



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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Fifth District

DATE: June 24, 2026

10

TO: Board of Supervisors

SUBJECT

PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

OVERVIEW

The County of San Diego (County) operates two drinking water systems where customers are billed for services through the tax roll. The San Diego County Sanitation District (Sanitation District) manages a sewer system serving properties throughout the unincorporated County which also collects service charges on the tax roll. Today's recommended action is to approve two resolutions to place charges on the Fiscal Year (FY) 2026-27 tax roll for the previously approved rates in 2023 associated with the Sanitation District and the two County operated water systems.

The Sanitation District provides sanitary sewer service to several unincorporated communities including Spring Valley, Lakeside, Alpine, Winter Gardens, East Otay Mesa, Campo, Julian, and Pine Valley. The County of San Diego (County) Board of Supervisors (Board) serves as the Sanitation District's Board of Directors (Directors). Sanitation District annual sewer service charges are collected on the property tax roll.

The County also operates the Campo Water Maintenance District (Water District), which provides water service to a portion of the unincorporated community of Campo, and County Service Area No. 137 - Live Oak Springs Water System (Live Oak Springs). Live Oak Springs is a special district where the County provides water service to portions of the unincorporated community of Boulevard. Annual water service charges for both the Campo Hills zone of the Water District and Live Oak Springs are currently collected on the property tax roll. The Board previously approved water charges for the Water District and Live Oak Springs and charges will remain unchanged from FY 2025-26.

On April 6, 2011 (1), the Board of Supervisors approved water rates for the approximately 222 drinking water customers served by the Campo Hills zone of the Water District. Today's recommended action is to place the annual water rate charges on the tax roll for FY 2025-26. This action does not change the previously approved annual water rates for Campo Hills, and the annual

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water rate for FY 2026-27 will remain unchanged from FY 2025-26 at \$1,320 per year for residential and commercial customers.

On November 18, 2020 (3), the Board of Supervisors approved a three-year water rate package through FY 2023-24 for Live Oak Springs, which serves approximately 90 residential and commercial customers. Today's recommended action is to place the annual water rate charges on the tax roll for FY 2026-27. Water charges are comprised of two components, a fixed base charge and a variable consumption charge. The annual water rate for FY 2026-27 will remain unchanged from FY 2025-26. The base charge for FY 2026-27 remains at \$99.86 per month. The variable consumption charge includes a two-tiered rate structure based on the amount of water a customer uses measured in hundred cubic feet (HCF). Tier 1 represents typical indoor water usage for a household with two occupants at a rate of \$11.01 per HCF. For Tier 2, it represents a higher water usage for a household that may include more than two occupants and landscape irrigation demand, the rate is \$13.70 per HCF.

On May 3, 2023 (SA01), a five-year sewer rate package through FY 2027-28 was approved. Single-family residential customers, which make up 87% of the Sanitation District's approximately 37,000 customers, will be assessed an annual sewer charge of \$646.55 per equivalent dwelling unit (EDU) which reflects the 5.75% increase approved in 2023. Last year's rate was \$611.40 per EDU. An EDU is a standard unit of measure based on the average volume of wastewater flow generated by a typical single-family residential dwelling. In addition, a pass-through charge of \$94.79 for the City of San Diego's Metropolitan Wastewater (Metro) System will be charged per EDU for a combined annual charge of \$741.35. Attachment B contains a complete list of pass-through charges by residential, commercial, industrial, and institutional classifications. The Department of Public Works (DPW), in 2023, met with all affected Community Planning Groups, provided virtual meetings for the public, direct mailings, dedicated website, including materials provided in all eight threshold languages and specific stakeholder engagements.

The Department of Public Works continues to look for opportunities to reduce costs through innovations and efficiencies. Collecting sewer and water service charges through the tax roll minimizes administrative costs by eliminating the need for monthly billing and payment collection. These efforts save customers more than \$1 million annually. In addition, cutting-edge technologies to inspect pipelines reduces costly emergency repairs and efficiently allows staff to allocate labor, equipment, and materials to operate and maintain the systems.

A public hearing on these tax roll reports will be held at today's meeting to allow the public an opportunity to comment on sewer and water service charges on the property tax roll. Today's action also includes a request to conduct a public hearing on the Sanitation District, Water District, and CSA No. 137 tax roll reports, and to adopt resolutions approving collection of sewer and water service charges on the FY 2026-27 tax rolls. At the hearing, any interested person may appear, and object or protest said reports.

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

If the resolutions are not adopted, the sewer and water service charges cannot be placed on the tax rolls for FY 2026-27. Without the funds generated by the charges, services for sewer and water would be greatly reduced.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Acting as Board of Supervisors:

1. Find that the proposed action is not subject to the California Environmental Quality Act (CEQA) as specified under Section 15060 (c)(3) of the state CEQA Guidelines because levying sewer and water service charges on the property tax roll is administrative in nature and is not a project as defined in CEQA Guidelines Section 15378.
2. Adopt a Resolution titled: RESOLUTION AUTHORIZING WATER SERVICE CHARGES FOR FISCAL YEAR 2026-27 TO BE COLLECTED ON THE TAX ROLL.

Acting as the Board of Directors of the San Diego County Sanitation District:

3. Adopt a Resolution titled: RESOLUTION AUTHORIZING SEWER SERVICE CHARGES FOR FISCAL YEAR 2026-27 TO BE COLLECTED ON THE TAX ROLL.

EQUITY IMPACT STATEMENT

The San Diego County Sanitation District, Campo Water Maintenance District, and County Service Area No. 137 - Live Oak Springs Water System strive to implement programs and projects that preserve, enhance, and promote quality of life, health and safety, sustainability, equity, and environmental resources while simultaneously complying with mandatory federal, state, and local regulations. The services, maintenance, and infrastructure enhancements realized from the revenues generated by approved fee ordinances benefit unincorporated communities by ensuring safe drinking water and reducing the risk of sewage spills and adverse impacts on water quality.

SUSTAINABILITY IMPACT STATEMENT

Implementation of a resolution authorizing sewer and water service charges for Fiscal Years 2026-27 to be collected on the tax roll has economic, environmental, and health and well-being sustainability benefits. Today's action will provide for essential sewer and water system operation, maintenance, and capital improvement, which contribute to the County's sustainability goals, including aligning the County's available resources with services to maintain fiscal stability and ensure long-term solvency; cultivating a natural environment for residents, visitors and future generations to enjoy; and ensuring the capability to respond and recover to immediate needs for individuals, families, and the region. A well-maintained sewer and water system protects the health and well-being of the communities served and helps protect water quality, which are both key County sustainability goals.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year (FY) 2026-27 CAO Recommended Operational Plan in the Department of Public Works, San Diego County Sanitation District

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(Sanitation District), Campo Water Maintenance District (Water District), and County Service Area No. 137 - Live Oak Springs Water System (Live Oak Springs). The annual sewer and water service charges will produce about \$41.2 million in revenue with \$40.7 million received by the Sanitation District, \$0.3 million for the Campo Water, and \$0.2 million for Live Oak Springs. Effective July 1, 2026, the sewer rate will reflect the increase approved by the Board of Directors of the Sanitation District on May 3, 2023 (SA#01); the Live Oak Springs water rate will reflect no increase for Live Oak Springs per the Board of Supervisors (Board) adopted ordinance on November 18, 2020 (03); the water rate will reflect no increase for Water District per the Board adopted ordinance on April 6, 2011 (01). The proposed charges are evaluated annually in an amount sufficient to recover the full cost as required by Board Policy B-29. Accordingly, there is no projected unrecovered cost, and a waiver of Board Policy B-29 is not needed. The funding source is service charges on property owners within the identified districts. There will be no change in net General Fund cost and no additional staff years.

If the Directors and/or Board does not adopt the resolutions, the sewer and water service charges cannot be placed on the tax roll for FY 2026-27. If service charges are not placed on the tax roll, services for sewer and water would be greatly reduced, and capital improvements and maintenance would be suspended. If placement on the tax roll is deferred, administrative costs to collect funds, set up accounts, and handle arrearages would be incurred and passed on to ratepayers.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

The San Diego County Sanitation District (Sanitation District) is an independent government entity that provides sewer service to approximately 37,000 customers in the unincorporated communities of Spring Valley, Lakeside, Alpine, Winter Gardens, East Otay Mesa, Campo, Julian, and Pine Valley. A map of the Sanitation District is provided in Attachment A. The County of San Diego (County) Board of Supervisors (Board) serves as the Sanitation District’s Board of Directors (Directors). The County also operates the Campo Water Maintenance District (Water District), which provides water service to 261 customers through two independent service zones in the unincorporated community of Campo, Campo Hills (222 customers) and Rancho del Campo (39 customers). County Service Area No. 137 - Live Oak Springs Water System (Live Oak Springs) - is a special district operated by the County that provides water service to approximately 90 customers in the unincorporated community of Boulevard.

Sewer and water service charges are collected annually on the property tax roll. As required by California Health and Safety Code Section 5473, prior to collection of service charges, a tax roll report for the Sanitation District, Water District, and Live Oak Springs must be prepared and filed with the Clerk of the Board. The reports include a description of, and charges assessed to, each

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

parcel of property receiving services. A public hearing on these tax roll reports will be held at today’s meeting to allow the public an opportunity to comment on the report’s information.

A table summarizing the charges for the Districts/Systems is provided here:

Table of Approved Charges - Sanitary Sewer Service & Water Service – Fiscal Year 2026-27				
Special District	Approximate No. of Customers	Current Service Rate	FY 2026-27 Service Rate	District
San Diego County Sanitation District	37,000	\$611.40/EDU* per year plus \$56.08 Pass-Thru Fee** for a total of \$667.48	\$646.55/EDU per year plus \$94.79 Pass-Thru Fee for a total of \$741.35	1, 2, & 4
Campo Hills Zone	222	\$1,320 per year	No Change	2
Rancho Del Campo	39	Billed Directly to Customers		2
Live Oak Springs Water System	90	See below	No Change	2
<i>Base Rate</i>	-	\$99.86. per month	No Change	-
<i>Tier 1 (up to 4 HCF)</i>	-	\$11.01 per HCF*** per month	No Change	-
<i>Tier 2 (over 4 HCF)</i>	-	\$13.70 per HCF per month	No Change	-

*Equivalent Dwelling Unit. Residential is one EDU.

** Pass-Through Fee is the increase in wholesale charges for wastewater treatment from the City of San Diego’s Metro System. Residential charge is \$56.00. Attachment B contains a complete list of pass-through charges by residential, commercial, industrial, and institutional classifications.

***Hundred Cubic Feet

Sewer Service Charges (Districts 1, 2, & 4)

On May 3, 2023 (SA01), the Sanitation District Directors approved a five-year rate package through FY 2027-28. A 45-day protest period was provided, and notices of the protest hearing were sent to all customers. The Department of Public Works (DPW) met with all affected Community Planning Groups, provided virtual meetings for the public, direct mailings, dedicated website, including materials provided in all eight threshold languages and specific stakeholder engagements.

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

The sewer rate package includes a schedule of rates to achieve full cost recovery to operate and administer the Sanitation District. Full cost recovery ensures that operational and maintenance costs of a service are financially supported by user fees or other applicable funding options such as grants, partnerships, donations, sponsorships, volunteers, or other alternative funding sources. Sewer charges are calculated for 29 different residential, commercial, industrial, and institutional classifications, of which approximately 87% are residential customers. Charges are based on the number of equivalent dwelling units (EDU) assigned to each parcel. An EDU is a standard unit of measurement based on the average volume of wastewater flow generated by a typical single-family residential dwelling. Charges vary for each customer and are based on the estimated strength and composition of sewage generated by each parcel according to its land use, as well as the cost to collect, transport, treat, and dispose of the wastewater. For example, the wastewater from a restaurant is more expensive to transport and treat than from a single-family home because of the amount of grease and solids generated by that type of business. Based on the rate package approved by the Directors, single-family residential customers will be assessed an annual sewer charge of \$646.55 per EDU. This is an increase of \$35.15 per year from the previous annual rate of \$611.40. Attachment B contains a complete list of sewer charges by residential, commercial, industrial, and institutional classifications.

Water Service Charges (District 2)

Campo Water Maintenance District

There is no change to water service charges for customers of the Campo Hills zone of the Water District because it does not have projected capital improvement costs. The water service charge for FY 2026-27 will be \$1,320 annually for single-family dwellings and non-residential customers, as approved by the Board on April 6, 2011 (1).

County Service Area No. 137 – Live Oak Springs Water System

On November 18, 2020 (3), the Board approved a three-year water rate package for County Service Area No. 137 – Live Oak Springs Water System (Live Oak Springs) through FY 2023-24. The amounts established by this package for the FY 2023-24 period remain in effect. The water charges provide full cost recovery of the annual operating cost of the water system. The water charges are comprised of two components, a fixed base charge and a variable consumption charge. The base charge recovers costs associated with meter maintenance and readings, customer billing, and costs associated with public fire protection (such as fire hydrants and associated water supply infrastructure). The consumption charge is designed to recover water supply and delivery costs. The variable consumption charge includes a two-tiered rate structure based on the amount of water a customer uses measured in hundred cubic feet (HCF), where one HCF is equal to approximately 748 gallons. For Tier 1 (up to 4 HCF per month), the rate is \$11.01 per HCF. Tier 1 represents typical indoor water usage for a household with two occupants as defined by the California State Water Resources Control Board. For Tier 2 (over 4 HCF per month), the rate is \$13.70 per HCF. Tier 2 represents a higher water usage for a household that may include more than two occupants and landscape irrigation demand.

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

Per the approved water rate schedule for Live Oak Springs, the FY 2026-27 base charge will be \$99.86, and the consumption charge for Tier 1 will be \$11.01 per HCF, and for Tier 2 will be \$13.70 per HCF.

Pass-Through Ordinance

The Sanitation District contracts with the City of San Diego to treat and dispose of the majority of wastewater collected from Sanitation District customers through the Metro system. The pass-through ordinance enables the Sanitation District to increase its adopted sewer service charges by the amount of future cost increases imposed on the Sanitation District by the City for the operation of the Metro system. Charges for these services are included in the Sanitation District's annual budget and comprise between 30% to 40% of the Sanitation District's Operations & Maintenance expenses. The use of the regional Metro system provides cost-effective, reliable, and sustainable means to treat and dispose of wastewater in compliance with complex regulatory standards. The costs to operate and maintain the Metro system are paid by the 13 agencies in the region that use the system based on the proportion of sewage discharged by each agency. Therefore, if the City's operating costs increase, those costs would be passed down to all agencies which use the Metro system, including the Sanitation District. Since the Metro operating and maintenance costs are embedded in the Sanitation District rate, the Sanitation District would have no mechanism to recoup increases passed on to the Sanitation District when Metro prices change. To help wastewater agencies address potential increases in wholesale charges for sewage treatment, which are beyond the control of the agency, the legislature enacted Government Code Section 53756. This section authorizes sewer agencies to make automatic adjustments to sewer rates based on increasing wholesale charges for wastewater treatment to their customers without the requirement to hold additional public hearings. Several other agencies that use the Metro system have enacted similar pass-through provisions to their fee statutes. The annual pass-through charge for FY 2026-27 will be \$94.79 per EDU.

Revenue derived from the authorized pass-through of increases in fees and charges imposed by the City of San Diego for wastewater transportation and treatment service established by this ordinance would not exceed the funds required to provide the capital facilities and sewer services; would not be used for any purpose other than that for which the charge is imposed; would not exceed the proportional cost of the service attributable to each customer, and would not be levied for general governmental services.

The pass-through ordinance enables the Sanitation District to increase its adopted sewer service charges by the amount of future cost increases imposed on the Sanitation District by the City for the operation of the Metro system, without requiring a Board action to adjust rates. The proposed pass-through ordinance is limited by Government Code section 53756 to a term of five years, so it would cover this year's fees and charges as it is the third year of the five years allowed.

Administrative Savings Using the Tax Roll

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

Service charges for the Sanitation District, Campo Hills zone of the Water District, and Live Oak Springs have historically been collected on the tax roll. Service charges for the 39 customers in the Rancho del Campo zone of the Water District are billed directly to customers monthly.

DPW also continues to look for opportunities to reduce costs through innovations and efficiencies. Overall, these efforts save customers more than \$1 million annually by invoicing customers through annual property taxes, which saves administrative costs, and by using cutting-edge technologies to inspect pipelines which reduces costly emergency repairs and efficiently allows staff to allocate labor, equipment, and materials to operate and maintain the systems.

A public hearing is required to levy sewer and water service charges on the property tax rolls. If the Directors and/or Board does not adopt the resolutions, the sewer and water service charges cannot be placed on the tax rolls for FY 2025-26. Without the funds generated by the assessments, services for sewer and water would be greatly reduced, and capital improvements and maintenance would be suspended.

ENVIRONMENTAL STATEMENT

Only those activities which are projects within the meaning of Section 15378 of the California Environmental Quality Act (CEQA) Guidelines are subject to CEQA review (see state CEQA Guidelines Section 15060(c)(3)). Section 15378 provides that an activity is not a project if it merely involves the continuation of administrative or maintenance activities or the establishment of a government funding mechanism which does not involve commitment to any specific project. The proposed activity is not subject to CEQA as specified under CEQA Guidelines Section 15060(c)(3) because the activity in question includes the annual adoption of resolutions to confirm charges for the continued provision of sewer and water services and is not a project defined in Section 15378.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's recommendations support the Sustainability, Community, and Equity Strategic Initiatives of the County of San Diego's 2026-2031 Strategic Plan by providing funding to maintain fiscal stability and sustainable operations of the San Diego County Sanitation District, Campo Water Maintenance District, and County Service Area No. 137 – Live Oak Springs Water System asset's, focusing on providing a resilient infrastructure to underserved communities, providing quality sanitary sewer and water facilities that protect the environment, and reducing environmental risk to ensure safe communities that improve the quality of life for all residents.

Respectfully submitted,



DAHVIA LYNCH
Deputy Chief Administrative Officer

SUBJECT: PUBLIC HEARING TO APPROVE FEES AND CHARGES FOR FISCAL YEAR 2026-27 TAX ROLL OF SAN DIEGO COUNTY SANITATION DISTRICT, CAMPO WATER MAINTENANCE DISTRICT, AND COUNTY SERVICE AREA NO. 137 – LIVE OAK SPRINGS WATER SYSTEM AND RELATED CEQA FINDING (DISTRICTS: 1, 2, & 4)

ATTACHMENT(S)

Attachment A - Vicinity Map

Attachment B - Annual Sewer Service Charges

Attachment C - Resolution Authorizing Water Service Charges for Fiscal Year 2026-27to be Collected on the Tax Roll

Attachment D - Resolution Authorizing Sewer Service Charges for Fiscal Year 2026-27to be Collected on the Tax Roll