

Water and Sewer Authority of Cabarrus County

Annual Operating Budget FY 2021-2022



Water & Sewer Authority of Cabarrus County

Annual Operating Budget
Fiscal Year 2021-2022

Prepared

By:

Michael Wilson
Executive Director

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WATER & SEWER AUTHORITY
OF CABARRUS COUNTY

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March 15, 2021

Subject: Recommended FY 2021-2022 Budget

Dear Chairman Sciascia and Members of the Board of Directors:

I am pleased to present to you the recommended Fiscal Year 2021-2022 (FY 22) 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.

I am keenly aware of the financial impact that COVID-19 has placed on many households in Cabarrus County and I have endeavored to limit any recommended variable sewer rate increase to be as low as possible. Therefore, I am only recommending a one point three percent (1.3%) increase in the variable sewer rate from \$1.543 to \$1.563 per thousand gallons. This will generate an additional \$140,800 in revenue. I have also increased the projected FY 21 annual sewer flows from 6.639 billion gallons in the prior fiscal year to 7.040 billion gallons that results in an additional sewer flow of 401 million gallons which will generate \$618,743. Total variable revenue is projected to be \$11 million.

Cabarrus County continues to experience significant rainfall far above historical averages. Forecasting accurate sewer flows is difficult given the unknown time frame that this weather pattern will continue. Once rainfall returns to normal, WSACC staff will be able to identify increased sewer flows due to growth in customers and will be able to more accurately forecast budgeted sewer flows.

After holding the septage hauler rates with no increase last year, I am recommending that the rate increase from \$0.05 to \$0.055 per gallon for a total of \$225,000 in budgeted revenue. No increases in the high strength surcharge rates are recommended. A detailed schedule of these rates and charges are in the budget document.

Anticipated investment earnings have been decreased due to actions taken by the Federal Reserve to push short term interest rates to historical lows. In addition, WSACC anticipates a decrease in cash available to invest due to cash outflows for several capital projects. Budgeted investment earnings have been decreased from \$385,000 to \$100,000.

The total proposed FY 22 budget for the Operating Fund is \$16,833,659, a 0.45% increase or \$76,115 more than the \$16,757,544 prior year budget. Retained earnings (fund balance or reserves) have not been used to balance the budget.

No new positions are recommended for the budget year.

I am recommending we continue merit-based compensation rewards for our staff with merit increases ranging from 3-5% based on final criteria as determined by the Executive Director. While WSACC no longer offers a cost of living adjustment; with the consumer price index increasing at 1.4% for the calendar year, I feel the 3-5% merit-based increase is necessary for WSACC to continue to offer opportunities for our best and brightest to advance so that we do not become the training ground for other utilities.

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 mastery of essential skills.

WSACC is a few months away from receiving quotes on our health insurance premium renewal. I have included a 5% increase representing an additional \$46,530 in cost for 58 employees and 9 retirees. Management is clearly aware that we need to control the continual increase in health insurance premiums.

The total operating expense increase is \$513,402 (excluding capital outlay and debt service). The seven (7) line items below account for \$500,488 of the operating expense increase.

- Merit increase including fringe benefits \$172,417.
- Local Government Retirement Plan mandatory increase in employer contribution from 10.15% to 11.25% resulted in an increase in the retirement line item of \$49,376.
- Chemicals for the RRRWWTP and Biosolids departments increased by \$48,854 and \$8,854 respectively totaling \$57,708.
- Utilities for the RRRWWTP, MCWWTP and Biosolids departments increased by \$41,443, \$7,600 and \$4,289 respectively totaling \$53,332.
- Maintenance-All departments increased by \$109,700
- Contract Services RRRWWTP and MCWWTP increased by \$30,330 and \$10,000 respectively due to janitorial and sludge hauling increases totaling \$40,330.
- Insurance property and general liability increased by \$17,625 due to the addition of a warehouse and up fitting offices in the garage and minor rate increases.

Budgeted regular capital outlay decreased by \$29,900 from \$977,700 to 947,800.

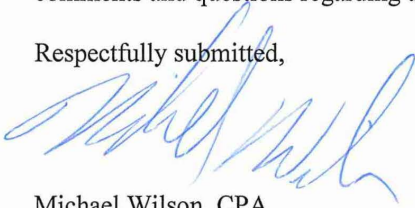
I have continued to follow our financial recovery plan put into place six years ago. Overall, our goal to improve WSACC's financial position has been successful and will allow us the ability to issue debt when needed.

Our six-year Capital Improvement Program (CIP) and Asset Management are vital in the development of the annual budget. The CIP identified \$187.7 million in large capital needs and Asset Management identified an additional \$5.849 million in smaller capital needs. Charlotte Water will fund an estimated \$57.665 million of these needs. WSACC anticipates issuing debt in the range of \$24-\$34 million in FY 22 to fund the Lower Coddle Creek Parallel Interceptor followed by an additional \$66 million in FY 24 to fund the expansion of the Rocky River Regional Wastewater Treatment Plant to 34 MGD. Several other capital projects will be funded with cash reserves and system development fees.

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 is budgeted to go into reserves until the Board approves the transfer to capital projects.

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,



Michael Wilson, CPA
Executive Director

Water and Sewer Authority of Cabarrus County
Budget Summary
2021 - 2022

Operating Fund

Revenues

Variable Flow- Operation and Maintenance	\$ 11,003,520
Fixed Shares-Treatment	2,356,839
Fixed Shares-Interceptor	1,696,603
Surcharges	525,000
Program Fees	79,740
Sample & Lab Fees	147,737
Lake Howell Charges	274,459
Import Biosolids Charges	400,000
Septage Haulers	225,000
Investment Earnings	100,000
Other	<u>24,761</u>

Total Revenues Operating Fund	<u><u>\$ 16,833,659</u></u>
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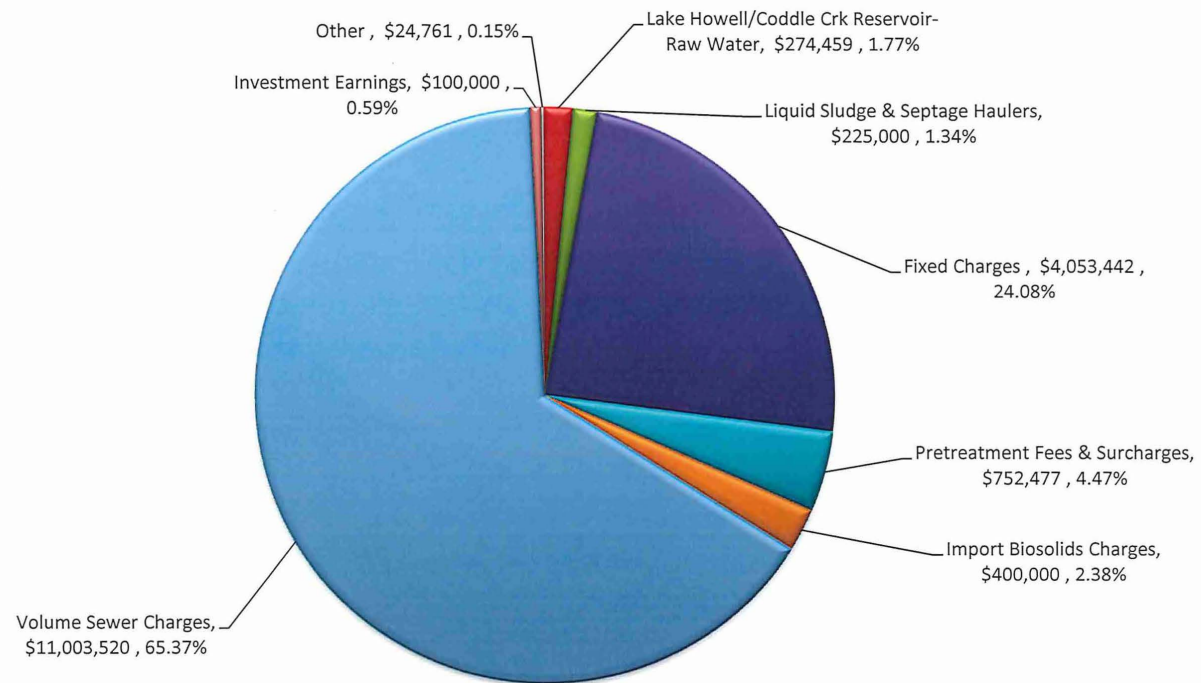
Expenses

Administration	\$ 1,439,827
Engineering	722,902
Rocky River Regional Waste Water Treatment Plant	6,081,614
Biosolids Import/Incineration	1,587,282
Laboratory	534,187
Pretreatment	217,261
Muddy Creek Waste Water Treatment Plant	250,897
Interceptors	1,803,329
Lake Howell Reservoir	374,459
Debt Service-Treatment	2,048,038
Debt Service-Interceptor	1,157,604
Nondepartmental	<u>616,259</u>

Total Expenses Operating Fund	<u><u>\$ 16,833,659</u></u>
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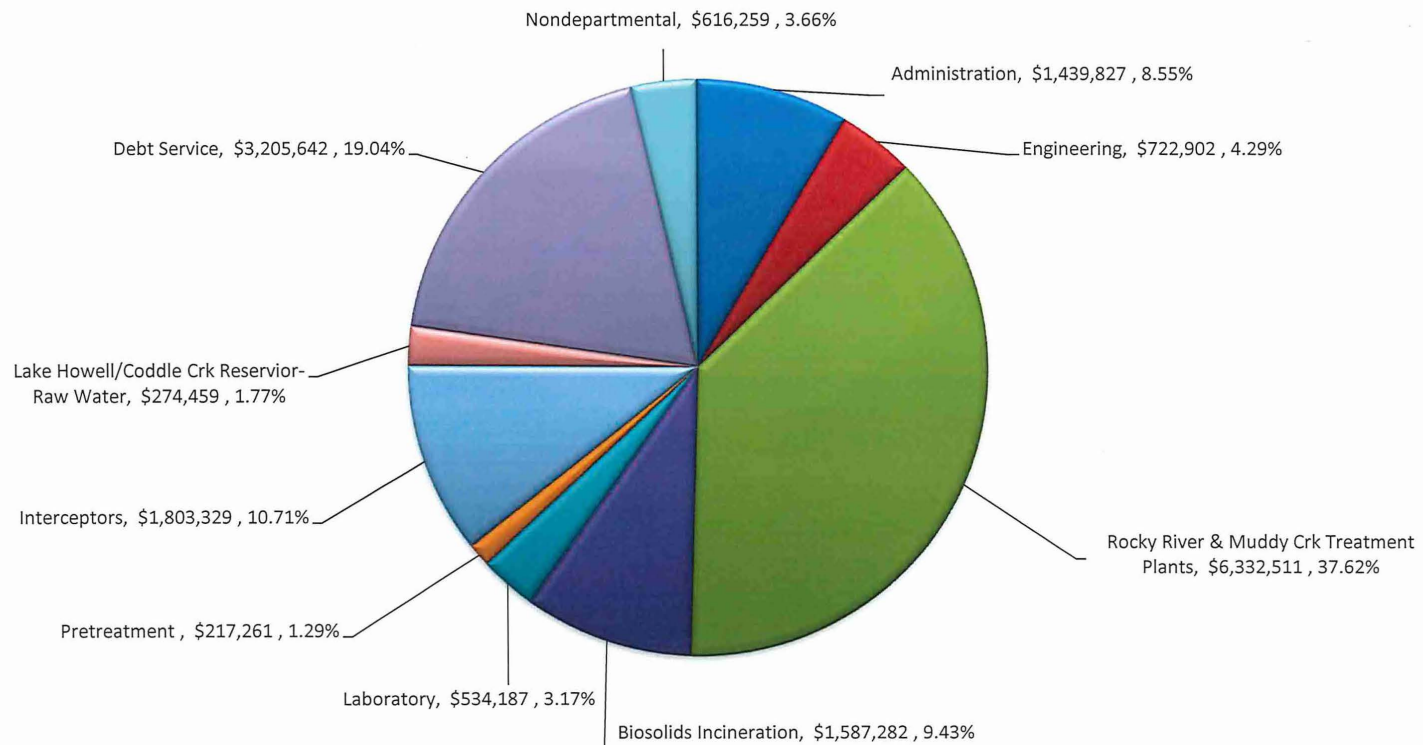
2/24/2021

Operating Fund Revenues-- By Source FY 2021-2022



Graph Revenue 21 22

Operating Fund Expenses-- By Department FY 2021-2022



Graph Expense 21 22

**Water and Sewer Authority of Cabarrus County
Budget Summary
2021 - 2022**

System Development Fee Fund

Revenues

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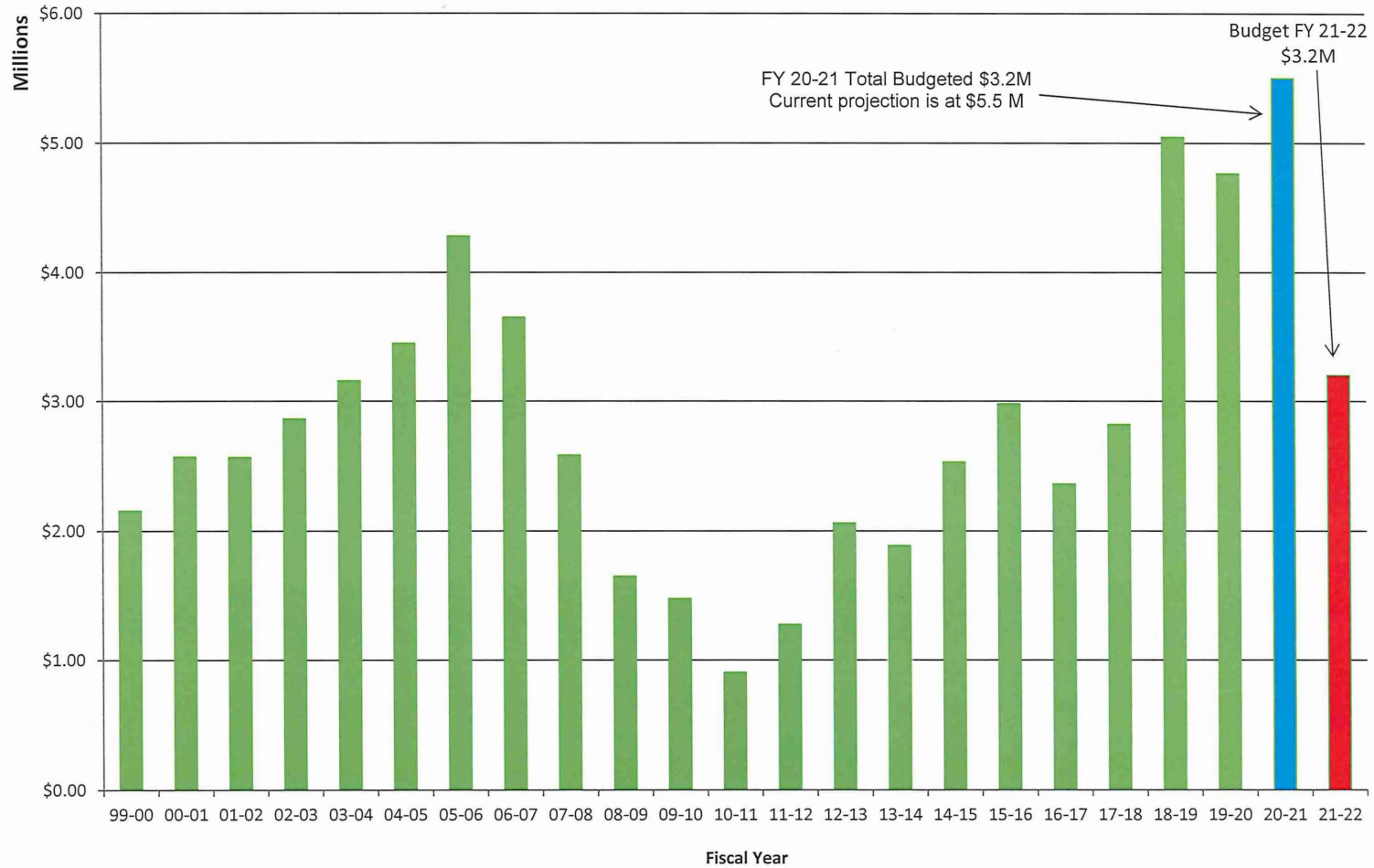
Total Revenues System Development Fee Fund	<u>\$ 3,200,000</u>
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Expenses

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 Develop Fee Collections for Prior Years and Projected FY 20-21 and Budgeted FY 21-22



Water and Sewer Authority of Cabarrus County

Operating Budget

Fiscal Year 2021-2022

Revenue and Flow Highlights

- A one point three percent (1.3) increase in the variable sewer rate is proposed for the upcoming year. It is anticipated that this will generate \$140,800 in additional revenue.
- Budgeted sewer flows increased from 6.639 billion gallons to 7.040 billion gallons or a 401 million increase in sewer flows. The increased budgeted flow will add approximately \$618,743 in revenue for the upcoming year. It is difficult to make an accurate 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.
- Investment earnings have been decreased from \$385,000 to \$100,000 to reflect dramatic decreases in short term interest rates from last year and the uncertainty that remains on the path the Federal Reserve will follow.

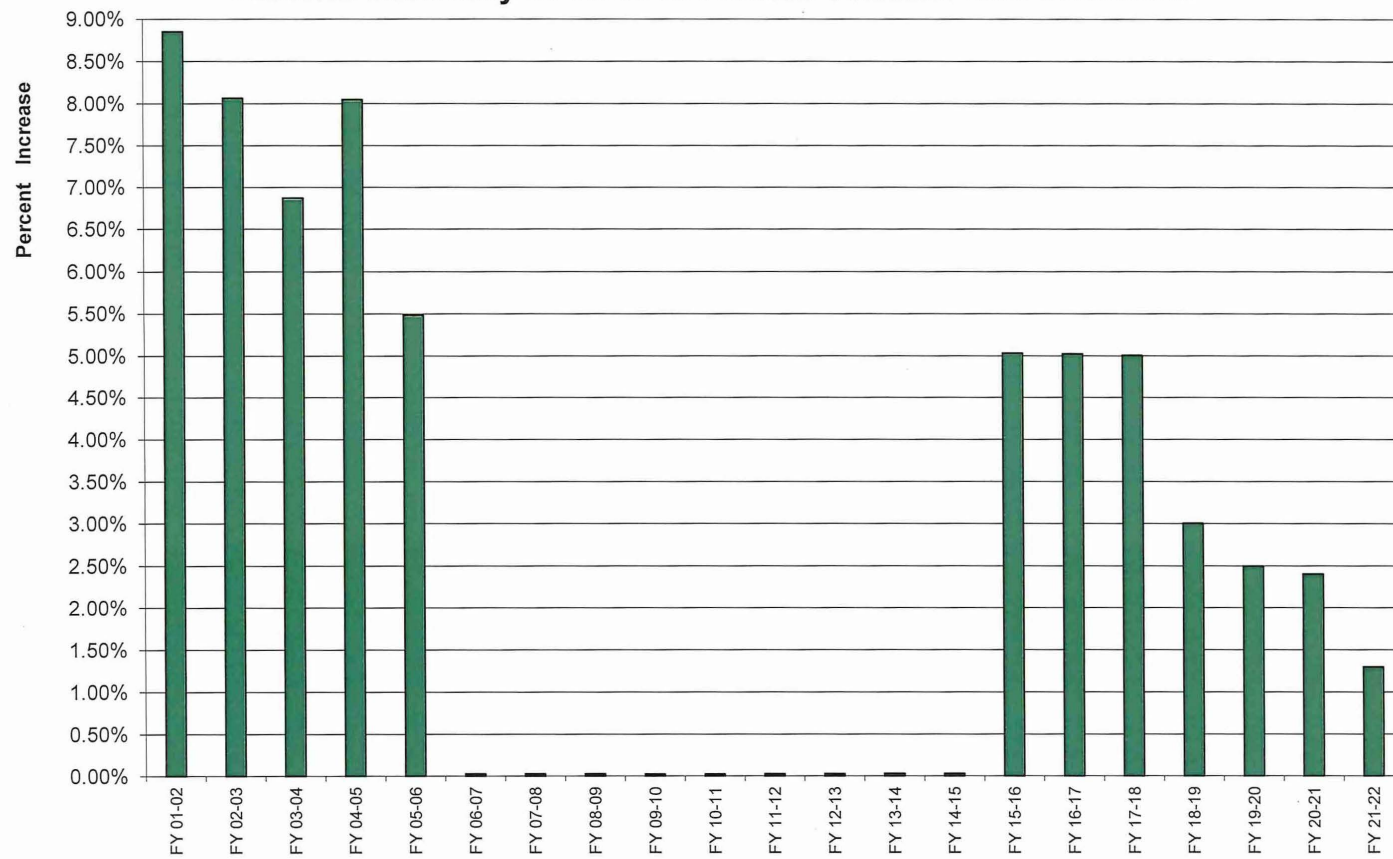
Expense Highlights

- Salary Adjustments – A salary and benefit adjustment pool of \$225,175 has been included within the budget. Total salary (\$182,600) and fringe benefit (\$42,575) which is roughly equivalent to 4.5%. Please see budget message for a full discussion on this.
- 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 required in order to maintain the financial soundness of the LGERS. For FY 21-22, the employer required contribution rate increased from 10.15% to 11.35%. The direct budgeted impact of this increase is \$51,121 for WSACC. Employees will continue to contribute their mandatory 6% of covered payroll.
- Health Insurance Premium – It will be several months before we receive health insurance renewal quotes, a 5% increase or \$46,530 is included in the Nondepartmental budget. During FY 19-20 we added the option of a high deductible plan with a health saving account and increased the deductible on our standard plan to \$1,000. During FY 20-21 we switched providers to BlueCross BlueShield resulting in a slight decrease in premiums. I estimate we will make a final determination in early May on how to proceed with our renewals. Since these monies are held in the Nondepartmental budget, any monies not required, will remain in this account and will not be spent by departments.

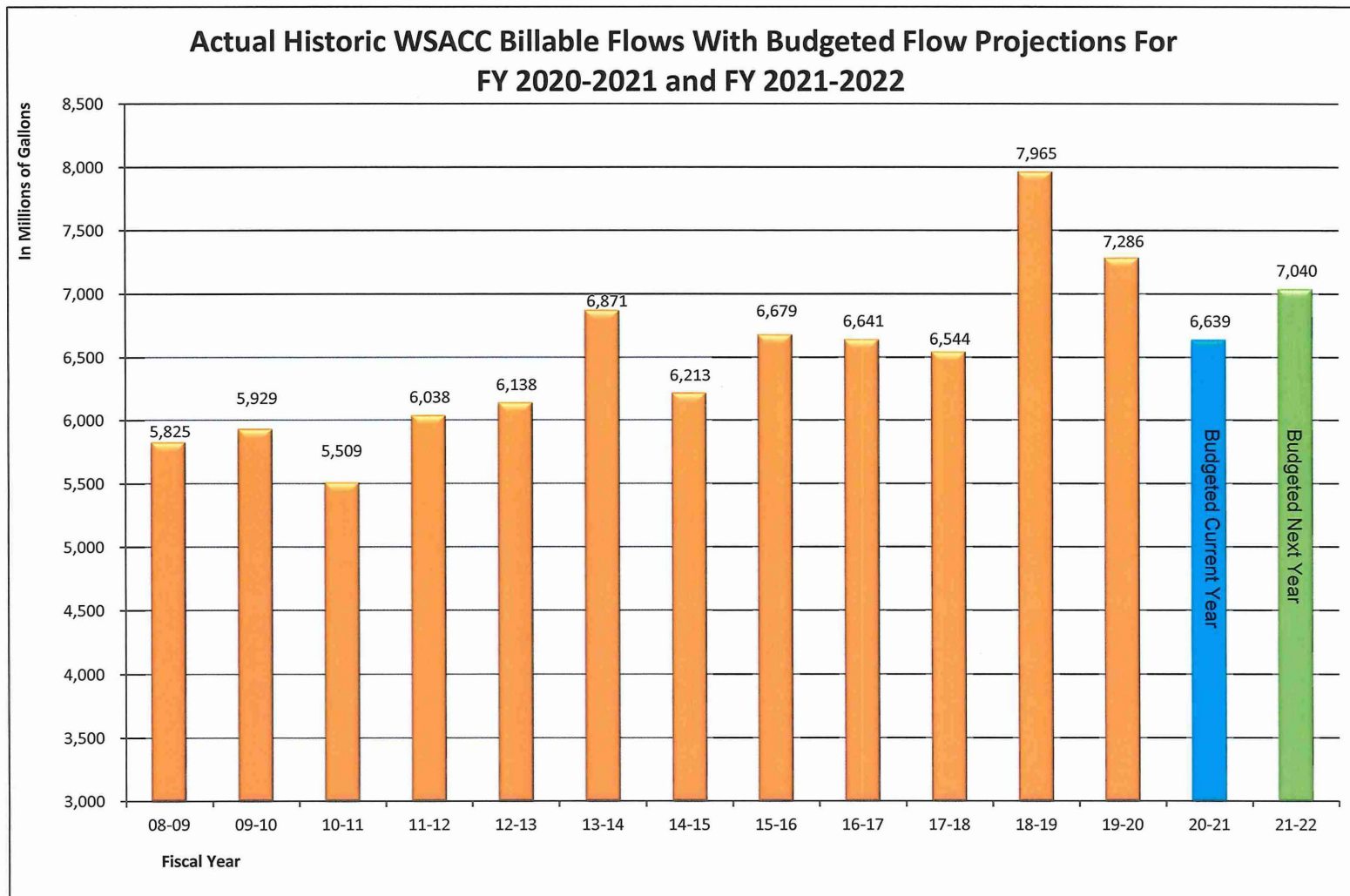
- Chemicals – The RRRWWTP-budget included an additional \$48,854 in both pretreatment and effluent chemicals associated with both increased flow volumes and maintaining compliance with discharge limits. The Muddy Creek WWTP budget included a decrease of \$35,000 for effluent chemicals due to installation of a larger tank that lets WSACC take advantage of better pricing for full tanker loads versus mini-bulk loads.
- Utilities – The RRRWWTP, Muddy Creek WWTP and the Biosolids departments budgeted an additional \$41,443, \$7,600, and \$4,289 respectively based on estimated sewer/sludge volumes and anticipated rate increases.
- Insurance-Property & Gen Liab.- The addition of a warehouse, up fitting offices to the garage and minor rate increases resulted in a \$17,625 increase in this line item.
- Debt Service- WSACC paid off two State Revolving Funds (SFR) loans during the prior fiscal year. Annual debt service dropped from \$2.629 million to \$1.502 million or a \$1,127 million decrease. Of the \$1,127 million decrease, Charlotte Water was responsible for reimbursing WSACC \$406,031 for a net decrease in annual debt service to WSACC of \$720,969. Due to the upcoming debt issuance, WSACC elected to hold fixed charges at prior year levels to smooth out the transition to the upcoming debt service levels.

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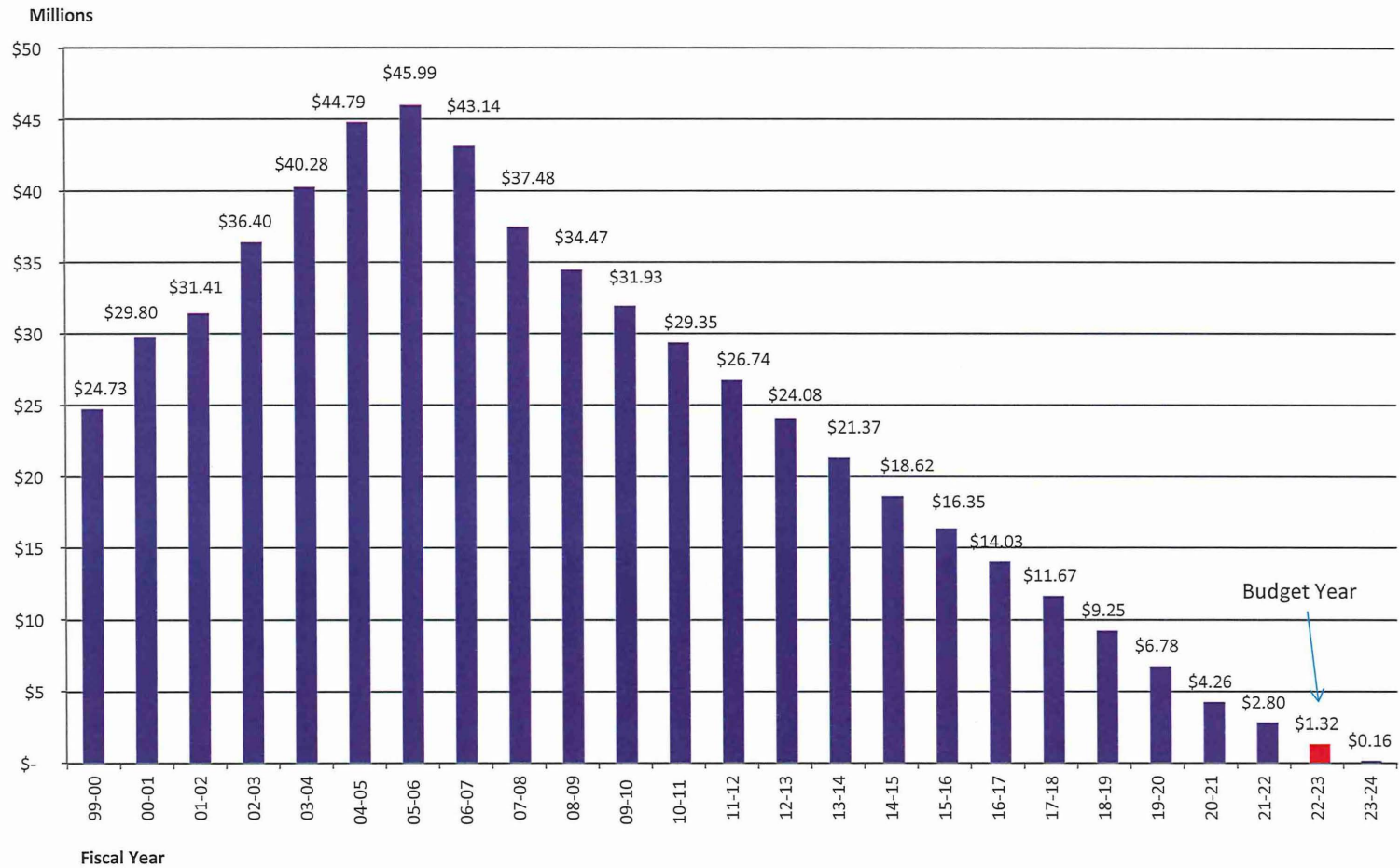
Historic Summary of WSACC Annual Variable Rate Increases

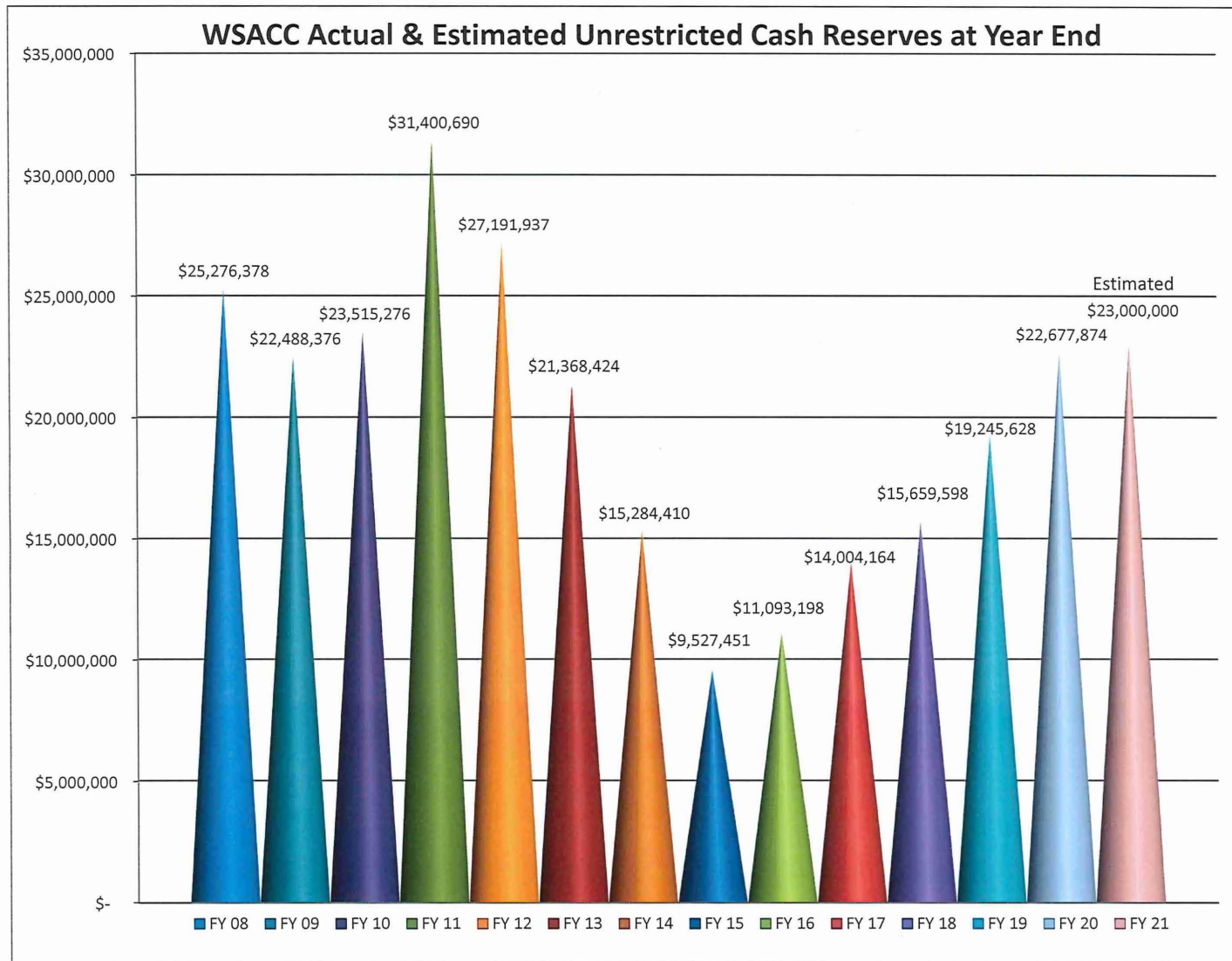


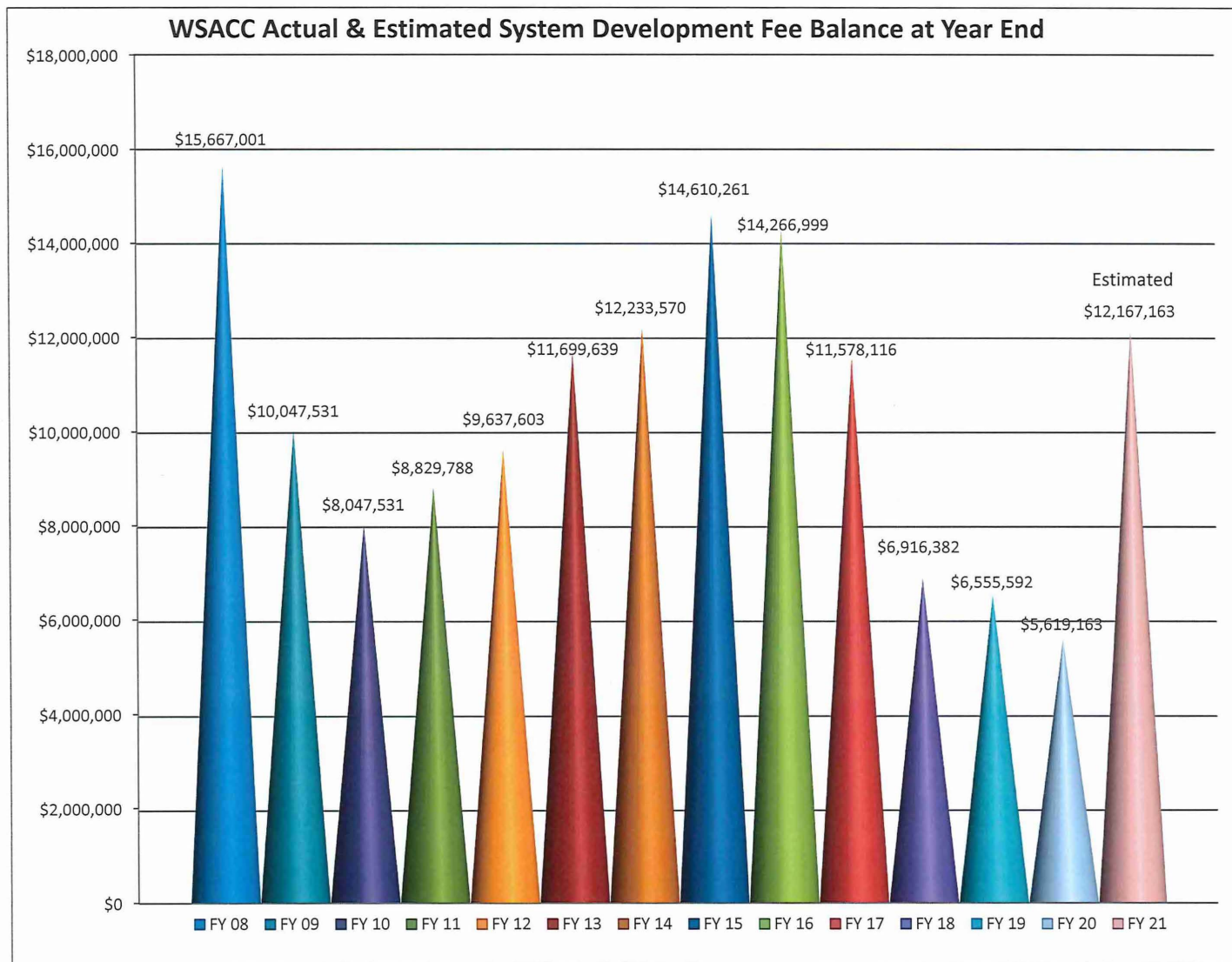
All Increases Expressed As A Percentage.



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







**Water & Sewer Authority of Cabarrus County
Operation & Maintenance Variable Sewer Rate
2021-2022 Fiscal Year**

	Proposed Rate /1,000 <u>gallons</u>	Percent <u>Increase</u>
Operation & Maintenance Rate/ 1,000 gal.	<u>\$ 1.563</u>	<u>1.30%</u>
Budgeted Sewer Flow in Million Gallons	7,040	
Average Daily Flow in Million Gallons	19.288	
Cost to Recover Through O&M Variable Rate	\$ 11,001,281	
<i>Increase on Customer with 5,000 gallons per month</i>		\$0.10
<i>Increase on Customer with 60,000 gallons per year</i>		\$1.20

**Water & Sewer Authority of Cabarrus County
Rates and Charges-Septage, Liquid and Cake Biosolids
For Fiscal Year 2021-2022**

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 2021-2022					
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	MONTHLY
				PROGRAM COST	SAMPLING FEE
Americhem				\$ 95.00	\$ 345.01
Atruim Cabarrus 1				\$ 95.00	\$ 345.01
Atruim Cabarrus 2				\$ 95.00	\$ 345.01
Carvana				\$ 95.00	\$ 233.84
Celgard LLC				\$ 95.00	\$ 233.84
CMS Landfill V BFI				\$ 170.00	\$ 787.79
Charlotte Water-CMUD				\$ 2,065.00	\$ 958.69
City of Concord - Hillgrove				\$ 735.00	\$ 675.10
City of Kannapolis -Water Trmt Plant				\$ 95.00	\$ 235.84
Galvan Industries				\$ 95.00	\$ 345.01
HeiQ Chem-Tex				\$ 95.00	\$ 345.01
Heritage-Crystal Clean				\$ 1,370.00	\$ 944.46
Intertape Polymer- MCWWTP				\$ 95.00	\$ 901.37
Krispy Kreme				\$ 175.00	\$ 361.68
NC Research Pipe 1				\$ 95.00	\$ 456.35
NC Research Pipe 2				\$ 95.00	\$ 456.35
Oldcastle Precast				\$ 35.00	\$ 138.59
Owens Corning				\$ 95.00	\$ 455.68
Perdue Farms				\$ 390.00	\$ 669.71
S&D Main				\$ 35.00	\$ 105.92
S&D Commercial Park				\$ 210.00	\$ 781.71
Sea Life Aquarium				\$ 35.00	\$ 130.25
Star America				\$ 95.00	\$ 345.01
Stericycle 1				\$ 95.00	\$ 345.01
Stericycle 2				\$ 95.00	\$ 235.84
			Monthly Total	\$ 6,645.00	\$ 11,178.08
			Yearly Total	\$ 79,740.00	\$ 134,136.96
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 2021-2022							
LABORATORY FEES							
BOD				\$23.00	METALS HGA:		
COD				\$25.00	ARSENIC		\$23.00
TSS				\$13.00	BERYLLIUM		\$23.00
VSS				\$19.00	CADMIUM		\$23.00
NH3-N				\$20.00	CHROMIUM		\$23.00
pH				\$8.00	LEAD		\$23.00
ALKALINITY				\$15.00	NICKEL		\$23.00
SS				\$13.00	SELENIUM		\$23.00
CONDUCTIVITY				\$14.00			
METALS FLAME:					OTHER ANALYSES:		
COPPER				\$23.00	OIL & GREASE		\$50.00
SILVER				\$23.00	MERCURY		\$24.00
ZINC				\$23.00	CYANIDE		\$37.00
IRON				\$23.00	CHLORIDES		\$17.00
SDWA DRINKING WATER ANALYSES:					FECAL COLIFORM		\$29.00
T COLIFORM				\$25.00	TKN		\$28.00
					T PHOSPHORUS		\$22.00
SAMPLER RENTAL DAILY				\$36.00	Inconvenience Fee/Day		\$ 25.00
Containers				\$4.76			
HIGH STRENGTH SURCHARGE RATES					APPLICATION/ADMIN FEES		
(PER LB)							
BOD				\$0.056			
COD				\$0.100	Pretreatment Permit		\$ 300
TSS				\$0.267	Septage Haulers Permit		\$ 200
NH3-N				\$0.325			
*OTHERS				\$0.410			
*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						
2021- 22 RATE CALCULATIONS						
Lake Howell Reservoir -- Raw Water Permitted Capacity Rates						
Rate Calculation						
Total Budgeted Expense				\$	374,459	
Total Permitted Raw Water Withdrawal in MGD's					14.600	MGD's
Raw Water Permitted Capacity Rate Per Million Gallons				\$	25,648	
Allocation of Lake Howell Expense To Concord and Kannapolis						
Based on Allocated Permitted Raw Water Capacity						
			Permitted Flows In MGD	Yearly Charge	Monthly Charge	
Concord Share			12.000	\$ 225,583	\$ 18,798.58	
Kannapolis Share			2.600	\$ 48,876	\$ 4,073.00	
Total			14.600	\$ 274,459		
Budgeted spillway repair costing \$100,000 will be taken from prior year reserves and not charged out to Concord and Kannapolis in current year charges.						
By agreement between the Cities of Concord and Kannapolis, the methodology used to allocate expenses will be on a proportional basis.						
Allocated Permitted Flows per 2006 Settlement Agreement						
			Permitted Flows In MGD	Percentage of Permitted Flow		
Concord Share			12.000	82.1918%		
Kannapolis Share			2.600	17.8082%		
Total			14.600	100.0000%		

[illegible]

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**WSACC Summary of Budgeted Charges
Fiscal Year 2021-2022**

3/11/2021

City of Concord

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 1,139,733	\$ 94,977.75
Interceptor	<u>\$ 987,988</u>	<u>\$ 82,332.33</u>
Total Fixed Amount	<u><u>\$ 2,127,721</u></u>	<u><u>\$ 177,310.08</u></u>
Variable Charges O & M (1)		
Budgeted Flow 3,280,000,000 gal.		
Trmt & Inter Rate \$1.563 /1000 gal.	\$ 5,126,640	\$ 427,220.00
Total Estimated Variable Amount	<u><u>\$ 5,126,640</u></u>	<u><u>\$ 427,220.00</u></u>
Total Estimated Amount	<u><u>\$ 7,254,361</u></u>	<u><u>\$ 604,530.08</u></u>

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

**WSACC Summary of Budgeted Charges
Fiscal Year 2021-2022**

3/11/2021

Town of Mt. Pleasant

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 25,435	\$ 2,119.58
Interceptor	<u>\$ 30,756</u>	<u>\$ 2,563.00</u>
Total Fixed Amount	<u>\$ 56,191</u>	<u>\$ 4,682.58</u>
Variable Charges O & M (1)		
Budgeted Flow 85,000,000 gal.		
Trmt & Inter Rate \$1.563 /1000 gal.	\$ 132,855	\$ 11,071.25
Total Estimated Variable Amount	<u>\$ 132,855</u>	<u>\$ 11,071.25</u>
Total Estimated Amount	<u><u>\$ 189,046</u></u>	<u><u>\$ 15,753.83</u></u>

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

**WSACC Summary of Budgeted Charges
Fiscal Year 2021-2022**

3/11/2021

Town of Harrisburg

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 121,260	\$ 10,105.00
Interceptor	<u>\$ 117,710</u>	<u>\$ 9,809.17</u>
Total Fixed Amount	<u>\$ 238,970</u>	<u>\$ 19,914.17</u>
Variable Charges O & M (1)		
Budgeted Flow 505,000,000 gal.		
Trmt & Inter Rate \$1.563 /1000 gal.	\$ 789,315	\$ 65,776.25
Total Estimated Variable Amount	<u>\$ 789,315</u>	<u>\$ 65,776.25</u>
Total Estimated Amount	<u><u>\$ 1,028,285</u></u>	<u><u>\$ 85,690.42</u></u>

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

**WSACC Summary of Budgeted Charges
Fiscal Year 2021-2022**

3/11/2021

City of Kannapolis

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 481,201	\$ 40,100.08
Interceptor	<u>\$ 397,969</u>	<u>\$ 33,164.08</u>
Total Fixed Amount	<u>\$ 879,170</u>	<u>\$ 73,264.17</u>
Variable Charges O & M (1)		
Budgeted Flow 1,420,000,000 gal.		
Trmt & Inter Rate \$1.5630 /1000 gal.	\$ 2,219,460	\$ 184,955.00
Total Estimated Variable Amount	<u>\$ 2,219,460</u>	<u>\$ 184,955.00</u>
Total Estimated Amount	<u><u>\$ 3,098,630</u></u>	<u><u>\$ 258,219.17</u></u>

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

Plus the following reimbursement for payment on debt service:

Upper Coddle Creek	
Principal-reimbursement to WSACC	<u>\$ 31,040</u>
Plus interest per the contract	

**WSACC Summary of Budgeted Charges
Fiscal Year 2021-2022**

3/11/2021

Charlotte Water

	<u>Annual</u>	<u>Monthly</u>
Fixed Charges-Debt Service and Capital Outlay		
Treatment	\$ 589,210	\$ 49,100.83
Interceptor	\$ 133,984	\$ 11,165.33
Total Fixed Amount	<u>\$ 723,194</u>	<u>\$ 60,266.17</u>
Variable Charges O & M (1)		
Budgeted Flow 1,750,000,000 gal.		
Trmt & Inter Rate \$1.563 /1000 gal.	\$ 2,735,250	\$ 227,937.50
Total Estimated Variable Amount	<u>\$ 2,735,250</u>	<u>\$ 227,937.50</u>
Total Estimated Amount	<u>\$ 3,458,444</u>	<u>\$ 288,203.67</u>

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

Plus the following reimbursement for payment on debt service:

Back Creek Parallel Interceptor Phase I SRF Loan	
16% of debt payment of \$184,003	\$ 28,196
Lower Rocky River Interceptor SRF Loan	
38.66% of debt payment	Loan paid off
Total additional charges	<u>\$ 28,196</u>

Water & Sewer Authority of Cabarrus County
System Development Fees (Wholesale)
Effective July 1, 2021-June 30, 2022

Meter Size in Inches	System Development Fees
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 SDF's and SDF Ordinance.

The Executive Director of WSACC shall administer the assessment of SDF's 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

