

From the Mayor....

May 5, 2017

Warsaw's current residential sewage rate is 32.60 per month. The last time the Common Council raised the rates for sanitary service was in 2008. I was a member of that council. I remember the sentiment after we raised the rates was that in the future, it would be easier to adjust rates a small amount every year to anticipate future projects instead of one large increase.

The sewage rates have remained unchanged since then. That increase of 1.80 per month has supported the operation of our wastewater utility since then and that flat rate, based upon 4800 gallons per month of flow, is about \$11.00 a month less than the state average, as compiled in a 2016 statewide study.

Common councils tend to only raise utility rates only when necessitated by specific improvement projects. I'm not sure there is anything wrong with that other than the concern of one large increase.

The age and efficiency of the plant and collection system as well as individual communities rate of growth are two significant factors that dictate the need for these major improvements. Usually the rate increase to support these improvements is significant because prior rates were not set to meet future needs. I have seen it time after time in many Indiana cities and towns. When circumstances dictate, i.e. an expansion, a major repair, or a new construction project, the rates are readjusted, often very significantly. More often than not, this is because there are insufficient reserves to offset the cost of the improvements.

For example, the last local rate increase in 2008 covered the connection to extend service to Leesburg, the federally mandated combined sewer overflow, and requisite plant improvements, all totaling three million dollars. In January, the City of Mishawaka approved an increase in their water rates of thirty-three dollars per month, phased in over five years, to handle on hundred million dollars worth of necessary improvements to their water and sewage utilities.

Our wastewater utility provides essential services to both our residents and industry. Our sewage treatment plant went online in 2003. Our collection system consists of a vast network of pipes, some of which are over 120 years old. Increased demand from industrial and residential growth as well as breaches in the aging collection system have created a capacity issue that is four to five years ahead of the original twenty-year expectation.

Warsaw will have to adjust its rates to pay for a significant multi-million dollar expansion and collection system rehabilitation. Being out of plant capacity leaves us with no choice but to expand. Studying the inflow and infiltration of our aging collection system dictates that failing pipes can be relined, at a significantly lower cost than replacing them.

Fortunately, the City of Warsaw owns and operates the wastewater utility. As a result, we have the flexibility to control rates to support the operation of the utility. There is no profit motive. In contrast, the city has no fiscal or operational control of the other essential utilities that serve our community.

Municipal control over utilities allows for control of rate setting. Municipal rate adjustments are based upon the direct cost to meet the needs of the community. As a result, we have been able to hold our rates well below many other communities our size for the past 10 years.

I am hoping that when adjusted for this significant project, our rates will be close to that of the state average for sanitary services that are so essential to our community. We will be holding several public meetings to more fully engage our utility users with the details of this essential project.