



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: SEPTEMBER 23, 2025

DEPARTMENT: PUBLIC WORKS DEPARTMENT
FINANCE DEPARTMENT

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TITLE: RESIDENTIAL SEWER PAYMENT ASSISTANCE PROGRAM

RECOMMENDED MOTION:

A motion to approve a Resolution establishing the City of Salinas Residential Sewer Payment Assistance Program.

EXECUTIVE SUMMARY:

Over the past year, a sewer rate study was conducted in collaboration with consultants. The study recommended sewer rate increases over a 5-year period to meet the City of Salinas wastewater enterprise program operational and maintenance cost needs and sewer system improvements. At multiple meetings, City Council expressed concerns about the impact that the proposed sewer rate increases could have on lower income households. This staff report presents staff's recommendations for a Residential Sewer Payment Assistance Program (the "Program") that provides a 15% discount to qualifying income levels for certain ratepayers.

BACKGROUND:

On March 11, 2025, City Council received and accepted the sewer rate study findings and recommended a rate scenario which included potential sanitary sewer rate increases over a 5-year period. The rate increases were developed to meet the City of Salinas wastewater enterprise program operational and maintenance cost needs. During this meeting, Council expressed concerns about the impact the increase in rates would have on Salinas ratepayers and directed staff to research payment assistance programs.

On April 22, 2025, a draft Residential Low-Income Sewer Service Assistance Program was presented to City Council. The draft program followed Monterey One Water's assistance program which provides qualifying low-income residential ratepayers with a four-month reduction of their

annual Monterey One Water (“M1W”) service fee¹. Salinas’ ratepayers that participate in the Monterey One Water low-income assistance program would have automatically received the same discount on their City sewer system charges. Due to limitations on the eligibility of M1W’s program, which excludes multi-residential users, City Council directed staff to further explore and develop a program that could assist qualifying ratepayers regardless of the residence type.

Following City Council’s directive, staff surveyed other agency’s sewer assistance programs and found that sewer rate discounts range from 15% to 50%, depending on the agency and program structure. Agencies that manage their own utility billing generally offer either monthly or annual discounts. In addition, agencies that provide full services (solid waste, water and sewer), appear to be able to leverage funding to provide greater discounts.

Table 1 below provides a comparative overview of sewer assistance programs offered by agency. It is important to note that most programs focus on single-family residential ratepayers and commonly use enrollment in the California Alternate Rates for Energy² (CARE) program as a basis for determining eligibility.

Table 1: Sewer Payment Assistance Programs

Agency	Total Discount	Billing Cycle	Monthly Fee	Notes
<i>City of Salinas</i>	<i>15%</i>	<i>Bimonthly*</i>	<i>\$16.35</i>	<i>All Residential</i> <i>*Billing administered by M1W.</i>
Monterey One Water	4 months	Bimonthly	\$54.00	Single-family home or condo only. Discount applies to first 2 bimonthly bills.
City of San Luis Obispo	20%	Monthly	\$26.11+ volumetric	Single Family: Base Service + \$10.46/CCF ³
City of San Francisco (SFPUC)	25%-40%	Monthly	\$5.76+ volumetric	Single Family: Base service + \$18.72/CCF
City of Ventura	50%	Monthly	\$20.08+ flow	Single Family: Base service + \$4.73/ HCF ⁴ Multi-family: \$14.80+4.73/HCF
City of Oxnard	\$25	Monthly	\$35.79+ flow	Single Family: Base service + \$2.35/HCF (tiered)
City of Morgan Hill	\$16.84	Monthly	\$42.40+ flow	Single Family: Base service + \$5.64/CCF Also, + \$11.98 Lift Station Fee specific to geographical areas.
City of Hollister	25%	Monthly	\$80.38 (SF) \$7.07 (MF)	Seniors 62+ only
City of Gilroy	N/A	Monthly	\$53.11 (SF) \$35.77 (MF)	Discount applies only to water service fee.

¹ Monterey One Water bills bimonthly for the City sewer service charges.

² Enrollees in the CARE program qualify based on income guidelines or enrollment in other public assistance programs.

³ CCF, centum cubic feet, is a unit of measurement for water equal to 748 gallons.

⁴ HCF, hundred cubic feet, is a unit of measurement for water equal to 748 gallons.

As part of the City’s FY 2025–2026 budget, City Council appropriated \$150,000 from the General Fund for a sewer assistance program. As required by law, this Program cannot be funded through user fees assessed to ratepayers. Continuation of the Program is subject to appropriation from the General Fund. In addition, Monterey One Water (“M1W”) serves as the billing and collection agency for sewer utility charges assessed to Salinas ratepayers. M1W bills properties, not units, on a bimonthly basis. In order to provide an assistance program that allows for discounts to be provided to multi-family properties (duplexes, apartments, mobile home parks, etc.), the City must administer a program independent of sewer billing.

To evaluate potential discounts for Salinas sewer ratepayers on the City Sewer System charges, staff conducted a budget analysis using multiple discount scenarios informed by similar programs in other jurisdictions as previously noted. **Table 2** outlines the proposed sewer rate increase for Fiscal Year 2025-26, estimated payment assistance under each discount scenario, and the total projected customer support provided through the Program, based on the current budget allocation. In order to properly support long-term planning and assess future Program needs, **Table 2** also includes a comparative analysis of projected rate increases for fiscal years 2026–27 through 2029–30.

Table 2. FY2025-26 Residential Sewer Payment Assistance Program Customer Support Analysis

Monthly Sewer Fee		Sewer Payment Assistance			Total Customer Support
Current	FY2025-26	% Discount	Bimonthly	Annual	
			\$32.70	\$196.20	
\$5.45	\$16.35	15%	\$4.91	\$29.43	5096
		20%	\$6.54	\$39.24	3822
		25%	\$8.18	\$49.05	3058
		30%	\$9.81	\$58.86	2548
		35%	\$11.45	\$68.67	2184
		40%	\$13.08	\$78.48	1911
		45%	\$14.72	\$88.29	1698
		50%	\$16.35	\$98.10	1529
Future Fiscal Years (2026-2029) Program Needs					
FY2026-27	\$16.68	15%	\$5.00	\$30.02	4996
FY2027-28	\$17.01	15%	\$5.10	\$30.62	4898
FY2028-29	\$17.35	15%	\$5.21	\$31.23	4802
FY2029-30	\$17.70	15%	\$5.31	\$31.86	4708

As shown in **Table 2**, an increase in the discount percentage reduces the total customer assistance provided. Based on this analysis and following input from the Finance Committee, a 15% sewer rate discount for the City of Salinas Residential Sewer Payment Assistance Program is recommended. The Program will provide qualifying residential ratepayers with a one-time annual payment equal to 15% of their cumulative City Sewer System charges for the fiscal year regardless of their housing type. Program eligibility criteria and requirements are outlined in Attachment 1, “Residential Sewer Payment Assistance Program.” The Finance Department in coordination with

the Public Works Department will be responsible for implementing, managing, and reporting for the Program.

Finance Committee

Staff presented the Residential Sewer Payment Assistance Program to the Finance Committee at its September 9, 2025, meeting. Staff initially recommended a 20% discount for ratepayers. At the conclusion of Committee deliberations, the Committee approved recommending to City Council that the Program provide a 15% discount so that more ratepayers can be assisted.

CEQA CONSIDERATION:

Not a Project. 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.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

The proposed Residential Sewer Payment Assistance Program aligns with City Council's 2025 Strategic Plan of City Services and Youth and Seniors, in developing a consistent long-term strategic plan to meet the needs of the community promoting equitable access to City services and ensuring fiscal responsibility and financial management, which includes financial support to groups needing assistance.

DEPARTMENTAL COORDINATION:

Public Works Department staff together with Finance Department staff have coordinated, with Monterey One Water input, to develop the City's Residential Sewer Payment Assistance Program. Finance Department will be responsible for implementing, managing, and reporting for the Program.

FISCAL AND SUSTAINABILITY IMPACT:

As part of the Fiscal Year 2025-26 City Budget, and per Resolution No. 23269, City Council appropriated \$150,000 from the General Fund for the proposed Residential Sewer Payment Assistance Program. As required by law, funding of the program cannot be paid through user fees assessed to ratepayers. Each year, the Program will be contingent on the appropriation of general funds.

Fund	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 25-26 Operating Budget Page	Last Budget Action (Date, Resolution)*
1000	00.0000-95.6400	Sanitary Sewer Rate Assistance	\$150,000	\$0	173	6/17/25, 23269

* The FY 2025-26 Adopted Budget was adopted on June 17, 2025.

ATTACHMENTS:

Resolution

Attachment 1: Residential Sewer Payment Assistance Program