



Dear Property Owner/Tenant:

Pursuant to the requirements of Proposition 218 and Article XIII of the California Constitution, this notice provides information regarding proposed rate increases for City of Paso Robles water services. The proposed rate increases will be presented to the City Council for adoption on the date, time and location specified below in the NOTICE OF PUBLIC HEARING.

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Notice of Public Hearing Regarding Proposed Increase in Water Rates

Notice is hereby given that a public hearing on the proposed rate increases to water rates will be held by the City Council on:

Date: Tuesday, August 19, 2008

Time: 7:30 p.m.

**Place: City of Paso Robles, Council Chambers
1000 Spring Street, Paso Robles CA 93446**

This notice has been sent to all City property owners/tenants receiving water services. If adopted, the proposed Plan of rate increases would become effective January 1, 2009. The proposed Plan provides for subsequent annual increases each January 1st, up to and including January 1, 2013. This notice also describes how to file a protest against the proposed rate increases.

All property owners/tenants and other interested parties are invited to attend the public hearing and be heard on the proposed rate increases.



GOVERNOR PROCLAIMS DROUGHT

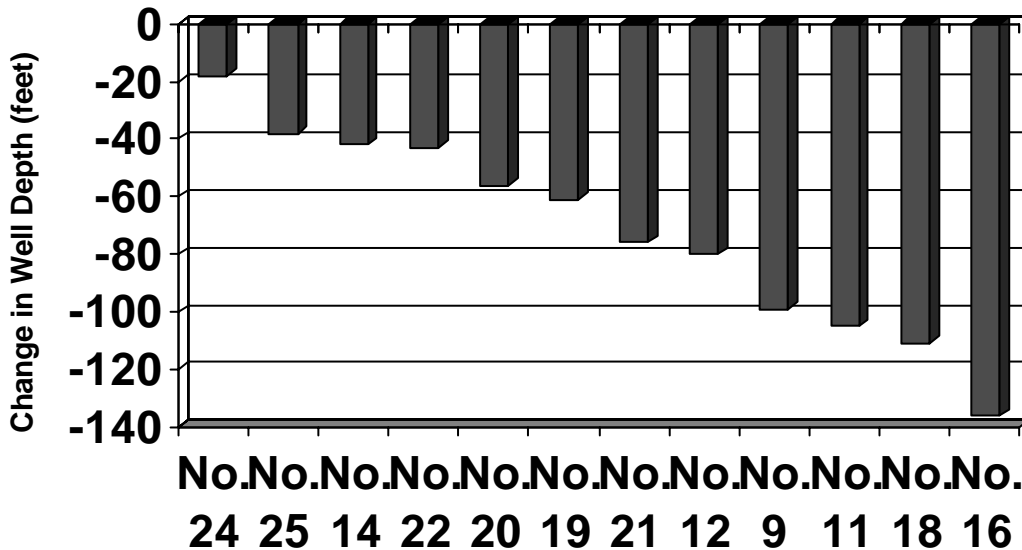
On June 4, 2008, Governor Schwarzenegger, warned the citizens that the State’s water supply is falling dangerously low due to multiple seasons of below-normal rainfall. This situation has been exacerbated by the scores of wildfires already being battled throughout the state at the beginning of the fire season.

Multiple years of limited rainfall and increased pumping have resulted in the Paso Robles groundwater basin becoming stressed. In fact, water levels in the basin are dropping at a rate of 3,300 acre feet per year. As a result, our wells must be pushed deeper into the basin, they become less productive, and the water that is pumped is of a poorer quality with increased hardness and higher salt content.

The conditions noted especially affect the City’s production capability during times of high demand. On June 23, 2008 the City asked citizens to reduce water usage by 25% because demand once again exceeded production capabilities – as has been the case the past two summers.

Water levels in the city wells also are declining over time. Below is a graphic showing how much water levels have dropped in recent years. More information is available on the Paso Robles Water Project website, (www.pasorobleswaterproject.com).

Change in Well Depth



PROPOSED WATER RATES

The proposed water rate structure includes both a fixed monthly rate based on meter size and a variable rate component based on usage. The consumption component for single-family homes would be tiered for basic health and sanitation needs. Below is a schedule of the proposed fixed and variable rate components. The typical residential home uses a 5/8" or 3/4" meter.

Meter Size (inches)	Current Rates	2009	2010	Projected 2011	Projected 2012	Projected 2013
		Proposed Monthly Fixed Service Charge				
5/8" & 3/4"	\$ 18.00	\$ 18.00	\$ 19.98	\$ 22.48	\$ 24.95	\$ 24.95
1"	\$ 18.00	\$ 25.20	\$ 27.97	\$ 31.47	\$ 34.93	\$ 34.93
1 1/2"	\$ 18.00	\$ 32.40	\$ 35.96	\$ 40.46	\$ 44.91	\$ 44.91
2"	\$ 18.00	\$ 52.20	\$ 57.94	\$ 65.18	\$ 72.36	\$ 72.36
3"	\$ 18.00	\$ 198.00	\$ 219.78	\$ 247.25	\$ 274.45	\$ 274.45
4"	\$ 18.00	\$ 252.00	\$ 279.72	\$ 314.69	\$ 349.30	\$ 349.30
6"	\$ 18.00	\$ 378.00	\$ 419.58	\$ 472.03	\$ 523.95	\$ 523.95
8"	\$ 18.00	\$ 522.00	\$ 579.42	\$ 651.85	\$ 723.55	\$ 723.55

Proposed Consumption Variable Charge (\$/HCF*)						
Volume Rate	\$/HCF	\$/HCF	\$/HCF	\$/HCF	\$/HCF	\$/HCF
All Customers Except Single Family						
All Usage	\$ 1.28	\$ 2.56	\$ 4.22	\$ 4.86	\$ 5.00	\$ 5.15
Single Family Customers						
0-5 HCF	\$ 1.28	\$ 2.18	\$ 3.59	\$ 4.13	\$ 4.25	\$ 4.39
Over 5 HCF	\$ 1.28	\$ 2.56	\$ 4.22	\$ 4.86	\$ 5.00	\$ 5.15

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



<u>Single Family**</u>	Current	<u>Typical Monthly Bills</u>				
Low User - 5 HCF/mo	\$ 24.40	\$ 28.88	\$ 37.93	\$ 43.12	\$ 46.21	\$ 46.85
Med. User - 18 HCF/mo	\$ 41.04	\$ 62.16	\$ 92.84	\$ 106.27	\$ 111.26	\$ 113.85
High User - 45 HCF/mo	\$ 75.60	\$ 131.28	\$ 206.89	\$ 237.43	\$ 246.35	\$ 252.99
Commercial						
Low User - 15 HCF/mo	\$ 37.20	\$ 56.40	\$ 83.84	\$ 95.34	\$ 100.00	\$ 102.25
Med User - 30 HCF/mo	\$ 56.40	\$ 94.80	\$ 146.70	\$ 168.21	\$ 175.05	\$ 179.55
High User - 60 HCF/mo	\$ 94.80	\$ 171.60	\$ 273.42	\$ 313.93	\$ 325.15	\$ 334.10

**All typical bills are based on one 3/4 inch meter.



HOW DO I PROTEST THE PROPOSED RATE INCREASE?

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 increases, you may submit a written protest regarding the proposed rate increases. Protests must be filed in writing with the City Clerk of the City of Paso Robles. They may be filed with the City Clerk at any time before the close of the public hearing. Written protests may be mailed or hand delivered to the City Clerk at 1000 Spring Street, Paso Robles, CA 93446.

Any written protest must be signed by the property owner or the customer responsible for payment of the fees and it must include service address or assessor's parcel number (APN). Only one protest may be filed per parcel or service address. Should written protests be filed by a majority of owners/tenants by the close of the August 19, 2008 public hearing, the proposed rate structure cannot be adopted and another rate structure would have to be proposed.

For more information or questions about the proposed water rate increases, you may contact the Department of Administrative Services (City Utility Billing) at 805-237-3999 OR visit the Paso Robles Water Project at www.PasoRoblesWaterProject.com.

