



WADE KAPSZUKIEWICZ
MAYOR

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July 19, 2018

Dear Council member:

The attached draft resolution would place before the voters proposed changes to the City of Toledo Charter that would create a Regional Water Commission. The changes also would establish rules related to setting water rates and reviewing the water utility's capital-improvement program.

The proposed resolution will be before City Council at its agenda review meeting on July 24, 2018. It is my understanding that Council will conduct a public hearing at 5 p.m. August 2.

Proposed changes to the Charter must be approved by at least a two-thirds vote of Council members before being presented to the people for their consideration. The proposed change must be voted upon at the next regular municipal election if one shall occur not less than 60 days nor more than 120 days after Council passes the resolution. The next municipal election occurs on Nov. 6, 2018.

If approved by voters, the information below discusses how the Regional Water Commission would operate, as well as some of the rate-setting issues the Commission will address.

1. The City of Toledo and its partner communities will establish a Regional Water Commission composed of utility directors (or equivalent positions) from the partner communities. Each contract community would have one water-utility representative, while Toledo would have two.
2. The City of Toledo's Department of Public Utilities would provide the information necessary to the Commission members to make their rate recommendations.
3. The Regional Water Commission would make rate recommendations by a majority vote. The recommendations would go into effect unless rejected by a

4. vote of three-fourths of Toledo City Council members. If Toledo City Council fails to act on the Commission's rate recommendation within 30 days, the recommended rate would go into effect.
5. The Commission also will review the Capital Improvement Budget of the City's water utility and may submit any amendments it deems necessary for the efficient and effective operation of the water utility to the Clerk of Council. So long as the cost of any proposed capital expenditures are supported by the existing and projected water rates of the City, the Clerk of Council shall incorporate an amendment into an ordinance to be placed on the Council's next agenda. Council shall act on the ordinance within 45 days of the Clerk placing the ordinance on the Council's agenda. If Council does not reject the ordinance within 45 days after it is placed on the agenda, the ordinance will be deemed to have been passed.
6. In making its rate recommendations, the Regional Water Commission will take into consideration the following (and non-exhaustive) factors:
 - A. Toledo's 2,000 cf minimum per quarter billing, and the impact of lowering that minimum.
 - B. Rate equalization phased in over a period of years.
 - C. The funds necessary for capital improvements, and for the repair and replacement of infrastructure.
 - D. The impact of discounted rates offered to seniors.
 - E. Lead-line replacement to customers' homes.
 - F. A low-income customer rate program to be incorporated in the Toledo Municipal Code.
7. Initial rate tiers will be set as contemplated below:
 - A. Retail rate – The City of Toledo and Lucas County would pay a retail rate that will charge 100 percent for the cost of plant operations, operation and maintenance of the distribution system, portions of the distribution system's capital-improvement program costs, billing, meter reading, and customer service.
 - B. Wholesale rate – Master-meter customers would pay a wholesale rate. This rate will charge a rate similar to the retail rate minus meter reading, customer service, billing, and portions of the distribution system capital-improvement program costs. The contract communities determine their own retail rates.

C. High-volume rate – Toledo high-volume customers will pay a rate based on a threshold of usage that has yet to be determined.

8. The City of Toledo would offer long-term uniform contracts to partner communities that will include a provision that addresses renewal.

I believe we all should be proud that after years of debate and discussion it is the City of Toledo that is taking action to create a regional water system. We are leading by example. This plan provides affordable and reliable rates, offers our partner communities a role in setting rates and planning capital improvements, and saves our community literally hundreds of millions of dollars. That is true regionalism, and history will judge us kindly for taking this bold and historic action.

Please feel free to contact me should you have any questions.

Sincerely,


Wade Kapszukiewicz