



County of Monterey

Item No.

Board Report

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

Legistar File Number: RES 25-043

March 18, 2025

Introduced: 3/5/2025

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Resolution

Adopt a Resolution to:

- a. Use General Fund Contingency to provide funding for a rebate to ease non-residential customers, who are still recovering from the March 2023 storms and flooding, into the Pajaro County Sanitation District (PCSD) sewer rates approved in 2024 by PCSD Ordinance No. 5420, in response to **Board Referral No. 2025.02** (4/5ths vote required); and
- b. Authorize and direct the Auditor-Controller to transfer \$217,154 for the Fiscal Year (FY) 2024-25 from General Fund 001, Contingencies Appropriation Unit CAO020 to Pajaro County Sanitation District Fund 151, Appropriation Unit PFP047, where General Fund Contingencies has sufficient appropriations available in the adopted budget (4/5th the vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Use General Fund Contingency to provide funding for a rebate to ease non-residential customers, who are still recovering from the March 2023 storms and flooding, into the Pajaro County Sanitation District (PCSD) sewer rates approved in 2024 by PCSD Ordinance No. 5420, in response to **Board Referral No. 2025.02** (4/5ths vote required); and
- b. Authorize and direct the Auditor-Controller to transfer \$217,154 for the Fiscal Year (FY) 2024-25 from General Fund 001, Contingencies Appropriation Unit CAO020 to Pajaro County Sanitation District Fund 151, Appropriation Unit PFP047, where General Fund Contingencies has sufficient appropriations available in the adopted budget (4/5th the vote required).

SUMMARY/DISCUSSION:

In early March 2023, the community of Pajaro was inundated by flood waters when a portion of the Pajaro River levee failed. Evacuation orders issued by the Monterey County Sheriff for the Pajaro community and nearby areas were in effect from March 10, 2023 to March 23, 2023. The sanitary sewer force main which collects untreated wastewater from the community and transports it to the City of Watsonville for treatment was ruptured on March 13, 2023 and was out of service until March 24, 2023.

On June 6, 2023, Monterey County Public Works, Facilities and Parks Department (PWWP) staff provided the Board a Preliminary Analysis Report in response to Board Referral 2023.10. During discussion, it was noted that the most straightforward approach would be to issue a refund to Pajaro community customers of the PCSD for the entire month of March 2023, since the PCSD was not able to provide sanitary sewer service for much of that month due to the flooding emergency. The Board expressed its desire for refunds to be directed to tenants residing in the community. However, due to practical challenges and potential legal limitations in requiring landlord ratepayers to pass on the refund

to tenants, staff proposed conducting extensive outreach to encourage this. After considering and discussing the item, the Board directed staff to prepare a refund of sanitary sewer fees for the month of March 2023 for PCSD customers located in the community of Pajaro. The total cost of refunds to these customers for the month of March 2023 was estimated at \$20,000, which would be funded by FY 2022-23 General Fund Contingencies. The Board approved this action and staff implemented the refund.

On February 25, 2025, the Board added Supervisor Church's Referral No. 2025.02 (Attachment A) to the County Board of Supervisors' referral matrix. The referral seeks to ease non-residential customers, who are still recovering from the March 2023 storms and flooding, into the new PCSD sewer rates approved in 2024 by PCSD Ordinance No. 5420.

PCSD and the Monterey County conducted a Prop 218 process in early-2024 to bring sewer rates in alignment with industry needs, while trending consistent with neighboring local agencies. The Prop 218 passed and culminated in the sewer rate ordinance PCSD Ordinance No. 5420 on July 9, 2024. However, the March 2023 Winter Storms and Pajaro River Levee failure that flooded the community of Pajaro and evacuated the constituents for days, caused long-lasting financial impacts on both residential customers and non-residential customers (i.e., commercial and industrial). The District 2 Supervisor Office and PWFP staff have received concerns from these non-residential customers. This Board Referral seeks to provide solutions for temporary relief to the non-residential customers to help them while they continue to recover from flood losses, and help them to remain in Pajaro to conduct their business and thrive, without the need to revisit the Prop 218 study and process that was recently approved. This support may need to span several years for businesses to recover.

Staff exhaustively reviewed different options for non-residential customers. One option that was reviewed was to change the rates for non-residential customers; however, in the review to do so, it was discovered that a new Prop 218 rate study process with commensurate ordinance, would need to be conducted to change even one of the rates. Thus, the next set of options were rebates. Staff reviewed different scenarios, ranging from a rebate for the high strength usage, to all non-residential customers. Since not every non-residential user generates high strength (e.g., restaurants/food service establishments), staff looked for an option that would benefit all non-residential users. After thorough analysis, the proposal is to provide a 50% rebate to non-residential customers. For all non-residential properties for FY 2024-25, the total amount for the rebate would be approximately \$217,154. Staff proposes a rebate in this amount to the non-residential customers for this Fiscal Year. This matter may need to be revisited in future Fiscal Years to sufficiently address the Board Referral BR 2025.02.

CEQA

The Resolution is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15061(b)(3) and Section 15378. Under CEQA Guidelines Section 15061(b)(3), CEQA review is not required because there is no possibility that the proposed Resolution may have a significant effect upon the environment. Under CEQA Guidelines Section 15378, the proposed Resolution is not a project under CEQA because it will not cause a "direct physical change in the environment" or a "reasonably foreseeable indirect physical change in the environment" because it does not authorize any specific development activity or promote new construction or growth.

OTHER AGENCY INVOLVEMENT:

PWFP has coordinated with the Office of the County Counsel and with the County Administrative Office Budget & Analysis Division. This item was presented to the Budget Committee at its March 17, 2025 meeting.

FINANCING:

The total cost of refunds for approximately 58 non-residential customers of the PCSD is approximately \$217,154. If approved, the resulting loss in PCSD revenue will be offset through a General Fund Contribution from Contingencies. The General Fund Contingencies balance, including pending requests, is \$7,922,297 and would be reduced to \$7,705,143.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors' Strategic Initiative for Health & Human Services, as the proposed rebate will support quality of life by providing relief from sewer fees for sewer services which were not available to the community and are still recovering from the disaster event.

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

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Reviewed by: Jessica Cordiero-Martinez, Finance Manager III

Debbie Paolinelli, CPA, Assistant County Administrative Officer

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

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

Attachment A - Board Referral No. 2025.02

Attachment B - Summary of proposed rebate

Attachment C - Draft Resolution