



Stable policy: Fayetteville's sewer committee forwards proposed rate policy to full council

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An established sewer rates policy — like the one that made it out of the Fayetteville City Council's Sewer Committee Thursday — might have helped head off hours of emotional and often heated meetings over the city's sewer rates had it been in place before 2003.

Steve Davis, Fayetteville's finance and internal services director, told the committee members Thursday that it was during discussions about the 2003 rate study, which set out how to implement a 29 percent rate increase, that the need for such a policy was first brought up.

The rate study was controversial enough in some corners to prompt Fayetteville municipal customers Farmington and Elkins to begin searching for alternatives to getting service from the larger city. The increased rates even helped spark a drive to recall Elkins' former Mayor Wally Brt.

Now, to reduce the fiscal burden on the two cities, Fayetteville officials are preparing to begin negotiations that included taking ownership of the Farmington system and the possibility for reducing Elkins rates by more than 70 percent.

Davis explained the overall approach of the proposed policy: The city will determine rates based on the cost to provide the service, develop a system to determine capital needs by analyzing expenses, and use a "utility basis" revenue requirement that projects future expense three years into the future.

Adoption of the proposed policy should ultimately provide the city's customers with a better feeling of consistency. During the 2003 debate it seemed that much of the frustration came from the fact that the municipal customers had not had the rate setting process explained to them. "These folks have been our customers and our neighbors for 50 years and until 2003 when we all got around the same table — but our emotions were pretty heightened — nobody from the Fayetteville staff had sat down with [them] and just talked to them," Davis said. "They just wanted somebody to talk to them on a routine basis just to let them know what's going on," he continued. "And that's understandable."

Davis said he was told of the merits of a sewer rates policy by Blaine Bickel of Black and Veatch Corporation, which was preparing the rate study. "After one of our more intense meetings with Farmington, [Bickel] said something to the effect that, 'you know a lot of this could have been avoided if we had had a rate-making policy discussion with Fayetteville City Council before we started the rate study,'" Davis said. "I thought 'yeah, you're probably right but, Blaine, you're the consultant that's been here for 20 years. I've only been in the position to do this rate study for the first time so why didn't you tell me that what we needed to have first off was a policy discussion on just how we did and didn't want to make the rates and what the implications were?'

" So it was one of those things, "Davis continued." The barn door's open, the cow's are out in the garden, the wife's all fussy and somebody told me that the latch on the gate was broke. "

New negotiations between Fayetteville and Elkins will begin Wednesday.

The Fayetteville City Council will discuss a memorandum of understanding reached by mayors Dan Coody, of Fayetteville, and John Harris, of Farmington, at its August 2 meeting. Both agreements include the discussion of impact fees, which could be applied to expanding the capacity of the sewer system.

The proposed Farmington agreement would have Fayetteville take ownership of the sewer system, in which case Fayetteville's impact fees would apply. Because Elkins is a wholesale customer, the city would have enact its own fees.

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