

TO: City Council

FROM: James L. App, City Manager

SUBJECT: **Water Rates – Low Income Relief Legislation**

DATE: February 2, 2010

NEED: For the City Council to consider authorizing the Mayor to sign letters urging State legislation that would allow local rate payers to provide low income price supports for water and sewer service.

FACTS:

1. Paso Robles water rates must be adjusted to cover the costs of providing water.
2. California's Proposition 218 requires that property-related service rates be set at levels that do not exceed the proportional cost of the service attributable to a parcel.
3. Paso Robles property owners and rate payers have expressed an interest in providing price breaks for low income households.
4. Provision of price supports for low income households would require other's rates to increase to offset the discounts.
5. The Proposition 218 provision cited above prohibits such a rate plan.
6. The City will establish a voluntary donation fund to offer financial aid to low income households, but more may be needed.
7. The City Council may urge the State Legislature to provide local property owners and rate payers the opportunity to establish rates that include low income price supports.

ANALYSIS &

CONCLUSION: It is not clear that California voters intended to eliminate options to provide for low income households when they approved Proposition 218. Locally, many property owners and rate payers have expressed a desire to extend financial aid to low income households by providing discounted utility rates. Unfortunately, they cannot.

It is reasonable and appropriate to request of the State Legislature legislation that frees property owners and rate payers to extend such consideration if they wish. Letters urging same are attached for Council consideration.

POLICY

REFERENCE: California Constitution Article XIID, Section 6 (Proposition 218).

**FISCAL
IMPACT:**

None.

OPTIONS:

- A. Authorize the Mayor to sign letters urging State legislation allowing local property owners and rate payers to offer utility rate low income discounts.
- B. Amend, Modify or Reject the Option Above.

Attachments:

Letters to Senator A. Maldonado & Assemblyman S. Blakeslee



January 20, 2010

CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

Hon. Sam Blakeslee
California State Assembly
P. O. Box 942849
Sacramento, CA 94249

Re: Utility Lifeline Rates

Dear Assemblyman Blakeslee:

The City of Paso Robles requests your assistance in helping the neediest people in our communities receive water and sewer service.

As you probably know, Proposition 218 requires that property-related services, which include water and sewer services, be set at levels that do not exceed the proportional cost of the service attributable to the parcel. (Calif. Const., Article XIII D, Section 6). Prior to its adoption, many communities, including Paso Robles, provided discounts to its lowest-income residents on water and sewer fees, if they met income-eligibility criteria similar to that used by Pacific Gas & Electric in its CARE program. However since the passage of Proposition 218, most communities no longer offer these discounts, based on the provision cited above. This is simply wrong.

In order to adopt new water or sewer rates, Proposition 218 requires that communities send out notices to all property owners and utility customers advising them of the proposed new rates, the date and place of a public hearing, and the right to submit protests on the proposed rates. If the community's ratepayers are informed that the proposed rates build in a level of relief for the lowest-income customers, and there is no majority protest of the proposed rates, then that rate structure should be permitted to stand.

We also would note that the Legislature recently enacted legislation (AB 2882), effective January 1, 2009, that explicitly allows water providers to set tiered water rate structures that reward conservation and penalize overuse of water.

We respectfully request that you sponsor legislation that would allow communities to help their own in being able to afford some of the most basic necessities, that is water and sewer service. We believe the legislation could be very simple and clear, would have widespread support throughout the state and remain within the parameters of Proposition 218. We would very much appreciate the opportunity to meet with you to discuss this further and to work with your staff in drafting proposed language.

Thank you for your consideration of this request.

Very truly yours,

Duane Picanco
Mayor, City of Paso Robles



January 20, 2010

CITY OF EL PASO DE ROBLES

"The Pass of the Oaks"

Hon. Abel Maldonado
State Capitol, Room 4082
Sacramento, CA 95814

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