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Watsonville residents will be paying more for sewer and water service shortly.

The City Council last night voted to raise fees for both utilities. Sewage bills for residents will go up an average of \$3.41 per month; water bills will rise by \$2.34 for customers inside the city limits, \$3.29 for those outside.

Sewage fees are going up to cover rising costs and declining revenues as food processors, the city's major customers, scale down or leave town; water fees are going up to raise money for a water-conservation program.

The water-rate increase affects only residential customers, but the sewer-rate increase affects everyone, which brought food processors out in bunches last night.

They were there to argue for Option 2, the second of two plans the city had for raising sewer rates. Option 1 would have raised rates proportionately, meaning that while the average household's rate would go up a little bit more than one-sixth, industry rates would have gone up an average of 35 percent. Option 2 was a 50 percent increase for residents and an 11 percent increase for businesses.

Food processors argued that giving them a break would be good for the whole economy. They cited the high cost of doing business in this area and said one more new expense would be difficult to bear.

Chuck Allen, the executive coordinator of the Watsonville Food Processors Association, said he hoped the council would take into account how many workers are

employed by food processors.

Another food processor told the council it costs him \$50,000 more for operations and \$300,000 more for labor in Watsonville than at his plant in Fullerton. Raising the rates drastically would be sending a message that "this really isn't a viable city for us to be in."

Dick Taylor, of Cascade Refrigerated, said, "I shake a little in my chair ... at the possibility of the food processors vanishing."

Sergio Lopez, the secretary-treasurer of Teamsters Local 912, spoke in favor of Option 2, saying he was concerned for the jobs of union members. He said it was a matter of "pay now or pay later."

Pedro Castillo, a member of the League of United Latin American Citizens, spoke in favor of the first option, saying a few dollars a month is a lot for many people in

the city. He said he opposed subsidizing business and that a break on sewage rates from Watsonville can't counter the "global forces" bringing on the demise of the food-processing industry in the United States.

"It's just a matter of time before they leave," he said.

Councilman Todd McFarren, noting a tradition at City Hall to consider the needs of processors in adjusting rates, said he thought voting for Option 2 wouldn't in itself keep a processor in town, but it was something the council could do to combat the forces encouraging companies to go elsewhere.

With little other discussion, the council voted 6-0 for the second option. Mayor Oscar Rios wasn't at the meeting last night, because

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he is in Japan on a sister-city trip. Actually, because of a change in the way the city calculates sewer rates, some of the food processors will see a drop in their bills. Previously, the rate structure took into account "demand," which was based on a customer's heaviest month, as well as the amount used per year.

The rates are now based just on use, so those companies that had an extremely high and short peak season will pay less. American Foods, for example, pays \$88,824. Under Option 2 it will pay \$26,292. Most of the companies, however, will pay more.

The water-rate increase was also passed with little discussion. Council members Betty Bobeda and Tony Campos voted against it, saying they just couldn't bear to raise yet another rate.

The increase will pay for a yet-to-be-developed water conservation program, in the hope that Watsonville will be able to completely offset the water demand from new development and cut back on water use.

John McGuire, the city's water director, said city residents are already cutting back on water use. Even though the city has grown, its water use has dropped quite a bit. As far as the city's concerned, though, that civic-mindedness is a "double-edged sword" because it

means a decline in revenues even as costs for delivering the water rise.

Besides an across-the-board increase in water rates and connection fees, the council voted for block rates, meaning people who use more water will pay more per unit of water after a certain amount. The higher rate kicks in after the first 12 units of water, one unit being 750 gallons. The average home uses 10.6 units a month.

Last night's action affects only residences, but city staff said the next step will be to meet with the city's largest water users - industry - to come up with conservation plans.

Lee Haskin, of Martinelli Co., said the cider business is very concerned with water conservation and has taken measures to cut back on water use. He urged the city to focus on industrial users, saying that "low-flow" showerheads will only save drops compared to what industry could save.