

## **Presentation emphasizes need for utility rate hikes**

**By Anthony Welch**

Manitou Springs offers relatively cheap water to its residents, according to Fletcher Davis of Step Wise Utility Advisors. That, however, could leave the City drowning in debt if something isn't done about water and sewer rates. Davis presented results of a study his company conducted on water and sewer rates to City Council at its regular meeting Tuesday. The study examined the current rate structure and included proposed solutions that included a possible tiered rate system.

The water fund balance will continue to deplete without any rate increases, according to Davis. Meanwhile, the sewer fund, which is already projected to be in the negative in the next year or so, will continue to plunge drastically as well.

"The sewer (fund) is not in good shape," Davis said. "It's hemorrhaging money. The required user charge hasn't been sufficient to support the operating cost."

Step Wise's study recommends that the City have a water fund reserve target of \$1.2M with an operating reserve of \$210,000. As for the sewer fund, the study suggests a reserve target of \$140,000. Water rate recommendations include lowering peak usage in summer months, implementing monthly service charges based on meter size for all customer classes, removing minimum volume charge and bill customers for actual water consumption and creating a two tier rate for residential customers.

Sewer recommendations include billing "snowbirds," people Davis leave town for the winter, and usually don't have volume charges to pay.

The proposed two tier structure entails billing residential customers who use more than 15,000 gallons a higher rate. Based on this system, customers would pay \$4.60 per 1,000 gallons in 2012 and \$4.95 in 2013. Those who use less than 15,000 gallons, which Davis said is 95 percent of all water bills, would pay \$3.80 in 2012 and \$4.10 in 2013.

Following a recommended five-year plan, rates would increase by 8.2 percent each year for water. For sewer, rates would increase by 12.8 percent and then eventually drop down to 10.7 percent because of such a negative balance in the sewer fund, Davis said.

The proposed plan means the average resident's combined water/ sewer bill would increase by \$4.08 in 2012, \$6.05 in 2013, \$6.22 in 2014, \$4.90 in 2015 and \$5.40 in 2016, according to the study.

Councilwoman elect Donna Ford mentioned the only issue would be coming up with rates citizens could afford. Davis said the City could have a policy that has lower reserve fund levels and that would lower rate increases. However, rate increases will be required at some point.

"What you heard is a five-year plan to get us back to a perfect health," Mayor Marc Snyder said. "We would certainly have a discussion and see if we could lessen the impact on folks."

Councilman Matt Carpenter added that the City has probably waited way too long to address the issue.

"It's obvious we didn't have a handle on this before, if you look at how long we went without a rate increase," Carpenter said. "It's not a matter of wants, it's a matter of 'have tos.'"

Council will further discuss the matter at a future work session.

## 2012 budget

Council passed an ordinance approving the 2012 budget on second reading. The budget includes the 3 percent Cost of Living Adjustment (COLA) for City employees that Council agreed on at its previous meeting.

Along with that, the city clerk and librarian salaries were made equivalent to the aquatic director's pay after the 3 percent COLA. The public works director's pay was increased to \$69,000 and the COLA was applied.

Councilman elect Gary Smith addressed Council before its vote and suggested it re-think salary increases for 2012. He felt the entire pay structure needed to be examined.

Snyder responded by saying he appreciated the input, but felt comfortable with what Council decided on. City Administrator Jack Benson said the overall compensation issue was a huge challenge. The COLA is just the start. The City will have to address the remainder of salaries more depth.

## In other business, Council...

- Approved the request by Public Works Director Bruno Pothier to purchase a used, 2002 loader. It will replace the City's 1984 loader which was acquired in 1991, according to Pothier. Price tag on the used piece of equipment is \$64,000. This saves the City money, Pothier said. A new, bank-financed loader would cost \$140,000.

- Approved the 2012 Parking Permit Program as recommended by the Parking Advisory Board and approved by the Metropolitan Parking District. Changes include overnight parking as part of the Wichita and Canon seasonal permits. The new option allows parkers overnight privileges during summer months for an additional \$2.50/month. The City's 72-hour law is still in effect, however, and cars can't be left in lots longer than that time.

- Heard from Carpenter, who spoke on behalf of the Pikes Peak Ascent and Marathon. The organization made a donation of \$2,000 to the City to go towards the Iron Mountain Purchase. It also donated \$2,000 to the Manitou Springs Fire Department.

- Heard from resident Torry Pal during the public comment portion. Pal wanted to talk about how she loves the beauty of Manitou Springs, but feels the community garden located near Higginbotham Flats is ugly. She's concerned with the dumping of compost and mulch materials in the area. "I understand all this is needed, but I don't understand how it's growing. It's unsightly and just seems to be sprawling out," Pal said.

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