

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

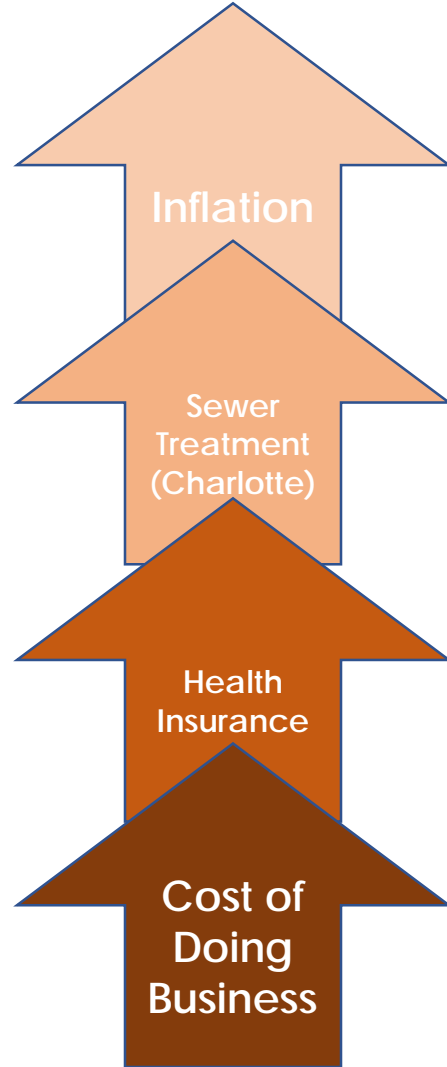
Day 2

- Rate Scenarios (continued)
- System Development Fees Update
- Other Informational Items
- Direction from the Board
- Next Steps

UC Water as an Enterprise Fund

FY22 Budget

Revenues	Expenses
Service Charges \$69.9 M	Personnel \$15.1 M
Misc. Fees & Charges \$2.8 M	O&M 25.7 M
Fund Balance App \$9.3 M*	Debt Service \$19.7 M
SDFs Appropriated after received. Use is constrained.	Paygo \$21.5 M



Water Plant
\$1.9 M

Other FY23 Initiatives
\$0.2M

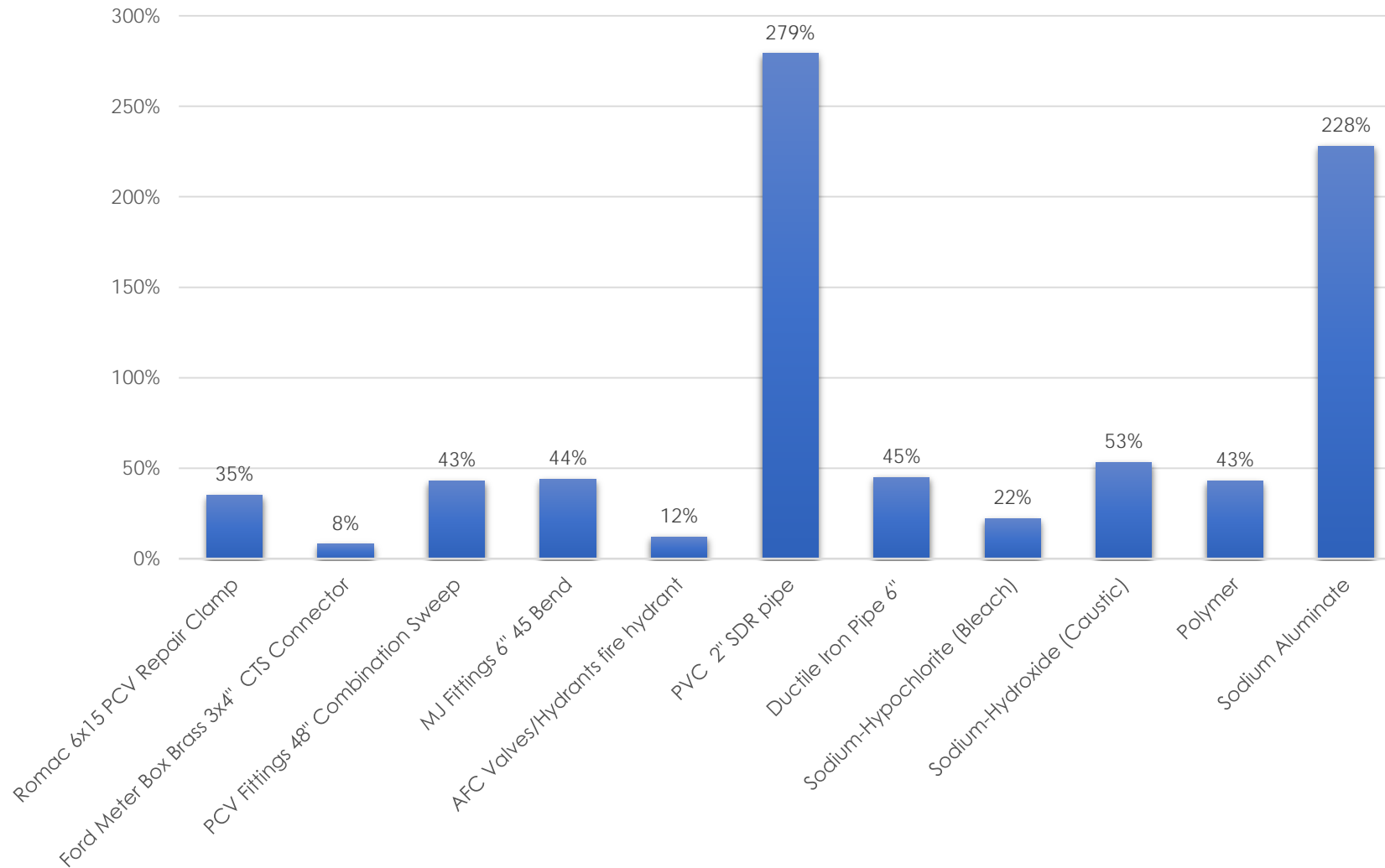
Customer Service
Business Systems
Support

FY23 Budget

Revenues	Expenses
Service Charges \$73.0 M	Personnel \$16.7 M
Misc. Fees & Charges \$3.4 M	O&M 25.9 M
	Debt Service \$ 25.8M
SDFs Appropriated after received. Use is constrained.	Paygo \$ 12.3M

Inflation

Parts and Chemicals: % Increase from 2021-2022



Budget → Revenues → Rates

Budget

What will it take to run the utility?

Operating Costs
Capital Investment
Debt Service

Revenue

How much revenue is required to pay for our costs?

Service Charges
Misc. Fees and Charges
SDF (as applicable)

Rates

What rates are necessary to generate sufficient revenue to meet revenue needs?

Cost of Service
Affordability
Sustainability
Bond covenants
Balanced Structures

Cost of Service and Rate Structure

- Analyzed what it costs to provide water and sewer service to different classes of customers
- Where cost and revenue are out of balance, we can adjust the structure so each class is paying for what they use
- Where there is a divergence, this should be an intentional decision to promote use by certain classes of customers
- Stantec conducted this analysis for UC Water
- Purpose of presenting it today:
 - Starting point for discussion about rate structure balancing
 - Receive direction on how to adjust rate structure to meet needs of different customer classes