



# Proposed FY 2015 Operating and Capital Budget

UNION COUNTY

NORTH CAROLINA

# *Tonight's Meeting*

- Adoption of the 3-year Water and Sewer Rate Ordinance
  - Establishes the 6.5% increase annually from FY 2015 through FY 2017
  - Updates Miscellaneous Fees and Calculation Clarification
- New rates to be effective in July 2014

The 3-year rate structure supports the  
Proposed FY 2014-15 Operating and Capital Budget.



# *Goals for Rate Making*

- Ensuring Fiscal Sustainability
  - Sustainable Operations
  - Sustainable System
  - Sustainable Debt Service
- Ensuring Rate Fairness
  - Base Rates v. Volumetric Rates
    - Rate Stabilization
  - Intergenerational Equity
- Encouraging Conservation

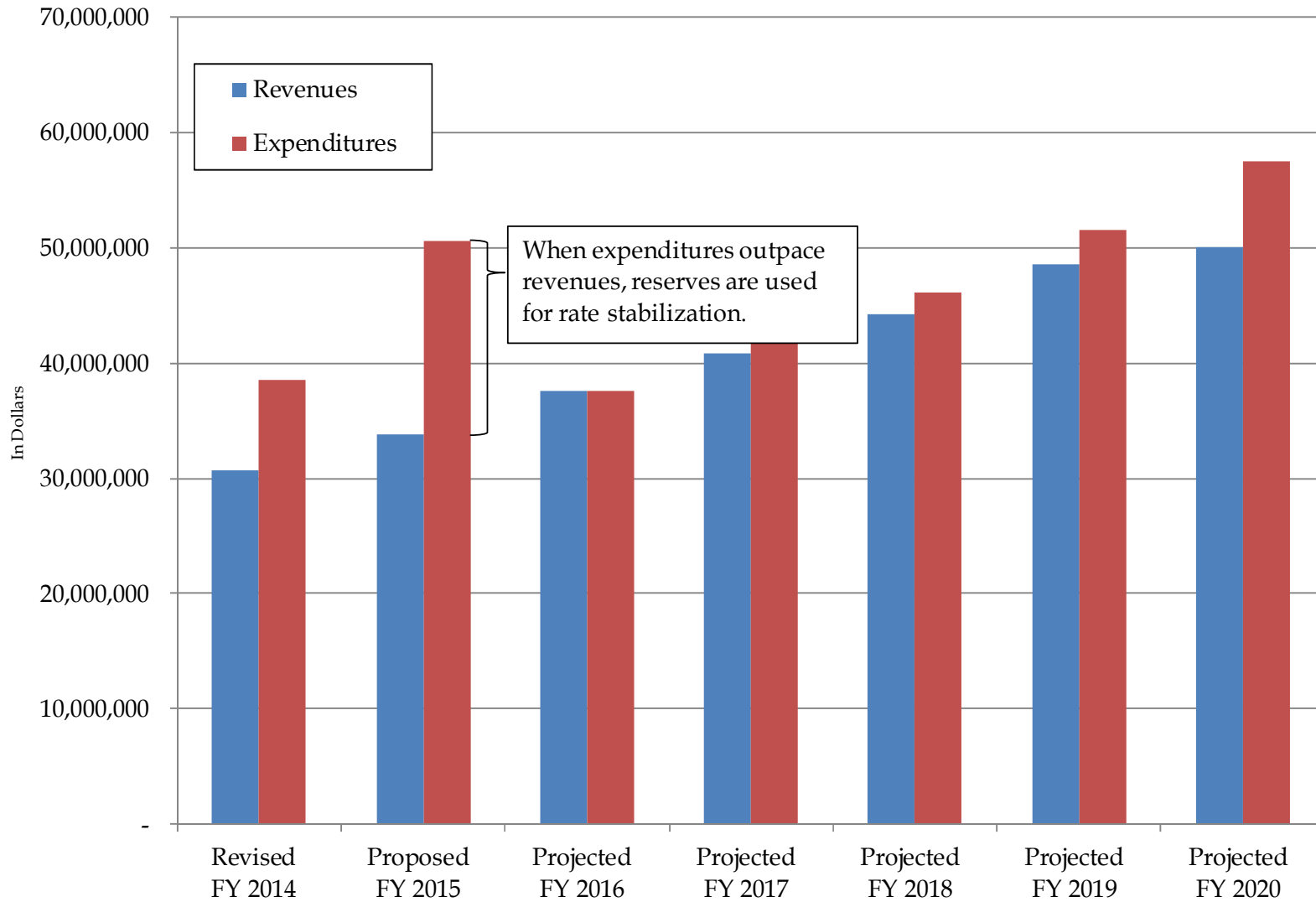


**Water and Sewer Utility Fund Financial Projections**

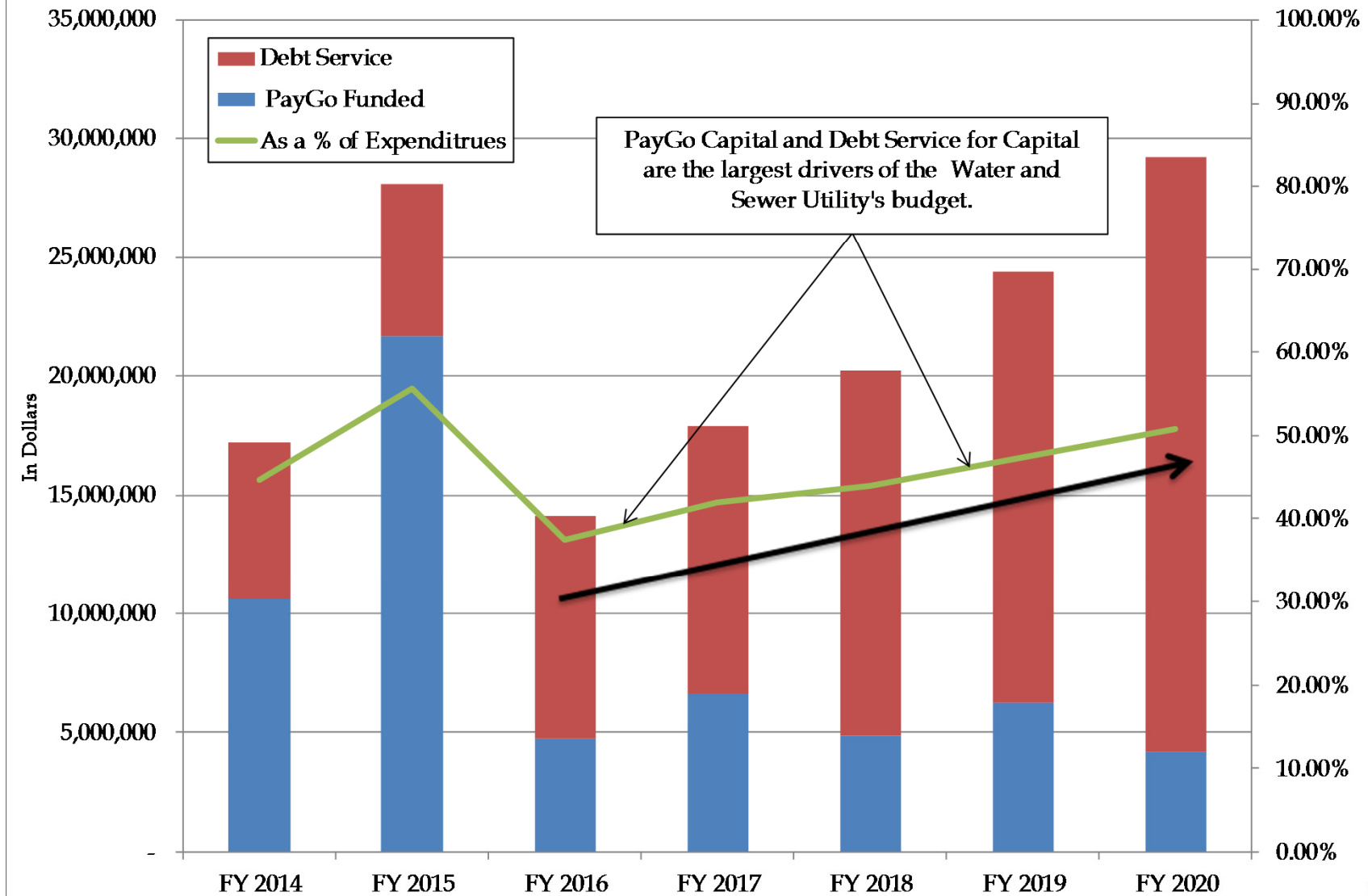
	Revised FY 2014	Proposed FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
<b>Revenues</b>							
Water and Sewer Rate Revenue	\$ (26,174,584)	(29,497,367)	(32,279,419)	(35,326,497)	(38,992,013)	(43,246,512)	(44,626,587)
Water Tap Fees	(1,486,230)	(1,230,000)	(1,419,357)	(1,459,474)	(1,340,911)	(1,374,774)	(1,409,493)
Sewer Tap Fees	(1,940,741)	(2,016,225)	(2,262,576)	(2,326,526)	(2,137,525)	(2,191,507)	(2,246,852)
Water Miscellaneous Revenue	(12,157)	(10,200)	(10,506)	(10,821)	(11,146)	(11,480)	(11,825)
General Miscellaneous Revenue	(1,098,450)	(1,113,740)	(1,147,152)	(1,181,567)	(1,217,014)	(1,253,524)	(1,291,130)
Interest Income	-	-	(483,638)	(596,506)	(579,190)	(555,585)	(504,115)
<b>Total Revenue</b>	<b>\$ (30,712,162)</b>	<b>(33,867,532)</b>	<b>(37,602,648)</b>	<b>(40,901,391)</b>	<b>(44,277,799)</b>	<b>(48,633,382)</b>	<b>(50,090,002)</b>
<b>Expenditures</b>							
<b>Operating Expenses</b>							
Personnel	\$ 7,030,684	8,159,524	8,752,900	9,377,799	10,035,742	10,728,319	11,248,527
Utilities	1,403,088	1,421,120	1,534,351	1,656,604	1,783,363	1,919,820	2,066,719
Water Purchased for Resale	3,374,232	3,427,800	3,556,998	3,713,040	3,849,247	3,990,961	4,138,424
Other Operating	8,046,774	8,380,942	8,632,370	8,891,341	9,158,082	9,432,824	9,715,809
Payments to Anson County	295,092	387,000	295,092	295,092	295,092	295,092	295,092
Capital Outlay	824,000	290,000	298,700	307,661	316,891	326,398	336,189
Transfer to Stormwater Fund	319,893	390,757	402,480	414,554	426,991	439,800	452,994
Existing Debt Service	6,627,374	6,408,223	6,294,377	6,220,760	5,953,573	5,934,172	5,917,812
New Debt Service	-	-	3,060,824	5,065,358	9,390,968	12,223,811	19,170,413
PayGo Capital Program	10,589,089	21,696,400	4,740,340	6,601,840	4,888,360	6,242,700	4,141,406
<b>Total Expenditures</b>	<b>\$ 38,510,226</b>	<b>50,561,766</b>	<b>37,568,432</b>	<b>42,544,049</b>	<b>46,098,309</b>	<b>51,533,897</b>	<b>57,483,385</b>
<b>Revenue (Over)/Under Expenditures</b>	<b>\$ 7,798,064</b>	<b>16,694,234</b>	<b>(34,216)</b>	<b>1,642,658</b>	<b>1,820,510</b>	<b>2,900,515</b>	<b>7,393,383</b>
Projected June 30, 20XX Fund Balance	\$ 77,131,936	60,437,702	60,471,918	58,829,260	57,008,750	54,108,235	46,714,852
Projected Reserve Target	\$ 32,586,867	34,945,080	36,786,590	38,717,901	41,267,422	45,362,711	46,714,854
Projected Rate Increases	3.50%	6.50%	6.50%	6.50%	7.00%	7.50%	0.00%



### Water and Sewer Fund Revenue and Expenditure Projections



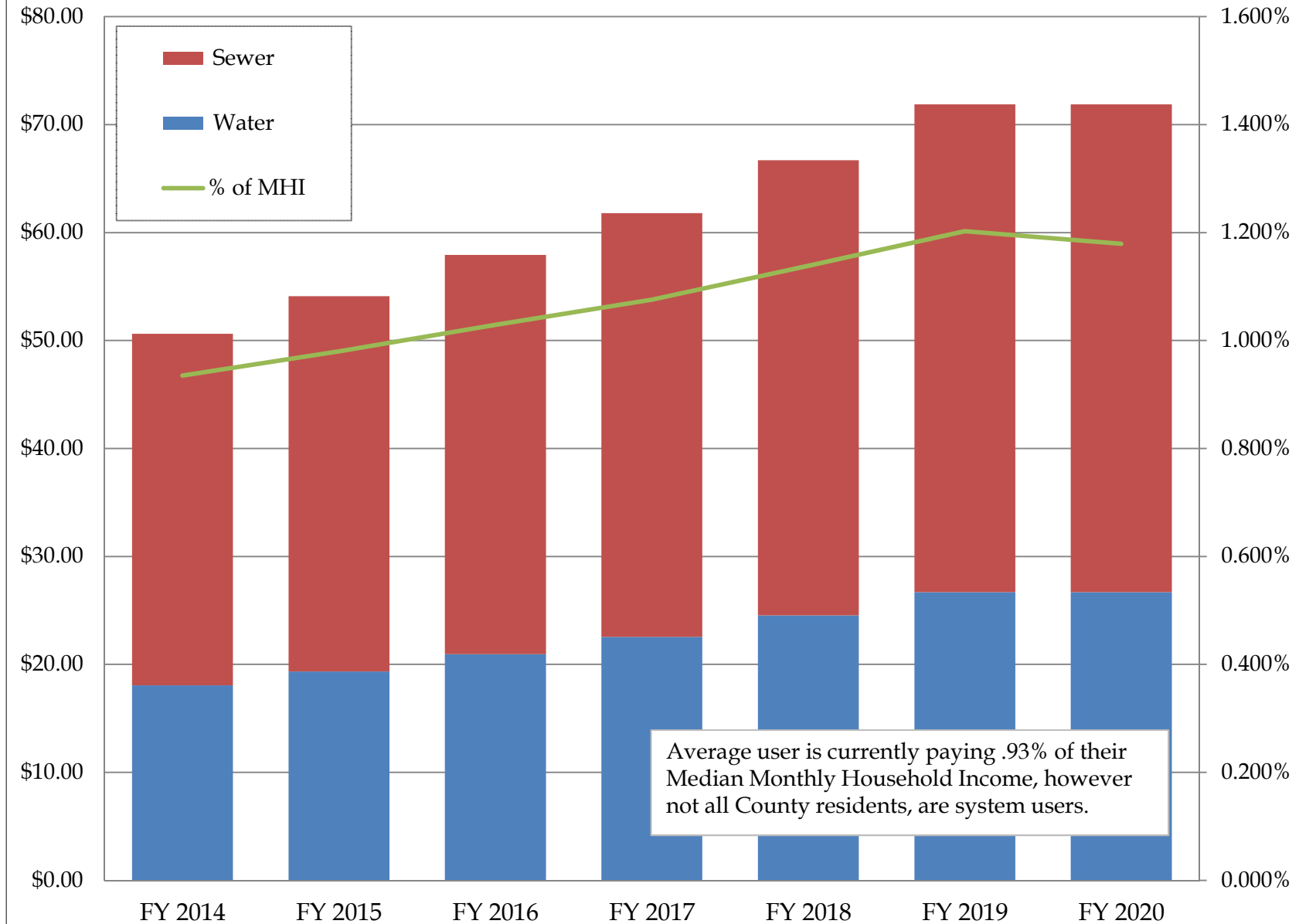
### Water and Sewer System Capital Effort



PayGo Capital and Debt Service for Capital are the largest drivers of the Water and Sewer Utility's budget.



### Residential Water and Sewer Utility Affordability



Average user is currently paying .93% of their Median Monthly Household Income, however not all County residents, are system users.



Water Base Facility Charge				
Meter Size	FY 2014 Current	FY 2015 Proposed	FY 2016 Proposed	FY 2017 Proposed
Base Charge 3/4"	\$ 6.10	7.40	8.20	9.05
1"	15.35	18.60	20.55	22.70
1-1/2"	30.50	36.90	40.85	45.05
2"	48.75	59.00	65.35	72.05
3"	137.15	166.10	183.85	202.75
4"	304.75	369.10	408.65	450.65
6"	426.65	516.70	572.00	630.85
Hydrant*	6.10	7.40	8.20	9.05

\*Fees shown are for a 3/4" meter

Water Volumetric Rates				
Class/Tier	FY 2014 Current	FY 2015 Proposed	FY 2016 Proposed	FY 2017 Proposed
<i>Residential</i>				
Tier 1	\$ 1.95	1.95	2.10	2.20
Tier 2	2.65	2.65	2.80	3.00
Tier 3	3.75	3.75	4.00	4.25
Tier 4	5.85	5.85	6.05	6.20
Tier 5	10.10	10.10	10.10	10.10
<i>Irrigation</i>				
Tier 1	3.75	3.75	4.00	4.25
Tier 2	3.75	3.75	4.00	4.25
Tier 3	3.75	3.75	4.00	4.25
Tier 4	5.85	5.85	6.05	6.20
Tier 5	10.10	10.10	10.10	10.10





Sewer Base Facility Charge				
Meter Size	FY 2014 Current	FY 2015 Proposed	FY 2016 Proposed	FY 2017 Proposed
Base Charge 3/4"	\$ 9.25	9.85	10.50	11.15
1"	23.31	24.85	26.45	28.15
1-1/2"	46.34	49.35	52.55	56.00
2"	74.09	78.90	84.05	89.50
3"	208.50	222.05	236.50	251.85
4"	463.33	493.45	525.50	559.70
6"	648.61	690.75	735.65	783.50
Flat (Unmetered)	31.75	33.80	36.00	38.35

Sewer Volumetric Rates				
Class/Tier	FY 2014 Current	FY 2015 Proposed	FY 2016 Proposed	FY 2017 Proposed
<i>Residential</i>				
0 - 12K Gallons	\$ 4.40	4.70	5.00	5.30
<i>Non-Residential</i>				
All Usage	4.40	4.70	5.00	5.30



# *Clarification of Definitions and Calculations*

- To better define the methodology for determining capacity fees on large meters (2" inch meters), to be based on anticipated usage of new service.
- Revised meter tampering fee structure; \$100 first offense, \$250 second offense, and \$500 third offense.
- Establish a meter installation fee based on meter assembly and labor costs.
- Add a new definition for "Temporary Construction Meter" for deposits; will be based on meter size.
- Increase late fees to \$10 or 5%, whichever is greater.



Questions?

