

Note: The City delivered this notice by regular mail to all persons eligible to file a written protest on or about February 26, 2021.



NOTICE OF PUBLIC HEARING REGARDING PROPOSED INCREASES IN SEWER RATES

The City Council of El Paso de Robles will conduct a public hearing on proposed increases to sewer (wastewater) service rates at a regular City Council meeting on **April 20, 2021 at 6:30 pm** at City Hall, **1000 Spring Street, Paso Robles, California, 93446.**

Due to the COVID-19 Emergency and in compliance with State and County Shelter at Home Orders, and as allowed by the Governor's Executive Order N-29-20, the City Council meeting may be held by teleconference/virtually only. In that case, rather than attending in person, residents should call (805) 865-7276 to provide live public comment via phone. The phone line will open just prior to the start of the meeting. The meeting agenda will be available at least 72 hours before the meeting at www.prcity.com/agendacenter/. City Council meetings are live-streamed during the meeting and also available to play later on YouTube, by accessing the following website: www.prcity.com/youtube.

This notice is being sent to all City property owners and customers of record receiving sewer service. If adopted, the proposed new rates will take effect on July 1, 2021, with increases annually in April thereafter for four years. This notice describes how to file a protest to this proposed action. All property owners, customers of record, tenants, and other interested parties are invited to attend the public hearing and be heard on the matter.

REASONS FOR THE PROPOSED SEWER RATE INCREASES AND BASIS UPON WHICH THE PROPOSED INCREASES WERE CALCULATED

The City of El Paso de Robles (City) provides for collection, treatment, and disposal of wastewater for nearly every home, business, and institution in the City. The wastewater system includes 126 miles of sewers, 14 sewage lift stations, and a wastewater treatment plant with a capacity of 4.9 million gallons per day. Financially, the wastewater utility is operated as a self-supporting enterprise that relies primarily on revenues from sewer rates to fund the cost of providing service. Sewer rates have not been adjusted since 2016.

The City must comply with stringent State and Federal regulations for disposal of treated wastewater to the Salinas River. Between 2010 and 2016, the City completed a major upgrade of the wastewater treatment plant, to comply with these regulations and prepare for a future recycled water system. The City financed the \$47.2 million project with a low interest State loan. The City is obligated to make an annual payment for this loan of \$2,712,000 for the next 15 years.

In 2014, during a prolonged drought, the City adopted a Recycled Water Master Plan. The plan includes producing high-quality recycled water at the wastewater treatment plant and using it to irrigate sports fields, golf courses, and vineyards on the east side of Paso Robles. This will improve the long-term sustainability of the City's water sources, help comply with the Sustainable Groundwater Management Act, and reduce liabilities associated with continuous disposal of wastewater to the Salinas River.

In 2015, the City moved ahead with the first half of the recycled water plan, which is to add Tertiary Treatment Facilities to the wastewater treatment plant and produce high-quality recycled water. The City completed construction and commissioned these facilities in May 2019. The City financed the \$14.4 million project with a low interest State loan. The City received a \$4 million grant in conjunction with the loan. The City is now obligated to pay back the loan in the amount of \$441,000 per year for the next 28 years.

The City is obligated by State regulations to maintain the integrity of its sewer system so that sewage spills do not occur. In 2019, City Council adopted a new Wastewater Collection System Renewal Strategy and Master Plan. The Master Plan anticipates the City will complete a variety of repair and replacement projects over the next 30 years. The City plans to fund approximately \$9.7 million of improvements that benefit existing customers over the next five years based on a reduced capital improvement program that addresses the City's highest priority needs.

In 2019, Templeton Community Services District (CSD) completed a major sewer project and discontinued sending wastewater to the City for treatment and disposal. Consequently, revenues to the City Sewer Fund have decreased by approximately \$700,000 per year.

In 2019, the City hired Bartle Wells & Associates (BWA), a professional firm with expertise in utility rates and finance, to analyze the financial condition of the Sewer Fund and prepare a new Wastewater Rate Study ("Study"). BWA completed the Study in January 2021. The Study complies with all requirements of the California Constitution regarding municipal utility rates.

Due to the additional expenses described above, combined with the decreases in revenue from Templeton CSD, the Sewer Fund is now operating at a loss each year and depleting cash reserves. The Study found the City has an immediate need to increase revenues, to eliminate annual budget deficits and restore financial stability. Rate increases are also needed to ensure compliance with obligations associated with each of the outstanding loans described above.

Approximately 80% of Sewer Fund expenses are fixed, meaning they do not vary with changes in flow through the wastewater system. The Study recommends the existing residential sewer rate structure be changed from being entirely based on usage to have a significant fixed component, to better align with Sewer Fund expenses and ensure revenue stability.

Additional information regarding the basis for the proposed rate increase are set forth in the Study, staff reports, and supporting documents provided to the City Council for its meetings on February 2 and 16, 2021 (available at: www.prcity.com/agendacenter/ and www.pasowastewater.com).

PROPOSED MONTHLY SEWER SERVICE RATES

Residential Sewer Rates

Monthly sewer bills for single-family residential customers (1 to 4 dwelling units) will be a combination of a fixed charge and a usage charge noted in the table below. The total usage charge will be based on the average monthly metered water use from the three (3) previous January and February billing periods (“Winter Water Use”) multiplied by the usage charge. The “Winter Water Use” shall establish the maximum usage for the remainder of the year’s sewer billing. If a customer’s Winter Water Use is 2 HCF per month or less, the monthly wastewater bill will be based on a minimum of 2 HCF per month. HCF is a water unit used for billing purposes that is equivalent to 100 cubic feet or 748 gallons.

Table 1: Residential Rates

Effective Date	Current	July 1, 2021	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
Fixed Monthly Charge per Dwelling Unit	--	\$11.40	\$15.53	\$19.93	\$24.60	\$29.58
Usage Charge (\$/HCF)	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80	\$7.80

For example, if your Winter Water Use is 6 HCF per month, which is average for all residential customers in Paso Robles, your monthly sewer bill starting July 1, 2021, will be calculated as: \$11.40 + (6 HCF x \$7.80/HCF) = \$58.20. The following table shows what total monthly sewer bills will be for a range of different Winter Water Use (including the proposed fixed charge and usage charge).

Table 2: Projected Monthly Residential Sewer Bills under Various Winter Water Use

Billed Use (HCF)		Current Rates	July 1, 2021	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
Low Use	3	\$23.40	\$34.80	\$38.93	\$43.33	\$48.00	\$52.98
Median	5.5	42.90	54.30	58.43	62.83	67.50	72.48
Average	6	46.80	58.20	62.33	66.73	71.40	76.38
Moderate-High	9	70.20	81.60	85.73	90.13	94.80	99.78
High	12	93.60	105.00	109.13	113.53	118.20	123.18

Commercial (Non-Residential) Sewer Rates

Monthly sewer bills for businesses, hotels, schools and other non-residential uses are based on metered monthly water use multiplied by the usage charge then in effect. The usage charges will be:

Table 3: Commercial Rates

Effective Date	Current	July 1, 2021	April 1, 2022	April 1, 2023	April 1, 2024	April 1, 2025
Usage Charge (\$/HCF)	\$7.80	\$9.67	\$10.44	\$11.27	\$12.18	\$13.15

To ensure a minimal level of cost recovery from accounts with minimal to no use, non-residential customers will be subject to a minimum charge that is equivalent to the fixed charge for residential customers noted above. This charge is not billed in addition to usage rates; instead, it serves as a baseline charge that would only apply when lower levels of billed usage would otherwise result in charges below the minimum level.

HOW TO BE HEARD

Any record owner of a parcel upon which the Sewer Rates are proposed for imposition and any tenant directly liable for the payment of Sewer Rates (i.e., a customer of record) may submit a written protest to the proposed rate increases; provided, however, only one written protest will be counted per identified parcel. Any written protest must: (1) state that the identified property owner or tenant is in opposition to the proposed increases to the sewer rates; (2) provide the location of the identified parcel (by street address or assessor's parcel number); and (3) include the name and signature of the property owner or tenant submitting the protest. Written protests may be submitted by (1) mail to the City Clerk at 1000 Spring Street, Paso Robles, CA 93446, (2) drop-off in the Utility Payment Drop-Box at City Hall, 1000 Spring Street, Paso Robles, or (3) at the Public Hearing on April 20, 2021 (time and location noted above), provided they are received prior to the close of the Public Hearing, which will occur when the public testimony on the proposed increases and adjustments is concluded. Due to the ongoing COVID-19 Emergency, instead of submitting a written protest in person at the Public Hearing, written protests may be emailed to the City Clerk at the following address: CityClerk@prcity.com. The written protest should be an attachment to the email and must meet all the substantive requirements above (including the signature of the property owner or customer of record) and be received prior to the close of the Public Hearing. Please identify on the front of the envelope or in the subject matter of an email for any written protest: Attn: Public Hearing on Sewer Rate Increases.

The City Council will hear and consider all written protests and oral comments to the proposed rate increases at the Public Hearing. Oral comments at the Public Hearing will not qualify as formal protests unless accompanied by a written protest. If written protests against the proposed rate increases and adjustments to the sewer rates as outlined above are not presented by a majority of property owners of the identified parcels and customers of record upon which the sewer rates are proposed to be imposed, the City Council will be authorized to impose the respective rate increases and adjustments. The City Council will then consider adoption of an ordinance to implement the rate increases described in this notice.

If adopted, the proposed sewer rate increases will be in effect beginning July 1, 2021, with increases annually in April thereafter for four years, as shown in the tables above. For more information about the proposed sewer rate increases or to review the complete BWA Study, you may contact the Department of Public Works at (805) 237-3861 or visit www.pasowastewater.com.