



## *Proposed Water and Sewer Rates for 2019-20 and 2020-21*

### **FREQUENTLY ASKED QUESTIONS**

#### **Why did I Receive a Notice of Public Hearings?**

Under California Constitution Article XIII C and D, commonly referred to as Proposition 218, or Prop. 218, property owners and/or customers directly responsible for the payment of the fee subject to the proposed rate increase may submit a written protest against the proposed rate increases.

To comply with Prop. 218, the City of San Luis Obispo sent out 16,208 public hearing notices in April 2019 ahead of the June 18, 2019 public hearing date before the City Council when the water and sewer rates will be considered.

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#### **How are Water and Sewer Rates Calculated?**

The City calculates water and sewer rates annually by analyzing its revenue and expenditure levels to ensure sufficient revenue is collected to effectively provide services needed by the community. To avoid significant rate increases, the analysis includes a five-year projection of operating and capital program costs.

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#### **What Does My Monthly Water and Sewer Bill Pay For?**

Payment of your monthly water bill goes toward the cost to provide safe, reliable, high quality drinking water. These costs include the City's water supply sources (Salinas, Whale Rock, and Nacimiento Reservoirs, recycled water, and groundwater), treatment, storage and delivery.

Payment of your sewer bill goes toward the cost for the City to provide wastewater collection, treatment, and water resource recovery. Revenue from water and sewer charges are restricted solely for these purposes. General funds (such as property tax or sales tax) are not used to fund water or sewer service. Water and wastewater services are provided 24 hours a day, seven days a week, 365 days a year.

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#### **What Upcoming Construction Project will the Community See?**

The community will be seeing a number of water and wastewater projects underway in 2019-21 addressing aging infrastructure and regulatory requirements. Projects include water line replacements in the neighborhood around Sierra Vista Hospital (on Casa, Stenner, and Murray Streets), and new water infrastructure at the Terrace Hill water tank site located on Bishop Street. Upcoming sewer line replacement will take place on Santa Barbara, Osos, and Leff Streets, Stafford, Kentucky, and Murray Streets, and on Foothill Boulevard near Chorro Street and Rougeot Place. Replacement of a sewer pump station on Calle Joaquin in the southern portion of the City is slated for 2020.



Construction of the City's Water Resource Recovery Facility Project, located on Prado Road, will begin in 2019 and extend through 2022. The City will also be implementing water quality improvements and energy efficiency upgrades at the Water Treatment Plant located in Stenner Canyon.

Regional waterline projects include pipeline repairs to the Salinas Reservoir pipeline that delivers water to the City and relocation of a pipe bridge associated with the Nacimiento Water Project. These regional projects are paid for by City's water ratepayers and implemented by the County.

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#### **What Are Water and Sewer Operating Costs and What Costs Are Increasing?**

Operating costs are those costs that support the provision of water and sewer service 24 hours a day, seven days a week, 365 days a year. As part of the City's 2019-21 financial planning process, one-time and on-going increases in operating costs were identified for the Water and Sewer Funds. Increased operating costs include electricity, chemicals, equipment maintenance and repairs, contract services, warranties, licensing, training, and regulatory fees.

## What is a Sewer “Cap”?

If you are in the Residential or Multi-Family customer class, the volume-based portion of your sewer bill is based on your water usage up to your sewer “cap” (i.e., if you use fewer units of water than your sewer cap, your sewer bill will be based on the lower amount of water usage). Your sewer cap is established based on your water usage from December through February and becomes effective July 1. Water consumption during this period is used to estimate indoor water use that will flow to the wastewater collection system, as irrigation systems are likely off during that period. This sewer cap information is located under the graph on the left side of your monthly water and sewer bill.

## How Can I Find Out How the Proposed Changes Would Affect My Bill?

To calculate how the City’s proposed rate changes affect your bill, visit [www.slocity.org/calculatebill](http://www.slocity.org/calculatebill). If you keep your previous water and sewer bill, you can look back at the units of water you used and your residential sewer cap to determine how the proposed rate will impact your bill. Look up your bill online by going to [www.slocity.org/paywaterbill](http://www.slocity.org/paywaterbill). You may also call the Utilities Department at (805) 781-7133 for assistance.

## What are Customer Classes and How are they Different?

The City has about 15,366 water customers in four customer classes – Residential, Multi-Family, Non-Residential, and Irrigation. These customer classes have unique water demands requiring a different level of service. In 2018, the City completed an extensive analysis of water demand patterns and the cost of providing service to each customer class (residential, multi-family, non-residential, and irrigation). The customer classes are associated with the customer’s metered water service, rather than zoning, address, or parcel lines. The Residential customer class includes individually metered residential units. The residence may be a single-family home or condominium - the distinction is the account is individually metered. Those in the Multi-Family customer class have a water meter that serves multiple housing units, such as a tri-plex, apartment building, or mobile home park. The Non-Residential customer class includes all businesses, churches, city and government facilities, schools, hotels/motels, and manufacturing. The Irrigation customer class is for metered water service that provides water for landscaping only. As such, these customers do not generate wastewater from their water use and are not charged a sewer bill.

## Why are Some Fixed Charges Based on Water Meter Size?

For Multi-Family, Non-Residential, and Irrigation customers the City’s fixed, monthly charge is proposed to be based on water meter size. Water meter size is associated with the size of the pipes that connect to your meter to distribute the water to your property. Providing water service to a larger meter incurs higher costs (for example, more water must be treated, more water is stored in water tanks, and larger pipes are needed to deliver the water) which is why higher monthly base fees are proposed. Residential customers typically have a one-inch meter or smaller that services their property. The fixed charge for a Residential customer is not proposed to be based on meter size. If you need information on your water meter size, you may call the Utilities Department at (805) 781-7133.

## What is the Protest Process?

To protest the City’s proposed water and sewer rate, the protest must be submitted on the form provided in the notice, received by the City Clerk at or before the June 18, 2019 public hearing, identify what is being protested, and contain the service address. The party signing the protest must be listed on the account as the person responsible for payment of the water bill and/or the property owner. In the event that a protest is submitted by both the owner and by the tenant responsible for payment of the bill, then one valid protest is counted for the account. All protests will be validated regarding property ownership and duplicate addresses. The City Clerk will provide an updated summary of the protests received at the conclusion of the June 18, 2019 public hearing.

If written protests are filed by a majority (50 percent plus one), the proposed water and sewer rate may not be imposed. For the proposed water rate, a majority of 15,318 customers is 7,659 plus one. For the proposed sewer rate, a majority of 14,813 customers is 7,407 plus one.

