RCAP

Rural Community Assistance Partnership

Water & Sewer Rate Recommendations: November, 2025 West Salem

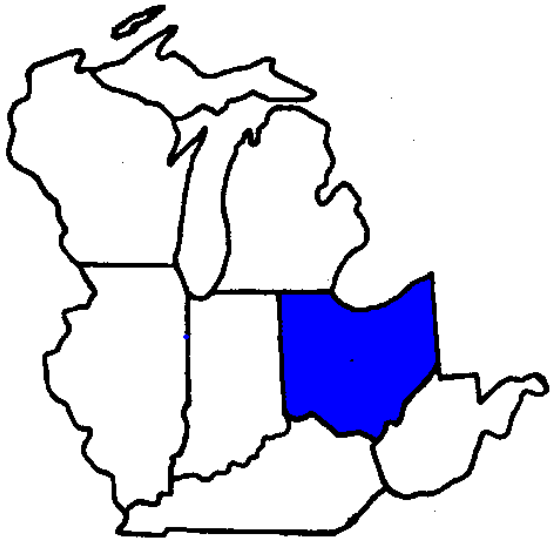
Great Lakes COMMUNITY ACTION PARTNERSHIP

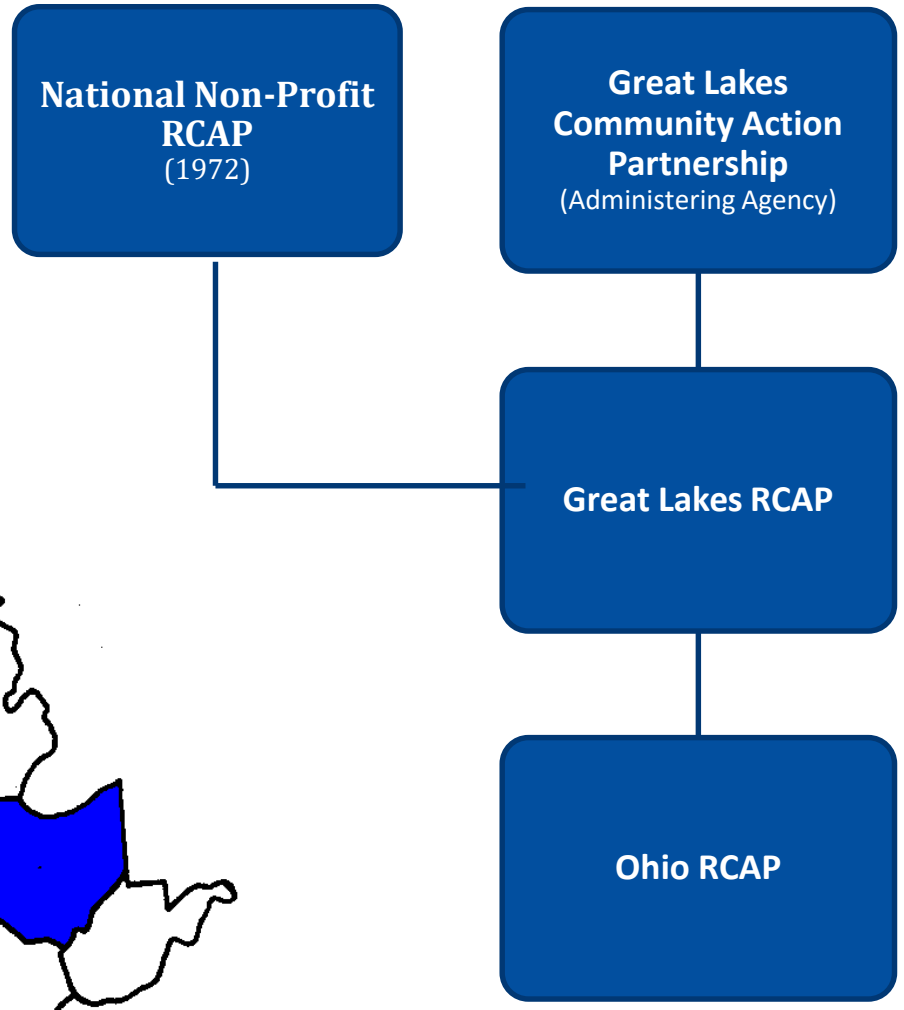
- *Technical Assistance and Services for Small Communities*

Who is RCAP?

Rural Community Assistance Partnership (RCAP)

- Water & Wastewater Technical assistance
- Field staff in all 50 states and Puerto Rico for over 30 years





RCAP

Great Lakes COMMUNITY ACTION PARTNERSHIP

Council Responsibilities

You have taken it upon yourselves to…..

provide a reliable, safe, efficient, and well-maintained utility

- To have a certified, well-trained operator
- To make sure your system meets regulations
- To have a good preventive maintenance program
- To allocate adequate funding
- To review records & reports at monthly board meeting
- To have a replacement schedule (Capital Improvements Plan)
- To provide safety and security. To customers, employees, and facilities
- *To have a plan*

RCAP

Great Lakes COMMUNITY ACTION PARTNERSHIP

Rate Analysis Process

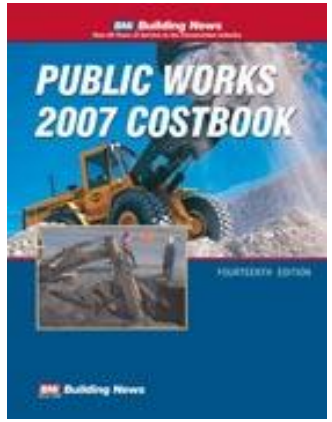
Sewer Bill Breakdown

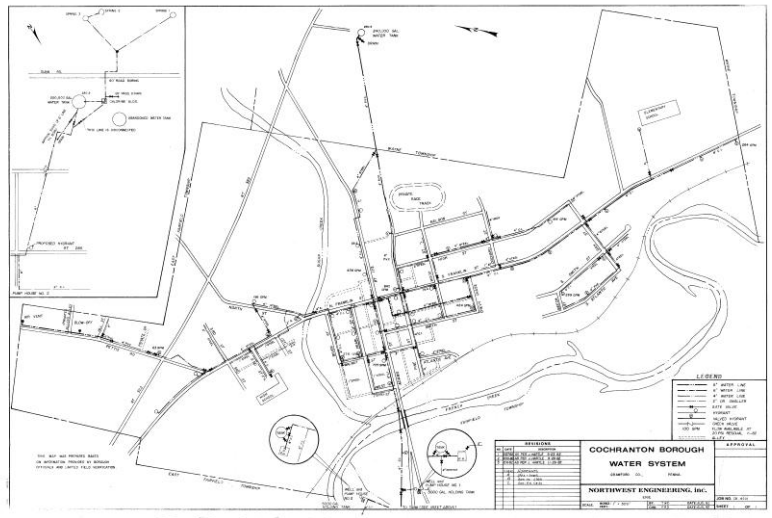
- Collection of data
- Analysis of revenue & expenditures
- Analysis of Current Appropriation amounts and Trends
- Current & Future Debt Payment Obligations
- Short-Lived Asset and Future Equipment Replacement
- Determine Preventative and Predictive Maintenance NOT being performed due to lack of funds
- Recognize the impact of inflation
- Develop a five-year budget and rate recommendations

RCAP Great Lakes COMMUNITY ACTION PARTNERSHIP

Asset Management

Planning for the **long-term** capital replacement needs of the utility system.





What is Asset Management?

- A **planning process** that ensures you get the **maximum value** from each asset and have the financial resources to rehabilitate and replace them when necessary.
- An Asset Management Plan is used to determine **reserve requirements** that should be included in the annual operating budget.

http://www.epa.gov/cupps/

RCAP

Great Lakes COMMUNITY ACTION PARTNERSHIP

Minimum Escrow Levels

'Rules of Thumb'

Operating Account: ***Maintain at 12.5% of Expenditures***

45 days working capital for seasonal changes in operations.

Contingency/Emergency Reserve: ***Maintain at 12.5% of Expenditures***

45 days working capital for emergency preparedness.

Debt Service Reserve: ***One annual Debt Service payment.***

What if you largest customer went out of business? Reaction Time.

Predictive Maintenance/Replacement: ***2.5% of Revenues Annually***

Asset Management Plan (Rehab / Replacement)

Long-term Debt Reserves: **2.5% of Revenues Annually**

Capital Improvement Fund (Short-term capital planning to correct deferred maintenance or needed improvements.)

RCAP

Great Lakes COMMUNITY ACTION PARTNERSHIP

Water Prior Five-Year Picture

Revenues:	2020	2021	2022	2023	2024
Con Rent:	$ 453,549	$ 488,842	$ 502,525	$ 485,179	$ 498,276
Total Revs:	$ 462,824	$ 500,020	$ 509,336	$ 489,871	$ 505,308
Expense:	$ 456,413	$ 485,328	$ 489,536	$ 600,061	$ 589,738
Srpl/Defic:	$ 6,411	$ 14,692	$ 19,799	$ (110,191)	$(84,431)
End Bal:	$ 268,842	$ 283,534	$ 303,333	$ 193,141	$ 108,711
Escrow:	$ 361,968^	$ 179,911*			$ 396,266^

^ full escrow
* Only 15% of Debt + full

A Plan for the Next Five-Years

	2025
Current Rates:	$47/1000 plus, $ 4.75/20k, $ 4.00/80k, $ 3.75/over 100k

Avg. Residential Customer pays = $ 56.50/month (3,000 gallons)

Rate Recommendations:	2026	2027	2028	2029	2030
	15%	10%	5%	5%	5%
This brings the rates to:	$54	$59	$62	$65	$68
	$ 5/4.5/4			$5/4.5/4	

Needs:			
	Re-piping at WTP =	$ 40,000	Included in Year 2027, (next slide)
	2 Generators =	$ 200,000	Included in Year 2028, w/payments in 2029
	SCADA System =	$ 150,000	Included in Year 2029, w/payments in 2030
	New 250 k Tower =	$ 2,000,000	Ready for new debt by 2031
	New Well =	$ 1,600,000	Ready to pay for soft costs by 2031

Water Next Five-Year Picture

Revenues:	2025	2026	2027	2028	2029	2030
Con Rent:	$ 501,528	$ 576,757	$ 634,432	$ 666,153	$ 699,460	$ 734,433
Total Revs:	$ 507,000	$ 583,000	$ 641,000*	$ 673,000*	$ 706,000	$ 740,000
Expense:	$ 505,000	$ 522,500	$ 540,000 *	$ 560,000	$ 589,000**	$ 610,000**
Srpl/Defic:	$ 2,000	$ 60,500	$ 101,000	$ 113,000	$ 117,000	$ 130,000
End Bal:	$ 115,000	$ 175,500	$ 185,725	$ 207,950	$ 232,675	$ 263,900
Escrow:	$ 375,466^	$ 90,775	$ 90,775	$ 93,275	$ 97,775	$ 97,775
True Carry:		$ 84,725	$ 94,950	$ 114,675	$ 133,900	$ 166,125

^ full escrow
* From investments
** Includes new debt payments

Notes on How for the Next Five-Years

Current Investments: $110,000
$ 40,000 on re-piping in 2027
$ 70,000 on generators in 2028 – borrow $130,000/20/$ 8,874
$150,000 on SCADA in 2029 – borrow for 20/$ 10,240
New Water Tower – borrow for $2 million/30/$ 104,600*

Escrows^	2026	2027	2028	2029	2030	2031 totals
Operating:	0	0	0	0	0	
Emergency:	$ 10,000	10,000	10,000	12,000	12,000	$ 54,000
Debt:	$ 44,775	44,775	44,775	44,775	44,775	$ 223,875
P & P:	$ 15,000	15,000	17,500	20,000	20,000	$ 43,750 (depends)
Debt:	$ 21,000	21,000	21,000	21,000	21,000	$ 105,000
						$ 426,625

^ Goal: $450,000
* today's rates and assuming you need to borrow

Sewer Prior Five-Year Picture

	2020	2021	2022	2023	2024
Total Revs:	$ 416,351	$ 398,033	$ 462,220	$ 313,344	$ 482,901
Expense:	$ 420,854	$ 350,626	$ 551,278	$ 637,327	$ 574,835
Srpl/Defic:	$ (4,603)	$ 47,408	$ (89,058)	$ (323,983)	$ (91,934)
End Bal:	$ 490,322	$ 537,655	$ 448,597	$ 259,298	$ 167,364
Escrow:	$ 250,969^				$ 292,969^

^ full escrow

A Plan for the Next Five-Years

Current Rates: $37.74/4500 gallons, plus $ 2.28/1000 over 4,500 – 9,000, $1.30 up to 20k, $1.15 over 20K

Avg. Residential Customer pays = $ 37.74/month (3,000 gallons)

Recommendations:

2026: $ 40/1000, plus $5/1000 - 5k, $2.88 – 5k, $1.64 to 20k & $1.45 after
2027: $ 48/1000, all rates remain the same.
2028: $ 50, plus $7/4000, $3/5k, $1.75 to 20k & $1.55 after
2029: $ 52.50, plus $7.35, remaining rates the same as above
2030: $ 55, plus $7.50, $3.15/5k, $1.90 to 20k & $1.65 after

Lorco:	2026	2027	2028	2029	2030
	$ 3.35	$ 3.68	$ 3.95	$ 4.15	$ 4.35 (these rates are per thousand gallons)

Needs:

Cleaning Camera = $ 100,000 - Included in Year 2026, (next slide)
I & I Project = $ 250,000 – payments included in 2028 (next slide)
Rotary Press = $1.4 million ($71,000 payment starting in 2031)

Sewer Next Five-Year Picture

	2025	2026	2027	2028	2029	2030
Revenues	$ 470,000	$ 611,000*	$ 672,000	$ 722,000	$ 758,100	$ 796,000
Expense:	$ 575,000	$ 595,125*	$ 615,000	$ 636,000**	$ 658,000	$ 681,000
Srpl/Defic:	$ 105,000	$ 15,875	$ 57,000	$ 86,000	$ 100,100	$ 115,000
End Bal:	$ 60,000	$ 75,875	$ 82,875	$ 117,675	$ 166,575	$ 230,375
Escrow:	$ 292,750^	$ 50,000	$ 51,200	$ 51,200	$ 51,200	$ 52,400
True Carry:		$ 25,875	$ 31,675	$ 66,475	$ 115,375	$ 177,975

^ full escrow
* From investments
** Includes new debt payments

Notes on How for the Next Five-Years

Current Investments: $360,000
$100,000 for camera in 2026
$250,000 for lining project in 2027 – borrow /20/$ 16,000
Rotary Press – borrow approx. $1.4 million/30/$ 71,000 (2031)*

Escrows^	2026	2027	2028	2029	2030	2031 totals
Operating:	0	0	0	0	0	
Emergency:	$ 5,000	5,000	5,000	5,000	5,000	$ 25,000
Debt:	$ 25,000	25,000	25,000	25,000	25,000	$ 125,000
P & P:	$ 12,000	12,000	12,000	12,000	12,000	$ 60,000 (depends)
Debt:	$ 14,200	14,200	14,200	14,200	14,200	$ 71,000
						$ 281,000
				Investments:		$ 212,000
						$ 493,000

^ Goal: $340,000
* today's rates and assuming you need to borrow

Recommendation Review

For Water:	2026	2027	2028	2029	2030
Base	$54	$59	$62	$65	$68
	$ 5/4.5/4			$5/4.5/4	

For Sewer:	2026	2027	2028	2029	2030	
Base	$40	$48	$50	$52.50	$55	(for the first 1000 gallons)

After 1000: 2026 $5 next 4000, $2.88 next 5000, $1.64 next 10,000, $1.45 after 20,000

2027 Same rates as 2026

2028 $7 next 4000, $3 next 5000, $1.75 next 10,000, $1.55 after 20,000

2029 $7.35, remaining rates stay the same as 2028

2030 $7.50 next 4000, $3.15 next 5000, $1.90 next 10,000, $1.65 after 20,000

Affordability Index

This is a mathematical index which measures the community's affordability in the cost of utilities. It is a recognized standard of Ohio EPA and shows how fiscally responsible the utility is at sustaining operations and meeting both quality standards and minimum escrow levels as well. The standard index is typically around **1.5**

Average Customer: (based on 4,000 gal. monthly avg.)
Affordability Index: (mhi = $57,917)

Current Rate Water: 1.26 ($61.25)
by 2030: 1.71 ($83.00)*

Current Rate Sewer: 0.78 ($37.74)
by 2030: 1.60 ($77.50)*

*Avg. Customer uses 3,000 gallons = $78 (water) & $70.00 (sewer) which is 1.6 & 1.45 respectively

^ Assumes no increase of the Village MHI

Issues to Consider

- A municipal utility should be a stand-alone business. The AWWA, OEPA, and OWDA believe this to be true, and it is our recommendation that the village manage to this expectation.
- Predictive and Preventative maintenance plans should be made and executed on an annual basis to ensure the utility's longevity. Budget to it and do it.
- It is imperative to have a recurring small annual increase for water and sewer rates. First, it helps to keep up with inflation; allows the village to grow the escrows; and better prepares the village to tackle the unexpected large expense and any future significant capital improvements. Plus, it allows the customer to more easily absorb the small annual increase than they would with a significant increase. As an example, when someone has been paying $100 and is given a 3% increase, that bill now becomes $103. But if that same person is given a 20% increase, they now must pay $120. Slow and steady wins the day.

Questions

www.ohiorcap.org

Matt Kline
mdkline@glcap.org
513-505-8148

RCAP

Great Lakes COMMUNITY ACTION PARTNERSHIP