

Eagle Point questions need for water system study

Council members table discussion of a staff plea for a study to find a way to put a money-losing system back in the black

By **By BILL MILLER**
for the Mail Tribune`
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EAGLE POINT — With water funds rapidly draining, city staff members asked the City Council to pay for a rate study that would determine what utility and system development charge increases are needed to put the water funds back in the black.

But council members decided they needed more information from the staff, especially on SDC rates, and some balked at spending money for an outside study that the staff could perform.

The council voted unanimously to table the rate study discussion until its April 23 meeting.

"The Water Fund, the Water SDC Fund and the Water Debt Fund are all in jeopardy," City Finance Officer Melissa Owens told the council on Tuesday. "Our analysis shows that we are currently spending more than we are receiving. "... The five-year projection indicates that the negative spending will continue without intervention."

City Administrator Henry Lawrence said last year's emergency repairs to a city water reservoir revealed other unanticipated problems and the need for in-depth studies of the entire water system, including a new Water Master Plan. That plan, being prepared by Civil West Engineering, will be presented to the City Council at its first meeting in April and is expected to require significant improvements at significant costs.

"Our water system is a good water system," Lawrence said. "But the master plan is 13 years old and we haven't looked at base water rates since 2003 and SDC rates since 2009."

He said the city is spending roughly \$150,000 more each year on its bonded water debt than it is taking in.

"The way the debt service has been designed," Lawrence said, "is new improvements would be paid 75 percent from water SDCs and 25 percent from the water operating fund.

"Well, the recession hit. Building stopped and cash revenue into the SDC fund started drying up. We couldn't continue debt service at that rate, so we've been pulling debt service greater than 25 percent out of the operating fund."

He said the operating fund is dwindling and in the next three or four years will be completely gone.

Lawrence asked the council to approve hiring a firm to prepare a rate study suggesting updates to water rates and SDCs. The cost of the rate study could not exceed \$16,825.

"I'm concerned that we're spending \$17,000 that we could pay towards the debt service," said Councilor Bill Fierke. "We have a competent staff and we are very capable of making those decisions ourselves."

"We know how much money we owe on this water system," said Councilor Wayne Brown. "The time has come. It's time we lay it out and say here's what it's going to take to pay this off. You as a ratepayer in the community will have to cough up more money.

"We might as well be direct and to the point and not try to get cutesy," Brown said. "Why spend money to have somebody tell us what we already know? "... Why should we pay \$20,000 to make me feel comfortable about telling this to the people in the community?"

"I totally agree that our water rates are going to have to change," said Councilor Kathy Sell, "but I think, in-house, we probably have an idea of how much that is, and I'd like to hear that."

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