



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Proposed Recycled Water Service Charge Adjustments

Finance Committee Meeting
September 30, 2024

Background

Transforming Wastewater to Resources



- District provides recycled water treatment and distribution services via its Recycled Water Facility (RWF)
 - In FY23/24, 6.5 million gallons per day (MGD) produced (47% of 13.8 MGD of WWTP influent flow)
 - **93-95% provided for industrial purposes** (Calpine, two large power plants—Delta Energy Center, Los Medanos Energy Center)
 - **5-7% 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 September 2023)

Key Drivers for Adjustments to Recycled Water Service Charges



- In June 2024, Board adopted FY24/25 Budget and approved 5-year CIP
 - RW Operating Budget: FY24/25, \$3.97M; FY25/26 (forecast), \$4.23M
 - **Increases in chemicals and utilities costs** due to distribution issues and inflationary pressure
 - Chemicals: FY24/25 Budget = \$1.63M (+104% and +14% increases in sodium hypochlorite unit prices in FY23/24 and FY24/25, respectively)
 - Utilities: FY24/25 Budget = \$0.77M (+10% increase)
 - RW Projects in 5-year CIP: \$1.4M in RW Capital Asset Fund; \$4.0M in RW Capital Asset Replacement Fund
- RWSC adjustment is **necessary to cover additional District costs** (+\$109k, +6%)

Key RWSC Financial Modeling Assumptions



- Rate model includes FY24/25 Budget and forecasted FY25/26 Budget amounts with 10-year planning horizon
- Applied escalation factors for projections beyond FY25/26
 - Utilities, 5%; Chemicals, 3%; Capital Construction, 5.1%; Salaries, 3.5%; Benefits, 5%

- Revenue projection based on FY23/24 RW consumption

	FY19/20	FY20/21	FY21/22	FY22/23	FY23/24
Total RW Consumption (Tgal)	2,223,826	2,623,373	2,756,413	2,638,248	2,353,111

- Variable-rate (RW CAR, chemicals/utilities) component expected to increase by 18.9%
- Fixed cost (labor, office expenses, outside services, repairs and maintenance, and distribution system O&M) decreases for Calpine and others, increases for other customers

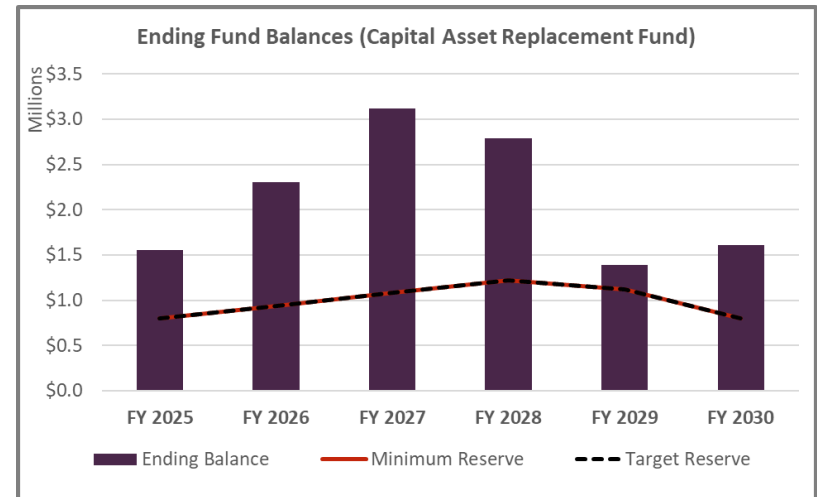
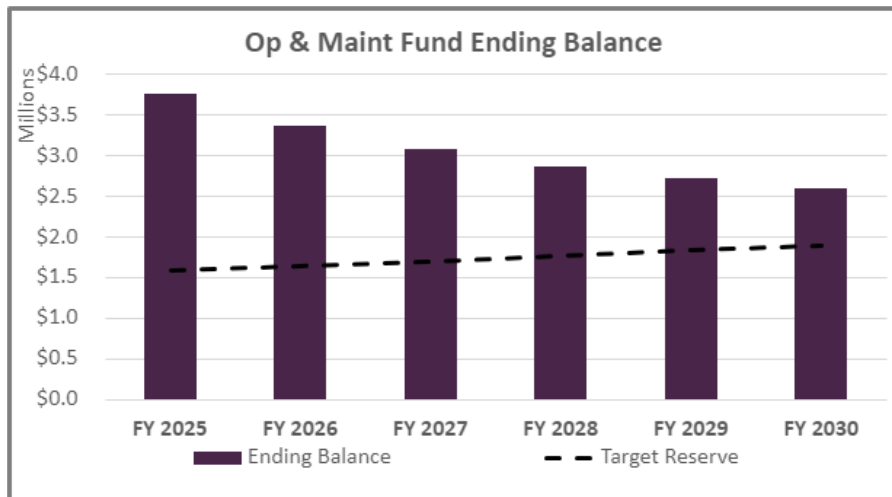
RWSCs Incorporate Customer Specific Surcharges



- 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 (\$35,000/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)

RWSC Revenue Need

- District needs to **increase total annual revenue by \$109k (6.0%)** (effective in January 2025) to cover District costs
 - Projecting similar increases in revenue requirements in subsequent four years (6.0% for FY25/26-FY28/29, 7.75% after FY29/30)
- RWSCs include fixed + variable-rate components (44%/56%)
- 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 and Antioch

	Existing (\$/month)	Proposed (\$/month)	Difference (\$)	Difference (%)
Calpine – DEC and LMEC	\$159,858	\$146,905	(\$12,953)	-8.1%
City of Antioch (Parks, Medians, Golf Course)	\$10,057	\$10,409	\$352	3.5%
City of Pittsburg (Parks, Medians)	\$1,684	\$1,652	(\$32)	-1.9%
Pittsburg Unified School District	\$972	\$937	(\$35)	-3.6%
MDRRP	\$344	\$342	(\$2)	-0.6%
Caltrans	\$116	\$120	(\$4)	3.4%
Pittsburg Data Hub*	\$0	\$945	\$945	-

*Potential recycled water customer expected to be added in the future

- Variable-rate component is increasing by 18.9%
 - From \$0.86/Tgal to \$1.02/Tgal

Proposed RWSC Adjustments: Total Revenue by Customer



	Existing Revenue	Proposed Variable	Proposed Fixed	Proposed Revenue	Difference (\$)	Difference (%)
Calpine – DEC and LMEC	\$3,785,761	\$2,219,604	\$1,762,862	\$3,982,466	\$196,705	5.20%
City of Antioch* (Parks, Medians, Golf Course)	\$107,957	\$82,220	\$42,998	\$125,218	\$17,261	15.99%
City of Pittsburg (Parks, Medians)	\$57,110	\$43,857	\$19,822	\$63,679	\$6,569	11.50%
Pittsburg Unified School District	\$28,862	\$20,441	\$11,249	\$31,690	\$2,828	9.80%
MDRRP	\$10,704	\$7,812	\$4,099	\$11,911	\$1,207	11.28%
Caltrans	\$3,530	\$2,545	\$1,436	\$3,981	\$451	12.80%
Pittsburg Data Hub**	-	\$21,811	\$11,335	\$33,146	\$33,146	-

* Excludes City of Antioch surcharge

** Potential recycled water customer expected to be added in the future

Recycled Water Master Plan and RWF Condition Assessment Project



- Board awarded consultant contract on December 13, 2023

RWF Condition Assessment

- District obligation to provide Calpine with facilities assessment and costs by 6/13/25
- Calpine to inform District of future intentions by 6/13/26
- 30-year agreement ends 6/13/31
- **No significant change in historic level of capital investment**

RW Expansion Opportunities

- Identify potential new customers and associated RW distribution needs
- Significant capacity for irrigation customers in CCWD agreement
- City of Pittsburg interest
- Nutrient reduction benefits
- **Limited opportunities to add new recycled water customers**

RW Quality Improvements

- Identify, evaluate, and recommend potential water quality capital upgrades (high \$\$\$)
- Engage w/CCWD on water supply augmentation
- Nutrient reduction benefits
- ECWMA connection
- **No preliminary findings to date**

Next Steps

- Provide comments on proposed RWSCs
- Recommend presentation at 10/9 Board Meeting

