

MISHAWAKA SEWAGE WORKS FINDING A SOLUTION THAT WORKS ENVIRONMENTALLY AND FINANCIALLY

The City of Mishawaka's municipally owned sewage works is working to make a nearly 60-year-old wastewater treatment facility meet federal guidelines of the Clean Water Act. Umbaugh analyzed various cost scenarios as the utility negotiated with the U.S. Environmental Protection Agency (EPA), the U.S. Department of Justice and the Indiana Department of Environmental Management (IDEM) to find a workable solution.

Like many Midwestern cities, Mishawaka built a combined sewer overflow system when its original wastewater treatment facility was built in 1952. During a major rain event when the amount of rainfall overwhelms the city's combined sewers, the excess is released into the St. Joseph River and carries raw sewage along with it. Mishawaka expanded the wastewater treatment facility in the 1990s and invested \$40 million in 2005-2008 for another expansion to increase its capacity and to treat greater volumes of wet-weather flow.

"The Clean Water Act has been a law for a while," said Jim Schrader, general manager. "In the last few years the Act became applicable to communities Mishawaka's size and we now need to fund these new requirements."

The St. Joseph River runs between Mishawaka and Michigan and drains into Lake Michigan. Interstate waterways and waterways that influence the Great Lakes are high on the EPA's priority list for Clean Water Act enforcement.

"We're not alone in this," said Schrader. "South Bend and Elkhart have the same situation."

As the Mishawaka wastewater utility operations worked toward meeting current Clean Water Act standards, they developed various long-term control plan scenarios to reduce the untreated sewage being released into the St. Joseph River.

"Umbaugh helped us make those studies financially relevant by determining what burden would be placed on our commercial and residential ratepayers and comparing that to the median income in our area," said Schrader. "The Federal government realizes we can't ask everyone to do everything all at once."

"Umbaugh's financial analysis spelled out the costs of bringing our facilities up to various standards and compared them to the financial risk of penalties. It was not a one-dimensional look; it gave us multiple alternatives, including what our rate structure needs to be going forward to pay for the investments or bond repayments. From an accounting perspective, the Umbaugh studies helped us determine the investments we need to make at our facilities."

When all parties reach agreement, Mishawaka will have a consent decree spelling out the standard it will meet going forward with its combined sewer overflow long-term control plan.

“With the proposed improvements, our intent is to have zero combined sewer overflows in a typical year,” Schrader said. “If we have a sudden downpour with four inches of rain, there will still be some overflow. We can’t build a sewer system for a major catastrophic event that will be affordable for average ratepayers. Our new goal is aggressive, but attainable.”

The solution is not being paid by federal money, although Mishawaka does qualify for low-interest loans if and when those loans are available. The proposed solution could amount to a significant investment of more than \$140 million to \$160 million over the next 20 years.

“The Clean Water Act has very aggressive expectations,” said Schrader. “When we ask ratepayers for more money, people will not be happy, but hopefully they will recognize it’s the right thing to do. Now is as good a point as any to address what gets remitted back to our waterways. I want to leave my children a better world than I inherited.”

Rate studies

Mishawaka has also used Umbaugh’s services to analyze rates for both its water and electric utilities. Their utility rates must support operating expenses.

Schrader said: “Periodically we need to address how to pay for major projects over 20 years and analyze whether our rates are fairly distributing costs to residential, commercial and industrial customers.

“We want to be prudent in how we approach rate changes. Rate cases are expensive to prepare, and it can take time for them to be approved. We want to follow a philosophy that balances the benefit of keeping rate impacts on our customers manageable with the cost of cost of adjusting rates. So when you request a rate change, you want to get it right and make sure the numbers you use will support your operations going forward.

“The importance of accurate financial data, projectable numbers and solid alternatives is huge. Working with Umbaugh, I have no doubts that the information is accurate and professional.”

PULL OUT AND ADDITIONAL QUOTES:

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Jim Schrader, general manager, Mishawaka Utilities

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