



TriCo Regional Sewer Utility

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JOINT CAPITAL & CONSTRUCTION COMMITTEE AND BUDGET & FINANCE COMMITTEE AND BOARD OF TRUSTEES MEETING

Monday, March 4, 2024 at 4:30 P.M.
7236 Mayflower Park Drive, Zionsville, IN 46077

AGENDA

1. Public Comment
2. Rate Study
3. Capital Project Updates
4. Plant Pump Replacements
5. Other Business

Next Scheduled C&C Committee Meeting: Monday, April 1 at 4:30 pm



MEMORANDUM

**To: Capital & Construction Committee and
Budget & Finance Committee**

From: Wes Merkle

Date: February 29, 2024

Subject: Rate Study

The Budget and Finance Committee discussed the recently completed rate study at their February 23 meeting. The Committee requested a joint meeting with the Capital and Construction Committee to further discuss the matter before the next Board of Trustees meeting March 11.

In 2023 legal counsel engaged local accounting firm LWG CPAs and Advisors to complete a study of TriCo's rates. The last rate study completed by a consultant was in 2008 and the rate structure was subsequently revised. The rate increases approved since that time uniformly adjusted all charges by the same percentage. The industry standard for distributing utility expenses among various charges has since changed. Recommended rates were calculated using budgets, expenses, billing data, and other pertinent information, in accordance with current industry standard. The study recommended increasing base rates 1.1 to 23.7 percent, depending on meter size, and increasing the treatment or volumetric rate 8.3 percent.

	Current Rate	Recommended Rate	Percent Increase
<u>Metered Users</u>			
Base Rate per month:			
5/8" water meter	14.12	14.28	1.1%
3/4" water meter	17.77	18.84	6.0%
1" water meter	27.87	31.38	12.6%
1 1/4" water meter	41.69	48.48	16.3%
1 1/2" water meter	55.45	68.99	24.4%
2" water meter	96.82	116.87	20.7%
3" water meter	216.28	265.06	22.6%
4" water meter	372.51	458.84	23.2%
6" water meter	841.20	1,040.19	23.7%
8" water meter	1,494.58	1,850.67	23.8%

To reduce the impact on residential customers, who account for approximately 92 percent of all customers, the Budget and Finance Committee recommended limiting the treatment rate increase to 5 percent in 2024, with the remaining 3.3 percent increase to be considered in 2025. The 5 percent increase would take the current treatment rate from \$3.00/1000 gallons to \$3.15/1000 gallons.

Below is the estimated impact of the proposed rate structure for typical user types. Average monthly consumption among single family residential metered customers with a 5/8-inch water meter is 5,000 gallons, resulting in a bill of \$29.12 per month; using the proposed rates, that monthly bill would increase \$0.91 or 3.1 percent to \$30.03. Average monthly consumption is calculated using monthly water meter readings from November to April in order to avoid irrigation water usage which does not enter the sanitary sewer.

Estimated Impact for Typical Customers

Single family residence	3.1%
24-unit apartment building	2.8%
Hotel	6.5%
School	14.2%
Restaurant	5.2%
Office building	7.8%
Hospital	11.4%

The proposed rate structure change is estimated to increase combined residential and commercial revenue 4.6 percent. If the 3.3 percent increase in the treatment rate is considered and approved in the future, there would be a 1.7 percent combined residential and commercial revenue increases.

For clarity, staff is working on including terms and conditions from past rate ordinances in the proposed rate ordinance rather than referring to 20 to 30 year-old ordinances.

The accounting firm recommended applying the aforementioned treatment rate to any sanitary sewer utility outside TriCo's service area and discharging into TriCo's collection system as a transport and treatment charge. Charges may be incorporated into a separate agreement with the interested parties as needed. Staff requested additional guidance to determine separate related charges for excessive flow and loading.

Other fees and charges, including the Connection (EDU) Fee and Interceptor (Availability) Fee, were not a part of the LWG rate study. Connection and Interceptor Fees were reviewed separately by staff with assistance from consultants with regards to master planning. Staff believes the current fees are appropriate for TriCo's service area. Related system development fees applicable to property outside of TriCo's service area would be determined separately and incorporated into a separate service agreement with the interested parties.



MEMORANDUM

To: Capital and Construction Committee

From: Wes Merkle

Date: February 29, 2024

Subject: Capital Project Updates

The following updates are provided for ongoing capital projects. Please refer to the Capital Project Fact Sheets for background information on individual projects.

- #2202 Lift Station 8 (Laurelwood) Reconstruction

Crews completed most punch list work including fence and gate installation and process pipe painting, with remaining items to be completed soon. This project is substantially complete.

- #2204, 2205 and 2206 Lift Stations 11, 14 and 26 Backup Generators

At Lift Station 14 (Austin Oaks), buried conduit installation is complete and enclosure installation is underway. The crew will begin pulling and terminating wire next. Startup is anticipated in March. Generator installation at Lift Station 26 (Jackson's Grant) is complete. Generator repair at Lift Station 11 (Old 106th Street/Bennett Parkway) is complete.

- #2207 Lift Station 26 (Jackson's Grant) Parallel Force Main

Construction contractor TPI continues boring their first pipe run north of 116th Street at Jackson's Grant. Work will then progress south towards 111th Street. Completion is anticipated late spring.

- #2208 Lift Station 16 (Michigan/Sycamore Street) Reconstruction

Duke Energy finished power service installation for the new lift station and surrounding development. The manual transfer switch finally arrived and crews finished electrical installation. Force main tie-in is underway and will be followed by lift station start up the first week of March.

- #2301 Lift Station 10 (Ashbrook) Upgrades

Staff executed agreements and purchase orders for construction and equipment. Equipment delivery is anticipated by June and installation will begin shortly thereafter.



MEMORANDUM

To: Capital and Construction Committee

From: Scot Watkins

Date: February 27, 2024

Subject: #2450 Plant Pump Replacements - SHT 4/5,
Plant LS – Pump Procurement

Project No. 2450 includes the pump upgrades for the plant lift station and SHT4&5 to the plant standard of Flygt pumps. Staff desires to procure major equipment directly rather than through a construction contract to avoid delays as well as secure better pricing and service.

The staff has decided to select only one manufacturer for standardizing equipment and spare parts procurement. After thorough evaluation and consideration, it has been determined that standardizing with a single manufacturer is the most prudent course of action for several reasons.

Standardization simplifies the procurement process and streamlining ordering procedures. It also enhances operational efficiency and maintenance procedures. It allows for interoperability among equipment and spare parts, minimizing compatibility issues and facilitating smoother maintenance and repair workflows. This ensures consistent performance across our facilities and reduces downtime associated with equipment failures.

Furthermore, this decision is driven by proactive measures to address existing challenges. As you may be aware, two out of the five pumps slated for replacement have already failed and have been replaced by Flygt pumps. It is imperative that we take proactive steps to prevent further disruptions to our operations. By standardizing equipment and spare parts, we can mitigate the risk of future failures and ensure continuity of our business operations.

Recommended Action: Approve purchasing new pumps for the plant LS and SHT4&5 from Xylem for \$43,927.60. This project was budgeted at \$65,000.