INTRODUCTION

The City of Valparaiso, Indiana is known in the upper Midwest as being a proactive leader among its peer cities when addressing both utility challenges and environmental responsibilities. The City began on a journey to develop a long term plan for sustainable management of the City's stormwater infrastructure in 1998 with the development of a Stormwater Board.

Since 2008, under the leadership of the Jon Costas Administration, the City has made great strides in assessing the operation and condition of our stormwater utility assets and having a financial plan in place to ensure that these assets are improved, maintained and repaired.

STORMWATER MASTER PLAN

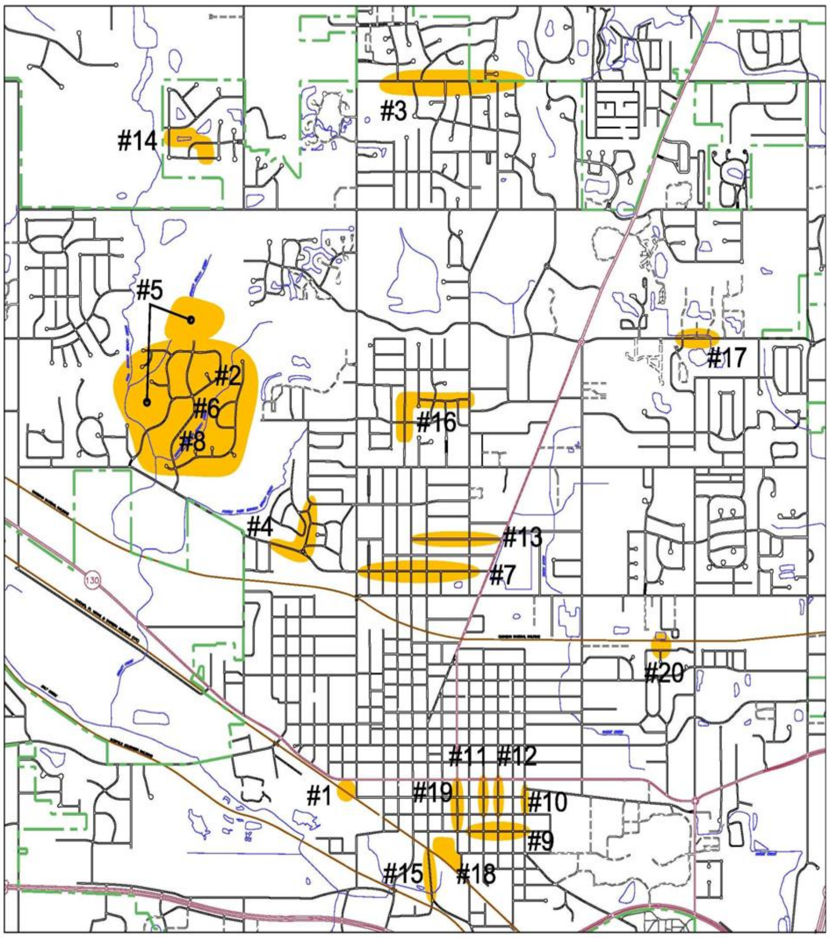
As a result of this assessment, the City of Valparaiso identified and developed 17 major stormwater projects in November of 2009. The concurrent financial plan set the framework for these stormwater capital projects over the next ten (10) years, with the understanding that the plan would be reevaluated and updated on a regular basis in order to incorporate needs within the City as they arise. As of today, 70% of those "Super 17" stormwater projects have been completed plus an additional 33 related stormwater infrastructure improvements.

The financial method to achieve completion of these projects was via a 2010 bond issue and two (2) phases of rate increases that adjusted storm water fees from $3.00 per month to $7.00 per month in 2010 and finally to $11.00 per month in 2011. City residents have benefited in reduced surface flooding, significant reductions in basement backups, reduced combined sewer overflow (CSO) events, lower CSO discharge volumes into Salt Creek and the reduction of property losses during heavy rain events.

PLAN REVISIONS

Major flash flooding within the City of Valparaiso during August of 2014 resulted in two (2) separate 100 year storms that were six (6) days apart from each other. The result of these flash flood events required the City to further study the stormwater needs throughout the Valparaiso Watershed and to reevaluate the City's 2009 Stormwater Master Plan. These recently completed planning efforts by the City have determined updated stormwater priorities as shown in Exhibit A. The City's revised Stormwater Master Plan has identified declining critical infrastructure that needs immediate attention based upon the long term impact to the community. The revised plan also includes all but one of the remaining Super 17 projects. The need for these projects takes into account the destructive impact and the financial risk of not correcting these issues with respect to personal injury and/or property damage.

Exhibit A - Project Priorities and Locations
Revised Stormwater Master Plan



Priority	Projects
1	Village Station Railroad Culvert
2	Beauty Creek Bank Stabilization, Phase A
3	Burlington Beach Road and Brentwood Drive
4	Del Vista Storm Sewer Replacement
5	Beauty Creek Watershed Detention Basins
6	Beauty Creek Bank Stabilization, Phase B
7	Harrison Boulevard Storm Sewer Separation
8	Beauy Creek Bank Stabilization, Phase C
9	Brown Street Storm Sewer Separation
10	Garfield Avenue Storm Sewer Separation
11	Locust Street Storm Sewer Separation
12	College Avenue Storm Sewer Separation
13	Fair Street Storm Sewer Separation
14	Greenfield Creek Drainage Improvements
15	South Franklin Street Storm Sewer
16	Somerset and Linden Drainage Improvements
17	Vale Park Road Drainage System
18	Will Park Detention Basin
19	Morgan Boulevard Interceptor Sewer
20	Hampton Pond Drains

Exhibit B provides a five (5) year plan totaling $15.15 million in order to satisfactorily complete a majority of these projects. However, it is recognized by the City of Valparaiso that a bond issue will be required to meet the stormwater infrastructure improvement needs of the City.

Exhibit B - Project Priorities and Estimated Costs

VALPARAISO CITY UTILITIES
STORMWATER PROJECTS
2017-2022 BOND AND CAPITAL IMPROVEMENT PLAN

STORM WATER MASTER PLAN PROJECTS		BOND OR CIP	2017 Budget	2018 Budget	2019 Budget	2020 Budget	2021 Budget
Village Station Railroad Culvert	*Repair*	*B*	*$2,500,000.00*				
Beauty Creek Bank Stabilization, Phase A	*Repair/Flooding*	*B*	*$1,000,000.00*				
Burlington Beach Road and Brentwood Drive	*Flooding*	*B*	*$930,000.00*				
General Storm Sewer Repairs			*$200,000.00*				
Del Vista Storm Sewer Replacement	*Repair*	*B*		*$1,100*[illegible]			
Beauty Creek Watershed Detention Basins	*Repair/Flooding*	*B*		[illegible]			
Beauty Creek Bank Stabilization, Phase B	*Repair/Flooding*	*B*		[illegible]			
Harrison Boulevard Storm Sewer Separation	*Separation*	*B*		[illegible]			
General Storm Sewer Repairs				[illegible]			
Beauy Creek Bank Stabilization, Phase C	*Repair/Flooding*	[illegible]			[illegible]*,000.00*		
Brown Street Storm Sewer Separation	*Separatio*[illegible]	[illegible]			*$420,000.00*		
Garfield Avenue Storm Sewer Separation	*Sep*[illegible]	[illegible]			*$180,000.00*		
General Storm Sewer Repairs					*$200,000.00*		
Locust Street Storm Sewer Separation	[illegible]	[illegible]				*$280,000.00*	
College Avenue Storm Sewer Sep[illegible]	[illegible]	[illegible]				*$400,000.00*	
Fair Street Storm Sewer Separatio[illegible]	[illegible]	[illegible]				*$530,000.00*	
Greenfield Creek Drainage Improven[illegible]	[illegible]	[illegible]				*$380,000.00*	
General Storm Sewer Repairs						*$200,000.00*	
South Franklin Street Storm Sewer		*CIP*					*$280,000.00*
Somerset and Linden Drainage Improveme[illegible]		*CIP*					*$800,000.00*
Vale Park Road Drainage System		*CIP*					*$1,200,000.00*
General Storm Sewer Repairs							*$200,000.00*
Will Park Detention Basin		*CIP*					
Morgan Boulevard Interceptor Sewer		*CIP*					
Hampton Pond Drains		*CIP*					
General Storm Sewer Repairs							
TOTAL			**$4,630,000.00**	**$4,450,000.00**	**$1,800,000.00**	**$1,790,000.00**	**$2,480,000.00**

$15,150,000

PLAN FUNDING SOURCES

The table below illustrates the proposed funding sources for the City of Valparaiso's revised Stormwater Master Plan.

Projects for the Bond and 5 year Capital Improvement Plan: Total Capital Needs $15,150,000

Proposed Bond Issue	$10,000,000
Five Years of Net Cash Flows - (5 x $879,700)	4,398,500
Cash on Hand	**751,500**
Total Funding	**$15,150,000**

A $10.0 Million Dollar bond issue would allow critical projects and other stormwater capital needs to be completed within a reasonable five (5) year period of time. Net cash flows and existing cash on hand will assist in funding the priority projects. Additionally, the capital outlay of $751,000 would be recouped over a period of three (3) years through incremental rate increases of $0.50 per year for the next three (3) years. Once the capital outlay of $751,000 is recouped, the stormwater utility will have an additional $345,000 per year of revenue for capital projects. Failure to institute the bond issue would result in major delays in completing critical infrastructure needs within a satisfactory time frame.

PROPOSED STORMWATER RATES AS OF 2019
CLASSIFICATION 1-6

Classification	Description	Multiplier	Curernt Rate Per Month	Proposed Rate Per Month	Rate Per Year
1	Single Family	1.00	$11	$12.50	$150
2	Apts. / Mobile	0.75	$8.25	$9.39	$112.68
3	Non-Residential < 10,000 SF	1.00	$11	$12.50	$150
4	Non-Residential 10 K - 40 K SF	4.00	$44	$50	$600
5	Non-Residential 40 K - 160 K SF	16.00	$176	$200	$2,400
6	Non-Residential > 160,000 SF	32.00	$352	$400	$4,800