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OCEANSIDE: Water rate hike on tap after all

3-2 council majority is enough to pass increase, officials say

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Contrary to what officials first thought, a 3-2 vote last week by the Oceanside City Council was sufficient to raise water and sewer rates. However, the council must vote again for the increases to take effect, City Attorney John Mullen said Tuesday.

The increases supported by councilmen Rocky Chavez, Jack Feller and Jerry Kern were the lowest of four options proposed by water utilities officials. Mayor Jim Wood and Councilwoman Esther Sanchez voted against any increase.

Under the revised rates, the monthly water bill for the typical single family homeowner would rise from $42.42 to $48.76, and the monthly sewer bill would rise from $35.11 to $40.07.

The issue could go back to the council as soon as Nov. 4 for a new vote to implement the higher rates.

When the 3-2 vote was taken Oct. 14, City Clerk Barbara Riegel Wayne said a super-majority vote of 4-1 was required by state law to pass the rate increases.

City Attorney John Mullen said Tuesday that a 4-1 vote was needed to pass the increases under the state Health and Safety Code, but not to adopt the increases as a simple city ordinance.

The difference is that under the state code, the city could place a lien on someone's property if they failed to pay their water and sewer bill. Under a city ordinance, water and sewer bills would be like any other bill, subject to standard collection procedures, Mullen said.

With the recent 3-2 vote, the council in effect instructed city staff to return with an ordinance to implement the option with the lowest rate increases, Mullen said.

A new vote is required, Mullen said, because the proposed ordinance before the council last week would have imposed the highest of the suggested rate increases ---- one that would have raised monthly water bills for a typical homeowner to $52.85 and a typical sewer bill to $49.93.

What seemed at the time to be a vote rejecting any increase sent city officials into a tizzy last week, because they said it put the city's bond rating in jeopardy.

Without at least a minimal increase, Water Utilities director Lonnie Thibodeaux said the city would not collect enough money to make required water and sewer bond payments.

City bond advisers also warned that investors who bought the bonds could get a court order requiring the city to raise rates.

On Friday, representatives of the bond rating agency Standard & Poor's sent an e-mail inquiry to city Financial Services director Teri Ferro. She said they were simply seeking information and there was no discussion at this point of downgrading the city's bond rating. A lower rating would mean it would cost the city more to borrow money for future projects.

Wood said he's willing to risk the city's bond rating rather that raise rates.

"We'll get through it because I think there are an awful lot of cities that will have trouble with their bond rating because the state is taking away our money," Wood said.

To balance its budget, the state is taking money from cities, including $9.5 million from Oceanside, City Manager Peter Weiss said, contributing to a two-year $10 million deficit in the city's budget.

"If they want to give us a bad rating, I guess that's what will happen," Wood said. "I'm not going to get into the pockets of senior citizens on fixed incomes anymore."

Councilman Feller on Monday said it would be "a disaster" if the city didn't implement the lowest proposed rate increase to avoid trouble with the bond rating.

"I think we're going to bring it back and pass it just as it was approved, 3-2," he said.

Chavez said voting against any increase would risk bankrupting the city. "I don't think that's a prudent decision to make," he said.

He said the rate increase he supports is primarily to pay for the 18.1 percent increase in rates the city started paying Sept. 1 to the San Diego Water Authority, which was passing on an increase it was charged by the Metropolitan Water District. Oceanside gets 80 percent of its water from the Water District through the Water Authority.

Thibodeaux said Tuesday that he's preparing contingency plans that could include layoffs in his department and cuts in maintenance in case the 3-2 council majority doesn't hold to implement a rate increase.

"I'm preparing a worst-case scenario right now," Thibodeaux said. "It's not a pretty picture. It's a bleak picture if we have to cut, and it doesn't bode well for maintenance in the department."

Even if the council sticks by its vote to adopt the lowest rate increase recommended, Thibodeaux said several critical projects will have to be put off, such as $18 million in improvements to the Weese Water Treatment Plant to bring it up to modern standards, and $1.7 million to replace the Haymar sewer line.

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