



Wastewater Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled Water



Energy Production



Biosolids Reuse

Proposed Recycled Water Service Charge Adjustments

Board of Directors Meeting
September 13, 2023

Background

Transforming Wastewater to Resources



- District provides recycled water treatment and distribution services via its Recycled Water Facility (RWF)
 - In FY23/24, 7.0 million gallons per day (MGD) produced (49% of 14.2 MGD of WWTP influent flow)
 - **90-95% provided for industrial purposes** (Calpine, two large power plants—Delta Energy Center, Los Medanos Energy Center)
 - **5-10% for irrigation purposes** (City of Antioch golf course/parks/medians, City of Pittsburg parks/medians, PUSD, MDRRP, Caltrans)
- District utilizes voluntary user service agreements
 - **Calpine has first right to RW; service to other customers is “interruptible”**
 - Agreements require RWSCs to be set by Board (last approved in July 2019)

Key Drivers for Adjustments to Recycled Water Service Charges



- In June 2023, Board adopted FY23/24 Budget and approved 5-year CIP
 - RW Operating Budget: FY23/24, \$3.85M; FY24/25 (forecast), \$3.98M
 - Substantial **increases in chemicals and utilities costs** over last two years due to distribution issues and inflationary pressure
 - Chemicals: FY23/24 Budget = \$1.41M compared to actual expenditures of \$0.66M in FY21/22 (+\$0.75M or 118% increase)
 - Utilities: FY23/24 Budget = \$0.66M compared to actual expenditures of \$0.61M in FY21/22 (+\$50k or 8.1% increase)
 - RW Projects in 5-year CIP: \$1.7M in RW Capital Asset Fund; \$4.6M in RW Capital Asset Replacement Fund
- RWSC adjustment is **necessary to cover District costs**

Key RWSC Financial Modeling Assumptions



- Rate model includes FY23/24 Budget and forecasted FY24/25 Budget amounts with 10-year planning horizon
- Applied escalation factors for projections beyond FY24/25
 - Utilities, 5%; Chemicals, 8%; Capital Construction, 5%; Salaries, 3.2%; Benefits, 6%
- Revenue projection based on FY22/23 RW consumption

	FY18/19	FY19/20	FY20/21	FY21/22	FY22/23
Total RW Consumption (Tgal)	2,242,456	2,202,426	2,497,571	2,735,013	2,505,702

- Variable-rate (RW CAR, chemicals/utilities) component expected to increase by 13.8%
- Fixed cost (labor, office expenses, outside services, repairs and maintenance, and distribution system O&M) increases for Calpine, decreases for others

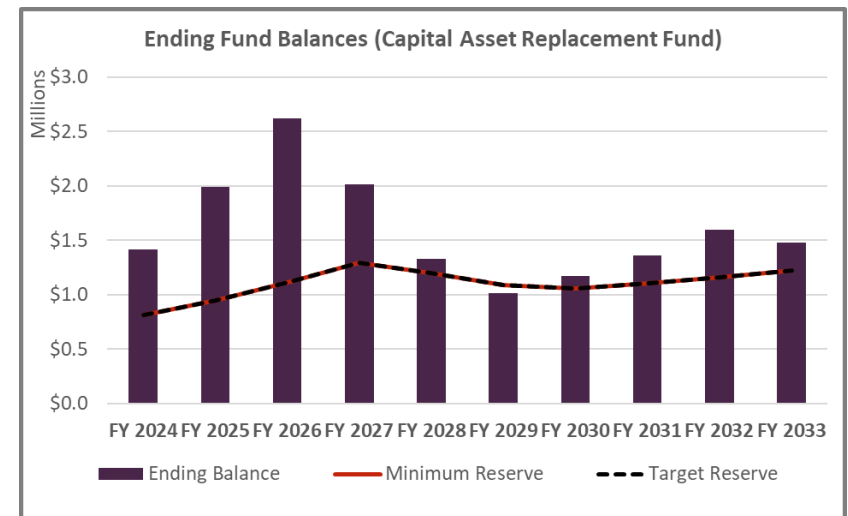
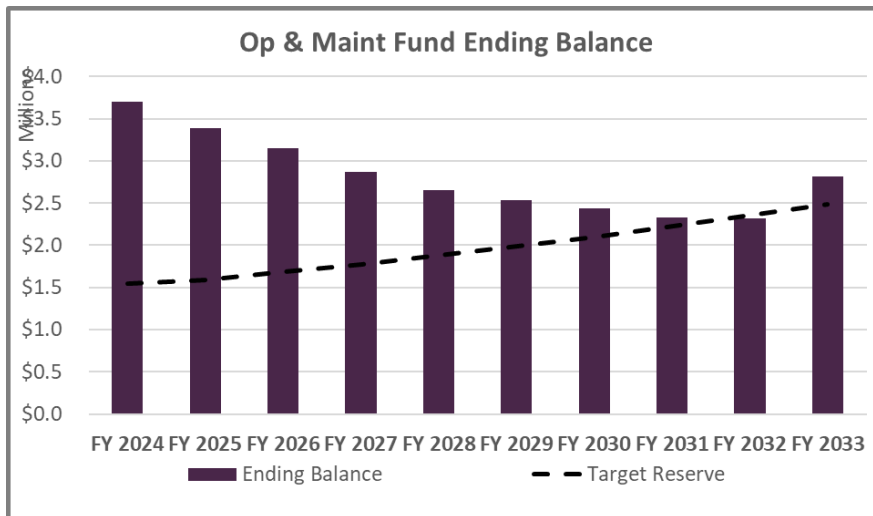
RWSCs Incorporate Customer Specific Surcharges



- Calpine – Revenue Stability Surcharge
 - Established in FY11/12 to stabilize revenue associated with decline in consumption from Calpine (i.e., major plant disruptions)
 - No change proposed to current surcharge (\$30,000/month)
- Antioch RW Project Surcharge
 - Covers Antioch’s \$1.1M share of Antioch RW Project costs that exceeded \$5M SRF loan cap
 - Established in FY12/13 with a 20-year repayment period (~\$6,826/month)
- Pittsburg RW Distribution System Project Surcharge
 - Covers Pittsburg’s local share of grant funded pipeline project
 - **Ended in June 2023** after a 10-year repayment period

RWSC Revenue Need

- District needs to **increase total annual revenue by 7.5%** (effective in October 2023) to cover District costs
 - Projecting similar increases in revenue requirements in subsequent years (7.5% for FY24/25 & FY25/26, 7.75% for following years)
- RWSCs include fixed + variable-rate components (48%/52%)
- Actual costs and revenues are highly dependent on usage



Proposed RWSC Adjustments: Fixed and Variable Component



- Fixed-cost component is generally decreasing for users
 - Includes surcharges for Calpine, Antioch, and Pittsburg

	Existing (\$/month)	Proposed (\$/month)	Difference (\$)	Difference (%)
Calpine – DEC and LMEC	\$152,616	\$159,859	\$7,243	5%
City of Antioch (Parks, Medians, Golf Course)	\$12,453	\$10,057	(\$2,396)	-19%
City of Pittsburg (Parks, Medians)	\$7,382	\$1,684	(\$5,698)	-77%
Pittsburg Unified School District	\$935	\$972	\$37	4%
MDRRP	\$358	\$344	(\$14)	-4%
Caltrans	\$266	\$116	(\$150)	-57%

- Variable-rate component is increasing by 13.8%
 - From \$0.75/Tgal to \$0.86/Tgal

Proposed RWSC Adjustments: Total Revenue by Customer



	Existing Revenue	Proposed Variable	Proposed Fixed	Proposed Revenue	Difference (\$)	Difference (%)
Calpine – DEC and LMEC	\$3,627,726	\$2,043,469	\$1,918,305	\$3,961,774	\$334,048	9.2%
City of Antioch* (Parks, Medians, Golf Course)	\$113,902	\$52,745	\$38,780	\$91,525	-\$22,377	-19.6%
City of Pittsburg (Parks, Medians)	\$72,136	\$27,225	\$20,211	\$47,436	-\$24,701	-34.2%
Pittsburg Unified School District	\$25,878	\$16,675	\$11,664	\$28,339	\$2,461	9.5%
MDRRP	\$10,828	\$7,431	\$4,131	\$11,562	\$734	6.8%
Caltrans	\$4,155	\$1,096	\$1,388	\$2,484	-\$1,671	-40.2%

*Excludes City of Antioch surcharge

- Actual costs and revenues are highly dependent on usage

Recommended Actions/ Next Steps



- Conduct and close Public Hearing to consider adopting ordinance establishing adjustments to RWSCs and consider testimony received
- Adopt Ordinance No. 123 Establishing Recycled Water Service Charges and Surcharges
 - Notice of ordinance would be published, as required
- If Board approves RWSC adjustments after Public Hearing, RWSCs would become effective on November 1, 2023, for all customers