

## GUEST COLUMN: Sewer, water rates will continue to rise

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By John P. McCulloch

Often, I'm asked when will we see a reduction in water rates. My answer is, unfortunately, we won't — at least not in the foreseeable future.

Rates will continue to increase for a number of reasons. There are state and federal mandates that must be met. But, perhaps the biggest reason can be associated with "fixed costs." Fixed costs are expenses that are associated with providing water and wastewater services. These costs include such things as maintenance, repair and replacement of infrastructure, operational expenses and a host of other items that aren't subject to change regardless of the amount of water provided.

It must be remembered that providing clean, fresh water is different than most other services because we are dealing with issues of health, safety and environmental concerns. Providing those services while doing what we can to keep costs as low as possible involves a delicate balancing act. Quality cannot be sacrificed.

Still, as water delivery and wastewater collection systems age, maintenance costs increase. Failure to properly maintain the infrastructure in a timely manner contributes to more expensive fixes down the road and dramatic rate increases to pay for them. Additionally, when proper and timely maintenance is delayed or neglected, the useful life of the pipes and other infrastructure is greatly reduced.

That's why it's so frustrating for some consumers who conserve water only to see their bills stay the same or even increase. Conserving water is good for the environment and an activity I wholeheartedly endorse, but it is not a path toward rate reduction because it has little or no impact on fixed costs.

Another reason that we are unlikely to see a drop in water and wastewater rates can be attributed directly to the poor economy. This is especially true as more and more people and businesses move out of the area. As a result, there are fewer customers left to share the costs of providing water and sewer services. The number of miles of pipes remains the same. The cost of maintaining them remains the same or increases. What is markedly different is the reduction of revenue as a result of fewer customers. In short, that means the remaining customers must pay a larger percentage of the costs.

The poor economy also factors into rate hikes when you consider that the Detroit Water and Sewerage Department (DWSD), which supplies water to much of Oakland County, saw its bond interest rate spike in 2008 from 4.8 percent to 9.2 percent. Even though the rate was renegotiated to 6.2 percent, the interest cost increase translated into an additional cost of \$5.5 million annually.

Here at the WRC, we're doing what we can to reduce costs and save money for our customers. Employees have taken a pay cut and are scheduled to take another pay reduction next year. We've reduced the size of our workforce, reduced the number of vehicles in our fleet and cut vehicle use. We've also consolidated and realigned jobs to save money. These are just a few of the steps we've taken to ensure that we provide the best possible service at the lowest possible cost while providing quality drinking water and maintaining a reliable infrastructure system.

John P. McCulloch is the Oakland County Water Resources Commissioner.

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