

PORT COSTA SANITARY COMMISSION

Regular Business Meeting

AGENDA FOR WEDNESDAY MAY 8, 2024

TIME: 6:00 PM

PLACE: Port Costa School, 1 Plaza Del Hambre, Port Costa, CA

The Port Costa Sanitary Commission is an agent of the Crockett Community Services District.

1. CALL TO ORDER – ROLL CALL
2. CALL FOR REQUESTS TO CONSIDER ITEMS OUT OF ORDER
3. PUBLIC COMMENTS ON NON-AGENDA ITEMS:
(The Commission is prohibited from discussing items not on this agenda. Matters brought up that are not on the agenda may be referred to staff for action or calendared on a future agenda.)
4. CONSENT CALENDAR: Consideration of a motion to approve the following item:
 - a. Approve Minutes of April 10, 2024.
 - b. Approve Special Meeting Minutes of April 22, 2024.
5. SEATING OF NEW MEMBER WILLIAM LEE VANCE:
6. ADMINISTRATIVE:
 - a. Recieve report on actions taken by the District Board.
 - b. Receive Self-Monitoring Report cover letter for March 2024.
 - c. Consider representation for 1 Rolph Park Drive Ad Hoc Committee.
 - d. Update on recommended sewer use charge.
 - e. Discuss chemical pump replacement.
 - f. Review “Hints for Healthy Sewer” flyer.
7. BUDGET AND FINANCE:
 - a. Receive warrant transmittals and budget updates.
 - b. Update on 2024 Budget Process.
8. WASTEWATER:
9. REPORT OF DEPARTMENT MANAGER: (These items are typically for the exchange of information only. No action will be taken at this time.)
 - a. Operations, maintenance, and capital improvements.
 - b. Governmental matters.
 - c. Announcements and discussion.

10. REPORTS/COMMENTS FROM COMMISSIONERS: *(These items are typically for the exchange of information only. No action will be taken at this time.)*
11. FUTURE AGENDA ITEMS:
 - CCTV completed.
 - Bull Valley Agricultural Center & Port Costa School.
 - Acquire backup effluent pump with capacity to maintain flow to filter beds.
 - Acquire two replacement peristaltic pumps for chemical dosing.
 - Contract Operators.
 - Climate change impact on waterfront.
12. ADJOURNMENT to June 12, 2024.

You will find the Minutes of this meeting posted on our website at www.town.crockett.ca.us/meetings.

Visit our website for more information on meetings and activities of the Crockett Community Services District and the towns of Crockett and Port Costa on the picturesque Carquinez Strait of the San Francisco Bay.

In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a District meeting, or if you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the General Manager at (510) 787-2992. Notification at least 48 hours before the meeting or time when services are needed will assist District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

In accordance with California Government Code Section 54957.5, any writing or document that is a public record relates to an open session agenda item and is distributed less than 72 hours before a regular meeting will be made available for public inspection at the Crockett Community Services District Office in Crockett. If, however, the document or writing is not distributed until the regular meeting to which it relates, then the document or writing will be made available to the public at the location of the meeting, as listed on this agenda. The office address is 850 Pomona Street, Crockett, California, 94525.

PORT COSTA SANITARY COMMISSION

of the Crockett Community Services District

For Review

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MINUTES OF REGULAR MEETING, APRIL 10, 2024

1. CALL TO ORDER: The meeting was called to order at 6:03 PM by Chair Surges. Present were Commissioners Klaiber, List, Surges, and alternate Martini. Commissioner Scheer arrived at 6:20. Commissioner Cusack was absent. Staff present included District Engineer Murdock, Sanitary Department Manager (SDM) Barnhill, and Administrative Services Manager (ASM) Goodman.
2. CONSIDER ITEMS OUT OF ORDER: None.
3. PUBLIC COMMENTS ON NON-AGENDA ITEMS: None.
- 4.a CONSENT CALENDAR: Minutes of March 13, 2024, were approved with minor edits. (Klaiber 1st, List 2nd, 4/0, 2 absent)
5. SEATING OF NEW MEMBER WILLIAM LEE VANCE: The item was a carryover from the previous meeting.
- 6a. REPORT ON ACTIONS TAKEN BY THE DISTRICT BOARD: ASM Goodman reported on behalf of DS Rivas. Two commissioner appointments were approved. The Board signed a letter of support for Hour Bill H.R. 7525 which officially recognizes special districts and allows them to apply for federal funds. A yellow book audit was presented to the Board, which is a preliminary audit that requires two CPAs to sign the findings. The 2022 audit is incomplete because a significant amount of information is missing. She further explained that income has not been inputted since August of 2022. The Board approved the ASM to contract with a government accounting firm to help in updating accounting records to current. Our attorney Richard Pio Roda left Meyers Nave with several other attorneys to form a new minority legal firm, Redwood Public Law. The Board signed a contract with Redwood Public Law for legal services. The split was amicable, and the District will continue to be able to utilize both agencies. A resolution was passed, nominating Director Mackenzie to be considered for the open Board seat on LAFCO.
- 6b. SELF-MONITORING REPORT: SDM Barnhill reported that there were no permit exceedances during February and no spills in March.
- 6c. CONSIDER REPRESENTATION FOR 1 ROLPH PARK DRIVE AD HOC COMMITTEE: ASM Goodman reported that the Board has discussed possibly creating an ad hoc to address the future of 1 Rolph Park Drive (current District office). Director Mackenzie, CVSAN Chair Manzione, and Recreation Commissioner Choquette have volunteered to serve on the committee. She expressed that since PCSAN pays a portion of the loan for the building, they should be represented in the discussions. The purpose of the ad hoc is to identify a scope of work and create a plan for the ultimate use of the building. The dates, time or frequency of the meetings will be determined by the committee at its first meeting. Staff will coordinate the first meeting. Ms. Goodman described 1 Rolph Park Drive as a two-story building that was previously a mortuary and contains a chapel. The upstairs space was previously designed

4.a

as a three-bedroom apartment and currently serves as sanitary staff office space. There is a significant amount of space on the first floor. The commissioners were invited to visit the building. Commissioner Martini expressed his interest in participating in the ad hoc committee.

6d. UPDATE ON RECOMMENDED SEWER USE CHARGES: Mr. Barnhill presented the Sewer Use Study Report. The report is in draft form and pointed out that green highlights are to be determined pending solidifying financials. As the audit resulted in an incomplete report, Staff has to work backwards to input figures. Items with an Asterix note that expenses cannot be projected until the financial forensic accounting can be completed. Short of these highlighted items, the report is structurally sound. The final calculations are preliminary.

Mr. Barnhill reported that highlighted items in the report include the costs for sewage treatment (page 6 on the report- projected 24/25 expenses) will likely almost double and noted the cost could increase from \$4,600 to approximately \$8,000 per month. This will serve as a placeholder until actual costs are received. Valley Operators perform this service three times a week. He is in discussions with a possible replacement.

Ms. Goodman explained that the accuracy of the carryover cash cannot be confirmed. In addition, she is hesitant to include reserve funds because the accuracy of the amount is also unclear. In summary, Staff is not confident in income or carry-over values but is very confident with future expenses.

Mr. Barnhill explained the complex calculation used to determine the SUC. The current rate is \$2,345. The proposed increase is \$114. Should PCSAN not approve a rate increase, the restaurant will absorb any increases which could range from \$4,000 - \$9,000 in additional charges.

Staff clarified that an ADU (additional dwelling unit) does not count if it does not meet certain criteria. Staff have not conducted an assessment of possible non-compliant ADUs in Port Costa, as it is not something the district is legally able to do. Inspections occur only if an owner of a parcel requests an inspection or if they fall under Ordinance 07-1 Transfer of Ownership. A question was asked about units that pay for two laterals but should only be charged for one. DE Murdock explained that the homeowner can request a consideration for a refund and explained the process including a public hearing before the District Board. Mr. Barnhill explained Ordinance 07-01 which is a transfer of ownership of a property. This ordinance restricts when the District can inspect a property. Chair Sturgis and Commissioner Scheer requested an inspection of their properties; each is being charged for 2 units instead of 1 and believes they each may be entitled to a refund.

6e. DISCUSS CHEMICAL PUMP REPLACEMENT: Staff has found a new Watson Marlow peristaltic pump at a cost of \$8,545 not including tax and shipping through the company Misko. Short of seeking one through the used market, there is no competition in the market to negotiate a better price. The used market is not recommended. A different company quoted \$27k - \$29k. Mr. Barnhill noted that the cost does not include installation. The District uses Telstar for meter calibration and troubleshooting latter logic and will likely be the company to perform the installation and calibration of the new pumps. The item was discussed in a previous meeting where it was approved to move forward with the purchase.

6f. REVIEW "HINTS FOR HEALTHY SEWER" FLYER: Commissioner Martini suggested images to supplement the text. Staff reminded everyone that the annual Prop 218 mailing includes a newsletter that covers much of the same information. The mention of medication was applauded. Commissioner Klaiber suggested that landlords add this flyer to their lease agreements. Facial tissue should be added to the list of non-flushable items.

7a. BUDGET AND FINANCE / WARRANT TRANSMITTALS AND BUDGET UPDATE: ASM Goodman reminded commissioners that check runs are typically run a minimum of twice a month. Commissioner Surges suggested that staff request a refund for the emergency phone that was not working for six weeks from before Christmas through February. SDM Barhill explained that the emergency phone service was changed to cellular service in 2017. Copper theft has occurred on six separate occasions. The suspected vehicles used were described as an older forest-green Ford Ranger and a blue van.

7b. UPDATE ON 2024 BUDGET PROCESS: ASM Goodman change the Budget Update item to District Finances. Due to the financial state of the District, she is working on a roll-up budget which includes big items such as capital improvements. The current fiscal year budget did not account for additional staff. She will need to adjust for this and approve a new budget before approving a new budget for FY 24/25. Challenges faced with the budget process include the focus on the audit, the SUC, the lack of income input for two years, and the lack of reconciliation of the District's accounting. The County is no longer producing the monthly statements but Staff has been informed that the County is working on a workaround. A timeframe has not been determined.

Commissioner Scheer expressed her hesitation with approving a rate increase if the District is not aware of current funds. A discussion was had on the upcoming known expenses, the existing aging sewer system, and a limited reserve balance. The accounting firm will be able to reconcile the financials, but the time of completion is unsure. Port Costa will incur some of the reconciliation costs that have not been accounted for in the proposed increase.

8. WASTEWATER: None.

9a. REPORT OF DEPARTMENT MANAGER: Mr. Barnhill has received the draft NPDES permit for review from the state. He has only two days to review 107 pages of data, limitations on the chemical and output of TSS, and more data. On a positive note, the State has removed the acute toxicity and oil and grease testing requirement. PCSAN has paid fees ranging from \$6,000 - \$9,000 in the past. The State has added pesticide testing (DDE, DDD, and Dieldrin). The costs for this testing are significantly lower than testing for acute toxicity.

9b. GOVERNMENTAL MATTERS: None.

9c. ANNOUNCEMENTS AND DISCUSSION: None.

10. REPORTS/COMMENTS FROM COMMISSIONERS: Ms. Goodman reported that Board President Spinner approved depositing the check for the electrical pole file since the meeting with the railroad keeps getting pushed out.

11. FUTURE AGENDA ITEMS:

- Hints for a Healthy Sewer review
- Percentage of completed CCTV cleaning.
- Bull Valley Agricultural Center & Port Costa School – scope and costs.
- Acquire a backup effluent pump with the capacity to maintain flow to filter beds.
- Acquire two replacement peristaltic pumps for chemical dosing. This item was removed.
- Research funding and grant opportunities.
- Report on State Collection System Audit.

12. ADJOURNMENT: The meeting was adjourned at 7:25 PM until April 10, 2024, at 6 pm.

Respectfully submitted,
Sonia Rivas, MBA
District Secretary

PORT COSTA SANITARY COMMISSION

of the Crockett Community Services District

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For Review

MINUTES OF SPECIAL MEETING, APRIL 22, 2024

1. CALL TO ORDER: The meeting was called to order at 6:05 PM by Chair Surges. Present were Commissioners Cusack, Klaiber, List, Scheer, and Surges. Staff present included Sanitary Department Manager (SDM) Barnhill, District Secretary (DS) Rivas, and Administrative Services Manager (ASM) Goodman.

2. CONSIDER ITEMS OUT OF ORDER: None.

3. PUBLIC COMMENTS ON NON-AGENDA ITEMS: None.

4. RECEIVE PORT COSTA SEWER USE CHARGE (SUC) STUDY FOR FY 2024/2025, CONSIDER RECOMMENDATION FOR SUC INCREASE, AND APPROVE THE LANGUAGE OF THE NOTICE OF PROPOSED INCREASE IN SUCS AS REQUIRED BY PROP 218: The purpose of the SUC is to fund the anticipated sanitary needs of Port Costa. SDM Barnhill presented the findings and recommendations for the Sewer Use Charge for Fiscal Year 2024/2025. Total expected expenditures for FY 2024/25 totals \$527,515. This represents an increase of 21% from the previous year. A deficit has been identified for \$322,878. The number of qualifying units (both residential and commercial) remains the same as the previous year; 130.47 units. There are no additional units planned for development and therefore revenue will remain stagnant.

To adjust for anticipated costs, Staff recommends the SUC to be increased to \$2,475 per qualifying unit.

$$\frac{\text{Operating Deficit } (\$322,878)}{\text{No. of Discharge Units } (130.47)} = \$2,475/\text{unit}$$

A few entries were identified as carry-over from the previous year in the report. Revenues have not been entered for approximately 2 years. Staff are reluctant to adjust certain numbers due to the District’s current audit findings and opted to be responsible based on the needs of the sanitation system. The District is hiring a government accounting firm to assist with reconciling the financial entries to provide better forecasting, but the reconciling process will not be completed before the Prop 218 mailing deadline of May 1st.

In addition to the overall increase in material costs, Mr. Barnhill reminded the commissioners that Valley Operators is retiring in October, a year earlier than expected. He has been researching other operators and advised that the costs for a replacement operator will increase significantly. Port Costa has benefitted from Valley Operators’ services. He also advised that two pumps need to be replaced. While ideally both pumps should be replaced concurrently. Mr. Barnhill is very conscientious of PCSAN’s limited budget and does the best he can to seek reliable quality operators with reasonable pricing.

The rate stabilization fund was discussed as a possible alternative to an SUC increase. Ms. Goodman is not confident that this reserve fund is correct and if it has been allocated.

4.b

A long discussion was had on whether to approve the proposed increase in sewer charge increases and focused on hiring a new operator and preventative maintenance. Staff pointed out that a potential consequence of no increase for the second year in a row could result in a significantly higher rate the following fiscal year should Port Costa's sanitary system fail in some capacity in the next fiscal year.

Due to the lack of reconciled accounting records, a motion was made to decline an increase for FY 2024-25. (Cusack 1st, List 2nd, 4/0, 1 opposed)

5. REPORTS/COMMENTS FROM COMMISSIONERS: Commissioner Scheer questioned why the SUC public hearings are not held in Port Costa.

6. FUTURE AGENDA ITEMS: No discussion.

7. ADJOURNMENT: The meeting was adjourned at 7:20 PM until May 8, 2024, at 6 pm.

Respectfully submitted,
Sonia Rivas, MBA
District Secretary

April 29, 2024

William Burrell
Water Resource Control Engineer
San Francisco Bay Regional
Water Quality Control Board
1515 Clay Street, Suite 1400
Oakland, CA 94612

SUBJECT: Self-Monitoring Report Submittal for March 2024 for Crockett Community Services District (CCSD) WWTP Port Costa, CA

The Legally Responsible Official (LRO) for CCSD is James Barnhill, contact phone number (510) 787-2992. The Chief Plant Operator is Nicholas Gaunt with Valley Operators, a licensed California Wastewater Treatment Plant Contract Operator (40029), contact phone number (925) 698-4636.

The CCSD Port Costa WWTP contracts laboratory testing with Eurofins Environmental Laboratories, Inc., which is an ELAP, certified lab. All sampling and testing analysis records are maintained and available for inspection during normal business hours at the contract lab located at 5063 Commercial Circle Suite H, Concord, CA 94520-8577 (925) 689-9022.

The monthly report for March 2024 and first quarter has been uploaded to the CIWQS website.

No exceedances occurred during the month of March.

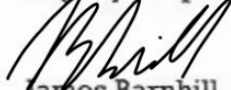
I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designated to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Prepared by:



Nicholas Gaunt,
Chief Plant Operator

Legally Responsible Official:



James Barnhill
Port Costa Manager

cc: Casey Wichert, Valley Operators

TO THE PORT COSTA SANITARY COMMISSION
AND THE BOARD OF DIRECTORS,
CROCKETT COMMUNITY SERVICES DISTRICT

FROM: Department Manager

SUBJECT: PORT COSTA Sewer Use Charge Study, FY 2024/2025

INTRODUCTION

A full Sewer Use Charge study report is performed when the Crockett Community Services District needs to consider raising the Sewer Use Charge fee. This report summarizes results of current operating & maintenance and capital costs to the Port Costa Sanitary Department of the Crockett Community Services District. The costs expected over the next fiscal year (July 1, 2024 through June 30, 2025) are predicted to provide a basis for determination of a rate structure for Sewer Use Charge for the coming year.

DISTRICT REORGANIZATION

The Crockett Community Services District was formed in July, 2006, merging the functions of the Crockett-Valona Sanitary District with the functions of two recreation organizations and Port Costa's sanitary sewer agency. This Sewer Use Charge study report is concerned only with sewer service provided in the town of Port Costa.

BACKGROUND

The small, unincorporated town of Port Costa has a population of 190 people as of the 2020 census. There are 113 properties within Crockett Community Services District boundaries, of which 85 are receiving sewer service. There is one additional property outside of the District boundaries that is also being served by Port Costa Sanitary Department. The average daily dry weather flow rate was more than 19,000 gallons in 2023.

Port Costa Sanitary Department pays for operation and maintenance, capital replacements, capital improvements, and long-term debt service with revenue collected from the Sewer Use Charge.

This review will determine the funding needed for operating, maintaining, and improving the Department's sewerage facilities, along with the available funding source(s) and revenue during FY 2024/25.

CURRENT COSTS

A review of revenue and expenditures during FY 2023/24 reveals the revenue and expenses (partially predicted) shown in TABLE 1.

TABLE 1

<u>REVENUE</u>	<u>PROJECTED DISTRICT CURRENT FY 2023/24</u>	
	Sewer Use Charges	\$ 299,169
	Annexation Charge	0
	Grants	0
	Interest	578
	Permit Fees	210
	Cost Recovery/Non-Operating	0
TOTAL REVENUE		\$306,313

<u>EXPENSES</u>		
	Sewage Treatment	\$ 109,767
	Sewage Collection	44,150
	Administration/General	49,540
	Recoverable	0
	Insurance	6,600
	County Charges	223
	Capital Projects	13,240
	Operating Reserve	29,000
	Debt Service (Principle & Interest)	26,829

TOTAL EXPENDITURES	\$279,349
CY NET O&M&R	\$26,964
PY Operating Reserve carried forward	\$168,193

FUTURE OPERATING REQUIREMENTS

This analysis is focused on the costs of operating and maintaining sewerage facilities in Port Costa for the fiscal year 2024/25.

State, regional, and county regulatory agencies impose new requirements on sanitary agencies from the 1990's to the present. Beginning in December 1, 2014, a five-year National Pollutant Discharge Elimination discharge permit (NPDES) was issued to Port Costa Sanitary Department by the Regional Water Quality Control Board (RWQCB). This Discharge permit further expanded these requirements. The current discharge permit became effective February 1, 2019 and expired January 31, 2024. Re-issuance of the permit is pending public comments. Deadline for public comments is May 20, 2024. The draft permit can be found at <http://www.waterboards.ca.gov/sanfranciscobay>. The draft permit will be considered for adoption by the Water Board on June 12, 2024 at 9:00 am. We are abiding by prior permit limitations until the next discharge permit is adopted and becomes effective.

In 2003, exceedances of permit limits resulted in mandatory upgrades to the treatment plant to eliminate discharge of pollutants. The upgrades were completed by Contra Costa County in 2007 at the cost of \$1,035,000. The Regional Water Quality Control Board certified the upgrade. 36 exceedances occurred throughout the years 2013 through 2023. The exceedances have since been attributed primarily to sludge buildup in the primary treatment (septic tank) and disturbance of the biological layer of the sand filter beds. Heavy cleaning, inspection, and maintenance of the septic tank was completed in early 2020. There have been two permit exceedances to this date following the heavy cleaning. Treatment plant operations have been accomplished by contract operators since 2008. The current contract is with Valley Operators LLC. Valley has given early notice to terminate operating services on October 1, 2024. Maintenance, repair, and replacement of specific components (pumps/generator/controls etc.) is performed by outside contractors.

Contra Costa County left no inventory of the system, inspection data, repair records, or condition assessment, and performed no preventive maintenance on the system. The District anticipated significant costs to bring the collection system up to current standards of reliability within as short a timeframe as possible. The small tax base and constrained revenue stream available for capital expenditures has restricted the ability to undertake desired projects. A review of current and forecasted operating requirements indicates that next year's operating budget should include the following items, as shown in TABLE 2:

1. Sewage Treatment:

The treatment plant facilities are operated and maintained by Valley Operators LLC. Chemicals are supplied by Sierra Chemical Company. Pre-treatment occurs in an 86,000 gallon (100% capacity) septic tank. Septic tank cleaning is ongoing, it is estimated that the top (scum) layer will require removal two to three times per year based on operator request. The bottom layer (sludge) is regularly profiled by the Valley Operators LLC. It is imperative that sludge is removed prior to the sludge level

reaching depth and concentration deemed detrimental to the removal of suspended solids which can carry-over to secondary treatment, causing damage to the plant piping, pumps, sand filter beds, and ultimately, to the effluent quality. Requests for cleaning are initiated by Valley Operators LLC. The costs associated with treatment for the next fiscal year are budgeted at \$145,767 excluding loan principle.

2. Sewage Collection:

The collection system consists of approximately 7,108 LF of 4" to 10" sewer piping. There are no lift stations. Wastewater flows by gravity from residential, mixed-use, and commercial users via the collection system. The wastewater is then conveyed, via gravity, through primary treatment (septic tank) to secondary treatment at the treatment plant. Port Costa Sanitary Department and Crockett Sanitary Department have benefited from inclusion in the Crockett Community Services District's Sanitary Sewer Management Plan. Bi-annual audits of the Sanitary Sewer Management Plan are performed by the Crockett Community Services District.

The cost for the collection system operations, maintenance, and repairs are estimated at \$54,150 for the coming year.

3. Administration/General expenses:

Wages are paid by Port Costa Sanitary Department to the General Manager, Department Manager, Administrative Services Manager, and Assistant District Secretary. Personnel costs are divided between O&M&R and capital projects, as appropriate. Sanitary Commissioners and District Board members are unpaid for meeting attendance.

Administrative (O&M) salary, professional services, office costs and miscellaneous expenses such as membership dues, printing, vehicle, etc. are budgeted at \$49,540.

4. Capital improvements budget:

The Crockett Community Services District maintains records that divide General Fund 3425 into an operating account and a capital account. Monies budgeted for capital projects will be carried over if spending is delayed, therefore capital expenditures may exceed the budget appropriation for a given year.

As a result of the 2007 plant upgrade project, the Crockett Community Services District inherited a debt burden of \$1,035,000 from Contra Costa County. Outstanding balance to be determined.

No additional long-term debt is anticipated in FY 2023/24. Port Costa Sanitary Department refinanced one of the loans in 2014 and the second loan in 2015. This reduced the interest rate on all debts burdening Port Costa. A third inter-department loan of \$150,000 was added in 2020 and is included in the debt service repayment

schedule. The fourth scheduled payment of \$26,829 includes interest and principle which reduces the total debt balance to \$128,571. Debt is paid 1.5% over the LAIF interest rate. LAIF interest rate as of this publication is 4%

5. Contingencies:

Wastewater agencies normally keep an operating reserve of between 10% and 50% of annual revenue requirements. Most agencies operate in the 20% to 40% range. Events such as El Nino '98 and storm events in the winter of 2016/17 have proven the necessity of a contingency fund.

*The Port Costa facilities were inherited with no operating reserves. \$4,000(tbd) can be contributed to the treatment plant Capital Reserve, \$10,000(tbd) for the septic tank reserve, \$5,000 for RWQCB operating reserves and \$10,000(tbd) toward the discharge permit reserve in 2024/2025.

**Port Costa Sanitary Department cannot allocate operating reserves until accounting review has taken place. The above allocations were from the prior year.*

TABLE 2

PROJECTED DISTRICT BUDGET DETAIL, FY 2024/25

**REVENUE (Excluding sewer use charges)

Carry-over unallocated cash	\$117,380
Prior Year Contingency Surplus	19,766
Tank Cleaning/Rehabilitation Reserve	30,000
Discharge Permit Reserve	30,000
TREATMENT PLANT Reserve	12,000
RWQCB Operating Reserve	15,000
Loans/Grants	0
Permit Fees	330
Capacity Charges/Annexation Charges	0
Annexation Interest	0
Cost Recovery	<u>0</u>

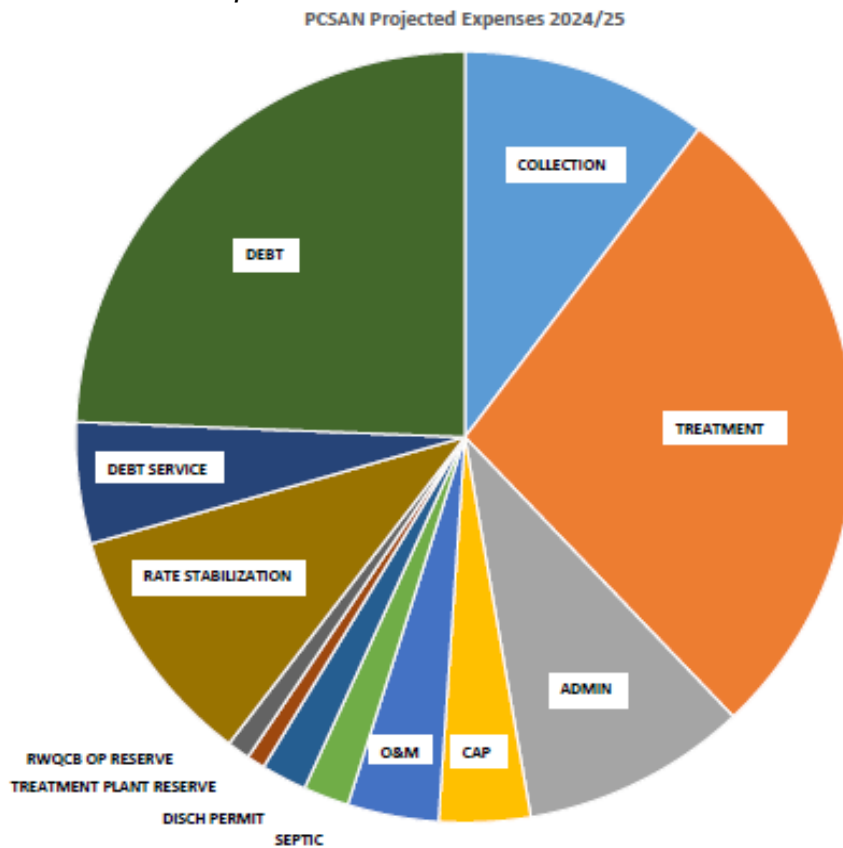
****TOTAL REVENUE \$224,526**

*** Port Costa Sanitary Department cannot accurately project Carry-over Unallocated Cash or Prior Year Contingency Surplus until accounting review has taken place.*

EXPENSES

Sewage Collection	\$ 54,150
Sewage Treatment	145,767
Administration/General	49,540
Capital Replacement Projects	20,000
O&M Contingencies	20,000
***1 Septic Tank Rehabilitation/Cleaning Reserve	10,000
2 TREATMENT PLANT Reserve	4,000
3 Discharge Permit Reserve	10,000
4 RWQCB Operating Reserve	5,000
5 Rate Stabilization Reserve	53,658
6 Debt service	26,829
7 Pre-Existing Debt	128,571
TOTAL EXPENDITURES	\$527,515
APPARENT DEFICIT	\$322,878

*** Port Costa Sanitary Department cannot project expenses numbered 1-7 until accounting review has taken place.



This budget of \$527,515 for FY 2024/25 is about 21% higher than what was budgeted in FY 2023/24. To rebuild the operating reserves and cover ongoing operating expenses a larger than normal Sewer Use Charge increase, the only significant source of revenue for Port Costa Sanitary Department, will be required.

PROJECTED REVENUE

The preceding review of next year's budget requirements indicates that \$527,515 will be needed. Sources of this needed revenue are primarily collected through Sewer Use Charges.

The preceding expense and revenue information is summarized in TABLE 2. As can be seen from TABLE 2 there is an apparent deficit of \$322,878. A deficit is an annual occurrence and can be covered by a Sewer Use Charge increase, as described below.

PROPOSED SEWER USE CHARGE RATE

The sewer services to be provided by Port Costa Sanitary Department are determined to include 76 single family dwellings and 14 apartments, plus 3 commercial and 4 mixed-use properties (containing another 27 apartments).

Since 1964, Contra Costa County had charged Port Costa properties for sewer service based on a schedule of multipliers. The categories "single-family residence" and "apartment" have always been charged the same rate. In a 2008 rate analysis conducted by a Contra Costa County consultant, that methodology was labeled inequitable. Unfortunately, that study proposed an alternate methodology that is impracticable when applied to a small community. Secondly, that alternate methodology was inconsistent with that used by Crockett Sanitary Department. In the interest of equitable rates, Crockett Sanitary Department adopted a methodology in 1992 based on the actual wastewater flow from each property or category. The smaller the town, the more important this methodology becomes. The Crockett methodology is now being used in Port Costa.

Wet weather water data is used to calculate average sewer use by residents to discount dry weather irrigation water, which does not enter the sewer system. Extreme outliers in the data were not considered in the calculation. The remaining 35 Single Family Residences (SFR) were found to contribute an average of 4544 Cu. ft. per year to the sewer system. Each apartment is also assumed to contribute 4544 Cu. ft. feet per year to the sewer system.

Non-residential, commercial, and mixed-use properties are charged an equitable share based on water consumption during a previous 12-month period. A minimum charge is set reflecting the number of apartments present. In no case is the commercial rate less than the rate for a single apartment.

The sewer services provided by Crockett Community Services District are tabulated in TABLE 3. The second column in TABLE 3 indicates the relative flow rating ("use factor") of the various types of users. The last column is the product of the number of units and the use factor.

TABLE 3
INVENTORY OF EXISTING CONNECTIONS - 2023

<u>TYPE OF OCCUPANCY/USE</u>	<u>NUMBER OF UNITS</u>	<u>USE FACTOR PER UNIT</u>	<u>UNITS</u>	EQUIVALENT
Single family dwelling	72	1.00	72.00	
Apartment	14	1.00	14.00	
Non-residential property	3	varies	3.51	
Mixed-use property	4	varies	<u>40.96</u>	
		Discharge Units	130.47	

To provide sufficient revenue for the O&M&R and capital budget, Sewer Use Charge would be determined as follows:

OPERATING DEFICIT	\$322,878		
	-----	=	\$2,475 /UNIT
NO. DISCHARGE UNITS	130.47		

By this method, the recommended annual Sewer Use Charge per single family residence is \$2,475. The recommended annual Sewer Use Charge per apartment is also \$2,475.

The charges for other properties would vary with water consumption in proportion to the Crockett Community Services District standard for residential uses. The recommended charge is \$2,475 plus \$54.47 per 100 cubic feet of water consumption in excess of 4544 cubic feet per year.

BUDGETARY RESERVES

A budget line item intends to build a Port Costa septic tank heavy cleaning reserve of \$50,000, to be built up over 5 years. This should provide funding to clean the septic tank as needed. The most recent major cleaning, completed in early 2020, cost approximately \$230,000. This major cleaning allowed for structural inspection and full replacement of the baffle system. A National Pollutant Discharge Elimination System (NPDES) discharge permit is due every five years, it is recommended to develop a reserve of \$40,000 to pay for permit reissuance application process. It is also recommended to maintain a reserve for potential penalties imposed by the Regional Water Quality Control Board. Excess operating revenue (if any) will roll over for contingency funds and/or remain in a rate stabilization reserve that exists to smooth out fluctuations in rates. Such excess revenue could also be allocated to sewer repairs, capital improvements or debt service, as required.

The Port Costa Sanitary Commission recognizes that it does not maintain a prudent level of capital reserves to respond to unanticipated situations or emergencies. Nor does this budget contain an adequate contingency fund, provide adequately for collection system maintenance, or allow for repayment of outstanding debt to the Crockett Sanitary Department. The heavy burden of high service charges on Port Costa properties is a source of frustration and anxiety. The potential for high service charges have had the effect, over time, of restricting the Commission from achieving its goal of accepting a prudent budget to allow for proper maintenance of the facilities. It will take years to achieve financial stability. This budget should be seen as an early step toward a balance of system quality and finance.

RECOMMENDATION

With the development of a ten-year revenue program, Port Costa Sanitary Department can chart a course toward financial stability. Prior to attaining confident stability, Port Costa Sanitary Department must recognize the need for full system inspection. Inspection will pinpoint weak links in the system and allow for cost estimates for repairs, improvements, and replacements. It is recommended to perform a current and total closed-circuit television (CCTV) inspection of the collection system.

Port Costa Sanitary Department continues regular cleaning of the collection system to prevent sewer overflows (SSO's). Port Costa Sanitary Department does not have a cost estimate for collection system rehabilitation within even the next five years since knowledge of the system is spotty. Port Costa Sanitary Department spent little on system rehabilitation in the initial years of transition from county management. It appears that regular increases in Sewer Use Charge will be required annually to fund operating costs and debt service alone. Recommendation of funding for system repairs or upgrades is difficult to ascertain without full inspection. Partial inspection would be beneficial but that would still allow for unknown future expenditures.

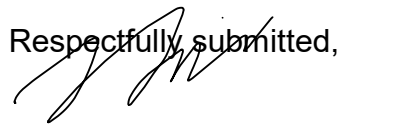
The General Manager, Department Manager, Administrative Services Manager, and Assistant District Secretary are the only positions receiving payroll in Port Costa Sanitary Department. All O&M&R services are contracted to outside contractors that regularly engage in the specific fields of work. This is believed to be the most economical and efficient method to complete work in a safe, professional, and timely manner. There is no recommendation to alter this approach.

It is therefore recommended that this Sewer Use Charge study report be accepted by the Board of Directors and that sewer use charges are raised to \$2,475 per single family residence and equivalent unit for FY 2024/25 as a source of revenue to balance the budget.

TABLE 4 sets forth the actual Sewer Use Charge anticipated for each property served by Port Costa Sanitary Department.

Revenue raised through this Sewer Use Charge would be \$322,912. There will be a net increase of 5.3% equal to \$130 annually on residential user fees for the fiscal year.

Respectfully submitted,



James Barnhill
Port Costa Department Manager
April 20, 2024

Sewer Use Charge Study
 FY 2024/25

TABLE 4

RECOMMENDED SEWER SERVICE CHARGES FOR THE TAX ROLL

A	Parcel No.	Levy		Revenue	Levy
		Code	Fund		Amount
A	368132002	GB	3425	9796	2,475.00
A	368132003	GB	3425	9796	2,475.00
A	368132004	GB	3425	9796	2,475.00
A	368132005	GB	3425	9796	2,475.00
A	368132007	GB	3425	9796	2,475.00
A	368132012	GB	3425	9796	2,475.00
A	368132013	GB	3425	9796	2,475.00
A	368132014	GB	3425	9796	2,475.00
A	368132015	GB	3425	9796	2,475.00
A	368132016	GB	3425	9796	2,475.00
A	368132017	GB	3425	9796	2,475.00
A	368132020	GB	3425	9796	2,475.00
A	368132022	GB	3425	9796	2,475.00
A	368132023	GB	3425	9796	2,475.00
A	368132024	GB	3425	9796	2,475.00
A	368132025	GB	3425	9796	2,475.00
A	368132026	GB	3425	9796	2,475.00
A	368133003	GB	3425	9796	2,475.00
A	368133007	GB	3425	9796	2,475.00
A	368133010	GB	3425	9796	2,475.00
A	368133012	GB	3425	9796	2,475.00
A	368134003	GB	3425	9796	4,950.00
A	368134004	GB	3425	9796	4,950.00
A	368134011	GB	3425	9796	2,475.00
*A	368134012	GB	3425	9796	4,950.00
A	368135004	GB	3425	9796	2,475.00
A	368135005	GB	3425	9796	2,475.00
A	368135008	GB	3425	9796	2,475.00
A	368135009	GB	3425	9796	2,475.00
A	368135012	GB	3425	9796	2,475.00
A	368135013	GB	3425	9796	2,475.00
A	368135014	GB	3425	9796	2,475.00
A	368141003	GB	3425	9796	2,475.00
A	368141004	GB	3425	9796	4,950.00
A	368141005	GB	3425	9796	2,475.00
A	368141009	GB	3425	9796	2,475.00
A	368142006	GB	3425	9796	2,475.00
A	368142007	GB	3425	9796	2,475.00
A	368142008	GB	3425	9796	2,475.00
A	368143001	GB	3425	9796	4,950.00
A	368143003	GB	3425	9796	2,475.00
A	368143004	GB	3425	9796	2,475.00

Sewer Use Charge Study
FY 2024/25

A	368143005	GB	3425	9796	2,475.00
A	368143006	GB	3425	9796	2,475.00
A	368143007	GB	3425	9796	2,475.00
A	368144003	GB	3425	9796	2,475.00
A	368144004	GB	3425	9796	4,950.00
A	368144012	GB	3425	9796	4,950.00
A	368145001	GB	3425	9796	2,475.00
A	368145002	GB	3425	9796	2,475.00
A	368145003	GB	3425	9796	2,475.00
A	368145006	GB	3425	9796	2,475.00
A	368145007	GB	3425	9796	2,475.00
A	368145008	GB	3425	9796	2,475.00
A	368145009	GB	3425	9796	2,475.00
A	368145010	GB	3425	9796	2,475.00
A	368145014	GB	3425	9796	2,475.00
A	368145015	GB	3425	9796	2,475.00
A	368145019	GB	3425	9796	3,363.00
A	368145024	GB	3425	9796	2,475.00
A	368145025	GB	3425	9796	2,475.00
A	368145027	GB	3425	9796	31,959.00
A	368146001	GB	3425	9796	2,860.00
A	368146002	GB	3425	9796	2,475.00
A	368146003	GB	3425	9796	2,475.00
A	368146007	GB	3425	9796	2,475.00
A	368146010	GB	3425	9796	2,475.00
A	368146014	GB	3425	9796	2,475.00
A	368146017	GB	3425	9796	2,475.00
A	368146021	GB	3425	9796	2,475.00
A	368146022	GB	3425	9796	2,475.00
A	368146023	GB	3425	9796	2,475.00
A	368146024	GB	3425	9796	2,475.00
A	368146025	GB	3425	9796	2,475.00
A	368147004	GB	3425	9796	19,309.00
A	368147005	GB	3425	9796	10,866.00
A	368147006	GB	3425	9796	39,230.00
A	368148002	GB	3425	9796	2,475.00
A	368148003	GB	3425	9796	2,475.00
A	368148004	GB	3425	9796	2,475.00
A	368148005	GB	3425	9796	2,475.00
A	368148013	GB	3425	9796	2,475.00
A	368148014	GB	3425	9796	2,475.00
A	368148015	GB	3425	9796	2,475.00
A	368148018	GB	3425	9796	2,475.00
A	354290004	GB	3425	9796	Direct bill 2,475.00

Assessment on Tax Roll 320,437.00

Total revenue including direct bill (7000 Carquinez) 322,912.00

* 368134012 Pending property inspection

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District

Auditor's Date: _____ Fund: 342500 Account : 0830


Date	Name	Memo	Credit	Num
FUND 3425 - PC SANITARY - O&M				
04/02/2024	CONTRA COSTA COUNTY TREASURER	Netchex Payroll nمبر 22, split	2,309.16	1844
Total FUND 3425 - PC SANITARY - O&M			2,309.16	
TOTAL			2,309.16	

for Hood
4/2/24

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District

Auditor's Date: _____ Fund: 342500 Account : 0830

Date	Name	Memo	Credit	Num
FUND 3425 - PC SANITARY - O&M				
04/15/2024	L.R. PAULSELL CONSULTING	High Pressure Cleaning 4/5/24 - INV# PCSD24-4	600.00	1847
04/15/2024	U.S. BANK	Credit Card Charges Feb and Mar 2024	749.98	1848
Total FUND 3425 - PC SANITARY - O&M			<u>1,349.98</u>	
TOTAL			<u><u>1,349.98</u></u>	


4/16/2024

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District

Auditor's Date: _____ Fund: 342500 Account : 0830

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Credit</u>	<u>Num</u>
FUND 3425 - PC SANITARY - O&M				
04/03/2024	PG&E	Electric - Acct # 2704121327-6	743.10	1845
04/03/2024	SDRMA	Health Benefits - SPLIT	269.96	1846
Total FUND 3425 - PC SANITARY - O&M			<u>1,013.06</u>	
TOTAL			<u>1,013.06</u>	

