



**VALPARAISO CITY UTILITIES -FREQUENTLY ASKED QUESTIONS AND ANSWERS
PROPOSED WATER AND SEWER RATE INCREASE
2014-2016**

Q. When is Valparaiso City Utilities planning on raising water and sewer rates?

- A. This will be a 3 phased approach for both water and sewer rates:
- January 1, 2014
 - July 1, 2014
 - January 1, 2016

Q. How much will the average customer be paying as a result of the proposed increase?

- A. At the start Phase I (January 1, 2014) the typical average residential user's water bill will show an increase of approximately \$4.76 per month and the average user's sewer bill will show increase of approximately \$6.49 per month.

At the start of Phase II (July 1, 2014) the average residential user's water bill will show an increase of approximately \$3.20 per month and the user's sewer bill will show an increase of approximately \$3.40 per month.

At the start of Phase III (January 1, 2016) the average residential user's water bill will show an increase of approximately \$1.00 per month and the user's sewer bill will show an increase of approximately \$1.84 per month.

These figures represent the average cost of water and sewer service for a ¾" meter using approximately 5000 gallons per month.

Q. Why does Valparaiso City Utilities need more money?

- A. The proposed rate increase is required so that the Utilities can continue to pay for all costs associated with operating a safe, reliable and efficient water and wastewater system. Some of the key costs are associated with:
- Cumulative effect of inflation on (power, fuel, chemicals)
 - New well field and upgrading both treatment facilities
 - Environmental requirements
 - Increasing labor and insurance costs
 - Capital improvement including infrastructure rehabilitation program
 - Accommodate future growth and economic development

Q. Did the expansion of Pratt Industries result in the increase of water and sewer rates?

- A. No. The revenues that will be provided by Pratt Industries actually reduce the proposed water and sewer rates to the Valparaiso City Utilities ratepayers.

Q. What is the process for setting new rates?

- A. The Utilities is required to first notify the Utilities Board of Directors and upon their approval, provide a resolution that recommends to the City Council a rate ordinance for first reading, followed by a subsequent public hearing, and final vote.



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Q. How can the public voice its opinion on the proposed rates?

A. The public may attend the Utilities board meetings and/or the City Council's public hearing to express opinions.

Q. Who presides at the public hearings? How is this person selected?

A. The Mayor, Clerk-Treasurer, City Attorney and City Council members preside at the public hearings. All but the City Attorney are elected by the community.

Q. How do these public hearings work?

A. After the presentation of the rate ordinance by Utilities officials, the Mayor conducts a formal public hearing. At this time there is an opportunity for testimony by consumer advocates, community services groups and individuals. This hearing is open to the public.

Q. How does the public learn about the hearing?

A. The City will advertise the date, time and location of the hearing in the City's newspapers. These notices will be in the format of a public notice and may be easily read, and will be posted on the Valparaiso City Utilities web page:
www.valparaisoutilities.org

Q. Has a schedule been set for the public hearings?

A. The schedule is as follows:

- Resolution by the Utilities Board of Directors (10/22/2013)
- City Council rate presentation and first reading of rate ordinance (10/28/2013)
- City Council second reading, public hearing and final vote (11/25/2013)

Q. What does the customer pay for through rates for water and wastewater services as shown in the monthly bill?

A. The customer is paying a usage charge for treatment and delivery of drinking water, the collection and treatment of sewage, and all related environmental services such as biosolids recycling. As well, the Water Department provides water service for the City's fire system. Each Valparaiso City Utilities bill also includes a service charge for storm water collection and garbage collection.

Q. Has the Department taken steps to improve service and minimize costs since the last rate increase?

A. Yes, the Department has initiated numerous measures to improve service, reduce operating costs and enhance revenues which include (but are not limited to) the following:

- Rebuilding water mains and sewers, which saves money in the long run by preventing disruption of service, water main breaks and leaks, which cause loss of water and damage to property. Rebuilding of sewers prevents costly sewer collapses and the discharge of sewage into the environment.



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- Reducing operating costs at the water and wastewater treatment facilities by instituting a sustainable energy policy and reducing staffing levels without compromising water quality compliance or service. For instance, the water and wastewater treatment facilities have reduced power consumption through the investment in energy efficient equipment, education of their operating staff and through optimization of their treatment process. This optimization resulted in a significant reduction in energy usage of over a million kilowatt hours per year (\$100,000 annually). Additionally, the Utility is recycling its methane gas production to generate heat for the current wastewater process and the campus buildings, which offsets natural gas costs (\$30,000 annually). Succession planning and the merging and cross training of the water and water reclamation departments has led to reduced staffing levels and a savings in operational costs of \$250,000 annually.
- In 2010 Valparaiso City Utilities developed a 5 year Strategic Plan with goals and strategies to attain these goals for the benefit of our ratepayers. One of the major goals of merging the sewer and water field divisions has been completed. This merge has enabled the Utilities to realize savings due to sharing of major equipment, and maximizing the existing workforce, eliminating the need to add staff.

The Valparaiso City Utilities Strategic Plan can be found at www.valparaisoutilities.org.

Q. Are increased rates really needed at this time?

- A. Yes. Inflation, increased labor costs, increased regulatory requirements, and needed upgrades to our infrastructure all combine to increase costs. Valparaiso City Utilities has done all it can to manage costs and realize efficiencies however increases are needed in order to assure long-term water availability, quality, and safety to our community.

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