

**BEN DAVIS CONSERVANCY DISTRICT**  
703 South Tibbs Avenue  
Indianapolis, Indiana 46241-2708  
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Fred F. Buckingham  
Chairman  
Beverly A. Matthews  
Vice-Chairman  
Jeff Wood  
Director

Angela Wirth  
Secretary

**MEMORANDUM TO ALL**  
**BEN DAVIS CONSERVANCY DISTRICT FREEHOLDERS**  
**REGARDING THE USE FEES REQUIRED TO OPERATE THE CONSERVANCY**

Many freeholders in the district have questioned and have been somewhat frustrated with the new user fee system that has been implemented by the Conservancy. We had little choice. For years, the Conservancy has been financed by the *ad valorem* property tax. Under this system, the more expensive your property, the more you paid for sanitary sewer service. The vast majority of the residents under that system paid relatively little for sanitary sewer service. The last study prepared by Triad Associates Engineers, indicated that the average homeowner in the CWA (the old Indianapolis Sanitary District) area paid \$43.34 per month for sanitary sewer services. 99.7% of residents in the Conservancy paid less than this. Some paid as little as \$22.23 annually, or about \$1.85 per month. A copy of the study is attached for your information.

However, when the City of Indianapolis sold its sanitary sewer system to CWA Authority, Inc., the game changed. Sewer rates are going to drastically increase in the CWA jurisdiction as they are required to clean up the White River. The Indiana Utility Regulatory Commission (IURC) is the governing state agency regulating rates for utilities in Indiana. In 2015, the IURC decided that the Ben Davis Conservancy and other utilities were not being charged enough for sewage processing and ordered Citizens to renegotiate its contracts for sewage processing. The Conservancy intervened in this matter and after many months of negotiations, the Conservancy, the City of Lawrence, and the City of Greenwood agreed to a gradual increase in sewage processing charges which would bring these entities up to the same level that all of the other rate payers in Marion County are paying for sewage processing. However, our charges for sewage processing will be quadrupled over the next seven (7) years.

This now left the Conservancy with three alternatives:

1. The Conservancy can lead the charge and petition the Circuit Court to dissolve in which case all residents of the Conservancy would be in the CWA area and would pay the same rate for sanitary sewer services (based on water consumption) as the bulk of the residents of Marion County now pay. The average sewer bill in the CWA area is now about \$45 per month but it will dramatically increase in the future because of the obligation of CWA to clean up the White River.

2. The Conservancy could build its own treatment plant and process its own sewage. The cost of a treatment plant would be in the neighborhood of \$15,000,000 and the average cost per home is now under study. If the average estimated monthly cost of sanitary sewer services per household will give a reasonable estimated benefit to our freeholders, the Board is inclined to request authority to build a treatment plan from the Marion County Circuit Court. The Court would have to approve the project and it would be submitted to a public hearing for the freeholders to comment before this could be done. This alternative is under study and the Conservancy is now studying the number of dwellings and equivalent units that are in the Conservancy. The Conservancy would also have to show a consistent pattern of collection of user fees with a low delinquency percentage before bondholders would be interested in financing such an endeavor. This is the reason that we have to take a rather stern position on the collection of monthly user fees.

3. The Conservancy can continue to pay the sewage processing fee to CWA which will increase to 2025. After this date, CWA will have to determine whether or not to seek a rate increase for sewage processing. Until the collection of sewage user fees becomes clearer and we can collect about 90% of the monthly charges for sewer user fees, we are in a wait and see posture at this time.

The user fee system (which was implemented with the blessing of the Marion County Circuit Court and the freeholders attending a meeting in October 2017) was intended to relieve the property owners of a large increase in property taxes. Hopefully, the small user fee of \$8 per month will gradually increase and the *ad valorem* property tax will decrease. For 2019, we will experience the largest of the planned increases in sewage processing charges. A decrease in the property tax will hopefully encourage businesses and industrial concerns to locate in the Conservancy District. If this occurs, all freeholders will benefit as commercial and industrial concerns will pay a larger portion of the costs for the operation of the Conservancy.

The Directors have requested the Court for authority to increase the residential user fee to \$16 per household in 2019. Hopefully, the user fee will not be increased to such a high monthly rate that our residents are placed in an adverse financial position. We all realize that sewer fees in Marion County must increase to pay for the cleaning of the White River that was mandated by a consent decree between the City of Indianapolis and the EPA years ago. The CWA is digging large tunnels deep underground to catch excess sewage during wet periods and later processing the sewage in dryer periods. The question is what is the best alternative for the residents of the Conservancy? The Directors are committed to do the right thing for our residents and in a reasonably foreseeable period of time, the best alternative will become clearer. The meetings of the Conservancy are open to all freeholders and we welcome your input and concerns.

A word needs to be said as to the placing of sewer liens on delinquent accounts. We do not want to do this, but we really have little choice. To be in a position to sell bonds to construct a sewage treatment plant, we have to have a consistent 90% average collection rate for a period of several years. If we cannot show a 90% collection rate, we lose the option to build our own treatment plant. We do not want to pay any attorneys to appear in Court for days at a time and request garnishment orders. The user fee lien is a fast, efficient, and effective way to

collect delinquent accounts. Placing liens on the property of hard-working people is the last thing we want to do, but it is our duty to collect all user fees owed to the Conservancy as if some do not pay, the ones who pay will have to pay more. We hope you understand.

We hope to communicate with you by means of our website at [www.bdconservancy.com](http://www.bdconservancy.com) and by notes placed at the bottom of your monthly user fee bill. Our meetings are always open to the public and you are always welcome to attend as we believe in transparency in government. We hope that this memorandum in some way explains our position and the options that are available to us.

Dated: October 11, 2018

Respectfully,

BEN DAVIS CONSERVANCY DISTRICT  
BOARD OF DIRECTORS

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Fred F. Buckingham, Chairman

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Beverly A. Matthews, Vice Chairman

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Jeffery T. Wood, Director



**TRIAD ASSOCIATES, INC.**  
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July 9, 2015

Ben Davis Conservancy District Board  
703 S. Tibbs Avenue  
Indianapolis, Indiana 46241

Re: 2014, BDCD/Citizens Energy Group Wastewater Billing Comparison

Dear Board Members:

As requested, we have updated the tables comparing the Ben Davis Conservancy District (BDCD) and the Citizens Energy Group (CEG) wastewater rates for 2014. The wastewater utility was formerly operated by the City of Indianapolis (City). The table was last updated in 2009 for the 2008 tax year. The 2014 evaluation tallied all properties and assessments based on current Assessors records.

The Residential User Rate Comparison table shows that the breakpoint between the two billing systems lies near the \$165,000 assessment value. This is an increase from the 2009 breakpoint of \$110,000. Almost *all* (99.7%) of the residential users in the BDCD presently have assessed values lower than \$165,000. In addition, nearly 97% of all parcels in the District are below the \$165,000 threshold.

Between 2009 and 2013, the City/CEG rates have increased by 10.75% per year. The overall increase in the past 5 years was 100%. The BDCD rates have increased by approximately 4% over the same period. The following chart shows the City/CEG rate increases over the years for a typical residential usage of 5,400 gallons per month:

	<u>City/CEG Rate</u>
2009	\$19.89
2010	\$22.03
2013	\$29.92
2014	\$43.34

By comparison, the BDCD charges its customers an ad valorem tax, which is based on assessed property value. In the present system, there is a large disparity in annual user fees as the value of the property increases. This results in the highest fees paid by higher priced residential and commercial property owners. Approximately 30% of the revenue generated comes from only 3% of the highest valued properties.

Ben Davis, 2014 Comparison

Due to the present sluggish economy and the number of home foreclosures for properties valued at less than \$150,000, it can reasonably be predicted that the market values of *residential* real estate in the area will continue to remain low. As the market value of residences decreases, their "assessed" value decreases, and subsequently so does their sewer user fee (ad valorem tax). These decreases must be made up in the fees/taxes paid by commercial properties, because their values are not decreasing at the same proportion and at the same rate as residences. This trend will continue until the market again stabilizes.

Historically, it has been consistently shown that residential customers pay a lower user fee under the District's system. However, it should be noted that the agreement with the City/CEG has not been revised since it was originally executed in 1979. The agreement provides for an allocation of 1.15 MGD for average flows and 2.88 MGD for peak flows. These volumes have been regularly exceeded.

While the volume allocation has not changed, there is evidence that CEG will be pursuing an increase in rates to the satellite communities in the near future. CEG has noted that the service agreements with the excluded entities will be re-evaluated in anticipation of future capital improvements projects that are being planned to repair and update their system

Attached are the 2014 comparison tables. Please feel free to contact our office should you have questions or if we could be of further assistance.

Sincerely,



Thomas M. Schubert P.E.  
Triad Associates

enclosures

**SUMMARY OF ASSESSED PROPERTY VALUATIONS  
BEN DAVIS CONSERVANCY DISTRICT**

**2014 TAX YEAR  
ASSESSED PROPERTY VALUE RANGE**

Assessment Range	< \$100,000	\$100,001- \$165,000	>\$165,000	Total	Percent
<i>No. of Assessed Parcels</i>	4,770	377	143	5,290	
<i>Approximate Assessed Value</i>	\$234,938,658	\$44,570,740	\$106,996,380	\$386,505,778	
<i>% of Total Assessed Parcels</i>	90.2%	7.1%	2.7%		100%
<i>% of Total Assessed Value</i>	60.8%	11.5%	27.7%		100%
<i>Residential Parcels</i>	3,653	308	13	3,974	71%
<i>Commercial Parcels</i>	215	66	112	393	7%
<i>State/City Owned Parcels</i>	0	0	0	270	5%
<i>Vacant Parcels</i>	870	0	0	870	16%
<i>Churches/Institution Parcels</i>	32	3	18	53	1%
<i>Total Parcels</i>	4,770	377	143	5,560	100%

**2014**  
**RESIDENTIAL USER RATE COMPARISON**  
**CITY OF INDIANAPOLIS vs BEN DAVIS CONSERVANCY DISTRICT**

ASSESSED VALUATION	CITY OF INDIANAPOLIS		BEN DAVIS CONSERVANCY DISTRICT
	Minimum Annual Sewer User Fee [1]	Total Average Annual cost [2]	Annual "User Fee" (\$0.247/\$100) Assessed [3]
\$9,000	\$409.20	\$520.10	\$22.23
\$15,000	\$409.20	\$520.10	\$37.05
\$22,500	\$409.20	\$520.10	\$55.58
\$30,000	\$409.20	\$520.10	\$74.10
\$37,500	\$409.20	\$520.10	\$92.63
\$45,000	\$409.20	\$520.10	\$111.15
\$50,000	\$409.20	\$520.10	\$123.50
\$60,000	\$409.20	\$520.10	\$148.20
\$68,000	\$409.20	\$520.10	\$167.96
\$75,000	\$409.20	\$520.10	\$185.25
\$85,000	\$409.20	\$520.10	\$209.95
\$90,000	\$409.20	\$520.10	\$222.30
\$95,000	\$409.20	\$520.10	\$234.65
\$105,000	\$409.20	\$520.10	\$259.35
\$125,000	\$409.20	\$520.10	\$308.75
\$150,000	\$409.20	\$520.10	\$370.50
<b>\$165,600</b>	<b>\$409.20</b>	<b>\$520.10</b>	<b>\$409.03</b>
\$200,000	\$409.20	\$520.10	\$494.00
\$225,000	\$409.20	\$520.10	\$555.75

[1] Minimum monthly user fee for an unmetered 2-person household is \$34.10/month or \$409.20/year.

[2] Average monthly user fee for Indianapolis (5400 gal/mo water usage is \$43.34/month or \$520.10/year).

[3] 2014 rate based on the budget funds that need to be raised and the net assessed valuation for BDCD.