

# STPUD makes case for rate increases

By Kathryn Reed

It's possible South Tahoe Public Utility District customers could be paying \$78.60 more a year for water and sewer service starting July 1.

This breaks down to another \$4.40 per month for water over 10 years and \$2.15 a month for sewer in the same time period. It's called the "optimum" plan to accomplish the district's goals. Other scenarios include increases just for meter installation or spreading all costs over 20 years. Board members could develop other alternatives.

More than a dozen people on Dec. 19 attended a workshop designed to touch on the reasons the South Shore entity needs more money. The five board members were hearing some of the numbers for the first time.



South Tahoe PUD General Manager Richard Solbrig, left, explains the district's capital improvement needs Dec. 19. Photo/Kathryn Reed

In the coming months the electeds will be tasked with deciding if rate increases should be sought. A preferred plan is expected to be decided in March, with public hearings on a rate increase and the 2014-15 budget in May.

While one slide of the presentation said salaries and benefits have been cut by 3 percent, this is a bit misleading. What the district pays out is down by that amount over the last two years. There has been no cost of living increase, however some people have had salary increases to keep them on par with their peers in other districts. Three and half positions have not been filled. And the district saved money by switching from being self-insured for health care to going with a group of state water districts to lower the costs by about \$900,000 per year.

Another cost-savings came from cutting the operations and maintenance budget by 20 percent.

Risk vs. affordability is how district staff is putting forth the discussion. Can the district keep going forward without having adequate fire protection? Where does the money come from to put the remaining 8,300 water meters that need to be installed by 2025 in the ground? Is Lake Tahoe threatened without upgrades to the sewer system?

The board was fairly silent until an audience member asked what they thought of the staff presentation.

President Eric Schafer said for the nearly 13 years he has been on the board he has advocated for small increases. (Later that afternoon at the regular meeting Schafer was appointed to be chair for another year and Randy Vogelgesang vice chair.)

"We want to give the public a system they don't have to worry about. There is a price for that. It won't get cheaper," Schafer said. "I'm advocating doing as much as we reasonably can."

Board member Jim Jones said 1 percent of the value of the \$1.6 billion infrastructure that is in the ground should be spent each year to replace what is wearing out. That would be \$16 million a year. He pointed out the district has been spending closer to \$6 million a year for the last 10 years.

Some of the parts in the district are 50 years old – the life expectancy of much of the equipment.

“Lines wear out from age, not use,” General Manager Richard Solbrig said. “The water system is protecting your house whether you are there or not.”

But not every house has large enough water lines out front to fight a fire. The district says it will take \$67 million over 10 years to upgrade the water system. The bulk of that money is so there are 8-inch water lines for adequate water suppression pressure.

The district has to have all customers on meters by 2025 per state law. A previous board decided the district would put in the meters instead of mandating individual property owners do it.

The California Department of Public Health is offering a 20-year zero percent loan. The application is due in June. The \$21.5 million loan would equate to ratepayers paying an additional \$1.10 per month. A 5 percent interest rate on a loan would come out to \$1.75 a month for customers.

District customer Bob Olsen questions why he would have to pay to install other people’s meters when he paid for his own.

Solbrig said expenses have to be spread out and that it isn’t possible for each customer to be charged for the exact cost of delivering water or taking away sewage. He gave the example of how some houses on hills require more electricity to pump the water, but are charged the same as everyone else.

With 30 percent of the sewer budget spent on exporting the wastewater to Alpine County, one person asked why not lobby to get rid of the Porter-Cologne Water Quality Control Act.

“It’s probably regarded as the single most successful thing that has been done to protect Lake Tahoe,” Solbrig said of the federal mandate.

He doesn’t believe the district has any chance of winning that battle in Sacramento or Washington.

The Luther Pass pump station needs substantive upgrades, including increasing the voltage to get the wastewater up and over the mountain pass. Parts are so old that Liberty Utilities does not have back up parts.