

COMMON COUNCIL OF THE CITY OF HOBART

ORDINANCE NO. 2015-04

An Ordinance Establishing Rules Governing Rates and Charges for Satellite and Multi-Unit Users of the Hobart Sanitary District

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, adopted said Rules and recommended their approval by the Common Council (“Council”) of the City by adoption of Board Resolution 2015-02 on said date; and .

WHEREAS, the Council carefully evaluated the materials prepared by the Board in connection with the proposed rules for setting the system of rates and charges for satellite and multi-unit users, and suggested certain changes to the draft Ordinance submitted by the District at the Council meeting of April 1, 2015; and

WHEREAS, the Board altered the Ordinance draft to meet the Council’s concerns in this Ordinance and the Council now desires to approve said proposed rules governing the setting of rates and charges for satellite and multi-unit users, wishes to spread its action upon the public record through this ordinance, and to give immediate effect to same.

1
2 THEREFORE, BE IT ORDAINED by the Common Council of the City of Hobart,
3 Indiana that:

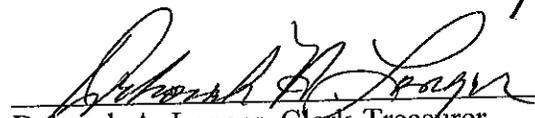
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5 *SECTION ONE.* The Rules Governing Satellite and Multi-Unit Users
6 adopted by the Board of Commissioners of the Hobart Sanitary District and
7 attached hereto are hereby enacted and approved in all respects, and shall be given
8 effect immediately upon the passage and execution of this Ordinance.

9
10 *SECTION TWO.* The Council hereby authorizes and directs that
11 collection of said rates and charges be commenced as soon as the Office of the
12 Clerk-Treasurer is ready to do so.

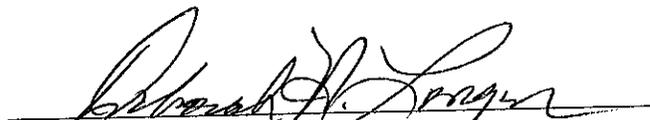
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14 *SECTION THREE.* All ordinances or portions thereof in effect prior to the
15 effective date and in conflict with the provisions of this ordinance are hereby repealed.

16
17 ALL OF WHICH is PASSED and ADOPTED by the Common Council of the City of
18 Hobart, Indiana on this 20th day of May, 2015.

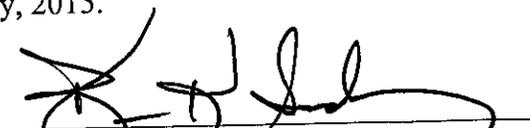
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20
21 
22 Presiding Officer

23
24 ATTEST: 
25 Deborah A. Longer, Clerk-Treasurer
26

27
28 PRESENTED by me to the Mayor of the City of Hobart on the 20th day of
29 May, 2015 at the hour of 6:45 p.m.

30
31
32 
33 Deborah A. Longer, Clerk-Treasurer
34
35

36
37 APPROVED, EXECUTED and RETURNED by me to the Common Council of
38 the City of Hobart on this 20th day of May, 2015.

39
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41 
42 Brian K. Snedecor, Mayor
43

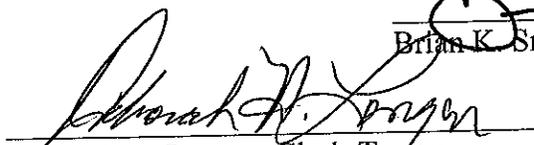
44
45 ATTEST: 
46 Deborah A. Longer, Clerk-Treasurer

EXHIBIT to
Hobart Common Council Ordinance No. 2015-04

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 certain multi-unit residential, commercial or industrial 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 Property*” (MUP) means:

1. any group of two or more buildings, whether residential, commercial or industrial in use, that maintains a private sewer system consisting of more than a single 6 inch diameter lateral sewer line without regard to whether the buildings served by the private system share common ownership; and

2. at the Board’s discretion, are required to install and maintain, at the owner’s or owners’ expense, flow monitoring equipment sufficient to accurately determine the flow leaving the private system and entering the District’s system. The Board’s

1 determination of whether or not to require such flow monitoring
2 equipment shall be based on the City Engineer's finding that there
3 is reasonable ground to expect that the private system is the source
4 of excessively high storm water flow into the District's sanitary
5 sewer collection system.

6
7 e. "Satellite User" means a user served by the District under contract
8 and located outside the boundaries of the District. A Satellite User may be a
9 governmental unit, a developer, an association of property owners or a lessor of
10 dwelling units or lots for dwelling units.

11
12 **Section 4. Duty to Pay Rates and Surcharges.** Covered Users are obligated to
13 pay, when due, all charges and surcharges for sanitary sewer service provided by the District as
14 determined and billed pursuant to these Rules. Unless otherwise altered by or in conflict with
15 these Rules, the ordinances of the City of Hobart governing the billing and collection of sewer
16 service charges apply to all Covered Users.

17
18 **Section 5. Rate Calculation.** The rate charged each Covered User (but not
19 including any surcharge which is determined under Section 6, below), shall be determined and
20 billed as follows:

21
22 a. *Determination of District-Wide Flow Adjustment.* The District,
23 based on the total annual District-wide billed flow contained in the District's most
24 recent cost of service study, shall adjust that total by subtracting the covered
25 user's annual flow determined by multiplying the monthly average water usage or
26 other measure of flow per unit by 12 months and then multiplying that figure by
27 the number of dwelling units. The remainder shall then be increased by the total
28 annual true average daily flow determined from flow monitoring during at least
29 three (3) days and multiplied by 365 days. The result is the revised annual flow.

30
31 b. *Determination of District-Wide EDU Adjustment.* The District,
32 based on the total annual District-wide number of Equivalent Dwelling Units
33 (EDUs) determined in the District's most recent cost of service study, shall adjust
34 that total by subtracting the total EDUs for the covered user (the number of the
35 covered user's dwelling units multiplied by twelve (12)) and then adding to the
36 remainder the annual EDUs determined by taking the peak average daily flow
37 determined by the District from water usage or flow monitoring multiplied by an
38 assumed peaking factor of 3.5, and dividing said product into the assumed peak
39 daily flow estimated by the District from flow monitoring data. The quotient is
40 then multiplied by twelve months to yield the revised number of annual EDUs for
41 the covered user and that figure is added to the total of District-wide EDUs less
42 the previously determined EDUs for the covered user. This new District-wide
43 total is the revised District-wide total of EDUs.

44
45 c. *Allocation of Operating, Maintenance and Capital Expenses.* The
46 annual cost of operation and maintenance of the District in its most recent cost of

1 service study is allocated to each of four functions: flow, collection system,
2 billing and administration. In addition, the District will determine its current
3 annual capital expenses by adding the annual contribution to proposed capital
4 replacement projects to budgeted normal capital replacements for the year and
5 adding the required annual capital payment to the Gary Sanitary District.
6

7 d. *Flow Component of Rate.* The flow or usage component of the
8 rate to be charged the covered user is determined by dividing the cost of annual
9 operation and maintenance and total capital payments allocated to flow by the
10 revised annual District-wide flow determined in sub-section (a) above. The
11 resulting quotient is the component of the rate per month per 1000 gallons of
12 water usage. This rate multiplied by the number of gallons of water usage
13 reflected on the covered user's water statement divided by 1000 is the portion of
14 the rate each month for flow.
15

16 e. *Collection System Component of Rate.* The collection system
17 component of the rate to be charged the covered user is determined by dividing
18 the cost of annual operation and maintenance and total capital payments allocated
19 to the collection system by the revised annual District-wide EDUs determined in
20 sub-section (b) above. The resulting quotient is the component of the rate per
21 month per EDU.
22

23 f. *Billing Component of Rate.* The billing component of the rate to
24 be charged the covered user is determined by dividing the cost of annual
25 operation and maintenance allocated to billing by the number of annual bills
26 issued by the District contained in its most recent cost of service study. The
27 resulting quotient is the component of the rate per month for billing.
28

29 g. *Total Charge per Month.* The total charge to a covered user per
30 month is determined by adding the flow, collection system and billing
31 components of the charge per month determined in accordance with sub-sections
32 (a) through (f) of this section.
33

34 **Section 6. Surcharge Calculation for Excess Flows.** Whenever the average
35 daily flow from a covered user exceeds the base average daily flow determined in accordance
36 with this section for a period of not less than five (5) consecutive days (the "qualifying period"),
37 the covered user shall, in addition to the total charge per month determined under Section 5
38 above, be billed for and pay a collection system surcharge for a period of twelve months
39 following the month in which the excess flow qualifying period ended. A covered user shall be
40 subject to one surcharge per month, even if there were more than one excess flow event during
41 qualifying periods in the preceding twelve (12) months. However, the largest surcharge shall
42 apply in any month when there were more than one excess flow event during a qualifying period
43 within the prior twelve (12) months.
44

45 The peak average daily flow determined pursuant to subsection (b) of Section 5 above
46 shall be deemed the base average daily flow for the covered user. In the event the average daily

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

7
8 **Section 7. Appeals from Rates and Billings Determined Pursuant to these**

9 **Rules.** A covered user may appeal the Board's determination as to whether a private system
10 is a MUP under Section 3 (d)(2) or a billing or rate calculation made by the District under these
11 rules by addressing a written request to the Secretary, Board of Commissioners, Hobart Sanitary
12 District, 414 Main Street, Hobart, Indiana 46342. The request should state the grounds for the
13 appeal. The appeal will be heard by the Board of Commissioners of the District at the next
14 scheduled meeting thereof. Written notice will be provided to the party requesting the appeal.
15 The Board's decision on such appeal will be final.