

The UTILITIES, SAFETY & ENVIRONMENT COMMITTEE
and FINANCE COMMITTEE held a
JOINT MEETING on Monday, November 25th, 2024 beginning at 6:35 P.M.

Committee Members Present:

Finance: Chair Tollett, Schneider, Cerra, Siwierka, Davis
Utilities: Chair Mitchell, Davis, Oswald, Armstrong, Stewart
CD: Chair Callahan, Mitchell, Schneider, Oswald, Lipian
Excused Absence: none

Administration and Department Heads Present:

Mayor Brubaker, Law Dir Deery, Safety Service Dir Pyanowski, Finance Dir Pileski,
Public Works Supervisor Conner, Engineer McKillips

1. The matter of Utility Rates for the calendar year 2025.

Referred By: Engineer Schneider

Chair Tollett said this is something that they've held off for five years, but, now it needs to be addressed and Chair Tollett asked Engineer McKillips to begin her presentation.

Engineer McKillips said this is a difficult topic, but, it does have to be addressed. The last legislation was passed in 2021, which was increases for 2022, 23 and 24. They knew they were looking at long term increases on the sewer side because of the Consent Decree that is now in place and we are working diligently to be compliant with it, which includes the infrastructure side, which is the construction projects.

Chair Tollett said this Consent Decree is through both, the Federal and State government and was mandated to us through the EPA. This was originally discussed in 1986. He wanted everyone to be aware of this Consent Decree and what it is and what it means.

Engineer McKillips said we do not have a Consent Decree on the water side, however we do have EPA rules & regulations that the City has to follow.

We entered into a contract with Black & Veatch in 2022 to update the rate model that we've been working with since 2016. The City was proactive to put rates in place so that we would have funding to move forward on our projects that we are mandated to complete. From 2018 through 2022 the water fund had no increases. That allowed the sewer fund to gain extra fees without burdening our rates too drastically so that we can help pay for the massive improvements. Over the 25-year Consent Decree, we're looking at a cost of \$250 million, plus, in improvements. There was a two and a half percent increase on the water side for the years up to 2022. And a modest increase in 2023 and 2024.

In the updated rate model and financial plan presented by Black & Veatch, there is needed increases in both water and sewer side, but we are now going to concentrate on the water side.

Sewer rate increases were projected to cover the Consent Decree and thru that model, they are looking at rate increases from 5% to 5.75% from the year 2025 and thru the next 10 years. They are able to bring it to down to 4.75%, which is less than originally projected, this is on the sanitary sewer side.

They are now looking at playing catch-up on the water side because the increases between 2018 and 2022 were eliminated. Improvements are needed at the water plant, general maintenance of the plant that is so old, it's a continuous cost, which is calculated in the annual budget, but, it's something that is needed.

We've entered into a contract to have the three transmission mains studied. Those mains come from the treatment plant on the Lake to us and they are between 75 years to 120 plus years old. Within these recommended rates we do have fifty million dollars included for the rehab and/or replacement or lining for these 3 transmission mains. The bulk of that fifty million, 45 million dollars of that that is looking to be spent in years 2028 and 2029. In order to get the rate increased in double digits being in the teens under 20 percent, we needed to move projects out and we looked at decreasing our cash financing and do more loans. We're trying to work these numbers and projects to a point where we can get a percentage that is better the original numbers which came out of the rate model.

A customer that uses a consumption of 5 would see an increase of \$11 on there bill from last year to this year and every year after that. They have calculated increases from 2025 through 2029 from the rate model financial plan. It's up to council if they want to do these increases every year through 2029. These proposed rates can be revisited and revised at any time. She recommends that a consultant is brought into review after the third or second year to make sure we are on track with what we're projecting so that we don't fall behind or if we're ahead, maybe we can look to back off on the increases.

Chair Tollett said we will talk about the sanitation part of this as well. During covid we had an opportunity to make some capital investments and what was purchased were 2 new rear loading sanitation trucks, which helped, but that is not the long-term solution.

Finance Dir Pileski put together some numbers, we've purchased on san truck out of ARPA, but there's two more on order. The one that was purchased was \$404,624. The two we're waiting on will total \$809,249. We've also purchased three more trucks out of the 2016 one half percent income tax fund and they totaled \$879,784. The total has been subsidized with governmental fund by \$2,093,657. That is a total of 6 new trucks.

Chair Tollett said to finance that moving forward, is where the \$5 increase comes in.

Dir Pileski said we should get on track with buying one new truck per year rather than trying buying 3 or 4 at a time.

Chair Tollett said in 1900 when the City made the decision to bring water from the lake to Elyria was the greatest forethought in the history of our City. Some of those water lines are still in use, we need to make sure generations to come will still have access to water from Lake Erie.

Dir Pyanowski said the City was presented with a report from a consultant recommending increases and at that time, Council decided not to impose those increases. Had those rates gone into effect at that time we now would've be at \$38.07 per month for sanitation, currently we are still at \$28.38, so the \$5 is a middle point of where we would be. That will help to stabilize the sanitation account starting in 2025, while we work on putting together a comprehensive plan about how we would address the sanitation rates and needs. He agrees that we should purchase one truck per year and then on the 5th year we purchase other equipment; dump truck, leaf vac, whatever might be needed. The \$5 that is proposed will help stabilize the sanitation account. He would like to reach out to the consultant who did the report in 2019 and ask them to update it to reflect current numbers. A lot of the challenges at that time are still relevant now. The \$5 will hold us over until we can put together a more comprehensive plan and keep us stabilized for 2025.

Mr. Oswald asked if the new residential developments were considered when the report was done?

Engineer McKillips said the model doesn't include an escalation of numbers looking forward as far as growth. But, on the sewer side, any homes that were connected to the system were contributed to the totals, those homes were added to the system and that is why they were able to come in under the original cost.

Mrs. Siwierka asked what is the proposed date for this increase?

Chair Tollett said it would be the first billing cycle in 2025.

The City is building several hundred homes that we are only supplying sewer to but not water; Four Seasons, the 400 homes across, Fieldstone, Indian Hollow, we have hundreds of homes that we aren't collecting water cost on.

Dir Conner said the average consumption is 5 or 6 cubic feet. Around 35% of homes are on Homestead and they do not change in the new year.

Mrs. Siwierka said she understands the water and sewer piece of this but, she has hesitation on the sanitation part of it. if we can get a definite answer on the amount of Homestead recipients and an idea of what the average bill will be.

Mrs. Siwierka said, if someone is now paying \$130 it will be increased to around \$143 and that would include the sanitation fee. Her last concern is that as we continue to increase these, we're going to continue to see delinquent accounts because people won't be able to pay. We should be looking at the Service Fees, we should not be eating the service fees on these payments, which we've done for many years.

Chair Tollett asked about the Credit Card fees.

Mrs. Siwierka said that we are still eating them and it's significant dollars. We take credit card payments without passing that service fee onto the customers.

Chair Tollett asked what percentage is paid with a credit card?

Dir Conner said the average cost for credit card transaction is about \$1.09.

Mr. Schneider asked the percent discount of Homestead?

Dir Conner said it's 30%.

Mr. Schneider asked if anything is changing with the quarterly storm water charge of \$7.95?

Engineer McKillips said that fee will stay the same.

Mrs. Davis said it was discussed a few years back, the possibility of senior's usage. We know they don't use the amount as families do. Can we do some kind of discount?

Law Dir Deery said that minimum use of water, which was a minimum of a '3' was discontinued several years ago. There is currently a service charge, but the water usage is based on the actual usage which is captured by the meter, it could be a usage as low as a '0' or '1'.

Mrs. Siwierka said as a follow-up, there is 750 gallons in a cubic foot and if someone uses under 750 gallons in a month, it would calculate as a '0'. And does it automatically go to a reading of '1' once they use more than 750 gallons.

Chair Tollett asked if this can be tabled until we are able to get some answers to the questions discussed this evening, if that's okay with the other committee members. This EPA mandate has made an enormous impact on the residents, and not just Elyria, but, also other towns that have old infrastructure, as we do.

Mrs. Davis asked if there has been a comparison with other cities?

Chair Tollett said we did do a comparison of water and sewer rates in 2021. But, those comparisons did not include sanitation rates.

Dir Deery said the only other city in the county who does 'in-house' sanitation is Oberlin and they have a levy that covers 40% of their sanitation costs, which has been in effect since the 1970's.

Mrs. Mitchell understands the need to raise these rates, but we also have to look at the human factors, this is a tough economic time and we can't just say, oh we're going to raise this 15%, it's going to put a lot of people in a perilous position.

Dir Pileski had a final thought on some numbers for the sanitation fund. This is an idea of the cost to operate the department. Revenues going into the sanitation fund were \$5,595,211, the expenditures were \$5,500,045 and there is no capital in that expenditure number. Revenues exceeded expenditures by \$95,165.

Dir Pileski said the health care fund is not in good shape, the City's share and the employee share will go up, so, we'll be paying more into each fund for healthcare, that is going to be an added expense and the union contracts are on-going for AFACME, Police and Firefighters. This number does not include capital. We're not bringing enough in to replace sanitation trucks. We're subsidizing this fund to buy the trucks out of other funds so at some point in time we won't be able to do that. Remember that ARPA is gone.

Mayor Brubaker said these rate increases always come before committee and council at this time of the year in order for it to take effect in the first billing cycle of the new year. This is a group decision and if we don't do it now, we won't be able to do it until February. He doesn't want anyone to feel forced to make this decision until all of their answers are answered.

Chair Tollett asked if this can be table to the next Committee Meeting and he hopes a decision can be made at that time. The meeting could be a Joint Utilities and Finance Meeting and he scheduled that meeting to take place on December 9th.

This matter is tabled until December 9th, 2024.

No further business to come before the committee and Chair Tollett and Chair Mitchell asked for a motion to adjourn.

Finance:

**Mr. Cerra moved, seconded by Mrs. Davis to adjourn the meeting at 8:48 P.M.
MOTION CARRIES**

Utilities:

**Mr. Oswald moved, seconded by Mr. Armstrong to adjourn at 8:48 P.M.
MOTION CARRIES**

Respectfully Submitted by,
Colleen Rosado, Clerk Secretary/Administrative Assistant