



Office of the Onondaga County Legislature

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DEBORAH L. MATURO
Clerk

DALE A. SWEETLAND
Chairman

JOHANNA H. ROBB
Deputy Clerk

PUBLIC HEARING MINUTES

TO CONSIDER RECOMMENDATIONS OF THE METROPOLITAN WATER BOARD TO AMEND THE CURRENTLY EFFECTIVE SCHEDULE OF RATES TO BE CHARGED FOR WATER AND WATER SERVICE PROVIDED BY ONONDAGA COUNTY WATER DISTRICT

DECEMBER 5, 2006 - 2:15 P.M.

Chairman Sweetland called the hearing to order at 2:15 p.m. The Clerk called the roll and the following legislators were present: Baker, Meyer, Farrell, Rhinehart, DiBlasi, Corbett, Stanczyk, Holmquist, Mulroy, Warner, Jordan, Kinne, Laguzza, Ryan, Chaplin, Winslow, Mr. Chairman.

The Clerk read the notice of public hearing and stated that proofs of publication were on file.

David Fitch, Administrative Director, Metropolitan Water Board stated the following:

Purpose: This public hearing is being conducted for the purpose of receiving comment on the Metropolitan Water Board's amendment of its wholesale water rates and is required by §266 of Article 5a of County Law.

The proposed rates have been developed to generate the amount of water sales revenue that has been adopted in the Metropolitan Water Board's 2007 Budget (\$8,108,076), which the Legislature approved on October 10th. It is necessary that these rates become effective January 1st, 2007 if we are to achieve that goal. We are requesting the legislature's confirmation of them at today's session.

The need for this rate adjustment is driven by the combination of the following factors:

1. Diminishing Water Demand: Anyone who has lived Central New York this year knows that we received above average precipitation. However, the timing of the abnormal rainfall was particularly damaging to our sales projections because it came in the months of June and July, which are two of our typical peak sales months. (In fact, we set a new record for rainfall during the month of July.) As Central New York's supplementary supplier, we are very dependent on sales revenue from summer demand to support our costs of operation & maintenance. Since peak summer demand did not occur, we are now forecasting annual sales to be \approx 1.4 billion gallons below budget and \$1 million short of budgeted sales revenue. It is important to note that the proposed rates for 2007 are based upon anticipated sales of 8.5 billion. So we are counting on a return to more typical consumption in the coming year. Lagging consumption during non-peak months has continued this year and (judging from the last 3 years of data) appears to be here to stay. With this loss of consumption, sales revenue has simply been insufficient to meet the cost of production and delivery.
2. Need to Reinvest in OCWD Infrastructure: Our predecessors have provided us with an excellent water supply system from Lake Ontario that is still young (39 years) by national standards. During the early years of operation we benefited from its newness by not having to commit substantial funds to refurbish or replace capital equipment components. We no longer enjoy that luxury. We recognize our obligation of good stewardship of what we have inherited and will pass on to the next generation. County leadership

has communicated to us their preference that these needs be supported without affecting property tax bills. That being the case, the financial support for capital reinvestment must come from water sales revenue. The members of the County Legislature have supported this effort by approving Provisions for Capital Project appropriations in our annual budget for several years. Unfortunately, declining sales over the past few years have hindered our efforts to address these needs on schedule. We are making progress, but we need to have the income to support this program.

3. Diminished Water District Reserve: The Metropolitan Water Board has a history of sustaining short-term deficits through the use of its reserve. Unfortunately, what appeared to be a temporary, weather driven loss of sales developed into a longer-term trend of diminishing demand, which has threatened the District's self-sufficiency. We achieved some reserve recovery during 2005, but we expect to lose some of that gain in 2006. (\$1.5 million payment to Oswego, due May 15th) (Undesignated Fund Balance \$827,360 as of 1/1/2006.)

The convergence of these three factors is the reason for the rate amendment before you today.

Wholesale rates to the Onondaga County Water Authority and Town of Hannibal are scheduled to increase from \$0.89/thousand gallons to \$0.95/tg. We anticipate the impact of this rate amendment on residential water consumers to be \$1.23/quarter (\$4.93/yr) for these customers (\$0.06 x 88,161 gals/yr.). For City of Syracuse customers the impact will be dependent upon the quantity of Lake Ontario water consumed, but could range anywhere from zero to \$4.80/yr., (assuming \$0.06/tg increase x 80,000 gal./yr., If they passed the entire increase on to all customers). The City still pays a higher per thousand rate than OCWA & Hannibal.

We ask for your support for the continued self-sufficiency of the Onondaga County Water District.

That concludes my statement and I yield the floor to others whom may wish to speak.

Chairman Sweetland asked for any speakers wishing to be heard. There being none, the hearing was closed at 2:25 p.m.

Respectfully submitted,



DEBORAH L. MATURO, Clerk
Onondaga County Legislature