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MUNICIPAL ADVISORS

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Indiana Regional Sewer Districts

Comparative Rate Study

December 2019

DECEMBER 2019

TO THE READER:

THE ACCOMPANYING REPORT SUMMARIZES A STUDY OF RATES AND CHARGES FOR SEWER SERVICES 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, 2019.

THE FOLLOWING COMMENTS, EXHIBITS AND SCHEDULES ARE PRESENTED:

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*This study was made in partnership with the
Indiana Regional Sewer District Association (IRSDA)*





Indiana Regional Sewer District Comparative Rate Study

Preface

This report covers 74 Indiana Regional Sewer Districts (“RSD’s”). Baker Tilly Municipal Advisors is pleased to provide this analysis as 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 RSD’s 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 RSD’s 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 RSD’s. 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.



Indiana Regional Sewer District Comparative Rate Study

Schedule of average statistics

| Comprehensive Average Statistics | | | | |
|----------------------------------|-----------------------|-------------------------|----------------------|------------------|
| | Prior Study (2016) | Current Study (2019) | Percentage Change | Dollar Change |
| Minimum Bill | \$22.00 | \$24.45 | 11.1% | \$2.45 |
| Average Bill | \$74.53 | \$80.90 | 8.6% | \$6.37 |
| Maximum Bill | \$120.99 | \$128.40 | 6.1% | \$7.41 |

In the time between our 2016 and 2019 studies, the minimum monthly bill increased by \$2.45, or 11.1%. Over the same period of time, the average RSD bill increased by \$6.37 or 8.6%, while the highest monthly bill increased by \$7.41 or 6.1%.

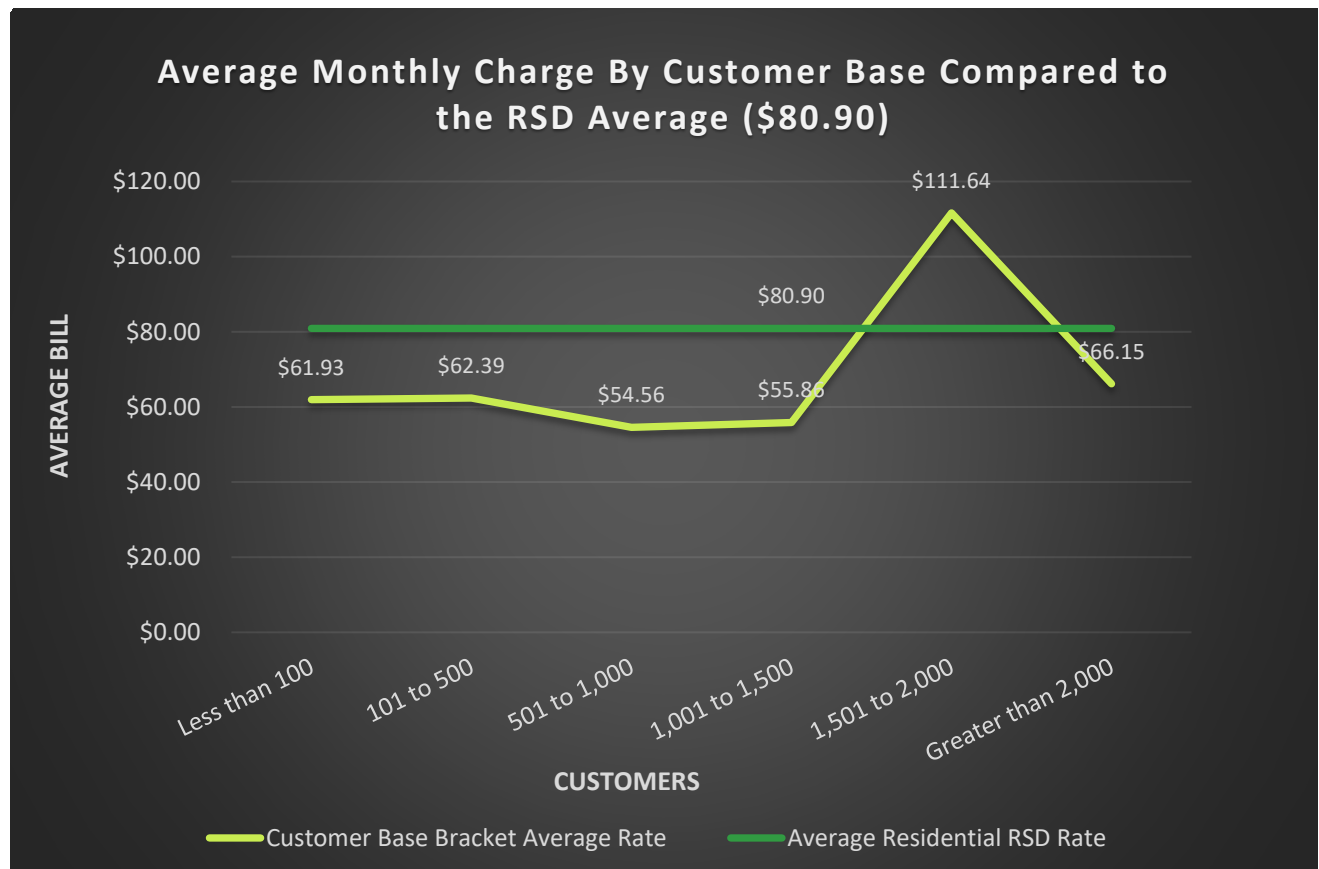
| Average Statistics Based on Customer Size | | | | |
|---|------------------------|-----------------|-----------------|-----------------|
| Number of Customers | Number of Districts | Minimum Bill | Average Bill | Maximum Bill |
| Less than 100 | 12 | \$26.63 | \$61.93 | \$110.00 |
| 101 to 500 | 29 | \$24.45 | \$62.39 | \$118.25 |
| 501 to 1,000 | 17 | \$24.81 | \$54.56 | \$93.90 |
| 1,001 to 1,500 | 3 | \$45.99 | \$55.86 | \$71.75 |
| 1,501 to 2,000 | 5 | \$33.32 | \$111.64 | \$128.40 |
| Greater than 2,000 | 8 | \$28.96 | \$66.15 | \$102.69 |



Indiana Regional Sewer District Comparative Rate Study

Average statistics based on customer size

The graph below demonstrates that while the average monthly bill is \$80.90, the average within most RSD's hovers near \$60.00. The noticeable outlier is the communities in the 1,501-2,000 customer bracket, which rises above \$110 per month. This is primarily due to the customer makeup of an RSD that includes individual rates for small pockets of septic relief customers.

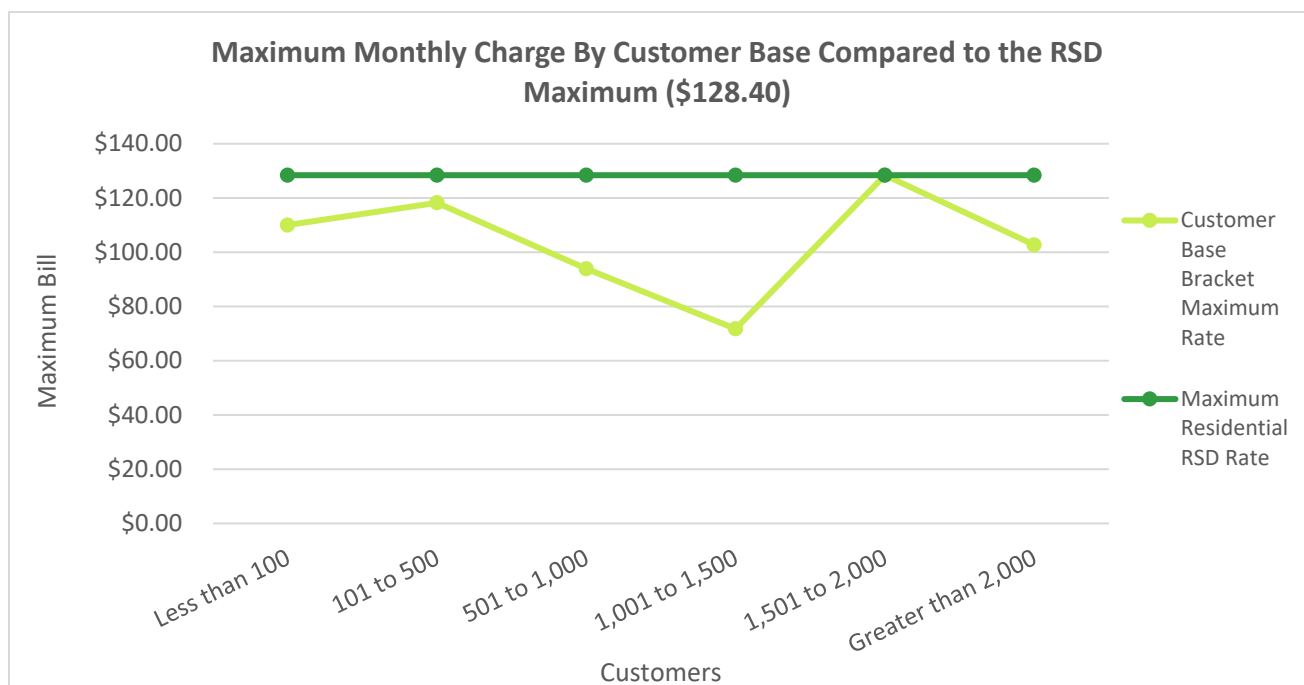
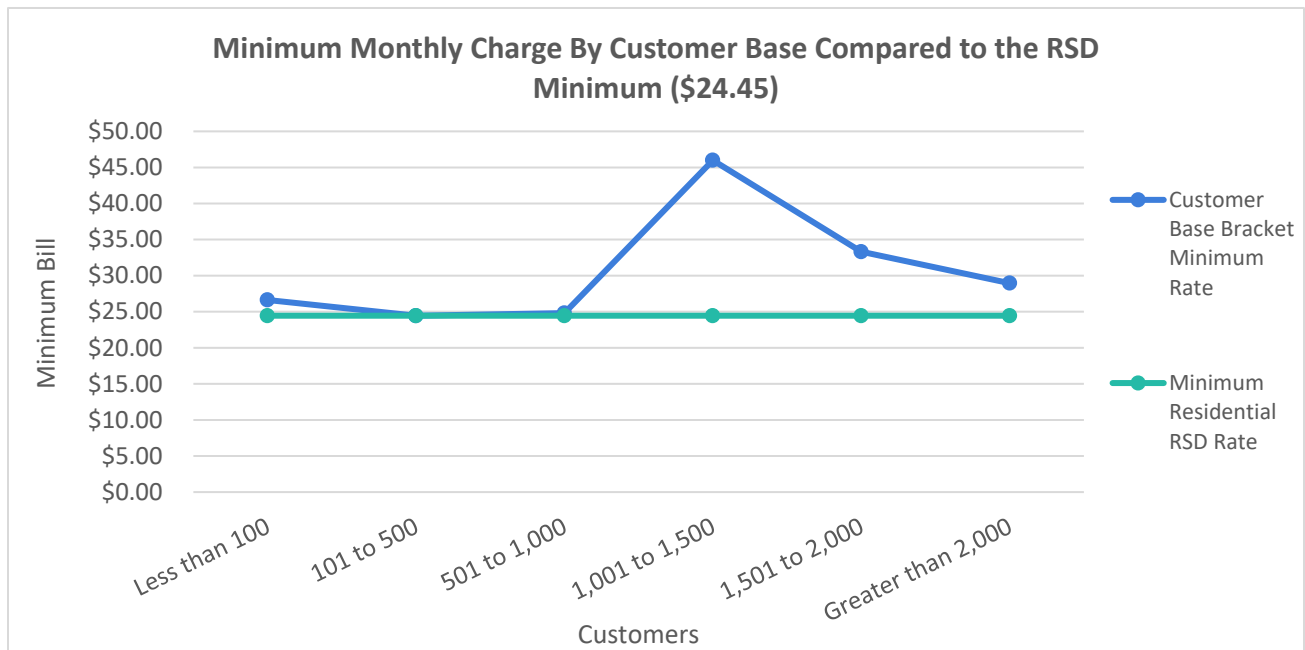




Indiana Regional Sewer District Comparative Rate Study

Minimum and maximum monthly charge by customer size

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

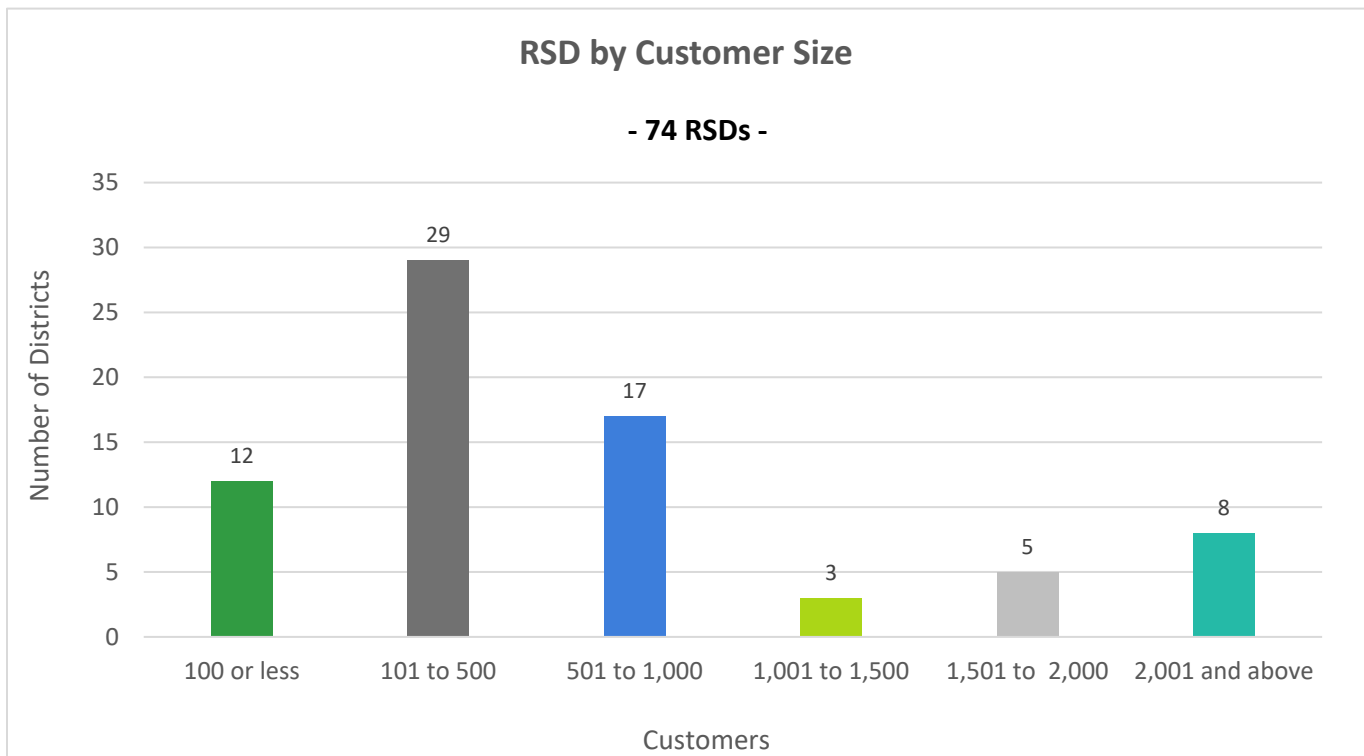




Indiana Regional Sewer District Comparative Rate Study

Regional Sewer Districts by customer size

Our study includes 74 Regional Sewer Districts, based on our research. The chart below shows these RSD's categorized by number of customers.

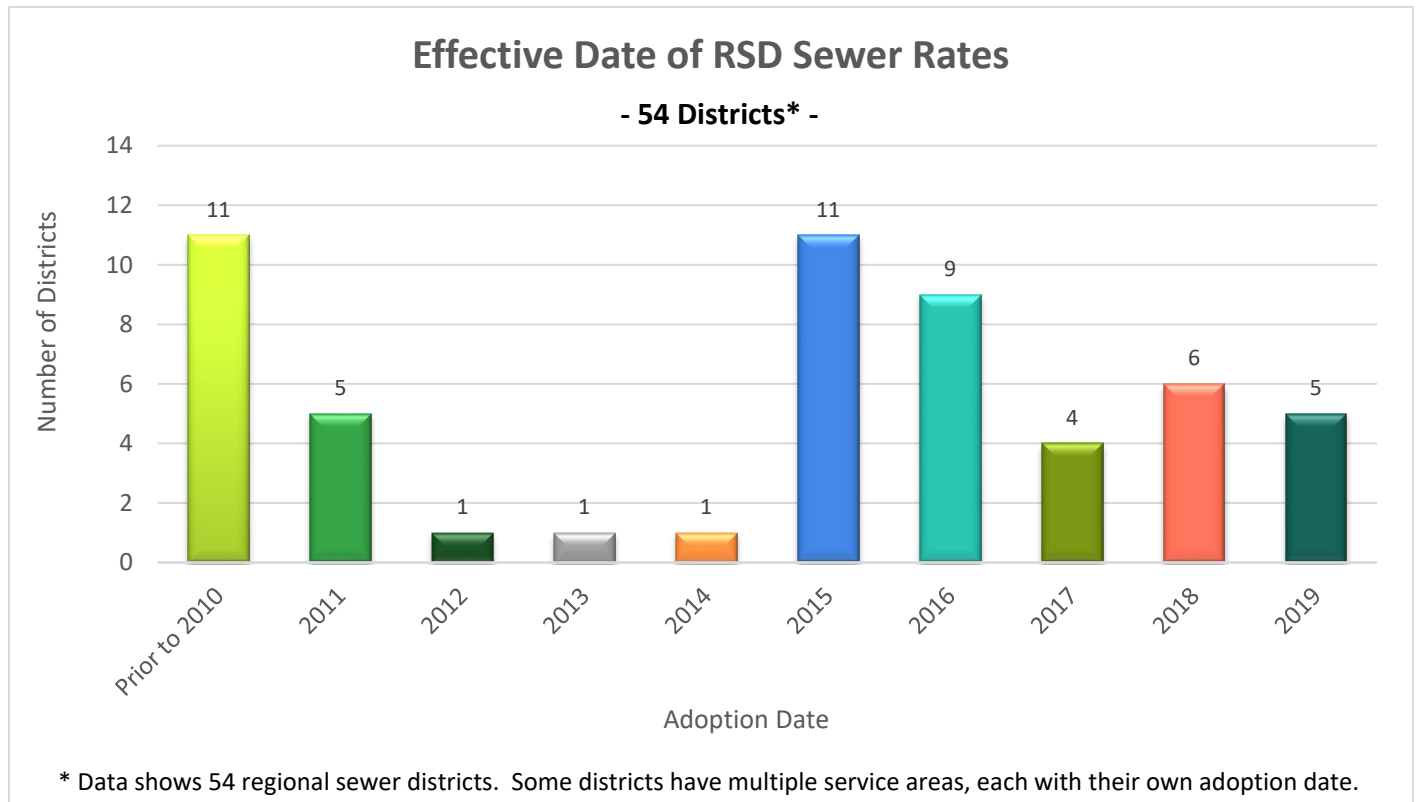




Indiana Regional Sewer District Comparative Rate Study

Effective date of Regional Sewer District rates

The chart below shows the effective dates of current rates for 54 of the 74 districts included in our research.





Baker Tilly Municipal Advisors

About Baker Tilly Municipal Advisors, LLC

Baker Tilly Municipal Advisors, LLC is now in its seventh decade of providing municipal advisory services to local governments, municipal and not-for-profit utilities, school corporations, libraries and a variety of other governmental clients. Our firm has constantly grown to meet this demand and changed with the increasing complexities of public financing, but we remain committed to our initial vision of personal attention, integrity and providing high quality service to each client.

Municipal Advisors to:

| | | | |
|-------------------------------|----------------------------------|---------------------------------|---|
| Cities and towns | Conservancy districts | Counties | Electric utilities |
| Gas utilities | Investor-owned utilities | Libraries | Municipal landfills |
| Municipal sewage works | Municipal water utilities | Not-for-profit utilities | Regional water and sewer districts |
| Rural water companies | Schools | Stormwater utilities | Solid waste districts |



Baker Tilly Municipal Advisors

Baker Tilly Municipal Advisors' service offerings



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Baker Tilly Municipal Advisors

Baker Tilly Firm Facts

Baker Tilly is a nationally recognized firm with a long history of service to clients located throughout the country — and internationally. As a member of Baker Tilly International, the world's 10th largest accountancy and business advisory network, we are able to extend our reach through trusted relationships with firms located across the country and throughout the world.

Baker Tilly was founded in 1931 with one central objective: to use our industry specialization to help our clients improve their businesses. And that objective still holds true today.

For more than 85 years, Baker Tilly has understood that our business demands absolute integrity, a belief in the value of trusted relationships and a willingness to collaborate with every client.



nearly 88
years in business



3,600
team members



\$630
million in revenue



40+
office locations
nationwide



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For a comprehensive list of services visit www.bakertilly.com

Indiana Regional Sewer District Comparative Rate Study – Sewer December 2019

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