

## 2023 Recommendations for Utility Rates and Annual Review Report

### Overview

In 2018, the Water Operational Fund was provided a \$1.2m loan from the General Fund to pay the City of Columbus for back charges due to a slow running meter. The water rate increases that were implemented to cover both the additional expense of a fully operational meter and the General Fund repayment were spread out over the past 4 years to reduce any sharp spikes in rates. Water operational rate increases have normalized, and the final General Fund repayment will occur in 2023.

The City of Columbus Department of Public Utilities recently announced that it is recommending in the 2023 budget to raise Sewer Rates by 5% and Water Rates by 4% (a net of 4.5%) for all of its customers. Over the next few years, Columbus projects that sewer increases will peak at 7%, and water increases will peak at 6%. These rate increases are a result of many factors - increased prices of materials/chemicals, meeting EPA requirements, and an increase in debt repayment for capital projects.

In the early 2000s, the EPA issued a Consent Decree to Columbus, along with many other communities around the Nation. Unlike many of the other communities, Columbus immediately went into action to address the EPA's orders, which allowed them to take gradual debt to make the required improvements. As a result, their rates are increasing gradually, whereas many other communities throughout the State and Nation now have significantly higher rates that include double-digit rate increases.

To cover the City of Columbus rate increases, and operational expenses, the Department of Public Service is proposing a 3% increase to Water and a 6% increase to Sanitary Sewer (a net 4.5%) rate increase. This rate increase equates to a total of \$3.23 increase per month based on average consumption (4,000 gallons per month). Even with this proposed increase, Gahanna's 2023 rates will continue to remain competitive and will fall mid-range compared to our surrounding communities.

Sanitary Sewer and Water Capital Improvement rates are to remain constant, as current rates are projected to cover current and future sanitary sewer evaluations, improvement projects, and other projects to improve and maintain reliable service.

Despite reduced staffing levels and the pandemic, the Department implemented a transition to monthly billing in 2022. This transition already has generated a positive result, as delinquency rates already have decreased to one-third of what they were for quarterly billing.

There are no anticipated changes for garbage and refuse collections. A fuel surcharge increase from 2022 will continue to be monitored for applicability.

Below is a summary of the related proposed code changes.

### **TITLE THREE – PUBLIC UTILITIES**

#### Section 921.11 Sewer Rental Rates

- Sanitary Sewer Operational Rate: **\$9.18/1,000 gal** (was \$8.66/1,000 gal in 2022)
  - The City of Columbus continues to offer a pass-thru 20% low-income discount.
- Sanitary Sewer Capital Improvement Rate: **\$0.94/1,000 gal** (was \$0.94/1,000 gal in 2022)
  - Sanitary Sewer Capital Improvement rates are remaining the same. Current revenue and fund balances remains sufficient to cover current and future sanitary sewer evaluations and will continue to be examined annually to ensure sufficient funding for improvement projects, and other projects to improve and maintain reliable service.
- Columbus Consent Order (CCO): The City of Columbus is under a consent order with the Environmental Protection Agency (EPA) to separate their combined storm and sanitary sewers. Because the satellite communities utilize Columbus' sewer system, we are all responsible to contribute to these projects. The revenue that we collect for this consent order is passed through to Columbus, and Gahanna does not keep any of this money. CCO Rate: **\$3.38/ERU/month** (was \$3.31/ERU/month in 2022)
  
- Update to language (Adjustment of Director title)

### **CHAPTER 927 – Storm Sewer**

#### Section 927.17 CLASSIFICATION OF PROPERTY AND ERU ASSIGNMENT AND RATE.

- No changes

### **CHAPTER 929 – WATER CONNECTIONS AND RATES**

#### Section 929.02 Permit Required; Multiple Use Connections Prohibited

- No changes

#### Section 929.03 Water Tap Charge

- No changes

#### Section 929.12 Water Rates

- Water Operational Rate: **\$9.19/1,000 gal** (was \$8.92/1,000 gal in 2022)
  - The City of Columbus continues to offer a pass-thru 20% low-income discount.
- Water Capital Improvement Rate: **\$0.36/1,000 gal** (was \$0.36/1,000 gal in 2022)
- In 2018, the Water Operational Fund was provided a \$1.2m loan from the general

fund to pay the City of Columbus for back charges due to a slow running meter. The water rate increases to cover the additional expense of a fully operational meter, and the general fund repayment was spread out over the past 4 years to reduce any sharp spikes in rates. Water operational rate increases have normalized, and the final general fund repayment will occur in 2023.

- Update to language (Adjustment of Director title)

#### Section 929.14 System Capacity Charge

- No changes

#### Section 929.15 Private Fire Protection Service

- Update to table language (year)
- Update to language (Adjustment of Director title)

#### Section 929.17 Special Charges

- No changes

### **TITLE FIVE – OTHER PUBLIC SERVICES**

#### **CHAPTER 941 – GARBAGE AND RUBBISH COLLECTION**

#### Section 941.15 Pickup and Disposal Fees

- No changes