

OMAHA'S SEWER RATE INCREASES ARE **lower** than projected



The City's Finance Department, Public Works Department, and the City's Sewer Rate Consultant developed a five-year (2019–2023) sewer rate ordinance which was approved by the City Council and Mayor Jean Stothert on July 10, 2018.

Rate increases are necessary to adequately fund the City's wastewater collection and treatment systems including operations, maintenance, capital improvements and expansion to accommodate growth. The ordinance includes annual increases of 5.25% across all customer classes, which are significantly lower than previously estimated. The last rate ordinance was approved in 2014. At that time, it was estimated that rate increases

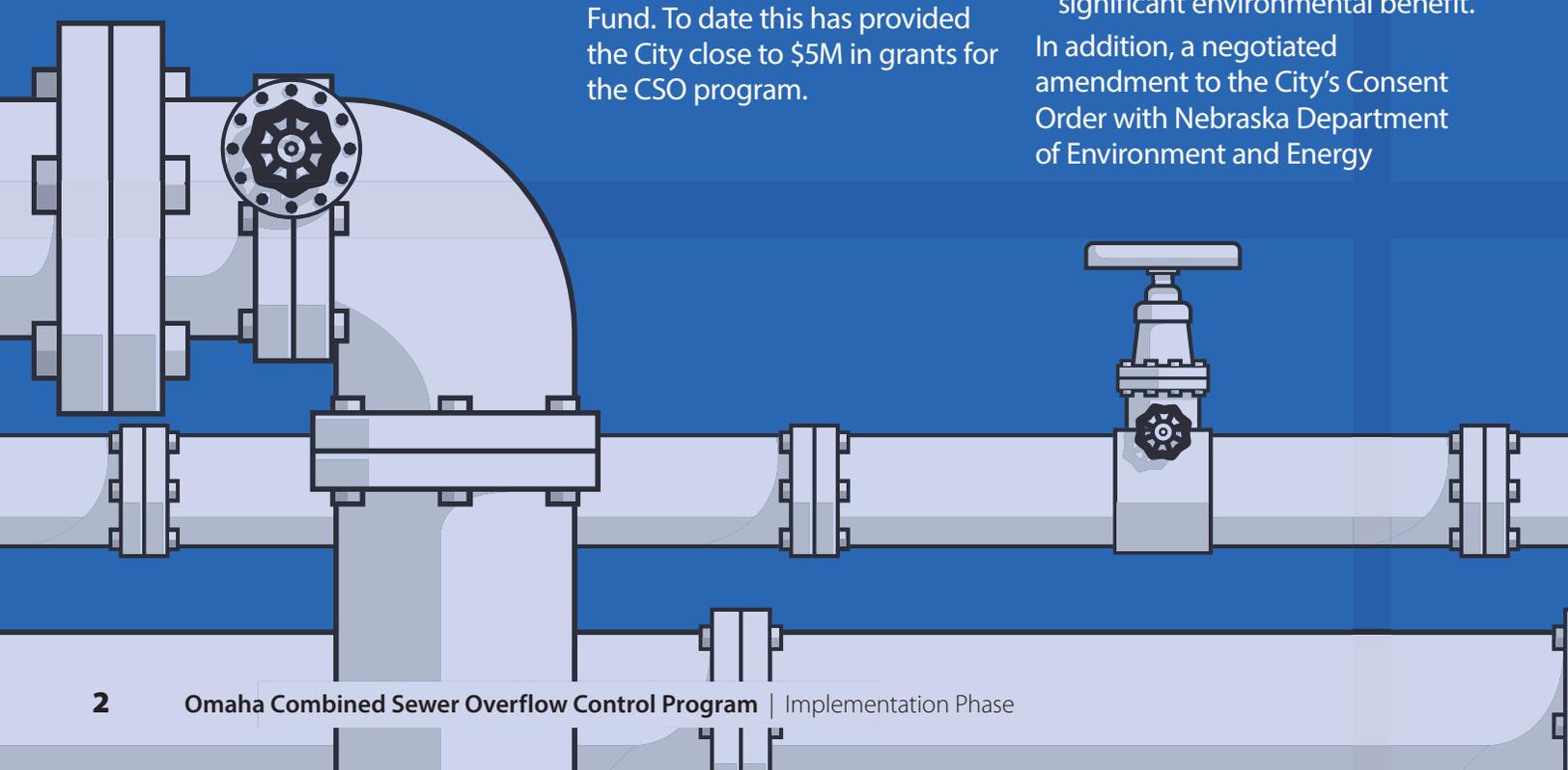
of 9% annually would be necessary for the foreseeable future.

Reasons for the lower rate increase include favorable financial terms, including lower than anticipated borrowing costs for municipal bonds, and the aggressive pursuit of other sources of funding, including:

- Over \$2 million, to date, in grant funding received from the Nebraska Environmental Trust.
- Efforts to secure a yearly contribution from the State of Nebraska's Water Sustainability Fund. To date this has provided the City close to \$5M in grants for the CSO program.

- \$70 million in low interest loans through the State of Nebraska Clean Water State Revolving Loan Fund, with additional funding anticipated. Interest rates have been at 2.5% per year or below.
- The award of an Environmental Protection Agency Water Infrastructure Finance and Innovation Act (WIFIA) loan to help fund the Saddle Creek Retention Treatment Basin. Omaha received one of 12 loans awarded across the nation in 2017 for projects that provide a significant environmental benefit.

In addition, a negotiated amendment to the City's Consent Order with Nebraska Department of Environment and Energy



provides an additional 10 years to complete the CSO Program, and formalizes expectations for final CSO controls.

Substantial work has also been done to save CSO Program costs. To date, work by the City and Program Management Team has eliminated or reduced the scope of projects and subsequently reduced the estimated cost of the CSO Program by over \$300 million. This is an ongoing effort. With the additional time provided by the Consent Order Amendment, the City will have time to evaluate project performance before committing to additional work.

WHAT DOES THIS MEAN FOR RESIDENTS?

Typical residential households can expect to see annual increases to monthly bills of approximately \$2.50/month in 2019 to just over \$3.00/month by 2023. Larger households that use more water will see slightly higher increases. Rates, although lower than

previously anticipated, are still significant, in particular to those households that are at or near the poverty line. The City established the Sewer Rate Assistance Fund in 2011 to assist these households. This program, administered by the Metropolitan Utilities District, provides rate assistance on utility bills to those that qualify. To date, the City has provided more than \$10.1 million in rate assistance. Ratepayers who qualify for Nebraska's Low Income Heat and Energy Assistance Program (LIHEAP) will also qualify for sewer rate assistance. To apply for Nebraska LIHEAP, call 800-383-4278 or visit <http://dhhs.ne.gov/Pages/Energy-Assistance.aspx>.

CSO Program Cost Savings

The 10-year extension to the CSO Program will allow the City to ensure that the CSO controls are appropriate and cost effective. Additional time also allows the City to better fund necessary costs that are outside of the CSO Program, including capital expenses on the collection system and water resource recovery facilities that keep these facilities operating effectively. The time extension gives the City until October 2037, to complete work under the CSO Program.

The Consent Order Amendment included both a time extension and a formalization of the goal of the CSO controls (85% capture of wet weather volume in the representative year). A re-evaluation of CSO controls is underway as part of the upcoming Long Term Control Plan update.

The Program set a goal of reducing the overall program cost by 10–20%. To date, the team has identified approximately \$300 million in cost savings, which equates to a reduction in overall Program cost by 15%. The re-evaluation of CSO controls is hoped to provide additional reduction in costs.

Green Infrastructure projects have also provided cost savings on the CSO Program. Work in Adams Park, Spring Lake Park, Elmwood Park, Hitchcock Park and Miller Park have been successful in providing neighborhood amenities while saving money and trading gray infrastructure for green infrastructure.

