



Richland County Council
Sewer Ad Hoc Committee
June 30, 2020 – 2:00 PM
Zoom Meeting

COMMITTEE MEMBERS PRESENT: Bill Malinowski and Dalhi Myers

OTHERS PRESENT: Chakisse Newton, Paul Livingston, Michelle Onley, Leonardo Brown, John Thompson, Ashley Powell, Stacey Hamm, Ashiya Myers, Brad Farrar, Angela Weathersby and Tariq Hussain

1. **Call to Order** – Mr. Malinowski called the meeting to order at approximately 2:00 PM.
2. **Approval of Minutes: February 25, 2020** – Mr. Malinowski stated the minutes indicated there were non-members voting on the Adoption of the Agenda. In addition, the footer on the minutes needs to be corrected to reflect the proper committee.

Ms. Myers moved, seconded by Mr. Malinowski, to approve the minutes as corrected.

In Favor: Malinowski and Myers

The vote in favor was unanimous.

3. **Adoption of the Agenda** – Ms. Myers moved, seconded by Mr. Malinowski, to adopt the agenda as published.

In Favor: Malinowski and Myers

The vote in favor was unanimous.

4. **Council Motion: I move that Richland County staff reevaluate the sewer project methodology to potentially allow for usage based rather than flat rate fees [MYERS]** – Mr. Brown stated the included briefing document outlines Scenario I – Water Usage and Scenario II – Tiered Rates. Both of the scenarios evaluated using a usage rather than a fixed-rate fee. If you look at the details, you will see they will require an investment by the County for meters. There are a couple issues outlined in the document that communicate why that would not be a viable solution, based on time and money. As a result, both of those items, the water usage or tiered rates, would not be viable options that would address the request made by Ms. Myers, in a financially or timely way that would address the immediacy of the concerns raised about equity in sewer rates.

Ms. Myers stated going forward it would be helpful if we could look at phasing in meters because that is the only fair way to charge people, if they are getting a service. It is fee for service, but we cannot accurately tell

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them what their fee is, if we do not have a meter. As a secondary issue, she would like to see, going forward, some discussion of how to phase in meters, and how to pay for those meters.

Mr. Malinowski stated he agrees with Ms. Myers. It has been years ago, but he inquired about why we could not use meters. At that time, he was told it was cost prohibitive, but no one ever told him why we could not implement meters as we moved forward with new development. He stated, if a development is going in, whether they are depending on sewer, City of Columbia, or another entities water, he does not know why we cannot ask that meters be put in.

Mr. Brown stated he made a note to find out what would prohibit us from doing that with new development, and what it would take for us to make it a process, as it relates to Utilities.

Ms. Myers moved, seconded by Mr. Malinowski, for new development, dependent on Richland County water or sewer services, or both, that the developer be required to meter the homes for usage, and that going forward Richland County develop a phased-in plan, so that a certain number of historic customers are annually brought into a metered system, until all customers are metered.

Mr. Brown stated, he understands, this is something we want to look at going forward. He inquired if this motion would immediately go into effect, or would we set out some dates and times, so we can make sure we can accommodate this motion being put into effect.

Ms. Myers responded for new development it is immediate, but over time we will phase in a certain amount of customers, until they are all phased in.

Ms. Newton inquired what would happen if there was a new development where the City of Columbia, or another entity, was providing water services, thereby the meters were theirs because the sewer usage is calculated based on water usage.

Ms. Myers stated she believes our customers need to be on our meters, which is why she is saying to migrate them to whatever meters the Utilities Department decides they want. In the interim, we are going to treat everybody the same, but we are going to migrate to a meter-based charging system, and those meters would be installed by Richland County.

Mr. Livingston stated, as we move toward a meter-based system, how do we determine the costs where we are able to pay for operation and capital.

Ms. Myers responded the current briefing document is the scenario we would be working under. If we approved one of the scenarios, suggested by staff, that takes into account the debt service and ongoing maintenance. The motion contemplates we would accept one of these suggestions from staff, as the current way to pay for services, then going forward, as we move to meters, it would be incumbent on staff to analyze what the charges are on the meters, and whether they cover our debt service.

Mr. Livingston stated sometimes fees can have a disproportionate effect on the poorer citizens, or those with larger families, due their need for larger amounts of water or having broken pipes, toilets, etc.

Mr. Malinowski stated there was a comment in the briefing document that nobody uses a sewer meter.

Mr. Livingston stated the City's fees are based on the water meter, and not the sewer meter.

Mr. Brown stated, early on, Ms. Myers did raise this issue, and that is why they were looking at some sewer

meters. The other thing we would need to be mindful of is there are citizens on well water. Therefore, we still may have different classes of customers, within our combined system, which still not be on meters.

Mr. Malinowski stated, for clarification, Ms. Myers' initial motion has been tweaked into the new motion.

In Favor: Malinowski and Myers

The vote in favor was unanimous.

5. **Council Motion: I move to direct the County Administrator to work with staff to develop a modified sewer plan that:**

- **Corrects the disparity in sewer rates for the new Richland County sewer customers transferred from City of Columbia sewer service in January 2020; and**
- **Assesses and updates the County's long-term sewer strategy to ensure the sustained health of the system while also preserving fair, consistent rates for all sewer users.**

This plan should be comprehensive in nature and include a timeline, benchmarks, and a methodology for tracking its success. It should also identify the parties responsible for completing proposed work as well as a robust constituent communication strategy. The plan should move to Council for review and action as soon as possible and no later than Council March 17th meeting (or not more than four (4) weeks from the date of Council's February 18th meeting). [NEWTON]

Mr. Brown stated, this motion required staff to look at the disparity in sewer rates among Richland County and City of Columbia transfer sewer customers, to assess a long-term strategy to address both the health of the system and fairness and equity across rates, as well as how to address the issue going forward. Staff's recommendation is to approve the multi-class rate structure (Scenario 4). This plan will allow the County to migrate customers from any sewer service into Richland County's service, and build in a process where they can move toward the County's flat rate, over time, and appropriately account for that in their budget, without "sticker shock", while at the same time allowing the County to maintain its financial health in the sewer system. He referred the committee to two (2) scenarios (Exhibits 1 & 2). Exhibit 2, is the multi-class rate approach, which clearly shows you that it accounts for both the actions Richland County recently took to slow down, or delay charging the sewer customers the approved \$64.00 rate. The rate is still there, we are just not billing the customers for that rate. Richland County is absorbing that as a part of COVID-19. Then, they built in the rate structure between the flat rate and the rate that has a variable increase, year to year, until all customers are paying the same flat rate. He stated the fund balance allows us to meet the debt criteria we need to meet, as well as maintain our numbers in black for operating. Fundamentally, what you have is, "Citizen A" coming from another system onto Richland County's system. Whatever rate they were paying on that system, they will receive annual increases, as necessary, until they meet Richland County's flat rate. This allows for citizens to not get "sticker shock" and to potentially be able to afford, and budget for, increases without it being a drastic increase. He believes this program addresses the equity, the long-term and short-term financial needs, and it addresses customers coming onto the system to be treated consistently and fairly across the board.

Ms. Myers stated Franklin Park is a class of customers who are not receiving any treatment for their wastewaters and have been brought into this new rate scheme with an increase. She would like to know where they would fit on the rate schedule, and if they would be the lowest on the schedule and brought up until their system is built up and put on a system. Currently, their wastewater goes in a lagoon behind their development.

Mr. Brown responded he was not aware there were citizens on the system that we were not having their wastewater treated. Based on class, they would be a separate class because they would fall into a unique group. Everybody in that group would need to be treated the same. The question he has is, what services we are providing to Franklin Park, so we can try to figure where they would fall on the table.

Dr. Thompson stated, it is his understanding, the County is only servicing them with water. We will confirm that we are only charging for water, and not sewer.

Ms. Myers stated they were a part of the group that experienced the rate increase, so they are being billed for something.

Mr. Brown stated, if it is the committee's will to move this Council, we will look at what is being charged to those individuals, review the table we are using for the other transfer customers and communicate what those rates are, and determine a realistic and reasonable rate for someone that is not receiving any service.

Ms. Myers stated, for clarification, their wastewater is not being treated in a manner consistent with what we would call best practices.

Mr. Brown stated it would likely be a minimal standard rate, and we would have to have Council ultimately agree this is a rate they would be willing to charge, based on what the individuals are receiving, by way of wastewater treatment.

Ms. Myers moved, seconded by Mr. Malinowski, to accept staff's recommendation.

Mr. Malinowski stated, it his understanding, some of the customers is still being treated by the City of Columbia, so he can agree and understand they should have a rate that is comparable to what the City was charging them. However, once the County begins providing sewer to them, he does not see why they should still be receiving service at City rates. He knows the other class will also receive a percentage increase until they catch up with the County, but, if the increase is no more than 15% per year, they are never going to catch up with the County rate. It seems that particular method is fine as long as the City is treating their waste, but once the County takes over, he does not see how they can become a separate class.

Mr. Brown responded, when they looked at how to provide equity into the process, that is where this came in. They are starting at one point, and working their way toward another point. In order to do that, in a way that is feasible to the individuals who are a part of an acquisition/transfer this allows those individuals to account for what the County is going to charge them. The other alternative would be for the County to charge a higher rate, and receive a higher sum of delinquencies or non-payments for those rates. If we stay in any level of COVID over the next 12 months, the Governor has said utilities cannot end the services of individuals due charges. We want to be smart about how we account for that, and based on what he believes Council will be doing, you only have about 5% of individuals who will not be caught up. If we hold rates where they are currently project, the majority of the customers will be caught up in the next 2 years. If Council changed the rates every year, which is unlikely, the customers would not be able to catch up.

Mr. Malinowski inquired about how long it will be before the County begins treating the waste for the City's current customers.

Mr. Brown responded he believes the build out is not scheduled to be completed until next Summer.

Dr. Thompson responded they anticipate construction will be complete in June 2021.

Ms. Myers stated the questions by Mr. Malinowski are questions she has been consistently asking. She still does not understand how we say this provides equity. What it provides is a glide pass, and less “sticker shock”. She does not know that she can say it provides any equity or fairness. It maintains customer satisfaction. The goal is to make sure we retain the customers, and keep them happily on the system without blowing up this new, and necessary build out of the system and retain the integrity of Richland County’s 208 territorial rights. She would suggest the best way to handle this is a rate study that takes in where we are, and then brings everybody onto the system in a way that does not have this “sticker shock”. She knows no one wants to do another rate study, but she does have heartburn about having customers on the system being subsidized by others, when they are getting the same service.

Ms. Newton stated she wholeheartedly agrees we should not be finance the system on anybody’s back. When we transferred these customers from the City, she was told their rates were going to remain the same, or be better. Had that not been information given to her, she would not have voted for it. You have a situation where you have customers, right now, that have their wastewater treated by the City of Columbia. They are receiving the exact same service, yet their rates have increased by 30 – 50%. The way these customers are currently being treated, only exist to have something financed on their backs, which is not what she was expecting and would not be fair. In terms of the research she has done of other sewer systems, it is a common practice, among sewer systems, to have different tier/class structures, when people are receiving different services. There is no Richland County customer, except this group of customers, who falls into this class. Their sewer is actually being treated by the City of Columbia. They are receiving the exact same service that they received on December 31, 2019, but now have the privilege of paying twice as much for it. What this solution does, not just for these customers, but as a policy for future transfer customers, is a model that is a “glide pass”. In this case, they are not being treated by Richland County. They are receiving the exact service as before. You have a small minority, after a period of time, who would not be paying that. For those customers who were expecting us to keep a promise of consistent rates, who had their services purchased, this is a solution that everyone compromises a little.

Mr. Malinowski stated he agrees, if the customers are still receiving services by the City, they should pay those rates, but once they get taken over by the County, and the County is treating it, then their rates need to increase to the County rates. Also, if we are talking about fairness, and rate structures, we can create different classes, as long as everybody within that class falls under those requirements. We may want to look at senior citizens who are using less sewage than a family.

Ms. Myers stated she understands what Ms. Newton is saying. Only she and Ms. Newton have lived the reality, on the ground, where sewer is an explosive topic every day. While today the transfer customers have a good claim they are getting the same service, and paying more for it, next year they will be getting better service. They will have a brand new system that hopefully is much better than what they are on now. It may cost more, but they will be getting a better system, and the County will be able to defend our 208 territory and prevent their annexation. She would hope that we would undertake a rate study, and look at making the rates across the board, once everyone is on the system, more palatable for all customers. If any breaks should be given they should be given to senior citizens on fixed incomes, or individuals who are using less. She does not see putting new customers on the new system and charging them a depressed rate.

Ms. Newton stated there would be a small number of customers that would take time to come up to the Richland County rate using this scenario. She would add that as you look at sewer systems across the country, this is not uncommon structure to be used.

Mr. Malinowski stated, while we can have a different rate for a different class of individuals, it has been his understanding that you cannot charge different rates for individuals receiving the same service. Therefore, once the current customers come on board and begin receiving Richland County sewer treatment, they are

now receiving the same service as everyone else, and cannot receive a reduced rate.

Mr. Malinowski made a substitute motion, seconded by Ms. Myers, to ask staff to immediately revert the monthly fee back to what the individuals were paying when they were with the City because the City is still treating their sewer. When they come into the County system then they will come up to the County fees. In addition, he would like to incorporate Ms. Myers request for a rate study.

Ms. Myers inquired if the motion includes what was discussed about the Franklin Park customers.

Mr. Malinowski responded, if they are not receiving treatment, they should not be paying for treatment.

Ms. Newton stated, for clarification, these are things that would move simultaneously, so if this motion to pass the rate piece would move to Council, but it would not wait on a rate study.

Mr. Malinowski responded the motion is primarily to charge them the rate they paid, while they were with the City, because technically they are still with the City. When the new system is completed and these individuals come onto the Richland County system, they will be brought up to whatever the costs is for the Richland County system.

Ms. Myers requested a date certain by which the rate study will be completed.

Mr. Brown stated his concern is how the rate study could be conducted without the build out being complete. If we are asking them to make a projection, then we are back to where we are right now.

Ms. Myers noted the rate study we are currently working under has a lot of assumptions that, in her opinion, were fundamentally flawed. It also has a number of customers added to the system that does not reflect where we are, or the actual number of customers we are going to add to the system. To the extent that the number of customers on the system will drive the monthly needed per customer, as well as the cushion established for maintenance.

Mr. Brown stated, when you say revert the rates to the City, you had some individuals that were paying more than when they got on Richland County. For clarification, do we want to take those individuals back to that amount, because that could cause another firestorm?

Mr. Malinowski clarified that it will only effect those customers that had their rates increase.

Ms. Myers noted there are more customers who have transferred and realized a lower rate than there are customers that realized an increase.

Ms. Newton stated Ms. Myers' statement is incorrect. She stated there are vastly more customers who have experienced an increase.

Ms. Myers stated if they are all in the same case, and everyone is not in the same circumstance, how will we set their rates, and the others will charge the City of Columbia rate. We have now created disparity within the class.

Ms. Newton noted the class is based on the treatment and services they are receiving from us. They are all the same in that way. What staff's recommendation provides, which the substitute motion does not provide, is that it was working toward the goal of having everyone ultimately raised to the Richland County rates. It presumed the Richland County rates is the ceiling, and that what we are trying to do is transition every

customer to that rate.

Mr. Malinowski stated he believes Legal needs to weigh in and tell us what we can do. If we are going back to the way it was and everyone paying the same rate, then those few that had their rates reduced will have to have them increased to keep the class the same.

Mr. Farrar responded to the discussion by stating that you want to have this wired before you implement it because of the potential negative, unintended, consequences of having someone saying they have budgeted for this lower rate, and now my rate is going up because of something we are doing different. Legally, you have to treat everybody within the class the same way.

Ms. Myers suggested deferring this to the next meeting. She felt uncomfortable about voting on something that we are unclear on.

Mr. Brown stated, for the record, there are 743 customers that are paying a lower fee, and 695 customers are paying more than \$55.68/month.

Ms. Myers stated whatever we do it needs to include a staff led plan, in writing, for public information, so that Ms. Newton or whomever else does not end up in the newspaper as an abuser or process.

Ms. Myers moved, seconded by Mr. Malinowski, to defer to the next committee meeting.

In Favor: Malinowski and Myers

The vote in favor was unanimous.

Ms. Newton requested to have the next Sewer Ad Hoc Committee as soon as staff has the numbers.

6. **ADJOURN** – The meeting adjourned at approximately 2:57 PM.