



## **CITY OF SALINAS COUNCIL STAFF REPORT**

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**DATE:** JUNE 17, 2025

**DEPARTMENT:** PUBLIC WORKS

**FROM:** DAVID JACOBS, DIRECTOR

**BY:** ADRIANA ROBLES, CITY ENGINEER

**TITLE:** AGREEMENT WITH WALLACE GROUP FOR THE SANITARY SEWER RATE STUDY

**RECOMMENDED MOTION:**

A motion to approve a Resolution:

1. Delegating authority to the City Manager to execute a Professional Services Agreement with Wallace Group for the Sanitary Sewer Rate Study (Project No. 9008) for a total not to exceed amount of \$50,964.00; and
2. Approving the transfer of \$65,000.00 from 1000.50.5125-63.6010 to CIP 9008 in order to cover additional work needed to complete the Sanitary Sewer Rate Study process.

**EXECUTIVE SUMMARY:**

This Report presents a Professional Services Agreement with Wallace Group to cover additional ongoing services for the sanitary sewer rate study for the City's sewer collection system based on the increased level of support required and includes the request to transfer the necessary funds to allow completion of the study, including re-initiating the required Proposition 218 noticing process.

**BACKGROUND:**

The City of Salinas owns and operates a municipal sanitary sewer collection system for the residents and businesses within its service area. The existing system is maintained through the collection of service fees administered by Monterey One Water.

On February 16, 2021, City Council approved Resolution No. 22051 approving the Agreement for Professional Services with Wallace Group for the Sanitary Sewer Master Plan (SSMP) Update in the amount of \$588,249 ("the Agreement"). On October 18, 2022, City Council approved Resolution No. 22500 approving the Revised and Restated Professional Services Agreement between the City of Salinas and Wallace Group for an amended amount of \$633,249.

On May 2, 2023, City Council adopted the Sanitary Sewer Master Plan Update through Resolution No. 22648. The SSMP Update identified existing hydraulic deficiencies, operation and maintenance repairs, and lift station upgrades required to keep the existing sanitary sewer system operational. The SSMP also identified several sewer mains which require both repairs and upsizing to meet the anticipated additional sewage flow demand from the North of Boronda Future Growth Area.

On April 23, 2024, an amendment to Wallace Group's Agreement was approved by City Council through Resolution No. 22947 allowing for the commencement of a sanitary sewer rate study ("Study") to have Wallace Group and subconsultant (DTA) evaluate potential rate structures and provide recommendations on how to address funding gaps for sanitary sewer system repairs, upgrades and future needs. Compensation under the amended Agreement resulted in a not to exceed amount of \$696,339.00 and the Agreement term was extended through December 30, 2024.

The Agreement is now expired, but work has continued by Wallace Group and DTA, reanalyzing various funding scenarios and making presentations before City Council and Finance Committee. This level of support is greater than anticipated, and a new agreement and budget augmentation is required to continue the additional services. The new agreement extends the agreement terms until December 31, 2025.

Additionally, an error was reported in the public hearing notice which requires the re-initiation of the Proposition 218 process. In order to process the new agreement and allow for the printing and mailing of the revised public hearing notices, a transfer of \$65,000 is required.

#### CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378).

#### CALIFORNIA GOVERNMENT CODE §84308:

Yes.

#### STRATEGIC PLAN INITIATIVE:

The proposed project and agreement meet the City Council's Strategic Plan Goals of Infrastructure and Environmental Sustainability and Economic Development.

#### DEPARTMENTAL COORDINATION:

All efforts involved in the preparation of the Sanitary Sewer Master Plan Update, its resulting Nexus Study and the Sewer Rate Study have been coordinated between various Public Works Department divisions and include support from the City's Legal and Finance Departments.

FISCAL AND SUSTAINABILITY IMPACT:

The total compensation for the Consultant's support under the Professional Services Agreement with Wallace Group is \$50,964.00. Staff is requesting a budget reallocation of \$65,000 from the General Fund to CIP 9008 to cover the consultants' work, printing and postage costs.

Fund	CIP (5800)	Appropriation	Appropriation Name	Total Appropriation	Amount for recommendation	FY 24-25 CIP Budget Page	Last Budget Action (Resolution, Date)
1000	n/a	50.5125-63.6010	Outside Services	\$74,509	\$65,000	n/a	22507, 11/01/2022 23205, 02/25/2025
2301	9008	50.9008-63.5400 & 63.5900	Outside Services - Engineering & Other	\$18,005	\$65,000	n/a	22947, 04/23/2024

ATTACHMENTS:

Resolution

Agreement for Professional Services between the City of Salinas and Wallace Group