



County of Monterey

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

Board Report

File #: ORD 24-011, **Version:** 1

Introduce, waive reading, and set 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. 04225 to provide for the collection of sewer service charges through the Property Tax Roll of the County of Monterey for County Service Area 75 Chualar (CSA 75).

RECOMMENDATION:

It is recommended that the Board of Supervisors introduce, waive reading, and set 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. 04225 to provide for the collection of sewer service charges through the Property Tax Roll of the County of Monterey for County Service Area 75 Chualar (CSA 75).

SUMMARY/DISCUSSION:

CSA 75 currently contracts with Monterey One Water (M1W) to provide sewer services billing and collection services to CSA 75 customers. M1W recently notified the County of Monterey that beginning with Fiscal Year 2024-25, they will cease providing this service to CSA 75. Therefore, PWFP staff recommends that the Board introduce, waive reading and set a public hearing for May 21 to amend Section 16 of CSA 75 Ordinance No. 04225 to provide 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 sewer service charges to cover the costs of providing wastewater collection services to CSA 75 customers.

CSA 75 provides sanitation collection services to the community of Chualar. The County of Monterey Department of Public Works, Facilities and Parks (PWFP) currently manages CSA 75 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 has been collecting on CSA 75 delinquent sewer 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 CSA 75 sewer service charges and benefit customers who prefer to make more frequent payments.

If CSA 75 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 3 sanitation districts (Pajaro, Boronda and Chualar). Alternatively, PWFP could outsource the monthly billing, at a cost of \$1,970 to \$3,440 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 \$2,539 annually for sewer billing and collection services which will cease when their billing services are terminated 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 administration costs of ¼ of 1 percent of revenue collected on the County Property Tax Roll. The estimated 2024-25 revenue from CSA 75 sanitation billings is \$219,000, resulting in an estimated charge by the Auditor-Controller of \$550.

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

Prepared by: Lynette Redman, Management Analyst III, (831) 796-6038

Approved by: Enrique Saavedra, PE, Chief of Public Works

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities & Parks

The following attachments are on file with the Clerk of the Board:

Attachment A - Ordinance

Attachment B - Location Map