

Irrigation District board approves lower rate increases

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Published Thursday, Feb. 04, 2010

Customer protests fell short of the number required to prevent hikes in El Dorado Irrigation District water and sewer rates, but the increases will be less than first proposed.

There needed to be a 50 percent plus one percentage protest from ratepayers to prevent the hikes. Instead the percentage protest was 18 percent for water and 21 percent for sewer.

Board members said concerns voiced at community workshops over the past month gave rise to "Plan B."

Following a rate hearing Thursday evening, board members approved an 18 percent increase for 2010 instead of the 35 percent originally proposed. They also approved a 15 percent increase for 2011 and 5 percent increases for each of the following three years.

The board stipulated, however, that implementation of the 2013 and 2014 increases are contingent on future board action to be taken after a hearing on the need for the increases.

Staff members said Plan B's cumulative increase for 2010 through 2012 is about 42 percent.

The majority of people who spoke during the sometimes raucous hearing said increases under "Plan B" were still too high. One speaker wanted to see "Plan Z" -- zero increase.

The board on Thursday also agreed that before going out for any bond issues that would require a rate increase to cover the debt service, they would allow for public comment and protest.

To minimize the rate increase and still meet bond obligations, the district plans to refinance bonds issued in 2003, pursue contracts to boost power-generation revenues and defer some capital improvement projects. Negotiations also are under way with the district's employees union that could result in reduced costs for salaries and benefits, which currently account for about 75 percent of the operating budget.

The board directed the general manager to seek an additional \$1 million reduction in operating expenses and to report back April 12 on additional reductions in operating expenses. To the extent the savings could be realized this year, rates could be further reduced.

The board also agreed to requests for a cost-of-services study to determine whether charges and differences in charges among different rate classifications are appropriate. The review is expected to involve a ratepayer advisory committee.

Staff members also will prepare a report on how capital improvement projects have been funded over the past decade, whether from bond proceeds, new hookup revenues, rates or other funding sources.

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