

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

SANITARY SEWER RATE INCREASE

WHEREAS, the City of Salinas owns and operates a municipal sanitary sewer system (“sewer system”) that services residents and businesses within its service area of approximately 12,430 acres, with over 280 miles of gravity sewer mains and eleven (11) lift stations that convey sewage flows to the Regional Wastewater Treatment Plant, operated by Monterey One Water (M1W); and

WHEREAS, M1W collects fees for the treatment of sanitary sewage. M1W fees are adjusted annually and are separate from the rates collected for the City through M1W. Sewer rates are used by the City of Salinas to provide the service required to maintain the City’s sanitary sewer system (pipes, manholes, lift stations, and equipment). Sewer rates fund the entirety of the wastewater enterprise fund. The wastewater enterprise fund pays for the sanitary sewer system, staff, supplies, electricity and everything needed to keep the sanitary sewer system within the City of Salinas operational; and

WHEREAS, in 2011, a Sanitary Sewer Master Plan was developed and the following year, a rate study was prepared that increased sewer rates to \$5.45 per month for residential users or equivalent dwelling unit (EDU); and

WHEREAS, the City’s sanitary sewer rate has not changed since 2012; and

WHEREAS, over several years, the wastewater enterprise fund has had a funding shortfall. This has meant that necessary infrastructure repairs and upgrades have not been financially possible, leading to system failures and costly emergency repairs. Investment is required to meet regulatory mandates and to prevent additional untreated sewage discharges; and

WHEREAS, on May 2, 2023, through Resolution No. 22648, City Council adopted the Salinas Sanitary Sewer Master Plan Update (“SSMP”). The SSMP identified existing hydraulic deficiencies, operation and maintenance repairs, and lift station upgrades required to keep the existing sanitary sewer system operational and prioritized capital improvement projects of said repairs and upgrades; and

WHEREAS, on April 23, 2024, an amendment to Wallace Group’s contract was approved by City Council (Resolution No. 22947) allowing for the commencement of a sewer rate study (“Study”) to evaluate potential rate structures and provide recommendations on how to address funding gaps for sanitary sewer system repairs, upgrades and future needs; and

WHEREAS, on April 22, 2025 City Council approved a resolution accepting the Sewer Rate Study and approving the Rate Schedule and directed staff to distribute Public Notices for the public hearing set for June 17, 2025; and

WHEREAS, following distribution of the public hearing notices, inaccuracies were identified in some rates and rate categories; and

WHEREAS, on June 17, 2025 staff identified the inaccuracies in the Rate Schedule to the City Council and set a new date to present the updated Sewer Rate Study and Rate Schedule; and

WHEREAS, at the same June 17, 2025 meeting, the City Council approved a resolution establishing the procedures the City will follow for considering and responding to “objections” to the proposed rates in accordance with AB 2257 (Government Code sections 53759.1 and 53759.2) in addition to the requirements under Proposition 218; and

WHEREAS, the consultant has completed updating the Sewer Rate Study (“Study”) and revising the Rate Schedule; and

WHEREAS, the Study estimates a total of \$114.8 million is required to make the necessary high priority improvements to the sewer system over the next ten years; and

WHEREAS, the Study incorporated the revenue requirements and calculated the new sewer rates in compliance with Proposition 218 requirements. An increase to \$16.35 per EDU per month with an annual 2% annual escalation rate for the next five years is recommended; and

WHEREAS, the updated Study identifies certain commercial and industrial users as “special users” following M1W’s analysis which distinguishes these users based on individual flow and strength characteristics; and

WHEREAS, given M1W’s use of estimated flow to calculate sewer rates for residential customers, it would not be feasible for the City to establish a different method of analyzing individual residential wastewater flows, now would it be feasible for the City to conduct its own sewage billing, which would be required if specific residential unit types are to have differing sewer rates; and

WHEREAS, City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) pursuant to Sections 15378 and 15061(b)(3).

NOW, THEREFORE, BE IT RESOLVED that the Salinas City Council directs staff to distribute Proposition 218 Public Hearing Notices for proposed sanitary sewer rate increases based on the updated Sewer Rate Study and revised Rate Schedule with the public hearing to be held on September 23, 2025.

PASSED AND APPROVED this 1st day of July, 2025, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

Dennis Donohue, Mayor

ATTEST:

Patricia M. Barajas, City Clerk