

FOR IMMEDIATE RELEASE

August 26, 2019

City of Bloomington Officials Propose Rate Increase for Sewer Fees, Adjustments for Sewer Customers Outside City Limits

Bloomington, Ind. – Beginning August 26, the City of Bloomington Utilities Service Board (USB) will consider a rate increase for sewer customers served by the City of Bloomington Utilities (CBU). CBU's current sewer service rates and fees were approved by the Bloomington Common Council in 2016 and went into effect on January 1, 2017. The Mayor, City Council, and USB have asked the CBU to review and update its rates on a more regular cycle.

Since the last major plant enhancements 20 years ago, flow into the Dillman Road Wastewater Treatment Plant (WWTP) has grown steadily to more than 90% of the design capacity of 15 million gallons per day (mgd). As a result, in late 2016 the Indiana Department of Environmental Management (IDEM) directed CBU to increase plant capacity at Dillman to meet expected future demand. The proposed rate increase will fund \$30 million over the next five years to increase Dillman's capacity and to modernize both the Dillman and Blucher Poole plants as well as cover inflation in their operations and maintenance costs. Plant modernization will improve operating efficiency and sustainability, reducing energy demands at both facilities. Currently CBU uses more electricity than any other City department.

"As Bloomington grows, it is our responsibility to maintain and improve our infrastructure," said Mayor John Hamilton. "We are at a critical juncture with our water utility to make changes that will conserve natural resources and support future generations of Bloomingtonians."

The USB has encouraged that in the context of rate increases, cost-of-service studies be conducted to define rates for various customer categories. The most recent cost-of-service study recommended changing the rate structure to organize customers into two different billing-rate categories. State law allows municipally owned sewer utilities to charge different rates for customers inside and outside city limits to reflect differing costs of service, corresponding to differences in population density. The more rural development patterns outside the City of Bloomington entail fewer sewer connections and more lift stations per mile of pipe outside the city than inside. As a result, the cost of providing services to customers outside the city has been determined to be 12% greater, per 1000 gallons of wastewater, than inside the city.

Based on the cost-of-service study and the demands for expansion and modernization, CBU is proposing sewer rate increases of 3% for customers inside city limits and 15% for customers outside the city. An average residential CBU customer within the city billed for 3,000 gallons per month should expect their bills to increase by about 72 cents per month and a customer at the same usage level outside the city should expect an increase of about \$3.60 per month.

“Bloomington needs to modernize and expand its wastewater facilities in the next decade,” said CBU Director Vic Kelson. “These proposed rate changes will allow CBU to provide wastewater services for our growing community and improve our operating efficiency, reducing electricity consumption and protecting our environment for years to come.”

The proposed rate increases are based on calculations made by independent consultant Crowe LLP using CBU customer historical usage, current cost of materials, labor studies, and financial data. After the USB Finance Subcommittee reviews the proposed changes August 26, the full board will consider the subcommittee recommendations September 3. If approved, the Common Council will consider the rate changes September 4-18. For more information, please see the CBU website or contact the City of Bloomington Utilities at 812-349-3940.

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