

Bonding Plan

Michigan City Department of Water Works

Regular Session – Michigan City Council

Tuesday, December 2, 2025, 6:30 PM

Christopher Johnsen, Superintendent



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- Capital Improvement Plan Developed with Wessler Engineering and Adopted by Water Works Board of Directors on February 27, 2024
- Identified projects by year through 2028 and then for the 5-year span of 2029 through 2034 and the 10-year span of 2035 through 2044
- Projects included improvements to treatment and distribution facilities, as well as equipment, with an average of approximately \$12.5 million per year



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- Met with the Council in Executive Session to state intention and discuss the litigation plan at the time on February 5, 2024.
- Council was presented with process that included the Council adopting a Bond Ordinance, as had been done in 2015.
- The Indiana Utility Regulatory Commission received initial notice of intention to file for rate relief (A.K.A. rate case) on February 6, 2024.



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- Original Litigation Plan

- Conducting financial review with Baker Tilly who provided rate study.
- Bose McKinney & Evans will provide the legal and litigation portions of the process.
- Board to approve financial plan and rates
- Intend to bond large projects
 - Board to recommend to Council through resolution
- City Council to approve bond ordinance



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- Why file now?

- Last rate ruling was in May, 2015
- Organic growth offset inflation until COVID.
 - 2015 thru 2020 – average of 1.77%
 - 2021 thru 2024 – average of 4.94%
 - YTD 2025 – 2.35%
- Inflation now exceeding growth and income strained by expenses.
- Identified several projects in 20-year Comprehensive Plan to ensure safe and efficient operations.



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Inflation Examples:

* Indicates estimated using YTD October 2025.

Item	Year End 2015	Year End 2025	% Change
US Dollar (per usinflationcalculator.com)	\$ 1.00	\$ 1.37	37%
Department Total Revenue	\$ 7,027,291.00	\$ 7,653,110.00*	9%
Department Operating Expenses	\$ 5,846,041.00	\$ 6,837,944.00*	17%
Labor Wage & Tax	\$ 1,871,899.00	\$ 2,641,365.00*	41%
Labor Benefits	\$ 557,961.00	\$ 867,327.00*	55%
Positions filled/total	38/44	38/44	
Purchase Power	\$ 370,714.00	\$ 509,988.00*	38%
Cost / Million Gallons	\$ 187.05	\$ 252.77	35%
Chemicals	\$ 115,238.00	\$ 194,851.00*	69%
8-inch Water Main / Foot	\$ 14.96	\$ 40.11	168%
Hydrants	\$ 1,300.00	\$ 3,484.00	168%
Meters	\$ 178.00	\$ 297.35	67%
SUV FWD and V6	\$ 29,842.00	\$ 43,000.00	44%



Water
Treatment
and
Facilities
Capital
Projects:

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Project	Operational Area & Purpose	Estimated Cost
Replace Low Lift Pumps & Motors w/ VFDs	Plant – Pumping Efficiency	\$800,000
Roof Replacement North Pump Building	Plant – Improve Aging Facility	\$880,000
Replace Wet Chemical Scrubber w/ Dry	Plant – Chemical Safety	\$400,000
Cover Basins	Plant – Efficiency and Safety	\$1,800,000
Eastwood Booster Station & Storage Tank	Distribution – Area Pressure	\$6,645,000
Beverly Shores Booster Storage Tank	Distribution – Continuity of Service	\$970,000
Ammonia Facility at Beverly Shores Booster	Distribution – Water Quality	\$305,000
Remodel or Relocate Office Space	Administration – Aging Facility	\$1,750,000
Southside Elevated Storage Tank	Distribution – Continuity of Service	\$6,040,000
Chloramine Facilities at Pals Booster	Distribution – Water Quality	\$770,000



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Water Distribution Projects:

Project	Operational Area & Purpose	Estimated Cost
US 20 – Johnson Road to IN 212	Distribution – Loop in Industrial	\$1,418,000
Thomas St., Carroll Ave., Woodland to Tank	Distribution – Improve flow to Tank	\$3,106,500
Meer Road – CSS & SBRR S to Warnke	Distribution – Service to City Area	\$2,439,500
Meer Road – Michigan Blvd N to Warnke	Distribution – Service to City Area	\$2,968,000
Annual Water Main Replacement Program	Distribution – Aging Infrastructure	\$9,336,000



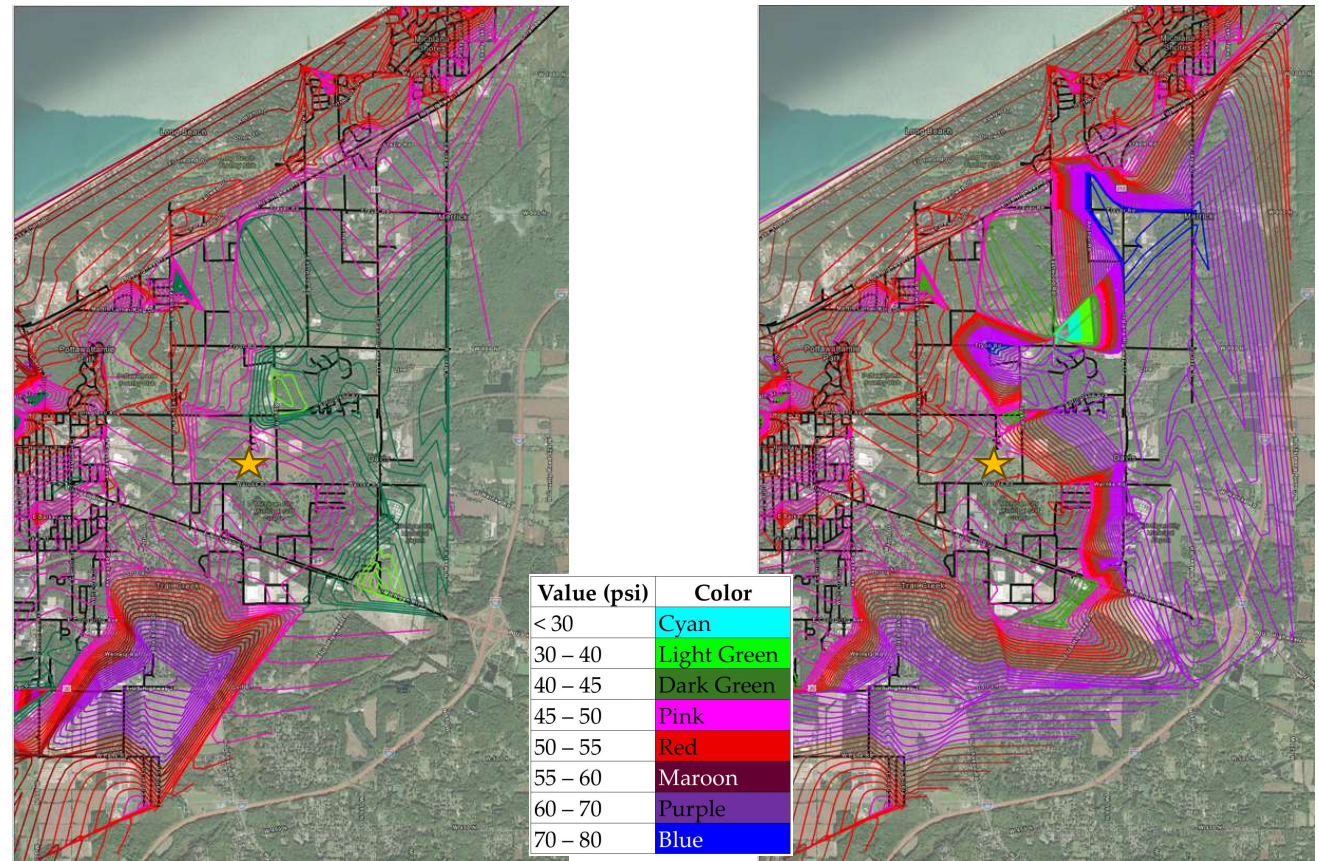
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No projects are a result of or influenced by the new data center project on Royal Road.

Closest project – Eastwood Booster

★ : data center



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- Water Main Replacement Program
 - 44.7 Miles of Water Main > or = to 100 years old
 - 8.2 Miles of Water Main 95 to 100 years old



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- Total Projects - Construction: \$43,590,800
- Total Projects – Non-Construction: \$6,919,200
- Total Project Costs: \$50,510,000
- Phasing:
 - Phase 1: Late 2026 / Early 2027 - \$34,920,000
 - Phase 2: 2029 - \$15,590,000
- Total Bonding with Contingency: \$60,500,000



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What Does This Mean for Rates?

- Current Residential Average Monthly Bill: \$23.09 (based on 535 Cubic Feet)
- Increase request to be phased over 3 years
 - 2027 – Increase bill by \$9.21 to \$32.30
 - 2028 – Increase bill by another \$3.28 to \$35.58
 - 2029 – Increase bill by another \$3.62 to \$39.20
 - Total Increase after 3 years is \$16.11



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Comparison of Rates – Now and Future

Comparison of Water Monthly Rates
Northwest Indiana (NWI) Communities with a Population Range of 10,000 to 50,000
Includes Public Hydrant Surcharges
(Based on 4,000 Gallons/535 Cubic Feet)



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Where are we in process?

- Water Works Board approved a rate ordinance November 10
- Water Works Board approved declaratory resolution for bonding November 25
- Public hearing for bond ordinance December 9 at Water Works Board meeting
- Confirmatory resolution with bond ordinance to be voted on December 9 at Water Works Board meeting



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Where are we in process?

- Prior to the end of 2025, the rate case will be filed with the IURC.
- The IURC and the Office of Utility Consumer Councilor will review the Department's testimony.
- There will likely be a public hearing in the late spring.
- Earliest IURC will issue a judgement is late fall 2026.



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What is needed of the City Council?

- The Water Works Board is responsible to set rates and sell bonds for the purpose of constructing capital projects per Indiana Code 8-1.5-3-1 et seq. and 8-1.5-4-1 et seq.
- The Department is requesting the Council to consider a confirming resolution in support of the Water Works Board decision to issue bonds.
- Resolution to be brought before the Council at the December 16 meeting. Draft to be provided at this meeting.



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Questions?

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