

From: [REDACTED]
To: [Zulema Higgins](#)
Cc: [City Council](#); [REDACTED]
Subject: Support Restitution of Illegal Attorney's Fees - More is Necessary PC 8/4/26
Date: Sunday, August 2, 2026 8:24:54 AM
Attachments: [July 7, 2026 Sebastopol Water RateFreeze Analysis.docx](#)

Dear Council and City Staff,

I support the restitution of \$350,354 in illegal attorneys fees - \$130,867 restored to the Water Fund and \$219,487 restored to Sewer Fund.

However, this is not enough to off-set the loss of revenue produced by Council's July 7, 2026 decision to freeze water rates and remove tiers.

Once again, I am submitting for Council and the Public the Rate Freeze Analysis, which the City and Council have not responded to even though it outlines the impact of the Council's decision on the Water Fund and its ability to fund Infrastructure.

Additional steps be taken to ensure the Water Fund's solvency.

As the Syserco Loan was a decision made by Council that had no due diligence and no benefit to Ratepayers, the Water Fund should not be responsible for this debt as it inhibits the Water Fund from financing critical infrastructure such as the Pleasant Hill Loop and Well #4. It is unclear why the Council took on the Syserco Debt as SmartMeters were never listed on any Capital Improvement Plans and not a public safety priority. The Syserco Loan drove the Water Fund into deficit and has hindered the financing of infrastructure, like the Pleasant Hill Loop, which is necessary for public safety.

In light of this severe breach of fiduciary duty by the City and the previous Council, the General Fund should begin repayment to the Water Fund for previous Syserco Lease Payments of \$843,965 over four years using Measure U funds and reserves.

Council should take immediate action to shift current Water Fund Syserco energy lease payments to the General Fund.

In addition, as the Sewer Fund is also impacted by illegal allocation, the Sewer Rates should also be frozen. If you read the Analysis of the Water Rate Freeze document, you will see the Sewer Fund does not go into deficit with a rate freeze.

If the Council is not going to respond to the documents produced by the EFOC, I ask that they receive a public presentation paid for by the General Fund on the Fiscal impact of the Rate Freeze and Tier Removal on the Water Fund and its ability to finance infrastructure repair and that Council bring back the Engineers who produced the Water Master Plan to lead the Council and the public through a worse case scenario situation which would be a breach in the Pleasant Hill line and the simultaneous failure of Well 4 during a fire. If Council is going to make decisions that alter the fiscal health of the Water Fund and its ability to pay for infrastructure, the Council should have clarity on the outcome of their decision.

Thank you,
Kate Haug

