Have EID ratepayers “had enough”?

If the El Dorado Irrigation District were a business it would be “out of business”.

Since 2001, EID’s rates have increased five times faster than the 32 percent increase in the Consumer Price Index. A staggering two out of every three dollars EID receives from ratepayers go to pay for debt costs and for bloated administration. Just one of three rate dollars goes to pay field operating costs. Counting property tax subsidies, EID customer bills are double those of neighboring Folsom.

As financially dismal as this is, things are about to get much worse.

Another 11 percent rate hike already is board-approved to kick in on January 1, 2014. Although debt has surged three-fold to some $11,000 per ratepayer, EID is readying issuance of $60 million new debt so it can continue its deficit spending. Fully one half of the increased debt is earmarked to expand capacity for new development even though debt costs for existing excess capacity already adds 17 percent to current rates.

Unlike El Dorado County departments that have to compete with other departments for funding, EID is a special district. Its directors are accountable to no one but the electorate. By law EID exists to be first and foremost for the benefit of its ratepayers.

But it hasn’t been working out this way under EID’s four long term board director incumbents.

Instead of upholding fiduciary responsibilities to EID’s 38,000 regular ratepayers, the four long term incumbent directors consistently have shown first allegiance to special interests. Over the past four years, these four long term incumbents have “rubber-stamped” every one of the last four annual budgets proposed by management, they have passed unchallenged every one of the last four capital budgets, and they have voted approval of virtually every one of more than 200 individual capital spending projects.

Earlier this year, EID’s four long term incumbent directors approved 7 percent pay hikes in 2014 for most employees following 6 percent pay hikes given employees in 2013. Several years ago they passed a 35 percent retroactive increase in employee pensions which now gives rise to $53 million of unfunded retiree benefit liabilities. Without steep spending cuts, in 2015 when EID starts paying these unfunded $53 million of retiree costs as dictated by new state requirements, more double digit rate hikes will be required.

With virtually automatic approval of every management-proposed budget and every management proposed capital project, why have EID board directors at all? Who is instilling the discipline to force spending restraint? Who is forcing spending prioritization? Who is looking out for ratepayers?

This November, two EID board seats will be up for reelection. How ratepayers vote this November will determine if the last five words in EID’s mission statement, “in a fiscally responsible manner”, start to mean something at the El Dorado Irrigation District.