



# City of Akron, Ohio

**DANIEL HORRIGAN, MAYOR**

May 29, 2019

Chairman Callender, Vice-Chairman Wilkin, Ranking Member Smith and members of the House Public Utilities Committee, thank you for allowing me to submit testimony in opposition to House Bill 163. For more than 100 years, generations of City of Akron residents invested in the creation, maintenance, and improvement of Akron's award winning drinking water utility system, which includes:

- A 72 million-gallon-per-day water treatment facility;
- Over 1,200 miles of distribution pipe;
- An elaborate array of sophisticated water quality and public health and safety measures;
- Multiple, pristine reservoirs; and,
- Thousands of acres of Akron-owned environmentally protected watershed property.

This massive commitment, valued in the hundreds of millions of dollars, was an investment of the citizens of Akron, with the primary purpose of benefiting those who call the City of Akron home. House Bill 163 jeopardizes the success of our water system.

Throughout the 1900's, Akron's neighboring communities discovered Akron's investment and began to recognize the value of Akron's water system to their citizens' welfare, human health, and economic prosperity. They desired similar infrastructure to serve their own citizens' needs, but the sheer magnitude of cost and regulatory responsibility to create their own water systems rendered that desire unrealistic. Subsequently, these communities aggressively pursued contractual agreements with Akron to allow their citizens to be served with Akron's most precious water resource. Akron obliged, and over time has entered into many drinking water supply agreements with neighboring communities.

The concept of Joint Economic Development Districts (JEDD's) was born in Akron, creating new avenues for economic development within the State of Ohio. The JEDD model was a unique one, and proved to be extremely beneficial for all communities involved. Under this model, Akron committed over 100 million dollars to extend water and sewer infrastructure into previously under-developed commercial and residential areas of neighboring townships. In doing so, the properties benefited significantly from the new utilities in exchange for income tax, which was shared between the townships and Akron. As part of the JEDD arrangement, Akron further committed to the neighboring communities to refrain from annexing any property from their communities, which ultimately allowed the townships to retain their unique identities and character. Further, the JEDDs created new business districts in the Townships and new and sophisticated utility distribution and collection systems that would be otherwise unobtainable. The JEDDs provided low water rates for district users and an income tax to which the townships would not otherwise be entitled. Although the JEDDs landlocked Akron, created new businesses and jobs outside of the City, and obligated Akron to service massive amounts of new infrastructure-related debt,

the benefit of continued, long-term income tax revenue and the modestly higher water rate charged to those customers outside the City will eventually make Akron whole. This arrangement has served as the basis for the majority of Akron's other long-term extra-territorial water customer agreements, with many of those agreements taking the form of municipal utility districts.

Although the water rates charged to neighboring communities are higher than those charged to Akron residents, these rates are comparatively low. However, these low rates are only made possible due to the contractually agreed-upon tax-sharing between Akron and its neighboring communities. By giving outside communities access to one of Akron's most valuable assets, Akron has, for decades, provided its neighbors with the highest quality water at a significantly lower cost compared to these communities having to produce and distribute drinking water on their own. Indeed, without the assets or expertise of those professionals running the Akron Water Department, many neighboring communities would receive lesser-quality water, and see soaring water rates as they would be forced to invest in their own water systems. These systems would require not only substantial infrastructure improvements, but also would necessitate continuing operation and maintenance costs. Most smaller communities simply could not afford to make this major investment. In addition, House Bill 163 would discourage large utilities like Akron from supporting Ohio EPA's regionalization initiative, which encourages small water operators to abandon their outdated systems and connect to larger, more advanced, systems. Simply put, there are a multitude of benefits associated with consolidating smaller, ad hoc systems into large utilities.

As drafted, House Bill 163 jeopardizes the functionality of the Akron water system and endangers multiple contractual and statutorily-prescribed relationships between Akron and its neighboring communities. This legislation is not right, it is not just or equitable, and it certainly is not in the best interests of the City of Akron and its neighboring communities. As the Mayor of the City of Akron, I will always fight for the interests of Akron residents, including opposing detrimental legislation. However, in this instance, I advocate for Akron, Summit County and as a fellow Ohioans. I strongly urge that you do not pass this legislation. This bill will not only result in dire financial consequences, but it will also decrease the quality and safety of drinking water across Ohio.

Thank you again for the opportunity to present testimony. If you have any questions or would like to discuss this legislation, please do not hesitate to contact me.

Daniel Horrigan  
Mayor, City of Akron