

# STPUD to vote on budget after rate hike is settled

By Claire Fortier



How could the South Tahoe Public Utilities District justify a 4 percent increase when the economy of South Lake Tahoe has flat lined?

That was the question asked by a half dozen people who addressed the STPUD board during its public hearing Thursday night. The board answered by directing STPUD staff to present a budget based on a hike of just 2 percent at its May 20 meeting at 2pm.

About 30 people filled the utility district's board room for more than two hours.

"We need to be active about replacing our water and our sewer line, but this is not the right time for a 4 percent increase," board Chairman Dale Rise said. "Cutting that hike down the middle will give staff the tools they need to do their jobs without severely impacting our ratepayers."

The board's decision to reduce the rate hike was as much a shout out to STPUD's staff, which found more than \$8 million in grant funding and \$19.6 million in low interest state loans to cover critical capital improvement costs, as it was to the public's outcry over rising rates.

"Can you justify 4 percent? Yes," Ken Curtzwiler, a candidate last year for the STPUD board, told the elected officials.

“But is it the right thing to do? Overall, the rate increase is not much compared to other people around the lake who are paying as much as 77 percent more. But when the entire community is down 15 percent, how can you justify going up at all?”

Driving the rate hikes is an extensive \$136 million, 10-year capital improvement program that is top heavy with projects in the first two years. Many of those projects are being paid out of federal stimulus funds.

Topping the list for STPUD is replacing the Headworks, the 1950's structure through which all the district's wastewater flows. “This structure is in bad shape and deteriorating rapidly,” said Paul Sciuto, STPUD's assistant general manager.

Replacing and maintaining the district's 336 miles of pipelines inside the Tahoe basin and the 26 miles of export line outside the basin, as well as the 44 pumping stations is a “massive investment of infrastructure,” Sciuto said. Almost 150,000 feet of line within the basin is undersized and must be replaced for adequate fire protection. Another 180,000 feet of recently replaced pipe may have to be redone if a whistleblower prevails in a national lawsuit over bad PVC pipe.

“If we had used the industry rule of thumb,” board member Jim Jones, “we should have increased our revenues \$16 (million) to \$32 million a year. We are only putting in about one-third of what we should be.”

In addition to federal stimulus money, STPUD has benefited from lower contractor bids on major projects and internal cost-cutting measures.

None of the additional revenue generated by a rate hike will go toward staff salaries or benefits. And the district anticipates no additional staffing for five years.

Despite no increase in salaries or benefits for staff in the

immediate future, several members of the audience called for staff cuts or furloughs.

“Four percent, it’s not much, but it’s a lot to me and many others in this community,” Jake Jacobs said. “I have taken a major hit to my income. Maybe it’s time the employees in the district share that pain as well.”

Rise said, “The way our contracts are with our staff, there is a zero percent increase. But no increase in rates is not the right and prudent thing to do because we need to maintain our water and sewer lines. It will be much more expensive down the road if we do nothing now.”

Jonnie Crawford questioned whether it’s possible to wait on some of these projects until the economy starts to improve.

Board member Eric Shafer pointed out that with the stimulus money if it’s not spent now, the money is lost.

Much of the money STPUD receives from the state and federal governments requires matching dollars from the district.

More than one person pointed out that if the infrastructure is not fixed now, it will cost more down the line.