



**CITY OF SALINAS
SEWER RATE STUDY**

June 24, 2025

Public Finance
Public-Private Partnerships
Development Economics
Clean Energy Bonds

*Irvine / San Jose / San Francisco / Riverside
Dallas / Houston / Raleigh / Tampa*

RESOLUTION NO. 23332 (N.C.S.)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SALINAS,
CALIFORNIA, ESTABLISHING SEWER SERVICE CHARGES FOR SEWER
COLLECTION SERVICES, WITH ANNUAL UPDATES**

WHEREAS, the City of Salinas (“City”) provides sewer collection service to property owners (who may also be referred to as “owners”) within the City’s service area (as described on Exhibit “B,” attached hereto and incorporated by reference). As described in the City’s Sanitary Sewer Master Plan Update (“SSMP”), approved by City Council on May 2, 2023 (Resolution No. 22648), these sewer collection services include collection pipelines, force mains, and sewer lift stations that convey wastewater to the Monterey One Water (“M1W”) for treatment. M1W is a joint powers authority formerly known as Monterey Regional Pollution Control Agency with member agencies that include the City of Salinas, the County of Monterey, and other incorporated municipalities and special districts; and

WHEREAS, the City is authorized to establish fees, rates, and charges for the sewer services provided to each property owner in accordance with Health and Safety Code Sections 5470-5474.10, and “Proposition 218” (California Constitution Article XIII D, Section 6; as it is implemented by the Legislature at Government Code sections 53750 – 53759.2; and as it has been interpreted by judicial decisions).The City refers to those fees, rates, and charges as sewer service charges or sewer rates (as used herein, the phrases “sewer service charges” or and “sewer rates” may be used interchangeably); and

WHEREAS, the purpose of the sewer rates is to ensure that adequate funding is provided to protect the public health, safety and general welfare through the provision of a reliable and adequate sewer system that meets current and anticipated demands to serve the owners and customers of the City; and

WHEREAS, the City undertook an analysis of previously established sewer rates, as documented in the City of Salinas Sewer Rate Study prepared by the City’s rate consultant, DTA, dated June 24, 2025 (“Rate Study”), and determined that proposed changes to the City’s sewer rates are warranted in order to offset the City’s ongoing costs of providing sewer services to owners and customers. The Rate Study has been posted on the City’s website (www.salinas.gov/Your-Government/Departments/Public-Works/2025-Sanitary-Rate-Study) since July 2, 2025, and it is available for public review upon request; and

WHEREAS, on July 1, 2025, the City of Salinas City Council (“City Council” or “Council”) approved Resolution No. 23296, by which the Council directed City staff to provide notice of a public hearing to consider the approval of sewer rates in accordance with the requirements of Proposition 218, including implementation of the administrative remedies for owners to submit written objections to the sewer rates (in accordance with “AB 2257” codified at Government Code Sections 53759.1 and 53759.2); and

WHEREAS, on July 11, 2025, the City mailed the notice of public hearing (to be held on September 23, 2025) to all property owners receiving sewer service from the City, and posted the notice on its website at (www.salinas.gov/Your-Government/Departments/Public-Works/2025-

Sanitary-Rate-Study). The public hearing notice was also published in accordance with Government Code Sections 6062a, 54354.5, and 66016; and

WHEREAS, consistent with the notice of public hearing, the public hearing was held on September 23, 2025, the City Council provided an opportunity for every interested person to comment on the proposed sewer rates, the Council considered all timely written protests from property owners and written responses from City staff, and the Council determined that the proposed sewer rates comply with the requirements of Proposition 218 and proceeded to conduct the public hearing to consider timely written protests submitted prior to the close of public hearing; and

WHEREAS, the City Council determines, after having duly received and considered oral and documentary evidence concerning the necessity for the proposed sewer rates, that it is warranted and necessary to establish the sewer rates as set forth in this Resolution; and

WHEREAS, this Resolution is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Public Resources Code Section 21080(b)(8), and California Code of Regulations Section 15273 (of the “CEQA Regulations”) because it establishes, modifies, structures, or restructures, and approves rates and charges for the purposes of: (1) meeting operating expenses; (2) purchasing supplies, equipment and materials; (3) meeting financial requirements; and (4) obtaining funds for capital projects necessary to maintain service within existing service area.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Salinas does hereby find, determine, and resolve as follows:

SECTION 1. The City Council hereby approves the sewer rates set forth on “Exhibit A,” which is attached and incorporated by this reference. The sewer rates approved by this Resolution shall be implemented in accordance with Resolution Sections 2 and 3. The sewer rates are approved based on the following findings and determinations by the City Council:

A. After considering all timely written objections and written responses, the Rate Study and all evidence identified in this Resolution document the bases on which these sewer rates are approved, and there is no need to reduce, alter, or clarify the proposed sewer rates.

B. At the close of the public hearing on September 23, 2025, the City Council considered all timely written protests and determined that, from the total number of 31,903 parcels served by City sewer service, the owners of a majority of those parcels did not submit a written protest. Therefore, the City Council overruled all written protests against the proposed sewer rates, and the City may approve the sewer rates in accordance with California Constitution Article XIII D, Section 6(a)(2).

C. The Rate Study and all evidence identified in this Resolution document that the sewer rates comply with the substantive requirements of Proposition 218, as set forth at California Constitution Article XIII D, Section 6(b):

1. The revenues derived from the rates do not exceed the cost of providing sewer service to property owners or customers served by the City's sewer service.

2. The revenues derived from rates are not, and shall not be, used for any other purpose other than meeting the costs of providing sewer service.

3. The amount of the rate imposed upon any parcel does not exceed the proportional cost of the sewer service provided to that parcel.

4. The revenues derived from rates are used for sewer services actually used by, or immediately available to, the person or owner of the property responsible for the payment of the rate.

5. No rate is imposed for general governmental services, such as police or fire, that is available to the public at large.

SECTION 2. Review of Sewer Rates. The City Manager, or designee, shall periodically, but not less than annually, review the sewer rates to determine whether revenues from such rates are meeting the actual cost of services and facilities necessary to deliver sewer service to the residential and non-residential parcels within the City's service area. If the City Manager determines that revenues are not adequate to meet costs, the City Manager shall recommend to the City Council a revised schedule of sewer rates in accordance with Proposition 218 and the processes described in this Resolution.

SECTION 3. Effective Date of Sewer Rates. The sewer rates per Equivalent Dwelling Unit ("EDU") per month set forth on Table 1 of "Exhibit A" shall be effective October 1, 2025, for the rates identified in the column labeled "25-26." Thereafter, the sewer rates shall be automatically updated on an annual basis each July 1, subject to the City providing a 30-day prior written notice in accordance with Government Code Section 53756, such that: (a) the rates in column "26-27" will be effective July 1, 2026; (b) the rates in column "27-28" will be effective July 1, 2027; (c) the rates in column "FY 2028-29" will be effective July 1, 2028; and (d) the rates in column "FY 29-30" will be effective July 1, 2029, and each July 1 thereafter.

A. The sewer rates are charged per "Equivalent Dwelling Unit" ("EDU") allocated to each parcel.

B. The number of EDUs for each parcel is determined by the City Manager, or designee, based on: (1) the number of EDU's per Billing Unit for each category of user identified on Appendix D of Exhibit "A" (with the resulting calculations of sewer rates per month set forth on Appendix E of Exhibit "A"); provided, however (2) for any category of user that is identified as a "special user," the number of EDU's shall be based on the actual flow per billing unit based on data from MIW. Since the City's sewer collection system discharges to the MIW sewer conveyance and treatment system, the City intends to establish the number of EDU's per parcel in a manner that is consistent with the analysis and approach taken by MIW. Since a single-family home user, with a flow of 150 gallons per day, is assigned one EDU, the number of EDU's assigned to each other user shall be based on that proportion of one EDU per a flow of 150 gallons per day. To the extent a particular user category is not identified on Appendixes D and E of Exhibit "A,"

the City Manager shall determine the number of EDUs based on the estimated amount of flow from similar users identified on Appendixes D and E of Exhibit “A” or information regarding the determination of flow by M1W.

SECTION 4: If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Resolution is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The Council hereby declares that it would have adopted this Resolution, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

PASSED AND APPROVED this 23rd day of September 2025, by the following vote:

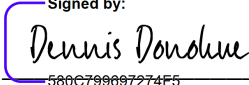
AYES: Councilmembers Barajas, Barrera, D’Arrigo, De La Rosa, Salazar and Mayor Donohue

NOES: Councilmember Sandoval

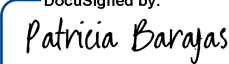
ABSENT: None

ABSTAIN: None

APPROVED:

Signed by:

580C799697274F5...
Dennis Donohue, Mayor

ATTEST:

DocuSigned by:

5BE31EC636A6432
Patricia M. Barajas, City Clerk

Attachments:

Exhibit A: City of Salinas Rate Study, Appendix E (Sewer Rate Schedule)

Exhibit B: Salinas Sanitary Sewer Service Area

Exhibit C: Public Hearing Notice



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CITY OF SALINAS



SEWER RATE STUDY

Prepared for:

City of Salinas

200 Lincoln Avenue

Salinas, CA 93901

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I EXECUTIVE SUMMARY

The City of Salinas (the “City”) Wastewater Division of the Public Works Department, hereinafter referred to as the “Sewer Department,” owns and operates a municipal sanitary sewer system made up of over 280 miles of gravity sewer mains, 11 lift stations and hundreds of manholes which collects wastewater generated within the City as well as certain areas outside of the City and transports it to an independent agency, Monterey One Water (“M1W”) for treatment and disposal. The City and M1W impose separate wastewater rates for their services and this study looks only at the City’s own wastewater collection charges. M1W, the regional treatment system, is a separate governmental entity that sets its own rates which apply to the City and other regional participants including the Cities of Pacific Grove, Del Rey Oaks, Seaside, Sand City, Fort Ord, Marina, Castroville, Monterey, Moss Landing, and some unincorporated areas in northern Monterey County. The regional treatment rates levied by M1W are not a part of this study.

In 2011, a sewer rate study was prepared that increased sewer rates to \$5.45 per month for residential users or equivalent dwelling unit (“EDU”). The sewer rate has not changed since 2012. Over a number of years, the sewer enterprise fund, which funds ongoing maintenance of the sewer system 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 State mandates and to prevent additional untreated sewage discharges as occurred in April 2022 which led to a Notice of Violation and fine from the Regional Board.

In 2024, DTA was engaged by the City to evaluate potential rate structures and provide recommendations on how best to address funding gaps for sewer infrastructure upgrades and long-term sewer system needs. DTA prepared various sewer rate scenarios based on the costs provided by City staff for operation and maintenance costs and debt service, plus required capital improvements for improvements needed over the 10-year study period.

The City’s current sewer rate of \$5.45 per residential user or EDU is intended to cover the City’s annual operation and maintenance (“O&M”) costs, as well as servicing existing debt obligations, but currently experiences a shortfall. The City’s sewer enterprise fund’s expected revenue and annual budget is projected to experience a shortfall of approximately \$400,000 for FY 2024-25 and will not meet the required 125% debt service coverage requirement on the existing bonds. In addition, the current budget does not include capital improvements required for system replacements and upgrades.

The City has identified key infrastructure costs of approximately \$114.8 million (escalated value) of capital improvement projects over a ten-year period to upgrade the system to maintain current levels of service. The study herein incorporates the revenue requirements and calculates new sewer rates in compliance with Proposition 218 requirements.

As described in this study, the rates are proposed to be increased and phased in over a five (5) year period as shown in Table 1 below. In order to fully fund the costs as described in this study, the sewer rates will need to continue to increase beyond the five (5) year period.

Table 1: Proposed Rate per EDU

Fiscal Year	25/26	26/27	27/28	28/29	29/30
Rate per EDU per month	\$16.35	\$16.68	\$17.01	\$17.35	\$17.70

Based on the proposed sewer rates presented herein, a single-family customer (i.e., one EDU) would see their monthly sewer rate increase from the current \$5.45 to \$16.35 in the first year (a 200% increase) and increase to \$17.70 by the end of the five-year period. The sewer rate per month for other land use classes will be based on the applicable EDU factor as shown in Appendix D herein. The sewer rates by land use category for the full ten-year study period is included in Appendix E herein.

The new sewer rates presented in this study were based on the best information available at the time. Regular updates of the financing and rate projections should be performed as accurate and more complete information becomes available.

II INTRODUCTION

The City Sewer Department owns and operates a municipal sanitary sewer system made up of over 280 miles of gravity sewer mains, 11 lift stations and hundreds of manholes which collects wastewater generated within the City as well as certain areas outside of the City and transports it to an independent agency, M1W for treatment and disposal. The City and M1W impose separate wastewater rates for their services and this study looks only at the City's own wastewater collection charges. M1W, the regional treatment system, is a separate governmental entity that sets its own rates which apply to the City and other regional participants including the Cities of Pacific Grove, Del Rey Oaks, Seaside, Sand City, Fort Ord, Marina, Castroville, Monterey, Moss Landing, and some unincorporated areas in northern Monterey County. The regional treatment rates levied by M1W are not a part of this study.

The City has engaged DTA to prepare an updated rate study to analyze the current revenue requirements of the Sewer Department and develop a rate structure that will result in sufficient stable revenues to pay for O&M, annual debt service requirements, capital improvements and replacement, as well as fund an operating reserve.

In November 2011, the City approved an updated rate study which increased sewer rates from \$4.46 per EDU per month to \$5.45 per EDU per month effective February 1, 2012. Although the City Council adopted the General Plan in 2002, the 2011 rate study did not incorporate capital improvement projects to address upsizing for future conditions.

The City's current sewer rate of \$5.45 per residential user or equivalent dwelling unit (EDU) is intended to cover the City's annual O&M costs, as well as servicing existing debt obligations, but is currently experiencing a shortfall. The City's sewer enterprise fund's expected revenue and annual budget is projected to experience a shortfall of approximately \$400,000 for FY 2024-25 and will not meet the required 125% debt service coverage requirement on the existing bonds. In addition, as mentioned above, the current budget does not include capital improvements required for system replacements and upgrades.

A. Purpose

The purpose of this study is to present an updated sewer rate that is in compliance with Proposition 218 requirements as described further in Section II.B below while fully funding revenue requirements for the sewer system as outlined in Section III below.

All numbers used in this sewer rate study were either a) provided by the City or Sewer Department, ii) assumed and agreed upon with the City or Sewer Department, or iii) calculated by DTA using data provided and/or agreed to by the City or Sewer Department.

B. Proposition 218

Ongoing fees for sewer service are commonly called rates. These sewer rates must be supported by a cost-of-service study, or rate study, showing the revenue requirement will be met through the collection of sewer rates as well as a method of reasonably

apportioning the costs of service to the various customer classes. Sewer rates for ongoing sewer service have a direct relationship to land ownership, hence are considered property-related fees subject to the limitations of Article XIII D, Section 6 of the California Constitution (“Proposition 218”).

In November 1996, the California voters approved Proposition 218, the “Right to Vote on Taxes Act”, which added Article XIII D to the California Constitution. Proposition 218 imposes certain requirements relative to the imposition of certain assessments, fees and charges by local agencies, including the following:

- Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service;
- Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed;
- The amount of fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to that parcel; and
- No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question.

The rate structure recommended in this study will meet all of the limitations of Proposition 218 in both revenue requirements and proportionality.

In addition, before a local agency can levy new or increased sewer rates, the following procedures are required pursuant to Proposition 218:

- Preparation of a rate justification study, prepared by a qualified individual or firm, and the study must justify the proposed rate increase.
- The record owner of each parcel subject to the proposed increase must be provided with a written notice of the proposed increase. As industry practice, DTA will also coordinate with the City to mail such notices to the billing address of the sewer customer.
- Notice to the record owner must specify the time, date, and location of the public hearing at which the proposed increased fee will be considered. Such notice will also be sent to the billing address of the sewer customer as mentioned above.
- A public hearing shall be conducted, held not less than 45 days after mailing the notice, to consider protests to the proposed increased fee.
- The increased fee can be approved if a majority of the property owners do not file written protests against the proposed increase.

C. Approach

The methodology used in this study to determine proposed rate structures will follow the guidelines provided in AWWA, *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices* (M1 Manual) as they may apply to sewer collection services. These guidelines were incorporated in the development of a cost-of-service analysis and a rate model that is used to evaluate Sewer Department specific conditions, criteria, and goals.

D. Current Sewer System

The City of Salinas owns and operates a municipal sanitary sewer collection system (“Sewer System”) that services residents and businesses within its service area. The Sewer System has a service area of approximately 12,430 acres, with over 280 miles of gravity sewer mains and 11 lift stations that convey sewage flows to the Regional Wastewater Treatment Plant, operated by M1W.

E. Sewer Master Plan Update and CIP

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. The SSMP estimates sewage flows at 10.46 million gallons per day from the existing sanitary sewer system. Required maintenance repairs and existing hydraulic deficiencies were ranked based on priority. Costs for maintenance repairs and to fix existing hydraulic deficiencies are the sole responsibility of the City rate payers.

The SSMP developed a Sanitary Sewer Capital Improvement Program (“CIP”) that identified capital improvement projects to address both the existing maintenance repairs and deficiencies and upsizing for future conditions. Capital improvement projects were ranked based on priority. Ranking for existing system capital improvement projects was based on the following criteria to prioritize them: impacts to water bodies, design standards, maintenance requirements, impact to the community and proximity to a monitoring manholes. For lift stations, the criteria used to prioritize them were: impacts to water bodies, inspection frequency, pumping capacity deficiency, peak hour emergency response time, bypass requirement, generator requirement, control or electronic update requirement, and impacts to the community. Possible impacts from future development were also analyzed for maintenance and lift station projects. Future capital improvement projects required exclusively to upsize the sewer system to accommodate future development were not ranked in the SSMP as these improvements must be coordinated and timed with development.

As mentioned earlier, the City’s current sewer rate does not fund capital improvements required for system replacements and upgrades. Of the facilities and costs identified in the CIP, the City has identified only the highest priority projects (“High Priority Projects”)

that would need to be funded from future rate revenue.

F. Rate Study Organization

In order to fully fund the necessary revenue requirements as identified in the following sections of the rate study, the City's sewer rates must be increased.

Below is a description of the remaining sections of the rate study:

Section III: Revenue Requirements – This section describes the cost categories that the sewer rate revenue and other revenue sources will need to fund including, operations and maintenance costs ("O&M"), capital expenditures, debt service, and contributions to the operating reserve.

Section IV: Sewer Rate Analysis – This section describes the proposed rates to be charged to sewer customers in the City and the calculations used in determining a sewer rate structure that can fully fund the revenue requirements described in Section III.

Section V: Implementation of Rates – This section includes the proposed updated sewer rates for the various land uses over the next five years.

Section VI: Conclusion – This section includes the overall conclusions.

III REVENUE REQUIREMENTS

The Revenue Requirements, or cost categories, that rate revenue and other revenue sources will need to pay for include, operations and maintenance costs (“O&M”), capital expenditures, debt service, and contributions to an operating reserve. These cost categories are described in greater detail below.

A. Operations and Maintenance

The Sewer Department’s O&M costs include salaries and benefits, supplies and materials, outside services, and other charges as identified on pages 379 and 383 of the City’s fiscal year 24/25 Operating Budget, adopted by Resolution No. 22979. The O&M cost projections use the baseline costs from the City’s adopted operating budget for fiscal year 24/25, as shown in the section, “Enterprise Operations, 5442 Sanitary Sewer Division.” The City’s 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 pump stations, etc.) which are escalating at much higher rates than inflation.

B. Capital Expenditures

Capital costs are based on Tables 7-4, 7-5, and 7-6 of the Sanitary Sewer Master Plan Update dated May 2023, approved by Resolution No. 22648. Of the total capital costs, the City identified certain High Priority Projects as shown in Appendix C to be funded by the proposed sewer rate. The total cost of the sewer system capital upgrades assigned to existing development, adjusted for inflation, is equal to approximately \$114.8 million. The listing of capital improvement projects are divided into three categories; i) Maintenance and repairs to the existing sewer system; ii) Sewer upsizing costs allocated to existing development; and iii) Lift Stations. Maintenance and repair projects address hydraulic and maintenance deficiencies of the existing sewer system. These improvements were identified as pipelines without the required velocities, with sags or failures, or with blockages that constrain flows. In addition, sewer upsizing projects will correct existing capacity deficiencies to upsize pipelines to allow sewers to flow more efficiently. Lift station projects will address upgrades to outdated systems and will provide uniformity and redundancy to the overall system. These High Priority Projects are described in further detail below:

B.1. Existing Sewer Collection

The SSMP identified thirty-one (31) sewer collection system projects and eleven (11) lift station projects that have hydraulic deficiencies and maintenance concerns under existing conditions. The Wallace Group recommended that these projects be completed over a five to 15-year period. The City then adjusted the timing of the expenditures to more closely match the City’s capacity to implement the appropriate level of projects on an annual basis. The City identified thirteen (13) projects from the

list of projects identified in the SSMP that would be expected to be implemented within the next ten years. The total costs for these projects, adjusted for inflation at 3% per annum, is \$70.7 million. See Table C-1 in Appendix C herein for project costs and timeline, adjusted for 3% inflation.

B.2. Sewer Upsizing

The SSMP identified nine (9) projects that will need existing sewer lines to be upsized due to existing deficiencies and the need to provide additional capacity for new development. Wallace Group provided allocations of costs to new and existing development based on existing and future flow and pipe sizes. The City then provided updated cost projections and project timing for seven of the nine projects listed in the SSMP. The total projected costs for these projects, adjusted for inflation at 3% per annum, is estimated to be \$20.6 million as shown in Table C-2 in Appendix C herein.

B.3 Lift Stations

The City owns and operates eleven (11) sewer lift stations throughout the City and also maintains one lift station funded through an existing assessment district. All lift stations are integral with the City’s sewer collection system. The SSMP evaluated each of the lift stations and force mains for hydraulic performance and emergency response times in the event of sanitary sewer overflow conditions. The SSMP provided present value costs for the lift station upgrades recommended by the analysis. The City provided the timing and costs for seven (7) of the eleven lift stations mentioned in the SSMP that are expected to be completed within the next seven (7) years. The total projected costs for these projects, adjusted for inflation at 3% per annum, is estimated to be \$23.5 million as shown in Table C-3 in Appendix C herein.

B.4 Total Costs for High Priority Projects

Table 2 below is a summary of the total costs for the High Priority Projects as described above, adjusted for inflation, used for setting the updated sewer rates. Table C-4 in Appendix C herein summarizes the total costs by year.

Table 2
Costs for High Priority Projects

Description	Cost
Sewer Collection	\$70.7 million
Sewer Upsizing	\$20.6 million
Lift Stations	\$23.5 million
Total	\$114.8 million

C. Debt Service

Debt service includes the annual principal and interest payments on bonds issued by the City whose proceeds are used to pay for capital improvements to the City-wide sewer system. The debt service for both existing bonds issued and bonds that are proposed to be issued in the future are intended to be paid for from rate revenue.

Existing Debt Service - The existing annual bond debt service to be paid by sewer rates consist of annual principal and interest payments for Wastewater Revenue Refunding Bonds Series 2020A. First issued in 2020, the annual debt service on these bonds is indicated in the rate model herein over the next ten (10) years.

Proposed Debt Service – The timing of capital improvements and the acceptable levels of pay-as-you-go financing of such improvements suggest that funding a portion of the capital improvements by debt in the form of revenue bonds would not only reduce the annual revenue requirement of the capital facilities program, but also reduce the annual sewer rates required to cover the costs of operations and maintenance, reserves and total debt service as compared to a complete pay-as-you-go alternative.

The timing of issuance and the amounts of the bonds are dependent upon the timing and costs of the capital projects in accordance with the goals of the City, as identified in Section B above. For purposes of this analysis, three separate bond issuances were considered, issued in years 2, 5 and 8 during the ten (10) year study period. Please refer to Appendix B for additional bond assumptions.

D. O&M Reserve Requirements

Starting in fiscal year 26/27 of this study, it is assumed that 50% of the total annual operating expenses (i.e., 180 days of operating reserves which is based on industry practice for similar utilities) from the net operating income after debt service will be transferred to a newly established operating reserve fund. The City expects to adopt a formal reserve policy following the adoption of this rate study.

IV SEWER RATE ANALYSIS

A. Current Rate Structure

The City currently funds the majority of its operational and capital improvement costs through sewer rate revenue. For reference, M1W is the sewer treatment provider in northern Monterey County. M1W is responsible for the treatment of wastewater while the City is responsible for collecting and transporting wastewater to M1W. This shared responsibility is reflected on the monthly bill to property owners.

The City's current sewer rates included on the monthly bills sent by M1W are charged on a per EDU basis. The current Fiscal Year 24/25 sewer rate is equal to \$5.45 per EDU per month. For Fiscal Year 24/25, the activities of which consisted of routine operation and maintenance as well as debt service payments on existing bonds, the revenues were less than the expenditures. The deficit in expenses versus revenues demonstrates that the current rates are not sufficient to maintain the existing system.

B. Proposed Rate Structure

The proposed rate structure utilizes both pay-as-you-go rate collections as well as bond issuances to fund the annual O&M costs and a minimum level of capital facilities. Projections under this rate structure suggest that the City will have sufficient reserves to continue meeting debt service and capital needs by the end of FY 2034-35. Please see below for a summary of the findings:

- Year 1 Monthly Rate per EDU (2025) - \$16.35
- Sewer Rate escalates annually by 2%
- Estimated Year 10 Capital Replacement Fund Balance: \$7.5 million
- Estimated Total Facilities Funded through Bonds and Pay-Go: \$114.8 million

C. Equivalent Dwelling Units

As mentioned earlier, this study uses an EDU methodology to allocate costs to the various land uses for the City's billing purposes. The flow per land use unit is divided by the flow per single family land use unit to determine the flow relative to a single family unit (EDU per Billing Unit). Note that the flow per land use unit factors are averages provided by M1W. The number of customer connections and the flow per connection for each land use as of July 2024 was provided to the City by M1W. The total City-wide EDUs were then determined by multiplying the EDU per Billing Unit by the number of connections for that land use category. Since the City's sewer infrastructure consists of City-wide collection and not treatment, the EDUs are based only on flow. The tabulation for total City-wide EDUs (61,745) is shown in Appendix D. For the purposes of projecting growth in EDUs over the ten-year study period, a 1%

per year growth factor is assumed.

D. Model Considerations

It is evident that there are many combinations of assumptions that affect the determination of a rate structure calculation that can potentially meet the revenue requirements on an annual basis. Factors including inflation, annual rate escalations, debt service and customer growth play into the determination of such a rate structure.

V IMPLEMENTATION OF RATES

As described in this study, the rates are proposed to be increased and phased in over a five (5) year period as shown in Table 3 below. In order to fully fund the costs as described in this study, the sewer rates will need to continue to increase beyond the five (5) year period.

Rates for all land uses will see a 200% increase in year 1 and an annual increase of 2% each year thereafter during the five (5) year period. The annual increase is necessary in order to fully fund all revenue requirements.

Table 3: Proposed Rate per EDU per month

Fiscal Year	25/26	26/27	27/28	28/29	29/30
Rate per EDU per month	\$16.35	\$16.68	\$17.01	\$17.35	\$17.70

It is strongly suggested that in Year 5 (FY 2029-30), the City review their annual operation and maintenance costs, capital facilities costs and timing, demographics information, as well as the various modelling assumptions and update the sewer rates, if needed.

The full 10-year rate model is included in Appendix A herein. The sewer rates by land use category for the 10-year study period is included in Appendix E herein.

VI CONCLUSION

The final sewer rates contained in this study are a result of an extensive public process with input received from City staff and the City Council and are based on the best information available at the time. Regular review and evaluation of the financing and rate projections should be performed as accurate and more complete information becomes available. The rates should be reviewed annually to take into account the results of local project construction bids, actual O&M and capital facilities costs, actual financing received for the projects, and adjustment to the rates may be considered, as necessary.

The new sewer rates, as shown in Table 3 herein, are designed to produce revenues to fund operations and maintenance, new capital improvement projects, debt service and an operating reserve over the next five years.

Based on the new sewer rates presented herein, a single-family customer would see their monthly sewer rate increase from the current \$5.45 to \$16.35 in the first year (a 200% increase), and increase to \$17.70 by the end of the five-year period.

It is strongly suggested that in Year 5 (FY 2029-30), the City review their annual operation and maintenance costs, capital facilities costs and timing, demographics information, as well as the various modelling assumptions and update the sewer rates, if needed.

APPENDIX A

City of Salinas
Sewer Rate Study



SEWER RATE MODEL

City of Salinas - Sewer Rates/Max Bonding Capacity with minimum 125% coverage (32% PayGo with 68% Bonds)
Calendar Years 2025-2034

Study Year Number	Current Budget ¹	1	2	3	4	5	6	7	8	9	10	Totals Years 1-10
Calendar Year	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	
Rate (\$ per EDU -Monthly)	\$ 5.45	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70	\$ 18.05	\$ 18.41	\$ 18.78	\$ 19.16	\$ 19.54	
		200.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
EDUs	61,745	61,745	62,362	62,986	63,616	64,252	64,895	65,544	66,199	66,861	67,530	
Operations												
Operating Revenue												
City of Salinas Rate Revenue	\$ 4,038,123	\$ 12,114,370	\$ 12,480,224	\$ 12,857,127	\$ 13,245,412	\$ 13,645,424	\$ 14,057,516	\$ 14,482,053	\$ 14,919,411	\$ 15,369,977	\$ 15,834,150	
Investment Interest												
Net Income Carry Forward from Prior Year	0	0	0	0	0	0	0	0	0	0	0	
Inspection Fees												
Total Operating Revenue	\$ 4,038,123	\$ 12,114,370	\$ 12,480,224	\$ 12,857,127	\$ 13,245,412	\$ 13,645,424	\$ 14,057,516	\$ 14,482,053	\$ 14,919,411	\$ 15,369,977	\$ 15,834,150	\$ 139,005,663
Operational Expenses												
Salaries and Benefits	\$ 1,954,090	\$ 2,100,647	\$ 2,258,195	\$ 2,427,560	\$ 2,609,627	\$ 2,805,349	\$ 3,015,750	\$ 3,241,931	\$ 3,485,076	\$ 3,746,457	\$ 4,027,441	
Supplies and Materials	\$ 241,090	\$ 259,075	\$ 278,506	\$ 299,394	\$ 321,848	\$ 345,987	\$ 371,936	\$ 399,831	\$ 429,818	\$ 462,055	\$ 496,709	
Outside Services	\$ 388,000	\$ 417,100	\$ 448,383	\$ 482,011	\$ 518,162	\$ 557,024	\$ 598,801	\$ 643,711	\$ 691,989	\$ 743,889	\$ 799,680	
Other Charges	\$ 397,500	\$ 427,313	\$ 459,361	\$ 493,813	\$ 530,849	\$ 570,663	\$ 613,462	\$ 659,472	\$ 708,932	\$ 762,102	\$ 819,260	
NPDES Allocation	\$ 536,920	\$ 577,189	\$ 620,478	\$ 667,014	\$ 717,040	\$ 770,818	\$ 828,629	\$ 890,777	\$ 957,585	\$ 1,029,404	\$ 1,106,609	
Total Operational Expenses	\$ 3,517,510	\$ 3,781,323	\$ 4,064,922	\$ 4,369,792	\$ 4,697,526	\$ 5,049,841	\$ 5,428,579	\$ 5,835,722	\$ 6,273,401	\$ 6,743,906	\$ 7,249,699	\$ 53,494,711
Net Operating Income before Debt Service	\$ 520,613	\$ 8,333,047	\$ 8,415,302	\$ 8,487,335	\$ 8,547,886	\$ 8,595,583	\$ 8,628,937	\$ 8,646,331	\$ 8,646,009	\$ 8,626,071	\$ 8,584,451	\$ 85,510,952
Debt Service												
Current Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 859,384	\$ 863,658	\$ 862,054	\$ 864,951	\$ 861,608	\$ 862,093	\$ 856,582	\$ 860,170	\$ 8,618,887
First Issuance	\$ -	\$ -	\$ -	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ 2,780,298	\$ -
Second Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 981,951	\$ 981,951	\$ 981,951	\$ 981,951	\$ 981,951	\$ -
Third Issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,850,063	\$ 1,850,063	\$ -
Total Debt Service	\$ 856,080	\$ 865,385	\$ 863,002	\$ 3,639,683	\$ 3,643,957	\$ 3,642,353	\$ 4,627,201	\$ 4,623,858	\$ 4,624,342	\$ 4,648,895	\$ 4,672,483	\$ 8,618,887
Debt Service Ratio (1.25 Minimum)	0.61	9.63	9.75	2.33	2.35	2.36	1.86	1.87	1.87	1.33	1.33	
Net Operating Income After Debt Service	\$ (335,467)	\$ 7,467,662	\$ 7,552,300	\$ 4,847,653	\$ 4,903,930	\$ 4,953,231	\$ 4,001,736	\$ 4,022,473	\$ 4,021,667	\$ 2,157,176	\$ 2,111,968	\$ 46,039,796
Transfer to Operating Reserve			\$ (2,032,461)	\$ (152,435)	\$ (82,569)	\$ (127,785)	\$ (139,775)	\$ (149,526)	\$ (160,677)	\$ (172,742)	\$ (185,699)	\$ -
Transfer to Capital Replacement Program		\$ (7,467,662)	\$ (5,519,839)	\$ (4,695,218)	\$ (4,821,361)	\$ (4,825,446)	\$ (3,861,961)	\$ (3,872,947)	\$ (3,860,990)	\$ (1,984,434)	\$ (1,926,270)	\$ (42,836,128)
Net Year End Balance in Operating Account	\$ -	\$ -	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Fiscal Year	1	2	3	4	5	6	7	8	9	10		
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035		
Carry Forward from Prior Year	\$ -	\$ -	\$ 2,032,461	\$ 2,032,461	\$ 2,225,545	\$ 2,352,625	\$ 2,527,462	\$ 2,717,786	\$ 2,921,667	\$ 3,140,778	\$ 3,376,335	
Maintain 50% of Annual Operational Expenses (180 days)	\$ -	\$ -	\$ 152,435	\$ 152,435	\$ 82,569	\$ 127,785	\$ 139,775	\$ 149,526	\$ 160,677	\$ 172,742	\$ 185,699	
Interest Earnings on Fund Balance	\$ -	\$ -	\$ 40,649	\$ 40,649	\$ 44,511	\$ 47,052	\$ 50,549	\$ 54,356	\$ 58,433	\$ 62,816	\$ 67,527	
Less: Transfer Interest Earnings to Capital Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less: Outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Year End Balance	\$ -	\$ -	\$ 2,032,461	\$ 2,225,545	\$ 2,352,625	\$ 2,527,462	\$ 2,717,786	\$ 2,921,667	\$ 3,140,778	\$ 3,376,335	\$ 3,629,561	

Fiscal Year	1	2	3	4	5	6	7	8	9	10	Totals	
2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035		
Carry Forward from Prior Year	\$ -	\$ -	\$ 1,304,540	\$ 31,924,450	\$ 16,395,620	\$ 50,605	\$ 8,561,773	\$ 3,340,430	\$ 52,842	\$ 19,213,479	\$ 11,385,420	
Transfer In from Operating Account	\$ 7,467,662	\$ 5,519,839	\$ 4,695,218	\$ 4,821,361	\$ 4,825,446	\$ 3,861,961	\$ 3,872,947	\$ 3,860,990	\$ 1,984,434	\$ 1,926,270	\$ 42,836,128	
Interest Earnings on Fund Balance	\$ -	\$ 26,091	\$ 638,489	\$ 327,912	\$ 1,012	\$ 171,235	\$ 66,809	\$ 1,057	\$ 384,270	\$ 227,708	\$ 1,844,583	
Interest Earnings from Operating Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Bond Issuance	\$ -	\$ 38,463,802	\$ -	\$ -	\$ 13,584,724	\$ -	\$ -	\$ -	\$ 25,594,537	\$ -	\$ -	
Less: Capital Outlay for Projects	\$ -	\$ 6,163,122	\$ 13,389,822	\$ 20,862,537	\$ 21,494,288	\$ 9,900,014	\$ 9,254,539	\$ 7,227,344	\$ 10,295,947	\$ 10,196,763	\$ 6,037,883	
Year End Balance	\$ -	\$ 1,304,540	\$ 31,924,450	\$ 16,395,620	\$ 50,605	\$ 8,561,773	\$ 3,340,430	\$ 52,842	\$ 19,213,479	\$ 11,385,420	\$ 7,501,515	

Notes:
1. The current monthly rate per EDU of \$5.45 is insufficient to meet operating expenses and debt service requirements.

FIRST ISSUANCE		SECOND ISSUANCE		THIRD ISSUANCE	
AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%	AVERAGE COUPON	5.00%
BOND TERM (YEARS)	30	BOND TERM (YEARS)	30	BOND TERM (YEARS)	30
COST OF ISSUANCE (%)	3.50%	COST OF ISSUANCE (%)	3.50%	COST OF ISSUANCE (%)	3.50%
BOND PREMIUM	0.00%	BOND PREMIUM	0.00%	BOND PREMIUM	0.00%
RESERVE FUND	6.51%	RESERVE FUND	6.51%	RESERVE FUND	6.51%
BOND AMOUNT	\$42,740,000	BOND AMOUNT	\$15,095,000	BOND AMOUNT	\$28,440,000
Uniform Series Factor	0.065051	Uniform Series Factor	0.065051	Uniform Series Factor	0.065051
ANNUAL PAYMENT	\$ 2,780,298	ANNUAL PAYMENT	\$ 981,951	ANNUAL PAYMENT	\$ 1,850,063
BOND PROCEEDS	\$ 38,463,802	BOND PROCEEDS	\$ 13,584,724	BOND PROCEEDS	\$ 25,594,537
ISSUANCE IN STUDY YEAR	2	ISSUANCE IN STUDY YEAR	5	ISSUANCE IN STUDY YEAR	8

Assumptions:
O&M Inflation Factor = 7.5%
Annual Rate Escalation= 2%
Annual EDU Growth Rate= 1%
Minimum Debt Service Ratio= 1.25%
Rate Stabilization Fund not required

Criteria:
1. Minimal year end balance at 10th year
2. CIP funded through 31% rates and 69% bonds
3. Bonds Issued in Years 2,5 and 8
4. CIP based on costs and timeline provided by Wallace and adjusted by City
5. Transfer to O&M reserve fund based on 50% of annual operating expenses

CIP Allocation		
Total CIP	Bond Proceeds	PayGo
\$ 114,822,258	\$ 77,643,062	\$ 37,179,196
100.00%	67.62%	32.38%

APPENDIX B

City of Salinas
Sewer Rate Study



**RATE MODEL
ASSUMPTIONS**

The rate model included in Appendix A herein was designed to allow for sufficient sewer rate revenues to pay for operations and maintenance, annual debt service requirements, capital improvements and replacement, as well as fund an operating reserve. The assumptions used in this model include the following:

- Key assumptions related to the rate model are listed below:
 - The number of customers, and the corresponding EDUs, is provided by M1W.
 - Positive net operating income after debt service (i.e., net operating income is rate revenue less O&M and debt service)
 - O&M and capital improvement projects and costs were provided by the City.
 - Fund O&M reserve fund equal to 50% of the total annual operating expenses
 - Positive net operating income after debt service in any given year will be transferred to the Capital Replacement Fund
 - The beginning Capital Replacement Fund balance is \$0 (i.e., Capital Replacement Fund consists of net operating income deposited to fund plus interest earnings plus bond proceeds less costs for capital facilities)
 - Capital Replacement Fund expenditures over 10 years will be in accordance with the timeline provided by City
- Key assumptions related to inflation and rate escalation are listed below:
 - 7.5% Estimated Annual O&M Cost Inflation
 - 3.0% Estimated Annual Capital Facilities Cost Inflation
 - 2.0% Estimated Annual Rate Escalation
 - 2.0% Estimated Investment Return on Reserve Balances
 - 1.0% Annual Development Growth: The City and Wallace Group expects a modest increase in the number of EDUs over the next decade as the population grows.
- Key assumptions related to the bonds are listed below:
 - Bonds to be issued in Years 2, 5, and 8
 - Bond interest rate is equal to 5.00%
 - Construction proceeds equal to 90% of the bond issue amount
 - Bond Term of 30 years
 - Minimum 125% debt service coverage

Please note that all numbers used in this sewer rate study were either i) provided by the City or their consultants, ii) assumed and agreed upon with the City, or iii) calculated by DTA using data provided and/or agreed to by the City or their consultants.

APPENDIX C

City of Salinas
Sewer Rate Study



HIGH PRIORITY PROJECT COST TABLES

Table C-1

Sewer Collection System Repair, Rehabilitation and Replacement

Project Number	Project Name	Project Year Fiscal Year											
		0	1	2	3	4	5	6	7	8	9	10	
		2024-2025	2025-2026	2026	2027	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035	
1	Cesar Chavez Park	-	300,000	4,164,681	4,289,622	4,418,310	-	-	-	-	-	-	
2	Upper Carr Lake Repairs	-	1,157,205	-	-	-	-	-	-	-	-	-	
3	Upstream TP2 Diversion	-	-	-	66,837	-	-	-	-	-	-	-	
4	Northridge Mall	-	300,000	2,453,872	-	-	-	-	-	-	-	-	
5	East Market and Upstream of Lake Street	-	-	309,000	1,648,511	-	-	-	-	-	-	-	
6	Louise and Van Buren Street Repair	-	-	-	-	-	-	-	365,887	-	-	-	
7	West Market at Davis Overcrossing	-	-	-	-	-	-	-	-	-	-	-	
8	Cherokee Drive	-	-	309,000	2,533,429	-	-	-	-	-	-	-	
9	Malarin St and Wilgart Way Repairs	-	-	-	-	-	-	-	-	-	-	-	
10	Romie Lane Repairs and Reconfig Analysis	-	-	-	-	-	-	-	119,405	-	-	134,392	
11	King Street Repairs	-	-	-	-	-	225,102	717,591	-	-	-	-	
12	Del Monte and Mae Repairs	-	-	-	-	-	-	-	-	-	654,866	674,512	
13	Riker Street Repairs	-	-	-	-	-	-	-	-	-	-	15,052	
14	West Market Street Repairs	-	-	-	-	-	-	-	-	-	863,929	889,847	
15	Joohnson Place Repairs	-	-	-	-	-	-	-	-	-	-	-	
16	N Main St Hwy 101 Underpass Bunkder Repair	-	-	-	-	-	-	-	-	-	-	-	
17	Donner Way	-	-	-	-	204,496	-	-	-	-	-	-	
18	San Miguel Ave Repair	-	-	-	-	-	-	-	-	-	-	-	
19	Noice Dr/ Tyler Street	-	-	-	-	-	-	-	358,216	5,485,237	-	-	
20	Natividad Rd	-	-	-	-	-	-	-	-	-	-	-	
	CIPs 21 thru 27	-	-	-	-	-	-	-	-	-	-	-	
	CCTV Sewers	-	1,120,150	1,153,755	1,188,367	1,224,018	1,260,739	1,298,561	1,337,518	1,377,643	1,418,973	1,461,542	
	CCTV Inspection Program	-	153,897	158,514	163,269	168,167	173,212	178,409	183,761	189,274	194,952	200,801	
	CIPP Line Sewers	-	2,060,000	2,060,000	2,121,800	2,185,454	2,251,018	2,318,548	2,388,105	2,459,748	2,533,540	2,609,546	
	Full Replacement Sewers	-	-	-	-	-	-	-	-	-	-	-	
	Root Removal	-	41,200	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	52,191	
	Sewer Manhole Replacement	-	-	-	-	-	-	-	-	-	-	-	
	Sewer Manhole Lining	-	-	-	-	-	-	-	-	-	-	-	
	total	0	5,132,452	10,650,022	12,054,271	8,244,155	3,955,091	4,559,479	4,434,766	9,926,985	5,716,931	6,037,883	
	Cumulative \$	\$ -	\$ 5,132,452	\$ 15,782,474	\$ 27,836,745	\$ 36,080,900	\$ 40,035,991	\$ 44,595,471	\$ 49,030,237	\$ 58,957,222	\$ 64,674,152	\$ 70,712,035	

Table C-2
Sewer Collection System Upsizing

Project Number	Project Name	Project Year Fiscal Year Project										
		0	1	2	3	4	5	6	7	8	9	10
		2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033	2033-2034	2034-2035
1	San Juan Grade		-	309,000	1,257,827	1,295,562	-	-	-	-	-	-
2	North Davis Road		-	257,500	2,548,268	2,624,716	2,703,458	-	-	-	-	-
3	West Laurel Drive		-	-	-	-	-	-	-	-	-	-
4	Victor Street		-	-	-	-	-	-	-	-	-	-
5	Freedom Parkway		-	-	-	237,122	-	-	-	-	-	-
6	Natividad Creek Park		250,000	1,967,300	-	-	-	-	-	-	-	-
7	East Alisal Street		-	-	265,225	1,695,912	-	-	-	-	-	-
8	Abbot Street		380,670	-	-	-	-	-	-	-	-	-
9	South Sanborn Road		-	-	-	-	-	-	-	368,962	4,479,832	-
Totals			\$ 630,670	\$ 2,533,800	\$ 4,071,320	\$ 5,853,312	\$ 2,703,458	\$ -	\$ -	\$ 368,962	\$ 4,479,832	\$ -
Cumulative		\$ -	\$ 630,670	\$ 3,164,470	\$ 7,235,790	\$ 13,089,103	\$ 15,792,560	\$ 15,792,560	\$ 15,792,560	\$ 16,161,523	\$ 20,641,355	\$ 20,641,355

Table C-3
Sewer Lift Stations

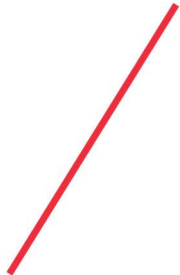
Project Number	Project Name	Project Year Fiscal Year							
		0	1	2	3	4	5	6	7
		2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032
1	Lake Street Lift Station		400,000	-	4,524,765	4,660,508	-	-	-
2	Santa Rita Lift Station		-	206,000	-	2,736,313	-	-	-
3	Spicer Lift Station		-	-	212,180	-	3,241,465	-	-
4	Mill Lake Lift Station		-	-	-	-	-	4,463,205	-
5	Carpenter Hall Lift Station		-	-	-	-	-	231,855	1,430,923
6	De Ls Torre Lift Station		-	-	-	-	-	-	24,315
7	Vista Nueva Lift Station		-	-	-	-	-	-	-
8	Harkins Road Lift Stataion		-	-	-	-	-	-	-
9	Las Casitas Lift Station		-	-	-	-	-	-	-
10	TP 2 Lift Station		-	-	-	-	-	-	-
11	Airport Lift Station		-	-	-	-	-	-	1,337,339
	total	\$ -	\$ 400,000	\$ 206,000	\$ 4,736,945	\$ 7,396,821	\$ 3,241,465	\$ 4,695,060	\$ 2,792,577
	Cumulative	\$ -	\$ 400,000	\$ 606,000	\$ 5,342,945	\$ 12,739,766	\$ 15,981,231	\$ 20,676,291	\$ 23,468,869

**Table C-4
Total Costs for High Priority Projects by Year**

Description	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33	FY 2033-34	FY 2034-35
Sewer Collection	\$5,132,452	\$10,650,022	\$12,054,271	\$8,244,155	\$3,955,091	\$4,559,479	\$4,434,766	\$9,926,985	\$5,716,931	\$6,037,883
Sewer Upsizing	\$630,670	\$2,533,800	\$4,071,320	\$5,853,312	\$2,703,458	\$0	\$0	\$368,962	\$4,479,832	\$0
Lift Stations	\$400,000	\$206,000	\$4,736,945	\$7,396,821	\$3,241,465	\$4,695,060	\$2,792,577	\$0	\$0	\$0
Total	\$6,163,122	\$13,389,822	\$20,862,536	\$21,494,288	\$9,900,014	\$9,254,539	\$7,227,343	\$10,295,947	\$10,196,763	\$6,037,883
Cumulative	\$6,163,122	\$19,552,944	\$40,415,481	\$61,909,769	\$71,809,783	\$81,064,322	\$88,291,666	\$98,587,613	\$108,784,376	\$114,822,258

APPENDIX D

City of Salinas
Sewer Rate Study



EDU SUMMARY

City Code	Description	Billing Units	Flow per Unit	EDU per Billing Unit	EDUs
001	Business/Government (for every 10 employees)	3,809	117	0.78	2,971
102	Residence	23,311	150	1.00	23,311
105	Multi Residence - Apts	17,630	150	1.00	17,630
107	Condominium	2,438	150	1.00	2,438
109	Retirement Complex	136	150	1.00	136
221	Hotel/Motel	1,896	66	0.44	834
231	Supermarket	34	638	4.25	145
241	Medical	323	156	1.04	336
242	Dental	114	215	1.43	163
243	Rest Home/ Convalescent	950	43	0.29	272
244	Surgery Center/ General Hospital	11	256	1.71	19
245	Animal Hospital	6	292	1.95	12
261	Restaurant - 1 Meal	389	6	0.04	16
262	Restaurant - 2 Meals.	4,422	9	0.06	265
263	Restaurant - 3 Meals.	1,761	17	0.11	200
264	Restaurant w/ Bar	737	17	0.11	84
265	Bar	3,372	254	1.69	5,710
266	Night Club	2	760	5.07	10
267	Take-Out Small	180	283	1.89	340
268	Take-Out Medium	39	697	4.65	181
269	Take-Out Large	20	1,270	8.47	169
270	Bakery	54	230	1.53	83
281	Theater	4	377	2.51	10
282	Bowling Center	2	1,146	7.64	15
283	Gym - 500 Members	8	117	0.78	6
285	Gym - 1500 Members	1	351	2.34	2
286	Gym - 2000 Members	1	468	3.12	3
292	School - Pre Grade 6	22,272	2	0.01	297
293	School - Grade 7 -College	18,493	4	0.03	493
294	School - Boarding	2,688	40	0.27	717
295	Instructional Facility	7	117	0.78	5
296	Church - Small	51	117	0.78	40
297	Church - Large	30	234	1.56	47
301	Photo Developer	11	117	0.78	9
311	Laboratory - 10 employees	21	117	0.78	16
331	Garage Repair	134	112	0.75	100
332	Garage 11-20 employees	3	112	0.75	2
341	Paint Shop - 10 employees	61	117	0.78	48
342	Paint Shop - 20 employees	5	234	1.56	8
351 *	Industrial Laundry	2	76,885	512.57	1,025
352 *	Commercial Laundry	1	1,845	12.30	12
353	Dry Cleaner	5	386	2.57	13
354	Laundromat	1,162	102	0.68	790
366 *	Car Wash	17	2,424	16.16	275
367 *	Truck/ Bus Wash	4	1,538	10.25	41
401 *	Special User	23	9,611	64.07	1,474
403 *	Chemical Pesticides	1	2,768	18.45	18
405 *	Water Softener	1	18,299	121.99	122
406 *	Food Processor	6	9,611	64.07	384
407 *	Rec/Sports Facility	4	2,307	15.38	62
408 *	Inedible Renderer	1	49,206	328.04	328
410 *	Groundwater Discharger	2	4,357	29.05	58
	Totals				61,745

* Land use category is classified as a special user for purposes of charging the sewer rate.

APPENDIX E

City of Salinas
Sewer Rate Study



FIVE-YEAR RATE SUMMARY BY LAND USE

City Code	Land Use Class (other than Special Users)	Units	Sewer Rate per Month				
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
001	Business/Government	Location/Each Business (\$ for every 10 employees)	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
102	Residence	Each Living Unit	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70
105	Multi Residence - Apts	Each Living Unit	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70
107	Condominium	Each Living Unit	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70
109	Retirement Complex	Each Living Unit	\$ 16.35	\$ 16.68	\$ 17.01	\$ 17.35	\$ 17.70
221	Hotel/Motel	Each Room	\$ 7.19	\$ 7.34	\$ 7.48	\$ 7.63	\$ 7.79
222	Bed & Breakfast	Each Room	\$ 4.69	\$ 4.78	\$ 4.88	\$ 4.97	\$ 5.07
231	Supermarket	Location	\$ 69.54	\$ 70.93	\$ 72.35	\$ 73.80	\$ 75.27
241	Medical	Each Licensed Physician	\$ 17.00	\$ 17.34	\$ 17.69	\$ 18.04	\$ 18.41
242	Dental	Each Licensed Dentist	\$ 23.44	\$ 23.90	\$ 24.38	\$ 24.87	\$ 25.37
243	Rest Home/ Convalescent	Each Bed of Licensed Capacity	\$ 4.69	\$ 4.78	\$ 4.88	\$ 4.97	\$ 5.07
244	Surgery Center/ General Hospital	Each Bed of Licensed Capacity	\$ 27.90	\$ 28.46	\$ 29.03	\$ 29.61	\$ 30.20
245	Animal Hospital	Location/Each Licensed Business	\$ 31.83	\$ 32.46	\$ 33.11	\$ 33.78	\$ 34.45
261	Restaurant - 1 Meal	Each Restaurant Seat	\$ 0.65	\$ 0.67	\$ 0.68	\$ 0.69	\$ 0.71
262	Restaurant - 2 Meals	Each Restaurant Seat	\$ 0.98	\$ 1.00	\$ 1.02	\$ 1.04	\$ 1.06
263	Restaurant - 3 Meals	Each Restaurant Seat	\$ 1.85	\$ 1.89	\$ 1.93	\$ 1.97	\$ 2.01
264	Restaurant w/ Bar	Each Restaurant Seat	\$ 1.85	\$ 1.89	\$ 1.93	\$ 1.97	\$ 2.01
265	Bar	Location/Each Business	\$ 27.69	\$ 28.24	\$ 28.80	\$ 29.38	\$ 29.97
266	Night Club	Location/Each Business	\$ 82.84	\$ 84.50	\$ 86.19	\$ 87.91	\$ 89.67
267	Take-Out Small	1 Cash Register or Checkout Line	\$ 30.85	\$ 31.46	\$ 32.09	\$ 32.74	\$ 33.39
268	Take-Out Medium	2 or 3 Cash Registers or Checkout Lines	\$ 75.97	\$ 77.49	\$ 79.04	\$ 80.62	\$ 82.24
269	Take-Out Large	4 or More Cash Registers or Checkout Lines	\$ 138.43	\$ 141.20	\$ 144.02	\$ 146.90	\$ 149.84
270	Bakery	Location/Each Business	\$ 25.07	\$ 25.57	\$ 26.08	\$ 26.60	\$ 27.14
281	Theater	Per Screen @ Each Location	\$ 41.09	\$ 41.91	\$ 42.75	\$ 43.61	\$ 44.48
282	Bowling Center	Location/Each Business	\$ 124.91	\$ 127.41	\$ 129.96	\$ 132.56	\$ 135.21
283	Gym - 500 Members	\$ for every 500 members	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
292	School - Pre Grade 6	School Population	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.23	\$ 0.24
293	School - Grade 7 -College	School Population	\$ 0.44	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47
294	School - Boarding	School Population	\$ 4.36	\$ 4.45	\$ 4.54	\$ 4.63	\$ 4.72
295	Instructional Facility	Location/Each Business	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
296	Church - Small (1-100 Members)	Per 100 members	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
297	Church - Large (> 100 Members)	Per 100 members	\$ 25.51	\$ 26.02	\$ 26.54	\$ 27.07	\$ 27.61
301	Photo Developer / Printer	\$ for every 10 employees	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
311	Laboratory - 10 employees	\$ for every 10 employees	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
331	Garage Repair	\$ for every 10 employees	\$ 12.21	\$ 12.45	\$ 12.70	\$ 12.96	\$ 13.21
341	Paint Shop - 10 employees	\$ for every 10 employees	\$ 12.75	\$ 13.01	\$ 13.27	\$ 13.53	\$ 13.80
353	Dry Cleaner	Location/Each Business	\$ 42.07	\$ 42.92	\$ 43.77	\$ 44.65	\$ 45.54
354	Laundromat	Each Washing Machine	\$ 11.12	\$ 11.34	\$ 11.57	\$ 11.80	\$ 12.03

City Code	Land Use Class (Special Users) *	Units	Sewer Rate per Month				
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
351	Industrial Laundry	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
352	Commercial Laundry	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
366	Car Wash	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
367	Truck/ Bus Wash	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
401	Special User	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
403	Chemical Pesticides	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
405	Water Softener	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
406	Food Processor	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
407	Rec/Sports Facility	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
408	Inedible Renderer	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118
410	Groundwater Discharger	Based on actual flow GPD x sewer rate for applicable year	\$ 0.109	\$ 0.111	\$ 0.113	\$ 0.116	\$ 0.118

* There may be other special user categories in the future as designated by M1W which would also be charged at the sewer rate shown in the table above.

The logo for DTA (Development Tax Authority) features the lowercase letters 'dta' in a bold, black, sans-serif font. A white, parallelogram-shaped graphic element is positioned above the 't', partially overlapping the 'd' and 'a'.

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