



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** Health Services Agency

**Subject:** Schedule Public Hearing for FY 2025-26 Charges – CSA 12

**Meeting Date:** May 6, 2025

**Formal Title:** Adopt resolutions for County Service Area 12, Wastewater Management (CSA 12) for Fiscal Year 2025-26 confirming established benefit assessments/service charges, and setting public hearing for June 10, 2025, on proposed Assessment/Service Charge Reports, and take related actions

### **Recommended Actions**

1. Adopt a resolution confirming the established benefit assessments/service charges for County Service Area Number 12, Wastewater Management (CSA 12) for Fiscal Year (FY) 2025-26;
2. Adopt a resolution setting a public hearing for June 10, 2025, on the proposed FY 2025-26 Assessment/Service Charge Reports for CSA 12; and
3. Direct the Clerk of the Board to publish the notice of the public hearing once a week for two successive weeks prior to the date set for hearing, on May 30, 2025, and June 6, 2025, in a newspaper of general circulation printed and published in Santa Cruz County, pursuant to Government Code Section 6066 and County Code Section 4.26.150.

### **Executive Summary**

The Health Services Agency (HSA) recommends that the Board take actions necessary to adopt the FY 2025-26 annual service charges for parcels with septic systems, now called onsite wastewater treatment systems (OWTS). OWTS charges are governed under County Service Area Number 12, Wastewater Management (CSA 12). CSA 12 funds various services to promote the proper use of countywide OWTS and regulatory activities required by the State Water Resources Control Board (State Water Board) Policy for Onsite Wastewater Treatment Systems (State OWTS Policy) and the County's approved Local Area Management Program (LAMP). HSA proposes that the FY 2025- 26 rates for CSA 12 and CSA 12A be increased 4% over the prior FY 2024-25 rates. HSA proposes that the FY 2025-26 rates for CSA 12N remain the same as prior FY 2024-25 rates.

### **Discussion**

OWTS, aka septic systems, are the primary method for treating and disposing of sewage in rural areas where sewer systems are not available or too expensive to install. There are approximately 24,250 parcels with OWTS in the rural areas of Santa Cruz County. Successful use of these OWTS requires that they be properly maintained to protect public health and prevent water pollution. In order to finance these services, property owners with OWTS pay annual service charges on their tax bills through CSA 12, which covers 22,790 of the parcels with OWTS. There are approximately 1,460 parcels with OWTS that are within sanitation districts or incorporated areas and not subject to the CSA 12 charges.

CSA 12 provides funding for the OWTS services of HSA Environmental Health Division

(Environmental Health) to promote proper septic system function and maintenance. The CSA 12 service areas were created by the Santa Cruz County Board of Supervisors in 1989 to provide for improved management of wastewater disposal in unsewered areas. Charges were first collected in FY 1990-91.

The charges fund the following activities:

- Development and operation of septic tank sludge disposal facilities;
- Development and maintenance of a computerized information system to track septic system performance and maintenance;
- Water quality monitoring to evaluate impacts of wastewater disposal;
- Development of educational programs for enhanced septic system management;
- Development and implementation of the State-mandated Local Area Management Plan (LAMP); and
- Analysis of information and reporting to the state.

In 1999, the California State legislature passed Assembly Bill (AB) 885, which called for the State Water Board to develop statewide standards for regulation of OWTS. On June 19, 2012, the State Water Board adopted the State OWTS Policy, which became effective May 13, 2013. The State OWTS Policy establishes minimum standards for regulation of OWTS but allows for implementation of local regulations if the local agency establishes a LAMP that provides a comparable level of water quality protection. On August 24, 2021, the Board authorized submittal of the Santa Cruz LAMP and it was approved by the Regional Water Quality Control Board (RWQCB), a division of the State Water Board, on October 14, 2021. The LAMP requires a higher level of oversight and management of OWTS.

Pursuant to Santa Cruz County Code Chapter 4.26, HSA annually computes the benefit assessment/service charge rates for CSA 12. This process involves several steps:

1. The Board adopts a resolution confirming the amounts of the benefit assessment/service charge rates;
2. HSA prepares a report identifying each parcel receiving the special benefit and the amount of the charge for each parcel;
3. The report is posted for public review;
4. The Board holds a public hearing prior to adoption of the Assessment/Service Charge Report; and
5. The charges are then placed on the annual tax bill for the involved properties.

There are three different categories of charges for OWTS:

1. CSA 12: \$34.19 per parcel - County wide Septic System Maintenance.
2. CSA 12A: \$23.74 per parcel - Zone A - San Lorenzo Wastewater Management.
3. CSA 12N: \$339.61; \$1,360.48; or \$171.34 per parcel - three tiers for Nonstandard Systems.

## 1. CSA 12 - Countywide Septic System Maintenance

A basic CSA 12 charge of \$34.19 per parcel is collected from all county-wide developed parcels with septic systems; these number approximately 22,790 parcels located in unsewered areas of the county. This charge provides for various services to facilitate septic tank pumping, related maintenance activities, and management oversight for properties with septic systems throughout the county. Services include: administering septage disposal facilities; promoting regular tank pumping and maintenance; monitoring and inspecting system performance and water quality; complaint investigation; septic nuisance abatement; and managing information regarding septic system constraints, site conditions, and records of septic tank pumping, inspections, repairs, and installations. These charges are regulatory fees and costs associated with said activities for specific parcels with OWTS as required by the State OWTS Policy and are, therefore, not subject to Propositions 218 and 26. For FY 2025-26, this charge will increase to \$35.56 per parcel due to increased inspection costs.

## 2. CSA 12A - San Lorenzo Wastewater Management

An additional charge of \$23.74 is collected from approximately 12,870 developed, unsewered parcels located within the San Lorenzo River Watershed, defined as Zone A of CSA 12 (CSA 12A). This charge provides for a higher level of oversight including regular inspections, abatement of problem septic systems, water quality monitoring, investigation of community disposal alternatives for areas with problem septic systems, and administration of management programs to correct past wastewater disposal problems in the area. Implementation of this program is mandated by the State OWTS Policy and RWQCB as a condition of continued use of septic systems by all properties within the San Lorenzo River Watershed. This Watershed has the highest need for proper septic system management within the county. Accordingly, Environmental Health has managed this region for the last thirty years with a concentrated planning and management regime according to the RWQCB's approval of the County's 1995 Wastewater Management Plan for the San Lorenzo River Watershed, following a period of strict wastewater discharge prohibitions imposed by the State from 1982-1995. This Management Plan provides a comprehensive wastewater program for the San Lorenzo Watershed which includes regular water quality testing to identify problems, field inspections and evaluations of septic systems, and other efforts to promote better wastewater management. These charges are regulatory fees to fund said activities for specific parcels with OWTS as required by the State OWTS Policy and are, therefore, not subject to Propositions 218 and 26. For FY 2025-26, the CSA 12A charge will increase to \$24.69 per parcel due to increased inspection costs.

The CSA 12 and CSA 12A charges will increase 4% in FY 2025-26. Table 1 below summarizes the current FY 2024-25 and proposed FY 2025-26 service charges for CSA 12 and CSA 12A.

Table 1: Current and Proposed Service Charges for CSA 12 and CSA 12A

Current and Proposed Service Charges for CSA 12 and CSA 12A			
	FY 25/26 Estimated Number or Parcels	Current FY 24/25 Rates	Proposed FY 25/26 Rates at 4% Increase
CSA 12	22790	\$34.19	\$35.56
CSA 12A	12870	\$23.74	\$24.69

### 3. CSA 12N - Inspection and Management of Nonstandard Systems

An additional service charge, CSA 12N, is collected for approximately 1,053 parcels served by nonstandard septic systems. These OWTS include enhanced treatment systems, haul-away systems, and nonconforming systems which do not meet conventional standards. These systems require closer supervision by the property owner and the County to ensure that they function properly and do not fail. Since 1990, pursuant to Chapter 7.38 of the County Code, such systems have required regular inspection by County staff and payment of an annual fee to cover the costs of inspection and monitoring of water quality. Since 1993, this has been collected as an additional CSA 12 service charge. Property owner acknowledgment and acceptance of the ongoing annual collection of this fee is a condition of initial approval of the special system use permit. These fees are imposed as a condition of development permit approvals and are therefore not subject to Proposition 218 and 26.

The service charge for Nonstandard systems is set at one of three levels, depending on the type of system, the amount of monitoring required, and the extent to which monitoring and maintenance is completed by a private sector certified Onsite System Service Provider (OSSP). The OSSP conducts inspections, effluent testing, any necessary system maintenance, and provides the inspection records to Environmental Health, for verification by staff.

The CSA 12N charge for the three levels for FY 2025-26 (1,053 parcels) is:

- \$339.61 - Nonconforming Systems (Level 4: approximately 99 parcels): inspection of low flow, nonconforming systems are set at a level to recover the costs of oversight of those types of systems, including a biennial inspection.
- \$1,360.48 - Alternative/ Enhanced Treatment Systems (Level 3, no OSSP: approximately 29 parcels): if the parcel owner does not engage an OSSP per current county ordinance, county staff will have to conduct the inspection and complete the paperwork to bring them into compliance.
- \$171.34 - Managed Alternative/ Enhanced Treatment Systems (Level 6, with OSSP: approximately 925 parcels): the fee for managed alternative/enhanced treatment systems covers the costs of administering the OSSP program, with periodic checks of the alternative systems to verify that they are being properly monitored and maintained.

These CSA 12N charges will remain the same in FY 2025-26. Table 2 below summarizes the current FY 2024-25 and proposed FY 2025-26 service charges for CSA 12N.

Table 1: Current and Proposed Service Charges for CSA 12N

Current and Proposed Service Charges for CSA 12N			
	FY 25/26 Estimated Number or Parcels	Current FY 24/25 Rates	Proposed FY 25/26 Rates at No Increase
Nonconforming	99	\$339.61	\$339.61
Alternative Treatment with OSSP	925	\$171.34	\$171.34
Alternative Treatment Out of Compliance for an OSSP	29	\$1,360.48	\$1,360.48

The CSA 12 Wastewater Management Benefit Assessment/Service Charge Report - Proposed Fiscal Year 2025-26 Septic Systems / Onsite Wastewater Treatment Systems (OWTS) will be made available at least two weeks prior to the public hearing date of June 10, 2025.

### **Financial Impact**

FY 2025-26 rates for CSA 12 and CSA 12A will increase 4% over FY 2024-25. FY 2024-25 rates for CSA 12N will remain the same in FY 2025-26. The CSA 12 service charges generate approximately \$1,359,678 in annual revenue under three accounts including: 133607/41862 (CSA 12), 133608/41862 (CSA 12A), and 133607/41671 (CSA 12N).

### **Strategic Initiatives**

Operational Plan - Sustainable Environment

### **Submitted By:**

Monica Morales, Director of Health Services

### **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.