dow Chemical	\$258,460	\$4,422	\$7,656	\$270,538	66,422	\$4.08
G&K Services	\$90,011	\$29,629	\$6,285	\$125,925	23,132	\$5.45
Hotel/Motel	\$78,423	\$16,637	\$4,978	\$100,039	20,140	\$4.97
Institutional	\$727,866	\$74,717	\$57,754	\$860,337	186,745	\$4.61
Light Industry	\$815,128	\$72,519	\$34,495	\$922,142	209,030	\$4.42
Marinas	\$1,397	\$478	\$444	\$2,319	345	\$6.73
Generon IGS	\$24,067	\$9,207	\$64	\$33,337	6,185	\$5.40
Misc. Commercial	\$1,364,464	\$140,066	\$108,266	\$1,612,796	345,729	\$4.67
Mortuaries	\$5,989	\$2,049	\$1,584	\$9,622	1,539	\$6.26
Praxair	\$25,682	\$53	\$312	\$26,047	6,600	\$3.95
Premark Packaging	\$576	\$59	\$46	\$681	148	\$4.60
U.S. Army	\$19,215	\$171	\$91	\$19,478	4,938	\$3.95

Table 29: Bay Point Collection SSCs

Variable Allocation to Customer Class (BP - Collection Component)			
Customer Class	BP Collection	Zone 1 Billing Units	Unit Rate
	[A]	[B] Residential = Dwelling Units Non-Res = Water Use (HCF)	[C] = A ÷ B
Residential	\$1,280,561	7,302	\$175.38
Bakeries & Restaurants	\$6,125	3,320	\$1.85
Institutional	\$9,599	5,163	\$1.86
Light Industry	\$36,540	19,919	\$1.84
Misc. Commercial	\$30,046	15,917	\$1.89
Premark Packaging	\$271	148	\$1.83
U.S. Army	\$9,033	4,938	\$1.83

Sewer Service Charge Summary

Financial Plan Summary

The financial plan developed for the District identifies revenue adjustments for FY 2025 through FY 2029. The District will conduct a Public Hearing to consider adjusting SSCs for the upcoming fiscal year. Based on the review of the District's current SSC revenue and multi-year revenue requirements, SSC rates for FY 2025 need to recover approximately \$2.5 million in additional annual revenue. Forward-looking through FY 2029, future revenue adjustments for the subsequent four fiscal years are projected to be 5.50%, 3.50%, 3.50%, and 3.50%, respectively. These recommended revenue adjustments will allow the District to cover its multi-year revenue requirements while maintaining the District's 40% WW O&M Fund minimum reserve requirement. In addition, the revenue adjustments will provide sufficient funding for each capital-related fund to cover a year's worth of upcoming capital expenses based on the current 5-year CIP and include set aside funding for a portion of the Phase II Secondary Process Improvements. These recommended capital-related funding targets will ensure that the District has a starting fund balance each fiscal year that is sufficient to cover its planned capital needs. This financial plan also anticipates debt financing for the Secondary Process Improvements (\$53.9 million in FY 2025). This improvement will have a useful life of over 30-years, and the proposed debt issue is amortized over a 30-year term. The financial plan should be updated annually to review actual revenue recovered, capture new accounts, update changes in water usage and influent, and track capital expenses as estimates change. As the baseline assumptions change, the proposed revenue adjustments may also need to be revised to reflect updated conditions.

Cost-of-Service and Rate Summary

The updated cost-of-service analysis includes updated flow projections and a redistribution of costs between customer classes. The Bay Point service area includes the additional operating and maintenance costs of the collection system that serves Bay Point. These specific costs are only allocated to Bay Point customers.

The proposed Residential SSCs for FY 2025 are based on a flow amount of 80 HCF, irrespective of the amount of indoor water actually used because flows are not metered. Therefore, to establish equity between all customers and account for the District administrative code of a minimum charge to Non-Residential, Non-Residential customers are also charged a minimum flow of 80 HCF to account for a minimum capacity. The 80 HCF minimum charge is applied to the corresponding Non-Residential SSC flow rates.

Delta Diablo – FY 2025 Wastewater Cost-of-Service Rate Study

The comprehensive cost-of-service analysis and rate development meet the requirements of Proposition 218, which includes:

1. An agency cannot collect revenue beyond what is necessary to provide service.

The long-term financial plan identifies the District's revenue requirements including operating expense, capital improvement program, debt coverage, and reserves. Projected revenues do not exceed the cost of providing service.

2. Revenues derived by the charge shall not be used for any other purpose other than that for which the charge was imposed.

The District does not use SSCs for any other purpose. SSCs pay for the WWTP, with Bay Point SSCs covering the cost to operate and maintain the collection system that serves Bay Point.

3. The amount of the fee may not exceed the proportional cost-of-service for the parcel.

The comprehensive cost-of-service analysis and updated SSCs reapportions costs to customers classes and corresponding parcels based on the demand each place on the WWTP. Through this update, each parcel is paying its proportionate share in line with the cost of providing service.

4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.

Each parcel pays for a minimum capacity in the WWTP. Residential parcels are charged based on a projected annual influent of 80 HCF and Non-Residential parcels are charged based on actual water usage with a minimum charge based on 80 HCF of annual flow.

5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing.

Notices were mailed to each affected parcel at least 45 days prior to the June 12, 2024, Public Hearing.

Cost-Based Sewer Service Charges Schedule

Proposed FY 2025 SSCs

Table 30 provides a comparison of existing SSCs and FY 2025 Proposed SSCs by zone. The Proposed FY 2025 SSCs are equivalent by land use across all zones for WWTP expenses, and Bay Point includes an additional charge for the wastewater collection system. Non-Residential customers are charged a minimum flow amount equivalent to the projected flow assumed for a Residential dwelling unit, equal to 80 HCF. Non-Residential customer classes in Zone 1 with an “N/A” do not exist within that zone. If the specific business moves from Zone 2 or Zone 3 to Zone 1, an additional surcharge would be required for the cost associated with the Bay Point collection system.

Table 30: Proposed FY 2025 SSCs

Sewer Service Charges (SSCs)	Zone 1 - Bay Point		Zone 2 - Pittsburg		Zone 3 - Antioch	
	Existing	FY 2025	Existing	FY 2025	Existing	FY 2025
Residential						
Equivalent Residential Unit	\$615.77	\$648.93	\$448.75	\$473.55	\$448.75	\$473.55
Non-Residential Charges						
Bakeries & Restaurants (\$/HCF)	\$9.43	\$9.67	\$7.66	\$7.82	\$7.66	\$7.82
Dow Chemical (\$/HCF)	N/A	N/A	\$3.87	\$4.08	\$3.87	\$4.08
G&K Services (\$/HCF)	N/A	N/A	\$5.27	\$5.45	\$5.27	\$5.45
Hotel/Motel (\$/HCF)	N/A	N/A	\$4.78	\$4.97	\$4.78	\$4.97
Institutional (\$/HCF)	\$6.18	\$6.47	\$4.41	\$4.61	\$4.41	\$4.61
Light Industry (\$/HCF)	\$5.97	\$6.26	\$4.21	\$4.42	\$4.21	\$4.42
Marinas (\$/HCF)	N/A	N/A	\$6.31	\$6.73	\$6.31	\$6.73
Generon IGS (\$/HCF)	N/A	N/A	\$5.22	\$5.40	\$5.22	\$5.40
Misc. Commercial (\$/HCF)	\$6.18	\$6.56	\$4.41	\$4.67	\$4.41	\$4.67
Mortuaries (\$/HCF)	N/A	N/A	\$6.10	\$6.26	\$6.10	\$6.26
Praxair (\$/HCF)	N/A	N/A	\$3.75	\$3.95	\$3.75	\$3.95
Premark Packaging (\$/HCF)	\$6.18	\$6.43	\$6.18	\$4.60	\$6.18	\$4.60
U.S. Army (\$/HCF)	\$5.51	\$5.78	\$5.51	\$3.95	\$5.51	\$3.95