

Handy Sanitary District appreciates questions and candid feedback from our customers. We would like to offer some clarity based on the information shared with all customers.

1. **Seasonal Homeowners and Voting Rights** Many of our customers are seasonal or part-time residents. This unique demographic does contribute to our revenue, but it also presents challenges in maintaining consistent year-round usage and reduces overall revenue. While voting privileges are determined by residency laws outside our control, we strive to represent the interests of all customers—seasonal and permanent alike—through transparent communication and responsible management.
2. **Initial Rate Expectations vs. Current Reality** We understand the frustration when early projections don't align with long-term outcomes. The sewer system, now 11 years old, has required substantial investment and ongoing maintenance. Despite inflation and rising operational costs, this is the first rate increase since 2011. We've worked hard to keep rates stable for over a decade, but adjustments are now necessary to ensure continued service quality.
3. **Rate History Since 2011** As noted in the insert, sewer rates have remained unchanged for 14 years. The new rates—effective October 1, 2025 and again in August 2026—reflect the need to catch up with inflation and rising costs, not a pattern of frequent increases.
4. **Lawsuits and Contractor Issues** The lawsuit against the contractors was settled based on the advice of our attorney. Unfortunately, the award was significantly lower than anticipated and was only sufficient to cover the damages resulting from poor construction and engineering. No funds remained to reduce the District's debt or offset operating costs. We understand this outcome may be disappointing, but it reflects the legal and financial realities we faced.
5. **Debt and Financial Management** Debt remains a substantial component of the District's operating expenses, currently accounting for nearly 19% of our budget. While this debt is interest-free, it is scheduled to continue through May 1, 2036. The rate adjustments are necessary to ensure we can responsibly manage this obligation while maintaining the quality and reliability of our sewer services.
6. **Customer Representation and Transparency** We hear your concern about governance and transparency. While the District operates within a defined structure, we are committed to improving communication and ensuring all customers feel informed and respected. Customer questions and feedback is a valuable part of that dialogue.

Additionally, for many years, the water rate helped subsidize sewer costs. However, with the rising cost of water, those funds are no longer available to

offset sewer expenses. As a result, each utility must now stand on its own financially. The District is also required by statute to set rates that fully cover our operating expenses, ensuring the long-term sustainability of both services.

We understand that rate increases are never welcome news, but they are essential to maintaining a reliable and sustainable sewer system for all. Thank you again for voicing your concerns—we value your engagement and hope this response provides some clarity.

Sincerely,

Darrell Hinnant—General Manager