



To: President Mellon and Members Town Council

From: Dustin Anderson, Town Manager

Date: December 7, 2020

Re: Letter of Engagement

Background

The City of Hammond is seeking to raise wholesale water rates in excess of 400% on their customer communities. While some rate adjustment is necessary and appropriate, there is concern from the municipal customers of Dyer, Griffith, Highland, Munster, and Whiting that rates being paid under the proposed structure of the increase would be used for purposes other than the maintenance and improvement of the distribution system that serves each respective community.

There is a process by which a municipality may reserve their rights advocate for their residents. This process involves both remonstrating at the legally posted public hearings, but also pursuing legal remedies.

To accomplish this, the five municipal customer communities have engaged Dentons Bingham and Greenbaum as our outside counsel on this matter. Each community will be responsible for 1/5 of the costs billed.

As we work with Hammond to hopefully reach a negotiated settlement, we carefully examined the water rate study completed by Karl Cender and Company. Many inconsistencies were identified that would lead one to the possible conclusion that the rate proposed was identified at the beginning of the process then justified through the rate study process.

We will need our rate-setting expert to more fully examine the data and prepare countervailing analysis and rate proposals that will meet our combined needs. As with the outside counsel, each community will be responsible for 1/5 of the costs billed.

Both the outside counsel and the rate expert need to be formally engaged by each participating community.

Invoices will be paid from 60110707-63111. Fund 601 (Water Cash Operating) has sufficient funds accommodate this initiative.

Recommendation:

By motion and roll call vote authorize the Town Manager to engage with Dentons Bingham and Greenbaum LLP as outside counsel and the London Witte as our expert.