



Ensuring Long-term Financial Sustainability Proposed Sewer Service Charge Increases

May 2020

In developing its budget each year, Delta Diablo (District) carefully considers operational and capital investment needs to maintain effective and reliable wastewater collection (Bay Point only), conveyance, and treatment services for its **213,000 customers** in Antioch, Pittsburg, and Bay Point. The District's primary revenue source comes from **Sewer Service Charges (SSCs)*** charged to residential, commercial, and industrial customers on the tax roll each year.

The District continues to experience **progressive increases in annual operating costs** over time due to escalations in labor, chemical, energy, materials, supplies, equipment, hauling, and services costs, as well as **increasingly more stringent regulatory requirements**. In parallel, sustained **capital investment** is necessary to maintain the integrity of **aging wastewater system infrastructure****. The District critically reviews required SSC increases each year to ensure sufficient revenue collection, while working to minimize economic impacts to its customers. For **Fiscal Year 2020/2021** (effective July 1, 2020), the District has notified customers (via **Proposition 218 Notices***** mailed to property owners on or before May 1, 2020) of its intent to increase SSCs by **3.5% for Antioch/Pittsburg customers (+\$13.63/year** for single-family residential [SFR]) and **3.0% for Bay Point customers (+\$16.21/year** for SFR).

- **SSC Revenue Allocation:** An estimated total SSC revenue need of **\$32.7 million** is required for FY20/21, which includes \$23.2 million for operational needs and \$9.5 million for capital project funding. Other funding includes ad valorem taxes and available unallocated funds.
- **Annual Revenue Increase Drivers:** The proposed SSC increase would generate an **additional \$1.1 million in revenue** in FY20/21, which is required to offset increased operating labor and wastewater treatment biosolids management costs, as well as capital investment needs with a focus cash funding versus debt financing infrastructure projects.
- **COVID-19 Impacts:** The District understands the current **COVID-19 pandemic** and associated shelter-in-place order will likely have sustained economic impacts on customers in its service area and has **worked hard to reduce impacts associated with SSC increases**. The proposed SSC increase is the **lowest annual SSC increase** (by percent) **in the last 14 years** (since 2006). The District is monitoring COVID-19-related financial impacts on its operations.
- **Long-term Financial Planning:** The District conducts a 5-year SSC analysis to identify future SSC increases required to **maintain sustained fiscal integrity**. In recent years, the projected range of annual SSC increases has been **reduced from 6.2-6.4%** (June 2018) and 4.1-4.5% (June 2019), to the **current projection of 3.5-4.0%****** for the next five years. Without this year's increase, annual SSC increases of 5.0-6.0% for Antioch/Pittsburg customers would be required over the next few years (compared to 4% each year). The **District continues to maintain its rates well below the average** of its Bay Area peer agencies.

As a nationally-recognized industry leader, the District values strong community engagement, serving as responsible stewards of the public's resources and trust, transparency, innovative approaches, and sustainable solutions in achieving its core mission.

* SSCs are not used for recycled water or street sweeping services, which are funded separately.
 ** "Investing in Critical Wastewater Infrastructure" fact sheet is available on website for more information.
 *** "Notice of Proposed SSC Increases for FY20/21" is available on website for more information.
 **** Data collected by the National Association of Clean Water Agencies indicates that the average annual rate increase for wastewater agencies is approximately 3.9%.

About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 213,000 residents in Antioch, Pittsburg, and Bay Point.

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 "water resource recovery facility" by:

- ❖ Producing 6 million gallons of recycled water per day
- ❖ Generating on-site renewable energy to meet over 55% of WWTP power needs
- ❖ Reusing residual biosolids as fertilizer through land application at farm sites
- ❖ Providing household hazardous waste (HHW) collection services
- ❖ Protecting the Delta by providing street sweeping services to remove pollutants that would otherwise enter local stormwater systems

Our Mission

Protect public health and the environment in our communities by providing wastewater resource recovery services of exceptional quality and value.

 213,000 residents	 13 million gallons of wastewater per day	 76 miles of sewer pipes, force mains	 5 pumps stations to convey wastewater	 Wastewater Treatment Plant + Recycled Water Facility		Proposed FY20/21 Budget Capital \$16.7 million Operating \$29.6 million	Proposed SSC Increase +\$13.63/year (Antioch/Pittsburg residential) +\$16.21/year (Bay Point residential)
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visit www.deltadiablo.org or call (925) 756-1900 for more information