



County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 95060-4070
(831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

June 20, 2003

SUBJECT: BUDGET FOR SANITATION COUNTY SERVICE AREA NO. 7,
BOULDER CREEK

Dear Sanitation Customer:

Background

As you may know, the County of Santa Cruz Department of Public Works (DPW) maintains and operates your sewer system as required by the Local Agency Formation Commission (LAFCO) as a condition of approval for the formation of the County Service Area No. 7 (CSA #7). This CSA, including the treatment facility and sewer system, is collectively owned by the property owners within the CSA. DPW annually develops an estimated operations budget for CSA #7 which is used to determine the annual sewer service charges.

At the May 6, 2003, Board of Supervisors (Board) meeting, a public hearing was held to review the proposed 2003/04 sewer service charges for CSA #7. DPW had proposed to increase the annual residential sewer service charge from \$833.75 to \$1067.75. This increase was needed to fund operations and maintenance costs, increased labor rates and utilities costs, and to establish a capital replacement reserve that could be used for future emergency repairs or infrastructure replacements.

A petition protesting this service charge increase was presented to the Board at the May 6, 2003, hearing. A majority protest of over 50% was received and therefore, at the May 20, 2003, continuation of this hearing, the Board voted not to increase the residential rates for this CSA. A letter was submitted with the petition by Charles and Jacqueline Edgemon. Their main issues included an objection to increased fees, questions regarding the earlier automation of the treatment plant, and a request for complete detail regarding financial data of CSA #7 expenses.

Because the rates were not increased, the proposed 2003/04 budget for CSA #7 will be reduced by \$62,140. This reduction in budget will require the DPW to significantly reduce preventative maintenance and operation activities in your CSA. This reduction essentially eliminates Capital Reserves which had already been significantly impacted when the 2002/2003

budget was reduced at the property owners request. As a result of these two years of revenue cutbacks, funding will be severely cut or eliminated for trench repairs in streets, future pump/motor replacements, rebuilding pump station No. 3, re-roofing the treatment plant building and emergency repairs.

Over the course of the next fiscal year (July 2003, to June 2004) less sewer line cleaning, pump station maintenance, and treatment plant monitoring will be performed than we had originally recommended. It is the County's opinion that these reductions will impact the reliability of the system, and your facilities will continue to deteriorate, which could ultimately result in system failures, possible sewage spills, and subsequent Regional Water Quality Control Board (RWQCB) permit violations.

What you can do to reduce operations costs.

We have attached an informational flyer that addresses ways that you can reduce maintenance costs by reducing the amount of caustic chemicals and solid material and grease that enter the sewer system. Caustic chemicals, grease, rags, latex gloves and dental floss will clog sewer lines and damage pumps, grinders and other machinery resulting in the need to replace this costly equipment. Extending the life of these pumps and grinders and reducing the number of sewer line backups and blockages that need to be cleared will reduce your sewer system costs. Please review this pamphlet and do your part to reduce the cost to run your sanitary sewer system.

Automation of Facilities

In 1994, the treatment plant was upgraded to provide tertiary treatment by installing an equalization tank and the activated sludge system, a self cleaning sand filter system (including chlorination), mixers to reduce nitrate levels, associated test equipment, and alarms. The water was treated for irrigating the golf course and to reduce nitrate levels in the ground water and tributaries to the San Lorenzo River. CSA #7 was required by the State RWQCB and County Environmental Health to complete this upgrade to reduce nitrate levels and to coordinate this upgrade with the Boulder Creek Country Club for use as irrigation water on their golf course. Boulder Creek Country Club contributed \$25,000 toward the cost of this upgrade.

A proposal for additional automation of the plant was considered and the RWQCB was approached regarding this proposal by DPW in a letter dated February 15, 1996. Unfortunately, the budget for the tertiary treatment upgrade of the plant was not large enough to fund the additional costs to automate the treatment plant. Prior to the treatment plant upgrade, standby generators and automatic transfer switches had been installed so that when P.G.& E. experiences power outages, various generators will start automatically without the County needing to send someone out to the site to start up the system. This has provided substantial savings to the service area and eliminated many sewage spills.

Financial Data

The cost to provide the level of detailed financial information requested by the Edgemon's for CSA #7 would be prohibitive and is not reasonable on an ongoing basis. We are happy to provide access to our existing records (except those protected by law, such as Personnel files). If this is not sufficient, the County Auditor-Controller has indicated that an independent audit could be provided for you at an estimated cost to the CSA of approximately \$6,400.

Summary

It is the DPW's opinion that the available budget for 2003/2004 does not provide adequate funding for proper maintenance and operation of CSA #7. DPW is investigating all alternatives to reduce costs for CSA #7, including the possibility of utilizing an outside contractor to run the sanitation operations or dissolving the CSA and returning operation and control of the sewage system to you, the owners.

The DPW has sent the attached letter to the RWQCB alerting them to the potential funding problem. Should inadequate funding for maintenance and operations of the Boulder Creek facilities ultimately result in sewage spills that could otherwise have been avoided, and subsequent fines and compliance actions are taken by RWQCB, the County cannot accept liability and will have no choice but to transfer the cost of fines and liability to the property owners of CSA #7.

If you have any suggestions or questions regarding the contents of this letter, please contact Russ Bateson at 464-5462, or Rachél Lather at 454-2160.

Yours truly,



THOMAS L. BOLICH
Director of Public Works

RHL:dls/653

Attachment

cc: Jeff Almquist, District Supervisor
Roger Briggs, RWQCB
Environmental Health
County Counsel

Blind copy: Susan Mauriello, CAO
Auditor



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THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

May 15, 2003

ROGER W. BRIGGS, EXECUTIVE OFFICER
REGIONAL WATER QUALITY CONTROL BOARD
895 Aerovista Place, Suite 101
San Luis Obispo, CA 93401

SUBJECT: COUNTY SERVICE AREA NO. 7, BOULDER CREEK

Dear Mr. Briggs:

On May 6, 2003, the County of Santa Cruz Board of Supervisors (Board) held a public hearing on the proposed sewer service charge fees for County Service Area (CSA) No. 7, Boulder Creek. Our Board received a Proposition 218 written protest petition. Public Works has verified that more than 50 percent of the residential property owners had signed the petition and are therefore, upon advice of counsel, recommending to the Board that the sewer service charges remain at the existing level. Therefore, as we have previously advised Mr. Todd Stanley of your staff, we feel we will not be able to adequately fund the maintenance and operations of this sewer service area in fiscal year 2003/2004.

The budget for CSA No. 7 will be reduced by \$62,140. As a result of this reduction in the budget, County of Santa Cruz Public Works Department (County) will be forced to significantly reduce preventative maintenance and operation activities in this CSA. Funding will be reduced for effluent force main trench repair and pump/motor replacements. Funding will be eliminated for rebuilding pump station No. 3, re-roofing the treatment plant building and establishing any capital replacement reserves. Funding for maintenance and operation of the treatment plants, pump stations and sewer lines will also be reduced.

This translates into reduced sewer line cleaning, reduced pump station maintenance and reduced treatment plant monitoring. These reductions will impact the reliability of the system and the facilities will continue to deteriorate. System failures are more likely to occur, possibly resulting in spills.

The property owners of CSA No. 7 are collectively the owners of the sewer system and treatment plant. At the state's request, the County operates the system on behalf of the property owners and within the available budget funded by said property owners. It is the County's opinion that the budget for 2003/2004 does not provide adequate funding for the maintenance and operation of CSA No. 7. The County will accept no liability for future spills resulting from inadequate funding for maintenance and operations of the Boulder Creek facilities. We are currently researching options to allow us to operate the system appropriately, including the possibility of contracting out the required services.

ROGER W. BRIGGS, EXECUTIVE OFFICER
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If you have any questions or can provide guidance in this matter, please contact Rachél Lather, Senior Civil Engineer at (831) 454-2637.

Yours truly,



THOMAS L. BOLICH
Director of Public Works

RLLH:bbs

Copy to: Board of Supervisors
Environmental Health
Charles Edgemon,
Homeowners Association President
All County Service Area No. 7 Property Owners
Russ Bateson, Water and Wastewater Operations
County Counsel

CSABCB