



CITY OF SALINAS FINANCE COMMITTEE STAFF

DATE: SEPTEMBER 9, 2025

DEPARTMENT: PUBLIC WORKS DEPARTMENT
FINANCE DEPARTMENT

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR
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TITLE: RESIDENTIAL SEWER PAYMENT ASSISTANCE PROGRAM

RECOMMENDED MOTION:

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

EXECUTIVE SUMMARY:

On March 11, 2025, City Council received the sewer rate study findings and recommended completion of the study where recommended sewer rate increases are proposed over a 5-year period to meet the City of Salinas wastewater enterprise program operational and maintenance cost needs. Councilmembers expressed concerns about the proposed sewer rate increases and the additional burden this service fee might have on fixed income households. This staff report presents the Residential Sewer Payment Assistance Program (the “Program”) developed to provide a 20% discount to qualifying fixed-income residential customers for the City Sewer System charges.

BACKGROUND:

On March 11, 2025, City Council received the sewer rate study findings and recommended completion of the study where recommended sewer rate increases are proposed over a 5-year period 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 residents 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 customers with a four-month reduction of their annual Monterey One Water (“M1W”) service fee¹. Salinas’ customers who participate in the Monterey One Water low-income assistance program would have automatically received the same discount on their City sewer system

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

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 would assist all fixed-income users 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. Also, agencies that provide full services (solid waste, water and sewer), appear 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 customers 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>20%</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.

As part of the City’s FY 2025–2026 budget, the 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 customers. 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

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.

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, and 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	20%	\$6.67	\$40.02	3747
FY2027-28	\$17.01	20%	\$6.80	\$40.83	3674
FY2028-29	\$17.35	20%	\$6.94	\$41.64	3602
FY2029-30	\$17.70	20%	\$7.08	\$42.47	3531

As shown in Table 2, an increase in the discount percentage reduces the total customer assistance provided. Based on this analysis, staff recommends a 20% sewer rate discount for the City of Salinas Residential Sewer Payment Assistance Program. The Program will provide qualifying residential customers with a one-time annual payment equal to 20% 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.

STRATEGIC PLAN INITIATIVE:

The proposed Residential Sewer Payment Assistance Program aligns with City Council’s 2025 Strategic Plan 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 senior groups.

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 customers. Each year, the Program will be contingent on the appropriation of general funds.

ATTACHMENTS:

Attachment 1: Residential Sewer Payment Assistance Program