

Nov. 13, 2017

Statement by Joe Sehlhorst
@ Bluffton Village Council Meeting

Subject: Proposed Ordinance to Repeal Surcharge by Emergency

This past Friday, I received an email alerting all of Council and the Mayor that our Solicitor has been instructed to prepare legislation repealing the water and sewer surcharge by emergency. With great alarm, I believe an immediate change in policy without being discussed nor ever considered by the Utility Committee as premature. Such a knee jerk reversal in policy could have a drastic and profound impact to our residents, Village budgets, and current/future capital and maintenance needs for the Village of Bluffton.

Whether you believe the addition of a surcharge (Ordinance 2-16, passed on May 16, 2016) was unfair or too drastic of a measure to balance revenue/cost of service. Or you believe that the addition of a water/sewer service fee (surcharge) with the goal of generating enough monies (\$361,104) to offset the continued need to subsidize from the General Fund as necessary. It must be acknowledged; changes in rate structures have historically been discussed and heavily debated since 2005 and possibly as early as 1999. Fortunately, our Village has weathered this difficult topic and remains strong.

It has always been my impression that the addition of a surcharge was only part of the solution to help solve our Utility revenue/cost shortfalls. And adjustments in the rate structure would then be considered and proposed later for approval. Unfortunately, the Utility Committee has not had such a discussion in order to bring forward a proposed rate adjustment to council.

It is with much caution that such immediate action and reversal in policy, given the lack of time to properly consider scenarios both pro and con, may become a potential mistake. It would be best that we take a moment, bring to Committee or have Special Council Meetings and evaluate differing rates along with surcharge scenarios before any changes are made. Personally, it would be my recommendation that we consider a new approach. A "Plan C" that involves bringing in a Consulting Firm that specializes in offering Municipalities Utility Management and Billing Rate Setting advice.

The water and sewer utility demands all scenarios be diligently and respectfully considered. We must proceed with clear thought, timely caution, internal efficiencies, policies evaluated, and long term impacts considered. I am hopeful that the decisions made in the near future will be most beneficial for our residents, business community, and overall prosperity of the Village. Eighteen years of guessing what the proper rate structure needs to be or whether or not to include a water/service "surcharge" fee has gone on long enough.

It is wonderful to hear that the Ottawa rates will be \$1.86 compared to \$2.13, as most recently agreed upon. That's a savings of \$61,830 if we purchase 229,000 ccf as I have projected we will use in 2017. If you base this from our previous \$2.30 rate, we would recognize a \$100,760 discount. However, I would have to disagree with the Mayor that it makes sense to rescind the surcharge this suddenly. Given the surcharge supplements \$302,604 to the water fund and \$58,500 to the sewer fund. As my previous concerns already stated above. A shortfall would still exist if the surcharge was rescinded.

We should keep in mind that our problem has always been what rates are appropriate concerning residential and industrial users. Right now, my calculations identify that our residents use roughly 75% Supply of water and support around 85% of the revenues, while our largest customer uses 15% Supply of water and only supports 9.7% of the Revenue. So our perceived solutions may not be as easy as we realize.

Thank you for allowing me the time to express my thoughts clearly. I request these statements concerning why I feel it would be a mistake to pass this proposed ordinance to repeal the surcharge at this time be included in the minutes.