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City of Ukiah considering 50% water rate hike....Omen for the future?

Posted by waterlessco in Uncategorized. Tagged: Environment, environmentally preferable purchasing, Green, Klaus Reichardt, University of Texas, waterless no flush urinals, Waterless Urinals. [Leave a Comment](#)

From the Ukiah Daily:

A 50 percent water rate hike is on the table as the city of Ukiah ponders how to cover the cost of its water system.

The city hired HF&H Consultants of Walnut Creek to prepare a water rate plan for the next five years. The plan is a model designed to give the Ukiah City Council an idea how to cover its expenses and adjust rates accordingly, and is subject to change.

HF&H Senior Vice President John Farnkopf presented the rate model during a Wednesday night workshop, during which the city discussed how to pay off its debt, the lack of growth, and the effect of water conservation on water revenue, among other concepts.

“The rate payers won’t be happy because they’ll be paying more and getting less,” Farnkopf

said of the rate hikes the model included.

It outlines projected revenue from a 50 percent increase in 2010-11, a 13 percent increase in 2011-12, a 9 percent increase in 2012-13, a 7 percent increase in 2013-14, and a 2 percent increase in 2014-15.

By 2015, the model shows the cost to a rate payer for a unit of water – 100 cubic feet, or 748 gallons – would go from \$1.29 to \$2.60.

A customer bill comparison shows the proposals would increase the average Ukiah household's monthly water bill from almost \$30 to more than \$40.

City Manager Jane Chambers originally planned to have rates before the council for approval on March 21 in order to have the new rates in place by July 1, the beginning of the new fiscal year.

The council opted to hold off on

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adopting new rates to give Chambers and the consultant time to reanalyze the rate model to be less punishing to rate payers while still covering the city's water system costs.

Among other factors to be weighed, Chambers said with the recent, abundant spring rain, it was possible that the city's water users could go back to using the amount of water they used before conservation went into effect last summer.

Water use dropped to an average of 11 units of water per household per month, "down quite a bit from the norm of 16," according to Chambers – a decline of about 25 percent.

"A 25 percent reduction in water use did not reduce your cost 25 percent," Farnkopf said.

Water conservation was one of several factors driving the need for rate hikes, according to Farnkopf. The biggest factors, he said, were the city's debt service for system improvement and a population growth rate much less than what was expected.

Increasing water rates by 50 percent next year wouldn't fix the city's water revenue woes, according to Farnkopf.

"It would just be slowing down the decline," he said.

The city took out a \$745,000 loan to drill two new wells, and the cost of repaying the loan factors in a \$200,000 annual payment over four years.

"That's something we can change around," Chambers said.

Farnkopf's model shows that without rate increases, the city's water revenue is on a steep, downward trend that would tumble to a negative value before the end of the 2009-10 fiscal year.

The increases pondered in the model would mean a less rapid decrease until the middle of the 2010-11 fiscal year, then begin a gradual increase.

The city must maintain a minimum revenue balance in the water enterprise fund in order to prove it can pay back the debt. Under the plan proposed in Farnkopf's model, the city wouldn't begin to meet that minimum balance until the middle of 2011-12.

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Klaus Reichardt is founder and managing partner of Waterless Co, the oldest no-flush urinal company in the United States

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