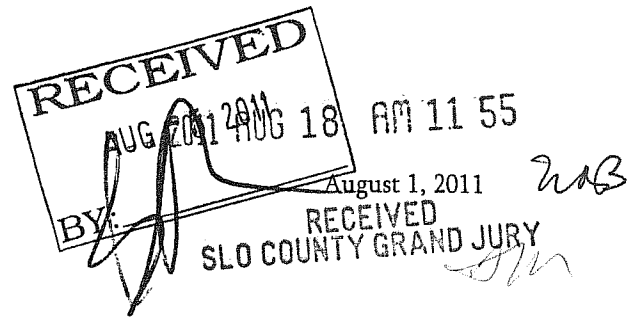




CITY OF EL PASO DE ROBLES
"The Pass of the Oaks"

 COPY



Presiding Judge Charles S. Crandall
Superior Court of California
1050 Monterey Street
San Luis Obispo, CA 93408

Subject: Response to Grand Jury:
Rate Setting as a Water Conservation Tool

The City of Paso Robles agrees that water rate setting, and tiered pricing specifically, is an effective water conservation tool. In fact, water pricing and conservation have dominated community discussions in recent years including:

- A 2004 decision to contract for 4,000 acre feet per year from Nacimiento Water Project.
- Between 2007 and 2011, six different water pricing structure proposals were considered resulting in public opposition, legal challenges, and overall heightened public sensitivity to water issues, pricing and conservation.
- In 2009, adopted a water conservation and water shortage contingency plan that includes grass/toilet retrofit rebates, public outreach, "how-to" workshops, elementary school education, and conservation enforcement measures.
- Also in 2009, adopted a water efficient landscape ordinance to establish drought tolerant planting standards for new construction.
- Since summer 2009, as a result of heightened public awareness and voluntary and mandatory conservation, gross per capita water use dropped over 20% from 236 gallons per day in 2008 to 188 gallons per day in 2010.

Additionally, the City is currently examining sewer charges and contemplating a change from fixed rates to one linked to water usage. The resulting combined utility rates (based upon water consumption) would further incentivize conservation.

To the specifics of the Grand Jury's Findings #2 & #5 and Recommendations #2 & #5:

FINDING 2: Paso Robles, Avila Beach CSD, and San Simeon CSD have uniform water rates that do not increase unit cost as consumption increases.

RECOMMENDATION 2: Paso Robles, Avila Beach CSD, and San Simeon CSD should consider adopting tiered water rates that target high volume users.

RESPONSE:

Paso Robles' water rate structure, which goes into effect on January 1, 2012, results in a charge for every unit of water used. Typical residential users will experience increases in their monthly bills of approximately 60%. This rise is expected to promote conservation. Also, the City did consider tiered water rates but could not gain public support; in fact it has taken 4 years to adopt consumption based rates (which face yet another legal challenge).

FINDING 5: Apartment buildings in the seven cities and urban areas outside of the cities typically do not have water meters that register indoor water use for individual units.

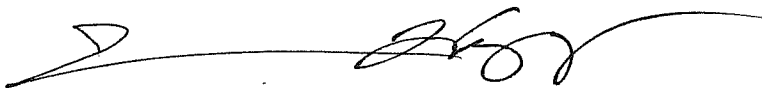
RECOMMENDATION 5: The cities and County should consider adopting an ordinance that would require new apartment buildings to have meters that register indoor water used by individual units. To reduce costs, meters could be a type intended only for use by apartment building owners, instead of those supplied by water providers for water service hook-ups.

RESPONSE:

Approximately 400 of 10,000 Paso Robles water customers are classified as residential multi-family and the larger of those complexes are not individually metered. Multi-family usage accounts for less than 10% citywide water usage. While we agree that individual unit metering may encourage some occupants to save water, the overall potential savings ranks low among other programs with higher potential savings. Should the community's conservation falter, multi-family metering could be a future refinement.

In summary, public awareness, conservation initiatives, and anticipated price increases have already resulted in significant reductions in water use - reductions that are expected to continue once rate increases go into effect.

Sincerely,

A handwritten signature in black ink, appearing to read 'James L. App', with a long horizontal line extending to the left.

James L. App, City Manager