From: Mary Cone [redacted]
Sent: Tuesday, July 21, 2026 12:57 PM
To: Zulema Higgins <zhiggins@cityofsebastopol.gov>
Subject: Protect Citizens of Sebastopol

Public Comment

Protect Citizens of Sebastopol

Kate Haug, Mary Meihaus and Lee Mathias did an inordinate amount of work for the EFOC and it was ignored by the city council. Why? Why did you discount the EFOC's recommendations?

It leaves the community to conclude it was not read or not understood.

Out of all the issues brought to each of you during your terms this was the most important. This is delivering water to people and firefighters, making sure the wells are in working order, making sure the Pleasant Hill Loop project is completed, having well 4 replaced and our water tanks secured.

These issues have been recommended since 2005!! These problems need to be resolved before there is a catastrophic event – such as a fire and 40% of people lose water and the hydrants don't work.

Please look at the Grand Jury Report, page 17. It outlines the critical infrastructure needs that need IMMEDIATE attention. See link.

The City has failed to address those and moved in the OPPOSITE direction by freezing rates and removing tiers without giving the ratepayers the $5,500,000 reimbursement identified by the Grand Jury Report or the EFOC reforms. See the Water Freeze Analysis Document.

After the last meeting, the City is worse off than before the Grand Jury and the EFOC because freezing rates (while it sounds nice) completely derails the funding for infrastructure. The whole point of the Grand Jury recommendation was to INCREASE funding for infrastructure by $5,500,000 not DECREASE it.

This council is actively putting the Water Supply and Citizens at risk. If something happens, you are responsible. The question arises, should the city and it's council actually be allowed to steward such a critical resource?

https://sonoma.courts.ca.gov/general-information/civil-grand-jury/2025-2026-reports-and-responses

Water and Westwater Enterprise Fund — Rate-Freeze Scenario/Rate-Tier Removal Analysis

Fiscal Impact of July 7, 2026, Proposal to Freeze Rates and Eliminate Tiers

Prepared for July 7, 2026, City Council meeting · Five-year forecast through FY2030-31

Prepared by: Kate Haug, Mary Meihaus, Lee Mathias

Executive Summary

On July 7, 2026, the City Council will consider suspending the tiered water rate structure and freezing water rates at their 7/1/2025 levels. This analysis models the five-year fiscal consequences of that action and compares it to two alternatives: continuing the currently adopted rate schedule (the baseline) and adopting the rate freeze **together with** the cost-side reforms recommended by the Enterprise Fund Oversight Committee (EFOC).

The central finding is straightforward. Freezing Water rates and removing the rate-tiers ***in isolation*** leaves frozen revenue to be overtaken by steadily rising costs. **The fund's operating margin collapses to a deficit by FY2028-29, and reserves fall from roughly $2.4 million today into a deficit of about -$0.1 million by FY2030-31** — below the City's 25% reserve policy floor and continue into the red. This is the same pattern of revenue reduction that drove the Water Operating Fund to a negative balance in FY2023-24 and forced the emergency rate study and steep rate increases of 2024.

Rate relief is not the problem — doing it alone is. **When the freeze is paired with the EFOC's recommended cost-allocation reforms, the attorney-fee refund, and the shift of the Syserco energy loan to the General Fund, the fund remains healthy** — above the reserve policy in every year of the forecast. The reforms supply the savings that make the revenue reduction sustainable.

Taken together, the changes recommended here move both the Water and Sewer enterprise plans toward **Proposition 218 and Proposition 26 compliance** with how central-government costs are allocated to the funds. They also provide sufficient revenue for the infrastructure repair the systems require, and they keep rates stable for the next several years — until there is enough time-tracking data to build a new, defensible Cost Allocation Plan and, on that foundation, a properly grounded new rate study.

One caveat is the unknown condition of the old clay sewer pipes. We have miles of pipe, and the replacement cost is high. The currently projected reserve in the Wastewater Enterprise Fund is large but still may not be high enough, once the city produces the Sewer Study.

If the proposed changes are adopted the city would have the added advantage of being able to present a plan compliant with the Grand Jury recommendation to restore $5.5MM to the Enterprise funds. The plan outlined here would total $5.5MM returned to rate payers over 6 years in addition to the savings rate payers realize from paying the lowest tier an having near-term rate increases suspended.