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TMWA to raise water rates beginning June 1

By Jeff DeLong

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Reacting to a sour economy and rising costs, the Truckee Meadows Water Authority agreed Thursday to increase water rates paid by 93,000 homes and businesses across the greater Reno-Sparks area.

Beginning June 1, customers on water meters will see their bills increased by an average of about \$1.10 per month. Flat-rate customers will see a larger increase of about \$9.30 per month. New rates take effect June 1.

Utility directors also agreed to delay converting all flat-rate customers over to meters from January 2010 to no sooner than June 2010, allowing a slightly smaller rate increase than previously proposed. The earlier switch over would have resulted in a short-term revenue drop requiring the higher rate, said Jeff Tissier, the utility's chief financial officer.

The rate increase, the first approved by TMWA in four years, was necessary due to current economic conditions and the need to protect the utility's bonding capacity, officials said.

"It was unavoidable," said Mike Carrigan, the Sparks councilman who chairs the utility's board of directors. "It's never a good time but we tried to keep it as modest as possible."

Rate increases follow substantial cost-cutting efforts, including concessions authorized by the utility's union, the International Brotherhood of Electrical Workers, said Mark Foree, TMWA's general manager.

Among those concessions were the elimination of pay increases for fiscal 2009-2010 and a 3 percent cut in labor expenses.

Counting eliminated positions, employee concessions and operating expense reductions, about \$1.1 million in costs were saved, utility officials said.

Changes were necessary in part due to rising costs, with utility operating and maintenance expenses going up \$5.7 million over the past four years.

Those costs were accompanied by diminishing revenues associated with the economic slump. Utility investment income is expected to drop from \$8.3 million last year to \$3.6 million in 2010.

Vacant homes and businesses across the Truckee Meadows have also dropped income from water sales, while there has been no measurable increase of new water customers over the past two years. Income from the utility's hydroelectric plans is also expected to drop as the ongoing drought lowers river levels.

TMWA's rate increase does not affect customers getting water from the Washoe County Department of Water Resources. That department has proposed rate increases of up to 27 percent over five years.

The Washoe County Commission will discuss that proposal in June.

Additional Facts

TMWA water rates

Current average metered rate: \$39.42 per month.

New rate: \$40.52.

Change: 2.79 percent.

Current average flat rate: \$74.90 per month.

New rate: \$84.20.

Change: 12.42 percent.

Effective date: June 1.
