



## MEMORANDUM

TO: President Koultourides and Members of Town of Council

FROM: Dustin Anderson, Town Manager

SUBJECT: Wholesale Water Rates

DATE: March 1, 2021

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In October of 2020, the Hammond Water Works Department sought to raise their wholesale water rates to the Town of Munster from \$.53 per 1,000 to \$1.90 per 1,000 gallons of water. The Town objected to this rate at the Hammond Common Council and joined the communities of Highland, Griffith, Dyer, and Whiting (Wholesale Communities) in filing a petition that asserted that this rates were not legal as the failed to be just, reasonable, and non-discriminatory.

The Wholesale Communities entered into mediation with the City of Hammond and the Water Works Department and continued to negotiate rates and terms of service.

We are pleased to share that have reached an agreement in principle with the Hammond and the Water works.

Material settlement terms include, among many other provisions, new uniform contracts for water for all Wholesale Communities and settled rates for the next ten years. These rates are as follows:

- January 1 through December 31, 2021— \$.95 / 1,000 Gals
- January 1 through December 31, 2022— \$1.05 / 1,000 Gals
- January 1 through December 31, 2023— \$1.10 / 1,000 Gals
- January 1 through December 31, 2024— \$1.15 / 1,000 Gals
- January 1 through December 31, 2025— \$1.25 / 1,000 Gals
- January 1 through December 31, 2026— \$1.35 / 1,000 Gals
- January 1 through December 31, 2027— \$1.45 / 1,000 Gals
- January 1 through December 31, 2028— \$1.55 / 1,000 Gals
- January 1 through December 31, 2029— \$1.60 / 1,000 Gals
- January 1 through December 31, 2030— \$1.60 / 1,000 Gals

Also included are renewal options for either a 2-year renewal at a rate of \$1.75 / 1,000 Gals or a 10 year contracts to be automatically set at 69.6% of the Hammond residential rate in effect at the time of the notice of renewal and subject to corresponding increases with a one-year delay to allow the communities to implement any such rate increases.

The Town will have to adjust rates in the short term to accommodate these increased costs. Because we will be billed for the water consumed since January at the new rate, simply taking the difference between our current rate and the new rate will not provide adequate cash flow to meet our obligations.

The Town is working on determining what that new rate will be and will present it for consideration soon.

This will be the first step in a series of actions that the Town may consider taking to ensure the responsible management of our local utilities.