

Responses to questions from the 1/19/21 public meeting on the proposed wastewater rate increase.



What was the revenue gained from the 2017 42% rate increase used for?

The rate increase was needed because the department was 6 months away from not being able to pay the expenses of running the treatment plant. The revenue from the increase had to be used to stay afloat instead of on necessary projects.

What was the option that the wastewater department chose from the 2017 report that was completed on phosphorus elimination?

After the two reports provided options for phosphorus removal, the department decided to go with a different engineering firm. CEC is the engineering firm that the department went to for alternatives. They were able to show the department 3 different options that were in use in surrounding towns. After seeing those processes, the department choose two options which could be utilized for Mount Vernon's phosphorus elimination efforts. CEC is now working on the planning process for the new options.

Have there been conversations of regionalization of our wastewater system in order to share the burden of projects?

The City currently sells water to the village of Gambier. However, the treatment of wastewater makes it a difficult utility service for regionalization. The collections system would need to be expanded and more lift stations would need to be added. Currently the wastewater treatment plant does accept septic from inside the county as an additional service.

What is the plan for a more strategic use of the department's money?

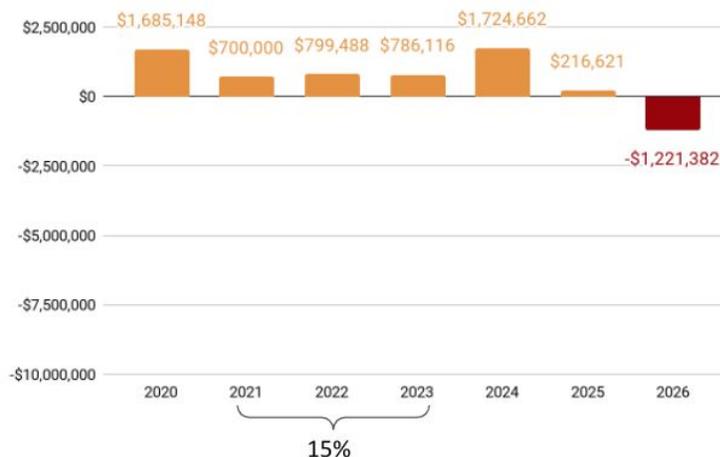
Fixing the digester is a strategic use of the department's money. Once the digester is running at 100% capacity, the plant will be better equipped to address the phosphorus removal mandate. How that digester performs will determine the department's next moves.

For the future there is a 10-year plan which has a list of projects that are prioritized in association with the budget each year. Currently, 10-15% of the sanitary system has been inventoried via camera. This inventory allows for identification of needed repairs before failures happen so that the budget can be strategically allocated. The department has discussed bringing in a consultant to create a strategic plan like the one created in 2003 for the water department which is still successfully in use.

Why is there an upward blip in 2024 on the bar chart presented?

There are two phases for the EPA mandated phosphorus project where two loans would be needed to fund the projects. The upward blip in 2024 is when we would expect to take out a second \$5,000,000 loan for the phase 2 phosphorus project. By doing so it would look as though revenue sharply increased, yet when you look to the next year there is a noticeable drop due to the initiation of the payment for that loan.

Wastewater Yearly Beginning Balances WITH Rate Increase



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What are the current debts and what are those bonds scheduled to be paid? See below:

Bond Timelines for Wastewater Department

TASK TITLE	START DATE	END DATE	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
Bond 4: Bar rack and blowers (\$1,488,533.18, IR: 2.51%)	2015	2027																						
Bond 2: Kokosing and Center Run Sanitary Sewer Lining Project (\$1,543,613.50 IR: 2.61%)	2015	2029																						
Bond 1: 1992 improvements Delano Run Interceptor sewer construction, 25 % of 3 N Gay st. Billing Office (\$426,389.77 IR: 1.86%)	2012	2022																						
Bond 3: Maintenance Building 1700 Old Delaware road (\$414,073.07 IR: 2.60%)	2012	2027																						
Bond 5: OWDA Electrical Instrumentation and generator (\$4,568,411.00 IR: 1.16%)	2011	2032																						
Total owed as of today: \$8,441,018.72																								

Does the City intend to increase taxes to offset recent revenue reductions due to the pandemic?

There are no intentions to raise the income tax for any foreseeable time. The City is not in a position where this is at all necessary for funding.

Utilities are separate from other city operations and are not supported by income tax revenues so they must be completely self-sufficient entities.

How did you get to the point that a digester is not operational?

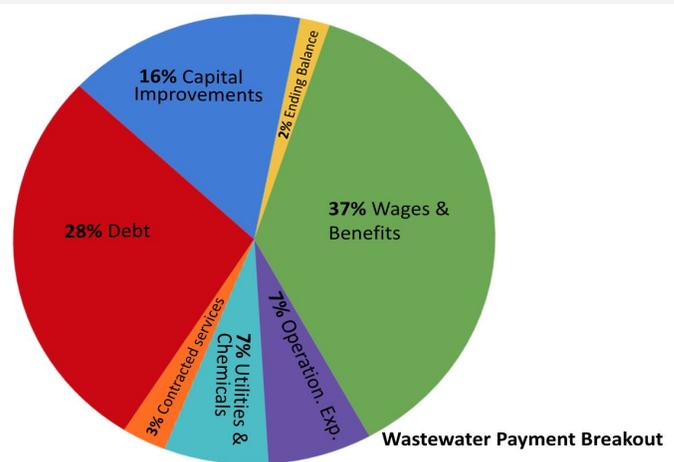
The screen on Digester 1 is broken. To fix it, the digester has to be emptied and cleaned out. The budget has never allowed for this to happen, but it needs to so that the digester can be operational again. Digester 2 is breaking down and we will begin to have violations in our discharge if we don't have two digesters running.

Can the increase be held off until the COVID-19 pandemic is over?

It is difficult to predict when the pandemic will be over and when the economy will be sufficiently recovered. If we wait until that point, the rate increase will most likely need to be much higher. We understand it is a hard time, but the rate increase is needed to keep the department solvent.

What percentage of fees go directly to projects?

In 2019, 16% of the fees collected went directly to capital improvement projects. As infrastructure ages, the project list will grow, causing this percentage to increase over time.



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How much advance notice did City Council get that the wastewater department would be going down this road of an increase?

City Council was originally informed that a rate review would be needed when the digester failed over the summer. The Utilities Commission made an official rate increase recommendation on November 5th, 2020.

How will these projects be done and when will they be done?

Below is a list of the projects in line for 2021 and their current status:

Wastewater Projects	Status
1) Oak St / S Catherine St sanitary sewer replacement	Out to bid. Needs budget approval to start construction
2) Clinton Rd sanitary sewer replacements Phase 1	Ready to bid
3) Engineering work on wastewater treatment plant	Underway
4) Manhole Rehabilitations	Needs budget approval to start
5) Clinton Rd engineering phases 2 - 4	
6) Small repairs related to inflow & Infiltration to sanitary sewers	
7) Replacing doors at wastewater treatment plant	
8) ½ of the purchase of water meters and Flex Net System	
9) Lift station Maintenance	
10) Engineering services for manhole rehab and inflow & infiltration	
11) Digester rehabilitation construction and design of Phase 2 phosphorus and sludge handling	Needs approval to borrow funds
12) Line improvements and extensions	Under construction (\$60K)

How will improvements support growth to Mount Vernon?

Improvements to the wastewater system will allow it to treat wastewater more efficiently, even with the increase in wastewater coming to the plant that inevitably comes with the population growth of a city. Simply put, the City cannot grow until the system is able to handle it and run efficiently.

When could Mount Vernon pursue grants for wastewater projects?

In order to qualify for CDBG Residential Infrastructure Grants the total minimum fee for all 3 utilities has to be 2% of median income for the city or \$60, whichever is less. This is the requirement for this funding option statewide. Currently, the median household income for the zip code 43050 is \$49,602 and with the proposed rate increase taken into account the total utilities would likely not pass the \$60 threshold until 2024.

What are our current phosphorus levels?

Currently averaging 2.6 mg/Liter per day, the Ohio EPA phosphorus mandate states that the discharge from the treatment plant must be below 1 mg/Liter per day. The plant currently discharge about 61-66 pounds per day into river, so, that needs to be cut in half. To do that additional chemicals and treatment processes are going to be required to reach compliance.