



Dear Property Owner/Tenant:

September 21, 2011

The City of Paso Robles owns, maintains, and operates the community's sewer system. The system includes over 136 miles of pipelines, 14 sewer lift stations, a 4.9 million gallon per day capacity wastewater treatment plant, and 10,000 service connections into the collection system. Current customer/user wastewater rates provide \$4.7 million annually. Annual costs to operate, maintain, repair, replace, service debt for all system components, as well as treat and dispose of wastewater are projected to increase to \$12 million in 2016-17. Increases in both wastewater rates and facility charges are necessary to cover the increasing costs. The City will be holding a public hearing on the proposed wastewater rate increases. (See section below entitled "What are the proposed wastewater rate increases for?" for an explanation of the increasing costs.)

**Notice of Public Hearing
Regarding Proposed Increases in Wastewater Rates**

A public hearing on the proposed increases to wastewater rates and their effective date will be held by the City Council on:

**Tuesday, November 15, 2011
7:30 p.m.
City of Paso Robles, Council Chambers
1000 Spring Street, Paso Robles CA 93446**

This notice is being sent to all City property owners and tenants receiving sewer service. If adopted, the proposed new rate would take effect on or after July 1, 2012, with increases annually thereafter for four years. This notice also describes how to file a protest to this proposed action. All property owners/tenants and other interested parties are invited to attend the public hearing and be heard on the matter.

WHAT ARE THE PROPOSED WASTEWATER RATE INCREASES FOR?

The proposed wastewater rates are necessary for the City of Paso Robles to continue to provide safe and reliable wastewater service to its citizens due to increasing wastewater treatment, disposal, operational, maintenance, and repair costs. Several contributing factors include, but are not limited to:

- a required upgrade of the 58-year-old wastewater treatment plant to meet State discharge requirements
- debt service payments to repay existing loans and to borrow additional monies to upgrade the plant
- operating, maintaining and repairing the collection and treatment systems and infrastructure
- replacing sewage lift stations and aging collectors
- rising cost of electricity and other commodities necessary to operate the system
- increasing costs associated with the operation of utility vehicles, pumps, force mains, generators and motors
- increasing labor costs
- increasingly stringent State and Federal wastewater handling regulations.

Wastewater operating expenses are estimated to escalate to \$12 million per year by 2016-17 as detailed in the August 2011 "City of Paso Robles Wastewater Rate and Revenue Analysis Draft Report" prepared by Kennedy/Jenks Consultants. Current revenues generated by existing rates are only \$4.7 million, thus the need for increased wastewater rates. The proposed rates are based on existing and projected revenue needs and also take into account projected capital expenses over the coming years. Table 5B of the Kennedy/Jenks report shows the proposed revenue plan using the proposed pay-for-what-you-use, uniform rate method (See "Proposed Wastewater Rate Method" for a description of this structure). A copy of the report can be viewed at www.pasowastewater.com.

PROPOSED WASTEWATER RATE METHOD

Currently, residential customers pay a fixed \$25.86 per month for sewer service no matter how much is discharged into the sewer system. All other customers pay a fixed \$25.86 per hotel room, commercial unit, etc. plus \$1.20 per unit of water, i.e., one hundred cubic feet (“Hcf”, or 748 gallons), for water usage in excess of 5 Hcf/units per month.

The proposed rate method eliminates the fixed rate method in favor of a pay-for-what-you-use approach (see explanation below in section entitled “Proposed Uniform Wastewater Usage Rate Method”). Proposed rates have been calculated based on projected operating costs, debt service requirements for financing the treatment plant upgrade, depreciation of assets, and needed capital improvements, taking into account the proportionate contributions to be made by new development for capital improvements through the wastewater facility charge. User rates were determined by dividing projected revenue requirements by estimated annual billable wastewater discharge over a five-year planning period. A cash flow model using the proposed wastewater rates indicates that the wastewater fund would be able to meet its expenses and other financial performance measures. These user rate calculations are detailed in the August 2011 Rate and Revenue Analysis available at www.pasowastewater.com.

PROPOSED UNIFORM WASTEWATER USAGE RATE STRUCTURE

User Class (All Customers)	Usage Charge \$/Hcf				
	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17
All Water Usage	\$4.50	\$5.40	\$6.30	\$7.35	\$7.80

Because individual sewage discharge is not metered, a customer’s water usage would be the basis for estimating wastewater discharge. The following explains how wastewater bills for various users would be calculated under the proposed rate increase:

Single Family Residences: The monthly sewer bill would be based on the average monthly metered “Winter Water Use” from the previous December-January-February billing period. That monthly average would establish the maximum monthly discharge volume that would be billed for the remainder of the year’s wastewater billing. On a community-wide basis, Winter Water Use equals discharge received at the wastewater plant. Using the Winter Water Use method ensures that customers would not be charged for summertime irrigation use that doesn’t flow into the sewer.

For example, if Winter Water Use averages 7 Hcf/month, the sewer bill would be 7 times \$4.50, or \$31.50 per month during the first year that the new rate is in effect. However, if less water is used in any one month, the bill for that month would be based on the lesser amount.

If the proposed rate structure is approved, Winter Water Use from Dec 2011 through Feb 2012 would establish the wastewater billing basis for 2012.

There are some exceptions for single family residential billing. One is that the initial year’s billing for new services and new customers would be based on the then-current median residential Winter Water Use (which has been 7 Hcf/month in recent years). Another exception is that for customers with very low Winter Water Use (2 Hcf/month or less), bills would be based on those customers’ monthly average over the last two Winter Water Use periods.

Apartment Buildings: Sewer bills for apartments would be based on actual metered water use times the wastewater usage charge. For example, an occupant that uses 6 Hcf of water in one month would be billed at 6 times \$4.50, or \$27 per month for sewer during the first year. Winter Water Use is not proposed for these customers because multi-family complexes either already have separate irrigation meters or have the option of installing one.

Non-Residential Customers: Wastewater bills for businesses, hotels, schools, and other non-residential uses would also be based on water usage. For example, a business using 20 Hcf of water in one month would be billed at 20 times \$4.50, or \$90 per month during the first year.

Some businesses consume high volumes of water (such as a bottler) but discharge lesser amounts into the sewer system. Because of this, relatively large dischargers may need further evaluation to more accurately measure discharge amounts. Non-residential customers that are served by a 3-inch or larger water meter or that discharge on average more than 10,000 gallons per day for at least 6 months out of the year may petition to estimate monthly wastewater flow by a means other than metered water flow. In those cases, customers would establish a means of estimating monthly discharges by an approved metering method per the American Society of Testing Materials, the U.S. Environmental Protection Agency, the U.S. Department of the Interior, the

U.S. Department of Commerce, or by a mass-balance approach. Approved methods of estimating flow for large dischargers will be documented in an Industrial Wastewater Discharge Permit and monthly estimates of wastewater flow would be provided to the City for use in sewer billing.

Landscape and Fire Service Meters: Approximately 312 of the City’s 10,000 water accounts are classified as Landscape or Fire Service meters, neither of which results in discharge to the sewer system. These accounts would not be billed for wastewater service.

Septic Systems: Approximately 300 of the City’s 10,000 utility accounts have septic systems and are not connected to the City sewer system. These accounts would not be billed for wastewater service.

PROPOSED EFFECTIVE DATE

The proposed new rate would take effect on or after July 1, 2012, with increases annually thereafter for four years.

SAMPLE MONTHLY WASTEWATER BILL

**TYPICAL WASTEWATER BILLS
OPTION B**

**Proposed Wastewater Rates
Sample Bill Table - Single Family Residential**

Units (HCF)	Current Bill (\$25.86 per home)	Proposed Monthly Bill				
		7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016
		\$0	\$0	\$0	\$0	\$0 fixed per month
		\$4.50	\$5.40	\$6.30	\$7.35	\$7.80 \$ per HCF
1	\$25.86	\$4.50	\$5.40	\$6.30	\$7.35	\$7.80
2		\$9.00	\$10.80	\$12.60	\$14.70	\$15.60
3		\$13.50	\$16.20	\$18.90	\$22.05	\$23.40
4		\$18.00	\$21.60	\$25.20	\$29.40	\$31.20
5		\$22.50	\$27.00	\$31.50	\$36.75	\$39.00
6		\$27.00	\$32.40	\$37.80	\$44.10	\$46.80
7		\$31.50	\$37.80	\$44.10	\$51.45	\$54.60
8		\$36.00	\$43.20	\$50.40	\$58.80	\$62.40
9		\$40.50	\$48.60	\$56.70	\$66.15	\$70.20
10		\$45.00	\$54.00	\$63.00	\$73.50	\$78.00
11		\$49.50	\$59.40	\$69.30	\$80.85	\$85.80
12		\$54.00	\$64.80	\$75.60	\$88.20	\$93.60
13		\$58.50	\$70.20	\$81.90	\$95.55	\$101.40
14		\$63.00	\$75.60	\$88.20	\$102.90	\$109.20
15		\$67.50	\$81.00	\$94.50	\$110.25	\$117.00

**Proposed Wastewater Rates
Sample Bill - Small Business Example**

Units (HCF)	Current Bill* (small business w/ 1 EDU)	Proposed Monthly Bill				
		7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00 fixed per month
		\$4.50	\$5.40	\$6.30	\$7.35	\$7.80 \$ per HCF
1	\$25.86	\$4.50	\$5.40	\$6.30	\$7.35	\$7.80
5	\$25.86	\$22.50	\$27.00	\$31.50	\$36.75	\$39.00
10	\$31.86	\$45.00	\$54.00	\$63.00	\$73.50	\$78.00
15	\$37.86	\$67.50	\$81.00	\$94.50	\$110.25	\$117.00
20	\$43.86	\$90.00	\$108.00	\$126.00	\$147.00	\$156.00
25	\$49.86	\$112.50	\$135.00	\$157.50	\$183.75	\$195.00
30	\$55.86	\$135.00	\$162.00	\$189.00	\$220.50	\$234.00

* Basis of current billing is \$25.86 per EDU with 5 HCF/EDU free of charge, then \$1.20/EDU thereafter.

**Proposed Wastewater Rates
Sample Bill - 4 Unit Motel Example**

Units (HCF)	Current Bill* (4 unit motel)	Proposed Monthly Bill				
		7/1/2012	7/1/2013	7/1/2014	7/1/2015	7/1/2016
		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00 fixed per month
		\$4.50	\$5.40	\$6.30	\$7.35	\$7.80 \$ per HCF
1	\$103.44	\$4.50	\$5.40	\$6.30	\$7.35	\$7.80
5	\$103.44	\$22.50	\$27.00	\$31.50	\$36.75	\$39.00
10	\$103.44	\$45.00	\$54.00	\$63.00	\$73.50	\$78.00
15	\$103.44	\$67.50	\$81.00	\$94.50	\$110.25	\$117.00
20	\$103.44	\$90.00	\$108.00	\$126.00	\$147.00	\$156.00
25	\$109.44	\$112.50	\$135.00	\$157.50	\$183.75	\$195.00
30	\$115.44	\$135.00	\$162.00	\$189.00	\$220.50	\$234.00

* Basis of current billing is \$25.86 per EDU with 5 HCF/EDU free of charge, then \$1.20/EDU thereafter.
Note: Highlighted bills are less than the current rates.

HOW TO BE HEARD

If you are the owner of record for a parcel or parcels or a tenant directly responsible for payment for wastewater service, you may submit a written protest regarding the proposed rate increases. Protests must be filed in writing with original signatures with the City Clerk of the City of Paso Robles. The protests must be filed with the City Clerk any time before the close of the public hearing. Written protests may be mailed or hand-delivered to the City Clerk at 1000 Spring Street, Paso Robles, CA 93446. Email submissions cannot be accepted.

Any written protest must be signed by the property owner or the customer responsible for payment of the wastewater bill and it must include service address or assessor's parcel number (APN). Only one protest may be filed per parcel or service address.

Should written protests be filed by a majority of owners/tenants by the close of the public hearing, the proposed rate structure cannot be implemented and the existing rate structure would continue to be used until another rate structure was adopted.

For more information or questions about the proposed wastewater rate increases, you may contact the Department of Administrative Services (City Utility Billing) at (805) 237-3996 or visit the website for the Paso Robles wastewater rates at www.pasowastewater.com.

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