

# Water & Sewer Rate Q & A

**I pay 2% in income tax out of my paycheck to the city, why doesn't that cover the additional water and sewer costs?**

Even though you pay a city income tax, those funds cannot be used for water and sewer services. Government-run water and sewer systems must operate under a proprietary fund, which means they must be self-sustaining through the fees charged to customers. These fees cover operational costs, infrastructure improvements, repairs, and employee wages. Tax revenue, including your city income tax, is allocated to other public services like police, fire, and streets, but it cannot be used to fund water and sewer operations.

**Why was another increase necessary, when we had one last year?**

Water and sewer services operate under proprietary funds, meaning they must be self-sustaining through customer fees. As costs continue to rise due to inflation, infrastructure maintenance, and necessary repairs, rate increases are required to keep the system financially stable. Additionally, because the city remains in fiscal emergency, the recovery plan filed with the Ohio State Auditor includes scheduled annual increases to fee-based services over the forecast period to help restore financial stability.

The Auditor of State requires 3 months of reserve funds in these proprietary funds before the city can be released from Fiscal Emergency,

**I pay a water and sewer bill every month, why do I get another bill once a year just for storm sewer?**

Fostoria was ordered by both the State and Federal EPA to reduce combined sewer overflows by separating our storm water from wastewater or by other means. This annual charge is used to pay on the debt incurred to meet this mandate.

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## How does Council determine rate increases?

Council does not vote on water rate increases. Projected increases are outlined in the Fiscal Recovery Plan and filed with the Ohio Auditor of State as required under the city's Fiscal Emergency status. Actual rate adjustments are determined using data such as anticipated repairs, EPA compliance requirements, supply costs, employee costs and the required carryover in each fund.

Council does, however, approve sewer rate increases. These rates are proposed by the Finance Director using the same collaborative approach as water rates.

## These water and sewer bills seem high. Is there a cheaper way to get water and sewer services?

When City Council was asked to approve “per unit” sewer rates in 2024, the Finance Committee sought to compare costs with neighboring communities. However, due to differences in calculation methods, making a direct comparison was challenging. Instead, we consulted the Ohio Water Development Authority (OWDA), which provided data from the 2022 Loan Surveillance Filing on average monthly residential sewer bills in nearby communities.

This data was presented at the June 18, 2024, Council meeting before the vote. While one city, Tiffin, has outsourced its water and sewer services, it reported the highest average sewer bill among the listed communities. Though this information offers insight into regional rates, it cannot be used to set local rates due to the rules governing proprietary funds.

### 2022 Self-Reported Average Residential Sewer Bill

- **Tiffin:** \$92.54
- **Upper Sandusky:** \$54.00
  - **Fremont:** \$32.11
  - **Fostoria:** \$28.94
- **Bowling Green:** \$19.99

*(Data was only available from communities with an outstanding OWDA loan and required to self-report.)*