

City of Mishawaka, Indiana

Mishawaka Municipal Water Utility Comprehensive Rate Plan Summary

February 26, 2026

Development of Projects

- Needs Assessment updated in 2025 for 20-year planning
- Incorporated 2023 above ground Asset Management Plan into recommendations
- Hydraulic model has approximately 330 Miles of water main; 3 water treatment plants; 6 booster stations; 5 water storage tanks
- 2025 Needs Assessment has 27 projects identified (combination of replacement and new infrastructure)
- Project schedule / sequencing was determined based on condition, design life, and criticality



Virgil Water Treatment Plant



Rate Plan Inputs

- Improvement Fund
 - Virgil WTP Rehabilitation (\$29.8 M) – #1 Priority
 - System Wide SCADA Upgrades (\$3.0 M)
 - IRT Meter Replacements (Approx \$150,000/year)
 - University Park Tower (Tank 5) Demolition (\$600,000)
- Annual Projects
 - Water Main Maintenance Budget - \$300,000/year
 - General well cleaning/pump overhaul - \$180,000/year
 - There are 28 wells in the water system
- **Not in Proposed Rate Plan**
 - Lead Service Line Replacement per EPA mandate
 - Currently implementing an integrated plan for LSLR
 - PFAs Treatment (Potential treatment cost = \$20M +/- per WTP Site)



Virgil Water Treatment Plant (\$29.8 M)

- Filters were originally built in 1966. Filters were not serviced during 2002 partial renovation and are beyond their useful life.
- Largest WTP with a firm capacity of 11.2 MGD
- High service pumps, built in 2002, to be replaced, will improve energy efficiency



Filters – Beyond Useful Life



Corrosion in Filter Room

Goal of Comprehensive Rate Plan:

To develop a short-term (5-years) and long-term rate plan (20-years) that considers all the Utility needs including:

- Operation and Maintenance
- Debt Service – Existing and Proposed
- Payment in Lieu of Taxes
- Capital Replacements and Extensions
- Long-Term Sustainability
- Manage Impact to Customers (The City is in the process of developing a Residential Assistance Program “RAP” for disadvantaged customers)

Financial Headwinds – 5 Year Rate Plan

- **Capital Projects and Replacements**
 - \$43.1M over next 5 years (\$8.6M total annually on average)
 - \$37.8M – Bond funded
 - \$5.3M – Cash funded (\$1.06M per year on average)
- **High inflationary environment since 2020**
- **Increases in payment in lieu of taxes to support the General Fund as a result of Senate Enrolled Act One (SEA1) impacts.**
 - \$675,000 – 2025 (current)
 - \$1,835,800 – 2026 (Budgeted)



Summary of Proposed Rate Plan

- Maintains strong debt service coverage levels of at least 137% in all years of the 5-year rate plan.
- Improvement fund balance is projected to exceed recommended minimum levels of \$6M at the end of the five-year period.
- Interest costs are minimized through a moderate wrap bond structure (deferral of principal) around existing debt.
- Deferred principal payments on the proposed bonds help mitigate rate shock.
- Allows the ability to complete necessary capital improvements including Virgil Water Treatment Plant.



Summary of Non-Viable Rate Alternatives

3.75% Rate Increase

- Failure to generate enough revenue to meet required debt service coverage.
- Backloaded principal payment structure in proposed bonds resulted in larger interest costs over life of the bond (\$31.3M).
- Capital Improvement fund drops below recommended amounts within the five-year period.

4.75% Rate Increase

- Backloaded principal payment structure in proposed bonds resulted in larger interest costs (\$31.3M).
- Capital Improvement fund drops below recommended amounts within the five-year period.

6.25% Rate Increase

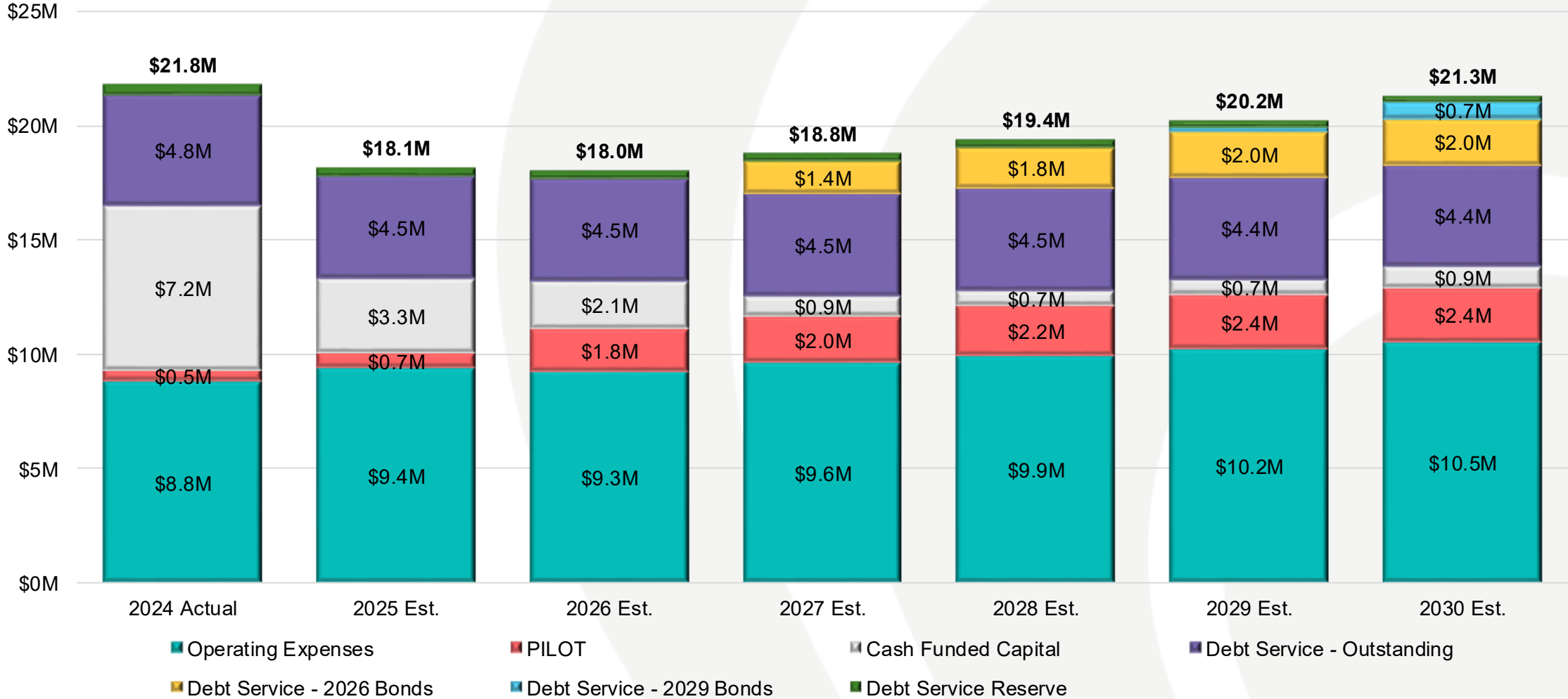
- Allowed for level debt service in proposed bonds, limiting borrowing costs.
- Resulted in higher customer impacts over the course of the 5-year period.

Key Assumptions – 5 Year Rate Plan

- **Provide for frequent (annual) modest rate increases**
- **Issuance of 2 Bonds (2026 and 2029)**
- **Rate (Pay Go) funded projects - \$1.06M/yr.**
- **Modest customer growth of 1% per year**
- **Implementation of backflow inspection fees based on cost to provide service**
 - \$25.81 per service in 2026 with proposed annual increases
 - Commercial customers only



Estimated Annual Expenses - Breakdown



Estimated Expenses - Breakdown

51¢

27¢

12¢

10¢



Operating Expenses

Bond Repayments

Capital Improvements

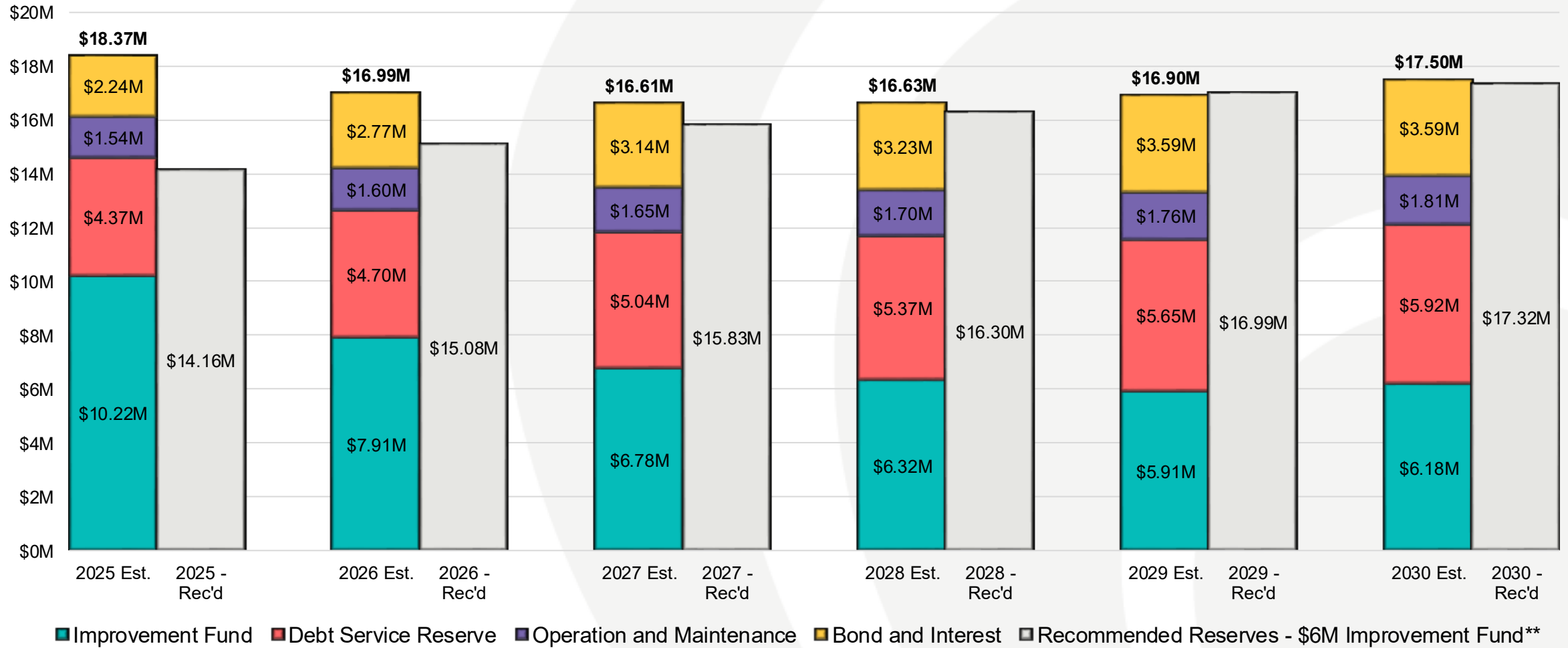
Payment in Lieu of Taxes

Based on Fiscal Year 2026 Estimates



MISHAWAKA (INDIANA) MUNICIPAL WATER UTILITY

Estimated Fund Balances vs Required Reserves*



* Excludes construction and meter deposit funds from estimated fund balances and reserve calculations.

** Includes Utility estimate for improvement fund balance need for unforeseen capital and emergency repairs as provided by Utility Management and Consulting Engineers.

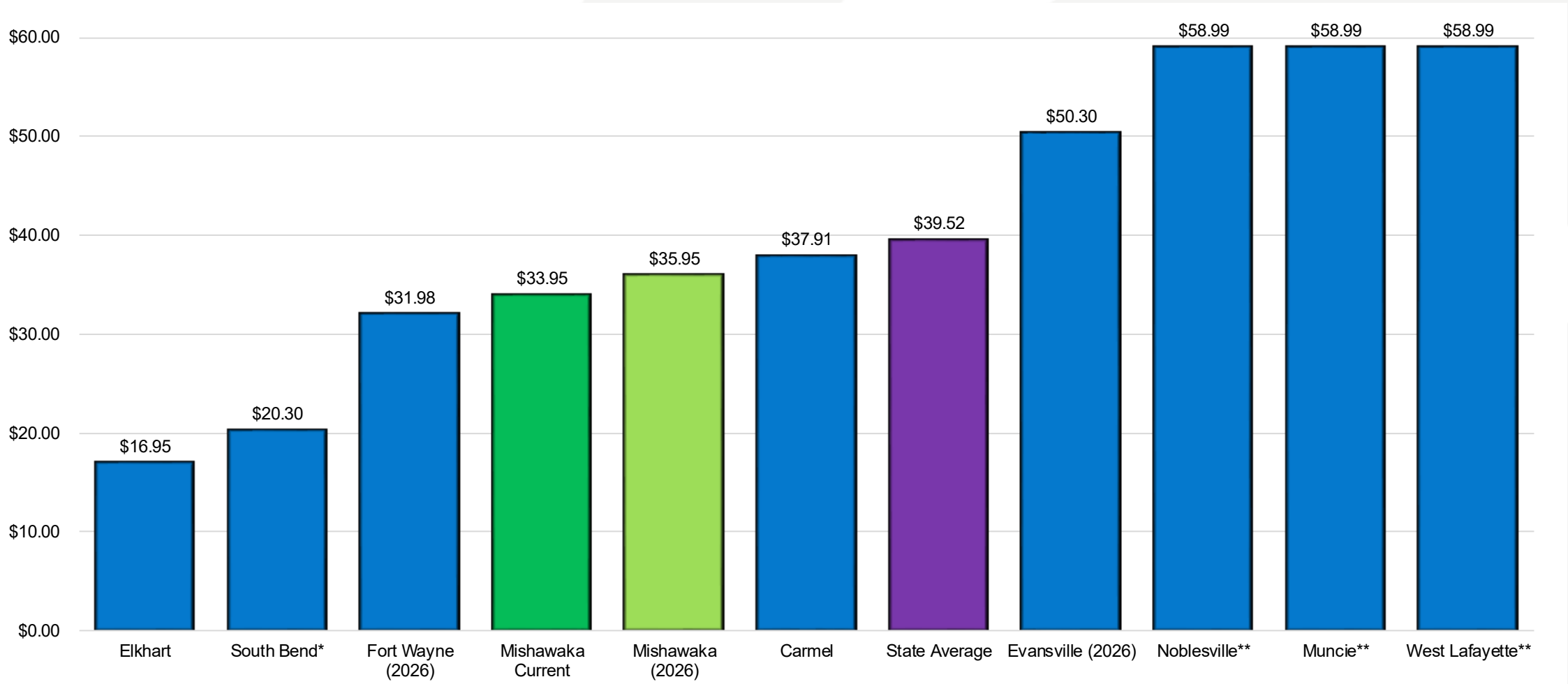


Average Monthly Residential User Impact – Total Utility Bill

	Avg. Bill in 2025 (Current)	2026	2027	2028	2029	2030	Avg. Increase to Monthly Bill (\$)
Approximate Change in Avg. Res. Water Bill	\$33.95	\$2.00	\$2.11	\$2.23	\$2.35	\$2.54	\$2.25
Approximate Change in Avg. Res. Sewer Bill	\$60.73	\$2.28	\$2.35	\$2.51	\$2.48	\$2.64	\$2.45
Approximate Change in Avg. Res. Electric Bill	\$112.35	\$4.25	\$4.40	\$4.55	\$4.70	\$4.90	\$4.56



MISHAWAKA (INDIANA) MUNICIPAL WATER UTILITY
COMPARISON OF AVERAGE RESIDENTIAL WATER BILLS
WITH OTHER INDIANA COMMUNITIES WITH POPULATIONS ABOVE 45,000 RESIDENTS
(4,000 Gal. or 535 CF of flow through a 5/8" Meter, Fire Protection Charge Included)



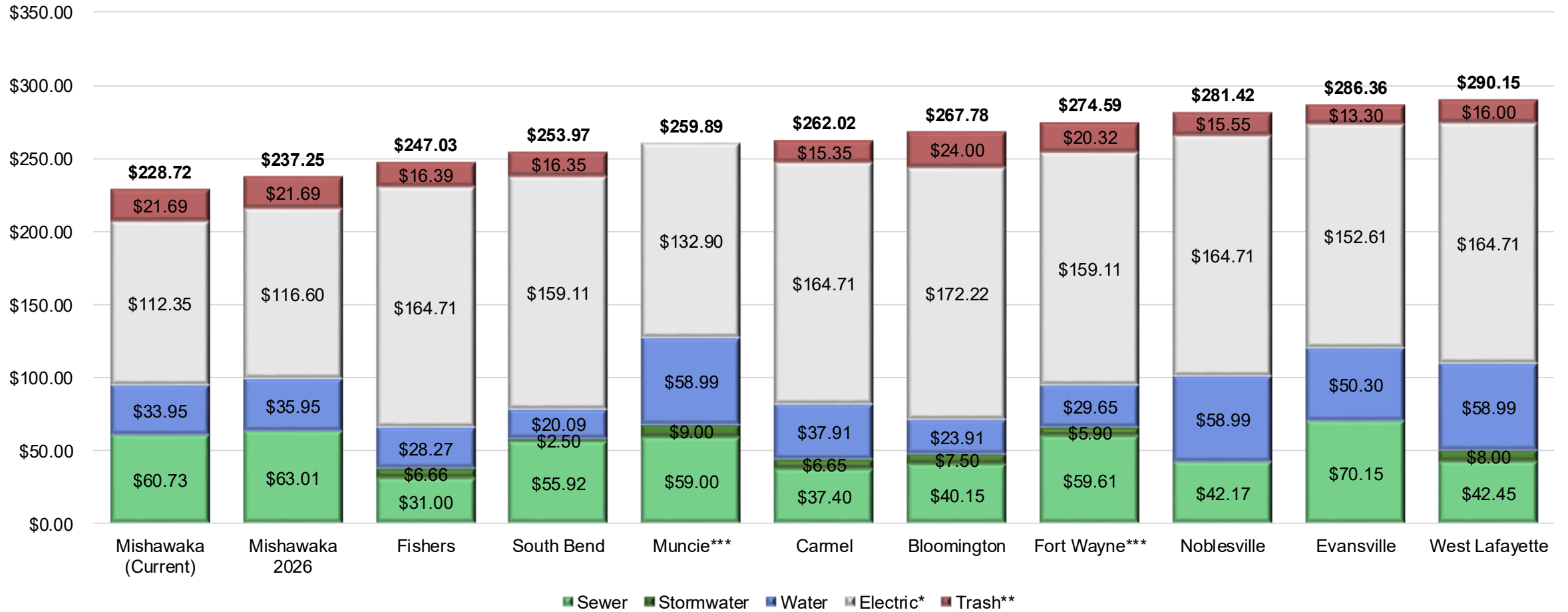
* Includes monthly insurance charge

** Water services provided by Indiana American Water



MISHAWAKA (INDIANA) MUNICIPAL WATER UTILITY

PUBLIC WORKS COMPARISON OF TOTAL UTILITY BILL WITH OTHER INDIANA COMMUNITIES



• All the communities excluding Mishawaka have investor-owned power providers. For communities served by multiple providers, the reported value represents the average for those providers. Included providers are NIPSCO, Indiana Michigan Power, CenterPoint, and Duke Energy.

** Unable to identify a trash rate for the City of Muncie.

*** Includes 2026 sewer rates.



Defining Lead Service Line Replacement (LSLR) :

