

Water and Sewer Authority of
Cabarrus County
Proposed
Annual Operating Budget
FY 2022-2023
and
Capital Improvement Program FY 2022-2023
and Five Planning Years



Water & Sewer Authority of Cabarrus County

Annual Operating Budget Fiscal Year 2022-2023

Prepared

By:

Michael Wilson
Executive Director

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WATER & SEWER AUTHORITY
OF CABARRUS COUNTY

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March 17, 2022

Subject: Recommended FY 2022-2023 Budget

Dear Chairman Legg and Members of the Board of Directors:

I am pleased to present to you the recommended Fiscal Year 2022-2023 (FY 23) Budget for the Water and Sewer Authority of Cabarrus County (WSACC). The budget was prepared in accordance with the requirements of the North Carolina Local Budget and Fiscal Control Act. I would like to thank the managers, supervisors, and staff of WSACC for their many hours spent in developing, justifying, and discussing the numerous items contained within this proposed budget.

Preparation of this budget has been extremely difficult due to the trifecta of circumstances all governments and utilities face. Rampant inflation, supply chain issues, and employee retention and recruitment are the main drivers for increases in the proposed operating budget. I am recommending a four-point seven percent (4.7%) increase in the variable sewer rate from \$1.563 to \$1.636 per thousand gallons. The monthly impact of this increase on a residential customer using 5,000 gallons per month would be \$0.365 per month.

The total proposed FY 22 budget for the Operating Fund is \$20,455,276, a 21.5% increase or \$3,621,617 more than the \$16,833,659 prior year budget. Retained earnings (fund balance or reserves) have not been used to balance the budget. Most of the budget increase is associated with debt service as described in the next paragraph.

Debt Service-Fixed Charges

WSACC anticipates issuing approximately \$77 million in revenue bonds in May of 2022 for the expansion of the Rocky River Regional Wastewater Treatment Plant (RRRWTP) from 26.5 MGD to 30 MGD. An interest only debt payment of \$2,926,005 has been included in the budget. In addition, WSACC also anticipates issuing \$7.8 million of revenue bonds in the fall of 2022 to complete the funding required for the Lower Coddle Creek Parallel Interceptor. An interest only debt payment of \$172,262 has also been included in the budget.

The net impact of all increases and decreases in debt service and fixed charges will be an increase of \$2,819,284. Using budgeted sewer flows of 7.045 billion gallons would result in an increase of approximately \$2.00 per month for a 5,000 gallon per month customer.

Revenues

As mentioned above, I am recommending a four-point seven percent (4.7%) increase in the variable sewer rate from \$1.563 to \$1.636 per thousand gallons of treated wastewater. This increase will generate an additional \$514,285 in revenue.

Cabarrus County has experienced a moderation in the amount of rainfall it has received over the past several months. After three plus years of above historical average rainfall, forecasting accurate sewer flows has been challenging. I have slightly increased the projected FY 23 annual sewer flows from 7.040 billion gallons in the prior fiscal year to 7.045 billion gallons that results in an additional sewer flow of five million gallons which will generate \$8,180. Total variable revenue is \$11.526 million on 7.045 billion gallons.

Anticipated investment earnings have been increased slightly due to actions signaled by the Federal Reserve that they will push short term interest rates higher. Due to the uncertainty surrounding the impact of the Russian invasion of the Ukraine on the financial markets, I have become less certain of multiple rate hikes over the coming year. Therefore, I have only increased investment earnings from \$100,000 to \$150,000.

Personnel

No new positions are recommended for the budget year.

As all employers are experiencing, it has become difficult to keep and attract qualified employees. Out of 60 employees, WSACC saw eleven positions open and be filled last calendar year. We currently have five positions open and are seeking qualified candidates.

WSACC is currently having a compensation pay study performed with the results due at the end of March. After reviewing the results of the study, we will return to the Board with our recommendations so that we can remain competitive in the job market.

I have included seven percent (7%) of salaries and benefits in a lump sum amount of \$364,912 in the Nondepartmental budget to be used to implement the recommendations of the pay study and continue merit-based compensation rewards for our staff.

I am not recommending a percentage for merit-based increase currently. I would like to return to the Board in May or June with a recommendation that is in line with our member jurisdiction's increases.

I am also recommending the inclusion of \$20,000 to continue the career ladder program previously approved by the Board that offers certain employee classifications the opportunity to advance based on completing specified training and demonstrating proficiency in essential skills.

WSACC is a few months away from receiving quotes on our health insurance premium renewal. I have included a 7.5% increase representing an additional \$73,278 in cost for 58 full-time employees and nine retirees. Management will continue to explore ways to control increases in health insurance premiums.

Operating Expenses

The total operating expense increase is \$902,335 (excluding capital outlay and debt service). The six (6) line items below account for slightly more than the total operating expense increase.

- Pay study and merit increase including fringe benefits \$364,912.
- Health insurance premium increase \$73,278.
- Local Government Retirement Plan mandatory increase in employer contribution from 11.35% to 12.10% resulted in an increase in the retirement line item of \$32,752.
- Chemicals for the departments increased by \$293,243.
- Utilities for the departments increased by \$126,207.
- Gas, Off-Road Diesel, and Fuel Oil increased for all departments by \$51,878.

System Development Fee Fund

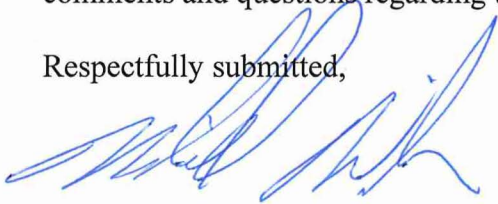
The proposed budget for the System Development Fee (SDF) Reserve Fund is \$3.2 million. SDF rates will remain as the previous year until a future new study is completed. The entire amount of SDF collected is budgeted to go into reserves until the Board approves the transfer to capital projects.

Capital Improvement Program

Our six-year Capital Improvement Program (CIP) and Asset Management are vital in the development of the annual budget. The CIP identified \$282.598 million in large capital needs and Asset Management identified an additional \$6.66 million in smaller capital needs. Charlotte Water will fund an estimated \$77.623 million of these needs.

I would like to thank the Board for giving me the opportunity to serve as your Executive Director. I continue to be overwhelmed by the dedication and assistance provided by staff. Putting together this budget has provided us many opportunities to plan for the future. I look forward to your comments and questions regarding the recommended budget.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Michael Wilson', is written over the 'Respectfully submitted,' text.

Michael Wilson, CPA
Executive Director

Water and Sewer Authority of Cabarrus County
Budget Summary
Fiscal Year 2022 - 2023

Operating Fund

Revenues

Variable Flow- Operation and Maintenance	\$ 11,525,620
Fixed Shares-Treatment	5,146,744
Fixed Shares-Interceptor	1,725,982
Surcharges	550,000
Program Fees	79,920
Sample & Lab Fees	169,688
Lake Howell Charges	283,734
Import Biosolids Charges	400,000
Septage Haulers	400,000
Investment Earnings	150,000
Other	<u>23,588</u>

Total Revenues Operating Fund	<u><u>\$ 20,455,276</u></u>
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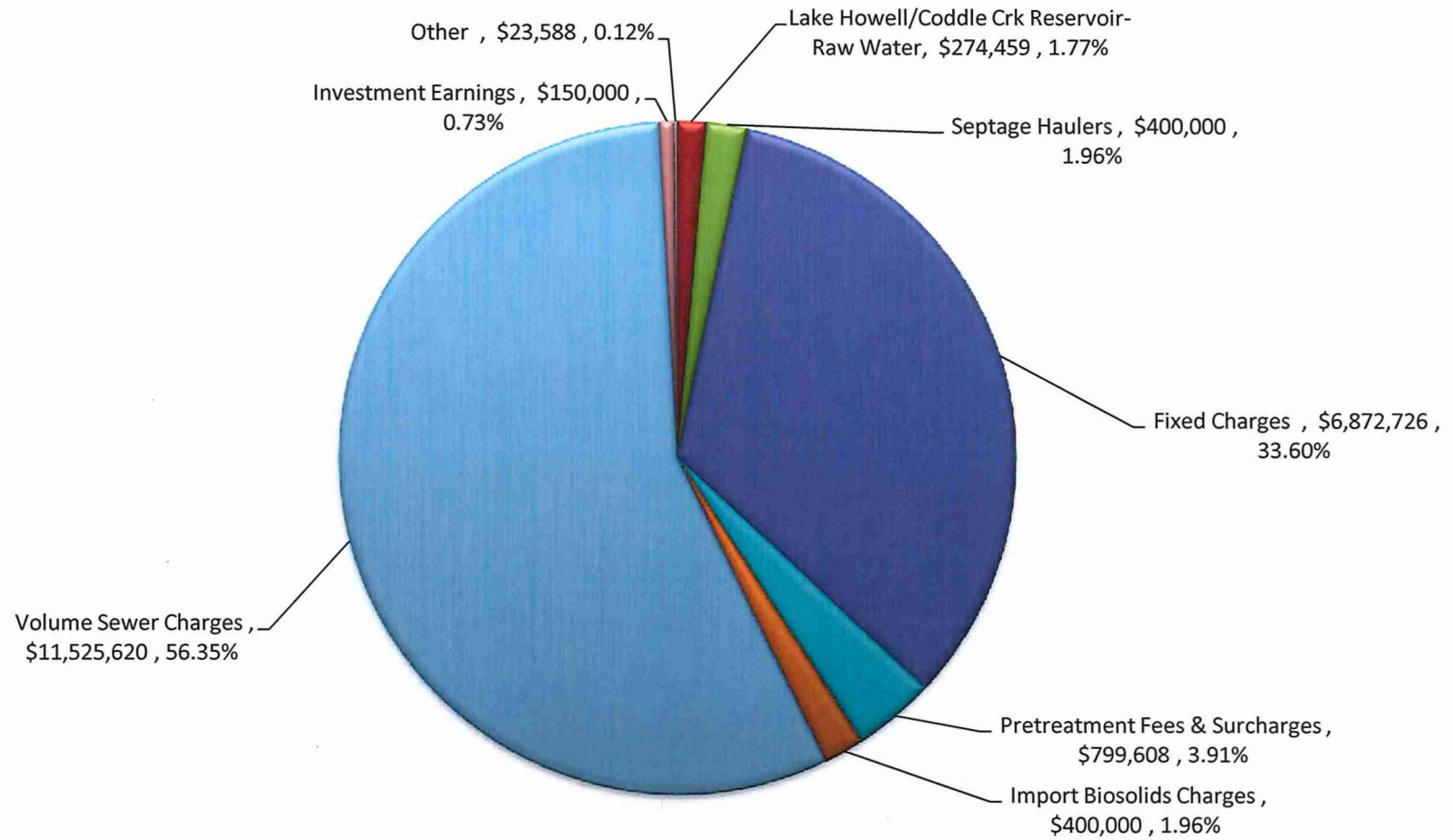
Expenses

Administration	\$ 1,591,233
Engineering	744,902
Rocky River Regional Waste Water Treatment Plant	6,710,639
Biosolids Import/Incineration	1,797,886
Laboratory	580,132
Pretreatment	218,366
Muddy Creek Waste Water Treatment Plant	256,325
Interceptors	1,728,039
Lake Howell Reservoir	283,734
Debt Service-Treatment	4,474,043
Debt Service-Interceptor	1,325,981
Nondepartmental	<u>743,996</u>

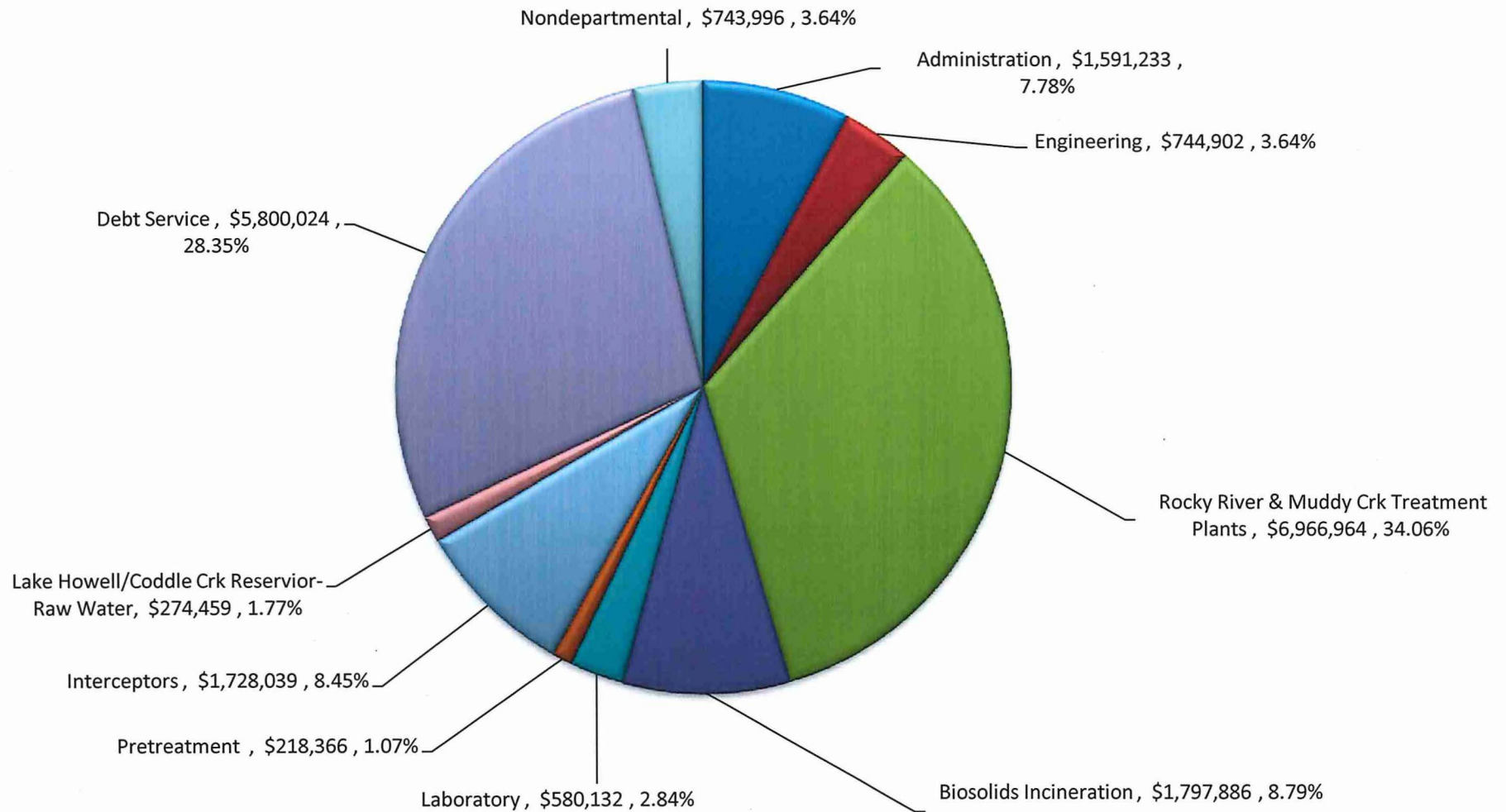
Total Expenses Operating Fund	<u><u>\$ 20,455,276</u></u>
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3/8/2022

Operating Fund Revenues-- By Source FY 2022-2023



Operating Fund Expenses-- By Department FY 2022-2023



Water and Sewer Authority of Cabarrus County
Budget Summary
2022 - 2023

System Development Fee Fund

Revenues

System Development Fee	\$ 3,200,000
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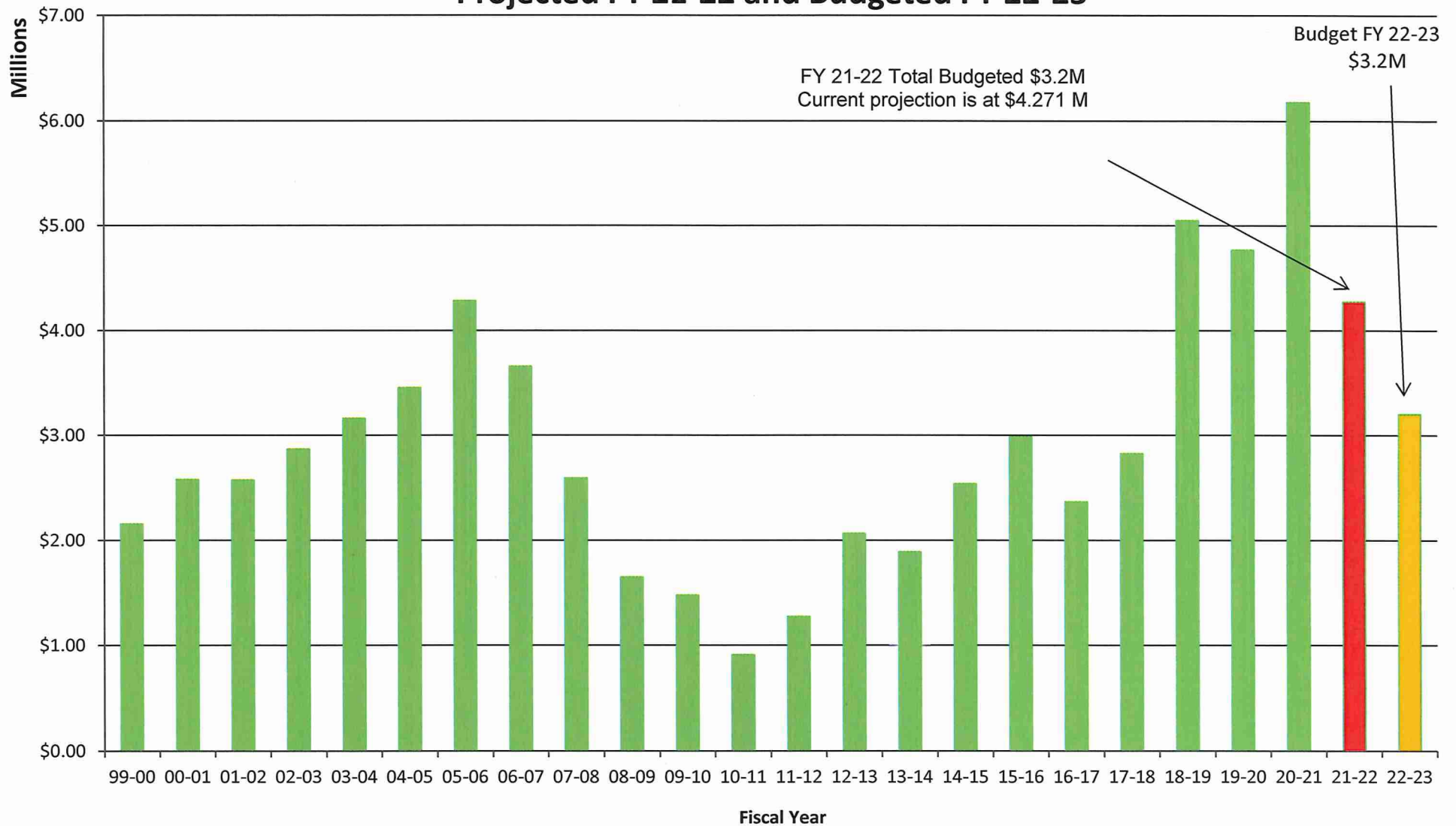
Total Revenues System Development Fee Fund	<u>\$ 3,200,000</u>
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Expenses

Contribution to System Development Fee Reserve	\$ 3,200,000
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Total Expenses System Development Fee Fund	<u>\$ 3,200,000</u>
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Actual System Development Fee Collections for Prior Years and Projected FY 21-22 and Budgeted FY 22-23



Water and Sewer Authority of Cabarrus County

Operating Budget

Fiscal Year 2022-2023

Revenue and Flow Highlights

- Variable Sewer Rate - A four-point seven percent (4.7%) increase in the variable sewer rate is proposed for the upcoming year. The variable sewer rate increase is expected to generate \$514,285 in additional revenue.
- Budgeted Sewer Flows - Budgeted sewer flows have been slightly increased from 7.040 billion gallons to 7.045 billion gallons or 5-million-gallon increase. The increased budgeted flow will only add approximately \$8,195 in revenue for the upcoming year. It is difficult to make an exact projection of increased sewer flows based on customer growth because it has been masked due to the extreme fluctuations in rainfall in the current and prior fiscal years which more directly impacts our sewer flows.
- Fixed Charge Revenues - have increased by \$2,819,284. This net increase is associated with the interest payments from the anticipated issuance of debt for the RRRWWTP Expansion to 30 MGD and the Lower Coddle Creek Parallel Interceptor.

Expense Highlights

- Salary Adjustments – WSACC is the process of completing a salary compensation study and it will not be available until after the adoption of the budget. I have included approximately 7% of current salaries and benefits in a pool of \$364,912 has been included within the budget. I will return to the Board later with the results of the study and information on jurisdictional proposed increases to make a final recommendation on salary adjustments.
- Salary Adjustments-Career Ladder - A pool of \$20,000 plus fringe benefits has been included in the budget for implementation of the career ladder for certain classes of employees.
- Retirement Contribution Increase – The Board of Trustees of the Local Governmental Employees' Retirement System (LGERs) voted to continue the policy of increases in the required employer contribution rate that would be needed to maintain the financial soundness of the LGERs. For FY 22-23, the employer required contribution rate increased from 11.35% to 12.10%. The direct budgeted impact of this increase is \$32,752 for WSACC. Employees will continue to contribute their mandatory 6% of covered payroll.
- Health Insurance Premiums - Based on discussions with our insurance broker, we are projecting a 7.5% increase in premiums representing an additional \$73,278 in cost for 58 full-time employees and 9 retirees. We are expecting renewal quotes in late April or early May.

- Chemicals – Across all budgets we are seeing estimates from vendors for future delivery of chemicals to increase in the 30%-40% range. We have included an additional \$293,243 in both pretreatment and effluent chemicals associated with both increased flow volumes and maintaining compliance with discharge limits.
- Utilities – The RRRWWTP, Biosolids and Interceptor departments budgeted an additional \$93,724, \$31,361, and \$2,400 respectively based on estimated sewer/sludge volumes and anticipated rate increases.
- Motor Fuels and Fuel Oil – We have seen state contract pricing on fuels increase approximately 60% since budget time last year. We have budgeted pricing at \$3.63 and \$3.75 per gallon for gasoline and off-road diesel respectively for a total increase of \$51,878.
- Maintenance-Local Area Networks - Due to the significant increase in hacking and ransomware attacks on local governments, we have implemented multi-factor authentication (2 factor authentication) for all access into the network. We have deployed a next-gen anti-virus software with 24/7 live monitoring and real time remediation. This line-item has increased by \$22,920 to cover the increased cost of software and live monitoring.
- Fixed Charges Debt Service - The budgeted total for this line item reflects an increase of \$2,594,382. The amounts included for the RRRWWTP Expansion 30 MGD, Lower Coddle Creek Parallel Interceptor are for interest only and are based on estimates. Plus, outstanding SRF loans and large pay-go capital. Significant changes are noted below.

○ RRRWWTP Expansion	\$2,926,005
○ Lower Coddle Creek Parallel Interceptor	<u>\$ 172,265</u>
Total	\$3,098,270

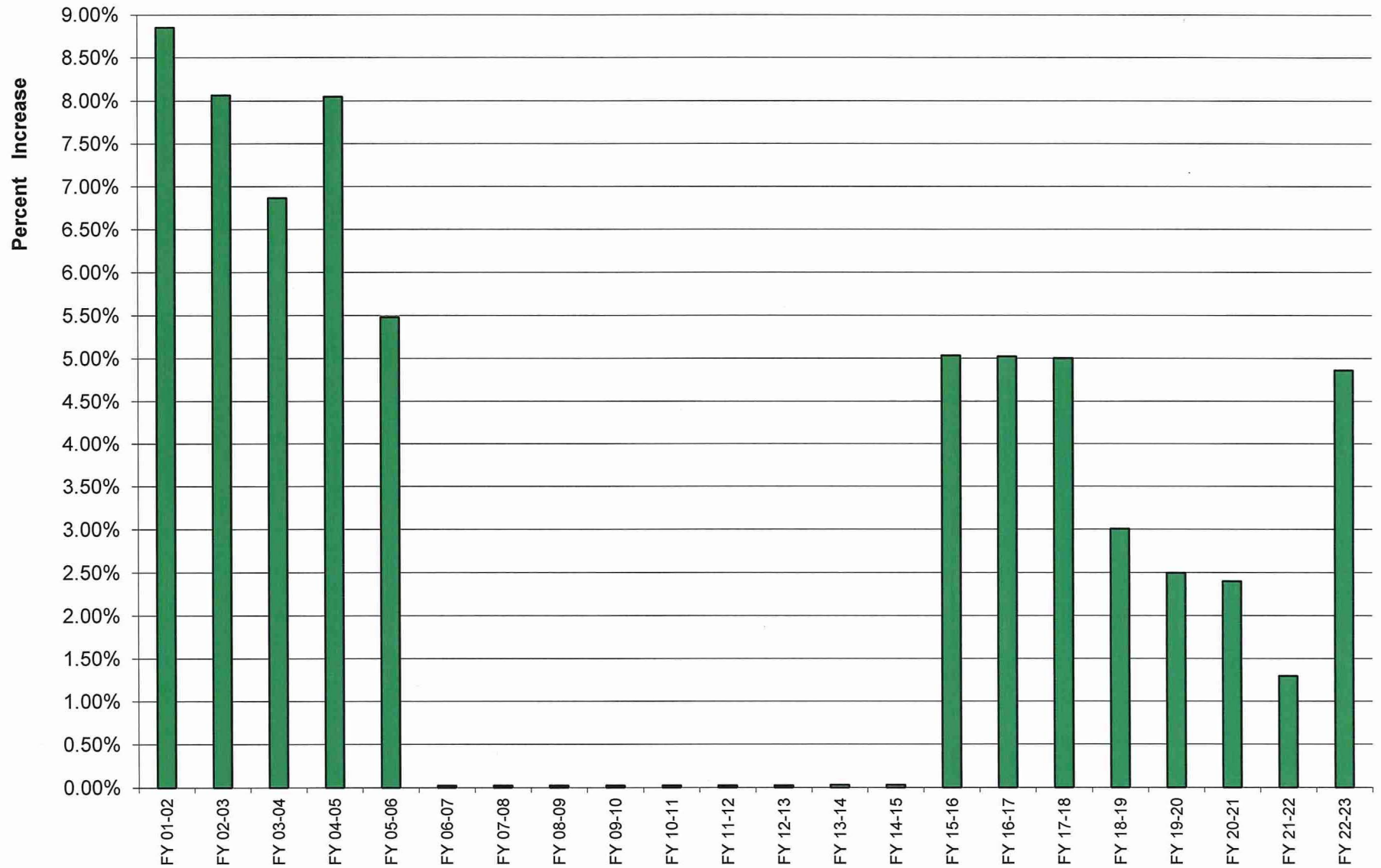
Water and Sewer Authority of Cabarrus County

Capital Outlay Requests

For the Fiscal Year 2022-2023

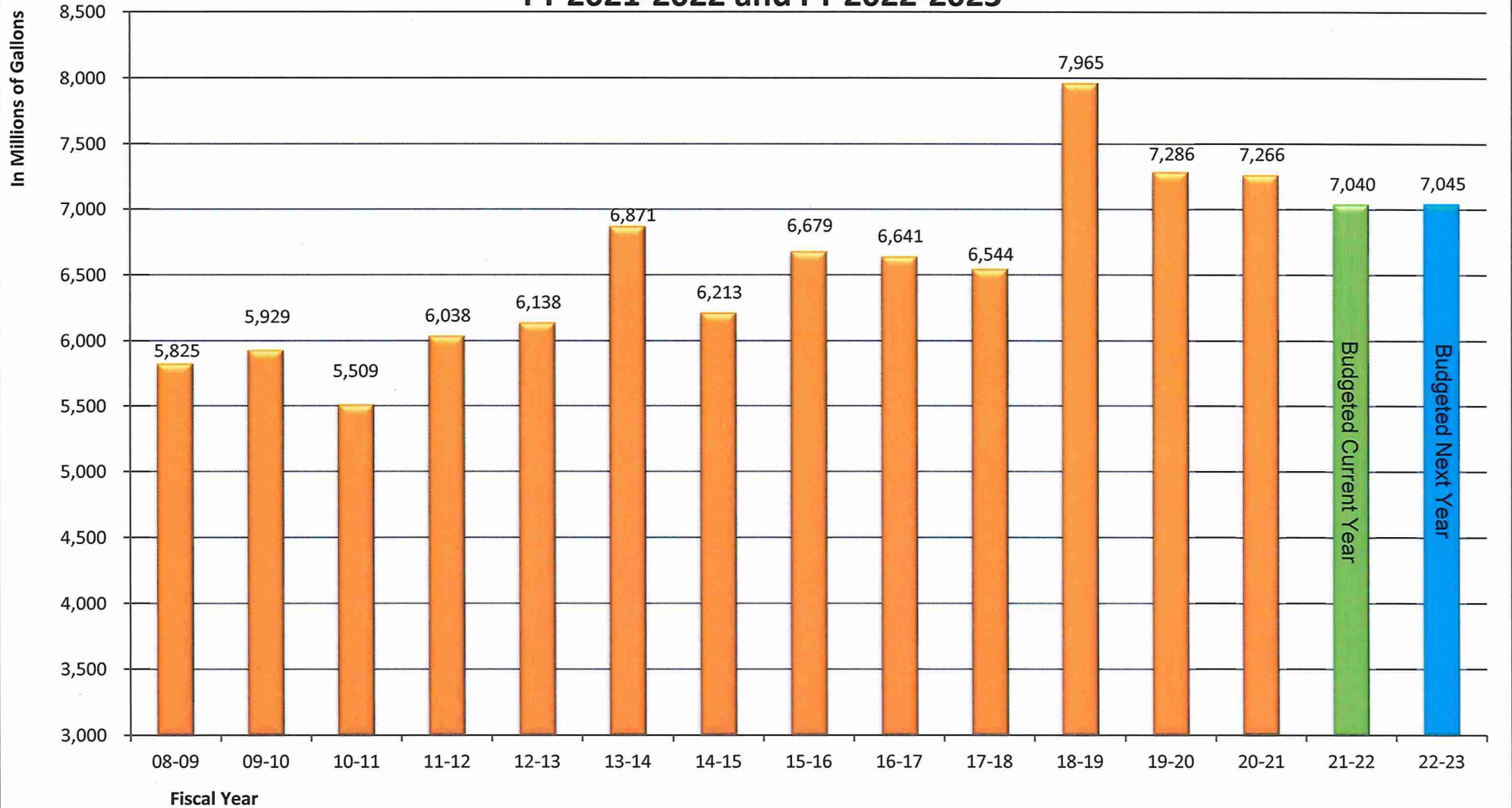
<u>Departm</u>	<u>Item</u>	<u>Amount</u>	<u>Subtotals</u>	<u>Total Budgeted</u>
Administration				
	<u>Computer Equipment</u>			
R	Administrative Server- Six year old	\$ 18,500		
			\$ 18,500	
		Total Administration		\$ 18,500
<u>RRRWWTP</u>				
	<u>Equipment</u>			
R	Level Sensors	\$ 17,500		
R	Spare Primary Clarifier Gear Drive	\$ 73,200		
R	Rebuild Two Primary Clarifier Gearboxes	\$ 96,000		
R	Coating of Two Primary Clarifiers	\$ 252,000		
			\$ 438,700	
	<u>Vehicles</u>			
R	Forklift 5,000 lb.	\$ 37,500		
			\$ 37,500	
		Total RRRWWTP		\$ 476,200
<u>Biosolids</u>				
	<u>Equipment</u>			
R	Centrifuge Rotating Assembly & Backdrive Refurb.	\$ 130,000		
R	Tank 3,900 NaCl Odor Control	\$ 15,000		
			\$ 145,000	
	<u>Buildings & Grounds</u>			
	Furnace Control Room HVAC	\$ 20,000		
	Dewatering Lab HVAC	\$ 13,000		
			\$ 33,000	
		Total Biosolids		\$ 178,000
<u>Interceptors</u>				
	<u>Lines & Stations</u>			
R	Interceptor Line Rehab-Per I & I Study	\$ 400,000		
	Replace manholes and line segments identified as needing replacement or repair.		\$ 400,000	
Total Capital Outlay Sewer Budgets--Funded Out of Fixed Charges				\$ 1,072,700
R = Replacement of Capital Item				

Historic Summary of WSACC Annual Variable Rate Increases

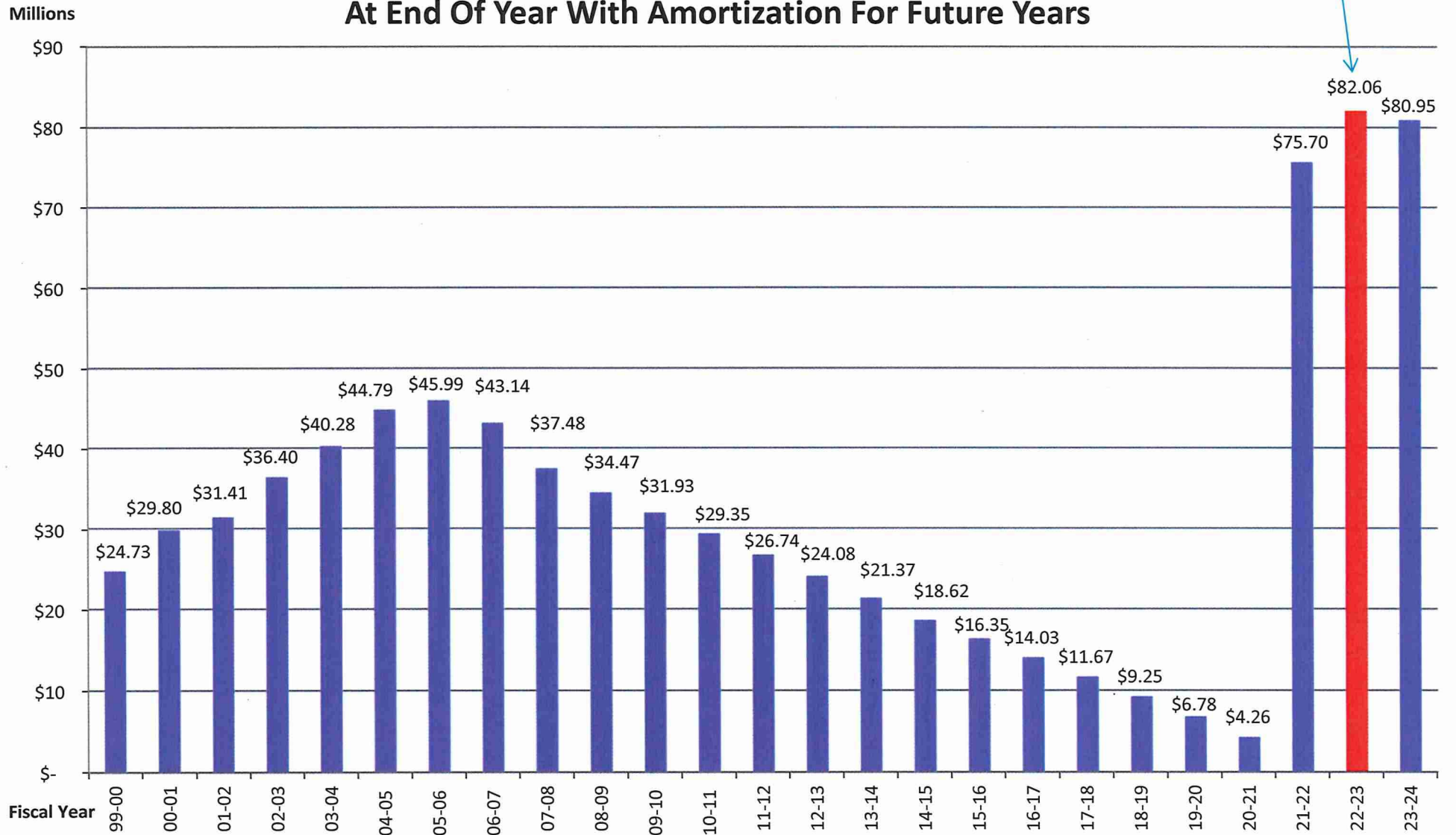


All Increases Expressed As A Percentage.

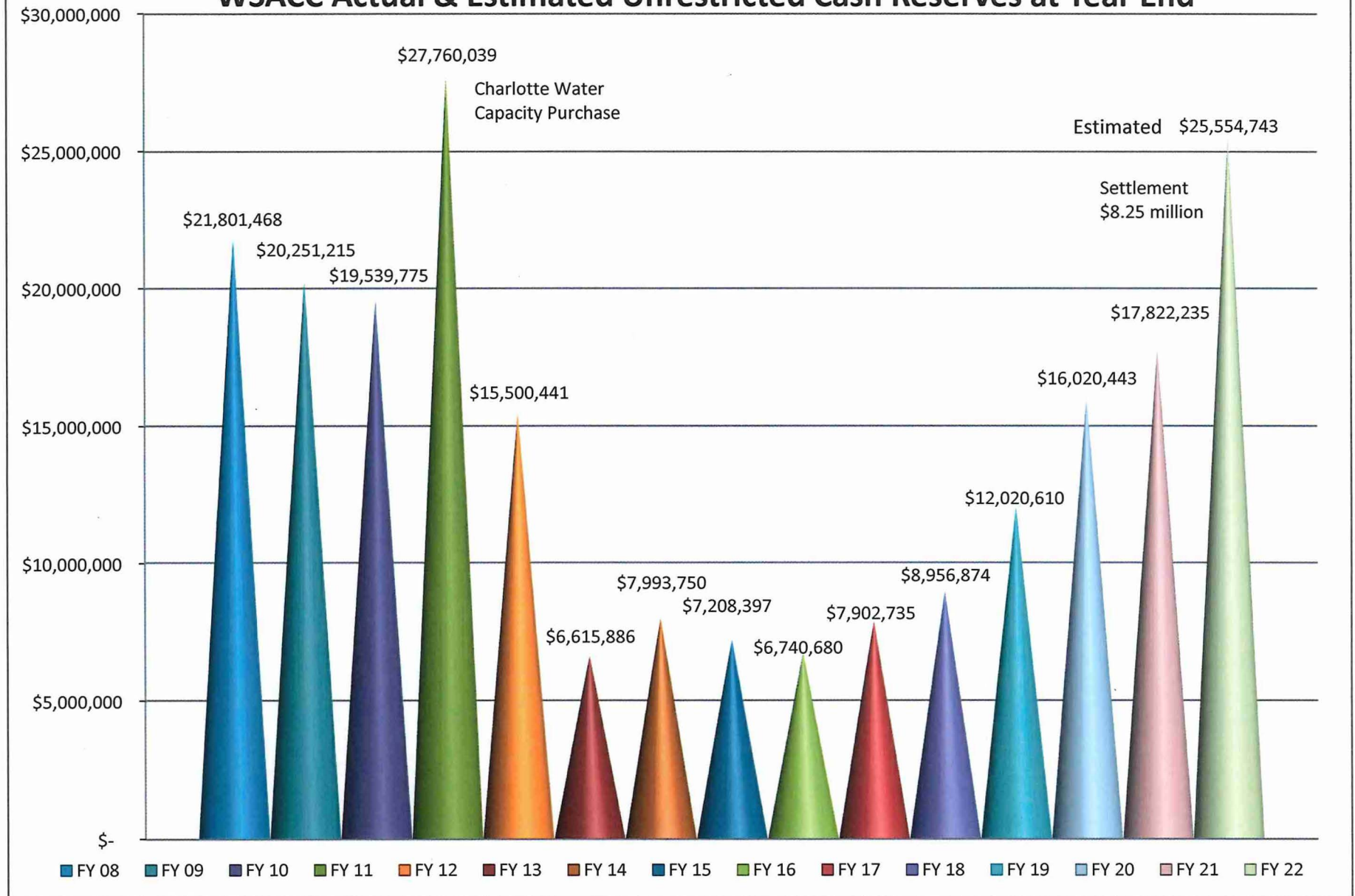
Actual Historic WSACC Billable Flows With Budgeted Flow Projections For FY 2021-2022 and FY 2022-2023



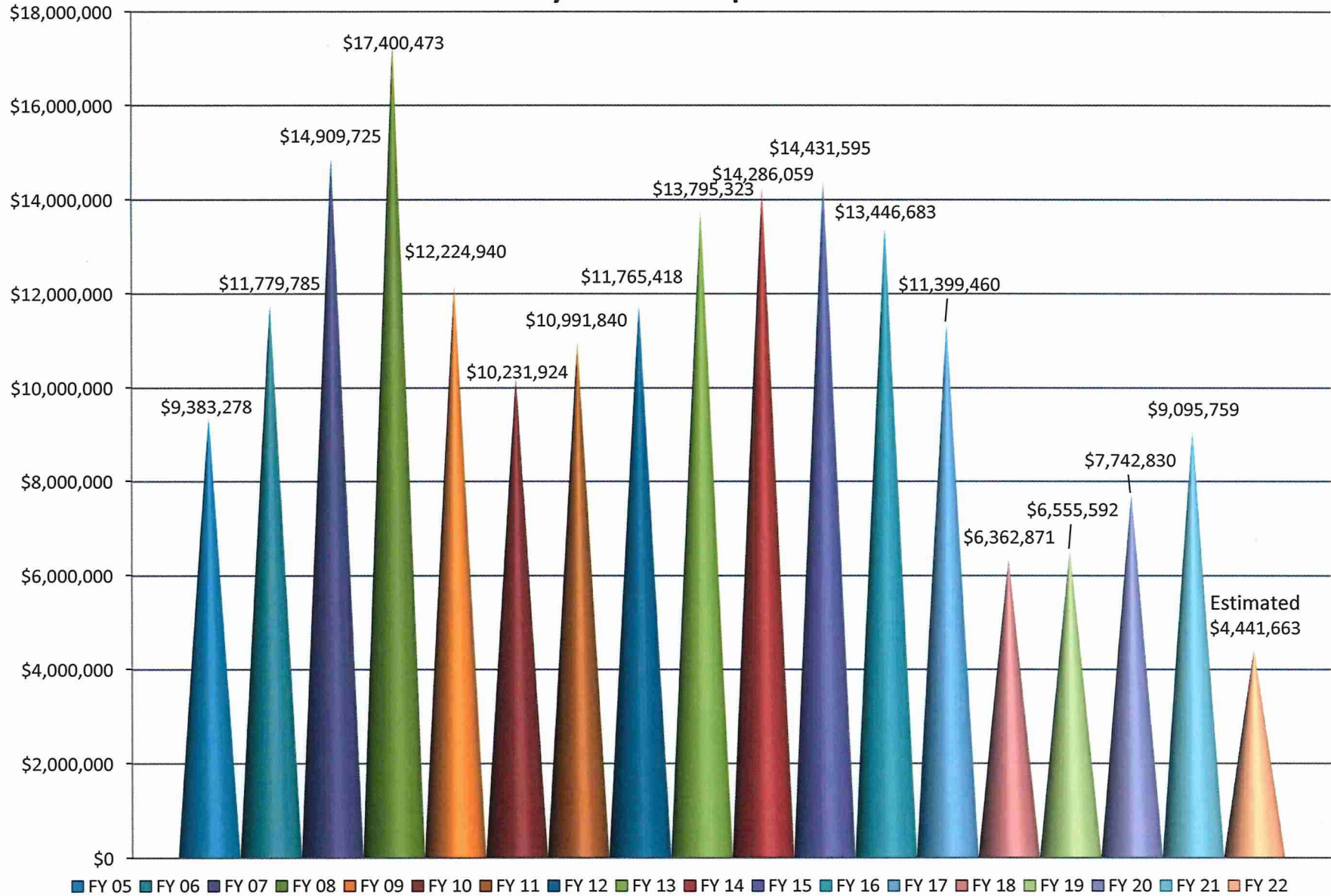
WSACC Historic Annual Total Outstanding Debt (In \$ Millions) At End Of Year With Amortization For Future Years



WSACC Actual & Estimated Unrestricted Cash Reserves at Year End



WSACC Actual & Estimated System Development Fee Balance at Year End



**Water & Sewer Authority of Cabarrus County
Operation & Maintenance Variable Sewer Rate
2022-2023 Fiscal Year**

	Proposed Rate /1,000 <u>gallons</u>	Prior Year Rate /1,000 <u>gallons</u>	<u>Percent Increase</u>
Operation & Maintenance Rate/ 1,000 gal.	<u>\$ 1.636</u>	<u>\$1.563</u>	<u>4.70%</u>
Budgeted Sewer Flow in Million Gallons	7,045.0		
Average Daily Flow in Million Gallons	19.301		
Cost to Recover Through O&M Variable Rate	<u>\$ 11,522,210</u>		
<i>Increase on Customer with 5,000 gallons per month</i>		<i>\$0.37</i>	
<i>Increase on Customer with 60,000 gallons per year</i>		<i>\$4.38</i>	

**Water & Sewer Authority of Cabarrus County
Rates and Charges-Septage, Liquid and Cake Biosolids
For Fiscal Year 2022-2023**

Septage Haulers

For liquid septage of household strength and volatility	\$	0.055	per gallon
	\$	55.00	per 1,000 gallons

Bulk Haulers-Liquid Biosolids

For bulk haulers the charge will be determined on a case by case basis by the Engineering Director based on the percent solids, volatility, impact on the plant and the need for additional volume.

Bulk Haulers-Cake Biosolids

For bulk haulers the charge will be determined on a case by case basis by the Engineering Director based on the percent solids, volatility, impact on the plant and the need for additional volume.

Water & Sewer Authority of Cabarrus County
Rates and Charges
For Fiscal Year 2022-2023

PROGRAM FEE SCHEDULE

Following is a list of the known industries and the Program Fees assessed to each.
 Other industries added to the program during the year will be required to pay a
 Program Fee as specified in the Sewer Use Ordinance and prorated
 for the months remaining in the fiscal year.

					MONTHLY PROGRAM COST	MONTHLY SAMPLING FEE
Americhem					\$ 95.00	\$ 360.35
Atruim Cabarrus 1					\$ 95.00	\$ 360.35
Atruim Cabarrus 2					\$ 95.00	\$ 360.35
Carvana					\$ 40.00	\$ 251.17
Celgard LLC					\$ 95.00	\$ 251.17
CMS Landfill V BFI					\$ 140.00	\$ 803.12
Charlotte Water-CMUD					\$ 1,670.00	\$ 1,130.28
City of Concord - Hillgrove					\$ 650.00	\$ 690.43
City of Kannapolis -Water Trmt Plant					\$ 95.00	\$ 251.17
Corning-Concord Facility					\$ 95.00	\$ 360.35
Galvan Industries					\$ 95.00	\$ 360.35
HeiQ Chem-Tex					\$ 95.00	\$ 360.35
Heritage-Crystal Clean					\$ 1,155.00	\$ 959.79
Intertape Polymer- MCWWTP					\$ 95.00	\$ 904.37
Krispy Kreme					\$ 150.00	\$ 377.01
NC Research Pipe 1					\$ 95.00	\$ 251.17
NC Research Pipe 2					\$ 95.00	\$ 251.17
Oldcastle Precast					\$ 40.00	\$ 145.59
Owens Corning					\$ 95.00	\$ 455.68
Perdue Farms					\$ 435.00	\$ 685.04
Prime Beverage					\$ 430.00	\$ 919.71
S&D Main					\$ 40.00	\$ 251.17
S&D Commercial Park					\$ 350.00	\$ 797.04
Sea Life Aquarium					\$ 40.00	\$ 137.92
Star America					\$ 95.00	\$ 360.35
Stericycle 1					\$ 95.00	\$ 360.35
Stericycle 2					\$ 95.00	\$ 251.17
Tegra					\$ 95.00	\$ 360.35
				Monthly Total	\$ 6,660.00	\$ 13,007.32
				Yearly Total	\$ 79,920.00	\$ 156,087.84

The minimum program cost for each significant industrial user is \$95.00 per month.

Water & Sewer Authority of Cabarrus County									
Rates and Charges									
For Fiscal Year 2022-2023									
LABORATORY FEES									
BOD				\$23.00		OTHER ANALYSES:			
COD				\$25.00		OIL & GREASE			\$50.00
TSS				\$13.00		MERCURY			\$24.00
VSS				\$19.00		CYANIDE			\$37.00
NH3-N				\$20.00		CHLORIDES			\$17.00
pH				\$8.00		FECAL COLIFORM			\$29.00
ALKALINITY				\$15.00		TKN			\$28.00
SS				\$13.00		T PHOSPHORUS			\$22.00
CONDUCTIVITY				\$14.00					
METALS - ICP-MS:									
COPPER				\$23.00		SDWA DRINKING WATER ANALYSES:			
SILVER				\$23.00		T COLIFORM			\$25.00
ZINC				\$23.00					
ARSENIC				\$23.00		SAMPLER RENTAL DAILY			
BERYLLIUM				\$23.00		Containers			\$36.00
CADMIUM				\$23.00					\$4.76
CHROMIUM				\$23.00		Inconvenience Fee/Day		\$	25.00
LEAD				\$23.00					
NICKEL				\$23.00					
SELENIUM				\$23.00					
HIGH STRENGTH SURCHARGE RATES					APPLICATION/ADMIN FEES				
(PER LB)									
BOD				\$0.059					
COD				\$0.105		Pretreatment Permit		\$	300
TSS				\$0.280		Septage Haulers Permit		\$	200
NH3-N				\$0.341					
*OTHERS				\$0.431					
*All sewer users shall be surcharged for concentrations exceeding the limitation established by the Sewer Use Ordinance.									
SEPTAGE HAULER RATES				\$0.055	per	gallon			

WATER AND SEWER AUTHORITY OF CABARRUS COUNTY							
BUDGETED CHARGES TO CUSTOMERS/MUNICIPALITIES 2022-2023							
							3/10/2022
	FY 2021-2022				FY 2022-2023		
	Fixed	Fixed			Fixed	Fixed	Difference
	Treatment	Interceptor	Total		Treatment	Interceptor	Increase
							(Decrease)
Concord	\$ 1,139,733	\$ 987,988	\$ 2,127,721		\$ 2,748,949	\$ 955,640	\$ 3,704,589
Mt. Pleasant	\$ 25,435	\$ 30,756	\$ 56,191		\$ 66,662	\$ 23,369	\$ 90,031
Harrisburg	\$ 121,260	\$ 117,710	\$ 238,970		\$ 438,746	\$ 156,361	\$ 595,107
Kannapolis	\$ 481,201	\$ 397,969	\$ 879,170		\$ 1,337,202	\$ 460,838	\$ 1,798,040
Charlotte Wtr	\$ 589,210	\$ 162,180	\$ 751,390		\$ 555,185	\$ 129,774	\$ 684,959
	\$ 2,356,839	\$ 1,696,603	\$ 4,053,442		\$ 5,146,744	\$ 1,725,982	\$ 6,872,726
							\$ 2,819,284
	FY 2021-2022				FY 2022-2023		
Budgeted	Variable				Variable		Difference
	Combined		Total		Combined	Total	Increase
							(Decrease)
Concord	\$ 5,126,640		\$ 5,126,640		\$ 5,137,040	\$ 5,137,040	\$ 10,400
Mt. Pleasant	\$ 132,855		\$ 132,855		\$ 130,880	\$ 130,880	\$ (1,975)
Harrisburg	\$ 789,315		\$ 789,315		\$ 932,520	\$ 932,520	\$ 143,205
Kannapolis	\$ 2,219,460		\$ 2,219,460		\$ 2,380,380	\$ 2,380,380	\$ 160,920
Charlotte Wtr	\$ 2,735,250		\$ 2,735,250		\$ 2,944,800	\$ 2,944,800	\$ 209,550
	\$ 11,003,520		\$ 11,003,520		\$ 11,525,620	\$ 11,525,620	\$ 522,100
	Budgeted Flow in	Growth in	Total Fixed		Budgeted Flow in	Growth in	Total Fixed
	MG's CAL	Flow	& Variable		MG's CAL	Flow	& Variable
							Total
							Difference
Concord	3,280.0	0	\$ 7,254,361		3,140.0	-4.27%	\$ 8,841,629
Mt. Pleasant	85.0	0	\$ 189,046		80.0	-5.88%	\$ 220,911
Harrisburg	505.0	8.60%	\$ 1,028,285		570.0	12.87%	\$ 1,527,627
Kannapolis	1,420.0	-9.84%	\$ 3,098,630		1,455.0	2.46%	\$ 4,178,420
Charlotte Wtr	1,750.0	17.85%	\$ 3,486,640		1,800.0	2.86%	\$ 3,629,759
	7,040.0	6.04%	\$ 15,056,962		7,045.0	0.07%	\$ 18,398,346
							\$ 3,341,384
For reference only-Equivalent Rates			FY 2020-2021				FY 2022-2023
Blended Cabarrus Jurisdictions Only							Thousand
Concord			\$ 2.181				\$ 2.816 \$ 0.63
Mt. Pleasant			\$ 2.240				\$ 2.816 \$ 0.58
Harrisburg			\$ 2.324				\$ 2.761 \$ 0.44
Kannapolis			\$ 2.041				\$ 2.680 \$ 0.64
Charlotte Wtr			\$ 2.103				\$ 2.872 \$ 0.77
			\$ 2.250				\$ 2.017 \$ (0.23)
Equivalent Rate is calculated by adding total variable costs plus total fixed costs, divided by budget flow.							

**WSACC Summary of Budgeted Charges
Fiscal Year 2022-2023**

3/10/2022

City of Concord

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 2,748,949	\$ 229,079.08
Interceptor	<u>\$ 955,640</u>	<u>\$ 79,636.67</u>
Total Fixed Amount	<u><u>\$ 3,704,589</u></u>	<u><u>\$ 308,715.75</u></u>
Variable Charges O & M (1)		
Budgeted Flow 3,140,000,000 gal.		
Trmt & Inter Rate \$1.636 /1000 gal.	\$ 5,137,040	\$ 428,086.67
Total Estimated Variable Amount	<u><u>\$ 5,137,040</u></u>	<u><u>\$ 428,086.67</u></u>
Total Estimated Amount	<u><u>\$ 8,841,629</u></u>	<u><u>\$ 736,802.42</u></u>

(1) Variable charges will be based on actual flow.

**WSACC Summary of Budgeted Charges
Fiscal Year 2022-2023**

3/10/2022

Town of Mt. Pleasant

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 66,662	\$ 5,555.17
Interceptor	<u>\$ 23,369</u>	<u>\$ 1,947.42</u>
Total Fixed Amount	<u><u>\$ 90,031</u></u>	<u><u>\$ 7,502.58</u></u>
Variable Charges O & M (1)		
Budgeted Flow 80,000,000 gal.		
Trmt & Inter Rate \$1.636 /1000 gal.	\$ 130,880	\$ 10,906.67
Total Estimated Variable Amount	<u><u>\$ 130,880</u></u>	<u><u>\$ 10,906.67</u></u>
Total Estimated Amount	<u><u>\$ 220,911</u></u>	<u><u>\$ 18,409.25</u></u>

(1) Variable charges will be based on actual flow.

**WSACC Summary of Budgeted Charges
Fiscal Year 2022-2023**

3/10/2022

Town of Harrisburg

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 438,746	\$ 36,562.17
Interceptor	\$ 156,361	\$ 13,030.08
Total Fixed Amount	<u>\$ 595,107</u>	<u>\$ 49,592.25</u>
Variable Charges O & M (1)		
Budgeted Flow 570,000,000 gal.		
Trmt & Inter Rate \$1.636 /1000 gal.	\$ 932,520	\$ 77,710.00
Total Estimated Variable Amount	<u>\$ 932,520</u>	<u>\$ 77,710.00</u>
Total Estimated Amount	<u><u>\$ 1,527,627</u></u>	<u><u>\$ 127,302.25</u></u>

(1) Variable charges will be based on actual flow.

**WSACC Summary of Budgeted Charges
Fiscal Year 2022-2023**

3/10/2022

City of Kannapolis

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 1,337,202	\$ 111,433.50
Interceptor	<u>\$ 460,838</u>	<u>\$ 38,403.17</u>
Total Fixed Amount	<u><u>\$ 1,798,040</u></u>	<u><u>\$ 149,836.67</u></u>
Variable Charges O & M (1)		
Budgeted Flow 1,455,000,000 gal.		
Trmt & Inter Rate \$1.6360 /1000 gal.	\$ 2,380,380	\$ 198,365.00
Total Estimated Variable Amount	<u><u>\$ 2,380,380</u></u>	<u><u>\$ 198,365.00</u></u>
Total Estimated Amount	<u><u>\$ 4,178,420</u></u>	<u><u>\$ 348,201.67</u></u>

(1) Variable charges will be based on actual flow.

**WSACC Summary of Budgeted Charges
Fiscal Year 2022-2023**

3/10/2022

Charlotte Water

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 555,185	\$ 46,265.42
Interceptor	<u>\$ 102,200</u>	<u>\$ 8,516.67</u>
Total Fixed Amount	<u><u>\$ 657,385</u></u>	<u><u>\$ 54,782.08</u></u>
Variable Charges O & M (1)		
Budgeted Flow 1,800,000,000 gal.		
Trmt & Inter Rate \$1.636 /1000 gal.	\$ 2,944,800	\$ 245,400.00
Total Estimated Variable Amount	<u><u>\$ 2,944,800</u></u>	<u><u>\$ 245,400.00</u></u>
Total Estimated Amount	<u><u>\$ 3,602,185</u></u>	<u><u>\$ 300,182.08</u></u>

(1) Variable charges will be based on actual flow.

Water & Sewer Authority of Cabarrus County
System Development Fees (Wholesale)
Effective July 1, 2022-June 30, 2023

<u>Meter Size in Inches</u>	<u>System Development Fees</u>
5/8 & 3/4"	\$ 2,040
1"	\$ 5,100
1.5"	\$ 10,200
2"	\$ 16,320
3"	\$ 30,601
4"	\$ 51,001
6"	\$ 102,002
8"	\$ 163,203
10"	\$ 244,804
12"	\$ 540,610

AN ORDINANCE FOR A SYSTEM DEVELOPMENT FEE (SDF)

WHEREAS, the Board of Directors (the "Board") of the Water and Sewer Authority of Cabarrus County ("WSACC") advertised a public hearing to be held on June 21, 2018 indicating its intent to establish and implement a System Development Fee ("SDF") for wholesale sewer services effective July 1, 2018; and

WHEREAS, the Board of WSACC is of the opinion and declares that the growth within Cabarrus County (the "County") must pay its share of present and future needs for capacity in the treatment plants and interceptor lines; and

WHEREAS, it is the responsibility of the Board to ensure the citizens of the County that there is sufficient capacity available in the treatment plants and interceptor lines.

IT IS HEREBY ORDAINED by the Board of WSACC:

Section I. Methodology Used in Development of SDFs.

In accordance with North Carolina General Statute 162A Article 8 titled "System Development Fees", the cost for additional capacity to serve new customers is determined by an independent financial consultant estimated on a per gallon per day ("gpd") of average flows. WSACC engaged Raftelis Financial Consultants, Inc. to complete a written analysis to determine such cost and to develop cost-justified wastewater system development fees, such analysis being attached hereto as Exhibit A (the "SDF Fee Report"). The average flow per equivalent dwelling unit ("EDU") is assumed to be 200 gpd based upon estimates used for planning and designing new facilities. The cost per gallon was determined by using the Combined Approach, which takes a combination of the Buy-In and Marginal Incremental approaches and uses existing assets and capacity, and combines that with planned capital improvements and additional capacity that will be constructed to calculate a blended cost per gallon of capacity. All residential, single-family customers will be charged a fee based on a single EDU. All residential single-family dwellings are assumed to have a 5/8" or 3/4" water meter, which will serve as the starting point for calculating fees for larger meters based on the ratio of the capacity of larger meters compared to a 5/8" meter.

Section II. SDF Amount Determination.

1. Single Family, Apartments, Condominiums and Duplexes Residential. The SDF is calculated on a per unit basis, and the connection is assumed to be a 5/8" or 3/4" meter.
2. Commercial Subdivision Complex – Serviced by a Master Meter. If the commercial complex (multiple structures/buildings) has a master meter that will service individual buildings within the complex (a "Master Meter"), the SDF will be based on the size of the Master Meter, and will be collected at the time the initial building permit for the commercial complex is obtained. A copy of the approved site utility plan, documenting that a Master Meter will service the

commercial complex, must be provided to the County at the time of application for the initial building permit. No additional SDFs will be collected for the remaining structures that will be serviced by the Master Meter. However, prior to obtaining any remaining building permits, a copy of the approved site utility plan, documenting that a Master Meter will service the commercial complex, must be provided by the applicant to the County along with documentation (i.e. a receipt) that the SDF for the commercial complex (based on the Master Meter size) has been previously paid.

3. Commercial Subdivision Complex – Retail Utility Service to Individual Structures. The SDF is based on the size of the line or lines servicing the individual structure, or the size of the water meter or meters servicing the structure. A copy of the approved site utility plan, documenting the line(s) or water meter(s) that will service the structure, must be provided to the County at the time of application for a building permit. *Note: If only the line(s) size is shown to service the building, the line(s) sizes will be equivalent to meter size for SDF determination.*
4. Commercial/Residential Occupancy – Same Structure/Building (a “Mixed Use Single Structure”). The SDF is based on the size of the line or lines servicing the Mixed Use Single Structure or the size of the water meter or meters servicing the Mixed Use Single Structure. A copy of the approved site utility plan, documenting the line(s) or water meter(s) that will service the single structure, must be provided to Cabarrus County at the time of application for a building permit. *Note: If only the line(s) size is shown to service the building, the line(s) sizes will be equivalent to meter size for SDF determination.*
5. Industrial. The SDF is based on the meter size or equivalent meter size servicing the industrial complex.

Section III. SDF Schedule.

The SDF schedule shall be adopted and included as part of the annual budget ordinance. The SDF schedule will be updated as deemed necessary by the Board.

Section IV. Commercial and Industrial Customers.

WSACC retains the option of performing an engineering analysis of projected wastewater flows for any commercial or industrial customer with water meters equal to or greater than 3” in diameter or as the Executive Director/Engineering Director of WSACC determines is appropriate. If such a study is conducted, WSACC has the option of assessing the SDF based on meter size, equivalent meter size (meter size required to service expanded facilities if a separate meter were to be installed in connection with increased water usage relating thereto or meter size required to service new facilities reflecting expected water usage if such meter size were smaller than that of the meter actually installed), or projected wastewater flows. SDFs based upon equivalent meter size shall be the same as those charged for actual

meter size installed and the equivalent meter size shall be determined from existing water use data or projected demand requirements and the smallest meter required to satisfy the demand. SDFs based on projected flows will be calculated by multiplying the gallons per day of flows times the cost of capacity per gpd. SDFs based upon meter size shall be determined by the size of the meter specified at the time the building permit is issued or the size meter actually installed, whichever is larger. If a larger meter is installed than was specified at the time the building permit was issued, the owner is required to pay the difference between the SDF based upon the meter size paid for at the time the building permit was issued and the SDF required for the actual meter installed.

Section V. Effective Date of Assessment of SDF and Septic System Policy.

Except as provided below, all SDFs will be assessed at the time a building permit is issued or, if a larger meter is installed than was specified at the time the building permit was issued, no later than the time the meter is installed. SDFs will be collected by the Cabarrus County Building Inspections Department as part of the building permit process. Building permits will not be issued unless assessed SDFs have been paid in full based upon existing information at the time of issuance. SDFs will be assessed for all new customers and all expansions of existing commercial or industrial facilities requiring additional water that receive building permits on or after July 1, 1999, and are connected to a wastewater collection system. The SDF will not apply to any structures built or that receive building permits before July 1, 1999, unless said structures are expanded for commercial or industrial purposes and require additional water, and will not apply to structures that receive building permits on or after July 1, 1999, which have an individual septic tank nitrification system. Any structure that receives a building permit on or after July 1, 1999, which is connected to an individual septic tank nitrification system, and in the future obtains a plumbing permit to connect to a wastewater collection system, will be required to pay the SDF at the time the plumbing permit is obtained.

A customer who was connected to a wastewater collection system prior to July 1, 1999 or who has paid the SDF, may replace a mobile home or other structure on the same lot without paying the SDF provided the connection is the same size and a letter is provided from the customer service department of the municipality providing wastewater service verifying the previous connection.

Section VI. Customers Located Outside of the County Building Inspections Department Enforcement Area.

All new customers located outside the Cabarrus County Building Inspections Department's enforcement area will be subject to the requirements of this ordinance to pay the appropriate SDF, unless the utility provider in the county in which they are located has purchased adequate transportation and treatment reserve capacity from WSACC. Since Cabarrus County Building Inspections Department will not be collecting the SDF, the jurisdiction providing retail service will be responsible for collecting the SDF. The SDF will be collected at the same time the local retail utility fees are collected and under the same terms and conditions as the Cabarrus County SDF collection contract. Collection of the SDF by the local retail provider assures that all new customers serviced by WSACC pay their fair share even if such

customers are outside of the Cabarrus County Building Inspections Department's enforcement area.

Section VII. Adoption of SDF Fee Report.

The SDF Fee Report is hereby adopted and approved by the Board of WSACC.

Section VIII. Utilization of SDFs and SDF Ordinance.

The Executive Director of WSACC shall administer the assessment of SDFs and shall ensure that the Board is provided sufficient financial information to allow the setting of appropriate financial policies. The Executive Director shall establish and maintain records, which are in consistent with WSACC's annual budget, this Ordinance and the appropriate North Carolina statutes.

Section IX. Effective Date.

This Ordinance shall be effective on and after July 1, 2018.

WATER AND SEWER AUTHORITY OF
CABARRUS COUNTY

By: Steve Sciascia (SEAL)
Steve Sciascia, Chairman

ATTEST:

Tammy M. Garifo (SEAL)
Tammy M. Garifo, Secretary to the Board

