



Utilities Department

879 Morro Street, San Luis Obispo, CA 93401



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

Para acceder este aviso en español, por favor visite www.slocity.org/waterandsewerrates.

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 6, 2023
TIME: 5:30 PM
PLACE: City of San Luis Obispo, Council Chambers
990 Palm Street, San Luis Obispo, CA 93401

The public hearings will cover proposed rate increases over two years (one increase to take effect from July 1, 2023 to June 30, 2024, and one increase to take effect from July 1, 2024 to June 30, 2025) for water and sewer services provided to users by the City of San Luis Obispo. If adopted, the proposed rate increases will become effective on July 1, 2023 and on July 1, 2024, respectively.

This Notice of Public Hearing 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.

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

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

If the City timely receives (prior to close of the noticed public hearing) written protests to the proposed rates or rate in excess of 50 percent of the parcels receiving water and/or sewer services from the City, City Council will not adopt the proposed rates or rate. Only one protest per parcel will be counted. Mailed or delivered protests received after the close of the noticed public hearing are not valid and won't be counted, even if postmarked prior to the date of the noticed hearing.

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

1. Only the property owner on record of a parcel subject to the proposed rate increase or any tenant directly liable for payment of water and sewer service fees (i.e. customer of record) may protest the proposed rate increases.
2. The protest must be in writing.
3. The protest 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 6, 2023**. Written protests must be mailed or personally delivered to the City of San Luis Obispo, City Clerk Office, 990 Palm Street, San Luis Obispo, CA 93401, or personally delivered to the City Clerk at the noticed hearing prior to close of the hearing. Protests submitted orally or by email, fax, or text will not be valid and will not be counted.
4. The written protest 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.
5. The written protest must contain the service address.
6. The protest must be signed by either the account holder or the property owner of the service address.

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Proposed Water and/or Sewer Rate Protest Form



Name (please print): _____ Date: _____

Service Address (please print):

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

Signature Property Owner Account Holder

What is Proposition 218?

In November 1996, California voters approved Proposition 218, which added Article XIII D to the California Constitution to regulate the imposition of assessments, fees, and charges imposed by local governments. As a result, California agencies must comply with the requirements of California Constitution Article XIII D when setting utility rates. One provision requires an agency to hold a noticed public hearing on proposed utility rate increases, to be held not less than 45 days after notice of the hearing is mailed to each recorded owner of each identified parcel upon which the proposed rates will be imposed, and that rates not be increased if a majority of affected parcels protest the proposed increased rates in writing. Please see the last page of this notice regarding the protest process.

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 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.

What Do Water and Sewer Rates Pay For?

The City's water and sewer operations rely on rate revenue to pay for operation, maintenance, and replacement of public water and sewer infrastructure, and debt service. General funds (such as property tax or sales tax) do not support these essential services. Rates for both water and sewer service support maintaining and replacing critical infrastructure, meeting public health regulations, and purchasing and maintaining necessary equipment. Water rates pay for all costs associated with bringing water from surface water reservoirs to the City's water treatment plant and distributing drinking water to approximately 16,400 service connections. Sewer rates pay for all costs associated with the conveyance of wastewater from each connection to the Water Resource Recovery Facility where the wastewater is treated and valuable resources, such as energy, recycled water, and compost are recovered.

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, and may not use collected revenues for any purpose other than that for which the fee or charge was imposed.

Why Are Rates Increasing?

While most operations have not changed substantially, cost of commodities and support services related to water and sewer services have increased significantly over the past two years. Some of the primary drivers of increased costs of operations are:

- Increase in construction costs for replacement of utility assets like aging water and wastewater pipelines and treatment plants
- Increase in electricity costs related to the treatment and conveyance of water and wastewater
- Cost of salaries and benefits to remain competitive in the recruitment and retention of qualified and licensed personnel
- Increase in chemical costs for the treatment of water and wastewater

These costs are essential for high quality water and wastewater services that are compliant with State and Federal regulations.

Basis Upon Which Water and Sewer Rates Are Calculated

The proposed water and sewer rate structures recognize different customer classes and their proportionate costs associated with the system. To derive the proportionality, the City completed a comprehensive Cost of Services Study in 2023. Based on the analysis, the water rates are proposed to increase revenues by 8.5 percent in 2023-24 and 7.5 percent in 2024-25. The sewer rates are proposed to increase revenues by 4 percent in both 2023-24 and 2024-25. If approved, the proposed water and sewer rates would become effective on July 1 of each fiscal year. Proposed increases for specific customer classes are shown in the tables below.

PROPOSED WATER RATES

Usage:

Usage (per unit ¹ cost)	Current Rates ²	Proposed Rates Effective July 1, 2023	Proposed Rates Effective July 1, 2024
Single Family Residential			
Tier 1: 0 to 5 units	\$6.90	\$7.94	\$8.54
Tier 2: 6 to 12 units	\$8.04	\$9.16	\$9.84
Tier 3: 13+ units	\$14.74	\$15.79	\$16.97
Multi-Family, Non-Residential, and Landscape Irrigation			
Multi-Family	\$7.88	\$8.91	\$9.58
Non-Residential	\$9.57	\$9.43	\$10.14
Landscape Irrigation	\$11.73	\$9.63	\$10.35

Monthly Base Fee:

Base Fees	Current Rates	Proposed Rates Effective July 1, 2023	Proposed Rates Effective July 1, 2024
Single-Family Residential Monthly Base Fee	\$24.12	\$28.15	\$30.25
Multi-Family, Non-Residential, and Landscape Irrigation by Water Meter Size			
0.75-inch or less meter	\$24.12	\$28.15	\$30.25
1-inch meter	\$40.28	\$47.00	\$50.50
1.5-inch meter	\$80.38	\$93.75	\$100.80
2-inch meter	\$128.61	\$150.05	\$161.30
3-inch meter	\$241.31	\$281.50	\$302.60
4-inch meter	\$402.24	\$469.25	\$504.45
6-inch meter	\$804.30	\$938.25	\$1,008.60
8-inch meter	\$1,286.92	\$1,501.25	\$1,613.85
Water System Access Charge ³	\$93.02	\$100.93	\$108.50

WATER RATE NOTES:

1. One Unit = 748 gallons
2. Current rates effective July 1, 2022
3. Water System Access Charge applies where the city provides fire protection only to businesses that utilize a private well for domestic purposes

PROPOSED SEWER RATES

For single-family and multi-family residential customers, a winter water use average is the three-month average of water used during the December, January, and February billing periods. 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 water consumption. For more on how sewer cap is calculated, visit www.slocity.org/ub and click on “Sewer Cap Info”.

Usage:

Usage (per unit ¹ cost)	Current Rates ²	Proposed Rates Effective July 1, 2023	Proposed Rates Effective July 1, 2024
Single-Family and Multi-Family Residential Per Unit Cost (Up to Sewer Cap)	\$9.19	\$9.44	\$9.82
Non-Residential Per Unit Costs (for All Water Consumption)	\$9.19	\$9.88	\$10.27

Monthly Base Fee:

Base Fees	Current Rates	Proposed Rates Effective July 1, 2023	Proposed Rates Effective July 1, 2024
Single-Family Residential Monthly Base Fee	\$21.89	\$23.58	\$24.52
Multi-Family and Non-Residential by Water Meter Size			
0.75-inch or less meter	\$21.89	\$23.58	\$24.52
1-inch meter	\$36.55	\$39.37	\$40.95
1.5-inch meter	\$72.86	\$78.51	\$81.65
2-inch meter	\$116.63	\$125.67	\$130.70
3-inch meter	\$218.83	\$235.78	\$245.21
4-inch meter	\$364.78	\$393.04	\$408.76
6-inch meter	\$729.34	\$785.85	\$817.28
8-inch meter	\$1,166.99	\$1,257.40	\$1,307.70
10-inch meter	\$1,677.72	\$1,807.71	\$1,880.02

SEWER RATE NOTES:

1. One Unit = 748 gallons
2. Current rates effective July 1, 2022

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 \$66.66 to \$77.01 in July 2023, and to \$82.79 in July 2024. A typical single family home with a sewer cap of five units can expect the sewer portion of their monthly bill to increase from \$67.84 to \$70.78 in July 2023, and to \$73.62 in July 2024. For information on financial assistance programs, please visit <https://www.slocity.org/cap>.

Average Monthly Residential Bill	Current Rates	Proposed Rates Effective July 1, 2023	Proposed Rates Effective July 1, 2024
Water (base fee + six units)	\$66.66	\$77.01	\$82.79
Sewer (base fee + five units)	\$67.84	\$70.78	\$73.62
Total Monthly Bill	\$134.50	\$147.79	\$156.41

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 logging into your online payment portal at www.slocity.org/paywaterbill. Please call the City of San Luis Obispo Utilities Department at 805-781-7133 for assistance.