

# Utility Rate Increases

Why now? Why at all?

# First, how the City is funded...

- What do income taxes, permit fees, and program fees pay for?
  - These revenues fund the General Fund.
    - The General Fund pays for Police, Fire, Parks, Pools, Taxi Program, etc.
- What does my Utility Bill (Wooster City Services Bill) pay for?
  - Water Treatment, Sewer Treatment, Storm Water Management (These are Enterprise Funds) and Trash pickup.

# Water, Sewer, and Storm Sewer Services are Enterprise Funds

- What is an Enterprise fund?
  - Charges for services can only be used for expenses in that “business entity”
  - For example if \$100.00 is billed on a utility bill for water that \$100.00 can only be spent on water related expenses.
- ***Other City Functions such as Pools, Street Paving, Fire, Police, etc. **CANNOT** be funded with charges from Utility Bills.***

# What does this really mean?

- *NO GENERAL FUND MONEY* (e.g. tax money) is used to fund the operations of Wooster City Services, Water Production, Sewer Treatment and Storm Sewer Management.
- *Rates charged must raise enough money to cover all expenses for the Water Fund, Sewer Fund, and Storm Sewer Fund.*
- *These funds are run like a business only **not for profit**. One year's incoming money must be at least equal to one year's expenses.*
- These funds are Completely funded by the charges paid by the consumers of the services.

# History 1997-1998

- Utilities Division employs 34 people
- 1997 - Rate rollbacks (bills based on 7,756 gallons per month)
  - Sewer = \$25.25 cut by 21% became \$20.25
  - Water = \$32.67 cut by 7.4% became \$30.25
  - Reduced Rate was held for 10 years.
- Through 9/1/10
  - Sewer is above 1997 rate by \$4.83/month
    - = 1.2% annualized increase
  - Water is above 1997 rate by \$12.27/month
    - = 2.9% annualized increase

# History 1999-2006 (\$ spent)

- Regulatory requirements/unfunded mandates
  - Combined Sewer Overflow or CSO Elimination (\$23.5 million)
    - Sewer separation projects
    - WPCP upgrade
  - New Well S-3 (\$1 million)
  - Lime lagoon closure (\$2 million)
- Aging infrastructure replacement (\$3.2 million)
- Growth to serve new businesses and residences
- **No** rate increases
- Inflation = 2.65% avg./yr (21.2% aggregate)

# History 2007- 2009

- Continued unfunded mandates
  - Sewer separation (\$3.5 million)
  - Water system storage/pumping (\$4 million)
  - System redundancy (\$0.5 million)
  - Continuing education/training required for licensed operations staff & minimum staffing requirements
- Infrastructure replacement – i.e. old water/sewer pipes (\$1.8 million/yr)
- Small rate increases (as of 12/31/09)
  - Sewer at \$23.67 month @ 7,756 gallons/mo
  - Water at \$35.40 month @ 7,756 gallons/mo

# Where we are today and what we have done?

- Utilities Division **has cut costs**
  - ***Staff has been reduced by 21%***. Current employment is 27 people, down from 34
  - Facilities were upgraded for automation and efficiency
  - Utilized grants, zero and low interest loans effectively
- Infrastructure continues to age
  - 70+% of pipelines (water and sewer) are older than 30 years (useful life is considered 30 years)
- \$12-\$15 million in replacements/upgrades are planned w/in 10 yrs
  - Unscheduled/unbudgeted backlog double this amount
  - Not including any additional mandates – some pending now

# We Are Not Alone

- United States as a whole is graded as “D” for sewer / water infrastructure
- Ohio Rates are increasing 5-25% per year
- Average Ohio increase for 2008 = 7.5%
- *In 1997 we reduced rates and **we held those rates for over 10 years**. We have kept comparatively low water/sewer services for as long as possible.*

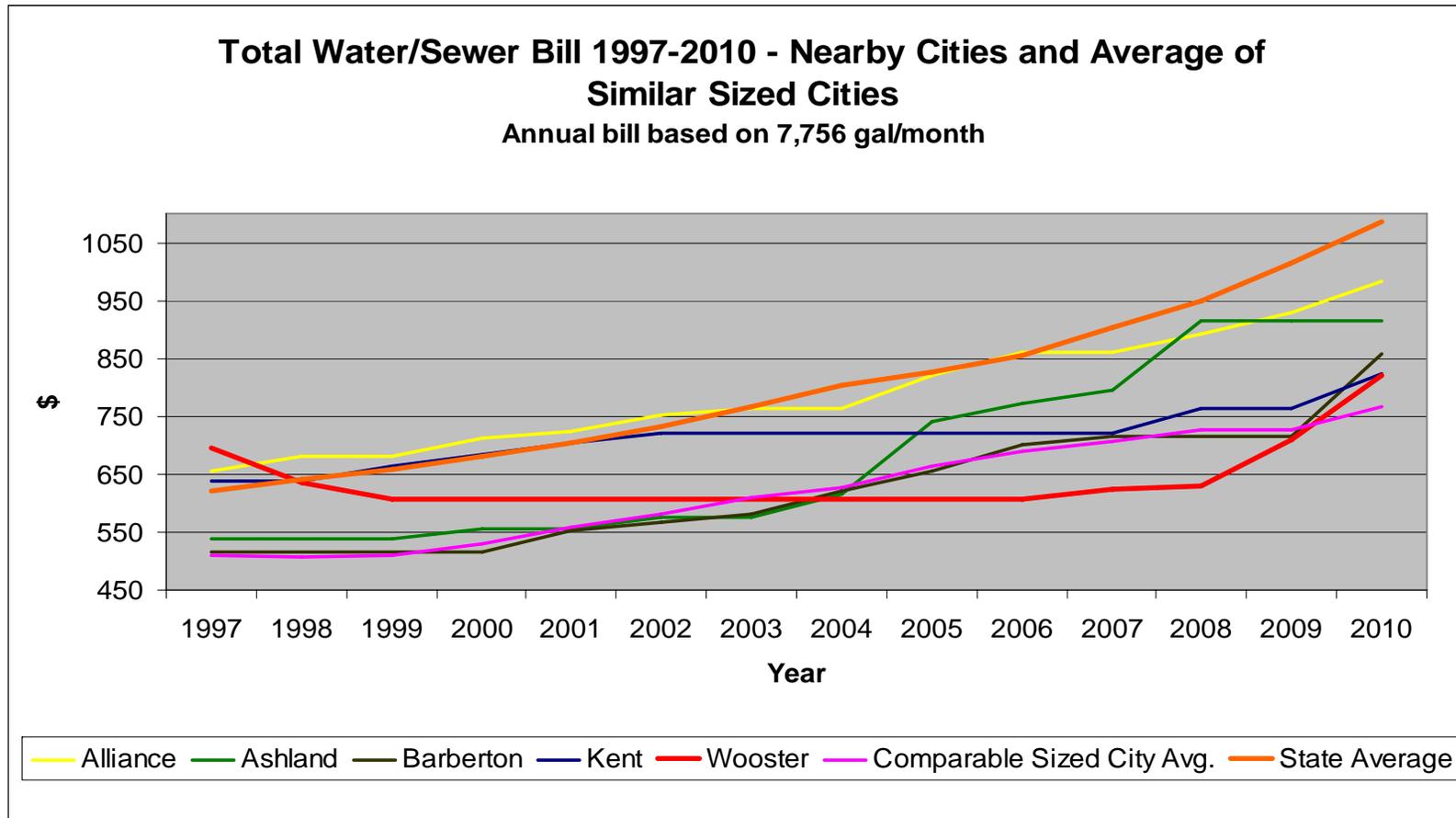
# 2010 Rate Increases

- Rate by the end of 2010 if using 7,756 gallons
  - Sewer \$33.10/month
    - = \$0.41 per 100 gallons
    - State average \$46.67
  - Water \$49.43/month
    - = \$0.64 per 100 gallons
    - State average \$43.92
- By comparison a 1 liter bottle of water from the store @ \$1.69 per bottle = \$6.39 per gallon One gallon of water ***delivered to your house*** by Wooster City Services ***costs less than half a penny*** or \$6.386 less than a gallon's worth of bottled water.

# Compare increases 1997-2010

- Gasoline – up 125%
  - \$1.16/gallon in 1997 now \$2.65
  - down from peak of 173% increase in 2008
- Gallon of milk – up 24%
  - \$2.61/gallon in 1997 now \$3.24
  - Down from peak of 46% increase in 2008
- Gallon of Wooster Water pumped to your house and taken away as sewage for treatment is 1.1 cents.
  - Water – \$0.0064
  - Sewage - \$0.0041

# Compare to other Cities



2010 is projected based on advertised rates from listed Cities

**For more information:**

**About your bill/rates: 330-263-5228**

About water treatment: 330-263-5286

About sewage treatment: 330-263-5290