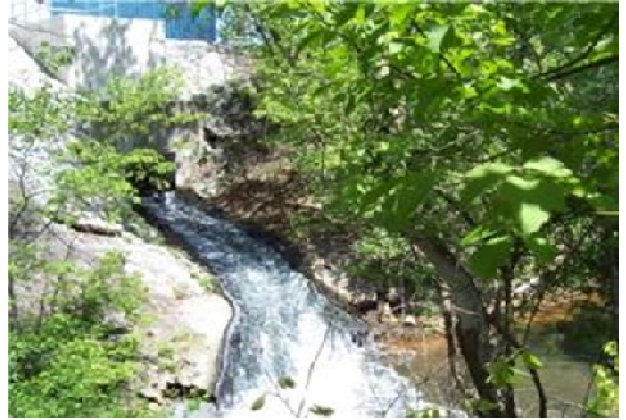


Valparaiso City Utilities



“Water is our most valuable resource”



VCU NEWS

2014 Summary



Mayor Jon Costas
Sharon Swihart, Clerk Treasurer
Bill Oeding, City Administrator

Valparaiso City Utilities Board of Directors 2014

David Bengs, President
Mike Sur, Vice President
Lori Ferngren, Secretary
Mark Thiros, Treasurer
Kurt Minko, Assistant Secretary

VCU Leadership Team 2014

Steve Poulos, Utilities Director
Edward Pilarski, Environmental Compliance Administrator
Peggy Busse, Executive Administrative Assistant
Alina Hahn, Financial Controller
Mark Geskey, Collections & Distribution Manager
Mike Steege, Assistant C&D Manager
Mary Woodworth, Customer Service & Billing Manager
Shaun Shifflett, Water Systems and Program Administrator
Frank McGinley, VCU Maintenance Manager
Paul Scott, WRD Operations Manager
Shihua Chen, WD Operations Manager
Cathy Fejer, Administrative Assistant
Adam McAlpine, Deputy City Engineer

Utilities Well Field Expansion Moves Forward

VCU continues to finalize the design of the new well field and expansion/upgrade of the airport plant. The testing of the Pierce well field proved successful. The design and placement of the wells within the parcels, in addition to the required easements necessary for the well houses and transmission mains, is being finalized. Eight production wells will be constructed with the option of constructing a ninth well. VCU is working closely with their engineer (Arcadis) and contractor (Bowen) to finalize the project. A guaranteed maximum price will be presented to the VCU by Bowen in January of 2015. The project is estimated not to exceed \$18 million and is scheduled to start in late January of 2015.

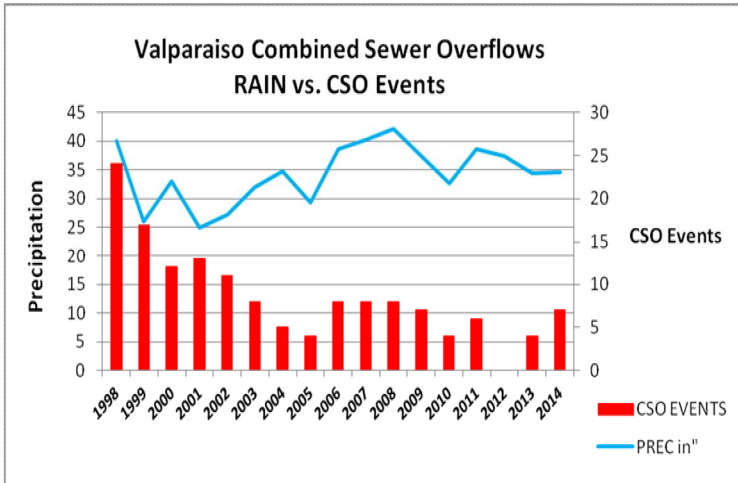
Public Works & Utilities Campus

Through creative coordination, the construction of the new Public Works & Utilities Campus will house all major field divisions under one roof, thus providing savings and future opportunities for integration and improved city services. Public Works and Utilities leadership are working together to coordinate logistics for the office operations and the integration of vehicle maintenance.

A committee is being developed to identify opportunities for efficiencies within the Public Works and Utilities divisions and how future vehicle maintenance will be handled city wide.

CSO Meter

The City has experienced heavy rains during the 2014 calendar year. The City suffered two 100 year storm events three days apart in August of 2014. The graph below illustrates the City's CSO performance since 1998.



The City has averaged 4 CSO events per year since 2010. Sewer separation projects and storm water improvements continue to provide city-wide benefits. As of September of 2014, the City has experienced 7 CSO events with a total of 86 million gallons overflowed. However, all CSO events have been disinfected as of April of 2012.

Major VCU Projects 2014

(Some projects have been completed or are currently under construction)

- Ultraviolet Disinfection— \$2 Million
- Horseprairie Pump Station Upgrade— 600K
- Guaranteed Savings Process
Bowen Construction Selected
- Water Well Field & Plant Expansion - 18 Million
- Interra Well Project— 500K
- WRD Treatment Lift Station Project— 2.6 Million
- Fluoride Commission
- CoDigestion Analysis— (Not profitable)
- United States Army Corp Sewer Lining Project
(Federal Grant of 1 million)
- Billing Outsourcing & Online Payment
- Chautauqua Park Project B—1.5 Million
- Stanley Street Storm Sewer

Fluoride Commission

In response to concerned citizens, the VCU Board of Directors empanelled a temporary seven-person Fluoride Commission and charged it to answer this question: ***Should the Valparaiso City Utilities Department of Water Works/City of Valparaiso, through its treatment and distribution of the public water supply, be the mechanism to provide fluoride to the general public via systemic fluoridation?***

The Commission conducted six public meetings, all in accordance with the Indiana Open Door Law, from May 21, 2014 to August 7, 2014 during which they adopted an action plan and protocol, toured the Flint Lake Treatment Plant, reviewed a list of resources and references from the VCU support staff, heard presentations from more than a dozen experts supporting and opposing the current fluoridation practice, received oral and written comments from many and varied individuals and organizations. The committee voted (5 in favor/2against) to continue systemic fluoridation.

Financial Health of the VCU

- Operational Performance
 - Under budget 3 consecutive years
- Attrition Opportunities
 - Reduced 2 full time employees through attrition
- Reduction of Bad Debt
- Accurate Asset Management
- Building of Cash Reserves
 - Goal of \$2 Million per Utility

Customer Growth

Customer accounts in 2014 have grown at a rate of 1.29% or 164 new accounts. Prior to the recession, the VCU averaged growth at a rate of 1.5 – 2.0 % per year. 2015 - 2016 may provide the opportunity of significant growth in residential, commercial and industrial developments as the following projects are planned for construction:

- Grand Oaks – 152 units/Residential Multi Unit*
- The Lakes – 408 units/Residential Multi Unit*
- Hatch Lake – 122 units/Residential*
- Latek – 45 units/Residential*
- Dicks Sporting Goods – Retail Commercial*
- Five Below – Retail Commercial*
- Ross Outlet – Retail Commercial*
- Panda Express – Restaurant Commercial*
- Pratt Industries – Heavy Industrial*

Lauth Development