



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure - Public Works

Subject: Fiscal Year 2026-27 Sewer Service Charges for County Service Area 7 Zone 2 – Big Basin Wastewater Treatment Plant

Meeting Date: March 10, 2026

Formal Title: Schedule a public hearing for May 5, 2026, at 9:00 am or thereafter, to consider adopting a resolution amending sewer service charges for County Service Area 7 Zone 2 – Big Basin Wastewater Treatment Plant, and take related actions

Recommended Actions

1. Schedule a public hearing for Tuesday, May 5, 2026, at 9:00 a.m. or thereafter, to consider adopting a resolution setting Fiscal Year 2026-27 sewer service charges for County Service Area 7 Zone 2 – Big Basin Wastewater Treatment Plant;
2. Approve the Notice of Public Hearing and direct County Sanitation 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

Proposed sewer service charges for Fiscal Year (FY) 2026-27 for County Service Area (CSA) 7 Zone 2 – Big Basin Wastewater Treatment Plant are presented, and a public hearing is required to be set. These charges have been developed by the Senior Civil Engineer of Sanitation Operations and are set to be in proportion with the cost of service for each customer classification.

Discussion

The Big Basin Wastewater Treatment Plant (WWTP) sustained significant damage from the CZU fires in August 2020 and remained inoperable until August 2023. The WWTP was privately owned by Big Basin Water Company. The WWTP treats domestic wastewater for the Fallen Leaf neighborhood and the California Department of Fire (CDF) facility on Jamison Creek Road. 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 Big Basin Wastewater Treatment Plant. The California Regional Water Quality Control Board and Silver & Wright worked with the County of Santa Cruz to take over maintenance and operations of the wastewater treatment plant.

For the formation of CSA 7 Zone 2, Community Development and Infrastructure (CDI) staff evaluated the estimated costs for the operation and maintenance and the anticipated revenues. The services of Bowman & Williams as Assessment Engineer were retained to evaluate the costs and revenues to determine the initial sewer service charges. The total Engineer's Estimate for operation and maintenance costs for FY

2024-25 was estimated at \$68,050. The WWTP required additional improvements, an automatic transfer switch for standby power, sludge tank installation and handrails which were estimated to cost \$128,900. These improvements were paid by the State Water Board and completed in November 2024.

In April 2024, the Fallen Leaf neighborhood voted in favor of CDI taking over maintenance and operations of the Big Basin WWTP and Sanitation Operations staff began to maintain the WWTP on July 1, 2024.

Annually, Santa Cruz County Service Areas (CSAs) evaluate expected costs (operations and maintenance costs and needed capital outlays) and anticipated revenues. The Senior Civil Engineer of Sanitation Operations uses this evaluation to determine the upcoming fiscal year's sewer service charges necessary to fund the CSAs. The preliminary Engineer's Report containing the analysis is provided for your review. While the Engineer's Report includes figures for both CSA 7 Zone 1 – Boulder Creek, and CSA 7 Zone 2 – Big Basin, their rates are set separately. CSA 7 Zone 1 – Boulder Creek proposed rates will be presented to the Board in a separate memo.

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 2026-27 sewer service charges. One notice to be mailed to customers within the CSA 7 – Zone 2, and the other to be published in the Santa Cruz Sentinel newspaper.

The Engineer's Report prepared by Bowman & Williams at the time of the CSA formation forecasted that each fiscal year there would be at least two homes rebuilt. However, that has not been the case. Of the 29 parcels that are zoned residential, the Fallen Leaf neighborhood has only 11 homes and one accessory dwelling unit (ADU) that are rebuilt.

A proposed rate increase of 70% percent for CSA 7 Zone 2 – Big Basin Wastewater Treatment Plant is necessary to adequately fund the CSA's revenue requirements. This increase in revenue is necessary to cover the costs of the State Water Resources Control Board annual permit fee required to operate the wastewater treatment plant and PG&E utility costs. These expenditures were not included in the Bowman & Williams Engineer's Report at the time of CSA formation and therefore not included in the initial rate structure for CSA 7 Zone 2.

The State Water Board annual permit fee was initially charged in December 2024 at \$14,103 and the State waived the fee on a one-time basis. In December 2025, this permit fee was reduced to \$4,439 with the State noting that since CDI took over maintenance, the wastewater treatment plant has been meeting water quality requirements and there is a reduced threat to water quality.

In March 2025, the receiver Silver & Wright transferred the PG&E account for the Big Basin WWTP to CDI. The average annual cost for electricity is \$17,990 including department overhead. Currently, PG&E is not charging CSA 7 Zone 2 directly (as billing was invoiced to Zone 1). However, once the PG&E accounts are reconciled, CSA 7 Zone 2 will reimburse Zone 1 in full for charges incurred.

The proposed service charge increases for FY 2026-27 will continue to fund maintenance and operations, as well as cover the costs for utilities and permit fees.

The proposed sewer service charges are shown in the table below.

Table 1: Proposed Sewer Service Charges for FY 2026-27

CSA No.	CSA Name	User Group	2025-26 Rates \$ per year	2026-27 Rates \$ per year
CSA 7 Zone 2	Boulder Creek	Single Family (Connected to Sewer)	\$3,818.30	\$6,491.12
		Fire Station	\$7,636.60	\$12,982.24
		Accessory Dwelling Unit	N/A	\$3,245.56
		Stand By (Vacant Buildable Parcel)	\$954.57	\$1,622.78

ADU rate is 50% of the SFR rate

The proposed annual charges were presented by CDI at a community meeting held on February 12, 2026.

Financial Impact

An overall increase in the sewer service charges of 70 percent is expected to result in \$115,671 of collected sewer service charges (GL Key 625106-41866).

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:

Nicole D. Coburn, County Executive Officer

Artificial Intelligence Acknowledgment:

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