



# FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • [www.FairfieldSuisunSewer.ca.gov](http://www.FairfieldSuisunSewer.ca.gov)

## Executive Committee Meeting Agenda

**Meeting Date:** June 16, 2025  
**Meeting Place:** 1010 Chadbourne Rd, Fairfield, CA  
**Meeting Time:** 4:30 p.m.

### EXECUTIVE COMMITTEE

JENALEE DAWSON, PRESIDENT

CATHERINE MOY, VICE PRESIDENT

ALMA HERNANDEZ

DORISS PANDURO

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2. Public Comments
3. General Manager Report

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(b) Approve Second Amendment to Lease Agreement between the District and Lystek International Corp .....	8
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The Fairfield-Suisun Sewer District will provide reasonable disability-related modification or accommodation to a person with a disability who requires a modification or accommodation in order to participate in the meeting of the Board of Directors. Please contact us at (707) 429-8930 at least 48 hours before the meeting if you require such modification or accommodation.

Documents that are disclosable public records required to be made available under California Government Code Section 54957.5 (b) (1) and (2) are available to the public for inspection at no charge during business hours at our administrative offices located at the above address.

Members of the public may speak on any matter within the jurisdiction of the Fairfield-Suisun Sewer District by filling out a speaker's request card and submitting the card to the Board Secretary. Comments on matters not listed on the agenda will be taken under Public Comments. Comments on matters appearing on the agenda will be taken during consideration of the item.



# FAIRFIELD-SUISUN SEWER DISTRICT

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June 11, 2025

## AGENDA REPORT

TO: Executive Committee

FROM: Kyle Broughton, Senior Engineer  
Irene O'Sullivan, Engineering Manager

SUBJECT: Nitrogen Removal Phase 1 Project – Authorize Award of Construction Contract and Engineering Services During Construction Contract

### Recommendations:

1. Approve and adopt the Nitrogen Removal Phase 1 Project (Project) Plans and Specifications including all addenda.
2. Authorize the General Manager to award and execute a Construction Services Contract following public bid opening on June 16, 2025.
3. Authorize the General Manager to award and execute a Consulting Services Contract with Hazen and Sawyer (Hazen) in the amount of \$665,630 for engineering services during construction (ESDC) for the Project.

**Background:** The District, along with other San Francisco Bay municipal wastewater dischargers, is subject to waste discharge requirements for nutrients as determined by the San Francisco Bay Regional Water Quality Control Board (RWQCB). In April 2024, RWQCB released an official Tentative Order identifying the reduced effluent nitrogen limits for all dischargers to San Francisco Bay by 2025 and 2034.

In May 2024, the District moved forward with a design effort to upgrade the District's secondary treatment process for nitrogen removal. These include the addition of anoxic zones and mixing equipment in Aeration Basins A & B, modifications to the aeration diffuser arrays, and electrical infrastructure upgrades. These Phase 1 improvements will result in effluent nitrogen levels which accomplish the 2025 Tentative Order limits and approach 2035 Tentative Order limits; and provide other operational benefits including process optimization with the other Aeration Basins, reduced maintenance, and improved sludge settling.

**Discussion:** The Project design was completed in April 2025 and is currently out for public bid. Bids will be opened on June 16, 2025. The Engineer's Estimate is \$16,900,000. Staff will review all bids and request the Board of Directors to award the contract to the lowest responsive, responsible bidder. Construction is anticipated to begin in summer 2025 and be complete winter 2027/2028.

Additionally, staff recommend that the Board authorize the General Manager to approve and execute a consulting services contract in the amount of \$665,630 with Hazen for engineering design services during construction. Hazen is the Engineer-of-Record and therefore it is recommended that this same firm continue engineering support during construction. Such support services include: preparing the conformed construction documents; construction progress meeting support; making periodic site visits to confirm construction is in conformance with the design intent; review and comment to shop drawings, submittals, and requests for information/ design clarifications; change order evaluation; geotechnical engineering (foundation) support services; start-up, testing, and training services; and preparation of construction record drawings.

State law provides public entities with immunity from liability for injuries caused by the plan or design of a construction of, or an improvement to, public property where such plan or design has been approved in advance of the construction or improvement by the legislative body of the public entity or by some other body or employee exercising discretionary authority to give such approval (CA Government Code Section 830.6). To grant the District design immunity for this Project work, staff recommend that the Board approve and adopt the Project plans and specifications issued for public bids and all addenda issued thereto.

**Fiscal Impact:** The FY 25/26 – FY 27/28 budget includes a combined total of \$16.5M for this Project. In addition, the District was awarded a \$2.2M grant from the US Environmental Protection Agency (EPA). EPA does not require repayment of the grant and instead requires that the District match the Project costs up to \$2.2M. Between the approved budget and the EPA grant, adequate funds are available to carry out the construction and ESDC.

Attachments: 1 – Bid Summary for Nitrogen Removal Phase 1 Project (to be included once bids are opened)  
2 – Resolution 2025-XX Authorizing the General Manager to Execute a Construction Contract for the Nitrogen Removal Phase 1 Project  
3 – Resolution 2025-XX Authorizing the General Manager to Execute an Agreement for Engineering Design Services During Construction for the Nitrogen Removal Phase 1 Project

**FAIRFIELD-SUISUN SEWER DISTRICT**

**RESOLUTION NO. 2025-XX**

**A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO  
EXECUTE A CONSTRUCTION CONTRACT FOR THE  
NITROGEN REMOVAL PHASE 1 PROJECT**

WHEREAS, the District is the lead agency on the Nitrogen Removal Phase 1 Project (Project), and the District's Board of Directors is the decision-making body for the Project; and

WHEREAS, the purpose of the Project will result in effluent nitrogen levels that accomplish 2025 San Francisco Bay Regional Water Quality Control Board (RWQCB) Tentative Order limits and which approach 2035 Tentative Order limits; while providing operational benefits to the District including process optimization with the other Aeration Basins, reduced maintenance, and improved sludge settling; and

WHEREAS, the scope of the Project is to make immediate Plant improvements identified as the first phase of Aeration Basins improvements, including: addition of anoxic zones and mixing equipment in Aeration Basins A & B, modifications to the aeration diffuser arrays, and electrical infrastructure upgrades; and

WHEREAS, on June 16, 2025, the bid opening for the Nitrogen Removal Phase 1 Project took place; and

WHEREAS, the lowest responsive, responsible bidder was <name> with the total bid amount of \$<amount>; and

WHEREAS, District staff has reviewed the bid documents from <name> and found them to be in order; and

WHEREAS, District staff recommends that the Board of Directors award the construction contract to <name> as the lowest responsive and responsible bidder.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT:

1. The foregoing Recitals are true and correct and made a part of this Resolution.
2. The plans and specifications, and all addenda issued thereto, are approved and adopted as allowed under California Government Code Section 830.6.
3. The General Manager is hereby authorized to execute a Construction Contract for the Nitrogen Removal Phase 1 Project, with <name> in the amount of \$<amount> and carry out the Project.
4. The General Manager is hereby authorized and directed to do all things necessary and proper to implement this resolution.

PASSED AND ADOPTED this 23rd day of June 2025, by the following vote:

AYES: Directors \_\_\_\_\_

NOES: Directors \_\_\_\_\_

ABSTAIN: Directors \_\_\_\_\_

ABSENT: Directors \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Clerk

**FAIRFIELD-SUISUN SEWER DISTRICT**

**RESOLUTION NO. 2025-XX**

**A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO EXECUTE AN AGREEMENT FOR ENGINEERING DESIGN SERVICES DURING CONSTRUCTION FOR THE NITROGEN REMOVAL PHASE 1 PROJECT**

WHEREAS, the District is the lead agency on the Nitrogen Removal Phase 1 Project (Project), and the District's Board of Directors is the decision-making body for the Project; and

WHEREAS, the purpose of the Project will result in effluent nitrogen levels that accomplish 2025 San Francisco Bay Regional Water Quality Control Board (RWQCB) Tentative Order limits and which approach 2035 Tentative Order limits; while providing operational benefits to the District including process optimization with the other Aeration Basins, reduced maintenance, and improved sludge settling; and

WHEREAS, the scope of the Project is to make immediate Plant improvements identified as the first phase of Aeration Basins improvements, including: addition of anoxic zones and mixing equipment in Aeration Basins A & B, modifications to the aeration diffuser arrays, and electrical infrastructure upgrades; and

WHEREAS, Hazen and Sawyer is the Engineer-of-Record for the design of the Project and is the best firm to continue providing engineering services during construction (ESDC); and

WHEREAS, District staff recommends that the Board of Directors award the ESDC contract to Hazen and Sawyer to support successful completion of the Project construction.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT:

1. The foregoing Recitals are true and correct and made a part of this Resolution.
2. The General Manager is hereby authorized to execute a Consulting Services Contract with Hazen and Sawyer in the amount of \$665,630 for engineering services during construction for the Nitrogen Removal Phase 1 Project.
3. The General Manager is hereby authorized and directed to do all things necessary and proper to implement this resolution.

PASSED AND ADOPTED this 23rd day of June 2025, by the following vote:

AYES: Directors \_\_\_\_\_

NOES: Directors \_\_\_\_\_

ABSTAIN: Directors \_\_\_\_\_

ABSENT: Directors \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Clerk



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June 11, 2025

## AGENDA REPORT

TO: Executive Committee

FROM: Jordan Damerel, General Manager

SUBJECT: Approve Second Amendment to Lease Agreement between District and Lystek International Corp.

**Recommendation:** Approve the Second Amendment to the Lease Agreement between the District and Lystek International Corp. and authorize the General Manager to execute the Amendment.

**Background:** In May 2015, the District executed a Lease Agreement with Lystek International Corp. (Lystek) that provided physical space at the District's wastewater treatment plant for Lystek to construct a biosolids processing facility (called the Organic Material Recovery Center, or OMRC). The Lease Agreement established the physical locations where the OMRC would be constructed, the terms and conditions for Lystek to accept biosolids from the District, the fee that the District would pay for biosolids processing, and the fee credits that the District would receive for hosting the OMRC. The OMRC was commissioned in August 2016 and has been processing all District biosolids since, as well as accepting significant quantities of third party biosolids from other wastewater treatment plants around the San Francisco Bay Area and beyond.

In September 2021, the District and Lystek executed the First Amendment to the Lease Agreement, which increased the District's cost for biosolids treatment recognizing increased input costs by Lystek, adjusted the methodology used to calculate the District's costs, extended the term of the Lease Agreement until 2041, and other changes to better reflect the actual operation of the OMRC on the District's wastewater treatment plant site.

The Lease Agreement acknowledged that cost savings recognized by the District from its partnership with Lystek would be shared between the District and Lystek. Beginning in October 2023, Lystek commissioned its Direct Digestate Dilution (D3) Project, which jointly benefit Lystek. (i.e., higher nutrient content in its fertilizer product) and the District (i.e., reduced return stream of high-nitrogen filtrate from the District's screw press to the wastewater treatment plant). By implementing the D3 Project, the quantity of biosolids processed through the screw press have been reduced, and the associated chemical

input costs, in the form of dewatering polymer, have been proportionally decreased. A Second Amendment to the Lease Agreement has been developed to reflect the cost sharing of these chemical savings, and to incorporate other mutually beneficial edits into the Lease Agreement.

**Discussion:** District staff have negotiated a Second Amendment to the Lease Agreement that honors the intent to share in significant cost savings, while making other changes that benefit the District's biosolids operation. A summary of the substantive changes proposed in the Second Amendment are described here:

1. Establishes a methodology and a formula to calculate an even cost share of dewatering polymer savings each month, depending on the volume of biosolids that are processed through the D3 Project.
2. Reduces the percentage of Third Party Biosolids revenue that is shared with the District (5% of revenue to 2.5% of revenue), in exchange for a commitment by Lystek to construct additional product storage facilities at the OMRC. Upon completion, the additional storage will allow Lystek to process more biosolids, ultimately yielding additional revenue to the District.
3. Addition of language governing day-to-day operational and regulatory compliance needs.
4. Adding a mechanism to allow District to remedy facility deficiencies and charge those repairs to Lystek, plus a markup, after sufficient noticing.
5. Extending the term of the Lease Agreement to December 31, 2046.

The proposed Second Amendment reaffirms the unique public-private partnership that exists between Lystek and the District and ensures that expectations of all parties are clearly defined.

**Fiscal Impact:** In 2026, it is estimated that the Host Mitigation Component of Lystek's credits to the District will be reduced by approximately \$140,000 based on a current maximum throughput of approximately 55,000 tons per year (note that current credits from Lystek to the District total approximately \$500,000 per year). However, with the additional capacity of the reservoirs, Lystek will be able to maintain a significantly higher throughput of 88,000 tons per year initially, with room to increase throughput in the future. The revenue from additional third-party biosolids will more than compensate for the reduced sharing percentage. It is estimated that 2026 revenues could be \$75,000 higher with the reservoir project than without.

Attachment: 1 – Resolution No. 2025-XX Adopting Second Amendment  
2 – Second Amendment to Lease Agreement

FAIRFIELD-SUISUN SEWER DISTRICT  
RESOLUTION NO. 2025-XX

**A RESOLUTION APPROVING SECOND AMENDMENT TO LEASE AGREEMENT  
BETWEEN THE DISTRICT AND LYTEK INTERNATIONAL**

WHEREAS, the Fairfield-Suisun Sewer District executed a Lease Agreement with Lystek International (Lystek) in May 2015 to construct a biosolids processing facility called the Organic Material Recovery Center, or OMRC; and,

WHEREAS, in September 2021, the District and Lystek executed the First Amendment to the Lease Agreement and extended the term of the Lease Agreement until 2041, and,

WHEREAS, a Second Amendment to the Lease Agreement has been negotiated that honors the District's intent to share in significant cost savings caused by the OMRC, collaboratively funds an expansion to Lystek's Final Product Reservoirs that is mutually beneficial, extends the term of the Lease Agreement, and incorporates other language to formalize day-to-day operations of the OMRC.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

1. The General Manager is hereby authorized to execute the Second Amendment to the Lease Agreement and directed to take all steps necessary and proper to implement this resolution.

PASSED AND ADOPTED this 23rd day of June 2025, by the following vote:

AYES: Directors \_\_\_\_\_

NOES: Directors \_\_\_\_\_

ABSTAIN: Directors \_\_\_\_\_

ABSENT: Directors \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Clerk

**SECOND AMENDMENT TO THE LEASE AGREEMENT BY AND BETWEEN  
FAIRFIELD-SUISUN SEWER DISTRICT, AS LANDLORD, AND  
LYSTEK INTERNATIONAL LIMITED, AS TENANT**

This SECOND AMENDMENT TO THE LEASE AGREEMENT is made as of \_\_\_\_\_ (the "*Effective Date*"), by and between the FAIRFIELD-SUISUN SEWER DISTRICT, a special district organized and existing under the laws of the State of California (the "*District*"), as landlord, and LYTEK INTERNATIONAL LIMITED, a corporation organized and existing under the laws of the State of Delaware (the "*Company*"), a wholly owned subsidiary of Lystek International Corp., a corporation organized and existing under the laws of Canada ("*Lystek International*"), as tenant. The District and the Company are each hereinafter referred to individually as a "*Party*" and collectively as the "*Parties*."

WITNESSETH:

WHEREAS, the Parties previously entered into a Lease Agreement on May 18, 2015 (the "*Lease Agreement*") wherein the District leased certain Leased Property to the Company, and wherein the Company was granted permission to design, build, own, operate, and maintain a Processing Facility located on the Leased Property to process District Biosolids, Third Party Biosolids, and Organic Material into a proprietary fertilizer product and feedstock source (the "*Company Product*"); and

WHEREAS, a First Amendment to the Lease Agreement was entered into on September 27, 2021 which allowed for changes and updates to the initial Lease Agreement; and

WHEREAS, the Parties have jointly recognized the need to update other terms of the Lease Agreement based on the continued operation of the Company Facility since the inception of operations.

NOW, THEREFORE, it is agreed as follows:

1. The following is added to the end of Section 3.5(a):

"As a result of the Direct Digestate Dilution (D3) project, which became operational on October 1, 2023, the District and the Company will evenly share in the cost savings of dewatering polymer that is not required for biosolids that bypass the District's dewatering operation. Such sharing of savings is detailed in Exhibit D."

2. The following section (e) is added to Section 4.1:

"(e) The Company shall ensure that all Company vehicles, equipment, and materials, and all vehicles owned by the Company's employees or its contractors, are to be parked and/or stored in an orderly fashion, within the Company's Leased Property, unless otherwise approved in writing by the District. Such vehicles, equipment, and materials shall not block roadways or access points for District personnel, equipment, and/or vehicles."

3. The following section (c) is added to Section 4.4:

“(c) The Company acknowledges that it benefits from its facility being included in the District’s General Industrial Stormwater Permit from the San Francisco Bay Regional Water Quality Control Board. The Company will conduct monthly inspections of Company stormwater facilities and District stormwater facilities that the Company’s facilities interact with, and provide a written report to the District in a format mutually agreed to by both Parties. If a corrective action is identified from this monthly inspection, or if the District notifies the Company in writing of modifications required to Company stormwater facilities to comply with the District’s permitting, the Company agrees to make these corrections promptly at the Company’s sole expense.”

4. The last sentence of Section 4.6 is replaced to read as follows:

“All such alterations, additions, and changes are subject to the written approval of the District. Design plans, specifications, details, and/or sketches shall be submitted in writing to the District no less than thirty (30) days prior to the commencement of the work, and any comments provided by the District shall be incorporated into the design prior to the commencement of the work. The District’s approval shall not be unreasonably withheld, conditioned, or delayed. The Company shall submit an Underground Service Alert request prior to any excavation work, in conformance with State law, even if it is believed that only District facilities are present.”

5. The following Section 4.10 is added to Article IV:

“Section 4.10 Finished Product Reservoir Modifications. As a result of an ongoing need for additional storage capacity at the Company facility, the Parties agree that an expansion of the Finished Product Reservoirs is necessary.

- (a) The Company shall raise the vertical height of the earthen berm by approximately 2-feet and re-install a covered structure in accordance with material manufacture and installation instructions. All work will be pre-approved in writing by the District. Required engineering work will be stamped by a California licensed engineer or geotechnical engineer, as applicable. Any contractors, sub-contractors, and suppliers shall meet the insurance requirements specified in Article VII of the Agreement.
- (b) As part of the Company’s work, the District may require Company to complete certain improvements benefitting the District, to prevent future conflict with Company’s facilities, for which the District will reimburse Company for the proportional impact of the cost.
- (c) The Parties agree that this additional storage capacity is mutually beneficial to maintain the maximum throughput of Company Feedstock. To support this project, the Parties agree to adjustment of the Rent, as shown in Exhibit C.
- (d) Beginning July 1, 2025, the District shall continue to receive the original Host Mitigation Component (5%), but shall deposit the difference between the original Host Mitigation Component (5%) and the amended Host Mitigation Component (2.5%) into a District-held, interest-bearing deposit account (the “Reserved Amount”), until such time as the Finished Product Reservoir Modifications are completed to the satisfaction of both Parties. Upon completion of the Finished Product Reservoir Modifications, the District will receive the amended Host Mitigation Component (2.5%) as specified in Exhibit C.
- (e) The project is to be completed in a timely and professional manner to the satisfaction of the District. The District and Company will work cooperatively during the design and construction to avoid conflicts with ongoing operations and maintenance of both Parties. Limits of construction

activities, storage areas, and contractor equipment (including parking), will be agreed upon by the Parties and be sufficient for the safe and efficient progress of the work.

- (f) Within 90 days after the completion of the project, the Company shall furnish to the District a complete set of as-built plans and/drawings identifying buried and surface components construction or installed as part of the project.
- (g) The work will be finished and ready for use not later than November 1, 2025. In the event that the Company fails to complete the work such that the additional capacity of the reservoirs is not available by such date, the District shall be entitled to retain the Reserved Amount. If the Final Product Reservoir Modifications are completed on or before this date, the District will pay the Reserved Amount to the Company.

6. Section 12.1(b) of the Agreement is replaced to read as follows:

“(b) Remedies of the District Upon the Company Event of Default. Upon the occurrence of a Company Event of Default hereunder, and at any time thereafter so long as the same shall be continuing, the District may, as its sole and exclusive remedy, (a) terminate this Lease Agreement and all of the rights of the Company upon written notice to the Company; (b) declare, by written notice to the Company, to be immediately due and payable, (i) all amounts payable pursuant to Section 3.3(a) hereof, and (ii) all other payments due under this Lease Agreement; (c) complete necessary improvements for site maintenance, access, function, or to meet the obligations of Section 4.1(d), and deduct the District’s actual costs of performing said work, including internal costs of labor, equipment, and materials, as well as contracted costs, plus a 25% markup of those costs, from the Company’s next invoice; or (d) take any other action at law or in equity which may appear necessary or desirable to collect any amounts then due or thereafter to become due hereunder and to enforce the obligations, agreements or covenants of the Company under this Lease Agreement.”

7. Exhibit A, Schedule of Definitions/Interpretation, definition of *Initial Term* is replaced to read as follows:

*“Initial Term”* means the period commencing on the Contract Date and terminating on December 31, 2046.”

8. Exhibit B, Description of the Leased Property and License Areas, paragraph titled “Leased Property,” is replaced to read as follows:

“Leased Property. Commencing as of the Contract Date and continuing for the Lease Term and so long thereafter as the Company has a right to occupy the Leased Property, the District hereby grants to the Company for use by the Company and its contractors, licensees, and invitees full use of the area described as the “Leased Property” as depicted in the drawing set forth in this Exhibit, for the uses as described in this Lease Agreement, including, but not limited to the right to design, build, install, own, operate, and maintain a processing facility in which the Company will process biosolids, organic material and other similar feedstock into a proprietary fertilizer and feedstock source. For greater certainty, the Leased Property includes the lagoon storage facilities and the scales located at the District Treatment Facility, designated spaces within the Dewatering Building, use of Drying Beds #11 through #20, unless otherwise approved in writing for purposes agreed-to in advance by the District. At the option of the Company, the Company has the right to design, modify, and construct a covered structure over any such

lagoon storage facilities at the sole cost and expense of the Company, in accordance with Applicable Law.”

9. Exhibit B, figure titled “Exhibit B-2,” is replaced with the revised Exhibit B-2, attached to this Second Amendment to the Lease Agreement.

10. 3. Exhibit C, Rent, Section 1 (ii) is replaced to read as follows:

(ii) Host Mitigation Component. The “*Host Mitigation Component*” means an amount equal to 2.5% plus applicable taxes of the Gate Fee per ton of Third Party Feedstock accepted by the Company at the Company Facility, except as modified in Section 4.10.

11. The following is added to the end of Exhibit D, Cost Sharing/Increased Sales Agreement:

Direct Digestate Dilution (D3) Project Implementation. The D3 Project, which became effective on October 1, 2023, resulted in a biosolids stream that is pumped directly from the District’s anaerobic digestion sludge holding tanks to the Company’s processing reactors. This project resulted in less biosolids being dewatered in the District’s screw press, leading to a reduction of operational costs. The Parties mutually agree to cost share the polymer savings, with half of the savings to each Party. The Parties acknowledge that while there may be small power savings and labor cost increases associated with the D3 project, these impacts are considered minimal and balanced, and shall not be considered in the cost sharing for the D3 project.

- (a) Every six month period, beginning January 1, 2025 through June 30, 2025, the District will calculate the average polymer dose rate, based on the number of totes of liquid emulsion that have been utilized compared to the total dry tons of biosolids that were processed through the screw press during the same time period. The District shall also provide Company with the current unit price of its liquid emulsion purchases. This dosing rate and unit price shall be applied to the next six months of calculations to determine 50% of the cost savings which will be paid to the Company.
- (b) As part of each monthly invoice, the Company will include a charge for the D3 Polymer Savings Cost Share, as follows:

$$\text{Company Cost Share} = (Q_{D3}) \times (D_{poly}) \times (P_{poly}) \times 50\%$$

where:

- $Q_{D3}$  = total dry tons of digestate sent directly to Company’s reactors without dewatering (dry tons)
- $D_{poly}$  = average polymer dosing rate from prior 6 months (pounds polymer per dry ton biosolids)
- $P_{poly}$  = average polymer emulsion price from prior 6 months (\$ per pound of polymer)

- (c) In recognition of the savings that have occurred prior to the modification of this agreement, the Parties agree to share the cost savings from October 1, 2024 through June 30, 2025. The prior period of time from October 1, 2023 through September 30, 2024 was considered a start-up period where both Parties were optimizing operation of the D3 system through all

seasonal conditions. The Parties agree that beginning in July 2025, a Company Cost Share calculation will be performed utilizing the above methodology and the total dry tons processed from October 1, 2024 through June 30, 2025. This quantity will be paid to Company over the subsequent six months (July 2025 through December 2025 invoices) in six equal payments.

IN WITNESS WHEREOF, the District and the Company have caused this Second Amendment to the Lease Agreement to be executed in their respective names by their respective names by their respective duly authorized officers and have caused this Second Amendment to the Lease Agreement to be dated as of the day and year first above written.

**FAIRFIELD-SUISUN SEWER DISTRICT**

By: \_\_\_\_\_  
Jordan Damerel  
General Manager

**LYSTEK INTERNATIONAL LIMITED**

By: \_\_\_\_\_  
James Dunbar  
General Manager/ Business  
Development Manager - CA

DRAFT



# FAIRFIELD-SUISUN SEWER DISTRICT

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June 11, 2025

## AGENDA REPORT

TO: Executive Committee

FROM: James Russell-Field, Director of Administrative Services

SUBJECT: Adopt Res No. 2025-XX, Awarding Consulting Services Agreement with Hildebrand Consulting, LLC for the 2025 Cost of Service and Rate Study

**Recommendation:** Adopt Res No. 2025-XX, Awarding Consulting Services Agreement with Hildebrand Consulting, LLC for the 2025 Cost of Service and Rate Study in an amount not-to-exceed \$56,000.

**Background:** The District completed the last Cost of Service and Rate Study (Rate Study) in 2022, which set the Sewer Service Charges for FY 2022-23 through FY 2026-27.

Construction for the Suisun Force Main Rehabilitation Project is estimated at \$53.4 million between FY 2025-26 and FY 2027-28. This would be the largest capital investment since the wastewater treatment plant expansion projects in the mid-2000s. The current construction cost for Suisun Force Main Rehabilitation Project is significantly higher than the 2022 Rate Study assumed, which also assumed the Project would be funded through Sewer Service Charge Reserves, or “pay as you go.” Due to the increased construction costs for the Suisun Force Main Rehabilitation Project, the District is reviewing options for external financing, such as State Revolving Fund Loans (SRF), Water Infrastructure Finance and Innovation Act (WIFIA) loans, bonds or a mix of external financing options.

To support potential external funding options for the Suisun Force Main Rehabilitation Project that may require a credit rating, the District is starting the Rate Study a year earlier than scheduled. Securing an updated rate schedule could strengthen the District’s credit profile and reduce borrowing costs for rate payers.

**Discussion:** The District issued a Request for Proposals (RFP) on April 16, 2025. After evaluating proposals, Hildebrand Consulting, LLC was determined to be the most responsive and best qualified firm to perform the Rate Study.

Adopt Res No. 2025-XX, Awarding Consulting Services Agreement with Hildebrand Consulting, LLC for the 2025 Cost of Service and Rate Study  
June 11, 2025  
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Hildebrand Consulting will provide a thorough analysis of Sewer Service Charges, as well as Capacity Charges, including a review of the current rate structure, user categories, revenue sources, and Operating, Major Maintenance, and Capital Improvement Project expenses and long-term forecast.

Work for the Rate Study is expected to start in July 2025 with an expected completion date of October 2025.

**Fiscal Impact:** The not-to-exceed cost of the Rate Study is \$56,000. Funds were included in the FY 2025-26 Budget.

Attachment: 1 – Hildebrand Consulting, LLC Agreement for Services  
2 – Resolution No. 2025-XX

## CONTRACT FOR SERVICES

THIS AGREEMENT FOR PROFESSIONAL SERVICES ("Agreement") is entered into as of \_\_\_\_\_, ("Effective Date") between the FAIRFIELD-SUISUN SEWER DISTRICT ("District") and HILDEBRAND CONSULTING, LLC ("Contractor").

### WITNESSETH:

WHEREAS, the District desires to contract for 2025 Cost of Service and Rate Study which for the purposes of this Agreement shall be called "PROJECT," and,

WHEREAS, Contractor is willing and qualified to provide the services desired;

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth in this Agreement, the sufficiency of which is acknowledged, the parties agree as follows:

#### I. DUTIES OF CONTRACTOR

- A. Contractor shall provide services required for the PROJECT as described in the Scope of Work, attached to and incorporated into this Agreement as Exhibit "A," which is incorporated into this Agreement by reference.
- B. Contractor agrees that Contractor and all of Contractor's employees and subcontractors hold, have obtained, and shall continue to maintain during the course of this Agreement, all licenses or other statutorily mandated certifications requisite to the performance of the work set forth in the Scope of Work, Exhibit "A," as may be required in the State of California, if any. Failure of Contractor, its employees and subcontractors to obtain and/or maintain in good standing such licenses or certification shall constitute a breach of this Agreement and shall provide grounds for immediate termination thereof.
- C. Contractor shall perform the PROJECT work in such a manner as to fully comply with customary standards of care, including but not limited to professional quality, technical accuracy, timely completion, and the coordination of designs, drawings, specifications, reports, and other services furnished, work undertaken, and/or labor, materials, tolls, equipment, transportation services and other items provided by Contractor to complete the PROJECT pursuant to this Agreement.
- D. The District's approval of drawings, designs, specifications, reports, and incidental engineering work or other services or materials furnished by Contractor under this Agreement shall not relieve Contractor of responsibility for the technical adequacy of its work. Neither the District's review, approval or acceptance of, nor payment for, any of the services shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement.

E. Contractor shall not be relieved of any of the obligations or covenants contained in this Agreement until the tasks as set forth in Exhibit "A" have been completed. It is agreed between Contractor and the District that those provisions of this Agreement which by their nature continue beyond termination of the Agreement, including but not limited to Sections VIII, IX, XI(F), and XI(G), shall continue beyond such termination.

## II. DUTIES OF DISTRICT

The District, without cost to Contractor, will provide pertinent information reasonably available to it, which is necessary for performance by Contractor under this Agreement, including previous reports and data relative to the PROJECT. The District does not guarantee or ensure the accuracy of any reports, information, and/or data so provided. Contractor will use its professional judgment in the review and use of data so provided. However, Contractor will not be liable for any error or omission in any data furnished by the District and used by Contractor which could not reasonably be discovered by Contractor. To this extent Contractor is entitled to rely on data provided by the District.

## III. COMPENSATION OF CONTRACTOR

A. Basis of Compensation: The District will pay Contractor for services provided under this Agreement on a time and material basis with a maximum fee not to exceed FIFTY-SIX THOUSAND DOLLARS (\$56,000) in accordance with the Fee Schedule or Bid Schedule attached to and incorporated into this Agreement as Exhibit "A". When compensation is determined using hourly rates of Contractor's personnel and equipment assigned to the work, Contractor rates may be adjusted annually if proposed by Contractor and approved by the District. Such rate adjustments shall not exceed five percent (5%) annually.

B. Change in Scope of Work: Adjustment in compensation for changes in scope of work authorized in writing by the General Manager of the District shall be based on the Fee Schedule, Bid Schedule, firm prices quotations, and/or rates set forth and attached as Exhibit "A". Changes in scope of work so authorized shall not exceed twenty percent of the total maximum fee. No payment shall be made for changes unless authorized in writing by the District.

C. Monthly Payment to Contractor: Upon submission of an invoice by Contractor, and upon approval of the District's authorized representative, the District will pay Contractor monthly in arrears for fees and expenses incurred up to the maximum amount reflected in Exhibit "A". The District will issue payment within thirty (30) calendar days after receipt of an invoice from Contractor, provided that all invoices are accompanied by cost documentation determined to be sufficient by the District to allow the determination of the reasonableness and accuracy of the invoice. If a payment dispute arises between the parties, Contractor shall provide to the District full and complete access to Contractor's project labor cost

records and other direct project related cost data, and copies thereof if requested by the District.

D. Notification at 75% of Maximum Fee: Contractor shall notify the District when the costs incurred for the PROJECT work total approximately seventy-five percent (75%) of the maximum fee. With the notification, Contractor shall indicate whether the sum of the current costs incurred plus the estimated total cost to complete the task or tasks set forth in the Scope of Work, Exhibit "A," shall be greater or less than the maximum fee. Receipt by the District of said notification that the cost for completion of all tasks shall exceed the established maximum fee, will not constitute an approval or authorization to increase the established maximum fee or a waiver of any rights which the District may have under this Agreement.

E. Cost of Rework: Contractor shall, at no cost to the District, prepare any necessary rework occasioned by Contractor's failure to provide services required for the PROJECT as described in Exhibit "A" in a satisfactory manner, due to any act or omission attributable to Contractor, or its agents, including subcontractors. Nothing in this paragraph is intended to limit the liability of Contractor for damages which might arise from Contractor's negligence, willful misconduct, or breach of the covenants set forth in this Agreement.

F. Markup Allowances: Markup allowances apply only to services provided on a time and materials basis. Contractor may markup Subcontractor and Sub-consultant costs by no more than 5%. Other Direct Costs (reproduction, delivery, mileage, travel expenses, other services) will be billed at cost. Any applicable markups for professional services overhead, including equipment and communication expenses, shall be included in labor hourly rates

#### IV. TERM OF AGREEMENT

A. The term of this Agreement shall begin on the Effective Date and end on the date when the tasks set forth in Exhibit A have been completed or the agreement is otherwise terminated in accordance with Article VII.

B. Contractor agrees to immediately and diligently proceed with the Scope of Work and satisfactorily complete the PROJECT within the prescribed time as set forth in Exhibit A.

#### V. CONTRACTOR'S ASSIGNED PERSONNEL

Contractor designates Mark Hildebrand to act as Project Manager for the performance of the work and for all matters relating to performance under this Agreement.

Substitution of these assigned personnel will require the prior written approval of the District.

If the District determines that a proposed substitution is not acceptable, then, at the request of the District, Contractor shall substitute with a person acceptable to the District.

No subcontract shall be awarded, or an outside consultant engaged, by Contractor, unless Contractor has made written request to use such subcontractor or outside consultant and its request has been approved in writing by the District. No additional approval shall be required for subcontracting with or engagement of an outside consultant identified in Exhibit "A." The written approval of the District resulting in the use of or engagement of a subcontractor or outside consultant does not relieve Contractor of the obligations or covenants set forth in this Agreement.

## VI. TERMINATION

A. The District may terminate this Agreement at any time, with or without cause, upon 30 day's written notice to Contractor.

B. The District may terminate this Agreement immediately upon notice of Contractor's malfeasance. If the District terminates this Agreement pursuant to this subsection, nothing set forth in this Agreement is intended to require the District to compensate Contractor for any services which may be claimed to have been provided or be in progress, if the District reasonably concludes that further compensation is unwarranted.

C. Upon receipt of a termination notice, or in the event that Contractor ceases performing services under this Agreement or otherwise abandons the PROJECT prior to completing all of the services described in the Scope of Work, Contractor shall: (1) promptly discontinue all services affected (unless the notice directs otherwise), and (2) deliver or otherwise make available to the District all data, information, and materials as Contractor may have prepared or developed in performing this Agreement, whether completed or in process, including, but not limited to, drawings, specifications, reports, estimates, summaries, software, and electronic files of all deliverables.

D. Following termination, the District will reimburse Contractor for all expenditures made in good faith that are unpaid at the time of termination not to exceed the maximum amount payable under this Agreement unless Contractor is in default of this Agreement.

E. Upon termination, Contractor's sole right and remedy shall be to receive payment for all amounts due and not previously paid to Contractor for services completed or in progress in accordance with the Agreement prior to the date of receipt of notice of termination and for services thereafter completed at the request of the District and any other reasonable cost incidental to such termination of services.

Such payments available to Contractor under this paragraph shall not include costs related to lost profit associated with the expected completion of the work or other such payments relating to the benefit of the bargain.

## VII. INDEMNITY

Contractor shall indemnify, hold harmless and defend, in any actions at law or in equity, the District, its officers, employees, agents, and elective and appointive boards, from all claims, losses, damage, including property damage, personal injury, including death, and liability of every kind, nature and description, including attorneys' fees, to the extent arising from Contractor's negligence or willful misconduct, or from any persons directly or indirectly employed by, or acting as agent for, Contractor, excepting the sole negligence or willful misconduct of the District. Notwithstanding anything in this Agreement to the contrary, this indemnification shall extend to such claims, losses, damage, injury, death, or other liabilities occurring after the completion of Contractor's operations, as well as during the progress of rendering such services.

Submission of insurance certificates or submission of other proof of compliance with the insurance requirements of this Agreement does not relieve Contractor from liability under this indemnification section. The obligations of this indemnification section shall apply whether or not such insurance policies have been determined to be applicable to any of such damages or claims for damages.

## VIII. INSURANCE

Contractor shall procure and maintain for the duration of the Agreement insurance against claims for injuries to persons or damages to property which may arise out of or in connection with the performance of the work under this Agreement by Contractor, its agents, representatives, or employees.

### A. MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Contractor has no owned autos, Code 8

(hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, Workers' Compensation and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Professional Liability** (Errors and Omissions) Insurance appropriate to Contractor's profession, with limit no less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate.

If Contractor maintains broader coverage and/or higher limits than the minimums shown above, the District requires and shall be entitled to the broader coverage and/or the higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

## B. OTHER INSURANCE PROVISIONS

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status.** The District, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).
2. **Primary Coverage.** For any claims related to this Agreement, **Contractor's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it. This requirement shall also apply to any Excess or Umbrella liability policies.
3. **Umbrella or Excess Policy.** Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this Agreement. This form of insurance will be acceptable provided that all of the Primary and Umbrella or Excess Policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The

Umbrella or Excess policies shall be provided on a true “following form” or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until Contractor’s primary and excess liability policies are exhausted.

4. **Notice of Cancellation.** Each insurance policy required above shall provide that coverage shall not be canceled, except with **30-day cancellation notice** to the District.
5. **Waiver of Subrogation.** Contractor hereby grants to the District a waiver of any right to subrogation which any insurer of said Contractor may acquire against the District by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the District has received a waiver of subrogation endorsement from the insurer.
6. **Self-Insured Retentions.** Self-insured retentions must be declared to and approved by the District. The District may require Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or the District. The CGL and any policies, including Excess liability policies, may not be subject to a self-insured retention (SIR) that exceeds \$50,000 unless approved in writing by the District. Any and all SIRs shall be the sole responsibility of Contractor or subcontractor who procured such insurance and shall not apply to the Indemnified Additional Insured Parties. The District may deduct from any amounts otherwise due Contractor to fund the SIR. Policies shall NOT contain any self-insured retention (SIR) provision that limits the satisfaction of the SIR to the Named. The policy must also provide that defense costs, including the Allocated Loss Adjustment Expenses, will satisfy the SIR. The District reserves the right to obtain a copy of any policies and endorsements for verification.
7. **Acceptability of Insurers.** Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best’s rating of no less than A:VII, unless otherwise acceptable to the District.
8. **Verification of Coverage.** Contractor shall furnish the District with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this **clause and a copy of the Declarations and Endorsements Pages of the CGL and any Excess policies listing all policy endorsements.** All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and

approved by the District before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor's obligation to provide them. The District reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time. District reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances. The District may withhold payment to Contractor until Contractor provides complete insurance certificates and endorsements satisfactory to the District.

9. **Subcontractors.** Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that District is an additional insured on insurance required from subcontractors.
10. **Duration of Coverage.** CGL & Excess liability policies for any construction related work, including, but not limited to, maintenance, service, or repair work, shall continue coverage for a minimum of 5 years for Completed Operations liability coverage. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
11. **Claims Made Policies (for Professional Liability).** If any of the required policies provide claims-made coverage:
  - a. The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work.
  - b. Insurance must be maintained and evidence of insurance must be provided ***for at least five (5) years after completion of the contract of work.***
  - c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Contractor must purchase "extended reporting" coverage for a minimum of five years after completion of work.

## IX. DEFAULT

- A. If Contractor defaults in Contractor's performance, the District shall promptly notify Contractor in writing. If Contractor fails to cure a default within 30 days after notification, or if the default requires more than 30 days to cure and Contractor fails to commence to cure the default within 30 days after notification, then the District may immediately terminate this Agreement at the District's sole discretion.

B.If Contractor fails to cure default within the specified period of time, the District may elect to cure the default and any expense incurred shall be payable by Contractor to the District. The Agreement may be immediately terminated at the District's sole discretion.

C.If this Agreement is terminated because of Contractor's default, the District shall be entitled to recover from Contractor all damages allowed by law.

## X MISCELLANEOUS TERMS AND CONDITIONS

### A.ASSIGNMENT

Contractor shall not assign any rights or duties under this Agreement to a third party without the prior written consent of the District.

### B.INDEPENDENT CONTRACTOR

1. Contractor is an independent contractor and not an agent, officer or employee of the District. The parties mutually understand that this Agreement is between two independent contractors and is not intended to and shall not be construed to create the relationship of agent, servant, employee, partnership, joint venture or association.
2. Contractor shall have no claim against the District for employee rights or benefits including, but not limited to, seniority, vacation time, vacation pay, sick leave, personal time off, overtime, medical, dental or hospital benefits, retirement benefits, Social Security, disability, Workers' Compensation, unemployment insurance benefits, civil service protection, disability retirement benefits, paid holidays or other paid leaves of absence.
3. Contractor is solely obligated to pay all applicable taxes, deductions and other obligations including, but not limited to, federal and state income taxes, withholding, Social Security, unemployment, disability insurance, Workers' Compensation and Medicare payments.
4. Contractor shall indemnify and hold the District harmless from any liability which the District may incur because of Contractor's failure to pay such obligations nor shall the District be responsible for any employer-related costs not otherwise agreed to in advance between the District and Contractor.
5. As an independent contractor, Contractor is not subject to the direction and control of the District except as to the final result contracted for under this Agreement. the District may not require Contractor to change Contractor's manner of doing business, but may require redirection of efforts to fulfill this Agreement.
6. Contractor may provide services to others during the same period Contractor provides service to the District under this Agreement.

7. Any third persons employed by Contractor shall be under Contractor's exclusive direction, supervision and control. Contractor shall determine all conditions of employment including hours, wages, working conditions, discipline, hiring and discharging or any other condition of employment.
8. As an independent contractor, Contractor shall indemnify and hold the District harmless from any claims that may be made against the District based on any contention by a third party that an employer-employee relationship exists under this Agreement.
9. Contractor, with full knowledge and understanding of the foregoing, freely, knowingly, willingly and voluntarily waives the right to assert any claim to any right or benefit or term or condition of employment insofar as they may be related to or arise from compensation paid under this Agreement.

#### C. PROPRIETARY MATERIAL

The District does not authorize the impermissible use of any patent or the impermissible reproduction of any copyrighted material by Contractor in the performance of this Agreement. Contractor is solely responsible for any such use.

#### D. WAIVER

Any failure of a party to assert any right under this Agreement shall not constitute a waiver or a termination of that right, under this Agreement or any of its provisions.

#### E. NONDISCRIMINATION

1. In rendering services under this Agreement, Contractor shall comply with all applicable federal, state and local laws, rules and regulations and shall not discriminate based on age, ancestry, color, gender, marital status, medical condition, national origin, physical or mental disability, race, religion, sexual orientation, or other protected status.
2. Further, Contractor shall not discriminate against its employees, which includes, but is not limited to, employment upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training, including apprenticeship.

#### F. OWNERSHIP AND CONFIDENTIALITY OF DOCUMENTS

The District shall be the owner of and shall be entitled to possession of all rights, title, royalties and interest to and in all work product of Contractor resulting from its performance under this Agreement, including, but not limited to, drawings, specifications, data, reports, estimates, software, summaries, electronic files of all deliverables, and any other such information and materials as may be

prepared or developed by Contractor in performing work under this Agreement, whether complete or in progress and none shall be revealed, disseminated, or made available by Contractor to others without prior consent of the District. If this Agreement is terminated in accordance with Section VII, Contractor shall deliver such documents within two weeks of receipt of a termination notice.

It is understood that Contractor's work product is prepared for this specific Project. Any use of such work product by the District for a different project without Contractor's written approval shall be at the District's risk. Any use by District of an incomplete work product without Contractor's written approval shall be at District's risk.

"Confidential Information" as used in this Agreement shall mean (a) information concerning the District's business, property or technology, is confidential in nature and not generally known to the public, and is disclosed by the District to Contractor in connection with the PROJECT; and (b) any information received from the District that may be made known to Contractor to treat as confidential or proprietary, including information designated as "Confidential" (or with some other similar legend) or identified as confidential at the time of disclosure or is of a nature that should be considered confidential based on the circumstances surrounding the disclosure.

Contractor shall not disclose any Confidential Information of the District to any third party (other than to its employees and representatives as provided for in this Agreement), and shall only use Confidential Information of the District in connection with the PROJECT. Contractor will treat all Confidential Information with the same degree of care as it accords its own confidential information, but in no case less than reasonable care. Contractor will disclose Confidential Information only to those of its employees and representatives who need to know such information and who are bound by confidentiality obligations that are similar to those which protect the Confidential Information.

Contractor's obligations under this section shall not apply to Confidential Information that is (a) in the public domain or known in the trade at or subsequent to the time communicated to Contractor by the District through no fault of Contractor; (b) rightfully in Contractor's possession free of any obligation of confidentiality at or subsequent to the time communicated to Contractor by the District; (c) received from a third party who rightfully disclosed it to Contractor without restriction on its subsequent disclosure; (d) developed by employees or agents of Contractor independently of and without reference to any Confidential Information communicated to Contractor by District or approved for release in writing by the District. In addition, any disclosure of any portion of Confidential Information either (i) in response to a valid order by a court or other governmental body, or (ii) otherwise required by law, shall not be considered to be a breach of this Agreement or a waiver of confidentiality for other purposes; provided, however, that, to the extent legally permissible and reasonably possible, Contractor shall provide prompt prior written notice thereof to District to

enable District (at its sole expense) to seek a protective order or otherwise prevent such disclosure.

This section will remain in full force and effect until such time the Confidential Information is no longer considered by the District to be confidential. Upon the District's written request, Recipient shall, at its sole election, return or destroy all Confidential Information received under this Agreement. Notwithstanding the foregoing, nothing shall require the alteration, modification, deletion or destruction of back-up tapes or other back-up media made in the ordinary course of business, provided that said backup tapes or other back-up media shall be stored in a manner that prevents unauthorized access or use of Confidential Information.

#### G. EXAMINATION OF RECORDS

Contractor agrees that the District will have access to and the right to examine any directly pertinent books, documents, papers, and records of any and all transactions relating to this Agreement at any time after the inception of the Agreement upon reasonable notice.

#### H. SCOPE OF AGREEMENT

This writing constitutes the entire Agreement between the parties relative to Contractor's services on the PROJECT, and no modification hereof shall be effective unless and until such modification is evidenced by a writing signed by both parties to this Agreement.

#### I. NOTICES

All notices from one party to the other shall be in writing and delivered or mailed to such party at its designated address as follows, or sent via facsimile transmission to such telephone number indicated as follows. Such notices shall be deemed to have been made: (1) when hand delivered; (2) as indicated by certified mail receipt; (3) five days after mailing by first class mail; or (4) as indicated on facsimile transmission receipt, if facsimile transmission is followed by prompt certified or first class mailing or hand delivery.

DISTRICT: Fairfield-Suisun Sewer District  
1010 Chadbourne Road  
Fairfield, CA 94534-9700  
Phone (707) 429-8930  
Fax (707) 429-1280

CONSULTANT: Hildebrand Consulting, LLC  
3378 Guido St.  
Oakland, CA 94502  
Phone 510-316-0621

## J. APPLICABLE LAWS

Contractor shall perform this Agreement in accordance with all applicable federal, state, and local laws and regulations. This Agreement shall be construed in accordance with California law. Venue concerning any dispute shall be in Solano County.

Contractor and any subcontractors shall comply with the provisions of Labor Code Sections 1770 et seq., if applicable.

## K. EXECUTION IN COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument, it being understood that all parties need not sign the same counterpart. In the event that any signature is delivered by facsimile or electronic transmission (e.g., by e-mail delivery of a ".pdf" format data file), such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic signature page were an original signature.

IN WITNESS the parties have executed this Agreement on the day first above-written.

### **FAIRFIELD-SUISUN SEWER DISTRICT:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

### **HILDEBRAND CONSULTING, LLC:**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title



FAIRFIELD-SUISUN  
SEWER DISTRICT

## **Proposal for 2025 Cost of Service and Rate Study**

**May 2, 2025**

corrected



**HILDEBRAND**  
CONSULTING

# Title Page

**Subject:** Cost of Service and Rate Study

**Firm:** Hildebrand Consulting, LLC

**Contact:** Mark Hildebrand

**Address:** 3378 Guido St. Oakland, CA 94502

**Telephone:** 510.316.0621

**Email:** [mhildebrand@hildco.com](mailto:mhildebrand@hildco.com)

**Date:** May 2, 2025

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**ATTACHMENT A - RESUME**

**ATTACHMENT B – MATRIX OF CALIFORNIA CLIENTS**



## TRANSMITTAL LETTER

James Russell-Field  
Fairfield-Suisun Sewer District  
1010 Chadbourne Rd.  
Fairfield, CA 94534

May 2, 2025

**Subject: Proposal for Cost of Service and Rate Study**

Dear Mr. Russell-Field,

Hildebrand Consulting is pleased to submit this proposal to conduct a Cost of Service and Rate Study for Fairfield-Suisun Sewer District (District). The focus of the Study will be to develop a 10-Year Financial Plan and update the District's sewer rates to ensure continued financial stability and minimal rate payer impacts. The development of the financial plan and proposed rates will be performed with a high level of transparency to promote overall community understanding and support. The financial plan will identify annual rate revenue needs with consideration of operating and maintenance costs, debt service obligations, capital program needs, and financial reserve policies. We will ensure that the rates continue to be based on equitable cost allocation methodologies and the rate structures remain clear, understandable, and have a cost basis that meets the requirements of California state law and District objectives. In addition to sewer rates, the Study will update the District's Capacity Fees.

Mark Hildebrand has over 23 years of experience in Northern California as a utility rate and management consultant to municipal utilities such as the District. He has performed hundreds of studies covering a diverse range of rate setting, cost allocation, and financial planning to more than 70 clients, including Fairfield-Suisun Sewer District in 2021. He has served on AWWA subcommittees to update the M1 Manual (Principles of Water Rates, Fees and Charges).

As an independent consultant, we offer the distinctive value of staffing the project with seasoned consultants in all facets of our services, including all meetings, communications, model development, and deliverables. We are thankful for the opportunity to be of service to the 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](mailto:mhildebrand@hildco.com)  
510.316.0621 (m)

## 1. QUALIFICATIONS AND EXPERIENCE

**Mark Hildebrand** is the sole proprietor of Hildebrand Consulting and brings over 23 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 50 clients, including Fairfield-Suisun Sewer District. 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, emerging regulatory issues, consolidation studies, and strategic business planning. He has worked with scores of Northern California and Central Valley municipalities and local governments, including San Juan Water District, Ross Valley Sanitary District, Carmichael Water District, City of Sutter Creek, City of Jackson, City of Santa Rosa, City of Healdsburg, Marin Municipal Water District, City of Davis, Tamalpais Community Service District, Sewer Agencies of Southern Marin, the City of Mill Valley, Novato Sanitary District, the City of Merced and many more.

Mark Hildebrand has participated in authoring 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 actively serve on AWWA's Rates and Charges Committee, which established best practices for rate setting across the industry. Please visit our website at [hildebrandconsulting.com](http://hildebrandconsulting.com). A complete resume has been provided as **Attachment A**.



### Worth repeating...

*Awesome job, this has been the easiest rate hearing I've been a part of. Always such a great, clear presentation – you make it look easy!*

Jennifer Burke

Director, Santa Rosa Water

## 2. 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 being requested by the District. The following are some sample project descriptions that Mr. Hildebrand has performed in the recent past.

See **Attachment B** for a more comprehensive list of Mark Hildebrand's California rate clients.

### **City of Santa Rosa - Water, Recycled Water & Wastewater Rates** (Current)

**Contact:** Nick Harvey, Deputy Director (707) 543-3469 nharvey@srcity.org

Mr. Hildebrand has worked with the City of Santa Rosa since 2018 in delivering comprehensive water, wastewater and recycled water rate studies. These studies included 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 water rates are tiered and comply with the requirements of Proposition 218 by tying the cost of each tier to the City's two sources of water (local groundwater and imported water). The wastewater utility provides treatment services to four independent municipal sewer collections systems under the terms of a complex Subregional Agreement. Among other challenges, the rate study is addressing the financial impact of the massive 2017 Tubbs Fire, which damaged critical infrastructure and destroyed nearly 4,000 homes.

### **Ross Valley Sanitary District - Sewer Rate Study** (2023)

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

Hildebrand Consulting conducted multiple comprehensive sewer rate studies and a capacity charge study for the Ross Valley Sanitary since 2019. 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). The study developed a multi-year financial management plan; identified future rate adjustments to help ensure adequate rate revenues; determined the cost of providing sewer service to customer classes; and recommended modifications to the District's existing rate structures. These changes help to ensure that the District is equitably recovering the cost of service and comporting with industry standards and California's legal requirements.

The District had spent the proceeding years delivering a high volume of capital improvement work in order to meet the requirements of a 2013 Cease and Desist Order. We reviewed the District's reserve levels and forecasted revenues and developed a debt strategy that included a one-time revenue bond in the near-term, while adjusting

#### **Addressing Unfunded Liabilities...**

*Ross Valley Sanitary District's financial plan included a strategy that would fully fund its OPEB liabilities by the end of the 5-year planning period.*

rates in order to achieve a “pay-as-you-go” model in the longer term. A unique project dynamic was the calibration of the rate differential between two service areas in order to account for non-rate revenue contributions through property tax payments.

### **City of Cloverdale – Water and wastewater rate study (2022)**

**Client:** David Kelley, City Manager (707) 894-1710 [dkelley@ci.cloverdale.ca.us](mailto:dkelley@ci.cloverdale.ca.us)

This project focused on addressing the City’s acute need to increase pro-active capital spending after years of deferred maintenance. Initially there was strong public opposition to the proposed rate increases, which required the project to regroup and incorporate significantly greater public involvement. We held stakeholder workshops, one-on-one meetings with concerned citizens and more than 8 meetings with City Council. We developed a series of capital spending scenarios which allowed stakeholders to understand the trade-off between lower rates and continued deferred maintenance. Over the course of the project the City’s engineering team had the opportunity to prioritize projects and sequence projects in a manner that minimized impacts to ratepayers.

While the City Council was initially forced to yield to community opposition to the rate proposal, we were able to work with community representatives and the City Council in order to find a solution that addressed everyone’s concerns.

### **Town of Windsor – Water and wastewater rate study (current)**

**Client:** Shannon Cotulla, Public Works Director (707) 838-5978 [scotulla@townofwindsor.com](mailto:scotulla@townofwindsor.com)

Hildebrand Consulting has conducted multiple comprehensive water, recycled water and sewer rate studies for the Town of Windsor since 2020. Windsor is located in Sonoma County and serves as the water provider within the municipality’s water service area. The water reclamation utility provides wastewater collection, treatment, and disposal services within the Town. The financial planning efforts have assisted the Town’s utilities in addressing revenue shortfalls associated with inflation, the Covid-19 pandemic and rising capital costs. Most recently, the Town has embarked on a significant carbon emission reduction program dubbed the “Net Zero” project. Both of the Town’s utilities are central to this initiative. Other financial planning topics have included an annexation process for an adjoining sewer service area, a rate premium charged to a portion of the Town’s service area based on water resource limitations, and the development of a Utility Rate Assistance Program.

### 3. QUALIFICATIONS OF TEAM

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 mission reflects our values; we provide independent consulting services while emphasizing integrity and loyalty. We are 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. Our strengths in consensus-building, clear communication, and our experience with utility rate-setting in general, and specifically with Fairfield-Suisun Sewer District, will be valuable during this engagement.

As a local and independent consultant, we offer a distinctive value: we will directly engage seasoned and experienced consultants in all facets of work and our services are provided at significantly more affordable rates than peers at larger consultancies. Mark Hildebrand is located in Oakland and will be fully committed to the project (including all models, communications, and deliverables).

We understand the importance of our work product quality. As sole practitioners, all of our work is done by seasoned consultants with decades of experience therefore the quality of our work starts from a strong position. We also understand the importance of remaining vigilant against the potential for human error. As a standard practice, we engage our clients with a detailed review of our models, which both ensures work quality and fosters familiarity with our tools.

Finally, we hope that you have found that our work products provide lasting value to the District. As previously demonstrated, our reports are clear, concise, and only include pertinent information (as opposed to a “everything and the kitchen sink approach”). We do not believe that a longer report equals a better report. As Mark Twain once said, “I didn’t have time to write you a short letter, so I wrote you a long one.” We take the time to write concise reports that maximize value to our clients and provide a solid “administrative record” that protects our clients from legal challenges.

Similarly, our models are simple, intuitive, and easy to update. We use Excel models and we do not add complicated algorithms or hidden programming, not because we aren’t capable of creating such models (we are) but because such “bells and whistles” aren’t necessary, usually only benefit the consultant, and ultimately make the model less transparent to uninitiated users (our clients).

We work closely with staff to develop our findings and validate our work, including regularly scheduled project management meetings with District staff. For decades Mark Hildebrand was a project manager for multi-national engineering firms and is well-versed in best practices for ensuring product quality for each and every project.

## 4. PROJECT UNDERSTANDING

The Fairfield-Suisun Sewer District (District) is a special district incorporated by an act of the California State Legislature in 1951, which serves all territory within the cities of Fairfield and Suisun City. The District is located in central Solano County, California, midway between San Francisco and Sacramento and has broad powers to finance, construct, and operate systems for the treatment, collection, and disposal of sewage and storm water within the District jurisdiction. The District currently has fifty-eight regular full-time employees, a population of approximately 146,100, and contracts with the City of Fairfield and City of Suisun City for sewer billing and collections, respectively. Its Board of Directors is a ten-member body consisting of the members of the city councils of the two cities. The Board president is elected by the Board from among its members. The District's day-to-day operations are managed by the General Manager, who reports directly to the Board of Directors.

### District Operations

Fairfield and Suisun City lie in a large valley surrounded by rolling hills. Fairfield is the Solano County seat and houses most county government activities while Suisun City is one of California's oldest cities. Suisun City sits approximately 15 feet above sea level, and a network of sloughs, navigable by small boats, extends from the city to San Francisco Bay. The District owns and operates a system of sanitary sewers and pumping stations, used to oversee wastewater collection and treatment. The District's service area encompasses 48 square miles, and its facilities include 70 miles of 12-inch to 48-inch diameter sewers, 13 pumping stations and the regional wastewater treatment plant. The District owns all 12-inch and larger sewers in the service area, while the 10-inch and smaller sewers are owned by the Cities. The District's treatment facilities have a combined total design capacity of 23.7 million gallons per day (mgd). Current average dry weather flow to the plant ranges from 10 to 15 mgd. The District also maintains some storm drain assets in conjunction with the City of Fairfield and Suisun City, however the storm drain enterprise will not be analyzed in this study.

Major employers located within the District's boundaries include Travis Air Force Base, County of Solano, Anheuser-Busch Brewery, Jelly Belly, Producers Dairy Foods, North Bay Medical Center, Kaiser Permanente, other large manufacturers and industries, and shopping districts.

### Financial Condition

The District's Board last rate study was completed in early 2022, which resulted in the adoption of rate increases through July 1, 2026. At the time, the District's Long-Term Financial Plan showed that the District's programs (Operations, Capital, and Drainage Maintenance) would be adequately funded. As a new development, the District is considering the issuance of new debt for the Suisun Force Main Project in 2026, which would require obtaining a credit rating. As part of that process, the District is starting a new rate study sooner than previously anticipated to allow for the adoption of a new five-year rate schedule in advance of a credit rating process.

The Operations fund revenue source comes, primarily, from the sewer service charge, which supports expenses and initiatives in the District's facilities. The Capital Fund accounts revenue source comes primarily from Capacity Fees and pays for expenses to accommodate growth in the District's service area. The Drainage Maintenance primary revenue source is a fee charged to each property in the service area and pays expenses related to storm drain facilities (again, not part of this study).

The District's sewer service charges are stable with approximately 80% of rate revenue coming from residential customers who are billed a fixed fee on a monthly basis. Commercial and industrial customers are billed based on both a variable rate and a fixed charge.

### **District Financial Goals**

We understand that the District previously set the following long-term goals (paraphrased and grouped for brevity):

- 1) Maintain low residential sewer service rates relative to other agencies
- 2) Build and meet cash reserves targets to ensure smooth cash flow, ensure adequate funding for capital projects and minimize debt
- 3) Maintain debt service coverage ratio as legally mandated
- 4) Ensure that "growth pays for growth" through Capacity Fees
- 5) Manage long-term employment-related liabilities to a sustainable level

### **General Approach**

Through the current RFP, the District is seeking analysis and recommended rate structure(s) for sewer service and capacity fees for a period of five years. While the District conducted a rate study in 2022 that yielded a rate schedule through FY 2026/27, this new study is being conducted to allow the District to pursue a debt issuance for the Suisun Force Main Project in 2026, which would require obtaining a credit rating. This new study will better reflect the inflation of costs that were not predicted by the 2022 rate study. The first proposed rate increase for this new study may replace the previously adopted rate increase of 4% for FY 2026/27.

This proposal describes how we plan to conduct this rate study in order to meet the District's financial obligations and ensure that the District's rates continue to be predictable, stable, and affordable. The study will include a sound strategy for funding the District's capital improvement plan within the context of the District's the reserve targets. Upon completing the financial plan, we will update the District's 5-year sewer rate schedule and the Capacity Fee schedule. If we recommend any modifications to the existing rate structures, we will ensure that they remain fair, equitable, and meet the requirements of Proposition 218 and the benefits of any such change shall be weighed against the financial impacts on each customer class, as well as the ease of administration and ease of understanding by the ratepayers. We will also review and update the District's reserve policies, which serve to minimize adverse impacts from anticipated and unanticipated District expenses, to mitigate and minimize risk, and provide a mechanism to ensure funding for long-term capital improvement needs.

### **FINANCIAL PLAN**

Hildebrand Consulting uses a financial planning approach that leverages tools that recreate each of the District's funds. In addition to capturing changes to 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 current and recommended investments for

improvements as well renewal and replacement of utility systems and the financial impacts to the rate payers. As part of this study, we will evaluate existing O&M and capital costs and estimated future costs.

## **RATE STRUCTURE**

The District's current rates were developed in 2022 in accordance with the Prop 218-compliant cost-of-service methodologies based upon available data, legal requirements, system configuration, resources, customer data, demand and usage characteristics, local practice, and District objectives. Given the recent update to the rate structure, a new cost-of-service analysis and rate structure update is not necessarily required at this time (but not precluded either). Our scope and budget will give the District the option to keep the existing rate structure in order to reduce the cost of the study.

If requested, 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 District goals. Any proposed change will be fully analyzed to fully understand the impact to ratepayers and to the District. Once we understand the range of outcomes, we will work collaboratively with the District to discuss the implications of any change and identify the rate structure approach that is the most appropriate for the District. Any proposed change will be done in the interest of financially and legally protecting the District and its ratepayers.

## **LEGAL LANDSCAPE**

The legal landscape for utility rate setting in California has changed significantly over the past several years. While it has been over 23 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 10 years that have dramatically altered the standards for rate setting. Truly understanding the myriads of court decisions is a nuanced endeavor, therefore it's important to receive guidance from consultants that have California-based experience in addition to experience with nationally accepted industry standards. The District's current rates were thoroughly vetted from a legal perspective in 2022 and we do not anticipate that the rates necessarily need to be significantly modified to be legally robust.

## **CAPACITY FEES**

Capacity fees are one-time fees charged to new connections or to existing connections where a change in use will result in increased discharge to the treatment plant facilities. Sewer capacity charges are designed to help recover the costs of infrastructure and assets that benefit new development. The capacity forecast is updated annually and is based on the City of Fairfield's growth development forecast.

The existing Capacity Fees were developed in 2022 and are based on the "Buy-In" approach. Under this approach, the Capacity Fee recovers the District's past costs for building existing facilities. The District charges a flat fee per residential dwelling units while commercial customers are charged based equivalent units based on estimated wastewater flows and loadings.

## **ADMINISTRATIVE RECORD**

Much like a rate structure with a sound and clear methodology, our team emphasizes the importance of a clear and concise yet comprehensive Administrative Record. We have demonstrated with our past work with the District that true transparency (and, hence, legal defensibility) is achieved when the Administrative Record is (1) organized as an easy reference document, (2) is clear enough to be understood by a layman, and (3) is comprehensive without

including superfluous information. We have been providing such thorough and defensible Administrative Records to his utility client since well before the San Juan Capistrano case made it the “new standard”.

### **COLLABORATIVE APPROACH**

One of the benefits to being a sole proprietor is having additional flexibility to meet the needs of my clients. All of the activities above will be developed in collaboration first with staff, then with the Board and/or committees as appropriate.

## 5. Project 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.

### **Task 1. Project Kickoff, Data Collection 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, and historical water usage data.

Through our past work with the District, we already have a strong understanding of:

- The District's current financial requirements (such as bond covenants) and operational/capital improvement drivers.
- The current District rate model including its configuration and capabilities
- The format and content of utility billing data from the cities of Fairfield and Suisun City
- The District's current policies and procedures, as they affect the rate structure
- The District's current rate structure, user categories, cost allocations, sewer service fees, operating expenses, revenue stream, major maintenance reserve funds and billing program.

Shortly after receiving the data, 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 will provide monthly invoices and 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. 10-Year Financial Plan

In this task, we will use a revenue sufficiency and financial planning model to update the District's 10-Year Financial Plan and develop recommendations for a 5-year rate schedule. The focus on this model will be to look at capital spending and debt scenarios that minimize rate increases and maximize the District's credit rating.

The District's current model (developed by Hildebrand Consulting) was developed to directly load the District's budget and project annual revenue and fee adjustments requirements. As such, the update will be relatively seamless (barring any changes to the District's financial reporting system). 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.

Our team will work directly with District staff to understand the drivers for the Financial Plan and consider uncertainties, such as future regulatory mandate for water usage reductions and water supply/demand trends.

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.

We understand that the District typically tries to avoid debt financing whenever possible, however the primary driver for this study is need to update the District's credit rating for a potential debt issuance for the Suisun Force Main Project in 2026. We will ensure that all financial scenarios support a strong balance of debt coverage, reserves and rate stabilization over the study period in order to yield a strong rating and low interest rates for the loan. We will incorporate different external funding scenarios (e.g., SRF, WIFIA, municipal bonds, etc.) from the District's municipal financial advisor, and determine impact on rates. As part of this task, we will meet with the District's municipal financial advisor.

The District has existing reserve policies which we will review and incorporate in the financial plan. We will forecast the District's fund balances and incorporate these balances and alternative reserve policies into the interactive planning discussions regarding financial sustainability. Our recommendations regarding the reserve policies will be holistic, within the context of all of the District's other reserve policies, including the Operating Reserve and any additional reserves that may be considered by the District.

**Task 2 Meetings:** Financial Planning Workshop with staff

Video conferences with District's financial advisor

**Task 2 Deliverable:** Presentation materials. Study findings will be summarized in the final report (see Task 6).

### Task 3. Cost of Service and Rate Design (optional)

In Task 2, the financial plan model will be used to determine the annual sewer rate revenue requirement during the 10-year planning period, which establishes the District's annual sewer rate revenue requirement. This Task 3 will review and update the cost of service by customer class and the basis for the rate structure. As previously discussed, this task may be optional given the fact that the current rate design was developed in 2022 and an update may not be necessary at this time.

The cost-of-service analysis serves as the foundation for sewer rates by allocating utility costs to 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. We will review the inputs to the cost-of-service analysis from the previous study to determine if they continue to serve the District's objectives relating to revenue stability, conservation, and affordability, while ensuring a fair and equitable distribution of costs, and conformance to accepted industry practice and legal requirements.

Upon completion of the cost-of-service analysis, we will update the rate structure to reflect both the cost of service results as well as the District's financial objectives.

#### Data Requirements

Detailed data from the utility billing systems will be needed to analyze water usage characteristics and perform sewer rate calculations. Data to be extracted from the two utility billing reports will include customer name and account number, customer class, meter size, number of dwelling units, and a 12-month water use history. This data will be reviewed, sorted, organized, and analyzed to provide information on water usage characteristics by customer class. Analysis of metered water usage will be used in sewer rate calculations and will also be useful for education and outreach purposes.

#### Rate Sensitivity Analysis & Survey

Any proposed modifications to the existing sewer rate structure will be contrasted with current sewer rates by comparing monthly bill amounts for a variety of representative customers. In addition, proposed sewer rates will be compared with the rates of neighboring sewer utilities by comparing the monthly sewer bills for representative residential customers. In addition, we will relate the typical sewer bill under proposed rates with average household income within the District's service area.

**Task 3 Meeting:** Rate Structure Workshop with staff

**Task 3 Deliverable:** Presentation materials, including survey results. Study findings will be summarized in the final report (see Task 6).

### Task 4. Capacity Charges

The District's Capacity Charge is a developer charge related to paying for the cost of capacity in the sewer system, including supply, treatment, storage, and distribution. Developers usually pay for the fee to connect a new service to the sewer system, although an incremental fee is charged when a service is up sized. Capacity fees are subject to

the requirements of Government Code Section 66013, which requires that the fees not exceed the estimated reasonable cost of the service.

There are numerous methods to calculate capacity fees. Each method has varying advantages and disadvantages and no method is universally recognized as the best. The District's current capacity fee is based on the Buy-In Method, which is appropriate for systems that have available capacity for accommodating new service connections and have service areas that are largely built out. If the District has developed plans to significantly expand the capacity of its system, we will consider adding the Incremental Method in order to capture the cost of the new infrastructure. The Incremental Method is appropriate when all existing capacity is being fully utilized and therefore new infrastructure needs to be built in order to serve any new growth.

We will discuss with District staff whether deviations from the current methodology are advisable. In general, we will not recommend changes to the methodology unless there are measurable benefits. This will include a thorough review of user categories and cost allocations.

Assuming that we will generally retain the existing methodology, we will update the District's Capacity Fees by collecting the following data and information from the District:

- 1) Fixed asset records providing historical cost, age, and expected life of facilities and long-lived assets
- 2) Existing and past long-term debt used to finance existing facilities
- 3) Cash reserves specifically for capital improvements
- 4) Number of active customer accounts and meter sizes
- 5) Flows and loadings at the wastewater treatment plants

Our approach involves determining the applicable value of the District's system, the cost of future expansion, and the capacity associated with both in order to calculate the unit cost that serves as the basis for the Capacity Fee. Amongst these steps the most flexibility resides with the calculation of the system value, which can be done in several ways. For example, the system value can consider factors such as depreciation, cash reserves, and outstanding debt (none of which was considered by the 2017 report). We will work with District staff to review the methodology used in the 2022 report and determine the most appropriate methodology going forward.

The data collection and meetings for this Task 4 will be done concurrently and in concert with the sewer rate study, therefore no additional meetings or deliverables are necessary.

Government Code Section 66013 has specific requirements regarding the permissible use of capacity fee revenue. Within the context of those legal requirements, we will evaluate the District's policies and requirements regarding the use of capacity funds for re-construction of capacity infrastructure that has reached the end of its service life.

**Task 4 Meeting:** All applicable meetings will be held concurrently with sewer rate study meetings

**Task 4 Deliverable:** Presentation materials. Study findings will be summarized in the final report (see Task 6).

### Task 5. Workshops and Presentations

We will work closely with District staff over the course of the entire project to engage and inform the committee, Board of Directors, and any applicable committees or stakeholder groups. We propose a “baseline” work plan with three meetings with the Board. Additional meetings with the Board or stakeholders can be added, at a fixed cost per meeting, if needed. The three planned presentations to the Board Committee will have the following focuses:

1. Preliminary Findings Workshop: We will provide an overview of the sewer rate-setting process, identify our rate-setting objectives, provide background on the 10-Year Financial Plan including a detailed discussion regarding the capital spending and debt scenarios, review potential rate schedules, discuss bill impacts and compare the rates to other regional utilities (survey). This workshop will also cover the Capacity Fees and financial reserves.
2. Final Recommendation Workshop: In this second presentation 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 and debt scenario. We will give a detailed explanation of the proposed rates and associated bill impacts. At the conclusion of this workshop, we request that the Board direct staff to mail the Prop 218 notification in preparation for the Public Hearing.
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 Plan, and the recommended rates.

The above presentations to the Board are most likely the minimum number of presentations that will be needed (outside of staff meetings). We understand that we may be asked to present findings to outside stakeholders or other committees, as necessary. This may include representatives of Travis Air Force Base and/or industrial users. We are very familiar with such outreach meetings and we are prepared to develop the content and facilitate these meetings to ensure success.

<b>Task 5 Meetings:</b>	Three (3) Board Meetings (including the Public Hearing) Additional meetings will be scheduled as needed
<b>Task 5 Deliverables:</b>	Presentation materials

### Task 6. Reports, Models and Prop 218 Notification

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 (Financial Plan, Sewer Rate Study, and Capacity Charges). The report will include:

- a. A brief physical description of the wastewater system
- b. Overview of financial operations for the last five years
- c. The District’s forecast of capital improvement program needs for the next ten years
- d. The proposed 10-year Financial Plan

- e. A transparent explanation of the basis for cost allocation to customer classes
- f. A clear explanation of the cost-basis for the respective rate structures
- g. A 5-year schedule of proposed sewer rates
- h. The reasons for any material variances from existing rates.
- i. A list of all assumptions and data supporting the study's recommendations
- j. The complete Capacity Fee study, including methodology and an explanation of deviations from the previous methodology

### **Proposition 218 Compliance and Notification**

We will provide guidance and advice to staff to ensure compliance with the rate adoption process required by Proposition 218. We will work with District staff to draft the contents of the required Proposition 218 notice, which will need to be mailed to property owners at least 45 days prior to a public hearing. We assume that the District will work with a printing service to finalize the formatting and mail the Proposition 218 notification.

### **AB 2257**

In addition to Prop 218, there is a new option available to public utilities that provides valuable protections against potential future lawsuits. So-call AB 2257 is an optional "objection" period that the District may choose to implement which would require any would-be plaintiffs to "exhaust administrative remedies" with the District by submitting specific objections to the proposed rates, or else forfeit the right to sue the District at a later time. We will work with the District's legal counsel in order to draft the appropriate language in the public notification and develop an implementation process that conforms with all legal requirements. This process will require reviewing and responding to any objections submitted to the District. While most objections will be easily fielded by District staff, Hildebrand Consulting is available to help respond to the more technical and substantive objections.

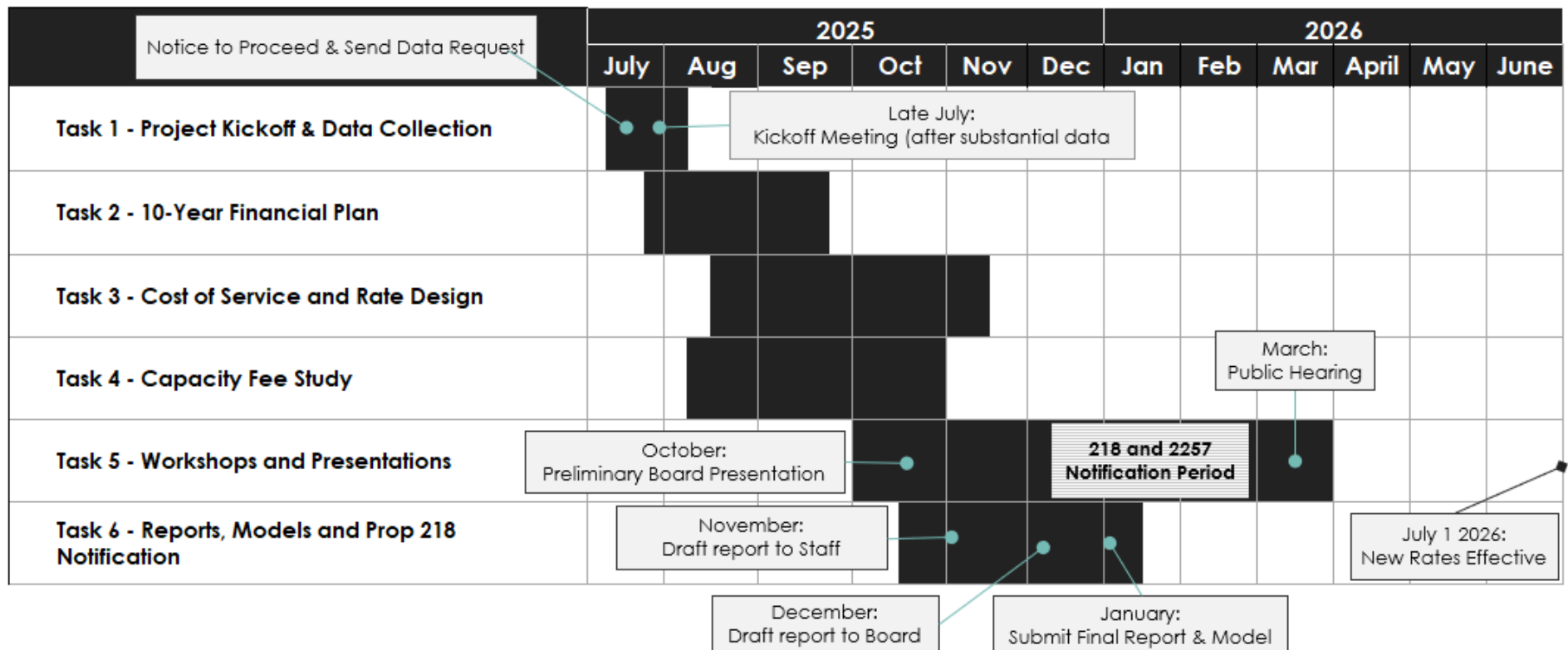
### **Financial Models**

Our team will deliver user-friendly electronic rate models in Microsoft Excel for both the sewer rates (including the financial plan) and the Capacity Fees. The models will be tailored to the format of the District's finances, which will enable the District to update its financial plan as updated financial information becomes available. The model will be capable of being used by the District to plan its future budgets, capital spending, and determine impacts on rates.

<p><b>Task 6 Deliverables:</b></p> <ul style="list-style-type: none"><li>- Administrative Draft, Draft, and Final Study Report</li><li>- Rate model in Excel, including financial plan</li><li>- Capacity Fee model in Excel</li><li>- Draft Proposition 218 Notification Letter</li><li>- Respond to AB 2257 Objections (as needed)</li></ul>
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## Schedule

The following proposed timetable for completing the project assumes that notice to proceed will be received in June 2025 and the target date for the Public Hearing is March 2026. This provides ample time. The schedule below shows general sequencing and timing of the project milestones and tasks. This schedule can be refined during the Kickoff Meeting and over the course of the project as we progress.



## 6. STANDARD CONSULTING AGREEMENT

We have read the District's Standard Agreement and request the follow changes (or similar):

### VII. INDEMNITY

*Contractor shall indemnify, hold harmless and defend, in any actions at law or in equity, the District, its officers, employees, agents, and elective and appointive boards, from all claims, losses, damage, including property damage, personal injury, including death, and liability of every kind, nature and description, including attorneys' fees, to the extent arising from Contractor's **negligence or willful misconduct operations**, or from any persons directly or indirectly employed by, or acting as agent for, Contractor, excepting the sole negligence or willful misconduct of the District.*

## 7. COMPETENCY

Hildebrand Consulting affirms that we have the necessary resources and experience to provide the specified services in a satisfactory and timely manner. We have never had any pending bankruptcies, liens, judgments, lawsuits, arbitrations, or any similar actions filed against us. We have never had a client terminate a contract.

Moreover, as a sole proprietor I have found that I have been able to deliver projects quicker and more efficiently than I was ever able to while with larger consultancies. I welcome the opportunity to have a more in-depth conversation regarding the expediency of my services.

## 8. COST PROPOSAL

We propose a budget below which identifies optional costs and a not-to-exceed budget. Mark Hildebrand's proposed hourly billing rate is \$250, which remains significantly lower than his standard rate when he worked for a larger consultancy.

Hildebrand Consulting does not charge for any travel expenses. We have no hidden fees, and we do not mark-up our direct expenses (if applicable) nor our subconsultants.

	Hours	Hourly Rates	Total
<b>Owner</b>	224	\$250	\$56,000
<b>Subconsultant</b>	NA	NA	\$0
<b>Subtotal</b>	<b>248</b>		<b>\$56,000</b>
Out-of-pocket expenses			\$0
Meals and lodging			\$0
Transportation			\$0
<b>Total Not-to-Exceed</b>			<b>\$56,000</b>

### Hours by Task

	Hildebrand Consulting	Cost by Task
Hourly Rate:	\$250	
Task 1 Project Kickoff and Data Collection	8	\$2,000
Task 2 10-Year Financial Plan	44	\$11,000
Task 3 Cost of Service and Rate Design (optional)	46	\$11,500
Task 4 Capacity Fee Study	32	\$8,000
Task 5 Board Presentations (3)	18	\$4,500
Task 6 Reports, Models and Prop 218 Notification	52	\$13,000
<b>Total Hours:</b>	<b>200</b>	
Direct & Travel Expenses:		\$0
<b>Proposed Fee*:</b>		<b>\$38,500</b>
Contingency for In-Person Board meetings (3):		\$3,000
Contingency for Task 3:		\$11,500
Contingency for additional AB 2257 effort:		\$3,000
<b>Total Not to Exceed:</b>		<b>\$56,000</b>

We propose to bill monthly for the actual time and expenses incurred, up to the contract limit. Payment is due within 30 days.

# Attachment A: Resume

MARK HILDEBRAND  
FOUNDER AND PRINCIPAL



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 120 rate studies for similar projects. The following is a sample of some of those projects.

### **San Juan Water District**

Conducted multiple rate studies and cost of service projects for both the retail and wholesale enterprises.

### **Coachella Valley Water District, Comprehensive Rate Study**

Project Manager for a multifaceted rate study to a wholesale State Water Contractor that provides domestic water, sewer, recycled water, canal (irrigation) water, and replenishment program services.

### **City of Fullerton, Water Rate Study**

Current Project Manager in delivering a comprehensive water cost-of-service analysis and rate design project to address the City's epidemic of water main ruptures. Spent extensive time with a citizen advisory committee in order to determine the proper level of capital reinvestment in the City's underground infrastructure.

### **City of Santa Ana, Comprehensive Water, Sewer and Recycled Water Rate Study**

Project Manager in delivering a comprehensive 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.

### **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.

### **Sewer Rate Study, Ross Valley Sanitation District**

Delivering a comprehensive wastewater financial plan, cost-of-service analysis and rate design project for this relatively small special district in Marin California. The scope of work may include a consolidation assessment of two local systems.

**Water and Sewer Rate Studies, Santa Rosa, CA** – Performing 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**

Current 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 is examining SGMA costs and funding mechanisms for the lead agency of their GSA.

### **Indio Water Authority, Cost Allocation Plan & Fee Study**

Lead consultant for a cost allocation plan project in association with a Comprehensive Service Fee Study. The project developed a comprehensive list of Service Fees that were set at levels to reflect the true cost of providing the services and in compliance with OMB Circular A87. The scope included identification of new Service Fees and calculation of the maximum-justifiable rates. This study also examined anticipated GSP costs and rate structures.

### **Marin Municipal Water District, Financial Planning**

Provided financial planning services and drought rate planning as well as litigation support.

### **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.

# Attachment B: California Client List

Partial List of Hildebrand Consulting California Clients										
	Financial Planning	Cost of Service	Rate Structure	Wholesale Rates	Capacity Charges	User Fees	Cost Allocation Planning	Public Engagement	Privatization	Litigation Support
Bakersfield (City)	•	•								
Berkeley (City)	•						•			
Carmichael Water District	•	•	•	•	•			•		
Casitas Municipal Water District	•	•	•				•	•		•
Central Marin Sanitation District										
Cloverdale (City)	•	•	•					•		•
Coachella Valley Water District	•	•	•	•	•	•		•		•
Coachella (City)	•	•	•		•	•	•	•		
Cotati (City)	•	•	•		•					
Corona (City)	•	•	•					•		
East Palo Alto Sanitary District	•				•	•		•		
EMBUD (East Bay Municipal Utilities District)	•				•					
Fairfield Suisun Sanitary District	•	•	•	•	•		•	•		
Fullerton (City)	•	•	•			•		•		•
Healdsburg (City)	•	•	•			•				
Huntington Beach (City)	•	•	•		•	•	•	•		
Indian Wells Valley Water District	•	•	•					•		•
Indio Water Authority	•	•	•		•	•	•	•		
Las Gallinas Valley Sanitary District	•	•	•				•	•		
Lodi (City)	•	•	•				•	•		
Jackson (City)	•	•	•			•	•			
Kirkwood Meadows PUD	•	•	•				•			
Merced (City)	•	•	•					•		
Mill Valley (City)		•		•			•			
Marin Municipal Water District	•	•	•	•		•	•	•		•
Moulton Niguel Water District	•	•	•					•		
MWD of Orange County				•						
North Marin Water District	•	•	•	•			•	•		
Novato Sanitary District	•	•	•				•	•		
Ontario (City)	•	•					•			
Petaluma (City)	•	•	•				•	•		
Port of Oakland	•							•		
Pomona (City)	•	•	•			•	•	•		
Ridgecrest (City)	•	•	•		•	•	•	•		•
Rohnert Park (City)	•	•	•						•	
Ross Valley Sanitary District	•	•	•	•					•	
Sacramento Suburban Water District	•	•	•					•	•	
San Andreas Sanitary District	•	•	•	•					•	
San Diego (City)	•	•	•							•
San Diego County Water Authority	•									
San Jose (City)	•						•			
San Juan Water District					•	•				
Sewage Agency of Southern Marin (SASM)	•	•	•	•			•			•
Santa Ana (City)	•	•	•				•	•		
Santa Clara Valley Water District	•									
Santa Rosa (City)	•	•	•							
Sutter Creek (City)	•	•	•	•				•		
Tamapias Community Services District	•							•		•
Ukiah (City)	•	•	•	•			•	•		•
Ukiah Valley Sanitary District	•	•	•	•			•	•		
Union Public Utilities District	•	•	•	•						•
Upper Russian River Water Agency	•	•	•	•						
Upper Ventura River Ground Water Auth.	•	•	•					•		•
West Basin Municipal Water District										
West Valley San. Dist. of Santa Clara	•	•			•					
Willow County Water District	•	•	•					•		
Windsor (City)	•	•	•					•		

FAIRFIELD-SUISUN SEWER DISTRICT  
RESOLUTION NO. 2025-XX

**A RESOLUTION AUTHORIZING THE DIRECTOR OF ADMINISTRATIVE SERVICES  
TO EXECUTE A CONSULTING SERVICES AGREEMENT WITH HILDEBRAND  
CONSULTING, LLC FOR THE 2025 COST OF SERVICE AND RATE STUDY**

WHEREAS, the Fairfield-Suisun Sewer District last completed a Cost of Service and Rate Study in 2022, which set the Sewer Service Charges for FY 2022-23 through FY 2026-27; and,

WHEREAS, the Fairfield-Suisun Sewer District desires to start the Cost of Service and Rate Study one year earlier than scheduled to support potential external funding options for the Suisun Force Main Rehabilitation Project that may require a credit rating.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

1. The Director of Administrative Services is hereby authorized to execute a Consulting Services Agreement for the 2025 Cost of Service and Rate Study with Hildebrand Consulting, LLC in an amount not-to-exceed \$56,000.
2. The General Manager is authorized and directed to take all steps necessary and proper to implement this resolution.

PASSED AND ADOPTED this 23rd day of June 2025, by the following vote:

AYES: Directors \_\_\_\_\_

NOES: Directors \_\_\_\_\_

ABSTAIN: Directors \_\_\_\_\_

ABSENT: Directors \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Clerk



# FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • [www.FairfieldSuisunSewer.ca.gov](http://www.FairfieldSuisunSewer.ca.gov)

June 23, 2025

## AGENDA REPORT

TO: Executive Committee

FROM: Jordan Damerel, General Manager  
Karl Ono, Senior Engineer

SUBJECT: Authorization to Apply for FY25 Defense Community Infrastructure Program Grant for the Suisun Force Main Reliability Project

**Recommendation:** Authorize the General Manager to submit a proposal for, and if awarded, to enter into an agreement to receive Federal grant monies through the Office of Local Defense Community Cooperation's (OLDCC's) Defense Community Infrastructure Program (DCIP), up to the maximum award amount of \$20 million.

**Background:** Design of the District's Suisun Force Main Reliability Project is currently in progress, with construction of the project anticipated to begin in 2026. Staff intends to pursue a variety of external funding sources, including grant opportunities, to pay for design and construction of the project.

In 2023, the City of Fairfield and Solano County led a County-wide planning study through a Military Installation Resilience Review (MIRR) grant from the United States Department of Defense's OLDCC to identify infrastructure risks, hazards, and vulnerabilities of infrastructure throughout the community that support Travis Air Force Base (TAFB). The District participated in this study, and the Suisun Force Main Reliability Project was identified as one of the five priority projects for the community to help increase resilience by supporting the mission of TAFB.

The OLDCC issues an annual competitive grant process for its DCIP, which is specifically intended to assist state and local governments, and not-for-profit, member-owned utilities, in addressing deficiencies in community infrastructure supportive of a military installation. Eligible costs include only hard construction and renovation costs, defined as those costs directly associated with construction project administration, inspection, construction, utilities, and contingency costs required to undertake a construction project, as well as costs of capital equipment affixed to real property with a depreciable life of not less than 7 years.

**Discussion:** District staff are engaging with experts on OLDCC programs, with TAFB command leadership, and with the Travis Community Consortium to secure technical and communication support. At this time, District staff are not aware of any other local entities that intend to apply for the DCIP grant during this fiscal year.

Any project funded by DCIP would need to meet specific Federal requirements, including Buy America, Build America (BABA) provisions; good faith outreach to disadvantaged business enterprises; and additional work associated with the National Environmental Policy Act (NEPA; similar to the California Environmental Quality Act, but with different requirements and procedures). While these provisions would increase the cost of the project, the potential grant value would more than compensate for the additional upfront costs.

The DCIP program would require a 30% local match at a minimum. Because the current project estimates are greater than \$50 million, and the maximum award of a DCIP grant will be \$20 million, the District will significantly exceed the 30% minimum match requirement. This grant opportunity is attractive and advantageous as it does not require repayment and does not have significant administrative fees associated with it.

Proposals are due by July 3, 2025, and notifications of award are expected in August 2025. All grant funds would need to be expended within 5 years of award.

**Fiscal Impact:** The grant application is being prepared primarily by District staff, with less than \$10,000 of professional services support providing Department of Defense expertise. If awarded to the District, the grant would provide up to \$20 million of supplemental funding for the Suisun Force Main Reliability Project that would not require repayment. These funds would significantly offset the project costs.

Attachment: Resolution 2025-XX Authorizing DCIP Grant Application

FAIRFIELD-SUISUN SEWER DISTRICT  
RESOLUTION NO. 2025-XX

**A RESOLUTION AUTHORIZING THE GENERAL MANAGER TO APPLY FOR THE  
DEPARTMENT OF DEFENSE OFFICE OF LOCAL DEFENSE COMMUNITY  
COOPERATION DEFENSE COMMUNITY INFRASTRUCTURE PROGRAM GRANT**

WHEREAS, the Fairfield-Suisun Sewer District (District) is considering all options to fund the Suisun Force Main Reliability Project; and,

WHEREAS, the Suisun Force Main Reliability Project has been identified as defense-related critical infrastructure that supports the mission readiness for Travis Air Force Base; and,

WHEREAS, the Department of Defense's Office of Local Defense Community Coordination (OLDCC) provides grant funding for community infrastructure that supports military installations in the form of the Defense Community Infrastructure Program (DCIP); and,

WHEREAS, the District has previously received and successfully managed Federal and State grants; and,

WHEREAS, the District and the Suisun Force Main Reliability Project meet the eligibility requirements to apply for a DCIP grant.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF THE FAIRFIELD-SUISUN SEWER DISTRICT THAT:

1. The District hereby authorizes the General Manager to prepare and submit a DCIP grant proposal and subsequent application to the OLDCC.
2. Should the District be awarded a DCIP grant, the District hereby authorizes the General Manager to enter into the necessary agreements to receive the funds.
3. The General Manager is authorized and directed to take all steps necessary and proper to implement this resolution.

PASSED AND ADOPTED this 23rd day of June 2025, by the following vote:

AYES: Directors \_\_\_\_\_

NOES: Directors \_\_\_\_\_

ABSTAIN: Directors \_\_\_\_\_

ABSENT: Directors \_\_\_\_\_

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
District Clerk



# FAIRFIELD-SUISUN SEWER DISTRICT

1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • [www.FairfieldSuisunSewer.ca.gov](http://www.FairfieldSuisunSewer.ca.gov)

## Board of Directors Meeting Agenda

### Board of Directors

Jenalee Dawson, President  
Catherine Moy, Vice President  
Doug Carr  
Alma Hernandez  
Amit Pal  
Doriss Panduro  
Parise Shepherd  
Scott Tonnesen  
Princess Washington  
K. Patrice Williams  
Pam Bertani, First Alternate  
Manveer Sandhu, Second Alternate

**Meeting Date:** Monday, June 23, 2025  
**Meeting Place:** 1010 Chadbourne Road, Fairfield, CA  
**Meeting Time:** 6:00 p.m.

1. Roll Call
2. Pledge of Allegiance
3. Public Comments
4. Director Comments
5. General Manager Report

### 6. **Consent Calendar:**

### Page

- (a) Adopt Resolution No. 2025-XX Awarding Construction Contract for the Nitrogen Removal Phase 1 Project; and Adopt Resolution No. 2025-XX Authorizing the General Manager to Execute a Consulting Services Contract with Hazen and Sawyer in the amount of \$665,630 for Project Engineering Services .....#
- (b) Adopt Resolution No. 2025-XX Approving Consulting Services Agreement with Hildebrand Consulting, LLC for the 2025 Cost of Service and Rate Study in an Amount Not-to-Exceed \$56,000 .....#
- (c) Authorize Application for Defense Community Infrastructure Program Grant.....#
- (d) Approve Board Minutes of April 28, 2025 .....#

### 7. **Discussion Item:**

- (a) Presentation on the District Master Planning Efforts – Master Planning and Financing

### 8. **Action Item:**

- (a) Adopt Resolution No. 2025-XX Approving Second Amendment to Lease Agreement between the District and Lystek International Corp .....#

### 9. **Information Item:**

- (a) Board Calendar .....#

--End of Agenda--

The Fairfield-Suisun Sewer District will provide reasonable disability-related modification or accommodation to a person with a disability who requires a modification or accommodation in order to participate in the meeting of the Board of Directors. Please contact the District at (707) 429-8930 at least 48 hours before the meeting if you require such modification or accommodation.

Documents that are disclosable public records required to be made available under California Government Code Section 54957.5 (b) (1) and (2) are available to the public for inspection at no charge during business hours at our administrative offices located at the above address.

Members of the public may speak on any matter within the jurisdiction of the Fairfield-Suisun Sewer District by identifying themselves at the beginning of the meeting. Comments on matters not listed on the agenda will be taken under Public Comments. Comments on matters appearing on the agenda will be taken during consideration of the item.



# FAIRFIELD-SUISUN SEWER DISTRICT







1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • [www.FairfieldSuisunSewer.ca.gov](http://www.FairfieldSuisunSewer.ca.gov)

June 11, 2025

## AGENDA REPORT

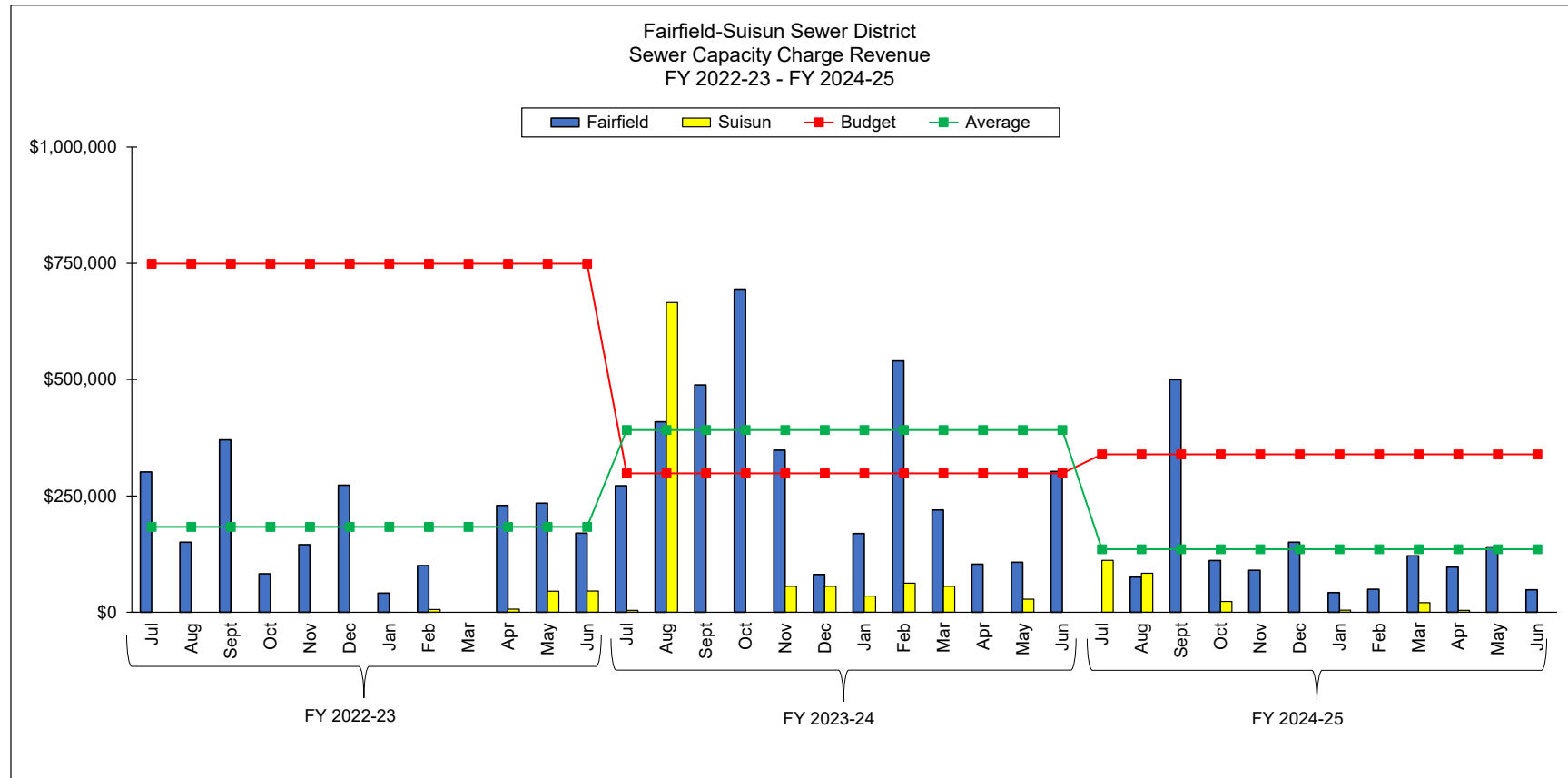
TO: Executive Committee  
FROM: Ben Carver, Operations Manager  
SUBJECT: Operating Data Summary – May 2025

### May 2025 Data

<b>Average plant flow</b>	<b>12.6</b> million gallons per day	Equivalent to <b>19</b> Olympic sized pools! 
<b>Solids removed from the water</b>	<b>311</b> dry tons	11% turned into biogas 89% turned into Lystek fertilizer 
<b>Completed Work Orders</b>	<b>1,181</b> completed work orders this month	 91%  Preventative  Corrective
<b>Renewable energy produced</b>	<b>108,740</b> kilowatt-hours	Renewable energy provided <b>12%</b> of the plant's power needs. This is equivalent to 127 single-family homes 
<b>Sewer lines inspected by CCTV</b>	<b>5,000</b> feet <b>0</b> feet	City of Suisun City lines FSSD Lines
<b>Permit excursions &amp; Sewer System Overflows (Cat 1-3)</b>	<b>0</b>	

### Year to Date 2025

<b>Influent Flow Average</b> <b>15.9 MGD</b>	<b>Permit Excursions</b> <b>0</b>
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**FAIRFIELD-SUISUN SEWER DISTRICT****MINUTES**1010 Chadbourne Road • Fairfield, California 94534 • (707) 429-8930 • [www.FairfieldSuisunSewer.ca.gov](http://www.FairfieldSuisunSewer.ca.gov)**Board of Directors Meeting Minutes**

Date: Monday, May 19, 2025

Meeting Place: 1010 Chadbourne Road, Fairfield, California

Meeting Time: 6:00 pm

1. The meeting was called to order at 6:01 p.m. by President Jenalee Dawson. President Dawson presided over the meeting.

Roll Call – The following Board members were present: Directors Carr, Dawson, Hernandez, Pal, Panduro (6:05 pm), Shepherd, and Williams. Directors Moy, Tonnesen and Washington were absent. No Board Alternates were present.

2. Pledge of Allegiance was led by Director Amit Pal.
3. Public Comments: No comments.
4. Director Comments: No Comments.
5. General Manager Report – General Manager Jordan Damerel reported Rockville Corner and Solano Landing is moving forward, meeting requirements of County Agreement/LAFCO. Clorox's Wastewater Discharge Permit was renewed with lower chlorine limit requirements. Associate Engineer Ian Bronswick gave an update on the Kellogg Resiliency Project. General Manager Damerel reminded the Board members to register for CASA 2025 Annual Conference in July.
6. Consent Calendar:
  - (a) Adopt Resolution No. 2025-14 Authorizing the General Manager to Execute a Construction Contract for the Roof Rehabilitation Project to Barth Roofing Company, Inc. in the Amount of \$1,050,900.00
  - (b) Adopt Resolution No. 2025-15 Re-Adopting Investment Policy
  - (c) Review Board Compensation
  - (d) Approve Board minutes of April 28, 2025

No comments.

Upon motion by Director Hernandez, seconded by Director Shepherd, the Consent Calendar was passed by the following vote:

AYES: Carr, Dawson, Hernandez, Pal, Panduro, Shepherd, Williams  
 NOES: None  
 ABSTAIN: None  
 ABSENT: Moy, Tonnesen, Washington

7. Action Item:

- (a) Conduct a Public Hearing and Receive a Presentation on Workforce Vacancies and Recruitment and Retention Efforts in Compliance with Assembly Bill 2561 (Government Code §3502.3)

Human Resources Manager Kim Kraft presented information on workforce vacancies and recruitment and retention efforts providing information on current vacancy levels, barriers to recruitment, average time to fill positions, and efforts underway related to employee retention and future budget implications.

8. Action Items:

- (a) Adopt Resolution No. 2025-16 Approving the FY 2025-26 Budget and Long-Term Financial Plan

Management Analyst Lindsay Sagastume and Director of Administrative Services James Russell-Field presented the FY 2025-26 Budget and Long-Term Financial Plan.

Upon motion by Director Carr, seconded by Director Hernandez, Action Item No. 8a was passed by the following vote:

AYES: Carr, Dawson, Hernandez, Pal, Panduro, Shepherd, Williams  
NOES: None  
ABSTAIN: None  
ABSENT: Moy, Tonnesen, Washington

- (b) Adopt Resolution No. 2025-17 Approving Pay Rate Schedule

Director of Administrative Services James Russell-Field discussed the 2% cost-of-living increase based on Clerical Workers Consumer Price Index (CPI-W), which was presented as an Action Item in compliance with CalPERS regulations for transparency in public employee compensation.

Upon motion by Director Panduro, seconded by Director Shepherd, Action Item No. 8b was passed by the following vote:

AYES: Carr, Dawson, Hernandez, Pal, Panduro, Shepherd, Williams  
NOES: None  
ABSTAIN: None  
ABSENT: Moy, Tonnesen, Washington

(c) Adopt Resolution No. 2025-18 Approving the Updated Conflict of Interest Code

Director of Administrative Services James Russell-Field noted the updated Conflict of Interest Code to reflect the administrative changes to match the District's 2025 Pay Rate Schedule.

Upon motion by Director Shepherd, seconded by Director Carr, Action Item No. 8c was passed by the following vote:

AYES: Carr, Dawson, Hernandez, Pal, Panduro, Shepherd, Williams

NOES: None

ABSTAIN: None

ABSENT: Moy, Tonnesen, Washington

9. Information Item:  
(a) Board Calendar

No comments.

The meeting adjourned at 6:52 pm.

Respectfully submitted,

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President

ATTEST:

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District Clerk

## Fairfield-Suisun Sewer District

### Contemplated Board of Directors Agenda Items

June 23, 2025

Month Year	Contemplated Board of Directors Meeting Agenda Items	Executive Committee	Board of Directors
July 2025	1. Quarterly Investment Report 2. Award Design Contract for Lopes Lift Station Capacity Expansion 3. Award Professional Services Contract for Collection System Master Plan 4. General Manager Quarterly Check-In (Executive Committee)	7/21/2025	7/28/2025
August 2024		Not Scheduled	Not Scheduled
September 2025	1. General Manager Quarterly Check-In (Executive Committee) 2. Treatment Plant Energy Profile and Cost Saving Measures 3. SFMR biddability/ Construct review/ CM award 4. Award Design Contract for Sewer Trunk Lining Rehabilitation Project	9/15/2025	9/22/2025
October 2025	1. Quarterly Investment Report 2. Discussion on Drainage Maintenance Program Funding Deficit 4. Receive Report on District Internship Program	10/20/2025	10/27/2025
November 2025	1. Adopt Board Calendar for 2026 2. Receive Report on District Community Engagement Strategy 3. Award Construction Contract for Electrical Replacement Project, Phase 2	11/17/2025	11/24/2025
December 2025		Not Scheduled	Not Scheduled
January 2026	1. Quarterly Investment Report 2. Report on Financial Audit for FY 2023-2024 3. General Manager Quarterly Check-In (Executive Committee)	1/12/2026	1/26/2026
February 2026	1. Directors Report on CASA Winter Conference	2/9/2026	2/23/2026
March 2026	1. Directors Report on CASA DC Policy Forum Meeting 2. Award Professional Services Contract for the Storm Drain Master Plan	3/16/2026	3/23/2026
April 2026	1. Quarterly Investment Report 2. Report on Vacancies per AB 2561 3. General Manager Annual Performance Evaluation	4/20/2026	4/27/2026
May 2026	1. Adopt Resolution Approving Budget 2. Adopt Resolution Approving Employee Salary Schedule 3. Review Updates and Approve Investment Policy 4. Review Board Compensation	5/11/2025	5/18/2025
June 2026	1. 2.	6/15/2022	6/22/2026