

Response to Grand Jury Report Form

Report Title: Rate Setting as a Water Conservation tool

Report Date: June 8, 2011

Response by: Peter Kelley Title: President

FINDINGS

- I (we) agree with the findings numbered: 2 & 6
- I (we) disagree wholly or partially with the findings numbered: _____
(Attach a statement specifying any portions of the findings that are disputed;
include an explanation of the reasons.)

RECOMMENDATIONS

- Recommendations numbered _____ have been implemented.
(Attach a summary describing the implemented actions.)
- Recommendations numbered 6 have not yet been implemented,
but will be implemented in the future.
(Attach a timeframe for the implementation.)
- Recommendations numbered 2 require further analysis.

(Attach an explanation and the scope and parameters of an analysis or study,
and a timeframe for the matter to be prepared for discussion by the officer or
director of the agency or department being investigated or reviewed, including
the governing body of the public agency when applicable. This timeframe shall
not exceed six months from the date of publication of the grand jury report.)

- Recommendations numbered _____ will not be implemented
because they are not warranted or are not reasonable.

(Attach an explanation.)

Date: 8-23-11 Signed: Peter Kelley

Number of pages attached 2



AVILA BEACH COMMUNITY SERVICES DISTRICT

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August 23, 2011

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

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

Dear Judge Crandall,

The Avila Beach CSD is in receipt of your recent report "Rate Setting as a Water Conservation Tool" and offers the following responses to your findings and recommendations.

Finding 2

The Avila Beach CSD has a uniform water rate that does not increase unit cost as consumption increases.

Recommendation 2

Avila Beach CSD should consider adopting tiered water rates that target high volume users

Response

Tiered water rates addressing high volume users will be studied in the near future as our District is currently in the process of initiating a connection fee and service rate analysis. However, it should be noted that 81% of the District's customers are already at minimum usage or less. Additionally, this District's residential per capita consumption is one of the lowest in the County (approximately 55 gal/day per person), reflecting the general awareness of the need to conserve water. One reason this is also possible is the fact that a number of residences and commercial properties utilize a substantial portion of the lot area. Thus outdoor landscaping is minimal. Also, being a small district with only approximately 335 connections, the unit cost of water and corresponding water rates are already substantial, thereby creating an economic disincentive to excessive water use.

In any event, a contract for our rate study was approved by our Board on August 9, 2011 and will investigate tiered water rates as part of that study. Our Board of Directors will consider those rates at a later time this fiscal year.

Finding 6

The Avila Beach CSD bases its residential sewer base charges on volume of water consumed and does not clearly indicate on the bills that water volume affects sewer charges.

Recommendation 6

The District should consider revising sewer bills to show that water usage affects sewer charges.

Response

The Avila Beach CSD has a very small customer base and has utilized a specially developed billing program meeting the needs of our District. This program currently does not allow for a seamless inclusion of separate information indicating impacts to sewer fees as related to water use. However, the District will look into the costs of other programs that may allow for additional informational items to be included on the billing. While this research is being completed, the District will initiate a quarterly "fact sheet" to be included with the water and sewer bill advising that sewer rates are based on water consumption. Additionally, the District is currently in the process of establishing a web site that will have the water and sewer rates shown. This web-site will allow for the District to keep our customers informed of many items that may be of interest, including water and sewer rates and the current rate structure.

If you should need any further information, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in blue ink that reads "Peter P. Kelley". The signature is fluid and cursive, with the first name "Peter" and last name "Kelley" clearly legible.

Peter Kelley
President

Cc: San Luis Obispo County Grand Jury