

Indiana Comparative Rate Study: Regional Sewer Districts

SUMMARY REPORT OF COMPREHENSIVE SURVEY

December 2022

Contents

The accompanying report summarizes a study of rates and charges for sewer service provided by many Regional Sewer Districts in Indiana. The survey is based upon publicly available information as well as information provided by the participating Districts as of December 2022.

Preface.....	3
Infrastructure, Investment and Jobs Acts (IIJA)	4
Baker Tilly COMPASS	5
Schedule of Average Statistics	6
Average Statistics Based on Customer Base	7
Minimum/Maximum Monthly Charge by Customer Base	8
RSD's by Customer Base	9
Effective Date of RSD Rates	9
About Baker Tilly.....	10-12



Preface

This report covers 73 Indiana Regional Sewer Districts ("RSD's"). We at Baker Tilly are pleased to provide this analysis because we feel it is an important resource to RSD decision makers around the State of Indiana. Accurately comparing rates and charges with those of similar Districts is an important tool to assist District managers and decision makers.

General Information

The majority of RSDs throughout the State bill their customers on the basis of a flat rate. In instances where an RSD has both a flat rate and a metered rate, we've generally used the flat rate for purposes of this study. In instances where an RSD bills solely on the basis of metered flow, we have assumed a flow of 5,000 gallons per month for a typical average residential customer in calculating the monthly bill.

Disclaimers

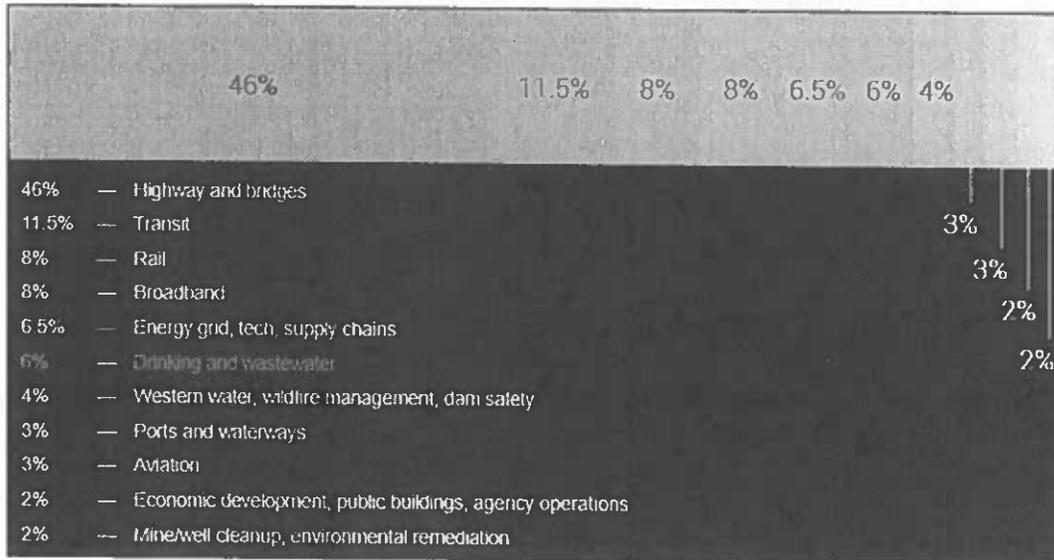
In our work around the State, we are frequently asked how a utility's rates compare to those in other areas. It is natural that both government officials and citizens ask this question, and this report will help answer that question as it pertains to RSD's. This report and the question it answers, however, does have limitations. First, it is important to recognize the difference between municipal Sewage Works and Regional Sewer Districts when comparing customer billings. Municipalities compared to RSDs generally not only have a greater number of customers but also greater customer diversity which creates economies of scale as well as lower collection system costs. These capital characteristics generally result in lower customer billings compared to smaller, more rural RSDs. Also, comparing a residential bill between two different RSD utility systems tells you what a customer on each system pays for the same amount of usage. But comparing the bills for similar customers on two different sewer systems doesn't tell the complete story. Differences in the age of the system, operating characteristics, staffing, customer makeup and usage levels, and many other factors all impact the utility's cost structure and therefore its rate structure, as well. Without taking these factors into consideration, the user could reach incorrect conclusions regarding the differences in customer billings for the same amount of usage from one utility to the next.

As we mentioned previously, preparing this report requires collecting and analyzing a fairly large amount of rate data that to some extent is in a perpetual state of change. The information contained in this report is as accurate as we are able to make it as of the date of this report.



Infrastructure, Investment and Jobs Acts (IIJA)

President Biden signed into law the \$1.2 trillion bipartisan Infrastructure Investment and Jobs Act (IIJA) on Nov. 15, 2021. Of this amount, approximately \$650 billion represents the reauthorization of existing spending and \$550 billion represents new funding. The graph below illustrates the breakdown of funding over the next five years.



The IIJA represents a massive amount of new investment to address our country's aging infrastructure replacement needs including much-needed water infrastructure. Indiana alone will be receiving an estimated \$751 million in funding specifically for water and wastewater infrastructure projects focused on projects that involve economically distressed areas, small and disadvantaged communities, lead pipe remediation projects and lead contamination in school drinking water.



Baker Tilly COMPASS

Given the sheer volume of funds being distributed and the numerous federal and state programs involved in administering those dollars it becomes vital that local governments approach and plan for these dollars in a holistic and strategic way. Baker Tilly has developed an approach that we call COMPASS that focuses first on the municipality's driven goals and needs in order to identify and align the proper funding source with the project need. It takes into account all potential funding sources including both competitive and non-competitive ARPA and IIJA funds, state and local funds as well as debt financing. This approach is to ensure the municipality utilizes and leverages all resources available to it. The graph below illustrates the steps involved in COMPASS to help place the municipality on the road to success.



1 Assess and establish community goals	2 Identify and align resources	3 Develop and prioritize strategic funding plan	4 Execute multiyear plan	5 Monitor and evaluate plan progress
At this point: <ul style="list-style-type: none"> - Stakeholder engagement and input - Community needs assessment and/or survey - Current conditions analysis - Challenges and risks analysis - Assessment/input analysis - Goals prioritization 	At this point: <ul style="list-style-type: none"> - Funding, leadership, human capital and other community resource canvassing - Funding eligibility analysis - Resource coordination and collaboration 	At this point: <ul style="list-style-type: none"> - Project mapping (e.g., housing, economic development, utilities, transportation, workforce, education, etc.) - Stakeholder involvement 	At this point: <ul style="list-style-type: none"> - Communitywide communication - Grant funding application and administration - Funding procurement and alignment - Establish community impact metrics (e.g., fiscal, economic, environmental, social, etc.) 	At this point: <ul style="list-style-type: none"> - Analyze results compared to goals - Community impact measurement - Continuous communication and plan updates - Adapt plan according to legislative and other future changes
Ongoing compliance				



Indiana Comparative Rate Study: Regional Sewer Districts

Schedule of Average Statistics

Comprehensive Average Statistics			
	Prior Study (2019)	Current Study (2022)	Percentage Change
Minimum Bill	\$24.45	\$24.45	0.0%
Average Bill	\$80.90	\$61.61	-23.8%
Maximum Bill	\$128.40	\$159.91	24.5%

In the time between our 2019 and 2022 studies, the minimum monthly bill remained the same, but the average bill decreased by \$19.29, or 23.8% due to Allen County Regional Sewer District being purchased by the City of Fort Wayne. Over the same period of time, the maximum RSD bill increased by \$31.51 or 24.5%.

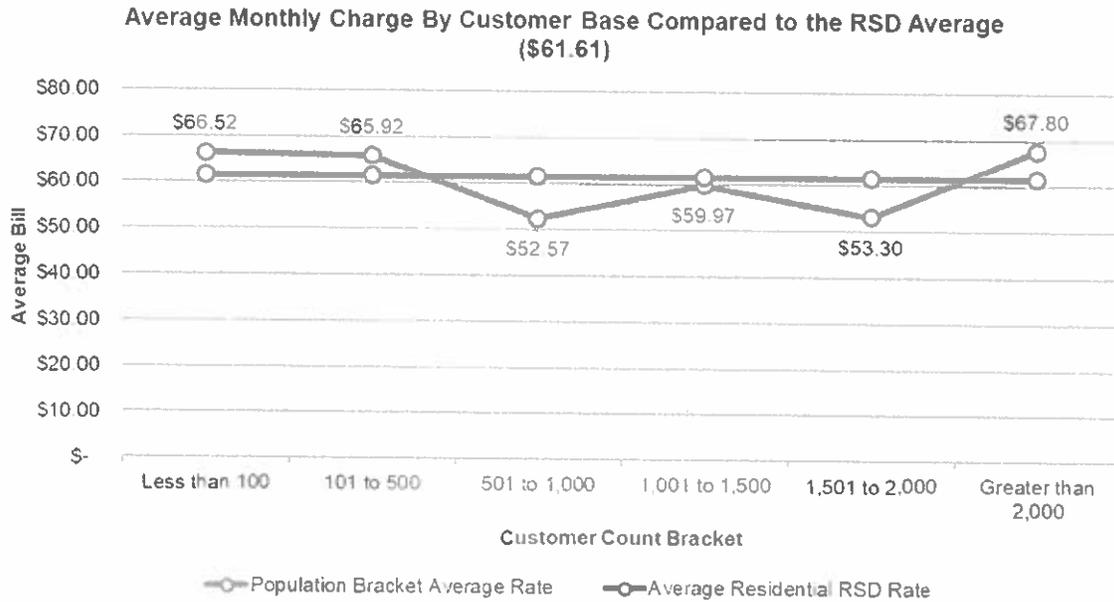
Average Statistics Based on Customer Size				
Number of Customers	Number of Districts	Minimum Bill	Average Bill	Maximum Bill
Less than 100	12	\$26.63	\$66.52	\$110.00
101 to 500	28	\$24.45	\$65.92	\$159.91
501 to 1,000	17	\$31.57	\$52.57	\$93.90
1,001 to 1,500	3	\$45.99	\$59.97	\$71.75
1,501 to 2,000	5	\$33.32	\$53.30	\$80.00
Greater than 2,000	8	\$26.12	\$67.80	\$83.95



Indiana Comparative Rate Study: Regional Sewer Districts

Average Statistics Based on Customer Size

The graph below compares the average monthly bill for each customer count bracket to the statewide average of \$61.61. While there are some fluctuations in rates above and below the statewide average, most of the customer count brackets fall close to the average.



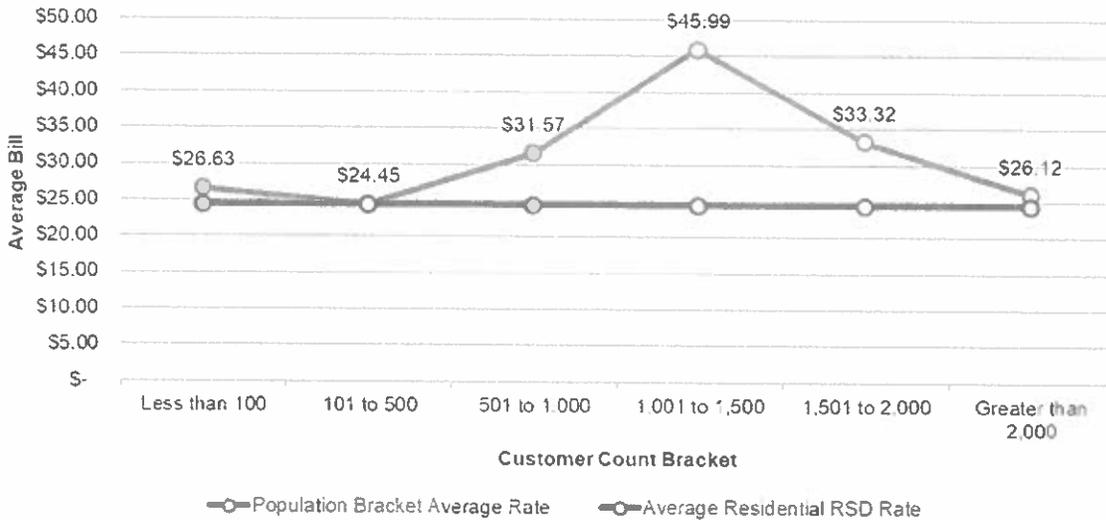


Indiana Comparative Rate Study: Regional Sewer Districts

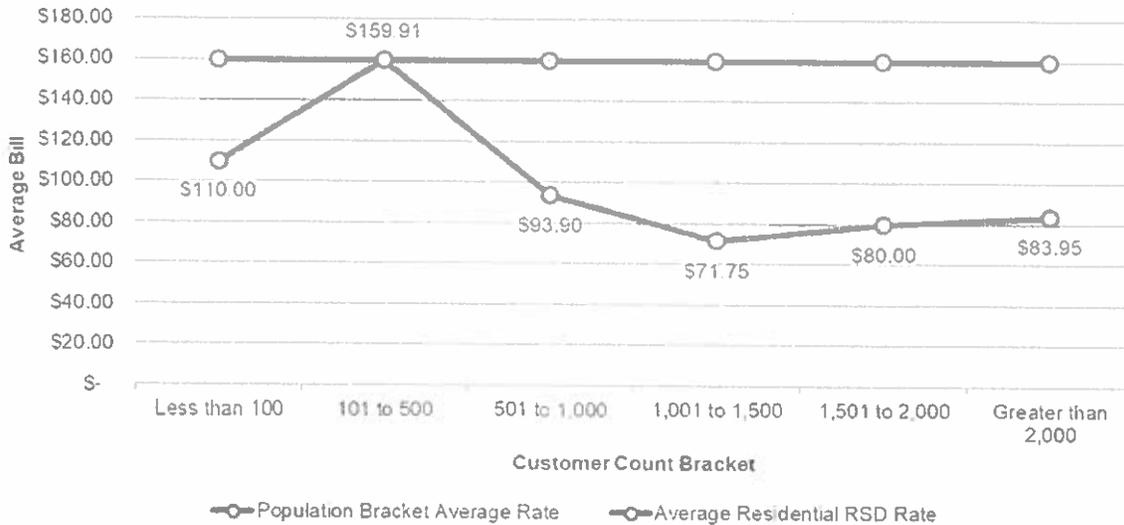
Minimum and Maximum Monthly Charge by Customer Size

The graphs below show the lowest and highest monthly bills within each customer count bracket. The lowest monthly bill is \$24.45, and the highest is \$128.40.

Minimum Monthly Charge By Customer Base Compared to the RSD Minimum (\$24.45)



Maximum Monthly Charge By Customer Base Compared to the RSD Maximum (\$159.91)

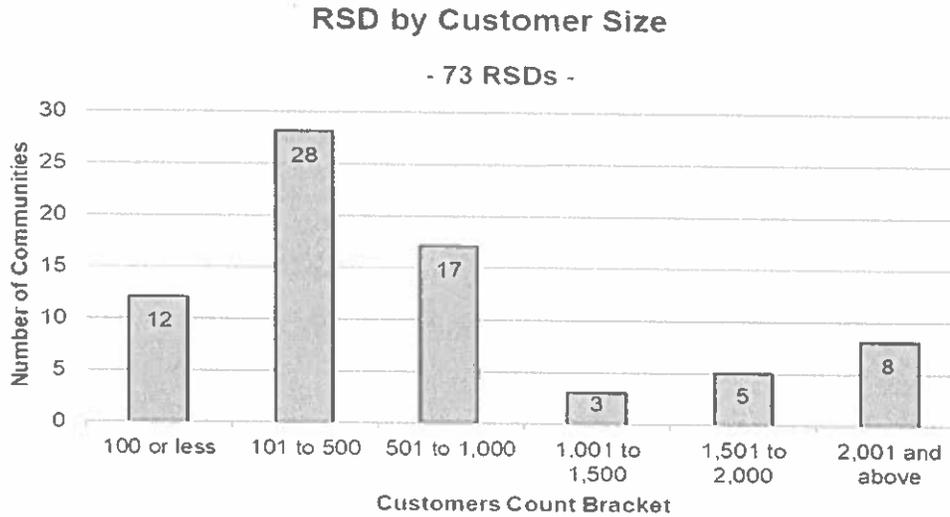




Indiana Comparative Rate Study: Regional Sewer Districts

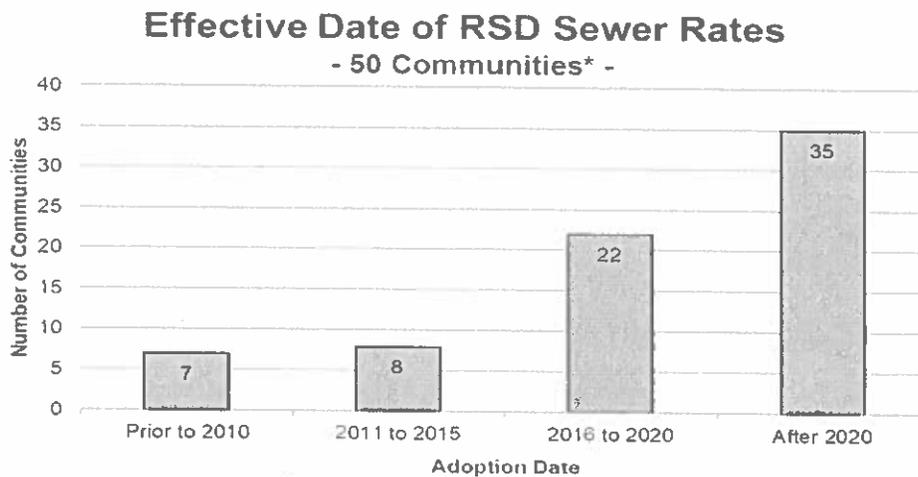
Regional Sewer Districts by Customer Size

Our study includes 73 Regional Sewer Districts, based on our client base and research. The chart below shows these RSD's categorized by number of customers.



Effective Date of Regional Sewer District Rates

The chart below shows the effective dates of current rates for 50 of the 73 districts included in our research.



*Data shows 50 regional sewer districts. Some districts have multiple service areas, each with their own adoption date.



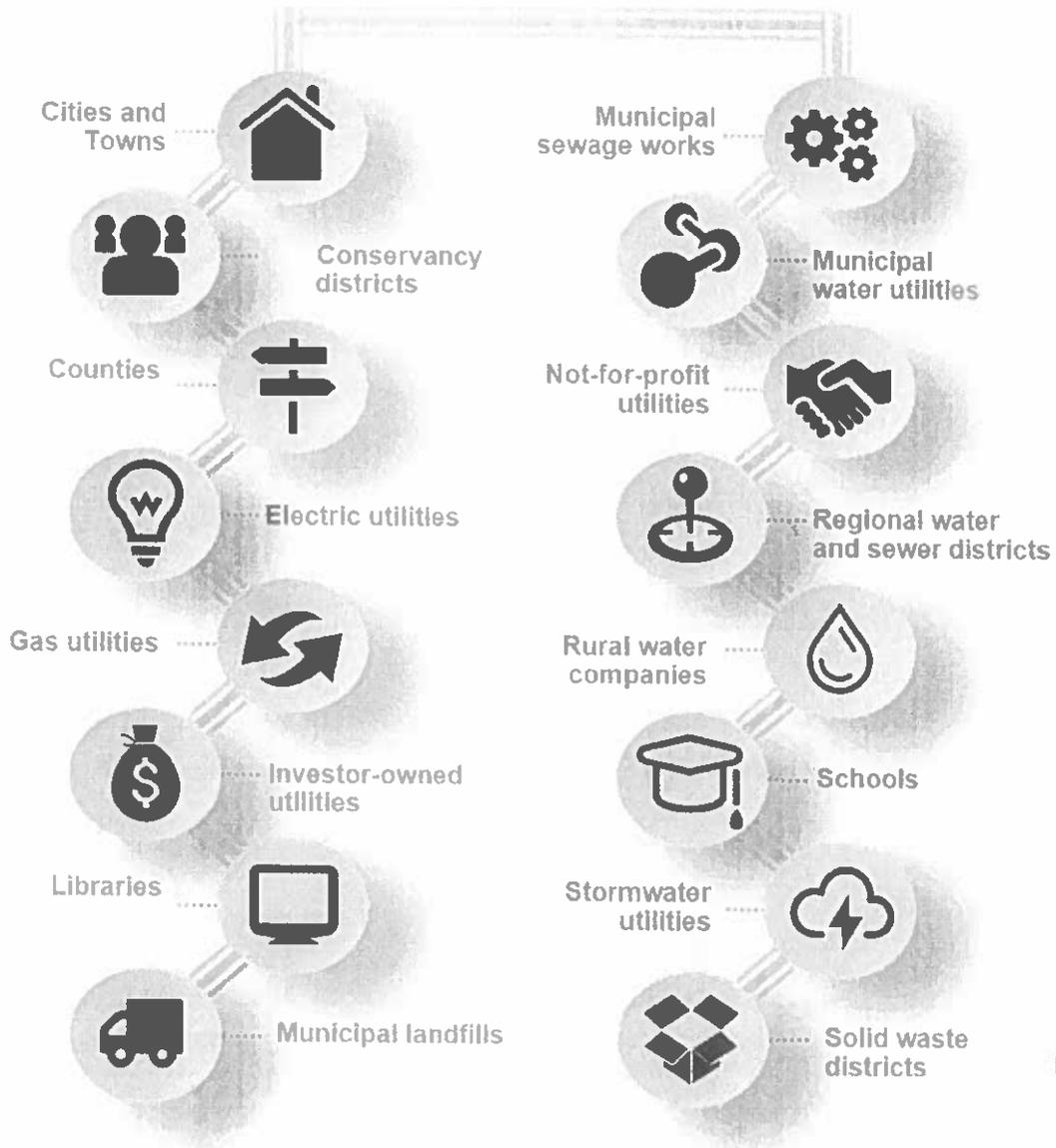
About Baker Tilly

Baker Tilly Municipal Advisors

Baker Tilly's strategic combination with Springsted and Umbaugh in 2019 has created one of the nation's largest municipal advisory practices. Our team of Value Architects™ collaborates with public sector organizations to help resolve financial issues to improve operations and build stronger communities. Baker Tilly Municipal Advisors (BTMA) is a leader in providing municipal advisory services related to the planning and financing of capital projects through the issuance of long-term municipal bonds.

BTMA is a top ranked national practice in debt management and municipal bond issuances. In 2020, we were the third-ranked municipal advisory firm by number of municipal bond transactions. Our professionals work with numerous sophisticated issuers and have the experience and expertise needed to tackle complex financings of any size.

We are municipal advisors to:

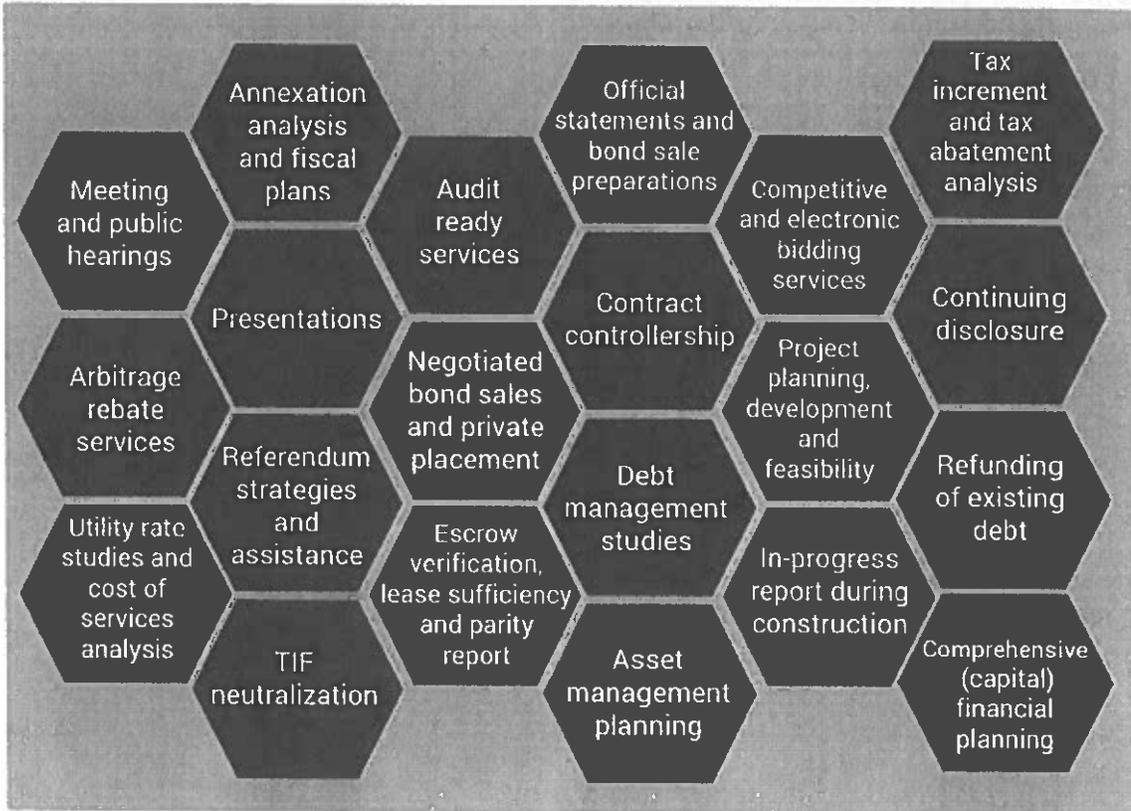




About Baker Tilly

Baker Tilly Municipal Advisors (cont.)

Municipal advisory services



Connect with us

bakertilly.com



Jeff Rowe, CPA
 Partner
 +1 (574) 367 5368
jeff.rowe@bakertilly.com



Doug Baldessari, CPA
 Partner
 +1 (317) 465 1508
doug.baldessari@bakertilly.com



About Baker Tilly

Independence

BTMA is an independent municipal advisory practice. Our role is distinguished from others in the working group due to our fiduciary responsibility – advocating for our clients with no competing interest. Baker Tilly, along with its legal advisors, have carefully researched MSRB And SEC regulations and professional accounting standards and concluded that municipal advisory and accounting services, absent special circumstances, can be provided to a client. This proven approach has not hindered the marketability of an issuer's bonds.

Baker Tilly

Baker Tilly US, LLP (Baker Tilly) is a leading advisory CPA firm, providing clients with a genuine coast-to-coast and global advantage in major regions of the U.S. and in many of the world's leading financial centers. Baker Tilly is a member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 148 territories, with 36,000 professionals and a combined worldwide revenue of \$4 billion.

Baker Tilly has a specialized public sector practice whose dedicated professionals guide government entities through an ever-changing environment. Our team helps governments, utilities and school districts pursue growth goals, meet financial obligations and build stronger communities with effective accounting, audit, tax, municipal advisory, financial management, performance optimization, talent management, executive recruitment and economic development services.

Indiana comparative rate study: sewer (April 2022)

Copyright © 2022 Baker Tilly Municipal Advisors, LLC

Baker Tilly Municipal Advisors, LLC is a registered municipal advisor and controlled subsidiary of Baker Tilly US, LLP, an accounting firm. Baker Tilly US, LLP trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. © 2022 Baker Tilly US, LLP



Indiana Comparative Rate Study: Regional Sewer Districts

SUMMARY REPORT OF COMPREHENSIVE SURVEY

December 2022