

Committee Members:

- Randy Greeno, at-large - ~~Committee Chair~~
- Joshua Palmer, Ward 7
- Grant Russel, at-large - *Committee Chair*

Staff:

- Tammy Zsembik, Billing Supervisor
- Jason Phillips, Water Treatment & Distribution Superintendent
- Dave Beach, WPCO Superintendent
- Jeremy Kalb, City Engineer
- Mayor Murnighan*

Meeting Start Time: 4:00

Meeting End Time: 5:50

Guests:

*Auntie Stachiak
Council Reps Wanneke, Frische, Mellon
Council-elect Don DeArment*

Agenda:

Call to Order

Roll Call

New Items

1. Water Fund
2. Water & Sewer Rule Revisions

*water rate presentation attached as part of minutes
proposed rule additions attached as part of minutes*

Adjournment

Grant C Russel

Randy Greeno, Water & Sewer Committee Chair

Grant Russel

COMMITTEE REPORT

THE CITY COUNCIL OF THE CITY OF FINDLAY, OHIO

The **WATER AND SEWER COMMITTEE** met on November 9, 2023 to discuss the Water Fund.

We recommend

- Council support for the rate increase as proposed
- further visibility into expenses delimiting CapEx from operating expenses

Aye Nay

Randy Greeno
Randy Greeno, ~~Chairman~~

LEGISLATION: _____

Aye Nay

Josh Palmer *st. c. 2023*
Josh Palmer

DATED: November 9, 2023

Aye Nay

Grant Russel *motion*
Grant Russel

COMMITTEE:
WATER & SEWER

COMMITTEE REPORT

THE CITY COUNCIL OF THE CITY OF FINDLAY, OHIO

The **WATER AND SEWER COMMITTEE** met on November 9, 2023 to discuss the Water & Sewer Rule Revisions.

We recommend

- further revision of proposed rules ~~at the~~ and meeting prior to the Nov 21 meeting to finalize

- remove section 4 - Turn off Policy paragraph 2 - 'DUE TO Refusal to Cooperate With Another City Department in its entirety

Aye Nay

Randy Greeno
Randy Greeno, Chairman

LEGISLATION: _____

Aye Nay

Josh Palmer SECOND
Josh Palmer

DATED: November 9, 2023

Aye Nay

Grant Russel motion
Grant Russel, Chairman

COMMITTEE:
WATER & SEWER



MEDIA RELEASE
For More Information Contact:
Mayor Christina Muryn
P: 419-424-7137
mayor@findlayohio.gov

FOR IMMEDIATE RELEASE

Findlay to Raise Water Rates for first time in 13 years

Rates still well below state average.

On Thursday, November 9, the Findlay City Council Water & Sewer Committee voted to support the Administration's proposal to raise water rates as of January 1, 2024.

The new inside usage rate will be \$4.01 per 100 cubic feet. See the chart for new water rates.

Meter Size	Current Base Rate	Proposed Base Rate	Monthly Increase on Base Rate	Annual Increase on Base Rate
5/8-inch	\$8.48	\$12.72	\$4.24	\$50.88
3/4-inch	\$10.06	\$15.09	\$5.03	\$60.36
1.0-inch	\$13.21	\$19.82	\$6.61	\$79.26
1.5-inch	\$21.08	\$31.62	\$10.54	\$126.48
2.0-inch	\$30.53	\$45.80	\$15.27	\$183.18
3.0-inch	\$52.57	\$78.86	\$26.29	\$315.42
4.0-inch	\$84.06	\$126.09	\$42.03	\$504.36
6.0-inch	\$162.78	\$244.17	\$81.39	\$976.68
8.0-inch	\$257.25	\$385.88	\$128.63	\$1,543.50
10.0-inch	\$367.47	\$551.21	\$183.74	\$2,204.82
12.0-inch	\$493.43	\$740.15	\$246.72	\$2,960.58

For example, the average two-person residential property will see an annual cost increase of approximately \$70 (base rate + usage) for those paying inside water rates. "We recognize that every penny our residents earn is valuable. We have spent over a year evaluating how to best address the Water Fund needs while also limiting the impact to our users as much as possible," said Findlay Service-Safety Director Rob Martin.

Water rates have not increased since 2011. As water revenues have remained flat, expenses have increased 13% since 2012. The cost of chemicals used to treat water increased by over 40% in 2022 and has remained high, and materials such as pipes, hydrants, and other water system components have increased between 25%-40%. According to the Ohio Environmental Protection Agency (OEPA), since 1997 Ohio municipalities as a whole have averaged nearly a 4% annual increase. In an average bill comparison study released in 2019 by the

OEPA (see graph below), Findlay's bill comparison was 51% lower than the Ohio Average. Had the City followed the State trend and increased rates by 4% annually since 2012, City base rates would be 10% higher than the current proposal.

To maintain the existing high-quality water plant and services, infrastructure requires routine preventative maintenance and capital improvements. Since 2019, the Findlay Water Department has delayed over \$6.6 million in needed capital improvement expenses in order to maintain solvency in the Water Fund. They also invested nearly \$1 Million of American Rescue Plan Act Funds towards needed improvements such as a Generator and CO2 Tank replacement. The Water Fund is an Enterprise Fund and is therefore separate from the City's General Fund. Enterprise Funds are to be self-sustaining funds with revenues covering operating expenses, capital needs, and long-term improvements. Despite rising costs of materials, labor, and maintenance, the Findlay Water Department has successfully managed expenses to maintain a minimum balance of nearly \$1.5 Million which is required under the City Ordinance, and Ohio Environmental Protection Agency Regulation additionally this allowed the City to complete the Water Transmitter Project which was necessary prior to making any rate adjustments.

During the Committee meeting Thursday, the Administration stated that part of this rate increase is not just meeting current demands and projected routine capital needs but also preparing the fund for future significant investments that may be necessary on the plant which will be 100 years old in 2031.

Moving forward, the Administration plans to implement a formal Rate Review Process which would occur annually to determine what, if any, rate changes are necessary to avoid significant rate increases like this in the future. The Annual Water Fund Report would involve: reviewing operational cost variability in relation to revenues; ensuring the minimum reserve balance required by the OEPA aligns with operational cost projections; ongoing evaluation of capital needs for maintenance of current infrastructure and system growth demand; evaluation of debt policies; and evaluating short-term priorities while positioning the Findlay Water Department for long term sustainability.

"The City of Findlay realizes the immense value in maintaining our water treatment and distribution system," says Service-Safety Director Rob Martin. "In order to continue to provide this community service at the lowest cost possible we must evaluate the sustainability of our Water Fund on an ongoing basis and make adjustments regularly. As we look forward this is a necessary step in ensuring this service remains both now and for generations to come."

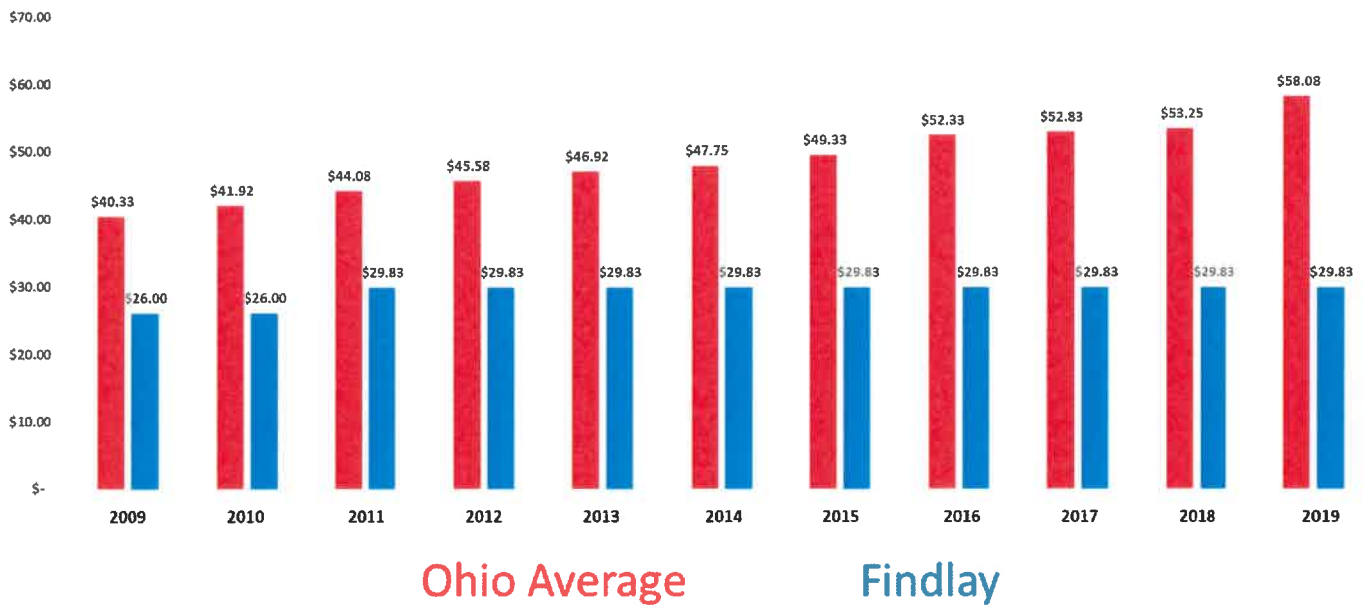
"Our team has been working diligently the past few years to make upgrades necessary to then be able to fully evaluate the sustainability of our Water Fund. Unfortunately, we are at a point in time where we can no longer delay making a rate change," said Findlay Mayor Christina Muryn.

Additionally, in the Water & Sewer Committee meeting, Mayor Christina Muryn reiterated that the City of Findlay is not looking to sell the Water Treatment Plant. "The Findlay Water Treatment Plant is an immense resource that we must continue to protect and leverage to both ensure high-quality, low-cost water for our residents and also use as an economic development tool. The recent conversations about selling surplus water to surrounding communities have generated a variety of misinformation. It is critical that residents understand that selling the water treatment plant or relinquishing control from the City government is not, and has never been, a discussion point under my Administration. Water Treatment Plants are very expensive to operate and I

believe that having further conversations on how the City may be able to generate revenue to help offset the City resident’s cost burden is worthwhile. Any conversations are always focused on prioritizing existing City of Findlay water users.”

More information visit www.FindlayOhio.gov.

Ohio Environmental Protection Agency – Findlay Average Bill Comparison






WATER DEPARTMENT
RATE ADJUSTMENT PROPOSAL



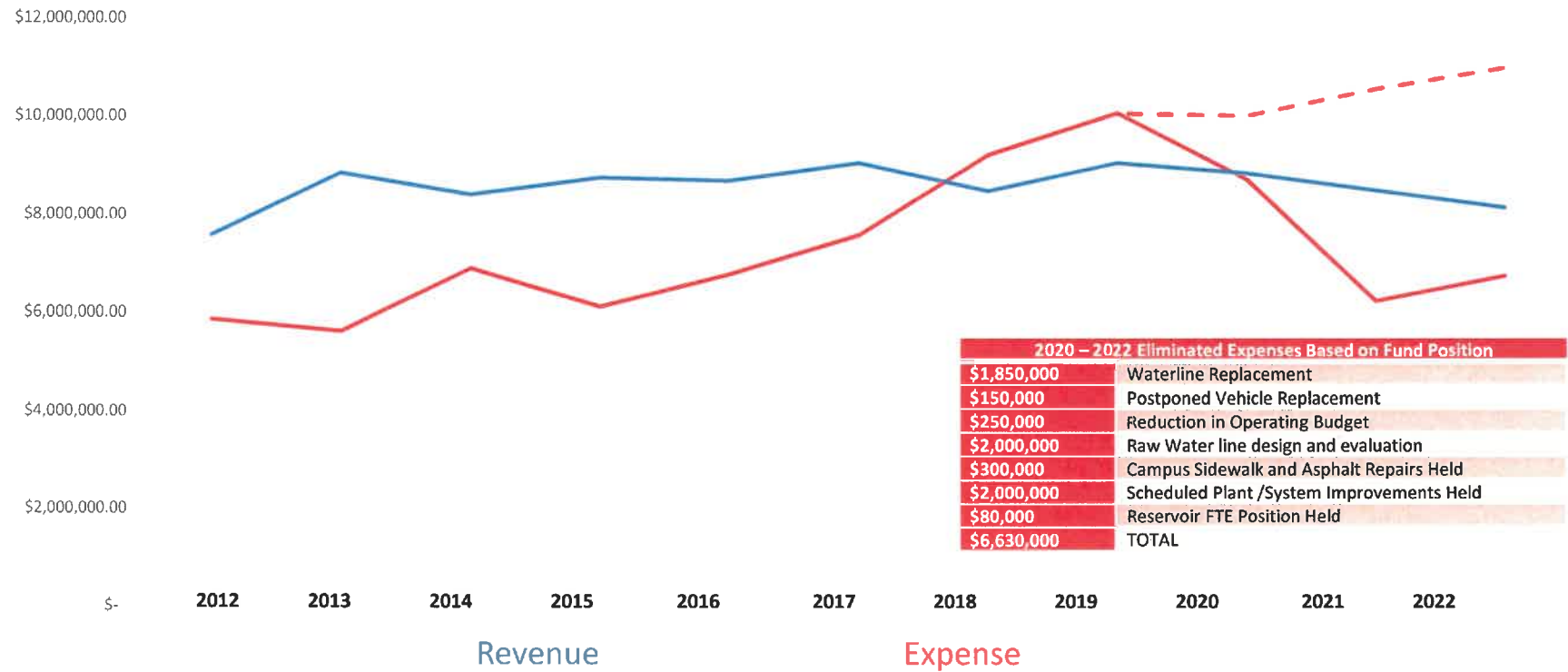
Current Situation

- The water department has not increased water rates since 2011
 - As water revenues have remained flat, expenses have increased 13% since 2012
 - In recent years major elimination of expenses (Capital and Operational) to maintain solvency
 - Experienced between 40 - 50% increase in 2022 for a majority of chemicals and has remained high
 - Capital outlook through 2031 for infrastructure improvements is anticipated to be in excess of \$50M
 - Masterplan
 - Raw water line replacement and rehabilitation
 - Emerging contaminant project
 - Continued water line replacement
 - System expansion based on demand – clear wells, towers, solids contact unit (SCU), etc.
- 

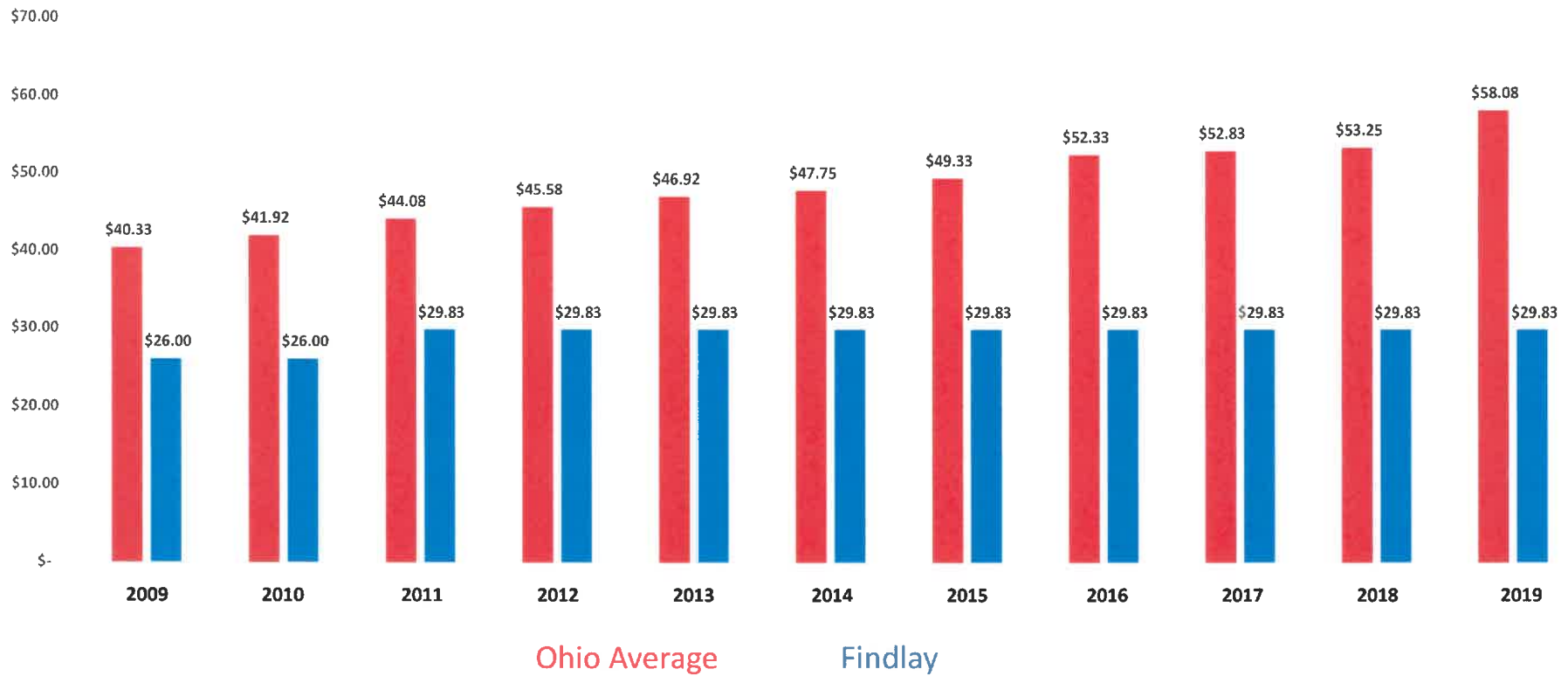
Current Situation

- According to the OEPA, Since 1997 Ohio municipalities as a whole have averaged nearly a 4% annual increase year over year
- To maintain the existing high quality water plant and services, infrastructure requires routine preventative maintenance and capital improvements
- Adjusting rates to align with the current market expense trajectory creates internal sustainability while also allowing for needed capital investment and long term set aside

Revenue / Expense Trend Comparison



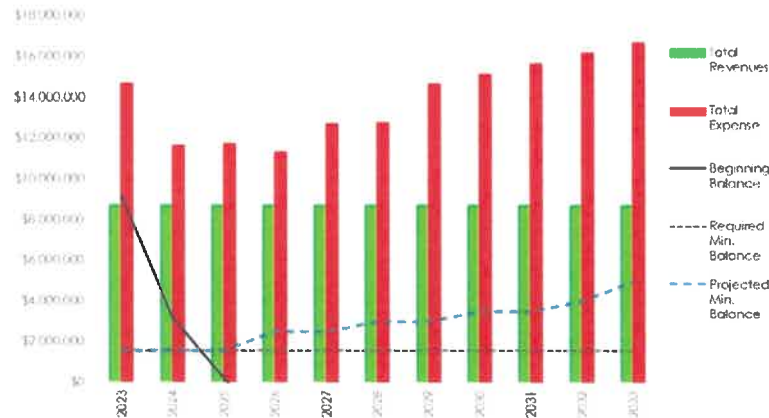
OEPA – Findlay Average Bill Comparison





Current Conditions

WATER FUND



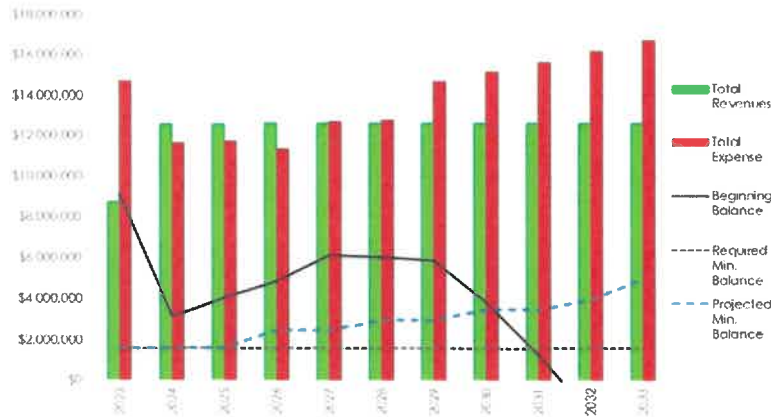
Fiscal Year	Total Expense	Total Revenues	Beginning Balance	Excess of Projected Min. Reserve
2023	\$14,724,549	\$8,731,199	\$9,170,341	\$1,504,421
2024	\$11,652,493	\$8,731,199	\$3,176,991	-\$1,356,873
2025	\$11,760,797	\$8,731,199	\$255,697	-\$4,386,471
2026	\$11,362,685	\$8,731,199	-\$2,773,901	-\$7,905,387
2027	\$12,747,485	\$8,731,199	-\$5,405,387	-\$11,921,673
2028	\$12,803,871	\$8,731,199	-\$9,421,673	-\$16,494,345
2029	\$14,722,337	\$8,731,199	-\$13,494,345	-\$22,485,483
2030	\$15,201,230	\$8,731,199	-\$19,485,483	-\$29,455,514
2031	\$15,699,279	\$8,731,199	-\$25,955,514	-\$36,423,594
2032	\$16,217,250	\$8,731,199	-\$32,923,594	-\$44,409,646
2033	\$16,755,940	\$8,731,199	-\$40,409,646	-\$53,434,387

ADDITIONAL INFORMATION

- Annual return of \$750,000 was assumed for operating budget
- Assumed a 4% annual growth in operational expense
- Large amount of debt rolls off in 2026
- Capital expenses assume no grant funds
- Current Plant was originally built in 1931
- Last major renovation to plant occurred in 1986
- Chemical feed system was upgraded in 2007
- SCU No. 2 and sodium permanganate added to the plant in 2012.
- Currently serve 1,540 users outside the City Limits

Meter Size	Inside City Limits		Outside City Limits	
	No. of Users	Current Monthly Base Rate	No. of Users	Current Monthly Base Rate
5/8-Inch	16,804	\$8.48	1,403	\$12.72
3/4-Inch	685	\$10.06	38	\$15.09
1.0-Inch	505	\$13.21	54	\$19.82
1.5-Inch	232	\$21.08	8	\$31.62
2.0-Inch	352	\$30.53	26	\$45.80
3.0-Inch	62	\$52.57	6	\$76.86
4.0-Inch	39	\$84.06	3	\$126.09
6.0-Inch	26	\$162.78	2	\$244.17
8.0-Inch	23	\$257.25	0	\$385.88
10.0-Inch	14	\$367.47	0	\$551.21
12.0-Inch	0	\$493.43	0	\$740.15

WATER FUND



ADDITIONAL INFORMATION

- Annual return of \$750,000 was assumed for operating budget
- Assumed a 4% annual growth in operational expense
- Outside Users will continue to be charged x1.5 inside rate
- Assuming the same amount of water users
- Revenue used in calculations was averaged from previous actuals

Minimum Balanced was raised to account for 3 months of operating expenses and to set funds aside for major renovation or construction projects.

- Along with the Base Rate adjustment the Water Usage Rate for inside users will be increased from \$2.67 per 100 CF to \$4.01 per 100 CF, outside users will continue to be charged x1.5 inside rate

WATER BILL IMPACT BASED ON CHANGE

Meter Size	Current Base Rate	Proposed Base Rate	Monthly Increase on Base Rate	Annual Increase on Base Rate
5/8-Inch	\$8.48	\$12.72	\$4.24	\$50.88
3/4-Inch	\$10.06	\$15.09	\$5.03	\$60.36
1.0-Inch	\$13.21	\$19.82	\$6.61	\$79.26
1.5-Inch	\$21.08	\$31.62	\$10.54	\$126.48
2.0-Inch	\$30.53	\$45.80	\$15.27	\$183.18
3.0-Inch	\$52.57	\$78.86	\$26.29	\$315.42
4.0-Inch	\$84.06	\$126.09	\$42.03	\$504.36
6.0-Inch	\$162.78	\$244.17	\$81.39	\$976.68
8.0-Inch	\$257.25	\$385.88	\$128.63	\$1,543.50
10.0-Inch	\$367.47	\$551.21	\$183.74	\$2,204.82
12.0-Inch	\$493.43	\$740.15	\$246.72	\$2,960.58

Monthly Residential Impact for Inside Users = 90% of Consumers

5/8" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$4.24	\$50.88
Family of 3	\$11.61	\$139.32
Family of 6	\$21.66	\$259.92

3/4" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$5.03	\$60.36
Family of 3	\$12.40	\$148.80
Family of 6	\$22.45	\$269.40

1" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$6.61	\$79.32
Family of 3	\$13.98	\$167.76
Family of 6	\$24.03	\$288.36

Monthly Residential Impact for Outside Users

5/8" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$6.36	\$76.32
Family of 3	\$17.42	\$209.04
Family of 6	\$32.49	\$389.88

3/4" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$7.55	\$90.60
Family of 3	\$18.60	\$223.20
Family of 6	\$33.68	\$404.16

1" Meter	Monthly Impact	Annual Impact
Minimum Usage	\$9.92	\$119.04
Family of 3	\$20.97	\$251.64
Family of 6	\$36.05	\$432.60

Future Considerations

- Annual review of water fund to determine solvency:
 - Operational cost variability in relation to revenues
 - Ensuring the minimum reserve balance aligns with operational cost projections
 - Ongoing evaluation of capital needs for maintenance of current infrastructure and system growth demand
 - Paying cash for projects vs. securing debt for large projects
 - Minor annual rate increases vs. “As needed” reconciliation
 - Short term priorities while positioning the Water Department for long term sustainability
 - Prioritizing the Master Plan

Prioritizing the Master Plan

- Short Term Plant improvements:
 - Addition of Aeration in tower and clear wells for TTHM (Total Trihalomethane) removal
 - Rehabilitation of SCU#1 (Solid Contact Unit)
 - Addition of a lime press to solids handling
 - Sand Filters Rebuild/ Rehabilitation
 - Cleaning and inspection of 1M gallon raw water tank in front of plant
 - Cleaning of emergency line to Riverside Park

- Long Term Considerations:
 - Second Raw Water Line
 - Additional Water Tower(s)
 - Addition of GAC (Granular Activated Carbon) /Ion exchange for advanced treatment
 - Addition of second VFD (Variable Frequency Drive) high service pump for efficiency
 - Additional Clearwell for Finished water

Questions



Robert Martin

From: Robert Martin
Sent: Tuesday, November 21, 2023 10:54 AM
To: Grant Russel; Randy Greeno; Joshua Palmer
Cc: Jason Phillips; Christina Muryn
Subject: DRAFT language
Attachments: water rule changes with inclusion of transmitter reconciliation language.docx

Gentlemen,

Here is the revised language based on comment at the last W&S Committee meeting. This language will be added to both Water rules and Sewer rules. The only difference will be placement and numbering in Sewer Rules. Unfortunately there will not be a W&S Committee meeting tonight as there was a misunderstanding regarding the intent to hold a meeting and it was not advertised in a timely manner. I would like to include this language as an add on for tonight's Council meeting. We can then hold a W&S meeting on December 5th prior to Council to review the language and make changes if necessary.

Happy to discuss.

Thanks

Rob Martin BSN, MBA
Service Safety Director

City of Findlay, Ohio
Phone: 419-424-7119
www.findlayohio.com



8. Utility Bill Adjustment process in response to the reconciliation of utility bills status post the water meter transmitter replacement project

- A. The following is the criterion to determine if an adjustment is warranted and how it will be calculated:
 - The last actual read recorded in the billing system will be compared to the actual read at the time of installation of new equipment or repairs.
 - If the last estimation is higher than the actual, physical read, credit will be issued for the account.
 - If the last estimation is lower than the actual, physical read, the difference will be evaluated
 - If the difference between the billed amount and the recorded usage is greater than 500%, a one-time adjustment may be made to the account up to a 75% discount with approval from the Mayor and/or Service-Safety Director.
 - If after the adjustment, a payment is still needed, please refer to the section titled "Utility Billing Payment Plan Rules".
- B. Underground leaks unfounded during the transmitter replacement project, prior to a bill being issued, a one-time adjustment to the account up to a 75% discount with approval from the Mayor and/or Service-Safety Director may be considered. This is only for situations that have met the criteria set forth in section 4, "Adjustment for Leak".
- C. If the underestimation is for any other situation please refer to section titled "Utility Billing Payment Plan Rules".

9. Utility Billing Payment Plan Rules

The City of Findlay understands the criticality of having working water and sewer services. It is common practice for the Utility Billing Office to be in contact with account holders to aid in keeping their utility bills current. It is the City's desire to make every effort to support the account holder should a payment plan become necessary due to financial hardships stemming from a large utility bill.

Upon completion of an extensive investigation of an account, including but not limited to payment history, payment status of other accounts, current payment history and circumstances that caused the large account balance, the Utility Billing staff may offer the below Payment Plan to the account holder.

Negligence of the account holder or property owner excludes the account from the Payment Plan.

If the account holder is a tenant, the landlord's signature is required before the plan can be established.

This is offered for residential customers with extraordinary situations only. The plans are not to be used with regular, delinquent/shut off notices. These plans are limited to one time per customer unless evaluated by the Mayor and Safety Service Director for extreme situations.

Account Balance	Length of Payment Plan
Under \$100	Not eligible for payment plan
\$100-\$500	Up to Six (6) months to pay
\$501 - \$1,000	Up to Twelve (12) months to pay
\$1,001 - \$1,500	Up to Eighteen (18) months to pay
\$1,501 and above	Up to Twenty-four (24) months to pay

Payment plans must be approved by the Mayor or Service-Safety Director. Once a plan is approved, then penalties and fees are waived for duration of the payment plans as long as the following stipulations are maintained during the term of the payment plan:

- Payment plans will be established in person at the Utility Billing Office
- Bills must remain current during the agreed upon payment plan term
- The payment plan remains with the property and is the responsibility of the tenant to inform the property owner
- If a tenant moves and stays in the City, the payment plan will remain with the tenant
- If a tenant leaves town the payment plan will be the responsibility of the property owner
- Payment plans will be paid on a monthly basis by the due date (generally the 12th) of each month
- If an account becomes delinquent and water is shut off due to nonpayment, the balance of the payment plan, the current bill and the reconnection fee shall be due prior to the water service being restored to the property.

Payment plans must be signed off by the property owner