Oconee Joint Regional Sewer Authority

Regional System Rate Study – Preliminary Findings

November 12, 2026

RAFTELIS

1

1

Project Objective

Compare the financial outlook of a regional sewer system with the status quo to assess its feasibility and impact on existing and future customers.

2

2

Study Process

- Request financial and operating data from all entities (OJRSA & Cities)
- Meet with all entities individually to discuss and understand key issues
- Perform rate, financial planning, and cost allocation analysis
  - Establish “status quo” scenario
  - Establish combined system scenario
- Present preliminary findings to Reconstitution Committee
  - Adjust based on comments and feedback
- Develop final recommendations and package

3

Key Issues



4

What we are up against…

- The results of the financial evaluation are driven by three key issues:

1) OJRSA system faces significant near and long-term capital reinvestment needs.
2) Cities collection systems' future capital needs are not well known.
3) Existing system structure does not allow OJRSA to issue debt.

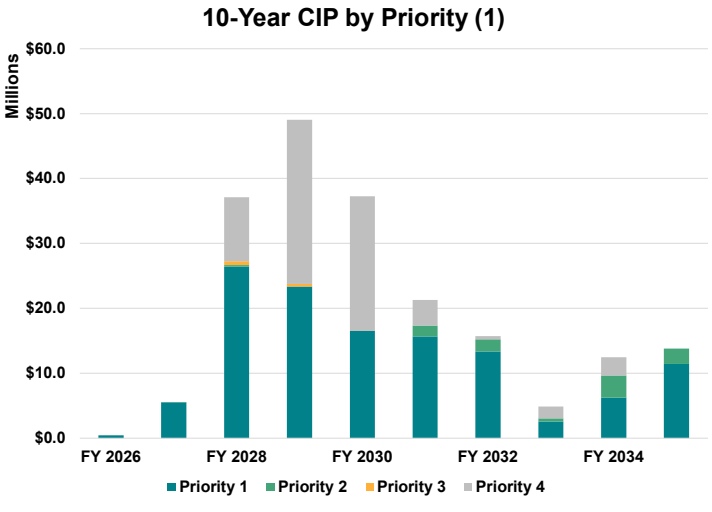
5

OJRSA CIP

	5-Year	10-Year
Total CIP*	**$ 129.4M**	**$ 197.4M**
Per Year	*$ 25.8M*	*$ 19.7M*
Priority 1 & 2 Only	**$ 72.4M**	**$ 131.4M**
Per Year	*$ 14.8M*	*$ 13.1M*

Total 20-Year CIP: $314.6 Million

**excludes capital outlay (equipment, vehicles, etc.).*



(1) Not adjusted for inflation

6

Cities Collection Systems Capital Needs

	2023 Regionalization Study	Provided for Current Study	Ardurra / Raftelis Estimate (1) ($M / year)
Seneca	Not Provided	$0.75M 1-Year ($0.75M / year)	$ 4.90
Walhalla	$5.2M 5-Year ($1.05M / year)	$5.7M 5-Year ($1.34M / year)	$ 1.13
Westminster	$4.9M 5-Year ($0.98M / year)	$4.2M 5-year ($0.84M / year)	$ 0.62
West Union	Not Provided	$0	$ 0.02
Total	**$ 2.03M**	**$ 2.93M**	**$ 6.67M**

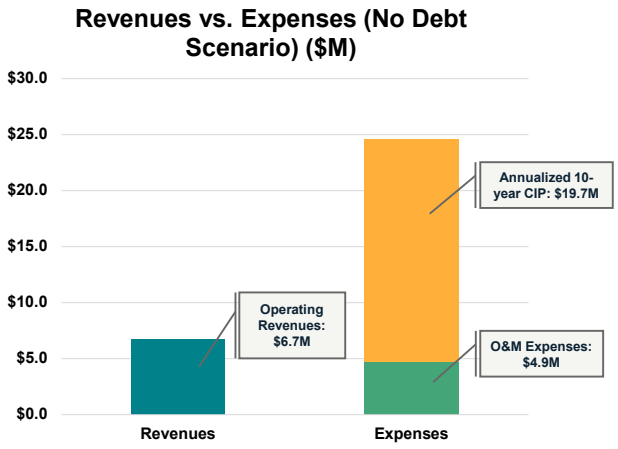
(1) Replacement costs estimated by Ardurra and calculated for each entity by Raftelis based on miles of pipe and # of pump stations. Estimate for planning purposes only.

7

7

Borrowing Constraint

- The existing capital program is completely unaffordable without the ability to utilize debt financing
  - › Operating revenues would need to more than triple



For illustration purposes only

8

8

Financial Analysis Preliminary Findings

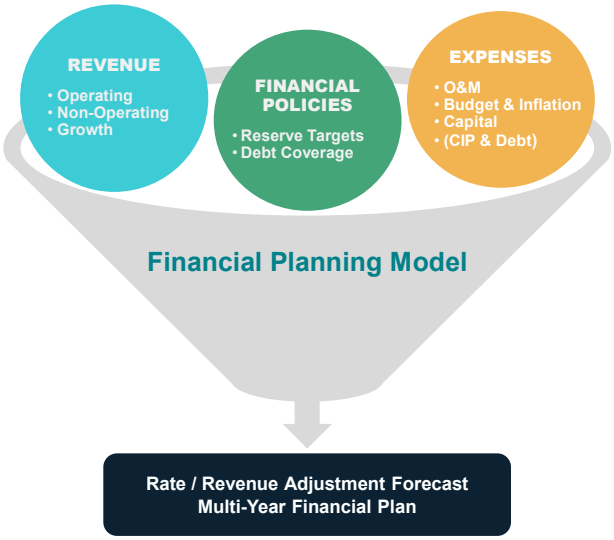
- To summarize:
  - Current CIP is cost prohibitive in the near term, even under a consolidated system, as you will see…
  - Cities' collection systems needs are not well-defined and may be significant.
  - Not being able to borrow exacerbates the CIP affordability issue
- Two scenarios modeled for consideration:
  - OJRSA Status Quo with Debt Funding
  - Consolidated Sewer System
- ***Compromises will need to be made to balance capital needs and rate impacts***

9

9

Financial Plan

- Goal is to model yearly cash flow and reserve balances and calculate rates
- Key Cost Drivers
  - CIP & Execution
  - Cost Escalation
- Revenue Drivers
  - Customers and usage
  - Rate increases
- Financial policies are the balancing mechanism



10

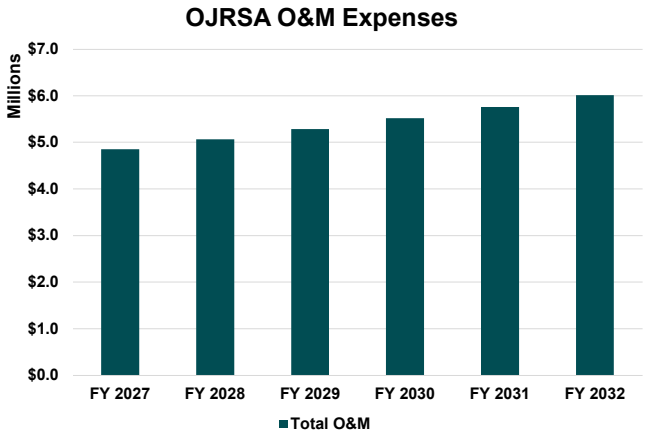
10

OJRSA
Status Quo

Revenue Requirements – O&M

- Operating Expenses
  - Projected expenses based on FY 2026 actuals as baseline
- Escalations
  - Personnel, Benefits, Utilities: 5.0%
  - Chemicals: 7.0%
  - All Other O&M: 3.0%

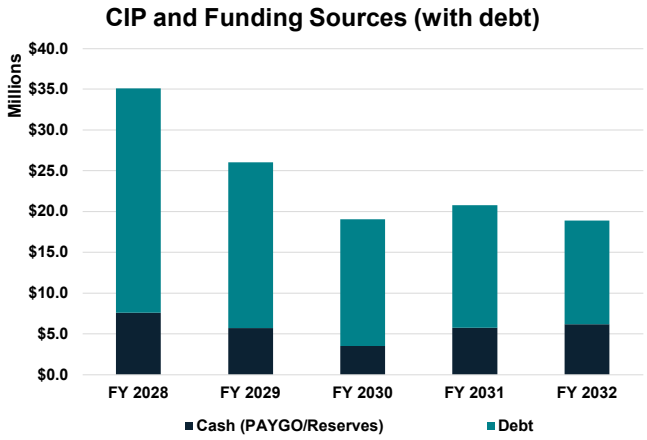
Average annual escalation of 4.39%



Status Quo – OJRSA Only

Revenue Requirements – CIP & Debt

- Only Priority 1 & 2 Projects are assumed to be funded
  - Assumes 3.5% CIP inflation factor
- Two revenue bond issues:
  - $27.5M for FY 2026 – FY 2028 projects
  - $35.9M for FY 2029 – FY 2030 projects
  - *Amortization schedules provided by First Tryon*
- Additional debt for FY 2031 and beyond
  - 5.0%, 30-year term



**FY 2028 includes FY 2026 – FY 2027 project roll-up*

Status Quo – OJRSA Only

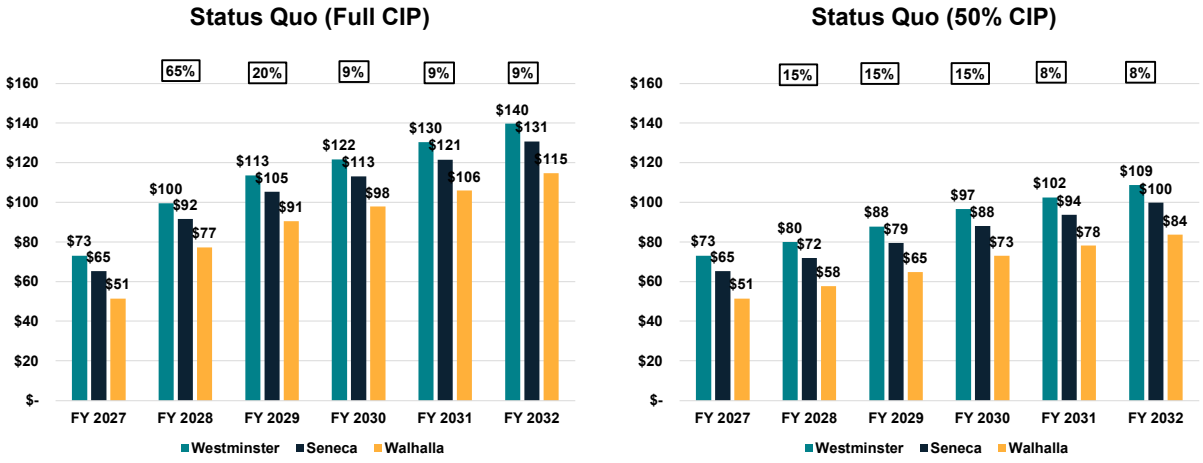
Revenues

- Customer Growth Projections
  - 3.06% growth in accounts
  - 1.21% growth in residential volumes
  - No growth in non-residential volumes
  - *Growth based on historical actuals*
- Miscellaneous Revenues (hauled waste fees, tap fees, etc.)
  - Projected flat through the forecast period

Status Quo – OJRSA Only

Customer Impacts – Status Quo

(5,000 Gal Average Residential Monthly Bill)



15

**assumes annual 3% increase to entity collection rates*

15

Status Quo Takeaways

- Persistent rate increases needed under status quo, even with significant decrease to CIP
- Impacts are consistent across Cities since OJRSA charges are passed through
- Does not address capital needs for the collection systems (rehab and maintenance, replacement, etc.)

16

16

Combined System Scenario

Combined System Revenue Requirement

Category	Description	Source
Operating Expenses	Existing OJRSA O&M	Ties to Status Quo
	+ Collection System Operating Expenses	**Assumed Using Benchmarks**
Debt Service	Future Debt for Capital Projects	Ties to Status Quo
	+ Refinanced Debt from Cities	**Provided by First Tryon**
Capital Costs	Cash Funded Capital – OJRSA Existing System	Ties to Status Quo
	+ Cash Funded Capital – City Collection Systems	**Estimates for collection cost provided by Ardurra**

Key Assumptions: Collection Systems

O&M

- Benchmarking analysis to estimate collection cost per mile of pipe for collection systems
  - Also includes estimate for admin
- Cost savings: **$405,000/yr**
  - Current Collection System O&M Cost:
    - **$2.64M** (City O&M less OJRSA Payments)
  - Projected Collection System O&M Cost:
    - **$2.23M**

Capital

Ardurra / Raftelis Estimate ($M / year) (1)		
	100% Funded	50% Funded
Seneca	$ 4.90	$2.45
Walhalla	$ 1.13	$0.57
Westminster	$ 0.62	$0.31
West Union	$ 0.02	$0.01
Total	**$ 6.67M**	**$3.34M**

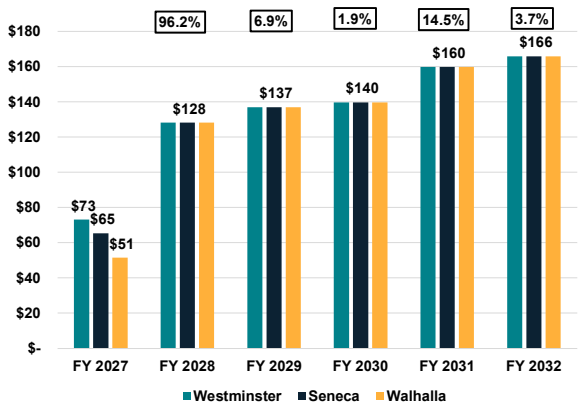
(1) Replacement costs estimated by Ardurra and calculated for each entity by Raftelis based on miles of pipe and # of pump stations. Estimate for planning purposes only.

19

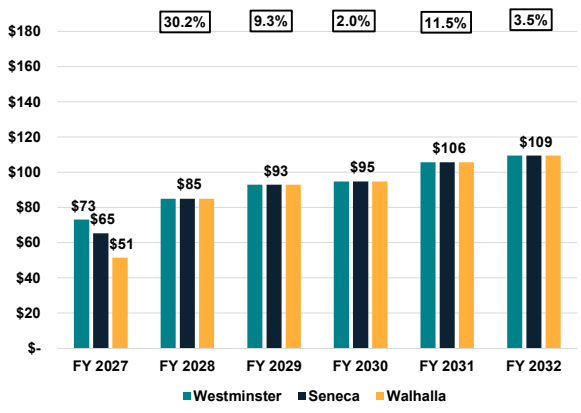
Customer Impacts – Regional System

(5,000 Gal Average Residential Monthly Bill)

Combined System (Full CIP)



Combined System (50% CIP)



20

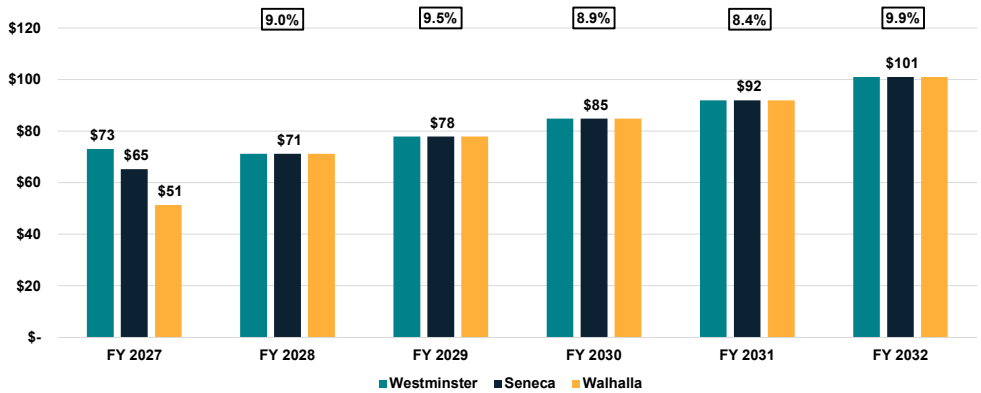
Why would we do that?

- Some economies of scale from single operations instead of multiple
  - $400,000 saved in operating costs
- Collection systems can be evaluated and repairs/rehabs prioritized
  - $18.5M in additional cash-funded capital over next five years
    - When comparing the 50% CIP Execution scenarios.
- Larger revenue base supports greater capacity to borrow, tackle consent decree projects, etc.
- Likely access to future grant funding and financing based on state regionalization priorities
- The final scenario considers a more affordable level of capital spend
  - Includes further reductions to both OJRSA and Collection system capital

21

Customer Impacts – Regional System (Affordable CIP)

(5,000 Gal Average Residential Monthly Bill)



22

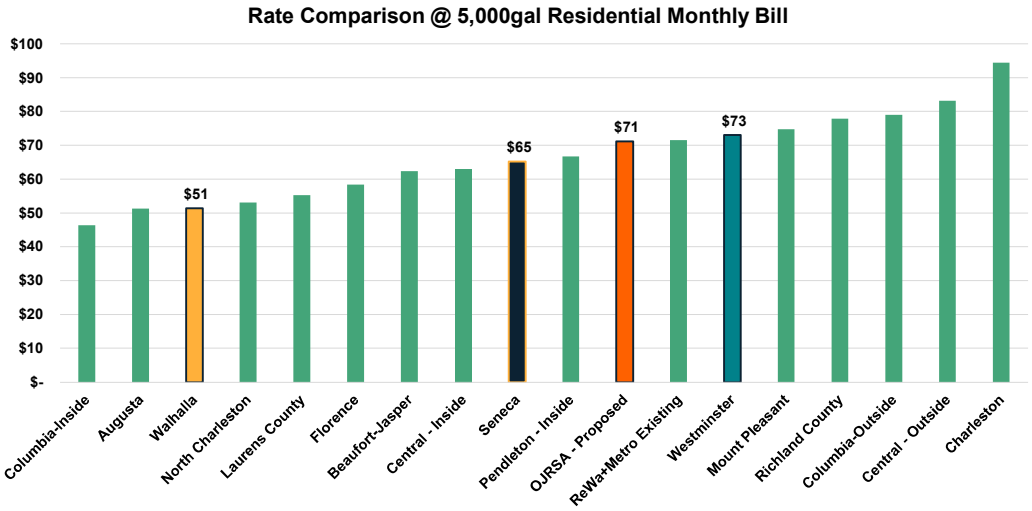
Scenario Comparison

	Status Quo		Combined System		
	100% CIP	*50% CIP*	*100% CIP*	*50% CIP*	*Affordable CIP*
Capital Funding (2027-2032)					
OJRSA System - Cash	$ 28.7M	$ 15.4M	$ 28.7M	$ 15.4M	$ 11.2M
OJRSA System - Debt	78.4M	41.4M	78.4M	41.4M	41.4M
Collection Systems	?	?	37.0M	18.5M	12.7M
Total Capital Funding	**$ 107.1M**	**$ 56.8M**	**$ 144.2M**	**$ 75.3M**	**$ 65.3M**
Monthly Seneca Avg Bill in 2032 (5,000 gallons)	**$ 131**	**$ 100**	**$ 165**	**$ 109**	**$ 101**

23

23

Bill Comparison to Other Communities



24

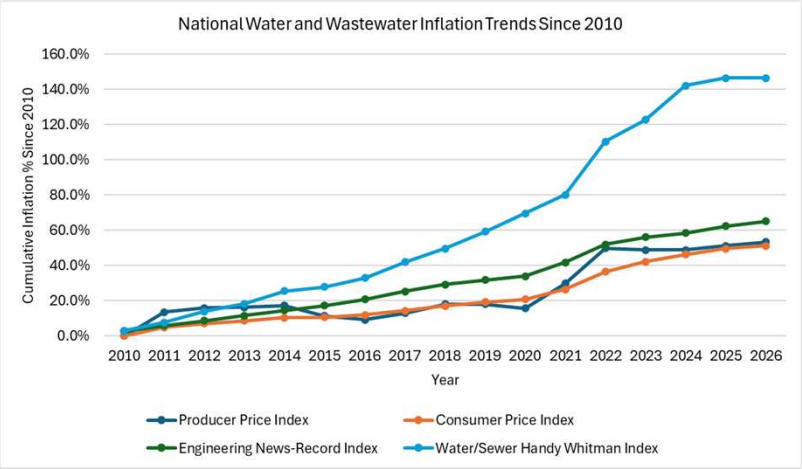
24

Considerations

- This is doable but there will have to be compromises to manage impacts on customers.
- For example:
  - Franchise Fees – Not currently considered in the analysis and would directly impact customer bills.
  - "Purchase" of Collection Systems from Cities – Not currently considered in the analysis and would directly impact customer bills.
  - Billing & Collections – Some costs included to cover billing/admin but most cost-efficient way is for it to be provided by Cities
- The longer you wait, the bigger the problem gets (see following slide)

25

Water and Wastewater Cost Trends



Producer Price Index Annual Avg: 2.7%
Consumer Price Index Annual Avg: 2.5%
Engineering News-Record Annual Avg: 3.0%
Water/Sewer Handy-Whitman Annual Avg: 5.8%

Costs for the water and wastewater construction industry have far outpaced CPI

26

RAFTELIS

Thank you!

Contact:
Melissa Levin / mlevin@raftelis.com
Will Kerr / wkerr@raftelis.com
Barrett Funderburk / bfunderburk@raftelis

27