

**RESOLUTION NO. \_\_\_\_\_ (N.C.S.)**

**SANITARY SEWER RATE INCREASE**

**WHEREAS**, the City of Salinas owns and operates a municipal sanitary sewer system (“sewer system”) that services residents and businesses within its service area of approximately 12,430 acres, with over 280 miles of gravity sewer mains and eleven (11) lift stations that convey sewage flows to the Regional Wastewater Treatment Plant, operated by Monterey One Water (M1W); and

**WHEREAS**, M1W collects fees for the treatment of the sanitary sewage. M1W fees are adjusted annually and are separate from the rates collected for the City through M1W. Sewer rates are used by the City of Salinas to provide the service required to maintain the City’s sanitary sewer system (pipes, manholes, lift stations, and equipment). Sewer rates fund the entirety of the wastewater enterprise fund. The wastewater enterprise fund pays for the sanitary sewer system, staff, supplies, electricity and everything needed to keep the sanitary sewer system within the City of Salinas operational; and

**WHEREAS**, in 2011, a Sanitary Sewer Master Plan was developed and the following year, a rate study was prepared that increased sewer rates to \$5.45 per month for residential users or equivalent dwelling unit (EDU); and

**WHEREAS**, the City’s sanitary sewer rate has not changed since 2012; and

**WHEREAS**, over several years, the wastewater enterprise fund has had a funding shortfall. This has meant that necessary infrastructure repairs and upgrades have not been financially possible, leading to system failures and costly emergency repairs. Investment is required to meet regulatory mandates and to prevent additional untreated sewage discharges; and

**WHEREAS**, on May 2, 2023, through Resolution No. 22648, City Council adopted the Salinas Sanitary Sewer Master Plan Update (“SSMP”). The SSMP identified existing hydraulic deficiencies, operation and maintenance repairs, and lift station upgrades required to keep the existing sanitary sewer system operational and prioritized capital improvement projects of said repairs and upgrades; and

**WHEREAS**, on April 23, 2024, an amendment to Wallace Group’s contract was approved by City Council (Resolution No. 22947) allowing for the commencement of a sewer rate study (“Study”) to evaluate potential rate structures and provide recommendations on how to address funding gaps for sanitary sewer system repairs, upgrades and future needs; and

**WHEREAS**, the Study estimates a total of \$114.8 million is required to make the necessary high priority improvements to the sewer system over the next ten years; and

**WHEREAS**, the Study incorporated the revenue requirements and calculated the new sewer rates in compliance with Proposition 218 requirements. An increase to \$16.35 per EDU per month with a 2% annual escalation rate is recommended; and

**WHEREAS**, the Study includes a Rate Schedule that provides the proposed rates for each use category for fiscal years 2025/26 through 2034/35 and

**WHEREAS**, 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).

**NOW, THEREFORE, BE IT RESOLVED** that the Salinas City Council accepts the Sewer Rate Study; and

**BE IT FURTHER RESOLVED** that the Salinas City Council approves the Sewer Rate Schedule; and

**BE IT FURTHER RESOLVED** that the Salinas City Council directs 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.

**PASSED AND APPROVED** this 22<sup>nd</sup> day of April, 2021, by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**APPROVED:**

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Dennis Donohue, Mayor

**ATTEST:**

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Patricia M. Barajas, City Clerk