

Union County Water Workshop – Part III

May 25, 2022



UNIONCOUNTY
north carolina

Purpose of the Workshop


- Follow up from the May 18-19 Workshop
- Provide updated information on rates based on direction from the Board of County Commissioners

Overview of Workshop

- Updated rate model taking into account rate structure changes, miscellaneous fee updates, and System Development Fee calculations (Stantec)
- Receive a rate schedule based on the updated model and what the Manager is recommending in his budget
- Review timeline for necessary Board of Governors and Board of Commissioners steps
- Provide direction to staff

Updated Rate Model Scenarios

- Updated rate model to include:
 - Rate structure adjustments
 - Balancing water and sewer rates
 - Agricultural rate for water
 - Industrial rate for water and sewer
 - Miscellaneous Fees increase to full cost of service
 - Projected sewer system development fees starting in FY2024



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Presentation to the Union County Board of Commissioners Part IV





Scenario Summary – Rate Struct., Misc. Fees, Projected Sewer SDF

	Water Expansion	12 Mile Expansion to 9 MGD	12 Mile Expansion to 12 MGD	Site B Expansion	Total CIP
Updated Baseline	Yes	Yes	No	No	\$488 M
No Wastewater Expansion	Yes	No	No	No	\$462 M
No Growth	No	No	No	No	\$305 M
Site B	Yes	Yes	Yes	Yes	\$820 M
No Rate Increase Scenario	No	No	No	No	\$272 M

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Updated Baseline	No change									
Updated Baseline w/ no FY 2023 Rate Increase	No change									
No Wastewater Expansion	No change									
No Growth	No change									
Site B	7.0%	7.0%	7.0%	7.0%	7.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Site B Delayed Increases	4.0%	4.0%	4.0%	12.5%	12.5%	3.0%	3.0%	3.0%	3.0%	3.0%
No Rate Increase	No change									

Current and Calculated Rates

	Current Rates	After Rate Balancing	Plus 7% Rate Increase
Water Base Fee (3/4")	\$14.60	\$16.66	\$17.83
Water Tier 1	\$3.50	\$3.99	\$4.27
Water Tier 2	\$4.80	\$5.48	\$5.86
Water Tier 3	\$6.85	\$7.82	\$8.37
Water Tier 4	\$10.00	\$11.41	\$12.21
Water Tier 5	\$16.30	\$18.60	\$19.90
Water Non-Residential	\$4.85	\$5.54	\$5.93
Sewer Base Fee (3/4")	\$17.90	\$15.08	\$16.13
Sewer	\$8.55	\$7.20	\$7.71
			Proposed Rates
Water Agriculture (new)	Currently pays the non-residential rate of \$4.85	\$5.54	\$4.43
Water Industrial (new)		\$5.54	\$6.75**
Sewer Industrial (new)	\$8.55*		\$5.50**

*Currently, sewer industrial customers pay the sewer rate of \$8.55. **Based on Cost of Service Study results.

Recommendation

- Implement rate structure changes to balance water and sewer rates
- Implement agricultural and industrial rate changes
- Adopt a 5 year rate plan that includes a new waste water treatment plant
- Rates would change for residential, commercial, industrial, and agricultural customers
- Rates for contract customers (Wingate and Monroe) would follow their contracts

Timeline

	Board of Governors	Board of Commissioners
June 6, 2022	<ul style="list-style-type: none">• Public hearing for budget• System Development Fee appropriation	<ul style="list-style-type: none">• Water and Sewer Write Offs
June 13, 2022	<ul style="list-style-type: none">• Budget adoption• Rate Schedule adoption• Miscellaneous Fee adoption	<ul style="list-style-type: none">• Budget approval• Rate Schedule approval