

Water customers face big rate hike

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SANTA CRUZ — When it rains, the saying goes, it rains pennies from heaven. When it doesn't rain, the pennies come from the pockets of city water customers.

A Water Department study is under way to determine how much more customers will have to shell out next year because of the drought.

Water Director Bill Kocher said he "would guess" the results will show the need for at least a 20-percent hike. The average in-city customer pays about \$40 every two months for water.

The Water Department, Kocher said, operates on a break-even basis, with 94 percent of the revenue coming from water consumption. When consumption falls, as it has this year by about 40 percent because of rationing, revenues dry up. "People might expect that costs decrease, too, in a drought but that isn't so," Kocher said. Only pumping and chemical costs decrease because of the lower water volume. Personnel costs, which run about \$2.8 million, and debt service, about \$2.6 million, are unaffected.

Personnel costs actually increased this year, Kocher said. He

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said he had to hire a part-time staff of six to implement the summer mandatory rationing program at a cost of about \$120,000. And overtime increased because of orders to respond immediately to all calls of leaks and damp spots. "We couldn't put people on rationing and then let the leaks continue," Kocher said. The water-rate hike also will be necessary because of the effects of inflation and the need to make system repairs, primarily to major lines on Pacific and Chanticleer avenues.

The city did not boost rates this year, electing again to offset revenue shortages by eating up reserves earmarked for dry years.

But after four years of drought, the reserve set up by the City Council to try to soften the finan-

cial impact on water customers is nearly dry, too.

Even when normal rain returns, Kocher said, it will take a number of years for water usage to return to normal. "Habits change," Kocher said. Also, he said, people install water savings devices during drought times that continue to save water from then on.

It took 10 years, he said, for water usage to return to prior levels following the last drought, which ended in 1978.

Kocher said the city Water Commission will discuss the issue at its January meeting, although Kocher said the rate study may not be completed by that time.

One possibility, he said, would be a two-stage rate hike because some of the increased costs are not expected to be incurred until after July 1.