



Paso Robles Water Project
STAY INFORMED!

FREQUENTLY ASKED QUESTIONS

Q: Why did the City choose this project as the solution?

A: Over the last two decades, the City has commissioned dozens of studies related to water issues. The result: the City needs to diversify its water supply or the demand may soon exceed the supply. In fact, many alternative water sources were carefully evaluated including: recycled water, desalination, and potential new reservoirs. After years of study and numerous public hearings, the most viable, high quality and cost-effective water source was our own Lake Nacimiento.

Q: The price tag for Paso's share in the Nacimiento Water Project plus the water treatment plant is \$100 million today. Could that number increase like the Los Osos Sewer Project?

A: The City's Nacimiento supply and proposed water treatment plant should not be confused with any of the Los Osos issues. Here's why:

Los Osos suffers from a complete lack of wastewater infrastructure other than individual septic systems and from a long lag between completion of design and construction. Paso Robles' project will bring a supplemental water source to our community conveyed through a water delivery system that is now under construction. Over half of that work is under construction with firm construction contracts in place, so the actual costs of that portion of the work are known. The actual cost of the treatment plant facilities won't be known until bids are in and actual subsurface and permit conditions are established. We will keep you informed.

Q: What exactly is the water rate increase for?

A: The water rate increase is to pay for an alternative, better quality and additional water supply. This project was intentionally designed to alleviate our immediate underground water supply and quality issues and develop a long-term water resource plan for the benefit of the community with the lowest possible financial burden.

Q: Is there any other option instead of increasing our water rates? Who would carry the burden of the Nacimiento project if customers do not pay; how would the debt service be paid?

A: Just like milk and gasoline, we pay for water as we use it. Other ways to cover the cost of water could be some form of tax - but a tax would mean small users would subsidize heavy users. If water customers do not pay the full cost of what they consume, then existing tax revenue would have to. If existing tax revenues are used, then current public services (like library, parks, pools, recreation, etc.) would have to be significantly reduced.

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Q: The proposed water rates may triple over the next few years — why?

A: We understand this concern, no one wants to pay higher rates for water, especially without a valid set of reasons and factual support. We have researched this project in depth, looked at all of our options and we feel this project is in the best interest of the community. A few facts:

- *Demands on our groundwater aquifer are increasing*
- *Groundwater levels have been dropping every year*
- *At the same time water quality is diminishing due to salts and hardness.*
- *Nacimiento Lake water will give us better quality and a more reliable water supply*

Q: Ratepayers have been paying a Nacimiento rate component for months, where are the current funds generated being used today? What additional increases are expected and when?

A: We understand the concern about where these funds are going and future rate increases. The \$6 monthly flat fee was put into effect in August 2004 and later raised to \$18 per month. This is being used to pay the City's portion of the Nacimiento Water Project's design costs and reduce the amount that must be financed to construct a water treatment plant. However, this falls well short of the money that will actually be needed to pay for the completed project. The additional water rate increase coupled with increased new development connection fees are planned to go into effect in January 2009.

Q: Why do I have to pay more for water when the drop in the water table is caused by grape growers outside of town? Are there any steps being taken to address this?

*A: We understand this perceived unfairness and are doing all we can to make sure everyone shares equally in the financial burden this project may bring. The reality we all face is that California water law states that overlying land owners have the right to put ground water to reasonable, beneficial use. What this means is that municipalities are viewed as having “**junior water rights**” as compared to those of surrounding landowners. For this reason, dependency on ground water can leave a City on shaky ground.*

Contracts for surface water such as Nacimiento Water are simply more reliable. The City and County are working together to monitor groundwater resources, and have initiated efforts with area land owners to collectively manage the resource for the long-term.

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Q: How will cost increases be shared among different customer segments?

A: The foundation of setting both the water rates and the connection fee schedule for new development was that all pay their fair share in the City's water system. To that end, new development's share in each component of the water system was taken into account in establishing a revenue program from both the water rates and connection fees.

The recommended water rate structure is one in which everyone with a water service would pay a fixed monthly rate, then pay for the actual amount of water used. In other words, the more you use, the more you pay. Large customers (such as a high commercial user or an apartment complex) would pay a higher fixed monthly rate that reflects the proportion of the existing water system that has been designed to meet that large user's needs.

For the water connection fee, the recommended fee would pay for one-half of the City's current entitlement in the Nacimiento Water Project and one-half of the proposed water treatment plant costs. Further, revenue from new development would be used to secure additional Nacimiento entitlement over time. In other words, securing additional water supplies would be fully paid by new development.

Details about the proposed water rate structure and the connection fee analysis were presented at the July 1, 2008, City Council meeting and the staff report from that session contains copies of the water rate study and the water capacity charge analysis.

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