



# Utilities Department

879 Morro Street, San Luis Obispo, CA 93401

## NOTICE OF PUBLIC HEARINGS

### Proposed Water and Sewer Rates for Fiscal Years 2026 and 2027

Every day, the City Utilities Department delivers high-quality drinking water to City of San Luis Obispo customers while protecting the environment and public health by treating wastewater for the community. These water and wastewater systems work 24 hours a day, 7 days a week, 365 days per year. This work is primarily funded by the rates that community members pay. As a public utility, water and sewer rates reflect the cost of operating, maintaining, and upgrading these systems. To continue delivering the services that San Luis Obispo depends on, the City is proposing water and sewer rate increases, effective July 1, 2025 (Fiscal Year 2026) and July 1, 2026 (Fiscal Year 2027).

#### Your Rates Pay For:

- 24/7 Operations
- Routine Maintenance and Emergency Repairs
- Infrastructure Improvements
- Conveyance and Treatment
- Environmental Monitoring

### What Your Rates Pay For

Water and sewer systems are critical to public health. Rates pay for maintaining and replacing critical infrastructure, meeting public health regulations, purchasing and maintaining necessary equipment, paying the people who provide these essential services, and increased costs of doing business.

### Proposed Rates

The proposed rates are calculated to recover the cost of providing water and sewer services and to proportionately allocate the costs among system users. Pursuant to California Constitution Article XIII D, the City may not collect more revenue from water and sewer charges than is necessary to recover the costs of providing water and sewer services. To derive the proportionality, the City completed a comprehensive Cost of Services Study in 2023. The resulting rate structures recognize different customer classes and their proportionate costs associated with water and wastewater operations. Based on an updated rate analysis completed in March 2025, water rates are proposed to increase **5.5 percent** and sewer rates are proposed to increase **6.5 percent** in both FY 2025-26 and FY 2026-27. If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year.

### Monthly Base Fees

Base fees (fixed charges) are the same every month, regardless of water consumption. Base charges vary by meter size and recover fixed costs, such as fire protection, that benefit all City of San Luis Obispo water and wastewater customers.

### Volumetric Rates

**Single-Family residential volumetric water rates** are billed on metered water usage in “units” and have three tiers. One unit of water is equivalent to 100 cubic feet or 748 gallons. The first 5 units of water per month are billed the first-tier rate, the following 6-12 units of water are billed the second-tier rate, and any additional units are billed the third-tier rate. These tiers reflect the costs needed to reliably serve users 24/7.

**Residential volumetric sewer rates** use average water usage during the winter (December, January, and February) billing periods to determine a customer’s “sewer cap”. This is the basis of the usage portion of the customer’s monthly sewer charges. For more on how the sewer cap is calculated, please visit [www.slocity.org/sewercap](http://www.slocity.org/sewercap).

**Multi-Family, non-residential, and landscape irrigation water and non-residential sewer volumetric rates** are billed based on a single per unit charge and are not subject to tiered rates.

### How Would the Proposed Rates Impact My Bill?

Under the proposed rate changes, a typical single-family home using five units of water per month can expect the water portion of their monthly bill to increase from \$76.60 to \$80.81 in July 2025, and to \$85.28 in July 2026. This includes the 5 percent utility users’ tax imposed on the water portion of a bill. A typical single family home using the same amount of water, with a sewer cap of four units, can expect the sewer portion of their monthly bill to increase from \$63.80 to \$67.95 in July 2025, and to \$72.37 in July 2026.

### Estimate Your Bill

To calculate how the proposed water and sewer rates would affect your bill, visit [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) and click on “Calculate My Bill.” Call the Utilities Department at (805) 781-7133 if you need assistance.

### Customer Assistance Program

If you need help paying your bill, visit [www.slocity.org/cap](http://www.slocity.org/cap) to learn about the City’s customer assistance program and see if you are eligible.

Volumetric Water Rates			
Usage (per unit <sup>1</sup> cost)	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single Family Residential			
Tier 1: 0 to 5 units	\$8.54	\$9.01	\$9.51
Tier 2: 6 to 12 units	\$9.84	\$10.38	\$10.95
Tier 3: 13+ units	\$16.97	\$17.90	\$18.88
Multi-Family, Non-Residential, and Landscape Irrigation			
Multi-Family — all use	\$9.58	\$10.11	\$10.67
Non-Residential — all use	\$10.14	\$10.70	\$11.29
Landscape Irrigation — all use	\$10.35	\$10.92	\$11.52
Recycled Water is set at 90% of the landscape irrigation rate (Resolution No. 9386 2002 Series)			

Monthly Water Base Fees			
Base Fees	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family Residential			
Monthly Base Fee	\$30.25	\$31.91	\$33.67
Multi-Family, Non-Residential, and Landscape Irrigation Monthly Base Fee by Water Meter Size			
≤ 0.75-inch meter	\$30.25	\$31.91	\$33.67
1-inch meter	\$50.50	\$53.28	\$56.21
1.5-inch meter	\$100.80	\$106.34	\$112.19
2-inch meter	\$161.30	\$170.17	\$179.53
3-inch meter	\$302.60	\$319.24	\$336.80
4-inch meter	\$504.45	\$532.19	\$561.46
6-inch meter	\$1,008.60	\$1,064.07	\$1,122.59
8-inch meter	\$1,613.85	\$1,702.61	\$1,796.25
Water System Access Charge <sup>2</sup>	\$108.50	\$114.47	\$120.76

Volumetric Sewer Rates			
Usage (per unit <sup>1</sup> cost)	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family and Multi-Family Residential Per Unit Cost (Up to Sewer Cap)	\$9.82	\$10.46	\$11.14
Non-Residential Per Unit Costs (for All Water Consumption)	\$10.27	\$10.94	\$11.65

Monthly Sewer Base Fees			
Base Fees	Current	Proposed	
	Effective July 1, 2024	Effective July 1, 2025	Effective July 1, 2026
Single-Family Residential			
Monthly Base Fee	\$24.52	\$26.11	\$27.81
Multi-Family and Non-Residential by Water Meter Size			
≤ 0.75-inch meter	\$24.52	\$26.11	\$27.81
1-inch meter	\$40.95	\$43.61	\$46.44
1.5-inch meter	\$81.65	\$86.96	\$92.61
2-inch meter	\$130.70	\$139.20	\$148.25
3-inch meter	\$245.21	\$261.15	\$278.12
4-inch meter	\$408.76	\$435.33	\$463.63
6-inch meter	\$817.28	\$870.40	\$926.98
8-inch meter	\$1,307.70	\$1,392.70	\$1,483.23
10-inch meter	\$1,880.02	\$2,002.22	\$2,132.36

<sup>1</sup>One unit of water = 100 cubic feet = 748 gallons  
<sup>2</sup>Water System Access Charge applies where the City provides only fire protection to accounts that utilize a private well for domestic purposes.

How to Protest the Proposed Water and/or Sewer Rate Increase


Property owners of record and tenants directly liable to the City for payment of the water and/or sewer rates may submit a written protest against the proposed changes in this notice. The protest form below is your official protest form. Only one protest per affected property will be counted towards the majority protest. If you own multiple properties or have multiple accounts, you will receive separate notices for each. Replacement forms are available at the City Clerk’s Office, as needed.

At the conclusion of the public hearing, the City Clerk will announce whether a majority protest exists. If a majority protest exists, the City cannot proceed with the proposed change(s). If a majority protest does not exist, the City has the authority to adopt the proposed rate(s), which would go into effect on July 1, 2025 and July 1, 2026.

Valid protests must be in writing. Protests must be mailed to City Clerk, 990 Palm Street, San Luis Obispo, CA 93401, or hand delivered to the City Clerk. Protests submitted orally or by email, fax, or text are not valid and will *not* be counted. Protests must be submitted to and received by the City Clerk prior to the close of the public hearing that is the subject of this Notice that will begin at **5:30 p.m. on Tuesday, June 17, 2025.**

Mailed or delivered protests received after the close of the public hearing are not valid and will not be counted, even if postmarked prior to the date of the hearing. Protests must state that the signer opposes the proposed increase in water rates, sewer rates, or both. If a written protest form is used, the box(es) identifying that you are protesting the water and/or sewer rates must be checked. Protests must contain the service address and an original signature by either the owner of record or a tenant directly liable to the City for the rates.

We Value Your Input.  
If you have questions or would like more information, please visit [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or call (805) 781-7133



**PROTEST FORM for Proposed Water and/or Sewer Rates**

Name (please print clearly): \_\_\_\_\_

Service Address (please print clearly): \_\_\_\_\_

☐ I protest the proposed Sewer Rate (check the box)

☐ I protest the proposed Water Rate (check the box)

☐ Property Owner OR ☐ Account Holder

Signature (must be original)

Date

**INTERNAL USE**

This Notice Was Provided To:

NOTICE OF PUBLIC HEARINGS

Important Information Regarding Water and Sewer Rates  
Proposed for Fiscal Years 2026 & 2027.  
Get more info at: [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) or (805) 781-7133.



City Clerk’s Office  
990 Palm Street  
San Luis Obispo, CA 93401

AVISO DE AUDIENCIA PÚBLICA

Información importante sobre las tarifas de agua y alcantarillado  
para los periodos fiscales 2026 & 2027.  
Obtenga mas información en: [www.slocity.org/utilityrates](http://www.slocity.org/utilityrates) o (805) 781-7133.

Why am I Receiving This Notice?

The City’s records indicate that you are an account holder and/or owner of a parcel receiving water and/or sewer services from the City of San Luis Obispo. As an account holder and/or owner of an identified parcel, you have the right to participate in the City’s rate-setting process and, if you choose, to submit a written protest to the proposed increase(s) in rates.

CA Government Code Section 53759 states judicial action shall be commenced within 120 days of the effective date for challenging any adopted increase in fees subject to the notice.

**AB 2257 Legal Objection**

**Legal Objections are Separate from Rate Protests**

Property owners of record and tenants directly liable to the City for payment of water and/or sewer rates may file legal objections with the City. To be valid, legal objections must be in writing and include your name, address, signature, and the legal basis for the objection. The legal objection must include sufficient detail to allow the City to substantively respond to the objection. For example, stating that the proposed rates are too high or illegal without further explanation will be deemed insufficient. Legal objections must be submitted no later than June 16, 2025. **Failure to submit a valid legal objection bars any right to file a legal challenge to the proposed water and sewage rates.** Legal objections may be mailed or hand delivered to: 990 Palm Street, San Luis Obispo, CA 93401. Legal objections sent electronically will not be accepted.

*This Notice of Public Hearings provides information about proposed increases to the City’s water and sewer rates pursuant to the requirements of California Constitution Article XIII (commonly referred to as Proposition 218). This notice provides information on (1) the amount of the proposed rates to be imposed, (2) the reasons for the rate adjustments, (3) how water and sewer rates are calculated, (4) how customers can receive more information on the effect of the proposed changes to their water and sewer bills, and (5) how to file a protest against the proposed rate increases.*

This notice is provided to all property owners and customers who currently receive water and sewer services from the City of San Luis Obispo. The San Luis Obispo City Council will be holding public hearings to consider proposed increases to water and sewer rates as further described in this notice. The hearings will be held on:

**DATE:** June 17, 2025  
**TIME:** 5:30 PM  
**PLACE:** City of SLO, Council Chambers  
990 Palm Street,  
San Luis Obispo, CA 93401

The public hearings will cover proposed rate increases for water and sewer services provided to users by the City. If adopted, the proposed rate increases will become effective on July 1, 2025 and July 1, 2026.

NOTICE OF PUBLIC HEARINGS  
FOR PROPOSED RATE INCREASES FOR WATER AND SEWER SERVICES

