

A way out?: State: Douglas can devise its own plan to address water fund troubles

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The city has been given an out. Sort of.

Despite recently rejecting the city of Douglas' grant application because the city water fund could be broke within a couple years, state officials last week said the city would be allowed to figure out an alternative plan that they would then consider when deciding future loans.

City council members have resisted the easy answer of raising water rates to cover increasing operating costs and, instead, are seeking other ways to cover the shortfalls. That idea, though, seemed to have a cool reception in Cheyenne initially, though last week state officials opened the door a bit for compromise.

"We would be willing to listen to some alternatives, but it has to be a dedicated source of repayment," said Rob Tompkins, the grants and loans program manager at the Office of State Lands and Investments.

Tompkins explained the typical dedicated source of repayment for loans would be water system user fees.

Douglas City Councilman Bob Chiapuzio and Interim City Administrator Forrest Neuerburg met with Department of Environment Quality engineer Brian Mark, staff attorney Bridget Hill and Tompkins Nov. 10 to discuss the city's looming water fund deficit and ways around simply raising water rates to pay the operating costs and debt payments.

The council is busy looking for a way to prove its dedicated source of repayment for two existing loans, which require \$221,000 to be paid annually. Following that, the council would have to prove sufficient revenues exist to repay future loans if they apply for them.

"We need to provide them with an alternative plan that they find acceptable . . . which is pretty broad," Neuerburg said. "I have to figure out how big that box is."

Tompkins said the options are broad given that the city is considering using general fund money to cover its water fund debt. If the city relies strictly on current water rates to repay that debt and the operating costs, he added, the options are pretty narrow.

"The way I look at it is that the pledge we have is narrow with water system user fees," Tompkins said. "It's broad because of the idea of using the city's general fund, because that can be affected by different revenues."

A major source of revenue for the general fund, Tompkins explained, is sales tax.

"We're seeing that fluctuating, so we're a bit concerned with that option," he said.

While the city's sales tax just recently dipped below budget – bringing in \$292,972 for November compared to a budget projection of \$321,955 – the city still has received more than half of the fiscal year budget in five months.

Aside from the general fund, Neuerburg didn't have any other options to discuss.

"I need to figure out how big that box is still, then I can go to the council, and they can start generating some information to package a proposal," he said.

With only one city council meeting scheduled in December due to the holidays, the Dec. 14 meeting has been slated as a deadline for the council to submit a written proposal to the state as to how it would repay the current debt and any potential future loans.