



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: 2025-26 Sewer Service Charges for the Freedom County Sanitation District

Meeting Date: March 11, 2025

Formal Title: AS THE BOARD OF DIRECTORS OF THE FREEDOM COUNTY SANITATION DISTRICT: Schedule a public hearing on May 6, 2025, at 9:00 am or thereafter, to consider adopting a resolution amending the Freedom County Sanitation District 2025-26 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 the 2025-26 sewer service charges;
2. Approve the Notice of Public Hearing and direct Freedom County Sanitation District staff to mail the notice of the date and time for the scheduled hearing to those required by 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 Freedom County Sanitation District's revenue consultant and are set to be in proportion with the cost of service for each customer classification.

Discussion

Annually, the Freedom 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. To adopt this resolution a public hearing must be held. Attached for the Board's approval are two Notices of Public Hearing for the proposed FY 2025-26 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.

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

<u>Type of Customer</u>	<u>Existing 2024/2025 Charges Per year</u>	<u>Proposed 2025/2026 Charges Per year</u>	<u>Proposed 2025/2026 Increase</u>
Single Family Residential	\$882.76	\$908.46	\$2.14/month
Multi-Family/Apartments	\$576.66	\$591.50	\$1.24/month
Mobile Homes	\$890.42	\$916.40	\$2.16/month

Commercial Facility Flat Rate	\$198.92	\$197.62	-\$0.11/month plus
Commercial (Per HCF)	\$7.84	\$8.12	\$0.02/HCF
Schools Flat Rate	\$198.92	\$197.62	-\$0.11/month plus
Schools (Per ADA)	\$18.90	\$19.57	\$0.06/ADA

HCF = Hundred Cubic Feet

ADA = Average Daily Attendance

The proposed service charges for FY 2025-26 reflect an overall increase of 2.9 percent. The largest contributor to this rate increase is the need for manhole and sewer main repairs; \$230,000 will be collected for these upgrades. Additionally, \$100,000 will be collected for reserves, as the District's account was depleted by an emergency repair in FY 2023-24. The District is responsible for a share of the City of Watsonville's treatment costs and capital improvements to the City's wastewater treatment plant which treats the District's wastewater. For FY 2025-26, the District's share is expected to be \$532,369 which is down 4.1 percent from FY 2024-25.

The 2025-26 revenue study is attached for the Board's review.

Financial Impact

An overall increase in the sewer service charges of 2.9 percent is expected to result in \$1,634,000 of collected charges (GL Key 625130-41866).

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure

Operational Plan - Operational Excellence

Submitted By:

Matt Machado

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.