

**Cuyahoga Falls City Council
Minutes of the Public Affairs Committee Meeting
December 20, 2010**

Members: Mark Ihasz, Chair
Kathy Hummel
Jeff Iula

Mr. Ihasz called the meeting to order at 7:16 p.m. All members were present.

The minutes from the December 6, 2010 committee meeting were approved as submitted.

Legislation Discussed:

Temp. Ord. A-159

Discussion

Temp. Ord. A-159

An ordinance amending Section 923.01, Part Five of Title Nine of the Codified Ordinances of the City of Cuyahoga Falls, establishing water rates, and declaring an emergency.

Mrs. Carr stated they are asking for an increase of 15% in 2011 and an increase of 8% the following two years. Cuyahoga Falls has one of the lowest rates in the State of Ohio. Out of 493 districts, 465 have higher rates. They do not want to raise rates just to raise rates. They have concerns with upcoming years of capital projects. The way it breaks down is in 2011, the average residential increase is \$2.69 per month or \$32.28 per year. In 2012, it will be \$2.06 per month or \$24.72 per year, and in 2013, it will be \$2.27 per month or \$27.24 per year. In Summit County, the City has the lowest rates. The bill for the average household is \$17.95. The rest of the communities are in the mid \$20's up to \$42 for the same usage. Barberton is scheduling an increase in 2011 and Akron is scheduling increases in 2011 and 2012. The City will still be the lowest among the communities. Other communities are reviewing rate increases as well. In July, 2010, the EPA came out with recommendations that rates should be between 1.3% and 3.1% of median household income. Currently, our rates fall into the .45% range which is significantly lower. Other communities are below that rate as well. If we do these increases, it will raise our percentage to .63% which starts moving in the right direction. If the City were to implement now what the EPA recommends, the average \$17.95 bill would go to \$51.33. With AMR, we are producing 7% less water in terms of the plant but revenues have increased. Meters are more accurate and we are capturing more of the flow. It was still a good investment. Capital Improvements listed things planned from 2012 to 2014. Water lines are designed to be at a 50 year standard. Over 60% of our lines are older than 50 years. We need to be in the cautious zone and start considering potential replacements in the future. We look at water lines during road construction and we look at history to determine whether to replace. We are currently down seven positions and are at a critical service level. There are five potential retirements this year. The Union is working with her to change hours of staffing the plants to reduce overtime. The reorganization at the management level has been working really well. They want to build a stronger fund balance. She also has a concern with the cash on hand. No one in Administration wants to raise rates but they feel this is a time they need to consider it. Much of the budget is based on the 15% increase.

Mr. Ihasz asked when the last increase was. Mrs. Carr stated it was 17.5% in 2008. Mr. Ihasz asked how many water line repairs were done this year. Mr. Christopher stated they had 75 main breaks and that does not include the four they had today. Mrs. Hummel stated that the budget before Council has the 15% built in. According to the revenue sheet, the residential increase is \$400,000, commercial is

\$175,000 and industrial is \$18,000 Mr. Brodzinski agreed and stated it was based off 2010. Mrs. Hummel asked how much of that is the rate increase and how much is AMR and general usage. Mr. Brodzinski stated he would need a few minutes to crunch those numbers. Mrs. Hummel assumed the greater impact will be on residential users as opposed to industrial or commercial. Mr. Brodzinski stated the percentage is equal. Mrs. Hummel stated the Administration made a compelling argument. The information about the EPA is something the City needs to consider. She asked whether the increases affect any of the water contracts the City has currently. Mr. Brodzinski stated it will affect Silver Lake and Munroe Falls. They are considered a separate contract. Their bases would change. It is our rate plus 20%. Those are reflected in the budget as well. Mrs. Carr stated they serve some accounts outside of the City. That rate is our rate plus 50%.

Mrs. Hummel stated it is interesting that this comes up at budget time. She talked to Mrs. Carr in the fall and was provided information about schools and public users. Her goal is to have people get this information and if the majority of residents do not care, fine. It is a copy of who has free water and who has free and/or reduced electric in the City. The schools are one issue. Public schools are in one category and private schools that charge tuition are in another category. Cuyahoga Falls and Woodridge are the public schools. Private schools are CVCA, IHM, St. Joe's, Favor Foundation, Summit Academy and Walsh Jesuit. One school she does not see is Redeemer. Mrs. Carr stated they have a meter that serves the church and lines are run to the school so they do not get free water. All other places have a separate meter. Mrs. Hummel asked if it was appropriate for rate payers of the water fund to subsidize these schools—public on the one hand and private on the other. She does not feel it is right to subsidize the private schools. Other accounts are enterprise funds that do not pay and those are some that will be talked about tonight in Leisure Time, such as the Natatorium, WaterWorks, Golf Course, Quirk and Downview. There are no charges for water or electric for any of those entities. She used to be a patron of the Natatorium. As a rate payer, she does not think it is appropriate to pay for water for the patrons of the facilities. People using the facilities should pay and that should be included in their fees. Mrs. Carr stated that Mrs. Hummel is not the first person to question that. They did research on who else gets this. Some are provided a discount. It is something that should be discussed and reviewed at this point in time. The library is on the list as well. They are funded by a separate levy. Mrs. Hummel stated things are tight for everyone and that is not the reason for this discussion. She is trying to air the issue to let the community know. Mrs. Carr stated this is not an ordinance that was passed yesterday. It is a historical piece of legislation. Mr. Ihasz asked how much revenue would be generated if the City charges the schools. Mrs. Carr stated she is working on putting that together. Lori Visner stated it is \$50,000 a year based on data they have but they still need to make sure the sprinkler meters are counted. Mr. Walters asked how an account is billed if there is no meter. Mrs. Carr stated that some are done based on an estimation of what the City thinks they are using. Some they don't worry about. Those who do have a meter, they have been using those numbers. She is being cautious because there are some gaps in the report. Mr. Walters stated the last increase was in 2008. He asked by what percentage the treatment chemicals have gone up. Mr. Christopher stated it was \$160,000, which is a little up from 2010 (\$150,000). In 2009 it was \$214,000 and in 2008 it was \$133,000. It fluctuates. Mrs. Carr added they are not expecting caustic soda to go up very much like it did in 2009. Mr. Walters asked with regard to capital improvements, if there were any targeted areas that have been put off. Mr. Demasi stated one area they are targeting is Front Street from Broad to Falls Avenue to increase the line and provide more flow and pressure. Also, Maitland Avenue between State Road and Valley. That line has 6" cast iron lines. There may be many lines leaking now but until the water gets to the surface, they would not know about them. Mr. Walters asked what causes breaks if the line is below the frost line. Mr. Christopher stated the ground shifts when it gets cold. When it warms up and thaws out, the lines shift and any weak spot causes the main to pop. Mrs. Hummel asked whether Ms. Visner had an estimate on how much revenue would be generated by the City facilities who do not pay for water. Ms. Visner stated they did not figure that, but there are meters on those facilities that have been added over the years. Mrs. Hummel stated she will support this rate increase. It

is important that the City begin a planned schedule of replacements of these water lines because they are old and there have been a lot of breaks. It is important that the public is also informed who is paying for water that they are underwriting to some extent.

Mrs. Klinger stated that schools are in the middle of their budget year. She recommended that the City not do this now but that the Administration let the schools know how it will affect them. She asked about the high pressure district. Mrs. Carr stated you would add another \$17.21 to that dollar amount. Mrs. Klinger stated that would be a lot higher than the other communities. Mrs. Carr stated it was because of that \$17.21. They have been outside of the City's general residential group. Mrs. Klinger stated they are also complaining the most about it. She is not excited about signing multi-year increases. She feels it should be done one year at a time. Mrs. Hummel concurred about the schools. She is not proposing that a change be made now. She thinks they should be notified and given time to prepare for it. City facilities are different because we control that. She is more than willing to have discussions with the schools.

Bill Lohan stated one could argue whether the City should be in the service of providing the services it provides. The financial models that were built to justify this building were that that would be an operating cost. Residents get a 30% break in their fees. When the collective decision was made to open in our community, the finances were built on the premise of what is operating cost and what would be price. If that is changed, there will be a ripple effect.

Mrs. Hummel moved to approve bringing A-159 out of Committee with a favorable recommendation, second by Mr. Iula. Motion passed, voice vote (3-0).

Meeting adjourned at 7:55 p.m.