

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, FY25/26

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, 2025 through June 30, 2026) 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 15,810 gallons in 2024, reported in 2024 Pollution Prevention Plan report as 0.016 MGD.

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 FY25/26.

CURRENT COSTS

A review of revenue and expenditures during FY24/25 reveals the revenue and expenses (partially predicted) shown in TABLE 1.

TABLE 1

PROJECTED DISTRICT CURRENT FY24/25

REVENUE

Sewer Use Charges	\$ 299,169
Annexation Charge	0
Grants	0
Interest	9350
Permit Fees	60
Cost Recovery/Non-Operating	<u>21,558</u>
<b>TOTAL REVENUE</b>	<b>\$330,137</b>

<b>PROJECTED CURRENT YEAR EXPENSES</b>	
Sewage Treatment	\$ 103,441
Sewage Collection	44,827
Administration/General	134,829
Recoverable	0
Insurance	4,061
County Charges	902
Capital Projects	10,000
Operating Reserve	0
Debt Service (Principle & Interest)	56,994
Potential Rate Refund	7,035

<b>TOTAL EXPENDITURES</b>	<b>\$362,089</b>
<b>CY NET O&amp;M&amp;R</b>	<b>(\$31,952)</b>
<b>PY Operating Reserve carried forward</b>	<b>\$30,166</b>

## FUTURE OPERATING REQUIREMENTS

This analysis is focused on the costs of operating and maintaining sewerage facilities in Port Costa for the FY25/26.

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. Order R2-2018-0053, NPDES Permit No. CA 0037885 (Discharge Permit) became effective February 1, 2019. This order expired on January 31, 2024. The current Order R2-2024-0009 was adopted on June 12, 2024, the Order became effective on August 1, 2024. Limitations and parameters of the prior Order, R2-2018-0053, were binding beyond its expiration, until Order R2-2024-0009 became 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. 39 exceedances occurred throughout the years 2013 through 2024. 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 five permit exceedances to this date following the heavy cleaning. Treatment plant operations have been accomplished by contract operators since 2008. The contract operator up to October 1, 2024 was Valley Operators LLC. Beginning October 1, 2024, operation of the Plant transferred to Natural Systems Utilities (NSU). 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:

Chemicals are supplied by Sierra Chemical Company. Pre-treatment occurs in an 86,000 gallon (100% capacity) septic tank. Septic tank cleaning is ongoing. The top (scum) layer should be removed twice per year, in the Spring, following wet weather season, and in the Fall, prior to wet weather season. Scum removal is performed upon operator request. The bottom layer (sludge) is regularly profiled by the operators. It is imperative that sludge is removed prior to the sludge level reaching

depth and concentration deemed detrimental to the efficient removal of suspended solids, which can gravitate to secondary treatment. This would negatively impact the plant piping, pumps, sand filter beds, and ultimately the effluent quality. Requests for cleaning are initiated by the operators. The costs associated with treatment for the next fiscal year are budgeted at \$141,641 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 \$54,827 for the coming year.

3. Administration/General expenses:

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

Administrative (O&M) salary, professional services, office costs and miscellaneous expenses such as membership dues, printing, vehicle, etc. are budgeted at \$134,829.

4. Capital improvements budget:

The Crockett Community Services District maintains records that divide General Fund 3425 into an operating account and a capital account. Funds 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 FY24/25 nor FY25/26. 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 next scheduled payment of \$25,286 includes interest and principle. Debt is paid 1.5% over the LAIF interest rate. LAIF interest rate as of this publication is 4.62%.

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. There is approximately \$51,160 currently in the Local Agency Investment Fund account. Of the funds in the investment account, allocations to reserves can be made for capital improvements on treatment plant, septic tank, collection system, and discharge permit in 2025/2026.*

*\*Crockett Community Services District is still in process of an internal accounting audit, financial figures reflected in this study are subject to change upon final report.*

TABLE 2

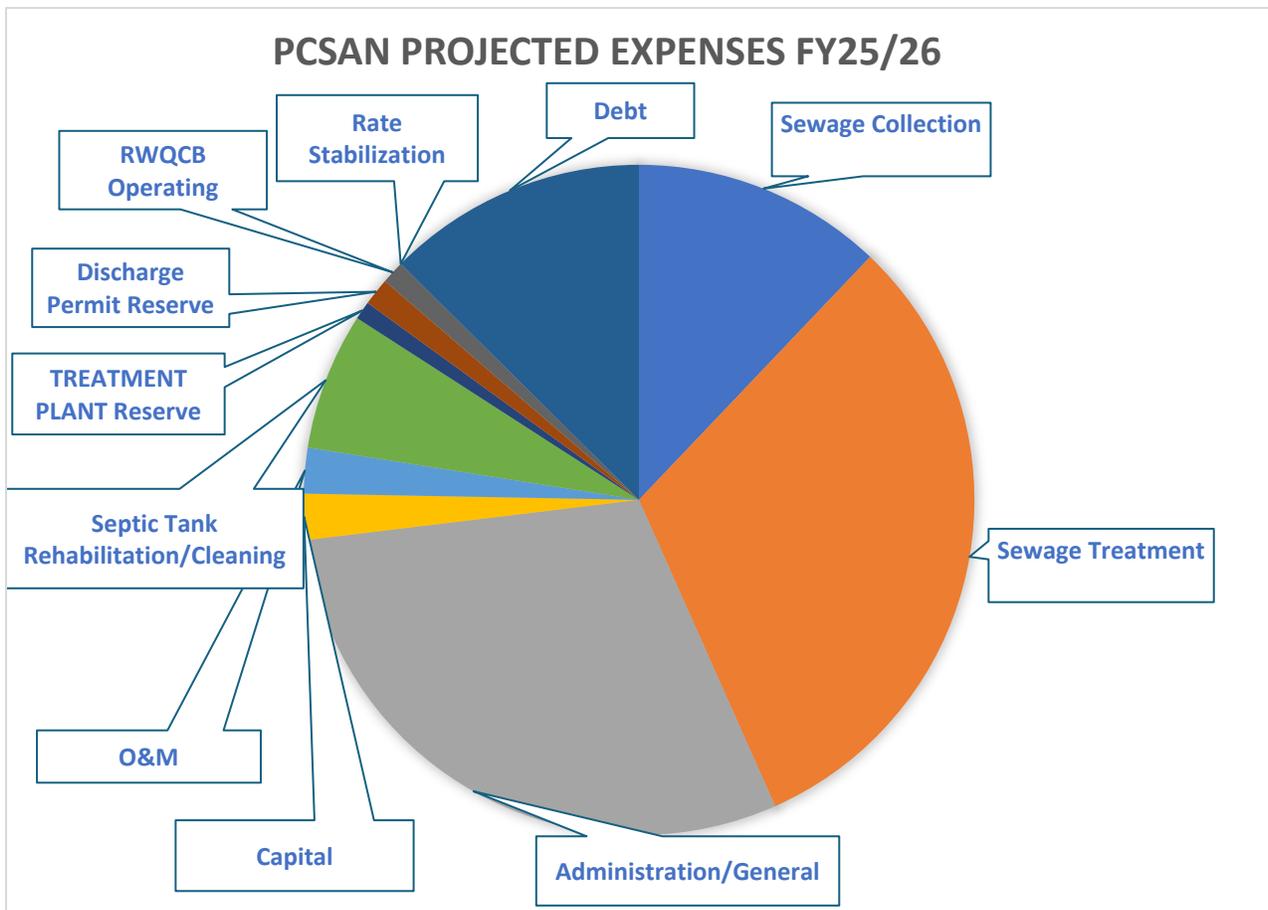
PROJECTED DISTRICT BUDGET DETAIL, FY25/26

REVENUE (Excluding sewer use charges)

Carry-over unallocated cash	\$ 30,166
Prior Year Contingency Surplus/Investment Fund	2,219
Tank Cleaning/Rehabilitation Reserve	30,000
Discharge Permit Reserve	6,000
TREATMENT PLANT Reserve	4,000
RWQCB Operating Reserve	5,000
Loans/Grants	0
Permit Fees	120
Capacity Charges/Annexation Charges	0
Annexation Interest	0
Cost Recovery	<u>0</u>
<b>**TOTAL REVENUE</b>	<b>\$77,505</b>

EXPENSES

Sewage Collection	\$ 54,827
Sewage Treatment	141,641
Administration/General	134,829
Capital Replacement Projects	10,000
O&M Contingencies	10,000
Septic Tank Rehabilitation/Cleaning Reserve	30,000
TREATMENT PLANT Reserve	4,000
Discharge Permit Reserve	6,000
RWQCB Operating Reserve	5,000
Rate Stabilization Reserve	0
Debt service	25,286
<b>TOTAL EXPENDITURES</b>	<b>\$421,583</b>
<b>APPARENT DEFICIT</b>	<b>\$344,078</b>



This budget of \$421,583 for FY25/26 is 14% higher than what was budgeted in FY24/25. The Sewer Use Charge was not increased in FY23/24, nor FY24/25. To rebuild the operating reserves and cover ongoing operating expenses an increase in Sewer Use Charge increase will be required.

### PROJECTED REVENUE

The preceding review of next year's budget requirements indicates that \$421,583 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 \$344,078. 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 39 Single Family Residences (SFR) were found to contribute an average of 4989 Cu. ft. per year to the sewer system. Each apartment is also assumed to contribute 4989 Cu. ft. feet per year to the sewer system. (*Ref: Ordinance No. 20-3, Exhibit A*)

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 - 2024

<u>TYPE OF OCCUPANCY/USE</u>	<u>NUMBER OF UNITS</u>	<u>USE FACTOR PER UNIT</u>	<u>EQUIVALENT UNITS</u>
Single family dwelling	72	1.00	72.00
Apartment	14	1.00	14.00
Non-residential property	3	varies	2.93
Mixed-use property	4	varies	<u>42.80</u>
	Discharge Units		131.73

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

OPERATING DEFICIT	\$344,078		
	-----	=	\$2,612 /UNIT
NO. DISCHARGE UNITS	131.73		

By this method, the recommended annual Sewer Use Charge per single family residence is \$2,612. The recommended annual Sewer Use Charge per apartment is also \$2,612.

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 \$2,612 plus \$47.01 per 100 cubic feet of water consumption more than 4989 cubic feet per year.

BUDGETARY RESERVES

A budget line item intends to build a Port Costa septic tank heavy cleaning reserve of \$30,000, to be built over 8 years. Due to the limited revenue, it is unlikely that this reserve target will be met. 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, Sanitary Department Manager, Administrative Services Manager, and 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 \$2,612 per single family residence and equivalent unit for FY25/26 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 \$344,343. Prior FY24/25, staff recommended an annual Sewer Use Charge increase of 5.5%, equal to \$130. For FY25/26 staff recommend an annual Sewer Use Charge increase of 11.4%, equal to \$267.

Respectfully submitted,



---

James Barnhill  
Port Costa Department Manager  
April 28, 2025

Sewer Use Charge Study  
 FY25/26

TABLE 4

RECOMMENDED SEWER SERVICE CHARGES FOR THE TAX ROLL

A	Parcel No.	Levy Code	FUND	Revenue		Levy Amount
A	368-132-002	GB	3425	9796		2,612.00
A	368-132-003	GB	3425	9796		2,612.00
A	368-132-004	GB	3425	9796		2,612.00
A	368-132-005	GB	3425	9796		2,612.00
A	368-132-007	GB	3425	9796		2,612.00
A	368-132-012	GB	3425	9796		2,612.00
A	368-132-013	GB	3425	9796		2,612.00
A	368-132-014	GB	3425	9796		2,612.00
A	368-132-015	GB	3425	9796		2,612.00
A	368-132-016	GB	3425	9796		2,612.00
A	368-132-017	GB	3425	9796		2,612.00
A	368-132-020	GB	3425	9796		2,612.00
A	368-132-022	GB	3425	9796		2,612.00
A	368-132-023	GB	3425	9796		2,612.00
A	368-132-024	GB	3425	9796		2,612.00
A	368-132-025	GB	3425	9796		2,612.00
A	368-132-026	GB	3425	9796		2,612.00
A	368-133-003	GB	3425	9796		2,612.00
A	368-133-007	GB	3425	9796		2,612.00
A	368-133-010	GB	3425	9796		2,612.00
A	368-133-012	GB	3425	9796		2,612.00
A	368-134-003	GB	3425	9796		5,224.00
A	368-134-004	GB	3425	9796		5,224.00
A	368-134-011	GB	3425	9796		2,612.00
A	368-134-012	GB	3425	9796	Pending inspection	5,224.00
A	368-135-004	GB	3425	9796		2,612.00
A	368-135-005	GB	3425	9796		2,612.00
A	368-135-008	GB	3425	9796		2,612.00
A	368-135-009	GB	3425	9796		2,612.00
A	368-135-012	GB	3425	9796		2,612.00
A	368-135-013	GB	3425	9796		2,612.00
A	368-135-014	GB	3425	9796		2,612.00
A	368-141-003	GB	3425	9796		2,612.00
A	368-141-004	GB	3425	9796		5,224.00
A	368-141-005	GB	3425	9796		2,612.00
A	368-141-009	GB	3425	9796		2,612.00
A	368-142-006	GB	3425	9796		2,612.00
A	368-142-007	GB	3425	9796		2,612.00
A	368-142-008	GB	3425	9796		2,612.00
A	368-143-001	GB	3425	9796		5,224.00
A	368-143-003	GB	3425	9796		2,612.00
A	368-143-004	GB	3425	9796		2,612.00
A	368-143-005	GB	3425	9796		2,612.00
A	368-143-006	GB	3425	9796		2,612.00
A	368-143-007	GB	3425	9796		2,612.00
A	368-144-003	GB	3425	9796		2,612.00
A	368-144-004	GB	3425	9796		5,224.00
A	368-144-012	GB	3425	9796		5,224.00

Sewer Use Charge Study  
FY25/26

A	368-145-001	GB	3425	9796		2,612.00
A	368-145-002	GB	3425	9796		2,612.00
A	368-145-003	GB	3425	9796		2,612.00
A	368-145-006	GB	3425	9796		2,612.00
A	368-145-007	GB	3425	9796		2,612.00
A	368-145-008	GB	3425	9796		2,612.00
A	368-145-009	GB	3425	9796		2,612.00
A	368-145-010	GB	3425	9796		2,612.00
A	368-145-014	GB	3425	9796		2,612.00
A	368-145-015	GB	3425	9796		2,612.00
A	368-145-019	GB	3425	9796		2,612.00
A	368-145-024	GB	3425	9796		2,612.00
A	368-145-025	GB	3425	9796		2,612.00
A	368-145-027	GB	3425	9796		34,068.00
A	368-146-001	GB	3425	9796		2,612.00
A	368-146-002	GB	3425	9796		2,612.00
A	368-146-003	GB	3425	9796		2,612.00
A	368-146-007	GB	3425	9796		2,612.00
A	368-146-010	GB	3425	9796		2,612.00
A	368-146-014	GB	3425	9796		2,612.00
A	368-146-017	GB	3425	9796		2,612.00
A	368-146-021	GB	3425	9796		2,612.00
A	368-146-022	GB	3425	9796		2,612.00
A	368-146-023	GB	3425	9796		2,612.00
A	368-146-024	GB	3425	9796		2,612.00
A	368-146-025	GB	3425	9796		2,612.00
A	368-147-004	GB	3425	9796		17,628.00
A	368-147-005	GB	3425	9796		10,681.00
A	368-147-006	GB	3425	9796		49,427.00
A	368-148-002	GB	3425	9796		2,612.00
A	368-148-003	GB	3425	9796		2,612.00
A	368-148-004	GB	3425	9796		2,612.00
A	368-148-005	GB	3425	9796		2,612.00
A	368-148-013	GB	3425	9796		2,612.00
A	368-148-014	GB	3425	9796		2,612.00
A	368-148-015	GB	3425	9796		2,612.00
A	368-148-018	GB	3425	9796		2,612.00
A	354-290-004	GB	3425	9796	Direct bill	2,612.00
ASSESSMENT ON TAX ROLL						\$341,731.00
<b>Total revenue including direct bill</b>						
<b>(7000 Carquinez)</b>						<b>\$344,343.00</b>