



City of Grover Beach

**PRESS RELEASE
FOR IMMEDIATE RELEASE**

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Water Rates Explained

by Grover Beach City Manager Bob Perrault

As we all know, water is a precious commodity and for those of us living or working in the City of Grover Beach, the costs for providing water are going up. On Monday, June 21, 2010, the City Council will conduct a public hearing to entertain protests or comments regarding staff recommended adjustments to water rates to cover the cost of producing water. In an effort to inform the rate payer about water costs and the need for the adjustments, I would like to provide you with a little background:

Working with the City's water partners, the Cities of Arroyo Grande and Pismo Beach and the Oceano Community Services District, the City of Grover Beach is allocated approximately 2,207 acre ft. of water per year. An acre ft. is enough water to serve 2.5 single family residents annually. Approximately 1,407 acre ft. or 64% of this allocation is pumped from the water basin that lies beneath our communities. The remainder of the allocation, 800 acre ft. or 36% of the total is made available from water stored at the Lopez Lake Reservoir. The City of Grover Beach is currently using 91% of our total allocation and, although the City continues to look for alternative sources of water, no reliable alternative source is readily available.

Lopez Lake and its water management, treatment, and production facilities are owned and operated by the County of San Luis Obispo. All of the costs associated with the production of water are paid for proportionately by the contracted users of the water, including the City of Grover Beach. In 2006/2007, the County was required by state and federal mandates to upgrade the treatment plant. The cost of these upgrades was \$26 million. The City is required to pay for its share of upgrades and operational costs associated with the new plant. In just a few years, the City's cost for water received from Lopez Lake has risen dramatically. In FY 07-08, these costs went from \$755,932 to an estimated \$1,207,200 in FY 10-11. In three short years, these costs have risen approximately 60%.

The increase in the County's costs to the City of Grover Beach is the primary reason we are seeking the Council's authorization to increase water rates at this time. The recommended rate adjustments, if approved, will increase the residential consumer's bill on average between 25% and 40% every two months. The actual amount of the increase will depend on the volume of use and the size of the meter providing the use. For example, an average single family customer with a ¾-inch meter, consuming 22 units of water in a two-month period would see the bi-monthly water portion of the bill increase from \$65.30 to \$82.50 for a \$17.20 increase. A residential customer with a 1-inch meter would have an increase from \$65.30 to \$94.00 for an increase of \$28.70 in the water portion of the bi-monthly bill. A typical commercial customer using 12 units of water with a 1-inch meter can expect to see the water portion of the bi-monthly bill increase from \$69.42 to \$122.70 for an increase of \$53.28.

The City of Grover Beach operates its water utility as an "enterprise fund", which means all revenues collected for water sales are used to cover expenditures associated with water production *only* and can be used for no other purpose. The City continues to offer quality water at a very comparable rate when evaluated with other water utilities. For further information, please contact the City of Grover Beach City Management Office at (805) 473-4567.

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