

## EID proposes 35 percent rate hike for 2010

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El Dorado Irrigation District officials propose to boost water and sewer rates 35 percent in the coming year.

The board today adopted a \$43.3 million operating budget for 2010 that calls for the rate increases. It also endorsed a 15 percent increase for 2011 and increases of 5 percent for each of the next three years.

General Manager Jim Abercrombie said he also seeks to cut operating expenses by \$1 million before implementing the new budget.

Notice of the proposed rate hikes will be mailed to customers, who will have 45 days to register protests before the board considers adopting the increases.

Officials say the increases are needed to maintain the required debt service coverage. To meet 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.

When the district issued bonds earlier this year, staff members anticipated rate increases of as much as 12 percent would be needed to meet the debt service requirements, Abercrombie said. But the decline in home construction resulted in a dramatic drop in revenue from new connections and shifted more of the burden to ratepayers.

"The proposed rate increases will present a real hardship to a certain portion of ratepayers," Diamond Springs resident Richard Boylan said.

He urged the board to offer some relief for people who can't afford the additional costs.

Finance director Mark Price said residential customers in the low water-use category would see their bimonthly bills increase from the current \$37 to about \$50. Bills for those in the middle range would increase from about \$47 to \$64, and in the high-use category, from \$123 to \$166.

Bimonthly sewer bills would rise from the current \$95 to about \$129.

"I think the financial dilemma we all face needs some careful looking at," said Doug Leisz, a vineyard owner and member of El Dorado County Citizens for Water.

He encouraged board members to schedule community meetings to explain the district's fiscal situation before voting on the increases early next year.

Leisz also said the district might fall short of its revenue projections if higher rates curtail water use. He suggested raising some of the money through a surcharge, which would not depend on the amount of water used.