

PAJARO COUNTY SANITATION DISTRICT

2024 Rate Adjustment FAQs

RATE ADJUSTMENT

1. What does a 2024 Rate Adjustment mean?

A: The Pajaro County Sanitation District (PCSD) provides sewer collection to the communities of Pajaro, Las Lomas, Bay Farms and Sunny Mesa. The system consists of approximately 16.5 miles of gravity sewer pipe, approximately 2.4 miles of force sewer main, and six pump stations. The Monterey County Board of Supervisors serve as the Board of Directors for the PCSD

Periodically, rate adjustments are needed to keep pace with the increasing costs of wastewater treatment, energy, infrastructure maintenance, environmental and regulatory compliance, and the necessary skilled labor to manage our systems. The cost of operating and maintaining our wastewater system continues to rise, and while the PCSD attempts to minimize rate increases, the proposed adjustment is necessary to provide sufficient funding to cover these costs. The PCSD is proposing to increase the rates our customers pay for sewer service beginning in July 2024.

2. Why is a rate increase needed at this time? With so many facing economic hardship, can the rate increase be delayed?

A: The PCSD understands it's a challenging time for many people right now, which is why we are working to operate the system efficiently and keep rate increases as low as possible from year-to-year. It is important to remember that, even in the wake of the recent global pandemic and last year's flooding, the PCSD must continue to provide reliable sewer service to our customers. The cost of operating and maintaining the PCSD system continues to increase. Sewer rates have not changed since 2007. Because of this, rate increases in 2024 will need to be significantly larger than current rates.

The proposed rate increase will not include the cost of repairing damages to the sewer system from last winter's storms, nor do they include the over \$2 million in recent infrastructure improvements to the sewer system. In addition, the PCSD Board of Directors recently provided a credit to customers who had to evacuate their premises during the March 2023 flooding, and they are considering subsidizing the cost to ramp rates up from the current rates to the proposed new rates over the next few years.

The PCSD Customer Service team can be reached Monday through Friday, 8 a.m. to 5 p.m., at 831-796-6038 or via email at 194-RMASpecialDistricts@co.monterey.ca.us.

3. How can customers learn more about the sewer rate increases and provide comments?

A: Customers can learn about the proposed rate increase by visiting, [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district). This web page will contain information about the

new rates as it becomes available. Customers are also encouraged to contact Customer Service staff directly at (831) 796-6038 or via email at 194-RMASpecialDistricts@co.monterey.ca.us.

In addition, PCSD staff will hold a series of Customer Information Sessions to provide customers and other stakeholders the opportunity to hear staff proposals and discuss recommendations related to the cost-of-service studies for sewer services. Customer Information Sessions are scheduled for the following dates and locations:

Customer Information Session No. 1

Tuesday, November 7, 2023, at 5:30 p.m.

Las Lomas Community Church

29 Willow Rd, Royal Oaks

or

Tuesday, November 14, 2023 at 5:30 p.m.

Ohlone Elementary School

21 Bay Farms Road, Royal Oaks

Session No. 2

Tuesday, March 19, 2024, at 5:30 p.m.

Las Lomas Community Church

29 Willow Rd, Las Lomas, Royal Oaks

Customer Information Sessions will provide an opportunity for our customers to ask questions and be adequately informed of the rate increase process and proposed rate adjustments prior to the formal public hearing scheduled for June 12, 2024.

4. When will this rate proposal be reviewed and voted on by the Board of Directors as a whole?

A: The sewer rate proposal will be discussed and reviewed during a PCSD Board of Directors meeting tentatively scheduled for April 23, 2024. Should the Board elect to move forward, a formal public hearing to consider adoption of the proposed rates, tentatively scheduled for June 12, 2024, will be convened. Customers will receive a mailed notice at least 45 days in advance of the hearing. We encourage customers and stakeholders to attend. Agenda and meeting information will be posted to the PCSD website, [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district).

5. Will the information presented at the public hearing be available prior to the meeting?

A: Yes. Information and resources, when available, will be posted on the PCSD website at [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district).

6. Will I be able to speak at PCSD Board of Directors meeting during the hearing to increase rates?

A: Yes, the County's standard policy is to allow members of the public 2 minutes to speak. The public hearing is tentatively scheduled for June 12, 2024, at the Board of Supervisors chambers, 168 W. Alisal Street in Salinas. If you are not able to attend in person, the meeting will also be broadcast via Zoom.

Instructions for attending the Zoom meeting will be made available once the meeting schedule is finalized. If you have a comment that may extend beyond the 2 minute limit, you are encouraged to submit your input in writing by 4:30 p.m. the day before the meeting to COB@co.monterey.ca.us.

7. Are the proposed sewer rates based on an overall plan recommended by the Board of Directors? Is there another rate plan being considered?

A: The Monterey County Board of Supervisors serve as the Board of Directors for the PCSD. The proposed rates for the next five years are based on the need to address the ever-increasing costs to operate and maintain the PCSD sewer system while conforming to ever-increasing regulatory requirements. This information will be presented and discussed during our upcoming customer information sessions. There is no other rate plan currently being considered. When available, all information, including meeting dates and locations, will be posted on the PCSD website at [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district).

8. How do I get information and ongoing updates about the sewer rate increases?

A: Updates regarding the rate study and proposed rate increases will be posted to our website at [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district). The PCSD will also be holding customer information sessions (please see response to Question No. 3 above). We encourage the public to attend customer information sessions to learn more about the rate study and proposed rate increases. Meeting materials and links to attend via Zoom will be posted on our website.

9. Is the PCSD subject to public notice requirements?

A: Yes, we are subject to public notice posting requirements for regular meetings. Public meeting materials are posted at least 72 hours in advance. In addition to in-person comments, public comments can be submitted in writing by 4:30 p.m. the day before the meeting by emailing at COB@co.monterey.ca.us.

You can also view and download the meeting agenda and presentation materials and get more information at [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district). Customers can also contact us via email at 194-RMASpecialDistricts@co.monterey.ca.us with questions.

To move forward with new rates, the PCSD must meet additional state-mandated public notice requirements under Proposition 218. For more information about these requirements, see additional frequently asked questions below.

PROPOSITION 218 PROCESS

1. What is Proposition 218?

A: Proposition 218 (Prop 218), or the “Right to Vote on Taxes Act,” was approved by California state voters in November 1996. The Act amended the California constitution to require local governments to follow certain procedures before raising property-related fees.

2. What is the role of Prop 218 in the rate-setting process? Does it require voter approval?

A: Under Prop 218, the PCSD Board of Directors are required to hold a public hearing prior to any increase in sewer rates. The PCSD will mail notices regarding the proposed sewer rate increases to parcel owners in its service area at least 45 days in advance of the public hearing.

The PCSD Board of Directors are expected to officially set the public hearing during a regular Board Meeting on April 23, 2024. The public hearing is tentatively planned for June 12, 2024, where the PCSD Board of Directors will officially accept letters of support and opposition and vote on the proposed rate increase.

3. How can protests regarding the proposed sewer rates under Prop 218 happen?

A: To protest (oppose) the proposed rate increases, customers can write a letter to the PCSD Board of Directors and/or attend the Public Hearing. The Public Hearing is tentatively scheduled to take place on Tuesday, June 12, 2024, pending an official decision by the Board of Directors to set the meeting.

Written protests can be mailed to the PCSD at 1441 Schilling Place South, 2nd Floor, Salinas CA 93901. Letters will also be accepted via email to 194-RMASpecialDistricts@co.monterey.ca.us or in-person at an outdoor drop-box at the PCSD office. Only one protest per address/parcel will be accepted. Protest letters must be received before the end of the Public Hearing. Written protests must include the following information:

- Printed name of protestor
- Clear indication that the document is a protest.
- Address of the residence or business address receiving service, or the parcel number (APN) within the PCSD service area
- Signature of protestor (if mailed or dropped off) or include an image of the protestor’s signature (if emailed)

CUSTOMER BILL IMPACT OF RATE ADJUSTMENT

1. How much will my monthly bill increase?

A: Rate increases are currently being evaluated but are likely to average approximately \$60 per month, which is consistent with sewer rates charged by other sanitation districts in the vicinity. County staff works to operate the system as efficiently as possible to keep rate increases as low as possible. However, sewer rates have not increased since 2007, and costs to operate and maintain the PCSD sewer system, including the cost to treat PCSD wastewater, have significantly increased. New rates are scheduled to take effect beginning July 1, 2024, with modest increases thereafter over the next four years.

If approved, agricultural, landscape, and commercial customers who receive sewer service from the PCSD will also be affected by the rate adjustment.

2. What opportunities will customers have to address the Board of Directors about the rate proposal?

A: The PCSD is committed to keeping customers consistently and accurately informed throughout the rate proposal and rate setting process. A series of customer information sessions are planned for impacted customers to get information, understand the proposal, and have your questions answered. Please see response to Question No. 3 under 'Rate Adjustment' above for more information on customer information sessions.

Meeting materials and links to attend via zoom, will be posted at [Pajaro County Sanitation District | Monterey County, CA](http://www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) (www.co.monterey.ca.us/government/departments-i-z/public-works-facilities-parks/special-districts/pajaro-county-sanitation-district) when available.

3. When will customers see their bill change?

A: If approved, customers can expect to see the new sewer rates on their first bill received on or after July 1, 2024. The PCSD is considering a change to its wastewater billing process. If approved, bi-monthly billing will stop on July 1, 2024, and the same fee for sewer service will be included on a parcel's annual property tax bill.

4. Is work being done to update or maintain any new and existing PCSD infrastructure?

A: Yes. Since 2020, the PCSD has invested over \$2 million in the PCSD sewer system. Infrastructure improvements include new pumps and improvements to the system's pump stations, sewer line cleaning and repairs. Because these improvements utilized American Rescue Plan Act (ARPA) funds, they will have no effect on customer sewer rates. The PCSD is also pursuing grants to perform further infrastructure improvements. Going forward, a portion of the funds from the planned rate increases are placed each year into an asset replacement reserve to save for the future replacement of aging infrastructure.

5. How does the PCSD spend the money they collect from customers?

A: PCSD spends the money they collect from customers to cover the costs to operate and maintain the PCSD sewer system only. These costs include the following:

Wastewater Treatment: The PCSD is a collection system only and does not provide wastewater treatment. Instead, collected sewage is pumped to the City of Watsonville (City) wastewater treatment plant (plant). The plant accepts and treats PCSD sewage. Most of the costs to operate the PCSD sewer system are paid to the City of Watsonville for treatment of wastewater.

Purchased energy: While purchased energy accounts for about 3 percent of the annual PCSD budget, energy utility companies are significantly increasing this necessary cost to have the energy it takes to operate and maintain the PCSD system.

Operations and Maintenance: Proper operation and maintenance of the PCSD's existing infrastructure requires a highly skilled workforce and sophisticated equipment.

Regulatory Compliance: The increasing regulatory compliance requirements that ensure you have safe reliable and sewer services.

6. Why can't the PCSD's cash reserves pay for increased costs to provide service?

A: As a municipal utility, the PCSD can only charge our customers the cost to provide service. Our cash reserves are designated for emergency expenditures, future asset replacement, growth-related projects, and system improvements. This means PCSD's cash reserves can only be used for one-time expenditures, not for the on-going costs to provide service to your home or business.

7. Does the PCSD have a policy about maintaining sufficient reserves to stay ahead of aging infrastructure?

A: Yes, the Board of Directors has previously adopted a reserve policy that clearly directs staff and sets minimum and maximum reserve balances, what the reserves are to be used for, what their funding source is, and what triggers their use.