

# South Tahoe Public Utility District

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## You Are Invited to Participate in a Community Water and Sewer System Upgrade and Rate Review

Dear Customer:

January 17, 2014

**Cost of South Tahoe Community Safety, Legal and Environmental Challenges.** The Board of Directors of South Tahoe Public Utility District is seeking public input about critical decisions that could affect your sewer and water rates, as well as your quality of service, public health, and environmental protection:

- *Need to provide enough water to all the neighborhoods. Many neighborhoods would not have adequate water flow capacity to fight the next major fire. We must replace undersized pipes and upgrade pumps and other facilities.*
- *Need to conform to a law that mandates water agencies in the state install meters on all water connections.*
- *Need for the wastewater system to be secure against leaks and breakdowns. Failures in our aging sanitary system can cause sewage spills that are unacceptable to the community and violate water quality regulations. We must also make improvements to ensure that we can continue to pump our recycled water to Alpine County as mandated by State law.*

### PUBLIC WORKSHOP

#### Water and Sewer System Upgrade and Rate Review

**February 6, 2014**

**6:00 p.m.**

District Board Room at  
1275 Meadow Crest Drive  
South Lake Tahoe

**PLEASE JOIN US**

**Board Looking at Rate and System Improvements.** The Board of Directors is looking at a number of rate and system improvement alternatives and seeking public input on them. The rates vary depending on how rapidly the work is done. The higher the rate, the faster the work can be done and the less risk from fire, sewer spill or other system failure.

Last month, our staff and rate consultant presented a first look at the financial study at a public meeting. The study is still underway, but updated information is available on the other side of this document and on the District website. Additional information will be available at the February 6<sup>th</sup> public meeting.

*Please see other side of page for more information*

## Here are the Latest Rate and System Improvement Alternatives Being Evaluated

Both non-metered and metered customers on average pay the same amount and the rates below represent average rates for all residential customers. Metered customers pay a usage charge and fixed water charge based on meter size. These are proposed to increase by the same percentages as shown below. There is an additional option of raising the fixed charge by a slightly higher percentage and slightly decreasing the percentage charged for usage rates. This change is not detailed here because it results in the same overall water bill for customers. The rates presented below are in draft form and represent the approximate proposed change to the current rates. Further analysis and public review will continue over the next few months.

Rate and System Improvement Alternatives		Potential Rate Adjustments Per Quarter					
		Now	2015	2016	2017	2018	2019
<b>1. NO WATER/SEWER IMPROVEMENTS:</b> HIGHEST RISK Finish Installing Meters Only	%		2.7%	2.6%	2.6%	2.5%	2.4%
	Water	\$122.30	+3.30	+3.30	+3.30	+3.30	+3.30
	Sewer	\$94.35	+0	+0	+0	+0	+0
<b>2. DELAYED WATER/SEWER IMPROVEMENTS:</b> INCREASED RISK Complete needed work in about 20 – 25 years	%		6.3%	6.0%	6.1%	6.1%	5.8%
	Water	\$122.30	+9.78	+9.90	+10.65	+11.46	+11.49
	Sewer	\$94.35	+3.78	+3.93	+4.08	+4.26	+4.41
<b>3. RECOMMENDED IMPROVEMENTS:</b> MEETS QUALITY, LEGAL, REGULATORY NEEDS Complete needed work in about 10 – 15 years	%		8.2%	7.8%	7.8%	7.7%	7.3%
	Water	\$122.30	+12.12	+12.27	+13.20	+14.22	+14.25
	Sewer	\$94.35	+5.67	+6.00	+6.36	+6.75	+7.14

Note: The rates shown are cumulative. For example, the total charge for water under Option 1 is \$122.30 currently, \$125.60 in 2015, \$128.90 in 2016, \$132.20 in 2017, \$135.50 in 2018, and \$138.80 in 2019.

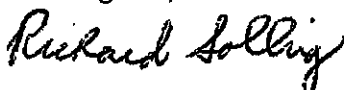
### Before Considering Any Rate Increase, The District has Cut Costs

Below are some examples of successful cost cutting programs: the operations and maintenance budgets have been decreased by more than 20%; the District has saved nearly \$2 million in interest expense by refinancing three borrowings; staff obtained millions of dollars in grants, making it possible to complete many projects without increased rates; and the District has already delayed many needed improvement projects to balance the budget.

The District has also taken many steps to keep employee and benefits costs down. For example: the current budget for salaries and benefits is 2.9% less than the prior year projection; the District dissolved its self-insured medical plan and contracted with a lower cost health insurance provider; the District has not filled certain vacated positions to keep a lean workforce and save money; and the District has never participated in, nor offered its employees post-retirement health benefits.

Please consider participating in the important upcoming rate meeting or contact us at the number below.

Best regards,



Richard Solbrig General Manager/Engineer

Your Questions and Input are Important, Please Contact Us

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Email: [info@stpud.dst.ca.us](mailto:info@stpud.dst.ca.us)

Call: 530-544-6474