

Mayor Responds to Questions about Utility Rates

By Mike Barhorst

In his famous work, *The Magician's Nephew*, C.S. Lewis wrote: "What you see and what you hear depends a great deal on where you are standing."

I immediately thought of that quote when I read Jim Kinsella's recent *Letter to the Editor* that referenced City utility rates. I'm not certain who told Mr. Kinsella "a few years ago that they (utility rates) would be time-limited," or for that matter, where he was standing when he heard someone say the rates were "time-limited". The fact is, it is highly unlikely that the rates will decrease. Fortunately, we should not see double-digit increases, and additional increases would be consistent with the annual rate of inflation.

Let me begin with the increased rates for water. For longer than the Israelites wandered in the desert, the City of Sidney has searched for an alternate water source. For many years, the City of Sidney has relied primarily upon surface water from the Great Miami River and Tawawa Creek.

During periods of drought, those sources are unreliable. As a matter of fact, we have come within just three days of having to shut down business and industry and ration water during periods of drought. In a community in which the majority of our employment comes from business and industry, suddenly throwing thousands of people out of work would prove economically catastrophic.

Combine that reality with recent examples of surface water contamination that have taken place in Charleston, West Virginia, when a chemical spill on the Kanawha River shut down the city for days, or the coal ash levee failure on the Dan River in Southern Virginia and Northern North Carolina, which shut down the municipal water systems along the river for weeks, the algae bloom that shut down the City of Toledo for days or the high lead content of the water of Flint, Michigan, and the rationale for finding a secure and plentiful water source is easy to understand.

Our community is extremely fortunate to have found an underground water source that will provide Sidney residents and businesses with a plentiful water supply for the next century and beyond. We are currently installing the water transmission line that will allow the water to be pumped from the well field to the Water Treatment Plant atop Orbison Hill.

Yes, it has been expensive, and rates had to be adjusted to fund this vital project. But when the project is completed early next year, the community will quickly become appreciative of the increased volume of water available to them. We have been fortunate that we have been able to secure lower than expected interest rates on the loans secured for the project, and that has kept the cost of the project lower than originally anticipated. The low loan rates will also help keep any future rate increases in line with the rate of inflation.

With respect to rates, Mr. Kinsella is, according to my information, correct when he states that water in Fairfield is less expensive. Based upon my understanding of Fairfield, I'm fairly certain that there are other costs associated with living there that are much higher than in Sidney.

Moving on to sewer rates, unfortunately and nearly simultaneously, Council has had to raise wastewater rates. Unlike the water rates, the sewer rate increases are not the result of Council's decisions, but rather the result of United States Environmental Protection Agency (USEPA) mandates. The sewer rates are scheduled to increase 3% this year, and an additional 3% per year for each of the next four years.

It is anticipated that USEPA will continue to promulgate new regulations and impose restrictions that will inevitably cause wastewater reclamation to become ever more expensive. Most new regulations require some modification to the physical footprint of the Wastewater Treatment Plant, and the equipment and systems contained within the plant. This of course, comes at a cost, as architects, construction companies, and engineers must be brought on board to meet the ever changing mandates.

Whether residents realize it or not, we are extremely fortunate. The "improvements" dictated by USEPA for the Wastewater Treatment Plant were originally estimated to cost \$75M. It was clear to

Council that the improvements would not only bankrupt the community, but were, in large part, unnecessary.

Keep in mind that the Wastewater Treatment Plant must receive a permit to operate from the Ohio Environmental Protection Agency (OEPA). That permit must be renewed every five years. In recent years, the City has never violated that permit. In addition, a separate arm of the OEPA has designated the section of the Great Miami River that flows through Sidney “an exceptional warm water habitat.”

Through protracted negotiations with the OEPA, the City was eventually told that a \$35M expansion of the plant would resolve the issues that had been identified to meet regulations. Relieved that the City had made progress, but still uncomfortable with the cost, we continued to work with OEPA officials in an attempt to resolve their concerns with the plant in a manner that would be even less expensive.

Through scientific study and much hard work, including personal negotiations and the intervention of state officials, the cost of the project was reduced to \$12.5M. The application of common sense of all involved eventually prevailed during the latter stages of the negotiations, and paid huge dividends to the residents of Sidney.

The intervention of Senate President Keith Faber and OEPA Director Craig Butler ultimately helped prevent Sidney residents from having to pay even higher rate increases. At the end of the process, the City of Sidney agreed to make \$12.5M in improvements to the Wastewater Treatment Plant. A part of that agreement was that we would reduce inflow and infiltration (I&I) to the plant, and that remains an ongoing effort. The City’s I&I program is just in its second year.

Fairfield may well have lower sewer rates than the City of Sidney. The new USEPA regulations have not been uniformly applied throughout the country. Rather than enforcing the new rules en masse throughout a geographical area, they have enforced them piecemeal across the country. As a result, many cities (and villages) have not yet had to comply with the new rules.

Finally, I want to address the garbage rates. Whether Council decided to adopt automated pickup or not, the rates were going to increase. The unfortunate news is that the rates will continue to increase – simply a matter of economics.

When collected, refuse is trucked to a landfill. Landfills have limited space, and so can only receive a limited amount of trash. When the landfill is full, it must be replaced by another landfill that is generally more expensive to operate and maintain.

This higher operating cost is due to a host of factors, including the increased costs of complying with environmental regulations, higher expenses in siting a new location, buying or allocating land, constructing the landfill, operational expenses, and long-term maintenance costs after the landfill is closed. Additionally, the new landfill may be further away than the old landfill, thus increasing transportation costs.

When we adopted the new system, I encouraged residents to recycle more, citing multiple reasons including environmental concerns. Whether it was my voice or other causes, recycling has increased substantially (30%-50%) since automated collections were initiated. It was that unexpected increase that caused the Solid Waste District to request that recyclables be collected on a staggered schedule – a schedule recently announced to residential customers.

Because refuse collection rates are based on a number of factors, it is difficult to know whether one is making an apples to apples comparison, or comparing apples and tomatoes. Fairfield’s refuse collection rates may well be less expensive than those paid by Sidney residents.

This I do know. When the cost of living in each community is compared, Sidney residents fare better than those in many other locations. The most recent study (2015) of the cost of living in communities in southwest Ohio, Sidney ranked 29th least expensive of the 31 cities surveyed!

The top ten most expensive included: 1) Oakwood; 2) Springboro; 3) Centerville; 4) Clayton; 5) Miamisburg; 6) Kettering; 7) Trotwood; 8) Englewood; 9) Union; and, 10) Mason. Interestingly, the cost of living in Oakwood is more than 2.5 times as high as it is in Sidney. For the sake of comparison, the cost of living in Fairfield is 12% higher than Sidney.

Not reflected in the cost of living survey conducted last year is the impact of aggregation. One of the reasons Council put that issue on the ballot was our knowledge that with increased utility costs for water and sewer, aggregation would enable residents who wished to participate in the program to save on their utility costs.

Residents choose to live in communities for a number of reasons. Research would indicate that the cost of utilities is not the sole factor. Even so, Councilmembers and staff continue to search for ways to keep costs as low as possible. The success of our efforts is evidenced by the cost of living survey.