

Comments and Questions
from the Public Hearing on Water Rates and Fees

Battle Ground Conservancy District

May 15, 2019 Battle Ground Town Hall 6:00 p.m.

The Battle Ground Conservancy District (BGCD) engaged a prominent municipal advisor in 2018 to study water fee revenue and expense forecasts and make a recommendation for continued financial health of the utility. The final report indicated a steep increase in current rates, which the Directors determined is not feasible. A smaller increase is more responsive to customers and still provides for improvements and maintenance needs. After advertising the proposal, a public hearing was held to receive Conservancy member input.

When the meeting opened, twenty-four people had signed the guest list to voice concerns regarding proposed changes to water rates and fees. Due to time constraints, the meeting format allowed Conservancy Directors to listen to members of the district rather than try to provide detailed responses at that time. This report provides the essence of questions and concerns expressed, along with relevant facts and background which guide management decisions on behalf of all members of the Conservancy.

Please do something about water pressure issues on Tomahawk Lane.

This first concern was expressed by one homeowner who then engaged multiple speakers having similar requests about this common issue on Tomahawk Lane. The water superintendent has in the past worked with several customers on Tomahawk and found their problems resolved when the residential lines (from the street to the house, owned by the property owner) were cleared of sediment. The pressure in the water main in the street was verified to be 45 psi however some homes show less pressure or rate of flow when drawing water through the lines inside the house. Indiana statute places responsibility on each property owner for water service lines from the main to their home. (327 IAC 8-10-1 Sec 1. (10-12)). The BGCD owns the water main up to the customer property. (IC 13-11-2-259 See excerpt of code text on page 4)

Please postpone the rate increase until Tomahawk Lane problems can be resolved.

The Conservancy Directors are keenly aware of the adjustment customers will make as the new rate is implemented. When considering the many maintenance and project needs that the increase will fund, they decided that moving ahead with the rate plan provides the best outcome for the system as a whole. Directors are committed to quickly responding and identifying solutions for customers who have said their residential water pressure is a problem.

Tomahawk is the bottom of the totem pole for everything that is needed there.

Residents' comments also touched on perceptions that there is lack of involvement for improvements to the storm water system and other needs. "The money is spent somewhere else not here." Storm water management is not the Conservancy District's responsibility. Storm water is managed by the Battle Ground Town Council. This concern will be referred to the Town Council.

My utility bill has gone up five times since I moved here.

Affordability for all households is the reason Conservancy Directors selected a lower percent increase than the rate study recommended. It is true utility fees have increased five times in the last 10 years, however four of the increases were enacted by the Battle Ground Town Council: three increases in the sewage rate (2009, 2010 and 2013), and the addition of the storm water utility in 2018. **Water fees were increased one time in the last 11 years.** Starting August 1, the total minimum utility bill for all three utilities (including sales tax) will be \$53.76, an increase of \$7.71.

Could we use grants to help pay for projects?

There are grants and loans available to assist communities with water infrastructure projects. Having the right kind of project ready at the right time in the grant award cycle can be a challenge. The State of Indiana is preparing to increase funding available for water projects and we most certainly plan to review what might be available to BGCD.

It looks like you are asking for money for operations that we already pay for in current rates.

Over the years, the cost of business has changed and the current rates have not produced sufficient funds for all required maintenance and necessary improvements. Some projects (the meter replacement schedule, for example) have been deferred until rates contribute more towards an improvement fund.

Having a relatively small customer base means the per-person cost to support utilities in a community the size of Battle Ground is higher than larger metro areas like Lafayette and West Lafayette. The benefits of living in a small community are a trade-off to this expense. Neighboring small communities such as Otterbein have similar water rates. See Chart #1 on page 6 for a comparison. Prudent management plans consider future needs and maintain the appropriate balance of operating budget and savings for improvements. See Chart # 2 on page 7 for a revenue comparison of the three utilities represented on your Battle Ground Utilities monthly bill.

Will rates go back down after all items on the five year plan are accomplished?

The five year plan is a living document, adjusted annually for operating needs. The rate study represents the most costly projects to be certain management decisions are made in a timely and coordinated way. As projects are completed, others may be added to the horizon for consideration.

Customers who don't own their homes don't pay taxes. Government units don't pay taxes.

The (replacement) water tower lease is not in the five year plan.

The lease is paid by (real estate) taxes.

People who use or benefit from real estate do contribute to real estate taxes, whether they as an owner pay directly to the county treasurer or their contribution is represented in the form of rent or goods and services purchased. Even a cup of coffee purchased at a Battle Ground restaurant contributes to the taxes or rent paid by the business owner. Government units don't pay taxes due to a broad-based decision by the state legislature.

The five year plan references the purchase of a new truck but there is only one employee.

Currently there is a full time operator and one part time operator assistant. As greater emphasis is placed on accomplishing projects, staff requirements will change to meet new demands. Currently the utility has three vehicles, only two of which are road-worthy. One truck is 2018, the older 2011 truck will be replaced sometime in the next 5 years. The third vehicle will be liquidated this year.

The state park water meter is slated to be replaced. Will the state park pay water rates?

The Prophetstown State Park has two meters at this time, and both accounts pay water fees on the schedule for non-member properties. That schedule is 150% of district member rates, set higher because there is no property tax contribution for infrastructure projects. Water meters are considered part of the utility infrastructure and are the responsibility of the BGCD. (IC 13-11-2-269)

Is there benefit in partnering with a larger utility such as Indiana American Water, for economy of scale to achieve lower costs and lower rates?

This is an interesting observation, since the West Lafayette utility service area is so close to Battle Ground, however typically the arrangement would turn Battle Ground into a customer rather than a partner. The Conservancy is designed to provide local control with a board of elected Directors who live in the community, and who are invested with responsibility for financing and system operations for a service area larger than the Town of Battle Ground. Although small in geographic size, your utility is managed by a professional Water Superintendent and Board of Directors having depth of technical experience as well as commitment to the well-being of customers, because they are also customers.

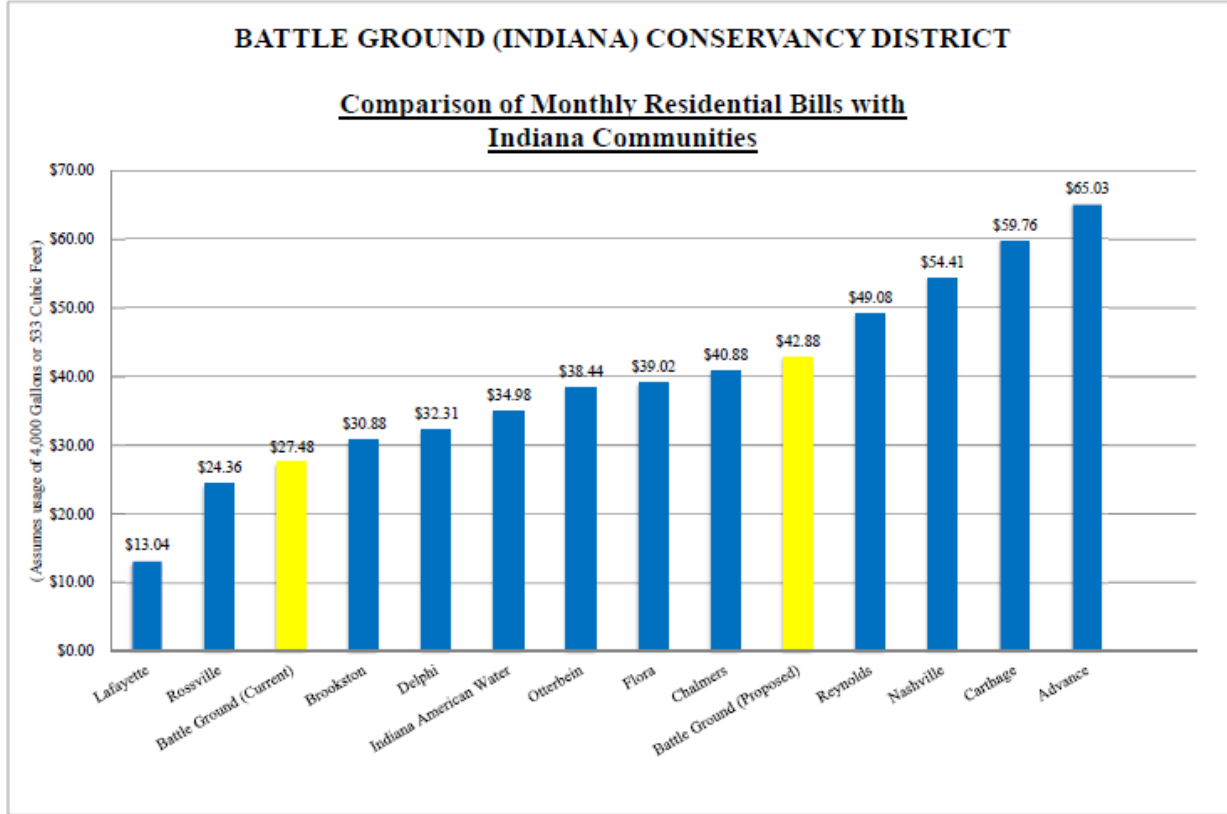
Is the rate increase regulated by anyone, such as Indiana Utility Regulatory Commission (IURC)?

All utilities are regulated. Under laws approved by the Indiana General Assembly, some utilities are exempt from IURC jurisdiction over their rates, while others may withdraw. This does not mean that there is no oversight. The Conservancy District is regulated at the local level, by the Conservancy Board of Directors, customers of the service and subject to the same rates. Most municipal utilities in Indiana, including the Battle Ground sewage utility, have withdrawn or have never been under the jurisdiction of the IURC. However, all water utilities must also comply with the regulations of the Indiana Department of Environmental Management (IDEM) and other agencies regardless of whether their rates are under IURC jurisdiction.

Is there any provision for growth of the water conservancy district included in the rate increase?

At the time when the water utility needs to expand to serve more customers, the reserve funds established now will provide for costs not covered by commercial and residential developers.

Table #1 2018 Comparison of Water Rates



Comparison of water bills based on 4,000 gallons consumption provided by Baker Tilly municipal advisors as part of the 2018 rate study for the Battle Ground Conservancy District. The minimum bill is based on 2,000 gallons consumption.

Definition of Customer Service Line

327 IAC 8-10-1 Definitions

Authority: IC 13-14-8; IC 13-14-9; IC 13-15-1-2; IC 13-15-2-1; IC 13-18-3-1; IC 13-18-4-1

Affected: IC 13-11-2; IC 13-13-5-1; IC 13-18-2

Sec. 1. In addition to the definitions in IC 13-11-2 and 327 IAC 1, the following definitions apply throughout this rule:

(10) "Customer" means any person who receives water from a public water supply.

(11) "Customer service line" means the pipeline from the public water supply to the:

(A) first tap, fixture, receptacle, or other point of customer water use; or

(B) secondary source of supply or pipeline branch in a building.

(12) "Customer water system" means all piping, fixtures, and appurtenances, including secondary sources of supply, used by a customer to convey water on his or her premises.

Table #2 2018 Battle Ground Utility Revenue & Expense

Utilities Accounts	Water Conservancy	Battle Ground Sewage	Battle Ground Storm Water
Beginning cash balance	\$279,442	\$448,973	0
Ending cash balance	\$349,657	\$520,832	\$ 61,688
Revenue	\$447,836	\$590,749	\$ 78,923
Expenses	\$377,621	\$518,890	\$ 17,235
Net Revenue 2018	\$ 70,215	\$ 71,859	\$ 61,688
Maintenance Reserve Invested	\$150,000	\$421,171	\$0
Annual debt payment 2019	\$ 76,900	\$168,600	\$0
New utility rate Minimum charge w/ sales tax	\$ 22.92	\$ 23.84	\$ 7.00

Information as published on Indiana Gateway operational and financial
transparency portal. <https://gateway.ifionline.org>