



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JUNE 17, 2025

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: RENÉ MENDEZ, CITY MANAGER
CHRISTOPHER A. CALLIHAN, CITY ATTORNEY
ADRIANA ROBLES, CITY ENGINEER/ASSISTANT DIRECTOR

TITLE: SANITARY SEWER RATE INCREASE

RECOMMENDED MOTION:

No action is required by the City Council.

EXECUTIVE SUMMARY:

On April 22, 2025, the City Council approved a resolution accepting the Sewer Rate Study, approving the Sewer Rate Schedule, and directing staff to distribute Proposition 218 Public Hearing Notices for proposed sanitary sewer rate increases with the public hearing to be held on June 17, 2025. Following the City Council's action and distribution of the Proposition 218 Hearing Notices, during our review of the materials inaccuracies in some of the rates and rate categories were identified. In order to ensure the accuracy of the rates and rate categories and to clarify the process by which the City will receive protests to and objections to the proposed rate increase, a revised Sewer Rate Study, sewer rate schedule, and public hearing notices will be prepared and distributed. It is anticipated that the revised documents will be presented to the City Council on July 1, 2025, with a public hearing to be appropriately scheduled thereafter, depending on the direction and action of the City Council.

BACKGROUND:

The City of Salinas owns and operates a municipal sanitary sewer system ("sewer system") that services residents and businesses within its service area. As discussed in the April 22, 2025, City Council Staff Report and attachments thereto, the sewer system is in need of improvements and upgrades to correct deficiencies so that the sewer system may remain operational and may continue to meet the needs of the system's users. In order for the City to complete those improvements and upgrades, additional funding is needed; consequently, on April 22, 2025, the City Council initiated the process to increase the sewer rates, including accepting a sewer rate study, approving a sewer rate schedule, and distribution of Proposition 218 public hearing notices.

Following the City Council's action and distribution of the public hearing notices, inaccuracies in some of the rates and rate categories were identified. In order to correct those inaccuracies, City

staff initiated revisions to the rate study and rate schedule. As a result of this additional work on the rate study and rate schedule, it is recommended that the City Council not proceed with the increase to the sewer rates as proposed and recommended on April 22, 2025, and as described in the public hearing notices distributed following that action. Rather, it is recommended that the City Council consider a revised rate study and rate schedule at its July 1, 2025. If the City Council approves the revised rate study and rate schedule on July 1, 2025, updated public hearing notices will thereafter be distributed to the public informing them of the revised rates and of the process by which they may protest and/or object to the proposed rate increase.

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) pursuant to sections 15378 and 15061(b)(3) of the CEQA Guidelines.

CALIFORNIA GOVERNMENT CODE §84308 APPLIES:

No.

STRATEGIC PLAN INITIATIVE:

Updating sewer rates is consistent with the City Council's goals and strategies of Fiscal Responsibility, Service and Responsiveness, Economic Development, Housing Infrastructure, and Public Safety by investing in existing facilities and infrastructure which are necessary to allow for additional growth, including housing development and expansion of the City's industrial base.

DEPARTMENTAL COORDINATION:

Public Works Staff have consulted with DTA, the City's sewer rate consultant, Wallace Group, the City's consulting facilities engineer, and NHA Advisors, the City's municipal finance advisor. Public Works Staff has also worked closely with the Finance Department.

FISCAL AND SUSTAINABILITY IMPACT:

There is no direct fiscal impact associated with this Report.

ATTACHMENTS:

None.