CROCKETT SANITARY COMMISSION

AGENDA FOR WEDNESDAY, NOVEMBER 18, 2026

TIME: 4:00 PM - REGULAR MEETING
LOCATION: Crockett Community Center, 850 Pomona St., Crockett

P.O. Box 578, Crockett, CA 94525 | www.town.crockett.ca.us | (510) 787-2992
districtsecretary@town.crockett.ca.us | Meetings are recorded for accuracy of minutes.

The Crockett 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 that are not on the agenda may be referred to staff for action or calendared on a future agenda.)
4. ADMINISTRATIVE:
   a. Monthly C&H billing - September
   b. Consider Meeting & Holiday Schedule for 2027.
   c. Accept resignation of Commissioner Millward.
5. BUDGET AND FINANCE:
   a. Review CVSAN quarterly budget for Q1 (July – September)
6. 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.
7. CONSENT CALENDAR: Consideration of a motion to approve the following items:
   a. Approve Minutes for September 16.
   b. Receive Actions Taken by the Board (September 23, October 28)
   c. Receive warrant transmittals (September, October).
   d. Receive C&H Demand Letter.
   e. Receive payment letter to C&H.
   f. Receive C&H JUA extension through December 31, 2026.
   g. Receive Cash and LAIF Account Balances.
   h. Receive Cost of Services agreement (Wastewater Rate and Capacity Charge Study for Port Costa Sanitary Departments)
   i. Receive State Water Resources Control Board letter; Preparation for anticipated 2026-2027 El Niño Rainy Season.
   j. Receive ADU & Development Fee Law article from CSDA.
8. CONSIDER ITEMS REMOVED FROM THE CONSENT CALENDAR:

9. REPORTS / COMMENTS FROM COMMISSIONERS:
(These items are typically for the exchange of information only. No action will be taken at this time.)
    a. Wastewater Committee – Members Bartlebaugh and Manzione.
    b. Budget & Finance Ad Hoc – Members Bartlebaugh and Manzione.
    c. Commissioners
    d. Inter-agency and Trade meetings.

10. FUTURE AGENDA ITEMS
    a. CCTV repair study prepared by the Engineer of Record when available.
    b. Capacity/impact fees
    c. Cost-cutting measures.

11. ADJOURNMENT: until December 9, 2026; one week early due to the Christmas holiday.

Visit our website for more information on meetings and activities of the Crockett Community Services District and the towns of Crockett and Port Costa.

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, don't hesitate to get in touch with the District Secretary at (510) 787-2992 or by email at districtsecretary@town.crockett.ca.us. Notification at least 48 hours before the meeting or when services are needed will assist District staff in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service.

Per California Government Code Section 54957.5, any writing or document that is a public record related to an open session agenda item, and is distributed less than 72 hours before a regular meeting will be made available for public inspection. The Board has designated the District's website, located at www.town.crockett.ea.us/meetings, as the place for making those public records available for inspection. The documents may also be obtained by calling the District Secretary 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.

C&H SUGAR COMPANY INC.
830 Loring Avenue - Crockett, Ca. 94525

To: Crockett Sanitary Department
P.O. Box 578
Crockett, Ca. 94525

DATE: 10/15/26

We Debit Your
Account As Follows:
Form 0043-Accounts Receivable

PREPARED BY: JK	AMOUNT
Billing for Shared Operating Costs: Waste Treatment Plant for the month September 2026	$ 91,540.75

Send Remittance to the address above in care of
[redacted]

4.a

BILLING FOR CROCKETT SANITARY DEPARTMENT

September 2026

	District's Share
Waste Treatment Plant	
Operating	
Materials and Expense	$82,294.46
Labor: Professional-Proj. Engr. (inc. Burden)	$0.00
Quality Assurance (inc. Burden)	$0.00
Total Operating	$82,294.46
Non-Operating	
Insurance	$242.00
Lease	$244.80
Total Non-Operating	$486.80
TOTAL COST	$82,781.26
Less: Credit for Nutrient Chemicals	($481.36)
Plus: Administrative Expenses @ 10%	$8,278.13
TOTAL OF DISTRICT'S SHARE	$91,540.75

BILLING FOR CROCKETT SANITARY DEPARTMENT

September 2026

48298 Cost Element	Description		Actual Charges	Basis of Allocation C & H %	Basis of Allocation District %	C & H $share	District $share
[redacted]	Hourly Wages		$0.00	0.7403	0.2597	$0.00	$0.00
	Salary Wages		$0.00	0.7403	0.2597	$0.00	$0.00
	Overtime Wages		$0.00	0.7403	0.2597	$0.00	$0.00
	Stationery and Office Supplies		$0.00	0.7403	0.2597	$0.00	$0.00
	Laboratory Supplies		$4,720.56	0.7403	0.2597	$3,494.63	$1,225.93
	Nutrient Chemicals		$0.00	1.0000	0.0000	$0.00	$0.00
	Disinfectant Chemicals		$22,796.81	0.0000	1.0000	$0.00	$22,796.81
	Polymer		$53,797.82	0.9086	0.0914	$48,880.70	$4,917.12
	Engineering-Science Operating Labor		$131,667.00	0.7403	0.2597	$97,473.08	$34,193.92
	Contract Analytical Work		$7,171.85	0.7403	0.2597	$5,309.32	$1,862.53
	Off Site Sludge Disp.		$47,334.65	0.9086	0.0914	$43,008.26	$4,326.39
	Liquid Oxygen		$0.00	0.9086	0.0914	$0.00	$0.00
	Electrical Power: C.O.D. Related	$ 46,996.59	$29,607.85	0.9086	0.0914	$26,901.69	$2,706.16
	Flow Related		$17,388.74	0.6027	0.3973	$10,480.19	$6,908.55
	Miscellaneous Expenses		$650.00	0.7403	0.2597	$481.20	$168.81
	Surge Tank		$0.00	0.6027	0.3973	$0.00	$0.00
	Chemical Nutrient System		$0.00	1.0000	0.0000	$0.00	$0.00
	Reactor System		$0.00	0.9086	0.0914	$0.00	$0.00
	D.A.F. System		$0.00	0.6027	0.3973	$0.00	$0.00
	Drainage System		$0.00	0.6027	0.3973	$0.00	$0.00
	Chlorination System		$0.00	0.0000	1.0000	$0.00	$0.00
	Sludge System		$0.00	0.9086	0.0914	$0.00	$0.00
	Power Distribution System		$0.00	0.7403	0.2597	$0.00	$0.00
	Buildings		$0.00	0.7403	0.2597	$0.00	$0.00
	M and R Miscellaneous Materials		$12,276.70	0.7403	0.2597	$9,088.44	$3,188.26
	Instrumentation		$0.00	0.7403	0.2597	$0.00	$0.00
	Permit Fee		$0.00	0.5921	0.4079	$0.00	$0.00
	Permit Fee (NPDES Permit)		$0.00	0.9824	0.0176	$0.00	$0.00
	Total		$327,411.98			$245,117.52	$82,294.46

CROCKETT SANITARY COMMISSION

PROPOSED

SCHEDULE OF REGULAR MEETINGS FOR 2027

850 Pomona Street, Crockett, CA

2027

Yearly Calendar

January

M	T	W	T	F	S	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	**20**	21	22	23	24
25	26	27	28	29	30	31

February

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	**17**	18	19	20	21
22	23	24	25	26	27	28

March

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	**17**	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	**21**	22	23	24	25
26	27	28	29	30		

May

M	T	W	T	F	S	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	**19**	20	21	22	23
24	25	26	27	28	29	30
31						

June

M	T	W	T	F	S	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	**15**	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

July

M	T	W	T	F	S	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	**21**	22	23	24	25
26	27	28	29	30	31	

August

M	T	W	T	F	S	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	**18**	19	20	21	22
23	24	25	26	27	28	29
30	31					

September

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	**15**	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

October

M	T	W	T	F	S	S
			1	2	3	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	**20**	21	22	23	24
25	26	27	28	29	30	31

November

M	T	W	T	F	S	S
1	2	3	4	5	6	7
8	9	**10**	11	12	13	14
15	16	**17**	18	19	20	21
22	23	24	25	26	27	28
29	30					

December

M	T	W	T	F	S	S
		1	2	3	4	5
6	7	**8**	9	10	11	12
13	14	**15**	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Third Wednesday

January 20

February 17

March 17

April 21

May 19

June 16

July 21

August 18

September 15

October 20

November 15* or 17**

December 8* or 15**

* 1 week earlier

** 3rd Wed - same day as Board meeting

4.b

Outlook

Sanitary commission business

From Glen Millward <[redacted]>
Date Tue 11/3/2026 12:39 PM
To Mary Wais <[redacted]>
Cc manager@town.crockett.ca.us <manager@town.crockett.ca.us>; districtsecretary@town.crockett.ca.us <districtsecretary@town.crockett.ca.us>; Scott Bartlebaugh <[redacted]>; [redacted]

Hi Mary,

.

Regrettably, I feel I must resign from my role as commissioner on the Sanitary board. [redacted] have contributed greatly to this decision, as I am unable to keep up with the discussions during meetings. [redacted]. When I applied for this position, I was hopeful I could be an effective participant, b[redacted] The board deserves someone who is fully focused (no pun intended). I want to thank you and the other commissioners for your patience and willingness to work with me. I plan on attending the next meeting. I wish you luck in recruiting someone else for this role, and I (reluctantly) offer to stay on as an alternate until you do.

Sincerely,
Glen

4.c

FIRST QUARTER FINANCIAL REPORT (FY 2026/27)

1. DISTRICT-WIDE CONSOLIDATED SUMMARY

Department / Fund	Beginning Assets (Q1 Start)	Closing Assets (Q1 End)	Q1 Net Asset Change	Q1 Actual Expenditures	Annual Expenditure Budget	Budget Executed (%)	Remaining Budget Balance
Crockett Recreation (3241)	$476,058.75	$261,512.50	($214,546.25)	$214,759.83	$783,743.00	27.40%	$568,983.17
Maintenance Dept (3242)	$335,127.99	$330,783.49	($4,344.50)	$7,277.53	$74,530.00	9.76%	$67,252.47
Port Costa Sanitary (3425)	$500,063.60	$456,893.49	($43,170.11)	$45,288.20	$353,394.00	12.81%	$308,105.80
Crockett Sanitary / CVSAN (3426)	$4,440,416.15	$2,822,983.07	($1,617,433.08)	$1,634,444.77	$5,672,269.00	28.81%	$4,037,824.23
DISTRICT TOTALS	**$5,751,666.49**	**$3,872,172.55**	**($1,879,493.94)**	**$1,901,770.33**	**$6,883,936.00**	**27.63%**	**$4,982,165.67**

2. DEPARTMENT-BY-DEPARTMENT FINANCIAL ANALYSIS

2.1 Crockett Recreation Department (Fund 3241): The Recreation Department encompasses the Crockett Community Center, swimming pool, parks, and seasonal recreational programming.

- **Asset & Cash Balances:**
  - **Beginning Cash:** $454,180.01 | **Closing Cash:** $239,420.18
  - **Beginning LAIF:** $21,878.74 | **Closing LAIF:** $22,092.32
  - **Total Department Assets:** Decreased from **$476,058.75** to **$261,512.50** (-$214,546.25).
- **Expenditure Breakdown & Budget Performance:**
  - Total Q1 Spending: **$214,759.83** out of **$783,743.00** annual budget (**27.40%** spent).
  - **Payroll & Employee Expenses (5600):** $110,437.68 (30.96% of annual budget spent), reflecting heavy peak summer staffing for pool operations, recreation programs, and facility management.
  - **Cost of Goods Sold (5000):** $34,450.00 against a $25,054.00 budget. This seasonal overrun is tied to front-loaded summer pool/event concession supplies and is partially offset by incoming grant funding.
  - **Repairs & Maintenance (5910):** $24,884.51 (19.44% of budget spent).
  - **Utilities (5980):** $20,060.61 (23.06% of budget spent).
  - **Unallocated Credit Card Charges (8450 - USBank):** $15,726.86 (31.45% of budget). Staff is currently performing line-item coding reconciliations to transfer these credit card items into appropriate department sub-accounts before Q2 reporting.
  - **Bank & Finance Charges (5150):** $2,197.01 (24.56% of budget).
  - **Uniforms (5970):** $1,601.27 (64.05% of budget spent on summer pool staff uniforms).

2.2 Maintenance Department (Fund 3242 - L&L District & Memorial Hall)

The Maintenance Department tracks the Landscape & Lighting (L&L) assessment district and the preservation/upkeep of Memorial Hall.

- **Asset & Cash Balances:**
  - **L&L Cash Account:** Beginning $14,666.66 | Closing $7,389.13
  - **Memorial Hall Cash Account:** Beginning $20,000.00 | Closing $20,000.00. Awaiting the matching funds from the CCF to make a transfer into the LAIF Department.
  - **Memorial Hall Investment Account:** Beginning $300,461.33 | Closing $303,394.36 (reflects +$2,933.03 investment return yield)
  - **Total Department Assets:** $330,783.49 (Net change of -$4,344.50).
- **Expenditure Breakdown & Budget Performance:**
  - Total Q1 Spending: **$7,277.53** out of **$74,530.00** annual budget (**9.76%** spent).
  - **Landscape Services (5930):** $3,293.00 (10.98% of $30,000.00 budget spent).
  - **Payroll & Employee Charges (5600):** $2,023.63.
  - **Capital Expenses - Maintenance Dept (1500):** $1,000.00 spent out of $6,000.00 allocated.
  - **Memorial Hall Upkeep (1515):** $0 spent in Q1 out of $11,530.00 budget; major facility maintenance projects are scheduled for Q2 and Q3.
  - **Operational Subtotal:** $2,984.53 against $27,000.00 budget (11.05% spent).

2.3 Port Costa Sanitary Department (Fund 3425)

Port Costa Sanitary provides collection, treatment, and wastewater disposal services for the unincorporated Port Costa community.

- **Asset & Cash Balances:**
  - **Cash Account Balance:** Beginning $283,085.45 | Closing $237,797.25
  - **LAIF Account Balance:** Beginning $216,978.15 | Closing $219,096.24 (+$2,118.09 interest earnings)
  - **Total Department Assets:** Decreased from **$500,063.60** to **$456,893.49** (-$43,170.11).
- **Expenditure Breakdown & Budget Performance:**
  - Total Q1 Spending: **$45,288.20** out of **$353,394.00** annual budget (**12.81%** spent).
  - **PCSan Direct Operating Expenses (6100):** $29,881.99 (15.56% of $192,000.00 budget spent).
  - **Payroll & Employee Services (5600):** $9,374.47 (20.98% of $44,680.00 budget spent).
  - **Dues & Subscriptions (5300):** $3,988.24 (23.83% of $16,733.00 budget spent).

- **Utilities (5980):** $1,813.68 (18.14% of $10,000.00 budget spent).
- **CVSAN Interfund Loan Repayment:** $0 paid in Q1 against $24,515.00 budgeted obligation; repayment is scheduled for Q3.

2.4 Crockett Sanitary Department (Fund 3426 / CVSAN)

CVSAN operates wastewater collection and treatment infrastructure for Crockett, managing three primary funds: General Operating (3426), Capital Construction (3427), and Capital Reserve (3429).

- **Multi-Fund Asset Breakdown:**

Fund Name	Account Type	Q1 Beginning Balance	Q1 Closing Balance	Net Balance Change
CVSAN General Fund (3426)	Cash Balance	$2,656,399.93	$1,021,955.16	-$1,634,444.77
CVSAN General Fund (3426)	LAIF Balance	$483,213.76	$487,899.28	+$4,685.52
CVSAN Construction Fund (3427)	Cash Balance	$37,887.28	$37,887.28	$0.00
CVSAN Construction Fund (3427)	LAIF Balance	$1,180,156.46	$1,191,676.85	+$1,1520.39
CVSAN Capital Reserve Fund (3429)	Cash Balance	$214.00	$214.00	$0.00
CVSAN Capital Reserve Fund (3429)	LAIF Balance	$82,544.72	$83,350.50	+$805.78
TOTAL CVSAN ASSETS		**$4,440,416.15**	**$2,822,983.07**	**-$1,617,433.08**

**NOTE: Accounts 3427 and 3429 are RESTICTED ACCOUNTS*

- **Expenditure Breakdown & Budget Performance:**
    - Total Q1 Spending: **$1,634,444.77** out of **$5,672,269.00** annual budget (**28.81%** spent).
    - **Due to C&H (Prior O&M JTP) (2120): $1,000,000.00** transferred in Q1 toward the $2,868,089.00 annual budgeted obligation. This planned payment accounts for **61.18%** of total CVSAN Q1 expenditures.
    - **CVSan Direct Operating Expenses (6000):** $294,331.74 spent (24.08% of $1,222,383.00 budget).
    - **Payroll & Employee Expenses (5600):** $109,281.33 (22.66% of $482,274.00 budget).
    - **Professional Services (5850):** $80,582.15 (53.37% of $151,000.00 budget spent), driven by specialized legal and engineering work associated with regulatory compliance and plant joint-use agreements.
    - **Capital Projects & Fixed Assets (1400):** $62,856.31 (11.67% of $538,500.00 budget spent).
    - **Bank & Finance Charges (5150):** $45,871.57 (52.88% of $86,749.00 budget).
    - **Utilities (5980):** $15,094.50 (18.87% of $80,000.00 budget).
    - **Credit Card Charges (8450 - USBank):** $16,880.97 (48.23% of $35,000.00 budget spent). Non-standard charges from Q1 on the credit card include: 1 RPD building lateral plumbing and associated arbitrator costs.

3. KEY FINANCIAL METRICS & RISK ANALYSIS

Liquidity & Cash Reserve Structure

- Capital reserves are concentrated in the Local Agency Investment Fund (LAIF) accounts across funds, yielding stable interest income and preserving principal. LAIF balances increased by **$20,131.73** across all district accounts in Q1 due to interest accumulation.
- **LAIF Holdings Summary:**
    - General Operating:
        - Recreation (3241): $22,092.32
        - Memorial Hall (3242): $303,394.36
        - Port Costa Sanitary (3425): $219,096.24
        - Crockett Sanitary General (3426): $487,899.28
    - Restricted:
        - Crockett Sanitary Construction (3427): $1,191,676.85
        - Crockett Sanitary Capital Reserve (3429): $83,350.50
    - **Total LAIF Portfolio of Operation and Restricted Funds: $2,004,115.19**

Budget Variance Benchmarks

- Standard target spending for Q1 (25% of fiscal year) was maintained across operational lines.
- **Over-Benchmark Line Items:**

- *Recreation COGS (5000):* Spent 137.5% of budget ($34.45k vs $25.05k budget) due to summer event timing; offset by upcoming donation/grant revenues.
- *CVSAN Professional Services (5850):* Spent 53.4% of budget ($80.58k vs $151.0k budget) due to ongoing legal and environmental engineering reviews.
- *CVSAN Finance Charges (5150):* Spent 52.9% of budget ($45.87k vs $86.75k budget) However this aligns with a bi-annual payment of the mortgage for 1 RPD.

Capital & Settlement Liabilities

- The District successfully transferred the first **$1,000,000.00** toward the C&H Sugar Joint Treatment Plant O&M settlement without disrupting ongoing cash liquidity, leaving **$1,868,089.00** remaining in the FY 2026/27 authorization. The District has agreed to settle the outstanding O&M costs from C&H JTP (excluding debate of interest and environmental fines) in the amount **$348,000.00** by December 31, 2026, leaving **$1,520,089.00** authorized funds remaining.

4. GM & ASM STRATEGIC RECOMMENDATIONS

1. **Reconciliation of Unallocated Credit Card Expenses:** Administrative staff will clear and reallocate all charges in account 8450 (USBank) to their respective line-item accounts.
2. **Monitoring December Tax Apportionment:** Staff will monitor Contra Costa County's December property tax and parcel tax disbursements to ensure timely replenishment of Fund 3241 and Fund 3242 cash balances.
3. **Capital Improvement Program (CIP) Execution:** Capital spending in Crockett Sanitary ($62.8k spent of $538.5k budget) and Port Costa Sanitary will accelerate in Q2 and Q3 as we transition into wet weather and heavy El Nino storm season.
4. **Conclusion:** All four funds remain fiscally sound, operating within overall budgetary limits.

Report respectfully submitted by General Management and Administrative Services Management.

Crockett Community Services District
Crockett Sanitary Department
FY 2026/27 - Q1

	A/N	Beginning Balance	Interfund Transfers		Closing Balance
CVSAN General Fund	3426				
Cash Account Balance		$2,656,399.93	None		$1,021,955.16
LAIF Account Balance		$483,213.76	None	$	487,899.28
CVSAN Construction Fund	3427				
Cash Account Balance		$37,887.28	None		$37,887.28
LAIF Account Balance		$1,180,156.46	None	$	1,191,676.85
CVSAN Capital Reserve Fund	3429				
Cash Account Balance		$214.00	None		$214.00
LAIF Account Balance		$82,544.72	None	$	83,350.50
	Total Assets	$4,440,416.15			$2,822,983.07

Department 3426	A/N	Actual Spent - Q1	Actual Spent - Q2	Actual Spent - Q3	Actual Spent - Q4	Budget for Year	Remaining Balance	Percent Remaining
Bank & Finance Charges	5150	$ 45,871.57				$ 86,749.00	$ 40,877.43	**47%**
County & State Charges	5200	$ 677.15				$ 1,000.00	$ 322.85	**32%**
Dues & Subscriptions	5300	$ -				$ 19,300.00	$ 19,300.00	**100%**
Elections	5350	$ -				$ 5,000.00	$ 5,000.00	**100%**
General & Admin	5400	$ -				$ 6,950.00	$ 6,950.00	**100%**
Insurance	5500	$ 234.00				$ 91,024.00	$ 90,790.00	**100%**
Payroll & Employee	5600	$ 109,281.33				$ 482,274.00	$ 372,992.67	**77%**
Printing/Publishing/Advertising	5800	$ 472.60				$ 3,500.00	$ 3,027.40	**86%**
Professional Services	5850	$ 80,582.15				$ 151,000.00	$ 70,417.85	**47%**
Repairs & Maintenance	5910	$ 5,248.80				$ 39,000.00	$ 33,751.20	**87%**
Security Alarm/CCTV	5950	$ -				$ 35,150.00	$ 35,150.00	**100%**
Telephone & Internet	5960	$ 2,603.37				$ 2,500.00	$ (103.37)	**-4%**
Uniforms	5970	$ 271.13				$ 1,500.00	$ 1,228.87	**82%**
Utilities	5980	$ 15,094.50				$ 80,000.00	$ 64,905.50	**81%**
Vehicle & Travel Reimbursement	5990	$ 39.15				$ 1,000.00	$ 960.85	**96%**
CVSan Expenses	6000	$ 294,331.74				$ 1,222,383.00	$ 928,051.26	**76%**
Due to C&H (Prior O&M JTP)	2120	$ 1,000,000.00				$ 2,868,089.00	$ 1,868,089.00	**65%**
Payroll Liabilities	2136	$ -				$ 2,350.00	$ 2,350.00	**100%**
Fixed Assets & CAP	1400	$ 62,856.31				$ 538,500.00	$ 475,643.69	**88%**
US Bank	8450	$ 16,880.97				$ 35,000.00	$ 18,119.03	**52%**
	TOTAL	**$ 1,634,444.77**				**$ 5,672,269.00**	**$ 4,037,824.23**	**71%**

CROCKETT SANITARY DEPARTMENT

of the Crockett Community Services District

P.O. Box 578 - Crockett, CA 94525
Telephone (510) 787-2992
e-mail: jbarnhill@town.crockett.ca.us
website: www.town.crockett.ca.us

TO: Commissioners / Board of Directors
FROM: Department Manager Crockett Sanitary
SUBJECT: Department Managers Report
DATE: October 27, 2026

The Crockett Sanitary Department Managers Report highlights items of interest that occurred since the prior CVSAN meeting on September 16, 2026.

Operation and Maintenance

- There were no main Sanitary Sewer Spills.
- Crockett Main Pump Station:
    - Utility air compressor 1 was removed for maintenance.
    - There were three power outages that affected Loring pump station, two requiring generator deployment.
    - Crockett emergency generator was serviced and load bank tested on October 5.
    - Non-biodiesel dyed diesel fuel was topped up for the emergency generator.
    - Backup channel grinder was received on October 22 and is mothballed on site.
    - Wet weather preparedness nearly complete. (CVSAN & PCSAN)

Capital Improvements / Projects:

- Loring Pump Station: Battery backup system is integrated. Will be observed during future outages.
- Influent pump 2 was removed for repair.

****

CROCKETT SANITARY COMMISSION (CVSAN)

An agent of the Crockett Community Services District.
P. O. Box 578 - Crockett, CA 94525
Telephone (510) 787-2992
E-mail: districtsecretary@town.crockett.ca.us
Website: www.town.crockett.ca.us

FOR REVIEW

MINUTES OF REGULAR MEETING OF SEPTEMBER 16, 2026.

1. CALL TO ORDER - ROLL CALL: Chair Wais called the meeting at 3:57 PM. Commissioners Bartlebaugh, Millward, and Wais were present. Absent: Commissioner Manzione was absent (excused). Staff present included General Manager (GM) Goodman, Sanitary Department Manager (SDM) Barnhill, and District Secretary (DS) Rivas.

2. CALL FOR REQUESTS TO CONSIDER ITEMS OUT OF ORDER: A request was made to move the Department Manager report after 5d. Approved.

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

4. PUBLIC HEARINGS: None.

5. ADMINISTRATIVE:

   a. MONTHLY C&H BILLING: GM Goodman reported that the District paid $1 million toward C&H's outstanding operational expenses, reducing the balance from approximately $2.268 million to $348,000, with the remaining balance expected to be paid by the end of December 2026. Staff is reviewing increased costs under the new Veolia operating contract, chemical purchases, electrical power, and off-site sludge disposal, and has requested supporting documentation for the August billing. Directors discussed verifying cost allocations using flow and COD data, confirming annual updates to JUA (Joint Use Agreement allocations, and reviewing the 10% administrative fee. Actual expenses significantly exceed the $856,000 budget, potentially requiring a budget revision. Staff will continue analyzing billing trends, explore bulk chemical purchasing opportunities, and provide operational reports digitally or through the District website.

   b. UPDATE ON JOINT USE AGREEMENT NEGOTIATIONS: The GM reported that negotiations with C&H to revise the Joint Use Agreement (JUA) remain stalled, as C&H has declined further discussions until the current financial dispute is resolved. Arbitration has commenced regarding disputed financial demands, including interest on operational invoices and costs associated with the odor incident and related administrative civil orders. The JUA has been extended through December 31, 2026. Staff have contacted State Lands Commission and the County Supervisor's office to seek assistance in restarting negotiations. Directors discussed potentially recovering cost benefits lost because of the negotiation delays, and the GM agreed to raise the issue with legal counsel. She noted that Director McDonald replaced Director Mackenzie on the Board Legal Ad Hoc Negotiations Committee.

      The GM clarified that JUA discussions and related litigation have occurred during Board closed sessions with legal counsel, rather than through separate Legal Ad Hoc Negotiations Committee meetings. The GM emphasized that JUA decisions are made by Board consensus.

   c. UPDATE ON RFQ PROCESS FOR SEWER USE STUDY: The legal review of the RFP documents for the sewer use study solicitation is complete, with minor date revisions

7.a

pending before release, anticipated by the end of the week. Staff will solicit quotes from qualified firms, including the consultant who completed the District's prior financial study and other recommended providers. The study will evaluate sewer use charges and cost allocation methodologies over a five-year period, with the goal of completion by year-end to support next year's rate-setting process. The scope will also account for potential financial uncertainties, including disputed payments to C&H, and provide adaptable financial models.

d. UPDATE ON BOARD VACANCIES: Two Board seats are up for appointment; Director Spinner was the only candidate to submit paperwork and is elected by default. Director Mackenzie is expected to be reappointed. The Board requested recommendations for additional candidates and will develop an interview and appointment process to ensure appointments are completed before the County's deadline. Mary Wais also asked whether there had been any progress regarding the commission vacancy.

OUT OF ORDER:

a. OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENTS: SDM Barnhill reported that Pump No. 4 has been installed and is awaiting verification of motor rotation before returning to service. Pump No. 2 continues to exhibit significant vibration and requires evaluation and repair, particularly before wet weather. Pumps Nos. 1 and 3 are operating satisfactorily; Pump No. 5 was recently replaced, and the grit system auger has been replaced. A channel grinder is expected to arrive following a delayed shipment. The primary remaining mechanical concern is the aging air compressors, one of which is inoperable. Staff is exploring repair or replacement options, with replacement costs previously estimated at approximately $20,000.

Barnhill reported that the pump station monitoring controls have improved operational oversight by allowing staff to remotely monitor alarms, flows, power fluctuations, and generator testing. Wet weather preparations are underway, including inspection and maintenance of problem manholes to reduce potential inflow and operational issues. In response to a question, Barnhill confirmed that the EQ return valve is operational; however, remote operation is being explored because the valve is located in a confined-space pit and requires costly personnel access. Commissioner Bartlebaugh requested that written reports be provided regularly, even in bullet-point format, to improve transparency and maintain a historical record. No further questions were raised.

b. GOVERNMENTAL MATTERS: None.

c. ANNOUNCEMENTS AND DISCUSSION: None.

6. BUDGET AND FINANCE:

a. REVIEW CVSAN QUARTERLY BUDGET FOR Q4 (APRIL – JUNE): Ms. Goodman reported that the Q4 financial report requires additional detail and will likely be revised and resubmitted at the next Board meeting. Commissioner Bartlebaugh recommended including total expenses, year-to-date expenditures, income, key account balances (including LAIF and cash), and narrative explanations of significant financial items.

Staff is soliciting multiple quotes for the CCTV project in response to the Board's request to obtain competitive proposals from vendors beyond the District's usual contractor. Staff anticipates presenting the quotes and a recommendation to the Board at the next meeting.

7. REPORT OF DEPARTMENT MANAGER: Discussed out of order before Budget & Finance.

a. OPERATIONS, MAINTENANCE, AND CAPITAL IMPROVEMENTS:

b. GOVERNMENTAL MATTERS:

c. ANNOUNCEMENTS AND DISCUSSION:

8. CONSENT CALENDAR: Items b and c were pulled for discussion. Motion to approve Items a and d-g approved. (Bartlebaugh 1st, Millward 2nd, 4/0).

a. Approve Minutes for July 15.

b. Receive Actions Taken by the Board (July 22, August 26 special & regular meeting)

c. Receive warrant transmittals (July, August).

d. Receive Cash and LAIF Account Balances.

e. Receive updated capital improvements appropriations of $538,500.

f. Receive payment letter to C&H.

g. Receive chart of sewer use charges from FY15/16 through 25/26

9. CONSIDER ITEMS REMOVED FROM THE CONSENT CALENDAR:

8b. RECEIVE ACTIONS TAKEN BY THE BOARD (JULY 22, AUGUST 26 SPECIAL & REGULAR MEETING): Staff clarified that the appropriations resolution will be presented at the following month's meeting; the current Capital Improvement Plan is not affected.

Regarding the Revival Coffee Lease matter noted in the Actions Taken by the Board for the August 26th Special Meeting, a 60-day notice to terminate was issued due to the lessee's repeated lease violations, including vendor events and delinquent rent payments. The Board's direction required a new lease within 30 days; otherwise, the existing 60-day termination notice would remain in effect. Director Spinner and McDonald will lead discussions on a new lease.

The ASM is coordinating with auditor David Farnsworth to schedule the review of FY 2022–2023 records, but an audit date has not been confirmed. Staff continues identifying missing records and reconstructing documentation where possible. Goodman will discuss the possibility of expanding the auditor's scope to cover multiple fiscal years to expedite completion of outstanding audits and report back to the Board.

8c. RECEIVE WARRANT TRANSMITTALS (JULY, AUGUST):

Commissioner Bartlebaugh asked about the status of engineering video reviews and repair recommendations. Goodman explained that preliminary estimates for sewer line repairs were approximately $4 million, and further work was paused while the District addressed its financial obligations to C&H. Staff is considering incorporating the findings and anticipated repair costs into the upcoming cost-of-service study to support long-term financial and infrastructure planning. The FY 2025–2026 CCTV project is currently out for quotes, with work expected by year-end. Staff will further evaluate the appropriate next steps for prioritizing and funding sewer repairs.

The reported cash balance of approximately $1.328 million reflects the balance after the $1 million payment to C&H. Combined with approximately $487,900 in LAIF investments, total accessible funds were approximately $1.8 million. Staff and financial advisors have reviewed projected finances and are monitoring cash flow to maintain adequate operating reserves while meeting repayment obligations.

The Commission discussed restricted construction funds, including approximately $342,700 designated for capacity-related improvements. Goodman confirmed that these funds are

subject to specific spending restrictions and cannot be used for general purposes. In response to Commissioner Bartlebaugh's questions, the GM will consult with Director McDonald regarding potential options for accessing restricted funds for eligible infrastructure needs, including aging sewer system improvements and possible regulatory or legislative flexibility.

The commissioners discussed the potential future sale and redevelopment of a local church property and inquired about the possible effect of increased development on sewer capacity and connection fees. GM Goodman agreed to investigate the potential capacity implications and applicable County processes.

Commissioner Bartlebaugh requested a brief explanatory note accompanying monthly cash and LAIF balance reports to identify significant transactions, transfers, payments, and reasons for changes in balances.

10. REPORTS / COMMENTS FROM COMMISSIONERS: No reports.
    a. WASTEWATER COMMITTEE: Has not met.
    b. BUDGET & FINANCE AD HOC: Has not met.
    c. COMMISSIONERS: None.
    d. INTER-AGENCY AND TRADE MEETINGS:
11. FUTURE AGENDA ITEMS:
    a. CCTV repair study prepared by the Engineer of Record when available.
    b. Capacity/impact fees
    c. Cost-cutting measures.
12. ADJOURNMENT: The meeting was adjourned at 5:36 PM until October 21, 2026.

Respectfully submitted,
Sonia Rivas, MBA,
District Secretary

CROCKETT COMMUNITY SERVICES DISTRICT

P.O. Box 578 - Crockett, CA 94525 ♦ 850 Pomona Street
Telephone (510) 787-2992
E-mail: DistrictSecretary@town.crockett.ca.us
Website: www.town.crockett.ca.us

TO: Board, Commissioners, Committees, Staff, and Members of the Public

FROM: District Secretary

SUBJECT: **Actions Taken by the Board on September 23, 2026**

The following are summaries of administrative actions taken by the Board at the September 23 meeting. The complete meeting minutes will be presented to the Board for approval on October 28, 2026.

Visit the September 23 agenda page online for a complete copy of the agenda and supporting documents. **https://www.town.crockett.ca.us/2026-09-23-board-meeting**

5. CLOSED SESSION - CANCELED

- CONFERENCE WITH LEGAL COUNSEL

7. **CONSENT CALENDAR: Approved.** For a full list of agenda items, visit the link above**.**

- d. Receive payment letter to C&H.
- e. Receive C&H JUA extension through December 31, 2026.

9. ADMINISTRATIVE:

- a. Consider a draft lease for Revival Coffee and direct Staff. **Notice of 60-day termination was rescinded. Negotiations will continue with a final review by legal counsel prior to presenting a revised lease to the Board for consideration.**
- b. Consider and approve the Organizational Chart and direct Staff. **District Engineer was removed.**

10. BUDGET AND FINANCE:

- a. Consider Q4 financial reports for all commissions. **The item was pulled and carried to a future meeting.**
- b. Discuss financial matters related to the District. **Governor Newsom has declared a state of emergency in anticipation of upcoming wet weather. This allows access to grant funding and advanced financing services.**

11. MANAGERS' REPORTS/REPORTS FROM COMMISSIONER

- f. Governmental matters: **The next State Lands Commission meeting is on October 21. The C&H lease, JTP (joint treatment plant) renewal, and the Nantucket property are expected to be on the agenda.**
- g. Announcements and discussion: **The next Town Hall is scheduled for October 31 with a focus on a candidates' forum, led by the League of Women Voters.**

CROCKETT COMMUNITY SERVICES DISTRICT

P.O. Box 578 - Crockett, CA 94525 ♦ 850 Pomona Street
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Website: www.town.crockett.ca.us

TO: Board, Commissioners, Committees, Staff, and Members of the Public

FROM: District Secretary

SUBJECT: **Actions Taken by the Board on October 28, 2026**

The following are summaries of administrative actions taken by the Board at the October 28 meeting. The complete meeting minutes will be presented to the Board for approval on November 18, 2026.

Visit the October 28 agenda page online for a complete copy of the agenda and supporting documents. **https://www.town.crockett.ca.us/2026-11-28-board-meeting**

5. CEREMONIAL:

- Ms. Soxna Dice was presented with a certificate of acknowledgment for her voluntary contributions to the visual enhancement through landscaping of the grounds at 1 Rolph Park Drive.

6. CLOSED SESSION:

- a. Conference with legal counsel – anticipated litigation: Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2): (1 potential case) Factual circumstance: Receipt of written demand from C&H/ASR regarding outstanding balance: **Not reportable actions.**

10. ADMINISTRATIVE:

- a. Consider candidates to be recommended to the Contra Costa Board of Supervisors for appointments to the CCSD Board of Directors and approve Resolution 26/27-10 Recommendation to the Board of Supervisors for appointments to the District Board. **Incumbent John Mackenzie and applicant Corey Savinski were recommended for appointment by the County's Board of Supervisors' agenda of November 17.**
- b. Approve contract for Cost of Service for a sewer use charge study for Crockett and Port Costa. **Agreement with Hildebrand Consulting was approved, with direction to the GM for minor adjustments to the agreement.**
- c. Consider and approve Resolution 26/27-11 Appropriations Limit. **Approved. Limit was set at 4,670,238.**

12. MANAGER REPORTS

- g. Announcements and discussion: **The next Town Hall is scheduled for October 31, 11 a.m.–1 p.m. in the community center.**

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District

Auditor's Date: _____ Fund: 342600 Account : 0830

Date	Name	Memo	Credit	Num
1000 · County Operating Funds				
1025 · Fund 3426 - CVSan - O&M				
09/01/2026	TERMINIX	Pest Control - Invoice 475265285	144.00	7759
09/02/2026	C&H SUGAR CO.	Shared Costs WWTP for June & July 2026	223,739.89	7760
09/02/2026	AT&T	Phone - [redacted]	78.13	7761
09/02/2026	CONTRA COSTA CO AUDITOR-CONTROLLER	LAFCO Net Cost Apprt. FY 2026/27 - Split	677.15	7762
09/02/2026	Let's Dig, Inc.	Weed Abatement at Pump Station (Invoice 23); Maintenance @ 1 Rolph (Invoice 25)	1,771.00	7763
09/02/2026	Lincoln National Life Insurance Company	LTD & STD Insurance - A/N CCSVCD-BL-1564438	84.21	7764
09/02/2026	L.R. PAULSELL CONSULTING	Sewer Maintenance from August 11-19, 2026 - Invoice 26-20	16,981.25	7765
09/02/2026	OLIVERO PLUMBING CO.	Backflow Prevention Test @ 1 Rdph Park - Invoice 56280 - Split	168.75	7766
09/02/2026	Redwood Public Law	Legal Services - Invoices 21952 & 21953	10,410.40	7767
09/02/2026	PG&E	Gas & Electric - [redacted]	5,025.10	7768
09/02/2026	Roux Associates, Inc.	Mediation Support - Invoice 205561	9,328.00	7769
09/02/2026	CONTRA COSTA COUNTY TREASURER	Netchex Payroll #81 - Split	23,491.97	7770
09/02/2026	Pan-Pacific Supply Company	Pump 3 Repair - Invoice 29620958	32,581.03	7771
09/02/2026	C&H SUGAR CO.	Principal Payment Per 8/28/26 Communication	1,000,000.00	7772
Total 1025 · Fund 3426 - CVSan - O&M			1,324,480.88	
Total 1000 · County Operating Funds			1,324,480.88	
TOTAL			**1,324,480.88**	

9/1/26

7.c

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District
Auditor's Date: _____ Fund: 342600 Account : 0830

Date	Name	Memo	Credit	Num
1000 · County Operating Funds				
1025 · Fund 3426 - CVSan - O&M				
09/17/2026	Bay Law Group LLP	JTP Enforcement Matters - Invoices 1007, 1027 and 1042	31,237.50	7773
09/17/2026	EBMUD	Water - [redacted]	560.94	7774
09/17/2026	Natural System Utilities - CA Inc.	WWPO - Invoice 1205676	2,686.55	7775
09/17/2026	Restoration Management Company	Sewage Remediation @ 1 Rolph Park - Invoice 314839	2,041.35	7776
09/17/2026	Campbell Business Solutions	IT Services - Invoices 11025 & 11375	440.00	7777
09/17/2026	CONTRA COSTA COUNTY TREASURER	Netchex Payroll #82 - Split	4,532.90	7778
09/17/2026	CONTRA COSTA COUNTY TREASURER	Calpers - August 2026	6,864.43	7779
09/17/2026	L.R. PAULSELL CONSULTING	Inv #s CVSD 26-21, 22, 23, 24	17,020.00	7780
Total 1025 · Fund 3426 - CVSan - O&M			65,383.67	
Total 1000 · County Operating Funds			65,383.67	
TOTAL			**65,383.67**	

9/16/26

CROCKETT COMMUNITY SERVICES DISTRICT

Crockett Community Services District

Auditor's Date: _____ Fund: 342600 Account : 0830

Date	Name	Memo	Credit	Num
1000 · County Operating Funds				
1025 · Fund 3426 - CVSan - O&M				
10/01/2026	AT&T	Phone - [redacted]	80.19	7781
10/01/2026	EBMUD	Water - [redacted]	468.14	7782
10/01/2026	Independent Power	Pump Disconnect & Reconnect - Invoice 26-025	860.00	7783
10/01/2026	Let's Dig, Inc.	September Monthly Landscape @ 1 Rolph Park - Invoice #26	344.00	7784
10/01/2026	L.R. PAULSELL CONSULTING	USA Locating - Invoices 26-25 & 26-26	907.50	7785
10/01/2026	PG&E	Gas & Electric - [redacted]	4,831.18	7786
10/01/2026	TERMINIX	Pest Control @ 1 Rolph Park - Invoice 476196430	144.00	7787
10/01/2026	Lincoln National Life Insurance Company	LTD & STD Insurance - [redacted]	84.21	7788
10/01/2026	USA North	Annual Membership - Invoice 1389102026	304.84	7789
10/01/2026	V.W. Housen & Associates	Engineering Support - Invoices 1710 & 1721	2,325.00	7790
10/01/2026	Special District Risk Management	Health Benefits - Invoices i00714, H50142, H49662, i00701, H49821, H49980	10,826.24	7791
10/01/2026	CONTRA COSTA COUNTY TREASURER	Netchex Payroll #83 - Split	23,552.54	7792
10/01/2026	Natural System Utilities - CA Inc.	Outside Laboratory - Invoice 1211055	1,992.18	7793
Total 1025 · Fund 3426 - CVSan - O&M			46,720.02	
Total 1000 · County Operating Funds			46,720.02	
TOTAL			**46,720.02**	

9/30/26

CROCKETT COMMUNITY SERVICES DISTRICT
Crockett Community Services District
Auditor's Date: _____ Fund: 342600 Account : 0830

Date	Name	Memo	Credit	Num
1000 · County Operating Funds				
1025 · Fund 3426 - CVSan - O&M				
10/05/2026	C&H SUGAR CO.	Shared Operating Costs WWTP - August 2026	123,083.68	7794
Total 1025 · Fund 3426 - CVSan - O&M			123,083.68	
Total 1000 · County Operating Funds			123,083.68	
TOTAL			**123,083.68**	

10/5/26

CROCKETT COMMUNITY SERVICES DISTRICT

Crockett Community Services District

Auditor's Date: _____ Fund: 342600 Account : 0830

Date	Name	Memo	Credit	Num
1000 · County Operating Funds				
1025 · Fund 3426 - CVSan - O&M				
10/19/2026	Natural System Utilities - CA Inc.	WWPO October Services - Invoice 1212583	2,780.58	7795
10/19/2026	CSRMA	Annual PIP, JPA, Director Fee 2026/27 - Invoice 7714	10,318.63	7796
10/19/2026	Contra Costa Special Districts Asso	Annual Dues for FY 2026/27 - Split	60.00	7797
10/19/2026	U.S. BANK	Various [redacted]	7,809.85	7798
10/19/2026	CONTRA COSTA COUNTY TREASURER	Calpers - September 2026 - Split	6,621.84	7799
10/19/2026	CONTRA COSTA COUNTY TREASURER	Netchex Payroll #84 - Split	3,221.59	7800
Total 1025 · Fund 3426 - CVSan - O&M			30,812.49	
Total 1000 · County Operating Funds			30,812.49	
TOTAL			**30,812.49**	

10/16/2026

Morgan Lewis

Rick R. Rothman
Partner
+1.213.680.6590
rick.rothman@morganlewis.com

May 11, 2026

VIA ELECTRONIC MAIL AND VIA FEDERAL EXPRESS

Joshua A. Bloom
555 12th Street, Suite 1500
Oakland, CA 94607

Re: Demand for Payment of Amounts Due Under the Joint Use Agreement

Dear Josh:

Further to the conversations between my client, C&H Sugar Company, Inc. (C&H), and your client, the Crockett Community Services District (District), we are writing to demand formally that the District pay its proportional share of the amounts that C&H incurred related to the *Gutierrez* lawsuit and the government enforcement actions arising from the alleged effluent and odor violations associated with operations at the Philip Meade Treatment Plant/Joint Treatment Plant (JTP) which is co-owned and operates under a permit issued to C&H and the District.

As described below, the matters arose out of the extreme heat events that disrupted normal JTP operations and led to agency enforcement actions and litigation alleging effluent and odor violations. To date, the costs of defense and resolution of these matters has been borne solely by C&H.

Background

In 2022, Contra Costa County experienced sustained heat events that caused unprecedented stress and overheating of certain equipment at the JTP, which created unfavorable biological conditions resulting in substantial microbial die-off within aeration basins. This microbial loss caused exceedances of the JTP's effluent limitations for pH, biochemical oxygen demand (BOD), and total suspended solids (TSS).

These reported exceedances formed the basis for enforcement actions by the California Regional Water Quality Control Board (Water Board) and the Bay Area Air District (BAAD). During the same period, the BAAD issued several Notices of Violation (NOVs) related to odor complaints received between September 8, 2022, and October 14, 2022, which it attributed to the JTP. Those odor complaints ultimately led to the enforcement action by BAAD and the putative class action (the *Gutierrez* complaint). C&H has since resolved the legal liability associated with all the matters.

Contractual Obligations Under the Joint Use Agreement

Section 8 of the Joint Use Agreement (JUA) requires the District to pay C&H for all expenses and costs incurred in resolving liabilities arising from discharges not reasonably attributable to either party's waste, in proportion to the percentage of operation and maintenance (O&M) expenses borne by each party. Specifically, Section 8 provides:

> If an unlawful, or allegedly unlawful, discharge from the plant cannot be reasonably attributed to any such waste introduced into the plant by either party but arises from any other cause (including a work stoppage at the plant) or from an undetermined cause, each party shall pay or indemnify the other for payment of all liabilities, expenses and costs (including fines, penalties and attorneys' fees) in proportion to the percentage of operating and maintenance expense borne by the party under section 5(g) for the yearly period in which the discharge occurred.

Pursuant to this provision, the District must reimburse C&H for its proportionate share of the following costs incurred.

- ***Gutierrez* Complaint.** The *Gutierrez* putative class action filed in the U.S. District Court for the Northern District of California asserted public and private nuisance and negligence claims related to alleged odors that the community experienced within one mile of the JTP. Following substantial discovery efforts, including taking depositions of key witnesses and canvassing of the neighborhood residents, a favorable settlement was reached with Mr. Gutierrez. The settlement payment to Mr. Gutierrez was twenty-eight thousand dollars ($28,000) and resolved all claims and a dismissal of the putative class action complaint.

- **BAAD Stipulated Judgement.** The BAAD alleged violations of the Health and Safety Code and the Unfair Competition Law based on the alleged odor event. C&H entered into a stipulated final judgement and injunction with the Contra Costa County District Attorney's Office, agreeing to pay a total of $500,000 to resolve the alleged violations.

- **Water Board Stipulated Order.** C&H paid the Water Board $473,700 for alleged violations for effluent exceedances of pH, BOD, TSS, and coliform. The Water Board also alleged violations of the Water Code related to the odor events.

In addition to the above costs, C&H's demand includes the amounts C&H paid in attorneys' fees associated with the resolution of each of the matters listed above. To date, C&H's cumulative attorneys' fees for all the matters total $1,609,860. We note that these fees reflect only costs for outside legal counsel and do not include the considerable additional time and effort expended by C&H's internal counsel and management.

Determination of District's Share

As set forth in the JUA, the District is required to pay its share of all the above referenced costs "in proportion to the percentage of operating and maintenance expense borne by the party under section 5(g) for the yearly period in which the discharge occurred." According to C&H's review of the applicable figures from 2022, that allocation is 66.95% for C&H, and 33.05% for the District. Hence, C&H's total demand is for reimbursement of $863,120.58.

We note that the District's October 23, 2025, letter regarding JTP operational charges stated that the District "has it on record" that C&H agreed to pay all "fees, costs and/or regulatory penalties" related to the 2022 odor events. This is not correct. C&H has never taken any such position, and the JUA expressly requires the District to bear its proportionate share of these costs.

Additional Amounts Owed to C&H Under the JUA

In addition to the amounts specified above, we reiterate C&H's repeated demands for payment of the other amounts owed to C&H under the JUA. While C&H appreciates the District's recent payment of the undisputed amount of $2,276,729.51, there still remains $2,004,968.04 unpaid through April 22, 2026, which includes the following:

	PRINCIPAL OWED	**INTEREST OWED**	**TOTAL**
Unpaid September 2025-March 2026 invoices	$569,705.18	$7,831.81	$577,536.99
District's deduction of check no. 6986 from amounts paid, even though C&H had already credited it.	$415,840.00	$3,266.08	$419,106.08
Post-odor incident O&M costs	$364,000.00	$2,858.92	$366,858.92
Interest owed on late paid invoices that were due from 4/1/22 through 11/1/25	N/A	$641,466.05	$641,466.05
TOTAL	$1,991,011.23	$13,956.81	**$2,004,968.04**

Interest will continue to grow on the unpaid amounts.

****

This brings the total due to C&H under the JUA to $2,868,088.62 as of April 22, 2026. If this amount is not paid by May 27, 2026, C&H will initiate arbitration against the District pursuant to paragraph 13 of the JUA. To that end, C&H hereby provides 10-day notice that it is terminating the Tolling Agreement between C&H and the District.

We look forward to receiving your response and are available to further discuss at a mutually agreeable time.

Sincerely,

Rick R. Rothman

RRR/ac

CROCKETT COMMUNITY SERVICES DISTRICT

P.O. Box 578 - Crockett, CA 94525
850 Pomona Street
Telephone (510) 787-2992
e-mail: manager@town.crockett.ca.us
website: www.town.crockett.ca.us

MEMORANDUM

DATE: September 2, 2026
FROM: General Manager, CCSD
SUBJECT: Enclosed Payment of $1,000,000.00 on Principal owed to C&H Sugar/ASR

Please find the enclosed check for $1,000,000.00, in partial payment of the $1,348,074.33 principal due in accordance with the Joint Use Agreement.

As set forth in Josh Bloom's communication of August 28, 2026, the remainder of the payment of $348,074.33 will be sent no later than December 31, 2026.

The District will honor its commitment to continue to pay monthly invoices in accordance with the currently extended Joint Use Agreement.

Sincerely,

Jena Goodman

General Manager

Crockett Community Services District

Sent Via Email to:

Raul Novoa, [redacted]

Molly Moriarty, [redacted]

Cc'd Richard PioRoda, [redacted]

Cc'd Joshua Bloom, [redacted]

FedEx to:

C&H Sugar Company, Inc. Attn: Jim Koeppen

830 Loring Ave

Crockett, CA 94525

7.e

Members of the Board: Dale McDonald (President), Nick Spinner (VP), Luigi Barassi, John MacKenzie, Gaunt Murdock

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Via Electronic Mail

August 31, 2026

Mr. Armando A. Tabernilla
C&H Sugar Company, Inc.
830 Loring Avenue
Crockett, California 94525

Re: Joint Use Agreement, dated November 9, 1976, between California and Hawaiian Sugar Company and Crockett-Valona Sanitary District (the "JUA")

Dear Mr. Tabernilla:

I appreciate your efforts in working with Crockett CSD towards a renewal of the JUA that expires at the end of this month.

In a follow-up to our request to temporarily extend the JUA, Crockett CSD agrees to an extension through December 31, 2026. To indicate C&H's concurrence, please countersign this letter and return a copy to my attention.

Regards,

Jena Goodman, General Manager

On behalf of C&H, I concur with an extension of the JUA through December 31, 2026.

Armando A. Tabernilla
Vice President
August 31, 2026

Members of the Board: Dale McDonald (President), Nick Spinner (VP), Luigi Barassi, John MacKenzie, Gaunt Murdock

Organization	Contra Costa County
Periods	FY 2026-27 : 01 Jul - 12 Jun
Ledger	Actuals
Ledger Acct/Summary	**0210:INVESTMENTS**
Accounting Worktag	SEE BELOW
Book	Operating Book
Company Currency	USD
Translation Currency	USD
Run	**11/13/2026 07:33 AM**

Accounting Worktag **3241 CROCKETT RECREATION DEPT**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	22,312.87	0.00	22,312.87
Total	0.00	22,312.87	0.00	22,312.87

Accounting Worktag **3242 CROCKETT CSD-MAINT DEPT**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	306,423.25	0.00	306,423.25
Total	0.00	306,423.25	0.00	306,423.25

Accounting Worktag **3425 PORT COSTA SANITARY DEPT**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	221,283.55	0.00	221,283.55
Total	0.00	221,283.55	0.00	221,283.55

Accounting Worktag **3426 CROCKETT SANITARY DEPT**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	492,770.19	0.00	492,770.19
Total	0.00	492,770.19	0.00	492,770.19

Accounting Worktag **3427 CROCK-VALONA SAN CONST**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	1,203,573.74	0.00	1,203,573.74
Total	0.00	1,203,573.74	0.00	1,203,573.74

Accounting Worktag **3429 CROCK-VALONA SAN CAP RES**

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0210:INVESTMENTS	0.00	84,182.62	0.00	84,182.62
Total	0.00	84,182.62	0.00	84,182.62

Organization	Contra Costa County
Ledger	Actuals
Ledger Account/Summary	**0010:CASH**
	0530:WARRANTS PAYABLE
Run	**11/13/2026 7:23**

Accounting Worktag 3240 CROCKETT COMMUNITY SVCS

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	48,535.08	1,246.61	47,288.47
Total	0.00	48,535.08	1,246.61	47,288.47

Accounting Worktag 3241 CROCKETT RECREATION DEPT

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	948,714.21	699,565.32	249,148.89
Total	0.00	948,714.21	699.565.32	249,148.89

Accounting Worktag 3242 CROCKETT CSD-MAINT DEPT

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	47,437.89	23,548.46	23,889.43
Total	0.00	47,437.89	23,548.46	23,889.43

Accounting Worktag 3425 PORT COSTA SANITARY DEPT

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	357,517.38	143,775.46	213,741.92
Total	0.00	357,517.38	143,775.46	213,741.92

Accounting Worktag 3426 CROCKETT SANITARY DEPT

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	4,717,124.95	3,748,401.41	968,723.54
Total	0.00	4,717,124.95	3,748,401.41	968,723.54

Accounting Worktag 3427 CROCK-VALONA SAN CONSTRUCTION

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	37,887.28	79.00	37,808.28
Total	0.00	37,887.28	79.00	37,808.28

Accounting Worktag 3429 CROCK-VALONA SAN CAP RESERVES

Consolidation Data

Ledger Account	Beginning Balance	Debit Amount	Credit Amount	Ending Balance
0010:CASH	0.00	214.00	6.00	208.00
Total	0.00	214.00	6.00	208.00

CROCKETT COMMUNITY SERVICES DISTRICT

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MEMORANDUM
TO: Board of Directors, Crockett Community Services District (CCSD)
FROM: General Manager, CCSD
DATE: October 26, 2026
SUBJECT: Recommendation to Award Contract for Wastewater Rate and Capacity Charge Study – Hildebrand Consulting, LLC

Purpose: The purpose of this memorandum is to summarize the proposal received from Hildebrand Consulting, LLC to perform a comprehensive Wastewater Rate and Capacity Charge Study for the Crockett Sanitary Department (CVSAN) and the Port Costa Sanitary Department (PCSAN), and to outline key terms for Board consideration.

Background & Need for Project:

- **CVSAN:** The last comprehensive rate study was conducted in 2012. A financial plan completed in early 2026 recommended a 30% rate increase to cover deferred rate adjustments and rising operating costs.
- **PCSAN:** A comprehensive rate study has not been conducted since prior to 2012.
- **Objective:** Both departments are independent enterprise funds that rely primarily on rate revenues. The 2027 Rate Study will establish cost-of-service based sewer use charges (SUC) for a 5-year period starting July 1, 2027, update capacity charges under Government Code 66013, and ensure full compliance with California Proposition 218 and AB 2257.

Consultant Qualifications & Experience:

- **Principal Engagement:** Mark Hildebrand brings over 24 years of utility rate and management consulting experience in California. As a sole proprietor, Mr. Hildebrand will be directly engaged in all project deliverables, financial modeling, and Board presentations**.**
- **Relevant Client Work:** Hildebrand Consulting has completed hundreds of utility studies for over 60 public agencies, including local/regional entities such as EBMUD, Ross Valley Sanitary District, Novato Sanitary District, Fairfield-Suisun Sewer District, and recent rate work for CCSD.

Scope of Work & Work Plan: The proposed scope covers six core tasks applied to both CVSAN and PCSAN:

1. **Task 1: Project Initiation & Data Collection –** Kickoff meeting and baseline operational/financial review.
2. **Task 2: 10-Year Financial Plans –** Tailored financial forecasting models incorporating operating costs, CIP reinvestment, debt service coverage, and reserve target policies.
3. **Task 3: Cost-of-Service & Rate Design –** Allocation of costs to customer classes, evaluation of ADU rates, and development of a 5-year schedule of proposed Sewer Use Charges starting FY 2027-28.
4. **Task 4: Capacity Charge Calculation –** Update of connection fees using the system buy-in methodology pursuant to Govt. Code 66013.
5. **Task 5: Proposition 218 & Public Process –** Preparation of public notices, participation in up to three Board meetings/public hearings, and preparation of written responses for up to 10 AB 2257 objection letters.

6. **Task 6: Final Report & Rate Models –** Administrative draft, draft, and final study reports, along with customized financial planning models delivered to District staff.

Schedule:

- Project Kickoff: Early November 2026 (assuming Notice to Proceed).
- Board Workshop #1 (Preliminary Findings): Late January 2027.
- Board Workshop #2 (Final Recommendation & Notice Authorization): Late February 2027.
- Prop 218 Public Hearing: Late May 2027 (allowing for mandatory 45-day notice period).
- Effective Date for New Rates: July 1, 2027.

Cost & Level of Effort: The project is budgeted at $59,000 under a Not-to-Exceed contract structure, based on 236 total hours at a billing rate of $250/hour. Travel expenses will not be billed to the District. Costs will be divided between both departments, CVSAN billed at 90% of the total cost and PCSAN at 10% of the total cost.

Task	Level of Effort (Hours)	Task Total Cost PDF
Task 1: Project Initiation	**8**	**$2,000**
Task 2: Financial Plans	**40**	**$10,000**
Task 3: Cost of Service & Rate Design	**52**	**$13,000**
Task 4: Capacity Charges	**36**	**$9,000**
Task 5: Prop 218 & Adoption Process	**56**	**$14,000**
Task 6: Final Report & Model	**44**	**$11,000**
TOTAL	**236 Hours**	**$59,000**

Key Agreement Notes & Legal Considerations

- Conflict of Interest: Hildebrand Consulting certifies no current or past financial conflict of interest with CCSD.
- Contract Exceptions: The consultant has requested a minor modification to the District's standard indemnification clause, limiting consultant liability to damages arising out of negligence or willful misconduct rather than general performance. District legal counsel can review this proposed edit prior to contract execution.

Recommendation

Staff recommends that the Board approve the proposal from Hildebrand Consulting, LLC in an amount not to exceed $59,000 and authorize the General Manager to execute an agreement subject to final legal review of contract terms

Proposal for Wastewater Rate and Capacity Charge Study

Crockett Community Services District

September 28, 2026

HILDEBRAND CONSULTING



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Attachment A…….. List of California Clients

1. COVER LETTER

Crockett Community Services District
Attn: Jena Goodman
850 Pomona St., Crockett CA 94525

September 24, 2026

Subject: Proposal for Wastewater Rate and Capacity Charge Study

Dear Ms. Goodman,

In response to the Crockett Community Services District ("CCSD") request for proposals, Hildebrand Consulting, LLC is pleased to submit this proposal to conduct a Wastewater Rate and Capacity Charge Study for rates to be adopted in 2027 ("2027 Rate Study"). Mark Hildebrand is a seasoned consultant with over 24 years of broad experience in California as a utility rate and management consultant to municipalities such as CCSD. He has performed hundreds of studies covering a diverse range of rate setting, cost allocation, fee calculations, and financial planning to more than 60 clients, most of which are located in Northern California. Within the Bay Area, we have worked successfully with the utilities such as EBMUD, Las Gallinas Sanitary District, Novato San, Fairfield Suisun Sanitary District, Ross Valley Sanitary District, Marin Municipal Water District, North Marin Water District, Tamalpais Community Services District (TCSD), and Sewerage Agency of Southern Marin (SASM). We also have a concentration of clients up the north coast, in the Sacramento region and in the Central Valley. We recently worked with CCSD to successfully adopt significant rate adjustments on a very tight schedule.

Mark Hildebrand is an independent consultant that offers a proven distinctive value proposition: he is *directly* engaged in all facets of the project, including all meetings, communications, financial models, and deliverables. Being a sole proprietor allows him to provide his seasoned services at significantly more affordable hourly rates than peers at larger consultancies.

You will find that our work products will provide value to the District for years to come. Our reports are clear, concise, and only include pertinent. We take the time to author reports that maximize value to our clients and provide a strong "administrative record" that protect our clients from legal challenges.

We are thankful for the opportunity to be of service to the Crockett Community Services District for this study, and please let me know if you have any questions regarding this proposal.

Sincerely,

Mark Hildebrand
Hildebrand Consulting, LLC.
mhildebrand@hildco.com
510.316.0621 (m)

2. STAFFING, EXPERIENCE, & UNDERSTANDING OF PROJECT/OBJECTIVES

Mark Hildebrand is the sole proprietor of Hildebrand Consulting and brings over 24 years of experience as a consultant to municipal utilities and provides a broad range of financial, utility rate, and management consulting services. He has performed hundreds of studies covering a diverse range of cost allocation issues, financial planning, business case evaluations, and litigation avoidance to more than 60 clients. He has been published and frequently speaks on topics such as rate-setting under the requirements of Proposition 218, cost-of-service principles, cost allocation methodologies, developer connection charges, emerging regulatory issues, consolidation studies, and strategic business planning.

He has performed hundreds of studies covering a diverse range of rate setting, cost allocation, fee calculations, and financial planning with a concentration of clients in Northern California. Within the Bay Area, we have worked successfully with the utilities such as EBMUD, Las Gallinas Sanitary District, Novato San, Fairfield Suisun Sanitary District, Ross Valley Sanitary District, Marin Municipal Water District, North Marin Water District, Tamalpais Community Services District (TCSD), and Sewerage Agency of Southern Marin (SASM). We also have a concentration of clients up the north coast, in the Sacramento region and in the Central Valley. We recently worked with CCSD to successfully adopt significant rate adjustments on a very tight schedule.

Hildebrand Consulting was created in 2018 and over the past 8 years we have successfully met (and usually exceeded) all of our client's schedule needs. Being a sole proprietor allows us to be nimble, responsive and acutely aware of our client's needs. The *supposed* lack of a "deep bench" is not a limitation in the least and, in fact, being a sole proprietor has allowed us to provide sigular focus on our clients, with improved outcomes and accelerated schedules. Mark Hildebrand is dedicated to providing clients with an exceptional level of service and responsiveness, to developing creative yet practical solutions to client needs, and to broadening understanding and facilitating consensus on complex issues. His strengths in consensus-building, clear communication, and his experience with utility rate-setting will be particularly valuable during this engagement.

Hildebrand Consulting was created with the vision of providing high-quality and deeply experienced consulting services while remaining affordable, reliable, and flexible for our clients. Our independent consulting services emphasize integrity, loyalty, and responsiveness. You will benefit from having a seasoned and experienced consultant *directly* engaged in all facets of work and our services are provided at significantly more affordable rates than peers at larger consultancies.

Mark Hildebrand has been a contributing author to several industry guidebooks including AWWA's *Manual M1 Principles of Water Rates, Fees and Charges,* and AWWA's *Water Rates, Fees, and the Legal Environment, and continues to serve on* AWWA's Rates and Charges Committee, which established national best practices for rate setting.

Please visit our website at hildebrandconsulting.com. A list of California clients has been provided as **Attachment A.**

Sewer Utility Understanding

The Crockett Community Services District (CCSD) provides sanitary sewer services to both the town of Crockett (with the Crockett Sanitary Department, or CVSAN) and the town of Port Costa (with the Port Costa Sanitary Department, or

PCSAN). Both systems are relatively small, although the PCSAN system is the materially smaller.

The CVSAN facilities include 16 miles of gravity sewer lines throughout the Town of Crockett along with several force mains and two pump stations. Wastewater collected throughout the District flows to the Joint Treatment Plant (JTP) that the District shares with C&H Sugar Company (C&H). C&H is responsible for the operation, maintenance, improvements, and regulatory reporting at the JTP. The District has no direct operational responsibility at the JTP.

The small, unincorporated town of Port Costa has a population of 190 people as of the 2020 census. There are 113 properties within the PVSAN boundaries, of which 85 are receiving sewer service.

Project Understanding

Both sewer departments are financially independent enterprises that rely primarily on revenues from sewer rates to fund the cost of providing service. As such, both departments need to set rates at levels that are adequate to fund the operation and maintenance of the respective sewer systems, meet debt service funding requirements, and pay for capital improvements needs.

CVSAN's last comprehensive rate study was conducted in 2012. The most recent financial plan was completed earlier in 2026 and recommended a single 30 percent rate increase due to increased operating costs and the effect of deferred rate increases. PCSAN's last comprehensive rate study was done prior to 2012.

We understand that the purpose of the rate studies is to update the respective sewer rates to ensure that they are based on industry-accepted cost-of-service principles, meet future revenue requirements and comply with all State law requirements including but not limited to Proposition 218. The rates will be based on the most recently available Sewer Enterprise financial, operating and customer data.

CVSAN collects sewer use charges (SUC) on the Contra Costa County property tax roll. Most of CVSAN's rates are fixed per dwelling unit for residential accounts and variable based on water usage for non-residential accounts. The District also receives rate revenue from C&H based on negotiated rates.

Since 1992, PCSAN has charged for sewer service based the actual wastewater flow from each property or category.

3. EXPERIENCE ON SIMILAR PROJECTS (AND REFERENCES)

Mark Hildebrand has been conducting sewer rate studies in California for decades, including scores of projects that are similar in scope to the project requested by the Agency. The following are some project descriptions of projects with similar complexity and magnitude that Mr. Hildebrand has performed in the recent past.

Fairfield Suisun Sewer District

Client: James Russell-Field, Administrative Services Director jfield@fssd.com (707) 428-9145

We have provided multiple sewer rate studies and capacity charge studies for the Fairfield-Suisun Sewer District (FSSD), which is a special district which serves all territory within the cities of both Fairfield and Suisun City. FSSD's service area encompasses 48 square miles and includes major industrial employers such as Travis Air Force Base, Anheuser-Busch Brewery, Jelly Belly, Producers Dairy Foods, North Bay Medical Center, Kaiser Permanente, other large manufacturers and industries, and shopping districts.

Ross Valley Sanitary District

Client: Felicia Newhouse, Business & Administrative Manager (415) 870-9761 fnewhouse@rvsd.org

Hildebrand Consulting conducted comprehensive sewer rate studies and capacity charge studies for the Ross Valley Sanitary in 2019 and 2024. The District provides sewer collection and conveyance services for nearly 15,800 residential and business accounts located within the City of Larkspur, the towns of Ross, San Anselmo, and Fairfax, and unincorporated areas of Greenbrae, Bon Air, Kentfield, and Sleepy Hollow (collectively known as Ross Valley).

Novato Sanitary District

Client: Sandeep Karkal, General Manager (415) 892-1694 x 106 sandeepk@novatosan.com

The Novato Sanitary District is located in northern Marin County and provides wastewater service to the sewered areas of the City of Novato and serves a population of approximately 60,000. Hildebrand Consulting provided a comprehensive rate study in 2022 and is currently engaged by Novato San. Prior to the 2022 comprehensive rate study, Hildebrand Consulting provided a third-party assessment of the District's sewer rates, which concluded that the District's rate structure comported with common industry standards, but that administrative record should be updated, and that a new cost-of-service analysis would find opportunities for improvement.

Additional references:

City of Cloverdale (multiple water and wastewater rate studies)
David Kelley, City Manager, 707.894.1710, dkelley@ci.cloverdale.ca.us

City of Merced (multiple water and sewer rate and capacity charge studies)
Ken Elwin, Public Works Director, (209) 385-6803, elwink@cityofmerced.com

4. WORK PLAN APPROACH AND SCHEDULE

General Approach

This proposal describes how we plan to conduct this rate study in order to meet the District's financial obligations and ensure that the rates are predictable, stable, and affordable.

FINANCIAL PLANS

Hildebrand Consulting uses a financial planning approach that tailors our model to mirror the District's financial reporting documents. In addition to capturing all operating costs and revenues, our process includes an interactive evaluation of the proposed capital spending budgets, and the rate impacts of alternative projects, costs, timing, and funding strategies. Our capital planning tool allows us to evaluate the renewal and replacement of utility systems and the financial impacts to the rate payers.

The study will include a strategy for funding each sewer enterprise's capital improvement plan with the understanding that many of the sewer utility's assets are reaching the end of their useful life. The financial plan needs to balance the need to minimize rate increases while investing sufficient money in the capital program to mitigate/minimize risk and ensure funding for long-term capital improvement needs.

RATE STRUCTURES

We will work with the District staff to thoroughly review the existing rates and explore any appropriate and necessary changes to the existing rate structure in order to comply with existing law and achieve the District's objectives. As requested by the District we will specifically examine how revenue can be stabilized in the face of changes in water consumption while also considering the impacts to affordability. If the District decides to move forward with modifications to the existing rate structures, we will ensure that they remain fair, equitable, and meet the requirements of Proposition 218.

The benefits of any such change shall be weighed against the financial impacts on each customer class, the ease of administration, and the ease of understanding by the ratepayers. Any proposed change will be analyzed to fully understand the impact to ratepayers and to the respective sewer enterprise.

PUBLIC AND POLITICAL COMMUNICATION

We will work in collaboration with District staff to ensure that each of our presentations to the Board are effective in educating all interested stakeholders regarding the District's objectives, legal requirements, our approach/financial strategies, and the sewer enterprise's cost drivers. We believe that the most effective means to garnering support (or addressing opposition) is to present information in simple terms and answer all questions transparently. At the end of the day, ratepayers will understand that the District's sewer services are efficient, reliable, and invaluable.

LEGAL LANDSCAPE

The legal landscape for utility rate setting in California has changed significantly over the past couple of decades. While it has been 30 years since Proposition 218 was passed by California voters in 1996, it really has been the Court's interpretations of Prop 218 over the past 15 years that have dramatically altered the standards for rate

setting. Truly understanding the myriad of court decisions is a nuanced endeavor, therefore it is important to receive guidance from consultants that have California-based experience in addition to experience with nationally accepted industry standards.

WORK PLAN

The following proposes a detailed scope of work based on our understanding of the District's needs and our scope of services for similar studies. All tasks apply to both CVSAN and PCSAN.

Task 1. Project Initiation and Project Management

To initiate the study, we will submit a data request to the District. Collecting and reviewing data prior to a Kickoff Meeting will allow us to be more productive from the outset of the project. Once a majority of data has been received, we will review it in detail. This will include (but is not limited to) a review of historical financial statements, capital spending forecast, historical statements of revenue and expense, current year budgets, customer counts and classes, historical water usage data, organizational structure. We will ensure a thorough understanding of:

- Current financial requirements (such as bond covenants) and revenue streams
- Operational/capital improvement drivers
- Reserve structure and beginning balances
- The format and content of utility billing data

Shortly thereafter, we will conduct a Project Kickoff Meeting with District staff to:

- ✓ Discuss key issues, roles, and responsibilities
- ✓ Confirm study objectives and further explore project drivers such as revenue stability
- ✓ Confirm data requirements and discuss the data already received
- ✓ Finalize the project schedule, including key milestone dates and deliverables, in particular the sequencing of the workshops

Follow-up calls with staff will be made to ensure full understanding of all data received.

We will manage the project schedule and budget in close coordination with District staff. We provide regular progress reports and any additional updates as requested by staff.

Task 1 Meeting: Kickoff Meeting with staff

Task 1 Deliverable: Data request list

Task 2. Financial Plans

In this task, we will use a revenue sufficiency and financial planning model to develop 10-Year Financial Plans for both enterprises (PCSAN and CVSAN), which will be the basis for recommended revenue adjustments. Our financial planning model will be tailored to directly load each sewer enterprises' budget (for seamless updates) and project annual revenue and fee adjustments requirements. The financial plan will consider projected changes to operating expenses, alternative spending levels, operating reserves targets, debt service coverage ratios and other financial policies/goals that affect the revenue requirements of the funds. It will also consider historical operating expenses, growth projections and other trends that paint a complete financial picture and provide for informed decision-making. Our model's dashboard clearly displays key scenarios and assumptions in a format that is easy to understand. This function, coupled with our ability to make real-time changes to the model, is particularly useful when engaging in interactive planning meetings.

In order to populate the financial models with reliable data, we will work with District staff to identify current and future operating, maintenance, debt, and capital costs. This process involves looking at recent historical cost trends as well as the most recent budget to identify the most reliable "starting point" for costs. We will work directly with District staff to understand the cost drivers for the financial plan and consider uncertainties, such as future regulatory mandates and wastewater production trends. We will develop cost escalation assumptions for different cost categories and identify planned changes to service levels, such as planned staffing changes.

Our financial planning model provides a valuable capital planning tool which we will use to review the capital improvement program and evaluate the impacts of alternative projects, costs, timing, and funding sources. We will work collaboratively with District staff to understand capital and operational budgetary expenditures for financial model inputs. We will also collaborate with committees/stakeholder as appropriate to vet the capital spending plan and financial strategy.

The model provides clear information on the costs and benefits of issuing debt, if warranted. We will ensure that all financial scenarios support a proper balance for debt coverage and rate stabilization over the study period.

Closely related to this analysis is the examination of cash reserve policies, which are fundamental to achieving financial stability and avoiding sudden fee adjustments in the face of changes to operating or capital needs. While robust reserve target policies are critical for financial security and a strong credit rating, it is also important to avoid large reserves that may be challenged as excessive or come at the expense of delivering important capital projects.

Task 2 Meeting:	Financial Planning Workshop with staff
Task 2 Deliverable:	Presentation materials. Study findings will be summarized in the final report (see Task 6).

Task 3. Cost-of-Service (COS) Analysis and Rate Design

Once we have determined each enterprises' rate revenue requirements (see Task 2) we will follow industry best practices to allocate the utility's costs, first among cost categories, and then to customer classes based on service and demand characteristics. Under California's Proposition 218 sewer rates must reflect a proportionate distribution of costs to each customer and customer class.

Task 3 will begin with a review of the existing cost-of-service analyses. We will work with District staff to determine if that methodology continues to meet the District's objectives, ensures fair and equitable distribution of costs, and conforms to accepted industry practice and legal requirements. Costs allocated among sewer customers will consider estimated wastewater discharges, sewer strength as well as other factors as appropriate. If appropriate, our analysis will differentiate between residential and commercial customers. The commercial accounts may be grouped into different strength classifications.

The sewer rate structure will reflect both the cost-of-service results as well as the District's financial objectives. We will evaluate various rate structure modifications to identify feasible rate structures that are consistent with industry best practices, including how to charge accessory dwelling units (ADUs).

We will recommend a 5-year schedule of annual wastewater Sewer Use Charges (SUC) for the fiscal years starting July 1, 2027. The rates will be designed to meet each sewer enterprise's revenue requirements and will equitably allocate costs to customers based on the cost of providing them with sewer service. The proposed rate design will be consistent with the requirements of Proposition 218 and California law and address the District's rate setting objectives.

Task 3 Meeting:	Cost of Service and Rate Structure Workshop with staff
Task 3 Deliverable:	Study findings will be summarized in the final report (see Task 6).

Task 4. Capacity Charges

We will update the capacity charges for both the CVSAN and PCSAN systems using the system buy-in methodology. The charge will reflect the estimated reasonable cost of providing sewer system capacity for new development, based on the estimated replacement cost, less depreciation, of the existing system and the current customer base. The calculations will also incorporate past financing costs and any financial reserves dedicated to capital improvements. A complete schedule will be developed based on the capacity associated with each equivalent dwelling unit (EDU). Calculations will be consistent with the requirements contained in Government Code Section 66013.

Task 4 Meeting:	Conference calls with staff as needed
Task 4 Deliverable:	Study findings will be summarized in the final report (see Task 6).

Task 5. Proposition 218 and Adoption Process

Our public participation process is designed to strengthen stakeholder awareness and understanding of the rate development process. We will work closely with District staff over the course of the entire project to engage and

inform the Board and any applicable committee and ensure all messaging remains accurate, consistent, and aligns with District communication objectives.

We propose the following three Board meetings to discuss both CVSAN and PCSAN:

1. Preliminary Findings Presentation to Board/Committee: During this workshop, we will provide an overview of the sewer rate-setting process, identify our rate-setting objectives, provide background on the 10-Year Financial Plans including a detailed discussion regarding the capital spending scenarios (as applicable), review rate design options, preview potential rate schedules, discuss bill impacts and compare the rates to other regional utilities (survey). The purpose of this workshop will be to share preliminary study findings and solicit early feedback from the Board/Committee in order to ensure that the study is aligned with the Board's objectives.
2. Final Recommendation Board Workshop: In this second presentation to the Board, we will cover the same topics as the first workshop, however we will increase the focus for the proposed rate revenue increases based on the appropriate capital spending scenario. We will give a detailed explanation of the proposed rates and associated bill impacts. At the conclusion of this presentation, we will request that the Board direct staff to mail the public hearing notification.
3. Public Hearing – In this final presentation we will re-iterate the rate-setting process, the rate-setting objectives, the findings of the 10-Year Financial Plans, and the recommended rates.

Proposition 218 and AB 2257 Compliance and Notification

We will provide guidance and advice to staff to ensure compliance with the rate adoption process required by both Proposition 218 and AB 2257. We will work with District staff to draft the contents of the required public hearing notices for both CVSAN and PCSAN, which will need to be mailed to property owners at least 45 days prior to the Public Hearing. While the public hearing notice is a legal requirement, it will also serve as a communication tool to clearly explain key recommendations and provide transparent communication.

We will review and respond to AB 2257 Objections. The budget assumes that the District will receive up to 10 Objection letters.

Task 5 Meetings:	Up to 3 presentations (including the Public Hearing)
Task 5 Deliverables:	Presentation materials
	Ordinance language amending associated Ordinances
	Draft Public Hearing Notification Letters for CVSAN and PCSAN
	Written responses for up to 10 Objection letters

Task 6. Report and Models

We will deliver an administrative draft report for staff to review. Following staff review, a draft report will be submitted to the Board for review and comment. Following acceptance of the draft report by the Board, a final report will be submitted. The report will include all elements of the study. The report will include:

a. A brief physical description of each wastewater utility

b. A forecast of operating costs for the next ten years
c. A forecast of capital improvement program needs for the next ten years
d. The proposed 10-year Financial Plans
e. A transparent explanation of the basis for cost allocation to customer classes
f. A clear explanation of the cost-basis for the sewer rate structures
g. A 5-year schedule of proposed sewer rates
h. The proposed capacity charges and methodology
i. A list of all assumptions and data supporting the study's recommendations

We will also deliver the rate models for the District's records.

Task 6 Deliverables:	Administrative Draft, Draft, and Final Study Report Financial worksheets used to develop rates

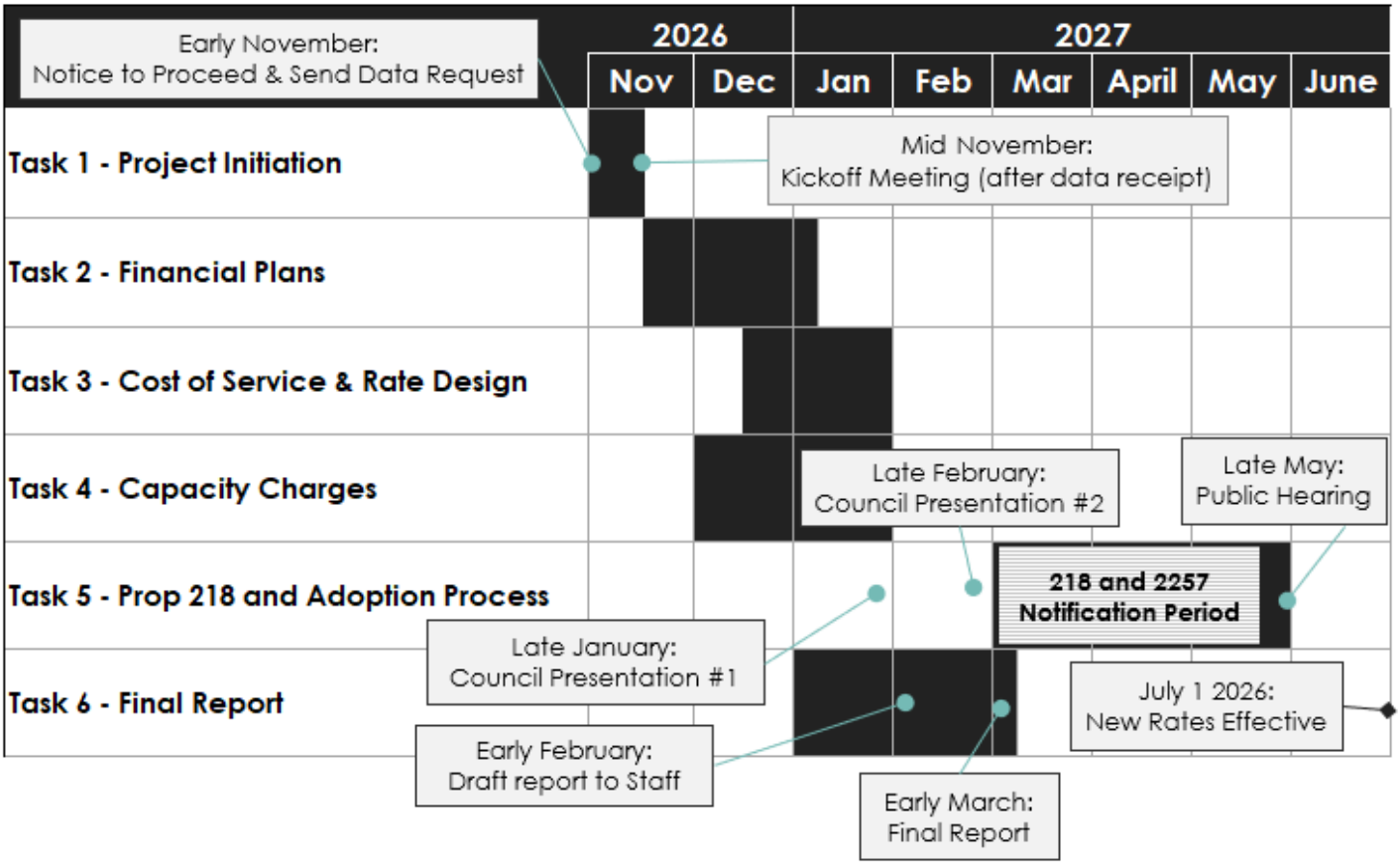
Level of Effort

As requested, the following is a table of estimated person hours for each task.

		Hours
Task 1	Project Initiation	8
Task 2	Financial Plans	40
Task 3	Cost of Service and Rate Design	52
Task 4	Capacity Charges	36
Task 5	Prop 218 and Adoption Process	56
Task 6	Report and Model	44
	Total Hours:	236

Schedule

The following proposed timetable for completing the project assumes that notice to proceed will be received in November 2026 and the target date for implementing the new sewer rates is July 1, 2027. The timing of the Board presentations will be discussed and planned during the Kickoff Meeting and over the course of the project as we progress. Given the start date of the project, it will be important to be vigilant regarding the schedule.



5. RESUME

MARK HILDEBRAND

FOUNDER AND PRINCIPAL

HILDEBRAND CONSULTING

Owner and founder of Hildebrand Consulting, LLC., Mark Hildebrand is a finance and management consultant to local governments who bridges the disciplines of financial analysis and organizational effectiveness. He has performed scores of financial plans, fee studies, cost allocation plans, and water and wastewater rate studies. Mr. Hildebrand is an expert in Proposition 218 and California's legal requirements regarding utility finances and cost allocation principles. He has been published by the AWWA Journal for articles addressing the challenges of utility service pricing in California.

AREA OF EXPERTISE

» Financial Planning
» Utility Rate/Fee Studies
»Strategic Business Planning
» Capital Facility Financing
» Alternative Project Delivery

PROFESSIONAL HISTORY

» Hildebrand Consulting, LLC., Owner, 2018 - present
» MWH / STANTEC Consulting, Inc., Principal, 2014-2018
» ARCADIS / Malcom Pirnie, Senior Consultant, 2004 - 2014
» Clipper Windpower, 2003 – 2004, Researcher
» IT Corp, Analyst, 2000 – 2002
» Peace Corps, 1998 – 2000, Madagascar

EDUCATION

» B.S., Ecology, University of California, Berkeley, 1998
» M.S., Management, University of California, Santa Barbara, 2004

CERTIFICATION

» Change Management (PROSCI)
» Certified Document Technologist (DBIA)

PUBLICATIONS & PRESENTATIONS

"M1 Manual – Principal of Water Rates, Fees and Charges" Editor and contributing author

"Conservation Rates Made Legal: Water Budgets and California Law," Journal of the American Water Works Association, Vol. 101, No. 4, April 2009 (lead author).

"Water Rates, Fees, and the Legal Environment," American Water Works Association, 2nd Edition, 2010. ISBN 978-1-58321-796-2 (contributing editor).

"Affording Conservation Revenue Challenges Facing Utilities," Proceedings, International City Management Association, October 17-20, 2010. (Co-presenter).

"California Finance Law: Water Budgets and California Law," Proceedings, Utility Management Conference, February 17-21, 2009 (Presenter).

"Defining Latest Trends in Conservation Rate Design: Creating a Nexus Between Cost of Service Principles and Rate Structure," Utility Management Conference, February 17-20, 2009 (Co-presenter).

SAMPLE PROJECT EXPERIENCE

Mark Hildebrand has conducted over 70 rate studies in California. The following is a sample of some of those projects.

City of Jackson, Comprehensive Water and Sewer Rate Studies

Delivered water and sewer financial plans, cost-of-service analyses. Work included developing financial models, debt, and bond issuance evaluation (financial strategy), long term financial forecasting, and drought rate policies.

City of Merced, Water and Wastewater Rate Study

Delivered a comprehensive water and sewer cost-of-service analysis and rate design project in addition to drought surcharge policies and a capacity charge study. Spent extensive time with a citizen advisory committee in order to determine the proper level of capital reinvestment in the City's underground infrastructure.

Ukiah Valley Sanitary District, Sewer Rate Study and Cost Allocation

Assisting the City of Ukiah and Ukiah Valley Sanitary District in managing shared costs and meeting the terms of both a settlement agreement and JPA. We have delivered comprehensive rates studies for both the City and the District and we are assisting as they consider consolidation.

Sewer Rate Study, Ross Valley Sanitation District

Delivered multiple comprehensive wastewater financial plans, cost-of-service analyses, and rate design projects for this relatively small special district in Marin California. We also advised the District during its consolidation with a local system.

Water and Sewer Rate Studies, Santa Rosa, CA – Performed rate studies for Santa Rosa Water, which include detailed cost of service analyses, refinement of current rate structures, development of a five- and ten-year financial plans, and review of financial policies and practices. The study is complicated by the effects of the recent Tubbs Fire.

Water Rate Study, Casitas Municipal Water District

Project Manager in delivering a comprehensive water financial plan, cost-of-service analysis, and rate design project for this mixed agricultural community. One of the project challenges was the California drought that ended in 2017 for most of the state but persisted hydraulically isolation community. The scope included numerous Board workshops.

Indian Wells Valley WD, Water Rate Study

Project Manager for a comprehensive water rate study financial plan update that will ensure that rates are sufficient and consistent with the requirements of Proposition 218. The study includes fire service charges, pumping elevation charges, and bulk rates. The study examined SGMA costs and funding mechanisms for the lead agency of their GSA.

San Juan Water District, Wholesale and Retail Rate Studies

Assisted the District with multiple retail and wholesale water rate studies and worked with the Board in examining alternative options to the existing rate structure. Assisting the District with a legal dispute with neighboring retailing water agencies and member agencies to the wholesale system.

Moulton Niguel WD Water/Sewer Rate Study

Project Manager in delivering a water, sewer and recycled water financial plan, cost-of-service analysis, and water budget-based rate design project. Work included conforming large volumes of billing data for water budget-based rates, developing financial models, debt, and bond issuance evaluation (financial strategy), long term financial forecasting, drought rate policies.

Soquel Creek Water District, Santa Cruz County

Project Manager in delivering a comprehensive water cost-of-service analysis and rate design project to address significant reductions in water sales. Examined a variety of scenarios to provide a cost-basis for tiered rates, consistent with the requirements of Prop 218.

6. RATE SCHEDUE

Mark Hildebrand charges $250 per hour, which is significantly lower than his hourly rate when employed by a larger rate consultancy. We do not charge for direct travel expenses.

7. REFERENCES

(see Section 3)

8. OTHER RELEVANT INFORMATION & EXCEPTIONS

8.1. CONFLICT OF INTEREST STATEMENT

With this signed proposal we certify that Hildebrand Consulting has no current or past financial business or other relationship with the Crockett Community Services District. Hildebrand Consulting has no conflict of interest that may have an impact upon the outcome of the proposed contract. We are not aware of any current clients who may have a financial interest in the outcome of this contract.

8.2. DISTRICT STANDARD AGREEMENT

We respectfully request the following changes (shown in red font) to the District's standard Indemnification language. We are confident that mutually agreeable language can be crafted.

"Consultant shall indemnify, defend with counsel acceptable to District, and hold harmless District and its officers, elected officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, expenses, and costs (including without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") ~~of every nature~~ arising out of or in connection with Consultant's negligence or willful misconduct in performing ~~performance of~~ the services called for or its failure to comply with any of its obligations contained in this Agreement, except such Liability caused by the sole negligence or willful misconduct of District."

9. COST

The table below includes Hildebrand Consulting staff effort by task. Mark Hildebrand's proposed hourly billing rate is $250, which is significantly lower than rates charged by his peers at larger consultancies. We do not charge for direct travel costs. We bill monthly for the actual time and expenses incurred, up to the contract limit. Payment is due within 30 days.

This cost includes the cost for both CVSAN and PCSAN. Based on District direction, we assume that the costs will be split between CVSAN and PCSAN at a ratio of 90% / 10%, respectively.

		Hildebrand Consulting	Cost by Task
	Hourly Rate:	$250	
Task 1	Project Initiation	8	$2,000
Task 2	Financial Plans	40	$10,000
Task 3	Cost of Service and Rate Design	52	$13,000
Task 4	Capacity Charges	36	$9,000
Task 5	Prop 218 and Adoption Process	56	$14,000
Task 6	Report and Model	44	$11,000
	Hours:	236	
		Project Budget:	$59,000
		Contingency (to only be used at staff direction):	$8,000
		Total Not to Exceed:	$67,000

Attachment A: California Client List

Hildebrand Consulting California Clients	Financial Planning	Cost of Service	Rate Structure	Wholesale Rates	Capacity Charges	User Fees	Cost Allocation Planning	Public Engagement	Privatization	Other
CA Alameda (City)	●	●	●		●					
CA Bakersfield (City)	●	●								
CA Berkeley (City)	●						●			
CA Casitas Municipal Water District	●	●	●				●	●		
CA Central Marin Sanitation District										●
CA Cloverdale (City)	●	●	●					●		
CA Coachella Valley Water District	●	●	●	●	●			●		
CA Coachella (City)	●	●	●		●	●	●	●		
CA Cotati	●	●	●		●					
CA Corona (City)	●	●	●					●		
CA Delta Stewardship Council	●									●
CA EMBUD (East Bay Municipal Utilities District)	●				●					
CA Fullerton (City)	●	●	●					●		
CA Greenfield (City)	●	●	●					●		
CA Healdsburg (City)		●	●							●
CA Huntington Beach (City)	●	●	●		●	●	●	●		
CA Indian Wells Valley Water District	●	●	●					●		
CA Indio Water Authority	●	●	●		●	●	●	●		
CA Jackson (City)	●	●	●							
CA Kirkwood Meadows PUD	●	●	●				●			
CA Merced (City)	●	●	●					●		
CA Mesa Water										●
CA Mill Valley (City)		●		●			●			●
CA Moulton Niguel Water District	●	●	●					●		
CA MWD of Orange County				●						●
CA Norco (City)	●	●	●			●	●			
CA North Marin Water District	●	●	●	●			●	●		
CA Oakland (City)	●						●			
CA Ontario (City)	●	●					●			
CA Port of Oakland										●
CA Pomona (City)	●	●	●			●	●	●		
CA Presidio Trust of San Francisco									●	●
CA Ridgecrest (City)	●	●	●		●	●	●	●		
CA Ross Valley Sanitary District	●	●	●	●					●	●
CA San Diego (City)	●	●	●							
CA San Diego County Water Auth.	●									●
CA San Francisco PUC										●
CA San Jose (City)										●
CA San Juan Water District					●	●				
CA Sewage Agency of Southern Marin	●	●	●	●			●			●
CA Santa Ana (City)	●	●	●				●	●		
CA Santa Clara Valley Water District	●									●
CA Santa Rosa (City)	●	●	●							
CA Soquel Creek Water District	●	●	●		●			●		
CA Sutter Creek (City)	●	●	●	●				●		
CA Ukiah (City)	●	●	●	●			●	●		●
CA Ukiah Valley Sanitary District	●	●	●	●			●	●		●
CA Upper Russian River Water Agency	●	●	●	●						●
CA Upper Ventura River Ground Water Auth.	●	●	●					●		●
CA West Basin Municipal Water District										●
CA West Valley San. Dist. of Santa Clara	●	●			●					●
CA Windsor (City)	●	●	●					●		

State Water Resources Control Board

October 9, 2026

ATTN: Sanitary Sewer Collection Systems

PREPARATION FOR ANTICIPATED 2026-2027 EL NIÑO RAINY SEASON

The State Water Resources Control Board and Regional Water Quality Control Boards (collectively, Water Boards) are notifying you to prepare your sanitary sewer system for the 2026-2027 rainy season.

On September 21, 2026, Governor Gavin Newsom issued a proclamation of a state of emergency in preparation for potential severe weather and flooding associated with the predicted El Niño event. El Niño is a natural climate pattern that occurs when a band of warm water develops in the Pacific Ocean which causes higher than average rainfall throughout the state.

To minimize sanitary sewer system spills due to severe storms, Sanitary Sewer Systems General Order enrollees must have an up-to-date emergency response plan and complete preventative maintenance: reduce inflow and infiltration, fix structural vulnerabilities, ensure adequate system capacity.

The Water Boards will evaluate rain-related spills to determine if the enrollee took appropriate preventative maintenance and preparation measures for the rainy season. Failure to demonstrate adequate preventative measures may result in an enforcement action.

If you have questions, please contact sanitarysewer@waterboards.ca.gov.

Sincerely,

Phillip Crader, Deputy Director
Division of Water Quality

2027 New Laws Series, Part 3: Further Limits on Development-Related Fees for ADUs and Change-of-Use Fees (SB 1117 and SB 1036). By Morgan Leskody posted 11/3/26



By: @Sara Mares, Chief Operating Officer, NBS

Two bills signed in 2026 further narrow the development-related fees that special districts may charge, particularly on accessory dwelling units (ADUs). SB 1117, authored by State Senator Sabrina Cervantes, limits impact fees on ADUs larger than 750 square feet to the area above that threshold. SB 1036, authored by State Senator Tim Grayson, amends the Mitigation Fee Act to require a credit for existing uses and to limit water and sewer capacity charges to the change in a connection's capacity. Neither bill contains an urgency clause, so both take effect January 1, 2027.

ADU fee law has been amended multiple times since 2016, and each change builds on the last. For special districts providing water, wastewater, fire protection, and park and recreation services that rely on impact fees and capacity charges to fund growth-related infrastructure, the cumulative effect is significant.

How We Got Here: ADU Fee Limits Before 2027

The ADU fee rules now sit in Government Code section 66311.5, and they apply expressly to any "local agency, special district, or water corporation." Fees on ADUs and junior ADUs (JADUs) must be determined under the Mitigation Fee Act (Government Code section 66000 et seq.) and the provisions governing water and sewer connection fees and capacity charges (section 66012 et seq.). The current framework was built in several steps:

- **SB 1069 (2016)** provided that an ADU is not a "new residential use" for purposes of calculating water and sewer connection fees or capacity charges. ADUs created within existing space could not be required to install a new or separate utility connection or pay a related fee. For separate ADUs, connection fees and capacity charges had to be proportionate to the unit's burden on the system and could not exceed the reasonable cost of service.
- **AB 68 and SB 13 (2019)** created the 750-square-foot threshold. No impact fee may be imposed on an ADU of 750 square feet or less, and impact fees on larger ADUs must be charged proportionately in relation to the square footage of the primary dwelling. Such "Impact fees" include Mitigation Fee Act fees and Quimby park fees, but do not include connection fees or capacity charges, which follow the separate utility rules above.
- **AB 1033 (2023)** authorized local agencies to adopt a local ordinance to allow the separate conveyance of a primary dwelling unit and accessory dwelling units.
- **SB 477 (2024)** reorganized the ADU statutes into Government Code sections 66310–66342.
- **AB 2533 (2024)** separately barred impact fees and connection or capacity charges when an owner legalizes an unpermitted ADU built before 2020, except where utility infrastructure is needed to correct a health and safety hazard.
- **SB 543 (2025)**, effective January 1, 2026, moved the fee rules to section 66311.5, measured unit size by "interior livable space," and extended the impact fee exemption to JADUs of 500 square feet or less. ADUs and JADUs under 500 square feet also are treated as construction that does not trigger school developer fees.

Under this framework, as of 2026, a 1,000-square-foot ADU associated with a 2,000-square-foot home paid 50 percent of the impact fee charged on a new single-family home; while a 750-square-foot ADU paid nothing. Housing advocates described that gap as a "fee cliff," and it is what SB 1117 targeted.

Starting January 1, 2027: Impact Fees Only on Area Above 750 Square Feet (SB 1117)

SB 1117 (Chapter 809, Statutes of 2026) was signed on September 29, 2026. It amends section 66311.5(c) so that, for up to two ADUs on a lot, impact fees on an ADU with more than 750 square feet of interior livable space are charged proportionately in relation to the primary dwelling, "and only on the area in excess of 750 square

feet of interior livable space." In effect, each qualifying ADU now receives a 750-square-foot deduction before proportionality is applied.

Returning to the earlier example, the 1,000-square-foot ADU behind a 2,000-square-foot home is now charged on only 250 square feet, reducing the fee from 50 percent to 12.5 percent of the single-family home fee. During the legislative process, a local government coalition including CSDA offered an example in which the per-unit fee fell from $2,500 to $625, and estimated statewide revenue losses of roughly $52 million annually.

In response to those concerns, the bill was amended to limit the new calculation to lots with one or two ADUs. For properties with more than two ADUs on a lot, the existing method continues to apply: the fee is charged proportionately to the primary dwelling on the ADU's full area. This preserves some revenue from multifamily properties, where several ADUs may be added to existing buildings.

SB 1117 does not change the following:

- The full impact fee exemption for ADUs of 750 square feet or less and JADUs of 500 square feet or less.
- The rules for utility connection fees and capacity charges in subdivisions (b), (d), and (e), which remain tied to the ADU's burden on the system as measured by square footage or drainage fixture units (DFUs).

The definition of "impact fee," under the Mitigation Fee Act does not change. However, for purposes of this application, Quimby park fees are included.

The new law declares housing a matter of statewide concern, therefore, it applies to charter cities, in addition to special districts, general law cities, and other forms of local government. It also states that no state reimbursement is required because local agencies have authority to levy service charges, fees, or assessments sufficient to pay for the mandate.

SB 1036: Existing Use Credits and Incremental Capacity Charges

SB 1036 (Chapter 54, Statutes of 2026) was signed on June 30, 2026. It is not an ADU bill; it amends two core sections of the Mitigation Fee Act that apply to all development. However, it has direct consequences for how districts charge ADUs and other infill projects.

Impact fees (Government Code section 66001(h)). If a development project demolishes or changes an existing use, the fee "shall be offset to account for the demolition or change so that the amount of the fee is attributable only to the development project's incremental impact on public facilities or services." An offset that exceeds the fee is not refundable and may not be used to offset any other fee. "Changes an existing use" means no demolition is proposed, but the use within an existing structure changes to a new use. Many agencies already provided existing-use credits as a matter of policy; it is now a statutory requirement.

Water and sewer capacity charges (Government Code section 66013(j)). When a change in the capacity of an existing water or sewer connection is proposed, the agency "shall only calculate an amount attributable to the change in the capacity." If the existing capacity exceeds the proposed capacity, nothing may be refunded, credited, transferred, assigned, or applied to offset any other charge or fee. Because section 66013 fees and charges are not subject to the rest of the Mitigation Fee Act, the new section 66001(h) offset does not itself reach connection fees or capacity charges; section 66013(j) is the governing rule for utilities.

How these changes layer onto the ADU rules:

- Meter upsizing for an ADU. When an ADU is served through the primary home's existing connection and requires a larger meter, the capacity charge must be limited to the difference between the existing and proposed capacity. This complements the proportionality required by section 66311.5(e) and rules out charging the full capacity value of the larger meter.
- Teardown and rebuild projects. An ADU built with a new single-family dwelling may be treated as a new residential use for utility charges. Where that project replaces an existing home, impact fees must be offset for the demolished home, and any capacity charge on an existing connection must reflect only the change in capacity.
- Conversions of existing structures. For an ADU over 750 square feet created by converting a garage or other structure, any remaining impact fee must account for the existing use of that space.

Because excess credits cannot be refunded or transferred, districts are not exposed to cash refunds

when a property downsizes. They will, however, need reliable records of what existed on a site before development.

Practical Steps for Special Districts

District officials should prepare now and collaborate with their overlapping land-use authorities as appropriate. Recommended steps include:

- **Update fee schedules and calculators.** Revise ADU fee formulas to subtract 750 square feet before applying proportionality, and add a check for the number of ADUs on the lot. Because cities and counties often collect special district fees at building permit issuance, confirm that their worksheets and permitting software reflect the change.
- **Confirm the correct square footage.** Fees turn on interior livable space, not gross building area. Ask the permitting agency to provide plans or a certified figure and define in your fee resolution how area is measured.
- **Count every ADU on the lot.** The SB 1117 deduction only applies where there are one or two ADUs on the lot. Track existing, pending, and legalized units so the correct method is applied.
- **Adopt a written existing-use credit policy.** Define what qualifies as a prior use, what evidence is accepted (such as meter size, billing history, permits, or assessor records), and how credits are calculated. Make clear that excess credits are not refundable or transferable, consistent with SB 1036.
- **Structure capacity charges by increment.** Charges set by meter size or equivalent dwelling units make the SB 1036 calculation simple: the charge for an upsize is the difference between the two capacities. For ADUs that do not require a larger meter, consider whether a DFU-based charge is better supported.
- **Refresh the nexus study.** Under Government Code section 66016.5 (AB 602, 2021), impact fee nexus studies adopted after July 1, 2022 must calculate fees on housing proportionately to square footage, unless the agency documents why another metric is more appropriate. A per-square-foot schedule makes the SB 1117 calculation straightforward and documents the lower demand of smaller units.
- **Track the revenue impact.** Use annual and five-year Mitigation Fee Act reports to track ADU permits, fees reduced, and credits granted. These data support capital planning and advocacy in future legislative sessions.
- **Plan for the gap.** Lower one-time fees mean more growth-related costs must be funded through other sources, such as assessments or fees adopted under Proposition 218, capital reserves, grants, community facilities districts (Mello-Roos), or financing districts. Build that assumption into your capital improvement plan now.

Special districts should review ordinances and fee resolutions with legal counsel before the new rules take effect.

Looking Ahead

SB 1117 and SB 1036 continue a decade-long trend in which the state lowers the up-front cost of ADUs and infill housing, while special districts absorb more of the cost of serving that growth. Districts that update fee schedules, credit policies, and nexus studies before January 1, 2027 will reduce disputes at the permit counter and be better positioned to plan for the infrastructure their communities need.

This article was contributed by Sara Mares, Chief Operating Officer, NBS a CSDA Business Affiliate. CSDA members can NBS through the CSDA Buyer's Guide at csda.net.

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