

## **MINUTES FINANCE AND AUDIT COMMITTEE**

7:05 p.m.

May 20, 2008

Pursuant to Codified Ordinance Chapter 107 and ORC Section 121.22, notice of the following meeting was given on May 16, 2008.

**Committee Members Present:** Mrs. Manning, Mr. Carr, Mr. Black

**Others Present:** Council members Ranally, Fiala, Harrold and Woodin; Finance Director Rogowski, Law Director Wiles, Service Director Tomaselli, Police Chief Straube, Fire Chief Zwegat, Parks and Recreation Director Katz, City Engineer Sayles, Chief Building and Zoning Inspector Smith, Clerk Radebaugh

### **SEWER RATES**

Finance Director Rogowski is requesting an increase of .50 cents per one hundred cubic feet (CCF) which will raise the rate from \$1.95 to \$2.45. The .50 cent increase will raise approximately \$590,000 annually. He stated that compared to other local communities, Willoughby's current rates are low. He explained that our rate in 1988 was set at \$1.25 and we have worked to keep it low. Currently .53 cents of the rate is used for debt service; that amount will increase to .70 cents in 2010 for debt service

Mr. Rogowski said that the \$300,000 balance in the Sewer Fund projected for 2010 does not take into account starting any other projects other than the SOM Center Road and Erie Road Pump Station and the River Street sewer project. There are \$7 million to \$8 million in projects remaining on the list.

Mrs. Manning asked about going out for regular rate increases. Mr. Rogowski said it has been the philosophy to ask for increases when something definite is needed, rather than scheduling regular increases.

Councilman Black asked how many years it would be before we would have to ask for another increase. Mr. Rogowski said this increase would take us to 2010, but it will depend on what projects have to be done and how frequent they have to be done.

Mr. Sayles explained that a study was done twenty years ago, which resulted in the River Street project, a portion of the city north of Rt. 2 was not studied because those sewers were new at that time. The River Street project is the last project eligible for a WPCLF loan. A new study of the city's entire system would cost between \$250,000 to \$500,000. This would include Eastlake. Mr. Sayles said this is called a Facilities Plan Update which involves flow monitoring throughout the system, plus an analysis of that flow monitoring. He will find out from EPA what the minimum effort to meet their criteria would be. He said that the cost of getting low interest loans is increasing and we need to determine if the low interest loans are saving the city money. Even without going after the loans, Mr. Sayles said he would recommend doing something because he needs more current flow information. The flow monitoring is now based on projections done in 1982. Mr. Rogowski said he plans on scheduling a meeting with OWDA to have this discussion.

Mr. Black asked if there was any advantage in increasing the rate .50 cents every 18 months, or increasing it incrementally .20 cents each year over the next eight years. Mr. Rogowski said that Capital projects are one issue. Another issue is that the work force is getting older. There will be \$40,000 in sick leave payoffs because of retirements next year which will be coming out of the sewer fund. Health insurance increases also have an impact, plus volume is going down. Mr. Rogowski said that in this year's budget he anticipated having the .50 cent increase the second half of this year in order to end with the fund balance projected.

Councilman Carr asked Mr. Rogowski if he had done any projections in regards to the debt service for the unfunded projects in 2009 and 2010. Mr. Rogowski said he has not, but if the city did the other \$7,000,000 in projects now, presuming that interest rates would remain constant, we would probably add \$560,000. If they were done over the next three years, at some point we would have a debt service exceeding \$1.1 million. Mr. Carr said if we looked at anticipated projects in 2009, 2010 and 2011, based on the anticipated debt service we might be able to determine a figure for each year to fund this debt service. Mr. Rogowski explained that he would not want to forecast what the rate would be in five years because of increased operation costs and unforeseen projects during that time.

Mrs. Manning summarized the discussion, saying that Council understands the need for the increase, but the question is what is the best way to go about it. The .50 cent increase is needed now to take care of the projects on the list. Council will discuss the rates again as the dynamics are changing.

Council President Ranally asked that Mr. Sayles be ready to discuss the possibility of a Facility Plan Update sometime in September.

Mr. Rogowski requested legislation to be prepared for the next meeting increasing the sewer rates to be effective after July 1, 2008.

The Finance Committee adjourned at 7:35p.m.

Date \_\_\_\_\_

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Karen Manning, Chairman

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Clerk of Council