



TAHOE CITY PUBLIC UTILITY DISTRICT

-- PRESS RELEASE --

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Tahoe City Public Utility District Considers 2008 Budget Adoption and Rate Increases

This Friday, November 30, 2007, the TCPUD Board of Directors will be considering the adoption of its 2008 budget. The budget includes \$7.9 million for District operations and \$6.9 million in capital projects.

Critical to the customers and taxpayers is the establishment of water and sewer rates for the coming year. Throughout the fall, the Board has held workshops and meetings related to the rate-setting process. HDR, a nationally recognized engineering consulting firm, was retained to assist in a complete review of the District's rates and help establish a 3-5 year rate plan. The complication of both installing meters throughout the District, and moving to consumption-based rates has slowed down the long-term rate plan. The Board is now considering a traditional 1 year rate-setting process for 2008 and will resume the long-term planning after the first of the year.

At their November 9th budget workshop the Board directed staff to prepare rate alternatives for their consideration at the November 30th meeting. Because the proposed rates won't begin until April 1, the cost to the consumer during 2008 would be slightly less than the proposed percentages. Sewer rates could increase by up to 4% (2008 cost - 3%) and water rates could increase by either 7% (2008 cost of 5.25%) or 17.5% (2008 cost of 13.14%). The variation in the water rates depends on the Board's decision on the use of property tax in water operations. Since 2003, the cost of water service has been escalating rapidly. The Board had decided to keep the rates below the "cost of service", using general property tax to support the water operations. The

17.5% rate increase would remove the need for property tax in the operations of the water department, reserving the tax funds for the critically-needed infrastructure replacement.

Once the budget is adopted and the rates are adopted, the TCPUD will follow the Proposition 218 requirements for increased rates. This allows property owners to protest and stop the rate increases. Prop. 218 requires that each property owner receive a mailed notice indicating the new rates and information on the protest procedures. A public hearing is set not less than 45 days from the date of the mailed notices. Written protests can be taken up to and at the public meeting. If the District receives protests from the majority of property owners (50%+1) than the rate increases are stopped.

TCPUD Board and staff encourage your participation in the budget meeting this Friday, November 30th, at 8:30 am at the TCPUD Board Room.

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