

# **Delta Diablo Sanitation District**

## **Fiscal Year 2013/14 Operating Budget and Capital Fund Summary**



***July 2013***

**National Association of Clean Water Agencies Platinum 9 Award  
2012 California Mid-Size Wastewater Treatment Plant of the Year  
2009 California Sanitation Risk Management Authority Safety Plant of the Year**

**General Manager**  
**Gary W. Darling**

**Board of Directors**  
**Federal Glover**  
**Wade Harper**  
**Nancy Parent**

**The Vision of Delta Diablo Sanitation District**

Delta Diablo Sanitation District safeguards public health and protects the environment of the communities we serve.

**The Mission of Delta Diablo Sanitation District**

Delta Diablo Sanitation District will be a national leader in “waste” water resource recovery.

## District Overview

The Delta Diablo Sanitation District was formed in 1956 to protect the health of the public and the environment by collecting and effectively treating in the Bay Point community. In the late 1970s wastewater conveyance and treatment services were extended to the cities of Antioch and Pittsburg, and a regional system was constructed. Presently the District serves approximately 190,000 residents and businesses. In 2001, the District initiated its recycled water program in an effort to support more effective use of the state's valuable and limited drinking water and environmental water supply. Since that time, recycled water has been provided to two power generating plants for both process and cooling water. Recycled water is used for landscape irrigation purposes by the District, at the power generation plants and by the Cities of Pittsburg and Antioch for the municipal golf courses and a number of city parks.

The District takes its environmental responsibilities seriously, resulting in expanded services for the community to sustain and improve the environment. Since 1996, the District has collected household hazardous waste (HHW) from the east Contra Costa County community to provide an outlet for the safe and proper disposal of hazardous substances and pollutants. In 2006, the program was broadened to include disposal of electronic waste, and in 2009 the HHW facility was expanded to provide capacity for certain material, such as paint, to be reused versus disposal. The District also provides street sweeping service in each of the community within its service area. This minimizes pollutants in the streets that might otherwise reach sanitary or storm water sewers and harm the waterways of the San Francisco Bay. Finally, the District operates and maintains the wastewater collection system for the community of Bay Point, including ongoing system rehabilitation.

The District's governing Board of Directors is composed of the Mayors (or their appointed City Council members) of the cities of Antioch and Pittsburg and the County Supervisor representing the Bay Point community. The District's staff is composed of 78 positions as shown on the following organization chart. This translates to over 2,400 customers served per position.

## Fiscal Year 2013/2014 Budget Summary

Appropriations for the fiscal year 2013/2014 (FY14) budget were approved by the Board of Directors on July 10, 2013. This budget was developed using a detailed, "zero based" line item by line item review and analysis by organizational Division. As shown on the following Budget Program Summary, the budget presents a projection of revenues by funding source, operating expenses, debt service costs and capital expenditures planned for FY14. Capital project cost estimates are based on the Capital Improvement Program (CIP) adopted by the Board on May 8, 2013. Total revenues budgeted for FY14 are \$29.8 million. These revenues coupled with projected use of reserves will fund \$34.4 million in expenditures. These expenditures are composed of a total operating budget of \$22.9 million, capital project costs of \$7.3 million and \$4.2 million in debt service obligations. Labor costs represent \$13.4 million of operating expense, or about 58.3% of the total

operating budget, while outside services are about \$3.9 million, or 16.8% of the operating budget. Treatment chemical and utilities total \$3.4 million, or 15.0% of the operating budget. During the previous fiscal year, the District's Board of Directors approved early pay-off of a high-interest bearing obligation with the California Public Employees Retirement System (CalPERS) from existing reserves. This resulted in a reduction in the salaries and benefits from original budget estimates of over \$800 thousand for FY14. Similar savings will be realized over the next several fiscal years.

The District provides services in five program areas: Wastewater, Recycled Water, Household Hazardous Waste, Street Sweeping and Bay Point Collections. The largest program is Wastewater, which provides for the conveyance, treatment and disposal of wastewater in the service area. This program totals \$28.8 million, or 83.9% of the total expenditures budget. Of this, \$18.7 million is operating budget and \$10.1 million is for capital projects, including debt service of \$3.8 million for previously completed projects. Over 30% of the Wastewater capital budget is for projects to replace and/or rehabilitate infrastructure that has reached its useful life. This is essential to keeping the Wastewater system in good working order to provide the level of service consistent with customer needs and to protect the environment. The primary source of funds for the Wastewater program is provided through Sewer Service Charge rates; however, projects to serve growth in the Wastewater Expansion fund are paid for by growth through Capital Facilities Capacity Charges, or connection fees. A separate designated reserve fund was established by the Board of Directors in FY12 to begin setting aside funds for a future advanced treatment project to meet anticipated changes in regulatory requirements. Approximately \$1.6 million will be set aside in this fund during FY14 resulting in a total balance of nearly \$3.0 million by fiscal year end. Setting aside funds in advance for this major project reduces long-term rate impacts for District customers by nearly 40%

The second largest program is Recycled Water, which provides high quality water to two power plants, city parks and two golf courses in the service area. This program is fully funded by recycled water users. Rates for recycled water are lower than what the power plants cities would pay for potable treated water or non-potable raw water. A connection fee study is planned for completion in FY14, so that new, non-municipal Recycled Water customers pay for capacity that they will be using in the system.

The Bay Point program includes the operation, maintenance and ongoing system rehabilitation of the wastewater collection system in the community of Bay Point. The collection system is a network of piping that directs wastewater to the larger conveyance system connected to the District's wastewater treatment facilities. Collection systems for the cities of Antioch and Pittsburg are owned and operated by the cities, which charge separate rates for providing that service. Due to the age of the collection system, substantial rehabilitation work will begin during FT14 and continue throughout the next several fiscal years. Planned work for FY14 totals over \$1 million, representing over 63% of the total Bay Point collection system budget.

The District strives to keep its overall costs as low as possible, while meeting or exceeding regulatory standards and focusing on its responsibility of environmental stewardship. Rates for services remain below the average in the region, while the District has been recognized for excellence and leadership at the local, state and national levels.

**DELTA DIABLO SANITATION DISTRICT  
FISCAL YEAR 2013/14 PROGRAM BUDGET SUMMARY**

Line No.		WASTEWATER PROGRAM					RECYCLED WATER PROGRAM	HOUSEHOLD HAZARDOUS WASTE PROGRAM	STREET SWEEPING PROGRAM	BAY POINT PROGRAM	TOTAL ALL PROGRAMS
		OPERATIONS & MAINTENANCE FUND	EXPANSION FUND	CAPITAL ASSET FUND	ADVANCED TREATMENT FUND	CAPITAL ASSET REPLACEMENT FUND					
	<b>REVENUE</b>										
1	Capital Facility Capacity Charges		1,840,000							1,840,000	
	Service Charges									0	
2	Sewer Service	16,871,000		1,134,000	1,568,000	1,557,000				21,130,000	
3	Collection Charge								616,000	616,000	
4	Surcharge								325,000	325,000	
5	Street Sweeping							573,800		573,800	
6	Redevelopment									0	
7	Property Taxes					1,765,000				1,765,000	
8	Utility Rebates (Received from Calpine)	243,000								243,000	
9	Interest Income	150,000		17,000	45,450	40,000	41,550	2,400	7,400	323,900	
10	Discharge Permits & Fees	158,000								158,000	
11	Work For Others	106,000								106,000	
12	Equalization Basin Debt Service						761,000			761,000	
13	Overhead (from Capital Projects)	400,000								400,000	
14	Miscellaneous	364,000								364,000	
15	Reimbursements			183,111		50,000		454,976		688,087	
16	Recycled Water Charges						2,690,758			2,690,758	
17	<b>TOTAL REVENUES</b>	<b>18,292,000</b>	<b>1,840,000</b>	<b>1,334,111</b>	<b>1,613,450</b>	<b>3,412,000</b>	<b>3,493,308</b>	<b>457,376</b>	<b>581,200</b>	<b>31,984,545</b>	
18	Long-Term Debt Proceeds - SRF		575,000							575,000	
19	Transfers In to HHW from WW Program	(265,695)						265,695		0	
20	Transfers Out of RW for Debt Service		761,000				(761,000)			0	
21	Interfund Transfers (Loans)		1,625,000	650,000		(2,275,000)				0	
22	Appropriated from Reserves	647,452	21,000	1,044,013		1,079,000		19,379		3,480,908	
23	<b>TOTAL FUNDS AVAILABLE</b>	<b>18,673,757</b>	<b>4,822,000</b>	<b>3,028,124</b>	<b>1,613,450</b>	<b>2,216,000</b>	<b>2,732,308</b>	<b>742,450</b>	<b>581,200</b>	<b>36,040,453</b>	
	<b>EXPENDITURES</b>										
24	Salaries and Benefits	12,228,262					509,124	194,353	11,136	417,791	13,360,666
25	Chemicals	962,000					727,500				1,689,500
26	Office and Operating Expense	1,204,046					59,533	38,111	10,550	78,643	1,390,883
27	Outside Services & Repairs/Maintenance	2,537,449					226,949	483,956	544,090	64,730	3,857,174
28	Program Costs (Overhead) Expense						373,080				373,080
29	Utilities	1,330,000					409,051	1,030			1,740,081
30	Contingency Allowance	412,000					40,000			40,000	492,000
31	Debt Service		3,527,000	249,124		420,000					4,196,124
32	Project Expense		1,295,000	2,779,000	75,000	1,796,000	257,000	25,000		1,030,000	7,257,000
33	<b>TOTAL EXPENDITURES</b>	<b>18,673,757</b>	<b>4,822,000</b>	<b>3,028,124</b>	<b>75,000</b>	<b>2,216,000</b>	<b>2,602,237</b>	<b>742,450</b>	<b>565,776</b>	<b>1,631,164</b>	<b>34,356,508</b>
34	<b>CONTRIBUTION to RESERVES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,538,450</b>	<b>0</b>	<b>130,071</b>	<b>0</b>	<b>15,424</b>	<b>0</b>	<b>1,683,945</b>
35	<b>Estimated Beginning Cash Fund Balance</b>	<b>10,098,485</b>	<b>22,173</b>	<b>1,137,326</b>	<b>1,490,950</b>	<b>3,625,448</b>	<b>2,585,230</b>	<b>145,730</b>	<b>378,010</b>	<b>1,341,490</b>	<b>20,824,842</b>
36	<b>Estimated Ending Fund Balance</b>	<b>9,451,033</b>	<b>1,173</b>	<b>93,313</b>	<b>3,029,400</b>	<b>2,546,448</b>	<b>2,715,301</b>	<b>126,351</b>	<b>393,434</b>	<b>671,426</b>	<b>19,027,879</b>