

THE SACRAMENTO BEE [sacbee.com](http://www.sacbee.com)

El Dorado water customers face rate hikes

clocke@sacbee.com

Published Tuesday, Nov. 10, 2009

El Dorado Irrigation District customers will face higher water and sewer rates in the coming year. The question is how much higher.

District officials say rate increases are necessary to satisfy bondholders.

Projected revenues for 2010 are approximately \$14 million shy of the amount needed to maintain the required debt service coverage. To meet its bond obligations, the district must maintain at least a 1.25 debt service ratio, meaning total revenues must equal at least 125 percent of operating expenditures, including debt payments.

The district serves approximately 100,000 customers on the county's west slope.

General Manager Jim Abercrombie said he will present the board with proposed rate hikes on Nov. 23. Customers then would receive written notice and have 45 days to protest the increases before the board considers adopting them.

The revenue gap is attributed largely to the near standstill in new housing construction. A two-year budget adopted last December projected about \$14.7 million in fees from new service connections this year and \$16 million in 2010. The district now expects to receive only \$1 million in connection fees this year and projects \$3 million in 2010, finance chief Mark Price told the board Monday.

The district issued \$120 million in bonds earlier this year with the understanding that rate increases would be needed to meet debt service requirements, Price said. But without the anticipated revenue from connection fees, steeper increases may be required.

The district has relied on a certain amount of growth to "repair the ancient infrastructure that we have," director George Osborne said.

"We were ahead of the game, trying to be proactive," Osborne said, "and now it has caught us in a trap."

Call The Bee's Cathy Locke, (916) 773-6866.