

**From:** Kate Haug [REDACTED]  
**Sent:** Friday, June 5, 2026 8:40 AM  
**To:** Zulema Higgins <zhiggins@cityofsebastopol.gov>  
**Subject:** Names for Public Comments

Hi Zulema,  
Can you please use the names of my letters for my public comments when you list them on the City's website? Attached are all three of my comments for the June 16 meeting. They each have distinct titles as they address different subjects.

Track Employee Time to Reduce Deficit  
Enterprise Finance - Next Steps  
Identify Fund Sources and Status on CIP Document

Thank you for updating!  
Best,  
Kate

Dear Council Members,

After our presentation last meeting, I realized that the Council might have needed more clarity on our recommendations. So I wanted to follow up tonight.

We recommend that Council direct staff to implement time tracking via Springbrook or another module as soon as possible to be implemented by September 1, 2026. Time tracking should also include Council time spent on Water and Sewer if Council time needs to be reimbursed by the Enterprise Funds.

We recommend that Council direct staff to use the time tracked on Water and Sewer to develop a more accurate Cost Allocation to the Enterprise Funds. This could be done for the budget cycle starting 2027/2028 if it is implemented by September 1.

We recommend that Council direct staff to refund the Enterprise Funds \$350,354 for an excess of undocumented attorney's fees in the last 2 years. The refund should be returned to the Enterprise Funds this fiscal year.

We recommend that Council direct staff to have rates remain static and not to increase on July 1 and to remove the tiered rates as rates and tiers are not based on accurate data. This should be done before the July 1, 2026 rate increases.

We recommend that Council direct staff to adjust the Current Cost Allocation model for this budget cycle in the following ways:

- 1) Move all contracted services to contracted services including engineering.
  - a. Based on historical data, Attorneys Fees for Water and Sewer should \$12,500 should attributed to each fund, totally \$25,000.
  - b. Based on historical data, Engineering Fess should be approximately \$108,000 total to be divided between the two funds. If Public Works has a sense of engineering costs, which might exceed this this amount, then the budget should increase accordingly.
- 2) Remove City Council from the Cost Allocation Plan. It is obvious that City Council spends less than 5% of its time on Water and Sewer. Until Council time is tracked, it should be removed from the Cost Allocation Plan.
- 3) Reduce the Cost Allocation of Billing/Finance Administration/Administrative Services by 50%. We have received outside bids by vendors which indicate comparable services could be contracted for less than \$200,000. Cutting the current allocation by 50% brings the allocation to approximately \$300,000, which is still 50% more than an outside vendor would charge. Until there is accurate time tracking, this cost should be brought in line with other comparable services.

These are the items that should be done immediately to help move forward to reconciling Prop. 218 issues and move toward compliance.

Thank you,  
Kate Haug  
The Enterprise Oversight Committee – Finance Committee