

SLT, STPUD at odds over franchise agreement



South Tahoe PUD does not pay a fee to have its water and sewer lines on South Lake Tahoe property. Photo/LTN file

By Kathryn Reed

South Lake Tahoe since earlier this summer has been paying South Tahoe Public Utility District for water and sewer just like any other customer. South Tahoe PUD, though, is not paying the city a franchise agreement like all the other water companies in town.

If the city has its way, there will be franchise deal in place – and soon. South Lake Tahoe officials want to correct what they see as a 50-year-old problem.

“It’s a standard practice that utilities pay for the right to use a city’s property,” City Manager Nancy Kerry told *Lake Tahoe News*.

Tahoe Keys, Lukins and Lakeside water districts all pay 2 percent of their gross revenues to the city per their franchise agreements. South Tahoe PUD never has. When STPUD

acquired smaller water districts that were paying the fee, the practice stopped. The city never pursued its right to those dollars.

The city in 1966 – just after becoming incorporated – entered into 50-year franchise agreements with the various water districts. Those all expire at the end of this year.

City Attorney Tom Watson told *Lake Tahoe News* that state law allows cities to create an ordinance – like South Lake Tahoe has – to impose the franchise fee.

The city has been talking with the four water districts about 10-year franchise agreements, with the goal of treating them all the same. The council will likely discuss the issue Oct. 20.

South Tahoe PUD has the topic on Thursday's agenda. The Sept. 3 item is to discuss the proposed franchise agreement and direct staff.

"Since we have not seen anything at all at this point, I would rather not speculate on possibilities. We have chosen not to begin any research or analysis until we actually see what is proposed," STPUD General Manager Richard Solbrig told *Lake Tahoe News*.

However, according to city officials the two entities have been discussing the issue for several months. The last meeting was Monday, though an agreement was not reached.

The contract the two had expired at the end of July. Former City Manager Dave Jinkens negotiated it at a time when the district was doing a lot of work in the redevelopment area near Stateline. It included free water and sewer for the city, while the district paid nothing.

Kerry said not paying a water-sewer bill saved the city about \$100,000 a year. She added that STPUD is saving about \$500,000

a year by not having a franchise agreement.

Franchise agreements between municipalities and utility companies are fairly routine. The whole point is that the utilities are essentially renting space owned by the city – albeit underground in this case – in order to operate their business.

Kerry said the proposal that will be before the council this fall is to have the STPUD franchise fee be dedicated to the replacement of roads. Money from the other water districts goes toward the broader public works budget.

STPUD does not have a franchise agreement with El Dorado County. *Lake Tahoe News* on Aug. 28 asked El Dorado County Counsel Robyn Drivon about any agreements with West Slope water providers. She said she would look into it, but has not responded.

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Notes:

- The STPUD board meeting is Sept. 3 at 2pm, 1275 Meadow Crest Drive, South Lake Tahoe.
- Also on the agenda are formal mutual aid agreements with Tahoe Keys and Lukins. “The agreement will provide the backup reliability sought by the state inspector. The agreements should be virtually identical, except for any differences in the physical connections,” Solbrig said.