

From: [REDACTED]
To: [Mary Gourley](#)
Subject: Public Comment for 11/14 Special Meeting on Parcel Tax
Date: Friday, November 10, 2023 7:07:31 PM
Attachments: [Sebastopol Water Wastewater Revenue Analysis final.pdf](#)

Hi Mary,

Attached is a Water and Westwater Revenue Analysis I put together for the City Council and submit as public comment. I apologize in advance for any errors in fact, but I am limited by the publicly available data.

Making a decision to put a parcel tax on the ballot should only be done after we have a full picture of the city's overall financial situation. Unfortunately, the Water and Sewer Revenue study appears to be on a slower track. I put together a model with similar assumptions to the ones Raftelis is using.

I then modeled a scenario that they did not consider which is creating a fund dedicated to debt payments and capital improvements only for Water and Wastewater operations.

You will see that pulling out capital investments and debt payments lowers the revenue increase in the first year necessary to rebalance the budget. It also smooths the future rate increases needed to keep up with inflation. It provides a predictable flow of revenue allowing planning of future capital investments and finally, the flat tax provides steady revenue even when water use declines due to drought restrictions.

The combined total of Capital investments and debt payments must be paid and a parcel tax for this purpose makes more sense than one for the general fund. The special fund would receive parcel tax revenues and then capital projects can be planned around a predictable revenue stream that does not vary with water use.

I am reluctant to support a new tax. I believe expenses should have been better managed and rates should have been adjusted 3 years ago when the flaws in the last rate study were obvious. I don't see a better way out. Although property taxes are quite regressive these taxes appear much lower than the proposed rate increases discussed by Raftelis and thus probably the less of two evils. Property taxes may be deductible as well.

Please forward to the City Council. Hopefully it will help to inform their deliberations.

Sincerely,

Lee

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