



South Tahoe Public Utility District

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Important Board Workshop Affecting Your Sewer and Water Service and Rates

The Board of Directors will be meeting on March 26, 2014, to make an important decision about your water and sewer services and rates for the next five years. The Board will select a facilities upgrade and spending plan they will consider for final adoption in June to meet the critical community needs described below:

Provide revenue to replace undersized pipes and upgrade pumps and other facilities to ensure adequate water flow for firefighting. Many neighborhoods don't have adequate water capacity to fight the next major fire.

Provide revenue to meet a state requirement that all properties connected to the water system must be metered. This will also increase fairness between metered and non-metered customers.

Provide revenue for upgrades to ensure there are no illegal and unacceptable sewer spills from the wastewater system. Also, to complete needed improvements ensuring continued pumping of recycled water to Alpine County as mandated by law.

CHOOSING AMONG THREE RATE OPTIONS FOR CRITICAL SEWER AND WATER UPGRADES

The District has been reviewing three rate options for providing adequate revenue to undertake crucially needed work. The higher the rate, the faster the work can be done and the less risk from fire, sewer spills, or other water or sewer system failures. Here are the options:

OPTION 1 - MAKE NO WATER OR SEWER IMPROVEMENTS

INSTALL METERS ONLY: Highest risk option as only meters would be installed. Ongoing risk from fire and sewer spills because no other projects are to be completed.

OPTION 2 - DELAYED WATER AND SEWER IMPROVEMENTS

INSTALLING METERS AND COMPLETING SOME PROJECTS: Increased risk from fire and sewer spills until projects completed in 20-25 years.

OPTION 3 - RECOMMENDED IMPROVEMENTS PLAN

INSTALLING METERS AND COMPLETING MORE PROJECTS: The least risky option with projects complete in 10-15 years. Meets quality, legal and regulatory needs.

The rates needed to fund the staff recommended OPTION 3 is shown below. Additional information about the other options may be obtained by contacting the District. Increases for non-residential customers will be proportional to the changes below.

Typical Rates Per Household	Recommended Rates for Sewer and Water Combined					
	Now	2015	2016	2017	2018	2019
Quarterly Bill	\$217	\$234	\$252	\$271	\$293	\$309
Monthly Equivalent	\$72	\$78	\$84	\$90	\$98	\$103

The Board may select a lower amount (but not higher) at the June hearing where a final decision will be made.

**QUESTIONS AND ANSWERS ABOUT THE
WATER AND SEWER SYSTEM UPGRADE PLAN AND RATES**

Q: What steps has the District taken to cut costs?

A: The District has taken many steps to cut costs. For example:

Operations and maintenance budgets have been decreased by more than 20%.

The District has saved nearly \$2 million in interest expense by refinancing loans.

The District has obtained millions of dollars in grants, allowing needed upgrades to be completed without raising rates.

The District has delayed needed improvement projects and equipment replacement to balance the budget.

BOARD WORKSHOP

**Water and Sewer
System Upgrade and
Rate Review**

March 26, 2014

2:00 p.m.

District Board Room at
1275 Meadow Crest Drive
South Lake Tahoe

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Q: Has the District kept employee costs and benefits down?

A: The District has 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.

Unlike many local agencies the District has never participated in, nor offered its employees, post-retirement health benefits.

Q: I am a second home owner in Lake Tahoe. Why do I have to pay the same as customers who live in Tahoe full-time?

A: More than 80% of the costs of providing water and sewer services are fixed and don't change with usage. The size of the pipes, pumps, treatment plants, and all other facilities are based on the maximum flow that must be provided or treated at all times whether occupied or not. All of these facilities must be available 24 hours per day, and our workers available too whether a home is occupied or not and whether it is using a lot or a little service. So no matter when you need water, a fire breaks out, or you flush a toilet, we must be ready to serve all our customers. Once meters are installed, the District will be able to bill based upon usage for the costs that vary with flow such as power, chemicals and rotating equipment.

Q: What's next in the decision-making process?

A: The Board is scheduled on March 26th to select a facility upgrade option (and the accompanying rates to pay for it.) A notice will be sent to all property owners and bill payers as required by law and a public hearing will be held on June 5th at 2 p.m. to make a final rate option selection. Customers can provide input at any time up to the June 5th hearing including at public meetings on April 17th and May 15th at 6 p.m.

Your Questions and Input are Important to Us. Please Contact Us

Web: www.stpud.us

Email: info@stpud.dst.ca.us

Call: 530-544-6474