

## ATTACHMENT 3

### City of Salinas Responses to Written Objections

#### 1. Written Objection from APN 153-464-018 and 002-923-008, dated August 25, 2025

*I protest the proposed sewer rate adjustments. Reference (a) is not a detailed report as required by Reference (b), SEC 4, (b). The subject report fails to provide any data to support project (Capital) costs, the main driver of the proposed increase in rates. Examples from Reference (a), Table C-1: the Cesar Chavez Park project is \$13,172,613; the CIPP Line Sewers project is \$22,987,759; the CCTV Sewers project is \$12,841,286. Tables C-2 and C-3 in Reference (a) have additional projects listed with costs. Table C-4 in Reference (a) shows the cumulative costs of High Priority Projects to be \$114,822,258. How was each project cost developed/established? Reference (a) focuses primarily on how overall costs breakdown to rate payers over a 10-year period in great detail. However, the main driver and heart of the proposed rate increase, project (Capital) costs, are completely ignored. This is unacceptable and not a detailed report in compliance to Reference (b) as it fails to address and provide how project costs were developed, the main driver of this rate increase. Furthermore, where is justification for the "reasonable estimate of future O&M costs" shown as 7.5% per year; page 7 of Reference (a). This 7.5% increase is on top of the 2% annual escalation included. Why the need for a newly established \$2,000,000 O&M reserve? Reference (a) totally fails to justify how costs were developed and, in many cases, needed.*

*Reference (b), SEC 4, (b), further states the report is to be prepared by a registered professional engineer certified by the State of California. Reference (a) has no signature nor are there any references to individuals that prepared the report and their qualifications.*

*Until parcel owners/rate payers can review a rate increase supported by data to justify project (Capital) costs, the main cost driver, no rate increase should be allowed or approved.*

#### Response:

- A. The proposed update to sewer rates is subject to the “property related fee” requirements Proposition 218 (California Constitution Article XIII D, Section 6). The proposed update to sewer rates is not subject to the “special assessment” requirements Proposition 218 (California Constitution Article XIII D, Section 4).
- B. *Capital improvement costs.* The City has documented the estimated costs of providing the capital facilities funded by rate revenue based on CIP projects and costs identified in the Sanitary Sewer Master Plan Update and timing prepared by staff. CIP costs and timing are included in the Appendix C of the Rate Study which reflects escalated future.
- C. *O&M 7.5% escalation factor.* The City’s O&M costs are escalated by a factor of 7.5% annually as a reasonable estimate of future costs based on several factors identified by the City including labor costs, contributions for pension liabilities, and utility costs (i.e.,

electricity for lift stations, etc.) which are escalating at much higher rates than inflation. (see Section III.A. of Rate Study)

- D. *O&M costs and 2% annual increase.* The O&M costs are included in the 2% annual increase in rates over the 5-year term of the rate schedule. There are several variables that impact the net operating income after funding the CIP and Reserve Fund, including rate increases and inflation related to costs. The rates are structured to pay for O&M cost inflation and funding the reserve fund and capital improvement fund. The capital improvement fund also depends on timing of improvements needed that are not necessarily the same in any given year. (see Appendix A of Rate Study – rate model shows the various components funded each year by the sewer rate)
- E. *\$2M reserve fund.* As shown in the rate model, the City will fund an operating reserve fund equal to 50% of the total annual operating expenses. The purpose of the reserve fund is to ensure that there is adequate funds to pay for annual operating expenses and capital improvements. Best practices for working capital target for enterprise funds is a reserve fund equal to a minimum of three months of operating expenses. The City is estimating six months of reserves due to the severe deficiencies in the existing sewer system and potential future costs. (see Appendix A of Rate Study – line item in section called “Operating Reserve Fund Balance”)

2. Written Objection from APN 261-634-036, dated August 8, 2025

*This communication constitutes a written objection to the City's proposed sewer rates. I formally protest the proposed sewer rate increase for residential customers--from \$5.45 to \$16.35 per month--as part of the new fee structure. The magnitude and inequity of this increase are deeply concerning, especially when compared to the significantly lower rates proposed for commercial entities.*

***Residential Burden vs. Commercial Rates***

*This structure appears inconsistent with principles of proportional usage and environmental impact. It defies logic that a single household is expected to bear higher costs than businesses with far greater operational activity.*

*- Residents: \$16.35 monthly (a nearly 200% increase)*

*- Businesses such as a gym with 500 members, instructional facilities, photo developers, laboratories, garage repair shops, and paint shops--each with multiple employees and far greater wastewater output (for every 10 employees)--are slated to pay just \$12.75.*

***Lack of Transparency and Public Input***

- The methodology behind this rate distribution has not been clearly presented to the public.*
- Have usage data and output volumes been properly studied to inform this decision?*
- No meeting details for the Zoom meeting mentioned in the May 2025 and Jul 2025 notices.*

***Cost vs. Usage Disparity***

- Please provide detailed wastewater volume comparisons between household and commercial sources.
- Clarify how the proposed rates reflect actual system strain.

### ***Socioeconomic Inequity***

- This increase is especially harsh for low- and fixed-income households.
- A uniform residential rate ignores differences in household size and income.
- Consider implementing income-based rate adjustments, or a tiered structure for equity.

### ***Community Impact***

- Higher living costs may dissuade new residents, reduce property values, and overburden longtime citizens.
- There's concern about affordability, especially among seniors, families with children, and disabled citizens.

### ***Alternative Solutions***

- Has the City explored state or federal grants to fund infrastructure?
- Have audits been performed to identify cost-saving measures before imposing steep rates?
- Could commercial rates be more accurately scaled to reflect business size and usage?

### ***Respectful Resolution***

*I urge the City Council to:*

- Delay implementation until full data and justification are transparently shared
- Consider a fairer, usage-based rate schedule
- Provide the meeting details for the Zoom meeting mentioned in the May 2025 and Jul 2025 notices.

*Residents are not opposed to supporting necessary infrastructure. But fairness, transparency, and affordability must guide decisions that impact our daily lives. I appreciate your attention and hope you will reconsider the proposed structure in pursuit of a more equitable solution.*

**Response:**

A. *Proportionality of rates.* The rates have been structured based on an equivalent dwelling unit (EDU) methodology using average daily flow rates provided by Monterey One Water. The flow per unit for a particular land use is divided by the flow per unit for a single-family home to determine the flow relative to a single-family unit (EDU per Billing Unit). For instance, the flow per residential unit is 150 GPD, or 1 EDU. The flow for one medical office is 156 GPD, or 1.04 EDUs (156/150). Therefore, the sewer rate for a medical office is equal to \$17.00 (\$16.35 x

- 1.04). Average daily flows by land use are provided by Monterey One Water (See p. 4 of 182 of the Monterey One Water 2021 Wastewater Treatment Rate Update to 2017 Comprehensive Rate & Fee Study (Attachment 4 of this report) (See Section IV.C of the Rate Study for a discussion of the EDU methodology) (See Appendix D of the Rate Study for flow rates by land use).
- B. *Rate structure.* The rates have been structured to incorporate business size based on various factors such as number of employees, number of hotel rooms, number of restaurant seats, etc. (See Appendix E of the Rate Study for business size units). Monterey One Water assesses and maintains records of business sizes. As identified in the Rate Schedule, Monterey One Water assesses “special users” based on flow. Fees for “special users” vary based on actual usage. Determination of which businesses are classifying as “special users” is made by the City based on information provided by Monterey One Water.
  - C. *Varying residential unit types.* Equivalent dwelling unit methodology is the standard used by Monterey One Water for all residential uses. This methodology consolidates the various unit types (single family homes, apartments, accessory dwellings units, etc.) into a single residential unit. In order for the residential units to be distinguished by flow which more clearly identify usage, the City would need to conduct a comprehensive study analyzing the 44,711 residential units currently being serviced and take responsibility for assessing units and billing from Monterey One Water. Unfortunately, given the financial strain of the Wastewater Enterprise Fund, there is insufficient funding to conduct the study nor hire the required resources to manage billing of sewer services.
  - D. *Financial assistance for sewer increase.* On September 9, 2025 the Finance Committee recommended approval of a Residential Sewer Assistance Program for City Council consideration. The Residential Sewer Assistance Program will be presented to the City Council on September 23, 2025 and will provide qualifying ratepayers an annual discount.
  - E. *Funding options.* Currently, no state or federal funds are available for maintenance of a sewer system. Research into available grants identified a federal grant for improvements to stormwater systems due to sanitary sewer overflows (US EPA) and a state grant for connecting septic systems to sewer systems (CA State Water Resources Control Board).
  - F. *Public notice and public outreach.* As identified in this report, a total of 34,537 public hearing notices were mailed to property owners and non-owner ratepayers. Since delivery of the public notices in July, the City has maintained a sewer rate study specific website which provides all records provided all City Council and Finance Committee meetings and informational flyers and FAQs provided at in-person events. A summary of the extensive public outreach is provided in this report and includes in-person events,

posted notices and flyers, newspaper notifications, radio public service announcements, social media and a podcast.

3. Written Objection from APN 253-182-003, dated August 4, 2025
  1. *I Protest the new proposed increase for Salinas Sewer rate.*
  2. *Increases should be based on Flow Rate of a residence. That would be more fair to all residents.*
  3. *Recommend the City work with CA Water and Alco to do this properly now.*

Response:

- A. *Proportionality of rates.* The rates have been structured based on an equivalent dwelling unit (EDU) methodology using average daily flow rates provided by Monterey One Water. The flow is based on 150 gallons per day estimate for a single-family unit (EDU per Billing Unit). (See Monterey One Water 2021 Wastewater Treatment Rate Update to 2017 Comprehensive Rate & Fee Study).
- B. *Varying residential unit types.* Equivalent dwelling unit methodology is the standard used by Monterey One Water for all residential uses. This methodology consolidates the various unit types (single family homes, apartments, accessory dwellings units, etc.) into a single residential unit. In order for the residential units to be distinguished by flow which more clearly identify usage, the City would need to conduct a comprehensive study analyzing the 44,711 residential units currently being serviced and take responsibility for assessing units and billing from Monterey One Water. Unfortunately, given the financial strain of the Wasterwater Enterprise Fund, there is insufficient funding to conduct the study nor hire the required resources to manage billing of sewer services.

4. Written Objection from 004-434-015 and 261-453-011, dated 7/22/2025

*I am writing to formally protest the City of Salinas' proposed increase of the Equivalent Dwelling Unit (EDU) rate from \$5.45 to \$16.35, along with the proposed 2% annual escalation.*

*As a resident of Salinas and a ratepayer directly affected by this change, I believe this proposal is both excessive and inequitable. The increase represents a nearly **200% jump** in the base rate, which is particularly burdensome for working families, small property owners, and fixed-income residents who are already grappling with rising costs across all sectors-utilities, fuel, housing, and groceries.*

***Key concerns include:***

1. ***Lack of clear justification:*** *There is insufficient transparency regarding what specifically necessitates such a steep rate increase. Ratepayers deserve a detailed and itemized breakdown of infrastructure projects, maintenance plans, or regulatory requirements that would justify this shift.*

2. ***Economic pressure on residents:*** *The city's proposal does not appear to account for the socioeconomic reality of many Salinas residents. According to recent census data, over 15% of Salinas residents live below the poverty line, and housing costs already place a heavy burden on the majority of households.*
3. ***Uncapped escalations over time:*** *While a 2% annual increase may sound modest, when compounded over a decade, this means residents will be paying over 50% more than the already-inflated \$16.35 rate without any accountability built in to reassess or adjust based on changing circumstances or cost efficiencies.*
4. ***Disproportionate impact on multifamily and rental properties:*** *The EDU model already oversimplifies water usage and stormwater impact, and this sharp increase will unfairly impact high-density residential buildings, further fueling rent hikes and housing insecurity.*

*I urge the city to reconsider this increase and instead:*

- *Explore more gradual rate adjustments tied to actual project milestones.*
- *Pursue state and federal infrastructure grants to reduce the financial burden on residents.*
- *Offer greater transparency through public meetings, impact assessments, and stakeholder feedback sessions before any final decision is made.*

*Until these concerns are addressed, I must firmly oppose the proposed rate increase and escalation clause.*

Response:

- A. ***Need for rate increase.*** The rate was calculated in order to generate revenue on an annual basis that would cover operating costs, debt service, and the necessary funding for the capital improvements and operating reserve. (See Appendix A of the Rate Study which shows the various components being funded by the annual rate revenue.)
- B. ***Financial assistance for sewer increase.*** On September 9, 2025 the Finance Committee recommended approval of a Residential Sewer Assistance Program for City Council consideration. The Residential Sewer Assistance Program will be presented to the City Council on September 23, 2025 and will provide qualifying ratepayers an annual discount.
- C. ***Costs and 2% annual increase.*** There are several variables that impact the net operating income after funding the capital improvements and Reserve Fund, including rate increases and inflation related to costs. The rates are structured to pay for O&M cost inflation and funding the reserve fund and capital improvement fund. The capital improvement fund also depends on timing of improvements needed that are not necessarily the same in any given year. (see Appendix A of Rate Study – rate model shows the various components funded each year by the sewer rate)

- D. *Proportionality of rates.* The rates have been structured based on an equivalent dwelling unit (EDU) methodology using average daily flow rates provided by Monterey One Water. The flow is based on 150 gallons per day estimate for a single-family unit (EDU per Billing Unit). (See Monterey One Water 2021 Wastewater Treatment Rate Update to 2017 Comprehensive Rate & Fee Study).
- E. *Varying residential unit types.* Equivalent dwelling unit methodology is the standard used by Monterey One Water for all residential uses. This methodology consolidates the various unit types (single family homes, apartments, accessory dwellings units, etc.) into a single residential unit. In order for the residential units to be distinguished by flow which more clearly identify usage, the City would need to conduct a comprehensive study analyzing the 44,711 residential units currently being serviced and take responsibility for assessing units and billing from Monterey One Water. Unfortunately, given the financial strain of the Wasterwater Enterprise Fund, there is insufficient funding to conduct the study nor hire the required resources to manage billing of sewer services.

5. Written Objection from APN 261-637-007, dated July 28, 2025

*I object to the proposed Increased sewer rates. Like all Salinas residents, the current bimonthly fee is \$115.85 which is \$57.92 each month.*

*As indicated in your proposal of \$16.35 added to \$57.92 each month for FY 2025-26, the monthly cost would be \$74.27.*

*When \$16.35 divided by \$57.92 X 100 = 28.23% increase for FY 2025-26.*

*There is no explanation for expenditure for such a high percentage of increase.*

*The \$16.68 increase for FY 2026-27 to \$74.27 which makes the cost of \$90.95 for each month.*

*When \$16.68 is divided by \$74.27 X 100 = 22.45% of increase.*

*If approved by the city council, and by FY 2026-27, we would be paying nearly twice the cost of what we are paying today.*

*The percentage of the proposed increase is so rapid and aggressive with no accountability and no oversight.*

*There is no Sunset clause. How much longer that we continue to pay? When will it end?*

*It is like sending a blank check with no date and to no end.*

*I have a small household with two occupants. It is unfair that I am paying the same amount as the other household of twelve people.*

*I sincerely hope that the City Council will navigate the hard facts and disapprove the proposed rate of increase.*

Response:

- A. *Proportionality of rates.* The rates have been structured based on an equivalent dwelling unit (EDU) methodology using average daily flow rates provided by Monterey One Water. The flow is based on 150 gallons per day estimate for a single-family unit (EDU per Billing Unit). (See Monterey One Water 2021 Wastewater Treatment Rate Update to 2017 Comprehensive Rate & Fee Study).

B. *Varying residential unit types.* Equivalent dwelling unit methodology is the standard used by Monterey One Water for all residential uses. This methodology consolidates the various unit types (single family homes, apartments, accessory dwellings units, etc.) into a single residential unit. In order for the residential units to be distinguished by flow which more clearly identify usage, the City would need to conduct a comprehensive study analyzing the 44,711 residential units currently being serviced and take responsibility for assessing units and billing from Monterey One Water. Unfortunately, given the financial strain of the Wasterwater Enterprise Fund, there is insufficient funding to conduct the study nor hire the required resources to manage billing of sewer services.

6. Written Objection from APN 004-321-040, dated 8/12/2025 and 9/10/2025

***I object to the City's proposed sewer rate increase. The proposed increase in sewer rates fails to comply with Proposition 218 in California because the increase violates certain fundamental requirements designed to protect taxpayers and property owners.***

- ***Failure to Demonstrate Proportionality:*** Under Proposition 218, a sewer rate increase must not exceed the proportional cost of providing the service to a particular property or customer. This means that the amount charged for sewer services should reasonably reflect the actual costs associated with serving that specific parcel or customer, and not be disproportionately higher to subsidize other customers or unrelated services.

*According to the site map, no improvements are recommended for the above address area. Therefore the rate increase is in is in violation of Proposition 218, because it does not reasonably reflect the actual costs associated with serving that specific parcel or area.*

*Therefore, It should not be responsible for costs of the elsewhere Improvements and extensions recommended.*

*Any relevant planned costs should be paid by the respective areas in need. As well as through municipal bonds that will be the responsibility of developers to repay, to be addressed at the time of planned development.*

- *According to Figure 7-1 The Recommended Sanitary Sewer System Improvements Salinas Sewer System Master Plan*
- *The property listed above is in Existing Gravity Line with a existing pump station that are not in need of improvements and should have the maintenance funds existing from current rates*

Response:

A. *Proportionality of rates.* The rates have been structured based on an equivalent dwelling unit (EDU) methodology using average daily flow rates provided by Monterey One Water. The flow is based on 150 gallons per day estimate for a single-



family unit (EDU per Billing Unit). (See Monterey One Water 2021 Wastewater Treatment Rate Update to 2017 Comprehensive Rate & Fee Study).

- B. *Capital improvement costs.* The City has documented the estimated costs of providing the capital facilities funded by rate revenue based on CIP projects and costs identified in the Sanitary Sewer Master Plan Update and timing prepared by staff. Costs for improvement are based on analysis of the entire system. CIP costs and timing are included in the Appendix C of the Rate Study which reflects escalated future.