

CITY OF HOBART SANITARY DISTRICT BOARD OF COMMISSIONERS

Resolution No. 2016-05

A Resolution Confirming the Proposed Establishment of a New Revised System of User Rates and Charges for the Support of the Operation and Maintenance of the City of Hobart Sanitary District and Recommending Adoption of Said User Rates and Charges by Ordinance of the Common Council

WHEREAS, the Board of Commissioners (“Board”) of the Hobart Sanitary District (“District”), previously determined that it is necessary to secure additional funds for the operation and maintenance of the District’s Waste Water collection and disposal system; and

WHEREAS, the Board, being mindful of the City’s significant and varied water resources, and the need to protect and enhance the ability of the City to safely and efficiently collect and discharge its waste water, has carefully considered the need to improve, reconstruct, replace or upgrade substantial portions of the City waste water system in order to provide an environmentally responsible, healthful, efficient and effective means of waste water treatment, all as required by the laws of the United States and the State of Indiana; and

WHEREAS, the Board commissioned and compiled a Rate Study through H. J. Umbaugh & Associates, Certified Public Accountants, LLP, analyzing the costs, both in the recent past and for anticipated future years of providing the minimum amount of funds necessary for the operation and maintenance of the District’s wastewater operations and maintenance together with anticipated capital, debt service and other needs; and

WHEREAS, the Board has, in light of said study, carefully considered the adoption of a system of new and updated user fees and charges which justly and equitably distribute the cost for the treatment and disposal of sewage and other waste discharged into the sewage system of the District among the various classes of users in the City of Hobart, all as required by I.C. §36-9-25-11 (a); and

WHEREAS, the Board, having considered all of the matters referenced above, adopted and approved its Resolution Number 2016-14 on November 9, 2016, which proposed the adoption of the new user fee system of rates and charges which is attached hereto and made a part hereof as Exhibit “A,” intending such new rates and charges to supersede and supplant those rates and charges now in effect previously adopted by City Ordinance; and

WHEREAS, the Board, desiring to make said amended system of fees and charges effective in the City by obtaining the adoption of same in the manner specified by §36-9-25-11, scheduled public hearing upon such proposed amendments on November 29, 2016 at 6:00 p.m. at the Hobart City Hall Council Chamber, 414 Main Street, Second Floor, Hobart, Indiana 46312, and gave due notice thereof by publication, which notice was published in two newspapers of general circulation in the City, *The Times* and *Post-Tribune*, both on November 16, 2016 all as required by I.C. §5-3-1-1, *et seq.*; and

WHEREAS, the Board duly conducted said Public Hearing on November 29, 2016 and heard public comments concerning the proposed amendments, as required by the provisions of I.C. §36-9-25-11, and having heard the presentations at public hearing and having deliberated upon same now desires to authorize the foregoing proposed actions, to spread same upon the public record, and to recommend their final adoption by the Common Council; and

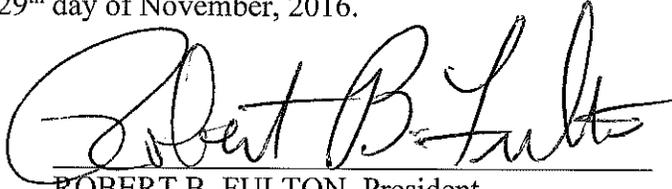
WHEREAS, the Board determines that it is desirable to establish such new user charges in three (3) phases: after approval of the proposed new rate system by the Common Council of the City, Phase I would be effective January 1, 2017. Phase II would be effective January 1, 2018, and Phase III would be effective January 1, 2019; and

WHEREAS, the Board, having considered all of the matters referenced above, now proposes the adoption of the new user fee system of rates and charges which is attached hereto and made a part hereof as Exhibit "A," such new rates and charges to supersede and supplant those rates and charges now in effect previously adopted by City Ordinance.

THEREFORE, BE IT RESOLVED by the City of Hobart Sanitary District Board of Commissioners that:

1. The User Fee system of Rates and Charges for the District effective January 1, 2017, and remaining in effect until further notice and action by the Board and City Council, which is attached hereto as Exhibit "A," is approved and confirmed.
2. The Cost of Service Study Report of Umbaugh & Associates Dated November 8, 2016 is accepted and approved.
3. The Board calls upon, urges and recommends that the Common Council of the City adopt and approve the new user fee system of rates and charges described in Exhibit "A," and to make same effective from and after January 1, 2017.

ALL OF WHICH is adopted as the Resolution of the City of Hobart Storm Water Management Board of Directors on this 29th day of November, 2016.


ROBERT B. FULTON, President

ATTEST:


PHILLIP E. GRALIK, P.E., Secretary

EXHIBIT A

**Rates, Fees and Charges of the Hobart Sanitary District
Effective January 1, 2017**

The Board of Commissioners of the Sanitary District of the City of Hobart, Indiana, establishes the following user fees to be paid by any user of the District's sanitary sewer system and the owner of every parcel of real property or building that is connected with or uses the sewage collection system of the District:

Section 1. Effective January 1, 2017:

Phase I

Billing Charge (per bill): \$6.35

Base Rates (per month):

Meter Size

(Diameter)

5/8" – 3/4" \$ 12.31

1" 12.31

1-1/2" 36.18

2" 57.07

3" 121.72

4" 206.27

6" 459.91

8" 813.51

Treatment Rate (per 1,000 gallons per month): 5.22

Unmetered Users (per month):

Single Family Home 47.78

Section 2. Effective January 1, 2018

Phase II

Billing Charge (per bill): \$6.35

Base Rates (per month):

Meter Size

(Diameter)

5/8" – 3/4" \$ 13.62

1"	13.62
1-1/2"	61.36
2"	103.14
3"	232.44
4"	401.54
6"	908.82
8"	1,616.02
Treatment Rate (per 1,000 gallons per month):	\$5.13
Unmetered Users (per month):	
Single Family Home	\$48.60

Section 3. Effective January 1, 2019

Phase III

Billing Charge (per bill): \$6.35

Base Rates (per month):

Meter Size

(Diameter)

5/8" – 3/4"	\$ 14.92
1"	14.92
1-1/2"	86.54
2"	149.20
3"	343.16
4"	596.80
6"	1,357.72
8"	2,418.53

Treatment Rate (per 1,000 gallons per month): \$5.04

Unmetered Users (per month):

 Single Family Home \$49.42

Section 4. Wholesale Tracking Factor

The Treatment Rate established in Sections 1, 2 and 3 will be adjusted periodically to reflect the changes in the cost of wholesale sewage treatment. The adjustment shall be as reflected in Appendix A, below, and made part of this Resolution.

Section 5. Multi-Unit Residential Properties

- A. Multi-unit residential properties shall include mobile home parks, apartment buildings or other multi-unit residential buildings or developments of more than four (4) units served by the District.
- B. Multi-unit residential properties shall be subject to the Billing Charge, Treatment Rate and Wholesale Tracking Factor as established in Sections 1, 2, 3, and 4 above.
- C. Multi-unit residential properties shall be subject to a Base Charge equal to the Base Charge for a 5/8-inch meter connection found in Sections 1, 2, and 3, per Equivalent Dwelling Unit (“EDU”).
- D. A connection’s Equivalent Dwelling Unit shall be determined based upon a connection’s peak daily flow measured in gallons divided by 651 gallons.
- E. Surcharge Calculation for Excess Flows - Whenever the average daily flow from a multi-unit residential property exceeds the base average daily flow determined in accordance with this section for a period of not less than five (5) consecutive days (the “qualifying period”), the multi-unit residential property shall, in addition to the total charge per month determined under Section 5, Paragraphs B, C and D above, be billed for and pay a surcharge for a period of twelve months following the month in which the excess flow qualifying period ended. A multi-unit residential property shall be subject to one surcharge per month, even if there were more than one excess flow event during qualifying periods in the preceding twelve (12) months. However, the largest surcharge shall apply in any month when there was more than one excess flow event during a qualifying period within the prior twelve (12) months.

The user’s peak daily flow shall be determined by the District and shall be deemed the base average daily flow for the multi-unit residential property. In the event the average daily flow exceeds the base average daily flow during a qualifying period, then the highest average daily flow during such period, less the base average daily flow shall constitute the excess flow for that qualifying period. This amount, divided by 651 shall yield the number of surcharge EDUs. This number shall be multiplied by the Base Charge for a 5/8-inch meter per EDU established under Paragraph C above, and the product shall constitute the monthly surcharge.

APPENDIX "A"
WHOLESALE SEWAGE TREATMENT COST ADJUSTMENT
(Applicable to the Treatment Rate Charge and Unmetered Single Family User Charge)

The rate adjustment shall be on the basis of a Wholesale Sewage Treatment Cost Adjustment Tracking Factor, occasioned solely by changes in the cost of wholesale sewage treatment. The rate adjustment is calculated as follows:

	Gary Sanitary District <u>Base Rates (1)</u>	Gary Sanitary District <u>Adjusted Rates (2)</u>	<u>Difference</u>
Flow	\$0.2370		
Ammonia	0.1884		
CBOD	0.1820		
Phosphorus	1.8021		
TSS	0.3690		

Change in Wholesale Treatment Costs:

	<u>Change in Rate</u>	<u>Units of Service (3)</u>	<u>Increased Treatment Costs</u>
Flow			
Ammonia			
CBOD			
Phosphorus			
TSS			
Total increase in treatment costs			<u>0.0000</u>
New Gary Sanitary District capital from true-up			
Less: current Gary Sanitary District capital in rates			<u>(164,406.96)</u>
Change in Gary Sanitary District capital			
Total increase in treatment costs and capital			
Divided by: Hobart Sanitary District previous 12 month treated flow (in 1,000 gallons)			
Current tracking factor per 1,000 gallons			<u>\$ 0.000</u>

- (1) These are the Gary Sanitary District rates that were in effect in December 2016 when Hobart Sanitary District retail rates were adjusted.
- (2) Rates reflected in Gary Sanitary District's most recently accepted True-Up Report, _____.
- (3) Units of service reflected in Gary Sanitary District's most recently accepted True-Up Report, _____.

Note: The assumed monthly usage for the Unmetered Single Family user shall be 5,585 gallons.

Hobart Sanitary District
Illustrative Tracker Calculation

Wholesale Sewage Treatment Cost Adjustment

(Applicable to the Treatment Rate Charge and Unmetered Single Family User Charge)

The rate adjustment shall be on the basis of a Wholesale Sewage Treatment Cost Adjustment Tracking Factor, occasioned solely by changes in the cost of wholesale sewage treatment. The rate adjustment is calculated as follows:

	Gary Sanitary District <u>Base Rates (1)</u>	Gary Sanitary District <u>Adjusted Rates (2)</u>	<u>Difference</u>
Flow	\$0.2370	\$0.2743	\$0.0373
Ammonia	0.1884	0.1935	0.0051
CBOD	0.1820	0.1724	(0.0096)
Phosphorus	1.8021	1.6883	(0.1138)
TSS	0.3690	0.3372	0.0318

Change in Wholesale Treatment Costs:

	<u>Change in Rate</u>	<u>Units of Service (3)</u>	<u>Increased Treatment Costs</u>
Flow	\$0.0373	1,351,178	\$50,398.94
Ammonia	0.0051	155,666	793.90
CBOD	(0.0096)	1,249,214	(11,992.45)
Phosphorus	(0.1138)	25,056	(2,851.37)
TSS	0.0318	1,007,335	<u>32,033.25</u>
Total increase in treatment costs			<u>68,382.27</u>
New Gary Sanitary District capital from true-up (4)			\$322,589.24
Less: current Gary Sanitary District capital in rates			<u>(164,406.96)</u>
Change in Gary Sanitary District capital			<u>158,182.28</u>
Total increase in treatment costs and capital			226,564.55
Divided by: Hobart Sanitary District previous 12 month treated flow (in 1,000 gallons)			<u>588,232</u>
Current tracking factor per 1,000 gallons			<u>\$ 0.3852</u>

- (1) These are the Gary Sanitary District rates that were in effect in December 2016 when Hobart Sanitary District retail rates were adjusted.
- (2) Rates reflected in Gary Sanitary District's 2015 unaccepted True-Up Report. Rates are for illustrative purposes only.
- (3) Units of service reflected in Gary Sanitary District's 2015 unaccepted True-Up Report. Rates are for illustrative purposes only.
- (4) Capital amount reflected in Gary Sanitary District's 2015 unaccepted True-Up Report. Rates are for illustrative purposes only.