

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Tuesday, May 10, 2022
Fripp Island Fire Station
and
Electronic Meeting Via Zoom
9:30 a.m.

Zoom Info:

Join from PC, Mac, Linux, iOS or Android:

<https://us02web.zoom.us/j/86565978745>

Or iPhone one-tap (US Toll): +19292056099,,86565978745#
+13017158592,,86565978745#

Or Telephone:

Dial: +1 301 715 8592 (US Toll) or +1 312 626 6799 (US Toll)

Meeting ID: 865 6597 8745

AGENDA

1. Call to Order
 - Confirmation of the presence of a quorum
 - Confirmation of public meeting notice, as required by the SC Code of Laws 30-4-80(A).
2. Pledge of Allegiance
3. Approval of April Commission Meeting Minutes
4. Reports
 - Manager's Report for April 2022
 - Fire Department Report for April 2022
 - Other
5. Old Business
 - Cost of Service & Rate Study Report Review
 - *Public Presentation of Recommended Rate Structure & Rates*
6. New Business
 - Resolution Authorizing a Salary Increase for Certain Employees of the Fripp Island Public Service District; and Other Matters Related Thereto
 - Draft Fiscal Year 2023 Budgets, Rates and Tax Levies
7. Questions and Comments from Visitors
 - FIPOA Representative
8. Executive Session
 - Legal and Contractual Matters Related to Funding Options for Capital Planning
 - Personnel Matters – Compensation
9. Adjourn

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Minutes: Commission Meeting on May 10, 2022

Present: Michael J. Wilt, John F. King, Rick E. Keup, Dan H. McCormick, Dennis Perrone

Absent: Edward D. Wetzel

Staff: Angie Hughes, District Manager; Joshua Horton, Fire Chief; Yvonne Fireall, Office Manager

Guests: Frank Davis (Confluence Consulting LLC), Gary Nizzi, John Derrick, Meghan Johnson (FIPOA)

1. Chairman Wilt called the meeting to order at 9:30 a.m., confirmed the presence of a quorum and confirmed that all requirements of the SC Code of Laws, Section 30-4-80, pertaining to the notice of meetings of public bodies, have been met for this meeting.
2. Chairman Wilt led the Commission in the Pledge of Allegiance.
3. The Commission approved the minutes for the April 2022 regular Commission meeting, upon a motion by Mr. McCormick (Vote: unanimous).
4. Reports
 - a) The Commission reviewed the Manager's Report for April 2022. (*Att A*)
 - b) The Commission reviewed the Fire Department Report for April 2022. (*Att B*)
5. Old Business
 - a) The Commission entertained Frank Davis, of Confluence Consulting LLC, who presented the final rate study report and recommended rate structure & rates. (*Att C*)
6. New Business
 - a) The Commission adopted a resolution authorizing a salary increase for certain employees of the Fripp Island Public Service District; and other matters related thereto, upon a motion by Mr. McCormick (Vote: unanimous). (*Att D*)
 - b) The Commission reviewed and approved the draft Fiscal Year 2023 budgets, rates and tax levies, upon a motion by Mr. Keup (Vote: unanimous). (*Att E*)
7. The Commission entertained questions and comments from visitors.
8. The Commission entered executive session to discuss legal and contractual matters related to funding options for capital planning and personnel matters related to compensation at 10:49 a.m., upon a motion by Mr. Keup (Vote: unanimous). The Commission resumed open session at 11:34 a.m., upon a motion by Mr. King (Vote: unanimous).
9. There being no further business, the meeting adjourned at 11:35 a.m., upon a motion by Mr. Perrone (Vote: unanimous).

Michael J. Wilt

Michael J. Wilt
Chairman

Angel L. Hughes

Angel L. Hughes
Secretary

Att A

FRIPP ISLAND PUBLIC SERVICE DISTRICT MANAGER'S REPORT FOR APRIL 2022

I. Tap-Ins

Category	FY 2022		FY 2021		FY 2020	
	<u>Apr</u>	<u>YTD</u>	<u>Apr</u>	<u>YTD</u>	<u>Apr</u>	<u>YTD</u>
Water customers	2	28	4	12	-	4
Sewer customers						
a. Gravity	2	18	3	7	-	3
b. Vacuum	-	8	1	5	-	1

Total vacuum sewer customers: 587 of 726

II. Routine Operations

1. Butcher's Island and Hunting Island Booster Pumps Average Daily Run Time for Apr

	<u>2022</u>	<u>Diff</u>	<u>2021</u>	<u>Diff</u>	<u>2020</u>	<u>Diff</u>	<u>2019</u>
Butcher's Isl Pumps Hrs/Day	2.4	0.2	2.2	(0.4)	2.6	0.9	1.7
Hunting Isl Pumps Hrs/Day	<u>6.0</u>	<u>(1.4)</u>	<u>7.4</u>	<u>2.2</u>	<u>5.2</u>	<u>1.8</u>	<u>3.4</u>
Total Hrs/Day	8.4	(1.2)	9.6	1.8	7.8	2.7	5.1

2. Fripp Island Master Metered Water Use for Apr, Average Gallons per Day

	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>	<u>2020</u>	<u>% Change</u>	<u>2019</u>
BJW&SA	535,429	(3.1)	552,484	8.6	508,500	10.6	459,944
Harbor Island	76,350	(8.3)	83,223	37.4	60,554	(23.3)	78,975
Hunt Island	9,146	(32.9)	13,635	39.2	9,796	(10.9)	10,997
Frapp Island	443,500	(0.5)	445,839	4.4	427,107	4.9	407,281
Accountability, %	98.8	N/A	98.2	N/A	97.8	N/A	108.1
Rainfall, Inches	1.9		2.6		10.1		3.1

3. Fripp Island Water Consumption – Recorded vs. Billed (in 1,000 gals.)

	<u>Annual</u>	<u>Qtr 1</u>	<u>Qtr 4</u>	<u>Qtr 3</u>	<u>Qtr 2</u>
	<u>Total</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2021</u>
Frapp Master Meter	169,892	26,671	33,108	59,221	50,892
Billed Water	<u>153,814</u>	<u>22,255</u>	<u>31,283</u>	<u>53,521</u>	<u>46,755</u>
Total Unbilled Water	16,078	4,416	1,825	5,700	4,137
Unbilled Water Percent	9%	17%	6%	10%	8%
Flushing/Unbilled Accts	<u>2,785</u>	<u>1,250</u>	<u>490</u>	<u>668</u>	<u>376</u>
Unaccounted for Water	13,293	3,166	1,335	5,032	3,760
Unaccounted for Percent	8%	12%	4%	8%	7%

4. The water tank levels and water line pressures were normal for Apr.

5. Wastewater Treatment Plant Flow for Apr, Gallons per Day

	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>	<u>2020</u>	<u>% Change</u>	<u>2019</u>
Average Daily Flow	225,980	0.3	225,240	(2.7)	231,421	9.1	212,185
Weekly Max Flow	237,000	(19.9)	296,000	7.2	276,000	11.3	248,000
Peak Daily Flow	288,729	(12.9)	331,600	(12.9)	380,602	33.2	285,682

Peak daily flow of 288,729 occurred on Fri., 4/15/22, without rain. For Apr. 2021, peak daily occurred on Mon., 4/5/21 (Day after Easter), without rain. For Apr. 2020, peak daily flow occurred

on Fri., 4/24/20, without rain. For Apr. 2019, peak daily flow occurred on Fri., 4/19/19 (Good Friday), without rain.

6. The water system and wastewater treatment plant samples were satisfactory for April.

III. Emergencies, Special Field Work and Activities

1. Water System

- a) The SC Drought Response Committee maintained “incipient” (abnormally dry) drought status for 13 SC counties in April. The rest of the state remains under normal conditions.
- b) District field operators performed miscellaneous water system maintenance consisting of water line and meter repairs, water taps and meter installations.
- c) April 13 – operators replaced a stopped 2” water meter providing irrigation at the tennis courts.

2. Wastewater System

- a) April 4-13 – recovery cleans performed on Trains #2 & 3 at the wastewater treatment plant.
- b) April 11 – operators repaired a leaking 3” vacuum line in the vacuum sewer station, and removed grease from a grinder pump on Sea Bass Road – the grease was causing the float switch to get stuck, preventing the pump from functioning.
- c) April 19-20 – operators removed grease from various sewer pumping stations.
- d) April 28 – the generator maintenance vendor found that the radiator on the generator at the vacuum sewer station is leaking. A quote for repair or replacement has been requested.

3. Hunting Island Booster Pump Station Rehab – The contract with BRW Construction Group LLC was executed and a Notice to Proceed issued on April 14, 2022. A pre-construction meeting was held on April 28th. Builder’s risk insurance, a requirement of the contract, was procured by the District in April and will commence on May 1st. The contractor is preparing an updated project schedule. Until a new one is provided, the project schedule remains as follows:

Construction	April 15 – December 31
Pump Station Manufacture	December 2021 – May 2022
Project Close-out	January 2 – 23, 2023

4. Fripp Inlet Bridge

- a) JMT Inc. conducted the annual bridge inspection the week of February 7th. At the time this report was written, the draft report was still not available.
- b) Research on additional options for operations and capital funding is still being conducted and management is waiting on responses from insurance agents and public funding contacts.

5. Field Operator Staffing – A new field operator was hired and started on April 25th. His training began immediately. A trainer with SCRWA is working with the District’s current “C” level wastewater operator to prepare him for the “B” level license exam. Upon obtaining the “B” license, the operator will be fully authorized under the District’s ND permit for wastewater treatment plant operation without supervision.

6. Cybersecurity & IT Support

- a) The upgrade of the PLCs, workstations, and associated software at the WWTP was completed the week of April 11-15 and everything is operational. Management is exploring the feasibility of completely isolating one of the PCs at the plant from the internet so it will be fully protected and can function as a “spare” for use if the other PC goes down and is unrecoverable.
- b) Cyber liability insurance with a per occurrence limit of \$2 million was purchased in April at a cost of \$4,500 for the annual policy. The expense will be pro-rated and allocated to the proper fiscal year.

- c) The final step in implementation of the security measures recommended by Cyber Risk Analysis Group is the migration of accounting software to the cloud and retirement of the old Windows 7 server. The District's accounting software provider previously stated that the upgrade to their cloud-based software would begin in April, but we are still waiting on the provider to begin the process.
- 7. Erosion – The annual survey of the Porpoise Drive revetment was done on April 10th and is being reviewed by McSweeney Engineers. A site visit will take place in May and will be followed by a report and/or recommendation from McSweeney.
- 8. A proposal for a study exploring replacement/rehab options for the terra cotta sewer lines at Captain John Fripp Villas was solicited from Lowcountry Engineering Consultants, LLC. The total study cost, including a detailed as-built survey of the sewer lines/connections at the back of the villas, is \$11,500, and was approved as part of the FY22 budget. The study is expected to be completed in 8-10 weeks.
- 9. Election of Commissioners – Two Commission seats will be up for election in the November 2022 general election. The deadline for filing with the Beaufort County Board of Elections is August 15, 2022 at noon.

***Fripp Island Fire Department
Monthly Report Summary
April 2022***

Response Activities:

Total emergency responses for April, 12

	April 2022	April 2021	YTD CY22	YTD CY21
• Structure Fires	00	00	00	00
• Vehicle Fire	00	00	00	00
• Medical Emergencies	08	07	32	23
• Brush Fires	00	00	00	00
• Misc. Fire	01	02	05	09
• Service Calls	01	00	06	06
• Mutual Aid	00	01	02	01
• Auto Accident	01	03	01	06
• Water Emergencies	01	00	01	00
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	12	13	47	45

Average emergency response time:

4 minutes 37 seconds.

Inspections:

April 2022	April 2021	YTD CY22	YTD CY21
0	0	0	0

Training Activities:

No training for April

Roster:

Total personnel active for April, 21

Vol.-01

Paid-20



FRIPP ISLAND PUBLIC SERVICE DISTRICT

WATER AND WASTEWATER UTILITY RATE REPORT

May 2, 2022

FINAL REPORT



EXECUTIVE SUMMARY

Confluence Consulting, LLC (Confluence) is pleased to submit this draft water and wastewater rate report (Draft Report) documenting the results of the Fripp Island Public Service District (FIPSD) cost of service and rate study (Rate Study). In October 2021, FIPSD engaged Confluence to evaluate its current water and wastewater rate structures and identify potential modifications that could improve customer equity and to develop a five-year financial forecast and program of annual water and wastewater user rates and charges to fund operations, maintain adequate cash reserves, and meet debt coverage requirements.

As a barrier island located 20 miles southeast of Beaufort, Fripp Island is a resort-based destination in the Low Country of South Carolina that experiences significant population increases during the seasonal summer months. This seasonality results in substantial increases in demands for water and wastewater services which requires FIPSD to provide adequate water and wastewater capacity that is not fully utilized during the off-season months. The FIPSD currently assesses its retail water and wastewater rates and charges on a quarterly basis and its current water rate structure consists of quarterly base charges that increase based on meter size for commercial customers, and four-tiered consumption rates per 1,000 gallons applied to all customers that increase with the customer's quarterly metered water usage. The wastewater rate structure consists of flat quarterly rates only for residential customers while commercial customers are assessed both a flat quarterly minimum charge per quarter plus a per 1,000 gallons consumption rate for all metered water usage greater than 22,500 gallons per quarter.

This Draft Report presents three alternative rate structures and recommends a five-year program of water and wastewater utility rate adjustments for the Commissioners to consider for implementation.

1. Existing Rate Structure Observations

One of primary objectives of FIPSD's Rate Study is to evaluate the existing water and wastewater rate structures and identify potential rate design modifications that would enhance customer equity and fairness while maintaining revenue stability. In particular FIPSD is interested in evaluating the implementation of a wastewater consumption rate for residential customers to recognize that residential customers discharge varying amounts of wastewater into the FIPSD wastewater system depending on the amount of their indoor water use. Based on Confluence's evaluation of the existing water and wastewater rate structures, FIPSD should consider:

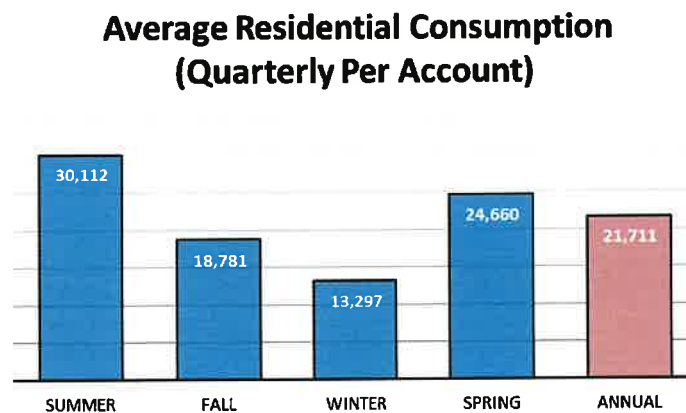
- Modifying the tiered water consumption tiers and/or rate differentials to enhance water conservation and improve customer equity; and
- Incorporating wastewater consumption rates assessed per 1,000 gallons of metered water use for residential and resort hotel accounts.

2. Customer Demand Patterns

To determine customer demand patterns, a bill frequency distribution analysis was performed on detailed quarterly billing data provided for the three most recent fiscal years. The bill frequency analysis demonstrated consistent annual usage patterns during the three-year period but confirmed the peak seasonal demand patterns that one would expect in a resort-based destination with significant population increases during the seasonal summer months. Because residential customers represent such a significant portion of FIPSD's customer base, the evaluation of usage patterns focuses on the residential customers.

Chart ES-1 presents average water use per residential account during the four billing quarters during FY 2021, which demonstrates how customer demands and usage patterns vary on Fripp Island between the off-season winter months and the seasonal summer months.

Chart ES-1: Average Water Use Per Residential Account for FY 2021



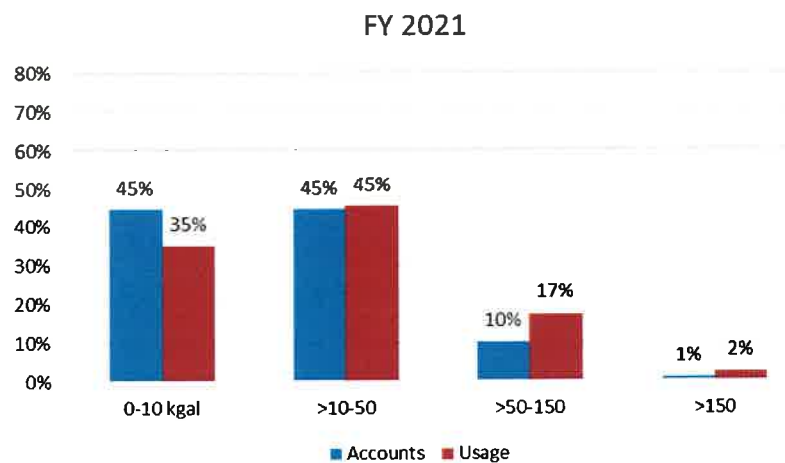
The bill frequency analysis during the winter period demonstrates that a very large portion of the residential customers have low water use and are billed within the tier 1 usage interval during the winter off-season months. Some of this lower average water use per customer can be contributed to less discretionary outdoor water use during the winter months by the full-time residents. However, the primary factor is the large number of vacant vacation homes during the winter off-season and the lower water usage pattern of the full-time residents that tend to have a smaller number of occupants per home than the seasonal vacation homes. The lower occupancy full-time residences typically use less water on average than the vacation homes that tend to have more occupants during the seasonal summer months.

The bill frequency analysis observed during the seasonal summer quarter demonstrates how the usage patterns for the residential customer base increases with the substantial increases in occupancy for the seasonal vacation homes and more discretionary outdoor summer water use. These increased demands for water and wastewater services during the seasonal summer months require FIPSD to provide incremental water and wastewater capacity that is fully utilized during the off-season months.

The annual FY 2021 bill frequency analysis allow us to evaluate the effectiveness of the current four-tiered water usage intervals in recovering the incremental costs of providing additional capacity and serving higher water use seasonal customers.

Chart ES-2 presents the bill frequency analysis for residential customers from July 1, 2020, to June 30, 2021.

Chart ES-2: Residential Bill Frequency for FY 2021 (July 2020 through June 2021)



The annual bill frequency analysis demonstrates that only 11% of residential customers had metered water usage that occurred above the tier 2 quarterly usage threshold of 50,000 gallons during FY 2021.¹ Based on the current quarterly water usage intervals, 89% of residential customer bills and 81% of residential customer water use was billed at the tier 1 rate (\$3.65 per 1,000 gallons) and/or tier 2 rate (\$3.85 per 1,000 gallons). This suggests that the current four-tiered water usage intervals are not necessarily set at appropriate thresholds to effectively encourage efficient water use or to recover FIPSD's incremental cost to serve increased demands. Section III: Customer Demand Patterns and Growth provides more information on the seasonal bill frequency distribution analysis.

3. Revenue Requirements and Revenue Sufficiency

Revenue requirements include a utility's annual operating expenses, its annual capital expenditures, and interfund transfers. It is typical practice for government-owned utilities to recover revenue requirements that are determined on a cash-needs approach, with an objective to provide revenues sufficient to recover the total cash requirements during an annual period.

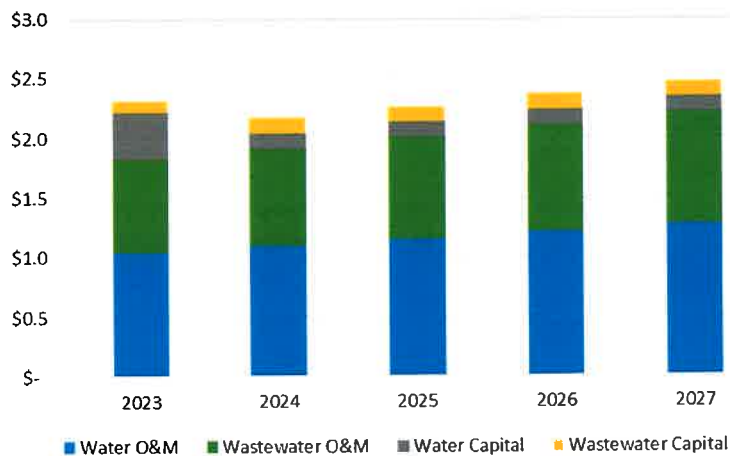
¹ Customer billing data for fiscal years 2019, 2020, and 2021 demonstrated consistent customer usage patterns during the three-year period.

FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

Under the cash-needs approach, operating expenses are based on the utilities budgeted operating expenses for the initial test-year with anticipated inflationary and other demand related adjustments applied to project the operating expenses in the remaining forecast years. Since wholesale water costs represent a significant portion of FIPSD's annual operating expenses, anticipated wholesale water rate increases by Beaufort-Jasper Water and Sewer Authority (BJWSA) have been incorporated into the forecast. Because all FIPSD water and wastewater debt is repaid through local ad valorem taxes, annual debt service is not included in the forecast of annual revenue requirements. Finally, while FIPSD does not have a formally adopted five-year capital improvements plan (CIP), our forecast does include estimated annual water and wastewater rate funded capital expenditures which are determined based on the marginal revenue needed to meet FIPSD's annual 1.40x policy goal for its bond coverage revenue test.

Chart ES-3 presents the annual water and wastewater revenue requirements during the five-year forecast.

Chart ES-3: Forecast of Annual Revenue Requirements (\$ in millions)



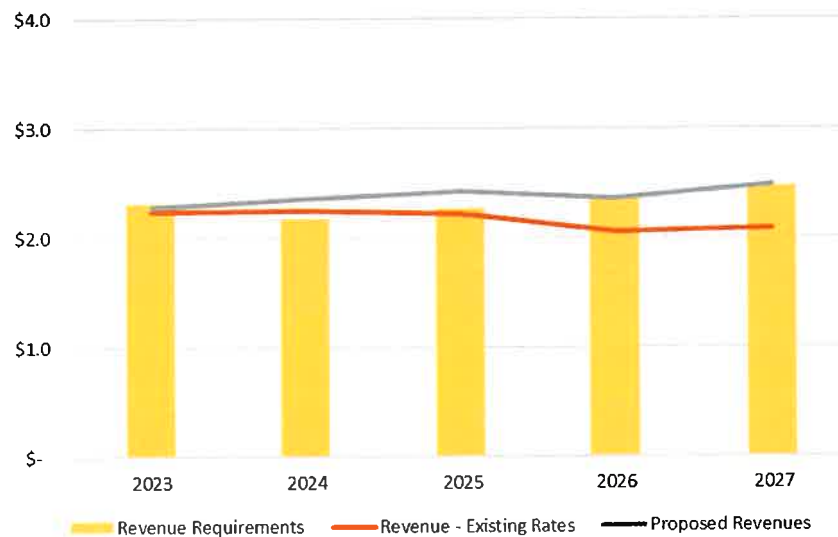
As Chart ES-3 demonstrates, the forecasted annual water and wastewater revenue requirements increase from approximately \$2.3 million in FY 2023 to approximately \$2.5 million in FY 2027.

Next, revenues under existing rates are evaluated to determine whether existing rates would be adequate, or sufficient to recover projected revenue requirements over the five-year planning period. Revenues were estimated under existing FY 2022 water and wastewater user rates and charges assuming annual growth in new accounts and projected water demands; and are compared to the annual revenue requirements of the water and wastewater systems. This analysis indicates that with inflationary cost increases, rate funded capital expenditures, and debt service coverage policy goals; anticipated customer demand and the existing user rates and charges are not sufficient to recover the annual revenue requirements for the water system or the wastewater system during the planning period.

To address projected revenue deficiencies and meet the FIPSD operating costs and financial policy targets during the five-year rate forecast period, Confluence recommends annual water rate increases of 4.0% and annual wastewater rate increases of 4.0% during each year of the five-year rate forecast period.

The estimated annual revenue sufficiency/deficiency under the existing water and wastewater rates and the projected forecast of water and wastewater rate adjustments to address the projected deficiencies are shown over a five-year planning period in Chart ES-4 below.

Chart ES-4: Revenue Sufficiency Under Recommended Rate Adjustments (\$ in millions)



It should be noted that a major driver of the projected rate increases during the planning period is the pending loss of water tank lease payments due to the expiration of several agreements with cellular providers that currently utilize FIPSD's storage tanks as cell towers. If the expiring agreements are not renewed or replaced, FIPSD's water tank lease revenues could decrease from approximately \$300,000 per year in FY 2023 to approximately \$40,000 by FY 2027. The anticipated loss of these non-user rate revenues has been factored into the financial forecast and are reflected in the projected water and wastewater rate increases. However, should FIPSD succeed in renewing or replacing the some or all of these water tank leases, it is likely that the magnitude of the FY 2026 and FY 2027 rate adjustments could be mitigated.

4. Costs of Service Analysis and Alternative Rate Structures

To determine the alternative water and wastewater rate designs, Confluence conducted a costs of service analysis to allocate the estimated FY 2023 revenue requirements to the water and wastewater systems, the functional cost categories, and among units of service related to the customer classes and demands. First, the total utility costs of service are allocated among water and wastewater. Next, the water and wastewater costs of service are allocated to functional cost categories and then among the variable and fixed components of the water and wastewater user rate and charge structure.

FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

The allocation of water costs to the volume and customer user rate and charge categories is provided in Table ES-1 below.

Table ES-1: Allocation of Water Costs to User Charge and Rate Categories

Cost Category	Total	User Rate and Charge Category	
		Volume	Customer
General & Administrative	\$ 387,406	\$ -	\$ 387,406
Source of Supply/Treatment	559,736	559,736	-
Pumping	14,262	14,262	-
Transmission & Distribution	11,740	11,740	-
Storage	48,925	48,925	-
Meters	15,759	-	15,759
Hydrants	3,000	-	3,000
Debt Service ¹	167,462	-	167,462
Rate Funded Capital	390,000	305,000	85,000
Adjustment ²	5,137	8,332	(3,200)
Total Water Costs	\$ 1,603,422	\$ 947,995	\$ 655,427
Less Other Revenue ¹	(556,416)	(328,270)	(228,146)
Net Cost to Recover Through Rates	\$ 1,047,007	\$ 619,725	\$ 427,282

Units of Service

Annual Metered Water Use	160,445	
Equivalent Meter Units (Annual)		8,262
Per Unit Rates	\$ 3.87	\$ 51.70

- 1 Annual water debt service is funded annually through an interfund transfer from the debt service fund. The interfund transfers equals the annual water debt service and is included in the other revenue that is offset against the volume costs.
- 2 Adjustment reflects the amount of surplus or deficit estimated to achieve unit rates that will provide similar revenues based on the increases to the proposed increase to the existing rates.

The costs of service for each of the water rate alternatives are then determined in order to recover the variable costs that are allocated to the consumption rate component categories. The three consumption rates are determined to reflect the cost to serve essential water use, average water use, and discretionary water use. Furthermore, the three consumption rates are determined to provide price differentials among the rates that are closely aligned with the peak seasonal demand patterns of the FIPSD residential customer base. Table ES-2 presents the costs of service recovered through the three consumption rates under each of the water rate alternatives.

Table ES-2: Cost of Service Recovered Through Three-Tiered Consumption Rates

Alternative 1	Usage Interval (1,000 gals)	FY 2023 Cost of Service	FY 2023 Consumption	Consumption Rate	Price Differential
Essential Use	0-12	\$ 172,023	57,341	\$ 3.000	1.00
Average Use	12-36	\$ 166,785	43,097	\$ 3.870	1.29
Discretionary Use	>36	\$ 280,833	60,007	\$ 4.680	1.56
		\$ 619,641	160,445		
Alternative 2					
Essential Use	0-12	\$ 173,040	57,680	\$ 3.000	1.00
Average Use	12-45	\$ 198,113	51,192	\$ 3.870	1.29
Discretionary Use	>45	\$ 248,577	51,572	\$ 4.820	1.61
		\$ 619,730	160,444		
Alternative 3					
Essential Use	0-15	\$ 196,608	65,536	\$ 3.000	1.00
Average Use	15-45	\$ 167,737	43,343	\$ 3.870	1.29
Discretionary Use	>45	\$ 255,247	51,565	\$ 4.950	1.65
		\$ 619,592	160,444		

Because the water base charges are determined based on the same costs of service under each of the three alternatives, the water base charges are the same for each rate design alternative. Table ES-3 presents the costs of service recovered through the water base charges.

Table ES-3: Cost of Service Recovered Through Water Base Charges

Quarterly Base Charge Calculation	FY 2023 Cost of Service
Customer Costs	\$ 427,282
Annual Equivalent Meter Units ¹	8,262
Quarterly Base Charge per Equivalent Residential Unit (ERU)	\$ 51.70

¹ Annual equivalent meter units represents the number of customer account equivalents based on the number of multiple units served per meter and meter sizes. FIPSD's quarterly base charges are assessed based on the number of units served by a meter and charges higher base charges to commercial customers with larger meters that require more system capacity. The annual equivalent meter units represent the forecasted number of these equivalents that will be billed during FY 2023 (2,065 * 4 quarterly billings).

The wastewater costs of service are also allocated among the variable and fixed components of the wastewater user rate and charge structure.

The allocation of wastewater costs to the volume and customer user rate and charge categories is provided in Table ES-4 below.

Table ES-4: Allocation of Wastewater Costs to User Charge and Rate Categories

Cost Category	Total	User Rate and Charge Category	
		Volume	Customer
General & Administrative	\$ 387,406	\$ -	\$ 387,406
Treatment Costs	167,222	167,222	-
Sludge Disposal	115,742	115,742	-
Vacuum System	34,174	34,174	-
Collection Lines	39,500	39,500	-
Lift Stations/Electricity	31,787	31,787	-
Other	10,086	-	10,086
Debt Service ¹	806,899	-	806,899
Rate Funded Capital	96,878	-	96,878
Adjustment ²	(8,945)	(5,845)	(3,100)
Total Wastewater Costs	\$ 1,880,748	\$ 382,579	\$ 1,298,169
Less Other Revenue ¹	(888,085)	\$ (78,163)	\$ (809,922)
Less Commercial Revenue ³	(30,629)	\$ (16,349)	\$ (14,280)
Net Cost to Recover Through Rates	\$ 762,034	\$ 288,067	\$ 473,667

Units of Service

Annual Billable Wastewater Flows	98,162	
Equivalent Meter Units (Annual)		6,821
Per Unit Rates and Charges	\$ 2.94	\$ 69.50

- ¹ Annual wastewater debt service is funded annually through an interfund transfer from the debt service fund and vacuum sewer assessments collected specifically to repay the 2014 Refunding Bonds. The interfund transfer and annual assessments equal the annual wastewater debt service and is included in the other revenue that is offset against the customer costs.
- ² Adjustment reflects the amount of surplus or deficit estimated to achieve unit rates that will provide similar revenues based on the increases to the proposed increase to the existing rates.
- ³ Both wastewater rate design alternatives are designed to maintain the current FY 2022 commercial wastewater rates. For this reason, an offset for the estimated FY 2023 commercial consumption rate revenue is provided against the volume costs and an offset for the estimated FY 2023 commercial minimum charge revenue is provided against the customer costs.
- ⁴ The \$2.94 per 1,000 gallons of consumption rate represents the consumption charge for wastewater rate design alternative 1, which incorporates a 36,000 gallon per quarter indoor water use cap. The per unit consumption rate for wastewater rate alternative 2 is \$2.89 per 1,000 gallons as determined based on a 45,000 gallon per quarter indoor water use cap.

Because the residential wastewater consumption rates for each wastewater rate alternative are uniform rates assessed per 1,000 gallons for all customer wastewater usage up to the indoor water use cap, a single residential consumption rate is calculated for both alternatives based on all FY 2023 variable wastewater costs. Table ES-5 presents the costs of service recovered through the residential consumption rate determined for both wastewater rate alternatives.

Table ES-5: Cost of Service Recovered Through Residential Wastewater Consumption Rate

	Indoor Water Use Cap	FY 2023 Cost of Service	FY 2023 Consumption	Consumption Rate
Alternative 1	36,000	\$ 288,067	98,162	\$ 2.940
Alternative 2	45,000	\$ 288,067	99,790	\$ 2.890

Because the residential wastewater base charges are determined based on the same costs of service and customer assumptions under each of the two wastewater alternatives, the base charges for each rate design alternative are the same.

Table ES-6 presents the costs of service recovered through the residential wastewater base charges under both wastewater rate alternatives.

Table ES-6: Cost of Service Recovered Through Residential Wastewater Base Charge

Quarterly Base Charge Calculation	FY 2023 Cost of Service
Customer Costs	\$ 473,667
Annual Equivalent Meter Units ¹	6,821
Quarterly Base Charge per Equivalent Residential Unit (ERU)	\$ 69.50

¹ Annual equivalent meter units represents the number of customer accounts equivalents based on the number of multiple units served per meter and meter size. FIPSD's quarterly base charges are assessed based on the number of units served by a meter and charges higher base charges to commercial customers with larger meters that require more system capacity. The annual equivalent meter units represent the forecasted number of these equivalents that will be billed during FY 2023 (1,705 * 4 quarterly billings).

Section V: Cost of Service Analysis of the Rate Report describes the costs of service analysis and cost allocation process in more detail.

5. Quarterly Residential Customer Bill Impacts

Whenever a utility implements a new or modified rate structure, there will be winners and losers depending on their quarterly usage and demand patterns. Therefore, it is important to assess how customers at varying quarterly usage levels will be impacted by the rate structure modifications being evaluated. Because the water and wastewater rate alternatives may impact the same customer differently depending on the customer's quarterly metered water usage, this Rate Report presents a variety of water, wastewater, and combined utility bills. Residential customers with 5/8-inch meters represent approximately 94% of the FIPSD's water customers. Based on historical billing data, the typical FIPSD residential customer uses approximately 7,000 gallons per month, or 21,000 gallons per quarter.

Table ES-5 presents the quarterly bills under the current FY 2022 rates and charges and the proposed FY 2023 rates and charges for a residential water customer under each water rate alternative at various levels of quarterly water usage.

Table ES-5: Residential Customer Impacts of Water Rate Alternatives

Residential Water Customer (5/8 and ¾-inch Meter) – Alternative 1 (12,000 and 36,000 gallon thresholds)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 103.18	\$ (2.42)	-2.3%
21,000	\$ 124.85	\$ 122.53	\$ (2.32)	-1.9%
32,000	\$ 167.20	\$ 165.10	\$ (2.10)	-1.3%
50,000	\$ 236.50	\$ 246.10	\$ 9.60	4.1%
100,000	\$ 449.00	\$ 480.10	\$ 31.10	6.9%

Residential Water Customer (5/8 and ¾-inch Meter) – Alternative 2 (12,000 and 45,000 gallon thresholds)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 103.18	\$ (2.42)	-2.3%
21,000	\$ 124.85	\$ 122.53	\$ (2.32)	-1.9%
32,000	\$ 167.20	\$ 165.10	\$ (2.10)	-1.3%
50,000	\$ 236.50	\$ 239.51	\$ 3.01	1.3%
100,000	\$ 449.00	\$ 480.51	\$ 31.51	7.0%

Residential Water Customer (5/8 and ¾-inch Meter) – Alternative 2 (15,000 and 45,000 gallon thresholds)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 100.57	\$ (5.03)	-4.8%
21,000	\$ 124.85	\$ 119.92	\$ (4.93)	-3.9%
32,000	\$ 167.20	\$ 162.49	\$ (4.71)	-2.8%
50,000	\$ 236.50	\$ 237.55	\$ 1.05	0.4%
100,000	\$ 449.00	\$ 485.05	\$ 36.05	8.0%

The water rates under each of the alternatives are designed to encourage efficient water use by recovering more costs from seasonal residents that use more water to meet outside water and higher occupancy demands.

Table ES-6 presents the quarterly bills under the current FY 2022 rates and charges and the proposed FY 2023 rates and charges for a residential wastewater customer under both wastewater rate alternatives at various levels of quarterly water usage.

Table ES-6: Residential Customer Impacts of Wastewater Rate Alternatives

Residential Sewer Customer (5/8 and 1/4-inch Meter) – Alternative 1 (36,000 gallons indoor use cap)					
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase		
			(\$)	(%)	
4,000	\$ 105.00	\$ 81.26	\$ (23.74)		-22.6%
8,000	\$ 105.00	\$ 93.02	\$ (11.98)		-11.4%
16,000	\$ 105.00	\$ 116.54	\$ 11.54		11.0%
21,000	\$ 105.00	\$ 131.24	\$ 26.24		25.0%
32,000	\$ 105.00	\$ 163.58	\$ 58.58		55.8%
50,000	\$ 105.00	\$ 175.34	\$ 70.34		67.0%
100,000	\$ 105.00	\$ 175.34	\$ 70.34		67.0%

Residential Sewer Customer (5/8 and 1/4-inch Meter)– Alternative 2 (45,000 gallons indoor use cap)					
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase		
			(\$)	(%)	
4,000	\$ 105.00	\$ 81.06	\$ (23.94)		-22.8%
8,000	\$ 105.00	\$ 92.62	\$ (12.38)		-11.8%
16,000	\$ 105.00	\$ 115.74	\$ 10.74		10.2%
21,000	\$ 105.00	\$ 130.19	\$ 25.19		24.0%
32,000	\$ 105.00	\$ 161.98	\$ 56.98		54.3%
50,000	\$ 105.00	\$ 199.55	\$ 94.55		90.0%
100,000	\$ 105.00	\$ 199.55	\$ 94.55		90.0%

The wastewater rates under both alternatives are designed to encourage efficient water use by recovering more costs from high water users that typically have large vacation occupancies and more discretionary water use. However, wise water users and lower occupancy full-time residents are rewarded under both wastewater rate alternatives that provide lower quarterly base charges and consumption rates when compared to the current wastewater rate structure that assesses all customers a flat fee of \$105.00 regardless of quarterly water use.

Table ES-7 presents the combined bill for residential utility customers under each of the rate alternatives. Because the residential indoor usage cap is set to be consistent with the tier 2 quarterly usage threshold for each of the water rate alternatives, wastewater alternative 2 is applicable to the combined residential customer impacts for both alternatives 2 and 3.

Table ES-7: Combined Residential Customer Impacts for Rate Alternatives

Residential Water & Sewer Customer (5/8 and ¾-inch Meter) – Alternative 1				
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase	
			(\$)	(%)
4,000	\$ 165.60	\$ 144.96	\$ (20.64)	-12.5%
8,000	\$ 180.20	\$ 168.72	\$ (11.48)	-6.4%
16,000	\$ 210.60	\$ 219.72	\$ 9.12	4.3%
21,000	\$ 229.85	\$ 253.77	\$ 23.92	10.4%
32,000	\$ 272.20	\$ 328.68	\$ 56.48	20.7%
50,000	\$ 341.50	\$ 421.44	\$ 79.94	23.4%
100,000	\$ 554.00	\$ 655.44	\$ 101.44	18.3%

Residential Water & Sewer Customer (5/8 and ¾-inch Meter) – Alternative 2				
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase	
			(\$)	(%)
4,000	\$ 165.60	\$ 144.76	\$ (20.84)	-12.6%
8,000	\$ 180.20	\$ 168.32	\$ (11.88)	-6.6%
16,000	\$ 210.60	\$ 218.92	\$ 8.32	4.0%
21,000	\$ 229.85	\$ 252.72	\$ 22.87	9.9%
32,000	\$ 272.20	\$ 327.08	\$ 54.88	20.2%
50,000	\$ 341.50	\$ 439.06	\$ 97.56	28.6%
100,000	\$ 554.00	\$ 680.06	\$ 126.06	22.8%

Residential Water & Sewer Customer (5/8 and ¾-inch Meter)– Alternative 3				
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase	
			(\$)	(%)
4,000	\$ 165.60	\$ 144.76	\$ (20.84)	-12.6%
8,000	\$ 180.20	\$ 168.32	\$ (11.88)	-6.6%
16,000	\$ 210.60	\$ 216.31	\$ 5.71	2.7%
21,000	\$ 229.85	\$ 250.11	\$ 20.26	8.8%
32,000	\$ 272.20	\$ 324.47	\$ 52.27	19.2%
50,000	\$ 341.50	\$ 437.10	\$ 95.60	28.0%
100,000	\$ 554.00	\$ 684.60	\$ 130.60	23.6%

Based on the modifications to the water and wastewater rate structures each of the rate alternatives, the typical residential customer with 21,000 gallons of metered water per quarter will experience more than a \$20.00, or 9.0% increase in their quarterly utility bill. It should be noted that the quarterly increase to the average residential customer relates entirely to the implementation of the residential wastewater consumption rate structure, as this customer receives a reduced quarterly water bill. The impact to the average customer demonstrates the inequity of the current flat rate wastewater charge assessed to all wastewater customers regardless of their quarterly water use. Furthermore, the 21,000 gallons per quarter represents average annual water use per customer which includes the higher seasonal summer demands which reflect the higher occupancies of vacation residents. As mentioned later in Section III, the demand patterns by full-time residents tend to average around 13,000 gallons per quarter and the quarterly bills for these customers will result in a slight decrease in their combined utility bill under all rate alternatives.

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I. INTRODUCTION

Confluence Consulting, LLC (Confluence) is pleased to submit this water and wastewater rate report (Rate Report) documenting the results of the Fripp Island Public Service District (FIPSD) cost of service and rate study (Rate Study). In October 2021, FIPSD engaged Confluence to evaluate its current water and wastewater rate structures and identify potential modifications that could improve customer equity and to develop a five-year financial forecast and program of annual water and wastewater user rates to fund operations, maintain adequate cash reserves, and meet debt coverage requirements. Although FIPSD also provides fire-fighting services, controls beach erosion, and maintains the Fripp Inlet Bridge, the focus and purpose of this Rate Study is limited to the water and wastewater services.

1. Background

The FIPSD was created by the South Carolina legislature in 1962 when development of the island was just beginning. Services provided originally included water supply, fire protection, and erosion control. In 1993, with the acquisition of the island's sewer system from the Fripp Company, FIPSD's authority was expanded to include wastewater collection and treatment. In 2003, FIPSD assumed responsibility for the operation and maintenance of the Fripp Inlet Bridge when ownership of the bridge was transferred from the Fripp Island Property Owners Association (POA) to FIPSD. The FIPSD is governed by the Fripp Island Public Service District Commission (Commission), originally composed of three members appointed by the Beaufort County legislative delegation. In 1974, FIPSD's enabling legislation was amended to increase the number of Commissioners to six and with the successful passage of a referendum by Fripp Island voters in 2000, the Commission became an elected body. Commissioners are elected to 4-year terms, and elections are held in even-numbered years.

As a barrier island located 20 miles southeast of Beaufort, Fripp Island is a resort-based destination in the Low Country of South Carolina that experiences significant population increases during the seasonal summer months. This seasonality results in substantial increases in demands for water and wastewater services which requires FIPSD to provide adequate water and wastewater capacity that is not fully utilized during the off-season months. For water, FIPSD distributes potable water purchased from the Beaufort-Jasper Water and Sewer Authority (BJWSA) at a wholesale unit rate of \$2.97 per 1,000 gallons that is billed monthly. In addition to its approximately 1,790 residential, resort hotel, commercial, and irrigation customers the FIPSD also provides wholesale water service to Hunting Island State Park, retail service to select customers on Harbor Island, and water transportation services to the Harbor Island gated community. For wastewater, FIPSD serves its 1,730 residential, resort hotel, and commercial customers through an on-island 750,000 gallon per day (gpd) treatment plant and collection system. Treated wastewater is disposed of as reclaimed water used for irrigation purposes.

2. Purpose of Report

The purpose of this Report is to summarize the analysis and recommendations of the Rate Study. Specifically, the Report is organized in the following sections:

FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

- I. Introduction;
- II. Evaluate Existing Rate Structures;
- III. Customer Demand Patterns and Growth;
- IV. Revenue Requirements;
- V. Customer Service Analysis
- VI. Alternative Rate Structure to Consider;
- VII. Compare Customer Bill Impacts of Alternative Rate Structures; and
- VIII. Comparison With Other Local Utilities.

This Rate Report presents three alternative rate structures and recommends a five-year program of water and wastewater utility rate adjustments for the Commissioners to consider for implementation.

II. EVALUATE EXISTING RATE STRUCTURES

A primary objective for this Rate Study is an evaluation of FIPSD'S existing water and sewer rate structures to identify opportunities that will improve customer equity and fairness. The FIPSD currently assesses its retail water and wastewater rates and charges on a quarterly basis and although FIPSD has made increases to the utility rates over the years, the current water and wastewater rate and cost structures have been in place for years. This section describes the current water and wastewater rates and charges currently assessed to the FIPSD utility customers.

1. Existing Water Rates and Charges

The current water rate structure consists of quarterly base charges that increase based on meter size for commercial customers, and tiered consumption rates per 1,000 gallons applied to all customers that increase with the customer's quarterly metered water usage. Hotel resorts (Sunsuites) are assessed similar water consumption charges, but the quarterly base charges and tiered water usage intervals are unique and assessed on a per room basis.

A. Water Base Charges

A \$46.00 quarterly base charge is assessed to residential customers and commercial customers are assessed according to meter size. Base charges are typically designed to recover costs associated with customer service, billing and collection, meter repair and maintenance, and a portion of fixed capital costs associated with the capacity required to meet non-peak seasonal demand for water services. For commercial customers, the base charges vary by meter size according to the potential demands of different meter sizes based on the meter capacity standards for each meter size in relation to the capacity standard for the 5/8 and 3/4-inch meters. Hotel resorts are assessed a lower \$25.00 quarterly base charge that recognizes a lower occupancy, no outdoor water use, and thus a lower quarterly water use than the typical single-family residential customer.

B. Water Consumption Rates

The water volume charges are assessed per 1,000 gallons of metered quarterly water use and incorporate the increasing four-tier consumption rate structure. The four-tiered rates are assessed to all customers per 1,000 gallons of water usage within the four usage intervals. The usage intervals include the first 10,000 gallons of water usage per quarter for the tier 1 rate, water usage between 10,000 gallons and 50,000 gallons per quarter for the tier 2 rate, water usage between 50,000 gallons and 150,000 gallons per quarter for the tier 3 rate, and all usage above 150,000 gallons per quarter for the tier 4 rate. This tiered conservation volume structure promotes more efficient use of water by high use water customers while rewarding low volume water users which tend to be residential customers that live in Fripp Island full time. Additionally, increasing tiered (block) rate structures allow utilities that must provide additional system capacity to serve increased demands during peak seasonal periods to recover these additional costs from the higher use customers that require the additional capacity.

Table 1 presents the current FY 2022 water rates.

Table 1: Current FY 2022 Water User Rates and Charges

Quarterly Base Charges	Current FY 2022	
	Ratio ¹	Rate
Residential (Single & Multi-family)	1.00	\$ 46.00
Hotel Room ²	0.54	\$ 25.00
Off-Island ³	1.40	\$ 64.60
Commercial/Irrigation		
3/4" and 5/8"	1.00	\$ 46.00
1"	1.70	\$ 78.20
1.5"	3.30	\$ 151.80
2"	5.30	\$ 243.80
3"	10.08	\$ 463.80
Consumption Rates (per 1,000 gallons)		
<i>Quarterly Usage Intervals</i>		
0 to 10,000	1.00	\$ 3.65
10,000 to 50,000	1.05	\$ 3.85
50,000 to 150,000	1.16	\$ 4.25
Above 150,000	1.25	\$ 4.55

¹ Defines the ratio of each charge in relation the single-family residential charge with a 5/8" meter and commercial customers with a 3/4" or 5/8" meter charges.

2. Existing Wastewater Rates and Charges

The wastewater rate structure consists of flat quarterly rates only for residential (per unit) and resort hotels (per room) accounts. Commercial accounts are assessed both the flat quarterly minimum charge per quarter plus a per 1,000 gallons volume rate for all metered water usage greater than 22,500 gallons per quarter.

A. Wastewater Base Charges

For all residential customers, FIPSD currently assesses a \$105.00 quarterly flat rate. Hotel rooms are assessed a reduced quarterly flat rate of \$56.50 which recognizes a lower occupancy and a lower quarterly wastewater discharge than the typical single-family residential customer. Commercial customers are charged a \$105.00 minimum quarterly base charge that does not vary according to meter size and includes a minimum wastewater discharge allowance of 22,500 gallons per quarter.

B. Wastewater Consumption Rates

Currently, there is no wastewater consumption or flow rate for residential and hotel room customers since these customers are charged a quarterly flat rate regardless of quarterly water use. However, commercial wastewater customers are assessed a single uniform wastewater volume rate of \$6.30 per 1,000 gallons for all quarterly metered water consumption above the 22,500 minimum quarterly discharge allowance.

Table 2 presents the current wastewater rate structure for residential and commercial customers.

Table 2: Current FY 2022 Wastewater User Rates and Charges

Current FY 2022		
Quarterly Flat/Minimum Charges	Ratio ¹	Rate
Residential (Single & Multi-family)	1.00	\$ 105.00
Hotel Room	0.54	\$ 56.50
Commercial	1.00	\$ 105.00
Volume Rates (gallons)		
Commercial (Above 22,500 gallons)	N/A	\$ 6.30

¹ Defines the ratio of each charge in relation the single-family residential charge with a 5/8" meter and commercial customers with a 3/4" or 5/8" meter charges.

3. Existing Rate Structure Observations

One of primary objectives of FIPSD's Rate Study objectives is to evaluate the existing water and wastewater rate structures and identify potential rate design modifications that would enhance customer equity and fairness while maintaining revenue stability. In particular FIPSD is interested in evaluating the implementation of a wastewater volume rate for residential customers to recognize that residential customers discharge varying amounts of wastewater into the FIPSD wastewater system depending on the amount of their indoor water use. Below, Confluence provides a summary of the potential modifications we believe FIPSD may want to consider as part of this Rate Study and in the future. Specially, FIPSD should consider:

- Modifying the tiered water consumption tiers and/or rate differentials to enhance water conservation and improve customer equity;
- Incorporating wastewater consumption charges assessed per 1,000 gallons of metered water use for residential and resort hotel accounts; and
- Implementing a rate structure based on a monthly billing cycle to enhance customer communication and financial security.

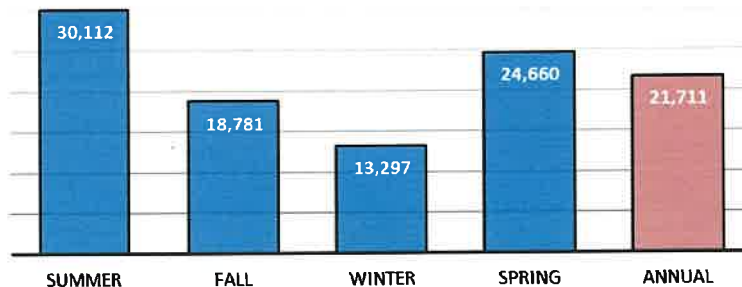
Incorporate Wastewater Volume Rates: While recovering a majority of wastewater revenues through flat rates does enhance revenue stability and predictability for FIPSD, this type of rate structure is less equitable than a structure that also recovers at least some portion of the customer's bill based on metered water use. A bill frequency analysis of FIPSD's customer billing data during the most recent three fiscal years indicates that quarterly water consumption per account increases significantly during the seasonal summer months, so a flat rate charged to all residential customers may impact full-time and low water use residents more than the larger occupancy vacation and rental homes that tend to use more water and return more wastewater to the wastewater collection system. Implementing a wastewater rate structure that assesses all residential customers a quarterly base charge plus a consumption rate for usage up to a quarterly consumption threshold (or usage cap) would be more equitable to lower use customers, while further promoting water conservation. Implementing a residential wastewater rate structure to incorporate consumption rates would have initial impacts on customer bills, so care would need to be

given to establish the appropriate usage cap, and consumption rate per 1,000 gallons to strike the appropriate balance with the current flat rate structure.

Modifying Tiered Water Consumption Rate Structure: The current water rate structure provides a conservation incentive through increasing tiered consumption rates. However, the existing tiered rates and usage thresholds are not as equitable as they could be in recovering the higher costs of providing additional capacity to higher use seasonal residents and commercial customers. The bill frequency analysis of FIPSD's customer billing data demonstrated that the average quarterly water usage per residential account varied widely between the seasonal summer quarter (July through September) and the off-season winter quarter (January through March). Specifically, in Fiscal Year (FY) 2021, average water use per residential account during the summer quarter was 30,000 gallons, while average water use per residential account during the winter quarter was 13,000 gallons. This type of usage pattern reflects a seasonal peaking factor of 2.26x. Table 3 presents average water use per residential account during the four billing quarters during FY 2021. For more detail on the bill frequency analysis, see Section III: Customer Demand Patterns and Growth.

Chart 1: Average Water Use Per Residential Account for FY 2021

**Average Residential Consumption
(Quarterly Per Account)**



With a differential between the Tier 1 (\$3.65) and Tier 4 (\$4.55) consumption rates of 1.25x, the existing four-tiered volumetric water rate structure does not appropriately reflect the seasonality usage patterns and/or cost of service differences between lower and higher water use residential customers. The consumption rates and usage tier intervals could be modified to shift more cost to the higher use seasonal residential and commercial customers that require a significant amount of system capacity that is not utilized by the lower use full-time residents. Furthermore, FIPSD may consider implementing a less complex three-tiered volumetric rate structure that would continue to promote conservation while further enhancing customer equity. An appropriately designed three-tiered rate structure could mitigate the impacts on the full-time residential customers while recovering a greater portion of costs from those higher use customers that require the incremental costs of additional system capacity during the seasonal months.

Monthly Billing Cycle: Over the past decade there has been an increase in the number of utilities utilizing more frequent billing cycles to improve customer budgeting, enhance communication between utilities and their customers, and improve the utility's financial security. Monthly billing helps customers establish a payment rhythm as many customers operate on a month-by-month basis for most other bills such as cell phones, electricity, rent, etc. Some customers may not have the budgetary discipline to save a little each month for quarterly billing expenses and would appreciate smaller, more regularly scheduled utility bills. More frequent billing would also allow for greater communication between FIPSD and their customers which results in fewer surprises. More frequent billing could help detect water leaks sooner which benefits customers by likely reducing the amount of unused water customers pay for and by reducing the potential costs of water damage in the home. Earlier water loss detection could also improve FIPSD's water loss and identify broken or slow meters which would allow FIPSD to address potential lost revenue more quickly. Finally, longer billing cycles (quarterly) may make it necessary for utilities to maintain increased days cash on hand to ensure financial security. When utilities bill less frequently, there is less regularity in when they receive revenue which makes cash management more challenging if there are unexpected expenses or revenue shortfalls.¹

After discussing the current meter reading technology capabilities and staffing limitations, implementation of a monthly billing cycle is not feasible at this time and should only be considered when a remote meter reading system can be implemented.

¹ Does How Often You Pay for it Matter? The Impacts of Billing Frequency Stephen Lapp, UNC Environmental Finance Center Blog.

III. CUSTOMER DEMAND PATTERNS AND GROWTH

This section discusses the seasonal customer demand patterns of the FIPSD's customers as determined based on a bill frequency analysis performed on detailed quarterly billing data provided for the three most recent fiscal years. The bill frequency analysis distributes customer accounts and quarterly usage occurring within FIPSD's existing four-tiered water usage intervals and demonstrates the seasonality of residential water demand patterns. As part of this analysis, Confluence presents alternative three-tiered water usage intervals that would provide more appropriate usage thresholds for encouraging efficient water use and in recovering the incremental costs of the additional capacity required to serve high seasonal water use customers. This section also documents our growth assumptions and the five-year forecast of water and wastewater customer accounts and demands. The forecast of customer accounts and demands are important as they are used to project future user rate and charge revenues and rate adjustments.

1. Customer Demand Patterns

When evaluating and/or determining increasing block conservation rate structures, it is important to review and analyze historical water billing records to determine customer class demand characteristics. This type of analysis is called a bill frequency distribution analysis, or bill tabulation, which allows us to evaluate the consumption of the FIPSD's different customer classes and gain a better understanding of the consumption patterns and cost of service for each type of customer. This analysis provides important insights for identifying potential adjustments to the usage interval cut-offs, setting the consumption charges, and analyzing customer impacts.

This historical billing analysis serves as the basis for long-term projections of water consumption, estimated sewer flows, and revenue generation. Most importantly, the bill frequency distribution analysis allows to assess the revenue impact of any potential modifications to the tiered water rate structure, and in determining the appropriate balance between fixed and consumption charges should FIPSD decide to implement volume rates for the residential and resort hotel wastewater customers. Because FIPSD's customer base is almost entirely residential (94%), our bill frequency analysis focuses primarily on the residential customers.

FIPSD provided Confluence with quarterly billing data for the three most recent fiscal years (FY 2019, FY 2020, and FY 2021) to determine the quarterly usage patterns of the FIPSD customer base. While total consumption and usage patterns do tend to fluctuate from year-to-year due to changing economic and weather conditions, the bill frequency analysis demonstrated consistent usage patterns during the three-year period. As such, our bill frequency discussion will be limited to FY 2021 which is the most recently completed fiscal year for which we have billing data. Below we compare the bill frequency analysis during

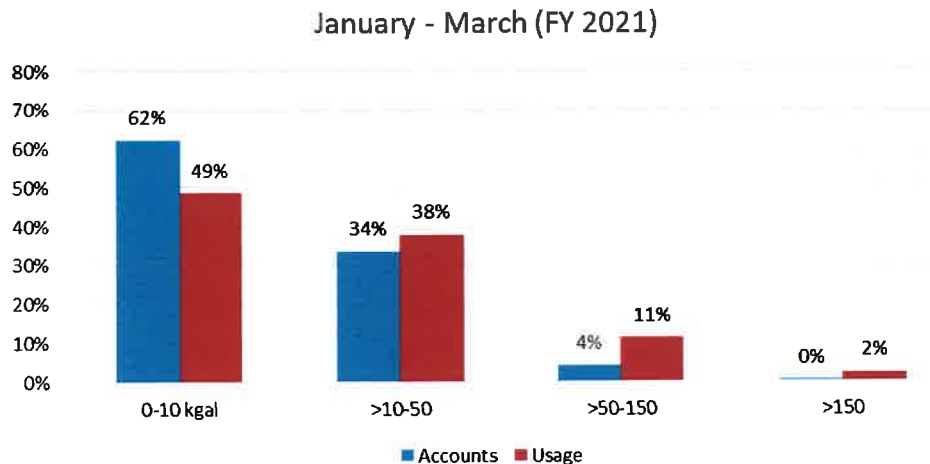
the winter and summer quarterly billing periods to demonstrate the seasonal nature of residential customer water usage patterns.

A. Off-Season Winter Quarter Bill Frequency

As discussed previously, Fripp Island is a resort-based destination that experiences significant population increases during the seasonal summer months. To demonstrate how customer demands and usage patterns vary on Fripp Island between the off-season winter months and the seasonal summer months, we will first discuss the bill frequency analysis observed during the off-season winter quarter when the island is populated primarily by the full-time residents only.

Chart 2 presents the bill frequency analysis for residential customers from January 1, 2021, to March 31, 2021.

Chart 2: Residential Bill Frequency for Winter Quarter FY 2021 (January through March)



It should be noted that the blue bars in the chart represent the percentages of residential account customers that have quarterly metered water usage that ends within each of the four usage tier intervals, while the red bars represent the cumulative amount of metered water usage that occurs and is billed within each of the current four water usage intervals.² For example, while 62% of the residential accounts had quarterly metered water use of 10,000 gallons or less during the quarter, 49% of the total residential metered water use during the winter quarter was billed for usage within the tier 1 usage interval. As such, the 49% of usage billed within the tier 1 usage interval (0 to 10,000 gallons) includes all of the usage for the 62% of the residential accounts with metered usage of 10,000 gallons or less during the quarter; plus the first 10,000 gallons of metered water use for the remaining 38% of residential accounts during the quarter.

² For more information on the four water usage intervals, see Table 1.

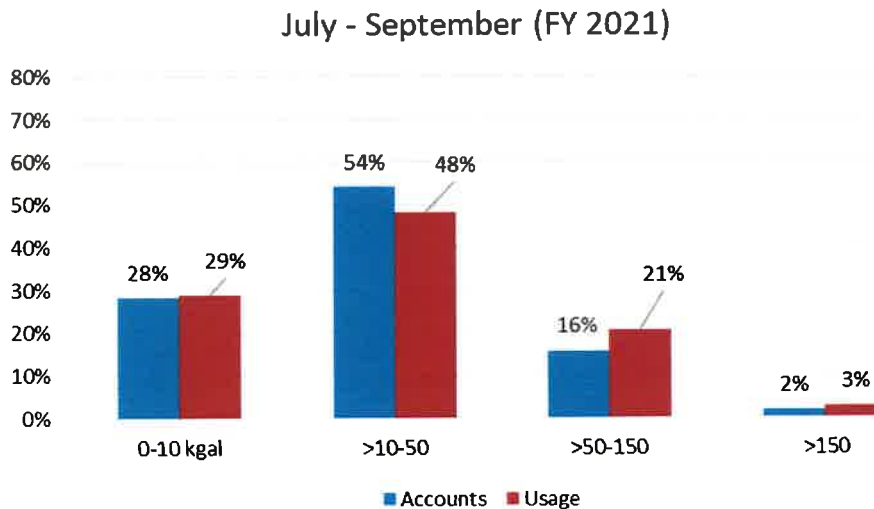
This winter period bill frequency demonstrates that a very large portion of the residential customers have low water use and are billed within the tier 1 usage interval during the winter off-season months. Some of this lower average water use per customer can be contributed to less discretionary outdoor water use during the winter months by the full-time residents. However, the primary factor is the large number of vacant vacation homes during the winter off-season and the lower water usage pattern of the full-time residents that tend to have a smaller number of occupants per home than the seasonal vacation homes. The lower occupancy full-time residences typically use less water on average than the vacation homes that tend to have more occupants during the seasonal summer months.

B. Seasonal Summer Quarter Bill Frequency

The bill frequency analysis observed during the seasonal summer quarter demonstrates how the usage patterns for the residential customers base increases with the substantial increases in occupancy for the seasonal vacation homes and more discretionary outdoor summer water use. These increased demands for water and wastewater services during the seasonal summer months require FIPSD to provide incremental water and wastewater capacity that is are fully utilized during the off-season months.

Chart 3 presents the bill frequency analysis for residential customers from July 1, 2020, to September 30, 2020.

Chart 3: Residential Bill Frequency for Summer Quarter FY 2021 (July through September)



Again, the blue bars in the chart represent the percentages of residential account customers that have quarterly metered water usage that ends within each of the four usage tier intervals and the red bars represent the cumulative amount of water usage that occurs and is billed within each of the four usage intervals. While a much higher portion of residential accounts had metered water use of 10,000 gallons or less during the winter quarter, only 28% of the residential accounts had quarterly metered water use of 10,000 gallons or less during the summer quarter. Similarly, a much lower percentage (29%) of the total

residential metered water use was billed for usage within the tier 1 usage interval during the summer quarter as compared to the 49% of the total metered water use during the winter quarter. Again, the 29% of usage billed within the tier 1 usage interval includes all of the usage for the 28% of the residential accounts with metered usage of 10,000 gallons or less during the quarter; plus the first 10,000 gallons of metered water use for the remaining 72% of residential accounts during the quarter. This demonstrates that 72% of the residential accounts exhibited quarterly water usage that occurred above the tier 1 usage interval and that 71% of the residential usage was billed at the tiers 2, 3, and 4 consumption rates.

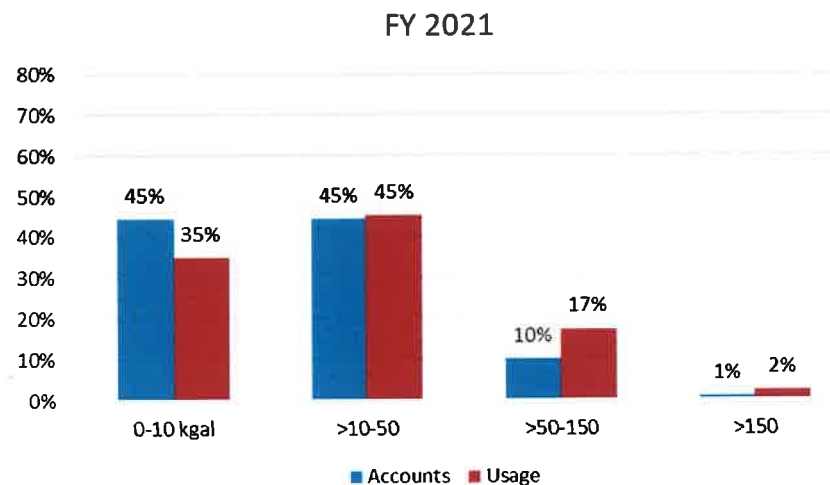
In summary, comparing the winter and summer quarterly bill frequency analyses demonstrates the significant increase in demands for water and wastewater services that occurs during the seasonal summer months when residential occupancies are higher, and a greater portion of residential accounts and metered water use are billed within the higher usage intervals.

C. FY 2021 Annual Bill Frequency Analysis

While the comparison of the winter and summer bill frequency analysis demonstrates the seasonal nature of the FIPSD customer demand patterns, a review of the annual FY 2021 bill frequency analysis allow us to evaluate the effectiveness of the current four-tiered water usage intervals in recovering the incremental costs of providing additional capacity and serving higher water use seasonal customers.

Chart 4 presents the bill frequency analysis for residential customers from July 1, 2020, to June 30, 2021.

Chart 4: Residential Bill Frequency for FY 2021 (July 2020 through June 2021)



The annual bill frequency analysis demonstrates that only 11% of residential customers had metered water usage that occurred above the tier 2 quarterly usage threshold of 50,000 gallons during FY 2021.³ Based on the current quarterly water usage intervals, 89% of residential customer bills and 81% of

³ Customer billing data for fiscal years 2019, 2020, and 2021 demonstrated consistent customer usage patterns during the three-year period.

residential customer water use was billed at the tier 1 rate (\$3.65 per 1,000 gallons) and/or tier 2 rate (\$3.85 per 1,000 gallons). This suggests that the current four-tiered water usage intervals are not necessarily set at appropriate thresholds to effectively encourage efficient water use or to recover FIPSD's additional cost to serve increased demands.

D. Alternative Three-Tiered Water Usage Intervals

An alternative rate design featuring three water usage intervals set with different tier 1 and tier 2 quarterly usage thresholds could enhance efficient water use by residential customers and be more effective in recovering the additional costs of serving higher use seasonal customers with more discretionary water use. Setting the tier 2 quarterly usage threshold below FIPSD's current tier 2 threshold and developing tiered consumption rates with a greater pricing differential between the essential use (tier 1) rate and the discretionary use (tier 3) rate would enhance the reward for wise water use, while recovering more cost of service from discretionary water use.

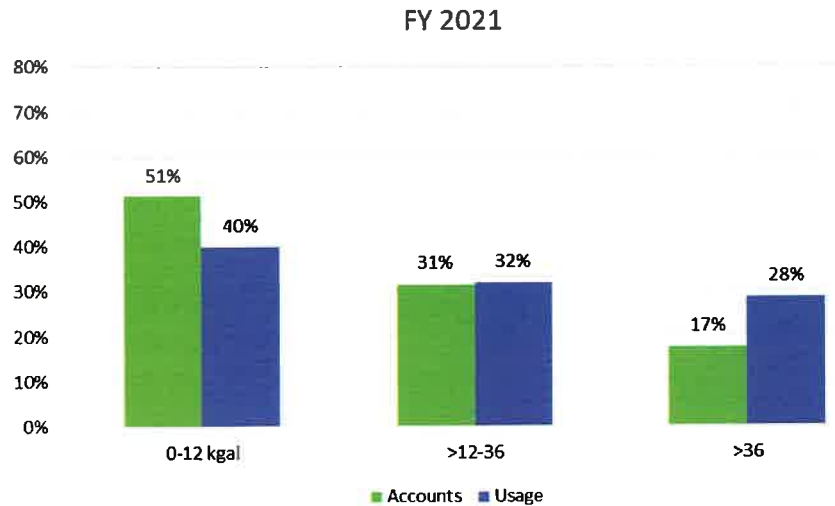
Although three alternative rate designs with varying three-tier usage intervals are evaluated as part of this Rate Study, the proposed usage intervals for alternative 1 are discussed in this section and are presented in Table 3 below.

Table 3: Proposed Three-Tiered Water Usage Intervals for Rate Alternative 1

Consumption Rate Tiers	Proposed Usage Intervals (gallons/quarter/unit)
Tier 1 – Essential Use	0 to 12,000
Tier 2 – Average Use	12,001 to 36,000
Tier 3 – Discretionary Use	All Above 36,000

Chart 5 presents the bill frequency for residential customers for FY 2021 under the three-tiered water usage intervals for water rate alternative 1.

Chart 5: Residential Bill Frequency for Alternative Three-Tiered Water Usage Intervals



Similar to the earlier charts, the green bars represent the percentages of residential account customers that have quarterly metered water usage that ends within each of the three usage intervals and the purple bars represent the cumulative amount of water usage that occurs and is billed within each of the three usage intervals. Increasing the tier 1 usage threshold from 10,000 to 12,000 gallons per quarter would allow a larger percentage (51%) of residential customers and water consumption (40%) to fall within the essential usage interval and be charged at the discounted essential use rate. Reducing the tier 2 usage threshold from 50,000 to 36,000 gallons per quarter would reduce the percentage of (31%) of residential customers and water consumption (32%) within the average usage interval and be charged at the average use rate. Finally, by eliminating the fourth tier and reducing the tier 2 usage threshold to 36,000 gallons per quarter will capture a much larger percentage of (17%) residential customer and water consumption (28%) within the discretionary usage interval and more seasonal water use will be charged at the highest discretionary use rate.

It should be noted that while only 17% of residential consumption is forecasted to be captured within the discretionary usage interval, a higher portion of irrigation and commercial customer use occurs above the 36,000 gallon per quarter threshold. Thus, a greater portion and amount of commercial water usage, particularly irrigation and restaurant customers, will be charged at the highest discretionary use rate. For more information on the usage patterns of irrigation and restaurant customers, see the bill frequency analysis charts for these customer groups in Appendix B.

Finally, FIPSD is interested in implementing a residential wastewater consumption rate structure and would like to recognize that a portion of residential water use relates to outdoor water use that is not returned to the wastewater system. For this reason, Confluence recommends implementing a residential indoor water use cap of 36,000 gallons of meter water use per quarter to be consistent with the average usage interval threshold under rate alternative 1. The residential indoor water use cap for the other

wastewater rate alternatives would be consistent with the average usage interval thresholds of those rate alternatives.

E. Forecast of Water and Wastewater Customers and Demands

As a 6.5 square mile barrier island that began development in 1962, Fripp Island has limited area for continued growth. According to FIPSD management, growth in recent years on the island averaged around 8 new homes per year. Growth in the current 2022 fiscal year however has been more significant with 18 new homes already added as Fripp Island and South Carolina have become popular destinations for people that can work remotely or seek lower housing costs. Based on this recent growth history, residential water and wastewater customer growth will be based on recent trends and anticipated future development based on discussions with FIPSD management. This growth is based on an assumed number of new homes in each year of the five-year forecast period, and all new homes are assumed to receive both water and wastewater services. As a private island community, commercial growth on Fripp Island is limited to amenities provided by the Fripp Island Golf and Beach Resort. For this reason, no growth in commercial water and wastewater accounts is anticipated during the five-year forecast period.

The analysis of metered usage by water and wastewater customers during the most recent three fiscal years indicates that metered usage has increased minimally on an annual basis. Metered usage and wastewater flows are projected during the five-year rate forecast period to increase at a 3.0% annual rate of growth.⁴

Table 4 summarizes the actual FY 2021 and estimated FY 2022 customer account and demand growth and a five-year projection of the water accounts and metered water use (including irrigation) from FY 2023 through FY 2027.

⁴ Actual water sales for the first three quarters of FY 2022 available at the time of this Report indicated that water demands in FY 2022 were slightly lower than water demands during that same period in FY 2021. FIPSD management believes that water sales were slightly higher than normal in FY 2021 as Covid restrictions in other areas of the country resulted in higher occupancies and demands for water services in Fripp Island. For this reason, the annual water demand for FY 2022 is estimated to be approximately 2.6% below the actual water sales for FY 2021.

Table 4: Current and Projected Water Customers and Demand (FY 2021 through FY 2021)

Units	Actual	Projected					
	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Residential ¹	1,725	1,725	1,750	1,765	1,775	1,785	1,795
Commercial ²	64	64	64	64	64	64	64
Other ³	2	2	2	2	2	2	2
Total	1,791	1,791	1,816	1,831	1,841	1,851	1,861

Metered Water Use (kgal)							
Residential ¹	130,868	127,456	131,266	135,187	139,226	143,384	147,668
Commercial ²	29,056	28,306	29,160	30,038	30,942	31,872	32,831
Other ³	3,926	3,824	3,939	4,058	4,180	4,306	4,436
Total	163,850	159,586	164,365	169,283	174,348	179,562	184,935

¹ The residential class includes Sunsites and Off-Island (Harbor Island) units and water consumption.

² Commercial class includes irrigation units and water consumption.

³ Other includes Hunting Island State Park and Fishing Pier which are assessed separate rates.

Table 5 summarizes the actual FY 2021 and estimated FY 2022 customer account and demand growth, and a five-year projection of the wastewater accounts and metered sewer flows for from FY 2023 through FY 2027.⁵

Table 5: Current and Projected Wastewater Customers and Demand (FY 2021 through FY 2027)

Accounts	Actual	Projected					
	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27
Residential ¹	1,695	1,695	1,720	1,735	1,745	1,755	1,765
Commercial ²	34	34	34	34	34	34	34
Total	1,729	1,729	1,754	1,769	1,779	1,789	1,799

Metered Water Use (kgal)							
Residential ¹	129,020	125,652	129,424	133,310	137,311	141,434	145,679
Commercial ²	6,074	5,921	6,104	6,292	6,485	6,686	6,892
Total	135,094	131,573	135,528	139,602	143,796	148,120	152,571

¹ The residential class includes Sunsites, but FIPSD does not provide sewer service to Off-Island (Harbor Island) customers. Residential customers are not currently assessed wastewater charges for metered water use. However, should FIPSD decide to implement a wastewater volume charge for residential customers, the portion of metered water use below the sewer use cap would be charged. Total water use by residential wastewater customers is presented in Table 5.

² Irrigation units are not charged for wastewater services. The table presents the total metered water use by the commercial wastewater customers, but the wastewater consumption rates are limited to metered usage above the minimum allowance of 22,500 gallons per quarter.

⁵ Actual metered sewer flows for the first three quarters of FY 2022 available at the time of this Report indicated that sewer demands in FY 2022 were slightly lower than sewer demands during that same period in FY 2021. FIPSD management believes that metered sewer flows were slightly higher than normal in FY 2021 as Covid restrictions in other areas of the country resulted in higher occupancies and demands for sewer services in Fripp Island. For this reason, the annual demand for FY 2022 is estimated to be approximately 2.6% below the actual demands for FY 2021.

IV. REVENUE REQUIREMENTS

Evaluating the ability of the existing FY 2022 rates and charges to fund the forecast of annual revenue requirements is a crucial initial step in the rate-setting process. The total annual costs for a water and wastewater utility to provide services to its customers are referred to as the utility's annual revenue requirements. Revenue requirements include the utility's annual operating expenses, its annual capital expenditures, and intergovernmental transfers. It is typical practice for government-owned utilities to recover revenue requirements that are determined on a cash-needs approach, with an objective to provide revenues sufficient to recover the total cash requirements during an annual period. Under the cash-needs approach, operating expenses are based on the utilities budgeted operating expenses for the initial test-year with anticipated inflationary and other demand related adjustments applied to project the operating expenses in the remaining forecast years. Annual capital expenditures include annual debt service (principal and interest) payments, cash funded pay-as-you-go (paygo) capital expenditures, and funding of debt and other reserves which typically provide net revenues sufficient to meet annual debt service coverage requirements. Non-cash expenditures, such as depreciation are excluded from the revenue requirements determined under the cash-needs approach.

This section of the report provides a discussion of the projected annual operating and capital expenditures (revenue requirements) of the FIPSD's utility enterprise fund.

1. Operating Expenses

The first step in determining the program of water and wastewater user rates and charges is to develop the forecast of annual operating expenses for the water and wastewater utilities. The forecast of water and wastewater operating expenses during the five-year forecast period is based on the estimated FY 2023 Operating Budget, which serves as the base year of the forecast.⁶ The FY 2023 operating expenses are forecasted to escalate based on anticipated annual increases in salaries of 5.0%, health insurance of 5.0%, retirement contributions of 5.0%, services and materials of 3.0%, and power and chemicals of 5.0%.

Since wholesale water costs represent a significant portion of the FIPSD's annual operating expenses, anticipated wholesale water rate increases by BJWSA have been incorporated into the forecast. These costs are forecasted based on anticipated wholesale unit rates per 1,000 gallons and projected demands for treated water delivered through a master meter located at just north of the Harbor River Bridge on St. Helena Island. The current wholesale rate of \$2.97 per 1,000 gallons is billed monthly and the forecast assumes annual wholesale rate increases of 3.0% and annual growth in FIPSD water purchases of 3.0% during the five-year forecast period.

⁶ At the time of this Report, FIPSD has not adopted its FY 2023 Operating Budget. The proposed revenue requirements and costs of service analysis are based on an estimated budget which serves as the base year of the forecast. Once FIPSD has a proposed Operating Budget, Confluence recommends that FIPSD management update the revenue requirements and related analyses to reflect FIPSD's proposed budget as the base year of the forecast.

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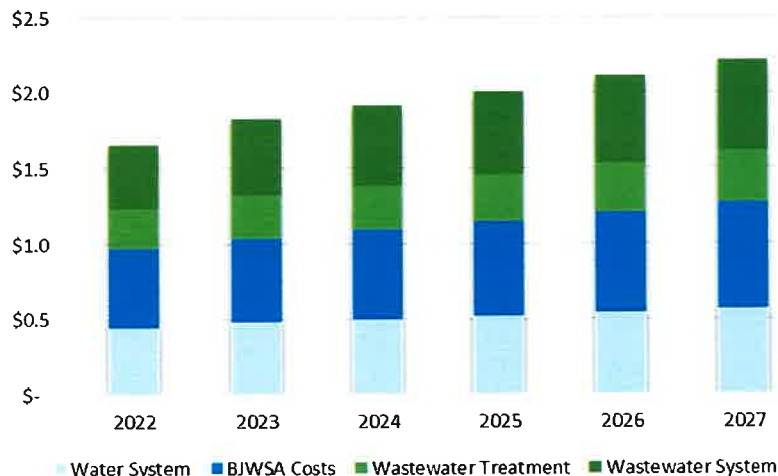
The current and projected wholesale water unit rates and projected annual water purchases and water purchase costs are presented in Table 6.

Table 6: Projected BJWSA Wholesale Water Unit Rates and Demands (per 1,000 gallons)

Projected Water Costs	2022	2023	2024	2025	2026	2027
BJWSA Wholesale Rate	\$2.97	\$3.06	\$3.15	\$3.24	\$3.34	\$3.44
Annual Purchases (1,000 gallons)	177,593	182,920	188,408	194,060	199,882	205,878
Estimated Annual Water Costs	\$527,450	\$559,736	\$593,485	\$628,755	\$667,606	\$708,222

The five-year projection of water and wastewater utility operating expenses are presented in Chart 5 below.

Chart 6: Projected Operating Expenses (\$millions)



As Chart 6 demonstrates, the BJWSA wholesale water costs represent a significant portion of FIPSD's projected operating expenses (over 30%) during the five-year forecast. These water purchase costs are largely out of FIPSD'S control and represent a key driver for the water rate forecast.

2. Capital Expenditures

Generally, utilities utilize four different financing methods which includes rate funded capital, impact fee funds, debt, and grant funded capital when available. FIPSD has historically used rate funded capital for less significant and routine types of repairs and improvements, and debt funding to finance major system improvements. For debt, FIPSD has used State Revolving Fund (SRF) Loans repaid through the collection of ad valorem tax proceeds assessed against properties located within the FIPSD service area. While annual water and wastewater debt service is paid through tax proceeds as opposed to through the user charge revenues, FIPSD still must meet a 1.20x bond coverage revenue test on the bonds and has a goal of meeting a 1.40x revenue test.

A. Annual Cash Funded Capital Expenditures

While FIPSD does not have a formally adopted five-year capital improvements plan (CIP), our forecast includes estimated annual water and wastewater rate funded capital expenditures. These estimated capital costs are determined based on the marginal revenue needed to meet FIPSD's annual 1.40x policy goal for its bond coverage revenue test. The plan includes annual contributions to a radio meter reading reserve fund and annual contributions to the 2013 Revenue Bond Reserve fund.

Table 7 provides a summary of the current FY 2022 capital expenditures and the five-year water and wastewater capital expenditures.

Table 7: Estimated Annual Rate Funded Capital Expenditures (FY 2022 through FY 2026)

Annual Rate Funded Capital	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Water System	\$60,000	\$57,300	\$75,000	\$75,000	\$75,000	\$75,000	\$417,000
Wells & Pumping	125,000	265,000	-	-	-	-	390,000
Radio Meter Reading Reserve	-	50,000	50,000	50,000	50,000	50,000	250,000
GIS Mapping	-	22,900	-	-	-	-	22,900
Sewer Lift Stations	-	24,800	30,000	30,000	30,000	30,000	144,800
Wastewater Treatment	-	31,878	65,000	65,000	65,000	65,000	291,878
Other Improvements	33,600	-	-	-	-	-	32,600
2013 Revenue Bond Reserve	-	35,000	35,000	35,000	35,000	35,000	175,000
Total Capital Expenditures	\$218,600	\$486,878	\$255,000	\$255,000	\$255,000	\$255,000	\$1,725,478

As Table 7 demonstrates, the estimated annual capital expenditures for water and wastewater during the five-year forecast period (FY 2023 through FY 2027) averages approximately \$300,000 per year. Again, these capital expenditures are forecasted based on FIPSD's annual 1.40x policy goal for its bond coverage revenue test. The annual rate capital expenditures provide FIPSD with flexibility to perform repairs and replacements on its existing infrastructure. Should FIPSD not require capital expenditures in the amounts estimated in a given year, the user charge revenues should generate additional cash balances which can be accumulated to provide funds for capital expenditures in later years.

B. Annual Debt Service

Because FIPSD does not anticipate any major water or wastewater capital improvements during the five-year forecast period that would require additional debt issues, the only debt service related to the water and wastewater systems are the four debt issues currently outstanding. These include the 2004 SRF Loan, the 2014 SRF Loan, the 2014 Refunding Bonds (Vacuum Sewer), and the 2018 SRF Loan. All of these debt issues related to the wastewater system except the 2018 SRF Loan which was used to construct the Harbor River Water Line Replacement.

Table 8 presents the annual debt service on FIPSD's currently outstanding debt during the five-year planning period. Because all of the water and wastewater debt is repaid either through a millage assessed as part of the local ad valorem taxes or through front-foot assessments collected through the Beaufort

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County taxing authority, this annual debt service is not included in the annual revenue requirements that are recovered through annual water and wastewater user rates and charges.

Table 8: Forecast of Annual Debt Service Requirements

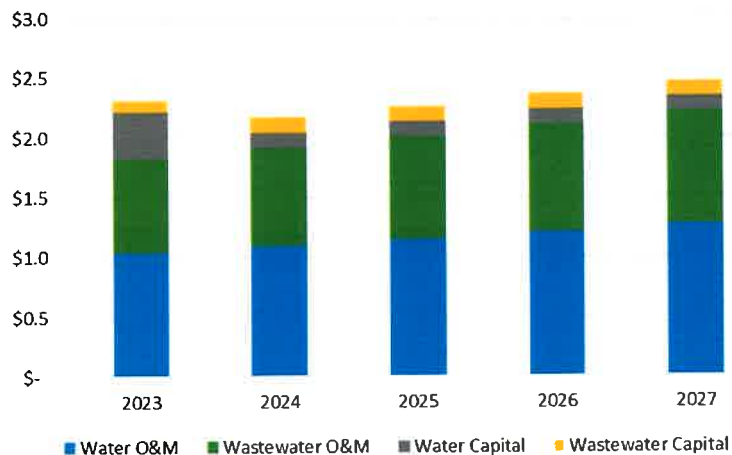
2004 G.O. Bond (WWTP)	2004 G.O. Bond (WWTP)	2014 G.O. Bond (WWTP)	2013 Refunding - Vacuum Sewer	2018 SRF - Harbor River WL	Total Utility Debt Service
FY 2023	\$ 382,156	\$ 60,776	\$ 363,967	\$ 167,462	\$ 974,361
FY 2024	\$ 382,156	\$ 60,776	\$ 363,902	\$ 167,462	\$ 974,296
FY 2025	\$ 382,155	\$ 60,776	\$ 363,835	\$ 167,462	\$ 974,229
FY 2026	\$ 286,617	\$ 60,776	\$ 363,767	\$ 167,462	\$ 878,622
FY 2027	\$ -	\$ 60,776	\$ 363,697	\$ 167,462	\$ 591,935

3. Annual Revenue Requirements

The annual revenue requirements include the five-year forecast of operating expenses, wholesale water purchases, and the annual rate funded capital expenditures included in FIPSD's five-year financial plan. Because ad valorem taxes and vacuum sewer assessments are assessed on Fripp Island properties with the specific purpose of funding the annual debt service on the water and wastewater debt issues, the projection of annual revenue requirements excludes the debt service on the four debt issues related to water and wastewater. Each year, FIPSD makes interfund transfers from its debt service fund to the water and wastewater fund in the appropriate amounts to fund general obligation debt.

Chart 7 presents the annual water and wastewater revenue requirements during the five-year forecast.

Chart 7: Forecast of Annual Revenue Requirements (\$ in millions)



As Chart 7 demonstrates, the forecasted annual water and wastewater revenue requirements increase from approximately \$2.3 million in FY 2023 to approximately \$2.5 million in FY 2027.

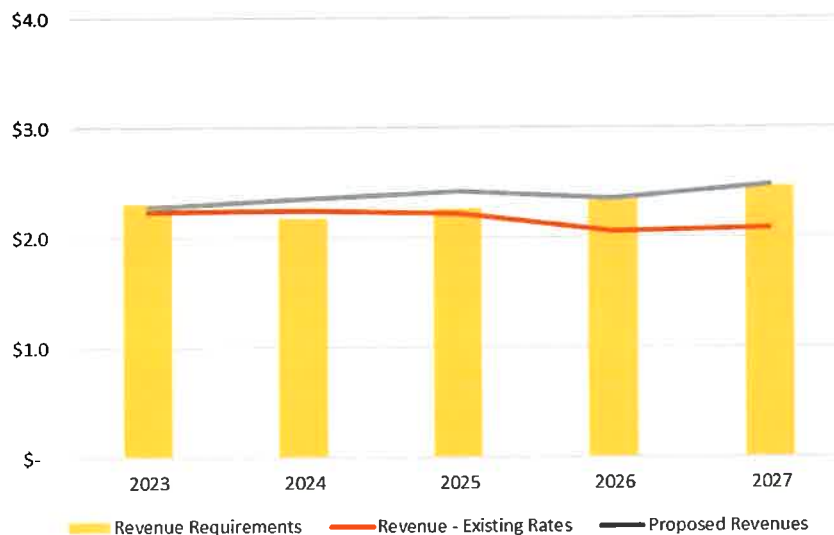
A. Revenue Sufficiency and Recommended Rate Revenue Adjustments

The next step of the Rate Study is to evaluate whether revenues under existing rates would be adequate, or sufficient to recover the projected revenue requirements over the five-year planning period. First, revenues were estimated under existing FY 2022 water and wastewater user rates and charges assuming annual growth in new accounts and projected metered water use. Forecasted revenue under the current rates and charges were then compared to the annual revenue requirements of the water and wastewater systems. This analysis indicates that with inflationary cost increases, rate funded capital expenditures, and debt service coverage policy goals; anticipated customer demand and the existing user rates and charges are not sufficient to recover the annual revenue requirements for the water system or the wastewater system during the planning period. To maintain the FIPSD's minimum debt service coverage ratio of 1.40x; FIPSD will need to implement a program of annual adjustments to its water and wastewater rates.

To address projected revenue deficiencies and meet the FIPSD operating costs and financial policy targets during the five-year rate forecast period, Confluence projects annual average water rate increases of approximately 4.0% and annual average wastewater rate increases of approximately 4.0% during each of the five-year rate forecast period. These recommended rate increases are consistent with anticipated annual inflation.

The estimated annual revenue sufficiency/deficiency under the existing water and wastewater rates and the projected forecast of water and wastewater rate adjustments to address the projected deficiencies are shown over a five-year planning period in Chart 8 below.

Chart 8: Revenue Sufficiency Under Recommended Rate Adjustments (\$ in millions)



A key measure of a utility's financial strength is its debt service coverage ratio. The debt service coverage ratio measures the utility's performance in generating sufficient operating revenues to cover its debt service obligations. While the FIPSD's revenue bond resolution requires a minimum debt coverage of 1.2x,

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FIPSD has established a debt coverage revenue test target policy of 1.4x for its water and wastewater system debt. As Table 9 demonstrates, the recommended rate adjustment program is expected to help FIPSD maintain this measure throughout the five-year rate forecast period with the exception of FY 2026. Confluence recommends FIPSD monitor the debt service coverage on an annual basis and evaluate whether larger rate increases are needed in FY 2026.

Table 9: Rate Adjustments and Debt Coverage During 10-Year Projection Period

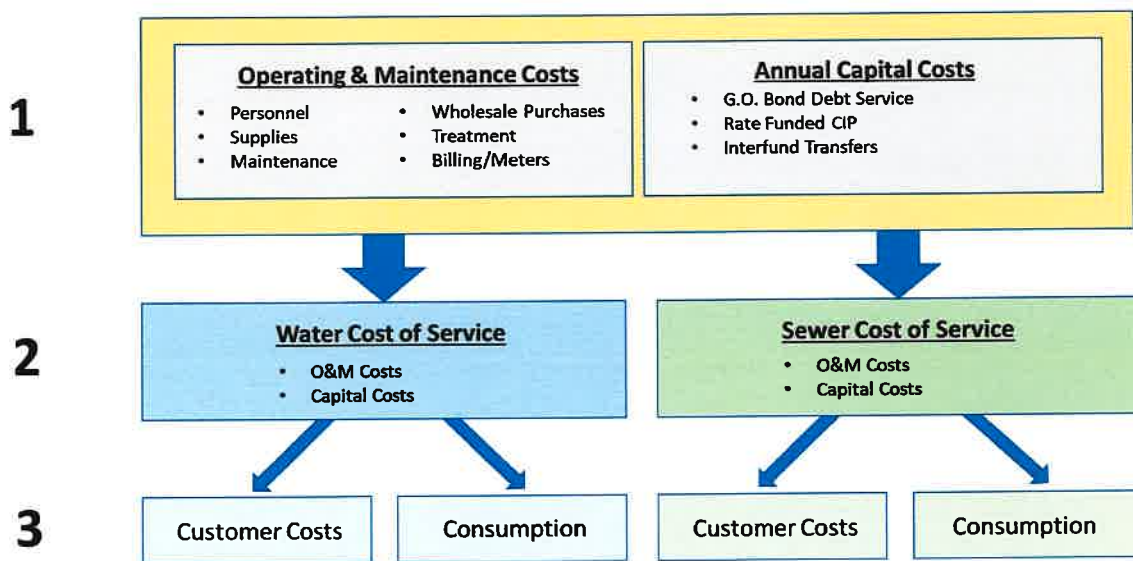
Rate Revenue Increases	Recommended				
	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Water Rates	2.00%	4.00%	5.00%	5.00%	5.00%
Sewer Rates	2.00%	4.00%	5.00%	5.00%	5.00%
Combined Rates	2.00%	3.92%	4.72%	4.50%	4.31%
Debt Coverage	1.44x	1.43x	1.40x	1.25x	1.41x

It should be noted that a major driver of the projected rate increases during the planning period is the pending loss of water tank lease payments due to the expiration of several agreements with cellular providers that currently utilize FIPSD's storage tanks as cell towers. If the expiring agreements are not renewed or replaced, FIPSD's water tank lease revenues could decrease from approximately \$300,000 per year in FY 2023 to approximately \$40,000 by FY 2027. The anticipated loss of these non-user rate revenues has been factored into the financial forecast and are reflected in the projected water and wastewater rate increases. However, should FIPSD succeed in renewing or replacing some or all of these water tank leases, it is likely that the magnitude of the FY 2026 and FY 2027 rate adjustments could be mitigated.

V. COST OF SERVICE ANALYSIS

The previous section presented the forecast of annual revenue requirements and annual rate adjustment needed to fund operations and meet annual debt coverage goals. This Section describes the process and results of our analyses to allocate the estimated FY 2023 revenue requirements among the water and wastewater systems, functional cost categories, and the units of service related to the customer classes and demands. Chart 9 provides a diagram illustrating the process used to perform the costs of service analysis for the FIPSD.

Chart 9: Cost of Service Process



1. Determining Water and Sewer Cost of Service

FIPSD's estimated operating costs include on-going expenses related to general & administrative, water purchases from BJWSA, water system operations, wastewater treatment, lift stations, collection mains, and vacuum sewer system operations. Although many of these costs are segregated among water and wastewater within the utility budget, the general & administrative expenses are related to personnel and other costs to operate and support both the water and wastewater system. Based on conversations with FIPSD management, the time and costs of personnel is generally split equally among water and wastewater and the general & administrative operating costs are most appropriately allocated 50/50 among water and wastewater.

Table 10 summarizes the forecasted FY 2023 revenue requirements into broader expenditure categories and summarizes the allocation of the expenditures among water and sewer.

Table 10: Allocation of FY 2023 Utility Budget to Water and Sewer

Operating expenses	Utility	Water	Sewer
General & Administration	\$ 774,812	\$ 387,406	\$ 387,406
Source of Supply/Treatment	559,736	559,736	
Pumping	14,262	14,262	
Transmission & Distribution	11,740	11,740	
Storage	48,925	48,925	
Meters	15,759	15,759	
Hydrants	3,000	3,000	
Treatment Costs	167,222		167,222
Sludge Disposal	115,742		115,742
Vacuum System	34,174		34,174
Collection Lines	39,500		39,500
Lift Stations/Electricity	31,787		31,787
Other	10,086		10,086
Subtotal Operating expenses	\$ 1,826,744	\$ 1,040,828	\$ 785,916
Capital Expenditures			
Rate Funded Capital	\$ 486,878	\$ 390,000	\$ 96,878
Annual Debt Service ¹	<u>974,361</u>	<u>167,462</u>	<u>806,899</u>
Subtotal Capital Expenditures	\$ 1,461,239	\$ 557,462	\$ 903,777
TOTAL REVENUE REQUIREMENTS	\$ 3,287,983	\$ 1,598,290	\$ 1,689,693

¹ Since all of FIPSD's utility debt is repaid through ad valorem taxes and front-foot assessments, annual debt service is funded annually through an interfund transfer from the debt service fund as opposed to being recovered through user rates and charges.

As Table 4 demonstrate, the costs of service allocations result in approximately \$1.6 million of the combined \$3.3 million in utility revenue requirements allocated to water and approximately \$1.7 million allocated to sewer. Although the allocation of utility costs of service includes annual debt service, all of FIPSD's utility debt is repaid through ad valorem taxes and front footage assessments and is therefore not recovered through user rates and charges. For more detail on the specific allocation factors for each budgetary line items to water and sewer, see Supporting Schedule 1 in Appendix A.

2. Allocating Water Costs to Base Charges and Consumption Rates

The next step is to allocate the water costs of service among the variable and fixed components of the user rate and charge structure. Variable costs are those expenditures that tend to vary with the total quantity of water use and costs consists of both base variable costs that are associated with providing service to customer under average load conditions and extra-capacity costs which are associated with meeting the peak demand use requirements that are in excess of average use. Customer costs are those expenditures associated with serving customers regardless of the amount or rate of water use.

The allocation of water costs to the volume and base user rate and charge categories is provided in Table 11 below.

Table 11: Allocation of Water Costs to User Charge and Rate Categories

Cost Category	Total	User Rate and Charge Category	
		Volume	Customer
General & Administrative	\$ 387,406	\$ -	\$ 387,406
Source of Supply/Treatment	559,736	559,736	-
Pumping	14,262	14,262	-
Transmission & Distribution	11,740	11,740	-
Storage	48,925	48,925	-
Meters	15,759	-	15,759
Hydrants	3,000	-	3,000
Debt Service ¹	167,462	-	167,462
Rate Funded Capital	390,000	305,000	85,000
Adjustment ²	5,137	8,332	(3,200)
Total Water Costs	\$ 1,603,422	\$ 947,995	\$ 655,427
Less Other Revenue ¹	(556,416)	(328,270)	(228,146)
Net Cost to Recover Through Rates	\$ 1,047,007	\$ 619,725	\$ 427,282

Units of Service

Annual Metered Water Use	160,445	
Equivalent Meter Units (Annual)		8,262
Per Unit Rates	\$ 3.87	\$ 51.70

- ¹ Annual water debt service is funded annually through an interfund transfer from the debt service fund. The interfund transfers equals the annual water debt service and is included in the other revenue that is offset against the volume costs.
- ² Adjustment reflects the amount of surplus or deficit estimated to achieve unit rates that will provide similar revenues based on the increases to the proposed increase to the existing rates.

A. Consumption Rate Calculations

The three consumption rates for each of the water rate alternatives are then determined in order to recover the variable costs that are allocated to the consumption rate component categories. The three consumption rates are determined to reflect the cost to serve essential water use, average water use, and discretionary water use.

- The essential use rate is set below the average water use rate as a discounted rate that provides an incentive for efficient water use and to recover costs associated with essential indoor water use. This rate is discounted because providing water for essential uses requires a minimal amount of system capacity under less than average load conditions.
- The average use rate represents the \$3.87 per 1,000 gallons average unit rate for the total annual consumption of the system. The average use rate represents the unit rate to provide water under average load conditions.
- The discretionary use rate is set to recover extra capacity costs associated with providing water during peak demands and is determined based on recovering the variable costs not recovered through the essential use and average use rates. This rate is set at a premium as it recovers the marginal costs of providing extra capacity and purchasing additional water to serve peak periods.

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The three consumption rates are determined to provide pricing differentials among the rates that are more closely aligned with the seasonal peak demand patterns of the FIPSD customer base. Table 12 presents the costs of service recovered through the three consumption rates under each of the water rate alternatives. Because the Hunting Island State Park rates are assessed based on a two-tiered structure, the consumption in Table 12 excludes Hunting Island State Park usage.

Table 12: Cost of Service Recovered Through Three-Tiered Consumption Rates

Alternative 1	Usage Interval (1,000 gals)	FY 2023 Cost of Service	FY 2023 Consumption	Consumption Rate	Price Differential
Essential Use	0-12	\$ 172,023	57,341	\$ 3.000	1.00
Average Use	12-36	\$ 166,785	43,097	\$ 3.870	1.29
Discretionary Use	>36	\$ 280,833	60,007	\$ 4.680	1.56
		\$ 619,641	160,445		
Alternative 2					
Essential Use	0-12	\$ 173,040	57,680	\$ 3.000	1.00
Average Use	12-45	\$ 198,113	51,192	\$ 3.870	1.29
Discretionary Use	>45	\$ 248,577	51,572	\$ 4.820	1.61
		\$ 619,730	160,444		
Alternative 3					
Essential Use	0-15	\$ 196,608	65,536	\$ 3.000	1.00
Average Use	15-45	\$ 167,737	43,343	\$ 3.870	1.29
Discretionary Use	>45	\$ 255,247	51,565	\$ 4.950	1.65
		\$ 619,592	160,444		

The essential use costs of service are determined based on an essential use rate set at \$3.00 per 1,000 gallons for each of the alternatives. This rate is discounted below the average use rate to encourage and reward wise water use and is multiplied by the consumption within the essential usage interval for each alternative.

The average use costs of service are determined based on the average use rate of \$3.87 per 1,000 gallons multiplied by the consumption within the average usage interval for each alternative. This results in a price differential of 1.29x when compared to the essential use rate for each alternative.

The discretionary use costs of service represent the remaining variable costs of service for each alternative. The discretionary use rates are determined by dividing the essential use costs of service for each alternative by the consumption within the discretionary use interval for each alternative.

Because annual consumption within each of the usage intervals varies among the three alternatives, the discretionary use rate and resulting price differential varies under each alternative. Because increasingly more consumption occurs within the essential and average usage intervals under each alternative, the discretionary use rate and resulting price differentials are increasingly higher with each alternative. The price differentials for the discretionary use rate when compared to the essential use rate range from 1.56x to 1.65x. The greater the differential, the greater the pricing incentive for wise water use.

B. Base Charge Calculations

Customer costs tend to vary less with customer usage than the variable costs are recovered through the quarterly base charges. The customer costs include general & administrative costs associated with customer service and personnel costs that tend to remain more consistent during the year and on an annual basis. For this reason, these costs are typically recovered through fixed quarterly base charges. Because the water base charges are determined based on the same costs of service under each of the three alternatives, the water base charges are the same for each rate design alternative.

Table 13 presents the costs of service recovered through the water base charges under each of the water rate alternatives.

Table 13: Cost of Service Recovered Through Water Base Charges

Quarterly Base Charge Calculation	FY 2023 Cost of Service
Customer Costs	\$ 427,282
Annual Equivalent Meter Units ¹	8,262
Quarterly Base Charge per Equivalent Residential Unit (ERU)	\$ 51.70

¹ Annual equivalent meter units represents the number of customer account equivalents based on the number of multiple units served per master meter and base charge differentials applied to meters of different sizes. FIPSD's quarterly base charges are assessed based on the number of units served by a meter and charges higher base charges to commercial customers with larger meters that require more system capacity. The annual equivalent meter units represent the forecasted number of these equivalents that will be billed during FY 2023 (2,065 * 4 quarterly billings).

The quarterly water base charge calculated in Table 13 represents the base charge for an equivalent residential unit, or ERU. The ERU represents the typical single-family residential customer with a ¾-inch meter. This quarterly base charge per ERU is determined by applying capacity ratios to units and meter sizes that require varying amounts of water system capacity.⁷ These capacity ratios are applied to the \$51.70 quarterly base charge per ERU to determine the various base charges assessed to larger meter commercial customers and customers with different capacity requirements such as hotel rooms. Table 17 presents the capacity ratios and updated quarterly base charges for the various FIPSD customers.

3. Allocating Wastewater Costs to Base Charges and Consumption Rates

Similar to water, the wastewater costs of service are allocated among the variable and fixed components of the wastewater user rate and charge structure. Variable costs are those expenditures that tend to vary with the total quantity and strength loads of wastewater that are discharged into the FIPSD wastewater system. Similar to water the customer costs are those expenditures associated with serving customers regardless of the amount or strength load of wastewater discharge are the customer costs.

⁷ The majority of FIPSD's residential customers have 5/8" meters. For the purposes of determining the charge ratios, both 5/8" and ¾" meters are considered to be the standard size meter for a residential equivalent unit.

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The allocation of water costs to the volume and customer user rate and charge categories is provided in Table 14 below.

Table 14: Allocation of Wastewater Costs to User Charge and Rate Categories

Cost Category	Total	User Rate and Charge Category	
		Volume	Customer
General & Administrative	\$ 387,406	\$ -	\$ 387,406
Treatment Costs	167,222	167,222	-
Sludge Disposal	115,742	115,742	-
Vacuum System	34,174	34,174	-
Collection Lines	39,500	39,500	-
Lift Stations/Electricity	31,787	31,787	-
Other	10,086	-	10,086
Debt Service ¹	806,899	-	806,899
Rate Funded Capital	96,878	-	96,878
Adjustment ²	(8,945)	(5,845)	(3,100)
Total Wastewater Costs	\$ 1,680,748	\$ 382,579	\$ 1,298,169
Less Other Revenue ¹	(888,085)	\$ (78,163)	\$ (809,922)
Less Commercial Revenue ³	(30,629)	\$ (16,349)	\$ (14,280)
Net Cost to Recover Through Rates	\$ 762,034	\$ 288,067	\$ 473,667

Units of Service

Annual Billable Wastewater Flows	98,162	
Equivalent Meter Units (Annual)		6,821
Per Unit Rates and Charges⁴	\$ 2.94	\$ 69.50

- ¹ Annual wastewater debt service is funded annually through an interfund transfer from the debt service fund and vacuum sewer assessments collected specifically to repay the 2014 Refunding Bonds. The interfund transfer and annual assessments equal the annual wastewater debt service and is included in the other revenue that is offset against the customer costs.
- ² Adjustment reflects the amount of surplus or deficit estimated to achieve unit rates that will provide similar revenues based on the increases to the proposed increase to the existing rates.
- ³ Both wastewater rate design alternatives are designed to maintain the current FY 2022 commercial wastewater rates. For this reason, an offset for the estimated FY 2023 commercial consumption rate revenue is provided against the volume costs and an offset for the estimated FY 2023 commercial minimum charge revenue is provided against the customer costs.
- ⁴ The \$2.94 per 1,000 gallons of consumption rate represents the consumption charge for wastewater rate design alternative 1, which incorporates a 36,000 gallon per quarter indoor water use cap. The per unit consumption rate for wastewater rate alternative 2 is \$2.89 per 1,000 gallons as determined based on a 45,000 gallon per quarter indoor water use cap.

A. Residential Consumption Rate Calculations

Because the residential wastewater consumption rates for each wastewater rate alternative are uniform rates assessed per 1,000 gallons for all customer wastewater usage up to the indoor water use cap, a single consumption rate is calculated for each alternative based on all FY 2023 variable wastewater costs. Table 15 presents the costs of service recovered through the residential consumption rate determined for each of the wastewater rate alternatives.

Table 15: Cost of Service Recovered Through Residential Wastewater Consumption Rate

	Indoor Water Use Cap	FY 2023 Cost of Service	FY 2023 Consumption	Consumption Rate
Alternative 1	36,000	\$ 288,067	98,162	\$ 2.940
Alternative 2	45,000	\$ 288,067	99,790	\$ 2.890

Because alternative 1 has a lower indoor water cap of 36,000 gallons per quarter, the residential consumption rate for alternative 1 is slightly higher than the same rate determined for the higher 45,000 gallon per quarter indoor water use cap assumed for alternative 2.

B. Residential Base Charge Calculations

As with water, the customer costs that tend to vary less with customer usage than the variable costs are recovered through the quarterly residential base charges. The customer costs include general & administrative costs associated with customer service and personnel costs that tend to remain more consistent during the year and on an annual basis. For this reason, these costs are typically recovered through fixed quarterly base charges. Because the residential wastewater base charges are determined based on the same costs of service and customer assumptions under each of the two wastewater alternatives, the base charges for each rate design alternative are the same.

Table 16 presents the costs of service recovered through the residential wastewater base charges under both wastewater rate alternatives.

Table 16: Cost of Service Recovered Through Residential Wastewater Base Charge

Quarterly Base Charge Calculation	FY 2023 Cost of Service
Customer Costs	\$ 473,667
Annual Equivalent Meter Units ¹	6,821
Quarterly Base Charge per Equivalent Residential Unit (ERU)	\$ 69.50

¹ Annual equivalent meter units represents the number of customer accounts equivalents based on the number of multiple units served per meter and meter size. FIPSD's quarterly base charges are assessed based on the number of units served by a meter and charges higher base charges to commercial customers with larger meters that require more system capacity. The annual equivalent meter units represent the forecasted number of these equivalents that will be billed during FY 2023 (1,705 * 4 quarterly billings).

The quarterly residential wastewater base charge calculated in Table 16 represents the base charge for an equivalent residential unit, or ERU. The ERU represents the typical residential customer with a ¾-inch meter. Table 20 presents the updated quarterly base and minimum charges for the various FIPSD customers.

VI. ALTERNATIVE RATE STRUCTURES TO CONSIDER

A primary objective for this Rate Study is to identify opportunities to improve the customer equity and fairness of FIPSD's water and wastewater rate structures. The water and wastewater rate structure recommendations in this section are limited to modifications to the existing rate structures and are designed to recover the estimated FY 2023 costs of service for water and wastewater as discussed in Section V: Costs of Service Analysis. The rate structure alternatives are developed based on discussions with FIPSD management and rate design workshops with the Commissioners to identify the pricing objectives for developing potential rate modifications. Based on these discussions, Confluence developed three alternative water rate designs and two alternative wastewater rate designs.

The three water rate alternatives are similar as they each involve moving from the current four-tiered conservation rate structure to a more simplified three-tiered conservation rate structure. However, the three water alternatives each include:

- Modifying the current usage intervals to enhance water conservation incentives, and
- Determining consumption rates designed to recover a greater proportion of costs from discretionary water users during the seasonal summer months when residential occupancies and demand for water increase substantially.⁸

For wastewater, the alternative rate designs include developing a quarterly base charge and uniform wastewater consumption rate that can be applied to residential water use that is returned to the FIPSD wastewater collection system. Since outdoor and irrigation water use is not returned to the collection system, both alternatives incorporate a quarterly sewer usage cap set to be consistent with the average water usage threshold of the alternative water rate designs.

1. Water Rate Structure Alternatives

As part of the FY 2023 water cost of service analysis, Confluence calculated updated quarterly base charges assessed per unit and meter size for commercial customers with larger meters. Because they provide for higher water consumption, larger meters are typically charged higher base charges to recover the higher costs of system capacity they require. The updated quarterly base charges are the same under each of the water rate alternative and represent an increase when compared to the current quarterly base charges.

Table 17 presents the quarterly base charges under the current FY 2022 rate structure and the three alternative water rate designs.

⁸ For more information on the seasonal water usage patterns, see Section III: Customer Demand Patterns and Growth.

Table 17: Quarterly Water Base Charges

Customer Class/Meter Size	Capacity Ratio ¹	FY 2022 Base Charge	FY 2023 Base Charge ²
Residential	1.00	\$ 46.00	\$ 51.70
Hotel Room/Sunsuits	0.54	\$ 25.00	\$ 28.10
Off-Island ³	1.40	\$ 64.60	\$ 72.61
Commercial/Irrigation			
¾" Meter	1.00	\$ 46.00	\$ 51.70
1" Meter	1.70	\$ 78.20	\$ 87.89
1.5" Meter	3.30	\$ 151.80	\$ 170.61
2" Meter	5.30	\$ 243.80	\$ 274.01
3" Meter	10.08	\$ 463.80	\$ 521.28
Hunting Island Fishing Pier	3.79	\$ 174.20	\$ 195.79
Hunting Island State Park	192.04	\$ 8,833.83	\$ 9,928.46

- ¹ The capacity ratio represents the potential capacity that different meter sizes can use in relation to the typical residential meter, or a ¾" meter. The updated FY 2023 base charges maintain the same capacity ratios used to determine the current quarterly base charges.
- ² The FY 2023 quarterly base charges are updated to recover fixed customer and meter reading costs. Base charges calculations may differ slightly due to rounding.
- ³ Off-Island includes those customers located on Harbor Island that receive water service from FIPSD.

The existing tiered rates and usage thresholds are not as equitable as they could be in recovering the higher costs of providing additional capacity to higher use seasonal residents and commercial customers. The seasonal usage patterns of FIPSD's residential customer base produces a seasonal peaking factor of approximately 2.25x when compared to average winter usage patterns, and an annual peaking factor of approximately 1.40x when compared to the average annual usage patterns. To improve customer equity and recover more of the costs of service from higher use customers that require extra capacity, the three water rate alternatives focus on modifying the usage interval thresholds to capture a greater portion of total water usage within the discretionary water usage interval. The three-tiered consumption rates under each alternative are determined based on the water revenue requirements and costs of service for FY 2023, as discussed in Section V: Costs of Service Analysis.

The consumption usage intervals for the three water rate designs and the FY 2023 annual water consumption forecasted to be captured within each of the usage intervals are presented in Table 18.⁹

⁹ The annual water consumption estimated to be captured within the usage intervals is based on historical customer usage patterns and the estimated metered water use for the entire FIPSD customer base in FY 2023.

Table 18: Consumption Usage Intervals and Consumption for Alternative Water Rate Designs

Rate Tier	Consumption Usage Intervals (gallons)			
	Current	Alternative 1	Alternative 2	Alternative 3
Block 1	0 – 10,000	0 – 12,000	0 – 12,000	0 – 15,000
Block 2	10,001 – 50,000	12,001 – 36,000	12,001 – 45,000	15,001 – 45,000
Block 3	50,001 – 150,000	> 36,000	> 45,000	> 45,000
Block 4	> 150,000			

Rate Tier	Estimated FY 2023 Consumption (1,000 gallons)			
Block 1	51,335	57,341	57,680	65,536
Block 2	61,376	43,097	51,192	43,343
Block 3	28,397	<u>60,007</u>	<u>51,572</u>	<u>51,565</u>
Block 4	<u>19,337</u>			
Total Consumption	160,445	160,445	160,444	160,444

NOTE: The consumption intervals for Hotel/Motel (Sunsuites) are assessed per room and reflect lower consumption levels than those applied to other customers. The current quarterly consumption intervals in gallons per room for Hotel/Motel customers are: Block 1: 0 to 5,000; Block 2: 5,001 to 25,000; Block 3: 25,001 to 75,000; and Block 4: all above 75,000. Under each of the alternative three block rate structures, the Block 4 consumption interval would be eliminated and all water usage above 25,000 gallons per quarter would represent the Block 3 consumption interval. Excludes Hunting Island State Park consumption.

The three-tiered conservation rates in each alternative are also designed to provide a greater price differential for the average use and discretionary use consumption rates. The current consumption rate structure, while providing 4 usage intervals and consumption rates, only provides a \$0.90 price differential between the tier 1 and tier 4 rates. This represents a differential between the lowest and highest consumption rate of only 1.25x, while the seasonal (2.25x) and annual (1.40x) peaking factors for the residential customer classes are much greater.

Table 19 presents the current and alternative consumption rates and the rate differentials among the various consumption rates in relation to the tier 1 consumption rates for each alternative.

Table 19: Consumption Rates and Rate Differentials of Alternative Water Rate Designs

Rate Tier	Consumption Rates (per 1,000 gallons of quarterly water use)			
	Current FY 2022	Alternative 1	Alternative 2	Alternative 3
Block 1	\$ 3.65	\$ 3.000	\$ 3.000	\$ 3.000
Block 2	\$ 3.85	\$ 3.870	\$ 3.870	\$ 3.870
Block 3	\$ 4.25	\$ 4.680	\$ 4.820	\$ 4.950
Block 4	\$ 4.55			

Rate Tier	Consumption Rate Differentials			
Block 1	1.00	1.00	1.00	1.00
Block 2	1.05	1.29	1.29	1.29
Block 3	1.16	1.56	1.61	1.65
Block 4	1.25			

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Again, it should be noted that the three-tiered consumption rates are determined based on the variable water costs of service for FY 2023. The essential use rate is set at \$3.00 per 1,000 gallons for each of the alternatives to provide a discounted rate to encourage efficient water use.

The average use rate of \$3.87 per 1,000 gallons is based on total variable costs divided by total system consumption and thus is the same for each of the alternatives. The average use rate results in a price differential of 1.29x when compared to the essential use rate.

The discretionary use rate for each alternative is calculated to recover the remaining variable costs of service in each alternative. Because annual consumption within each of the usage intervals varies among the three alternatives, the discretionary use rate and resulting price differential varies under each alternative. Because increasingly more consumption occurs within the essential and average usage intervals under each alternative, the discretionary use rate and pricing differentials are increasingly higher with each alternative, ranging from 1.56x to 1.65x.

For more detail on the water costs of service analysis, see Section V: Costs of Service Analysis.

2. Wastewater Rate Structure Alternatives

As part of the FY 2023 wastewater cost of service analysis, Confluence calculated a new residential quarterly base charge assessed per unit and a consumption charge per 1,000 gallons of indoor water use up to a quarterly cap. Under the two alternatives, the indoor water use cap is assumed to equal the average rate usage thresholds of the water alternatives, which is either 36,000 or 45,000 gallons per quarter. Confluence recommends maintaining the current commercial wastewater rate structure which includes a quarter minimum charge of \$105.00 to all commercial customers, regardless of meter size, that includes a usage allowance for up to 22,500 gallons per quarter of commercial water use. All commercial water use above 22,500 gallons per quarter is charged the \$6.30 per 1,000 gallons commercial consumption charge.

Table 20 presents the current and alternative wastewater rate structures.

Table 20: Quarterly Base Charges and Consumption Rates for Wastewater Rate Alternatives

Customer Category	Current FY 2022	Alternative 1	Alternative 2
<i>Quarterly Flat/Base/Minimum Charge¹</i>			
Residential	\$ 105.00	\$ 69.50	\$ 69.50
Commercial	\$ 105.00	\$ 105.00	\$ 105.00
Hotel Room/Sunsuites	\$ 56.00	\$ 37.40	\$ 37.40
<i>Consumption Charges (per 1,000 gals)</i>		<i>(36,000 cap)²</i>	<i>(45,000 cap)²</i>
Residential (For usage up to cap)	N/A	\$ 2.94	\$ 2.89
Commercial (above 22,500 gallons)	\$ 6.30	\$ 6.30	\$ 6.30

- 1 Where a single water meter serves more than one unit, the base charge and minimum charge are multiplied by the number of units served. Base charges calculations may be differ slightly due to rounding.

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2. The Hotel Room and Sunsuites units would not be provided a usage cap as all water use in these units is indoor water use.

The current rate structure recovers all of the residential wastewater costs of service through a \$105.00 flat quarterly fee. Under this flat fee residential structure, all customers pay the same quarterly fee regardless of how much indoor water use is returned to the collection system.

Since outdoor and irrigation water use is not returned to the collection system, both alternatives incorporate a quarterly indoor water use cap set to be consistent with the average rate usage threshold for the comparable water rate alternatives. Because wastewater alternative 2 provides a larger indoor water use cap, the calculated rate per 1,000 gallons of quarterly water use is lower than the calculated rate for alternative 1.

For more detail on the water costs of service analysis, see Section V: Costs of Service Analysis. When evaluating alternative water and wastewater rate designs, it is crucial to consider the quarterly bill impacts on customers with varying levels of quarterly water consumption. The quarterly bill impacts are presented and discussed in the following section.

VII. COMPARE CUSTOMER BILL IMPACTS OF ALTERNATIVE RATE STRUCTURES

Section V presented and evaluated the costs of service differences, assumptions, and rate calculations for three alternative water and two alternative wastewater rate structures. To provide additional information for the Commissioners in selecting the rate alternatives they feel best meets the FIPSD's utility rate objectives, this section compares the immediate FY 2023 residential customer bill impacts of each alternative. Whenever a utility implements a new or modified rate structure, there will be winners and losers depending on their quarterly usage and demand patterns. Therefore, it is important to assess how customers at varying quarterly usage levels will be impacted by the rate structure modifications being evaluated.

To demonstrate the variety of customer bill impacts for each of the rate alternatives, Confluence calculated quarterly bills under a range of quarterly water consumption levels for residential customers (5/8-inch meter) under each alternative. The 5/8-inch meter class represents all residential customers and the majority of commercial customers. Because the water and wastewater rate alternatives may impact the same customer differently depending on the customer's quarterly metered water usage, this section presents a variety of water, wastewater, and combined utility bills.

1. Water Residential Customer Bill Impacts

Residential customers with 5/8-inch meters represent approximately 94% of the FIPSD's water customers. Based on historical billing data, the typical FIPSD residential customer uses approximately 7,000 gallons per month, or 21,000 gallons per quarter.

A. Water Customer Bill Impacts (Alternative 1)

Table 21 presents the quarterly bills under water rate alternative 1 at various levels of quarterly water usage. Water rate alternative 1 is based on an essential usage interval of 0 to 12,000 gallons, an average usage interval of 12,001 to 36,000 gallons, and discretionary usage interval of all usage above 36,000 gallons per quarter.

Table 21: Residential Water Customer Impacts Under Alternative 1

Residential Water Customer (5/8 and ¾-inch Meter)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 103.18	\$ (2.42)	-2.3%
21,000	\$ 124.85	\$ 122.53	\$ (2.32)	-1.9%
32,000	\$ 167.20	\$ 165.10	\$ (2.10)	-1.3%
50,000	\$ 236.50	\$ 246.10	\$ 9.60	4.1%
100,000	\$ 449.00	\$ 480.10	\$ 31.10	6.9%

The typical residential customer with 21,000 gallons of metered water use per quarter will experience a \$2.32 decrease in their quarterly water bill under alternative 1, while higher use seasonal residential customers will experience increases to their quarterly water bill. The water rates under each of the alternatives are designed to encourage efficient water use by recovering more costs from seasonal residents that use more water use to meet outside water and higher occupancy demands.

B. Water Customer Bill Impacts (Alternative 2)

Table 22 presents the quarterly bills under water rate alternative 2 at various levels of quarterly water usage. Water rate alternative 2 is based on an essential usage interval of 0 to 12,000 gallons, an average usage interval of 12,001 to 45,000 gallons, and discretionary usage interval of all usage above 45,000 gallons per quarter.

Table 22: Residential Water Customer Impacts Under Alternative 2

Residential Water Customer (5/8 and ¾-inch Meter)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 103.18	\$ (2.42)	-2.3%
21,000	\$ 124.85	\$ 122.53	\$ (2.32)	-1.9%
32,000	\$ 167.20	\$ 165.10	\$ (2.10)	-1.3%
50,000	\$ 236.50	\$ 239.51	\$ 3.01	1.3%
100,000	\$ 449.00	\$ 480.51	\$ 31.51	7.0%

The typical residential customer with 21,000 gallons of metered water use per quarter will also experience a \$2.32 decrease in their quarterly water bill under alternative 2, while higher use seasonal residential customers will experience increases to their quarterly water bill. Although the discretionary use rate is higher under alternative 2, customers do not reach the discretionary usage interval until they reach 45,000 gallons per quarter which results in varying impacts for the higher use customers. The water rates under each of the alternatives are designed to encourage efficient water use by recovering more costs from seasonal residents that use more water use to meet outside water and higher occupancy demands.

C. Water Customer Bill Impacts (Alternative 3)

Table 23 presents the quarterly bills under water rate alternative 3 at various levels of quarterly water usage. Water rate alternative 3 is based on an essential usage interval of 0 to 15,000 gallons, an average usage interval of 15,001 to 45,000 gallons, and discretionary usage interval of all usage above 45,000 gallons per quarter.

Table 23: Residential Water Customer Impacts Under Alternative 3

Residential Water Customer (5/8 and ¾-inch Meter)				
Quarterly Usage	Current FY 2022	Proposed FY 2023 (Alternative 1)	Increase	
			(\$)	(%)
4,000	\$ 60.60	\$ 63.70	\$ 3.10	5.1%
8,000	\$ 75.20	\$ 75.70	\$ 0.50	0.7%
16,000	\$ 105.60	\$ 100.57	\$ (5.03)	-4.8%
21,000	\$ 124.85	\$ 119.92	\$ (4.93)	-3.9%
32,000	\$ 167.20	\$ 162.49	\$ (4.71)	-2.8%
50,000	\$ 236.50	\$ 237.55	\$ 1.05	0.4%
100,000	\$ 449.00	\$ 485.05	\$ 36.05	8.0%

The typical residential customer with 21,000 gallons of metered water use per quarter will experience a \$4.93 decrease in their quarterly water bill under alternative 3, while higher use seasonal user will experience increases to their quarterly water bill under alternative 2. Although the discretionary use rate is the highest under alternative 3, higher use customers are charged the \$3.00 essential rate for an additional 3,000 gallons per quarter which provides a greater savings to customers with average to moderate quarterly usage levels. Thus, alternative 3 provides the greatest quarterly bill savings for the average use residential customer. The water rates under each of the alternatives are designed to encourage efficient water use by recovering more costs from seasonal residents that use more water use to meet outside water and higher occupancy demands.

2. Wastewater Residential Customer Bill Impacts

Residential wastewater customers represent nearly 99% of the FIPSD's wastewater customers. Based on historical billing data, the typical FIPSD residential customer uses approximately 7,000 gallons per month, or 21,000 gallons per quarter.

A. Wastewater Customer Bill Impacts (Alternative 1)

Table 24 presents the quarterly bills under wastewater rate alternative 1 at various levels of quarterly water usage. Because residential customers do not have separate irrigation meters, wastewater rate alternative 1 is based on a quarterly indoor water usage cap of 36,000 gallons per quarter. Because the indoor water usage cap is set to equal the threshold for the average use water usage interval, wastewater rate alternative 1 would be implemented in conjunction with water rate alternative 1.

Table 24: Residential Wastewater Customer Impacts Under Alternative 1

Residential Sewer Customer (5/8 and ¾-inch Meter)					
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase		
			(\$)	(%)	
4,000	\$ 105.00	\$ 81.26	\$ (23.74)	-22.6%	
8,000	\$ 105.00	\$ 93.02	\$ (11.98)	-11.4%	
16,000	\$ 105.00	\$ 116.54	\$ 11.54	11.0%	
21,000	\$ 105.00	\$ 131.24	\$ 26.24	25.0%	
32,000	\$ 105.00	\$ 163.58	\$ 58.58	55.8%	
50,000	\$ 105.00	\$ 175.34	\$ 70.34	67.0%	
100,000	\$ 105.00	\$ 175.34	\$ 70.34	67.0%	

The typical residential customer with 21,000 gallons of metered water use per quarter will experience a \$26.24 increase in their quarterly water bill under alternative 1, while higher use seasonal residents will experience a maximum quarterly wastewater bill of \$175.34 for quarterly water use of 36,000 gallons or more. Similar to water, the wastewater rates under both alternatives are designed to encourage efficient water use by recovering more costs from high water users that typically have large vacation occupancies and more discretionary water use. However, wise water users and lower occupancy full-time residents are rewarded under both wastewater rate alternatives that provide lower quarterly base charges and consumption rates when compared to the current wastewater rate structure that assesses all customers a flat fee of \$105.00 regardless of quarterly water use.

B. Wastewater Customer Bill Impacts (Alternative 2)

Table 25 presents the quarterly bills under wastewater rate alternative 2 at various levels of quarterly water usage. Wastewater rate alternative 2 is based on a quarterly indoor water usage cap of 45,000 gallons per quarter. Because the indoor water usage cap is set to equal the threshold for the average use water usage interval, wastewater rate alternative 2 would be implemented in conjunction with water rate alternatives 2 and 3.

Table 25: Residential Wastewater Customer Impacts Under Alternative 2

Residential Sewer Customer (5/8 and ¾-inch Meter)					
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase		
			(\$)	(%)	
4,000	\$ 105.00	\$ 81.06	\$ (23.94)	-22.8%	
8,000	\$ 105.00	\$ 92.62	\$ (12.38)	-11.8%	
16,000	\$ 105.00	\$ 115.74	\$ 10.74	10.2%	
21,000	\$ 105.00	\$ 130.19	\$ 25.19	24.0%	
32,000	\$ 105.00	\$ 161.98	\$ 56.98	54.3%	
50,000	\$ 105.00	\$ 199.55	\$ 94.55	90.0%	
100,000	\$ 105.00	\$ 199.55	\$ 94.55	90.0%	

The typical residential customer with 21,000 gallons of metered water use per quarter will experience a \$25.19 increase in their quarterly water bill under alternative 2, while higher use seasonal residents will

experience a maximum quarterly wastewater bill of \$199.55 for quarterly water use of 45,000 gallons or more.

3. Combined Utility Residential Customer Bill Impacts

The typical FIPSD residential customer uses approximately 7,000 gallons per month, or 21,000 gallons per quarter.

A. Combined Utility Customer Bill Impacts (Alternative 1)

Table 26 demonstrates how residential customers receiving both water and sewer services at different amounts of quarterly water use will be impacted by implementing the water and wastewater rates under rate alternative 1.

Table 26: Residential Combined Utility Customer Impacts Under Alternative 1

Residential Water & Sewer Customer (5/8 and ¾-Inch Meter)					
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase		
			(\$)	(%)	
4,000	\$ 165.60	\$ 144.96	\$ (20.64)	-12.5%	
8,000	\$ 180.20	\$ 168.72	\$ (11.48)	-6.4%	
16,000	\$ 210.60	\$ 219.72	\$ 9.12	4.3%	
21,000	\$ 229.85	\$ 253.77	\$ 23.92	10.4%	
32,000	\$ 272.20	\$ 328.68	\$ 56.48	20.7%	
50,000	\$ 341.50	\$ 421.44	\$ 79.94	23.4%	
100,000	\$ 554.00	\$ 655.44	\$ 101.44	18.3%	

Based on the modifications to the water and wastewater rate structures under rate alternative 1, the typical residential customer with 21,000 gallons of metered water per quarter will experience a \$23.92, or 10.4% increase in their quarterly utility bill. It should be noted that the quarterly increase to the average residential customer relates entirely to the implementation of the residential wastewater consumption rate structure, as this customer receives a reduced quarterly water bill. The impact to the average customer demonstrates the inequity of the current flat rate wastewater charge assessed to all wastewater customers regardless of their quarterly water use.

Furthermore, the 21,000 gallons per quarter represents average annual water use per customer which includes the higher seasonal summer demands which reflect the higher occupancies of vacation residents. As mentioned in Section III, the demand patterns by full-time residents tend to average around 13,000 gallons per quarter and the quarterly bills for these customers will result in a slight decrease in their combined utility bill under all rate alternatives.

B. Combined Utility Customer Bill Impacts (Alternative 2)

Table 27 demonstrates how residential customers receiving both water and sewer services at different amounts of quarterly water use will be impacted by implementing the water and wastewater rates under rate alternative 2.

Table 27: Residential Combined Utility Customer Impacts Under Alternative 2

Residential Water & Sewer Customer (5/8 and 1/4-inch Meter)				
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase	
			(\$)	(%)
4,000	\$ 165.60	\$ 144.76	\$ (20.84)	-12.6%
8,000	\$ 180.20	\$ 168.32	\$ (11.88)	-6.6%
16,000	\$ 210.60	\$ 218.92	\$ 8.32	4.0%
21,000	\$ 229.85	\$ 252.72	\$ 22.87	9.9%
32,000	\$ 272.20	\$ 327.08	\$ 54.88	20.2%
50,000	\$ 341.50	\$ 439.06	\$ 97.56	28.6%
100,000	\$ 554.00	\$ 680.06	\$ 126.06	22.8%

Based on the modifications to the water and wastewater rate structures under rate alternative 2, the typical residential customer with 21,000 gallons of metered water per quarter will experience a \$22.87, or 9.9% increase in their quarterly utility bill. It should be noted that the quarterly increase to the average residential customer relates entirely to the implementation of the residential wastewater consumption rate, as this customer receives a reduced quarterly water bill. The impact to the average customer demonstrates the inequity of the current flat rate wastewater charge assessed to all wastewater customers regardless of their quarterly water use.

Furthermore, the 21,000 gallons per quarter represents average annual water use per customer which includes the higher demands during the seasonal summer months which reflect the higher occupancies of vacation residents. As mentioned in Section III, the demand patterns by full-time residents tend to average around 13,000 gallons per quarter and the quarterly bills for these customers will result in a slight decrease in their combined utility bill under all of the rate alternatives.

C. Combined Utility Customer Bill Impacts (Alternative 3)

Table 28 demonstrates how residential customers receiving both water and sewer services at different amounts of quarterly water use will be impacted by implementing the water and wastewater rates under rate alternative 3.

Table 28: Residential Combined Utility Customer Impacts Under Alternative 3

Residential Water & Sewer Customer (5/8 and 1/4-inch Meter)				
Quarterly Usage	Current FY 2021	Proposed FY 2023	Increase	
			(\$)	(%)
4,000	\$ 165.60	\$ 144.76	\$ (20.84)	-12.6%
8,000	\$ 180.20	\$ 168.32	\$ (11.88)	-6.6%
16,000	\$ 210.60	\$ 216.31	\$ 5.71	2.7%
21,000	\$ 229.85	\$ 250.11	\$ 20.26	8.8%
32,000	\$ 272.20	\$ 324.47	\$ 52.27	19.2%
50,000	\$ 341.50	\$ 437.10	\$ 95.60	28.0%
100,000	\$ 554.00	\$ 684.60	\$ 130.60	23.6%

FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

Based on the modifications to the water and wastewater rate structures under rate alternative 3, the typical residential customer with 21,000 gallons of metered water per quarter will experience a \$20.26, or 8.8% increase in their quarterly utility bill. It should be noted that the quarterly increase to the average residential customer relates entirely to the implementation of the residential wastewater consumption rate, as this customer receives a reduced quarterly water bill. The impact to the average customer demonstrates the inequity of the current flat rate wastewater charge assessed to all wastewater customers regardless of their quarterly water use.

Furthermore, the 21,000 gallons per quarter represents average annual water use per customer which includes the higher demands during the seasonal summer months which reflect the higher occupancies of vacation residents. As mentioned in Section III, the demand patterns by full-time residents tend to average around 13,000 gallons per quarter and the quarterly bills for these customers will result in a slight decrease in their combined utility bill under all of the rate alternatives.

VIII. COMPARISON WITH OTHER LOCAL UTILITIES

One of the Commission's objectives is maintaining competitive water and wastewater rates for the typical residential customer in comparison to similar customers in other coastal utilities in the Low Country of South Carolina. Therefore, a comparison of the monthly bills for the typical residential customer under the proposed FY 2022 user rates and charges to the monthly bills assessed to similar customers in other local communities provides a benchmark when considering the impact of the proposed rate increases and rate structure alternatives.

Table 29 provides a comparison of the typical monthly combined water and wastewater bills for FIPSD and twelve (12) other utilities in South Carolina. Again, for comparison purposes a typical customer is assumed to use 21,000 gallons per quarter, or 7,000 gallons per month. Since all of the comparison utilities bill on a monthly basis, the comparison is based on a monthly usage of 7,000 gallons. The average FIPSD residential bill is based on the 21,000 gallon per quarter bill divided by three months.

Table 29: Comparison of Typical Monthly Customer Bills with Local Communities

Utility/Community	User Rates and Charges (7,000 gal/month)		
	Water	Sewer	Total
Sullivan's Island	\$ 52.29	\$ 99.57	\$ 151.86
Isle of Palms	\$ 41.20	\$ 80.50	\$ 121.70
Charleston Water System	\$ 29.10	\$ 91.09	\$ 120.19
Mount Pleasant Waterworks	\$ 44.37	\$ 62.25	\$ 106.62
Seabrook Island	\$ 59.55	\$ 45.60	\$ 105.15
Dorchester County	\$ 46.43	\$ 50.20	\$ 96.63
Beaufort-Jasper	\$ 34.10	\$ 59.00	\$ 93.10
Average (Excluding FIPSD)	\$ 36.63	\$ 54.47	\$ 91.09
Berkeley County	\$ 42.17	\$ 44.00	\$ 86.17
Frapp Island (Alternative 1)	\$ 40.84	\$ 43.75	\$ 84.59
Frapp Island (Alternative 2)	\$ 40.84	\$ 43.40	\$ 84.24
Frapp Island (Alternative 3)	\$ 39.97	\$ 43.40	\$ 83.37
Frapp Island (Current FY 2022) Rates	\$ 41.62	\$ 35.00	\$ 76.62
Hilton Head Island PSD	\$ 26.79	\$ 32.50	\$ 59.29
Broad Creek PSD	\$ 16.38	\$ 37.08	\$ 53.46
South Island PSD	\$ 21.81	\$ 27.79	\$ 49.60
Summerville Public Works	\$ 25.31	\$ 24.00	\$ 49.31

As the comparison demonstrates, under its current FY 2022 water and wastewater rates, FIPSD is well below the average of the comparison group as FIPSD utility customers currently enjoy lower utility rates and charges among its local peer communities. Even under the three rate alternatives designed to recover the estimated FY 2023 costs of service, the typical FIPSD residential customer's utility bill rank in the bottom half of the peer communities and below the average of the comparison group. Because it is likely that many, if not all, of these communities will adopt water and wastewater rate increases for FY 2023 to

FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA

address rising costs associated with inflation and increased costs of capital construction, the FIPSD residential customer bills should remain well below the utility bills of similar residential customers in the Low Country region of South Carolina.

APPENDIX A



FRIPP ISLAND PUBLIC SERVICE DISTRICT

WATER CAPACITY REPORT

May 1, 2022

FINAL REPORT



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CAPACITY FEE REPORT

In October 2021, Fripp Island Public Service District (FIPSD) engaged Confluence Consulting, LLC (Confluence) to perform a water and wastewater cost of service rate study (Rate Study). As part of the Rate Study, FIPSD asked Confluence to update its existing water capacity fee for the FIPSD Commissioner's to consider for implementation. FIPSD currently charges \$3.00 per gallon per day (gpd) to recover the costs of capacity from new customers of the water system. The gallons per day of capacity for each customer are determined by FIPSD.

As a barrier island located 20 miles southeast of Beaufort, Fripp Island is a resort-based destination in the Low Country of South Carolina that experiences significant population increases during the seasonal summer months. This seasonality results in substantial increases in demands for water services which requires FIPSD to provide adequate water capacity for all its customers regardless of whether those customers utilize their capacity during all months of the year.

FIPSD distributes potable water purchased from the Beaufort-Jasper Water and Sewer Authority (BJWSA) at a current wholesale unit rate of \$2.97 per 1,000 gallons billed on a monthly basis. In addition to its approximately 1,790 residential, resort hotel, commercial, and irrigation customers the FIPSD also provides wholesale water service to Hunting Island State Park, retail service to select customers on Harbor Island, and water transportation services to the Harbor Island gated community.

1. Purpose of Report

The purpose of this Report is to provide an explanation of the methodology used to calculate the capacity fees, identify the system improvements to be recovered through the capacity fees, define the service units of capacity, and otherwise provide for the calculation of water capacity fees.

2. Capital Improvements Plan

As part of the Rate Study, annual capital improvements to the water system were forecasted. FIPSD has historically used rate funded capital for less significant and routine types of repairs and improvements to its water infrastructure, and debt funding to finance major system improvements. While it does not anticipate any major system improvements that would require the issuance of debt, FIPSD does anticipate a five-year program of annual water rate funded capital expenditures.

The capital improvements plan (CIP) includes an on-going project to rehabilitate the Hunting Island Pumping Station and a project to replace the Fripp Inlet Bridge water line expansion joints. In addition, the water CIP includes annual funding of a radio meter reading reserve, GIS mapping, and annual capital expenditures to improve the water system. While these improvements will not specifically expand water capacity, the improvements will benefit new customers of water system which will be purchasing, or buying into, capacity in those existing facilities which is available to serve customers.

Table 1 provides a summary of the current FY 2022 capital expenditures and the five-year water rate funded capital expenditures.

Table 1: Estimated Annual Rate Funded Capital Expenditures (FY 2022 through FY 2027)

Annual Rate Funded Capital	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Water System	\$60,000	\$57,000	\$75,000	\$75,000	\$75,000	\$75,000	\$417,300
Wells & Pumping	125,000	265,000	-	-	-	-	390,000
Radio Meter Reading Reserve	-	50,000	50,000	50,000	50,000	50,000	250,000
GIS Mapping	-	17,700	-	-	-	-	17,700
Other Improvements	33,600	-	-	-	-	-	33,600
Total Water Capital Projects	\$218,600	\$390,000	\$220,000	\$220,000	\$220,000	\$220,000	\$1,108,600

The water capacity fee calculation includes the \$390,000 rehabilitation of the Hunting Island Pumping Station as a marginal-incremental cost component. The capacity fee revenues should be used to fund these capital improvements that benefit both the existing and new customers of the system. Capacity fee revenues cannot be used to pay for operating and/or administrative costs.

3. Description of Water System and Existing Level of Service

FIPSD owns and operates a water distribution system that serves all Fripp Island and provides wholesale water service to Hunting Island State Park, retail service to select customers on Harbor Island, and water transportation services to the Harbor Island gated community. FIPSD owns the water main that runs from St. Helena Island (near the Shrimp Shack), across the Harbor River, Harbor Island, Johnson Creek, Hunting Island and Fripp Inlet. Potable water is pumped into three elevated tanks on the island that provide 525,000 gallons storage to meet peak demands. Water is distributed from these tanks to residential and commercial customers.

FIPSD purchases treated water from the BJWSA, which uses the Savannah River as its principal source. Based on the 2002 Water Service Agreement (Agreement), BJWSA agrees to sell FIPSD an amount not to exceed 1.415 million gallons per day (MGD) in any 24-hour period. However, not all of this purchased water is delivered to the FIPSD retail distribution system as FIPSD has contracted with the Hunting Island State Park to furnish up to 80,000 gpd of potable water which also enters through the master meter. Because the water purchases and reserved capacity for Hunting Island State Park do not benefit FIPSD retail customers, and do not enter the FIPSD retail system, the limiting factor for the daily capacity of the FIPSD retail water system is just over 1.34 MGD.¹ This limiting factor represents the total peak day capacity of the existing FIPSD water system facilities that is available to serve existing and new FIPSD retail water customers.

Based on purchased water data from July 2020 to June 2021, the average day demand of the FIPSD retail water system during fiscal year (FY) 2021 was 0.49 MGD, with a peak master meter reading during July

¹ After deducting Hunting Island State Park maximum daily purchases, the maximum daily amount of water FIPSD can purchase and distribute through its retail water system is 1,335,000 gpd.

2021 of 0.82 MGD. Thus, with a total capacity of just over 1.34 MGD, FIPSD has 0.54 MGD of peak daily capacity available to serve new water customers.

A. Service Units

Although FIPSD determines the peak daily demand of each new development, SC legislation requires a standardized measure of consumption, use, generation, or discharge attributable to an individual unit of development be calculated based on generally accepted engineering and planning standards. Thus, a 450 gpd peak daily usage factor for an equivalent residential unit (ERU) is determined as the water service unit for the typical single-family residential customer of FIPSD. This factor is based on the average daily usage factor per ERU of 300 gpd and a peak demand factor of 1.5x. The 300 gpd usage factor per ERU represents the average daily water demand identified in the South Carolina Department of Health and Environmental Control (DHEC) standards for determining wastewater system capacity. Since water systems must be designed and sized to meet peak demands, the 1.5x peaking factor is applied for the water service unit.

4. Capacity Fee Calculation Methodology

In general, impact fees (also commonly known as capacity fees) are defined as “one-time capital recovery charges assessed against new development as a way to recover a proportional share of the cost of capital facilities constructed to provide service capacity for new customers.”² These types of fees are typically used in areas experiencing high growth where recovering expansion related costs through rates would place an inequitable burden on existing customers.

The most common and accepted methodologies for calculating water capacity fees are 1) the system buy-in approach focusing on the cost of buying into the equity of the existing system, and 2) the marginal incremental cost methodology focusing on the cost of adding additional facilities to serve new customers. The system buy-in approach is appropriate for utility systems with existing capacity already in place to serve new customers, while the marginal incremental cost methodology is appropriate for utilities that must provide additional capacity to serve new customers. However, many utilities often determine capacity fees based on a hybrid approach that recognizes the average cost of the equity of the existing system and cost of adding additional facilities to serve new customers. The water capacity fee is calculated based on a hybrid approach with the \$390,000 rehabilitation of the Hunting Island Pumping Station serving as a marginal-incremental cost component.

The costs of the facilities are based on a review of fixed asset records and include the original costs of the water system assets. Any outstanding principal on funds borrowed to construct the core assets is deducted, based on the assumption that this cost will be recovered from all present and future customers through ad valorem tax revenues.

A. Water Capacity Fees

Since it purchases all of its treated water from BJWSA, the only water facilities FIPSD owns and operates are distribution lines, storage, and pumping stations. To determine the system buy-in value of its water

² Source: Comprehensive Guide to Water and Wastewater Finance and Pricing - Fourth Edition, George A. Raftelis.

system facilities, Confluence reviewed FIPSD's FY 2021 depreciation schedule and determined the original costs of the existing water facilities with capacity available to serve new customers. The original costs represent FIPSD's original investment in existing water capacity. The value of any assets that were contributed by developers, funded through grants, contributed by other parties, or have contractual restrictions are excluded from the buy-in value of facilities available to serve new ERUs.

Table 2 summarizes the determination of the buy-in value of the facilities included in the water capacity fee.

Table 2: Buy-In Value for Existing Water Facilities

Water Capital Facilities	Original Cost
Water System	\$ 6,288,147
Pump Stations & Wells	191,604
Less Contributed	(103,465)
Water Buy-In Value	\$ 6,376,285

After deductions are made to exclude assets contributed by or funded through grants, the original cost buy-in value of the water system is approximately \$6.4 million before providing a credit for the principal on outstanding debt used to fund these assets. For water, the 2018 State Revolving Loan (SRF) was used to fund the Harbor River water line replacement project and a credit for the net present value of all remaining principal payments is deducted from the original costs. This credit is provided to address the issue of double payment by new customers for the same unit of capacity through the capacity fee and through their ad valorem taxes which fund the debt service fund. The net value after this credit represents the value of existing water distribution assets that is available to serve both existing and future customers of the water system. The water capacity fee calculation also includes the \$390,000 rehabilitation of the Hunting Island Pumping Station as a marginal-incremental cost component. Since FIPSD will use cash to fund the project, no debt principal credit is provided for marginal component.

Table 3 summarizes the calculation of the water capacity fee based on the System Buy-In approach.

Table 3: Calculation of Water System Capacity Fee per ERU

Water Facilities Capacity Fee	FY 2021 Original Cost (5)	Total Capacity (MGD) (6)	Cost Per GPD
System Buy-In Component (1)			
Water System	\$ 6,288,147	1.34	
Pump Station & Wells	191,604		
Less Contributed Capital	(103,465)		
Less NPV of Debt Principal Payments (2)	(1,562,566)		
Total System Buy-In Investment	\$ 4,813,719	1.34	\$ 3.61
Marginal Cost Component (3)			
Rehab Hunting Island Pumping Station	\$ 390,000.00	1.34	\$ 0.29
Peak Water Use Per ERU (gpd) (4)			450
Water Capacity Fee Per ERU			\$ 1,755.00

- (1) From Schedule 3: System Buy-In Capital Facilities.
- (2) From Schedule 4: Debt Principal Payment Credit. Includes principal payments for the 2018 SRF Loan used to fund the Harbor River Bridge water line repair.
- (3) From Table 1: Estimated Annual Rate Funded Capital Expenditures (FY 2022 through FY 2027).
- (4) Represents the estimated average daily demand of 300 gpd per ERU unit used by South Carolina DHEC in determining the system capacity available to serve new customers. For water, a peaking factor of 1.50x is applied to the average day demand because water system capacities are sized to meet peak demands.
- (5) Original costs represent FIPSD's original investment in water system capacity.
- (6) The total capacity represents the maximum daily amount of water FIPSD can contractually purchase from BJWSA, less the maximum daily purchases for Hunting Island State Park. The purchase amounts for Hunting Island State Park are included in FIPSD's contracted maximum daily purchase amount from BJWSA because their purchased water passes through the BJWSA master meter. However, the reserved capacity for Hunting Island State Park is excluded from the FIPSD capacity since their water purchases are not paid by, nor benefit the FIPSD water customers.

The \$1,755 water capacity fee per ERU presented in Table 3 is based on a water service unit of 450 gpd. Because FIPSD has indicated it will continue to determine the peak daily water demand for each new development, the capacity fee for each new residential home will be based on the anticipated daily demand multiplied by the updated water cost of capacity of \$3.90 per gpd.

5. Comparison with Local Communities

One of the FIPSD's objectives is the development of capacity fees that do not burden economic development. Therefore, a comparison of the FIPSD's full cost justified and approved water capacity fee to similar water capacity fees assessed to new customers in local communities provides a benchmark when considering the impact of the capacity fees.

Table 6 provides a comparison between the FIPSD and nine other communities in South Carolina of the applicable water capacity fees for a typical residential customer.

Table 6: Comparison of Water Capacity Fees with Local Communities

Utility/Community	Water Capacity Fees (1)
Charleston Water System	\$3,401
Isle of Palms	\$3,082
Mount Pleasant Waterworks	\$2,880
Hilton Head Island PSD	\$2,400
Average (Excluding FIPSD)	\$2,221
Dorchester County	\$2,200
Berkeley County	\$2,200
Beaufort-Jasper	\$1,852
Frapp Island	\$1,755
Summerville Public Works	\$1,000
Broad Creek PSD	\$975

(1) Compilation of capacity fees per for residential equivalent customers with 5/8" and/or 3/4" meters.

Fripp Island Public Service District
Water and Wastewater Impact Fee Model
Schedule 1: Water Impact Fee Calculation

	FY 2021 Original Cost (5)	Total Capacity (MGD) (6)	Cost Per GPD
Water System Capacity Fee			
<u>System Buy-In Component (1)</u>			
Water System	\$ 6,288,147	1.34	
Pump Station & Wells	191,604		
Less Contributed Capital	(103,465)		
Less NPV of Outstanding Debt Principal Payments (2)	(1,562,566)		
Total System Buy-In Investment	\$ 4,813,719	1.34	\$ 3.61
<u>Marginal Incremental Cost Component (3)</u>			
Rehab Hunting Island Water Pumping Station	\$ 390,000	1.34	\$ 0.29
			\$ 3.90
Peak Water Use Per ERU (gpd) (4)			450
Water Impact Fee Per ERU			\$ 1,755.00

- (1) From Schedule 3: System Buy-In Capital Facilities.
- (2) From Schedule 4: Debt Principal Payment Credit . Includes principal payments for the 2018 SRF Loan used to fund the Harbor River Bridge water line repair.
- (3) From Table 1: Estimated Annual Rate Funded Capital Expenditures (FY 2022 through FY 2027).
- (4) Represents the estimated average daily demand of 300 gpd per equivalent residential unit used by South Carolina DHEC in determining the system capacity available to serve new customers. For water, a peaking factor of 1.50x is applied to the average day demand because water system capacities are sized to meet peak demands.
- (5) Original costs represent FIPSD's original investment in water system capacity.
- (6) The total capacity represents the maximum daily amount of water FIPSD can contractually purchase from Beaufort-Jasper Water & Sewer Authority (BJWSA), less the maximum daily purchases for Hunting Island State Park. The purchase amounts for Hunting Island State Park are included in FIPSD's contracted maximum daily purchase amount from BJWSA because their purchased water passes through the BJWSA master meter. However the reserved capacity for Hunting Island State Park is excluded from the FIPSD capacity since their water purchases are not paid by, nor benefit the FIPSD water customers.

Fripp Island Public Service District
Water and Wastewater Impact Fee Model
Schedule 3: System Buy-In Capital Facilities

Water Capital Facilities	Original Cost
Water System	\$ 6,288,147
Pump Stations & Wells	191,604
Less Contributed	(103,465)
Water System Buy-In Value	<u>\$ 6,376,285</u>

Fripp Island Public Service District
Water and Wastewater Impact Fee Model
Schedule 4: Debt Principal Payment Credit

	Interest Rate			2.03%
	Loan Amount			\$ 3,199,654
	2018 SRF - Harbor River WL			
Fiscal Year	Total	Principal	Interest	
2023	\$ 167,462.49	\$ 123,972.49	\$ 43,490.00	
2024	\$ 167,462.49	\$ 126,596.49	\$ 40,866.00	
2025	\$ 167,462.01	\$ 129,276.01	\$ 38,186.00	
2026	\$ 167,462.27	\$ 132,012.27	\$ 35,450.00	
2027	\$ 167,462.43	\$ 134,806.43	\$ 32,656.00	
2028	\$ 167,462.73	\$ 137,659.73	\$ 29,803.00	
2029	\$ 167,462.44	\$ 140,573.44	\$ 26,889.00	
2030	\$ 167,462.80	\$ 143,548.80	\$ 23,914.00	
2031	\$ 167,462.15	\$ 146,587.15	\$ 20,875.00	
2032	\$ 167,462.82	\$ 149,689.82	\$ 17,773.00	
2033	\$ 167,462.14	\$ 152,858.14	\$ 14,604.00	
2034	\$ 167,462.52	\$ 156,093.52	\$ 11,369.00	
2035	\$ 167,462.40	\$ 159,397.40	\$ 8,065.00	
2036	\$ 167,462.19	\$ 162,771.19	\$ 4,691.00	
2037	\$ 122,649.61	\$ 121,388.61	\$ 1,261.00	
	\$ 2,467,123.49	\$ 2,117,231.49	\$ 349,892.00	

	Water Principal		
	Total	Adjusted	NPV
2023	\$ 123,972	\$ 123,972	\$ 123,972
2024	\$ 126,596	\$ 253,193	\$ 121,105
2025	\$ 129,276	\$ 387,828	\$ 118,303
2026	\$ 132,012	\$ 528,049	\$ 115,567
2027	\$ 134,806	\$ 674,032	\$ 112,893
2028	\$ 137,660	\$ 825,958	\$ 110,282
2029	\$ 140,573	\$ 984,014	\$ 107,731
2030	\$ 143,549	\$ 1,148,390	\$ 105,238
2031	\$ 146,587	\$ 1,319,284	\$ 102,804
2032	\$ 149,690	\$ 1,496,898	\$ 100,426
2033	\$ 152,858	\$ 1,681,440	\$ 98,103
2034	\$ 156,094	\$ 1,873,122	\$ 95,833
2035	\$ 159,397	\$ 2,072,166	\$ 93,616
2036	\$ 162,771	\$ 2,278,797	\$ 91,451
2037	\$ 121,389	\$ 1,820,829	\$ 65,242
	\$ 2,117,231	\$ 17,467,974	\$ 1,562,566

Interest Rate	2.03%
Risk Premium	2.50%
Discount Rate	4.53%

A RESOLUTION

AUTHORIZING A SALARY INCREASE FOR CERTAIN EMPLOYEES OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT; AND OTHER MATTERS RELATED THERETO.

WHEREAS, the Fripp Island Public Service District Commission (the “*Commission*”), is the governing body of the Fripp Island Public Service District, South Carolina (the “*District*”), a special purpose district and political subdivision of the State of South Carolina created pursuant to the provisions of Act No. 1042 of 1962 of the Acts and Joint Resolutions of the General Assembly of South Carolina, as amended (“*Enabling Act*”);

WHEREAS, pursuant to the Enabling Act, the Commission may prescribe the duties of District employees and “fix their compensation”;

WHEREAS, the Commission has determined to provide a cost-of-living adjustment for all firefighters employed by the District in the form of a five percent wage increase, including associated increased expenses associated with the Federal Insurance Contributions Act, Medicare, and the employer share of fringe benefits (the “*Wage Increase*”);

WHEREAS, Beaufort County (the “*County*”), pursuant to an ordinance enacted on April 18, 2022 by the Beaufort County Council as the governing body of the County, indicated that funding will be made available to the District, and other special purpose districts in the County employing firefighters, to provide for the Wage Increase for a portion of the 2021-2022 fiscal year of the District; and

WHEREAS, the Commission hereby finds that the Wage Increase is necessary and proper to support the ongoing operations of the District.

NOW THEREFORE, be it resolved by the Commission, in a meeting duly assembled, as follows:

Section 1 Approval of the Wage Increase. The District hereby adopts the Wage Increase, effective retroactively as of April 20, 2022, through and including June 30, 2022.

Section 2 Acceptance of County Funds. The District anticipates receiving funds from the County to fully cover the costs associated with the Wage Increase for the period beginning April 20, 2022, and ending June 30, 2022. The District will accept such funds from the County and will apply such funding in accordance with the terms of this resolution.

DONE, RATIFIED, AND ADOPTED this 10th day of May 2022.

— (SEAL)



Chairman, Fripp Island Public Service
District Commission

Attest:



Secretary, Fripp Island Public Service
District Commission

FRIPP ISLAND PUBLIC SERVICE DISTRICT

PROPOSED

FISCAL YEAR 2023 BUDGETS

May 10, 2022

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 - (b) Account Detail, p. 3-4
3. Fire Department
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5. Water & Sewer
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7. Water & Sewer Rates Resolution (form of), p. 31-34

FRIPP ISLAND PUBLIC SERVICE DISTRICT
Fiscal Year 2023 Tax Levy
Comparison to Fiscal Year 2022

Comparison of Home Values			
Resident		Non-resident	
Appraised	Assessed	Appraised	Assessed
\$500,000	\$20,000	\$500,000	\$30,000

Tax Levy Comparison based on Home Value

	Tax Levy, Mills			Resident Home Owner			Non-resident Home Owner		
	FY23 Mill Value	FY22 Mill Value	Increase (Decrease)	FY23 Mill Value	FY22 Mill Value	Increase (Decrease)	FY23 Mill Value	FY22 Mill Value	Increase (Decrease)
Capped O&M Levy									
Erosion & Bridge	3.0	2.7	0.3	\$60.00	\$54.00	\$6.00	\$90.00	\$81.00	\$9.00
Fire Department	12.8	12.1	0.7	266.00	242.00	14.00	384.00	363.00	21.00
Total O&M	15.8	14.8	1.0	\$316.00	\$296.00	\$20.00	\$474.00	\$444.00	\$30.00
Reserve Levy									
Fire Dept Reserve	0.5	0.0	0.5	10.00	0.00	10.00	15.00	0.00	15.00
Bridge Reserve	1.5	1.5	0.0	30.00	30.00	0.00	45.00	45.00	0.00
Total Reserve	2.0	1.5	0.5	\$40.00	\$30.00	\$10.00	\$60.00	\$45.00	\$15.00
Debt Service	16.5	17.0	-0.5	330.00	340.00	(10.00)	495.00	510.00	(15.00)
Total Tax Levy	34.3	33.3	1.0	\$686.00	\$666.00	\$20.00	\$1,029.00	\$999.00	\$30.00

Beaufort County provides an estimated mill value at the beginning of each fiscal year for use in budgeting.
 Estimated mill value provided by P. Harriott w/Bft Co Finance on 4/8/22 is \$50,066

Estimated mill value provided by Beaufort County \$50,066
 Discount rate applied (no erosion of mill value over the past yr.) 0.0%
 Adjusted mill value for budgeting \$50,066

State law limits tax millage increase for O&M to increase in CPI plus population increase as determined by SC Revenue & Fiscal Affairs Office. Millage increases are not capped for debt service and building/maintaining a reserve.

Per U.S. Bureau of Labor Statistics, change in annual CPI from 12/2020 - 12/2021 was 4.7%.
 Population increase for Beaufort County is 2.16%.
 O&M millage cap: 4.7% + 2.16% = 6.86%

Maximum allowable mills for O&M determined as follows:
 14.8 mills (Fiscal Year 2022) X 1.0686 = 15.8 mills (Fiscal Year 2023)

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
EROSION & BRIDGE BUDGET
FISCAL YEAR 2023**

	ACTUAL FY 2021	BUDGET FY 2022	ESTIMATED FY 2022	PROPOSED FY 2023	Budget Inc (Dec)
OPERATING EXPENSES					
07-00-501-00 ADMINISTRATION	7,080	7,170	7,170	7,530	360
07-00-517-00 COMMISSIONERS EXPENSES	-	200	-	200	-
07-00-521-00 ACCOUNTING & AUDIT	2,313	3,410	3,410	4,160	750
07-00-522-00 LEGAL FEES	488	2,500	2,500	2,500	-
07-00-531-00 BRIDGE INSURANCE	159,853	121,100	118,500	126,830	5,730
07-00-533-00 LICENSES & TAXES	4	-	-	-	-
07-00-549-00 MISCELLANEOUS EXPENSE	-	-	1,100	1,200	1,200
07-00-562-00 GROIN REPAIR	-	-	-	-	-
07-00-564-00 REVETMENT REPAIR	6,750	-	7,500	8,000	8,000
07-00-566-00 BRIDGE INSPECT/MAINTENANCE	747	59,000	59,000	6,000	(53,000)
TOTAL O&M EXPENSES	177,235	193,380	199,180	156,420	(36,960)
07-00-190-00 CAPITAL EXPENDITURES	-	-	-	-	-
TOTAL EXPENDITURES	177,235	193,380	199,180	156,420	(36,960)
REVENUES					
07-00-408-00 TAX PENALTIES	332	-	300	-	-
07-00-411-00 BRIDGE ATTACHMENT FEES	18,035	18,570	18,570	19,130	560
07-00-416-00 INTEREST INCOME	7,537	3,840	3,800	3,300	(540)
07-00-419-00 UNREALIZED INV GAIN (LOSS)	(2,567)	-	(15,000)	-	-
07-00-429-00 MISC INCOME	-	-	-	-	-
	23,337	22,410	7,670	22,430	20

BUDGET YEAR EXCESS (REQUIRED) CASH

(150,200)

07-00-409-00 TAX LEVY	127,061	127,520	129,620	150,200	
BRIDGE RESERVE LEVY	47,059	70,560	72,010	75,100	
Estimated assessed value/mill \$	47,224	\$ 47,224	\$ 48,010	\$ 50,066	2,842
Based on a collection rate of	98.9%	100.0%	100.0%	100.0%	
one mill equals \$	46,705	\$ 47,224	\$ 48,010	\$ 50,066	2,842
O&M TAXES LEVIED, MILLS	2.7	2.7	2.7	3.0	0.3
BRIDGE RESERVE TAXES LEVIED, MILLS	1.0	1.5	1.5	1.5	-

PROJECTED CASH FLOW

CASH BEGINNING OF PERIOD	759,150
INTERFUND TRANSFERS	0
AR/(AP) & INVEST (GAIN)/LOSS	(22,630)
LESS EROSION RESERVES	(251,000)
LESS BRIDGE OPS RESERVES	(280,520)
LESS RESTRICTED BRIDGE RESERVE	(221,210)
AVAILABLE CASH BEGINNING OF PERIOD - JULY 1	(16,210)
LESS EXPENSES	(156,420)
PLUS REVENUES	22,430
PLUS OPERATIONS TAX LEVY	150,198
PLUS EROSION RESERVES	251,000
PLUS BRIDGE OPS RESERVES	280,520
PLUS RESTRICTED BRIDGE RESERVE	296,309
PROJECTED FUNDS AVAILABLE @ YEAR END	827,827

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
EROSION & BRIDGE DEPARTMENT**

**PROPOSED FISCAL YEAR 2023 BUDGET
ACCOUNT DETAIL**

OPERATING EXPENSES

07-00-501-00 Administration – Water & sewer dept. fee for providing administrative & financial support for erosion & bridge dept. Includes estimated service charges for bank accounts and credit card usage. Budget based on FY2022 amount adjusted by 5% to match water & sewer rate model escalation. Use \$ **7,530**

07-00-517-00 Commissioner's Expenses - Reimbursement of expenses incurred by Commissioners related to erosion & bridge matters & prorated cost of election in odd numbered "fiscal" years. Use \$ **200**

07-00-521-00 Accounting & Audit – Prorated amount for annual audit and accounting functions based on updated estimate from auditing firm. Use \$ **4,160**

07-07-522-00 Legal Fees – Budget based on estimated cost for FY2022. Use \$ **2,500**

07-00-531-00 Bridge Insurance – Budget amount includes 7% increase over prior fiscal year cost. Higher premium may require use of reserve funds. Use **\$126,830**

07-00-533-00 Licenses & Taxes – Based on prior year budget. Use \$ **0**

07-00-549-00 Miscellaneous Expense – Based on prior year cost to replace revetment signs. Use \$ **1,200**

07-00-562-00 Groin Repair – Budget amount based on prior three years' experience & the recommendation of Dr. Robert S. Young, PhD, in his June 2004 report, not to repair the groins. Use \$ **0**

07-00-564-00 Revetment Repair – Budget for revetment repairs and maintenance. Includes cost of annual revetment survey. Use \$ **8,000**

07-00-566-00 Bridge Inspection/Maintenance – Budget for bridge inspections (fascia soundings only for FY2023), minor maintenance and miscellaneous expenses such as cleaning and sign repair. Use \$ **6,000**

07-00-190-00 Capital Expenditures – No capital expenditures anticipated in FY2023. Use \$ **0**

OPERATING REVENUES

07-00-408-00 Tax Penalties – Collected by Beaufort Co. Treasurer for late payment of taxes. Use \$ **0**

07-00-411-00 Bridge Attachment Fees – Fees collected for utility attachment to Fripp Bridge. Use \$ **19,130**

07-00-416-00 Interest Income – Budget for earnings on investments. Use \$ **3,300**

07-00-409-00 TAX LEVY (proposed) – Budget amount based on operations expenditures in excess of cash available and other revenue sources. Millage imposed for operations and maintenance is limited by State law, which caps maximum annual tax millage increase. Use **\$150,200**

BRIDGE RESERVE TAX LEVY – Millage imposed for building/maintaining a reserve is exempt from the millage increase limitation. Budget to build a reserve for emergency bridge expenses, to include payment of insurance deductible. Use **\$75,100**

PROJECTED CASH FLOW DETAIL

CASH BEGINNING OF PERIOD – Includes Erosion O&M checking account, Fripp Inlet Bridge investments and reserve & O&M checking accounts, account with Beaufort County Treasurer’s office for receipt of taxes, and transfers (cash) between funds & due from other departments.

AVAILABLE CASH BEGINNING OF PERIOD – Available funds @ beginning of year less erosion funds set aside for emergencies such as unanticipated revetment repairs, remaining bridge operations reserves from funds received from FIPOA in 2014, and bridge reserves restricted for emergency use. For FY2023, beginning restricted bridge reserves includes tax funds collected in FY2019, FY2020, FY2021 and FY2022 that were not subject to the millage cap.

PROJECTED FUNDS AVAILABLE @ YEAR END – Funds available at year end include funds set aside for erosion emergencies, remaining bridge operations reserves, and restricted bridge funds not subject to the millage cap collected during FYs 2019, 2020, 2021, 2022 & 2023 to build a reserve for emergency use.

**FRIPP ISLAND PUBLIC SERVICE DISTRICT FIRE DEPARTMENT BUDGET
FISCAL YEAR 2023**

ACCT NO	EXPENSES	ACTUAL FY-2021	BUDGET FY-2022	ESTIMATED FY-2022	PROPOSED FY-2023	BUDGET INC (DEC)
EMPLOYEE EXPENSES						
03-00-500-00	PAYROLL EXPENSE	1,791	1,900	1,790	1,850	(50)
03-00-501-00	SALARIES	341,339	399,500	359,740	417,700	18,200
03-00-504-00	FICA	21,165	24,770	22,300	25,900	1,130
03-00-505-00	FMED	4,950	5,790	5,220	6,060	270
03-00-506-00	RETIREMENT	53,452	61,800	59,720	72,720	10,920
03-00-509-00	MEDICAL INSURANCE	17,235	17,460	17,410	18,650	1,190
03-00-510-00	WORKMAN'S COMP	16,031	16,300	15,290	16,300	-
03-00-511-00	EMPLOYEE PHYSICAL	-	300	-	300	-
03-00-516-00	UNIFORMS & GEAR	4,464	3,000	3,560	3,700	700
03-00-519-00	FIREFIGHTER RECOGNITION	140	150	210	150	-
	TOTAL EMPLOYEE EXPENSES	460,567	530,970	485,240	563,330	32,360
OPERATING EXPENSES						
03-00-513-00	TRAINING & CONVENTION	31	1,400	800	1,000	(400)
03-00-514-00	TRAVEL & RELATED	633	200	200	200	-
03-00-517-00	COMMISSIONERS EXPENSES	127	100	230	100	-
03-00-521-00	ACCOUNTING & AUDIT	8,500	12,220	11,500	14,890	2,670
03-00-522-00	BANK SERVICE CHARGES	-	-	-	-	-
03-00-523-00	BEVERAGES & COMPLEMENTS	600	700	810	700	-
03-00-525-00	CLEAN SUPPLIES/SUNDRIES	1,052	1,000	800	1,000	-
03-00-526-00	DUES	80	300	300	300	-
03-00-532-00	GENERAL INSURANCE	17,183	20,300	17,600	18,100	(2,200)
03-00-533-00	LEGAL FEES	14,670	-	3,100	550	550
03-00-533-01	TAXES & FEES	736	600	420	450	(150)
03-00-534-00	ADMINISTRATIVE SUPPORT	29,030	29,390	29,390	30,860	1,470
03-00-537-00	OFFICE SUPPLIES	37	350	350	350	-
03-00-539-00	PRINTING	-	-	-	-	-
03-00-542-00	SUBSCRIPTIONS	2,122	1,750	1,750	1,750	-
03-00-549-00	MISCELLANEOUS	5,200	3,700	6,400	5,100	1,400
03-00-581-00	ELECTRICITY	6,135	6,000	5,800	6,300	300
03-00-582-00	LP GAS & GARBAGE	1,076	1,600	2,200	1,600	-
03-00-583-00	TELEPHONE	4,773	5,000	4,500	4,600	(400)
	G&A Expenses	91,985	84,610	86,150	87,850	3,240
03-00-527-00	FIRE FIGHTING SUPPLIES	1,046	1,000	1,800	1,000	-
03-00-530-00	FIRE PREVENTION	-	1,000	-	1,000	-
03-00-531-00	MEDICAL SUPPLIES	1,449	500	500	500	-
03-00-541-00	SMALL TOOLS	180	300	300	300	-
03-00-543-00	GAS & OIL	4,523	6,000	6,000	7,000	1,000
03-00-558-00	BUILDING & GROUNDS	6,155	17,000	2,000	16,000	(1,000)
03-00-561-00	FIRE HYDRANTS	-	-	-	-	-
03-00-564-00	RADIOS & PAGERS	-	350	590	350	-
03-00-568-00	EQUIPMENT MAINTENANCE	3,528	2,200	2,200	2,200	-
03-00-569-00	VEHICLE MAINTENANCE	4,746	4,500	6,330	5,500	1,000
03-00-575-00	EMERGENCY/NATURAL DISAST	429	500	-	500	-
03-00-589-00	PURCHASES FROM DONATIONS	57	-	260	-	-
	O&M Expense	22,113	33,350	19,980	34,350	1,000
	TOTAL OPERATING EXPENSES	574,665	648,930	591,370	685,530	36,600
ASSET ADDITIONS						
03-00-590-00	PURCHASE OF FIXED ASSETS	509,378	11,000	2,200	11,700	700
	TOTAL ASSET ADDITIONS	509,378	11,000	2,200	11,700	700
	TOTAL EXPENDITURES	1,084,043	659,930	593,570	697,230	37,300

**FRIPP ISLAND FIRE DEPARTMENT
OPERATION & MAINTENANCE
REVENUES & CASH FLOW
FY-2023**

	1ST QTR JUL-SEP	2ND QTR OCT-DEC	3RD QTR JAN-MAR	4TH QTR APR-JUN	TOTAL
CASH BEGINNING OF PERIOD	\$453,980				\$453,980
INTERFUND TRANSFERS					0
LESS CONTINGENCY RESERVE	(50,000)				(50,000)
AVAILABLE CASH BEGINNING OF PERIOD	\$403,980	\$233,498	\$365,645	\$498,093	\$403,980
EMPLOYEE EXPENSES	\$140,833	\$140,833	\$140,833	\$140,833	\$563,330
G&A EXPENSES	21,963	21,963	21,963	21,963	87,850
OPERATING EXPENSES	8,588	8,588	8,588	8,588	34,350
ASSET ADDITIONS (CAP OUTLAY)		5,850	5,850		11,700
TOTAL EXPENDITURES	\$171,383	\$177,233	\$177,233	\$171,383	\$697,230
03-00-408-00 TAX LEVY	\$0	\$308,780	\$308,780	\$25,730	\$643,290
03-00-408-01 RESERVE TAX LEVY	\$0	\$0	\$0	\$0	\$0
03-00-406-00 TAP INS (1)	900	600	900	600	3,000
03-00-499-00 INTERFUND TRANSFERS	\$0	\$0	\$0	\$0	\$0
NET CASH INCREASE	(\$170,483)	\$132,148	\$132,448	(\$145,053)	(\$50,940)
AVAILABLE CASH END OF PERIOD	\$233,498	\$365,645	\$498,093	\$353,040	\$353,040
ACTUAL CASH END OF PERIOD w/RESERVE	\$283,498	\$415,645	\$548,093	\$403,040	
Required Tax Revenue:	\$643,290				
Proposed Reserve:	\$25,000				
Value of mill for tax year 2022	\$50,066				
Provided by P. Harriott, Bft. Co. on 4/8/2022					
Tax Collection Rate:	100.0%				
Value of mill @ Collection Rate:	\$50,066				
Operations Tax Levy Required, mills :	12.8				
Reserve Tax Levy Required, mills:	0.50				

Cash Balance at the end of the year needs to be sufficient to cover 1/2 of the annual budget for FY 2024.

Employee Expenses	\$290,110
Operating Expenses	62,930
Total Cash Reserve	\$353,040

(1) For all residential & commercial water taps, the District collects a \$300.00 "Fire Flow" fee.

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
FIRE DEPARTMENT**

**PROPOSED FISCAL YEAR 2023 BUDGET
ACCOUNT DETAIL**

EMPLOYEE EXPENSES

03-00-500-00 Payroll Expense – This expenditure is our portion of the cost to outsource payroll management.
Use **\$1,850**

03-00-501-00 Salaries – This expenditure includes salaries for the Fire Chief and 18 PT Firefighters. Includes 5% increase.
Use **\$417,700**

03-00-504-00 FICA – Social Security based on 6.2% of total salary.
Use **\$25,900**

03-00-505-00 FMED – Medicare based on 1.45% of total salary.
Use **\$6,060**

03-00-506-00 Retirement – District's contribution to State Retirement System based on employees' regular & overtime pays. Effective July 1, 2022, the employer's contribution is 17.41% for SCRS and 19.84% for PORS. We have employees who have retired out of PORS and the District must contribute for these employees at the higher PORS employer contribution rate.
Use **\$72,720**

03-00-509-00 Medical Insurance – The District provides coverage for all full-time employees. As of March 2022, SC Public Employee Benefit Authority projection includes a 7.1% increase. Actual increases could vary depending on the final decision by the SC Budget & Control Board.
Use **\$18,650**

03-00-510-00 Workman's Comp – Estimated expense based on workmen's compensation annual premium for FY2022 adjusted for salary increases.
Use **\$16,300**

03-00-511-00 Employee Physical – This employee expenditure is for annual physicals and SCBA Fit Testing.
Use **\$300**

03-00-516-00 Uniforms & Gear – This employee expenditure is established for uniforms/gear for all members of the Fire Department.
Use **\$3,700**

03-00-519-00 Firefighter Recognition – This employee expenditure is established for meritorious action awards and length of service awards for all members of the Fire Department.
Use **\$150**

OPERATING EXPENSES

03-00-513-00 Training – Training is the backbone of any department. This operating expenditure is established for firefighter and fire officer level training.
Use **\$1,000**

03-00-514-00 Travel & Related – This operating expenditure is established for meals and accommodations while traveling to training or fire department related activities. Department business meals are also included in this expenditure.
Use **\$200**

03-00-517-00 Commissioner's Expenses – This operating expenditure is established for expenses incurred for commissioner elections and other related expenses.
Use **\$100**

03-00-521-00 Accounting & Audit – This operating expenditure is for the Fire Department’s portion of the annual audit report and consulting on fiscal matters. Use **\$14,890**

03-00-523-00 Beverages & Compliments – This operating expenditure is for coffee, sugar, cream, cups and cold drinks. We provide beverages and complements for all fire department personnel during and after fire calls, training and meetings. Use **\$700**

03-00-525-00 Cleaning Supplies / Sundries – This operating expenditure is established to maintain a high standard of cleanliness and to provide a clean and infectious free workplace. Use **\$1,000**

03-00-526-00 Dues – This operating expenditure is for annual dues to the following in-state and out-of-state professional organizations: Beaufort County Fire Chief’s Association, International Association of Fire Chiefs, National Fire Protection Association, International Association of Arson Investigators, SC IAAI. Use **\$300**

03-00-532-00 General Insurance – This operating expenditure is for liability, station, vehicle and materials insurance. Use **\$18,100**

03-00-533-00 Legal Fees – This operating expenditure is for potential attorney fees. Use **\$550**

03-00-533-01 Taxes – This operating expenditure is for storm water utility taxes for station. Use **\$450**

03-00-534-00 Administrative Support – Allocation of administrative & financial support costs for Fire Department operations. Use **\$30,860**

03-00-537-00 Office Supplies – This operating expenditure is for office supplies. Use **\$350**

03-00-539-00 Printing – This operating expenditure is established for printing, such as letterhead, business cards, envelopes and any large mail-out to the public. Use **\$0**

03-00-542-00 Subscriptions – This operating expenditure is established for subscription services to trade periodicals and our reporting and records management system. Use **\$1,750**

03-00-549-00 Miscellaneous – This operating expenditure is for miscellaneous expenses throughout the year. Use **\$5,100**

03-00-581-00 Electricity – Costs projected to increase in FY2023. Use **\$6,300**

03-00-582-00 LP Gas & Garbage – This operating expenditure is for LP Gas which we use for water heating and cooking. This is reduced due to Earthworx taking care of our trash pickup at no charge. Use **\$1,600**

03-00-583-00 Telephone – This operating expenditure is for telephones and telephone services. This department has three lines for the station, one for facsimile and two regular lines. We also have cellular service for one telephone, 1 I-Pad and 3 mobile hotspots. Use **\$4,600**

03-00-527-00 Fire Fighting Supplies – This operating expenditure is established for repair and maintenance of flashlights, SCBA, chainsaws, hose, and misc. supplies. Use **\$1,000**

03-00-530-00 Fire Prevention – This operating expenditure is for the purchase of public education material. This Fire Department conducts fire safety education programs as requested for the Camp Fripp program and the multitude of station visitors throughout the year. We reach approximately 200 children a year. Use **\$1,000**

03-00-531-00 Medical Supplies – The number of medical emergencies increases each year. Beaufort County EMS provides basic supplies – additional or new supplies are our responsibility. Use **\$500**

03-00-541-00 Small Tools – This operating expenditure is established for maintaining a complement of tools used for performing maintenance on vehicles and equipment. Use **\$300**

03-00-543-00 Gas & Oil – This operating expenditure is for fuel, oil, and oil changes. Use **\$7,000**

03-00-558-00 Grounds & Station Maintenance – This operating expenditure is for maintenance of the firehouse both interior and exterior. This requested amount reflects continued repairs and rehab of the station that was budgeted for FY2022 but not completed due to the station being locked down for COVID. We plan on replacing floors and light fixtures. Use **\$16,000**

03-00-564-00 Radios & Pagers – This operating expenditure is for the maintenance and repair of radios, both vhf and 700 MHz, and pagers. Use **\$350**

03-00-568-00 Equipment Maintenance – This operating expenditure is for the maintenance of generators, lights, ladders, nozzles, and fire extinguishers. Use **\$2,200**

03-00-569-00 Vehicle Maintenance – This operating expenditure is for minor preventive maintenance of department vehicles. Use **\$5,500**

03-00-575-00 Emergency / Natural Disaster – This operating expenditure is for anytime Fripp Island Fire Department may be evacuated due to an impending storm or other natural disaster. These funds would be used to purchase special supplies dependent on the nature of the incident. Use **\$500**

ASSET ADDITIONS

03-00-590-00 Fixed Assets – This expenditure is for 5 sets of bunker gear. We have replaced a few firefighters since we replaced gear last and not all can fit in the sets left by previous employees. This was approved for FY2022, however, due to timing and COVID, the purchase was postponed. Use **\$11,700**

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
GENERAL OBLIGATION BOND DEBT SERVICE BUDGET
REVENUES & CASH FLOW
FISCAL YEAR 2023**

	1ST QTR JUL-SEP	2ND QTR OCT-DEC	3RD QTR JAN-MAR	4TH QTR APR-JUN	TOTAL
CASH BEGINNING OF PERIOD	\$ 367,430				
LESS DEBT SERVICE RESERVE	\$ (349,550)				
AVAILABLE CASH BEGINNING OF PERIOD	\$ 17,880				
DEBT SERVICE PAYMENTS					
WWTP IMPROVEMENT PAYMENT	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	\$ 61,000
WWTP DEBT PAYMENT	95,540	95,540	95,540	95,540	383,000
REVTMENT DEBT SERVICE	7,780	-	7,780	-	16,000
HWY 21 WATERLINE DEBT SVC	41,870	41,870	41,870	41,870	168,000
FRIPP BRIDGE DEBT SVC	38,350	-	170,350		209,000
TOTAL EXPENDITURES	\$ 198,740	\$ 152,610	\$ 330,740	\$ 152,610	\$ 837,000
09-00-409-01 TAX LEVIES	0	396960	396960	33080	\$827,000
NET CASH INCREASE	\$ (198,740)	\$ 244,350	\$ 66,220	\$ (119,530)	\$ (7,700)
TOTAL CASH END OF PERIOD	\$ 168,690	\$ 413,040	\$ 479,260	\$ 359,730	
Required Tax Revenue for WWTP Improvements:	\$ 61,000				
Required Tax Revenue for WWTP:	383,000				
Required Tax Revenue for Revetment:	16,000				
Required Tax Revenue for Hwy 21 Waterline:	168,000				
Required Tax Revenue for Fripp Bridge:	209,000				
Total Required Tax Revenue:	\$837,000				
Less Available Cash Beg of Period:	\$ (10,000)				
Total Required Tax Levy	\$827,000				
Value of mill for tax year 2023	\$50,066				
Value as of 4/8/22 provided by P Harriot					
Tax Collection Rate:	100.0%				
Value of mill @ Collection Rate:	\$50,066				
Tax Levy Required, mills :	16.5				
Cash Balance at end of year needs to be sufficient to cover the annual debt service for two qtrly WWTP debt svc pymts, two qtrly waterline debt svc pymts, one biannual revetment debt svc pymt, and one biannual bridge debt svc pymt					
WWTP Improvements Debt Svc Res	\$30,400				
WWTP Debt Svc Res	191,080				
Revetment Debt Svc Res	7,780				
Hwy 21 Waterline Debt Svc Res	83,740				
Fripp Bridge Debt Svc Res	36,550				
	<u>\$349,550</u>				

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
INCOME PROJECTION
FISCAL YEAR 2023**

	WATER	WASTEWATER	TOTAL
REVENUES			
WATER & WASTEWATER SALES	1,045,170	761,760	1,806,930
VACUUM SEWER ASSESSMENT	-	366,990	366,990
TAP FEES	5,500	13,200	18,700
WATER TANK LEASE	311,020	-	311,020
OTHER REVENUES	39,575	17,815	57,390
TOTAL OPERATING REVENUES	1,401,265	1,159,765	2,561,030
COST OF SALES	559,740	-	559,740
GROSS PROFITS FROM OPERATIONS	841,525	1,159,765	2,001,290
EXPENSES			
GENERAL & ADMINISTRATIVE	387,430	387,430	774,860
WATER & WASTEWATER SYSTEM	93,690	398,550	492,240
TOTAL OPERATING EXPENSES	481,120	785,980	1,267,100
NET OPERATING REVENUES	360,405	373,785	734,190
OTHER INCOME (EXPENSE)			
INTEREST EARNED	48,350	8,760	57,110
AMORT OF DEFERRED DEBT	-	-	-
INTEREST ON BONDS	(42,830)	(86,120)	(128,950)
BOND PAYMENT FEES	-	(1,200)	(1,200)
BOND ISSUE FEES	-	-	-
TOTAL OTHER INCOME (EXPENSE)	5,520	(78,560)	(73,040)
INTERFUND TRANSFERS IN (OUT)	167,480	442,920	610,400
NET INCOME BEFORE DEPRECIATION	533,405	738,145	1,271,550
DEPRECIATION/LOSS ON DISPOSAL	165,830	446,970	612,800
NET INCOME (LOSS)	367,575	291,175	658,750

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
CASH REQUIREMENTS
FISCAL YEAR 2023**

	CASH ON HAND 04/30/22 FY2022	CASH REQUIRED 07/01/22 FY2023	CASH REQUIRED 07/01/23 FY2024
AVAILABLE FUNDS			
GROSS REVENUE/O&M FUNDS	1,199,280		
BEAUFORT CO VAC SEWER ASSESSMENTS	520,037		
ACCOUNTS RECEIVABLE	273,180		
ACCOUNTS PAYABLE/TRANSFERS	(257,337)		
TOTAL OPERATING FUNDS	1,735,160		
DEPRECIATION & CONTINGENCY FUNDS	5,124,349		
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VAC SEWER CONST/PREPAY FUNDS	794,640		
2013 REVENUE BOND DS FUND (1)	24,094		
TOTAL AVAILABLE FUNDS/INVEST	7,678,243		
REQUIRED CASH & DEBT SERVICE RESERVES			
OPERATING FUNDS			
(20% over O&M budget & Cost of Sales for one quarter)		587,100	610,580
13 BOND DEBT SERVICE FUND (matures 10/01/28) (1)	(24,094)	363,980	363,910
ASSET ADDITIONS/CAPITAL IMPROVEMENTS (2)	(151,660)	451,880	220,000
WATER SYSTEM CONTINGENCY RESERVE (3)		525,100	568,680
WASTEWATER SYSTEM CONTINGENCY RESERVE (3)		525,100	568,680
WWTP MEMBRANE REPLACEMENT (4)		321,600	361,800
13 REVENUE BOND PREPAYMENT (5)		745,280	780,280
TOTAL REQUIRED CASH RESERVES	(175,754)	3,520,040	3,473,930
TOTAL CASH	7,502,489	3,520,040	3,473,930

- Bond Resolutions require funding a debt service account to pay the annual debt service.**
The required funds are transferred from the Beaufort County Treasurer upon collection of the annual vacuum sewer assessments. The 2013 bond proceeds prepaid the 2005 bond on 10/1/2014. Required cash for 7/1/2022 & 7/1/2023 DOES NOT include debt service funds for SRF G.O. bonds, which are funded by taxes, not revenues, and listed in the G.O. Bond Debt Service schedule.
- Asset additions & capital improvements include improvements funded by the District's cash reserves & on-going projects funded by bonds.** FY2022 credit includes remaining cost of cyber security upgrades, fleet vehicle & estimated booster pump station upgrade costs to be paid in current year.
- Contingency Reserves increased each year by 1/12 (8.3%) of the currently approved sum for the current fiscal year per the District's bond resolution requirements.** For fiscal year 2022, the the approved contingency reserve was \$484,860 for water and \$484,860 for sewer. Contingency reserves are used for emergencies, major repairs , and "as needed" capital improvements such as small water line extensions and pump station rehab.
- WWTP membranes installed March 2015 at a cost of \$263,951 and have a life of 8 years.**
Required cash based on original cost increased by 2.5% per year accrued over eight years.
Includes new frames & shipping. Does not include installation.
- 2013 refunding bond matures 10/01/28. 2005 refunded bond would have matured 10/01/25.**
Vacuum sewer assessments end in 2025 with \$1,397,200 owed on 2013 refunding revenue bond.
Sewer const fund increased annually by approx. \$35,000 to prepay debt (see 5/14/13 minutes).

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
CASH FLOW PROJECTION
FISCAL YEAR 2023**

	WATER	WASTEWATER	TOTAL
CASH AT BEGINNING OF PERIOD			7,502,489
REVENUES & INCOME			
WATER & SEWER SALES	1,045,170	761,760	1,806,930
VACUUM SEWER ASSESSMENT	-	366,990	366,990
TAP FEES	5,500	13,200	18,700
WATER TANK LEASE	311,020	-	311,020
OTHER REVENUES	39,575	17,815	57,390
INTEREST EARNED	48,350	8,760	57,110
INTERFUND TRANSFERS IN (OUT)	167,480	442,920	610,400
TOTAL REVENUES & INCOME	1,617,095	1,611,445	3,228,540
COST OF SALES	559,740	-	559,740
EXPENSES			
GENERAL & ADMINISTRATIVE	387,430	387,430	774,860
WATER & WASTEWATER SYSTEM	93,690	398,550	492,240
EXPENSES BEFORE DEPRECIATION	481,120	785,980	1,267,100
ANNUAL BOND DEBT SERVICE			
BONDS - PRINCIPAL (1)	124,620	720,790	845,410
- INTEREST (2)	42,830	86,120	128,950
BOND PAYMENT FEES	-	1,200	1,200
BOND ISSUE FEES	-	-	-
TOTAL DEBT EXPENDITURES	167,450	808,110	975,560
OPERATING CASH INCREASE (DECREASE)	408,785	17,355	426,140
CAPITAL CONTRIBUTIONS (EXPENDITURES)			
ASSET ADDITIONS	(17,700)	(5,200)	(22,900)
CONSTRUCTION IN PROGRESS	(265,000)	-	(265,000)
CAPITAL RESERVE	(107,300)	(56,680)	(163,980)
TOTAL CAPITAL CONTRIB. (EXPENDITURES)	(390,000)	(61,880)	(451,880)
TOTAL CASH INCREASE (DECREASE)	18,785	(44,525)	(25,740)
CASH @ END OF PERIOD			7,476,749
REQUIRED CASH @ END OF PERIOD (3)			(3,473,930)
CASH OVER (UNDER) RESERVE REQUIREMENTS (4)			4,002,819

1. Debt service principal in the wastewater column includes revenue bond principal of \$319,020
2. Debt service interest in the wastewater column includes revenue bond interest of \$44,950
3. Required cash includes operating funds for one quarter (three months) & debt service reserves.
4. Funds in excess of cash requirements are available for contingencies, the purchase of assets & capital improvements.

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
REVENUE TEST FOR SERIES 2013 REVENUE BOND ISSUE
FISCAL YEAR 2023**

	WATER	WASTEWATER	TOTAL
OPERATING REVENUES	1,401,265	1,159,765	2,561,030
(LESS) AD VALOREM TAX REVENUE (1)	167,480	442,920	610,400
(LOSS) ON SALE OF FIXED ASSETS	-	-	-
INTEREST INCOME	48,350	8,760	57,110
(LESS) VAC SEWER FUNDS INTEREST (2)	-	(8,760)	(8,760)
GROSS REVENUES	1,617,095	1,602,685	3,219,780
LESS COST OF SALES	559,740	-	559,740
LESS OPERATING EXPENSES (3)	481,120	785,980	1,267,100
LESS BOND PAYMENT FEES	-	1,200	1,200
NET REVENUES	576,235	815,505	1,391,740
G.O./REVENUE BOND DEBT SERVICE			
CURRENT- PRINCIPAL	124,620	720,790	845,410
- INTEREST	42,830	86,120	128,950
LESS REFUNDED BOND DEBT (4)	-	-	-
TOTAL DEBT SERVICE	167,450	806,910	974,360
ACTUAL NET REVENUE / DEBT SERVICE	3.44	1.01	1.43
REQUIRED NET REVENUE / DEBT SERVICE	1.20	1.20	1.20

(1) Ad valorem property taxes are excluded from calculating net earnings for revenue test unless used for O&M or for payment of G.O. bonds

(2) Interest earned on vacuum sewer construction and assessment funds was excluded from net earnings.

(3) Depreciation, amortization of debt expenses, bond interest, & bond issue expense are not included in O&M expenses for revenue test.

(4) N/A in FY22

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
FISCAL YEAR 2023**

ACCT NO		ACTUAL FY 2021	BUDGET FY 2022	AMEND		BUDGET INC (DEC)
				ESTIMATED FY 2022	PROPOSED FY 2023	
OPERATING REVENUES						
01-00-401-00	WATER CONSUMPTION	1,031,427	1,026,120	1,004,280	1,045,170	19,050
01-00-402-00	SEWER USE	720,697	728,830	729,130	761,760	32,930
01-00-403-00	PENALTIES	7,818	7,000	7,680	7,830	830
01-00-404-03	VACUUM SEWER ASSESSMENT	371,249	366,990	366,990	366,990	-
01-00-406-02	WATER TAP FEES	12,100	5,000	12,100	5,500	500
01-00-406-03	SEWER TAP FEES	27,600	12,000	28,800	13,200	1,200
01-00-407-00	ADMINISTRATIVE FEES	6,125	7,910	6,140	6,260	(1,650)
01-00-408-00	RECONNECTION FEES	3,000	3,190	2,405	1,980	(1,210)
01-00-410-00	WATER TRANSPORT FEE	11,251	14,240	14,240	17,250	3,010
01-00-410-01	EFFLUENT DISPOSAL FEE	2,591	6,740	14,800	9,780	3,040
01-00-412-00	WATER TANK LEASE	293,601	299,530	299,530	311,020	11,490
01-00-429-00	MISCELLANEOUS REVENUE	13,681	14,010	51,970	14,290	280
TOTAL OPERATING REVENUES		2,501,139	2,491,560	2,538,065	2,561,030	69,470
COST OF SALES						
01-00-451-00	WAREHOUSE SALES	-	-	-	-	-
01-00-452-00	WATER PURCHASES	536,631	537,870	527,450	559,740	21,870
TOTAL COST OF SALES		536,631	537,870	527,450	559,740	21,870
GROSS PROFIT FROM OPERATIONS		1,964,509	1,953,690	2,010,615	2,001,290	47,600
GENERAL & ADMINISTRATION						
01-01-500-00	PAYROLL EXPENSE	526	650	510	680	30
01-01-501-00	SALARIES	317,795	370,000	335,000	390,000	20,000
01-01-502-00	OVERTIME LABOR	16,641	18,500	18,850	20,000	1,500
01-01-504-00	FICA	20,765	24,090	21,940	25,420	1,330
01-01-505-00	FMED	4,857	5,630	5,130	5,950	320
01-01-506-00	SC RETIREMENT	54,559	63,750	58,070	71,380	7,630
01-01-509-00	MED., LIFE & DISABILITY INSURANCE	51,806	69,600	55,500	74,540	4,940
01-01-509-01	OPEB EXPENSE	3,882	4,200	3,990	4,410	210
01-01-510-00	WORKMAN'S COMPENSATION	4,752	5,370	4,560	6,150	780
01-01-512-00	LICENSE RENEWAL	590	480	480	490	10
01-01-513-00	TRAINING & CONVENTION FEES	1,054	3,500	3,500	3,610	110
01-01-514-00	UNIFORMS	349	600	600	620	20
01-01-515-00	TRAVEL	131	800	800	820	20
01-01-516-00	BUSINESS MEALS	-	100	100	100	-
01-01-517-00	COMMISSIONER'S EXPENSES	1,256	2,500	2,500	2,580	80
01-01-518-00	FIRE DEPART ADMIN SUPPORT	(29,030)	(29,390)	(29,390)	(30,860)	(1,470)
01-01-519-00	EROSION ADMIN SUPPORT	(7,080)	(7,170)	(7,170)	(7,530)	(360)
01-01-521-00	ACCOUNTING & AUDIT	9,093	12,790	12,790	15,600	2,810
01-01-522-00	BAD DEBT	639	500	500	520	20
01-01-523-00	BANK SERVICE CHARGES	10,266	9,500	10,310	10,620	1,120
01-01-523-01	CREDIT CARD SERVICE FEES	843	2,990	3,820	3,940	950
01-01-526-00	DUES & SUBSCRIPTIONS	4,385	4,950	4,950	5,670	720

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
FISCAL YEAR 2023**

ACCT NO	ACTUAL FY 2021	BUDGET FY 2022	AMEND		BUDGET INC (DEC)
			ESTIMATED FY 2022	PROPOSED FY 2023	
01-01-528-00 ENGINEERING & CONSULTING	-	40,000	40,000	10,000	(30,000)
01-01-531-00 INSURANCE	56,893	57,950	57,950	64,190	6,240
01-01-532-00 LEGAL FEES	13,134	15,000	7,000	7,210	(7,790)
01-01-533-00 LICENSES, TAXES & PERMIT FEES	11,213	11,880	11,880	12,240	360
01-01-535-00 METER READING & RELATED	139	-	-	-	-
01-01-537-00 OFFICE SUPPLIES	2,309	3,200	3,200	3,300	100
01-01-538-00 POSTAGE & FREIGHT	5,562	5,520	5,520	5,690	170
01-01-539-00 PRINTING	1,380	1,500	1,750	1,800	300
01-01-540-00 PROGRAM MAINTENANCE	8,340	16,550	16,550	18,730	2,180
01-01-543-00 VEHICLE GAS & OIL	11,038	12,000	14,000	23,800	11,800
01-01-549-00 MISCELLANEOUS	3,456	4,300	4,300	4,430	130
01-01-558-00 BUILDING & GROUNDS MAINTENANCE	7,437	6,080	7,000	7,210	1,130
01-01-562-00 GRAPHIC SERVICES	-	200	200	210	10
01-01-568-00 SUPPORT EQUIPMENT MAINTENANCE	1,611	1,850	1,850	1,910	60
01-01-569-00 VEHICLE MAINTENANCE	3,914	2,500	2,500	2,580	80
01-01-581-00 ELECTRICITY & LP GAS, OFFICE	1,810	2,000	2,100	2,210	210
01-01-583-00 TELEPHONE & COMMUNICATIONS	4,629	4,000	4,500	4,640	640
TOTAL G & A EXPENSES	600,944	748,470	687,640	774,860	26,390
WATER SYSTEM EXPENSES					
01-02-524-00 CHEMICALS	-	200	200	200	-
01-02-542-00 SMALL TOOLS & SUPPLIES	884	1,700	1,860	2,500	800
01-02-545-00 WATER TAP COSTS	3,720	2,200	7,800	5,000	2,800
01-02-557-00 BOOSTER PUMPS	110	1,000	1,000	1,000	-
01-02-560-00 CONTROLS & INSTRUMENTATION	28	500	500	500	-
01-02-561-00 FIRE HYDRANTS	2,143	3,000	-	3,000	-
01-02-568-00 SUPPORT EQUIPMENT MAINT	-	500	-	500	-
01-02-570-00 WATER LINES	46,499	8,100	8,000	8,240	140
01-02-571-00 WATER METER REPAIR	3,727	5,500	3,500	6,000	500
01-02-572-00 WATER QUAL MONITORING	1,661	2,120	2,120	2,180	60
01-02-573-00 WATER TANKS	44,534	46,680	47,500	48,930	2,250
01-02-581-00 ELECTRICITY	12,975	12,930	12,440	13,060	130
01-02-583-00 TELEPHONE/SCADA	2,254	2,500	2,500	2,580	80
TOTAL WATER O&M EXPENSES	118,534	86,930	87,420	93,690	6,760
WASTEWATER EXPENSES					
01-03-524-00 CHEMICALS	11,029	7,300	7,300	7,670	370
01-03-525-00 CLEANING SUPPLIES	132	150	150	160	10
01-03-527-00 EFFLUENT MONITORING, WWTP	24,288	25,340	25,340	26,100	760
01-03-529-00 GENERATOR FUEL/MAINT, WWTP	4,847	6,300	6,980	7,330	1,030
01-03-529-02 GENERATOR FUEL/MAINT, VAC SEW	2,200	4,600	4,900	5,150	550
01-03-541-00 SLUDGE DISPOSAL, WWTP	119,719	80,000	110,230	115,740	35,740
01-03-542-00 SMALL TOOLS & SUPPLIES	1,076	1,800	2,000	2,060	260
01-03-545-00 SEWER TAP COSTS	-	-	-	-	-
01-03-558-00 BUILDING & GROUNDS, WWTP	20,512	20,900	20,900	21,530	630

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
FISCAL YEAR 2023**

ACCT NO		ACTUAL FY 2021	BUDGET FY 2022	AMEND		BUDGET INC (DEC)
				ESTIMATED FY 2022	PROPOSED FY 2023	
01-03-559-00	UV DISINFECTION SYSTEM, WWTP	-	500	-	520	20
01-03-560-00	CONTROLS/INSTRUMENTS, WWTP	6,818	11,000	4,000	11,000	-
01-03-563-00	GRAVITY SEWER LINES	5,401	4,500	3,000	4,500	-
01-03-563-02	VAC SEWER LINES & SUMPS	7,526	5,500	500	5,500	-
01-03-564-00	EFFLUENT DISPOSAL, WWTP	2,547	3,520	3,520	3,630	110
01-03-565-00	WASTEWATER TREATMENT	27,410	65,000	40,000	42,000	(23,000)
01-03-566-00	SEWER FORCE MAINS	-	31,000	-	35,000	4,000
01-03-567-00	WASTEWATER PUMPING STATIONS	20,522	18,000	24,800	18,000	-
01-03-567-02	VACUUM SEWER STATION	1,095	15,500	5,000	10,000	(5,500)
01-03-581-00	ELECTRICITY-WWPS	12,607	12,990	13,130	13,790	800
01-03-581-01	ELECTRICITY-WWTP	54,780	55,870	52,500	55,130	(740)
01-03-581-02	ELECTRICITY-VAC SEWER	12,593	12,060	12,885	13,530	1,470
01-03-583-00	TELEPHONE	-	200	200	210	10
	TOTAL WASTEWATER O&M EXPENSES	335,103	382,030	337,335	398,550	16,520
	TOTAL OPERATING EXPENSES	1,054,580	1,217,430	1,112,395	1,267,100	49,670
	NET OPERATING REVENUES	909,928	736,260	898,220	734,190	(2,070)
	OTHER INCOME					
01-00-416-00	INTEREST/NOT RESTRICTED	58,920	50,500	50,500	48,350	(2,150)
01-00-417-00	INTEREST/RESTRICTED	17,842	12,250	11,600	8,760	(3,490)
01-00-418-00	CAPITAL GAIN (LOSS)	630	-	-	-	-
01-00-419-00	UNREALIZED INV GAIN (LOSS)	(74,304)	-	-	-	-
	TOTAL OTHER INCOME	3,087	62,750	62,100	57,110	(5,640)
	OTHER EXPENSES					
01-01-595-00	AMORT OF DEFERRED DEBT	-	-	-	-	-
01-01-596-00	INTEREST ON BONDS	159,858	146,790	146,740	128,950	(17,840)
01-01-597-00	BOND PAYMENT FEES	1,200	1,200	1,200	1,200	-
01-01-598-00	BOND ISSUE FEES	-	-	-	-	-
	TOTAL OTHER EXPENSES	161,058	147,990	147,940	130,150	(17,840)
01-00-499-00	INTERFUND TRANSFERS IN (OUT)	610,394	610,440	610,400	610,400	(40)
01-00-499-01	INTERFUND TRANS (OUT) fr SURPLUS	(506,772)				
	NET INCOME BEFORE DEPRECIATION	855,579	1,261,460	1,422,780	1,271,550	10,090
	DEPRECIATION					
01-01-611-00	G&A DEPRECIATION	28,748	37,450	30,620	30,460	(6,990)
01-02-611-00	WATER SYSTEM DEPRECIATION	149,675	151,840	143,740	150,600	(1,240)
01-03-611-00	WASTEWATER SYS DEPRECIATION	429,148	418,380	424,730	431,740	13,360
	TOTAL DEPRECIATION	607,571	607,670	599,090	612,800	5,130
	NET INCOME (LOSS)	248,008	653,790	823,690	658,750	4,960

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
FISCAL YEAR 2023**

ACCT NO		ACTUAL FY 2021	BUDGET FY 2022	AMEND		BUDGET INC (DEC)
				ESTIMATED FY 2022	PROPOSED FY 2023	
	CAPITAL EXPENDITURES BUDGET					
01-00-172-00	BUILDINGS & GROUNDS	-	-	-	-	-
01-00-173-00	WATER SYSTEM	3,150	60,000	46,500	17,700	(42,300)
01-00-174-00	OFFICE FURNITURE & EQUIPMENT	-	3,600	3,700	-	(3,600)
01-00-175-00	FIELD SUPPORT EQUIPMENT	2,825	-	-	-	-
01-00-176-00	WELLS & PUMP STATIONS	-	500,000	125,000	265,000	(235,000)
01-00-177-00	LIFT STATIONS	-	-	-	-	-
01-00-178-00	COLLECTION SYSTEMS	-	-	-	5,200	-
01-00-179-00	WASTEWATER TREATMENT PLANT	63,219	-	87,640	-	-
01-00-180-00	COMPUTERS, SOFTWARE, ETC	6,696	-	2,370	-	-
01-00-181-00	VEHICLES	-	30,000	27,840	-	(30,000)
	TOTAL CAPITAL EXPENDITURES	75,890	593,600	293,050	287,900	(310,900)
	CAPITAL RESERVE BUDGET					
	WATER SYSTEM	-	-	-	107,300	107300
	WASTEWATER COLLECTION SYSTEMS	-	-	-	24,800	24800
	WASTEWATER TREATMENT PLANT	-	-	-	31,880	31880
	TOTAL CAPITAL RESERVE BUDGET	-	-	-	163,980	163980
	2013 REVENUE BOND REPAYMENT RESERVE	35,000	35,000	35,000	35,000	-
	TOTAL CAPITAL EXPENDITURES & RESERVES	110,890	628,600	328,050	486,880	(146,920)

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER OPERATIONS BUDGET
CAPITAL EXPENDITURES, CONSTRUCTION IN PROGRESS & CAPITAL RESERVES
FISCAL YEAR 2023**

	PROPOSED FY 2023	FY 2024	PROJECTED *		
			FY 2025	FY 2026	FY 2027
CAPITAL EXPENDITURES					
Water System					
GIS Mapping	17,700	-	-	-	-
Collection System					
GIS Mapping	5,200	-	-	-	-
Total Proposed Capital Expenditures	22,900	-	-	-	-
CONSTRUCTION IN PROGRESS					
Wells & Pump Stations - Hunting Island BPS	265,000	-	-	-	-
Total Construction in Progress	265,000	-	-	-	-
CAPITAL RESERVE BUDGET **					
Water Systems Capital Reserves	107,300	125,000	125,000	125,000	125,000
Wastewater Collection Systems Capital Reserves	24,800	30,000	30,000	30,000	30,000
Wastewater Treatment Plant Capital Reserves	31,880	65,000	65,000	65,000	65,000
Total Capital Reserve Budget	163,980	220,000	220,000	220,000	220,000
2013 REVENUE BOND REPAYMENT RESERVE	35,000	35,000	35,000	35,000	35,000
TOTAL CAPITAL EXPENDITURES, CIP & RESERVES	486,880	255,000	255,000	255,000	255,000

Capital Expenditure Items For Consideration	Projected Cost
Vac (sludge-hauling) truck with jetter	400,000
CJFV sewer line rehab/lining	Unknown
AMD/AMI Meter reading system	Unknown

* After development of a capital improvement plan, the columns for future fiscal year projections will be populated based on the capital improvement plan.

** The capital reserve budget will include items such as meter reading system upgrades, fleet vehicles, lift and pump station improvements, wastewater treatment plant improvements, water system improvements, etc. Balances remaining from the budgeted reserves at the end of the year can be carried forward for future capital needs. After development of a capital improvement plan, amounts from the reserve budget may be reallocated to the future fiscal year projection columns.

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
WATER & WASTEWATER DEPARTMENT**

**PROPOSED FISCAL YEAR 2023 BUDGET
ACCOUNT DETAIL**

OPERATING REVENUES

01-00-401-00 Water Consumption – Proposed FY2023 revenue based on new rate model provided by rate consultant and assumes a 3% increase in water usage. Use **\$1,045,170**

01-00-402-00 Sewer Use – Proposed FY2023 revenue based on new volumetric sewer rate recommended by rate consultant and assumes a 3% increase in water usage. Use **\$761,760**

01-00-403-00 Penalties – Includes a 1.5% penalty applied to accounts not paid five days after the due date and a \$60 non-payment fee applied to outstanding accounts remaining fifteen days after a past-due notice. Increased by 2% over FY2022 estimated actual. Use **\$7,830**

01-00-404-03 Vacuum Sewer Assessment – Annual assessments for 281 lots in divisions 2 & 3 @ \$503.54 each & 452 lots in divisions 4 & 5 @ \$498.89. Fee assessed on December 2022 tax bill to pay '05 & '13 revenue bond debt service due April 1, 2022 & October 1, 2022. Use **\$366,990**

01-00-406-02 Water Tap Fees – Ten new taps were estimated for FY2022 – estimated actual is twenty-two. For FY2023, estimate eleven water taps @ \$500. Use **\$5,500**

01-00-406-00 Sewer Tap Fees – Five new taps were estimated for FY2022 – estimated actual is twenty-two. For FY2023, estimate eleven sewer taps @ \$1,200. Use **\$13,200**

01-00-407-00 Administrative Fees – \$35.00 fee charged to establish a new account or transfer service to a new customer. Budget increased by 2% over FY2022 estimated actual. Use **\$6,260**

01-00-408-00 Reconnection Fees – Includes a \$45 reconnection fee charged if service is terminated for non-payment and \$150 fee trip fee for after-hours reconnection. FY2022 estimated actual lower than anticipated. Budget adjusted to 2% over FY2022 estimated actual. Use **\$1,980**

01-00-410-00 Water Transport Fee – Harbor Island water transportation fee increases from \$0.52/1,000 gals to \$0.61/1,000 gals, per the 2020 Water Service and Transportation Agreement. Budget based on actual flow of 28.294 mil gals from 3/1/21-2/28/22 @ \$0.61/1,000 gals. Use **\$17,250**

01-00-410-01 Effluent Disposal Fee – Harbor Island effluent disposal fee increases from \$0.42/1,000 gals to \$0.60/1,000 gals, per the 2020 Wastewater Agreement. Budget based on actual disposal of 16.305 mil gals of Harbor Island's effluent, 3/1/21 – 2/28/22, @ \$0.60/1,000 gals. (Assumes turbidity does not exceed level to trigger higher rate.) Use **\$9,780**

01-00-412-00 Water Tank Lease - Annual lease payment by cellular phone companies for antenna space on water tanks. Budget includes increases built into lease agreements. Use **\$311,020**

01-00-429-00 Miscellaneous Revenue - Recovery of annual Safe Drinking Water Fee charged by SCDHEC (cost prorated equally among total number of customers), jetting fees, charges for returned customer payments, late payment penalties on vacuum sewer assessments collected by Beaufort County, labor/parts charges for

emergency repairs to customer owned infrastructure (grinder pumps), and meter tampering and service theft charges. FY2022 estimated actual includes extraordinary income due to legal settlement. Budget increased by 2% over FY2022 budget. Use **\$14,290**

COST OF SALES

01-00-451-00 Warehouse Sales – Assume purchase & sale of inventory items net to zero. Use **\$0**

01-00-452-00 Purchase of Water – BJW&SA anticipates increase of 3% (\$0.09/1,000 gals) to the wholesale water rate for FY2023. FY2022 estimated actual was lower than projected. Budget includes a 3% increase over the FY2022 estimated actual water consumption plus the 3% increase in wholesale rate. Use **\$559,740**

GENERAL AND ADMINISTRATIVE EXPENSES

01-01-500-00 Payroll Expense – Annual cost of outsourced payroll processing. Use **\$680**

01-01-501-00 Salaries – Annual budget includes increases for current administrative & operations personnel, anticipated salary of new field operator for ½ year and retention bonuses for all staff. Salary increases and a retention program are necessary for to be competitive in the current employment market. Estimated cost for FY2022 lower than budgeted due to difficulties filling positions. Use **\$390,000**

01-01-502-00 Overtime Labor – Budget is calculated at 5% of salary expense. Use **\$20,000**

01-01-504-00 FICA – Social Security is 6.2% of total salary. Use **\$25,420**

01-01-505-00 FMED – Medicare based on 1.45% of total salary. Use **\$5,950**

01-01-506-00 SC Retirement – District's contribution to State Retirement System based on permanent employees' regular & overtime pays. For FY2022, employer's contribution increases 1% to 17.41%. Use **\$71,380**

01-01-509-00 Medical, Life & Disability Insurance - District provides full family coverage for all full-time employees and retirees. As of 3/31/22, SC Employee Insurance Program projection includes a 7.1% increase. Actual increase could be higher or lower depending on the final decision by the SC Budget & Control Board. Budget includes cost of insurance for new field operator. Use **\$74,540**

01-01-509-01 OPEB Expense - District provides insurance coverage for retirees that meet certain criteria. Use **\$4,410**

01-01-510-00 Workmen's Compensation – Budget calculated using a factor of 1.5% of salary and OT budget (based on historical ratio of salaries to cost). Use **\$6,150**

01-01-512-00 License Renewal – Cost of renewal of water & wastewater licenses for operators. Includes renewal fees for one new operator. Use **\$490**

01-01-513-00 Training & Convention Fees – Budget for continuing education requirements & for manager and/or Commissioners to attend functions of special interest to the District. Use **\$3,610**

01-01-514-00 Uniforms – Budget for steel-toed boots for field staff and shirts for staff to use for hurricane re-entry. Use **\$620**

01-01-515-00 Travel – Mileage & other travel expenses incurred by manager & commissioners performing District business. Use **\$820**

01-01-516-00 Business Meals – Budget amount same as prior year. Use **\$100**

01-01-517-00 Commissioner's Expenses - Reimbursement of expenses incurred by Commissioners while performing District business and recognition of retiring Commissioner service. Includes estimated lodging costs for hurricane evacuation. Use **\$2,580**

01-01-518-00 Fire Depart Administrative Support – Cost of providing administrative, human resources & financial support for fire dept. operations. Escalated by 5% over prior year budget. Use **\$30,860**

01-01-519-00 Erosion Administrative Support – Cost of providing administrative & financial support for erosion & bridge operations. Escalated by 5% over prior year budget. Use **\$7,530**

01-01-521-00 Accounting & Audit - Used for annual audit report and consulting in fiscal matters and includes actuarial services for post-employment benefit liability valuation and cost to publish budget hearing public notice. Pro-rata share of expense for water operations derived as follows:

Total FY2023	\$34,650	
Less Fire Dept.	14,890	
Less Erosion	<u>4,160</u>	
Wtr & Sew Operations	\$15,600	Use \$15,600

01-01-522-00 Bad Debt –Budget for non-collectible accounts. Use **\$520**

01-01-523-00 Bank Service Charges - Fees charged by Bank to maintain District's bank accounts and payment processing services for utility billing operations. Budget escalated by 3% over FY2022 estimated cost. Use **\$10,620**

01-01-523-01 Credit Card Service Fees - Fees charged by Bank to allow District's customers to pay bills via credit card. Budget escalated by 3% over FY2022 estimated cost. Use **\$3,940**

01-01-526-00 Dues & Subscriptions - Memberships in SC Association of Special Purpose Districts, Rural Water Association, WaterReuse Association, AWWA, Water Utility Council, Southeast Desalting Association, SC811, Water Environment Association of SC, Water Environment Federation, and subscription to Beaufort Gazette for local news monitoring. Use **\$5,670**

01-01-528-00 Engineering & Consulting – FY2022 budget included engineering services related to planning and budgeting for replacement or rehab of sewer lines in Captain John Fripp villas and for consulting services for water/sewer rate analysis. Budget decreased to typical level prior to FY2022. Use **\$10,000**

01-01-531-00 Insurance – State Fiscal Accountability Authority provides property insurance, liability coverage, and vehicle insurance through the Insurance Reserve Fund. The District's bond covenants also require a fidelity bond for all persons handling money or signing checks. New in FY2023, includes \$4,500 for cyber liability insurance. Use **\$64,190**

01-01-532-00 Legal Fees – Budget for general legal counsel to the Commission. Budget decreased due to lower-than-anticipated costs in FY2022. Use **\$7,210**

01-01-533-00 Licenses, Taxes & Permit Fees - SCDHEC Safe Drinking Water Fee, ND permit for wastewater plant, lab certification, Beaufort Co. storm water fee, group asbestos license, sales and use tax for online purchases. Use **\$12,240**

01-01-535-00 Meter Reading & Related – Budget same as prior year. Use **\$0**

01-01-537-00 Office Supplies - For stationary, copy paper, checks, computer supplies, etc. Use **\$3,300**

01-01-538-00 Postage and Freight – Budget includes postage for quarterly utility bills, rental of postage meter, maintenance agreement for mailing machine, freight charges for parts & materials and miscellaneous shipping charges. Use **\$5,690**

01-01-539-00 Printing – Budget includes cost of bill stock & envelopes, billing inserts and customer education materials. Use **\$1,800**

01-01-540-00 Program Maintenance – Annual license fees and support for accounting/utility billing software, Microsoft Office/Cloud, SCADA software, cybersecurity and PCI compliance software, handheld meter reading system, GIS mapping software, and miscellaneous IT support-projected to increase 15-20%. Use **\$18,730**

01-01-543-00 Vehicle Gas & Oil – Budget increased for anticipated higher gas prices. Use **\$23,800**

01-01-549-00 Miscellaneous – For items not fitting other account descriptions such as annual employee Christmas gifts and potential hurricane evacuation accommodations for essential staff. Use **\$4,430**

01-01-558-00 Buildings & Grounds Maintenance – Office cleaning, grounds maintenance, pest control and miscellaneous expenses for maintenance of administrative office. Use **\$7,210**

01-01-562-00 Graphic Services – Budget for blueprint and Mylar reproduction. Use **\$210**

01-01-568-00 Support Equipment Maintenance – Maintenance for office machines and backup generator. Use **\$1,910**

01-01-569-00 Vehicle Maintenance – Repair and maintenance for field operations vehicles. Use **\$2,580**

01-01-581-00 Electricity & LP Gas – Electricity and LP gas for administrative office. Use **\$2,210**

01-01-583-00 Telephone & Communications – Expense for office telephone, mobile phones, recurring website and email charges & miscellaneous communications expenses (Zoom, etc.). Use **\$4,640**

WATER SYSTEM EXPENSES

01-02-524-00 Chemicals - Purchase chlorine for emergency chlorination, if needed and decontamination of broken water lines. Use **\$200**

01-02-542-00 Small Tools & Supplies – Supplies and special tools to maintain water system. Budget increased for anticipated cost of tools for new employee. Use **\$2,500**

01-02-545-00 Water Tap Costs – Cost associated with installation of service for new homes. Use **\$5,000**

01-02-557-00 Booster Pumps – Maintenance/repair of booster pump stations. Use **\$1,000**

01-02-560-00 Controls & Instrumentation – Controls & instrument repairs for pumping stations and water towers.	Use	\$500
01-02-561-00 Fire Hydrants – Miscellaneous repairs to fire hydrants. Includes cost to rebuild one hydrant.	Use	\$3,000
01-02-568-00 Support Equipment Maintenance – Expenses such as replacement of hoses, motors or diaphragms on portable pumps.	Use	\$500
01-02-570-00 Water Lines – Routine water line repairs.	Use	\$8,240
01-02-571-00 Water Meter Repair – Repair, replacement & testing of meters.	Use	\$6,000
01-02-572-00 Water Quality Monitoring – State regulations require 4 bacteriological samples per month. Budget includes samplings, water quality test kits and reagents, and water unknowns required by lab certification regulations.	Use	\$2,180
01-02-573-00 Water Tanks – Contract maintenance program for three elevated water tanks plus miscellaneous items such as altitude valve repair.	Use	\$48,930
01-02-581-00 Electricity – Power for operation of booster pumps and lights at each water tank.	Use	\$13,060
01-02-583-00 Telephone/SCADA – Annual monitoring fee for SCADA system controlling the telemetry between Butcher's Island & Hunting Island pump stations and the 200,000 & 250,000 gallon elevated water tanks and miscellaneous repairs to batteries, cables, etc.	Use	\$2,580

WASTEWATER SYSTEM EXPENSES

01-03-524-00 Chemicals – Cost of sodium hypochlorite for biological cleaning, citric acid for cleaning mineral deposits, caustic soda for increasing pH.	Use	\$7,670
01-03-525-00 Cleaning Supplies – Supplies for cleaning office/pump building.	Use	\$160
01-03-527-00 Effluent Monitoring, WWTP – Influent & effluent sampling performed once per week as permit requires, reagents & supplies for chlorine residual, pH analysis & MLSS, and annual analysis of unknowns required by lab certification regulations.	Use	\$26,100
01-03-529-00 Generator Fuel/Maint, WWTP – Maintenance and fuel for backup generator.	Use	\$7,330
01-03-529-02 Generator Fuel/Maint, Vac Sew - Maintenance and fuel for backup generator.	Use	\$5,150
01-03-541-00 Sludge Disposal, WWTP – Cost of sludge hauling and disposal at BJW&SA facility includes sharp increase in costs over the past two fiscal years.	Use	\$115,740
01-03-542-00 Small Tools & Supplies – Supplies and special tools to maintain sewer system & treatment plant.	Use	\$2,060
01-03-545-00 Sewer Tap Costs – Cost of sewer taps for new homes is atypical since most sewer taps are pre-existing and the cost of tying in is borne by the property owner or builder.	Use	\$0

01-03-558-00 Building and Grounds, WWTP – Grounds maintenance around wastewater treatment plant includes dumpster rental, dump and disposal fees. FY2022 estimated actual includes anticipated cost of painting exterior walls and piping that may need to be deferred to FY2023. FY2023 budget includes estimated cost of interior pipe and wall painting. Use **\$21,530**

01-03-559-00 UV Disinfection System, WWTP – Bulb replacement not required. UV off. Use **\$520**

01-03-560-00 Controls & Instrumentation, WWTP – Budget for instrument calibration & routine maintenance items such as fuses & unforeseen repairs. Use **\$11,000**

01-03-563-00 Gravity Sewer Lines – Line maintenance and cleaning. Use **\$4,500**

01-03-563-02 Vacuum Sewer Lines & Sumps – Budget for line and valve pit maintenance includes vac valve rebuild kits. Use **\$5,500**

01-03-564-00 Effluent Disposal, WWTP – Effluent transfer station &/or storage tank and effluent pond weed control. Budget includes cost of transfer station pump replacement/repair. Use **\$3,630**

01-03-565-00 Wastewater Treatment & Disposal – Wastewater treatment systems include pumps, blowers, drain station, membranes and tanks, grit system, drum screens, etc. Budget based on age of system and equipment and includes 2% increase over FY2022 estimated actual. Use **\$ 42,000**

01-03-566-00 Sewer Force Mains – Budget for routine maintenance repairs. Includes re-route of force main for Davis Love pump station budgeted but not completed in FY2022. Use **\$35,000**

01-03-567-00 Wastewater Pumping Stations – Budget for pump station repair/maintenance includes cost of rebuild for two pumps and replacement of two small pumps or one large pump. Use **\$18,000**

01-03-567-02 Vacuum Sewer Station – Budget for vacuum station pump repair/maintenance and miscellaneous expense. Use **\$10,000**

01-03-581-00 Electricity, WWPS – Budget escalated for anticipated cost increase. Use **\$13,790**

01-03-581-01 Electricity, WWTP – Budget escalated for anticipated cost increase. Use **\$55,130**

01-03-581-02 Electricity, VS – Budget escalated for anticipated cost increase. Use **\$13,530**

01-03-583-00 Telephone – Phone service connecting vacuum sewer station and WWTP alarm system to emergency alert system & IT support is complimentary due to agreement with Hargray Communications. Budget small allowance for equipment replacement if necessary. Use **\$210**

OTHER INCOME

01-00-416-00 Interest/Not Restricted - Interest earned on operating funds & depreciation & contingent investment account. Use **\$48,350**

01-00-417-00 Interest/Restricted – Interest earned on sewer construction account and vacuum sewer assessment funds. Use **\$8,760**

OTHER EXPENSES

01-01-595-00 Amortization of Deferred Debt – Amortization of debt issuance costs. Use \$0

01-01-596-00 Interest on Bonds – Interest on 2005 WWTP G.O. bond, 2013 revenue refunding bond, 2014 WWTP improvement G.O. bond & 2018 H. R. Waterline Replacement G.O. bond. Use \$128,950

01-01-597-00 Bond Payment Fees – Cash management fees, Trustee Fees & Paying Agent Fees charged by First Commercial Bank for investing bond debt service funds & for the collection & handling of expired coupons & bonds for series 2013 bond issue. Use \$1,200

01-01-598-00 Bond Issue Fees – No expense anticipated in FY2023. Use \$0

TRANSFERS

01-00-499-00 Interfund Transfers In (Out) – Transfer of taxes collected by Beaufort County Treasurer to pay annual debt service for WWTP and H.R. waterline replacement G.O. bonds from debt service fund to water & sewer fund. Use \$610,400

DEPRECIATION

01-01-611-00 G&A Depreciation – Annual depreciation on land, office equipment, computers/software, and vehicles. Use \$30,460

01-02-611-00 Water System Depreciation – Annual depreciation on water system, support equipment and wells and pump stations. Use \$150,600

01-03-611-00 Wastewater System Depreciation – Annual depreciation on lift stations, collection system and wastewater treatment plant. Use \$431,740

ASSET ADDITIONS & CAPITAL IMPROVEMENTS

01-00-173-00 Water System – Budget for GIS mapping of water system. Use \$17,700

01-00-176-00 Wells & Pump Stations – Rehab of Hunting Island booster pump station was budgeted in FY2022 but not completed. Carry partial budget over to FY2023. Use \$265,000

01-00-178-00 Collection Systems – Budget for GIS mapping of sewer systems. Use \$5,200

CAPITAL RESERVE BUDGET – Includes amounts that can be used to fund planned or unplanned capital expenditures as needed. Remaining balances may be carried forward to the next year if unused. Use \$163,980

2013 REVENUE BOND REPAYMENT RESERVE – In 2013, the Commission voted to set aside \$35,000 annually for payment of remaining debt service due through 2028 after vacuum sewer assessments end in 2025.

RESOLUTION

OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION APPROVING THE FISCAL YEAR 2022-2023 ANNUAL BUDGET OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, PRESCRIBING AND IMPOSING THE TAX LEVY NECESSARY THEREFORE, AND MATTERS RELATED THERETO

WHEREAS, the Fripp Island Public Service District Commission (the “*Commission*”) is required by the laws of the State of South Carolina to adopt an annual budget of the Fripp Island Public Service District each year;

WHEREAS, Section 6-1-80 of the Code of Laws of South Carolina 1976, as amended requires that the Commission publish a notice of public hearing prior to the adoption of the annual budget;

WHEREAS, the Fripp Island Public Service District is authorized by enabling legislation of the South Carolina General Assembly to raise funds for corporate purposes of the District by causing the levy of a tax therefore;

WHEREAS, the Fripp Island Public Service District is authorized by enabling legislation of the South Carolina General Assembly to levy a tax upon all taxable property within the District sufficient to pay any general obligation bond debt and associated interest due;

WHEREAS, a notice of public hearing was published in *Beaufort Gazette* on _____, a copy of which is attached as Exhibit C hereto, and such hearing was held at a regular meeting of the Commission immediately prior to consideration of this resolution; and

WHEREAS, the Commission desires to adopt its annual budget for fiscal year 2022-2023 (the “*FY23 Budget*”) as the same is included as Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Commission in meeting duly assembled that:

Section 1 Adoption of Budget. The FY23 Budget is hereby adopted in the form attached as Exhibit A hereto.

Section 2 Imposition of Millage. The tax levies and millage amounts included as Exhibit B are hereby adopted and shall be imposed for the fiscal year beginning July 1, 2022.

ADOPTED this 14th day of June, 2022.

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
COMMISSION**

(SEAL)
Attest:

Chairman, Fripp Island Public Service District Commission

Secretary, Fripp Island Public Service
District Commission

Exhibit A

FY23 BUDGET

Exhibit B

FY23 BUDGET TAX LEVIES

Tax Authority	Tax Collection Account	Tax Levy
Erosion/Bridge		
Erosion/Bridge O&M	7031-Erosion & Bridge Ops	3.0 Mills
Erosion/Bridge Reserve	7031-Erosion & Bridge Res	1.5 Mills
	Total Erosion/Bridge	4.5 Mills
Fire District		
Fire Operations	7041-Fire Department Ops	12.8 Mills
Fire Department Reserve	7041-Fire Department Ops	0.5 Mills
General Obligation Bonds	7033-PSD Debt	16.5 Mills
	Total Fire District	29.8 Mills
Total Erosion/Bridge & Fire District Operations, Reserve & Debt		<u>34.3 Mills</u>

Exhibit C

FISCAL YEAR 2023 PUBLIC HEARING NOTICE

FRIPP ISLAND PUBLIC SERVICE DISTRICT

NOTICE OF PUBLIC HEARING

Tuesday, June 14, 2022

Fripp Island Fire Station

9:30 a.m.

Notice is hereby given that the Fripp Island Public Service District Commission (the "Commission"), the governing body of the Fripp Island Public Service District (the "District"), will hold a public hearing on the District's annual budget for the fiscal year beginning July 1, 2022, and ending June 30, 2023. The hearing will be held at 9:30 a.m. on June 14, 2022, at the Fripp Island Fire Station located at 289 Tarpon Boulevard, Fripp Island, SC 29920. Copies of the proposed budget and water and sewer rates are available at the Fripp Island PSD office. Public comments, written or oral, are invited. Those wishing to provide written public comments for the public hearing should email comments to officemanager@fipisd.org no later than one hour prior to the time set for the public hearing. Written comments may also be mailed to the Fripp Island Public Service District, 291 Tarpon Blvd., Fripp Island, S.C. 29920. Those wishing to make oral comments at the public hearing may attend the meeting in person or electronically. Those wishing to attend electronically should email officemanager@fipisd.org or call (843) 838-2400 to request instructions.

The current budget for fiscal year 2021-2022 and the proposed budget for fiscal year 2022-2023 are as follows:

	FY 2021-2022	FY 2022-2023	Percentage
	<u>Approved</u>	<u>Proposed</u>	<u>Change</u>
Operating Budget			
Revenues	\$3,272,770	\$3,437,060	5.0%
Expenditures *	\$3,567,470	\$3,532,530	-1.0%
Tax Levy (Mills)	14.8	15.8	6.8%
Tax Levy (Dollars)	\$696,890	\$793,490	13.9%
Reserve Levy			
Tax Levy (Mills)	1.5	2.0	33.3%
Tax Levy (Dollars)	\$70,840	\$100,130	41.3%
Debt Service Budget			
Revenues	\$807,000	\$826,090	2.4%
Debt Service *	\$837,000	\$834,700	-0.3%
Tax Levy (Mills)	17.0	16.5	-2.9%
Tax Levy (Dollars)	\$807,000	\$826,090	2.4%

* Operating budget expenditures and debt service include planned expenditures of fund balances and other carry-over funds, and use of moneys on deposit in sinking funds, respectively.

**RESOLUTION
WATER & SEWER RATES FOR FISCAL YEAR 2023**

**ADOPTION OF WATER AND SEWER RATES FOR THE FISCAL YEAR STARTING
JULY 01, 2022 AND ENDING JUNE 30, 2023**

WHEREAS, the Fripp Island Public Service District has prepared and adopted a budget for the fiscal year starting July 01, 2023, which requires the imposition of water and sewer rates on the residents receiving service.

NOW, THEREFORE, BE IT RESOLVED, that the following water and sewer rates schedule will be in effect for the fiscal year starting July 01, 2022.

WATER RATES

Customer Category	Base Bill/Quarter	Water Consumption
Residential		
Single family lots	\$ 51.70	
Multi-family units	\$ 51.70	
0-12,000 gals./qtr./unit		\$3.00/1,000 gals.
12,001-36,000 gals./qtr./unit		\$3.87/1,000 gals.
over 36,000 gals./qtr./unit		\$4.68/1,000 gals.
Commercial/Irrigation		
¾" meter	\$ 51.70	Same as residential
1" meter	\$ 87.89	
1½" meter	\$ 170.61	
2" meter	\$ 274.01	
3" meter	\$ 521.28	
Hotel/Motel per Room (Sunsuites)	\$ 28.10	
0-5,000 gals./qtr./unit		\$3.00/1,000 gals.
5,001-25,000 gals/qtr./unit		\$3.87/1,000 gals.
over 25,000 gals./qtr./unit		\$4.68/1,000 gals.
Jetting (Hydrant Meter)	N/A	Same as residential
Off Island Individual Customers	\$ 72.61	Same as residential
Hunting Island Fishing Pier	\$ 195.79	Same as residential
Hunting Island State Park	\$9,928.46	
0-7,200,000 gals./qtr.		\$3.65/1,000 gals.
Over 7,200,000 gals./qtr.		\$4.05/1,000 gals.
Hunting Island State Park, South	\$ 295.03	Same as Hunting Isl. S.P.
Harbor Island Transportation Fee	N/A	\$0.61/1,000 gals.

1. Where a single water meter serves more than one unit, multiply the minimum rate for the

RESOLUTION WATER & SEWER RATES FOR FISCAL YEAR 2023

customer category by the number of units.

2. Delinquent accounts will be charged a 1.5% finance charge on the unpaid balance not paid by the date due.

SEWER RATES

Customer Category	Base Bill/Quarter	Charge Per Gallon of Water Consumption
Residential (Single family or multi-family)	\$ 69.50	\$2.94/1,000 gals. up to 36,000 gals
Commercial	\$105.00	\$6.30/1,000 gals. over 22,500 gals
Hotel/Motel Room (Sunsuites)	\$37.40	\$2.94/1,000 gals.
Harbor Island Effluent Disposal Fee	N/A	\$0.60/1,000 gals.

1. Where a single water meter serves more than one unit, multiply the sewer rate by the number of units.
2. Delinquent accounts will be charged a 1.5% finance charge on the unpaid balance not paid by the date due.
3. If Harbor Island's wastewater effluent requires additional treatment prior to disposal, the Harbor Island effluent disposal fee increases to \$6.30/1,000 gallons.

TAP FEES

WATER

5/8" Meter	\$ 500.00
3/4" Meter (commercial only)	\$ 600.00
1" Meter (commercial only)	\$ 700.00
1½" Meter (commercial only)	\$ 900.00
2" Meter (commercial only)	\$1000.00
One meter for multiple units	\$500.00/unit
Hydrant Meter (Jetting)	\$ 100.00
Fire Flow (not required for irrigation meters or hydrant meter installation)	\$ 300.00

1. Where a single water meter serves more than one residential unit, multiply the 5/8" water meter tap-in rate by the number of units.
2. Where a single water meter serves more than one residential unit, multiply the fire flow fee by the number of units.
3. An advance payment of \$150.00 will be collected for water used during construction.
4. An advance payment of \$50.00 will be collected for water used with a hydrant meter.

SEWER

Residential	\$1,200.00
Commercial	\$200.00/toilet or \$1,200.00 whichever is greater

RESOLUTION
WATER & SEWER RATES FOR FISCAL YEAR 2023

1. Where a single water meter serves more than one residential unit, multiply the residential sewer tap-in rate by the number of units.

WATER CAPACITY FEES

All new development or expansions to existing development including, but not limited to, residential subdivisions, condominiums (villas), motels/hotels, and commercial facilities shall pay a \$3.90 per gallon water capacity capital contribution fee prior to receiving water service. The amount of water capacity required and purchased shall be adequate to meet the peak daily demand of the new development as determined solely by the Fripp Island Public Service District.

SEWER CAPACITY FEES

All new development or expansions to existing development including, but not limited to, residential subdivisions, condominiums (villas), motels/hotels, and commercial facilities shall pay a \$10.10 per gallon sewer capacity capital contribution fee prior to receiving sewer service. The amount of sewer capacity required and purchased shall be adequate to meet the average daily demand of the new development as determined solely by the Fripp Island Public Service District.

MISCELLANEOUS FEES

Non-Payment Fee	\$60.00
Fee added if payment is not received by date noted in past-due notice mailed to delinquent accounts.	
Reconnection Fees	\$45.00
Fee for service reconnection. Applies to non-payment and customer requested cutoffs.	
After Hours Trip Fee	\$150.00
Fee for service reconnection outside of normal business hours.	
Administrative Fee	\$35.00
A non-refundable fee to establish a new account, transfer service to a new customer or to re-establish a terminated account.	
Meter Tampering Fee	\$100 plus costs
For unauthorized meter tampering (i.e., turn-on, etc.)	
Theft of Service Fees	
Theft of meter equipment, bypassing meter, unauthorized use (i.e., after non-payment cutoff)	
First Offense	\$250.00 plus costs
Second Offense (Charged in magistrate court)	\$500.00 plus costs
Returned Payment Fee	\$35.00
Fee charged if any method of payment by customer is returned or dishonored by the bank.	

**RESOLUTION
WATER & SEWER RATES FOR FISCAL YEAR 2023**

**This Resolution ratified and adopted by the FRIPP ISLAND PUBLIC SERVICE
DISTRICT COMMISSION on June 14, 2022.**

**FRIPP ISLAND PUBLIC SERVICE DISTRICT
COMMISSION**

Chairman, Fripp Island Public Service District
Commission

(SEAL)
Attest:

Secretary, Fripp Island Public Service District
Commission