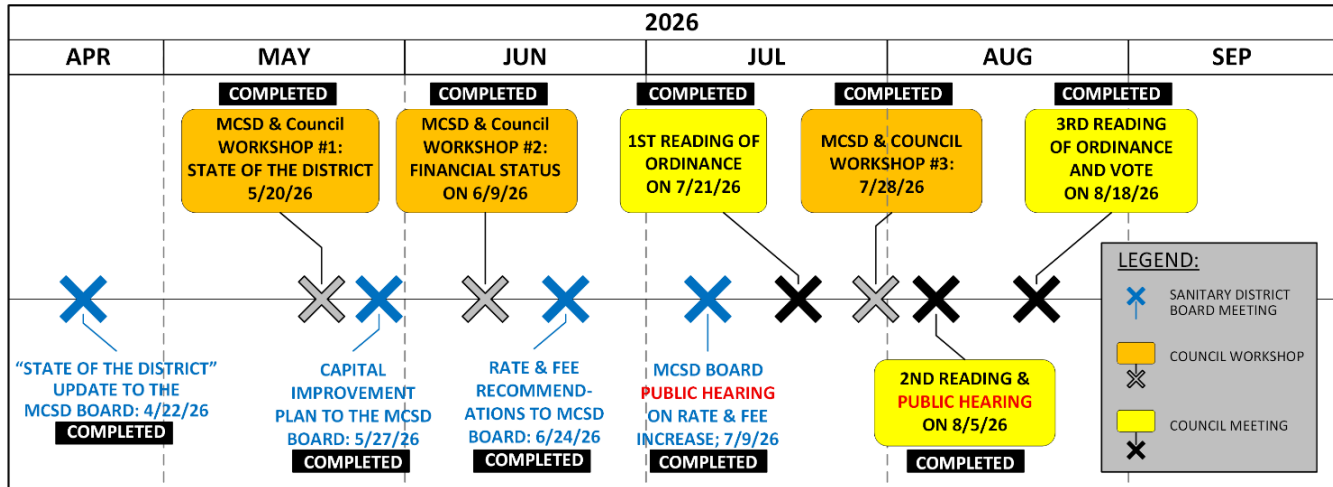




2026 SANITARY SEWER RATE ADJUSTMENT UPDATE

THE RATE ADJUSTMENT PURPOSE & PROCESS

Since the last sanitary sewer rate adjustment was 14 years ago in 2012, a rate adjustment was necessary in 2026 to keep the Sanitary District financially solvent. The size of the rate adjustment was determined by evaluating the level of funding needed to operate and maintain sanitary sewers and the wastewater treatment plant, and provide resources to pay for critical upgrades to 100-year-old infrastructure. The process involved four Public Meetings before the Sanitary District of Michigan City Board of Commissioners and six Public Meetings with the Michigan City Common Council as illustrated below.



CHANGES IN OPERATIONAL COSTS SINCE 2011

Mainly due to inflation, annual costs to operate and maintain sewers, sewage pumping stations, and the wastewater treatment plant have increased significantly since 2011 (see the table on the right). Until 2026, these substantial operational cost increases have been absorbed without a rate increase. The result of delaying rate increases has placed the Sanitary District in a financial position that is not sustainable.

Operating Expenses in 2011:	\$5,088,226
Operating Expenses in 2024:	\$8,684,428 (70% Increase from 2011)
Projected Operating Expenses for 2026-2028:	\$9,635,000 (89% Increase from 2011)

ACCOUNTING FOR INFRASTRUCTURE NEEDS

Without having a rate adjustment for 14 years, the Sanitary District has not been able to fund critical infrastructure needs. This has led to deferred maintenance and a significant backlog of sewer and plant improvement projects that must begin to be addressed immediately. A comparison of the current level of infrastructure funding provided by previous budgets versus the level of infrastructure funding needed in 2026-2028 provides a snapshot of the level of deferred maintenance. Our website (see link at the bottom of the next page) contains details and a map on sanitary sewer infrastructure needs.

2011 Budget for Infrastructure Projects:	\$2,417,023
2014 Budget for Infrastructure Projects:	\$2,963,096 (23% Increase from 2011)
2026-2028 Budget for Infrastructure Projects:	\$5,899,000 (144% Increase from 2011)

THE 2026 SANITARY SEWER RATE ADJUSTMENT

To provide funding to cover both operational and infrastructure repair needs, Sanitary District staff proposed a 2-Phase Sanitary Sewer Rate Increase. Phase 1 took effect on September 1, 2026, and Phase 2 will take effect sixteen (16) months later on January 1, 2028. For the typical residential customer within the City Limits of Michigan City, both the Phase 1 and Phase 2 rate adjustments will increase monthly bills by about \$8.75 for each phase. For typical residential customers outside the City Limits, the monthly sewer bill increases will be \$12.34 for Phase 1 and \$10.03 for Phase 2.

SAMPLE BILL WITH 2012 & 2026 RATES FOR AVERAGE RESIDENTIAL USER (4 CCF) & 5/8 WATER METER

The average home in Michigan City uses about 3,100 gallons of water per month. This falls into the "4 CCF" water usage range. Here is an annotated sample of a water and sanitary combined monthly bill for a usage of 4 CCF with two calculations: one using the 2012 wastewater rate structure and one using the rate adjustment of 9/1/26.

11111-001

07/20/26

08/18/26

SAMPLE, MR. & MRS.

Last Payment:

39.90

07/17/26

Service Period

Days

Current Read

Previous Read

06/17/26

07/16/26

29

Actual

Actual

Usage

Water

799

795

4

Sewer

Public fire pro

Tax - Water sal

Payments Received

39.90

2012 Rate:

2026 Rate:

\$26.53

\$35.28

Monthly Increase with 2026 Rate:

+\$8.75

Sample Monthly "Sewer" Charge for 4 CCF & 5/8" Water Meter (Inside City):

Monthly Sewer Bill Formula = Base Charge + Usage Charge

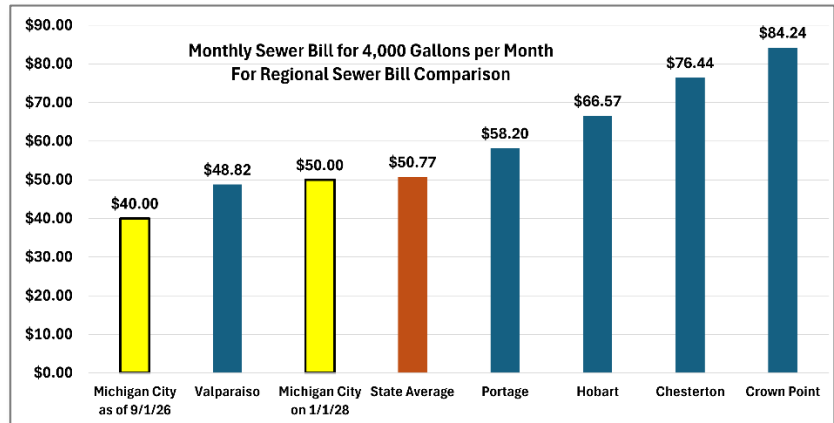
2012 Rates = \$15.73 + (4 CCF x \$2.70 per CCF) = \$15.73 + \$10.80 = \$26.53

2026 Rates = \$20.92 + (4 CCF x \$3.59 per CCF) = \$20.92 + \$14.36 = \$35.28

Sewer Bills are Based on Monthly Water Flow with Volume in Units of CCF (or 100 Cubic Feet); 1 CCF = 748 Gallons

MICHIGAN CITY SEWER RATES COMPARED TO NORTHWEST INDIANA SEWER RATES

Utilities typically use a Monthly Usage rate of 4,000 gallons per month to compare sewer rates across a region or state. The chart on the right provides a rate comparison across Northwest Indiana. With the Michigan City Rate Adjustment that became effective on 9/1/26, the Monthly Sewer Bill in Michigan City (based on 4,000 gallons per month) of \$40 per month is **at least \$20 per month less than Hobart, Chesterton, and Crown Point.**



NEW REVENUE: FEES & SYSTEM DEVELOPMENT CHARGES – "GROWTH PAYS FOR GROWTH"



Along with the updated Schedule of Wastewater Rates, the Rate Adjustment also included increased fees (for applications, reviews, and inspections) and a new source of revenue: System Development Charges. Capital projects needed to support growth can place a financial burden on existing wastewater ratepayers. To account for this, System Development Charges help shift the cost of growth-related infrastructure to new and expanding customers, rather than current users. The enactment of System Development Charges is part of a broader "Growth Pays for Growth" effort. For example, for a new development of 35 residential buildings that connects to sanitary sewers would pay \$114,000 in System Development Charges. This revenue will support future wastewater utility capital improvements that are driven by growth.

MULTIPLE WAYS TO GET ADDITIONAL INFORMATION: CALL, EMAIL, OR VISIT OUR WEBSITE



219-874-7799



MCSDCustomerservice@mcsan.org



<https://michigancityin.gov/city-departments/sanitary-district/>