



City of Omaha
Jean Stothert, Mayor

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After more than a year of review, Mayor Jean Stothert will ask the City Council to approve an increase in sewer use fees to comply with the federal mandate to meet the Federal Clean Water Act standards.

Omaha is one of 772 communities in the United States required to carry out the unfunded mandate. The total projected cost of the Clean Solutions for Omaha Program is estimated at \$2 billion dollars before the anticipated completion in 2027; Omaha is currently in the third year of construction.

The proposed annual rate increases, developed with assistance from the City's rate consultant, Red Oak Consulting, are necessary to meet the construction requirements and deadlines set by the federal government. Residential, commercial and industrial users will all pay higher rates beginning in 2015.

"I have spent the last year studying and re-evaluating the CSO project, looking for ways to manage costs and protect the taxpayers from hardship. I met with the Environmental Protection Agency, the Nebraska Department of Environmental Quality, Omaha Public Works and the rate consultants," said Mayor Stothert. "The proposed increases in this ordinance are lower than we anticipated but still represent significant and necessary increases to comply with the federal requirements."

The average residential customer currently pays \$35.26 per month. In 2015, the monthly average bill will increase to \$39.67, \$43.19 in 2016, \$47.02 in 2017 and \$51.17 in 2018. "Without a rate ordinance in place, there is concern we could default on our bond payments. We must demonstrate to the bond-raters that we have a long-term plan in place to pay for this."

Rate increases are expected to continue beyond 2018, averaging 9% each year for the duration of the project.

Sewer use fees fund the regular operation and maintenance of the daily collection and treatment of wastewater. The higher rates will fund a portion of the city's bond debt on the CSO program.

By the EPA's definition, these rates do not yet place Omaha in the high-burden category for ratepayers. However, a hardship fund is in place for qualifying residential customers who cannot afford these increases. "We are setting aside money every year in the Ratepayer Assistance Fund to help customers who need assistance," said Mayor Stothert.

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The fund was created in 2011 with one million dollars; additional funds are deposited every year. Residents who qualify for Nebraska's Low Income Home Energy Assistance Program (LIHEAP) will also qualify for sewer rate assistance. The process is managed through the Metropolitan Utilities District and the assistance is reflected on the resident's M.U.D. bill. In 2013, approximately \$700,000 was paid to customers who qualify.

Industrial and commercial users will also pay higher rates, depending on the amount and strength of waste discharged. Even with the increases, non-residential rates remain among the lowest in the country.

Numerous factors have helped keep the proposed rate increase as low as possible, including lower bond interest rates than originally projected, low-interest state loans totaling \$55 million dollars, more than \$1 million annually from LB 1098, passed by the Nebraska Legislature, \$2.1 million in grants, a competitive climate for construction work, cost-saving project designs and an extended completion deadline approved after the 2011 flood.

More than 100 construction projects are planned or underway to improve the water quality to the Missouri River and the Papillion Creek; generally east of 72nd street. Over the next ten years, approximately \$150 million in work will be completed annually. "I have challenged our CSO management team to continue to work on project designs and technological solutions that are cost effective and have direct impact to lower the overall program costs. Since the program moved from the planning to design phase, we have saved over \$35 million dollars," said Mayor Stothert.

The goal of the CSO project is a 94% reduction of human waste bacteria in the Missouri River and Papillion Creek.

Cities that do not comply face fines, federal lawsuits, and court supervision, driving up costs for the taxpayers.

The rate ordinance will be introduced to the City Council for first reading on Tuesday June 24. A public hearing and vote is scheduled for July 15.

For more information on the CSO project, and to calculate how the proposed increases will affect monthly bills, customers can go to Omahacso.com or call the CSO! Hotline at 402-341-0235.

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