

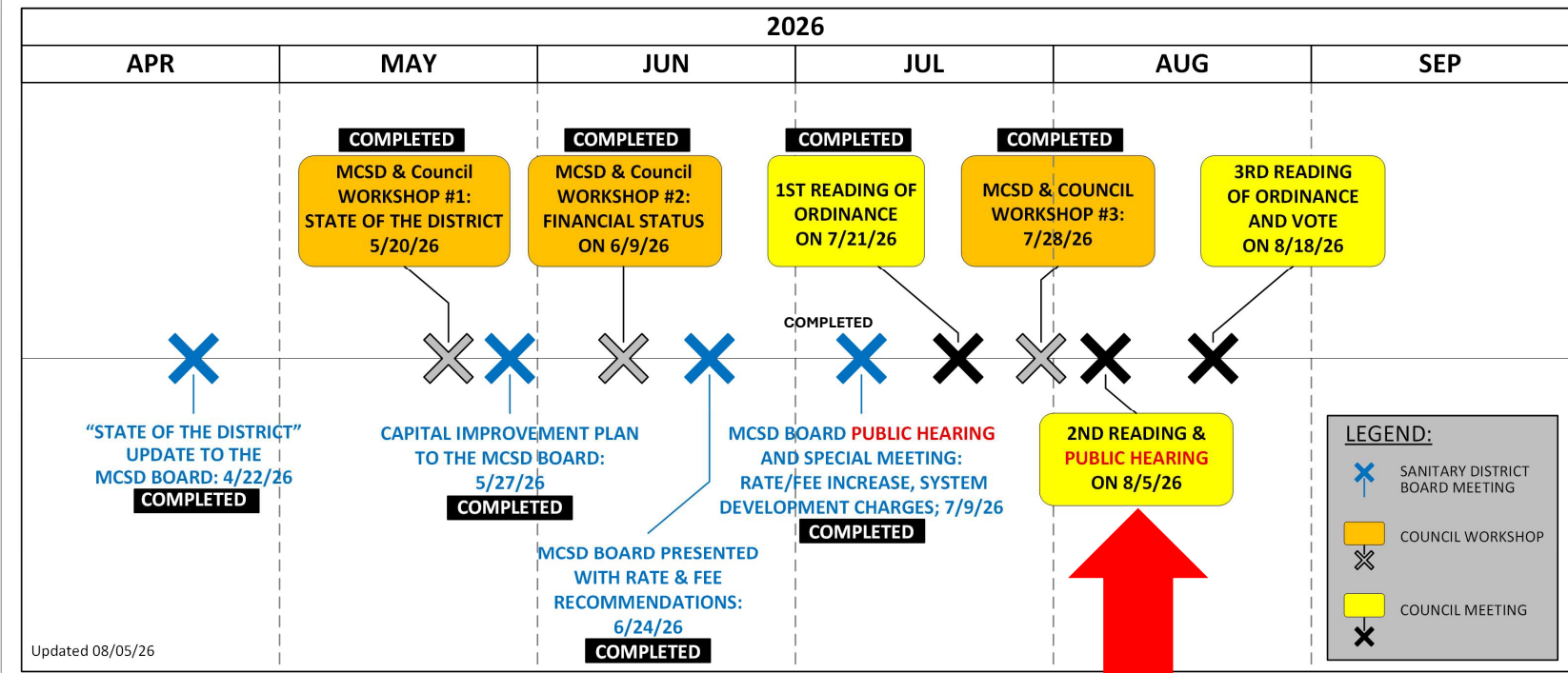


MICHIGAN CITY COMMON COUNCIL MEETING

August 5, 2026

ORDINANCE
2nd Reading

**AMENDING THE 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**



WE ARE HERE: 2nd READING ON 8/5/26

THE ORDINANCE HAS FOUR EXHIBITS

Exhibit A: *Monthly Metered & Non-Metered User Charges*

Exhibit B: *Fees for New Development and Service Upgrades*

Exhibit C: *Permit & Inspection Fees*

Exhibit D: *Sanitary District Resolution #2026-71*

EXHIBIT A: MONTHLY METERED & NON-METERED USER CHARGES

CITY OF MICHIGAN CITY - SANITARY DISTRICT				EXHIBIT A			
SCHEDULE OF WASTEWATER RATES AND CHARGES							
MONTHLY METERED & NON-METERED USER CHARGES							
MONTHLY METERED RATES (PER 100 CUBIC FEET - CCF):				Phase 1		Phase 2	
				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
TIER 1: INSIDE CITY FIRST 1,200 CCF OF USAGE / MO.				\$ 3.59	\$ 4.11	\$ 4.48	\$ 5.13
TIER 2: INSIDE CITY OVER 1,200 CCF OF USAGE / MO.				\$ 10.17	\$ 11.64	\$ 12.70	\$ 14.54
MONTHLY BASE CHARGES:				Phase 1		Phase 2	
METER SIZE:				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
5/8 INCH METER				\$ 20.92	\$ 23.95	\$ 26.11	\$ 29.90
3/4 INCH METER				31.39	35.94	39.18	44.86
1 INCH METER				52.31	59.89	65.29	74.76
1 1/2 INCH METER				121.34	138.93	151.44	173.40
2 INCH METER				209.21	239.55	261.12	298.98
3 INCH METER				481.18	550.95	600.57	687.65
4 INCH METER				836.84	958.18	1,044.47	1,195.92
6 INCH METER				1,903.80	2,179.85	2,376.17	2,720.71
8 INCH METER				3,389.19	3,880.62	4,230.11	4,843.48
12 INCH METER				7,636.13	8,743.37	9,530.81	10,912.78
MINIMUM CHARGES:				Phase 1		Phase 2	
EQUAL TO MONTHLY BASE CHARGE PLUS 270 CU. FT. USAGE				\$ 30.61	\$ 35.05	\$ 38.21	\$ 43.75
FLAT FEES - WELL CUSTOMERS (5/8 BASE + 750 CU. FT.):				Phase 1		Phase 2	
CUSTOMER CHARGE				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				\$ 46.05	\$ 52.73	\$ 57.47	\$ 65.80
SEPTAGE HAULERS (PER GALLON):				Phase 1		Phase 2	
REGULAR				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				\$ 0.113	\$ 0.113	\$ 0.113	\$ 0.113
HOLDING TANK				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				0.057	0.057	0.057	0.057
EXCESSIVE STRENGTH CHARGES (PER POUND):				Phase 1		Phase 2	
CBOD (IN EXCESS OF 250 MG/L)				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				\$ 0.55	\$ 0.63	\$ 0.68	\$ 0.78
SUSPENDED SOLIDS (IN EXCESS OF 250 MG/L)				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				0.57	0.65	0.71	0.81
PHOSPHORUS (IN EXCESS OF 6 MG/L)				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				0.56	0.64	0.70	0.80
AMMONIA NITROGEN (IN EXCESS OF 20 MG/L)				INSIDE CITY	OUTSIDE CITY	INSIDE CITY	OUTSIDE CITY
				0.67	0.77	0.83	0.95

Sample Water/Sanitary Monthly Bill – with Notes/Annotations

Residential Bill with a Standard 5/8” Water Meter

1234 Sample Street			Property ID: XXXXXXXXXX		
XXXXX-XXX	07/20/26	08/18/26	Old Account Number: XXX-XXXXX-XX		
SAMPLE, MR. & MRS.			These Water Volume Units are CCF (or 100 Cubic Feet); 1 CCF = 748 Gallons		
Last Payment:	XX.XX	07/17/26			
Service Period	Days		Current Read Actual	Previous Read Actual	Usage
06/17/26	07/16/26	29	805	802	3
Water					X.XX
Sewer				805 – 802 = 3	23.83
Public fire pro					X.XX
Tax - Water sal					X.XX
Payments Received				XX.XX	

Sample Monthly “Sewer” Charge for 3 CCF using Current 2014 Rates:
 = Base Charge + Usage Charge
 = \$15.73 + (3 CCF x \$2.70 per CCF) = \$15.73 + \$8.10 = **\$23.83**

EXECUTIVE SUMMARY OF RECOMMENDED SANITARY RATE INCREASE

Residential Bill with a Standard 5/8" Water Meter

WATER USE RANGES	CURRENT STATUS (2026)		PHASE 1 PLAN (2026 - 2027)		PHASE 2 PLAN (2028 - 2029)	
WATER USE FLOW (Used Water that Drains 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
3 CCF Usage Charge (Range = Up to 2,991 Gallons) Minimum Bill	\$23.83/Month	\$24.97/Month	\$31.69/Month	\$36.28/Month	\$39.55/Month	\$45.29/Month
	Phase 1 +\$7.86		Phase 2 +\$7.86			
4 CCF Usage Charge (Range = 2,992 Gallons to 3,739 Gallons)	\$26.53/Month	\$28.05/Month	\$35.28/Month	\$40.39/Month	\$44.03/Month	\$50.42/Month
	Phase 1 +\$8.75		Phase 2 +\$8.75			
5 CCF Usage Charge (Range = 3,740 Gallons to 4,487 Gallons)	\$29.23/Month	\$31.13/Month	\$38.87/Month	\$44.50/Month	\$48.51/Month	\$55.55/Month
	Phase 1 +\$9.64		Phase 2 +\$9.64			

EXECUTIVE SUMMARY OF RECOMMENDED SANITARY RATE INCREASE

Residential Bill with a 5/8" or 1" Water Meter*

** As of the end of 2025, there were 12,232 Residential Accounts with 5/8" Water Meters
and 246 Residential Accounts with 1" Water Meters*

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
3 CCF Usage Charge (Range = Up to 2,991 Gallons) Minimum Bill	5/8" Water Meter	\$23.83/Month	\$24.97/Month	\$31.69/Month + \$7.86	\$36.28/Month + \$11.31	\$39.55/Month + \$7.86	\$45.29/Month + \$9.01
	1" Water Meter	\$47.43/Month	\$48.57/Month	\$63.08/Month + \$15.65	\$72.22/Month + \$23.65	\$78.73/Month + \$15.65	\$90.15/Month + \$17.93
Average Residential Monthly Water Usage = 3,100 Gallons = 4 CCF	4 CCF Usage Charge (Range = 2,992 Gallons to 3,739 Gallons)	\$26.53/Month	\$28.05/Month	\$35.28/Month + \$8.75	\$40.39/Month + \$12.34	\$44.03/Month + \$8.75	\$50.42/Month + \$10.03
	1" Water Meter	\$50.13/Month	\$51.65/Month	\$66.67/Month + \$16.54	\$76.33/Month + \$24.68	\$83.21/Month + \$16.54	\$95.28/Month + \$18.95
	5 CCF Usage Charge (Range = 3,740 Gallons to 4,487 Gallons)	\$29.23/Month	\$31.13/Month	\$38.87/Month + \$9.64	\$44.50/Month + \$13.37	\$48.51/Month + \$9.64	\$55.55/Month + \$11.05
	1" Water Meter	\$52.83/Month	\$54.73/Month	\$70.26/Month + \$17.43	\$80.44/Month + \$25.71	\$87.69/Month + \$17.43	\$100.41/Month + \$19.97

A RATE ADJUSTMENT IS NEEDED TO COVER REVENUE REQUIREMENTS

Comparison of 2024 Test Case Versus 2026-2028 Projections

	Actual 2011	Actual 2024	Projected 2026 - 2028	Projected Needs in 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	Phase 1 Need:
<i>Total Revenue Requirements Prior to Capital Plan:</i>	\$7,505,249	\$11,647,524	\$13,034,000	~\$1,400,000
6. Debt Service on Initial Bonds to Fund Capital Improvement Plan	--	--	\$2,500,000	Phase 2 Need:
<i>Total Revenue Requirements with Start of Capital Plan:</i>	--	\$11,647,524	\$15,534,000	~\$3,800,000

With Phase 1 & Phase 2 Rate Adjustments:		Actual 2024	Projected 2027	Projected 2028
	Total Annual Revenue	\$11,647,524	\$13,547,524	\$15,447,524
	Additional Revenue		~\$1,900,000	~\$1,900,000
				~\$3,800,000

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 FLOW CONTRIBUTION	38.0%	21.7%	15.1%	17.7%	6.6%	0.9%
# OF CUSTOMERS (~12,000)	83.4%	7.2%	0.9%	7.1%	0.7%	0.7%
# OF PARCELS PER CATEGORY	11,038	1,162	--	1,539	609	628

Nearly 10 Times as Many “Residential” Parcels than any other Category

OPERATION & MAINTENANCE EXPENSES: Collection System + WWTP + Maintenance + Lab + Administration + IT

More Miles of Sewer in Residential Areas = More Collection System Costs Associated with Residential Customers

More Residential Customers = More Administration Costs Associated with Residential Customers

PLANNING FOR THE FUTURE TODAY BY USING SYSTEM DEVELOPMENT CHARGES:

“GROWTH PAYS FOR GROWTH”

EXHIBIT B: FEES FOR NEW DEVELOPMENT AND SERVICE UPGRADES

CITY OF MICHIGAN CITY - SANITARY DISTRICT					EXHIBIT B
SCHEDULE OF WASTEWATER RATES AND CHARGES					
FEES FOR NEW DEVELOPMENT AND SERVICE UPGRADES					
SDC = System Development Charge - Payable at Time of Building Permit Issuance					
PPR = Preliminary Plan Review Fee - Payable by Developer at Time Plans are Filed with City					
IF = Inspection Fee - Payable by the Builder prior to backfilling the pipe connections					
METER SIZE	EDU RATIO	SDC FEE \$10 PER GPD (1)	PPR FEE PER CONNECTION (2)	INSPECT FEE PER CONNECTION (3)	
5/8 INCH METER	1.0	\$ 3,000.00	\$ 40.00	\$ 250.00	
3/4 INCH METER	1.5	4,500.00	60.00	380.00	
1 INCH METER	2.5	7,500.00	100.00	630.00	
1 1/2 INCH METER	5.8	17,400.00	230.00	1,450.00	
2 INCH METER	10.0	30,000.00	400.00	2,500.00	
3 INCH METER	23.0	69,000.00	920.00	2,500.00	
4 INCH METER	40.0	120,000.00	1,600.00	2,500.00	
6 INCH METER	91.0	273,000.00	3,640.00	2,500.00	
8 INCH METER	162.0	486,000.00	5,000.00	2,500.00	
12 INCH METER	365.0	1,095,000.00	5,000.00	2,500.00	
(1) Based up \$10 per GPD (gallons / day) - 300 GPD per EDU (equivalent dwelling unit)					
Oversized meters proportional to area ratio indexing					
(2) Based up \$40 per EDU (i.e. 100 unit subdivision would pay \$2,500 PPR Fee)					
Oversized meters proportional to area ratio indexing maximum fee of \$5,000.					
(3) Based upon \$250 per EDU, indexed up to \$2,500 maximum fee.					
Re-inspection Fees due to contractor errors will increase 25% for each re-inspection					

PLANNING FOR THE FUTURE TODAY BY USING SYSTEM DEVELOPMENT CHARGES:

“GROWTH PAYS FOR GROWTH”

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How Would System Development Charges Work?

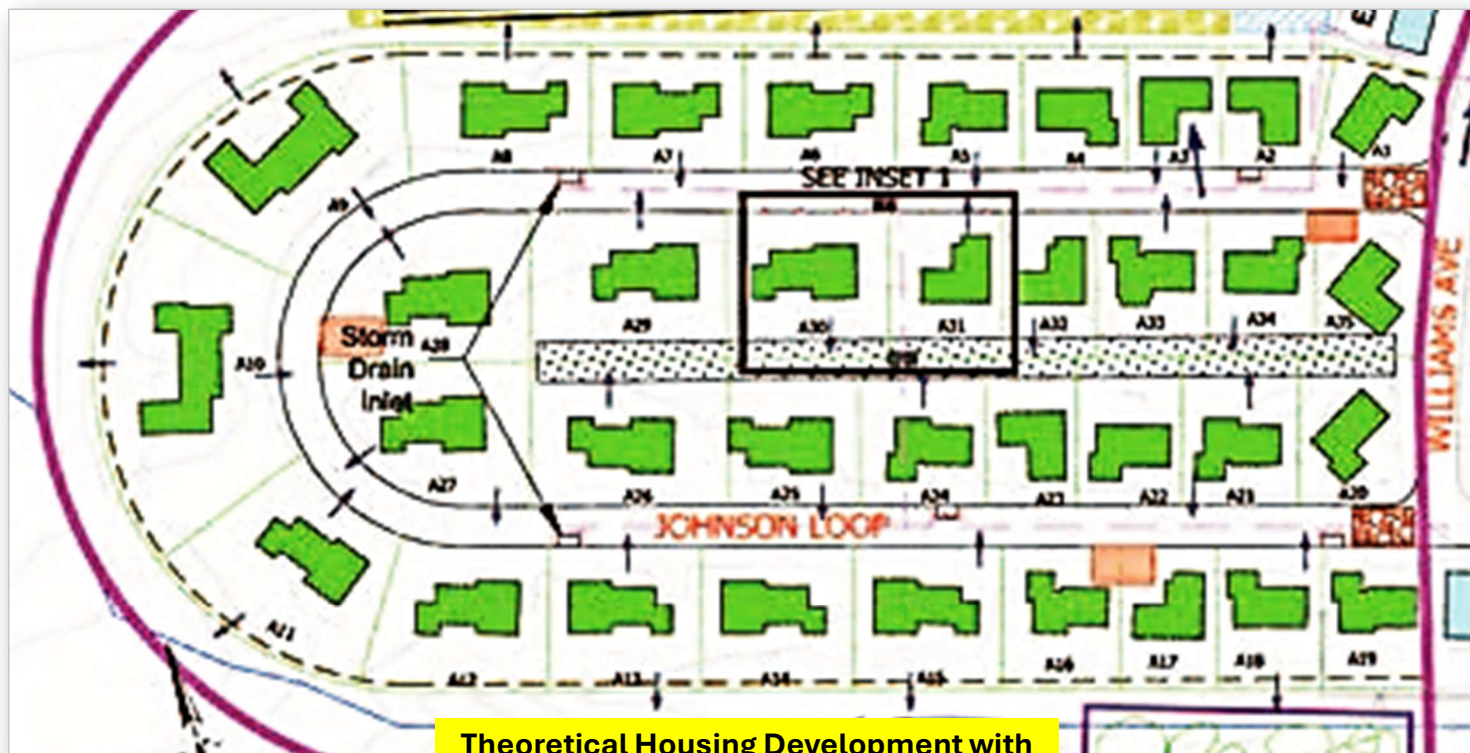
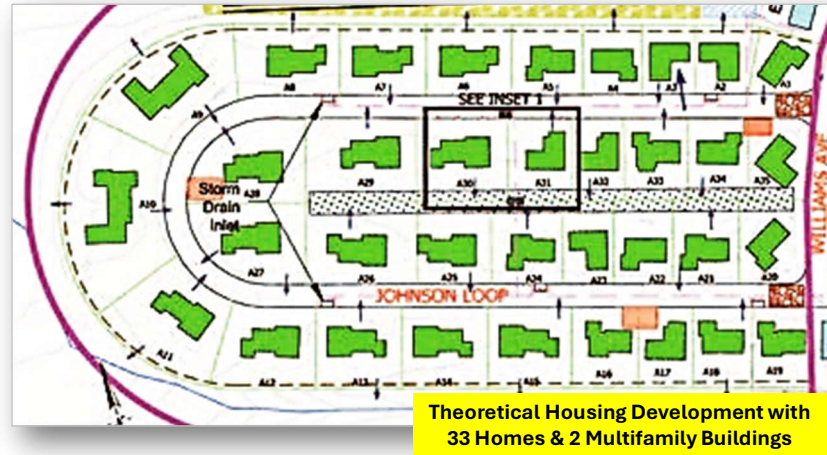


Image Source: EPA Publication 833-R-060-04

How Would System Development Charges Work?



1. 33 Homes using a 5/8" Water Meter = \$3,000 SDC Charge
2. 2 Multi-Family Units 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

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

Portage
Pop. = 38,634
Annual SDC Fees:
~\$300,000

Fishers
Pop. = 104,812
Annual SDC Fees:
~\$2,300,000

Whitestown
Pop. = 15,767
Annual SDC Fees:
~\$3,800,000



Huntertown
Pop. = 11,600
Annual SDC Fees:
~\$1,500,000

Fortville
Pop. = 4,951
Annual SDC Fees:
~\$170,000

Greenfield
Pop. = 26,544
Annual SDC Fees:
~\$1,000,000

EXHIBIT C: Permit & Inspection Fees

CITY OF MICHIGAN CITY - SANITARY DISTRICT		EXHIBIT C
SCHEDULE OF WASTEWATER RATES AND CHARGES		
PERMIT & INSPECTION FEES		
1. Sanitary Sewer Related Class 1 Residential		
a. Permit Type 1A - Single Family Residence		\$250.00
b. Permit Type 1B - Multiple Unit Residence (Per Unit)		\$187.50
c. Permit Type 1C - Residential Sewer Repair (Clean Out or Lateral)		\$250.00
2. Sanitary Sewer Related Class 2 Non-Residential		
a. Permit Type 2A - Commercial Establishment (Per EDU)		\$250.00
b. Permit Type 2B - Industrial Establishment (Per EDU)		\$250.00
c. Permit Type 2C - Institutional Establishment (Per EDU)		\$250.00
d. Permit Type 2D - Miscellaneous Non-Residential (Per EDU)		\$250.00
e. Permit Type 2E - Non-Residential Sewer Repair (Per EDU)		\$250.00
f. Application Fee 2F Fats, Oil & Grease Dischargers		\$250.00
g. Fats, Oil & Grease - Monthly Monitoring Fee (Annual Inspections)		\$25.00
3. Sanitary Sewer Related Class 3 Sewer Mains, Pumping Station, Other		
a. Permit Type 3A - Sewer Extension Involving Gravity Sewer Mains, Pressure (Force) Mains, Pumping Stations	Actual Cost but Not Less Than \$1,000	
b. Application Fee 3B - Waste Hauler Bi-Annual Permits (per Hauler)		\$125.00
c. Striebel Pond Rental Fees 3C - Gazebo or Shelters per Weekend Day		\$50.00
4. Stormwater/Drainage Related Class 4		
a. Permit Type 4A - Stormwater Management Permit (Reference: Municipal Code Section 46-316)	Actual Cost but Not Less Than \$500	
b. Permit Type 4B - Individual Lot Plot Plan Permit (Reference: Municipal Code Section 46-318)	Actual Cost but Not Less Than \$250	
c. Permit Type 4C - Connection to Storm Sewer System	Actual Cost but Not Less Than \$250	
d. Permit Type 4D - Building Sump Pump Drain	Actual Cost but Not Less Than \$250	
5. Inspection Fees Class 5		
a. Permit Type 5A - Reinspection of failed inspection for Class 1 through 4 Permit Types	125% of Permit Fee	
b. Permit Type 5B - Reinspection of Corrective Actions Associated with Erosion & Sediment Control Violations	125% of Permit Fee	
c. Permit Type 5C - Reinspection of Corrective Actions Associated with Illicit Discharge Violations	125% of Permit Fee	
d. Permit Type 5D - Reinspection of Corrective Actions Associated with Fats, Oil, Grease Discharge Violations - Per Violation	125% of Permit Fee	

“GROWTH PAYS FOR GROWTH”

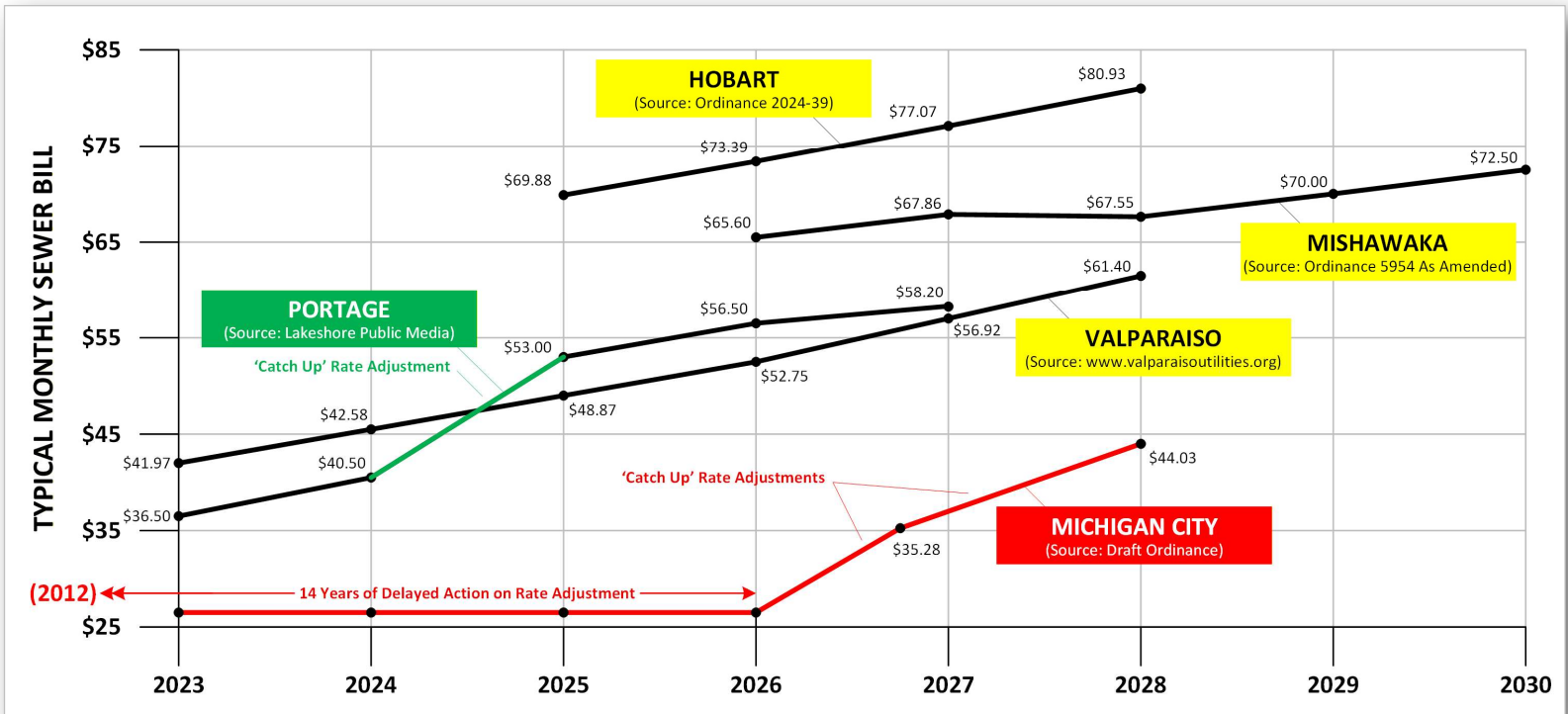
Sample Fee Schedule Comparison

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

SUMMARY: Five Examples of 'Phasing' Rate Adjustments

Goal: **AVOID Delayed Action & 'Catch Up' Rate Adjustments**

Which Entities Have Demonstrated Prudent Financial Planning?



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➤ **Management Matters**

- ❖ Ongoing Process over the past 18 Months
- ❖ Time was needed to Develop: WWTP Capital Improvement Plan, Sanitary Sewer Rehabilitation Plan, Lift Station Rehabilitation Plan, “Growth Pays for Growth” Plan, Management Team Succession Plan, and a Data Driven Multi-Year Rate & Fee Analysis Plan

➤ ***The ‘Old’ Plan of Delaying Rate Adjustments for 14 Years was not Sustainable***

➤ ***The Current Rate & Fee Adjustment Plan is Sustainable***

➤ ***The Sanitary District is and will Continue to Pursue Grants and Federal/State Funding Opportunities***, but the Fee Structure must Support Basic Operations



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