

STPUD water, sewer bills expected to rise

By Kathryn Reed

Aging and inadequate infrastructure are the big reasons South Tahoe Public Utility District continues to raise rates.

The massive **sewer line failure** in the Tahoe Keys that is still being fixed is one example. Generators that failed during the January floods is another. Twenty-five miles of water lines are too small to handle a massive fire.

July 1 will likely mark the fourth of five years' worth of rate increases – 6½ percent for water, 6 percent for sewer. This will raise quarterly residential bills by about \$16.35. Today it is \$260, while the average rate in the basin is \$351.

The board had a public hearing regarding the 2017-18 budget on May 4, but only *Lake Tahoe News* showed up. The electeds are expected to vote on the budget on May 18.

The current budget was approved a year ago on a 4-1 vote, with board member Jim Jones voting no because he believes rates should be higher. He is a staunch proponent of being on a more aggressive schedule to fix the infrastructure.

The district has identified \$242 million in water projects and \$137 million in sewer. The 10-year plan addresses \$97.4 million of those combined needs.

To fund the ongoing infrastructure needs the district anticipates future rate hikes. In fiscal year 2018-19 it will likely be a 5 percent water increase and 6 percent sewer.

In fall 2018 South Tahoe PUD plans to engage the public in discussions about another multi-year Proposition 218 notice. The 218 notice is a mechanism by which if enough ratepayers

protest the proposed increases, the district would not be able to go forward with them. Locking in the rates allows for the district to be more strategic with its planning. The annual rates can always be decreased by the board, but not increased once the 218 figures are approved.

The district is adamant the rate increases are strictly for projects – not for salaries. That is all well and good to say, but if employees didn't get raises, then there would be more money for projects and the rate increases could be less.

The district just started negotiations with employees. The current contract expires June 30. The long-term budget – South Tahoe PUD goes 10 years out – includes potential 2 percent annual salary increases.

Compared to 2009, the district's operations and maintenance costs are 12.57 percent lower today. In the same time span, inflation went up 11.5 percent.

"The district can operate another 10 years with the current rates in place if we eliminate the capital improvement projects," Paul Hughes, chief financial officer, told *Lake Tahoe News*.

Halting projects isn't going to happen. For one, things break and have to be fixed. Secondly, the state mandates some projects – like water meters. The final 5,000 should be in the ground in the next three years.

Like most public agencies in California, South Tahoe PUD is expecting more money to have to be allocated toward employees' retirement. CalPERS has told government bodies it needs more money to make up for investments that didn't perform as well as they needed to in order to have the cash to pay retirees.

STPUD expects the PERS cost for fiscal year 2017-18 to be \$1,477,325. By fiscal year 2022-23 that number is projected to increase to \$2,512,000. STPUD's share of the risk pool's

unfunded accrued liability is \$7,254,597.