



Board Report

File #: 24-384, Version: 1

Acting on behalf of County Service Area No. 75-Chualar:

- a. Set a Public Hearing on June 11, 2024, at 1:30 p.m., to hear the Report of 2023 Delinquent Fees for County Service Area No. 75-Chualar, and consider any protests and objections to the report by property owners liable to be assessed for delinquent fees;
- b. Direct the Department of Public Works, Finance and Parks to prepare a final Report of 2023 Delinquent Fees for County Service Area No. 75-Chualar; and
- c. Direct the Department of Public Works, Finance and Parks to publish a Notice of Public Hearing and mail it to the property owners listed in the report not less than 10 days prior to the date of hearing.

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting on behalf of County Service Area No. 75-Chualar:

- a. Set a Public Hearing on June 11, 2024, at 1:30 p.m., to hear the Report of 2023 Delinquent Fees for County Service Area No. 75-Chualar, and consider any protests and objections to the report by property owners liable to be assessed for delinquent fees;
- b. Direct the Department of Public Works, Finance and Parks to prepare a final Report of 2023 Delinquent Fees for County Service Area No. 75-Chualar; and
- c. Direct the Department of Public Works, Finance and Parks to publish a Notice of Public Hearing and mail it to the property owners listed in the report not less than 10 days prior to the date of hearing.

SUMMARY:

The proposed action will set a Public Hearing to consider placing past due sanitation service charges for County Service Area No. 75-Chualar (CSA 75) on the Property Tax Roll to facilitate collections. This assessment will be in the form of a lien placed on the property owner's real property until such time that the delinquent balance is paid in full.

DISCUSSION:

CSA 75 is approximately 175 acres and serves the unincorporated area of Chualar, located approximately 10 miles southeast of Salinas along Highway 101. CSA 75 has 197 parcels, the majority of which are residential. CSA 75 provides for the operation and maintenance of sewage collection, disposal, and treatment services, streetlighting service, and storm and surface water drainage. Monterey One Water (M1W) acts as the billing agency for CSA 75 sanitation services.

In 1999, the Board of Supervisors adopted ordinances removing sanitation service charges from the Property Tax Roll and provided instead for collection through a monthly billing system. On June 26, 2004, the Board of Supervisors adopted Ordinance No. 04225 establishing procedures for collection of delinquent fees for CSA 75 through the Property Tax Roll. The procedures include holding a public hearing once a year to hear the Report of Delinquent Fees and any protests or objections by property owners liable to be assessed for delinquent fees.

The Report of 2023 Delinquent Fees (Attachment A) lists property owners in CSA 75 that have accrued unpaid balances for calendar year 2023 on accounts for 21 parcels, despite multiple billing notices. The proposed action will schedule the required hearing for the 21 parcels with past due 2023 balances. On April 12, 2024, affected property owners were notified by letter that they have delinquent 2023 sewer accounts. If payments

were not made, a second notification letter was sent out on or before May 6, 2024. The letters informed each property owner of the past due amount as of December 31, 2023, and that the delinquent amount is subject to collection through placement of a lien on their property. Notices of the June 11, 2024, public hearing will be mailed not less than 10 days prior to the hearing to property owners listed in the Report. The public hearing notice (Attachment B) will be published in the Monterey County Weekly not less than 10 days prior to said hearing.

OTHER AGENCY INVOLVEMENT:

For Fiscal Year ending June 30, 2024, M1W is the billing agency for CSA 75. M1W has notified PWFP that it will no longer act as the billing agency as of July 1, 2024. A proposed ordinance to change the billing method to collect sewer service charges through the Property Tax Roll is pending for adoption on May 21, 2024. Placement of the liens on the Property Tax Roll is facilitated by the Treasurer-Tax Collector's Office.

FINANCING:

Collectively, past due amounts for calendar year 2023 for CSA 75 currently total \$15,714 from 21 parcels. In accordance with the Monterey County Fee Schedule, Late Payment Penalties are assessed at 1.5% of past due amounts pursuant to California Health and Safety Code Section 5473. In accordance with Ordinance No. 04225, penalty fees are included in the total amount listed in Attachment A. CSA 75's main revenue source comes from sewer fees with additional revenue allocated from a portion of the general property tax as well as investment income from the Unassigned Fund Balance. Additionally, revenue from the prior year's delinquent accounts is collected when property tax payments are made in December and April of the following year. All calendar year 2023 past due account balances and late penalty and lien transfer fees collected will be deposited to Fund 093 for CSA 75. The current past due amount is consistent with previous annual past due amounts. The CSA 75 current revenue budget is \$1,239,337 with revenue collected totaling \$276,818. The current expenditure budget is \$2,455,434 with year-to-date expenditure obligations totaling \$1,305,895. The budget reflects funding from Fiscal Year 2023 Flood CDDA in the amount of \$975,585. The fund balance is \$491,062. The current budget can accommodate this decrease in revenue until the past due accounts can be collected on the FY 2024-25 Property Tax Roll in December 2024 and April 2025. Delinquent payments may be made through the date of the public hearing.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The collection of past due amounts and corresponding overdue payment penalties for delinquent accounts ensures continued cash flow to fund maintenance and repairs. Responsible fiscal management allows for adequate management of sewer infrastructure needs and improves public health and safety.

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

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Approved by: Randall Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities, and Parks

Attachments:

Attachment A - Report of 2023 Delinquent Fees-CSA 75

Attachment B - Notice of Public Hearing

Attachment C - CSA 75 Location Map