

Denied: City denied water funding due to budget deficit, rates may rise

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Reporter

Tuesday, November 10, 2009 11:29 PM Mountain

The city of Douglas is facing a massive water fund deficit in the next year, forcing the state Department of Environmental Quality this fall to reject a \$340,000 grant request to help the city pay for various water projects.

Despite that, Douglas City Councilman Bob Chiapuzio insists raising water rates to cover the deficit is not likely.

"To me, that's not an option," Chiapuzio said. "I mean, it's always an option but, personally, it's going to take a heck of a lot for me to want to raise water rates."

Chiapuzio has long championed the cause of not raising, or possibly even lowering, Douglas water rates and, if needed, transferring city general fund moneys to the separate, independent water and sewer accounts to cover operating costs.

However, in its letter to the city rejecting funding, DEQ illudes to state law, saying, "You also indicate you are reducing your average annual user charge while your operating and coverage ratios both decline. You do not generate enough water revenues to pay either your water system's debts or operating expenses."

Wyoming Statute 15-7-407 states that; "a) The board shall fix the rates for water, sanitary sewer services and electric service furnished to customers, and any revision thereof is subject to the local governing body's review, modification and approval. The rates shall secure an income sufficient to: i) Pay the interest charges and principal payments on all bonds issued to pay the purchase price, construction cost, extensions and enlargements of the respective systems as they are due."

Chiapuzio disagreed with DEQ's interpretation of the statute.

"I know what the state statute says, I know it has to be paying for itself," Chiapuzio said. "But whether it's the general fund or enterprise funds, it's still the responsibility of the governing body. It's all still providing the services that are needed so the community can survive. So, if the money is needed from the general fund to offset an indebtedness in another fund, that can be done."

With the council currently looking at different ways to balance the budget, Interim City Administrator Forrest Neuerburg said that the alternatives aren't definite.

"We are studying some ways to do that," Neuerburg said. "But the traditional way is to raise water rates. The council hasn't made a decision if they want to do that yet, that's just one option."

When asked to discuss details of alternatives to fix the water fund budget, Neuerburg declined, saying, "I'd rather not. They're tenuous."

"I don't want to besiege the council's action or tell you what I think they will do. I don't want a headline next week that says 'Water rates to go up,' I mean because, they have not said that. That's the city council's decision, not mine. But it's the likely outcome," he said.

While raising water rates would be one solution, DEQ staff engineer Brian Mark said that they would not enforce such a decision.

"The ball is in the city's court and as soon as they come up with something, which I'm sure they will, we'll look forward to working with them," he said.

Neuerburg and Chiapuzio went to Cheyenne Nov. 10 to visit with DEQ officials to discuss the issue.

The letter, which was received by Mayor Marilyn Werner Aug. 12, had not been discussed in a public forum until the Nov. 5 study session. The council declined to share the letter, saying that it would be discussed at Monday night's work session. Neuerburg later agreed to give the Budget a copy.

The issue was not discussed in public forum Nov. 9 and Werner was not available for comment at press time.

