

Water & Sewer Rate Study

City of Tega Cay
City Council Workshop
July 22, 2019, 6:30 PM

Study Objectives

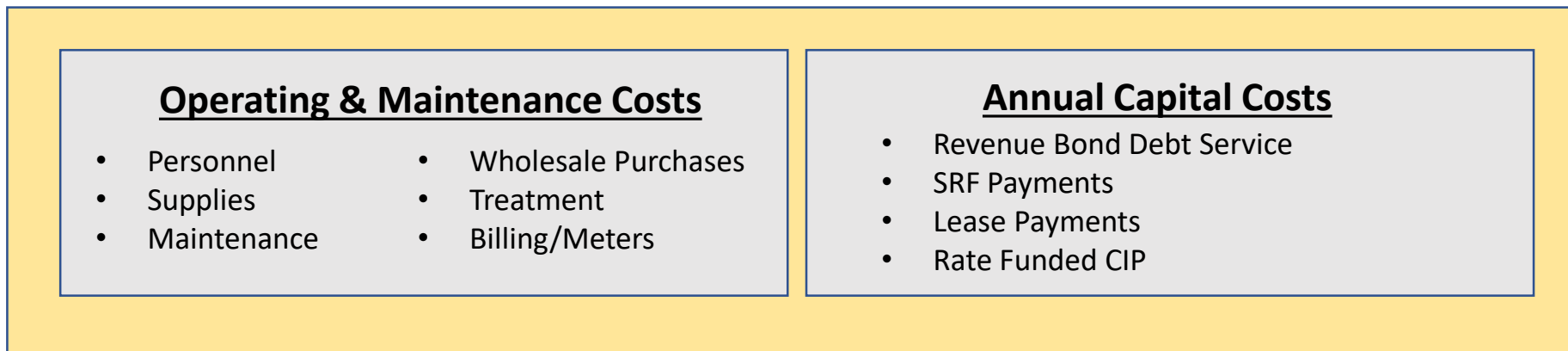
- Evaluate existing rates and provide rate recommendations
 - Ensure long-term financial sufficiency
- Evaluate cost of service differences for providing utility services to TCUD I&II
- Consider consolidating some or all TCUD I&II rates
- Implement TCUD II sewer usage rate
- Minimize customer rate impacts

Key Issues

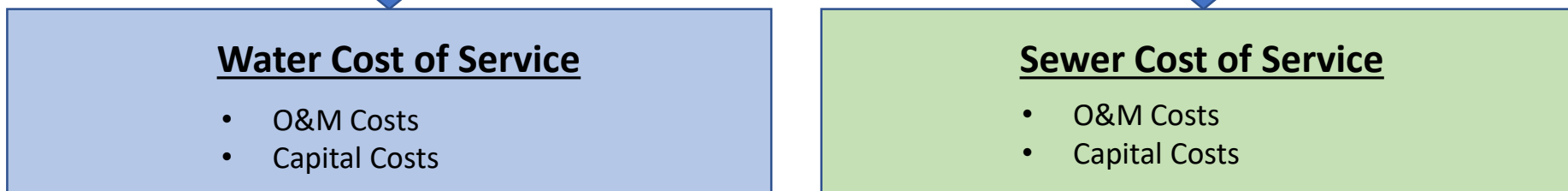
- City purchased TCUD II from Utilities Inc. in 2014
 - Maintained existing rate structures for TCUD I&II
 - Adjusted usage rates to pass-through wholesale rate increases
- Consolidated the TCUD I&II water systems in 2016
 - All water purchased from Fort Mill
- Sewer systems remain *primarily* independent
 - TCUD I discharges treated by Rock Hill (wholesale)
 - TCUD II discharges treated at 0.75 MGD WWTPs
- Rate structures remain independent

Cost of Service Analysis

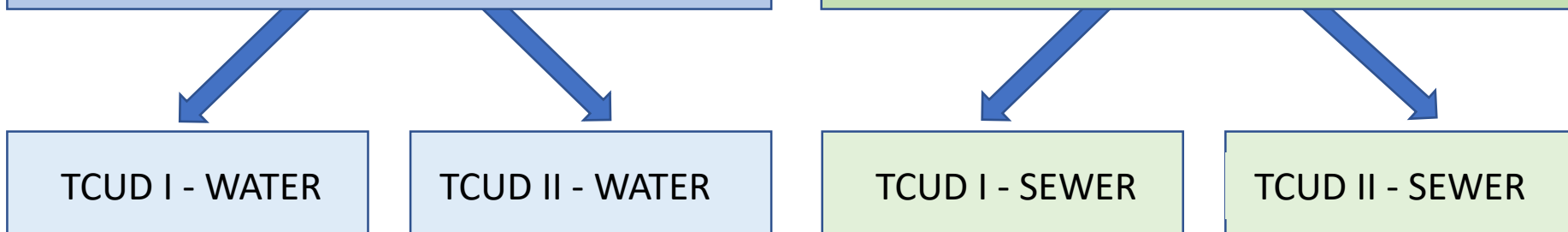
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Cost of Service Findings

- Three percent of COS shifted from water to sewer
- Variable water costs are shared among TCUD I&II
- Fixed water costs differ based on purpose of debt issue
 - 2014 Bond *New Money* to purchase TCUD II
 - 2018 Bond for TCUD I water tower
- Variable sewer costs differ among TCUD I&II (treatment)
- Fixed sewer costs differ based on purpose of debt issue
 - 2011 Bond *Refunding* for TCUD I improvements
 - 2014 Bond *New Money* to purchase TCUD II
 - SRF Loans for TCUD II improvements (existing & proposed)

Rate Alternatives

1. Independent structures according to strict COS differences
 - All debt allocated based on facilities location and purpose
 - Consolidated water usage rate
2. Independent structures based on acquisition of TCUD II
 - Debt for purchase of TCUD II only
 - Rates will merge over time
 - Goal to move toward a consolidated service area and rate structure
3. Consolidated rates for all customers
 - All customers in Tega Cay pay the same utility rates

Debt Allocations – Alternative 1

Utility Debt Issues	FY 2020 Debt Service Allocations				Total
	Water		Sewer		
	TCUD I	TCUD II	TCUD I	TCUD II	
Series 2014 Refunding			\$ 97,846		\$ 97,846
Series 2014 New Money		182,555		273,832	456,387
Series 2018 - Water Tower	45,556				45,556
2015 SRF Loan				357,421	357,421
Total FY 2020 Debt Service	\$ 45,556	\$ 182,555	\$ 97,846	\$ 631,253	\$ 957,210
Percent	4.8%	19.1%	10.2%	65.9%	100.0%

- Majority of debt relates to sewer.
- Most of water and sewer debt is associated with TCUD II.
- A higher percentage of customers and demand are in TCUD I.

Debt Allocations – Alternative 2

Utility Debt Issues	FY 2020 Debt Service Allocations				Total
	Water		Sewer		
	TCUD I	TCUD II	TCUD I	TCUD II	
Series 2014 Refunding			\$ 56,512	\$ 41,334	\$ 97,846
Series 2014 New Money		182,555		273,832	456,387
Series 2018 - Water Tower	29,154	16,402			45,556
2015 SRF Loan			206,432	150,989	357,421
Total FY 2020 Debt Service	\$ 29,154	\$ 198,957	\$ 262,943	\$ 466,155	\$ 957,210
Percent	3.0%	20.8%	27.5%	48.7%	100.0%

- No change in allocation among water and sewer.
- All debt associated with acquisition of TCUD II is allocated to TCUD II.
- All other existing and proposed debt allocated equally (# of customers).

Summary of Rate Alternatives

(Typical Bill at 6,000 gallons per month)

	Current 2019 Rates		Alternative 1		Alternative 2		Consolidated Rates	
	TCUD I	TCUD II	TCUD I	TCUD II	TCUD I	TCUD II	TCUD I	TCUD II
Water Rates								
Monthly Service Charges	\$ 7.70	\$ 11.81	\$ 8.41	\$ 18.76	\$ 9.03	\$ 17.66	\$ 12.14	\$ 12.14
Usage Rates (per kgal)	\$ 4.95	\$ 6.18	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95	\$ 4.95
Typical Bill (6 kgal)	\$ 37.40	\$ 48.89	\$ 38.11	\$ 48.46	\$ 38.73	\$ 47.36	\$ 41.84	\$ 41.84
Sewer Rates								
Monthly Service Charges	\$ 7.70	\$ 52.95	\$ 8.07	\$ 34.28	\$ 13.67	\$ 26.62	\$ 19.14	\$ 19.14
Usage Rates (per kgal)	\$ 5.72	\$ -	\$ 5.72	\$ 7.75	\$ 5.72	\$ 7.75	\$ 6.47	\$ 6.47
Typical Bill (6 kgal)	\$ 42.02	\$ 52.95	\$ 42.39	\$ 80.77	\$ 47.99	\$ 73.11	\$ 57.96	\$ 57.96
Combined Bill	\$ 79.42	\$ 101.84	\$ 80.50	\$ 129.23	\$ 86.72	\$ 120.47	\$ 99.80	\$ 99.80

Bill Comparisons – Alternative 1

Utility/Community	User Rates and Charges (6,000 gal/month)		
	Water	Sewer	Total
Chester Metropolitan District	\$ 61.49	\$ 79.07	\$ 140.56
<i>TCUD II (Alternative 1)</i>	\$ 48.46	\$ 80.77	\$ 129.23
Isle of Palms	\$ 44.80	\$ 84.40	\$ 129.20
Mount Pleasant Waterworks	\$ 49.44	\$ 68.47	\$ 117.91
<i>TCUD II (Current)</i>	\$ 48.89	\$ 52.95	\$ 101.84
York County	\$ 43.89	\$ 53.77	\$ 97.66
Clover	\$ 44.07	\$ 49.19	\$ 93.26
Fort Mill	\$ 35.84	\$ 49.80	\$ 85.64
<i>TCUD I (Alternative 1)</i>	\$ 38.11	\$ 42.39	\$ 80.50
<i>TCUD I (Current)</i>	\$ 37.40	\$ 42.02	\$ 79.42
Charlotte	\$ 20.89	\$ 53.02	\$ 73.91
Rock Hill	\$ 19.55	\$ 39.53	\$ 59.08
Average (Excluding TCUD)	\$ 40.00	\$ 59.66	\$ 99.65

Bill Comparisons – Alternative 2

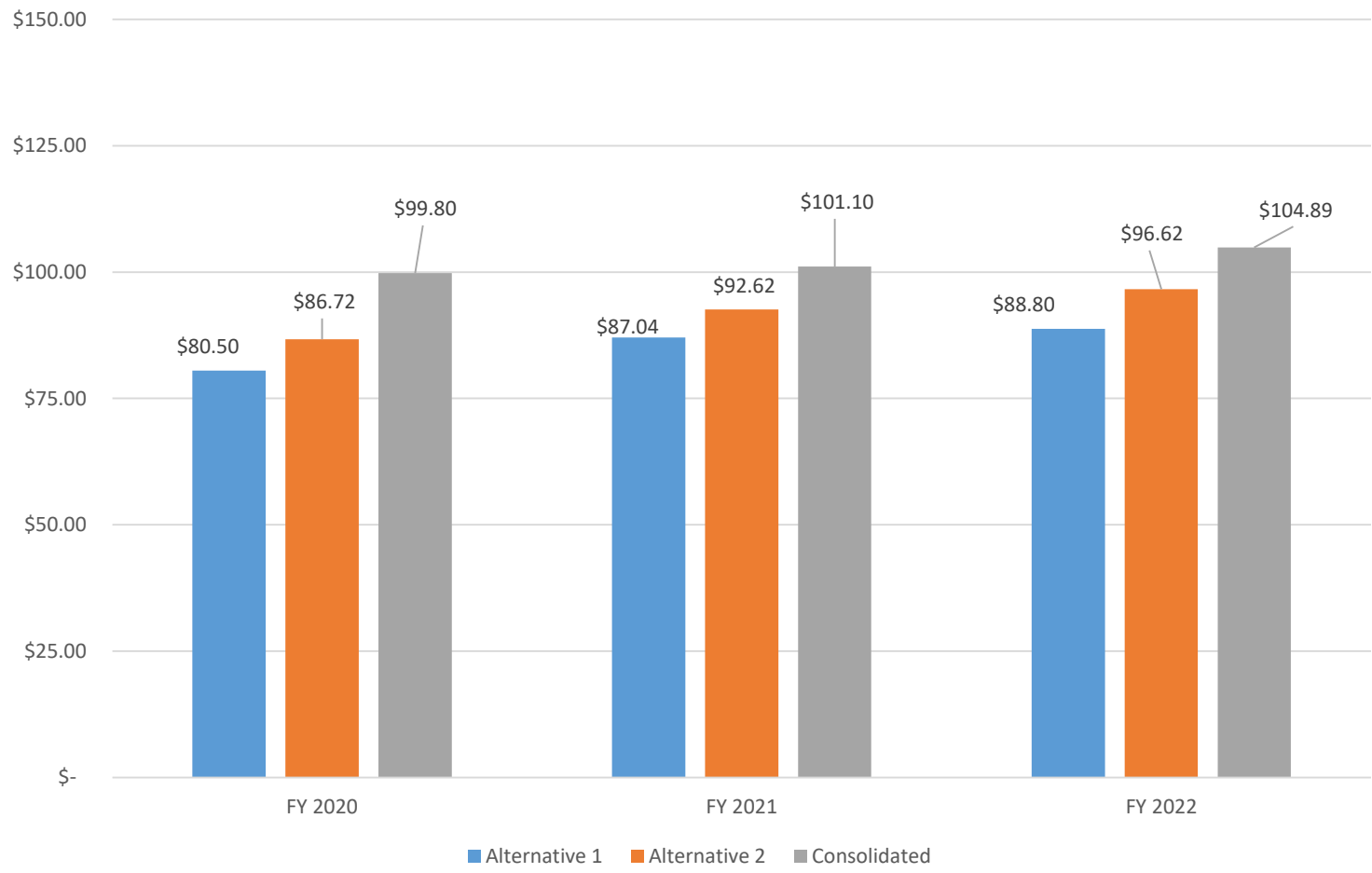
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Bill Comparisons – Uniform Rates

Utility/Community	User Rates and Charges (6,000 gal/month)		
	Water	Sewer	Total
Chester Metropolitan District	\$ 61.49	\$ 79.07	\$ 140.56
Isle of Palms	\$ 44.80	\$ 84.40	\$ 129.20
Mount Pleasant Waterworks	\$ 49.44	\$ 68.47	\$ 117.91
<i>TCUD II (Current)</i>	\$ 48.89	\$ 52.95	\$ 101.84
<i>TCUD (Uniform Rates)</i>	\$ 41.84	\$ 57.96	\$ 99.80
York County	\$ 43.89	\$ 53.77	\$ 97.66
Clover	\$ 44.07	\$ 49.19	\$ 93.26
Fort Mill	\$ 35.84	\$ 49.80	\$ 85.64
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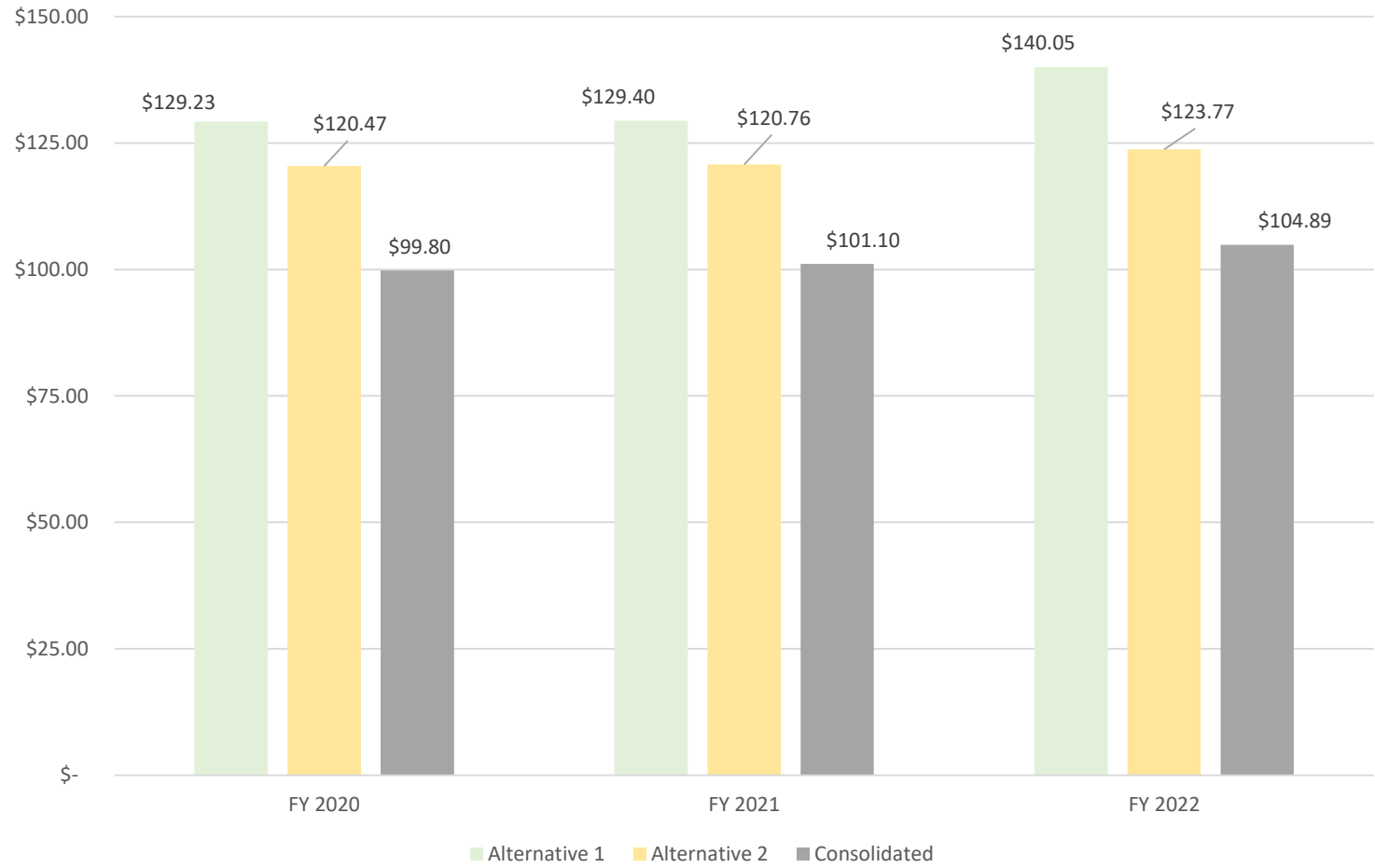
TCUD I Rate Alternative Comparison

TCUD I 3-Year Projection



TCUD II Rate Alternative Comparison

TCUD II 3-Year Projection



The image features a white background with several realistic water droplets of various sizes scattered in the corners. The droplets have highlights and shadows, giving them a three-dimensional appearance. The word "QUESTIONS?" is centered in a large, black, sans-serif font.

QUESTIONS?