



County of Monterey

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

Board Report

File #: ORD 24-013, **Version:** 1

Introduce, waive reading, and set a public hearing for May 21, 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 Ordinance No. 05054 to provide for the collection of sewer service charges through the Property Tax Roll of the County of Monterey.

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Pajaro County Sanitation District introduce, waive reading, and set a public hearing for May 21, 2024, at 10:30 a.m. as the date and time to consider adoption of an ordinance to amend Section 16 of Ordinance No. 05054 to provide for the collection of sewer service charges through the Property Tax Roll of the County of Monterey.

SUMMARY/DISCUSSION:

The Pajaro County Sanitation District (PCSD) currently contracts with Monterey One Water (M1W) to provide sewer billing and collection services to PCSD customers. M1W recently notified the County of Monterey that beginning with Fiscal Year 2024-25, they will cease providing this service to the PCSD. Therefore, PWFP staff recommends that the Board introduce, waive reading and set a public hearing for May 12 to amend Section 16 of the PCSD Code to allow for the collection of sewer service charges through the Property Tax Roll of the County of Monterey pursuant to California Health and Safety Code Section 5470 *et. seq.* in order to collect service charges to cover the costs of providing wastewater collection services to PCSD customers.

The PCSD provides services to the communities of Bay Farms, Las Lomas, Sunny Mesa, and Pajaro. The County of Monterey Department of Public Works, Facilities and Parks (PWFP) currently manages the PCSD and does not currently have the capability to provide in-house billing services. It has been determined that the least costly and most efficient method of collecting the sewer service charges is by placing these property related fees and charges on the Property Tax Roll beginning with the FY 2024-25 tax year. The County/PCSD has been utilizing this method to collect on delinquent PCSD accounts since on or about 2010.

In addition, the County of Monterey and the Treasurer-Tax Collector have authorized Easy Smart Pay, a third-party vendor, to provide a monthly payment option for the payment of property taxes which will include the PCSD sewer service charges.

If PCSD does not enroll into this service, the district will need to bill customers directly. To undertake this responsibility in-house would require an additional Accounting Technician position at a cost of \$124,500 annually, one-time software costs estimated between \$10,000-\$20,000 and ongoing software maintenance costs. These costs could be shared between the three sanitation districts (Pajaro, Boronda and Chualar). Alternatively, PWFP could outsource the monthly billing, at a cost of \$12,200-21,400 annually, plus an initial implementation fee. Such a service will take time to procure and contract, and will cost more than the proposed ordinance allowing charges to be included on the Property Tax Rolls.

FINANCING:

M1W currently charges the PCSD \$14,804 annually for sewer service billing and collection services which will cease when their billing services stop on June 30, 2024. Internal expenses resulting from the billing modification will be minimal, including staff time to prepare the necessary annual Board of Directors report to allow the County to collect annual sewer charges.

This incremental cost will be offset by a savings in staff time as delinquent sewer account processing will no longer be necessary. Additionally, the Auditor Controller's office charges $\frac{1}{4}$ of 1 percent of revenue collected on the County Property Tax Roll. The estimated 2024-25 revenue from PCSD sanitation billing is \$1,324,000, resulting in an estimated annual charge by the Auditor-Controller's Office of \$3,310.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors' Strategic Initiatives for Administration. Having the mechanism in place to collect fees, ensures the County the ability to pay for expenses.

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

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Attachments:

Attachment A - Ordinance

Attachment B - Location Map