

STORMWATER UTILITY RATE STUDY

Presentation of Findings

STORMWATER UTILITY RATE STUDY

- Original contract – Unincorporated County
- Additional contract – City and three towns
- Additional effort to update impervious features on about 5,000 parcel polygons across all jurisdictions

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- February – April: program planning and cost evaluation
- May – June: Data update for impervious features
- June – July: Draft rate structures and rates

* Program planning efforts focused more on unincorporated County.

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- 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

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- Major Issues for City and Towns:
 - Failing infrastructure and lack of data about the infrastructure (Beaufort)
 - MS4 compliance costs increasing (Bluffton, HHI)
 - O&M needs expanding for older infrastructure that the Town has agreed to maintain (HHI)
 - Increasing O&M needs and shrinking fund balance (PR)

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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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- 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

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Advantages of this rate structure:

- Consistent with already established administration costs of \$3.18 per SFU this year, and flexible for changing the methodology later
- Borrowing funds to finance capital projects (\$5M in 2017, \$5M in 2019) 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
- Establishes an allocation method for countywide infrastructure O&M

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- Countywide Infrastructure costs - about \$3.5M
- 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%

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- Countywide Infrastructure costs - about \$3.5M
- Allocation of CWI costs based on infrastructure distribution throughout County (see percentages).
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

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- OPTION E -- Unincorporated County rates recommended (draft) 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

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

Typical home on 1 acre lot

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

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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