



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

CITY COUNCIL AGENDA
ADJOURNED REGULAR MEETING
AND PUBLIC WORKSHOP

Wednesday, January 6, 2010 6:30 PM

**MEETING LOCATION: PASO ROBLES LIBRARY/CITY HALL
CONFERENCE CENTER, 1000 SPRING STREET**

CALL TO ORDER – Downstairs Conference Center

ROLL CALL Councilmembers Nick Gilman, John Hamon, Ed Steinbeck, Fred Strong, and Mayor Duane Picanco

PUBLIC COMMENTS

This is the time the public may address the Council on items other than those scheduled on the agenda. **PLEASE SPEAK DIRECTLY INTO THE MICROPHONE AND BEGIN BY STATING YOUR NAME AND ADDRESS. EACH PERSON AND SUBJECT IS LIMITED TO A 3-MINUTE DISCUSSION.** Any person or subject requiring more than three minutes may be scheduled for a future Council meeting or referred to committee or staff. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that item is being considered.

1. Community Water Rates

D. Monn, Public Works Director

A public workshop to discuss the pricing strategy for water rates.

OPTIONS:

- a. Receive community input regarding water rates.

ROLL CALL VOTE

ADJOURNMENT:

CHAMBER OF COMMERCE ANNUAL GALA ON SATURDAY, JANUARY 16, 2010, AT THE PASO ROBLES INN BALLROOM

THE REGULAR MEETING AT 7:30 PM ON TUESDAY, JANUARY 19, 2010, AT THE LIBRARY/CITY HALL CONFERENCE CENTER, 1000 SPRING STREET

Any writing or document pertaining to an open session item on this agenda which is distributed to a majority of the City Council after the posting of this agenda will be available for public inspection at the time the subject writing or document is distributed. The writing or document will be available for public review in the City Clerk's Office, 1000 Spring Street, Paso Robles, CA, during normal business hours, and may be posted on the City's web site at <http://www.prcity.com/government/citycouncil/agendas.asp>.

All persons desiring to speak on an agenda item are asked to fill out Speaker Information Cards and place them at the Staff Table prior to public discussion of that item. Each individual speaker will be limited to a presentation total of three (3) minutes per item.

AMERICANS WITH DISABILITIES ACT Any individual, who because of a disability needs special assistance to attend or participate in this meeting, may request assistance by contacting the City Clerk's Office (805) 237-3960. Whenever possible, requests should be made four (4) working days in advance of the meeting.

***THE DEADLINE FOR SUBMITTING ITEMS FOR THE NEXT
REGULAR COUNCIL MEETING IS JANUARY 8, 2010***

TO: City Council
FROM: Doug Monn, Director of Public Works
SUBJECT: Community Water Rates – Public Workshop
DATE: January 6, 2010

NEEDS: For the City Council to conduct a public workshop to discuss the pricing strategy for water rates.

- FACTS:**
1. Water demand exceeds supply.
 2. On January 20, 2009, Council adopted revised water rates that would address supply and distribution shortfalls.
 3. That action was subject to a referendum petition and special election held November 3, 2009.
 4. Voters rejected “Measure A 09”.
 5. Water rates pay for water for existing customers; growth is taking care of itself.
 6. \$13 Million per year is needed to provide water to the existing community. Current revenue is just \$6.3 Million per year.
 7. A water rate adjustment is necessary to cover the cost to provide existing customers drinking water.
 8. Various pricing strategies could be used to establish a water rate adjustment.
 9. On December 15, 2009, Council set January 6, 2010, as the date for a public workshop to discuss water rate pricing strategies.

ANALYSIS &

CONCLUSION: In July 2004, a contract was executed for Nacimiento water and user fees approved to help pay for it. Initially, the rate plan called for \$6/month increasing by \$6/month every year until we reached \$36/month.

In early 2007, project cost estimates were refined indicating a need to increase the maximum monthly charge from the planned \$36 to \$60. Pursuant to a July 2006 California Supreme Court ruling, this rate modification was introduced through the Proposition 218 protest ballot process. Only 109 protests were received (out of 10,000+). However, a referendum petition containing 1,445 signatures (just 10% of voters) was received. The City honored the petitioners request to consider a different rate structure – one that was based entirely on consumption (i.e., no fixed monthly amount).

A consumption-based rate was presented October 2007. Only 1,270 protest ballots were filed. However, opponents urged the City to commission a third party professional rate study. So, Kennedy Jenks Consultants was engaged in January 2008. Once the rate study was completed, rates were again proposed – this time a combined fixed/consumption based formula - in July 2008.

And again, responding to citizen concerns, the City suspended consideration just a few months later to develop a more modest plan. The “pay-as-you-go” plan – an 8 year phased rate built around smaller staged improvements with cash only (no loans) – was introduced September 2008. Another protest ballot yielded less than 1,800 protests. But, a change in the law limiting rate plans to 5 years was implemented in January 2009 and another referendum petition (of just 11% of registered voters) was filed.

After two years presenting 4 different rate proposals, the City, noting that the question is not whether to pay but how, and facing the prospect of developing yet another plan only to be opposed again by a small minority, decided it was time to call an election.

The election drew only 37% (5,371) of 14,563 registered voters. The rate plan was not approved by a margin of approximately 500 votes.

\$13 million per year is needed to provide the existing community water; current revenue is \$6.3 million. A new water rate is needed to cover the difference.

Ratepayers have expressed the desire for “tiered water rates” whereby the price per unit of water increases with consumption. In addition, some have voiced concern for pricing supports for low-income customers.

The workshop provides the community an opportunity for input to rate setting. Council intends to consider an alternative water rate at their January 19, 2010, meeting.

POLICY

REFERENCE: General Plan, Urban Water Management Plan, Integrated Water Resource Plan, and Water Master Plan.

FISCAL

IMPACT: Hosting a workshop to discuss pricing strategies is part of the City’s overall water rate study expense.

OPTIONS:

- a. Receive community input regarding water rates.
- b. Amend, modify or reject the option above.