



County of Monterey

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

Board Report

File #: ORD 24-014, **Version:** 1

Adopt an ordinance amending Section 16 of Pajaro County Sanitation District (PCSD) Ordinance No. 05054 to provide for the collection of sewer charges through the County of Monterey Property Tax Roll.

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting as the Board of Directors of the Pajaro County Sanitation District (PCSD), adopt an ordinance to amend Section 16 of PCSD Ordinance No. 05054 to provide for the collection of sewer service charges through the Property Tax Roll of the County of Monterey.

SUMMARY/DISCUSSION:

On May 7, 2024, the Board of Supervisors acting as the Board of Directors of the PCSD introduced, waived reading, and set a hearing for adoption of the ordinance on May 21, 2024, at 10:30 a.m.

The PCSD currently contracts with Monterey One Water (M1W) to provide sewer billing and collection services for PCSD customers. On November 16, 2023, M1W notified the County of Monterey Department of Public Works, Facilities and Parks (PWFP) that beginning with Fiscal Year 2024-25, M1W will cease providing this service to the PCSD. Therefore, PWFP staff recommends that the Board adopt an ordinance to amend Section 16 of PCSD Ordinance No 05054 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, Pajaro Sunny Mesa, and Pajaro. 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 provide for billing through the Property Tax Roll, PWFP 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 County Sanitation District, Boronda County Sanitation District and County Service Area 75-Chualar). Alternatively, PWFP could outsource the monthly billing, at a cost of \$12,200-18,400 annually, plus an initial implementation fee. Such a service will take time to procure and contract and will cost more than providing for the collection of sewer service charges through the Property Tax Roll, as provided in the proposed ordinance.

OTHER AGENCY INVOLVEMENT

The Office of the County Counsel has approved the ordinance as to form and the County Administrative Office supports the recommendation.

FINANCING:

M1W water currently charges the PCSD \$14,804 annually for sewer services billing and collection services which will cease when their billing and collection 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 service 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 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 recommendations presented above support Board of Supervisors Strategic Initiatives for efficient and effective government operations.

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

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Attachments:

Attachment A - Ordinance

Attachment B - Location Map