



NOTICE TO PROPERTY OWNERS OF PUBLIC HEARING REGARDING PROPOSED WATER AND WASTEWATER RATES

Hearing Date & Time: March 6, 2017 6:30 PM
Hearing Location: City Hall
154 South 8th Street, Grover Beach, CA 93433

Why are you receiving this notice?

The City of Grover Beach (City) is mailing this notice to you because you are a water and/or wastewater customer or are the owner of record of a property that receives water or wastewater service. This notice describes proposed changes to the water and wastewater rates and gives information about a public hearing to be held on March 6, 2017 at the City Hall, 154 South 8th Street, Grover Beach, CA, 93433 regarding these proposed changes.

What do water and wastewater rates fund?

The City provides water and wastewater service to approximately 6,300 residential, landscape, and commercial customers. Monthly rates charged to system users (customers) on a bi-monthly basis are the primary source of revenue to operate the water and wastewater systems, and are used solely for this purpose. Rate revenue provides funding for annual operating and maintenance costs, capital projects to improve water and wastewater infrastructure, administration, and maintaining adequate fund reserves and planning for contingencies.

The proposed rates are based on a comprehensive utility rate study and financial plan to ensure reliable and functional water and wastewater systems. The City will annually review revenues and expenditures for the water and wastewater funds to ensure that sufficient and appropriate revenues are collected to effectively provide for the short and long-term service needs of the community.

Why are rate increases needed?

A utility rate study conducted by an independent consultant has demonstrated that revenue from the City's current water and wastewater rates do not fully recover costs associated with operation and maintenance of the existing system and the City has to use reserves to cover these expenses. Current rates also do not provide adequate funding for long-term capital projects such as replacement of water and wastewater lines and upgrades to the water delivery system. These capital projects will require additional funding from rate revenues. The rate study report providing the rate development methodology is available at City Hall and on the City's website at www.groverbeach.org.

The proposed rates have been calculated based on the City's cost to provide water and wastewater service to users. Required revenue is based on projected expenses for operations, maintenance, and required repairs and/or replacement for capital facilities and equipment. The City's water rates vary by customer class. The three customer classes include Residential, Landscape, and All Other. The Residential customer class includes single-family and multi-dwelling customers. Landscape is for customers who have a specific irrigation meter which could be a second meter, resulting in the customer receiving multiple bills. The All Other customer class includes primarily commercial customers. All water customers pay both a Base Charge and Volume Charge.

Projected expenses are allocated between monthly Base Charges (fixed) and Volume Charges for water service. The monthly Base Charge varies for water customers based on a customer's meter size, with fixed costs allocated based on number of accounts. The Volume Charge for water differs by customer type and recovers the variable costs of providing water service. Emergency Water Supply rates are also being proposed but would only be charged should additional emergency water supply be necessary given the impacts of the drought on local water supply. Two Emergency Water Supply rates have been developed based on different amounts of additional supply which may be needed; 600 or 900 acre-feet (Ac-Ft). If enacted by the City Council, the Emergency Water Supply rate would be charged based on usage in addition to the Base Charge and Volume Charge. Wastewater rates vary by customer type and consist primarily of fixed costs for each customer type.

New rates

In order to provide necessary funding to operate and carry out long-term improvements the water and wastewater systems, the City is proposing to implement new rates as a series of annual revenue adjustments over the next five years. The following tables summarize the proposed water and wastewater rates.

Rate Schedules

Recommended Water Rates						
Description	Existing Rates	Description	Proposed Rates			
	FY2017		FY2017 ¹	FY2018 ²	FY2019	FY2020

Water Rates (Monthly)

Residential Base Charges³:

5/8" - Meter	\$ 10.06	\$ 11.09	\$ 12.08	\$ 12.83	\$ 13.62	\$ 14.44
3/4" - Meter	10.06	11.09	12.08	12.83	13.62	14.44
1.0" - Meter	16.78	11.09	12.08	12.83	13.62	14.44
1.5" - Meter	33.52	55.45	60.39	64.13	68.06	72.18
2.0" - Meter	53.64	88.72	96.62	102.61	108.89	115.49
3.0" - Meter	100.54	166.34	181.15	192.38	204.16	216.54
4.0" - Meter	167.57	277.23	301.91	320.63	340.26	360.89

Landscape & All Other Base Charges:

5/8" - Meter	\$ 10.06	\$ 11.09	\$ 12.08	\$ 12.83	\$ 13.62	\$ 14.44
3/4" - Meter	10.06	16.64	18.12	19.24	20.42	21.66
1.0" - Meter	16.78	27.73	30.20	32.07	34.03	36.09
1.5" - Meter	33.52	55.45	60.39	64.13	68.06	72.18
2.0" - Meter	53.64	88.72	96.62	102.61	108.89	115.49
3.0" - Meter	100.54	166.34	181.15	192.38	204.16	216.54
4.0" - Meter	167.57	277.23	301.91	320.63	340.26	360.89

Residential Volume, in addition to Base Charge (per 100 Cubic Feet):

First 12 Units	\$ 3.34					
Next 8 Units	3.53					
Next 22 Units	4.04					
Over 42 Units	4.57					
All Usage		\$ 4.64	\$ 6.17	\$ 6.58	\$ 7.01	\$ 7.47

Landscape Volume, in addition to Base Charge (per 100 Cubic Feet):

All Usage	\$ 4.04	\$ 5.79	\$ 7.56	\$ 8.06	\$ 8.59	\$ 9.16
-----------	---------	---------	---------	---------	---------	---------

All Other Volume, in addition to Base Charge (per 100 Cubic Feet):

All Usage	\$ 3.53	\$ 3.61	\$ 5.02	\$ 5.35	\$ 5.70	\$ 6.07
-----------	---------	---------	---------	---------	---------	---------

Emergency Water Supply, in addition to Base Charge and Volume Charge (per 100 Cubic Feet):

All Usage - 600 Ac-Ft	NA	NA	\$ 2.81	\$ 3.00	\$ 3.20	\$ 3.41
All Usage - 900 Ac-Ft	NA	NA	\$ 4.28	\$ 4.57	\$ 4.87	\$ 5.20

1 - Partial year increase April 1, 2017

2 - Partial year increase October 1, 2017

3 - For multi-dwelling customers, each additional dwelling unit is charged at the ¾" Base Charge.

Recommended Wastewater Rates

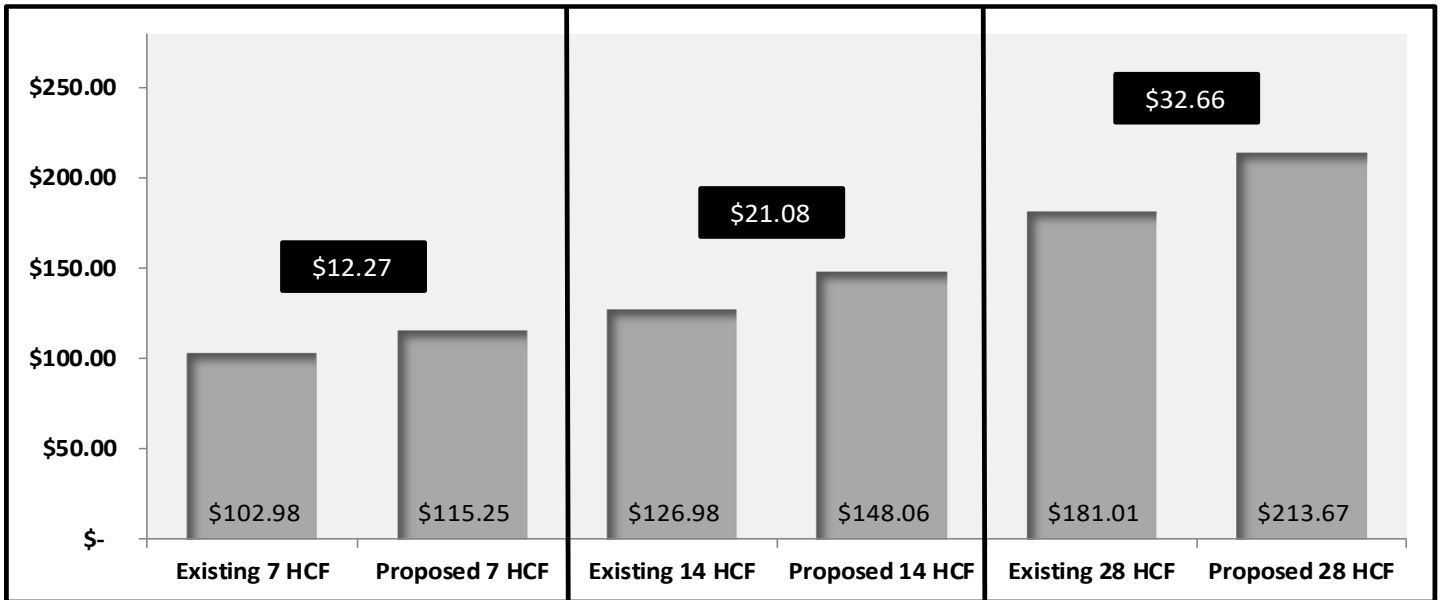
Description	Existing Rates		Proposed Rates			
	FY2017	FY2017 ¹	FY2018 ²	FY2019	FY2020	FY2021
Wastewater Rates (monthly)						
Appeal/Relief application fee (GBMC 7156)	\$ 25.00	\$ 26.25	\$ 27.57	\$ 28.95	\$ 30.40	\$ 31.92
Boarding house (per unit)	12.02	12.63	13.27	13.94	14.64	15.38
Plus per bedroom charge	7.74	8.13	8.54	8.97	9.42	9.90
Car washes & Laundromats minimum charge	4.78	5.02	5.28	5.55	5.83	6.13
Per 100 cubic feet above minimum	1.55	1.63	1.72	1.81	1.91	2.01
Church	11.65	12.24	12.86	13.51	14.19	14.90
Plus per parsonage or dwelling unit	9.92	10.42	10.95	11.50	12.08	12.69
Commercial establishment (Public Place) (up to 5 fixtures)	11.63	12.22	12.84	13.49	14.17	14.88
Each additional fixture	3.18	3.34	3.51	3.69	3.88	4.08
Factories, industrial Plants with 20 or less employees	7.82	8.22	8.64	9.08	9.54	10.02
Each additional employee over 20	0.88	0.93	0.98	1.03	1.09	1.15
Higher rate where heavy discharge or character of wastewater discharge warrants						
Hotel, motel, auto court or lodge (per unit)	11.97	12.57	13.20	13.86	14.56	15.29
Mobile home (per space)	9.92	10.42	10.95	11.50	12.08	12.69
Restaurants minimum charge	1.64	1.73	1.82	1.92	2.02	2.13
Per 100 cubic feet against minimum	3.18	3.34	3.51	3.69	3.88	4.08
Schools minimum annual charge per ADA and employees	2.55	2.68	2.82	2.97	3.12	3.28
Schools with Cafeterias additional						
Per ADA and employees	1.05	1.11	1.17	1.23	1.30	1.37
Single-family dwelling unit	9.92	10.42	10.95	11.50	12.08	12.69
Theater, clubhouse or place of amusement	11.63	12.22	12.84	13.49	14.17	14.88
Travel trailer and recreational vehicle space	5.10	5.36	5.63	5.92	6.22	6.54
Multi-Family, Two or more dwellings (per unit)	9.92	10.42	10.95	11.50	12.08	12.69
Plus Per Each coin-operated washer	2.16	2.27	2.39	2.51	2.64	2.78
Excess discharge per 100 cubic feet (3,000 Cubic Feet as per GBMC 7182)	0.30	0.32	0.34	0.36	0.38	0.40

1 - Partial year increase April 1, 2017

2 - Partial year increase October 1, 2017

Impact on your bill

With the proposed rates effective April 1, 2017, for a typical single family home that uses 14 Units* of water every two months, the water portion of your bill would increase from \$67.26 per billing cycle (every two months) currently to \$87.14 per billing cycle or approximately \$10 more per month. The wastewater portion of the bill would increase from \$19.84 to \$20.84 per billing cycle. The accompanying graph provides a summary of combined bills, existing and proposed, for water and wastewater under three usage scenarios. The comparison includes wastewater charges from South San Luis Obispo County Sanitation District as well as a 1.0% Utility Tax applied to the water bill. The black boxes represent the total increases by usage level. A similar increase in rates is proposed to be enacted effective October 1, 2017. The City's total utility rates are currently the lowest rates in the county compared with other cities and would remain below the countywide average after these rate increases.



Summary bill calculations using proposed rates at 14 HCF (Units):

Water:	$\$11.09 \text{ Monthly Base Charge} \times 2 \text{ Months} + \$4.64 / \text{HCF} \times 14 \text{ HCF} = \87.14
City Wastewater:	$\$10.42 \text{ per Month per Dwelling Unit} \times 2 \text{ Months} \times 1 \text{ Dwelling Unit} = \20.84
South San Luis Obispo County Sanitation District:	$\$19.60 \text{ per Month} \times 2 \text{ Months} = \39.20
1.0% Utility Tax:	<u>\$ 0.88</u>
Total:	\$148.06

How do you file a protest or participate in the public hearing?

The City Council will consider the new rate structure and proposed revenue increase at a public hearing on Monday, March 6, 2017 at 6:30 p.m. at City Hall, 154 South 8th Street, Grover Beach, CA, 93433. You are invited to present oral or written testimony at the public hearing.

Any owner or customer of record of a parcel subject to the proposed rates may submit a written protest against the proposed rate revisions. If written protests are filed with respect to a majority of the affected property parcels, the proposed rate revisions will not be adopted.

A written protest must contain the street address or Assessor's Parcel Number (APN) for the parcel(s) with respect to which the protest is made. The protest must also be signed by the owner or customer. Protests may be mailed or hand delivered to the City's offices at 154 South 8th Street, Grover Beach, CA, 93433. Protests may also be delivered to the City Clerk at the public hearing. To be valid, a signed written protest must be received by the City Clerk at or before the time of the protest hearing.

*1 Unit = 100 HCF, 100 HCF = 748 Gallons