

Valparaiso City Utilities

2nd Reading

*Damon Run Sewer Rate Adjustment Proposal
Presented to the City of Valparaiso Common Council*

*Ordinance #27-2024
Public Hearing & Final Vote*

November 25, 2024

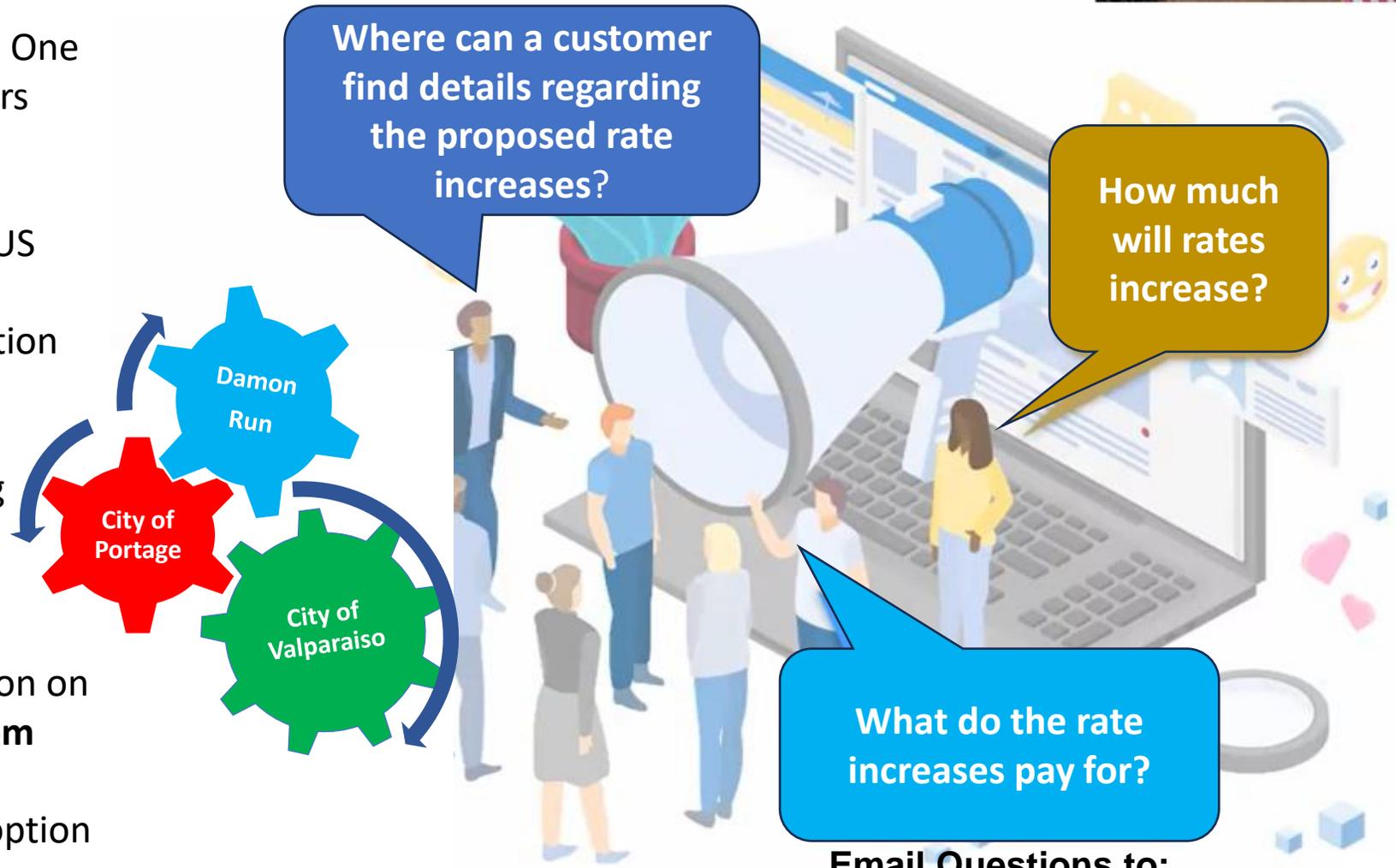
Summary of Proposed Amendment of Sewer Rates and Charges of the the City of Portage

Rate Increases By Year (Compounded)				
	09/1/2024	1/1/2025	1/1/2026	1/1/2027
Portage - Damon Run Rates				
Increase %	34%	8%	7%	3%
Cumulative Increase %	34%	45%	55%	59%

Rate Case Public Process

www.valparaisoutilities.org/166/Rates-Deposits

- **September/October 2024** - One on One Sessions with VCU Board of Directors and City Council
- **Online Rate & Document Center**
- **October 11, 2024** – Letter sent via US Mail to DR Customers
- **October 22, 2024** - Public Presentation of DR Rate Increase VCU Board of Directors Meeting **5:00 pm** –
- **November 4, 2024** – Public Hearing Notice sent via US Mail to all DR customers
- **November 11, 2024** – City Council Introduction AND Public Presentation on DR Rates and rate ordinance **6:00 pm**
- **November 25, 2024** – **City Council Public Hearing** on DR rates and adoption of rate Ordinance #27-2024 **6:00 pm**



Where can a customer find details regarding the proposed rate increases?

How much will rates increase?

What do the rate increases pay for?

Email Questions to:
cityservices@valpo.us

The Transaction (December 2019)....



**Damon Run
Conservancy
District**

**Valparaiso
City Utilities**

**City of
Portage**

**Damon
Run
Customers**

**Baker Tilly –
Bose
McKinney
and Evans
Financial/
Legal
Consultants**

**Asset
Transfer
Agreement
Damon
Run
VCU**

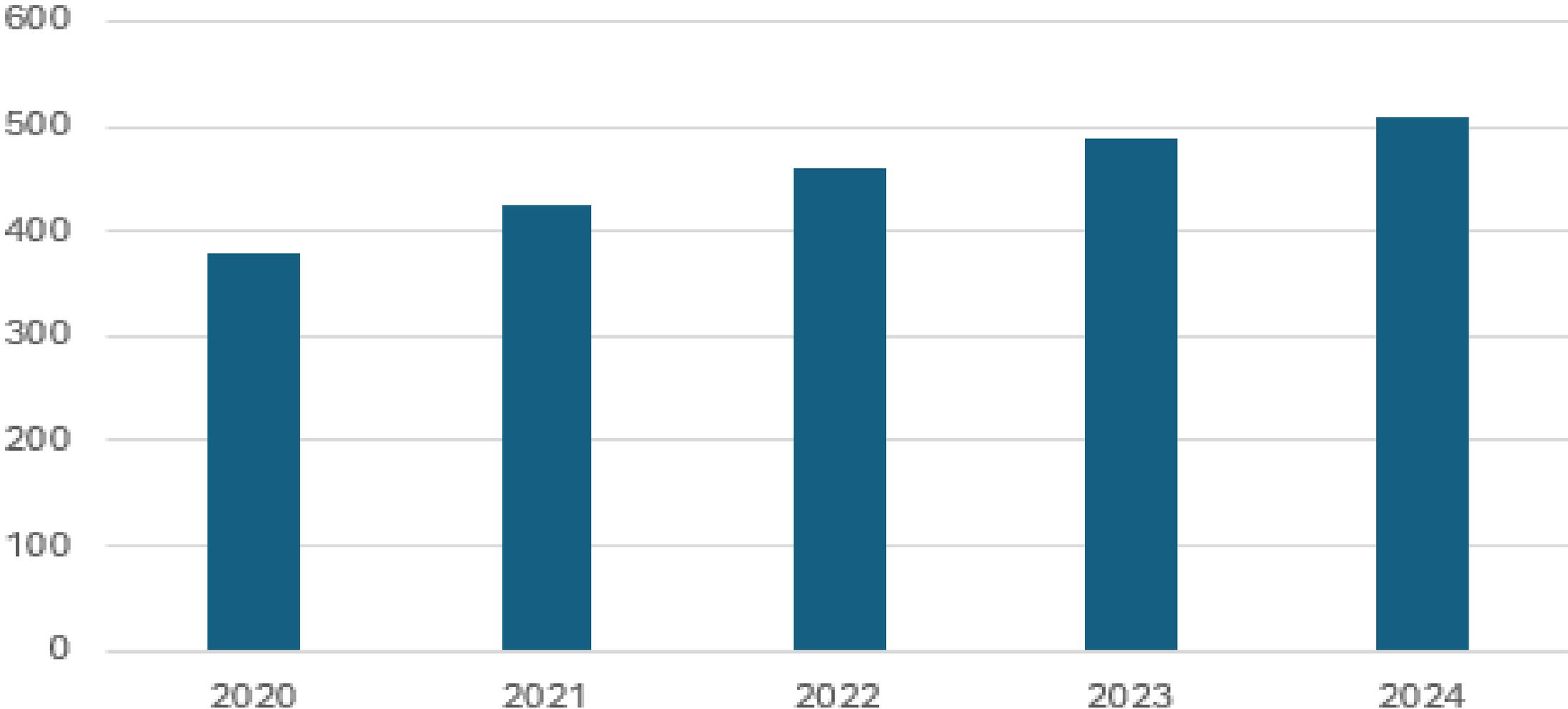


VCU Annual Savings versus DRCD 2020 -2030

	DRCD	VCU	Variance
Sewer (1)	\$502.80	\$1,195.56	(\$692.76)
Water (2)	<u>144.00</u>	-----	<u>144.00</u>
Total Utilities	646.80	1,195.56	(548.76)
Tax Bill (3)	<u>2,253.11</u>	<u>635.76</u>	<u>1,617.36</u>
Total	\$2,899.92	\$1,831.32	\$1,068.60

Projected Residential Savings 2020 – 2030
\$11,754.60 or 37%

Damon Run Customers



Valparaiso City Utilities

Financial Plan
Damon Run Conservancy Sewer
Customers

Rates and Charges
Summary
September 25, 2024



now joined with
Springsted and Umbaugh



What do my rates pay for?

Utility rates fund operations, maintenance, repairs, debt payments, emergency reserves, and **forward-looking capital improvement projects.**



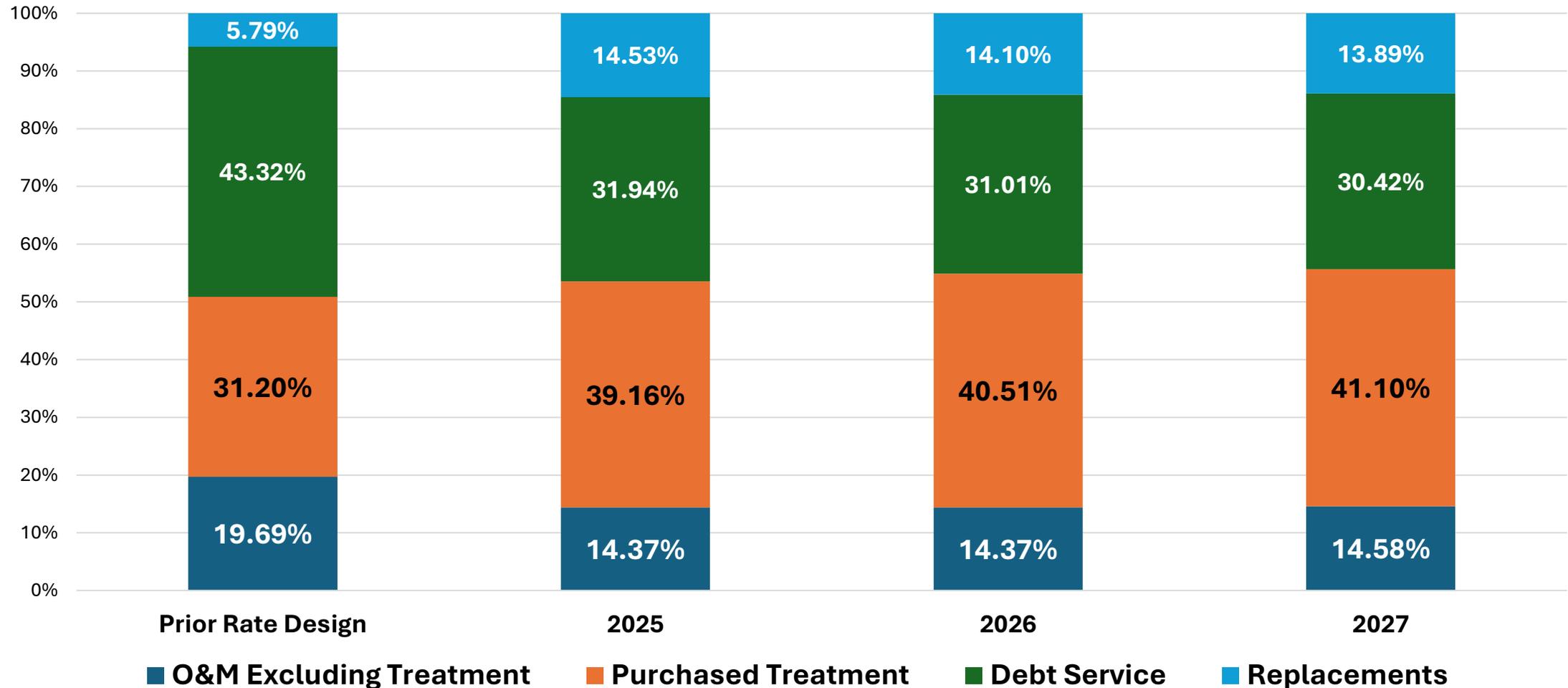
ESTIMATED RECEIPTS AND DISBURSEMENTS - DAMON RUN
(Amounts rounded to the nearest \$100)

	2024	2025	2026	2027
Proposed Rate Increase		11%	6%	6%
Annual Operating Receipts:				
Collections (1)	\$949,800	\$1,054,300	\$1,117,600	\$1,184,700
Penalties (1)	10,000	11,100	11,800	12,500
Total Annual Operating Receipts	<u>959,800</u>	<u>1,065,400</u>	<u>1,129,400</u>	<u>1,197,200</u>
Annual Operating Disbursements:				
Operation and Maintenance Disbursements excluding treatment costs (2)	163,300	168,200	173,200	178,400
Treatment costs (3)	355,900	458,200	488,300	502,900
Total Annual Operating Disbursements	<u>519,200</u>	<u>626,400</u>	<u>661,500</u>	<u>681,300</u>
Net Operating Receipts	<u>440,600</u>	<u>439,000</u>	<u>467,900</u>	<u>515,900</u>
Annual Non-Operating Receipts:				
Interest Receipts (4)	<u>10,400</u>	<u>8,600</u>	<u>7,000</u>	<u>6,700</u>
Non-operating Disbursements:				
Outstanding 2019 Damon Run Bonds (pg. 7)	362,900	357,900	357,300	372,200 *
Capital Outlays (pg. 5)	240,000	225,000	145,000	145,000
Total Non-operating Disbursements	<u>602,900</u>	<u>582,900</u>	<u>502,300</u>	<u>517,200</u>
Increase (decrease) in fund balance	(151,900)	(135,300)	(27,400)	5,400
Beginning fund balance	<u>882,100</u>	<u>730,200</u>	<u>594,900</u>	<u>567,500</u>
Ending fund balance	<u><u>\$730,200</u></u>	<u><u>\$594,900</u></u>	<u><u>\$567,500</u></u>	<u><u>\$572,900</u></u>
Debt Service Coverage	<u>124%</u>	<u>125%</u>	<u>133%</u>	<u>140%</u>
Resulting Approximate Average Residential Monthly Bill (Presently \$91.86 for 4,000 gallons/535 cubic feet)	<u><u>\$91.86</u></u>	<u><u>\$101.95</u></u>	<u><u>\$108.08</u></u>	<u><u>\$114.57</u></u>

* Based on the maximum annual debt service.

Breakdown of Damon Run Customer Rate Drivers

% of Revenue Requirements



SCHEDULE OF PRESENT AND PROPOSED RATES AND CHARGES - DAMON RUN

	<u>Present (1)</u>	<u>Proposed Rates With Project</u>			
		<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Monthly fixed rate per EDU	\$60.78	\$60.78	\$67.47	\$71.52	\$75.81
Metered flow rate (per 1,000 gallons)	\$7.77	\$7.77	\$8.62	\$9.14	\$9.69

(1) Rates for Damon Run Area customers were approved by the Common Council on October 28, 2019 per Ordinance No. 25-2019.

Summary of Rate Increase Comparison City of Portage vs. Valparaiso

Rate Increases By Year (Compounded)				
	10/1/2024	1/1/2025	1/1/2026	1/1/2027
Portage - Damon Run Rates				
Increase %	34%	8%	7%	3%
Cumulative Increase %	34%	45%	55%	<u>59%</u>
Valparaiso - Damon Run User Rates				
Increase %	0%	11%	6%	6%
Cumulative Increase %	0%	11%	18%	<u>25%</u>

Typical Monthly Bill with Current Rates

Billing Details

Water	IAW
Fixed Rate	\$60.78
Sewage	\$31.08



Proposed Damon Run Adjustment Impact on Sewer Monthly Bill @ 4,000 gal/month (Assumes 1 EDU)



CONCLUSIONS:

- ✓ Rates are independent of the “City’s rate structure. DR stands on its own.
- ✓ Rate Increases – Support Revenues for Operations, Maintenance, Debt Service, and Yearly Investment in Infrastructure. Portage Controls Wastewater Treatment.
- ✓ Rate Stability. 5 Years 25% versus 59%
- ✓ We made a commitment to the DR Customers in 2019:
 - ✓ Total Costs for service would be less.
 - ✓ Invest \$\$ into the system - \$500,000 over the last 5 years.
 - ✓ Grow the Customer Base and Cash Reserves
 - ✓ Operate Efficiently.

- ❖ **Public Hearing**
- ❖ **Final Vote**

Rate Proposal Document Center
www.valparaisoutilities.org

- **Email Questions to:**
 - cityservices@valpo.us