

CITY OF SALINAS

\$14,425,000
WASTEWATER REVENUE REFUNDING BONDS,
SERIES 2020A (FEDERALLY TAXABLE)

Monterey County, California
Dated: December 23, 2020
Base CUSIP+: 79489P



SUPPLEMENT NO. 1 TO:
2023 ANNUAL CONTINUING DISCLOSURE
INFORMATION STATEMENT
Dated: April 1, 2024

As of October 28, 2024



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* In its role as Disclosure Consultant and Dissemination Agent, Willdan Financial Services has not passed upon the accuracy, completeness or fairness of the statements contained herein.

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I. INTRODUCTION

The City of Salinas (the “City”) issued \$14,425,000 Wastewater Revenue Refunding Bonds, Series 2020A (Federally Taxable) (the “Bonds”). The Bonds were issued to refund the City’s Sanitary Sewer System Revenue Bonds, Series 2012 (the “2012 Bonds”).

The City is in the heart of the Monterey Bay Region on U.S. Highway 101, approximately 106 miles south of San Francisco, 17 miles east of Monterey and Carmel, and 10 miles from the Pacific Ocean, with easy access to Highway 1 and the Big Sur Coastline. The City is the county seat of Monterey County, a major agricultural center, home to more than 100 industrial and manufacturing facilities, and the retail and wholesale trade center for the region.

The Bonds are limited obligations of the City, payable solely from Net Revenues, which consist of Revenues of the City’s Wastewater System (the “Wastewater System”) remaining after the payment of Operation and Maintenance Costs, and from amounts on deposit in certain funds and accounts created under the Indenture of Trust, dated as of December 1, 2020, as defined within the Official Statement dated December 10, 2020 (the “Official Statement”). Neither the faith and credit nor the taxing power of the City, the State of California or any political subdivisions is pledged to the payment of the Bonds.

This Supplement No. 1 to the Annual Continuing Disclosure Information Statement (the “Report”) is being provided pursuant to a covenant made by the City for the benefit of the holders of the Bonds and includes the information specified in a Continuing Disclosure Certificate. For further information and a more complete description of the City and the Bonds, reference is made to the Official Statement.

The information set forth herein has been furnished by the City and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described herein.

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II. FINANCIAL INFORMATION

A. AUDITED FINANCIAL STATEMENTS

The audited financial statements for the City for the fiscal year ended June 30, 2023 have been separately filed on EMMA and are hereby incorporated by reference into this Report.

B. HISTORICAL WASTEWATER ENTERPRISE OPERATING RESULTS AND DEBT SERVICE COVERAGE

| | Fiscal Year Ending June 30, | | | | |
|---|-----------------------------|--------------------|--------------------|---------------------------|---------------------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| Gross Revenues | | | | | |
| Charges for Services ⁽¹⁾ | \$3,685,042 | \$3,742,044 | \$3,672,624 | \$3,773,089 | \$3,686,248 |
| Interest Earnings | 149,516 | 108,790 | 26,241 | (29,666) | 22,038 |
| Total Gross Revenues | \$3,834,558 | \$3,850,834 | \$3,698,865 | \$3,743,423 | \$3,708,286 |
| Operation and Maintenance Expenses | | | | | |
| Administration | \$264,860 | \$266,701 | \$292,583 | \$308,197 | \$373,030 |
| Operations and Maintenance ⁽²⁾ | 1,833,027 | 2,088,499 | 1,948,465 | 2,797,445 | 2,537,981 |
| Total Operation and Maintenance Expenses | \$2,097,887 | \$2,355,200 | \$2,241,048 | \$3,105,642 | \$2,911,011 |
| Net Revenues | \$1,736,671 | \$1,495,634 | \$1,457,817 | \$637,781 | \$797,275 |
| Debt Service | | | | | |
| 2012 Bonds Debt Service ⁽³⁾ | \$1,017,806 | \$1,020,881 | \$724,903 | \$- | \$- |
| 2020 Bonds Debt Service ⁽⁴⁾ | - | - | 31,991 | 857,263 | 860,293 |
| Total Debt Service | \$1,017,806 | \$1,020,881 | \$756,894 | \$857,263 | \$860,293 |
| Remaining Revenues | \$718,865 | \$474,753 | \$700,923 | (\$219,482) | (\$63,018) |
| Debt Service Coverage | 1.71 | 1.47 | 1.93 | 0.74⁽⁵⁾ | 0.93⁽⁵⁾ |

(1) Does not include connection fee revenues.

(2) Includes personnel costs (including CalPERS plan costs, New York Life Plan Costs, PEMHCA OPEB costs (post-employment benefit plan costs), pumping and other electrical costs, supply costs, insurance costs, and other costs of operating and maintaining the Wastewater System. Excludes depreciation and amortization.

(3) The 2012 Bonds were refunded by the Bonds in fiscal year 2020/21.

(4) Debt service on the Bonds commenced in fiscal year 2020/21.

(5) The City is in the process of conducting a Sewer Fee Study with the intent of increasing current sewer rates. If the proposed rate adjustments are implemented, the City is expected to meet or exceed the 125% debt service coverage ration in the future.