SOUTH HENRY REGIONAL WASTE DISTRICT

301 South Williams Street | P.O. Box 147 | Lewisville, IN 47352

November 17, 2026

RE: Important Information Regarding Sewer Rates and Upcoming Public Hearing

Dear South Henry Regional Waste District Customer:

The South Henry Regional Waste District (the "District") understands that increases in sewer bills can be difficult for households and businesses. We also recognize the importance of explaining why these increases are necessary and how the funds collected from our customers are being used.

We are writing to provide additional information about the sewer rate increase approved in 2025, to explain why a smaller additional increase is now being proposed and to invite you to attend a public hearing scheduled for December 8th, before the District's Board votes on the proposed increase.

Why Did Sewer Rates Increase in 2025?

Like many wastewater utilities, the District faces increasing costs to operate and maintain its sewer system, along with the need to repair and upgrade aging infrastructure. These improvements are important to ensure the District can continue providing safe, dependable wastewater services to our customers, both now and in the future.

In 2025, the District worked with Baker Tilly, an independent financial advisor, to evaluate its financial condition and determine the sewer rates needed to cover ongoing operating expenses and planned improvements to its wastewater system.

That study determined that an overall rate increase of approximately 69.2% would be necessary to fully fund the improvements being considered at that time, along with the District's ongoing operating costs.

Recognizing that such a large increase would place a significant financial burden on customers, the District's Board chose not to implement the entire increase at once. Instead, the Board decided to take a phased approach to spread the financial impact over time.

As a result, the District approved an approximately 35% rate increase in 2025, representing roughly half of the overall necessary increase. This decision was intended to balance the District's responsibility to maintain its sewer system with the financial impact on the customers who depend on it.

What Has Changed Since the 2025 Rate Increase?

Since that time, the District has taken a closer look at its planned improvements and has decided to separate the larger improvement projects into smaller projects that can be completed in stages.

The District's immediate focus is on making necessary repairs and improvements to its existing wastewater treatment plant and related equipment, while also completing the engineering and design work needed for future improvements and expansion of the treatment plant.

To pay for this work, the District is planning to finance approximately $3 million in immediate improvements and related project costs through the issuance of bonds. Bonds allow the District to borrow money to complete necessary improvements now and repay those costs over time, rather than requiring customers to pay the entire cost upfront.

The planned use of these funds includes:

- $1.5 million for repairs and rehabilitation of the existing wastewater treatment plant.
- $1.1 million for engineering and design work for necessary District capital projects.
- $150,000 for a generator to support wastewater system operations in Spiceland.
- Approximately $250,000 for any additional maintenance needs, project contingencies and project-related administrative and financing costs.

These projects are intended to help the District maintain reliable wastewater service, address existing infrastructure needs, and prepare for future system improvements.

Why Is Another Rate Increase Being Proposed?

Because the District has revised its construction plans and financing needs, it requested that Baker Tilly prepare an updated financial study in 2026.

The purpose of the new study was to determine whether the rates already in place following the 2025 increase would be sufficient to cover the District's operating expenses and repay the bonds needed to finance the immediate projects.

The updated study found that an additional rate increase of 3.01% would be needed to provide the revenue necessary to support these costs.

This proposed increase is considerably smaller than the second phase originally anticipated when the District approved the 2025 increase. Rather than moving forward with the full amount contemplated in the earlier study, the District is proposing an increase based on its updated and more immediate financing needs.

For a typical residential customer using approximately 4,000 gallons of water per month, the proposed increase would have the following impact:

	Monthly Sewer Bill
Current average bill	$74.00
Proposed average bill	$76.22

Monthly increase: $2.22

The additional revenue would help the District make the required payments on the bonds used to finance the immediate improvements and related costs.

What About Future Improvements?

The District recognizes that additional wastewater treatment plant improvements will be needed in the future. By dividing the larger project into stages, the District can address more immediate needs while continuing to plan for future construction and potential financing opportunities.

The proposed 3.01% increase is intended to support the District's current financing plan. It does not include the full cost of future wastewater treatment plant expansion construction. Those future improvements and their financial impact will be evaluated separately as plans and funding arrangements are developed.

The District remains committed to making these decisions carefully and keeping the financial impact on customers in mind.

Public Hearing – December 8, 2026

Before making a final decision on the proposed 3.01% rate increase, the District's Board will hold a public hearing to provide customers and other interested members of the community an opportunity to learn more about the proposal and share their comments.

Date: Tuesday, December 8, 2026

Time: 4:30 P.M.

Location: 301 South Williams Street, Lewisville, IN 47352

The District's Board will consider the proposed rate increase following the public hearing. No final decision on the proposed 3.01% increase has been made.

We encourage interested customers to attend and participate in this important discussion.

Our Commitment to You

The District's Board understands that sewer rates directly affect the households and businesses we serve. Our goal is to maintain a safe, reliable, and financially responsible wastewater system while keeping rates as reasonable as possible.

The 2025 rate increase and the additional increase now being proposed reflect the District's effort to address necessary infrastructure improvements in a measured and responsible manner.

We appreciate your understanding, your continued support, and the opportunity to serve our community.

Sincerely,

Board of Trustees
South Henry Regional Waste District