



Dear Lawrence Utility Customer,

By now you are likely aware of the action taken by the City Council in its regular meeting on May 1, 2017. Along with all the Lawrence Utility employees and many others who support sound utility operations and management, I would like to express my deepest thanks to the Lawrence Councilors who made a courageous decision to do what is right for Lawrence and its utility operations. I would also like to thank all our customers who have taken the time to write or call in expressing their concerns and opinions regarding the rate increase passed in last night's council meeting. To be sure, no one takes any pleasure in having to raise rates. But regardless of how and why we got here, there seems to be little doubt in the minds of everyone who contacted us that having a safe, adequate and reliable source of drinking water is very important, not only for those who use the system now, but those who will do so in the future. I believe all our city councilors gave this issue their serious attention and due diligence, and ultimately sound reasoning and judgment was exercised and the right decision was made.

As mentioned above, virtually everyone understands that our infrastructure has significant issues that need to be addressed. What may not have been understood is the poor condition of the water utility's finances. So, while moving forward with our water treatment plant, water storage and water distribution system projects is vital to our quality of life and economic health and prospects, fixing the utility's finances is just as important. We must move forward in both these areas.

The new rates are posted on the website in the Water & Sewer Information section of the utility page on the city's website and they are slated to start with the June billings. Phase I is a 68% increase in 2017. In 2018 there will be no increase. Starting January 1 of 2019 an additional 6.82% increase will be implemented and in January 1, 2020 the final 10.99% installment or Phase. It should be noted that the utility also has created two "low-volume" user rates that will take effect in June 2017. The first tier is for monthly metered volumes from 0 to 1,200 gallons at a flat rate of \$14.95. The second tier is for monthly volumes between 1,201 and 2,000 gallons, which is a flat rate of \$24.30. Both these flat rates will also be subject to the normal 7% sales tax as required by State law. These two 'flat rates' will not be increased in the future phases of the overall increase. It is also important to note that this increase affects only the water portion of the bill. The sewer and trash sections are not affected by this rate increase. The 'flat rate' tiers will still see the normal sewer and trash charges on their bills.

With regard to the capital improvements, the increase in rates will allow us to move forward by taking advantage of low-interest funding from the Drinking Water State Revolving Fund loan program. It would be fiscally irresponsible of us to not take advantage of this source of low-interest funding. This will allow us to complete the replacement of the Richardt Water Treatment Plant, which is currently suffering from diminished capacity and degraded water quality related to iron removal. Our Oaklandon Road water storage tank is in need of painting and other repairs. The Sumac Road water main is slated for replacement due to its poor condition and frequent failure rate. We are also installing emergency stand-by generators in our Fort Harrison and Indian Lake well fields along with making other much needed upgrades to the electrical systems in those well fields. This is in keeping with IDEM/10 State Standards guidelines. All these projects are part of the SRF funding we are scheduled to close on in June 2017.

There are various funds that are presently underfunded or not funded at all in both operational as well as debt service areas.

- The water utility's debt reserve on its existing bonds is underfunded
- The water utility does not have the required two-months operating expense coverage as is required under the bond ordinances for the existing bonds

- Bond sinking funds and debt reserve on the new bonds will need to be properly funded
- The water utility must have adequate funds in its operating capital fund (aka “improvements and extensions” fund) in order to repair/replace or upgrade other components of the system that are in need of attention (building repairs, water meter replacements, water main valve and hydrant replacements, heavy equipment replacement, phone and IT systems upgrades and hardware replacements, etc.). This fund also supports our annual ongoing water main replacement needs.
- The water utility, due to running operational deficits since 2012, has been “borrowing” money from the sewer utility. Needless to say, this money has to be paid back and at present exceeds \$1.5M. This situation has slowed the sewer utility’s progress with capital improvements projects designed to remove the Inflow and Infiltration (I&I) of ground and rain water from the sanitary sewer system, as required under the EPA Agreed Order which we are under. It is worth noting that failure to aggressively tackle the structural and other issues in our sewer system leads to our having to pay Citizens Energy Group a significant amount annually to treat this I&I, which would ideally be conveyed directly to the storm sewer system and other drainage features instead of our paying to treat it. This situation also reduces the capacity of the sanitary sewer system during rain events, leading to sanitary sewer overflows from manholes and lift stations, which is the reason for the EPA Order and what we have been ordered to correct.

Bid advertisements for the Richardt Water Treatment Plant and Sumac Water Main projects will be placed on May 4th and 11th, with bid opening scheduled for June 1st. We anticipate closing on the SRF loan by the end of June. The Oaklandon Road and Well Field Generators and Electrical Improvements projects will be bid later this summer. The Oaklandon Tower inspection has already been completed and we are awaiting the report from our inspection firm as well as the project scope and specifications documents. We will keep you updated on the progress of our much needed infrastructure projects in future articles of the Lift.

As always, if you have any questions about any of these issues, please feel free to contact me at: (317) 524-6305 or ssalsbery@cityoflawrence.org.

Thank you,
Scott Salsbery, Supt.

The City of Lawrence, in partnership with the Marion County Stormwater District and Wessler Engineering, are currently collecting data for a 5-year Stormwater master plan. The purpose of this master plan is to identify areas of the City that may be experiencing Stormwater drainage issues and to assist the City in prioritizing capital projects within these areas. To report your concerns, please visit the following website: <http://www.cityoflawrence.org/public-works>. Once you have navigated to the page, click on the Stormwater Drainage Complaint Form. Please make sure you fill out the form completely and click “Submit” at the bottom of the page.