Greenville
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5.01.18

2018 SWAC Meeting #9

Meeting Topics (review)

1. Extent of Service (EOS)
2. Level of Service (LOS) and Staff Presentation recap
3. Funding Sources and Revenue Options Recap
4. Rate Structure Alternatives and Projected Rates
5. CIP Prioritization
6. Structural BMP's
7. Stormwater/Watershed Planning
8. Water Quality Compliance
9. Floodplain Management
10. Regulatory Reforms/Ordinances

Meeting Goals

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- **Recap** decisions on billing policy recommendations
- **Capital** -- Decide on the level of capital replacement and CIP investment
- **Ramping** -- If rate increases are required to meet necessary revenue requirements, determine timing of these increases

Funding Sources and Revenue Options Recap

Minimum and Vacant Unit Charges

- **Vacant Units**
  - The group agreed that the City should attempt to work with GUC to charge vacant units for the stormwater fee.
  - There is some uncertainty in whether implementing this billing policy change will actually be feasible, so the revenue impact from vacant units was conservatively modeled.
- **Minimum charge of 1 ERU**
  - The group agreed that there should be a minimum 1 ERU charge so that all multi-family units are charged at least 1 ERU.

Fixed Administrative Charge

- The group agreed that there should be a fixed administrative charge.
- Each line item was allocated to either the administrative charge or the impervious area charge.
- Items allocated to the administrative charge are costs that are constant on a per parcel basis regardless of how much impervious area is on the parcel.

Revenue Requirements

Revenue Requirements if No Rate Change

- An increase in the stormwater fee is not required in order to continue operations and maintenance and program administration at current level.
- However, a reduction in rate funded capital would be required, reducing the City's ability to complete capital projects.
- Increasing extent of service and level of service as recommended by SWAC would require increase in utility rates.

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Revenue Requirements – No Rate Change

Revenue Requirements	FY 2018 Budgeted	FY 2022
Stormwater Administration	$1,781,627*	$465,761
Engineering Operations – Current	$662,291	$741,757
Engineering Operations - New	$0	$0
Operations and Maintenance - Current	$1,474,986	$1,671,606
Operations and Maintenance - New	$0	$0
Reserves	$0	$0
Debt Service	$481,274	$2,320,938
Rate Funded Capital – Current	$1,528,820	$450,773
Capital Replacement/CIP – New	$0	$0
Revenue Requirements - Total	**$5,928,998**	**$5,650,835**
Revenue from Rates	**$5,453,665**	**$5,650,835*** **
2018 Fund Balance Appropriation	$475,333**	$0
Total Revenue	**$5,928,998**	**$5,650,835**

* Includes $1,326,000 for Watershed Master Planning
** The utility has an additional $475,333 in fund balance appropriation revenue in FY2018 that is not expected to continue in the future
***Includes an annual 1% growth rate in ERUs and a 92% collection rate

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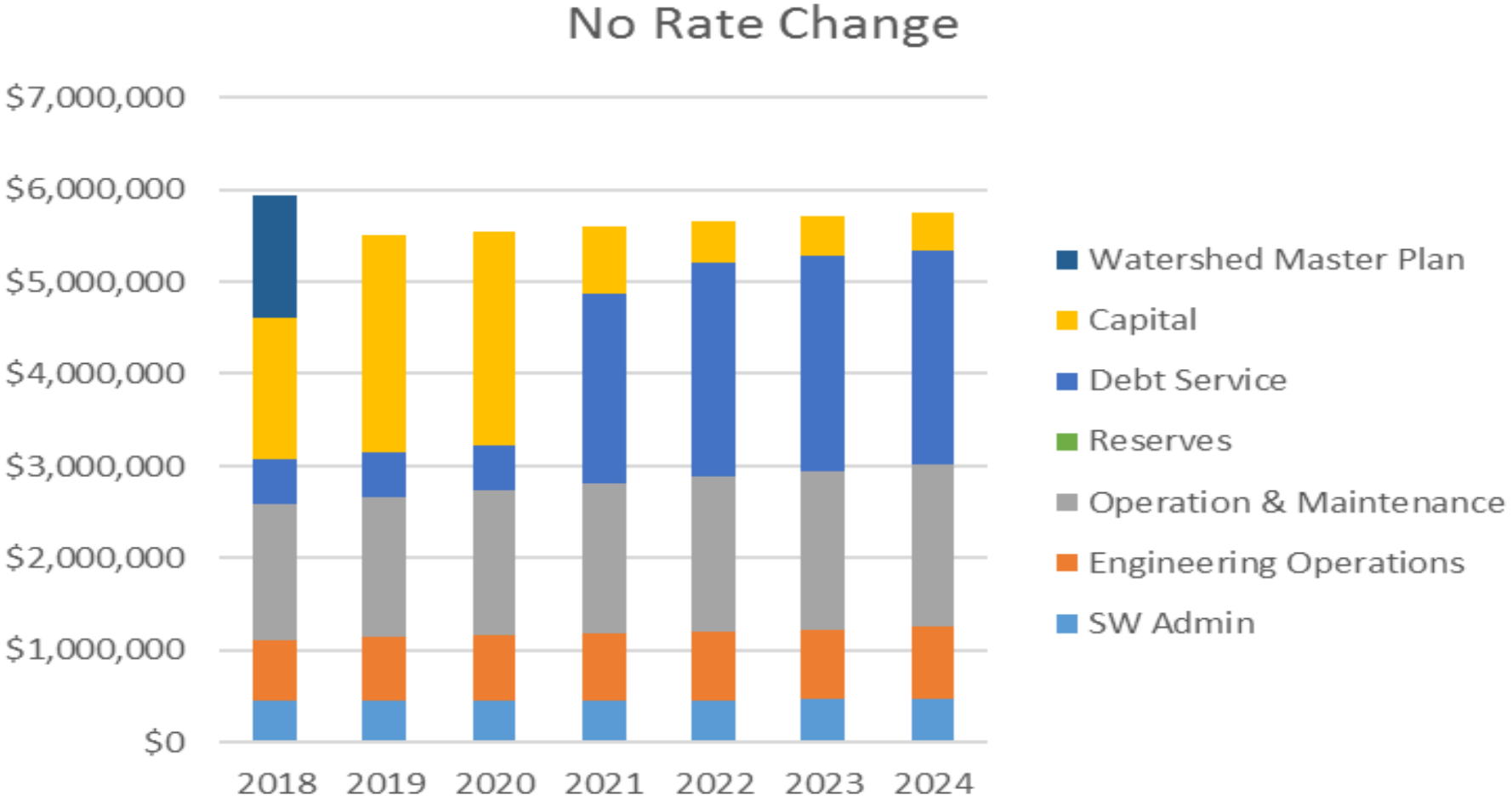
Revenue Requirements – No Rate Change



Capital Needs

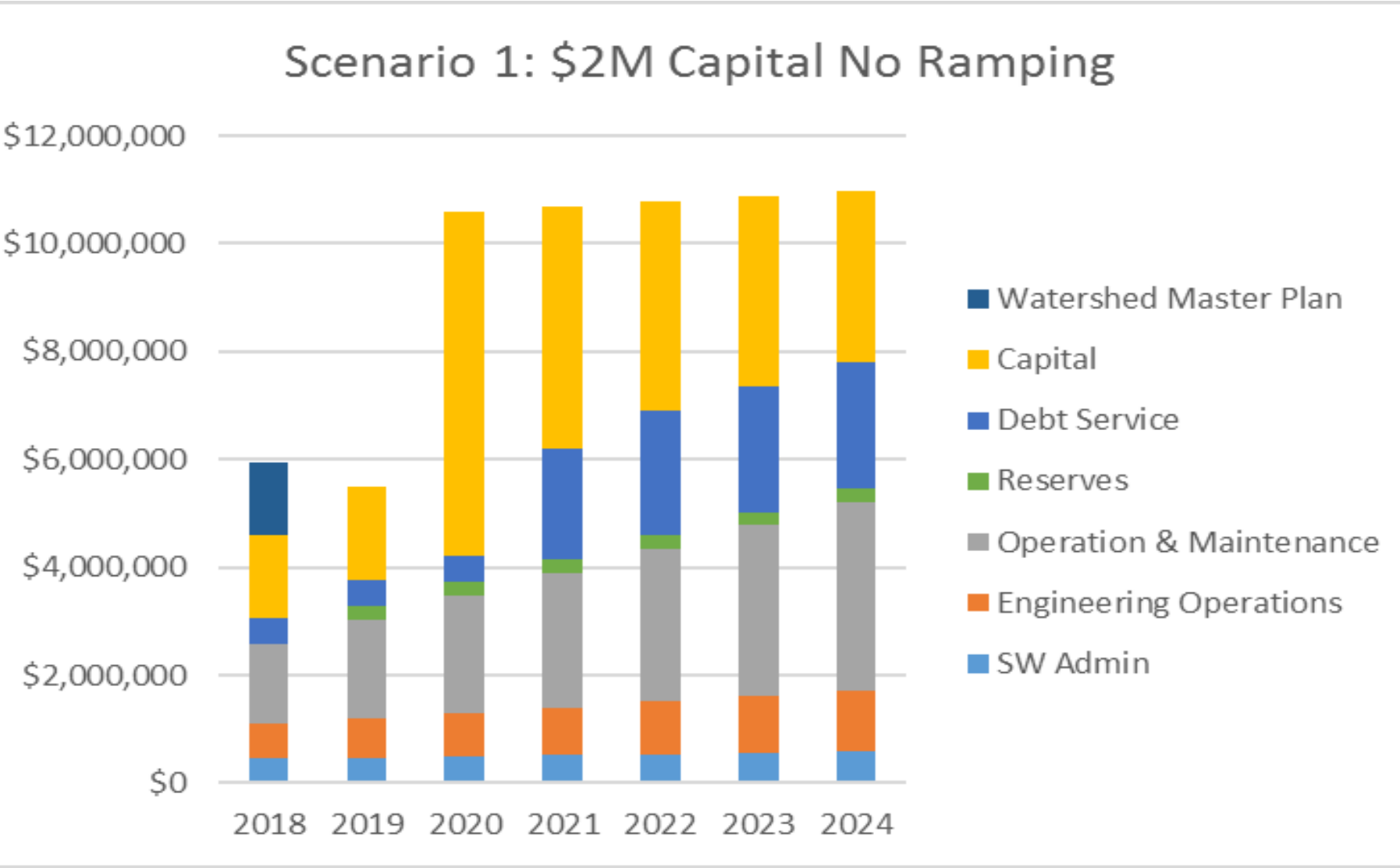
- Current CIP includes approximately $170M of projects to resolve identified problems

- Estimated total life cycle cost to replace infrastructure as it reaches end of design life is approximately $230M

Potential Rates

Rate Ranges Based on Capital Investments

- Capital Replacement and CIP expenses were modeled at:
  - Scenario 1: $2,000,000 – starting in FY 2020
  - Scenario 2: $2,000,000 – in FY 2024 after ramping over a 5 year period
  - Scenario 3: $6,000,000 – starting in FY 2020
  - Scenario 4: $6,000,000 – in FY 2025 after ramping over a 6 year period
- All scenarios include an additional $ for Administration, Engineering and O&M to meet desired level of service


Scenario 1: $2M Capital No Ramping
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2018
2019
2020
2021
2022
2023
2024
Watershed Master Plan
Capital
Debt Service
Reserves
Operation & Maintenance
Engineering Operations
SW Admin

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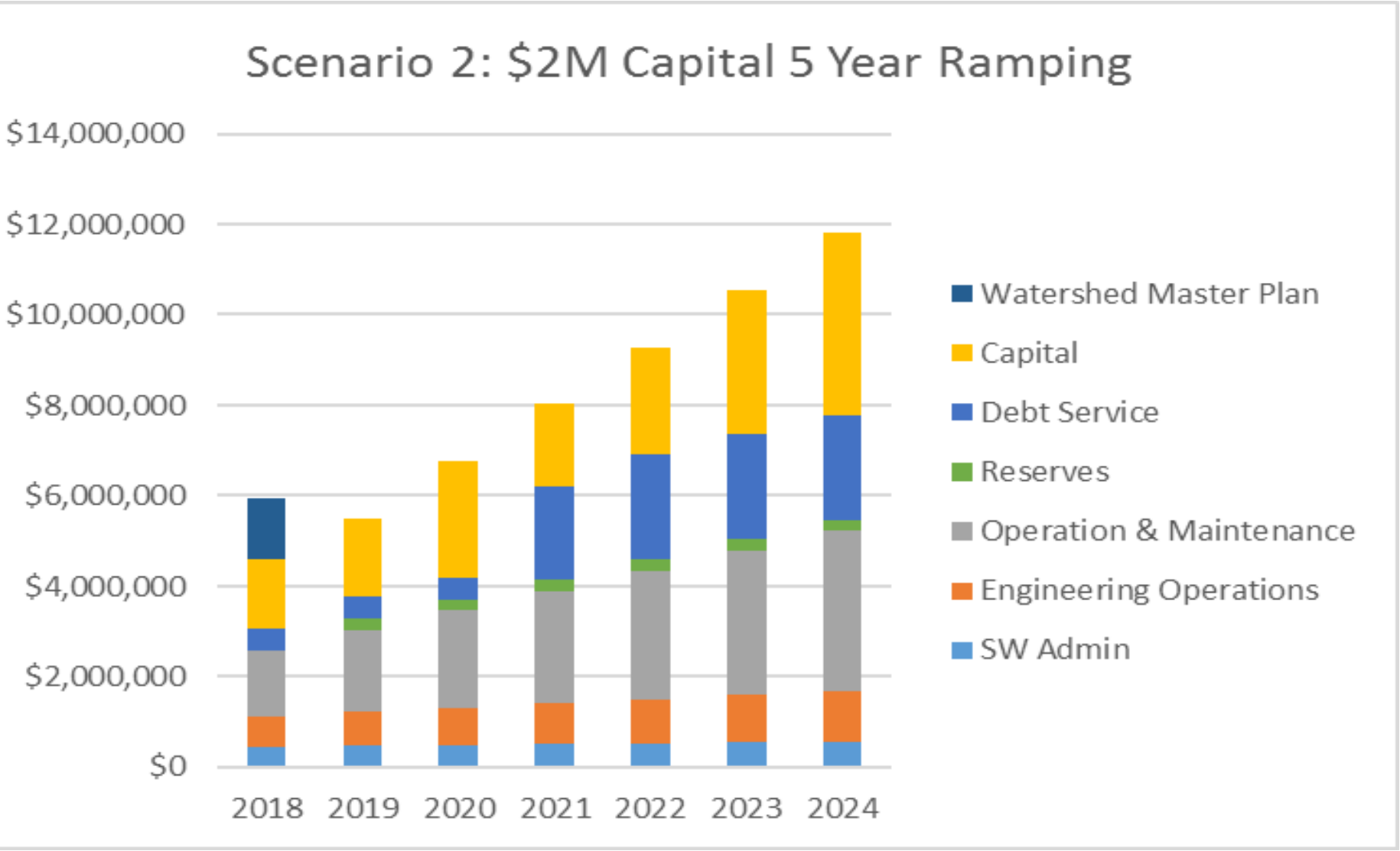
Scenario 1: $2M Capital, No Ramping

Rate Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-Year Average Rate
Calculated Admin Rate per Account per month	$1.20	$1.20	$1.20	$1.20	1.20	**$1.20**
Calculated Rate per ERU per month	$8.64	$8.64	$8.64	$8.64	$8.64	**$8.64**


Scenario 2: $2M Capital 5 Year Ramping
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2018
2019
2020
2021
2022
2023
2024
Watershed Master Plan
Capital
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Reserves
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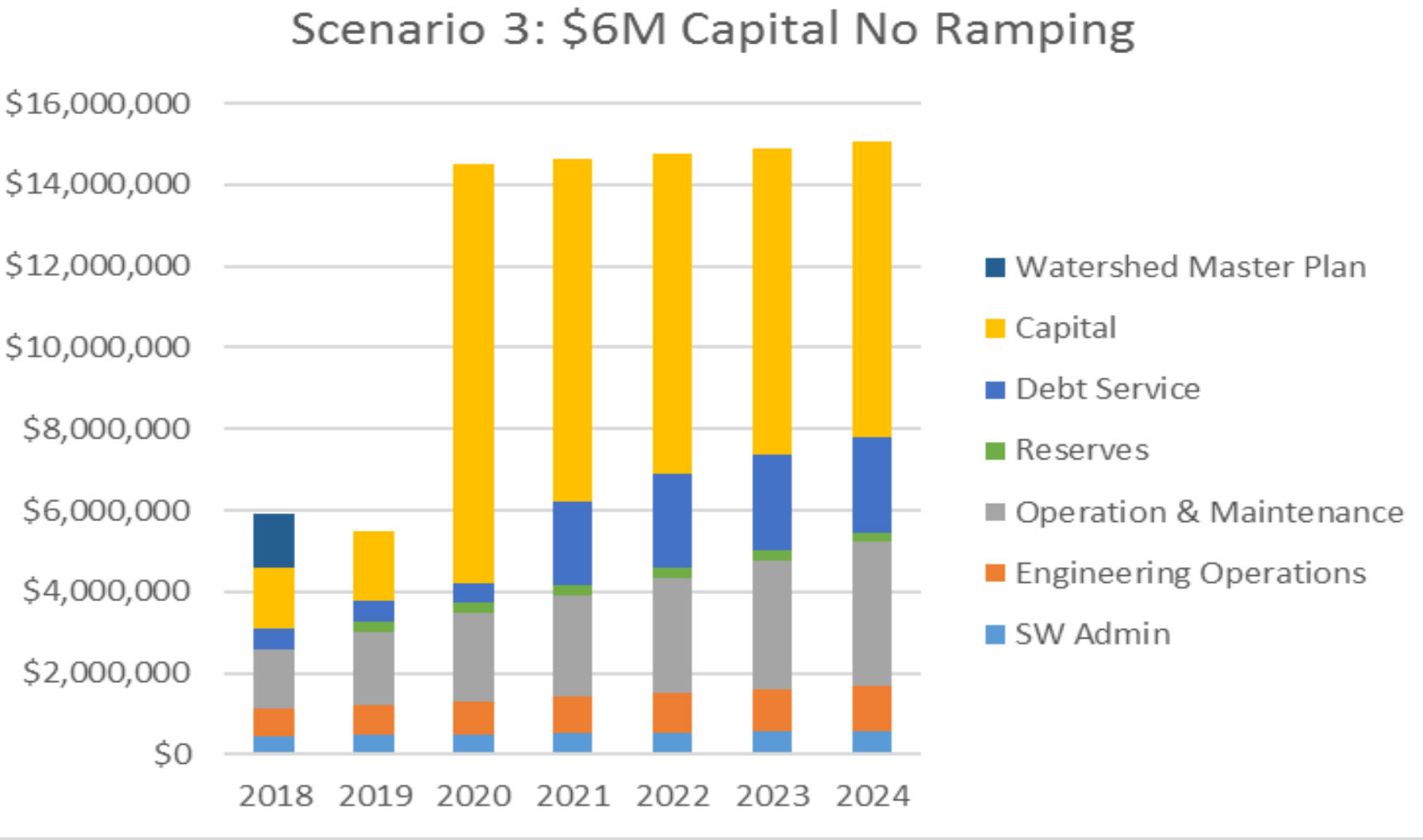
Scenario 2: $2M Capital, 5 Year Ramping

Rate Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-Year Average Rate
Calculated Admin Rate per Account per month	$1.20	$1.20	$1.20	$1.20	$1.20	**$1.20**
Calculated Rate per ERU per month	$5.50	$7.70	$8.37	$8.79	$9.21	**$7.91**


Scenario 3: $6M Capital No Ramping
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2018
2019
2020
2021
2022
2023
2024
Watershed Master Plan
Capital
Debt Service
Reserves
Operation & Maintenance
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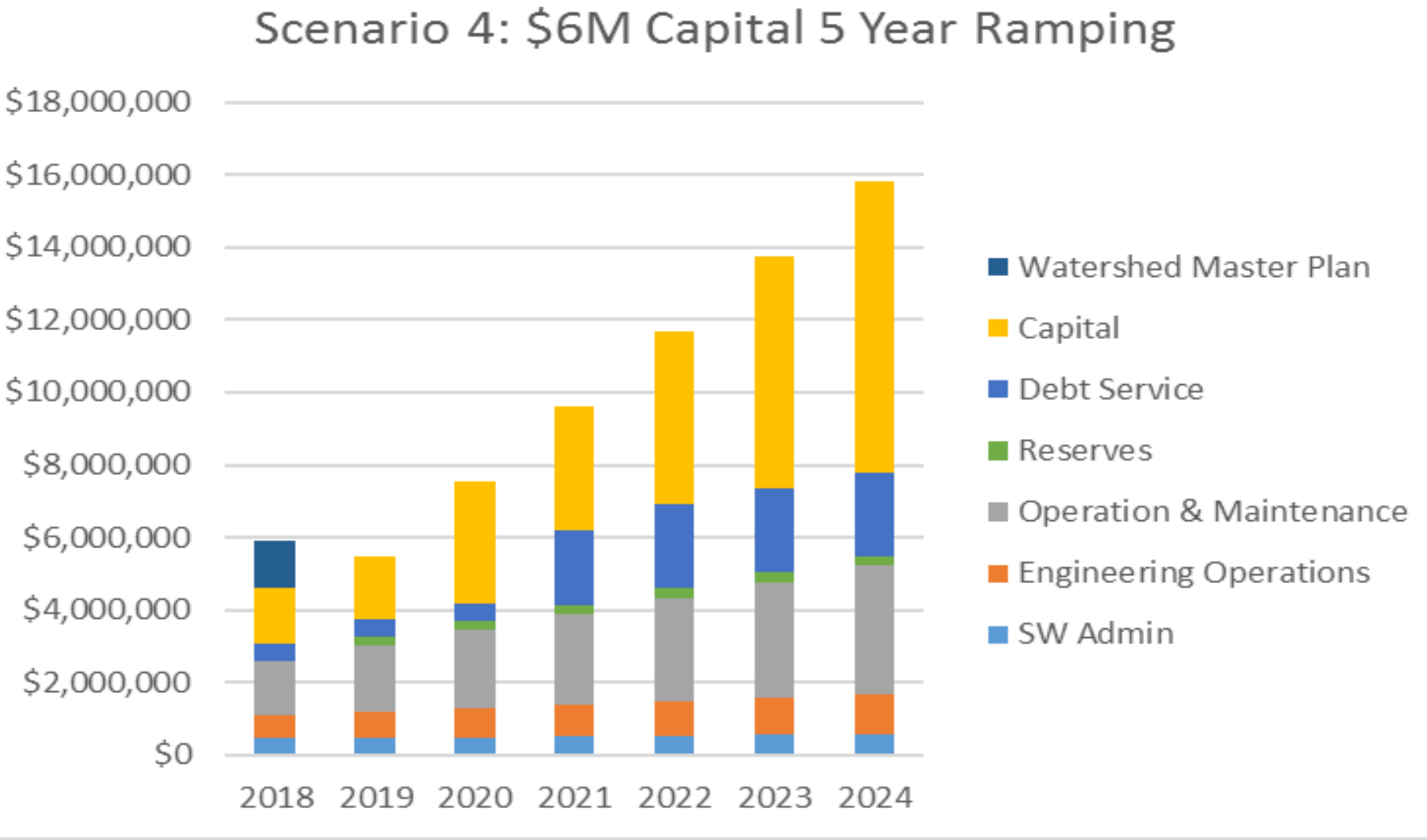
Scenario 3: $6M Capital, No Ramping

Rate Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-Year Average Rate
Calculated Admin Rate per Account per month	$1.20	$1.20	$1.20	$1.20	$1.20	**$1.20**
Calculated Rate per ERU per month	$12.19	$12.19	$12.19	$12.19	$12.19	**$12.19**


Scenario 4: $6M Capital 5 Year Ramping
$18,000,000
$16,000,000
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2018
2019
2020
2021
2022
2023
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Scenario 4: $6M Capital, 6 Year Ramping

Rate Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-Year Average Rate
Calculated Admin Rate per Account per month	$1.20	$1.20	$1.20	$1.20	$1.20	**$1.20**
Calculated Rate per ERU per month	$6.04	$8.78	$9.97	$10.90	$11.82	**$9.50**

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Summary

Rate Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	5-Year Average Rate
Admin Rate	$1.20	$1.20	$1.20	$1.20	$1.20	**$1.20**
$2M	$8.64	$8.64	$8.64	$8.64	$8.64	**$8.64**
$2M ramping	$5.50	$7.70	$8.37	$8.79	$9.21	**$7.91**
$6M	$12.19	$12.19	$12.19	$12.19	$12.19	**$12.19**
$6M ramping	$6.04	$8.78	$9.97	$10.90	$11.82	**$9.50**

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Questions and/or Comments