

Union County Water Workshop Overview

May 18-19, 2022



UNIONCOUNTY
WATER

Purpose of the Workshop

- Provide information about:
 - Cost of Service and Rate Structures
 - Capital Projects
 - Rate Model and Scenarios
 - System Development Fees
- Receive direction from the Board of County Commissioners on potential adjustments to rate structures, capital projects, and rate models

Overview of the Two Days

Day 1

- Overview
- Cost of Service & Rate Structures
- Capital Projects
- New Crooked Creek WRF Analysis
- Rate Scenarios
- Direction from the Board

Day 2

- Stifel Comments
- System Development Fees Update
- Miscellaneous Fees Update
- Question Follow Up
- Decision Points
- Next Steps

Financial Advisor Commentary

- Brent comments (if any)

System Development Fees

- Stantec presentation

Miscellaneous Fees

- As part of Cost of Service Study, Stantec looked at our Miscellaneous Fees and recommended adjustments to them as well to cover the full cost
- Staff recommended full cost recovery spread out over two years
- In FY22, Union County Water implemented 50% increase effective October 1, 2021 which was in the Rate Ordinance
- In FY23, Union County Water is proposing the second 50% increase effective September 1, 2022 to get to full cost of service
- See handout for the list

Follow Up Items from Day 1

1. Number of water only and sewer only customers
2. Connections vs. Customers
3. Cost savings if we shut down Poplin Road Pump Station and Fieldstone Farms Pump Station
4. Rate increases for Lincoln and Cabarrus Counties
5. What impact would the rate structure adjustments have on rate increases (if any)
6. 2019 Information on rates – did it include Lower Crooked Creek WRF

1. Number of Water Only and Sewer Only Customers

Account Type	Number
Water Only	13,620
Sewer Only	236
Contractual Accounts*	12
Water + Sewer	41,396
Total	55,264

*Monroe, Wingate, Marshville, Pilgrim's Pride

2. Connections vs. Customers

- Connection = one meter per service and includes irrigation meters, fire lines and other things
- Customer = can have multiple meters/accounts
- Thus, our “count” of connections will always be greater than our “count” of customers

3. Cost Savings from shutting down Poplin Road and Fieldstone Farms P.S.

Poplin Pump Station	Average Bill
Monthly	\$ 4,118.56
Yearly	\$49,422.67

Union Power Utility Bill

The Homeowners Association pays the utility bill for Fieldstone Pump Station so there is no cost to Union County Water.

4a. Lincoln County

- Spoke with their former Public Works Director, Don Chamblee, who left in late 2021 (and is now the Director of Rock Hill utility).
- He said that Lincoln County had done a rate study with Raftelis in 2018 that recommended rate increases across 3 years of 5% per year for water and 15% per year for wastewater.
- These recommendations were implemented.
- Reference to this in a presentation to their Board in May 2019.

- Bonus Rate Information: Rock Hill is proposing 11% for water, 3% for wastewater in FY23.

4b. Concord, NC

- Concord is proposing flat water utility rates at the direction of the City Management due to a bond referendum going to voters for Parks & Recreation.
- The City did not want to increase property taxes and also increase utility bills so they decided to hold off on any utility rate increases for this coming fiscal year.
- This was not a recommendation by the utility and there is a recognition by the utility that this will make rates significantly higher the following year.

5. Rate Structure Impact on Rate Model

- Stantec will address in their scenario updates

6. 2019 Information on Rates

UNION COUNTY NORTH CAROLINA		Scenarios Rate Increase Summary (in percent)						
Scenario	FY2020	CY2020	2021	2022	2023	2024	2025	2026
Scenario 1	6.5	15.5	15.5	3.5	3.5	3.5	3.5	3.5
Scenario 2	6.5	6.5	3.5	3.5	3.5	3.5	3.5	3.5
Scenario 3	6.5	15.5	15.5	2.5	2.5	2.5	2.5	2.5

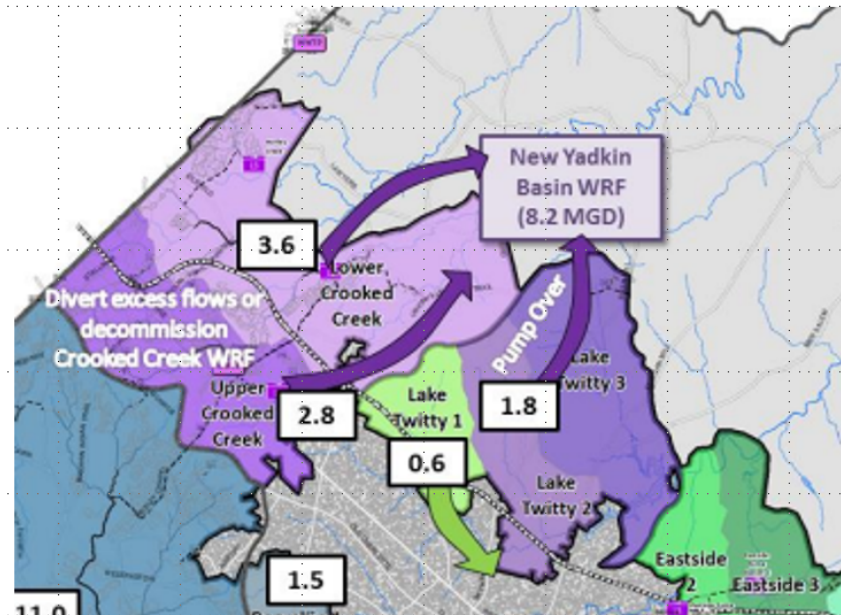
- Yadkin Project drives rate increases
- Greater rate increases required in future years in a no growth scenario
- Doing masterplanned CIP allows growth in customer base resulting in lower future rate increases
- Future rates will change as we get better information

6. 2019 Information on Rates



Lower Crooked Creek WRF

- New 8MGD (4MGD initial) WRF located on the Lower Crooked Creek and related interceptor sewer improvements
- Project identified to meet future wastewater treatment demand in the Crooked Creek and Lake Twitty service areas.
- Project is the preferred wastewater treatment strategy from the 2016 masterplan and reaffirmed in 2019 evaluation by Black & Veatch
- Project start in 2020 with permitting and land acquisition with design in 2024 and construction start in 2026.
- Estimated project cost of \$122.2M



Staff Recommendation

- Continue to invest in the growth of the utility for both Water and Sewer
- Benefits
 - Extend the water lines into underserved parts of the County and serve more residents
 - Help residents convert from well water to public water
 - Provides for the continued economic growth of the County
 - Rate increases are predictable “slow and steady”