

*Street Sweeping Refuse  
Cost-of-Service Rate Study  
(FY 26/27 Street Sweeping Refuse Charges)*

**Delta Diablo**



IB Consulting, LLC

31938 Temecula Parkway, Suite A #350

Temecula, CA. 92592

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## Executive Summary

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Delta Diablo (District) is reviewing and updating its Street Sweeping Refuse Charges (SSRCs) to determine the necessary adjustments to generate sufficient revenue to meet operational costs and maintain a healthy fund balance. The District's service area encompasses the cities of Antioch and Pittsburg, as well as the unincorporated community of Bay Point. The District collects its SSRCs 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 study, and this report establishes the basis for recommended maximum SSRCs for the next four years, from Fiscal Year 2026/2027 (FY 26/27 or FY 2027) through FY 2030. Last year, the District approved a five-year rate schedule for its Sewer Service Charges (SSCs) through FY 2030, and the proposed SSRC schedule will align with the SSCs, so future updates will be completed at the same time.

### Overview

Street sweeping services are an important component of the District's stormwater pollution prevention efforts and support compliance with State and federal Clean Water Act requirements. These services help prevent sediment, debris, trash, metals, oil, and other pollutants from entering local storm drain systems and waterways, while also supporting roadway safety and neighborhood cleanliness throughout the service area.

The costs of street sweeping services have increased substantially over the years due to inflation, increased labor and equipment costs, fuel, maintenance, and higher contracted service expenses, while Street Sweeping Refuse Charges (SSRCs) have not increased since 1997. For many years, the District was able to maintain relatively low SSRCs through a combination of operational efficiencies, growth in the service area, and the use of available fund balance reserves to offset annual revenue shortfalls. As development occurred over time, program costs were distributed across a larger number of parcels, which helped delay the need for rate adjustments. In recent years, however, annual program costs increased significantly due to the implementation of prevailing wage requirements applicable to contracted street sweeping services in Antioch and Bay Point, resulting in materially higher contractor labor costs. In addition, the District incorporated the full cost of street sweeping services provided by the City of Pittsburg into the financial plan. Historically, only a portion of Pittsburg's actual costs had been recovered through SSRC revenues due to funding constraints. Pittsburg also provides residential street sweeping services twice per month, compared to once per month in Antioch and Bay Point, resulting in higher service-related costs within that zone.

As part of updating the SSRCs, IB Consulting created a financial plan model to review the long-term financial outlook at current rates and determine revenue requirements over the next five years (Financial Plan Period), while only setting rates for the next four years, FY 2027 – FY 2030 (Rate Setting Period). At current rates, SSRC revenue will not be sufficient to fund operating expenses while maintaining a positive fund balance for the Street Sweeping Refuse Enterprise Fund (Enterprise). Therefore, SSRC increases are recommended, which would be phased in over the Rate Setting Period.

This report includes a comprehensive update to the District's SSRCs to reflect updated costs, total curb miles swept for each of the three service areas, a cost-of-service analysis that allocates the FY 2027 revenue requirements proportionately to each customer class and corresponding parcels served. The existing rate structure consists of annual fixed charges per dwelling unit for Residential and Non-Residential parcels. Residential and most Non-Residential SSRCs are levied on the tax roll, with public agency parcels hand-billed because these parcels do not receive a tax bill.

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Existing SSRCs vary by three service areas identified as Bay Point (Zone 1), Pittsburg (Zone 2), and Antioch (Zone 3). The proposed SSRCs incorporate a comprehensive update to the cost-of-service between zones and customer classes and consist of annual fixed charges per parcel for Residential and Non-Residential customers. The proposed SSRCs derived within this Report also include revenue adjustments that will generate approximately \$4.3M in additional revenue through FY 2030.

The proposed SSRCs were derived through an iterative process with District staff to establish a multi-year rate schedule that increases SSRCs through a phase-in approach. The proposed SSRC rate schedule does not recover the annual cost-of-service in FY 2027 and FY 2028 because it would require an initial rate increase of 165% in the first year, which would not be palatable to the District’s constituency. Therefore, to mitigate significant near-term customer rate impacts and cover a projected deficit in the current fiscal year, the District proposes an interfund loan from the Wastewater Operations & Maintenance Fund (Fund 110) to the Street Sweeping Refuse Fund (Fund 410) in the amount of approximately \$1.25 million in FY 2026. The interfund loan is intended to provide temporary financial support while Street Sweeping Refuse Charges (SSRCs) are phased in over multiple years. The proposed repayment period is anticipated to span five fiscal years beginning in FY 2030/31 through FY 2035/36. The outstanding balance is anticipated to accrue interest based on the Local Agency Investment Fund (LAIF) rate or other applicable Board-approved rate at the time of implementation. The Enterprise currently has a starting fund balance of \$518,977, and with the \$1.25M interfund loan, the Enterprise can absorb the projected operating deficits in FY 2026, FY 2027, and FY 2028, equal to (\$989,554), (\$658,421), and (\$35,000), respectively. In addition, Appendix A provides a 10-year outlook with projected revenue adjustments needed in FY 2031 – FY 2035 to repay the loan from Fund 110, while generating positive net operating income each year. The proposed SSRCs were noticed to each customer by mail as part of the Proposition 218 noticing requirements. On June 25, 2026, a Public Hearing will occur on the proposed SSRCs identified in Table 1 through Table 3.

*Table 1: Proposed Street Sweeping Refuse Charges - Zone 1*

Proposed Z1 Bay Point Annual SSRCs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Residential	<i>(\$/year)</i>	\$9.35	\$15.43	\$16.98	\$17.83
Non-Residential	<i>(\$/year)</i>	\$44.25	\$73.02	\$80.33	\$84.35

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Table 2: Proposed Street Sweeping Refuse Charges - Zone 2

Proposed Z2 Pittsburg Annual SSRs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Residential	(\$/year)	\$13.50	\$22.28	\$24.51	\$25.74
Non-Residential	(\$/year)	\$102.28	\$168.77	\$185.65	\$194.94

Table 3: Proposed Street Sweeping Refuse Charges - Zone 3

Proposed Z3 Antioch Annual SSRs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Residential	(\$/year)	\$9.19	\$15.17	\$16.69	\$17.53
Non-Residential	(\$/year)	\$53.93	\$88.99	\$97.89	\$102.79

## Street Sweeping Refuse Enterprise

### Street Sweeping Services

The District administers street sweeping services for more than 218,000 residents in its service area. The District has a contract with Sweeping Corporation of America (SCA) for monthly street sweeping services in Bay Point (Zone 1) and the City of Antioch (Zone 3). The SCA contract includes annual Consumer Price Index (CPI) adjustments subject to a maximum annual escalation cap of 5%. The financial projections within this study incorporate anticipated future contract cost increases based on available contract information, estimated CPI trends, and prevailing wage-related labor assumptions. The financial plan assumes continuation of contracted street sweeping services beyond the current contract term through either future contract extensions or replacement procurement at comparable service levels and market conditions. The City of Pittsburg performs its own street sweeping refuse services through its Public Works operations, and residential streets are generally swept twice per month, compared to once per month in Bay Point and Antioch. As a result, the cost per mile swept in Pittsburg differs from the other service areas due to differences in service frequency, operational structure, labor, equipment, and associated service delivery costs. These operational differences result in higher service costs per curb mile within Pittsburg and contribute to the higher proportional cost allocation identified through the cost-of-service analysis.

### Customers

The District serves 55,735 Residential parcels and 7,105 Non-Residential parcels, with over 88% of parcels classified as Residential. Table 4 provides a summary of Billing Units by customer class and zone.

Table 4: Parcels by Customer Class and Zone

Parcels by Zone				
Customer Class	Z1 Bay Point [A]	Z2 Pittsburg [B]	Z3 Antioch [C]	Total [D] = A+B+C
Residential	4,889	18,428	32,418	55,735
Non-Residential	947	2,398	3,760	7,105
<b>Total</b>	<b>5,836</b>	<b>20,826</b>	<b>36,178</b>	<b>62,840</b>

The current SSRs consist of annual fixed charges per dwelling unit (DU) for Residential and Non-Residential customers. Existing SSRs are identified in Table 5.

Table 5: Existing Street Sweeping Refuse Charges

Existing SSRs				
Customer Class		Z1 Bay Point	Z2 Pittsburg	Z3 Antioch
Residential	(\$/DU/year)	\$4.58	\$10.26	\$5.60
Non-Residential	(\$/DU/year)	\$45.80	\$51.35	\$56.00

## Financial Plan Overview

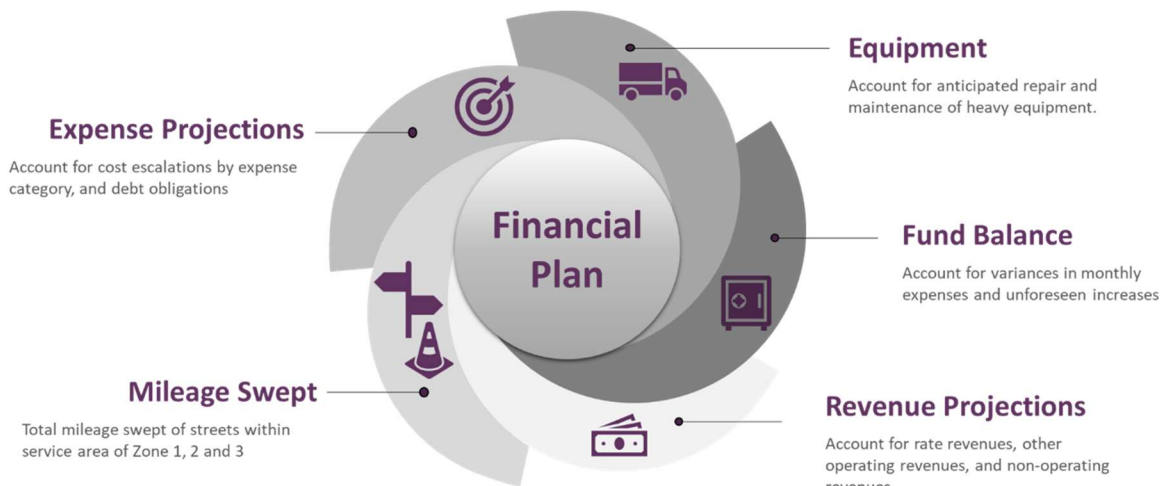
### Financial Planning

Financial planning incorporates numerous considerations, including projecting revenues and forecasting expected costs using various inflationary adjustments. Business enterprises also need to account for changes in various conditions, including state mandates, growth, and economic factors. In addition, maintaining a positive fund balance and complying with any loan requirements also influences the revenues needed in future years. Therefore, a comprehensive financial plan reviews the following:

- 1) Operational costs that may change over the planning period due to inflation and any new expenditures incurred to meet strategic goals, vehicles & equipment, regulatory requirements, or changes in operations.
- 2) Debt service payments and any coverage requirements. The Enterprise will receive an interfund loan from WW Fund 110, which will be repaid over five years between FY 2031 – FY 2035.
- 3) Reserve funding to maintain a positive fund balance. The goal is to generate adequate cash on hand to mitigate financial risks related to operating cashflow needs and unexpected increases in expenses. The interfund loan will provide an adequate fund balance to absorb annual operating deficits in FY 2026 – FY 2028, while rates increase over the Rate Setting Period.

Figure 1 illustrates the key elements when developing a long-term financial plan.

Figure 1: Financial Plan Key Elements



### Financial Planning Assumptions

Long-term financial planning requires understanding the Enterprise's financial position by evaluating existing revenue streams, ongoing expenses, how those expenses will change over time, new strategic objectives, and funding reserves. These considerations require certain assumptions for projecting revenues, expenses, and expected ending fund balances. Future operating expenses were projected using an annual escalation factor of approximately 3.4%, based on recent CPI trends and historical increases in operating costs. Interest earnings assumptions of approximately 2% were based on recent historical investment earnings and

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conservative assumptions regarding future market conditions. Actual future costs may vary depending on inflationary conditions, contractor pricing, fuel costs, labor market conditions, and regulatory requirements. Certain contracted service costs may increase at rates greater than CPI, depending on prevailing wage adjustments and future procurement conditions.

## Revenues

The District collects the SSRCs on the Contra Costa County tax roll, with certain parcels hand-billed directly. The County guarantees the levy under the Teeter Plan (California Revenue and Taxation Code Sections 4701-4717). The Teeter Plan allows cities and special districts to receive the total allocation of each levy submitted. In return, the County will keep all delinquencies and penalties incurred. The budgeted revenue for FY 25/26 serves as the baseline revenue for financial planning. Table 6 shows all revenues, including SSRCs and Other Revenues.

*Table 6: Projected Revenues at Existing Rates*

Projected Revenues					
Revenue	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Service Charges					
Str Sweep Chg - Z1 BP	\$39,360	\$39,360	\$39,000	\$39,000	\$39,000
Str Sweep Chg - Z2 PB	\$301,760	\$301,760	\$302,000	\$302,000	\$302,000
Str Sweep Chg - Z3 AT	\$314,880	\$314,880	\$315,000	\$315,000	\$315,000
<b>Subtotal Service Charges</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>
Other Revenues					
Interest Income	\$28,500	\$21,375	\$0	\$0	\$0
<b>Total Revenues</b>	<b>\$684,500</b>	<b>\$677,375</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>

## Expenses

The District's preliminary FY25/26 and FY 26/27 operating budgets were used as the baseline expenses for the Enterprise and were adjusted in subsequent years by 3.4%. Table 7 provides projected Operational & Maintenance (O&M) costs through FY 2030 (rounded to thousands).

*Table 7: Projected O&M Expenses*

Projected Expenses					
O&M Expenses	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Operating Expenses					
Z1 Bay Point	\$138,442	\$142,637	\$148,000	\$153,000	\$158,000
Z2 Pittsburg	\$744,780	\$804,362	\$829,000	\$857,000	\$886,000
Z3 Antioch	\$790,833	\$814,797	\$843,000	\$872,000	\$901,000
<b>Total Operating Expenses</b>	<b>\$1,674,054</b>	<b>\$1,761,796</b>	<b>\$1,820,000</b>	<b>\$1,882,000</b>	<b>\$1,945,000</b>

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## Reserves / Enterprise Fund Balance

The Street Sweeping Refuse Fund (Fund 410) is recommended to maintain a minimum reserve balance equal to approximately 5% of annual operating and maintenance (O&M) expenses. This reserve level is intended primarily to provide working capital and operating cashflow stability to support monthly service payments, address timing differences between revenue collection and expenditures, and provide limited protection against unforeseen operating cost fluctuations.

Compared to many utility enterprise funds, which often maintain operating reserves ranging from 15% to 50% of annual operating expenses, the recommended reserve level for Fund 410 is lower because the District contracts or administers primarily routine street sweeping services and does not own or operate significant capital-intensive infrastructure within this fund. As a result, the Street Sweeping Refuse Fund has relatively limited exposure to major emergency repair or equipment replacement risks compared to water or wastewater utility operations.

The recommended reserve target, therefore, reflects the operational characteristics of the program and is intended to balance financial stability with minimizing customer rate impacts. Table 8 summarizes the Fund 410 requirement.

*Table 8: Fund Requirements*

Fund Requirements		
Fund 410	Minimum Requirements	Status
Fund Balance	5% of O&M Expenses	Recommended

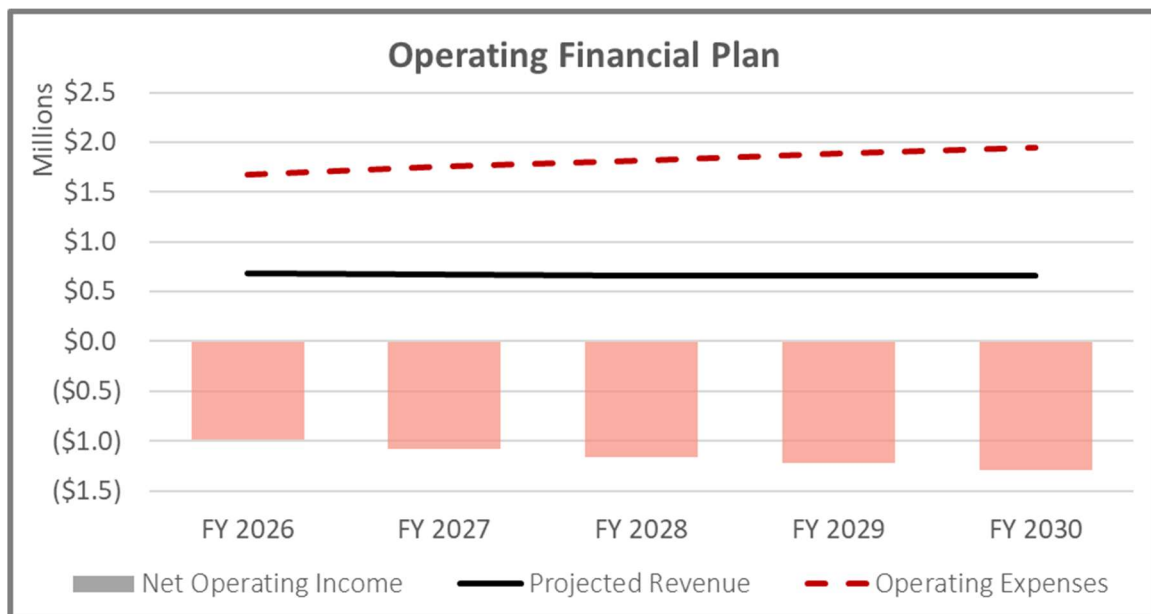
The fund balance as of July 1, 2025, equaled approximately \$519k.

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## Financial Outlook at Existing Rates

Revenues from existing rates are insufficient to fund Street Sweeping O&M through FY 2030, as shown in Figure 2. The operating deficits identified in this report represent insufficient funding to cover annual operating and maintenance expenses, while maintaining minimum reserve levels. The financial plan is primarily cashflow-based and does not include depreciation expense because Fund 410 does not maintain significant capital assets. Based on the beginning fund balance discussed in the previous section, the Enterprise projects an operating deficit of (\$989,554) at the end of FY 2026. Figure 2 illustrates the operating position of the Enterprise where 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.

Figure 2: Current Operating Financial Position



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Table 9 forecasts existing revenues and expenses through the Financial Plan Period. Table 10 identifies fund activity and the recommended minimum fund requirement for each year.

Table 9: Financial Plan at Existing Rates

Financial Plan at Existing Rates						
Revenue		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Service Charges</b>						
Str Sweep Chg - Z1 BP	Table 6	\$39,360	\$39,360	\$39,000	\$39,000	\$39,000
Str Sweep Chg - Z2 PB		\$301,760	\$301,760	\$302,000	\$302,000	\$302,000
Str Sweep Chg - Z3 AT		\$314,880	\$314,880	\$315,000	\$315,000	\$315,000
<b>Total Service Charges</b>		<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>
<b>Other Revenues</b>						
Interest Income		\$28,500	\$21,375	\$0	\$0	\$0
<b>Total Revenues</b>		<b>\$684,500</b>	<b>\$677,375</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>
O&M Expenses						
		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Operating Expenses</b>						
Z1 Bay Point	Table 7	\$138,442	\$142,637	\$148,000	\$153,000	\$158,000
Z2 Pittsburg		\$744,780	\$804,362	\$829,000	\$857,000	\$886,000
Z3 Antioch		\$790,833	\$814,797	\$843,000	\$872,000	\$901,000
<b>Total Expenses</b>		<b>\$1,674,054</b>	<b>\$1,761,796</b>	<b>\$1,820,000</b>	<b>\$1,882,000</b>	<b>\$1,945,000</b>
<b>Net Operating Income</b>	<i>(Revenues - Expenses)</i>	<b>(\$989,554)</b>	<b>(\$1,084,421)</b>	<b>(\$1,164,000)</b>	<b>(\$1,226,000)</b>	<b>(\$1,289,000)</b>

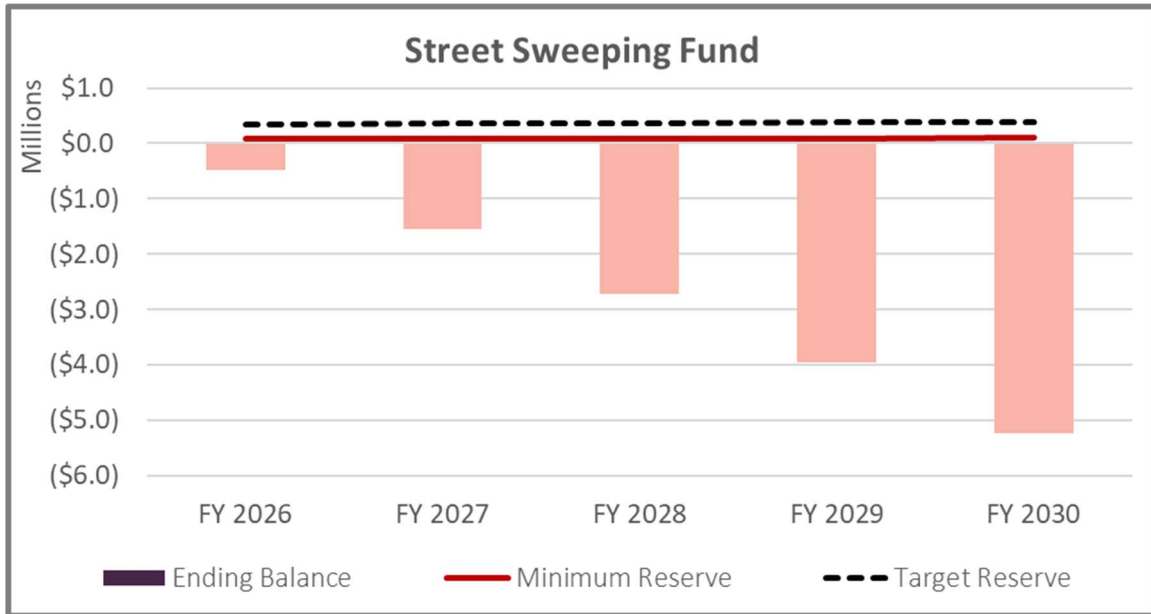
Table 10: Fund Activity at Existing Rates

Fund Activity at Existing Rates						
Street Sweeping Fund 410		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Beginning Balance		\$518,977	(\$470,578)	(\$1,554,999)	(\$2,718,999)	(\$3,944,999)
Transfers (Net Operating Income)	Table 9	(\$989,554)	(\$1,084,421)	(\$1,164,000)	(\$1,226,000)	(\$1,289,000)
<b>Ending Balance</b>		<b>(\$470,578)</b>	<b>(\$1,554,999)</b>	<b>(\$2,718,999)</b>	<b>(\$3,944,999)</b>	<b>(\$5,233,999)</b>
Minimum	5% of operating expenses	\$83,703	\$88,090	\$91,000	\$94,100	\$97,250

Figure 3 reflects the projected ending balance of Fund 410 through FY 2030. By the end of FY 2026, the fund balance is depleted.

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Figure 3: Projected Ending Street Sweeping Fund Balance at Existing Rates



## Proposed Financial Plan

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Based on our review of the financial outlook at existing rates, we can develop a proposed financial plan to adequately fund operations and generate positive net operating income. To achieve positive net operating income by the end of FY 2027, the SSCRs would need to increase by 165% to cover the projected operational costs in FY 2027 and resolve the projected deficit in FY 2026. Given the significant rate increase required, District staff decided to loan \$1.25M from Fund 110 to Fund 410. The interfund loan will be repaid over a 5-year period (FY 2031 – FY 2035). This loan will allow the SSCRs to be phased in over the Rate Setting Period, while covering shortfalls in FY 2026 – FY 2028, until rates increase sufficiently to cover the annual revenue requirements in FY 2029 and FY 2030. The projected shortfalls in FY 2026, FY 2027, and FY 2028, equal (\$989,554), (\$658,421), and (35,000), respectively. The Enterprise currently has a starting FY 2026 fund balance of \$518,977, and with the \$1.25M interfund loan, the Enterprise can absorb the operating deficits.

Table 11 forecasts projected revenues, **with annual revenue adjustments**, interfund loan proceeds, and expenses through FY 2030. Table 12 identifies the projected FY25/26 total starting fund balance, minimum fund requirements, activity within the fund, and projected ending balances for each fiscal year of the Financial Plan Period.

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Table 11: Proposed Financial Plan

Proposed Financial Plan							
Revenue			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Service Charges</b>							
Str Sweep Chg - Z1 BP	Table 6		\$39,360	\$39,360	\$39,000	\$39,000	\$39,000
Str Sweep Chg - Z2 PB			\$301,760	\$301,760	\$302,000	\$302,000	\$302,000
Str Sweep Chg - Z3 AT			\$314,880	\$314,880	\$315,000	\$315,000	\$315,000
<b>Total Service Charges</b>			<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>	<b>\$656,000</b>
<b>Additional Revenue (from revenue adjustments):</b>							
<b>Fiscal Year</b>	<b>Effective Month</b>	<b># of Months Effective</b>					
FY 2027	July	12		\$426,000	\$426,000	\$426,000	\$426,000
FY 2028	July	12			\$703,000	\$703,000	\$703,000
FY 2029	July	12				\$178,000	\$178,000
FY 2030	July	12					\$98,000
<b>Total Additional Revenue</b>			<b>\$0</b>	<b>\$426,000</b>	<b>\$1,129,000</b>	<b>\$1,307,000</b>	<b>\$1,405,000</b>
<b>Projected Rate Revenue (including revenue adjustments)</b>			<b>\$656,000</b>	<b>\$1,082,000</b>	<b>\$1,785,000</b>	<b>\$1,963,000</b>	<b>\$2,061,000</b>
Interfund Loan			\$1,250,000	\$0	\$0	\$0	\$0
<b>Other Revenues</b>							
Interest Income			\$28,500	\$21,375	\$9,000	\$2,000	\$3,000
<b>Total Revenues</b>			<b>\$1,934,500</b>	<b>\$1,103,375</b>	<b>\$1,794,000</b>	<b>\$1,965,000</b>	<b>\$2,064,000</b>
O&M Expenses			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
<b>Operating Expenses</b>							
Z1 Bay Point	Table 7		\$138,442	\$142,637	\$148,000	\$153,000	\$158,000
Z2 Pittsburg			\$744,780	\$804,362	\$829,000	\$857,000	\$886,000
Z3 Antioch			\$790,833	\$814,797	\$843,000	\$872,000	\$901,000
<b>Total Expenses</b>			<b>\$1,674,054</b>	<b>\$1,761,796</b>	<b>\$1,820,000</b>	<b>\$1,882,000</b>	<b>\$1,945,000</b>
<b>Net Operating Income</b>		<i>(Revenues - Expenses)</i>	<b>\$260,446</b>	<b>(\$658,421)</b>	<b>(\$26,000)</b>	<b>\$83,000</b>	<b>\$119,000</b>

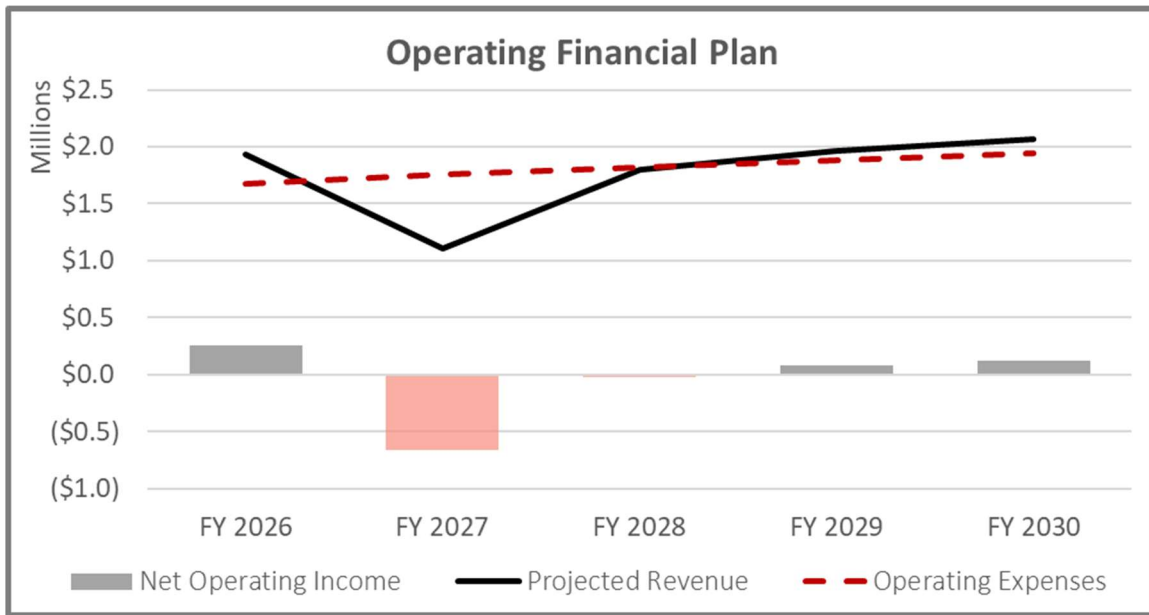
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Table 12: Proposed Fund Activity

Proposed Fund Activity			FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Street Sweeping Fund	410						
Beginning Balance			\$518,977	\$779,422	\$121,001	\$95,001	\$178,001
Transfers (Net Operating Income)		Table 11	\$260,446	(\$658,421)	(\$26,000)	\$83,000	\$119,000
<b>Ending Balance</b>			<b>\$779,422</b>	<b>\$121,001</b>	<b>\$95,001</b>	<b>\$178,001</b>	<b>\$297,001</b>
Minimum	5%	of operating expenses	\$83,703	\$88,090	\$91,000	\$94,100	\$97,250

Figure 4 identifies the operating position based on the proposed financial plan. Although operating net cashflow reflects a deficit in FY 2027 and FY 2028, the interfund loan transfer of \$1.25M eliminates the projected deficit in FY 2026 and can absorb the projected deficits in FY 2027 and FY 2028, while maintaining at least 5% of operating expenses as a minimum fund balance.

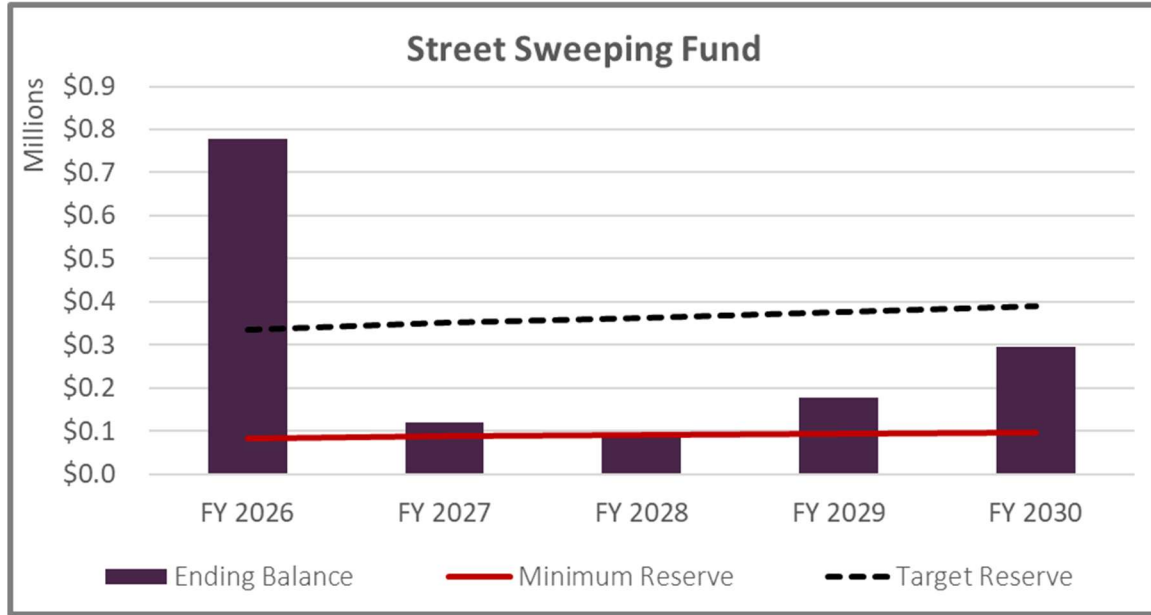
Figure 4: Proposed Operating Position



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Figure 5 identifies projected ending balances for Fund 410. The Enterprise fund's projected ending balance in FY 2030 is \$297k.

Figure 5: Proposed Ending Street Sweeping Fund Balance



# Delta Diablo – FY 26/27 Street Sweeping Refuse Cost-of-Service Rate Study

## Cost-of-Service Analysis

### Cost-of-Service Process

The next step in developing street sweeping refuse 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 2027 revenue requirements were used for the cost-of-service analysis. Revenue requirements include O&M expenses, other revenues, and annual net income. The proposed revenue adjustments and corresponding charges accumulate the necessary revenue to fund O&M 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 2027 through FY 2030.

Table 13: Revenue Requirements

Revenue Requirements				
	FY 2027	FY 2028	FY 2029	FY 2030
Operating Expenses				
Z1 Bay Point	\$142,637	\$148,000	\$153,000	\$158,000
Z2 Pittsburg	\$804,362	\$829,000	\$857,000	\$886,000
Z3 Antioch	\$814,797	\$843,000	\$872,000	\$901,000
Total Operating Expenses	\$1,761,796	\$1,820,000	\$1,882,000	\$1,945,000
Other Funding				
<i>Revenue Offsets</i>				
Other Revenues	(\$21,375)	(\$9,000)	(\$2,000)	(\$3,000)
<i>Adjustments</i>				
Reserve Funding	(\$658,421)	(\$26,000)	\$83,000	\$119,000
Total Other Funding	(\$679,796)	(\$35,000)	\$81,000	\$116,000
Revenue Requirement from Rates	\$1,082,000	\$1,785,000	\$1,963,000	\$2,061,000

# Delta Diablo – FY 26/27 Street Sweeping Refuse Cost-of-Service Rate Study

## Define Cost Components

Cost-of-service requirements were allocated to cost components and then to customer classes. The Enterprise incurs costs due to the frequency of street sweeping between Residential and Non-Residential (including multi-family complexes) parcels. Therefore, the curb frontage/mileage can be used to allocate costs between Residential parcels and Non-Residential parcels. Determining the total curb frontage and service frequency provides a means to derive the total mileage swept between zones and residential versus non-residential streets. This data can then be used to proportionately allocate the revenue requirements to each parcel. Total curb mileage estimates were developed using available District and city street information, route schedules, service frequency data, and operational records associated with street sweeping activities. The analysis also considers differences in service frequency between zones, including Pittsburg residential areas that receive twice-monthly sweeping service compared to once-monthly service in Antioch and Bay Point. Service characteristics, route density, and operational differences between residential and non-residential areas were incorporated into the allocation methodology to reasonably reflect proportional service costs.

The cost-of-service analysis accounts for operating costs associated with street sweeping refuse services. The cost components shown in Figure 6 are used within the cost-of-service to allocate costs to customer classes based on the total mileage swept.

Figure 6: Cost Components



## 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.

### **Expense Categories:**

*Operating Expenses* – Street sweeping refuse services, including labor, equipment & materials, fuel, maintenance, traffic control, mitigation of debris, and disposal for each Zone. Zone costs were allocated to customer classes based on their proportional share of the miles swept.

*Other Revenues* – Interest earnings.

*Adjustments* – Net income/(deficit) applied to fund balance.

# Delta Diablo – FY 26/27 Street Sweeping Refuse Cost-of-Service Rate Study

The expenses can be allocated based on the number of curb miles swept between Residential and Non-Residential parcels. Table 14 provides the total curb mileage by Zone between Residential and Non-Residential areas. Table 15 summarizes the percent allocation and corresponding expenses in dollars of operating expenses to the cost components.

Table 14: Curb Mileage Allocation by Zone & Customer Class

Curb Mileage						
Customer Class	Z1 Bay Point Miles Swept	Z1 Bay Point % Miles Swept	Z2 Pittsburg Miles Swept	Z2 Pittsburg % Miles Swept	Z3 Antioch Miles Swept	Z3 Antioch % Miles Swept
Residential	1,094.40	52.2%	5,514.00	50.4%	7,127.11	59.5%
Non-Residential	1,003.20	47.8%	5,436.40	49.6%	4,855.20	40.5%
<b>Total</b>	<b>2,098</b>	<b>100%</b>	<b>10,950</b>	<b>100%</b>	<b>11,982</b>	<b>100%</b>

Table 15: Operating Expense Allocation to Cost Components

Operating Expenses	Methodology / Allocation Basis	Cost Components						Total
		Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	
Z1 Bay Point	Z1 Bay Point	52.2%	47.8%	0.0%	0.0%	0.0%	0.0%	100.0%
Z2 Pittsburg	Z2 Pittsburg	0.0%	0.0%	50.4%	49.6%	0.0%	0.0%	100.0%
Z3 Antioch	Z3 Antioch	0.0%	0.0%	0.0%	0.0%	59.5%	40.5%	100.0%

Operating Expenses	Methodology / Allocation Basis	Cost Components						Total
		Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	
Z1 Bay Point	Z1 Bay Point	\$74,419	\$68,218	\$0	\$0	\$0	\$0	\$142,637
Z2 Pittsburg	Z2 Pittsburg	\$0	\$0	\$405,031	\$399,331	\$0	\$0	\$804,362
Z3 Antioch	Z3 Antioch	\$0	\$0	\$0	\$0	\$484,644	\$330,154	\$814,797
<b>Total Allocation (\$)</b>		<b>\$74,419</b>	<b>\$68,218</b>	<b>\$405,031</b>	<b>\$399,331</b>	<b>\$484,644</b>	<b>\$330,154</b>	<b>\$1,761,796</b>
O&M Allocation (%)		4.2%	3.9%	23.0%	22.7%	27.5%	18.7%	100.0%

For Other Funding, shown in Table 16, all line items were allocated to the cost components proportionately based on O&M Allocation percentages derived in Table 15. FY 2027 is projected to generate an operating deficit, which is reflected in the (\$658,421) shown under “Reserve Funding.” As such, the revenue requirements by Zone and Customer Class do not cover the cost-of-service, and the interfund loan will cover the difference.

# Delta Diablo – FY 26/27 Street Sweeping Refuse Cost-of-Service Rate Study

Table 16: Other Funding Allocation to Cost Components

Other Funding	Methodology / Allocation Basis	Cost Components						Total
		Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	
<i>Revenue Offsets</i>								
Other Revenues	O&M Allocation	4.2%	3.9%	23.0%	22.7%	27.5%	18.7%	100.0%
<i>Adjustments</i>								
Reserve Funding	O&M Allocation	4.2%	3.9%	23.0%	22.7%	27.5%	18.7%	100.0%

Other Funding	Methodology / Allocation Basis	Cost Components						Total
		Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	
<i>Revenue Offsets</i>								
Other Revenues	O&M Allocation	(\$903)	(\$828)	(\$4,914)	(\$4,845)	(\$5,880)	(\$4,006)	(\$21,375)
<i>Adjustments</i>								
Reserve Funding	O&M Allocation	(\$27,812)	(\$25,494)	(\$151,369)	(\$149,239)	(\$181,122)	(\$123,386)	(\$658,421)
<b>Total Allocation (\$)</b>		<b>(\$28,715)</b>	<b>(\$26,322)</b>	<b>(\$156,283)</b>	<b>(\$154,084)</b>	<b>(\$187,002)</b>	<b>(\$127,391)</b>	<b>(\$679,796)</b>

Table 17: FY 2027 Cost-of-Service Requirements by Cost Component

FY 2027 Revenue Requirements							
Revenue Requirement	Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	Total
Operating Expenses	\$74,419	\$68,218	\$405,031	\$399,331	\$484,644	\$330,154	\$1,761,796
Other Funding	(\$28,715)	(\$26,322)	(\$156,283)	(\$154,084)	(\$187,002)	(\$127,391)	(\$679,796)
<b>COS Requirements</b>	<b>\$45,704</b>	<b>\$41,896</b>	<b>\$248,748</b>	<b>\$245,248</b>	<b>\$297,642</b>	<b>\$202,762</b>	<b>\$1,082,000</b>

summarizes the street sweeping refuse revenue requirements by cost component for FY 2027.

Table 17: FY 2027 Cost-of-Service Requirements by Cost Component

FY 2027 Revenue Requirements							
Revenue Requirement	Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential	Total
Operating Expenses	\$74,419	\$68,218	\$405,031	\$399,331	\$484,644	\$330,154	\$1,761,796
Other Funding	(\$28,715)	(\$26,322)	(\$156,283)	(\$154,084)	(\$187,002)	(\$127,391)	(\$679,796)
<b>COS Requirements</b>	<b>\$45,704</b>	<b>\$41,896</b>	<b>\$248,748</b>	<b>\$245,248</b>	<b>\$297,642</b>	<b>\$202,762</b>	<b>\$1,082,000</b>

# Delta Diablo – FY 26/27 Street Sweeping Refuse Cost-of-Service Rate Study

## Rate Design

### Units of Service and Proposed Rates

Unit rates per parcel are derived by spreading the revenue requirements for each cost component over the total annual parcels. This approach provides a clear connection between the costs incurred and the total number of parcels served, resulting in a cost-based rate structure in compliance with Proposition 218. The method of apportionment considers each customer's share of operating costs and is reflected by the Residential and Non-Residential parcels assigned to each Zone.

The proposed Street Sweeping Refuse Charges are property-related charges imposed to recover the proportional cost of providing street sweeping refuse services that are immediately available to parcels within the service area. The charges are intended solely to recover the cost of administering and providing street sweeping services and are not used for unrelated governmental purposes. The proportional allocation methodology is based on reasonable estimates of service demand, curb mileage swept, service frequency, and operational characteristics associated with each customer class and service zone. The District collects the charges on the property tax roll pursuant to applicable provisions of the California Health and Safety Code and Proposition 218 requirements. Table 18 shows the revenue requirement for each cost component and the number of Residential or Non-Residential parcels in each zone (Units of Service) from Table 4.

*Table 18: FY 2027 Proposed Annual SSRs per Parcel*

FY 2027 Proposed Annual Charges per Parcel						
	Z1 Bay Point Residential	Z1 Bay Point Non-Residential	Z2 Pittsburg Residential	Z2 Pittsburg Non-Residential	Z3 Antioch Residential	Z3 Antioch Non-Residential
Revenue Requirement	\$45,704	\$41,896	\$248,748	\$245,248	\$297,642	\$202,762
Units of Service	4,889	947	18,428	2,398	32,418	3,760
<b>Unit Rate</b>	<b>\$9.35</b>	<b>\$44.25</b>	<b>\$13.50</b>	<b>\$102.28</b>	<b>\$9.19</b>	<b>\$53.93</b>

## Street Sweeping Refuse Charge Summary

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### Financial Plan Summary

The financial plan developed for the District identifies revenue adjustments for FY 2027 through FY 2030. The District will conduct a Public Hearing to consider increasing SSRCs for FY 2027 through FY 2030. The proposed multi-year rate structure provides greater revenue predictability, reduces administrative costs associated with conducting annual Proposition 218 proceedings, aligns with the District's sewer service charge planning cycle, and allows rate increases to be phased in gradually over multiple years to reduce customer impacts. The Proposition 218 process establishes maximum authorized SSRCs for each fiscal year during the Rate Setting Period. Actual annual SSRC implementation remains subject to future Board approval each year, and the Board may adopt rates lower than the maximum authorized amounts.

Setting rates for multiple years allows the District to smooth rates between customer classes and Zones through a phased-in approach. This financial plan requires an interfund loan of \$1.25M from Fund 110. Repayment of this loan will begin in FY 2031, outside of the Rate Setting Period<sup>1</sup>. The financial plan should be updated annually to review actual revenue recovered, capture new parcels, and update any changes in operating.

### Cost-of-Service and Rate Summary

The proposed SSRCs for FY 2027 are based on the number of Residential and Non-Residential parcels per Zone and the curb mileage swept for each customer class and Zone.

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

1. An agency cannot collect revenue beyond what is necessary to provide service.  
*The long-term financial plan identifies the revenue requirements and the recommended fund balance for Fund 410. 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 SSRCs for any other purpose. SSRCs pay for the cost to administer street sweeping refuse services. In FY 2027 and FY 2028, the SSRCs will not be sufficient to cover the total cost-of-service, and an interfund loan from Fund 110 will be used to cover the shortfall.*
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 SSRCs reapportion costs to customer classes and corresponding parcels based on the curb mileage swept. Through this update, each parcel is paying its proportionate share.*
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of the property.  
*Street sweeping refuse services are provided throughout the service area, covering all affected parcels.*
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 25, 2026, Public Hearing.*

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<sup>1</sup> Appendix A provides a 10-year financial plan to capture the loan payback and project future rate adjustments

## 4-Year Street Sweeping Refuse Charge Schedule

### Proposed FY 2027 – FY 2030 SSRCs

Table 19 through Table 21 provide the four-year SSRC schedule for FY 2027 through FY 2030. The proposed SSRCs are annual charges per parcel and vary by zone.

*Table 19: Proposed SSRCs – Zone 1 (FY 2027 – FY 2030)*

Proposed Z1 Bay Point Annual SSRCs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment:			65%	10%	5%
Residential	(\$/year)	\$9.35	\$15.43	\$16.98	\$17.83
Non-Residential	(\$/year)	\$44.25	\$73.02	\$80.33	\$84.35

*Table 20: Proposed SSRCs – Zone 2 (FY 2027 – FY 2030)*

Proposed Z2 Pittsburg Annual SSRCs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment:			65%	10%	5%
Residential	(\$/year)	\$13.50	\$22.28	\$24.51	\$25.74
Non-Residential	(\$/year)	\$102.28	\$168.77	\$185.65	\$194.94

*Table 21: Proposed SSRCs – Zone 3 (FY 2027 – FY 2030)*

Proposed Z3 Antioch Annual SSRCs per Parcel					
Customer Class		FY 2027	FY 2028	FY 2029	FY 2030
Revenue Adjustment:			65%	10%	5%
Residential	(\$/year)	\$9.19	\$15.17	\$16.69	\$17.53
Non-Residential	(\$/year)	\$53.93	\$88.99	\$97.89	\$102.79

## Appendix A

### FY 2031 – FY 2035 Financial Plan Summary

This report only set rates for FY 2027 – FY 2030. However, the interfund loan will not be paid back until FY 2031 – FY 2035, which is outside the Rate Setting Period. Therefore, Figure 7 extends the financial plan from FY 2031 through FY 2035 to identify the projected increases needed to pay back the interfund loan and generate positive net operating income each year. At this time, the projected revenue increases are 10% for FY 2031, followed by 3% for FY 2032–FY 2035.

Figure 7: Proposed Operating Financial Plan FY 2031 – FY 2035

