



City of San Luis Obispo

Informational and FAQ Sheet: 2025-27 Proposed Water and Sewer Rate

Prepared by the Utilities Department | April 2025

This document provides an informational summary of frequently asked questions, key details, important dates, and planned public engagement activities related to the proposed water and sewer rate adjustments for FY 2025-26 and FY 2026-27. Information is current as of **April 18, 2025**. Additional information can be found online at www.slocity.org/utilityrates and in the April 29, 2025, Council Agenda Report.

Important Dates/Timeline

April 29, 2025 (Tues)	Staff will conduct a presentation introducing the proposed rates and request City Council authorize the mailing of the Prop 218 notice.
April 30, 2025 (Wed)	Anticipated date for Prop 218 notices to be mailed to parcel owner and account holder receiving water and/or sewer services.
May 22, 2025 (Thur)	Utilities Department staff will be at the annual Public Works and Utilities Week farmers market event held in downtown San Luis Obispo from 6:00 – 9:00 pm to provide information and answer questions.
June 4, 2025 (Wed)	A public informational session will be held from 5:30 – 7:00 pm at the Ludwick Community Center (864 Santa Rosa Street, San Luis Obispo, CA 93401). Community members are encouraged to attend to learn more and ask questions.
June 16, 2025 (Mon)	Deadline for “Legal Objections”. Please note that Legal Objections are different than protests, which are due prior to the close of the public hearing on Tues, June 17, 2025.
June 17, 2025 (Tues)	<ul style="list-style-type: none">• Public Rate Hearings are scheduled to be held at the City Council Meeting (5:30 pm start time).• Legal objections and the City’s written responses will be presented to Council prior to the Public Hearing for their consideration.• Deadline for water and sewer rate protests. Protests are due prior to the close of the public hearing.
July 1, 2025	The first proposed rate increase would take effect.
July 1, 2026	The second proposed rate increase would take effect.

Frequently Asked Questions (FAQs)

How much are the rates increasing by?

Based on the updated rate analysis completed in March 2025,

- **Water** rates are proposed to increase **5.5 percent** in both Fiscal Year 26 and 27
- **Sewer** rates are proposed to increase **6.5 percent** in both Fiscal Year 26 and 27

A breakdown of the current and proposed rates for each customer type can be found at www.slocity.org/utilityrates and will be provided in the Prop 218 notice mailed to every parcel owner and account holder following the authorization of City Council at the April 29, 2025 City Council meeting.

When would new rates take effect?

If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year.

How much would this increase my bill by?

The City offers an online rate calculator at www.slocity.org/utilityrates to help residential customers estimate how the proposed rate adjustments may impact their bills. Customers in other classes may call (805) 781-7133 for assistance.

Why are rates increasing?

The proposed water and sewer rate changes for the next two years are similar to the rate increases projected for these years when the last rate analysis was conducted in 2023. Water and sewer rates help fund past and future important infrastructure work and allows the City to continue providing essential services without taking on additional debt. Compared to what was previously projected for these years, there has been an increase in sewer rate adjustments due to cost increases and anticipated revenue changes as California Polytechnic State University (Cal Poly) is building its own on-campus wastewater treatment facility. Proposed water rate increases are slightly lower than previously projected for FY 26 and then again increase slightly due to cost increases for FY 27. Cost increases are primarily driven by cost increases associated with regulatory compliance, capital improvement projects, including storm recovery projects, inflation, and increased costs of doing business.

What do rates pay for?

- Conveyance of water from the City's drinking water sources (Whale Rock Reservoir, Salinas Reservoir, and Nacimiento Reservoir) to the Water Treatment Plant where it is treated to drinking water standards and then delivered to a customer's home or business.
- Conveyance of wastewater from a customer's home or business to the City's Water Resource Recovery Facility "WRRF" (Wastewater Treatment Plant) where it is cleaned and discharged following environmental regulatory guidelines.
- Maintenance and replacement of critical infrastructure.
- Purchasing and maintaining necessary equipment.
- Meeting public health regulations and environmental monitoring.
- Emergency repairs.
- Capital projects including the upgrades to the WRRF, implementation of Advanced Metering Infrastructure (AMI), and the City's efforts to bring groundwater online again.
- Paying the people who provide these essential services.

These items are essential to providing essential water and wastewater services twenty-four hours a day, 7 days a week, 365 days a year.

What improvements are being planned for the system?

Major projects for the **Water Fund** over the next two years:

- Continued implementation of Advanced Metering Infrastructure (AMI), which will allow residents to monitor their own water usage remotely and set up leak alerts
- Construction related to the City's groundwater well development project to bring groundwater online
- Maintenance at the Water Treatment Plant including ozone system, filter media, and underdrain maintenance
- Initial environmental studies regarding replacement of one of the City's main water storage tanks
- Water main pipeline replacement on California Street between Taft and Mill
- Construction of a recycled water main pipeline on Orcutt Street between Fernwood to Laurel

Major projects for the **Sewer Fund** over the next two years:

- Finishing of the City's Water Resource Recovery Facility (WRRF) upgrade project
- Sewer main pipeline replacement on Islay Street between Nipomo and Santa Rosa
- Sewer main pipeline replacement on Chorro Street between Boysen and Rougeot
- A flow study and continuation of the City's Inflow/Infiltration reduction program, which provides rebates to community members who replace their private sewer laterals
- Maintenance and improvements at the City's lift stations in the Laguna Lake and Silver City neighborhoods

What is the City doing to help balance affordability?

1. The Utilities Department actively looks for ways to operate more efficiently, minimize ongoing expenses, explore infrastructure replacement alternatives, and to secure alternative funding sources and grant opportunities to help keep costs from rising.
2. The City offers a variety of water conservation measures that help customers lower their water usage. The City's Water Conservation Program offers complementary water conservation items, discounts on smart sprinkler controllers, and assistance with conducting water audits. The City's Water Resources section also monitors customer usage monthly and alerts them to potential water leaks. As the City transitions to AMI, customers will also have the ability to monitor their water use in real-time and set up alerts for suspected water leaks.
3. The City offers a 15% discount to customers who qualify for the City's Customer Assistance Program (CAP), which is funded through late fees. The Utilities Department plans to recommend that City Council increase this from 15% to 20% at the June 17, 2025, public hearing. The City also offers the ability to set up payment plans for customers experiencing challenges paying their utility bills.

How are community members notified of the proposed increases?

- A Prop 218 notice will be mailed to each account holder and parcel owner after the initial City Council meeting on April 29, 2025. This notice is legally required to be sent 45 days prior to the Public Rate Hearings
- A City news release and social media posts will be put out on the City's social media channels.

- A public informational session is scheduled for Wednesday, June 4, 2025, from 5:30 – 7:00 pm at the Ludwick Community Center (864 Santa Rosa Street, San Luis Obispo, CA 93401).
- Staff will be at the annual Public Works and Utilities Week farmers market event held downtown San Luis Obispo on Thursday, May 22, 2025, from 6:00 – 9:00 pm.
- Notification of the Public Hearings will be published 45 days and 10 days before the public hearings in a local newspaper.
- Staff have also reached out to various local organizations to share information and answer questions.

What are the instructions/requirements for submitting a protest?

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. The protest form provided with the Prop 218 notice (scheduled to be mailed April 30, 2025) is the official protest form. Only one protest per affected property will be counted towards the majority protest. If a customer or property owner owns multiple properties or has multiple water and/or sewer service accounts, the property owner or account holder will receive separate notices for each. Replacement forms will be available at the City Clerk's Office, as needed.

Protests must be mailed to the City Clerk at 990 Palm Street, San Luis Obispo, CA 93401, or hand delivered to the City Clerk prior to the close of the public hearing. Valid protests must be in writing. 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 which 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 they are protesting the water and/or sewer rates must be checked. Protests must contain the service address and an original signature by either the property owner of record or a tenant directly liable to the City for the rates.

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.

Is there any assistance programs for customers struggling to pay their bills?

The City offers a discount on water and sewer bills through the Customer Assistance Program (CAP). Currently the discount is 15% on each monthly water and sewer bill. The Utilities Department will be recommending that City Council increase this amount to 20% at the June 17, 2025, Public Hearing. For more information, visit www.slocity.org/cap.

A customer is eligible for rate assistance if they receive:

- ✓ CalWorks
- ✓ CalFresh (food stamps)
- ✓ Supplemental Social Security and/or State Supplemental Payment
- ✓ Veteran Survivor's Pension Benefits
- ✓ OR, if the customer declares their household income to be less than twice the federal poverty rate.

Helpful Resources

1. Water and Sewer Rates webpage: www.slocity.org/utilityrates
2. Customer Assistance Program webpage: www.slocity.org/cap
3. Rate calculator: <https://www.slocity.org/government/department-directory/utilities-department/utility-billing/calculate-my-bill>