

STPUD plots rate plan for capital upgrades

By Kathryn Reed

Pros and cons of various time lines to complete capital improvement projects were discussed last week by the South Tahoe Public Utility District board.

No action was taken, but the board is on track to go forward with the multi-year rate increase plan for sewer and water customers that was approved last year. Rates will go up another 6 percent on the sewer side and 6.5 percent on the water starting July 1.

The district looks at projects in 10-, 20- and 30-year intervals.

The three biggest issues facing South Tahoe PUD are installing the state mandated water meters, replacing water lines so there is adequate fire flow and replacing the aging sewer system.

The remaining 7,000 meters should be installed to all residential customers within five years. The district obtained a \$21.5 million zero percent loan from the state to be able to complete the project.

With the projected rate increases going forward, it will take the district 30 years to install all of the water lines to meet today's standards. While inflation is built into budgets when looking forward, it is impossible to know what other rules might come down the pike.

In the next 10 years it means spending \$69.5 million, and \$173.8 million in 20 years. The district has spent \$59.4 million in the last 10 years on water projects.

Staff looked at three alternatives – no water or sewer improvements, appropriate/adequate improvements that would accomplish the goals in 10 to 15 years. This is the least risky choice, but also the most expensive.

The board is going with the third, or delayed, plan. For the water line replacement to be done in a 30-year period, it means rate increases of 6.5 percent through 2017, 5 percent in 2018, 2 percent between 2019 and 2024, and 4.5 percent from 2025-44. The currently quarterly water fee is \$130.25, by 2034 it would be \$288.92, and \$448.67 by 2044 if the increases are approved.

For the \$140.6 million worth of sewer improvements that have been identified to be completed in 20 years, the rates would have to increase by 6 percent in years 2015-18, 2 percent from 2019-24 and 4 percent from 2025-2034.

The quarterly bill will go from \$100.02 to \$210.49.

Board member Jim Jones advocated for a more aggressive plan to replace the infrastructure. Other board members want a more tempered approach that people would be better able to afford.

Only two people showed up for the Feb. 5 workshop – a former board member and a contractor.

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Notes:

- There will be a board workshop March 3 at 2pm.
- May 7, 6pm – public hearing.
- May 21, 2pm – public hearing and consider rate approval.
- All meetings are at the district office, 1275 Meadow Crest Drive, South Lake Tahoe.