

Oaks water board explains rate hike to community

Contributed by Elizabeth Larson
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CLEARLAKE OAKS ‐ The Clearlake Oaks County Water District Board's Saturday meeting to introduce a proposed water and sewer rate hike to customers proved vastly different from a previous meeting in August that also looked at raising rates.

For one, the August meeting, which lasted just over two hours, saw close to 100 angry residents packed into the East Lake Grange, shouting at the board over a nearly 40-percent propose hike.

Saturday's meeting, held at the Northshore Fire District's Clearlake Oaks firehouse, lasted approximately 40 minutes and was attended by about 25 people who, for the most part, appeared convinced of the necessity of a 17.7-percent increase that would go into effect in November.

The other difference notable between the two meetings was that the board now has two new members, with Frank Toney and Harry Chase being joined by Mike Benjamin and Judy Heeszal. Benjamin, now board president, and Heeszal took seats vacated after the last meeting by Pat Shaver and Mike Anisman. Another seat, vacated by Helen Locke, will be filled next month.

"This is going to be a different hearing from what we had the last time," said Benjamin, who admitted that he had "raised hell" at the last meeting himself, which in his case included starting a recall effort against Shaver and Anisman.

Before opening the meeting to public comment, Benjamin explained the new rate proposal, which was the result of work done by the board, General Manager Darin McCosker and the recently formed district finance committee in the wake of the August meeting.

In recent months, the district's serious financial situation has come into sharper focus, but it's by no means a new problem, which Benjamin made clear.

He read from a July 2004 rate hike proposal notice to ratepayers, which warned that the district was experiencing "economic strain" due to unexpected and sharply rising expenses, coupled with years of no rate hikes for sewer and water services.

One example of rising costs: Over a six-year period, the district's annual liability and worker's compensation costs tripled, rising from \$27,629 to \$76,147, and it was hit by more than \$200,000 in charges to remove biosolids from its sewer plant.

The 2005 budget, in turn, pointed again to those increasing costs and to an aging infrastructure. The district also had, by that time, lost an estimated \$100,000 to Proposition 1A and nearly \$30,000 to the Lake County Redevelopment agency. In all, that budget narrative estimated a potential deficit of \$474,000, Benjamin explained.

"We consider these pretty dire warnings," he said.

The rate hike that was approved at that time didn't even cover the cost of living increase, said Benjamin.

Benjamin said the district now is about \$200,000 in debt, of which around \$152,000 is old debt incurred more than six months ago. He added that the district is running between \$10,000 and \$12,000 in the red each month.

The 17.7-percent increase, raising the base rate for a single-family dwelling from \$56.24 to \$66.19, will address the debt that hasn't been addressed in previous years. Benjamin said the total increase for each home would be no more than \$9.95.

Chase pointed out that audits of the last three years are under way, and Benjamin said the board will take the results of those audits to the community next year, when it comes time to consider whether or not another increase is needed.

In the mean time, the district is down two and a half employee positions, which it won't be filling, and is instituting a wage and hiring freeze in the coming year, Benjamin said.

During a relatively brief public comment period, the board fielded questions about cost differences between mobile homes and stick-built homes, whether the district was being impacted by foreclosures ‐ it's not, said McCosker ‐ and how district rates compared to other areas (the district is better off than some areas like Lower Lake and Spring Valley that could be facing big hikes).

Clearlake Oak resident Ross Christensen thanked the board for the work they had done, saying he felt the last proposal was "more like a knee-jerk reaction."

He followed up by asking if the district had looked at selling treated wastewater to local farmers or getting a return on the water it pumps to The Geysers.

McCosker and Benjamin said they'll consider numerous ways to increase the district's revenue and are pursuing a \$4 million US Department of Agriculture grant, but they need to stabilize the financial situation first.

"This has to be a lengthy healing process," which has just started, said McCosker.

He added that, over the next year to 15 months, he and the board, assisted by the finance committee, will go through the district's procedures from top to bottom to fix the problems. "This is a complete rebuild."

One woman said she would not be able to pay even the additional \$9.95 a month. "I'd have to choose between food and water."

McCosker said they had crunched the numbers "as much as we can crunch 'em" to find the best solution.

Toward the end of the meeting, Benjamin made a special request to district ratepayers ‐ asking them to pay special attention to their December bills.

Last December, the district sent out bills totaling \$150,000. The following month, when the payments were expected, the district only received \$49,000.

Getting only a third of its payments this coming January could prevent the district from making its payroll or paying its bills, said Benjamin. "We just won't make it."

One audience member had suggested that the holiday bill problem may have been partly due to the district not sending out bills, as in his case.

McCosker, who took over as general manager in January, said the office is running very smoothly now, with longer hours, live people answering phones rather than the former "voice mail hell" and an overall emphasis on customer service. "I apologize that hadn't been done that way in the past."

Chase emphasized the district's financial situation will be reevaluated next year before the board considers charging customers any more money. "We're not real interested in overburdening the customers, because the customers own the water district."

Keeping in mind the statement by one ratepayer earlier in the meeting that the proposed rate hike would hurt her, Chase suggested that the district should begin looking at ways to help low-income customers, as Pacific Gas and Electric does.

"We're going to turn everything this company does inside out," added Benjamin.

He ended by thanking the community members for "a very pleasant meeting," which was so amicable that it even ended with the audience giving the board a round of applause.

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