



205 Billings Street
Valparaiso, IN 46383
(219) 462-6174
Valparaisoutilities.org

February 20, 2024

Dear Valued Customer:

Valparaiso City Services (VCS) has been providing water and wastewater utility services to the Valparaiso community since the late 1800s and is known in the upper Midwest as being a proactive leader among its peer cities when addressing utility challenges. Providing continued safe, reliable, and uninterrupted water and sewer services to our customers is of the utmost importance. To continue to be a leader amongst our peer cities in the State of Indiana, the City of Valparaiso's utility planning process requires thoughtful evaluation by the Utilities Board of Directors, VCS management, City Administration, and the Common Council.

A certain number of Valparaiso water and wastewater treatment process units within the City of Valparaiso (City) are between 35 to 60 years of age which does not include ground infrastructure of which 1/3 of this infrastructure is greater than 50 years of age. As a part of strategic planning and master plan studies, the Valparaiso City Utilities (VCU) Board of Directors initiated engineering designs in 2022 in order to finalize construction plans for major improvements at the City's water and wastewater facilities. These efforts are to ensure the ongoing modernization of our City's utility facilities and conveyance systems, environmental sustainability, and regulatory compliance.

We are now finalizing and prioritizing these important capital projects, the costs of these projects, and the net effect on utility rates. The goal is to continue to provide safe, reliable, and uninterrupted services at a competitive cost to our community while supporting responsible growth and maintaining compliance with environmental requirements.

To help our customers understand the proposed rate increases and where their dollars are going, we have provided you FAQs (frequently asked questions) that cover some details. You may also refer to our website at www.valparaisoutilities.org which will provide the current and future details of the projects and the rate increases as will be presented to the Valparaiso Utilities Board of Directors and Valparaiso City Council.

Investment in our utilities' infrastructure provides clean drinking water and a cleaner environment which is necessary in maintaining Valparaiso's quality of life.

Steve C. Poulos
Executive Director

Valparaiso City Utilities
Board of Directors

FREQUENTLY ASKED QUESTIONS

Q. If rates are approved by the City Council, when will the rate adjustments start?

- A. Once rates are presented to the City Council and approved, it is the intent for the first phase of rates to start in the summer of 2024 and phased over a five-year period for both water and sewer. The schedule is as follows:
- a. Phase 1 - July of 2024
 - b. Phase 2 - July of 2025
 - c. Phase 3 - July of 2026
 - d. Phase 4 - July of 2027
 - e. Phase 5 - July of 2028

Q. Why does Valparaiso City Utilities need more revenue?

- A. The proposed rate adjustments are needed so that the Utilities can continue to pay for all costs associated with operating a safe, reliable, and efficient water and wastewater system. Some of the key costs are associated with:
- Cumulative effect over the years of inflation on power, fuel, chemicals.
 - Upgrading major process units of both water/wastewater treatment facilities to meet compliance requirements.
 - Environmental stewardship.
 - Increasing labor and insurance costs.
 - Capital improvements including a yearly aging infrastructure rehabilitation program.

Q. Has a schedule been set for the public hearings?

- A. Tentative schedule is as follows:
- Resolutions by the Utilities Board of Directors (03/12/2024)
 - City Council Public Presentation (03/25/2024)
 - City Council rate presentation and first reading of rate and bond ordinance (04/08/2024)
 - City Council second reading, public hearing, and final vote (04/22/2024)

Q. What does the customer pay for through rates for water and wastewater services as shown in the monthly bill?

- A. The customer is paying a usage charge for treatment and delivery of drinking water, the collection and treatment of sewage, and all related environmental services, such as biosolids recycling. Additionally, the Water Department provides water service for the City's fire system. This means the Water Department must have sufficient capacity and pressure for the fire department to suppress potential fires for the safety of our community. Each Valparaiso City Utilities bill may also include a service charge for storm water collection and garbage collection.

Q. Are increased rates really needed at this time?

- A. Yes. Inflation, increased labor costs, increased regulatory requirements, and needed upgrades to our infrastructure all combine to increase costs. Valparaiso City Utilities has done all it can to manage costs and realize efficiencies; however, rate adjustments are needed in order to continue services, compliance, and safety to our community.

Q. What are the proposed rate adjustments?

- A. The City is currently working with the State of Indiana to procure low interest financing for the infrastructure needs that are a component of the rate adjustment needs. We anticipate at least a portion of the needed infrastructure will be able to be financed through the state at interest rates close to 2%, which is well below market interest rates. Once this financing is finalized, proposed rates will be communicated to the public.