

From: [Sarah Blossom](#)
To: [Christine Brown](#)
Subject: FW: Cost allocation
Date: Tuesday, July 02, 2013 2:20:08 PM

> Subject: Cost allocation

> From: thebluetoes@aol.com

> Date: Thu, 7 Feb 2013 07:26:27 -0800

> To: blossoms49@hotmail.com

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> Sara, I watched everyone's comments with great interest last night. I am typing this on my I phone so it will not be an exhaustive response but I did want to make some comments.

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> Yes one of the biggest problems with City running any of the utilities is how they allocate Costs that are more appropriately born by the whole island to the utilities but that is just part of the problem.

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> If they City did not retain management and significant oversight over the satellite system manager the cost would be less to the rate payers, not the same. The rate payers are being forced to pay for things like city hall, city litigation and legal fund, and taxes on all those things that would not be necessary if the manager was not part of the city. These are just a few costs that could and should be reduced if the mgmt were outsourced but since council in cooperation with the manager are the only people who can stop the practice of layering these costs over the rate payers UAC did not address what the City's cost estimates were.

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> The City has willingly and with certainty of legitimacy layered their cost allocation system increasingly so over the utilities over time. The state auditor, UBA/GHD, past and current city managers, Lance & some council members have stated publicly that the City hasn't even allocated all the cost that they can so relying on Management to fix the situation after a lengthy study is ludicrous.

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> Contrary to many perceptions, the UAC has not been able to provide meaningful oversight over the utilities, the City has not demonstrated that the the water utility can be effectively and financially sustained in the long run under the reduced revenues. The relationship with staff has been a game of cat and mouse and I do not see that changing any time soon especially if they succeed in retaining management of the utility at this point.

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> The City has in fact neglected and/or mismanaged the utilities over time due to their lack of attention or focus on their job as utility owner operator. As example I will use just The

Taylor ave well, the number of planned capital projects that rates were set to perform but which were never undertaken and the eagle harbor beach main debacle. Just a few examples.

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> The detractors need to get real about the overall impact to the City and other utilities. We are talking about a total impact to the city of 3.5 FTE. The significance of this figure on the overall scheme of things is insignificant. The comments about Chaos and disruption to the City if you make this change is once again ludicrous.

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> Fact is the decision on whether or not the City should continue to run the utility should be based on who can run it most efficiently and effectively, and whose direction of such is better for the rate payer.

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> As stated last night perceived cost increase to other utilities is a scare tactic/threat. If the City can find efficiencies in the water utility and they hone the same attention in on the sewer and SSWM utilities there costs should naturally fall as well.

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> The utility should not remain under the control of the City just because the City needs it that way so that they can help share City costs. The City Manager needs to bring City costs in line on his own dime, not at the expense of the rate payers.

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> Our City has had this protectionist, holier than Thou attitude ever since annexation that no one except them can do things right, that cost does not matter, and that big brother knows best.

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> If there are other, more effective specialists out there who can bring their skills and talent to Aid in this fiction and if the City can see its way to embrace such the opportunities will abound. The City will win and the rate payers will win.

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> The detractors are raising the smoke screen. You are a very intelligent and articulate young woman and we are lucky to have someone like you representing our interest on council. But you need to know that those of us who look at the big picture think that this change will shift the energies of the City over time, forcing them to reevaluate what the City has become and what needs to change to make it a better servant to the people over time. It may take a very long time and I'm sure the culture will not change any time soon but I have every confidence that if council has the guts to take this step now we will all be better for it in the long run.

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> Sincere regards, arlene

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> Sent from my iPhone