

Hamlin Statement on Water/Sewer Rate Increases

09/19/2019

There are two major reasons for questioning the rate increases: financial and strategic

1. For a decade, the city transferred monies from the enterprise funds (water and sewer) to the General Fund in the amount of about \$1 million based on some unknown allocation formula. When former City Manager Rock came, he increased this to \$2 million plus. The following graph from the VC Star shows the increases.

https://infogram.com/santa-paulas-budget-balancing-1hxj48n1lyyr4vg?fbclid=IwAR2C9taFI2oEyl3rM89mxuuW89NU_uuiFCHEMjjdSuM6DAOskYvFcR01Zo

There was one pie chart showing the enterprise fund transfers to be 15% of the General fund revenue.

<https://www.citizensjournal.us/santa-paula-creative-use-enterprise-funds-carries-city-finances/>

City Manager Rock said he intended to implement a system of time card tracking where the city employee logs his/her time spent on the enterprises. Was this system initiated? Have the transfers been audited? What is to prevent a future City Manager from increasing the transfers to \$3 million and thus changing all of the parameters in the rate study? How can these transfers pass a Proposition 218 test?

2. Lack of Strategy of Water and Sewer

Read this history of water and sewer here. The last strategic thinking occurred in 2005.

<https://www.citizensjournal.us/santa-paula-wastewater-15-years-of-compliance-inaction/>

The current plan to “fix” the chloride issue is considered “conceptual”. The Public Works department is asking for \$1.5 million to prove/disprove the concept. These monies would come from ratepayers. The final “solution” would be from another sale of bonds, which would essentially be a *de facto* rate increase. So even though the option chosen for the waste water looks rather benign, hidden is the future bond indebtedness.

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