

MEMO

Date: January 21, 2026
To: East Lakewood Sanitation District
From: RG and Associates, LLC
RGA Job No. 1189.0001
RE: 2025 Rate Analysis

Purpose:

The purpose of this analysis is to analyze the user rate structure for the East Lakewood Sanitation District's operations to ensure it generates the necessary revenue to meet the expenses of the district's sewer system and to set a structure that can pay for future operations and improvements, and account for inflation of those expenses over the next 10 years.

Methodology:

This rate study begins with the district's complete customer billing and consumption data, along with the existing and projected customer base, revenues, and expenses for 2024, using that year as the baseline for updating the study. Based on this information, we projected revenues and expenses for the next ten years through a proprietary interactive spreadsheet model developed by RG and Associates.

The Rate Analysis Model

- The model inputs the projected customer growth for the next ten years.
- The model calculates revenues from the billing structure on a monthly basis for a ten-year period.
- Routine expenses are calculated monthly and reflect the District's SFEs at that time. Inflation is applied in years 2026 – 2035 and its rate can be adjusted annually in the "Master Input Output" tab of the spreadsheet.
- Future capital expenses and specific expenses are input into the "10 - Year CIP" tab of the spreadsheet
- The model then displays a yearly revenue and expense spreadsheet for each year of the study.
- Finally, the model displays on the "Master IO" tab all the input variables, the sum of the of the yearly revenues and expenses called the fund balance and finally, the yearly accumulated fund balance.

Building the Model:

SFEs- The first step in building the model is to establish the customer growth rate on a monthly basis, year by year, in the “1 - SFEs” tab of the model. Growth figures are input for each of the development categories. The residential development growth was the only category to have growth in the next ten years, and that growth was established as 9 units in the year 2026. This SFE growth information was provided by Peter Kline, Operations and Financial Manager with Circuit Rider of Colorado, who noted an addition of **8 rowhouses and one connection for an ADU in 2026.**

East Lakewood Sanitation District												
2025 Sewer Rate Model												
Anticipated SFE Growth												
Monday, January 12, 2026												
RGA Job No.: 1189.0001												
► Table 1-1A Assumptions:												
Starting Number of Sewer SFEs:		As of Dec 2023										
Residential		414										
Commercial		39										
TOTAL SFEs:		453										
Sewer SFE Growth in 2024:												
											0 residential	
											0 commercial	
Table 1-1A: 2024 SFE Projections												
SFE Breakdown	2024											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Residential	414	414	414	414	414	414	414	414	414	414	414	414
Commercial	39	39	39	39	39	39	39	39	39	39	39	39
												453
► Table 1-2A Assumptions:												
Sewer SFE Growth in 2025:												
											0 residential	
											0 commercial	
Table 1-2A: 2025 SFE Projections												
SFE Breakdown	2025											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Residential	414	414	414	414	414	414	414	414	414	414	414	414
Commercial	39	39	39	39	39	39	39	39	39	39	39	39
												453
► Table 1-3A Assumptions:												
Sewer SFE Growth in 2026:												
											9 residential	
											0 commercial	
Table 1-3A: 2026 SFE Projections												
SFE Breakdown	2026											
	January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.
Residential	415	416	416	417	418	419	419	420	421	422	422	423
Commercial	39	39	39	39	39	39	39	39	39	39	39	39
												462

Expenses- The second step is to populate the expenses of the base year of the study, 2024, into the “Expenses” tab. These basic expenses are taken from the General fund and Administrative and Operating Costs from the Enterprise Fund balance sheets and projected forward into each year of the study, which is ten years, and adjustable by inflation each year.

Fixed Costs	January	February	March	April	May	June	July	August	September	October	November	December	Annual Budget
Accounting	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 432.01	\$ 5,184.11
Directors' Fees	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 525.00	\$ 6,300.00
CC Service Fees	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 10.98	\$ 131.74
Insurance and Bonds	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 551.75	\$ 6,620.96
District Management/Billing	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 4,317.56	\$ 51,810.74
Legal	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 589.08	\$ 7,068.92
Miscellaneous	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 590.47	\$ 7,085.59
Engineering	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 786.98	\$ 9,443.77
Depreciation Expense	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 527.55	\$ 6,330.60
Payroll Taxes	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 43.31	\$ 519.76
County Treasurer's Fee	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 113.29	\$ 1,359.45
Fixed Costs Total	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 8,487.97	\$ 101,855.64
2024 SFE's	453	453	453	453	453	453	453	453	453	453	453	453	453
Fixed Cost per SFE per Month	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74	\$ 18.74

Ten Year CIP- The third step is to input all the capital and rehabilitation projects for the next ten years into the “10 - Year CIP”, along with the cost of the project, the year that the project is slated to occur, and whether the project is to be cash funded or financed. That spreadsheet sums up the total costs for each year, which are then transferred to become a part of the expenses on each of the yearly revenue and expense spreadsheets shown on the year tabs.

		Year															
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035				
No.	Project Description - WWTP and Coll	Total Cost	Financed?		Project Year												
1	2026 Sanitary Sewer Projects	\$ 150,000			2026	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2	2029 Sanitary Sewer Projects	\$ 150,000			2029	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
3	2032 Sanitary Sewer Projects	\$ 150,000			2032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -		
4	2035 Sanitary Sewer Projects	\$ 150,000			2035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -		
5						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
7						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
8						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
9						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
10						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
11						\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		

The input on this spreadsheet comes from email correspondence with Wade Wheatlake. Capital improvement planning includes periodic condition assessments of the sewer system every three years, with rehabilitation projects such as lining or point repairs occurring as needed, typically every three years. Wade’s report estimated that the costs for these projects range between \$100,000 and \$150,000. For purposes of the rate model, we assumed \$150,000 every three years starting in 2026.

Year Tabs- These sheets calculate the revenue generated from user fees for each development category at the rates indicated at the top of the page. Those rates come from the percentage increase or decrease of the rates from the previous year, which is input on the **Master Input Output** tab. The user revenue and expenses on this sheet then transferred to the **Summary** tab and the **Master Input Output** tab.

East Lakewood Sanitation District														
2025 Sewer Rate Model														
2026 Anticipated Sewer Revenue Summary														
Monday, January 12, 2026														
RGA Job No.: 1189.0001														
Yearly Inflation on Wastewater Treatment Fees:											5.00%			
Percent Increase in Rates from Previous Year:											3.00%			
Yearly Inflation on General Expenses:											3.00%			
Table 4.4A: Proposed Sewer Water Rates														
Residential														
Flat Facility Fee	\$8.19													
Usage Fee	\$4.27	per		1,000										
Commercial														
Flat Facility Fee	\$8.19													
Usage Fee	\$4.27	per		1,000										
Table 4.4B: 2026 Revenue														
Revenue	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
Residential	415	416	416	417	418	419	419	420	421	422	422	423		
Flat Facility Fee	\$ 3,396.18	\$ 3,402.32	\$ 3,408.46	\$ 3,414.60	\$ 3,420.75	\$ 3,426.89	\$ 3,433.03	\$ 3,439.17	\$ 3,445.31	\$ 3,451.45	\$ 3,457.59	\$ 3,463.74	\$ 41,159.50	
Usage Fee	\$ 6,817.33	\$ 6,829.66	\$ 6,841.99	\$ 6,854.32	\$ 6,866.64	\$ 6,878.97	\$ 6,891.30	\$ 6,903.63	\$ 6,915.96	\$ 6,928.28	\$ 6,940.61	\$ 6,952.94	\$ 82,621.62	
Commercial	39	39	39	39	39	39	39	39	39	39	39	39		
Flat Facility Fee	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 319.35	\$ 3,822.22	
Usage Fee	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 350.51	\$ 4,206.11	
Metered Revenue	\$ 10,883.37	\$ 10,901.84	\$ 10,920.31	\$ 10,938.78	\$ 10,957.25	\$ 10,975.72	\$ 10,994.19	\$ 11,012.66	\$ 11,031.13	\$ 11,049.60	\$ 11,068.07	\$ 11,086.53	\$ 131,819.45	
Table 4.4C: 2026 Expenses														
Expenses	January	February	March	April	May	June	July	August	September	October	November	December	Totals	
Accounting	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 458.32	\$ 5,499.82	
Directors' Fees	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 556.97	\$ 6,683.67	
CC Service Fees	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 11.65	\$ 139.76	
Insurance and Bonds	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 585.35	\$ 7,024.18	
District Management/Billing	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 4,580.50	\$ 54,966.01	
Legal	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 624.95	\$ 7,499.42	
Miscellaneous	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 626.43	\$ 7,517.10	
Engineering	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 834.91	\$ 10,018.90	
Depreciation Expense	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 559.68	\$ 6,716.13	
Payroll Taxes	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 45.95	\$ 551.41	
County Treasurer's Fee	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 120.19	\$ 1,442.24	
Repairs and Maintenance	\$ 2,857.61	\$ 2,862.33	\$ 2,867.06	\$ 2,871.78	\$ 2,876.50	\$ 2,881.23	\$ 2,885.95	\$ 2,890.67	\$ 2,895.40	\$ 2,900.12	\$ 2,904.84	\$ 2,909.57	\$ 34,603.08	
MWR Sewer Treatment Fees	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 4,355.15	\$ 52,261.81	
2026 Sanitary Sewer Projects	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 12,500.00	\$ 150,000.00	
2029 Sanitary Sewer Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2032 Sanitary Sewer Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
2035 Sanitary Sewer Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses	\$ 28,717.65	\$ 28,722.37	\$ 28,727.10	\$ 28,731.82	\$ 28,736.54	\$ 28,741.27	\$ 28,745.99	\$ 28,750.71	\$ 28,755.44	\$ 28,760.16	\$ 28,764.88	\$ 28,769.61	\$ 344,923.53	
Annual Balance													\$ (213,104.09)	

Total Revenue and Expense Summary Tab- This tab simply summarizes all the sources of revenues and expenses, then transfers the results to the output section of the **Master Input Output** tab.

East Lakewood Sanitation District									
2025 Sewer Rate Model									
Annual Sewer Summary									
Tuesday, January 13, 2026									
RGA Job No.: 1189.0001									
		Residential Tap Fee	\$3,250.00						
► Table 5-1A Assumptions:		Commercial Tap Fee	\$3,250.00						
Connection Fee:		Yearly Inflation	3%						

Table 5-1B: Sewer Year-to-Year Summary

Year	New Residential SFEs Sales	New Commercial SFEs Sales	Connection Fee Revenue	Metered Revenue (Flat Facility Fee + Usage Fees)	Penalties Revenue	Miscellaneous Revenue (Interest Income, Property Taxes, Specific Ownership Taxes, Other Revenue)	Total Revenue	Expenses	Net change in Position
2024	0	0	\$ -	\$ 101,004.96	\$ (1,001.48)	\$ 127,848.25	\$ 227,851.73	\$ 181,528.09	\$ 46,323.64
2025	0	0	\$ -	\$ 126,581.40	\$ (1,001.48)	\$ 127,848.25	\$ 253,428.17	\$ 187,921.99	\$ 65,506.18
2026	9	0	\$ 29,250.00	\$ 131,819.45	\$ (1,001.48)	\$ 127,848.25	\$ 287,916.22	\$ 344,923.53	\$ (57,007.32)
2027	0	0	\$ -	\$ 137,029.57	\$ (1,001.48)	\$ 127,848.25	\$ 263,876.34	\$ 202,137.57	\$ 61,738.77
2028	0	0	\$ -	\$ 141,140.46	\$ (1,001.48)	\$ 127,848.25	\$ 267,987.23	\$ 209,299.19	\$ 58,688.03
2029	0	0	\$ -	\$ 145,374.67	\$ (1,001.48)	\$ 127,848.25	\$ 272,221.44	\$ 366,730.54	\$ (94,509.10)
2030	0	0	\$ -	\$ 149,735.91	\$ (1,001.48)	\$ 127,848.25	\$ 276,582.68	\$ 224,442.45	\$ 52,140.23
2031	0	0	\$ -	\$ 154,227.99	\$ (1,001.48)	\$ 127,848.25	\$ 281,074.76	\$ 232,446.21	\$ 48,628.54
2032	0	0	\$ -	\$ 158,854.83	\$ (1,001.48)	\$ 127,848.25	\$ 285,701.60	\$ 390,753.62	\$ (105,052.02)
2033	0	0	\$ -	\$ 163,620.47	\$ (1,001.48)	\$ 127,848.25	\$ 290,467.24	\$ 249,376.94	\$ 41,090.30
2034	0	0	\$ -	\$ 168,529.09	\$ (1,001.48)	\$ 127,848.25	\$ 295,375.86	\$ 258,329.00	\$ 37,046.86
2035	0	0	\$ -	\$ 173,584.96	\$ (1,001.48)	\$ 127,848.25	\$ 300,431.73	\$ 417,623.16	\$ (117,191.43)

Note: This table is made with no rate increases.

Master IO Tab- This spreadsheet is the heart of the spreadsheet model. This is where different yearly rate increase percentages can be input, where different inflation values can be input and the SFE increase can be input to recalculate the expenses and revenues then show the output results on the Annual Revenue chart at the bottom of the page. On this chart, the yearly Annual Fund Balance can be seen, as well as the Accumulated Fund Balance. Various yearly percentage rate increases or decreases can be implemented to achieve desired yearly and accumulated fund balances. This sheet also shows the starting year (2024) rates per user category, which are then adjusted each year by percentage increase or decrease.

Table 3-1A: 2024 Sewer Monthly Rates				Table 3-1B: 2025 Sewer Monthly Rates			
Residential				Residential			
Flat Facility Fee	\$7.25			Flat Facility Fee	\$7.95		
Usage Fee	\$3.75	per	1,000	Usage Fee	\$4.15	per	1,000
Commercial				Commercial			
Flat Facility Fee	\$7.25			Flat Facility Fee	\$7.95		
Usage Fee	\$3.75	per	1,000	Usage Fee	\$4.15	per	1,000

Table 3-1C: Sewer Annual Rate/SFE Increases					
Year	Yearly SFE Increase	Yearly Rate Increase	% SFE Increase	Yearly Inflation on General Expenses	Yearly Inflation on Wastewater Treatment Fees
2024	0	0%	0.0%	0.00%	0.00%
2025	0	0%	0.0%	3.00%	5.00%
2026	9	3.0%	1.0%	3.00%	5.00%
2027	0	3.0%	0.0%	3.00%	5.00%
2028	0	3.0%	0.0%	3.00%	5.00%
2029	0	3.0%	0.0%	3.00%	5.00%
2030	0	3.0%	0.0%	3.00%	5.00%
2031	0	3.0%	0.0%	3.00%	5.00%
2032	0	3.0%	0.0%	3.00%	5.00%
2033	0	3.0%	0.0%	3.00%	5.00%
2034	0	3.0%	0.0%	3.00%	5.00%
2035	0	3.0%	0.0%	3.00%	5.00%
	Tap Fee	\$3,250.00			

Table 3-1D: Sewer Annual Revenue								
Year	Metered Revenue	Tap Fee Revenue	Other Revenue*	Total Revenue	Expenses	Net Change in Position	Unallocated Revenues	
2024	\$ 101,004.96	\$ -	\$ 126,846.77	\$ 227,851.73	\$ 181,528.09	\$ 46,323.64	\$654,493.82	
2025	\$ 126,581.40	\$ -	\$ 126,846.77	\$ 253,428.17	\$ 187,921.99	\$65,506.18	\$720,000.00	
2026	\$ 131,819.45	\$ 29,250.00	\$ 126,846.77	\$ 288,916.22	\$ 344,923.53	(\$86,257.32)	\$633,742.68	
2027	\$ 137,029.57	\$ -	\$ 126,846.77	\$ 263,876.34	\$ 202,137.57	\$61,738.77	\$695,481.45	
2028	\$ 141,140.46	\$ -	\$ 126,846.77	\$ 267,987.23	\$ 209,299.19	\$58,688.03	\$754,169.49	
2029	\$ 145,374.67	\$ -	\$ 126,846.77	\$ 272,221.44	\$ 366,730.54	(\$94,509.10)	\$659,660.39	
2030	\$ 149,735.91	\$ -	\$ 126,846.77	\$ 276,582.68	\$ 224,442.45	\$52,140.23	\$711,800.62	
2031	\$ 154,227.99	\$ -	\$ 126,846.77	\$ 281,074.76	\$ 232,446.21	\$48,628.54	\$760,429.16	
2032	\$ 158,854.83	\$ -	\$ 126,846.77	\$ 285,701.60	\$ 390,753.62	(\$105,052.02)	\$655,377.15	
2033	\$ 163,620.47	\$ -	\$ 126,846.77	\$ 290,467.24	\$ 249,376.94	\$41,090.30	\$696,467.45	
2034	\$ 168,529.09	\$ -	\$ 126,846.77	\$ 295,375.86	\$ 258,329.00	\$37,046.86	\$733,514.30	
2035	\$ 173,584.96	\$ -	\$ 126,846.77	\$ 300,431.73	\$ 417,623.16	(\$117,191.43)	\$616,322.87	

Results and Recommendations

Given the spreadsheet designed as described above, we next began implementing various combinations of inflation values and yearly rate increases that could generate enough revenue to pay for the expenses each year plus have a modest yearly positive Annual Fund Balance, and a growing Accumulated Fund Balance that would be sufficient to cash-fund the rehabilitation projects that occur in the District every three years, and most importantly, provide rates that are sensitive to the community’s needs and sense of finances. For the following scenarios, we applied 3% per year inflation on general expenses and 5% per year inflation on wastewater treatment fees.

Scenario 1. No rate increases

This scenario models the effect to the reserve fund if there is no rate increase from 2026 through 2035. Annual projects are included in this scenario. This scenario results in a decrease in the reserve fund balance to \$382,857.14 which is a substantial loss and was deemed unacceptable.

Table 3-1C: Sewer Annual Rate/SFE Increases

Year	Yearly SFE Increase	Yearly Rate Increase	% SFE Increase	Yearly Inflation on General Expenses	Yearly Inflation on Wastewater Treatment Fees
2024	0	0%	0.0%	0.00%	0.00%
2025	0	0%	0.0%	3.00%	5.00%
2026	9	0%	1.0%	3.00%	5.00%
2027	0	0%	0.0%	3.00%	5.00%
2028	0	0%	0.0%	3.00%	5.00%
2029	0	0%	0.0%	3.00%	5.00%
2030	0	0%	0.0%	3.00%	5.00%
2031	0	0%	0.0%	3.00%	5.00%
2032	0	0%	0.0%	3.00%	5.00%
2033	0	0%	0.0%	3.00%	5.00%
2034	0	0%	0.0%	3.00%	5.00%
2035	0	0%	0.0%	3.00%	5.00%

Tap Fee \$3,250.00

Table 3-1D: Sewer Annual Revenue

Year	Metered Revenue	Tap Fee Revenue	Other Revenue*	Total Revenue	Expenses	Net Change in Position	Unallocated Revenues
2024	\$ 101,004.96	\$ -	\$ 126,846.77	\$ 227,851.73	\$ 181,528.09	\$ 46,323.64	\$654,493.82
2025	\$ 126,581.40	\$ -	\$ 126,846.77	\$ 253,428.17	\$ 187,921.99	\$65,506.18	\$720,000.00
2026	\$ 127,980.04	\$ 29,250.00	\$ 126,846.77	\$ 254,826.81	\$ 344,923.53	(\$90,096.72)	\$629,903.28
2027	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 202,137.57	\$53,872.71	\$683,775.99
2028	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 209,299.19	\$46,711.09	\$730,487.08
2029	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 366,730.54	(\$110,720.26)	\$619,766.82
2030	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 224,442.45	\$31,567.83	\$651,334.66
2031	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 232,446.21	\$23,564.07	\$674,898.73
2032	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 390,753.62	(\$134,743.33)	\$540,155.39
2033	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 249,376.94	\$6,633.34	\$546,788.73
2034	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 258,329.00	(\$2,318.72)	\$544,470.01
2035	\$ 129,163.51	\$ -	\$ 126,846.77	\$ 256,010.28	\$ 417,623.16	(\$161,612.88)	\$382,857.14

Scenario 2. Increase 5% in 2026, 2027, 2028, followed by yearly rate increases of 3% in 2029 through 2035.

This scenario models the effect of the reserve fund if the rates are increased by 5% in 2026, 2027, 2028, followed by yearly rate increases of 3% in 2029 through 2035. Annual projects are included in this scenario. This scenario results in a reserve fund balance of \$698,795.27 in 2035. This indicates that the rate increase of 5% in the first three years led to a reserve fund balance that was too large.

Table 3-1C: Sewer Annual Rate/SFE Increases

Year	Yearly SFE Increase	Yearly Rate Increase	% SFE Increase	Yearly Inflation on General Expenses	Yearly Inflation on Wastewater Treatment Fees
2024	0	0%	0.0%	0.00%	0.00%
2025	0	0%	0.0%	3.00%	5.00%
2026	9	5%	1.0%	3.00%	5.00%
2027	0	5%	0.0%	3.00%	5.00%
2028	0	5%	0.0%	3.00%	5.00%
2029	0	3%	0.0%	3.00%	5.00%
2030	0	3%	0.0%	3.00%	5.00%
2031	0	3%	0.0%	3.00%	5.00%
2032	0	3%	0.0%	3.00%	5.00%
2033	0	3%	0.0%	3.00%	5.00%
2034	0	3%	0.0%	3.00%	5.00%
2035	0	3%	0.0%	3.00%	5.00%
Tap Fee		\$3,250.00			

Table 3-1D: Sewer Annual Revenue

Year	Metered Revenue	Tap Fee Revenue	Other Revenue*	Total Revenue	Expenses	Net Change in Position	Unallocated Revenues
2024	\$ 101,004.96	\$ -	\$ 126,846.77	\$ 227,851.73	\$ 181,528.09	\$ 46,323.64	\$654,493.82
2025	\$ 126,581.40	\$ -	\$ 126,846.77	\$ 253,428.17	\$ 187,921.99	\$65,506.18	\$720,000.00
2026	\$ 134,379.05	\$ 29,250.00	\$ 126,846.77	\$ 261,225.82	\$ 344,923.53	(\$83,697.72)	\$636,302.28
2027	\$ 142,402.77	\$ -	\$ 126,846.77	\$ 269,249.54	\$ 202,137.57	\$67,111.97	\$703,414.26
2028	\$ 149,522.91	\$ -	\$ 126,846.77	\$ 276,369.68	\$ 209,299.19	\$67,070.49	\$770,484.74
2029	\$ 154,008.60	\$ -	\$ 126,846.77	\$ 280,855.37	\$ 366,730.54	(\$85,875.17)	\$684,609.57
2030	\$ 158,628.86	\$ -	\$ 126,846.77	\$ 285,475.63	\$ 224,442.45	\$61,033.18	\$745,642.75
2031	\$ 163,387.72	\$ -	\$ 126,846.77	\$ 290,234.49	\$ 232,446.21	\$57,788.28	\$803,431.03
2032	\$ 168,289.35	\$ -	\$ 126,846.77	\$ 295,136.12	\$ 390,753.62	(\$95,617.49)	\$707,813.53
2033	\$ 173,338.04	\$ -	\$ 126,846.77	\$ 300,184.81	\$ 249,376.94	\$50,807.86	\$758,621.40
2034	\$ 178,538.18	\$ -	\$ 126,846.77	\$ 305,384.95	\$ 258,329.00	\$47,055.94	\$805,677.34
2035	\$ 183,894.32	\$ -	\$ 126,846.77	\$ 310,741.09	\$ 417,623.16	(\$106,882.07)	\$698,795.27

Scenario 3. Increase 3% starting in 2026 all the way through 2035.

This scenario models the effect of the reserve fund if the rates are increased by 3% starting in 2026 all the way through 2035. Annual projects are included in this scenario. This scenario results in a reserve fund balance of \$616,322.87 in 2035. This indicates that the rate increase of 3% to keep up with inflation is reasonable.

This approach stabilizes Annual Fund Balances and allows Accumulated Fund Balances to rebuild thereafter. This structure will allow for the District to operate with positive Accumulated Fund Balances sufficient to serve as an emergency reserve fund and sufficient to cash-fund the rehabilitation projects that occur in the District every three years, provided ongoing monitoring confirms that composite cost inflation (driven by the share of wastewater treatment costs) does not outpace the planned 3% revenue trajectory in 2026–2035.

Table 3-1C: Sewer Annual Rate/SFE Increases

Year	Yearly SFE Increase	Yearly Rate Increase	% SFE Increase	Yearly Inflation on General Expenses	Yearly Inflation on Wastewater Treatment Fees
2024	0	0%	0.0%	0.00%	0.00%
2025	0	0%	0.0%	3.00%	5.00%
2026	9	3.0%	1.0%	3.00%	5.00%
2027	0	3.0%	0.0%	3.00%	5.00%
2028	0	3.0%	0.0%	3.00%	5.00%
2029	0	3.0%	0.0%	3.00%	5.00%
2030	0	3.0%	0.0%	3.00%	5.00%
2031	0	3.0%	0.0%	3.00%	5.00%
2032	0	3.0%	0.0%	3.00%	5.00%
2033	0	3.0%	0.0%	3.00%	5.00%
2034	0	3.0%	0.0%	3.00%	5.00%
2035	0	3.0%	0.0%	3.00%	5.00%
Tap Fee		\$3,250.00			

Table 3-1D: Sewer Annual Revenue

Year	Metered Revenue	Tap Fee Revenue	Other Revenue*	Total Revenue	Expenses	Net Change in Position	Unallocated Revenues
2024	\$ 101,004.96	\$ -	\$ 126,846.77	\$ 227,851.73	\$ 181,528.09	\$ 46,323.64	\$654,493.82
2025	\$ 126,581.40	\$ -	\$ 126,846.77	\$ 253,428.17	\$ 187,921.99	\$65,506.18	\$720,000.00
2026	\$ 131,819.45	\$ 29,250.00	\$ 126,846.77	\$ 258,666.22	\$ 344,923.53	(\$86,257.32)	\$633,742.68
2027	\$ 137,029.57	\$ -	\$ 126,846.77	\$ 263,876.34	\$ 202,137.57	\$61,738.77	\$695,481.45
2028	\$ 141,140.46	\$ -	\$ 126,846.77	\$ 267,987.23	\$ 209,299.19	\$58,688.03	\$754,169.49
2029	\$ 145,374.67	\$ -	\$ 126,846.77	\$ 272,221.44	\$ 366,730.54	(\$94,509.10)	\$659,660.39
2030	\$ 149,735.91	\$ -	\$ 126,846.77	\$ 276,582.68	\$ 224,442.45	\$52,140.23	\$711,800.62
2031	\$ 154,227.99	\$ -	\$ 126,846.77	\$ 281,074.76	\$ 232,446.21	\$48,628.54	\$760,429.16
2032	\$ 158,854.83	\$ -	\$ 126,846.77	\$ 285,701.60	\$ 390,753.62	(\$105,052.02)	\$655,377.15
2033	\$ 163,620.47	\$ -	\$ 126,846.77	\$ 290,467.24	\$ 249,376.94	\$41,090.30	\$696,467.45
2034	\$ 168,529.09	\$ -	\$ 126,846.77	\$ 295,375.86	\$ 258,329.00	\$37,046.86	\$733,514.30
2035	\$ 173,584.96	\$ -	\$ 126,846.77	\$ 300,431.73	\$ 417,623.16	(\$117,191.43)	\$616,322.87

Rate Summary Recap

With the increases recommended above, the resulting rates will be as shown below:

Year	Yearly Increase	Residential Flat Facility Fee	Residential Usage Fee	Commercial Flat Facility Fee	Commercial Usage Fee
2024	0.00%	\$7.25	\$3.75	\$7.25	\$3.75
2025	0.00%	\$7.95	\$4.15	\$7.95	\$4.15
2026	3.00%	\$8.19	\$4.27	\$8.19	\$4.27
2027	3.00%	\$8.43	\$4.40	\$8.43	\$4.40
2028	3.00%	\$8.69	\$4.53	\$8.69	\$4.53
2029	3.00%	\$8.95	\$4.67	\$8.95	\$4.67
2030	3.00%	\$9.22	\$4.81	\$9.22	\$4.81
2031	3.00%	\$9.49	\$4.96	\$9.49	\$4.96
2032	3.00%	\$9.78	\$5.10	\$9.78	\$5.10
2033	3.00%	\$10.07	\$5.26	\$10.07	\$5.26
2034	3.00%	\$10.37	\$5.41	\$10.37	\$5.41
2035	3.00%	\$10.68	\$5.58	\$10.68	\$5.58

Conclusion

In conclusion, we feel that yearly rate increases of 3% starting in 2026 all the way through 2035, represent the best balance of adjustments to provide adequate funding for the necessary immediate and future improvements to the system, while building an emergency reserve fund that will be sufficient to cash-fund the rehabilitation projects that occur in the District every three years.