

Sewer rate hike: Something can be done

The proposed 69 percent increase for Buckeye Lake Sewer District customers has been called, among other things, “unaffordable and unreasonable.” While the huge increase certainly will be unaffordable for some residents, unfortunately it doesn’t make any difference. The sewer district has been violating its permit for years, primarily by dumping untreated sewage mixed with storm water in the South Fork of the Licking River. Its violations attracted the attention of US EPA. Typically violations are handled at the state level by Ohio EPA. US EPA issued orders against Licking County, owners of the district, in December 1994. Yes, you read right – 12 years ago.

The district’s continuing violations resulted in a Consent Decree with US EPA and Ohio EPA that was signed by Commissioner Marcia Phelps nearly two years ago. That consent decree levied a fine of \$37,500 each from US EPA and Ohio EPA for a total of \$75,000. It also set a deadline of 12/1/07 for treatment plant improvements to be completed. That deadline has been extended by five months due to delays in getting a permit-to-install for the improvements.

Contracts totalling nearly \$10 million were awarded last April for a treatment plant expansion that will increase capacity from 1.2 million gallons per day to 2.0 million gallons per day. The construction project is about 35 percent complete and on-track to be completed early next year. Much of the current plant will be replaced.

The plant had to be built. The county faces stiff stipulated penalties for failure to meet deadlines set in the consent decree. Rates must be increased to pay for the new plant. However, that doesn’t justify the proposed rate increase that totals 115 percent by 2012.

The district’s consultants, in a report completed last June after the permits were received and bids awarded, recommended a sewer rate increase effective January 1, 2007 “of a minimum of \$13.00/EDU-Month for 2007.” (An EDU means a single home). That report also said “legislation should be enacted to enable Licking County to seek annual increases of up to 5% per year.” That’s still a big jump of 45 percent this year and an overall increase of 85 percent (at the maximum increase of 5 percent a year) by 2012. Even so, your county commissioners want to take \$575 more than their own consultant recommended out of YOUR pocket over the next six years. That’s nearly \$100 a year.

Why? That’s a good question and one we hope customers will be asking county commissioners at every opportunity.

Actually, it gets worse. The consultant’s recommendation was based on an annual debt payment of approximately \$800,000 while the district’s projection, even at a high interest rate, is \$675,000 a year. That’s a \$125,000 reduction that translates to approximately \$28 a year savings for the average customer.

It still gets worse. Commissioners plan to finance the expansion project by issuing revenue bonds. A review of their meeting minutes for the past two years fails to find ANY discussion of other alternatives. The Village of Hebron is finishing a \$14 million expansion of its wastewater treatment plant. Thanks to the efforts of village officials, it is being financed with a \$14 million Water Pollution Control Loan Fund loan at ZERO percent interest. Their efforts are saving Hebron customers some \$8-10 MILLION in interest costs over the term of the loan.

The Buckeye Lake Sewer District can’t qualify for a zero percent loan due to the number of its customers, but could qualify for a ONE percent loan. ONE percent interest would save customers more than \$8 MILLION compared to the district’s estimated interest expense over the 30 year term of the loan. That works out to an additional savings of \$60 per customer per year.

The district would have to meet some population and median family income requirements and it might be close. But in any case, it would qualify for the program’s standard rate of 3.25 percent interest which still saves customers nearly \$4 MILLION over 30 years. That’s still a \$30 per year savings per customer.

So why is the district projecting a 4.98 percent interest rate for revenue bonds? The district didn’t apply for anything at Ohio EPA which administers the Water Pollution Control Loan Fund, Director Ken Salsberry told some Buckeye Lake customers at Monday’s commissioners’ meeting. “That wasn’t an option that our engineer presented us,” he explained.

It took this writer about 30 minutes on the Internet to get all the program details. The district’s consultants and county officials have apparently forgotten who they are supposed to serve. Hebron customers get ZERO interest and Buckeye Lake customers get about 5 percent. We have not been well served by the consultants or our elected commissioners who are ultimately responsible for how they spend our taxes and sewer service payments.

There could be a happy ending if our commissioners step up and take responsibility. In a detailed conversation Tuesday with Greg Smith, Chief of Ohio EPA’s Division of Environmental and Financial Assistance, this writer learned that our district could still finance the plant with a Water Pollution Control Loan Fund loan, with the possibility of ONE percent interest. The entire \$400 million available for 2007 was awarded late last year. Every qualifying project, that had the necessary permits in place, was funded. The shortsightedness of our consultants and commissioners may have cost us dearly – \$4 MILLION or so.

Only about \$250 million will be available for 2008. Our project qualifies as long as the new plant isn’t complete until after January 2008. It’s projected for later than that and construction schedules typically slip. Nominations (applications) for 2008 will likely be due around August 1, according to Smith. If project requests exceed the allocation, projects are ranked by environmental risk. Our \$75,000 penalty could be helpful since it demonstrates that water quality is being adversely affected.



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(740) 928-5541 • Fax (740) 928-7960
www.buckeyelakebeacon.com

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Letters to the Editor

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Letters may be faxed to 928-7960, e-mailed to thebeaconnews@hotmail.com or mailed to PO Box 1542, Buckeye Lake, Ohio 43008.

The project is currently being financed with short term notes that will be converted to long-term bonds at a future date. Commissioners should immediately direct their consultants and wastewater director to prepare an application for the Water Pollution Control Loan Fund. There’s plenty of time to do it. If successful, the short term notes can be retired with the loan proceeds. If not, the short term notes can be converted to long-term debt as currently planned.

In the meantime, an increase of \$11-13 per month appears justified, if unpleasant. Commissioners currently plan to enact a series of annual increases through 2012 as early as next Monday (February 5). They are apparently willing to take the heat now, hoping that all will be forgotten by the time we vote for commissioners again (November 2008) and to get this troublesome issue off their agenda.

Approving the full slate of proposed increases now is forcing customers to sign a check for an additional EIGHT MILLION dollars through 2012. Remember, it’s about 4,000 customers that will be paying that EIGHT MILLION. That’s \$2,000 per customer EXTRA over just six years.

A good deal of that money is coming from low income customers who don’t have the luxury of paying 9 percent more each year for district salaries/benefits/travel, 4 percent more each year for contracted services and paying nearly 5 percent interest when 1 percent interest may be available. Commissioners need to impose some fiscal discipline on the cost of personnel and services. We agree that annual increases should be implemented, particularly to avoid huge rate shocks like this one. However, they must be based on fiscally responsible budgeting and cost controls. If they get it, they will spend it.

We’re sure commissioners heard an earful Wednesday night at Lakewood High School. We suspect they said they don’t have any options – their hands are tied. They can untie their hands and do the job they pledged to do. There’s at least \$4 MILLION in savings out there for us. We deserve it!

We can’t stop now

Editor:
 Buckeye Lake Sewer District customers need to keep the pressure on Licking County Commissioners to reduce their proposed sewer rate increase to just what is required to efficiently build and operate the new plant. It’s probably going to take more than just going to one meeting.

Commissioners told some customers Monday that they plan to set the new rates soon and it could be as early as Monday, February 5. We need there when they make their final decision so they don’t forget about our questions and concerns.

Commissioners meet twice a week on Mondays and Thursday, generally starting around 9:30 a.m. and often extending into the afternoon. They work off agendas and will set a specific time to consider the resolution setting the new fees.

You can check the agenda for each meeting by calling them at 670-5110 or calling *The Beacon* at 928-5541. We need to be there when they make the final decision.

Peggy Wells
 Buckeye Lake