

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

June 23, 2026

FROM

NOEL CASTILLO, Director, Department of Public Works – Special Districts

SUBJECT

Adoption of Ordinance Relating to Water and Sanitation User Rates for Various Board Governed County Service Areas and Zones

RECOMMENDATION(S)

Acting as the governing body of the Board Governed County Service Areas and their Zones, adopt **Ordinance No. SD 26-05**, to establish water and sanitation user rates beginning 2026-27 through 2030-31 for the applicable Board Governed County Service Areas and Zones, which was introduced and altered on June 9, 2026, Item Nos. 122, 123, and 124.
(Presenter: Noel Castillo, Director, 387-7906)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The estimated revenue projected from the recommended new water and sanitation user rates for the applicable County Service Areas (CSAs) and their Zones, excluding County Service Area 70, Zone S-3 Lytle Creek (Lytle Creek), is anticipated to be \$15,511,373 in 2026-27, \$16,445,616 in 2027-28, \$17,445,674 in 2028-29, \$18,516,468 in 2029-30, and \$19,663,305 in 2030-31. The projected revenues do not include additional revenue from the proposed Lytle Creek sanitation rate increases because those proposed increases may not be imposed after the Board's majority protest finding and determination under Proposition 218.

This item does not approve or impose the sanitation rate increases that were originally proposed for Lytle Creek. Instead, the ordinance was altered to remove the proposed increased sanitation rates for Lytle Creek and to continue Lytle Creek's current and existing sanitation rates. As a result, this item is not anticipated to generate additional sanitation rate revenue from Lytle Creek. Lytle Creek revenues will continue to be based on the current and existing sanitation rates, together with actual customer accounts, and will be monitored through the District's budget process.

The proposed adjustments for the remaining CSAs and Zones are based on the Water and Sanitation Rate Study Report. The proposed sanitation rate adjustments range from 1.74% to 7.5% for 2026-27, and the proposed water rate adjustments range from 3.5% to 30% for 2026-27. The proposed water rate adjustments include a fixed meter charge and transition to a single usage-based rate, where applicable. Overall, water service charges will vary depending on individual customer water use. Adjustments ranging from 1.74% to 10% are also proposed in

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subsequent fiscal years from 2027-28 through 2030-31. The revised rates would become effective on August 1, 2026, and residential customers would see the adjustment reflected on their bills beginning in Fiscal Year 2026-27.

BACKGROUND INFORMATION

On June 9, 2026 (Items Nos. 122, 123, and 124), the Board conducted public hearings pursuant to Proposition 218 for consideration of a proposed ordinance regarding recommended water and sanitation user rates for various Board Governed County Service Areas and Zones, including CSA 70 (Cedar Glen) and Lytle Creek, beginning 2026-27 through 2030-31.

At the conclusion of the public hearings, the Board determined that a majority protest did not exist for the proposed water and sanitation user rates for the applicable CSAs, except for Lytle Creek (Item No. 124). For Lytle Creek, the Board determined that written protests had been submitted by a majority of the property owners of the identified parcels within Lytle Creek. Under Proposition 218, when a majority protest exists, the proposed fee or charge increase may not be imposed.

Accordingly, the proposed ordinance was altered at the June 9, 2026, hearing (Item No. 124) to strike the proposed sanitation rate increases for Lytle Creek and to maintain Lytle Creek's current and existing sanitation rates. That alteration was specific to Lytle Creek and does not affect the proposed water and sanitation user rates for the other CSAs and Zones, including the proposed water rates for CSA 70 (Cedar Glen).

The ordinance before the Board today proceeds to final adoption of water and sanitation user rates for the applicable CSAs and Zones, with the Lytle Creek-specific alteration. This item recommends final adoption of the Ordinance, as altered and introduced on June 9, 2026. The establishment of the 2026-27 fees will be effective August 1, 2026.

The recommendation before the Board today is to adopt the ordinance on the Consent Calendar.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Aaron Gest, Deputy County Counsel, 387-5455) on June 11, 2026; and County Finance and Administration (Matthew Dalton, Administrative Analyst, 387-5005) on June 11, 2026.

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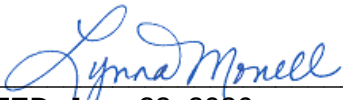
Record of Action of the Board of Supervisors
Board Governed County Service Areas

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.

Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 23, 2026



cc: File - Board Governed County Service Areas w/ ordinance

JLL 06/24/2026