

Dear Council Members and City Staff,

Through my participation on the Enterprise Oversight Committee, it has become clear that Council and Staff have received no training on Prop. 218 and Prop. 26, which regulate how Ratepayer Funds are attributed to the City for Water and Sewer Service.

The Interim City Manager and the Finance Director have not received any training in this area although they are responsible for creating budgets.

Ratepayers are charged for Council Services even though Council receives no training on Prop. 218 and Prop. 26 and has little time to understand the Water and Sewer Budgets, Capital Reserves and Infrastructure History and Needs.

There is not even a section in the Council handbook on Prop. 218 and Prop. 26. If Ratepayers are going to be charged for Council services, shouldn't Council have some training and knowledge on their obligations to Ratepayers?

The Enterprise Funds have been radically mismanaged, the Syserco loan was secured with the majority of repayment obligations going to the Enterprise Funds without proper due diligence, and both the water and sewer infrastructure are in extremely poor shape.

I recommend that Staff and Council receive Prop. 218 and Prop. 26 training if the City wants to continue managing the Water and Sewer Enterprise Funds. The Council needs to understand these budgets and also the legal limits of what can be charged.

Moving forward, project funding needs to be attributed to the General Fund, Water Fund or Sewer Fund. There has been a habit of attributing costs in a generic way, which is not accurate or transparent.

In addition, contractors need to be acknowledged as such. For instance, the City Engineer is a contract position not a City Department. A contractor has their own office, staff, utility bills, office expenses, insurance expenses. Contractors cannot be part of the Cost Allocation plan and must be direct billed.

Michael Colantuono is a local attorney who specializes in Prop. 218 and Prop. 26. Would it be possible to have Prop. 218 and Prop. 26 Training for Council, Staff, Enterprise Oversight Committee and the General Public? Perhaps, he could address questions from the Cost Allocation plan in regard to contract services and staff time tracking and how they relate to Prop. 218 and Prop. 26.

As budget time approaches, this would be welcomed.

Best,

Kate Haug

Enterprise Fund Oversight Finance Committee