



**JOINT WORKSHOP #2:**

**MICHIGAN CITY SANITARY DISTRICT**  
**and the**  
**MICHIGAN CITY COMMON COUNCIL**

**June 9, 2026**



## **AGENDA**

- **WELCOME AND INTRODUCTIONS**
- **SERVICE AREA & CUSTOMER BASE**
- **ADMINISTRATIVE & FINANCIAL HEALTH OF THE MCSD**
- **PHASE 1 FINANCIAL PLAN**
- **PHASE 2 FINANCIAL PLAN**
- **AFFORDABILITY & GROWTH STRATEGIES**
- **NEXT STEPS & DISCUSSION**

# MANAGEMENT MATTERS: THE STATE OF THE MICHIGAN CITY SANITARY DISTRICT

*Prepared by:*

## Sanitary District Management Team:

- Wendy L. Vachet, AICP, Director of Public Works
- Rhonda Anderson, MS, Water Reclamation Superintendent
- Al Walus, District Engineer

## Capital Improvement Plan (CIP) Consultant Team

- Dan Cutshaw, PE, CDS Engineers, Inc
- Nathan DeLisle, PE, CDS Engineers, Inc
- Jenny Miller, PE, Christopher B. Burke Engineering, LLC (Burke)
- Adam Downey, MS, Class IV & D WWTP Operator, Burke

## Financial Consultant, O. W. Krohn & Assoc.

- Otto W. "Buzz" Krohn, Executive Partner
- Brandon Barthel, Municipal Advisor

## Legal Finance Consultant, Dentons

- David T. McGimpsey, Water, Energy, and Utility Partner

## With Data Support Provided by:

- Michigan City Controller's Office
- Michigan City Department of Water Works



# MANAGEMENT MATTERS: ENHANCED METHODS TO APPLY FOR FUNDING

**BREAKING NEWS ON JUNE 9, 2026, FROM CONGRESSMAN FRANK MRVAN:**

**HOUSE APPROPRIATIONS COMMITTEE HAS INCLUDED \$746,868 IN FUNDING FOR THE MICHIGAN CITY SEPTIC ELIMINATION PROJECT**

**MICHIGAN CITY CHAMBER**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

For over 100 years, the Michigan City Chamber has been connecting people and entities to grow business and visit our community. In 2026, after three years of planning, we have been awarded a total of \$746,868 in funding from the U.S. House of Representatives to support the Michigan City Septic Elimination and Economic Development Project.

The location of this proposed project is in the heart of our downtown Michigan City. The Michigan City Chamber is proud to be a part of this project and we are excited to see the economic and community benefits that will result from this project. The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

A location has been identified that will provide the needed infrastructure to support this project. The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Kurt Blinn  
President  
Michigan City Chamber

**MICHIGAN CITY PARKS & RECREATION**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

The Michigan City Parks and Recreation Department manages public parks and properties which offer access to Trail Creek and Lake Michigan. At various times, we offer an ADA accessible boardwalk on the banks of Trail Creek. The ADA boardwalk is located on the east side of the creek. The boardwalk is a paved path that is accessible to all. The boardwalk is a paved path that is accessible to all. The boardwalk is a paved path that is accessible to all.

However, we realize that we do not have a paved path system in place. The reconstruction of a paved path system is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors. The project will include the installation of a paved path system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Theodor Park Board President



**CHENEY RUN TO TRAIL CREEK**

**TRAIL CREEK WATERSHED PARTNERSHIP**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

For over five decades, local establishments from a wide range of backgrounds and organizations have joined together as the Trail Creek Watershed Partnership to protect the beautiful natural resources of our Trail Creek Watershed. Through collaborative efforts, our volunteer members have successfully implemented projects and policies that not only have reduced the financial impacts resulting from a polluted Trail Creek, but have improved, will continue to improve water quality for future generations to be able to enjoy the natural beauty of Trail Creek.

We are writing today to provide our support for the City of Michigan City's "Urban Core Septic System Elimination Project during Hurricane Mitigation". As the existing individual septic systems in this environmentally sensitive area begin to fail, they will adversely impact public health and the environment. The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Shannon Eason  
Shannon Eason, Chairman  
Trail Creek Watershed Partnership

**SAVE THE DUNES**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

On behalf of Save the Dunes, I am writing to express our full support for the "Urban Core Septic System Elimination Project during Hurricane Mitigation". The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Betsy Hager  
Betsy Hager  
Save the Dunes

**SHIRLEY HEINZE LAND TRUST**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

I write on behalf of Shirley Heinze Land Trust in support for Michigan City's "Urban Core Septic System Elimination Project during Hurricane Mitigation". The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Shirley Heinze Land Trust

**ECONOMIC DEVELOPMENT CORPORATION OF MICHIGAN CITY**

March 4, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

The Economic Development Corporation of Michigan City (EDCC) is pleased to be a part of this project and we are excited to see the economic and community benefits that will result from this project. The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Mike Robinson  
Mike Robinson  
Economic Development Corporation of Michigan City

**LAPORTE COUNTY CONVENTION & VISITORS BUREAU**

March 5, 2026

The Honorable Frank J. Mrvan  
U.S. House of Representatives  
241 Rayburn House Office Building  
48 Independence Avenue SW  
Washington, DC 20515

RE: Fiscal Year 2027 Community Project Funding

Dear Representative Mrvan,

The Laporte County Convention and Visitors Bureau (LCCVB) is pleased to be a part of this project and we are excited to see the economic and community benefits that will result from this project. The project will include the installation of a septic treatment system for the property located at the intersection of Broadway St and E Michigan Blvd. This project is a critical component of our downtown revitalization efforts and will help to improve the quality of life for our residents and visitors.

Sincerely,  
Lapporte County Convention and Visitors Bureau

**Partnership of Seven (7) Entities Supporting this Project that:**

- Protects the Waters of Trail Creek
- Supports \$16 Million in Annual Fishing Tourism in the Region

# MANAGEMENT MATTERS: PREFACE

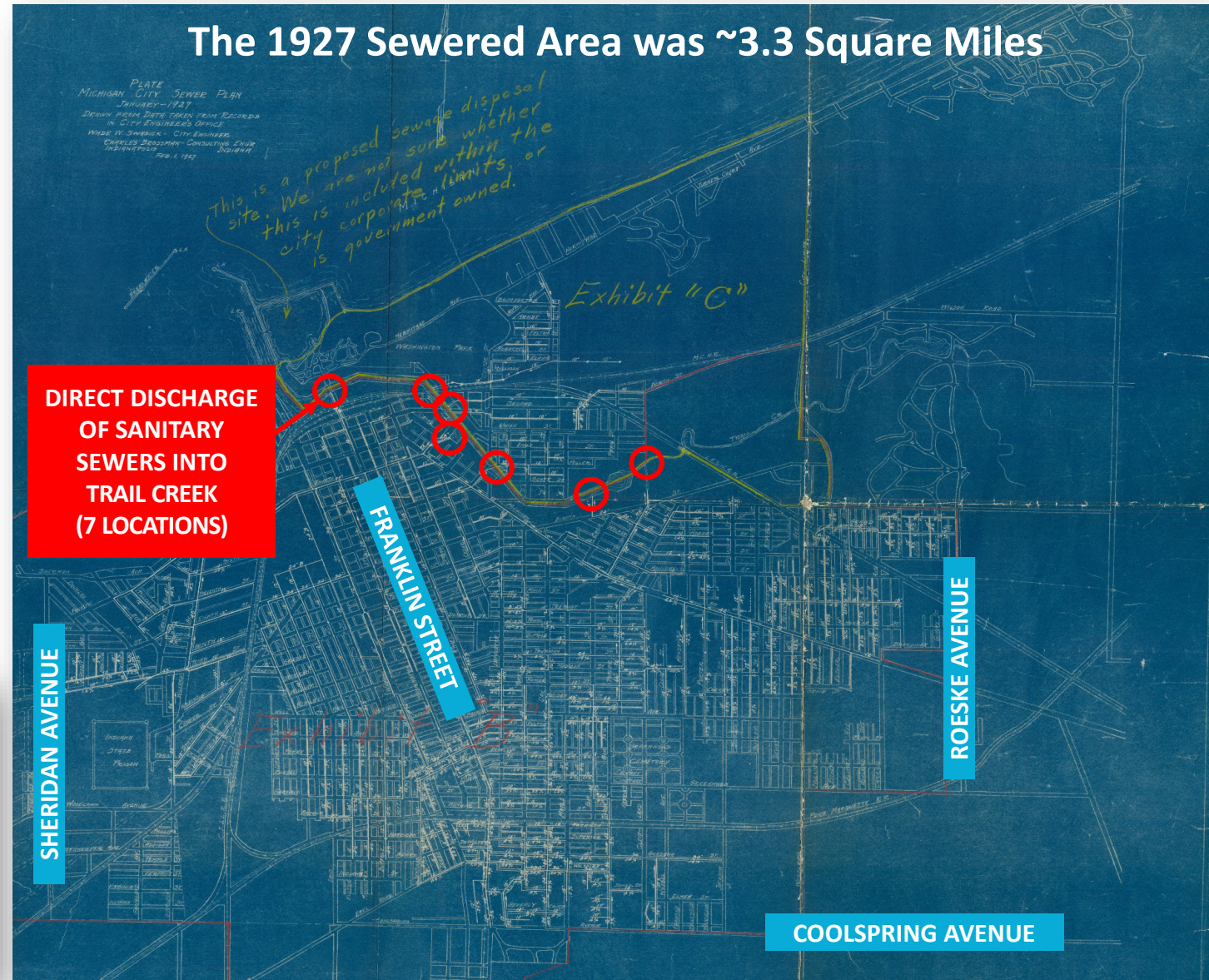
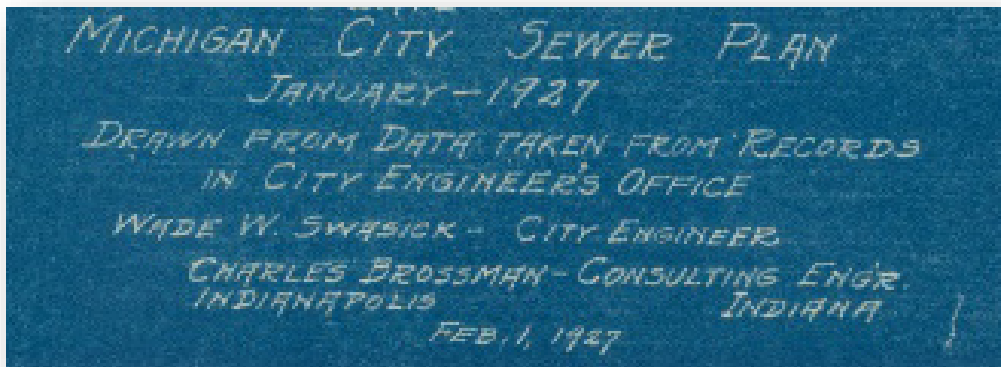
Since Workshop #1, the Team Focused on Financial Issues Related to Municipal Code Required 2-Year Rate Review

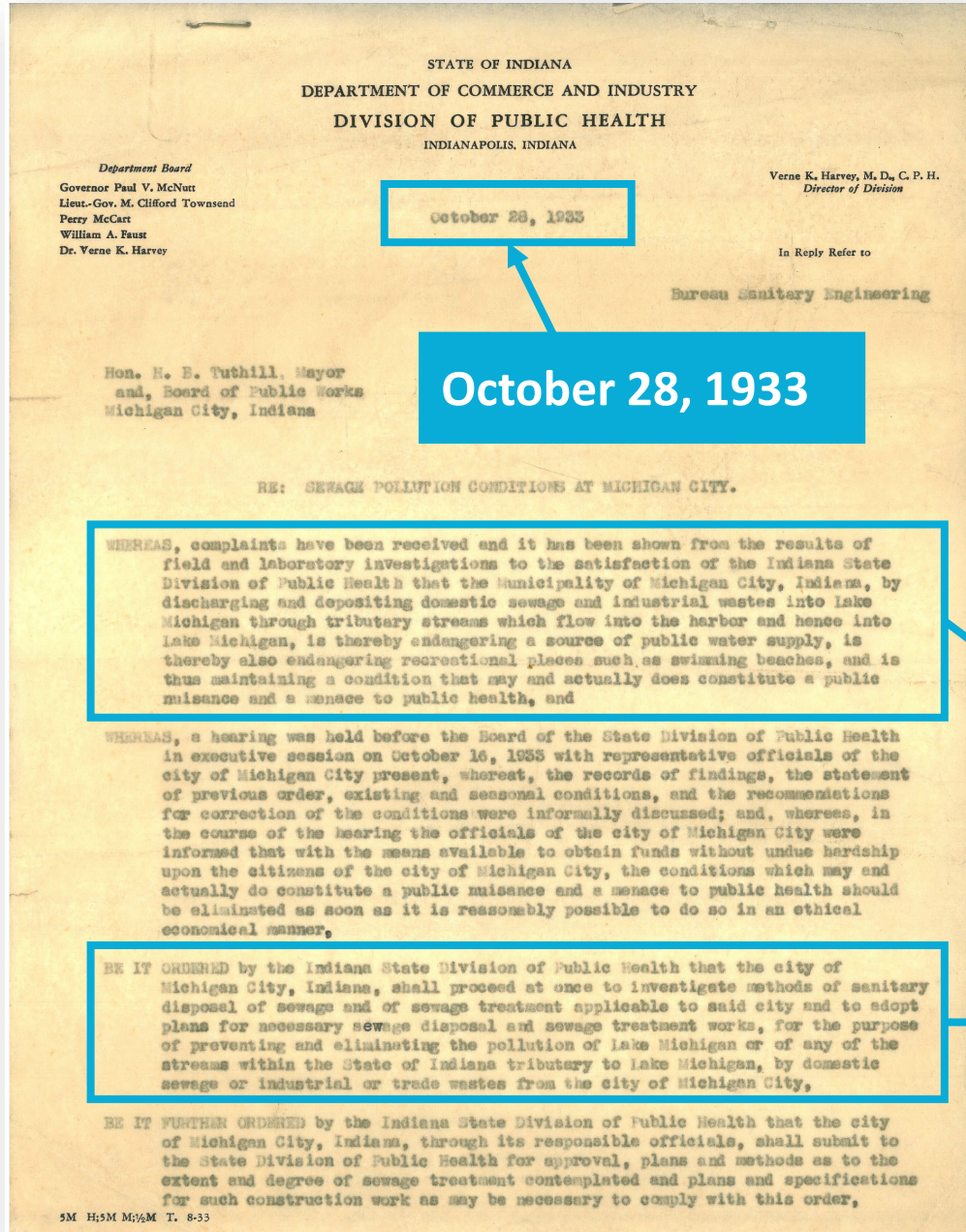
Did these Management Tools exist in May of 2026? **Update for June 9, 2026**

Management Tools to Effectively and Efficiently Operate a Sanitary District	Did this exist in January of 2024?	Status as of May 20, 2026?	Status as of June 9, 2026
1. Wastewater Treatment Plant Capital Improvement Plan	No	90% Complete	Completed
2. Sanitary Sewer Rehabilitation Plan	No	90% Complete	Completed
3. Current Lift Station Rehabilitation Plan	No	90% Complete	Completed
4. WWTP Maintenance Schedules for Critical Equipment	Partial	Maintenance Being Implemented	Maintenance Being Implemented
5. Inspect All Sewers Within 3 Years (Permit Requirement)	No	New Plan Complete & Being Implemented	New Plan Complete & Being Implemented
6. New Asset Management Measures	No	1st Update Completed	2nd Update due by 12/31/26
7. Hydraulic Computer Model of Major Sewer Trunk Lines	No	Model Completion for 1st Quarter of 2027	Contract Approved on 5/27/26
8. Septic Field Clusters Elimination Plan	No	Scope/Plans Identified; Seeking Funding	Scope/Plans Identified; Seeking Funding
9. Comprehensive Ditch Maintenance & Culvert Plan	No	Priority Drain/Culvert Inspections Completed	Priority Drain/Culvert Inspections Completed
10. Striebel Pond Maintenance Logs	No	Work Orders are being entered into Kintone	Work Orders are being entered into Kintone
11. Biosolids Disposal Transportation Plan	No	New Plan Complete & Being Implemented	New Plan Complete & Being Implemented
12. Integrated GIS Model of Sewer & Water Infrastructure	No	Discussions are In Progress with MC Water	Discussions are In Progress with MC Water
13. "Growth Pays For Growth" Plan	No	90% Complete	Analysis is Complete
14. Sanitary District Multi-Year Rate & Fee Analysis	No	In Progress	Analysis Complete
15. Management Team Succession Plan	No	New Plan Complete & Being Implemented	New Plan Complete & Being Implemented

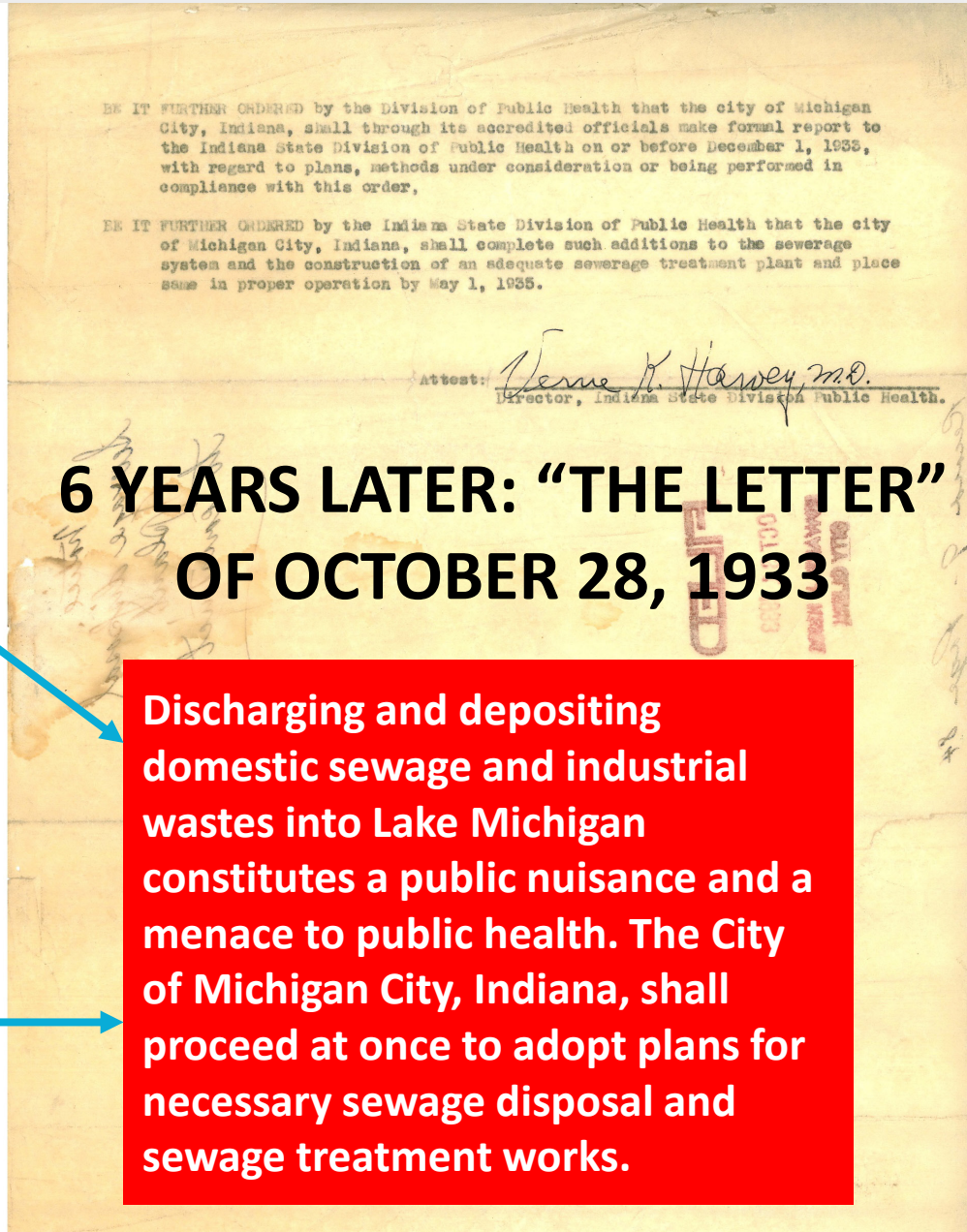
# THE MICHIGAN CITY SEWER MAP OF 1927

- ❖ **Michigan City's Sanitary Sewer System Dates Back to Over 100 Years Ago**
- ❖ **In 1927, ALL Sanitary Sewers Discharged Raw Sewage Directly into Trail Creek at 7 Locations (see Red Circles at Right)**
- ❖ **The 1927 Sewered Area was ~3.3 Square miles**





October 28, 1933



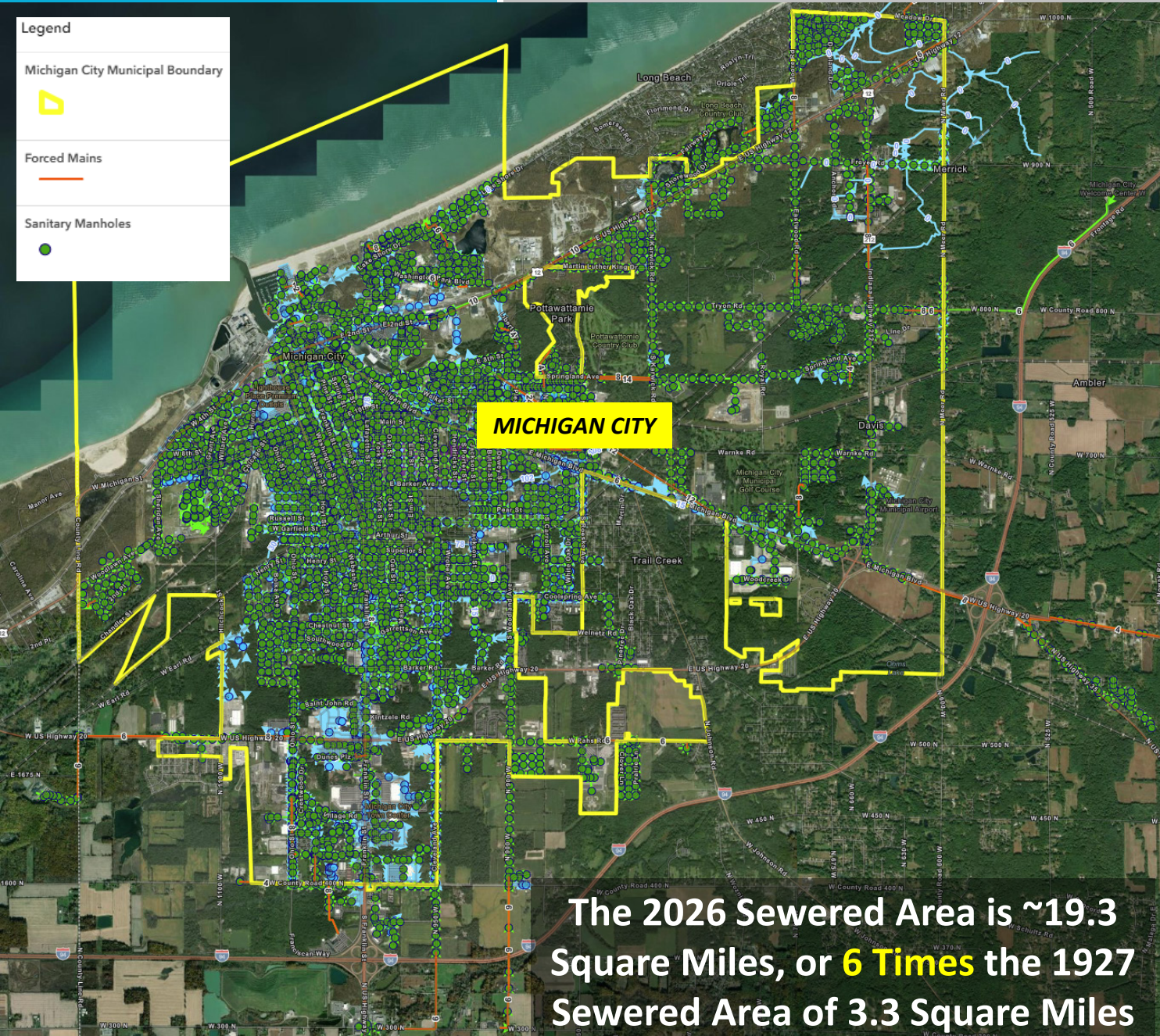
# FROM 1935 TO 2026: CURRENT WASTEWATER TREATMENT PLANT FACILITIES

SLUDGE  
DRYING PILES

STORM BASIN  
HOLDING TANK

The Seven (7) Direct Discharges of Raw Sewage into Trail Creek were Eliminated in 1935.

MAIN ELEMENTS OF THE  
WASTEWATER TREATMENT PLANT



The 2026 Sewered Area is ~19.3 Square Miles, or **6 Times** the 1927 Sewered Area of 3.3 Square Miles

## OUR FEBRUARY 2026 SEWER INVENTORY

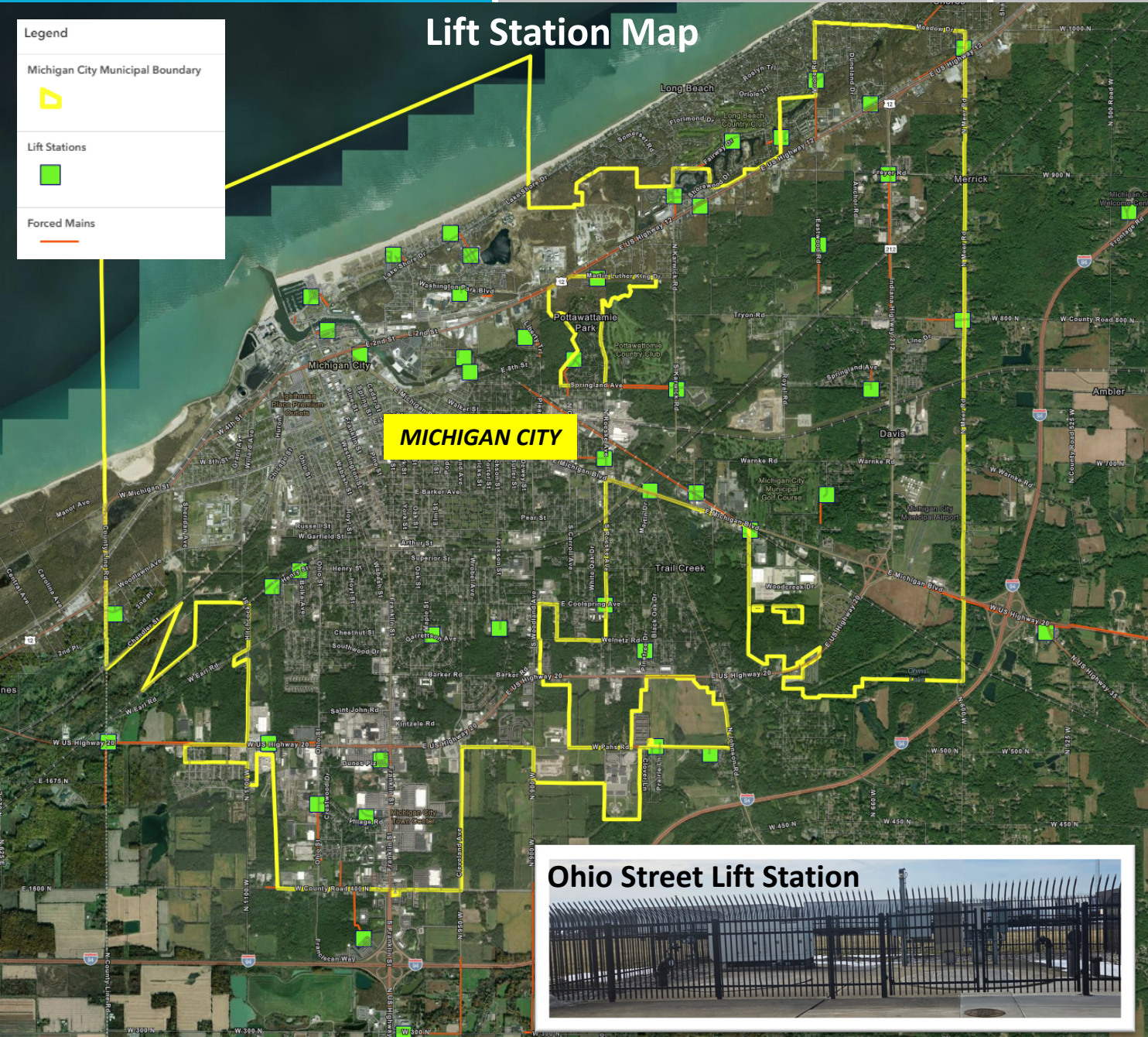
Pipe Diameter (Inches)	Approx. Length (Feet)	Approx. Length (Miles)
8" (22%)	72% 208,211	39.4
10" (22%)		
12" (28%)		
14"	1,297	0.2
15"	87,236	16.5
18"	51,660	9.8
20"	4,324	0.8
21"	30,157	5.7
24"	34,712	6.6
27"	8,591	1.6
30"	14,638	2.8
36"	8,078	1.5
42"	11,788	2.2
48"	3,233	0.6
54"	2,716	0.5
66"	976	0.2
72"	4,386	0.8
<b>Totals:</b>	<b>946,446 Feet</b>	<b>179 Miles</b>

**Nearly 1 Million Feet of Pipe**

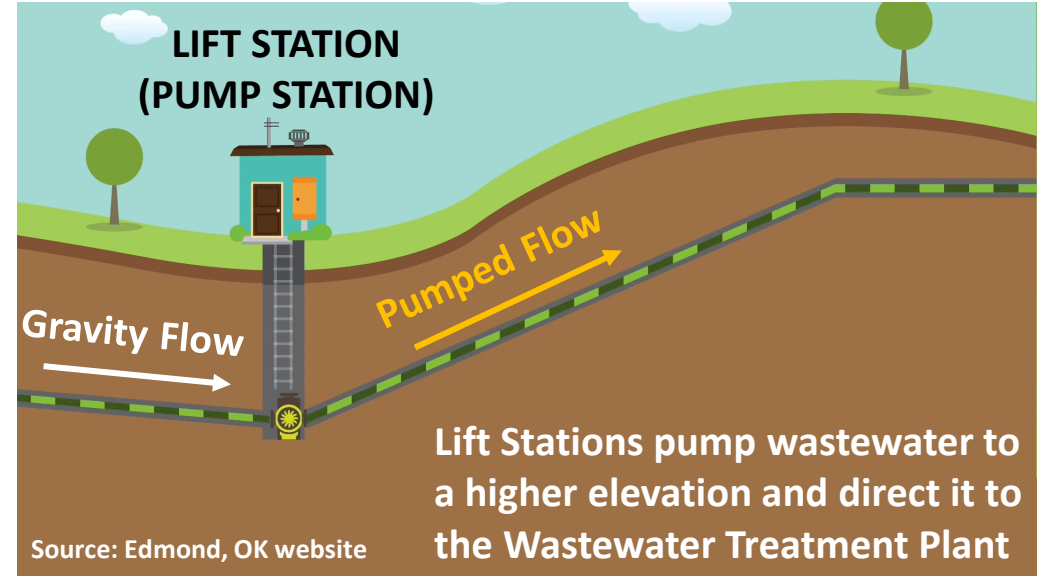
Lift Station Map

**Legend**

- Michigan City Municipal Boundary
- Lift Stations
- Forced Mains

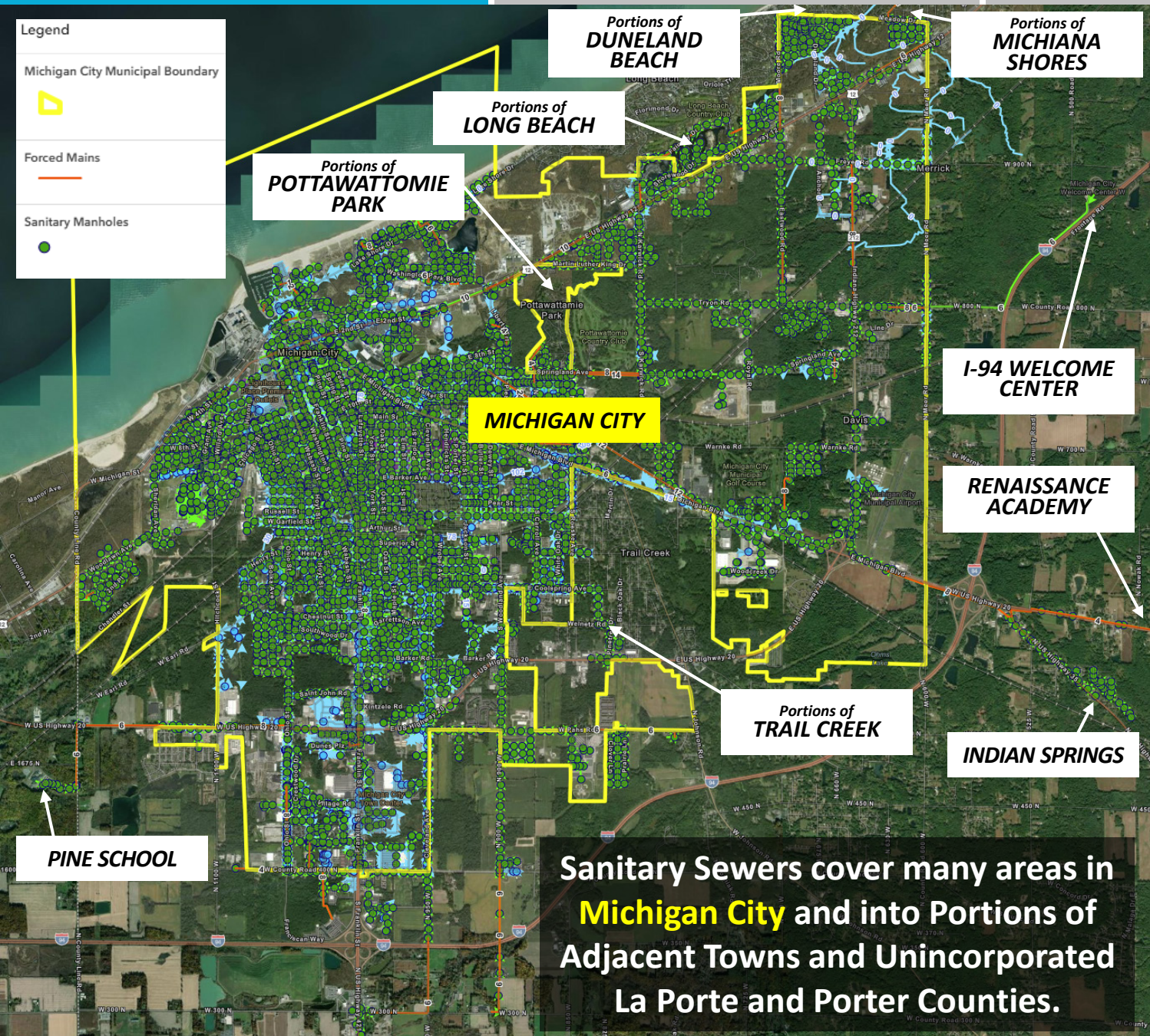


Ohio Street Lift Station



Age of Lift Station	Number
40+ Years	5
30 to 39 Years	11
20 to 29 Years	13
10 to 19 Years	8
<10 Years	3

73% of Lift Stations are more than 20 Years Old



The Customer Base of the Sanitary District spans several jurisdictions, with the vast majority, 95%, located within Michigan City.

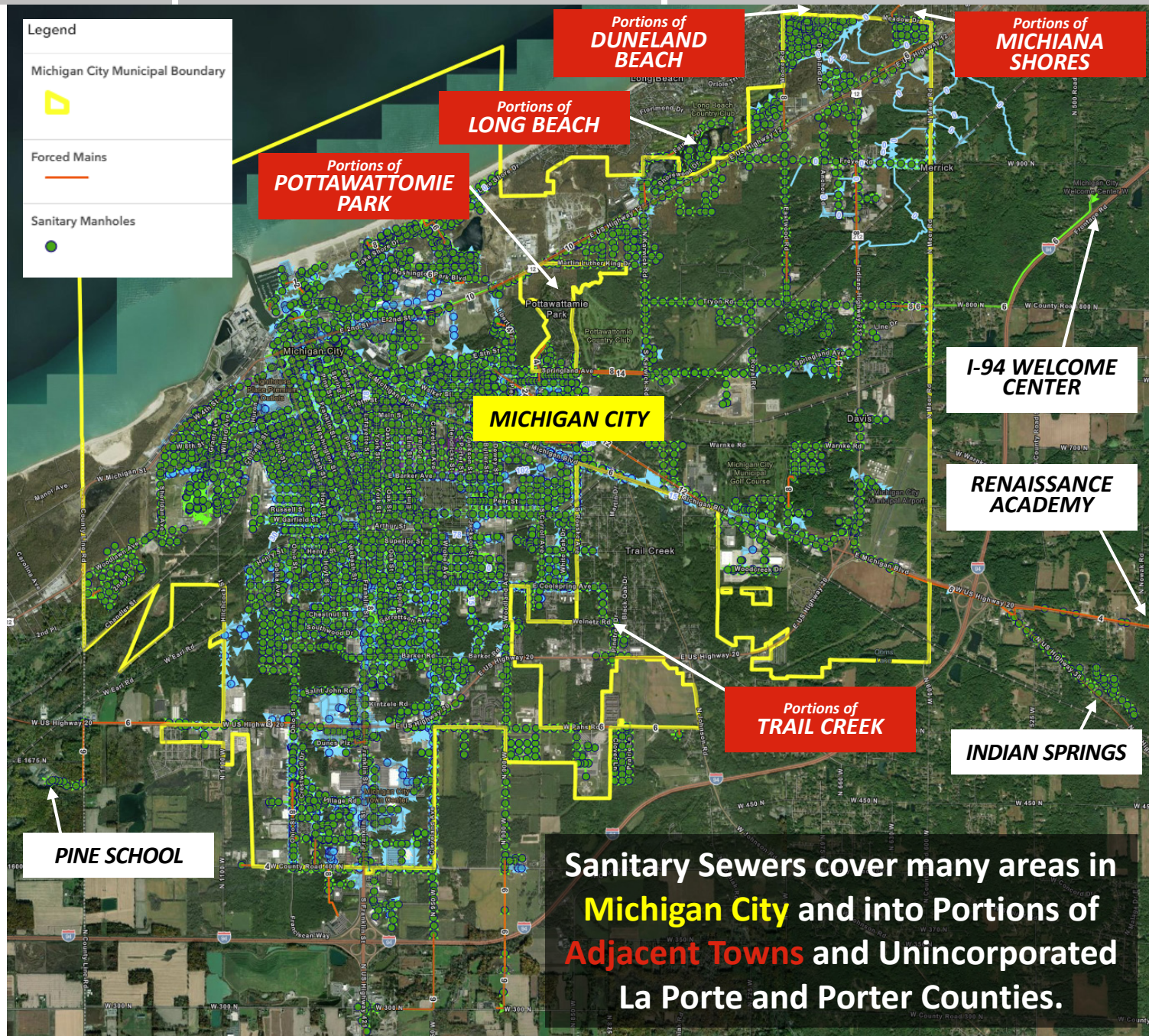
JURISDICTION	SEWER CUSTOMERS*
Michigan City	11,655 (95%)
Unincorporated La Porte & Porter County	400 (3%)
Trail Creek	117 (1%)
Long Beach	95 (0.8%)
Pottawattomie Park	41 (0.3%)
Michiana Shores	12 (0.1%)
Duneland Beach	2 (0.02%)
<b>TOTAL:</b>	<b>12,322</b>

\*Sewer Customer Data as of May 2024

- Up until 1972, sewer extensions into adjacent towns were approved by the Board of Works via Private Sewer Agreements.
- After 1972, Private Sewer Agreements extending sewers into adjacent towns have been approved by the Sanitary District.



This method is not sustainable.  
 We need a new model with new tools to provide regional wastewater treatment services.



# ADEQUATE FUNDING REQUIREMENTS: State & Local Code



Indiana General Assembly  
2026 Session

## IC 36-9-25-11 Fees

(a): **The (Sanitary District) board may fix fees** for the treatment and disposal of sewage and other waste discharged into the sewerage system.

(b): The fees, together with the taxes levied under this chapter, **must at all times be sufficient to produce revenues sufficient to pay operation, maintenance, and administrative expenses, to pay the principal and interest on bonds as they become due and payable, and to provide money for the revolving fund (for preliminary project expenses) authorized by this chapter.**



Search or jump to

### Sec. 98-82. - Adoption of state law governing sanitary districts.

The state laws governing sanitary districts in certain second class cities, as amended and supplemented, are adopted by the common council so as to make such acts and all amendments thereto effective and operative as to the city.

(Ord. No. 1983, **12-7-1965**; Code 1980, § 33.31)

# ADEQUATE FUNDING REQUIREMENTS: IDEM



## INDIANA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

100 N. Senate Avenue • Indianapolis, IN 46204  
(800) 451-6027 • (317) 232-8603 • Fax (317) 233-6647 • [www.idem.IN.gov](http://www.idem.IN.gov)

Mike Braun  
Governor

Clint Woods  
Commissioner

Re: Final NPDES Permit No. IN0023752  
Michigan City Sanitary District  
(J.B. Gifford) Wastewater Treatment Plant  
LaPorte County

August 25, 2025

The Sanitary District's Most  
Recent 5-Year NPDES Permit

## B. MANAGEMENT REQUIREMENTS

### 1. Facility Operations, Maintenance, and Quality Control

e. The permittee is responsible for **providing adequate funding** for and oversight of the wastewater treatment plant and collection system to ensure proper operation, maintenance, management, and supervision.

## CUSTOMER BASE BY CATEGORY (RANKED BY REVENUE GENERATION)

	RESIDENTIAL (INSIDE MICHIGAN CITY)	COMMERCIAL	MUNICIPAL	MULTI-FAMILY	INDUSTRIAL	OTHER
ANNUAL REVENUE (\$8.2M)	42.8%	17.9%	17.0%	14.5%	5.3%	2.6%
ANNUAL USAGE (985 MG)	38.0%	21.7%	15.1%	17.7%	6.6%	0.9%
NO. CUSTOMERS (11,914)	83.4%	7.2%	0.9%	7.1%	0.7%	0.7%

## CURRENT FINANCIAL INDICATORS ARE **FLASHING RED**:

### *Financial Health Check for “Test Year” of 2024:*



**\$700,000 Cash Flow Deficit from Sewer Operations**



**Cash Operating Fund in the Red**



**Not Funding “Depreciation”**



**Lack of Viable Asset Inventory & Management Plan**

# CURRENT FINANCIAL INDICATORS ARE **FLASHING RED:** RATEMAKING FORMULA PER IC 36-9-25

*Rates Shall Be Sufficient to Provide For:*

1. Operating & Maintenance Expenses
2. Allowance for Working Capital
3. Debt Service on Existing/Prior Bonds
4. Debt Service Reserve Funding
5. Depreciation, Bond Coverage, Working Capital
6. Debt Service on Proposed Bonds or Bond Anticipation Note (BAN) to Fund Capital Improvement Plan

# CURRENT FINANCIAL INDICATORS ARE **FLASHING RED**:

## Comparison of 2024 Test Case Versus 2026-2028 Projections

	Actual 2011	Actual 2024	Projected 2026 - 2028	Projected Change 2024 to 2026 - 2028
1. Operating & Maintenance Expenses	\$5,088,226	\$8,684,428	\$9,635,000	
2. Allowance for Working Capital	--	--	<b>\$1,250,000</b>	
3. Debt Service on Existing/Prior Bonds	--	\$475,000	\$475,000	
4. Debt Service Reserve Funding	--	--	<b>\$500,000</b>	
5. Depreciation, Bond Coverage, Working Capital	\$2,417,023	\$2,488,096	\$1,174,000	
<b>Total Revenue Requirements Prior to Capital Plan:</b>	<b>\$7,505,249</b>	<b>\$11,647,524</b>	<b>\$13,034,000</b>	<b>+ \$1,386,476</b>
6. Debt Service on Proposed Bonds or Bond Anticipation Note (BAN) to Fund Capital Improvement Plan	--	--	<b>\$2,500,000</b>	
<b>Total Revenue Requirements with Start of Capital Plan:</b>	<b>--</b>	<b>\$11,647,524</b>	<b>\$15,534,000</b>	<b>+ \$3,888,476</b>

- Operating Costs have Increased Significantly Over 2011 (15 Years Ago)
- Allowances for Working Capital, Depreciation & Future Debt Service are needed to begin Funding Capital Improvements

# CURRENT FINANCIAL INDICATORS ARE **FLASHING RED**:

## Projected Annual Revenue Requirements of \$13.1 M

REVENUE NEEDED FOR  
OPERATION &  
MAINTENANCE EXPENSES:

**\$9,635,000**

+

REVENUE NEEDED FOR  
DEPRECIATION:

**\$2,500,000**

+

REVENUE NEEDED FOR  
INTERIM DEBT SERVICE  
REQUIREMENTS:

**\$1,000,000**

**= \$13,100,000**

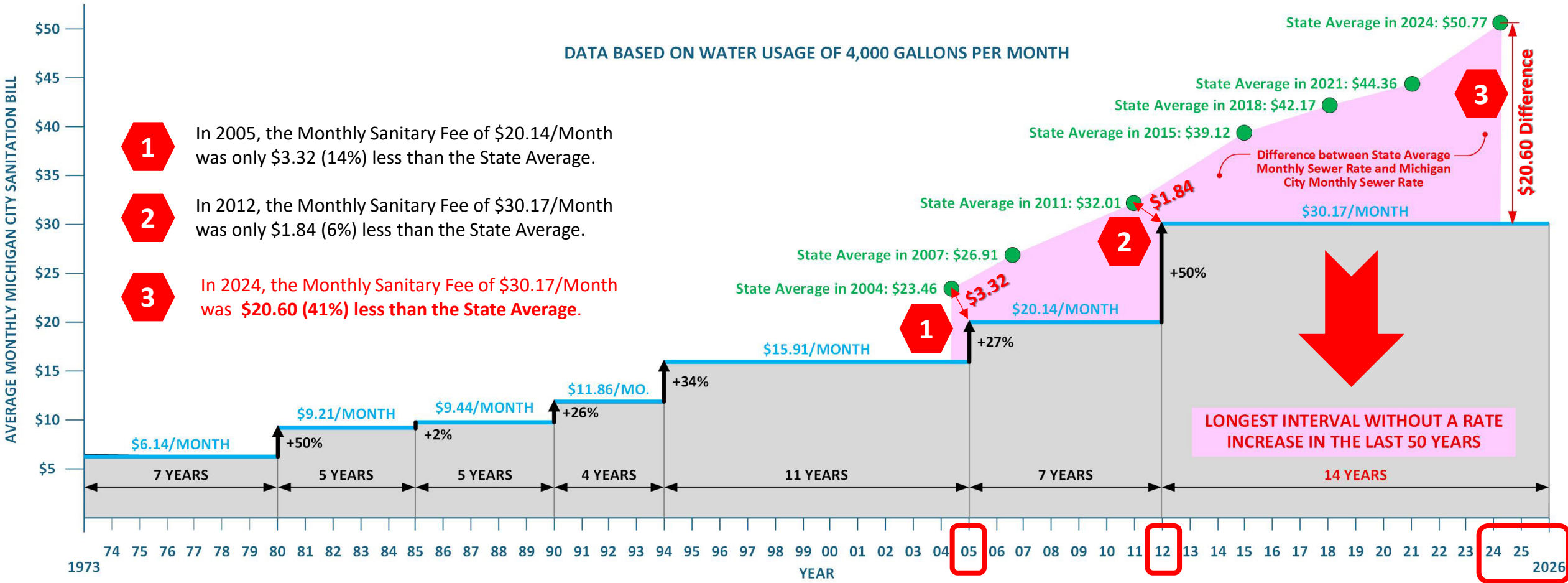
Treatment Plant: \$2,362,000  
Admin/Eng/General: \$2,352,000  
Collection System: \$1,991,000  
Information Tech.: \$1,265,000  
Plant Maintenance: \$994,000  
Monitoring (Lab): \$581,000  
Lift Stations: \$140,000

Depreciation Cost is Based on a Plant Valuation of \$125 M at a 2% over 50-YR Amortization Schedule. **The District has a significant Working Capital deficit.** These funds can be considered for "Pay-As-You-Go" improvement projects.

Existing Debt Service Payments are \$475,000 per year (at no interest) until 2034 and project an additional ~\$0.5 Million for Bond Anticipation Note to fund start of Capital Improvement Plan implementation.

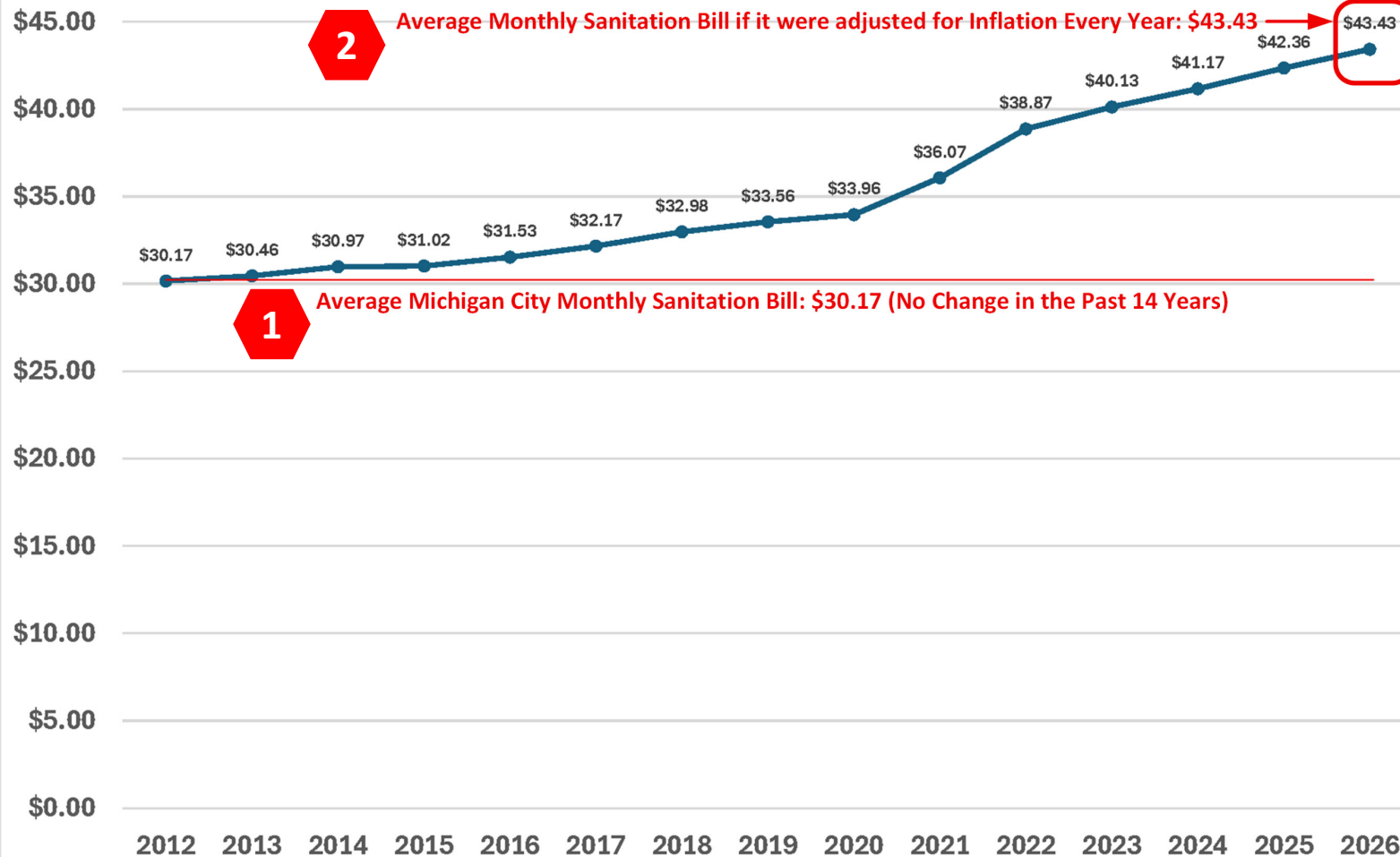
Slide from Workshop #1

# From the 'State of the District': Continued Delays of a Rate Adjustment are not Sustainable



# Inflation from 2012 to 2026

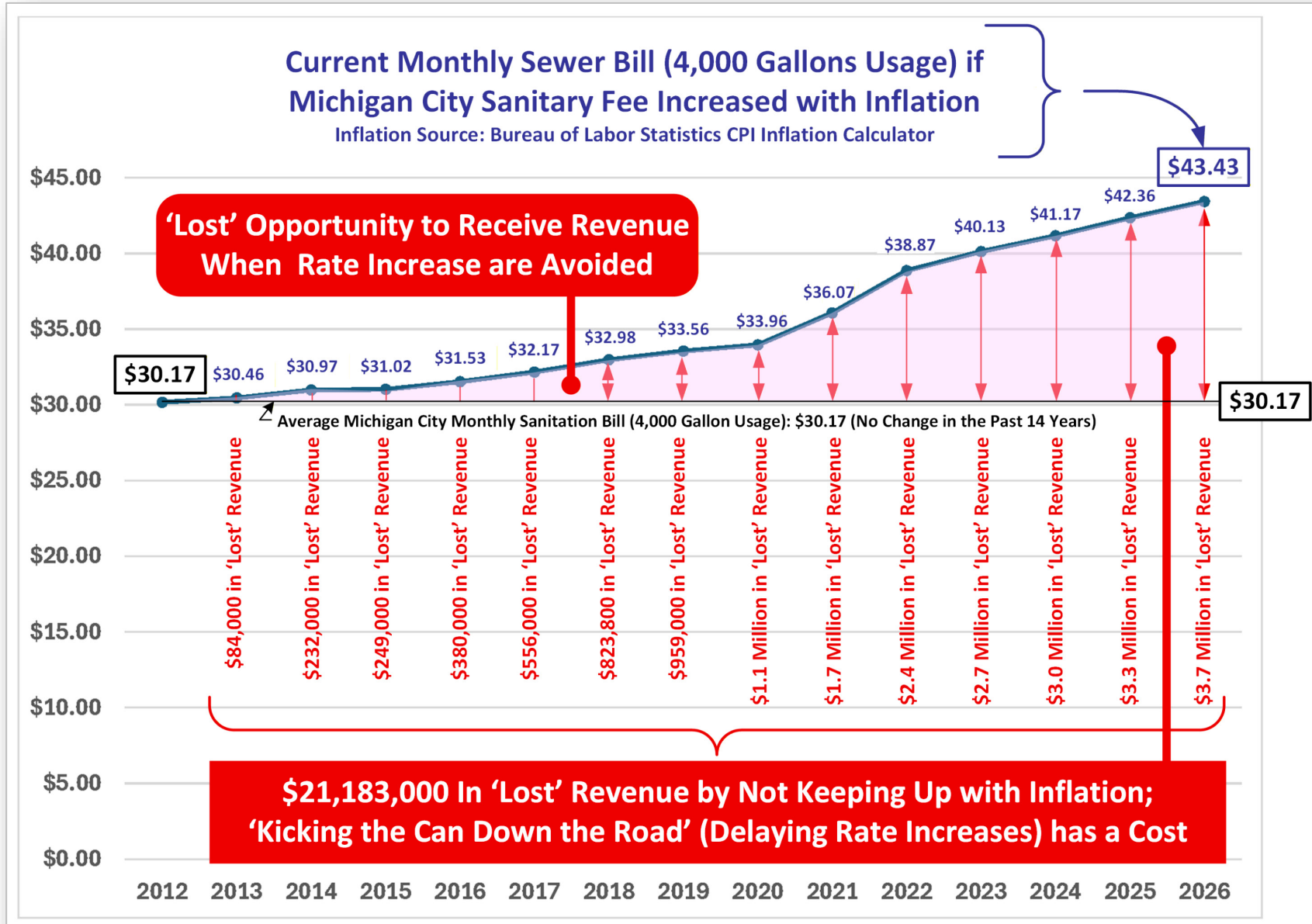
Current Monthly Sewer Bill (4,000 Gallons) if Michigan City Sanitary Fee Increased with Inflation  
 Source: Bureau of Labor Statistics CPI Inflation Calculator



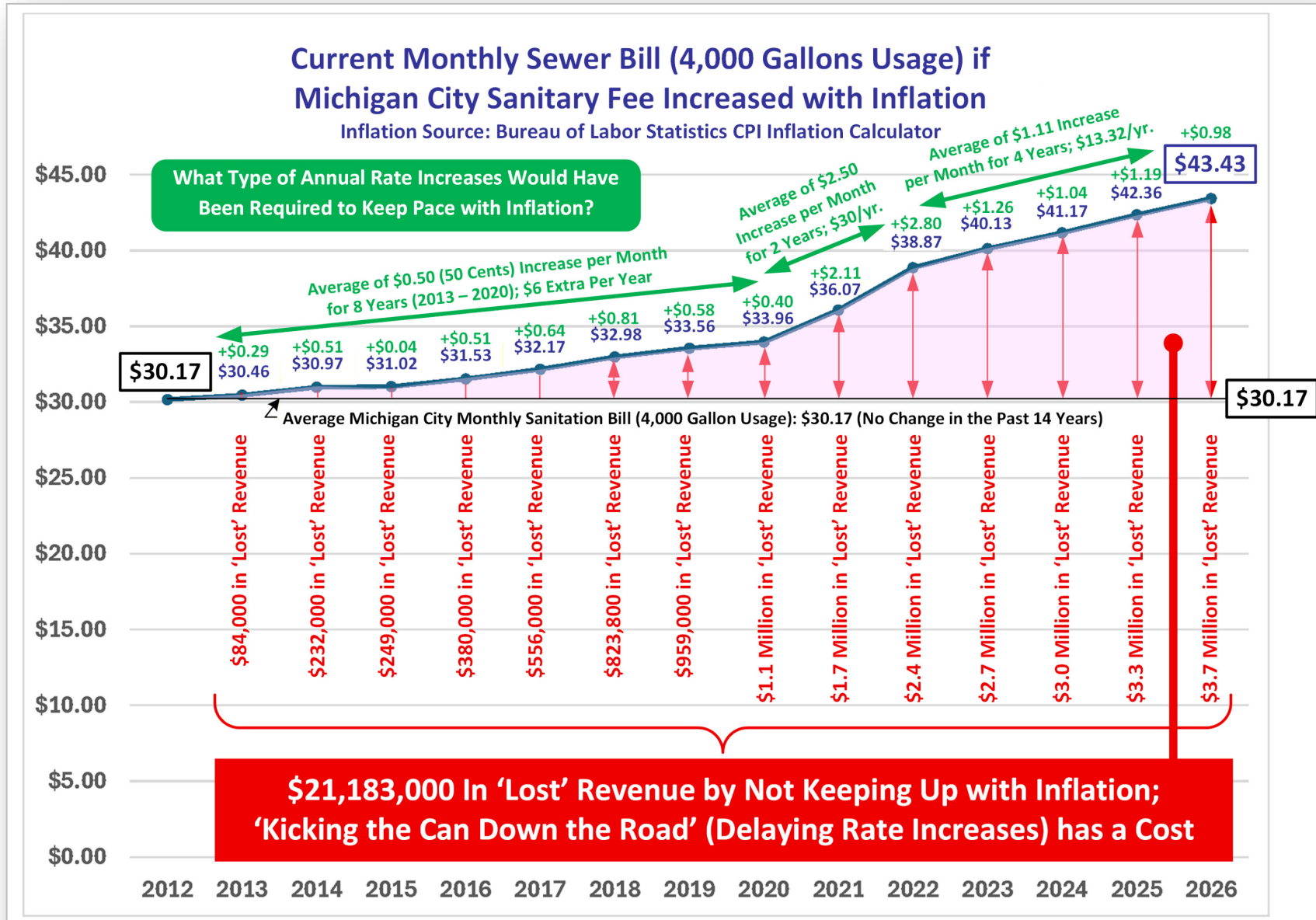
**Michigan City Municipal Code Section 98-356. - Review and revision.**  
 (a) The sanitary district of the city shall review, not less often than every two years, the wastewater contribution of users and user classes, the total costs of operation and maintenance of the treatment works, and its approved user charge system.

**The 2024 – 2025 ‘Two-Year’ Rate Review was started in the Fall of 2025 and has resulted in a Recommended Rate Plan to be Implemented in Two Phases**

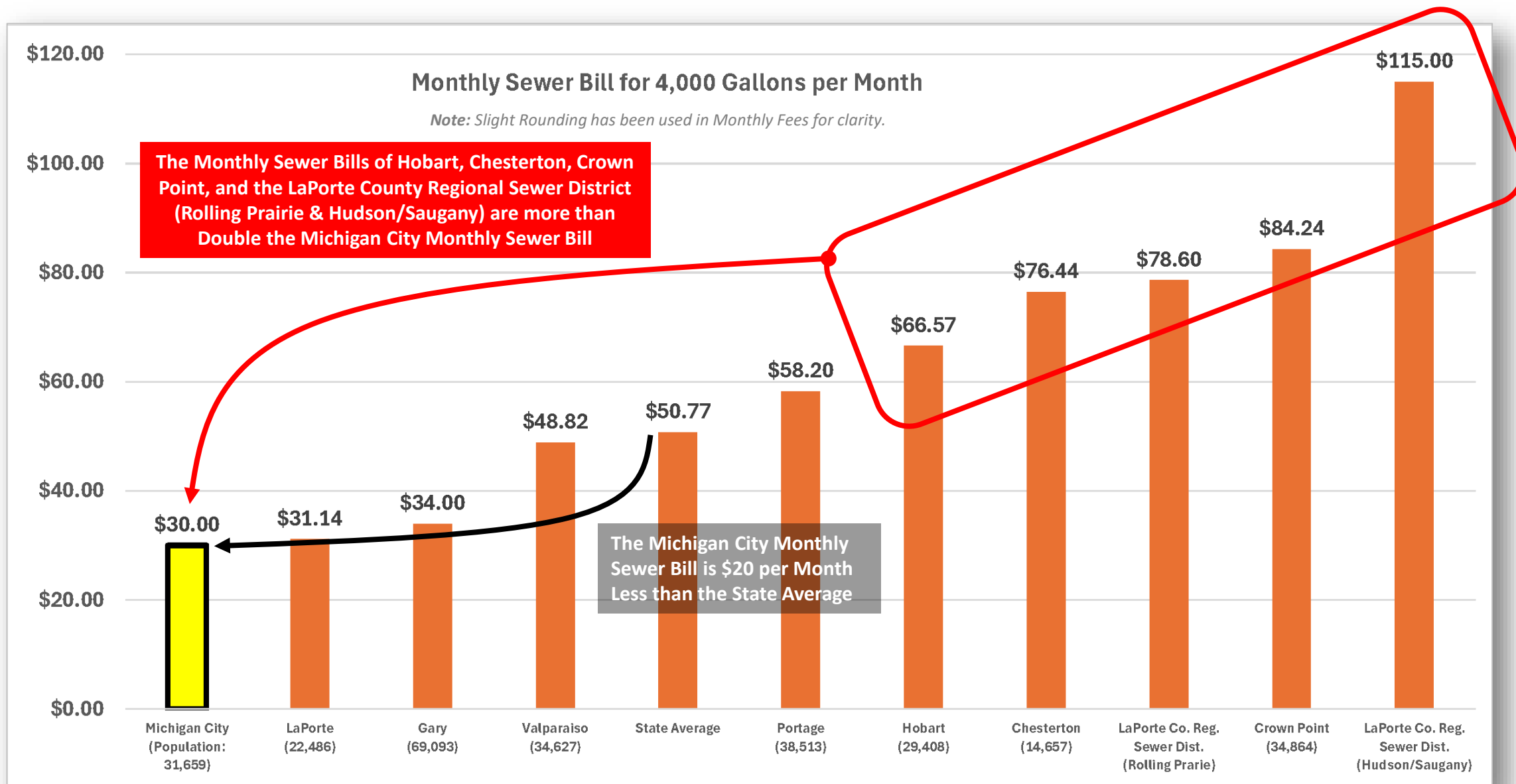
# Inflation from 2012 to 2026



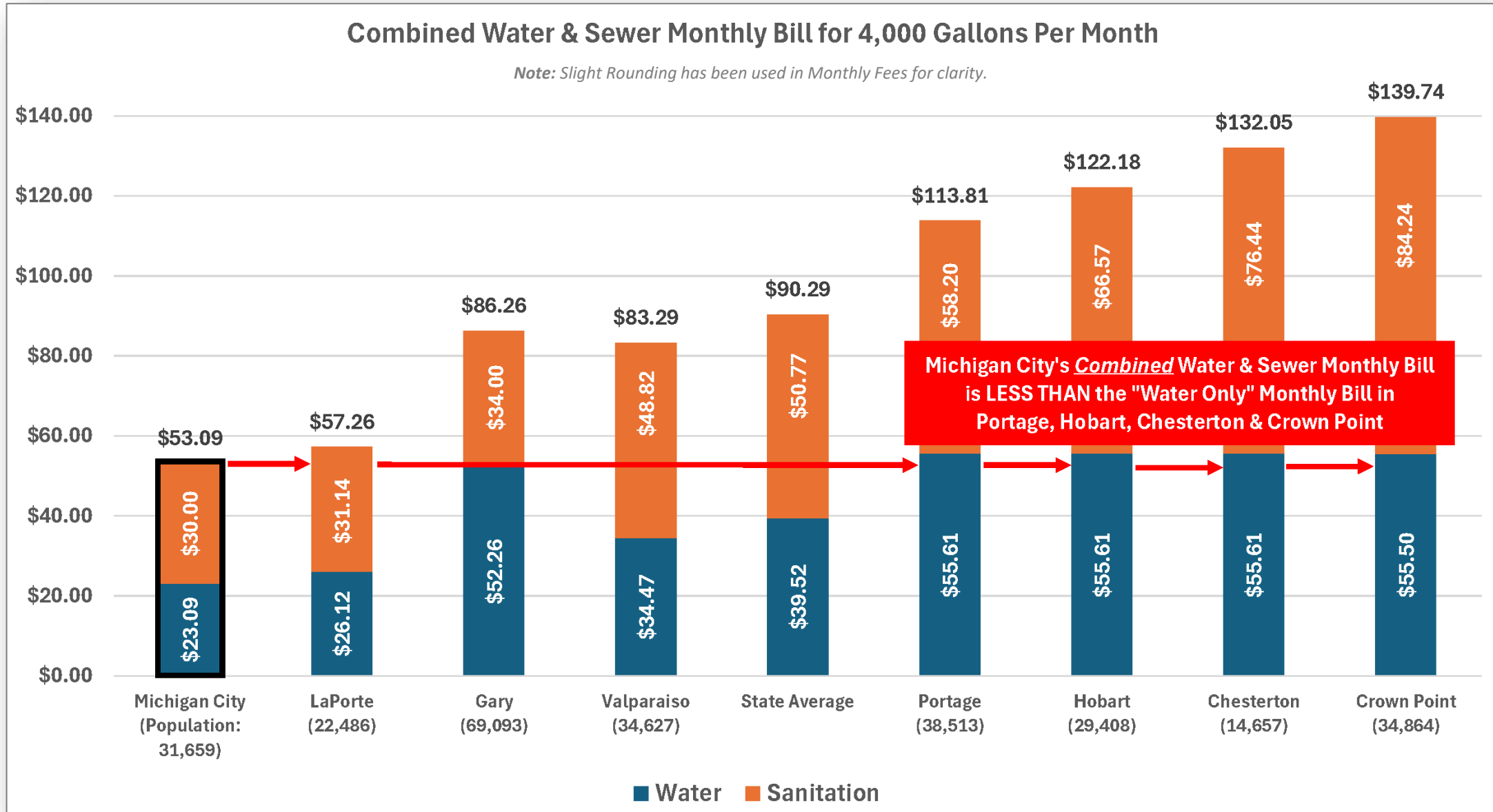
# Inflation from 2012 to 2026



# Comparison of Current Michigan City Sewer Rates to Nearby Communities



# Comparison of Current Combined Water & Sewer Rates to Nearby Communities



Michigan City's *Combined* Water & Sewer Monthly Bill is LESS THAN the "Water Only" Monthly Bill in Portage, Hobart, Chesterton & Crown Point

# Comparison of Sewer Rates to Nearby Communities

\$120.00

Monthly Sewer Bill for 4,000 Gallons per Month

Having a rate comparison is helpful, but what do these numbers really show? This fee disparity represents an entity that has over a decade of deferred maintenance issues to address versus an entity that has been addressing plant and sewer maintenance needs. Let's check what's behind these fee numbers.

\$40.00

\$20.00

\$0.00

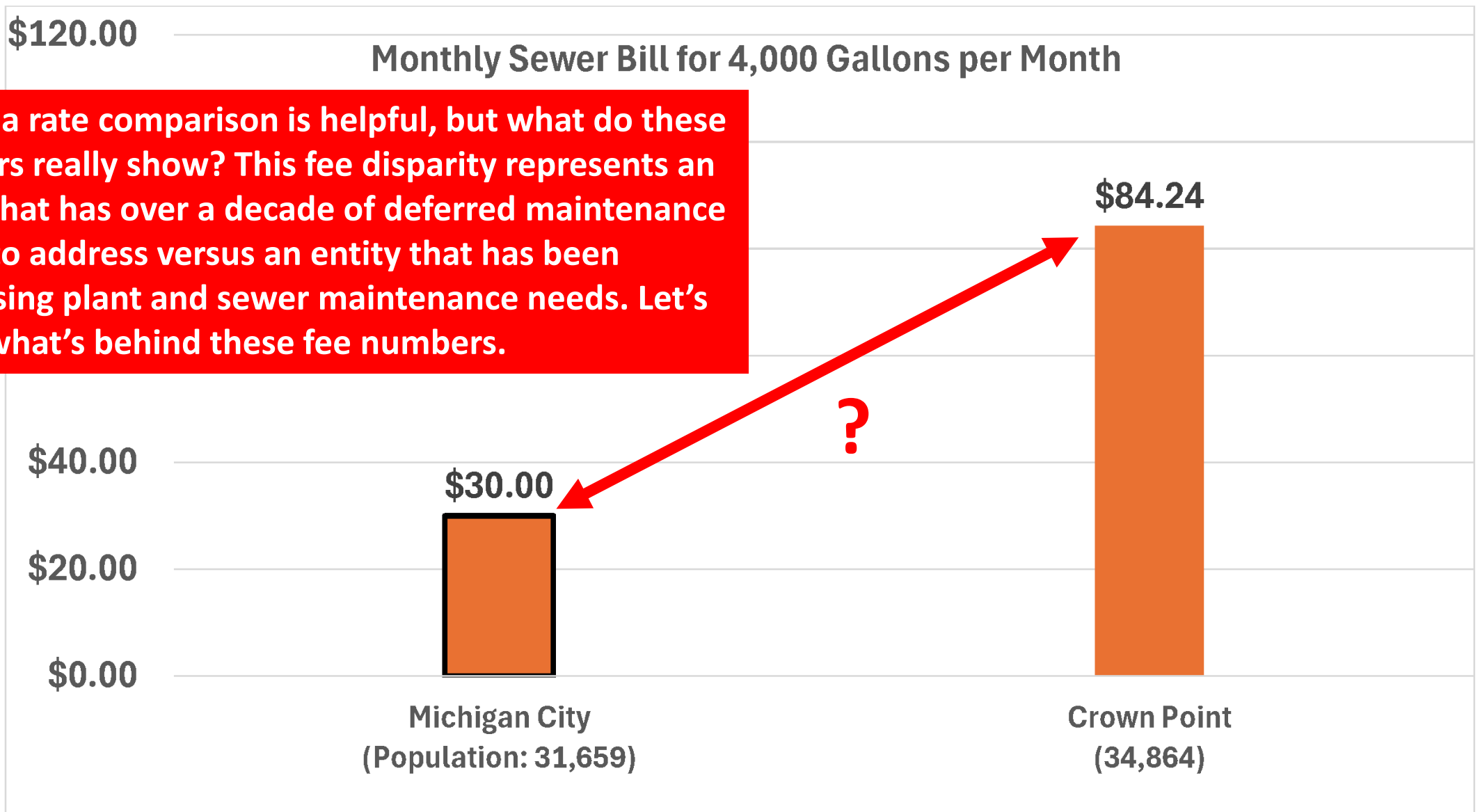
\$30.00

\$84.24

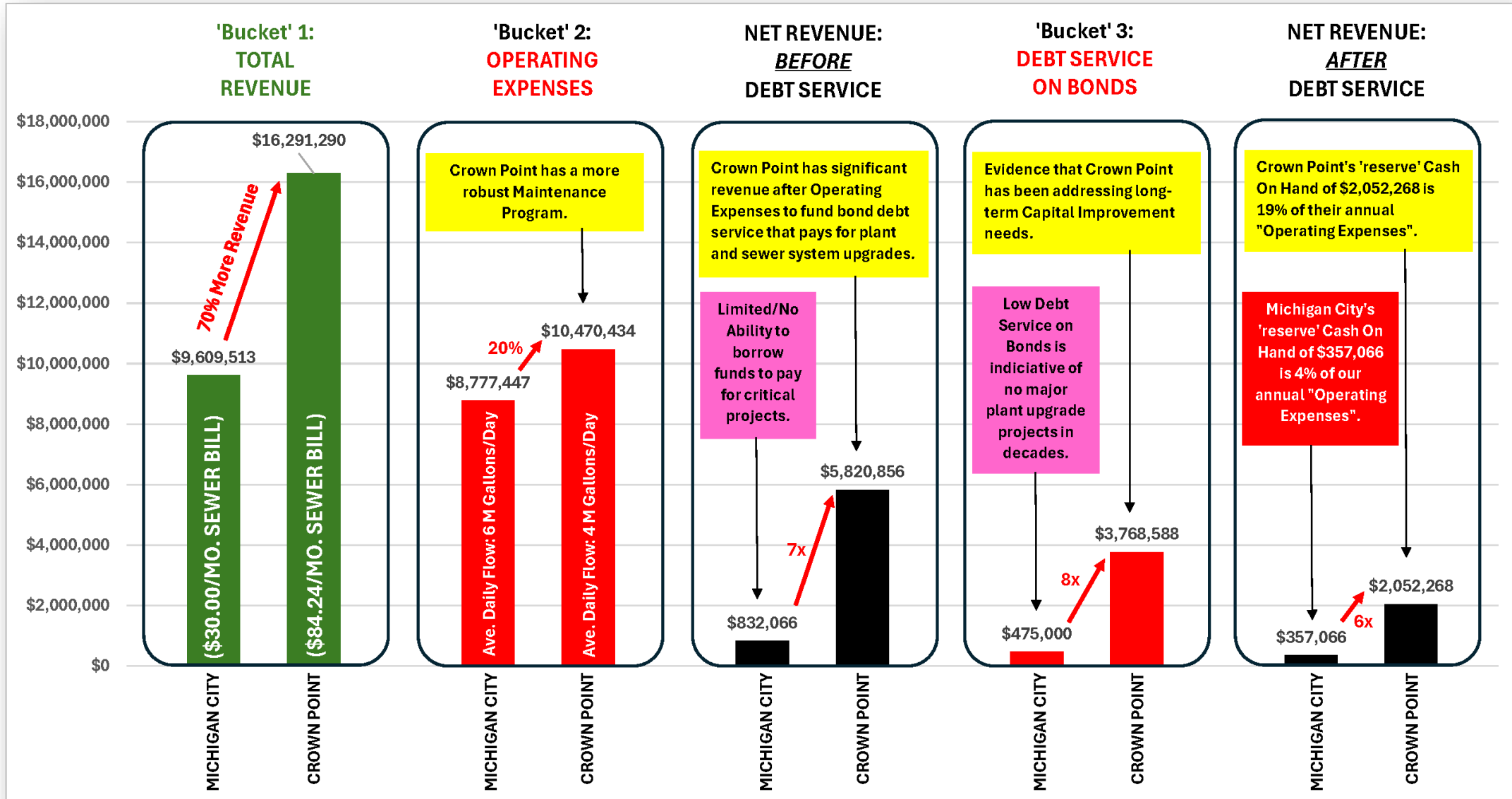
Michigan City  
(Population: 31,659)

Crown Point  
(34,864)

?



# The Story Behind the Fee Numbers...



## From the State of the District Summary – Focus Items...

Slide from Workshop #1

- ❖ Providing a Safe Operating Environment for our Staff
- ❖ Providing Transparency & Open Communications
- ❖ Meeting our Legal & Legislative Requirements Related to our Environmental Responsibilities
- ❖ Providing Fiduciary Control, Planning, and Oversight of all District Operations
- ❖ Identifying Short-, Medium-, & Long-Term Capital Improvement Needs
- ❖ Identifying a Sustainable Financial Plan to Fund Operations & Infrastructure Needs
- ❖ Utilizing the Skills of our many great Employees as we Seek Operational Excellence
- ❖ Implement a Successful Succession Plan that is Driven by Internal Skills Development & Advancement
- ❖ Carry on the Tradition Developed over the past 91 Years of Treating Wastewater to Protect our Local Waterways & Lake Michigan
- ❖ Recognize that Management Matters and Implement Best Practices Associated with Operating a Wastewater Treatment Plant, Sanitary Sewers, Lift Stations, and Drainage Infrastructure


**What do  
we need  
to fund?**

## From the State of the District Summary – Next Steps...

2026

- 30% Drawings for Lafayette-Barker Outfall Project
- Complete Primary Clarification Pilot Testing (Utilizing Newer Technology, Innovative Process)
- Prepare Hydraulic Computer Model of Main Sewer Trunk Lines (Partnering with Michigan City Redevelopment Commission)
- Prepare 2026 Detailed Asset List

**Part of the “Year 1 Plan” needs to Fund these Items**



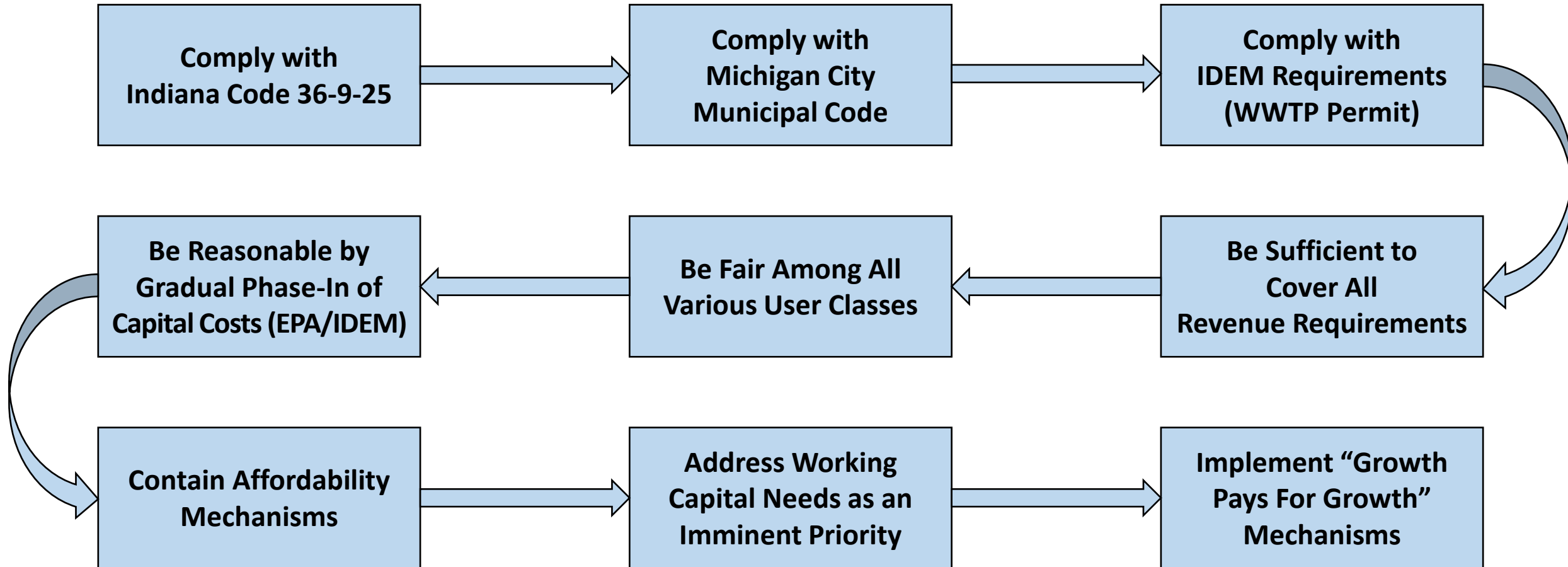
2027 (PROPOSED)

- Complete Design Engineering & Bid Specifications for Lafayette-Barker Outfall
- Bid & Start Construction of Lafayette-Barker Outfall
- Complete Design for WWTP Primary Clarification Upgrade
- Engineering for Septic Cluster Elimination (North Roeske & Carroll Avenue)
- Engineering for Five (5) Lift Station Rehabilitation Projects (Broadway, Coolspring, Henry, Menke, Tinkers Dam)
- Engineering for 70-Year-Old Backyard Sewer Maintenance
- Engineering for Full Scope of WWTP Upgrades

2028 (PROPOSED)

- Construct Primary Clarifier Upgrades
- Construct Septic Cluster Elimination (Sanitary Sewer Extension)
- Construct Lift Station Upgrades
- Perform Maintenance (Sewer Lining & Manhole Rehabilitation) on 70-Year-Old Backyard Sewer Systems
- Monon Stormwater Lift Station Upgrades
- Begin Construction of WWTP Upgrade Projects

# MCSD's Proposed Ratemaking Strategy & Objectives



## MCSD's Proposed Ratemaking Strategy: A Phased In Rate Increase Plan

- A **Phased Approach** is being Pursued to Reduce the Immediate Impact on Ratepayers
- An immediate rate increase (Phase 1) is needed to cover:
  - Current Operating & Maintenance Expenses
  - Transition the District into Funding Depreciation and Working Capital Again
  - Obtain Interim Financing (a \$15 Million Bond Anticipation Note) to Initiate Engineering and Construction on the Lafayette-Barker Outfall Project and other Phase 1 Priority Capital Projects and fund engineering for the Wastewater Treatment Plant Capital Improvement Plan.
- A Proposed Phase 2 Rate increase is recommended to build more secure credit worthiness to be in position to issue long-term bonds in the Open Market in 2028.
  - The value of the long-term bonds will be determined by the engineering performed as part of the Phase 1 Rate Increase and the amount of new System Development Charges (SDCs) that may accrue if passed by the Michigan City Common Council.
- This phased rate increase approach is based on the Management Team's assessment of **where we have been, where we are, where we need to go**, and **a firm commitment to STOP 'kicking the can down the road' related to addressing critical wastewater infrastructure needs.**

Water Use Flow (That Goes Into Sanitary Sewers)	2012 to Present		Phase 1 Plan (2026-2027)	
	Within Michigan City	Outside Michigan City	Within Michigan City	Outside Michigan City
4,000 Gallons per Month (Value used for Rate Comparisons In Indiana)	\$30.00/Month	\$32.20/Month	\$40.00/Month	\$42.85/Month
3,100 Gallons per Month (Average Water Use per Michigan City Customer)	\$27.00/Month	\$28.50/Month	\$35.80/Month	\$38.00/Month
2,000 Gallons per Month (Average Water Use for Single Adult Household)	\$23.00/Month	\$24.00/Month	\$30.60/Month	\$32.00/Month

Phase 1 +\$10

Phase 1 +\$8.80

Phase 1 +\$7.60

*Note: Slight Rounding has been used in Monthly Fees for clarity.*

## From the State of the District Summary – Next Steps...

2026

- 30% Drawings for Lafayette-Barker Outfall Project
- Complete Primary Clarification Pilot Testing (Utilizing Newer Technology, Innovative Process)
- Prepare Hydraulic Computer Model of Main Sewer Trunk Lines (Partnering with Michigan City Redevelopment Commission)
- Prepare 2026 Detailed Asset List

2027 (PROPOSED)

- Complete Design Engineering & Bid Specifications for Lafayette-Barker Outfall
- Bid & Start Construction of Lafayette-Barker Outfall
- Complete Design for WWTP Primary Clarification Upgrade
- Engineering for Septic Cluster Elimination (North Roeske & Carroll Avenue)
- Engineering for Five (5) Lift Station Rehabilitation Projects (Broadway, Coolspring, Henry, Menke, Tinkers Dam)
- Engineering for 70-Year-Old Backyard Sewer Maintenance
- Engineering for Full Scope of WWTP Upgrades

2028 (PROPOSED)

- Construct Primary Clarifier Upgrades
- Construct Septic Cluster Elimination (Sanitary Sewer Extension)
- Construct Lift Station Upgrades
- Perform Maintenance (Sewer Lining & Manhole Rehabilitation) on 70-Year-Old Backyard Sewer Systems
- Monon Stormwater Lift Station Upgrades
- Begin Construction of WWTP Upgrade Projects

**Part of the “Year 2 Plan” needs to Fund these Items**

SERVICE AREA & CUSTOMERS

CURRENT STATUS (2026)

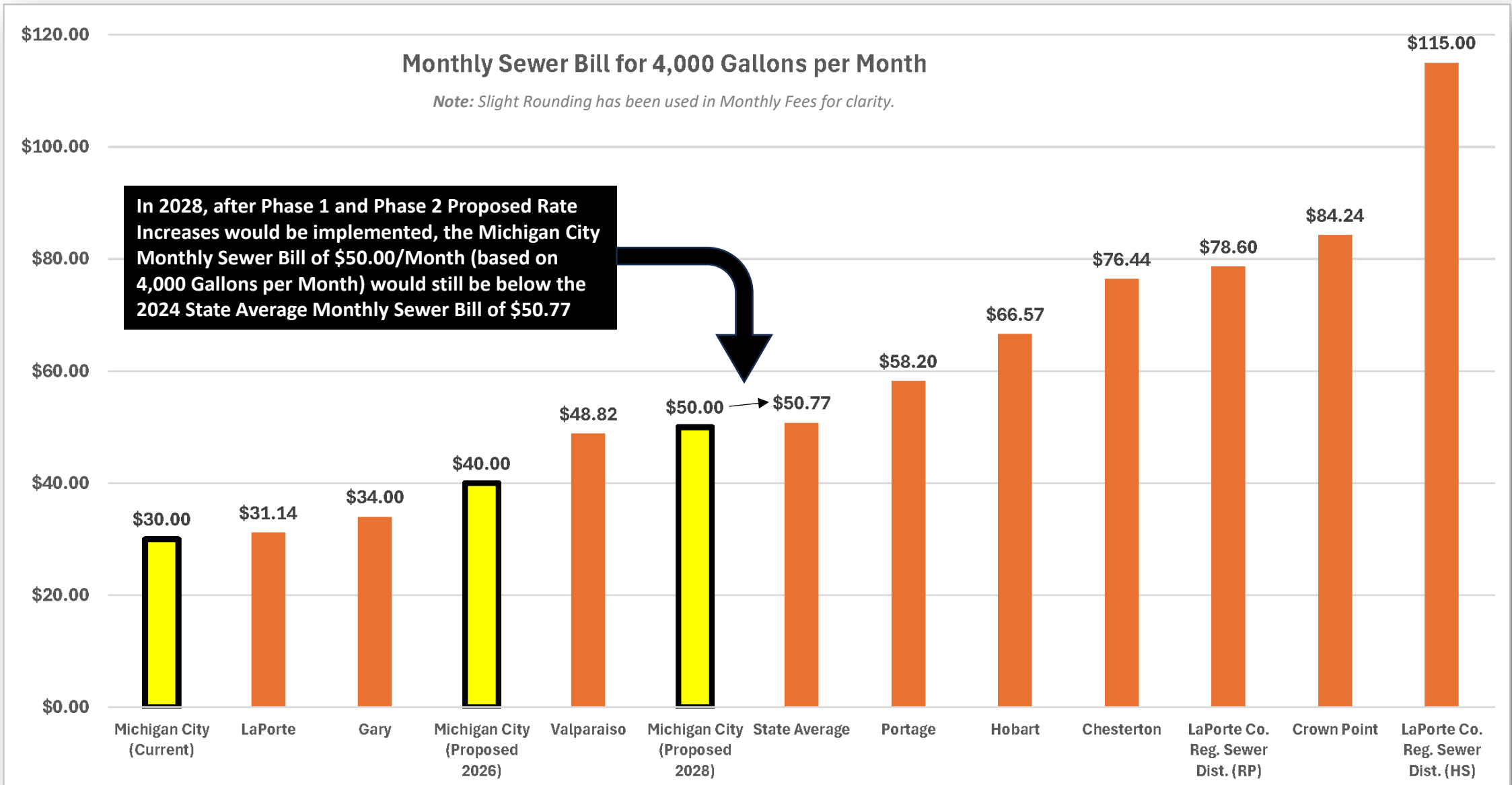
PHASE 1 PLAN (2026 - 2027)

PHASE 2 PLAN (2028 - 2029)

Water Use Flow (That Goes Into Sanitary Sewers)	2012 to Present		Phase 1 Plan (2026-2027)		Phase 2 Plan (2028-2029)	
	Within Michigan City	Outside Michigan City	Within Michigan City	Outside Michigan City	Within Michigan City	Outside Michigan City
4,000 Gallons per Month (Value used for Rate Comparisons In Indiana)	\$30.00/Month	\$32.20/Month	\$40.00/Month	\$42.85/Month	\$50.00/Month	\$53.50/Month
	Phase 1 +\$10		Phase 2 +\$10			
3,100 Gallons per Month (Average Water Use per Michigan City Customer)	\$27.00/Month	\$28.50/Month	\$35.80/Month	\$38.00/Month	\$44.70/Month	\$47.30/Month
	Phase 1 +\$8.80		Phase 2 +\$8.90			
2,000 Gallons per Month (Average Water Use for Single Adult Household)	\$23.00/Month	\$24.00/Month	\$30.60/Month	\$32.00/Month	\$38.20/Month	\$39.90/Month
	Phase 1 +\$7.60		Phase 2 +\$7.60			

*Note: Slight Rounding has been used in Monthly Fees for clarity.*

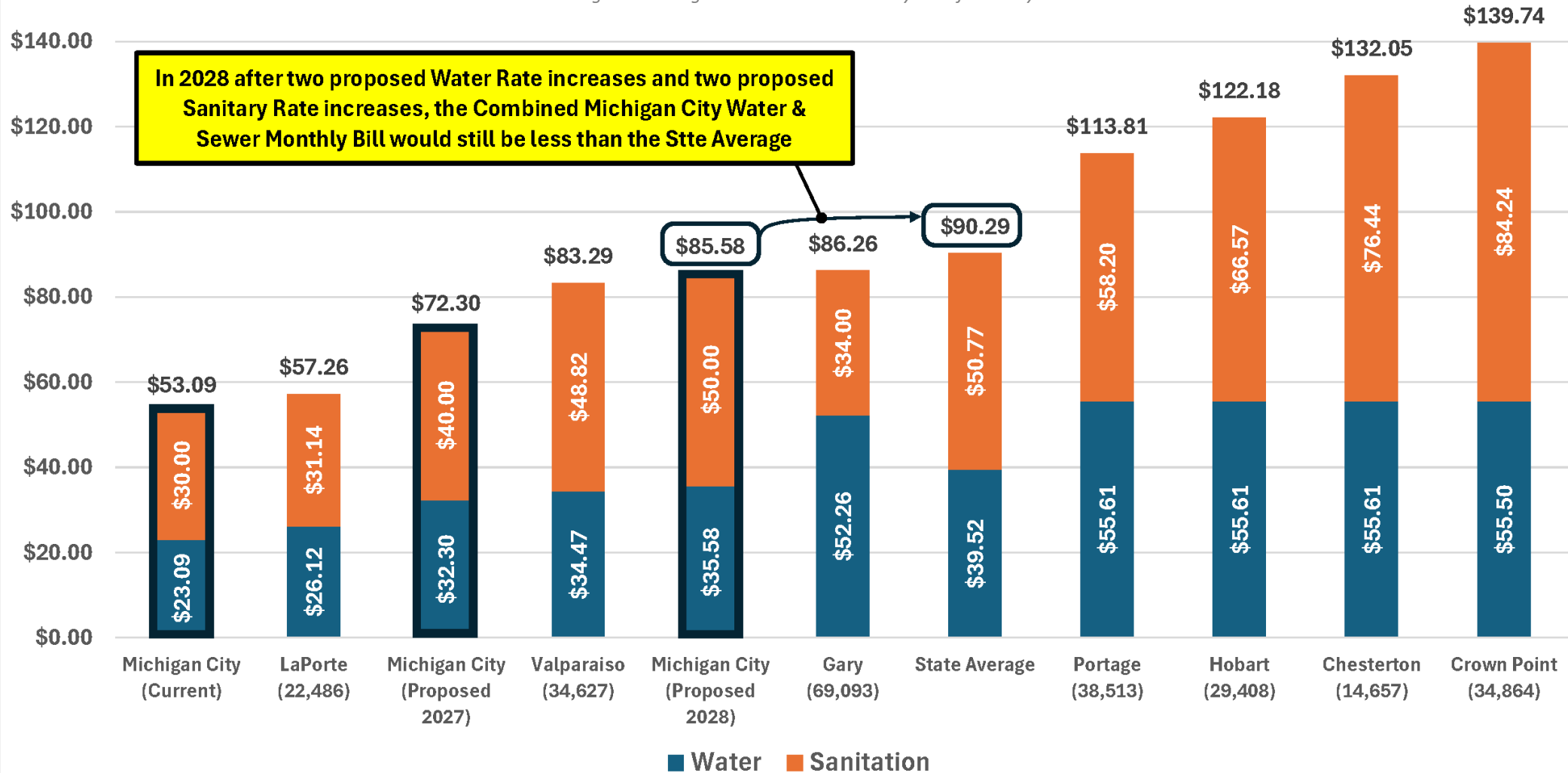
# Comparison of Sewer Rates to Nearby Communities with 2 Phase Plan



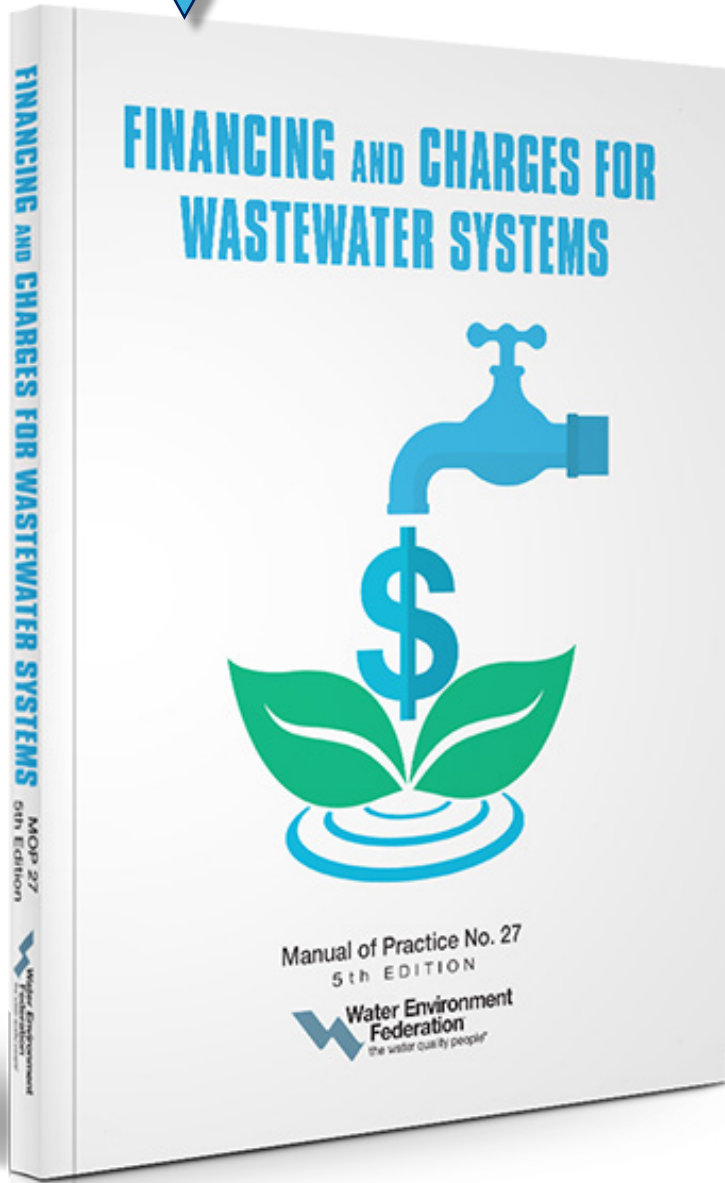
# Comparison of Proposed Sewer & Water Rates to Nearby Communities

Combined Water & Sewer Monthly Bill for 4,000 Gallons Per Month

Note: Slight Rounding has been used in Monthly Fees for clarity.



ALONG WITH OUR TEAM, A SIGNIFICANT RESOURCE HAS BEEN:



### *About the Water Environment Federation (WEF)*

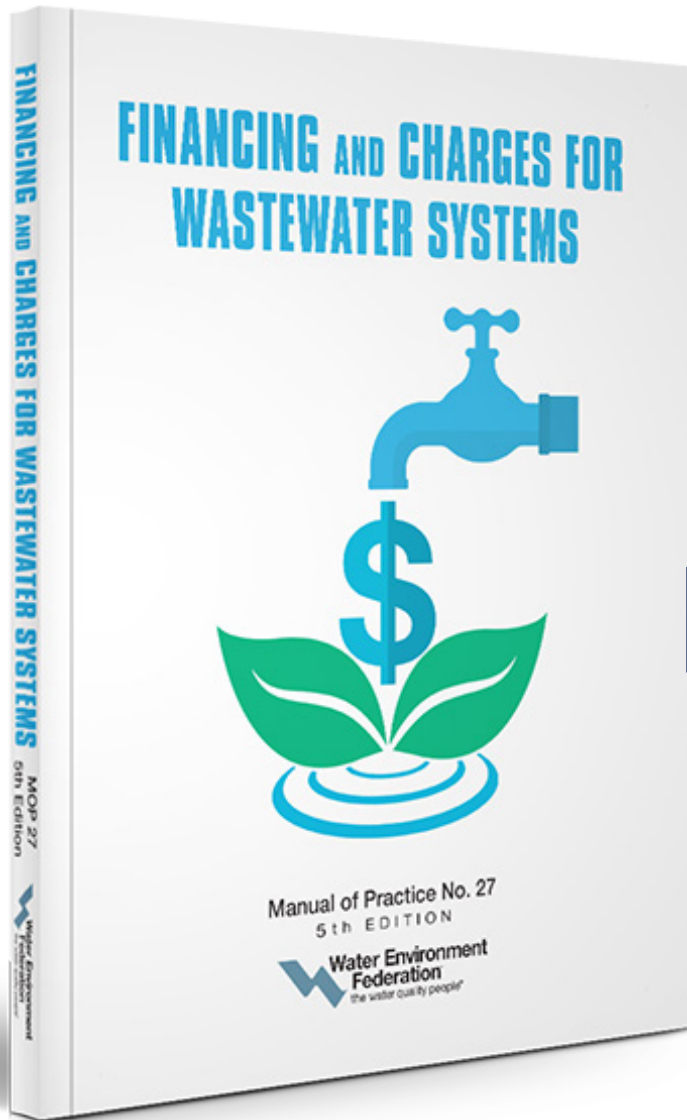
- WEF has been around since **1928**
- WEF is a not-for-profit technical and educational organization with **30,000 members worldwide**
- WEF provides a platform for **water sector innovation**

### *About Financing & Charges for Wastewater Systems*

- This 5<sup>th</sup> Edition provides **the most current industry practices for establishing wastewater rates**
- This 2025 update covers **industry changes over the last decade**, with heightened awareness on:
  - ***Affordability***
  - ***System Development Charges*** ('Growth Pays for Growth')

# WHY IS 'AFFORDABILITY' IMPORTANT FOR WASTEWATER UTILITIES?

- The U.S. EPA established User Charge Guidelines to **address affordability concerns**. These guidelines allow utilities to offer **reduced rates for low-income customers**.
- Best Practices to implement Wastewater Rate Affordability Programs are detailed in **Chapter 12 of the WEF Manual**.



## CHAPTER 12 Affordability

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# Looking to lower your utility bill?

**Apply online at [southbendin.gov/UAP](https://southbendin.gov/UAP).**

For issues completing the online application, call 311.



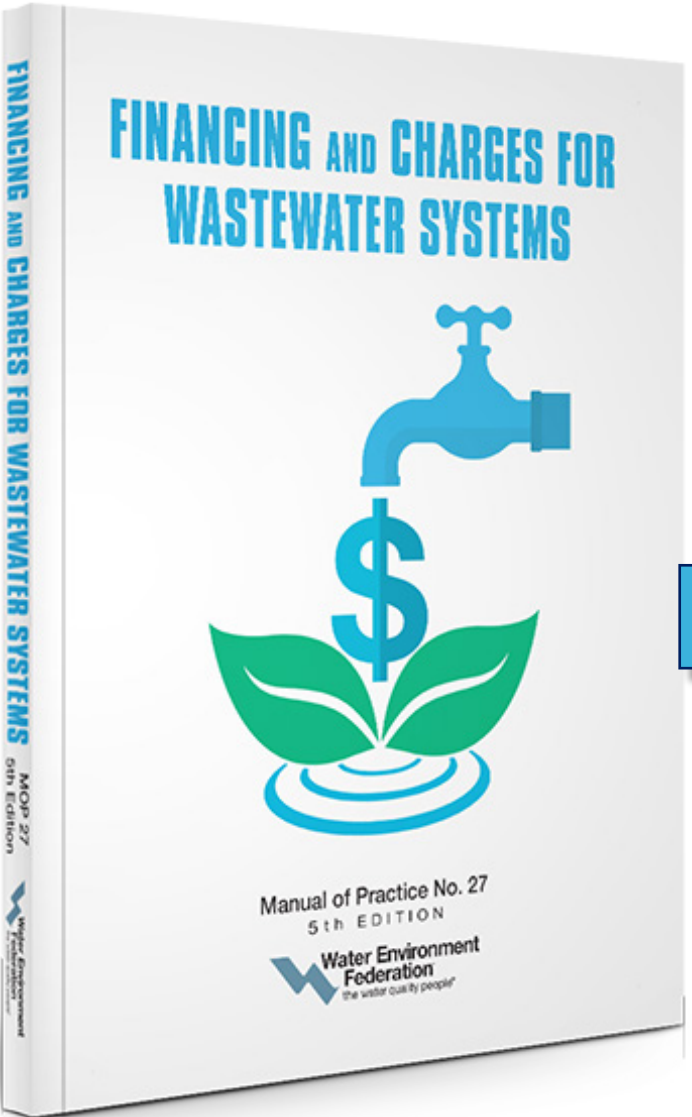
MAYOR  
JAMES MUELLER

To address Affordability, South Bend has a Utility Assistance Program to reduce the monthly sewer bill for lower income residents.

Michigan City will release its Utility Assistance Program in late June.

# WHY ARE 'SYSTEM DEVELOPMENT CHARGES' IMPORTANT FOR WASTEWATER UTILITIES?

- Local governments have the right to **regulate development.**
- Best Practices to implement System Development Charges are detailed in **Chapter 10 of the WEF Manual.**



## CHAPTER 10

### System Development Charges

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# PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:

*“GROWTH PAYS FOR GROWTH”*

*System Development Charges (SDCs) are one-time fees new customers (Developers, Businesses and People) must pay when:*

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

*SDCs are used to pay for:*

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



# PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:

***“GROWTH PAYS FOR GROWTH”***

***CAPITAL PROJECTS NEEDED TO SUPPORT GROWTH  
CAN PLACE A FINANCIAL BURDEN ON EXISTING WASTEWATER RATEPAYERS.***

*To account for this, SDCs help shift the cost of growth-related infrastructure to new and expanding customers, rather than current users.*

- ❖ Over time, SDCs promote *intergenerational equity*, by ensuring that **new and expanding customers** pay for the infrastructure that serves them.
- ❖ **SDC revenue** supports **future wastewater utility capital improvements that are driven by growth**.

This approach follows a ***“growth pays for growth”*** policy. In simple terms:

- ❖ Customers who add demand to the system, **pay for the capacity they use**.



# PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:

*“GROWTH PAYS FOR GROWTH”*

## *Recommended Implementation Approach for Michigan City:*

- ❖ **New development** pays an equitable share to use existing facilities by paying SDCs up front.
- ❖ **SDC Funds** received from New Development are used to pay for future facilities/upgrades needed to accommodate growth.
- ❖ This approach balances **fairness to existing customers** with planning for future capacity



**Are System  
Development  
Charges or SDCs  
a new idea?**

# ANNUAL REVENUE FROM SYSTEM DEVELOPMENT CHARGES (SDC's): SUCCESS STORIES FROM INDIANA COMMUNITIES

<i>NOTE: Data from Gateway Reports</i>	<b>FORTVILLE</b> (20 Miles NE of Indy)	<b>PORTAGE</b> (20 Miles West of MC)	<b>GREENFIELD</b> (30 Miles East of Indy)	<b>HUNTERTOWN</b> (10 Miles North of Fort Wayne)	<b>FISHERS</b> (20 Miles NE of Indy)	<b>WHITESTOWN</b> (20 Miles NW of Indy)
<b>2020</b>	\$61,200	\$312,160	\$882,045	\$1,158,000	\$1,559,400	\$1,697,370
<b>2021</b>	\$184,960	\$252,160	\$1,156,469	\$1,385,000	\$1,348,200	\$4,752,470
<b>2022</b>	\$177,650	\$322,110	\$812,298	\$1,819,000	\$2,910,500	\$3,028,000
<b>2023</b>	\$259,400	\$274,550	\$1,110,140	\$1,471,000	\$2,170,400	\$3,772,000
<b>2024</b>	\$157,250	\$317,220	\$1,004,950	\$1,567,000	\$3,391,860	\$5,864,000
<b>5-YEAR TOTAL REVENUE FROM SDC's:</b>	<b>\$840,460</b> (~\$170,000/YEAR)	<b>\$1,478,200</b> (~\$300,000/YEAR)	<b>\$4,965,902</b> (~\$1,000,000/YEAR)	<b>\$7,400,000</b> (~\$1,500,000/YEAR)	<b>\$11,380,360</b> (~\$2,300,000/YEAR)	<b>\$19,113,840</b> (~\$3,800,000/YEAR)

# ANNUAL REVENUE FROM SYSTEM DEVELOPMENT CHARGES (SDC's): SUCCESS STORIES FROM INDIANA COMMUNITIES

NOTE: Data from Gateway Reports

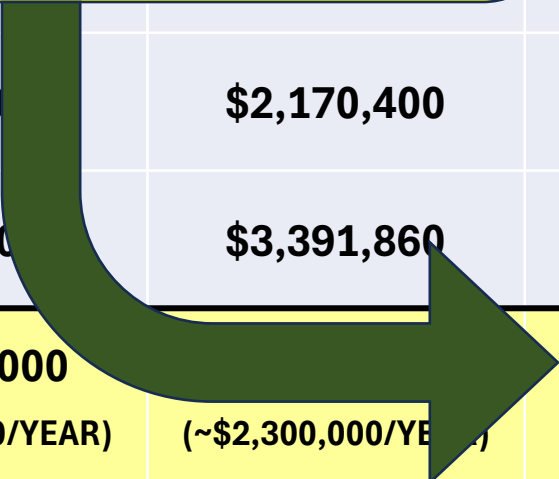
	FORTVILLE	PORTAGE	GREENFIELD (30 Miles S)	HUNTERTOWN (10 Miles North)	FISHERS	WHITESTOWN (20 Miles NW of Indy)
			\$800,000	\$1,471,000	\$2,170,400	\$1,697,370
			\$1,110,140	\$1,567,000	\$3,391,860	\$4,752,470
			\$800,000			\$3,028,000
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**MICHIGAN CITY:**

- **No System Development Charges**
- Funded **4 Minor Sewer Projects** via **\$9 Million Bond to be Paid Over a 20 Year Period**

**WHITESTOWN:**

- **\$16 Million WWTP Upgrade**
- **Currently Completing with Funding by Cash on Hand** (with \$19 Million in the bank)



# PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:

*“GROWTH PAYS FOR GROWTH”*

## How could Michigan City’s SDCs be Calculated?

**PRELIMINARY**

This is a new financial tool. More Information on SDCs will be Provided in Workshop #3

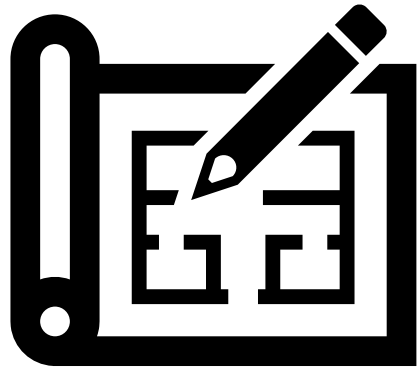
<u>MCSD - PROPOSED SYSTEM DEVELOPMENT CHARGE PARAMETERS</u>			
<b>SDC PARAMETERS:</b>	<b>UTILITY PLANT IN SERVICE</b>	<b>COST PER CONNECTION</b>	<b>COST PER GALLONS / DAY</b>
	12/31/2024	11,914.0	2,697,332.0
UTILITY PLANT IN SERVICE	\$ 125,102,628	\$ 10,500.47	\$ 46.38
CONSTRUCTION IN PROGRESS	342,273	28.73	0.13
ACCUMULATED DEPRECIATION	<u>(76,304,827)</u>	<u>(6,404.64)</u>	<u>(28.29)</u>
<b>TOTAL FIXED ASSETS (NET)</b>	<b>\$ 49,140,074</b>	<b>\$ 4,124.57</b>	<b>\$ 18.22</b>
<b>COST PER EDU (200 GPD)</b>			<b>\$ 3,643.61</b>
<b>COST PER EDU (300 GPD)</b>			<b>\$ 5,465.41</b>
	<b>EQUITY 12/31/2024</b>	<b>COST PER CONNECTION</b>	<b>COST PER GALLONS / DAY</b>
NET POSITION / EQUITY	\$ 52,338,220	\$ 4,393.00	\$ 19.40
<b>COST PER EDU (200 GPD)</b>			<b>\$ 3,880.74</b>
<b>COST PER EDU (300 GPD)</b>			<b>\$ 5,821.11</b>
<b>PROPOSED MCSD SYSTEM DEVELOPMENT CHARGE</b>			<b>\$ 3,000.00</b>

**PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:**

***“GROWTH PAYS FOR GROWTH”***

**UPDATED FEE & INSPECTION SCHEDULE:**

***Current Customers should not have to Pay for New  
Development Plan Reviews & Inspections***



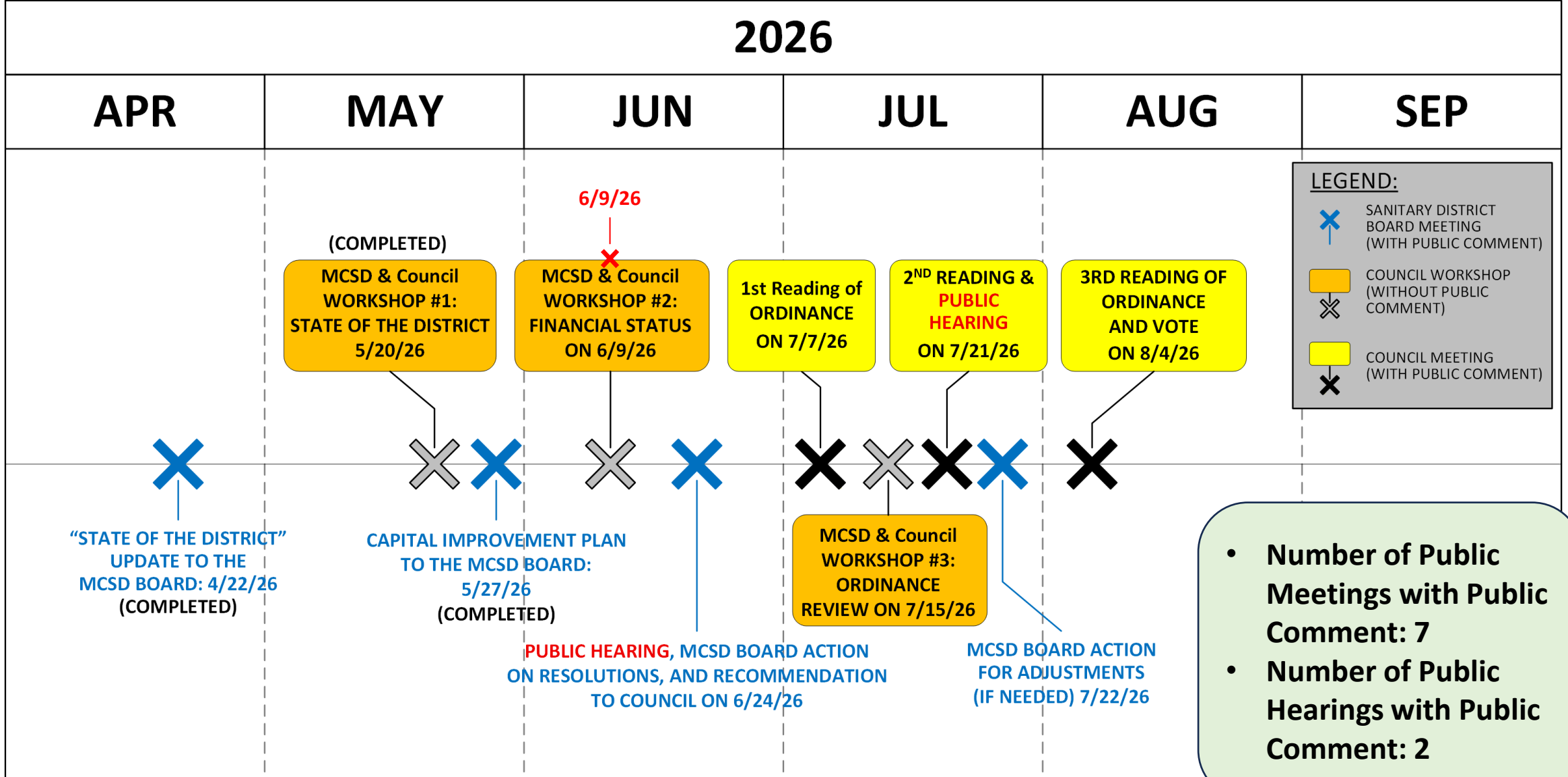
# PLANNING FOR THE FUTURE TODAY – BY USING SYSTEM DEVELOPMENT CHARGES:

*“GROWTH PAYS FOR GROWTH”*





## *Sample Fee Schedule Comparison*

ITEM	FEE	DATE	PROPOSED
Single Family Tap Fee & 1 Inspection	\$50	10-2-1990	\$250
Non-Residential Fee & 1 Inspection	\$500	10-2-1990	Based on Flow: \$250 per each 300 Cu. Ft.
Subdivision Sewer Extension Review	\$250 + \$100 per hour in Excess of 2 Hours	9/12/2012	Actual Cost but Not Less Than \$1,000
Stormwater Permit Review	\$250 + \$100 per hour in Excess of 2 Hours	9/12/2012	Actual Cost but Not Less Than \$500
Connection to Storm Sewer	N/A	N/A	Actual Cost but Not Less Than \$250
Building Sump Pump Drain	N/A	N/A	Actual Cost but Not Less Than \$250
Reinspection of Failed Sanitary Lateral	N/A	N/A	125% of Permit Fee
Reinspection of Erosion Control Violations	N/A	N/A	125% of Permit Fee

# "ROLL OUT" SCHEDULE



**LEGEND:**

-  SANITARY DISTRICT BOARD MEETING (WITH PUBLIC COMMENT)
-  COUNCIL WORKSHOP (WITHOUT PUBLIC COMMENT)
-  COUNCIL MEETING (WITHOUT PUBLIC COMMENT)
-  COUNCIL MEETING (WITH PUBLIC COMMENT)

- **Number of Public Meetings with Public Comment: 7**
- **Number of Public Hearings with Public Comment: 2**

# The Sanitary District will be Receiving Comments through 8/4/26



**MICHIGAN CITY SANITARY DISTRICT**  
1100 E 8th St, Michigan City, IN 46360

## Public Comment Form

Thank you for taking the time to provide your comments and questions on the proposed sewer rate adjustments and charges. Your feedback is important to the future of the Sanitary District.

**CONTACT INFORMATION** (Please Print Clearly)

Full Name:	
Street Address:	
City, State Zip:	
Email Address:	
Phone Number:	

### PUBLIC COMMENT

Please share your comments, questions or concerns regarding the proposed rate adjustments and charges.

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### OPTIONAL:

I would like to be contacted regarding my comments.

I am a:

Residential Property Owner

Commercial Property Owner

Other: \_\_\_\_\_

Comments can be submitted online at the Sanitary District website or emailed to:

[MCSDcustomerservice@mcsan.org](mailto:MCSDcustomerservice@mcsan.org)

# Pending Website Update for Information and Comments

<https://michigancityin.gov/city-departments/sanitary-district/>



**MICHIGAN CITY** INDIANA

Government ▾

Departments ▾

Residents ▾

Business ▾

Calendar

## Sanitary District

### Quick Links & Information

**City Council Workshop Handout**

[Learn More >](#)

**2-Year Work Plan**

[Learn More >](#)

**City Council Workshop #2 Handout**

[Learn More >](#)

**Submit Comment Here**

[Learn More >](#)

**ALREADY POSTED ON WEBSITE**

**WILL BE POSTED ON 6/10/26**



## **JOINT WORKSHOP #2:**

# **MICHIGAN CITY SANITARY DISTRICT MICHIGAN CITY COMMON COUNCIL**

**June 9, 2026**

### **Topics:**

- **Financial State of the District**
- **Proposed Rate and Fee Increase**
- **Implementation of System Development Charges**

**Questions & Discussion**