

Dear Council Members,

I am writing in regard to Agenda Item Number 8.

I am alarmed and concerned by the rate study and believe that Council needs to seriously consider the path forward and look at options not presented in the Study.

I have several main concerns:

- 1) The study covers two rate increases for two fundamental services: one for water and one for sewer.
- 2) The proposed increases range from 60% to 125%, which are significant and will have impacts on residents and businesses. This means every single residence and business could see a doubling of their water and sewer bills.
- 3) Residents and businesses are also looking at rate increases for garbage service.
- 4) People have already implemented water conservation practices and have no way to lower their bills.
- 5) Council recently voted (Council Member McLewis excepted) to limit rent increases within mobile home parks to 75% of Consumer Price Index or 4%, whichever is less because they felt that a 6% space rent increase was not tenable to people who own their mobile homes (despite the fact that there are no income limits at the mobile home park and people of all income levels can buy into it). How can Council then support a 60-125% increase in water and sewer rates?
- 6) City Staff including the City Manager are paid through water rates. Clearly, there is no job performance reviews or someone would have noticed that the previous rate study was flawed and did not include Capital Improvements; thus, Sebastopol now has a huge backlog of unfunded capital improvements which total \$7,200,000 for Waster Water (page 38 of consultant document) and \$13,100,000 for Water Capital Improvements (page 25 of consultants document). Why should citizens pay for City Staff to run the water system when there is no oversight and no accountability?
- 7) How will this rate increase impact our business community, particularly our small businesses and our restaurants? Can they weather more increases when profit margins are low?
- 8) How with this rate increase impact our low-income communities like the Burbank Apartments of Bodega Highway, Park Village and the Burbank Apartments on Gravenstein Highway? Who will pay for these increases? Residents or operators? Are they financially viable?
- 9) Sebastopol sits on a huge aquifer; there is no shortage of water for Sebastopol. There is no reason why our water should be so expensive.

## Alternative to Rate Hike: Parcel Tax

Council should argue for a CPI based rate increase on water and sewer coupled with a bond or parcel tax. The bond or parcel tax should also include \$5,000,000 for a new fire station and \$18,000,000 for the roads (per the recent road study).

### Why Parcel Taxes are Preferred

- 1) A parcel tax is preferable because homeowners can deduct it from their taxes. Many people in Sebastopol have owned their properties for a long time and have Prop. 13 protection; thus they pay artificially low property taxes and if an Infrastructure Parcel Tax was passed, they could write this expense off their taxes. If it is merely passed on as a utility bill, there is no tax benefit. Commercial landlords can write off utilities an expense; making the Capital Improvements part of a parcel tax would allow residential owners to have this same benefit.
- 2) A parcel tax would direct money toward Capital Improvements and would not be siphoned off for City Salaries, which should be wholly paid for by the general fund.
- 3) There are other outstanding Capital Improvements needed in Sebastopol: \$5,000,000 for fire station, \$18,000,000 for roads. With the \$7,200,000 and \$13,100,000 for sewer and water systems, the City needs \$43,300,000 for critical infrastructure. We should fund all of these projects through a single bond. If you divide \$43,300,000 by 30 years that totals \$1,443,333,33 per year. If there are 5000 property paying entities in Sebastopol that would be a parcel tax of \$288.66 per property.
- 4) \$288.66 would be probably be equivalent to the annual cumulative rate increase yet, it is a much better proposal for the citizen as it would be tax deductible and also cover the new fire station and the roads.

Current proposal does not address any other infrastructure needs, adds extraordinary rate hikes to residents and business owners and is not tax deductible.

Please think seriously about this issue. If Council felt that people could not endure a 6% CPI based monthly rate increase for their mobile home rental, how does Council feel that people and businesses will be able to be able to financially absorb a 60%-125% rate increase for water and sewer?

As a citizen, I would support a tax/bond that concentrated on Water, Sewer, Fire and Road Capital Improvements. I would like to see the roads brought up from their current "poor" rating to a "good" rating within the next 10 years and I support the upgrading of the Fire Station. Obviously, water and sewer are vital.

Thank you,  
Kate Haug