

Council OKs water and sewer rate hike

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MORGAN HILL

Come New Year's Day, Morgan Hill residents will be charged higher rates for their water and sewer, the city council decided on Wednesday night.

The vote was 5-0 following a public hearing during which several speakers told the council they opposed the fee hikes and asked the body to take a stand against the Santa Clara Valley Water District, which they say is to blame for at least the jump in water rates.

The city estimates that median users in single-family homes will see their water bills rise by 20 percent over the next five years, with an estimated increase of \$3.99 per month during the first year to \$24.10 per month during the fifth year. The median average for apartment dwellers would also go up 20 percent, or \$2.32 monthly, to \$14.03. The average user will pay \$6.48 more monthly, also a 20 percent hike, for a projected total of \$39.19. The median sewer user will pay \$9.06 more, or 30 percent more for a projected \$39.07 monthly.

The city appears to be passing higher water costs to Morgan Hill residents as it anticipates having to pay 9 percent more in "pump tax" to the the Santa Clara Valley Water District, Finance Director Jack Dilles said.

Water fee increases will be spread over two years, with a 5 percent hike effective Jan. 1 and another 5 percent jump on Jan. 1, 2009. Sewer rates will increase 6 percent each of the next four years, beginning Jan. 1. Both increases would be subject to change after that to adjust to the Consumer Price Index.

Impact fees, the one-time fees developers and new businesses pay the city for water and sewer, are going up as well. The council raised water impact fees for single-family homes from \$1,996 to \$2,940 and sewer impact fees from \$9,060 to \$11,507. Proportional increases would be in place for multi-family and commercial developments.

Dilles maintained that neither the water nor the sewer fees have been raised in a decade and city reserves have been tapped to cover deficit spending in water and sewer funds. The results of a study done for the city by outside consultant Bartle Wells Associates, which urged that the raises are implemented, were the basis for staff recommendation.

That study doesn't preclude challenging the water district, Morgan Hill resident Terry Mahurin said during the public hearing. He asked the council to put the increase before a public vote and look into claiming water from Lake Anderson to avoid water district fees. The district's increases have been passed onto the city, which is passing them on to Morgan Hill residents and businesses, Mahurin said.

In addition to those who spoke during the public hearing, the city received at least 25 letters opposing the increases, including one from the owner of the Taco Bell franchises in Morgan Hill.

Councilman Larry Carr acknowledged Mahurin's points but said the city is "still faced with the reality of enterprise funds that we need to remain solvent."

Although Councilman Greg Sellers said he "reluctantly" supports the increases, he added, "I think we have work to do." He specifically asked that the Utilities and Environmental Committee look into options to address the Water District-imposed increases, and other council members agreed.

Morgan Hill resident Sharon Parks said given the weakened housing market and the impact it has had on the economy, the increases were coming at a bad time and implored the council to vote against them.

"To help with the economy we should start with the city level," Parks said.



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