

Utilities

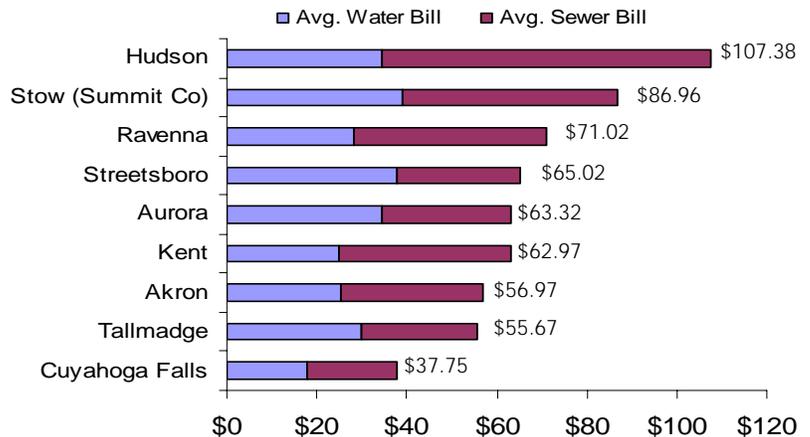
In Kent the water and wastewater (sanitary sewer) budgets are enterprise funds which are designed to be financially self-sufficient from the revenues generated from water and sewer use metering. The use and consumption charges are set to cover operating, capital and debt payments.

Water and sewer rate comparisons are useful indicators of competitiveness but it is important to remember that different cities use different methodologies to set rates. Some cities may choose to cross-subsidize or supplement the funds with general taxes to hold the consumption rates down. Some cities have old plants that have high capital needs and carry high debt. Some cities use volume discounts or volume premiums on consumption. All of these types of variables need to be considered when trying to make rate comparisons.

As evidenced in the chart to the right, Kent's water and sewer rates are competitive with the region. Overall, Kent's water bill is the second lowest in the region and the sewer is right about at the average. The "effective" utility burden on the average Kent family is approximately \$5 less per household than the regional average.

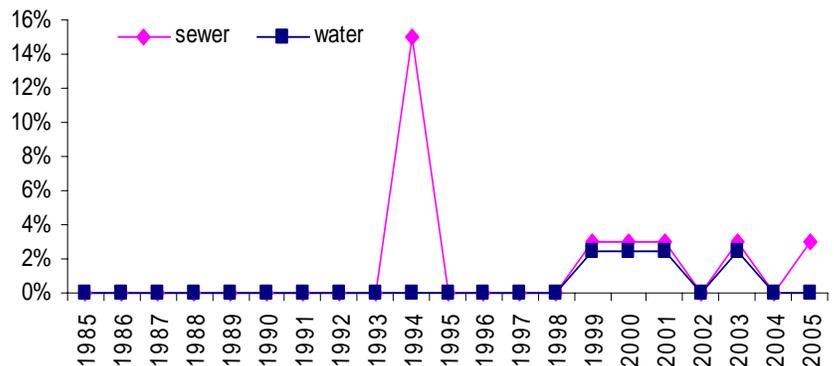
NE Ohio Peer City Monthly Utility Bill Comparisons

(based on average monthly consumption rates)



The history of rate increases for Kent Water and Sewer shows relatively little change over the last 20 years with the exception of a large sewer increase in 1994. Over a 20 year period when inflation rose annually around 2% to 3%, the city's rates averaged an annualized 1.5% rise in sewer and .5% rise in water; well below the consumer price index.

City of Kent Water and Sewer Rate Increases 1985 - 2005



Water and Sewer trade research indicates that 65% of utilities use minimum charges even when no consumption occurs. Cities defend minimum charges to cover the "availability" costs of water and sewer from a capital perspective and to cover the meter reading and billing which occurs regardless of actual use.

NE Ohio Minimum Water and Sewer Fees

