

WATER AND WASTEWATER OFFICE

ANNUAL REPORT

2011

The Water and Wastewater Office is currently staffed with 1 Supervisor, 1 Assistant Supervisor, 5 billing clerks and 3 meter readers.

The year 2011 saw a number of changes for the City of Findlay Water and Wastewater Office. In 2009, we implemented new billing software from CMI and we also implemented new fixed data base meter reading software from Badger Meter Company. We are still working out issues with software support with both of these systems. In 2012, we will be upgrading our billing software to a more user-friendly system and Badger Meter is coming out with a new program they say will allow the customers to view their usage online.

The meter reading positions are evolving from reading meters to being technology specialists. The majority of the radio read meters are working great, but there are some problems we are still working out. As of the end of 2011, we have approximately 16,085 service addresses converted to our new Badger Galaxy automated meter read program. There are many advantages to the radio system we are installing, and quick leak detection leads the list.

As we implement the new Radio Read program, all meters will be replaced with radio meters within the next year. The City of Findlay Water & Wastewater systems presently have 19,038 services. We are still in the process of partnering with Badger Meter Company to come up with a

consistent way to read competitors meters that we have installed in our system.

In October of 1997 we started Auto-Pay, which is a system of paying the water and wastewater bill by automatic bank deduction. As of December 31, 2011 we have 3189 customers using the Auto-Pay system. We add approximately 20 new Auto-Pay customers each month.

The majority of our customers either come into our office to pay their bills or send a check through the mail. The office is open from 8:00 am to 4:45 pm, Monday through Friday. We also have a night deposit box in the front vestibule of the Water Office that is open 24 hours a day. Any payment put into this night deposit drops into a locked safe. Many customers also use the downtown deposit box, which is located in the Municipal Building parking lot.

We offer credit card payments through Official Payments. We have had a good response with our credit card option for many customers. There is a \$4.00 convenience fee to utilize this option, so most of our customers still pay by check or cash.

At the end of 2010, we implemented a new way to process online check payments. Creative Payment Solutions is collecting the online check payments electronically and sending us a listing of these payments. By doing this, customer's payments are credited much sooner to their accounts because we are not waiting 6 to 7 days for a paper check to arrive in the mail.

COLLECTIONS

For the year 2011 the Water & Wastewater Office collected \$6,613,072 in water receipts and \$8,986,854 in Wastewater Storm Water receipts.

This is a decrease of 1.88% or \$126,415 from 2010 water receipts and a .17% or \$15,537 decrease in wastewater/storm water receipts from 2010.

In the year 2000, we started collecting for Storm Water. This fee was originally set at \$1.00 per month on each service inside the City limits. The fee was increased to \$2.00 per service per month in 2005. In January 2009, the storm water rate structure was completely revamped to be based on acreage. We implemented a tiered system directly correlating to the surface area of commercial/industrial properties. We designated single family dwellings and duplexes as a standard rate of \$3.00 per month. In the year 2011, we collected \$760,070 in storm water charges.

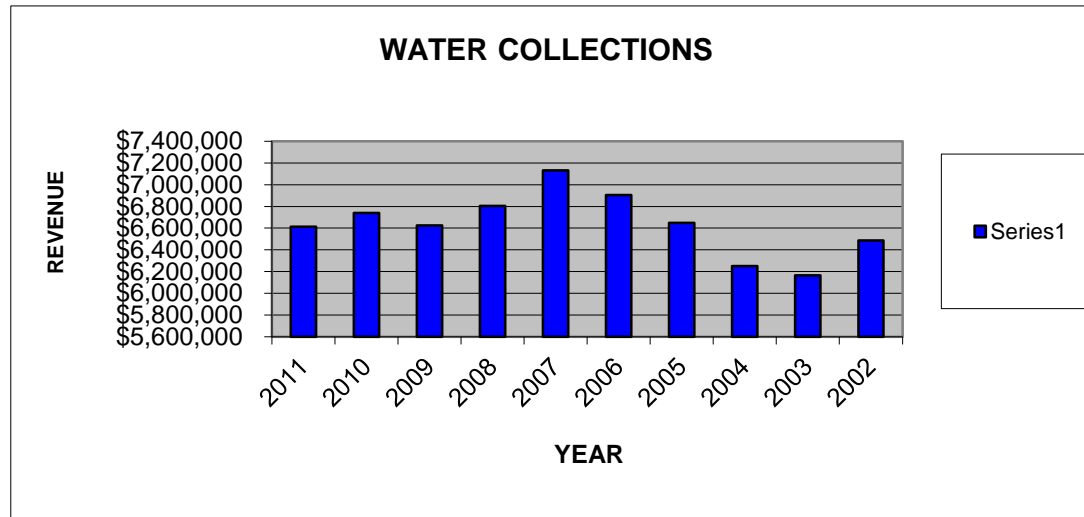
In January 2007, we implemented the collection of deposits for most of our new accounts. The only exceptions are land owners with prior acceptable credit with the Findlay Water Department or a current water department. The deposits have reduced the number of delinquencies that are sent to collection. The Water & Wastewater Office does not take cases to Small Claims Court because collecting the amounts due rarely happens. A tax lien is placed on the property for the amount owed.

In 2011, we wrote off \$3,033 in water, \$5,222 in sewer and \$555 in storm water. We collected \$1,073 in water, \$1,996 in sewer and \$170 in storm water that was previously written off.

The following charts compare the collections for the year 2011 and the previous nine years.

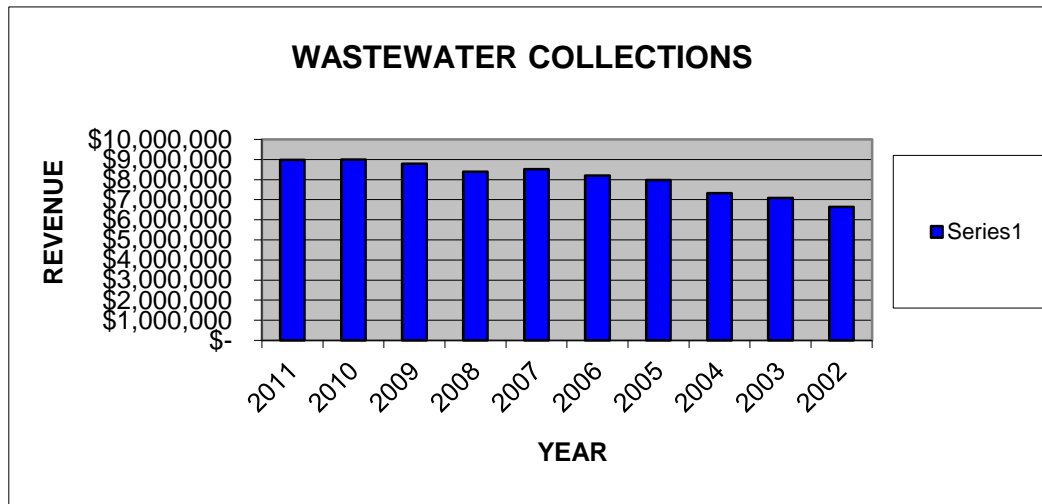
WATER COLLECTIONS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
JAN	540,065	483,531	458,939	476,405	515,289	497,603	453,920	436,046	444,577	436,940
FEB	508,351	557,410	548,758	595,967	558,862	596,057	559,725	535,205	537,856	521,246
MAR	502,300	537,334	519,923	520,887	540,677	557,556	491,667	466,166	447,216	447,842
APR	526,800	538,896	487,912	538,047	543,899	509,738	518,271	509,850	519,239	513,077
MAY	506,494	514,057	481,908	510,397	523,235	530,842	504,218	444,499	424,028	439,819
JUN	523,504	546,413	574,829	575,772	589,745	602,265	532,728	570,223	534,968	540,620
JUL	527,728	544,498	524,168	535,491	599,958	497,311	515,433	461,156	458,513	513,340
AUG	631,146	578,662	646,167	596,862	703,087	695,848	723,725	642,073	615,000	668,164
SEP	614,626	642,136	597,426	625,338	660,531	576,117	549,830	501,798	482,216	580,015
OCT	603,125	628,795	658,706	669,283	711,428	678,752	699,586	619,825	660,478	758,763
NOV	523,322	599,059	567,510	578,800	604,302	592,686	525,372	491,472	460,854	491,579
DEC	605,611	568,696	557,717	581,702	580,260	570,812	573,605	572,425	580,810	574,635
TOTAL	6,613,072	6,739,487	6,623,963	6,804,951	7,131,273	6,905,587	6,648,080	6,250,738	6,165,755	6,486,040



WASTEWATER COLLECTIONS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
JAN	663,277	664,178	606,720	610,413	605,457	535,363	499,073	486,419	450,307	403,426
FEB	802,259	817,639	765,929	774,978	769,014	815,091	753,762	706,565	646,457	575,138
MAR	665,193	667,492	652,405	623,703	613,578	534,034	535,903	486,639	463,260	420,542
APR	831,500	802,507	776,696	739,891	770,208	782,840	761,243	688,843	686,699	616,497
MAY	670,893	666,187	622,945	623,735	631,961	532,821	522,598	501,802	479,652	449,161
JUN	793,770	806,712	776,189	757,477	757,433	802,820	761,399	701,950	697,175	648,313
JUL	686,644	685,440	674,061	629,758	639,094	560,893	540,532	505,370	508,450	467,032
AUG	834,340	826,793	838,562	765,310	827,743	843,517	842,360	749,358	703,613	698,490
SEP	718,637	709,462	700,746	657,766	686,290	588,748	579,369	525,096	511,959	507,278
OCT	823,102	833,758	837,491	807,728	809,030	802,611	828,303	737,606	732,594	724,416
NOV	686,447	699,054	714,728	649,425	666,602	655,471	565,624	507,115	504,897	484,198
DEC	810,792	823,169	819,850	753,543	746,974	751,912	783,523	723,240	705,754	648,949
TOTAL	8,986,854	9,002,391	8,786,322	8,393,727	8,523,384	8,206,121	7,973,689	7,320,003	7,090,817	6,643,440



WATER RATE HISTORIES

During the past twenty years the rates have changed as indicated below:

Water charges

1991 - 8% increase

1992 - 5.5% increase

1993 - 8.8% increase (January 1, 1993)

1994 - no increase

1995 - 2% increase

1996 - no change

1997 - 15.4% increase - The capacity charge and minimum charge were incorporated into one charge. It is called the minimum charge and is adjusted according to the meter size under AWWA standards.

1998 - No increase

1999 - No increase

2000 - 2% increase

2001 - 3% increase (\$.05 per HCF)

2002 - 3.7% increase

2003 - 4% increase

2004 - No increase

2005 - 4.6% increase (Nov 1, 2004)

2006 - 2.9% increase

2007 - No increase

2008 - No increase

2009 - 6.8% increase

2010 - No increase

2011 - 5% increase (Oct 1, 2011) Minimum Charges Adjusted

WASTEWATER RATE HISTORIES

During the past twenty years the rates have changed as indicated below:

Wastewater charges

- 1991 - 15% increase
- 1992 - 12.1% increase (May 5, 1992)
7.5% increase (November 1, 1992)
- 1993 - 1996 No change
- 1997 - 7.8% increase - The customer charge and the minimum charge were incorporated into one charge. It is called the minimum charge and is adjusted according to meter size under the AWWA standards.
- 1998 - 1.5% increase (December 1, 1998)
- 1999 - No increase
- 2000 - 14.7% increase
- 2001 - 14.1% increase
- 2002 - 11.5% increase
- 2003 - 11% increase
- 2004 - no increase
- 2005 - 4.6% increase (Nov. 1, 2004)
- 2006 - 3% increase
- 2007 - No increase
- 2008 - No increase
- 2009 - 6.2% increase
- 2010 - No increase
- 2011 - 3.5% increase (Oct 1, 2011) Minimum Charges Adjusted

GOALS FOR THE WATER & WASTEWATER OFFICE

Our customer service goals for the year 2012 at the Water & Wastewater Office are to continue providing quality service as in the past, but our technology goals continue to change. These goals are:

1. Strive to bill and collect all the monies owed to the Water & Wastewater Departments.
2. Try to be fair and just with all customers.
3. Make ourselves more accurate and utilize our time better, so the office will continue to operate at a very efficient level.
4. Provide accurate and timely meter readings.
5. Going green for utility bills through email options to our customers. This will reduce paper, postage and printing costs.
6. Keep abreast of all new technology in all aspects of the Water & Wastewater industry and try to incorporate them into our system.

I feel that we have met most of the goals in 2011 that are outlined above. We are working towards the others in implementing new technology. A few examples of how we met these goals are:

1. We have begun collecting deposits to start service with the Findlay Water & Wastewater Dept. The deposit is held and applied to the final bill for all of our rental accounts. On owner billed accounts, we have started to apply it to accounts that have now complied with our two year acceptable credit policy.
2. Our collection on liens and write-off accounts is greater

- than the amount written off, while the amount of the billing has continued to increase.
3. We filed 46 tax liens in 2011 on accounts that were uncollectable through our collection letter and court policy.
 4. We have implemented a new program on the computer in the way we enter our cash receipts for check payments. We purchased a remittance payment processing machine in May 2008 that reads the OCR amounts on our bills and the MICR and check amounts on our customers' checks. This allows us to enter payments quicker and helps eliminate errors from hand keyed data. It also endorses the checks and has the capability of electronically transmitting checks to the bank if we choose to implement that option.
 5. We have assigned customer ID numbers for customers with multiple accounts. This allows our bill print vendor to bundle their bills in one envelope and reduce our postage for mailing.
 6. We purchased a new handheld Radix meter reading system in late spring of 2006 due to the FW200 system becoming obsolete. This is still a manual system where the meter readers walk the routes and read each meter. They hand key the readings into the handheld computer which are then exported to our software. We will continue to use the manual system until the automated meter reading system is totally installed and functional.
 7. We have separated multiple billing names on single accounts.

This has allowed us search capabilities on both the primary account name and all associated names.

8. Our meter exchange program. All of our meters 3" or larger have been changed to Neptune straight readers. These meters have been linked to the automated meter reading transponders and are connected to the automated meter reading program.

With the Water & Wastewater systems branching out further and further from the city corporation limit; we, in the Water Office, are going to have to grow with them. As we install the new radio read meter system, we are utilizing a transmission option that allows us to get daily meter readings from our meters, no matter where they are located. We get 4 daily readings on each meter which helps to isolate the time frame for usage the customer is experiencing and may indicate if they have a leak. Typically meters should have a period of time during the night hours that show no usage.

Once we are using automated meter readings, I would like to consider moving to monthly billing. Although we will have an increase in postage and printing charges, I feel that the benefits outweigh the increased costs. We will be able to monitor water loss much more closely. It will reduce our bi-monthly customers' bills making it easier for them to budget. It will reduce our delinquencies by allowing us to disconnect for non-payment before the customer can accrue four months of charges. It will give us an accurate picture of our total monthly usage and allow us to compare to monthly output from the Water Treatment Plant. It will even out our billing and make revenue

projections more accurate when setting rates due to no lag time for usage to catch up to our billing figures.

OUTLOOK FOR THE FUTURE

The outlook for the future of the City of Findlay, Ohio, Water & Wastewater Departments will be challenging. We have an ample and good water supply with our two reservoirs and the Blanchard River. With the construction market taking a hit and new housing starts dropping off, I feel the City is suffering the effects of the slow economy. This coming year should see an increase in water and sewer revenues as the City is no longer extending free water and sewer to Cooper Corporation.

Beginning January 1, 2007, we implemented collecting deposits. We were encountering more delinquent accounts, foreclosures and bankruptcies than in past years. The deposits have begun to reduce the amount of write off to suspense accounts that we have. The deposit, without interest, on accounts billed to the land owner will be refunded or applied to their account with a two year prompt payment record. The deposit, without interest, on accounts not billed to the land owner will be applied to the final bill balance. Any excess will be refunded through the City of Findlay Auditor's Office. Additionally, we are now filing tax liens on delinquent accounts that we have not been able to collect through our normal collection procedures.

Due to experiencing an increase in delinquent accounts, we are striving to work with our customers who are suffering job losses and hard economic times. In the past, we offered an extension once a year on overdue bills for our customers. Since the economy continues to

decline, we have lifted the restrictions to offer extensions when requested as long as the customer complies with the agreement.

The Village of Arcadia is connected to the wastewater system. The Village of Van Buren is now on water and sewer. We have installed over 115 new services in the Village of Van Buren and over 30 new services on the line from Findlay to Van Buren. With the costs involved in treating water and wastewater, many smaller communities cannot afford to do it by themselves. We are also providing wastewater service to the new subdivision located at Red Hawk Run golf course.

With the replacement of the radio read system, we should not need to hire more meter readers in the future. We will use our current three employees in different capacities. The meter readers will become responsible for monitoring the daily meter reports for high/low exceptions, leak suspicion reports and customer notification.

Neptune Meter Company contracted to install 5000 first phase radio meters. This initial installation was completed in May 2009. The remainder of the radio read meter replacement will be spaced out over several years and completed by Findlay Water Department personnel. We currently have over 16,000 radio meters installed.

With the implementation of new billing software, we will need to re-evaluate our staffing level in the office. As we provide more services to our customers, we also will be entering more information into our database, and will strive to maintain present staffing levels.

I feel optimistic about the future of the Water & Wastewater Departments in the City of Findlay, Ohio. We are working together to build a working financial model for both departments that looks well

into the future. We have a group of dedicated hard working employees that continue to make serving the citizens of Findlay and surrounding area their number one priority.

Respectfully submitted,

Dean Adler

Utility Billing Supervisor