



City of Akron, Ohio

DANIEL HORRIGAN, MAYOR

Opponent Testimony on House Bill 422 Daniel Horrigan, Mayor, City of Akron

March 2, 2022

Chairman Wiggam, Vice Chairman John, Ranking Member Kelly and members of the House State and Local Government Committee, my name is Daniel Horrigan, and I am the Mayor of the City of Akron. I appreciate the opportunity to submit written testimony in opposition to House Bill 422 and explain why this legislation would negatively impact the utility customers of the City of Akron and customers of other cities across the state. While Akron understands this legislation is intended to address perceived unfairness that leaves landlords responsible for unpaid utility services, the result of this legislation would necessarily require substantial service cost increases that would be borne by ratepayers - thus creating an unintended and more inequitable result. With this in mind, Akron respectfully requests that the committee take no action to advance House Bill 422, in its current form, to allow for additional discussion.

Akron provides clean, safe, and reliable utilities, including drinking water, sanitary sewer, and refuse disposal, at an affordable rate to approximately 85,000 customers both within the City of Akron and the surrounding area. Akron is home to an over 100-year-old 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.

House Bill 422 seeks to make a number of unnecessary, burdensome, and inequitable changes to well-established utility billing and service practices, while at the same time creating new, onerous requirements for the recovery of unpaid water service charges. Moreover, House Bill 422 violates Akron's local Home Rule Authority, as noted by the Legislative Services Commission in their bill analysis, by effectively hindering the City's constitutional authority to own and operate its utilities.

House Bill 422 takes away a critical means to collect unpaid water bills, by limiting a city's ability to place a lien on a property owner for a property's unpaid utilities. As noted by the bill sponsors, this is in an attempt to avoid instances where a municipal utility contracts directly with a tenant (not the landlord/owner) to provide the tenant services and later assigns a lien to the landlord/property owner who may not be informed of the tenant's unpaid city utilities. However, because the City of Akron

exclusively enters into water, sewer, and refuse disposal contracts with landowner/property owners, not tenants, this situation does not occur in Akron. We send invoices to both the landlord/owner and the tenant, and therefore the landlord/owner is always aware of the outstanding utility bill, and whether the outstanding bill is or is not being paid. Landlords are simply better positioned either to pay the bill they are contractually obligated to pay, or to recoup monies owed from their tenants.

In addition, House Bill 422 creates needless challenges for a city to certify a lien in an amount greater than the “termination amount,” or the amount that results in termination under a municipality’s regulations. Akron’s termination amount is \$105.00. In a scenario where a landowner’s water bill is greater than that amount, the city cannot establish a lien on the property without first satisfying one of four new criteria to rebut this newly created presumption. This unnecessary and impractical new process will lead to an increase in unpaid services at the expense of ratepayers who are already unduly burdened by the costs of a \$1 billion federal combined sewer overflow consent decree. No matter the amount owed by a property owner, the City should be able to collect the total outstanding balance for services already rendered, which is consistent with Akron’s contractual rights and which are fundamental to the continued operation of the utilities themselves.

House Bill 422 also mandates that a city investigate and resolve every water, sewer, and refuse complaint received within ten days, or in the alternative, provide a progress report once every five business days until resolved. This is an arbitrary requirement with an unrealistic timeline, particularly given the tens of thousands of customers we serve. We take pride in the services we provide and swiftly handle legitimate complaints with care and consideration.

Further, House Bill 422 creates a new government process through the Environmental Review Appeals Commission whereby a consumer would have the right to initiate immediate litigation the moment their complaint is not resolved to their satisfaction. Injecting the state squarely in the middle of Akron’s contractual relationship with its customers without consideration for the remedies and processes already in place, is not only government bloat, it is government waste.

Finally, House Bill 422 makes it more difficult for municipalities to track unpaid charges between residential properties, as tracking unpaid amounts owed would only be permitted after services provided to the consumer are terminated at the prior residential property and new utility services have been established at another residential property. This legislation would effectively prevent cities from efficiently transferring delinquent balances and collecting the same from individuals so long as new utility accounts were opened by spouses, dependents, or other cohabitants. This type of unintended result is why it is important to continue discussions on House Bill 422.

While we are proud of the services we provide, including our award-winning drinking water system, it is impossible to provide safe, reliable, and affordable services to our residents, businesses, and other customers if we cannot recover unpaid utility bills and cannot efficiently manage our utility. As such, we oppose House Bill 422 as written and ask that you do not advance this bill so that we can more fully engage residents, organizations, and communities impacted by this legislation and further evaluate potential unintended consequences to residents across the state of Ohio.

Please feel free to reach out to me if you would like to discuss ideas and alternative options.

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