

Lancaster County Water and Sewer District

OPERATING BUDGET

For Fiscal Year Ending June 30, 2023

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Table of Contents	2
Introductory Section	
Budget Calendar	3
Budget Adoption	4
Operating and Maintenance Fund	
Budget Highlights	5-6
Operating Budget	7-9
Contingency and Capital Replacement Fund	
Budget Highlights	10
Contingency and Capital Replacement Fund Budget	10-11

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

2022-2023 Budget Calendars

- February 14 Finance Director begins review of 2021-2022 Financials and distributes worksheets to Department Heads.
- March 7-11 Management, Department Heads, and Finance Director meet in groups to discuss 2022-2023 Budget and future needs.
- March 16 Management and Finance Director meet to discuss the Budget.
- March 25 Management and Finance Director meet to discuss the Budget.
- April 14 Management and Finance Director meet to discuss the Budget.
- May 10 2022-2023 Budget Draft presented to Board of Commissioners.
- May 18 Notice of Public Budget Hearing in The Lancaster News.
- June 13 Public Hearing
- June 14 Board of Commissioners approves Budget for Fiscal Year Ending June 30, 2023
- July 1 New fiscal year begins

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

SECTION 6-1-80. Budget adoption.

(A) A county, municipality, special purpose or public service district, and a school district shall provide notice to the public by advertising the public hearing before the adoption of its budget for the next fiscal year in at least one South Carolina newspaper of general circulation in the area. This notice must be given not less than fifteen days in advance of the public hearing and must be a minimum of two columns wide with a bold headline.

(B) The notice must include the following:

(1) the governing entity's name;

(2) the time, date, and location of the public hearing on the budget;

(3) the total revenues and expenditures from the current operating fiscal year's budget of the governing entity;

(4) the proposed total projected revenue and operating expenditures for the next fiscal year as estimated in next year's budget for the governing entity;

(5) the proposed or estimated percentage change in estimated operating budgets between the current fiscal year and the proposed budget;

(6) the millage for the current fiscal year; and

(7) the estimated millage in dollars as necessary for the next fiscal year's proposed budget.

(C) This notice is given in lieu of the requirements of Section 4-9-130.

HISTORY: 1995 Act No. 146, Section 9A.

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Operating and Maintenance Fund

Budget Highlights

- The Operating and Maintenance Fund consists of revenues and expenses in connection with the normal, day-to-day operations of the District. Below are the proposed water and sewer retail rates (fixed and volumetric) to be effective July 1, 2022. A typical customer's water bill will see a 2% increase. A typical water and sewer customer's combined bill will see an average 4% increase.

WATER (Residential & Non-Residential)		SEWER (Residential and Non-Residential)	
	Base Charge		Base Charge
3/4-inch meter	\$ 21.12	3/4-inch meter	\$ 11.31
1- inch meter	\$ 52.80	1- inch meter	\$ 28.28
1-1/2-inch meter	\$ 105.60	1-1/2-inch meter	\$ 56.55
2-inch meter	\$ 168.96	2-inch meter	\$ 90.48
3-inch meter	\$ 337.92	3-inch meter	\$ 180.96
4-inch meter	\$ 633.60	4-inch meter	\$ 339.30
6-inch meter	\$ 1,372.80	6-inch meter	\$ 735.15
8-inch meter	\$ 2,640.00	8-inch meter	\$ 1,413.75
Account Maintenance Fee	\$ 2.60*	Account Maintenance Fee	\$ 2.60
<i>*Fee covers costs of meter reading and billing associated with each account</i>			
Volumetric Water Rate (per 1,000 gals)		Volumetric Sewer Rate (per 1,000 gals)	
Tier 1 0-20,000 gals	\$4.33 *		\$5.19
Tier 2 >20,000	\$8.66*		
*Conservation rates apply at high volume consumption.			

- On Wednesday, February 8, 2022, the Catawba River Water Supply Project (CRWSP) Board met and approved the Budget for Fiscal Year 2022-2023. The cost of water purchased from the CRWTP will be \$0.72/1,000 gallons. This represents a \$0.01/1,000 gallons increase from last year's cost.
- As of March 9, 2022, the State Health Plan recommended a 14.2% overall increase in the plan's rates for 2023. The District's experience rating for 2022 is 1.049 and will remain in effect until December 31, 2022 and the experience rating for 2023 is 1.165 and will remain in effect until December 31, 2023.

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

- S.C. Retirement Systems (SCRS) contribution rates for Fiscal Year 2023 are 17.56% for employer contribution and 9% for employee contribution. These rates are effective beginning July 1, 2022.
- The Insurance Reserve Fund recommends increasing the overall premiums 15% for all policies issued by them. This is effective for all policies that renew on or after July 1, 2022.
- The System Improvements and Replacements include the Hannah's Creek Gravity Sewer Upgrade, ILWWTP Upgrade, ILWWTP Contingency, Rum Creek Outfall Upgrade, Rum Creek Force Main Relocation, Catawba Ridge Force Main, ILWWTP Lab/Office Improvements, Old Hickory/N Corner Transmission EV Relocation, Operations Center Improvements, Potter Road Sewer, Town of Kershaw Water Pipe Replacement, University Drive Connector Water Main, Various Transportation Improvements, Various Unknowns to include Water and Sewer Emergency and Unscheduled Maintenance.
- Vehicle Replacements reflects four new trucks, and four replacement trucks. The District will purchase two new Superintendent trucks, a new Quality Control truck, a new pipe service truck and will replace a Locator truck, dump truck, Route truck, and System Maintenance truck. Equipment Replacements include the following: Case 210 excavator with rock hammer, Mini Excavator with trailer, and a forklift.
- Advanced Metering Infrastructure (AMI) improvements include upgrades to our radio system to communicate with system components and enhance the overall coverage and performance.
- Lancaster County continues to be in a growth period that will require significant Panhandle and remainder of the County needs-driven water and sewer capital improvement projects. The District continues to fulfill its goal to provide high-quality yet cost effective water and sewer services to its customers in Lancaster County.

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Operating Revenue	2021/2022	2022/2023
Metered Water and Sewer Sales	29,490,000	33,365,000
Water and Sewer Connection Fees	500,000	550,000
Total Operating Revenue	29,990,000	33,915,000
Operating Expenses		
Cost of Wastewater Treatment Plant (1)	958,000	1,700,000
Cost of Treated Water	3,280,000	3,500,000
Water Maintenance Cost (2)	2,480,000	3,000,000
Quality Control Cost	40,000	70,000
Cost of Sewer Treatment	1,200,000	1,325,000
Sewer Maintenance Cost (3)	2,130,000	1,178,000
Facilities Expense (4)	0	910,000
Grant Expense	0	25,000
Connection Expenses	500,000	550,000
Salaries & Wages Expense	4,894,469	5,160,576
System Expense and Supplies	750,000	500,000
Human Resource Expenses	0	110,570
Employee Health & Safety	120,000	60,000
Gas & Oil	200,000	325,000
Vehicle Repairs	140,000	140,000
Equipment Repairs	150,000	150,000
Tank Maintenance	250,000	250,000
Building & Grounds Maintenance (5)	260,000	260,000
Telephone	170,000	200,000
Utilities	500,000	550,000
Property Insurance	133,800	168,025
Auto Comp & Collision Insurance	30,000	26,360
Employee Bond Insurance	1,000	1,000
Cyber Liability Insurance	15,000	15,000
Workers Compensation Insurance	150,000	150,000
Medical Insurance	1,100,000	1,500,000
OPEB Expense	182,000	206,000
Inland Marine Insurance	44,200	44,397
Auto Liability Insurance	30,800	28,400
General Tort Liability Insurance	50,400	45,800
Office Expense (6)	170,000	155,000
Postage	165,000	170,000

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Electronic Payment Expense	200,000	360,000
Professional Fees	450,000	470,000
Information Technology Expense (7)	425,000	395,000
GIS Expenses	0	100,000
Engineering	50,000	50,000
Permits, Fees, Dues	120,000	160,000
Seminars ,Conferences, Education	60,000	60,000
Payroll Tax Expense	374,427	394,784
Retirement Expense	1,251,026	1,370,649
Bond Administration Expense	35,000	25,000
Total Operating Expenses	<u>23,060,122</u>	<u>25,859,561</u>
Other Income	2021/2022	2022/2023
Interest Income	100,000	50,000
Miscellaneous Income	275,000	475,000
Grant Revenue	1,000,000	0
Total Other Income	<u>1,375,000</u>	<u>525,000</u>
Income before Debt Service/Capital Expenses	8,304,878	8,580,439
Debt Service		
Principal & Interest	2,696,562	2,700,536
Capital Expense Projections:		
System Improvements/Replacements	4,723,016	4,740,903
Vehicle Replacements	194,000	461,000
Equipment Replacements	191,300	478,000
Data Processing Improvements	300,000	0
AMI Upgrade	200,000	200,000
	<u>5,608,316</u>	<u>5,879,903</u>
Net Income	0	0

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

(1) Cost of Wastewater Treatment	2021/2022	2022/2023
Chemicals	328,000	400,000
Miscellaneous Repairs and Supplies	220,000	240,000
Projected Repairs	0	125,000
Sludge Handling	160,000	575,000
Lab Fees	65,000	100,000
Telemetry	20,000	20,000
Utilities	165,000	240,000
	<u>958,000</u>	<u>1,700,000</u>
(2) Water Maintenance Cost		
Materials and Supplies	1,500,000	2,100,000
Distribution System Repairs/Replacements	900,000	900,000
	<u>2,400,000</u>	<u>3,000,000</u>
(3) Sewer Maintenance Cost		
Collection System Repairs/Replacements	600,000	600,000
Odor and Grease Control	480,000	528,000
Sewer Rehabilitation - CMOM	500,000	50,000
	<u>1,580,000</u>	<u>1,178,000</u>
(4) Facilities Cost		
Pump Stations	80,000	110,000
Lift Stations	550,000	800,000
	<u>630,000</u>	<u>910,000</u>
(5) Building & Grounds Maintenance		
Building & Grounds - Main Office	150,000	160,000
Building & Grounds - Indian Land	60,000	40,000
Building & Grounds - Operations Center	50,000	60,000
	<u>260,000</u>	<u>260,000</u>
(6) Office Expense		
Contract Labor	30,000	15,000
Office Supplies	55,000	55,000
Printing Expense	85,000	85,000
	<u>170,000</u>	<u>155,000</u>
(7) Information Technology Expense		
Virtual Office Advantage	190,000	170,000
Data Processing Costs	65,000	65,000
Hardware Costs	0	20,000
Contract Maintenance	170,000	140,000
	<u>425,000</u>	<u>395,000</u>

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Contingency and Capital Replacement Fund

Budget Highlights

Lancaster County continues to be in a growth period that requires significant needs-driven Capital Improvement Projects. Therefore, projected capacity fees are \$6.0 million with plans to use \$836,634 from existing contingency funds and the collected capacity fees for various Capital Improvement Projects for budget year 2022-2023.

The District's Capital Improvement Program includes the following projects for year ending June 30, 2023: Hwy 521 20" Transmission Phase 3, Clems Branch PS Upgrade, Six Mile Creek Gravity Sewer, Hannah's Creek Gravity Sewer, Bridgemill #2 Gravity Outfall, Developer Reimbursement Agreements, CRWSP SCADA/Surveillance/Pump, University Drive Connector Water Main, State Line Tank Relocation, Calvin Hall Pump Station, Transportation Betterment, and Land Acquisition. The District continues to fulfill its goal to provide water and sewer service for residents and businesses in Lancaster County.

	2021/2022	2022/2023
Contingency and Capital Replacement Fund		
Projected Capacity Fees		
Contingency Funds	1,315,042	836,634
Projected Capacity Fees	3,000,000	6,000,000
Interest Income	100,000	50,000
Total Revenue Available for Capital Projects	<u>4,415,042</u>	<u>6,886,634</u>
Debt Service		
Principal & Interest	1,070,042	1,070,342
Projected Capital Projects		
Rum Creek FM Relocation	250,000	0
Transportation Betterment	0	110,000
Developer Reimbursement Agreements	620,000	916,292
University Drive Connector Water Main	50,000	50,000
Hwy 521 20" Transmission-Phase 3	800,000	1,500,000
ILWWTP Upgrade(2.5-5 MGD)	200,000	0
ILWWTP Contingency	200,000	0
Land Acquisition	200,000	200,000
State Line Tank Relocation	100,000	50,000
CRWSP SCADA/Surveillance/Pump	500,000	1,500,000
Six Mile Creek Gravity Sewer	100,000	300,000
Calvin Hall Pump Station	75,000	1,000,000
Clems Branch PS Upgrade	150,000	50,000
Twelve Mile Sub-Basin EQ/Repump	100,000	0

**LANCASTER COUNTY WATER AND SEWER DISTRICT
OPERATING BUDGET
FOR FISCAL YEAR ENDING JUNE 30, 2023**

Hannah's Creek Gravity Sewer	0	100,000
Bridgemill #2 Gravity Outfall	0	40,000
Total Expenditures for Capital Projects	<u>4,415,042</u>	<u>6,886,634</u>