SANTA CRUZ COUNTY COMMUNITY DEVELOPMENT & INFRASTRUCTURE PUBLIC WORKS DIVISION

CSA 7 - BOULDER CREEK ZONE 1 AND 2 ENGINEER'S REPORT

January 26, 2026

CSA 7 - Zone 1 Boulder Creek

Wastewater Treatment Plant

CSA 7 - Boulder Creek Zone 2

Big Basin Wastewater Treatment Plant

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Introduction

Background Information

On May 21, 1968, the Board of Supervisors passed and adopted Resolution number 345-68 to establish Boulder Creek County Service Area (CSA) No. 7 to provide operation and maintenance of the Boulder Creek Wastewater Treatment Plant, pursuant to Government Codes 25210. This CSA 7 charges each connected parcel, within the CSA boundary, a fee for sewer service, as an incident of property ownership. BCWTP treats the domestic wastewater from the Boulder Creek Country Club and housing suburbs with an average daily flow of 30,144 gallons per day. These facilities are operated and maintained by the County of Santa Cruz Public Works' Sanitation Division, administered through CSA 7, pursuant to CA Government Code § 61100(b) and the Sanitary District Act of 1923, Division 6. Revenues to operate the treatment facility and associated sewer collection system are collected via annual charges levied on all parcels whose properties are connected to the system.

On June 25, 2024, the Board of Supervisors passed and adopted Resolution number 190-2024 ratifying the transfer agreement of real property and business assets within the County Service Area No. 7 Boulder Creek Zone 2 to establish and incorporate the Fallen Leaf neighborhood into the CSA 7 annual fee report. The parcels within the Fallen Leaf neighborhood were previously served by the Big Basin Water Company wastewater treatment plant which was severely damaged by the CZU fire in 2020 and was inoperable until August 17, 2023. In November 2023, the Superior Court of the State of California for the County of Santa Cruz appointed Silver & Wright LLP as the Court's Receiver for the BBWCWTP. The California Regional Water Quality Control Board, Central Coast Region and Silver & Wright worked closely with the County of Santa Cruz to take over maintenance and operation of the BBWCWTP wastewater plant. The Fallen Leaf neighborhood is comprised of 32 parcels, as identified on the Assessor's Parcel book 83 page 29. Since these parcels connect to BBWCTP not BCWTP, they are a distinct zone, within CSA 7, and the Board formed a distinct zone pursuant to CA Gove Code §25217-25217.4 (2023). Therefore, Zone 1 includes all the CSA 7 parcels served by BCWTP. Zone 2 includes all 32 Fallen Leaf neighborhood parcels, plus an additional CalFire parcel receiving extended services outside the CSA 7 jurisdictional boundary, per CA Government Code § 25217.2.

As required by the Constitution Article XIII D, Section 6, this Engineer's Report describes the improvements, operation and maintenance to be financed through CSA 7 revenue. The report provides updated budgets and the increases attributable to each parcel to cover the increased costs of maintaining and operating the BCWTP and BBWCWTP.

CSA No. 7 Zone 1 consists of 254 sewer connections, 3.0 miles of 8-inch gravity sewer main, 1.27 miles of 4" force main, 83 sewer manholes, 6 clean outs, a wastewater treatment plant, 5 pump stations and 248 linear feet of leach field. These facilities are operated and maintained by the County of Santa Cruz Department of Public Works' Sanitation Division. Revenues to operate the treatment facility and associated sewer collection system are collected on annual property tax bills from all parcels whose homes are connected to the system.

Method of Apportionment

A. Fee Analysis

Under Section 25215 of the Government Code, whenever the Board of Supervisors determines that the amount of revenue available to a county service area or any of its zones is inadequate to meet the costs of operating and maintaining the services and facilities that the county service area provides, the Board may raise sewer service charges to increase revenues, consistent with the requirements of Article XIII of the California Constitution. Zone 1 and Zone 2 sewer service charges are proposed to being increased to meet the operation and maintenance needs for BCWTP and BBWCWTP.

The cost of ongoing operation and maintenance needs for CSA 7 Zone 1 and Zone 2 are identified in the following analysis. Under this Engineer's Report, no charge is imposed on any parcel which exceeds the reasonable cost conferred on that parcel due to its proportional share of the improvement, operation, and maintenance facility cost.

Charge Reports

Zone 1: There are 343 parcels in CSA 7 Zone 1. 39 have their own septic system and thus are exempt from the charge report. 96 parcels have single family residences (SFR) and 88 of those pay fees currently. 8 single family homes and their connections were destroyed in the CZU fire and do not currently pay a fee. 163 parcels contain multifamily residences or condominiums. Three (3) parcels have commercial buildings. A summary of fiscal year 2025-2026 charges is included below to show the historical method of apportionment of fees:

Unit Type	No. of Units	Sewer Service Charge FY 2025-2026
Single Family	88	$2,813.45
Condos	163	$2,536.55
Commercial Flat Rate	3	$1,941.17
Commercial per HCF (Hundred Cubic Feet)	1	$8.86

From the charges noted above, historically, condos pay 90% of what single-family residence (SFR) pays. Commercial properties pay a lump sum that is 69% of the SFR, plus a use-based charge to account for the higher discharge rates seen at commercial properties. In this Engineer's Report, all rates are to receive a uniform 14.2% increase in their sewer service charge but the method of apportionment is not changing. The proposed annual charge increases are included in this report.

Zone 2: The method of apportionment used to charge each parcel in CSA 7 Zone 2 is the equivalent benefit unit (EBU) method. The equivalent benefit unit method is commonly used approach for levying charges on parcels within a CSA. Under this method, each parcel is assigned an equivalent benefit unit based on sewer discharge relative to that of a parcel that contains a single-family residence (SFR). The total annual cost of operating, maintaining and servicing the CSA is divided by the sum of all equivalent benefit units to determine the cost per unit. This is similar to the method used in formation of the CSA 7 Zone 1 charges.

There are 32 parcels in CSA 7 Zone 2; the CalFire parcel is in process of being annexed, resulting in 33 parcels. Two parcels are publicly owned and contain sewer facility infrastructure, and one other parcel is unbuildable. These three parcels were thus exempt from the analysis. There are 29 remaining residential parcels.

Unit Type	No. of Units	Sewer Service Charge FY 2025-2026
Single Family (Connected to Sewer)	11	$3,818.30
Fire Station	1	$7,636.60
Standby (Vacant Buildable Parcel)	18	$954.57

In Zone 2, out of the 29 parcels, there are 18 parcels that had active sewer connections to BBWCWTP but do not currently utilize those connections due to property damage from the CZU fire. These parcels are assessed a standby charge equivalent to a quarter of that charged for a single family residence.

There are 11 parcels in the Fallen Leaf neighborhood that have permanent residences. These parcels are charged the full 1.0 single family residence fee. There is one accessory dwelling unit that will be charged 0.5 of a single family residence. The parcel equivalents, based on parcel status, is tabulated below with their respective charges.

Zone 2 Equivalent Benefit Units FY 25-26		
TYPE	**EBU**	**Fee**
Single Family Residence	1	$3,818.30
Fire Station	2	$7,636.60
Accessory Dwelling Unit	0.5	N/A
Standby	0.25	$954.57

The charge attributable to each parcel assumes all previously built out parcels will eventually rebuild and use the immediately available sewer discharge service. This is the optimal future status for Zone 2.

COST ESTIMATES

Funds raised by the charges shall be used only for the purpose as shown in the cost estimate. The total proposed operation and maintenance charge revenue for FY 2026-2027 for Boulder Creek Zone 1 is $764,071.74. The proposed FY 2027-2028 budget includes and estimated 3% CPI increase for sewer service charges.

The proposed service charge increase in FY26-27 is necessary to fund the CSAs revenue requirements. Revenue increases will be allocated as follows:

$26,111 to cover increased operation and maintenance costs, including higher utility costs and additional permit fees.

$28,000 to replenish capital reserves depleted following the CZU Fire repairs at the treatment plant.

$47,589 to cover potential additional costs associated with the construction of the Equalization Tank Project.

COUNTY OF SANTA CRUZ
COUNTY SERVICE AREA NO. 7
ZONE 1 BOULDER CREEK

	Item Description	Actual FY 25-26	Proposed Budget FY 26-27	Proposed Budget FY 27-28
	Beginning Fund Balance	$ 289,898.00	$ -	$ -
	Revenue			
	CSA Service Charges	$ 662,367.00	$ 764,071.74	$ 786,989.24
	Other Revenue -Grant	$ 405,312.00	$ -	
	Bond Proceeds	$ 800,000.00	$ -	
	Other Revenue - Interest	$ 6,505.71	$ 5,000.00	$ 5,150.00
	Total Revenue	$ 1,874,184.71	$ 769,071.74	$ 792,139.24
1	**Maintenance and Improvement**			
	Maintenance and Operation	$ 403,480.50	$ 374,800.00	$ 386,044.00
	Spill Response	$ 1,450.00	$ 2,979.74	$ 3,064.25
	Generator Repair	$ -	$ -	$ 900.00
	Pump & Motor Replacement	$ 8,182.71	$ 8,800.00	$ 9,000.00
	Engineering	$ 1,000.00	$ 1,000.00	$ 1,000.00
	Sludge Disposal	$ 6,200.00	$ 17,500.00	$ 17,500.00
	Lab Testing	$ 3,400.00	$ 6,000.00	$ 6,150.00
	Cathodic Protection	$ 1,700.00	$ 1,750.00	$ 1,800.00
	EQ Tank Replacement	$ 1,582,913.00	$ 166,361.03	$ -
	Inflow & Infiltration (I&I) Reduction	$ 2,000.00	$ -	$ 60,000.00
	Capital Reserves	$ -	$ 28,000.00	$ 135,055.99
	Subtotal	**$ 2,010,326.21**	**$ 607,190.77**	**$ 620,514.24**
2	**Admin/Contract Management**			
	Principal on Bond	$ 15,000.00	$ 25,000.00	$ 25,000.00
	Interest on Bond	$ 24,292.50	$ 24,880.97	$ 33,550.00
	Utilities	$ 75,000.00	$ 66,000.00	$ 67,000.00
	Permits	$ 34,000.00	$ 40,000.00	$ 40,000.00
	Sanitation Admin/CSA/Public Hearings	$ 1,700.00	$ 2,200.00	$ 2,200.00
	IRWM Coordination	$ 1,764.00	$ 1,800.00	$ 1,825.00
	Acct & Audit Fees	$ 2,000.00	$ 2,000.00	$ 2,050.00
	Subtotal	**$ 153,756.50**	**$ 161,880.97**	**$ 171,625.00**
	Total Expenditure	**$ 2,164,082.71**	**$ 769,071.74**	**$ 792,139.24**
	Ending Fund Balance	$ -	$ -	$ -

COUNTY OF SANTA CRUZ
COUNTY SERVICE AREA NO. 7

Zone 2 Big Basin Water Co. Wastewater Treatment Plant

For Zone 2 the total proposed maintenance and operation revenue for FY 2026-2027 for BBWCWWTP is $115,671.76. The proposed FY 2027-2028 budget does not include a service charge rate increase.

The proposed rate increase for FY 27-28 is necessary to cover State and County permit fees ($4,502) and PG&E utilities that were not considered when Zone 2 was established.

	Item Description	Actual FY 25-26	Proposed Budget FY 26-27	Proposed Budget FY 27-28
	Beginning Fund Balance	$ (273.00)	$ -	$ (0.00)
	Revenue			
	CSA Service Charges	$ 66,152.00	$ 115,671.76	$ 115,671.76
	Interest	$ (667.80)		
	Total Revenue	$ 65,484.20	$ 115,671.76	$ 115,671.76
1	**Maintenance and Improvement**			
	Maintenance and Operation	$ 60,709.20	$ 63,500.00	$ 66,450.00
	Pump & Motor Replacement		$ 2,000.00	$ 5,000.00
	Lab Testing		$ 3,778.76	$ 3,918.25
	Capital Reserves	$ -	$ -	$ 17,801.51
	Subtotal	**$ 60,709.20**	**$ 69,278.76**	**$ 93,169.76**
2	**Admin/Contract Management**			
	Utilities	$ -	$ 41,891.00	$ 18,000.00
	Permits	$ 4,502.00	$ 4,502.00	$ 4,502.00
	Subtotal	**$ 4,502.00**	**$ 46,393.00**	**$ 22,502.00**
	Total Expenditure	**$ 65,211.20**	**$ 115,671.76**	**$ 115,671.76**
	Ending Fund Balance	**$ -**	**$ (0.00)**	**$ (0.00)**

Charge Calculation and Proposed Charge

The sewer service charge levied on each parcel is based on the direct cost of providing service to the parcels within the boundaries of the CSA.

The costs to provide sewer service increase over time, so typically rates are raised in accordance with the Consumer Price Index (CPI) annually. However, due to the extent of the improvements required and the increase in operation costs, an increase of the CPI, will not be sufficient. The proposed sewer service charge for the 2026/2027 fiscal year is necessary to cover the cost of maintenance and operations expenses as well as funds for reserves to go towards replacement costs of these assets in the future.

Proposition 218 Considerations

Proposition 218, which the voters of the State of California passed on November 5, 1996, contains requirements for the imposition of a fee or charge for property related services. Requirements for fees and charges are contained in Section 6 of Article XIII D.

Paragraph (b) describes the requirements for new, existing, or increased fees and charges, as:

1) Revenues shall not exceed the funds required to provide the service.

2) Revenues shall not be used for any other purpose.

3) The amount of the fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.

4) No fee or charge may be imposed unless the service is actually used by or immediately available to the owner of the property in question.

5) No fee or charge shall be imposed for general governmental services, i.e., police, ambulance, library, where the service is available to the public at large in substantially the same manner as it is to the property owners.

ANNUAL CHARGE INCREASES

Each parcel within Zone 1 shall be assessed an increase in their charges, per Government Code Section 53739 and at a rate established by the County necessary to maintain and operate the sewer collection system.

The table below outlines the 2-year future increases for Zone 1, with FY27-28 assuming a CPI of 3%. The total revenue is shown with 1% less to account for the County Assessor fees.

CSA 7 Zone 1	Number of Units	FY 25-26 Current Rate	FY 26-27 Proposed Rate	FY 26-27 Revenue	FY 27-28 Estimated Rate	FY 27-28 Revenue
Condominum	163	$2,536.55	$2,896.74	$472,168.62	$2,983.64	$486,333.68
Single Family	88	$2,813.45	$3,212.96	$282,740.48	$3,309.35	$291,222.69
Commercial Rate	3	$1,941.17	$2,216.81	$6,650.43	$2,283.31	$6,849.94
Commercial per HCF	1010.88	$8.86	$10.12	$10,230.11	$10.42	$10,537.01
TOTAL (less 1%)				**$764,071.74**		**$786,993.89**

Note: Commercial HCF varies year to year based on water consumption

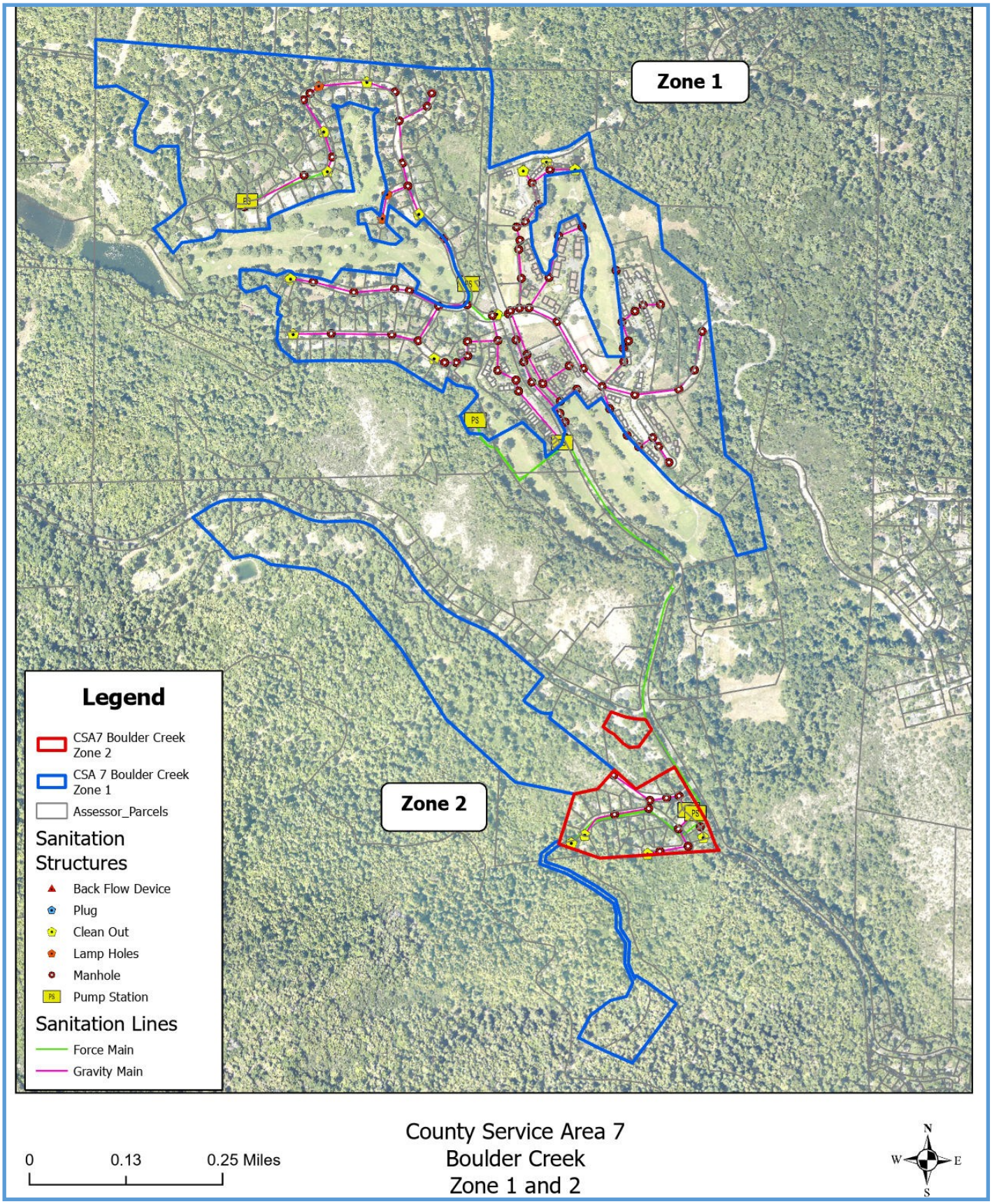
Each parcel within Zone 2 shall be assessed an increase in their charges per Government Code Section 53739. The table below outlines the 2-year future increases for Zone 2, with FY 26-27 revenue with an increase of 70% and FY27-28 revenue with an increase of 0% in charges. The total revenue is shown with 1% less to account for the County Assessor fees.

CSA 7 Zone 2	No. of Units	FY 25-26 Current Rate	FY26-27 Proposed Rate	FY26-27 Revenue	FY27-28 Estimated Rate	FY27-28 Revenue
SFR	11	$3,818.30	$ 6,491.12	$71,402.32	$ 6,491.12	$71,402.32
Fire Station	1	$7,636.60	$ 12,982.24	$12,982.22	$ 12,982.24	$12,982.24
Accessory Dwelling Unit	1	N/A	$ 3,245.56	$3,245.56	$ 3,245.56	$3,245.56
Stand By (Vacant Buildable Parcel)	18	$954.57	$ 1,622.78	$ 29,210.04	$ 1,622.78	$29,210.04
TOTAL (less 1%)				**$115,671.76**		**$115,671.76**

This report and recommended charges comply with these requirements as follows:

- Revenues generated by this charge will not exceed funds required to provide sewer services and shall not be used for any other purpose, besides what has been described herein.
- The sewer charge is the proportional cost of provided service to the parcels in the CSA and the charge is for actual use or is immediately available to the property in question.

A Charge Report (a listing of the Assessor's Parcel Numbers to be levied with the proposed charge amounts) is not contained in this report, but will be filed with the County Clerk in an electronic format prior to the public hearing regarding the levy and collection of the charges for the 2026/2027 fiscal year. The proposed Charge Report, after being filed with the County Clerk, shall be available for public inspection in the County Clerk's Office during normal business office hours.

CSA 7 Boulder Creek

Zone 1 and 2