



Will this time be different at EID?



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Greg Prada | May 24 2013

EID's May 28th, 9am board meeting is scheduled to include a \$205 million capital spending "blueprint" to massively expand EID's wastewater capacity.

Few would question that EID's engineering staff designs "world class" projects. But the entire \$205 million wastewater capacity expansion proposal to be presented May 28th is built upon a shaky foundation...it is built on a highly flawed demand forecast.

And that highly flawed demand forecast stands to cost current ratepayers considerably.

EID's first major forecast flaw is that an August 2010 EID report documented that EID had 10,400 unused new sewer hook-up capacity as of December 2009...enough to support a population growth of nearly 30,000 new residents. EID's subsequent financial reports indicate that just 100 new hook-ups were sold in the subsequent three years.

So with 10,300 available new sewer hook-ups available, why is EID management in a rush to spend \$22 million of wastewater capacity expansion investments in the next four years? Why does EID want to borrow more money at the expense of EID's current 21,000 sewer customers rather than use up several years' worth of the 10,300 sewer hook-ups already available? This current excess capacity was valued at \$83 million by EID's Finance Director.

A second major problem with EID's wastewater demand forecast is that the new \$205 million spending proposal effectively assumes a west El Dorado County population growth of 80% by the year 2030. From Diamond Springs to El Dorado Hills, EID's management effectively is assuming 53,000 new residents by the year 2030...some 1,100 new homes annually without interruption.

Current residents in and about the San Stino area, the Green Valley Alliance, Strolling Hills and other communities are vigorously challenging the mega-developments proposed in their areas. And at a recent Marble Valley presentation, Parker Development's Tom Howard said their proposed build-out would be over thirty or more years. Howard further stated that EID already had the wastewater capacity they needed for both Marble Valley developments.

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Yet despite all these discrepancies as to new capacity need over the next seventeen years to 2030, EID's management wants EID's Board to approve a \$205 million wastewater capacity expansion "blueprint" on May 28th, 2013. And they want to spend the first \$22 million in the next four years...financed with more new debt that will add to current ratepayers' rates.

Timely capacity expansion makes sense. But greatly premature capacity expansion is nonsense.

If EID's board wants to demonstrate fiscal competence, commitment to financial responsibility, and to responsibly protect current sewer ratepayer financial interests, they will tell Management to fix their demand forecast, work down the current excess capacity and come back later when the need for expansion gets several years closer.

Looking out for the ratepayers should be the EID board's first consideration. Will this time be different at EID?

Greg Prada

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