

South Tahoe Public Utility District Water and Sewer Rate Increase Frequently Asked Questions – 4/3/2024

Why is the District considering rate increases?

Most of South Lake Tahoe’s water and sewer systems were built in the 1950s and 1960s. Much of this infrastructure needs to be upgraded, repaired, or replaced. The District is considering raising water and sewer rates to provide revenue to address:

1. **Community Fire Flow** –While the District has made significant progress, much remains to be done to provide adequate fire flow throughout our entire service area. In the next 5 years, the District intends to install or replace 180 fire hydrants and upsize waterlines in Bijou, Wildwood, Tahoe Mountain, Tahoe Sierra, Stateline and Meyers neighborhoods.
2. **Water System Upgrades** – In the last 5 years, the District has seen over 1,000 water leaks on our system. Replacing more than 60,000 linear feet of old waterlines in the next 5 years will provide adequate fire flow and help maintain good water quality. The District relies on 12 wells to provide delicious Tahoe tap and we will be assessing these wells and planning replacements as needed.
3. **Sewer System Upgrades** – During the historic winter of 2023, stormwater entered the sewer system causing peak flows and risking sewer spills. To address these issues, the District will be rehabilitating and replacing 9 sewer pump stations, 30,000 linear feet of sewer mains, and 3 facilities at the treatment plant over the next 5 years.

How much is the proposed increase?

The Board is considering a five-year series of rate changes. For a typical residential customer, each year the rates could go up around \$7.50 per month for water and around \$6.50 per month for sewer. For more detailed information about the proposed rates, visit: stpud.us/customers/rate-changes/

How are rates developed?

The District hired an independent financial consultant who does a detailed financial review. The review identifies revenue needs based on long-term estimated costs, engineering and facility improvement plans, water demand levels and more. From these calculations, a five-year series of changes to water and sewer rates is developed. All customers will be notified of potential rate increases and can provide feedback by attending meetings or submitting written protests.

If approved, will the rates automatically be increased every year for the next five years?

The five-year Proposition 218 notice includes the maximum rate increases that can be considered per year over the next five years. Every May, the Board will review the capital improvement plan and vote on annual rate increases that would go into effect July 1st.

What steps has the District taken to cut costs?

The District continues to actively pursue grant funding to minimize rate increases. Over the last 10 years, the District has obtained more than \$18 million in grants and \$64 million in low-interest loans. By successfully securing grant funding and operating efficiently, the District continues to have the lowest water and sewer rates in the region.

Are there special requirements for operating in Lake Tahoe?

In 1968, the State of California passed the Porter-Cologne Water Quality Control Act, which requires all wastewater, regardless of level of treatment, to be exported out of the Tahoe basin. This mandate costs the District around \$1 million in additional energy costs to pump 3.9 million gallons per day of recycled water over Luther Pass. The District is Liberty Utilities largest energy customer.

What can I do if I can’t afford to pay for the increased water and sewer rate?

The District offers a low-income Customer Assistance Program for qualifying residential customers. Eligible customers receive a 25% reduction off the standard residential sewer and/or water rate that is applied as a credit to their monthly bill. Current participation in the Liberty Energy Utilities CARE Program is required. For more information or to sign-up, visit:

<http://stpud.us/customers/billpay/financial-assistance/>

What did the last five years of rate increases fund?

The District's Board of Directors approved rate increases three times over the last five years. The ongoing revenue generated from the rate increases is used to fund capital projects. Over the last five years, rate increases were used to fund:

1. **Fire Hydrants and Waterlines** - More than 120 new fire hydrants and 30,000 linear feet of larger waterlines were installed in the Black Bart, Bijou, and Rocky Point neighborhoods and throughout the City of South Lake Tahoe to improve fire flow.
2. **Back-Up Power** – To ensure uninterrupted water delivery during power outages and fires, the District installed back up power at 11 water tanks and at the wastewater treatment plant.
3. **Wastewater Treatment Plant** – All of South Lake Tahoe's wastewater comes to the treatment plant to be cleaned through a complex process. The Secondary Clarifiers at the treatment plant were upgraded to protect against earthquake damage and operate for another 50 years.
4. **Sewer Pump Stations** – When you flush your toilet, wastewater flows by gravity to low points in the sewer system. It is then pumped to higher ground and on to the treatment plant. The District began upgrades to its 3 largest pump stations, including Tahoe Keys, Upper Truckee, and Luther Pass to ensure reliable wastewater and recycled water transport.
5. **Recycled Water Strategic Plan** – For over 50 years, all treated wastewater has been exported out of the Tahoe Basin to comply with state/federal laws and keep Tahoe blue. The District is proactively evaluating options to determine the most cost effective and environmentally safe way to manage recycled water in the future.

I am a second homeowner in Lake Tahoe, why do I have to pay the same as customers who live in Tahoe full time?

More than 75% of the costs of providing water and sewer service 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 wastewater treated. All these facilities must be available 24 hours per day, whether a home is occupied or not. No matter how frequently you turn on your faucet or flush the toilet, the District must be ready to serve any and all of our customers. Similarly, a fire hydrant needs the same amount of water and pressure to fight a fire, whether you are home or not. As such, around 75% of your bill exists whether the system is utilized or not.

What can I do if I oppose the rate increase?

You may comment at any time by contacting the District, attending the April 25, 2024 Public Meeting at 6:00 p.m., or participating in the May 16, 2024 Public Hearing at 2:00 p.m. in the District Board Room at 1275 Meadow Crest Drive, South Lake Tahoe. You have the right to protest the rate change. Protests must be in writing and either mailed or hand-delivered to the District. Each protest must: (1) indicate that it is a protest for the water and/or sewer rates, (2) identify the address for which the protest is submitted, (3) indicate the name of the person submitting the protest and (4) be signed.

How can I find out more?

For more information, visit stpod.us/customers/improvements/. For additional questions, email info@stpod.us, call 530-544-6474, or attend the Public Workshop on February 29, 2024 at 6:00 pm, April 25, 2024 at 6 pm, or the Public Hearing where the Board will vote on rates on May 16 at 2:00pm in the District Board Room at 1275 Meadow Crest Drive, South Lake Tahoe.