



Notice of Proposed Sewer Service Charge Rate Increases for Fiscal Year 2020/2021

Proposition 218 Notification to Property Owners of Public Hearing

NOTICE IS HEREBY GIVEN that the Delta Diablo Board of Directors will hold a public hearing on **Thursday, June 25, 2020 at 4:30 p.m. in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California**, to consider adoption of proposed rate adjustments for wastewater utility services. A summary of the proposed rates, key financial drivers, and instructions for protesting the rate increases (if desired) are provided below.

If the state and local COVID-19 emergencies remain in effect in June, the meeting agenda posted prior to the June 25, 2020 Board meeting will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws, health orders, and Governor's executive orders then in effect.

WHAT IS DELTA DIABLO?

Delta Diablo ("District") provides wastewater conveyance and treatment services for over 70,000 customer accounts (residential and non-residential), representing approximately 213,000 residents in the cities of Antioch and Pittsburg, and the unincorporated community of Bay Point. As part of our core mission to protect public health and the environment, the District treats 13 million gallons of wastewater each day with a focus on exemplary regulatory compliance, innovative and sustainable approaches, and sound stewardship of the public's resources and trust.

The District has transformed its Wastewater Treatment Plant (WWTP) into a "resource recovery facility" by producing approximately 6 million gallons per day of recycled water, generating on-site renewable energy to meet over 55 percent of WWTP power needs, reusing residual biosolids as fertilizer via land application, providing household hazardous waste (HHW) collection services, and further protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems.

PROPOSED FISCAL YEAR 2020/2021 SEWER SERVICE CHARGES

For Fiscal Year 2020/2021 (FY20/21) (July 1, 2020 – June 30, 2021), the District is proposing Sewer Service Charge (SSC) increases of approximately 3.5% for residential customers in Antioch and Pittsburg, and 3.0% for residential customers in Bay Point. Non-residential customer rates have also been adjusted and vary based on customer class. The District collects SSCs from its customers each year to provide the primary revenue source needed to fund labor, energy, chemicals, regulatory compliance requirements, plant maintenance, capital infrastructure renewal and rehabilitation, and Delta HHW facility operation.

Because the District's costs in these categories will increase in the next fiscal year, SSC adjustments are required to recover the District's costs, maintain financial integrity, and ensure long-term fiscal sustainability. The SSCs are calculated based on the cost to provide service with customers typically billed on a fiscal-year basis via annual property tax bills.

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

Table 1 – Example Annual Single-Family Residential SSC on Property Tax Bills for FY20/21

Residential Service Customers	Proposed SSC Increase*	Current FY19/20	Proposed FY20/21	Annual Change
Antioch/Pittsburg	3.5%	\$389.47	\$403.10	\$13.63
Bay Point**	3.0%	\$540.26	\$556.47	\$16.21

Note: * Percentage increases are approximate.

** Delta Diablo provides wastewater collection services for Bay Point customers only, while the respective cities provide these services for Antioch and Pittsburg customers.

The property tax bills will also include an annual street sweeping service charge (no increase) that varies by community based on frequency of service.

Non-residential Customers: The District is proposing increased SSCs for commercial and industrial customers based on annual potable water consumption (i.e., SSC is per hundred cubic feet per year [HCF/y]) as presented in **Table 2** below by business class and city/community. If annual potable water consumption is less than 90 HCF/y, a minimum annual charge will be applied. The property tax bills will also include an annual street sweeping service charge (no increase) that varies by community based on frequency of service.

Table 2 – Non-residential Proposed User Charges: Total SSC per Hundred Cubic Feet per year

Business Class (Commercial/Industrial)	Zone 1 – Bay Point		Zone 2 – Pittsburg		Zone 3 – Antioch	
	Current FY19/20	Proposed FY20/21	Current FY19/20	Proposed FY20/21	Current FY19/20	Proposed FY20/21
Bakeries/Restaurants	\$9.19	\$9.47	\$7.74	\$8.01	\$7.67	\$7.94
Light Industrial	\$6.33	\$6.52	\$4.72	\$4.89	\$4.69	\$4.85
Hotels/Motels	N/A	N/A	\$4.13	\$4.27	\$4.48	\$4.64
Institutional	\$6.33	\$6.52	\$4.72	\$4.89	\$4.69	\$4.85
Marinas	N/A	N/A	\$6.09	\$6.30	\$6.13	\$6.34
Misc. Commercial	\$6.33	\$6.52	\$4.72	\$4.89	\$4.63	\$4.79
Mortuaries	N/A	N/A	\$5.34	\$5.53	\$5.36	\$5.55
Annual Minimum	\$540.26	\$556.47	\$389.47	\$403.10	\$389.47	\$403.10

WHAT DO SEWER SERVICE CHARGES FUND?

The District’s SSC revenue is allocated to several key funds to support ongoing operations, as well as capital investment in existing and future infrastructure, as shown in **Table 3** below.

- Regional Treatment and Conveyance:** Funds facility operation and maintenance costs associated with regional wastewater conveyance and treatment, as well as the Delta HHW facility.
- Capital Asset:** Funds new wastewater capital projects that are not related to new growth (the District charges separate Capital Facilities Capacity Charges for growth-related capital costs).
- Capital Asset Replacement:** Funds capital infrastructure renewal and replacement projects.
- Advanced Treatment Reserve:** This SSC rate component has been suspended for FY20/21 based on a revised implementation schedule and capital cost estimate. This fund is designed to minimize significant future rate increases by providing dedicated funding to meet a future, more stringent regulatory requirement for advanced wastewater treatment.
- Bay Point Collections:** This SSC rate component is only collected for Bay Point customers and funds operation, maintenance, and rehabilitation of the Bay Point collection system.

Table 3 – Example Annual Single-Family Residential SSC by Component for FY20/21

Sewer Service Charge (SSC) Component	Antioch/Pittsburg		Bay Point	
	Current FY19/20	Proposed FY20/21	Current FY19/20	Proposed FY20/21
Regional Treatment/Conveyance	\$280.58	\$286.03	\$280.58	\$286.03
Capital Asset	\$18.47	\$4.18	\$18.47	\$4.18
Capital Asset Replacement	\$33.37*	\$112.89	\$33.37*	\$112.89
Advanced Treatment Reserve Fund	\$57.05*	\$0.00	\$57.05*	\$0.00
Bay Point Collections	N/A	N/A	\$150.79	\$153.37
Total SSC per Equivalent Residential Unit	\$389.47	\$403.10	\$540.26	\$556.47
Estimated Monthly Charge	\$32.46	\$33.59	\$45.02	\$46.37

* A \$4 million loan to the Capital Asset Replacement (CAR) Fund from the Advanced Treatment (AT) Reserve Fund was executed, which yielded effective SSC components for CAR and AT Funds of \$86.37 and \$4.05, respectively, for FY19/20.

In FY20/21, the SSC component for the Capital Asset Replacement Fund has been increased to support cash funding (versus debt financing) of critical wastewater infrastructure projects. This approach provides the highest overall value to District ratepayers, because it eliminates approximately \$20 million in new debt that would have increased total project cost when accounting for interest payments over the debt term. Cash funding current infrastructure needs also preserves debt management capacity for future long-term treatment process upgrades and expansion.

More information on the District’s costs can be found in the District’s budget and CIP documents, which are on file at the District’s offices.

PUBLIC HEARING AND PROTEST PROCEDURES

The Board of Directors will hold a public hearing on the proposed SSC increases on Thursday, June 25, 2020, at 4:30 p.m., in the Board Room at 2500 Pittsburg-Antioch Highway, Antioch, California, 94509. If the state and local COVID-19 emergencies remain in effect in June, the meeting agenda posted prior to the June 25, 2020 Board meeting will inform members of the public as to how the public hearing will be conducted in accordance with applicable laws, health orders, and Governor’s executive orders then in effect. After the close of the public hearing and consideration of all public comments and written protests received, the Board of Directors will be asked to take action to implement the SSC increases at this meeting.

Written protests may be sent to the District (attention of “Office Manager/Secretary to the Board”, 2500 Pittsburg-Antioch Highway, Antioch, California, 94509) prior to the public hearing and **must include your property address and the Assessor Parcel Number** found on your mailing label. At the close of the public hearing, the Secretary to the Board will announce the total number of protest



Delta Diablo Wastewater Treatment Plant in Antioch, CA

responses, including any received at the public hearing. If written protests are presented by a majority of the parcel owners in the District’s service area, the District cannot implement the SSC increase.



2500 Pittsburg-Antioch Highway
Antioch, CA 94509

**NOTICE OF PUBLIC HEARING
PROPOSED SEWER SERVICE CHARGE
RATE INCREASES**

**4:30 PM
THURSDAY, JUNE 25, 2020
2500 PITTSBURG-ANTIOCH HIGHWAY
ANTIOCH, CA 94509**



Delta Diablo provides wastewater conveyance and treatment services to approximately 213,000 customers in Pittsburg, Antioch, and Bay Point.

Our core mission is to protect public health and the environment in our communities by providing wastewater resource recovery services of exceptional quality and value.

**Environmental
Stewardship**

In treating 13 million gallons of wastewater each day, Delta Diablo has an exemplary regulatory compliance record in meeting federal, state, and local regulatory requirements and protecting the local Delta receiving waters.

**Infrastructure
Investment**

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

**Fiscal
Responsibility**

Delta Diablo is committed to maintaining responsible rates by prioritizing capital investments, managing budgets through operational efficiencies, and targeting available grant and low-interest loan programs.

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