

To: President and Members of the Munster Town Council

From: Patricia Abbott
Controller/Interim Town Manager

Date: November 7, 2024

Re: Ordinance 1969: Water Rates

It is important to regularly examine the rates to prevent the need for significant changes. This helps our residents and allows Staff to get on a schedule of capital improvements while keeping up with maintenance.

In response to an action taken by the City of Hammond, water rates increased in 2021. That increase addressed the increase from Hammond and prompted a rate study by NewGen Strategies and Solutions. Prior to the 2021 increase, the rates had not been updated in several years. The 2022 ordinance established rates from 2022 through 2025. The 2022 ordinance provided for fluctuating percentage increases going as high as 29%. Residents and Staff want to avoid this type of increase moving forward.

At the April 1, 2024, meeting, Council approved an engagement letter with Baker Tilly to perform a study of the current water rates. Baker Tilly looked at current and projected expenses through the year 2028 including the Bond Anticipation Note issued earlier this year and the expected bond to be issued in 2025. This was the basis for determining the revenue requirements to meet these needs and maintain adequate reserves. The result is a 9.24% increase in rates over three years, meaning an approximate 3% rate increase is needed in each of the years 2026, 2027, and 2028. This increase would be on residential, business, and sprinkler rates. Deposits on new accounts will increase in each of the stated years to reflect the new rates.

The procedure for instituting a new rate includes adopting an ordinance and holding a public hearing scheduled for November 18, 2024. Ordinance 1969 has been drafted for this purpose.

Recommendation:

By motion and roll call vote, hear Ordinance 1969 on first reading as presented and set second reading and public hearing for November 18, 2024.