

Water rates could jump in Reno-Sparks



Written by

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10:04 PM, Oct. 3, 2011|

A weak economy, no new customers and cooler-than-normal temperatures could combine to force an increase in rates collected by the primary water provider in Reno-Sparks.

No decisions regarding a rate increase have yet been made, but officials with the Truckee Meadows Water Authority are considering one that could take effect in early 2012.

"We look at revenue and cost of (providing) service and see if they're meeting," said Mark Foree, general manager of the not-for-profit utility.

"They're not right now," Foree said. "There's a gap."

But the chairman of the panel of elected and appointed officials that oversee the water authority said it's going to take some hard convincing for him to support a rate increase in the current economic climate.

"I don't think there's an appetite to raise

rates," said Sparks Councilman Mike Carrigan.

"It's just not a good atmosphere right now," Carrigan said. "It's going to have to be very convincing for me to entertain one."

Since Reno, Sparks and Washoe County created the water authority with the 2001 acquisition of the water system formerly operated by Sierra Pacific Resources, four rate increases have been adopted.

The first came in 2003 and increased the average water bill for metered customers by 18 percent. That controversial increase was followed by smaller, single-digit hikes in 2005, 2009 and 2010 that generated little controversy.

The last one increased average monthly water bills by \$1.47 to about \$45. Should the utility proceed with another increase in 2012, it would likely be a single-digit increase of 3 percent or so followed by similar inflationary increases in subsequent years, Foree said.

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The two-prong rate adjustment approved for 2009 and 2010 was supposed to increase total water sales revenue to nearly \$78 million through 2011, but the amount now projected to be collected is \$71.3 million.

The shortfall is due to a variety of factors, including an "economic malaise."

"Some of the drop, obviously, is the economy," Foree said. "We've had pretty much flat growth for the last three or four years."

Water use by existing customers is also on the decline. Part of that stems from a growing and welcome conservation ethic among water customers in the Reno-Sparks area, Foree said. Cooler temperatures in recent summers have also reduced demand and resulting revenue from water sales.

The utility has taken steps to cut costs, reducing operating expenses from \$40.5 million in 2009 to \$33.2 million in 2011, or by 18 percent, Foree said. The utility now has 150 employees, down from 178 in 2007.

The possible rate increase comes as the utility -- which serves about 93,000 homes and businesses -- continues to tap into cash reserves by about \$6 million per year to finance operations, Foree said.

It's a practice Foree said can't be sustained considering the utility's need to maintain and rehabilitate its system of water lines,

pumps, wells and treatment facilities.

"If you continue to burn cash, in the not-too-distant future you run out," Foree said.

But Carrigan remains uncomfortable with the concept of turning to ratepayers in troubled times.

"Everybody is kind of in a hurt position right now," he said.

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