

# STPUD board leaning toward sewer rate hike this summer

By Kathryn Reed

Although a decision is not likely until mid-May, the South Tahoe Public Utility District board this month expressed a willingness to increase sewer rates by 3 percent starting July 1, with no change to water rates except for those on meters.

Board member Mary Lou Mosbacher missed last week's budget and meter rate workshops.

A decision had to be made by the board last week regarding any potential rate increase so customers could be notified per state law. Any increase the board may institute cannot be higher than what is sent out on the notification. Public hearings will be conducted so people have ample opportunity to voice their opinions.



Paul Sciuto, assistant general manager at STPUD, talks about the proposed budget.

Photo/Kathryn Reed

During the two-hour budget workshop last week, the staff report presented by Chief Financial Officer Paul Hughes and Assistant General Manager Paul Sciuto did not contain a rate hike. Hughes pointed out this did not necessarily reflect staff's recommendation.

A concern he brought up that was later echoed by the majority of the board is without increasing sewer rates, the district would have to borrow money and therefore incur debt that in the long run could cost ratepayers more.

In the handouts were quarterly sewer and water rate comparisons to others in the Lake Tahoe Basin. They include:

**2011-12 quarterly sewer rates –**

- STPUD – \$87.24
- Incline Village – \$105.09
- North Tahoe – \$133.68
- Kingsbury – \$161.25
- Tahoe City – \$163.89.

**2011-12 quarterly water rates –**

- Incline Village – \$102.87
- STPUD – \$119.89
- Tahoe City – \$183.23
- Kingsbury – \$195
- North Tahoe – \$195.81
- Cave Rock – \$607.38.

If STPUD raises sewer rates by 3 percent, it would increase the average residential customers' bill by less than \$1 a

month.

The board members squabbled among themselves about whether it's better to go with an increase now and pay as they go for things, or wait to hit ratepayers later, incur debt and perhaps let the infrastructure be taxed longer without repair.

Per their regular stances, board President Dale Rise is not a strong proponent of rate increases, while board member Jim Jones never believes what is agreed to is enough.

Jones was adamant he would not vote for a budget that does not include a rate increase.

"There is never a good year to raise rates," Jones said. But he added he wouldn't stand by and let the system disintegrate.

Sciuto told the board, "We are doing a good job of managing our assets, but there is risk. I like redundancy and we don't have that."

This was in regards to the Al Tahoe main as well as the lines services the North Upper Truckee area. If something happens to either one, he is worried it will cause problems throughout much of the system.

Board member Chris Cefalu, who will be one of the water meter customers to have uncertain future bills, said he is adamant about not raising water rates while the billing is in a state of flux.

The nearly 5,000 STPUD customers with meters represent about 34 percent of the ratepayers. The district per state law this year has to start charging them based on consumption. The goal is the rate structure will have the average consumer paying what flat rate customers pay.

However, those not using much water are likely to see rates decrease and those with lots of landscaping or families doing multiple loads of laundry a week could see the rates increase.

The budget contains no increases for salaries or benefits. However, the district's CalPERS rate is increasing 2.43 percent. It will be shared equally between the district and employees.

Besides working on the next fiscal budget that begins July 1, the district is always working on a 10-year budget. The decline in assessed property valued for this fiscal year means a \$7 million hit on the 10-year forecast for property taxes.

In the next fiscal year it is anticipated the district will use the remainder of the nearly \$2.3 million in the MTBE account.

South Tahoe Public Utility District won a \$69 million judgment (though about half of that went to attorneys and other expenses) when it successfully sued oil companies when it proved methyl tertiary butyl ether, a fuel additive, contaminated groundwater and posed problems for bodies of water like Lake Tahoe.

The money has been used to treat the 14 wells on the South Shore contaminated with MTBE.