

# 2026 Sanitary Sewer Rate Study REPORT



## 2026 Sanitary Sewer Rate Study Report *May 2026*

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## 2026 SANITARY SEWER RATE STUDY REPORT

### PART I - EXECUTIVE SUMMARY

#### A. Background and Purpose

##### **Background**

The Columbus Utilities manage the Wastewater, Water and Electric Utilities for the City of Columbus. They are responsible for the collection, conveyance, treatment, and disposal of wastewater generated within the City of Columbus limits, as well as from interconnected systems. The Utility operates as an enterprise fund and relies on user charges to recover all costs associated with operations, maintenance, debt service, and capital reinvestment.

This rate study evaluates the Wastewater Utility's current financial condition and future funding needs over a multi-year planning horizon. The analysis demonstrates that existing sewer rates are insufficient to fully fund projected operating costs, existing debt service, planned capital improvements, and required reserve balances. Without rate adjustments, the Wastewater Utility's financial position will continue to deteriorate, increasing financial risk, limiting the City's ability to respond to emergencies or regulatory mandates, and potentially leading to issues paying for operations costs and debt obligations in the near future.

##### **Purpose**

The purpose of this study is to review existing infrastructure needs and sewer rates, and confirm if existing rates are adequate, or if rate increases are recommended.

This report and the accompanying schedules describe the City's 2026 revenue requirement, the allocation of costs to customer classes, and proposed new City sewer rates. Overall revenue from sewer rates needs to increase by \$660,000 or 33 percent of revenue at current rates. Increased Operations and Maintenance (O&M) costs, inflation, and regulation and operation-driven capital costs and debt obligations drive the need for this increase.

Additionally, this report describes the City's 2024 operational and financial position for the purpose of providing updated rates for services for the Village of Fall River and the Elba Sanitary District, based on the existing agreements and approved rate structures. The combined rate for the Village of Fall River will increase from \$2.59 per 1,000 gallons treated to \$3.13 per 1,000 gallons treated, and the combined rate for the Elba Sanitary District will increase from \$2.42 per 1,000 gallons treated to \$3.13 per 1,000 gallons treated.

#### B. Key Findings

##### **Capital Improvement Planning**

The Wastewater Utility will need to undertake a number of large improvements and updates over the next 10 years, including two large plant upgrades, one driven by regulatory requirements, and one driven by capacity issues. The anticipated treatment plant, collection system and equipment costs will have a total combined cost of approximately \$17,800,000 from 2026 through 2036 and will include a combination of rehabilitation projects for the treatment plant and the City lift stations, collection system replacement projects as part of the City's street replacement program, and some smaller projects related to controls, maintenance and aging equipment.

## Revenue Requirements and Projected Rates

This report proposes a range of rate changes, based on revenue needs projected over the next few years, to fund O&M expenses, pay existing and future debt service, fund capital reinvestment, and maintain required reserve balances. The revenues and expenses are projected out over the next 10 years, in coordination with the updated Capital Improvement Plan (CIP). These projections are intended to portray general anticipated trends, as opposed to a strict 10-year budget plan. It is anticipated that these projections and rates will need to be reviewed every two years to account for actual expense and revenues, to accurately update sewer rates, and to account for adjustments to need within the wastewater system. This study maintains the City's existing residential, commercial, multi-family, industrial and public authority customer classes.

## Costs of Treatment Have Changed

Over the past six years, there has been a significant increase in costs. This is largely due to inflation for O&M, replacement of aging infrastructure, and regulatory requirements driving capital improvements. These cost increases have put the Utility in a position where the current rates are not adequate to cover the costs to operate and maintain the sewer system.

## Sewer Rate Structure

The City has an established rate structure that is widely considered fair and equitable and that assigns appropriate costs to customers based on their specific usage characteristics. No changes are being proposed to the rate structure format as established in the 2022 study performed by Baker Tilly.

## Impacts on Customer Bills

The overall rate increase is on average 8 percent annually for volumetric rates and 10 percent annually for fixed rates over the 10-year period. A comparison of individual customer impacts is set forth in Appendix D – Customer Rate Comparisons. Even though the rate structure format is not changing, the rate levels will need to increase to maintain revenue to cover utility costs.

## PART II - UTILITY OVERVIEW

### A. System Description

Columbus Utilities owns and operates the wastewater collection system, lift stations, and wastewater treatment plant serving the City of Columbus. They also provide wastewater treatment services to the Village of Fall River and the Elba Sanitary District under intergovernmental service arrangements. System assets include gravity sewers, force mains, pump stations, treatment processes, biosolids handling facilities, electrical infrastructure, and supervisory control and data acquisition (SCADA) systems.

### B. Customer Base

The Utility serves approximately 2,300 active sewer accounts. Residential customers represent the largest customer class and account for the majority of billed accounts. Residential multi-family incorporates the multi-family customers in the City. Non-residential customers include commercial, industrial, and public authority users with varying usage patterns and system impacts. External user customers represent a smaller number of accounts but contribute a meaningful share of total treated flow.

### C. Wastewater Flows

Wastewater flows are monitored for operational control, regulatory reporting, and cost allocation purposes. Based on data incorporated into this study, approximately 83 percent of total treated wastewater originates within the City of Columbus, approximately 16 percent originates from the Village of Fall River, and approximately 1 percent originates from the Elba Sanitary District. These flow proportions form the primary basis for allocating costs among served systems.

### D. Regulatory and Compliance Context

The Utility operates under state and federal wastewater regulations administered by the Wisconsin Department of Natural Resources (WDNR). Compliance requirements influence operating practices, staffing needs, monitoring and reporting obligations, equipment replacement funding, and capital improvement priorities. Regulatory drivers include effluent quality standards, biosolids management requirements, treatment process reliability, health and safety considerations, and asset condition standards.

Planned capital improvements identified in the CIP reflect both regulatory compliance needs and proactive reinvestment to reduce long-term risk. Failure to adequately fund these needs could result in permit violations, enforcement actions, or unplanned emergency expenditures, potentially at significantly higher costs.

### E. External Users

#### **Village of Fall River**

The City of Columbus has an Intergovernmental Agreement (IGA) with the Village of Fall River, as well as two amendments to this agreement. This IGA defines how costs should be allocated for the treatment of Village sewage by the City. The Village paid a connection fee in 2010 that has been used to pay for the fixed costs allocated to the Village, and this method of paying fixed costs will continue until this fund has been exhausted. The IGA lays out a process for determining volumetric rates on a bi-yearly basis. The IGA and the rate structure for the Village are expanded upon in more detail in Part V of this report.

#### **Elba Sanitary District**

The City of Columbus has a contractual agreement with the Elba Sanitary District for sewage collection and treatment, but this agreement does not clearly define how costs should be allocated for the treatment of District Sewage by the City. For the purposes of this study, the determination of the updated volumetric rates for the District were made using the process laid out in the IGA for the Village of Fall River. This rate structure is expanded upon in more detail in Part V of this report.

### F. Incorporation of Previous Studies

#### **2022 Baker Tilly Study**

In 2022, Baker Tilly completed a sewer rate study for the Columbus Sewer Utility. This study included an assessment of the Utility's financial situation, development of a revenue requirement, a cost of service study to allocate revenue requirements, and rate design for the Utility customers. The study provided recommendations for updated rates for the Utility customers, as well as updated rates for the Village of Fall River and the Elba Sanitary District. These rates were adopted by the Sewer Utility in 2023.

## 2024-2025 Ruckert & Mielke Study

In 2024, R/M worked with the previous Director of Public Works to complete a sewer rate study for the Columbus Sewer Utility. This included the incorporation of a 2024 CIP, a cost of service study to allocate revenue requirements, and rate design for Utility customers. This study provided recommendations for updates rates for the Utility customers, as well as updated rates for the Village of Fall River and the Elba Sanitary District. The rates for the Utility customers were adopted in 2025. The Village of Fall River requested additional clarification regarding the assumptions and information contained in the analysis. Their concerns focused primarily on how the requirements of the IGA were reflected, including capital planning assumptions and the evaluation of rate alternatives. As a result, the recommended rates for the Village of Fall River were not implemented.

## Current Study

R/M worked with the new DPW and Utility staff to review and update the CIP as appropriate to reflect the infrastructure needs and the financial situation of the Wastewater Utility, as laid out in Part III of this report. R/M also incorporated updated final 2024 financial data and available 2025 financial data to update the revenue requirement and rate design. R/M then developed a rate-making methodology for the Village of Fall River that is in compliance with the IGA. This methodology clearly lays out the allocation of capital costs from the CIP as well as volumetric cost with volumetric rate updates, to provide transparency in the development and allocation of these costs, as laid out in Part V of this report. The recommendations provided below, reflect the incorporation of this work.

## PART III – CAPITAL IMPROVEMENT PLAN

The intent of a CIP is to account for significant capital costs that are anticipated during the planning window. The CIP incorporated into this study covers significant infrastructure and equipment costs for the Wastewater Utility from 2026 through 2036.

The CIP includes projects necessary to maintain regulatory compliance, address aging infrastructure, and improve system reliability and capacity, including treatment plant upgrades, lift station rehabilitation, collection system improvements, and City street replacement projects. Capital improvements are funded primarily as fixed costs through borrowing, while routine O&M activities are recovered through volumetric rates. Replacement projects are funded through the replacement reserve; however, when available reserves are insufficient, these projects are financed through additional capital borrowing.

### A. Improvement Classification by Function

Improvements identified in the CIP were classified by function. The key functional classifications used were as follows:

- Wastewater Vehicles – This included any vehicles owned by the Wastewater Utility that will be replaced, primarily due to reaching the end of their serviceable life.
- Street Replacement Improvements – This included any collection system replacement, relay or extension that will take place in coordination with the City's street replacement program.
- Collection System Improvements – This included any significant costs associated with maintaining the City's collection system, including related studies and non-vehicular equipment.
- Pump Station Improvements – This included any major upgrades or replacement projects for pump stations or adjacent force main within the City's collection system.
- Wastewater Treatment Plant Improvements – This included any major upgrades, replacements, or regulation-driven improvements to the wastewater treatment plant, including any related building or equipment upgrades.

## B. Improvement Classification by Type

Improvements identified in the CIP were also classified by the type of funding mechanism/source that would be appropriate. The improvement types used were as follows:

- Capital – This included any improvements paid for by debt obligation.
- Replacement – This included any improvements that primarily involved replacement of existing facilities, largely in kind. This did not include any collection system sewer main improvements, which were classified as capital improvements.
- O&M – This included any improvements that related primarily to O&M activities, such as pipe flushing and televising, but were still of a significant cost.

## C. Determination of Cost Contribution

Improvements identified in the CIP were classified by cost contribution. Each improvement was reviewed to determine if the Village of Fall River or the Elba Sanitary District would receive benefit from the improvement. Collection system improvements in the CIP were classified to be of sole benefit to the City, as were pump station improvements in the CIP. None of the identified collection system projects involve facilities that are used to transfer sewage from either the Village or the District. Allocation of costs for improvements that benefit the Village and/or the District were determined using the IGA-defined methods, as discussed further in Part V of this report.

## D. Capital Needs

The wastewater CIP identifies approximately \$17.8 million in planned capital improvements between 2026 and 2036. For financial planning purposes, approximately \$14.7 million of Utility capital costs are assumed to be financed through debt over the planning period. Associated debt service is incorporated into the financial forecast and directly affects revenue and rate requirements. The CIP also accounts for the allocation of responsibility among the Utility customers, the Village of Fall River, and the Elba Sanitary District, including City-only, partner-only, and shared capital obligations. The CIP improvements are laid out in Table 1 below.



The full CIP is provided in Appendix A – Columbus Wastewater Utility 2026 – 2036 Capital Improvement Plan.

## PART IV - RATE STUDY METHODOLOGY

### A. Rate Study Methodology

#### **Components of a Rate Methodology**

A comprehensive utility rate study typically encompasses three major components:

##### Step 1: Financial Plan/Revenue Requirements

Compare current sources and uses of funds and determine the revenue needed from rates and project rate adjustments.

##### Step 2: Cost-of-Service Analysis

Allocate revenue requirements to customer classes in a “fair and equitable” manner that complies with industry standards.

##### Step 3: Rate Design

Consider what rate structure design will best meet the City’s need to collect rate revenue from each customer class.

These three steps are intended to follow industry standards and reflect the fundamental principles of cost-of-service ratemaking as set forth in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges, also referred to as Manual M1. They address general requirements for equity and fairness so that rates will be proportionate and not exceed the cost of providing the service to all customers.

### B. Columbus Sewer Rate Methodology

#### **Financial Plan/Revenue Requirements**

The development of the financial plan and revenue requirements for the City of Columbus were determined using the process outlined above. The City’s 10-year wastewater CIP was updated to accurately reflect significant costs that are anticipated for the Utility.

#### **Cost-of-Service Analysis**

The City’s previous Sewer Rate Study (2022 by Baker Tilly) included a cost-of-service study that defined the City’s customer classes and allocated costs to these classes. The composition and usage by the City’s sewer customers, as well as the proportional costs of serving these customer classes have not changed significantly since 2022, and so no changes are proposed to the customer classes, nor the proportional cost breakdown of rates for these classes.

#### **Rate Design**

Rate design for the City of Columbus was determined using the process outlined above.

### **Village of Fall River Adjustments**

Adjustments to the sewer rates for the Village of Fall River are determined by the processes laid out in the IGA and amendments between the City of Columbus and the Village of Fall River and are discussed in Part V of this report.

### **Elba Sanitary District Adjustments**

Adjustments to the sewer rates for the Elba Sanitary District were determined using the same process that was used for the Village of Fall River and are discussed in Part V of this report.

### **Financial Forecast Assumptions**

The financial forecast evaluates Utility finances over a multi-year planning horizon aligned with the CIP schedule. Operating expenses and capital costs are escalated using an annual inflation assumption of 3 percent. Depreciation is calculated using a composite depreciation rate of 2 percent applied to new capital assets. Debt is modeled with a 20-year repayment term and includes issuance costs equal to 2 percent of borrowed principal.

The Utility should maintain a minimum cash balance to cover annual debt obligations, to ensure that there is no interruption in debt payments. Some loan obligations will impose similar constraints. Ruekert & Mielke, Inc. (R/M) recommends that the Wastewater Utility maintain a minimum cash balance to cover 110% of annual debt service, which would be a debt service coverage of 110% .

The American Water Works Association (AWWA) provides guidance for utilities for cash balances. Although the AWWA does not offer a one-size-fits-all cash-reserve number for all utilities, it does list a full year's worth of operating expenses as a suitable general target.

R/M recommends a target cash balance for the City of 40 percent or more of its annual O&M expenses. Because the City maintains its own wastewater treatment facility, it does need a large cash balance compared to other utilities. The cash balance can be used as the sanitary sewer utility fund for unanticipated needs, such as emergency main replacements, unexpected shortfalls in revenue, and any other unforeseen issues, and can then be built back up over time.

## C. Revenue Required

### **2026 Revenue**

The City's 2026 sewer budget plus debt obligations and replacement fund allocations set forth a revenue budget need of approximately \$2,645,000. This represents a 33 percent increase above current rates. Sewer rates were increased in 2022, based on the previous sanitary sewer study, and then again in 2025, based on preliminary revenue requirements based on an alternate CIP.

The Wastewater Utility's revenue requirement has increased due to rising O&M costs, driven by inflation, regulatory requirements, and aging infrastructure. Depreciation of capital assets, including plant facilities, fleet vehicles and equipment, and lift stations within the collection system, requires ongoing replacement funding to maintain operations. Additionally, existing revenues are insufficient to meet current and projected debt service obligations, necessitating rate adjustments to maintain financial viability.

O&M costs have increased from just under \$1,000,000 in 2020 to just under \$1,900,000 in 2026. The funding of equipment replacement accounts was recommended in the 2022 study by Baker Tilly, and this represents approximately \$400,000 of this operational increase. These equipment replacement fund accounts are necessary to ensure that funding is available for unanticipated equipment failures, and in the case of the treatment plant equipment replacement account, to ensure regulatory compliance.

#### D. Cost of Services and Cost Allocation

Costs are allocated based on a number of categories, including function, volumetric costs vs. fixed costs, and benefit to external users. Costs are then allocated across customer classes, as volumetric, fixed or other costs. These costs are then allocated among the Columbus Utilities, the Village of Fall River, and Elba Sanitary District, primarily based on wastewater flow proportions, but incorporating other factors as appropriate. This approach promotes equity and transparency in cost recovery.

#### **Cost of Service by Function**

The cost of service by function assigns wastewater utility costs to the core components of service delivery: collection, treatment, administration, and capital.

- Collection costs include operation, maintenance, and rehabilitation of sewers and lift stations.
- Treatment costs reflect expenses to operate and maintain the wastewater treatment facilities and meet permit requirements.
- Administrative costs cover utility management, billing, and regulatory compliance and are allocated across all functions.
- Capital costs, including debt service, are assigned based on the funding strategy, the asset(s) involved, and the type of improvement being made.

#### **Volumetric Costs**

The costs for O&M of the Wastewater Utility and its facilities can fluctuate based on the flows and usage of the sewer system. The costs for these flow-based expenses are classified as volumetric costs and should be funded through the use/volume charge.

The costs allocated to volumetric costs include the following:

- Operating Expenses (labor, benefits, power, fuel, etc.)
- Sludge Processing (labor, benefits, maintenance, chemicals, etc.)
- Maintenance Expenses (collection system, pumping equipment, treatment and disposal equipment, buildings & grounds)
- Customer Accounts Expenses
- Administrative and General Expenses
- Replacement Funds (treatment plant, collection system, pumps, vehicles)

Note – The process for allocating volumetric costs to the Village of Fall River and the Elba Sanitary District is outlined in Part V of this report.

## Fixed Costs

The costs for debt obligation will be an expense over the life of each debt issuance and will not be affected by usage within the sewer system. The cost for these relatively consistent annual expenses is classified as fixed costs, and should be funded through fixed rate charges, to ensure that the revenue is available regardless of fluctuations in usage.

The costs allocated to fixed costs include the following:

- Existing debt obligation
- Future debt obligation for upcoming capital projects

Note – The process for allocating fixed costs to the Village of Fall River and the Elba Sanitary District is outlined in Part V of this report.

## Other Costs

The costs for septage and receiving and high-strength discharge are costs that are driven specifically by high-strength dischargers and septage haulers and are therefore not classified under volumetric costs or fixed costs. These services benefit specific users and should be funded through septage rates and high-strength discharge rates.

## Cost of Service by Class

Wastewater Utility costs are allocated to customer groups based on how each class uses the system and contributes to overall demand. Residential, residential multi-family, commercial, industrial, and public authority classes are evaluated using flow, strength, and system usage characteristics to fairly distribute collection, treatment, administrative, and capital-related costs. Residential costs are primarily driven by base wastewater flow, while commercial and industrial costs reflect higher or more variable flows and, where applicable, increased treatment requirements. This allocation ensures that each customer class recovers its proportionate share of system costs and supports equitable and defensible rate design.

Current revenues are insufficient to fully meet the utility's debt service obligations. For 2026, annual operating expenses, which are recovered through volumetric charges, are projected to total approximately \$1,900,000 and include treatment plant operations, collection system maintenance, labor, power, chemicals, and routine repairs. Operating revenues generated from user charges and other variable sources are projected to total approximately \$2,100,000 (assuming a rate increase occurs), resulting in limited net operating margin. Fixed costs associated with outstanding debt, including principal and interest on bonded capital improvements, total approximately \$720,000 for 2026. Existing fixed revenues are not adequate to fully cover debt service requirements, requiring reliance on cash reserves, which are also not sufficient within the next few years. The Wastewater Utility currently maintains a cash reserve balance of approximately \$1,000,000 (as of the end of 2025), which is being drawn down to offset annual shortfalls. Continued use of reserves to fund debt service is not sustainable and indicates a structural imbalance between revenues, operating costs, and fixed debt obligations.

## E. Rate Design

The objectives of the rate design are to ensure revenue sufficiency and stability, maintain equity among customer classes, provide transparency, and remain consistent with industry practice. Continued growth in Columbus and increasing system demands require periodic rate adjustments to maintain adequate funding for operations, maintenance, replacement, and capital improvements. Review of existing rates and projected future needs indicates that increases to both fixed and volumetric charges are necessary.

The Utility's sewer rate structure includes a fixed monthly charge based on meter size and a volumetric charge based on wastewater usage measured in hundred cubic feet (ccf). Fixed charges recover costs that do not vary with usage, including debt service and a portion of capital costs, while volumetric charges recover variable operating and maintenance costs and a portion of capital-related expenses.

The 2022 sewer rate study by Baker Tilly established a sewer rate structure that equitably distributes volumetric charge and fixed charges across the customer classes. This sewer rate structure is still fair and equitable and should be maintained.

To address long-term revenue needs, three fixed charge increases are recommended over the ten-year planning period: 50 percent in 2028, 22 percent in 2031, and 35 percent in 2034. These scheduled increases significantly improve fixed-cost recovery and support debt obligations. In addition, volumetric rate increases are recommended to address rising operating and maintenance costs, consisting of a 19 percent increase in 2026, annual increases of 12 percent from 2027 through 2030, an anticipated future increase in 2031 and beyond. The combined approach of phased fixed and volumetric rate increases provides the revenue necessary to support utility operations, asset replacement, and planned capital investments.

## F. Affordability and Rate Stability Considerations

The phased rate strategy presented in the financial forecast is intended to balance financial necessity with customer affordability. Gradual, predictable increases reduce rate shock and allow customers to plan for changes while ensuring the Utility meets its obligations.

## PART V – EXTERNAL USERS

### A. Village of Fall River

The City of Columbus entered into an IGA with the Village of Fall River on June 1, 2010, for the City to accept and treat sewage flows from the Village. An amendment was made to this agreement on September 16, 2010, followed by a 2<sup>nd</sup> amendment on February 23, 2017. The key provisions of the IGA are outlined below.

### **Sewer Utility Invested Funds**

The Village paid a connection fee of \$1,500,000 for the right to discharge into the City's sewer system for treatment. This connection fee was in consideration for improvements to be made to the City's wastewater treatment plant, as well as for past debt service related to collection system and treatment plant projects that the Village would benefit from. In Amendment #2, this connection fee was reclassified as "Sewer Utility Invested Funds" (SUIF), and was designated to be used for repairs, improvements and upgrades to the wastewater system or wastewater treatment plant.

### Methodology for Contribution from Sewer Utility Invested Funds

Amendment #2 provided a methodology for determining if the Village would be required to contribute from the SUIF for a project.

- For projects funded by replacement accounts, no contribution from the SUIF would be required.
- For projects funded through borrowing, the Village would contribute from the SUIF at the appropriate allocated percentage.
- For projects funded partially through borrowing, and partially through replacement accounts, the Village would contribute from the SUIF for the borrowed costs only, at the appropriate allocation percentage.

Amendment #2 also provided a methodology for determining the allocation of costs for projects where the Village would be contributing from the SUIF. Cost allocation would be determined in proportion to the design parameter(s) pertinent to each project. For the majority of the projects in the CIP, the key design parameter is the average daily flow rate, which corresponds to the volumetric rate allocations outlined later in this section.

### Allocation of Operation and Maintenance Costs

The IGA provided a methodology for determining volumetric rates for the Village for O&M costs, based on total flows treated by the Village in a given year. The allocation of these costs was broken into three separate categories, to appropriately reflect the O&M activities that were related to facilities that are utilized by the Village for treatment and exclude those O&M activities that are related to collection system and pumping costs for which the Village receives no benefit.

This involved 3 main components:

#### 1. O&M Expenses (before Administrative and General Costs)

O&M expenses directly related to the wastewater treatment plant, sludge processing, treatment and disposal equipment, and building grounds would be allocated based on the Village's proportion of the flow that was treated by the WWTP.

Village O&M Costs (before Administrative and General Costs) =

$$\frac{\text{O\&M Expenses (WWTP, Sludge, Treatment, B\&G)}}{\text{Total Combined Flows Treated by WWTP}} \times \text{Total Village Flows Treated}$$

#### 2. Administrative and General Expenses

The Administrative and General (A&G) expenses for the WWTP include O&M work related to the collection system and pumping that do not benefit the Village. To determine the allocation of the A&G expenses, the percentage of Village O&M costs (before A&G costs) would be used for allocation.

Village A&G Costs =

$$\frac{\text{Village O\&M Costs (before A\&G Costs)}}{\text{Total O\&M Costs (before A\&G Costs)}} \times \text{Total A\&G Expenses}$$

### 3. Replacement Fund Accounts

The cost to fund replacement accounts for the wastewater vehicles and WWTP equipment are allocated based on the Village's proportion of the flow that was treated by the WWTP as laid out above. Any vehicles that would not be used to the benefit of the Village would not be included in this cost. There are no vehicles programmed in the CIP. Additionally, the Village would not be responsible for funding of the replacement accounts for the wastewater collection system or pumps.

Replacement Fund Account Costs =

$$\frac{\text{Annual Replacement Account Funding}}{\text{Total Combined Flows Treated by WWTP}} \times \text{Total Village Flows Treated by WWTP}$$

Once these three costs have been determined, each cost is then divided by the total gallons of Village flow treated in that year to determine a per-gallon unit rate. The combined Village O&M rate (before A&G) and Village A&G rate combine to provide a blended Village operational rate.

#### Proposed Village of Fall River Rates

2024 historic data was used to determine the proposed rates for the Village of Fall River flows. With the recent transition of the wastewater utility from the City of Columbus to the Columbus Utilities, there is extremely limited data with which to project specific cost data for 2026. For this reason, the 2024 data was used instead. It is recommended that projected data is used for the next rate update, since historic financial data and trends will be established.

In 2024, 66.93 million gallons of flow from the Village<sup>1</sup> were treated, out of a total 429.56 million gallons of total flow treated at the WWTP<sup>2</sup>. The Village proportional flow percentage for 2024 was determined to be 15.58%

The Village O&M (before A&G) percentage was determined to be 15.58%

The Village A&G percentage was determined to be 14.09%

The combined Village operations percentage was determined to be 14.88%

For this study, the calculated Village percentage of WWTP-related O&M costs was used to establish the equipment replacement rate of 14.88% in place of the IGA established rate of 15.58%. This was done to better represent the Village's allocation of costs as they relate to the treatment plant itself, instead of flows treated as a whole.

For 2024, the volume rates were determined to be:

\$1.55 per 1,000 gallons treated for O&M Costs

\$1.23 per 1,000 gallons treated for A&G Costs

\$0.34 per 1,000 gallons treated for replacement funding

The combined volumetric cost for the Village was determined to be \$3.13/1,000 gallons of flow treated.

<sup>1</sup> Flows based on wastewater utility metering data

<sup>2</sup> Flows based on WWTP flow data and WDNR reporting

A summary of the calculations for the 2024 calculations is included in Appendix B – 2026 External User Rate Calculations.

### B. Elba Sanitary District

The City of Columbus entered into a Contractual Agreement with the Elba Sanitary District on September 19, 1995, for the City to accept and treat sewage flows from the Sanitary District. Some of the key provisions from the agreement are as follows:

- The Sanitary District shall be allocated an average annual design flow of 9,900 gallons per day.
- The usage by City customers within the Sanitary District shall be assumed to be 15% of volumes metered
- The City shall pay 12% of sewer rehabilitation costs within the Sanitary District

### **Allocation of Costs**

The agreement with the District does not clearly lay out a mechanism for allocating costs for improvements and volumetric charges, and so the methods used for the Village of Fall River were utilized to determine allocations for the Sanitary District in this study.

### **Proposed Elba Sanitary District Rates**

2024 historic data was used to determine the proposed rates for the Elba Sanitary District, for the same reasons as stated above for the Village of Fall River.

In 2024, 4.99 million gallons of flow from the Sanitary District<sup>3</sup> were treated, out of a total 429.56 million gallons of total flow treated at the WWTP<sup>4</sup>. The Sanitary District proportional flow percentage for 2024 was determined to be 1.16%.

The Sanitary District O&M (before A&G) percentage was determined to be 1.16%.

The Sanitary District A&G percentage was determined to be 1.05%.

The combined Sanitary District operations percentage was determined to be 1.11%.

For this study, the calculated Sanitary District percentage of WWTP-related O&M costs was used to establish the equipment replacement rate of 1.11% to represent the Sanitary District's allocation of costs as they relate to the treatment plant itself, instead of flows treated as a whole.

For 2024, the volume rates were determined to be:

\$1.55 per 1,000 gallons treated for O&M Costs

\$1.23 per 1,000 gallons treated for A&G Costs

\$0.34 per 1,000 gallons treated for replacement funding

A summary of the calculations for the 2024 calculations is included in Appendix B – 2026 External User Rate Calculations.

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<sup>3</sup> Flows based on wastewater utility metering data

<sup>4</sup> Flows based on WWTP flow data and WDNR reporting

**PART VI - 2026-2036 FINANCIAL FORECAST**

The financial forecast in Table 2 projects the rate adjustments required annually to maintain a positive cash flow, meet debt obligation requirements, and provide sufficient revenue to fund Utility costs. Revenues from volumetric rates will need to be sufficient to fund O&M costs and revenues fixed rates will need to be sufficient to fund debt obligations and future capital improvements.

R/M assumed the following for this financial forecast:

- An annual increase of 3% for O&M expenses
- An annual increase of 3% for inflation
- An annual increase of 3% for depreciation
- Rate increases for external users would roughly mirror the trends in the overall utility costs. Actual rate increases will be determined on a bi-annual basis, based on the methodology outlined in Part V above.
- Allocation percentage for external users would stay roughly the same as the 2024 determination, and treated flow proportions will be the primary factor in determining cost allocation for these projects. Actual cost allocations will be determined for each project, based on the methodology outlined in Part V above.

R/M recommends the following target goals, as discussed in Part IV of this report:

- Minimum debt service coverage of 110%.
- Target cash reserve of 40% off annual O&M cost, or minimum \$1,000,000 in cash reserves, whichever is higher.

Table 2 below shows the key financial aspects of the financial projection. The full financial project is included in Appendix C – Columbus Wastewater Utility 2026-2036 Financial Forecast.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Revenue	\$1,984,344	\$2,101,075	\$2,377,483	\$2,931,203	\$3,091,286	\$3,322,768	\$3,715,457	\$3,798,621	\$3,848,704	\$4,365,624	\$4,418,242	\$4,489,637
Operations & Maintenance Expenses	1,483,540	1,528,046	1,573,888	1,621,104	1,669,737	1,719,829	1,771,424	1,824,567	1,879,304	1,935,683	1,993,754	2,053,566
O&M Projects							135,000					
Replacement Fund Costs (Shared)		154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600
Replacement Fund Costs (City Only)		210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700
Total O&M Expenses	1,483,540	1,893,346	1,939,188	1,986,404	2,035,037	2,085,129	2,271,724	2,189,867	2,244,604	2,300,983	2,359,054	2,418,866
Depreciation	228,000	234,009	239,538	245,182	252,656	266,872	283,188	300,318	317,888	344,044	369,892	396,645
Taxes	31,073	31,695	32,329	32,975	33,635	34,307	34,993	35,693	36,407	37,135	37,878	38,636
Net Operating Income	241,731	(57,975)	166,429	666,641	769,958	936,459	1,125,551	1,272,742	1,249,805	1,683,461	1,651,418	1,635,490
Plus Depreciation	228,000	234,009	239,538	245,182	252,656	266,872	283,188	300,318	317,888	344,044	369,892	396,645
Total Cash Available for Capital	\$ 469,731	\$ 176,034	\$ 405,967	\$ 911,823	\$ 1,022,614	\$ 1,203,331	\$ 1,408,739	\$ 1,573,061	\$ 1,567,693	\$ 2,027,505	\$ 2,021,310	\$ 2,032,135
Current Debt Payments	\$ 707,644	\$ 718,392	\$ 666,653	\$ 623,050	\$ 625,325	\$ 621,939	\$ 622,882	\$ 599,116	\$ 549,696	\$ 548,892	\$ 429,538	\$ 431,613
New Debt Payments	-	-	27,729	77,115	166,307	506,788	610,839	675,354	746,731	1,176,852	1,280,793	1,323,970
Total Debt Service	707,644	718,392	694,382	700,165	791,632	1,128,727	1,233,721	1,274,470	1,296,427	1,725,744	1,710,331	1,755,583
Debt Service Coverage (>110%)	66%	25%	58%	130%	129%	107%	114%	123%	121%	117%	118%	116%
Capital Expenditures	-	718,392	694,382	700,165	791,632	1,128,727	1,233,721	1,274,470	1,296,427	1,725,744	1,710,331	1,755,583
Cash Reserve	1,000,000	457,642	169,227	380,885	611,867	686,471	861,489	1,160,080	1,431,345	1,733,106	2,044,086	2,320,638
Cash as % O&M	67%	30%	11%	23%	37%	40%	49%	64%	76%	90%	103%	113%

The Utility’s wastewater debt coverage is projected to fall below the 110% minimum in coverage in 2026 and 2027, but the proposed rate increases would help the Utility meet this coverage in 2028.

The Utility’s cash reserve is projected to fall below 40% of the annual O&M expenses by the end of 2026, but the proposed rate increases would help the Utility re-establish the target cash reserve by about 2031.

As with any financial forecast, expenses and/or revenues may differ significantly from the forecast. The Utility should revisit this forecast each year and adjust its planning as needed.

**PART VII – RECOMMENDATIONS**

**A. Recommended Rate Updates**

R/M recommends updating the following rates:

1. Increase the volumetric rates for Wastewater Utility customers from \$6.35 per 100 cubic feet to \$7.56 per 100 cubic feet.
2. Increase the volumetric rates for the Village of Fall River from \$2.59 per 1,000 gallons treated to \$3.13 per 1,000 gallons treated.
3. Increase the volumetric rates for the Elba Sanitary District from \$2.42 per 1,000 gallons treated to \$3.13 per 1,000 gallons treated.

**B. Customer Impacts**

For the initial years of implementation, customer impacts will be driven primarily by volumetric rate adjustments, with an additional fixed charge increase in 2028. In 2026, customers will experience an increase in the usage-based portion of their bill due to a 19 percent volumetric rate increase, reflecting rising O&M costs. This is followed by an additional 12 percent volumetric increase in 2027 as system demands and costs continue to grow. In 2028, customers will see both a 12 percent volumetric increase and a 50 percent increase to the fixed monthly charge, resulting in the largest impact to customers within the next 10-year period. The fixed charge adjustment will have a greater impact on customers with larger meters, while volumetric increases will primarily affect higher water users. These early, phased increases are intended to stabilize utility finances while moderating year-to-year bill impacts.

**Customer Analysis**

The analysis in Table 3 presents sample bills to illustrate typical charges for customers with Alternative 2 rate structure. Currently, the demand increments are based on estimated average values, not specific to Columbus. Additional examples of customer bill impacts are shown in Appendix D – Customer Rate Comparisons.

**TABLE 3 - CUSTOMER BILL ANALYSIS**

Customer Type	Meter Size	Demand (Per 100 CF)	Bill w/ Current Rates	Bill w/ Proposed Rates	Increase
Residential Rates	3/4"	4	\$52.08	\$56.91	9.3%
	1"	4	\$61.28	\$66.11	7.9%
Commercial/ Industrial/ Public Authority	1-1/2"	17	\$159.43	\$179.94	12.9%
	2"	33	\$278.19	\$318.00	14.3%
	3"	67	\$536.21	\$617.05	15.1%

Expenses and/or revenues may differ significantly from the forecast. The City should revisit this forecast each year and adjust its planning as needed.

**Neighboring Municipal Sewer Rates**

Table 4 provides data comparing City of Columbus’s proposed 2026 rates to its neighboring municipalities. All fixed and volume rates are taken directly from the respective municipalities website. The rates shown are quarterly.

**TABLE 4 - NEIGHBORING COMMUNITY RATES**

Meter Size	Beaver Dam	Marshall	Waterloo	Portage	Columbus Proposed	Average
	\$31.26	\$37.44	\$45.00	\$60.66	\$80.04	\$50.88
	\$31.26	\$37.44	\$45.00	-	\$80.04	\$48.44
	\$47.46	\$65.52	\$105.15	\$141.75	\$107.64	\$93.50
	\$106.50	\$112.80	\$205.41	\$262.50	\$154.44	\$168.33
	\$182.91	\$168.90	\$325.71	\$341.25	\$205.92	\$244.94
	\$290.57	\$302.70	\$606.39	\$609.00	\$332.20	\$428.17
	\$560.29	-	\$1,007.37	\$997.50	\$514.80	\$769.99
	\$702.68	\$969.63	\$2,009.85	-	\$968.76	\$1,162.73
Volume Charge (100 CF)	\$4.60	\$5.89	\$15.38	\$5.89	\$7.56	\$7.86

**C. [Reserve Policy](#)**

R/M recommends that the Utility adopt a reserve policy of maintaining target cash reserves equal to 40 percent of annual O&M expenses or \$1,000,000, whichever is greater.

Maintaining adequate reserves improves financial resilience and creditworthiness and would better equip the Wastewater Utility to handle unexpected costs that arise in the future.

**[PART VIII - SUMMARY OF RECOMMENDATIONS](#)**

The City of Columbus Sanitary Sewer Utility faces increasing financial pressures driven by rising operating costs, existing debt service obligations, regulatory requirements, and substantial capital reinvestment needs. Without rate adjustments, the Utility will be unable to maintain required reserve levels or sustainably fund system improvements.

R/M recommends that the Columbus Wastewater Utility:

1. Adopt sewer rates for the City of Columbus Utility customers consistent with the proposed rates from this study.
2. Adopt sewer rates for the Village of Fall River and the Elba Sanitary District consistent with the updated rates from this study.
3. Implement the recommended rate adjustments for 2027 and 2028 on January 1<sup>st</sup> of the calendar year.
4. Reaffirm the Utility’s reserve policy target.
5. Update the financial forecast and external user rates on a bi-annual basis.
6. Update the CIP annually.

APPENDICES

Appendix A: Columbus Wastewater Utility 2026 – 2036 Capital Improvement Plan

Appendix B: 2026 External User Rate Calculations

Appendix C: Columbus Wastewater Utility 2026 – 2036 Financial Forecast

Appendix D: Customer Rate Comparisons

**Appendix A: Columbus Wastewater Utility 2026 – 2036 Capital Improvement Plan**

## COLUMBUS WASTEWATER UTILITY 2026 - 2036 CAPITAL IMPROVEMENT PLAN

May 15, 2026

Fund Type	Contribution	Utilities	Year*	Purchase/Replacement	Cost	Notes	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036			
Capital	Col/FR/Elba	Vehicles	TBD	Wastewater Hoist Truck*	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		TBD	Wastewater Pickup	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus	Street Replacement	2026	W School	\$358,700		\$358,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2027	Church/Olden/E Prairie/Richmond	\$205,505		\$0	\$205,505	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2028	W Prairie	\$382,275		\$0	\$0	\$382,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2029	Parkview	\$375,666		\$0	\$0	\$0	\$375,666	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2030	W Harrison & S Main	\$563,108		\$0	\$0	\$0	\$0	\$563,108	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2031	W Fountain & Selder	\$391,018		\$0	\$0	\$0	\$0	\$0	\$391,018	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		2032	Sunset, Chapin & Turner	\$689,100		\$0	\$0	\$0	\$0	\$0	\$0	\$689,100	\$0	\$0	\$0	\$0			
Capital	Columbus		2033	Greenview & Parkview	\$444,254		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$444,254	\$0	\$0	\$0			
Capital	Columbus		2034	N Spring & S Spring	\$580,001		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$580,001	\$0	\$0			
Capital	Columbus		2035	N Dickason	\$202,926		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$202,926	\$0			
Capital	Columbus		2036	Storges & Brevly	\$219,638		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$219,638			
Capital	Col/FR/Elba	Collection System	2028	Comprehensive Study on FDC	\$100,000		\$0	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
O&M	Col/FR/Elba		2031	Sampling Equipment & Lab Fees	\$135,000	Equipment purchase & study/cleaning	\$0	\$0	\$0	\$0	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0			
O&M	Col/FR/Elba		TBD	Contracted Jetting/Televising/Repairs	\$0	20% per year ongoing annual operating costs (RM)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Columbus	Pump Sk/Forcemain	2027	Birdsey Lift Station (Control Panel)	\$75,000	Control panel. Access door pins are wearing. Two stage wet well.	\$0	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Columbus		2031	West Side Lift Station	\$100,000	New pumps.	\$0	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Columbus		2032	Kiwanis Lift Station	\$170,000	New pumps and valves.	\$0	\$0	\$0	\$0	\$0	\$170,000	\$0	\$0	\$0	\$0	\$0			
Capital	Columbus		28-29	Transit Lift Station	\$1,205,100	Building, generator, pumps, new wet well, new driveway	\$0	\$0	\$622,000	\$583,100	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Columbus		2034	Commercial Lift Station	\$160,000	New pumps and valves. Receives transit and water plant.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$160,000	\$0	\$0	\$0			
Replacement	Columbus		2035	Hughes Lift Station Replacement	\$190,000	Last done 2017.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$190,000	\$0	\$0			
Replacement	Columbus		2027	Lift Station PLCs	\$75,000	Five lift stations	\$0	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Columbus		2031	Remaining Lift Station PLCs	\$45,000	Three lift stations.	\$0	\$0	\$0	\$0	\$45,000	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba	WWTP	2027	Scum Pumps & Flanges	\$50,000		\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2027	Rehab/Rebuild of Sand Filter System	\$65,000	Rebuild or replacement kits for butterfly valve actuators. Get assessment	\$0	\$65,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2027	Effluent Sampling System	\$135,000	WONR may require change in effluent sample location.	\$0	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		31-32	PLC Upgrades	\$235,000	Replace PLCs.	\$0	\$0	\$0	\$0	\$140,000	\$95,000	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		27, 29	Slipstreams Handling Project	\$3,987,610	New dewatering press, new dryer.	\$0	\$298,115	\$0	\$3,689,495	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2027	Chem Scan System & Phos Chemical Removal U	\$60,000	ChemScan unit. Add ability to manually change through SCADA.	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2031	Muffin Monster Rebuild & Replacement	\$35,000	Replace and make sure to exercise. Manual operation.	\$0	\$0	\$0	\$0	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2033	Rebuild of Clarifier #1	\$400,000	New drive, seal, scrapers and paint metal parts.	\$0	\$0	\$0	\$0	\$0	\$0	\$400,000	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2034	Rebuild of Clarifier #2	\$400,000	New drive, seal, scrapers and paint metal parts.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$400,000	\$0	\$0	\$0			
Capital	Col/FR/Elba		2030	Remove Chemical Disinfection, Use UV light	\$760,000	Cost of \$480,000 in 2012 study.	\$0	\$0	\$0	\$0	\$760,000	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2031	Aeration Diffuser Replacement	\$40,000	Diffusers last replaced in 2023. Seven year life.	\$0	\$0	\$0	\$0	\$0	\$40,000	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2031	Aeration Basin Gate Valve Replacement	\$48,000	Four locations at \$12,000 each. Replace fiberglass.	\$0	\$0	\$0	\$0	\$48,000	\$0	\$0	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2033	Tertiary Filter Replacement	\$4,500,000	Replace anthracite filters. Reduce reliance on WQT for TP removal.	\$0	\$0	\$0	\$0	\$0	\$0	\$4,500,000	\$0	\$0	\$0	\$0			
Capital	Col/FR/Elba		2031	Mill and Repave Parking Lot	\$255,000		\$0	\$0	\$0	\$0	\$255,000	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2028	Replace Doors and Frames Throughout Plant	\$50,000	Chemical Room doors are worst. 20 doors at \$2,500 each. Select hardware	\$0	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Replacement	Col/FR/Elba		2031	Aeration Blowers Rebuild.	\$105,000	Blowers from 2014. 1/3 duty cycle.	\$0	\$0	\$0	\$0	\$105,000	\$0	\$0	\$0	\$0	\$0	\$0			
							\$358,700	\$963,620	\$1,154,275	\$4,648,261	\$1,323,108	\$1,294,018	\$954,100	\$5,344,254	\$1,140,001	\$392,926	\$219,638	\$17,792,901		
							2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	TOTAL		
Total Capital Shared Cost							\$0	\$498,115	\$100,000	\$3,689,495	\$760,000	\$395,000	\$95,000	\$4,900,000	\$400,000	\$0	\$0	\$0	\$10,837,610	
Total Columbus Capital Cost							\$0	\$414,731	\$83,260	\$3,071,874	\$632,776	\$328,877	\$79,097	\$4,079,740	\$333,040	\$0	\$0	\$0	\$9,023,394	
Total Fall River Capital Cost							\$0	\$77,606	\$15,580	\$574,233	\$118,408	\$61,541	\$14,801	\$763,420	\$62,320	\$0	\$0	\$0	\$1,688,500	
Total Elba Capital Cost							\$0	\$5,778	\$1,160	\$42,798	\$8,816	\$4,582	\$1,102	\$56,840	\$4,640	\$0	\$0	\$0	\$125,716	
<b>Total Capital-City Only Cost</b>							<b>\$358,700</b>	<b>\$205,505</b>	<b>\$1,004,275</b>	<b>\$958,766</b>	<b>\$563,108</b>	<b>\$391,018</b>	<b>\$689,100</b>	<b>\$444,254</b>	<b>\$580,001</b>	<b>\$202,926</b>	<b>\$219,638</b>	<b>\$5,617,291</b>		
Vehicle Replacement Fund Cost							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Collection System Replacement Fund Cost							\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Pump Replacement Fund Cost							\$0	\$150,000	\$0	\$0	\$0	\$145,000	\$170,000	\$0	\$160,000	\$190,000	\$0	\$0	\$815,000	
Treatment Plant Replacement Fund Cost							\$0	\$110,000	\$50,000	\$0	\$0	\$228,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$388,000
<b>Total Replacement Fund Cost</b>							<b>\$0</b>	<b>\$260,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$373,000</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$160,000</b>	<b>\$190,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,203,000</b>	
<b>TOTAL COLUMBUS CAPITAL COST</b>							<b>\$358,700</b>	<b>\$880,235</b>	<b>\$1,137,535</b>	<b>\$4,030,640</b>	<b>\$1,195,884</b>	<b>\$1,092,895</b>	<b>\$938,197</b>	<b>\$4,523,994</b>	<b>\$1,073,041</b>	<b>\$392,926</b>	<b>\$219,638</b>	<b>\$15,843,685</b>		
Total O&M Cost							\$0	\$0	\$0	\$0	\$0	\$135,000	\$0	\$0	\$0	\$0	\$0	\$0	\$135,000	
<b>Total Columbus Capital Project Cost (Borrowed)</b>							<b>\$358,700</b>	<b>\$620,235</b>	<b>\$1,087,535</b>	<b>\$4,030,640</b>	<b>\$1,195,884</b>	<b>\$719,895</b>	<b>\$768,197</b>	<b>\$4,523,994</b>	<b>\$913,041</b>	<b>\$202,926</b>	<b>\$219,638</b>	<b>\$14,640,685</b>		
<b>Total O&amp;M &amp; Replacement Fund Project Cost (Rate-funded)</b>							<b>\$0</b>	<b>\$260,000</b>	<b>\$50,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$508,000</b>	<b>\$170,000</b>	<b>\$0</b>	<b>\$160,000</b>	<b>\$190,000</b>	<b>\$0</b>	<b>\$1,338,000</b>		

**Appendix B: 2026 External User Rate Calculations**

## 2026 External User Rate Calculations

Based on 2024 Financial Data and Flow Data

May 15, 2026

Treated Sewage Flows	2024		
Total Treated (000 gallons)		429564	100.00%
Columbus (000 gallons)		357640	83.26%
Fall River (000 gallons)		66930	15.58%
Elba (000 gallons)		4994	1.16%

### OPERATIONS AND MAINTENANCE

Volumetric Rate Costs	2024		
Total O&M Expenses (w/out Collect/Pump/Cust/Admin & General)		\$667,319	
Columbus Cost		\$555,587	83.26%
Fall River Cost		\$103,974	15.58%
Elba Cost		\$7,758	1.16%
			<b>\$1.553</b>
			<b>\$1.553</b>

### OPERATIONS AND MAINTENANCE - ADMINISTRATIVE AND GENERAL

Administrative & General Allocation	2024		
Total O&M Expenses (without Administrative & General or Customer Expenses)		\$737,981	100.00%
Maint - Collection System & Pumps (City Only)		\$70,662	
Columbus Allocation		\$626,249	84.86%
Fall River Allocation (based on volumetric percentage of related expenses)	15.58%	\$103,974	14.09%
Elba Allocation (based on volumetric percentage of related expenses)	1.16%	\$7,758	1.05%
Total Expenses		\$737,981	100.00%

O&M Rate Costs (Administrative & General)	2024		
O&M Expenses - Administrative & General Only		\$586,579	
Columbus Cost		\$497,769	84.86%
Fall River Cost		\$82,643	14.09%
Elba Cost		\$6,166	1.05%
			<b>1.235</b>
			<b>1.235</b>

### OPERATIONS AND MAINTENANCE - TREATMENT PLANT

Combined Treatment Plant O&M Costs & Allocations	2024		
<b>Operations</b>		<b>\$378,535</b>	
Columbus Allocation	83.26%	\$315,155	
Fall River Allocation (based on volumetric percentage)	15.58%	\$58,979	
Elba Allocation (based on volumetric percentage)	1.16%	\$4,401	
<b>Maint - Plant and Treatment</b>		<b>\$288,784</b>	
Columbus Allocation	83.26%	\$240,431	
Fall River Allocation (based on volumetric percentage)	15.58%	\$44,995	
Elba Allocation (based on volumetric percentage)	1.16%	\$3,357	
<b>Administrative and General</b>		<b>\$586,579</b>	
Columbus Allocation	84.86%	\$497,769	
Fall River Allocation (based on Admin & General percentage)	14.09%	\$82,643	
Elba Allocation (based on Admin & General percentage)	1.05%	\$6,166	
<b>Total Plant/Treatment-Related Costs</b>		<b>\$1,253,898</b>	
Columbus Allocation		\$1,053,356	84.01%
Total Fall River Allocation		\$186,618	14.88%
Total Elba Allocation		\$13,925	1.11%

Replacement Fund Allocation & Costs	2024		
Replacement Fund Contribution		\$154,600	
Columbus Cost		\$129,874	84.01%
Fall River Cost (based on Treatment Plant O&M percentage)		\$23,009	14.88%
Elba Cost (based on Treatment Plant O&M percentage)		\$1,717	1.11%
			<b>\$0.344</b>
			<b>\$0.344</b>

Total Volume Cost	2024		
Fall River Cost/ 1000 Gallons		\$209,627	\$3.132
Elba Cost/ 1000 Gallons		\$15,641	\$3.132

**Appendix C: Columbus Wastewater Utility 2026 – 2036 Financial Forecast**

**Columbus Wastewater Utility 2026 - 2036 Financial Forecast**

5/15/2026

Annual Inflation	3.0%
Total Utility Composite Depreciation Rate	2.0%
Loan Length (years)	20
Issuance cost as % of Debt	2.0%

<b>Fall River Share (Fixed)</b>	15.58%	<b>Elba Share (Fixed)</b>	1.16%
<b>Fall River Share (Vol)</b>	15.58%	<b>Elba Share (Vol)</b>	1.16%

**NOTES**

O&M grown at inflation plus approximated Fall River & Elba rates. Taxes, & capital expenses grown at inflation  
 Depreciation grown using composite rate applied to new capital, minus reduction of 2023 depreciation by composite depreciation rate.  
 Target cash reserve of 40% of annual O&M expenses or \$1,000,000 Minimum  
 2026 Rate Increases applied from June 1 through end of year  
 Fall River & Elba fixed rates & future volume rates are approximations. Actual rates and cost allocations will be per established methodology.  
 Operating Revenues Capital Expenses Entry Cells Populated from CIP  
 Equipment Replacement Fund Debt Volume Cost-Related Fixed Cost-Related

YEAR	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
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**REVENUE AND RATES**

Columbus Annual Rate Increase (Approx)		4.6%	14.1%	25.3%	6.4%	6.7%	13.8%	1.5%	1.5%	15.0%	1.4%	1.4%	
Rate Increase (Fixed)				50.0%			22.0%			35.0%			
Proposed Fixed Rate Revenue	\$495,000	\$701,000	\$701,000	\$701,000	\$1,051,500	\$1,051,500	\$1,051,500	\$1,282,830	\$1,282,830	\$1,282,830	\$1,731,821	\$1,731,821	\$1,731,821
Rate Increase (Volume)			19.0%	12.0%	12.0%	11.0%	11.0%	9.0%	2.5%	2.5%	2.5%	2.5%	
Proposed Volume Rate Revenue	\$1,000,000	\$975,000	\$1,052,188	\$1,299,480	\$1,455,418	\$1,615,514	\$1,793,220	\$1,954,610	\$2,003,475	\$2,053,562	\$2,104,901	\$2,157,524	\$2,211,462
Fall River Volume Rate (Estimated)	\$2.00	\$2.00	\$3.13	\$3.13	\$3.88	\$3.88	\$4.74	\$4.74	\$5.28	\$5.28	\$5.54	\$5.54	\$5.82
Fall River Annual Rate Increase (Approx)			56.5%	0.0%	24.0%	0.0%	22.0%	0.0%	11.5%	0.0%	5.0%	0.0%	5.0%
Elba Volume Rate (Estimated)	\$2.42	\$2.42	\$3.13	\$3.13	\$3.88	\$3.88	\$4.74	\$4.74	\$5.28	\$5.28	\$5.54	\$5.54	\$5.82
Elba Annual Rate Increase (Approx)			29.3%	0.0%	24.0%	0.0%	22.0%	0.0%	11.5%	0.0%	5.0%	0.0%	5.0%
Service to Other Systems (Fall River & Elba)	\$133,000	\$128,500	\$168,053	\$197,190	\$244,516	\$244,516	\$298,309	\$298,309	\$332,615	\$332,615	\$349,245	\$349,245	\$366,708
Other Revenues	\$120,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
Total Proj Operating Revenues (Approx)	\$1,748,000	\$1,984,500	\$2,101,240	\$2,377,670	\$2,931,433	\$3,091,529	\$3,323,029	\$3,715,749	\$3,798,920	\$3,849,007	\$4,365,967	\$4,418,589	\$4,489,990
Revenue Increase			5.9%	13.2%	23.3%	5.5%	7.5%	11.8%	2.2%	1.3%	13.4%	1.2%	1.6%
Proposed Combined Volume Revenue	\$1,133,000	\$1,103,500	\$1,220,240	\$1,496,670	\$1,699,933	\$1,860,029	\$2,091,529	\$2,252,919	\$2,336,090	\$2,386,177	\$2,454,146	\$2,506,769	\$2,578,169

**FINANCIAL FORECAST**

Operating Revenue	\$ 1,747,616	\$ 1,984,344	\$ 2,101,075	\$ 2,377,483	\$ 2,931,203	\$ 3,091,286	\$ 3,322,768	\$ 3,715,457	\$ 3,798,621	\$ 3,848,704	\$ 4,365,624	\$ 4,418,242	\$ 4,489,637
Operations & Maintenance Expenses	1,393,056	1,483,540	1,528,046	1,573,888	1,621,104	1,669,737	1,719,829	1,771,424	1,824,567	1,879,304	1,935,683	1,993,754	2,053,566
O&M Projects	-	-	-	-	-	-	-	135,000	-	-	-	-	-
Replacement Fund Costs (Shared)	-	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600	154,600
Replacement Fund Costs (City Only)	-	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700	210,700
Total O&M Expenses	1,393,056	1,483,540	1,893,346	1,939,188	1,986,404	2,035,037	2,085,129	2,271,724	2,189,867	2,244,604	2,300,983	2,359,054	2,418,866
Depreciation	484,477	228,000	234,009	239,538	245,182	252,656	266,872	283,188	300,318	317,888	344,044	369,892	396,645
Taxes	26,422	31,073	31,695	32,329	32,975	33,635	34,307	34,993	35,693	36,407	37,135	37,878	38,636
Net Operating Income	(156,339)	241,731	(57,975)	166,429	666,641	769,958	936,459	1,125,551	1,272,742	1,249,805	1,683,461	1,651,418	1,635,490
Plus Depreciation	484,477	228,000	234,009	239,538	245,182	252,656	266,872	283,188	300,318	317,888	344,044	369,892	396,645
Total Cash Available for Capital	\$ 328,138	\$ 469,731	\$ 176,034	\$ 405,967	\$ 911,823	\$ 1,022,614	\$ 1,203,331	\$ 1,408,739	\$ 1,573,061	\$ 1,567,693	\$ 2,027,505	\$ 2,021,310	\$ 2,032,135
Current Debt Payments	-	\$ 707,644	\$ 718,392	\$ 666,653	\$ 623,050	\$ 625,325	\$ 621,939	\$ 622,882	\$ 599,116	\$ 549,696	\$ 548,892	\$ 429,538	\$ 431,613
New Debt Payments	-	-	-	27,729	77,115	166,307	506,788	610,839	675,354	746,731	1,176,852	1,280,793	1,323,970
Total Debt Service	-	707,644	718,392	694,382	700,165	791,632	1,128,727	1,233,721	1,274,470	1,296,427	1,725,744	1,710,331	1,755,583
Debt Service Coverage (~110%)	N/A	66%	25%	58%	130%	129%	107%	114%	123%	121%	117%	118%	116%
Capital Expenditures	-	-	718,392	694,382	700,165	791,632	1,128,727	1,233,721	1,274,470	1,296,427	1,725,744	1,710,331	1,755,583
Cash Reserve	\$ 2,276,489	1,000,000	457,642	169,227	380,885	611,867	686,471	861,489	1,160,080	1,431,345	1,733,106	2,044,086	2,320,638
Cash as % O&M	163%	67%	30%	11%	23%	37%	40%	49%	64%	76%	90%	103%	113%

**Appendix D: Customer Rate Comparisons**

## Customer Rate Comparisons

Existing 2026 Rates compared to proposed 2026, 2027 & 2028 Rates

May 15, 2026

2026 - Existing Rates					2026 - Proposed Rates			2027 - Proposed Rates			2028 - Proposed Rates			
RESIDENTIAL RATES	METER SIZE	DEMAND ( 100 C.F.)	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL
					Proposed Increase	Proposed Increase				Proposed Increase	Proposed Increase			
					0.0%	19.0%				0	12%			
<b>Volume Charges</b>					<b>\$6.35</b>	<b>\$7.56</b>				<b>\$8.46</b>				
No Consumption	3/4"	0	\$26.68	\$0.00	\$26.68	\$26.68	\$0.00	\$26.68	\$26.68	\$0.00	\$26.68	\$40.02	\$0.00	\$40.02
Small Residential	3/4"	2	\$26.68	\$12.70	\$39.38	\$26.68	\$15.11	\$41.79	\$26.68	\$16.93	\$43.61	\$40.02	\$18.96	\$58.98
<b>Average Residential</b>	<b>3/4"</b>	<b>4</b>	<b>\$26.68</b>	<b>\$25.40</b>	<b>\$52.08</b>	<b>\$26.68</b>	<b>\$30.23</b>	<b>\$56.91</b>	<b>\$26.68</b>	<b>\$33.85</b>	<b>\$60.53</b>	<b>\$40.02</b>	<b>\$37.92</b>	<b>\$77.94</b>
Large Residential	3/4"	7	\$26.68	\$44.45	\$71.13	\$26.68	\$52.90	\$79.58	\$26.68	\$59.24	\$85.92	\$40.02	\$66.35	\$106.37
Large Residential	3/4"	11	\$26.68	\$69.85	\$96.53	\$26.68	\$83.12	\$109.80	\$26.68	\$93.10	\$119.78	\$40.02	\$104.27	\$144.29
Large Residential	3/4"	13	\$26.68	\$82.55	\$109.23	\$26.68	\$98.23	\$124.91	\$26.68	\$110.02	\$136.70	\$40.02	\$123.23	\$163.25
No Consumption	1"	0	\$35.88	\$0.00	\$35.88	\$35.88	\$0.00	\$35.88	\$35.88	\$0.00	\$35.88	\$53.82	\$0.00	\$53.82
Small Residential	1"	2	\$35.88	\$12.70	\$48.58	\$35.88	\$15.11	\$50.99	\$35.88	\$16.93	\$52.81	\$53.82	\$18.96	\$72.78
<b>Average Residential</b>	<b>1"</b>	<b>4</b>	<b>\$35.88</b>	<b>\$25.40</b>	<b>\$61.28</b>	<b>\$35.88</b>	<b>\$30.23</b>	<b>\$66.11</b>	<b>\$35.88</b>	<b>\$33.85</b>	<b>\$69.73</b>	<b>\$53.82</b>	<b>\$37.92</b>	<b>\$91.74</b>
Large Residential	1"	7	\$35.88	\$44.45	\$80.33	\$35.88	\$52.90	\$88.78	\$35.88	\$59.24	\$95.12	\$53.82	\$66.35	\$120.17
Large Residential	1"	11	\$35.88	\$69.85	\$105.73	\$35.88	\$83.12	\$119.00	\$35.88	\$93.10	\$128.98	\$53.82	\$104.27	\$158.09
Large Residential	1"	13	\$35.88	\$82.55	\$118.43	\$35.88	\$98.23	\$134.11	\$35.88	\$110.02	\$145.90	\$53.82	\$123.23	\$177.05

2026 - Existing Rates					2026 - Proposed Rates			2027 - Proposed Rates			2028 - Proposed Rates			
NON-RESIDENTIAL RATES	METER SIZE	DEMAND ( 100 C.F.)	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL	FIXED CHARGE	VOLUME CHARGE	ESTIMATED BILL
Multi-family	2"	53	\$68.64	\$336.55	\$405.19	\$68.64	\$400.49	\$469.13	\$68.64	\$448.55	\$517.19	\$102.96	\$502.38	\$605.34
Multi-family	2"	60	\$68.64	\$381.00	\$449.64	\$68.64	\$453.39	\$522.03	\$68.64	\$507.80	\$576.44	\$102.96	\$568.73	\$671.69
Multi-family	2"	60	\$68.64	\$381.00	\$449.64	\$68.64	\$453.39	\$522.03	\$68.64	\$507.80	\$576.44	\$102.96	\$568.73	\$671.69
Commercial	1 1/2"	17	\$51.48	\$107.95	\$159.43	\$51.48	\$128.46	\$179.94	\$51.48	\$143.88	\$195.36	\$77.22	\$161.14	\$238.36
Commercial	1 1/2"	23	\$51.48	\$146.05	\$197.53	\$51.48	\$173.80	\$225.28	\$51.48	\$194.66	\$246.14	\$77.22	\$218.01	\$295.23
Commercial	2"	33	\$68.64	\$209.55	\$278.19	\$68.64	\$249.36	\$318.00	\$68.64	\$279.29	\$347.93	\$102.96	\$312.80	\$415.76
Commercial	3"	40	\$110.76	\$254.00	\$364.76	\$110.76	\$302.26	\$413.02	\$110.76	\$338.53	\$449.29	\$166.14	\$379.15	\$545.29
Public Authority	2"	67	\$68.64	\$425.45	\$494.09	\$68.64	\$506.29	\$574.93	\$68.64	\$567.04	\$635.68	\$102.96	\$635.08	\$738.04
Public Authority	3"	67	\$110.76	\$425.45	\$536.21	\$110.76	\$506.29	\$617.05	\$110.76	\$567.04	\$677.80	\$166.14	\$635.08	\$801.22