

Central Services
Joan Araujo, Director

Engineering Services
James O'Tousa, Director

Roads & Transportation
Anitha Balan, Director

Water & Sanitation
Vacant, Director

Watershed Protection
Vacant, Director

June 4, 2024

Board of Supervisors
County of Ventura
County Service Area No. 29
800 South Victoria Avenue
Ventura, CA 93009

Subject: Conduct a Public Hearing Regarding Proposed County Service Area No. 29 [North Coast] Sewer Service Charges and Sewer Standby Charges for Fiscal Year (FY) 2024-25; Approve a 12.5 Percent Increase in the Sewer Service Charges Unless Written Protests from a Majority of Affected Property Owners or Tenants Is Received; Adopt a Resolution to Approve the Proposed FY 2024-25 Sewer Service and Standby Charges and the Continued Collection of These Charges as Part of the Annual General County Tax Roll for FY 2024-25; Supervisorial District No. 1.

Recommendations:

1. Conduct a public hearing to hear and consider all oral and written comments, objections, and protests, if any, to the proposed Fiscal Year (FY) 2024-25 sewer service charges and sewer standby charges outlined in the report entitled "Fixing Sewer Service Charges and Sewer Standby Charges for FY 2024-25" (Report), Exhibit 4 to the attached resolution (Resolution).
2. Upon the conclusion of the hearing, unless written protests from a majority of affected property owners or tenants are received, adopt the Resolution confirming the Report which would (i) approve a "Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2024-25" (Exhibit 4B to the Report), (ii) increase the sewer service charges for FY 2024-25 by 12.5 percent, (iii) maintain the sewer standby charges for FY 2024-25 at the same levels set in FY 1996-97, and (iv) approve the continued collection of the subject sewer service standby charges as part of the annual general County tax roll.



Fiscal/Mandates Impact:

Mandatory: No
Source of Funding: Sewer service charges are paid by the property owners of properties receiving sewer service and the sewer standby charges are paid by the property owners of vacant parcels adjacent to an existing sewer line within County Service Area No. 29
Funding Match Required: None
Impact on Other Departments: Minimal to moderate impact on Auditor-Controller's Office for placing charges on property tax roll

Summary of Revenues and Total Costs:	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenues:	\$ 1,193,679	\$ 1,342,506
Costs:		
Direct Costs	\$ 697,266	\$ 956,665
Indirect - Agency/Dept.	\$ 137,144	\$ 54,464
Indirect – CAP	<u>\$ 6,760</u>	<u>\$ 3,071</u>
Total Costs	\$ 841,171	\$ 1,014,200
Net Costs	\$ (352,509)	\$ (328,306)
Recovered Indirect Cost	\$ 143,904	\$ 57,535

Revenue includes \$1,311,014 from sewer service charges, \$240 from sewer standby charges, and \$31,252 from interest earnings and other revenues. FY 2023-24 information is shown for comparison purposes only.

Current Fiscal Year (FY) Budget Projection:

Current FY 2023-24 Budget Projection For County Service Area No. 29 North Coast – Unit 4130				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$5,236,172	\$5,211,183	\$1,145,620	\$4,065,563
Revenue	\$5,534,370	\$5,568,679	\$1,209,428	(\$4,359,251)
Net Cost	(\$298,198)	(\$357,496)	(\$63,808)	(\$293,688)

Revenues (at FY 2023-24 rates) and appropriations are included in the FY 2024-25 Preliminary Budget.



Executive Summary:

On June 20, 2023, your Board adopted Resolution No. 23-092, increasing Ventura County Service Area No. 29's [North Coast] (CSA 29) sewer service charges by 10%. Annually, as part of the budget process, the sewer rate is reviewed to determine if adjustments are needed to accommodate projected expenses. This year, a sewer rate adjustment is necessary due to increases in the treatment, power costs, and labor rates. This year we propose a 12.5% sewer rate increase from \$230.53 per month per Equivalent Residential Unit (ERU) to \$259.35 per ERU, effective July 1, 2024. We do not recommend an increase in the sewer standby charges. In accordance with Ordinance No. 3428, we recommend the sewer service charges and sewer standby charges continue to be collected in the same manner as property taxes (via the annual property tax roll) as a convenience to ratepayers and to reduce the cost of collection by avoiding separate billing.

Discussion:

The Public Works Agency Water and Sanitation (PWA-WS) is responsible for the administration, operation, and maintenance of the North Coast sewer collection system through County Service Area No. 29 (CSA 29). CSA 29 serves the communities of Solimar Beach, Faria Beach, Seacliff, and Mussel Shoals. The North Coast sewer system is a Septic Tank Effluent Pump system (STEP) that serves over 300 customers. Historically, the system was operated and maintained according to a contract between CSA No. 29 and the Ventura Regional Sanitation District (VRSD) for 39 years. On May 11, 2021, the Board of Supervisors canceled the VRSD contract and approved the transfer of the operations and maintenance responsibility to PWA-WS, effective July 1, 2021. PWA-WS pumps the sewage to the City of Ventura sewer system for wastewater treatment and disposal.

CSA 29 is dependent upon sewer service charges to finance the operation and maintenance expenses of the County Service Area No. 29 sewer collection system. The existing sewer collection system is over 40 years old and, based on the repair history, PWA-WS may need to replace several pumps, odor control systems, electrical controls, and certain sections of the sewer force main. For more information regarding this Department see the attached Vicinity Map, Location Map, and Information Sheet (Exhibits 1, 2, and 3).

Over the past four fiscal years, increased system operations and maintenance (O&M) costs, increased treatment costs from the City of Ventura, unplanned emergency repairs, and sewer spill response costs reduced CSA 29's cash reserves by approximately \$300,000. The proposed sewer service rate increase seeks to recover and rebuild the



cash reserve for future emergencies and as a rate stabilization fund. Staff do not recommend an increase in sewer standby charges.

Proposed Sewer Service Charge:

Sewer service charges for FY 2024-25 vary between individual parcels, depending upon the number of Equivalent Residential Units (ERU) on each parcel. An estimated \$1,311,254 must be collected as sewer service charges and sewer standby charges. Of this amount, \$1,221,000 will be derived from individual users, while \$90,254 will come from the County parks system and the Ventura County Fire Protection District.

Per Ordinance No. 3428, staff prepared and filed with the Clerk of the Board a report entitled "Fixing Sewer Service Charges and Sewer Standby Charges for FY 2024-25" (Report) for public review. The Report identifies the parcels to which the proposed fees would apply and sets forth the total amount of sewer service charges proposed for FY 2024-25 and describes how the sewer service charge was computed. The sewer service charges are currently collected in the same manner as property taxes (via the annual general county tax roll), as a convenience for parcel owners and to reduce PWA-WS costs of collection by eliminating separate billing.

According to the Report, PWA-WS recommends that total projected requirements of \$1,041,200 be financed in FY 2024-25, and further recommends a twelve and a half percent (12.5%) increase in rates to finance operation and maintenance requirements and help mitigate negative fund balance.

Sewer Standby Charge:

According to section 25215.6 of the Government Code, a county may fix a sewer standby charge on all land within a county service area to which sewers are made available for any purpose by the county, whether the sewers are used or not.

The passage of Proposition 218 in 1996 had implications concerning the sewer standby charges. Such sewer standby charges are classified as assessments under Proposition 218, and any proposed increases thereto are subject to property owner approval in a mail-in ballot proceeding.

Proposition 218, at Article XIID, section 5 of the California Constitution expressly exempts assessments, including sewer standby charges, existing on November 6, 1996, the effective date of Proposition 218. These assessments were imposed exclusively to finance the capital costs or the maintenance and operation expenses for sewer systems, among other activities characterized as "traditional purposes." Such assessments may continue to be levied in the amount in effect as of Proposition 218's effective date without



the need for compliance with Proposition 218's majority approval or other requirements. Revenues from sewer standby charges are used solely to offset operations and maintenance costs benefiting the affected parcels, so the sewer standby charge in effect as of FY 1996-97 is exempt from Proposition 218 requirements.

PWA-WS recommends that your Board continue the \$30 per parcel annual sewer standby charge that has been in effect since FY 1996-97. There are eight (8) parcels in CSA 29 subject to the sewer standby charge for FY 2024-25. Therefore, the current sewer standby charge will generate \$240.00 in revenue.

These sewer standby fees may be collected as part of the annual general County tax bill if your Board and the Auditor-Controller are provided with a description of each parcel for which a charge is to be billed, together with the amount of the charge applicable to the use of each parcel. Accordingly, the Report includes an exhibit entitled "Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2024-25" (Exhibit 4B to the Report), which identifies each parcel affected by the proposed sewer standby charge. Staff recommends your Board approve the Report and its exhibits.

Public Participation:

Sewer service charges are subject to the majority protest provisions of Proposition 218 outlined in the California Constitution Article XIII D, section 6. This section requires affected property owners to be given no less than 45 days' notice of a hearing to adopt new or increased charges. In compliance with this notice requirement, PWA-WS mailed a public notice of the proposed FY 2024-25 sewer service charge increases to all affected property owners on or before April 15, 2024, providing them with the date, time, and location of today's public hearing, as well as information concerning their right to protest the proposed increase.

As of the date of the filed Report, no protest letters have been received (Exhibit 5). If any additional protest letters are received before or at today's hearing, they will be provided to your Board for consideration.

Strategic Plan:

This item contributes to the Board of Supervisors (Board's) 2024-2027 strategic priority to provide:

- I. Fiscal responsibility and economic vitality through
 1. Maintaining a transparent and balanced budget, while funding essential services and implementing cost-saving measures.



III. Reliable infrastructure and sustainability through

3. Investing in sustainable infrastructure, renewable energy, and preservation of our natural resources.

This item has been reviewed by the County Executive Office, the Auditor-Controller's Office, and the County Counsel.

If you have any questions regarding this item, please call the undersigned at (805) 654-2075.



David Fleisch, P.E.
Assistant Director

Attachments:

Resolution

Exhibit 1 - County Service Area No. 29 Vicinity Map

Exhibit 2 - County Service Area No. 29 Location Map

Exhibit 3 - County Service Area No. 29 Information Sheet

Exhibit 4 - County Service Area No. 29, Report Per County Ordinance No. 3428, Fixing Sewer Service Charges and Sewer Standby Charges for Fiscal Year 2024-25

Exhibit 4A - Summary of Sewer Service Charges and Sewer Standby Charges for FY 2024-25

Exhibit 4B - Schedule of Sewer Service Charges and Sewer Standby Charges for FY 2024-25

PowerPoint Presentation

