



memorandum

Date: September 11, 2025

To: Mayor Catherine Miller

cc: Mark Ciccone, Chrissy Bohl

From: R. Tony Burgoyne, PE, Alex Sava, PE, Liam Kiley

Re: City of Struthers 2025 Sewer Rate Study Technical Memorandum

With the assistance of the Mayor's office, the City Auditor's office, and Water Pollution Control, OHM Advisors (OHM) completed a comprehensive financial planning and rate study of the City's sanitary sewer collection and treatment system. The intent of the report and rate scenarios were built with the following objectives:

1. Ensure revenue collections are sufficient to cover the full cost of operations, capital improvements, and debt payments.
2. Ensure revenue collections are sufficient to maintain a reasonable reserve fund balance to protect the financial viability of the system. Typically, for business-type activities, the Government Finance Officers Association (GFOA) recognizes a reserve of 25-40% of annual operating budgets.
3. Ensure future capital projects are based on technical and needs-based analysis to protect against over-investment and decrease upward pressure on revenue generation.
4. To protect the self-sufficient nature of the city's sanitary disposal system, by preventing the need for outside sources of revenue to continue funding operations. Therefore, revenues collected from ratepayers shall be sufficient to cover the cost of operations (including normal operations, personnel, capital improvements, debt payments, etc.).
5. Provide a regional analysis showing how rates in the City of Struthers compare with regional expectations.

This sewer rate study considered a variety of factors and utilized a specific set of assumptions to forecast the health of the City's sewer fund(s), including:

1. City's Sewage Disposal fund structure (Funds 500 and 505) and associated sewer rate legislation.
2. Cash from Revenue and Expense statements over 8 years between 2016 and 2024.
3. City and Mahoning County operation and cost share formula where the County reimburses the city for 64.5% of all Sewage Disposal expenses.
4. Sewer usage rate comparisons between similar sized communities.
5. WPC estimation of future major capital investments and improvements.
6. Long term debt service for sewer bond retirement.



7. Escalators for payroll, overhead, materials, equipment, utilities, vendor fees, and other operating expenses.
8. Median Household Income (MHI) and Metropolitan Planning Organization (MPO) matrix for sewer affordability.

Of the many components of the study, the principal objective was to prepare a 10-year forecast model for WPC, with predominant focus on the next six years, that estimates the level of annual revenue required to satisfy projected annual operating, debt service, and capital cost requirements, as well as maintain adequate reserves.

Study Summary

If the City does not address the health for the Sewage Disposal fund, the study indicates the balance of the fund will not only fall below the GFOA recommended percentage by 2031 but come close to full exhaustion. The following summary presents an overview of the comprehensive financial planning and rate study that was completed by OHM. Refer to the enclosed presentation for more information on the findings of the study.

1. Sewage Disposal Rate Structure
 - a. Revenue is generated from both usage and fixed fees billed monthly by an outside vendor.
 - b. The current monthly sewer usage fee is \$6.50 per every 100 (cf) [equivalent of 748 gallons] of potable water supplied per Ordinance No. 24-013 made effective February 28, 2024.
 - c. The current monthly fixed fee applied for debt retirement is \$5.00 per the above ordinance.
2. City & County Contract
 - a. Mahoning County pays 64.5% of collection system and WWTP expenses per Ordinance No. 09-002 made effective January 14, 2009.
 - b. Rate formula may be re-examined every year
 - c. Any adjustments shall be based on water consumption during the month of May.
 - d. City to provide County with a list of intended capital expenditures above \$50,000 by December 31 of the prior year.
 - e. Permit costs are split 1/3 to City, 2/3 to County.
3. Community Comparison
 - a. When compared to communities of similar population size, Struthers' sewer usage rates rank 2nd lowest. The average of those surveyed is \$8.30/100cf and the maximum is \$12.19/100cf. Struthers' current rate is \$6.50/100cf. Prior to June 1, 2024, Struthers' sewer usage rate was \$3.32/100cf.
 - b. Mahoning County's current usage rate is approx. \$12.19/100cf.
4. Capital Investments
 - a. WPC estimates about \$14.3M required for asset management and major capital investment over the next 5 years.
 - b. Forecasts given the City's current rate structure plans and future expenses estimate Struthers will fall into deficit spending circa 2028 when the last projected improvement is not until 2030.
 - c. The improvement in 2030 will sink the account balance below the GFOA recommendation of 40% of the following year's expenses.
 - i. OHM's analysis does not see the account recover back to the GFOA minimum until 2033.
5. Debt Service
 - a. The City currently has (6) open loans for various wastewater improvements. Interest rates and terms vary for each ranging from 0.0% to 5.45% (subsidized) that are set to retire between 2027 and 2041. The remaining principal and interest balance is on the order of \$2.52M.



- b. It is important to recognize that the County's contributions to the SDO revenue fund(s) includes repayment of 64.5% of all debt service. This equates to a county cost share of approx. 1.63M of the total debt remaining. The \$0.89M remainder is the City's responsibility.
 - c. Forecasted annual debt service payments are defined as pursuant to the amortization schedule for each loan account
6. Water Demand
- a. Water usage was used to estimate the City's revenue share. Based on the revenue earned in 2024 and the associated rate (\$4.50/100cf) for the same year, OHM made the assumption that the amount of water billed was close to 243,131 units of 100cf or 181.86Mgals.
 - i. This water demand value was used to model revenue from 2025 through 2034.
 - b. For the purposes of this study, OHM found that it was conservative and reasonable to assume that water consumption would not vary when calculating the City's revenue share through 2034
7. Escalators
- a. Assumed annual expense escalators included in the study forecast range between 2-3% for material, equipment, utility, and common capital improvement costs.
 - b. Annual increases in payroll were forecasted for a superintendent (3%), employee (10%), and clerk/secretary (3%).
 - c. Forecasted annual expenses for overhead costs including overtime (10%), holiday pay (4%), longevity (0.50%), OPERS (13%), and Medicare (1.35%) are derived as a percentage of total payroll.
 - d. Fees for vendor billing services are included in the study forecast at 7.4% of the total revenue generated from sewer usage and fixed sewer debt service.
8. Affordability
- a. The city of Struthers MHI is \$51,894 or only 74.47% of the State median of \$69,680.
 - b. The City's annual residential wastewater affordability rate determined by the Ohio EPA is 1.5% of the City's MHI or \$778.41.
 - c. The annual water usage for the City that was used for this study amounts to 243,131 units of 100cf billed at \$6.50/100cf plus \$5.00 per month. There are approx. 4,568 households that are connected to the water system according to U.S. Census Bureau data from 2023. This means that the annual cost of wastewater per household is barely over \$400 or just about half of the State's estimated affordability for the City.

Recommendation

OHM forecasted two (2) rate scenarios for the City's consideration. The first is the baseline condition that aligns with current legislation to stop rate adjustments after June 1, 2026, when Ordinance No. 24-013 establishes \$7.50/100cf and a \$5.00 fixed fee. Refer to **Figure 1**. As can be seen, the projection shows the City SDO fund would fall into deficit spending, where expenses exceed collected revenues, beginning 2028. This condition would extend over the next four years, largely based on needed capital improvements. During this period, the SDO fund would fall below GFOA recommendations to the extent the fund balance would nearly be exhausted.

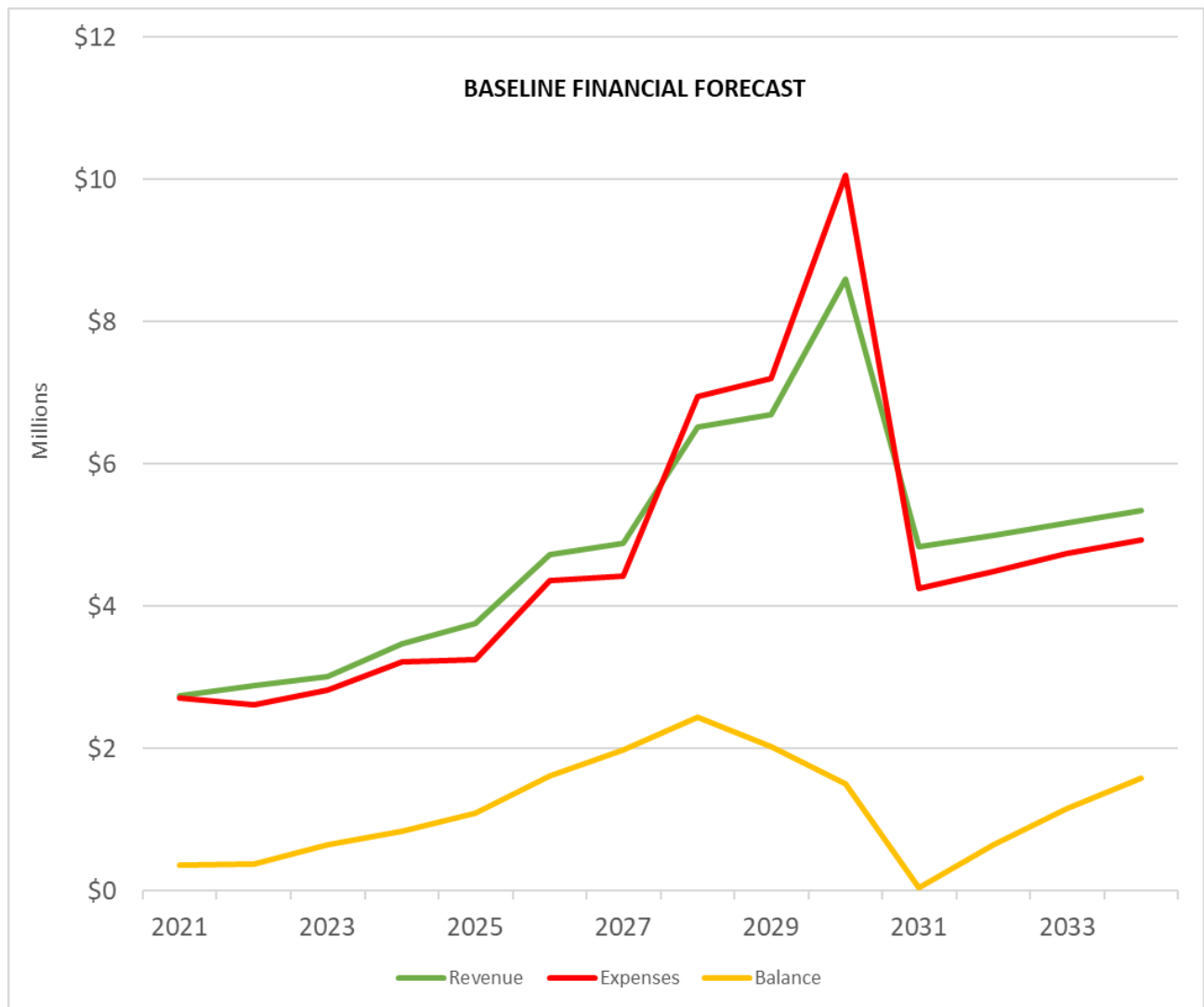


Figure 1: Baseline Financial Forecast

The second alternative is to continue after Ordinance No. 24-013 and raise rates by 4% annually starting in 2027. Refer to **Figure 2**. From the forecast and assuming the water demand and expense escalator assumptions are realized, the fund balance would fall into deficit spending beginning 2028, however year end balances would remain within GFOA recommendations for the duration of the forecast.

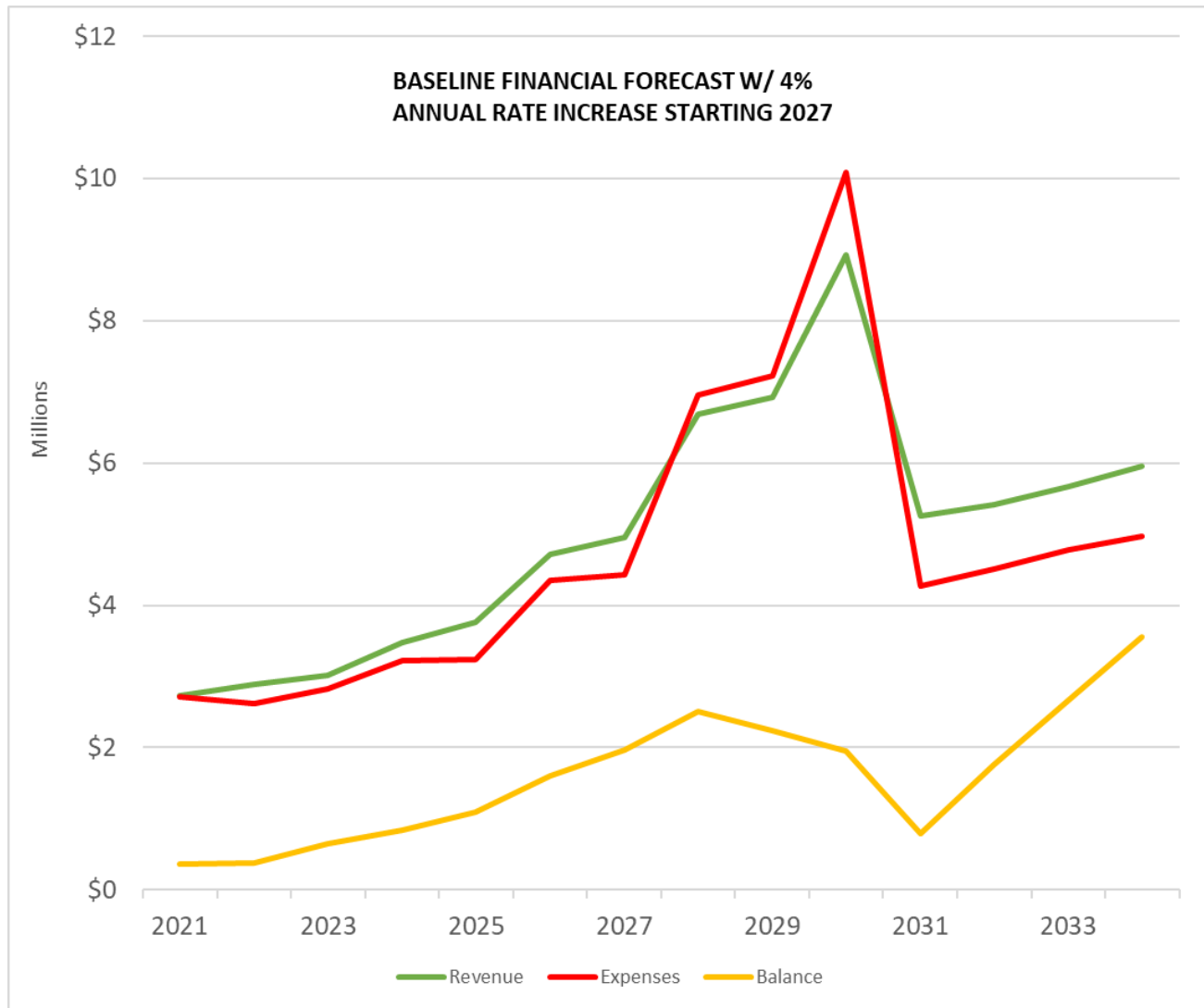


Figure 2: Baseline Financial Forecast with 4% Annual Increase starting 2027

Table 1 shows communities that utilize annual percentage adjustments to maintain fund health include:

Community	Population	Annual Inc. Percentage
Struthers, OH	9,836	3% (Proposed)
Bay Village, OH	15,810	6%
Youngstown, OH	59,123	4% (21'-24'), 5% (25'-28')
Burton Village, OH	1,408	Min. 3% inc. each year
Summit County, OH	N/A	Min. 4% inc. through 2032

Table 1: Community Comparison – Annual Increases



OHM recommends the City of Struthers raise sewer usage rates by 4% annually beginning in 2027. If Council raises rates as recommended, the total impact to residential rate payers on average is defined in **Table 2** below.

Target Year	Usage Fees		Fix Fees	Avg. Monthly Pymt.	Avg. Annual Pymt.
	Usage Rate \$/100cf	Avg. SDO \$/Mo.	SDO Debt Service \$/Mo.		
Current	\$6.50	\$33.09	\$5.00	\$38.09	\$457
2026 (Planned)	\$7.50	\$38.18	\$5.00	\$43.18	\$518
2027 (New)	\$7.80	\$39.70	\$5.00	\$44.70	\$536
2028	\$8.11	\$41.28	\$5.00	\$46.28	\$555
2034	\$10.26	\$52.22	\$5.00	\$57.22	\$687

Table 2: Rate Adjustment Summary (Avg. Gals/Mo.= 3,808 Gals/Mo.)

We recognize sewer usage rates were recently adjusted. However, the analysis shows the utility is not sustainable otherwise, especially when considering the age of the collection system. These suggested increases keep the city at the lower end of sewer usage rates for communities of similar size and below the city's MHI affordability. Implementing rate increase over time provides some flexibility, not only to the city's customers, but also to monitor fund performance and adjust.

2025 City of Struthers, OH Sewer Rate Study



Agenda

1. Rates & Fund Structure
2. Community Comparison
3. Capital Improvements
4. Debt Service
5. Escalators
6. Financial Forecast
7. Affordability

Rates & Fund Structure

City of Struthers - Sewer		
Ordinance No.	Imposed Rate	Eff. Date
93-9220	\$1.48 per 100 cf Usage Fee	1/1/1993
	\$1.56 per 100 cf Usage Fee	1/1/1994
	\$1.66 per 100 cf Usage Fee	1/1/1995
08-016	\$3.00 Debt Service Surcharge	4/1/2008
20-023	\$3.32 per 100 cf Usage Fee	9/1/2020
24-013	\$5.50 per 100 cf Usage Fee	6/1/2024
	\$6.50 per 100 cf Usage Fee	6/1/2025
	\$7.50 per 100 cf Usage Fee	6/1/2026
	\$5.00 Debt Service Surcharge	6/1/2024

Mahoning County		
Ordinance No.	Imposed Rate	Eff. Date
	\$16.30 1000gal (\$12.19/100 cf) Usage Fee	1/1/2025
	\$13.81 Fixed Fee	1/1/2025

City Sewer Funds	
500	Sewage Disposal Operating
505	Sewage Disposal Bond Retirement

Summary of City & County Agreement

1. County pays 64.5% of collection system and WWTP expenses.
2. Rate formula may be re-examined every year.
3. Any adjustments shall be based on water consumption during the month of May.
4. City to provide County with a list of intended capital expenditures above \$50,000 by December 31 of the prior year.
5. Permit costs are split 1/3 to City, 2/3 to County.

Community Comparison

Ohio Community Usage Rate Comparisons Based on Population

Community	Population	Current Sewer Rates		\$/100cf
Campbell	7,685	\$16.30 / 1,000 gallons of water used (\$12.19/100cf)		\$12.19
Heath	10,866	Base of \$3.17 (Admin.) plus \$7.31 /100cf		\$10.48
Willoughby Hills	9,912	\$49.27/quarter [\$4.50 base + Min. 5 Units (100cf) @ combined rate of \$9.153 (2025)]		\$9.15
Wapakoneta	9,674	\$17.48 plus \$5.11/100cf over 200cf (1496gal)		\$8.74
Louisville	9,820	Not over 200 cf	\$15.58 (\$7.79/100cf)	\$7.79
		201 but not over 500 cf	\$15.58 plus \$6.16/100cf over 200cf	
		501 but not over 1,000 cf	\$34.06 plus \$4.53/100cf over 1000	
		1,001 but not over 1,500 cf	\$56.71 plus \$3.19/100 cf over 1,500	
		1,501 cf and over	\$72.66 plus \$2.59/100 cf over 1,500	
Canfield	7,565	\$9.68 / 1,000 gallons of water used (\$7.24/100cf)		\$7.24
Cambridge	9,894	\$9.37 / 1,000 gallons of water used (\$4.20/100cf)		\$7.01
Struthers	9,836	\$6.50/100cf (748gals) + \$5.00 debt service fee		\$6.50
Girard	9,398	\$7.52 / 1,000 gallons of water used (\$5.62/100cf)		\$5.62
Mahoning County		\$16.30 / 1,000 gallons of water used (\$12.19/100cf) plus 13.81 flat fee		\$12.19

Community Comparison

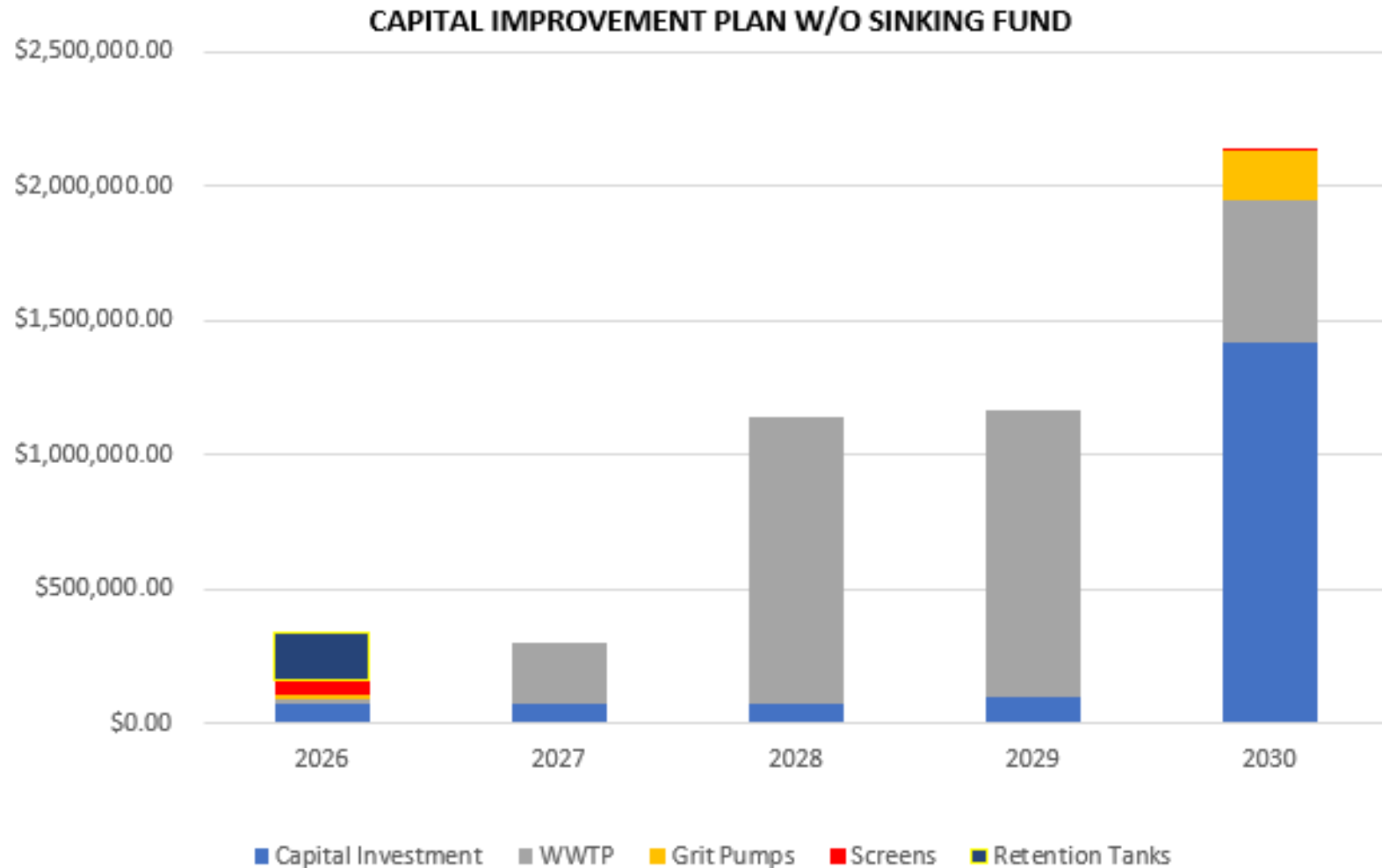
Community	Population	Annual Inc. Percentage
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Table 1: Community Comparison – Annual Increases

Capital Improvements

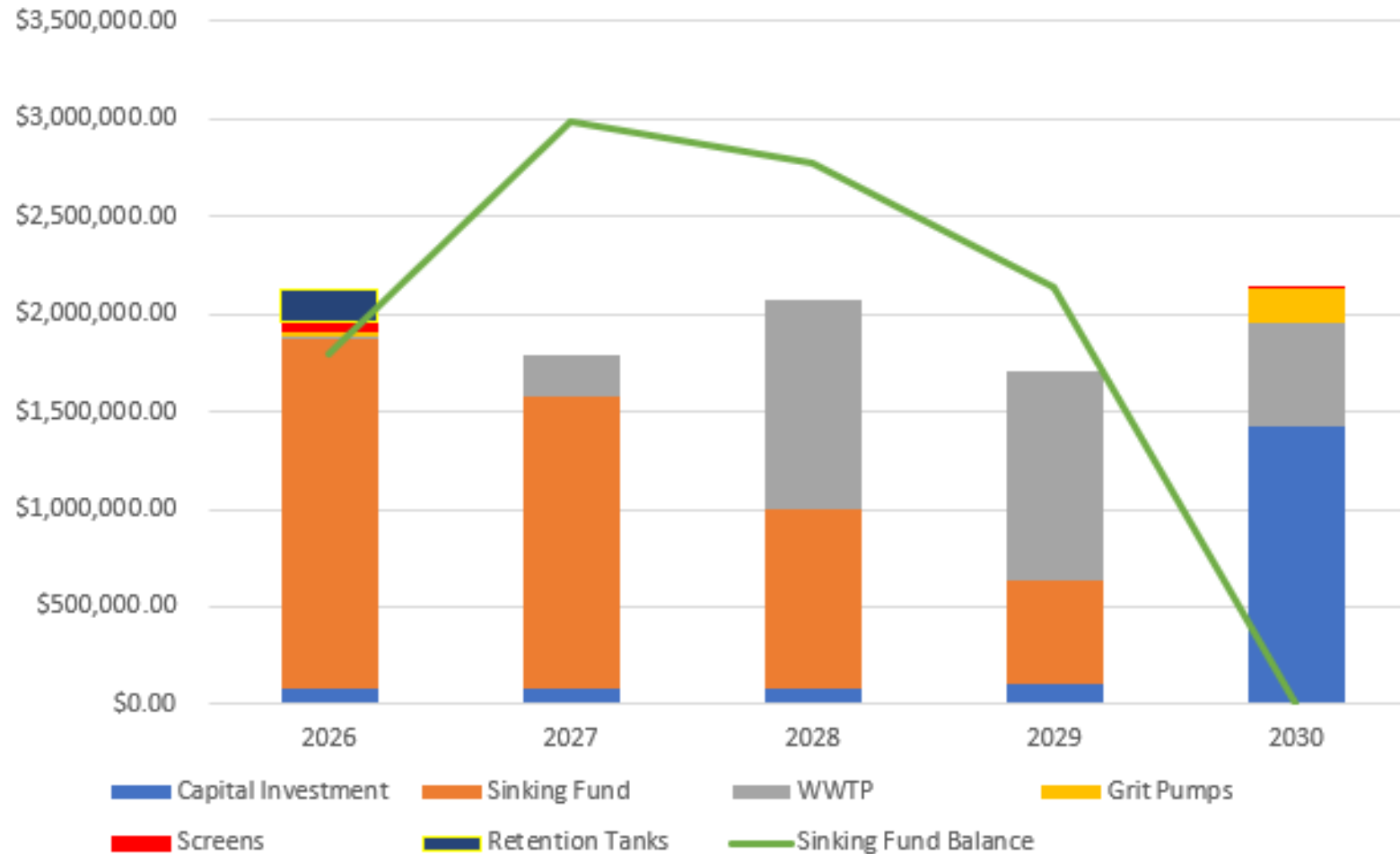
Asset	Estimated Cost	City Share	Remaining Useful Life Estimate (Yrs.)	Projected Year Expense	Annual Savings for 2030 Future Imp. Req'd
Aurora Pumps x3 (3 per year ongoing)	\$217,000.00	\$77,035.00	1	2026	
Flow meter for county line	\$50,000.00	\$17,750.00	1	2026	
Upgrade Scada at BSPS	\$50,000.00	\$17,750.00	1	2026	
Influent slide gate	\$150,000.00	\$53,250.00	1	2026	
WWTP Retention Basins	\$480,210.00	\$170,474.55	N/A	2026	
Aurora Pumps x3 (3 per year ongoing)	\$217,000.00	\$77,035.00	2	2027	
Primary Digester Cover (Dyster)	\$625,000.00	\$221,875.00	2	2027	\$ 298,910.00
Aurora Pumps x3 (3 per year ongoing)	\$217,000.00	\$77,035.00	3	2028	
Ph1 Disk filters	\$3,000,000.00	\$1,065,000.00	3	2028	\$ 571,017.50
Aurora Pumps x4	\$289,500.00	\$102,772.50	4	2029	
Ph2 Interceptor Sewer rehab	\$3,000,000.00	\$1,065,000.00	4	2029	\$ 389,257.50
Ph3 Storage Tank	\$4,000,000.00	\$1,420,000.00	5	2030	
Secondary Digester Cover	\$1,500,000.00	\$532,500.00	5	2030	
Grit Pump replacement & Reconfiguration	\$500,000.00	\$177,500.00	5	2030	
Sodium Hypo chlorite & bisulfate storage tanks	\$35,000.00	\$12,425.00	5	2030	\$ 535,606.25
				Annual Savings Req'd	\$ 1,794,791.25

Capital Improvement Plan (No Sinking Fund)



Capital Improvement Plan (With Sinking Fund)

CAPITAL IMPROVEMENT PLAN W/ SINKING FUND

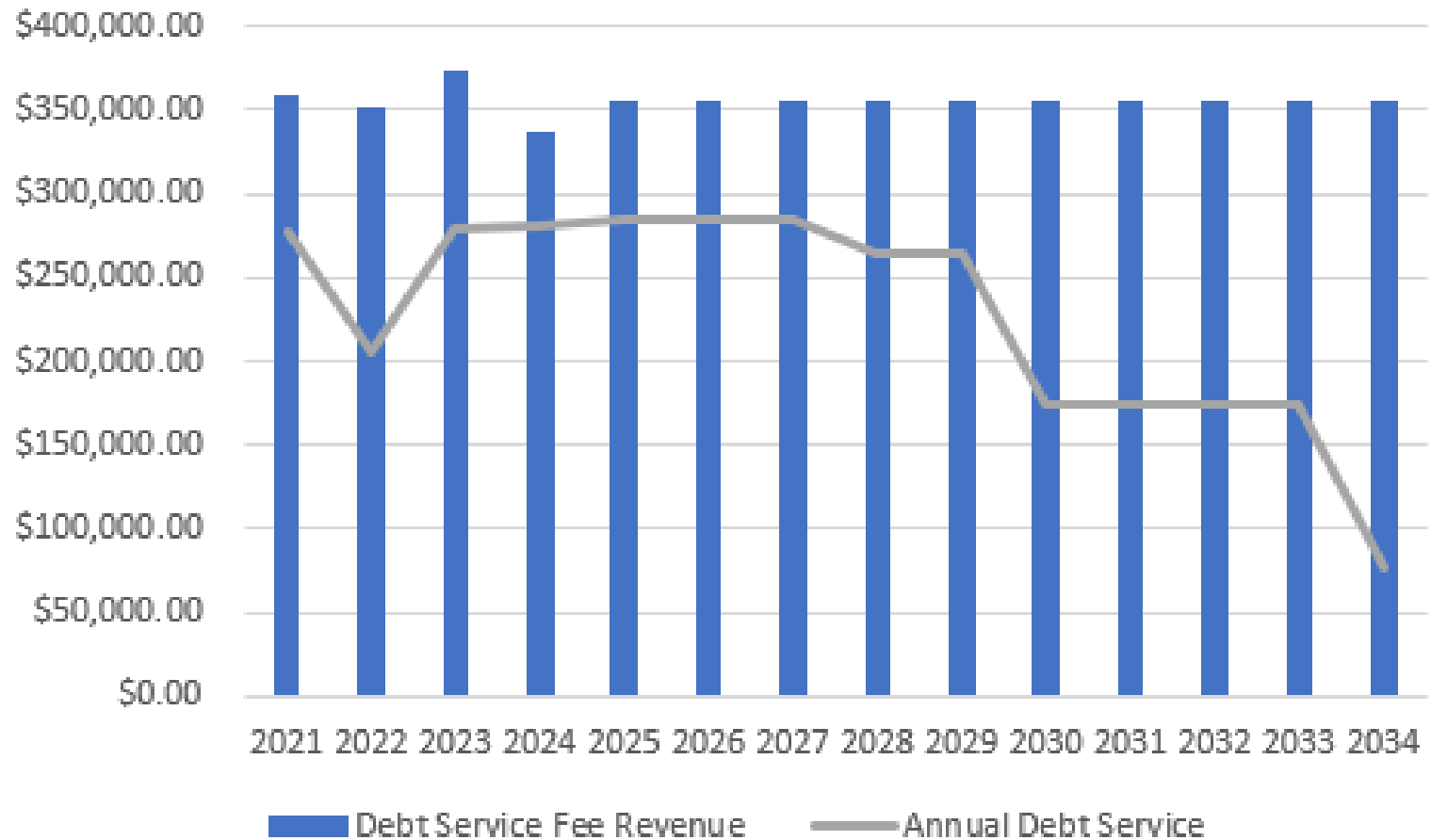


Debt Service

OWDA Loan List

Account No.	EPA Account No.	Funding Account	Project	Remaining Balance	Rate (%)	Last Payment Date	Annual Pymts						
4348	CS392664-01	WPCLF	Septage Handling Phase 2	\$ 40,673.78	2.00	1/1/2027	\$ 20,847.88						
4888		Fresh Water	WWTP Solids Handling	\$ 264,125.46	4.78	1/1/2029	\$ 73,328.62	Subsidized @ 4% rate					
5095		Fresh Water	Culvert Replacement	\$ 65,537.10	5.45	7/1/2029	\$ 16,619.20	Subsidized @ 4% rate					
6250	CS390892-0005	WPCLF	Septage Receiving Station & Grit Replacement	\$ 818,483.10	0.20	7/1/2033	\$ 97,029.68	Was \$104,599.02 before July 2022					
7587	CS390892-0008	WPCLF	Equipment Replacement	\$ 658,740.74	2.28	1/1/2038	\$ 58,838.64						
9207		Fresh Water	WWTP Digester Gas Upgrade	\$ 160,451.28	1.18	7/1/2041	\$ 8,570.49	Was \$10,730.26 before 06/30/2024					
				\$ 88,810.34	1.57	7/1/2041	\$ 8,430.46	Was \$6,130.66 before 06/30/2024					
				\$ 30,804.79	3.05	7/1/2041	\$ 982.60	Was BLANK before 06/30/2024					
Total				\$ 2,127,626.59			\$ 284,647.57	\$ 284,647.57	\$ 263,799.69	\$ 173,851.87	\$ 76,822.19	\$ 17,983.55	
						Thru Year:	2025	2027	2029	2033	2038	2041	

Debt Service Forecast



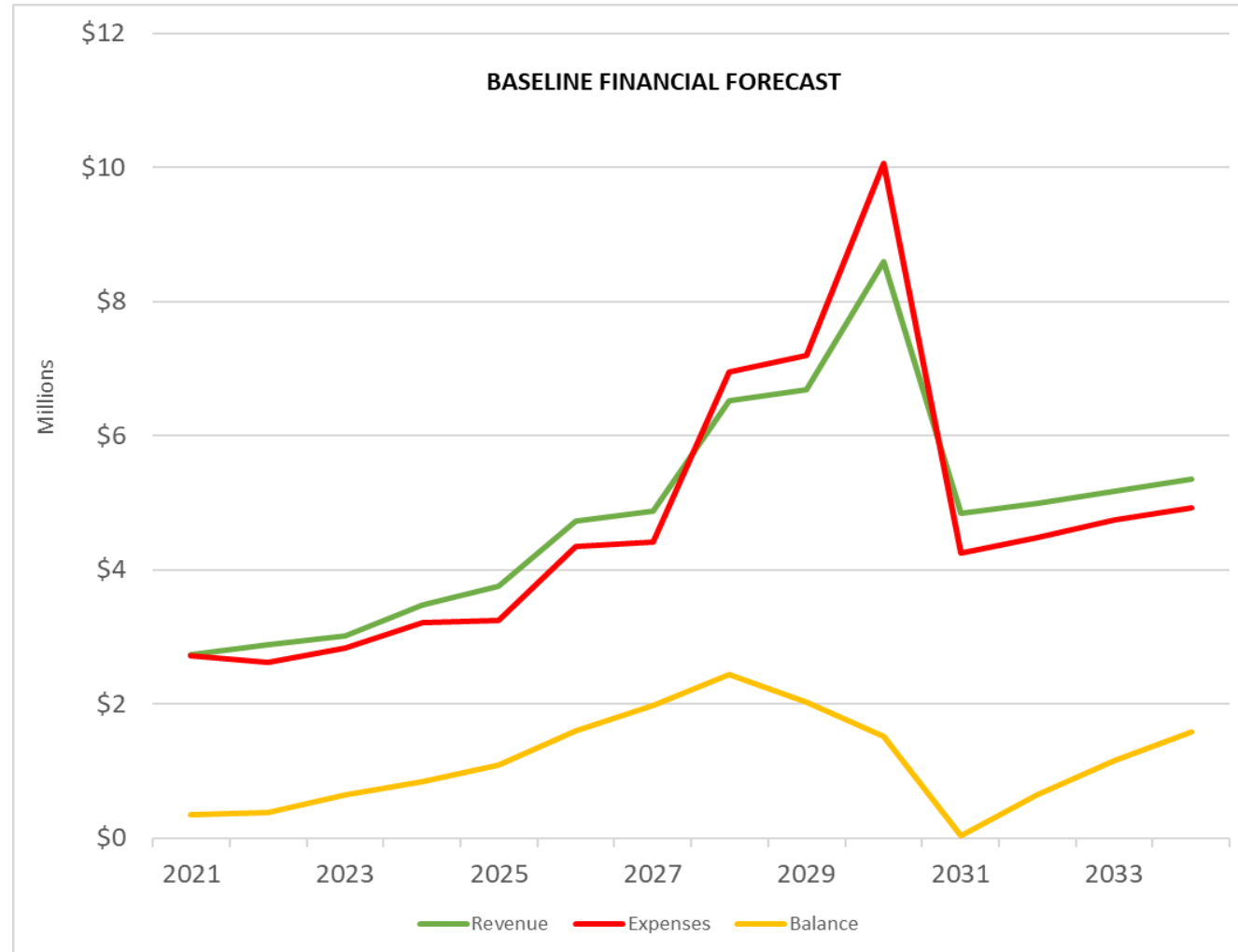
Escalators (Revenue)

Revenue Assigned Escalators			
Fund	Ledger Line Item	Esc	Description
500	SDO Employee Insurance*	-	Removed from future projections.
	SDO Permits	AVG	Average of 2021=2024
	SDO City Share	RATES	Prior years receipts X 0.001 demand increase
	SDO Service to County Payment	64.5%	64.5 percent proportion of all annual SDO 500 Fund expenses per year
	SDO Septage Haulers	-	Average of 2021-2024
	SDO Reimbursements	-	Removed from future projections.
505	Debt Service	AVG	Average of 2021-2024
	SDO Service to County Payment	64.5%	64.5 percent proportion of all annual SDO 505 Fund loan repayment expenses per year
	Interest	-	Removed from future projections.

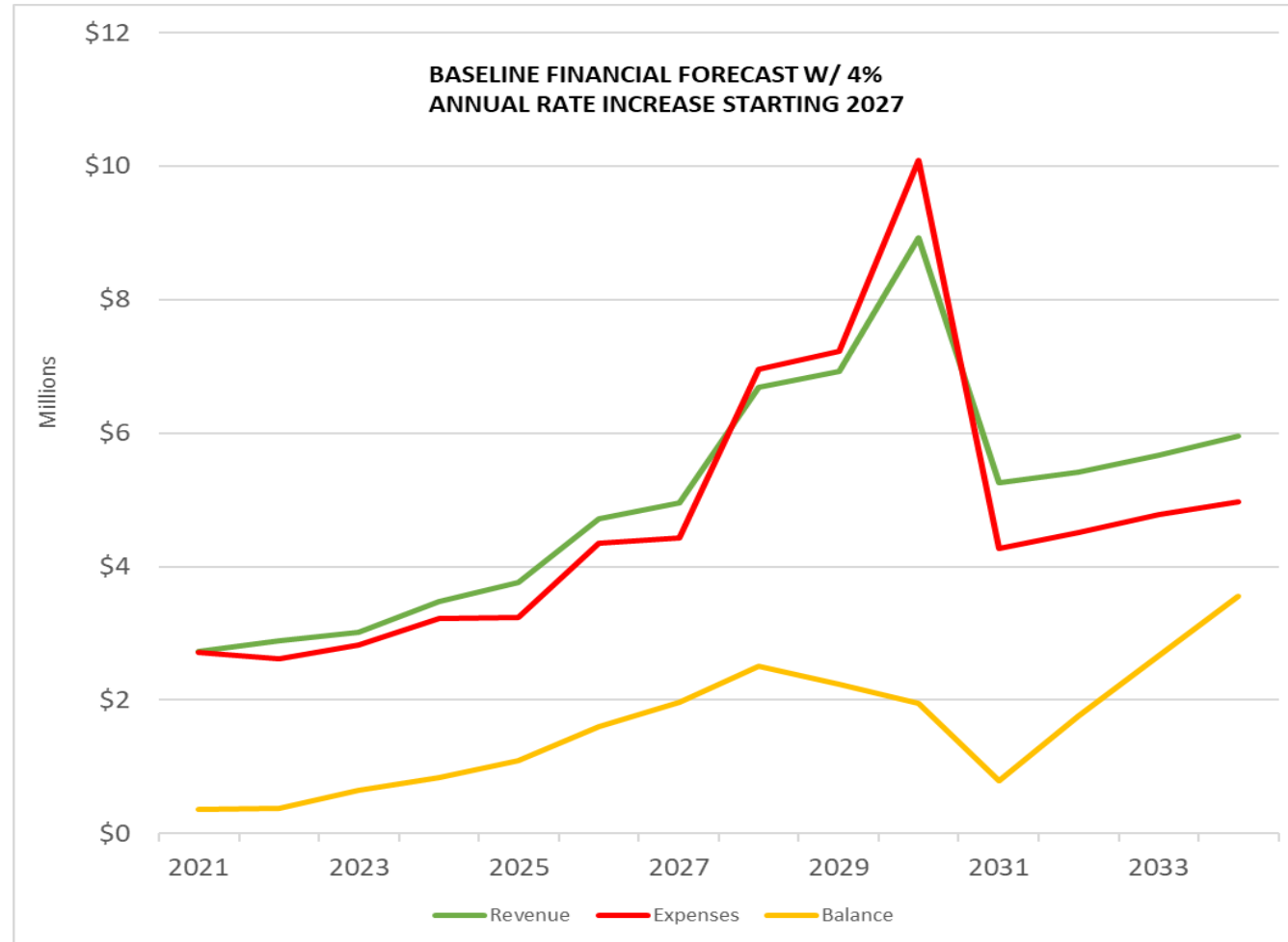
Escalators (Expenses)

Expense Assigned Escalators			
Fund	Ledger Line Item	Esc	Description
500	Superintendants Payroll	3.00%	3 percent annual increase
	Employees Payroll	10.00%	3 percent annual increase
	Clerk/Secretary Payroll	3.00%	3 percent annual increase
	Overtime	10.00%	12 percent of annual Payroll total
	Holiday Pay	4.00%	4 percent of annual Payroll total
	Longevity	0.50%	1 percent of annual Payroll total
	Exposure/Hazard Pay	-	Removed from future projections.
	Retirement/Severance	AVG	Average of 2021-2023 receipts
	OPERS	13.00%	13 percent of Payroll Annual, OT, Holiday and Longevity Total
	Medicare	1.35%	1.35 percent of Payroll Annual, OT, Holiday and Longevity Total
	Hospitalization	AVG	Average of 2021-2024 receipts
	Workman's Compensation	AVG	Average of 2021-2024 receipts
	Unemployment	-	Removed from future projections.
	Materials and Supplies	2.30%	2.3 percent annual increase
	Equipment Replacement	3.00%	3.0 percent annual increase
	Gasoline/Diesel Fuel	2.30%	2.3 percent annual increase
	Chemicals	3.00%	3.0 percent annual increase
	Operating Expense	3.00%	3.0 percent annual increase
	Utilities	2.30%	2.3 percent annual increase
	General Maint and Repairs	3.00%	3.0 percent annual increase
	Vehicle Maint and Repairs	3.00%	3.0 percent annual increase
	Professional/Outside	3.00%	3.0 percent annual increase
	Aqua Bill Fees	7.40%	7.40 percent of City annual revenue including 500 SDO City Share, 505 Debt Service
Sludge Hauling	AVG	Average of 2021-2024 receipts	
Millstone Collection	-	Removed from future projections.	
Capital Improvements	3.00%	3 percent annual increase	
505	Sinking Bank Fees	-	Removed from future projections.
	Capital Improvements	-	Removed from future projections.
	Loan Repayment Pricip	AMOR	Assigned annyal payments based on loan amoritization and debt service fee schedule
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	Bank Fees	-	Removed from future projections.

Baseline Financial Forecast



Financial Forecast (Recommended)



Affordability

Target Year	Usage Fees		Fix Fees	Avg. Monthly Pymt.	Avg. Annual Pymt.
	Usage Rate \$/100cf	Avg. SDO \$/Mo.	SDO Debt Service \$/Mo.		
Current	\$6.50	\$33.09	\$5.00	\$38.09	\$457
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2028	\$8.11	\$41.28	\$5.00	\$46.28	\$555
2034	\$10.26	\$52.22	\$5.00	\$57.22	\$687

Table 2: Rate Adjustment Summary (Avg. Gals/Mo.= 3,808 Gals/Mo.)

Affordability

Community	Community Median Household Income	State Median Household Income	Community Percent of State MHI	Drinking Water Affordability Rate	Waste Water Affordability Rate	Combined Affordability Rate	Line 10 Water (A)	Line 21 Sewer (B)	Line 26 Combined (C)
Boardman Township	\$67,926	\$69,680	97.48%	0.013	0.017	0.03	\$883.04	\$1,154.74	\$2,037.78
Campbell City	\$41,368	\$69,680	59.37%	0.011	0.015	0.026	\$455.05	\$620.52	\$1,075.57
Canfield City	\$97,730	\$69,680	140.26%	0.015	0.018	0.033	\$1,465.95	\$1,759.14	\$3,225.09
Canfield Township	\$106,105	\$69,680	152.27%	0.015	0.018	0.033	\$1,591.58	\$1,909.89	\$3,501.47
Girard City	\$42,861	\$69,680	61.51%	0.011	0.015	0.026	\$471.47	\$642.92	\$1,114.39
Lowellville Village	\$56,429	\$69,680	80.98%	0.011	0.015	0.026	\$620.72	\$846.44	\$1,467.15
Mahoning County	\$55,576	\$69,680	79.76%	0.011	0.015	0.026	\$611.34	\$833.64	\$1,444.98
Poland Township	\$95,159	\$69,680	136.57%	0.015	0.018	0.033	\$1,427.39	\$1,712.86	\$3,140.25
Poland Village	\$90,281	\$69,680	129.57%	0.015	0.018	0.033	\$1,354.22	\$1,625.06	\$2,979.27
Struthers City	\$51,894	\$69,680	74.47%	0.011	0.015	0.026	\$570.83	\$778.41	\$1,349.24

Q&A

