

## Analysis of Spokane's Water Price Changes

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### Key Findings

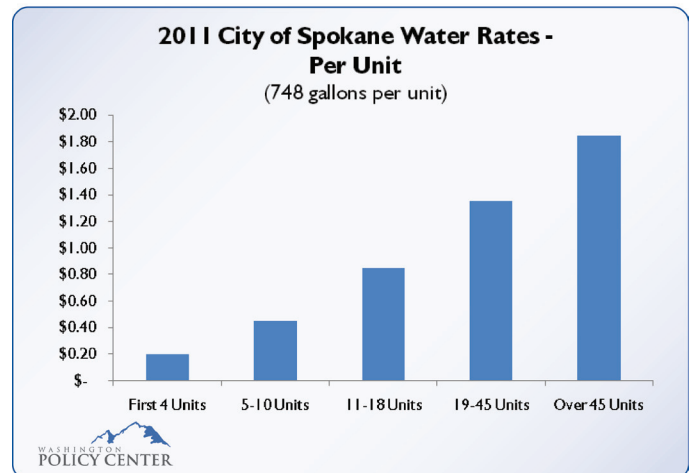
1. The City of Spokane's monopoly water prices punish larger families even though they have reduced their rate of consumption.
2. Spokane residents already decreased their water use by 10 percent before rate changes went into effect.
3. City residents would be better served by a flat and/or a seasonal rate for water.
4. More than 40 percent of the water used for outdoor purposes percolates back into the aquifer.
5. The City of Spokane used more than 139 million gallons of water in 2010 on its four city-owned golf courses.

The City of Spokane has imposed a new five-tier water price structure on its citizens. Under the assumption water supplies in the region are dwindling, the city government says about half of Spokane residents will pay more under the new prices, and about half will pay less.

### New Water Prices

Water customers in the City of Spokane once enjoyed a system that provided discounts for water used over a certain amount. With the knowledge it doesn't cost any more to provide gallon 5,000 versus gallon five, the city set in place a price that would decrease as customers used additional water.

In 2011, however, that changed. The city council adopted new water prices that consist of a five-tier scale. As levels of water use are reached, prices increase dramatically. In fact, at the highest rate, the new prices charge 23 times more for the last gallon of water than the first.



### City Water Monopoly

Government officials in Spokane have a monopoly on water service, leaving families no other option but to pay higher prices. The city says the new rate structure is not about more money. However, Spokane City Councilwoman Amber Waldref recently stated that "the graduated pricing structure promises a more sustainable revenue approach, even if use declines due to efficiency, weather or economic conditions." This statement suggests the real reason for the increase in water prices is simply to provide additional revenue to the city.

### Water Use and Revenues

Long before the new water prices were imposed, citizens in Spokane were taking steps to reduce their water consumption. In fact, water usage in 2010 in the city was the lowest in a decade, as city users consumed a total of 22 billion gallons.

Since 2001, Spokane residents have cut their water use by 3.5 billion gallons per year. The decline in water use was not due to a decline in population. From 2000 to 2010, Spokane's population rose by seven percent to 209,000. Even while using less water, Spokane citizens were paying more. Water billing records indicate total dollars to the city increased by more than 27 percent since 2001. In 2010, government officials collected more than \$29.4 million from water bills.

### **City-owned Golf Courses**

The City of Spokane itself is one of the largest users of water in the region. The city owns four golf courses: Indian Canyon, the Creek at Qualchan, Esmerelda and Upriver Drive. Water billing records show that in 2010, Spokane's four city-owned golf courses together consumed more than 139 million gallons of water.

When it comes to billing, though, city officials charge their citizens more than their golf courses. While citizens have to pay up to \$1.85 per unit for water, the city labeled its courses commercial and gave them a 60 percent discount on the highest rate. Golf courses in Spokane pay a flat rate of just \$.76 per unit for water. That means they pay roughly \$1,017 per one million gallons of water used. If a homeowner in Spokane used one million gallons of water, their bill would top \$2,399.

### **Case Studies: Tacoma and Boise**

Of similar size to Spokane, Tacoma and Boise residents enjoy a flat rate for water from October through May. Only during the summer months do prices increase, and even the higher cost is a flat rate. In both cities, citizens did not need a five-tier scale to reduce their consumption. In fact, water use in both Tacoma and Boise has dramatically decreased. Boise officials say weather patterns, building and plumbing codes and more water-efficient appliances are the main reasons.

### **Spokane Valley–Rathdrum Prairie Aquifer**

Government officials say the new water rates are not about making money, but rather reminding customers the Spokane Valley–Rathdrum Prairie Aquifer (SVRP) is a resource not to be taken for granted. The aquifer is the sole source of drinking water for more than 500,000 people in the region. The City of Spokane says the total volume of the aquifer is 10 trillion gallons.

There are more than 260 wells that draw water from the SVRP Aquifer. Readings at most of those wells show water levels at or above what they were in 1990. The United States Geological Survey says 40 percent of the water used during the summer months for irrigation actually drains back into the aquifer.

### **Conclusion and Recommendation**

Providing water to citizens should not be viewed as a way to keep the city “financially stable.” Instead of a five-tier system, the city would better serve its citizens by adopting a fair, flat rate for water use. The quality of gallon one is no better than the quality of gallon 5,000. The same conservation goals are accomplished by a flat rate—the more you use, the more you pay. Raising water rates is unlikely to significantly decrease water consumption in Spokane. It will, however, bring a windfall to city officials as they increase the financial burden they impose on citizens.

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