



A CALIFORNIA SPECIAL DISTRICT

Board of Directors Finance Committee Meeting

4:30 PM, Tuesday, March 3, 2026

Plant Operations Center Conference Room
2500 Pittsburg-Antioch Highway, Antioch, CA 94509

Presentations will be made available at www.deltadiablo.org/board-meetings approximately one hour prior to the start of the Finance Committee 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. PUBLIC COMMENTS**
- B. RECEIVE REPORT ON MAJOR FACTORS IMPACTING DEVELOPMENT OF FY26/27 SEWER SERVICE CHARGES (Brian Thomas)**
- C. REVIEW MAJOR FACTORS IMPACTING DEVELOPMENT OF PROPOSED STREET SWEEPING REFUSE CHARGES (Nitish Sharma)**
- D. ADJOURNMENT**



MEMORANDUM

DATE: March 3, 2026

TO: Jelani Killings, Chair, Finance Committee

FROM: Brian Thomas, Deputy General Manager *BAT*

SUBJECT: RECEIVE REPORT ON MAJOR FACTORS IMPACTING DEVELOPMENT OF FY26/27 SEWER SERVICE CHARGES

Recommendation

Receive report on major factors impacting development of Fiscal Year 2026/2027 (FY26/27) Sewer Service Charges (SSCs).

Background Information

In June 2025, the Board approved a 5-year Capital Improvement Program (CIP) totaling \$238.1 million and maximum annual SSC increases of +8.5% per year for FY25/26 through FY29/30. The Board approved a +8.5% SSC increase for FY25/26; however, Board approval is required to place SSCs on the tax roll in each subsequent year.

In October 2025, staff presented a significant shift in the approach to meeting the nutrient removal regulatory mandate through the Secondary Process Improvements Project. Under the revised approach, Phase 1 was expanded to include achieving nutrient removal (rather than following completion of Phase 2), which resulted in a cost increase from \$140.5 million to \$190.2 million (+\$49.7 million). In addition, Phase 2 was deferred a minimum of ten years and reduced in scope, which resulted in a cost decrease from \$121.0 million to \$43.7 million (-\$78.0 million). This revised strategy reduces the overall capital cost from \$261.5 million to \$233.9 million (-\$27.6 million), nutrient removal costs from \$146.0 million to \$84.2 million (-\$61.8 million), and the total planned debt issuance from \$120 million to \$75 million (-\$45 million). As part of the presentation to the Board in October 2025, staff confirmed the maximum annual SSC increases approved in June 2025 would provide sufficient revenue despite the significant cost increase for Phase 1.

Analysis

Staff is currently conducting financial planning activities to incorporate updated capital expenditure assumptions in support of developing proposed SSCs for FY26/27. An overview of major factors impacting development of proposed FY26/27 SSCs is provided below.

- **Secondary Process Improvements Project:** Following the presentation to the Board in October 2025, the District subsequently completed 90% design for Phase 1, which included higher than previously estimated near-term capital expenditures for FY26/27-FY27/28. Staff is confirming that the required acceleration in capital spending is supported by the maximum SSCs approved by the Board in June 2025.
- **Cogeneration System Improvements Project:** Based on updated information, staff has restored a financial assumption that the District will receive \$6.0 million⁺ in federal tax credits under the 2022 Inflation Reduction Act for the Cogeneration System Improvements Project, which provides a significant benefit relative to capital funding needs from SSCs.

- **Shore Acres Pump Station Redundant Forcemain Cost:** Staff has identified an additional cost of \$4.3 million to provide a redundant discharge forcemain at the Shore Acres Pump Station, which would provide additional flow conveyance capacity during the dry weather season to facilitate inspection and maintenance of the primary forcemain. This additional capital expenditure was not included in the financial plan used to develop the proposed maximum SSCs for FY25/26-FY29/30.

Based on these capital needs and preliminary financial modeling, staff anticipates recommending the maximum SSC increase of +8.5% for FY26/27, which will directly support 1) the upcoming public bond offering by providing increased revenue collection certainty, and 2) financial capacity to adapt to unfavorable construction bid results and unanticipated capital expenditure needs. Staff will present multiple SSC projection scenarios at various cash versus debt capital funding ratios at the Finance Committee Meeting on March 3, 2026.

Next Steps

If recommended by the Finance Committee, staff would present this item to the Board of Directors on March 11, 2026.



MEMORANDUM

DATE: March 3, 2026

TO: Jelani Killings, Chair, Finance Committee

FROM: Nitish Sharma, Business Services Director *Nitish Sharma*

SUBJECT: RECEIVE REPORT ON MAJOR FACTORS IMPACTING DEVELOPMENT OF PROPOSED STREET SWEEPING REFUSE CHARGES

Recommendation

Receive report on major factors impacting development of proposed Street Sweeping Refuse Charges (SSRCs).

Background Information

State and federal regulations related to the Clean Water Act require pollution prevention of local waterways by removing sediment, contaminants, and debris from streets and gutters. Street sweeping services support pollution prevention, effective stormwater collection system operation, and enhance visual aesthetics and road safety in local neighborhoods. The District administers key program functions in its service area by collecting revenue via property tax charges (per parcel), administering a contract with a street sweeping service provided for the City of Antioch and Bay Point, administering a contract with the City of Pittsburg for self-performing services, and responding to customer inquiries and concerns. In partnership, the cities support overall program success by coordinating public education and outreach regarding route schedules, addressing obstructions for sweeper access to curbs, and notifying the District of newly-accepted streets requiring service.

Current annual SSRCs for single-family residential units in Bay Point, Pittsburg, and Antioch are \$4.58, \$10.26, and \$5.60, respectively. Current annual SSRCs for non-residential units in Bay Point, Pittsburg, and Antioch are \$45.80, \$51.35, and \$56.00, respectively. In FY25/26, estimated annual SSRC revenue is approximately \$684,000. Although the District has not increased SSRCs since 1997, annual program costs have increased significantly in recent years due to higher costs per curb mile from the contract service provider (SCA of CA) and incorporation of new prevailing wage requirements. In June 2024, the Board approved a \$2.7 million, three-year contract (through FY26/27) with SCA of CA. In October 2025, the Board approved a \$335,000 contract amendment with the City of Pittsburg for FY25/26 (through March 2026). Although the District has utilized Street Sweeping Fund equity to mitigate revenue shortfalls, insufficient revenue is currently being collected to meet program cost-of-service needs.

Analysis

Staff is currently preparing a Cost-of-Service (CoS) Study and conducting associated financial modeling to develop proposed SSRCs that provide sufficient revenue to meet financial needs. This process includes estimating projected expenses and revenue needs, incorporating fund reserve requirements, and developing SSRCs that are proportioned between residential and non-residential customers with fixed and variable cost components.

Staff anticipates submitting the proposed SSRCs for Board consideration in April 2026, which will include a draft multi-year Proposition 218 Notice that aligns with the multi-year Proposition 218 Notice timeline issued for Sewer Service Charges (SSCs) in April 2025. The District is authorized to provide refuse services under Health & Safety Code Section 4740. If approved by the Board in June 2026, SSRCs would be effective in FY26/27.

Next Steps

If recommended by the Finance Committee, staff would present this item to the Board of Directors on March 11, 2026.