



**City of Pismo Beach**  
**Notice of Public Hearing**  
**Proposed Rate Increase for Water and Wastewater Services and**  
**Proposed Water Rate Structure Change**

The Pismo Beach City Council will hold a Public Hearing on the proposed increases to water and wastewater rates, and changes to the proposed water rate structure. The Public Hearing will be held on:

Date: Tuesday, March 19<sup>th</sup>, 2019  
 Time: 6:00 p.m.  
 Place: City of Pismo Beach, City Hall Council Chamber  
 760 Mattie Road  
 Pismo Beach, CA 93449

The Public Hearing will cover the proposed rate increases (May 2019 through January 2023) for water and wastewater/sewer services, and the proposed water rate structure change. This notice is provided to all property owners and customers who currently receive either of these services provided by the City of Pismo Beach. If adopted, the proposed rate increases and the new water rate structure would become effective May 2, 2019 and will be reflected on the July and August 2019 bills. All interested persons are invited to appear at the time and place specified to give oral or written testimony, as well as written protests, regarding the proposed fees.

**Water and Wastewater Rate and Structure Changes**

Water and wastewater (sewer) fees are each set up to have a flat rate service charge and a variable rate based on water consumption. The two changes in this notice refer to changes to the rate structure and to the rates.

- **Proposed Rate Structure:** The proposed fees are restructured so indoor water usage, outdoor water usage, and excessive usage correspond to their respective billing tiers.
- **Rate Increase:** The proposed fees are increased to **fund critical water and wastewater infrastructure improvements** (see page 2 for details), **support the Central Coast Blue Project, and support increased operating expenses.** The proposed rates are scheduled to increase as shown on pages 2 and 3 of this public notice effective May 2019 and annually in January of 2020–2023.

**Proposed Rate Structure Changes**

Rate	Existing	Proposed
<b>Water Fixed</b>	Recovers 30% of all costs	Recovers 20% of all costs
<b>Water Variable</b>	Recovers 70% of all costs	Recovers 80% of all costs
<b>Wastewater Fixed</b>	Recovers 35% of all costs	Recovers 35% of all costs
<b>Wastewater Variable</b>	Recovers 65% of all costs	Recovers 65% of all costs

**Water Rate Structure Change for Single-Family Residential (SFR) Customers**

Current Structure	Recommended Structure
0 to 10 HCF	0 to 10 HCF
11 to 20 HCF	11 to 16 HCF
21 to 35 HCF	17 to 32 HCF
Over 35 HCF	Over 32 HCF

**Current structure:** Bi-monthly fixed charges that vary by meter size for all customers, and a 4-block service rate that applies to SFR customers and a uniform consumption rate that applies to all other customers.

**New Structure:** Bi-monthly fixed charges that vary by meter size for all customers, and a 4-block service rate that applies to SFR customers and a uniform consumption rate that applies to all other customers. The SFR\* 4-block structure has been modified so Tier 1 represents indoor water use for 2.2 persons per household, Tier 2 represents outdoor water use and summer peak water demand, Tier 3 represents excessive water use up to two times the consumption of Tiers 1 & 2, and Tier 4 represents excessive use beyond Tier 3.

**What is the impact on a typical Single-Family Residential customer?**

Your utility bill is determined by the type of residence or business you have, the water meter size at your address, and your water consumption. The average Single-Family Residential home consumes 14 hundred cubic feet (HCF) of water over the two-month billing cycle.

The following table assumes a typical Single-Family Residential home with a 3/4-inch meter consuming 14 HCF of water (over a two month period), and illustrates the dollar and percent increase over the prior year.

**Typical Single-Family Residential\* Utility Bill Impact**

Date	Water	Wastewater	Total	Dollar Increase	Percent Increase
<b>Current</b>	\$73.40	\$102.45	\$175.85		
May 2, 2019	\$76.03	\$104.88	\$180.91	\$5.06	2.9%
January 1, 2020	\$85.10	\$108.23	\$193.33	\$12.43	6.9%
January 1, 2021	\$95.31	\$111.70	\$207.01	\$13.67	7.1%
January 1, 2022	\$106.69	\$115.27	\$221.96	\$14.95	7.2%
January 1, 2023	\$119.48	\$118.96	\$238.44	\$16.48	7.4%

For more information and to compare your current bill with the proposed July and August 2019 bill, please visit [www.pismo-beach.org/ratechanges](http://www.pismo-beach.org/ratechanges).



## What Does My Utility Bill Pay For?

### Clean, Safe, and Reliable Drinking Water

The City is committed to maintaining a sustainable, reliable, and cost-effective water and wastewater system. The City's water quality is tested weekly and all water quality standards are met without exception. Read about how the City's water system met all federal and state drinking water standards in 2017 in the City's most recent water quality report. Visit [www.pismoeach.org/waterquality](http://www.pismoeach.org/waterquality). In order to maintain this water quality, several capital projects are proposed to be supported by your water payments, including the: Shell Beach 1 Reservoir Replacement; Charles Street Reservoir Replacement; and 4<sup>th</sup> Street Waterline Installation projects.

### Protecting Public Health and the Environment with City's Wastewater Treatment Plant

The City's wastewater quality is exceptional, far exceeding the standards established by the Regional Water Quality Control Board. In order to meet federal and state laws and regulatory requirements, several capital projects are proposed to be supported by your wastewater payments, including the: Five Cities lift station; Sludge Dewatering; Energy Efficiency; Rehabilitation of aging clarifier; and Trestle Rehabilitation projects.

### New Drought-Resistant Water Supply: Central Coast Blue for Water Sustainability

Central Coast Blue is a regional water sustainability project that is proposed to create a new, high-quality, and drought-resistant water supply for the Five Cities communities, including Arroyo Grande, Pismo Beach, Grover Beach, and Oceano. Agencies representing the Five Cities communities are designing and building a new advanced water purification facility to create a high-quality water source to supplement local groundwater supplies, with Pismo Beach serving as the lead agency. This project allows these communities to have sufficient water supplies even in times of water shortage or drought.

The project includes construction of an Advanced Treatment Facility to treat water from the City of Pismo Beach's Wastewater Treatment Plant (WWTP) in phase I and treat water from the South San Luis Obispo County Sanitation District (SSLOCSO) WWTP in phase II to produce purified water that is purer than most bottled water. The purified water will be injected into the groundwater basin to supplement the natural groundwater supply and to create a seawater intrusion barrier.

Central Coast Blue will enhance local supply reliability and help protect the communities from droughts by diversifying supply sources and keeping communities from becoming too reliant on any one source of water. This project also reduces the amount of treated effluent into the ocean by 77%. For more information, visit [www.centralcoastblue.com](http://www.centralcoastblue.com).

### Maintaining Sustainable Water and Wastewater Systems

Water and wastewater rates support the overall financial plans for water and wastewater. These financial plans account for increasing operating expenses, including support for rising benefits, electricity, chemicals, and purchased water (State water supply and Lopez Lake water). The financial plans also include ensuring adequate reserves and debt service coverage ratios.

## WATER: Current and Proposed Bi-Monthly Flat Rates

Meter Size	Current Rate	May 2, 2019	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
		Fixed Charge (\$ per bi-month)				
5/8"	\$29.02	\$24.37	\$27.28	\$30.53	\$34.17	\$38.24
3/4"	\$29.02	\$24.37	\$27.28	\$30.53	\$34.17	\$38.24
1"	\$58.03	\$37.21	\$41.64	\$46.60	\$52.15	\$58.36
1.5"	\$96.62	\$68.87	\$77.07	\$86.25	\$96.52	\$108.01
2"	\$154.66	\$107.59	\$120.40	\$134.73	\$150.77	\$168.72
3"	\$290.17	\$216.89	\$242.71	\$271.60	\$303.93	\$340.10
4"	\$483.70	\$332.70	\$372.30	\$416.61	\$466.19	\$521.67
6"	\$1,160.67	\$777.65	\$870.20	\$973.76	\$1,089.64	\$1,219.31



## WATER: Current and Proposed Variable Rates

Classification	Current Rate	May 2, 2019	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
<b>Single Family</b>		Variable Charge (\$ per HCF)				
Tier 1 - 0 to 10 units	\$2.97					
Tier 2 - 11 to 20 units	\$3.67					
Tier 3 - 21 to 35 units	\$4.34					
Tier 4 - Over 35 units	\$5.93					
Tier 1 - 0 to 10 units		\$3.55	\$3.97	\$4.45	\$4.98	\$5.58
Tier 2 - 11 to 16 units		\$4.04	\$4.53	\$5.07	\$5.68	\$6.36
Tier 3 - 17 to 32 units		\$4.64	\$5.19	\$5.81	\$6.51	\$7.29
Tier 4 - Over 32 units		\$6.21	\$6.96	\$7.79	\$8.72	\$9.76
<b>Multifamily</b>	\$3.67	\$4.12	\$4.62	\$5.17	\$5.79	\$6.48
<b>Mobile Home</b>	\$3.67	\$4.19	\$4.69	\$5.25	\$5.88	\$6.58
<b>Commercial [A]</b>	\$3.67	\$5.13	\$5.75	\$6.44	\$7.21	\$8.07
<b>Irrigation [A]</b>	\$4.34	\$4.54	\$5.09	\$5.70	\$6.38	\$7.14
<b>Construction</b>	\$7.34	\$5.23	\$5.86	\$6.56	\$7.35	\$8.23

[A] Includes Municipal customers.

## WASTEWATER: Current and Proposed Fixed Rates

Meter Size	Current Rate	May 2, 2019	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
inches		Fixed Charge (\$ per bi-month)				
5/8"	\$26.92	\$27.53	\$28.41	\$29.32	\$30.26	\$31.22
3/4"	37.94	39.63	40.90	42.20	43.55	44.95
1"	59.98	63.83	65.87	67.98	70.15	72.40
1.5"	115.06	124.33	128.31	132.42	136.65	141.03
2"	181.19	196.94	203.24	209.74	216.45	223.38
3"	335.47	390.54	403.04	415.94	429.25	442.99
4"	555.85	608.36	627.82	647.91	668.65	690.04
6"	1,327.23	1,455.40	1,501.97	1,550.03	1,599.63	1,650.82

### Residential Fixed Consumption Charges

		Fixed Charge (\$ per bi-month)					
Single-family	[1]	\$64.51	\$65.25	\$67.34	\$69.49	\$71.72	\$74.01
Apartments/Multifamily	[1] [2]	43.50	41.19	42.51	43.87	45.27	46.72
Mobile Homes	[1] [2]	\$38.93	\$28.55	\$29.46	\$30.41	\$31.38	\$32.38

## WASTEWATER: Current and Proposed Variable Rates

Classification	Current Rate	May 2, 2019	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
		Variable Charge (\$ per HCF)				
Commercial	\$6.57	\$7.99	\$8.25	\$8.51	\$8.78	\$9.06
Dual Residential/Restaurant	9.99	11.27	11.63	12.00	12.38	12.78
Dual Residential/Commercial	6.33	7.71	7.96	8.22	8.48	8.75
Grocery	13.22	14.30	14.76	15.23	15.72	16.22
Hotel	6.12	6.62	6.84	7.06	7.28	7.51
Hotel w/Restaurant	10.03	10.75	11.09	11.45	11.81	12.19
School w/ Cafeteria	6.56	6.58	6.79	7.01	7.23	7.47
School	4.75	4.23	4.37	4.51	4.65	4.80
Shopping Center	6.74	5.73	5.91	6.10	6.30	6.50
Shopping Center w/ Restaurant	10.10	13.89	14.34	14.80	15.27	15.76
Trailer/RV	4.43	3.58	3.70	3.81	3.94	4.06
Service Station	6.04	6.40	6.61	6.82	7.04	7.26
Restaurant / Bakery	13.61	14.40	14.86	15.33	15.82	16.33
Municipal	\$6.57	\$5.56	\$5.74	\$5.92	\$6.11	\$6.31

[1] Residential customers are charged a fixed charge per bi-month for consumption.

[2] Apartments, Multifamily, and Mobile Homes are charged by the dwelling unit.



**RETURN SERVICE REQUESTED**

**Water and Wastewater Rate Development Process**

In 2018, the City hired a consultant to perform studies of the City's water and wastewater funds, and to recommend user rates designed to meet the City's financial obligations, including operating and debt service costs, and funds for needed capital projects. The rate structures developed in the studies comply with federal, state, and City laws and guidelines. They are consistent with good industry practices, and are equitable among the City's customer classes. At the City Council Meeting on January 15, 2019, City staff and the consultant presented the report on these studies, including recommended utility rates through January of 2023. The City Council reviewed the report and approved the proposed rate schedule to be considered at a public hearing on March 19, 2019. Two public community meetings will be held on February 27, 2019 at Pismo Beach City Hall, 760 Mattie Road, Pismo Beach, CA 93449.

If a majority protest has not been received by the end of the March 19, 2019 Public Hearing and the City Council approves the new Water and Wastewater Service Rates as shown in the attached Rate Schedules on pages 2 and 3, the proposed rate increases will first appear in utility bills issued in July for the "Shell Beach," or northern, end of the city. These utility bills will be based on water meter readings in early May and July 2019, and on utility services provided between those two readings. For the "Downtown," or southern, end of the city, the first rate increases will appear in utility bills issued in August 2019. These utility bills will be based on water meter readings in early June and August 2019, and on utility services provided between those two readings. The four annual rate increases shown on the attached Rate Schedules are scheduled to first appear in the utility bills issued in March 2020.

**How Can I Find Out More About the Proposed Changes?**

To find out more about the proposed changes and how they will affect your bill, please visit the City's website at [www.pismo beach.org/ratechanges](http://www.pismo beach.org/ratechanges). This site has detailed reports, the rate study, presentations, and sample bills to determine the impact of the changes. Please call the City Clerk's office at 805.773.4657 for assistance in navigating the website. For additional questions, please call the Administrative Services Department at 805.773.4655.

In addition, City staff will hold two **informational community meetings for the public on February 27, 2019 at Pismo Beach City Hall, Council Chamber, 760 Mattie Road, Pismo Beach, CA 93449**. The first meeting is at **4:00 p.m. for non-residential customers** and the second meeting is at **6:00 p.m. for residential customers**.

**How Do I Protest the Proposed Water and/or Wastewater Rates and/or the Proposed Water Rate Structure?**

Under Proposition 218, if you are the owner of record for a parcel or parcels or a tenant directly liable for payment of the fees subject to the proposed rate changes, you may submit a written protest against each proposed rate increase (water, wastewater) and/or the proposed change to the water rate structure. If valid written protests are filed for a majority (50% plus one) of the affected parcels, the applicable proposed rate change will not be imposed. Only one protest per parcel will be counted. All protests must:

1. Be in writing and received by the City Clerk *before or during* the public hearing on March 19, 2019 at 6:00 p.m. Written protests must either be mailed or personally delivered to the City Clerk at 760 Mattie Road, Pismo Beach, CA 93449. Email or facsimile protests will not be accepted. Protests will not be accepted after the closure of the public hearing.
2. Specifically identify what you are protesting: the water and/or wastewater rate increase(s) and/or the water rate structure change.
3. Identify the affected parcel by the service address and/or Assessor's Parcel Number (APN).
4. Include the name and original (wet) signature of either the account holder or the property owner of the service address.

All interested persons are invited to appear at the time and place specified to give oral or written testimony in regards to this matter. At the public hearing, the City Council will accept oral and written testimony, as well as written protests, regarding the proposed fees.

**How can I reduce my utility bill?**

*Conservation is the key to reducing your water bill.* Some simple things customers can do to reduce their water usage include:

1. Reduce the length of showers,
2. Install low-flow toilets and shower heads,
3. Do not irrigate landscaping in the middle of the day,
4. Fix leaky toilets,
5. Irrigate landscaping for the shortest time possible without jeopardizing plant health,
6. Set irrigation systems to reduce overspray,
7. Replace manual irrigation valves with automatic valves.

Visit <https://www.thinkh2onow.com/> for other water conservation solutions.

