

## Council Green Lights Huge Sewer Rate Increase

### **Smith: "It's Still A Tax"**

It's going to get more expensive to go to the bathroom in Mesquite.

On Tuesday, the city council voted 3-2 to approve a new rate schedule for the city's sewer rates.

The rates are based on a new rate study submitted by CDM, the city's consultant on all things involving "going number 2."

However, in a nod to the struggling economy, the council decided to delay the implementation of the series of rate increases until January of 2010.

The increases will be staged over a four year period, beginning with an 8% increase on Jan. 1, 2010, followed by another 8% hike on Jan. 1, 2011, a third 8% jump in 2012, and a 3% increase Jan. 1, 2013. [[AD-46-Right]]

While the math adds up to 27%, the actual increases will be compounded over the period, resulting in an actual increase of 30% over today's rate of \$11.90 per month.

Originally, the agenda item indicated that the rate increases were intended to go into effect on July 1 of this year, but Public Works director Bill Tanner explained that the soonest they could happen would be Oct. 1.

The council seemed to be influenced by the string of HOA members who appeared at Tuesday's meeting, with each of them requesting a delay.

While the agenda item did not allow for public comment, Mayor Susan Holecheck opened the floor to anyone who wanted to come forward.

Several HOA members did just that.

"Our budget is set for this year," explained Anna Schaeffer, representing the Sunset Greens association.

"We would ask that you put it off until January 1 to give us a time to plan and make our budget."

Highland Fairways HOA member Jerry Hyland echoed Schaeffer's comments, and went a step further by asking that the increases be delayed until July of 2010.

Hyland pointed out that, earlier in the meeting, the council had delayed effluence rate increases for the golf courses for a year.

"We'd like you to delay ours (rate increase), just like everyone else's," Hyland said.

Incoming city councilman Geno Withelder, an HOA officer who was to be sworn in to his new city council seat at the end of Tuesday's meeting, tipped his hand regarding his position on the increases.

"The timing is probably wrong," Withelder told the council from the civilian side of the dais.

"I would request a little delay."

In addition to the rate increase, the council also approved a 40% increase in the "impact fees" for new homes to connect to the city's sewer system.

The cost for a new homeowner or developer to connect a residence to the system will jump from \$1,324 to \$1,900. Developers believe this will have a chilling effect on new home construction in Mesquite.

Quincy Edwards, head of Pulte Del Webb's Sun City Mesquite project, went to the heart of the reason for the rate jump: the proposed \$23 million sewer treatment plant expansion.

Part of the increase is needed to fund the city for \$23 million worth of bonds, and to make those bond interest payments once the project is done.

"I don't think it's needed at this time," Edwards said, pointing out that the current system is at just 65% of capacity.

"The system currently treats about 2 million gallons a day, but has a capacity of 3.5 million gallon."

Edwards explained that this would have a negative impact on his company's project.

"Jump from \$1,324 to \$1,900 per unit, that's a big hit," Edwards told the council.

"I don't think it's the right time to implement this rate increase."

Tanner disputed that the rate increases would hurt growth.

"In Las Vegas, Pulte has built a lot of homes, and they don't pay less than \$1,900 in impact fees for those," Tanner said.

He also pointed out that, even at the top end of the increase, Mesquite's rate will still be among the lowest in the state.

He mentioned that the proposed rate of \$14.20 would still be less than Boulder City's rate of \$14.58, which is currently the lowest in the area other than Mesquite's.

He pointed out that the rate in Las Vegas is \$19.66 per month, and as high as \$23 per month in Cedar City.

Tanner, whose department at the city will continue to oversee the operation of the new sewage treatment plant, went on to point out that the rates for HOA's are already significantly less.

He explained that all sewer bills include a \$12 service charge for every individual bill.

Since the associations pay the sewer bill on all the homes in a particular HOA, they only pay the \$12 fee once for the entire association.

He also mentioned that not all of the HOA's in the city pay the sewer bills for their residents.

City Councilman Bubba Smith took a broader view of the rate and fee increases.

"We have to be very cognizant as government tries to get bigger and bigger, and take more and more of your money," Smith said.

"Call it what you want, this is still a tax increase."

Councilman David Bennett wasn't as concerned with the rate increase to individual residents as he was about the connection fee increase.

"I've got real issues with bumping the impact fee up front here," Bennett said.

"I hate to see impact fees go up 40, 50, 60%."

"I'm worried about it hitting right in the middle of the current economic conditions. I'd rather see us go halfway in January, the rest of the way the following January."

Councilman Karl Gustaveson pointed out that the bad economy actually works in the city's favor, as the new project is likely to come in at less than the \$23 million the city budgeted.

"It appears to be a bad time, but ever capital projects bid we're getting these days is around 20% lower."

Councilman Randy Ence finally made the motion to approve the rate study, and direct staff to go forward with plans for the rate and fee increases, but to delay those increases until Jan. 1, 2010.

The move was seconded by Gustaveson.

The council approved the motion 3-2, with Ence, Gustaveson, and Bill Wells voting in favor of the increases.

However, the issue is not quite completely dead, as Tanner explained there will still be a public hearing later in the summer on the proposed rate increases.