



city of san luis obispo

879 Morro Street • San Luis Obispo, CA 93401

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July 20, 2011

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

RECEIVED
SLO COUNTY GRAND JURY

mab

Dear Judge Crandall,

On July 19, 2011, the San Luis Obispo City Council reviewed the Grand Jury's report "Rate Setting as a Water Conservation Tool". The City Council concurs with the findings in the report and one of the two recommendations relative to the City of San Luis Obispo as detailed in the enclosed staff report.

The City of San Luis Obispo is a leader in the State and County relative to water conservation practices and has been ever since the late 1980's when our community faced a very challenging drought period and limited water resources. The City is planning to implement recommendation #3 in the Grand Jury's report by the end of this year. Recommendation #5 relative to separate water meters for apartment buildings is much more complex. The City will not be pursuing this recommendation at this time. Please refer to the enclosed staff report for more detailed discussion on the two recommendations.

The Council appreciates the findings made by the Grand Jury and its efforts to conserve water resources in the County. If there are questions or comments regarding the City's response to the report, please do not hesitate to contact Gary Henderson, Water Division Manager, at 781-7237.

Respectfully submitted,


Katie Lichtig
City Manager

Enclosure: July 19, 2011, Council Agenda Report

c: San Luis Obispo County Grand Jury





COUNCIL agenda report

Meeting Date	7-19-2011
Item Number	

CITY OF SAN LUIS OBISPO

FROM: Carrie Mattingly, Utilities Director
Prepared By: Gary W. Henderson, Water Division Manager

SUBJECT: RESPONSE TO THE GRAND JURY REPORT, "RATE SETTING AS A WATER CONSERVATION TOOL"

RECOMMENDATION

Direct the City Manager to submit a response to the Grand Jury Report titled, "Rate Setting as a Water Conservation Tool" to the Presiding Judge of the San Luis Obispo Superior Court, with a copy to the Grand Jury, by September 8, 2011.

DISCUSSION

Background

The San Luis Obispo County Grand Jury prepared a report titled "Rate Setting as a Water Conservation Tool" (Attachment 1). The report includes a total of six findings and six recommendations. The City of San Luis Obispo is required to respond to two of the findings and two of the recommendations. These findings and recommendations are discussed below. A draft letter has been written in response to the Grand Jury's report and is attached for the Council's consideration (Attachment 2).

Grand Jury Findings and Recommendations: City Response

The City of San Luis Obispo is required to respond to Grand Jury findings and recommendations 3 and 5. Each finding and recommendation is listed with the recommended response.

Finding 3: Only Atascadero MWC bills show rate tiers, tier consumption and tier charges.

Recommended Response: The City agrees with this finding. The City's existing utility billing system is not capable of showing rate tiers, tier consumption, and tier charges.

Recommendation 3: Arroyo Grande, Grover Beach, Morro Bay, Pismo Beach, San Luis Obispo, Cambria CSD, Heritage Ranch CSD, Los Osos CSD, Nipomo CSD, San Miguel CSD, and Templeton CSD should consider revising water bills to show rate tiers, water usage for each tier and the charges for each tier.

Recommended Response: This recommendation will be implemented in 2012. The City is in the process of replacing its existing utility billing system and anticipates the new system will be operational in early 2012. With the implementation of the new system, enhancements to the information displayed on the utility bills will occur. The new utility billing software will require

modifications to display the level of detail that is recommended by the Grand Jury. There is project funding currently identified specifically for custom reports, one of which meets the level of detail outlined by the Grand Jury.

Finding 5: Apartment buildings in the seven cities and urban areas outside of the cities typically do not have water meters that register indoor water use for individual unit.

Recommended Response: The City agrees with this finding. Typically apartment buildings have one water meter that serves the entire complex. There is often a separate meter for landscape irrigation purposes.

Recommendation 5: The cities and the county should consider adopting an ordinance that would require new apartment buildings to have meters that register indoor water used by individual units. To reduce costs, meters could be a type intended only for use by apartment building owners, instead of those supplied by water provider for water service hook-ups.

Recommended Response: Although this recommendation will not be implemented, the City of San Luis Obispo has been strongly encouraging new apartment buildings to provide individual meters in the sidewalk area along street frontage for each unit. For smaller apartment complexes, this recommendation has been implemented on several projects. It should be noted that there is not a significant cost impact relative to the cost of the water meters in these cases. The City of San Luis Obispo charges water and sewer impact fees based on the number of apartment units in a new complex, not the number of water meters. The actual cost of the individual water meters are less than \$100 but would require additional piping from the meter into each apartment.

For large apartment complexes, requiring separate water meters along the street right-of-way in the sidewalk may prove much more difficult. Based on City policy, the City is responsible for the water system up to and including the water meter for each unit. For large complexes, the City requires one large meter along the street right-of-way to limit future responsibility for onsite water systems.

The City will continue to encourage the installation of separate water meters for each individual apartment for new projects where reasonable. Individual “sub-meters” could be recommended onsite for the individual property owner’s apportionment of the water bill. There is legislation (AB19) being proposed that would require all new multi-unit residential structures, or newly constructed multi-unit residential and commercial structures, to have individual water meters to each unit. Attachment 3 is a copy of the proposed legislation.

The requirements outlined in the proposed legislation demonstrate the complexities associated with requiring sub-meters. Issues such as periodic testing of the meter accuracy, reading meters to coincide with the date that the City would read the master meter, and who would pay for the costs for reading the sub-meters and processing the bills are challenging and will require thorough discussion to ensure equity among all parties involved.

It is anticipated that AB 19 will likely be acted on in 2012. There will need to be much more discussion and modification to the requirements of the proposed legislation to build consensus among all parties affected by this legislation.

Based on the discussions above, the City of San Luis Obispo will not be evaluating an option to amend the Municipal Code, at this time, to require individual meters for all new apartment units.

FISCAL IMPACT

There is no fiscal impact associated with this letter of response to the Grand Jury.

ALTERNATIVE

The Council may choose to modify the attached response letter to the Grand Jury and Presiding Judge.

ATTACHMENTS

1. Grand Jury Report – “Rate Setting as a Water Conservation Tool”
2. City Council response to the Grand Jury’s report
3. Draft Assembly Bill No. 19