

CITY OF
ESTABLISHED 1811



The effect on the
City Utility Department
due to the WestRock closing

QUESTION?

- HOW MANY OF YOU HAVE A MINIMUM WATER BILL OF OVER \$10.00?

QUESTION?

- HOW MANY OF YOU HAVE A LARGE USER THAT MAKES UP MORE THAN 1/4 OF YOUR TOTAL USAGE?

COSHOCTON



IN OEPA SOUTHEASTERN DISTRICT

COSHOCTON FACTS

- THE CITY IS THE COUNTY SEAT
- POPULATION OF 11,500
- WE ARE AN APPALACHIAN COUNTY
- **ESTIMATED PER CAPITA INCOME IN 2013: \$21,365**
- **51% OF THE CITY IS LMI**

WATER TREATMENT PLANT



- **IN 1999 WE FACED AN EPA MANDATE TO PROVIDE AN ADDITIONAL 5 MGD**
- **A GROUND WATER PLANT RATED AT 15MGD WITH 9 WELLS**
- **WE TREAT WITH LIME SODA, FLUORIDE, CO₂, ALUM, CL₂ (GAS), SODIUM HEXOMETAPHOSPHATE.**

CUSTOMER BASE

- **5,781 TOTAL CUSTOMERS**
- WE HAD A GRADUATED 6 TIER RATE STRUCTURE
- ONLY ONE CUSTOMER REACHED THE 6TH TIER (WESTROCK)
- **49.6% OF THE CITY CUSTOMERS USE THE MINIMUM OF UP TO 2,745 GALLONS**
- WE ARE AN INDUSTRIAL CITY THAT INCLUDES USERS SUCH AS
 1. KRAFT FOODS
 2. MCWANE DUCTILE
 3. ORGANIC TECHNOLOGIES
 4. COSHOCTON COUNTY MEMORIAL HOSPITAL
 5. SAN CAST
 6. BAIRD CONCRETE
 7. ANIN FLAG
 8. BUCKEYE FABRIC
 9. BUCKEYE BRINE

2015 RATE STRUCTURE

City of Coshocton - Proposed Water Utility Rates with Consolidated Systems

C. Residential, Commercial, Industrial

Inside Monthly

Existing Tier System			2013 Rates	2014 Rates	2015 Rates	2016 Rates	2017 Rates	2018 Rates
First	367 CF per Month	Minimum Charge	\$10.50	\$10.92	\$11.36	\$11.81	\$12.17	\$12.53
Next	300 CF per Month	per 1,000 CF	\$23.12	\$24.04	\$25.01	\$26.01	\$26.79	\$27.59
Next	2,667 CF per Month	per 1,000 CF	\$22.31	\$23.20	\$24.13	\$25.10	\$25.85	\$26.62
Next	830,000 CF per Month	per 1,000 CF	\$15.84	\$16.47	\$17.13	\$17.82	\$18.35	\$18.90
Next	833,333 CF per Month	per 1,000 CF	\$11.79	\$12.26	\$12.75	\$13.26	\$13.66	\$14.07
Over	1,666,667 CF per Month	per 1,000 CF	\$8.27	\$8.60	\$8.94	\$9.30	\$9.58	\$9.87

Outside Monthly

Existing Tier System			2013 Rates	2014 Rates	2015 Rates	2016 Rates	2017 Rates	2018 Rates
First	367 CF per Month	Minimum Charge	\$15.76	\$16.39	\$17.05	\$17.73	\$18.26	\$18.81
Next	300 CF per Month	per 1,000 CF	\$34.64	\$36.03	\$37.47	\$38.97	\$40.13	\$41.34
Next	2,667 CF per Month	per 1,000 CF	\$33.45	\$34.79	\$36.18	\$37.63	\$38.76	\$39.92
Next	830,000 CF per Month	per 1,000 CF	\$23.76	\$24.71	\$25.70	\$26.73	\$27.53	\$28.35
Next	833,333 CF per Month	per 1,000 CF	\$17.68	\$18.39	\$19.12	\$19.89	\$20.48	\$21.10
Over	1,666,667 CF per Month	per 1,000 CF	\$12.36	\$12.85	\$13.37	\$13.90	\$14.32	\$14.75

*North Corridor customers will continue to pay debt service surcharge of 10%

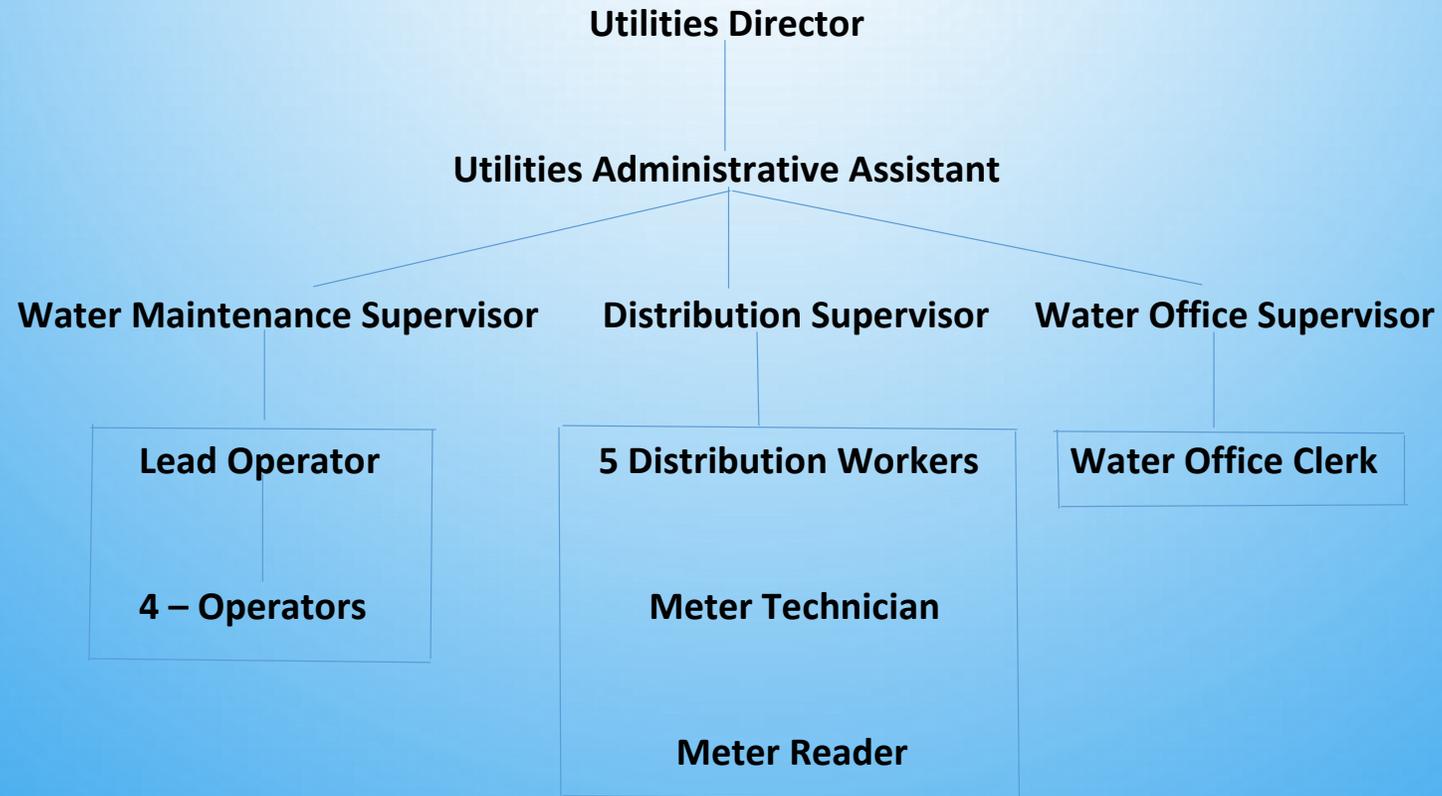
2015 WATER FINANCES

- **BUDGET OF \$3,524,500**
- **INCOME OF \$2,769,707**
- **CARRY OVER OF \$1,194,820**

***** PURCHASED A NEW JET TRUCK, REPAINTED PLANT. *****

2015 WATER STAFFING

WATER CHAIN OF COMMAND



WESTROCK



WESTROCK

- **150 YEAR OLD PAPER MILL PLANT**
- PLANT MERGER TO FORM WESTROCK IN JANUARY 2015
- 225 EMPLOYEES
- USED 3 MGD OF TREATED WATER
- **OWNED THEIR OWN WASTEWATER TREATMENT FACILITY**
- REQUIRED A HARDNESS OF <125 MG/L

CLOSING ANNOUNCEMENT

- OCTOBER 16TH 2015 ANNOUNCED CLOSING!!!
- COSHOCTONIANS REMEMBER WHERE THEY WERE THE DAY OF ANNOUNCEMENT.

WHAT ARE WE GOING TO DO?

- **OUR CUSTOMERS ARE STILL PAYING FOR A \$10,000,000 EXPANSION FROM 1999**
- **WITH THE LOSS OF OTHER INDUSTRY OUR PRODUCTION HAD DECREASED FROM 10 MGD TO 6 MGD, WESTROCKS ANNOUNCEMENT WAS GOING TO DECREASE PRODUCTION FROM 6 MGD TO 3 MGD.**
- **THE CITY HAD JUST COMMITTED TO PURCHASE THE COUNTY UTILITY LINES THAT WERE CONNECTED TO THE CITY'S. THIS WAS A \$2,000,000 COMMITMENT.**
- **WE WERE ALREADY IN THE 2ND YEAR OF A 5 YEAR RATE INCREASE.**
- **PRELIMINARY NUMBERS SHOWED AN INCREASE IN RATES NEEDED TO SUSTAIN CURRENT OPERATIONS WOULD BE 48%.**

MAYOR STEVEN MERCER



MAYORS OBJECTIVES

- **STAY POSITIVE “THIS WILL NOT DEFINE US AS A CITY”**
- **STAY IN CONTACT WITH WESTROCK PERSONNEL**
- **EVALUATE EVERY OPTION FOR COST SAVINGS**
- **AVOID RATE INCREASES**

WHAT WE THOUGHT WE KNEW

- **OUR PRODUCTION WAS GOING TO BE CUT IN HALF**
- **WE WERE GOING TO LOSE \$1,200,000 IN YEARLY REVENUE**
- **THIS WAS GOING TO BE DEVASTATING TO THE WATER UTILITY**
- **THERE WOULD BE A LOSS OF CITY JOBS**
- **WE WOULD NEED TO ELIMINATE THE SOFTENING PROCESS**
- **A DEFINITE RATE INCREASE WAS TO COME**
- **A RIPPLE EFFECT ON OTHER BUSINESSES WOULD CREATE AN ADDITIONAL SHORTFALL.**

TREATMENT OPTIONS

“TO LIME OR NOT TO LIME”

THIS BECAME THE QUESTION, AND ONE THAT WE SPENT A LOT OF TIME ON. OUR RAW HARDNESS WAS 220 MG/L. THERE WERE SEVERAL DISCUSSIONS HELD TO DETERMINE IF WE COULD REDUCE THE LEVEL OR ELIMINATE SOFTENED WATER. WE DECIDED TO POLL OUR MAJOR INDUSTRIES FOR THEIR REQUIREMENT OF HARDNESS. IT BECAME APPARENT THAT A HARDNESS OF BETWEEN 90 AND 120 MG/L WAS DESIRABLE TO OUR EXISTING LARGE USERS. THE HOSPITAL NEEDED SOFT WATER FOR THEIR BOILER, KRAFT FOODS BASED THEIR UPCOMING EXPANSION ON EXISTING WATER HARDNESS, THIS EXPANSION WILL CREATE 400 JOBS. ALSO VERY FEW RESIDENTS IN COSHOCTON HAVE WATER SOFTENERS.

IT BECAME APPARENT THAT THE ANSWER WAS “TO LIME”.

MOVING FORWARD

- SINCE WE HAD MADE THE DECISION TO LIME OUR CUTS WOULD NEED TO COME FROM ELSEWHERE.
- WE STARTED BY ELIMINATING COSTS NOT ASSOCIATED WITH ACTUAL TREATMENT.
- WE FELT WE NEEDED TO SHOW OUR RESIDENTS THAT WE WERE FACING DIFFICULT CUTS AS WELL.
- IT WAS APPARENT AT THIS POINT THAT THERE WOULD BE CUTS IN PERSONNEL AS WELL AS AN INCREASE IN RATES

2014-15 WESTROCK WATER USAGE

Date	Westrock Income	Westrock Gallons billed	Total Water Income	Total Gallons Billed	% of income	% of billed usage
Total 2014	\$1,114,790.32	872,924,228	\$2,606,425.94	1,276,547,788	43%	68%
Jan-Oct 2015	\$920,921.89	695,026,640	\$2,083,027.25	994,944,092	44%	70%

PROJECTED INCOME

- WITHOUT WESTROCK \$1,549,473.70

CUTS

UPON UPDATING THE MAYOR OF CURRENT PROJECTIONS, HE REITERATED HIS OBJECTIVE OF NOT RAISING RATES. HE REQUESTED WE EXPLORE EVERY AVENUE POSSIBLE WITHOUT USING RATE INCREASES.

WE EXPLORED EVERY VIABLE OPTION FOR WAYS TO REDUCE EXPENSES.

- IN REDUCING THE PRODUCTION WE KNEW VARIABLE COSTS SUCH AS ELECTRIC, CHEMICALS, SLUDGE HAULING COULD BE CUT.
- WE ESTIMATED A MODEST 30% IN REDUCTION FOR THESE.
- WE ALSO FACED MAJOR CUTS TO THE PORT AUTHORITY, ADMINISTRATION FEES AND CAPITAL IMPROVEMENTS
- LOSS OF 1 OPERATOR AND 2 DISTRIBUTION WORKERS

2016 PROJECTED WATER DEFICIT WITH EXPENSE AND STAFFING CUTS WITHOUT RATE INCREASES

2016 APPROPRIATED EXPENSES	\$2,042,100.00
PROJECTED INCOME	\$1,549,473.70
DEFICIT	(\$492,626.30)

NEXT STEP

- **AFTER EVALUATING THAT CUTS WERE NOT GOING TO BE ENOUGH, IT WAS DETERMINED THAT A RATE INCREASE WAS INEVITABLE.**
- **A 34% INCREASE ON TOP OF THE 4% IN JANUARY OF 2016 WAS NEEDED IN ORDER TO MEET EXPENSES.**

SELLING COUNCIL ON AN ADDITIONAL 34% INCREASE

- WE BEGAN BY ASKING A FORMER COUNTY COMMISSIONER/INCOME TAX ADMINISTRATOR TO HELP VERIFY OUR NUMBERS.
- AFTER VERIFICATION WE DECIDED A 34% INCREASE EQUALED \$4.02.
- WE DECIDED TO PROMOTE THE TOTAL PROPOSED INCREASE FROM 2015 TO 2016 WHICH INCLUDED A 4% INCREASE TOTALING 38%, ALONG WITH A 6% SEWER INCREASE AS A DOLLAR AMOUNT RATHER THAN A PERCENTAGE.
- COMBINED THE UTILITY BILL INCREASED BY \$5.36.

SELLING THE NEED OF AN INCREASE TO COUNCIL

- **WE WANTED TO ASSURE CUSTOMERS THAT “CURRENT TREATMENT WOULD REMAIN THE SAME” (WE CHOSE NOT TO USE WORDS LIKE WATER QUALITY OR CHARACTERISTICS OF WATER).**
- **WE ALSO KNEW THIS WAS OUR FIRST OPPORTUNITY TO GET THE INFORMATION TO THE NEWS MEDIA THEREFORE WE WANTED TO MAKE SURE WE WERE SENDING THE MESSAGE WE WANTED OUR CUSTOMERS TO HEAR. WE FELT THAT THE \$5.36 INCREASE WAS MORE IMPORTANT INFORMATION THAN 38%.**
- **WE FELT THAT IT WAS IMPORTANT TO SHOW COUNCIL AND THE PUBLIC THAT THE UTILITY WAS FEELING THE EFFECTS AS WELL. (DECREASE IN PERSONNEL, OVERTIME CUTS AS WELL AS BUDGET CUTS)**
- **IN DECEMBER COUNCIL WAS MADE AWARE OF THE NEED TO PASS AN ORDINANCE WITH AN EMERGENCY CLAUSE AS THE PROJECTED EXPENSE TO INCOME WAS BASED ON A FULL YEAR.**

COUNCIL

- COUNCIL REFUSED TO PASS EMERGENCY AND ALLOW 3 READINGS FOR PUBLIC INPUT.
- **WE HAD APPROXIMATELY 12 PEOPLE SHOW UP FOR 3RD READING. TO OUR SURPRISE HALF WERE IN FAVOR OF THE INCREASE UNDERSTANDING THE POSITION THE CITY WAS IN.**
- MOST OF THE OPPOSING CITIZENS WERE MISINFORMED THAT THE TOTAL BILL (WHICH INCLUDED SEWER, TRASH, DEBT REDUCTION AND STORMWATER) WAS GOING UP 34%. WE EXPLAINED THAT ONLY THE WATER PORTION WAS INCREASING WHICH SEEMED TO EASE THEIR CONCERNS.
- ON FEBRUARY 29TH THE ORDINANCE WAS APPROVED TO TAKE EFFECT MARCH 1ST.

COUNCIL

- OUR ORIGINAL PROJECTIONS WERE BASED ON A YEARS WORTH OF LOSS TO INCOME.
- WITH COUNCILS 3 READINGS OUR INCOME WOULD NOT START UNTIL MARCH 1ST WHICH WOULD NOT BE REALIZED UNTIL MAY. (BILLINGS ARE IN ARREARS)
- THE MAYOR AND COUNCIL WAS ADVISED OF THE SHORTFALL IN THE LOSS OF INCOME.
- **THE MAYOR WOULD NOT SUPPORT AN ADDITIONAL INCREASE TO COVER THIS LOSS FROM JANUARY TO MAY.**
- **THE CARRY OVER WOULD BE EXPECTED TO COVER THIS SHORTFALL.**

COUNCIL

- COUNCIL CHOSE TO HIRE RCAP (RURAL COMMUNITY ASSISTANCE PROGRAM) TO VERIFY AND PERFORM A 5 YEAR PROJECTION.
- THIS WAS NOT UNANIMOUS BY ALL OF COUNCIL AS SOME FELT IT WAS AN UNNECESSARY COST TO THE UTILITY.
- ON APRIL 18TH RCAP GAVE A PRESENTATION TO COUNCIL EXPLAINING WE “WERE ON POINT WITH OUR PROJECTIONS”.
- A 3.5% ANNUAL INCREASE WAS RECOMMENDED BY RCAP OVER THE NEXT 5 YEARS.
- COUNCIL HAS NOT ACTED ON THIS RECOMMENDATION.

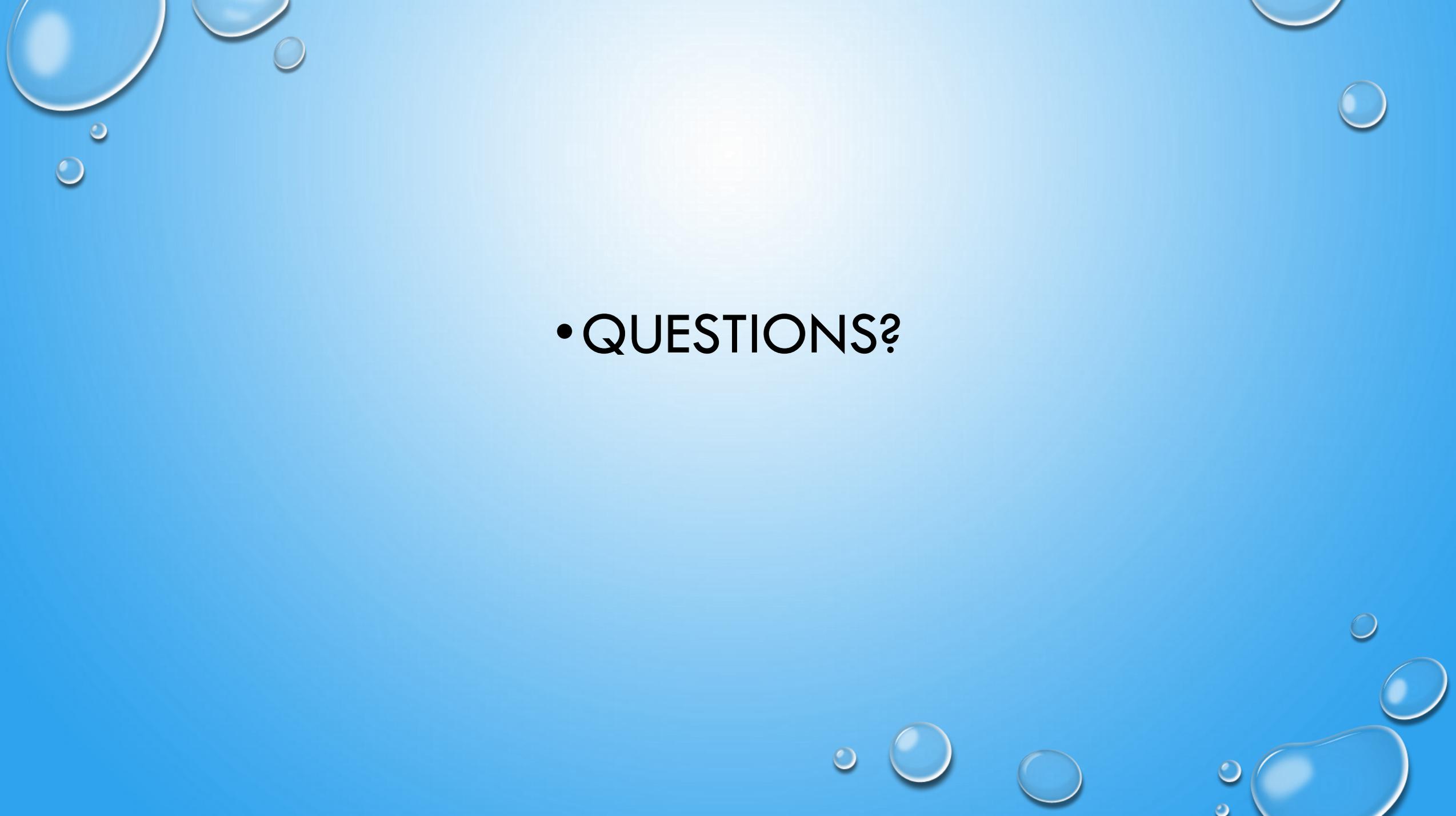
CONCLUSION

- THIS BECAME A VERY CHALLENGING 5 MONTH PROCESS.
- THE UTILITY DEPT. LOST;
 1. 3 PERSONNEL
 2. 1.4 MILLION IN BUDGET CUTS
 3. OPERATOR OVERTIME
- CUSTOMERS FACED A \$5.36 INCREASE
- IMPLEMENTED A 3 TIER RATE STRUCTURE

- WE FELT WE MET THE GOALS TO SUSTAIN THE NEEDS OF OUR END USERS.
- CONSIDERATION FOR PURCHASE AND MAINTENANCE OF A WATER SOFTENER FAR EXCEEDED \$5.36 A MONTH.
- WE CONTINUE TO MONITOR MONTHLY TO INSURE THAT WE ARE ON COURSE TO MEET THE EXPENSE TO INCOME PROJECTIONS.
- **THE 3 TIER RATE STRUCTURE HAS ALLOWED FOR MORE ACCURACY IN PROJECTING INCOME.**
- **OVERALL THERE HAS BEEN VERY LITTLE PUBLIC NEGATIVITY AND OUR AVERAGE DELINQUENCY HAS NOT INCREASED.**
- **WE REMAIN IN THE BOTTOM HALF OF THE STATE IN WATER RATES.**
- **OUR CURRENT WATER RATE FOR 2,745 GALLONS IS \$15.83**

THINGS WE LEARNED

- **BETTER COMMUNICATION WITH THE CITIZENS. (SOCIAL MEDIA)**
- BE PREPARED FOR THE WORSE!!! WHAT IF YOUR BIGGEST USER LEAVES?
- DON'T BE AFRAID TO ASK FOR HELP. (USE OUTSIDE SOURCES)
- BE PREPARED TO MAKE THE TOUGH DECISIONS.
- **STAY POSITIVE** (THIS WAS HUGE IN KEEPING EVERYONE FOCUSED IN THE PROCESS OF MAKING THOSE TOUGH DECISIONS)

The background is a solid light blue color. It is decorated with several realistic water droplets of various sizes, scattered primarily in the top-left and bottom-right corners. The droplets have highlights and shadows, giving them a three-dimensional appearance.

• QUESTIONS?