

# Wastewater Utility Increase Proposal

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Dec 14, 2020

**Increased  
operating  
costs**

+

**Aging  
infrastructure**

+

**Mandated  
Capital  
projects**

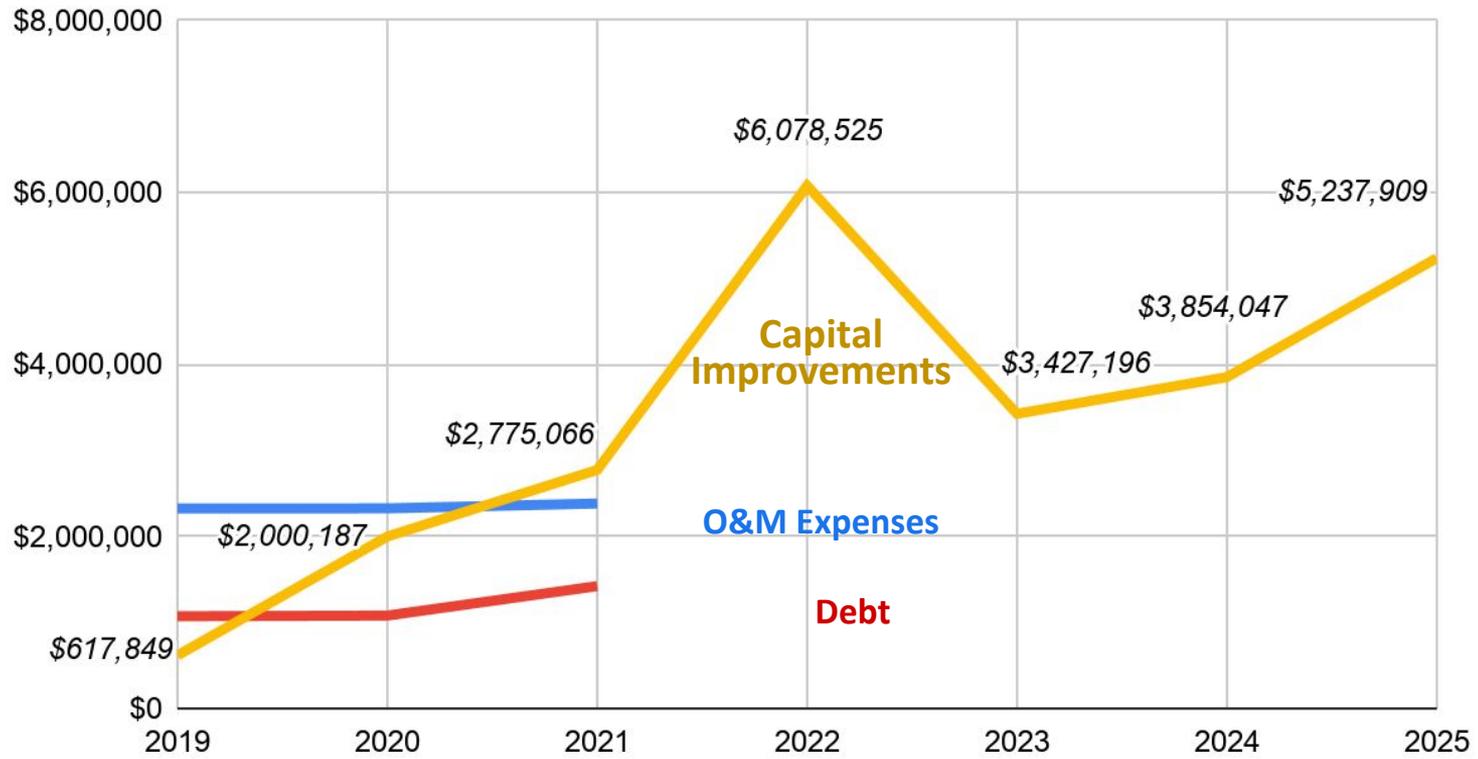
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**Required  
Wastewater  
rate increase**

Increased Operating Costs

# Costs will be increasing for our Wastewater Department over the next five years specifically for capital improvements

Increase in costs from 2019-2025

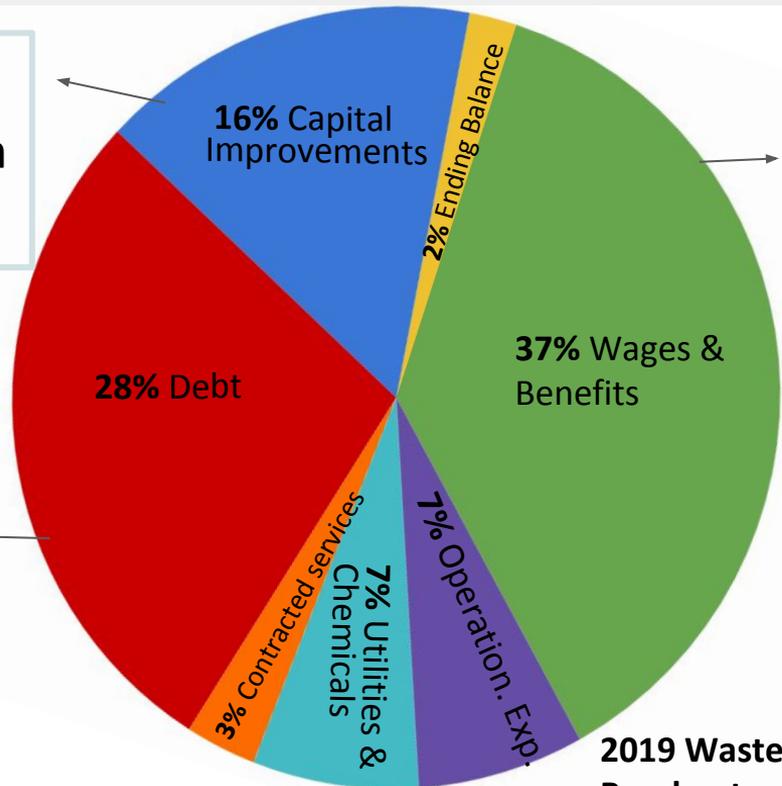


A users wastewater fee in 2019 was allocated most to improvements, wages & benefits, and debt with a large portion staying in the ending balance

Project list will continue to grow as aging infrastructure fails, resulting in % increase over time

Wages & benefits to increase at an average of 3% annually

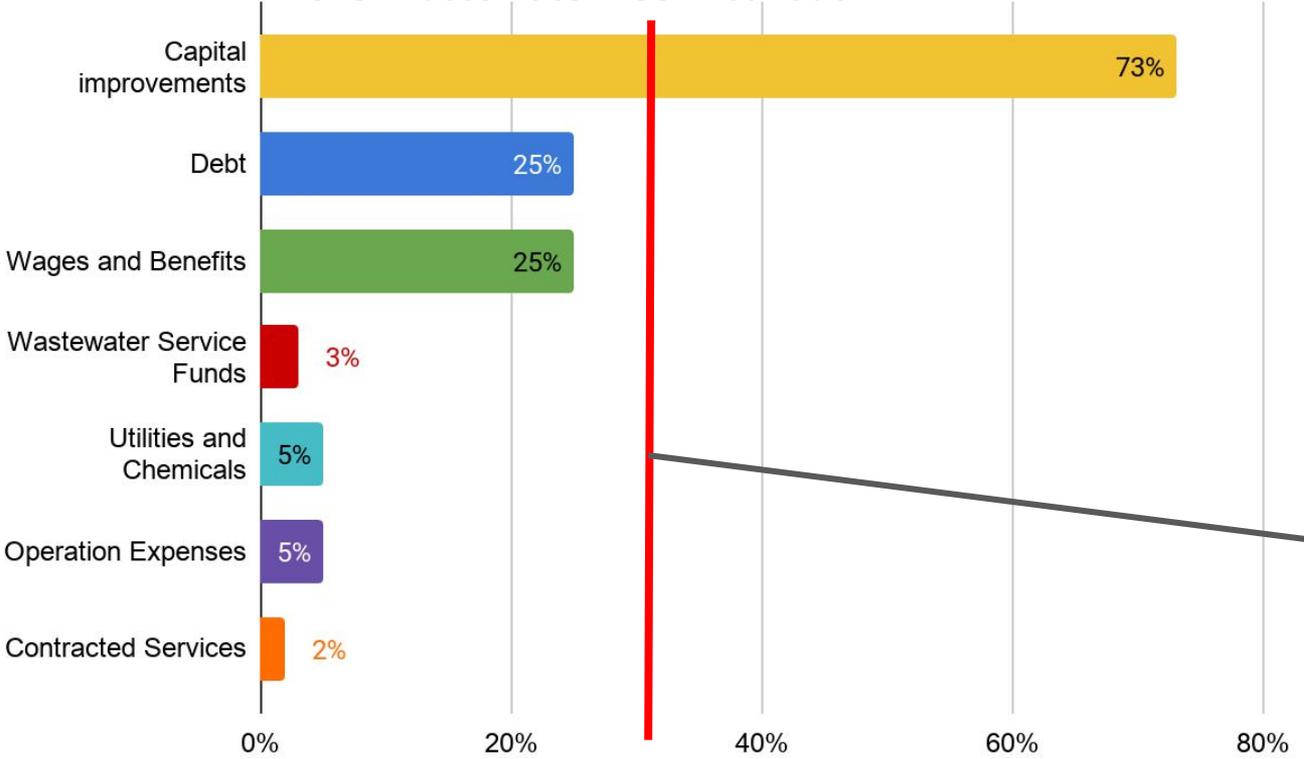
% will continue to increase as more debt is need to be taken on through bonds



2019 Wastewater Fee Breakout

# The wastewater fee revenue is not enough to cover even just one expense account for the wastewater department in 2025

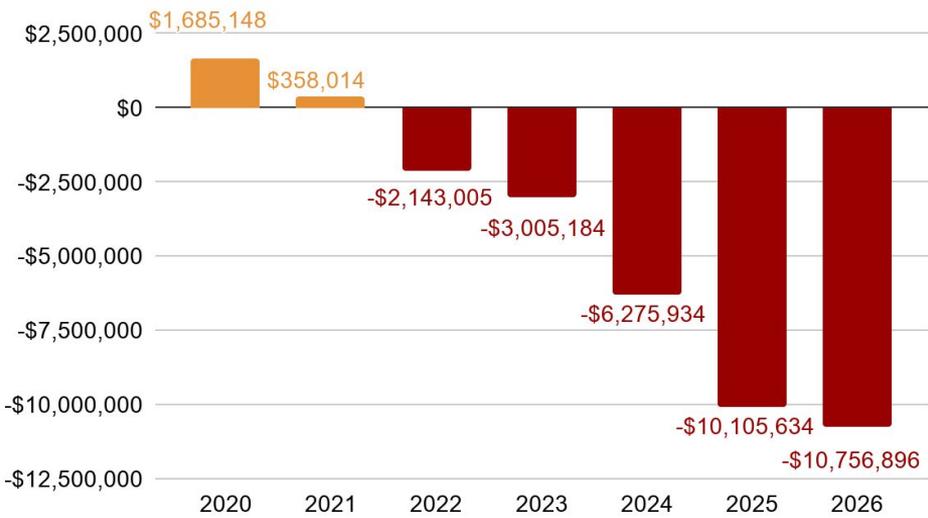
2025 Wastewater Fee Breakout



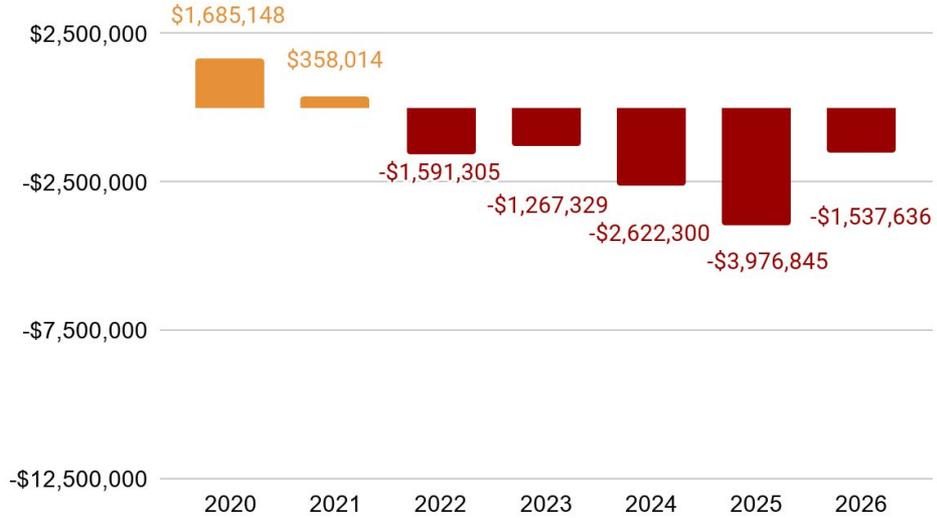
With the Rate increase the maximum % capital improvements should be is 35% in order to cover all expenses.

# This increase is needed in order to prevent a deeper deficit in the Wastewater funds

Wastewater Yearly Beginning Balances WITHOUT Rate Increases



Wastewater Yearly Beginning Balances WITH Rate Increases



15%

10%

15%

10%

# Aging infrastructure

# Aging infrastructure, not only in Mount Vernon, but across the State, has caused extensive repairs and replacement planning

## Mount Vernon

- There have been 57 sewer back ups this year
- There are 119.7 Miles of sanitary lines that need attending to for improvements.
- Digesters are on the brink of failure due to operating with multiple issues

The American Society of Civil Engineers states that **Ohio needs to spend \$14.58 billion on Wastewater infrastructure needs over the next 20 years.**



Fountain St.

Toledo was **NOT** prepared for additional environmental toxins to rapidly enter their system.



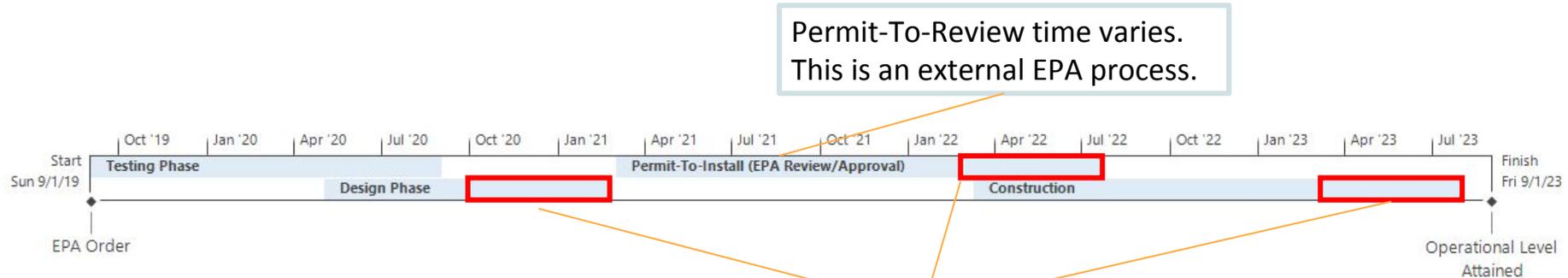
# Examples of projects needed to address aging infrastructures

Wastewater Projects	Timeframe	Est'd Cost
Clintonville sanitary sewer replacement	'21 - '22	\$550,000
Digester refurbishment	'21 - '22.	\$5,000,000
N Sandusky st.	'21 - '22	\$200,000
Oak st. / S Catherine st.	'21 - '22	\$457,000
Parrott st. ext. sanitary sewer	'22 - '24	\$500,000
Phosphorus reduction	'23 - '24	\$5,000,000
<b>Total</b>		<b>\$11,707,000</b>



# Mandated Capital Projects

# Phosphorus Optimization Treatment System and Clinton Road Pump Station SSO Elimination (EPA Mandated Projects)



Task activities pushed into the “red zones” historically cost more and have a greater risk of failure.

EPA Order requires compliance for both project within five years.



The bond cycle only allows for a new bond to be issued after 2022 which put us in the **RED ZONE** for EPA projects

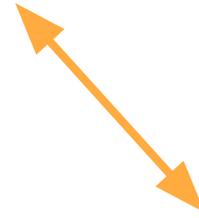
## Bond Timelines for Wastewater Department

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
<b>Bond 4: Bar rack and blowers (\$1,488,533.18, IR: 2.51%)</b>	2015	2027																						
<b>Bond 2: Kokosing and Center Run Sanitary Sewer Lining Project (\$1,543,613.50 IR: 2.61%)</b>	2015	2029																						
<b>Bond 1: 1992 improvements Delano Run Interceptor sewer construction, 25 % of 3 N Gay st. Billing Office (\$426,389.77 IR: 1.86%)</b>	2012	2022																						
<b>Bond 3: Maintenance Building 1700 Old Delaware road (\$414,073.07 IR: 2.60%)</b>	2012	2027																						
<b>Bond 5: OWDA Electrical Instrumentation and generator (\$4,568,411.00 IR: 1.16%)</b>	2011	2032																						
<b>Total owed as of today: \$8,441,018.72</b>																								



The years 2023 and 2024 are the last years left to complete the EPA mandated projects. With only one bond ending at that time we are unable to fund both of these through debt, the revenue from the rate increase will assist in their funding

When looking at project timelines, bond schedules, and budget keep in mind the **Trio of Time, Cost, and Quality**



# Required Rate Increases

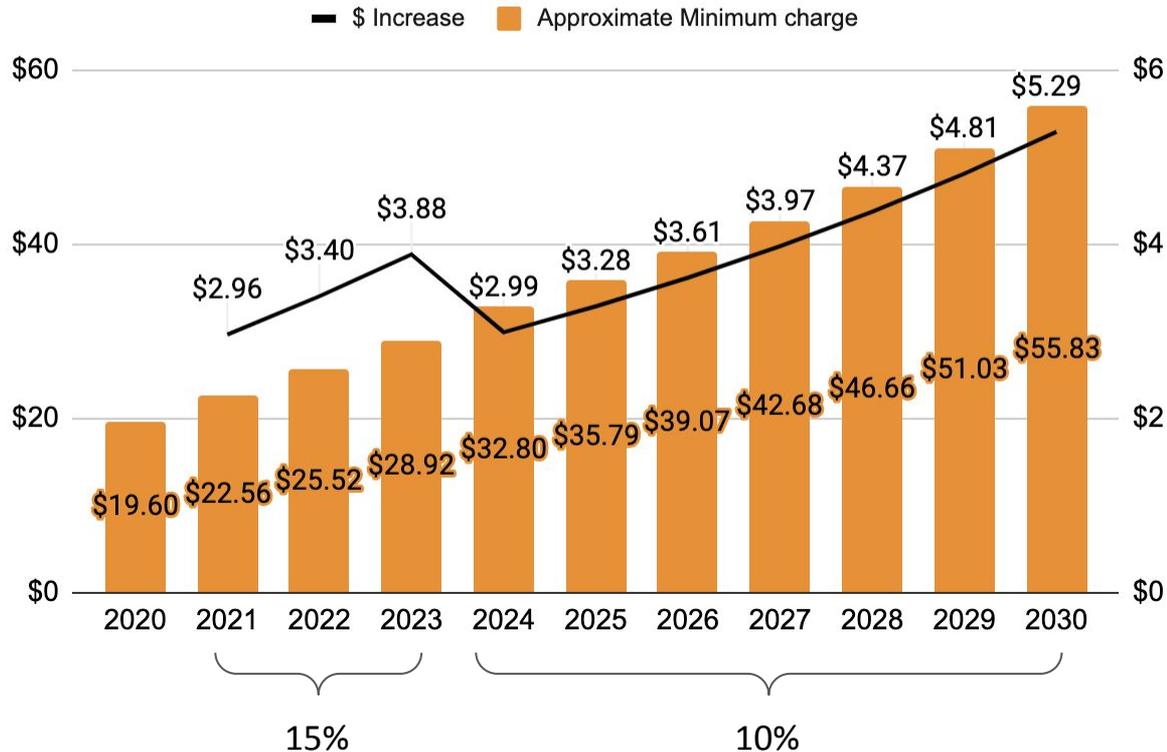
And additional revenue boosting activities

Aging infrastructure + mandated capital projects + increased operating costs = **required rate increases**

Users by consumption	Rate for 2020	Rate for 2021	Monthly bill increase 20-21	Rate for 2022	Monthly bill increase 21-22
400 cubic feet of water consumption <b>(2,992.2 Gallons)</b>	\$19.60	\$22.56	<b>\$2.96</b>	\$25.52	<b>\$3.36</b>
600 cubic feet of water consumption <b>(4,488.3 Gallons)</b>	\$29.40	\$33.84	<b>\$4.44</b>	\$38.94	<b>\$5.10</b>

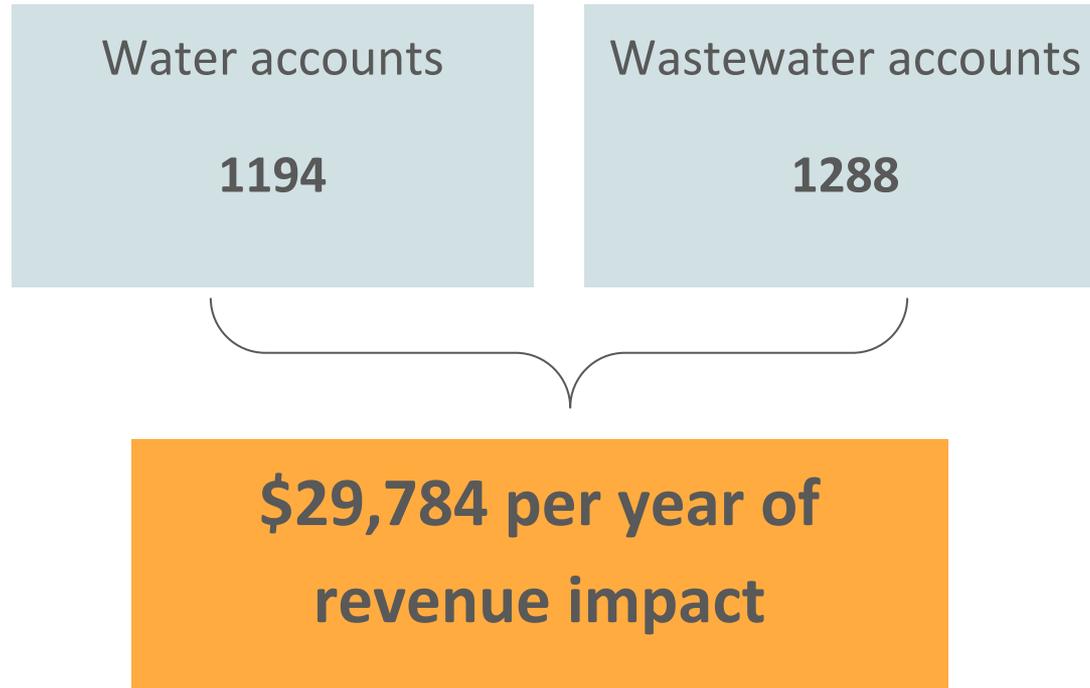
# The Wastewater Utility Commission is proposing an annual increase to wastewater utility bills

## Minimum Wastewater Bill with Proposed Increase



Rates based on 400 cu. ft. minimum @ \$4.90 per 100 cu. ft. for 2020

In addition to the rate increase we are recommending to remove current sr. discount to increase revenue



If the population grows above the inflation rate, there is an opportunity for new households to contribute to revenue through their monthly utility fees



This could be a revenue booster, but it is not enough to ensure the Wastewater Department will have sufficient funds.

When you look back at 2019, it's likely that we will NOT reach these predictions.

# Saying YES to new and pending developments can help improve our revenue

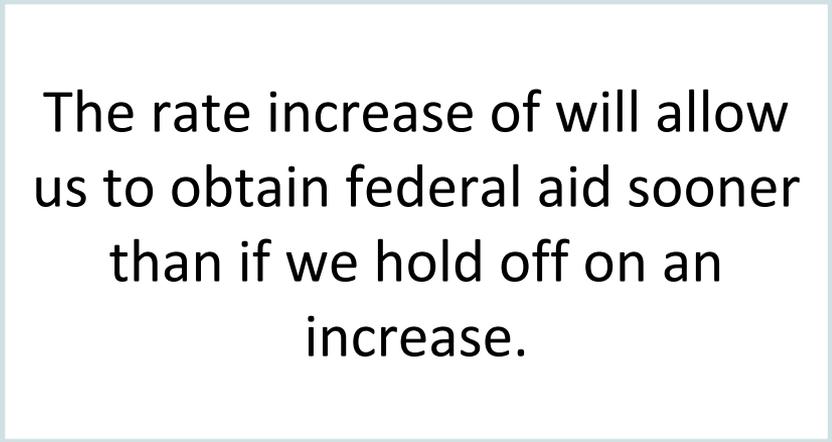
If we say NO to new developments there will be a negative impact on revenue



A new housing or nursing home development with **75 minimum users would be the equivalent of a 1% rate increase** for our wastewater utility

Federal aid can only be obtained when the minimum Total utility bill reaches \$60, this will not occur until 2024

Utility bill	Rates for 2024
Wastewater	\$32.80
Water	\$23.76
Stormwater	\$6.00
<b>Total</b>	<b>\$62.56</b>



The rate increase of will allow us to obtain federal aid sooner than if we hold off on an increase.

# In conclusion:

## Increased operating costs



## Aging infrastructure



## Mandated Capital projects



## Required Wastewater rate increase

1. There will be growing costs in capital improvements, debt, and wages and benefits.
2. The costs will become so large that even with an increase there will still be a deficit.

1. Our aging infrastructure is pointing us in a costly direction. It needs to be addressed now.
2. There are multiple projects on the docket to improve infrastructure and the EPA has mandated items that are necessary for wastewater compliance. There is no other way to fund these projects then to increase revenue through rate increases.
3. In the trio of Time, Cost, and Quality only 2 can be chosen as a focus. The best 2 are cost and quality, but, we may not be able to choose those if timelines are pushed into RED ZONES and aging infrastructure continues to fail.

**The wastewater rate increase and revenue boosters are key to maintaining the quality of life for our current and future citizens by enabling the department to improve infrastructure and become compliant**