

# DAMON RUN CONSERVANCY DISTRICT VALPARAISO CITY UTILITIES

PRESENTED TO THE DAMON RUN STAKEHOLDERS

- **Uncertainty – Emotion**
- **History**
- **Rumors**
- **Utility Opportunity**
- **Full Disclosure**



- **Savings**
- **Professional Operation**
- **Long Term Benefits**



➤ **Mission Statement:**

- **The mission of the VCU is to constantly provide our community with safe reliable water, wastewater, and stormwater services in a cost effective, responsible and exceptional manner while continually improving staff and organizational efficiencies.**

# VALPARAISO CITY UTILITIES (VCU)

- **5 Member Board of Directors Appointed by the Mayor**
- **67 Employees**
- **VCU General Administration**
- **VCU Financial & Customer Service Department**
- **VCU Sewer Collections & Water Distribution Department**
- **VCU Maintenance Department**
- **Wastewater Treatment Department**
- **Water Treatment Department**
- **VCU Metering, Water Backflow & Well Head Department**

# Award winning utility that provides essential services 24/7 - All night, all day, every day

- Well Fields
- Water Treatment Plants
- Water Distribution System
- Towers & Reservoirs
- Sewage Collection System
- Storm Water Systems
- Wastewater Treatment Plant
- Salt Creek Watershed/Great Lakes Basin



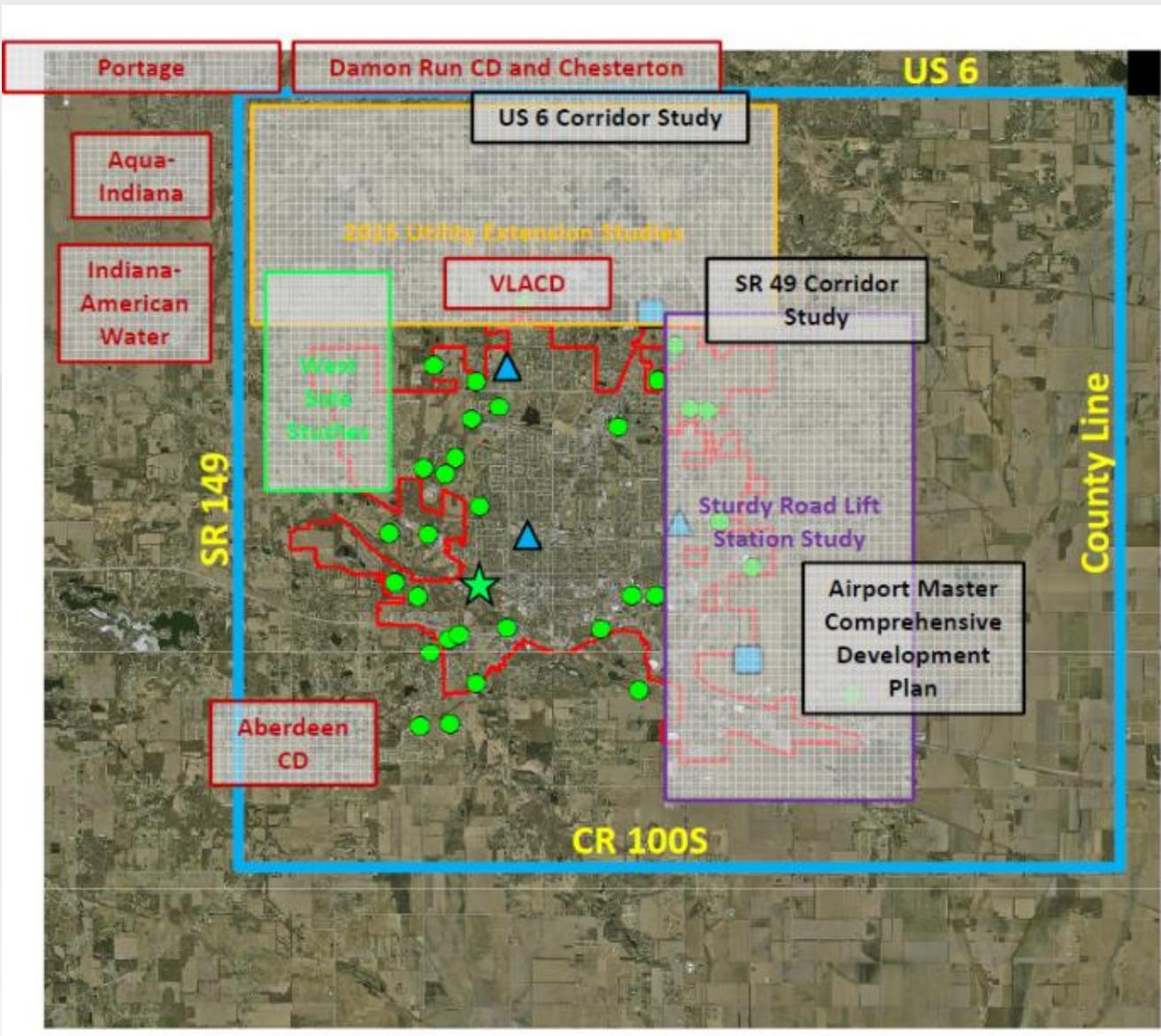
# Leadership Team:

- Great Team!!
- Certified and Licensed Treatment Plant Operators
- Certified Construction and Field Inspectors
- Engineering/Science, Accounting Majors
- Mechanical and Electrical Professionals
- Customer Service Experts



# Valparaiso City Utilities Growth Plan

The City of Valparaiso has conducted many land planning and economic development studies to determine the growth of lands adjacent to Valparaiso City Limits. These studies typically identify the need for water and sewer infrastructure to serve these lands and attract future development. The VCU Utilities Master Plan will consolidate many of these studies, identify the gaps, evaluate current capacity and the capital needs to provide utility services to these planning areas.



# DAMON RUN CONSERVANCY DISTRICT



## ANNEXED CUSTOMERS 521 ACRES

- 1 - EAGLE RIDGE - 1/26/06
- 2 - MALLARDS POINTE - 1/25/08
- 3 - TIMBERLAND - 1/26/04
- 4 - TIMBERLAND FARMS - WEST - 12/8/08
- 5 - TIMBERLAND FARMS - EAST - 12/8/08
- 6 - ST. ANDREWS - 6/11/07
- 7 - PET HAVEN - 6/11/07
- 8 - LUKE OIL - 6/11/07
- 9 - LUKE OIL - 6/11/07
- 10 - MISHAWAKA ONE STOP - 6/11/07
- 11 - KEITHLEY - 6/11/07
- 19 - HANRAHAN PROPERTY - 1/9/12
- 24 - FRITZ, MORTHLAND, & WALLACE - 1/9/12

## CONTRACT CUSTOMERS 172 ACRES

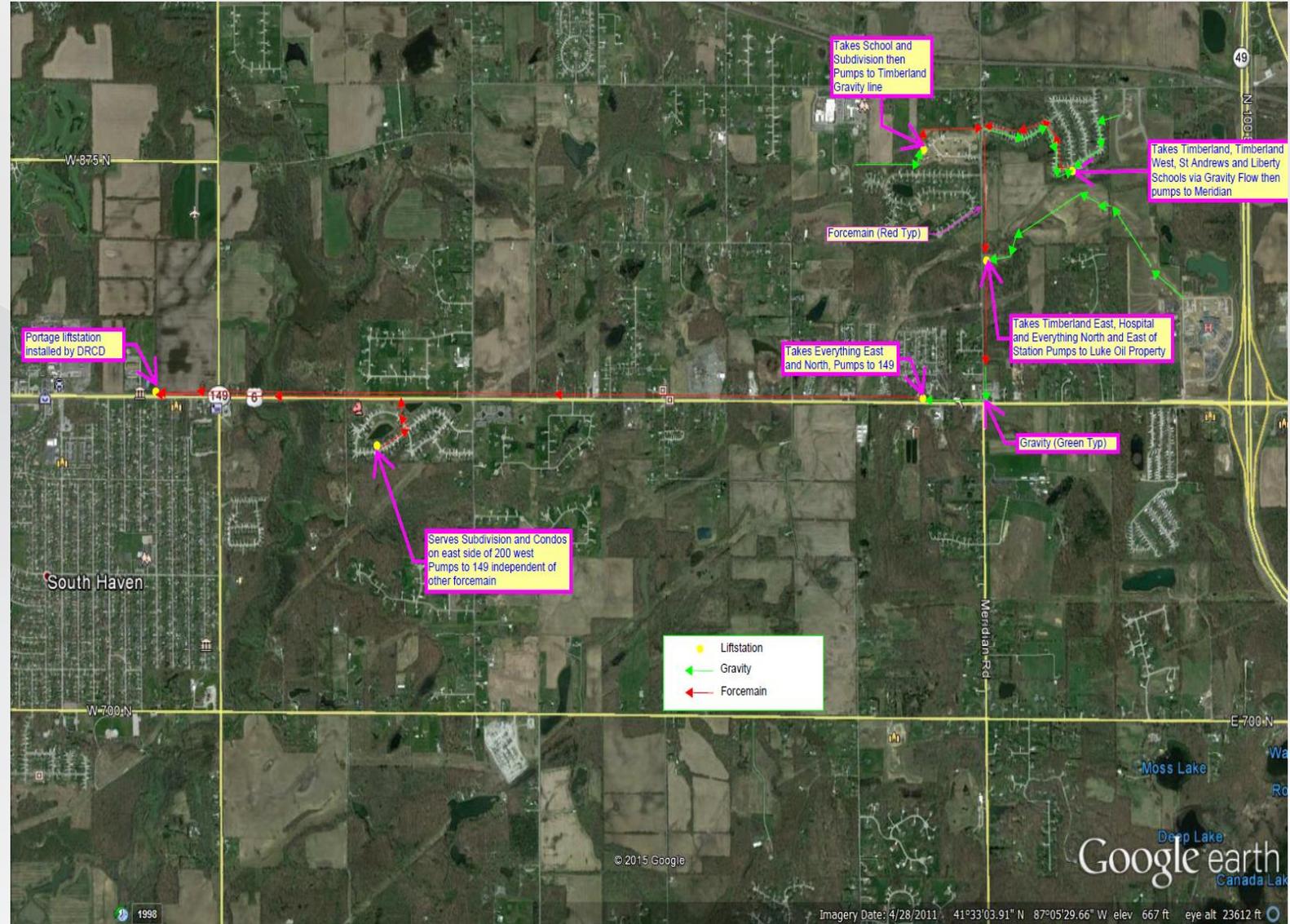
- 12 - LIBERTY SCHOOLS - 7/17/09
- 13 - PORTER HOSPITAL - 10/7/10
- 14 - PORTER COUNTY - SUNSET HILL FARM

2/27/2013



# Damon Run Conservancy District

- ✓ 460 Residential District Customers
- ✓ Outside District Customers (Contract)
  - ✓ Porter Hospital
  - ✓ Sunset Hill County Park
  - ✓ Liberty School
- ✓ Indiana American – Water Provider
- ✓ City of Portage – Wastewater Treatment Provider
- ✓ Managed by Elected Residents
- ✓ DRCD System has Excess “Capacity” to accommodate growth within the HWY 6 Corridor



# THE CHALLENGE:

## Current DRCD Bill:

- ✓ Portage Wastewater Charge
- ✓ DRCD Sewer Fee
- ✓ DRCD Water Fee

## What you don't See:

- ✓ Separate Water Bill IAW
- ✓ **Tax Levy to Support Debt Service per AV – Ptax Bill**

Customers pay an IAW water bill, DRCD water & sewer fees + portage wastewater charges and an average tax - \$2500 per household to pay for the debt service.

# Typical DRCD Residential Bill

PLEASE DETACH AND RETURN UPPER PORTION WITH PAYMENT. THANK YOU.

**Damon Run Conservancy District**  
 c/o Jones Petrie Rafinski Corp.  
 P.O. Box 2907  
 Elkhart, IN 46515

Office phone: (574) 226-8468  
 Hours 9:00 To 4:00  
 Monday Thru Thursday  
 Service Questions:  
[jransbottom@jpr1source.com](mailto:jransbottom@jpr1source.com)

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**Account Information**

Account Number	Bill Date	From Date	Thru Date	Service Address
6380 00	12/01/16	10/07/16	11/04/16	4 HEARTLAND DRIVE

Charge Description	Previous Reading	Present Reading	Total Consumption	Previous Balance	Tax	Charge
Wastewater Charge	302	311	9			53.82
Sewer User Fee						12.00
Water User Fee						12.00

AMOUNT DUE IF PAID BY 12/23/16: 77.82  
 IF PAID AFTER 12/23/16: 83.20

UP TO \$3,000 PER YEAR FOR WATER & WASTEWATER SERVICES

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Make Checks Payable to: Damon Run Conservancy District

# Asset Transfer Agreement - Transaction:

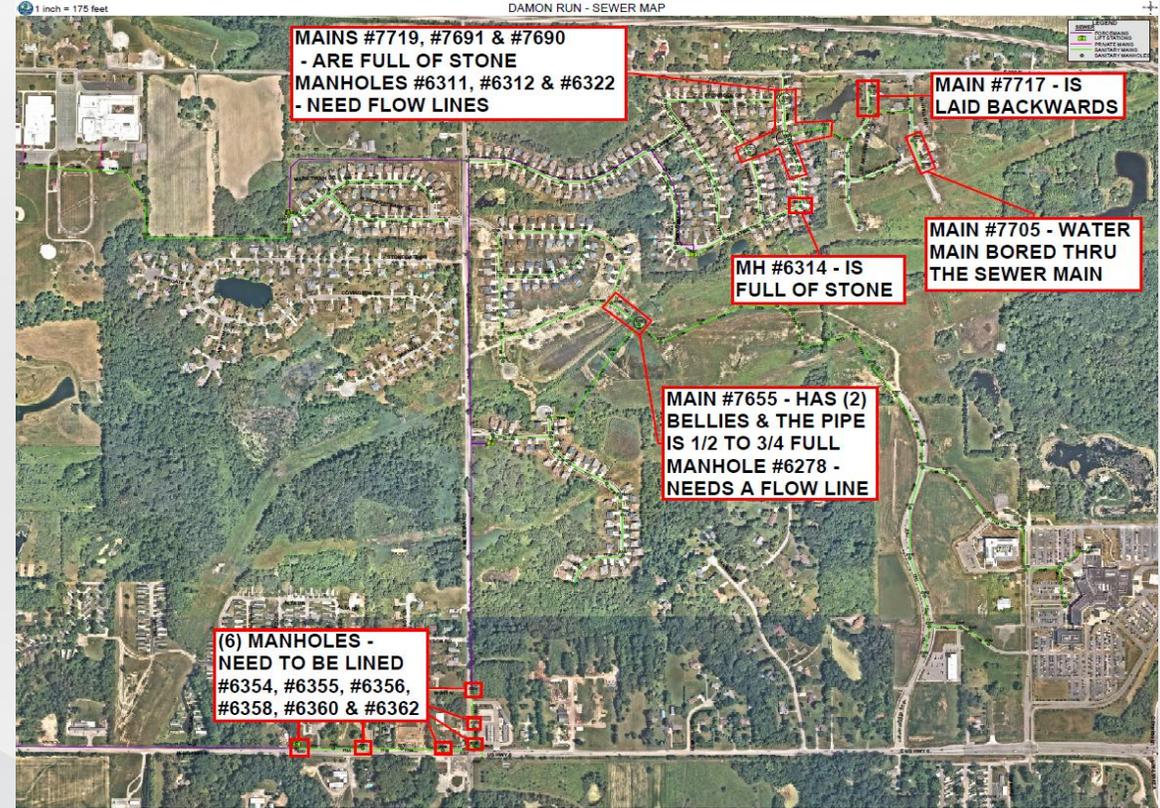
- City will issue bonds to cover the purchase price and include an amount sufficient to pay for any repairs to the Damon Run sewer system plus the cost of issuance **\$5,620,000**
- Proceeds from City bonds will be used to pay off Damon Run's existing, higher interest debt.
- Damon Run will also refund/refinance its existing water debt at lower interest rate **\$4,225,000.**
- Damon Run will assign to the City its existing contracts of City of Portage, Porter Regional Hospital, Liberty Schools, and Porter County Park.
- After closing, VCU will provide service directly to Damon Run's sanitary sewer customers. VCU will, in turn, collect the rates and charges as set forth in the City's ordinances for the Damon Run service territory
- The City's obligation to close on the transaction is subject to VCU completing all of its due diligence and inspections **by November 1, 2019**. All inspections, audits, and testing must be acceptable to the City, in its sole discretion.

# Valparaiso's Due Diligence

- Valparaiso has formally assessed the condition of the sanitary sewer assets and pump stations.
- Closed circuit Televising of Sewers/Manholes
- Site Inspections of Lift-Station
- Critical versus Pay as you go Needs
- DLZ – Infrastructure Cost Assessment



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Water Mark, 80% of cross sectional area



# Residential Rates

## DRC D Customer Today 2019

	DR Monthly Cost	DR Yearly Cost
Sewer (1)	\$41.90	\$502.80
Water (2)	12.00	144.00
Average Tax Bill (3)	187.76	2,253.11
<b>Total DRC D Bill</b>	<b>\$241.66</b>	<b>\$2,899.92</b>

- (1) Fixed DRun \$12 Fee + \$5.98/1000 gallons for 5000 gal/month – “Portage Rate”
- (2) Fixed DRun \$12 Fee – **Indiana American Bill is separate.**
- (3) Average Tax Bill \$2,253.11 per Yearly True Up Calculation (\$2,253.11/Assessed Value)

# Proposed Residential Rates 2020-2030

## VCU Buys Sewer Assets via Bonds – DR Refunds Water Portion

### Assumes 5000 gal/per month

	VCU Monthly Cost	VCU Yearly Cost
Sewer (1)	\$99.63	\$1,195.56
Water (2)	----	----
Average Tax Bill (3)	52.98	635.76
<b>Total Bill</b>	<b>\$152.61</b>	<b>\$1,831.32</b>

(1) VCU Fixed Rate @\$60.78 per EDU + \$38.85 for 5000 gal/month @ \$7.77/1000 gal = \$99.63

(2) DRun \$12 per month Fee is Eliminated

(3) Estimated monthly cost per EDU for Refinanced Water Debt \$52.98- Tax Bill Decreases

# Residential Rates Comparison Summary

## 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>
<b>Total Utilities</b>	<b>646.80</b>	<b>1,195.56</b>	<b>(548.76)</b>
Tax Bill (3)	<u>2,253.11</u>	<u>635.76</u>	<u>1,617.36</u>
<b>Total</b>	<b>\$2,899.92</b>	<b>\$1,831.32</b>	<b>\$1,068.60</b>

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

- (1) VCU Fixed Rate @\$60.78 per EDU + \$38.85 for 5000 gal/month @ \$7.77/1000 gal
- (2) DR \$12 per month Fee is Eliminated
- (3) Estimated monthly cost per EDU for Refinanced Water Debt- Tax Bill Decreases

## Residential Rates

**Water Debt is Satisfied in 2030 – Sewer Debt Remains for  
9 more years 2031- 2039**

	<b>DRCD</b>	<b>VCU</b>	<b>Variance</b>
Sewer	\$502.80	\$1,195.56	(\$692.76)
Water	-----	-----	
Tax Bill			
<b>Total Utilities</b>	<b>\$502.80</b>	<b>\$1,195.56</b>	<b>(\$692.76)</b>

**Projected Residential Savings 2031 – 2039  
(\$6,234.84)**

# Financial Summary

- **WHAT ARE MY TRUE RESIDENTIAL SAVINGS BETWEEN 2020-2040 AND AFTER?**
  - It is estimated in the first 11 years, the average residential connection will pay in total \$17,790.96 less in TAXES and \$6,036.36 more in sewer bills for a total net savings of \$11,754.60 or 37%.

PERIOD	CUMULATIVE SAVINGS WITH VCU
2020 – 2030 (a)	<b>\$11,754.60</b>
2031 – 2039 (b)	<b>(\$6,234.84)</b>
Cumulative	<b>\$5,519.76</b>
2040 ©	Sewer Debt Satisfied

# VALPARAISO (INDIANA) MUNICIPAL WATER RECLAMATION DEPARTMENT

## DAMON RUN SEWER ASSETS

### PROPOSED RATE CALCULATION

<u>Revenue Requirements:</u>	<u>Total</u>	<u>Variable</u>	<u>Fixed</u>
Operating Disbursements (page 2)	\$439,100.00	\$418,500.00	\$20,600.00
Debt Service	373,800.00		373,800.00
Replacements	<u>50,000.00</u>		<u>50,000.00</u>
 Total Net Revenue Requirements	 <u><u>\$862,900.00</u></u>	 418,500.00	 444,400.00
 Divided by Billing Determinant		 <u>53,880.00</u> (1)	 <u>7,311.84</u> (2)
 <b>Proposed Rate</b>		 <u><u>\$7.77</u></u> (3)	 <u><u>\$60.78</u></u> (4)

(1) - The Billing determinant is the annual billed flow.

(2) - The Billing determinant is the monthly EDU's (609.32) annualized.

(3) - Proposed Flow Rate (per 1,000 gallons)

(4) - Monthly Fixed Rate per EDU

# Common Questions

- **HOW WILL MY SERVICE CHANGE?**

- Indiana American will continue to be your WATER provider.
- Valparaiso City Utilities will be your SEWAGE provider
  - Customer Service
  - Operation and Maintenance/Repair of the System
  - Accounting/Billing/Reporting/Engineering/Legal

- **WILL MY SEWER RATE EVER INCREASE DURING THIS TIME?**

- Your sewage is treated by the City of Portage therefore, any increase in sewer rates by the City of Portage will be passed on to Damon Run Customers.
- The cost of doing business increases every year due to inflation (power, chemicals, labor, fuel).

# What will my VCU Bill Look Like?

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Valpar  
(219)  
www.v



0601

### Account Information

Account Number: 06-0001-00  
 Service Address: 224 GOLDEN EAGLE DR  
 Service Period: 08/07/2019-09/04/2019  
 Billing Date: 10/01/2019  
 Due Date: 10/20/2019

### Billing Details

FLOW RATE	\$38.85
SEWER FIXED RATE	\$60.78

Total Current Amount	\$99.63
Previous Balance	\$0.00
Total Due if Paid By 10/20/2019	\$99.63
Total Due if Paid After 10/20/2019	\$109.59

To pay by credit card call toll free 1-877-278-2205 or pay online at [www.officialpayments.com](http://www.officialpayments.com).

### Important Information

#### CONSUMPTION HISTORY

Month	Consumption (Cubic Ft)
SEP 2018	820
OCT 2018	750
NOV 2018	600
DEC 2018	610
JAN 2019	720
FEB 2019	650
MAR 2019	600
APR 2019	660
MAY 2019	630
JUN 2019	700
JUL 2019	730
AUG 2019	700
SEP 2019	780

Meter	Previous	Current	Cubic Ft	Approx in Gal
000218685	70	740	670	5,000

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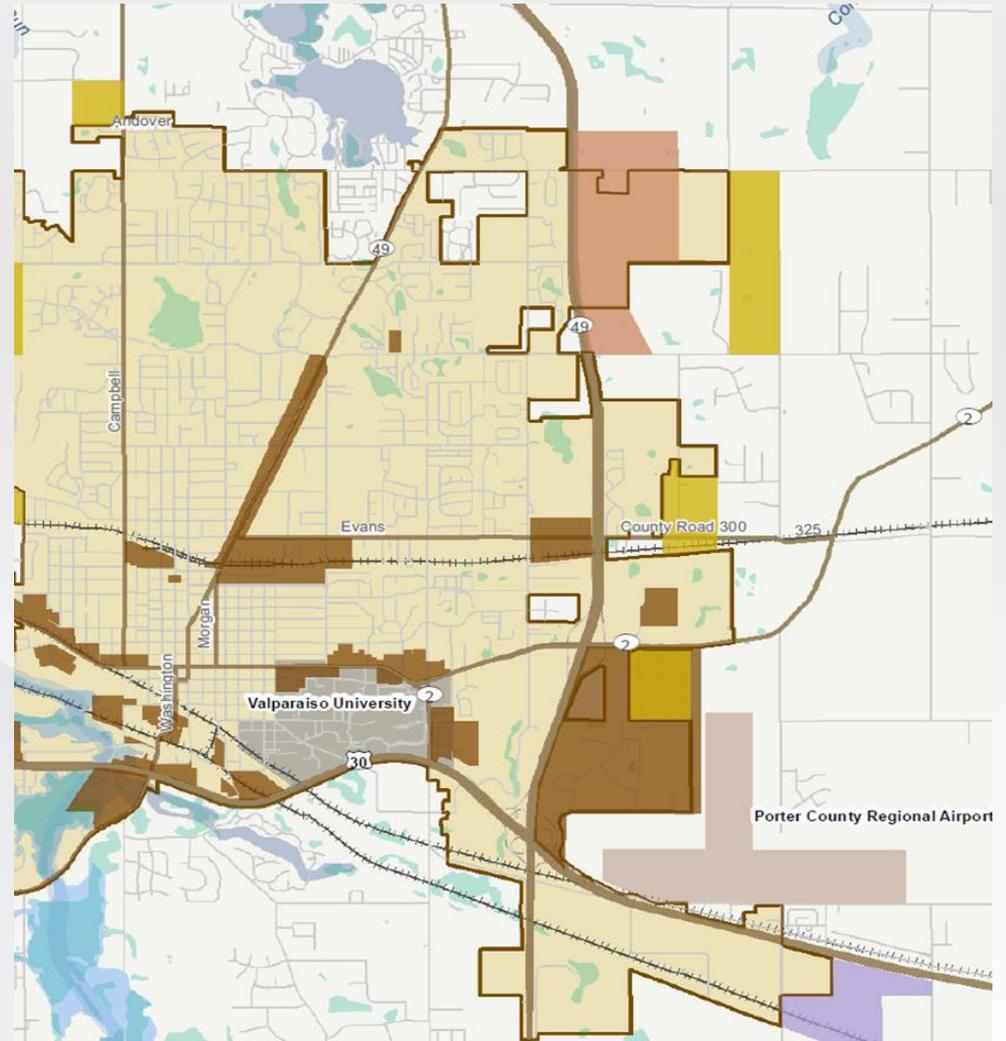
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# Common Questions

- **WHAT WILL MY MONTHLY FEES PAYING FOR?**
  - Wastewater Treatment – City of Portage
  - Repairs and Maintenance Sanitary Sewer System
  - Purchased Power
  - Chemicals
  - Insurance
  - Customer Service/Billing/Engineering/Legal/Accounting/Debt Service/Capital Needs
- **HOW CAN OUR RATES STAY STABLE DURING THIS TIME?**
  - Valparaiso will run this system as efficient as it operates the current Valparaiso system.
  - This will achieve economies of scale and soften future increases.
  - Having a Utility operating the corridor may provide opportunity for growth and spread the operating costs to more users over time.

# Annexation

- Territory sought to be annexed must be “contiguous” to the municipal borders. Contiguous means that at least one-eighth (1/8) of the aggregate external boundaries of the territory coincides within the boundaries of the annexing municipality.
- Area along the US Hwy 6 Corridor was not identified in the 2013, Envision Valparaiso 2030 Comprehensive Plan, as area for the City to annex.
- City’s Northern boundaries are south of CR 550.
- Serve Utilities up to 700 North via Contract (VLACD)
- 100% Voluntary
- Annexation laws continue to change.



## ***Path Forward***

- **October 14, 2019 - Public Presentation to the Valparaiso City Council**
  - **Introduction of Ordinances**
  
- **October 15, 2019 - Damon Run Approves Purchase Agreement and Water Bond Resolution**
  
- **October 28, 2019 - Adoption of Rate and Bond Ordinances at October 28, 2019 Valparaiso City Council Meeting and Public Hearing**
  
- **November 2019 Bond Sales for the Damon Run and Valparaiso**
  
- **December 2019 – Close on Acquisition**

# ***Summary***

- ✓ **37% Net Reduction in your Utility Bills (Combination of Sewer, Water and Tax Bill) – Average Use of 5000 Gallons Per Month**
- ✓ **Enhancement of quality of maintenance – Extend Life of Assets**
- ✓ **Growth in the Corridor**
- ✓ **No one “profits” from the transaction as the Utility is highly regulated by the State Board of Accounts – Public Good**
- ✓ **24/7 Customer Service Department – Surprisingly Responsive**
- ✓ **Annexation**