



CITY OF

NEWPORT BEACH

City Council Staff Report

June 24, 2025
Agenda Item No. 24

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Jason Al-Imam, Finance Director/Treasurer - 949-644-3126,
jalimam@newportbeachca.gov

PREPARED BY: Anthony Alannouf, Budget Analyst - 949-644-3122,
aalannouf@newportbeachca.gov

TITLE: Resolution Nos. 2025-38 and 2025-39: Collection of Certain Sewer
and Recycling Fees and Charges Through the Property Tax Roll

ABSTRACT:

There are approximately 5,600 sewer and/or recycling customer accounts that do not currently receive a water bill from the City of Newport Beach. Section 5470 et seq., of the California Health and Safety code allows local agencies to collect certain annual fees and charges, including sewer and recycling fees, through the property tax roll. Enrolling these types of charges on the property tax roll is a common practice, particularly in instances where a customer is not receiving water service from the billing agency. Because these customers do not receive a utility service from the City that can be disconnected for nonpayment, the collection rate can be significantly increased by collecting these fees on the property tax roll. Such charges are billed as part of the normal property tax billing process as an add-on charge.

RECOMMENDATIONS:

- a) Conduct a public hearing;
- b) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- c) Adopt Resolution No. 2025-38, *A Resolution of the City Council of the City of Newport Beach, California Confirming the Sewer Service Fee Report for Fiscal Year 2025-26 and Authorizing Collection of the Fee Through the Orange County Tax Roll*; and
- d) Adopt Resolution No. 2025-39, *A Resolution of the City Council of the City of Newport Beach, California Confirming the Recycling Fee Report for Fiscal Year 2025-26 and Authorizing Collection of the Fee Through the Orange County Tax Roll*.

DISCUSSION:

The City provides services including water, sewer and recycling to residents and businesses. While most of the City's residents and businesses are served by the City for all of these services, certain areas of the City are provided one or more of these services by other surrounding cities or special districts.

The City also provides services to a limited number of customers that are located outside of, but immediately adjacent to, the City. Generally, the charges related to each customer account are billed via a single bill that is sent to the customer. There are approximately 5,600 accounts that are sewer and/or recycling only customers. In 2022, the City began collecting certain sewer and recycling fees through the Orange County Tax Roll. To ensure the City continues to receive timely payment for services rendered, staff proposes placing these fees on the Orange County Tax Roll for Fiscal Year 2025-26.

Health and Safety Code Section 5470 et seq. authorizes the collection of sanitation and sewer system solid waste fees on the property tax rolls in the same manner and at the same time as its general taxes by causing a written report to be prepared each year and filed with the clerk, which identifies the parcels and the amount of the charge to each parcel for the fiscal year. The reports attached as an exhibit to each resolution outline the sewer fees and recycling fees to be placed on the tax rolls for each parcel. This is the fourth year the City would collect these fees in this manner and is required to publish and mail notices of the report to new property owners and new parcels added to the report at the address shown on said assessment. The City mailed notices of this hearing to new customers, and published a notice of the hearing on June 1 and June 7.

At the hearing, the City Council is required to hear and consider all objections and protests. If the City Council does not find that protests have been made by a majority of separate parcels of property described in the reports, the City Council may adopt the reports based upon a supermajority vote. If adopted, the reports must be submitted to the Orange County Assessor's Office no later than August 10 in order for the sewer and recycling fees for FY 2025-26 to be placed on the property tax roll.

Prior to the collection of these fees through the property tax roll, considerable staff time had been expended on collection efforts related to these fees. Continuing to assess these fees and charges on the property tax bill is efficient for City staff and also reduces the burden on these customers by eliminating an additional bill that must be paid on a semi-annual or bi-monthly basis. In addition, the collection rate has improved significantly since 2022, which is when the City began collecting these fees through the tax roll. It should also be noted that certain fees related to FY 2024-25 were not included on the property tax roll for the 2024-25 tax levy due to an administrative oversight. As a result, these prior-year fees will be included on the 2025-26 property tax roll, along with charges for FY 2025-26.

FISCAL IMPACT:

The revenue from these customers is currently included in the FY 2025–26 budget. By continuing to collect these fees through the property tax roll, the City is expected to support the corresponding revenue projections in the General Fund (for recycling fees) and the Sewer Fund (for sewer service charges). The total amount to be collected through the property tax roll is approximately \$700,000 in recycling fees and \$390,000 in sewer service charges, impacting the General Fund and Sewer Fund, respectively.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

Notice of this hearing was provided to the impacted property owners 14 days prior to today's hearing via mail and newspaper publishing. Additionally, this agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENTS:

Attachment A – Resolution No. 2025-38, Sewer
Attachment B – Resolution No. 2025-39, Recycling