

METRO

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THE PLAIN DEALER

Akron voters to decide on leasing city's sewer system

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Akron Mayor Don Plusquellic is pulling out all the stops for Issue 8, his plan to lease the city's sewer system to a private operator to raise \$200 million for college scholarships.

When drive-through customers roll down their windows at two Akron-area McDonald's restaurants, they hear a recording of Plusquellic asking for their support on Tuesday's vote.

The mayor also has gotten his message across at a series of public meetings and news conferences — once even donning a Santa Claus hat and a jester's cap to punctuate his points.

Plusquellic's plan was inspired by the ground-breaking Promise program in Kalamazoo, Mich., which uses a scholarship guarantee to get more students into college and to attract new residents and businesses. Other cities across the country, from Pittsburgh to Denver, have come up with their own versions.

But Akron's proposal is different in several ways:

- It uses a public utility as a money source instead of the donors who have stepped forward elsewhere.

- Eligible students are restricted to using the scholarships at the University of Akron or trade or technical schools in the city.

- While some programs guarantee an amount up front, Akron students have to apply for other grants first and then be given the remainder needed for tuition.

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- Recipients must repay the investment in them by paying the city income tax for 30 years — whether they live or work there or not. Alternatively, they can choose to pay back the scholarship amount, plus interest and fees.

Richard Merolla, the city's public service director, said the repayment requirement is one of the most misunderstood aspects of the plan. It's there to ensure a benefit for the 80 percent of residents who don't have children in school, he said.

"The city's tax department is already keeping track of 120,000 taxpayers, and the tax commissioner says he won't even have to add staff for this," Merolla said. "It's easy to track people these days."

But given the recent plunge in the global economy, who will want to fork over that much money to run the sewer system?

Merolla contends the economic downturn has actually enhanced the system's value to potential investors, such as pension funds, which are seeking security. People always pay their sewer bills, providing a steady stream of income to round out a portfolio, he said.

Rate increases will be capped at 3.9 percent a year, so the risk to users is minimal, he added.

Greg Coleridge, one of the leaders of Citizens to Save Our Sewers and Water, doesn't see how the numbers add up. An investor would have to come up with enough money to fund the scholarship endowment, pay off the system's debt, make required improvements and pro-

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vide the same level of service as now — while also making a profit.

Either rates would have to rise or quality would suffer, he said.

"There's more to the issue than scholarships," Coleridge said. "The other half is leasing the sewers and that cost is too great. There are other ways to fund scholarships. This is pretty risky."

Coleridge said other communities have discovered the pitfalls of transferring a public service to private operators. Forty cities in France, which was at the forefront of the privatizing movement, are returning to municipal services, he said.

For information from supporters of Issue 8, go to akronscholarshipplan.com. For information from opponents of Issue 8, go to akronohio.net.

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