Item 16, Supporting Document 15





## City ponders sewer upgrade, new rates

By Matthew Rodriguez STAFF WRITER

November 11, 2007

VISTA – Vista's director of engineering compares maintaining the city's sewer system to taking care of a car.

"We have driven this car a long way," said Larry Pierce. "It needs to have new tires."

To help pay for those tires – \$174 million worth of upgrades the city plans over 20 years – the city is proposing to raise sewer rates over the next five years.

Rates would climb about 3.5 percent or 9 percent each year for five years, depending on the district.

The proposed hikes have outraged some residents and prompted Chuck Rabel, former chairman of the Vista Chamber of Commerce, to announce his candidacy for City Council in the 2008 election.

Council members say the city has to maintain its aging sewer system, but some wonder whether the proposed increases are too much.

"It just appears to be a little high," Councilman Frank Lopez said.

Vista has held one forum on the issue, and another is planned for Wednesday. The issue is expected to return to the council in January.

City officials have said the increases are necessary because prior councils were unwilling to raise rates. The city had changed to a variable rate for its residential customers in 1999. In 2001, the city raised sewer rates for the first time since 1992.

Vista went back to a flat fee for its residential customers in 2003, and since then, the city's rates have risen about 8 percent to 8.5 percent a year.

The majority of the planned work – nearly \$131 million worth – is slated for the older Vista Sanitation District. That district generally covers the city north of state Route 78. Rates would increase about 9 percent a year for five years.

Rabel said he would favor a 4 percent to 4.5 percent increase over three years. "Nine percent's ludicrous," he said.

Rabel said he believes a study of sewer rates that the city commissioned overestimates the rate of inflation for operating costs and capital projects. "They made all these assumptions in a race to our pocketbook," Rabel said.

"There's no question that money should have gone into sewers a long time ago," he said, but the proposed Vista Sanitation increase is "absolutely huge."

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He said it would be difficult, though, to organize a majority of customers to submit letters of protest to the city to stop a rate increase. "It's a mission impossible," Rabel said.

The other work is planned for the Buena Sanitation District, which covers areas south of Route 78. Proposed rate increases are about 3.5 percent a year over five years.

Pierce said the city will need to spend about \$4 million evaluating conditions of the sewer lines. It also plans to replace its ductile iron pipes, most likely with PVC pipes. A ductile iron force main owned by Vista and Carlsbad ruptured in late March and early April, sending 7.3 million gallons of sewage into the Buena Vista Lagoon. A \$1.1 million fine has been proposed by a state regulatory agency over the spill.

"We've learned from the Buena Vista force main spill that ductile iron pipes in the ground probably aren't the best thing to leave there," Pierce said.

Replacing them could cost \$25 million over 10 years in the Vista Sanitation District and \$3.2 million over 10 years in the Buena district, he said.

The city also has 14 projects planned to ensure adequate capacity. Those projects could cost more than \$15 million in the next five years, Pierce said.

Councilman Steve Gronke said he believes the work is necessary, but he was unsure whether the flat-rate system is better than the variable-rate structure the city offered at one time.

"Any which way you go, it's tough," Gronke said.

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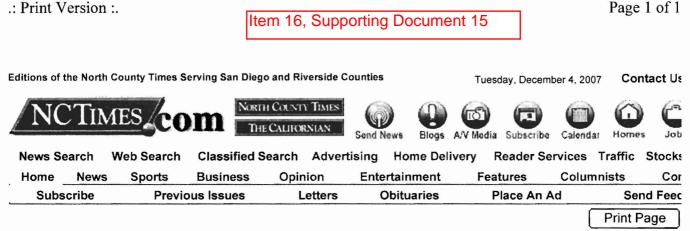
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## Tuesday, December 4, 2007

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Vista borrows \$116.4 million for capital projects

By: North County Times

VISTA -- The city of Vista has borrowed \$116.4 million to pay for several capital projects, including two fire stations, a new civic center a sports park and a stage house at the Moonlight Amphitheatre.

The city announced Monday that it had completed its sale of certificates of participation, which are similar to bonds, to underwriters Stone & Youngberg and Citigroup at an average interest rate of 4.91 percent.

The underwriters will sell the certificates to the public at yields ranging from 3.8 percent in 2008 to 4.8 percent in 2037, city officials said.

The city will pay back the money over 30 years using revenue generated by the half-cent sales tax increase voters approved last year.

Debt payments will be backloaded, city officials said last month. Vista expects to start making payments in 2009. They will escalate from approximately \$5.9 million the first year to \$10.8 million by 2037.

Work has already begun on the fire stations; however, the other capital projects are still being designed.