

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. 34
800 South Victoria Avenue
Ventura, CA 93009

Subject: Conduct a Public Hearing Regarding Proposed County Service Area No. 34 [El Rio] Sewer Service Charges and Sewer Connection Fees Installment Payments for Fiscal Year (FY) 2024-25; Approval of a 2.5 Percent Increase in Sewer Service Charges Unless Written Protests from a Majority of the Affected Property Owners or Tenants are Received; Adopt a Resolution to Approve the Proposed FY 2024-25 Sewer Standby Charges and Sewer Connection Fees Installment Payments and the Continued Collection of These Charges as Part of the Annual General County Tax Roll for FY 2024-25; Supervisorial District No. 3.

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) sewer service charges and sewer connection fees installment payments outlined in the report entitled "Fixing Sewer Service Charges and Sewer Connection Fees Installment Payments 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 Reports which would (i) approve a "Schedule of Sewer Service Charges and Sewer Connection Fees Installment Payment for FY 2024-25" (Exhibit 4B to the Report), (ii) increase the sewer charges for FY 2024-25 by 2.5 percent, (iii) maintain the sewer connection fees installment payments for FY 2024-25 at the same levels set in FY 1996-97, and (iv) approve the continued collection of these 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 sewer connection fees installment payments (SCFIPs) are paid by the property owners who elected the SCFIP option within County Service Area No. 34.
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 Costs:	<u>FY 2023-24</u>	<u>FY 2024-25</u>
Revenue:	\$1,405,452	\$1,475,477
Costs:		
Direct	\$1,266,245	\$1,855,777
Indirect – Agency/Dept.	\$ 50,467	\$ 48,678
Indirect – County CAP	<u>\$ 2,488</u>	<u>\$ 2,745</u>
Total Costs	\$1,319,200	\$1,907,200
Net Costs	\$ (86,252)	\$ 431,723
Recovered Indirect Costs	\$ 52,955	\$ 51,423
Net Costs will be covered by fund balance.		

Unit 4150 revenue consists of \$888,601, from service charges (of which \$822,181 will be placed on the annual general County tax rolls and \$66,420 will be billed manually) and \$152,500 from other revenue. Unit 4155 revenue consists of \$ 434,376 from SCFIPs. FY 2023-24 information is shown for comparison purposes only.

Current Fiscal Year (FY) Budget Projection:

Current FY 2024-25 Budget Projection for County Service Area No. 34 – Unit 4150 & 4155				
	Adopted Budget	Adjusted Budget	Projected Budget	Estimated Savings/(Deficit)
Appropriations	\$2,152,545	\$2,173,141	\$1,291,900	\$881,241
Revenue	\$1,517,400	\$1,517,400	\$1,614,630	\$97,230
Net Cost	\$635,145	\$655,741	(\$322,730)	\$978,471

Revenues (at FY 2023-24 rates) and appropriations are included in the FY 2024-25 Preliminary Budget for Unit 4150 and Unit 4155 (Debt Service Fund).



Executive Summary:

On June 22, 2021, your Board adopted Resolution No. 21-092, increasing the County Service Area No. 34 (CSA 34) sewer service charges by 5.3%. 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 increase is necessary due to the increase in the City of Oxnard's treatment, power costs, and labor rates. This year we propose a 2.5% sewer rate increase from \$40.00 per Equivalent Residential Unit (ERU) to \$41.00 per ERU effective July 1, 2024. We do not recommend an increase in the sewer connection fee installment payments. In accordance with Ordinance No. 3428, we recommend the sewer service charges and sewer connection fees installment payments 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:

Public Works Agency Water and Sanitation (PWA-WS) is responsible for the administration, operations, and maintenance of CSA 34 which was formed in December 2005. CSA 34 services the El Rio community, the Strickland Tract, and the Ventura County Juvenile Justice Complex. Sewage is transported to the City of Oxnard (City) for treatment and disposal. For more information regarding this Department see the attached Vicinity Map, Location Map, and Information Sheet (Exhibits 1, 2, and 3).

Effective January 1, 2008, California Code of Regulations, Title 23, Division 4, Chapter 1, Article 4, Section 3934, prohibits new septic systems and discharges from existing septic systems into the Oxnard Forebay areas. To assist the property owners within the unincorporated area of El Rio to comply with the state septic tank prohibition, a sewer collection system was constructed as funding was secured for the El Rio Sewer Project (Project). Project costs for the public sewer system were approximately \$35 million. Approximately \$26 million in county, state, and federal grants were approved for the Project. Additionally, the residential property owners incurred costs of approximately \$13 million. These costs were for City sewer connection fees (SCFs), CSA 34 SCFs, construction of sewer laterals to connect to the public sewer system, and abandonment of the septic systems.

All phases were completed in April 2011. To date, 98.8% of all properties within CSA 34 are connected to the sewer collection system and have abandoned their septic systems.

Proposed Sewer Service Charge:



Sewer service charges for FY 2024-25 will vary between individual parcels depending upon the number of ERUs on each parcel. An estimated \$888,601 must be collected as sewer service charges.

Per Ordinance No. 3428, staff prepared and filed with the Clerk of the Board a report entitled "Fixing Sewer Service Charges and Sewer Connection Fees Installment Payments for FY 2024-25" (Report) for public review. The Report 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, Public Works Agency Water & Sanitation recommends that the total projected requirements of \$1,907,200 be financed by the sewer revenue in FY 2024-25, and further recommends a 2.5% increase in rates to finance operation and maintenance requirements and help maintain a stable cash reserve balance.

Sewer Connection Fees Installment Payments:

Before connecting to the sewer collection system, each residential property owner is required to pay a City SCF of \$3,539 and a CSA 34 SCF of \$4,876 per ERU. On September 30, 2009, CSA 34 was awarded an American Recovery & Reinvestment Act grant and a 30-year one percent State Revolving Fund (SRF) loan to finance the City SCF and to complete the construction of the Project. The CSA 34 SCF is used to repay the SRF loan in annual installment payments. The loan repayment began in FY 2011-12. Property owners in all phases were given the option to finance the City SCF and the CSA 34 SCF through the SRF loan agreement. For those sewer customers who have elected to pay the SCF in installments, we have included these SCFIPs in the amount of \$434,376 in the total annual charges to be collected.

These SCFIPs may be collected as part of the annual general County tax bill if your Board and the Auditor-Controller describe 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 attached "Schedule of Sewer Service Charges and Sewer Connection Fees Installment Payments for FY 2024-25" (Exhibit 4B to the Report) is submitted to you for your approval.

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, one protest letter has 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:

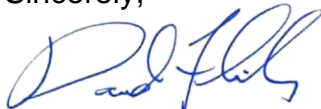
This item contributes to the Board of Supervisors (Board's) 2024-2027 strategic priority to provide:

- 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 letter 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.

Sincerely,



David Fleisch, P.E.
Assistant Director

Attachments:

Resolution
Exhibit 1 - County Service Area No. 34 Vicinity Map
Exhibit 2 - County Service Area No. 34 Location Map
Exhibit 3 - County Service Area No. 34 Information Sheets



Exhibit 4 – County Service Area No. 34, Report Per County Ordinance No. 3428, Fixing Sewer Service Charges and Sewer Connection Fees Installment Payments for FY 2024-25

Exhibit 4A - Summary of Sewer Service Charges and Sewer Connection Fees Installment Payments for FY 2024-25

Exhibit 4B - Schedule of Sewer Service Charges and Sewer Connection Fees Installment Payments for FY 2024-25

Exhibit 5 - Protest Letter
PowerPoint Presentation

