PRELIMINARY ENGINEERING REPORT
FOR
LEBANON UTILITIES
WATER SUPPLY PROGRAM
(DW 24 77 06 03)

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PREPARED BY:

BF&S CIVIL ENGINEERS

8450 Westfield Boulevard, Suite 300
Indianapolis, IN 46240-8302
Phone: 317-713-4615
Fax: 317-713-4616

TABLE OF CONTENTS

PREFACE

SECTION 1 CURRENT CONDITIONS

SECTION 2 UTILITY NEEDS

SECTION 3 EVALUATION OF ALTERNATIVES

SECTION 4 PROPOSED ALTERNATIVE

SECTION 5 EVALUATION OF ENVIRONMENTAL IMPACTS

SECTION 6 PUBLIC PARTICIPATION AND LEGAL, FINANCIAL, AND MANAGERIAL CAPABILITY

FIGURES

- FIGURE 1 VICINITY MAP
- FIGURES 2 & 3 EXISTING DRINKING WATER SYSTEM MAPPING
- FIGURE 4 LEAP DISTRICT LAND USE MAP
- FIGURE 5 LEBANON UTILITIES WATER TERRITORY MAP

ENVIRONMENTAL GRAPHICS

- PHASE 1

APPENDICES

- APPENDIX A WHOLESALE WATER SUPPLY PROGRAM PHASING SCHEMATICS
- APPENDIX B WHOLESALE WATER SUPPLY PROGRAM PHASED COST ESTIMATES
- APPENDIX C WHOLESALE WATER SUPPLY PROGRAM OVERALL SCHEDULE
- APPENDIX D PHASE 1 MILESTONE SCHEDULE AND CONSTRUCTION PACKAGES SCHEMATIC

ATTACHMENTS

- ATTACHMENT A SIGNATORY AUTHORIZATION RESOLUTION
- ATTACHMENT B LU/CEG INTERLOCAL AGREEMENT
- ATTACHMENT C PER PUBLIC HEARING PROOF OF PUBLICATION
- ATTACHMENT D PER PUBLIC HEARING INFORMATIONAL OPEN HOUSE MEETING ATTENDANCE RECORD
- ATTACHMENT E PER PUBLIC HEARING ATTENDANCE RECORD
- ATTACHMENT F PER PUBLIC HEARING MEETING SUMMARY
- ATTACHMENT G PER PUBLIC HEARING PUBLIC COMMENTS
- ATTACHMENT H RESPONSES TO PER PUBLIC HEARING PUBLIC COMMENTS
- ATTACHMENT I 2024 WATER CAPITAL IMPROVEMENTS PLAN
- ATTACHMENT J LEBANON UTILITIES RESPONSE TO SRF PER REVIEW COMMENTS NO. 1

PREFACE

APPLICANT NAME: Lebanon Utilities

PUBLIC WATER SUPPLY ID: IN5206003

SECTION 1 CURRENT CONDITIONS

SECTION 1 - CURRENT CONDITIONS

The Lebanon Utilities Water System has an overall capacity of approximately 4.60 MGD (million gallons per day). Presently, based upon current demands and allocated water for future projects, the remaining allocatable water in the system is at or near zero. While Lebanon Utilities' Water System has a strong supply of water for current users and previously approved and allocated projects, the amount of allocatable water capacity is extremely limited. The system contains one pressure zone and two water treatment plants (WTPs), the Sugar Creek WTP and the Chicago Street WTP.

The distribution system contains approximately 12.5 miles of water mains up to 24 inches in diameter. Areas where lead service lines have been identified are located within the downtown area in the older section of the distribution system. Lebanon Utilities is actively working with 120Water to comply with IDEM Lead and Copper Rules. Lebanon Utilities policy is to remove and replace lead and galvanized service lines should they be encountered during construction of a project. The projects anticipated within this Preliminary Engineering Report are not anticipated to impact the downtown areas.

Sugar Creek WTP

- Capacity: 3,312,000 gallons per 20-hour day
- Wet Well: 400,000 gallons
- High Service Pumps
    - HSP 1: 1,050 GPM
    - HSP 2: 1,050 GPM
    - HSP 3: 1,050 GPM

Chicago Street WTP

- Capacity: 1,440,000 gallons per 20-hour day
- Wet Well: 250,000 gallons
- High Service Pumps
    - HSP 4: 275 GPM
    - HSP 5: 60 GPM
    - HSP 6: 675 GPM
    - HSP 7: 700 GPM

Wellfields

- Sugar Creek Wellfield
    - Well 1: 700 GPM
    - Well 2: 700 GPM
    - Well 3: 700 GPM
    - Well 4: 700 GPM
    - Well 5: 700 GPM

- Southside Wellfield
    - Well 1: 500 GPM
    - Well 2: 500 GPM
    - Well 3: 600 GPM

- Chicago Street Wellfield
    - Well 3: 350 GPM

- Well 4: 350 GPM
- Well 10: 500 GPM

Water Storage

- Abner Longley WSF (Ground Storage Tank and Booster Station): 2,000,000 gallons
- Park Street Elevated Storage Tank: 500,000 gallons
- Elm Street Elevated Storage Tank: 250,000 gallons

The current population in Lebanon, Indiana, per the United States Census Bureau is 16,662 (2020 Decennial Census).

The following table is the potable water consumption over the past 12 months:

	Month	Pumped (MG)	Billed (MG)
1	July 2024	67.46	62.96
2	June 2024	72.04	60.96
3	May 2024	63.02	51.94
4	April 2024	59.85	46.42
5	March 2024	57.86	45.44
6	February 2024	52.03	45.44
7	January 2024	57.35	44.48
8	December 2023	49.63	43.08
9	November 2023	56.08	44.20
10	October 2023	68.85	51.09
11	September 2023	63.54	54.37
12	August 2023	64.49	58.29
	TOTAL	**702.20**	**608.67**

The following is a list of the 10 most significant current water users:

- Ken's Foods
- Skjodt-Barrett
- FGF LLC
- Monosol
- Fluor Corporation (Eli Lilly LP1 and LP2 construction)
- Witham Hospital
- Lebanon Community School Corporation
- Lebanon Newcold
- Boone County Facilities (Sherrif's Office and Jail)
- DS Smith Packaging

SECTION 2 UTILITY NEEDS

Lebanon Utilities updates their Water System Capital Improvements Plan (CIP) each year. Chapter 1 of the Water CIP discusses recently completed projects and identifies Emergency Hazards associated with the Water System. Short-Range and Long-Range Capital Projects are evaluated within the Water CIP. The 2024 version of the Water CIP has been included as Attachment I.

LEAP-Lebanon Innovation District

The Indiana Economic Development Corporation (IEDC) established the LEAP-Lebanon Innovation District (LEAP District) in Lebanon, Indiana, to attract high-tech jobs and help the State of Indiana deliver strategic, investment-ready sites for tech-focused companies. Eli Lilly and Company broke ground in 2023 on a $3.7 billion pharmaceutical manufacturing campus known as LP1 and LP2. LP1 and LP2 have been allocated an average of 864,000 GPD with a peak of 1.35 MGD. While there was enough available water capacity in Lebanon Utilities Water System to support LP1 and LP2, an additional water source will be needed to support other facilities and developments that IEDC hopes to attract to the LEAP District. Usage of water during construction of the LP1 and LP2 facilities is already around 200,000 GPD of water. A Land Use Map for the LEAP District has been included as Figure 4.

The City of Lebanon and IEDC continue to attract developments, and it is estimated that as much as 10 MGD to 15 MGD of water will be needed to satisfy future LEAP District demands over the next 10-year period.

City of Lebanon Developments

In addition to the water needs of the LEAP District, the City of Lebanon has a number of residential developments, commercial developments, and industrial developments, both already under construction and prospective, with future water needs. Over 530,000 GPD average water capacity has already been allocated for development projects outside of the LEAP District. In addition to those development projects that have already been allocated, there is another 400,000 GPD average of development projects that have approved plans but have not been allocated water capacity due to a lack of available capacity. Additionally, larger development projects, such as the Henke Waterford Development located in the southeast corner of the City and the Hickory Junction Area located near the new Fieldhouse, are projected to require as much as 4 MGD to 5 MGD of average water capacity over the next 10 to 20 years of buildout. A map showing potential Lebanon Civil District projects has been included as Figure 5.

The City of Lebanon continues to attract developments, and it is estimated that as much as 5 MGD to 10 MGD of water will be needed to satisfy future City demands over the next 10-year period.

Available Water Capacity

Lebanon Utilities currently has a strong supply of water for existing users and projects that have been previously allocated, but due to unprecedented levels of demand, there is now a lack of available water capacity over the current supply of 4.6 MGD to allocate for future developments. To satisfy the projected 15 MGD to 25 MGD demands over the next 10-year period an additional water source will be needed. An additional consideration is the timing of additional water capacity. City development projects that have approved plans but have not been allocated water capacity are wanting to start construction and prospective LEAP District projects have indicated the desire to utilize water as soon as possible.

Additional capacity is also required for the protection of human life and property in the event of a fire or natural disaster.

SECTION 3 EVALUATION OF ALTERNATIVES

No Action Alternative

The No Action Alternative is not a viable option as the City's future water needs exceed the current water supply. Should no action be taken then City developments that have already been approved, along with prospective City and LEAP District developments, will not be able to move forward.

Alternative 1 – Wholesale Water Supply

Lebanon Utilities began discussions regarding wholesale water supply with Citizens Energy Group (CEG) over 10 years ago as part of the Boone County Water Feasibility Study that was completed in 2014. CEG recently supplied a memo outlining the anticipated construction and delivery schedule for providing wholesale water to Lebanon which is as follows:

- January 2027 – Up to 2 MGD available
- January 2028 – Up to 10 MGD available
- August 2029 – Up to 17.1 MGD available
- January 2031 – Up to 25 MGD available

Improvements to the CEG Water System are necessary to supply the wholesale water to connection points with Lebanon Utilities and Lebanon Utilities will need to construct infrastructure to connect to the existing Lebanon Utilities System and to distribute the wholesale water from the connection points with CEG to its customers. Infrastructure improvements will be completed on a phased basis to coincide with CEG's delivery schedule.

This alternative provides a regionalized solution to address Lebanon's water supply needs. Lebanon falls within the Wabash River Basin and CEG's source water is located within the White River Basin. It is anticipated that as part of a phased expansion of the Lebanon Utilities Wastewater Treatment Plant that treated effluent from that facility will be rerouted to an outfall that will convey that flow back to the White River Basin. This improvement will mitigate impacts to the water cycle within the White River Basin.

Alternative 1 is the recommended alternative.

Alternative 2 – Additional Groundwater Supply within Lebanon

Intera, a water resources management company, conducted a data review and analysis of the potential expansion of the Lebanon Utilities groundwater supply in 2021. Their conclusions were that the potential for expanding the local groundwater supply in Lebanon appears to be limited by multiple factors. It was noted that further investigations would be required to determine the maximum amount of additional safe yield that could be added to the Lebanon Utilities water System but provided preliminary estimate of an additional 1 MGD to 2 MGD as the most likely safe yield. The Indiana Finance Authority has contracted Intera to continue their Lebanon groundwater supply investigations, but even with the best-case scenario of 2 MGD not all of the City's future water needs would be satisfied.

Alternative 2 was not selected at this time as it will not satisfy the City's future water needs.

Alternative 3 – Additional Water Supply from Clinton County

In early 2024, Lebanon Utilities had discussions with Frankfort Municipal Utilities about the possibility of Frankfort providing a wholesale water supply of up to 3 MGD. Frankfort recently completed a water treatment plant expansion and indicated they have available capacity that could be delivered on a short schedule. Following those discussions and after consideration, Frankfort Municipal Utilities provided a letter in July 2024 indicating that they do not have interest in providing wholesale water to Lebanon.

Lebanon Utilities has also evaluated the viability of constructing a new wellfield and water treatment plant within Clinton County and transmission lines to deliver water to Lebanon. The Tipton Complex Aquifer System is located in Clinton County and could potentially provide up to 3 to 5 MGD of supply. The time required to plan, permit, design, finance, and construct the improvements needed to implement this alternative is likely between 4 and 8 years.

Alternative 3 was not selected at this time as it will not satisfy the City's future water needs or schedule.

Alternative 4 – Additional Water Supply from Tippecanoe County

The Wabash Alluvial Aquifer System, located in Tippecanoe County in the vicinity of the City of Lafayette, has sufficient yield to produce water to satisfy Lebanon's projected demands. A preliminary study conducted by Intera, indicated that the average flow rate of the Wabash River is 2 billion gallons per day and that the Wabash Alluvial Aquifer itself is deeper and wider than previous studies have noted. Taking into account these factors, in addition to modeling efforts, Intera indicated that the acquifer will be able to support central Indiana regional demand without impacting the aquifer or Wabash River. Further testing and analysis are still being conducted and once testing is complete, results will be further vetted by independent experts. A new wellfield, water treatment plant, water transmission mains, and storage tanks would be needed to supply water to Lebanon. The time required to plan, permit, design, finance, and construct the improvements needed to implement this alternative is likely between 5 and 10 years.

Alternative 4 was not selected at this time as it will not meet the City's schedule.

Alternative 5 – Sugar Creek Reservoir

The most significant source of surface water in Boone County is Sugar Creek. A Water Resources Study was completed in 2009 by Greeley and Hansen for Lebanon Utilities that evaluated the construction of a reservoir on Sugar Creek. The study found that a reservoir could provide a long-term safe yield of 5 MGD for Lebanon through construction of a dam, the resulting reservoir, a new surface water treatment plant, and a water transmission line. The reservoir was contemplated to have a water surface area of approximately 500 acres and a storage capacity of 1 billion gallons. The development of a reservoir would not only bring additional water supply to Lebanon, but also would bring the added benefits of prime real estate along the reservoir, economic benefits, higher property values, and increased recreational opportunities such as fishing and boating. The reservoir would require extensive property acquisition, road modifications, pipeline and utility relocations, and railroad modifications. Additionally, the environmental permitting process for a reservoir would be extensive. The time required to plan, permit, design, finance, and construct a reservoir is likely between 20 and 25 years.

Alternative 5 was not selected at this time as it will not meet the City's schedule.

SECTION 4 PROPOSED ALTERNATIVE

Wholesale Water Supply

CEG recently supplied a memo outlining the anticipated construction and delivery schedule for providing wholesale water to Lebanon which is as follows:

- January 2027 – Up to 2 MGD available
- January 2028 – Up to 10 MGD available
- August 2029 – Up to 17.1 MGD available
- January 2031 – Up to 25 MGD available

Improvements to the CEG Water System are necessary to supply the wholesale water to connection points with Lebanon Utilities and Lebanon Utilities will need to construct infrastructure to connect to the existing Lebanon Utilities System and to distribute the wholesale water from the connection points with CEG to its customers. Infrastructure improvements will be completed on a phased basis to coincide with CEG's delivery schedule.

Lebanon Utilities and BF&S, working in partnership with CEG, have developed a phased plan for construction of the improvements needed to distribute wholesale water throughout the Lebanon Utilities Water System. Figure A depicts the Current Conditions of the Lebanon Utilities Water System and the location of existing water mains 12 inches in diameter and larger.

Wholesale Water Supply – Phase 1

Phase 1 of the overall program will provide an additional 2 MGD water supply. Infrastructure improvements for Phase 1 include a meter vault, ground storage tank, and booster station at Connection Point 1 with CEG, large diameter water transmission lines to connect Connection Point 1 to the existing Lebanon Utilities System, and an elevated storage tank near SR 32 to help regulate pressures. Figure B depicts the Phase 1 infrastructure improvements.

Connection Point 1

Connection Point 1 between the CEG Water System and Lebanon Utilities Water System will consist of a shared water meter vault, a Lebanon Utilities ground storage tank, and Lebanon Utilities booster station. Connection Point 1 will be located on a 5-acre site west of the intersection of CR 250 South and CR 200 East. The property the site is to be located on will need to be acquired and is anticipated to be owned by Lebanon Utilities. CEG will convey water through the water meter vault to the ground storage tank that will be owned and operated by Lebanon Utilities. Lebanon Utilities will then utilize a booster station to pump water from the ground storage tank to the Lebanon Utilities Water System. Chemical boosting is likely to occur at Connection Point 1 to ensure water quality. The size of the ground storage tank is anticipated to be 2 million gallons, and the booster station is anticipated to be sized to push 15 MGD.

Phase 1 Water Transmission Lines

Large diameter water transmission lines will be needed to convey flow from Connection Point 1 to existing water mains in the Lebanon Utilities Water System. The water mains are anticipated to be constructed west along CR 250 South from Connection Point 1 to the CSX Railroad; then will parallel the CSX Railroad property to John Shaw Road; then along John Shaw Road to appoint in line with CR 200 South where it will head west to CR 200 South to continue west along CR 200 South from State Road 39 to CR 300 West; north along CR 300 West from CR 200 South to CR 50 North; and east along CR 50 North and SR 32 from CR North 300 West to just west of Enterprise Boulevard where a connection will be made to an existing 12-inch water main located along SR 32. Water transmission lines will be placed in an easement adjacent to the existing road Right-of-Way. The water transmission lines are likely to be 30 to

36 inches in diameter and generally constructed with a minimum cover of 54 inches. A permanent 25-foot easement and temporary 15-foot easement for construction will be needed adjacent to existing Right-of-Way. On which side of the roadways the permanent and temporary easements will be located will be determined during final design based upon potential impacts to property owners and easement acquisition.

Phase 1 Elevated Storage Tank

An Elevated Storage Tank will be constructed south of the roadway where State Road 32 currently changes to CR 50 North (east of CR 300 West). The site is anticipated to be 5 acres. It is anticipated that the Elevated Storage Tank will be located on property currently owned by the IEDC that will become Lebanon Utilities property. The Elevated Storage Tank will provide redundancy, resiliency, and firefighting capacity for the area. The size of the Elevated Storage Tank is anticipated to be 2 million gallons.

Wholesale Water Supply – Phase 2

Phase 2 of the overall program will increase the additional water supply by 8 MGD from 2 MGD up to a maximum of 10 MGD. Infrastructure improvements for Phase 2 include a meter vault, ground storage tank, and booster station at Connection Point 2 with CEG, large diameter water transmission lines to connect Connection Point 2 to the existing Lebanon Utilities System, and large diameter water mains through LEAP to loop the improvements made in Phase 1 with existing large diameter mains in the northern portion of the Lebanon Utilities Water System in the vicinity of CR 300 North. Figure B depicts the Phase 2 infrastructure improvements.

Connection Point 2

Connection Point 2 between the CEG Water System and Lebanon Utilities Water System will consist of a shared water meter vault, a Lebanon Utilities ground storage tank, and Lebanon Utilities booster station, on a roughly 3-to-5-acre site with a to be determined location in the vicinity of CR 100 South and CR 400 East. The property the site is to be located on will need to be acquired and is anticipated to be owned by Lebanon Utilities. CEG will convey water through the water meter vault to the ground storage tank that will be owned and operated by Lebanon Utilities. Lebanon Utilities will then utilize a booster station to pump water from the ground storage tank to the Lebanon Utilities Water System. Chemical boosting is likely to occur at Connection Point 2 to ensure water quality. The size of the ground storage tank is anticipated to be in the 2-to-3-million-gallon range.

Phase 2 Water Transmission Lines

Large diameter water transmission lines will be needed to convey flow from Connection Point 2 to existing water mains in the Lebanon Utilities Water System. The water main is anticipated to be constructed west along CR 100 South to connect with an existing 16-inch water main at the intersection of CR 100 South and Indianapolis Avenue. The water main will then cross under I-65 to the west to CR 100 East, where it will turn south along CR 100 East until it turns west along existing property lines that are anticipated to become the extension of Enterprise Boulevard per the City's Thoroughfare Plan to John Shaw Road. The water main will then be constructed along John Shaw Road south to connect to Phase 1 water transmission lines at CR 250 South. Water transmission lines will be placed under existing roadways or next to existing roadways where possible. The water transmission lines are likely to be 30 to 36 inches in diameter and generally constructed with a minimum cover of 54 inches. A permanent 25-foot easement and temporary 15-foot easement for construction will be needed adjacent to existing Right-of-Way. On which side of the roadways the permanent and temporary easements will be located will be determined during final design based upon potential impacts to property owners and easement acquisition.

Phase 2 Water Transmission Line Extension

As part of the Phase 2 improvements, large diameter transmission lines will be constructed through the LEAP District from the Phase 1 transmission lines along SR 32 to the existing 24-inch water main that

conveys water from the Sugar Creek WTP along CR 300 North. The water transmission lines are likely to be 30 to 36 inches in diameter and generally constructed with a minimum cover of 54 inches. A utility corridor will be established through property controlled by IEDC to allow for construction and future maintenance of the improvements.

Wholesale Water Supply – Phase 3

Phase 3 of the overall program will allow the wholesale water supply to increase from 10 MGD up to 17.1 MGD and then eventually to 25 MGD. Infrastructure improvements for Phase 3 include a meter vault, ground storage tank, and booster station at Connection Point 3 with CEG, large diameter water transmission lines to connect Connection Point 1 to the existing Lebanon Utilities System, and an elevated storage tank near CR 300 North to help regulate pressures. Figure D depicts the Phase 3 infrastructure improvements.

Connection Point 3

Connection Point 3 between the CEG Water System and Lebanon Utilities Water System will consist of a shared water meter vault, a Lebanon Utilities ground storage tank, and Lebanon Utilities booster station, on a roughly 3-to-5-acre site with a to be determined location in the vicinity of SR 32 and CR 400 East. The property the site is to be located on will need to be acquired and is anticipated to be owned by Lebanon Utilities. CEG will convey water through the water meter vault to the ground storage tank that will be owned and operated by Lebanon Utilities. Lebanon Utilities will then utilize a booster station to pump water from the ground storage tank to the Lebanon Utilities Water System. Chemical boosting is likely to occur at Connection Point 3 to ensure water quality. The size of the ground storage tank is anticipated to be in the 2-to-3-million-gallon range.

Phase 3 Water Transmission Lines

Large diameter water transmission lines will be needed to convey flow from Connection Point 3 to existing water mains in the Lebanon Utilities Water System. The water mains are anticipated to be constructed west along SR 32 to CR 300 East, then north along CR 300 East to CR 75 North, then west along CR 75 North to John Bart Road, then north along existing John Bart Road and a future extension of John Bart Road to CR 300 North, and then west along CR 300 North to connect to an existing 24-inch water main. Water transmission lines will be placed under existing roadways or next to existing roadways. The water transmission lines are likely to be 30 to 36 inches in diameter and generally constructed with a minimum cover of 54 inches. A permanent 25-foot easement and temporary 15-foot easement for construction will be needed adjacent to existing Right-of-Way. On which side of the roadways the permanent and temporary easements will be located will be determined during final design based upon potential impacts to property owners and easement acquisition.

Phase 3 Elevated Storage Tank

An Elevated Storage Tank will be constructed generally along CR 300 North between Witt Road and SR 39. The final location of the improvements will be determined during design, but the site is anticipated to be in the 3-to-5-acre range and property will need to be acquired for the site. The Elevated Storage Tank will provide redundancy, resiliency, and firefighting capacity for the area. The size of the Elevated Storage Tank is anticipated to be in the 1-to-2-million-gallon range.

SECTION 5 EVALUATION OF ENVIRONMENTAL IMPACTS

Wholesale Water Supply – Phase 1

There are no significant environmental impacts expected to result from the implementation of the Phase 1 improvements.

1. **Location Information**

LU/CEG Connection Point 1 – Ground Storage Tank and Booster Station

Connection Point 1 will be located on a 5-acre site west of the intersection of CR 250 South and CR 200 East.

Section 17, Township 18 North, Range 1 East

Latitude: 40°00'10" North
Longitude: 86°26'14" West

Water Transmission Lines

The water mains are anticipated to be constructed west along CR 250 South from Connection Point 1 to the CSX Railroad; then will parallel the CSX Railroad property to John Shaw Road; then along John Shaw Road to appoint in line with CR 200 South where it will head west to CR 200 South to continue west along CR 200 South from State Road 39 to CR 300 West; north along CR 300 West from CR 200 South to CR 50 North; and east along CR 50 North and SR 32 from CR North 300 West to just west of Enterprise Boulevard where a connection will be made to an existing 12-inch water main located along SR 32.

Section 17, Township 18 North, Range 1 East & Section 18, Township 18 North, Range 1 East & Section 13, Township 18 North, Range 1 West & Section 12, Township 18 North, Range 1 West & Section 11, Township 18 North, Range 1 West & Section 14, Township 18 North, Range 1 West & Section 10, Township 18 North, Range 1 West & Section 15, Township 18 North, Range 1 West & Section 09, Township 18 North, Range 1 West & Section 16, Township 18 North, Range 1 West & Section 04, Township 18 North, Range 1 West & Section 03, Township 18 North, Range 1 West & Section 33, Township 19 North, Range 1 West & Section 34, Township 19 North, Range 1 West & Section 35, Township 19 North, Range 1 West

Latitude: 40°00'24" North
Longitude: 86°28'43" West

Elevated Storage Tank

An Elevated Storage Tank will be constructed south of the roadway where State Road 32 currently changes to CR 50 North (east of CR 300 West). The site is anticipated to be 5 acres.

Section 34, Township 19 North, Range 1 West

Latitude: 40°02'44" North
Longitude: 86°31'10" West

2. **Description of Construction Disturbance Area/Corridor**

LU/CEG Connection Point 1 – Ground Storage Tank and Booster Station

The site for the LU/CEG Connection Point 1 is anticipated to be in the 3-to-5-acre range. The final size and location of the improvements will be determined during design.

Water Transmission Lines

Water transmission lines will be placed under existing roadways or next to existing roadways. The water transmission lines are likely to be 30 to 36 inches in diameter and generally constructed with a minimum cover of 54 inches. A permanent 25-foot easement and temporary 15-foot easement for construction will be needed adjacent to existing Right-of-Way. On which side of the roadways the permanent and temporary easements will be located will be determined during final design based upon potential impacts to property owners and easement acquisition.

Elevated Storage Tank

The site for the Elevated Storage Tank is anticipated to be in the 3-to-5-acre range. The final size and location of the improvements will be determined during design.

3. **Vegetation and Site Disturbance History**

LU/CEG Connection Point 1 – Ground Storage Tank and Booster Station

The final size and location of the improvements will be determined during design, but the site is anticipated to consist of ground that has previously been utilized as farmland.

Water Transmission Lines

Water transmission lines will be placed under existing roadways or next to existing roadways. The water transmission lines are likely to be 30 to 36 inches in diameter and generally constructed with a minimum cover of 54 inches. A permanent 25-foot easement and temporary 15-foot easement for construction will be needed adjacent to existing Right-of-Way. On which side of the roadways the permanent and temporary easements will be located will be determined during final design based upon potential impacts to property owners and easement acquisition.

Elevated Storage Tank

The final size and location of the improvements will be determined during design, but the site is anticipated to consist of ground that has previously been utilized as farmland.

4. **Brownfield Discussion**

None of the improvements are anticipated to be located near or within a current or former brownfield site.

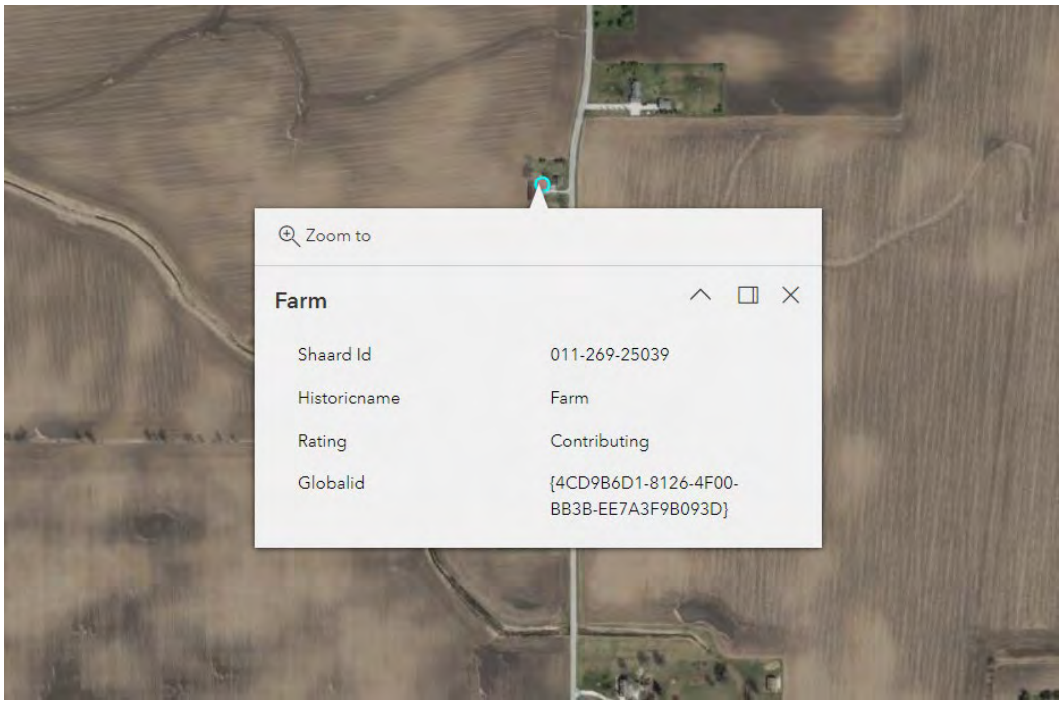
5. **Negative Environmental Impacts of the Preferred Alternative**

   a. **Disturbed/Undisturbed Land**

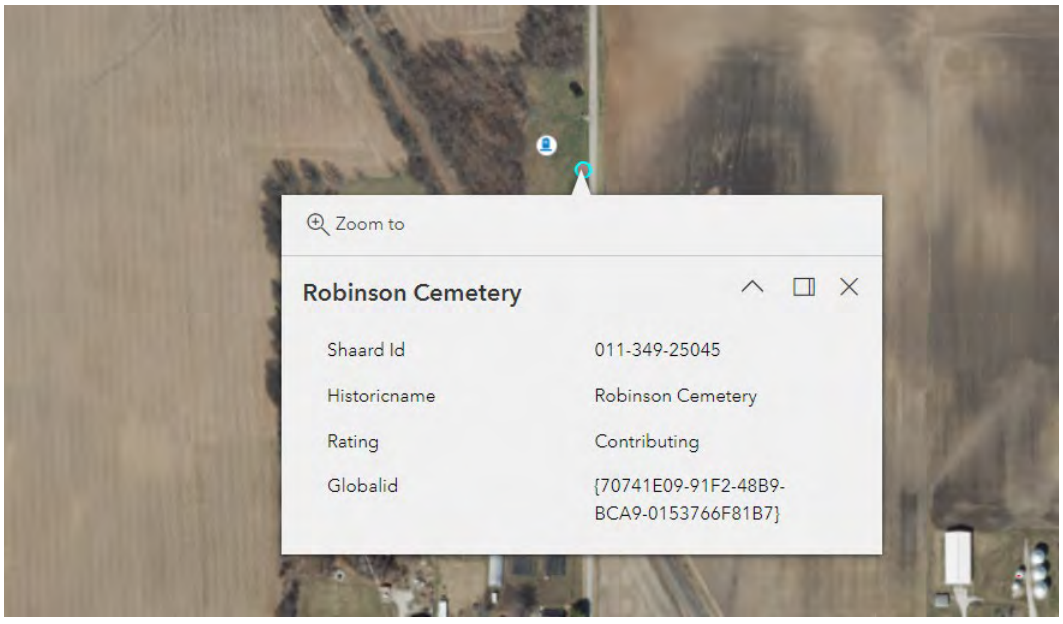
   Improvements will occur in areas that have previously been utilized as farmland or within existing roadway Right-of-Way.

b. Historic Properties

The majority of the improvements are not anticipated to impact historical or architectural resources. There is one farm property labeled along CR 300 West that is labeled as "Contributing" that is anticipated to be impacted. Contributing properties meet the basic inventory criteria, but do not possess any noteworthy historic or architectural significance.



The improvements will occur within 250 feet of The Robinson Cemetery but are planned for the opposite side of the roadway and are not anticipated to impact the cemetery. Trenchless methods will be utilized in this area along John Shaw Road to avoid wetland impacts.



c. Wetlands

Wetlands are not anticipated to be negatively impacted by construction or operation of improvements. Construction of small portions of the water transmission lines may need to cross designated wetlands for Phase 1. Construction of water transmission lines in these areas will be performed utilizing trenchless installation methods. Drilling and receiving pits for trenchless installations will fall outside of designated wetland areas.

d. Surface Waters

Water mains will need to cross Edlin Ditch and Shaw Ditch. Crossings of any ponds or lakes will be avoided and efforts will be made for the alignment of the water mains to avoid crossings of Deer Creek and Big Walnut Creek. The project will not adversely affect any Outstanding State Resource Waters listed in 327 IAC 2-1.3-3(d), Exceptional Use Streams listed in 327 IAC 2-1-11(b), Natural, Scenic and Recreational Rivers and Streams listed in 312 IAC 7-(2), or waters on the Salmonid Rivers listed in 327 IAC 2-1.5-5(a)(3).

e. Groundwater

The improvements are not anticipated to have any effects on sole source aquifers.

f. 100-Year and 500-Year Floodplain and Flood Hazard Statement

The proposed improvements are not anticipated to be located within either the 100-Year or 500-Year Floodplains.

g. Plants and Animals

It is not anticipated that the construction and operation of the project will negatively impact state or federal-listed endangered species or their habitat. The project will be implemented to minimize impact to non-endangered species and their habitat. Mitigation measures cited in comment letters from the Indiana Department of Natural Resources and U.S. Fish and Wildlife Service will be implemented should any be received.

h. Farmland

A Farmland Conversion Impact Rating form shall be submitted to NRCS for the proposed project areas. Additional information will be provided when made available.

i. Air Quality

Air quality issues will be that of any normal construction project with respect to erosion, dust and noise control. The project should not affect the ozone, create airborne pollutants, or create other air quality concerns.

j. Open Space and Recreational Areas

The proposed improvements will neither create nor destroy and open space or recreational opportunities.

k. Lake Michigan Coastal Management Zone

The proposed improvements are not located within the Lake Michigan Coastal Zone and will not impact the Lake Michigan Coastal Zone.

l. National Natural Landmarks

The construction and operation of the proposed project will not impact any National Natural Landmarks.

6. Mitigation Measures Discussion

Any mitigation measures cited in comment letters from the Department of Natural Resources and the U.S. Fish and Wildlife Service will be implemented. The project will be implemented to minimize impact to non-endangered species and their habitat.

Existing topsoil will be reused during the restoration process, if applicable. The amount of dust may be mitigated by periodic wetting of exposed soils to reduce the suspension of particles. Normal daytime hours will be used for work activities to reduce noise impacts.

All unavoidable tree clearing will be performed between October 15th and March 31st per the Range-wide Indiana Bat Protection and Enhancement Plan Guidelines.

7. Induced/Secondary Impacts Statement

The Lebanon Utilities and City of Lebanon, through local zoning laws, the authority of its council or planning commission, or other means, will ensure that future development and utility projects connecting to SRF-funded facilities will not adversely affect wetlands, wooded areas, steep slopes, archaeological/historical/structural resources, or other sensitive environmental resources. The Lebanon Utilities and City of Lebanon will require new development and utility projects to be constructed within the guidelines of the US Fish and Wildlife Service, Indiana Department of Natural Resources, Indiana Department of Environmental Management, and other environmental review authorities.

8. Cumulative Impacts Discussion

The overall project is to be completed in phases with similar impacts anticipated for future phases as those noted for Phase 1. All required information contained in Section 5 of the PER will be provided for subsequent phases.

9. Area of Potential Effect Graphics and Figures

Required graphics and figures are attached.

Wholesale Water Supply – Phase 2

Phase 2 Evaluation of Environmental Impacts to be added with future revisions of the PER.

Wholesale Water Supply – Phase 3

Phase 3 Evaluation of Environmental Impacts to be added with future revisions of the PER.

SECTION 6 PUBLIC PARTICIPATION AND LEGAL, FINANCIAL, AND MANAGERIAL CAPABILITY

Public Hearing

A Public Hearing was held on November 4, 2024, from 5:00 p.m. to approximately 5:35 p.m. at the Lebanon Municipal Building. An Informational Open House Meeting preceded the official Public Hearing starting at 4:00 p.m. The Public Hearing was noticed in the both the Lebanon Reporter and Indy Star newspapers. Proof of Publication in the Lebanon Reporter and Indy Star newspapers is included as Attachment C. Copies of the Preliminary Engineering Report were available for public viewing from October 25, 2024, through November 9, 2024, at the Customer Service Office of the Lebanon Municipal Building.

8 members of the public attended the Information Open House Meeting (see Attachment D for Meeting Attendance Record) and 9 members of the public and 4 Lebanon Utilities Service Board Members attended the Public Hearing (see Attachment E for Meeting Attendance Record). The Public Hearing was also livestreamed on the Lebanon Utilities' YouTube channel. A Public Hearing Meeting Summary has been included as Attachment F.

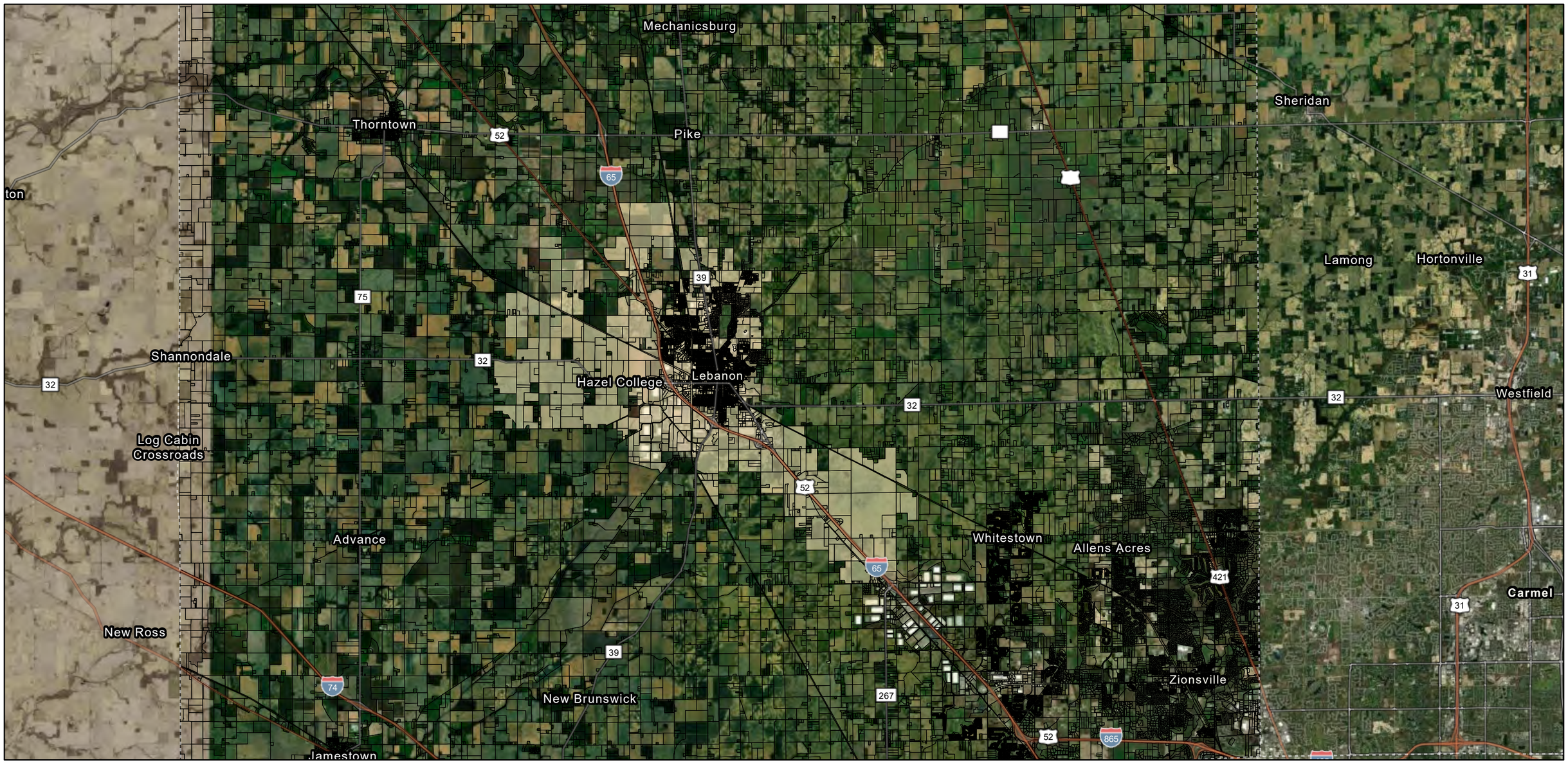
Comments were received from the public at the Public Hearing and through mail and email correspondence. Comments received from the public have been included as Attachment G. Responses to public comments have been included as Attachment H.

Interlocal Agreements

The Water Supply Agreement between CEG and Lebanon Utilities has been approved by each respective Board and is awaiting execution of financial agreements before final signatures. The Water Supply Agreement has been included as Attachment B.

FIGURE 1

VICINITY MAP



11/13/2024

Parcels

Corporation Limit

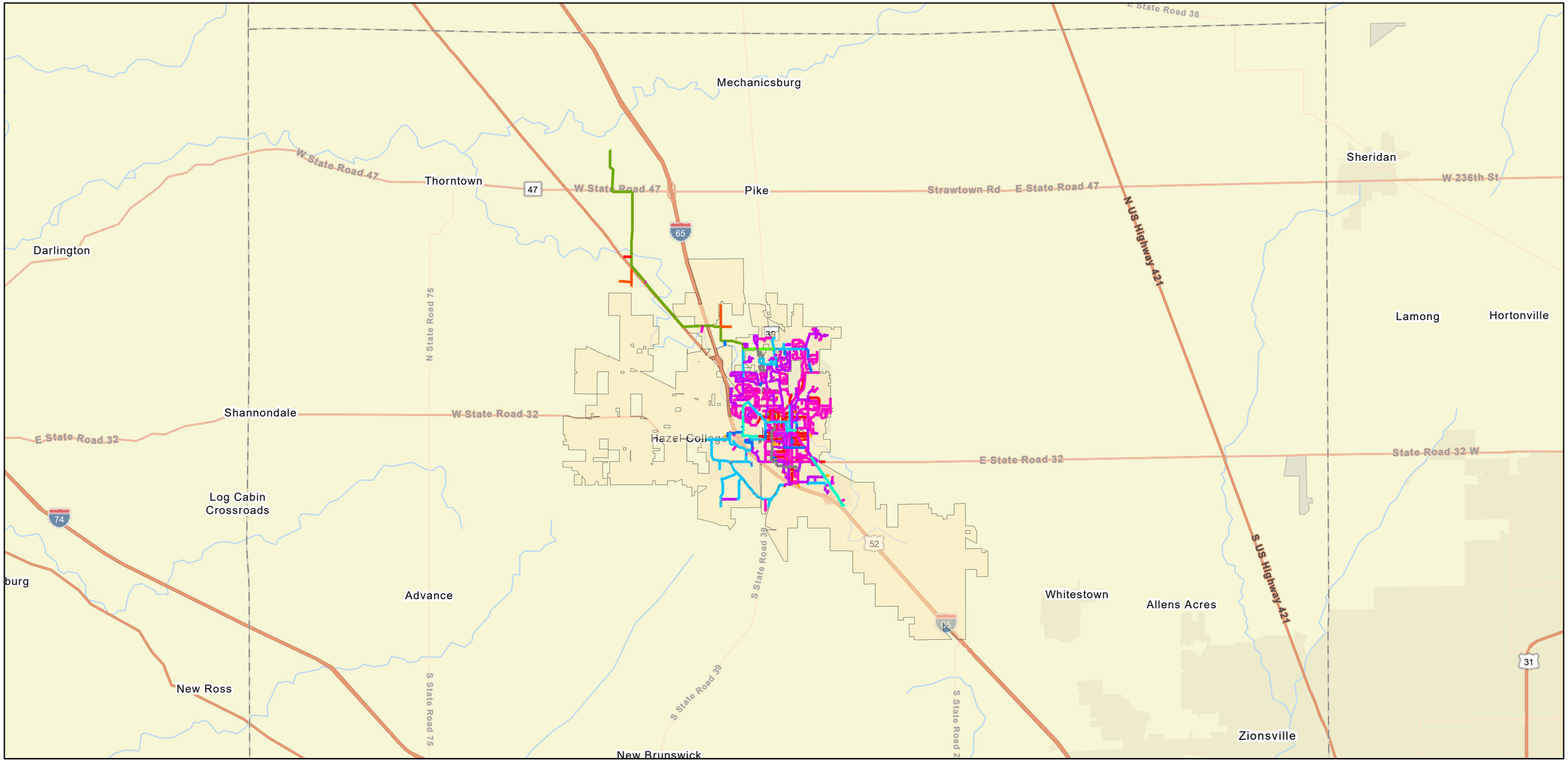
1:179,808

0 1.5 3 6 mi

0 2.5 5 10 km

FIGURES 2 & 3

EXISTING DRINKING WATER SYSTEM MAPPING



11/13/2024

Water Pipes

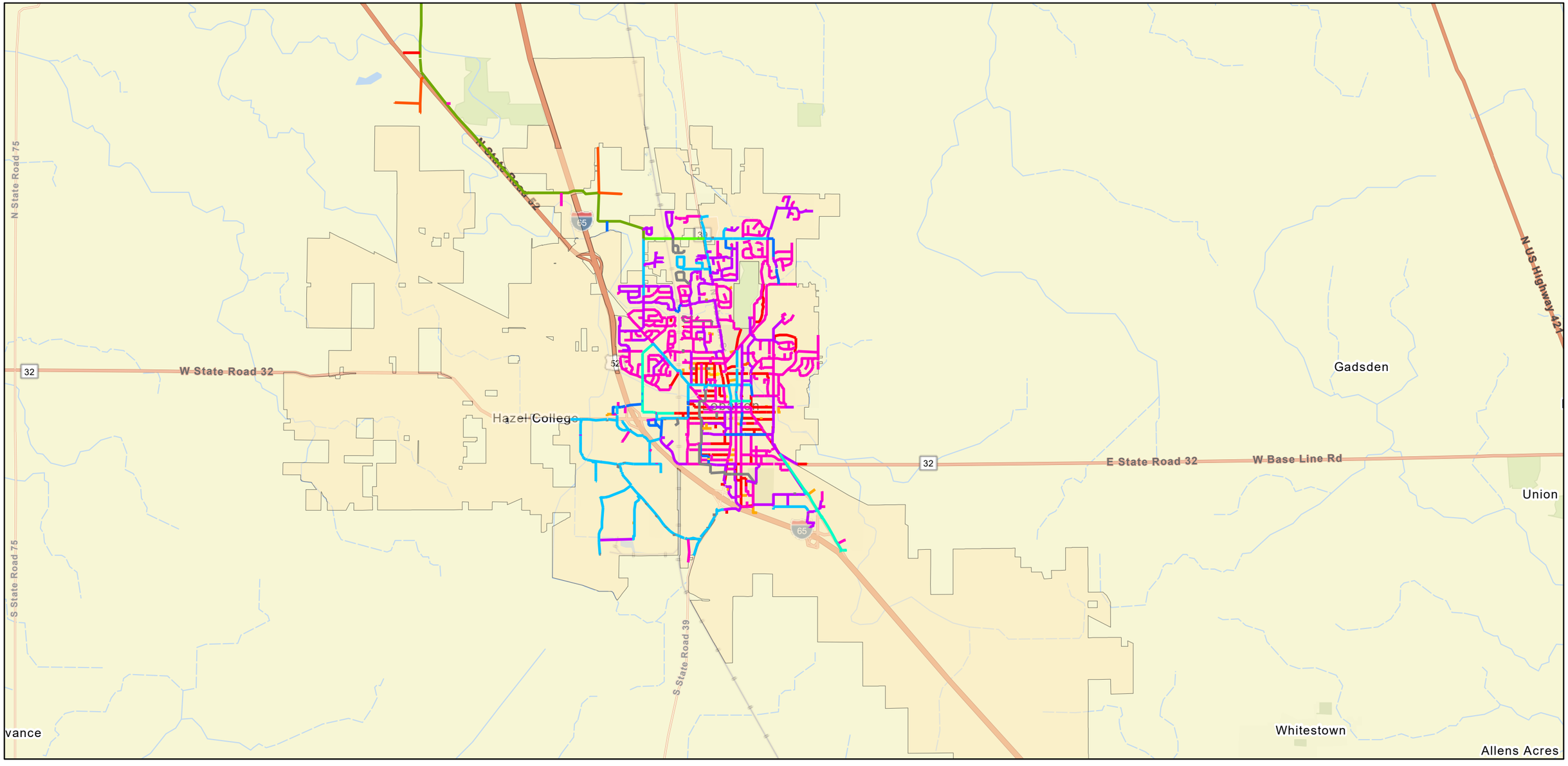
1
2
3
4
6
8
10
12
16
20
24
<all other values>

Corporation Limit

1:179,808

0 1.5 3 6 mi

0 2.5 5 10 km



11/13/2024

Water Pipes

1
2
3
4
6
8
10
12
16
20
24
<all other values>
Corporation Limit

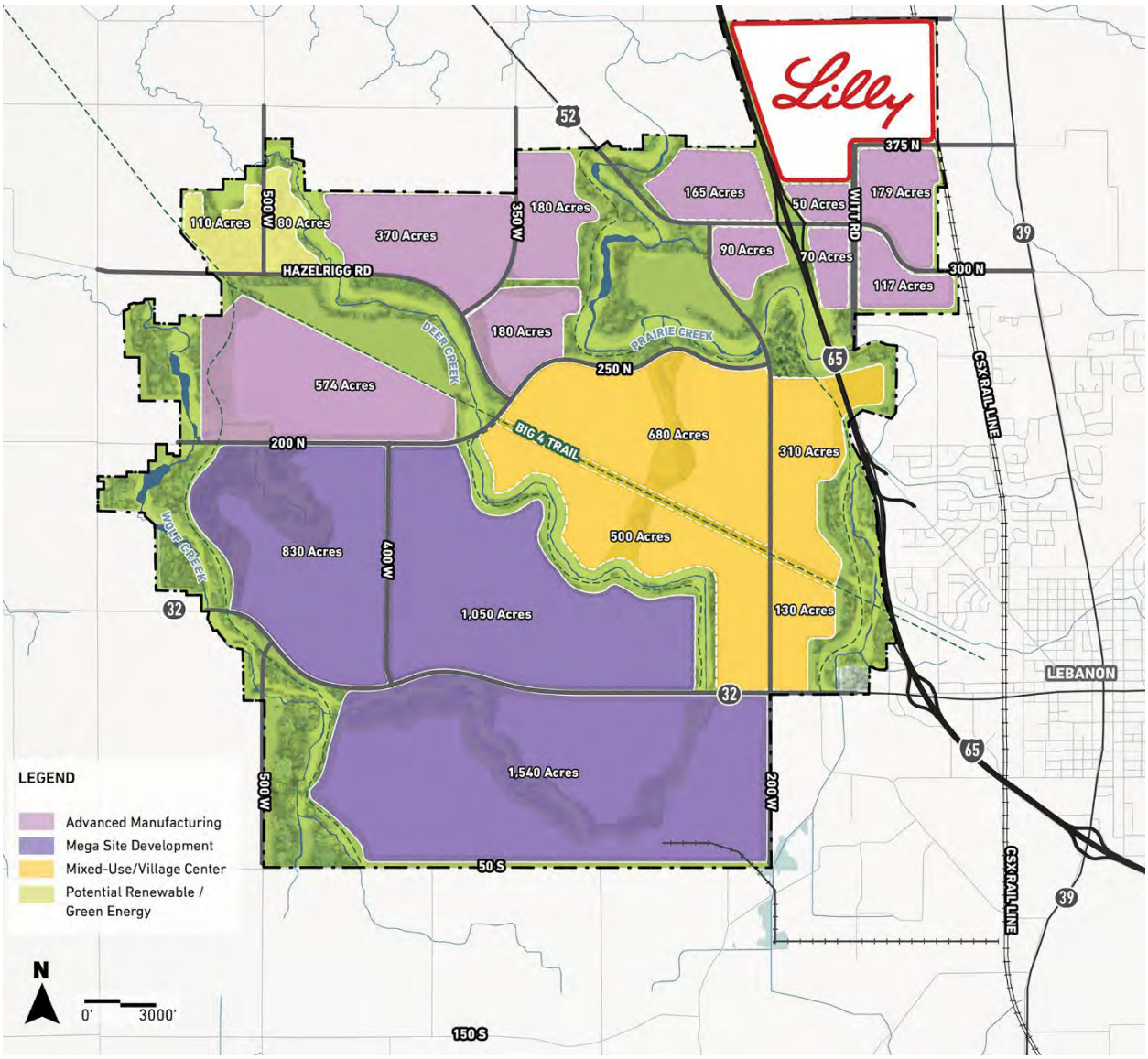
1:89,904

0 0.75 1.5 3 mi

0 1.25 2.5 5 km

FIGURES 4

LEAP DISTRICT LAND USE MAP



LEAP DISTRICT LAND USE PLAN
11/14/2024

FIGURES 5

LEBANON UTILITIES WATER TERRITORY MAP

Spring Creek Residential

Angilee Gardens Residential

IEDC LEAP District

Hickory Junction

Waterford

Legend

Layer

- Current Lebanon Corporate Limits
- Future System Planning Area
- Center Township Limits

Lebanon Utilities Water Service Territory

0 5,000 10,000 Feet

ENVIRONMENTAL GRAPHICS

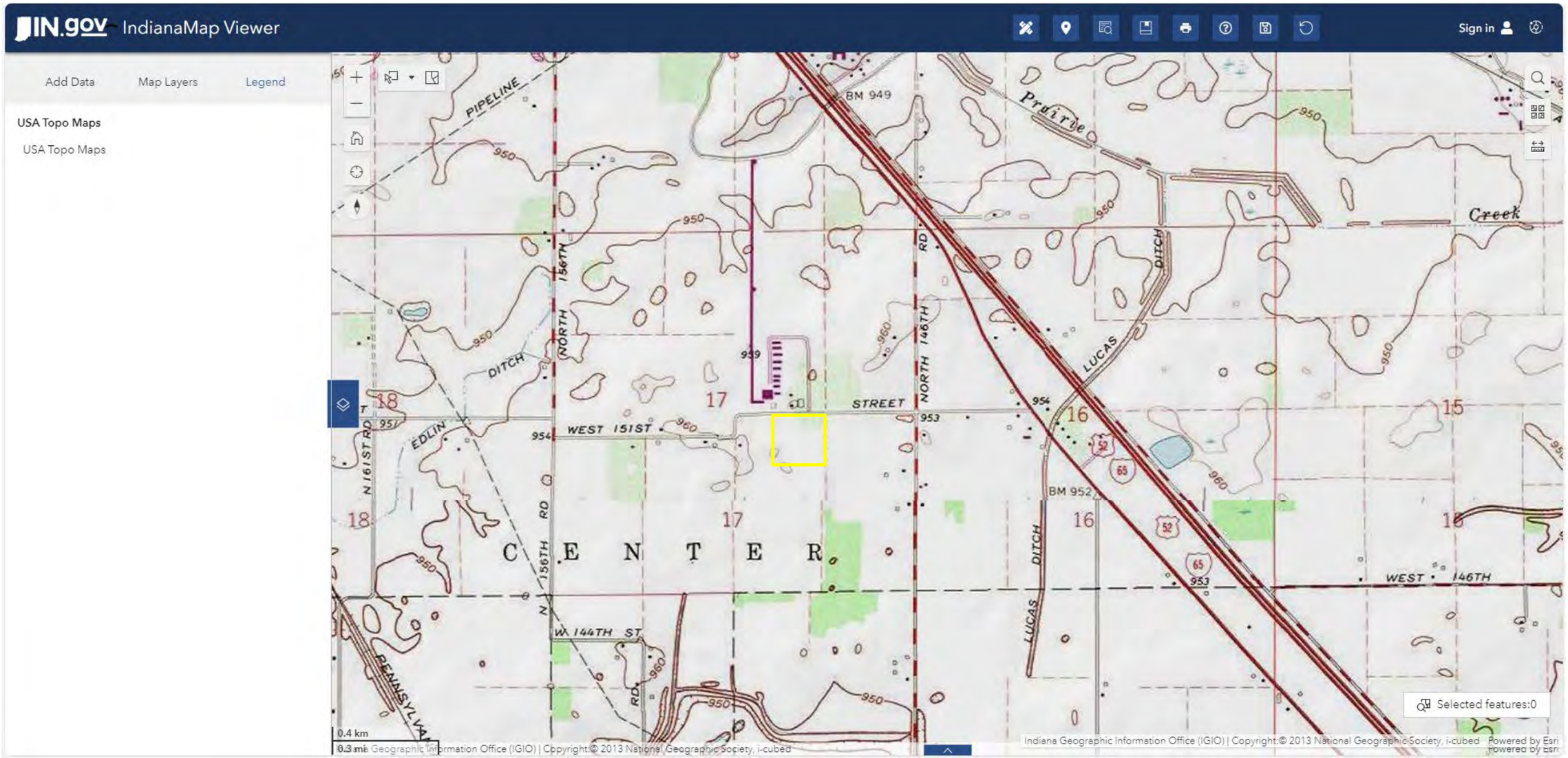
PHASE 1

LEBANON UTILITIES
PUBLIC WATER SUPPLY ID: IN 5206003

PRELIMINARY ENGINEERING REPORT
WHOLESALE WATER SUPPLY - PHASE 1

ENVIRONMENTAL GRAPHICS – LU/CEG CONNECTION POINT 1

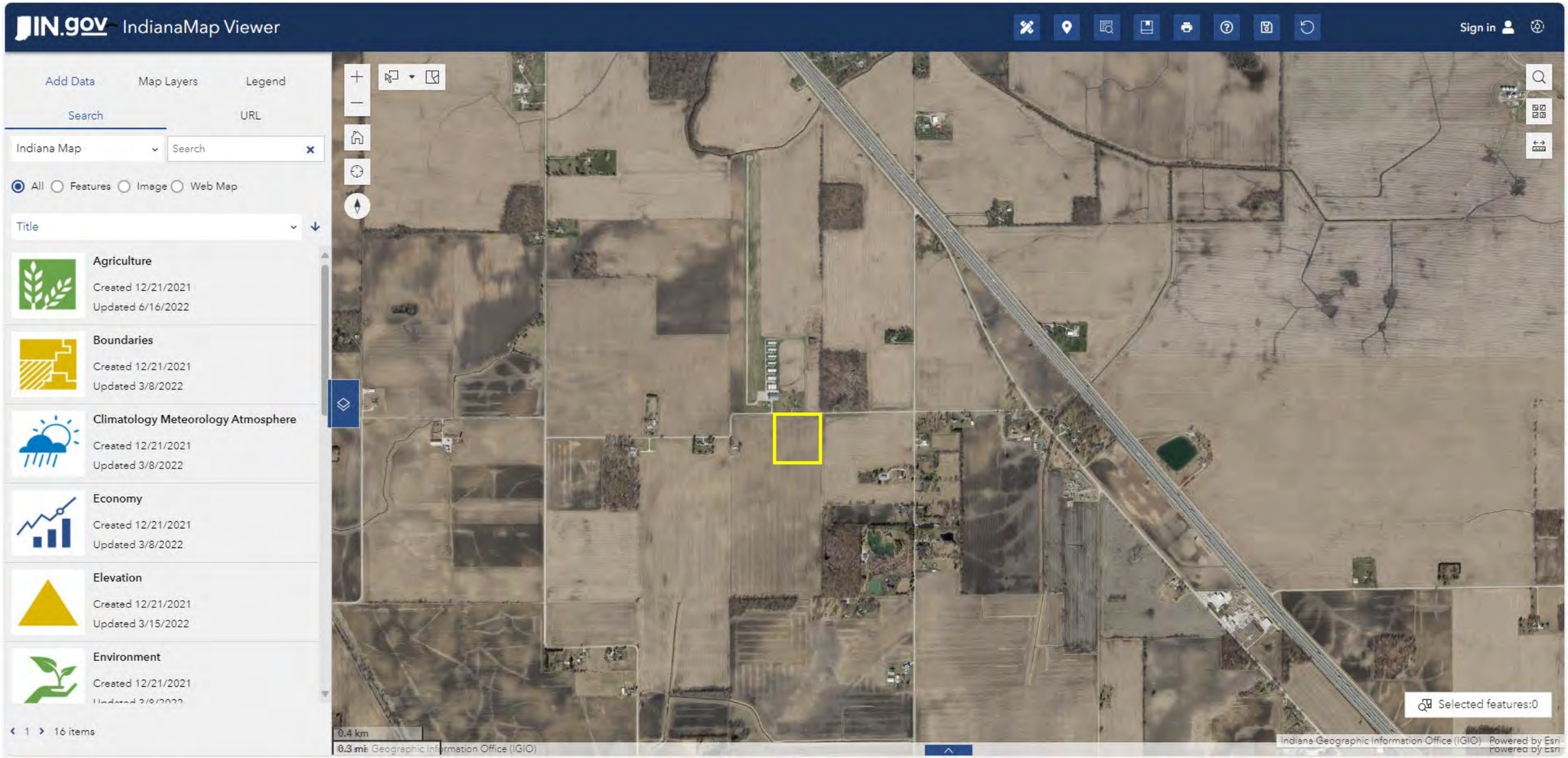
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

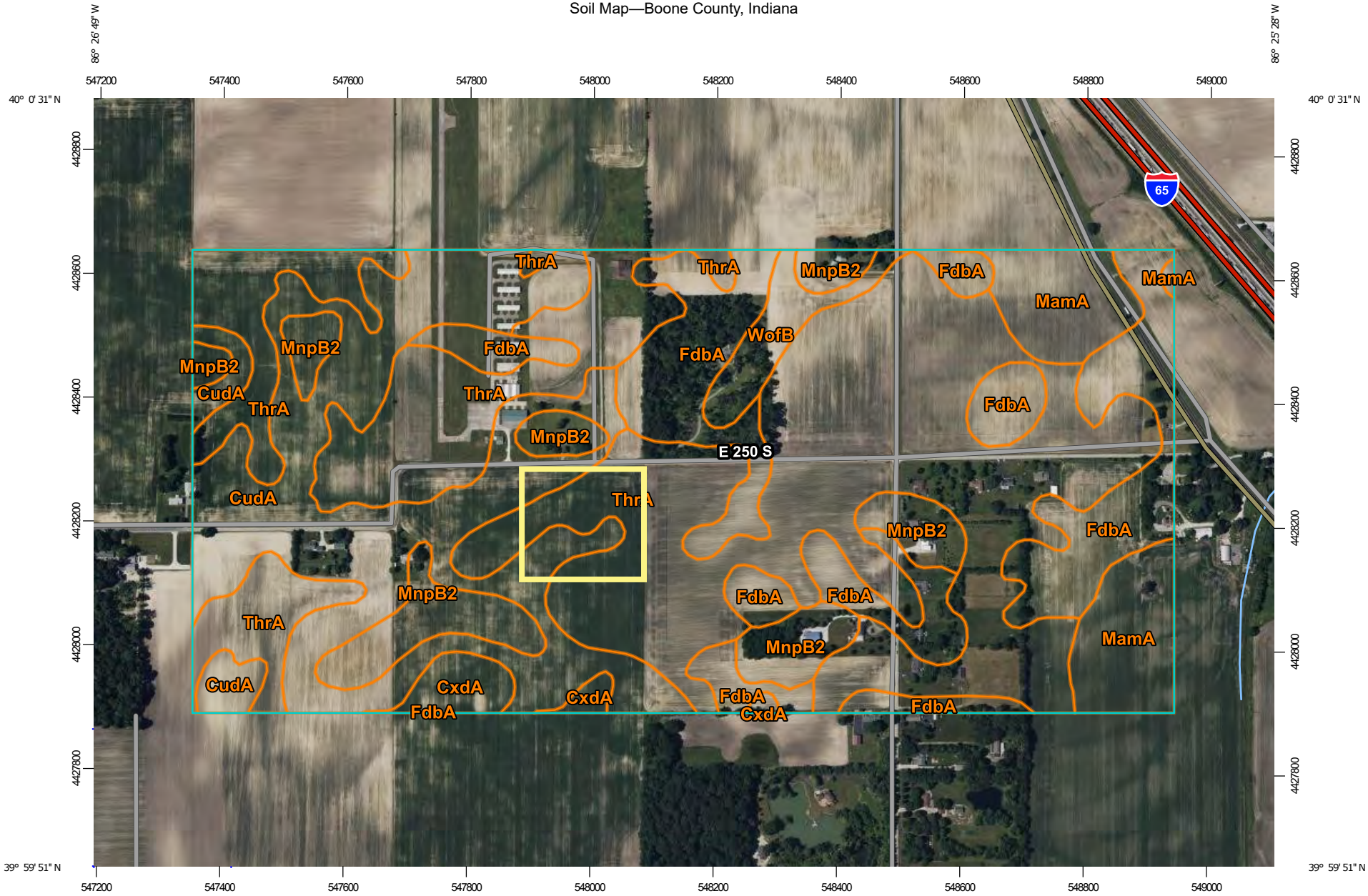
LU/CEG CONNECTION POINT 1
USGS TOPO MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

LU/CEG CONNECTION POINT 1
AERIAL PHOTOGRAPHY MAP
Updated 11/12/2024



Map Scale: 1:8,750 if printed on A landscape (11" x 8.5") sheet.

N

0 100 200 400 600 Meters

0 400 800 1600 2400 Feet

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 16N WGS84

MAP LEGEND

Area of Interest (AOI)

- Area of Interest (AOI)

Soils

- Soil Map Unit Polygons
- Soil Map Unit Lines
- Soil Map Unit Points

Special Point Features

- Blowout
- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
- Lava Flow
- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
- Rock Outcrop
- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
- Other
- Special Line Features

Water Features

- Streams and Canals

Transportation

- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background

- Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:12,000.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

Maps from the Web Soil Survey are based on the Web Mercator projection, which preserves direction and shape but distorts distance and area. A projection that preserves area, such as the Albers equal-area conic projection, should be used if more accurate calculations of distance or area are required.

This product is generated from the USDA-NRCS certified data as of the version date(s) listed below.

Soil Survey Area: Boone County, Indiana
Survey Area Data: Version 26, Sep 1, 2023

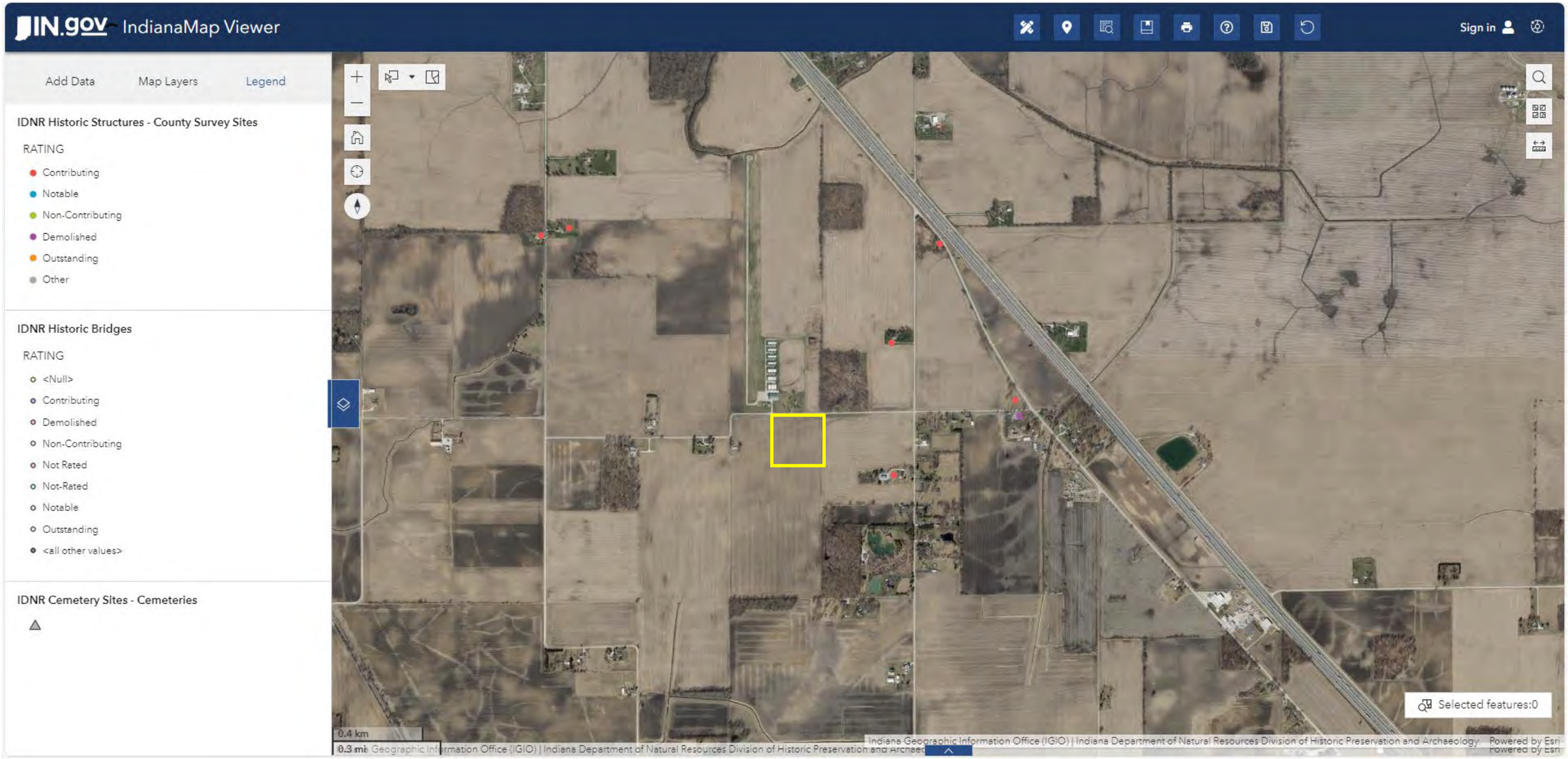
Soil map units are labeled (as space allows) for map scales 1:50,000 or larger.

Date(s) aerial images were photographed: Jun 15, 2022—Jun 21, 2022

The orthophoto or other base map on which the soil lines were compiled and digitized probably differs from the background imagery displayed on these maps. As a result, some minor shifting of map unit boundaries may be evident.

Map Unit Legend

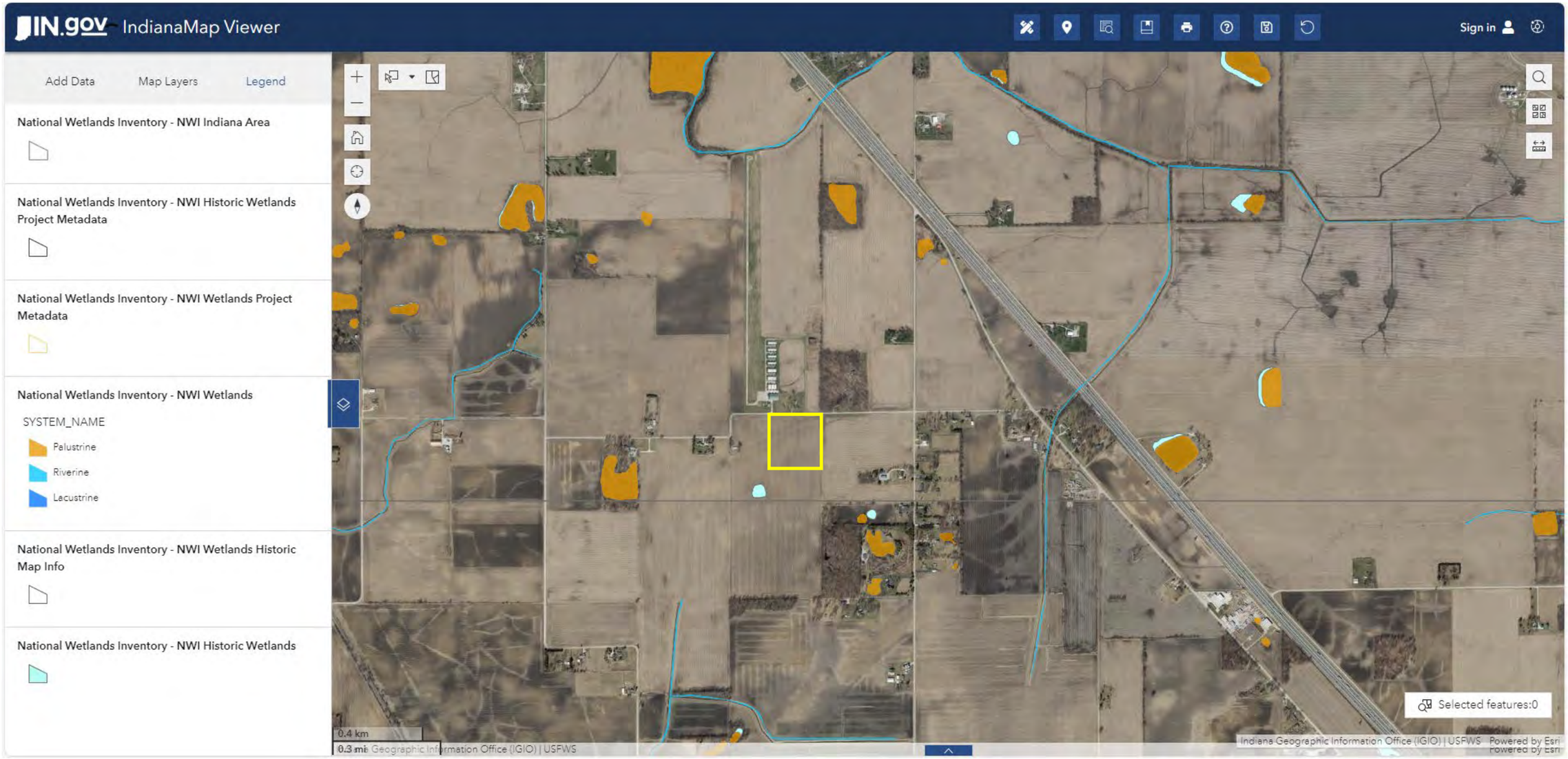
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
CudA	Crosby silt loam, fine-loamy subsoil, 0 to 2 percent slopes	62.9	21.3%
CxdA	Cyclone silty clay loam, 0 to 2 percent slopes	4.8	1.6%
FdbA	Fincastle silt loam, Tipton Till Plain, 0 to 2 percent slopes	52.2	17.7%
MamA	Mahalasville silty clay loam, 0 to 2 percent slopes	18.6	6.3%
MnpB2	Miami silt loam, 2 to 6 percent slopes, eroded	22.5	7.6%
ThrA	Treaty silty clay loam, 0 to 1 percent slopes	128.6	43.5%
WofB	Williamstown-Crosby silt loams, 2 to 4 percent slopes	5.9	2.0%
Totals for Area of Interest		**295.6**	**100.0%**



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

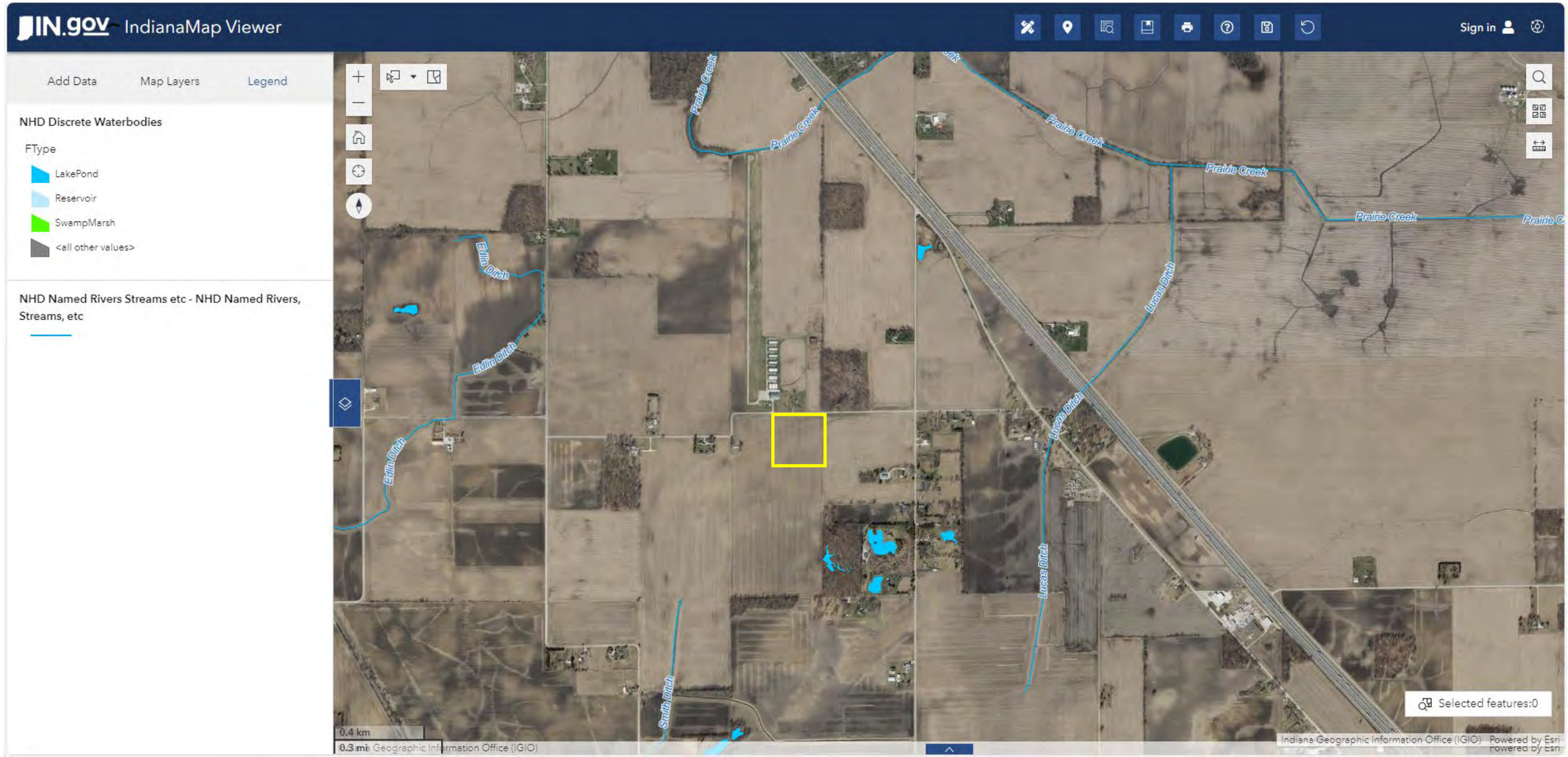
LU/CEG CONNECTION POINT 1
INDIANA HISTORICAL STRUCTURES MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

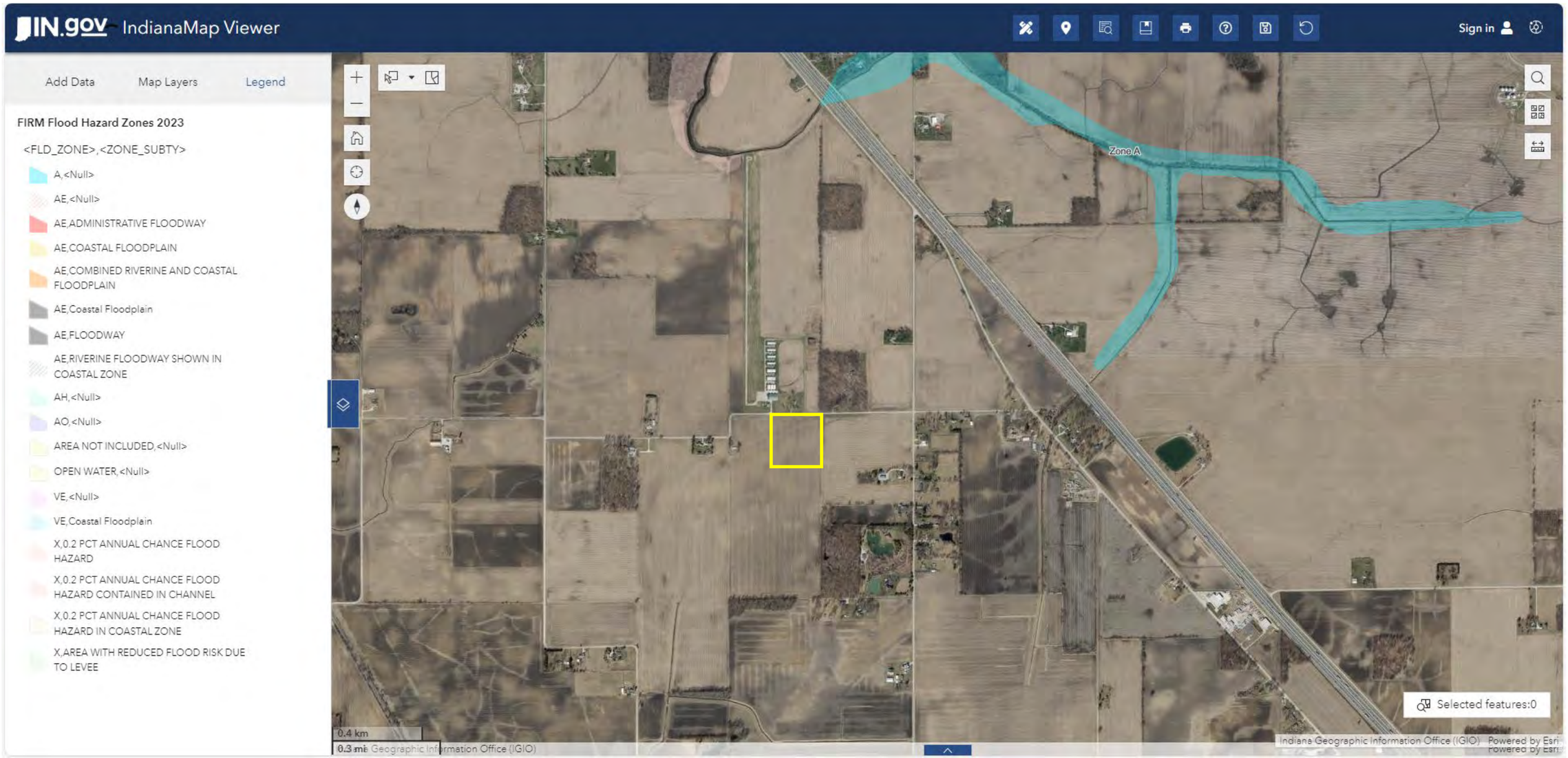
LU/CEG CONNECTION POINT 1
WETLANDS MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

LU/CEG CONNECTION POINT 1
WATERWAYS MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

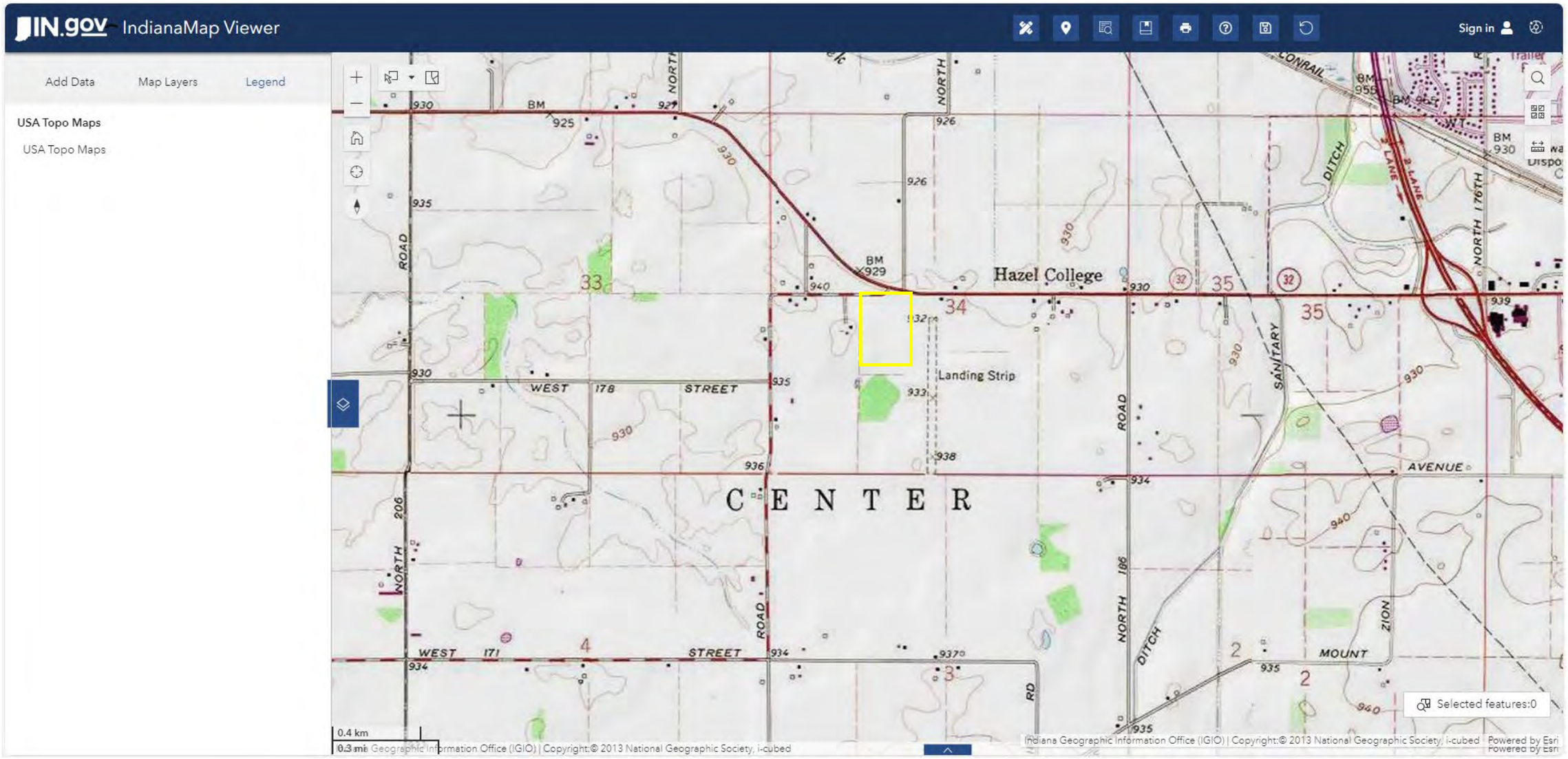
LU/CEG CONNECTION POINT 1
FLOODPLAIN MAP
Updated 11/12/2024

LEBANON UTILITIES
Public Water Supply ID: IN 5206003

PRELIMINARY ENGINEERING REPORT
WHOLESALE WATER SUPPLY - PHASE 1

ENVIRONMENTAL GRAPHICS – ELEVATED STORAGE TANK

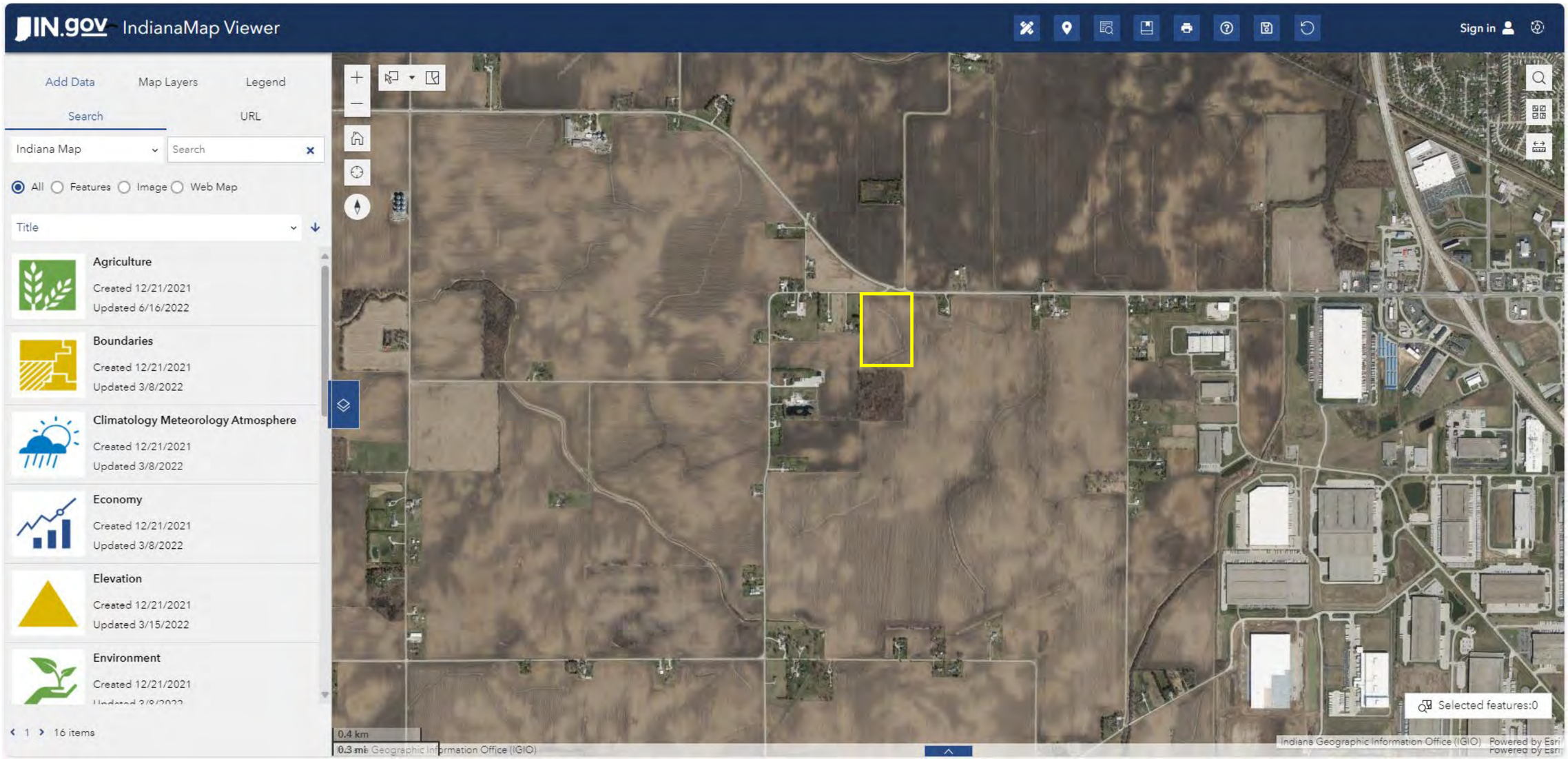
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

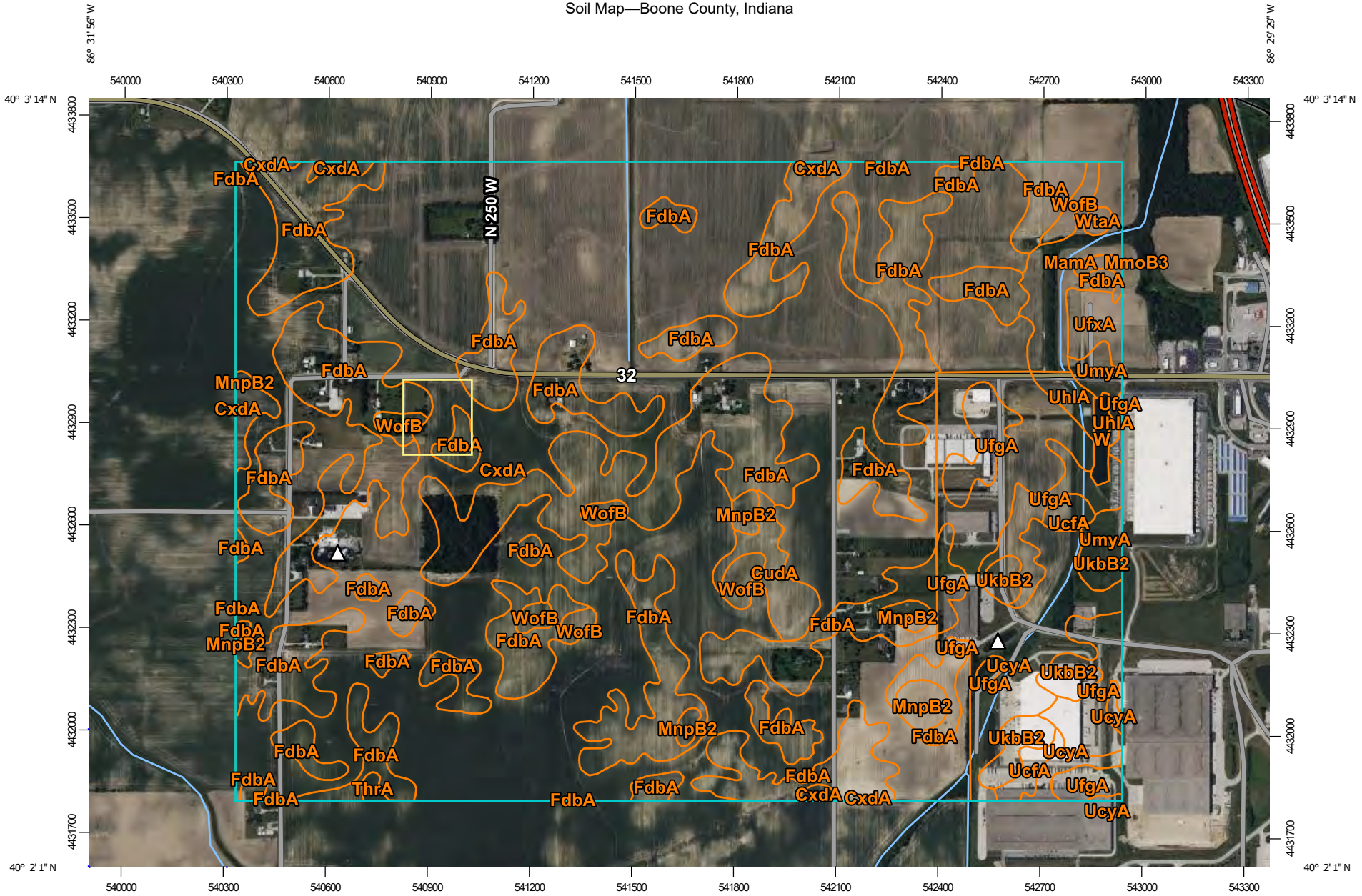
POTENTIAL ELEVATED STORAGE TANK OPTIONS
USGS TOPO MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

POTENTIAL ELEVATED STORAGE TANK OPTIONS
AERIAL PHOTOGRAPHY MAP
Updated 11/12/2024



Map Scale: 1:15,900 if printed on A landscape (11" x 8.5") sheet.

N

Meters: 0 200 400 800 1200

Feet: 0 500 1000 2000 3000

Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 16N WGS84

MAP LEGEND

Area of Interest (AOI)

- Area of Interest (AOI)

Soils

- Soil Map Unit Polygons
- Soil Map Unit Lines
- Soil Map Unit Points

Special Point Features

- Blowout
- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
- Lava Flow
- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
- Rock Outcrop
- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
- Other
- Special Line Features

Water Features

- Streams and Canals

Transportation

- Rails
- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background

- Aerial Photography

MAP INFORMATION

The soil surveys that comprise your AOI were mapped at 1:12,000.

Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

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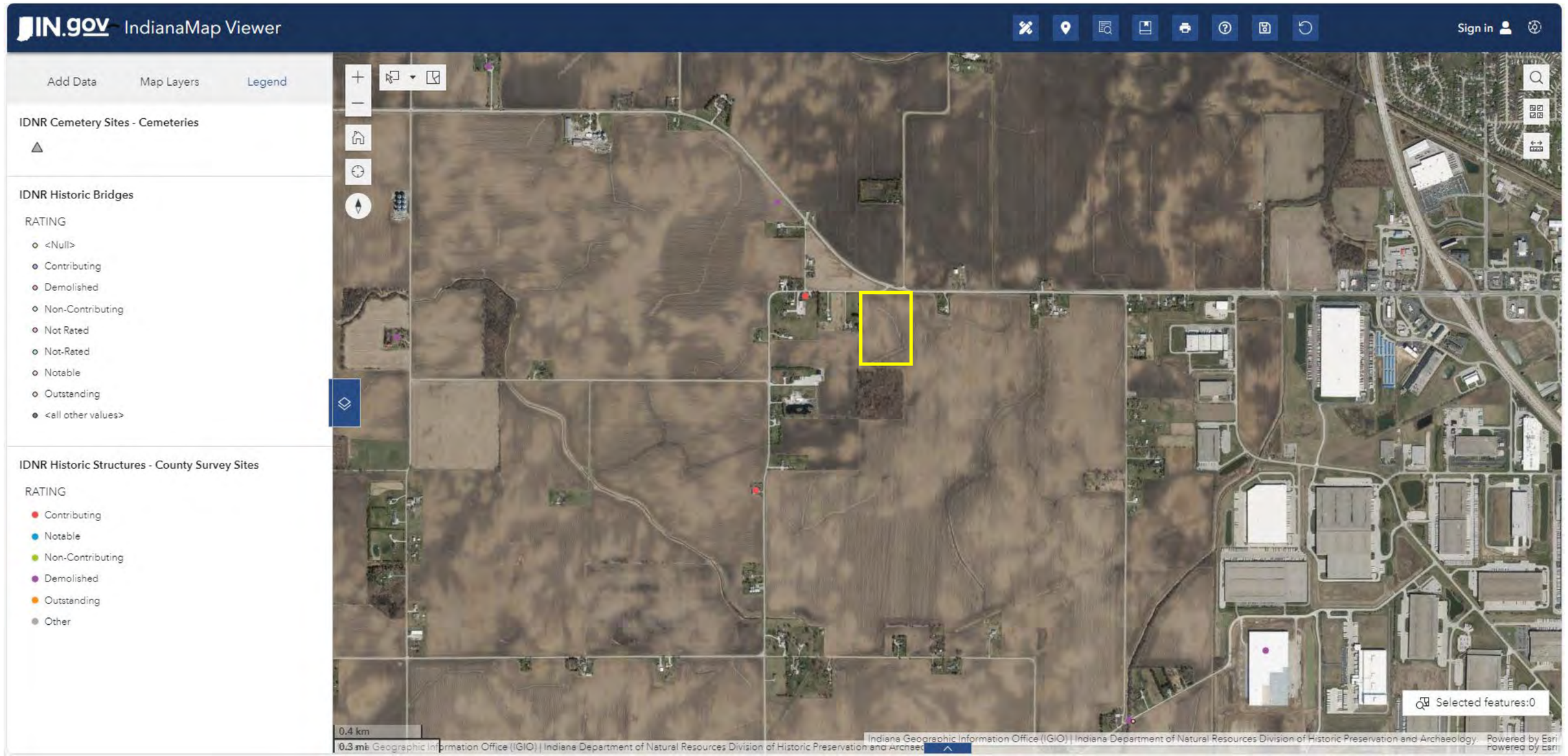
Map Unit Legend

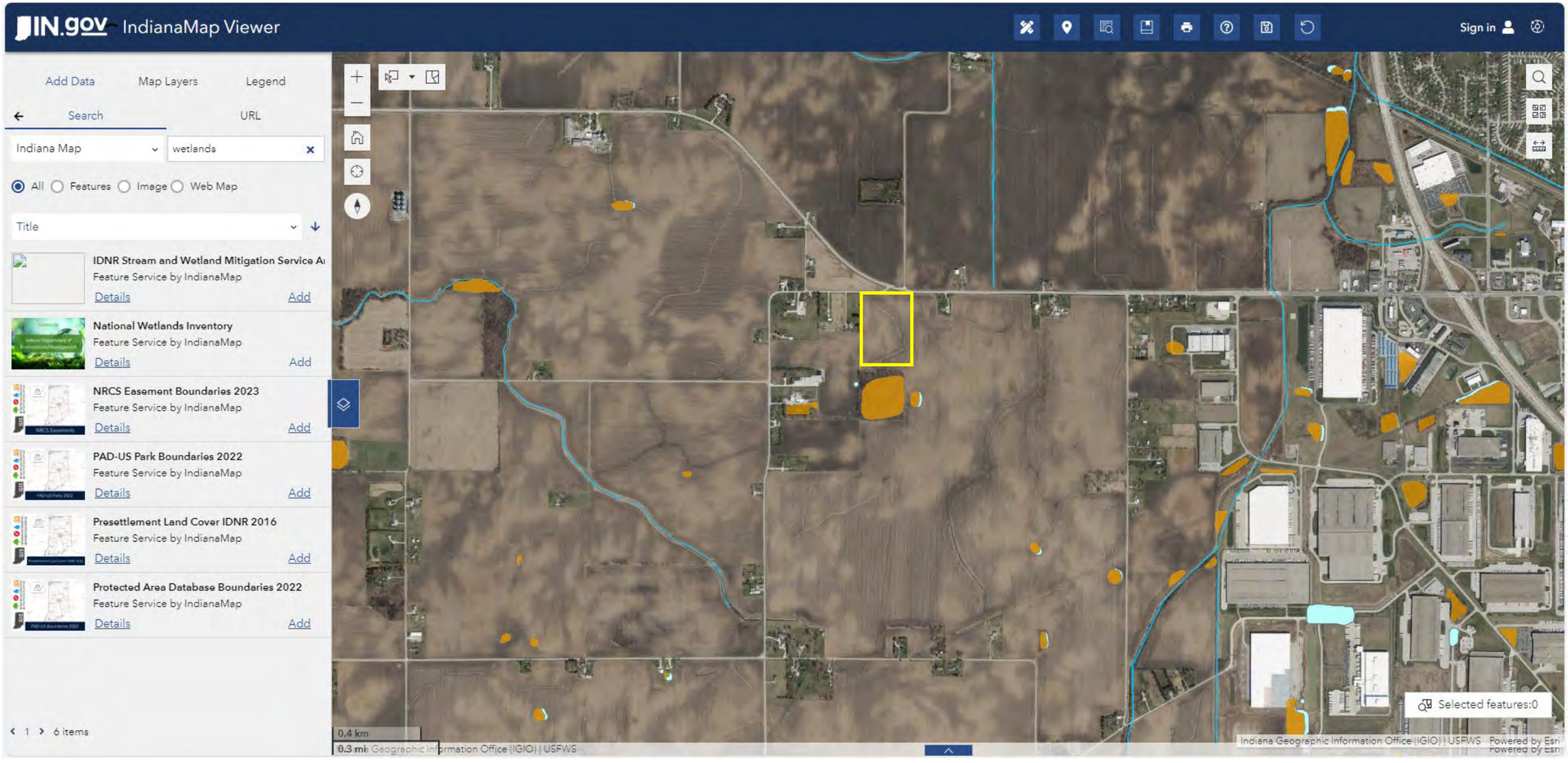
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
CudA	Crosby silt loam, fine-loamy subsoil, 0 to 2 percent slopes	11.2	0.9%
CxdA	Cyclone silty clay loam, 0 to 2 percent slopes	614.3	50.8%
FdbA	Fincastle silt loam, Tipton Till Plain, 0 to 2 percent slopes	367.8	30.4%
MamA	Mahalasville silty clay loam, 0 to 2 percent slopes	18.6	1.5%
MmoB3	Miami clay loam, 2 to 6 percent slopes, severely eroded	1.9	0.2%
MnpB2	Miami silt loam, 2 to 6 percent slopes, eroded	11.0	0.9%
ThrA	Treaty silty clay loam, 0 to 1 percent slopes	1.1	0.1%
UcfA	Urban land-Crosby silt loam complex, fine-loamy subsoil, 0 to 2 percent slopes	6.8	0.6%
UcyA	Urban land-Cyclone silty clay loam complex, 0 to 2 percent slopes	76.3	6.3%
UfgA	Urban land-Fincastle silt loam complex, 0 to 2 percent slopes	47.2	3.9%
UfxA	Urban land-Fincastle complex, 0 to 2 percent slopes	7.4	0.6%
UhlA	Urban land-Mahalasville silty clay loam complex, 0 to 2 percent slopes	4.7	0.4%
UkbB2	Urban land-Miami silt loam complex, 2 to 6 percent slopes, eroded	16.1	1.3%
UmyA	Urban land-Treaty complex, 0 to 1 percent slopes	7.4	0.6%
W	Water	2.8	0.2%
WofB	Williamstown-Crosby silt loams, 2 to 4 percent slopes	14.3	1.2%
WtaA	Whitaker silt loam, 0 to 2 percent slopes	1.3	0.1%
Totals for Area of Interest		**1,210.2**	**100.0%**



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

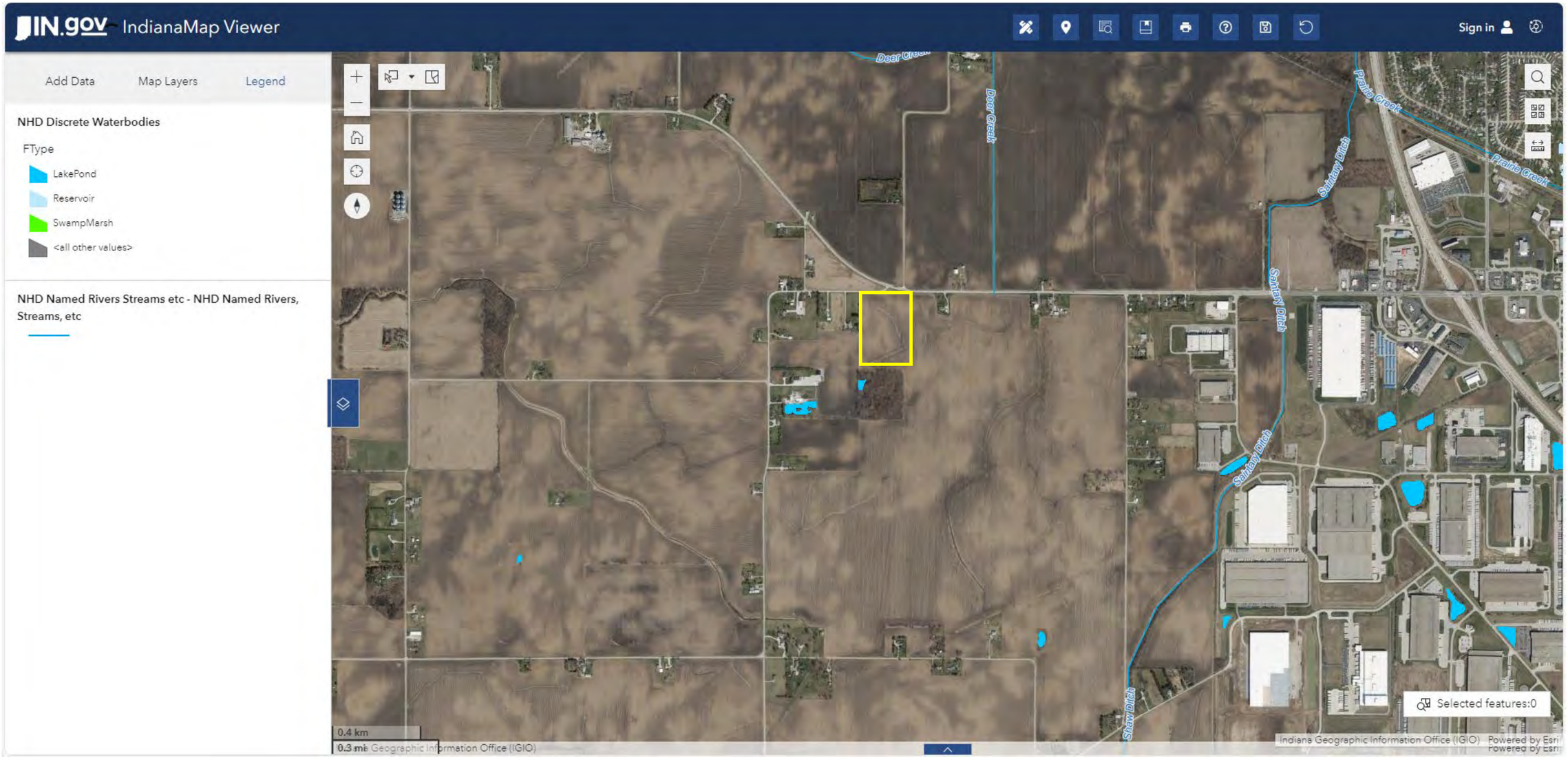
POTENTIAL ELEVATED STORAGE TANK OPTIONS
HISTORICAL SITES MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

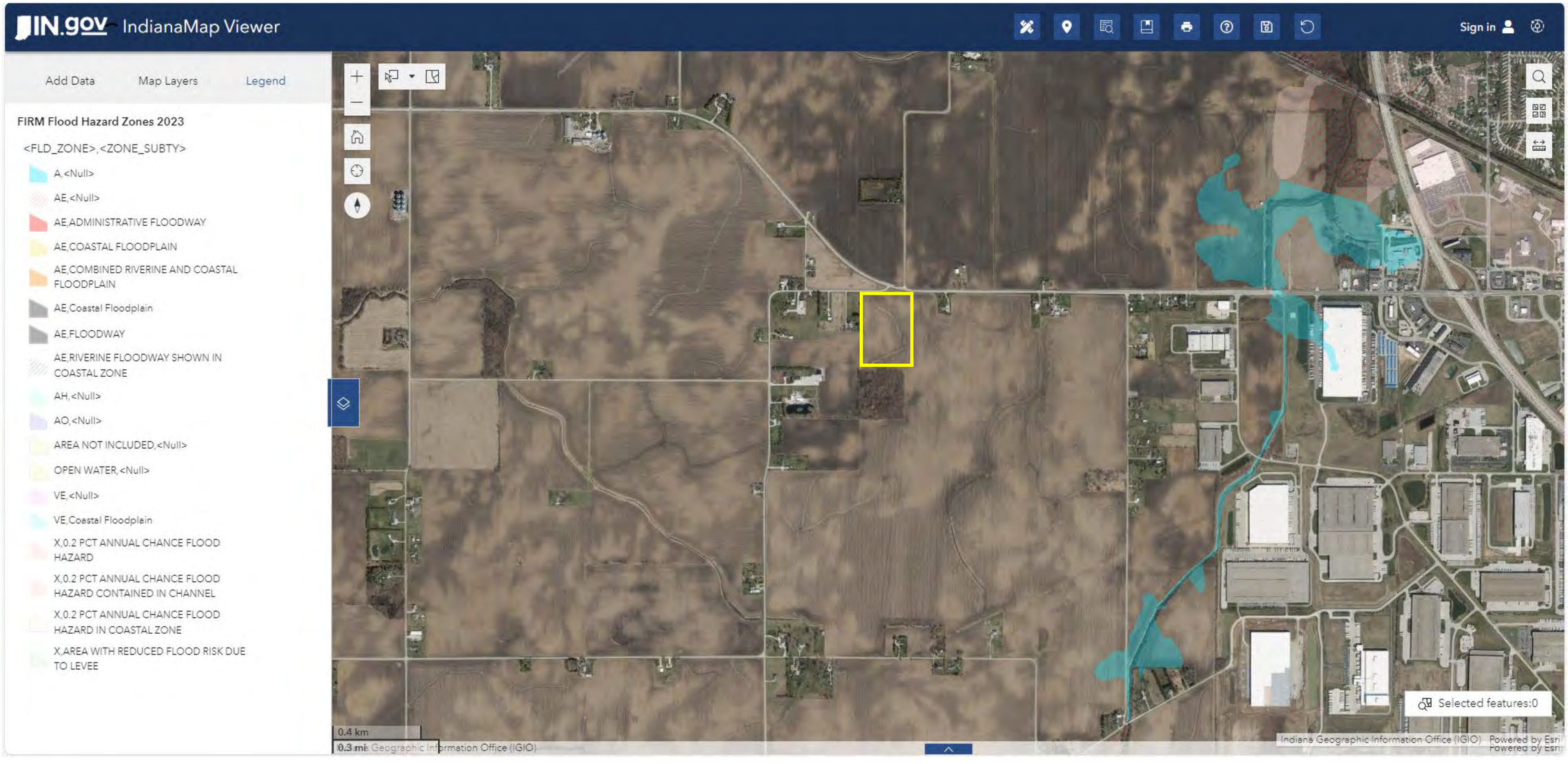
POTENTIAL ELEVATED STORAGE TANK OPTIONS
WETLANDS MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

POTENTIAL ELEVATED STORAGE TANK OPTIONS
WATERWAYS MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

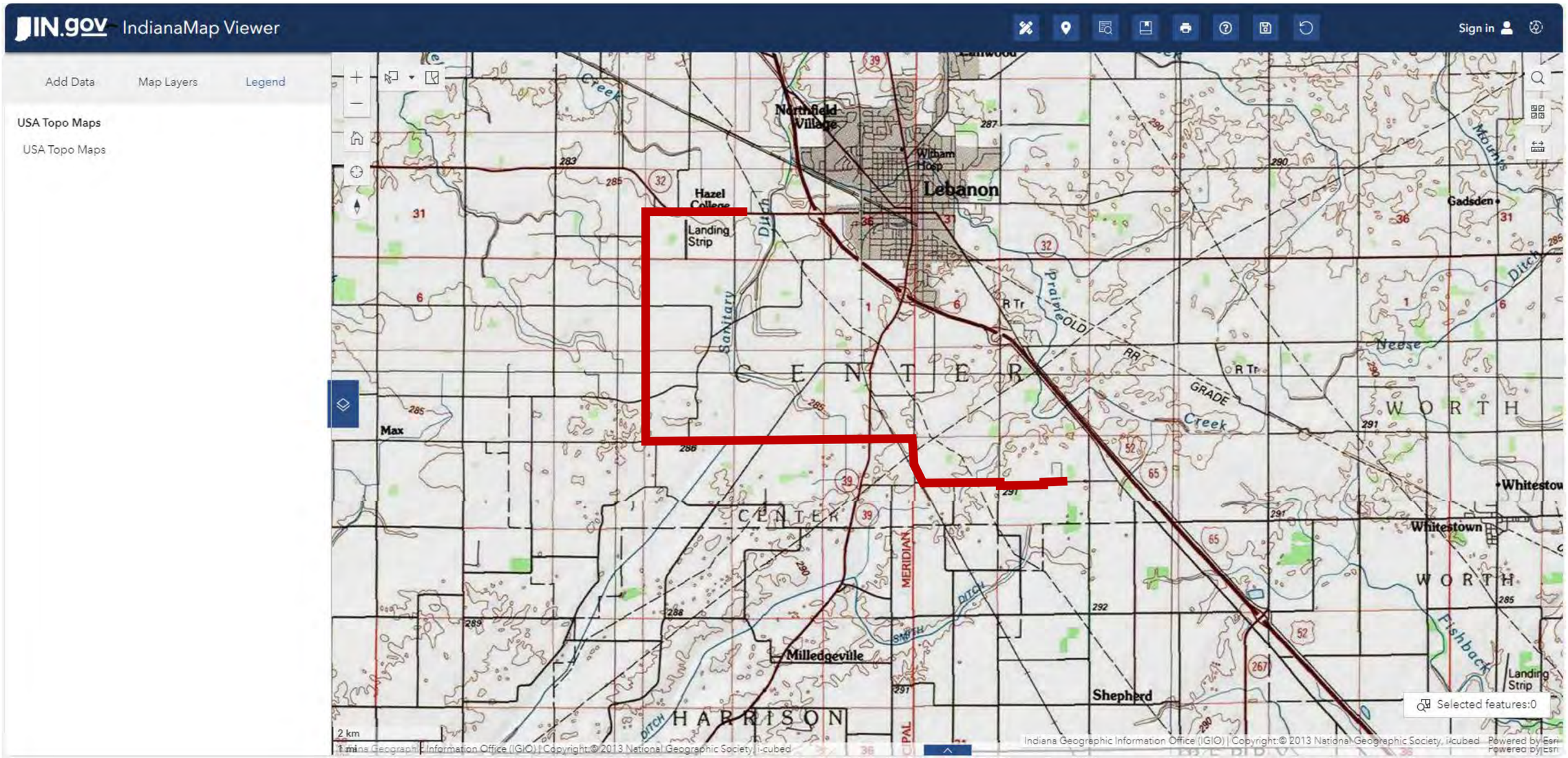
POTENTIAL ELEVATED STORAGE TANK OPTIONS
FLOODPLAIN MAP
Updated 11/12/2024

LEBANON UTILITIES
PUBLIC WATER SUPPLY ID: IN 5206003

PRELIMINARY ENGINEERING REPORT
WHOLESALE WATER SUPPLY - PHASE 1

ENVIRONMENTAL GRAPHICS – WATER TRANSMISSION LINES

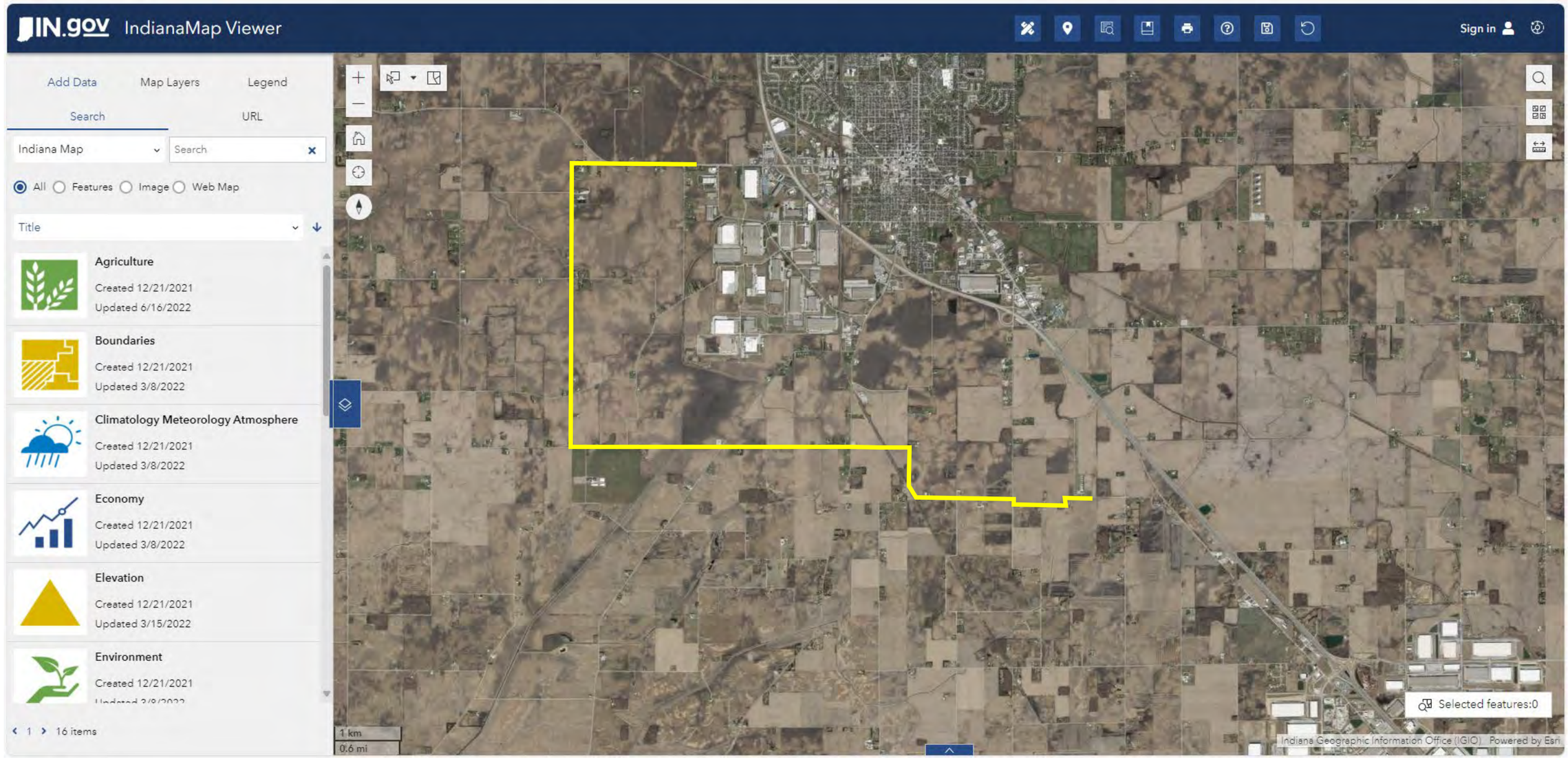
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

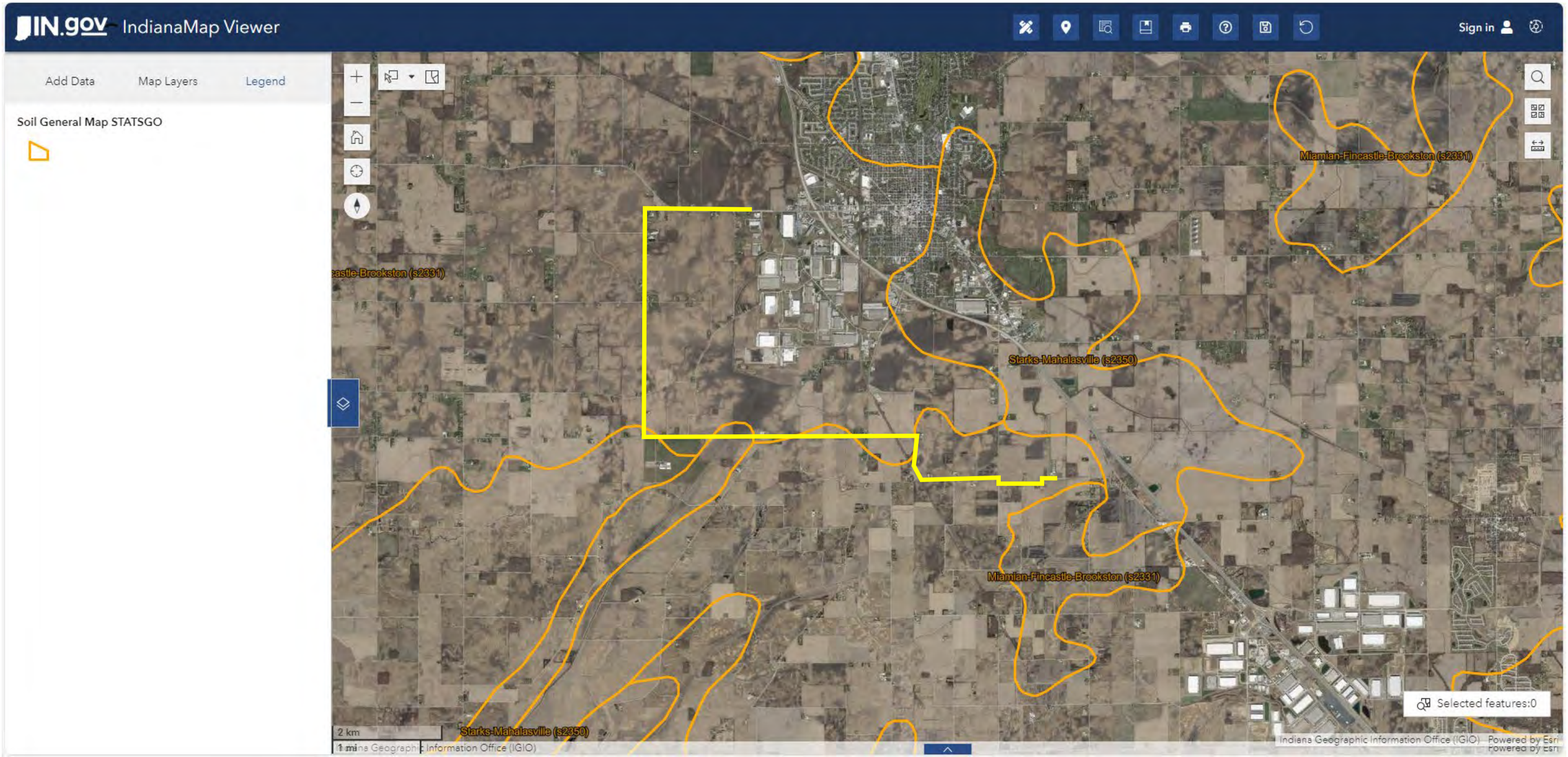
WATER TRANSMISSION LINES
USGS TOPO MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

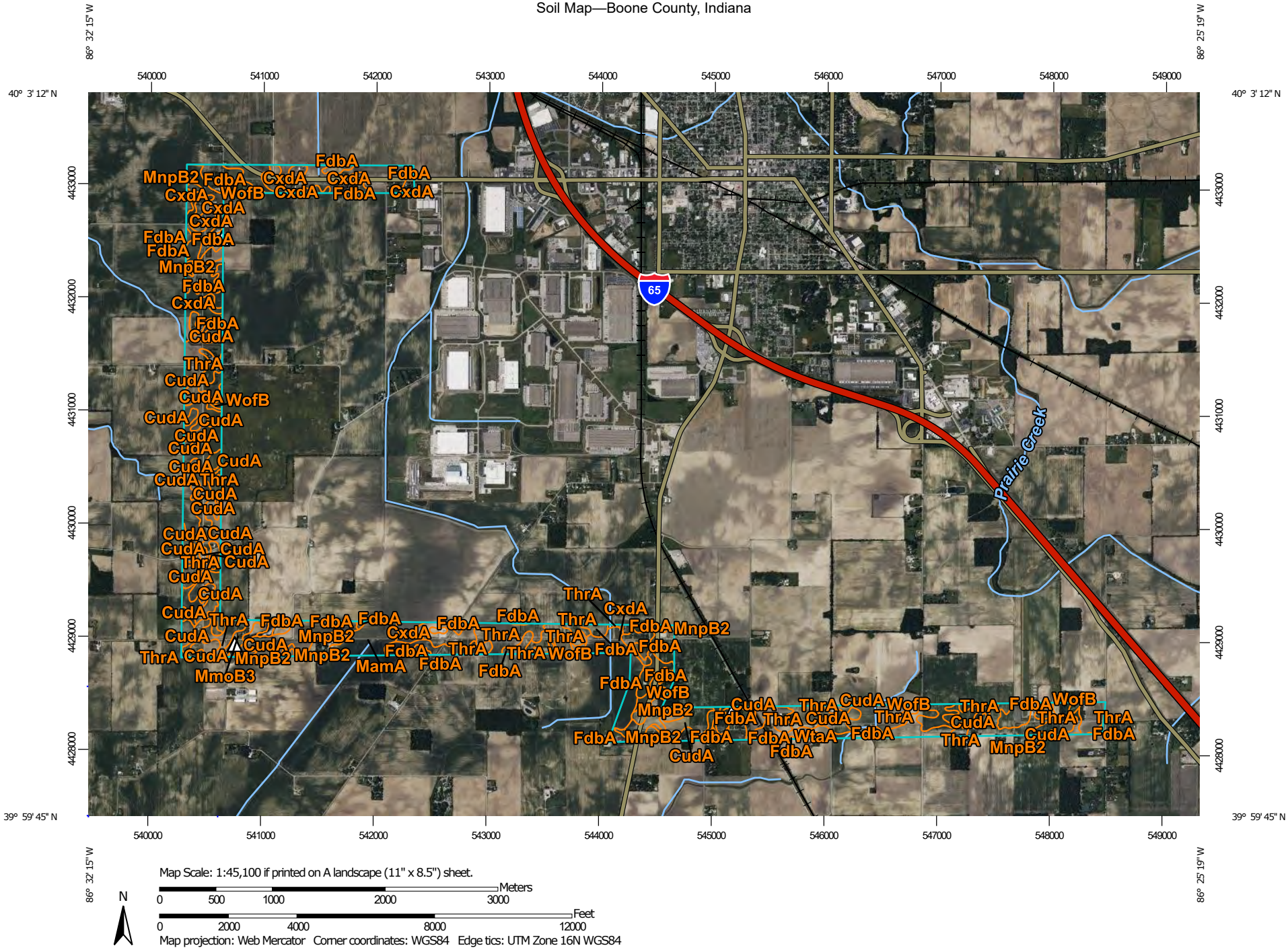
WATER TRANSMISSION LINES
AERIAL PHOTOGRAPHY MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

WATER TRANSMISSION LINES
SOILS MAP
Updated 11/12/2024


86° 32' 15" W
86° 25' 19" W
40° 3' 12" N
39° 59' 45" N
540000
541000
542000
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546000
547000
548000
549000
4433000
4432000
4431000
4430000
4429000
4428000
65
Prairie Creek
MnpB2 FdbA CxdA WofB
ThrA CudA MmoB3 MamA
Map Scale: 1:45,100 if printed on A landscape (11" x 8.5") sheet.
N
Meters
0 500 1000 2000 3000
Feet
0 2000 4000 8000 12000
Map projection: Web Mercator Corner coordinates: WGS84 Edge tics: UTM Zone 16N WGS84

MAP LEGEND

Area of Interest (AOI)

- Area of Interest (AOI)

Soils

- Soil Map Unit Polygons
- Soil Map Unit Lines
- Soil Map Unit Points

Special Point Features

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- Borrow Pit
- Clay Spot
- Closed Depression
- Gravel Pit
- Gravelly Spot
- Landfill
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- Marsh or swamp
- Mine or Quarry
- Miscellaneous Water
- Perennial Water
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- Saline Spot
- Sandy Spot
- Severely Eroded Spot
- Sinkhole
- Slide or Slip
- Sodic Spot
- Spoil Area
- Stony Spot
- Very Stony Spot
- Wet Spot
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- Special Line Features

Water Features

- Streams and Canals

Transportation

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- Interstate Highways
- US Routes
- Major Roads
- Local Roads

Background

- Aerial Photography

MAP INFORMATION

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Please rely on the bar scale on each map sheet for map measurements.

Source of Map: Natural Resources Conservation Service
Web Soil Survey URL:
Coordinate System: Web Mercator (EPSG:3857)

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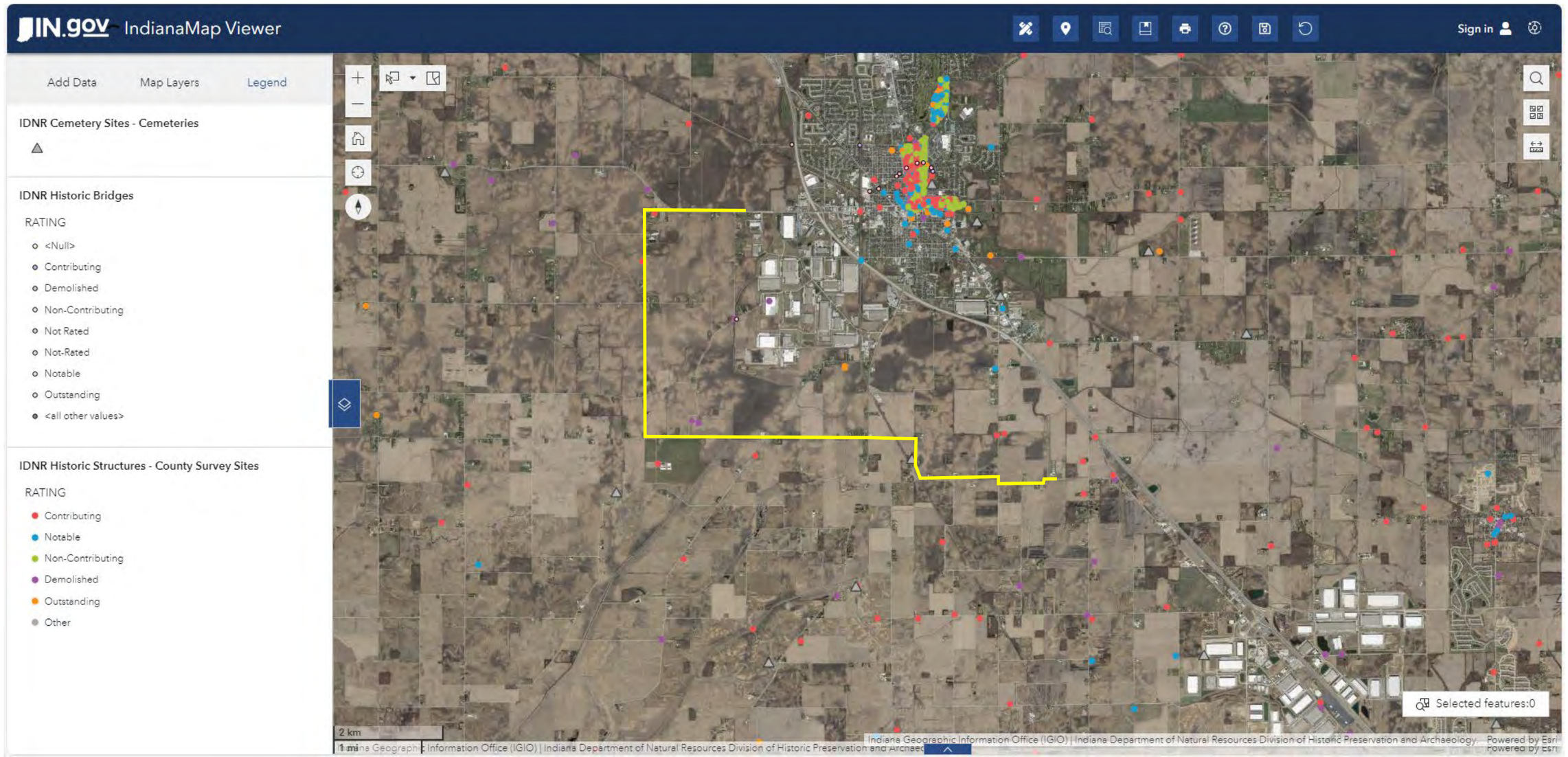
Map Unit Legend

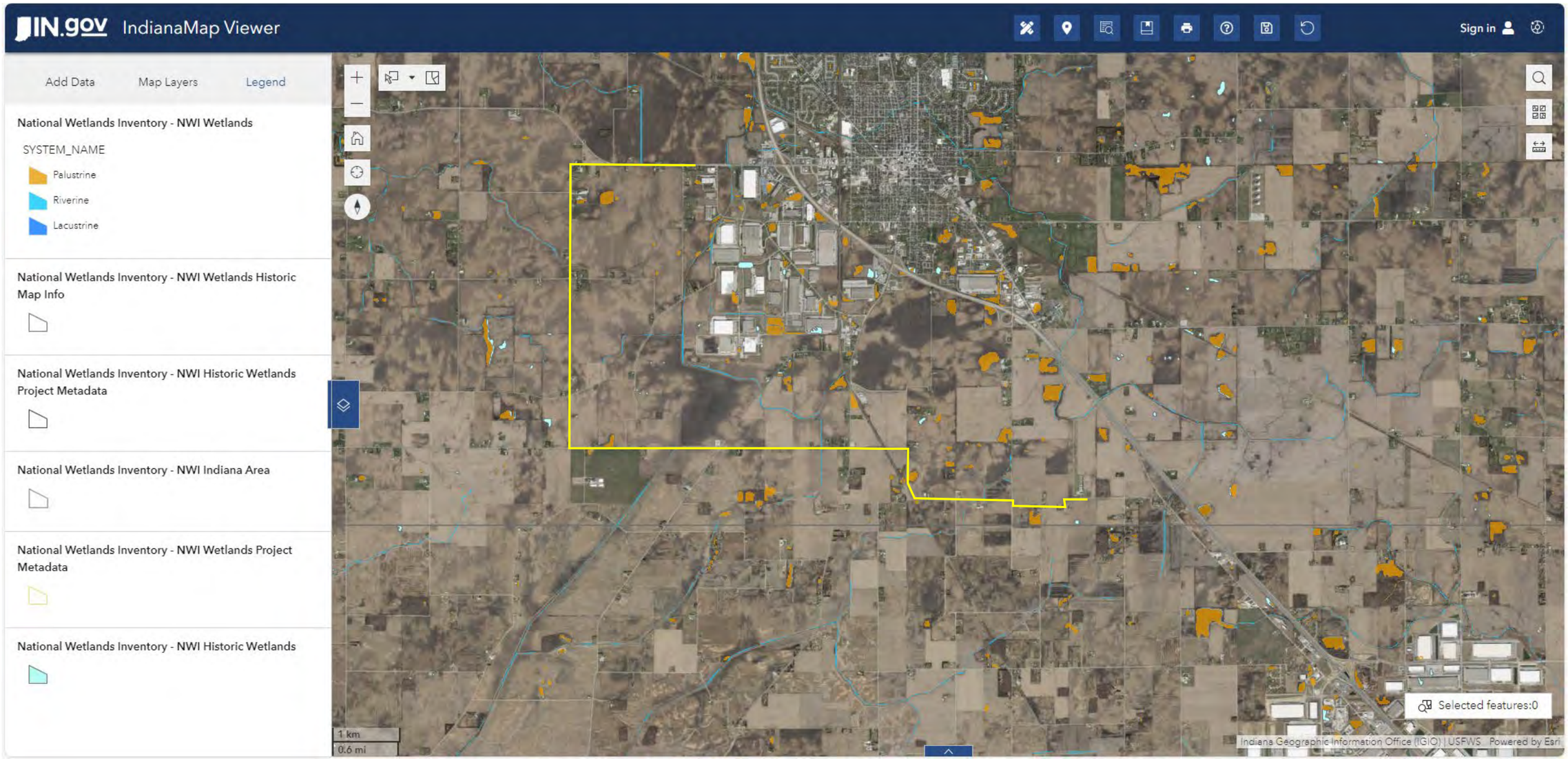
Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
CudA	Crosby silt loam, fine-loamy subsoil, 0 to 2 percent slopes	196.9	17.8%
CxdA	Cyclone silty clay loam, 0 to 2 percent slopes	257.3	23.2%
FdbA	Fincastle silt loam, Tipton Till Plain, 0 to 2 percent slopes	230.6	20.8%
MamA	Mahalasville silty clay loam, 0 to 2 percent slopes	42.0	3.8%
MmoB3	Miami clay loam, 2 to 6 percent slopes, severely eroded	10.6	1.0%
MmoC3	Miami clay loam, 6 to 12 percent slopes, severely eroded	0.9	0.1%
MnpB2	Miami silt loam, 2 to 6 percent slopes, eroded	71.4	6.4%
MnpC2	Miami silt loam, 6 to 12 percent slopes, eroded	3.6	0.3%
ThrA	Treaty silty clay loam, 0 to 1 percent slopes	277.4	25.0%
W	Water	2.5	0.2%
WofB	Williamstown-Crosby silt loams, 2 to 4 percent slopes	13.3	1.2%
WtaA	Whitaker silt loam, 0 to 2 percent slopes	1.6	0.1%
Totals for Area of Interest		**1,108.6**	**100.0%**



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

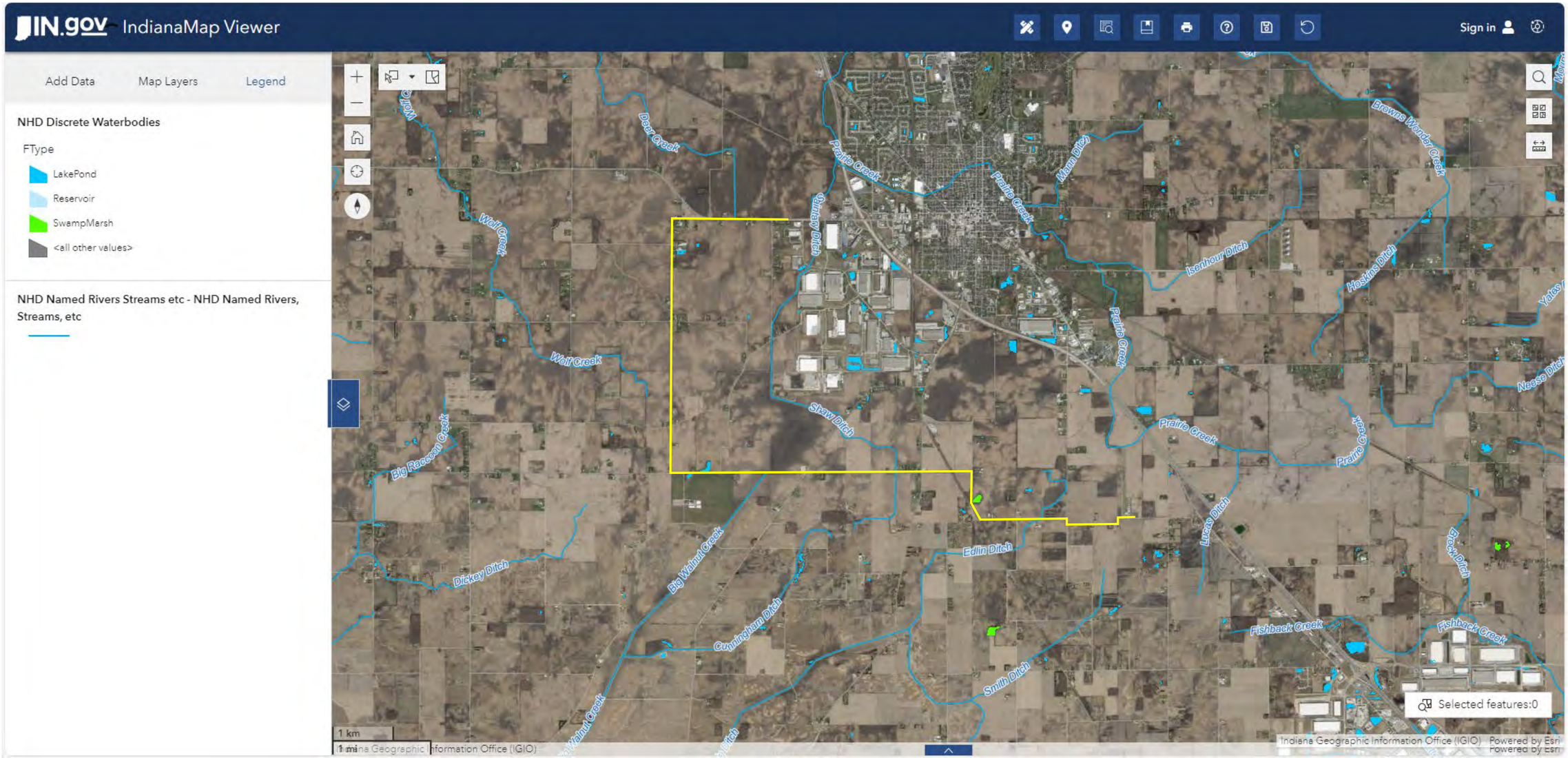
WATER TRANSMISSION LINES
HISTORICAL STRUCTURES MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

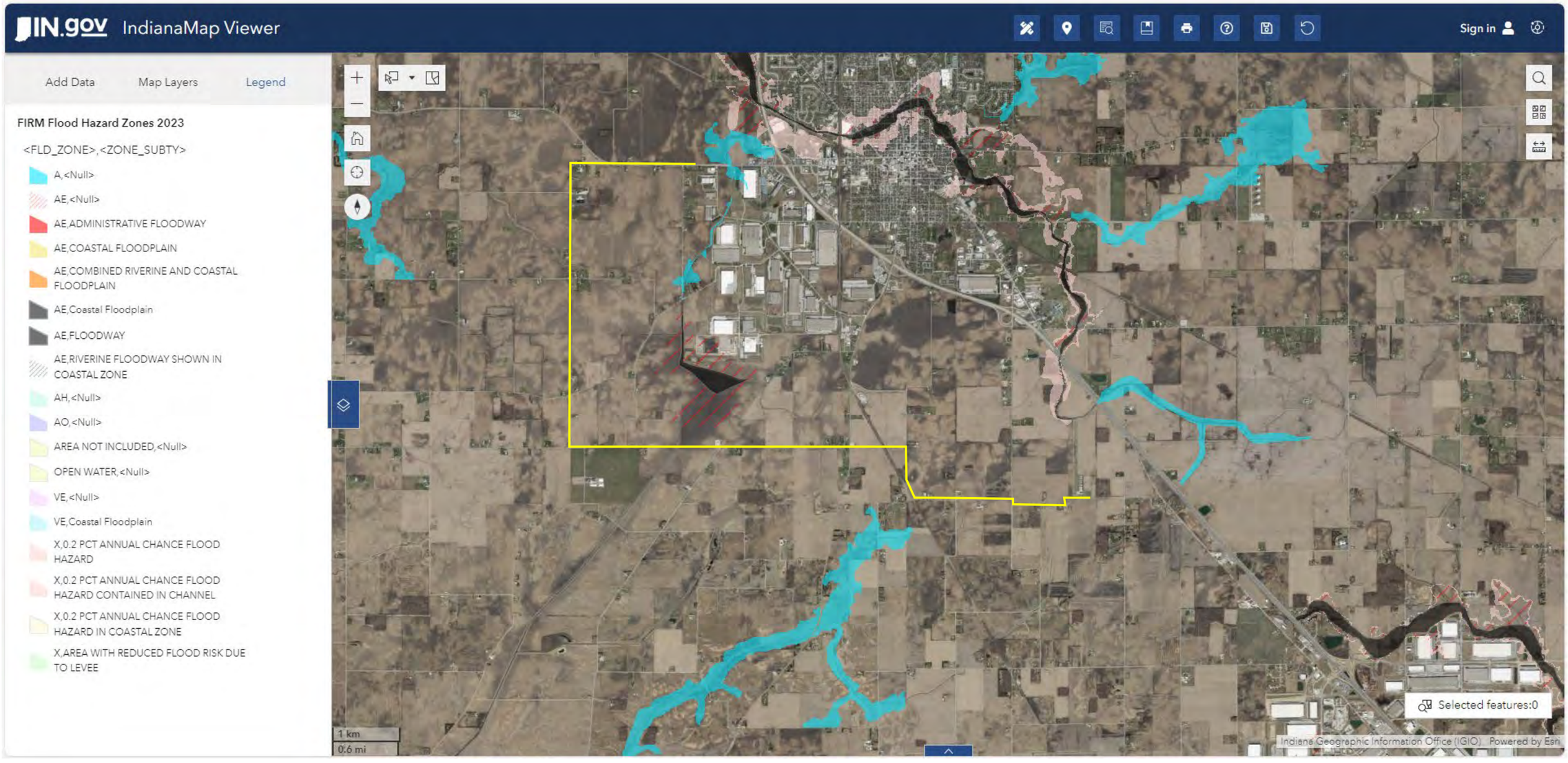
WATER TRANSMISSION LINES
WETLANDS MAP
11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

WATER TRANSMISSION LINES
WATERWAYS MAP
Updated 11/12/2024



LEBANON UTILITIES

PRELIMINARY ENGINEERING REPORT - WHOLESALE WATER SUPPLY – PHASE 1

WATER TRANSMISSION LINES
FIRM FLOOD HAZARD ZONES
Updated 11/12/2024

APPENDIX A

WHOLESALE WATER SUPPLY PROGRAM PHASING SCHEMATICS

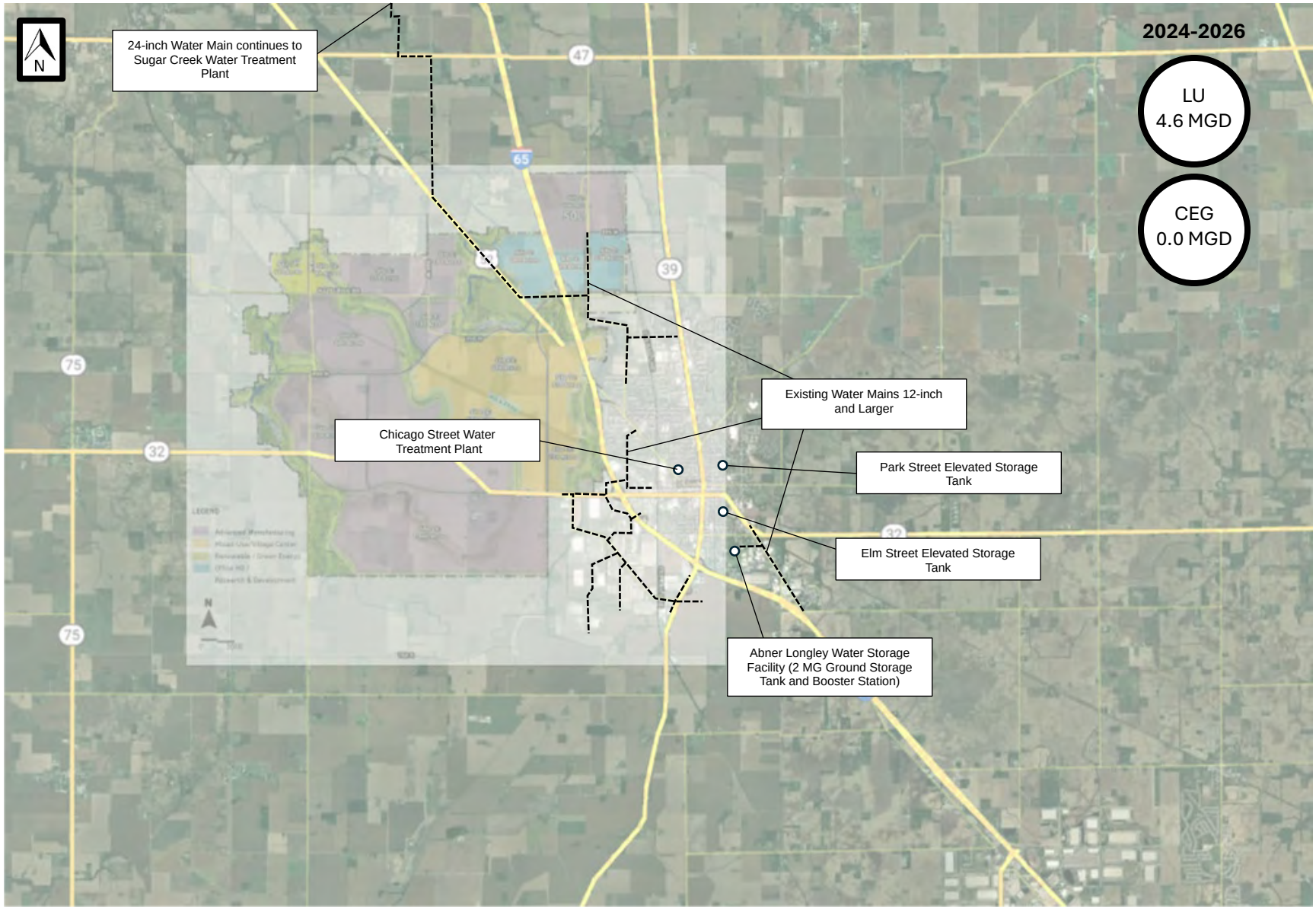


Figure A – CURRENT CONDITIONS – Updated 11/12/2024

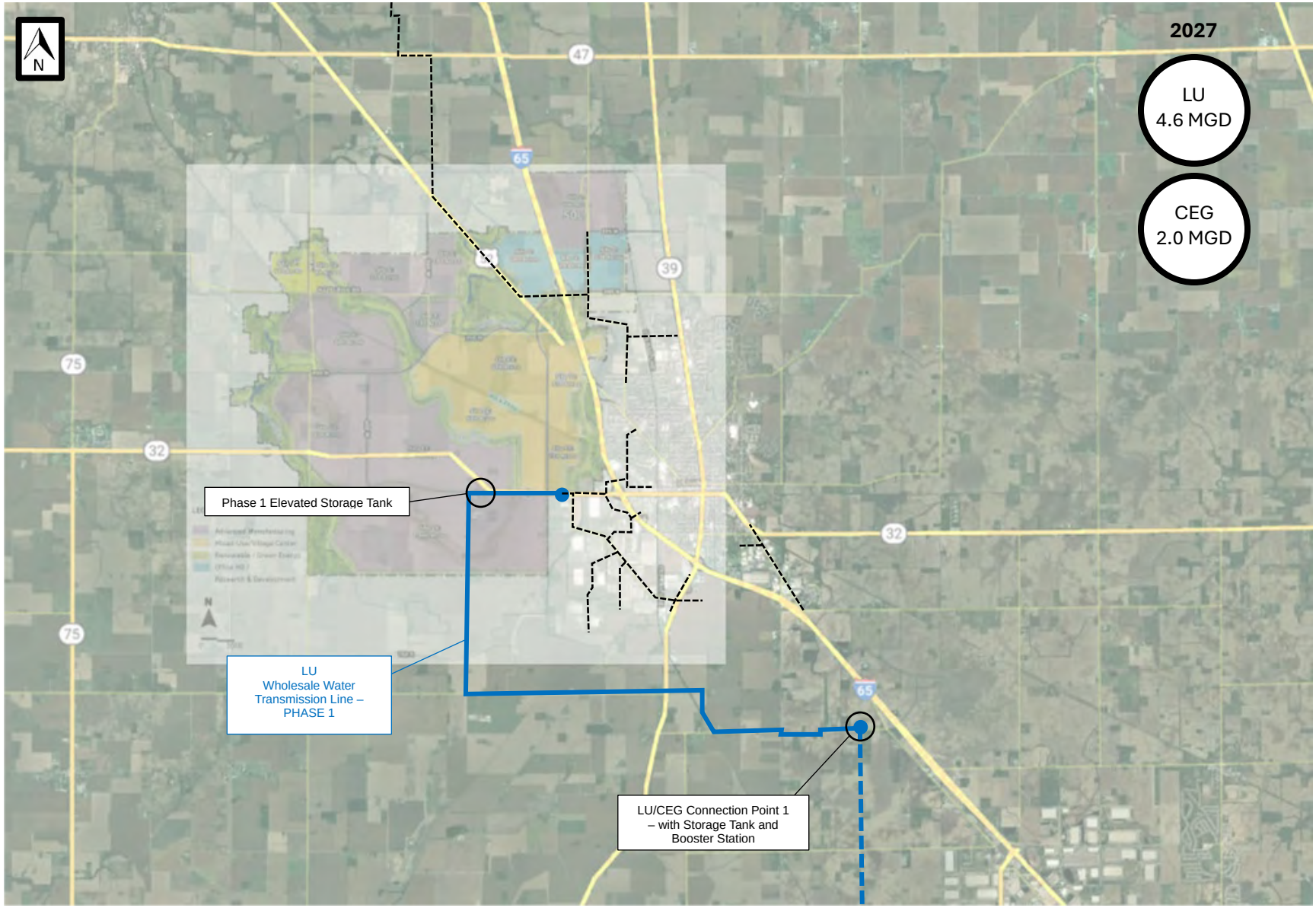


Figure B – WHOLESALE WATER SUPPLY – PHASE 1 – Updated 11/12/2024

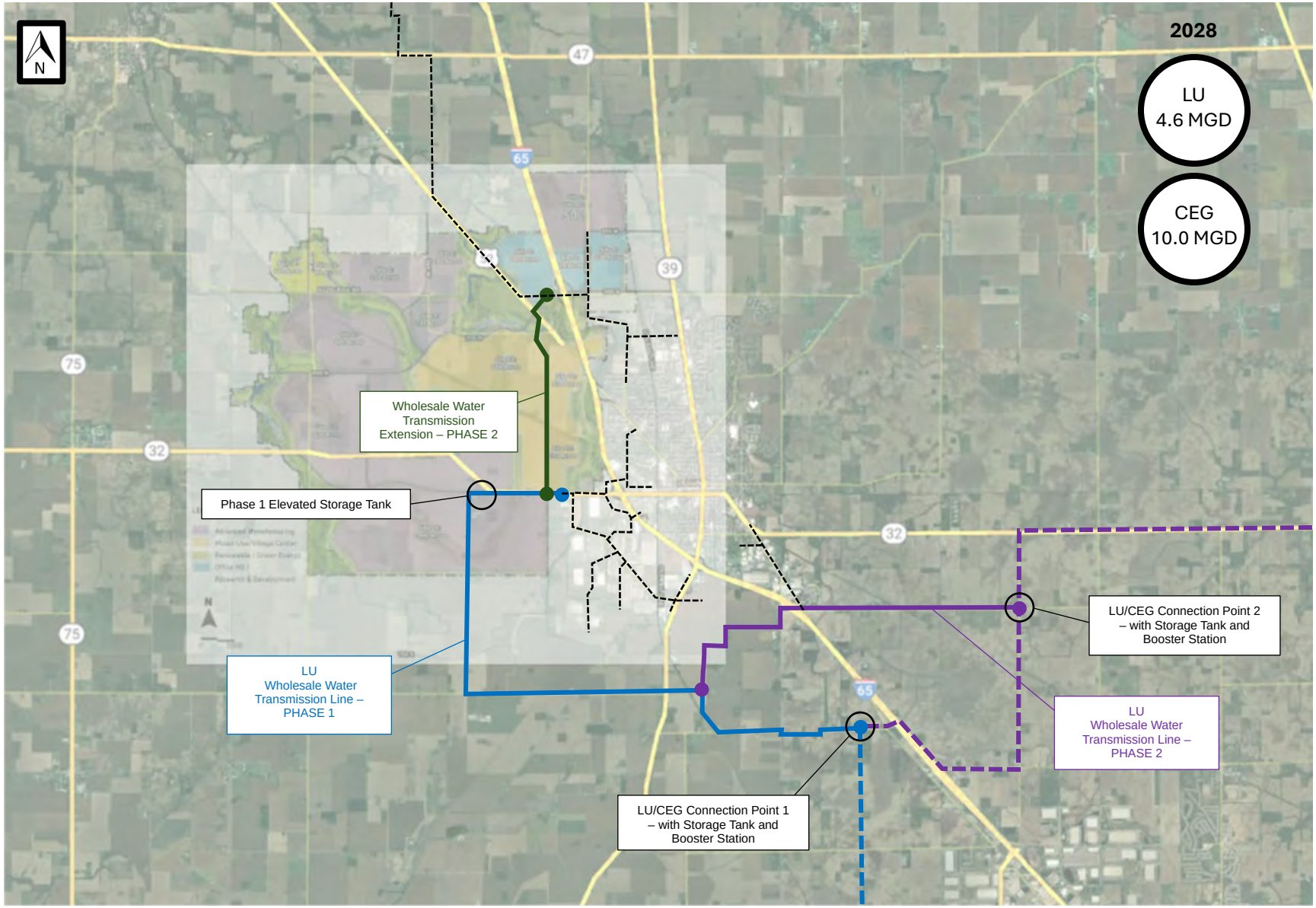


Figure C – WHOLESALE WATER SUPPLY – PHASE 2 – Updated 11/12/2024

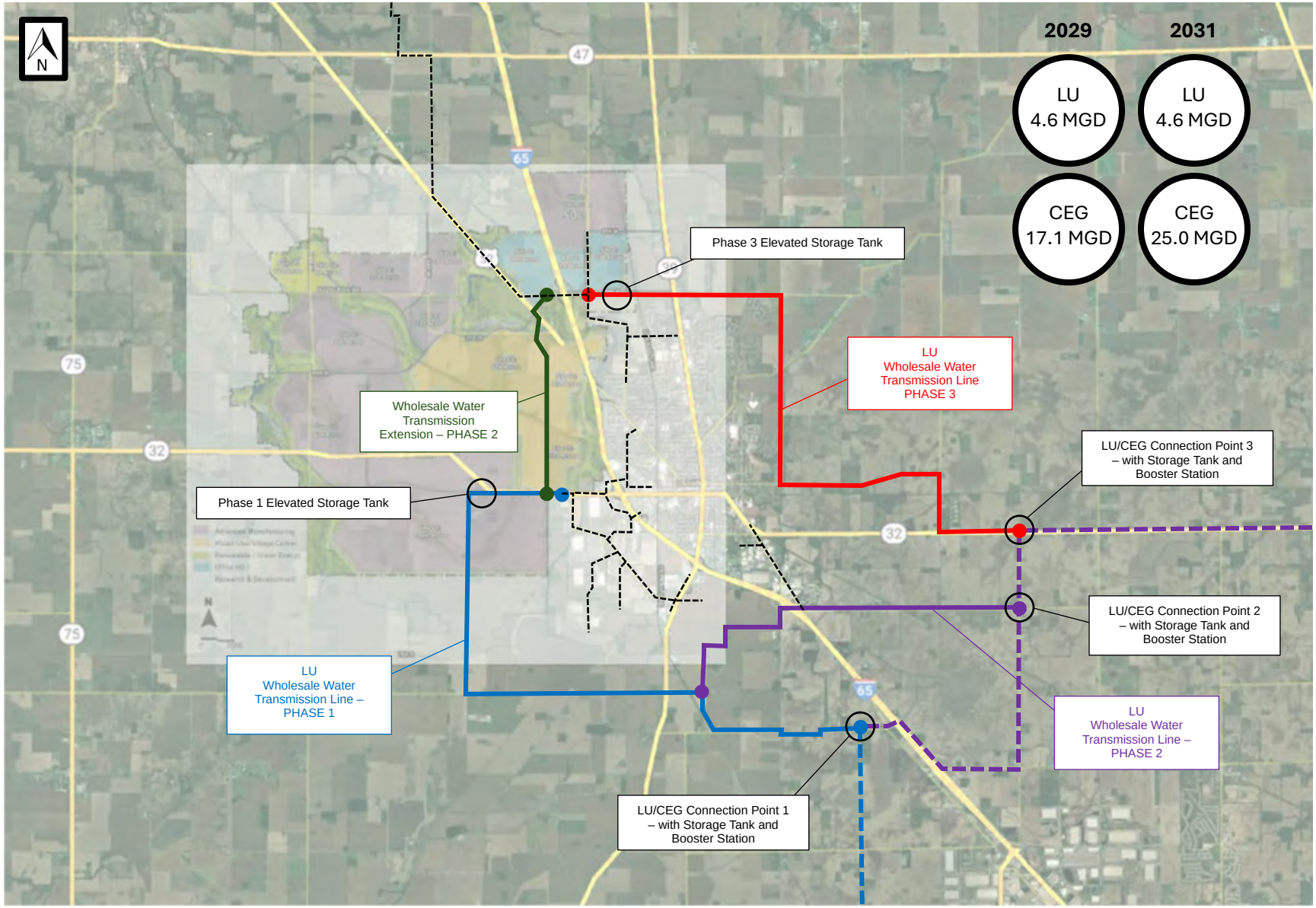


Figure D - WHOLESALE WATER SUPPLY – PHASE 3 – Updated 11/12/2024

APPENDIX B

WHOLESALE WATER SUPPLY PROGRAM
PHASED COST ESTIMATES

WHOLESALE WATER SUPPLY PHASE 1

Construction Costs (dollars)

Item	Quantity	Unit	Unit Cost	Total Cost
Connection Point 1				
Meter Vault	1	LS	$500,000.00	$500,000.00
2 MG Ground Storage Tank	1	LS	$6,000,000.00	$6,000,000.00
15 MGD Booster Station	1	LS	$6,000,000.00	$6,000,000.00
Phase 1 Water Transmission Lines				
30-inch DI Water Main	10300	LFT	$750.00	$7,725,000.00
36-inch DI Water Main	38000	LFT	$900.00	$34,200,000.00
Phase 1 Elevated Storage Tank				
2 MG Elevated Storage Tank	1	LS	$8,000,000.00	$8,000,000.00
			Contingencies	$6,250,000.00
			Construction Costs Sub-total	$68,675,000.00

Total Project Costs (dollars)

Administrative and Legal	$1,000,000.00
Land & Right-of-Way Acquisition	$8,500,000.00
Relocation	$0.00
Engineering Fees	$3,500,000.00
Design (included in Engineering Fees)	$0.00
Construction	$0.00
Other	$0.00
Project Inspection	$5,500,000.00
Costs Related to Startup	$0.00
Non Construction Costs Sub-total	$18,500,000.00
Construction Costs Sub-total	$68,675,000.00
Total Phase 1 Project Cost	$87,175,000.00

WHOLESALE WATER SUPPLY PHASE 2

Construction Costs (dollars)

Item	Quantity	Unit	Unit Cost	Total Cost
Connection Point 2				
Meter Vault	1	LS	$500,000.00	$500,000.00
2 MG Ground Storage Tank	1	LS	$6,000,000.00	$6,000,000.00
15 MGD Booster Station	1	LS	$6,000,000.00	$6,000,000.00
Phase 2 Water Transmission Lines				
30-inch DI Water Main	30000	LFT	$750.00	$22,500,000.00
Phase 2 Water Transmission Line Extension				
30-inch DI Water Main	13000	LFT	$750.00	$9,750,000.00
			Contingencies	$3,500,000.00
			Construction Costs Sub-total	$48,250,000.00

Total Project Costs (dollars)

Administrative and Legal	$1,000,000.00
Land & Right-of-Way Acquisition	$5,000,000.00
Relocation	$0.00
Engineering Fees	$2,500,000.00
Design (included in Engineering Fees)	$0.00
Construction	$0.00
Other	$0.00
Project Inspection	$3,900,000.00
Costs Related to Startup	$0.00
Non Construction Costs Sub-total	$12,400,000.00
Construction Costs Sub-total	$48,250,000.00
Total Phase 2 Project Cost	$60,650,000.00

WHOLESALE WATER SUPPLY PHASE 3

Construction Costs (dollars)

Item	Quantity	Unit	Unit Cost	Total Cost
Connection Point 3				
Meter Vault	1	LS	$500,000.00	$500,000.00
2 MG Ground Storage Tank	1	LS	$6,000,000.00	$6,000,000.00
15 MGD Booster Station	1	LS	$6,000,000.00	$6,000,000.00
Phase 3 Water Transmission Lines				
30-inch DI Water Main	45000	LFT	$750.00	$33,750,000.00
Phase 3 Elevated Storage Tank				
2 MG Elevated Storage Tank	1	LS	$8,000,000.00	$8,000,000.00
			Contingencies	$5,500,000.00
			Construction Costs Sub-total	$59,750,000.00

Total Project Costs (dollars)

Administrative and Legal	$1,000,000.00
Land & Right-of-Way Acquisition	$7,200,000.00
Relocation	$0.00
Engineering Fees	$3,000,000.00
Design (included in Engineering Fees)	$0.00
Construction	$0.00
Other	$0.00
Project Inspection	$6,000,000.00
Costs Related to Startup	$0.00
Non Construction Costs Sub-total	$17,200,000.00
Construction Costs Sub-total	$59,750,000.00
Total Phase 3 Project Cost	$76,950,000.00

OVERALL WHOLESALE WATER SUPPLY PROGRAM

Non Construction Costs Sub-total	**$48,100,000.00**
Construction Costs Sub-total	**$176,675,000.00**
Total Overall Program Project Cost	**$224,775,000.00**

APPENDIX C

WHOLESALE WATER SUPPLY PROGRAM OVERALL SCHEDULE

	PHASE 1	PHASE 2	PHASE 3
2024 - Q4	Loan Closing		
2025 - Q1	Design/Permitting & Land and Easement Acquisition		
2025 - Q2			
2025 - Q3			
2025 - Q4	Procurement/Initiation of Construction	Loan Closing	
2026 - Q1	Construction	Design/Permitting & Land and Easement Acquisition	
2026 - Q2			
2026 - Q3			
2026 - Q4		Procurement/Initiation of Construction	
2027 - Q1	Substantial Completion/Initiation of Operation	Construction	
2027 - Q2			
2027 - Q3			
2027 - Q4			
2028 - Q1		Substantial Completion/Initiation of Operation	
2028 - Q2			
2028 - Q3			
2028 - Q4			Loan Closing
2029 - Q1			Design/Permitting & Land and Easement Acquisition
2029 - Q2			
2029 - Q3			
2029 - Q4			Procurement/Initiation of Construction
2030 - Q1			Construction
2030 - Q2			
2030 - Q3			
2030 - Q4			
2031 - Q1			Substantial Completion/Initiation of Operation

APPENDIX D

PHASE 1 MILESTONE SCHEDULE AND CONSTRUCTION PACKAGES SCHEMATIC

Lebanon Utilities
Wholesale Water Supply Program – Phase 1
Milestone Schedule
11/15/2024

The proposed Milestone Schedule below breaks Phase 1 into four Construction Packages. Packages "A" and "D" are located within properties controlled by the IEDC. Packages "B" and "C" require land acquisition from property owners other than IEDC.

- Phase 1 Construction Package "A"
  - Connection to Existing LU Water System
  - 12,500 LFT of 36-inch Ductile Iron Water Main
- Phase 1 Construction Package "B"
  - 9,000 LFT of 30-inch Ductile Iron Water Main
  - 26,500 LFT of 36-inch Ductile Iron Water Main
- Phase 1 Construction Package "C"
  - 2 MG Ground Storage Tank
  - 15 MGD Booster Station
- Phase 1 Construction Package "D"
  - 2 MG Elevated Storage Tank

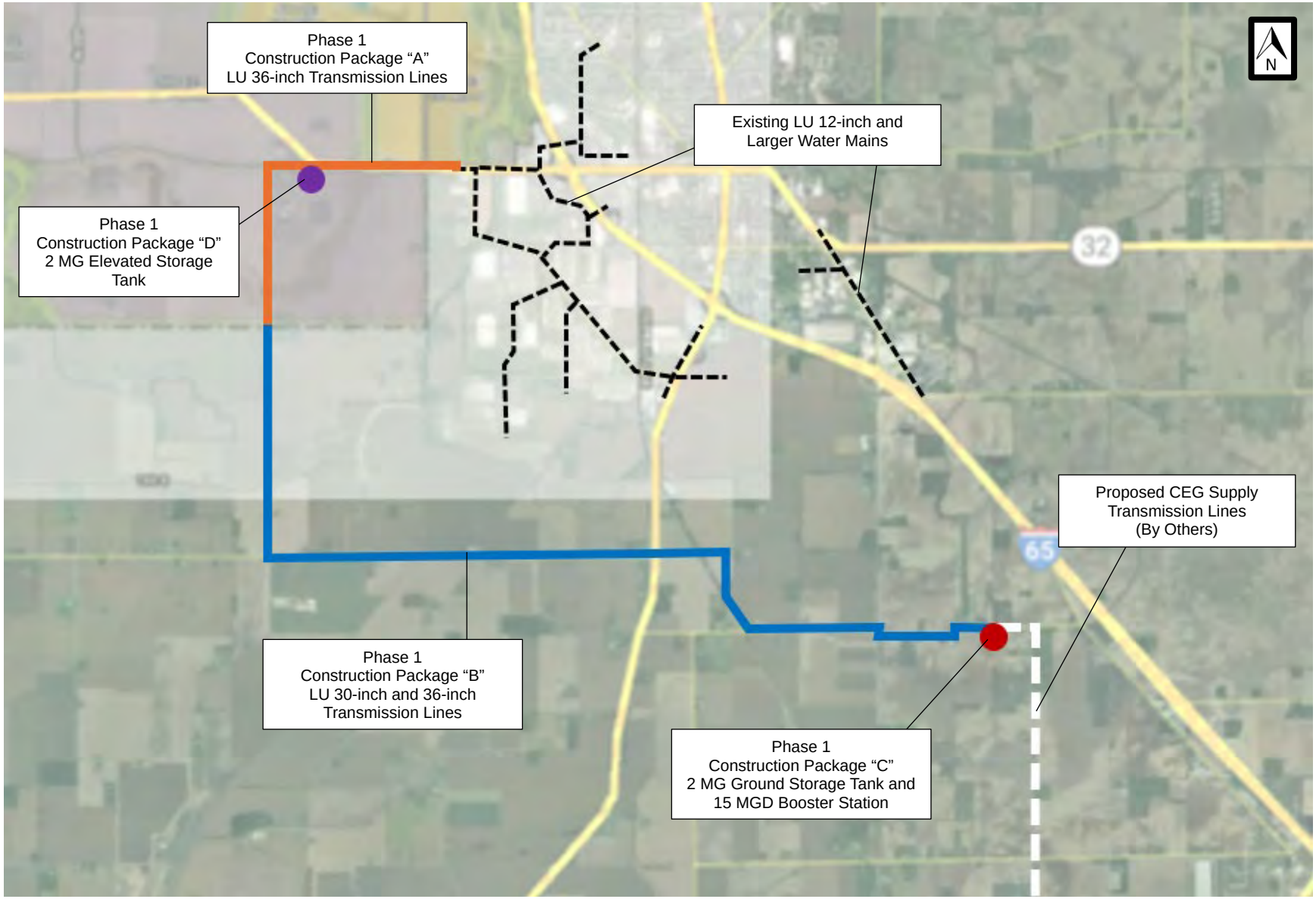
*Milestone Date anticipates the need for condemnation process and could be shifted should all necessary properties for either or both Package "B" and "C" be acquired sooner.

PACKAGE "A"
Completion of PER Public Hearing Requirements [All Packages] – November 22, 2024
SRF Loan Closing - Planning and Design [All Packages] – December 15, 2024
BOT Procurement Process Commences [All Packages] – December 15, 2024
Completion of Environmental Site Investigations [All Packages] – February 1, 2025
BOT Pre-Closing Services Agreement Executed [Package "A"] – March 1, 2025
IDEM Construction Permit Approval [Packages "A" & "B"] – April 1, 2025
Land Acquisition Complete [Packages "A" & "D"] – April 1, 2025
Front End Document Certification Submittal to SRF [Package "A"] – April 15, 2025
SRF Loan Closing/Conversion [Package "A"] – May 15, 2025
BOT GMAX Construction Contract Executed and Notice to Proceed [Package "A"] – June 1, 2025
Substantial Completion and Initiation of Operation – January 1, 2027

PACKAGE "B"
Completion of PER Public Hearing Requirements [All Packages] – November 22, 2024
SRF Loan Closing - Planning and Design [All Packages] – December 15, 2024
BOT Procurement Process Commences [All Packages] – December 15, 2024
Completion of Environmental Site Investigations [All Packages] – February 1, 2025
BOT Pre-Closing Services Agreement Executed [Package "B"] – March 1, 2025
IDEM Construction Permit Approval [Packages "A" & "B"] – April 1, 2025
Front End Document Certification Submittal to SRF [Package "B"] – August 15, 2025*
Land Acquisition Complete [Packages "B" & "C"] – September 1, 2025*
SRF Loan Closing/Conversion [Package "B"] – September 15, 2025*
BOT GMAX Construction Contract Executed and Notice to Proceed [Package "B"] – October 1, 2025*
Substantial Completion and Initiation of Operation – January 1, 2027

PACKAGE "C"
Completion of PER Public Hearing Requirements [All Packages] – November 22, 2024
SRF Loan Closing - Planning and Design [All Packages] – December 15, 2024
BOT Procurement Process Commences [All Packages] – December 15, 2024
Completion of Environmental Site Investigations [All Packages] – February 1, 2025
BOT Pre-Closing Services Agreement Executed [Package "C"] – March 1, 2025
IDEM Construction Permit Approval [Package "C"] – June 1, 2025
Front End Document Certification Submittal to SRF [Package "C"] – August 15, 2025*
Land Acquisition Complete [Packages "B" & "C"] – September 1, 2025*
SRF Loan Closing/Conversion [Package "C"] – September 15, 2025*
BOT GMAX Construction Contract Executed and Notice to Proceed [Package "C"] – October 1, 2025*
Substantial Completion and Initiation of Operation – January 1, 2027

PACKAGE "D"
Completion of PER Public Hearing Requirements [All Packages] – November 22, 2024
SRF Loan Closing - Planning and Design – December 15, 2024
BOT Procurement Process Commences [All Packages] – December 15, 2024
Completion of Environmental Site Investigations [All Packages] – February 1, 2025
BOT Pre-Closing Services Agreement Executed [Package "D"] – March 1, 2025
Land Acquisition Complete [Packages "A" & "D"] – April 1, 2025
IDEM Construction Permit Approval [Package "D"] – June 1, 2025
Front End Document Certification Submittal to SRF [Package "D"] – June 15, 2025
SRF Loan Closing/Conversion [Package "D"] – July 15, 2025
BOT GMAX Construction Contract Executed and Notice to Proceed [Package "D"] – August 1, 2025
Substantial Completion and Initiation of Operation – January 1, 2027



WHOLESALE WATER SUPPLY PROGRAM – PHASE 1 CONSTRUCTION PACKAGES SCHEMATIC
11/15/2024

ATTACHMENT A

SIGNATORY AUTHORIZATION RESOLUTION

RESOLUTION NO. 2024-05

A RESOLUTION PROVIDING FOR SIGNATORY AUTHORITY FOR THE STATE REVOLVING FUND LOAN PROGRAM (WATER)

WHEREAS, the City of Lebanon, Indiana ("City") owns and operates through its Utility Service Board ("Board") a municipal water utility known as the City of Lebanon Utilities (the "Participant") for the purpose of providing safe, reliable and efficient water utility services pursuant to Ind. Code §8-1.5 *et. seq.*, as amended, and other applicable provisions of Indiana law (collectively, the "Act");

WHEREAS, the Participant has plans for a water infrastructure improvement project ("Project") that meets State and Federal regulations and the Participant intends to proceed with the construction of such Project; and

WHEREAS, in order to move forward with the Project, the Utility desires to make application, for funding purposes, to the State Revolving Fund ("SRF") Loan Program.

NOW, THEREREFORE, be it resolved by the Board, the governing body of the Participant, that:

1. Sandra Morgan, CFO, be authorized to make application for a SRF Loan and provide that SRF Loan Program such information, data and documents pertaining to the loan process as may be required, and otherwise act as the authorized representative of the Participant;
2. The Participant agrees to comply with State and Federal requirements as the pertain to the SRF Loan Program; and
3. Two certified copies of this Resolution be prepared and submitted as part of the Participant's Preliminary Engineering Report.

[signatures on next page]

ADOPTED by the City of Lebanon Utility Service Board this 4th day of September 2024.

Voting For	**Voting Against**	**Abstain**
Tim Hudson	Tim Hudson	Tim Hudson
Anne Patterson	Anne Patterson	Anne Patterson
Aaron Smith	Aaron Smith	Aaron Smith
Bill Stoner	Bill Stoner	Bill Stoner
Neil Taylor	Neil Taylor	Neil Taylor

ATTEST: _____
Tim Hudson, Secretary

ATTACHMENT B

LU/CEG INTERLOCAL AGREEMENT

(approved but unsigned)

WATER SUPPLY AND INTERLOCAL COOPERATION AGREEMENT

BETWEEN THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES FOR THE CITY OF INDIANAPOLIS, D/B/A CITIZENS WATER

and

CITY OF LEBANON UTILITIES

This WATER SUPPLY AND INTERLOCAL COOPERATION AGREEMENT (the "Agreement") is made and entered into on the _____ day of _____, 2024 (the "Effective Date"), by and between The Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis, d/b/a Citizens Water ("Citizens") and City of Lebanon Utilities ("Lebanon") (Citizens and Lebanon each a "Party" and collectively the "Parties"):

RECITALS:

WHEREAS, Citizens owns the municipal water utility system serving the City of Indianapolis, Indiana and other communities in Central Indiana; and

WHEREAS, Lebanon is a municipal utility which, among other activities, provides public water supply to its residents, and expects its water demand to continually increase, due to economic development and growth in and around its community including an Indiana Economic Development Corporation driven project known as the Limitless Exploration/Advanced Pace Lebanon and Research District ("LEAP District") consisting of approximately 11,000 acres, such that it will require additional water to continue to supply its customers with water; and

WHEREAS, Lebanon has requested that Citizens provide wholesale water service to Lebanon, through multiple metered connection points to Lebanon's water system located at mutually agreed locations, as more particularly described in this Agreement; and

WHEREAS, Citizens is willing to sell treated/finished water to Lebanon, on a wholesale basis, to serve Lebanon's customers, upon the terms and conditions set forth below; and

WHEREAS, Indiana governmental entities are authorized to contract for the purchase of services between themselves by Interlocal Cooperation Agreement under Ind. Code §§ 36-1-7-2(b) and 36-1-7-12(a) and (c).

NOW, THEREFORE, in consideration of the promises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Citizens and Lebanon agree as follows:

AGREEMENT:

1. Term of Agreement

1.1. The initial term ("Term") of this Agreement shall commence on the Effective Date and expire at 12:00:00 A.M. on the twenty-fifth anniversary of the Effective Date.

1.1.1. At least twelve (12) months prior to the expiration of the Effective Date, provided that no Default (as defined below) has occurred and is continuing, Lebanon may provide to Citizens written notice of Lebanon's intention to extend the Term for a period of an additional ten (10) years (the "First Extension Term"). During the First Extension Term, the terms and provisions of this Agreement shall continue as set forth herein, subject to the Indiana Utility Regulatory Commission ("IURC")-approved wholesale rates and charges then in effect.

1.1.2. At least twelve (12) months prior to the expiration of the First Extension Term, provided that no Default (as defined below) has occurred and is continuing, Lebanon may provide to Citizens written notice of Lebanon's intention to extend the First Extension Term for a period of an additional five (5) years (the "Second Extension Term"). During the Second Extension Term, the terms and provisions of this Agreement shall continue as set forth herein, subject to the IURC-approved wholesale rates and charges then in effect.

1.2. Thereafter, the Agreement may be renewed or extended upon such terms, and for such period(s) of time, as are agreed to in writing by the Parties. In the absence of renewal or extension, the applicable tariff rate and terms and conditions of service will apply as between Citizens and Lebanon.

1.3. Termination of this Agreement prior to expiration may result from events of Default as set forth below (Section 11). Termination may also result from change in ownership if the City of Lebanon sells or otherwise transfers control or ownership of its municipal water utility to any other entity not affiliated with the City of Lebanon. Such will also be treated as a Default of Lebanon for purposes of Section 11, below.

2. Delivery of Water

2.1 Citizens agrees to deliver or make available for delivery to the Delivery Points, as defined herein, and to sell to Lebanon, and Lebanon agrees to purchase, treated/finished water, subject to the timing, volume, pressure, and flow requirements as provided herein. "Delivery Points" shall mean the connections between Citizens and Lebanon's distribution systems located as shown on Exhibit A attached hereto and incorporated herein by this reference, in full, as a part of this Agreement. Citizens agrees it is solely responsible for developing and operating the

infrastructure improvements upstream of the Delivery Points, which shall at all times remain property of Citizens or affiliates thereof. The responsibility described in this Section 2.1 includes the responsibility for obtaining property rights, permits and other permissions needed to deliver the required water and water quality to the Delivery Points and to develop the infrastructure and to otherwise comply with Citizens' requirements in this Agreement. Specific requirements applicable to the delivery of water from Citizens to Lebanon are described below, in Section 5.

2.2 Lebanon agrees it is solely responsible for developing and operating the infrastructure improvements downstream of the Delivery Points, which shall at all times remain property of Lebanon, including but not limited to any new booster station(s), ground storage tanks, chemical feed systems, and control equipment downstream of the Delivery Points (collectively, the "Distribution Infrastructure"), to the extent needed, in order to utilize the water to be delivered by Citizens at the Delivery Points. The responsibility described in this Section 2.2 includes the responsibility for obtaining property rights, permits and other permissions needed to develop the Distribution Infrastructure and to otherwise comply with Lebanon's requirements in this Agreement.

3. Conditions of Service

3.1 Lebanon will provide to Citizens design documents for the Distribution Infrastructure, referenced in Section 2.2, above, as soon as reasonably practicable in advance of its construction; provided, however, that no approvals or consents from Citizens will be required for Lebanon to commence or complete construction of its Distribution Infrastructure. Citizens will provide to Lebanon the design documents for the infrastructure and related controls referenced in Section 2.1 above, to the extent interfacing with Lebanon's infrastructure (i.e., up to 100' from the Delivery Points), as soon as reasonably practicable in advance of its construction provided, however, that no approvals or consents from Lebanon will be required for Citizens to commence or complete construction of the necessary infrastructure or other related improvements.

3.2 Lebanon agrees that all water purchased hereunder shall be solely for its own use or for resale to its retail customers located within its applicable territorial boundaries in Boone County, Indiana, including to customers in the LEAP District, and further agrees that none of the water purchased under this Agreement will be sold by Lebanon to wholesale customers for resale or otherwise used for resale by or to any other public water supply utility, without Citizens' written consent.

3.3 The Parties acknowledge that Lebanon's purchase of water contemplated in this Agreement represents for Lebanon another source of water in addition to that which it currently produces and provides for its customers. Lebanon is not precluded from developing other water supply sources or from reselling treated or raw water from those other sources to other potential water customers, provided such actions do not prevent Lebanon from complying with its obligations under this Agreement.

3.4 The Parties will reasonably cooperate in the future development of their respective systems in a manner which encourages efficiencies in service and costs to both Parties' systems, while assuring adequate, safe and reliable service to their respective customers. This includes that the Parties agree to work toward establishment of a water service territory for Lebanon (pursuant to IC 8-1.5-6) within the relevant portions of Boone County (including but not limited to Center Township and the LEAP District).

4. Ownership and Responsibility

4.1 The Distribution Infrastructure, including but not limited to all mains and associated facilities installed downstream of the meter vaults at the Delivery Points shall at all times be owned, operated and maintained by Lebanon. All interfacing infrastructure needed to deliver water to the Delivery Points, including but not limited to all mains and associated facilities installed upstream of, and inclusive of, the meter vaults at the Delivery Points, shall at all times be owned, operated and maintained by Citizens or affiliates thereof.

4.2 Lebanon acknowledges that it accepts full responsibility for liabilities after water passes the meter at each Delivery Point and enters the main owned by Lebanon. Lebanon will protect, indemnify and save harmless Citizens (and its representatives, successors, assigns, affiliates, subsidiaries, trustees, officers and directors) from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses including reasonable attorneys' fees imposed upon or incurred by or asserted against Citizens or its affiliates by reason of Lebanon's: (a) failure to comply with any regulations or standards regarding quality of water after delivery of water at the Delivery Points; and/or (b) insufficiency of pressure or supply related to main breaks, power failures, weather conditions, use of water to fight fires and other emergencies or unusual conditions beyond the control of Citizens.

5. Timing Expectations and Volume/Pressure Requirements

5.1 *Pressure Requirements:* Beginning on the Phase I Delivery Date, as defined in Section 5.2, Citizens shall provide water to Lebanon which, under normal operating conditions, shall be at a pressure sufficient for Lebanon's anticipated use; specifically, at the Delivery Points, pressure shall be a minimum of 35 pounds per square inch gauge (35 psig) under normal operating conditions, subject to revision as needed to comply with the Agreement. The Parties agree that actual pressure to be provided at the Delivery Points is to be determined in Citizens' reasonable discretion based on engineering and technical criteria. The Parties further acknowledge that Citizens makes no guarantee that the aforementioned pressure can be maintained at all times, and that main breaks, power failures, weather conditions, use of water to fight fires and other emergencies or unusual conditions may prevent Citizens from being able to maintain the aforementioned pressure. Citizens will use reasonable care and diligence to avoid interruptions and

fluctuations in its service in a manner consistent with the treatment of other wholesale customers and communities, but it cannot and does not guarantee that interruptions and fluctuations will not occur.

5.2 *Delivery Date(s):* Beginning on the Phase I Delivery Date, as defined below, Citizens shall furnish treated/finished water to Lebanon at one or more of the Delivery Points as mutually agreed upon by the Parties. Lebanon, as of the Phase I Delivery Date, shall begin purchasing treated/finished water from Citizens, as is set forth in this Agreement. The "Phase I Delivery Date" shall be the date on which Citizens notifies Lebanon that Citizens is ready to provide the treated/finished water to Lebanon in the volumes required by that point. For purposes of this Agreement, the Phase I Delivery Date is assumed to begin at 12:00:00 A.M. on the date specified in Exhibit B and end at 11:59 P.M. that day, unless Citizens provides written notice of a revised Phase I Delivery Date, as generally agreed by the Parties. The subsequent, phased Delivery Dates shall follow after the Phase I Delivery Date as is set forth in the attached Exhibit B, incorporated by reference as if fully set forth herein, unless Citizens provides written notice of revised Delivery Dates, as generally agreed by the Parties.

5.3 *Volume Requirements:* Volume requirements and instantaneous rate limits applicable to the various Delivery Dates, collectively (i.e., not to any individual Delivery Point, necessarily), shall be as is set forth in the attached Exhibit B, unless otherwise agreed in writing by the Parties. Citizens will give Lebanon notice in advance of the Phase II Delivery Date, or any subsequent delivery date, respectively, if Citizens believes that it will be able to provide water at the volume and pressure required more than 30 days prior to the above-listed respective Delivery Date.

5.4 The Delivery Date timeline described herein assumes: the timely receipt of all necessary authorizations; the timely receipt of all permits, approvals and funding (including bond issuance or other debt financing); and the ability to procure required materials, real estate, supplies and services in a timely manner (collectively, the "Assumptions"). Any deviations from or delays in the Assumptions shall advance the Delivery Dates by an equal amount of time corresponding to such deviations or delays.

5.5 The Parties agree to cooperate regarding the allocation of flows at the connection points to ensure optimal water quality and system pressures in both systems.

6. Compensation to Citizens.

6.1 *Wholesale Tariff Rates.* Lebanon shall pay Citizens monthly, in accordance with Citizens' normal billing procedures, an amount equal to the sum of: (a) a volume charge for the water delivered to Lebanon by Citizens (the "Volume Charge"); (b) a service charge for each of the meters based upon the applicable meter size (the "Service Charge"); and (c) any other applicable charges under Citizens' WATER SERVICE TARIFF RATES, TERMS AND CONDITIONS FOR WATER SERVICE ("Terms and

Conditions"). The Volume Charge shall be the amount of metered water volume actually delivered by Citizens, at all Delivery Points combined (subject to Section 6.2, below), multiplied by Citizens' rates as found in its Water Rate No. 8, Sale for Resale Customers, or any successor tariff for resale service, as approved by the IURC and as may be amended from time to time. The Monthly Service Charge shall be as set forth in Citizens' Water Rate No. 8, Sale for Resale Customers, or any successor tariff for resale service as approved by the IURC and as may be amended from time to time.

6.2 *Monthly Minimum Volume ("MMV").* In accordance with the dates and flows presented in Exhibit B and when Citizens makes water supply available to Lebanon, subject to Sections 7 and 11.2, Lebanon will guarantee a minimum monthly purchase corresponding to the average daily flow presented in Exhibit B until the next Delivery Date.

6.2.1 In the event the amount of monthly metered water volume actually received by Lebanon in a given month exceeds the volume of the applicable MMV, that month's MMV shall be replaced by actual usage.

6.2.2 The Parties agree that the aforementioned MMV is intended to ensure adequate water quality in the treated/finished water delivered by Citizens to Lebanon.

6.3 *Payment Terms.* Citizens shall report actual metered monthly usage (or estimate thereof, if necessary) to Lebanon. Citizens will invoice Lebanon on a monthly basis on Citizens' regular billing cycle and, depending on the applicable Delivery Date, the first and final invoice may be for partial months. Lebanon shall pay each invoice from Citizens within thirty (30) days. Payments over thirty (30) days late shall be subject to the addition of eight percent (8%) annual interest, at the rate of 0.667 percent (0.667%) per month.

6.4 *Subject to Funding Availability.* The payment for the MMV by Lebanon to Citizens and Lebanon's obligations described herein, as well as Citizens' obligations described herein, assume the timely receipt of the necessary financing and loan proceeds to Lebanon for the construction of its Distribution Infrastructure and the expansion of Lebanon's current wastewater treatment facility(ies) to a sufficient capacity to treat the volumes of water contemplated herein, as determined by Lebanon.

7. Water Quality.

7.1 Citizens agrees to employ commercially reasonable efforts to comply with all U.S. Environmental Protection Agency (USEPA) and Indiana Department of Environmental Management (IDEM) regulations or standards regarding quality of water at the Delivery Points. Citizens shall use commercially reasonable efforts to

provide a combined chlorine (chloramine) residual at the Delivery Points above 0.5 mg/l.

7.2 Citizens shall provide results from water quality testing at the Delivery Points in accordance with all applicable USEPA and IDEM regulations. Lebanon may from time to time request that Citizens, at Lebanon's expense, provide additional data relating to the water transferred into Lebanon's system to the extent requested or required by an Indiana or federal regulatory agency.

7.3 Both parties will provide each other SCADA data access for the Delivery Points, including, but not as a limitation, for data related to flow, pressure, chlorine residual and tank levels.

7.4 Lebanon shall bear responsibility for water quality beyond the Delivery Points, and for any additional costs associated with such responsibility, including boosting the total chlorine residual downstream of the Delivery Points.

7.5 Citizens shall bear responsibility for water quality before the Delivery Points, and for all costs associated with such responsibility.

7.6 Citizens will protect, indemnify and save harmless Lebanon (and its representatives, successors, assigns, affiliates, subsidiaries, trustees, officers and directors) from and against any and all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses including reasonable attorneys' fees imposed upon or incurred by or asserted against Lebanon by reason of Citizens' failure to comply with any regulations or standards regarding quality of water before delivery of water at the Delivery Points.

8. Water Shortage/Diminished Supply.

Citizens will, at all times, endeavor to operate and maintain its system in an efficient manner. In the event of an extended shortage of water available for Lebanon at the Delivery Points, or if the supply of water available to Citizens at the Delivery Points is otherwise diminished over an extended period of time, the amount of water delivered to Lebanon shall be reduced or diminished by a ratio or proportion no greater than that applied to such reduction or diminution in the amounts supplied by Citizens to other similarly affected customers.

9. Regulatory Matters.

9.1 The Parties agree that this Agreement is not subject to nor contingent upon IURC approval. This Agreement is, however, subject to Citizens' rates, rules and regulations as are on file and approved by the IURC from time to time, which shall be binding upon the Parties hereto and their respective successors and assigns.

9.2 This Agreement is subject to the pertinent laws, regulations and rules of the State of Indiana, but not including Indiana's choice of law provisions, and subject to its

administrative agencies, and where permits, certificates or approvals may be required for operations or otherwise to effectuate this Agreement, the Parties agree to work together in good faith to assist each other as the case may be. Each Party shall be responsible for its own costs associated with such matters unless otherwise expressly agreed.

9.3 The Parties agree that this Agreement is intended to comply with the requirements of Indiana Code Sections 36-1-7-2(b) and 36-1-7-12 which apply to interlocal cooperation agreements entered into between Indiana governmental entities that want only to buy, sell, or exchange services between or among themselves and provide for the exercise of all powers necessary and adjacent thereto. Citizens represents that it only desires to sell at wholesale rates, water services to Lebanon and Lebanon represents that it only desires to buy at wholesale rates, water service from Citizens; and the Parties agree that in order to do so Citizens must own the necessary infrastructure in the City of Lebanon to deliver the wholesale water to the Delivery Points and Lebanon authorizes Citizens to do so. This Agreement does not confer any rights or responsibilities on Citizens to provide retail water services in Lebanon nor any right of Lebanon to be represented on the Citizens Service Advisory Board. If the Parties desire at any time that Citizens provide retail service to any customers or otherwise own property within the City of Lebanon for any purpose other than set forth in this Agreement, the Parties shall enter into a separate interlocal agreement pursuant to Ind. Code § 36-1-7-3.

9.4 To the extent required for either Party to obtain financing for any capital improvement contemplated or necessitated by this Agreement, the Parties will cooperate in good faith consistent with the understandings memorialized herein.

9.5 Citizens acknowledges Lebanon's ability to file a complaint with the IURC as a wholesale customer of Citizens.

9.6 Lebanon acknowledges Citizens' ability to file a general rate case and/or otherwise adjust the rates of all customers, including Lebanon.

10. Governing Law.

10.1 Citizens and Lebanon agree to comply with all applicable provisions of the Safe Drinking Water Act as amended and regulations formulated pursuant thereto, and the laws of the State of Indiana. In particular, Lebanon shall, in the operation of its water distribution system, comply with all applicable laws, rules and regulations, at its sole cost. By way of illustration, and by no means limitation, Lebanon agrees to comply with the following terms. These following terms are agreed by the Parties to be mutually acceptable minimum system operation guidelines that are intended to avoid adverse impacts on either system, and represent mutually acceptable terms.

10.1.1 Booster Pump Installations. Subject to Section 3.1, above, Citizens recommends that booster pumps should be designed to maintain a suction main pressure at or above 35 psi under normal operating conditions and should be equipped with pressure sensing controls to provide shut down when the main pressure drops below 35 psi. Requirements for backflow prevention devices, metering or flow detection will be considered at such time.

10.1.2 Backflow Prevention. The Parties agree to mutually cooperate in good faith to avoid backflow whether by appropriate meter vault valve(s), remote controlled valve(s), or otherwise, consistent with the requirements of Indiana law.

11. Default and Remedies.

11.1 *Default of Lebanon.* Any of the following (11.1.1 – 11.1.2) shall be deemed an event of Default by Lebanon.

11.1.1 Failure of Lebanon to pay for any water (either actual usage, or MMV, as applicable) supplied by Citizens under this Agreement when such payment becomes due; and/or

11.1.2 Failure by Lebanon to perform or observe any other term, covenant or condition of this Agreement to be performed or observed by Lebanon which, if curable, continues for more than thirty (30) days after notice thereof is given to Lebanon. If cure is not reasonably possible within thirty (30) days, then the applicable cure period shall be the amount of time reasonably required to cure. A failure to perform or observe any other term, covenant or condition of this Agreement to be performed or observed by Lebanon, if not curable, shall be immediately actionable by Citizens.

11.1.3 Upon the occurrence of any event of Default by Lebanon, Citizens shall have the right to terminate this Agreement at any time upon the date specified in a notice to Lebanon, and the right to seek all damages and/or other relief including injunctive relief available under applicable law and this Agreement including but not limited to those remedies prescribed in any applicable rules as filed with the IURC. All such rights and remedies shall be cumulative and non-exclusive. All remedies for breach or Default by Lebanon shall be available to Citizens, including those available to recover delinquent payments under this Agreement, to the extent such remedies are not explicitly prohibited by law.

11.1.4 In the event of non-payment such that Citizens is required to apply effort to obtain payment for water to be supplied hereunder, or other payments due hereunder, and prevails on such claim for payment whether or not litigation is commenced, then Citizens shall be entitled to recover its reasonable costs and attorneys' fees incurred in that effort.

11.1.5 In the event Lebanon fails to meet its payment obligations as required by this Agreement, Lebanon shall not be liable for consequential damages of Citizens.

11.1.6 Regardless, it is specifically agreed by the Parties that none of Lebanon's officers, directors, employees, affiliates, agents, representatives or managers shall have personal liability with regard to any provision of this Agreement, or any liability arising from or in connection with this Agreement in the event of a breach or Default by Lebanon of any of its obligations.

11.1.7 Citizens hereby acknowledges and agrees that the obligations and liabilities of Lebanon are payable only from the water revenues and assets of the water utility of Lebanon as defined for purposes of this Agreement, and no other assets or revenues owned by or available to Lebanon with respect to any other business, system or division owned by or affiliated with Lebanon shall be a source of payment or satisfaction of any remedy hereunder.

11.2 *Default by Citizens*. Any of the following (11.2.1 – 11.2.2) shall be deemed an event of Default by Citizens.

11.2.1 Failure of Citizens to consistently supply potable water meeting the minimum quality requirements for human consumption prescribed by the USEPA and IDEM regulations or standards regarding quality of water at the Delivery Points, if such failure continues for thirty (30) days after notice thereof is given to Citizens, or if cure is not reasonably possible within thirty (30) days, then the applicable cure period shall be the amount of time reasonably required to cure.

11.2.2 Failure to perform or observe any other term, covenant or condition of this Agreement to be performed or observed by Citizens which, if curable, continues for more than thirty (30) days after notice thereof is given to Citizens. If cure is not reasonably possible within thirty (30) days, then the applicable cure period shall be the amount of time reasonably required to cure. A failure to perform or observe any other term, covenant or condition of this Agreement to be performed or observed by Citizens, if not curable, shall be immediately actionable by Lebanon. All remedies for breach or Default by Citizens shall be available to Lebanon, to the extent such remedies are not explicitly prohibited by law.

11.2.3 In the event Citizens fails to supply the daily volume of water at the minimum pressure as required by this Agreement, Citizens shall not be liable for consequential damages of Lebanon.

11.2.4 In the event of a breach or Default by Citizens and Lebanon is required to apply effort to obtain compliance with Citizens' obligations hereunder, and prevails on such claim for compliance whether or not litigation is commenced, then Lebanon shall be entitled to recover its reasonable costs and attorneys' fees incurred in that effort.

11.2.5 Regardless, it is specifically agreed by the Parties that none of Citizens' officers, directors, employees, trustees, owners, affiliates, agents, representatives or managers shall have personal liability with regard to any provision of this Agreement, or any liability arising from or in connection with this Agreement, or any liability arising from or in connection with this Agreement in the event of a breach or Default by Citizens of any of its obligations.

11.2.6 Lebanon hereby acknowledges and agrees that the obligations and liabilities of Citizens are payable only from the revenues and assets of Citizens, as defined for purposes of this Agreement, and no other assets or revenues owned by or available to Citizens with respect to any other business, system or division owned by or affiliated with Citizens shall be a source of payment or satisfaction of any remedy hereunder.

11.3 *Venue.* Unless filed before an administrative agency (for which the applicable venue shall be Marion County or whichever county in the State of Indiana within which that agency sits), if filed in court, as applicable and appropriate, any formal action pursued in connection with enforcement of this Agreement shall be filed within Boone County, Indiana, to the extent possible. To the extent personal jurisdiction concepts are applicable to any action filed by the Parties to enforce this Agreement, each Party expressly consents to personal jurisdiction over it within Boone County, Indiana.

11.4 *Force Majeure.* Neither Party shall be liable for any delay or failure of performance of any term of this Agreement (except for proportionate obligations to pay money) to the extent such delay or failure of performance is caused by or results from catastrophic events reasonably beyond the control of such Party (such as, but not limited to, natural disasters, pandemics, acts of terrorism, war or orders of governmental bodies not resulting from the actions of the affected Party). A Party whose performance is excused under this paragraph will give notice of suspension of performance and use commercially reasonable efforts to resume performance as soon as reasonably practicable. Excuse from any covered performance shall not commence until such notice is provided. Until resumption of performance by the Party asserting *force majeure*, the other Party shall not have any obligation to perform under this Agreement (except for any applicable proportionate obligation to pay). A Party asserting *force majeure* whose performance is excused under this paragraph will give notice of its resumption of performance, as soon as such resumption becomes possible, and such notice shall end any period of excuse from performance for both Parties.

12 Notices.

Any notice given pursuant to this Agreement and any applicable amendment hereof, unless otherwise agreed in writing by the Parties, must be in writing and shall be effective when delivered personally or by a reputable delivery service to the address set forth below or such other address as a Party may designate for itself in accordance with this Section:

If to Citizens:	If to Lebanon:
Citizens Water ATTN: Vice President, Water Ops 2150 Dr. Martin Luther King Jr. St. Indianapolis, IN 46202	Ed Basquill, GM 401 S. Meridian St. Lebanon, IN 46052
Copy to:	Copy to:
Citizens Energy Group Legal Department 2020 N Meridian Street Indianapolis, IN 46202	Jeff Jacob Hackman Hulett LLP 1620 West Oak St. Suite #200 Zionsville, IN 46077

13 Representation of Counsel.

The Parties acknowledge that each has been represented by counsel in this matter, and, for purposes of the rule of contract interpretation that construes a document against its drafter, the Parties agree that neither Party nor its counsel shall be considered the drafter hereof.

14 Binding Agreement/Assignment.

The Parties acknowledge that the provisions contained within this Agreement are binding upon and inure to the benefit of the Parties hereto, and upon the Parties' respective successors and assigns. Neither Party shall assign this Agreement without the prior written consent of the other Party, but such consent shall not be unreasonably withheld.

15 Non-Waiver.

The delay or failure by either Party to exercise or enforce any right under this Agreement shall not constitute or be deemed a waiver of such right or any other right under this Agreement. No waiver by either Party of any breach or Default of this Agreement by the other Party shall constitute or be deemed a waiver of any subsequent breach or Default.

16 Amendment.

This Agreement may be amended or modified only in writing signed by the Parties.

17 No Third Party Rights.

Except as otherwise expressly provided in this Agreement, this Agreement and any amendments hereto shall not be construed to create any legal, equitable or beneficial interest in any third party or to vest in any third party any interest with respect to the enforcement of this Agreement.

18 Severability.

If any term or provision of this Agreement is found by a court of competent jurisdiction or an administrative body with jurisdiction to be invalid, illegal or otherwise unenforceable, the remaining provisions shall remain in full force and effect.

19 Survival.

The provisions of this Agreement that by their nature extend beyond the termination or expiration of this Agreement will survive termination or expiration of this Agreement.

20 Entire Agreement.

This Agreement constitutes the entire understanding between the Parties and supersedes all prior proposals and communications, whether oral or written, with respect to the subject matter hereof.

21 Headings.

The titles and headings of the sections and paragraphs hereof are for convenience only and shall not be deemed a part hereof or affect the construction or interpretation of any provision hereof.

22 Authority and Counterparts.

Each Party and signatory hereto has the authority to enter into the Agreement and at all times has full authority to bind his or her respective Party to perform this Agreement. Except as otherwise may be provided in Sections 5.4 and 6.4, no further approval or consent by any other person or authority is required. This Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument.

[*signature page follows*]

IN WITNESS WHEREOF, the undersigned certify that they are duly authorized and empowered to execute this Water Supply Agreement and thus bind the entity in whose behalf each signs as of the Effective Date.

"CITIZENS"

The Board of Directors for Utilities of the Department of Public Utilities for the City of Indianapolis,
d/b/a Citizens Water

By: _____

Title: _____

"LEBANON"

City of Lebanon Utilities

By: _____

Title: _____

EXHIBIT A

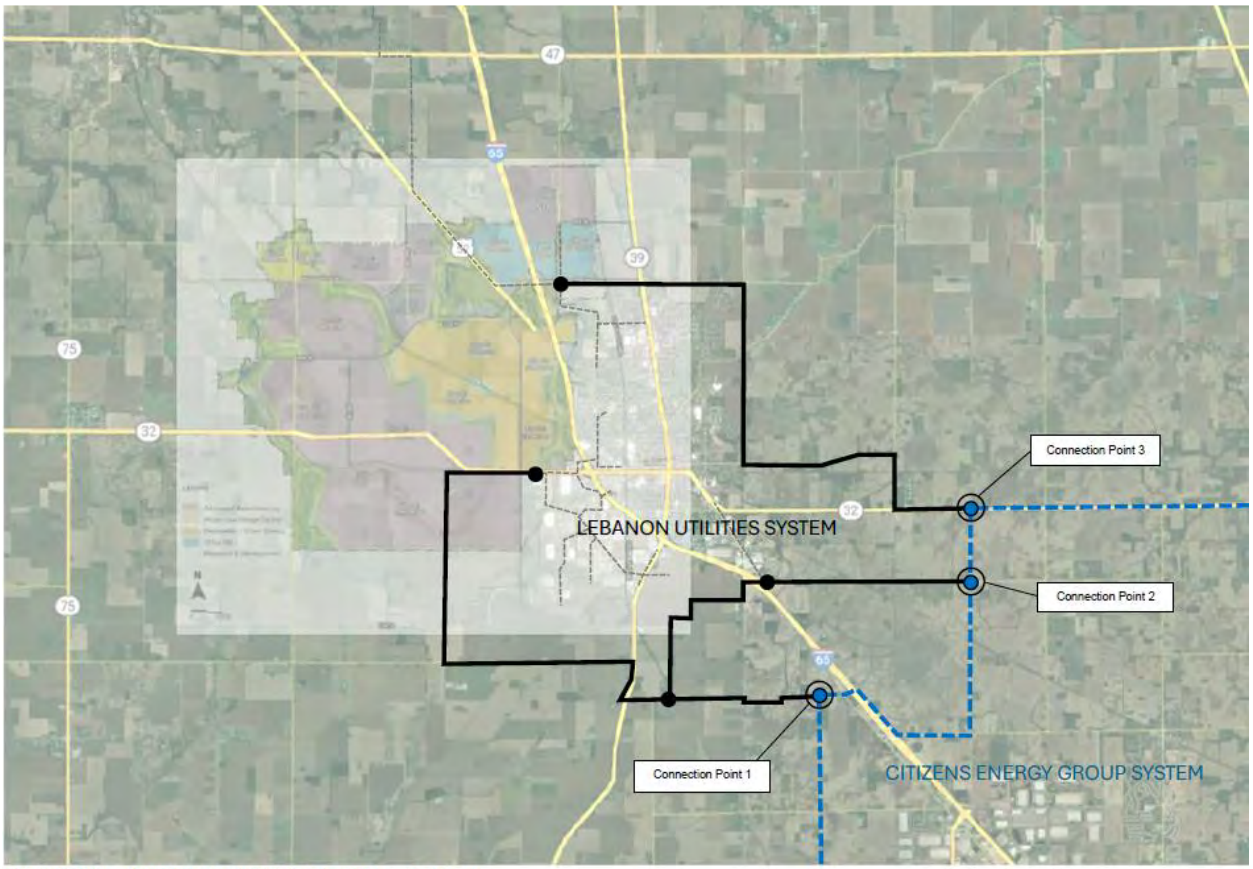


EXHIBIT "A" – WATER SUPPLY AGREEMENT – CEG-LU

EXHIBIT B

Delivery Dates (each effective 12:00 A.M.)	**Peak Volume at Delivery Point(s) (million gallons per day)**	**Maximum, Aggregate Instantaneous Rate (gallons per minute)**	**Average Daily Flow (Minimum) related to MMV (million gallons per day)**
By the Effective Date	0.0 MGD	0.0 gpm	0.0
By January 1, 2027 (Phase I)	Up to 2.0 MGD	1,390 gpm	1.21 MGD [A]
By January 1, 2028 (Phase II)	Up to 10.0 MGD	6,950 gpm	3.15 MGD [B]
By January 1, 2029 (Phase III)	Up to 12.0 MGD	8,335 gpm	3.15 MGD [B]
By August 1, 2029 (Phase IV)	Up to 17.1 MGD	11,875 gpm	3.15 MGD [B]
By January 1, 2031 (Phase V)	Up to 25.0 MGD	17,360 gpm	3.15 MGD [B]

Notes:

A. Minimum, average daily flow rate at Delivery Point near West County Road 250 South and County Road 200 East in Boone County, Indiana.

B. Minimum, average daily flow rate sum of all Delivery Points.

ATTACHMENT C

PER PUBLIC HEARING PROOF OF PUBLICATION

(Lebanon Reporter and Indy Star)

INDIANA MEDIA GROUP
PO BOX 607
GREENSBURG IN 47240-0607
(877)253-7755
Fax (765)648-4229

ORDER CONFIRMATION

Salesperson: JENNIFER HENSLEY — Printed at 10/11/24 16:10 by jhen1

Acct #: 15579 — Ad #: 1904024 — Status: New CHOLD

BUTLER FAIRMAN AND SEUFERT, INC
#300
8450 WESTFIELD BLVD
INDIANAPOLIS IN 46240

Start: 10/24/2024 — Stop: 10/24/2024
Times Ord: 1 — Times Run: ***
LEG 1.00 X 51.00 — Words: 230
Total LEG 51.00
Class: 105 PUBLIC NOTICES
Rate: LGOVT — Cost: 28.37

Contact: VALERIE BUZIAK
Phone: (317)713-4615
Fax#:
Email: vbuziak@bfsengr.com; sbrown@
Agency:

Ad Descrpt: NOTICE OF PUBLIC HEARING
Given by: *
P.O. #:
Created: jhen1 10/11/24 16:07
Last Changed: jhen1 10/11/24 16:10

PUB	ZONE	EDT	TP	RUN DATES
TLR	TLR	95	S	10/24
LBOL	TLR	95	S	10/24

AUTHORIZATION

Under this agreement rates are subject to change with 30 days notice. In the event of a cancellation before schedule completion, I understand that the rate charged will be based upon the rate for the number of insertions used.

_____ _____

Name (print or type) — Name (signature)

(CONTINUED ON NEXT PAGE)

INDIANA MEDIA GROUP
PO BOX 607
GREENSBURG IN 47240-0607
(877)253-7755
Fax (765)648-4229

ORDER CONFIRMATION (CONTINUED)

Salesperson: JENNIFER HENSLEY Printed at 10/11/24 16:10 by jhen1

Acct #: 15579 Ad #: 1904024 Status: New CHOLD CHOL

Notice of Public Hearing
Lebanon Utilities Service Board
Drinking Water Preliminary Engineering Report (PER)

Lebanon Utilities Service Board will conduct a Public Hearing at 5:00 pm (local time) on November 4, 2024, at the City Council Chambers, Municipal Building, 401 South Meridian Street, Lebanon, Indiana, 46052. The Public Hearing will be preceded by an informational Open House at 4:00 pm (local time) held at the same location. Lebanon Utilities' engineering consultant Butler Fairman & Seufert will present at the Public Hearing on the proposed Wholesale Water Supply Program that includes improvements to the Lebanon Utilities Water System to better serve the needs of existing customers and accommodate future development. The project will be funded through a Drinking Water State Revolving Fund (DWSRF) loan.

Copies of the required Preliminary Engineering Report (PER) are available for public viewing starting October 25, 2024, through November 9, 2024, at the Lebanon Utilities Customer Service Office, 401 South Meridian Street, Lebanon, Indiana, 46052. During the Public Hearing, there will be the opportunity for questions and comments from the public. Participation is welcomed and encouraged. If special assistance is required for the meeting, please contact Matt Hutton from Lebanon Utilities at 765-482-8751 or mhutton@lebanon-utilities.com.
Written comments regarding this project should be sent to John Lightner, Butler Fairman & Seufert, 8450 Westfield Blvd, Suite 300, Indianapolis, IN 46240, prior to November 9, 2024.

TLR-685 10/24 hspaxlp 1904024

From: Indianapolis Legals
To: John Lightner
Subject: Thank you for placing your order with us.
Date: Wednesday, November 13, 2024 9:49:41 AM
Attachments: We sent you safe versions of your files.msg
LSBN01752610.pdf

THANK YOU for your ad submission!

This is your confirmation that your order has been submitted. Below are the details of your transaction. Please save this confirmation for your records.

We appreciate you using our online self-service ads portal, available 24/7. Please continue to visit Indianapolis Star's online Classifieds HERE to place your legal notices in the future.

Changes and/or cancellations may not be honored up to 2 business days prior to your first publication date.

Job Details

Order Number:	**LSBN0175261**
External Number:	**10670467**
Classification:	Govt Public Notices
Package:	General Package
Additional Options:	1 Affidavit $0.00
Total payment:	$31.00

Account Details

Butler Fairman & Seufert Inc
8450 Westfield BLVD # 300
Indianapolis, IN 46240-5920
317-713-4615
jlightner@bfsengr.com
Butler Fairman & Seufert Inc

Schedule for ad number LSBN01752610

Thu Oct 24, 2024
Indianapolis Star *All Zones*

Notice of Public Hearing
Lebanon Utilities Service Board
Drinking Water Preliminary Engineering Report (PER)

Lebanon Utilities Service Board will conduct a Public Hearing at 5:00 pm (local time) on November 4, 2024, at the City Council Chambers, Municipal Building, 401 South Meridian Street, Lebanon, Indiana, 46052. The Public Hearing will be preceded by an informational Open House at 4:00 pm (local time) held at the same location. Lebanon Utilities' engineering consultant Butler Fairman & Seufert will present at the Public Hearing on the proposed Wholesale Water Supply Program that includes improvements to the Lebanon Utilities Water System to better serve the

needs of existing customers and accommodate future development. The project will be funded through a Drinking Water State Revolving Fund (DWSRF) loan.

Copies of the required Preliminary Engineering Report (PER) are available for public viewing starting October 25, 2024, through November 9, 2024, at the Lebanon Utilities Customer Service Office, 401 South Meridian Street, Lebanon, Indiana, 46052. During the Public Hearing, there will be the opportunity for questions and comments from the public. Participation is welcomed and encouraged. If special assistance is required for the meeting, please contact Matt Hutton from Lebanon Utilities at 765-482-8751 or mhutton@lebanon-utilities.com. Written comments regarding this project should be sent to John Lightner, Butler Fairman & Seufert, 8450 Westfield Blvd, Suite 300, Indianapolis, IN 46240, prior to November 9, 2024.

HSPAXLP
Publication Dates
LSBN0175261

ATTACHMENT D

PER PUBLIC HEARING INFORMATIONAL OPEN HOUSE MEETING ATTENDANCE RECORD

☆ Information

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): BRYCE GUSTAFSON
Email Address: BGUSTAFSON@CITALT.ORG
Home Address: 321 S TEMPLE AVE
INDIANAPOLIS, IN 46201

Name (please print): Jeremy Garst
Email Address:
Home Address:

Name (please print): BRYAN W. DAGGY
Email Address:
Home Address: 2005 W 250 N
LEBANON IN 46052

Name (please print): ERIC E. LABLUE
Email Address: GREENFIELDPASTURES628@YAHOO.COM
Home Address: 725 N. S.R. 75
LEBANON, IN. 46052

Name (please print): TIM SCHROCK
Email Address: tim@designbuildsolutionsllc.com
Home Address: 825 MILLERWOOD DR
LEBANON IN 46052

☆ Information

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Britt Reese
Email Address: brittineyhofmann@gmail.com
Home Address: 6519 N 350 W
Thorntown, IN 46071

Name (please print): Thomas A Whitsitt
Email Address: twhitsitt@fmsclaw.com
Home Address: 2215 Travis Dr.
Lebanon IN 46052

Name (please print): Colin Dale
Email Address: Comdale@gmail.com
Home Address: 220 W 300 N Lebanon IN 46052

Name (please print):
Email Address:
Home Address:

Name (please print):
Email Address:
Home Address:

ATTACHMENT E

PER PUBLIC HEARING ATTENDANCE RECORD

Public Hearing

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Neil Taylor
Email Address: TaylorNeilM@yahoo.com
Home Address: 2205 Terrace Ln Lebanon

Name (please print): William Stone
Email Address: bstone@lebanon.in.gov
Home Address: 2345 Elm Street Lebanon

Name (please print): AARON SMITH
Email Address: TAXLESS3@COMCAST.NET
Home Address: 2625 COUNTRYSIDE DRIVE
LEBANON, IN 46052

Name (please print): Tim Hudson
Email Address: timhudson30.th@gmail.com
Home Address: 1019 BROOKSIDE DRIVE

Name (please print):
Email Address:
Home Address:

Public Hearing

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Tim Schedock
Email Address: tim@designbuildsolutionsLLC.com
Home Address: 825 Millerwood Dr
Lebanon IN

Name (please print): Colin Dale
Email Address: Comdale@gmail.com
Home Address: 220 W 300 N Lebanon IN 46052

Name (please print): Eric E. Carlile
Email Address: Eccarlile62@yahoo.com
Home Address: 725 N. S.R. 75
Lebanon, IN. 46052

Name (please print): Mike McFeron
Email Address: MMcferon1006@yahoo.com
Home Address: 810 Mill Road
Lebanon, IN 46052

Name (please print): Bryce Gustafson
Email Address: BGustafson@citact.org
Home Address: 321 S. Temple Ave. Indianapolis, IN 46201

Public Hearing

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Britt Reese
Email Address: brittineyhofmann@gmail.com
Home Address: 6519 N 350 W Thorntown, IN

Name (please print): BRIAN W. DAGGY
Email Address: bdaggy@frontiernet.net
Home Address: 2005 W. 250 N.
Lebanon IN 46052

Name (please print): Tom Whitsitt
Email Address: twhitsitt@tmsclaw.com
Home Address: 2215 Travis Dr. Lebanon IN 46052

Name (please print):
Email Address:
Home Address:

Name (please print):
Email Address:
Home Address:

Public Hearing

Meeting Attendance Record

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Jeremy Garst
Email Address: garst.jeremy@gmail.com
Home Address: _____

_____

Name (please print): _____
Email Address: _____
Home Address: _____

_____

Name (please print): _____
Email Address: _____
Home Address: _____

_____

Name (please print): _____
Email Address: _____
Home Address: _____

_____

Name (please print): _____
Email Address: _____
Home Address: _____

_____

ATTACHMENT F

PER PUBLIC HEARING MEETING SUMMARY

Lebanon Utilities
Wholesale Water Supply SRF Loan Program
PER Public Hearing Meeting Summary
11/4/2024

- The Public Hearing began at approximately 5:00 p.m. and was livestreamed on Lebanon Utilities' YouTube channel (https://www.youtube.com/watch?v=ZgJbNxzhGek).
- The pledge of allegiance was recited.
- Lebanon Utilities Legal Counsel recommended rules and gave an overview of the agenda for the meeting.
- The Lebanon Utilities Service Board adopted the rules for the meeting.
- BF&S provided an overview presentation of the Preliminary Engineering Report (attached).
- The floor was opened for public comments.
- 4 members of the public provided comments.
- BF&S and Lebanon Utilities Legal Counsel responded to public comments.
- Meeting was adjourned at approximately 5:35 p.m.

Preliminary Engineering Report
Public Hearing

Wholesale Water Supply

November 4, 2024

Utility Needs

- **City of Lebanon Developments**
  - The City of Lebanon continues to attract developments, and it is estimated that as much as 5 MGD to 10 MGD of water will be needed to satisfy future City demands over the next 10-year period.

- **LEAP – Lebanon Innovation District**
  - The City of Lebanon and IEDC continue to attract developments, and it is estimated that as much as 10 MGD to 15 MGD of water will be needed to satisfy future LEAP District demands over the next 10-year period.

- **Available Water Capacity**
  - Lebanon Utilities currently has a strong supply of water for existing users and projects that have been previously allocated, but due to unprecedented levels of demand, there is now a lack of available water capacity over the current supply of 4.6 MGD to allocate for future developments. To satisfy the projected 15 MGD to 25 MGD demands over the next 10-year period an additional water source will be needed.
  - Additional capacity is also required for the protection of human life and property in the event of a fire or natural disaster.

Evaluation of Alternatives

- **No Action Alternative**
- **Alternative 1 – Wholesale Water Supply**
- **Alternative 2 – Additional Groundwater Supply within Lebanon**
- **Alternative 3 – Additional Water Supply from Clinton County**
- **Alternative 4 – Additional Water Supply from Tippecanoe County**
- **Alternative 5 – Sugar Creek Reservoir**

Proposed Alternative

- **Alternative 1 – Wholesale Water Supply**

  - Improvements to the CEG Water System are necessary to supply the wholesale water to connection points with Lebanon Utilities and Lebanon Utilities will need to construct infrastructure to connect to the existing Lebanon Utilities System and to distribute the wholesale water from the connection points with CEG to its customers. Infrastructure improvements will be completed on a phased basis to coincide with CEG's delivery schedule.

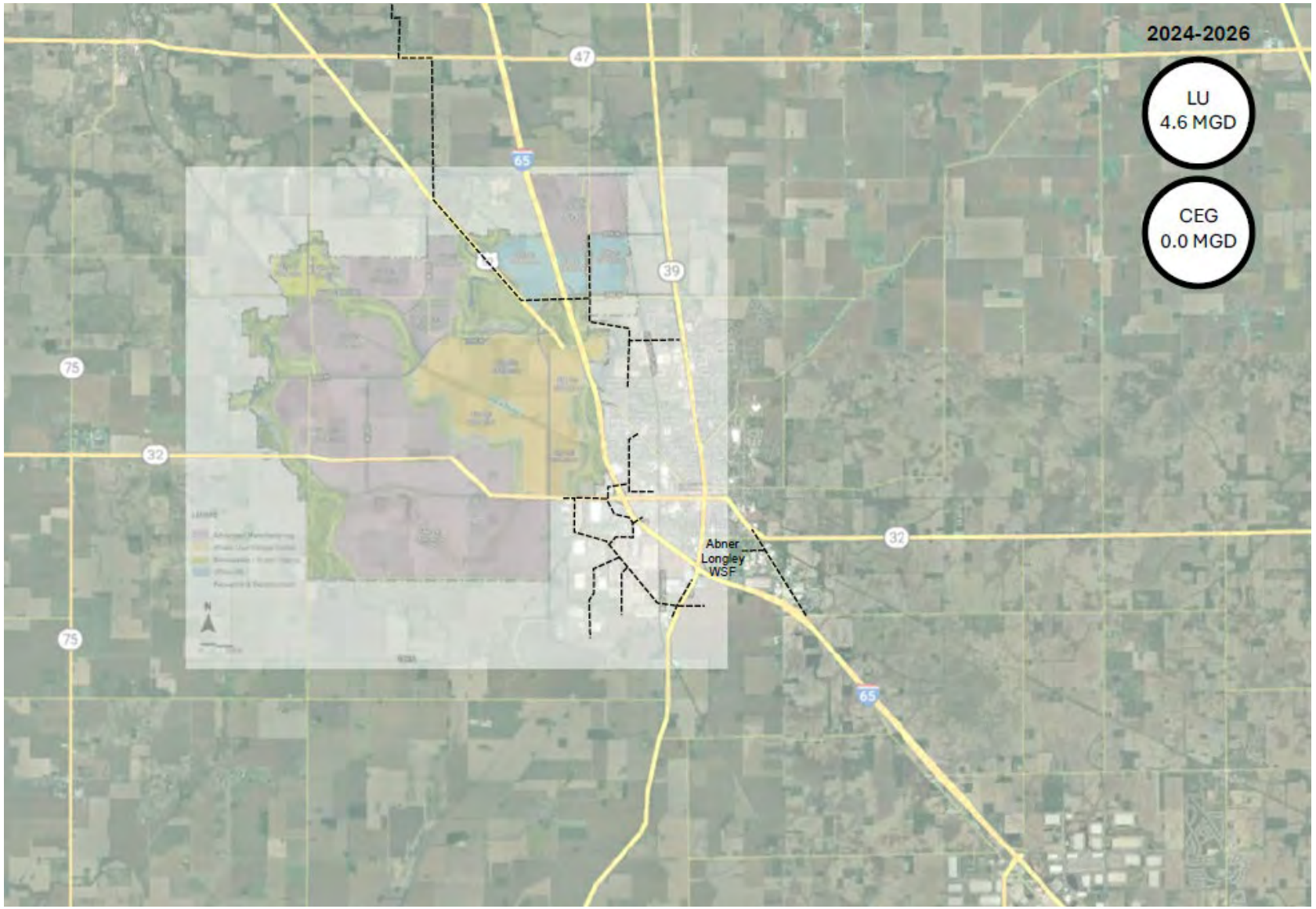
  - Phase 1 – Additional 2 MGD Water Supply

  - Phase 2 – Increase Water Supply by 8 MGD from 2 MGD to 10 MGD

  - Phase 3 – Increase Water Supply by 15 MGD from 10 MGD to 25 MGD

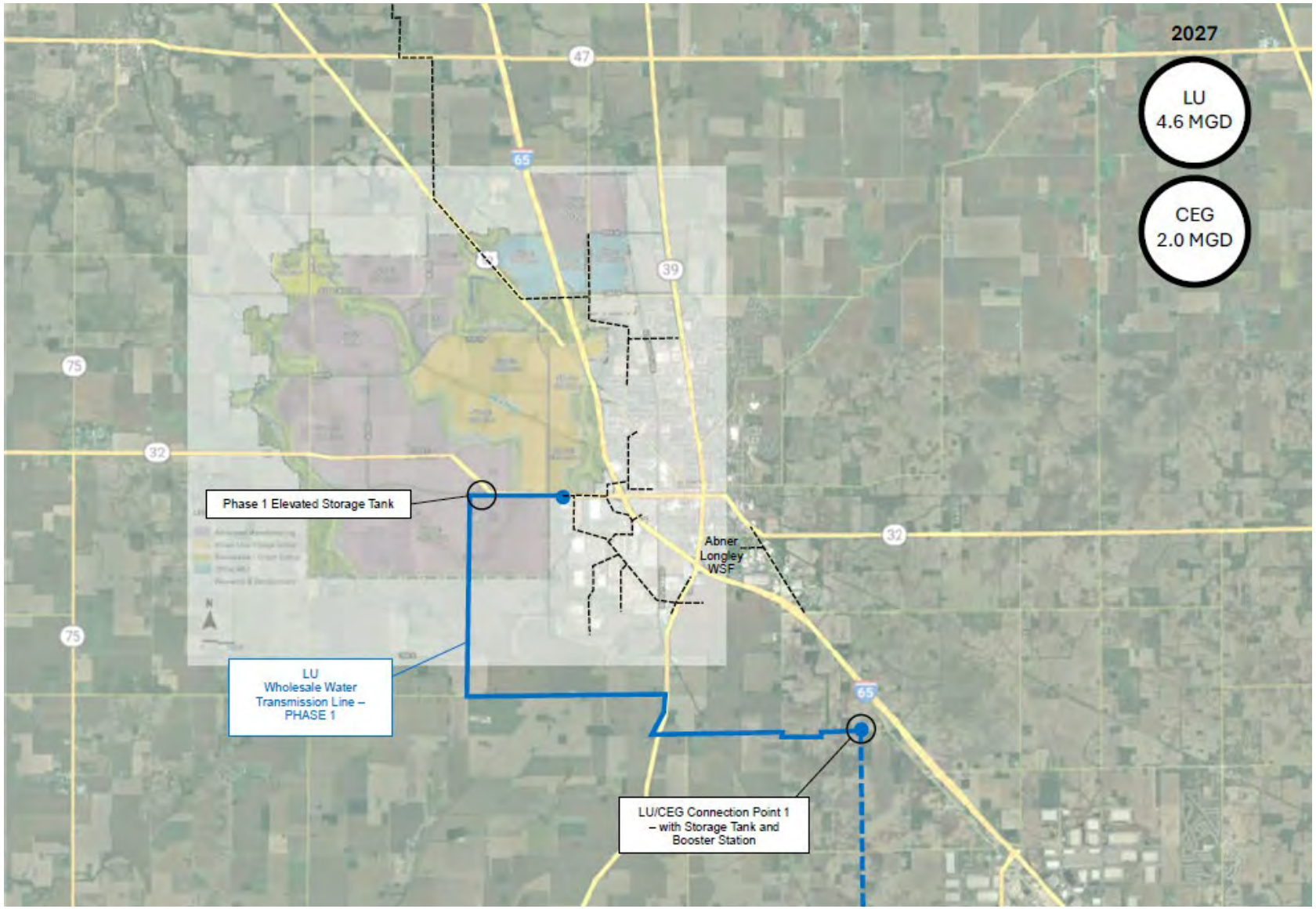
Proposed Alternative

Current Conditions



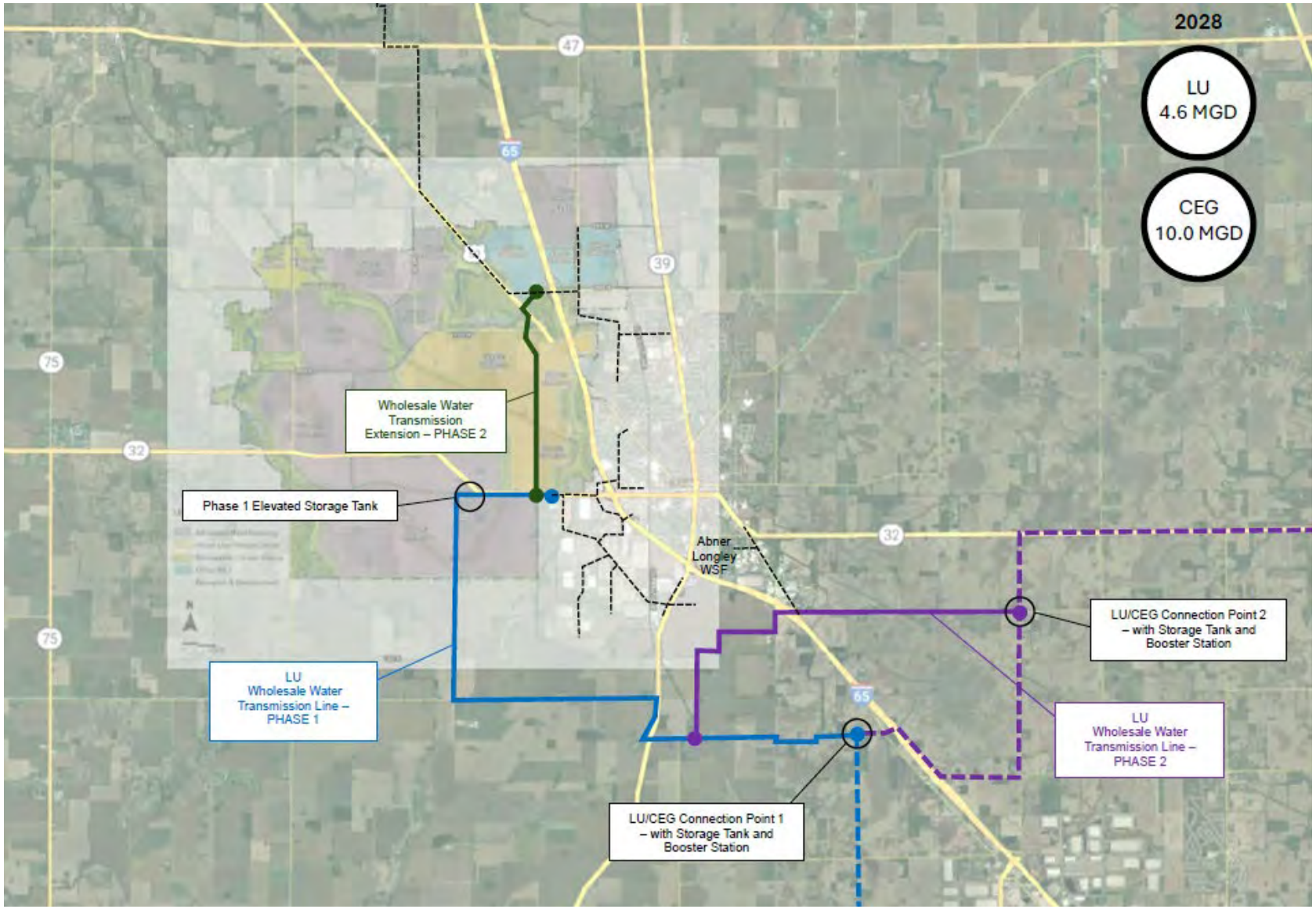
Proposed Alternative

Phase 1



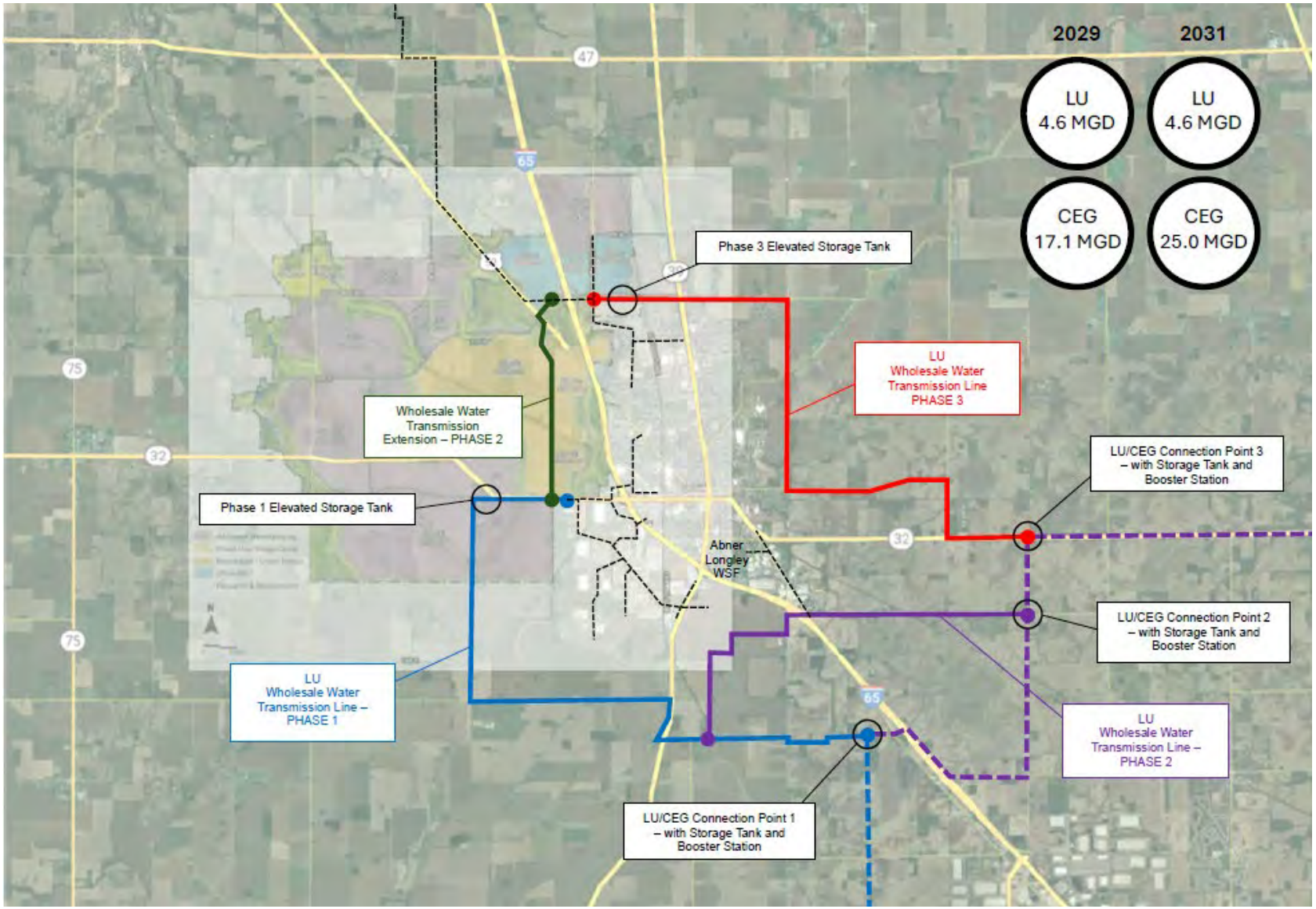
Proposed Alternative

Phase 2



Proposed Alternative

Phase 3



Program Costs

- **Phase 1 - $87,175,000**
  - 48,000 LFT of Transmission Lines
  - 2 MG Ground Storage Tank and Booster Station
  - 2 MG Elevated Storage Tank
- **Phase 2 - $60,650,000**
  - 43,000 LFT of Transmission Lines
  - 2 MG Ground Storage Tank and Booster Station
- **Phase 3 - $76,950,000**
  - 45,000 LFT of Transmission Lines
  - 2 MG Ground Storage Tank and Booster Station
  - 2 MG Elevated Storage Tank
- **Overall Program - $224,775,000**

Program Schedule

	PHASE 1	PHASE 2	PHASE 3
2024 - Q4	Loan Closing		
2025 - Q1	Design/Permitting & Land and Easement Acquisition		
2025 - Q2			
2025 - Q3			
2025 - Q4	Procurement/Initiation of Construction	Loan Closing	
2026 - Q1	Construction	Design/Permitting & Land and Easement Acquisition	
2026 - Q2			
2026 - Q3			
2026 - Q4		Procurement/Initiation of Construction	
2027 - Q1	Substantial Completion/Initiation of Operation	Construction	
2027 - Q2			
2027 - Q3			
2027 - Q4			
2028 - Q1		Substantial Completion/Initiation of Operation	
2028 - Q2			
2028 - Q3			
2028 - Q4			Loan Closing
2029 - Q1			Design/Permitting & Land and Easement Acquisition
2029 - Q2			
2029 - Q3			
2029 - Q4			Procurement/Initiation of Construction
2030 - Q1			Construction
2030 - Q2			
2030 - Q3			
2030 - Q4			
2031 - Q1			Substantial Completion/Initiation of Operation

Preliminary Engineering Report
Public Hearing

Public Comment Period

ATTACHMENT G

PER PUBLIC HEARING PUBLIC COMMENTS

To Solve The Water Problem, Lebanon is Applying for Drinking Water State Revolving Funds with an Ineligible Project

In May of 2024, the City of Lebanon put a hold on new development due to overpromising water in conjunction with poor planning, specifically related to the water needs of Eli Lilly and Company. Since the Indiana Economic Development Corporation announced LEAP, residents in the region have brought up concerns regarding the water resourcing at multiple Lebanon City Council and other local government meetings. However, Mayor Matt Gentry and the Lebanon City Council continued to push through developments without taking into consideration broader impacts or fulling investigating the items that they were approving. This overpromising of water has resulted in a $25 Million lawsuit against the City of Lebanon by RealtyLink llc (case document is attached to this letter).

The Lebanon Utilities Service Board is now bringing forth a proposed Wholesale Water Supply Program to apply for a Drinking Water State Revolving Fund (DWSRF) loan from the IFA. The proposed project does not fulfill the intended use of the DWSRF.

DWSRF Overview and Eligibility:

The DWSRF program was created as part of the 1996 Amendments to the Safe Water Drinking Act (SWDA) and is structured as a federal-state partnership. There are rules set in place for eligible and ineligible projects at both the federal and state levels.

All states are required to give priority to projects that:

1. Address the most serious risks to human health
2. Ensure compliance with requirements of the SDWA
3. Assist systems most in need on a per household basis according to state affordability criteria

The federal guidelines further state "The DWSRF is meant to serve the public health needs of the existing population, Congress specifically directed in the SWDA that the DWSRF program avoid the use of funds to finance the expansion of any public water system in anticipation of future population growth."

Key focus areas of the program include projects like lead pipe removal, as emphasized by the "Implementing Lead Service Line Replacement Projects Funded by the Drinking Water State Revolving Fund" EPA memorandum from May 2004.

The State of Indiana further states that projects solely for the purpose of economic development are not eligible for DWSRF.

The Project: Wholesale Water Supply Program:

The total for all three phases of the project is estimated to be $224,775,000.00. This is a large project, and eligibility should not be taken lightly. Section 2 of the PER describes the utility

needs and the true project intentions become clear: IEDC, LEAP, and Eli Lilly and Company. It further goes on to call out commercial development, industrial development, Henke Waterford Development, Hickory Junction Area, and future water requirements.

By Both Federal and State Criteria This Project is <u>INELIGIBLE:</u>
Federal Criteria: "Avoid the use of funds to finance the expansion of any public water system in anticipation of future population growth." The project is exclusively focused on future growth. The City of Lebanon has overpromised water and now has a pending lawsuit.
State Criteria: "Projects solely for the purpose of economic development are not eligible for DWSRF." The project clearly states the needs are due to the IEDC, LEAP, Eli Lilly, and other commercial/industrial development.

Federal Definition of Priority Projects: The project does not address the most serious risks to human health, ensure compliance with requirements of the SDWA, or assist a disadvantaged community,

This project should not be considered for a DWSRF loan. Funding this project takes away from communities who truly need DWSRF loans for the intended use of the program.

Brittney N Reese
6519 N 350 W
Thorntown, IN 46071

Sources
https://www.epa.gov/sites/default/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf
https://www.epa.gov/system/files/documents/2024-05/implementing-lead-service-line-replacement-projects-funded-by-the-drinking-water-state-revolving-fund-05-01-2024.pdf
https://www.epa.gov/dwsrf/bipartisan-infrastructure-law-srf-memorandum
https://www.in.gov/ifa/srf/about-srf/

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

REALTYLINK LLC, and IN LEBANON JOHN SHAW, LLC, Plaintiffs, v. CITY OF LEBANON, INDIANA, LEBANON CITY COUNCIL, LEBANON MUNICIPAL UTILITIES, MATTHEW T. GENTRY, in his individual capacity and in his official capacity as Mayor of the City of Lebanon, DICK ROBERTSON, in his individual capacity and in his official capacity as a member of the Lebanon City Council, SIERRA MESSENGER, in her individual capacity and in her official capacity as a member of the Lebanon City Council, ROBERT HAWKINS, in his individual capacity and in his official capacity as a member of the Lebanon City Council, MIKE KINCAID, in his individual capacity and in his official capacity as a member of the Lebanon City Council, KEITH CAMPBELL, in his individual capacity and in his official capacity as a member of the Lebanon City Council, SANDRA JASIONOWSKI, in her individual capacity and in her official capacity as the a member of the Lebanon City Council, JOHN COPELAND, in his individual capacity and in his official capacity as a member of the Lebanon City Council, Defendants.	)	Cause No. _____

COMPLAINT AND JURY DEMAND

For their Complaint and jury demand, Plaintiffs RealtyLink LLC and IN Lebanon John Shaw, LLC ("Plaintiffs") show the Court as follows:

PARTIES

1. RealtyLink LLC ("RealtyLink") is an LLC incorporated in South Carolina with its principal place of business in South Carolina.

2. IN Lebanon John Shaw, LLC ("Shaw") is an LLC incorporated in South Carolina with its principal place of business in South Carolina.

3. The City of Lebanon ("City") is an Indiana municipality located in Boone County, Indiana.

4. The Lebanon City Council ("Council") is the legislative and fiscal body for the City.

5. Lebanon Municipal Utilities ("LMU") is a municipally owned electric, water and wastewater utility serving customers within the City.

6. Matthew T. Gentry is the elected mayor of the City. He is sued in his official and individual capacities.

7. Dick Robertson is a member of the Council. He is sued in his individual and official capacity as a member of the Lebanon City Council.

8. Sierra Messenger is a member of the Council. She is sued in her individual and official capacity as a member of the Lebanon City Council.

9. Robert Hawkins is a member of the Council. He is sued in his individual and official capacity as a member of the Lebanon City Council.

10. Mike Kincaid is a member of the Council. He is sued in his individual and official capacity as a member of the Lebanon City Council.

11. Keith Campbell is a member of the Council. He is sued in his individual and official capacity as a member of the Lebanon City Council.

12. Sandra Jasionowksi is a member of the Council. She is sued in her individual and official capacity as a member of the Lebanon City Council.

13. John Copeland is a member of the Council. He is sued in his individual and official capacity as a member of the Lebanon City Council.

JURISDICTION AND VENUE

14. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331 because this complaint asserts claims arising under the laws of the United States.

15. The Court has supplemental jurisdiction over the Plaintiffs' state law claims pursuant to 28 U.S.C. § 1367 because the state law claims arise out of the same set of operative facts as the claims arising under federal law.

16. Venue is proper pursuant to 28 U.S.C. § 1391(b) because the property at issue is located within this district and because a substantial part of the events giving rise to the claims asserted in the complaint occurred in this district.

FACTS APPLICABLE TO ALL CLAIMS

Cedars at Lebanon

17. RealtyLink is a property developer that has developed over 600 different projects around the country.

18. These projects range from multi-family housing developments to entertainment venues like Topgolf facilities to industrial and manufacturing sites.

19. In 2021 RealtyLink employees began to explore the possibility of developing a commercial and industrial park in Lebanon.

20. After reviewing available property in the area, RealtyLink identified a 119-acre property near John Shaw Road and Tyre Road in Lebanon.

21. The Plaintiffs began exploring a potential development project at this site that would come to be known as the Cedars of Lebanon ("Cedars").

22. The Cedars project would consist of multiple industrial/manufacturing buildings that would be developed over several phases including ambient storage, cold storage, and other various uses.

23. The Cedars development would create jobs and bring other economic development benefits to both the City, the County, and its residents.

24. Once they learned that RealtyLink was entertaining a development in Lebanon, City officials and County EDC began communicating with RealtyLink to encourage the development of property in Lebanon.

25. City officials, including Mayor Gentry, made numerous promises that the City would provide incentives for the development of the Cedars.

26. According to the City, these incentives would include:

- a tax abatement for the Cedars project;
- inclusion of the Cedars in an economic revitalization area created by the City for industrial uses;

- the creation of a tax increment financing district or "TIF" district for the Cedars;
- The issuance of bonds that would allow infrastructure to be developed in this area of the City.

(collectively, the "Incentives").

27. City officials – including Mayor Gentry – promised that these Incentives would remain in place for at least 25 years.

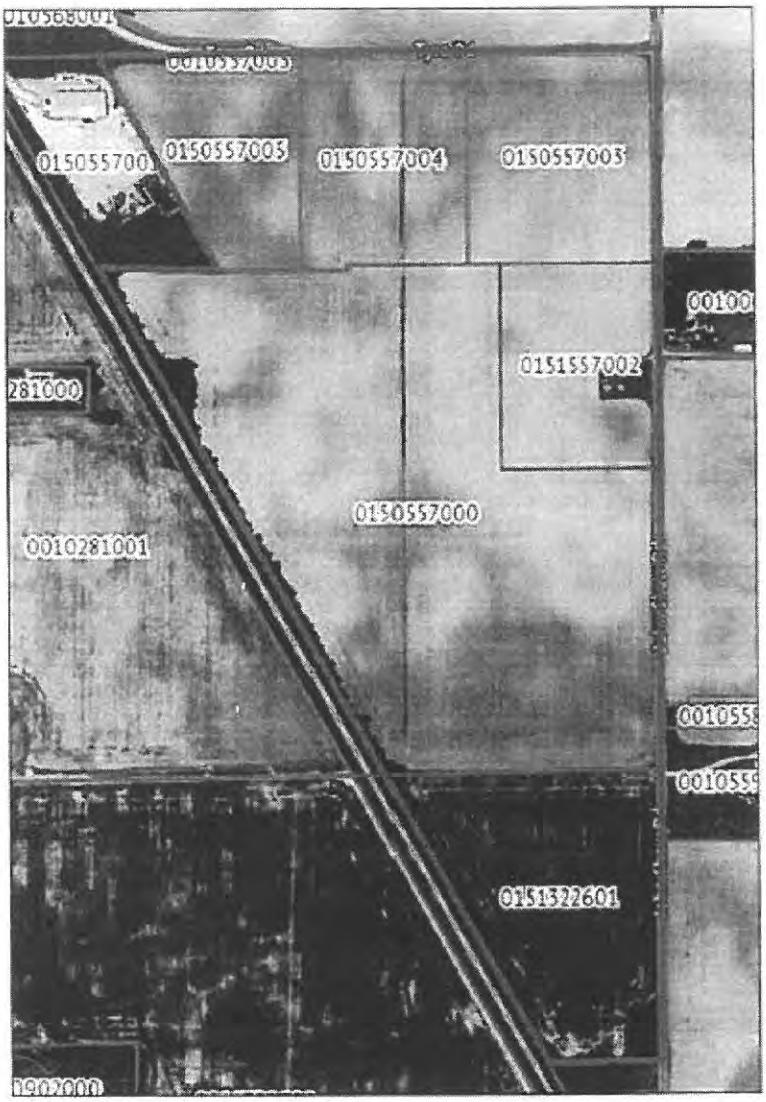
28. The City also promised that it would provide adequate water and wastewater services to the Cedars.

29. The City annexed the property in 2007. At that time, the City promised to provide water to the property's previous owner.

30. Relying on the City's representations and promises, RealtyLink began the process of purchasing and developing the property for the Cedars project.

31. Relying on the City's representations and promises, RealtyLink negotiated a purchase price of $6,786,000 for the Cedars property.

32. The Cedars property is depicted within the blue borders below:



33. The City annexed this property in 2007 and it is part of the City.

34. The property is also zoned for industrial uses, which is necessary for the Cedars project.

35. RealtyLink created Shaw to hold title in the Cedars real estate and is the purchaser of the real property for the Cedars project.

36. Shaw closed on an initial purchase of property for Phase I of the Cedar on July 7, 2022. Its deed for the property was recorded that same day.

37. Shaw and RealtyLink obtained financing to be able to purchase the property for Phase I of the Cedars.

38. In all, Shaw and RealtyLink borrowed approximately $3.3 million in order to purchase the property for Phase I of the Cedars but with returns and interest, this liability has grown to approximately $4 million.

39. The sole purpose of this financing was to purchase the property for Phase I based on the promises made by the City, LMU, and Mayor Gentry.

The City and LMU Delay the Project

40. Based on the City's promised Incentives, the Plaintiffs began development efforts at the Cedars property no later than July 2021.

41. This included surveys, marketing, preparing reports, hiring consultants, and submitting applications for various permits.

42. The Plaintiffs incurred these costs based on their reliance on the City's representations and promises regarding the Incentives.

43. One of the initial problems that needed to be overcome before construction of the Cedars could begin was the lack of water or wastewater services to the Cedars property. The City and LMU did not have a connection point near the Cedars and did not have the necessary facilities required for Plaintiffs to connect to the LMU system.

44. Initially, the City and LMU required that the Plaintiffs obtain easements from a neighboring property owner so that they could install pipes and other infrastructure necessary to connect to LMU's wastewater system.

45. While the Plaintiffs attempted in good faith to negotiate these easements throughout 2022 and 2023, the neighbor declined to grant the easements at that time.

46. Concerning wastewater services specifically, following conversations and coordination with the City and LMU, Plaintiffs put a future "connection point" on their property where the City could eventually provide them with wastewater services. Notably, Plaintiffs placed this "connection point" at the specific location chosen by the City and LMU.

47. But throughout 2022 and 2023, the City had not yet made water or wastewater services available to the Cedars property.

48. Because the Cedars needed access to water and wastewater service but the City refused supply it absent easements the Plaintiffs could not obtain, the Plaintiffs turned to alternatives for obtaining water and wastewater service for the Cedars.

49. One means of providing wastewater service is for an owner to "pump-and-haul" water by which the Plaintiffs would bring water to the site and take the wastewater away to be treated.

50. In Fall 2022, the Plaintiffs raised the issue of providing service to the Cedars through a pump-and-haul process as a means of moving the project forward.

51. The City agreed and recommended that Plaintiffs obtain a pump-and-haul permit to remove wastewater until such point when the City could provide adequate wastewater services to the Cedars.

52. To begin this process, the Plaintiffs needed a pump-and-haul permit from the Indiana Department of Environmental Management ("IDEM").

53. The Plaintiffs could not begin construction on the Cedars until it had this permit from IDEM.

54. RealtyLink applied for a pump-and-haul permit in April 2023.

55. IDEM approved the permit in May 2023.

56. The pump-and-haul permit gave the state agency's authorization for RealtyLink to pump-and-haul for at least two years and could be extended until sewer was made available by LMU.

57. Throughout 2023, the City's representatives continued to tell the Plaintiffs that they had met all conditions to begin construction.

58. On April 13, 2023, the engineer for the City – Kevin Krulik – informed the Plaintiffs that all approvals were in place and questioned when the Plaintiffs would commence construction.

59. In his email, Mr. Krulik stated "Can you give us an update on this project, I believe all approvals are in order on our end, if you are ready to move this project forward, please work with Kristi Spencer (cc'd) to see that all appropriate fees and permit applications are finalized and schedule a preconstruction meeting."

60. A true and accurate copy of the email in which Mr. Krulik makes this representation is attached as **Exhibit 1.**

61. On September 14, 2023, Michael Dean, counsel for the City, responded to an inquiry about the status of the project. Mr. Dean stated that the City was "trying

to nail down a couple final deal points between the developer and the City regarding the ability to use tap fees for bond redemptions (similar to the impact fees), as well as an exemption from tap and impact fees for property owners in the allocation area."

62. Mr. Dean did not list utility permits or utility connections as matters that needed to be resolved prior to closing the deal.

63. A true and accurate copy of this email is attached as **Exhibit 2**.

64. Despite the fact that the City and LMU had themselves agreed to the pump-and-haul process, that IDEM lawfully approved the pump-and-haul permit, and that their representatives stated that no other permits were needed, the City and LMU changed their stance and instructed Plaintiffs that they could not operate under the pump-and-haul permit.

65. In other words, the City told the Plaintiffs they could not do what IDEM told them they could and what the City had previously agreed to allow.

66. In August of 2023, LMU threatened to sue the Plaintiffs even if they simply accepted the IDEM permit.

67. On November 14, 2023, LMU's attorney again threatened to sue the Plaintiffs for the same reason.

68. From that time forward, the only issue holding up the Cedars project was the City and LMU's false and unlawful claim that the Plaintiffs could not proceed to pump-and-haul under the IDEM permit.

69. The City and LMU claimed that the Plaintiffs were barred from operating under the approval issued by IDEM unless the Plaintiffs submitted

engineered drawings showing how the Cedars would be connected to LMU's sewer system at some future point if easements never became available.

70. Throughout 2023, the Plaintiffs had no means of obtaining the easements necessary to satisfy the City and LMU and could not know how it would connect to the LMU system.

71. Despite this, the City and LMU claimed that they had the right to approve plans for a future connection before the Plaintiffs could proceed under the pump-and-haul approval issued by IDEM.

72. The City and LMU have no authority over the pump-and-haul permit because it was issued by IDEM and because neither the City nor LMU made wastewater service available to the Cedars. *See* Ind. Code § 36-9-23-30.

73. The City and LMU's unlawful demand for a connection and assertion of authority regarding the IDEM permit delayed the Plaintiffs from closing bank financing and closing the TIF bond financing before the end of 2023, which in turn delayed the project from commencing construction in spring of 2024 as planned.

74. This delay was not caused in any way by the Plaintiffs, who went to great costs to attempt to obtain easements, obtain the IDEM permit, and otherwise addresses the utility connection issue asserted by the City and LMU.

The City Approves The Incentives

75. Despite the ongoing dispute over the utility connection in 2023, the City began the process of enacting resolutions to meet their obligation to provide the Incentives.

76. On August 14, 2023, the Lebanon Redevelopment Commission approved a resolution including the Cedars in an economic redevelopment area, which would allow the Plaintiffs to see tax abatements for the Cedars.

77. Under Indiana law, the Council must pass both a "declaratory resolution" and a "confirmatory resolution" before it may provide the Incentives.

78. On August 28, 2023, the Council unanimously approved the initial "declaratory resolution" for the Incentives.

79. At its meeting on November 13, 2023, the Council unanimously approved the confirmatory resolution, which it styled as Ordinance 2023-22.

80. A true and accurate copy of the approved Ordinance 2023-22 is attached as **Exhibit 3**.

81. During the November 13, 2023 meeting of the Council, Greg Hayry from RealtyLink addressed the Cedars project and stated that the project would begin construction in the spring of 2024.

82. Neither Mayor Gentry nor the members of the Council stated that this was too late.

83. Neither Mayor Gentry nor the members of the Council stated that the project had a deadline of December 31, 2023 to begin construction.

84. Neither Mayor Gentry nor the members of the Council stated that the bonds they approved needed to close by December 31, 2023.

85. The City, Mayor Gentry, the Council and its members gave no indication that there was **any** deadline for the Cedars project at the August 28, 2023 meeting of the Council, the November 13, 2023 meeting of the Council, or at any other time.

86. The as-approved Ordinance 2023-22 makes no mention of a deadline, much less a December 31, 2023 deadline.

87. The as-approved resolution of the Lebanon Redevelopment Commission makes no mention of a deadline for the project, much less a deadline of December 31, 2023.

88. Instead, the as-approved resolution of the Lebanon Redevelopment Commission states that the tax abatement for the Cedars would continue for 25 years.

89. At no time in discussing the Cedars in 2022, 2023 or 2024 did any representative of or official from the City, Council, or LMU indicate did that there was a December 31, 2023 deadline for the Cedars project that would trigger the City to withdraw the Incentives if that deadline was not met.

The Water Crisis in Lebanon

90. The City and LMU provide municipal water service to residents and businesses in Lebanon.

91. The City and LMU have the exclusive right to provide water and wastewater services within the City's borders.

92. Throughout 2023 and into 2024, the City and LMU have struggled to identify sources of water to provide these services.

93. This situation stems mainly from a large commercial development in the City known as "Limitless Exploration/Advanced Pace" or "LEAP."

94. LEAP is a district of up to 10,000 acres through which the City hopes to attract new industrial, commercial and technology facilities.

95. The City has annexed much of the LEAP district so that the LEAP territory will be within the City's borders.

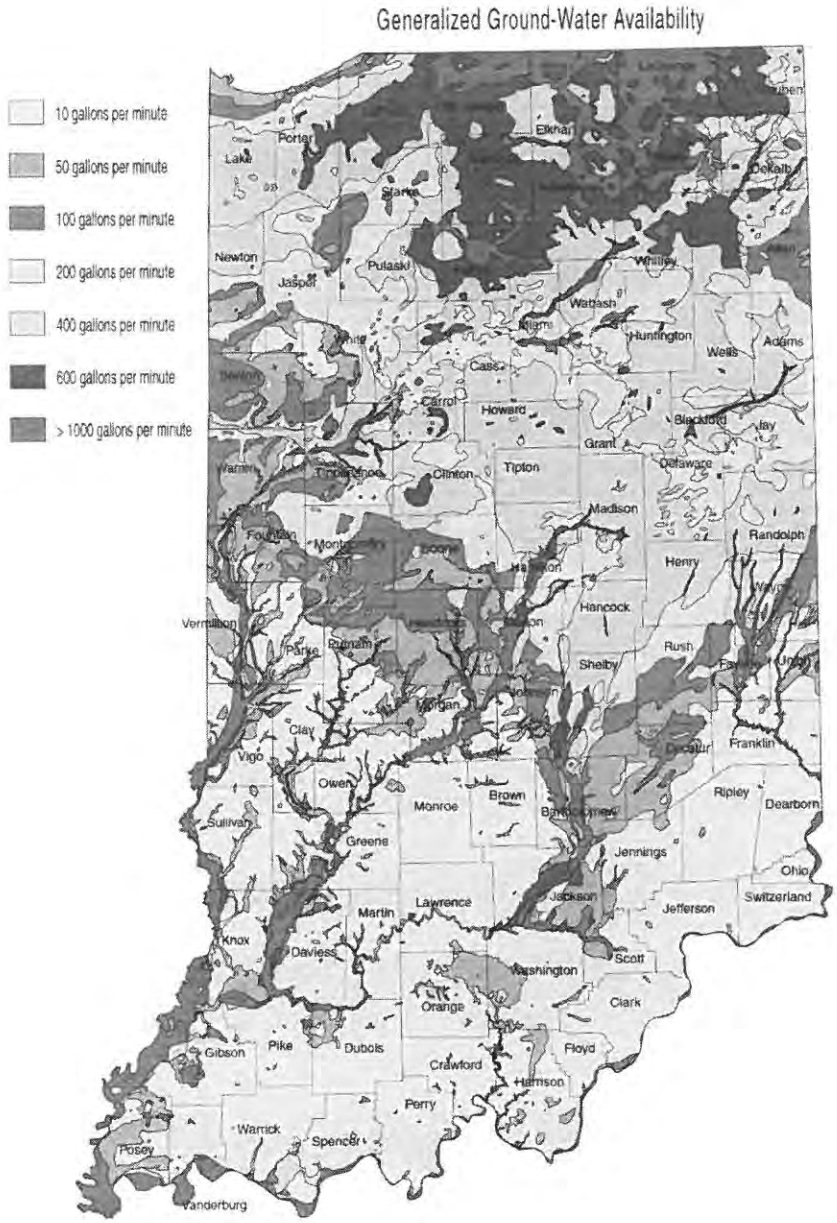
96. The City annexed the LEAP district after Shaw had purchased their property and begun pursuit of the development of Cedars.

97. The LEAP district is intended to attract manufacturers of aerospace parts, electric motor vehicles, medical diagnostic laboratories, semiconductors, and other high-tech equipment such as microchips.

98. Many of these industries (and especially microchip and semiconductor manufacturing) require massive quantities of water that far exceed normal water usage in residential, commercial, and industrial uses of land.

99. Even before the LEAP project was proposed, state officials considered Lebanon to be a region with long-term concerns about water availability.

100. For instance, the following map prepared by the Department of Natural Resources shows that the Lebanon area in central Boone County has some of the lowest availability of ground water in central Indiana.



101. The Council approved the LEAP project in July of 2022.

102. Since that time, the City, the Mayor, the Council, and LMU have known that they needed vast quantities of already scarce water in order to serve the LEAP project.

103. Despite this need, they persisted in offering the Incentives to induce the Plaintiffs to develop the Cedars despite their knowledge they might not have sufficient water to serve the Cedars.

104. The paucity of water available for the LEAP project has caused the City, LMU, and others to explore options for obtaining water sufficient for the City and LMU to meet their obligations to provide water service to properties within the City's borders.

105. The lack of available water for LEAP and other projects is so acute that economic development officials are considering installing pipes and other infrastructure to carry water from the Wabash River and connected aquifers in Tippecanoe County across the state to Lebanon.

106. This plan would pump up to 100 million gallons of a day from Tippecanoe County to Lebanon to serve the LEAP district.

107. By contrast, the city of Lafayette in Tippecanoe County uses only 10 to 17 million gallons per day despite having a population of over 70,000 people.

108. Mayor Gentry was one of the main proponents of the pipeline plan.

109. This need to pump vast quantities of water from Tippecanoe County demonstrates that the City and LMU lack water resources to serve customers and provide water service to the LEAP district.

110. The water plan was opposed by both public officials and grass root organizations such as "Stop the Water Steal," a group of West Lafayette area citizens banded together to stop the City from taking their water.

111. Through the efforts of Governor Holcomb and other state officials, the pipeline project has been halted until a water study can be completed.

112. The City's lack of water and the need for water for the LEAP district have been discussed frequently in the Indiana media. Some articles addressing these issues are attached as **Exhibit 4.**

113. In an article in the Lebanon Reporter announced that "[h]ome and business construction are on hold in Lebanon until the city finds a new water source."

114. In that article, the director of planning for the City is quoted as saying that "[w]e have essentially allocated all the water we have to projects that are already in process."

115. A true and accurate copy of that article is attached as **Exhibit 5**.

116. Eli Lilly is currently constructing a manufacturing facility in the LEAP district, a project that includes an investment of more than $3 billion, increased to $9 billion in May 2024.

117. To entice investment in the LEAP project, the City, the Council and LMU granted Lilly an exception to its rules that gave Lilly the right to pre-purchase water and sewer capacity despite the fact that its project in the LEAP district had not yet broken ground.

118. The City, the Council, and LMU also granted an exception to a project to build a sports complex known as the Hickory Junction Fieldhouse.

119. The City, the Council, and LMU granted these exceptions at a time when they—as well as the public—knew that there were limited water resource available to serve customers in and around Lebanon.

120. Despite the scarcity of water, the City also entered into a memorandum of understanding with the Indiana Economic Development Commission ("IEDC") in 2022 in which the IEDC would pay Lebanon to set aside about 860,000 gallons of water per day for the LEAP.

121. According to a study completed by the Citizens Action Coalition, this set aside amounts to approximately 56 percent of Lebanon's current water capacity.

122. Neither the Lilly project nor the fieldhouse had received final approvals from the City to proceed on the projects at the time the City allowed them to pre-purchase water.

123. The Council approved the exception for the fieldhouse at its meeting on February 12, 2024.

124. By contrast, Plaintiffs plans were approved in April 2023, however they were not allowed to pre-purchase water.

The Repeal of the Incentives

125. After the Council approved the confirmatory resolution, the Plaintiffs continued to try to work through the one issue the City and LMU claimed was holding up development – the issue of the wastewater connection.

126. In early 2024, the Plaintiffs were able to make a breakthrough and obtain the easements that would enable it to install equipment that could connect to the LMU wastewater system.

127. After a period of negotiation, the easements were finalized on March 21, 2024.

128. That same day, the Plaintiffs reached out to the City's engineer, Mr. Krulik, through email to inform the City and LMU that the Plaintiffs now had the easements to make a utility connection. That email also asked that the City and LMU inform the Plaintiffs of any required next steps now that the Plaintiffs had obtained the easements.

129. A true and accurate copy of this email is attached to **Exhibit 6**.

130. In the email, Colby Price from RealtyLink stated that:

> See attached the executed water easement with Kenneth Limp Farms, Inc. that allows us to construct the water main extension in compliance with the approved drawings mentioned below. I will be in town in a few weeks to pick up these permits and begin mobilization efforts. Can you please let us know the fees associated with these permits and any documentation you need to schedule the precon meeting.

131. Mr. Krulik responded by email the next day in an email stating that:

> Please advise as to the status of the offsite sanitary sewer easement, as it relates to the current set of construction documents. Please provide said sanitary sewer easement along with any revised construction documents, and I will circulate the plans and associated easements to all parties in order to verify that all planning and technical issues have been properly resolved. Nothing further is needed at this time, please standby for further direction.

132. A true and accurate copy of this email is attached as **Exhibit 7**.

133. Mr. Price replied the next business day providing Mr. Krulik the sewer easement and again stating he would be in town soon to pick up the permit and start construction.

134. A true and accurate copy of this email is attached as **Exhibit 8**.

135. On the same business day – March 25, 2024 – the Council conducted a regularly scheduled meeting.

136. During that meeting the, the Council heard testimony from multiple parties, including an update from Baker Tilly on the various TIFs in place throughout Lebanon, an update on the Hickory Junction Fieldhouse, and a change-order request for technology in the Council chambers. Live testimony was given in support of each of those orders of business.

137. During that meeting, Mayor Gentry also introduced a proposed ordinance that would repeal Ordinance 2023-22 and withdraw the Incentives.

138. This proposal was styled as Ordinance 2024-06.

139. At no point did the City or the Council give the Plaintiffs notice that it would be considering the repeal Ordinance 2023-22 or the withdrawal of the Incentives at the March 25, 2024 meeting.

140. Unlike the other parties who had business before the Council on the March 25, 2024 meeting, Plaintiffs had no opportunity to be heard regarding the repeal of Ordinance 2023-22 or the withdrawal of the Incentives.

141. During the March 25, 2024 meeting, Mayor Gentry spoke regarding Ordinance 2024-06 and offered two justifications for repealing Ordinance 2023-22 and withdrawing the Incentives.

142. First, he claimed that the Cedars project had a deadline of December 31, 2023 in which to obtain all necessary permits so that the bond issue could close.

143. Mayor Gentry stated that the development needed to be done before "the end of last year" but "for whatever reason" Plaintiffs "didn't have easements, things like that, got a little complicated . . . and kind of got put on hold and then now they're kind of coming back to us and . . . we kind of view it from a City perspective that the deal died New Years Eve."

144. This deadline does not exist.

145. There was no deadline set out in Ordinance 2023-22.

146. Neither Mayor Gentry nor anyone else from the City informed the Plaintiffs that there was a December 31, 2023 deadline.

147. The Plaintiffs never agreed to the December 31, 2023 deadline.

148. Mayor Gentry's statement about the deadline is false.

149. Mayor Gentry knew his statement was false or spoke recklessly as to the truth of his statement.

150. The City and the Council were aware of the wastewater dispute at the time they approved the Incentives.

151. Any delay related to the Cedars arose out of the City's unlawful position regarding the IDEM permits.

152. The claim that the Plaintiffs missed an unspoken deadline is unreasonable in light of the ongoing issues with the wastewater service caused by LMU and the City and of which the City, LMU, and the Council were aware.

153. During the discussion of the ordinance, Mayor Gentry was asked by Councilmember Kincaid whether "[Plaintiffs] had cancelled their plans to build [on the site]?" Mayor Gentry responded, "This is complicated because it's kind of been . . . it's been a lot of run-around . . . frankly, I think we're ready to kind of wash our hands of this and say we're done with it. They have expressed interest to continue forward, but based on where we've talked from the City standpoint, what we have happening, you know we don't feel we need to be offering incentives to make this project happen."

154. During the meeting, Mayor Gentry also falsely stated that the Plaintiffs had not obtained easements that would enable them connect to the LMU system. This is despite evidence that the City and LMU were aware that Plaintiffs had obtained the necessary easements prior to the meeting. *See* Exhibits 7, 8, and 9.

155. Mayor Gentry also falsely stated that the City had not recently heard from the Plaintiffs regarding the Cedars project.

156. In fact, the RealtyLink and Shaw were having ongoing communications with the City and LMU. *See, e.g,* Exhibits 7, 8, and 9.

157. The previously identified statements made by Mayor Gentry at the March 25, 2024 Council meeting were defamatory because a reasonable listener

would understand that those statements imputed that Shaw and RealtyLink were negligent and/or incompetent in carrying out the Cedars project.

158. For his second grounds, Mayor Gentry claimed that the City and LMU did not have water available to serve the Cedars.

159. At the conclusion of discussion, the Council unanimously approved Ordinance 2024-06 and withdrew the Incentives.

160. A copy of Ordinance 2024-06 is attached as **Exhibit 9**.

161. The Plaintiffs were unaware of this repeal until receiving a letter from the City's counsel on April 4, 2024, more than a week after the Council meeting.

162. A true and accurate copy of this letter is attached as **Exhibit 10**.

163. This letter again indicated that the City and LMU could not supply water to the Cedars:

> However, the City may not be able to release for construction, process construction related permits, and or accept associated development and construction fees as Lebanon Utilities has notified the City and the Developer of minimal available allocatable water supply capacity, and depending on the users associated with the Cedars Project and the timing of permit issuance, existing available capacity may not be sufficient to supply the project, thereby allowing for release of construction."

Exhibit 10 at 2.

164. The City and LMU were aware of the water scarcity when they promised the Incentives and proceeded to promise the Incentives knowing of a strong likelihood that water would not be available for the Cedars.

165. The Council was aware of the unavailability of water when it approved Ordinance 2023-22 and the Incentives.

Damages

166. The Defendants' conduct has damaged the Plaintiffs.

167. These damages include but are not limited to:

- The $3,300,000 the Plaintiffs expended to purchase the property for Phase I of the Cedars;
- lost anticipated profits from the Cedars project, which were expected to exceed $5,000,000 for the first two buildings within the Phase I of the development;
- injury to their relationship with their lender, investors, prospective tenants, and local broker/real estate network;
- the need to make unnecessary interest payments and prolonged equity return payments to investors;
- costs for performing due diligence for the financing transactions and land purchases;
- the payment of engineering and architectural design fees;
- the imposition of additional and unnecessary financing costs;
- the loss of future development, financing, and construction management fees owed to Plaintiff in its ordinary development process;
- the loss of the opportunity to purchase property for the second phase of the project of at the price $58,000 per acre, where the

same property is now available only at a price in excess of $150,000 per acre;

- lost anticipated profits from future phases of the Cedars project, which were expected to exceed $20,000,000;
- the deprivation of decades of tax abatements for the property;
- sums expended to improve the Cedars property;
- the unavailability of bond funds to assist in attracting development to the Cedars;
- negotiating and paying the costs of the easements; and
- the deleterious impact caused by the City to Plaintiffs' reputation within the State of Indiana.

168. The City's act of withdrawing the Incentives rendered the Cedars project unviable and cost the Plaintiffs the opportunity to develop the Cedars.

169. The damages caused by the Defendants' wrongful conduct likely exceed $25,000,000.

170. The Defendants' misconduct has damaged RealtyLink and Shaw's relationships with third parties, including but not limited to lenders providing financing for the Cedars project.

171. The Defendants' conduct has also made it difficult for Shaw and RealtyLink to engage in other development efforts in Indiana and elsewhere, including because of the difficulty they face in obtaining credit in light of debts incurred to support the Cedars project.

172. The Defendants have made no effort to remedy any of the damages that Shaw and RealtyLink have incurred.

173. These damages are ongoing and will continue to be incurred until the Defendants pay the damages they owe.

174. In addition to paying the millions in damages Shaw and RealtyLink have incurred, the City is obligated to pay prejudgment interest on those amounts.

Count I – Deprivation of Due Process

175. The Plaintiffs incorporate Paragraphs 1 through 174 as if fully stated herein.

176. The Plaintiffs had a property interest in the Incentives, particularly after the Council approved them under Ordinance 2023-22.

177. The City and the Council deprived the Plaintiffs' of that property right by passing Ordinance 2024-06, which invalidated the Incentives.

178. Due process requires, at a minimum, notice and an opportunity to be heard.

179. The City, the Council, and the members of the Council failed to give any notice to the Plaintiffs that the repeal of Ordinance 2023-22 would be considered at the March 25, 2024 meeting of the Council.

180. The City, the Council, and the members of the Council failed to give any notice to the Plaintiffs that the Council would consider withdrawing the Incentives at the March 25, 2024 meeting of the Council.

181. The City, the Council, and the members of the Council failed to give the Plaintiffs any opportunity to be heard regarding the repeal of Ordinance 2023-22 or the withdrawal of the Incentives.

182. By their actions, the City, the Council, and the members of the Council violated the Due Process Clause of the Fourteenth Amendment of the federal constitution.

183. The Plaintiffs are entitled to an injunction preventing the Defendants from treating Ordinance 2023-22 as repealed or failing to provide the Incentives.

184. The Plaintiffs are entitled to a declaratory judgment that the Defendants violated the Due Process Clause of the Fourteenth Amendment of the federal constitution in attempting to repeal Ordinance 2023-22 or withdraw the Incentives.

Count II – Equal Protection

185. The Plaintiffs incorporate Paragraphs 1 through 184 as if fully stated herein.

186. The Equal Protection Clause of the Fourteenth Amendment to the federal constitution requires that classifications drawn by governments must a have a rational basis.

187. For a classification to have a rational basis under the Equal Protection Clause, there must be a plausible policy reason for the classification; the legislative facts on which the classification is apparently based rationally may have been considered to be true by the governmental decisionmaker; and the relationship of the

classification to its goal is not so attenuated as to render the distinction arbitrary or irrational.

188. There is no plausible policy basis for the decision by the City, the Council, and the members of the Council City to repeal Ordinance 2023-22 and withdraw the Incentives.

189. The grounds given for that action are false and pretextual.

190. The facts on which the classification is apparently based were not rationally considered to be true by the City, the Council, and the members of the Council.

191. Instead, the City, the Council, and the members of the Council relied on false and arbitrary statements to repeal Ordinance 2023-22 and withdraw the incentives.

192. Specifically, the City, the Council, and the members of the Council knew that the December 31, 2023 deadline did not exist.

193. Similarly, the City, the Council, and the members of the Council have diverted water that is available to the Cedars in order to supply it to the LEAP district.

194. There is no relationship between any stated goal of the City, the Council, the members of the Council, and LMU and their decision to repeal Ordinance 2023-22 and withdraw the incentives.

195. Instead, the City, the Council, the members of the Council, and LMU have harmed the Plaintiffs because of their desire to divert available water to the LEAP project despite their promises to the Plaintiffs.

196. The Plaintiffs were damaged by the actions of the City, the Council, the members of the Council and LMU.

Count III – Section 1983

197. The Plaintiffs incorporate Paragraphs 1 through 196 as if fully stated herein.

198. Under Section 1983, a person is liable for damages if they act under the color of state law to deprive a plaintiff of a right under the federal constitution.

199. Mayor Gentry and the individual members of the Council acted under the color of state law in repealing Ordinance 2023-22 and withdrawing the Incentives.

200. Mayor Gentry and the individual members of the Council are sued in their individual capacities.

201. In addition, the City and the Council's actions in repealing Ordinance 2023-22 and/or withdraw the Incentives were the policy, custom, or practice of the City and the Council.

202. As previously discussed, the repeal of Ordinance 2023-22 and the withdrawal of the Incentives deprived the Plaintiffs of their rights under the federal constitution.

203. The Plaintiffs were damaged by the breaches of their constitutional rights, including but not limited to the repeal of Ordinance 2023-22 and the withdrawal of the Incentives.

Count IV - Promissory Estoppel

204. The Plaintiffs incorporate Paragraphs 1 through 203 as if fully stated herein.

205. The City, Mayor Gentry, and the Council promised that the Plaintiffs would receive the Incentives in return for purchasing and developing the Cedars property.

206. There is clear evidence that the City, Mayor Gentry, and the Council made these promises, including through Ordinance 2023-22 as well as emails and other writings.

207. The City, Mayor Gentry, and the Council intended the Plaintiffs to rely on their promises by purchasing and developing the Cedars property.

208. The Plaintiffs reasonably relied on the promises made by the City, Mayor Gentry, and the Council.

209. Injustice would result if the promises made by the City, Mayor Gentry, and the Council were not enforced. That injustice is particularly acute given that the City, Mayor Gentry, and the Council relied on a false deadline and diverted water service from the Cedars to the LEAP project.

210. The Plaintiffs have been damaged by their detrimental reliance on the promises made by the City, Mayor Gentry, and the Council.

Count V – Declaratory Judgment Regarding Wastewater Service

211. The Plaintiffs incorporate Paragraphs 1 through 210 as if fully stated herein.

212. The City and LMU violated Indiana law by preventing the Plaintiffs from relying on the IDEM permit to pump-and-haul water to the Cedars.

213. The City and LMU only have the right to order the "discontinuance of the use of privies, cesspools, septic tanks, and similar structures" if there "is an available sanitary sewer within three hundred (300) feet of the property line of the affected property." Ind. Code § 36-9-23-30.

214. The City and LMU have never brought their sanitary system within 300 feet of the Cedars.

215. Having failed to make sewer service available to the Cedars, the City and LMU have no jurisdiction to instruct it not to use a validly issued pump-and-haul permit issued by IDEM.

216. IDEM has the exclusive power to determine when and where pump-and-haul permits should issue for areas not serviced by an existing utility. *See, e.g.*, 410 IAC 6-10-55.

217. A local municipality may only intrude on that power if it has brought its system within 300 feet of the property owned by the permit applicant, which Lebanon Utilities has not done. *See, e.g.*, 410 IAC 6-10-55.

218. In addition, the Home Rule Act prevents political subdivisions from interfering with the jurisdiction of state agencies. Ind. Code § 36-1-3-8(a)(7) ("[A] unit

does not have . . . [the] power to regulate conduct that is regulated by a state agency, except as expressly granted by statute.").

219. There is no basis for the City or LMU to interfere with IDEM's permit or act to prevent RealtyLink from carrying out the terms of the lawfully issued IDEM permit.

220. This conclusion is consistent with the City's own ordinances, which make clear that restrictions against onsite wastewater facilities do not apply to those authorized "by the State or any of its agencies." Lebanon Ordinance § 55.200.

221. The Plaintiffs are entitled to a declaratory judgment that the City and LMU acted unlawfully in preventing the Plaintiffs from using the IDEM permit to pump-and-haul

222. The Plaintiffs are entitled to a permanent injunction preventing the City and LMU from preventing the Plaintiffs from using the IDEM permit to pump-and-haul.

Count VI - Defamation

223. The Plaintiffs incorporate Paragraphs 1 through 222 as if fully stated herein.

224. At the March 25, 2024 City Council meeting, Mayor Gentry made defamatory statement about the Plaintiffs

225. These statements significantly impugned the Plaintiffs' business practices by branding them as unreliable business partners and lowering their

estimation in the community of Lebanon, such that third parties would be deterred from conducting future business with them.

226. Mayor Gentry knew that his statements regarding the Plaintiffs ability to obtain the requisite easements were false (or was reckless as to their falsity) when he made them at the March 25, 2024 City Council meeting.

227. Mayor Gentry communicated these false and deleterious statements at City Council meeting that was open to the public and attended by numerous other parties.

228. The Plaintiffs were damaged by Mayor Gentry's knowingly false statements because the purported inability to obtain easements ahead of the fictitious December 31, 2023 deadline served as the basis for the retraction and withdrawal of the City's promised incentives.

JURY DEMAND

The Plaintiffs demand a jury on all claims so triable.

Respectfully submitted,

/s/ Mark J. Crandley

Mark J. Crandley (Atty. No. 22321-53)
Charles E. Rice (Atty. No. 37158-71)
BARNES & THORNBURG LLP
11 South Meridian Street
Indianapolis, IN 46204
Telephone: (317) 231-1313
Facsimile: (317) 231-7433
mark.crandley@btlaw.com
charles.rice@btlaw.com

Attorneys for Plaintiffs RealtyLink LLC and IN Lebanon John Shaw, LLC

Comment Sheet

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Tim Schrock

Email Address: tim@designbuildsolutionsLLC.com

Home Address: 825 Millerwood Dr
Lebanon

Comments:

1) What does this project do to current customer's water rates?

2) I have 2 clients wanting to turn SFD lots into multi-family. When will water be available for these projects?

Comment Sheet

Lebanon Utilities
Wholesale Water Supply SRF Loan Program

Public Hearing Date: 11/4/2024

Name (please print): Susan Brock Williams – Associate VP, Eli Lilly & Company

Email Address: susan.brockwilliams@lilly.com

Home Address: Lilly Corporate Center - 983 N. Delaware Street, Indianapolis IN 46285

Comments: (via email on 11/6/2024)

Lilly supports Lebanon Utilities' application to the Indiana Finance Authority for the issuing of bonds to support the proposed Wholesale Water Supply Program with Citizens Energy Group that will provide additional water to the City of Lebanon. Lilly is significantly expanding our manufacturing investment in the LEAP District in Lebanon, and we are eager for this program to move forward.

John Lightner
Butler Fairman & Seufert
8450 Westfield Blvd Suite 300
Indianapolis, IN 46240

November 3, 2024

Dear Sir:

It has come to my attention that the city of Lebanon is applying for the Drinking Water Funds to supply water for their megasite business park that the IEDC has been hoping to attract large water intensive companies to. It is unfortunate that the IEDC powers that be lacked the foresight to know that acreage they purchased using taxpayers' money did not have the water resources to go beyond meeting the needs of the current population and industry. This puts the people trying to pull this off in a bind but it is not up to taxpayers state and federal to pay for their poor judgment. I am totally against granting the applicants this funding for several reasons, the least it is not following the spirit of why the fund is in existence to begin with.

1) This project is ineligible because the DWSRF is meant to serve the public health needs of the existing population, not to provide water to sustain a business park in development.
2) Congress specifically directed that the DWSRF Program is to avoid the use of of funds to finance the expansion of any public water system in anticipation of future population growth. The funds do not go for economic growth which could bring in more population in this Lebanon project.
3) This application is to benefit a powerful current business Lilly and the Indiana Economic Development Corporation, a quasi government agency that has not been and still is not transparent. There have been numerous "rumors" regarding cronyism and kickbacks and benefits for those calling the shots. The state attorney general has looked the other way and has refused to investigate if any of those "rumors" are true or not.

4) The sheer amount requested is so high that there are many, many legit small communities who would be put on hold or maybe never given the chance to use the funds for the legitimate use of the fund. A Boone county neighbor of Lebanon recently announced that the city is paying for its own infrastructure to develop a large acreage. That is how it should be. Lebanon should finance its own infrastructure, not expect taxpayers pay. Initially, when they tried to divert water from Tippecanoe county before the pushback, the politicians claimed that the businesses they hoped to bring in would pay for that pipeline that was given a possible $2 billion price tag. Since that pipeline didn't pan out as planned, Lebanon is trying to get "free" money from another source that it doesn't meet the requirements for.
5) Lebanon has adequate water for its current population. That alone should shut down the request for this DWSRF money.

This is not the proper source for funding a business park. These people involved in the IEDC are very sneaky and will not stop trying to find ways to solve their dilemma of not having an adequate water supply for their Boone LEAP project. There are too many reasons why this application does not qualify for the funding. I urge those making the decision to turn this request down.

Sincerely,

Maureen Meehan

Maureen Meehan
849 Barlow Street
West Lafayette, Indiana 47906-1513

849 Barlow St.
W. Lafayette, IN 47906

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FREEDOM
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Butler, Fairman & Seufert, Inc.

Mr John Lightner
Butler Fairman & Seufert
8450 Westfield Blvd Suite 300
Indianapolis IN 46240

46240-830299

10/31/2024

To whom it may concern,

I am writing to express my opposition to using tax dollars from the Drinking Water State Revolving Fund Loan Program (DWSRF) to construct infrastructure for the LEAP district in Boone county, for the city of Lebanon.

The intended use plan for the state fiscal year 2025 mentions that the DWSRF loan program should provide: LOW cost financial aid to communities who need to construct ENVIRONMENTALLY sound potable water infrastructure, A pathway to compliance with state and federal drinking water standards & A means to protecting public health by ensuring access to adequate & uncontaminated drinking water.

The suggestion by Butler, Fairman & Seufert Engineering firm to use the DWSRF to provide water infrastructure to supply the LEAP Lebanon business district does not meet the guidelines for the

the requ

loan program and should be denied.

Thank-you for your time,
Amy Micksch

Mickschl
301 S. 29th St.
Lafayette, IN
47904

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NOV 06 2024

John Lightner
C/O Butler, Fairman, & Seufert
8450 Westfield Blvd
Suite 300
Indianapolis, IN

46240-830299

ATTACHMENT H

RESPONSES TO PER PUBLIC HEARING PUBLIC COMMENTS

Lebanon Utilities
Wholesale Water Supply SRF Loan Program
PER Public Hearing Comment Responses
11/14/2024

1. A majority of the comments center on whether the Wholesale Water Supply Program is eligible for a State Revolving Loan Fund.

   The following statement was provided by Jim McGoff, COO & Director of Environmental Programs with the Indiana Finance Authority, and was read during the Public Hearing:

   "The SRF Program is not permitted to finance projects in anticipation of future growth - The SRF would not be permitted to finance a project 'in anticipation or to promote' future growth, which would be prior to any planning, zoning, plat development, etc. In this instance, a substantial amount of planning and official action has taken place, including development of a PUD that includes mixed use (e.g. not all industrial), and the need is already created, as construction is underway. In addition, 20% of need is for current and future needs of Lebanon's non-LEAP areas. The IFA does not believe this project is solely for the purpose of economic development."

2. Several comments asked when additional water will be made available.

   The first 2 MGD of additional water supply from Phase 1 is anticipated to be available by January 1, 2027.

3. What are the potential impacts to water rates for existing users?

   The Lebanon Utilities Service Board has recommended the creation of 2 rate districts, the Lebanon Civil District and the LEAP District. The improvements recommended in the Wholesale Water Supply Program would be funded through LEAP District rates and other sourcing through the State and IEDC. It is anticipated that Lebanon Civil District will not experience rate impacts related to the Wholesale Water Supply Program.

4. What will be the land acquisition process?

   The land acquisition process is anticipated to begin soon after the preliminary design is completed, and routes have been determined. The use of condemnation is considered a last resort; however, Lebanon Utilities does have condemnation authority. Required condemnation procedures, including appraisals, would be followed should that step be taken.

ATTACHMENT I

2024 WATER CAPITAL IMPROVEMENTS PLAN

WATER SYSTEM
CAPITAL IMPROVEMENTS PLAN

April 12, 2024

PREPARED BY:

BF&S
CIVIL ENGINEERS

8450 Westfield Boulevard, Suite 300
Indianapolis, IN 46240-8302

TABLE OF CONTENTS

WATER SYSTEM CIP SUMMARY TABLE

CHAPTER 1 INTRODUCTION

CHAPTER 2 WATER SUPPLY AND CAPACITY

CHAPTER 3 SHORT-RANGE CAPITAL PROJECTS

CHAPTER 4 LONG-RANGE CAPITAL PROJECTS

CHAPTER 5 LEAP INNOVATION DISTRICT

CHAPTER 6 POTENTIAL FUNDING SOURCES

FIGURES

- FIGURE 1 WATER CIP PROJECT LOCATION MAP

APPENDICES

- APPENDIX A LEBANON WATER UTILITY 2024 BUDGET
- APPENDIX B WATER SYSTEM EMERGENCY HAZARD RANKINGS

ATTACHMENTS

- ATTACHMENT A AGC CONSTRUCTION INFLATION ALERT
- ATTACHMENT B LEAP ONE-PAGER
- ATTACHMENT C LEAP LEBANON FACTS + KEY MESSAGES

WATER SYSTEM CIP SUMMARY TABLE – SHORT RANGE CAPITAL PROJECTS

PROJECTS TO ADDRESS EXISTING SYSTEM ISSUES

	Project Description	Main Size (in)	Total Estimated Project Cost to LU	Anticipated Construction Start	Potential Funding Source
1.	Lead/Galvanized Water Service Line Program	N/A	$1,500,000	2024	See Chapter 5 for Potential Funding Sources
2.	Ulen/Elmwood Drive Bridge Water Main Replacement	8	$260,000	2024	Project Savings from BOT
3.	SR 39 Water Main Replacement	12	$700,000	2024	Cash Reserves
4.	Indianapolis Avenue Water Main Extension	16	$575,000	2024	Cash Reserves
5.	Chicago Street WTP Bulk Water Station	N/A	$200,000	2024	Cash Reserves
6.	Chicago Street WTP Improvements	N/A	$600,000	2024	Cash Reserves
7.	Business Park Water Storage Facility	N/A	$8,000,000	2025	Cash Reserves
8.	Spencer Avenue Water Main Loop	12	$850,000	2025	Cash Reserves
9.	Park Street Tower Water Main Extension	16	$2,500,000	2026	See Chapter 5 for Potential Funding Sources

PROJECTS COINCIDING WITH CITY IMPROVEMENTS

	Project Description	Main Size (in)	Total Estimated Project Cost to LU	Anticipated Construction Start	Potential Funding Source
10.	Fordice Road Water Main Improvements	8	$200,000	2024	Cash Reserves
11.	Grant Street Phase 2 Water Main	16	$1,700,000	2025	See Chapter 5 for Potential Funding Sources

PROJECTS TO FACILITATE DEVELOPMENT

	Project Description	Main Size (in)	Total Estimated Project Cost to LU	Anticipated Construction Start	Potential Funding Source
12.	Waterford Water Main	12	$0	2024	TIF Funds
13.	Tyre Road Water Main Extension	12	$0	2024	Developer Responsibility
14.	Waterford Water Main Extension (Upsize)	12	$0	2025	Availability Fees Offset

CHAPTER 1
INTRODUCTION

The Water Capital Improvements Plan (CIP) provides a working blueprint for sustaining and improving the Lebanon Utilities Water System. The Water CIP is a short-range plan which identifies potential capital projects for the Water Utility for the next 3 to 5 years. The Water CIP provides a preliminary planning schedule and identifies potential options for financing the projects identified within the plan. The Water CIP allows for a systematic evaluation of upcoming potential projects, the ability to assist with stabilizing debt and the potential to consolidate projects to reduce borrowing costs, serves as a public relations and economic development tool, and puts a focus on preserving water infrastructure while ensuring efficient use of public funds. The projects identified in the Water CIP were developed through coordination with Lebanon Utilities Staff, City of Lebanon Planning Staff, and BF&S. The plan includes projects that address issues with the existing Lebanon Utilities Water System, projects that coincide with upcoming roadway improvements projects that are planned by the City, and projects which will help to facilitate development (See Figure 1 for the Water CIP Location Map). The goal of the Water CIP is to assist the Lebanon Utilities with the creation of their annual budget for the Water Utility (See Appendix A for the 2024 Water Budget).

The initial version of the Water CIP was completed in 2018. Based upon the 2018 Water CIP, a rate adjustment was adopted that provided approximately $11.6 million to fund water-related projects. The first two projects, the Indianapolis Avenue Phase II Water Main and Sugar Creek WTP Wellfield Improvements, were completed in 2019, through the SRF Loan Program. The total cost of those two projects was around $3.3 million, leaving $8.3 million available from the rate adjustment. The Water CIP was updated in 2020 and included several new projects based on the needs of the existing water system. The Syracuse Drive Water Main Improvements project, the Williams Street Bridge Water Main Relocation, and the Grant Street Water Main Improvements project were completed in 2021 utilizing cash reserves. Following the Water CIP in 2022, the Abner Longley Water Storage Facility project was constructed and funded from the rate adjustment again through the SRF Loan Program. The total cost of the Abner Longley Water Storage Facility project was approximately $6.8 million.

The prioritization and selection of projects can be somewhat subjective but has generally been based on whether a project is needed to correct an issue with the existing system, whether a project coincides with a planned road or drainage improvement project being completed by the City, and/or whether a project is able to facilitate development. For projects that coincide with a planned road or drainage improvement or a project that can facilitate development, Lebanon Utilities consults with the City of Lebanon to help determine priority. For projects that are needed to correct issues with the existing system, Lebanon Utilities generates Emergency Hazard Rankings to help determine project priority.

The Emergency Hazard Rankings for the Water Utility were initially developed in 2018 by Lebanon Utilities and BF&S in conjunction with Sondhi Solutions. The purpose of the rankings is to determine potential threats to the Water System and rank them based on magnitude, probability, and their immediate threat to public health. The Emergency Hazard Rankings help to identify the need for capital projects which will improve the existing system. The Emergency Hazard Rankings can also be an effective tool in evaluating the effects of capital projects on the Water System. The Emergency Hazard Rankings are updated with each version of the Water CIP (See Appendix B for the 2023 and 2024 Water System Emergency Hazard Rankings).

The following are the Top 10 Emergency Hazards identified in 2024 and their 2023 and 2022 ranks from previous versions of the rankings.

2024 Rank	Hazard Description	2023 Rank	2022 Rank
1	Lead or Galvanized Service Lines	1	5
2	Sugar Creek WTP 24-inch Transmission Line Break	4	2
3	Operating Staff Strike or Mass Illness	2	1
4	Major Failure of Water Main Interstate Crossing	3	4
5	Cyber-Attack to SCADA or other Computer System	6	3
6	Sugar Creek WTP 24-inch Transmission Line Leak	11	11
7	Major Failure of Transmission Line (12-inch to 20-inch)	13	14
8	Vandalism or Terrorist Threat to Distribution System	5	27
9	E. coli Violation Occurs in the Distribution System	17	8
10	20-inch Transmission Line Break under Railroad Tracks	20	31

The Abner Longley Water Storage Facility project provided additional storage within the Distribution System which provides some additional redundancy to the Sugar Creek WTP and its transmission line, but concern still exists with the 80% of the potable water supply for the City being conveyed through miles of a single 24-inch water main. Supply chain disruptions and a heightened awareness of mass illness related to Covid-19 still remain.

Total estimated project costs included in the Water CIP are based on 2024 dollars. In recent years the construction industry has been and continues to experience higher than normal materials prices, supply chain issues, and staffing difficulties, which have caused an increase in project costs and longer construction schedules. As an example, the plastics industry has been greatly impacted in recent years with various issues including the pandemic, winter weather, hurricanes, factory fires, labor shortages, and even a ship blockage within the Suez Canal. These issues have created a logistics problem that has put constraints on the supplies of raw materials and led to production issues for manufacturing of PVC piping products. The steel and lumber industries have experienced similar problems and these issues have led to project bid prices in the range of 10 percent to 30 percent higher still in 2024 than what were experienced prior to the pandemic (see Attachment A). Accordingly, the total estimated project costs included in the Water CIP are intended to be utilized for high-level planning purposes and more detailed estimates should be developed during each project's design based on market conditions at that time.

CHAPTER 2
WATER SUPPLY AND CAPACITY

The Lebanon Utilities Water System has an overall capacity of 4.60 MGD. Presently, based upon current demands and allocated water for future projects, the remaining allocatable water in the system is at or near zero. While Lebanon Utilities' Water System has a strong supply of water for current users and previously approved and allocated projects, the amount of allocatable water capacity is extremely limited. This situation is anticipated to be temporary. Lebanon Utilities, in conjunction with the City of Lebanon, is working diligently to secure additional secondary water supply sourcing to continue to provide the level of service its current users have grown to expect. Presently, there is no exact timeframe for when or if an additional water supply can be made available. The long-term solution is expected to be provided in conjunction with securing water for the LEAP Innovation District (for more detailed information see Chapter 4).

Lebanon Utilities and the City of Lebanon continue to evaluate near-term solutions for additional water supply, but presently the options available either do not appear to be financially viable or do not help with timing when compared to potential water options associated with LEAP. Lebanon Utilities has had discussions with Citizens Energy Group and the Town of Whitestown on a wholesale water supply option. That option would likely provide around 3 MGD to 3.5 MGD of additional water supply, but initial estimates indicate securing that supply would cost between $50 million and $100 million. The Indiana Finance Authority has contracted with Intera, a groundwater planning consultant, to evaluate whether an additional groundwater source could be available near Lebanon. Initial results from the Intera evaluation are anticipated to be provided in 2024.

CHAPTER 3
SHORT-RANGE CAPITAL PROJECTS

The following projects are anticipated to be constructed within the next 3-year period. These projects have been broken out into those that will correct issues with the existing system, projects which will coincide with City road improvements, and projects that will help facilitate development. Additional water system improvements will be made by others as development occurs, but the projects included within this section are those that are anticipated to have participation from Lebanon Utilities.

PROJECTS TO ADDRESS EXISTING SYSTEM ISSUES

1. LEAD/GALVANIZED WATER SERVICE LINE PROGRAM
Total Estimated Project Cost to LU: $1 million to $1.5 million
Projected Construction Start: 2025

In December of 2020, the EPA provided an update to their Lead and Copper Rule (LCR). The updated LCR requires water systems to follow new sampling procedures. One of those new sampling procedures is the requirement that systems must collect samples from homes with lead or galvanized service lines. The rule requires that all water systems must inventory their service lines on both the public and private side of the line by 2024 to ensure they are collecting the samples from the proper locations. Identifying the lines on the public side alone is a large task but factoring in the communication to inventory on the private side as well takes a considerable amount of effort.

Service lines are the small diameter pipes that connect individual buildings, such as houses, to a municipal water system. Several water service lines which connect to the Lebanon Utilities Water System are made of lead or galvanized iron. These materials are toxic and could present health problems, especially for young children. The only viable long-term solution to protecting public health from lead or galvanized steel water service lines is to remove them.

Many municipalities adopt a lead/galvanized service line program where the municipality provides testing guidelines and/or assistance to homeowners in determining if their water service line is lead/galvanized or not. The municipalities then offer to cover the cost of either a partial line replacement (from the water main to the meter pit) or a full line replacement from the water main to the house. While it has not been formally announced, it is anticipated that IDEM will require a full line replacement. Performing work on private property can be an issue with full line replacements. Typically, the cost of replacing a lead or galvanized iron water services line is around $10,000 each. There are at least 89 lead service lines and 7 galvanized service lines with 20 others unknown in the system.

The project will help mitigate Hazard Ranking No. 1.

2. ULEN/ELMWOOD DRIVE BRIDGE WATER MAIN REPLACEMENT
Total Estimated Project Cost to LU: $175,000 to $200,000
Projected Construction Start: 2024

The City of Lebanon recently constructed a bridge replacement project just north of Ulen along Elmwood Drive that created a conflict with Lebanon Utilities' existing 6-inch water main that crossed the creek

connecting the water mains within Ulen with the water mains north of the bridge. To facilitate the bridge construction, Lebanon Utilities capped the water main on both sides of the creek and abandoned the water main crossing. South of the bridge the existing water main through Ulen is looped, but the water main on the north side of the bridge is not. The dead-end condition this has created requires flushing to maintain water quality.

The replacement water main crossing includes approximately 200 feet of directionally drilled 8-inch HDPE water main to reestablish the looped connection. It is assumed that the project will be completed within the limits of the existing Right-of-Way. The project is anticipated to be funded utilizing savings remaining from the Abner Longley Water Storage Facility BOT Program.

Estimated Construction Cost:	$150,000
Estimated Construction Contingency:	$20,000
Estimated Engineering Fees:	$10,000 (project has been partially designed previously)
Estimated Inspection Fees:	$0
Estimated Right-of-Way Allowance:	$0

This project will help mitigate Hazard Ranking No. 9.

3. SR 39 WATER MAIN REPLACEMENT
Total Estimated Project Cost to LU: $650,000 to $700,000
Projected Construction Start: 2024

The purpose of this project is to replace the deteriorated 12-inch water main along State Road 39 in the vicinity of Lakeshore Drive. Numerous water main breaks and leaks have occurred in the area in recent years. The water main is located within the INDOT Right-of-Way near various other buried utilities and it would appear that the most efficient method of installation for the replacement water main will be directional drilling. The project includes approximately 600 feet of 12-inch HDPE water main, fire hydrants, service connections, gate valves, and various other appurtenances. The water main is located deeper than minimum requirements and is located near other hard to find utilities (gas and fiber). An additional valve would also be installed on the 12-inch line to the north of the Dialysis Center. This additional valve would help provide resiliency for the water supply to the Dialysis Center should an issue occur in the water main north or south of the facility.

The project will help mitigate Hazard Ranking No. 11.

Estimated Construction Cost:	$520,000
Estimated Construction Contingency:	$50,000
Estimated Engineering Fees:	$50,000
Estimated Inspection Fees:	$65,000
Estimated Right-of-Way Allowance:	$0

4. INDIANAPOLIS AVENUE WATER MAIN EXTENSION
Total Estimated Project Cost to LU: $525,000 to $575,000
Projected Construction Start: 2024

Lebanon Utilities has been constructing 16-inch water main improvements along Indianapolis Avenue as road projects have been implemented by INDOT and the City. The Lebanon Utilities Wastewater Master Plan contemplates extending those 16-inch water main improvements to connect to the Park Street

Elevated Storage Tank. This would provide for a 16-inch water main connection between the Park Street Elevated Storage Tank and the Abner Longley Water Storage Facility. This project would extend a 16-inch water main along Indianapolis Avenue from Spencer Avenue to Grant Street. The project would include approximately 750 feet of 16-inch water main, hydrants, gate valves, and other associated appurtenances.

The project will help mitigate Hazard Ranking No. 9.

Estimated Construction Cost:	$400,000
Estimated Construction Contingency:	$40,000
Estimated Engineering Fees:	$40,000
Estimated Inspection Fees:	$50,000
Estimated Right-of-Way Allowance:	$0

5. CHICAGO STREET WTP BULK WATER STATION
Total Estimated Project Cost to LU: $150,000 to $200,000
Projected Construction Start: 2024

The purpose of the project is to construct a retail bulk water station at the Chicago Street Water Treatment Plant. The bulk water station will be for customers, such as those in construction, landscaping, or power washing, who need to fill large water tanks. Lebanon Utilities currently offers bulk water sales at the Wastewater Treatment Plant, but that facility has limited hours, and a Lebanon Utilities staff member must assist in the water transfer. The bulk water station at the Chicago Street Water Treatment Plant is planned to utilize technology which will allow for purchases 24 hours a day without assistance from Lebanon Utilities as the station will accept credit cards. The bulk water station will also reduce the number of hydrant meters utilized in the system. The bulk water station will be easier for customers to use, more efficient for Lebanon Utilities staff, and eliminates the potential for cross-connections.

The project will help mitigate Hazard Ranking No. 9.

6. CHICAGO STREET WTP IMPROVEMENTS
Total Estimated Project Cost to LU: $500,000 to $600,000
Projected Construction Start: 2024

The Chicago Street Water Treatment Plant was originally constructed as a water softening plant in 1934 and later reconfigured as it operates today in 1984. The plant has remained relatively unchanged since 1984, except for the roof of the Clear Well being replaced in 2017 and recent controls upgrades. The backwash holding tank was part of the original 1934 construction and its condition is rapidly deteriorating and it needs replacement. A building attached to the backwash holding tank that contains one of the groundwater wells is also beginning to fail and should be demolished with a new wellhouse placed over the well. The backup power system at the Chicago Street Water Treatment Plant is not sized to operate the plant. The on-site generator is residential grade and only capable of operating lighting in the plant and the computer system. The improvements project would include a new generator capable of operating the entire plant so that water could still be treated in an emergency system.

The project will help mitigate Hazard Ranking No. 19.

7. BUSINESS PARK WATER STORAGE FACILITY
Total Estimated Project Cost to LU: $7.5 million to $8 million
Projected Construction Start: 2025

The purpose of the project is to enhance the reliability of the water system within the Lebanon Business Park and the overall Water System by providing an additional 1 MGD to 2 MGD of water storage. An evaluation will be needed to determine whether the storage facility should include a ground storage tank with a booster station similar to the Abner Longley Water Storage Facility or if the storage facility should include an elevated water storage tank. Either solution would help to regulate pressures within the Business Park.

The project will help mitigate Hazard Ranking No. 2.

Estimated Construction Cost:	$6,000,000
Estimated Construction Contingency:	$500,000
Estimated Engineering Fees:	$350,000
Estimated Inspection Fees:	$250,000
Estimated Right-of-Way Allowance:	$500,000

8. SPENCER AVENUE WATER MAIN LOOP
Total Estimated Project Cost to LU: $800,000 to $850,000
Projected Construction Start: 2025

The purpose of the project is to enhance the reliability of the water system on the east side of the City along SR 32 and Spencer Avenue. The project would replace approximately 1,000 feet of the existing 8-inch water main along Spencer Avenue between Indianapolis Avenue and SR 32. The existing 8-inch water main along Spencer Avenue has had multiple leaks and breaks occur in the recent past. The project would also include the construction of around 700 feet of 16-inch water main along SR 32 from Indianapolis Avenue to connect to the 8-inch water main at Spencer Avenue. This 16-inch water main would loop the Spencer Avenue water main and would facilitate development to the east along SR 32.

In addition to the water mains the project would include fire hydrants, service connections, gate valves, and various other appurtenances. It is assumed that the project will be completed within the limits of the existing Right-of-Way.

The project will help mitigate Hazard Ranking No. 11.

Estimated Construction Cost:	$600,000
Estimated Construction Contingency:	$60,000
Estimated Engineering Fees:	$60,000
Estimated Inspection Fees:	$75,000
Estimated Right-of-Way Allowance:	$0

9. PARK STREET ELEVATED STORAGE TANK WATER MAIN EXTENSION
Total Estimated Project Cost to LU: $2.25 million to $2.5 million
Projected Construction Start: 2026

Lebanon Utilities has been constructing 16-inch water main improvements along Indianapolis Avenue as road projects have been implemented by INDOT and the City. The Lebanon Utilities Wastewater Master Plan contemplates extending those 16-inch water main improvements to connect to the Park Street Elevated Storage Tank. This would provide for a 16-inch water main connection between the Park Street Elevated Storage Tank and the Abner Longley Water Storage Facility. This portion of that 16-inch water main would connect work contemplated as part of the City's Grant Street Phase 2 INDOT project with the Park Street Elevated Storage Tank. The water main would be constructed along Washington Street and Park Street. The project would include approximately 2,600 feet of 16-inch water main, hydrants, gate valves, and other associated appurtenances.

The project will help mitigate Hazard Ranking No. 9.

Estimated Construction Cost:	$1,750,000
Estimated Construction Contingency:	$170,000
Estimated Engineering Fees:	$170,000
Estimated Inspection Fees:	$220,000
Estimated Right-of-Way Allowance:	$0

PROJECTS COINCIDING WITH CITY IMPROVEMENTS

10. FORDICE ROAD WATER MAIN IMPROVEMENTS
Total Estimated Project Cost to LU: $150,000 to $200,000 (upsize)
Projected Construction Start: 2024

The City has planned road improvements along Fordice Road from the Grant Street to John Bart Road. It is proposed that the existing water main be upsized from an existing 6-inch to an 8-inch water main in this area. The project includes approximately 3,500 feet of 8-inch water main, hydrants, gate valves, and associated appurtenances. Replacement of the water main is a reimbursable expense so Lebanon Utilities will only be responsible to pay for the cost difference for the upsize of the water main from 6-inch to 8-inch.

Estimated Construction Cost:	$150,000 (upsize cost)
Estimated Construction Contingency:	$15,000
Estimated Engineering Fees:	$0 (reimbursable expense)
Estimated Inspection Fees:	$0 (reimbursable expense)
Estimated Right-of-Way Allowance:	$0 (reimbursable expense)

11. GRANT STREET PHASE 2 WATER MAIN
Total Estimated Project Cost to LU: $1.5 million to $1.7 million
Projected Construction Start: 2025

Lebanon Utilities has been constructing 16-inch water main improvements along Indianapolis Avenue as road projects have been implemented by INDOT and the City. The Lebanon Utilities Wastewater Master Plan contemplates extending those 16-inch water main improvements to connect to the Park Street Elevated Storage Tank. This would provide for a 16-inch water main connection between the Park Street Elevated Storage Tank and the Abner Longley Water Storage Facility. This portion of that 16-inch water main would be constructed as part of the City's Grant Street Phase 2 INDOT project. The water main would be constructed along Grant Street from Indianapolis Avenue to Washington Street. The project would include approximately 2,200 feet of 16-inch water main, hydrants, gate valves, and other associated appurtenances.

Estimated Construction Cost:	$1,150,000
Estimated Construction Contingency:	$115,000
Estimated Engineering Fees:	$115,000
Estimated Inspection Fees:	$145,000
Estimated Right-of-Way Allowance:	$0

PROJECTS TO FACILITATE DEVELOPMENT

CURRENTLY UNDER CONSTRUCTION

The Hickory Junction Water Main is currently under constructed as part of the Lebanon Fieldhouse project. The project includes approximately 2,000 feet of 12-inch water main. The construction is anticipated to be completed in 2024. The project was funded through TIF.

12. WATERFORD WATER MAIN

Total Estimated Project Cost: $0 (anticipated to be funded through TIF)

The Waterford Development is a 2,000-acre planned unit development that will extend from CR 100 South to CR 300 South and from I-65 to CR 400 East. The development will be mixed-use and contain single family residential, multi-family residential, commercial, and industrial zoning areas. Approximately 17,000 feet of 16-inch water main is anticipated to be constructed to connect the existing water system along Indianapolis Avenue near the 4H Fairgrounds to Phase 1 of the development. The water main construction is anticipated to be funded through TIF.

13. TYRE ROAD WATER MAIN EXTENSION

Total Estimated Project Cost to LU: $0 (funded through Development)

The Tyre Road Water Main Extension would support industrial development near the intersection of SR 39 and Tyre Road. Approximately 5,000 feet of 12-inch water main would be needed to connect from the east end of the development's frontage to an existing water main along SR 39. It is anticipated that the water main extension would be funded with Development.

14. WATERFORD WATER MAIN EXTENSION

Total Estimated Project Cost to LU: $400,000 to $500,000 (upsize)

The purpose of the project would be to extend the 16-inch water main to the western edge of the Waterford development. The water main extension would likely follow proposed streets through the Waterford Development where the developer will need to build infrastructure associated with the development regardless. As such, Lebanon Utilities would be responsible for the upsize of approximately 4,000 feet of water main from 8-inch to 16-inch.

CHAPTER 4
LONG-RANGE CAPITAL PROJECTS

The following projects are anticipated to be constructed in the future after the next 3-year period. These projects have been broken out into those that will correct issues with the existing system, projects which will coincide with City road improvements, and projects that will help facilitate development. Again, additional water system improvements will be made by others as development occurs, but the projects included within this section are those that are anticipated to be completed by Lebanon Utilities.

PROJECTS TO ADDRESS EXISTING SYSTEM ISSUES

A. REDUNDANT 24-INCH WATER MAIN CROSSING OF I-65

The purpose of the project would be to provide additional redundancy for the system by providing a second crossing under I-65 for the 24-inch water main from the Sugar Creek WTP. The 24-inch water main conveys approximately 80 percent of the current water supply for the City. Repairs on the 24-inch water main under the interstate would take a considerable amount of time and would cause supply and quality issues throughout the water system. The potential exists to coordinate this project with an anticipated new interchange on I-65 associated with the LEAP Innovation District. This project would help mitigate Hazard Ranking No. 2 and No. 4.

PROJECTS COINCIDING WITH CITY IMPROVEMENTS

Lebanon Utilities maintains regular coordination with the City for discussions on upcoming City roadway or stormwater improvements projects. Water main improvement projects coinciding with City projects on Green Street and South Street have been discussed previously, but do not appear to be imminent.

PROJECTS TO FACILITATE DEVELOPMENT

B. SOUTHEAST ELEVATED STORAGE TANK

The purpose of the project would be to provide greater reliability for potential developments in the southeast corner of the Water System and could help regulate pressures from an additional water source connection. An elevated storage tank would provide regulation of pressure and chlorine residuals and provide more flow for firefighting in the area as development grows. The cost of the project would likely be the responsibility of Lebanon Utilities, but a developer may be requested to participate based upon development needs such as a high-volume water user.

C. ENTERPRISE BOULEVARD WATER MAIN EXTENSION

The Enterprise Boulevard Water Main Extension would consist of approximately 5,000 feet of 16-inch water main. The water main would extend from the Hickory Junction area along a future extension of Enterprise Boulevard to Hall Baker Road.

D. JOHN SHAW ROAD WATER MAIN LOOP

The purpose of the project would be to create a loop between the proposed water main on Tyre Road and the proposed Enterprise Boulevard Water Main Extension to provide additional redundancy and reliability to the area. The project would include approximately 4,000 feet of 12-inch water main, hydrants, gate valves, and various other appurtenances.

E. I-65 WATER MAIN CROSSING LOOP

The purpose of this project would be to loop the water systems on the east and west sides of I-65 near the vicinity of the 4H Fairground based on future development of those areas. A trenchless installation would be needed to cross under I-65. The project would include approximately 2,400 feet of 16-inch water main, hydrants, valves, and various other appurtenances.

F. SOUTHEAST WATER MAIN LOOP

The Southeast Water Main Loop would consist of approximately 14,500 feet of 16-inch water main. The water main would extend from the future intersection of Enterprise Boulevard and Hall Baker Road, down Hall Baker Road, and across CR 250 South to South Indianapolis Road.

G. MASTER PLAN WATER MAIN LOOP – PHASE 1

The purpose of the project would be to provide additional redundancy through looping of water mains in the northwest corner of the system. The 2008 Water Master Plan included a future 24-inch water main loop around the entire City. This initial phase would connect from the existing 24-inch water main at the intersection of CR 150 West and CR 300 North to an existing 12-inch water main along SR 39. The project would include approximately 5,700 feet of 24-inch water main, 1,400 feet of 12-inch water main, hydrants, gate valves, and other associated appurtenances.

H. MASTER PLAN WATER MAIN LOOP – PHASE 2

The purpose of the project would be to provide additional redundancy through looping of water mains in the northern-most portion of the system. The 2008 Water Master Plan included a future 24-inch water main loop around the entire City. The project would connect from the 24-inch water main proposed as Phase 1 to an existing 8-inch water main along Elm Swamp Road. The project would include approximately 5,000 feet of 24-inch water main, 900 feet of 8-inch water main and associated appurtenances.

I. MASTER PLAN WATER MAIN LOOP – PHASE 3

The purpose of the project would be to provide additional redundancy through looping of water mains in the northeast corner of the system. The 2008 Water Master Plan included a future 24-inch water main loop around the entire City. The project would include a water main along CR 300 North starting from Phase 2 to a future extension of John Bart Road. The water main would then be constructed along the future extension of John Bart Road between CR 300 North and Elizaville Road. The project would include approximately 7,000 feet of 24-inch water main, hydrants, gate valves, and other associated appurtenances.

J. MASTER PLAN WATER MAIN LOOP – PHASE 4

The purpose of the project would be to provide additional redundancy through looping of water mains in the northeast corner of the system. The 2008 Water Master Plan included a future 24-inch water main loop around the entire City. The project would include a water main along John Bart Road from Elizaville Road to Morningside Drive and along Elizaville Road to connect to an existing 12-inch water main. The project would include approximately 4,800 feet of 24-inch water main, 2,700 feet of 12-inch water main, hydrants, gate valves, and other associated appurtenances.

K. MASTER PLAN WATER MAIN LOOP – PHASE 5

The purpose of the project would be to provide additional redundancy through looping of water mains in the northeast corner of the system. The 2008 Water Master Plan included a future 24-inch water main loop around the entire City. The project would run along Washington Street from Indianapolis Avenue and then along John Bart Road to Morningside Drive. The project would include approximately 5,500 feet of 24-inch water main and other associated appurtenances.

CHAPTER 5
LEAP INNOVATION DISTRICT

The Indiana Economic Development Corporation (IEDC) established the LEAP Innovation District in Lebanon to attract high-tech jobs and help the State of Indiana deliver strategic, investment-ready sites for tech-focused companies (see Attachment B). Eli Lilly and Company broke ground in 2023 on a $3.7 billion pharmaceutical manufacturing campus. While there is currently enough available water capacity in Lebanon Utilities Water System to support Eli Lilly, additional water will be needed to support other businesses that IEDC hopes to attract to LEAP.

Indiana has plentiful water throughout the State, however there is a lack of additional available groundwater located in Boone County. The IEDC is working with state and local leaders on providing proposed regional water solutions. The long-term solution appears to be a water source identified in the Wabash Alluvial Aquifer. IEDC and its consultants are conducting water testing to ensure that water sourced from the aquifer would not adversely impact those with wells in the area or inhibit the growth of cities and towns located along the Wabash Alluvial Aquifer. Initial testing indicates that a large quantity of water could be sourced from the Wabash Alluvial Aquifer (see Attachment C).

The preliminary goal of the IEDC is to create a wellfield capable of generating between 50 MGD and 100 MGD. Likely, not all of that water will be for LEAP Innovative District as there will be an opportunity for municipalities between Lafayette and Lebanon to utilize the raw water generated from the wellfield. Within the LEAP Innovative District both treated water and non-potable water will likely be needed to support the tech-focused companies that IEDC is trying to attract. A water treatment plant and distribution lines for both treated water and non-potable water will be needed within LEAP.

While the long-term water solution from the Wabash Alluvial Aquifer that provides a regional solution for central Indiana is being developed, there is a need for water with the LEAP Innovation District and the City of Lebanon on a shorter timeline. IEDC and Lebanon Utilities have engaged with local water providers in the Indianapolis area to potentially deliver 10 MGD to 15 MGD of wholesale potable water to Lebanon. These solutions will require development of water sources, treatment upgrades, transmission lines, water storage and pressure boosting, and distribution mains both in the Lebanon Utilities Water System and in other water systems. The project could be funded through an SRF Loan. A Preliminary Engineering Report and design will likely need to begin in 2024.

CHAPTER 6
POTENTIAL FUNDING SOURCES

CASH RESERVES

Cash Reserves are funds set aside to fund the operating and capital-related costs of the Water System. There are generally three main categories of cash reserves: operating, capital, and debt related. The purpose of Cash Reserves in the sense of operating is to absorb seasonal fluctuations, offset revenue losses, address timing issues with cash flows, and pay for unexpected operating expenses. Cash Reserves can also be set aside to fund future capital projects. Rate adjustments could be utilized to generate additional Cash Reserves.

WATER AVAILABILITY FEES

Water Availability Fees are a charge to a user for a new connection or additional water usage from an existing connection to the Lebanon Utilities Water System. Water Availability Fees are currently $4,800 per EDU. For example, a single-family housing development with 150 homes would generate $720,000 of Water Availability Fees. A projection of future Water Availability Fees is included in the Lebanon Utilities Annual Budget and combined with monthly rates and charges to develop projected revenue. Revenue in excess of operational expenses can add to the Cash Reserves. Through an Infrastructure Reimbursement Agreement, Water Availability Fees can also be used to offset costs to provide system improvements over what was needed for just the development.

MUNICIPAL BONDS (DIRECT DEBT)

Municipal Bonds are debt securities issued by municipal entities in order to finance capital projects such as infrastructure improvements. Municipal Bonds allow the issuer to borrow money in exchange for regular interest payments and the return of the original investment known as the principal. Municipal bonds repayment may be spread over many years. Generally, the interest on Municipal Bonds is exempt from federal income tax. Given the tax benefits, the interest rates for Municipal Bonds are usually lower than on taxable fixed-income securities such as corporate bonds. Rate adjustments could be utilized to pay back Municipal Bonds.

INDIANA FINANCE AUTHORITY (IFA) STATE REVOLVING LOAN FUND (SRF) PROGRAM

The SRF Program provides low-interest loans to Indiana communities for projects that improve water infrastructure. As loans are repaid, money is available to be used again for new financings, making the program a revolving fund. Municipalities are eligible to apply for water SRF project financing for source intake structures and wells, treatment plant facilities, water storage facilities, and transmission and distribution mains including water line extensions to existing unserved properties with water quality issues. SRF loans are a fixed-rate 20-year loan that are reset quarterly and are at or below 90 percent of the average 20-year AAA-rated, general obligation bond Municipal Market Data. Lebanon Utilities has successfully implemented a drinking water SRF Program in recent years. Rate adjustments have been utilized to pay back SRF Loans.

TAX INCREMENT FINANCING (TIF)

TIF is a means to subsidize development by diverting a portion of future taxes to help finance infrastructure improvements in the area needed for development to occur. A geographic area designated as a TIF District will collect property taxes in two ways: Base Revenues are taxes from existing properties within the TIF District that were there prior to the establishment of the TIF and Incremental Revenues are taxes collected in excess of the Base Revenues in the TIF. The Base Revenues are shared among

various taxing agencies such as school districts and fire districts, but the Incremental Revenues are not shared. The funds not shared are put in a TIF Fund. The TIF Fund is then used to underwrite public infrastructure projects within the TIF District to help encourage development.

SPECIAL ASSESSMENTS

Special assessments are a charge that municipalities can assess against real estate parcels to fund public infrastructure projects. The charge is levied within a specific geographic limit known as a Special Assessment District. A special assessment may only be levied against parcels which have been identified as receiving a direct and unique benefit from the infrastructure project. In the case of a water infrastructure project, the benefit would typically be that when water service is provided, the nearby land often increases in value and becomes more developable.

PUBLIC-PRIVATE PARTNERSHIPS

Public-Private Partnerships are an alternative delivery method for construction infrastructure. Under a Public-Private Partnership, a municipality contracts with a private company to build or improve an infrastructure asset and then to maintain and operate that asset in exchange for a stream of revenue. The revenue stream can take the form of user fees received directly from the rate-paying user base or availability payments contractually delivered by the municipality. Public-Private Partnerships can be structured in numerous variations which include a financial component where the upfront capital costs can be privately sourced.

PAYMENTS IN LIEU OF TAXES (PILOT) FUNDS

PILOT Funds are payments made voluntarily by tax-exempt entities as a substitute for property taxes. Lebanon Utilities makes these payments to the City to compensate for the tax revenue lost by the City due to the nature of the ownership and use of real property. The PILOT Funds go into a general account and are appropriated by the City Council.

OFFICE OF COMMUNITY AND RURAL AFFAIRS (OCRA) DRINKING WATER PROGRAM

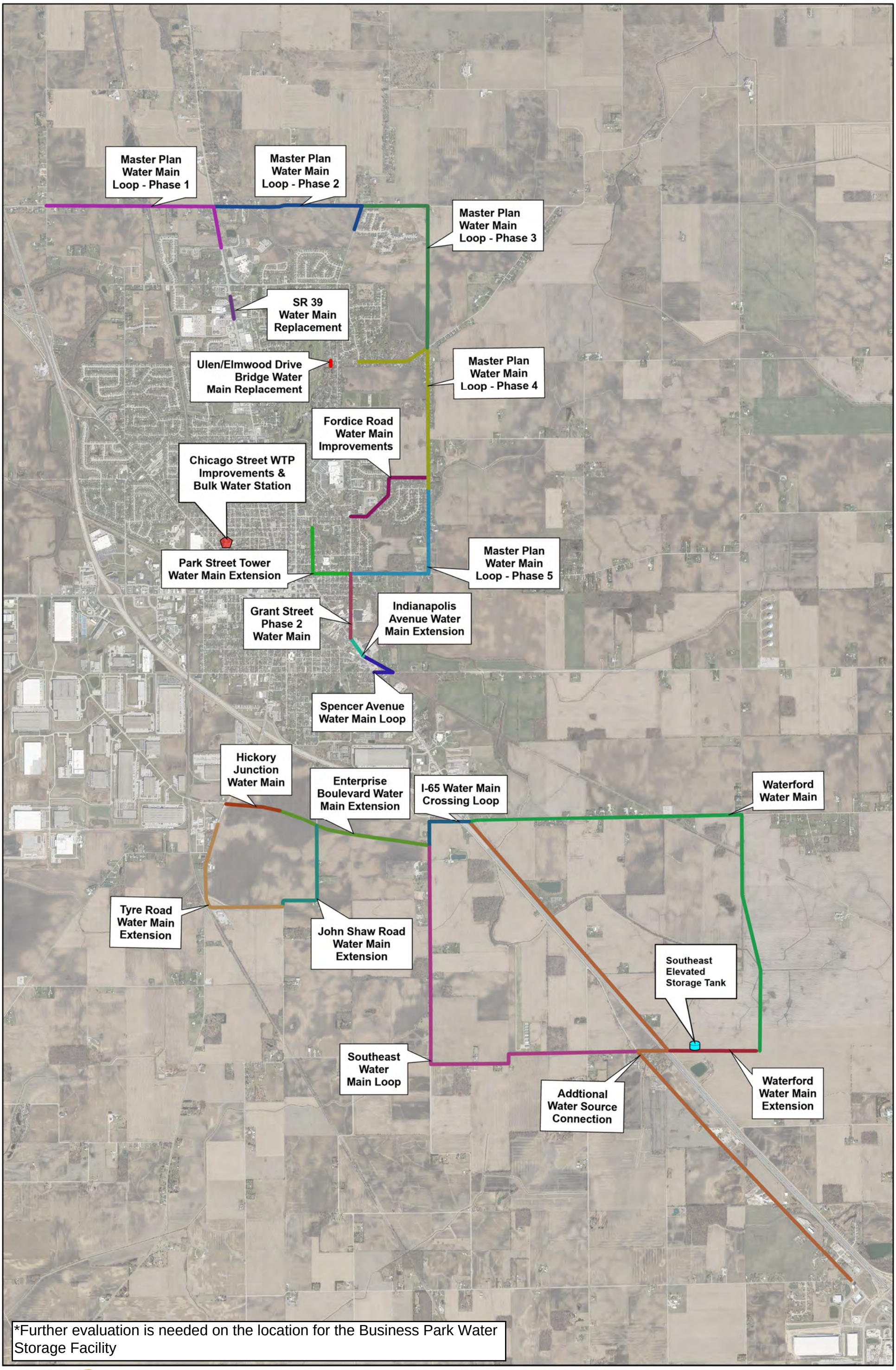
OCRA provides assistance in financing appropriate water and sewer infrastructure for municipalities that have planned and set priorities for long-term development. Grant amounts for communities with existing systems are based on current user rates with maximum grant amounts for projects over $1 million capped at $700,000. OCRA reviews the level of grant awarded based on the project scope, level of demonstrated need, and the financial resources of applicants. A local match of at least 20 percent is required for consideration of funding.

US ECONOMIC DEVELOPMENT FUND (EDA) GRANTS

In addition to the American Rescue Plan, the US EDA has additional grant funding opportunities that are updated each year. One example is the 2021 Build to Scale Program which builds regional economies through scalable startups and includes competitions that support entrepreneurship, acceleration of company growth and increase access to risk capital across regional economies. Per their website, the "EDA possesses broad and deep experience in successfully coordinating resources across multiple programs and special initiatives. Based upon this experience and EDA's historic track record of successful collaboration with a range of stakeholders (both federal and non-federal), the Office of Management and Budget (OMB) has designated EDA to lead the federal government's efforts to maximize the integration of economic development resources from all sources, including federal, state, local and philanthropic, to achieve more impactful and sustainable outcomes for communities across America."

FIGURE 1

WATER CIP PROJECT LOCATION MAP



BF&S CIVIL ENGINEERS

2024 WATER SYSTEM CIP - PROJECT LOCATION MAP

N W E S

APPENDIX A

LEBANON WATER UTILITY
2023 BUDGET

Lebanon Water Utility

2024 Budget - Final

WATER UTILITY
2024 Budget - Final

Revenues

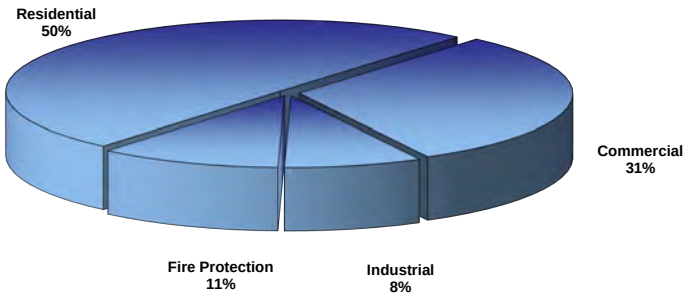
	Actual 2022	Budget 2023	9 Months 2023	Rolling 12 Months	Proposed 2024
Operating Revenue					
Residential	2,623,593	2,688,525	2,013,304	2,622,261	2,706,400
Commercial	1,560,547	1,617,728	1,262,951	1,604,742	1,677,225
Industrial	426,064	421,316	322,648	430,721	439,068
Fire Protection	571,139	575,964	426,022	567,914	579,331
Rent	11,784	11,273	7,870	11,784	11,361
Late Penalties	26,785	26,403	21,736	28,944	29,542
Total Revenue from Sales	**5,219,912**	**5,341,208**	**4,054,531**	**5,266,366**	**5,442,928**
Other Revenue					
Availability Fees	419,700	8,670,800	4,946,900	5,046,600	1,700,000
Interest	64,408	219,273	492,314	526,167	498,119
Other	125,889	154,654	109,217	138,927	145,120
Total Other Revenues	**609,997**	**9,044,728**	**5,548,431**	**5,711,694**	**2,343,239**
Total Revenue	**5,829,909**	**14,385,936**	**9,602,962**	**10,978,060**	**7,786,167**

Note: A growth factor of 2% for residential, commercial and industrial was used in determining the proposed 2024 revenues.

Rate Class	Number of Customers
Residential	6,043
Commercial	744
Industrial	62
Municipal	11
Total	**6,860**

(As of 09/23)

Projected Operating Revenue by Rate Class



	2019	2020	2021	2022	Sep-23
Number of Employees	14	14	14	13	13

WATER UTILITY
2024 Budget - Final

Revenues/Expenses

	Actual 2022	Budget 2023	9 Months 2023	Rolling 12 Months	Proposed 2024	
Operating Revenues						
Residential	2,623,593	2,688,525	2,013,304	2,622,261	2,706,400	(1)
Commercial	1,560,547	1,617,728	1,262,951	1,604,742	1,677,225	(1)
Industrial	426,064	421,316	322,648	430,721	439,068	(1)
Fire Protection	571,139	575,964	426,022	567,914	579,331	(1)
Rent	11,784	11,273	7,870	11,784	11,361	(1)
Late Penalties	26,785	26,403	21,736	28,944	29,542	(1)
Total Operating Revenue	**5,219,912**	**5,341,208**	**4,054,531**	**5,266,366**	**5,442,928**	
Other Revenue						
Other	125,889	154,654	109,217	138,927	145,120	
Total Other Revenue	**125,889**	**154,654**	**109,217**	**138,927**	**145,120**	
Total Revenue (less Interest)	**5,345,801**	**5,495,863**	**4,163,748**	**5,405,293**	**5,588,048**	
Purchased Services						
Engineering Fees	71,891	225,000	56,776	64,117	265,000	(2)
Accounting Fees	5,048	10,000	0	0	10,000	(3)
Legal Fees	58,023	54,535	71,629	106,242	106,926	(4)
Contractual Services - Testing	14,209	35,000	9,048	18,343	35,000	
Contractual Services - IT	101,586	105,555	67,724	101,586	105,555	(5)
Contractual Services - Other	128,310	113,738	88,063	149,507	172,618	(6)
Telephone Expense	19,128	19,692	20,004	25,199	28,272	
Utilities	175,183	216,919	152,892	199,548	251,637	
Total Purchased Services	**573,378**	**780,439**	**466,136**	**664,542**	**975,009**	
Wages & Benefits						
Salaries WT	195,711	204,321	147,395	201,870	213,231	(7)
Salaries WD	197,259	203,057	168,179	225,076	243,299	(7)
Meter Reading	59,642	64,672	44,006	58,944	63,662	(7)
Billing Salaries	29,288	31,346	23,496	31,116	33,991	(7)
Administrative Salaries	179,226	194,234	134,300	179,263	219,087	(7)
Office Salaries	148,796	161,720	114,075	151,083	165,029	(7)
Line Locating	19,089	19,524	13,055	18,648	18,886	(7)
Sick/Vacation Leave	135,992	127,470	91,922	139,801	132,980	(7)
FICA Taxes	71,293	75,747	54,071	73,004	78,223	(7)
Pension	254,038	92,511	84,765	274,855	122,627	(8)
Group Insurance	254,337	273,791	168,147	222,928	254,756	(9)
Total Wages & Benefits	**1,544,671**	**1,448,394**	**1,043,411**	**1,576,588**	**1,545,771**	

WATER UTILITY
2024 Budget - Final
Revenues/Expenses (Cont.)

	Actual 2022	Budget 2023	9 Months 2023	Rolling 12 Months	Proposed 2024	
Operating Supplies & Expense						
Chemicals	176,589	163,338	109,188	160,025	200,000	
Materials & Supplies	27,709	28,417	18,077	27,479	27,338	
Meter Expense	3,787	5,379	2,006	2,123	2,543	
Office Supplies	9,557	12,194	4,376	7,142	6,878	
Janitorial Services	5,884	5,881	4,413	5,884	5,884	
Interior Landscaping	0	177	0	0	0	
Exterior Landscaping	1,689	2,509	1,483	1,826	2,016	
Sand / Gravel / Pavement	962	2,720	4,391	4,391	5,430	
SCADA Expense	20,762	22,189	13,327	13,967	16,820	
Safety Equipment	666	742	609	675	788	
Miscellaneous Equipment	4,901	7,723	8,998	9,480	11,834	
Tools	3,323	2,997	3,976	5,243	5,588	
Transportation	33,444	43,531	22,690	31,152	32,545	
Insurance	2,989	74,254	64,777	64,835	68,725	
Regulatory Expense	4,440	5,491	4,530	4,530	5,602	
Well Expense	3,369	4,194	4,330	4,330	5,355	
Dues & Subscriptions	30,651	11,578	12,035	31,863	12,930	
Promotional Expense	201	4,180	172	269	3,180	
Employee Recognition	950	930	154	671	930	
Bad Debt Expense	29,676	13,353	13,353	13,353	13,607	(10)
Postage	1,123	1,357	852	1,144	1,208	
Conferences & Training	17,313	25,829	16,023	19,364	27,757	
Uniforms - Cleaning	9,054	9,944	8,196	10,843	11,539	
General Maintenance	28,549	26,580	56,617	67,604	75,839	
Computer Equipment	8,682	8,313	11,043	15,968	16,063	
Software Expense	10,427	9,090	9,488	12,733	15,346	
Maintenance Agreements	60,527	64,255	46,190	62,026	75,965	(11)
Payment in Lieu of Taxes	202,787	208,680	172,547	226,795	242,135	
Depreciation	776,810	791,974	588,715	783,191	800,652	
Gross Income Tax	36,000	0	0	0	0	(12)
Lease Rental Payments - Principal	78,631	79,515	79,515	79,515	41,139	(13)
Lease - Copiers/Printers	2,395	2,481	3,174	3,808	4,261	
Bank Fees - Credit Card	26,778	27,537	22,423	29,853	31,668	
Miscellaneous	25,144	25,522	23,541	30,694	32,903	
Total Operating Supplies & Expense	**1,645,769**	**1,692,855**	**1,331,209**	**1,732,776**	**1,804,469**	
Total Expenses	**3,763,818**	**3,921,689**	**2,840,756**	**3,973,906**	**4,325,249**	
Operating Income	**1,581,983**	**1,574,174**	**1,322,992**	**1,431,387**	**1,262,799**	
Interest						
Interest Revenue	64,408	219,273	492,314	526,167	498,119	
Interest Expense	(219,451)	(190,887)	(144,330)	(193,049)	(180,178)	(14)
Total Interest Revenue (Expense)	**(155,043)**	**28,386**	**347,984**	**333,118**	**317,941**	
Extraordinary Items						
Availability Fees	419,700	8,670,800	4,946,900	5,046,600	1,700,000	(15)
Gain on Sale of Assets	0	0	0	0	0	
Loss on Sale of Assets	(16,056)	(111,600)	0	(2,591)	(1,373)	
Total Extraordinary Items	**403,644**	**8,559,200**	**4,946,900**	**5,044,009**	**1,698,627**	
Net Margin	**1,830,584**	**10,161,760**	**6,617,876**	**6,808,514**	**3,279,367**	

WATER UTILITY
2024 Budget - Final

Notes to Proposed Revenue and Expenses

Note	Description
(1)	An overall growth factor of 2% was used in determining the proposed 2024 revenues.
(2)	Engineering fees for GIS updates, TAC Meetings, on-call services, CIP Updates, Etc.
(3)	Accounting fees include State Board of Accounts audit costs and arbitrage testing.
(4)	General legal counsel.
(5)	Contractual Services for IT consulting / Cyber Security.
(6)	Estimated amount for miscellaneous contractual services needed by the different departments.
(7)	Assumes an overall 8.5% increase in wages with inflationary adjustment along with employees moving through the advancement program.
(8)	Funding of the Defined Benefit Plan and the Defined Contribution Plan.
(9)	We received a 8.1% increase for 2024.
(10)	A bad debt allowance has been set at .25%.
(11)	General maintenance agreements on items such as NISC, Microsoft and other misc. systems.
(12)	Utility receipts tax is equal to 1.2% of total revenues. This was eliminated in July of 2022.
(13)	Lease rental principal on the municipal building.
(14)	Lease rental interest on municipal building and loan interest on the 2019 and 2021 SRF loan.
(15)	Engineering estimate based on 500 EDU's less upsize credits of $600,000.

WATER UTILITY
2024 Budget - Final

Capital Additions

Item	Class	Description	Code	Amount	Notes
1	A	**Additional Water Source -** Additional water source to serve planned future development.	4	5,000,000	
2	A	**Lakeshore Drive and SR 39 Water Main Replacement -** Replacement of failing water main.	2	700,000	
3	A	**Chicago Street WTP Improvements -** Upgrades to backwash holding tank, new wellhouse, demo and generator.	2	600,000	
4	B	**Indianapolis Avenue Water Main Extension -** 16" water main extension along Indianapolis Avenue.	4	575,000	
5	A	**Ulen/Elmwood Bridge Water Main Reroute -** Relocation of 6" water main as part of the bridge replacement project.	3	260,000	
6	C	**Automated Meter Infrastructure -** Annual amount for meter replacements as needed. This is year 4 of a 5 year program.	2	232,500	
7	B	**Chicago Street WTP Bulk Water Station -** Addition of a retail bulk water station at the Chicago Street WTP.	1	200,000	
8	A	**Fordice Road Water Main Improvement -** Upsize of water main coinciding with city road project.	4	200,000	
9	C	**Facility Rehab & Improvements -** Miscellaneous facility improvements as deemed necessary.	2	150,000	
10	C	**Unforseen Distribution System Repairs & Upgrades -** Misc. distribution system improvements as deemed necessary.	2	95,000	
11	C	**Unforseen Equipment Repair & Replacement -** Allows for misc. equipment repair or replacement.	2	85,000	
12	C	**Well Improvement, Rehab and Upgrades -** Program to upgrade, maintain and clean wells.	2	80,000	
13	D	**GMC 2T Dump Truck -** Replaces Vehicle #18.	2	77,000	(a),(b)
14	D	**GMC Canyon -** Replaces Vehicle #92.	2	40,000	(a),(b)
15	C	**Water's Portion of the IT Budget -** The estimated cost to the Water Utility for IT Functions.	1	34,410	
16	D	**Crew Cab Truck -** Replaces Vehicle #20.	2	12,500	(a),(b)
17	D	**Water's Portion of Administration Vehicles -** Water's portion of administrative vehicle replacements in agreement with our vehicle replacement program.	2	9,300	(a),(b)

WATER UTILITY
2024 Budget - Final

Capital Additions

Item	Class	Description	Code	Amount	Notes
18	D	**Bame Backhoe Trailer -** Replaces a 1977 trailer.	2	-	(a),(b)
19	D	**Trailer -** Replaces a 1997 trailer.	2	4,000	(a),(b)
		TOTAL		8,354,710	
		Operational Cash Flow		234,410	
		Reserves		2,085,300	
		Bond		260,000	
		Availability Fees		5,775,000	
		TOTAL		8,354,710	

Code:

1	Operational Cash Flow
2	Reserves
3	Bonding
4	Availability Fees

Class:

A	Must Accomplish This Year
B	Accomplish for Improvement of System Integrity
C	Ongoing Program - Accomplish for Improvement of System Integrity
D	Ongoing Program - Long Term/Short Term & Vehicles/Equipment

Notes:

(a) Cost does not reflect money received from sale of old vehicle/equipment.
(b) Included in 10 year replacement plan.
(c) Cost estimates provided by engineering consultant.
(d) May include capitalized labor.

****These figures do not include any future or anticipated annexation.**

WATER UTILITY
2024 Budget - Final

Capital Projects - 5 Years Beyond Fiscal Year 2024

Item	Description	2025	2026	2027	2028	2029	Total Amount
1	**Additional Water Source**	25,000,000	0	0	0	0	25,000,000
	Additional water source to serve planned future development.						
2	**Park Street Elevated Storage Tank Water Main Extension**	0	2,500,000	0	0	0	2,500,000
	16" water main along Williams Street and up Park Street to the tank.						
3	**Grant Street Phase II Water Main**	1,700,000	0	0	0	0	1,700,000
	16" water main along Grant Street.						
4	**Lead/Galvanized Water Service Line Replacement Program**	500,000	500,000	500,000	0	0	1,500,000
	Replacement of Lead/Galvanized Water Service Lines per EPA Requirements.						
5	**Spencer Avenue Water Main Loop**	850,000	0	0	0	0	850,000
	Replacement and extension of water mains along Spencer Avenue.						
6	**Facility Rehab & Improvements**	150,000	150,000	150,000	150,000	150,000	750,000
	Miscellaneous improvements as deemed necessary by staff.						
7	**Unforeseen Distribution System Repairs & Upgrades**	95,000	100,000	100,000	100,000	100,000	495,000
	Miscellaneous distribution system improvements as deemed necessary.						
8	**Unforeseen Equipment Repair & Replacement**	90,000	95,000	95,000	100,000	105,000	485,000
	Miscellaneous repairs and replacement.						
9	**Automated Meter Infrastructure**	226,500	60,000	60,000	60,000	60,000	466,500
	Ongoing Program for AMR/AMI System.						
10	**Well Improvement, Rehab & Upgrades**	85,000	85,000	85,000	90,000	95,000	440,000
	Program to maintain and clean wells. We have 10 active wells and work on two wells per year.						
11	**10 Year Vehicle/Mower Replacement Program**	122,900	10,000	130,000	63,500	10,000	336,400
	Ongoing program including support departments, IT, Meter Engineering.						

WATER UTILITY
2024 Budget - Final

Capital Projects - 5 Years Beyond Fiscal Year 2024

Item	Description	2025	2026	2027	2028	2029	Total Amount
12	**IT Budget**	10,850	0	23,250	15,500	10,850	60,450
	See IT capital budget for breakdown.						
	Total	28,830,250	3,500,000	1,143,250	579,000	530,850	34,583,350

****These figures do not include any future or anticipated annexation.**

Water Utility
Projected Cash Analysis

	2024	2025	2026	2027	2028	2029
Total Cash & Investments - Beginning of Year						
Not Restricted by Ordinance/Regulation	12,944,439	8,141,265	6,467,726	4,040,021	3,858,642	4,101,668
Add:						
Projected Operating Income (A)	5,588,048	5,646,723	5,706,013	5,765,926	5,826,469	5,887,646
Interest	498,119	162,825	129,355	80,800	77,173	82,033
Availability Fee Proceeds	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Bond Proceeds	0	25,000,000	0	0	0	0
Depreciation	800,652	816,665	832,999	849,659	866,652	883,985
Less:						
Projected Operational Expenses (B)	(4,325,249)	(4,512,965)	(4,708,827)	(4,913,190)	(5,126,423)	(5,348,910)
Bond Principal and Interest - Current	(622,680)	(623,770)	(623,660)	(623,380)	(623,900)	(623,240)
Bond Principal and Interest - Proposed	0	(948,972)	(1,897,944)	(1,897,944)	(1,897,944)	(1,897,944)
Reserve Transfers	(86,856)	(83,796)	(65,640)	0	0	0
Lease Interest Expense	(498)	0	0	0	0	0
Estimated Cash & Investments Before Capital Expenditures						
Not Restricted by Ordinance/Regulation	16,495,975	35,297,976	7,540,021	5,001,892	4,680,668	4,785,239
Less:						
Projected Capital Expenditures	(8,354,710)	(28,830,250)	(3,500,000)	(1,143,250)	(579,000)	(530,850)
Estimated Cash & Investments - End of Year						
Not Restricted by Ordinance/Regulation	8,141,265	6,467,726	4,040,021	3,858,642	4,101,668	4,254,389
Less: Two Months of Average Operation Expense	(720,875)	(752,161)	(784,805)	(818,865)	(854,404)	(891,485)
Available Cash & Investments - End of Year						
Not Restricted by Ordinance/Regulation	7,420,390	5,715,565	3,255,216	3,039,777	3,247,264	3,362,904

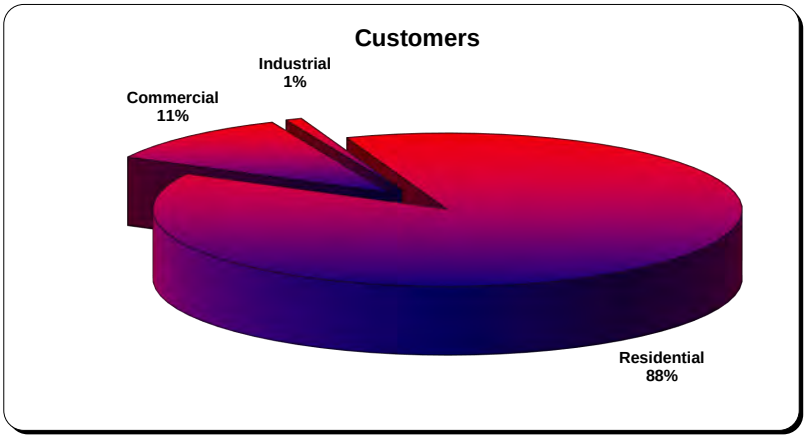
(A) Prior year plus increase of 1.05% which is the average change in the last 10 years (taking out availability fees). Takes into account 2 highest years/2 lowest years/rate adjustments.

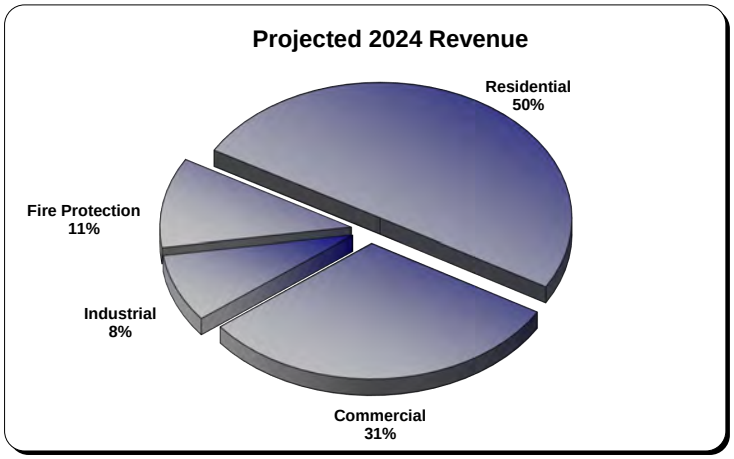
(B) Prior year plus increase of 4.34% which is the average change in the last 10 years. Takes into account 2 highest years/2 lowest years/rate adjustments.

WATER UTILITY
2024 Budget - Final

Statistics

Number of Customers	
Residential	6,043
Commercial	744
Industrial	62
Municipal	11

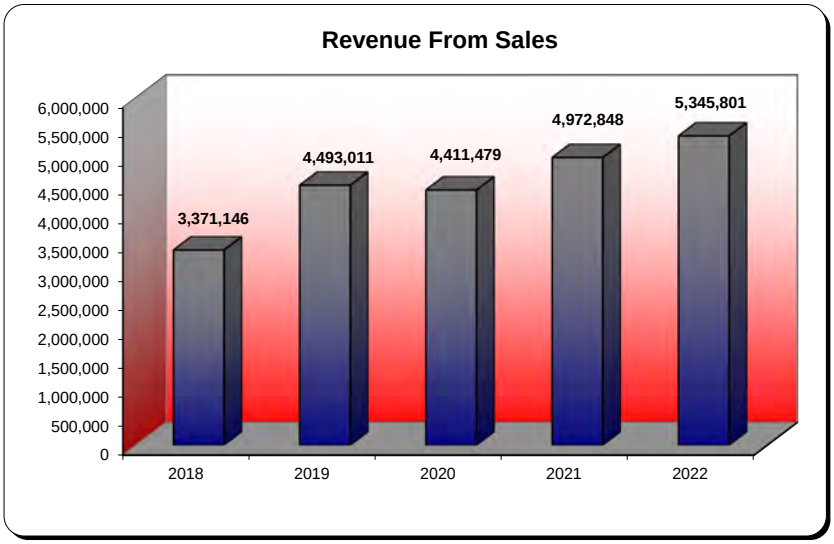




Projected 2024 Revenue	
Residential	2,706,400
Commercial	1,677,225
Industrial	439,068
Fire Protection	579,331

Revenue From Sales	
2018	3,371,146
2019	4,493,011
2020	4,411,479
2021	4,972,848
2022	5,345,801
**2023 Year to Date Thru Sept.	4,163,748

***Does not include Availability Fees or non-recurring fees.



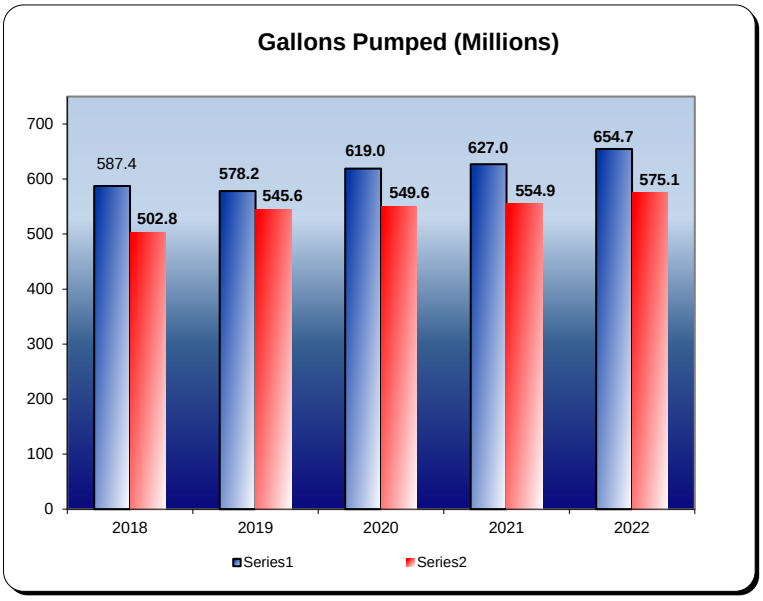
WATER UTILITY
2024 Budget - Final

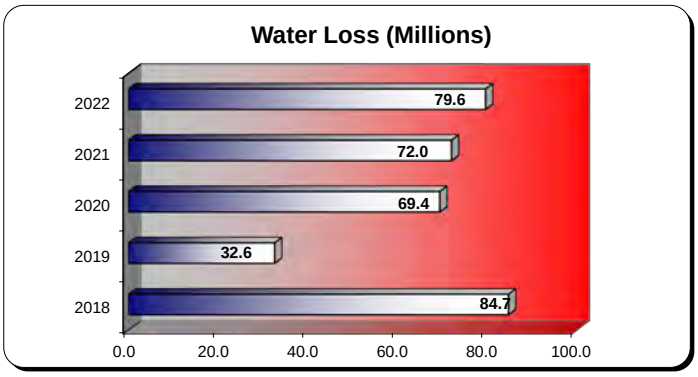
Statistics

Gallons Pumped (Series 1)	
2018	587,420,000
2019	578,188,000
2020	619,007,000
2021	626,956,000
2022	654,704,000
**2023 Year to Date Thru Sept.	534,111,000

Gallons Sold (Series 2)	
2018	502,758,229 *
2019	545,570,000 *
2020	549,594,000 *
2021	554,947,000 *
2022	575,071,999 *
**2023 Year to Date Thru Sept.	461,936,704 *

Yearly Backflush	
Add *	15,157,000





Water Loss (Millions)	
2018	84,661,771
2019	32,618,000
2020	69,413,000
2021	72,009,000
2022	79,632,001
**2023 Year to Date Thru Sept.	72,174,296

APPENDIX B

EMERGENCY HAZARD RANKINGS

LEBANON UTILITIES
WATER SYSTEM
HAZARD RANKINGS
UPDATED - JANUARY 31, 2023

2023 RANK	2022 RANK	2020 RANK	2018 RANK	2-Year Trend	TYPE OF EMERGENCY HAZARD	A - MAGNITUDE				B - PROBABILITY					C - IMMEDIATE THREAT TO PUBLIC HEALTH			D - IMPACT ON PUBLIC PERCEPTION			HAZARD SCORE	POTENTIAL TO MITIGATE		IMPACT
						LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	VERY LOW	LOW	MODERATE	HIGH	VERY HIGH	LOW	MEDIUM	HIGH	LOW	MEDIUM	HIGH				
						1	5	10	20	1	2	3	4	5	1	3	5	1	3	5	A x B + C + D	PROJECT	OPERATIONS	
1	5	NA	NA	4	Lead or Galvanized Service Lines				20					5			5			5	110	YES	YES	Local
2	1	25	32	-1	Operating Staff Strike or Mass Illness				20				4				5		3		88	NO	YES	System Wide
3	4	10	14	1	Major Failure of Water Main Interstate Crossing (leak or break)				20				4			3				5	88	YES	YES	System Wide
4	2	1	1	-2	Sugar Creek WTP 24-inch Transmission Line Break				20				4			3			3		86	YES	YES	System Wide
5	27	23	NR	22	Vandalism or Terrorist Threat to Distribution System				20			3					5			5	70	NO	NO	Fire Protection
6	3	2	17	-3	Cyber-Attack to SCADA or other Computer System				20			3				3				5	68	YES	YES	System Wide
7	6	NA	NA	-1	Supply Chain Disruptions - Chemicals				20		2						5			5	50	NO	YES	System Wide
8	7	NA	NA	-1	Supply Chain Disruptions - WTP Repair Materials and Equipment				20		2						5			5	50	NO	YES	System Wide
9	9	5	4	0	Contamination Resulting in Loss of Sugar Creek WTP				20		2						5			5	50	NO	NO	System Wide
10	10	6	5	0	Contamination or Mechanical Failure Resulting in Loss of Sugar Creek Wellfields				20		2						5			5	50	NO	NO	System Wide
11	11	7	15	0	Sugar Creek WTP 24-inch Transmission Line Leak			10					4				5		3		48	YES	NO	System Wide
12	12	3	33	0	Distribution Line Break (Less than or equal to 12-inch water main)			10					4			3				5	48	YES	YES	Local
13	14	9	13	1	Major Failure of Transmission Line (break) - 12-inch to 20-inch			10					4			3				5	48	YES	YES	System Wide
14	17	12	10	3	Major Drought (Shuts Down System or Affects Sources, Lines, etc.)				20		2					3				5	48	NO	NO	System Wide
15	16	11	9	1	Structural Fire at Sugar Creek WTP				20		2				1				3		44	NO	NO	System Wide
16	20	16	39	4	Pump Failure at Chicago Street WTP			10					4			3		1			44	YES	NO	Fire Protection
17	8	4	3	-9	E. coli Violation Occurs in the Distribution System			10				3					5			5	40	NO	NO	System Wide
18	18	14	29	0	Confirmed Sample of Primary Contaminant			10				3					5			5	40	NO	NO	System Wide
19	NA	NA	NA	NA	Failure of Exposed Water Mains Crossing Creeks			10				3					5			5	40	YES	NO	Local
20	31	NA	NA	11	20-inch Transmission Line Break under Railroad Tracks			10				3				3				5	38	YES	YES	System Wide
21	21	17	36	0	Minor Failure of Transmission Line (leak) - 12-inch to 20-inch		5							5			5		3		33	YES	YES	Local
22	32	18	35	10	Power Outage at Chicago Street WTP over 6 Hours		5							5		3				5	33	YES	NO	Fire Protection
23	13	8	6	-10	Major Flood (>100 yr- Shuts Down System or Affects Sources, Lines, etc.)				20	1							5			5	30	NO	NO	System Wide
24	19	15	30	-5	Disruption in Chlorine Feed at Sugar Creek WTP			10			2						5			5	30	YES	NO	System Wide
25	23	19	11	-2	Contamination Resulting in Loss of Chicago Street WTP			10			2						5			5	30	NO	NO	System Wide
26	24	20	20	-2	Structural Failure or Contamination resulting in loss of Water Towers				20	1							5			5	30	NO	YES	System Wide
27	25	21	21	-2	Vandalism or Terrorist Threat to Sugar Creek WTP				20	1							5			5	30	NO	NO	System Wide
28	26	22	22	-2	Vandalism or Terrorist Threat to Chicago Street WTP			10			2						5			5	30	NO	NO	Fire Protection
29	NA	NA	NA	NA	Mechanical Failure or Contamination at Abner Longely WSF			10			2						5			5	30	YES	YES	System Wide
30	22	NA	NA	-8	Supply Chain Disruptions - Distribution Repair Materials and Equipment			10			2						5		3		28	NO	YES	System Wide
31	29	26	37	-2	Power Outage or Equipment Failure at Water Towers			10			2						5		3		28	NO	NO	System Wide
32	30	27	40	-2	Disruption in Chlorine Feed at Chicago Street WTP			10			2						5		3		28	YES	NO	Fire Protection
33	15	13	27	-18	Major Blizzard (Shuts Down System or Affects Sources, Lines, etc.)				20	1						3			3		26	NO	NO	System Wide
34	28	24	24	-6	Nuclear Bomb Explosion				20	1							5	1			26	NO	NO	System Wide
35	37	31	23	2	Structural Fire at Chicago Street WTP			10			2				1					5	26	NO	NO	Fire Protection
36	38	33	26	2	Major Tornado (Shuts Down System or Affects Sources, Lines, etc.)				20	1							5	1			26	NO	NO	System Wide
37	33	28	16	-4	Contamination Resulting in Loss of Portion of Sugar Creek WTP			10			2					3		1			24	NO	NO	System Wide
38	34	32	25	-4	Major Earthquake (Shuts Down System or Affects Sources, Lines, etc.)				20	1						3		1			24	NO	NO	System Wide
39	39	34	12	0	Contamination Resulting in Loss of Chicago Street Wellfields			10		1							5			5	20	NO	NO	System Wide
40	NA	NA	NA	NA	Chlorine Leak at Abner Longely WSF			10		1							5			5	20	YES	NO	System Wide
41	NA	NA	NA	NA	Failure of Water Mains Crossing Under Creek		5				2						5			5	20	NO	NO	System Wide
42	42	37	NA	0	Chlorine Leak at Chicago Street WTP		5			1						3				5	13	MITIGATED	NO	Fire Protection
43	35	29	19	-8	HSP Failure at Sugar Creek WTP - 2/3			10		1					1			1			12	YES	NO	System Wide
44	36	30	18	-8	Major Mechanical Issue at Well House (Pumps) - 2 or 3 Wells Sugar Creek		5				2				1			1			12	NO	NO	System Wide
45	40	35	7	-5	Power Outage at Sugar Creek WTP (more than 6 hours) - Existing		5			1					1			1			7	MITIGATED	NO	System Wide
46	41	36	8	-5	Power Outage at Sugar Creek Wellfield (more than 6 hours) - Existing		5			1					1			1			7	MITIGATED	NO	System Wide
47	43	NA	NA	-4	Hydrant Break	1						3			1				3		7	YES	YES	Local
48	45	39	28	-3	HSP Failure at Sugar Creek WTP - Single	1						3			1			1			5	NO	NO	System Wide
49	46	40	31	-3	Major Mechanical Issue at Well House (Pumps) - Single Well	1						3			1			1			5	MITIGATED	NO	System Wide
50	47	41	38	-3	Minor Mechanical Issue at Well House	1						3			1			1			5	NO	NO	Fire Protection
51	48	42	NA	-3	Chlorine Leak at Sugar Creek WTP	1					2				1			1			4	MITIGATED	NO	Fire Protection
52	44	38	2	-8	Sugar Creek Raw Water Line from Wellfield Break	1				1					1			1			3	MITIGATED	NO	System Wide
53	49	41	34	-4	Power Outage at Sugar Creek WTP (less than 6 hours) - Existing	1				1					1			1			3	MITIGATED	NO	System Wide

A - MAGNITUDE

LEVEL 1 - NORMAL TROUBLE - (typically resolved within 24 hours)
Basic trouble that can be handled routinely by system personnel with minimal outside assistance. This situation is unlikely immediately jeopardize public health.

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Minor supply disruption or indications of possible contamination. Utility may need to coordinate with State agencies and consider issuing a health advisory to the public.

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Significant mechanical or contamination problems and supply disruption is inevitable. The problems are somewhat beyond the capabilities of the Utility and should be reported as soon as possible to protect public health.

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The system experiences major damage or contamination and the problem adversely affects many services of the water system. Law enforcement and emergency management services should be contacted immediately. Health advisories should be issued quickly.

B - PROBABILITY

Probability rankings form VERY LOW to VERY HIGH are determined based upon best judgement of past frequency, age and condition of facilities, and redundancy.

C - IMMEDIATE THREAT TO PUBLIC HEALTH

LOW - Negligible potential for threat to public health

MEDIUM - Some potential for threat to public health (on the magnitude of a Boil Order)

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C - IMPACT ON PUBLIC PERCEPTION

LOW - Negligible impact to public perception of Lebanon Utiltiies

MEDIUM - Some potential impact to public perception of Lebanon Utilities (Facebook Posts)

HIGH - Potential for a negative public perception of Lebanon Utilities (Boil Order, News)

HAZARD SCORE

Determined by multiplying the MAGNITUDE (A) by the PROBABILITY (B) and adding the IMMEDIATE THREAT TO PUBLIC HEALTH (C).

POTENTIAL TO MITIGATE?

Is there a potential to mitigate the situation where the MAGNITUDE or PROBABILITY ranking could be lowered?

CIP - indicates that the potential to mitigate is included in the Water Capital Improvements Plan

UERP - indicates that the potential to mitigate is included in the Utility Emergency Repair Program

LEBANON UTILITIES
WATER SYSTEM
HAZARD RANKINGS
UPDATED - MARCH 20, 2024

2024 RANK	2023 RANK	2022 RANK	2020 RANK	2-Year Trend	TYPE OF EMERGENCY HAZARD	A - MAGNITUDE				B - PROBABILITY					C - IMMEDIATE THREAT TO PUBLIC HEALTH			D - IMPACT ON PUBLIC PERCEPTION			HAZARD SCORE	POTENTIAL TO MITIGATE		IMPACT
						LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	VERY LOW	LOW	MODERATE	HIGH	VERY HIGH	LOW	MEDIUM	HIGH	LOW	MEDIUM	HIGH				
						1	5	10	20	1	2	3	4	5	1	3	5	1	3	5	A x B + C + D	PROJECT	OPERATIONS	
1	1	5	NA	0	Lead or Galvanized Service Lines				20					5			5			5	110	YES	YES	Local
2	4	2	1	2	Sugar Creek WTP 24-inch Transmission Line Break				20				4				5			5	90	YES	YES	System Wide
3	2	1	25	-1	Operating Staff Strike or Mass Illness				20				4				5		3		88	NO	YES	System Wide
4	3	4	10	-1	Major Failure of Water Main Interstate Crossing (leak or break)				20				4			3				5	88	YES	YES	System Wide
5	6	3	2	1	Cyber-Attack to SCADA or other Computer System				20				4			3				5	88	YES	YES	System Wide
6	11	11	7	5	Sugar Creek WTP 24-inch Transmission Line Leak				20				4				5		3		88	YES	NO	System Wide
7	13	14	9	6	Major Failure of Transmission Line (break) - 12-inch to 20-inch				20				4			3				5	88	YES	YES	System Wide
8	5	27	23	-3	Vandalism or Terrorist Threat to Distribution System				20			3					5			5	70	NO	NO	Fire Protection
9	17	8	4	8	E. coli Violation Occurs in the Distribution System				20			3					5			5	70	NO	NO	System Wide
10	20	31	NA	10	20-inch Transmission Line Break under Railroad Tracks				20			3				3				5	68	YES	YES	System Wide
11	12	12	3	1	Distribution Line Break (Less than or equal to 12-inch water main)			10						5		3				5	58	YES	YES	Local
12	7	6	NA	-5	Supply Chain Disruptions - Chemicals				20		2						5			5	50	NO	YES	System Wide
13	8	7	NA	-5	Supply Chain Disruptions - WTP Repair Materials and Equipment				20		2						5			5	50	NO	YES	System Wide
14	9	9	5	-5	Contamination Resulting in Loss of Sugar Creek WTP				20		2						5			5	50	NO	NO	System Wide
15	10	10	6	-5	Contamination or Mechanical Failure Resulting in Loss of Sugar Creek Wellfields				20		2						5			5	50	NO	NO	System Wide
16	24	19	15	8	Disruption in Chlorine Feed at Sugar Creek WTP				20		2						5			5	50	YES	NO	System Wide
17	14	17	12	-3	Major Drought (Shuts Down System or Affects Sources, Lines, etc.)				20		2					3				5	48	NO	NO	System Wide
18	15	16	11	-3	Structural Fire at Sugar Creek WTP				20		2				1				3		44	NO	NO	System Wide
19	16	20	16	-3	Pump Failure at Chicago Street WTP			10					4			3		1			44	YES	NO	Fire Protection
20	18	18	14	-2	Confirmed Sample of Primary Contaminant			10				3					5			5	40	NO	NO	System Wide
21	19	NA	NA	-2	Failure of Exposed Water Mains Crossing Creeks			10				3					5			5	40	YES	NO	Local
22	30	22	NA	8	Supply Chain Disruptions - Distribution Repair Materials and Equipment			10				3					5		3		38	NO	YES	System Wide
23	21	21	17	-2	Minor Failure of Transmission Line (leak) - 12-inch to 20-inch		5							5			5		3		33	YES	YES	Local
24	22	32	18	-2	Power Outage at Chicago Street WTP over 6 Hours		5							5		3				5	33	YES	NO	Fire Protection
25	23	13	8	-2	Major Flood (>100 yr- Shuts Down System or Affects Sources, Lines, etc.)				20	1							5			5	30	NO	NO	System Wide
26	26	24	20	0	Structural Failure or Contamination resulting in loss of Water Towers				20	1							5			5	30	NO	YES	System Wide
27	27	25	21	0	Vandalism or Terrorist Threat to Sugar Creek WTP				20	1							5			5	30	NO	NO	System Wide
28	28	26	22	0	Vandalism or Terrorist Threat to Chicago Street WTP			10			2						5			5	30	NO	NO	Fire Protection
29	29	NA	NA	0	Mechanical Failure or Contamination at Abner Longely WSF			10			2						5			5	30	YES	YES	System Wide
30	41	NA	NA	11	Failure of Water Mains Crossing Under Creek			10			2						5			5	30	NO	NO	System Wide
31	31	29	26	0	Power Outage or Equipment Failure at Water Towers			10			2						5		3		28	NO	NO	System Wide
32	32	30	27	0	Disruption in Chlorine Feed at Chicago Street WTP			10			2						5		3		28	YES	NO	Fire Protection
33	33	15	13	0	Major Blizzard (Shuts Down System or Affects Sources, Lines, etc.)				20	1						3			3		26	NO	NO	System Wide
34	34	28	24	0	Nuclear Bomb Explosion				20	1							5	1			26	NO	NO	System Wide
35	35	37	31	0	Structural Fire at Chicago Street WTP			10			2				1					5	26	NO	NO	Fire Protection
36	36	38	33	0	Major Tornado (Shuts Down System or Affects Sources, Lines, etc.)				20	1							5	1			26	NO	NO	System Wide
37	37	33	28	0	Contamination Resulting in Loss of Portion of Sugar Creek WTP			10			2					3		1			24	NO	NO	System Wide
38	38	34	32	0	Major Earthquake (Shuts Down System or Affects Sources, Lines, etc.)				20	1						3		1			24	NO	NO	System Wide
39	25	23	19	-14	Contamination Resulting in Loss of Chicago Street WTP		5				2						5			5	20	NO	NO	System Wide
40	39	39	34	-1	Contamination Resulting in Loss of Chicago Street Wellfields			10		1							5			5	20	NO	NO	System Wide
41	40	NA	NA	-1	Chlorine Leak at Abner Longely WSF			10		1							5			5	20	YES	NO	System Wide
42	42	42	37	0	Chlorine Leak at Chicago Street WTP		5			1						3				5	13	MITIGATED	NO	Fire Protection
43	43	35	29	0	HSP Failure at Sugar Creek WTP - 2/3			10		1					1			1			12	YES	NO	System Wide
44	44	36	30	0	Major Mechanical Issue at Well House (Pumps) - 2 or 3 Wells Sugar Creek		5				2				1			1			12	NO	NO	System Wide
45	45	40	35	0	Power Outage at Sugar Creek WTP (more than 6 hours) - Existing		5			1					1			1			7	MITIGATED	NO	System Wide
46	46	41	36	0	Power Outage at Sugar Creek Wellfield (more than 6 hours) - Existing		5			1					1			1			7	MITIGATED	NO	System Wide
47	47	43	NA	0	Hydrant Break	1						3			1				3		7	YES	YES	Local
48	48	45	39	0	HSP Failure at Sugar Creek WTP - Single	1						3			1			1			5	NO	NO	System Wide
49	49	46	40	0	Major Mechanical Issue at Well House (Pumps) - Single Well	1						3			1			1			5	MITIGATED	NO	System Wide
50	50	47	41	0	Minor Mechanical Issue at Well House	1						3			1			1			5	NO	NO	Fire Protection
51	51	48	42	0	Chlorine Leak at Sugar Creek WTP	1					2				1			1			4	MITIGATED	NO	Fire Protection
52	52	44	38	0	Sugar Creek Raw Water Line from Wellfield Break	1				1					1			1			3	MITIGATED	NO	System Wide
53	53	49	41	0	Power Outage at Sugar Creek WTP (less than 6 hours) - Existing	1				1					1			1			3	MITIGATED	NO	System Wide

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ATTACHMENT A

AGC CONSTRUCTION INFLATION ALERT

December 2022

AGC
THE CONSTRUCTION ASSOCIATION

DEC

2022

CONSTRUCTION INFLATION ALERT

For nearly three years the U.S. construction industry has been buffeted by unprecedented volatility in materials costs, supply-chain bottlenecks, and a tight labor market. To help project owners, government officials, and the public understand how these conditions are affecting contractors and their workers, the Associated General Contractors of America (AGC) has posted frequent updates of the Construction Inflation Alert.

New challenges keep emerging, even as some conditions improve. Overall inflation rates and economic growth have cooled, while congestion at West Coast ports has eased. These changes have led some owners to assume that construction costs and completion times must also have improved. Unfortunately, this is not the case for a large number of projects, materials, and contractors.

Demand for infrastructure, manufacturing, and power construction appears to be strong and likely to strengthen further, perhaps for several years to come. In any case, the cost of construction materials and labor does not generally move in sync with the overall economy. In short, owners should not assume that delaying projects will enable them to avoid volatility and disruptions in construction costs, delivery times, and labor supply, even if the economy slows significantly.

Meanwhile, Russia's ongoing attack on Ukraine and Western sanctions against Russia have disrupted production and transport of dozens of commodities. China's prolonged lockdown of Shanghai and other areas in an attempt to control the spread of covid has also affected production and shipping. New variants of covid, as well as a growing number of people with lingering or recurrent symptoms ("long-haul covid"), add to uncertainty about labor supply.
This version of the Alert is the eighth update since the first edition was posted in March 2021—an indication that the situation remains far from "normal." This document will continue to be revised to keep it timely as conditions affecting demand for construction, labor supply, and materials costs and availability change. Each new version is posted here: https://www.agc.org/learn/construction-data/agc-construction-inflation-alert.

Readers are invited to send comments and feedback, along with "Dear Valued Customer" letters or other information about materials costs and supply-chain issues, to AGC of America's chief economist, Ken Simonson, ken.simonson@agc.org.

Recent changes in input costs

Earlier editions of this guide highlighted the extreme runup in materials costs that began in early 2020. More recently, prices have moved in divergent directions for different materials. But, on balance, they continue to climb at a much higher rate than the consumer price index (CPI), the most commonly cited measure of inflation.

The extent of these increases is documented by the Bureau of Labor Statistics (BLS). BLS posts producer price indexes (PPIs) around the middle of each month for thousands of products and services (at www.bls.gov/ppi). Most PPIs are based on the prices that sellers say they charged for a specific item on the 11th day of the preceding month. Producers include manufacturers and fabricators, intermediaries such as steel service centers and distributors, and providers of services ranging from design to trucking.

The index declined at the beginning of the pandemic but began climbing on a year-over-year basis in August 2020. As prices rose at unprecedented rates for a wide range of construction inputs, the index accelerated steeply, rising at a record-high annual rate of 24% in June 2021. Year-over-year increases remained at or above 20% from May 2021 through April 2022.

Since the spring of 2022, prices have tumbled for lumber and most metals products, and the PPI for nonresidential construction inputs moderated to an 11.2% rate of increase from October 2021 to October 2022. But that is still far higher than the 7.7% annual rate of increase in the CPI over the same interval. In fact, as Figure 1 shows, the yearly increase in the PPI for nonresidential construction inputs has exceeded consumer price inflation every month since August 2020.

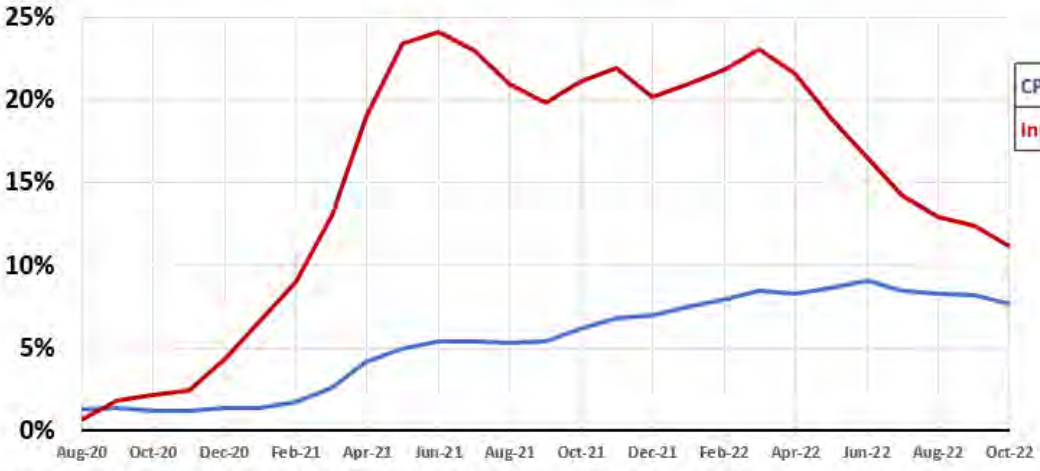
11.2%

The PPI for nonresidential construction inputs rose 11.2% in 12 months

Figure 1

Costs for new nonresidential construction vs. consumer prices

Year-over-year change in PPI for construction inputs and CPI
August 2020 - October 2022, not seasonally adjusted



	12 months to:	
	Aug-20	Oct-22
CPI	1.3%	7.7%
Inputs PPI	0.7%	11.2%

Source: Bureau of Labor Statistics, consumer price index, www.bls.gov/cpi; producer price index, www.bls.gov/ppi

The actual increase in costs varies a lot by type of material. Figure 2 shows the change in PPIs for four material inputs and four types of subcontractors in October 2022 from one month earlier (September 2022) and one year earlier (October 2021). The monthly change in materials costs ranged from a decrease of 0.7% for asphalt paving mixtures and blocks to 9.8% for #2 diesel fuel, while year-over-year changes varied from 14.1% for concrete products to 61.5% for diesel fuel. (Contractors use diesel fuel for their own trucks and offroad equipment. The price of fuel is also reflected in the cost of the thousands of truckloads needed to deliver equipment and materials to jobsites and haul away dirt, debris, and equipment. In addition, many materials require large quantities of diesel fuel or other petroleum-based energy to mine, mix, or manufacture.)

Subcontractors' prices reflect their own materials costs, labor costs, and the degree of tightness in the market for their services. Notably, the PPI for all four types of subcontractors rose far more than the 7.7% increase in the CPI from October 2021 to October 2022: 21.5% for roofing contractors, 18.8% for electrical contractors, 15.7% for plumbing contractors, and 10.9% for concrete contractors.

Prices for many inputs have been extremely volatile, making it difficult for contractors to predict even near-term prices reliably. For instance, the PPI for diesel fuel, which jumped 9.8% from September to October, had declined 12.8% just two months earlier. Conversely, the PPI for steel mill products fell 6.6% from September to October but increased 10.5% from April to May.

Several factors are likely to keep some costs high in 2023, with the possibility of further price spikes. Russia's cutoff of natural gas to central and western Europe has led to a surge in natural-gas prices as the United States exports more liquefied gas to Europe. That affects the cost of construction plastics, glass, and other products that use natural gas as a feedstock or fuel source. Similarly, European demand for diesel fuel, sanctions against Russian oil, and attempts by the "OPEC+" group of oil producers to limit supplies have kept diesel and asphalt prices elevated and subject to large swings.

61.5%

The PPI for diesel fuel increased 61.5% from October 2021

Figure 2

Wide variation in construction input cost trends

Change in producer price indexes (not seasonally adjusted)

	Oct 2022 change from: Sep 2022	Oct 2021
#2 diesel fuel	9.8%	61.5%
Architectural coatings (paint, etc.)	1.1%	27.5%
Asphalt paving mixtures and blocks	-0.7%	20.7%
Concrete products	0.1%	14.1%
Subcontractor price indexes, nonresidential building work		
Roofing contractors	1.9%	21.5%
Electrical contractors	2.1%	18.8%
Plumbing contractors	3.7%	15.7%
Concrete contractors	1.1%	10.9%

Source: BLS, producer price indexes, www.bls.gov/ppi

Given such volatility, owners should not expect contractors' bid prices to mirror a short-term decline in prices for certain inputs or in the overall index for nonresidential inputs, let alone changes in the CPI. The CPI measures the cost of a "basket" of consumer goods and services, which has very little relation to the items driving construction costs.

Input costs and bid prices

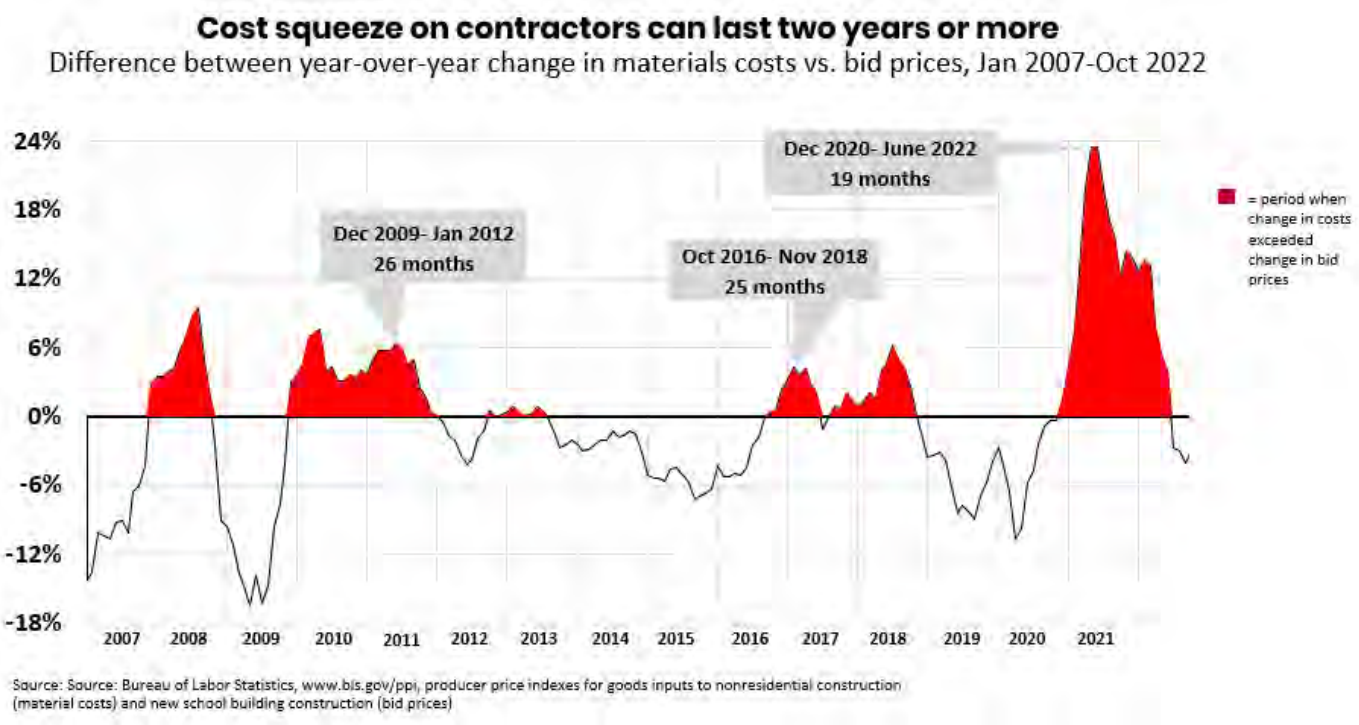
Some owners may be under the misimpression that contractors' bid prices are closely linked to changes in input costs. In fact, the two often diverge, as has occurred over the past three years.

The pandemic drastically disrupted production and distribution of many construction materials and caused sharp changes in demand for numerous goods and structure types. Unanticipated price spikes occurred for many inputs—to record levels for lumber, steel, and copper products.

Contractors did not immediately pass along these increases in bid prices. Demand for some project types and in some regions remained weak; as a result, firms refrained from passing through a portion of costs in order to win contracts. In other cases, contractors may have assumed prices would fall by the time they had to purchase the materials.
As demand for construction heated up in 2021 and inflation became established throughout much of the economy, contractors did raise prices to a greater extent. But bid price increases did not "catch up" with increases in input costs until the summer of 2022.

Figure 3 shows the difference in the year-over-year change in input prices (specifically, the PPI for goods inputs to nonresidential construction) minus the change in bid prices (in this case, for new school construction building construction; other comparisons are similar). Periods in red show months when cost increases exceeded bid price increases, while periods below the 0% line show the reverse.

Figure 3



Source: Source: Bureau of Labor Statistics, www.bls.gov/ppi, producer price indexes for goods inputs to nonresidential construction (material costs) and new school building construction (bid prices)

Over the 16-year history of the series, the number of months and total areas of the two differentials are similar. This is to be expected: If contractors consistently experienced cost increases that exceeded the increases in their bids, they would go out of business. Conversely, if bid-price increases consistently outran costs, other firms would enter the business, driving down profitability.

From December 2020 to June 2022, a period of 19 months, the year-over-year change in materials costs exceeded the year-over-year change in bid prices. Although there were two such intervals that lasted even longer, the gap was three times as great (in the summer of 2021) as in previous episodes, meaning the profit squeeze was much more intense.

As Figure 3 shows, the duration and amplitude of these differences vary greatly and unpredictably. The implication for owners in the current environment is they should not assume a moderation in materials cost increases will be associated with an immediate or proportionate change in bid prices.

Supply chain issues

From the first days of the pandemic, availability and delivery times for materials have been never-ending headaches for construction firms. Recently, shortages and extended lead times have moderated or disappeared for some items but have worsened for others.

On the positive side, port congestion on the West Coast has lessened. Waiting times for lumber and steel products have returned to pre-pandemic levels. There have not been any recent events with supply impacts as severe as the February 2021 freeze in Texas that decimated the production of resins for construction plastics.

Not all bottlenecks have cleared up, however. Contractors continue to be affected by the much-publicized shortage of computer chips. Not only is the construction industry a major buyer of pickup trucks that are in short supply, but deliveries of construction equipment also have been held up by a lack of semiconductors.

Lead times remain unusually long for electrical transformers. In fact, some utilities are reportedly refusing to hook up new construction because they are saving their remaining supply for emergencies. The sole U.S. producer of electrical steel used in transformers has been unable to keep up with demand.

Perhaps the most consequential and long-lasting supply chain issue involves cement and concrete products. Shortages of cement had spread from a few states early in 2021 to 43 states by October, according to the Portland Cement Association. No cement capacity has been added in the United States since 2009. At the same time, the supply of two other "cementitious materials" that are added to some concrete mixes—fly ash and slag—has diminished with the shutdown of coal-fired power plants that supplied those materials as a byproduct of burning coal. (Those closures have also reduced the supply of artificial gypsum for making wallboard.) Exceptionally low water levels in the Mississippi River have limited barge movements of cement in the middle of the country.

43 states

Cement shortage appeared in 43 states by October 2022

Meanwhile, demand for ready-mixed and precast concrete has increased. As a result, many suppliers have placed contractors on allocation, meaning they receive a percentage of previous years' orders (or possibly none if they are new customers). When contractors can't pour as much concrete as needed at one time, project completions are delayed, with attendant cost increases. The Portland Cement Association has indicated that additional cement production capacity will come online in the spring of 2023. Some states may receive more cement from Mexico. But availability is likely to remain tight in many areas, particularly as demand increases once projects funded by the Infrastructure Investment and Jobs Act of 2021 and other recent laws and bond issues get underway.

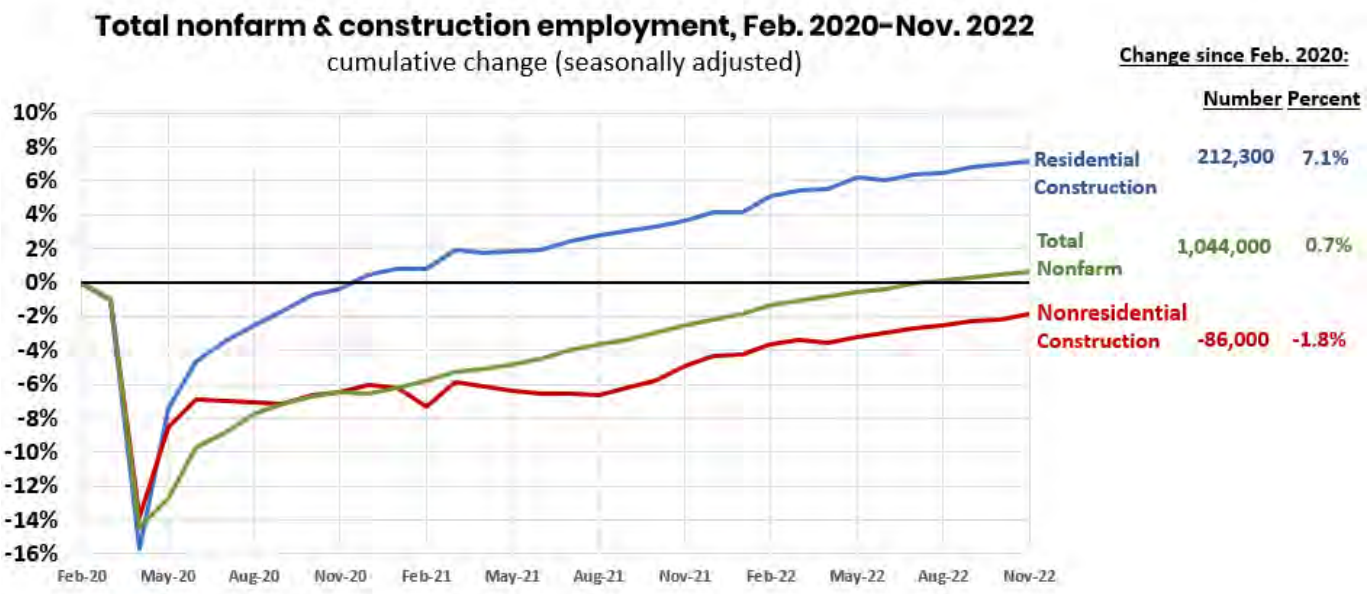
Furthermore, the last three years have shown that the supply chain for many items remains fragile and can easily be disrupted by governmental interventions such as covid-induced shutdowns in China, natural disasters such as hurricanes and freezes, or "one-off" events such as strikes or lockouts of rail or port workers.

Labor supply and costs

Construction employment has bounced back well from the early months of the pandemic. However, construction firms are far short of the number of workers they have been seeking. They have partially closed the gap by getting more overtime from the workers they have, but this cannot continue indefinitely.

As shown in Figure 4, construction industry employment declined by 15% from February to April 2020—a loss of 1.1 million employees in just two months. While both residential and nonresidential construction employment rebounded somewhat in May 2020, for more than a year after that date employment stalled among nonresidential firms—nonresidential building and specialty trade contractors plus civil and heavy engineering construction firms. During that period, thousands of experienced workers moved into residential construction (homebuilding and remodeling), found jobs in other sectors, or left the workforce completely.

Figure 4



By November 2022, seasonally adjusted construction employment totaled 7,750,000, or 126,000 more than in February 2020. But there was a large shift between residential and nonresidential subsectors. Compared to February 2020 levels, residential construction firms had added more than 210,000 workers, while employment in nonresidential construction was still down 86,000 employees or 1.8%, as shown in Figure 4.

There is strong evidence that the construction industry would have added many more workers if they had been available. As shown in Figure 5, job openings in construction at the end of October totaled 377,000 (not seasonally adjusted), exceeding the 341,000 workers hired during the month. This gap never occurred before 2021 but has occurred in most months of 2022, implying that construction firms are having increasing difficulty filling positions and would have hired twice as many workers each month as they were able to, if there had been enough qualified applicants.

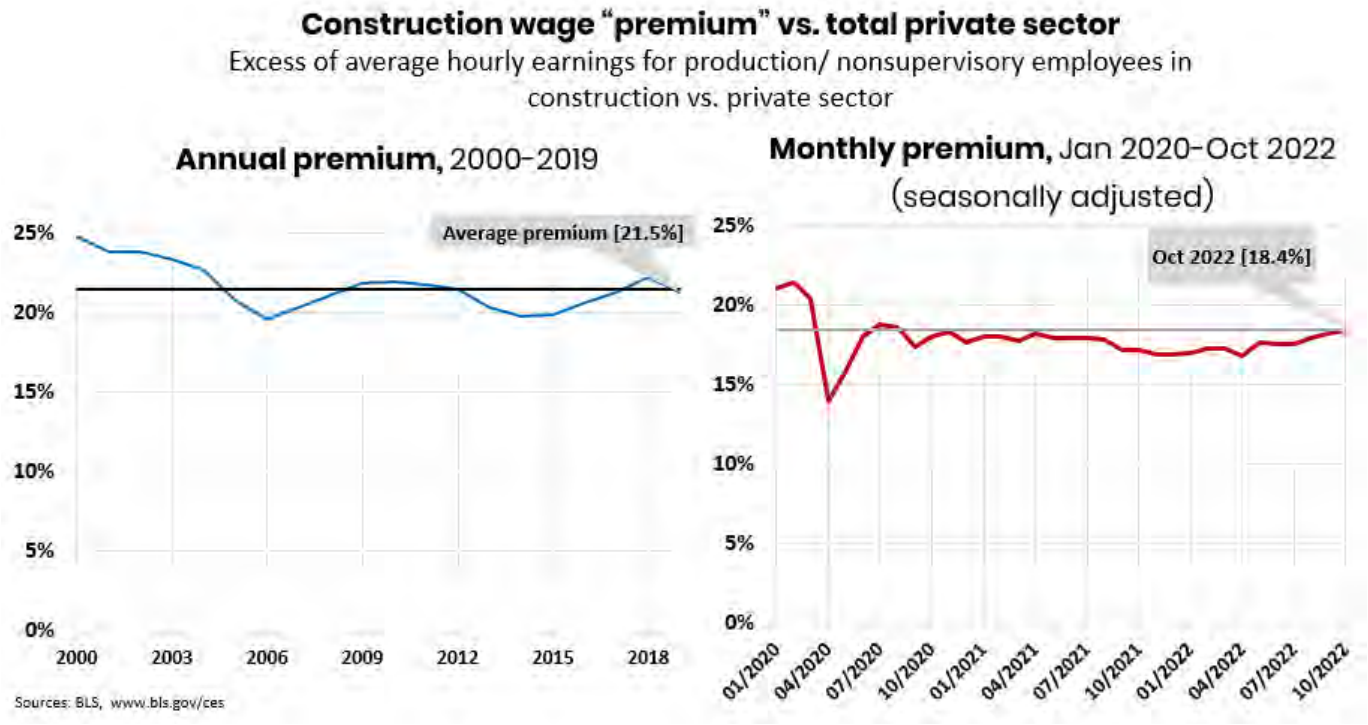
Figure 5

Source: Source: Bureau of Labor Statistics, www.bls.gov/jlt, JOLTS

In order to attract, retain, and bring back workers, construction firms are raising pay. Average hourly earnings in construction for "production and nonsupervisory employees"—mainly hourly craft workers—rose 6.1% from November 2021 to November 2022. That was roughly three times as large as the 2.0% increase that occurred three years earlier, in the 12 months ending in November 2019.

Despite the acceleration in wages, until recently construction pay has not risen as fast since the beginning of the pandemic as in other industries. Historically, as shown in Figure 6, contractors paid a "premium" to attract workers willing to work in the conditions, locations, and hours required for construction. Specifically, average hourly earnings for production workers in construction were 20-23% higher than for than the average for all private sector employees, until the onset of the pandemic. This premium shrank to 15% at the start of the pandemic as restaurants, warehouses, delivery services, and other industries drastically increased pay, and the premium has remained around 17% or less for the past 2-1/2 years. Other industries now offer greater flexibility regarding hours and worksites, including work from home, working conditions that are not possible for construction.

Figure 6



These differences imply that construction wages will have to rise even more steeply to restore (and perhaps expand) the pay premium. In addition, it is likely that contractors will pay more overtime to make up for the workers they don't have. They may also turn more to offsite production and onsite drones, robotics, 3-D printers, and other ways of reducing the number or skill level of the workers they employ.

What can contractors and ownersdo?

Contractors can provide project owners with timely and credible third-party information about changes in relevant material costs and supply-chain snarls that may impact the cost and completion time for a project that is underway or for which a bid has already been submitted.

Owners can authorize appropriate adjustments to design, completion date, and payments to accommodate or work around these impediments. Nobody welcomes a higher bill, but the alternative of having a contractor go out of business because of impossible costs or timing is likely to be worse for many owners.

For projects that have not been awarded or started, owners should start with realistic expectations about current costs and the likelihood of increases. They should provide potential bidders with accurate and complete design information to enable bidders to prepare bids that minimize the likelihood of unpleasant surprises for either party.

Owners and bidders may want to consider price-adjustment clauses that would protect both parties from unanticipated swings in materials prices. Such contract terms can enable the contractor to include a smaller contingency in its bid, while providing the owner an opportunity to share in any savings from downward price movements (as has occurred at various times in recent months with lumber, diesel fuel, and metals prices). The ConsensusDocs set of contract documents (www.consensusdocs.org) is one source of industry-standard model language for such terms. The ConsensusDocs website includes a price escalation resource center (https://www.consensusdocs.org/price-escalation-clause/).

The parties may also want to discuss the best timing for ordering materials and components. Buying items earlier than usual can provide protection against cost increases. But purchase before use entails paying sooner for the items; potentially paying for storage, security against theft and damage, and insurance; and the possibility of design changes that make early purchase unwise.

Conclusion

The construction industry continues to be in the midst of a period of exceptionally volatile and sometimes fast-rising costs for a variety of materials, compounded by major supply-chain disruptions and difficulty finding enough workers—a combination that threatens the financial health of many contractors. No single solution will resolve the situation, but there are steps that government officials, owners, and contractors can take to lessen the pain.

Federal trade policy officials can act immediately to end tariffs and quotas on imported products and materials. With many U.S. mills and factories already at capacity, bringing in more imports at competitive prices will cool the overheated price spiral and enable many users of products that are in short supply to avoid layoffs and shutdowns.

The federal government can improve the labor supply by allowing employers to sponsor more foreign-born workers to fill positions for which there are not enough qualified applicants. In addition, the federal government should fund and approve more apprenticeship and training programs to enable students and career-switchers to acquire the skills needed for construction trades.

Officials at all levels of government should review all regulations, policies, and enforcement actions that may be unnecessarily driving up costs and slowing importation, domestic production, transport, and delivery of raw materials, components, and finished goods.

Owners need to recognize that fast-changing materials costs and availability require a quick decision regarding bids and requests for changes. For new and planned projects, owners should expect quite different pricing from previous estimates. They may want to consider building in more flexibility regarding design, timing, or cost-sharing.

Contractors need, more than ever, to closely monitor costs and delivery schedules for materials and to communicate information with owners, both before submitting bids and throughout the construction process.

Materials prices do eventually reverse course. Owners and contractors alike will benefit when that happens. Until then, cooperation and communication can help reduce the damage.

ATTACHMENT B

LEAP ONE-PAGER

LEAP

LEBANON

GROUNDBREAKING GLOBAL INNOVATION IS HERE.

Build Faster. Expand Further. Reach Higher.

LEAP's "live, work, play" concept sets itself apart from other large-scale developments by being a state-driven strategy aimed at captivating a large-scale audience. Featuring abundant land and utility resources, LEAP aims to attract and retain a highly-skilled workforce. By designing an ecosystem for the betterment of target industries, such as life sciences, ag tech, microelectronics, clean tech, and battery innovation, companies in the LEAP Lebanon Innovation District will become the "employers of choice."

BY THE NUMBERS:

9,000+

acres ready to parcel for manufacturing, R&D facilities, or corporate campuses

50+

leading biotech, pharmaceutical and life sciences companies within 30 miles

#1

Indiana's top-ranked business environment offers an innovation friendly regulatory framework

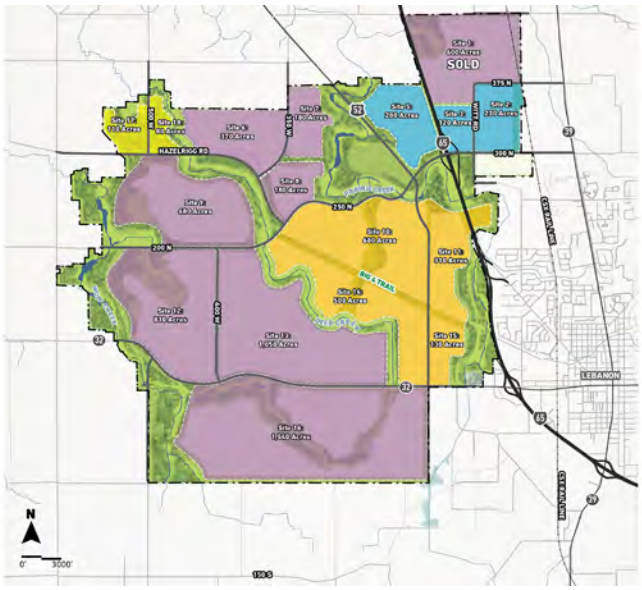
#1

home to top companies including Roche, Dow, PPG, BASF, Eastman Kodak, and Vertullus

#5

Carnegie R1 Purdue University, nation's 5th most innovative campus
(U.S. News)

PROPOSED LAND USE



LET US HELP YOU NAVIGATE THE SITE SELECTION PROCESS.

CONTACT US NOW.

Anastasia Geminden Lowe
Site Marketing & Lead Generation
ageminden@iedc.in.gov
463.214.0479

ATTACHMENT C

LEAP LEBANON FACTS + KEY MESSAGES

LEAP LEBANON
FACTS + KEY MESSAGES

Indiana Economic Development Corp

1. The Indiana Economic Development Corporation (IEDC) established the LEAP Innovation and Research District in Lebanon to better position Indiana to compete globally for high-tech jobs and help the state deliver strategic, investment-ready sites to industry leaders.

2. In May 2022, Eli Lilly and Company announced plans to anchor the district, and in April 2023, the company broke ground on its $3.7 billion pharmaceutical manufacturing campus.

3. While there is currently enough water to support the $3.7 billion anchor investment from Eli Lilly and Company, additional water will be needed to support other future-focused industries Indiana is working to attract to central Indiana and regions statewide.

4. One of the many driving factors to the LEAP Lebanon strategy was the opportunity to address an inevitable central Indiana water deficiency which has been identified in numerous water studies dating back to the 1960s.

5. Indiana has plentiful water throughout the state. There will be no harm done to any Indiana region in order to solve this water shortage. The Lafayette area will continue to grow.

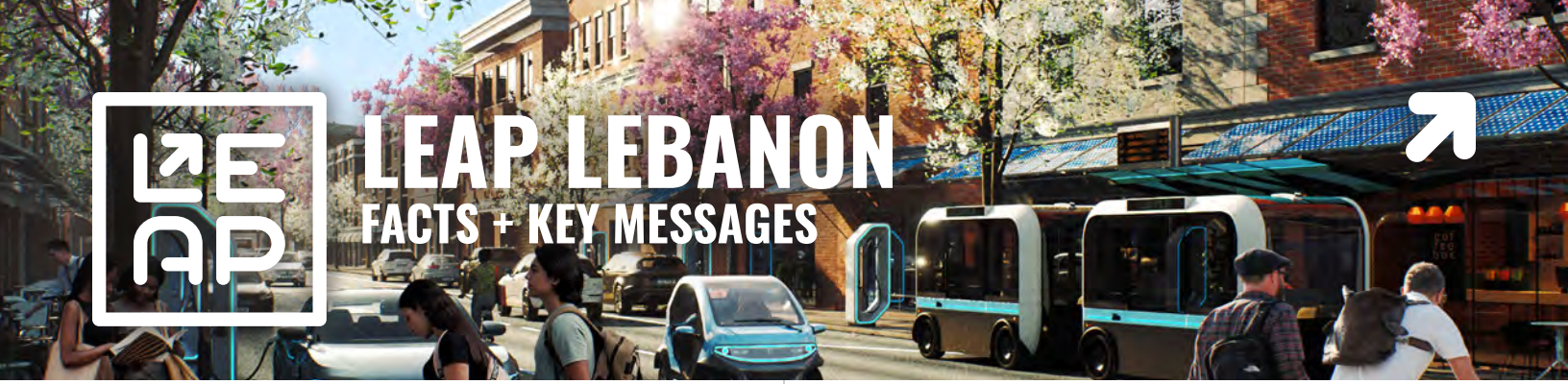
6. The IEDC is working with state and local leaders on a proposed regional water solution, which would source water from the Greater Lafayette region to central Indiana. The goal of these studies is to identify a way to deliver a viable solution that will give cities and towns near the new water pipeline access to additional water resources that in turn will bring more development and unlock unprecedented economic development investment.

7. These initial studies identified the Wabash Alluvial Aquifer as the most reasonable place for a new water source for central Indiana. Per law, and good public policy, the state cannot pull an amount of water that would adversely impact those attached to the aquifer or inhibit the growth of the Greater Lafayette region.

8. The IEDC is currently working with outside experts to confirm that moving water from the Wabash Alluvial Aquifer will not negatively impact the Lafayette region or any other region in the state. Results from the first two aquifer tests, which can be found **here**, were extremely promising, revealing there is significantly more water available in the aquifer than originally known and capable of supporting significant withdrawals.

    - Any impacts on residents in direct proximity to the aquifer would be mitigated at no cost to any resident.

9. Greater Lafayette and the surrounding areas will have additional water capacity to expand for decades to come. Cities and towns in this part of the state will be able to tap into the pipeline to have the resources to execute housing and economic development projects.



LEAP LEBANON
FACTS + KEY MESSAGES

10. This is not the end of the analysis or information being released. The state will be completely transparent as we obtain information moving forward regarding all stages of water ecosystem including wastewater, reclamation, etc.

11. While there are still a few more sites to test, current mapping indicates these additional sites will show similar results. The next two study sites have been identified and will be studied before the end of 2023. Once complete, all results will be vetted by experts at Indiana University, Purdue University and Ohio State University to ensure accuracy. The IEDC would welcome any additional reviews other entities would like to conduct.

12. The IEDC is putting resources behind this effort to support everyone's growth – this water solution will benefit Lafayette, central Indiana, LEAP and cities and towns along the water pipeline. This investment for Hoosiers will have a beneficial return for years to come.

13. Ongoing IEDC updates on this project can be found at **IndianaLEAP.com**.

ATTACHMENT J

LEBANON UTILITIES RESPONSE TO SRF PER REVIEW COMMENTS NO. 1

LEBANON UTILITIES RESPONSE TO SRF PER REVIEW COMMENTS NO. 1

11/15/2024

Lebanon Utilities
Water Supply Program
SRF Project No. DW 24 77 06 03

General Comments

1. Pursuant to SEA 4 (2019), the IFA is required to conduct regional meetings throughout the state to enable drinking water and wastewater utilities to work together to address long term needs. The legislation also requires utilities to report their participation in the meetings to the IFA. The schedule for IFA-hosted regional meetings can be found on the IFA website at https://www.in.gov/ifa/3035.htm. Borrowers must participate in a regional meeting prior to loan closing and continue to do so annually. Lebanon Utilities last reported participation in a regional meeting to IFA in 2024 and complies with this requirement until August 8, 2025. Contact Evan Fall at (317) 232-3195 or waterresources@ifa.in.gov for more information, if needed.

   Noted. Lebanon Utilities plans to continue regular participation in in these important regional meetings.

2. At this time, the SRF does not intend to award funding to Lebanon Utilities' Wholesale Water Supply Planning and Design project that will require compliance with the Build America, Buy America (BABA) Act. Therefore, it is anticipated that the project must comply with statutory American Iron and Steel (AIS) requirements. The SRF will notify Lebanon Utilities immediately if this funding condition changes. **To preserve funding options for future loan closings, it is recommended that all materials procured comply with BABA**. If there are any concerns with specific project elements being able to comply with BABA, please contact Amy Henninger at 317-232-6566 or ahenning@ifa.in.gov. If the project is co-funded with federal monies from an additional funding source, a determination of the Cognizant Agency will be necessary to establish domestic preference requirements for the project.

   Noted. Lebanon Utilities intends to procure materials to comply with BABA.

3. Financial Assistance Agreements for financings completed on or after July 1, 2024 will include the requirement to complete an annual Cyber Vulnerability Scanning Assessment. Information on the assessment can be found at https://www.cisa.gov/resources-tools/resources/cisas-free-cyber-vulnerability-scanning-water-utilities. Additionally, Asset Management Program (AMP)-related documents on the SRF website have been revised to include the requirement to complete an annual cyber security vulnerability assessment. This is noted as a minimum requirement in the certification and information related to completing an assessment can be found in Appendix C of the Asset Management Program guidance. Please visit https://www.in.gov/ifa/srf/applications-guidance-and-documents/#AMP for updated AMP information, including a new AMP Certification.

   Lebanon Utilities began the Cyber Vulnerability Scanning Assessment process on 11/1/2024 and will incorporate results into the PER upon completion.

4. Please provide an executed copy of the current AMP Certification (effective date July 1, 2024) and update the PER to include the following required AMP language:
   The loan applicant's existing Asset Management Program (AMP) meets the requirements defined by the State Revolving Fund's AMP Guidelines, pursuant to IC 5-1.2-10-16. The completed AMP Certification form is included in Appendix [X].

   The AMP Certification will be incorporated into the PER upon completion of the Cyber Vulnerability Scanning Assessment process. The required AMP language will then be added to the PER.

5. Please be aware that a State Board of Accounts (SBOA) audit, or third-party audit, valid through December 31, 2022 is required to close an SRF loan during calendar year 2024. Please provide information on Lebanon Utilities' plan to meet this requirement, in consultation with the Municipal Advisor.

   The City of Lebanon, inclusive of Lebanon Utilities, filed their Financial Statement Audit Report for January 1, 2022, through December 31, 2022, on August 3, 2023.

6. The initial financing is proposed to be for planning and design only. Please be aware that property rights (including for easements) will be required prior to future financings for construction. Please discuss the schedule for obtaining remaining required property rights. Additionally, please note that a letter will be required from Lebanon Utilities' attorney stating that all land acquisition completed for the project complies with 49 CFR Part 24.

   An updated Phase 1 Milestone Schedule has been included in the PER as Appendix D that notes the schedule for obtaining property rights. It is noted that all land acquisition completed for the project must comply with 49 CFR Part 24.

Technical Comments

7. Please revise PER figures to include a north arrow, bar scale, legend, and labeling of major features including roadways.

   Figures have been updated within the PER as requested.

8. Please provide a figure that labels Lebanon Utilities' existing and proposed drinking water service areas.

   Figure 5 has been added to the PER which shows the existing Lebanon Utilities Water Service Area (Current Lebanon Corporate Limits) and a Future System Planning Area.

9. Section 1 discusses capacities of the existing water treatment plant, wellfields, and storage tanks. Please also briefly discuss the distribution system piping.

   a. Please include the approximate age, condition, and when recent upgrades have occurred for major infrastructure. Are any significant upgrades or rehabilitation projects for existing infrastructure anticipated in the next 10 years?

      Lebanon Utilities updates their Water System Capital Improvements Plan (CIP) each year. Chapter 1 of the Water CIP discusses recently completed projects and identifies Emergency Hazards associated with the Water System. Short-Range and Long-Range Capital Projects are evaluated within the Water CIP. The 2024 version of the Water CIP has been incorporated into the PER as Attachment I.

   b. Figure A appears to show water main pipes over 12 inches in diameter; please label this along with location of water treatment plants, wellfields, storage tanks, and booster station(s).

      Existing Drinking Water System Mapping has been added as Figures 2 and 3 and the Wholesale Water Supply Program Phasing Schematics have been updated to provide additional details.

   c. Please identify existing system water loss and discuss whether water loss reduction is incorporated into the available water capacity calculation.

      Based upon the most recent audited water loss validation, Lebanon Utilities system water loss is around 14.1%, which is average when compared to industry standards. Water losses can be attributed to fire flows, fire system testing, hydrant flushing, and water main breaks.

d. In addition to existing average demand, please provide existing peak demand.

Existing average demand is around 2.00 MGD and existing peak demand is around 2.75 MGD.

10. It appears the planning period is 10 years for this PER. Typically a 20-year planning period is used. Please discuss the reasoning for the selected planning period for this report.

A 10-year planning period was utilized for the PER based upon CEG's ability and timeline to provide up to 25 MGD of wholesale water over the next 10-year period. Should additional water over the total buildout system capacity of 29.6 MGD, additional planning will be needed to satisfy demands.

a. Please provide a figure that labels Lebanon Utilities' 10-year service area. Please label IEDC's LEAP District, along with Henke Waterford Development, Hickory Junction Area, and future residential areas.

Figure 5, Lebanon Utilities Water Territory Map, has been provided which labels potential future developments as requested.

b. Please clarify whether the 10-year service area aligns with the IURC-proposed water regulated territory boundaries.

The service area falls within the IURC-proposed water regulated territory boundaries.

11. Section 2 discusses approximate 10-year demands for the LEAP District (10 to 15 MGD) and for City Developments (5 to 10 MGD).

a. Please include a 10-year average and peak demand projection that also includes population trends.

The peak demand for the 10-year planning period is estimated at 26.64 MGD, which is 90% of the full buildout peak capacity of 29.6 MGD. The corresponding average demand based on a peaking factor of 1.46 is 18.25 MGD.

b. Please provide a graph (x-axis: years; y-axis: MGD) for the proposed planning period showing projected total water capacity (sum of Lebanon Utilities and Citizens Water) and projected water demand (residential, industrial/commercial, and total).

Year	Capacity	Demand (Average MGD)	Demand (Peak MGD)
Current	4.6	2.00	2.92
2027	6.6	4.07	5.94
2028	14.6	9.00	13.14
2029	21.7	13.38	19.53
2031	29.6	15.00	21.90
2035	29.6	18.25	26.64

c. If available, please provide or reference the IEDC's land use plan to justify the future demand projections for the LEAP District. Are there written commitments from the developers, or planning documents with an identified flow per acre demand?

The LEAP Land Use Plan has been incorporated as Figure 4 in the PER and the LEAP PUD Ordinance is included as Chapter 4 in the City's new Unified Development Ordinance (UDO). The UDO can be found here: https://lebanon.in.gov/wp-content/uploads/2024/03/LEB-UDO-Adopted-Version-on-27-Feb-2024.pdf . The LEAP Land Use Plan includes 1,620 acres of Mixed-Use Development, 190 acres of Renewable/Green Energy sites, and 3,420 acres of Mega Site Development, and 2,575 acres of Advanced Manufacturing sites including the Eli

Lilly facilities already under construction. Due to the range of uses associated with the LEAP District, it is difficult to identify a flow per acre demand. Should the needs of the LEAP District and the Lebanon Civil District exceed the 10-year planning period projections, additional planning will be necessary to provide a solution. The initial developments that Lebanon Utilities is aware of the projects below that account for almost 8 MGD peak at full buildout and are summarized below. Additional projects are anticipated to be identified over the 10-year planning period.

	Project	Developer	Residential Lots (Units)	Commercial & Industrial Demand (GPD)	Water EDUs @ 500 per EDU
A	Eli Lilly LP1 and LP2	Eli Lilly		864000	1,728
B	Eli Lilly LP1X	Eli Lilly		550000	1,100
C	Project Matrix	Eli Lilly		800000	1,600
D	Project Domino	TBD		3000000	6,000
E	Project Bengal	TBD		140000	280
				TOTAL	10,708
					x 500
				Average GPD	5,354,000
					x1.49
				Peak GPD	7,977,460

d. Please provide justification for the future demand projections for the City Developments. Are there signed agreements? Does the City have a published land use plan or Utilities Master Plan with an identified flow per acre demand?

Lebanon Utilities has not entered into Pre-Allocation Agreements with Developers in the Lebanon Civil District based upon the current issues with water allocation. Demand projections for future City Developments are based upon Concept, Development, and Construction Plans that have been presented to the City and Lebanon Utilities through the City's TAC Process. Below is a summary of initial projects that have been identified through the TAC Process and represent almost 3 MGD at full buildout. Additional projects are anticipated to be identified over the 10-year planning period.

	Project	Developer	Residential Lots (Units)	Commercial & Industrial Demand (GPD)	Water EDUs @ 500 per EDU
A	Spectra Paddock Place	Spectra	230		230
B	Spring Creek, Section 1	Gradison	14		14
C	Spring Creek - Remaining Sections	Gradison	277		277
D	Corbett Towns	Lennar	91		91
E	Liberty Village	Lennar	85		85
F	Auburn Meadows, Section 4	Lennar	50		50
G	Angilee Gardens, Section 2	Forestar	40		40
H	Waterford	Lennar	3000		3,000
				TOTAL	3,787
					x 500
				Average GPD	1,893,500
					x1.49
				Peak GPD	2,821,315

e. Please provide a table with projected system storage volume, demand, and days of storage for each phase and the 10-year planning period (current, 2027, 2028, 2029, 2031, 2035).

Year	Capacity	Demand (Average MGD)	Storage Volume (MGD)	Days of Storage
Current	4.6	2.00	2.75	1.38
2027	6.6	4.07	6.75	1.66
2028	14.6	9.00	8.75	0.97
2029	21.7	13.38	8.75	0.65
2031	29.6	15.00	12.75	0.85
2035	29.6	18.25	12.75	0.70

f. Please discuss the status of the interlocal agreement between Citizens Water and Lebanon Utilities.

The Water Supply Agreement between CEG and Lebanon Utilities has been approved by each respective Board and is awaiting execution of financial agreements. The unsigned version has been included as Attachment B in the PER

12. A 20-year net present worth analysis is required for all feasible alternatives identified. Please update the PER with this analysis for Alternative 1.

A 20-year net present worth analysis will be provided for Alternative 1 in a future update to the PER.

13. It appears the properties needed for Connection Point 1 and elevated storage tank have not yet been acquired; please provide the status of the acquisition.

The property acquisition process has begun for both sites.

14. It appears final sizing and location have not been determined for the proposed Phase 1 transmission main, booster pumps, storage tanks, etc.

a. Please discuss how Lebanon Utilities plans to size the new infrastructure. Will a hydraulic model be utilized? Will storage tank volume be based on system-wide needs?

The new infrastructure has been sized based upon Lebanon Utilities WaterCAD model. Storage tank volumes are based upon system-wide needs.

b. Will the proposed storage tanks include mixing systems?

The proposed storage tanks will include mixing systems.

c. Please confirm coordination will continue with Citizens during design of Phase 1.

Lebanon Utilities will continue to coordinate with CEG throughout all phases of the program.

d. The proposed Phase 1 through 3 projects appear to be major transmission projects that will also provide a system loop. Please discuss whether any existing distribution system improvements, water main extensions, etc. will be needed to address bottlenecks or lack of infrastructure between the Citizens connection points and the end users, including any residential developments.

The proposed Phase 1 through 3 projects will provide numerous loops and redundancy for the Lebanon Utilities Water System. Additional distribution system infrastructure improvements needed to connect to individual users will be provided through either Development or through the Lebanon Utilities Capital Improvement Plans.

e. Please discuss if there will be initial water age concerns within the distribution system given the potential time between construction and actual consumption increases. If so, how will the design address these concerns?

Water age has been considered during the preliminary design. A minimum take has been included in the Water Supply Agreement with CEG that when met, will alleviate water age concerns. Additional demands over the minimum take amount are anticipated to coincide with the improvements to be ready by January 1, 2027. Should additional demands not be large enough to satisfy the minimum take, Lebanon Utilities has the ability to throttle back water production at their existing Water Treatment Plants to allow for the CEG supply to satisfy existing demands and meet minimum take requirements.

15. The PER cost table lists Phase 1 Total Construction Cost of $68,675,000 and Total Non-Construction Cost of $18,500,000.

a. Non-Construction costs include $8,500,000 for Land & Right-Of-Way Acquisition. Please clarify whether this includes the cost of actual land purchase.

The cost of actual land purchases is included in the $8,500,000 amount.

b. Please discuss what construction procurement method will be used (traditional bidding, Guaranteed Saving Contract, Build-Operate-Transfer, etc.).

It is anticipated that the Build-Operate-Transfer (BOT) will be utilized for procurement.

c. Please provide professional services agreements for costs that will be reimbursed by the initial SRF loan for SRF review and approval.

Professional service agreements for design and planning will be provided for SRF review and approval.

16. The PER schedule table lists Procurement in calendar year 2025 Q4.

a. Please clarify whether the Lebanon Utilities SRF loan will include material purchases outside of the construction contract(s).

Procurement as utilized in the PER schedule table was intended as a BOT Procurement period. The Phase 1 Milestone Schedule included as Appendix D in the PER provides additional Phase 1 detail. Lebanon Utilities will explore the possibility of purchasing materials under BOT Pre-Closing Services Contracts ahead of execution of BOT Construction Contracts to help with project schedule.

b. If the intent is to include material purchase in the upcoming SRF loan (i.e., outside of a construction contract), please identify which materials, and note solicitation procedures must comply with SRF requirements.

It is noted that solicitation procedures must comply with SRF requirements. Lebanon Utilities will explore the possibility of purchasing materials under BOT Pre-Closing Services Contracts ahead of execution of BOT Construction Contracts to help with project schedule. Materials may include, but not be limited to, ductile iron pipe, ductile iron fittings, valves, hydrants, shop drawings and long-lead time materials associated with ground and elevated storage tanks, and booster station components.

17. Please briefly discuss project GPR-eligibility and provide necessary documentation, as appropriate.

The project is not anticipated to utilize GPR.

18. Please provide a separate Phase 1 project schedule and add the following target milestones:

a. Land acquisition complete.

b. Completion of environmental site investigations (arch and wetland surveys, based on finalized project locations).
c. Completion of the public hearing requirements.
d. IDEM construction permit approval.
e. Front End Document Certification submittal to SRF.
f. Bid opening.
g. Loan closing.
h. Contract award.
i. Construction Notice to Proceed.
j. Project Substantial Completion.
k. Initiation of Operation.

An updated Phase 1 Milestone Schedule has been included as Appendix D in the PER.

19. Please provide the following for the initial financing for Planning and Design, once available:

    a. Public hearing documentation.
    b. PER Acceptance Resolution.
    c. Draft interlocal agreement(s).
    d. Professional services agreement(s).

    Public Hearing documentation has been provided as Attachments C through H in the PER. The draft LU/CEG Interlocal Agreement has been included as Attachment B. the PER Acceptance Resolution will be incorporated into the PER upon completion. Lebanon Utilities will provide professional service agreements once compiled.

20. Please confirm the public hearing and PER Acceptance Resolution cover the overall proposed program approach (Phases 1 through 3). Note that PER addenda, additional public hearing(s), and environmental vetting will be required for financing of the proposed construction phases once infrastructure sizing and locations are finalized.

    The Public Hearing covered the overall proposed program and the PER Acceptance Resolution will do the same. It is noted that additional vetting will be required for financing of the proposed construction phases.