



**Utilities Department**  
879 Morro Street  
San Luis Obispo, CA 93401

Presorted Standard  
U.S. Postage  
**PAID**  
Permit No. 7  
San Luis Obispo  
CA, 93401



## **NOTICE OF PUBLIC HEARING**

### Paying For Water and Sewer Services

Thursday, June 11, 2009  
7:00 p.m.



### **Notice of Public Hearing**

A public hearing on proposed water and sewer rate increases will be held on:

**Date:** Thursday, June 11, 2009  
**Time:** 7:00 p.m.  
**Place:** City of San Luis Obispo, Council Chambers  
990 Palm Street, San Luis Obispo, CA 93401

The hearing will cover the proposed 2009 and 2010 rate increases for water and sewer services. This notice has been sent to all customers who currently receive either of these services provided by the City of San Luis Obispo. If adopted, the proposed rate increases will become effective July 1, 2009 and July 1, 2010.

This Notice of Public Hearing provides information regarding proposed rate increases to the City's water and sewer service customers pursuant to the requirements of California Constitution Article XIII (commonly referred to as Proposition 218). The proposed rate increases will be presented to the Council for adoption on Thursday, June 11, 2009, at 7:00 p.m. in the Council Chambers. This notice also provides information on how rates are calculated, the reasons for the required rate increases, how customers can receive more information on the effect of the proposed rate increases on their water and sewer bills and how to file a protest against the proposed rate increases.

#### **How Are Water And Sewer Rates Calculated?**

Annually the City prepares detailed analyses of the revenues and expenditures for the Water and Sewer funds to ensure sufficient revenues are collected to effectively provide for the short and long-term water and sewer service needs of the community. Revenues received from water and sewer charges are restricted solely for these purposes.

**MULTI-YEAR RATE SETTING STRATEGY** - The in-depth analyses that are conducted include a minimum five-year look ahead at operating and capital program costs in order to adequately prepare the funds for upcoming expenses and avoid significant unexpected increases in rates. To achieve planned service goals, incremental rate increases over a number of years are the preferred method for ensuring rate stability. Tables 1 and 2 of this notice show the proposed rates. The proposed rates are consistent with or slightly below those forecasted in the prior year.

**RATES BASED ON CUSTOMER USAGE CHOICES** - Under the City's water and sewer rate structures, bills are based on customer usage choices and resulting demand on the sewer and water systems. The City has a commodity-based water rate - the service charge is wholly based on the volume of water used. The sewer rate contains two components - a minimum base charge and a service charge based on the volume of water used. For residential customers, a "sewer cap" is established based on the individual customer's three-month average of winter water use, when little or no irrigation should occur, to establish the individual customer's demand on the sewer system.

#### **What Action Has Been Taken To Control Costs?**

Keeping costs down is one of our main concerns, especially during these difficult economic times. While open positions are not being filled, interns and volunteers are helping get the work done. All employees were asked to provide ideas on ways to reduce expenses, many of which have been implemented. All water and sewer work programs worked on zero-based budgets: The existing budget was not increased by some percentage, but was essentially rebuilt from scratch. Cuts were made in every program.

On the other hand, costs for the electrical power needed to run treatment plants and pumps, as well as costs for disinfectant and process chemicals, have significantly increased. The water treatment plant and water reclamation facility have focused on further energy efficiencies, as electrical costs are some of the major operating expenses. We are exploring ways to reduce chemical use and still meet regulatory requirements. Broken pipes and failed equipment create extraordinary expenses in emergency contract work and staff overtime. The bidding climate for capital projects is good right now, and necessary capital projects are continuing in order to reduce emergency situations.

### Why Are The Water And Sewer Rates Being Increased?

**WATER.** There are a number of factors driving the need to increase water rates, one of which is the need to develop new and more reliable sources of water. These new sources will provide for secure and reliable supplies in times of drought or catastrophic loss of one of the City's major water supply sources. They will also provide the water needed to achieve the City's General Plan goals. The new supply projects include the Water Reuse project, which will generate over 1,000 acre-feet per year of drought-proof supply suitable for irrigation and other non-potable uses; and the Nacimiento Pipeline project, which will provide the community with 3,380 acre-feet per year of additional potable water supply when it is completed during the latter part of 2010.

In addition to water supplies, the proposed rate increases will support ongoing maintenance and operating programs needed to ensure that the water treatment and delivery systems meet all federal and state water treatment regulations, provide adequate fire flow protection and are operated and maintained to provide reliable service.

**SEWER.** The proposed increase to sewer rates is needed to fund required upgrades to the City's water reclamation facility in order to meet added regulatory requirements for protection of San Luis Obispo Creek. In addition, the proposed rates will assist in funding repairs to the wastewater collection system. The proposed rates are needed to fund ongoing operations and maintenance costs of an aging infrastructure in both the water reclamation facility and the wastewater collection system.

For questions regarding the City's water and sewer operations and maintenance programs, or inquiries about specific water or sewer projects, please contact the Utilities Department at (805) 781-7215.

### How Can I Find Out More About The Proposed Increases?

Information to help you calculate how the proposed rates will affect your bill is on the Web at [www.slocity.org/utilities](http://www.slocity.org/utilities); click on "How to Calculate Your Water and Sewer Bill." If you keep your old water and sewer bills, you can look back at the units of water you used and your sewer cap to determine how the proposed rate may impact you. You can also look up your bills on-line by going to [www.slocity.org](http://www.slocity.org) and clicking "Pay Utility Bill." You may also call Utility Billing at (805) 781-7097 or the Utilities Department at (805) 781-7215 for assistance.

### How Do I Protest The Proposed Water And/Or Sewer Rate?

Proposition 218 mandates how protests to water and/or sewer rates are conducted. Customers directly responsible for the payment of the fee subject to the proposed rate increase may submit a written protest against the proposed rate. If written protests are received from a majority of the affected customers, the proposed rate will not be imposed.

It is important to follow these instructions in order for your protest to be valid:

1. The protest must be in writing and received by the City Clerk at or before the public hearing on June 11, 2009. Those who protest must specifically identify what is being protested - the water rate increase, the sewer rate increase or both. Written protests may be mailed or personally delivered to the City Clerk at 990 Palm Street, San Luis Obispo, CA 93401.
2. All written protests must contain the service address and the water and sewer service account number.
3. The protest must be signed, and the party signing the protest must be listed on the account as the person responsible for the payment of the bill.

### What Are The Proposed Rates?

The following shows current and proposed rates for accounts inside the City limits. For accounts outside of the City limits, rates are twice the amounts shown.

### CURRENT AND PROPOSED WATER RATES (TABLE 1)

| USE                              | CURRENT | Proposed JULY 1, 2009 | Proposed JULY 1, 2010 |
|----------------------------------|---------|-----------------------|-----------------------|
| <b>Single-Family Residential</b> |         |                       |                       |
| 1 to 5 units*                    | \$ 4.19 | \$ 4.69               | \$ 5.21               |
| 6 to 25 units                    | \$ 5.24 | \$ 5.87               | \$ 6.52               |
| 26 or more units                 | \$ 6.57 | \$ 7.36               | \$ 8.17               |
| <b>All other</b>                 |         |                       |                       |
| 1 to 5 units                     | \$ 4.19 | \$ 4.69               | \$ 5.21               |
| 6 or more units                  | \$ 5.24 | \$ 5.87               | \$ 6.52               |

\* All rates shown are for one unit of water. A unit equals 748 gallons.

### CURRENT AND PROPOSED SEWER RATES (TABLE 2)

| USE  | CURRENT | Proposed JULY 1, 2009 | Proposed JULY 1, 2010 |
|--|---------|-----------------------|-----------------------|
| <b>Single-Family Residential (including single-metered condominiums and townhomes)</b>   |         |                       |                       |
| Base fee per dwelling unit (minimum charge)  | \$ 5.50 | \$ 6.00               | \$ 6.55               |
| Volume (service) charge per unit   | \$ 6.06 | \$ 6.63               | \$ 7.22               |
| NOTE: Total monthly charge is capped, based on average winter water use.*  |         |                       |                       |
| <b>Master-Metered Multifamily Dwellings (in any duplex, apartment house, or rooming house, mobile home or trailer park)</b>  |         |                       |                       |
| Base fee per account (minimum charge)  | \$ 5.50 | \$ 6.00               | \$ 6.55               |
| Volume (service) charge per unit   | \$ 6.06 | \$ 6.63               | \$ 7.22               |
| NOTE: For accounts without a separate irrigation meter, the total monthly charge is capped, based on average winter water use.* Accounts with a separate irrigation meter have no cap. |         |                       |                       |
| <b>Public, Private or Parochial School</b>   |         |                       |                       |
| Per average daily attendance (ADA) at the school   | \$ 4.91 | \$ 5.37               | \$ 5.85               |
| <b>All Other Accounts</b>  |         |                       |                       |
| Minimum charge per account   | \$ 5.50 | \$ 6.00               | \$ 6.55               |
| Volume (service) charge per unit   | \$ 6.06 | \$ 6.63               | \$ 7.22               |

\* For single family residential and for those master-metered multifamily dwellings and mobile homes or trailer parks without a separate irrigation meter, the sewer service charge is based on the volume of water used during a three-month period during the winter months (December, January and February, depending on when your meter is read). This is known as the average winter water use. The average volume of water used during this period is used to calculate your sewer cap for the next year.

### What Is The Impact On A Typical Residential Customer?

The following shows the impact of the increase on a typical residential customer, which assumes 10 units of water use per month and a sewer cap of seven units per month:

### SAMPLE RESIDENTIAL WATER AND SEWER BILL (TABLE 3)

|                       | CURRENT  | Proposed JULY 1, 2009 | Proposed JULY 1, 2010 |
|-----------------------|----------|-----------------------|-----------------------|
| Water Service         | \$ 47.15 | \$ 52.80              | \$ 58.65              |
| Sewer Base Fee        | \$ 5.50  | \$ 6.00               | \$ 6.55               |
| Sewer Service Use Fee | \$ 42.42 | \$ 46.41              | \$ 50.54              |