

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