FY 2026 Budget Proposal and Rate Structure Modifications Summary

Green Hills Water and Sewer District

I. Executive Summary

This proposal outlines the Fiscal Year (FY) 2026 budget and the corresponding rate structure required to ensure the financial sustainability, operational integrity, and long-term capital needs of the District's water and sewer infrastructure. The core adjustments focus on shifting the cost recovery primarily to the fixed base charge and new connections, while encouraging year-round conservation.

Key Proposed Changes:

- **Fixed Rate Adjustment:** Implementation of new Basic Water and Sewer Fees representing a 22.5% increase in the base service charge.
- **Base Water Allowance:** Increased from 10,000 gallons to 12,000 gallons per month.
- **Excess Usage Rates:** All existing excess usage tiers will be adjusted to reflect base water increase, but the tier rates will remain the same as FY2025.
- **Connection Fee:** A Connection Fee will increase to $21,000 to match local rates.
- **Cellular Meter:** Implementation of cellular meters which will allow for instant monitoring of water systems at individual meters, leak detection, and monthly billing.

II. Rate Rationale and Justification

The proposed 22.5% increase in the fixed base service charge is necessary to stabilize and secure revenue streams for the District's essential, non-variable costs.

Cost Driver	Proposed Budget Allocation	Justification
Operational & Maintenance Costs	$201.400 Annual Total for Costs of Goods Sold	Addresses inflationary increases in energy, labor, and chemical costs. The $21,000 annual Water samples/chemicals expense at the treatment plant, for instance, is a non-negotiable regulatory cost covered by fixed fees.
Capital Improvements	Includes Maple Treatment Plant Loan Repayment Includes new cellular meters Includes hydrant maintenance	Funds must be set aside for long-term infrastructure planning, debt service, and equipment upgrades. The Maple Well Treatment Plant Loan Payment of $45,790 is a fixed debt obligation that starts January 2026. The hydrants, inspected in October 2025, were found to be in need of immediate repair and replacement. The increased Connection Fee ensures that new growth pays its proportional share of system capacity expansion, rather than burdening existing ratepayers.
Financial Health and Reserves	Projected Net Savings of $38, 456	Ensures the District can build adequate cash reserves to cover major unforeseen emergencies (e.g., pump station failures) and unanticipated regulatory changes, maintaining financial stability.