

Rate Increases Approved by City Council

Rate increases allow the City to collect sufficient revenue to enable it to continue providing safe and reliable water and sanitary sewer service to its customers in the face of increasing operating costs; to enable the City to afford capital improvements that are essential for operating the water and sanitary sewer system in a safe and financially prudent manner; and to establish a revenue stream capable of meeting future obligations to repay debt incurred to finance necessary capital improvements. Without the proposed rate increases, the City's water and sanitary sewer revenues would not be sufficient to cover operating and capital improvement expenses to continue to meet customer expectations for dependable service and future drinking water and wastewater quality standards.

Revenues derived from the City's water and sanitary sewer service charges are used solely for the actual and necessary expenses of providing water and sewer service to its customers. The City is prohibited by law from making a profit on water and sewer service.

WATER RATES

- **Wholesale Water Rate Increases** – The City purchases 100% of its potable water supply from the City of Toledo (COT). The COT is in the process of completing a \$500 million program of infrastructure upgrades and reliability enhancements to its water treatment system. COT rates will have doubled its wholesale water rates in the years 2011 to 2018, from \$2.86 per 1,000 gallons to \$5.83 per 1,000 gallons.
- **Replacement of Aging Water Distribution System** – Sylvania maintains over 86 miles of water system pipelines, many of which are over 50 years old and are approaching the end of their useful lives. The City also maintains 3 water tanks and a pumping station that provides all water used in the system. Rate increases will provide funding for high-priority pipeline replacements and other capital improvements needed to support the continued provision of safe and reliable water service.
- **Planning for the Future** – A portion of the revenue may be used to begin the planning and design of a new water intake, treatment plant, and water transmission system. Sylvania continues to promote a regional bulk water system with Toledo and area communities and we are hopeful that those efforts will be successful. Should this additional revenue not be necessary, rates will be adjusted downward immediately.

SEWER RATES

The City of Sylvania operates a sanitary sewer collection system with roughly 101 miles of sewer pipelines and 4 pumping stations. Wastewater is conveyed to the Lucas County Water Resource Recovery Facility for treatment and effluent disposal. Sewer rate increases will be used to pay for increased costs including:

- **Rehabilitation & Reconstruction of LCWRRF** – Lucas County has begun the process of completing a \$12 million capital improvement program to rebuild and rehabilitate wastewater treatment plant components to meet continued regulatory requirements and improved energy efficiency projects. The City is responsible for financing approximately 22% of total project costs and annual debt service payments which are projected to increase substantially in upcoming years due to those improvements.

- **Replacement of Aging Sanitary Sewer Collection System** – Many of the City’s sewer pipelines are over 50 years old and are approaching the end of their useful lives. Rate increases will help provide funding for high-priority pipeline and pumping station replacements and other capital improvements needed to support the continued provision of safe and reliable sewer service.

What are the proposed rate increases?

Summary:

- Monthly water service rates will increase from \$8.09 to \$9.71 per 1,000 gallons. The monthly water cost for an average Sylvania household using 5,000 gallons will increase from \$40.45 to \$48.55; (non-residents \$50.55 to \$60.70)
- The sanitary sewer rate has not been increased since 2006. Monthly sanitary sewer service rates will increase from \$2.70 to \$2.94 per 1,000 gallons. The monthly sanitary sewer cost for the average Sylvania household using 5,000 gallons will increase from \$13.50 to \$14.70. (non-residents \$16.00 to \$17.45)

How do the City’s new rates compare with those of other water/sewer providers?

Each service provider has different cost structures, which ultimately determine rates. For comparison purposes, these are the City’s new rates for a user compared with other nearby service providers. However, some service providers are presently in the process of proposing higher rates for their customers and these potential higher rates are not reflected in this comparison chart below:

Combined Water/Sewer Cost for 7,500 gallons used (OEPA average)

