NORTH COUNTY TIMES | THE CALIFORNIAN

OCEANSIDE: Council rejects water, sewer rate increases

Measure fails to get required four votes

RAY HUARD - rhuard@nctimes.com | Posted: Wednesday, October 14, 2009 11:15 pm

Oceanside City Council members rejected proposed water and sewer rate increases Wednesday night, putting the city at risk of being unable to make payments on outstanding water and sewer bonds.

The council voted 3-2 for the increases, but City Clerk Barbara Riegel Wayne said a 4-1 vote was required by law to approve them. Council members Jerry Kern, Rocky Chavez and Jack Feller voted to raise rates, and Mayor Jim Wood and Councilwoman Esther Sanchez voted against it.

City Manager Peter Weiss and Water Utilities Director Lonnie Thibodeaux huddled briefly with city lawyers and financial advisers after the vote, but were at a loss to say what the city would do next.

"We're going to have to come up with a plan, probably lay off employees and reduce our operating costs, because we're not going to meet our debt coverage," Weiss said during a break in the council meeting.

Weiss has already recommended that up to 50 city workers be laid off as part of $7.2 million in spending cuts he's proposed over two years to cover a $10 million budget deficit.

Thibodeaux said he would meet with his staff Thursday to assess the effect of the council action.

"We'll have to get together and put together a game plan," Thibodeaux said. "That's what we're going to do."

Mayor Wood said in an interview that he expected city staffers to "either come up with funding to pay for it (the bond payments) or bring it back with a new plan."

The mayor didn't rule out rate increases as part of a revised plan.

Councilwoman Sanchez said she would oppose any rate increase until water agency officials and others make "fundamental changes in the way we do business."

"This is the time to say no," Sanchez said.

She said the state must resolve overall water-supply problems.

"We've known about these issues for at least 50 years," Sanchez said.

Water utility officials had recommended an increase in monthly water and sewer bills of up to $25.25 for the average single-family homeowner.

The council majority voted for an increase of $11.30 on the typical monthly water and sewer bill ---- the bare minimum Thibodeaux said was needed to cover debt payments.

If the city is unable to meet its obligations, city bond advisors said people who bought the bonds could get a court order that would force the city to raise rates.

Most of the proposed water bill increases were because of higher rates charged by the Metropolitan Water District, which supplies water to agencies throughout Southern California. Oceanside buys 80 percent of its water from the district through the San Diego Water Authority, which raised its rates to the city 18.1 percent starting Sept. 1.

"We've already started paying those charges," Thibodeaux said.

Councilman Chavez said adopting at least some increase in rates was "the prudent thing to do right now." But he said the city should object to any more increases from the Metropolitan Water District.

Thibodeaux said the district plans to raise rates an additional 17 percent in January.

More than a dozen people spoke against the rate increases Wednesday, and the city clerk said 218 people had written formal letters of protest.

Adam Amaro, 13, said his parents couldn't afford the higher bills.

"Having (to spend) more money on water would be ridiculous," said Amaro, a Boy Scout who addressed the council to earn a merit badge. "It would be hard for them keeping food in the house."

But not everyone opposed the proposed increases.

"I dislike a rate increase as much as everyone else, but I dislike a bankrupt water and sewer department even more," said Mike Mellano. "As much as I dislike it, I don't see an alternative."

Call staff writer Ray Huard at 760-901-4062.