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To: [Mary Gourley](#)
Subject: Public Comment Agenda Item 8: Proposal to more than double the current water and sewer rates - Really?
Date: Sunday, October 01, 2023 5:52:07 PM

Subject: Repaying the current deficit, new headcount and allocation of General and Administrative Expense increases are driving increased costs of delivering water and sewer – what is the rationale?

Delivering water to households is relatively straight forward. We use our own wells to extract water and pump it to homes in the Water District. Electricity appears to be the primary operating cost and there has been significant investment over the past 3 years to make that process more energy efficient. We don't buy water from anyone else who can drive up increased costs. Yet, depending on the scenario you are considering up to a 125% increase in water rates literally over-night.

The current Water and Sewer operation is experiencing a significant deficit due to underestimating the revenue needed in the 2019 Water Rate Study. There have been two stated reasons the last Water Rate Study was flawed. This included failure to anticipate reduced water use due to drought restrictions and errors in the estimates for capital improvements. The Current proposal assumes flat water use, even as you are acting on a plan to address emergency water restrictions. **Other cities have adopted measures to anticipate water restrictions. What are our options?**

There is no discussion here of Capital Improvement projects needed. There is a scenario that proposes not funding any Capital Improvements. The process is a bit difficult to follow for us "home gamers". Not sure Council members receiving the same information are prepared to make intelligent decisions.

Significant increases in costs being allocated from the General and Administration expenses and outside consulting were included in the approved budget. Here we are seeing a need for 1 or 2 new headcount that were not discussed in the budget. **Can City staff please present the rationale for additional permanent headcount. Have you considered the impact on benefits and longer term the additional burden that will be incurred for Retirement expense?**

There has not been a discussion in the past year of the city needing more headcount to pump less water and handle less sewage? There is a discussion that due to workload finance and administration (city manager) were overworked and missed the fact the operation has been in deficit mode for some time. **Is the new headcount for financial management? Will this reduce the current Finance allocation of 75% of their budget? Are the new wireless water meters not making billing more efficient? What is going on?**

There needs to be a public discussion of the Overhead allocation scheme being used to transfer General and Administrative expenses subject to the restrictions of the tax rate system to the Water and Sewer rate payers who have little or no say in what they will be charged. This is a significant source of increased costs being passed to rate payers. In principle a shared services scheme might make sense but the allocations

here are non-sensical.

One example of the flawed approach looks at City Council who certainly oversees the Water and Sewer system, and it would make sense that some cost would be allocated to these services. Indeed 26% has been allocated. Since Council has no dollar expense related to Water and Sewer, we assume this is time Council members spend on the topic? However, there is money allocated from City Council and the amount allocated in 2022-23 is declining. The Council has only a small dollar budget and the reason it decreased was they decided not to make grants to certain organizations that had been made in the past. None of those grants had anything to do with Water and Sewer, why would rate payers be on the hook for them in past years, or ever?

Equally nonsensical is the City Attorney budget allocation. It is \$51,000, up 37% from last year estimated. This is up 250% from the last year we have actual expense (21-22) Part of this is the \$300,000 estimated cost for City Attorney consulting fees. However at least ½ is due to the budget of more than \$300,000 to defend against the ongoing ACLU lawsuit regarding our treatment of the homeless. **Why are Water and Sewer rate payers paying to defend an ACLU lawsuit?**

Somewhere in this public process the city needs to share clearly with rate payers:

- **What portion of their water and sewer bill is directly related to supplying water and handling waste?**
- **How much are rate payers paying for unrelated general city services?**
- **We need a clear discussion of the city infrastructure, how old is it, what is its expected service life, what is the long-term replacement plan and how much will that cost?**
- **When we replace infrastructure how long do we expect the replacements to last? Are we going to pay this year for improvements expected to last for 30 or 50 years?**
- **Financing is expensive, would it make sense to create a separate fund for capital improvements funded by a parcel tax that is restricted only to keeping our infrastructure safe?**

Finally, a significant part of the need for an increased rate is to pay-off the ongoing deficit which is growing daily. The rate process is understandably long. **Is there not an emergency authority that would allow council to make an interim increase to stem the “bleeding”?**