



Ensuring Long-term Financial Sustainability Proposed Sewer Service Charge Increases

April 2022

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 **215,000 customers** in Antioch, Pittsburg, and Bay Point. Our primary revenue comes from **Sewer Service Charges (SSCs)*** charged to residential, commercial, and industrial customers on the tax roll each year.

We continue to prioritize sustained **capital investment** to maintain the integrity of our **aging wastewater system infrastructure****, while ensuring sufficient funding to meet **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**.

We critically review required SSC adjustments to ensure sufficient revenue collection that reflects cost-of-service, while minimizing economic impacts to customers. For **Fiscal Year 2022/2023** (effective July 1, 2022), the District has notified customers (via **Proposition 218 Notices***** mailed to property owners on or before May 8, 2022) of its intent to increase SSCs for residential customers by **\$19.33/year** (4.5%, \$448.75 total) for **Antioch/Pittsburg** and **\$26.52/year** (4.5%, \$615.77 total) for **Bay Point**.

- **SSC Revenue Allocation:** We have identified a total SSC revenue need of **\$36.7 million** for FY22/23, which includes \$20.9 million for operational needs and \$15.8 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 \$1.2 million in revenue** in FY22/23 to support cash funding of critical capital investments in aging infrastructure to ensure the lowest overall cost to ratepayers.
- **Cost-of-Service Study Revenue Allocation:** Key findings from the 2021 Cost-of-Service Study, which reapportioned certain costs from non-residential customers to residential customers to **ensure SSCs accurately reflect the District’s cost of providing services** to different customer classes, are incorporated into the development of proposed SSC increases for FY22/23.
- **Strategic Planning:** The District faces challenges related to aging infrastructure, meeting regulatory drivers, navigating a competitive labor market, and effectively engaging with the local community to ensure sustained organizational improvement. The District’s Strategic Plan (dated August 2021), coupled with Board of Directors leadership, provides a **strategic framework that will guide key decisions, initiatives, and activities** at the District.
- **Long-term Financial Planning:** We conduct a 5-year SSC analysis to identify future SSC adjustments to **maintain sustained fiscal integrity**, while avoiding sharp rate increases. The **District continues to maintain its rates well below the average** of its peer agencies in the San Francisco Bay Area.

* 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 FY22/23” is available on website for more information.

As a nationally-recognized leader and progressive “Utility of the Future”, the District values community engagement, serving as responsible stewards of the public’s resources and trust, transparency, innovation, and workforce engagement and development to achieve its mission.

About Delta Diablo

Delta Diablo is a special district that provides wastewater conveyance and treatment services for over 215,000 residents in Antioch, Pittsburg, and Bay Point.

The District treats 13.6 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 7.6 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

Our Mission

Delta Diablo protects public health and the environment for our communities by safely providing exceptional wastewater conveyance, treatment, and resource recovery services in a sustainable and fiscally-responsible manner.



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