

To: James L. App, City Manager

From: Mike Compton, Director of Administrative Services  
Meg Williamson, Acting Director of Public Works  
Alfredo Cardenas, Utility Manager

Subject: Sewer and Water User Fees

DATE: April 20, 2004

---

Needs:

Consider introduction and first reading of an ordinance modifying sewer and water user fees.

Facts:

1. Current Council policy (via fee ordinance) dictates that user fees be reviewed every two years.
2. The Fiscal Policy also provides that user fees shall recover of the cost of providing services including administrative overhead and depreciation.
3. The current fee ordinance for sewer and water rates provides for annual adjustments based upon the increase in the consumer price index (CPI).
4. The last review by council occurred in October 2001 resulting in fee adjustments that were adopted January 2, 2002 and went into effect March 1, 2002.
5. For water operations, the March 1, 2002 user fee increase was \$0.84 per month, increasing the basic service rate from \$7.80 per month to \$8.64 per month. On July 1, 2003, the CPI adjustment increased the monthly rate to \$8.86 per month.
6. For sewer operations, the March 1, 2002 user fee increase was phased in three increments; March 1, 2002, January 1, 2003 and January 1, 2004.
7. The June 2003 approval of the current budget called for sewer user fees to be further adjusted to provide a 3% franchise fee in three installments; 1% January 1, 2004, 1% July 1, 2004 and 1% January 1, 2005. At March 1, 2002, the rate went from \$12.05 per month to \$15.00 per month. With the January 1, 2003 and 2004 scheduled increases and the first of three 1% franchise fee increases, the \$15.00 per month rose to its' current rate of \$21.86.
8. In spite of phased rate adjustments and annual CPI adjustments, operating revenues have not kept pace with expenses in either sewer or water operations. The continued rise in operating expenses is attributable to electrical utility costs, depreciation, debt service and legal services.

9. Unrelated to operational needs, there is an immediate need to reduce summertime water consumption by 25% due to the lack of sufficient water storage facilities resulting from earthquake damage to Golden Hill water tank #1.
10. As an incentive to conserve water this summer, an adjustment to the current variable rate is proposed. As designed, if customers reduce their water consumption by 25% they would actually pay less under the higher variable rate than they are paying today. Those that don't conserve 25% would pay 17% more at the sampled average of 28,000 gallons of summertime consumption or 20% more at twice the sample average (56,000 gallons).
11. The proposed rate increases were presented to the Council's ad hoc committee on April 8, 2004. The ad hoc committee recommended that the rates as proposed be presented to City Council for adoption.

Analysis  
and  
Conclusion:

There are currently operating shortfalls in both sewer and water operations. The Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003 indicated that the sewer operations had an operating surplus of \$41,121. However, this surplus did not include interest or principal expenses as they are not operating expenses for the purposes of financial reporting. Total debt for fiscal year 2003 was \$754,200. In the case of water operations, it experienced an operating loss of \$475,100. Each operating fund and recommended rate adjustments are highlighted as follows:

**Sewer Operations**

The sewer rate adjustment approved by Council on January 2, 2002 to balance revenues with expenses provided for a phasing of the increase in three increments; March 1, 2002, January 1, 2003 and January 1, 2004. The implementing ordinance also provided for annual CPI adjustments beginning July 1, 2005.

With the adoption of the fiscal year 2004 operating budget, a 3% franchise fee on sewer operations was imposed. Again to minimize impact upon City rate payers, the franchise fee was phased in three increments; 1% January 1, 2004, 1% July 1, 2004 and 1% January 1, 2005. This action by Council also included a provision to accelerate the implementation of annual CPI adjustments from July 1, 2005 to July 1, 2004.

In summary, the current monthly (billed bi-monthly) residential rate is \$21.86. It is scheduled to be increased this coming July 1, 2004 by CPI + 1% followed by another 1% increase January 1, 2005 and CPI adjustments each July 1<sup>st</sup> thereafter. The rate model estimates the CPI adjustments at 2% July 1, 2004, 2.5% July 1, 2005, 3% July 1, 2006 and 3.5% July 1, 2007.

In spite of these future rate adjustments, the rate model indicates a need to further adjust rates by an additional \$0.65 per month beginning July 1, 2004. With these adjustments, it is projected that Sewer Operations will still experience an operating deficit of \$(269,100) in fiscal year 2005, an operating loss of \$(120,600) in fiscal year 2006 and a loss of \$(18,000) in fiscal year 2007. Operations won't become balanced until fiscal year 2008 a positive operating result of \$185,800.

Should the change in CPI be greater than the 2% provided for in the rate model, it is recommended that total increase for July 1, 2004 be adjusted downwards accordingly.

### **Water Operations**

The water rate adjustment approved by Council on January 2, 2002 to balance revenues with expenses has proven to be inadequate due to rising utility costs and depreciation expense on new infrastructure.

The rate model using existing base budget amounts and anticipating CPI adjustments each July 1<sup>st</sup>, indicates that \$4.08 per month is needed to balance operating revenues with operating expenses. As shown, even with the proposed rate increase, fiscal year 2005 would still end with a deficit of \$20,900 followed by modest improvements in results, all positive, out through fiscal year 2008.

Assuming a 2% inflation factor for July 1, 2004, the current monthly basic service water rate (billed bi-monthly) would rise from its current level of \$8.86 to \$13.12, an increase of \$4.26 per month.

### **Water Conservation**

Repair of the quake damaged Golden Hill water tank will not be completed by summertime. This reduction in storage capacity will result in insufficient water storage to satisfy summertime demand at historical consumption levels. Thus, it is the City's primary objective to reduce water consumption by 25% in order to meet summertime water demands.

In addition to a broad based public education campaign to encourage water conservation, it is proposed to modify the user fee structure as an incentive to reduce water consumption by the desired 25%. A 25% reduction represents a 7,000 gallon monthly reduction in average residential water consumption at the sampling level of 28,000 gallons per month. The larger water consumers, a 25% reduction would represent a proportionally higher amount.

The current rate structure contains two components (tiers). The current base rate is \$8.86 per month and provides for nearly 7,500 gallons of water. Each 750 gallons beyond 7,500 gallons is billed at the rate of \$0.77. A sampling of existing water customers indicates that the average monthly summertime water consumption is 28,000 gallons. At this consumption level, a customer's monthly bill would be

\$30.03 or \$60.07 for the bi-monthly billing cycle. This equates to cost per gallon of \$0.001.

It is impossible to gage customer's reaction to either an increase in the variable consumption rate or the public education campaign. However, staff is proposing a "conservation" rate adjustment that provides a dual incentive to reduce water consumption by 25%. It is proposed that the variable rate be increased by 25%, raising the rate from the current \$0.77 per 748 gallons to \$0.96 per 748 gallons. It is expected that this alone will encourage many customers to conserve water in order to reduce their water cost. For those customers that successfully reduce consumption by 25%, their bill would actually be less than they are paying under the current rates. This is illustrated as follows:

Current Billing @ 56,000 gallons (75 units/7,500 cu.ft.):

<u>56,000 gallons</u>	
15,000 included in base rate	= \$17.72
41,000 @ \$0.77 per 750 gallons	= <u>42.35</u>
Total Bi-monthly Bill	<u>\$60.07</u>

Conservation billing assuming a 25% reduction in consumption:

<u>42,000 gallons (56,000 less 25%)</u>	
15,000 included in base rate	= \$17.72
27,000 @ \$0.96 per 750 gallons	= <u>34.56</u>
Total Bi-monthly Bill	<u>\$52.28</u>

In this example, the customer that does not save 25% would pay a total of \$70.52; \$10 more than under the current rates and \$18 more than if they conserved the 25%.

Depending upon the success or failure of these adjustments, water user fees may need further adjustment. Upwards if conservation levels are not achieved and downwards if revenues generated from said rates provide excess revenues.

**\*The monthly billing data provided in this section is not exact as the City bills water and sewer services on a bi-monthly basis.**

### **Discount Program**

Just as a reminder, with the adoption of the increased sewer and water user fees back in early 2002, the Council did adopt a "low fixed income lifeline" rate that provides a discount on both sewer and water fees. The discount is 15% and is applied solely to the fixed rate portion of the sewer and water fee.

The City's discount program is modeled after those currently provided by PG&E and Southern California Edison that provide the following household income criteria:

1 or 2 Persons	Total Combined Income	< \$23,000
----------------	-----------------------	------------

3 Persons	Total Combined Income	< 27,000
4 Persons	Total Combined Income	< 32,500
5 Persons	Total Combined Income	< 38,000
6 Persons	Total Combined Income	< 43,500
Each Additional Person	Add	\$5,500

*Income is from all sources for each person who lives in the household 50% or more of the time.*

A participant in PG&E's or SCE's program automatically qualifies for the City's program so long as they meet the following criteria:

1. Present a current PG&E or SoCalGas bill to the City confirming participation in their program.
2. The service address on the PG&E or SoCalGas account is the same as the service address for City water/sewer account.
3. The billing name on the PG&E or SoCalGas account is the same as the billing name on the City water/sewer account.

Fiscal  
Impact:

Given the current authorization for annual CPI adjustments plus the additional 1% in July 1, 2004 and 1% January 1, 2005, sewer operations will, based upon projected budget, incur a deficit of \$(307,900) in fiscal year 2005, an additional deficit of \$(173,900) in fiscal year 2006 and an additional deficit in fiscal year 2007 of \$(71,000) before ending with a positive result in fiscal year 2008. These projections assume a 2% CPI in fiscal year 2005 followed by 2.5%, 3.0% and 3.5% out through fiscal year 2008.

With an additional 3% this July 1, 2004, the projected deficit in fiscal year 2005 is reduced to \$(210,100) and \$(70,300) in fiscal year 2006 before turning a positive result in fiscal year 2007.

Assuming no adjustment to base budget and approval of an additional 3% increase, sewer rates are projected as follows:

**Monthly Basis**

	<u>Current</u>	<u>7/1/2004</u>	<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>
<b>Fixed Rate</b>	\$ 21.86	\$ 23.18	\$ 23.98	\$ 24.70	\$ 25.58

In the case of water operations, depreciation and utility expenses have had a major impact upon year end results. Even with annual CPI adjustments to user fees and based upon base budget, it is projected that water operations will experience a \$(481,600) deficit. Deficits continue out through 2008 with a projected deficit of \$(335,800). Increasing the flat rate portion of the user fee by \$4.08 per month will generate an additional \$460,700 annually given current number of customers. This base rate adjustment plus annual CPI would nearly eliminate the deficit in fiscal year 2005 and

would, given base budget projections, provide for a positive result in fiscal year 2008 of \$124,900.

Assuming the Council adopts said rate adjustments, the water rates including estimated future annual CPI adjustments would look as follows:

*Monthly Basis*

	<u>Current</u>	<u>5/1/2004</u>	<u>7/1/2004</u>	<u>7/1/2005</u>	<u>7/1/2006</u>	<u>7/1/2007</u>
Fixed Rate	\$ 8.86	\$ 8.86	\$ 13.11	\$ 13.34	\$ 13.61	\$ 13.95
Variable - Base Tier	\$ 0.77	\$0.96	\$0.96	\$0.96	\$0.96	\$0.96

Options:

- a. Introduce Ordinance No. XXX N.S. amending Sections 14.04.020 and 14.16.020 of the City of Paso Robles Municipal Code to adjust sewer and water user fees; and set May 4, 2004, as the date for adoption of said ordinance.
- b. Amend, modify, or reject the above option.

**Water Revenue Requirements**

Exhibit "WO-1"

**Historical and Projected Water Revenue Requirements**

*City of Paso Robles*

	<b>Budget</b>				<b>4-Yr. Planning Horizon (a)</b>		
	<u>FY '00-01</u>	<u>FY '01-02</u>	<u>FY '02-03</u>	<u>FY '03-04</u>	<u>FY '04-05</u>	<u>FY '05-06</u>	<u>FY '06-07</u>
<b>Water Revenue Reqts. (Div. 165 &amp; 127)</b>	\$2,363,876	\$2,770,807	\$2,976,737	\$2,625,300	\$3,138,100	\$3,194,400	\$3,252,400
<b>Other Operating Revenues - Non-Rate Based</b>							
Water Service Installation Fee	87,094	110,522	96,944	95,000	95,000	95,000	95,000
Water Penalties	37,890	39,056	47,806	40,000	40,000	40,000	40,000
Water Turn-on Fees	4,995	6,465	5,880	6,000	6,000	6,000	6,000
Bulk Water Sales	60,588	33,362	44,206	40,000	40,000	40,000	40,000
Other	\$ (1,675)	\$ (7,619)	\$ (4,999)	\$ (5,000)	\$ (5,000)	\$ (5,000)	\$ (5,000)
<b>Total Non-Oper. Rev.</b>	<b>\$188,892</b>	<b>\$181,785</b>	<b>\$189,836</b>	<b>\$176,000</b>	<b>\$176,000</b>	<b>\$176,000</b>	<b>\$176,000</b>
<b>Water Revenue Requirements</b>	<b>\$2,174,984</b>	<b>\$2,589,022</b>	<b>\$2,786,900</b>	<b>\$2,449,300</b>	<b>\$2,962,100</b>	<b>\$3,018,400</b>	<b>\$3,076,400</b>
<b>Operating Revenues</b>							
Water Sales (from current rates) *	\$2,008,216	\$2,160,052	\$2,268,128	\$2,400,000	\$2,400,000	\$2,400,000	\$2,400,000
<b>Operating Surplus (Deficits)</b>	<b>(\$166,768)</b>	<b>(\$428,970)</b>	<b>(\$518,772)</b>	<b>(\$49,300)</b>	<b>(\$562,100)</b>	<b>(\$618,400)</b>	<b>(\$676,400)</b>
<b>Additional Rate Revenue Needed</b>	<b>\$ 166,768</b>	<b>\$ 428,970</b>	<b>\$ 518,772</b>	<b>\$ 49,300</b>	<b>\$ 562,100</b>	<b>\$ 618,400</b>	<b>\$ 676,400</b>
<i>Resid. Flat Rate w/ CPI Rate Increases</i>	<i>\$7.80</i>	<i>\$8.64</i>	<i>\$8.64</i>	<i>\$8.86</i>	<i>\$9.04</i>	<i>\$9.26</i>	<i>\$9.54</i>
<i>Resid. Flat Rate Increase for Operations</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>\$0.00</i>	<i>\$4.08</i>	<i>\$4.08</i>	<i>\$4.08</i>
<i>Total MONTHLY adjusted Rate</i>				<i>\$8.86</i>	<i>\$13.12</i>	<i>\$13.35</i>	<i>\$13.62</i>
<b>Revenue from Rate Increases</b>							
From future rate increases effective on:							
July 1, 2004 CPI @ 2.0%	-	-	-	-	\$80,500	\$80,500	\$80,500
July 1, 2005 CPI @ 2.5%	-	-	-	-	-	\$95,300	\$95,300
July 1, 2006 CPI @ 3.0%	-	-	-	-	-	-	\$97,700
July 1, 2007 CPI @ 3.5%	-	-	-	-	-	-	-
July 1, 2004 Rate Increase @ \$4.08	-	-	-	-	460,700	460,700	460,700
<b>Total - Revenue from Rate Increases</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$541,200</b>	<b>\$636,500</b>	<b>\$734,200</b>
<b>Total Water Service Charges (Including Rate In</b>	<b>\$2,008,216</b>	<b>\$2,160,052</b>	<b>\$2,268,128</b>	<b>\$2,400,000</b>	<b>\$2,941,200</b>	<b>\$3,036,500</b>	<b>\$3,134,200</b>
<b>Ending Operating Reserve (with recommended</b>	<b>\$ (166,768)</b>	<b>\$ (428,970)</b>	<b>\$ (518,772)</b>	<b>\$ (49,300)</b>	<b>\$ (20,900)</b>	<b>\$ 18,100</b>	<b>\$ 57,800</b>

a. Per the proposed Four Year Financial Plan.

**Water Revenue Requirements  
User Fee Calculations**

Exhibit "WO-2"

**Historical and Projected Water Revenue Requirements**

*City of Paso Robles*

Budget Category	Actual			Budget FY '03-04	4-Yr. Planning Horizon (a)			
	FY '00-01	FY '01-02	FY '02-03		FY '04-05	FY '05-06	FY '06-07	FY '07-08
<b>Water Production &amp; Distribution - Div.165</b>								
<b>Employee Services (incl. Benefits)</b>								
*full time	317,084	307,561	276,068	317,100	336,700	360,000	380,600	395,800
*part-time	-	-	10,125	-	-	-	-	-
*overtime	29,700	28,967	34,120	21,000	21,000	21,000	21,000	21,000
*fringe benefits	140,474	139,583	83,406	170,300	196,000	211,100	226,000	235,000
	<u>\$487,258</u>	<u>\$476,111</u>	<u>\$403,719</u>	<u>\$508,400</u>	<u>\$553,700</u>	<u>\$592,100</u>	<u>\$627,600</u>	<u>\$651,800</u>
<b>Maint. &amp; Operations</b>								
*temp services	10,708	13,076	10,260	-	-	-	-	-
*supplies and services	185,721	245,500	208,916	160,600	160,600	160,600	160,600	160,600
*utilities	472,280	787,046	914,142	940,000	940,000	940,000	940,000	940,000
*facilities and maintenance	8,518	27,939	54,636	71,500	71,500	71,500	71,500	71,500
*equipment maintenance	187	-	-	4,000	4,000	4,000	4,000	4,000
*vehicle maintenance	44,265	42,079	34,863	27,400	27,400	27,400	27,400	27,400
*professional services	42,931	34,819	91,038	55,000	55,000	55,000	55,000	55,000
*legal services	2,825	22,808	68,708	43,700	43,700	43,700	43,700	43,700
*travel & training	1,690	938	7,980	8,700	8,700	8,700	8,700	8,700
*depreciation	666,843	697,470	694,214	414,500	830,000	830,000	830,000	830,000
*franchise fees	-	-	-	56,000	56,000	56,000	56,000	56,000
*special projects	-	-	-	25,000	25,000	25,000	25,000	25,000
*charges from other departments	213,796	189,228	198,042	170,600	188,600	196,500	220,000	220,000
	<u>1,649,764</u>	<u>2,060,903</u>	<u>2,282,798</u>	<u>1,977,000</u>	<u>2,410,500</u>	<u>2,418,400</u>	<u>2,441,900</u>	<u>2,441,900</u>
Subtotal - Div. 165 Oper. Exp.	\$2,137,022	\$2,537,014	\$2,686,518	\$2,485,400	\$2,984,200	\$3,010,500	\$3,069,500	\$3,093,700
<b>Water Billing &amp; Cashiering - Div.127</b>								
<b>Employee Services (incl. Benefits)</b>								
*full time	85,857	90,230	95,562	107,500	113,300	118,800	123,500	128,400
*part-time	\$8,667	10,142	18,454	20,900	22,600	24,500	26,500	26,500
*fringe benefits	31,623	33,034	38,483	49,200	58,700	67,100	72,100	75,000
	<u>\$126,147</u>	<u>\$133,406</u>	<u>\$152,499</u>	<u>\$177,600</u>	<u>\$194,600</u>	<u>\$210,400</u>	<u>\$222,100</u>	<u>\$229,900</u>
<b>Maint. &amp; Operations</b>								
*temp services	-	-	14,489	-	-	-	-	-
*supplies and services	30,877	37,047	53,563	20,200	20,200	20,200	20,200	20,200
*utilities	1,850	1,120	1,355	1,300	1,300	1,300	1,300	1,300
*facilities and maintenance	-	-	-	-	-	-	-	-
*equipment maintenance	-	35	104	300	300	300	300	300
*vehicle maintenance	1,746	(3,359)	2,832	2,300	2,300	2,300	2,300	2,300
*professional services	43,300	48,240	41,199	39,900	39,900	39,900	39,900	39,900
*travel & training	2,161	3,021	3,758	3,900	3,900	3,900	3,900	3,900
*depreciation	-	-	-	-	-	-	-	-
*special projects	-	-	-	-	-	-	-	-
*charges from other departments	\$124,931	\$118,898	\$147,225	18,500	21,400	20,400	23,000	23,000
Allocation to Sewer Utility	(104,158)	(104,615)	(126,805)	(124,100)	(125,100)	(130,800)	(147,100)	(147,100)
	<u>\$100,707</u>	<u>\$100,387</u>	<u>\$137,720</u>	<u>(\$37,700)</u>	<u>(\$35,800)</u>	<u>(\$42,500)</u>	<u>(\$56,200)</u>	<u>(\$56,200)</u>
Subtotal - Div. 127 Oper. Exp.	\$226,854	\$233,793	\$290,219	\$139,900	\$158,800	\$167,900	\$165,900	\$173,700
New/expanded Service Requests					\$15,100	\$16,000	\$17,000	\$18,000
Gross Revenue Reqts. (Div. 165 & 127)	\$2,363,876	\$2,770,807	\$2,976,737	\$2,625,300	\$3,138,100	\$3,194,400	\$3,252,400	\$3,285,400

4/9/2004

Exhibit "WO-2"



City of El Paso de Robles  
 Operating and Maintenance Budget  
 Four Year Financial Plan  
 Fiscal Year 2004-05 to 2007-08

Exhibit "WO-3"

PUBLIC WORKS  
 Department No. 310  
 Funding Source:

Water Production & Distribution  
 Division No. 165  
 Fund 600 - Water Operations Fund

	Annual Budget FY 2000-01	Actual Expended FY 2000-01	Annual Budget FY 2001-02	Actual Expended FY 2001-02	Annual Budget FY 2002-03	Actual Expended FY 2002-03	Approved Budget FY 2003-04	Expanded 3/31/2004 FY 2003-04	Base Budget FY 2004-05	Base Budget FY 2005-06	Base Budget FY 2006-07	Base Budget FY 2007-08
<b>EMPLOYEE SERVICES</b>												
5101 Full Time Regular	314,300	317,084	330,000	307,561	353,700	276,068	317,100	198,119	336,700	360,000	380,600	395,800
5102 Part Time						10,125		1,200				
5103 Overtime	21,000	29,700	21,000	28,967	21,000	34,120	21,000	24,969	21,000	21,000	21,000	21,000
Total Salaries & Wages	335,300	346,784	351,000	336,528	374,700	320,313	338,100	224,288	357,700	381,000	401,600	416,800
Employee Benefits	144,800	140,474	142,100	139,583	172,600	83,406	170,300	86,036	196,000	211,100	226,000	235,000
<b>Total Employee Services</b>	<b>480,100</b>	<b>487,258</b>	<b>493,100</b>	<b>476,111</b>	<b>547,300</b>	<b>403,719</b>	<b>508,400</b>	<b>310,324</b>	<b>553,700</b>	<b>592,100</b>	<b>627,600</b>	<b>651,800</b>
<b>MAINTENANCE &amp; OPERATIONS</b>												
5212 Materials & Services	146,000	185,721	160,600	245,500	162,300	208,916	160,600	160,224	160,600	160,600	160,600	160,600
5216 Utilities	500,000	472,280	620,000	787,046	620,000	914,142	940,000	585,048	940,000	940,000	940,000	940,000
5221 Facility Maintenance	65,000	8,518	71,500	27,939	71,500	54,636	71,500	11,510	71,500	71,500	71,500	71,500
5222 Equipment Maintenance	4,000	187	4,000		4,000		4,000	1,010	4,000	4,000	4,000	4,000
5223 Vehicle Maintenance	27,400	44,265	27,400	42,079	27,400	34,863	27,400	23,250	27,400	27,400	27,400	27,400
5224 Professional Services	55,000	42,931	105,000	34,819	55,000	91,038	55,000	35,966	55,000	55,000	55,000	55,000
5225 Legal Services		2,825		22,808	68,700	68,708	43,700	26,958	43,700	43,700	43,700	43,700
5226 Education, Travel & Meetings	1,800	66	8,700	938	8,700	7,980	8,700	4,023	8,700	8,700	8,700	8,700
5227 Resource Investment	1,900	1,624										
5229 Equipment Replacement	414,500	666,843	414,500	697,470	414,500	694,214	414,500	520,650	830,000	830,000	830,000	830,000
Franchise Fees							56,000	52,919	56,000	56,000	56,000	56,000
Temp Services		10,708		13,076		10,260						
5235 Special Projects							25,000	5,403	25,000	25,000	25,000	25,000
5238 Charges from Other Departments	213,800	213,796	183,400	189,228	198,000	198,042	170,600		188,600	196,500	220,000	220,000
<b>Total Maintenance &amp; Operations</b>	<b>1,429,400</b>	<b>1,649,764</b>	<b>1,598,100</b>	<b>2,060,903</b>	<b>1,630,100</b>	<b>2,282,798</b>	<b>1,977,000</b>	<b>1,426,961</b>	<b>2,410,500</b>	<b>2,418,400</b>	<b>2,441,900</b>	<b>2,441,900</b>
<b>DIVISION TOTAL</b>	<b>1,909,500</b>	<b>2,137,022</b>	<b>2,088,200</b>	<b>2,537,014</b>	<b>2,177,400</b>	<b>2,686,518</b>	<b>2,485,400</b>	<b>1,737,285</b>	<b>2,964,200</b>	<b>3,010,500</b>	<b>3,069,500</b>	<b>3,093,700</b>

Exhibit "WO-3"

City of El Paso de Robles  
 Operating and Maintenance Budget  
 Summary Schedule of All Appropriations  
 Four Year Financial Plan  
 Fiscal Year 2004-05 to 2007-08

Exhibit "WO-4"

ADMINISTRATIVE SERVICES  
 Department No. 140  
 Funding Source:

Central Cashiering/Utility Billing  
 Division No. 127  
 Fund 600 - Water Operations

	Annual Budget FY 2000-01	Actual Expended FY 2000-01	Annual Budget FY 2001-02	Actual Expended FY 2001-02	Annual Budget FY 2002-03	Actual Expended FY 2002-03	Approved Budget FY 2003-04	Expended 3/31/2004 FY 2003-04	Base Budget FY 2004-05	Base Budget FY 2005-06	Base Budget FY 2006-07	Base Budget FY 2007-08
<b>EMPLOYEE SERVICES</b>												
5101 Full Time Regular	85,600	85,857	115,800	90,230	126,600	95,562	107,500	77,714	113,300	118,800	123,500	128,400
5102 Part Time	14,900	8,667	-	10,142	-	18,454	20,900	14,731	22,600	24,500	26,500	26,500
5103 Overtime												
Total Salaries & Wages	100,500	94,524	115,800	100,372	126,600	114,016	128,400	92,445	135,900	143,300	150,000	154,900
Employee Benefits	32,800	31,623	43,100	33,034	52,200	38,483	49,200	33,906	58,700	67,100	72,100	75,000
<b>Total Employee Services</b>	<b>133,300</b>	<b>126,147</b>	<b>158,900</b>	<b>133,406</b>	<b>178,800</b>	<b>152,499</b>	<b>177,600</b>	<b>126,351</b>	<b>194,600</b>	<b>210,400</b>	<b>222,100</b>	<b>229,900</b>
<b>MAINTENANCE &amp; OPERATIONS</b>												
5212 Materials & Services	24,400	30,877	31,600	37,047	22,300	53,563	20,200	30,485	20,200	20,200	20,200	20,200
5216 Utilities	2,500	1,850	2,500	1,120	2,500	1,355	1,300	1,065	1,300	1,300	1,300	1,300
5221 Facility Maintenance												
5222 Equipment Maintenance	300	-	300	35	300	104	300	58	300	300	300	300
5223 Vehicle Maintenance	2,300	1,746	2,300	(3,359)	2,300	2,832	2,300	1,453	2,300	2,300	2,300	2,300
5224 Professional Services	39,900	43,300	39,900	48,240	39,900	41,199	39,900	37,918	39,900	39,900	39,900	39,900
Temp Services						14,489						
5225 Legal Services												
5226 Education, Travel & Meetings	1,500	1,947	3,900	3,021	3,900	3,758	3,900	129	3,900	3,900	3,900	3,900
5227 Resource Investment	1,500	214							8,900	8,900	8,900	8,900
5229 Equipment Replacement												
5230 Insurance Prop./Liability												
5235 Special Projects												
5238 Charges from Other Departments	20,800	20,773	19,000	14,283	20,400	20,420	18,500	13,878	21,400	20,400	23,000	23,000
5239 Charges to Other Departments	(104,200)	(104,158)	(107,300)	(104,615)	(126,800)	(126,805)	(124,100)	(93,078)	(125,100)	(130,800)	(147,100)	(147,100)
<b>Total Maintenance &amp; Operations</b>	<b>(11,000)</b>	<b>(3,451)</b>	<b>(7,800)</b>	<b>(4,228)</b>	<b>(35,200)</b>	<b>10,915</b>	<b>(37,700)</b>	<b>(8,092)</b>	<b>(26,900)</b>	<b>(33,600)</b>	<b>(47,300)</b>	<b>(47,300)</b>
<b>DEBT SERVICE</b>												
5340 Principal Retirement												
5341 Interest Expense												
5342 Paying Agent Fees												
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DIVISION TOTAL</b>	<b>122,300</b>	<b>122,696</b>	<b>151,100</b>	<b>129,178</b>	<b>143,600</b>	<b>163,414</b>	<b>139,900</b>	<b>118,259</b>	<b>167,700</b>	<b>176,800</b>	<b>174,800</b>	<b>182,600</b>

Exhibit "WO-4"

## Area Water Rates Comparison

Exhibit "WO-5"

**Monthly Rates**

For 5/8" service if there is a meter size differential (3/4" if smallest size)

Winter                      Summer  
 12/31/2003                  8/31/2003  
 700 cu.ft./mo. 5100 cu.ft./mo.

	Flat Rate	Variable Rate	Variable Unit	Notes:		
Arroyo Grande	\$ 22.45	\$ 0.97	per 100 cu.ft.	Rates are scheduled to increase every year thru FY 2007 Flat rate includes \$18.55 for Lopez Dam debt	29.24	71.92
Grover Beach	\$ 6.75	\$ 1.33	per 100 cu.ft.	Rate study currently underway, expect increase soon	16.06	74.58
Lompoc	\$ 15.50	\$ 1.85	per 100 cu.ft.		28.45	109.85
Morro Bay	\$ 16.43		< 300 cu.ft.	Flat rate from 0 to 300 cu.ft. ONLY		
	\$ -			400 cu.ft. and > scheduled per each 100 cu.ft.	38.85	335.22
Pismo Beach	\$ 10.30	\$ 1.22	< 1500 cu.ft.		18.84	84.04
		\$ 1.54	> 1500 cu.ft.			
San Luis Obispo	-	\$ 2.51	to 500 cu.ft.	SLO bills bi-monthly - shown as a monthly rate	18.85	157.45
		\$ 3.15	> 500 cu.ft.			
Santa Maria	\$17.55	\$ 1.91	per 500 cu.ft.		31.65	160.35
		\$ 2.27	501 - 1000 cu.ft.			
		\$ 2.65	1001 - 1500 cu.ft.			
		\$ 3.02	> 1500 cu.ft.			
Atascadero Mutual	\$ 12.00	\$ 1.30	3,000 - 12,000 gals.	per 1,000 gallons	18.50	75.05
		\$ 1.70	13,000 - 25,000 gals.			
		\$ 2.25	26,000 - 50,000 gals.			
		\$ 2.40	> 51,000 gals.			
PASO ROBLES (current)	\$ 8.86	\$ 0.77	per 100 cu.ft. > 1,000	PR bills bi-monthly - shown as a monthly rate	8.86	40.43
PASO ROBLES (w/Increase)	\$ 13.12	\$ 0.96	per 100 cu.ft. > 1,000	PR bills bi-monthly - shown as a monthly rate	13.12	52.48

Exhibit "WO-5"

# Area Water - Cost per Gallon

Exhibit "WO-6"

	Winter 12/31/2003 <u>700 cu.ft./mo.</u>	Summer 8/31/2003 <u>5100 cu.ft./mo.</u>	Cost Per Gallon <u>Winter</u>	Cost Per Gallon <u>Summer</u>
Arroyo Grande	\$ 29.24	\$ 71.92	\$ 0.006	\$ 0.0018
Grover Beach	16.06	74.58	0.003	0.0019
Lompoc	28.45	109.85	0.005	0.0028
Morro Bay	38.85	335.22	0.007	0.0086
Pismo Beach	18.84	84.04	0.004	0.0022
San Luis Obispo	18.85	157.45	0.004	0.0040
Santa Maria	31.65	160.35	0.006	0.0041
Atascadero Mutual	18.50	75.05	0.004	0.0019
<b>PASO ROBLES (current)</b>	<b>8.86</b>	<b>40.43</b>	<b>0.002</b>	<b>0.0010</b>
<b>PASO ROBLES (w/Increase)</b>	<b>13.12</b>	<b>52.48</b>	<b>0.003</b>	<b>0.0013</b>

Bottled Water - 24 oz. Sports bottle	\$ 6.3960
Bottled Water - 1 liter bottle	\$ 5.1600
Bottled Water - 12 pack/202 oz.	\$ 3.1620
Bottled Water - 24 pack/405 oz.	\$ 1.8931

Exhibit "WO-6"

Water Conservation  
Consumption/Billing Scenarios  
Assuming Rates Are Adjusted as Proposed  
(Shown as Monthly Basis)

Exhibit "WO-7"

Scenario #1 — 75 units (1 unit = 100 cubic feet = 748 gallons)

Current Billing Rates - Without Conservation

75		
(20)	included in the base rate	\$ 13.12
55	@ \$0.77 per unit	<u>21.18</u>
	Total Water Bill	<u>\$ 34.30</u>

Conservation Rates - Without Conservation

75		
(20)	included in the base rate	\$ 13.12
55	@ \$0.96 per unit	<u>26.40</u>
	Total Water Bill	<u>\$ 39.52</u>

Conservation Rates - With Conservation

56		
(20)	included in the base rate	\$ 13.12
36	@ \$0.96 per unit	<u>17.28</u>
	Total Water Bill	<u>\$ 30.40</u>

Scenario #2 — 150 units (1 unit = 100 cubic feet = 748 gallons)

Current Billing Rates - Without Conservation

150		
(20)	included in the base rate	\$ 13.12
130	@ \$0.77 per unit	<u>50.05</u>
	Total Water Bill	<u>\$ 63.17</u>

Conservation Rates - Without Conservation

150		
(20)	included in the base rate	\$ 13.12
130	@ \$0.96 per unit	<u>62.40</u>
	Total Water Bill	<u>\$ 75.52</u>

Conservation Rates - With Conservation

113		
(20)	included in the base rate	\$ 13.12
93	@ \$0.96 per unit	<u>44.64</u>
	Total Water Bill	<u>\$ 57.76</u>

Exhibit "WO-7"

**Sewer Revenue Requirements**

Exhibit "SO-1"

**Historical and Projected Sewer Revenue Requirements**  
City of Paso Robles

	<i>Actual</i>			<i>Budget</i>	<i>4-Yr. Planning Horizon (a)</i>			
	<i>FY '00-01</i>	<i>FY '01-02</i>	<i>FY '02-03</i>	<i>FY '03-04</i>	<i>FY '04-05</i>	<i>FY '05-06</i>	<i>FY '06-07</i>	<i>FY '07-08</i>
<b>Sewer Revenue Reqts. (Div. 163, 164 &amp; 127)</b>	<b>2,461,860</b>	<b>2,629,585</b>	<b>3,099,152</b>	<b>3,260,800</b>	<b>3,810,600</b>	<b>3,880,300</b>	<b>3,972,600</b>	<b>3,991,500</b>
<i>Annual Change In Sewer Revenue Requirement</i>	<i>N.A.</i>	<i>6.8%</i>	<i>17.9%</i>	<i>5.2%</i>	<i>16.9%</i>	<i>1.8%</i>	<i>4.3%</i>	<i>2.9%</i>
<b>Operating Revenues (from service charges)</b>								
Chemron Industries	23,791	2,996	6,412	6,600	6,800	7,000	7,000	7,200
Templeton Area/Other	90,030	131,991	94,436	129,000	125,000	125,000	125,000	125,000
Sewer Service Charges	<u>1,755,665</u>	<u>1,938,654</u>	<u>2,409,385</u>	<u>3,183,300</u>	<u>3,183,300</u>	<u>3,183,300</u>	<u>3,183,300</u>	<u>3,183,300</u>
<b>Total Operating Revenues</b>	<b>1,869,486</b>	<b>2,073,641</b>	<b>2,510,234</b>	<b>3,318,900</b>	<b>3,315,100</b>	<b>3,315,300</b>	<b>3,315,300</b>	<b>3,315,500</b>
<b>Operating Surplus (Deficits)</b>	<b>(592,374)</b>	<b>(555,944)</b>	<b>(588,918)</b>	<b>58,100</b>	<b>(495,500)</b>	<b>(565,000)</b>	<b>(657,300)</b>	<b>(676,000)</b>
<b>Additional Rate Revenue Needed</b>	<b>592,374</b>	<b>555,944</b>	<b>588,918</b>	<b>(58,100)</b>	<b>495,500</b>	<b>565,000</b>	<b>657,300</b>	<b>676,000</b>
<i>Resid. Flat Rate w/CPI &amp; Recommended Rate Increases</i>	<i>\$12.05</i>	<i>\$12.05/\$15.00</i>	<i>\$15.00/\$17.65</i>	<i>\$17.65/\$21.86</i>	<i>\$23.17</i>	<i>\$23.98</i>	<i>\$24.70</i>	<i>\$25.57</i>
<b>Revenue from Rate Increases:</b>								
March 1, 2002 - \$15.00	-	-	-	-	-	-	-	-
January 1, 2003 - \$17.65	-	-	-	-	-	-	-	-
January 1, 2004 - \$21.86	-	-	-	-	-	-	-	-
July 1, 2004 CPI @ 2.0% + 1.0% + \$0.65	-	-	-	-	178,900	178,900	178,900	178,900
January 1, 2005 - +1%	-	-	-	-	47,550	95,100	95,100	95,100
July 1, 2005 CPI @ 2.5%	-	-	-	-	-	170,400	170,400	170,400
July 1, 2006 CPI @ 3.0%	-	-	-	-	-	-	194,900	194,900
July 1, 2007 CPI @ 3.5%	-	-	-	-	-	-	-	222,500
<b>Total - Revenue from Rate Increases</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$226,450</b>	<b>\$444,400</b>	<b>\$639,300</b>	<b>\$861,800</b>
<b>Total Sewer Service Charges (including rate increase)</b>	<b>\$1,869,486</b>	<b>\$2,073,641</b>	<b>\$2,510,234</b>	<b>\$3,318,900</b>	<b>\$3,541,550</b>	<b>\$3,759,700</b>	<b>\$3,954,600</b>	<b>\$4,177,300</b>
<b>Ending Operating Reserve</b>	<b>\$ (592,374)</b>	<b>\$ (555,944)</b>	<b>\$ (588,918)</b>	<b>\$ 58,100</b>	<b>\$ (269,050)</b>	<b>\$ (120,600)</b>	<b>\$ (18,000)</b>	<b>\$ 185,800</b>

a. Per the proposed Four Year Financial Plan.

Exhibit "SO-1"

4/9/2004

**Sewer Revenue Requirements  
User Fee Calculations**

Exhibit "SO-2"

**Historical and Projected Sewer Revenue Requirements**

*City of Paso Robles*

Budget Category	Actual			Budget	4-Yr. Planning Horizon (a)			
	FY '00-01	FY '01-02	FY '02-03	FY '03-04	FY '04-05	FY '05-06	FY '06-07	FY '07-08
<b>Sewer Collection - Div. 163</b>								
<b>Employee Services (Incl. Benefits)</b>								
*full time	\$ 147,083	\$ 123,890	\$ 135,680	\$ 197,600	\$ 207,500	\$ 223,400	\$ 234,900	\$ 244,300
*part-time	-	-	-	-	-	-	-	-
*overtime	17,549	20,151	16,346	15,300	16,100	16,800	17,600	17,600
*fringe benefits	66,841	62,351	83,682	101,100	123,300	133,300	142,200	147,900
	<u>231,473</u>	<u>206,392</u>	<u>235,708</u>	<u>314,000</u>	<u>346,900</u>	<u>373,500</u>	<u>394,700</u>	<u>409,800</u>
<b>Maint. &amp; Operations</b>								
*temp services	-	9,866	-	-	-	-	-	-
*supplies and services	34,766	29,308	30,753	20,000	20,000	20,000	20,000	20,000
*utilities	44,496	63,482	67,876	60,000	60,000	60,000	60,000	60,000
*facilities and maintenance	4,707	18,945	3,555	36,000	36,000	36,000	36,000	36,000
*equipment maintenance	-	-	-	3,000	3,000	3,000	3,000	3,000
*vehicle maintenance	16,499	14,338	10,529	14,500	14,500	14,500	14,500	14,500
*professional services	2,796	48,891	-	5,500	10,500	5,500	5,500	5,500
*legal services	-	-	252	-	-	-	-	-
*travel & training	1,852	1,031	2,308	2,000	2,000	2,000	2,000	2,000
*depreciation	-	-	-	-	-	-	-	-
*franchise fees	-	-	-	10,000	48,000	57,000	57,000	57,000
*charges from other departments	100,720	81,846	100,505	86,200	93,500	97,500	108,500	108,500
	<u>205,836</u>	<u>267,706</u>	<u>215,778</u>	<u>237,200</u>	<u>287,500</u>	<u>295,500</u>	<u>306,500</u>	<u>306,500</u>
Subtotal - Div. 163 Oper. Exp.	437,309	474,098	451,486	551,200	634,400	669,000	701,200	716,300
<b>Sewer Treatment - Div. 164</b>								
<b>Employee Services (Incl. Benefits)</b>								
*full time	114,221	132,824	163,429	180,900	189,600	201,000	209,000	217,400
*overtime	8,071	8,151	12,364	24,300	25,200	26,500	27,700	27,700
*fringe benefits	50,913	63,340	98,637	93,100	105,100	112,400	118,900	123,700
	<u>173,205</u>	<u>204,315</u>	<u>274,430</u>	<u>298,300</u>	<u>319,900</u>	<u>339,900</u>	<u>355,600</u>	<u>368,800</u>
<b>Maint. &amp; Operations</b>								
*temp services	-	9,314	16,762	-	-	-	-	-
*supplies and services	129,891	114,352	121,088	232,700	232,700	232,700	232,700	232,700
*utilities	118,825	153,892	141,550	161,000	161,000	161,000	161,000	161,000
*facilities and maintenance	1,997	2,125	1,542	42,000	42,000	42,000	42,000	42,000
*equipment maintenance	-	-	-	2,000	2,000	2,000	2,000	2,000
*vehicle maintenance	8,661	9,775	20,092	6,600	6,600	6,600	6,600	6,600
*professional services	6,083	34,683	45,042	68,000	68,000	68,000	68,000	68,000
*legal services	676	6,806	1,890	1,700	1,700	1,700	1,700	1,700
*travel & training	144	1,197	683	1,000	1,000	1,000	1,000	1,000
*depreciation	819,856	850,891	1,026,741	614,000	1,027,000	1,027,000	1,027,000	1,027,000
*principal retirement	400,000	420,000	305,000	620,000	640,000	655,000	675,000	695,000
*interest expense	183,648	162,508	449,229	409,700	397,300	384,500	371,400	356,200
*charges from other departments	77,406	81,013	116,812	128,500	139,400	145,300	161,900	161,900
	<u>1,747,187</u>	<u>1,846,557</u>	<u>2,246,431</u>	<u>2,287,200</u>	<u>2,718,700</u>	<u>2,726,800</u>	<u>2,750,300</u>	<u>2,755,100</u>
Subtotal - Div. 164 Oper. Exp.	1,920,392	2,050,872	2,520,861	2,585,500	3,038,600	3,066,700	3,105,900	3,123,900
<b>Sewer Operations - Div. 127</b>	104,159	104,615	126,805	124,100	137,600	144,600	165,500	151,300
<b>Gross Revenue Reqts. (Div. 163, 164 &amp; 127)</b>	<b>\$2,461,860</b>	<b>\$2,629,585</b>	<b>\$3,099,152</b>	<b>\$3,260,800</b>	<b>\$3,810,600</b>	<b>\$3,880,300</b>	<b>\$3,972,600</b>	<b>\$3,991,500</b>

*Includes principal retirement*

City of El Paso de Robles  
Operating and Maintenance Budget  
Four Year Financial Plan  
Fiscal Year 2004-05 to 2007-08

Exhibit "SO-3"

PUBLIC WORKS  
Department No. 310  
Funding Source:

Wastewater Collection  
Division No. 163  
Fund 601 - Sewer Operations Fund

	Annual Budget FY 2000-01	Actual Expended FY 2000-01	Annual Budget FY 2001-02	Actual Expended FY 2001-02	Annual Budget FY 2002-03	Actual Expended FY 2002-03	Approved Budget FY 2003-04	Expended 3/31/2004 FY 2003-04	Base Budget FY 2004-05	Base Budget FY 2005-06	Base Budget FY 2006-07	Base Budget FY 2007-08
<b>EMPLOYEE SERVICES</b>												
5101 Full Time Regular	139,900	147,083	123,100	123,890	145,400	135,680	197,600	109,568	207,500	223,400	234,900	244,300
5102 Part Time												
5103 Overtime	7,000	17,549	7,000	20,151	7,000	16,346	15,300	12,277	16,100	16,800	17,600	17,600
Total Salaries & Wages	146,900	164,632	130,100	144,041	152,400	152,026	212,900	121,845	223,600	240,200	252,500	261,900
Employee Benefits	58,100	66,841	52,900	62,351	69,700	83,682	101,100	56,111	123,300	133,300	142,200	147,900
<b>Total Employee Services</b>	<b>205,000</b>	<b>231,473</b>	<b>183,000</b>	<b>206,392</b>	<b>222,100</b>	<b>235,708</b>	<b>314,000</b>	<b>177,956</b>	<b>346,900</b>	<b>373,500</b>	<b>394,700</b>	<b>409,800</b>
<b>MAINTENANCE &amp; OPERATIONS</b>												
5212 Materials & Services	20,000	34,766	20,000	29,308	20,000	30,753	20,000	16,487	20,000	20,000	20,000	20,000
5216 Utilities	50,800	44,496	50,800	63,482	50,800	67,876	60,000	35,872	60,000	60,000	60,000	60,000
5221 Facility Maintenance	36,000	4,707	36,000	18,945	36,000	3,555	36,000	9,375	36,000	36,000	36,000	36,000
5222 Equipment Maintenance	3,000		3,000		3,000		3,000	317	3,000	3,000	3,000	3,000
5223 Vehicle Maintenance	14,500	16,499	14,500	14,338	14,500	10,529	14,500	6,081	14,500	14,500	14,500	14,500
5224 Professional Services	5,500	2,796	48,200	48,891	5,500		5,500	6,008	10,500	5,500	5,500	5,500
5225 Legal Services						300		252				
5226 Education, Travel & Meetings	2,000	1,852	2,000	1,031	2,000	2,308	2,000	425	2,000	2,000	2,000	2,000
Personnel Temp Services				9,866								
5229 Equipment Replacement												
5230 Franchise Fees							10,000	6,559	48,000	57,000	57,000	57,000
5235 Special Projects												
5238 Charges from Other Departments	100,700	100,720	68,100	81,846	100,500	100,505	86,200	64,647	93,500	97,500	108,500	108,500
<b>Total Maintenance &amp; Operations</b>	<b>232,500</b>	<b>205,836</b>	<b>242,600</b>	<b>267,706</b>	<b>232,600</b>	<b>215,778</b>	<b>237,200</b>	<b>145,771</b>	<b>287,500</b>	<b>295,500</b>	<b>306,500</b>	<b>306,500</b>
<b>DEBT SERVICE</b>												
5340 Principal Retirement												
5341 Interest Expense												
5342 Paying Agent Fees												
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DIVISION TOTAL</b>	<b>437,500</b>	<b>437,309</b>	<b>425,600</b>	<b>474,098</b>	<b>454,700</b>	<b>451,486</b>	<b>551,200</b>	<b>323,727</b>	<b>634,400</b>	<b>669,000</b>	<b>701,200</b>	<b>716,300</b>

Exhibit "SO-3"



City of El Paso de Robles  
Operating and Maintenance Budget  
Four Year Financial Plan  
Fiscal Year 2004-05 to 2007-08

Exhibit "SO -4"

PUBLIC WORKS  
Department No. 310  
Funding Source:

Wastewater Treatment  
Division No. 164  
Fund 601 - Sewer Operations Fund

	Annual Budget FY 2000-01	Actual Expended FY 2000-01	Annual Budget FY 2001-02	Actual Expended FY 2001-02	Annual Budget FY 2002-03	Actual Expended FY 2002-03	Approved Budget FY 2003-04	Expended 3/31/2004 FY 2003-04	Base Budget FY 2004-05	Base Budget FY 2005-06	Base Budget FY 2006-07	Base Budget FY 2007-08
<b>EMPLOYEE SERVICES</b>												
5101 Full Time Regular	157,300	114,221	170,000	132,824	200,800	163,429	180,900	150,353	189,600	201,000	209,000	217,400
5102 Part Time												
5103 Overtime	23,300	8,071	23,300	8,151	23,300	12,364	24,300	9,615	25,200	26,500	27,700	27,700
Total Salaries & Wages	180,600	122,292	193,300	140,975	224,100	175,793	205,200	159,968	214,800	227,500	236,700	245,100
Employee Benefits	73,800	50,913	75,500	63,340	98,700	98,637	93,100	64,271	105,100	112,400	118,900	123,700
<b>Total Employee Services</b>	<b>254,400</b>	<b>173,205</b>	<b>268,800</b>	<b>204,315</b>	<b>322,800</b>	<b>274,430</b>	<b>298,300</b>	<b>224,239</b>	<b>319,900</b>	<b>339,900</b>	<b>355,600</b>	<b>368,800</b>
<b>MAINTENANCE &amp; OPERATIONS</b>												
5212 Materials & Services	231,000	129,891	231,000	114,352	232,700	121,088	232,700	131,154	232,700	232,700	232,700	232,700
5216 Utilities	98,600	118,825	134,600	153,892	134,600	141,550	161,000	102,399	161,000	161,000	161,000	161,000
5221 Facility Maintenance	42,000	1,997	42,000	2,125	42,000	1,542	42,000	196	42,000	42,000	42,000	42,000
5222 Equipment Maintenance	2,000		2,000		2,000		2,000		2,000	2,000	2,000	2,000
5223 Vehicle Maintenance	6,600	8,661	6,600	9,775	6,600	20,092	6,600	11,244	6,600	6,600	6,600	6,600
5224 Professional Services	68,000	6,083	68,000	34,683	68,000	45,042	68,000	18,063	68,000	68,000	68,000	68,000
5225 Legal Services	-	676		6,806	1,900	1,890	1,700	3,660	1,700	1,700	1,700	1,700
5226 Education, Travel & Meetings	1,000	144	1,000	1,197	1,000	683	1,000	2,131	1,000	1,000	1,000	1,000
5227 Personnel Temp Services				9,314		16,762						
5229 Equipment Replacement	614,000	819,856	614,000	850,891	614,000	1,026,741	614,000	698,112	1,027,000	1,027,000	1,027,000	1,027,000
5230 Franchise Fees												
5235 Special Projects												
5238 Charges from Other Departments	77,400	77,406	100,000	81,013	116,800	116,812	128,500	96,372	139,400	145,300	161,900	161,900
<b>Total Maintenance &amp; Operations</b>	<b>1,140,600</b>	<b>1,163,539</b>	<b>1,199,200</b>	<b>1,264,049</b>	<b>1,219,600</b>	<b>1,492,202</b>	<b>1,257,500</b>	<b>1,063,331</b>	<b>1,681,400</b>	<b>1,687,300</b>	<b>1,703,900</b>	<b>1,703,900</b>
<b>DEBT SERVICE</b>												
5340 Principal Retirement												
5341 Interest Expense	177,100	178,048	159,400	162,508	139,900	360,366	404,700	202,344	392,300	379,500	366,400	351,200
5342 Paying Agent Fees	-	5,600	-		-	88,863	5,000	4,672	5,000	5,000	5,000	5,000
<b>Total Debt Service</b>	<b>177,100</b>	<b>183,648</b>	<b>159,400</b>	<b>162,508</b>	<b>139,900</b>	<b>449,229</b>	<b>409,700</b>	<b>207,016</b>	<b>397,300</b>	<b>384,500</b>	<b>371,400</b>	<b>356,200</b>
<b>DIVISION TOTAL</b>	<b>1,572,100</b>	<b>1,520,392</b>	<b>1,627,400</b>	<b>1,630,872</b>	<b>1,682,300</b>	<b>2,215,861</b>	<b>1,965,500</b>	<b>1,494,586</b>	<b>2,398,600</b>	<b>2,421,700</b>	<b>2,430,900</b>	<b>2,428,900</b>

Exhibit "SO-4"

ORDINANCE NO. XXX N.S.

AN ORDINANCE OF THE CITY OF EL PASO DE ROBLES  
AMENDING SECTIONS 14.04.020 AND 14.16.020 OF THE CITY OF EL PASO DE ROBLES  
MUNICIPAL CODE TO ADJUST SEWER AND WATER USER FEES

WHEREAS, the City Council current policy is to review water and sewer user fees bi-annually to ensure that those fees correspond to the City's cost of providing water and sewer services; and

WHEREAS, the existing ordinance provides for annual inflationary adjustments to water and sewer user fees; and

WHEREAS, the annual inflationary adjustments have not kept pace with the increase in operating costs for water and sewer services; and

WHEREAS, due to the unavailability of a four million gallon water storage facility due to quake damage, the community must conserve 25% of its historical summertime water consumption.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES ORDAIN AS FOLLOWS:

SECTION 1. Subdivision C of Section 14.04.020 of the Paso Robles Municipal Code is hereby amended to read as follows:

“C. FEES—WATER USAGE RATES. The monthly rates to be charged and collected by the water department for all water consumption including private fire lines, bulk water delivery or fire hydrant usage from every person, school, firm or corporation shall be charged at rates established by ordinance of the City Council. Other than as expressly set forth herein, such water usage rates may only be established or amended by a two-thirds vote of the city council in favor of such establishment or amendment of water usage rates.

Effective July 1, 2004, the base water usage fee shall be \$26.24 for up to 2,000 cubic feet of water per customer for each two-month billing period plus \$0.96 per 100 cubic feet of water beyond 2,000 cubic feet.

The base water usage fee established in this section shall be modified annually by the increase in the Consumer Price Index for the San Francisco-Oakland-San Jose Region as reported by the Bureau of Labor Statistics for the year ending April of each year.

The water usage fees shall further be reviewed no less than bi-annually in conjunction with the update of the City's budget to ensure that the sewer and water connection fees then in existence do not exceed the costs of providing water service within the City.”

SECTION 2. Section 14.16.020 of the Paso Robles Municipal Code is hereby amended to read as follows:

“14.16.020 Sewer charges

Every person whose premises are served by a connection with the system of sewerage of the city, whereby the sewage or industrial wastes, or either or both, are disposed of by the city through the sewage treatment plant, or otherwise, shall pay a sewer service charge established by ordinance of the city council. Other than as expressly provided herein, the rates for such sewer service fee shall only be established or amended by a two-thirds vote of the city council in favor of such establishment or amendment of sewer service rates.

Effective July 1, 2004, the base sewer service fee for all customers shall be \$45.48 per two-month billing period. January 1, 2005, the base sewer service fee shall be increased by an additional 1%. Residential customers shall pay only the base sewer service charge. Nonresidential customers shall pay the base sewer service charge for 1,000 cubic feet of metered water and shall pay an additional charge of \$1.07 for each additional 100 cubic feet of metered water used by said nonresidential customer. Metered landscape water is not included in the determination of sewer service charges.

The sewer service charges established in this section shall be modified annually each July 1 by the increase in the Consumer Price Index for the San Francisco-Oakland-San Jose Region as reported by the Bureau of Labor Statistics for the year ending April of each year.

The sewer service charges shall further be reviewed no less than bi-annually in conjunction with the update of the City's budget to ensure that the sewer service fees then in existence do not exceed the costs of providing sewer service within the City.”

SECTION 3. Severability

If any action, subsection, sentence, clause or phrase of this ordinance is, for any reason, held by a court of competent jurisdiction to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this ordinance.

Introduced at a regular meeting of the City Council held on April 20, 2004, and passed and adopted by the City Council of the City of El Paso de Robles on the 4<sup>th</sup> day of May by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

---

Frank R. Mecham, Mayor

ATTEST:

---

Sharilyn M. Ryan, Deputy City Clerk

**NOTICE OF PUBLIC  
HEARING**

City of Paso Robles

**SEWER and WATER FEE  
INCREASE**

NOTICE IS HEREBY  
GIVEN THAT, in accordance with Government  
Code 66016 and 66018,  
the City Council of the City  
of El Paso de Robles will  
hold a public hearing to  
receive public testimony  
regarding the proposed  
increases in sewer and  
water user fees within the  
City of El Paso de Robles.

The public hearing will be  
held at 7:30 p.m., Tuesday,  
April 20, 2004 at the  
Library Conference Center,  
located at 1000 Spring  
Street. The public is invited  
to attend and encouraged  
to speak on this matter.

The Council will be consid-  
ering adoption of an ordi-  
nance that provides for a  
base water rate be  
increase of \$4.08 per  
month and the base sewer  
user fee be increased by \$  
1.32 per month.

For questions concerning  
the proposed increases or  
to receive a copy of the  
report, please contact the  
Department of  
Administrative Services at  
237-3999.

/s/Michael J. Compton  
Director of Administrative  
Services

Pub: 4/7, 4/14/2004  
Paso Robles Press  
Legal #9961