

May 21, 2009

NEWS RELEASE

Elkhart Reaches Agreement with State, Feds on Sewer Overflow Plan

City Needs 25 Years to Implement Plan

Mayor Dick Moore announced today the City of Elkhart, the Indiana Department of Environmental Management (IDEM), and the U.S. Environmental Protection Agency (EPA) have reached a tentative agreement on a long-term plan for controlling sewer overflows. He also announced a proposed sewer rate increase to pay for the first five years of sewer improvements.

Due to the city's current, difficult economic circumstances, Mayor Moore has told U.S. EPA and IDEM that the City needs a 25-year schedule to implement the plan. The schedule and some technical details are still being negotiated.

Since 2004, Elkhart, South Bend and Mishawaka have participated in required negotiations with U.S. EPA to reduce their sewage overflows to the St. Joseph River. Elkhart's plan would build new sewers and storage tanks to capture and treat more overflows.

"We know this plan is the right plan for our community and our rivers," Mayor Moore said. "Our staff has been working cooperatively with the agencies for several years. We are moving forward, but we need sufficient time to implement the plan."

The City will host open house-style meetings on June 17 at High Dive Park Pavilion (500 E. Beardsley Ave.) and June 18 at Pierre Moran Pavilion (201 W. Wolf Ave.). The public may come anytime between 4 and 8 p.m. to view displays and talk with project managers. Half-hour informational presentations will be offered at 5 and 7 p.m.

The City is taking public comments on the plan until July 17 at cleanrivers@coei.org or by writing to Utility Engineer, Elkhart Public Works, 1201 S. Nappanee St., 46516

During the planning process, the City has continued to implement overflow control/reduction projects. While the plan's schedule and other details are being

negotiated, the City is moving forward with the first phase of the final long-term plan. The City has received \$4.2 million from federal stimulus funds to help pay for ready-to-go projects. However, \$2.9 million of that funding will need to be repaid to the state, at a 3.88 percent interest rate.

“In order to take advantage of these federal funds, we need to move quickly to begin these projects by November of this year,” said Mike Machlan, City Engineer. “The federal funds will help reduce the impact on our ratepayers while we make much-needed improvements to our treatment plant and sewer system.”

The City will ask the Elkhart City Council to approve a sewer rate increase to finance the loan. If approved, 4 percent increases would go into effect in January 2010 and January 2011.

The average residential user now pays \$21.16 per month, based on 5,000 gallons of water used (about 668 cubic feet). Under the new rates, their bill would increase by 85 cents to \$22.01 per month in January 2010, and an additional 88 cents to \$22.89 in January 2011.

The rate increase is necessary for the following reasons:

- **Construction Projects to Reduce Overflows:** The state’s grant and low-interest loan will cover about 22 percent of needed sewer improvements in 2009 and 2010. Elkhart ratepayers must make up the difference in order to take advantage of the federal assistance.
- **Operating Costs:** The cost of operating and maintaining the treatment plant and collection system has increased since the last rate increase went into effect in 2003. The cost of insurance, chemicals, natural gas, gasoline, electricity and other operating expenses have gone up during this time.
- **Fair and Equitable Rates:** Due to substantial changes in the waste stream from industrial customers over the past several years, a cost of service study prepared by Crowe Horwath LLP showed that industrial customers are now being overcharged for excess pollutants they discharge to the sewer system. Because the city has paid off 20-year-old bonds for a treatment plant expansion, these customers are now paying more than their fair share. Revising Elkhart’s charges for excess pollutants is fair and will make the City more competitive when recruiting new businesses to locate here.

Mayor Moore emphasized the need for the City’s rates to be equitable and fair to all ratepayers. One class of ratepayers should not be subsidizing another, he said.

“We must be able to attract new industries and create new jobs, while also repairing our infrastructure and reducing raw sewage that overflows into our rivers. If we delay, the cost of these projects will only get more expensive,” he said.

Like more than 700 U.S. cities, Elkhart has sewers that carry both sewage and stormwater in the same pipe. When it rains, these “combined sewers” can overflow into Christiana Creek, the Elkhart River and the St. Joseph River.

The first combined sewers were built more than 100 years ago, mostly in cities in the Northeast and Midwest. The U.S. EPA and Indiana Department of Environmental Management require cities with combined sewers to meet state and federal requirements to prepare long-term plans to reduce overflows and comply with the Clean Water Act.

During wet weather, overflows can occur at up to 33 locations along our waterways, and can be triggered by as little as two-tenths of an inch of rainfall or snowmelt.

South Bend, Mishawaka, Goshen and 100 other Indiana cities also are required to prepare long-term plans to reduce raw sewage overflows into waterways.

For additional information, please contact Public Works & Utilities at 574-293-2572.