

**SANITARY DISTRICT OF THE CITY OF HOBART, INDIANA**

**Resolution No. 2015- 02**

**A Resolution Confirming the Proposed Establishment of Rules Governing Rates and Charges for Sanitary Sewer Service for Satellite and Multi-Unit Users of the Hobart Sanitary District, and Recommending Approval of Same to the Common Council of the City of Hobart**

WHEREAS, the Board of Commissioners (“Board”) of the Sanitary District of the City of Hobart, Indiana (“District”) has determined that it is necessary to implement a new rate structure for satellite and multi-unit sanitary system users of the District in order to encourage the minimization of storm water flow into the sanitary sewer system and to provide sufficient funds for collection and treatment of such users’ discharge into the sanitary sewage collection system of the District; and

WHEREAS, the Board has noted the incidence of high storm water flows entering the sanitary sewer collection system through the lines serving satellite and multi-unit users, and performed a prior cost of service study and other studies to develop a new, fair and reasonable method of allocating rates and charges to the satellite and multi-unit class of users; and

WHEREAS, the Board has already entered into a consent agreement to settle alleged violations of the District’s sanitary sewer ordinances with one multi-unit satellite user, and now desires to apply the same methodology for rates to other such users in the District; and

WHEREAS, the Board is empowered to make and change rates and charges pursuant to I.C. §36-9-25-11 (a) & (b), but is required to schedule and give notice of public hearing, and to conduct such hearing upon such proposed rates and rate changes before the new rates may take effect, in the manner required by I.C. §36-9-25-11; and

WHEREAS, the Board, by its adoption of Resolution No. 2015-01 declared its intent to seek the adoption of the Rules Governing Rates and Charges for Sanitary Sewer Service— Satellite and Multi-Unit Users, which were attached thereto; and

WHEREAS, pursuant to Notice given in the manner required by law, the Board conducted public hearing upon such proposal at its public meeting of February 11, 2015 and now wishes to adopt said Rules and to recommend their approval by the Common Council of the City.

THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Hobart Sanitary District that:

1. The Board approves and adopts, subject to the approval of the Common Council, the Rules Governing Rates and Charges for Sanitary Sewer Service—Satellite and Multi-Unit Users which were attached to Board Resolution No. 2015-01.

2. The Board requests that the Secretary transmit said Rules with this Resolution to the Common Council, and the Board recommends that said rules be approved, adopted and given effect by action of the Council.

ALL OF WHICH is adopted as the Resolution of the Hobart Sanitary District Board of Commissioners on this 11th day of February, 2015.

  
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ROBERT J. FULTON, Presiden

ATTEST:

  
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PHIL GRALIK, P.E. , Secretary

**EXHIBIT to  
Hobart Sanitary District Resolution No. 2015-01**

**HOBART SANITARY DISTRICT  
Rules Governing Rates and Charges for  
Sanitary Sewer Service—Satellite and Multi-Unit Users**

**Section 1. Application.** These Rules apply to all satellite users under contract to the Hobart Sanitary District (“District”) and multi-unit residential properties served by the District’s sanitary sewer collection system, whether or not located within the corporate boundaries of the City of Hobart.

**Section 2. Effectiveness.** These Rules shall take effect on the first day of the second calendar month following the effective date of the ordinance adopting them by the Common Council of the City of Hobart.

**Section 3. Definitions.** The following words and phrases shall have the meanings specified for the purposes of these rules and regulations:

a. *“Collection System Surcharge”* or *“Surcharge”* means an additional monthly charge, for a period of not less than twelve (12) months, added to the monthly rate determined under these Rules, whenever a covered user’s peak daily flow, for a five (5) consecutive day period, exceeds the base average daily flow for the user determined by the District.

b. *“Covered User”* means a person or organization, including but not limited to a business, government or institution, which owns or operates properties subject to these Rules under Section 1 hereof.

c. *“Equivalent Dwelling Unit”* (EDU) means the amount normally expected to be discharged to the sanitary sewer system of the District by an average dwelling unit monthly. By virtue of the District’s 2010 Cost of Service Study, it has been determined that the District has 145,614 annual EDUs.

d. *“Multi-Unit Residential Property”* (MRP) means a mobile home park, apartment building or other multi-unit residential building or development of more than four (4) units served by the District.

e. *“Satellite User”* means a user served by the District under contract and located outside the boundaries of the District. A Satellite User may be a governmental unit, a developer, an association of property owners or a lessor of dwelling units or lots for dwelling units.

**Section 4. Duty to Pay Rates and Surcharges.** Covered Users are obligated to pay, when due, all charges and surcharges for sanitary sewer service provided by the District as determined and billed pursuant to these Rules. Unless otherwise altered by or in conflict with these Rules, the ordinances of the City of Hobart governing the billing and collection of sewer service charges apply to all Covered Users.

**Section 5. Rate Calculation.** The rate charged each Covered User (but not including any surcharge which is determined under Section 6, below), shall be determined and billed as follows:

a. *Determination of District-Wide Flow Adjustment.* The District, based on the total annual District-wide billed flow contained in the District's most recent cost of service study, shall adjust that total by subtracting the covered user's annual flow determined by multiplying the monthly average water usage or other measure of flow per unit by 12 months and then multiplying that figure by the number of dwelling units. The remainder shall then be increased by the total annual true average daily flow determined from flow monitoring during at least three (3) days and multiplied by 365 days. The result is the revised annual flow.

b. *Determination of District-Wide EDU Adjustment.* The District, based on the total annual District-wide number of Equivalent Dwelling Units (EDUs) determined in the District's most recent cost of service study, shall adjust that total by subtracting the total EDUs for the covered user (the number of the covered user's dwelling units multiplied by twelve (12)) and then adding to the remainder the annual EDUs determined by taking the peak average daily flow determined by the District from water usage or flow monitoring multiplied by an assumed peaking factor of 3.5, and dividing said product into the assumed peak daily flow estimated by the District from flow monitoring data. The quotient is then multiplied by twelve months to yield the revised number of annual EDUs for the covered user and that figure is added to the total of District-wide EDUs less the previously determined EDUs for the covered user. This new District-wide total is the revised District-wide total of EDUs.

c. *Allocation of Operating, Maintenance and Capital Expenses.* The annual cost of operation and maintenance of the District in its most recent cost of service study is allocated to each of four functions: flow, collection system, billing and administration. In addition, the District will determine its current annual capital expenses by adding the annual contribution to proposed capital replacement projects to budgeted normal capital replacements for the year and adding the required annual capital payment to the Gary Sanitary District.

d. *Flow Component of Rate.* The flow or usage component of the rate to be charged the covered user is determined by dividing the cost of annual operation and maintenance and total capital payments allocated to flow by the

revised annual District-wide flow determined in sub-section (a) above. The resulting quotient is the component of the rate per month per 1000 gallons of water usage. This rate multiplied by the number of gallons of water usage reflected on the covered user's water statement divided by 1000 is the portion of the rate each month for flow.

e. *Collection System Component of Rate.* The collection system component of the rate to be charged the covered user is determined by dividing the cost of annual operation and maintenance and total capital payments allocated to the collection system by the revised annual District-wide EDUs determined in sub-section (b) above. The resulting quotient is the component of the rate per month per EDU.

f. *Billing Component of Rate.* The billing component of the rate to be charged the covered user is determined by dividing the cost of annual operation and maintenance allocated to billing by the number of annual bills issued by the District contained in its most recent cost of service study. The resulting quotient is the component of the rate per month for billing.

g. *Total Charge per Month.* The total charge to a covered user per month is determined by adding the flow, collection system and billing components of the charge per month determined in accordance with sub-sections (a) through (f) of this section.

**Section 6. Surcharge Calculation for Excess Flows.** Whenever the average daily flow from a covered user exceeds the base average daily flow determined in accordance with this section for a period of not less than five (5) consecutive days (the "qualifying period"), the covered user shall, in addition to the total charge per month determined under Section 5 above, be billed for and pay a collection system surcharge for a period of twelve months following the month in which the excess flow qualifying period ended. A covered user shall be subject to one surcharge per month, even if there were more than one excess flow event during qualifying periods in the preceding twelve (12) months. However, the largest surcharge shall apply in any month when there were more than one excess flow event during a qualifying period within the prior twelve (12) months.

The peak average daily flow determined pursuant to subsection (b) of Section 5 above shall be deemed the base average daily flow for the covered user. In the event the average daily flow exceeds the base average daily flow during a qualifying period, then the highest average daily flow during such period, less the base average daily flow shall constitute the excess flow for that qualifying period. This amount, divided by the peak daily residential flow determined pursuant to sub-section (b) of Section 5 above, shall yield the number of surcharge EDUs. This number shall be multiplied by the monthly charge per EDU established under sub-section (e) of Section 6 above, and the product shall constitute the monthly surcharge.

**Section 7. Appeals from Rates and Billings Determined Pursuant to these Rules.** A covered user may appeal a billing or rate calculation made by the District under

these rules by addressing a written request to the Secretary, Board of Commissioners, Hobart Sanitary District, 414 Main Street, Hobart, Indiana 46342. The request should state the grounds for the appeal. The appeal will be heard by the Board of Commissioners of the District at the next scheduled meeting thereof. Written notice will be provided to the party requesting the appeal. The Board's decision on such appeal will be final.