

Dear Council Members,

The General Fund should pay the full amount \$13,141.23 to close out the Bay Ren Capital Improvements.

The reasons why follow:

- 1) The Bay Ren program allowed individual home owners to install new fixtures where by the City paid the upfront costs and individual home owners were supposed to pay down the costs overtime via their Water Bills. This program allowed individual homeowners to increase property values and decrease their Water and Sewer bills and has nothing to do with the City's Water and Sewer Infrastructure.
- 2) The Council oversees and administers the Water and Sewer utilities. The Council has a fiduciary duty to make financial decisions that promote the long-term economic viability of the Water and Sewer enterprise funds. The Council chose to subsidize homeowners to upgrade their toilets and other permanent fixtures in their homes. Bay Ren was a Council Program. Only 54 people participated, less than 1.8% of Rate Payers.  
Rate Payers should not be burdened with this subsidization as it benefitted only 1.8% of the Rate Payers. This low amount of benefit to the Rate Payers does not justify the vast majority of Rate Payers (98.2%) being burdened with additional expenses. Council cannot in good faith pass this expense onto Rate Payers.
- 3) The Staff Memo erroneously categorizes Bay Ren as "water improvements." This program was targeted toward individual homes and had no positive improvement on the common Water and Sewer Infrastructure. This program merely subsidized private home improvements for an extremely limited and small amount of homeowners – less than 2%.
- 4) Bay Ren has nothing to do with the Water and Sewer infrastructure. This is a home improvement program, which reflects Council's interest in subsidizing individual homeowners to purchase residentially based water saving fixtures. This helps individual homeowners reduce their water bills and increase their property values. This is not a benefit to the 98.2% of Rate Payers who did not participate in the program.
- 5) Council voted to approve this program even though it added additional overhead to Water billing and thus additional costs to Water billing. Rate Payers had no input on whether or not they wanted this program and its associated costs.
- 6) Council did not oversee the finance department. Finance department failed to bill 9 customers which resulted in a loss of \$4663.38 in unbilled costs. Rate Payers should not be responsible as they have no employee oversight.
- 7) Rate Payers are paying extraordinarily high costs for billing and finance administrative services and should not be burdened with additional costs that were made by Council decision. Ratepayers paid \$911,809 in FY 2023 and \$944,971 in 2024 for finance services to send out 6 bills annually. This is approximately 4 times the amount billing should cost. Rate Payers are being unfairly charged for Finance Administration even when Finance does not do basic functions such as billing customers for Bay Ren.
- 8) Council chose to subsidize homeowner improvements without any consideration of default by Bay Ren and Council, not Rate Payers, approved the agreement.
- 9) The Enterprise Oversight Committee is anticipating \$15,000,000-\$30,000,000 needed in capital improvements for the Water and Sewer Infrastructure (to be finalized after the City receives the Master Plans). Water and Sewer Infrastructure is critical to the well-being of all residents and businesses. Unnecessary expenditures by Council reduce funds available for critical infrastructure needs.
- 10) Finance fails to offer a possible remedy which is to offer the 54 Bay Ren participants a chance to pay off their remaining balance at the discount offered by Bay Ren. There is

the possibility that many home owners would take the opportunity to pay off their obligation at a greatly reduced rate thereby eliminating any financial burden on the General Fund. They would be receiving heavily discounted home improvements that had been made affordable via the payment system. I would highly recommend that the Finance Department contact the 54 Bay Ren participants to see if they will pay off their reduced balances and act in good faith toward the debt the Council carried for them.

I am a member of the Enterprise Oversight Committee and all Committee Members agreed that the General Fund should pay the remaining balance.

Thank you,  
Kate Haug  
Enterprise Fund Oversight Committee