



TOWN OF DISCOVERY BAY
A COMMUNITY SERVICES DISTRICT
SDLF Platinum-Level of Governance



President – Bill Pease • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Robert Leete • Director – Bill Mayer

TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT
AGENDA PACKET

Regular Board Meeting
Wednesday, April 15, 2020

7:00 P.M. Regular Board Meeting

Community Center
1601 Discovery Bay Boulevard



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**NOTICE OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY**

Wednesday April 15, 2020

REGULAR MEETING 7:00 P.M.

Community Center

1601 Discovery Bay Boulevard, Discovery Bay, California

Website address: www.todb.ca.gov

NOTICE
Coronavirus COVID-19

In accordance with the Governor's Executive Order N-33-20, and for the period in which the Order remains in effect, the Town of Discovery Bay Community Services District Board Chambers will be closed to the public.

To accommodate the public during this period of time that the Board's Chambers are closed to the public, the Town of Discovery Bay Community Services District Board of Directors has arranged for members of the public to observe and address the meeting telephonically.

TO ATTEND BY TELECONFERENCE:

Toll-Free Dial-In Number: (877) 778-1806

CONFERENCE CODE **891949**

Download Agenda Packet and Materials at www.todb.ca.gov/

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 7:00 p.m.
2. Pledge of Allegiance.
3. Roll Call.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

During Public Comments, the public may address the Board on any issue within the District's jurisdiction which is not on the Agenda. The public may comment on any item on the Agenda at the time the item is before the Board for consideration. Any person wishing to speak will have 3 minutes to make their comment. There will be no dialog between the Board and the commenter as the law strictly limits the ability of Board members to discuss matters not on the agenda. We ask that you refrain from personal attacks during comment, and that you address all comments to the Board only. Any clarifying questions from the Board must go through the President. Comments from the public do not necessarily reflect the view point of the Directors.

C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve DRAFT minutes of regular meeting for April 1, 2020.
2. Approve Register of District Invoices.
3. Approve Report of Delinquencies and authorize staff to record a certificate of lien in the Contra Costa County Recorder's Office declaring the amount of charges and penalties due.

D. PRESENTATIONS**E. MONTHLY WATER AND WASTEWATER REPORT – VEOLIA**

1. Veolia Report – Month of February 2020
2. Veolia Report – Month of March 2020

F. BUSINESS AND ACTION ITEMS

1. Discussion and Possible Action to Approve the Proposed Water and Wastewater Rates Study for Fiscal Years 2020 through 2025; Approve the Proposition 218 Rate Study Mailer; Set a Public Hearing Date of June 3, 2020 for the Adoption of the Proposed Rate Increases; and Authorize Staff to Advertise the Notice of Public Hearing Meeting.
2. Discussion and Possible Action to Approve Resolution No 2020-08, Approving Installation of Playground Equipment Replacement at Ravenswood Park, Adopting a CEQA Exemption and Directing a Filing of the Notice of Exemption.

G. DIRECTORS' REPORTS

1. Standing Committee Reports.
2. Other Reportable Items.

H. MANAGER'S REPORT**I. GENERAL MANAGER'S REPORT****J. CORRESPONDENCE RECEIVED****K. FUTURE AGENDA ITEMS****L. ADJOURNMENT**

1. Adjourn to the regular meeting on May 6, 2020 beginning at 7:00 p.m. at the Community Center located at 1601 Discovery Bay Boulevard.

"This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the American with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Town of Discovery Bay, at (925) 634-1131, during regular business hours, at least forty-eight hours prior to the time of the meeting."

"Materials related to an item on the Agenda submitted to the Town of Discovery Bay after distribution of the agenda packet are available for public inspection on the Town's website www.todb.ca.gov."



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT



SDLF Platinum-Level of Governance

President – Bill Pease • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Robert Leete • Director – Bill Mayer

**MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY
Wednesday April 1, 2020
REGULAR MEETING 7:00 P.M.
Website address: www.todb.ca.gov**

NOTICE **Coronavirus COVID-19**

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To accommodate the public during this period of time that the Board's Chambers are closed to the public, the Town of Discovery Bay Community Services District Board of Directors has arranged for members of the public to observe and address the meeting telephonically.

TO ATTEND BY TELECONFERENCE:

Toll-Free Dial-In Number: (833)759-9778

CONFERENCE CODE **7846996#**

To view presentation content:

Go to <https://my.intercall.com/9tc7rcq>

Once connected to Unified Meeting:

Select – I Will Call

Click on Join Meeting

Download Agenda Packet and Materials at www.todb.ca.gov/

REGULAR MEETING 7:00 P.M.

A. ROLL CALL AND PLEDGE OF ALLEGIANCE

1. Call business meeting to order 7:00 p.m. – By President Pease.
2. Pledge of Allegiance - Led by President Pease.
3. Roll Call - All present.

B. PUBLIC COMMENTS (Individual Public Comments will be limited to a 3-minute time limit)

Public comment:

- Comment regarding purchase on list of district invoices from vendor Worley Parsons Group, Inc. for \$40,628.32

C. CONSENT CALENDAR

All matters listed under the CONSENT CALENDAR are considered by the District to be routine and will be enacted by one motion.

1. Approve DRAFT Minutes of Regular Meeting for March 18, 2020 – Approved.
2. Approve Register of District Invoices – Approved.

D. AREA AGENCIES REPORTS / PRESENTATION

1. Supervisor Diane Burgis, District III Report.
Lea Castleberry from Supervisor Burgis' office discussed an update regarding COVID-19 and the continued process to shelter in place. The order has been extended through May 3, 2020 to shelter in place by bay area jurisdictions. Social gathering areas are closed and gatherings are prohibited. Only essential activities will continue to be permitted. United States Census Bureau reporting date has been extended through August 14, 2020.
2. Sheriff's Office Report
Mark Johnson, Police Lieutenant with Contra Costa County declared there are no major items to report. Indicated patrols are staying visible and accessible. Usual patrol stops have continued.
3. CHP Report.
None.
4. East Contra Costa Fire Protection District Report.
Battalion Chief Ross Macumber of the East Contra Costa Fire Department reported on local fires and preparedness operations for any COVID-19 case surges.

E. LIAISON REPORTS**F. PRESENTATIONS****G. BUSINESS AND ACTION ITEMS**

1. Discussion and Possible Action Regarding Making a Final Decision on the Proposed Rate Increase Option for the Water and Wastewater Enterprises.
General Manager Mike Davies introduced Alison Lechowicz from Lechowicz and Tseng Municipal Consultants. Alison talked about options for Rate Study originally presented on March 18th, 2020 as a draft providing three options for consideration demonstrating rate payer impact over the next five years. Capital Improvement Projects were considered in the figures presented. Email correspondence from a member of the public received by General Manager Davies was included as Additional Materials for Board consideration. Board made a decision to proceed with Option three of the Rate Study Report and to vote on this item on April 15, 2020 Board Meeting. Rates will go into effect July 1, 2020.

Public comment regarding:

- Opposed to timing of rate increases. Indicated rather, Town should lower water and sewer rates and eliminate meter charge. Family finances are being impacted due to pandemic.

Director Leete indicated that the consensus at the Water and Wastewater Committee Meeting was to proceed with option three for water rates, and option four for sewer rates citing the lowest impact for customers in comparison to the other options presented.

Public comment regarding:

- Reasoning for increase and concerns with Capital Improvement Project costs.

Director Gutow agreed with Director Leete regarding options selected for Rate Increases. Director Graves also agreed that the selected options were the best possible choice for minimal financial impact to the community. President Pease echoed the decision of the Water and Wastewater Committee Chairs.

Motion by Director Leete to proceed with option three for water and option four for wastewater rate and directing the Prop 218 Implementation.

Second by Director Graves.

AYES: 5, NOES: 0, ABSENT: 0, ABSTAIN: 0

2. Discussion and Possible Action to Approve Resolution No. 2020-07, Approving Preparation of Application to LAFCo to Annex Lands Owned by the District Containing the Existing Newport Water Treatment Plant and Wastewater Plant No. 2, Adopting a CEQA Exemption and Directing Filing of the Notice of Exemption.
Project Manager Mike Yeraka initially presented on February 5, 2020 the prospect to annex District's land which contains the Newport Water Treatment Plant and Wastewater Plant number two. District has been liable for property tax despite Newport Water Treatment Plant's location outside of District boundaries. Request to Annex said properties will result in saving this expense in property taxes. Timeline for application process was discussed.
Director Leete questioned the location of Well Seven and its possible need to be added to annexation and Notice of Exemption. Project Manager Yeraka indicated Well Seven is within District boundaries.
Motion to accept Resolution 2020-07 offered by Director Pease. Director Leete Second. Town will move forward with preparation of application to LAFCO to Annex Lands Owned by District Containing the

Existing Newport Water Treatment Plant and Wastewater Plant number 2. Town will also Padep a CEQA Exemption and file Notice of Exemption.
AYES: 5, NOES: 0, ABSENT: 0, ABSTAIN: 0

H. MANAGER'S REPORT

None

I. DIRECTORS' REPORTS

1. Standing Committee Reports.

- a.** Finance Committee Meeting (Committee Members Robert Leete and Bill Mayer)
April 1, 2020. Chair Leete conveyed the discussion of the Water and Wastewater Rate Study.
- b.** Internal Operations Committee Meeting (Committee Members Robert Leete and Kevin Graves)
April 1, 2020. Chair Leete states bids on facility security and the impact of COVID-19 on District operations were discussed today. Chair Graves stated that upcoming laws will mandate stronger security at some Town offices and Treatment Plants
- c.** Water and Wastewater Committee Meeting (Committee Members Bill Pease and Bill Mayer)
April 1, 2020. Chair Pease states a water update was given and an update on diffuser replacement was provided.

2. Other Reportable Items.

None

J. GENERAL MANAGER'S REPORT

Per the Town's Legal team, President Pease requested feedback from the rest of the Board pertaining to opinions about teleconferencing meetings versus in person meetings. Director Leete expressed interest in video conferencing where visuals of all the Board Members are displayed. Director Mayer indicated contentment with procedures thus far.

K. CORRESPONDENCE RECEIVED (Information Only)

None

L. FUTURE AGENDA ITEMS

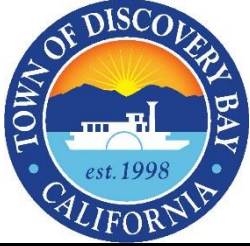
Director Pease expressed discontent with the teleconferencing company used at today's Board meeting. Noted the struggle and difficulty of residents and callers attempting to join the meeting and requested a close consideration to discontinue using this vendor for future meetings.

M. ADJOURNMENT

- 1.** Adjourn to the next regular meeting of April 15, 2020 beginning at 7:00 p.m.

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Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

April 15, 2020

Prepared By: Julie Carter, Finance Manager & Lesley Marable, Accountant
Submitted By: Michael R. Davies, General Manager *MRD*

Agenda Title

Approve Register of District Invoices.

Recommended Action

Staff recommends that the Board approve the listed invoices for payment.

Executive Summary

District invoices are paid on a regular basis, and must obtain Board authorization prior to payment. Staff recommends Board authorization in order that the District can continue to pay warrants in a timely manner.

Fiscal Impact:

Amount Requested \$ 756,210.86

Sufficient Budgeted Funds Available?: Yes (If no, see attached fiscal analysis)

Prog/Fund # See listing of invoices. **Category:** Operating Expenses and Capital Improvements

Previous Relevant Board Actions for This Item

Attachments

Request For Authorization to Pay Invoices for the Town of Discovery Bay CSD 2019/2020

AGENDA ITEM: C-2

For The Meeting On April 15, 2020
Town of Discovery Bay CSD
Fiscal Year 7/19 - 6/20

U.S. Bank	\$419,080.02
Veolia Water North America	\$138,248.14
Town of Discovery Bay CSD	\$58,169.57
Herwit Engineering	\$47,148.30
CaliforniaChoice Benefit Admin	\$16,564.78
J.W. Backhoe & Construction, Inc.	\$15,145.68
Neumiller & Beardslee	\$14,971.75
Precision IT Consulting	\$13,526.00
Lechowicz & Tseng Municipal Consultants	\$6,580.00
Badger Meter	\$5,612.34
BSK Associates	\$3,603.30
Bishop Diving & Salvage	\$3,250.00
Du-All Safety	\$2,975.00
Kidz Love Soccer	\$1,200.00
Matrix Trust	\$1,073.83
Karina Dugand	\$915.00
Verizon Wireless	\$911.49
Univar Solutions USA Inc.	\$809.64
Mt. Diablo Resource Recovery	\$789.56
Ricoh USA, Inc	\$735.44
Bill Pease	\$575.00
Kevin Graves	\$575.00
William Mayer	\$575.00
Brentwood Ace Hardware	\$560.56
Office Depot	\$472.62
Bryon Gutow	\$460.00
Robert Leete	\$460.00
ReliaStar Life Insurance Company	\$325.00
Denalect Alarm Company	\$313.50
Big B Lumber	\$253.40
Watersavers Irrigation Inc.	\$153.86
UniFirst Corporation	\$112.95
Discovery Bay Designs	\$64.13
	\$756,210.86





Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

April 15, 2020

Prepared By: Dina Breitstein, Assistant General Manager 
Submitted By: Michael R. Davies, General Manager 

Agenda Title

Approve Report of Delinquencies and authorize staff to record a certificate of lien in the Contra Costa County Recorder's Office declaring the amount of charges and penalties due.

Recommended Action

Review the attached Report of Delinquencies (Attachment A), revise the Report as deemed appropriate, and direct staff to record in the Contra Costa County Recorder's Office, a certificate of lien for the affected parcels declaring the amount of the charges and penalties due, and the name and last known address of the person liable for those charges and penalties.

Executive Summary

The Town's Ordinance No. 7 governs the terms and conditions required for a property owner to receive water service from the Town, including payment requirements. Bills that remain unpaid for an established period of time are subject to discontinuance of service.

Section 48 of the Town's Ordinance No. 7 provides that when water service has been discontinued for non-payment of charges, and when the Town's General Manager or the Finance Director have determined that the recovery of the amount due may be uncertain, a certificate of lien setting forth the amount of the delinquent charges, including any interest and penalties therein, shall be recorded in the Contra Costa County Recorder's Office.

In accordance with Government Code section 61115, from the time of recordation of the certificate of lien mentioned in the Town's Ordinance No. 7, the amount of charges and penalties shall constitute a lien against all real property of the delinquent property owner in Contra Costa County.

The utility accounts listed on the attached Report of Delinquencies are delinquent.

Fiscal Impact:

Previous Relevant Board Actions for This Item

Attachments

Report of Delinquencies

AGENDA ITEM: C-3

Assecor Parcel Number	Amount Due
011-360-001-9	\$ 959.98
Total	\$ 959.98

**Town of Discovery Bay, CA
Water & Wastewater**

MONTHLY OPERATIONS REPORT

Feb & Mar 2020

3867 Days of Safe Operations
191,392 worked hours without a recordable incident

TRAINING:

- **Safety**
 - **Lock Out Tag Out**
 - **Fire Prevention**
 - **Practicing Social Distancing**

- **Operation**
 - **None**

REPORTS SUBMITTED TO REGULATORY AGENCIES:

- **Monthly Discharge Monitoring Report (DMR)**
- **Monthly electronic State Monitoring Report (eSMR)**
- **Monthly Coliform Report, State Water Board (DDW)**
- **Annual BioSolid Report(EPA)**
-

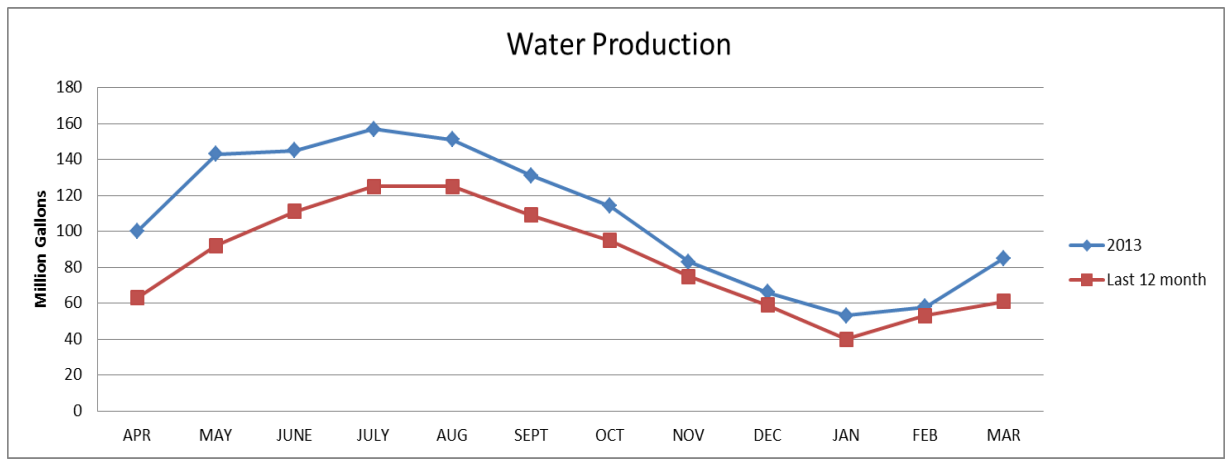
WATER SERVICES

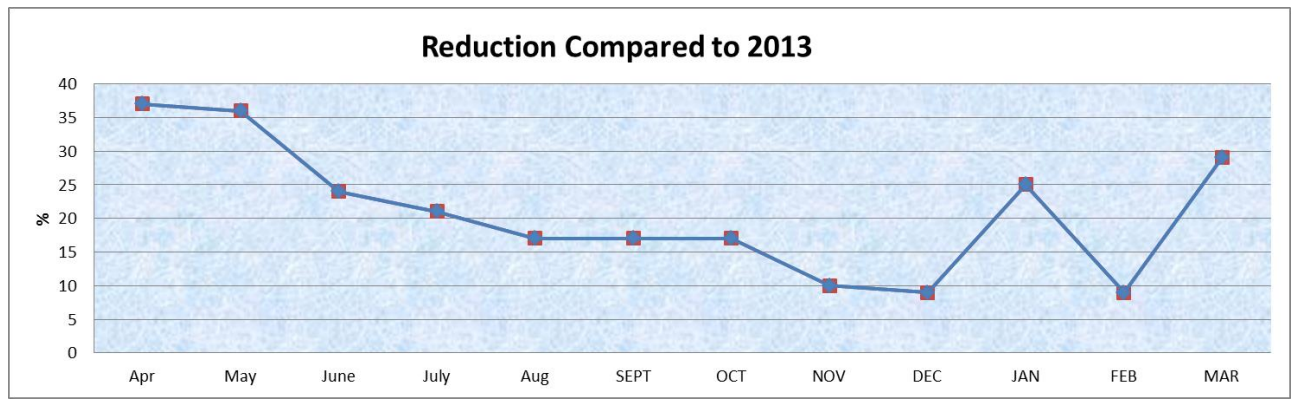
Groundwater Well:

- 1B - Active
- 2 – Active
- 4 – Active
- 5B - Active (Standby only)
- 6 – Active
- 7 - Active

2020 Monthly Water Production Table (MG):

January	February	March	April	May	June
40	53	61			
July	August	September	October	November	December





Bacteriological Test Results:

Routine Bacteria Samples Collected	No. Total Coliform Positives	No. Fecal/E. coli Positives	Brown Water Calls	Fire Hydrant Flushing
• 36	• 0	• 0	• 0	• 0

WASTEWATER SERVICE

Wastewater Laboratory Analysis

<i>WW Effluent Parameter</i>	<i>Permit Limits</i>	<i>February Lab Data</i>	<i>March Lab Data</i>
Flow, MG Effluent, monthly total		38	37
Flow, MG Daily Influent Flow, avg.	N/A	1.3	1.5
Flow, MG Daily Discharge Flow, avg.	2.35	1.0	1.2
Effluent BOD ₅ , mg/L, monthly avg.	10	2	2
Effluent TSS, mg/L, monthly avg.	10	4	4
Total Coli form 7 day Median Max	23	ND	3
Total Coli form Daily Maximum	240	23	13
Eff NTU, Daily avg,	2	1	1
Eff Ammonia (N), mg/L, Daily Max	8.4	ND	ND
% Removal BOD ₅ , monthly avg.	85% min.	99%	99%
% Removal, TSS, monthly avg.	85% min.	96%	98%
Electrical Conductivity, umhos/cm annual avg.	2400	2260	2260

* New permit limits took effect in Feb 2020

National Pollution Discharge Elimination System (NPDES):

NPDES Related Excursions	Permit Parameter	NPDES Parameter Limit	Actual Parameter Result
• 0	• N/A	• N/A	• N/A

COLLECTION

Lift Station Status:

# of Active Lift Stations	# of Inactive Lift Stations	SSO	Wastewater Received (MG)
• 15	• 0	• 0	• 46

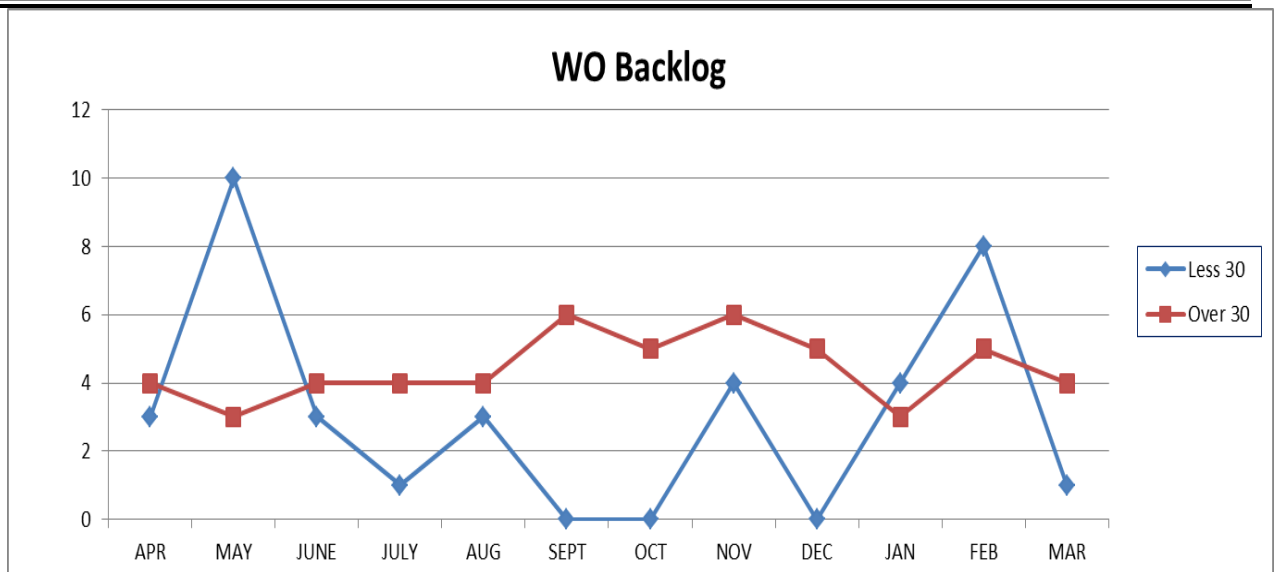
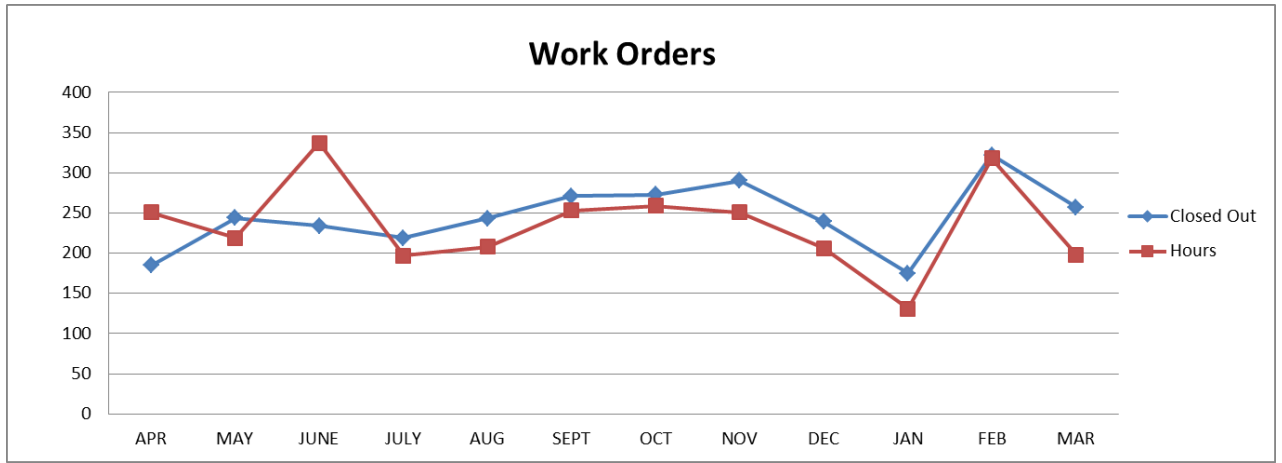
Performed weekly lift station inspections

Sewer System:

- Continue collection sanitary sewer line assessment
- Flushed/CCTV will be performed after assessment
- Manhole & covers are inspected during assessment.

MAINTENANCE

Preventive and Corrective:



Call & Emergency Response

Call Outs	Emergencies
15 total 2 month	0

Regular Hours	Overtime
2398 total 2 month	17 total 2 months

TERMS

WWTP	WASTEWATER TREATMENT PLANT
WTP	WATER TREATMENT PLANT
WL	WILLOW LAKE
NP	NEWPORT
VFD	VARIABLE FREQUENCY DRIVE
WO	WORK ORDER
PLC	PROGRAMMABLE LOGIC CONTROLLER
L/S	LIFT STATION
SSO	SANITARY SEWER OVERFLOW
BOD	BIOLOGICAL OXYGEN DEMAND
TSS	TOTAL SUSPENDED SOLIDS
MGD	MILLION GALLONS PER DAY
mg/l	MILLIGRAMS PER LITRE
CCTV	CLOSED CIRCUIT TELEVISION
PPM	PARTS PER MILLION
RAS	RETURN ACTIVATED SLUDGE
WAS	WATSE ACTIVATED SLUDGE
UV	ULTRAVIOLET LIGHT



To Our Valued Customers:

I wanted to take a moment to update you on the actions our hard-working and dedicated teams at Veolia North America have been taking to ensure we continue to operate your facilities safely and efficiently during the ongoing COVID-19 pandemic. These are anxious and trying times, and I am immensely proud of the commitment our teams have shown in continuing to deliver essential services under heightened and constantly changing restrictions and protocols.

We continue to make the most of our expertise in crisis management to ensure there is no disruption in the services you have come to expect. We are making full use of Veolia's experience, including lessons learned at our global operations in Asia and Europe, which experienced COVID-19 impacts before North America. Throughout this situation, we will keep our primary focus on the health and safety of our employees, and the safe and reliable operation of facilities on behalf of our customers.

We would like to update you on three key areas that are implemented at your facility to maintain operations:

- **Staffing** - We monitor daily employee attendance looking for trends or issues, and have contingency plans in place for split shifts, alternate the on-site presence of work crews and shelter in place at plants. We have instituted a company-wide program to identify, support and manage any employee that reports symptoms which includes strict protocols for self-quarantine and return to work clearance.
- **Chemical Inventories** - We have established minimum inventory thresholds for each chemical used at each plant. This information is monitored by our central technical and performance teams which support local managers if availability or supply chain concerns arise. We are in frequent communication with our suppliers, leveraging relationships to maintain the supply chain.
- **Personal Protective Equipment** - Disinfectants, masks required for specific tasks and hand sanitizers are inventoried and monitored centrally. This allows us to move supplies between locations to make sure minimum supplies based on weekly consumption are maintained. In addition, we are working closely with our corporate procurement team to obtain critical supplies on bulk orders.



Above all, I want to let you know I share your deep concern for the health and well-being of the people who work at our plants, and for the communities we serve. At this unprecedented time, it's important to remember that we are all in this together, and we will get through it by demonstrating compassion and dedication. I thank you for your partnership, and I am grateful for your trust in what we do.

If you have any questions, feel free to contact me or your Veolia representative.

Sincerely,

Keith Oldewurtel
Executive Vice President and Chief Operating Officer
Municipal & Commercial Division
Veolia North America



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

April 15, 2020

Prepared By: Dina Breitstein, Assistant General Manager ^{DB}
Submitted By: Michael R. Davies, General Manager ^{MRD}

Agenda Title

Discussion and Possible Action to Approve the Proposed Water and Wastewater Rates Study for Fiscal Years 2020 through 2025; Approve the Proposition 218 Rate Study Mailer; Set a Public Hearing Date of June 3, 2020 for the Adoption of the Proposed Rate Increases; and Authorize Staff to Advertise the Notice of Public Hearing Meeting.

Recommended Action

1) Approve the Proposed Water and Wastewater Rates Study for Fiscal Years 2020 through 2025; 2) Direct staff to set a Public Hearing on the adoption of the propose rate increases for June 3, 2020; (3) Direct staff to mail the Notice of Public Hearing to all affected property owners at least 45 days prior to the Public Hearing; 4) Direct staff to advertise the notice of the Public Hearing once a week for two weeks prior to the date set for the Public Hearing in a newspaper of general circulation; and 5) Direct staff to prepare the necessary Adoption Resolution pursuant to the Public Hearing date of June 3, 2020.

Executive Summary

Lechowicz & Tseng Municipal Consultants was authorized at the November 6, 2019 Board meeting to conduct a rate study for the five (5) year period beginning on July 1, 2020 and ending June 30, 2025. The proposed service rates have been developed in accordance with that action and scope of work.

This rate study supports the District in providing water and wastewater (sewer) service to approximately 6,200 customers, including homes and businesses. The District's utilities rely on rates paid by customers to fund the costs of operations, maintenance, and infrastructure improvements. The rate study provides funding for the current Operations and Maintenance, necessary existing and new facility capital improvements, and the funding of infrastructure and vehicle replacements. The rates were determined based upon projected annual expenditures of the District in the Operating and Capital budgets for the next five (5) fiscal years.

Proposition 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees. Each year the District finds it necessary to increase utility rates, a rate study and a public hearing must take place. A public hearing meeting will be set and held at the Community Center for the Board of Directors to consider and adopt the water and wastewater (sewer) rate increases for the next five (5) fiscal years.

Staff recommends the following:

- 1) Approve the Proposed Water and Wastewater Rates Study for Fiscal Years 2020 through 2025;
- 2) Direct staff to set a Public Hearing on the adoption of the propose rate increases for June 3, 2020;
- 3) Direct staff to mail the Notice of Public Hearing to all affected property owners at least 45 days prior to the Public Hearing;
- 4) Direct staff to advertise the notice of the Public Hearing once a week for two weeks prior to the date set for the Public Hearing in a newspaper of general circulation; and
- 5) Direct staff to prepare the necessary Adoption Resolution pursuant to the Public Hearing date of June 3, 2020.

The tables detail the water and wastewater (sewer) proposed increases for the next five (5) fiscal years.

WATER	Current Meter Fee (\$/month)	PROPOSED				
		FY2020/21 (July 1, 2020)	FY2021/22 (July 1, 2021)	FY2022/23 (July 1, 2022)	FY2023/24 (July 1, 2023)	FY2024/25 (July 1, 2020)
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation (Domestic) Account Charge:						
5/8" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
3/4" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1 1/2" Meter	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98
2" Meter	\$62.04	\$62.98	\$63.96	\$64.94	\$65.92	\$66.94
3" Meter	\$123.06	\$124.56	\$126.10	\$127.64	\$129.20	\$130.80
4" Meter	\$191.71	\$193.84	\$196.00	\$198.20	\$200.40	\$202.64
6" Meter	\$382.43	\$386.30	\$390.22	\$394.18	\$398.18	\$402.22
Irrigation Account Charge:						
5/8" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
3/4" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1 1/2" Meter	\$36.87	\$37.12	\$37.38	\$37.64	\$37.90	\$38.18
2" Meter	\$58.38	\$58.54	\$58.72	\$58.90	\$59.06	\$59.24
3" Meter	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73
4" Meter	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27
6" Meter	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.266	\$2.340	\$2.405	\$2.479	\$2.577
Meter Install Fee (10-year payback)						
	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

WASTEWATER	Current FY2019/20		Proposed FY2020/21		Proposed FY2021/22		Proposed FY2022/23		Proposed FY2023/24		Proposed FY2024/25	
	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)
Residential Unmetered												
(each dwelling unit)												
Single Family	\$82.55	\$990.63	\$83.34	\$1,000.08	\$84.59	\$1,015.08	\$85.86	\$1,030.32	\$87.15	\$1,045.80	\$88.46	\$1,061.52
Multiple Family/Condos	\$61.92	\$743.03	\$63.89	\$766.68	\$65.92	\$791.04	\$68.01	\$816.12	\$70.17	\$842.04	\$72.40	\$868.80
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)	
Business/Government/Clubs	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.337		\$17.899		\$18.479		\$19.078		\$19.696	
Schools	\$5.161		\$5.462		\$5.781		\$6.118		\$6.475		\$6.853	
Other Domestic Strength Users	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	

DU = Dwelling Unit; ccf = 100 cubic feet = 748 gallons

Fiscal Impact:

Amount Requested
 Sufficient Budgeted Funds Available? (If no, see attached fiscal analysis)
 Prog/Fund # Category:

Previous Relevant Board Actions for This Item

Attachments

Water and Wastewater Rate Study
 Prop 218 Notice



TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT Water and Wastewater Rate Study

DRAFT REPORT
April 15, 2020



LECHOWICZ + TSENG
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SECTION 1: INTRODUCTION AND EXECUTIVE SUMMARY

1.1 Background

The Town of Discovery Bay Community Services District (Town) provides water and wastewater service to about 6,200 customers. The Town last conducted a water and wastewater rate study in 2016 which provided a schedule of rate adjustments through FY2020/21. Instead of adopting the previously approved rates for FY2020/21, the Town has elected to conduct a new rate study spanning from FY2020/21 to FY2024/25. New regulations, including requirements for wastewater denitrification and water conservation, have prompted this rate update.

1.2 Requirements of Proposition 218

Proposition 218, the “Right to Vote on Taxes Act”, was approved by California voters in November 1996 and is codified as Articles XIIC and XIID of the California Constitution. Proposition 218 establishes requirements for imposing any new or increasing any existing property-related fees and charges. For many years, there was no legal consensus on whether water and sewer service fees met the definition of “property-related fees.” In July 2007, the California Supreme Court essentially confirmed that Proposition 218 applies to water and wastewater service fees.

The Town must follow the procedural requirements of Proposition 218 for all utility rate increases. These requirements include:

1. **Noticing Requirement** – The Town must mail a notice of the proposed rate increases to all affected property owners or ratepayers. The notice must specify the amount of the fee, the basis upon which it was calculated, the reason for the fee, and the date/time/location of a public rate hearing at which the proposed rates will be considered/adopted.
2. **Public Hearing** – The Town must hold a public hearing prior to adopting the proposed rate increases. The public hearing must be held not less than 45 days after the required notices are mailed.
3. **Rate Increases Subject to Majority Protest** – At the public hearing, the proposed rate increases are subject to majority protest. If more than 50% of affected property owners or ratepayers submit written protests against the proposed rate increases, the increases cannot be adopted.

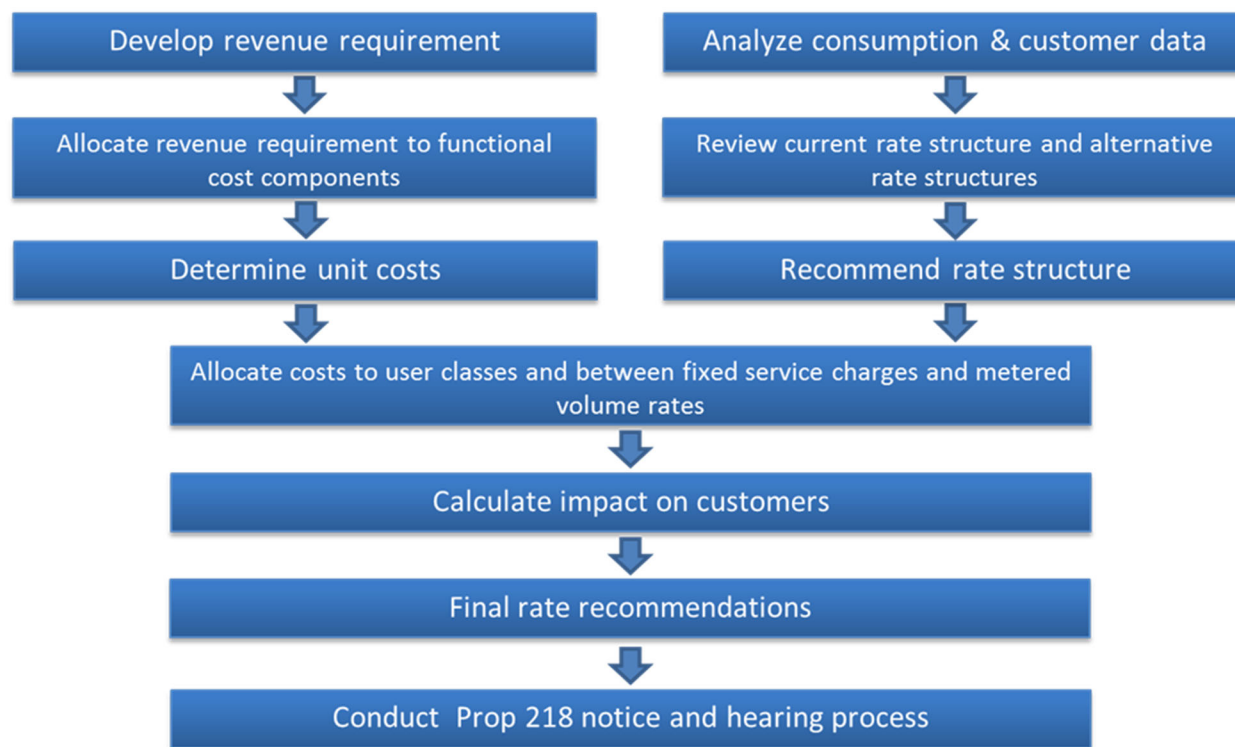
Proposition 218 also established substantive requirements that apply to water and sewer rates and charges, including:

1. **Cost of Service** – Revenues derived from the fee or charge cannot exceed the funds required to provide the service. In essence, fees cannot exceed the “cost of service”.
2. **Intended Purpose** – Revenues derived from the fee or charge can only be used for the purpose for which the fee was imposed.
3. **Proportional Cost Recovery** – The amount of the fee or charge levied on any customer shall not exceed the proportional cost of service attributable to that customer.
4. **Availability of Service** – No fee or charge may be imposed for a service unless that service is used by, or immediately available to, the owner of the property.
5. **General Government Services** – No fee or charge may be imposed for general governmental services where the service is available to the public at large.

Charges for water, sewer, and refuse collection are exempt from additional voting requirements of Proposition 218, provided the charges do not exceed the cost of providing service and are adopted pursuant to the procedural requirements of Proposition 218.

1.3 Rate Study Process

This section details the development of the Town’s water and wastewater rates via the Proposition 218 process as shown in the following figure.

Figure 1: Comprehensive Cost of Service Study Process


The following is a brief description of the rate study process:

- **Revenue Requirements** - Revenue requirements are analyzed via financial plans developed from the Water and Wastewater Fund budgets. Based on the best information currently available, the financial plans incorporate projected operation and maintenance costs, capital expenditures, debt service, and growth to estimate annual revenue requirements. The plans serve as a roadmap for funding the Town’s future operating and capital programs while maintaining long-term fiscal stability.
- **Cost of Service Allocation** - The cost of service process builds on the financial plan analysis and assigns water and wastewater system costs to functional cost components: *metering and customer service, commodity, and demand for water, and customer service and treatment/disposal for sewer.*
- **Rate Design** - Rate design involves developing a rate structure that proportionately recovers costs from customers. Final rate recommendations are designed to (a) fund the utilities’ short- and long-term costs of providing service; (b) proportionately allocate costs to all customers and customer classes; and (c) comply with the substantive requirements of Proposition 218.

1.4 Proposed Rates and Bill Impacts

The findings and recommendations presented in this report were developed with substantial input from Town staff, the Finance Committee, and Board of Directors. The proposed water and wastewater rates are provided in Tables 1 and 2, respectively. Rate increases are proposed to go into effect July 1 of each year. For water service, the Town charges a fixed meter fee based on the size of the meter plus a volume rate billed to each 100 cubic feet (ccf) of water used. By December 2017, about half of the Town was transitioned from unmetered to metered service. Newly metered customers pay \$8.01 per month in addition to the other rates and charges. The meter installation fee is not proposed to change. For wastewater service, the Town bills residential customers an annual flat fee on the property tax roll. Commercial customers are billed volumetric wastewater rates based on estimated flow. Vacant parcels are charged a fee for the Town's water and sewer utilities. The vacant parcel fees are not proposed to change over the next five years.

**Table 1: Current and Proposed Monthly Water Rates
Town of Discovery Bay
Water and Wastewater Rate Study**

	Current Meter Fee (\$/month)	PROPOSED				
		FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
3/4"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1 1/2"	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98
2"	\$62.04	\$62.98	\$63.96	\$64.94	\$65.92	\$66.94
3"	\$123.06	\$124.56	\$126.10	\$127.64	\$129.20	\$130.80
4"	\$191.71	\$193.84	\$196.00	\$198.20	\$200.40	\$202.64
6"	\$382.43	\$386.30	\$390.22	\$394.18	\$398.18	\$402.22
Irrigation Account Charge:						
5/8"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
3/4"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1 1/2"	\$36.87	\$37.12	\$37.38	\$37.64	\$37.90	\$38.18
2"	\$58.38	\$58.54	\$58.72	\$58.90	\$59.06	\$59.24
3"	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73
4"	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27
6"	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.266	\$2.340	\$2.405	\$2.479	\$2.577
Newly Metered Customers						
Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

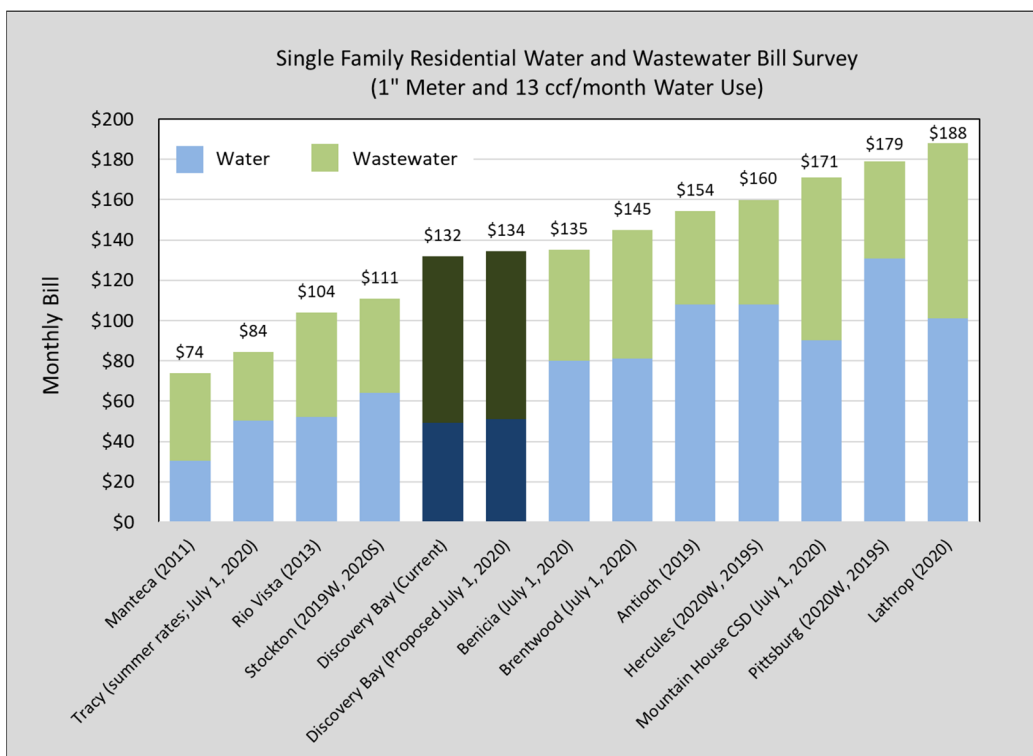
Table 2: Current and Proposed Wastewater Rates and Charges
Town of Discovery Bay
Water and Wastewater Rate Study

WASTEWATER	Current FY2019/20		Proposed FY2020/21		Proposed FY2021/22		Proposed FY2022/23		Proposed FY2023/24		Proposed FY2024/25	
	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)
Residential Unmetered												
Single Family - Each DU	\$82.55	\$990.63	\$83.34	\$1,000.08	\$84.59	\$1,015.08	\$85.86	\$1,030.32	\$87.15	\$1,045.80	\$88.46	\$1,061.52
Multiple Family/Condos - Each DU	\$61.92	\$743.03	\$63.89	\$766.68	\$65.92	\$791.04	\$68.01	\$816.12	\$70.17	\$842.04	\$72.40	\$868.80
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered	Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)	
Business/Government/Clubs	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.337		\$17.899		\$18.479		\$19.078		\$19.696	
Schools	\$5.161		\$5.462		\$5.781		\$6.118		\$6.475		\$6.853	
Other Domestic Strength Users	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	

DU = Dwelling Unit

ccf = 100 cubic feet = 748 gallons

The typical monthly water use of a single family customer is 13 ccf per month and the most common residential meter size is 1". Based on these parameters, the Town's current typical combined utility bill (water and sewer) is \$131.95 per month. After the proposed increase, the typical combined residential bill would increase to \$134.26 per month, an increase of about 2%. As shown in the figure below, the Town's current and proposed bills are in the mid-range of utility bills charged by other local agencies.



SECTION 2: CURRENT RATES AND CUSTOMER BASE

This section provides an overview of the Town's current water and wastewater rates, customer base, water usage statistics, and current rate revenues.

2.1 Current Water Rates

Customers are charged for water service based on the size of their water meter (ranging from 5/8" up to 6") and the type of service - non-irrigation (domestic) or irrigation. Domestic meter service fees are slightly higher than irrigation meter fees to account for domestic users receiving fire protection benefits. All customers are charged these fixed charges regardless of water consumption to reflect costs the Town incurs associated with maintaining each connection and meeting capacity requirements. The Town charges a uniform volume rate of \$2.257/ccf for all water consumption. Prior to 2017, approximately half the Town was unmetered and was billed a flat rate for water service. In December 2017, the Town completed its meter roll-out and all customers have since been transitioned to metered service. To fund the installation of meters, the Town issued revenue bonds in addition to expending available reserves. Meter installation costs are repaid via a \$8.01 monthly service fee charged to newly metered customers. The meter installation fee will span a total of ten years and is not proposed to change.

2.2 Water Usage Statistics and Customer Base

Table 3 provides water usage statistics, billing data, and estimated revenues for the current year, FY2019/20. About 98.5% of revenues are generated from non-irrigation meters and 1.5% from irrigation meters. The majority of customers have 1" non-irrigation (domestic) meters, representing about 69% of the total customer base. The 1" meter is considered the standard meter in Discovery Bay and was the meter size provided to the newly metered customers in 2017. Less delinquency fees, the Town expects to collect about \$4.45 million in water rate revenue in FY2019/20, of which about 42% will be collected from fixed meter fees (including the meter installation fees) and 58% will be collected from volume rates.

Based on Town billing records, the current average monthly residential water use is 13 ccf per month, which equates to about 118 gallons per capita at 2.74 people per home. The 2016 rate study assumed average residential use of 15 ccf per month, which indicates a general downward trend of water consumption over the past four years. Based on a typical home with a 1" meter and 13 ccf of water use, the average water bill is currently \$49.40 per month.

**Table 3: Current FY2019/20 Water Service Charge Revenues
Town of Discovery Bay
Water and Wastewater Rate Study**

Meter Size	# of Meters	Monthly Fee	Meter Fee Annual Revenue	Estimated Annual Water Use (ccf)	Annual Water Use Fees
			Metered Rate (\$/ccf)		\$2.257
Non-Irrigation					
5/8"	335	\$20.06	\$80,641		
3/4"	1,367	\$20.06	\$329,064		
1"	4,273	\$20.06	\$1,028,597		
1.5"	33	\$39.16	\$15,507		
2"	46	\$62.04	\$34,246		
3"	6	\$123.06	\$8,860		
4"	10	\$191.71	\$23,005		
6"	0	\$382.43	\$0		
Subtotal	6,070		\$1,519,921	959,298	\$2,165,000
Irrigation					
5/8"	4	\$18.92	\$908		
3/4"	0	\$18.92	\$0		
1"	15	\$18.92	\$3,406		
1.5"	25	\$36.87	\$11,061		
2"	34	\$58.38	\$23,819		
3"	2	\$115.73	\$2,778		
4"	7	\$180.27	\$15,143		
6"	0	\$359.54	\$0		
Subtotal	87		\$57,114	198,980	\$449,000
Meter Installation Fee (newly metered customers)					
	3,493	\$8.01	\$335,713		
Total Metered Customers					
	6,157		\$1,912,748	1,158,278	\$2,614,000
			42%		58%
Unmetered Water					
	# of Parcels	Monthly Fee	Total Annual Revenues		
Vacant & Waterways	66	\$14.67	\$11,616		
Summary					
		Metered	\$4,526,748		
		2% Delinquency	(\$91,000)		
		Vacant	\$11,616		
		Total	\$4,447,364		

2.3 Current Wastewater Rates

The Town's wastewater (sewer) utility provides service to about 6,100 single family, condominium (multiple family), and commercial parcels or accounts within the Town. Residential sewer customers are billed a flat annual fixed charge on a per dwelling unit basis collected on the annual property tax roll. Commercial customers are billed a volume wastewater rate based on estimated wastewater flow. There are four sub-categories of commercial wastewater customers: business/government/clubs, restaurants/bars/dining facilities, schools, and other domestic strength users. Current wastewater rates are provided in Table 4.

Table 4 also provides Wastewater Fund Revenues in FY2019/20 by rate category. The Town is projected to collect a total of about \$6 million in revenues from wastewater service charges. About \$5.9 million in revenues, or about 98%, is collected from fixed charges to residential and vacant parcel customers. Volumetric charges from commercial customers are estimated to generate about \$139,000, or about 2% of total wastewater rate revenue.

**Table 4: FY2019/20 Wastewater Service Charge Revenues
Town of Discovery Bay
Water and Wastewater Rate Study**

Unmetered Wastewater	Number of Parcels		Annual Fee	Annual Revenues
Single Family - Each DU	5,770		\$990.63	\$5,716,000
Multiple Family/Condos - Each DU	224		\$743.03	\$166,000
Vacant	<u>76</u>		\$224.00	<u>\$17,000</u>
Subtotal	6,070			\$5,899,000
Metered Sewer	Number of Customers	Annual ccf	Rate \$/ccf	Annual Revenues
Business/Government/Clubs	22	5,520	\$5.734	\$31,654
Restaurants/Bars/Dining Facilities	11	5,931	\$16.793	\$99,598
Schools	3	1,256	\$5.161	\$6,482
Other Domestic Strength Users	<u>2</u>	<u>251</u>	\$5.734	<u>\$1,441</u>
Subtotal	38	12,959		\$139,175
FY2019/2020 Rate Revenues				\$6,038,175

DU - dwelling unit

SECTION 3: RESERVES

Proposition 218 requires that utility rates be based on the reasonable cost of providing service to customers. The cost of service includes annual operating expenses, debt service payments, capital projects, and the accumulation of appropriate reserves. The Town maintains multiple operating and capital reserves, as summarized in Table 5. At the end of year FY2018/19, the Town is estimated to have approximately \$10.99 million in total utility reserves, with \$2.72 million allocated to water and \$8.27 million allocated to wastewater. Thus, the water utility comprises about 25% of total reserves, while the wastewater utility represents 75% of the total.

Reserves for each utility are divided between Operating Reserves, Emergency Reserves, and Infrastructure Replacement Funds. In general, the Town's policy is to use reserves prudently to smooth cash flow and mitigate impacts to the ratepayers. Operating reserves are typically held at four months of operating expenses or greater. Operating reserves are intended to cover emergency operating costs and/or cover revenue shortfalls. The Town has infrastructure replacement reserves for general water and sewer improvements, pumps and motors, generators, and facilities and vehicles. The five-year rate plan proposed in this report uses excess operating and infrastructure replacement reserves to partially fund capital improvements through FY2024/25. The Town also maintains about \$3 million in emergency reserves. Emergency reserves are proposed to remain at their current level throughout the next five years.

**Table 5: End of Year FY2018/19 Reserves
Town of Discovery Bay
Water and Wastewater Rate Study**

Reserves	FY2018/19 Estimate	Water	Wastewater
Water & Wastewater Operating Reserves	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Sewer Infrastructure Replacement Fund	\$1,550,000	\$0	\$1,550,000
Pumps/Motors Replacement Fund	\$390,000	\$156,000	\$234,000
Water Infrastructure Replacement Fund	\$859,143	\$418,728	\$0
Generators Replacement Fund	\$175,000	\$70,000	\$105,000
Facilities & Vehicles Replacement Fund	\$310,852	\$117,426	\$193,426
Operating Reserves Total	\$5,142,601	\$755,828	\$4,386,773
Emergency Reserves	\$3,001,000	\$1,200,400	\$1,800,600
Infrastructure Replacement Total	\$2,844,580	\$762,154	\$2,082,426
Total Reserves	\$10,988,181	\$2,718,382	\$8,269,799

SECTION 4: WATER COST OF SERVICE

This section summarizes the capital and operating expenses that make up the water utility's cost of service.

4.1 Capital Improvement Plan

As part of the rate study process, the Town developed a capital improvement project list and determined a timeline and cost of each project. Major capital improvement projects are focused on water supply capacity and distribution/pipeline replacements. Additional projects include upgrades for existing water supply, master plans, additional distribution improvements, administration projects, and 40% of the cost of relocating the Town's Office Building. Project costs are estimated as the current construction cost escalated by 3% annually to the year of construction. A summary of project costs through FY2024/25 is provided in Table 6.

**Table 6: Summary of Water Capital Projects
Town of Discovery Bay
Water and Wastewater Rate Study**

Project Categories	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25	6-Year Total	% of Total
Distribution/Pipeline Replacements	400,000	1,465,200	530,500	819,500	1,125,500	1,738,900	6,079,600	43%
Water Supply Capacity	150,000	772,500	2,811,400	1,040,900	0	0	4,774,800	34%
Building Rehab or Relocation	60,000	164,800	1,103,300	0	0	0	1,328,100	9%
Upgrades for Existing Water Supply	483,000	360,500	231,300	0	225,100	0	1,299,900	9%
Master Plans	0	324,500	0	0	0	0	324,500	2%
Security/Cyber Security	48,000	61,800	0	0	0	0	109,800	1%
Vehicle & Equipment Purchases	36,000	16,500	0	0	0	0	52,500	0%
Additional Distribution Projects	0	25,800	26,500	0	0	0	52,300	0%
Total Projects	1,177,000	3,191,600	4,703,000	1,860,400	1,350,600	1,738,900	14,021,500	100%

4.2 Capital Cash Flow

The projects shown in Table 6 will be funded through a combination of reserves, capacity fees, rate revenues, and new debt. Table 7 lists the capital revenue sources through FY2024/25 in order of priority. The Town is projected to use about \$1.1 million in existing operating and capital fund reserves. The water utility has reserves beyond its minimum targets. These reserves were accumulated over time from service charge revenues and should be used judiciously for the benefit of the ratepayers. The Town is expected to experience growth over the next five years. For planning purposes, it is assumed that the Town will collect capacity fee revenues from approximately 10 new homes annually.¹ \$12.5 million of

¹ Capacity fee revenues can only be used to fund facilities that benefit growth. L&T did not conduct an independent evaluation to determine which projects are growth-related.

capital improvement funding is provided by rate revenues and new debt. At current rate revenues, the water utility generates positive net revenues which can be used to fund capital improvements and/or provide additional debt capacity. L&T worked closely with Town staff, the Finance Committee, and the Town’s bond underwriting team² to develop debt service estimates. This rate plan assumes the Town will fund \$4.5 million of project costs from rate revenues and \$8 million from new bonds.

**Table 7: Water Capital Funding Sources
Town of Discovery Bay
Water and Wastewater Rate Study**

Revenue Sources	
Existing Capital Reserves	\$114,100
Excess Operating Reserves	\$1,000,000
Capacity Fees	\$407,400
Rate Revenues	\$4,500,000
New Debt	<u>\$8,000,000</u>
Total Revenues	\$14,021,500
Total Capital Projects	\$14,021,500

Table 8 provides water capital cash flows over the next five years. The current fiscal year (FY2019/20) assumes a transfer of \$1 million of revenue from the Operations Fund, representing excess revenues beyond its fund balance target of four months of expenses. It is anticipated that the Town will issue debt proceeds of \$8 million in FY2020/21. In FY2021/22 to FY2024/25, it is projected that the Operations Fund will provide transfers of \$1 million of rate revenues annually primarily to fund the long-term pipeline replacement program. By the end of FY2024/25, it is projected that the infrastructure replacement will be drawn down by about \$114,000 relative to the beginning balance in FY2019/20. The five-year rate plan assumes the emergency reserve of \$1.2 million will remain in place and will not be used to fund capital or operating costs.

² The bond underwriting team was engaged by the Town independent from L&T’s involvement in the rate study. L&T did not provide municipal financial advisory services as defined by the Securities Exchange Commission or Municipal Securities Rulemaking Board. L&T projections include general, planning level debt service estimates provided by Brandis Tallman.

Table 8: Water Capital Cash Flows
Town of Discovery Bay
Water and Wastewater Rate Study

	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Emergency Reserves	1,200,400	1,200,400	1,200,400	1,200,400	1,200,400	1,200,400
Infrastructure Replacement	<u>762,000</u>	<u>749,900</u>	<u>6,106,800</u>	<u>2,452,300</u>	<u>1,640,400</u>	<u>1,338,300</u>
Beginning Balance	1,962,400	1,950,300	7,307,200	3,652,700	2,840,800	2,538,700
Revenues						
Capacity Fees (\$4,850/EDU)	164,900	48,500	48,500	48,500	48,500	48,500
Transfer from Operating	1,000,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000
New Debt Proceeds	<u>0</u>	<u>8,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	1,164,900	8,548,500	1,048,500	1,048,500	1,048,500	1,048,500
Capital Improvements						
Water Supply Capacity						
Well 8	150,000	772,500	2,811,400	958,900	0	0
Well 5A Decommissioning	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,000</u>	<u>0</u>	<u>0</u>
Total Water Supply Capacity	150,000	772,500	2,811,400	1,040,900	0	0
Upgrades for Existing Water Supply						
Well 4A Rehab	140,000	0	0	0	0	0
Well Rehab (Wells 1B, 2, 4A, 6)	0	257,500	0	0	225,100	0
Filter Repair (Newport & Willow)	118,000	103,000	231,300	0	0	0
Stabilization Soils- Willow Lake WTP	150,000	0	0	0	0	0
Upgrade Well 4A Piping	<u>75,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Existing Water Supply	483,000	360,500	231,300	0	225,100	0
Distribution/Pipeline Replacements						
Mainline CIP Program Long-Term	0	0	530,500	819,500	1,125,500	1,738,900
Cathodic Protection	0	257,500	0	0	0	0
6 inch pipeline Lakeview Biz Park	0	298,700	0	0	0	0
Replace Underwater Crossing Laguna Ct	400,000	0	0	0	0	0
Edgeview St. Andrews /Clubhouse	0	309,000	0	0	0	0
Marina Underwater Crossing	<u>0</u>	<u>600,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Distribution/Pipeline Replacements	400,000	1,465,200	530,500	819,500	1,125,500	1,738,900
Additional Distribution Improvements						
WTP spill containment curbing/diversion	0	25,800	0	0	0	0
Upgrade Hypo Tanks at WTP	<u>0</u>	<u>0</u>	<u>26,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Distribution/Pipeline Replacements	0	25,800	26,500	0	0	0
Master Plans						
Water Master & Asset Management Plans	0	257,500	0	0	0	0
2020 Urban Water Management Plan	0	41,200	0	0	0	0
AWIA Emergency Plans	<u>0</u>	<u>25,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Master Plans	0	324,500	0	0	0	0
Building Rehab or Relocation						
Island Building by Well 1B	60,000	0	0	0	0	0
Move District Main Office Building	<u>0</u>	<u>164,800</u>	<u>1,103,300</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Building Rehab/Relocation	60,000	164,800	1,103,300	0	0	0
Vehicle & Equipment Purchases						
New Truck	16,000	16,500	0	0	0	0
Woodchipper or Firebox	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Vehicle & Equipment	36,000	16,500	0	0	0	0
District Security						
Cyber Security	0	61,800	0	0	45,000	0
Phase 2	48,000	0	0	0	0	0
Phase 3	<u>0</u>	<u>61,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total District Security	48,000	61,800	0	0	0	0
Total Capital Improvements	1,177,000	3,191,600	4,703,000	1,860,400	1,350,600	1,738,900
Total Net Revenues	(12,100)	5,356,900	(3,654,500)	(811,900)	(302,100)	(690,400)
Ending Balance	1,950,300	7,307,200	3,652,700	2,840,800	2,538,700	1,848,300

4.3 Operating Cash Flow

The water fund operating cash flows beginning in FY2019/20 and spanning the next five years are provided in Table 9. The Town began FY2019/20 with an operating balance of \$756,000. The minimum fund balance target for the end of each subsequent year is based on four months of O&M expenses. This rate plan is intended to both maintain a balanced budget with positive net revenues and to meet the minimum fund balance target in each year. Rate increases of 1.75% annually over the five-year rate study period are proposed to fund capital projects, fund operating costs, fund debt service costs, maintain necessary debt service coverage, and maintain necessary fund reserves. 1.75% annual increases represent the water system average revenue increase. Not every customer will receive a rate increase equal to 1.75%. The rate change for individual customers will depend on customer meter sizes, service type (domestic or irrigation), and water use.

The Town's main revenue source for the Operations Fund is water rate revenues. Rate revenues are estimated at \$4.19 million in FY2019/20, making up 93.3% of total revenues. Rate revenue estimates also include projections for customer growth in each year. Major expenses include staffing, administration, utilities, and the service contract with Veolia Water. Most operating expenses are projected to increase 3% annually beginning in FY2021/22. Other expenses include debt service for the 2012 and 2017 bonds and new debt service estimated to begin in FY2021/22. The proposed issuance of \$8 million of new debt results in an estimated annual payment of \$491,000. The final debt service amount will be determined by the Town's underwriter. Currently, the Town maintains debt service coverage beyond the target of 1.25 times the annual debt service payment and has capacity to absorb new debt.

Table 9: Water Operating Cash Flows
Town of Discovery Bay
Water and Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning Operating Balance	\$756,000	\$1,533,000	\$2,366,600	\$2,192,800	\$1,946,700	\$1,685,500
Proposed Rate Revenue Increase		1.75%	1.75%	1.75%	1.75%	1.75%
Revenues						
Rate Revenue	4,191,000	4,264,000	4,339,000	4,415,000	4,492,000	4,571,000
New Customers	<u>20,000</u>	<u>26,600</u>	<u>33,300</u>	<u>40,000</u>	<u>46,900</u>	<u>54,100</u>
Rate Rev Subtotal	4,211,000	4,290,600	4,372,300	4,455,000	4,538,900	4,625,100
Less Delinquency (2%)	(91,000)	(85,000)	(87,000)	(88,000)	(90,000)	(91,000)
Vacant Parcel	12,000	12,000	12,000	12,000	12,000	12,000
Meter Reimbursements	336,000	336,000	336,000	336,000	336,000	336,000
Other & Misc	<u>22,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>
Total Revenues	4,490,000	4,580,600	4,660,300	4,742,000	4,823,900	4,909,100
% increase in operating expenses		budget	3.0%	3.0%	3.0%	3.0%
Operating Expenses						
Admin & Inter Govt. & Board	334,000	451,000	465,000	479,000	493,000	508,000
Staffing & Consulting Serv	572,000	862,000	888,000	915,000	942,000	970,000
Meters Reading	88,000	93,000	96,000	99,000	102,000	105,000
Operations & Maint	331,000	424,000	437,000	450,000	464,000	478,000
SGMA Compliance	0	15,000	20,000	21,000	21,000	22,000
Utilities [1]	479,000	467,000	481,000	495,000	510,000	525,000
Service Contract [2]	<u>651,000</u>	<u>676,000</u>	<u>696,000</u>	<u>780,000</u>	<u>803,000</u>	<u>827,000</u>
Total Operating Expenses	2,455,000	2,988,000	3,083,000	3,239,000	3,335,000	3,435,000
Net Operating Revenues	2,035,000	1,592,600	1,577,300	1,503,000	1,488,900	1,474,100
Debt Service						
2012 Bonds Debt Service [3]	88,000	88,000	89,000	88,000	89,000	88,000
2017 Bonds Debt Service [3]	170,000	171,000	171,000	170,000	170,000	168,000
New Debt Service [4]	<u>0</u>	<u>0</u>	<u>491,100</u>	<u>491,100</u>	<u>491,100</u>	<u>491,100</u>
Total Debt Service	258,000	259,000	751,100	749,100	750,100	747,100
Debt Service Coverage	7.89	6.15	2.10	2.01	1.98	1.97
Total O&M + Debt	2,713,000	3,247,000	3,834,100	3,988,100	4,085,100	4,182,100
Total Net Revenues	1,777,000	1,333,600	826,200	753,900	738,800	727,000
Transfer to Capital	1,000,000	500,000	1,000,000	1,000,000	1,000,000	1,000,000
O&M Ending balance	1,533,000	2,366,600	2,192,800	1,946,700	1,685,500	1,412,500
Minimum balance target [5]	818,000	996,000	1,028,000	1,080,000	1,112,000	1,145,000

1 - Chemicals and electric

2 - Assumed increase in FY2023 due to Well #8 coming online

3 - Based on year ended December 1

4 - Estimate from Brandis Tallman

5 - 4 months O&M expenses

SECTION 5: WATER COST ALLOCATION

The revenue requirement detailed in the previous section determines the amount of revenue to be recovered from water rates. The cost of service allocation determines how revenues will be recovered from customers based on how they use the water system. Proposition 218 requires that agencies providing “property-related services” (including water utility service) set rates and charges that are based on the cost of providing those services.

5.1 Background

The American Water Works Association (AWWA) recommends two primary methods to classify costs among various customers: (1) the base-extra capacity method; and (2) the commodity-demand method. The commodity-demand method was selected for this study because the Town has a number of fixed, infrastructure costs related to meeting peak demand.

5.2 Cost Allocation

For this rate study, costs are allocated to the following categories: (a) *commodity costs*, (b) *demand costs*, (c) *metering costs and customer service*, and (d) *direct fire-protection costs*. *Commodity costs* are primarily costs that vary with water use, such as utilities (i.e. electricity for pumping) and operations and maintenance. A portion of Town overhead and administration, debt service, and capital costs that are associated with long-term stable demand are also attributed to the *commodity* category. *Demand costs* recover the costs of operations and facilities needed to meet the peak use, or demands, placed on the system. Demand costs include a portion of debt service and transfers to the capital fund. Infrastructure is designed, engineered, and operated to meet peak demand, so a portion of capital costs are attributed to the *demand* category. Debt service for the 2017 bonds is excluded from the cost allocation because it is directly funded through meter installation fees.

Costs are allocated between the *commodity* and *demand* categories based on an estimated peaking factor. The maximum month demand (August 2019) was 1.6 times the average monthly demand. About 38% of the *commodity/demand* split was allocated to demand based on the equation: $(1.6 - 1)/1.6$, where 1.6 represents peak month demand and 1.0 represents average month demand.

Metering and customer service costs include meter reading, maintenance of the meters, and fixed costs associated with serving customers, including answering customer inquiries, billing, and accounting expenses. *Direct fire protection costs* were not available and were thus estimated at 4% of the total revenue requirement. AWWA M1 manual provides several methodologies for estimating fire protection using max hour and max day peaking factors. Because max day and max hour peaking factors were not available, a historical method described by AWWA was used in which fire protection is estimated based on population served by the water system.

Table 10 provides the proposed cost allocation based on FY2020/21 operating costs and a five-year average of annual debt service and capital costs. Table 10 does not include an allocation of fire protection costs.

Table 10: Water Cost Allocation Town of Discovery Bay Water and Wastewater Rate Study				
Category	FY2020/21 Estimated Costs	Commodity	Demand	Meters & Cust. Service
Operating Expenses				
Admin & Inter Govt. & Board	451,000	56%	34%	10%
Staffing & Consulting Serv	862,000	56%	34%	10%
Meter Reading	93,000	0%	0%	100%
Operations & Maint	424,000	62%	38%	0%
SGMA Compliance	15,000	62%	38%	0%
Utilities	467,000	100%	0%	0%
Service Contract	<u>676,000</u>	62%	38%	0%
Total Operating Expenses	2,988,000	1,899,146	864,554	224,300
Debt Service				
2012 Bonds Debt Service (5yr Avg)	88,000	62%	38%	0%
2017 Bonds Debt Service (5yr Avg)	NA			
New Debt Service (5yr Avg)	<u>393,000</u>	62%	38%	0%
Total Debt Service	481,000	300,000	181,000	0
Transfer to Capital (5yr Avg)	900,000	62%	38%	0%
		561,210	338,790	0
Proposed Cost Allocation (does not include fire protection)	4,369,000	2,760,356	1,384,344	224,300
		63%	32%	5%

5.3 Unit Costs

The average expenses in Table 10 are used to determine the cost allocation percentages for each rate category. The FY2020/21 water rate revenue requirement of \$4.26 million (i.e. the amount recovered from rates in FY2020/21 as shown in Table 9) is attributed to the rate categories from Table 10 with 4% allocated to the *fire protection* category (the other categories were reduced proportionally). The *commodity* category is allocated about 61% of the revenue requirement and is proposed to be recovered from the volume rate. Further discussion of volumetric rate design is provided in the subsequent section.

39% of the revenue requirement is proposed to be recovered from fixed charges from the *demand, meters and customer service, and fire protection* categories. AWWA guidelines recommend using meter

equivalents to assign capacity-related costs to larger meter sizes. Utility infrastructure is typically designed to meet peak demands associated with the maximum flow rate of each meter. The flow of larger meters compared to the 1" meter determines the meter equivalents. Meter equivalents for test year FY2020/21 are calculated in Table 12. The customer service revenue requirement is proposed to be recovered from each customer regardless of meter size.

**Table 11: Water Fixed Unit Cost Calculation
Town of Discovery Bay
Water and Wastewater Rate Study**

FY2020/21 Revenue Requirement	Commodity	Demand	Meters & Cust. Service	Fire Protection
\$4,264,000	\$2,586,256	\$1,297,031	\$210,153	\$170,560
[1]	61%	30%	5%	4%
		6,597 meter equiv	6,167 # of meters	6,336.6 non-irrigation meter equiv
		\$16.38 \$/meter equivalent/mo	\$2.84 \$/meter/mo	\$2.24 \$/domestic equivalent/mo

1 - Fire protection was determined to be 4% of system revenues based on AWWA methodologies; the allocations to the other cost categories were reduced proportionally

**Table 12: Meter Equivalents for FY2020/21
Town of Discovery Bay
Water and Wastewater Rate Study**

Meter Size	# of Meters	Meter Ratio	Meter Equivalents
Non-Irrigation			
5/8"	335	1.0	335.0
3/4"	1,367	1.0	1,367.0
1"	4,283	1.0	4,283.0
1.5"	33	2.0	66.0
2"	46	3.2	147.2
3"	6	6.4	38.4
4"	10	10.0	<u>100.0</u>
Subtotal Non-irrigation	6,080		6,336.6
Irrigation			
5/8"	4	1.0	4.0
3/4"	0	1.0	0.0
1"	15	1.0	15.0
1.5"	25	2.0	50.0
2"	34	3.2	108.8
3"	2	6.4	12.8
4"	7	10.0	<u>70.0</u>
Subtotal Irrigation	87		260.6
Total	6,167		6,597.2

SECTION 6: WATER RATE DESIGN

This section describes water rate design considerations for fixed meter charges and volume rates.

6.1 Meter Fee Calculation

Table 13 determines the total cost per meter equivalent consisting of the *demand* and *fire protection* unit costs from Table 11. The fire protection cost is omitted from the irrigation meter equivalent fee per Town policy.

Table 13: Monthly Meter Equivalent Charges
Town of Discovery Bay
Water and Wastewater Rate Study

Cost Category	Non-Irrigation Meter Equivalent	Irrigation Meter Equivalent
Demand	\$16.38	\$16.38
Fire Protection	<u>\$2.24</u>	<u>NA</u>
Total (\$/meter equiv./mo)	\$18.62	\$16.38

The meter equivalent fees from Table 13 are scaled by the meter ratios shown in Table 12. The customer service fee of \$2.84 per month is added to the meter equivalent fees to calculate the total fixed monthly fee. The total fixed monthly fee for a 1" domestic meter is \$21.46, see Table 14. Table 14 represents a first iteration of the water fixed charges. Due to cost allocation changes, some customers would receive meter fee reductions in FY2020/21 based on the first iteration, followed by increases in later years, see Table 15. To provide rate stability, meter fee adjustments for some customers are phased-in more gradually over the 5-year rate study period, see Table 16. For the water utility, rate smoothing has a de minimis impact on total rate revenues. The fees for irrigation customers with 3", 4", and 6" meters are not proposed to be adjusted over the next five years and are proposed to remain at their current amounts.

Table 14: First Iteration Total FY2020/21 Fixed Water Charges
Town of Discovery Bay
Water and Wastewater Rate Study

Non-Irrigation Customers											
Meter Size	Ratio		Meter Equiv. Cost	=	Meter Equiv. Charge		Meter Equiv. Charge	+	Customer Service Charge	=	Total Fixed Monthly Fee FY2020/21
5/8"	1.0	X	\$18.62	=	\$18.62		\$18.62	+	\$2.84	=	\$21.46
3/4"	1.0	X	\$18.62	=	\$18.62		\$18.62	+	\$2.84	=	\$21.46
1"	1.0	X	\$18.62	=	\$18.62		\$18.62	+	\$2.84	=	\$21.46
1.5"	2.0	X	\$18.62	=	\$37.24		\$37.24	+	\$2.84	=	\$40.08
2"	3.2	X	\$18.62	=	\$59.58		\$59.58	+	\$2.84	=	\$62.42
3"	6.4	X	\$18.62	=	\$119.17		\$119.17	+	\$2.84	=	\$122.01
4"	10.0	X	\$18.62	=	\$186.20		\$186.20	+	\$2.84	=	\$189.04
6"	20.0	X	\$18.62	=	\$372.40		\$372.40	+	\$2.84	=	\$375.24
Irrigation Customers											
Meter Size	Ratio		Meter Equiv. Cost	=	Meter Equiv. Charge		Meter Equiv. Charge	+	Customer Service Charge	=	Total Fixed Monthly Fee FY2020/21
5/8"	1.0	X	\$16.38	=	\$16.38		\$16.38	+	\$2.84	=	\$19.22
3/4"	1.0	X	\$16.38	=	\$16.38		\$16.38	+	\$2.84	=	\$19.22
1"	1.0	X	\$16.38	=	\$16.38		\$16.38	+	\$2.84	=	\$19.22
1.5"	2.0	X	\$16.38	=	\$32.76		\$32.76	+	\$2.84	=	\$35.60
2"	3.2	X	\$16.38	=	\$52.42		\$52.42	+	\$2.84	=	\$55.26
3"	6.4	X	\$16.38	=	\$104.83		\$104.83	+	\$2.84	=	\$107.67
4"	10.0	X	\$16.38	=	\$163.80		\$163.80	+	\$2.84	=	\$166.64
6"	20.0	X	\$16.38	=	\$327.60		\$327.60	+	\$2.84	=	\$330.44

Table 15: First Iteration of 5-year Schedule of Meter Fees
Town of Discovery Bay
Water and Wastewater Rate Study

Meter Sizes	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Non-Irrigation Account Charge:						
5/8"	\$20.06	\$21.46	\$21.84	\$22.23	\$22.62	\$23.02
3/4"	\$20.06	\$21.46	\$21.84	\$22.23	\$22.62	\$23.02
1"	\$20.06	\$21.46	\$21.84	\$22.23	\$22.62	\$23.02
1.5"	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98
2"	\$62.04	\$62.42	\$63.52	\$64.64	\$65.78	\$66.94
3"	\$123.06	\$122.01	\$124.15	\$126.33	\$128.55	\$130.80
4"	\$191.71	\$189.04	\$192.35	\$195.72	\$199.15	\$202.64
6"	\$382.43	\$375.24	\$381.81	\$388.50	\$395.30	\$402.22
Irrigation Account Charge:						
5/8"	\$18.92	\$19.22	\$19.56	\$19.91	\$20.26	\$20.62
3/4"	\$18.92	\$19.22	\$19.56	\$19.91	\$20.26	\$20.62
1"	\$18.92	\$19.22	\$19.56	\$19.91	\$20.26	\$20.62
1.5"	\$36.87	\$35.60	\$36.23	\$36.87	\$37.52	\$38.18
2"	\$58.38	\$55.26	\$56.23	\$57.22	\$58.23	\$59.25
3"	\$115.73	\$107.67	\$109.56	\$111.48	\$113.44	\$115.43
4"	\$180.27	\$166.64	\$169.56	\$172.53	\$175.55	\$178.63
6"	\$359.54	\$330.44	\$336.23	\$342.12	\$348.11	\$354.21

Note: shaded fees represent first iteration fees

**Table 16: Proposed 5-year Schedule of Meter Fees
Town of Discovery Bay
Water and Wastewater Rate Study**

Meter Sizes	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25	Increase %
Non-Irrigation Account Charge:							
5/8"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02	[1]
3/4"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02	[1]
1"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02	[1]
1.5"	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98	[1]
2"	\$62.04	\$62.98	\$63.96	\$64.94	\$65.92	\$66.94	1.53%
3"	\$123.06	\$124.56	\$126.10	\$127.64	\$129.20	\$130.80	1.23%
4"	\$191.71	\$193.84	\$196.00	\$198.20	\$200.40	\$202.64	1.12%
6"	\$382.43	\$386.30	\$390.22	\$394.18	\$398.18	\$402.22	1.01%
Irrigation Account Charge:							
5/8"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62	1.74%
3/4"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62	1.74%
1"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62	1.74%
1.5"	\$36.87	\$37.13	\$37.38	\$37.64	\$37.90	\$38.18	0.70%
2"	\$58.38	\$58.54	\$58.72	\$58.90	\$59.06	\$59.24	0.30%
3"	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	[2]
4"	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	[2]
6"	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	[2]

1 - FY2020/21 increase varies based on cost allocation; FY2021/22 through FY2024/25 annual increases are approximately 1.75% (minor variances due to rounding)

2 - Fee is not proposed to be adjusted

6.2 Proposed Volume Rates

The proposed volume rates are calculated in Table 17; the revenue allocated to the *commodity* category is divided by projected water use in ccf. For FY2020/21, approximately \$2.6 million is allocated to the *commodity* category, as shown in Table 10. The revenue requirement is proposed to increase by 1.75% per year through FY2024/25. Water use from FY2020/21 to FY2024/25 is based on current consumption that is reduced over time. Senate Bill 606 and Assembly Bill 1668 require water purveys to reduce indoor, residential water use from 55 gallons per person per day to an ultimate target of 50 gallons per person per day by 2030. Enforcement actions begin in 2027. The Town of Discovery Bay's current indoor residential water use is about 80 gallons per person per day. This rate study assumes a reduction to 70 gallons per person per day by 2025 (the fifth year of the rate study) with no reductions to residential outdoor demand or non-residential demand. Although 70 gallons of per capita indoor use is in excess of state targets, it is anticipated that the Town will implement more significant conservation measures in 2025 that will be incorporated into future rate studies.

Table 17: Water Volume Rate Calculation
Town of Discovery Bay
Water and Wastewater Rate Study

	Current					
	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Rate Revenue Increase			1.75%	1.75%	1.75%	1.75%
Commodity Revenue	\$2,614,000	\$2,586,256	\$2,631,516	\$2,677,567	\$2,724,425	\$2,772,102
Total ccf	1,158,278	1,141,291	1,124,552	1,113,476	1,099,091	1,075,796
Rate (\$/ccf)	\$2.257	\$2.266	\$2.340	\$2.405	\$2.479	\$2.577
% increase in rate		0.41%	3.26%	2.76%	3.08%	3.95%

6.3 Proposed 5-Year Schedule of Rates

The proposed 5-year water rate schedule is provided in Table 18. The vacant parcel charge and the meter install fee are proposed to remain the same over the next five years.

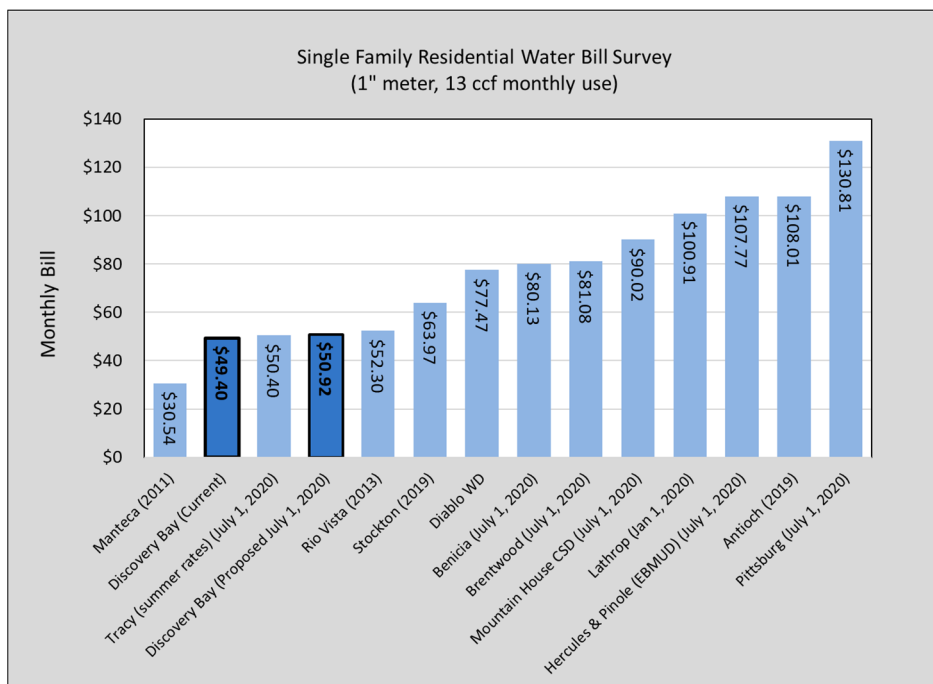
**Table 18: Current and Proposed Monthly Water Rates
Town of Discovery Bay
Water and Wastewater Rate Study**

	Current Meter Fee (\$/month)	PROPOSED				
		FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
3/4"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1"	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1.5"	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98
2"	\$62.04	\$62.98	\$63.96	\$64.94	\$65.92	\$66.94
3"	\$123.06	\$124.56	\$126.10	\$127.64	\$129.20	\$130.80
4"	\$191.71	\$193.84	\$196.00	\$198.20	\$200.40	\$202.64
6"	\$382.43	\$386.30	\$390.22	\$394.18	\$398.18	\$402.22
Irrigation Account Charge:						
5/8"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
3/4"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1"	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1.5"	\$36.87	\$37.12	\$37.38	\$37.64	\$37.90	\$38.18
2"	\$58.38	\$58.54	\$58.72	\$58.90	\$59.06	\$59.24
3"	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73
4"	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27
6"	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.266	\$2.340	\$2.405	\$2.479	\$2.577
Newly Metered Customers Meter Install Fee (10-year payback)						
	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01
ccf = 100 cubic feet = 748 gallons						

6.4 Bill Impacts

The average single family residential customer in the Town of Discovery Bay uses 13 ccf of water monthly and is served by a 1" meter. Currently, the average monthly bill is \$49.40 and will increase to \$50.92 under the FY2020/21 proposed rates, assuming no water conservation. If residential customers reduce indoor water use to 70 gallons per capita, as estimated in this report, the increase in the typical bill each year will more closely align with the 1.75% annual systemwide increase.

The figure below compares the Town's current and proposed typical water bills with the bills of other local agencies. Even with the proposed FY2020/21 increase, the Town's water bill will remain on the low-end of surveyed agencies.



SECTION 7: WASTEWATER REVENUE REQUIREMENT

Similar to the water utility, the wastewater utility's cost of service and revenue requirement is comprised of operating costs, capital costs, debt service obligations, and the need to maintain reasonable emergency reserves.

7.1 Capital Improvement Plan

The wastewater utility is a capital-intensive enterprise. Through FY2024/25, the Town expects to fund \$19.6 million in capital improvements, see Table 19. Of this total, about \$9.6 million represents costs to construct new denitrification facilities to comply with regulations. The Town also expects to fund \$4.5 million to refurbish Wastewater Treatment Plant #1. The wastewater utility is also responsible for 60% of the cost to relocate the Office Building.

Table 19: Summary of Wastewater Capital Projects
Town of Discovery Bay
Water and Wastewater Rate Study

Project Categories	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25	6-Year Total	% of Total
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0	9,554,700	49%
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0	4,473,300	23%
Building Rehab or Relocation	90,000	247,200	1,655,000	0	0	0	1,992,200	10%
Additional Projects & Maint.	640,000	113,300	244,000	245,900	148,600	0	1,391,800	7%
Other Master Plan Projects	0	0	0	0	202,600	419,600	622,200	3%
Clarifier Rehab	5,000	5,200	159,100	0	336,500	0	505,800	3%
Lift Stations	0	154,500	212,200	0	0	0	366,700	2%
Security/Cyber Security	72,000	185,400	0	0	67,500	0	324,900	2%
Mainline Piping Replacement	0	0	0	0	281,400	0	281,400	1%
Vehicle & Equipment Purchases	<u>54,000</u>	<u>24,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>78,700</u>	<u>0%</u>
Total Projects	1,436,500	1,353,800	10,242,900	5,102,300	1,036,600	419,600	19,591,700	100%

Table 20 lists capital revenue sources through FY2024/25 in order of priority. The Town is projected to use \$3.5 million in existing operating and capital fund reserves. As shown in Table 5, the wastewater utility has ample reserves beyond its minimum targets. These reserves were accumulated from service charge revenues and should be used judiciously for the benefit of the ratepayers. The Town is expected to experience growth over the next five years. For planning purposes, it is assumed that the Town will collect capacity fee revenues from approximately 10 new homes annually.³ \$15.2 million of capital improvement funding is provided by rate revenues and new debt. This rate plan assumes the Town will fund \$5.2 million of projects from rate revenues and \$10 million from new bonds.

³ Capacity fee revenues can only be used to fund facilities that benefit growth. L&T did not conduct an independent evaluation to determine which projects are growth-related.

**Table 20: Wastewater Capital Funding Sources through FY2024/25
Town of Discovery Bay
Water and Wastewater Rate Study**

Revenue Sources		
Existing Capital Reserves	\$121,800	1%
Excess Operating Reserves	\$3,500,000	18%
Capacity Fees	\$769,900	4%
Rate Revenues	\$5,200,000	27%
New Debt	<u>\$10,000,000</u>	<u>51%</u>
Total Revenues	\$19,591,700	100%
Total Capital Projects	\$19,591,700	

7.2 Capital Cash Flows

Table 21 provides the wastewater capital fund cash flows over the next five years. The projected costs and timeline of each project were determined by the Town as part of the capital improvement plan. Major projects include denitrification and the Wastewater Treatment Plant 1 Refurbishment. The Operations Fund is expected to make transfers to the Capital Improvements Fund to help cover expenses for these major projects. Projects will also be funded from available revenues, including capacity fee revenues and capital reserves.

The current fiscal year (FY2019/20) assumes a transfer of \$3.5 million of revenue from the Operations Fund, representing excess revenues beyond its fund balance target of four months of expenses. It is anticipated that the Town will issue debt proceeds of \$10 million in FY2020/21 to smooth its capital cash flows and resulting rate impacts. In FY2021/22 to FY2024/25, it is anticipated that the Operations Fund will provide transfers of \$1 million to \$1.1 million of rate revenues annually. By the end of FY2024/25, it is projected that the infrastructure replacement reserve will be drawn down by about \$122,000 relative to the beginning balance in FY2019/20. The five-year rate plan assumes the emergency reserve of \$1.8 million will remain in place and will not be used to fund capital or operating costs.

Table 21: Wastewater Capital Cash Flows
Town of Discovery Bay
Water and Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Emergency Reserves	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600	1,800,600
Infrastructure Replacement	<u>2,082,400</u>	<u>4,314,300</u>	<u>14,080,800</u>	<u>4,958,200</u>	<u>976,200</u>	<u>1,159,900</u>
Beginning Balance	3,883,000	6,114,900	15,881,400	6,758,800	2,776,800	2,960,500
Revenues						
Capacity Fees (\$12,030/EDU)	168,400	120,300	120,300	120,300	120,300	120,300
Transfer from Operating	3,500,000	1,000,000	1,000,000	1,000,000	1,100,000	1,100,000
New Debt Proceeds	<u>0</u>	<u>10,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	3,668,400	11,120,300	1,120,300	1,120,300	1,220,300	1,220,300
Capital Improvements						
WWTP Plant 1 Refurbishment	192,100	183,500	3,707,500	390,200	0	0
Denitrification	383,400	440,000	4,265,100	4,466,200	0	0
Lift Stations						
Lift Stations J, S, H	0	154,500	0	0	0	0
Lift Stations A, C, D, E	<u>0</u>	<u>0</u>	<u>212,200</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Lift Stations	0	154,500	212,200	0	0	0
Clarifier Rehab						
Plant 2 Clarifier #3 Rehabilitation	5,000	5,200	148,500	0	0	0
Clarifier 1 & 2 RAS Pump and Check Valves	0	0	0	0	336,500	0
Clarifier #4 Repair (cement)	<u>0</u>	<u>0</u>	<u>10,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Clarifier Rehab	5,000	5,200	159,100	0	336,500	0
Additional Projects and Maintenance						
Plant 2 RAS & WAS Pumping System	25,000	0	0	0	148,600	0
Replace Lagoon Dredge & Conduits	0	113,300	0	0	0	0
CCTV Van (portable and push camera)	70,000	0	0	0	0	0
Install Screen Headworks at Plant #2	25,000	0	0	245,900	0	0
Minor Rehab to Piping at Plant #1	20,000	0	244,000	0	0	0
Outfall Diffuser Repairs	<u>500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Additional Projects and Maintenance	640,000	113,300	244,000	245,900	148,600	0
Other Master Plan Projects						
Emergency Storage Drain to Pump Sta. W	0	0	0	0	0	86,900
Solids Handling Improvements	0	0	0	0	0	208,700
WAS Pumps and Check Valves	0	0	0	0	0	124,000
Collection System Pump Stations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>202,600</u>	<u>0</u>
Total Other Master Plan Projects	0	0	0	0	202,600	419,600
Mainline Piping Replacement	0	0	0	0	281,400	0
Building Rehab or Relocation						
Island Building by Well 1B	90,000	0	0	0	0	0
Move District Main Office Building	<u>0</u>	<u>247,200</u>	<u>1,655,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Relocation	90,000	247,200	1,655,000	0	0	0
Vehicle & Equipment Purchases						
New Truck	24,000	24,700	0	0	0	0
Woodchipper or Firebox	<u>30,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Vehicle & Equipment	54,000	24,700	0	0	0	0
District Security						
Cyber Security	0	92,700	0	0	67,500	0
Phase 2	72,000	0	0	0	0	0
Phase 3	<u>0</u>	<u>92,700</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total District Security	72,000	185,400	0	0	67,500	0
Total Capital Improvements	1,436,500	1,353,800	10,242,900	5,102,300	1,036,600	419,600
Total Net Revenues	2,231,900	9,766,500	(9,122,600)	(3,982,000)	183,700	800,700
Ending Balance	6,114,900	15,881,400	6,758,800	2,776,800	2,960,500	3,761,200

7.3 Operating Cash Flows

Table 22 provides the wastewater fund operating cash flow, including rate and non-rate revenues, operating costs, debt service costs, and transfers to the capital fund. The Town began FY2019/20 with an operating balance of \$4.39 million. The minimum fund balance target for the end of each year is based on four months of O&M expenses.

In FY2019/20, the Town estimates about \$6.3 million will be collected in total year-end revenues, with rate revenues making up about \$6 million (including vacant service fees). Over \$200,000 annually is collected from zone reimbursement revenues and about \$17,000 annually is collected from miscellaneous service fees, such as permits, inspections, etc.

For FY2019/20, operating expenses are estimated at \$2.77 million. Major costs include administration, staffing, operations, and utilities. Operating expenses are projected to increase to about \$4.16 million over the next 5 years. Expenses projected from FY2021/22 onward are based on the FY2021/22 expenses escalated by 3% annually. The Town's service contract cost with Veolia Water was estimated by staff. Based on planned improvements to Plant 1 and operations associated with the denitrification project, the Town expects cost of the service contract to increase beyond the rate of inflation. The Operations Fund also pays the cost of the annual debt service of about \$1.1 million for the 2012 and the 2017 bonds.

Currently, the Wastewater Operations Fund is in good financial health and is generating positive net revenues, estimated at about \$2.4 million for FY2019/20. The Town's financial strategy for the sewer utility is to generate enough revenues to fund capital improvements through a combination of debt and cash on hand. The net operating revenues will be used to maintain reserves and to partially fund capital improvements over the next five years.

In order to support a borrowing of \$10 million in FY2020/21 and to cash fund smaller capital improvements, it is recommended that rate revenues increase by 1.5% annually over the next five years. This rate plan maintains operating reserves in excess of the target of four months of operating expenses. Due to the refurbishment of Plant 1, future operating costs could fluctuate. These additional reserves provide financial security should operating costs exceed the estimates provided herein.

Table 23: Wastewater Operating Cash Flows
Town of Discovery Bay
Water and Wastewater Rate Study

	Current FY2019/20	Projected FY2020/21	Projected FY2021/22	Projected FY2022/23	Projected FY2023/24	Projected FY2024/25
Beginning balance	\$4,387,000	\$3,326,400	\$3,788,200	\$3,678,300	\$3,595,200	\$3,435,700
Proposed Rate Revenue Increase		1.50%	1.50%	1.50%	1.50%	1.50%
Revenues						
Wastewater service						
Zone Reimbursement Revenues	243,000	243,000	243,000	243,000	243,000	243,000
Other & Misc	17,300	17,300	17,300	17,300	17,300	17,300
Rate Revenues (less vacant)	6,021,200	6,111,500	6,203,200	6,296,200	6,390,600	6,486,500
Phase-in of rates [1]	0	(25,000)	(19,000)	(12,000)	(5,000)	0
New Customers	13,900	24,000	34,500	45,300	56,500	67,900
Vacant	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>
Total revenues	6,312,400	6,387,800	6,496,000	6,606,800	6,719,400	6,831,700
% increase in expenses			3.0%	3.0%	3.0%	3.0%
Expenses						
Operating Expenses						
Admin & Inter Govt. & Board	332,000	450,000	450,000	464,000	478,000	492,000
Staffing & Consulting Serv	593,000	1,090,000	1,090,000	1,090,000	1,090,000	1,090,000
Operations & Maint	334,000	538,000	554,000	571,000	588,000	606,000
Utilities	536,000	673,000	693,000	714,000	735,000	757,000
Service Contract	<u>977,000</u>	<u>1,075,000</u>	<u>1,107,000</u>	<u>1,140,000</u>	<u>1,175,000</u>	<u>1,210,000</u>
Total Operating Expenses	2,772,000	3,826,000	3,894,000	3,979,000	4,066,000	4,155,000
Net Operating Revenues	3,540,400	2,561,800	2,602,000	2,627,800	2,653,400	2,676,700
Debt Service						
2012 Bonds Debt Service [2]	741,000	743,000	744,000	740,000	745,000	743,000
2017 Bonds Debt Service [2]	360,000	357,000	354,000	357,000	354,000	355,000
New Debt [3]	<u>0</u>	<u>0</u>	<u>613,900</u>	<u>613,900</u>	<u>613,900</u>	<u>613,900</u>
Total Debt Service	1,101,000	1,100,000	1,711,900	1,710,900	1,712,900	1,711,900
Debt Service Coverage	3.22	2.33	1.52	1.54	1.55	1.56
Total Expenses	3,873,000	4,926,000	5,605,900	5,689,900	5,778,900	5,866,900
Net Revenues	2,439,400	1,461,800	890,100	916,900	940,500	964,800
Transfer to Capital Fund	3,500,000	1,000,000	1,000,000	1,000,000	1,100,000	1,100,000
O&M Ending Balance	3,326,400	3,788,200	3,678,300	3,595,200	3,435,700	3,300,500
O&M Minimum Target [4]	924,000	1,275,000	1,298,000	1,326,000	1,355,000	1,385,000

1 - Deduction for rate smoothing for a subset of customers; see Section 9.5

2 - Based on year ended December 1

3 - Estimated by Brandis Tallman

4 - 4 months O&M expenses

SECTION 8: WASTEWATER COST ALLOCATION

To fairly recover costs from customers, a wastewater cost allocation was conducted, see Table 24. Operating, debt service, and capital expenses were allocated to *customer service* and *treatment/disposal* cost categories. The *customer service* category is intended to recover costs associated with general utility management and administration that do not vary significantly with the amount of wastewater discharged into the sewer system. The *treatment/disposal* category recovers costs more closely associated with operations, maintenance, and infrastructure. *Treatment/disposal* costs are attributed to customers based on their flows and wastewater strength.⁴ In total, about 34% of wastewater utility costs are related to customer service and administration. About 66% of costs are related to sewer treatment and disposal.

**Table 24: Wastewater Cost Allocation
Town of Discovery Bay
Water and Wastewater Rate Study**

Cost	FY2020/21 Estimated Costs	Customer Service/Admin	Treatment and Disposal
Operating Expenses			
Admin & Inter Govt. & Board	450,000	100%	0%
Staffing & Consulting Serv	1,090,000	100%	0%
Operations & Maint	538,000	33%	67%
Utilities	673,000	0%	100%
Service Contract	<u>1,075,000</u>	33%	67%
Total Operating Expenses	3,826,000	2,077,667	1,748,333
Debt Service			
2012 Bonds Debt Service (5yr Avg)	743,000	5%	95%
2017 Bonds Debt Service (5yr Avg)	355,400	5%	95%
New Debt Service (5yr Avg)	<u>491,120</u>	5%	95%
Total Debt Service	1,589,520	79,476	1,510,044
Transfer to Capital (5yr Avg)	1,040,000	5%	95%
		52,000	988,000
Proposed Cost Allocation	6,455,520	2,209,143	4,246,377
		34%	66%

⁴ The Town does not have engineering information available to support a detailed cost allocation to wastewater flow, BOD, and TSS. Therefore, a simplified cost allocation is proposed as shown in Table 24.

SECTION 9: WASTEWATER RATE DESIGN

The Town proposes to maintain its current wastewater rate structure. The Town will continue to charge residential customers a fixed annual sewer charge, while commercial customers will be charged for sewer flow based on metered water use. The amounts of each rate are proposed to be updated.

9.1 Flows and Pollutant Strength

The prior wastewater rate study assumed monthly residential flow of 14.4 ccf. However, due to long-term water conservation, wastewater flow is now about 9 ccf/month per home. In the Town of Discovery Bay, the average single family home has 2.74 occupants. It is assumed that the typical multiple family dwelling unit has 2 occupants and 6.5 ccf of monthly sewer flow. Based on these parameters, total annual residential flow is estimated in Table 25.

**Table 25: Estimated Residential Sewer Flows
Town of Discovery Bay
Water and Wastewater Rate Study**

	Single Family Residential	Multiple Family	Units
Monthly Flow	9	6.5	ccf/month
Annualized	108	78	ccf/year
Number of Parcels	5,770	224	
Estimated Annual Sewer Flow	623,160	17,472	ccf/year

Table 26 estimates the Town's total wastewater flow adjusted by strength factors. Strength factors indicate the wastewater pollutants present in each unit of flow. Residential flows are taken from Table 25 and commercial flows are taken from Table 4. The flow of each customer category is adjusted by a strength factor. Domestic strength is assigned a factor of 1. Schools are assumed to be low strength and are assigned a factor of 0.9, and restaurants are assigned a factor of 2.9, representing high strength. Restaurants typically discharge fats, oils, and grease into the sewer system that are costly to treat. The strength factors used in Table 26 are consistent with commonly used factors and are consistent with Town policy.

**Table 26: Estimated Total Flow with Strength Factors
Town of Discovery Bay
Water and Wastewater Rate Study**

Customer Category	Total Flow (ccf)	Strength Factor	Flow w/Strength Factor (ccf)
Single Family Residential	623,160	1	623,160
Multiple Family	17,472	1	17,472
Business/Government/Clubs	5,520	1	5,520
Restaurants/Bars/Dining Facilities	5,931	2.9	17,200
Schools	1,256	0.9	1,130
Other Domestic Strength Users	<u>251</u>	1	<u>251</u>
	653,591		664,734

9.2 Unit Cost Calculation

Table 27 provides the wastewater unit cost calculation. The FY2020/21 rate revenue requirement of \$6.1 million from the operating cash flow is allocated to the *customer service* and *treatment/disposal* categories based on the percentages in Table 24. The *customer service* revenue requirement is divided by the number of accounts and the *treatment/disposal* revenue requirement is divided by the flow adjusted by strength factors from Table 26.

**Table 27: Wastewater Unit Cost Calculation
Town of Discovery Bay
Water and Wastewater Rate Study**

	Customer Service/Admin	Treatment and Disposal	Total
FY2020/21 Revenue Requirement	\$2,091,416	\$4,020,084	\$6,111,500
Cost Allocation	34%	66%	100%
Billing Units	# of Customers 6,032	Flow w/Strength Factor 664,734	
Unit Cost	\$28.89 \$/month	\$6.05 \$/ccf domestic strength	

9.3 Rate Design

Table 28 calculates the single family and multiple family sewer bills for FY2020/21 based on the unit costs developed in Table 27. Each residential dwelling unit is assigned a monthly customer service fee of \$28.89. The flow rate of \$6.05/ccf is multiplied by the typical single family flow of 9 ccf/month and the typical multiple family flow of 6.5 ccf/month.

Table 28: FY2020/21 Residential Sewer Rate Calculation
Town of Discovery Bay
Water and Wastewater Rate Study

	Count		Rate	Total Monthly Bill
Single Family Residential				
Customer Service Fee	1	X	\$28.89	\$28.89
Treatment/Disposal Fee	9	X	\$6.05	<u>\$54.45</u>
Total Monthly Bill				\$83.34
Multiple Family Residential				
Customer Service Fee	1	X	\$28.89	\$28.89
Treatment/Disposal Fee	6.5	X	\$6.05	<u>\$39.33</u>
Total Monthly Bill				\$68.22

9.4 Commercial Rate Design

The Town bills commercial customers volume sewer rates based on metered water use. Instead of billing the customer service fee as a fixed charge, the commercial customer service revenue requirement is recovered from the commercial volume rates. Table 29 calculates the commercial customer service rate. The total customer service revenue requirement is sub-allocated between residential and commercial classes based on the number of customers. The commercial revenue requirement is then divided by annual commercial flows (without the strength factor) to determine a \$/ccf charge.

Table 30 calculates the total FY2020/21 commercial rates. The customer service rate is added to the strength-adjusted treatment/disposal rate.

**Table 29: First Iteration Commercial Customer Service Rate
Town of Discovery Bay
Water and Wastewater Rate Study**

	Residential	Commercial	Total
# of Customers [1]	5,994	38	6,032
	99.4%	0.6%	100.0%
Customer Service Revenue Requirement	\$2,078,240	\$13,175	\$2,091,416
	99.4%	0.6%	100.0%
Billing Units	5,994	12,959	
	# of Customers	Annual ccf	
Rate	\$28.89	\$1.02	
	\$/month	\$/ccf	

1 - Does not include vacant parcels

**Table 30: First Iteration Commercial Wastewater Rate Calculation
Town of Discovery Bay
Water and Wastewater Rate Study**

Customer Class	Strength Factor		Base Treatment/ Disposal Rate		Treatment/ Disposal Rate		Treatment/ Disposal Rate		Cust. Service Rate		Total Rate (\$/ccf)
Business/Government/Clubs	1.0	X	\$6.05	=	\$6.05		\$6.05	+	\$1.02	=	\$7.07
Restaurants/Bars/Dining Facilities	2.9	X	\$6.05	=	\$17.54		\$17.54	+	\$1.02	=	\$18.56
Schools	0.9	X	\$6.05	=	\$5.44		\$5.44	+	\$1.02	=	\$6.46
Other Domestic Strength Users	1.0	X	\$6.05	=	\$6.05		\$6.05	+	\$1.02	=	\$7.07

9.5 Proposed 5-year Schedule of Rates

Table 31 provides the first iteration of the 5-year wastewater rate plan. Due to cost allocation changes and the overall reduction in residential sewer flows over the past few years, the single family residential rates are proposed to receive slight increases. Commercial customers and multiple family customers are proposed to receive higher rate increases. To provide rate stability, non-single family residential customer rates are proposed to be phased-in over the next five years, as shown in Table 32.

**Table 31: First Iteration 5-Year Wastewater Rate Plan
Town of Discovery Bay
Water and Wastewater Rate Study**

Customer Class	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25
Single Family	\$82.55	\$83.34	\$84.59	\$85.86	\$87.15	\$88.46
Multiple Family/Condos	\$61.92	\$68.22	\$69.24	\$70.28	\$71.33	\$72.40
Business/Government/Clubs	\$5.734	\$7.067	\$7.173	\$7.281	\$7.390	\$7.501
Restaurants/Bars/Dining Facilities	\$16.793	\$18.557	\$18.835	\$19.118	\$19.405	\$19.696
Schools	\$5.161	\$6.457	\$6.554	\$6.652	\$6.752	\$6.853
Other Domestic Strength Users	\$5.734	\$7.067	\$7.173	\$7.281	\$7.390	\$7.501
Single Family		1.0%	1.5%	1.5%	1.5%	1.5%
Multiple Family/Condos		10.2%	1.5%	1.5%	1.5%	1.5%
Business/Government/Clubs		23.2%	1.5%	1.5%	1.5%	1.5%
Restaurants/Bars/Dining Facilities		10.5%	1.5%	1.5%	1.5%	1.5%
Schools		25.1%	1.5%	1.5%	1.5%	1.5%
Other Domestic Strength Users		23.2%	1.5%	1.5%	1.5%	1.5%

**Table 32: Proposed 5-Year Wastewater Rate Plan
Town of Discovery Bay
Water and Wastewater Rate Study**

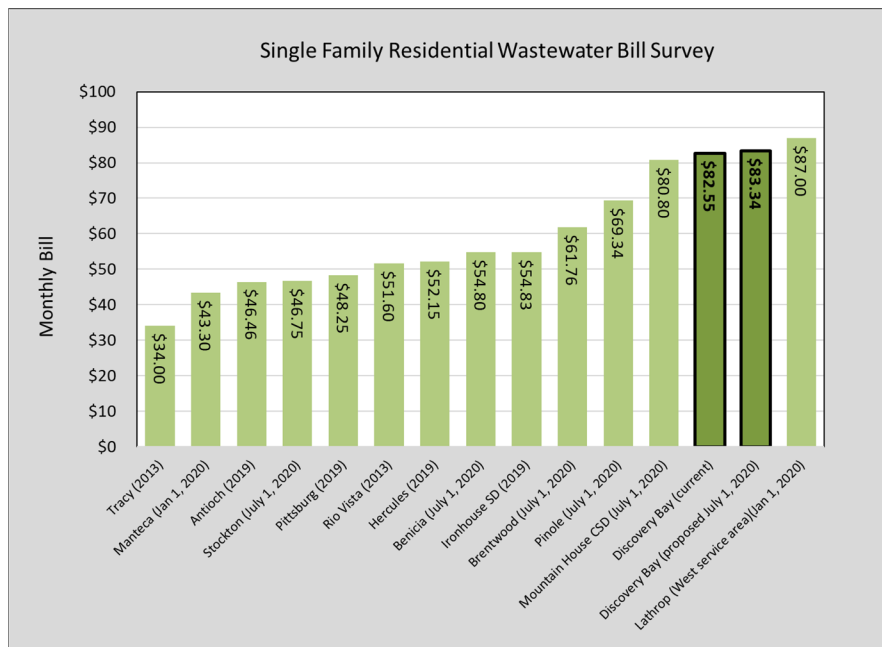
Customer Class	Current	FY2020/21	FY2021/22	FY2022/23	FY2023/24	FY2024/25	% Annual Change
Single Family	\$82.55	\$83.34	\$84.59	\$85.86	\$87.15	\$88.46	[1]
Multiple Family/Condos	\$61.92	\$63.89	\$65.92	\$68.01	\$70.17	\$72.40	3.2%
Business/Government/Clubs	\$5.734	\$6.050	\$6.384	\$6.737	\$7.109	\$7.501	5.5%
Restaurants [2]	\$16.793	\$17.337	\$17.899	\$18.479	\$19.078	\$19.696	3.2%
Schools	\$5.161	\$5.462	\$5.781	\$6.118	\$6.475	\$6.853	5.8%
Other Domestic Strength Users	\$5.734	\$6.050	\$6.384	\$6.737	\$7.109	\$7.501	5.5%

1 – The FY2020/21 rate change is based on the proposed cost allocation described in this report; the rate change from FY2021/22 to FY2024/25 is 1.5%

2 – Includes bars and dining facilities

9.6 Bill Impacts

The figure below compares the Town’s current and proposed single family residential wastewater bills with those of other local agencies. Though customers are billed annually in the Town of Discovery Bay, bills are expressed here in monthly terms to allow for better comparison across local agencies. The Town’s bill is currently at the upper end of surveyed agencies and will remain as such following the proposed rate increases.



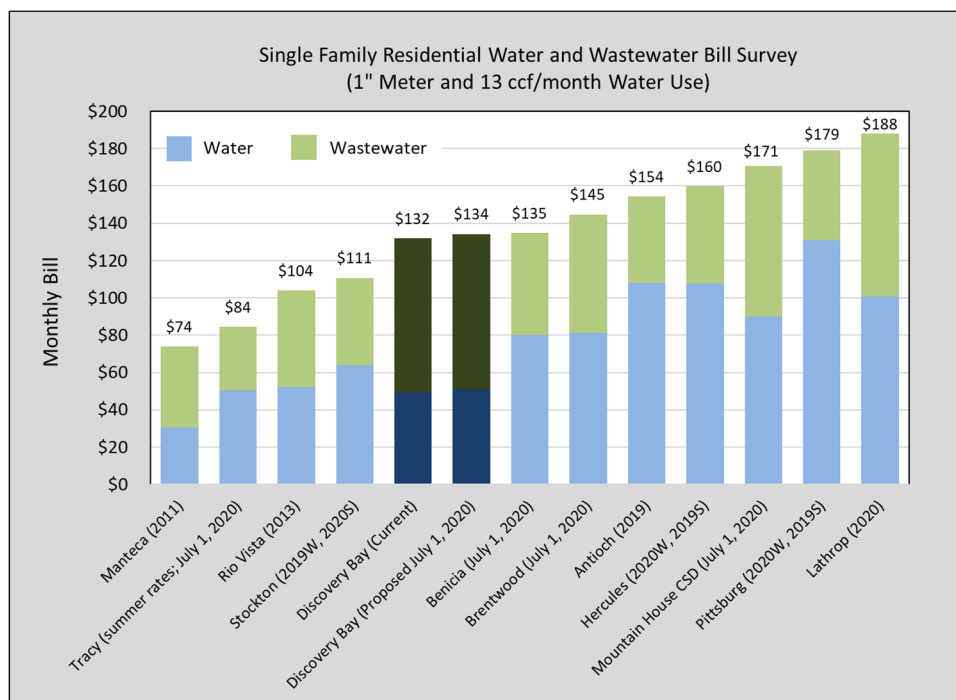
SECTION 10: CONCLUSIONS AND RECOMMENDATIONS

10.1 Rate Study Conclusions

The rates developed in this report were based on the best available information gathered from Town audits, budgets, and input from staff, the Finance Committee, and the Board of Directors. The cost allocations proposed herein are based on American Water Works Association methodologies and industry standard practice. The proposed rates are based on the reasonable cost of providing service and are proportional to the benefits received by each customer.

10.2 Rate Impacts

The chart below compares the Town’s current and proposed combined water and sewer utility bill of the typical single family residential customer to the bills of other local agencies. The average single family residential customer is served by a 1” meter and uses 13 ccf of water per month. Under the proposed rate increases, the typical single family residential customer will experience a bill increase from \$131.95 to \$134.26 per month, about a 2% increase.



10.3 Future Recommendations

It is recommended that the Town update its rates and cost of service at least every five years to account for cost increases, operational changes, and growth in the customer base.

Background & Purpose of this Notice

You are receiving this notice because you are a Town of Discovery Bay Community Services District (District) utility customer or you own property receiving District utility services. The District provides water and wastewater (sewer) service to approximately 6,200 customers, including homes and businesses. The District’s utilities rely on rates paid by customers to fund the costs of operations, maintenance, and infrastructure improvements. The Board of Directors will hold a public hearing on June 3 at 7pm at the Community Center to consider water and wastewater rate changes for the next five years.

Why are rate changes needed?

The Town engaged a rate consultant who reviewed the utilities’ cost of providing service to determine appropriate rates and fees. The rate study report is available on the District’s website. Water meter fees primarily recover the Town’s fixed costs to maintain and improve infrastructure, including wells, water treatment, and pipelines. The rate charged per unit of water consumed primarily recovers the cost of supply and conveyance of water to customers. Sewer rates reflect the cost of transporting, treating, and disposing of wastewater. The sewer rates are also designed to fund debt service costs of state-mandated denitrification and other treatment upgrades that are required to comply with regulations from the Regional Water Quality Control Board. If adopted by the Town of Discovery Bay’s Board of Directors, the new rates would go into effect July 1 of each year. The first increase would occur July 1, 2020. For most customers, the proposed rate change is a small inflationary increase. However, your final utility bill depends on your water meter size and monthly usage.



Town of Discovery Bay Community Services District
1800 Willow Lake Road
Discovery Bay, CA 94505-9376
(925) 634-1131

PRESORTED FIRST CLASS MAIL
U.S. POSTAGE
PAID
CONCORD, CA
PERMIT NO. 530



T1 P1

**NOTICE OF PUBLIC HEARING REGARDING
PROPOSED ADJUSTMENTS TO WATER AND WASTEWATER RATES
Wednesday, June 3, 2020 at 7:00 pm
Community Center, 1601 Discovery Bay Blvd, Discovery Bay, CA**

Public Notice and Majority Protest Process

In 1996, California voters adopted Proposition 218. The provisions of Proposition 218 provide that certain types of “Property Related Fees” are subject to a “majority protest” process. Under the majority protest process, any property owner or customer of record may submit a written protest for the proposed increases; provided, however, that only one protest will be counted per identified parcel.

You have the right to file written protests by mail addressed to the Board Secretary, 1800 Willow Lake Road, Discovery Bay, CA 94505-9376 **or** in person at the public hearing on June 3, 2020 at 7:00 pm so long as the protests are received before the end of the public hearing. A protest submitted via e-mail, fax, or other electronic means will not be accepted. A written protest must: 1) state that the identified property owner or customer is in opposition to the proposed water rate change, sewer rate change, or both; 2) provide the location of the identified parcel (by assessor’s parcel number or street address); and 3) include the name and signature of the property owner or customer submitting the protest.

At the public hearing, the Board of Directors will review the amounts of the rates as well as the methodology for calculating the proposed rates. At the conclusion of the hearing, protests will be counted and validated. If protests are filed on behalf of a majority of the parcels subject to the rates before the end of the public hearing, the Town’s Board of Directors cannot adopt the proposed rates. If a majority of the parcels do not protest the proposed increase, the Board has the authority to adopt the proposed rates. Any rate change, if enacted, will take effect no earlier than July 1, 2020.

WATER	Current Meter Fee (\$/month)	PROPOSED				
		FY2020/21 (July 1, 2020)	FY2021/22 (July 1, 2021)	FY2022/23 (July 1, 2022)	FY2023/24 (July 1, 2023)	FY2024/25 (July 1, 2020)
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation (Domestic) Account Charge:						
5/8" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
3/4" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1" Meter	\$20.06	\$21.46	\$21.84	\$22.22	\$22.62	\$23.02
1 1/2" Meter	\$39.16	\$40.08	\$40.78	\$41.50	\$42.24	\$42.98
2" Meter	\$62.04	\$62.98	\$63.96	\$64.94	\$65.92	\$66.94
3" Meter	\$123.06	\$124.56	\$126.10	\$127.64	\$129.20	\$130.80
4" Meter	\$191.71	\$193.84	\$196.00	\$198.20	\$200.40	\$202.64
6" Meter	\$382.43	\$386.30	\$390.22	\$394.18	\$398.18	\$402.22
Irrigation Account Charge:						
5/8" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
3/4" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1" Meter	\$18.92	\$19.24	\$19.58	\$19.92	\$20.26	\$20.62
1 1/2" Meter	\$36.87	\$37.12	\$37.38	\$37.64	\$37.90	\$38.18
2" Meter	\$58.38	\$58.54	\$58.72	\$58.90	\$59.06	\$59.24
3" Meter	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73	\$115.73
4" Meter	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27	\$180.27
6" Meter	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54	\$359.54
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.257	\$2.266	\$2.340	\$2.405	\$2.479	\$2.577
Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01	\$8.01

ccf = 100 cubic feet = 748 gallons

WASTEWATER	Current FY2019/20		Proposed FY2020/21		Proposed FY2021/22		Proposed FY2022/23		Proposed FY2023/24		Proposed FY2024/25	
	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)	Monthly (\$/month)	Yearly (\$/year)
Residential Unmetered (each dwelling unit)												
Single Family	\$82.55	\$990.63	\$83.34	\$1,000.08	\$84.59	\$1,015.08	\$85.86	\$1,030.32	\$87.15	\$1,045.80	\$88.46	\$1,061.52
Multiple Family/Condos	\$61.92	\$743.03	\$63.89	\$766.68	\$65.92	\$791.04	\$68.01	\$816.12	\$70.17	\$842.04	\$72.40	\$868.80
Vacant	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00	\$18.67	\$224.00
Nonresidential Metered												
	Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)		Use (\$/ccf)	
Business/Government/Clubs	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	
Restaurants/Bars/Dining Facilities	\$16.793		\$17.337		\$17.899		\$18.479		\$19.078		\$19.696	
Schools	\$5.161		\$5.462		\$5.781		\$6.118		\$6.475		\$6.853	
Other Domestic Strength Users	\$5.734		\$6.050		\$6.384		\$6.737		\$7.109		\$7.501	

DU = Dwelling Unit; ccf = 100 cubic feet = 748 gallons

The District's water service charges include a fixed account charge based on meter size plus a volume rate billed based on water use.

The District's wastewater charges consist of fixed annual fees billed on the property tax roll for residential customers and volume rates for nonresidential (commercial) customers.

The typical single family customer in the Town of Discovery Bay uses 13 hundred cubic feet (ccf) of water per month and is served by a 1" meter. Under the current rates, the typical single family customer pays the equivalent of \$131.95 per month for water and sewer service. Under the July 1, 2020 proposed rates, the typical bill would increase to \$134.26 per month, about a 2% increase.

Note: About half of the Town's water customers also pay a \$8.01 per month meter installation fee.



Town of Discovery Bay

"A Community Services District"

STAFF REPORT

Meeting Date

April 15, 2020

Prepared By: Bill Engelman, Parks and Landscape Manager

Submitted By: Michael R. Davies, General Manager *MRD*

Agenda Title

Discussion and Possible Action to Approve Resolution No 2020-08, Approving Installation of Playground Equipment Replacement at Ravenswood Park, adopting a CEQA Exemption and Directing a Filing of the Notice of Exemption.

Recommended Action

Authorize the General Manager to execute all documents required to secure bids for the installation of new play equipment at Ravenswood Park, approve Resolution No. 2020-08, adopting a CEQA exemption, approving the project, and directing filing of the Notice of Exemption.

Executive Summary

Background

On March 18, 2020, the Board approved the purchase of new play equipment for Ravenswood Park in the amount of \$98,853 from Ross Recreation. Staff has secured the purchase of the new structure and would like to accept proposals for the installation of this equipment, adopt the CEQA exemptions and file the Notice of Exemption.

Overview

The 2019-20 Lighting and Landscape Zone 9 budget included a capital improvement project to replace the Ravenswood play structure that was in disrepair. Staff chose the best option for the new equipment based on several variables. It also was determined that the installation of this equipment would be approximately \$45,000-\$55,000 putting us within the allotted budget for this capital improvement budget item. An RFP will be written and submitted for the assembly and installation of these play structures at Ravenswood Park. Also, during construction, we will temporarily close the parking lot for safety purposes. There will still be available street parking.

California Environmental Quality Act

As required by the California Environmental Quality Act (CEQA), any project performed by a governmental agency must be reviewed for compliance with the laws and regulations of the act. The agency must first determine if the project requires an environmental review or if it is exempt from CEQA. If the agency finds the project exempt, they must approve and file a Notice of Exemption.

Upon review of the new playground equipment installation project for Ravenswood Park Staff found that the improvements were exempt for Categorical reasons. A copy of the Notice of Exemption is attached for your review and possible approval.

Specific Board Action:

- a. Adopt resolution 2020-08.
- b. Authorize Staff to file the attached Notice of Exemption with the Contra Costa County Clerk's Office.
- c. Authorize the General Manager to issue Request for Proposals and secure bids for the installation of play equipment.
- d. Authorize Closing of the Park Parking Lot during the Duration of Construction.

Previous Relevant Board Actions for This Item

Approval of the purchase of the new equipment at the March 18th, 2020 Board meeting.

Attachments

Notice of Exemption – Ravenswood play structure
Resolution - 2020-08

AGENDA ITEM: F-2

Notice of Exemption

TO: Contra Costa County
Clerk’s Office
555 Escobar Street
Martinez, CA 94553

From: Town of Discovery Bay
1800 Willow Lake Rd.
Discovery Bay, CA 94505

Project Title: Playground equipment replacement at Ravenswood Park

Project Applicant: Town of Discovery Bay, 1800 Willow Lake Road, Discovery Bay, CA 94505

Project Location: Cullen Drive at Cummings Way, Discovery Bay, CA 94505

Project Location – City: Discovery Bay Project Location – County: Contra Costa

Description of Nature, Purpose and Beneficiaries of Project:

Replacement of outdated playground equipment at Ravenswood Park, Discovery Bay. The purpose of this project is to add recreational value and add new play features for families of Discovery Bay.

Name of Public Agency Approving the Project: Town of Discovery Bay CSD (District)

Name of Lead Agency Carrying Out the Project: Town of Discovery Bay Community Services District 925-634-1733

Exempt Status: (check one)

Ministerial (Sec. 21080(b)(1); 15268);

Declared Emergency (Sec. 21080(b)(3); 15269(a));

Emergency Project (Sec. 21080(b)(4); 15269(b)(c));

Categorical Exemption. State type and section number: Repair to existing public facilities, pursuant to Guidelines for CEQA, Regulation Sec. 15301; Replacement or Reconstruction pursuant to Guidelines for CEQA, Regulation Sec. 15302

Statutory Exemptions. State code number: Public Resources Code Sec. 21080.21, Guidelines for CEQA, Regulation Sec. 15269(b)

Reasons why project is exempt:

15301 – Consists of the operation, repair, maintenance or minor alteration of existing public structure.

15302 – Project consists of replacement of existing playground structures, where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced.

Lead Agency

Contact Person: Michael Davies, General Manager Telephone: 925-634-1131

Attached is the certified document of exemption finding.

Signature: _____ Date: _____ Title: General Manager

Signed by Lead Agency

Signed by Applicant

Attached:

Resolution 2020-08



**TOWN OF DISCOVERY BAY
COMMUNITY SERVICES DISTRICT**

RESOLUTION 2020-08

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE TOWN OF DISCOVERY BAY, ADOPTING A CATEGORICAL EXEMPTION FOR THE PURPOSES OF
SATISFYING THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, APPROVING THE PROJECT, AND
DIRECTING THE GENERAL MANAGER TO FILE A NOTICE OF EXEMPTION WITH THE CONTRA COSTA
COUNTY CLERK.**

WHEREAS, the Town of Discovery Bay Community Services District (“District”) is a government agency organized and existing under the laws of the State of California; and

WHEREAS, the District desires to accept proposals for the installation of new play equipment at Ravenswood park; and

WHEREAS, the District is the lead agency under the California Environmental Quality Act (“CEQA”) for the Playground Equipment Replacement at Ravenswood Project (“Project”); and

WHEREAS, the Project falls within the categorical exemptions to the California Environmental Quality Act (“CEQA”) Repair to existing public facilities, pursuant to Section 15301 (Class 1) of the Guidelines for CEQA; and

WHEREAS, the Project also falls within the categorical exemptions under CEQA, Replacement or Reconstruction, pursuant to Section 15302 (Class 2); and

WHEREAS, the Project is categorically exempt under CEQA as a minor alteration and reconstruction of an existing facility on the same site for substantially the same purpose pursuant to Sections 15301 and 15302 of the Guidelines for CEQA, California Administrative Code of Regulations, Title 14, Chapter 3, Article 19; and

WHEREAS, all other legal prerequisites to the adoption of this resolution have been met.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TOWN OF DISCOVERY BAY COMMUNITY SERVICES DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1: The above recitals are true and correct and hereby incorporated by reference.

Section 2: The General Manager is authorized to accept proposals for the installation of new play equipment at Ravenswood Park.

Section 3: The Notice of Exemption prepared for the Project has been completed in accordance with CEQA Guidelines.

Section 4: The Board hereby approves and adopts the Categorical Exemptions for the installation of new play equipment at Ravenswood Park.

Section 5: The Board hereby approves the installation of new play equipment at Ravenswood Park.

Section 6: The Board hereby directs the General Manager to prepare and file with the County Clerk of Contra Costa County for posting, a "Notice of Exemption" pursuant to California Administrative Code, Title 14, Chapter 3, Section 15062.

Section 7: This Resolution shall take effect immediately upon its adoption.

Section 8: The Board Secretary shall certify the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED THIS 15TH DAY OF APRIL 2020.

Bill Pease
Board President

I hereby certify that the foregoing Resolution was duly adopted by the Board of Directors of the Town of Discovery Bay Community Services District at a regularly scheduled meeting, held on February 5, 2020, by the following vote of the Board:

AYES:
NOES:
ABSENT:
ABSTAIN:

Michael R. Davies
Board Secretary