

Jean Jewell

From: r. calvin cathcart [rccathcart@msn.com]
Sent: Friday, August 02, 2013 2:03 PM
To: Jean Jewell
Subject: FW: davidwells_1@yahoo.com has shared: Water rates to increase before reserves dry up - ValleyCitizen - Teton Valley's Local News Source

Re: Case # FCW-W-13-01

Dear Commissioners: Robert Kincaid threatened to increase our water rates to match those of the city of Victor, although our costs have nothing to do with the city of Victor. Thought you may not want to link the two, as he has done; although his letter to us regarding the increase in the rates of course does not mention this connection. Please read the article attached regarding the increase in the water rate for the city of Victor.

Regards, Myra Cathcart

Water rates to increase before reserves dry up
June 18, 2013
By Sarah Schneider

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Victor plans to recoup billing loss

 Victor city water bills could increase to at least \$52 in the coming months.

Since the city changed billing methods in 2010, the municipality has been billing at a deficit. To make up for the shortfall, city manager Rob Heuseveldt said the city has been using its savings to offset the growing debt over the last three years, spending more than \$335,000.

"This is not going to be fun and I'm not looking forward to this," Heuseveldt said to the city council June 12 after making his case to increase the monthly water bill. "This is a major increase, but at the end of the day we have to do it."

The city council will consider raising the rates to cover the savings loss over the last three years hoping to recover \$12,000 a year for the next 10 years. The increase fees will also help cover a rising cost of services required to maintain the system.

The city council will discuss a new rate system at the June 26 meeting as well as a structure for those on fixed incomes who will receive a discounted rate if they qualify. After a decision is made, the council will hold two open houses and a public hearing to educate the public as well as receive resident input.

Billing changes

In 2010, the average city household used 13,000 gallons of water a month. In order to promote conservation and give households more control over their bill, the city council voted on a system with a lower base rate and higher overage fees.

Heuseveldt, who was at the time a contracted engineer with Sunrise Engineering, presented a model to the council Feb. 10, 2010 that was developed at Boise State University.

At that time Heuseveldt recommended a monthly sewer increase and water connection fee increase. Based on the model presented, the council decided to move forward with the tiered water rate structure including a base rate of \$24 year round.

This new structure included winter water use allowance of up to 33,000 gallons in order to run water without pipes freezing. This is 13,000 more gallons of water use in the winter than is allowed in Driggs and Teton.

On Wednesday Heuseveldt said this is too much of an allowance.

"We essentially didn't charge for water in the winter," he said.

But where the City of Victor found itself losing money was in its summertime user fees. Currently, users are charged the base rate of \$24 and also \$1.75 per 1,000 gallons up to 12,000 gallons. Two dollars is charged for every 1,000 gallons up to 20,000 gallons and \$3 is charged per 1,000 gallon after that.

Council president Brent Douglass, who was also on the city council in 2010 when changes were made, said they knew they had to raise rates to pay for infrastructure but didn't want rates to be drastically increased.

"So we included step charges to promote conservation and like we said at the meeting, it kind of backfired on us because people were conserving water," he said.

Douglass said the council knew more increases would be needed but they didn't want to increase the rate so soon.

"We just didn't realize how far in the hole we were going until Rob presented it to us Wednesday," he said.

While Heuseveldt said Victor's 2010 plan has helped conserve water, people aren't using enough to cover increasing operation costs.

And with the addition of the North Well Bond to the checkbook for \$120,000 a year, debt services expenses are estimated to increase more than \$168,000 from 2012 for a total of \$275,748 in 2013.

As of last Wednesday's council meeting, Heuseveldt has not made a new recommendation for restructuring the water bill. This will be hashed out at the next council meeting.

Heuseveldt said while the city still has money in reserve, they can't drain the savings.

Regardless, after crunching the numbers, Heuseveldt determined the city needs to bring in \$52 from every household unit in the city.

What other cities are paying

Driggs charges based on pipe size and usage. Typically residents with pipes up to one inch wide pay a base rate of \$27 up to 10,000 gallons.

There is a \$1 increase for every 1,000 gallons after the initial 10,000. Customers are allowed up to 20,000 gallons in the winter. The base rate is increased for larger pipe sizes. Carol Lenz, city financial officer, said revenue covers the city's water expenses.

Tetonia uses a similar model as Driggs. The city charges \$27 for the first 10,000 gallons and \$1 for every additional 1,000 gallons. Residents are also allowed 20,000 in the winter. Samantha Robles, Tetonia City Clerk, said revenue also covers the city's water expenses.