Preserving 50 years of investment

A measured, three-year plan for reliable wastewater service

2027 +18.1% • **2028 +6%** • **2029 +6%**

The decision before the Legislature

- Approve a phased sewer rent adjustment for 2027–2029
- Address an existing structural operating shortfall
- Prepare for financing, infrastructure renewal and regulatory uncertainty
- Protect ratepayers from the higher cost of deferred maintenance

What residents will actually pay

Category	2026	2027	2028	2029
Metered / 1,000 gal	$4.20	$4.96	$5.26	$5.58
Annual minimum	$233.12	$275.08	$291.60	$309.08
Unmetered flat / year	$295.72	$348.95	$369.89	$392.08

2027 annual minimum: +$41.96 / year ≈ $3.50 / month

2027 unmetered flat rate: +$53.23 / year ≈ $4.44 / month

A facility entering its sixth decade

- Constructed in the early 1970s; commissioned in 1976
- Many critical components are approaching or exceeding typical service-life expectations
- Past conservative rates delivered affordability benefits
- The next phase requires a proactive approach

The 2027 baseline budget is not balanced

$11,659,670

Projected total revenue

$12,903,760

Projected expenses

$1,244,090 projected shortfall

Revenue includes $340,000 in scavenger fees, which are not increased by this proposal.

Additional costs are not fully reflected

- Proposed Siemens financing: $8,644,763 over 20 years
- First annual payment: $639,929, outside the 2027 baseline budget
- Selected salary adjustments proposed: $104,128
- Other UPSEU-negotiated salary adjustments remain undetermined

Do not assume the proposed rate increase covers all future costs.

2027 combined funding requirement

$1,244,090

Baseline budget shortfall

$639,929

Siemens first-year payment

$1,884,019 combined revenue requirement

16.64% rate-revenue increase needed to cover these two items

Assumes Siemens approval. Excludes $340,000 scavenger revenue and pending salary adjustments.

Calculation: $1,884,019 ÷ $11,319,670 sewer-rent revenue. Salary increases remain unbudgeted.

Examples of significant emergency repairs

Incident	Approximate cost
2021 electrical service loss	$1,222,837
2022 building 8 MCC / electrical fire	$903,995
2022 influent channel leak	$195,694
2025 Monroe Street valve leak	$196,852
2026 plant lighting / compliance	~$100,000

Selected examples of emergencies experienced by RCSD—not a complete list.

Aging infrastructure increases the risk of unplanned repairs and service disruptions.

Prioritize the next capital program

- Update asset management and capital improvement plans
- Evaluate tide gates in 2027; scope necessary repair or replacement
- Assess deteriorating buildings and facility lighting / security
- Improve headworks grit and screening removal
- Prioritize projects by condition, consequence of failure and affordability

Historical rates reflect deliberate restraint

2014 CDM Smith study

- Recommended a sequence of increases through 2019
- Projected 2019 sewer rate: $5.07 per 1,000 gallons
- Proposed 2027 rate: $4.96 — still $0.11 below that nominal 2019 recommendation
- Capital projects identified in the 2014 study have been completed

Inflation reinforces the historical context

2017 actual rate: $3.82 / 1,000 gallons

2027 proposed rate: $4.96

2027 CPI-adjusted 2017 benchmark: $5.41*

The proposed rate is below the inflation-adjusted benchmark.

*Per supplied worksheet; 2026 and 2027 inflation assumptions are projections, not actuals.

Fund balance is a buffer—not a capital plan

$5,901,138.97

Reported unappropriated sewer fund balance

- Aging assets create potentially substantial future capital obligations
- Using reserves for recurring operations is not a sustainable long-term solution
- Financing requires adequate repayment capacity and lender covenant compliance
- Debt service coverage must be calculated from actual eligible net revenues

Regulatory change creates additional uncertainty

- Environmental compliance expectations continue to evolve
- Potential restrictions on biosolids disposal could alter treatment and hauling costs
- Alternative disposal pathways may require new contracts or capital investment
- Plan for uncertainty without representing proposals as enacted requirements

A dedicated district requires dedicated revenue

- RCSD operates as a separate sewer district funded through district revenue
- The proposed rates support district services, assets and obligations
- Legislative oversight and public accountability remain essential
- The proposal warrants support across party lines because service reliability is shared

Why phase increases across three years?

- Begin closing the current funding gap in 2027
- Provide predictable adjustments in 2028 and 2029
- Avoid relying on reserves or repeated emergency interventions
- Create a foundation for an updated multi-year capital and financial plan

Requested legislative action

Support the 2027–2029 sewer rent schedule

Protect essential service today. Preserve the infrastructure for tomorrow.

This is a planned investment in reliability, public health and responsible long-term environmental stewardship to our community.