

CROCKETT COMMUNITY SERVICES DISTRICT (CCSD)

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MINUTES OF THE BOARD MEETING ON JULY 22, 2026.

1. CALL TO ORDER - ROLL CALL: President McDonald called the meeting to order at 7:04 PM. Directors Barassi, Mackenzie, McDonald, Murdock, and Spinner were present at roll call. General Manager (GM) Goodman, Sanitary Department Manager (SDM) Barnhill, Recreation Department Manager (RDM) Maria, and District Secretary (DS) Rivas were present. Consultant Mark Hildebrand of Hildebrand Consulting was present. Various members of District commissions were present as members of the public.
2. CALL FOR REQUESTS TO CONSIDER ITEMS OUT OF ORDER: None.
3. PUBLIC COMMENTS ON NON-AGENDA ITEMS: Opened at 7:07 PM and closed at 7:15 PM
Several community members asked questions about the increase in the sewer use charge and were informed that their questions will be considered under the public hearing next on the agenda.
4. PUBLIC HEARING:
HEARING ON A PROPOSED INCREASE OF ANNUAL SEWER USE CHARGES, WITHIN THE AREA SERVED BY THE CROCKETT SANITARY DEPARTMENT, TO BE COLLECTED ON THE TAX ROLL; RECEIVE CONFIRMATION OF PROP. 218 MAILING TO PROPERTY OWNERS AND REPORT ON HOW MANY PROPERTIES WOULD CONSTITUTE MAJORITY PROTEST IN CROCKETT; WAIVE READING OF ORDINANCE; TABULATE WRITTEN RESPONSES FROM PROPERTY OWNERS; DETERMINE WHETHER A MAJORITY PROTEST EXISTS; CONSIDER ADOPTION OF ORDINANCE NO. 26-01 DETERMINING CHARGES; CONSIDER ADOPTION OF RESOLUTION NO. 26/27-01 OVERRULING OBJECTIONS TO THE METHOD OF COLLECTION, CONFIRM ACCEPTANCE OF THE FINANCIAL STUDY REPORT PREPARED BY HILDEBRAND CONSULTING ORIGINALLY PRESENTED MAY 27, 2026 AND LEVYING CHARGES ON THE TAX ROLL.
 - The GM provided a brief report, recommending a 30% increase based on a financial study prepared by Hildebrand Consultants. The consultant presented the financial report, explaining the need for the 30% increase to cover operating expenses and maintain reserves. The report highlights the district's reliance on C&H for sewage treatment and the impact of unresolved bills on the district's finances. The presentation includes a 10-year projection of revenues and expenses, showing the need for the proposed rate increase to maintain financial stability.
 - The 30% sewer rate increase was presented as a necessary financial correction resulting from a combination of deferred C&H obligations, prior use of reserves, increasing operating and infrastructure costs, and the financial limitations inherent in operating a small stand-alone sewer district. The independent financial study commissioned by the Board showed that maintaining the existing rates would eventually result in reserves falling below prudent levels and would leave the District with inadequate financial capacity to respond to emergencies or secure affordable financing. The 30% increase was therefore viewed as the maximum immediate adjustment available under the Proposition 218 notice and the level identified by the consultant as necessary to begin stabilizing the system. At the same time, the discussion made clear that

the increase does not resolve the District's longer-term financial and structural issues. Future rate increases, a comprehensive cost-of-service study, resolution of the C&H dispute, improved financial planning, and careful management of reserves and capital expenditures will all be important to establishing a more sustainable and predictable sewer rate structure.

- Director Luigi Barassi explained that for approximately 2½ years, C&H stopped paying and stopped billing the District and therefore was not being paid; instead, funds stayed in the District's general funds and were used for operations and capital work, effectively keeping rates artificially low. In early 2026, the District paid C&H \$2,276,729.51, which dropped reserves from about \$2.7M to around \$400k, a level described as "dangerously low." This initial payment was for billings received that the District deemed as undisputed shared operational costs of the JTP, and represented a partial payment of a larger financial demand from C&H.
- GM Goodman noted that the financial study focuses specifically on determining the rates needed for the upcoming fiscal year; any future rate increase will require a separate process and public hearing. A comprehensive rate study is also being pursued to professionally evaluate the appropriate cost allocation among residential customers, commercial users, industrial users, including C&H. The goal is to establish a fair and defensible rate structure based on actual costs and the respective relationships, rather than simply relying on the existing Service Agreement with C&H limiting annual increases to 3%, with staff and the Board working toward a more equitable system over time.
- Public Hearing Opened at 7:42 and ended at 9:27 PM.
- Seventeen (17) members of the public spoke on the topic. Areas of concern included extending the opposition timeframe, postponing the rate increase until a settlement is reached with C&H, questioning of Staff and salaries, negative impacts on property values, affordability issues, questioning the purchase of the mortuary, lack of transparency, and community education. The Board and Staff listened to and responded to many topics.
- Board Discussion opened at 9:28 PM and ended at 9:50 PM.
- CVSAN Commissioners approved a 15%–30% rate increase to restore reserves and requested that the Board establish a formal accounting procedure restricting reserve funds to Board-approved, as-needed expenditures. Failure to increase rates now would shift the shortfall to the following year. Director Barassi supported 30%, citing C&H's demand for the District's pro-rata treatment plant costs and disputed billing, and the need to avoid debt. Director Murdock favored a lower rate but ultimately supported 30%, noting that financial prudence favors investing ahead of anticipated needs and allowing the benefits of compound interest to strengthen the District's financial position. Commissioner Spinner and President McDonald supported a more affordable 18% increase, recognizing the need to restore reserves while considering the risk of future debt for unexpected repairs. Director Mackenzie supported 30%, citing Port Costa's experience with debt after delaying rate increases and emphasizing the need to restore reserves and plan for worst-case scenarios.
- The GM confirmed that Prop 218 notices were mailed and notices posted in a local newspaper; 586 written protests constitute a majority; 116 protests were submitted, and that a majority protest does not exist.
- Motion to waive reading of the Ordinance passed. (Spinner 1st, Murdock 2nd, 5/0)
- Motion to ADOPT ORDINANCE NO. 26-01 DETERMINING CHARGES of a 30% increase passed. (3/2; Barassi 1st, Mudrock 2nd, Yes: Mackenzie; No: McDonald, Spinner)
- Motion to approve ADOPT RESOLUTION NO. 26/27-01 OVERRULING OBJECTIONS TO THE METHOD OF COLLECTION passed. (Spinner 1st, Mackenzie 2nd, 5/0)

- CONFIRM ACCEPTANCE OF THE FINANCIAL STUDY REPORT PREPARED BY HILDEBRAND CONSULTING, ORIGINALLY PRESENTED MAY 27, 2026, confirmed. (McDonald 1st, Spinner 2nd, 5/0)

HEARING ON A PROPOSED OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR FY 2026/27; CONSIDER RESOLUTION NO. 26/27-02 ADOPTING AN OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR FY 2026-27.

Request by the GM to move up the Closed Session to before Item 5; no objection.

5. CLOSED SESSION: Out of order, the Closed Session began at 9:56 PM
 - 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 for prior operations and maintenance (O&M) for the Joint Treatment Plant (JTP).
6. OPEN SESSION: Regular session resumed at 10:56 PM.
 - Report on Closed Session. No reportable actions.

Item Out of Order

4.b: HEARING ON A PROPOSED OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR FY 2026/27; Public Hearing opened at 10:57 PM and closed at 10:58 PM. The CIP (Capital Improvement Projects) total was reduced by \$300,000 due to a duplication error. The Debt service value was corrected to reflect \$98,173. The budget is described as lean, allocating smaller funds towards emergencies; the pump station upgrade was a significant line item in the budget that is now completed and removed from the budget. Director Barassi noted his support for CVSAN's recommendation to sequester reserve funds and require Board approval before spending. GM Goodman reported that the current accounting practice is to request spending approval by the Board to pull funds from the LAIF account.

CONSIDER RESOLUTION NO. 26/27-02 ADOPTING AN OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR FY 2026-27. Motion to approve the operating and capital improvement budget for FY 2026-27 passed. (Barassi 1st, Spinner 2nd, 5/0)

7. CONSENT CALENDAR: A motion to approve the Consent Calendar as presented passed. (Murdock 1st, Spinner 2nd, 5/0)
 - Approve the minutes of the CCSD Board meeting on June 24.
 - Receive minutes of commissions and committees.
 - Approve payment of District Bills.
 - Receive Cash Account and LAIF Balances.
 - Receive Evidence of Coverage AICP Crime.
 - Receive Letter to County Elections Office informing officeholders are not required to file Form 460 or Form 470.
 - Approve Resolution 26/27-03 – Re-Appoint CVSAN Commissioner Wais.
 - Approve Resolution 26/27-04 – Re-Appoint PCSAN Commissioners Cusack, Klaiber, List, Scheer, and Surges.
 - Approve Resolution 26/27-05 Re-Appoint Recreation Commissioners Airoldi, Choquette, and Leuba and Lighting and Landscaping Commissioner Fisk.

8. CONSIDER ITEMS REMOVED FROM THE CONSENT CALENDAR: None.
9. ADMINISTRATIVE: Carried to the August Meeting
 - Receive and provide input to staff on Capital Improvements for FY26/27
10. BUDGET AND FINANCE: No further discussion after the budget adoption.
 - Discuss financial matters related to the District.
11. MANAGERS' REPORTS/REPORTS FROM COMMISSIONERS: *(These items are typically for the exchange of information only. No action will be taken at this time.)*
 - General Manager / Maintenance Department / Lighting & Landscape Commission
 - District Secretary
 - Recreation Manager / Recreation Commission
 - Crockett and Port Costa Sanitary Department Manager / Crockett Sanitary Commission / Port Costa Sanitary Commission / CVSAN Wastewater Committee
 - Governmental matters
 - Announcements and discussion
12. REPORTS FROM BOARD MEMBERS AND COMMITTEES: None
 - Budget & Finance Committee: Mackenzie and Barassi
 - Legal Negotiations Ad Hoc: Barassi, Mackenzie
 - Police Liaison Committee: Wais (vice-chair), Ritchey, Pennisi (chair)
 - Inter-agency meetings.
13. FUTURE AGENDA ITEMS / BOARD COMMENTS:
 - Consider merging the Recreation Commission and Lighting & Landscaping Commission based on recommendations from existing commissions.
 - Organizational Chart
 - Records Retention
 - Dog Park
14. ADJOURNMENT: The meeting was adjourned at 11:15 pm until August 26, 2026.

Respectfully submitted,
Sonai Rivas, MBA
District Secretary