



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 11, 2024

**DEPARTMENT: ADMINISTRATION
PUBLIC WORKS
CITY CLERK'S OFFICE
CITY ATTORNEY'S OFFICE**

**FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR
RENE MENDEZ, CITY MANAGER**

**BY: CHRISTOPHER A. CALLIHAN, CITY ATTORNEY
PATRICIA M. BARAJAS, CITY CLERK
JIM PIA, ASSISTANT CITY MANAGER**

**TITLE: ANNUAL BILLINGS OF WASTEWATER SEWER CHARGES:
AGREEMENTS RELATED TO COLLECTION OF SPECIAL
TAXES, FEES, AND ASSESSMENTS**

RECOMMENDED MOTION:

A motion to approve a Resolution approving an agreement with the County of Monterey and a memorandum of understanding with Monterey One Water (M1W) related to annual billings of wastewater sewer charges and the collection of special taxes, fees, and assessments, and authorizing the City Manager to enter into an agreement with the County of Monterey and memorandum of understanding with M1W on behalf of the City of Salinas.

EXECUTIVE SUMMARY:

Effective July 1, 2024, M1W will no longer directly bill its customers for wastewater service. Customer bills will be replaced by an annual fee which will be included on each affected parcel's property tax bill issued by the County of Monterey. This significant change was not initiated by the City. This change was initiated by M1W and approved by the M1W Board of Directors on October 30, 2023. All of the cities within M1W's service area, including Salinas, are now required to take action to ensure collection of charges from affected customers so that M1W can continue to meet its service obligations to its customers. The current rate schedule for wastewater service will not be impacted and customer rates will remain the same unless changed in the future. This change to the billing process requires the City to enter into an agreement with the County of Monterey to implement the billing change and to enter into a memorandum of understanding with M1W so that M1W may continue to assist the City with collection of data and information necessary for the imposition and collection of wastewater service fees. The City will work to

ensure M1W provides the same level of service to the City and to the City's residents, as well as to minimize the impact on the City's residents affected by M1W's change to customer bills.

BACKGROUND:

On October 30, 2023, the M1W Board of Directors took action to change its billing platform from direct billing of its customers to utilizing the Monterey County Tax Roll for annual billings of wastewater sewer charges. M1W made this change due to issues with its current billing system and estimated savings. With this change, direct billing will stop on July 1, 2024, and an annual sewer charge would appear on property tax bills in October 2024 for all residents in the M1W service area. Property tax bills may be paid in one or two installments, which is a change from the current six direct billings each year. For those customers who prefer monthly payments, however, the County of Monterey has authorized Easy Smart Pay to provide a monthly payment option for the payment of property taxes. M1W will also continue to offer a low-income assistance program to help qualifying residential customers with their wastewater fees. A copy of M1W's "Change to Billing Practice" fact sheet is attached to this Report for reference.

With M1W's change to its billing practice, M1W will no longer provide wastewater billing and collection services to Salinas residents; consequently, the City needs to allow for the collection of wastewater 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 Salinas residents. If the City does not enter into this service, the City will need to bill customers directly which will require the City to create a new position within the City to manage the billing.

So that the collection may occur through the Property Tax Roll of the County of Monterey, the City must enter into an agreement with the County of Monterey in the form attached to this Report pursuant to which the County will collect the wastewater fees on the County tax rolls and remit those fees to the City. In addition, the City must enter into an agreement with M1W in the form attached to this Report pursuant to which M1W will assist the City in placing the wastewater fees on the County tax rolls by assisting the City with the preparation of reports and the collection of data and information related to customers within Salinas.

On June 18, 2024, additional items related to this change in billing practice will be brought to the City Council for consideration. The Agreement and Memorandum of Understanding discussed in this Report would only be signed by the City Manager upon the City Council's approval of the additional items to be presented on June 18, 2024.

CEQA CONSIDERATION:

Not a Project. The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Because the proposed

action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

STRATEGIC PLAN INITIATIVE:

This action is consistent with the City Council’s goals of supporting infrastructure and environmental sustainability and supporting effective and culturally responsive government. (City of Salinas Strategic Plan 2022-2025).

DEPARTMENTAL COORDINATION:

The City Manager’s Office, City Clerk’s Office, Public Works Department and City Attorney’s Office coordinated internally on the preparation of this Report and with M1W regarding the change to the billing process.

FISCAL AND SUSTAINABILITY IMPACT:

There is no impact to the City’s General Fund. The City will continue to receive the same amount of service charges to cover the costs of providing wastewater collection services to Salinas residents.

ATTACHMENTS:

- Resolutions
- M1W Customer FAQs
- Agreement for Collection of Special Taxes, Fees, and Assessments
- Memorandum of Understanding

RESOLUTION NO. _____ (N.C.S.)

A RESOLUTION APPROVING AGREEMENTS RELATED TO ANNUAL BILLINGS OF WASTEWATER SEWER CHARGES AND THE COLLECTION OF SPECIAL TAXES, FEES, AND ASSESSMENTS, AND AUTHORIZING THE CITY MANAGER TO ENTER INTO THE AGREEMENT AND MEMORANDUM OF UNDERSTANDING ON BEHALF OF THE CITY OF SALINAS

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF SALINAS that the City Manager is hereby authorized to enter into an Agreement for Collection of Special Taxes, Fees, and Assessments with the County of Monterey to provide for the collection of wastewater sewer charges on the Property Tax Roll of the County of Monterey as provided in California Health and Safety Code section 5470 *et seq.*; and

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to enter into a Memorandum of Understanding with Monterey One Water (M1W) pursuant to which M1W will provide information and data to the City to assist it with placing the wastewater sewer fees on the Property Tax Roll of the County of Monterey as provided in California Health and Safety Code section 5470 *et seq.*

PASSED AND APPROVED this 11th day of June 2024, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Kimbley Criag, Mayor

ATTEST:

Patricia M. Barajas, City Clerk