

# Audit Highlights

OPT conducted a performance audit of the Lorain Utility Department at the request of the City. This report includes an in-depth analysis of the City's water and sewer activities and comparisons to both peers and industry standards.

## STAFFING AND COMPENSATION



- ▶ The City could make reductions of 6.5 FTEs in the Water Department and 7.5 FTEs in the Wastewater Department, which could result in annual savings of nearly \$1 million.
- ▶ Lorain's Utilities Department compensation and overtime levels are lower than the peer averages.



## RATES AND FEES



- ▶ Operational revenue may not be sufficient to cover the City's increasing costs of services for both water and wastewater, primarily due to its large amount of long-term debt for capital improvements. The City should consider reevaluating its water and sewer rates in order to sufficiently cover the full costs of service in future years.
- ▶ The City's rates for both water and sewer operations are higher than the peers based on standard usage.
- ▶ Water and sewer rates place a moderate-high financial burden on residential users relative to income. The City should consider the financial burden to residents in conjunction with its need to sufficiently cover its costs when establishing future utility rates and fees.
- ▶ The City does not have a formal capital improvement plan, but instead has an informal project schedule for the years 2020 through 2023. Lorain should consider following the best practices suggested by the GFOA in regards to adopting a formal capital plan.