



# City of Grover Beach

## NEWS RELEASE

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Contact: Matthew Bronson, City Manager  
Telephone: (805) 473-4550

## Grover Beach Council Receives Recommendations for Proposed Water and Sewer Rate Increases

**Grover Beach, CA** - During the September 5 Grover Beach City Council meeting, Council received recommendations and findings from a comprehensive [Utility Rate Study](#) aimed at providing guidance on proposed water and sewer rate adjustments. In response to these findings, the City Council unanimously instructed staff to commence the Proposition 218 process, a crucial step in notifying the public about the proposed rate changes.

“Preserving our water resources and sustaining our infrastructure remains a pressing obligation for our community,” said Grover Beach Mayor Karen Bright. “The proposed rate adjustments are integral to securing the sustained fulfillment of our City's critical infrastructure demands well into the future.”

In 2023, Grover Beach engaged Tuckfield and Associates to conduct a Utility Rate Study, a standard practice undertaken approximately every five years to ensure the City meets its ongoing water and wastewater operational and capital obligations. This study critically assesses the City's current water and wastewater rates to determine if they are adequate to meet the projected operational and capital expenditures for the Water and Wastewater Enterprise Funds.

Grover Beach has conducted two rate studies over the past decade, with the last one occurring in 2021. The current study was initiated ahead of schedule due to a deficit in revenues from the existing rate structure to cover the escalating costs associated with planned essential capital improvement projects. One of those projects is [Central Coast Blue](#), a pivotal recycled water project designed to establish a dependable, high-quality water supply for residents and businesses across Grover Beach, Arroyo Grande and Pismo Beach.

At the current rates, the City will fall \$2 million short of the necessary revenue to pay for its share of Central Coast Blue and other water and wastewater obligations beginning in 2024, with the projected deficit increasing in subsequent years. Under the new proposed rate structure, the City will be able to maintain sufficient revenues to be financially sustainable.

The Utility Rate Study also assessed the City's wastewater rates to determine their adequacy for financing critical sewer system upgrades. These essential upgrades are needed to modernize outdated infrastructure and accommodate the community's evolving needs, including significant street improvements initially estimated at \$2.9 million but subsequently revised to approximately \$3.6 million over a projected lifespan of 50 years.



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The Utility Rate Study's comprehensive report extends a five-year financial blueprint for water and wastewater utilities, incorporating a thorough cost-of-service analysis to ensure equity and fairness in proposed rate adjustments. The study recommends an annual water rate increase of 19.7% over the initial four years, along with a 4% increase in the fifth year. Similarly, wastewater rates are proposed to undergo an annual increase of 19.5% over the first four years, along with a 4% increase in the fifth year. With these proposed adjustments, Grover Beach would have the third-lowest water and wastewater rates within the County if the proposed changes are endorsed and enacted in January 2024.

“It is important for us to ensure the ongoing operation and maintenance of the City’s water and wastewater systems and meet future community needs,” said Grover Beach City Manager Matthew Bronson. “The proposed utility rates aim to ensure fairness and provide necessary funding to pay for safe, sustainable and reliable water and wastewater services for our community.”

The Grover Beach City Council will initiate the Proposition 218 public noticing process on September 25 for the proposed rate changes. Subsequently, a public hearing will be held on November 13, during which the Council will consider adopting the new rate structure. If approved, these changes will take effect starting January 2024.

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