



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: Public Hearing on 2025-26 Davenport County Sanitation District Water and Sewer Service Charges

Meeting Date: May 6, 2025

Formal Title: AS THE BOARD OF DIRECTORS OF THE DAVENPORT COUNTY SANITATION DISTRICT: Hold public hearing, adopt resolution setting 2025-26 water and sewer service charges, effective July 1, 2025, set a public hearing on June 10, 2025, at 9:00am or thereafter, to adopt a resolution confirming the water and sewer service charge reports, and take related actions

Recommended Actions

1. Open a public hearing and hear objections or protests, if any, to the proposed charges;
2. Close the public hearing, and upon its conclusion;
3. Adopt resolution setting the 2025-26 water and sewer service charges;
4. Set June 10, 2025, at 9:00 a.m. or thereafter, as the date and time for a public hearing on the service charge reports; and
5. Direct the Clerk of the Board to publish the notice of public hearing 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

To continue with the proceedings to establish sewer and water service charges for the Davenport County Sanitation District, the Board must open the public hearing on the charges, consider objections or protests, if any, close the public hearing, and consider adoption of the attached resolution establishing the water and sewer service charges. Additionally, the Board must set a public hearing to consider the service charge reports for the District.

Discussion

On March 11, 2025, the Board set May 6, 2025, at 9:00 a.m. or thereafter, as the date and time of the public hearing to consider the attached resolution establishing changes to the water and sewer service charges for the Davenport County Sanitation District (District) that will be effective as of July 1, 2025. Further, the Board directed Staff to mail notices of today's public hearing to all affected property owners and directed the Clerk of the Board to publish the notice in a newspaper of general circulation. On the mailed notice, there was a math error in the 'proposed change' column for the 'Hundred Cubic Feet' (HCF) and 'Average Daily Attendance' (ADA) increase calculations, which was corrected in a follow-up mailer.

The proposed water and sewer service charges for FY 2025-26 are as follows:

Existing	Proposed	Proposed
2024-25	2025-26	2025-26
<u>Charges Per Year</u>	<u>Charges Per Year</u>	<u>Change</u>

Water Customers

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	\$0.77/HCF
Schools Flat Rate	\$597.22	\$595.84	-\$0.12/month plus
Schools (Per HCF)	\$14.01	\$14.78	\$0.77/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	\$1.08/HCF
Schools Flat Rate	\$749.72	\$771.80	\$1.84/month plus
Schools (Per ADA)	\$48.25	\$50.84	\$2.59/ADA

HCF = Hundred Cubic Feet

ADA = Average Daily Attendance

The water service charge is proposed with a 0.5 percent overall increase required in FY 2025-26. In FY 2024-25, discretionary funding allocated to District 3, as directed by Supervisor Cummings, contributed \$50,000 to the construction of 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, the revenue requirement was greatly lowered 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 service fund 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 necessary work on the sewer infrastructure. The increase in rates would 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 the sewer reserve fund requires fewer contributions this year.

The 2025-26 revenue study is attached for the Board's review, and the service charge reports will be filed with the Clerk of the Board and posted electronically on or before May 23, 2025, on the following website:

<https://cdi.santacruzcountycal.gov/PublicWorks/CSAs/ChargeReports.aspx>.

These reports, containing the Assessor's parcel number, a description of each parcel of real property receiving sanitary sewage and water services, and the amount of the charges, allows for public review at least two weeks prior to the June 10, 2025, public hearing. The purpose of the June 10, 2025, hearing is for the Board to hear and consider all objections or protests, if any, to the service charge reports. The service charge reports must be approved by the Board and forwarded to the Auditor-Controller by August 10, 2025, in order to be included on the 2025-26 property tax roll.

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 CEO / Director of Community Development and Infrastructure

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

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