



Wastewater Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled Water



Energy Production



Biosolids Reuse

Proposed 5-Year Maximum Sewer Service Charge (SSC) Increases for FY25/26-FY29/30

Special Board of Directors Meeting
June 26, 2025

Development Schedule Overview SSC, CIP, and Budget



| | |
|-----------------------|--|
| March 2025 | <ul style="list-style-type: none">• 3/5 Fin Comm: Major Factors Impacting 5-Year CIP Development and SSC Financial Assumptions• 3/12 Review Major Factors Impacting 5-year CIP Development and SSC Financial Assumptions |
| April 2025 | <ul style="list-style-type: none">• 4/9 Review Update to Major Factors Impacting SSC Financial Assumptions• 4/23 Review Proposed SSCs, Set Public Hearing, Approve Prop. 218 Notice |
| May 2025 | <ul style="list-style-type: none">• 5/7 Fin Comm: Review Draft 5-Year CIP, FY25/26-FY26/27 Operating Budget Assumptions• 5/14 Review Draft 5-year CIP, Set Public Hearing Review FY25/26-26/27 Operating Budget Assumptions |
| June 2025 | <ul style="list-style-type: none">• 6/26 Conduct 5-year CIP Public Hearing, Consider Approval Conduct SSC Public Hearing, Consider Approval, Authorize Collection Consider FY25/26-FY26/27 Biennial Budget Approval |



Overview

Key Drivers for SSC Increases



Infrastructure Investment

- Proposed 5-year CIP = **\$238.1M (+\$51.0M** from current \$187.1M 5-year CIP)
- Ensure prioritized investment in **critical aging infrastructure** in **wastewater conveyance and treatment systems**



New Regulatory Mandate

- In July 2024, SF Bay Regional Water Board implemented a **regulatory mandate** for all 37 Bay Area wastewater facilities to meet new **nutrient removal requirements**
- The District has identified a **\$145M in capital projects** to meet this **regulatory mandate** over the next ten years



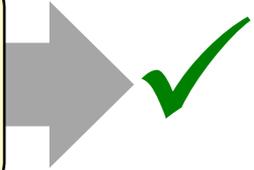
Fiscal Responsibility

- **Average annual operating cost increases of only 3.4% over six-year period (FY21/22-FY26/27)** despite **inflationary pressure** and **significant cost increase drivers**
- Additional revenue is needed to meet **increased labor, energy, biosolids, chemicals, and outside services costs**

Financial Sustainability Guiding Principles

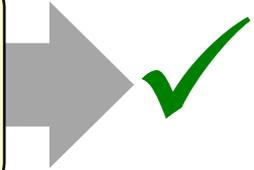
Critically review operating budget to identify budget adjustment needs and opportunities

- Proposed Wastewater Operating Budget
FY25/26 = **\$31.3M** (+\$0.6M, **+\$2.0%**)
FY26/27 = **\$32.4M** (+\$1.1M, **+\$3.2%**)



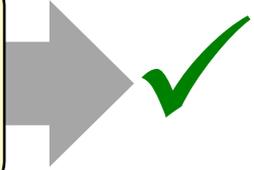
Ensure **effective CIP prioritization** that addresses **critical infrastructure needs**

- Six critical, high-priority projects** comprise 85% of proposed 5-year CIP
- Reprioritized \$10-15M to Years 6-10



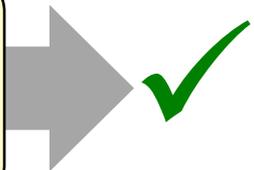
Utilize 10-year rate model to identify costs and SSC revenue needs **without sharp rate increases**

- Proposed SSC increases generate revenue needed to meet capital investment and operating needs
- Incorporated large **\$120M in debt financing over ten years** to reduce required SSC increases



Maximize cash funding of CIP (vs. debt) to ensure lowest overall costs for District customers

- 5-year CIP funding = **71% cash, 29% debt**
- Targeting public debt offerings with more favorable borrowing costs than WIFIA program



Financial Sustainability Guiding Principles (cont'd)

Maintain **minimum reserve balance** in WW O&M Fund (40% of annual budgeted operating expenses)

- Minimum WW O&M Fund balance is maintained throughout 10-year financial planning period including 5-year rate setting period

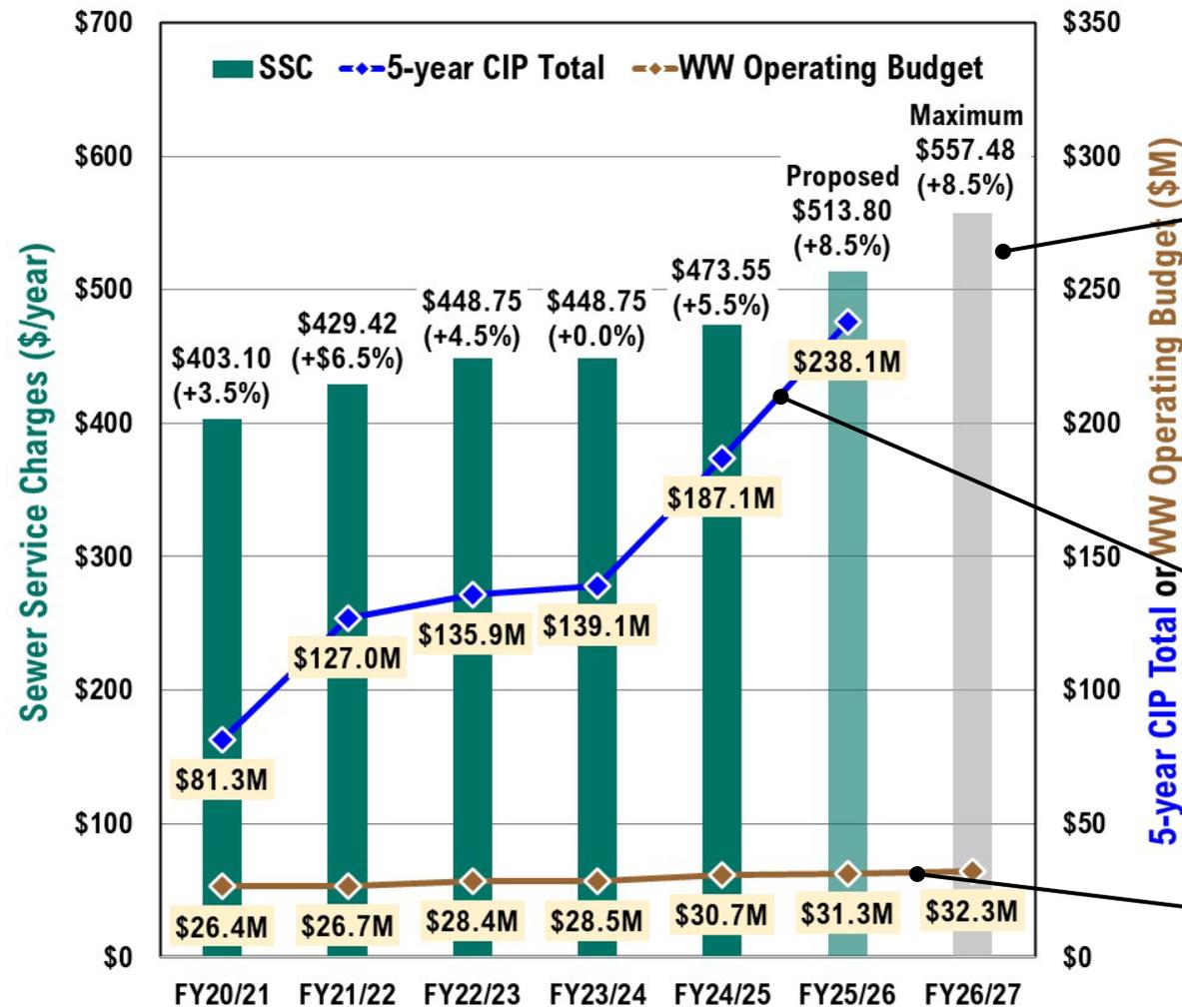
Factor growth into SSCs each year to ensure equitable cost allocation across customers

- **488 ERUs** (FY24/25 to date) added
- **367 ERUs** estimated for FY25/26 = **~\$187k in additional annual SSC revenue**

Ensure SSCs reflect **cost of providing services** to different customer classes

- Prepared **2025 Cost-of-Service Study** to update current total customers by class and WWTP influent flow

Historical Trends for Wastewater Operating Budget, CIP, and SSCs



Proposed SSC increases are needed to fund capital investment needs, while supporting debt capacity

- Average SSC increase = 4.1% from FY21/22-FY24/25

Significant growth in 5-year CIP to address aging infrastructure needs, nutrient regulatory mandate, growth in service area

- +\$51.0M from prior 5-year CIP
- Progressed from conceptual planning to detailed design for several major projects
- Significant increase in future CIP debt financing assumptions (\$120M)

Effective management of Wastewater Operating Budget (funded by SSCs)

- Average increase = 3.4% over six years

5-Year Maximum SSC Increases

Key Considerations



- Directly supports upcoming **public bond offering** to fund CIP by providing **increased revenue collection certainty**
- Set **maximum SSC increase** for each fiscal year—District could implement lower SSCs each year
- Provides District with **increased flexibility** to ensure stable SSC increases over five-year period
- Staff would seek **Board approval for SSC increases each fiscal year** during 5-year period to place SSCs on tax roll
- District can **issue a new Prop. 218 Notice** in future years if **significant changes occur** to current financial assumptions
- Vast majority of peer agencies utilize 5-year rate-setting process

Proposed 5-Year Maximum SSC Increases Residential Customers



- Increased SSC Revenue = **+\$3.7M in FY25/26; +\$58.6M over five years** from residential (+\$50.7M), non-residential (+\$7.9M) customers at maximum SSC increases
- Proposed SSC Increases for Residential Customers
 - FY25/26: Antioch/Pittsburg = ~+8.5%; Bay Point = ~+8.8%
 - FY26/27-FY29/30: Antioch/Pittsburg/Bay Point = ~+8.5%

Residential (Single Family) Customers

| 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 |
| Annual Increase | N/A | +\$40.25 | +\$43.68 | +\$47.40 | +\$51.42 | +\$55.80 |
| Monthly Increase | N/A | +\$3.35 | +\$3.64 | +\$3.95 | +\$4.29 | +\$4.65 |
| Bay Point** | \$648.93 | \$706.28 | \$766.32 | \$831.46 | \$901.14 | \$978.84 |
| Annual Increase | N/A | +\$57.35 | +\$60.04 | +\$65.14 | +\$69.68 | +\$77.70 |
| Monthly Increase | N/A | +\$4.78 | +\$5.00 | +\$5.43 | +\$5.81 | +\$6.48 |

* Antioch/Pittsburg SSC does not include **direct charges to customers by City of Antioch (\$206.40 annually)** and **City of Pittsburg (\$189.48 annually)** for wastewater collection services

** Bay Point SSC includes wastewater collection services provided by Delta Diablo

Proposed 5-Year Maximum SSC Increases Non-Residential Customers



Non-residential Proposed User Charges for Bay Point (Zone 1) SSC (\$) 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 |

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

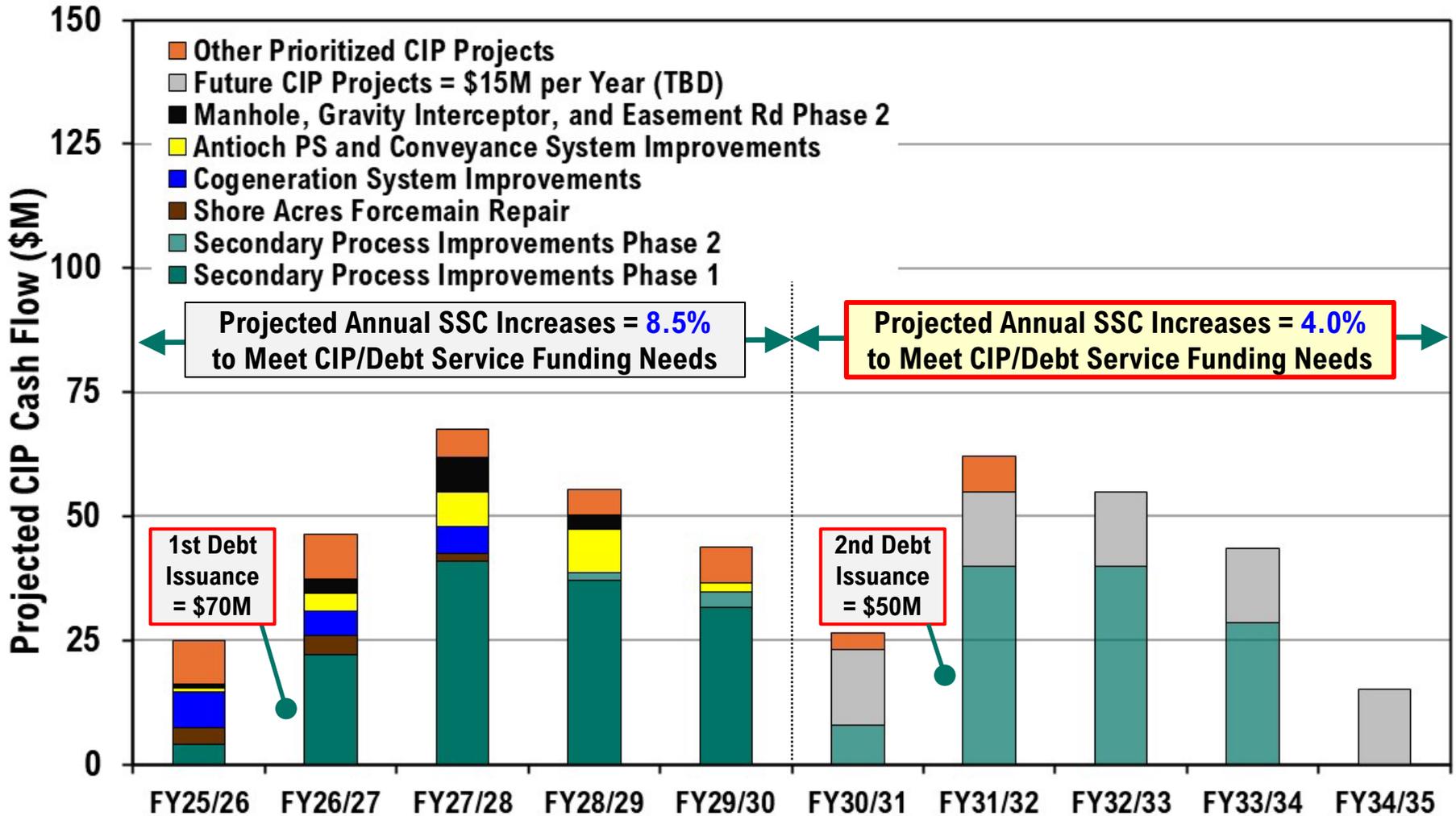
Proposed 5-Year Maximum SSC Increases Non-Residential Customers (cont'd)



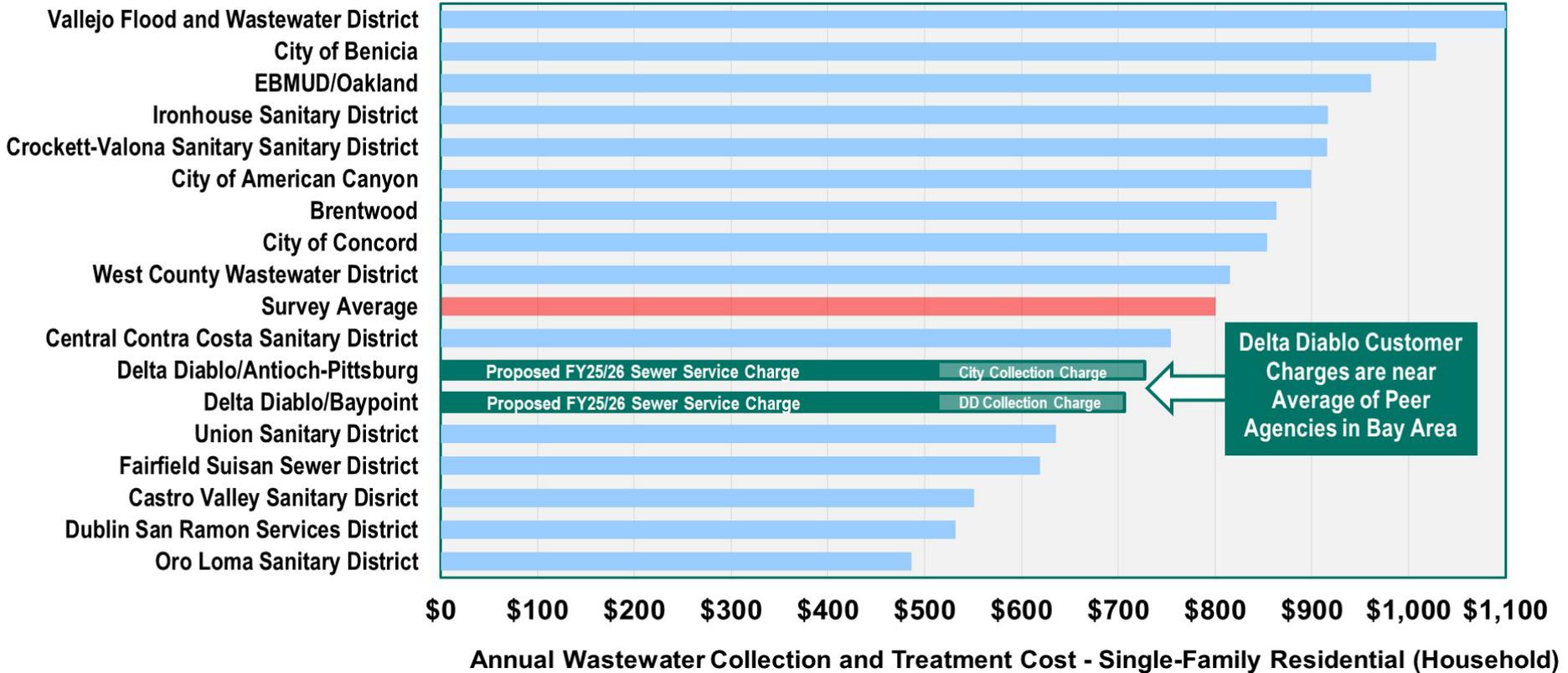
Non-residential Proposed User Charges for Pittsburg (Zone 2) and Antioch (Zone 3) SSC (\$) per Hundred Cubic Feet per Year for FY25/26-FY29/30

| 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 |

Long-term CIP/SSC Increase Projection (Years 6-10)



FY25/26 Rate Comparison



Prop. 218 Notice/Written Protests

- Provided background on District, proposed SSC increases for residential/non-residential, fund allocations
- Described procedure for protesting SSC increase
- Mailed to property owners prior to May 12, 2025 (met minimum requirement of 45 days prior to public hearing)
- Eighteen (18) written protests received at time of Board packet mailing (Wednesday, June 25, 2025)
 - Secretary to the Board to provide updated total after close of Public Hearing
 - 28,814 written protests are required for the Board to determine that a majority protest exists

Recommendations

1. Conduct a public hearing on Sewer Service Charges (SSCs), Delinquency Charges, Collection System Charges, and Surcharges for FY25/26 and maximum allowable SSC increases for FY26/27-FY29/30
2. Close public hearing and consider any testimony and protests received
3. Determine that no majority protest exists within the meaning of Article XIII D, Section 6 of California Health and Safety Code Section 5473.2
4. Adopt an Ordinance establishing SSCs, Delinquency Charges, Collection System Charges, and Surcharges for FY25/26 and setting maximum allowable SSC increases for FY26/27-FY29/30
5. Adopt a Resolution approving final Written Report and directing collection of certain Sewer Service and Delinquency Charges on the County Tax Roll for FY25/26