

Opinion: \$17 million Overcharge

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Begich, Assembly use AWWU customers to get around tax cap

Mayor Mark Begich and the Assembly have overcharged customers of the city-owned water and sewer utility by \$17 million since 2004, according to the state utilities commission and a Superior Court judge. If upheld on appeal, the ruling will net utility customers a sizeable refund. The average single-family homeowner has overpaid by roughly \$250 and pays another \$5 a month until the case is resolved.

The overcharges stem from a new way the city decided to calculate the payments Anchorage Water and Wastewater Utility makes in lieu of property taxes. Mayor Begich says the city is just trying to make sure AWWU pays for city services the same way as other city and private utilities do. The utilities commission and the court found otherwise.

The legal arguments in this case are complicated, but what's going on here is pretty simple. Mayor Begich and the 2003 Assembly raised AWWU's utility rates to get around the city's restrictive tax cap.

Money was tight in 2003. There was no chance voters would raise the city's property tax cap for government operations. Instead, Mayor Begich and the Assembly tripled the payments AWWU makes for city services like fire and police. Known as Municipality Utilities Service Assessments, or MUSA, the payments are similar to the property taxes imposed on all private businesses.

What happened is this. AWWU's assessments for city services were lower than other city utilities because of a technical difference in how the utility calculates the payments. Mayor Begich and the Assembly tweaked the formula to produce an extra \$6 million a year for city services. Then they jacked up AWWU's rates to pay for it.

The utility commission and court said the city can't force AWWU's customers to pay that extra \$6 million a year for city services -- especially since AWWU doesn't use that much in the way of city services to begin with.

What about the mayor's fairness argument? Shouldn't all utilities, private or public, pay for city services based on the same rate and the same formula?

Both the utility commission and state Superior Court rejected that argument. The same basic rules do apply, but the results at AWWU are different because of

differences in how the utility financed much of its physical plant. Alone among local utilities, AWWU got government to pay for a large part of its infrastructure.

That government funding of Eklutna substantially cut AWWU's costs. The law required those savings to be passed along to customers. Mayor Begich and the Assembly grabbed some of those savings for municipal taxpayers.

Cutting AWWU's rates and refunding customers' money will hurt city finances, no doubt. It will squeeze the city budget, which is already lacking in important areas like police protection and park maintenance.

But it's not fair to take the money from AWWU's customers just because voters won't let city government collect it through regular taxes.

BOTTOM LINE: Whether legal or not, making AWWU customers pay higher rates to put more money in city coffers is not the way to go.

Welcome

WEIO comes to Anchorage

Only the sky competed with the blue worn by some of the Wainwright Dancers on Town Square Park in Anchorage at lunchtime Tuesday. The official kickoff of the World Eskimo-Indian Olympics was made to order: women in sundresses mingling with women in Native furs, Wainwright drums, athletic prowess and about 300 appreciative spectators.

The only thing the city might have done better is given David Thomas some better grass for his knuckle-hop demonstration. The ground under his knuckles, covered by ice in winter for skating, was sparse and stony. Imagine stopping halfway through a pushup on your knuckles, then short-hopping low across the ground to mimic a seal. Just knuckles, toes and pain. Oh, and make it look fluid.

When Mr. Thomas made the turn, he seemed to flow, and drew ahhs of admiration from those nearby.

Mr. Thomas, Manuel Tumalak and several other athletes offered Anchorage a preview of what they can see and hear at the Sullivan Arena this week, the first time for these games in Anchorage.

This is a two-way invitation. Anchorage courted the games and won them for one year. On Tuesday, WEIO emcee Phillip Blanchett invited Anchorage to come to the games.

"It's all about the community coming together," he said.

It worked on Town Square on Tuesday.