

House Bill 163
Proponent Testimony
House Public Utility Committee
January 29, 2020

Good morning Chairman Callendar, Vice Chair Wilkins, Ranking Member Smith and members of the House Public Utilities Committee. My name is Bob Kusmer and I am a Trustee for Ballville Township in Sandusky County. On behalf of the residents of my Township, I appreciate the opportunity to testify as a proponent of House Bill 163.

I am here to state the importance of not only regulate the surcharge, but the whole contract in general. The City of Fremont has a sanitary sewer agreement with Sandusky County that includes Sandusky Township to the north and Ballville Township to the south. The agreement affects approximately 2,800 households or about one third of the end users of the City's system. The City/County sewer agreement is a flat rate assessment to the county residents. The details of the City's contract is deceptive. Remember, we are required to connect into a sanitary sewer per EPA regulations and the City is the only source for treatment. The City knows they have control and has set the terms.

The surcharge for county residents is 30% higher than a city service charge for water and sewer. A second charge is an EPA charge of \$6.00 per city resident and \$7.80 for county resident. These service charges are based upon the estimated water consumption of cubic feet (CF) per month for an average customer. The figure the city has used to determine our rate as an average customer is 900 CF per month. Upon investigation of the city's actual average rate, it was found to be 560 CF before the year 2014. In 2014, the City had a rate increase which cause the average consumption usage for city residents to decrease to 430 CF per month.

The increase rate of 900 CF per the contract versus the actual average rate of 430 CF, is an increase of 108% in consumption we are being assessed. With the 560 CF, the increase is 61% higher than the average. County residents not only pay the high rate of consumption which is 61% to 108%, but the city will add the 30% surcharge on top. The rate that is paid by the county customer for their sanitary sewer verses the city consumer of both water and sewer is approximately 40% of the total revenue collected by the City of Fremont. These are households of older residents who are on a fixed income. In a lot of cases a single household, which may be widow or widower, have a usage less than the City's average of 430 CF.

In our negotiations with the city, discussions have begun for funding their future improvements. The City of Fremont wants to move funding for construction of the infrastructure from a capital improvement projects to service use improvements. This means that all water and sewer projects will come out of the utility billing instead of the capital improvement budget of the City. Therefore, county customers' monies will go for construction and rehabilitation of the City's water and wastewater infrastructure. This would include the City performing storm water separation from the sanitary sewer, since the City still has combined sewer systems. The

construction of these utilities will be in areas that would have no benefit to a county resident. The County's system is completely separate and isolated from infiltration of storm water. The City will raise more money for their improvements via the sewer charges that will increase rates on the entire customer base, not to mention the additional surcharge the county customer must pay. The City is looking at the county consumer as nothing more than an additional funding source for their projects.

The inequality county resident faces is appalling because of the monopoly a city has on the sanitary sewer system. A system that is required by EPA and the residents were forced to connect. Municipalities should not be allowed to leverage these high rates through surcharges and contracts that generate additional hidden cost. Our townships in Sandusky County strongly support House Bill 163 to create a fair and equitable solution. We urge your support and consideration for the Bill.

Thank you Mr. Chairman for the opportunity to testify and I would gladly answer any questions you and the committee members may have.

Exhibit A

**AGREEMENT BETWEEN
CITY OF FREMONT AND COUNTY OF SANDUSKY**

THIS AGREEMENT is made and entered into as of January 1, 2016, by and between the City of Fremont, Ohio, by its Director of Public Service and Safety and its Mayor, duly authorized on its behalf by an ordinance heretofore passed by its Council, hereinafter referred to as the "City," and the County of Sandusky, Ohio, by at least two of its County Commissioners, duly authorized on its behalf by a resolution heretofore adopted by its Board of County Commissioners,.....

**EXHIBIT E
CITY CONTRACT CHARGES**

As set forth in Section 7, the City of Fremont may impose upon and collect from County Service Area Users a City Contract Charge, being a charge for the use of the City's sanitary facilities. The City Contract Charges applicable from time to time to County Service Area Users are to provide amounts for the City's costs of operation, maintenance and replacement of its sanitary facilities, including its cost of billing and collection, and debt charges related to those facilities and are rates to be determined by the City Council and computed, billed and collected as set forth in this Exhibit E.

1. Until the Switchover Date, the City will be responsible for billing and collecting a monthly City Contract Charge applicable to Unmetered Customers in the County Service Area that is equal to the sum of:
 - (I) The City's established sewer service charge rate for similar users within the City; plus
 - (II) An EPA charge per connection based on minimum meter size **(\$6.00)** per City ordinance; plus
 - (III) A Surcharge for such users not within the City equal to **30%** of the sum of (I) plus (II).

The Parties acknowledge that Equivalent Single Family Units (ESFUs) are intended to approximate the usage by a typical single-family dwelling in a one month period.

Illustration:

Based on the City's sewer service charge of \$45.89 per month for similar unmetered users within the City, determined using the City's estimate of **900 CF of water consumption** per month being equivalent to the use of one ESFU and its charges of \$5.27/100 CF for the first 200 CF and \$5.05/100 CF thereafter effective January 1, 2016, the City Contract Charge for Unmetered Customers equivalent to one ESFU effective upon the date of execution of this Agreement would be: