



OHIO MAYORS ALLIANCE

OPPOSITION TESTIMONY: OHIO HOUSE BILL 163

Chairman Callender, Vice-Chairman Wilkin, Ranking Member Smith and members of the House Public Utilities Committee, my name is Keary McCarthy and I am the Executive Director of the Ohio Mayors Alliance. As a bipartisan coalition of mayors in Ohio's largest cities and suburbs, we offer the following testimony in opposition to House Bill 163.

While we oppose this legislation, we understand that it is being offered in the interest of fairness and to attempt to reduce costs for residential water and sewer ratepayers. However, we believe that this bill will likely have the opposite effect and create less fairness and higher costs.

If a community offers water services to a neighboring jurisdiction without the ability to account for the added costs of expanding and protecting its system, it will create a no-win situation for residents in both the home community and the neighboring jurisdiction.

As you know, cities are not required to extend water services to neighboring communities. They do so because it is a policy that local-elected leaders determine is in the best interest of their residents, their neighboring community, and the metropolitan region as a whole. Furthermore, neighboring jurisdictions are not required to contract with communities for water services. They do so because it is often the most cost-efficient option for their residents.

Should the state begin to financially penalize cities for voluntarily offering water services to a neighboring jurisdiction, the home community will have one of two choices. The first, which is unlikely, would be to proceed with offering the neighboring jurisdiction water service, but to spread the cost of that service extension across its entire class of ratepayers. If this occurs, it could result in increased water rates for hundreds of thousands of Ohioans.

Local elected officials recognize that forcing their own residents to pay more for water and sewer rates to provide the same service at the same rate to non-residents is not feasible. Therefore, it is far more likely that cities simply will not accept the liability and the cost impacts conceived in this bill.

The second, and more likely outcome, is that cities will chose not to extend water service to neighboring jurisdictions. If this occurs, those neighboring jurisdictions would have fewer cost-efficient options for

affordable water services. This potential outcome is precisely why some communities that are receiving water services from larger cities opposed a similar measure in the previous general assembly.

The Central Ohio Mayors and Managers noted in 2017 that if Columbus is not able to provide service:

This will force our communities to spend enormous amounts of capital dollars on water tanks and pump stations and pay for the maintenance of these expensive facilities. Our members will also need to hire additional staff (or hire outside companies) to maintain lines, read meters, perform billing, and provide customer service. We simply don't have the resources to accomplish this, nor do we want to.

As we and others have stated throughout this discussion, it is a standard practice among water and sewer systems nationwide to maintain differential pricing among customer localities. These costs are estimated based on cost of service studies that factor in such things such as geography, population density and distance.

Lastly, we believe the changes outlined in this bill would have a negative impact on critical economic development opportunities. Cities and their regional partners understand that both transportation and water infrastructure are critical economic development tools. If there are better ways to ensure greater quality, affordability, and fairness with our regional partners, we will gladly contribute to that discussion. However, we do not believe this legislation accomplishes these goals.

Thank you for the opportunity to testify. And thank you for your thoughtful consideration of our concerns.