



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: 2025-26 Water and Sewer Service Charges for the Davenport County Sanitation District

Meeting Date: March 11, 2025

Formal Title: AS THE BOARD OF DIRECTORS OF THE DAVENPORT COUNTY SANITATION DISTRICT: Schedule a public hearing for May 6, 2025, at 9:00 am or thereafter, to consider adopting a resolution amending the Davenport County Sanitation District Fiscal Year 2025-26 water and sewer service charges, and take related actions

Recommended Actions

1. Schedule a public hearing for Tuesday, May 6, 2025, at 9:00 a.m. or thereafter, to consider adopting a resolution setting fiscal year 2025-26 water and sewer service charges;
2. Approve the Notice of Public Hearing and direct Davenport County Sanitation District staff to mail notice of the date and time for the scheduled hearing to those required by California Proposition 218; and
3. Direct the Clerk of the Board to publish the Notice of Public Hearing, in a newspaper of general circulation, once a week for two consecutive weeks prior to the date of the hearing, as required by Government Code Section 6066 and County Code Chapter 4.26.

Executive Summary

The proposed FY 2025-26 sewer service charges are presented, and a public hearing is required to be set. These charges have been developed by the Davenport County Sanitation District revenue consultant and are set to be in proportion with the cost of service for each customer classification.

Discussion

Annually, the Davenport County Sanitation District (District) evaluates expected costs (operations and maintenance costs, needed capital outlays, debt service, etc.) and anticipated revenues. The District's revenue consultant, Hornberger Engineering, uses this evaluation to determine the upcoming fiscal year's sewer service charges necessary to fund the District. To implement the proposed charges, it is necessary to adopt a resolution. Prior to adopting this resolution, it is required to first hold a public hearing. Attached for the Board's approval are two Notices of Public Hearing for the proposed FY 2025-26 water and sewer service charges. One notice to be mailed to customers within the District, and the other to be published in the Santa Cruz Sentinel newspaper.

	Existing	Proposed	Proposed
	2024-25	2025-26	2025-26
	<u>Charges Per Year</u>	<u>Charges Per Year</u>	<u>Change</u>
<u>Water Customers</u>			
Residential Flat Rate	\$2,281.28	\$2,281.28	\$0.00/month

Commercial Flat Rate	\$597.22	\$595.84	-\$0.12/month plus
Commercial (Per HCF*)	\$14.01	\$14.78	\$0.06/HCF*
Schools Flat Rate	\$597.22	\$595.84	-\$0.12/month plus
Schools (Per HCF*)	\$14.01	\$14.78	\$0.06/HCF*

Sewer Customers

Residential Flat Rate	\$2,383.28	\$2,493.34	\$9.17/month
Commercial Flat Rate	\$749.72	\$771.80	\$1.84/month plus
Commercial (Per HCF*)	\$20.02	\$21.10	\$0.09/HCF*
Schools Flat Rate	\$749.72	\$771.80	\$1.84/month plus
Schools (Per ADA**)	\$48.25	\$50.84	\$0.22/ADA**

* Hundred Cubic Feet of Water

** Average Daily Attendance

The water service charge is proposed with a 0.5 percent overall increase. In past fiscal years water services charges were increased as capital was needed to cover portions of the project costs to build two new water tanks and rehabilitate an existing tank. As these projects will be completed in FY 2024-25, no such large capital investment is required in FY 2025-26. In FY2024-25, the General Fund, as directed by Supervisor Cummings (District 3), contributed \$50,000 to the construction of the new water tanks, reducing the amount of funds rate payers had to pay. Considering these factors, along with the fact that bulk water sales were up by \$11,400, greatly lowered the revenue requirement for FY 2025-26. The rates, however, are required to stay approximately the same (with a 0.5 percent overall increase), because operations and maintenance costs are up by \$10,000 and \$46,665 of revenue is required to pay back the money borrowed last year from the sewer reserve fund to minimize the previous rate increase. Additionally, \$73,335 will be used to build up the depleted water reserves.

A 4.7 percent overall increase is proposed for sewer service charges. This increase is due to two main factors: operations and maintenance costs are up by \$13,000 and \$10,000 is being set aside for work required on the sewer infrastructure. The increase in rates would need to be more than 4.7 percent but two main factors brought the revenue requirement down: a long-time loan was paid off in FY 2024-25 and less contribution to the sewer reserve fund is needed this year.

The FY 2025-26 Revenue Study is attached for the Board's review.

Financial Impact

An overall increase in the water service charges of 0.5 percent is expected to result in \$321,700 of collected water service charges (GL Key 625125-42068). An overall increase in the sewer services charges of 4.7 percent is expected to result in \$300,900 of collected sewer service charges (GL Key 625125-41866).

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure
Operational Plan - Operational Excellence

Submitted By:

Matt Machado, Deputy CAO / Director of Community Development and Infrastructure

Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.