



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Capital Facilities Capacity Charges Development Overview

Board Meeting
October 9, 2024

Capital Facilities Capacity Charge (CFCC) Update Schedule



September	9/30	Fin Comm: Review CFCC Development Overview and Key Assumptions
October	10/9 TBD	Review CFCC Development Overview and Key Assumptions Fin Comm: Review Proposed CFCCs
November	11/6	Review Proposed CFCCs, Schedule Public Hearing
December	12/11	Conduct Public Hearing, Consider Approval of Proposed CFCCs



Overview

Current District CFCCs



- **Current CFCCs** (approved by Board Ordinance No. 87, July 2006)
 - Bay Point (Zone 1): \$3,940/equivalent residential unit (ERU)
 - Pittsburg (Zone 2): \$4,358/ERU
 - Antioch (Zone 3): \$5,033/ERU
- **Projected FY24/25 CFCC Revenue = \$1.9M**
 - District incorporates recent CFCC revenue and growth in service area in financial planning activities each year
 - 5-year annual average growth = 745 ERUs (1,406 ERUs in 2021)
- **CFCCs are placed in WW Expansion Fund to pay portion of existing debt service, cost of new facilities to serve growth**
 - Current balance = \$15.7M (as of June 30, 2024)
- **Current 5-year CIP = \$187.1M (\$17.0M funded by CFCCs)**

District Strategic Plan

Fiscal Responsibility Goal



Fiscal Responsibility

Manage financial resources effectively to meet funding needs and maintain fair and reasonable rates

STRATEGY NO. 2 Ensure legal, equitable, and cost-of-service based rates with revenue need allocation to appropriate customer categories

Key Objective Ensure equitable collection of SSC revenue from existing customers and CFCCs from new customers (i.e., growth in service area)

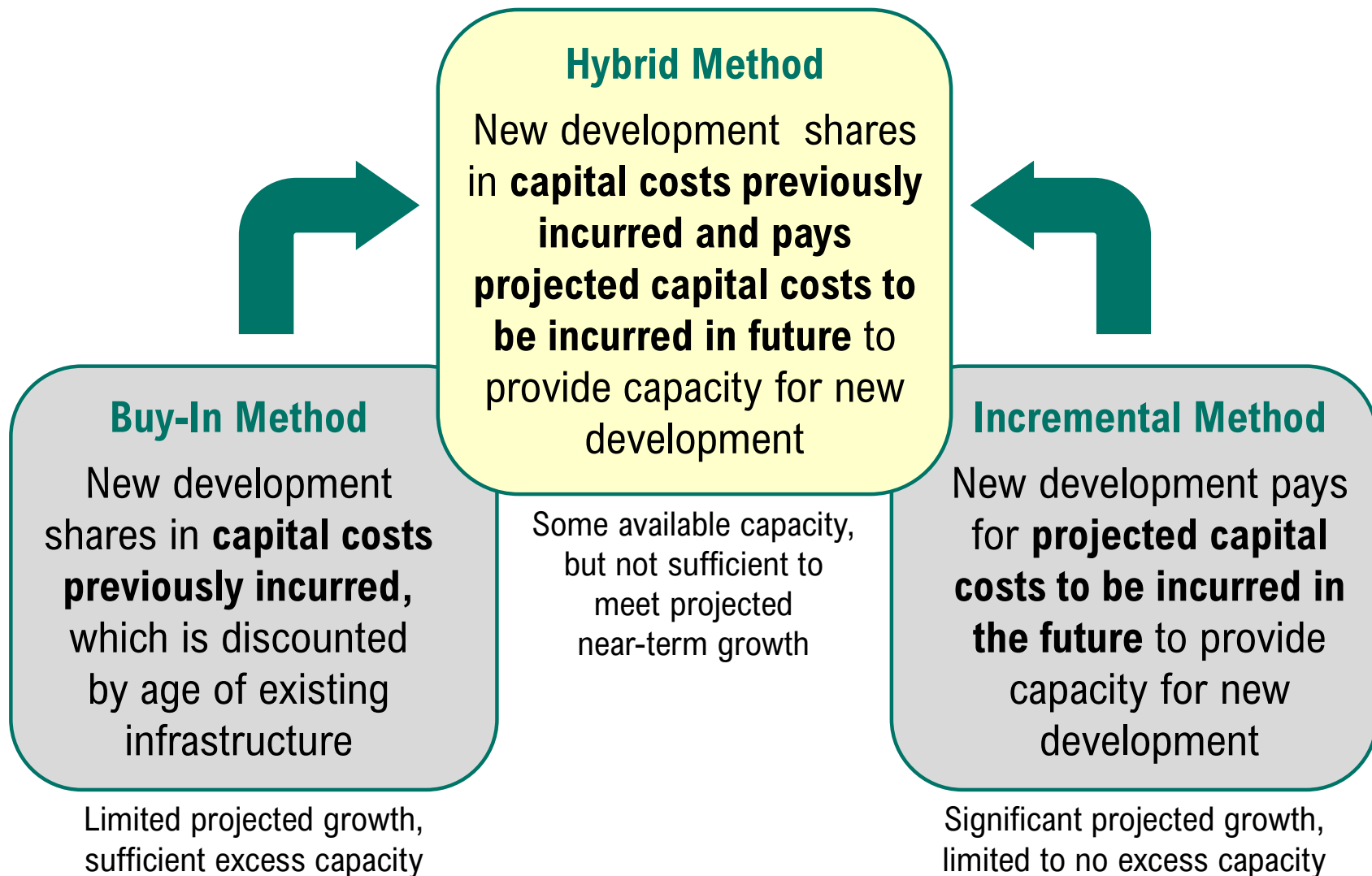
- Completed Resource Recovery Facility Master Plan (November 2022)
 - Projected **future WWTP flow and process loading** conditions
 - Assessed **available WWTP capacity** and **capital expansion needs**
 - Recommended **major capital improvements** to address WWTP capacity with preliminary cost estimates
- Implementing Secondary Process Improvements Phase 1 to **address WWTP capacity needs** with more detailed costs
- Procured consultant to develop **updated CFCC Study and proposed CFCCs**

CFCC Development Guiding Principles

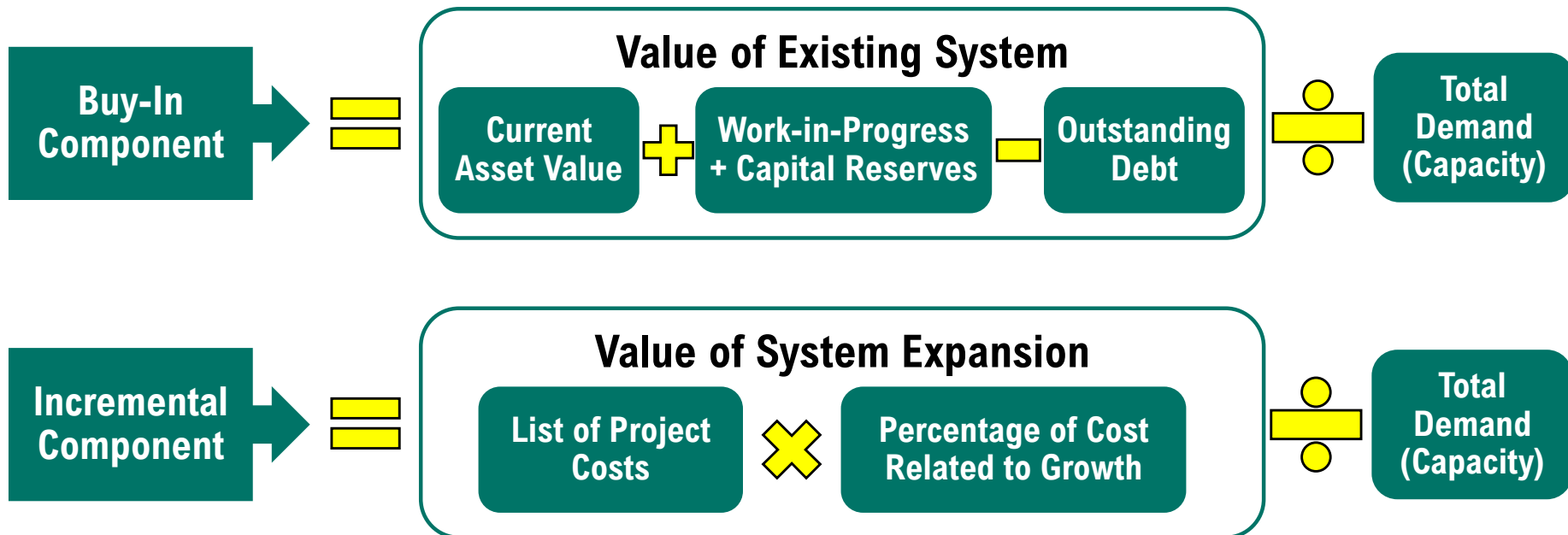
- Ensure fair, equitable, and cost-of-service based CFCCs with revenue need allocation to appropriate customers
- Assess CFCCs to ensure growth pays the full share of costs to provide facilities that serve growth
- Comply with regulatory and legal requirements for collection of connection fees



CFCC Development Cost Allocation Methodology Options



Hybrid Method CFCC Calculation Methodology



- Preliminary CFCC calculation indicates **Buy-In Component = 45%** and **Incremental Component = 55%** (validates use of Hybrid Method)

CFCC Development Key Assumptions



Buy-In Component (Existing Assets)

- Utilize “Replacement Cost Less Depreciation” approach (versus “Book Value” or “Market Value”) to determine Existing System Value
- Existing System Value = \$161M
- Capital-Related Reserves = \$50M
- Outstanding Debt (Principal) = \$27.9M
- Interest Secured by CFCCs = \$0.53M (net present value)

Incremental Component (Future Asset Needs)

- Major WW Projects for New Growth
 - Secondary Process Improvements (15.5% of total) = \$32.6M
 - Antioch Pump Station and Conveyance System Improvements (18% of total) = \$4.1M
 - Assume costs will be recovered via CFCCs over next ~15-20 years

CFCC Study

Preliminary Recommendations



- ① Apply “Hybrid Method” for cost allocation that includes “Buy-in Method” combined with “Incremental Cost Method”
- ② Assess CFCC for WW Treatment for all three District zones (Bay Point, Pittsburg, Antioch) with additional CFCC cost component for Bay Point only for WW Collection System costs
 - CFCCs in Bay Point will be higher due to District-owned collection system, Pittsburg/Antioch own their respective systems
 - Similar to District Sewer Service Charges (SSCs), which include surcharge for Bay Point collection system
- ③ Implement changes to CFCC assessment for ADUs consistent with recent regulatory and legal requirements
- ④ Index CFCCs to ENR-CCI to provide for annual CFCC adjustments for each zone

Next Steps

- Provide comments on CFCC development overview and key assumptions
- Staff to conduct outreach to local Chambers of Commerce, development community, Building Industry Association (BIA)

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