



SPECIAL MEETING & PUBLIC HEARING

July 9, 2026

- **Resolution for Final Rate & Fee Updates (Presentation Only)**
- **Public Hearing (Public Comments)**
- **Resolution Authorizing an Amended Schedule of Rates and Charges Collected by the City of Michigan City, Indiana, from the Owners of Property Served by the Michigan City Sanitary District and Other Matters Connected Therewith (Board Action)**

THE MANAGEMENT & CONSULTANT TEAM

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



THE REALITY WE FACE



After more than a decade of flat utility rates,
the pressures on our systems have continued to grow.



14 YEARS

without a utility
rate increase



**INFLATION
INCREASED**

while operating costs
continued climbing



**CRITICAL
INFRASTRUCTURE**

is reaching or
exceeding
100 years old



**GROWTH REQUIRES
CAPACITY**

while protecting
today's customers



The longer infrastructure improvements are delayed,
the more expensive they become.



OUR COMMITMENT TO RESIDENTS



Instead of one large increase...
we're taking a responsible, phased approach.



PROTECT PUBLIC HEALTH

- Reliable wastewater treatment
- Protecting our



IMPROVE RELIABILITY

- Replace aging infrastructure
- Reduce emergency repairs
- Improve system resilience



PLAN RESPONSIBLY

- Phase projects over several years
- Keep rates competitive
- Protect affordability whenever possible



MAKE GROWTH PAY ITS SHARE

- New development should help fund the infrastructure it requires
- Not shift those costs onto existing residents



Responsible planning today prevents costly emergencies tomorrow.

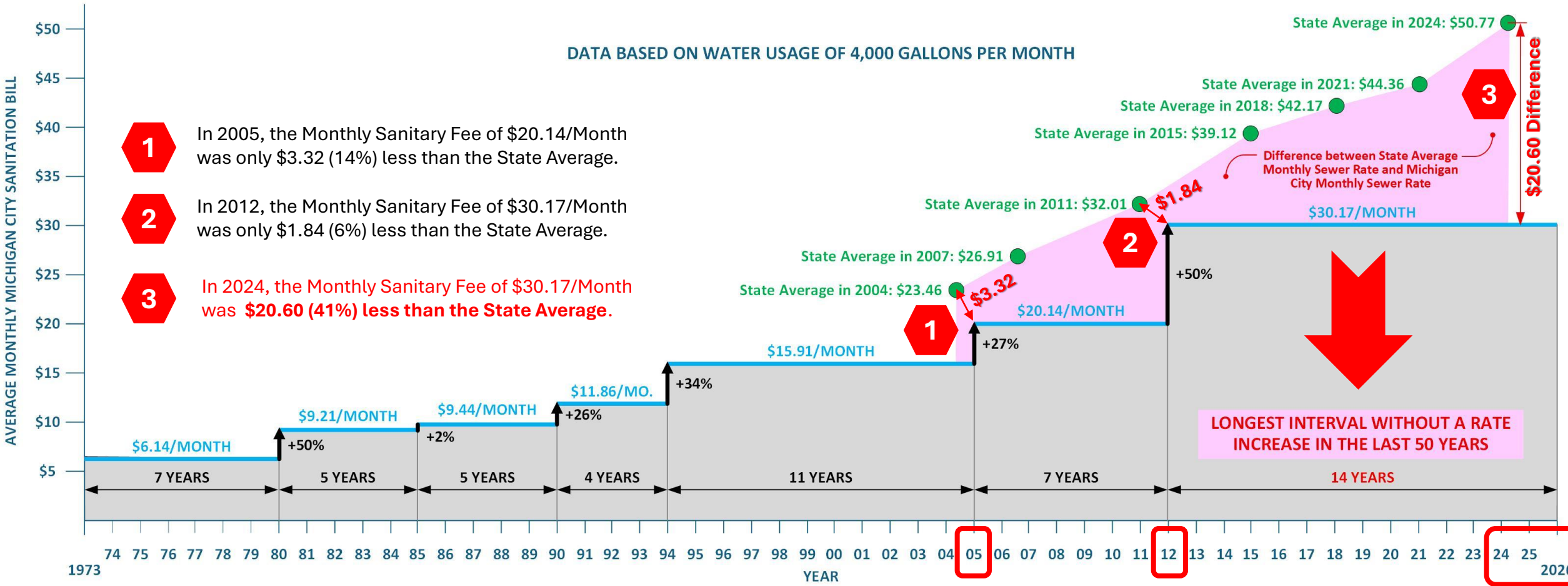
CURRENT FINANCIAL INDICATORS ARE **FLASHING RED:**

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	--	--	\$1,250,000	
3. Debt Service on Existing/Prior Bonds	--	\$475,000	\$475,000	
4. Debt Service Reserve Funding	--	--	\$500,000	
5. Depreciation, Bond Coverage, Working Capital	\$2,417,023	\$2,488,096	\$1,174,000	
<i>Total Revenue Requirements Prior to Capital Plan:</i>	\$7,505,249	\$11,647,524	\$13,034,000	+ \$1,386,476
6. Debt Service on Proposed Bonds or Bond Anticipation Note (BAN) to Fund Capital Improvement Plan	--	--	\$2,500,000	
<i>Total Revenue Requirements with Start of Capital Plan:</i>	--	\$11,647,524	\$15,534,000	+ \$3,888,476

- 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

Continued Delays of a Rate Adjustment are not Sustainable



RECOMMENDATION

CITY OF MICHIGAN CITY - SANITARY DISTRICT

EXHIBIT A

SCHEDULE OF WASTEWATER RATES AND CHARGES MONTHLY METERED & NON-METERED USER CHARGES

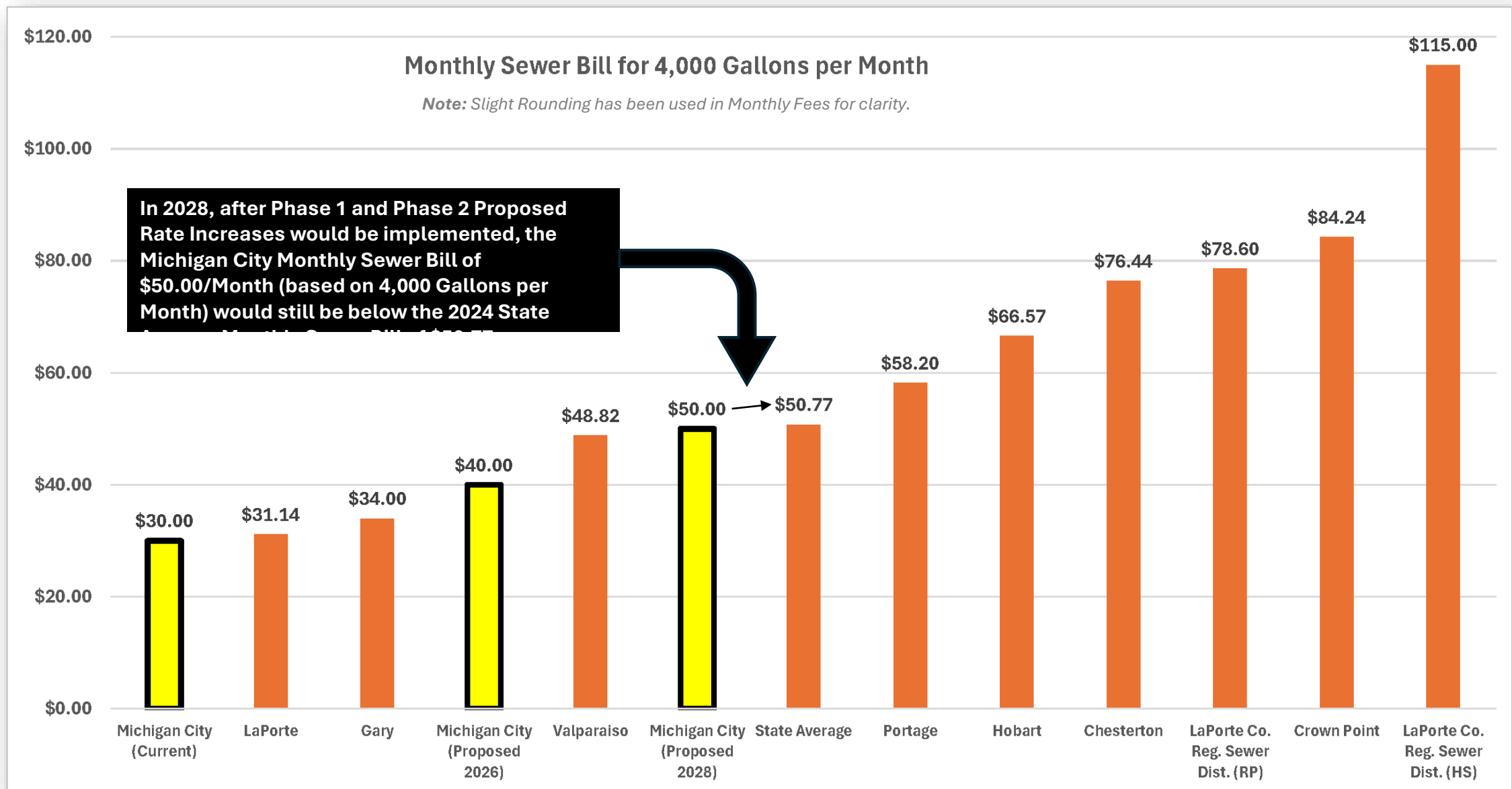
	Current		Phase 1		Phase 2	
	INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
<u>MONTHLY METERED RATES (PER 100 CUBIC FEET - CCF):</u>						
TIER 1: INSIDE CITY FIRST 1,200 CCF OF USAGE / MO.	\$ 2.70	\$ 3.08	\$ 3.59	\$ 4.11 14.5% SURCHARGE	\$ 4.48	\$ 5.13 14.5% SURCHARGE
TIER 2: INSIDE CITY OVER 1,200 CCF OF USAGE / MO.	\$ 7.65	\$ 8.81	\$ 10.17	\$ 11.64	\$ 12.70	\$ 14.54
<u>MONTHLY BASE CHARGES:</u>						
<u>METER SIZE:</u>						
5/8 INCH METER	\$ 15.73	\$ 15.73	\$ 20.92	\$ 23.95 14.5% SURCHARGE	\$ 26.11	\$ 29.90 14.5% SURCHARGE
3/4 INCH METER	23.60	23.60	31.39	35.94	39.18	44.86
1 INCH METER	39.33	39.33	52.31	59.89	65.29	74.76
1 1/2 INCH METER	91.23	91.23	121.34	138.93	151.44	173.40
2 INCH METER	157.30	157.30	209.21	239.55	261.12	298.98
3 INCH METER	361.79	361.79	481.18	550.95	600.57	687.65
4 INCH METER	629.20	629.20	836.84	958.18	1,044.47	1,195.92
6 INCH METER	1,431.43	1,431.43	1,903.80	2,179.85	2,376.17	2,720.71
8 INCH METER	2,548.26	2,548.26	3,389.19	3,880.62	4,230.11	4,843.48
12 INCH METER	5,741.45	5,741.45	7,636.13	8,743.37	9,530.81	10,912.78
<u>MINIMUM CHARGES:</u>						
EQUAL TO MONTHLY BASE CHARGE PLUS 270 CU. FT. USAGE	\$ 23.02	\$ 24.05	\$ 30.61	\$ 35.05	\$ 38.21	\$ 43.75
<u>FLAT FEES - WELL CUSTOMERS (5/8 BASE + 750 CU. FT.):</u>						
CUSTOMER CHARGE	\$ 34.63	\$ 37.29	\$ 46.05	\$ 52.73 14.5% SURCHARGE	\$ 57.47	\$ 65.80 14.5% SURCHARGE
<u>SEPTAGE HAULERS (PER GALLON):</u>						
REGULAR	\$ 0.113	\$ 0.113	\$ 0.113	\$ 0.113	\$ 0.113	\$ 0.113
HOLDING TANK	0.057	0.057	0.057	0.057	0.057	0.057
<u>EXCESSIVE STRENGTH CHARGES (PER POUND):</u>						
CBOD (IN EXCESS OF 250 MG/L)	\$ 0.41	\$ 0.41	\$ 0.55	\$ 0.63 14.5% SURCHARGE	\$ 0.68	\$ 0.78 14.5% SURCHARGE
SUSPENDED SOLIDS (IN EXCESS OF 250 MG/L)	0.43	0.43	0.57	0.65	0.71	0.81
PHOSPHORUS (IN EXCESS OF 6 MG/L)	0.42	0.42	0.56	0.64	0.70	0.80
AMMONIA NITROGEN (IN EXCESS OF 20 MG/L)	0.50	0.50	0.67	0.77	0.83	0.95

IMPACT ON MONTHLY SEWER BILL (BASED ON RECOMMENDATION)

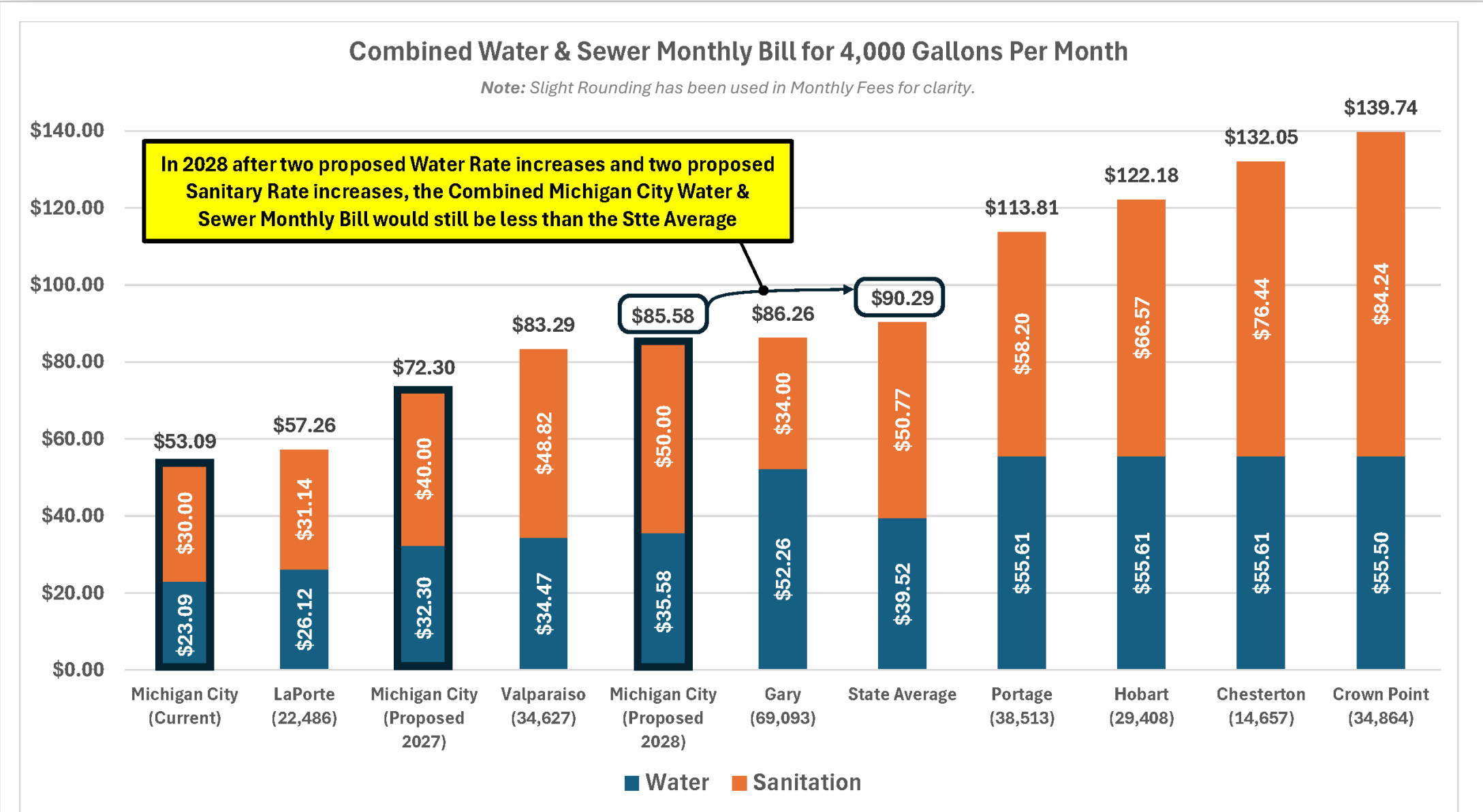
SERVICE AREA & CUSTOMERS	CURRENT STATUS (2026)		PHASE 1 PLAN (2026 - 2027)		PHASE 2 PLAN (2028 - 2029)	
Water Use Flow (That Goes Into Sanitary Sewers)	2012 to Present		Phase 1 Plan (2026-2027)		Phase 2 Plan (2028-2029)	
	Within Michigan City	Outside Michigan City	Within Michigan City	Outside Michigan 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



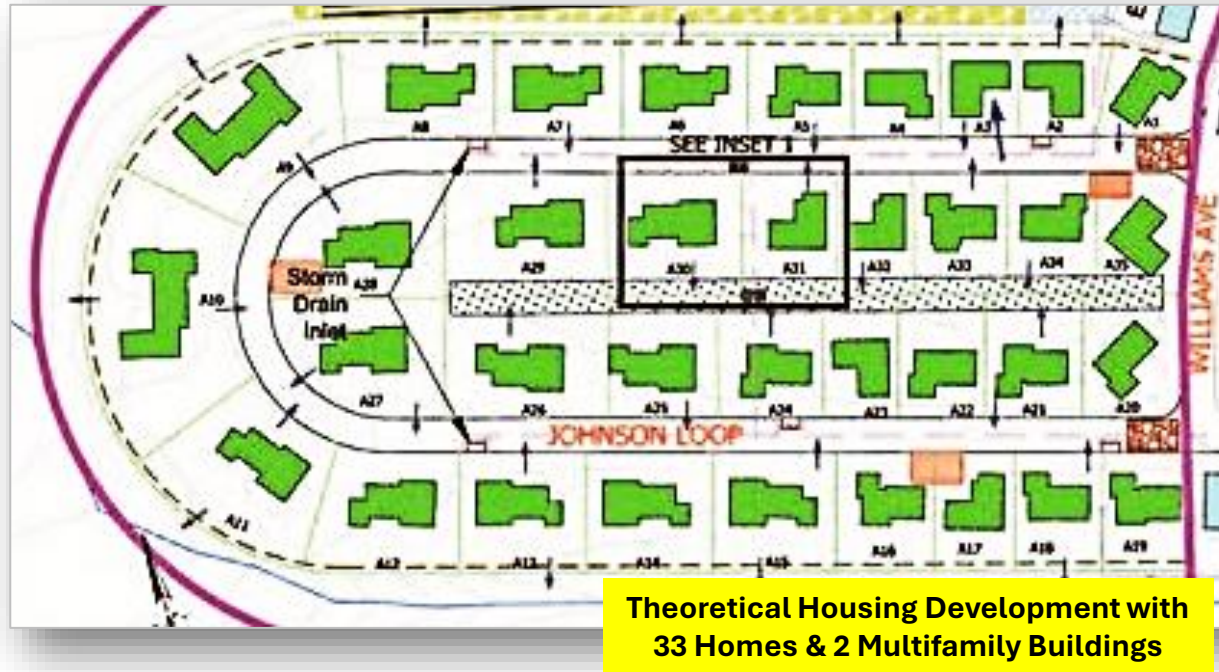
Comparison of Proposed Sewer & Water Rates to Nearby Communities



How Would System Development Charges Work?



How Would System Development Charges Work?



1. 33 Homes using a 5/8" Water Meter = \$3,000 SDC Charge
2. 2 Multi-Family Unites using a 1" Meter Size = \$7,500 SDC Charge
3. $(33 \times \$3,000) + (2 \times \$7,500) = \$99,000 + \$15,000 = \$114,000$

TOTAL SYSTEM DEVELOPMENT CHARGE FOR THIS THEORETICAL DEVELOPMENT: \$114,000

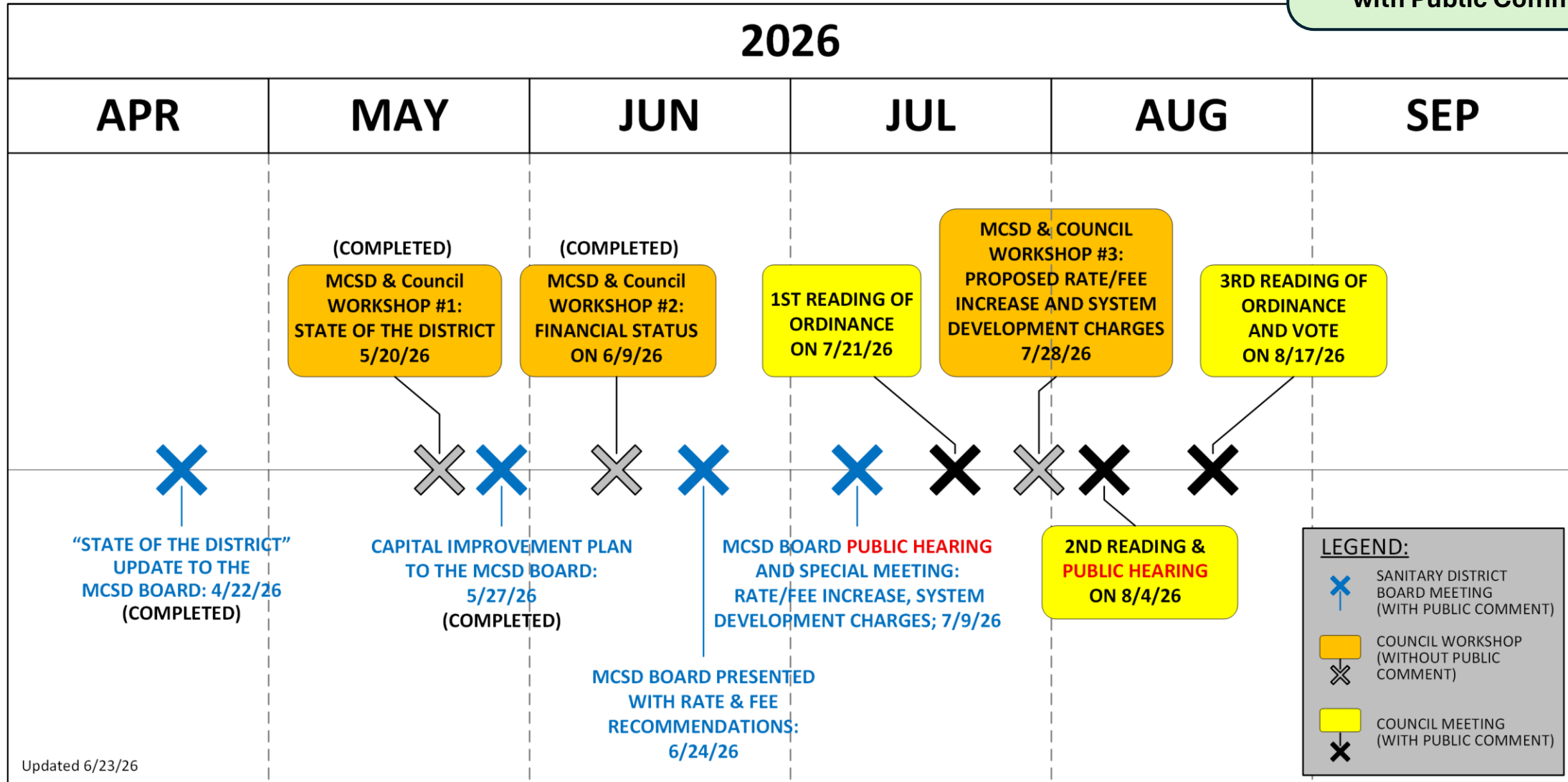
“GROWTH PAYS FOR GROWTH”

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

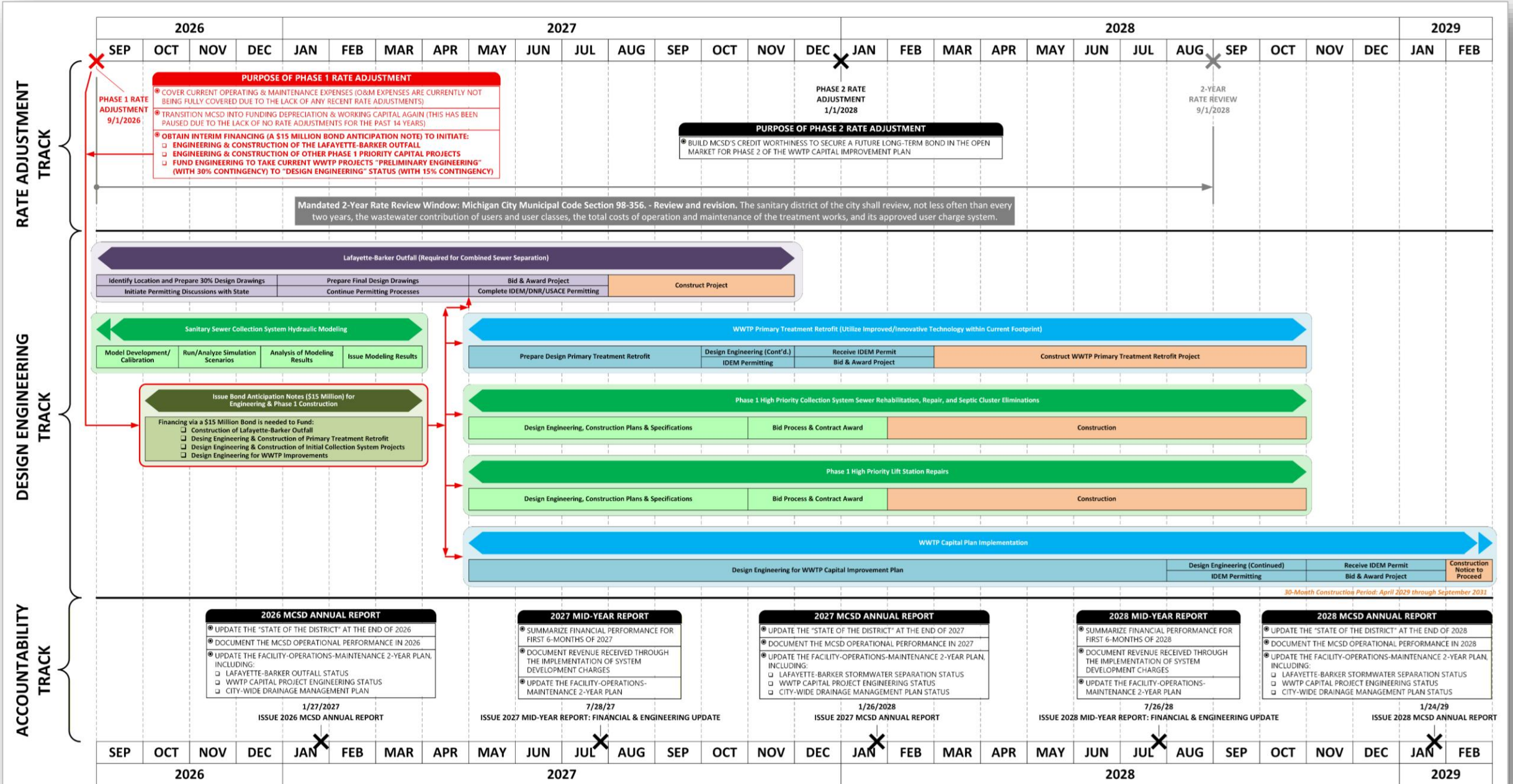
“ROLL OUT” SCHEDULE

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



Updated 6/23/26

RATE ADJUSTMENT/ENGINEERING/ACCOUNTABILITY SCHEDULE



What is the “Do Nothing” Scenario (No Rate Adjustment)?

ADEQUATE FUNDING REQUIREMENTS: Indiana 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...**

What is the “Do Nothing” Scenario (No Rate Adjustment)?

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

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

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.

What is the “Do Nothing” Scenario (No Rate Adjustment)?

➤ **Regulatory Implications**

- IDEM can determine that the MCSD is not “providing adequate funding” to operate and maintain the wastewater treatment plant and sanitary sewer collection system and issue an Order to rectify the situation.
- An Order issued by IDEM could be a more expensive and more accelerated Rate Adjustment scenario and may include Administrative & Punitive fines.

➤ **Bonding Implications**

- Without a Rate Adjustment, the MCSD may not be able to secure funding for critical projects via a Bond Issue on the Open Market.
- If the MCSD was able to secure a Bond without a Rate Adjustment, the interest rate charged on the Bond may be prohibitively high and costly.

➤ **Cash Reserve Implications (Continued Depletion of Working Capital Reserves to pay for O&M Expenses – not the intended use of Working Capital)**

- The current Rate Structure does not fully fund Operation & Maintenance. Without a Rate Adjustment, the current MCSD Cash Reserves contained within the Sewage Works Improvement Fund, Vehicle Replacement Fund, and Equipment Replacement Fund would need to be accessed and re-allocated to pay for Operation & Maintenance cost.

Introducing

THE MICHIGAN CITY UTILITY ASSISTANCE PROGRAM



Investing in Infrastructure. Investing in Our Residents.

As we make the investments necessary to protect our water and sewer systems,
we're also making a commitment to the people we serve.

COMING TO THE COMMON COUNCIL

Michigan City Utility Assistance Program



Initial Investment:
UP TO

\$1 MILLION

Funded through **Project Maize** Economic Development Incentive (EDI) revenues, this program will help ensure residents facing financial hardship have access to essential water and sewer services while preserving the fund for future generations.



The Project Maize agreement provides annual EDI payments that support community investments and infrastructure.

WHY THIS MATTERS



HELP QUALIFYING FAMILIES

Maintain essential
utility services
during difficult
times.



PROTECT SENIORS, VETERANS & RESIDENTS

Support those most
vulnerable and
experiencing financial
hardship.



CREATE A LONG-TERM RESOURCE

Build a lasting fund
that serves Michigan
City for generations
to come.



BALANCE INVESTMENT WITH COMPASSION

Invest in our
infrastructure while
showing compassion
for our community.



NEXT STEPS

- ✓ Resolution will be presented at a **Council meeting in July**
- ✓ Initial funding of up to \$1 million
- ✓ Program to be established through the **2027 City Budget**



OUR COMMITMENT

Kicking the can down the road **is not an option.**

We have a responsibility to invest in the infrastructure our community depends on—
and just as importantly, to make sure residents have options when they need assistance.

RESPONSIBLE GOVERNMENT PLANS FOR BOTH.

Visit City Website for Information and Comments

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



[Government](#) ▾

[Departments](#) ▾

[Residents](#) ▾

[Business](#) ▾

[Calendar](#)

Sanitary District

Financial State of the District Handout

A visual summary of the Michigan City Sanitary District's current financial condition, rate history, deferred maintenance challenges, proposed rate plan, and priority infrastructure projects.

[View Financial State Handout](#) ➤

Rate Plan Executive Summary

Review a concise overview of the proposed wastewater utility rate plan, including operating cost increases, phased rate adjustments, capital funding needs, system development charges, and long-term financial goals.

[View Rate Plan Summary](#) ➤

City Council Workshop #1

Explore the full presentation from Joint Workshop #1 between the Michigan City Sanitary District and Michigan City Common Council, covering service area, customer base, financial health, rate planning, affordability, growth strategies, and next steps.

[View Workshop Presentation](#) ➤

City Council Workshop #2

Explore the full presentation from Joint Workshop #2 between the Michigan City Sanitary District and Michigan City Common Council, covering service area, customer base, financial health, rate planning, affordability, growth strategies, and next steps.

[View Workshop Presentation](#) ➤

2-Year Work Plan

[View 2-year Work Plan](#) ➤

Proposed Rate & Fee Increase Resolution

[View Proposed Resolution](#) ➤

MICHIGAN CITY &
THE MICHIGAN ROAD

In 1831, Isaac Elston of Crawfordsville, Indiana purchased land that would become Michigan City from the state. A year later he platted the town of Michigan City. The new town was platted at the location surveyed by Indiana in 1829 as the northern terminus

Public Comment Form

Share your comments, questions, or concerns regarding the proposed sewer rate adjustments and charges. Your feedback is important to the future of the Sanitary District.

[Submit Public Comment](#)



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