



August 19, 2011

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Lee Stephens, Foreperson
San Luis Obispo County Grand Jury
P.O. Box 4910
San Luis Obispo, CA 93403

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RECEIVED
SLO COUNTY GRAND JURY

President
Marshall E. Ochylski

Subject: Rate Setting as a Water Conservation Tool

Vice President
Leonard A. Moothart

Dear Mr. Stephens,

Directors
Craig V. Baltimore
David S. Vogel
R. Michael Wright

This letter has been prepared in response to the Grand Jury report, "Rate Setting as a Water Conservation Tool," which was attached to your letter, dated June 8, 2011. That report contained a requirement for the Los Osos Community Services District (LOCSD) to respond to Finding 3 and Recommendation 3. Please consider this our official response, as directed by the LOCSD Board of Directors at their regular meeting of September 1, 2011.

General Manager
Dan Gilmore

In considering the Grand Jury report, LOCSD staff reviewed the District's water conservation efforts, as well as those planned as part of the County's Los Osos Wastewater Project. In addition, the cost to modify the District's billing statements to provide the requested information was investigated. Staff then compared this information to determine whether there was value in pursuing this request.

District Accountant
Amparo Haber

Chief
Robert Lewin

The LOCSD encompasses virtually all of the community of Los Osos. The District's water service area is a subset of the whole, serving just under half of the community through approximately 2,745 water service connections. Two other water purveyors, Golden State Water Company and S&T Mutual Water Company, serve most of the rest of Los Osos. Several private well owners also share our groundwater basin.

Battalion Chief
Phill Veneris

For a relatively small water utility the LOCSD has a fairly aggressive water conservation program. Our efforts include a tiered water rate structure, providing customized water conservation kits, conducting water audits, and public education and outreach. The District's outreach efforts include information on the District website at <http://www.losososcsd.org/cm/utilities/water-conservation.html>. We provide conservation messages in our annual Water Quality Reports, on our public access television channel, in our lobby, as bill stuffers, and at special community events. We also participate in a grade-school education program. Our tiered water rate structure can be found on the District's website at: <http://www.losososcsd.org/Library/Utilities/2011-LOCSD-WATER-RATES.pdf>

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As a result of our water conservation efforts, we have documented around 15-20% water savings. The County's wastewater project has been conditioned to provide funding and procedures to ensure that every property within the sewer service area will be retrofitted with low-flow toilets, showerheads and faucets. Once the process of retrofitting existing properties is complete, indoor water usage is expected to be less than 50 gallons per person per day.

With the relative success of our water conservation efforts, coupled with the County wastewater project conditions for retrofitting, there is some concern that providing an additional message on District water bills about tiered water rates will not result in additional water conservation at an appreciable level.

To complete our evaluation of your request, we asked the vendor of our utility billing software what it would take to include a simple table indicating the tiered water rate structure. Up to this point, we have used a generic template for our water bills as a cost savings measure. Staff was informed that the cost to modify the template to provide the information would cost \$1,125 for the initial setup, and \$315 per year of additional annual maintenance costs. The cost to provide a table that would indicate each customer's water usage by tier was not investigated, but was expected to be substantially higher.

We certainly appreciate the Grand Jury's efforts, and we are confident that water conservation can be improved for many agencies on the Central Coast. However, in consideration of the cost to provide the requested information, and the expectation that the modification of our utility bills would not yield appreciable results, the Grand Jury's request is not deemed to be cost effective for the LOCSD at this time.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Dan Gilmore', written in a cursive style.

W. Dan Gilmore, PE
General Manager