

Struggling Lode district reluctantly agrees to weigh water rate hike

Revenues falter as liabilities climb into the millions

By Dana M. Nichols
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SAN ANDREAS - The lift pumps that keep raw sewage from backing up in neighborhoods all over Calaveras County are wearing out and the county's largest water and sewer utility district doesn't have money to fix them.

Overhauling those 33 lift stations would cost about \$1.3 million, according to documents prepared by Calaveras County Water District Director of Financial Planning Jeffrey Meyer. And that's only part of a more than \$5.7 million backlog in maintenance of district valves, pipes and treatment equipment.

The district's dilemma is being repeated in utility districts and cities throughout California. District revenues have stagnated since the recession hit in 2008. Despite layoffs and pay cuts for district staff, CCWD is still falling further behind on maintenance each year and dipping into reserves to balance its budgets.

On Wednesday, the district's directors wrestled with the need for more revenue but said they fear they won't be able to convince district voters to support an increase in rates.

"We are going to the public in a community with 20 percent unemployment and saying, 'We need more of your money,' " Director Jeff Davidson said. "We have to explain it to somebody that doesn't have a job."

In the end, the board did decide to order staff to move ahead with paying as much as \$39,920 to hire NBS, a San Francisco-based consulting firm, to conduct a rate study. The vote was 4-1, with Director Dennis Dooley opposed.

Dooley said he believes hiring a consultant is inappropriate and district staff should do the study.

District staff disagreed.

"We can't do it," interim general manager Lynn Gentry said. "We have all of our management staff doing two jobs each."

Gentry has been leading the agency since former general manager Joone Lopez left in June for a job in Southern California.

A rate study is an essential first step before utility districts can raise rates. Such studies are required to show a valid connection between the proposed rates and the actual expenses of the district.

While a board majority managed to agree on the study, the board was unable to come to any conclusion Wednesday on how to go about presenting the district's financial situation to the public. The board voted unanimously to table a proposal to spend \$34,830 to hire the Crocker and Crocker consulting firm to conduct public outreach.

Staff, citing the unbudgeted cost, had recommended against the proposal. Board President Don Stump favored it.

Stump said that recently the boards of other agencies such as Eldorado Irrigation District, Amador Water Agency and Tuolumne Utility District all had political firestorms when they conducted rate studies and took the results to the public.

"All of these other agencies thought they could handle this," Stump said. "The public is not understanding. This is not normal times. I don't want to end up like TUD, AWA and EID. What is going to be the cost if we fail in this process?"

Actually, the more than \$5.7 million in deferred maintenance is only a small part of the district's future liabilities. Required expansions and upgrades needed to meet state water pollution laws add up to an additional \$44 million in needs over the next five years.

The entire district budget is a little more than \$16 million a year. Delaying the work will only push costs higher in the future, Meyer said.

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