

STPUD budget includes sewer, water rate hikes

By Kathryn Reed

Water conservation comes with a double-edged sword – it saves the commodity and throws off budget projections.

For South Tahoe Public Utility District, conservation has led to a \$900,000 shortfall over 10 years based on the 2014 rate study. Still, the district is doing better than many of its California counterparts because only 20 percent of metered water rates are based on consumption. For districts that reversed the 20-80 percentages, they are in a financial conundrum.

The district is preparing to adopt its 2018-19 budget, which takes effect July 1. In the budget are a water rate increase of 5 percent and sewer rate hike of 6 percent. Those, too, would become effective in two months. This will be an additional \$15.04 per quarter for residential customers.

Quarterly rates for STPUD (\$276) remain the lowest in the basin, with the average being \$367.

These increases were part of the five-year rate increase plans. This is the last year for the increases as approved in the Proposition 218 notice. It is possible for the board to approve lower increases; the electeds just can't make them higher.

General Manager Richard Solbrig told *Lake Tahoe News* he expects the board this fall to begin another Proposition 218 process in order to plan for future rate hikes.

The district relies on sewer and water payments for about 70 percent of its \$40 million budget, with property taxes

accounting for just more than 20 percent. Investment, grants and capacity fees make up the bulk of the remainder of revenues.

One thing the board is looking at is to allow for sewer transfers in order to foster work force housing construction. Today, sewer units stick with a property and cannot be traded, so to speak.

The budget calls for a 22 percent increase in capital projects compared to the current fiscal year. Many of these are one-time expenditures:

- Proposition 218 campaign – \$50,000
- Rate studies – \$60,000 (The last water one was five years ago, and about 15 years for sewer.)
- Sewer crossing assessment – \$100,000
- Groundwater management plan – \$150,000
- Well destructions – \$120,000
- South Y PCE analysis – \$310,000
- Wastewater treatment plant master plan – \$75,000.

The district has two years left to install water meters, with another 1,600 planned for this season.

A concern of the district's is that 10 percent of the water lines are still below capacity to fight a major fire.

"We need to have a conversation about price, water and fire," Solbrig said. "Until a few years ago fires were not the responsibility of water agencies. That has changed. Water companies are now named in lawsuits."

On the sewer side the district will be using cameras to better assess the system.

“If you wait until it collapses, the cost is 10 times more than if you rehabilitate it,” Solbrig told *LTN*.

The goal with the new technology is to avoid surprises like the **Tahoe Keys sewer collapse** and the Al Tahoe manhole issues in the last year.

The employees have a four-year contract that expires in June 2021. Of the 115 positions, about 100 are represented by a union. A consultant has been hired to do a salary study. Everyone will be receiving a 2.5 percent cost of living allowance, with a 5 percent step increase for many of the newer employees. CalPERS will cost the district an additional \$116,000 in the next year.

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Notes:

- STPUD public hearing on the budget is May 3 from 6-7:30pm.
- Board expected to vote on 2018-19 budget on May 17 at 2pm.
- Meetings are at 1275 Meadow Crest Drive, South Lake Tahoe.