



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Carolyn Graham • Vice-President – Bryon Gutow • Director – Kevin Graves • Director – Ashley Porter • Director – Lesley Belcher

**NOTICE OF THE SPECIAL MEETING
OF THE STANDING FINANCE COMMITTEE
OF THE TOWN OF DISCOVERY BAY
Wednesday, March 5, 2025, 10:00A.M.**

TO ATTEND IN PERSON: The meeting will be held at the Community Center located at 1601 Discovery Bay Boulevard.

In addition to physical attendance at the address indicated above, the Town of Discovery Bay Community Services District is offering the following teleconferencing options as an alternative means for the public to participate in this meeting.

TO ATTEND BY ZOOM WEBINAR: <https://us06web.zoom.us/j/82820740593>

TO ATTEND BY PHONE: +1 (669) 444 9171 or +1 (719) 359 4580 **WEBINAR ID:** 828 2074 0593

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

Finance Committee Members

*Kevin Graves
Ashley Porter*

A. ROLL CALL

1. Call business meeting to order 10:00A.M.
2. 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 Committee 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 Committee for consideration. Any person wishing to speak will have 3 minutes to make their comment. There will be no dialog between the Committee and the commenter as the law strictly limits the ability of Committee 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 Committee only. Any clarifying questions from the Committee must go through the Chair. Comments from the public do not necessarily reflect the viewpoint of the Committee members.

C. DRAFT MINUTES TO BE APPROVED

1. Approve Finance DRAFT Meeting Minutes of December 4, 2024.

D. PRESENTATIONS

1. Bi-Monthly Financial Report.

E. UPDATES

F. DISCUSSION

1. Discussion Regarding Establishing Chair and Vice-Chair.
2. Discussion and Possible Feedback on Rate Study and Proposition 218 Process Schedule.
3. Discussion and Possible Feedback Regarding Hoffman Fund Expenditures.

G. FUTURE DISCUSSION/AGENDA ITEMS

H. ADJOURNMENT

1. Adjourn to the next Standing Finance Committee meeting on April 2, 2025, 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 in the District Office located at 1800 Willow Lake Road during normal business hours."



TOWN OF DISCOVERY BAY

A COMMUNITY SERVICES DISTRICT

SDLF Platinum-Level of Governance



President – Michael Callahan • Vice-President –Carolyn Graham • Director – Kevin Graves • Director – Bryon Gutow • Director – Ashley Porter

**MINUTES OF THE REGULAR MEETING
OF THE STANDING FINANCE COMMITTEE
OF THE TOWN OF DISCOVERY BAY
Wednesday, December 4, 2024 4:30 P.M.**

Finance Committee Members

Chair Carolyn Graham
Vice-Chair Ashley Porter

A. ROLL CALL

1. Call business meeting to order 4:30 p.m.
2. Roll Call was taken. Chair Graham announced Vice-Chair Porter would be late. Vice-Chair Porter arrived at 4:43p.m.

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

None.

C. DRAFT MINUTES TO BE APPROVED

1. Approve Finance DRAFT Meeting Minutes of June 5, 2024.
2. Approve Finance DRAFT Meeting Minutes of August 7, 2024.

Vice-Chair Porter made a Motion to Approve the June 5, 2024 and August 7, 2024 Draft Meeting Minutes.

Chair Graham seconded.

Vote: Motion Carried – AYES: 2, NOES: 0, ABSTAINED: 0, ABSENT: 0

D. PRESENTATIONS

1. Bi-Monthly Financial Report.

Presented by Finance Manager Margaret Moggia.

- Water
 - First receipt of fixed charge funds is expected in December.
 - Salary and benefits came in under budget due to unfilled positions.
 - Facility maintenance charges were higher than budget due to emergency repairs.
- Wastewater
 - First receipt of fixed charge funds is expected in December.
 - Salary and benefits came in under budget due to unfilled positions.
 - Consulting, contract operations and facility maintenance all came in under budget.
- Zone 8
 - First receipt of fixed charge funds is expected in December. Supplemental amount of \$24,820 was received.
 - \$26,055 of interest income was earned.
 - Salary and benefits came in under budget due to unfilled positions.
- Community Center Expenses
 - Salary and benefits came in under budget due to unfilled positions.

- Landscape Expenses
 - Salary and benefits came in under budget due to unfilled positions.
 - Facility maintenance came in higher than budget due to deferred maintenance.
- Zone 9
 - First receipt of fixed charge funds is expected in December.
 - Salary and benefits came in under budget due to unfilled positions.
 - Facility maintenance was lower than budgeted.
- FY 2025 Capital Projects
 - Administrative building, Willow Filter Repair, Well 8, Marina Underwater Crossing, Cathodic Protection, O&M Manual.
- FY 2025 Debt Portfolio
 - Current debt outstanding:
 - 2017 Bond: \$7,640,000
 - 2022 Bond: \$16,400,000
 - 2022B Bond: \$10,768,000
- Upcoming FY 2025 Finance Activities
 - State Reporting
 - Classification and Compensation Study
 - Rate Study
 - Financial Software Implementation

E. UPDATES

None.

F. DISCUSSION

None.

G. FUTURE DISCUSSION/AGENDA ITEMS

None.

H. ADJOURNMENT

1. Adjourned at 4:55p.m. to the next Standing Finance Committee meeting on February 5, 2025, at the Community Center located at 1601 Discovery Bay Boulevard.

Finance Committee Meeting March 5, 2025

Financial Results through December 2024

Fiscal Year 2025 Finance Activities



Fiscal Year 2025 Financial Results (through December 31)

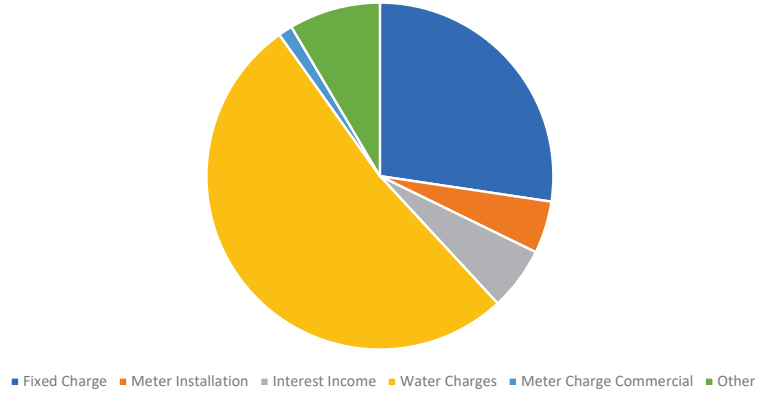
	Fund 20 (Water)	Fund 21 (Wastewater)	Fund 40 (Zone 8)	Fund 41 (Zone 9)
Revenues	\$3,449,643	\$3,961,853	\$643,811	\$105,208
Expenses	\$3,309,973	\$3,490,178	\$479,172	\$55,613
Net Income (loss)	\$139,670	\$471,675	\$164,639	\$49,595



Fiscal Year 2025 Financial Results (Water)

	Actual	Budget
Fixed Charge	943,806	879,000
Meter Installation	167,981	168,000
Interest Income	203,326	212,500
Water Charges	1,795,101	1,653,570
Meter Charge Commercial	45,471	45,000
Other	293,958	35,000
Total Revenues	\$3,449,643	\$2,993,070

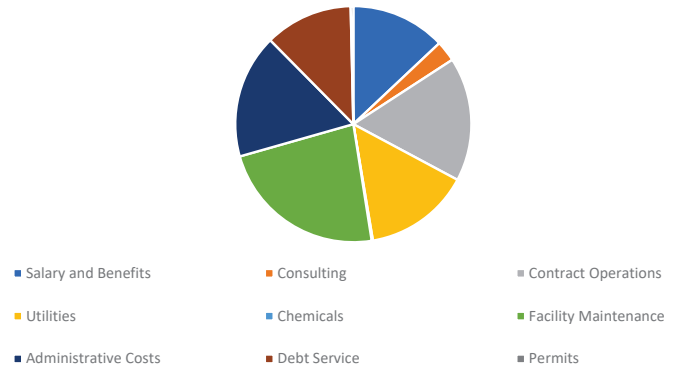
Fiscal Year 2025 - Through December 2024
Revenues



Fiscal Year 2025 Financial Results (Water)

	Actual	Budget
Salary and Benefits	429,589	593,054
Consulting	94,078	252,500
Contract Operations	562,521	513,000
Utilities	481,029	370,800
Chemicals	5,393	50,000
Facility Maintenance	764,022	434,500
Administrative Costs	562,442	358,500
Debt Service	398,956	398,956
Permits	11,944	25,000
Total Expenses	\$3,309,973	\$2,996,310

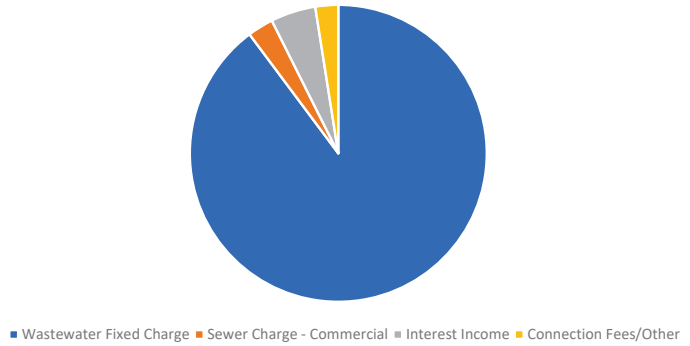
Fiscal Year 2025 - Through December 2024
Expenses



Fiscal Year 2025 Financial Results (Wastewater)

	Actual	Budget
Fixed Charge	3,557,628	3,243,250
Sewer Charge	111,487	68,400
Interest Income	194,290	200,000
Capacity Fees/Other	98,448	11,000
Total Revenues	\$3,961,853	\$3,522,650

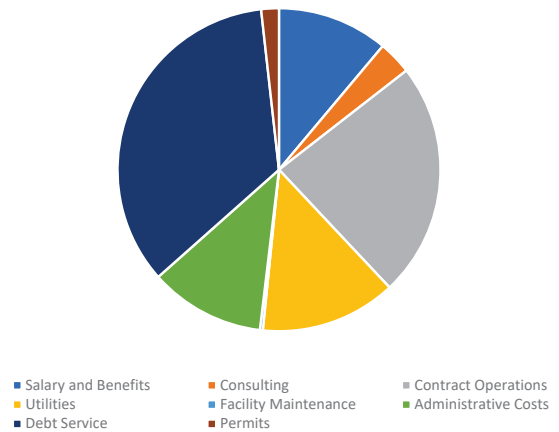
Fiscal Year 2025 - Through December 2024
Revenues



Fiscal Year 2025 Financial Results (Wastewater)

	Actual	Budget
Salary and Benefits	387,846	436,404
Consulting	117,321	130,000
Contract Operations	821,126	922,500
Utilities	474,722	453,600
Facility Maintenance	10,187	45,000
Administrative Costs	403,165	395,350
Debt Service	1,213,954	1,213,954
Permits	61,857	62,500
Total Expenses	\$3,490,178	\$3,659,308

Fiscal Year 2025 - Through December 2024
Expenses

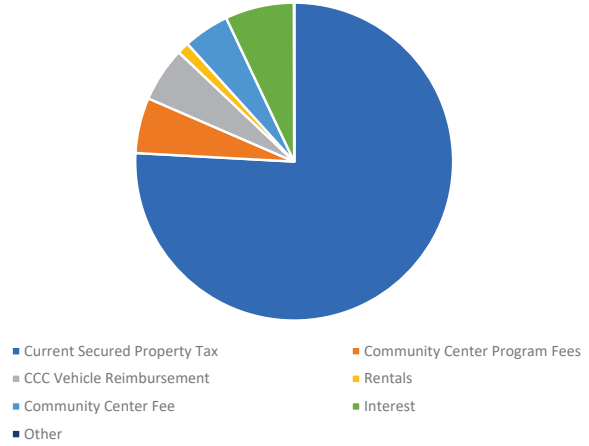


December 1 Bond Payment – Principal and Interest

Fiscal Year 2025 Financial Results (Zone 8)

	Actual	Budget
Property Tax	488,406	425,641
Community Center	36,337	39,500
County Reimburse	35,798	33,500
Rentals	7,848	20,000
Community Center Fee	30,135	-
Interest	45,184	37,500
Other	103	12,000
Total Revenues	\$643,811	\$568,141

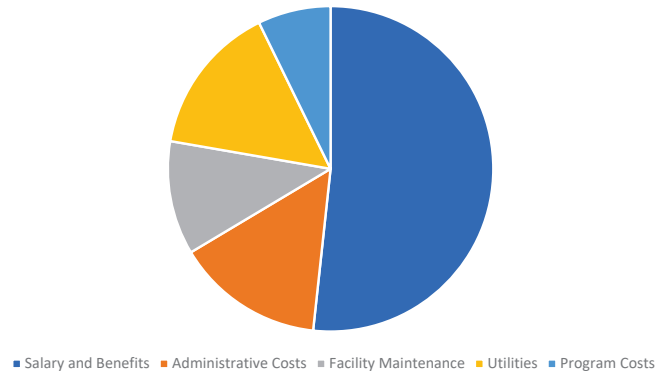
Fiscal Year 2025 - Through December 2024 Revenues



Fiscal Year 2025 Financial Results (Zone 8)

Community Center	Actual	Budget
Salary and Benefits	116,267	179,896
Administrative Costs	33,077	26,250
Facility Maintenance	25,412	31,500
Utilities	33,777	29,500
Program Costs	16,293	27,000
Total Expenses	\$224,826	\$294,146

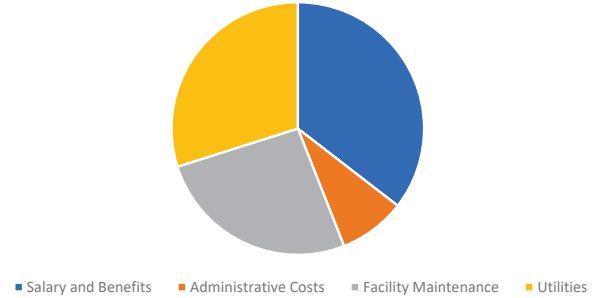
Fiscal Year 2025 - Through December 2024 Expenses - Community Center



Fiscal Year 2025 Financial Results (Zone 8)

Landscape	Actual	Budget
Salary and Benefits	90,224	117,847
Administrative Costs	21,765	19,650
Facility Maintenance	66,333	41,000
Utilities	76,024	75,000
Total Expenses	\$254,346	\$253,497

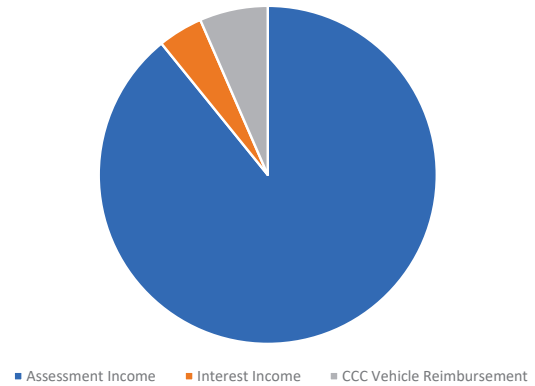
Fiscal Year 2025 - Through December 2024
Expenses - Landscape



Fiscal Year 2025 Financial Results (Zone 9)

	Actual	Budget
Assessment Income	93,817	85,500
Interest Income	4,518	5,000
County Reimburse	6,873	8,500
Total Revenues	\$105,208	\$99,000

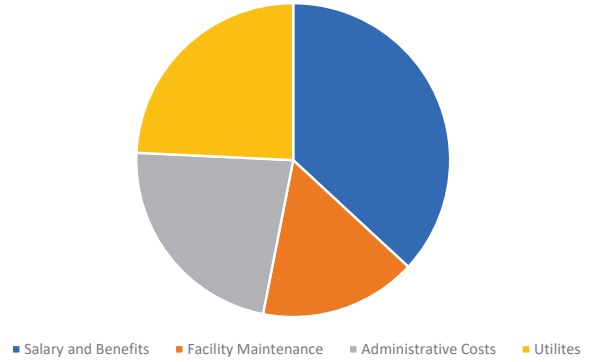
Fiscal Year 2025 - Through December 2024
Revenues



Fiscal Year 2025 Financial Results (Zone 9)

	Actual	Budget
Salary and Benefits	20,520	32,605
Facility Maintenance	9,002	32,250
Administrative Costs	12,602	14,150
Utilities	13,488	12,600
Total Expenses	\$55,613	\$91,605

Fiscal Year 2025 - Through December 2024
Expenses



FY 2025 Capital Projects

Administration Building

Mobile Modular Design \$ 167,225

Water Capital Improvement Projects

Willow Filter Repair \$1,780,176
 Well 8 \$1,493,356
 Marina Underwater Crossing \$ 211,765
 Cathodic Protection \$ 21,852
 Solar Project \$ 55,050



FY 2025 Debt Portfolio

December 1 Bond Payment – Principal and Interest

	2017	2022	2022B (Refunded 2012)
Original Debt Issuance	\$8,825,000	\$16,860,000	\$11,650,000
Current Debt Outstanding	\$7,425,000	\$16,135,000	\$10,362,000
All In Total Interest Cost %	3.9281%	4.1924%	3.6837%
Final Maturity	12/1/2047	12/1/2052	12/1/2042



Water Construction Proceeds - \$4.6M
Wastewater Construction Proceeds - \$0M

Upcoming Fiscal Year 2025 Finance Activities

- State Reporting – Financial Transaction Report
- Classification and Compensation Study
- Rate Study
- Financial Software Implementation





Town of Discovery Bay

“A Community Services District”

STAFF REPORT

Agenda Title: Discussion and Possible Feedback on Rate Study and Proposition 218 Process Schedule

Meeting Date: March 5, 2025

Prepared By: Margaret Moggia, Finance Manager

Submitted By: Dina Breitstein, General Manager

RECOMMENDED ACTION:

For information only.

EXECUTIVE SUMMARY:

The Town of Discovery Bay Community Services District (Town) provides water and wastewater service to about 6,200 customers. With the passage of Proposition 218, the California Constitution was amended to establish the requirements for imposing any new or increasing any existing property-related fees and charges.

The procedural requirements of Proposition 218 for all utility rate increases include noticing requirement, public hearing, and rate increases are subject to failure to meet majority protest. In addition, Proposition 218 also established substantive requirements that apply to water and wastewater rates and charges include cost of service, intended purpose, proportional cost recovery, availability of service and general government services.

The Town last conducted a water and wastewater rate study in 2020 which provided a schedule of rate adjustments through FY2024/2025. In July 2023, Lechowicz & Tseng was approved to provide consulting services to support the next five-year Water and Wastewater Rate Study. The work was initiated in the fall of 2023 and then paused to determine the impact of a potential ballot measure that may have an adverse impact if passed in the November 2024 election. When the ballot measure was pulled from the ballot, the work resumed.

Staff met with the rate consultant to review current assumptions including anticipated sales, operating costs, and infrastructure project costs supported by the water and wastewater revenues. In addition, staff met with the Town’s municipal advisor to better understand and incorporate the necessary borrowing assumptions and the use of Town reserves to fund the more significant capital projects on the water and wastewater programs.

Lechowicz & Tseng Municipal Consulting project manager will present a draft of the potential water and sewer (wastewater) adjustments at the March 2025 Finance Committee. The presentation covers the study goals, current financial position, future anticipated spend and cash flow, and proposed rates.

The anticipated next steps for the next rate study are noted below.

April 2025: Present final report and recommendations to the Board:
Ask for approval to initiate Proposition 218 process; and
Mail Proposition 218 Notice

June 2025: Proposition 218 Hearing

July 1, 2025: New rates go into effect in effect in FY 25/26 for water and wastewater on usage Fixed capital charges to be billed through the County (submit by August 2025 deadline)

FISCAL IMPACT:

The proposed rate and charges for the water and sewer/wastewater funds are to collect sufficient funds to cover the operations and maintenance, debt obligations for infrastructure additions and renewals, and maintain prudent reserves.

PREVIOUS RELEVANT BOARD ACTIONS FOR THIS ITEM:

July 5, 2023 - Discussion and Possible Action Regarding Approving the Scope of Work with Lechowicz & Tseng Municipal Consultants for the Water and Wastewater Rate Study.

ATTACHMENTS:

1. Presentation.
2. Draft Tables.

Town of Discovery Bay CSD

Potential Water and Sewer Rate Adjustments



March 5, 2025



LECHOWICZ + TSENG
MUNICIPAL CONSULTANTS

Alison Lechowicz
Project Manager



Background

- Water and sewer utilities are enterprise funds and should be self-supported by rate revenues
- Water and sewer rates are subject to Proposition 218
 - Rates must be based on the reasonable cost of service
 - Rates must proportionally recover costs based on how customers take service
 - Covers rates over a maximum 5-year period
 - Procedural requirements: conduct a rate study, mail a notice to property owners/tenants, hold a hearing a minimum of 45 days later, protest vote



Background Continued

- NEW January 1, 2025 Exhaustion of Administrative Remedies:
 - Customers have the option submit a Written Objection to the rate proposal (must cite specific statutes, rules, constitutional provisions, regulations, and/or cases that are alleged to be violated)
 - Failure to submit a Written Objection limits future lawsuits
- Last rate study was conducted in 2020



Rate Study Goals

- Update the cost of service
- Collect sufficient funds to cover:
 - Operations and maintenance (maintenance has increased significantly in recent years)
 - Debt obligations
 - Repair and replacement of infrastructure (main driver of the rate increases)
 - Maintain prudent reserves
- New rates effective July 1 (concurrent with the fiscal year and property tax submittal)

WATER FUND



5



Current Monthly Water Rates

Vacant	\$14.67
Non-irrigation Account Charge	
up to 1 Inch Meter	\$23.02
1 1/2 Inch Meter	\$42.98
2 Inch Meter	\$66.94
3 Inch Meter	\$130.80
4 Inch Meter	\$202.64
6 Inch Meter	\$402.22
Irrigation Account Charge	
up to 1 Inch Meter	\$20.62
1 1/2 Inch Meter	\$38.18
2 Inch Meter	\$59.24
3 Inch Meter	\$115.73
4 Inch Meter	\$180.27
6 Inch Meter	\$359.54
Meter Install Fee (10-year payback)	\$8.01
Volume Rate - All Usage (\$/ccf) ccf = 100 cubic feet = 748 gallons	\$2.577

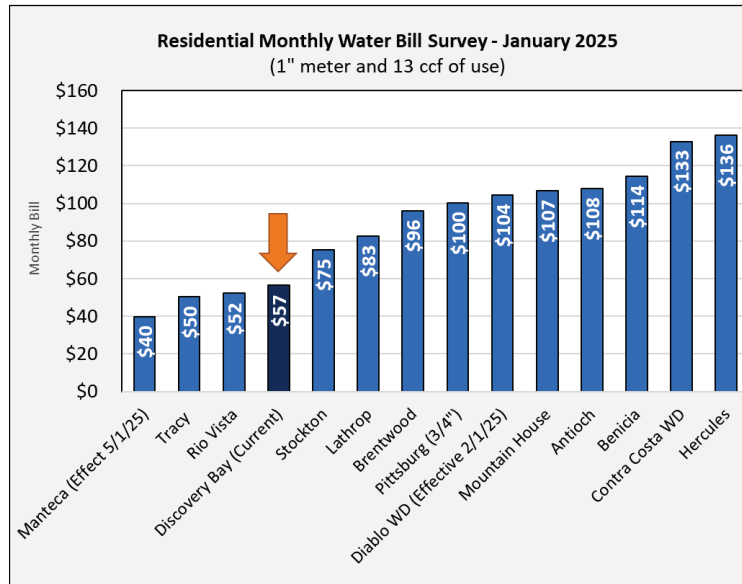
	FY2025 Est. Revenues
Meter Fees	\$1.82M
Install Fee	\$0.34M
Volume (Usage)	\$2.94M
Less Delinquencies	<u>(\$0.10M)</u>
Total Rate Revenue	\$5.00M

Expires July 2027



Water Bill Survey

- Typical single family residential Town customer is served by a 1" meter, uses 13 ccf monthly, and pays a monthly bill of \$56.52 (does not include the meter installation fee)



Water Fund Current Financial Position

- Rate revenues of about \$5.0M plus additional water revenues of \$0.5M total about \$5.5M
- Operating costs and existing debt service total about \$5.6M
- However, maintenance and repairs have increased significantly in recent years
- New recommended employee for regulatory compliance
- About \$6.1M in existing cash reserves
- Financial challenge is to keep up with recent operating cost increases and fund necessary capital projects



Water Capital Funding (\$M)

Project Categories	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	5-Year Total
Solar System at WTP I	2.59	0.41	0.00	0.00	0.00	3.00
Solar System at WTP II	0.00	0.37	0.00	0.00	0.00	0.37
Admin Building	2.51	0.00	0.00	0.00	0.00	2.51
Well 8	1.00	0.00	0.00	0.00	0.00	1.00
Other Projects I	0.51	0.39	0.41	0.39	0.29	1.98
Other Projects II	0.00	0.00	0.00	0.00	0.24	0.24
Mainline Pipe	1.00	3.50	3.50	3.50	3.50	15.00
Underwater Crossing	0.00	0.00	0.76	4.99	0.00	5.76
Total Projects	\$7.60	\$4.66	\$4.67	\$8.89	\$4.03	\$29.85

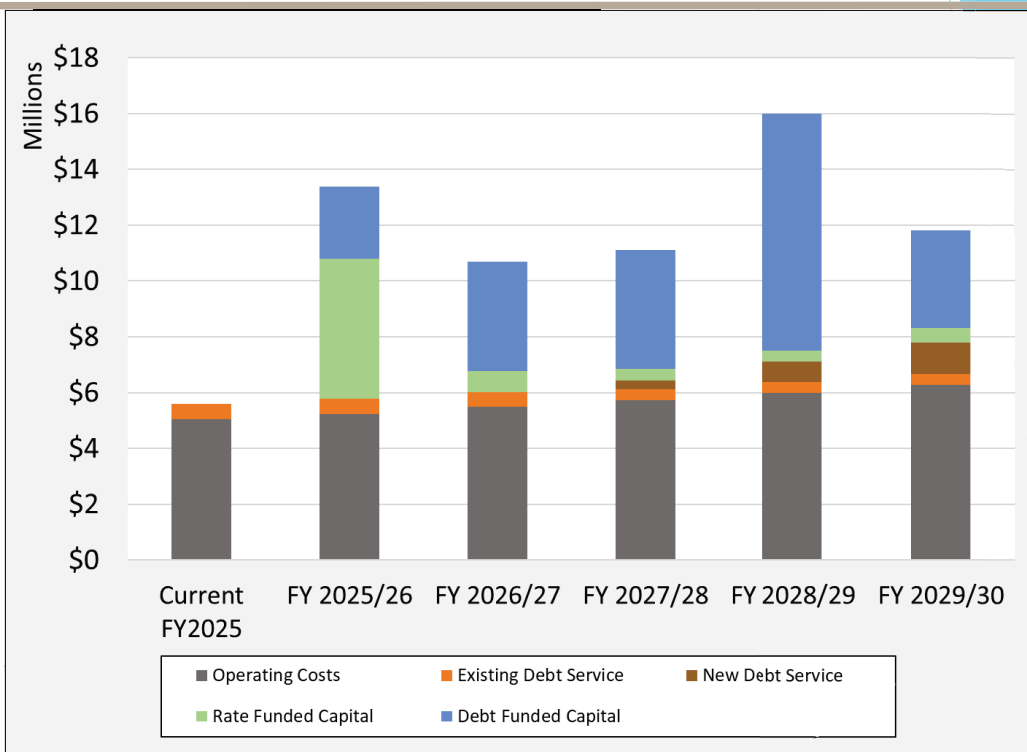
CA Energy Commission loan of \$3 million paid back over 16 years at 1%; debt service cost is intended to be covered by energy savings

All other projects (plus \$370K of the solar system) total about \$6.85 million and will be funded by District funds

Funded via market rate bonds totaling \$20 million paid back over 30 years at 5.25%; new annual debt service of \$1.14 million

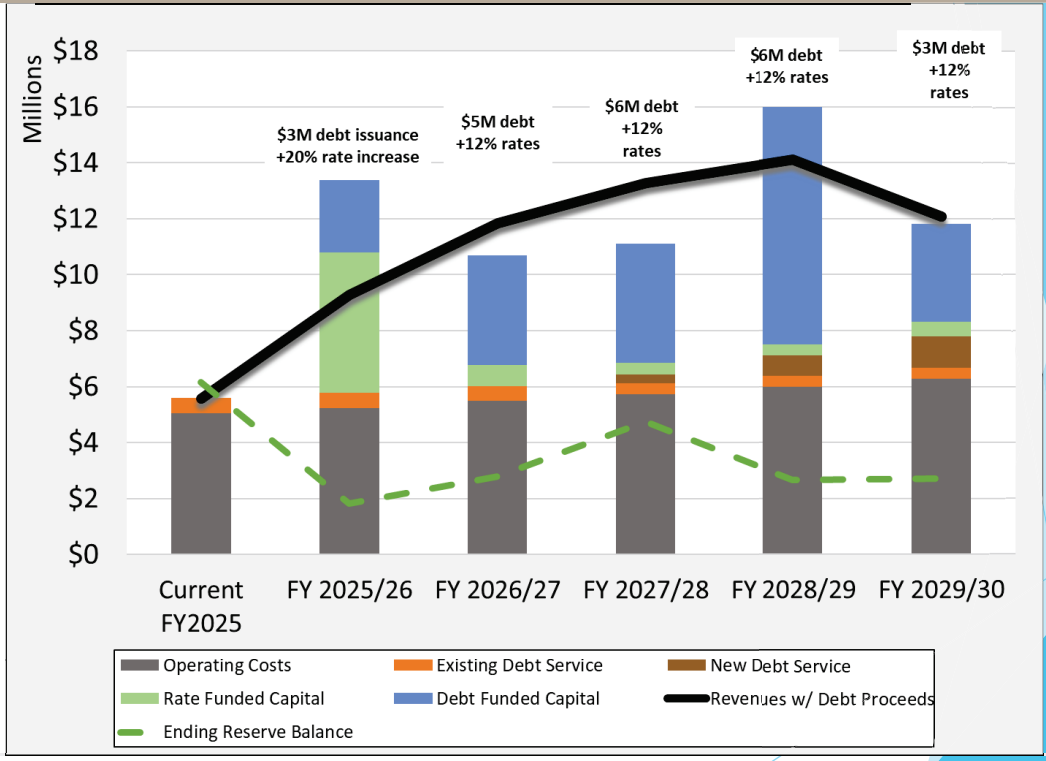


Water Cash Flow





Water Cash Flow Continued



*Not every customer will receive exactly the % rate increase due to their water usage characteristics and breakdown in costs between meter fees and volume rates



Proposed Water Rates

	Current	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
Meter Fee up to 1"	\$23.02	\$34.35	\$38.47	\$43.09	\$48.26	\$54.05
Meter Replacement Fee	\$8.01	\$8.01	\$8.01	\$0.00	\$0.00	\$0.00
Volume Rate (\$/ccf)	\$2.577	\$2.645	\$2.962	\$3.317	\$3.715	\$4.161
Avg Bill (13ccf)*	\$56.52	\$68.74	\$76.98	\$86.21	\$96.56	\$108.14
		22%	12%	12%	12%	12%

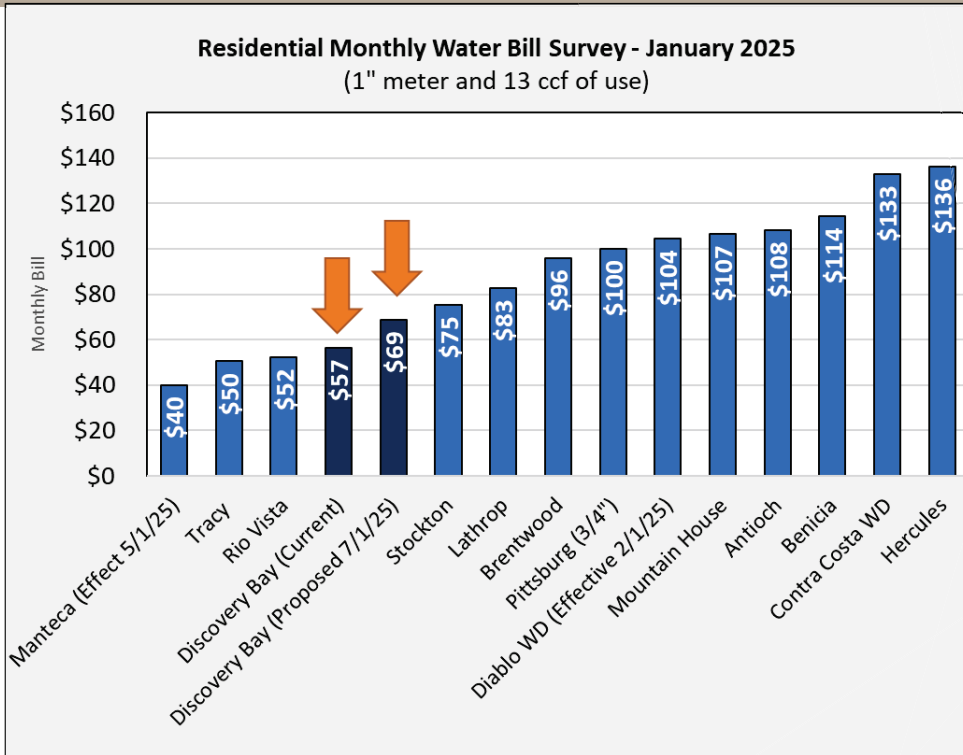
Fees for larger meter sizes as well as meter fees for irrigation customers will increase by the same % as domestic 1" meters

Ccf = hundred cubic feet; 1 ccf = 748 gallons

* Does not include the meter replacement fee



Water Bill Survey



WASTEWATER FUND





Current Monthly Equivalent Sewer Rates

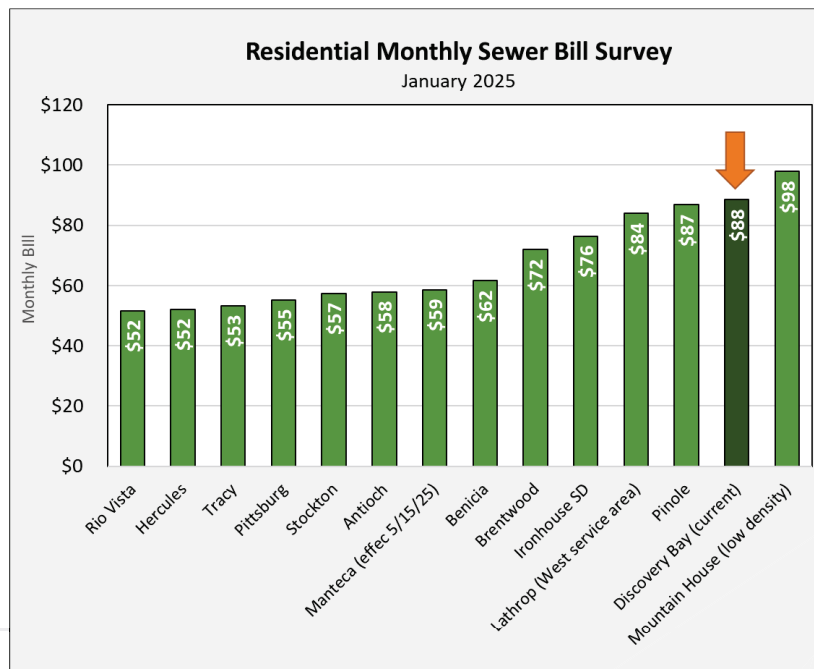
Residential Unmetered	Monthly (\$/month)
Single Family - Each DU	\$88.46
Multiple Family/Condos - Each DU	\$72.40
Vacant	\$18.67
Nonresidential Metered	Use (\$/ccf)
Business/Government/Clubs	\$7.501
Restaurants/Bars/Dining Facilities	\$19.696
Schools	\$6.853
Other Domestic Strength Users	\$7.501
DU = Dwelling Unit – billed on tax roll	
ccf = 100 cubic feet = 748 gallons	

	FY2025 Est. Revenues
Fixed Fees	\$6.38M
Metered Flow	<u>\$0.11M</u>
Total Rate Revenue	\$6.49M



Sewer Bill Survey

- Residential customers are billed on the tax roll. Monthly equivalent costs are shown below.





Sewer Fund Current Financial Position

- Rate revenues of about \$6.5M plus additional sewer revenues of \$0.5M total about \$7M
- Revenues adequately cover operating costs and existing debt service of about \$6.3M
- Positive net revenues of about \$700,000.
- \$11.8M of capital projects planned over the next five years
- About \$10.8M in existing cash reserves; recommended spend down of about \$4.9M on capital projects over the next five years
- Proposed annual rate increase of 6% consisting of
 - 4% is needed absent any capital projects for inflationary operating cost increases and to maintain strong coverage on existing debt
 - 2% to fund projects



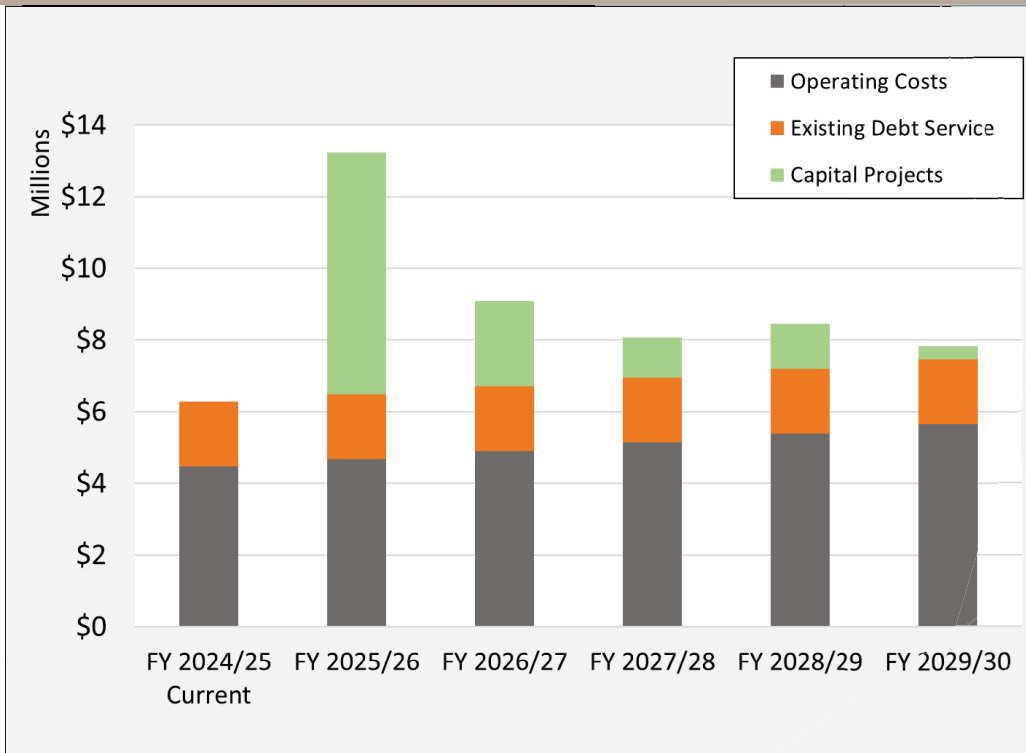
Sewer Capital Funding (\$M)

Project Categories	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	5-Year Total
Admin Building	2.51	0.00	0.00	0.00	0.00	2.51
Belt Press WWTP#2	1.12	0.00	0.00	0.00	0.00	1.12
Decant Station	0.00	1.25	0.00	0.00	0.00	1.25
Digester Pond	0.00	0.00	0.84	0.94	0.00	1.79
Fencing at Plant 2	1.25	0.00	0.00	0.00	0.00	1.25
WWTP Pumping System	0.34	0.00	0.00	0.00	0.00	0.34
Equipment	0.76	0.55	0.00	0.00	0.00	1.31
Lift Stations	0.22	0.25	0.28	0.31	0.35	1.42
Other Projects	0.54	0.31	0.00	0.00	0.00	0.86
Total	\$6.74	\$2.37	\$1.12	\$1.26	\$0.35	\$11.84

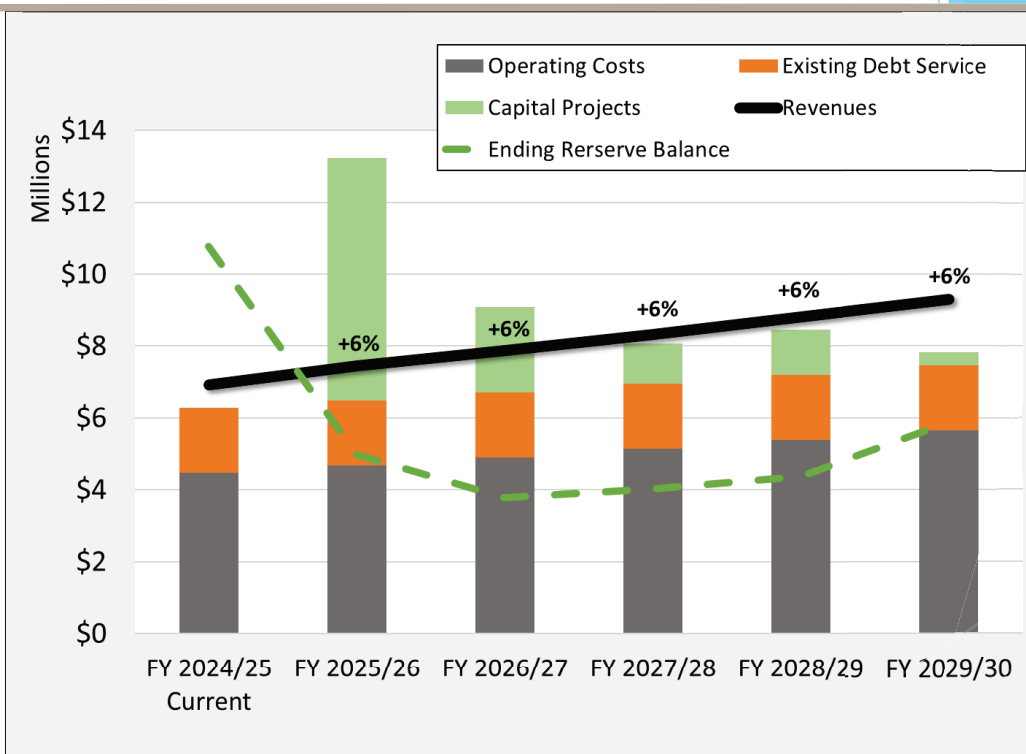
Capacity Fees	0.70
Spend Down of Existing Reserves	4.90
Rate Revenue	<u>6.24</u>
5-Year Total (\$M)	\$11.84



Sewer Cash Flow



Sewer Cash Flow Continued





Residential Bill Impacts

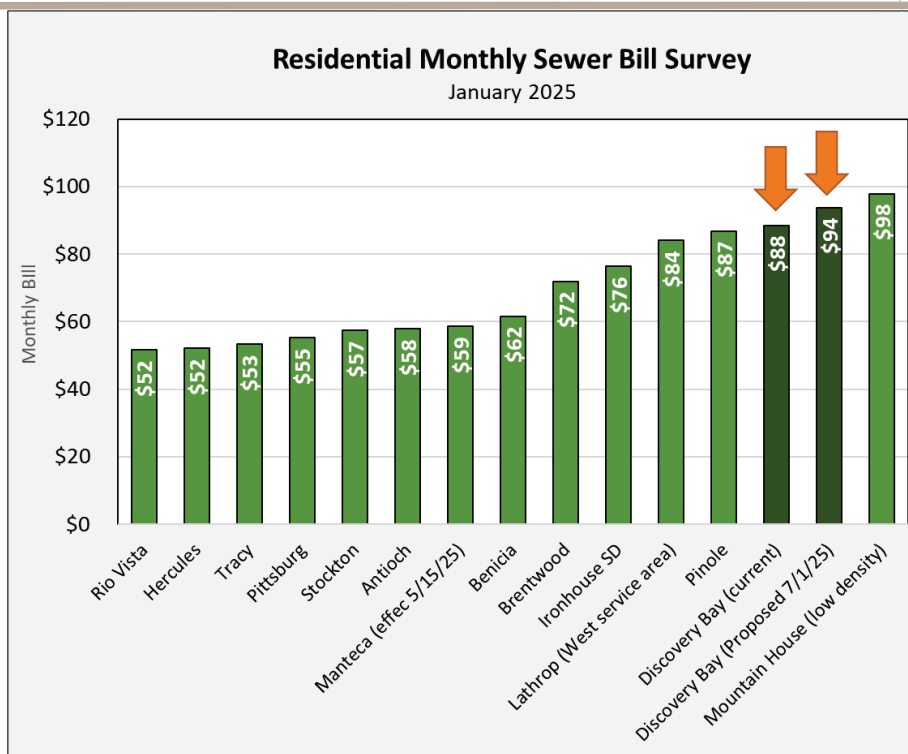
	Current	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
Residential Sewer Bill	\$88.46	\$93.77	\$99.40	\$105.36	\$111.68	\$118.38
		6%	6%	6%	6%	6%

	Current	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
Water Bill (13ccf)*	\$56.52	\$68.74	\$76.98	\$86.21	\$96.56	\$108.14
Sewer Bill	<u>\$88.46</u>	<u>\$93.77</u>	<u>\$99.39</u>	<u>\$105.36</u>	<u>\$111.68</u>	<u>\$118.38</u>
Total Bill	\$144.98	\$162.50	\$176.37	\$191.57	\$208.23	\$226.52
		12%	9%	9%	9%	9%

Fees for other customer types are proposed to increase by the same % as single family customers
 Ccf = hundred cubic feet; 1 ccf = 748 gallons
 * Does not include the meter replacement fee

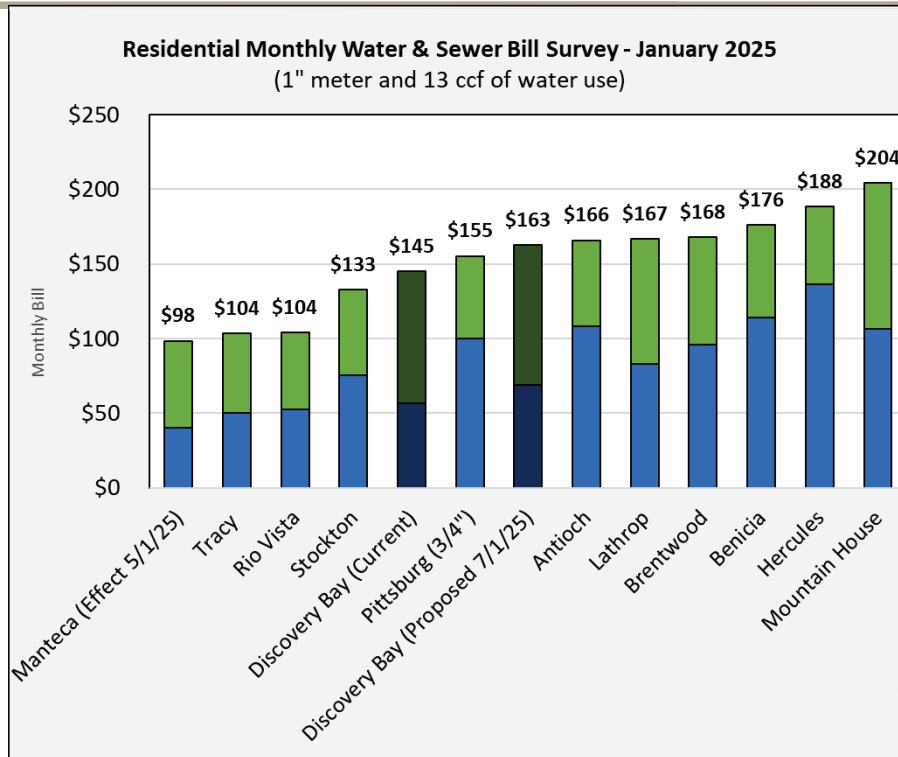


Sewer Bill Survey





Combined Bill Survey



Rate Study Tentative Schedule

- Present the Rate Study Report to the Board on April 2
- Proposition 218 notices mailed to customers April 11
 - Customers have the right to protest the water rates, sewer rates, or both
 - Protests must be in writing and be received by the end of the public hearing
 - If more than 50% of property owners protest, rates cannot be implemented
 - Customers can also file Written Objections
- Public hearing is planned for June 18
- If approved, rates will go into effect July 1
- Each year, Board will review the budget and rates (if approved). Board has the option to adopt lower rates without additional hearings.



Conclusion





**Town of Discovery Bay
Community Services District
2025 Water and Sewer Rate Study
Draft Tables – February 21, 2025**



Table 1: Estimated Reserves Used Herein for Cash Flow Projections

	Water	Sewer
Operations	\$1,774,815	\$1,740,799
Capital	<u>\$4,373,991</u>	<u>\$9,025,644</u>
Total	\$6,148,806	\$10,766,443

Table 2: Water Capital Cash Flow

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Beginning Balance	4,374,000	22,000	913,000	2,798,000	621,000
Revenues					
Capacity Fees	52,000	54,000	56,000	58,000	60,000
Transfer from Operating	200,000	500,000	500,000	650,000	950,000
CEC Loan Proceeds	3,000,000	0	0	0	0
New Debt Proceeds	<u>0</u>	<u>5,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,000,000</u>
Total Revenues	3,252,000	5,554,000	6,556,000	6,708,000	4,010,000
Capital Improvements					
Water Supply Capacity					
Well 8	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Water Supply Capacity	1,000,000	0	0	0	0
Upgrades for Existing Water Supply					
Filter Replacement (Newport Filter A)	0	389,000	0	0	0
Stabilization Soils- Willow Lake WTP	0	0	0	0	176,000
Well 2 Upgrade Electrical Panel	259,000	0	0	0	0
Install Filter 2	0	0	0	0	352,000
Newport WTP Valve Replacement	112,000	0	0	0	0
Well 6 Upgrade from SSRV to VFD	<u>0</u>	<u>0</u>	<u>0</u>	<u>393,000</u>	<u>0</u>
Total Existing Water Supply	371,000	389,000	0	393,000	528,000
Distribution/Pipeline Replacements					
Mainline Pipeline	1,000,000	3,500,000	3,500,000	3,500,000	3,500,000
Newport & Sandpoint Crossing	<u>0</u>	<u>0</u>	<u>764,000</u>	<u>4,992,000</u>	<u>0</u>
Total Distribution/Pipeline Replacements	1,000,000	3,500,000	4,264,000	8,492,000	3,500,000
Additional Distribution Improvements					
Solar System at WTP	2,591,000	774,000	0	0	0
Willow Lake WTP SCADA	0	0	407,000	0	0
Cathodic Protection System	<u>134,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Distribution Improvements	2,725,000	774,000	407,000	0	0
Other Projects					
Town Administration Building	<u>2,508,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Building Rehab/Relocation	2,508,000	0	0	0	0
Total Capital Improvements	7,604,000	4,663,000	4,671,000	8,885,000	4,028,000
Total Net Revenues	(4,352,000)	891,000	1,885,000	(2,177,000)	(18,000)
Ending Balance	22,000	913,000	2,798,000	621,000	603,000

Table 3: Water Operating Cash Flow

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2028/30
Beginning Operating Balance	\$1,775,000	\$1,806,000	\$1,875,000	\$1,945,400	\$2,044,300
Proposed Increase	20.00%	12.00%	12.00%	12.00%	12.00%
Revenues					
Rate Revenue	5,722,000	6,409,000	7,178,000	8,039,000	9,004,000
New Customers	<u>3,000</u>	<u>6,000</u>	<u>9,000</u>	<u>12,000</u>	<u>15,000</u>
Rate Rev Subtotal	5,725,000	6,415,000	7,187,000	8,051,000	9,019,000
Less Delinquency (2%)	(114,000)	(128,000)	(144,000)	(161,000)	(180,000)
Vacant Parcel	4,000	4,000	4,000	4,000	4,000
Meter Reimbursements	336,000	336,000	0	0	0
Interest Income	200,000	100,000	100,000	100,000	100,000
Other & Misc	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Total Revenues	6,221,000	6,797,000	7,217,000	8,064,000	9,013,000
% increase in operating expenses [1]	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses					
Operating Expenses					
Admin & Inter Govt. & Board	465,000	479,000	493,000	508,000	523,000
Staffing & Consulting Serv [2]	1,860,000	1,953,000	2,051,000	2,154,000	2,262,000
Meters Reading	124,000	128,000	132,000	136,000	140,000
Operations & Maint	1,109,000	1,142,000	1,176,000	1,211,000	1,247,000
Utilities [3]	627,000	690,000	759,000	835,000	919,000
Service Contract & Pass Through	<u>1,057,000</u>	<u>1,089,000</u>	<u>1,122,000</u>	<u>1,156,000</u>	<u>1,191,000</u>
Total Operating Expenses	5,242,000	5,481,000	5,733,000	6,000,000	6,282,000
Net Operating Revenues	979,000	1,316,000	1,484,000	2,064,000	2,731,000
Debt Service					
2017 Bonds	171,000	168,000	0	0	0
2022 Bonds	290,000	291,000	292,000	292,000	292,000
2022B (2012 refinance) Bonds	83,000	84,000	83,000	83,000	83,000
New CEC Loan (1% over 16 years)	204,000	204,000	204,000	204,000	204,000
New Debt Service Phase [4]	<u>0</u>	<u>0</u>	<u>334,600</u>	<u>736,100</u>	<u>1,137,600</u>
Total Debt Service	748,000	747,000	913,600	1,315,100	1,716,600
Debt Service Coverage	1.31	1.76	1.62	1.57	1.59
Total O&M + Debt	5,990,000	6,228,000	6,646,600	7,315,100	7,998,600
Total Net Revenues	231,000	569,000	570,400	748,900	1,014,400
Transfer to Capital	200,000	500,000	500,000	650,000	950,000
O&M Ending balance	1,806,000	1,875,000	1,945,400	2,044,300	2,108,700
Minimum balance target [5]	1,747,000	1,827,000	1,911,000	2,000,000	2,094,000

1 - Most operating expenses are projected to increase by 3% annually

2 - New additional staff member cost of \$150,000 in FY2025/26; 5% annual increases to the total staffing cost per year

3 - Chemicals and electric; 10% annually increases

4 - 5.25% interest, 30-year term for all new debt and \$250,000 in issuance costs

5 - 4 months O&M expenses

Table 4: Water Fund Summary

	Rate Study Projection					
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Fiscal Year Ending Balance						
Operations	\$1,775,000	\$1,806,000	\$1,875,000	\$1,945,400	\$2,044,300	\$2,108,700
Capital	<u>\$4,374,000</u>	<u>\$22,000</u>	<u>\$913,000</u>	<u>\$2,798,000</u>	<u>\$621,000</u>	<u>\$603,000</u>
	\$6,149,000	\$1,828,000	\$2,788,000	\$4,743,400	\$2,665,300	\$2,711,700
Debt Coverage		1.31	1.76	1.62	1.57	1.59
Rate Increase		20%	12%	12%	12%	12%

Table 5: Proposed Water Service Rates

WATER	Current 1-Jul-24	PROPOSED				
		FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
	Monthly (\$/month)	Monthly (\$/month)	Monthly (\$/month)	Monthly (\$/month)	Monthly (\$/month)	Monthly (\$/month)
Vacant	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67	\$14.67
Non-irrigation Account Charge:						
5/8 Inch Meter	\$23.02	\$34.35	\$38.47	\$43.09	\$48.26	\$54.05
3/4 Inch Meter	\$23.02	\$34.35	\$38.47	\$43.09	\$48.26	\$54.05
1 Inch Meter	\$23.02	\$34.35	\$38.47	\$43.09	\$48.26	\$54.05
1 1/2 Inch Meter	\$42.98	\$62.03	\$69.47	\$77.81	\$87.15	\$97.61
2 Inch Meter	\$66.94	\$95.25	\$106.68	\$119.48	\$133.82	\$149.88
3 Inch Meter	\$130.80	\$183.82	\$205.88	\$230.59	\$258.26	\$289.25
4 Inch Meter	\$202.64	\$283.47	\$317.49	\$355.59	\$398.26	\$446.05
6 Inch Meter	\$402.22	\$560.27	\$627.50	\$702.80	\$787.14	\$881.60
Irrigation Account Charge:	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
5/8 Inch Meter	\$20.62	\$28.17	\$31.55	\$35.34	\$39.58	\$44.33
3/4 Inch Meter	\$20.62	\$28.17	\$31.55	\$35.34	\$39.58	\$44.33
1 Inch Meter	\$20.62	\$28.17	\$31.55	\$35.34	\$39.58	\$44.33
1 1/2 Inch Meter	\$38.18	\$49.67	\$55.63	\$62.31	\$69.79	\$78.16
2 Inch Meter	\$59.24	\$75.47	\$84.53	\$94.67	\$106.03	\$118.75
3 Inch Meter	\$115.73	\$144.27	\$161.58	\$180.97	\$202.69	\$227.01
4 Inch Meter	\$180.27	\$221.67	\$248.27	\$278.06	\$311.43	\$348.80
6 Inch Meter	\$359.54	\$436.67	\$489.07	\$547.76	\$613.49	\$687.11
Metered Usage Charge:						
All Usage (\$/ccf)	\$2.577	\$2.645	\$2.962	\$3.317	\$3.715	\$4.161
Newly Metered Customers Meter Install Fee (10-year payback)	\$8.01	\$8.01	\$8.01			

ccf = 100 cubic feet = 748 gallons

Table 6: Sewer Capital Cash Flow

	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Beginning Balance	9,026,000	2,417,800	1,187,100	1,703,100	2,338,600
Revenues					
Capacity Fees +10 new cust. Per year	131,900	135,900	140,000	144,200	148,500
Transfer from Operating	0	1,000,000	1,500,000	1,750,000	1,750,000
New Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	131,900	1,135,900	1,640,000	1,894,200	1,898,500
Capital Improvements					
Annual Lift Station Improvements	224,000	250,900	281,000	314,700	352,500
Wastewater System & Maintenance					
Plant 2 RAS & WAS Pumping System	336,000	0	0	0	0
Belt Press WWTP#2	1,120,000	0	0	0	0
Decant Station	0	1,254,400	0	0	0
Digester Pond WWTP#2	<u>0</u>	<u>0</u>	<u>843,000</u>	<u>944,000</u>	<u>0</u>
Total System & Maintenance	1,456,000	1,254,400	843,000	944,000	0
Mainline Piping Replacement	0	0	0	0	0
Other Projects					
Town Administration Building	<u>2,508,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Master Plan Projects	2,508,000	0	0	0	0
Equipment					
Solar Dryer Panel Replacement	181,100	209,000	0	0	0
Roller Track System	280,000	0	0	0	0
Install Cable Tray in solar Dryers A & B	280,000	188,200	0	0	0
Fence Remaining Portions Around Plant No. 2	1,245,400	0	0	0	0
Dredge anchors on Pond #2	22,400	0	0	0	0
Rehab solar circulators	<u>0</u>	<u>150,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Equipment	2,008,900	547,700	0	0	0
Veolia Capital Planning Recommendations					
Gate WWTP#1	56,000	0	0	0	0
Upgrade Remaining Radio to Cell/Net Service	95,200	0	0	0	0
Vac Truck Garage/Cover	392,000	0	0	0	0
Stationary Liftstation Generators	<u>0</u>	<u>313,600</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Veolia Recommendations	543,200	313,600	0	0	0
Total Capital Improvements	6,740,100	2,366,600	1,124,000	1,258,700	352,500
Total Net Revenues	(6,608,200)	(1,230,700)	516,000	635,500	1,546,000
Ending Balance	2,417,800	1,187,100	1,703,100	2,338,600	3,884,600

Table 7: Sewer Operating Cash Flow

	FY 2025/26	FY 2026/27	Projected FY 2027/28	FY 2028/29	FY 2029/30
Beginning balance	\$1,741,000	\$2,569,500	\$2,595,800	\$2,332,600	\$2,040,100
Rate Increase	6.0%	6.0%	6.0%	6.0%	6.0%
Revenues					
Wastewater service					
Rate Revenues (less vacant)	6,863,500	7,275,300	7,711,800	8,174,500	8,665,000
Other & Misc	22,000	22,000	22,000	22,000	22,000
Interest Income	400,000	400,000	400,000	400,000	400,000
New Customers	21,000	32,000	43,000	54,000	65,000
Vacant	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Total revenues	7,313,500	7,736,300	8,183,800	8,657,500	9,159,000
% increase in expenses [1]	3.0%	3.0%	3.0%	3.0%	3.0%
Expenses					
Operating Expenses					
Admin & Inter Govt. & Board	516,000	531,000	547,000	563,000	580,000
Staffing & Consulting Serv	1,072,000	1,126,000	1,182,000	1,241,000	1,303,000
Operations & Maint	311,000	320,000	330,000	340,000	350,000
Utilities [2]	878,000	966,000	1,063,000	1,169,000	1,286,000
Service Contract & Pass Through	<u>1,900,000</u>	<u>1,957,000</u>	<u>2,016,000</u>	<u>2,076,000</u>	<u>2,138,000</u>
Total Operating Expenses	4,677,000	4,900,000	5,138,000	5,389,000	5,657,000
Net Operating Revenues	2,636,500	2,836,300	3,045,800	3,268,500	3,502,000
Debt Service [2]					
2017 Bonds	356,000	357,000	357,000	358,000	358,000
2022 Bonds	756,000	756,000	755,000	758,000	758,000
2022B (2012 refinance) Bonds	<u>696,000</u>	<u>697,000</u>	<u>697,000</u>	<u>695,000</u>	<u>695,000</u>
Total Debt Service	1,808,000	1,810,000	1,809,000	1,811,000	1,811,000
Debt Service Coverage	1.46	1.57	1.68	1.80	1.93
Total Expenses	6,485,000	6,710,000	6,947,000	7,200,000	7,468,000
Net Revenues	828,500	1,026,300	1,236,800	1,457,500	1,691,000
Transfer to Capital Fund	0	1,000,000	1,500,000	1,750,000	1,750,000
O&M Ending balance	2,569,500	2,595,800	2,332,600	2,040,100	1,981,100
O&M Minimum balance target [3]	1,559,000	1,633,000	1,713,000	1,796,000	1,886,000

1 - Most operating expenses are projected to increase by 3% annually

2 - Chemicals and electric; 10% annually increases

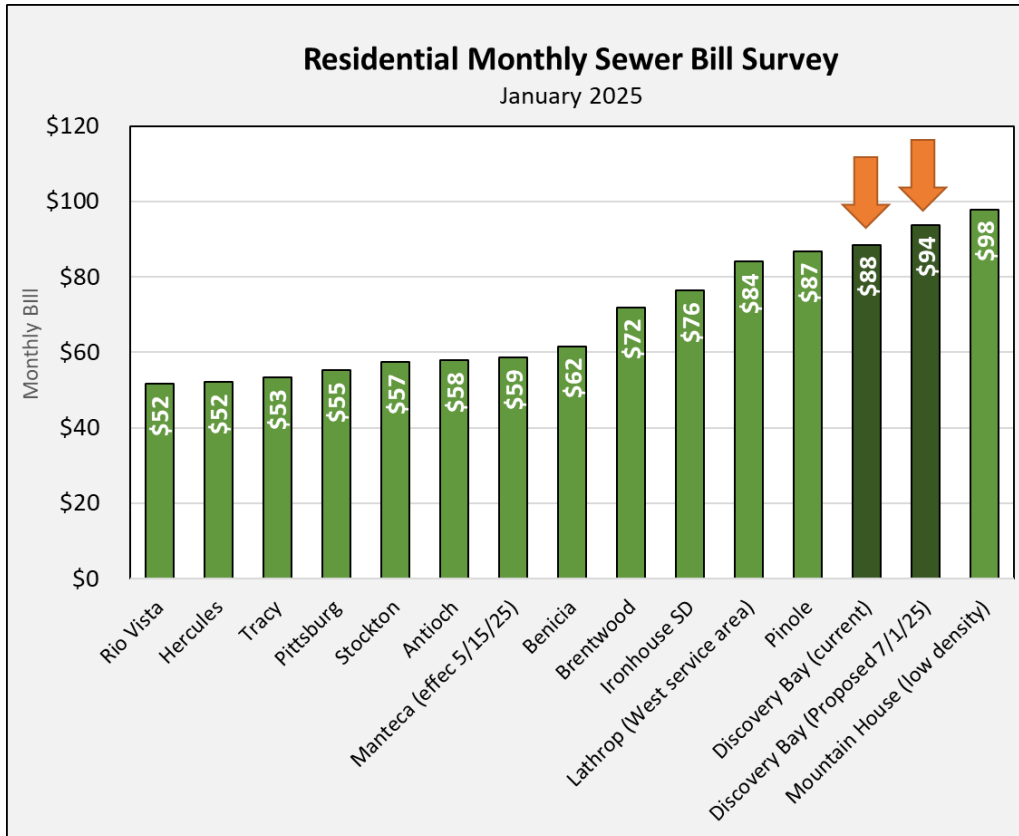
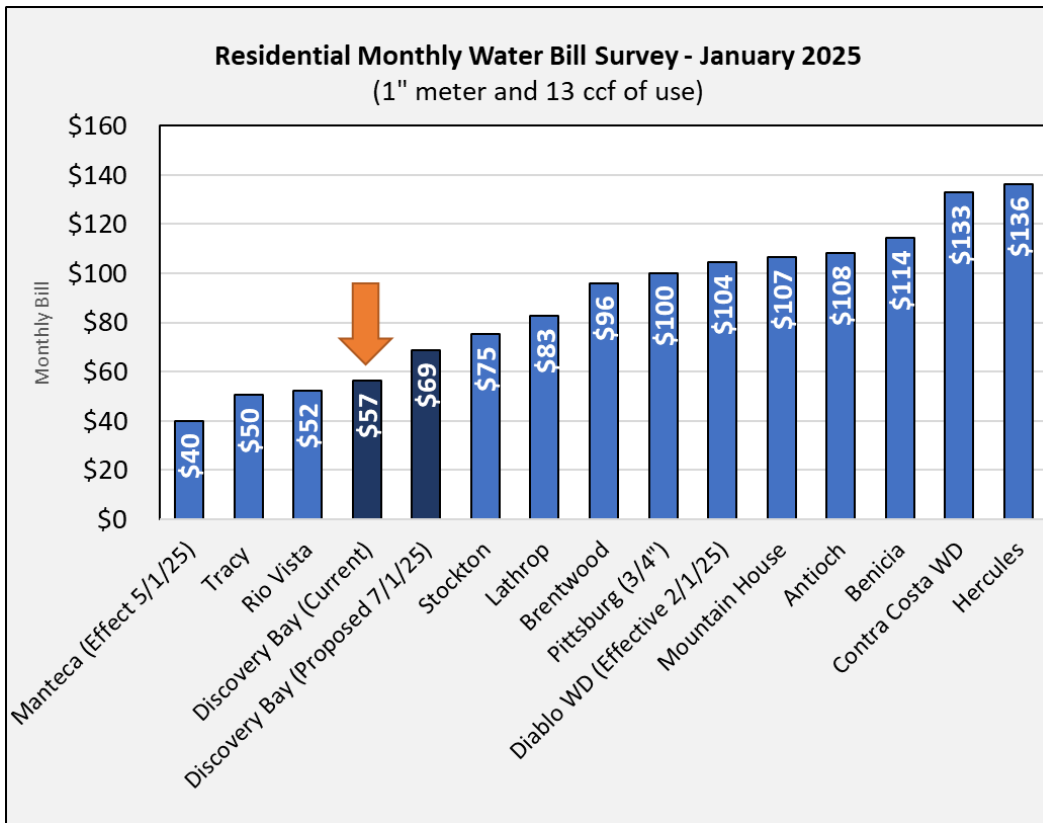
3 - 4 months O&M expenses

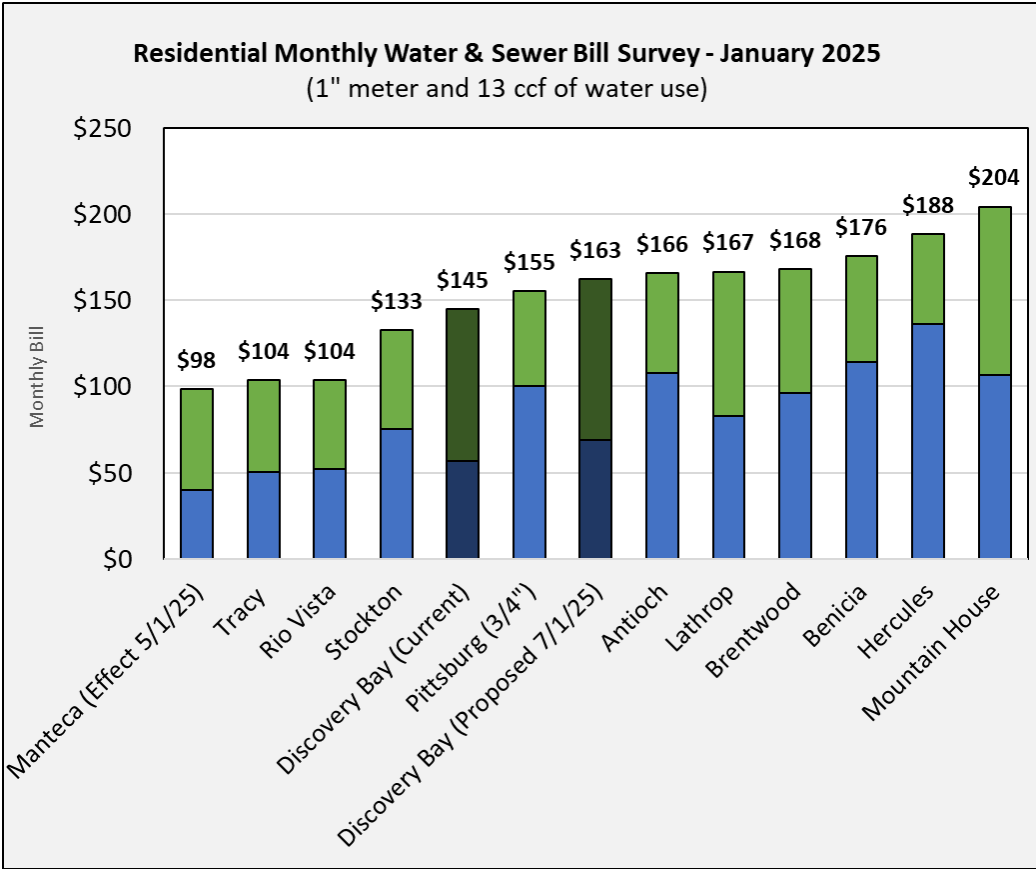
Table 8: Sewer Fund Summary

	Rate Study Projection					
	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Fiscal Year Ending Balance						
Operations	\$1,741,000	\$2,569,500	\$2,595,800	\$2,332,600	\$2,040,100	\$1,981,100
Capital	<u>\$9,026,000</u>	<u>\$2,417,800</u>	<u>\$1,187,100</u>	<u>\$1,703,100</u>	<u>\$2,338,600</u>	<u>\$3,884,600</u>
	\$10,767,000	\$4,987,300	\$3,782,900	\$4,035,700	\$4,378,700	\$5,865,700
Debt Coverage		1.46	1.57	1.68	1.80	1.93
Rate Increase		6%	6%	6%	6%	6%

Table 9: Average Monthly Bill Impacts (13 hcf/month)

	Current	PROPOSED				
	1-Jul-24	FY2025/26	FY2026/27	FY2027/28	FY2028/29	FY2029/30
Water Bill	\$56.52	\$68.74	\$76.98	\$86.21	\$96.56	\$108.14
Sewer Bill	<u>\$88.46</u>	<u>\$93.77</u>	<u>\$99.39</u>	<u>\$105.36</u>	<u>\$111.68</u>	<u>\$118.38</u>
Total Monthly Cost	\$144.98	\$162.50	\$176.37	\$191.57	\$208.23	\$226.52
Water Bill		22%	12%	12%	12%	12%
Sewer Bill		6%	6%	6%	6%	6%
Total Monthly Cost		12%	9%	9%	9%	9%





SCHEDULE

- March 5 - Present draft rate options to the Finance Committee (information only)
- April 2 - Present Final Report to Board; request authorization to conduct Prop 218
- April 11 - Prop 218 mailing date
- Late April - Customer outreach meeting; plan for publishing legal notice in the newspaper
- May 28 - Written objections are due (48 days after postmark)
- June 18 - Prop 218 Hearing (68 days after postmark)



Town of Discovery Bay

“A Community Services District”

STAFF REPORT

Agenda Title: Discussion and Possible Feedback Regarding Hoffman Fund Expenditures.

Meeting Date: March 5, 2025

Prepared By: Margaret Moggia, Finance Manager

Submitted By: Dina Breitstein, General Manager

RECOMMENDED ACTION:

Receive feedback on the Hoffman Funds of future anticipated use.

Executive Summary

The Town of Discovery Bay received \$1.3 million from the Hoffman Estate to be used for various Capital Improvement Projects, including enhancements for the Town's parks, community center, and landscaping. The intended use of these funds is outlined in the staff reports regarding budget and fund allocation.

Below is a summary of the available and expended funds.

Hoffman Funds	\$1,370,422
Uses	
November 2021 Synthetic Turf for Swimming Pool	\$ 39,750
July 2022 – May 2023 Clipper Driver Landscape	\$ 370,000
September 2022 Patio Project at Community Center	\$ 78,400
December 2024 Zone 8 Landscape	<u>\$ 394,404</u>
Projects Committed	<u>\$ 882,554</u>
Available Funds as of February 2025	\$ 487,868

There are additional plans to utilize the Hoffman Funds for more landscaping projects in Zone 8, which will be presented to the Parks and Recreation Committee on March 5, 2025. The anticipated request for these proposed landscape improvements is \$338,033. If the Board approves moving forward with these projects, there will be \$149,835 remaining in the fund.

FISCAL IMPACT: Not applicable

PREVIOUS RELEVANT BOARD ACTIONS FOR THIS ITEM:

Not applicable.

ATTACHMENTS:

None.
