



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: ORD 24-017

June 04, 2024

Introduced: 5/23/2024

Current Status: Agenda Ready

Version: 1

Matter Type: Ordinance

Acting as the Board of Directors of the Pajaro County Sanitation District

Introduce, waive reading, and set a public hearing for July 9, 2024, at 10:30 a.m. as the date and time to consider adoption of an ordinance to amend Section 16 of Pajaro County Sanitation District (PCSD) Ordinance No. 05054 to provide for rate increases for wastewater sewer service rates.

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Pajaro County Sanitation District (PCSD), introduce, waive reading, and set a public hearing for July 9, 2024, at 10:30 a.m. as the date and time to consider adoption of an ordinance to amend Section 16 of PCSD Ordinance No. 05054 to provide for rate increases for wastewater sewer service rates.

SUMMARY/DISCUSSION:

The PCSD wastewater collection system (System) is in the unincorporated northern area of the County of Monterey. The System serves the communities of Bay Farms, Las Lomas, Pajaro Sunny Mesa, and Pajaro. It includes approximately 16.5 miles of gravity sewer pipe, six pump stations, and approximately 2.4 miles of force sewer main. There are approximately 1,047 sewer connections and 1,768 billing units. The PCSD System is a wastewater collection system only. Collected sewage is pumped to the City of Watsonville wastewater treatment plant for treatment.

On May 21, 2024, acting as the Board of Directors of the PCSD (Board), the Board conducted a Proposition 218 Protest Hearing on the then proposed rate increase. A minimum 45-day notice of the Protest Hearing was provided to property owners within the jurisdictional boundaries of the PCSD. Per the Proposition 218 Majority Protest process, the then proposed new rate structure would not have been implemented if, at the conclusion of the Protest Hearing on May 21, 2024, a majority (50% plus one [1]) of written protests had been received. A total of three (3) written protests were received by the Clerk of the Board and Public Works, Facilities, and Parks (PWFP) Special Districts staff, prior to the Protest Hearing. Three (3) verbal protests were presented during the Protest Hearing.

Because there was less than a 51% no vote against the then proposed rate increases, the protest failed. If there had been a 51% no vote by property owners against the then proposed rate increases, the rate increases would not have been adopted by the Board. Following the failed protest, the Board adopted the then proposed rate increases to the wastewater service rates for the PCSD (Attachment A). Additionally, following the failed protest, the Board approved a

General Fund subsidy in the amount of \$1,409,300 to keep rates consistent with rates for wastewaters collection systems located within surrounding communities in the City of Watsonville and the unincorporated area of the County of Santa Cruz for which collected sewage is pumped to the City of Watsonville wastewater treatment plant for treatment. The proposed amendment to Section 16 of PCSD Ordinance No. 05054 is to memorialize the rate increases which were approved by the Board, acting as the Board of Directors of the PCSD, on May 21, 2024. The wastewater service rates for the PCSD are set forth in Attachment A. The proposed ordinance, which memorializes the Board approved rates, will be set for adoption on July 9, 2024.

FINANCING:

The plan to increase wastewater services rates which was supported by the Board acting as the Board of Directors of the PCSD on March 26, 2024, includes a General Fund loan forgiveness of \$1,941,661 and General Fund subsidies to the PCSD for the foreseeable future to keep rates consistent with surrounding communities. Over the next five years, the General Fund subsidies are estimated to be \$1,409,300 (FY 2024-25), \$1,357,350 (FY 2025-26), \$1,073,300 (FY 2026-27), \$954,400 (FY 2027-28) and \$1,183,400 (FY 2028-29). The General Fund subsidy, in the amount of \$1,409,300 was approved by the Board following the failed protest on May 21, 2024.

The FY 2024-25 Recommended Budget does not include the necessary subsidy of \$1,409,300 and would require the Board of Supervisors to identify a General Fund funding source. Potential funding sources for the Board’s consideration include General Fund Unassigned Fund Balance and Contingencies.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommendations presented above support the following Board of Supervisors Strategic Initiatives by providing the funds necessary to maintain the PCSD infrastructure and thereby enhance public safety by minimizing sewer overflows.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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DocuSigned by:
Randell Ishii
5/28/2024 | 3:59 PM PDT

Attachments:

- Attachment A - Ordinance
- Attachment B - Location Map