

## 2015 SERVICE REVIEW AND SPHERE OF INFLUENCE REVIEW

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### Salsipuedes Sanitary District

# SALSIPUEDES SANITARY DISTRICT

## Document's Purpose, Format, and Executive Summary

LAFCO periodically performs municipal service reviews<sup>1</sup> and updates, as necessary, the sphere of influence of each agency subject to LAFCO's boundary regulation<sup>2</sup>. A "sphere of influence" is defined as a plan for the probable physical boundaries and service area of a local agency. This report has been prepared to analyze the Salsipuedes Sanitary District. Specific service review and sphere determinations are listed at the end of the report.

The main conclusions of this document are:

- The Salsipuedes Sanitary District is a well-governed small agency with a functional board, noticed meetings, and a trained part-time staff member.
- In the ten years since the last service review was conducted, the District's rates have gone from the lowest of all sewer agencies in the Pajaro Valley to the highest.
- In the next few years, the District should evaluate whether lower rates could be realized through a reorganization, and whether the loss or reduction in local control of the sewer system would be acceptable.
- Neither the LAFCO staff nor the District are recommending any changes in the District's Sphere of Influence map.

## Agency Overview

The Salsipuedes Sanitary District was formed<sup>3</sup> in 1965 in order to provide wastewater collection services to the unincorporated area northeast of Watsonville. The main streets in the district are East Lake Avenue (Highway 152) and College Road. In addition to residential areas, the district provides wastewater service to Lakeview Middle School, St. Francis High School, Our Lady Help of Christians Catholic Church, the Santa Cruz County Fairgrounds, and several commercial businesses. The district has 510 connections, and rents an office at 739 East Lake Avenue in Watsonville. The district has a five-person board of directors and employs a part-time Secretary-Manager. The district has a contract with the City of Watsonville to treat, re-cycle and/or dispose sewage at the City's plant on Beach Road.

Table 1 – Services Provided

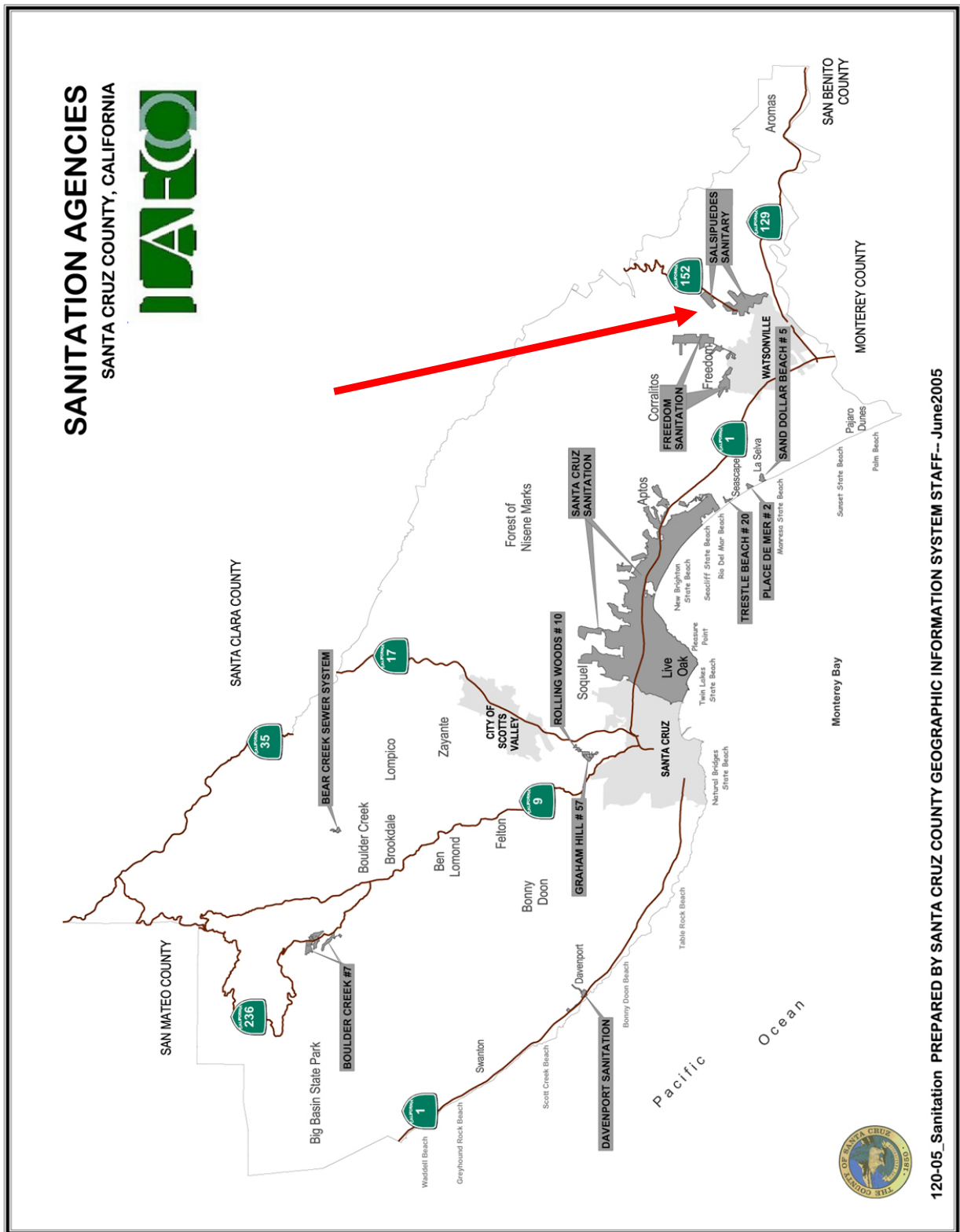
2015 Salsipuedes Sanitary District Service Review		Sanitary Sewer Collection	Sanitary Sewer Treatment	Recycled Water	Septic System Monitoring/Maint.
Special Districts					
Salsipuedes Sanitary District		•			

<sup>1</sup> Government Code §56430 (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000)

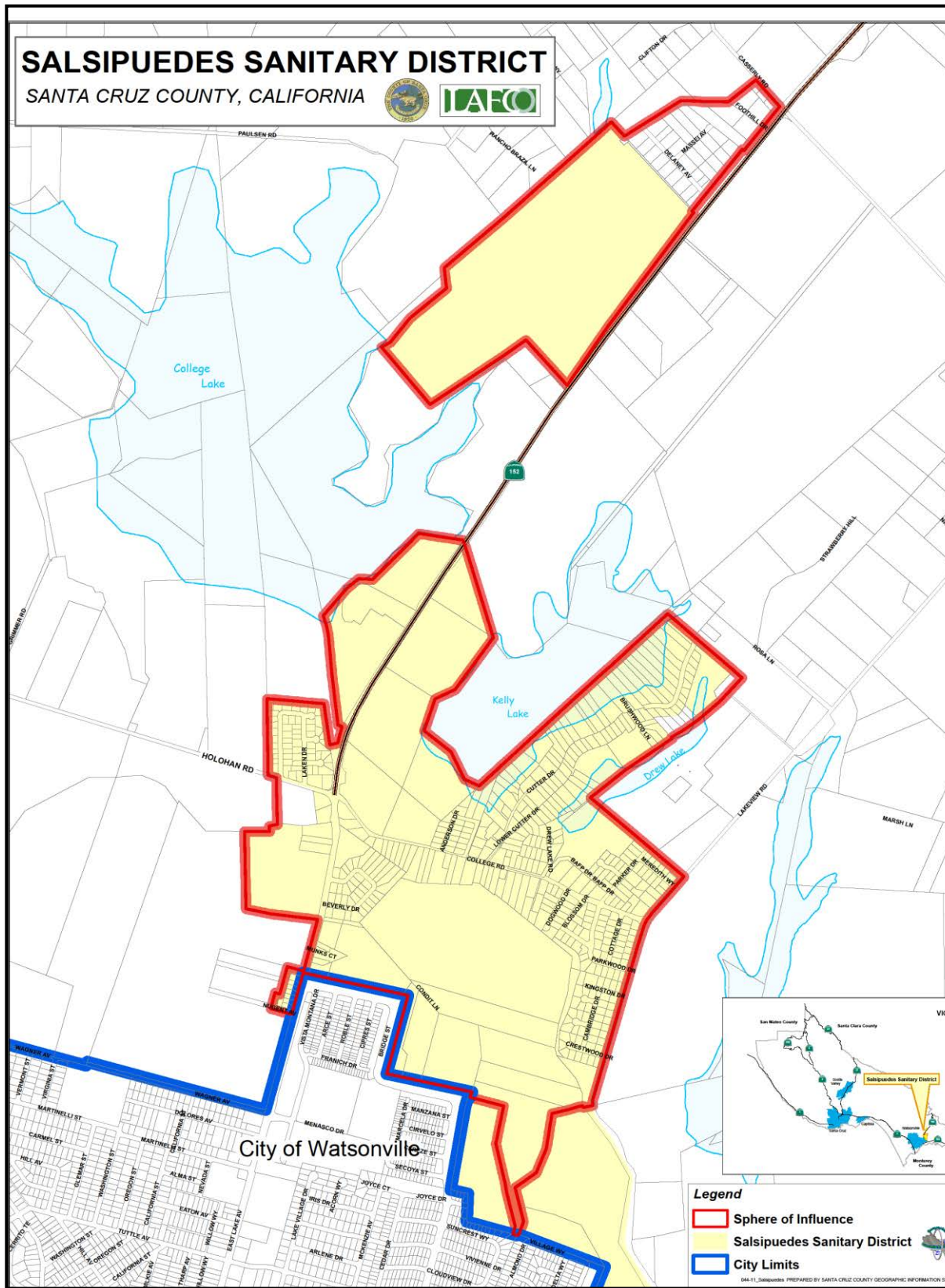
<sup>2</sup> Government Code §56427

<sup>3</sup> Health and Safety Code §6400 et seq. (Sanitary District Act of 1923)

The district's location is shown on the following map:



The district's current boundary and adopted sphere of influence are shown on the following map:



## Growth and Population

There are no growth projections available for the Salsipuedes Sanitary District. In general, the Santa Cruz County unincorporated area is projected to have slow to moderate growth over the next twenty years. The projections are as follows:

Table 2  
Population

Public Agency	2010	2015	2020	2025	2030	2035	Annual Growth Rate
Santa Cruz County (unincorporated)	129,739	132,318	142,132	134,879	139,601	144,227	0.42%

*Source: 2010 US Census and AMBAG 2014 Regional Growth Forecast*

In recent years, the Salsipuedes Sanitary District has grown slowly with 3 new connections in the last ten years. The County General Plan applies in this area. A similar slow rate of new connections can be projected for the next ten years, unless the St. Francis Subdivision (Delaney and Massei Streets) passes an assessment to pay for a collection system and main extension along East Lake Avenue to the current Salsipuedes main at the entrance to the Fairgrounds. The subdivision property owners considered an assessment district in 1999-2004 and it did not go forward.

With approximately 500 residential connections and a 2010 U. S. Census average household size of 4.27 people in the Interlaken Census Designated Place (which contains the Salsipuedes Sanitary District, but is bigger), a rough estimate of the resident population is 2,135. In the daytime, the population in the district increases from attendance at the schools, church, and fairgrounds.

The County General Plan anticipates only a small amount of additional growth within the district. The County General Plan designates some of the larger parcels in the southern portion of the district for agricultural uses. The agricultural parcels along Condit Lane were included within the District's sphere of influence because the residences and businesses there already had sanitary sewer service connections from the Salsipuedes Sanitary District prior to LAFCO adopting the District's first sphere of influence in 1987.

## Disadvantaged Communities

State law<sup>4</sup> requires that LAFCOs address disadvantaged unincorporated communities within or contiguous to the subject agency's sphere of influence. The purpose is to evaluate the feasibility of extending public services to poor communities. A community is defined<sup>5</sup> as disadvantaged if it has an annual median household income that is less than 80 percent of the statewide annual median household income. In 2014, the California statewide median household income was \$61,094<sup>6</sup>, and 80% of that was \$48,875. The Salsipuedes Sanitary District is located in two census tracts (1101 and 1225). Neither of these has a

<sup>4</sup> Government Code §56430 for service reviews, and Government Code section 56425(e) for sphere reviews.

<sup>5</sup> Water Code §79505.5.

<sup>6</sup> U.S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimates.

median household lower than \$48,875. The tract located west of Green Valley Road (1231) does have a median household income that is less than \$48,875. This tract is partially served by the Freedom County Sanitation District. The Salsipuedes Sanitary District does not have any mains located close to tract 1231. In its planning activities, the County of Santa Cruz has not identified any sub-areas within the Salsipuedes Sanitary District or contiguous to its sphere of influence that it has identified as disadvantaged.

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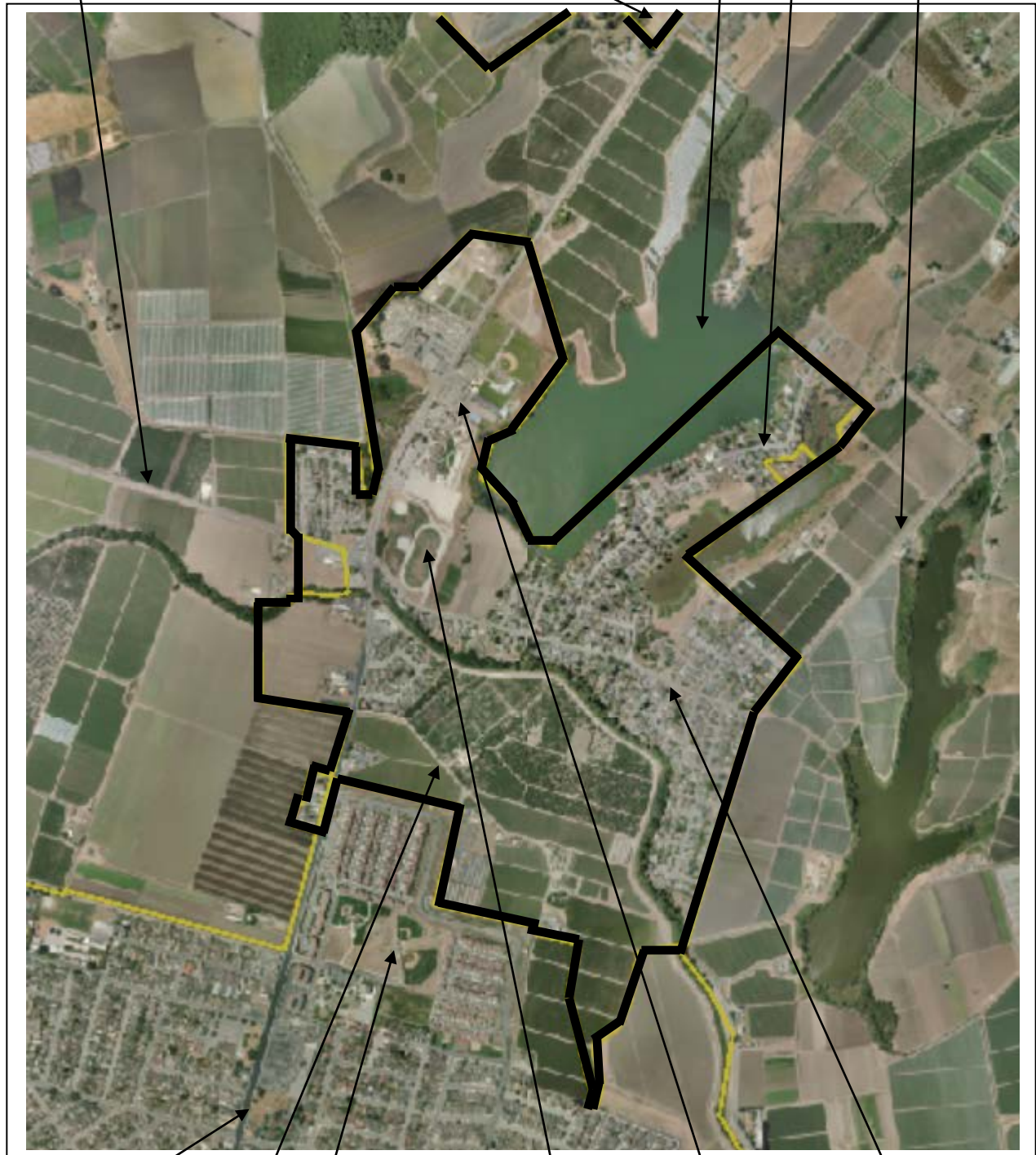


The heavy black line is the adopted Sphere of Influence.)

Holohan Road

Fairgrounds

Kelly Lake Cutter Dr. Lakeview Road



East Lake Av. Condit Lane Franich Park Lakeview Middle School St Francis High College Road

## Boundary History of Salsipuedes Sanitary District

The Salsipuedes Sanitary District was formed in 1965 following an election in which there were 187 votes in favor of forming the district and 27 votes opposed. Upon formation, the district boundary extended from the Watsonville City limits at Hushbeck Avenue to the north end of Cutter Drive. The district has experienced a series of boundary changes of which the principal annexations were along East Lake Avenue (Highway 152) to include what is now Lakeview Middle School, Mary Help of Christians Catholic Church, St. Francis High School, two cemeteries, and the Santa Cruz County Fairgrounds. Detachments have occurred as land was annexed to the City of Watsonville, which took over the sanitary sewer service. Another detachment occurred in 1987, when LAFCO conditioned the Fairgrounds Reorganization to detach 200 acres of commercial agricultural land that was annexed to the district in the 1960's in anticipation of suburban growth, but was unlikely to need sewer service because of agricultural land preservation policies enacted by the County in the 1970's and 1980's. A list of the LAFCO actions involving the Salsipuedes Sanitary District follows:

**Table 3 -- LAFCO Actions**

Action Date		LAFCO File Number and Title	Location	Acreage	Action
7/21/1965	56	Formation of Salsipuedes Sanitary District	College Rd., Cutter Dr., Holohan Rd., Beverly Dr.	642	Approved
11/15/1967	117	Nugent Tract Annexation No. 1967-1	West side of East Lake Ave., north of Nugent	2.3	Approved
4/17/1968	128	Salsipuedes Sanitary District Annexation 1967-2	Both sides of East Lake Ave., south of College	Approx 3	Approved
2/18/1970	201	Watsonville Levee Detachment	Bridge Street, north of Beck Street	39	Approved
8/19/1970	227	1969-1 Annexation	Both sides of East Lake Ave. from Holohan Road to fairgrounds entrance	183	Approved
9/16/1970	227-A	1969-1 Annexation (adding condition)	"	183	Approved
7/21/1971	284	Tynan Lake Annexation	East side of Lakeview Drive near College Road	85	Approved
5/17/1972	313-A	Levee Two Detachment	Bay Village and Pajaro Village	123	Approved
7/19/1972	331	East Lake Ave. Detachment	East side of East Lake Ave. near Martinelli St.	3.7	Approved
9/20/1972	331-A	Amendment to Res. 331 (adding condition)	"	3.7	Approved
3/7/1984	672	Nugent Ave. / Holmes Annexation	Nugent Avenue	0.2	Approved
10/7/1987	709	Sphere of Influence Adoption	Entire District		Approved
11/8/1987	700	Fairgrounds Reorganization (Both Annex to and Detach from Sal. San. Dist.)	Annex fairgrounds; Detach agricultural parcels along East Lake Ave. and Lakeview	Annex 100 Detach 200	Approved
4/6/1988	734	East Lake / Apple City Annexation	West side of East Lake Ave., next to creek	1	Approved
2/10/1994	624-B	East Lake Ave./Franich Reorganization (Detach from Salsipuedes Sanitary District)	East side of East Lake Ave., north of Martinelli Street	74	Approved
7/15/1998	843	Village Associates II Reorganization (Detach from Salsipuedes Sanitary District)	North end of Delta Way	14.4	Withdrawn 7/15/98
12/1/1999	864	St. Francis Subdivision Annexation	Delaney and Massei Avenues	24	Denied Time Ext. 5/4/05
5/1/2002	883	Village Associates / Delta Way Reorganization (Detach from Salsipuedes Sanitary District)	North end of Delta Way	14.4	Approved
2/5/2007	2007-9	Countywide Service Review	Entire District		Approved
1/9/2008	2008-1	Sphere of Influence Review	Entire District		Approved



## St. Francis Subdivision

The St. Francis Subdivision contains houses with septic systems. The soil conditions allow only slow percolation. Septic failures are common, and the repairs require expensive engineered systems. In 1999, the St. Francis Subdivision was outside the boundary of the Salsipuedes Sanitary District, and inside the District's Sphere of Influence adopted by LAFCO. LAFCO authorized the St. Francis Subdivision Annexation (Delaney Ave., Massei Ave., and a few adjacent small parcels). There were no sewer mains to collect sewage in the subdivision, and the closest Salsipuedes Sanitary District main was located at the main entrance to the Fairgrounds on East Lake Avenue. A condition of the authorization was that the property owners in the annexation area needed to approve an assessment district to pay for the collection system and main extension. The assessment district was not approved, and LAFCO never recorded the annexation.

The subdivision remains within the District's sphere of influence. This is the biggest known sewer-related capital need in the areas adjacent to the District. The District was willing to accept and serve the subdivision in 1999, but only if the affected property owners paid for the system improvements.

Fairgrounds (inside Salsipuedes San. Dis.)    St. Francis Subdivision (outside District, inside Sphere)



End of main

## Infrastructure Needs and Deficiencies

The following table summarizes the wastewater infrastructure within the Pajaro Valley:

**Table 4**  
**Pajaro Valley Wastewater Infrastructure Summary**

Agency	Type of System	Treatment Level	No. of Connections	No. of Lift Stations	Miles of Sewer Line
City of Watsonville	Collection/Treatment/ Re-Cycling	Secondary / Adv.Tertiary	13,214	12	150.0
Freedom County Sanitation District	Collection	NA	1,687	8	25.0
Salsipuedes Sanitary District	Collection	NA	510 <sup>7</sup>	2	7.0
Pajaro County Sanitation District (Mont. Co.) <sup>8</sup>	Collection	NA	922	6	20.2

The regional wastewater treatment plant is owned and operated by the City of Watsonville. The plant treatment capacity, Salsipuedes' share, and the annual flow are as follows:

**Table 5 Treatment**

Treatment Facility / Areas Served	Permitted Capacity (Secondary) mg/d	2003-2004 Actual mg/d	2014-2015 Actual mg/d	% Avg. Annual Change 2003-2014
Watsonville Wastewater Treatment Facility	12.1	7.6	6.7	-1.1%
City of Watsonville				
Salsipuedes Sanitary District	0.281			
Freedom County Sanitation District	1.570			
Pajaro County Sanitation District (Mont. Co.)				

mg/d = million gallons per day

In 2009, in cooperation with the Pajaro Valley Water Management Agency, the City of Watsonville began treating part of its effluent flow to an advanced tertiary level, and providing it to the Pajaro Valley Water Management Agency to mix with inland well water and distribute through its Coastal Distribution System to irrigate farms in the coastal area of the Pajaro Valley. This recycled water use is a major component in reducing salt water intrusion into the ground-water aquifers. The tertiary plant has a capacity of 7.7 million gallons per day. On October 1, 2015, the Pajaro Valley Water Management Agency broke ground on a 1.5 million gallon storage tank that will increase tertiary water deliveries during the peak irrigation periods.<sup>9</sup>

The Salsipuedes Sanitary District does not have any major projects on its Capital Improvement Program. It utilizes the capital reserve to perform maintenance and repair projects such as putting a liner in a section of main, or replacing a pump at a pump station.

<sup>7</sup> Up from 507 connections in 2005.

<sup>8</sup> 2005 Final Municipal Service Review for the North County Area of Monterey County, LAFCO of Monterey County.

<sup>9</sup> Register-Pajaronian, October 2, 2015

## Operations

The Salsipuedes Sanitary District provides wastewater collection services for 510 connections within an unincorporated area northeast of Watsonville. Treatment is provided by the Watsonville Wastewater Treatment Plant. The District has two lift stations and seven miles of sewer pipeline. The only reported sewer spill in the last ten years occurred in May 2014 when forty gallons spilled in the Beverly Drive neighborhood. To avoid a repeat spill, the district added that sewer segment to its preventive maintenance program.

The District utilizes a private contract, Green Line, to perform the maintenance on the mains and pump stations.

## Financing Constraints and Opportunities

The Salsipuedes Sanitary District is funded through service charges, connections fees, and the District's share of the property tax. The County Auditor-Controller performs the accounting functions for the District. The following summarizes the District's finances:

Table 6  
Salsipuedes Sanitary District Budget

Finances	FY 03-04 Actual	FY 14-15 Actual	% CHANGE FY 03-04 to FY 14-15	FY 15-16 Budget
<b>Revenue</b>				
Sewer Service Charges and Inspection Fees	\$95,069	\$343,594	261	\$356,704
Connection Fees	\$6,250	\$0	-100	\$3,173
Property Tax	\$13,019	\$17,248	32	\$17,724
Other Revenues	\$5,862	\$4,238	-28	\$0
Interest	\$9,584	\$3,663	-62	\$1,000
<b>Total Revenue</b>	<b>\$129,783</b>	<b>\$368,743</b>	<b>184</b>	<b>\$378,601</b>
<b>Expenditures</b>				
Salaries & Benefits	\$38,449	\$42,710	11	\$34,900
Services & Supplies	\$233,234	\$273,029	17	\$284,072
Equipment	\$142	\$0	-100	\$26,631
Contingencies / Other Expenses	\$640	\$505	-21	\$32,998
<b>Total Expenditures</b>	<b>\$272,465</b>	<b>\$316,244</b>	<b>16</b>	<b>\$378,601</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$142,682)</b>	<b>\$52,499</b>		<b>-0-</b>
<b>Fund Balance, end of year</b>	<b>\$676,086</b>	<b>\$477,452</b>	<b>-29</b>	

*Index 684410, Fund 76580*

The District has no long-term debt; capital improvements and equipment are financed through reserves. In its FY 2015-16 budget, the District has restricted \$482,254 to be used for this purpose.

### Cost Avoidance Opportunities

The Salsipuedes Sanitary District is working to reduce the amount of grease and entering the sewer system through letters, public outreach and service announcements. Since the last service review, the district has initiated these outreach services in Spanish.

### Management Efficiencies

The type of wastewater system and the degree to which it is integrated with other facilities has an impact on management efficiencies. The agencies reported the following staff levels:

**Table 6**  
**Staffing Levels**

Agency	# of Full Time Equivalent Staff	# of Certified System Operators
City of Watsonville	22.6	7
Freedom County Sanitation District	8	NA
Salsipuedes Sanitary District	0.5	NA

*NA – Not Applicable*

The District operates with one employee: a Secretary-Manager. It contracts for sewer maintenance and repair, legal services, and engineering. It utilizes the County Auditor-Controller for claims and payroll.

### Opportunities for Shared Facilities

The Salsipuedes Sanitary District's sewage is treated at the regional treatment plant operated by the City of Watsonville. The City also treats sewage from the Freedom County Sanitation District, the Pajaro County Sanitation District in Monterey County, and Pajaro Dunes.

### Opportunities for Rate Restructuring

Wastewater service rates include flat residential rates with commercial and institutional accounts charged a base rate plus a quantity charge. A comparison of single-family residential rates in the Pajaro Valley follows.

**Table 7**  
**Wastewater Rates for Single-Family Dwellings in the Pajaro Valley**

Agency	2004-2005 Wastewater Rates (monthly)	2015 Wastewater Rates
Salsipuedes Sanitary District	\$12.00	\$53.53
City of Watsonville	\$16.66	\$28.25
Freedom County Sanitation District	\$27.93	\$39.16
Pajaro County Sanitation District (Mont. County)		
Zone 1 Pajaro	\$25.73	\$25.00
Zone 2 Las Lomas		\$35.00
Zone 3 Sunny Mesa		\$31.35
Zone 4 Bay Farms		\$26.00

## Government Structure Options

With the district's rate going from the lowest in the Pajaro Valley in 2004 to the highest in 2015, there may be benefit to studying whether lower rates could be realized by:

- Merging the Salsipuedes Sanitary District system with the Watsonville system by either:
  - Dissolving the Salsipuedes Sanitary District and authorizing the City of Watsonville to provide extraterritorial sewer services to Salsipuedes in a fashion similar to how the City currently water service to most of Salsipuedes.
  - The Salsipuedes Sanitary District contracting with the City of Watsonville to perform all district functions.
- Consolidating the Salsipuedes Sanitary District and the Freedom County Sanitation District in an effort to maintain some economies of scale in sewer systems outside the City of Watsonville.

The major disadvantage of dissolving the district or consolidating with the Freedom County Sanitation District is loss of local control. The option of contracting with the City does not have this disadvantage. The issues facing the Salsipuedes Sanitary District are similar to those of the Freedom County Sanitation District. The Salsipuedes Sanitary District should work with the other sewer agencies in the Pajaro Valley and LAFCO to determine the most cost-effective, efficient means to provide wastewater services to the residents.

## Local Accountability and Governance

The Salsipuedes Sanitary District is an independent special district governed by a five member Board of Directors elected at large by the voters within the District. When candidates run unopposed, they are appointed by the County Board of Supervisors in lieu of conducting the election. The current Board is as follows:

Table 8  
Board of Directors

Board Member	Title	Term of Office	Compensation
David Ferracane	Board President	11/2015	\$150 per mtg.
Miguel Cisneros	Director	11/2017	\$100 per mtg.
Robert Roberts	Director	11/2017	\$100 per mtg.
Allen Rusler	Director	11/2017	\$100 per mtg.
Priscilla Stumbaugh	Director	11/2015	\$100 per mtg.

The Board of Directors meets the third Wednesday of each month at 7:00 PM at the District's offices. Public notice is provided through posting. The District does not have a website. The District contacts for independent audits. As part of the 2010 audit, the auditing firm identified two material weaknesses typical to small districts:



1. Failure to prepare internal financial statements and related notes.
2. A lack of segregation of accounting duties since substantially all of the accounting functions are performed by the District's Secretary-Manager.

It is not cost effective to expand the District's staffing to prepare internal financial statement and employ additional people who would perform accounting controls. The District is addressing these issues through financial training and board oversight.

#### **Santa Cruz LAFCO Policies**

Santa Cruz LAFCO has a policy that it maintains a file of agency mission statements and meeting rules. These can be accessed by agency boards and community members when discussing agency goals and board meeting procedures. The Salsipuedes Sanitary District has not adopted a mission statement or meeting rules.

– SALSIPUEDES SANITARY DISTRICT–

Service Review Determinations<sup>10</sup>

1) *Population and Growth*

Growth and population projections for the affected area.

*Determination:*

**NOTE: DRAFT DETERMINATIONS WILL BE PREPARED AND INCLUDED IN THE NEXT DRAFT OF THIS REPORT, WHICH WILL BE CIRCULATED IN ADVANCE OF THE DECEMBER 9<sup>th</sup> PUBLIC HEARING.**

2) *Disadvantaged Unincorporated Communities*

The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

*Determination:*

3) *Capacity of Facilities*

Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged communities within or contiguous to the sphere of influence.

*Determination:*

4) *Financial Ability of Agencies*

Financial ability of agencies to provide services.

*Determination:*

5) *Shared Facilities*

Status of, and opportunities for, shared facilities.

*Determination:*

6) *Accountability*

Accountability for community service needs, including governmental structure and operational efficiencies.

*Determination:*

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<sup>10</sup> Government Code Section 56430

7) *Matters Required by Local LAFCO Policies*

Any other matter related to effective of efficient service delivery, as required by commission policies.

Santa Cruz LAFCO has adopted the following policy:

*Determination:*

Sphere of Influence Determinations<sup>11</sup>

1) *The present and planned land uses in the area, including agricultural and open-space lands.*

*Determination:*

2) *The present and probable need for public facilities and services in the area.*

*Determination:*

3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

*Determination:*

4) *The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.*

*Determination:*

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<sup>11</sup> Government Code Section 56425(e)

## Agency Profile

Salsipuedes Sanitary District			
Contact:	Delia N. Brambila, Secretary/Manager		
Mailing Address:	739 East Lake Avenue, Ste. 2, Watsonville, CA 95076		
Site Address:	Same		
Phone Number:	(831) 722-7760		
Fax Number:	None		
Email/Website	<a href="mailto:salsan@sbcglobal.net">salsan@sbcglobal.net</a>		
Types of Services:	Wastewater collection / Treatment provided by City of Watsonville		
Population Served:	Unknown		
Size of Service Area (sq miles):	7 sq miles		
Staff and Infrastructure			
Staff: FTE	0.5		
Miles of pipeline (lateral and main)	7		
Volume of Sewage Spills	40 gallons – 2014		
Financial Information			
Budget: (FY 2014-2015)	Revenues	Expenses	Fund Balance (June 30, 2014)
	\$368,743	\$316,244	\$477,452

### Bibliography

Countywide Service Review, LAFCO of Santa Cruz County, June 2005

Final Municipal Services Review for the North County Area of Monterey County, LAFCO of Monterey County, February 2006

Salsipuedes Sanitary District, Financial Statements and Supplementary Information, June 30, 2010 and 2009, Berger Lewis Accountancy Corporation

Salsipuedes Sanitary District, Financial Statements and Supplementary Information, June 30, 2014 and 2013, Berger Lewis Accountancy Corporation

California Integrated Water Quality System website, accessed on October 12, 2015 at:

[https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet?reportId=sso\\_detail\\_report&reportAction=generate&sso\\_spill\\_id=806274](https://ciwqs.waterboards.ca.gov/ciwqs/readOnly/PublicReportSSOServlet?reportId=sso_detail_report&reportAction=generate&sso_spill_id=806274)

Financial Summary and Balance Sheet for Salsipuedes Sanitary District, accessed online on October 14, 2015 at: <http://www.simplersystems.net/countyofsantacruz/finance/login.html>

City of Watsonville website, accessed on October 19, 2015 at:

[http://cityofwatsonville.org/download/Public%20Works/solid\\_waste/Sewer%20Rates%20Public%20Edition\\_2015\\_16.pdf](http://cityofwatsonville.org/download/Public%20Works/solid_waste/Sewer%20Rates%20Public%20Edition_2015_16.pdf)

## Detritus

Action Date	LAFCO File Number and Title	
7/21/1965	4 Formation of Salsipuedes Sanitary District	Along College
11/15/1967	1 Nugent Tract Annexation No. 1967-1	West side of E Nugent Avenue
4/17/1968	2 Salsipuedes Sanitary District Annexation 1967-2	Both side of E College Road
2/18/1970	2 Watsonville Levee Detachment	Bridge Street,
8/19/1970	4 1969-1 Annexation	Both sides of E Road to fairgro



9/16/1970	1969-1 Annexation	Both sides of E fairgrounds en
7/21/1971	Tynan Lake Annexation	East side of La Road
5/17/1972	Levee Two Detachment	Bay Village an
7/19/1972	East Lake Ave. Detachment	East side of Ea Street
10/18/1972	Amendment to Res. 331	East side of Ea Street
3/7/1984	Nugent Ave. / Holmes Annexation	Nugent Avenue
10/7/1987	Sphere of Influence Adoption	Entire District
11/8/1987	Fairgrounds Reorganization (Both Annexation to and Detachment from Salsipuedes San. Dist.)	Annex fairgrou along East Lak
4/6/1988	East Lake / Apple City Annexation	West side of E Corralitos Cree
2/10/1994	East Lake Ave./Franich Reorganization (Detachment from Salsipuedes Sanitary District)	East side of Ea Martinelli Stree
7/15/1998	Village Associates II Reorganization (Detach from Salsipuedes Sanitary District)	
12/1/1999	St. Francis Subdivision Annexation	Delaney and M
5/1/2002	Village Associates / Delta Way Reorganization (Detach from Salsipuedes Sanitary District)	North end of D
2/5/2007	Service Review as part of Countywide Service Review	

1/9/2008	Sphere of Influence Review	Entire District
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### City of Watsonville

The City of Watsonville accounts for its wastewater services as an enterprise activity. The following summarizes the City's Sewer Fund:

**Table 5**  
**City of Watsonville – Sewer Fund**

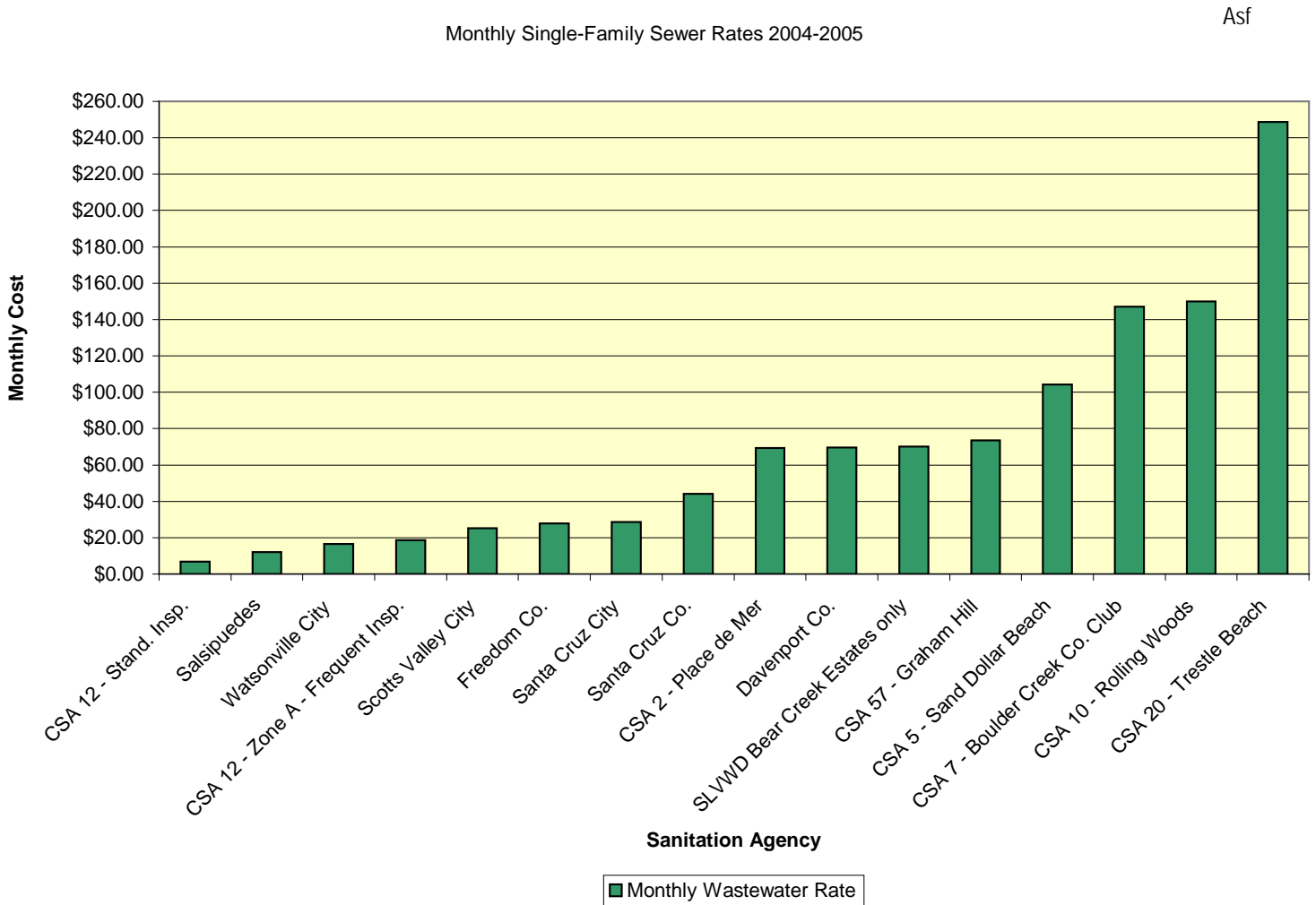
Finances	FY 02-03 Projected	FY 03-04 Budget	FY 04-05 Budget
<b>Revenue</b>			
Charges for Services	\$6,855,329	\$6,322,464	\$5,529,300
Other Revenues	\$629,929	\$478,164	\$10,503,804
Interest	\$331,200	\$250,000	\$250,000
<b>Total Revenue</b>	<b>\$7,816,458</b>	<b>\$7,050,628</b>	<b>\$16,283,104</b>
<b>Expenditures</b>			
Operating	\$3,796,549	\$4,658,700	\$5,006,960
Debt Service	\$762,474	\$777,474	\$775,261
Capital Outlay	\$4,061,500	\$4,036,067	\$10,952,400
<b>Total Expenditures</b>	<b>\$4,823,974</b>	<b>\$9,472,241</b>	<b>\$16,734,621</b>
<b>Net Surplus/(Deficit)</b>	<b>(\$804,065)</b>	<b>(\$2,421,613)</b>	<b>(\$451,517)</b>
<b>Fund Balance, end of year</b>	<b>\$14,961,096</b>	<b>\$12,539,483</b>	<b>\$12,287,450</b>

The City was awarded grant funding of \$10,015,000 in FY 2004-2005 for its Water Recycling as at the Wastewater Treatment Plant. The balance in the City's Sewer Fund is reserved entirely for capital needs.

The mid-year budget cycle revisions for wastewater include cost increases for workers compensation, some staff adjustments, and the addition of a \$500,000 contribution from the Sewer Fund to the Watsonville Civic Center Project for the City's sewer utility portion of the project.

In 1998 the City issued \$8,625,000 in Sewer Revenue Refunding Bonds. Annual debt service is

approximately \$760,000. The bonds mature in May 2016.



– DETERMINATIONS BY AGENCY –

## – City of Watsonville –

### *Population and Growth*

Population within the City of Watsonville is expected to reach 70,418 by 2030 with an annual growth rate of 1.3%. Growth within the City and surrounding unincorporated area will result in continued demand for wastewater services.

### *Infrastructure Needs and Deficiencies*

The City of Watsonville provides wastewater collection services for the City. The Treatment Plant serves the City, the Salsipuedes Sanitary District, the Freedom County Sanitation District, and the Pajaro County Sanitation District in Monterey County.

The City is in the process of constructing tertiary treatment facilities, and recycled water is expected to be available by mid 2007.

Infrastructure and facility needs are addressed through the City Department of Public Works planning and budgeting process. The City's Capital Improvement Program includes testing, renovation, rehabilitation, and new construction projects. The Sewer Fund balance is entirely designated for capital needs.

### *Financing Constraints and Opportunities*

The City of Watsonville operates its wastewater utility as an enterprise activity; service charges and other revenues fully cover the cost of providing service and capital needs.

The City issued a Sewer Revenue Refunding Bond in 1998. The bond will mature in 2016; annual debt service is approximately \$760,000 and is paid out of the revenues from sewer services.

### *Cost Avoidance Opportunities*

The City of Watsonville is controlling wastewater costs through scheduled maintenance and system monitoring. The City also performs testing to identify illegal cross connections and to identify and correct areas where stormwater is entering the sewer system.

### *Management Efficiencies*

The City of Watsonville Public Works Department is achieving management efficiency through its organizational structure. The Collections Division is responsible for both stormwater and sewer collection systems.

### *Shared Facilities*

The City of Watsonville provides wastewater treatment services for the Salsipuedes Sanitary District, the Freedom County Sanitation District and the Pajaro County Sanitation District (Monterey County).

### *Rate Restructuring*

The City of Watsonville charges a flat rate for residential wastewater services. Commercial accounts are charged a base rate plus quantity charge based on the type of wastewater generated. Industrial accounts are charged based on the quantity of wastewater generated and the treatment level needed.

Rates are adjusted annually based on changes in the Consumer Price Index.

### *Government Structure Options*

The City of Watsonville provides wastewater collection and treatment services within the incorporated area of the City and provides treatment services for agencies serving unincorporated area. Watsonville has been annexing portions of the Freedom County Sanitation District which may eventually leave a small island of collection lines and pump stations. LAFCO should consider designating the area north of the City as a special study area to determine the most efficient way to provide wastewater collection services. Also, the City of Watsonville should consider any request by the Salsipuedes Sanitary District to provide maintenance services to the district.

## **– Freedom County Sanitation District–**

### *Population and Growth*

The Freedom County Sanitation District serves an estimated population of 5,040 in the Buena Vista, Calabasas, and Green Valley areas adjacent to the City of Watsonville. Watsonville is projected to have the highest growth rate in the County at 1.3% per year. The City is preparing a general plan update, specific plan, sphere of influence amendment, and environmental impact report for significant new residential growth in the Buena Vista and Calabasas areas.

### *Infrastructure Needs and Deficiencies*

The Freedom County Sanitation District provides wastewater collection services; treatment is provided through the Watsonville Wastewater Treatment Plant.

The District has budgeted for approximately \$1.6 million in capital projects in FY 2004-2005 including pump station and sewer line replacements.

### *Financing Constraints and Opportunities*

The Freedom County Sanitation District is primarily funded through sewer service charges. The District maintains reserves for capital needs.

District funding will be reduced in the future as areas are detached from the District and annexed to the City of Watsonville.



### *Cost Avoidance Opportunities*

The Freedom County Sanitation District is controlling costs through the management and operations provided by the County Department of Public Works, including sharing staff and equipment as needed.

### *Management Efficiencies*

The Freedom County Sanitation District is achieving management efficiency through the management provided by the County Department of Public Works.

### *Shared Facilities*

The Freedom County Sanitation District shares equipment with the Santa Cruz County Sanitation District as well as the other services provided through the County.

### *Rate Restructuring*

The Freedom County Sanitation District rate structure is reviewed annually in the context of operations and capital needs. Rates have increased 57% over the past two years and are expected to increase another 10% in the next two years.

### *Government Structure Options*

The Freedom County Sanitation District is a dependent special district operating in accordance with Health and Safety Code §4700 et seq. Watsonville has been annexing portions of the District which may eventually leave a small island of collection lines and pump stations. LAFCO should consider designating the area north of Watsonville as a special study area to determine the most efficient way to provide wastewater collection services.

LAFCO should consider adopting a zero sphere for the Freedom County Sanitation District if an acceptable governance and maintenance structure can be designed for the Green Valley corridor area not included in the City's sphere of influence.

### *Local Accountability and Governance*

The Freedom County Sanitation District is governed by the County Board of Supervisors and addressed during the Board's regular meetings. Public notice is provided for all meetings through posted notice, email, newspaper notice and website. The County Department of Public Works has information on the District on its website.

## **- Salsipuedes Sanitary District-**

### ***Population and Growth***

The Salsipuedes Sanitary District serves an unincorporated area northeast of Watsonville. The Association of Monterey Bay Area Governments projects Watsonville to have the highest growth rate in the County at 1.3% per year; unincorporated areas average 0.3% annually.

### ***Infrastructure Needs and Deficiencies***

The Salsipuedes Sanitary District provides wastewater collection services; treatment is provided through the City of Watsonville Wastewater Treatment Plant.

The District is in the process of developing a Capital Improvement Program. A sewer line replacement project was completed in 2004.

### ***Financing Constraints and Opportunities***

The Salsipuedes Sanitary District is funded through service charges and property tax. The District has designated \$450,000 in reserves for capital needs.

### ***Cost Avoidance Opportunities***

The Salsipuedes Sanitary District is controlling costs through implementing a public education and inspection program to limit the amount of grease entering the sewer system in order to reduce blockages and maintain capacity in the system lines.

### ***Management Efficiencies***

The Salsipuedes Sanitary District employs one part-time manager.

The District's agreement with the County to provide permitting, engineering and maintenance services terminated as of June 30, 2005 per the County's request. The District has entered into an agreement with a private firm effective July 1, 2005 for maintenance of the sewer main.

### ***Shared Facilities***

The Salsipuedes Sanitary District shares treatment facilities through the services provided by the City of Watsonville.

### ***Rate Restructuring***

The Salsipuedes Sanitary District charges a flat monthly rate; rates have not increased in the past two years. The District's rate is the lowest in the County at \$12 per month per residence.

### ***Government Structure Options***

The Salsipuedes Sanitary District was formed in 1965 pursuant to the Sanitary District Act of 1923 (Health and Safety Code §6400 et seq.). The District is currently serving parcels outside its Sphere of Influence.

LAFCO should consider designating the area north of Watsonville as a special study area to determine the most efficient way to provide wastewater collection services in the area served by the City of Watsonville, Freedom County Sanitation District and Salsipuedes Sanitary District.

Depending on the District's strategy to maintain and operate its system after the services with the County are terminated, LAFCO should consider adopting a zero sphere for the District.

### *Local Accountability and Governance*

The Salsipuedes Sanitary District is governed by a five-member Board of Directors. The Board meetings are open and accessible to the public. Public notice is provided through posting.

The County Sanitation Districts were formed and operate in accordance with Health and Safety Code §4700 et seq. The Freedom County Sanitation District is providing service to three parcels outside the District's boundaries. LAFCO should consider adjusting the District's boundaries to clear this issue up.

Watsonville has been annexing portions of the Freedom County District and there is a concern that a small island of collection lines and pump stations will remain with minimal funding and high service charges, a situation that would not be in the best interest of the residents. The City of Watsonville is preparing a Wastewater Master Plan which is expected to be completed at the end of 2005. The Plan will provide direction and identify infrastructure needs for the City's entire system over the next twenty years. LAFCO should consider designating this as a special study area to determine the most efficient way to provide services. (This study should also include the Salsipuedes Sanitary District.) In the meantime,

The City's wastewater system has 12 lift stations with a combined capacity of 2.4 million gallons per day. The City reported sewage spills of 2,300 gallons in 2003. The Wastewater Division's stated goals and objectives for FY 2004-2005 include upgrading the Harkins Slough, Oakridge and Westgate sewer pump stations and connecting the sanitary sewer laterals to the new sanitary sewer mains installed on Clifford Avenue and Arthur Road.

Watsonville expects to complete its Wastewater Master Plan by the end of 2005. The City's 2004-2005 Capital Improvement Program includes multiple projects related to the wastewater system, including construction of water recycling facilities, sewer pipe replacement, sewer video and smoke testing, annual repair of collection facilities and piping and equipment painting to prevent corrosion.

– Salsipuedes Sanitary District–

### Service Review Determinations

### ***Population and Growth***

The Salsipuedes Sanitary District serves an unincorporated area northeast of Watsonville. The Association of Monterey Bay Area Governments projects Watsonville to have the highest growth rate in the County at 1.3% per year; unincorporated areas average 0.3% annually.

### ***Infrastructure Needs and Deficiencies***

The Salsipuedes Sanitary District provides wastewater collection services; treatment is provided through the City of Watsonville Wastewater Treatment Plant.

The District is in the process of developing a Capital Improvement Program. A sewer line replacement project was completed in 2004.

### ***Financing Constraints and Opportunities***

The Salsipuedes Sanitary District is funded through service charges and property tax. The District has designated \$450,000 in reserves for capital needs.

### ***Cost Avoidance Opportunities***

The Salsipuedes Sanitary District is controlling costs through implementing a public education and inspection program to limit the amount of grease entering the sewer system in order to reduce blockages and maintain capacity in the system lines.

### ***Management Efficiencies***

The Salsipuedes Sanitary District employs one part-time manager.

The District's agreement with the County to provide permitting, engineering and maintenance services terminated as of June 30, 2005 per the County's request. The District has entered into an agreement with a private firm effective July 1, 2005 for maintenance of the sewer main.

### ***Shared Facilities***

The Salsipuedes Sanitary District shares treatment facilities through the services provided by the City of Watsonville.

### ***Rate Restructuring***

The Salsipuedes Sanitary District charges a flat monthly rate; rates have not increased in the past two years. The District's rate is the lowest in the County at \$12 per month per residence.

### ***Government Structure Options***

The Salsipuedes Sanitary District was formed in 1965 pursuant to the Sanitary District Act of 1923 (Health and Safety Code §6400 et seq.). The District is currently serving parcels outside its Sphere of Influence.

LAFCO should consider designating the area north of Watsonville as a special study area to determine the most efficient way to provide wastewater collection services in the area served by the City of Watsonville, Freedom County Sanitation District and Salsipuedes Sanitary District.

Depending on the District's strategy to maintain and operate its system after the services with the County are terminated, LAFCO should consider adopting a zero sphere for the District.

### ***Local Accountability and Governance***

The Salsipuedes Sanitary District is governed by a five-member Board of Directors. The Board meetings are open and accessible to the public. Public notice is provided through posting.

City of Watsonville (Wastewater Services)			
Contact:	David A. Koch, Director of Public Works		
Mailing Address:	250 Main Street, Watsonville, CA 95076		
Phone Number:	(831) 768-3100		
Fax Number:	(831) 761-0736		
Email/Website	dkoch@ci.watsonville.ca.us		
Types of Services:	Wastewater collection, treatment		
Population Served:	52,716		
Size of Service Area (sq miles):	6.59 sq miles for collection / City Treatment Plant also serves Salsipuedes Sanitary District, Freedom County Sanitation District, Pajaro County Sanitation District in Monterey County		
Staff and Infrastructure			
Staff: FTE	22.6		
Miles of pipeline (lateral and main)	150		
Treatment Plant Capacity	12.1 million gallons per day		
Volume of Sewage Spills	2,300 gallons – 2003		
Financial Information			
Operations Budget: (FY 2004-2005)	Revenues	Expenses*	Fund Balance (June 30, 2004)
	\$16,283,104	\$16,734,621	\$12,539,483
* Includes stormwater collection services			

Freedom County Sanitation District	
Contact:	Tom Bolich, Director of Public Works
Mailing Address:	701 Ocean Street, Room 410, Santa Cruz, CA 95060
Site Address:	Same
Phone Number:	(831) 454-2160
Fax Number:	(831) 454-2835
Email/Website	<a href="mailto:susann.rogberg@co.santa-cruz.ca.us">susann.rogberg@co.santa-cruz.ca.us</a>
Types of Services:	Wastewater collection / Treatment provided by City of Watsonville
Population Served:	5,040
Size of Service Area (sq miles):	0.838 sq miles



Staff and Infrastructure			
Staff: FTE	8		
Miles of pipeline (lateral and main)	25		
Volume of Sewage Spills	475 gallons (2003-2004)		
Financial Information			
Budget: (FY 2004-2005)	Revenues	Expenses	Fund Balance (June 30, 2004)
	\$581,557	\$3,360,920	\$2,075,020