

# STORMWATER UTILITY RATE STUDY

## Summary of Needs

# STORMWATER UTILITY RATE STUDY

Current utility rates across the County:

- Town of Hilton Head Island \$108.70 / SFU
- City of Beaufort \$105 / SFU
- Town of Bluffton \$98 / SFU
- Beaufort County \$50 / SFU
- Town of Port Royal \$50 / SFU

# STORMWATER UTILITY RATE STUDY

## Cost drivers

- Municipal Separate Stormsewer System (MS4) program
- Capital projects
- Operations and Maintenance needs

# STORMWATER UTILITY RATE STUDY

## Municipal Separate Stormsewer System (MS4) Program

- Enacted by the Clean Water Act of 1972
- Federally mandated permit
- Based on County's population growth
- Six Stormwater Management program elements that must be included in the permit

# STORMWATER UTILITY RATE STUDY

## Minimum Control Measures (MCM)

1. Public Education
  2. Public Outreach and Involvement
  3. Illicit Discharge, Detection, and Elimination (IDDE)
  4. Construction Run-Off
  5. Post – Construction Best Management Practices (PC-BMP)
  6. Good Housekeeping in Municipal Operations
- Each MCM requires staffing and equipment for plan review, inspections, monitoring, and coordination

# STORMWATER UTILITY RATE STUDY

## Capital projects

- The 2006 Master Plan identified projects to deal with:
  - Alleviate road flooding
  - Infrastructure rehabilitation
  - Pollutant removal
- We currently have 14 projects identified to:
  - Meet 2006 Master Plan goals, and
  - Stormwater runoff volume reduction
  - Promote growth / redevelopment
- Approx. \$22 million scheduled over 10 years

# STORMWATER UTILITY RATE STUDY

## Capital projects cont.

- The Utility has the following projects under design and / or construction:
  - US 278 widening drainage - \$359,400 ('13)
  - Admin. Complex parking retrofit - \$327,768 ('13)
  - Burton Hill M2 (aka Battery Creek 319) - \$132,609 (county portion of cost share) ('12)
  - SC170 widening drainage / Okatie West - \$2,193,000 ('14)

# STORMWATER UTILITY RATE STUDY

## Capital projects cont.

- The 2006 Stormwater Management Plan identified numerous other capital projects:
  - Salt Creek South M1 - \$2,045,000 ('06)
  - Shanklin Road M2 - \$3,340,000 ('06)
  - Factory Creek M2 - \$1,740,000 ('06)
  - Grober Hill M2 - \$2,555,000 ('06)
  - Camp St. Mary M2 - \$3,757,000 ('06)
  - Battery Creek West M1 - \$4,140,000 ('06)
  - Paige Point Overtopping - \$335,000 ('06)

Year denotes date of last cost estimate

# STORMWATER UTILITY RATE STUDY

Capital projects cont.

- Other projects and needs have been identified since 2006:
  - Buckingham Plantation infrastructure rehabilitation - \$900,000 ('14)
  - Sawmill Creek overtopping (aka Forby site) - \$150,000 ('14)
  - Brewer Memorial Park Demonstration wet pond - \$79,500 ('14)
  - Shell Point regional facility - \$ unknown

Year denotes date of last cost estimate

# STORMWATER UTILITY RATE STUDY

## Operations and Maintenance needs

- Expand staff and resources to improve preventative maintenance work (proactive v. reactive)
- Expand Extent of Service policy to take on O&M of certain infrastructure that serves State roads and/or private property that also serves a County interest
- Provide higher level of service on countywide infrastructure located within municipal jurisdictions

# STORMWATER UTILITY RATE STUDY

## Study Findings

# STORMWATER UTILITY RATE STUDY

## Major Issues for County:

- Countywide infrastructure O&M costs increasing and currently no funding from municipalities
- County rate base decreasing
- MS4 compliance costs increasing
- Capital needs expanding
- Rates held constant since 2008 while costs rose and inflation continued

# STORMWATER UTILITY RATE STUDY

## SIX OPTIONS FOR RATE STRUCTURE

Modeled Rate Structure Option	Overall Rate Structure	Debt Financing for Some Capital	Partial Tax Funding	Method for Allocating Administrative Costs	Method for Allocating County-wide Infrastructure Maintenance Costs	Method for Re-allocating Costs from One Jurisdiction to another	Minimum Charge	Simplified Residential Rates
A	Impervious Area	No	Optional at Jurisdiction's Choice	Impervious Area SFU's	None	Optional at Jurisdiction's Choice	No	Yes
B	Impervious Area	Yes	Optional at Jurisdiction's Choice	Impervious Area SFU's	None	Optional at Jurisdiction's Choice	No	Yes
C	Impervious and Gross Area at 80/20 or 90/10	No	Optional at Jurisdiction's Choice	Per Account	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
D	Impervious and Gross Area at 80/20 or 90/10	No	Optional at Jurisdiction's Choice	Impervious and Gross Area	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
E	Impervious and Gross Area at 80/20 or 90/10	Yes	Optional at Jurisdiction's Choice	Per Account	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes
F	Impervious and Gross Area at 80/20 or 90/10	Yes	Optional at Jurisdiction's Choice	Impervious and Gross Area	Impervious and Gross Area	Optional at Jurisdiction's Choice	Yes	Yes

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# STORMWATER UTILITY RATE STUDY

Noteworthy components of Option E:

- Administration costs - \$3.18 per SFU this year, transitioning to per account in out years
- Borrow funds to finance capital projects (\$5M in 2017, \$5M in 2019)
- 80/20 Impervious and Gross area revenues for variable portion
- Countywide Infrastructure allocable to Impervious and Gross area

# STORMWATER UTILITY RATE STUDY

Advantages of this rate structure:

- Consistent with already established administration costs this year, and flexible for changing the methodology later
- Borrowing funds to finance capital projects blunts rate increase and allows future residents to help pay for the programs and infrastructure they will use
- Allocates some costs to gross land area, identifying that even undeveloped land contributes to flooding and water quality problems
- Establishes an allocation method for countywide infrastructure O&M, providing fair and equitable funding for the services provided.

# STORMWATER UTILITY RATE STUDY

- Allocation of CWI costs based on infrastructure distribution throughout County:

Unincorporated County	76.4%
City of Beaufort	3.4%
Town of Port Royal	1.0%
Town of Bluffton	11.1%
Town of Hilton Head Island	8.1%

# STORMWATER UTILITY RATE STUDY

- Countywide Infrastructure costs - about \$3.5M
- Current per SFU rates required to generate CWI monies are as follows:

Unincorporated County	\$42.28 * per SFU
City of Beaufort	\$8.05 per SFU
Town of Port Royal	\$5.03 per SFU
Town of Bluffton	\$26.34 per SFU
Town of Hilton Head Island	\$7.66 per SFU

- Unlike the municipal areas, the CWI is included in the County SFU ( or IA/GA fees ), not in addition to.

# STORMWATER UTILITY RATE STUDY

- OPTION E -- Unincorporated County rates recommended in study:
  - Fixed charge per year: \$12.00 per parcel/account
  - Impervious charge: \$65.00 per Unit
  - Gross area charge: \$10.00 per Unit, declining blocks

# STORMWATER UTILITY RATE STUDY

Declining block rates for gross area charges in the recommended unincorporated County rate structure:

- First 2 acres: \$10.00 per year
- Next 8 acres: \$5.00 per acre per year
- Next 90 acres: \$4.00 per acre per year
- All acres > 100: \$3.00 per acre per year

# STORMWATER UTILITY RATE STUDY

How Option E Compares -- Unincorporated County rates recommended in study:

## Example

Typical home on 1 acre lot

- Current charge: \$50 per year
- Option A charge: \$100 per year (\$120 per year by 2019)
- Option E charge: \$87 per year

Other examples have been prepared to show how the rate structure change and rate increase affects non-residential parcels.

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Proposed utility rate:

- Beaufort County \$87 / IA,GA, admin