

**CITY OF EL PASO DE ROBLES
FULL TEXT OF MEASURE A-09**

ORDINANCE NO. 953 N.S.

**AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES
AMENDING SECTION 14.04.020 OF THE CITY OF EL PASO DE
ROBLES MUNICIPAL CODE TO ADJUST WATER USER FEES**

WHEREAS, the City Council has adopted the Integrated Water Resources Plan and approved participation in the Nacimiento Water Project to help assure a high quality and continuous supply of water to its citizens; and

WHEREAS, current water rates and water capacity charges generate revenues to provide drinking water to residents and businesses from ground water with an allowance for a portion of initial Nacimiento Water Project expenditures; and

WHEREAS, the existing water rates were set before the costs of the Nacimiento Water Project were fully known; and

WHEREAS, the water to be provided by the Nacimiento Water Project and the associated improvements to the City water system are necessary to improve quality and supplement the limited ground water supply especially during peak summertime demand periods, and also to provide adequate distribution, treatment, and water storage capacity; and

WHEREAS, the Nacimiento Water Project infrastructure is designed to have the capacity to serve both existing City water customers as well as those resulting from new development; and

WHEREAS, the City hired the firm of Kennedy/Jenks Consultants to undertake a comprehensive review of the City's water rate revenues and costs of water operations which was presented to the City Council in July 2008; and

WHEREAS, upon further consideration and study and public input, the City Council determined in September 2008 that the initially proposed water user rates would be unduly burdensome upon water customers and directed staff to consider an alternative approach; and

WHEREAS, Kennedy/Jenks presented a revised study, dated September 29, 2008, (the "Revised Water Rate Study") analyzing an alternative pay-as-you-go approach that would phase in water system improvement costs over a 17-year period rather than a 10-year period, and use other available revenues to avoid incurring the additional costs incurred with issuing bonds; and

WHEREAS, the alternative approach would help ensure that users pay for operations and improvements that serve the existing community, while new development would pay for those improvements that offset their impacts; and

WHEREAS, the Revised Water Rate Study recommends that the costs of capital improvements and water utility operating expenses be paid for with a combination of (i) water rates that are charged to existing customers and (ii) water connection fees/capacity charges that are charged for new development; and

WHEREAS, the City Council believes a combination of a fixed and variable rate structure for water users is the most equitable method of helping pay for a reliable, well-maintained; infrastructure system and reliable water source; and

WHEREAS, the City Council, on October 21, 2008, authorized staff to mail the notices required by Proposition 218 to all property owners and water customers and set January 20, 2009 as the date for a public hearing on the proposed adoption of new water user rates; and

WHEREAS, Section 53756 of the Government Code, which took effect January 1, 2009, authorizes an agency providing water service to adopt a schedule of adjustments to fees, which schedule may be for up to a period of five (5) years; and

WHEREAS, notices were mailed to all property owners and water customers on October 27, 2008; and

WHEREAS, in light of current economic conditions, the City Council has determined that the proposed July 1, 2009 increase in water user rates should be deferred, and that existing water user rates should remain in effect until January 1, 2010; and

WHEREAS, at the public hearing on January 20, 2009, the Deputy City Clerk attested that written protests by the owners of a majority of the affected properties had not been presented; and

WHEREAS, the staff report and the Water Rate Study, and other public and written testimony presented at the public hearing are incorporated herein by reference;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES ORDAIN AS FOLLOWS:

SECTION 1. Subdivision C of Section 14.04.020 of the Paso Robles Municipal Code is hereby amended to read as follows:

"C. FEES—WATER USAGE RATES. The monthly rates to be charged and collected for all water consumption including bulk water delivery, or fire hydrant usage from every person, school, firm, or corporation shall be charged at rates established by ordinance of the City Council and adopted in accordance with the procedures required by law.

SECTION 2. – Rates

Commencing with the effective date of this Ordinance No. 953, the rate for water users shall be a combination of (i) a fixed rate, plus (ii) a variable rate based on consumption. The variable rate component shall be further adjusted every January 1st thereafter as set forth in the following table:

Monthly Fixed Rate	Existing	1/1/2010	1/1/2011	1/1/2012	1/1/2013	1/1/2014
All Meters	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00

Variable Consumption Charges (\$/HCF*)

Usage Rate (all users except as set forth below)	\$1.32	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75
Single Family 0-5 Units*	\$1.32	\$1.49	\$1.70	\$1.91	\$2.13	\$2.34

*One Unit is equivalent to 748 gallons, or one Hundred Cubic Feet ("HCF")

The water usage fees shall further be reviewed no less than biennially in conjunction with the update of the City's budget to ensure that the water user charges then in existence do not exceed the costs of providing water service within the City."

SECTION 3. Severability

If any action, subsection, sentence, clause or phrase of this ordinance is, for any reason, held by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

SECTION 4. Publication

The City Clerk will certify to the passage of this Ordinance by the City Council of the City of El Paso de Robles, California, and cause the same to be published once in a newspaper of general circulation, published and circulated in the City of El Paso de Robles.

SECTION 5. Effective Date.

This Ordinance will take effect thirty (30) days after its final passage.

Introduced at a regular meeting of the City Council held on January 20, 2009 for first reading by the City Council of the City of El Paso de Robles, and adopted on the 3rd day of February, 2009 by the following vote:

AYES: Gilman, Hamon, Steinbeck, Strong and Picanco

NOES:

ABSTAIN:

ABSENT:

IMPARTIAL ANALYSIS OF MEASURE A-09

If approved by a majority of the voters voting, Measure A-09 would approve the water user rates set forth in Ordinance No. 953 N.S. Ordinance No. 953 N.S. enacts a water user rate structure that includes a monthly fixed charge and a variable component based on actual water usage. As shown on the chart below, the monthly fixed rate is the same for all meters and would not increase. The variable rate, which is based on consumption, would increase annually, beginning January 1, 2010, through January 1, 2014.

In addition, the rate structure provides a reduced "lifeline" rate for single-family residences for the first five (5) units of water used to provide basic water needs. One unit of water is equal to 748 gallons; 5 units equal 3,740 gallons.

The new rates established by Ordinance No. 953 N.S. are set forth in the chart below:

Monthly Fixed Rate

	Existing	1/1/2010	1/1/2011	1/1/2012	1/1/2013	1/1/2014
All Meters	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00	\$18.00

Variable Consumption Charges (\$/HCF*)

Usage Rate (all users except as set forth below)	\$1.32	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75
Single Family 0-5 Units*	\$1.32	\$1.49	\$1.70	\$1.91	\$2.13	\$2.34

*One Unit is equivalent to 748 gallons, or one Hundred Cubic Feet ("HCF")

Based on the study prepared by Kennedy/Jenks Consultants, the proposed rate structure will enable the City to pay for water system operations and phased improvements on a gradual "pay-as-you-go" approach, with costs spread out over 17 years. The fees will cover the costs of operations and system improvements for existing water customers.

Ordinance No. 953 N.S. also provides that the water usage fees will be reviewed at least every two years to ensure that the fees do not exceed the City's costs of providing water service within the City.

s/ Iris P. Yang
 City Attorney
 City of El Paso de Robles

ARGUMENT IN FAVOR OF MEASURE A-09

Paso Robles has long relied on the Paso Robles Groundwater Basin (Basin) for water. Over the last decade, the quantity and quality of Basin water has become less dependable. After studying all potential options, the City Council decided the Nacimiento Water Project (NWP) is the best, most affordable, and highest quality, water supply alternative.

Passage of Measure A-09 would approve a water rate increase to help pay for water system improvements including NWP loan obligations and a treatment plant.

Measure A-09 is a sensible and fair way to assure an adequate water supply. The rate is made up of two components – a fixed monthly amount and a rate-per-unit (each unit equals 748 gallons). The fixed component amount will not change. The per-unit rate would increase January 1, 2010, and thereafter only modestly each year through 2014; and, there is a "lifeline" (discounted) rate included for single-family homes' first 500 cubic feet (3,740 gallons) of water used each month.

Water system improvements, other than NWP, will be built on a "pay-as-you-go" basis (so no financing costs) and only as much as available cash allows – this approach is sensible as it results in relatively modest annual user rate increases. The rate structure is fair because the total amount a customer pays each month will be based primarily on the amount of water actually used; and, new development pays an additional significant amount.

Passage of Measure A-09 means water user rates will cover all costs for the water people actually use. If it fails, water system costs, including loan payments for NWP, would have to be paid for by cuts to other important services.

For a dependable, high quality water supply, vote "YES" on Measure A-09.

s/ Jim Heggarty
Former City Councilmember

s/ Frank Mecham
County Board of Supervisor District 1

s/ Duane Picanco
Mayor of City of Paso Robles

s/ Rueben Tate
Pastor of the 2nd Baptist Church

s/ Greig Welch
Paso Robles School Administrator

REBUTTAL TO ARGUMENT IN FAVOR OF MEASURE A-09

The statements made by the authors in support of Measure A-09 are misleading and downright unfair to our citizens of Paso Robles. For example:

- If Measure A-09 is adopted, water rate increases will NOT STOP at the amounts proposed. A 9/16/08 City staff report already indicates rates are set to increase in 2015.

- The City has been collecting the "Nacimiento Fee" for pipeline bond payments in our water bills since 2005. Even without this rate increase, bond payments can be made with NO CUT IN CITY SERVICES.

- The proposed plan, to fund Nacimiento debt obligations and a water treatment plant, hides the fact \$60 MILLION in **30 OTHER** Capital Improvement Projects are included. \$2.8M to purchase a 1-acre piece of land and a \$6M Remote Water Meter Reading system are just 2 of the items on City management's wish list.

- If "total amount a customer pays each month is based primarily on the amount of water actually used" – the \$18 fixed rate is in fact UNFAIR. For example, in 2010 a customer using 10 units of water would have to pay a \$16.20 consumption charge, plus the \$18 fixed rate. *Thus, total paid is NOT based primarily on amount of water actually used.*

Our City Council needs to get back to the basics! Present citizens with an honest proposal in which New Developments pay their own way!

Vote NO on Measure A-09!

s/ Caroline Solomon
Caregiver and Eastern Star Officer

s/ Teresa A. St. Clair
Insurance Administrator

s/ Jerald R. Greene
Aerospace Software Engineer

s/ Karen Reed
Professional Business Person/Member of Concerned Citizens

s/ Walter Heer
Pumpkin Farmer, Retired

ARGUMENT AGAINST MEASURE A-09

This election is not just about water, but our community and the law. Vote NO on the City's proposed water rate increase because:

- **The City wants to continue the \$18 fee and DOUBLE our water rate -- yet current residents receive no benefit!**
HF&F Consultants state, "Nacimiento water is assumed to benefit only growth" (City staff report, 7/1/08). And the City's 2008 Kennedy/Jenks water rate reports provide no evidence that current residents will receive any special benefit from the Nacimiento Water Project.
- **Nacimiento water is not needed by current residents!**
A Sept. 2004 Water Assessment required by Water code 10910 found "the City has adequate water supply to accommodate 20 years of growth." Likewise, the Paso Robles Director of Public Works stated the City's current water supplies "are expected to meet all future water demands through 2025" (City staff report, 8/7/2007).
- **New development needing Nacimiento water should pay the entire cost!** In the *SLO County Financing Authority Nacimiento Water Project* document dated 9/10/2007, our City staff express connection fees are "expected to increase to provide adequate revenues to meet new infrastructure needs arising from new development and capital construction obligations for its [Nacimiento] pipeline and treatment facility."
- **Residents are asked to subsidize large water users!**
For example, the current \$18 fee we are being asked to approve is also what a commercial business (e.g., a hotel) will pay regardless of the amount of water it uses. This is highly inequitable and clearly unfair!
- **"Government may not impose [user] fees to finance the future expansion of a water system"** (*California's Water*, Oct. 2008). This requires an assessment or special tax. Even if approved the court may rule the rates unconstitutional.

Make your feelings known. **Please vote NO on Measure A-09!**

s/ John Borst
Principle Officer of Concerned Citizens for Paso Robles

s/ Karen Reed
Principle Officer of Concerned Citizens for Paso Robles

s/ Brooke G. Mayo
Principle Officer of Concerned Citizens for Paso Robles

s/ Dr. Thomas A. Rusch
Principle Officer of Concerned Citizens for Paso Robles

s/ Greg Rachunok
Real Estate Broker

REBUTTAL TO ARGUMENT AGAINST MEASURE A-09

- **PASO ROBLES GROUNDWATER IS IN DECLINE**
Groundwater wells can't keep up with existing demands, and quality is deteriorating. Nacimiento is a once-in-a-lifetime opportunity to provide the quantity and quality of water you need; we are lucky to have it.
- **50% OF NACIMIENTO WATER IS FOR YOU; THE BALANCE IS FOR FUTURE GROWTH. AND GROWTH WILL PAY 50%.**
The opponents claim new development should pay the entire cost of Nacimiento. That would be unfair and illegal.
- **YOUR WATER RATES PAY FOR WHAT YOU USE.**
Your rates were set after extensive community input and in accordance with the law. It is a "pay-as-you-go" plan, which avoids project financing costs, resulting in more moderate rate adjustments. Development pays for system expansion that serves its needs.
- **THE LESS YOU USE, THE LESS YOU PAY.**
Over the next five years, the monthly charge for a typical family using 19 units (14,250 gallons) would rise from \$43 to \$68 (less than many around the County). If you use fewer units, you pay less.
- **EVERYONE SHOULD PAY FOR THE WATER THEY USE.**
If Measure A-09 does not pass, water rates won't cover the cost of the water you use. That will mean cutting other things like parks, recreation and safety services. That simply doesn't make sense.

WE URGE YOU TO VOTE "YES" ON MEASURE A-09.

s/ Mary Chambers
Retiree, Private Citizen

s/ Barbara Partridge
Professional Public Administrator

s/ Mark Perry
Director of Employees Paso Robles Waste

s/ Joe E. Quiroz
Board Member of the Paso Robles Unified School District

s/ Bill Roof
Local Businessman, Private Citizen