



January 21, 2022

Dear Property Owner or Tenant Customer,

This notice is intended to inform you that the Arroyo Grande City Council will hold a public hearing regarding proposed water and wastewater rate increases for City of Arroyo Grande customers (the "Proposed Water and Wastewater Rate Increases"). The Proposed Water and Wastewater Rate Increases will be considered by the Arroyo Grande City Council at the date, time and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The basis upon which the amount of the Proposed Water and Wastewater Rate Increases were calculated
- The amount of the Proposed Water and Wastewater Rate Increases;
- The reason for the Proposed Water and Wastewater Rate Increases; and
- Majority protest procedures.

NOTICE OF PUBLIC HEARING

A Public Hearing for the Proposed Water and Wastewater Rate Increases will be held on:

Date: **Tuesday, March 8, 2022**

Time: **6:00 pm**

Place: **City of Arroyo Grande, Council Chambers,
215 East Branch Street, Arroyo Grande, CA 93420**

Use the following Zoom link to join the Meeting: <https://us02web.zoom.us/j/83255848846>

Webinar ID: 832 5584 8846

Or by Telephone: 1-669-900-6833; 1-346-248-7799

Given the recent increase in COVID-19 cases in San Luis Obispo County, and in compliance with Assembly Bill (AB) 361, which allows for a deviation of teleconference rules required by the Ralph M. Brown Act, City Council meetings are being conducted by video/teleconferencing through Zoom Webinar until further notice. Meetings will be broadcast live on Channel 20 and streamed on the City's [website](http://www.slo-span.org) and www.slo-span.org. Members of the public may participate and provide public comment on agenda items during the meeting by joining the Zoom meeting or by submitting written public comments to the City Clerk at publiccomment@arroyogrande.org.

This notice has been sent to all property owners and customers who are tenants of leased property (tenant customer) that are directly responsible for payment of water and wastewater utility services. If adopted, the Proposed Water and Wastewater Rate Increases would become effective April 19, 2022. If you would like to receive this notice in Spanish, please contact the City of Arroyo Grande at (805) 473-5438. Si le gustaria recibir este documento en Espanol, por favor llame the City of Arroyo Grande (805) 473-5438 o vistie el sitio web en <http://www.arroyogrande.org/129/Water-Sewer-Utilities>.

PROPOSED WATER AND WASTEWATER RATE INCREASE AMOUNTS AND BASIS OF CALCULATION

The Proposed Water and Wastewater Rate Increases were presented to the Council in the Report on Water and Wastewater Rate Study (the Report) by Tuckfield and Associates at its January 11, 2022 meeting. The Report can be viewed online at: <http://www.arroyogrande.org/129/Water-Sewer-Utilities>. The following tables provide a

summary of the proposed changes to the water and wastewater rates to be considered by the Arroyo Grande City Council at the public hearing referenced above. The tables set forth the Proposed Water and Wastewater Rate Increases from fiscal years 2021/2022 through 2025/2026. The rate structure for water and wastewater service has two components: (1) a fixed monthly charge; and (2) a variable (water consumption-based) charge. The first component is a fixed amount calculated to recover the City's fixed costs of operating and maintaining the City's water system and is established on the basis of the customer class and water meter size. The variable component of the rate structure is based on water consumption. The variable component is structured in such a way as to capture water supply, water delivery and system peaking costs and to deter waste and encourage conservation. For residential customers, the variable charges are further apportioned between three distinct tiers. The goal of the first tier is to provide for basic indoor water use; the second tier is to provide for outdoor irrigation; and the third tier is for excessive use or to encourage conservation. Together, the components are calculated to recover the proportionate cost of providing water service to parcels within each customer class.

The Proposed Water and Wastewater Rate Increases are scheduled to go into effect April 19, 2022.

PROPOSED FIVE-YEAR WATER FIXED AND VARIABLE CHARGES

	Current Rate	April 19, FY 21-22	January 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26
Meter Size		Fixed Charge (\$ per month)				
5/8"	\$29.51	\$27.83	\$29.61	\$31.51	\$33.53	\$35.68
3/4"	\$31.67	\$30.57	\$32.53	\$34.61	\$36.83	\$39.19
1"	\$38.12	\$38.78	\$41.26	\$43.90	\$46.71	\$49.70
1.5"	\$46.73	\$49.73	\$52.91	\$56.30	\$59.90	\$63.73
2"	\$70.41	\$79.83	\$84.94	\$90.38	\$96.16	\$102.31
3"	\$244.74	\$301.53	\$320.83	\$341.36	\$363.21	\$386.46
4"	\$309.31	\$383.64	\$408.19	\$434.31	\$462.11	\$491.69
6"	\$459.96	\$575.23	\$612.04	\$651.21	\$692.89	\$737.23
8"	\$632.14	\$794.19	\$845.02	\$899.10	\$956.64	\$1,017.86
Service Fee per Add'l Unit	\$7.99	\$8.12	\$8.64	\$9.20	\$9.78	\$10.40
Variable Charge (\$ per HCF)						
Single-Family						
Tier 1 - 0 to 18 units	\$3.78					
Tier 2 - 19 to 36 units	\$4.16					
Tier 3 - Over 36	\$5.55					
Tier 1 - 0 to 10 units		\$4.06	\$4.32	\$4.60	\$4.89	\$5.20
Tier 2 - 11 to 22 units		\$4.83	\$5.14	\$5.47	\$5.82	\$6.19
Tier 3 - Over 22		\$4.94	\$5.26	\$5.60	\$5.96	\$6.34
Multifamily						
Tier 1 - 0 to 18 units	\$3.78					
Tier 2 - 19 to 27 units	\$4.16					
Tier 3 - Over 27	\$5.55					
Tier 1 - 0 to 10 units		\$4.06	\$4.32	\$4.60	\$4.89	\$5.20
Tier 2 - 11 to 22 units		\$4.83	\$5.14	\$5.47	\$5.82	\$6.19
Tier 3 - Over 22		\$4.94	\$5.26	\$5.60	\$5.96	\$6.34

	Current Rate	April 19, FY 21-22	January 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26
Meter Size	Fixed Charge (\$ per month)					
Fireline Size						
2"	\$3.74	\$4.40	\$4.84	\$5.32	\$5.64	\$5.64
3"	\$10.88	\$12.79	\$14.07	\$15.48	\$16.41	\$16.41
4"	\$23.18	\$27.25	\$29.98	\$32.98	\$34.96	\$34.96
6"	\$67.33	\$79.16	\$87.08	\$95.79	\$101.54	\$101.54
8"	\$143.48	\$168.69	\$185.56	\$204.12	\$216.37	\$216.37
10"	\$258.03	\$303.37	\$333.71	\$367.08	\$389.10	\$389.10
	Variable Charge (\$ per HCF)					
Commercial	\$3.95	\$4.40	\$4.68	\$4.98	\$5.30	\$5.64
Irrigation	\$4.21	\$4.97	\$5.29	\$5.63	\$5.99	\$6.37
Hydrant	\$6.13	\$7.92	\$8.43	\$8.97	\$9.54	\$10.15
Wheeling	\$2.04	\$2.37	\$2.52	\$2.68	\$2.85	\$3.03

PROPOSED FIVE-YEAR WASTEWATER FIXED AND VARIABLE

	Current Rate	April 19, FY 21-22	January 1, FY 22-23	January 1, FY 23-24	January 1, FY 24-25	January 1, FY 25-26
	Fixed Charge (\$ per month)					
All Customers [1]	\$2.40	\$2.62	\$2.84	\$3.08	\$3.34	\$3.62
	Variable Charge (\$ per HCF) [2]					
Single-family Residential	\$0.67	\$0.72	\$0.78	\$0.84	\$0.91	\$0.99
Multifamily Residential	\$0.94	\$1.04	\$1.12	\$1.21	\$1.31	\$1.42
Non-Residential	\$1.32	\$1.40	\$1.52	\$1.65	\$1.79	\$1.94

[1] Fixed charge per month per account and to each additional unit.

[2] Charged on the basis of water consumption read through the meter.

REASON FOR THE PROPOSED WATER AND WASTEWATER RATE INCREASES

The Proposed Water Rate Increases are necessary for the City to continue to provide safe and reliable water service to the residents of Arroyo Grande due to increasing operational, maintenance and capital costs. Several factors have contributed to the increase in costs, including, but not limited to, increase in purchased water expense, rehabilitation, replacement and repair of water infrastructure and facilities, adequate revenues to cover debt service payments, the rising cost of electricity and natural gas needed to operate utility facilities, increased costs associated with operation of utility vehicles, ongoing maintenance of infrastructure, increased labor costs, and increased costs associated with meeting more stringent State and Federal regulations. The Proposed Water Rate Increase also addresses the funding necessary for the City to participate in the Central Coast Blue Project, a regional recycled water project that will provide additional water to the Cities of Arroyo Grande, Grover Beach, and Pismo Beach, and a seawater intrusion barrier to protect the groundwater basin.

WRITTEN PROTEST

Pursuant to Proposition 218, you may submit a written protest against any or all of the Proposed Water and Wastewater Rate Increases to the City Clerk before the close of the Public Hearing referenced above (page 1).

A written protest must contain a statement that you protest the Proposed Water and Wastewater Rate Increases, the address or assessor's parcel number of the parcel or parcels which receive water service and must be signed by either the owner or the tenant customer of the parcel or parcels. If the person signing the protest is not shown on the last equalized assessment roll of San Luis Obispo County as an owner of the property, the protest must contain, or be accompanied by, written evidence that such person is an owner of the property or tenant

responsible for payment. Protest letters must include the name and signature of the owner or tenant customer submitting the protest.

How to submit a protest letter:

- In person, delivered to the City Clerk at Arroyo Grande City Hall (300 E. Branch St.);
- Via email to the City Clerk at: publiccomment@arroyogrande.org;
- By facsimile addressed to the City Clerk at: (805) 473-0386; or
- By mail to: **City of Arroyo Grande**
Attn: City Clerk
300 E. Branch St.
Arroyo Grande, CA 93420

Any protest submitted via email must include a digital signature or a valid image of the protestor's signature. Only one written protest will be counted per identified parcel. Any challenges to the Proposed Water and Wastewater Rate Increases must be filed as validation suits within 120 days in compliance with SB 323, which added Section 53759 to the Government Code, and any other applicable laws.

Written protests may also be personally delivered to the City Clerk at the Arroyo Grande City Hall (300 E. Branch Street, Arroyo Grande, CA). To be valid, a protest meeting all of the requirements described above must be received by the City Clerk before the close of the public hearing referenced above (page 1). Oral protests will not be counted in determining the existence of a majority protest.

If you have questions about the Proposed Water Rate Increases, please call the City of Arroyo Grande Administrative Services Department at (805) 473-5438.

City artwork
300 E. Branch St.
Arroyo Grande, CA 93420

Postage

Customer address
City, State Zip