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News

Builders, city debate sewer fee

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By James D. Wolf Jr. / Post-Tribune correspondent

VALPARAISO — A proposed fee increase to connect new homes to Valparaiso's sewer system has sparked a squabble between the City Council and the Porter County Builders Association.

Developers worry it could affect housing affordability.

The city wants to raise the sewer hook-up fee from an average of $450 per single family home to $1,932. The fee hasn't been raised since 1979.

City officials have been meeting with members of the builders association, who don't think the computation method the city is using follows state law. The City Council could vote on the measure at its Sept. 12 meeting.

The new fees are designed to protect the investment Valparaiso residents have in the sewer system, Council member Jan Dick said.

"The builders aren't selling houses at (1979) rates," Dick said. "Why should we be doing tap fees at '79 rates?"

With building and annexation, more people are using the city sewers, he said.

The city tried to raise the rates in 2000, but the builders association shot back, filing a remonstrance.

"The fee is not at all our issue. It's the methodology," said Gary Green, state director of the Porter County Builders Association and owner of Wagner Homes.

Green said the builders association has tried to work with the city to develop an ordinance that meets state guidelines.

The builders association invested $10,000 in a study about impact fees for Valparaiso, Porter County, Chesterton and Portage. State code says a study needs to be done that shows what the city is charging the user for and what benefits will come from that fee.
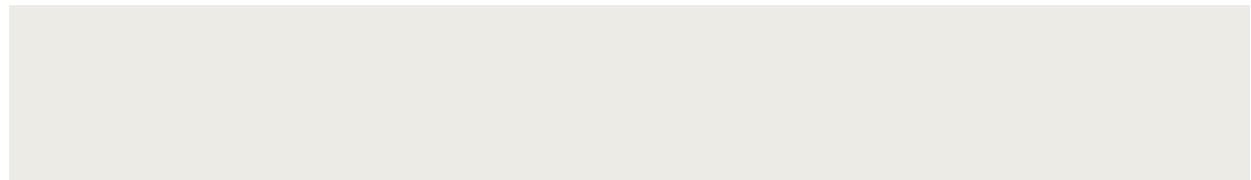
It should include information about the need for an increase, said developer Jake Wagner of VJW Limited, a 30-year veteran of home construction.

What builders want is a legal opinion on whether the city's method is legal, he said. The fee would affect housing affordability, Wagner said. The increase would be absorbed by the home buyer, and a 30-year mortgage's increase would raise the cost to $4,000, he said. The increase is based on the estimated value of the sewer system and the connections, as figured by the city's financial consultants, Umbaugh Associates.

Besides recommending the increase to $1,932, Umbaugh suggested Valparaiso increase fees each year by an average of $92 per residential hook-up for the next 10 years, utilities director John Hardwick said.

Of those fees, 55 percent would go to the cumulative sewer fund, which handles sewer system building, repair and rehabilitation costs, Hardwick said. The other 45 percent goes into the fund for operating the wastewater treatment plant.

Valparaiso's fees are lower than surrounding communities, which according to a survey the city did in March, range from $600 in Kouts to $1,800 or more in Aberdeen, Hardwick said.

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