

TOLEDO AREA WATER AUTHORITY

Representatives of the City of Toledo and the communities that receive Toledo's wholesale water have agreed in principle to establish a new regional water authority that will be named the Toledo Area Water Authority (TAWA). It is a planned regional collaboration on water management that is being created under Ohio law to better ensure a safe and redundant supply of water.

The intent of TAWA is to provide a number of benefits, including more transparency and collaborative water management. A Memorandum of Understanding was drafted by all parties and signed Jan. 31, 2018.

The Authority will support sustainable economic development through effective and efficient water utility service delivery. Creating the Authority will require numerous transactions and legal filings that are anticipated to be executed this year.

Leaders from Toledo, Lucas County, Maumee, Perrysburg, Sylvania, Whitehouse, Fulton County, Monroe County, and the Northwestern Water and Sewer District have been meeting since May, 2017, with a consultant hired by the Toledo Regional Chamber of Commerce to help the parties come to a consensus.

What is the Authority?

- The Authority will be an independent organization that provides water to communities in the Toledo metropolitan region.
- The members may include Fulton County, Lucas County, Maumee, Perrysburg, Toledo, Sylvania, Whitehouse, Monroe County, Mich., and the Northwestern Water and Sewer District.
- The Authority will be funded through wholesale and retail services rates and issue revenue bonds. It will not have property taxing authority.

Why create a new Authority?

- A regional Authority can provide long-term water service at lower costs than the local governments could with separate utility systems.
- The regional Authority is expected to provide better system reliability and water quality. It will also be able to develop additional raw water supplies to safeguard the region.

Who will be in charge?

- The Authority would have a Board of Trustees appointed by the member communities.
- The Board of Trustees is expected to hire an executive to manage day-to-day operations.

How will water rates be determined?

- Rates will be based initially on a rate plan created by the TMACOG Regional Water Technical Subcommittee.
- Rates for water services ultimately will be set by the Authority using industry standard practices and will be based on the actual costs of providing service. Current rate multipliers and markups will be phased out.

How can we be sure that water rates won't increase dramatically?

- Water rates will undoubtedly increase over time to fund long-term upgrades to ensure water quality. The MOU signed Jan. 31 provides for smooth rate transitioning, use of industry-accepted practices to ensure equity for all ratepayers, and financial transparency. The Authority will be in a better position to control costs than any one community on its own, thanks to lower borrowing costs, greater purchasing leverage, and the ability to optimize water infrastructure region-wide. For those residents in the TAWA service area who need assistance with water bills, the MOU also calls for funding low-income assistance programs.

How will current utility employees in the region be impacted?

- Employment terms are expected to be equivalent to or better than current terms.
- The Authority will attract and retain high-quality employees who are dedicated to public health protection.

Will the Authority privatize Toledo's water utility?

- No. The Authority will be a public agency. The Authority may lease or purchase regional water utility assets.

What happens with all the construction work Toledo is doing to upgrade its water treatment plant?

- Plant upgrades to improve the water system and ensure compliance with all regulatory requirements will continue. These assets may be leased or purchased by the Authority.
- The Authority will independently manage future capital projects.

How can customers become informed and participate in the decision-making process?

- Anyone may attend community meetings and upcoming special meetings.

How can the Authority Board's voting structure be reasonable if its representation is not proportional to consumption? Won't it give suburban communities an advantage over Toledo?

- Regional leaders collectively recommended the TAWA voting structure because it promotes collaboration and collective decision-making, providing a meaningful voice for all regional users.

How do we know that the new Authority will honor collective bargaining agreements and that it will not unduly or unsafely reduce staffing levels?

- The MOU makes clear that TAWA’s mandate is to protect public health. It also specifically provides for the Authority’s ongoing collaboration with organized labor, and the honoring of collective bargaining agreements. Moreover, it calls for ensuring that staff are well trained and safely equipped, and for negotiating project labor agreements.

Won’t assistance for low-income customers and lead service line replacement programs unfairly benefit Toledo residents at the suburbs’ expense?

- The low-income assistance and lead service line replacement programs will be available to all residents in the TAWA service area. These provisions are expected to provide net economic benefits to all customers, and they are common practices for the most well-run water systems across the U.S.

How do we know a fair price will be set for the City of Toledo’s water system assets, through the planned lease or sale to establish the new regional Authority?

- The MOU calls for a future determination of City of Toledo asset values and related lease or purchase payments, based on yet-to-be-provided asset data. As stated in the MOU, the asset values and payments would be calculated recognizing the value of assets developed under City of Toledo auspices, the outstanding indebtedness of the City’s system and the accumulated depreciation of existing assets.

How can this be “real” regionalization, since the new Authority will not include the suburbs’ retail water systems or wastewater and storm water infrastructure?

- TAWA is a significant first step toward a new regional governance structure for drinking water utilities, and it specifically enables future integration of other water resource utilities. It provides for regional water system development, and it avoids the fracturing of the system that would occur if contract communities chose to leave the system when their current contracts expire.

Isn’t the new Authority just an unnecessary new layer of government? Couldn’t its purposes be achieved by restructuring the City’s existing water supply contracts?

- The new Authority will position the region to achieve significant regional economic benefits by optimizing regional water system assets and accessing credit markets under more favorable terms.

How will a new authority will have any greater voice in efforts to improve and protect Lake Erie water quality than the City of Toledo and its contract communities, working through existing advocacy organizations?

- By having a single-purpose political subdivision that is solely responsible for water resource utility service delivery in the Toledo region, we will achieve more effective, consistent, and dedicated advocacy for protection of Lake Erie water quality – as well as protection of public health.