



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

AGENDA DATE: MAY 15, 2025

BOARD OF DIRECTORS
SANTA CRUZ COUNTY SANITATION DISTRICT
701 Ocean Street, Room 410
Santa Cruz, California 95060

Adopted by the
Board of Directors, SCCSD
on *May 15, 2025*
ATTEST: *[Signature]*
Secretary

SUBJECT: PUBLIC HEARING - RESOLUTION ADOPTING 2025/26 SEWER SERVICE CHARGES,
EFFECTIVE JULY 1, 2025

Members of the Board:

On March 20, 2025, the Board set today, May 15, 2025, at 4:45 p.m., as the date and time for a hybrid public hearing to hear objections or protests, if any, to the proposed 2025/26 sewer service rate increases, and then to consider adoption of the attached resolution setting sewer service charges for Santa Cruz County Sanitation District for fiscal year (FY) 2025/26. After the March 20, 2025, Board meeting, approximately 42,200 notices were mailed to District customers. Additionally, a newspaper notice was published in accordance with Government Code section 6062(a) announcing today's public hearing.

The proposed 2025/26 sewer service charges have been developed by the District's revenue consultant, Hornberger Engineering, based on the District's FY 2025/26 revenue requirements. The District will continue to complete rehabilitation projects as in years past and will contribute approximately \$173 million to capital improvement projects in the next 10 years.

The proposed service charges reflect an overall 7.7% increase above the 2024/25 service charges. The District is required to contribute an additional \$1.7 million for the City of Santa Cruz wastewater treatment and plant operation costs and capital improvements. This increase represents 4.9% of the District's total service charge increase. A significant contributing factor increasing District operation and maintenance expenses is inflation. Other contributing factors are higher odor control material costs, increased utility costs, and the addition of a project manager in the engineering group to manage capital improvement projects.

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Based on the program developed by Hornberger Engineering, the proposed sewer service charges for 2025/26 are listed below:

RESIDENTIAL CUSTOMERS							
User Group ¹	Proposed Charges Per		Current Charges Per		Proposed Increase Per		
	Month	Year	Month	Year	Month	Year	Change (%)
Single Family ²	\$96.28	\$1,155.36	\$89.44	\$1,073.28	\$6.84	\$82.08	7.6%
Multiple Family ³	\$82.70	\$992.40	\$76.96	\$923.52	\$5.74	\$68.88	7.5%
Mobile Home	\$70.47	\$845.64	\$65.72	\$788.64	\$4.75	\$57.00	7.2%

COMMERCIAL CUSTOMERS AND SCHOOLS							
User Group ¹	Proposed Flat Charge ⁴		Current Flat Charge ⁴		Proposed Flat Charge Increase ⁴		
	Month	Year	Month	Year	Month	Year	Change (%)
All Commercial and Schools	\$37.62	\$451.44	\$35.59	\$427.08	\$2.03	\$24.36	5.7%
User Group ¹	Plus Proposed Volume Charge Per HCF ⁴		Plus Current Volume Charge Per HCF ⁴		Proposed Volume Charge Increase		
					Volume Charge Per HCF ⁴	Change (%)	
Restaurants/Bakeries	\$16.96/HCF		\$15.42/HCF		\$1.54/HCF	10.0%	
Food Processing	\$20.20/HCF		\$18.20/HCF		\$2.00/HCF	11.0%	
Convalescent Hospitals	\$13.20/HCF		\$12.14/HCF		\$1.06/HCF	8.7%	
Other Businesses	\$12.61/HCF		\$11.64/HCF		\$0.97/HCF	8.3%	
Schools (Sr. High ADA Basis)	\$43.85/ADA		\$40.56/ADA		\$3.29/ADA	8.1%	
Schools (Elem. & Jr. High ADA Basis)	\$29.27/ADA		\$27.08/ADA		\$2.19/ADA	8.1%	
Schools - Usage Basis	\$12.15/HCF		\$11.24/HCF		\$0.91/HCF	8.1%	
Junior Colleges (FTES Basis)	\$38.63/FTES		\$35.73/FTES		\$2.90/FTES	8.1%	
State Parks	\$12.15/HCF		\$11.24/HCF		\$0.91/HCF	8.1%	
Dominican Hospital	\$13.20/HCF		\$12.14/HCF		\$1.06/HCF	8.7%	
Chaminade	\$17.48/HCF		\$15.85/HCF		\$1.63/HCF	10.3%	

HCF = Hundred Cubic Feet

ADA = Average Daily Attendance

FTES = Full Time Equivalent Status

Disclaimer: Rate code assignments are based on the best available data provided by the Assessor's Office, field inspections, and historical data collected by the District. Property owners may contact the District to confirm or update rate codes if there is a concern about accuracy call (831) 454-2160 or email dpwsanitation@santacruzcountyca.gov

¹The District does not apply sewer charges to vacant land or facilities on septic tanks.

²Single Family Group refers to houses.

³Multiple Family Group refers to condos, townhouses, Accessory Dwelling Units (ADUs) and apartments.

⁴Commercial customers and schools are charged flat rate plus a volume charge.

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After adoption of the attached resolution, the District will place the service charge report on file with the District Secretary of the Board and will also post it on the District's website. This report, comprised of the Assessor's parcel number, the owner's name, and the amount of the charge will be available on, or before, May 28, 2025, which allows for public review at least two weeks prior to the June 12, 2025, public hearing. As in previous years, the service charge report must be approved by the Board and forwarded to the Auditor-Controller Treasurer Tax Collector by August 10, 2025, to be included on the 2025/26 property tax roll.

It is therefore recommended that the Board of Directors take the following actions:

1. Open the public hearing and hear objections or protests, if any, to the proposed charges;
2. Close the Public Hearing, and upon its conclusion, adopt the attached Resolution setting the 2025/26 sewer service charge rate;
3. Set Thursday, June 12, 2025, at 4:45 p.m. as the date and time for a public hearing on the service charge report; and
4. Direct the District Secretary to advertise the attached notice of public hearing, in the manner prescribed by law.

Yours truly,

DocuSigned by:

MATT MACHADO
District Engineer

RI/tlp:B2884.docx

Attachments:

- A. Resolution with Exhibit A
- B. Notice of Public Hearing / Charge Reports
- C. Hornberger Engineering 2025-26 Revenue Study
- D. Correspondence Received

Copy to:

Hornberger Engineering
Renee Inlow
Fiscal Division

BEFORE THE BOARD OF DIRECTORS
OF THE SANTA CRUZ COUNTY SANITATION DISTRICT
OF SANTA CRUZ COUNTY, STATE OF CALIFORNIA

RESOLUTION NO. 25-02

On the motion of Director: Koenig
Duly seconded by Director: De Serpa

The following resolution is adopted:

RESOLUTION ADOPTING SANTA CRUZ COUNTY SANITATION DISTRICT
SEWER SERVICE CHARGE RATES, EFFECTIVE JULY 1, 2025

WHEREAS, Santa Cruz County Sanitation District (District) owns and operates a sewer collection system serving the portions of unincorporated Santa Cruz County and the City of Capitola; and

WHEREAS, the District desires to operate said sewer collection system in the most efficient and cost-effective manner; and

WHEREAS, Government Code Section 61115 provides that the District may establish, revise, and collect rates and other charges for the services and facilities furnished by it; and

WHEREAS, existing District sewer rates are not adequate to fund the operating, maintenance, and capital improvement costs of the utilities; and

WHEREAS, rate adjustments are necessary because the District's sewer utility relies primarily on revenues from service charges to fund the costs of providing service, and therefore sewer rates must be set at levels adequate to fund the costs of operating and maintaining the District's systems to support safe and reliable service; and

WHEREAS, sewer rate adjustments are also necessary to: a) support funding for capital improvements primarily needed to repair, replace, and/or upgrade aging infrastructure; and b) to help keep revenues in line with future cost inflation; and

WHEREAS, the sewer rates to be implemented by this Resolution cover no more than the cost that the District incurs to provide sewer services as detailed in the fiscal year 2025/26 Revenue Study prepared by Hornberger Engineering and presented to the Board on March 20, 2025; and

WHEREAS, in accordance with the requirements of Proposition 218, official notice of the proposed sewer charge rate adjustments and future annual inflationary rate adjustments, and the date, time and location of the public hearing was mailed to each record owner and customer of record, on March 28, 2025, at least 45 days prior to a public hearing scheduled for May 15, 2025; and

WHEREAS, a public hearing was conducted by the Board of Directors on May 15, 2025, at which time all interested persons were afforded an opportunity to be heard on matters pertaining to the proposed and sewer charge rate adjustments and future annual inflationary adjustments, and to submit written protests; and

RESOLUTION NO. 25-02
PAGE 2

WHEREAS, after tabulating the written and not withdrawn protests, it was determined that a majority protest does not exist for the proposed sewer charge rates or future annual inflationary rate adjustments to the sewer rates; and

WHEREAS, the approval of this Resolution is exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(8).

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Directors of the Santa Cruz County Sanitation District that the sewer charge rates, as provided in Exhibit A, attached hereto and incorporated herein by reference, with an annual increase equal to the consumer price index unless changed by Resolution of the Board, are hereby adopted and shall become effective starting July 1, 2025, at which point they will replace previously adopted rates.

BE IT FURTHER RESOLVED AND ORDERED that future rates are subject to annual review by the Board of Directors prior to implementation.

PASSED AND ADOPTED by the Board of Directors of the Santa Cruz County Sanitation District, County of Santa Cruz, State of California, this 15th day of May, 2025, by the following vote:


AYES: DIRECTORS KOENIG, DE SERPA AND CLARKE


NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

ATTEST:


Secretary of said Board


Chairperson of said Board

Approved as to Form:

Signed by:



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Office of District Counsel

County of Santa Cruz

Attachment(s):

Exhibit A – Rate Table

Distribution:

Hornberger Engineering

Renee Inlow

Fiscal Division

I the undersigned Secretary of the Board of Directors of the Santa Cruz County Sanitation District, County of Santa Cruz, State of California do hereby certify that the foregoing is a true and correct copy of a resolution passed and adopted by and entered in the Minutes of said Board.

In witness whereof, I have hereunto set my hand and fixed the seal of the said Board on May 14, 2025

Signatures

Resolution 25-02
Exhibit A
2025/26 Rates
Santa Cruz County Sanitation District

User Group	2025/26 Rates	
	Flat Fee (\$/year)	Volume Fee (\$/HCF)
Single Family	\$1,155.36	
Townhomes & Condominiums	\$992.40	
Multiple Family & ADUs	\$992.40	
Mobile Homes	\$845.64	
Restaurants/Bakeries/Donut Shops	\$451.44	\$16.96
Food Processing	\$451.44	\$20.20
Hospitals/Convalescent Hospitals	\$451.44	\$13.20
Other Businesses	\$451.44	\$12.61
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85
Schools (Sr. High Usage Basis)	\$451.44	\$12.15
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15
Junior Colleges (FTES Basis) (2)	\$451.44	\$38.63
State Parks	\$451.44	\$12.15
Dominican Hospital	\$451.44	\$13.20
Chaminade	\$451.44	\$17.48

(1) Volume Fee = \$/ADA/year

(2) Volume Fee = \$/FTES/year

ATTACHMENT B



NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the Board of Directors of the Santa Cruz County Sanitation District, at its regularly scheduled meeting on June 12, 2025, at 4:45 p.m., at the D. A. Porath Sanitation Facility meeting room, 2750 Lode Street, Santa Cruz, California, and Hybrid for Public Access - Virtual/Teleconference on Zoom: <https://us02web.zoom.us/j/86589205371> (Meeting ID: 865 8920 5371), Phone: +1 669 900 6833 US (San Jose), will hear public comment and consider all oral and written protests regarding the proposed increase in service charges and collection of same on the 2025/26 tax roll. A copy of said written report containing a description of each parcel of real property receiving sanitary sewage services from the District, and the amount of such charges for each such parcel, will be available for public inspection on or before May 28, 2025, at the Office of the District Secretary, in the Public Works Department, Room 410, Governmental Center Building, 701 Ocean Street, Santa Cruz, California 95060, and on the District's website, under the "Rates and Charges" tab: bit.ly/cdi-sewer-water

If you have any questions regarding the contents of the Notice of Public Hearing or the Service Charge Report; please call the District at (831) 454-2160.

BY ORDER OF the Board of Directors of the Santa Cruz County Sanitation District.

Signed: _____

A handwritten signature in blue ink, appearing to be "Diana L. Smith", is written over the signature line.

Dated: _____

May 15, 2025

Regardless of a person's ability or disability, the Santa Cruz County Sanitation District complies with the Americans with Disabilities Act (ADA). As a courtesy to those persons affected, please attend the meeting smoke and scent free. The Board of Directors' Chambers is located in an accessible facility. You may request a copy of the agenda in an alternative format. If you need special assistance, please contact the District at (831) 454-2160 (TDD/TTY- CALL 711) at least 72 hours in advance of the meeting. If you have a question about an agenda item, please call Sanitation District staff at (831) 454-2160.

Public Hearing.docx

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalencent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Neary Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seacliff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

**Table 8
District Debt Service**

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

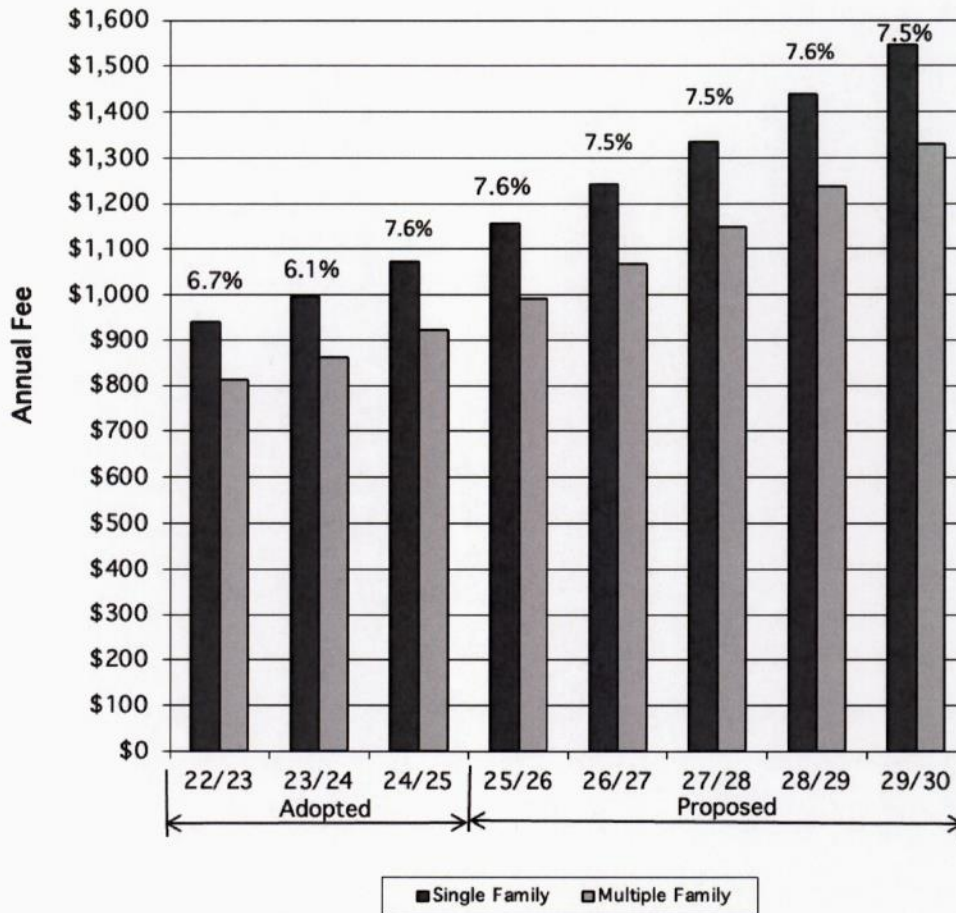
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



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Signature

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Rosa Ortiz-Rocha

Rosa.Ortiz-Rocha@santacruzcountyca.gov

Executive Secretary

County of Santa Cruz

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Michele Suttora

Michele.Suttora@santacruzcountyca.gov

County of Santa Cruz

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Italo Jimenez

Italo.Jimenez@santacruzcountyca.gov

Chief of Fiscal Services

County of Santa Cruz

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Kim Moore

Kim.Moore@santacruzcountyca.gov

Director of Administrative Services

County of Santa Cruz

Security Level: Email, Account Authentication
(None)



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Matt Machado Matt.Machado@santacruzcountyca.gov Director of Community Development & Infrastructure County of Santa Cruz Security Level: Email, Account Authentication (None)	<div> DocuSigned by:  50EBAC84454C48C... </div> Signature Adoption: Pre-selected Style Using IP Address: 63.194.190.100	Sent: 4/28/2025 10:13:34 AM Viewed: 4/28/2025 11:18:10 AM Signed: 4/28/2025 11:18:16 AM
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You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

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ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

196 Nathan Ct.
Soquel, CA 95073
March 29, 2025

RECEIVED

MAR 30 2025

Santa Cruz County
Sanitation District

District Secretary
Santa Cruz County Sanitation District
Governmental Center
701 Ocean Street Room 410
Santa Cruz, CA 95060

Dear Sir,

My property taxes have doubled. I am a senior and need every cent. My Social Security payment did NOT increase 7.6 percent, only 3 percent. You need to find a way to maintain the existing system within your already excessive budget. I suggest you scrap the sewer to drinking water plant. We do not need or want sewage converted to drinking water as we have no water shortage.

How much did you spend on that nice colored PR brochure you mailed to everyone? Please get out of the environmental woke culture and return to your main job. Why is there debt service? I seem to see a huge increase in my assessment every year to cover your expenses.

Parcel 03720225.

Sincerely yours,



Bennett Family Trust

196 NATHAN CT.
SOQUEL, CA 95073



District Secretary
Santa Cruz County Sanitation
Government Center
701 Ocean St. Rm. 410
Santa Cruz CA 95060

5506034070 C033



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 18, 2025

BENNETT FAMILY TRUST
196 NATHAN COURT
SOQUEL, CA 95073
APN: 037-202-25

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Bennett Family Trust,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.


To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer

By: 
Terra Prestwich
District Secretary

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Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

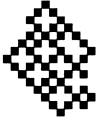
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

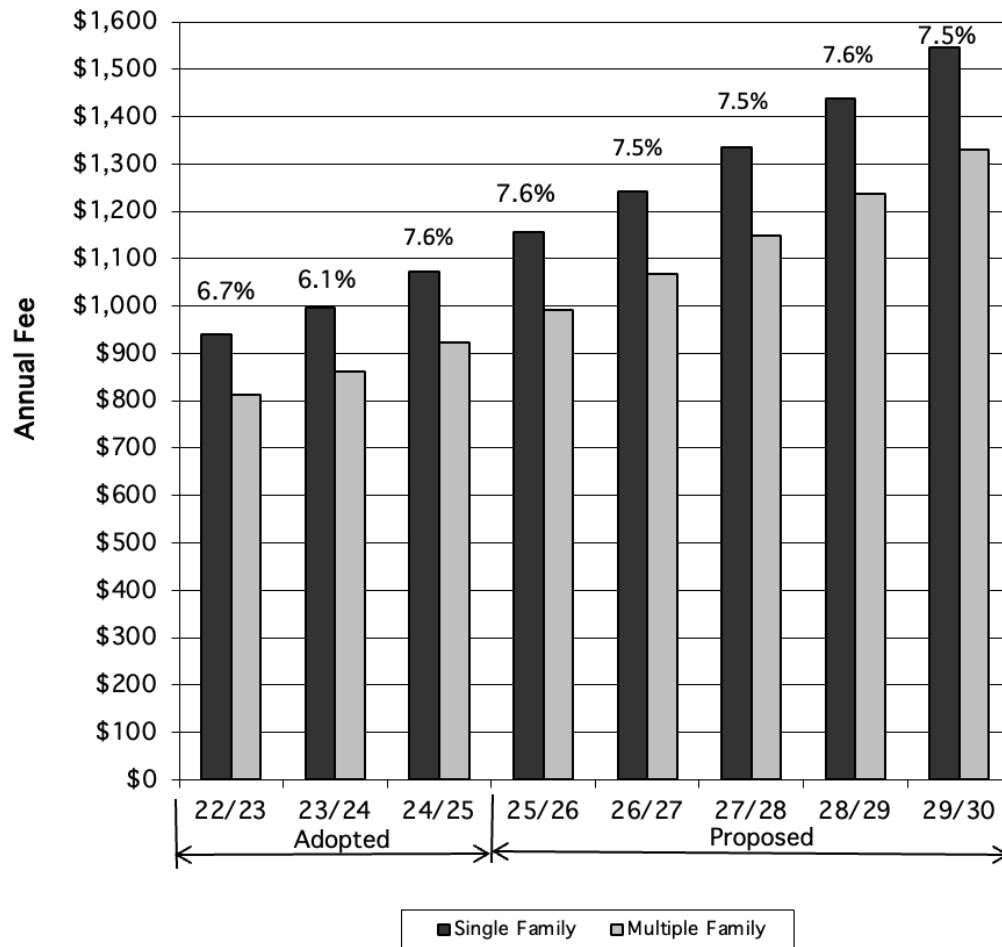
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

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County of Santa Cruz

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Andrea Gifford

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Board Clerk

County of Santa Cruz

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District Secretary
Re: Proposed sewer rate Increases

RECEIVED
APR 30 2025
Santa Cruz County
Sanitation District

As a family, we strongly protest yet another increase on our sewer charges.

A family member lives in Marina, where the charges are \$44/month, and Santa Cruz wants to raise the already high rates to nearly \$100 month??

No!!!

Perhaps a DOGE style review of the current way money is spent at the Sanitation district??

Please, No on the rate increase!

Thank You!

Dave Osland, owner
service address: 605 LaHonda Ct.,
Aptos, Ca,
APN- 044 23 123

605 LA HONDA CT.
APTOS CA
95003

SAN JOSE CA 950

1 APR 2025 PM 4 L

Keep Safety in View as W



DISTRICT SECRETARY
SANTA CRUZ COUNTY SANITATION D.
GOVERNMENTAL CENTER
701 OCEAN ST.- Room 410
SANTA CRUZ, CA
95060-407099 95060



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 18, 2025

DAVE OSLAND
605 LAHONDA CT
APTOS CA, 95003
APN: 044-231-23

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Dave Osland,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

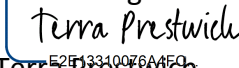
- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO

District Engineer

By: 
Terra Prestwich
District Secretary

Tlp/25-039.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

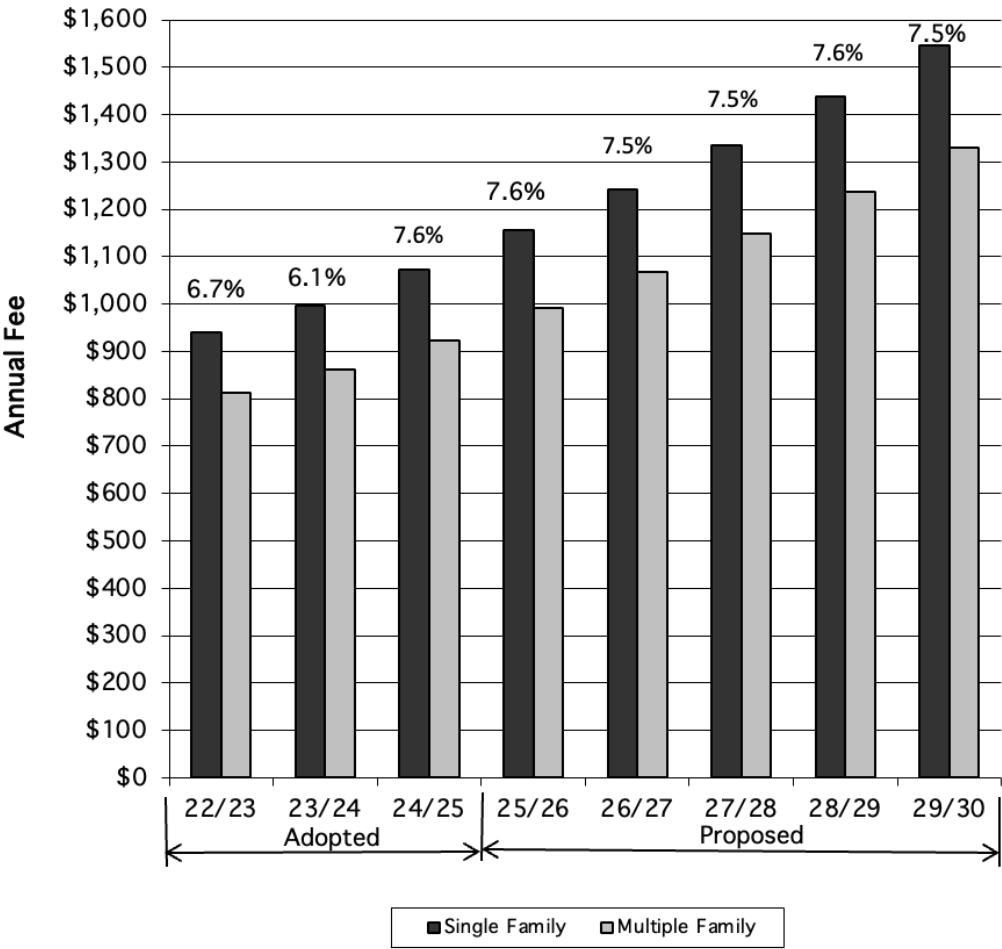
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

Envelope Id: 03D2780F-841E-4B77-A76C-72F289C88252

Status: Completed

Subject: Complete with Docusign: Sewer Charge Response Letter - Osland

Source Envelope:

Document Pages: 15

Signatures: 1

Envelope Originator:

Certificate Pages: 5

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Terra Prestwich

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Santa Cruz, CA 95060

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Signature

Timestamp

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DocuSigned by:

Terra Prestwich

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County of Santa Cruz

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Andrea Gifford

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Andrea.Gifford@santacruzcountyca.gov

Board Clerk

County of Santa Cruz

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Signature

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Envelope Summary Events

Status

Timestamps

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Envelope Summary Events	Status	Timestamps
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Completed	Security Checked	4/18/2025 1:25:32 PM
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- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

4/15/2025

This letter serves a written protest to
The proposed increase in sewer service
charges related to 418 Palmer Ave,
Aptos, CA 95003, P/N: 04433218

Heather Harris

418 Palmer Ave / P.O. Box 1918
Aptos, CA 95003 Aptos, CA 95001



RECEIVED

APR 18 2025

Santa Cruz County
Sanitation District

Ms Heather Harris
PO Box 1918
Aptos, CA 95001



SAN JOSE CA 950

16 APR 2025 PM 4 L



District Secretary
Santa Cruz Co. Sanitation District
Governmental Center 410
701 Ocean St. Rm. 410
Santa Cruz, CA 95060



95060-407099





SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 18, 2025

HEATHER HARRIS
418 PALMER AVENUE
APTOS, CA 95003
APN: 044-332-18

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Heather Harris,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

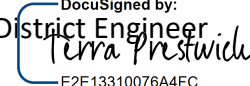
In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
Docusigned by:
District Engineer
By: 
E2E13310076A4FC...
Terra Prestwich
District Secretary

Tlp/25-040.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
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Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

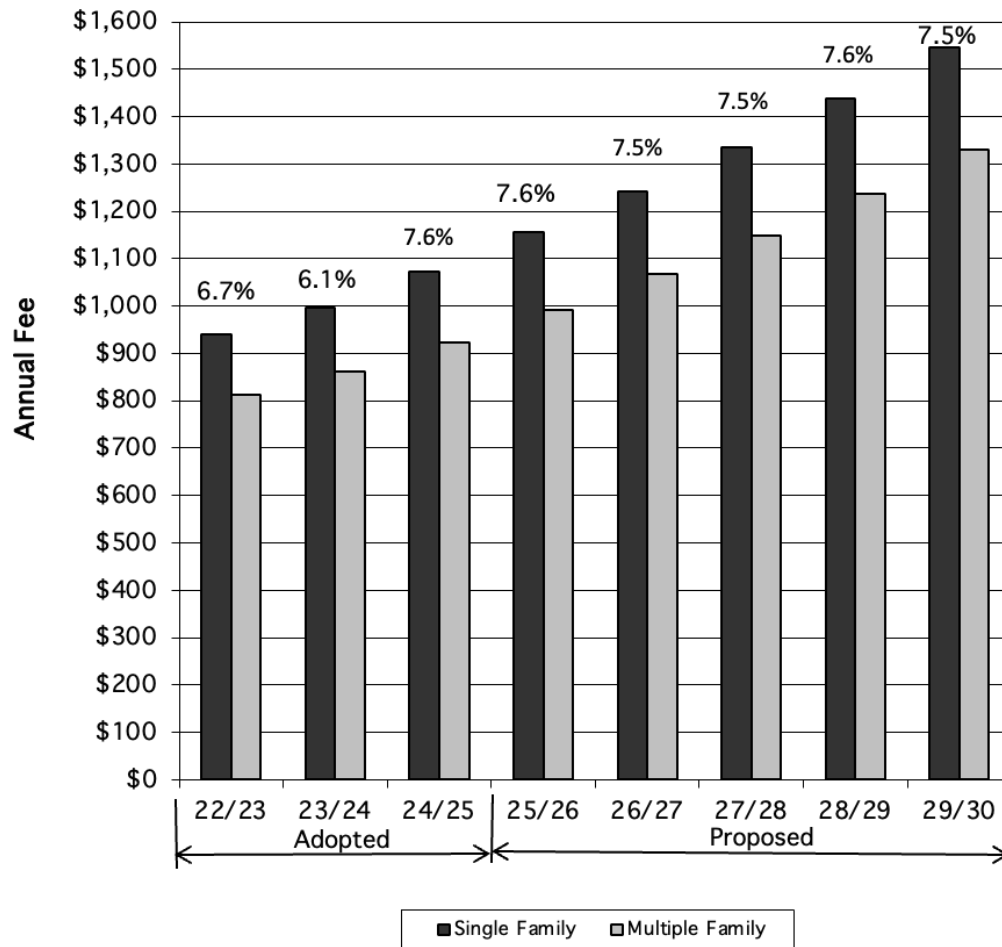
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

Envelope Id: 37F06CBB-2EEB-4C77-BF32-18BE3053771A

Status: Completed

Subject: Complete with Docusign: Sewer Charge Response Letter - Harris

Source Envelope:

Document Pages: 15

Signatures: 1

Envelope Originator:

Certificate Pages: 5

Initials: 0

Terra Prestwich

AutoNav: Enabled

701 Ocean Street

Envelopeld Stamping: Enabled

Santa Cruz, CA 95060

Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Terra.Prestwich@santacruzcountyca.gov

IP Address: 63.194.190.100

Record Tracking

Status: Original

Holder: Terra Prestwich

Location: DocuSign

4/18/2025 1:20:18 PM

Terra.Prestwich@santacruzcountyca.gov

Security Appliance Status: Connected

Pool: FedRamp

Storage Appliance Status: Connected

Pool: County of Santa Cruz

Location: Docusign

Signer Events

Terra Prestwich

terra.prestwich@santacruzcountyca.gov

County of Santa Cruz

Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

Terra Prestwich

E2E13310076A4FC...

Timestamp

Sent: 4/18/2025 1:20:54 PM

Viewed: 4/18/2025 1:25:05 PM

Signed: 4/18/2025 1:25:11 PM

Signature Adoption: Pre-selected Style

Using IP Address: 63.194.190.100

Electronic Record and Signature Disclosure:

Accepted: 3/1/2022 2:10:46 PM

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In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

Certified Delivery Events

Status

Timestamp

Carbon Copy Events

Status

Timestamp

Andrea Gifford

Andrea.Gifford@santacruzcountyca.gov

Board Clerk

County of Santa Cruz

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James W and Dale A Lewis
2860 Lakeview Drive
Santa Cruz, CA 95062-5337

RECEIVED

APR 18 2025

Santa Cruz County
Sanitation District

District Secretary
Santa Cruz County Sanitation District
Governmental Center
701 Ocean Street, Room 410
Santa Cruz, CA 95060

Re: Protest of 2025-2026 Rate Structure

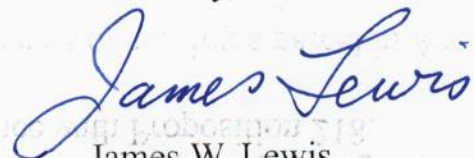
April 15, 2025

Dear SCC Sanitation District Directors,

I write to protest your proposed rates. On page 1 of your service charge study, Hornberger Engineering reports "*The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.*" However, following that assurance of compliance, Hornberger Engineering further states: "*The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.*", and Hornberger Engineering **never states** that your proposed fees are in compliance with Proposition 218.

No reputable engineer could conclude that the cost of serving a parcel in Aptos is exactly the same as serving a Pleasure Point parcel near your main Lode Street pumping plant. Obviously the cost of serving parcels must contain terms roughly proportional to two factors, i.e., the length of sewer lines connecting them to Lode Street and the number of pumping stations along those lines. Parcels in your service area differ in those factors by from ~30 to 100 fold. As a result, Pleasure Point parcels each pay ~\$100 toward Aptos parcels' sewer bills, resulting in approximately \$1 million of misallocated rates every year, subsidizing sprawl.

Sincerely,



James W. Lewis
Parcel # 02827210

James Lewis Dale Roche
2860 Lafayette Drive
Santa Cruz, CA 95062



SAN JOSE CA 950
16 APR 2025 PM 4 L



District Secretary Sanitation District
Santa Cruz County
Governmental Center
701 Ocean St., Room 410
Santa Cruz, CA 95060

95060-407059





SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 18, 2025

JAMES W. AND DALE A. LEWIS
2860 LAKEVIEW DRIVE
SANTA CRUZ, CA 95062-5337
APN: 028-272-10

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear James W. and Dale A. Lewis,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

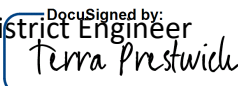
In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer
By: 
Terra Prestwich
District Secretary

Tlp/25-041.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

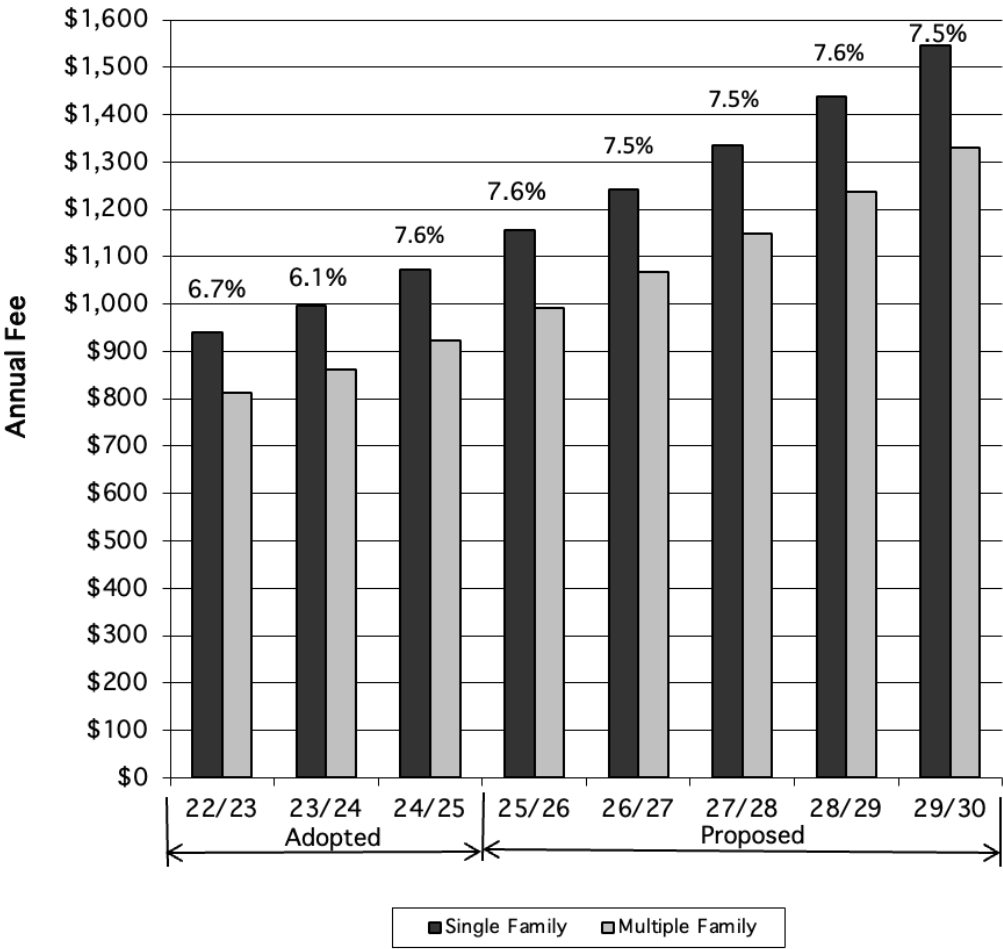
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



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terra.prestwich@santacruzcountyca.gov

County of Santa Cruz

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Andrea Gifford

Andrea.Gifford@santacruzcountyca.gov

Board Clerk

County of Santa Cruz

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- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

Jason Morvay
APN 02634109
2155 Dustin Way
Santa Cruz, CA 95062

RECEIVED

APR 18 2025

Santa Cruz County
Sanitation District

April 1st, 2025

District Secretary
Santa Cruz County Sanitation District
Governmental Center
701 Ocean St. room 410
Santa Cruz, CA 95060

Board of Directors Santa Cruz County Sanitation District

Subject: Protest Against Proposed Sewer Charge Increase

Dear Board Members,

I strongly oppose the proposed 7.6% sewer service charge increase for single-family residential customers. This increase will exacerbate the already significant cost of living pressures in Santa Cruz County.

Over the past two years, residents have experienced substantial cost of living increases. The average cost of living increase in 2023 was 3.5% to 5% and in 2024 was 2.4% to 2.8%.

Imposing an additional 7.6% increase will further burden households already struggling with rising costs. We urge the Board to explore alternative funding options and provide a clear justification for this significant increase before placing this financial hardship on residents.

We request a reconsideration of this proposal and a commitment to finding more equitable solutions.

Sincerely,
Jason Morvay



-- 4.1.2025

Chandra Morray
2155 Dustin Way
Santa Cruz, CA 95062

SAN JOSE CA 950

10 APR 2025 PM 4 L



District Secretary
Santa Cruz County Sanitation District
Government Center
701 Ocean St. room 410
Santa Cruz CA 95060



95060-407099





SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 18, 2025

JASON MORVAY
2155 DUSTIN WAY
SANTA CRUZ, CA 95062
APN: 026-341-09

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Jason Morvay,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.


To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer

By: 
Terra Prestwich
District Secretary

Tlp/25-042.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
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State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

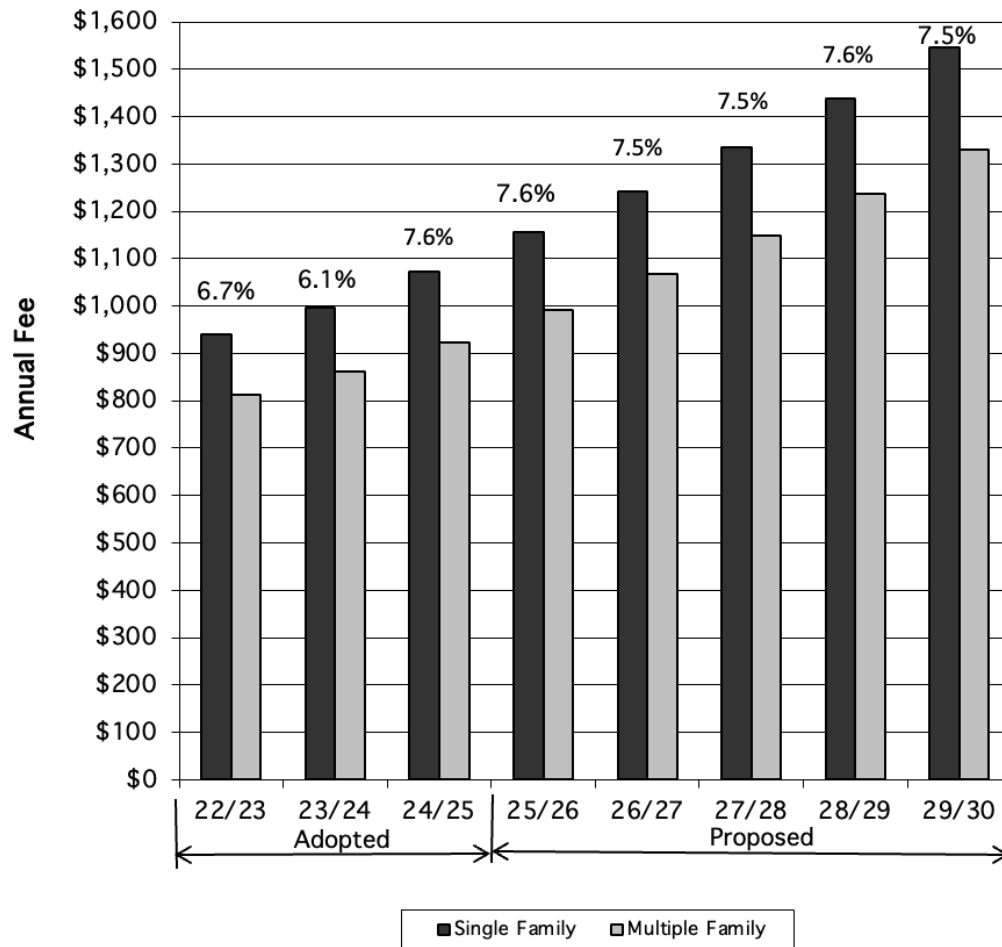
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



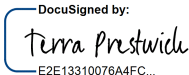
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Certificate Pages: 5	Initials: 0
AutoNav: Enabled	Envelope Originator:
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Time Zone: (UTC-08:00) Pacific Time (US & Canada)	701 Ocean Street
	Santa Cruz, CA 95060
	Terra.Prestwich@santacruzcountyca.gov
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Record Tracking

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Signer Events

Signer Events	Signature	Timestamp
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In Person Signer Events

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Editor Delivery Events

Status	Timestamp
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Agent Delivery Events

Status	Timestamp
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Intermediary Delivery Events

Status	Timestamp
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Certified Delivery Events

Status	Timestamp
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Carbon Copy Events

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Board Clerk	
County of Santa Cruz	
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Electronic Record and Signature Disclosure:

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Witness Events

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Notary Events

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Completed	Security Checked	4/18/2025 1:24:43 PM
Payment Events	Status	Timestamps
Electronic Record and Signature Disclosure		

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Consequences of changing your mind

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To contact us by email send messages to: nada.algharib@santacruzcounty.us

To advise County of Santa Cruz of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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4/15/2025

To Whom it may concern:

This is in protest to the proposed
increase in sewer service charges
for 429 Townsend Dr. Aptos, CA
95003; P/N: 04322105.

Robert & Beverly Harris
429 Townsend Drive
Aptos, CA 95003



RECEIVED

APR 21 2025

Santa Cruz County
Sanitation District

429 Townsend Dr.
Aptos, CA 95023

SAN JOSE CA 950

17 APR 2025 PM 3 L



District Secretary District
S.C. Co. Sanitation District
Government Center 410
701 Ocean St. Rm. 410
Santa Cruz, CA 95060

95060-407099





SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

APRIL 21, 2025

ROBERT AND BEVERLY HARRIS
429 TOWNSEND DRIVE
APTOS, CA 95003
APN: 043-221-05

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Robert and Beverly Harris,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

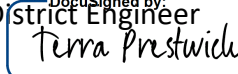
In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer
By: 
Terra Prestwich
District Secretary

Tlp/25-046.docx

Attachment:
SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

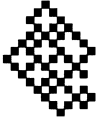
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

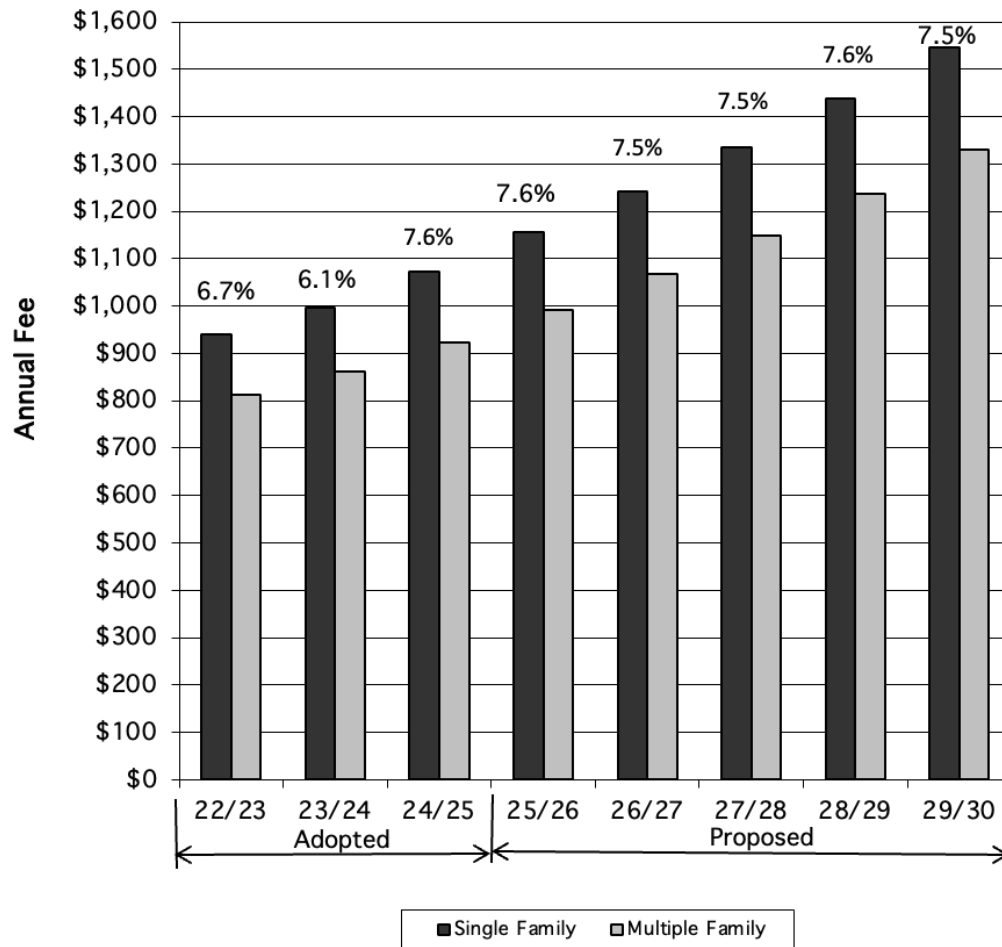
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

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terra.prestwich@santacruzcountyca.gov

County of Santa Cruz

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Andrea Gifford

Andrea.Gifford@santacruzcountyca.gov

Board Clerk

County of Santa Cruz

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Envelope Summary Events

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Timestamps

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Completed	Security Checked	4/21/2025 1:52:04 PM
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To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

I protest another rate increase for the Santa Cruz Sanitation District.

The four page color advertisement does not address the number of other recent increases, and 5.7% - 11% again is too much.

It does a really bad job hiding where the money goes, talking about 60% of the lines are more than 40 years old,

but rate increases are not guaranteed to do anything about the problem. We find elsewhere in county disclosures:

- Other employee costs account for about two-thirds of General Fund expenses

101 Kennedy Drive, Capitola, APN 03655106

Currently taxed \$458.16 every 6 months

John McCoy, Property Owner



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APR 21 2025

Santa Cruz County
Sanitation District

I protest another rate increase for the Santa Cruz Sanitation District.

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102 Kennedy Drive, Capitola, APN 03655105

Currently taxed \$613.48 every 6 months

John McCoy, Property Owner



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103 Kennedy Drive, Capitola, APN 03655104

Currently taxed \$6137.54 every 6 months

John McCoy, Property Owner



I protest another rate increase for the Santa Cruz Sanitation District.

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- Other employee costs account for about two-thirds of General Fund expenses

104 Kennedy Drive, Capitola, APN 03655103

Currently taxed \$2572.68 every 6 months

John McCoy, Property Owner



I protest another rate increase for the Santa Cruz Sanitation District.

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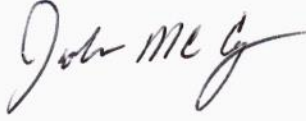
but rate increases are not guaranteed to do anything about the problem. We find elsewhere in county disclosures:

- Other employee costs account for about two-thirds of General Fund expenses

105 Kennedy Drive, Capitola, APN 03655102

Currently taxed \$615.52 every 6 months

John McCoy, Property Owner



I protest another rate increase for the Santa Cruz Sanitation District.

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- Other employee costs account for about two-thirds of General Fund expenses

200 Kennedy Drive, Capitola, APN 03655101

Currently taxed \$440.12 every 6 months

John McCoy, Property Owner



I protest another rate increase for the Santa Cruz Sanitation District.

The four page color advertisement does not address the number of other recent increases, and 5.7% - 11% again is too much.

It does a really bad job hiding where the money goes, talking about 60% of the lines are more than 40 years old,

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- Other employee costs account for about two-thirds of General Fund expenses

3095 Terrace Dr, Aptos, APN 03936128

Currently taxed \$1073.28 every 6 months

John McCoy, Property Owner



JOHN MCCOY
BRITALIA IMPORTS
4768 SOQUEL DRIVE #970
SOQUEL CA 95073



DISTRICT SECRETARY
SANTA CRUZ COUNTY SANITATION
701 OCEAN ST RM 410
GOVERNMENT CENTER
SANTA CRUZ CA 95060-4013



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073

(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US

MATT MACHADO, DISTRICT ENGINEER

APRIL 21, 2025

JOHN MCCOY
101 KENNEDY DRIVE
CAPITOLA, CA 95010

APN'S: 039-361-28; 036-551-01; 036-551-02; 036-551-03; 036-551-04; 036-551-05; 036-551-06

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear John McCoy,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

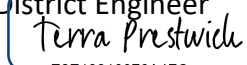
- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO

DocuSigned by:
District Engineer

By: 
Terra Prestwich
District Secretary

Tlp/25-045.docx

Attachment:

SCCSD 2025/26 Revenue Study

Cc: John McCoy, Britalia Imports, 4768 Soquel Drive #970, Soquel, CA 95073

SANTA CRUZ COUNTY SANITATION DISTRICT

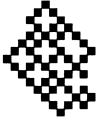
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
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Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seacliff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

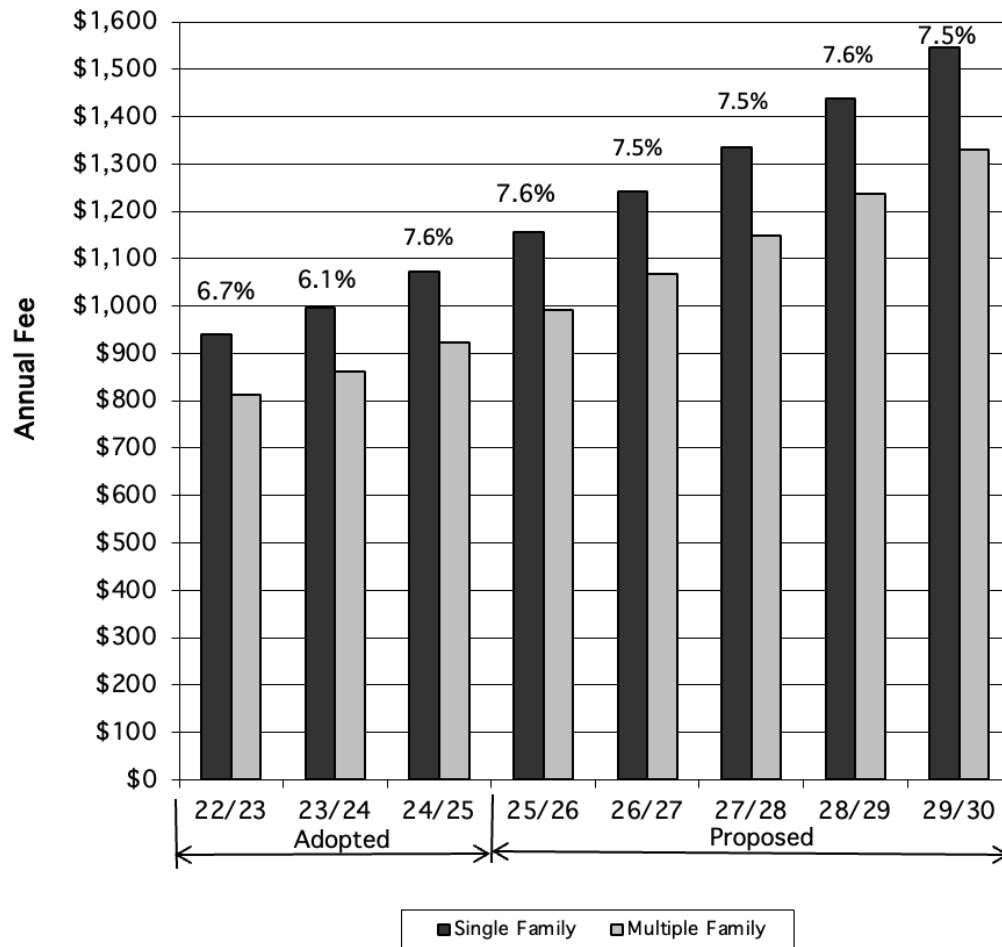
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



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Andrea.Gifford@santacruzcountyca.gov

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- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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To you
are...

APRIL 2025

Thank you!

REGARDING WRITTEN INPUT
FOR SEWER RATE INCREASES.

SO VERY GRATEFUL FOR
ALL YOU DO TO KEEP OUR
COMMUNITY SAFE & BEAUTIFUL!
KEEP UP THE GREAT WORK
AND KNOW YOU ARE APPRECIATED.

SHERA KILICEMAN
2948 PARK AVE.
DOQUEL 45 YEAR RESIDENT
AT THIS ADDRESS ~ BEFORE
THE FIRST SYSTEM WAS
INSTALLED. ☺ PN03722117

04/28/25

Clarence and Sheila Prado
502 Bay View Dr
Aptos CA 95003

APN 04305201

Re: Sewer service charge increase. Protest letter

Dear Santa Cruz County Sanitation District,

This letter is in protest of the proposed increase in sewer charges on our property tax bill. We also protest Commercial usage increases putting additional burdens on businesses in our County.

Every year the sewer charges increase and puts a burden on seniors like us who have fixed incomes.

These increases are greater than any cost-of-living increase, we find it difficult to keep up.

I ask you **not** to implement these increases.

Sincerely,

Sheila Prado

RECEIVED

MAY 02 2025

Santa Cruz County
Sanitation District

Clarence & Sheila Pruitt
502 Bay View Dr
Aptos, CA 95003

SACRAMENTO CA 957

30 APR 2025 PM 4-12345678910111213141516171819202122232425262728293031



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PUBLIC WORKS DEPT
SANTA CRUZ

District Secretary
Santa Cruz County Sanitation District
Government Center
701 Ocean St. Rm 410
Santa Cruz, Ca 95060

9506034070





SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

MAY 2, 2025

CLARENCE AND SHELIA PRADO
502 BAY VIEW DRIVE
APTOS, CA 95003

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Clarence and Shelia Prado:

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer

By: 
Terra Prestwich
District Secretary

Tlp/25-053.docx

Attachment:

SCCSD 2025/26 Revenue Study

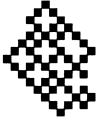
SANTA CRUZ COUNTY SANITATION DISTRICT
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

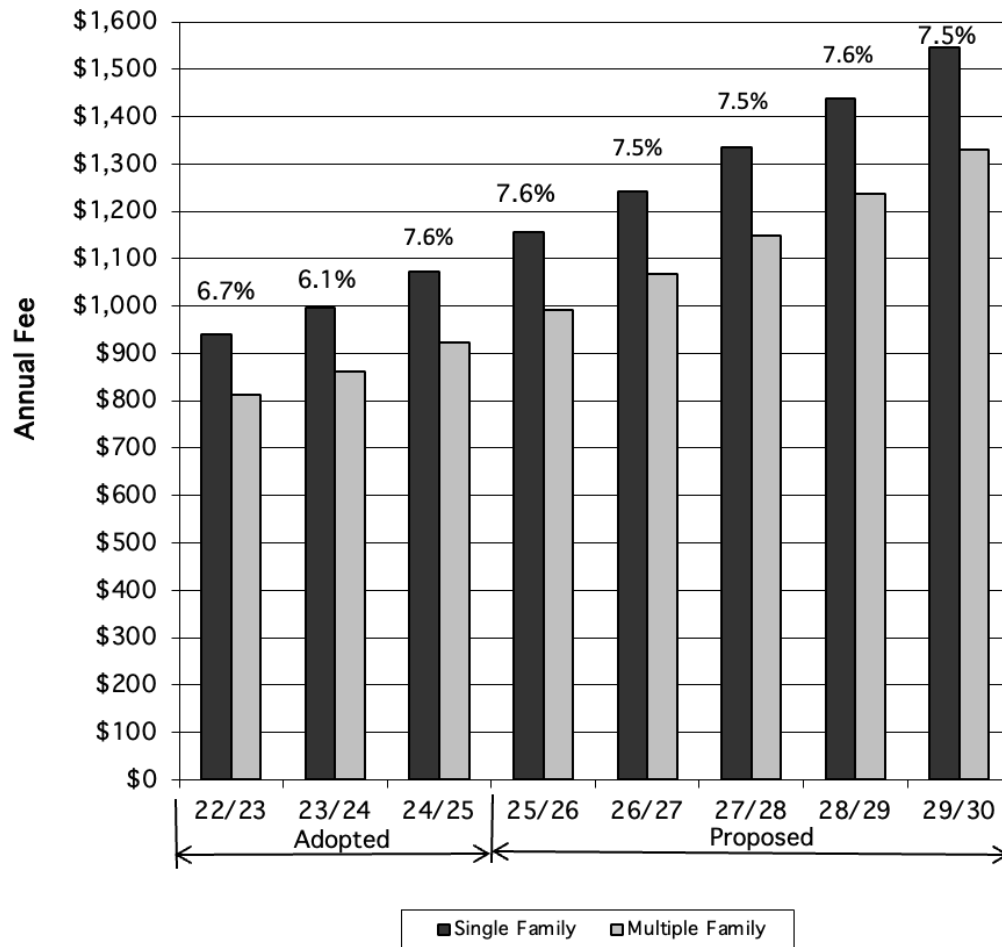
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



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County of Santa Cruz

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Andrea Gifford

Andrea.Gifford@santacruzcountyca.gov

Board Clerk

County of Santa Cruz

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- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

District Secretary
Santa Cruz County Sanitation District
Governmental Center
701 Ocean Street, Room 410
Santa Cruz, CAS 95060

RECEIVED
MAY 06 2025
Santa Cruz County
Sanitation District

re: Proposed New Sewer Charges Increase

Dear Board of Directors:

Thank you for this opportunity in allowing us to file a protest against the proposed sewer charge increase.

The flyer/notice is beautiful but it does not provide facts for the proposed increase in sewage costs other than showing a chart where our tax dollars fund along with a small note that your FY 2025/26 revenue will be over \$38 millions dollars.

The new charges do not indicate the number of customers it serves nor how many it is anticipated to serve in correlation with these proposed new high-rise housing popping up in the county. We understand you must be financially self-sufficient, fund your operation, pay for maintenance and replacement costs, etc., however, being dependent upon a homeowner with a 7.2% to 7.6% fee increase is unbalanced.

Was there an independent service analysis done or a rate study to determine whether the current rates for sewer service fees are sufficient to meet our needs over the next five or more years? Is there any analysis to show a projected annual deficit, or the need for a projected funding for a vital capital improvement cost?

Are we paying off any debts or bond or service charges? How much funds are in the reserves to be fiscally secure? Is there a net revenue threshold that must be met that requires these proposed increases?

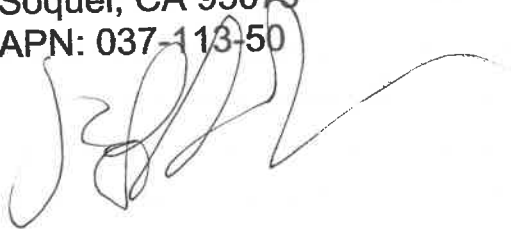
Overall, it is understood that the proposed increases are necessary to rehabilitate, upgrade and replace existing sewer distribution and treatment facilities and cover all related operating, maintenance, and administrative costs, however if a homeowner is doing their best by installing efficient

plumbing, toilets, showerheads, etc, where are the incentives to save on costs or receive a property tax break in this formula where you are proposing a new fee?

As a senior living on a fixed income in this expensive county, how am I going to pay for this new 7.5% proposed increase on top of the mayor's proposed housing tax, Measure Q and other bond measures we read on our property tax bill without a balance approach analysis that shows your customers that this new service fee charge is necessary and/or can be reduced at a lower rate, especially in today's economy. I am not a landlord or a business owner that can distribute this new fee proposal. Please consider my protest in your deliberation.

Thank you for the opportunity to comment.

Sincerely,
Jeff Staben
129 Darlington Lane
Soquel, CA 95073
APN: 037-113-50

A handwritten signature in black ink, appearing to read 'Jeff Staben', with a long, sweeping horizontal line extending to the right.



To:
Pam:
Jeff Staben
129 Darlington Ln
Soquel, CA 95073-2847



1 MAY 2005 PM 3 L



9506084070



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

MAY 6, 2025

JEFF STABEN
129 DARLINGTON LANE
SOQUEL, CA 95073
APN: 037-113-50

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Jeff Staben,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO

District Engineer

By: Terra Prestwich

Terra Prestwich

District Secretary

Tlp/25-056.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
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State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

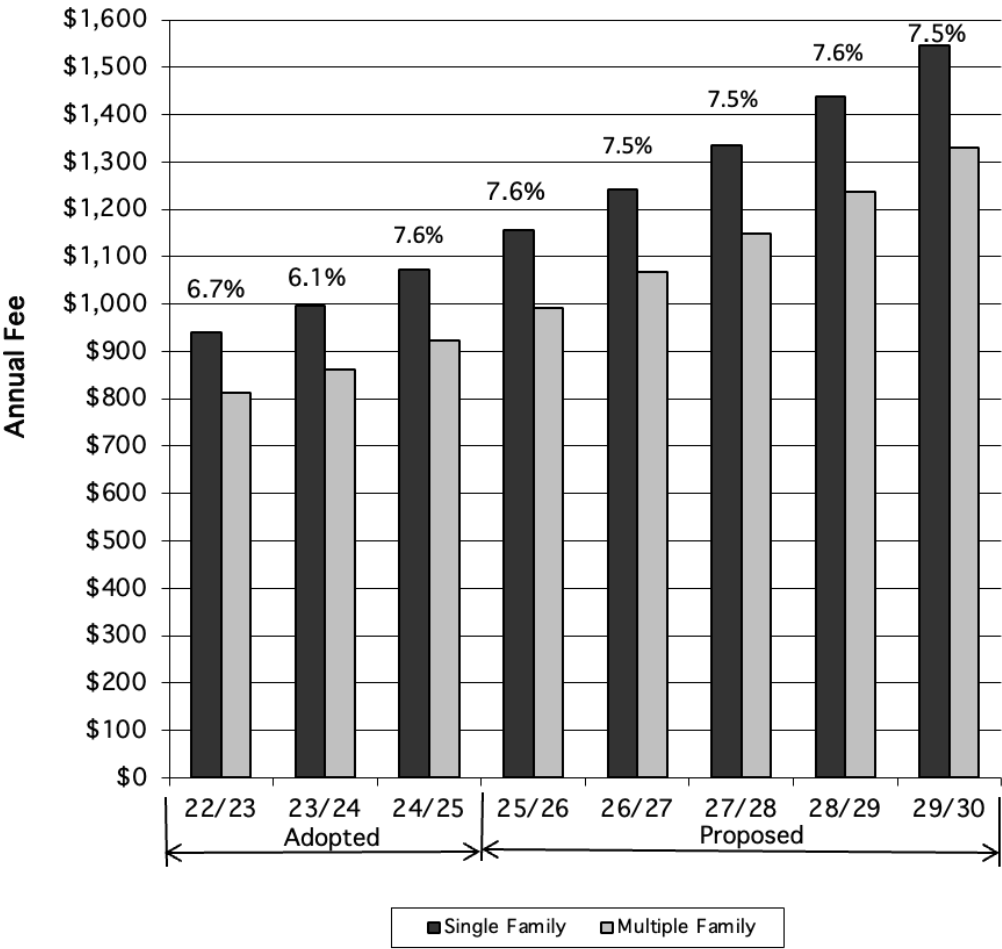
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



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Andrea Gifford

Andrea.Gifford@santacruzcountyca.gov

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County of Santa Cruz

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RECEIVED
MAY 03 2025
Santa Cruz County
Sanitation District

SC County Sanitation: May 5, 2025

My name is Sandi Meyer at 447
Granite Way in Aptos. APN: 04021306.
Increases in Property taxes, utilities & Everything
are Skyrocketing - well beyond my Salary
increases - I understand the need for maintenance
but you need to figure out a way to maintain
aging Infrastructure without your Proposed 7.6%
Increase. That is Crazy. The fact 11.6% of
Annual Budget goes toward Servicing debt is
financially irresponsible. I protest this Pending
Increase.

Sandi Meyer

Sm

Sandi Meyer
447 Granite Way
Aptos CA 95023

SAN JOSE CA 950
6 MAY 2025 PM 4 L



District Secretary
Santa Cruz County Sanitation
Governmental Center
701 Ocean St., Room 410
Santa Cruz, CA
95060



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

MAY 13, 2025

SANDI MEYER
447 GRANITE WAY
APTOS CA 95003
APN: 040-213-06

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Sandi Meyer,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO

District Engineer

By: *Terra Prestwich*
Terra Prestwich
District Secretary

Tlp/25-059.docx

Attachment:

SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
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Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
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Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

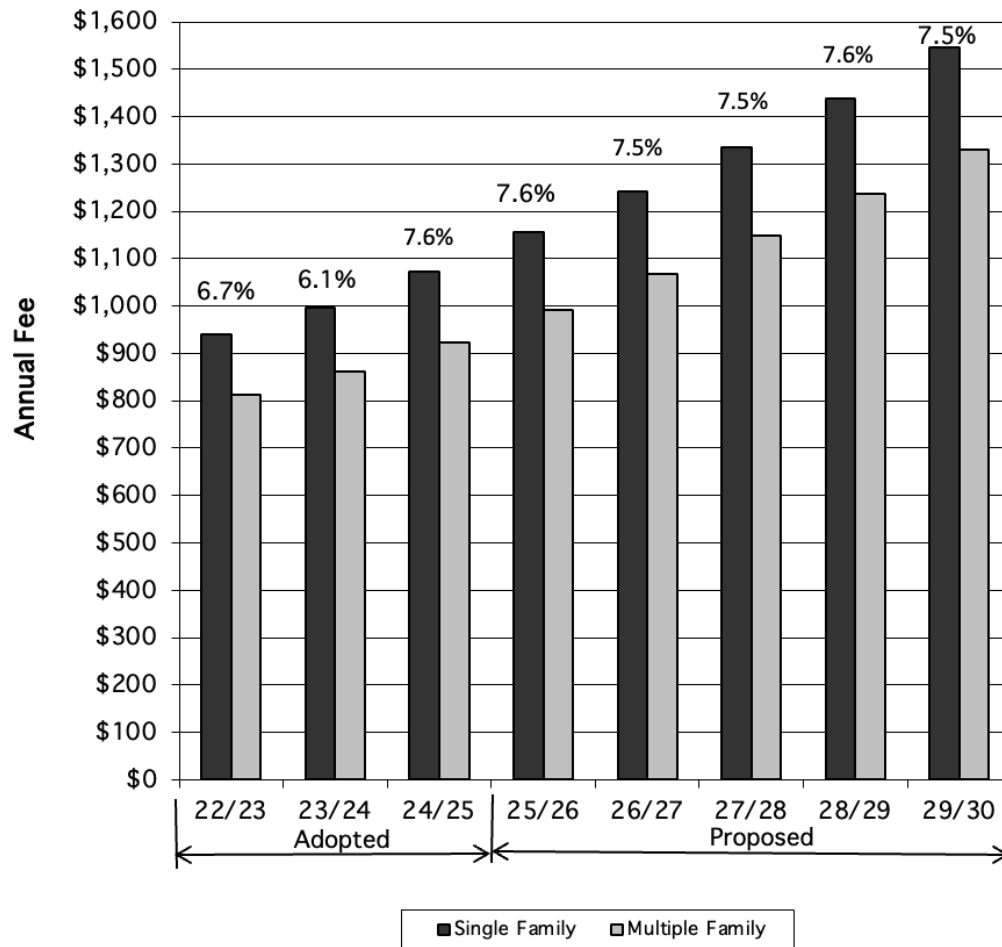
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

Envelope Id: 38B0A029-1034-46B4-97D9-F9B9E2888C52
 Subject: Complete with Docusign: 25-059.pdf, Attachment_A_-_2025_26_Report.pdf
 Source Envelope:
 Document Pages: 15
 Certificate Pages: 4
 AutoNav: Enabled
 Envelopeld Stamping: Enabled
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Status: Completed
 Envelope Originator:
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Storage Appliance Status: Connected	Pool: County of Santa Cruz	Location: Docusign

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Envelope Summary Events

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To contact us by email send messages to: nada.algharib@santacruzcounty.us

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To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

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- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.

'25 MAY 14 2:51 PM



From: Paul Schraeder pschraeder@baymoon.com
Subject: Protest To Proposed Sewer Service Increases For FY 2025/26
Date: May 14, 2025 at 1:57 PM
To: District Secretary Santa Cruz County Sanitation District

District Secretary
Santa Cruz County Sanitation District
Governmental Center
701 Ocean street, Room 410
Santa Cruz, CA 95060

RE: PROTEST TO PROPOSED SEWER
SERVICE CHARGES FOR FY 2025/26

AFTER ANALZING THE PROPOSED RATE
INCREASES FOR FY 2025/26, I AM
OBJECTING TO THE RATE/BUDGET
INCREASES FOR THE FOLLOWING
REASONS:

1. FLAWED " USER GROUPS ANALYSIS" :

THE 7.5% INCREASE FOR MOBILE HOME
RESIDENTS VERSES A 7.6% INCREASE
FOR SINGLE FAMILY RESIDENTS IS
SUGGESTING THAT MOBILE HOME

RESIDENTS ARE IN A LOWER FIXED INCOME BRACKET THAN SINGLE FAMILY INCOME. THIS IS A FLAWED ASSUMPTION, AND DOES NOT TAKE INTO ACCOUNT THAT APPROXIMATELY 30% OF HOME OWNERS ARE RETIRED AND ON A FIXED INCOME. THE 7.5-7.6% RATE INCREASES EXCEED THE 2.5 % SOCIAL SECURITY INCREASE AND CREAT A REAL FINANCIAL HARDSHIP.

2. UNEXPLAINED/JUSTIFIED INCREASES :

THE PROPOSED BUDGET DOES NOT EXPLAIN OR JUSTIFY THE DIFFERENCES BETWEEN INFRASTRUCTURE REHAB AND THE CITY PLANT IMPROVEMENTS, AN INCREASE OF 17.8 %.

3. SUMMARY: BETTER ANALYSIS OF MOBILE HOME AND SINGLE FALILY RATES NEEDED:

THE PROPOSED 2.5% ADMINISTRATIVE DISTRICT INCREASE REFLECTS THE

REALITY OF OUR CURRENT FIXED
INCOME SITUATION. WE ARE IN A
CURRENT STATE OF INSECURITY BOTH
NATIONALLY AND LOCALLY, AND THE
CURRENT BUDGET MUST TAKE ALL
THESE CONCERNS INTO
CONSIDERATION.

THANK YOU,

A handwritten signature in cursive script, reading "Paul Schraeder".

PAUL SCHRAEDER

109 SERRELL AVE.

SANTA CRUZ, CA 95065-1128

PROPERTY # 10224311



SANTA CRUZ COUNTY SANITATION DISTRICT

701 OCEAN STREET, SUITE 410 · SANTA CRUZ, CA · 95060-4073
(831) 454-2160 · FAX (831) 454-2089 · TDD: (831) 454-2123 · WWW.SCCSD.US
MATT MACHADO, DISTRICT ENGINEER

MAY 14, 2025

PAUL SCHRAEDER
109 SERRELL AVENUE
SANTA CRUZ 95065
APN: 102-243-11

SUBJECT: 2025/26 SEWER SERVICE CHARGE RATE INCREASES
PROPOSTION 218 NOTIFICATION

Dear Paul Schraeder,

The Santa Cruz County Sanitation District (District) has received your written protest regarding the proposed rate increases. The Board will review and consider all oral and written protests during the Public Hearing on May 15, 2025.

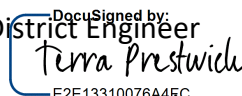
In response to your written objection, the District confirms that the proposed rates are necessary to cover the actual costs of operations, maintenance, and capital projects as approved by the Board of Directors (please refer to the enclosed 2025/26 Revenue Study explaining the substantive justification for the rate increase). For these reasons, the objection(s) you have raised, which will be presented for the Board's consideration, do not, from District staff's perspective, provide necessary grounds to modify the proposed rates.

To attend the meeting:

- **In-Person:** D.A. Porath Sanitation Facility Meeting Room, 2750 Lode Street, Santa Cruz, CA 95062 (off 26th Avenue).
- **Virtually (Zoom):** <https://bit.ly/3X96GPP>
 - **Meeting ID:** 889 5812 8220
 - **Phone Access:** +1 669 900 6833 (San Jose)

For questions or comments, please contact the District Secretary at (831) 454-2792.

Yours truly,

MATT MACHADO
District Engineer
By: 
Terra Prestwich
District Secretary

Tlp/25-060.docx
Attachment:
SCCSD 2025/26 Revenue Study

SANTA CRUZ COUNTY SANITATION DISTRICT

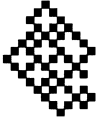
2025/26 REVENUE STUDY



February 2025

Hornberger Engineering
San Jose, California

2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029



February 14, 2025

Mr. Matt Machado, P.E.
District Engineer
Santa Cruz County Sanitation District
701 Ocean Street
Santa Cruz, CA 95060

Subject: Santa Cruz County Sanitation District
2025/26 Revenue Study

Dear Mr. Machado,

We are pleased to submit this five-year program of sewer service charges for the Santa Cruz County Sanitation District. The purpose of this study is to incorporate the latest costs associated with the District's projects and programs and to project revenue requirements for the years 2025/26 through 2029/30. The study is based on the projected capital costs, operation and maintenance expenses and customer information prepared by the District staff.

This study assumes three bond issues will be issued as part of the District's Capital Improvement Program funding over the next ten years. The first bond issue will be for \$24.0 million in June 2026 to fund six projects. A second bond issue will be for \$27.0 million in June 2029 to fund five projects. A third bond issue will be for \$30.0 million in June 2031 to fund the D.A. Porath facility improvements.

As a result of this study, the overall fee increase for fiscal year 2025/26 is 7.7%. Proposed fees for the individual user groups are shown in the following table. Increases of 7.5% are projected for the following four years.

We appreciate this opportunity to prepare this revenue study for the Santa Cruz County Sanitation District. Please do not hesitate to contact me if you have any questions or would like any additional information.

Sincerely,

Hornberger Engineering

Gary Hornberger

Hornberger Engineering

Hornberger Engineering • 2661 Thrasher Lane • San Jose, CA • 95125 • (408) 264-5029

Santa Cruz County Sanitation District

Proposed 2025/26 Fee Increases

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Change (%)
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
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State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

SANTA CRUZ COUNTY SANITATION DISTRICT 2025/26 REVENUE STUDY

Introduction

The Santa Cruz County Sanitation District will require approximately 7.5% to 7.7% annual increases in revenue from fees for sewer service in the next five fiscal years, 2025/26 through 2029/30. The overall fee increase for 2025/26 developed in this study is 7.7%. These increases are primarily related to increased operating expenses and capital projects at the wastewater treatment plant operated by the City of Santa Cruz, the District's operating costs and debt service with an additional \$51 million in bonds, and general inflation.

The District staff has reviewed connection charge revenue, capital outlay needs, operation and maintenance expenses, debt service and miscellaneous revenues for the next five fiscal years. Based on this updated information, proposed fees for sewer service in 2025/26 and estimated fees through 2029/30 have been calculated. The development of these fees is discussed in the following sections.

Requirements for Sewer Service Fees

The District's fees for sewer service are subject to the requirements contained in the Revenue Program Guidelines issued by the California State Water Resources Control Board. This is a condition of the State and Federal grants and loans received by the District.

The Guidelines require that fees for sewer service be designed to recover adequate revenues for the operation and maintenance of the District's facilities. In addition, each user and user class must pay its proportional share of those costs, based on its proportional contribution to the total wastewater loadings from all users. The District's sewer service fees have been reviewed by the State Water Resources Control Board staff and are in compliance with the Guidelines.

The District's fees are also subject to the requirements of Proposition 218. This proposition, passed in 1996, requires that fees shall not exceed the proportional cost of service attributable to any parcel.

Customer Revenue

The projected revenue received for sewer service under the current 2024/25 fees has increased by \$367,000 as shown in Table 1. This is a combination of a \$89,000 increase in residential revenue and a \$278,000 increase in nonresidential revenue. The most significant usage increases in 2024 were for restaurants and other business, both of which were up 8%. The increase in customer revenue has the effect of decreasing the proposed 2025/26 sewer service fees by 1.0%.

Table 1
Customer Revenue at Current 2024/25 Fees

Year	Residential Revenue (\$/year)	Nonresidential Revenue (\$/year)	Total Revenue (\$/year)
2024/25	\$29,397,000	\$5,682,000	\$35,079,000
2025/26	\$29,486,000	\$5,960,000	\$35,446,000
Difference	\$89,000 0.3%	\$278,000 4.9%	\$367,000 1.0%

Connection Charge Revenue

Actual connection charge revenue the past three years has averaged \$404,000. Based on actual revenues, connection charges of \$400,000 have been projected for 2025/26 and the following years.

Capital Improvement Program Funding

Connection charge revenue and contributions from rates are used to fund the District's Capital Improvement Program projects that are not funded by loans or grants. The funding for 2025/26 is \$2,984,000. This will be generated by \$400,000 in connection charge revenue and \$2,584,000 in sewer service fees. The funding for those projects in the five years of the study period is show in Table 2. The projects included in this program are listed in Table 3. Existing fund balances will be used for the additional costs of these projects.

Table 2
Capital Improvement Program Funding

Item	Annual Capital Improvement Program Funding				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Connection Charge Revenue	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Contribution from Rates	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Capital Improvement Program Funding	\$2,984,000	\$4,342,000	\$5,241,000	\$8,973,000	\$9,279,000

Table 3
District Funded Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
East Cliff Trans. Main Replacement at Murray St. Bridge	\$714,000				
Flowmeter Replacements and Repairs	\$40,000		\$45,000		\$45,000
Transmission Line Inspection	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
SCADA System Improvements	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Pump Station Sewage Level Monitoring	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Cathodic Protection	\$100,000	\$50,000	\$50,000	\$50,000	\$50,000
Road Repairs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Consulting Engineering Services	\$450,000	\$500,000	\$500,000	\$500,000	\$500,000
Minor Projects	\$2,000,000	\$600,000	\$1,000,000	\$1,000,000	\$1,000,000
East Cliff Force Main Inspection	\$200,000				
East Cliff Force Main Repairs - II		\$900,000			
D.A. Porath PS Valve Replacements and Bypass	\$1,600,000				
Moosehead Realignment	\$1,300,000				
Santa Cruz Harbor Area Sewer Rehab Phase 2				\$100,000	
Rio Del Mar Sewer Rehab Phase 2				\$100,000	
Concrete Stairs Rehab (Conc Rehab Various PS)			\$475,000		
Soquel Pump Station Auxiliary Wet Well	\$100,000				
2028 Sewer Pipe Rehabilitation Project			\$100,000	\$4,900,000	
D.A. Porath Pump Station Study	\$200,000				
Seacliff Pump Station Capacity Upgrade	\$200,000				
Sea Level Mitigation	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Other Rehab (Collection and Operations)		\$1,800,000	\$2,300,000	\$1,500,000	\$6,000,000
Contingencies	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
Total District Funded Capital Projects	\$7,904,000	\$4,850,000	\$5,470,000	\$9,150,000	\$8,595,000

Operation and Maintenance Expenses

The projected operation and maintenance expenses include treatment costs paid to the City of Santa Cruz and the District's expenses for pump station and collection line maintenance, engineering, source control and fixed assets.

As shown in Table 4, projected treatment expenses have increased from those used in the 2024/25 fees. The District's share of treatment operations costs has increased by \$1,011,000 due to utility costs, chemical costs and inflation. Significant increases in projects at the treatment plant are projected for the five-year study period. These projects are shown in Table 5. The District's 8/17 share of capital projects has increased by \$696,000. The total increase in City treatment costs for 2025/26 is \$1,707,000.

Table 4
2025/26 City Treatment Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$6,045,000	\$3,721,000	\$9,766,000
2025/26	\$7,056,000	\$4,417,000	\$11,473,000
Difference	\$1,011,000 16.7%	\$696,000 18.7%	\$1,707,000 17.5%

As shown in Table 6, the District's O&M expense projections for the next fiscal year have increased by \$1,960,000 from those used in the 2024/25 fees. This includes increases of 11.7%, or \$1,907,000, in operating costs and a \$53,000 increase in routine capital expenses. The largest increases were for sulfide control and engineering which accounted for 33% and 16%, respectively, of the total increase.

Table 5
Treatment Plant Capital Improvement Program

Project	2025/26	2026/27	2027/28	2028/29	2029/30
Equipment Replacement	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Nearby Park Mitigation CIP	\$525,000	\$275,000	\$275,000	\$275,000	\$275,000
Jessie St. Park CIP	\$200,000				
Upgrade Digester Equipment/Cleaning	\$800,000		\$800,000		\$800,000
Electrical System Upgrade Design	\$2,000,000	\$2,000,000			
Modernize Lab	\$1,500,000				
WWTP Infrastructure and Major Equipment	\$3,000,000	\$4,000,000	\$4,000,000	\$4,000,000	\$4,000,000
Total Treatment Plant Capital Projects	\$9,025,000	\$7,275,000	\$6,075,000	\$5,275,000	\$6,075,000

Table 6
2025/26 District Operation and Maintenance Expenses

Year	Operations (\$/year)	Capital (\$/year)	Total (\$/year)
2024/25	\$16,275,000	\$1,272,000	\$17,547,000
2025/26	\$18,182,000	\$1,325,000	\$19,507,000
Difference	\$1,907,000 11.7%	\$53,000 4.2%	\$1,960,000 11.2%

Debt Service

The District currently has three projects funded by State Revolving Fund (SRF) loans. These include \$12 million for the Aptos Transmission Relocation Project, \$5 million for the Soquel Creek Pump Station Force Main and \$3.3 million for the Valencia Creek Sewer Relocation. The Capitola/Jewel Box Sewer project was funded by a \$7 million California Infrastructure and Economic Development Bank (IBank) loan.

In June 2022 the District issued \$19.9 million in revenue bonds to fund five projects. In June 2024 the District issued \$29.0 million in revenue bonds to fund twelve projects.

The District plans to issue three additional revenue bonds starting in 2026. These include a \$24 million issue in 2026 to fund six projects, a \$27 million issue in 2029 to fund four projects, and a \$30 million issue in 2031 to fund the D.A. Porath Facility improvements.

The District is participating in a \$3.5 million IBank loan for the Ultraviolet System Replacement project at the City wastewater treatment plant. In addition, the District will be participating in the funding for the Electrical System Upgrade at the plant. The latter project is under design. The actual project cost and funding have not been established at this time. Estimated debt service for this project has been included for the study period but is subject to change at a later date. The District will pay 8/17 of the debt service for both those projects.

The proposed projects funded by these loans and bonds over the next five fiscal years are shown in Table 7. The debt service schedules for all the District's loans and bonds for the study period are shown in Table 8.

Table 7
District Loan and Bond Funded Capital Improvement Program

Project	Prior Years	2025/26	2026/27	2027/28	2028/29	2029/30
State Revolving Fund Loans:						
Aptos Transmission Relocation	\$11,982,000					
Soquel Ck. PS FM Replacement	\$5,002,000					
Valencia Creek Sewer Relocation	\$3,265,000					
Bank Loans:						
Capitola / Jewel Box Sewer	\$7,000,000					
2022 Bond Issue:						
East Cliff, Portola, & Richmond Dr.	\$7,300,000					
Upper Rodeo, Lower Rodeo Trunklines and Rodeo PS	\$8,500,000					
Arana Trunkline	\$4,100,000					
Non Project	\$45,000					
Total 2022 Bond Issue	\$19,945,000					
2024 Bond Issue:						
Eddy Lane Sewer Rehabilitation	\$1,300,000					
Soquel Village Sewer Rehabilitation Phase 2	\$9,050,000					
Seaciff/Rio Del Mar Sewer Rehabilitation	\$2,700,000					
Hidden Beach Bypass	\$600,000					
Emergency Bypass Improvements	\$610,000					
DA Porath Bypass	\$1,300,000					
Upper Rodeo Gulch Trunkline	\$2,650,000					
Capitola Pump Station Roof/Drainage	\$400,000					
West Seaciff Sewer Rehabilitation	\$5,770,000					
East Cliff Drive Sewer Rehabilitation	\$500,000					
Arana Gulch Sewer Rehabilitation	\$1,220,000					
Rodeo Pump Station Capacity Upgrade	\$2,900,000					
Total 2024 Bond Issue	\$29,000,000					
2026 Bond Issue:						
Soquel Pump Station Auxiliary Wet Well			\$3,465,100			
Capitola Capacity Upgrade			\$2,000,000			
Capitola Village Phase 1			\$5,600,000			
Soquel Creek Siphon and Bay Avenue Sewer Upgrade			\$4,500,000			
D.A. Porath Pump Station Capacity Upgrade			\$7,000,000			
Additional Capacity Projects			\$1,434,900			
Total 2026 Bond Issue			\$24,000,000			
2029 Bond Issue:						
Other Rehab Project						\$5,000,000
Santa Cruz Harbor Sewer Rehabilitation Phase 2						\$6,456,900
Rio Del Mar Sewer Rehabilitation Phase 2						\$10,594,600
2030 Sewer Pipe Rehabilitation						\$4,948,500
Total 2029 Bond Issue						\$27,000,000
City WWTP Projects:						
UV Replacement (\$3.5 million X 8/17)	\$1,647,000					
Electrical System Construction (\$36.0 million X 8/17)				16,941,000		
Total Loan and Bond Funded Projects	\$77,841,000	\$0	\$24,000,000	\$16,941,000	\$0	\$27,000,000

Table 8
District Debt Service

Item	Annual Debt Service				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
SRF Loan - Aptos Transmission Project	\$790,000	\$790,000	\$790,000	\$790,000	\$790,000
SRF Loan - Soquel Creek Pump Station	\$219,000	\$219,000	\$219,000	\$219,000	\$219,000
SRF Loan - Valencia Creek Sewer Relocation	\$72,000	\$126,000	\$126,000	\$126,000	\$126,000
IBank Loan - Capitola/Jewel Box	\$402,000	\$401,000	\$401,000	\$400,000	\$399,000
2022 Bond Issue - 5 Projects	\$1,197,000	\$1,199,000	\$1,200,000	\$1,195,000	\$1,199,000
2024 Bond Issue - 12 Projects	\$1,656,000	\$1,653,000	\$1,654,000	\$1,654,000	\$1,652,000
2026 Bond Issue - 6 Projects		\$1,610,000	\$1,610,000	\$1,610,000	\$1,610,000
2029 Bond Issue -4 Projects					\$1,810,000
City WWTP Ibank Loan - UV Replacement	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000
City WWTP Electrical System Upgrade - Construction			\$1,117,000	\$1,117,000	\$1,117,000
Total Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000

Revenue Trust Interest Income

The District uses the investment income received in the Revenue Trust Fund to fund a portion of its operating expenses every year. This reduces the total revenues required from fees for sewer service. Based on actual earnings, the projected annual interest income for 2025/26 and the following years is \$500,000.

Reserve Fund

The District's Reserve Fund will have a balance of \$2,600,000 at the beginning of 2025/26 after a transfer out of \$1,900,000 in 2023/24. The District's plan is to continue increases of \$300,000 over the next two years plus an additional transfer back into this fund of \$700,000 in 2027/28. Additional transfers would continue in the following years. This will bring the balance to \$4,200,000 by the end of 2029/30. These amounts will be recovered annually through sewer service fees.

Total Revenues

Projected revenues required for 2025/26 through 2029/30 from fees for sewer service are shown in Table 9. The total revenue required in 2025/26 is \$38,165,000 which will require an overall fee increase of \$2,719,000 or 7.7%. Annual fee increases for the following four years are projected to be 7.5%.

Table 9
Total Revenue Requirements

Item	Annual Revenue Requirement				
	2025/26 (\$/year)	2026/27 (\$/year)	2027/28 (\$/year)	2028/29 (\$/year)	2029/30 (\$/year)
Capital Improvement Funding	\$2,584,000	\$3,942,000	\$4,841,000	\$8,573,000	\$8,879,000
Debt Service	\$4,419,000	\$6,081,000	\$7,200,000	\$7,194,000	\$9,005,000
City Treatment	\$11,473,000	\$10,803,000	\$10,407,000	\$10,211,000	\$10,804,000
District O&M	\$19,507,000	\$19,991,000	\$21,015,000	\$21,360,000	\$22,070,000
Reserve Fund	\$300,000	\$300,000	\$700,000	\$100,000	\$200,000
Revenue Collection Expense	\$382,000	\$410,000	\$441,000	\$474,000	\$510,000
Interest Earnings	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Total Revenue Requirement	\$38,165,000	\$41,027,000	\$44,104,000	\$47,412,000	\$50,968,000
Fee Increase	7.7%	7.5%	7.5%	7.5%	7.5%

Sewer Service Fees

The proposed 2025/26 fees for sewer service, based on increased customer usage and total revenue requirements, are shown in Table 10. The overall 2025/26 fee increase is 7.7%. Residential increases are of 7.6% for single family residences, 7.5% for multiple and 7.2% for mobile homes.

These proposed fees are based the average wastewater discharges for the three residential classifications, as adopted by the District Board in January 2022. The discharge by customers in the single family classification is 5.1 HCF per month. The discharge by customers in the combined multiple family classification is 4.1 HCF per month. Mobile home discharge is 3.2 HCF per month.

Nonresidential fee increases vary based on customer size and strength of wastewater discharged. Restaurants, which have high strength wastewater, will have higher increases. Pollutant costs are a significant portion of their fees and those costs are increased as total City treatment costs increase in 2025/26. Increases for other high strength customers are similar.

A five-year fee program for the study period is shown in Table 11. This table includes adopted fees since 1991/92 and proposed increases through 2029/30.

Table 10
Proposed 2025/26 Fees

User Group	Proposed 2025/26 Fees		Existing 2024/25 Fees		2025/26 Increases
	Flat Fee (\$/year)	Volume Fee (\$/HCF)	Flat Fee (\$/year)	Volume Fee (\$/HCF)	
Single Family	\$1,155.36		\$1,073.28		7.6%
Townhomes & Condominiums	\$992.40		\$923.52		7.5%
Multiple Family & ADUs	\$992.40		\$923.52		7.5%
Mobile Homes	\$845.64		\$788.64		7.2%
Bakeries/Donut Shops	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Restaurants/Catering	\$451.44	\$16.96	\$427.08	\$15.42	9.6%
Food Processing	\$451.44	\$20.20	\$427.08	\$18.20	10.9%
Hospitals/Convalescent Hospitals	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Other Businesses	\$451.44	\$12.61	\$427.08	\$11.64	7.6%
Schools (Sr. High ADA Basis) (1)	\$451.44	\$43.85	\$427.08	\$40.56	8.1%
Schools (Sr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	8.1%
Schools (Elem. & Jr. High ADA Basis) (1)	\$451.44	\$29.27	\$427.08	\$27.08	7.9%
Schools (Elem. & Jr. High Usage Basis)	\$451.44	\$12.15	\$427.08	\$11.24	7.9%
Junior Colleges (2)	\$451.44	\$38.63	\$427.08	\$35.73	8.1%
State Parks	\$451.44	\$12.15	\$427.08	\$11.24	8.0%
Dominican Hospital	\$451.44	\$13.20	\$427.08	\$12.14	8.7%
Chaminade	\$451.44	\$17.48	\$427.08	\$15.85	10.3%
Overall Increase					7.7%

(1) Volume Rate = \$/ADA/year

(2) Volume Rate = \$/FTES/year

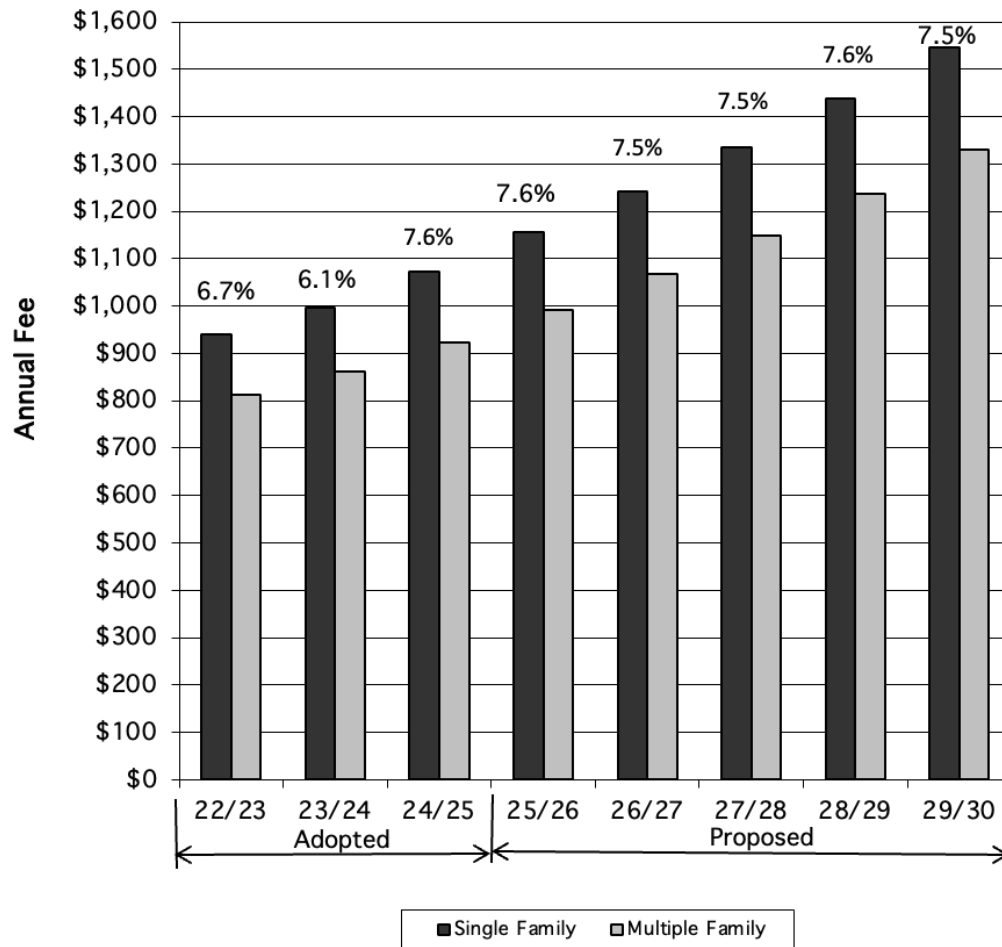
Summary

The overall projected increase in fees for sewer service for fiscal year 2025/26 is 7.7%. The annual increases for the following four years are 7.5%. These increases reflect increased customer usage, additional debt service, treatment plant operating costs and capital improvements and District operating costs and capital improvements. The proposed single family and multiple family annual fees are shown in Figure 1. Future fee increases are dependent upon the magnitude of treatment and collection operating costs, general inflationary trends, interest rates and customer usage.

Table 11
Five-Year Fee Program

Fiscal Year	Average Increase					
	Single Family	Multiple Family	Mobile Home	Average Other Business	Average Restaurant	Elementary School
	5.1 HCF/mo.	4.1 HCF/mo.	3.2 HCF/mo.	12 HCF/mo.	44 HCF/mo.	369 ADA
Adopted						
1991/92	27.1%	23.9%	23.9%			
1992/93	4.2%	13.5%	13.5%	4.5%	8.2%	0.4%
1993/94	22.4%	35.7%	35.7%	25.9%	30.3%	19.4%
1994/95	5.6%	5.4%	5.4%	5.9%	9.5%	5.5%
1995/96	5.3%	5.7%	5.7%	5.5%	-1.1%	5.9%
1996/97	4.4%	4.3%	4.3%	3.5%	9.6%	-25.8%
1997/98	3.1%	2.1%	2.1%	2.6%	12.5%	-2.0%
1998/99	2.9%	3.3%	3.3%	2.6%	2.2%	1.7%
1999/00	2.9%	3.3%	3.3%	3.2%	0.3%	2.1%
2000/01	4.7%	3.9%	3.9%	4.9%	7.9%	6.3%
2001/02	3.3%	3.0%	3.0%	3.8%	4.7%	4.0%
2002/03	9.8%	20.6%	-5.4%	-1.1%	-2.3%	-1.1%
2003/04	4.1%	4.1%	4.0%	4.6%	3.4%	5.1%
2004/05	4.9%	5.1%	5.3%	4.6%	3.7%	4.3%
2005/06	3.7%	1.2%	6.8%	5.7%	1.6%	4.9%
2006/07	2.3%	2.3%	2.5%	2.2%	-1.1%	2.7%
2007/08	3.2%	2.9%	2.6%	3.1%	6.5%	3.2%
2008/09	1.3%	0.9%	2.5%	7.2%	10.0%	7.8%
2009/10	5.2%	5.1%	5.0%	5.0%	4.3%	-30.6%
2010/11	4.2%	4.0%	4.0%	3.9%	5.5%	4.3%
2011/12	1.6%	3.9%	4.3%	11.0%	10.7%	10.6%
2012/13	3.7%	3.7%	3.7%	3.4%	2.0%	4.0%
2013/14	2.7%	2.8%	2.9%	2.0%	2.6%	2.0%
2014/15	0.2%	1.5%	3.9%	8.3%	9.9%	8.2%
2015/16	4.8%	4.9%	5.0%	2.3%	1.3%	2.4%
2016/17	2.7%	2.7%	2.7%	3.1%	1.1%	3.9%
2017/18	1.2%	4.5%	3.6%	8.7%	7.2%	9.3%
2018/19	3.3%	3.5%	3.7%	5.2%	0.7%	3.4%
2019/20	5.3%	5.3%	5.4%	5.2%	2.0%	5.7%
2020/21	2.8%	2.7%	2.6%	1.3%	2.2%	2.4%
2021/22	4.0%	4.2%	4.4%	4.3%	-0.4%	4.4%
2022/23	6.7%	6.5%	6.3%	6.4%	8.5%	-3.7%
2023/24	6.1%	6.0%	5.9%	5.9%	7.2%	6.1%
2024/25	7.6%	7.2%	6.7%	8.9%	9.8%	9.7%
Proposed						
2025/26	7.6%	7.5%	7.2%	7.8%	9.8%	8.0%
2026/27	7.5%	7.7%	7.9%	7.8%	4.3%	8.0%
2027/28	7.5%	7.5%	7.5%	7.3%	7.5%	7.5%
2028/29	7.6%	7.7%	7.8%	7.6%	5.3%	8.0%
2029/30	7.5%	7.5%	7.5%	7.4%	7.2%	7.7%

Figure 1
Annual Residential Fees



Certificate Of Completion

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Subject: Complete with Docusign: SCCSD Protest letter Paul Shraeder District Response
Source Envelope:
Document Pages: 15
Certificate Pages: 5
AutoNav: Enabled
Envelopeld Stamping: Enabled
Time Zone: (UTC-08:00) Pacific Time (US & Canada)

Status: Completed

Envelope Originator:
Terra Prestwich
701 Ocean Street
Santa Cruz, CA 95060
Terra.Prestwich@santacruzcountyca.gov
IP Address: 63.194.190.100

Record Tracking

Status: Original 5/14/2025 3:55:58 PM	Holder: Terra Prestwich Terra.Prestwich@santacruzcountyca.gov	Location: DocuSign
Security Appliance Status: Connected	Pool: FedRamp	
Storage Appliance Status: Connected	Pool: County of Santa Cruz	Location: Docusign

Signer Events

Terra Prestwich
terra.prestwich@santacruzcountyca.gov
County of Santa Cruz
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

E2E13310076A4FC...

Signature Adoption: Pre-selected Style
Using IP Address: 63.194.190.100

Timestamp

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Signed: 5/14/2025 3:58:22 PM

Electronic Record and Signature Disclosure:
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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp

Andrea Gifford
Andrea.Gifford@santacruzcountyca.gov
Board Clerk
County of Santa Cruz
Security Level: Email, Account Authentication (None)

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Sent: 5/14/2025 3:58:25 PM

Electronic Record and Signature Disclosure:
Accepted: 5/2/2022 11:48:55 AM
ID: 098da81a-7523-4cdc-a1ac-872ede37676f

Stacey Muller
Stacey.Muller@santacruzcountyca.gov
Security Level: Email, Account Authentication (None)

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Electronic Record and Signature Disclosure:
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Carbon Copy Events	Status	Timestamp
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Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Certified Delivered	Security Checked	5/14/2025 3:58:12 PM
Signing Complete	Security Checked	5/14/2025 3:58:22 PM
Completed	Security Checked	5/14/2025 3:58:25 PM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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If you elect to receive required notices and disclosures only in paper format, it will slow the speed at which we can complete certain steps in transactions with you and delivering services to you because we will need first to send the required notices or disclosures to you in paper format, and then wait until we receive back from you your acknowledgment of your receipt of such paper notices or disclosures. Further, you will no longer be able to use the DocuSign system to receive required notices and consents electronically from us or to sign electronically documents from us.

All notices and disclosures will be sent to you electronically

Unless you tell us otherwise in accordance with the procedures described herein, we will provide electronically to you through the DocuSign system all required notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you during the course of our relationship with you. To reduce the chance of you inadvertently not receiving any notice or disclosure, we prefer to provide all of the required notices and disclosures to you by the same method and to the same address that you have given us. Thus, you can receive all the disclosures and notices electronically or in paper format through the paper mail delivery system. If you do not agree with this process, please let us know as described below. Please also see the paragraph immediately above that describes the consequences of your electing not to receive delivery of the notices and disclosures electronically from us.

How to contact County of Santa Cruz:

You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

To contact us by email send messages to: nada.algharib@santacruzcounty.us

To advise County of Santa Cruz of your new email address

To let us know of a change in your email address where we should send notices and disclosures electronically to you, you must send an email message to us at nada.algharib@santacruzcounty.us and in the body of such request you must state: your previous email address, your new email address. We do not require any other information from you to change your email address.

If you created a DocuSign account, you may update it with your new email address through your account preferences.

To request paper copies from County of Santa Cruz

To request delivery from us of paper copies of the notices and disclosures previously provided by us to you electronically, you must send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email address, full name, mailing address, and telephone number. We will bill you for any fees at that time, if any.

To withdraw your consent with County of Santa Cruz

To inform us that you no longer wish to receive future notices and disclosures in electronic format you may:

- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to nada.algharib@santacruzcounty.us and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

Required hardware and software

The minimum system requirements for using the DocuSign system may change over time. The current system requirements are found here: <https://support.docusign.com/guides/signer-guide-signing-system-requirements>.

Acknowledging your access and consent to receive and sign documents electronically

To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to 'I agree to use electronic records and signatures' before clicking 'CONTINUE' within the DocuSign system.

By selecting the check-box next to 'I agree to use electronic records and signatures', you confirm that:

- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify County of Santa Cruz as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by County of Santa Cruz during the course of your relationship with County of Santa Cruz.