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Water rates to rise 4%

By: Steve Jordon, Omaha World-Herald

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Retirement-party cakes are in, employee picnics are out. Water rates are up, and natural gas rates might be, too. After a three-hour meeting Wednesday, Metropolitan Utilities District directors raised water rates by 4 percent for 2010 but delayed a final vote on a proposed 3.3 percent natural gas rate increase.

The elected board scheduled a special meeting for 8:15 a.m. Dec. 18 after its 4-2 vote rejected the gas rate increase proposed by M.U.D.'s management. If the board approves a rate increase at that meeting, it could go into effect in January, the same time as the higher water rates.

In the meantime, M.U.D. President Thomas Wurtz said he will work on a revised proposal for the board to consider.

"You're giving me a new direction," he said after board members said they wanted options that would call for a smaller gas rate increase or no increase at all.

Among the large-ticket items potentially up for consideration is a construction center, to cost \$6 million in 2010 and \$10 million in 2011, for M.U.D. workers, including those who move gas and water lines to coincide with the City of Omaha's sewer reconstruction.

The M.U.D. board voted in 2007 to hire its own employees for the gas and water line projects, rather than contracting out the work as M.U.D. management had recommended.

The proposed 2010 budget also includes \$4 million to buy and equip an existing building for M.U.D.'s customer service call center. The existing call center is overcrowded, M.U.D. executives said.

The recession figured heavily in Wednesday's debate, including a half-hour spent in a rare line-by-line discussion and votes on \$289,000 worth of items shown on the meeting agenda as "miscellaneous."

Wurtz withdrew items totaling \$91,000, including \$5,000 for an adopt-a-school program, \$10,000 to send flower seeds to ratepayers, \$40,000 for an employee wellness program and \$8,000 for flowers sent to employees when family members die.

The board took \$6,717 off the list for leases on cars driven by top

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executives, saying that would be part of its discussion of executive pay. Directors then voted one at a time on 10 other items, including \$57,000 for employees' college tuition reimbursement, \$39,350 for employee service awards and \$4,830 toward employee bowling, golf and basketball leagues.

Attorney Bob O'Connor Jr., representing Local 1521 of the International Brotherhood of Electrical Workers, said some of the items had become "custom and practice" covered by collective bargaining agreements. Cutting them might lead to labor grievances or even lawsuits, he said.

"You want fat, dumb, unhappy employees?" O'Connor asked.

Board member Amy Lindsay noted that the proposed budget called for adding nine employees at a time when many private businesses are laying off workers. The board could be considering cutting jobs instead of cutting the miscellaneous items, she said.

The board eventually removed \$127,300 worth of the items, leaving only the tuition reimbursement program, \$500 for retiree cakes and \$6,215 for a dinner recognizing volunteers in M.U.D.'s speakers bureau.

The cuts won't make a dent in the need for rate increases; the utility's proposed budget of \$502.9 million is up 9.6 percent from 2009.

But Mark Doyle, board chairman, said the cuts were symbolic, reflecting the slow economy.

M.U.D.'s employees "understand the times we're in," Doyle said. "They understand we need to look at everything."

Board member Dave Friend said he didn't want to hurt employee morale but said every item needs to be considered when customers are struggling to cover their expenses.

"This is just business," he said.

Three people, including two members of the Nebraska Taxpayers for Freedom, objected to the rate increases during the public hearing portion of the meeting.

Douglas Kagan, the group's chairman, said M.U.D. didn't lobby hard enough to get the federal government to pay for projects that are required by the Environmental Protection Agency.

"They don't feel the pressure yet," he said.

Retiree Paul Meyer said fixed-income people are seeing taxes and utility costs increase.

"You have no idea how to cut expenses," he said.

Wurtz said one way to reduce 2010 spending would be to replace fewer aging water mains, but in a few years M.U.D. probably would end up with water line breaks or would have to tear up the new concrete to replace the mains anyway.