



Santa Monica Coalition for a Livable City

STEERING  
COMMITTEE  
& ADVISORS

February 16, 2015

RE: City Council Agenda Item \_\_\_\_\_ (Proposed Water Rate Increases)

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Dear City Council:

SMCLC is opposed to the proposed 5-year, 78% increase in water rates and urges the City Council to explore other strategies. Resident opposition to these huge rate increases is extraordinarily broad and deep. The City has not made the case for these precipitous, jarring increases. Residents are rightly upset by a proposal to nearly double rates at the same time mandatory water cutbacks are being implemented.

As an alternative to the current options, we urge you to consider:

1. Not implementing any 5-year rate plan at this point, and definitely not one permitting up to 78% increases. Instead, the Council should approve a limited, 1-year (or less) plan, with an increase less than the 9% currently proposed for year 1. This would provide the City ample time to work out a more prudent, sound approach, including bonding as discussed below.

While no one is enamored with having to revisit this again next year, it is far superior to implementing a deeply flawed and highly unpopular plan.

2. Extending our laudable and necessary, but overly ambitious 2020 goal of water self-sufficiency. The 2020 date was set by the Council before the drought forced mandatory water cutbacks (which reduce revenues), and has not been modified. In this same time frame, the City is proposing to accelerate expensive infrastructure improvements. These very significant costs should also be extended.

The current plan creates a perfect storm of rate increases by accelerating significant expenditures over a short period of time, while current water usage will be decreasing, cutting water revenues. Unfortunately, some of these expenditures have been put off for years even though water self-sufficiency has long been an important Santa Monica goal. To now force them to be undertaken in such a brief period does not constitute prudent planning.

3. Extending the period as discussed above, would also give the City time to agree on and issue water bonds to cover the self-sufficiency plan and all of the infrastructure improvements, including new wells and pipe replacement. The City needs to be more strategic in exploring different bonding approaches. Bonds would allow current and future Santa Monica water users to pay the costs of reaching water self-sufficiency and upgrading our infrastructure over the time that we avail ourselves of the long-term benefits of the project. Issuing bonds would also result in significant reduction in rate increases. One possible approach to explore would be for the City itself to issue water bonds based on its own credit, which would be paid back over time from rates.

Together with other community groups and individuals who support bonding, we believe issuing water bonds is superior to the current proposal of drastic 78% increases in rates in the short span of 5 years (with additional increases after that). When bonds are issued, depending on the terms, the extended time periods can then be prudently adjusted.

4. Finally, we remain troubled by the fact that the City has not addressed the key questions we raised in our earlier letter to the Council in December 2014. We asked for information as to the future water impacts of our City's ongoing development, including the 30 pending development projects. Our community is entitled to know the amount of increased water consumption that would occur if all, or a portion of these projects were approved; how that will impact our city achieving water self-sufficiency; and how new development will impact the cutbacks the rest of us are required to make. General statements that individual projects will have to be looked at more closely are inadequate, especially given the magnitude of *cumulative* development in the pipeline.

Residents are entitled to answers on this fundamental issue of land-use planning at the time they are being asked to cut back drastically on water use and pay 78% more for water. Additionally, as part of any water plan, concrete rules need to be put in place to sharply limit any developments that would materially increase water usage on a site during the drought.

The current proposed rate structure is unfair and unnecessary. It is burdensome for residents, whether they live in single family or multiple-family residences and for small businesses. It will fall hardest on our most vulnerable

neighbors and those with limited and fixed incomes. And there is no end in sight, as increases on top of these increases will continue as we have been told in staff presentations.

For all these reasons, SMCLC urges the Council not to adopt the proposed 5-year 78% rate structure. Instead, the City should adopt a 1-year rate plan and, in the short run, both the 2020 self-sufficiency date and the infrastructure improvement plan should be extended. Staff should be directed to find a way to issue bonds. The Council should obtain the new development information suggested by SMCLC and enact clearly defined rules for limiting any development during the drought where new water use would materially exceed the old use for the site.

Sincerely,

Victor, Diana, Sherrill and Jeff

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