



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

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 adjustments to water and sewer rates. The hearings will be held on:

DATE: June 15, 2021

TIME: 6:00 PM

PLACE: Webinar

<https://www.slocity.org/government/mayor-and-city-council/agendas-and-minutes>

The public hearings will cover the proposed rate increases over two years (from July 1, 2021 to June 30, 2022 and from July 1, 2022 to June 30, 2023) for water and sewer services. If adopted, the proposed rate increases will become effective on July 1, 2021 and on July 1, 2022.

This Notice of Public Hearings provides information about 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) reasons for the rate adjustments, (2) how water and sewer rates are calculated, (3) how customers can receive more information on the effect of the proposed changes to their water and sewer bills, and (4) how to file a protest against the proposed rate increases.

What is Proposition 218?

In November 1996, California voters approved Proposition 218. As a result, California agencies must comply with its requirements when setting utility rates. One provision requires that a noticed public hearing on utility rates be held and that rates not be increased if a majority of affected property owners protest the increased rates in writing.

Why Are Increased Water and Sewer Rates Necessary?

Several factors drive the need to increase the City's water and sewer rates, some of which are:

- Infrastructure age and condition
- Regulatory requirements
- Increased equipment, maintenance, and operational costs
- Bond financing requirements (debt covenants)

What Do Water and Sewer Rates Pay For?

The City's water and sewer operations rely on rate revenue to pay for operation and maintenance, infrastructure replacement, and debt service. General funds (such as property tax or sales tax) do not support these essential services. Utilities must generate sufficient income through water and sewer rates to cover expenditures, debt service, and maintain a reasonable operating reserve. Water and sewer services are provided 24 hours a day, seven days a week, 365 days a year.

Rates for both water and sewer service include maintaining and replacing critical infrastructure, meeting regulations related to public health, and paying the people who provide these essential services. Water rates pay for all costs associated with bringing water from surface reservoirs to the City's water treatment plant and distributing drinking water to over 15,000 connections. Sewer rates pay for all costs associated with the conveyance of disposed water from each connection to the facility where the wastewater is treated and valuable resources, such as energy, recycled water, and compost, are recovered. The treated water is used for irrigation or discharged into San Luis Obispo Creek for wildlife habitat.

The proportionate share of system expansion costs to serve new development is recovered through water and wastewater development impact fees imposed on the developer requesting City services. By State law (Assembly Bill 1600), the City may not collect more revenue than is necessary to recover the costs of providing services.

Basis Upon Which Water and Sewer Rates Are Calculated

The proposed rates are calculated to recover the cost of providing water and sewer services and to proportionately allocate the costs among the users. To derive the proportionality, the City completed a comprehensive Cost of Services Study in 2018 to look out five years. Additional analysis was conducted in 2021 to confirm revenue projections and expenses and determine the proposed water and sewer rates for the next two fiscal years. The water and sewer rate structures, updated in 2018, recognize different customer classes and their proportionate costs associated with the system. Based on the analysis, water rates are proposed to increase 3.5 percent in 2021-22 and 3.5 percent in 2022-23, and sewer rates are proposed to increase 3.5 percent in 2021-22 and 3.5 percent in 2022-23. If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year.

WATER RATES

Residential:

	Current Rates ¹	Proposed 2021-22 Rates	Proposed 2022-23 Rates
Monthly Base Fee	\$22.52	\$23.31	\$24.12
Usage (per unit cost)²			
Tier 1: 0 to 5 units	\$6.44	\$6.67	\$6.90
Tier 2: 6 to 12 units	\$7.51	\$7.77	\$8.04
Tier 3: 13+ units	\$13.76	\$14.24	\$14.74

Multi-Family, Non-Residential, Irrigation:

	Current Rates ¹	Proposed 2021-22 Rates	Proposed 2022-23 Rates
Base Fee by Water Meter Size	Monthly Base Fee		
¾ inch or less	\$22.52	\$23.31	\$24.12
1-inch meter	\$37.60	\$38.92	\$40.28
1.5-inch meter	\$75.04	\$77.67	\$80.38
2-inch meter	\$120.06	\$124.26	\$128.61
3-inch meter	\$225.27	\$233.15	\$241.31
4-inch meter	\$375.50	\$388.64	\$402.24
6-inch meter	\$750.82	\$777.10	\$804.30
8-inch meter	\$1,201.35	\$1,243.40	\$1,286.92
Usage (per unit cost)²	Per Unit Cost		
Multi-Family – all use	\$7.36	\$7.62	\$7.88
Non-Residential – all use	\$8.93	\$9.24	\$9.57
Landscape Irrigation – all use	\$10.95	\$11.33	\$11.73
Water System Access Charge³	\$91.34	\$94.54	\$97.85

WATER RATES NOTES:

1. Current rates effective February, 1 2021 (deferred July 2020)
2. One Unit = 748 Gallons
3. This charge applies where the City provides fire protection only to businesses that utilize a private well for domestic purposes.

SEWER RATES

For single-family and multi-family residential customers, a winter water use average is the three-month average of water use during December, January, and February. This is also referred to as a “sewer cap” and is the basis of the usage portion of the customer’s monthly sewer charges. For non-residential customers, all “usage” is based on monthly metered water consumption.

Usage:

	Current Rates ¹	Proposed 2021-22 Rates	Proposed 2022-23 Rates
Single-Family and Multi-Family Residential Per Unit Cost (Up to Sewer Cap)²	\$8.58	\$8.88	\$9.19
Non-Residential Per Unit Cost (for All Water Consumption)²	\$8.58	\$8.88	\$9.19

Monthly Base Fee:

	Current Rates ¹	Proposed 2021-22 Rates	Proposed 2022-23 Rates
Single-Family Residential	\$20.43	\$21.15	\$21.89
Multi-Family and Non-Residential By Water Meter Size:			
¾ inch or less	\$20.43	\$21.15	\$21.89
1-inch meter	\$34.12	\$35.31	\$36.55
1.5-inch meter	\$68.02	\$70.40	\$72.86
2-inch meter	\$108.88	\$112.69	\$116.63
3-inch meter	\$204.28	\$211.43	\$218.83
4-inch meter	\$340.53	\$352.45	\$364.78
6-inch meter	\$680.85	\$704.68	\$729.34
8-inch meter	\$1089.40	\$1,127.53	\$1,166.99
10-inch meter	\$1,566.17	\$1,620.99	\$1,677.72

SEWER RATES NOTES:

1. Current rates effective February 1, 2021 (deferred July 2020)
2. One Unit = 748 Gallons

How would the Proposed Rate Increases Impact my Water and Sewer Bill?

Under the proposed rate changes, a typical single-family home using six units of water per month can expect the water portion of their monthly bill to increase from \$62.23 to \$64.43 in July 2021, and to \$66.66 in July 2022. A typical single-family home with a sewer cap of four units can expect the sewer portion of their monthly bill to increase from \$54.75 to \$56.67 in July 2021, and to \$58.65 in July 2022.

Average Monthly Residential Bill under Current Rates		Average Monthly Residential Bill under Proposed Rates	
		2021-22 Rates, Effective July 1, 2021	2022-23 Rates, Effective July 1, 2022
Water (base fee + six units)	\$62.23	\$64.43	\$66.66
Sewer (base fee + four units)	\$54.75	\$56.67	\$58.65
Total Monthly Bill:	\$116.98	\$121.10	\$125.31

How Can I Find Out More About the Proposed Rate Increases?

To calculate how the proposed water and sewer rates affect your bill, visit www.slocity.org/waterservice and click on “Calculate My Bill”. If you keep your monthly water and sewer bill, you can look back at the units of water 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/ub and click “Online Payments” followed by “Pay Utility Bill”. Please call the City of San Luis Obispo Utilities Department at 805-781-7133 for assistance.



Utilities Department

879 Morro Street, San Luis Obispo, CA 93401

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How Do I Protest the Proposed Water and/or Sewer Rate?

Under Proposition 218, if you are the owner of record of a parcel or parcels or a tenant directly liable for payment of the water and sewer bill, you may submit a written protest against the proposed changes to the water or sewer rates presented in this notice. Only one written protest per affected property will be counted towards the majority protest. If written protests are filed by a majority of the affected parcel owners and/or customers, the proposed rate increases will not be imposed. Although oral comments at the public hearing will not qualify as formal protests unless accompanied by a written protest, the Mayor and City Council welcome input from the community during the public hearing.

It Is Important to Follow These Instructions for Your Protest to Be Valid:

1. **The protest must be submitted and received by the City Clerk at or before the end of the public hearing on Tuesday, June 15, 2021.** Written protests may be mailed or personally delivered to the City of San Luis Obispo, City Clerk Office, 990 Palm Street, San Luis Obispo, CA 93401. **E-mail and fax protests will not be valid.**
2. The box(es) identifying that you are protesting the water and/or sewer rates **must** be checked.
3. The written protest **must** contain the service address.
4. The protest **must** be signed by either the account holder or the property owner of the service address.

The protest form provided below is your official form. This form can either be mailed or personally delivered to the City of San Luis Obispo, City Clerk Office, 990 Palm Street, San Luis Obispo, CA 93401. For owners of multiple properties, additional protest forms are available at the City Clerk Office.



PROPOSED WATER AND/OR SEWER RATE INCREASE PROTEST FORM

NAME (please print): _____

SERVICE ADDRESS (please print): _____

DATE: _____

- ☐ I am protesting the proposed Sewer Rate (check the box)
- ☐ I am protesting the proposed Water Rate (check the box)

SIGNATURE (above)

☐ Property Owner

☐ Account Holder