

BOARD OF SANITARY DISTRICT COMMISSIONERS REGULAR MEETING

WEDNESDAY, APRIL 22, 2026, 4:00 P.M. 1100 E. EIGHTH STREET

Michigan City Board of Sanitary District Commissioners

Andrew Sperling	(Mayoral appointment 6/20/2024 – 6/21/2028)
Tina Mahone	(Mayoral appointment 7/1/2025 – 7/1/2029)
Don Babcock	(Mayoral appointment 4/23/2024 – 1/1/2027)
Tance Falls	(Mayoral appointment 11/8/2024 – 11/9/2028)
Timothy Werner	City Engineer – virtue of position

The meeting was called to order at 4:10 P.M. by President Don Babcock.

Commissioners present were Don Babcock, Andrew Sperling, Tim Werner and Tance Falls. Tina Mahone was absent.

Staff present at the meeting were:

Rhonda Anderson, Superintendent of Water Reclamation
Al Walus, District Engineer
Rachel McCline Administrative Assistant
Christopher Yagelski, Business & Facilities Manager
Chris Carter, Superintendent of Refuse
Wendy Vachet, Director of Public Works
Jewell Harris, Legal Counsel

Also present for the meeting were:

Scott Meland, Michigan City Resident
Chris Johnson, Department of Water Works Superintendent
Dave Biela, Michigan City Resident
John Kremke, Schneider Geomatics
Don Przybylinski, Michigan City Common Council
Paul Przybylinski, Michigan City Resident

Certification

Pursuant to the Indiana Code § 5-14-1.5-6.1 (d), an executive session was held just prior to this meeting, and no subject matter was discussed in the executive session other than the subject matter specified in the public notice.

Minutes

Mr. Sperling moved to approve the March 25, 2026, Executive Session and Regular Meeting Minutes as presented - seconded by Mr. Werner. There being no question or comment on the matter, the motion carried 4 – 0 in favor.

Public Comment

Councilman Przybylinski addressed the Board regarding maintenance of the median, and the stormwater drains along Michigan Boulevard. It was recommended by Councilman Przybylinski that the drains be cleaned out. Councilman Przybylinski recommended that the City of Michigan City improve the mowing and fertilization along the greenways of Michigan Boulevard.

Mr. Meland addressed the Board requesting an update of the Lafayette Street/Barker Avenue Storm Sewer. Mr. Meland also requested a status update regarding the ditch maintenance throughout Michigan City.

Mr. Meland advised that it has been alleged that the Sanitary District has been receiving \$500,000.00 a year for ditch maintenance for over twenty (20) years. Mr. Meland then requested that the Board address what the funding was used for.

Mr. Biela thanked the Board and Sanitary District officials for the effort that has taken place thus far regarding the Stormwater management in Michigan City. It was noted that more work needs to be done.

Mr. Przybylinski addressed the Board regarding Lafayette Street/Barker Avenue storm sewer outfall and the Striebel Arm Ditch. Mr. Przybylinski recommended an update regarding the ditch maintenance throughout Michigan City. It was noted that the Sanitary District received monies from a lawsuit settled back in the 1970's. Mr. Przybylinski was advised that there was no funding to complete Lafayette Street/Barker Avenue storm sewer project. Mr. Przybylinski recommended an explanation regarding where the monies from the settlement went.

Financial Report

As of March 31, 2026:
Refuse Fund: \$1,520,319.98
Storm Water Fund: \$655,756.88
Operating Fund: \$938,502.41
Improvement Fund: \$790,276.62
Vehicle Replacement Fund: \$267,677.07
Equipment Replacement Fund: \$529,396.70
Grant Fund: -\$467,440.82
SRF Debt Fund: \$581,946.76
SRF Bond and Interest Fund: \$271,370.17
Special Fund: \$10,686.01

Karwick Remediation Fund: \$149,650.51
Levy Excess Fund: \$8,522.14

New Business/Board Action

Mrs. Anderson submitted the Revenue and Tax Levy Claims for payment in the amount of \$546,919.24. Mrs. Anderson advised that two (2) invoices from Christopher B Burke for professional services on the Springland Avenue Overflow Sanitary Sewer totaling \$862.50 were not in the claims docket. Additionally, an invoice from Krohn & Associates for professional accounting services in the amount of \$2,827.50 was also not in the claims docket. Mrs. Anderson then recommended approval of the same.

Mr. Werner made such a motion – seconded by Mr. Sperling. There being no further question or comment on the matter, the motion carried 4 – 0 in favor.

Mr. Walus reported that with lack of storm sewer in the Birch Tree Farms area, the new U.S. Highway 12 Lift Station would be at risk of higher flows during rain events due to stormwater inflow into sanitary sewer manholes located on Clemens Drive and Birch Tree Lane. The Sanitary District then requested, and the Indiana Finance Authority approved the request to utilize contingency money from the U.S. Highway 12 Lift Station for Residential Housing Infrastructure Assistance Program (RIF) Grant towards the design and installation of storm sewer along the Clemens Drive and Birch Tree Farms area. It was noted that the Sanitary District will acquire summer interns through the mayor's office to assist with the drainage improvements that are needed. Conversation ensued.

Mr. Walus then recommended approval of the Schneider Geomatics "U.S. Highway 12 Lift Station Phase II Engineering – Birch Tree Farms Drainage Improvements" proposal in the amount not-to-exceed \$73,000.00.

Mr. Sperling moved to approve the Schneider Geomatics proposal as submitted - seconded by Mr. Werner. There being no further question or comment on the matter, the motion carried 4 – 0 in favor.

Mr. Walus advised that Indiana Department of Transportation (INDOT) plans to replace a culvert that runs under U.S. Highway 12. It was noted that the culvert will intersect an existing sanitary sewer line. Mr. Walus advised that INDOT will pay some of the construction costs to relocate the existing sanitary sewer.

Mr. Walus recommended authority to issue a Public Notice and Solicit Bids for the U.S. Highway 12 and Meer Road/White Ditch Utility Relocations Project. Conversation ensued.

Mr. Sperling moved to allow authority to issue a Public Notice and Solicit Bids for the U.S. Highway 12 and Meer Road/White Ditch Utility Relocations Project as recommended – seconded by Mr. Werner. There being no further question or comment on the matter, the motion carried 4 – 0 in favor.

Ms. Vachet advised that the Sanitary District and the Michigan City Department of Water Works are working together to maintain the best contractual standards and to continue responsive business practices.

Mr. Johnson addressed the Board regarding the Memorandum of Understanding (MOU) between the Sanitary District and the Michigan City Department of Water Works. Mr. Johnson advised that the Water Department and Sanitary District need to make necessary adjustments to the current water and sanitation rates. It was noted that the Water Department produced its Capital Improvement Plan, adding that it has been approved by the Water Works Board of Directors on February 27, 2024. It was noted that the projects have been identified by year through 2028 and then for the 5-year span of 2029 through 2034 and the 10-year span of 2035 through 2044. Mr. Johnson reported that the mentioned projects included improvements to treatment and distribution facilities, as well as equipment, with an average of approximately \$12.5 million per year.

Mr. Johnson advised that the Department of Water Works had met with the Michigan City Common Council to present a 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. It was noted that inflation is now exceeding growth and income strained by expenses. Mr. Johnson provided the Board with the following increase request to be phased over three (3) years.

*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 three (3) years is \$16.11*

Conversation ensued. The Board thanked Mr. Johnson for his report.

Ms. Vachet advised that the Michigan City Sanitary District (MCSD) is created for the following four (4) purposes:

1. Provide Services for the collection and sanitary disposal of sewage, Drainage of Stormwater, and the collection of trash and garbage.
2. Preventing the undue pollution of waterways.
3. Collect Revenue that will fund operating sewers and wastewater treatment works, and construction improvements, additions, and extensions.
4. Stimulate Growth by providing an adequate sewer system and treatment plant, drainage facilities, and garbage collection and disposal.

Ms. Vachet noted that to treat wastewater, manage stormwater, and collect garbage efficiently and cost-effectively, accurate and comprehensive asset management and financial planning documents are required. Ms. Vachet reported that the Wastewater Treatment Plant (WWTP) maintenance schedules for critical equipment were partially in existence in January 2024. To meet the intent of the statute that is required by the Indiana Department of Environmental Management (IDEM), it was noted that management documents to facilitate efficient and cost-effective services must be brought up to date.

Ms. Vachet advised that by February of 2025, a new Senior Management Team was in place:

Wendy L. Vachet, AICP, Director of Public Works

Rhonda Anderson, Water Reclamation Superintendent, Class IV/D WWTP Operator's License

Al Walus, District Engineer

Chris Yageski, Business Manager

Rachel McCline, Administrative Assistant

This team combined has over 180 years of work experience to draw from to deliver the results articulated by and required by Mayor Angie Nelson Deutch:

- **Stop** the MCSD Long-Standing Practice of 'Kicking the Can Down the Road' and Avoiding Critical Decisions that need to be made
- **Stop** the MCSD Long-Standing Practice of Deferring Maintenance
- **Utilize** Data to Drive Decision Making: **Better Data = Better Decisions**

- Utilize a **'Growth Pays for Growth'** Strategy that requires new/expanding customers seeking sewer service to **Pay for the Capacity they use**
- **Plan Today for the Future**

It was noted that this presentation is the first comprehensive update on the status of the Sanitary District's asset management and financial sustainability plans.

Mr. Walus provided the Board with a score sheet for the Wastewater Treatment Plant Process/System on a 1-5 scale. It was noted that 1 = lowest priority, and 5 = highest priority. Mr. Walus reported that the Sitework & Yard Piping, along with Sludge Digester Complex, ranked the highest priority in reference to age.

Mr. Walus advised that MCSD has created and implemented a Biosolids Disposal Transportation Plan. It was explained that the new Standard Operating Procedure (SOP) was put in place to save institutional knowledge and memorialize how to save \$100,000.00 per year.

Mr. Walus reported that MCSD has implemented a sanitary sewer inspection plan to inspect all sewers within 3 years. Mr. Walus explained how two (2) different management teams planned regarding inspection innovation. In 2014, the Environmental Protection Agency (EPA) issued guidance on a new sewer inspection technology: acoustic-based inspections. It was noted that on July 15, 2021, a Field Demonstration was performed using the SL-RAT acoustic equipment on Pearl Street. The management team decided not to pursue the innovative technology and continue with traditional video inspection and cleaning methods.

Mr. Walus advised that the new MCSD management team began using the SL-RAT acoustic based equipment to inspect Michigan City sewers on February 28, 2025. Mr. Walus presented a map with a plan for major projects in 2026. Necessary upgrades to the Collection System, Lift Stations and Stormwater infrastructure were identified.

Mr. Walus reported that MCSD Engineering began preparing a Legal Drain Maintenance Plan in the fall of 2025 with Striebel Arm of Kintzele Ditch identified as the first assessment area. It was noted that MCSD Collection Department inspected 17 large diameter roadway culverts in January of 2026. This was the 1st comprehensive culvert inspection program in decades. Conversation ensued. In early 2025, the Striebel Pond O&M manual and maintenance logs could not be found in the records of the MCSD. The O&M manual was retrieved from the original design engineer.

Mr. Walus reported that a Cloud-Based KINTONE Work Order Management System was implemented to better record inspections.

Mr. Walus advised that facing a budget deficit in the Sanitary District, Mayor Angie Nelson Deutch acted. It was noted that the previous MCSD Administrative Team in 2022 and 2023 employed minimal controls on the use of overtime. During 2022 and 2023, the upward trend of increased overtime costs spiked to an all-time high of \$484,725.00 in 2023. Mayor Angie Nelson Deutch quickly realized that was unsustainable and issued a new Overtime Policy in May of 2024. Because of the new policy, overtime costs in 2024 were cut in half. During the first full year of implementing the new policy, overtime costs in 2025 were nearly 2/3 less than in 2023. It was noted that with better management practices, the total overtime cost MCSD avoided was in the amount of \$572,012.00. Conversation ensued.

Mr. Walus reported the 2025 the Plant Maintenance overtime cost reduction of 86% due to Mayor Angie Nelson Deutch's new policy. It was noted that from 2023 to 2025, the WWTP configuration has remained essentially the same. There have been no major upgrades and no major treatment process changes, apart from equipment being two (2) years older. Mr. Walus explained that with the new overtime policy, performance was not compromised in addition to the WWTP Effluent Parameter reported to IDEM over the past 2 years and has remained steady with no negative impacts.

As retirements and staff turnover occurred in 2024, Mayor Angie Nelson Deutch and the new MCSD Management Team limited staff replacements to positions deemed essential to maintain operations and services. This new management philosophy led to a reduction in staff and associated personnel costs. Mr. Walus mentioned that the reduction in staff from the implementation of sound business practices has led to decreased personnel costs.

Mr. Walus advised that continued delays of critical WWTP upgrades are not sustainable. The original WWTP was built in 1935 with a minor capacity expansion in 1954. In 1984, there was a major rehabilitation and capacity expansion. In 2006, minor upgrades were made to the headworks and grit removal systems. It was noted that as of 2026, there has been no major rehabilitation work in forty-two (42) years.

Mr. Walus advised that MCSD did issue Bonds in 2013/2014 totaling \$9,000,000.00 for major sewer works projects. However, it was determined that the Bonds did not fund any wastewater treatment plant upgrades.

Mr. Walus reported that it's been fourteen (14) years since the Sanitary District implemented a rate increase in the last fifty (50) years. Mr. Walus provided the Board with a chart indicating that Michigan City's water and sewer monthly bill is less than the "water only" monthly bill in Portage, Hobart, Chesterton and Crown Point, Indiana.

Ms. Vachet advised that Michigan City Sanitary District's National Pollutant Discharge Elimination System (NPDES) Permit No. IN0023752 states, *"Pursuant to 327 IAC 5-23-6(1), the permittee is responsible for providing adequate funding for oversight of the wastewater treatment plant and collection system to ensure proper operation, maintenance, management, and supervision. There shall be an ongoing preventative maintenance program for the sanitary sewer system."*

Ms. Vachet mentioned that continued delays of rate adjustments are not sustainable. It was noted that rates should be sufficient to provide for the following:

- Cash Operating & Maintenance Expenses
- Working Capital
- Debt Service & Debt Service Requirements
- Depreciation and/or Allowance for Capital Replacement/Improvements

Ms. Vachet advised that MCSD must project revenue needed to fund three (3) main categories (Buckets):

Total Cash needed for "Operation & Maintenance" Expenses:

- Collection (Sewer) System
- Sewer Lift Stations
- Treatment Plant
- Plant Maintenance
- Monitoring (Lab)
- Administrative
- Information Technology (IT)

Depreciation/Working Capital Requirements

- MCSD has a Significant Working Capital Deficit

Current & Future Debt Service Requirements

- Three (3) Outstanding Bonds that Mature in 2034

Conversation ensued.

Ms. Vachet advised that MCSD performed its "Test Year" Financial Analysis for 2024.

- \$700,000.00 Cash Flow Deficit from Sewer Operations
- Cash Operating Fund in the Red
- Not Funding "Depreciation/Working Capital"

It was noted that the cost saving measures that were implemented by the New MCSD Senior Management Team have reduced expenses but are not sufficient to be compliant with Cash Reserve and Depreciation/Working Capital Requirements. Conversation ensued.

Ms. Vachet reported that MCSD is in the process of implementing new tools. It was noted that System Development Charges (SDCs) are one-time fees new customers (Developers, Business and People) must pay when:

- They first connect to a utility system
- They develop an expansion/upgrade that requires more sewer capacity

Ms. Vachet added that SDCs are used to pay for:

- Capital Projects related to growth; and/or,
- Reimbursement to existing customers for past capacity investments

Ms. Vachet shared success stories from Indiana communities that have implemented SDCs. Conversation ensued.

Regarding the future Rate & Fee Structure, the next steps are:

- Complete a Financial Analysis to Address:
 - Operating Expenses
 - Depreciation/Working Capital
 - Debt Service
 - Fees (Tap Fees, Permit Fees, Inspection Fees)
- Meet with the Michigan City Common Council to discuss the Results of the Financial Analysis and the Rate/Fee Structure
- Work Cooperatively with MCSD Board & Common Council on Updating the Current Fee Ordinance

Old Business/Information Updates

Mr. Walus provided the Board with an overview regarding the status of the Capital Improvement Plan and Rate Analysis. Mr. Walus reported that MCSD continues to move forward with the Project Maize Agreement: Reduction of Hydraulic Capacity Restriction (Springland Avenue & Roeske Avenue). Regarding the Lafayette-Barker Outfall for combined Sewer Separations, MCSD continues to identify the location and prepare 30% design drawings.

Regarding the Michigan City Annexed Area Sewer Extension Project (MCASE), Mr. Kremke reported that Rieth-Riley is monitoring conditions to take advantage of the earliest opportunity to install wetland plantings. Schneider Geomatics' current invoices total approximately 99% of the Services Agreement amount of \$113,575.00 for Resident Project Representative. The percentage includes approximately \$8,000.00 for additional services not included in the contract. Mr. Kremke advised that a revision for a minor adjustment to the contract prices will be presented to the Board at the next regular meeting.

Regarding Lake Avenue and Highway 12 Lift Station Sewer Relief Project, Mr. Kremke advised that Bonding for INDOT permitting has been received. The Permit is currently under review for approval. Mr. Kremke reported that Permit review and coordination for the Amtrak Railroad pipe crossing is ongoing. Amtrak has requested additional geotechnical borings outside of their right-of-way. Mr. Kremke noted that the project is approximately 22.67% complete.

Ms. Vachet advised that MCSD plans to meet with Lake Shore Sewer, LLC on April 23, 2026, to continue the technical coordination of the Private Sewer Agreement.

Regarding the 300 North Lift Station Project, Ms. Vachet advised that MCSD and Counsel continue to finalize easements and agreements.

Mrs. Anderson reported that the Collection and Refuse staff hauled 1.1 wet tons of biosolids to a farm in Lacrosse, Indiana. Mrs. Anderson advised that the Plate Settler Pilot study to determine whether plate settlers are a viable alternative for increasing primary clarifiers capacity is in progress.

Mr. Walus provided the Board with a brief PowerPoint presentation explaining the progress of the Springland Avenue & Roeske Avenue Hydraulic Capacity Restriction Elimination. Conversation ensued.

Regarding Lafayette Street/Barker Avenue Outfall, Mr. Walus advised that in 2011, a plan for the outfall was created that would bring stormwater from the west side of town. It was noted that 95% of the plans for the outfall were complete at that time. Mr. Walus reported that a low flow 36-inch storm drain with a spillway to accommodate the high flow during major storm events has been proposed in reference to finalizing the existing outfall. Mr. Walus advised that 30% of the plans for the project are forecasted to be completed by December 2026. Conversation ensued.

Regarding the Legal Drain Ditch Maintenance plan, Mr. Walus provided the Board with a map of all the legal drains in Michigan City. Mr. Walus advised that MCSD has prioritized Striebel Arm, Kintzle, and White ditch. It was noted that a maintenance plan is underway to monitor sediment and erosion. Mr. Walus advised that regular mowing of the banks may be decreased and replaced with native grasses that are low vegetation. Mr. Walus explained that the native grasses have deep root structures that will hold the banks in place.

Mr. Walus reported that Common Councilwoman Daisy Lee contacted MCSD to engage in a Striebel Pond Volunteer Cleanup Day on April 11, 2026. It was noted that about forty (40) volunteers participated in painting the gazebos and removing trash and debris.

Mr. Walus provided the Board with historical context regarding the inspection of Striebel Arm Ditch which led to the planning and implementation of Striebel Pond. It was noted that the implementation of Striebel Pond has successfully addressed the flooding issues in that area and it is no longer considered a floodplain.

Mr. Walus provided the Board with a map regarding Catch Basin inspections. It was noted that GIS Coordinator, Tony Bazil mapped all low-lying intersections with catch basins. Mr. Walus advised that the map is being used for regular cleaning and any other necessary maintenance of the catch basins to ensure proper function during major storm events. Mr. Walus presented a Pole Camera to the Board, explaining that it is used to monitor catch basins during routine inspections.

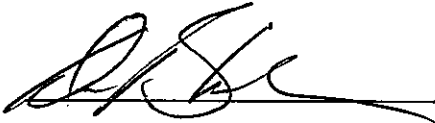
Mr. Yagelski advised that the Sanitary District entered a contract with Lakeshore Landscaping, LLC for the continuation of vegetation/drainage control along Michigan Boulevard Corridor. It was noted that MCSD Collections staff continue to maintain the greenways along Michigan Boulevard.

Mr. Babcock advised that the mentioned vegetation/drainage control needs to be maintained in a professional manner with accountability.

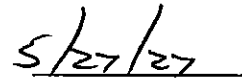
Regarding the damaged planter boxes along Michigan Boulevard, Mr. Werner advised that the City's Corporate Counselor is working with the insurance company to seek reimbursement.

Mr. Werner moved to adjourn the meeting at 7:05 P.M. - seconded by Mr. Sperling. There being no question or comment on the matter, the motion carried 4 – 0 in favor.

Next Board of Sanitary District Commissioners Regular Meeting – **May 27, 2026, at 1100 E. Eighth Street, Michigan City, IN 46360 at 4:00 P.M. Local Time.**



Don Babcock, President



Date