# FRIPP ISLAND PUBLIC SERVICE DISTRICT

## MEMORANDUM

TO: Edward D. Wetzel, Chairman
Mike M. Murphy
Rick E. Keup
Michael J. Wilt
Dennis Perrone
John F. King

FROM: Jeremy D. Sponseller

SUBJECT: Commission Meeting June 18, 2024

DATE: June 14, 2024

The **June** Commission meeting is scheduled for **Tuesday, June 18, 2024 at 9:30 a.m. The meeting will be held in the training room at the Fripp Island Fire Department and electronically via Zoom. All attendees may elect to attend in person or via Zoom. Login/call-in information appears on the agenda.** The agenda and handouts are provided for your review.

Please let me know if you will be unable to attend the meeting.

Enclosures

C: Joshua Horton, Fire Chief
Gary Pope, Jr., Esq.
Yvonne Fireall, Office Manager/HR Benefits Administrator

FRIPP ISLAND PUBLIC SERVICE DISTRICT

Tuesday June 18, 2024
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/3252080233?omn=81824774087
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: 325 208 0233

**PUBLIC HEARING**

A public hearing regarding the adoption of A RESOLUTION APPROVING THE FISCAL YEAR 2024-2025 BUDGET OF THE FRIPP ISLAND PUBLIC DISTRICT, SOUTH CAROLINA; APPROPRIATING FUNDS FOR THE PURPOSES SET FORTH THEREIN; IMPLEMENTING A RATE INCREASE; AND OTHER MATTERS RELATED THERETO.

In accordance with Section 6-1-80 both proponents and opponents will be given an opportunity to be heard by the Commission.

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 May 2024 Commission Meeting Minutes
4. Reports
   - Manager Report May 2024
   - Fire Department Report May 2024
   - POA Shoreline Committee
5. Old Business
   -
6. New Business
   - Consideration of A RESOLUTION APPROVING THE FISCAL YEAR 2024-2025 BUDGET OF THE FRIPP ISLAND PUBLIC DISTRICT, SOUTH CAROLINA; APPROPRIATING FUNDS FOR THE PURPOSES SET FORTH THEREIN; IMPLEMENTING A RATE INCREASE; AND OTHER MATTERS RELATED THERETO.
   - October 2023 ATM report concerning Fripp Island T-Groins
7. Questions and Comments from Visitors
8. Executive Session: Personnel matters - Compensation and Benefits
9. Adjourn

4

**All values for assessed value are estimates provided by the Beaufort County Finance Department. Actual value of a mill and taxes collected will vary.**

**Revenues projected here are only estimated and presented with the assumption of 100% collection**

| | |
|---|---|
| **Total Assessed Value** | $ 61,123,670.00 |
| **Value of Mill 2025** | **$ 61,123.67** |
| **Value of Mill 2024** | **$ 59,884.00** |
| Millage Increase Cap | 5.56% |
| FY 24 Erosion & Bridge | 2.80 |
| FY 24 Fire Department | 12.40 |
| FY 24 Total Operations Millage | 15.20 |
| FY 25 Erosion & Bridge Max Increase | 2.90 2.96 |
| FY 25 Fire Departmet Max Increase | 13.00 13.09 |
| FY 25 Total Operations Millage Max Increase | 16.00 16.05 |

| | Total | Erosion & Bridge | Fire Department |
|---|---|---|---|
| Revenues from Tax Year 2023 millage | $ 910,236.80 | $ 167,675.20 | $ 742,561.60 |
| Revenues from Tax Year 2024 millage | $ 977,978.72 | $ 177,258.64 | $ 794,607.71 |

**Millage Increase Impact**

| | | | | |
|---|---|---|---|---|
| Primary Residence House Value | 500,000 | 20000 | 20 | $ 16.00 |
| | 750,000 | 30000 | 30 | $ 24.00 |
| Secondary Residence House Value | 500,000 | 30000 | 30 | $ 24.00 |
| | 750,000 | 45000 | 45 | $ 36.00 |

# FRIPP ISLAND PUBLIC SERVICE DISTRICT

| | |
|---|---|
| **Minutes:** | Commission Meeting on June 18, 2024 |
| **Present:** | Edward D. Wetzel, Rick E. Keup, Michael J. Wilt, John F. King, Mike Murphy |
| **Absent:** | Dennis Perrone |
| **Staff:** | Jeremy Sponseller, District Manager<br>Yvonne Fireall, Office Manager<br>Joshua Horton, Fire Chief<br>Rob Singletary, Field Operations Superintendent |
| **Guests:** | Frank Davis (Confluence Consulting), Carey Kelly (FIPOA), Jonathan McCarter (FIPOA), Gary Nizzi, John Derrick, Nancy Wingenbach (FIPOA), John Scappatura (FIR) John Marshall |

Public Hearing

A public hearing regarding the adoption of A RESOLUTION APPROVING THE FISCAL YEAR 2024-2025 BUDGET OF THE FRIPP ISLAND PUBLIC DISTRICT, SOUTH CAROLINA; APPROPRIATING FUNDS FOR THE PURPOSES SET FORTH THEREIN; IMPLEMENTING A RATE INCREASE; AND OTHER MATTERS RELATED THERETO.

In accordance with Section 6-1-80 both proponents and opponents were given an opportunity to be heard by the Commission.

The Commission immediately convened the public hearings for the fiscal year 2025 rate increases and budgets. Chairman Wetzel opened the floor to public comments. There being no comments from the floor or written comments submitted, Chairman Wetzel concluded the hearing at 10:30 a.m.

1. Chairman Wetzel called the meeting to order at 10:30 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 Wetzel led the Commission in the Pledge of Allegiance.

3. The Commission approved the minutes for the May 2024 regular Commission Meeting upon a motion by Mr. Murphy (Vote: unanimous). *(Att A)*

4. Reports
   a) The Commission reviewed the Manager's Report for June 2024. *(Att B)*
   b) The Commission reviewed the Fire Department Report for June 2024. *(Att C)*
   c) The Commission received a report on POA Shoreline activities from Commissioner King.

5. Old Business

New Business

a) The Commission adopted a resolution approving the fiscal year 2024-2025 budget of the Fripp Island Public Service District, South Carolina; appropriating funds for the purposes set forth therein; implementing a rate increase; and other matters related upon a motion by Mr. Murphy (Vote: unanimous). *(Att D)*

b) The Commission reviewed and discussed the October 2023 ATM report concerning Fripp Island T-Groins. *(Att E)*

6. The Commission entertained questions and comments from visitors.

7. The Commission entered executive session at 11:05 a.m.to discuss employee compensation and benefits upon a motion by Mr. King (Vote: unanimous). The Commission resumed open session at 11:35 a.m. upon a motion by Mr. Keup (Vote: unanimous).

8. The Commission approved employee compensation and benefits for FY25 as discussed during executive session and authorized the Chairman to communicate these changes to the District Manager upon a motion by Mr. Keup (Vote: unanimous).

9. There being no further business, the meeting adjourned at 11:59 a.m., upon a motion by Mr. Murphy (Vote: unanimous).

E.D. Wetzel

Edward D. Wetzel
Chairman

Jeremy Sponseller

Jeremy D. Sponseller
Secretary

B

# FRIPP ISLAND PUBLIC SERVICE DISTRICT
# MANAGER'S REPORT FOR May 2024

## I. New Taps

| | FY 2024 | | FY 2023 | | FY 2022 | |
|---|---|---|---|---|---|---|
| Category | May | YTD | May | YTD | May | YTD |
| Water customers | 2 | 23 | 2 | 30 | 2 | 30 |
| Res. Ir. customers | 1 | 3 | 1 | 1 | - | - |
| Sewer customers | | | | | | |
| a. Gravity | 1 | 13 | 1 | 23 | 2 | 20 |
| b. Vacuum | 1 | 10 | 1 | 7 | - | 8 |

Total vacuum sewer customers: 604 of 726

## II. Operations Update Through Numbers

**1.** Butcher's Island and Hunting Island Booster Pumps Avg Daily Run Time for May 2024

| | 2024 | Diff | 2023 | Diff | 2022 | Diff | 2021 |
|---|---|---|---|---|---|---|---|
| Butcher's Isl Pumps Hrs/Day | 2.5 | (1.5) | 4.0 | (3.3) | 7.3 | 0.3 | 7.0 |
| Hunting Isl Pumps Hrs/Day | 5.0 | (2.9) | 7.9 | (6.7) | 14.6 | 0.0 | 14.6 |
| Total Hrs/Day | 7.5 | (4.4) | 11.9 | (10.0) | 21.9 | 0.3 | 21.6 |

**2.** Fripp Island Master Metered Water Use for May 2024, Average Gallons per Day

| | 2024 | % Change | 2023 | % Change | 2022 | % Change | 2021 |
|---|---|---|---|---|---|---|---|
| BJW&SA | 584,677 | (11.0) | 657,125 | (4.6) | 688,594 | 0.5 | 684,964 |
| Harbor Island | 88,468 | (18.1) | 108,000 | 7.4 | 100,550 | 9.0 | 92,232 |
| Hunt Island | 11,061 | 7.4 | 10,300 | (15.2) | 12,147 | (23.9) | 15,957 |
| Fripp Island | 476,065 | (10.0) | 529,094 | (5.4) | 559,313 | (0.6) | 562,929 |
| Accountability,% | 98.4 | N/A | 98.5 | N/A | 97.6 | N/A | 98.0 |
| Rainfall, Inches | 4.3 | | 3.3 | | 1.7 | | 1.0 |

**3.** Fripp Island Water Consumption – Recorded vs. Billed (in 1,000 gals.), March 2024.

| | Annual Total | Qtr 3 2024 | Qtr 2 2024 | Qrt 1 2024 | Qtr 4 2023 |
|---|---|---|---|---|---|
| Fripp MM | 165,785 | 25,384 | 37,645 | 54,268 | 48,488 |
| Billed Water | 153,545 | 22,680 | 33,966 | 52,194 | 44,705 |
| Unbilled | 12,240 | 2,704 | 3,678 | 2,074 | 3,783 |
| % Unbilled | 7% | 11% | 10% | 4% | 8% |
| Unmetered Use | 784 | 200 | 584 | 0 | 0 |
| Unaccounted Use | 11,456 | 2,504 | 3,094 | 2,074 | 3,783 |
| % Loss | 7% | 10% | 8% | 4% | 8% |

**4.** Wastewater Treatment Plant Flow for May 2024, Gallons per Day

| | 2024 | % Change | 2023 | % Change | 2022 | % Change | 2021 |
|---|---|---|---|---|---|---|---|
| Average Daily Flow | 237,165 | 7.2 | 221,298 | (0.3) | 222,052 | (3.3) | 229,739 |
| Weekly Max Flow | 307,000 | 8.1 | 284,000 | 0.0 | 284,000 | 0.7 | 282,000 |
| Peak Daily Flow | 397,236 | (2.4) | 406,797 | 0.2 | 405,862 | 0.3 | 404,579 |

## III. Operations Update Through Field Work and Projects

1. General Water and Wastewater System Activities
   a. Various utility locates, Daily
   b. Regular lift station inspections
   c. Regular WWTP maintenance
   d. 2 waater line repairs
   e. Replaced meter (stopped)
   f. Installed Irrigation meter
   g. 2 new taps

2. Administrative & Personnel Activities (status is continuing this month)
   a. Banyon implementation is continuing. We received data from Emgov and have uploaded it into Banyon. Some of the previous uploads populated incorrectly and we had to rebuild some lists. Overall, not going as quickly as I had hopped but we are still making progress. We will do the final billing of FY 2024 through Emgov. Finish Banyon install as quickly as possible.
   b. Continuing on the lead and copper inventory. We have been investigating the older services and taking pictures. The team is on board and moving in the right direction.

3. Fripp Inlet Bridge
   a. We have the permit for the bridge abutment. McSweeney is finalizing the plans and I am reviewing the bid documents. We will advertise for bid as quickly as we can get them out. Now that Budget should be through, I can focus more time on other items.
   b. The bridge repair permit is outside the public comment period and I am working with JMT on the bid documents so that we will be ready to go as soon as we hear from DHEC.

4. The Water Tower strip and recoat, at the front of the island, is complete. I think the tower looks updated and refreshed. I have not heard anything negative about it so I guess no news is good news. USG is working with a structural engineer to devise a plan to replace some anchor bolts. That work is yet to come.

5. I will be getting back with the State about the easement for the booster station on Hunting Island. I have been engulfed with the budget lately so, time to catch up on other items.

6. After the Davis Love lift station was completed, we ask for a quote to perform the work on two additional stations. The new quotes were more than 2 times the initial quote. This warrants getting additional quotes from other contractors.

7. (Same)We met with SCRWA and found out that they did hire a new GIS person. I also found a signed agreement to utilize their services. I will follow up with the new employee as soon as I get all the right contact information.

8. Miscellaneous Activities
   a. We signed the quote with Harper Construction to repair the water line on the bridge. They know that we need to perform the repair, regardless of whether HI repairs theirs. I have heard that they are on board with us to repair the effluent line as well but have not seen the signed quote. Harper is sourcing the pipe for our repair.

C

# *Fripp Island Fire Department*
# *Monthly Report Summary*
# *May 2024*

**Response Activities:**

Total calls for service in May, 23

| | May 2024 | May 2023 | YTD CY24 | YTD CY23 |
|---|---|---|---|---|
| • Structure Fires | 01 | 00 | 01 | 00 |
| • Vehicle Fire | 00 | 00 | 00 | 00 |
| • Medical Emergencies | 17 | 16 | 47 | 50 |
| • Brush Fires | 00 | 00 | 01 | 01 |
| • Misc. Fire | 01 | 01 | 09 | 06 |
| • Service Calls | 00 | 11 | 05 | 20 |
| • Mutual Aid | 01 | 01 | 03 | 03 |
| • Auto Accident | 02 | 03 | 04 | 04 |
| • Water Emergencies | 01 | 00 | 02 | 01 |
| | 23 | 32 | 72 | 85 |

**Average emergency response time:**

5 minutes 28 seconds.

**Roster:**

Total personnel active for March, 20

**Activities of Note:**

**Apparatus** – We have received info that will likely allow us to prepare an RFP and present it for bids late July early August.

**Station Reno** – Tile backsplashes are complete. On the waiting list for flooring.

**Vehicles** – Waiting on a vehicle to arrive at Love Chevrolet in Columbia. Hope to have one of the vehicles purchased by July.

D

**A RESOLUTION**

**APPROVING THE FISCAL YEAR 2024-2025 BUDGET OF THE FRIPP ISLAND PUBLIC DISTRICT, SOUTH CAROLINA; APPROPRIATING FUNDS FOR THE PURPOSES SET FORTH THEREIN; IMPLEMENTING A RATE INCREASE; AND OTHER MATTERS RELATED THERETO.**

**NOW THEREFORE, BE IT RESOLVED,** by the Fripp Island Public Service District Commission (the "***Commission***"), the governing body of the Fripp Island Public Service District (the "***District***"), in a meeting duly assembled, as follows:

**Section 1 Findings.** The Commission makes the following findings of fact in connection with the adoption of this resolution (this "***Resolution***"):

(a) The District is a special purpose district created in Beaufort County, South Carolina (the "***County***"), as a body politic and corporate pursuant to the provisions Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended.

(b) The Commission has directed the Manager of the District (the "***District Manager***") to prepare a proposed budget of the District for fiscal year 2024-2025 (the "***Budget***") for the consideration of the Commission; a copy of the Budget is attached hereto as **Exhibit A.**

(c) Pursuant to Section 6-1-320(A)(1) of the Code of Laws of South Carolina 1976, as amended, the District may increase the millage rate imposed for general operating purposes above the rate imposed in the preceding tax year to the extent of the increase in the preceding year in the consumer price index for the County, plus the percentage increase in the preceding year of the population of the County.

(d) In order to fund the District's fiscal year 2023-2024 budget, the District levied and collected a total of 16.7 mills on the taxable property within the District, 12.4 mills to fund the fire department budget, 2.8 mills to fund the erosion and bridge budget, and 1.5 mills to fund a reserve fund. The Commission has determined there is a need to increase the levy of the District by 0.7 mills to fund the Budget. This will result in the levy of 13.0 mills to fund the fire department budget, 2.9 mills to fund the erosion and bridge budget, and 1.5 mills to fund a reserve fund for tax year 2024.

(e) The Budget includes provisions that implement rate increases for the District's water and sewer departments, as shown on the rate schedule attached hereto as **Exhibit B**.

(f) Pursuant to the requirements of Section 6-1-80 of the Code of Laws of South Carolina 1976, as amended, notice of a public hearing on the adoption of the Budget was timely published in The Beaufort Gazette, which is a newspaper of general circulation in Beaufort County. Proof of publication is attached hereto as **Exhibit C**.

(g) The District conducted such public hearing on June 18, 2024, on the matter of the adoption of the Budget, whereby both proponents and opponents of the adoption of the Budget were given the opportunity to be heard.

(h) After due deliberation and consideration, the Commission determined that in order to continue to provide the funds necessary for the operation of the District, it is necessary to adopt the Budget, as presented.

**Section 2 Approval of the Budget; Millage Levy.** The Commission, after due deliberation and consideration of the information provided by the District Manager and the comments of the public, does hereby adopt the Budget, as presented, and appropriates the funds to be applied to such purposes. In order to fund the Budget, there shall be levied a total of 17.4 mills on all taxable property within the District for the 2024 tax year, representing a 0.7 mill increase in the millage levied in the 2023 tax year. The millage shall be levied to fund the fire department budget, the erosion and bridge budget, and a reserve fund, all as presented in the Budget.

**Section 3 Water and Sewer Rates.** Based upon the recommendations of [_____], water and sewer rates shall be increased in accordance with the schedule attached hereto as **Exhibit B**, the entirety of which is included herein by reference and has been projected in revenues for purposes of the Budget.

**Section 3 Authorizing Notification of the County.** The Commission hereby directs the District Manager to notify the County of the millage rate provided for by the Budget.

**DONE IN A SPECIAL-CALLED MEETING THIS 18TH DAY OF JUNE 2024.**

**FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION**

E.D. W[illegible]

Chairman, Fripp Island Public Service District Commission

(SEAL)
Attest:

Jeremy Gruseller

Secretary, Fripp Island Public Service District Commission

**EXHIBIT A**

FY 2024-2025 Budget

# FRIPP ISLAND PUBLIC SERVICE DISTRICT FIRE DEPARTMENT BUDGET
## FISCAL YEAR 2025

| ACCT NO | EXPENSES | ACTUAL FY-2023 | BUDGET FY-2024 | ESTIMATED FY-2024 | PROPOSED FY-2025 | BUDGET INC (DEC) |
|---|---|---|---|---|---|---|
| | **EMPLOYEE EXPENSES** | | | | | |
| 03-00-500-00 | PAYROLL EXPENSE | 1,650 | 1,850 | 1,790 | 1,850 | - |
| 03-00-501-00 | SALARIES | 370,940 | 465,230 | 350,000 | 517,700 | **52,470** |
| 03-00-504-00 | FICA | 22,990 | 28,840 | 26,780 | 39,600 | **10,760** |
| 03-00-505-00 | FMED | 5,380 | 6,750 | 5,080 | 7,510 | **760** |
| 03-00-506-00 | RETIREMENT | 64,380 | 85,650 | 65,940 | 97,530 | **11,880** |
| 03-00-509-00 | MEDICAL INSURANCE | 20,340 | 29,250 | 23,500 | 30,000 | **750** |
| 03-00-510-00 | WORKMAN'S COMP | 19,620 | 18,000 | 18,000 | 18,000 | - |
| 03-00-511-00 | EMPLOYEE PHYSICAL | - | 300 | - | 300 | - |
| 03-00-516-00 | UNIFORMS & GEAR | 1,550 | 3,700 | 3,500 | 4,000 | **300** |
| 03-00-519-00 | FIREFIGHTER RECOGNITION | | 150 | - | 150 | - |
| | **TOTAL EMPLOYEE EXPENSES** | **506,850** | **639,720** | **494,590** | **716,640** | **76,920** |
| | | | | | | |
| | **OPERATING EXPENSES** | | | | | |
| 03-00-513-00 | TRAINING & CONVENTION | 176 | 1,000 | 800 | 1,500 | **500** |
| 03-00-514-00 | TRAVEL & RELATED | 130 | 200 | 150 | 300 | **100** |
| 03-00-517-00 | COMMISSIONERS EXPENSES | | 100 | 1,273 | 500 | **400** |
| 03-00-521-00 | ACCOUNTING & AUDIT | 15,440 | 22,220 | 22,072 | 22,220 | - |
| 03-00-522-00 | BANK SERVICE CHARGES | 110 | - | - | - | - |
| 03-00-523-00 | BEVERAGES & COMPLEMENTS | 640 | 700 | 600 | 750 | **50** |
| 03-00-525-00 | CLEAN SUPPLIES/SUNDRIES | 1,200 | 1,000 | 1,000 | 1,000 | - |
| 03-00-526-00 | DUES | 1,480 | 300 | 150 | 300 | - |
| 03-00-532-00 | GENERAL INSURANCE | 18,170 | 18,500 | 20,159 | 20,000 | **1,500** |
| 03-00-533-00 | LEGAL FEES | 1,200 | 550 | 9,250 | 1,000 | **450** |
| 03-00-533-01 | TAXES & FEES | 430 | 450 | 413 | 450 | - |
| 03-00-534-00 | ADMINISTRATIVE SUPPORT | 30,860 | 32,400 | 32,400 | 34,020 | **1,620** |
| 03-00-537-00 | OFFICE SUPPLIES | 300 | 350 | 300 | 350 | - |
| 03-00-539-00 | PRINTING | - | - | - | - | - |
| 03-00-542-00 | SUBSCRIPTIONS | 2,150 | 1,900 | 1,747 | 2,000 | **100** |
| 03-00-549-00 | MISCELLANEOUS | 920 | 1,500 | - | 1,500 | - |
| 03-00-581-00 | ELECTRICITY | 6,270 | 6,300 | 7,075 | 7,500 | **1,200** |
| 03-00-582-00 | LP GAS & GARBAGE | 3,600 | 2,600 | - | 2,600 | - |
| 03-00-583-00 | TELEPHONE | 4,840 | 4,600 | 4,800 | 5,500 | **900** |
| | **G&A Expenses** | **87,916** | **94,670** | **102,190** | **101,490** | **6,820** |
| | | | | | | |
| 03-00-527-00 | FIRE FIGHTING SUPPLIES | 2,110 | 1,000 | 850 | 1,000 | - |
| 03-00-530-00 | FIRE PREVENTION | - | 1,000 | 1,000 | 1,000 | - |
| 03-00-531-00 | MEDICAL SUPPLIES | 620 | 500 | 500 | 500 | - |
| 03-00-541-00 | SMALL TOOLS | 320 | 300 | 300 | 300 | - |
| 03-00-543-00 | GAS & OIL | 6,650 | 7,000 | 4,000 | 7,500 | **500** |
| 03-00-558-00 | BUILDING & GROUNDS | 5,460 | 15,000 | 1,500 | 7,500 | **(7,500)** |
| 03-00-561-00 | FIRE HYDRANTS | - | - | - | - | - |
| 03-00-564-00 | RADIOS & PAGERS | - | 350 | 250 | 350 | - |
| 03-00-568-00 | EQUIPMENT MAINTENANCE | 1,410 | 2,200 | 1,900 | 2,500 | **300** |
| 03-00-569-00 | VEHICLE MAINTENANCE | 4,260 | 5,500 | 5,000 | 5,500 | - |
| 03-00-575-00 | EMERGENCY/NATURAL DISAST | 280 | 500 | 210 | 500 | - |
| 03-00-589-00 | PURCHASES FROM DONATIONS | | - | - | - | - |
| | **O&M Expense** | **21,110** | **33,350** | **15,510** | **26,650** | **(6,700)** |
| | | | | | | |
| | **TOTAL OPERATING EXPENSES** | **615,876** | **767,740** | **612,290** | **844,780** | **77,040** |
| | | | | | | |
| | **ASSET ADDITIONS** | | | | | |
| 03-00-590-00 | PURCHASE OF FIXED ASSETS | - | 32,000 | 44,870 | 10,000 | **(22,000)** |
| | | | | | | |
| | **TOTAL ASSET ADDITIONS** | **-** | **32,000** | **44,870** | **10,000** | **(22,000)** |
| | | | | | | |
| | **OTHER EXPENSES** | | | | | |
| 03-01-595-00 | AMORT OF DEFERRED DEBT | - | - | - | - | - |
| 03-01-596-00 | INTEREST ON BONDS | - | - | | 59,721 | 59,721 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 03-01-597-00 | BOND PAYMENT FEES | - | - | - | - | - |
| 03-01-598-00 | BOND ISSUE FEES | - | - | 20,492 | - | - |
| | **TOTAL OTHER EXPENSES** | **-** | **-** | **20,492** | **59,721** | **59,721** |
| | | | | | | |
| | | | | | | |
| | **TOTAL EXPENDITURES** | **615,876** | **799,740** | **677,652** | **914,501** | **114,761** |

**FRIPP ISLAND FIRE DEPARTMENT**
**OPERATION & MAINTENANCE**
**REVENUES & CASH FLOW**
**FY-2025**

| | | 1ST QTR JUL-SEP | 2ND QTR OCT-DEC | 3RD QTR JAN-MAR | 4TH QTR APR-JUN | TOTAL |
|---|---|---|---|---|---|---|
| **CASH BEGINNING OF PERIOD** | | **$679,461** | | | | $679,461 |
| | INTERFUND TRANSFERS | | | | | 0 |
| | LESS CONTINGENCY | (100,000) | | | | (100,000) |
| **AVAILABLE CASH BEGINNING OF PERIOD** | | **$579,461** | $369,166 | $503,774 | $701,096 | **$579,461** |
| | EMPLOYEE EXPENSES | $179,160 | $179,160 | $179,160 | $179,160 | $716,640 |
| | G&A EXPENSES | 25,373 | 25,373 | 25,373 | 25,373 | 101,490 |
| | OPERATING EXPENSES | 6,663 | 6,663 | 6,663 | 6,663 | 26,650 |
| | ASSET ADDITIONS (CAP OUTLAY) | | 5,000 | 5,000 | | 10,000 |
| | OTHER EXPENSES | | 31,207 | 28,514 | | 59,721 |
| | **TOTAL EXPENDITURES** | **$211,195** | **$247,402** | **$244,709** | **$211,195** | **$914,501** |
| 03-00-408-00 | TAX LEVY | $0 | $381,410 | $381,410 | $31,780 | **$794,599** |
| 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 | $59,721 | $0 | $59,721 |
| | NET CASH INCREASE | ($210,295) | $134,608 | $197,322 | ($178,815) | ($57,180) |
| **AVAILABLE CASH END OF PERIOD** | | $369,166 | $503,774 | $701,096 | $522,281 | **$522,281** |
| **ACTUAL CASH END OF PERIOD w/RESERVE** | | $469,166 | $603,774 | $801,096 | $622,281 | |

**Estimated Tax Revenue:** **$794,600**
**Proposed Reserve:** **$0**

**Value of mill for tax year 2025** **$61,123** **$794,599**
**Provided by V. Athoff, Bft. Co. on 5/9/2024**

**Tax Collection Rate:** **100.0%**

**Value of mill @ Collection Rate:** **$61,123**

**Operations Tax Levy Maximum, mills :** **13.0**
**Reserve Tax Levy Maximum, mills:** **0.00**

**Cash Balance at the end of the year needs to be sufficient to cover 1/2 of the annual budget for FY 2026.**

| | |
|---|---|
| Employee Expenses | $369,070 |
| Operating Expenses | 65,990 |
| **Total Cash Reserve** | **$435,060** |

**Difference in available cash and required** **$87,221**

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

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**EROSION & BRIDGE BUDGET**
**FISCAL YEAR 2025**

| | | ACTUAL FY 2023 | BUDGET FY 2024 | ESTIMATED FY 2024 | PROPOSED FY 2025 | Budget Inc (Dec) |
|---|---|---|---|---|---|---|
| | **OPERATING EXPENSES** | | | | | |
| 07-00-501-00 | ADMINISTRATION | 7,530 | 7,910 | 7,910 | 7,910 | - |
| 07-00-517-00 | COMMISSIONERS EXPENSES | 83 | 300 | - | 300 | - |
| 07-00-521-00 | ACCOUNTING & AUDIT | 4,308 | 7,040 | 7,000 | 7,040 | - |
| 07-00-522-00 | LEGAL FEES | 5,250 | 4,500 | 1,000 | 2,500 | (2,000) |
| 07-00-531-00 | BRIDGE INSURANCE | 132,800 | 160,000 | 181,000 | 200,000 | 40,000 |
| 07-00-533-00 | LICENSES & TAXES | - | - | - | - | - |
| 07-00-549-00 | MISCELLANEOUS EXPENSE | - | 1,500 | - | 1,500 | - |
| 07-00-562-00 | GROIN REPAIR | - | - | - | - | - |
| 07-00-564-00 | REVETMENT REPAIR/MAINT | 8,300 | 15,000 | 16,820 | 15,000 | - |
| 07-00-566-00 | BRIDGE INSPECT/MAINTENANCE | 5,663 | 6,000 | 41,900 | 6,000 | - |
| | **TOTAL O&M EXPENSES** | **163,934** | **202,250** | **255,630** | **240,250** | **38,000** |
| 07-00-190-00 | CAPITAL EXPENDITURES | - | - | - | - | - |
| | **TOTAL EXPENDITURES** | **163,934** | **202,250** | **255,630** | **240,250** | **38,000** |
| | **REVENUES** | | | | | |
| 07-00-408-00 | TAX PENALTIES | 900 | 900 | 880 | 900 | - |
| 07-00-411-00 | BRIDGE ATTACHMENT FEES | 19,133 | 19,130 | - | 19,130 | - |
| 07-00-416-00 | INTEREST INCOME | 13,879 | 8,000 | 8,537 | 8,000 | - |
| 07-00-419-00 | UNREALIZED INV GAIN (LOSS) | (10,127) | - | - | - | - |
| 07-00-429-00 | MISC INCOME | - | - | - | - | - |
| | | 23,785 | 28,030 | 9,417 | 28,030 | - |
| | BUDGET YEAR EXCESS (REQUIRED) CASH | | | | 13,278 | |
| **07-00-409-00** | **TAX LEVY** | **134,238** | **150,200** | **150,200** | **177,257** | |
| | **BRIDGE RESERVE LEVY** | **74,577** | **75,100** | **75,100** | **91,690** | |
| | **Estimated assessed value/mill** | **$ 50,066** | **$ 59,884** | **$ 59,884** | **$ 61,123** | **1,239** |
| | **Based on a collection rate of** | **100.0%** | **100.0%** | **83.6%** | **100.0%** | |
| | **one mill equals** | **$ 50,066** | **$ 59,884** | **$ 50,066** | **$ 61,123** | **1,239** |
| **O&M TAXES LEVIED, MILLS** | | **2.6** | **2.50** | **2.8** | **2.9** | **0.4** |
| **BRIDGE RESERVE TAXES LEVIED, MILLS** | | **1.4** | **1.5** | **1.5** | **1.5** | **-** |

**PROJECTED CASH FLOW**

| | |
|---|---|
| **CASH BEGINNING OF PERIOD** | **1,050,469** |
| INTERFUND TRANSFERS | 12,000 |
| AR/(AP) & INVEST (GAIN)/LOSS | (9,141) |
| LESS EROSION RESERVES | (251,000) |
| LESS BRIDGE OPS RESERVES | (280,520) |
| LESS RESTRICTED BRIDGE RESERVE | (296,310) |
| **AVAILABLE CASH BEGINNING OF PERIOD - JULY 1** | **225,498** |
| LESS EXPENSES (NOT INCLUDING CAPITAL PROJECTS) | (240,250) |
| PLUS REVENUES | 28,030 |
| PLUS OPERATIONS TAX LEVY | 177,257 |
| PLUS EROSION RESERVES | 251,000 |
| PLUS BRIDGE OPS RESERVES | 280,520 |
| PLUS RESTRICTED BRIDGE RESERVE | 387,995 |
| **PROJECTED FUNDS AVAILABLE @ YEAR END** | **1,110,049** |

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**GENERAL OBLIGATION BOND DEBT SERVICE BUDGET**
**REVENUES & CASH FLOW**
**FISCAL YEAR 2025**

| | | 1ST QTR JUL-SEP | 2ND QTR OCT-DEC | 3RD QTR JAN-MAR | 4TH QTR APR-JUN | TOTAL |
|---|---|---|---|---|---|---|
| **CASH BEGINNING OF PERIOD** | | **$ 567,128** | | | | |
| | LESS DEBT SERVICE RESERVE | $ (561,723) | | | | |
| **AVAILABLE CASH BEGINNING OF PERIOD** | | **$ 5,405** | | | | |
| **DEBT SERVICE PAYMENTS** | | | | | | |
| 2014 SRF | WWTP IMPROVEMENT PAYMENT | $ 15,200 | $ 15,200 | $ 15,200 | $ 15,200 | $ 61,000 |
| 2006 SRF | WWTP DEBT PAYMENT | 95,540 | 95,540 | 95,540 | 95,540 | 383,000 |
| 2017 GO | REVETMENT DEBT SERVICE | 7,780 | - | 7,780 | - | 16,000 |
| 2018 SRF | HWY 21 WATERLINE DEBT SVC | 41,870 | 41,870 | 41,870 | 41,870 | 168,000 |
| 2019 GO | FRIPP BRIDGE DEBT SVC | 34,700 | - | 173,700 | | 209,000 |
| 2024 GO | BRIDGE/REVETMENT | 104,030 | | 95,050 | | 200,000 |
| | **TOTAL EXPENDITURES** | **$ 299,120** | **$ 152,610** | **$ 429,140** | **$ 152,610** | **$ 1,037,000** |
| 09-00-409-01 | **TAX LEVIES** | **0** | **497,760** | **497,760** | **41,480** | **$1,037,000** |
| | NET CASH INCREASE | $ (299,120) | $ 345,150 | $ 68,620 | $ (111,130) | $ 3,520 |
| **TOTAL CASH END OF PERIOD** | | $ 268,008 | $ 613,158 | $ 681,778 | $ 570,648 | |

| | |
|---|---|
| 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 |
| Required Tax Revenue for Bridge/Rev: | 200,000 |
| **Total Required Tax Revenue:** | **$1,037,000** |
| Less Available Cash Beg of Period: | $ - |
| **Total Required Tax Levy** | **$1,037,000** |

**Value of mill for tax year 2024** **$61,123**
**Value as of 5/23/23 provided by Valerie Althoff**

**Tax Collection Rate:** **100.0%**

**Value of mill @ Collection Rate:** **$61,123**

**Tax Levy Required, mills :** **16.9**

**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,**

| | | |
|---|---|---|
| 2014 SRF | WWTP Improvements Debt Svc Res | $30,400 |
| 2006 SRF | WWTP Debt Svc Res | 191,080 |
| 2017 GO | Revetment Debt Svc Res | 7,780 |
| 2018 SRF | Hwy 21 Waterline Debt Svc Res | 83,740 |
| 2019 GO | Fripp Bridge Debt Svc Res | 34,700 |
| 2024 GO | BRIDGE/REVETMENT | 104,023 |
| Debt Reserves | Debt Services Reserve | 110,000 |
| | | $561,723 |

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**WATER & WASTEWATER OPERATIONS BUDGET**
**FISCAL YEAR 2025**

| ACCT NO | | ACTUAL FY 2023 | BUDGET FY 2024 | (AMEND) ESTIMATED FY 2024 | PROPOSED FY 2025 | BUDGET INC (DEC) |
|---|---|---|---|---|---|---|
| | **OPERATING REVENUES** | | | | | |
| 01-00-401-00 | WATER CONSUMPTION | 1,024,931 | 1,155,840 | 1,105,639 | 1,239,381 | 83,541 |
| 01-00-402-00 | SEWER USE | 774,449 | 828,890 | 827,451 | 921,597 | 92,707 |
| 01-00-403-00 | PENALTIES | 8,713 | 8,240 | 8,240 | 8,240 | - |
| 01-00-404-03 | VACUUM SEWER ASSESSMENT | 367,986 | 366,990 | 366,990 | 366,990 | - |
| 01-00-406-02 | WATER TAP FEES | 16,300 | 7,500 | 14,000 | 8,000 | 500 |
| 01-00-406-03 | SEWER TAP FEES | 37,200 | 18,000 | 31,200 | 19,200 | 1,200 |
| 01-00-407-00 | ADMINISTRATIVE FEES | 5,460 | 5,510 | 5,180 | 5,350 | (160) |
| 01-00-408-00 | RECONNECTION FEES | 3,840 | 3,450 | 90 | 3,450 | - |
| 01-00-410-00 | WATER TRANSPORT FEE | 18,762 | 19,040 | 16,753 | 19,920 | 880 |
| 01-00-410-01 | EFFLUENT DISPOSAL FEE | 16,343 | 9,550 | 62,000 | 9,850 | 300 |
| 01-00-412-00 | WATER TANK LEASE | 379,606 | 289,860 | 281,465 | 289,860 | - |
| 01-00-429-00 | MISCELLANEOUS REVENUE | 16,523 | 17,430 | | 14,000 | (3,430) |
| | **TOTAL OPERATING REVENUES** | **2,670,113** | **2,730,300** | **2,719,008** | **2,905,838** | **175,538** |
| | **COST OF SALES** | | | | | |
| 01-00-451-00 | WAREHOUSE SALES | - | - | - | - | - |
| 01-00-452-00 | WATER PURCHASES | 528,671 | 585,780 | 532,170 | 639,200 | 53,420 |
| | **TOTAL COST OF SALES** | **528,671** | **585,780** | **532,170** | **639,200** | **53,420** |
| | **GROSS PROFIT FROM OPERATIONS** | **2,141,442** | **2,144,520** | **2,186,838** | **2,266,638** | **122,118** |
| | **GENERAL & ADMINISTRATION** | | | | | |
| 01-01-500-00 | PAYROLL EXPENSE | 639 | 1,100 | 961 | 1,100 | - |
| 01-01-501-00 | SALARIES | 379,648 | 535,000 | 537,000 | 555,000 | 20,000 |
| 01-01-502-00 | OVERTIME LABOR | 19,721 | 21,000 | 20,000 | 18,000 | (3,000) |
| 01-01-504-00 | FICA | 24,012 | 34,470 | 34,530 | 35,530 | 1,060 |
| 01-01-505-00 | FMED | 5,616 | 8,060 | 8,080 | 8,310 | 250 |
| 01-01-506-00 | SC RETIREMENT | 66,505 | 102,360 | 104,940 | 107,950 | 5,590 |
| 01-01-509-00 | MED., LIFE & DISABILITY INSURANCE | 63,865 | 87,010 | 81,100 | 87,010 | - |
| 01-01-509-01 | OPEB EXPENSE | 8,794 | 7,200 | 8,900 | 9,000 | 1,800 |
| 01-01-510-00 | WORKMAN'S COMPENSATION | 5,784 | 8,340 | 8,340 | 8,340 | - |
| 01-01-512-00 | LICENSE RENEWAL | 508 | 520 | 225 | 520 | - |
| 01-01-513-00 | TRAINING & CONVENTION FEES | 2,535 | 2,100 | 1,100 | 2,500 | 400 |
| 01-01-514-00 | UNIFORMS | 138 | 650 | 700 | 1,000 | 350 |
| 01-01-515-00 | TRAVEL | 62 | 860 | 1,000 | 1,500 | 640 |
| 01-01-516-00 | BUSINESS MEALS | 119 | 210 | 400 | 500 | 290 |
| 01-01-517-00 | COMMISSIONER'S EXPENSES | 280 | 2,580 | 300 | 2,580 | - |
| 01-01-518-00 | FIRE DEPART ADMIN SUPPORT | (30,860) | (32,400) | (32,400) | (34,020) | (1,620) |
| 01-01-519-00 | EROSION ADMIN SUPPORT | (7,530) | (7,910) | (7,910) | (8,306) | (396) |
| 01-01-521-00 | ACCOUNTING & AUDIT | 16,305 | 23,250 | 52,000 | 50,000 | 26,750 |
| 01-01-522-00 | BAD DEBT | - | 550 | - | 550 | - |
| 01-01-523-00 | BANK SERVICE CHARGES | 507 | 5,000 | 3,500 | 5,000 | - |
| 01-01-523-01 | CREDIT CARD SERVICE FEES | 5,250 | 4,000 | 5,000 | 5,000 | 1,000 |
| 01-01-526-00 | DUES & SUBSCRIPTIONS | 5,275 | 5,950 | 3,775 | 5,950 | - |

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**WATER & WASTEWATER OPERATIONS BUDGET**
**FISCAL YEAR 2025**

| ACCT NO | | ACTUAL FY 2023 | BUDGET FY 2024 | (AMEND) ESTIMATED FY 2024 | PROPOSED FY 2025 | BUDGET INC (DEC) |
|---|---|---|---|---|---|---|
| 01-01-528-00 | ENGINEERING & CONSULTING | 23,428 | 15,450 | - | 15,450 | - |
| 01-01-531-00 | INSURANCE | 66,136 | 68,080 | 68,080 | 70,122 | 2,042 |
| 01-01-532-00 | LEGAL FEES | 12,380 | 7,430 | 3,500 | 7,000 | (430) |
| 01-01-533-00 | LICENSES, TAXES & PERMIT FEES | 11,296 | 12,610 | 11,700 | 12,988 | 378 |
| 01-01-535-00 | METER READING & RELATED | - | 12,500 | - | 2,400 | (10,100) |
| 01-01-537-00 | OFFICE SUPPLIES | 3,555 | 3,470 | 4,730 | 4,000 | 530 |
| 01-01-538-00 | POSTAGE & FREIGHT | 5,030 | 4,730 | | 4,967 | 237 |
| 01-01-539-00 | PRINTING | 1,970 | 1,500 | 1,400 | 1,500 | - |
| 01-01-540-00 | PROGRAM MAINTENANCE | 17,806 | 19,670 | 18,100 | 20,654 | 984 |
| 01-01-543-00 | VEHICLE GAS & OIL | 13,672 | 14,700 | 17,500 | 18,000 | 3,300 |
| 01-01-549-00 | MISCELLANEOUS | 10,216 | 4,650 | 12,250 | 2,500 | (2,150) |
| 01-01-558-00 | BUILDING & GROUNDS MAINTENANCE | 9,260 | 8,510 | 8,000 | 8,936 | 426 |
| 01-01-562-00 | GRAPHIC SERVICES | - | 210 | - | 210 | - |
| 01-01-568-00 | SUPPORT EQUIPMENT MAINTENANCE | 1,039 | 2,010 | 2,000 | 2,111 | 101 |
| 01-01-569-00 | VEHICLE MAINTENANCE | 1,290 | 1,580 | 2,300 | 2,500 | 920 |
| 01-01-581-00 | ELECTRICITY & LP GAS, OFFICE | 1,943 | 2,320 | 2,000 | 2,321 | 1 |
| 01-01-583-00 | TELEPHONE & COMMUNICATIONS | 4,563 | 4,870 | 7,175 | 7,500 | 2,630 |
| | **TOTAL G & A EXPENSES** | **750,756** | **994,190** | **990,276** | **1,046,173** | **51,983** |
| | **WATER SYSTEM EXPENSES** | | | | | |
| 01-02-524-00 | CHEMICALS | - | 200 | - | 200 | - |
| 01-02-542-00 | SMALL TOOLS & SUPPLIES | 988 | 2,500 | 2,250 | 2,500 | - |
| 01-02-545-00 | WATER TAP COSTS | 10,495 | 6,750 | 5,700 | 6,750 | - |
| 01-02-557-00 | BOOSTER PUMPS | 333 | 530 | - | 4,500 | 3,970 |
| 01-02-560-00 | CONTROLS & INSTRUMENTATION | 1,116 | 1,260 | - | 2,500 | 1,240 |
| 01-02-561-00 | FIRE HYDRANTS | - | 3,000 | - | 10,000 | 7,000 |
| 01-02-568-00 | SUPPORT EQUIPMENT MAINT | 177 | 530 | - | 1,000 | 470 |
| 01-02-570-00 | WATER LINES | 4,896 | 8,650 | 22,500 | 25,000 | 16,350 |
| 01-02-571-00 | WATER METER REPAIR | 2,576 | 4,200 | 600 | 1,000 | (3,200) |
| 01-02-572-00 | WATER QUAL MONITORING | 1,602 | 2,290 | 2,000 | 2,405 | 115 |
| 01-02-573-00 | WATER TANKS | 46,136 | 51,380 | 43,500 | 51,300 | (80) |
| 01-02-581-00 | ELECTRICITY | 12,562 | 14,180 | 11,000 | 14,889 | 709 |
| 01-02-583-00 | TELEPHONE/SCADA | 2,326 | 2,710 | - | 2,846 | 136 |
| | **TOTAL WATER O&M EXPENSES** | **83,206** | **98,180** | **87,550** | **124,890** | **26,710** |
| | **WASTEWATER EXPENSES** | | | | | |
| 01-03-524-00 | CHEMICALS | 8,076 | 6,300 | 6,300 | 6,615 | 315 |
| 01-03-525-00 | CLEANING SUPPLIES | 35 | 170 | 170 | 179 | 9 |
| 01-03-527-00 | EFFLUENT MONITORING, WWTP | 22,957 | 25,200 | 25,000 | 26,460 | 1,260 |
| 01-03-529-00 | GENERATOR FUEL/MAINT, WWTP | 850 | 7,700 | 900 | 8,085 | 385 |
| 01-03-529-02 | GENERATOR FUEL/MAINT, VAC SEW | 650 | 5,410 | 4,200 | 5,681 | 271 |
| 01-03-541-00 | SLUDGE DISPOSAL, WWTP | 86,474 | 121,530 | 96,000 | 121,500 | (30) |
| 01-03-542-00 | SMALL TOOLS & SUPPLIES | 2,278 | 2,180 | 1,200 | 2,000 | (180) |
| 01-03-545-00 | SEWER TAP COSTS | 6,900 | 7,250 | - | 7,250 | - |
| 01-03-558-00 | BUILDING & GROUNDS, WWTP | 7,188 | 22,610 | 5,500 | 15,000 | (7,610) |

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**WATER & WASTEWATER OPERATIONS BUDGET**
**FISCAL YEAR 2025**

| ACCT NO | | ACTUAL FY 2023 | BUDGET FY 2024 | (AMEND) ESTIMATED FY 2024 | PROPOSED FY 2025 | BUDGET INC (DEC) |
|---|---|---|---|---|---|---|
| 01-03-559-00 | UV DISINFECTION SYSTEM, WWTP | - | 520 | - | 5,000 | 4,480 |
| 01-03-560-00 | CONTROLS/INSTRUMENTS, WWTP | 9,091 | 4,200 | 8,000 | 10,000 | 5,800 |
| 01-03-563-00 | GRAVITY SEWER LINES | 2,615 | 3,930 | 1,000 | 4,127 | 197 |
| 01-03-563-02 | VAC SEWER LINES & SUMPS | 8,732 | 15,020 | 16,500 | 15,771 | 751 |
| 01-03-564-00 | EFFLUENT DISPOSAL, WWTP | 3,055 | 3,810 | 10,000 | 4,000 | 190 |
| 01-03-565-00 | WASTEWATER TREATMENT | 56,276 | 58,800 | 44,500 | 58,800 | - |
| 01-03-566-00 | SEWER FORCE MAINS | 2,774 | 7,000 | - | 7,000 | - |
| 01-03-567-00 | WASTEWATER PUMPING STATIONS | 3,995 | 3,150 | 20 | 3,150 | - |
| 01-03-567-02 | VACUUM SEWER STATION | 1,126 | 1,580 | - | 1,580 | - |
| 01-03-581-00 | ELECTRICITY-WWPS | 13,806 | 14,070 | 11,700 | 14,774 | 704 |
| 01-03-581-01 | ELECTRICITY-WWTP | 52,863 | 55,130 | 51,100 | 57,887 | 2,757 |
| 01-03-581-02 | ELECTRICITY-VAC SEWER | 14,414 | 15,270 | 15,800 | 17,000 | 1,730 |
| 01-03-583-00 | TELEPHONE | 273 | 220 | - | 200 | (20) |
| | **TOTAL WASTEWATER O&M EXPENSES** | **304,428** | **381,050** | **297,890** | **392,059** | **11,009** |
| | **TOTAL OPERATING EXPENSES** | **1,138,390** | **1,473,420** | **1,375,716** | **1,563,122** | **89,702** |
| | **NET OPERATING REVENUES** | **1,003,052** | **671,100** | **811,122** | **703,516** | **32,416** |
| | **OTHER INCOME** | | | | | |
| 01-00-416-00 | INTEREST/NOT RESTRICTED | 84,058 | 72,940 | 97,000 | 84,000 | 11,060 |
| 01-00-417-00 | INTEREST/RESTRICTED | 17,718 | 7,470 | | | (7,470) |
| 01-00-418-00 | CAPITAL GAIN (LOSS) | - | - | - | - | - |
| 01-00-419-00 | UNREALIZED INV GAIN (LOSS) | (155,418) | - | - | - | - |
| | **TOTAL OTHER INCOME** | **(53,642)** | **80,410** | **97,000** | **84,000** | **3,590** |
| | **OTHER EXPENSES** | | | | | |
| 01-01-595-00 | AMORT OF DEFERRED DEBT | - | - | - | - | - |
| 01-01-596-00 | INTEREST ON BONDS | 128,948 | 110,770 | 110,770 | 92,206 | (18,564) |
| 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** | **130,148** | **111,970** | **111,970** | **93,406** | **(18,564)** |
| 01-00-499-00 | INTERFUND TRANSFERS IN (OUT) | 610,394 | 610,400 | 612,000 | 612,000 | 1,600 |
| 01-00-499-01 | INTERFUND TRANS (OUT) fr SURPLUS | - | | | | |
| | **NET INCOME BEFORE DEPRECIATION** | **1,429,656** | **1,249,940** | **1,408,152** | **1,306,110** | **56,170** |
| | **DEPRECIATION** | | | | | |
| 01-01-611-00 | G&A DEPRECIATION | 30,612 | 41,700 | 41,700 | 41,700 | - |
| 01-02-611-00 | WATER SYSTEM DEPRECIATION | 146,223 | 167,600 | 167,600 | 167,600 | - |
| 01-03-611-00 | WASTEWATER SYS DEPRECIATION | 431,696 | 434,750 | 434,750 | 434,750 | - |
| | **TOTAL DEPRECIATION** | **608,531** | **644,050** | **644,050** | **644,050** | **-** |
| | **NET INCOME (LOSS)** | **821,125** | **605,890** | **764,102** | **662,060** | **56,170** |

**FRIPP ISLAND PUBLIC SERVICE DISTRICT**
**WATER & WASTEWATER OPERATIONS BUDGET**
**FISCAL YEAR 2025**

| ACCT NO | | ACTUAL FY 2023 | BUDGET FY 2024 | (AMEND) ESTIMATED FY 2024 | PROPOSED FY 2025 | BUDGET INC (DEC) |
|---|---|---|---|---|---|---|
| | **CAPITAL EXPENDITURES CASH FUNDED BUDGET** | | | | | |
| 01-00-172-00 | BUILDINGS & GROUNDS | - | - | - | 12,500 | 12,500 |
| 01-00-173-00 | WATER SYSTEM | - | 500,000 | 405,000 | 753,500 | 253,500 |
| 01-00-174-00 | OFFICE FURNITURE & EQUIPMENT | - | - | - | - | - |
| 01-00-175-00 | FIELD SUPPORT EQUIPMENT | - | 2,000 | - | - | (2,000) |
| 01-00-176-00 | WELLS & PUMP STATIONS | 121,460 | - | | - | - |
| 01-00-177-00 | LIFT STATIONS | - | 24,000 | | - | (24,000) |
| 01-00-178-00 | COLLECTION SYSTEMS | - | 370,000 | | - | (370,000) |
| 01-00-179-00 | WASTEWATER TREATMENT PLANT | - | 30,000 | - | - | (30,000) |
| 01-00-180-00 | COMPUTERS, SOFTWARE, ETC | 2,370 | 5,000 | | 5,000 | - |
| 01-00-181-00 | VEHICLES | - | 35,000 | 40,904 | - | (35,000) |
| | **TOTAL CAPITAL EXPENDITURES** | **123,830** | **966,000** | **445,904** | **771,000** | **(195,000)** |
| | **CONSTRUCTION IN PROGRESS** | **-** | **85,000** | **85,000** | **85,000** | **-** |
| | **CAPITAL RESERVE (2013 REVENUE REF BOND)** | **35,000** | **35,000** | **35,000** | **35,000** | **-** |
| | **TOTAL CAPITAL EXPENDITURES & RESERVES** | **158,830** | **1,086,000** | **565,904** | **891,000** | **(195,000)** |

# EXHIBIT B

Rate Schedule

## WATER & SEWER RATES FOR FISCAL YEAR 2025

## ADOPTION OF WATER AND SEWER RATES FOR THE FISCAL YEAR STARTING JULY 01, 2024 AND ENDING JUNE 30, 2025

The following water and sewer rates schedule will be in effect for the fiscal year starting July 01, 2024.

### WATER RATES

| Customer Category | Base Bill/Quarter | Water Consumption |
|---|---|---|
| Residential | | |
| Single family lots | $ 60.58 | |
| Multi-family units | $ 60.58 | |
| 0-12,000 gals./qtr./unit | | $3.52/1,000 gals. |
| 12,001-36,000 gals./qtr./unit | | $4.54/1,000 gals. |
| over 36,000 gals./qtr./unit | | $5.49/1,000 gals. |
| Residential Dedicated Irrigation | $ 28.81 | $4.99/1,000 gals. |
| Commercial/Commercial Irrigation | | Same as residential |
| ¾" meter | $ 60.58 | |
| 1" meter | $ 102.99 | |
| 1½" meter | $ 199.92 | |
| 2" meter | $ 321.08 | |
| 3" meter | $ 610.81 | |
| Hotel/Motel per Room (Sunsuites) | $ 32.93 | |
| 0-5,000 gals./qtr./unit | | $3.20/1,000 gals. |
| 5,001-25,000 gals/qtr./unit | | $4.13/1,000 gals. |
| over 25,000 gals./qtr./unit | | $4.99/1,000 gals. |
| Jetting (Hydrant Meter) | N/A | |
| Off Island Individual Customers | $ 85.08 | Same as residential |
| Hunting Island Fishing Pier | $ 229.42 | Same as residential |
| Hunting Island State Park | | |
| 0-7,200,000 gals./qtr. | $11,633.78 | $4.54/1,000 gals. |
| Over 7,200,000 gals./qtr. | | $5.04/1,000 gals. |
| Hunting Island State Park, South | $ 345.71 | Same as Hunting Isl. S.P. |
| Harbor Island Transportation Fee | N/A | $0.68/1,000 gals. |

1. Where a single water meter serves more than one unit, multiply the minimum rate for the customer category by the number of units.

### SEWER RATES

## WATER & SEWER RATES FOR FISCAL YEAR 2025

| Customer Category | Base Bill/Quarter | Charge Per Gallon of Water Consumption |
|---|---|---|
| Residential (Single family or multi-family) | $ 81.43 | $3.46/1,000 gals. up to 36,000 gals* |
| Commercial | $123.02 | $7.38/1,000 gals. over 22,500 gals |
| Hotel/Motel Room (Sunsuites) | $43.82 | $3.46/1,000 gals. |
| Harbor Island Effluent Disposal Fee | N/A | $0.66/1,000 gals. |

1. Where a residential customer has a separate, dedicated meter for landscape irrigation, the account will be billed for sewer service based on the total water consumption recorded by the domestic use water meter – the 36,000 gallon cap will not apply.
2. Where a single water meter serves more than one unit, multiply the sewer rate by the number of units.
3. If Harbor Island's wastewater effluent requires additional treatment prior to disposal, the Harbor Island effluent disposal fee increases to $7.38/1,000 gallons.

## METER & CONNECTION FEES

**WATER**

| | |
|---|---|
| 5/8" Meter | $ 500.00 |
| ¾" 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. Where connection to the public water system requires a tap to the water main without an extension of a water service line, an additional fee of $500 will apply.
4. Where connection to the public water system requires a tap to the water main with an extension of a water service line, an additional fee of $700 will apply.
5. An advance payment of $150.00 will be collected for water used during construction.
6. 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 |

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.

## MISCELLANEOUS FEES

**Delinquency Fee** **1.5% of unpaid balance**
Fee added if payment is not received by five days after the due date printed on the invoice.

**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.

**This Resolution ratified and adopted by the FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION on June 13, 2023.**

**FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION**

**WATER & SEWER RATES FOR FISCAL YEAR 2025**

Chairman, Fripp Island Public Service District Commission

(SEAL)
Attest:

Secretary, Fripp Island Public Service District Commission

**EXHIBIT C**

Proof of Publication

McClatchy

The Bradenton Herald
The Charlotte Observer
The State
Ledger-Enquirer
Durham | The Herald Sun
Fort Worth Star-Telegram
The Kansas City Star
Lexington Herald-Leader
The Telegraph - Macon
Miami Herald
The Sacramento Bee
Rock Hill | The Herald
San Luis Obispo Tribune
Tacoma | The News Tribune
Tri-City Herald
The Wichita Eagle

# AFFIDAVIT OF PUBLICATION

| Account # | Order Number | Identification | Order PO | Amount | Cols | Depth |
|---|---|---|---|---|---|---|
| 39095 | 558683 | Print Legal Ad-IPL01760410 - IPL0176041 | | $153.13 | 2 | 34 L |

**Attention:** Hannah Collier
POPE FLYNN GROUP - COLUMBIA
1411 GERVAIS STREET, #300
COLUMBIA, SC 29201

hcollier@popeflynn.com

**NOTICE OF PUBLIC HEARING ON THE ADOPTION OF THE ANNUAL BUDGET OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA**

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 regarding the adoption of its fiscal year 2024-2025 budget (the "Public Hearing"). The Public Hearing will be held in order to comply with the requirements of Section 6-1-80 of the Code of Laws of South Carolina 1976, as amended. This notice is given in lieu of the requirements of Section 4-9-130 of the Code of Laws of South Carolina 1976, as amended.

Accordingly, notice is hereby given that the Public Hearing will be held by the Commission at the Fripp Island Fire Station located at 289 Tarpon Boulevard, Fripp Island, SC 29920 on June 18, 2024 at 9:30 a.m. Estimates of the anticipated revenue and expenditures of the fiscal year 2023-2024 budget and the proposed revenue and expenditures of the fiscal year 2024-2025 budget are as follows:

| | Revenues | Expenditures |
|---|---|---|
| Fiscal Year 2023-2024 | $3,728,120 | $4,512,200 |
| Fiscal Year 2024-2025 | $3,988,544 | $4,009,518 |
| Percentage Increase/(Decrease) (Est.) | 7.0% | (11.1%) |

The total operating millage of the District for tax year 2023 was 15.2 mills. The total millage necessary to fund the operations of the District for fiscal year 2024-2025 will be 15.9 mills. There will be a 0.7 increase in the total millage levy of the District for the 2024 tax year over that of the 2023 tax year. Of the total millage of the District for the 2024 tax year, 2.9 mills are to be levied for the purpose of funding the operations of the sinkers and bridge fund and 13.0 mills are to be levied to fund fire services. The total millage levied by the District for the 2024 tax year is expected to generate $971,866.36 which combined with other revenues and fund balance of the District is expected to meet the budgeted expenditures and reserve requirements of the District.

The aforesaid Public Hearing shall be conducted publicly and both proponents and opponents of the proposed action shall be given full opportunity to be heard in person or by counsel. Following the Public Hearing, the Commission shall determine, by resolution, whether to adopt the proposed budget of the District.

FRIPP ISLAND PUBLIC SERVICE DISTRICT
SOUTH CAROLINA
IPL0176041
Jun 3 2024

STATE OF )
SOUTH CAROLINA ) AFFIDAVIT
COUNTY OF BEAUFORT )

I, Tara Pennington, makes oath that the advertisment, was published in The Island Packet and The Beaufort Gazette, a newspaper published in Beaufort County, State and County aforesaid, in the issue(s) of

1 insertion(s) published on:
06/03/24

Tara Pennington
Tara Pennington

Sworn to and subscribed before me this 3rd day of June in the year of 2024

Stephanie Hatcher
Notary Public in and for the state of Texas, residing in Dallas County

STEPHANIE HATCHER
My Notary ID # 133534406
Expires January 14, 2026

Extra charge for lost or duplicate affidavits.
Legal document please do not destroy!

CONFLUENCE
Consulting, LLC

# *FRIPP ISLAND PUBLIC SERVICE DISTRICT*

Public Presentation:

Cost of Service and Rate Study

June 18, 2024

# KEY ISSUES DRIVING RATE PROJECTIONS

- Significant Increase in BJWSA Wholesale Water Rates – 17%
- Capital Project Costs FY 2025, FY 2026 and FY 2027
- End of Front-Foot Assessment Revenue in FY 2026
  - Series 2013 Refunding Bonds Mature in FY 2029
  - Rate Must Meet Rate Covenant Test of 120%
- Potential Reduction of Water Tank Lease Revenue

# TODAY'S DISCUSSION

- Recommended FY 2025 Water & Wastewater Rates
- Customer Bill Impacts
- Bill Comparison with Other Utilities
- Three Rate Scenarios to Address Loss of Front-Foot Assessments
  - Worst Case – Raise Rates to Meet Rate Covenant Test
  - Most Likely Case – Redeem Series 2013 Bonds in FY 2026
  - Best Case – Use of Restricted Assets to Redeem Series 2013 Bonds in FY 2026

# FY 2025 RATE RECOMMENDATIONS

CONFLUENCE Consulting, LLC

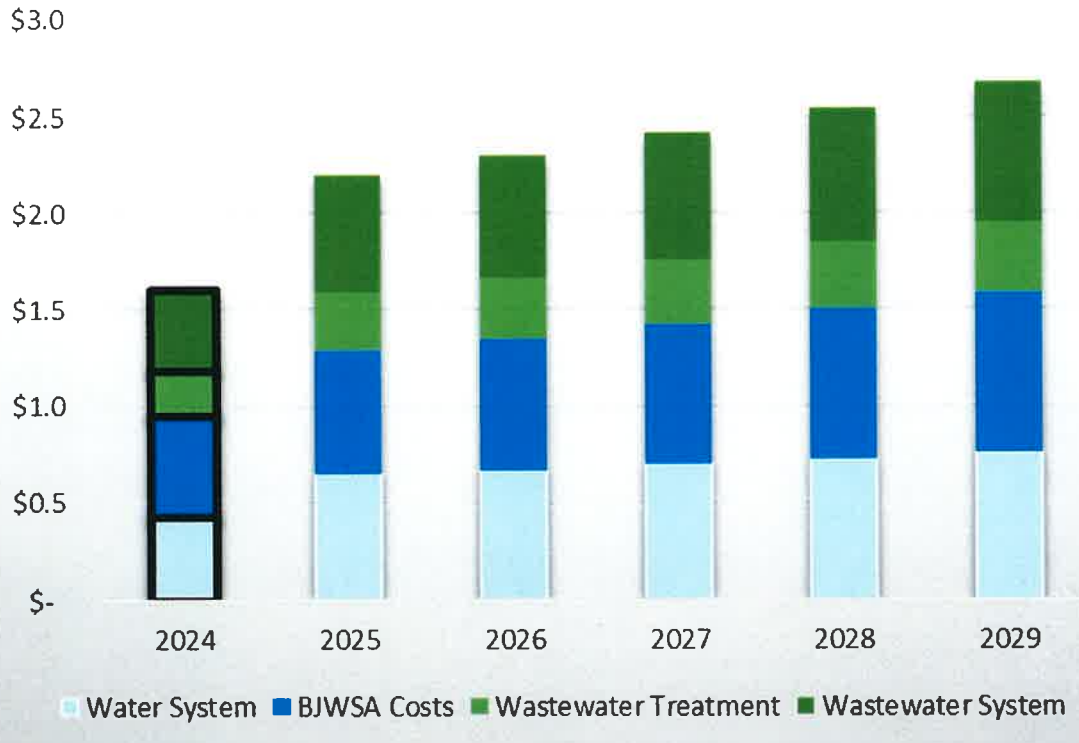
/ FRIPP ISLAND PUBLIC SERVICE DISTRICT

Draft

# PROPOSED FY 2025 WATER & WASTEWATER RATES

- 10% Water & Wastewater Rate Increases Across-the-Board
- 17% Increased Cost of BJWSA Wholesale Rate Increase
- Increased Inflationary Costs
- Significant Water & Sewer Capital Needs
  - Residential Meter Replacements- $675k in FY 2025
  - WWTP Improvements - $870k in FY 2026 & FY 2027

# PROJECTED ANNUAL OPERATING COSTS



# RECOMMENDED WATER RATE STRUCTURES (QUARTERLY)

| Quarterly Base Charges | Ratio[1] | FY 2024 | FY 2025 |
|---|---|---|---|
| Residential (Single & Multi-family) | 1.00 | $ 55.07 | $ 60.58 |
| Hotel Room[2] | 0.54 | $ 29.93 | $ 32.93 |
| Off-Island[3] | 1.40 | $ 77.34 | $ 85.08 |
| **Commercial/Irrigation** | | | |
| 3/4" and 5/8" | 1.00 | $ 55.07 | $ 60.58 |
| 1" | 1.70 | $ 93.62 | $ 102.99 |
| 1.5" | 3.30 | $ 181.73 | $ 199.92 |
| 2" | 5.30 | $ 291.87 | $ 321.08 |
| 3" | 10.08 | $ 555.25 | $ 610.81 |
| **Consumption Rates (per 1,000 gallons)** | | | |
| *Quarterly Usage Intervals* | | | |
| 0 to 12,000 | 1.00 | $ 3.20 | $ 3.52 |
| 12,000 to 36,000 | 1.29 | $ 4.13 | $ 4.54 |
| Above 36,000 | 1.56 | $ 4.99 | $ 5.49 |

# RECOMMENDED WASTEWATER RATE STRUCTURES (QUARTERLY)

| Customer Category | FY 2024 | FY 2025 |
|---|---|---|
| Residential | $ 74.20 | $ 81.43 |
| Commercial | $ 111.83 | $ 123.02 |
| Hotel Room/Sunsuites | $ 39.83 | $ 43.82 |
| *Consumption Charges (per 1,000 gals)* | | *(36,000 cap)* |
| Residential (For usage up to cap) | $ 3.14 | $ 3.46 |
| Commercial (above 22,500 gallons) | $ 6.71 | $ 7.38 |

# CUSTOMER BILL IMPACTS

CONFLUENCE Consulting, LLC

/ FRIPP ISLAND PUBLIC SERVICE DISTRICT

Draft

# RESIDENTIAL WATER BILL IMPACT

| RESIDENTIAL WATER BILLS | | | | |
|---|---|---|---|---|
| Quarterly Usage | Current Rates FY 2024 | Proposed FY 2025 | Increase ($) | Increase (%) |
| 4,000 | $ 67.87 | $ 74.66 | $ 6.79 | 10.0% |
| 8,000 | $ 80.67 | $ 88.74 | $ 8.07 | 10.0% |
| 16,000 | $ 109.99 | $ 120.98 | $ 10.99 | 10.0% |
| 21,000 | $ 130.64 | $ 143.68 | $ 13.04 | 10.0% |
| 32,000 | $ 176.07 | $ 193.62 | $ 17.55 | 10.0% |
| 75,000 | $ 387.20 | $ 425.89 | $ 38.69 | 10.0% |
| 100,000 | $ 511.95 | $ 563.14 | $ 51.19 | 10.0% |

# RESIDENTIAL WASTEWATER BILL IMPACT

| RESIDENTIAL WASTEWATER BILLS | | | | |
|---|---|---|---|---|
| Quarterly Usage | Current FY 2024 | Proposed FY 2025 | Increase ($) | Increase (%) |
| 4,000 | $ 86.58 | $ 95.27 | $ 8.69 | 10.0% |
| 8,000 | $ 99.14 | $ 109.11 | $ 9.97 | 10.1% |
| 16,000 | $ 124.26 | $ 136.79 | $ 12.53 | 10.1% |
| 21,000 | $ 139.96 | $ 154.09 | $ 14.13 | 10.1% |
| 32,000 | $ 174.50 | $ 192.15 | $ 17.65 | 10.1% |
| 75,000 | $ 187.06 | $ 205.99 | $ 18.93 | 10.1% |
| 100,000 | $ 187.06 | $ 205.99 | $ 18.93 | 10.1% |

# RESIDENTIAL COMBINED BILL IMPACT

| COMBINED RESIDENTIAL UTILITY BILLS | | | | |
|---|---|---|---|---|
| Quarterly Usage | Current FY 2024 | Proposed FY 2025 | Increase ($) | Increase (%) |
| 4,000 | $ 154.45 | $ 169.93 | $ 15.48 | 10.0% |
| 8,000 | $ 179.81 | $ 197.85 | $ 18.04 | 10.0% |
| 16,000 | $ 234.25 | $ 257.77 | $ 23.52 | 10.0% |
| 21,000 | $ 270.60 | $ 297.77 | $ 27.17 | 10.0% |
| 32,000 | $ 350.57 | $ 385.77 | $ 35.20 | 10.0% |
| 75,000 | $ 574.26 | $ 631.88 | $ 57.62 | 10.0% |
| 100,000 | $ 699.01 | $ 769.13 | $ 70.12 | 10.0% |

# AVERAGE RESIDENTIAL CUSTOMER COMPARISON

## (7,000 GALLONS PER MONTH)

| Utility/Community | User Rates and Charges (7,000 gal/month) | | |
|---|---|---|---|
| | Water | Sewer | Total |
| Sullivan's Island | $ 55.91 | $ 108.45 | $ 164.36 |
| Isle of Palms | $ 49.65 | $ 97.55 | $ 147.20 |
| Charleston Water System | $ 31.74 | $ 107.46 | $ 139.20 |
| Mount Pleasant - Proposed FY 2025 | $ 55.50 | $ 79.98 | $ 135.49 |
| Mount Pleasant Waterworks | $ 52.24 | $ 75.28 | $ 127.52 |
| Seabrook Island | $ 65.85 | $ 51.70 | $ 117.55 |
| Dorchester County | $ 54.06 | $ 61.25 | $ 115.31 |
| Beaufort-Jasper | $ 39.34 | $ 66.05 | $ 105.39 |
| Average (Excluding FIPSD) | $ 41.99 | $ 63.40 | $ 105.39 |
| **Fripp Island (Recommended FY 2025)** | **$ 47.89** | **$ 51.36** | **$ 99.26** |
| **Fripp Island (Current FY 2024 )** | **$ 43.55** | **$ 46.65** | **$ 90.20** |
| Berkeley County | $ 42.17 | $ 44.00 | $ 86.17 |
| Hilton Head Island PSD | $ 27.14 | $ 33.62 | $ 60.76 |
| South Island PSD | $ 27.33 | $ 32.40 | $ 59.73 |
| Broad Creek PSD | $ 17.22 | $ 38.93 | $ 56.15 |
| Summerville Public Works | $ 27.75 | $ 27.50 | $ 55.25 |

# THREE RATE FORECAST SCENARIOS

CONFLUENCE Consulting, LLC

/ FRIPP ISLAND PUBLIC SERVICE DISTRICT

Draft

# FINANCIAL POLICY GUIDELINES

- Rate Covenant: Rates be sufficient to yield annual "net earnings" to equal at least 120% of annual debt service on all outstanding bonds
- Debt Coverage Policy Goal: "Net earnings" to equal at least 140% of annual debt service
- Minimum Cash Balance: Maintain unrestricted cash balances equal to at least 360 days of annual operating expenses

# THREE RATE SCENARIOS

- Worst Case Scenario – Allow Series 2013 Bonds to Mature and Meet Rate Covenant Requirements Through Rate Increases
- Most Likely Scenario – Redeem/Call 2013 Bonds with $1.1M Payment in FY 2027 with Available Unrestricted Cash
- Best Case Scenario - Redeem/Call 2013 Bonds with $1.1M Payment in FY 2027 with Available Restricted and Unrestricted Cash

# WORST CASE RATE SCENARIO

- Higher Rate Increases Required to Meet Coverage Test of 120% without Front-Foot Assessments (Vacuum Sewers).
- Policy Coverage Goal to Maintain At Least 140% "Projected" Debt Coverage.
- Policy Goal to Maintain Minimum Cash Balance of At Least 360 Days of Budgeted Operating Costs.

| | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Above Min. Balance |
|---|---|---|---|---|---|---|
| **FY 2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $2,838,561 |
| **FY 2026** | 11.00% | 11.00% | 11.00% | **1.51** | $ (135,673) | $2,601,044 |
| **FY 2027** | 11.00% | 11.00% | 11.00% | **1.42** | $ (189,341) | $2,295,092 |
| **FY 2028** | 5.00% | 5.00% | 5.00% | **1.48** | $ 222,741 | $2,394,956 |
| **FY 2029** | 2.50% | 2.50% | 2.50% | **1.46** | $ 257,473 | $2,523,022 |

# MOST LIKELY CASE RATE SCENARIO

| | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Above Min. Balance |
|---|---|---|---|---|---|---|
| **FY 2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $2,838,561 |
| **FY 2026** | 7.00% | 7.00% | 7.00% | **1.41** | $ (223,392) | $2,513,325 |
| **FY 2027** | 2.50% | 2.50% | 2.50% | **2.36** | $ (91,892) | $1,246,462 |
| **FY 2028** | 2.50% | 2.50% | 2.50% | **2.15** | $ 238,361 | $1,361,946 |
| **FY 2029** | 2.50% | 2.50% | 2.50% | **2.04** | $ 257,503 | $1,490,043 |

- Less Substantial Rate Increases Required to Meet Policy Coverage Goal of 140% By Redeeming Series 2013 Bonds Using Unrestricted Cash.
- Stronger Coverage With Less Impact on Customer Rates.
- Requires Use of $1,058,360 in Unrestricted Cash in FY 2027 to Redeem Bonds.
- Represents Weakest Operating Cash Position at End of Forecast Period But Still Maintains Policy Goal.

# BEST CASE RATE SCENARIO

- Less Substantial Rate Increases Required to Meet Policy Coverage Test of 140% By Redeeming Series 2013 Bonds Using Restricted and Unrestricted Cash.
- Stronger Coverage With Less Impact on Customer Rates.
- Requires Use of $1,058,360 in Both Restricted and Unrestricted Cash in FY 2027 to Redeem Bonds.
- Represents Strongest Cash Position at End of Forecast Period As $835,995 in Restricted Cash Available to Redeem Bonds.

| | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Above Min. Balance |
|---|---|---|---|---|---|---|
| **FY 2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $2,838,561 |
| **FY 2026** | 7.00% | 7.00% | 7.00% | **1.41** | $ (223,392) | $2,513,325 |
| **FY 2027** | 2.50% | 2.50% | 2.50% | **2.36** | $ (91,892) | $2,082,457 |
| **FY 2028** | 2.50% | 2.50% | 2.50% | **2.15** | $ 238,361 | $2,197,941 |
| **FY 2029** | 2.50% | 2.50% | 2.50% | **2.04** | $ 257,503 | $2,326,038 |

# QUESTIONS?

Draft

# Numerical Modeling Assessment - Fripp Island T-Groins Project

## Fripp Inlet

Fripp Island, Beaufort County, SC

October 2023

ATM
A Geosyntec Company
Applied Technology & Management
www.appliedtm.com

# Contents

# 1.0 Background

Applied Technology and Management (ATM) was contracted by the Fripp Island POA (Client) to evaluate the proposed t-groin concept for shoreline stabilization and protection of the bridge abutment on Fripp Island. The analysis included a desktop review of readily available information in the project area and numerical wave, flow, and sediment transport modeling to determine if the proposed t-groins may impact scour at bridge pile bents under extreme storm event conditions. The proposed design includes two (2) rock t-groins, armor stone placed at the base of the bridge abutment, and ~2500 cubic yards (cy) of sand fill along the shoreline landward of the groin heads (Figure 1).

A local hydrodynamic sediment transport model was developed for this effort using the USACE's Coastal Modeling System (CMS) to assess impacts that the t-groins may have on current patterns and to identify any potential hotspot areas of erosion or accretion anticipated during a large storm event. Hurricane Matthew in 2016 was a notable storm that brought substantial storm surge, damaging waves, and extreme erosional conditions to the Fripp Island project area and was therefore selected for this assessment.

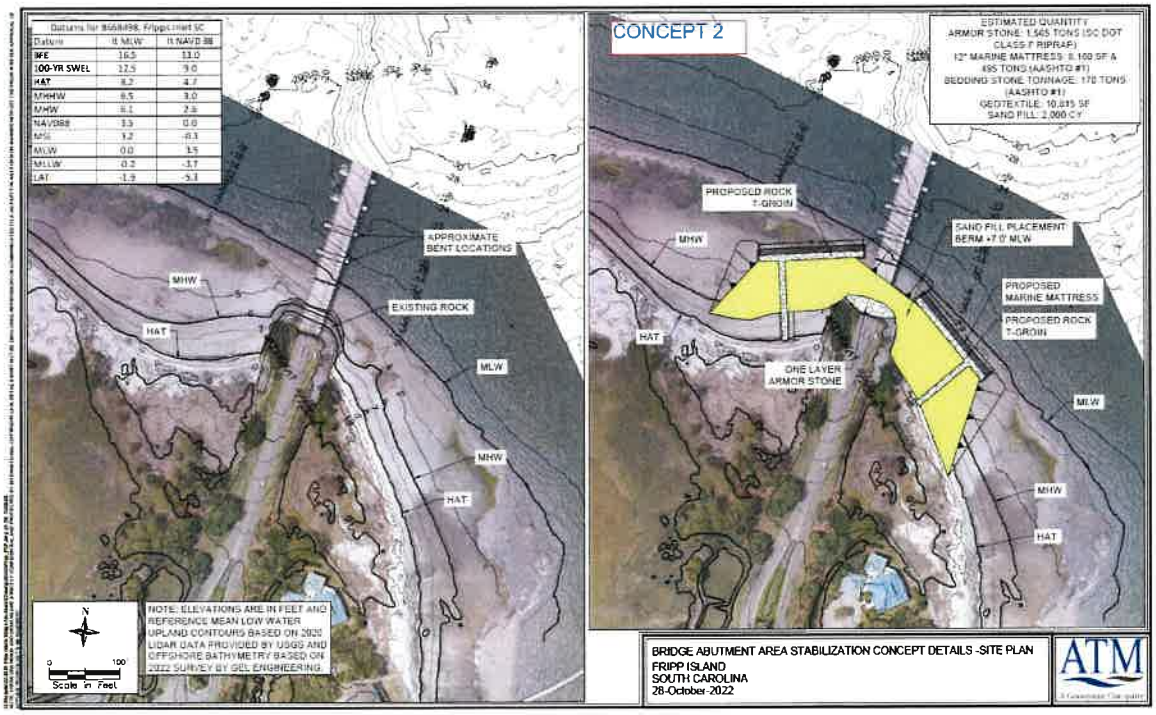



**Figure 1. Proposed T-groins, rock armoring, and sand fill at southern abutment of Fripp Island bridge ("Concept 2" in the above figure).**

# 2.0 Project Site

Figure 2 presents an overview and site view of the project location. The proposed t-groin structures and stone armoring are situated along either side of the southern abutment of the Fripp Inlet Bridge, located in Fripp Inlet between Hunting Island and Fripp Island in Beaufort County, SC.

The top panel shows the site location on a NOAA nautical chart (depths in feet, referenced to Mean Lower Low Water-MLLW). The bottom panel shows the current location of the bridge bents, and the proposed T-head groins and bridge abutment rock armoring layout overlaid on a recent 2023 aerial.

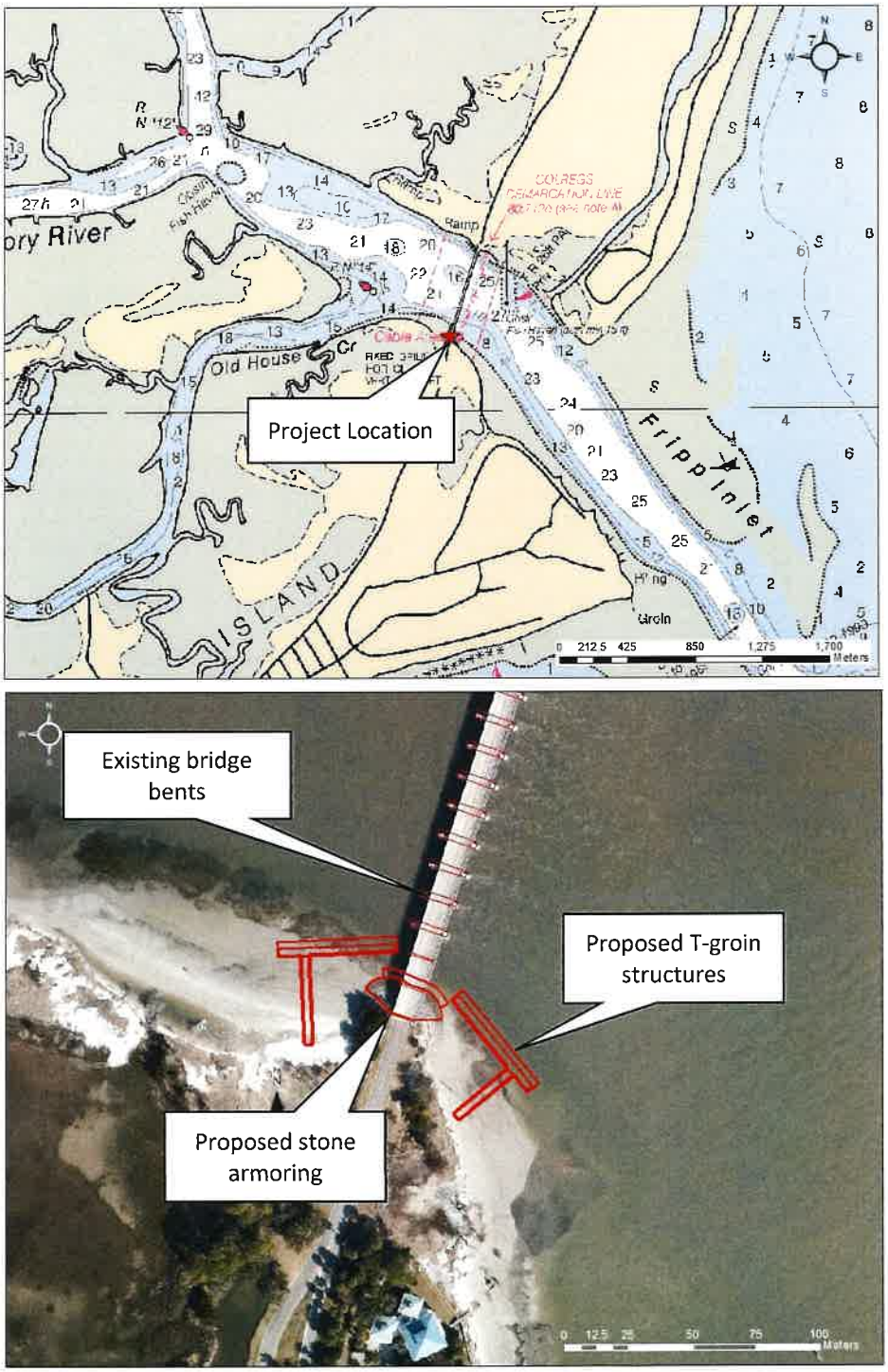



**Figure 2: Overview (Upper Panel) and Site View (Lower Panel) of Fripp Inlet Project location. Upper Panel shows a NOAA nautical chart - #11517 (depths in feet, MLLW) and Lower Panel shows proposed T-groin and bridge abutment stone armoring layout.**

# 3.0 Tidal Datums

Under normal conditions, water levels at the project site are primarily influenced by ocean tides. The nearest NOAA tidal datum station is located at the tide prediction station in Fripp Inlet, near the center of the bridge (Station ID 8668498). The tidal datums at Fripp Inlet are shown in Table 1. The typical tide range (from MLLW to MHHW) at the site is approximately 6.7 feet. Of course, higher and lower water levels can occur due to regional wind/wave setup and direction.

**Table 1: Project Site Tidal Datums**

| *Datum / Condition* | *Abbreviation* | *Water Level Elevation NAVD88, FT* |
|---|---|---|
| **Highest Astronomical Tide** | **HAT** | **4.71** |
| **Mean Higher High Water** | **MHHW** | **3.03** |
| **Mean High Water** | **MHW** | **2.64** |
| **North American Vertical Datum of 1988** | **NAVD88** | **0** |
| **Mean Sea Level** | **MSL** | **-0.30** |
| **Mean Low Water** | **MLW** | **-3.46** |
| **Mean Lower Low Water** | **MLLW** | **-3.66** |
| **Lowest Astronomical Tide** | **LAT** | **-5.34** |

# 4.0 Site Topography and Bathymetry

Bathymetric surveys of the area of interest immediately within the project vicinity were completed by GEL Engineering, LLC in 2022. The hydrographic survey contours are shown in Figure 3. Depths around the southern abutment of the bridge are relatively shallow at around 0 to 8 ft MLW (Mean Low Water), then deepen to a depth of ~40 ft MLW in the inlet approximately 400 ft from the project shoreline.

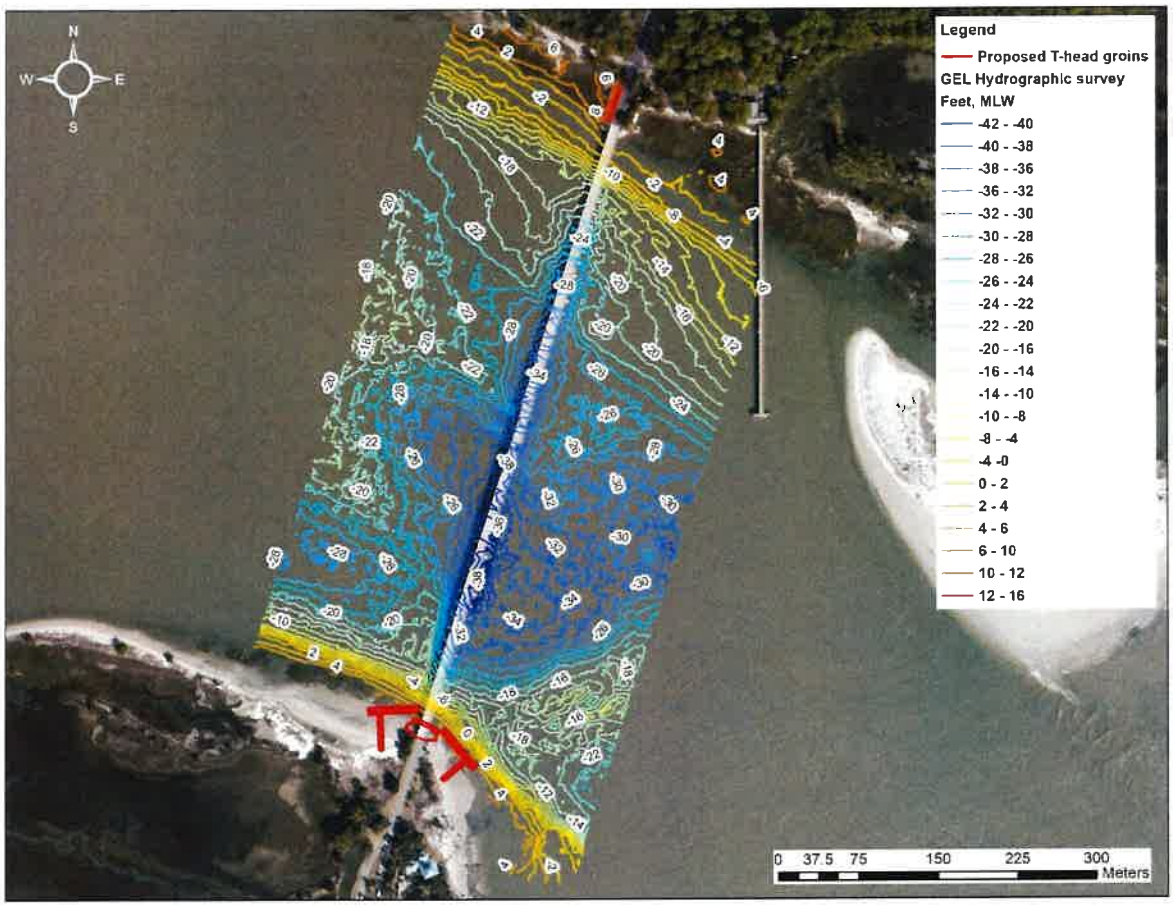



**Figure 3: Existing Bathymetry & Proposed T-head groins Layout. Survey Depths in Feet, MLW.**

Site topography was supplemented with 2020 NOAA LiDAR data where the upland extent of the 2022 GEL survey ends. The 2020 LiDAR is considered representative of existing site shoreline and upland conditions and compares well with the 2022 GEL survey where the datasets overlap. Bathymetry outside the location of the 2022 GEL bathymetric survey was supplemented with the NOAA Continuously Updated Digital Elevation Model (CUDEM) dataset as well as NOAA and other publicly available nautical charts. The CUDEM originates from various sources, including the NOAA Office of Coast Survey, NOAA National Geodetic Survey, NOAA Office for Coastal Management, U.S. Geological Survey (USGS), U.S. Army Corps of Engineers (USACE), and others. The CUDEM is continuously updated as new elevation data becomes available. Within Fripp Inlet, the most recent available hydrographic survey was completed in 1934 and 1975 by the National Ocean Surface (NOS), which led to incongruities with the 2022 GEL survey. Where the CUDEM met with GEL survey, bathymetry was extrapolated to create a smooth transition region.

## 5.0 Site Exposure and Predominant Sediment Transport Patterns

Site exposure refers to the unprotected nature of a site to coastal hazards such as winds, waves, and currents. The exposure of a particular site will depend on regional and local bathymetry, coastal shoreline structures, and surrounding geographic features. Being situated along an inlet, the project area is characterized by complex bathymetry and unique surrounding landforms and shoreline features which can offer varying degrees of protection from winds and waves. The bridge and proposed t-groin structures are partially protected from open ocean wave action by shallow nearshore shoals on the northern/Hunting Island side of the inlet as well as the armored Fripp Island shoreline along the inlet's south entrance.

Inlet orientation to the ocean results in offshore waves and long-period swell that approach primarily from easterly and southeasterly directions, which diffract to be oriented more easterly and east-northeasterly as they travel through the inlet and approach the project shoreline (Figure 4). The site is also exposed to local wind-waves, generated within the inlet itself. These can approach from various directions including the north and northwest, however, are relatively small and are shorter period due to the restricted fetch in the inlet.

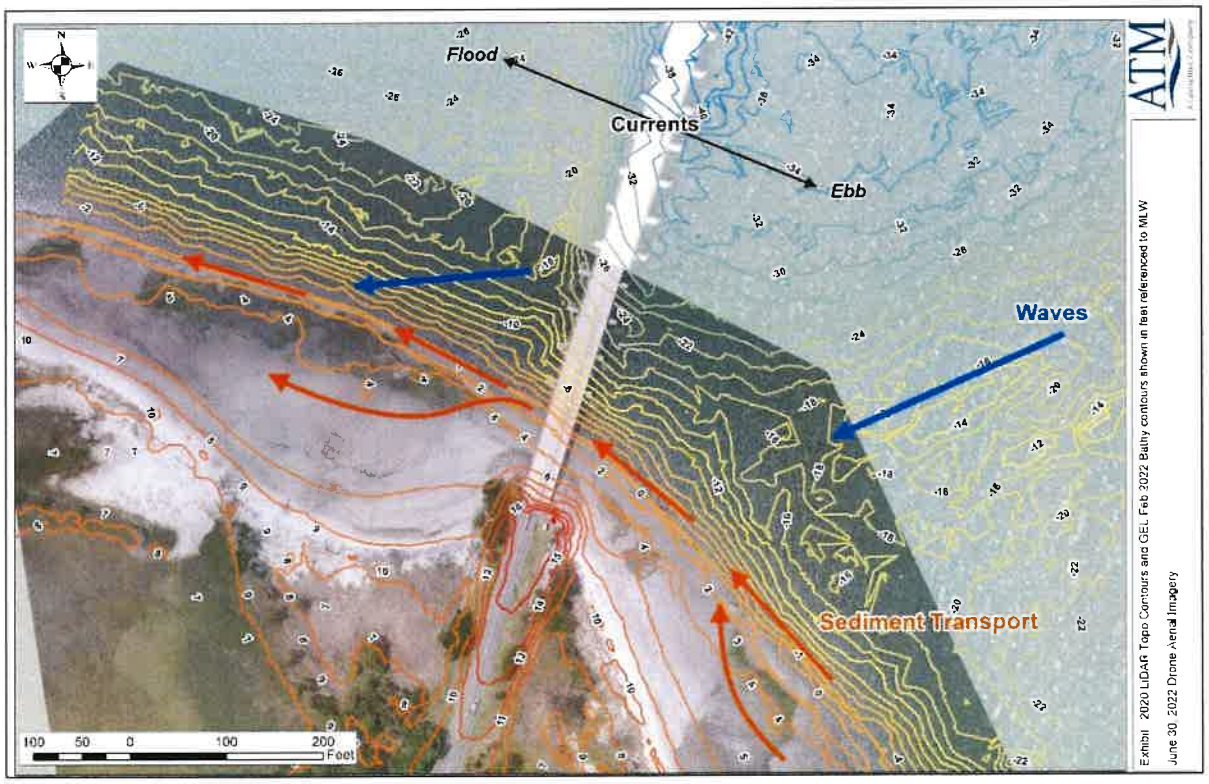



**Figure 4: Site exposure to wave action driving general, long-term sediment transport patterns along project shoreline. Flood and ebb current directions through Fripp Inlet also shown.**

In addition to waves, the site is also exposed to tidal currents through the inlet. Fripp Inlet currents are mainly associated with tidal fluctuations and generally travel parallel with the local shoreline in a SE-NW orientation. No current observations were available for the site; however, current prediction data was downloaded from NOAA's prediction station in Fripp Inlet - Station ACT7171, just north of the project area. Predicted flood and ebb current speeds were found to be in the range of 1.3 to 2.6 ft/s (0.4 to 0.8 m/s) and -2.0 to -3.3 ft/s (-0.6 to -1 m/s), respectively (Figure 5).

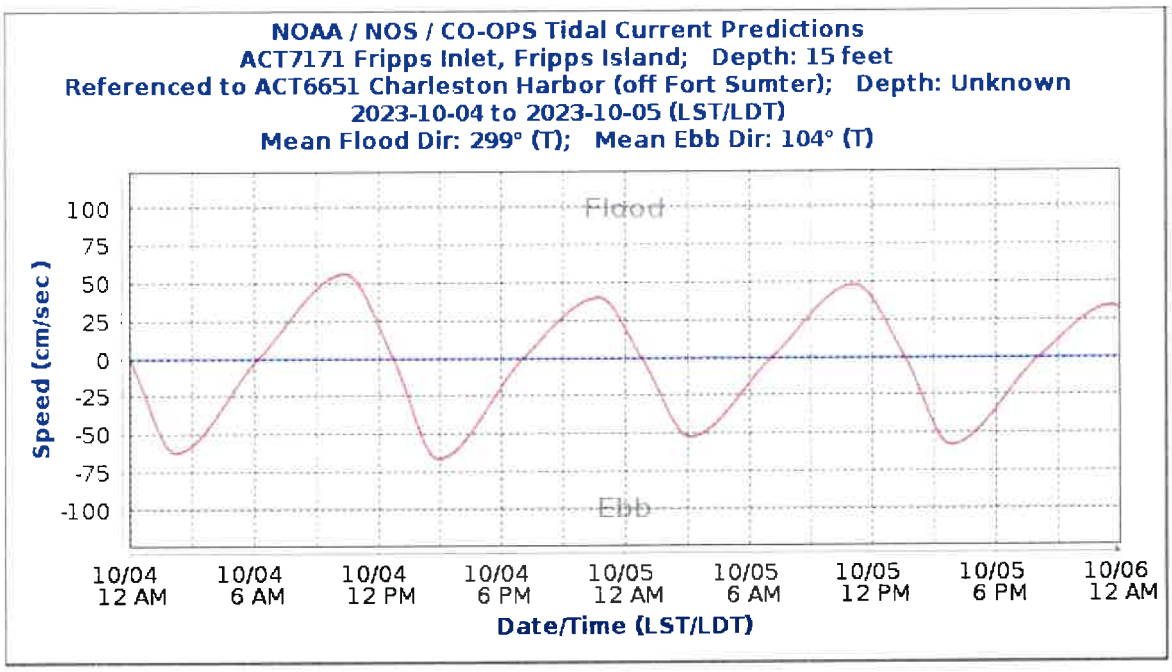



**Figure 5: Typical Ebb and Flood Current Speed for a 2-day period at Fripp Inlet Station ACT7171. Maximum predicted tidal currents at this station are on the order of 1 m/s.**

Offshore swell and locally generated wind-waves from the easterly directions are the primary driver of nearshore currents and sand movement along the site shoreline. As a result, sediment transport is predominantly from southeast to northwest. This pattern causes relatively more erosion to take place on the eastern side of the bridge abutment compared to the west, as the west side is slightly more protected (although still erosional) from large easterly ocean-waves.

## 6.0 Hurricane Matthew (2016)

Hurricane Matthew in 2016 caused significant impacts to Fripp Island and was selected for the numerical modeling assessment of the proposed t-groins. In early October of 2016, Hurricane Matthew approached the South Carolina coast as a category 2 hurricane before weakening to a category 1 south of Charleston, causing extensive damage along the SC coast. Hurricane Matthew was slow moving and spanned a large area when it made landfall on the morning of October 8 near McClellanville, SC. The National Weather Service cites Fripp Island as one of many sites that faced particularly severe damage ("Hurricane Matthew in the Carolinas: October 8, 2016", n.d.). Matthew's damage was also exacerbated in the Fripp area because it occurred during high tide conditions.


**Figure 7: USACE-CHS Hurricane Matthew Simulation Extraction Location**

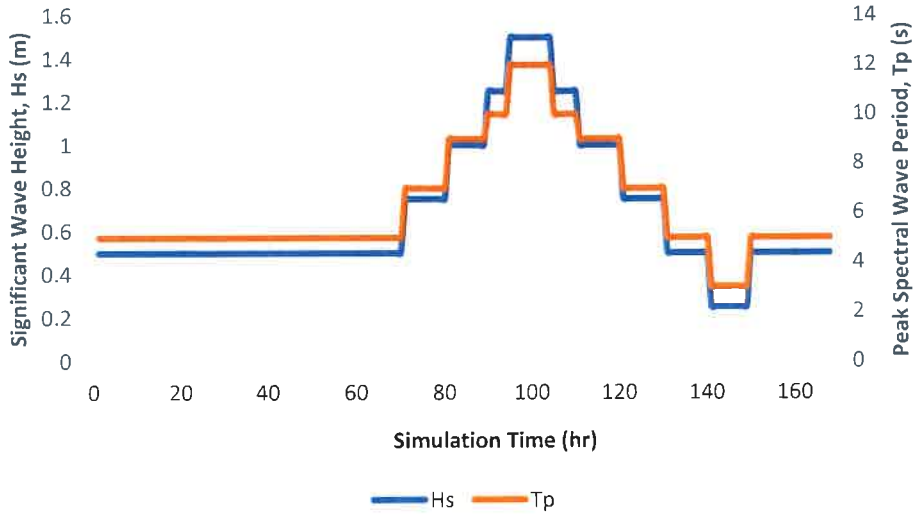



**Figure 8: Developed wave height (Hs) and wave period (Tp) time series used as input for the CMS model.**

# 7.0 Numerical Modeling Assessment

A numerical modeling study was conducted to evaluate potential impacts of the proposed t-head groin structures and the addition of stone armoring at the bridge abutment. The modeling effort included simulating nearshore hydrodynamics and sediment transport during an acute extreme storm event under both existing and proposed conditions. Hurricane Matthew conditions were utilized for this assessment.

## 7.1 Hydrodynamics and Sediment Transport Modeling

The CMS model suite (CMS-Wave and the CMS-Flow hydrodynamic and sediment transport model) was used for a local site grid over the project region. The Coastal Modeling System (CMS) is an integrated modeling system designed to simulate nearshore processes, especially with respect to navigation channel performance and sediment exchange between inlets and adjacent beaches. CMS couples flow, wave, and sediment transport models to simulate waves, current, water level, sediment transport, and morphology change.

CMS-Wave was coupled with CMS-Flow for 7-day model simulations of waves, currents, and sediment transport of existing and post-project conditions under extreme storm conditions. Measured water levels at the Fort Pulaski NOAA station were input to CMS-Flow for the period of October 4$^{th}$ through October 11$^{th}$ of 2016 to model Hurricane Matthew surge as well as the normal, calm days both leading up to the storm's approach and after its passing. Simulated current patterns, directions, and speeds during the calm days of normal water levels and tidal fluctuations were validated to reasonably simulate site conditions based on the current predictions discussed in Section 5. A typical rising and falling tide (prior to storm conditions) is shown in Figure 12. CMS-Wave inputs utilized the input developed wave time series, described above, for the same 7-day time period. As limited detailed current sediment transport data is available for the site, the modeling effort did not include an extensive calibration effort of sediment transport, but rather aimed to simulate general known transport patterns for the area. Some sensitivity analysis was performed to qualify model response to parameters within the system and determine the most efficient and realistic model configuration. Sediment transport morphology results compared well with known scour/erosion effects in the area (e.g., between bridge bents and along the shoreline)

The bathymetric and topographic datasets discussed in Section 4 were converted to meters, NAVD88 and merged to create a seamless combined dataset interpolated onto the CMS model grid. The CMS model grid domain and starting topobathy for existing conditions for this analysis are shown in Figure 9 and Figure 10. Figure 11 shows the starting topobathy for post-project conditions. Post-project topobathy included modifications for the two planned t-head groin structures, stone armoring around the base of the bridge abutment, and ~2500 cubic yards (cy) of added sand fill in and around the groin structures.

Both existing and post-project conditions were modeled to assess changes after groin construction. Please note the t-head groins and abutment layout outlines are shown on existing conditions figures only for reference.

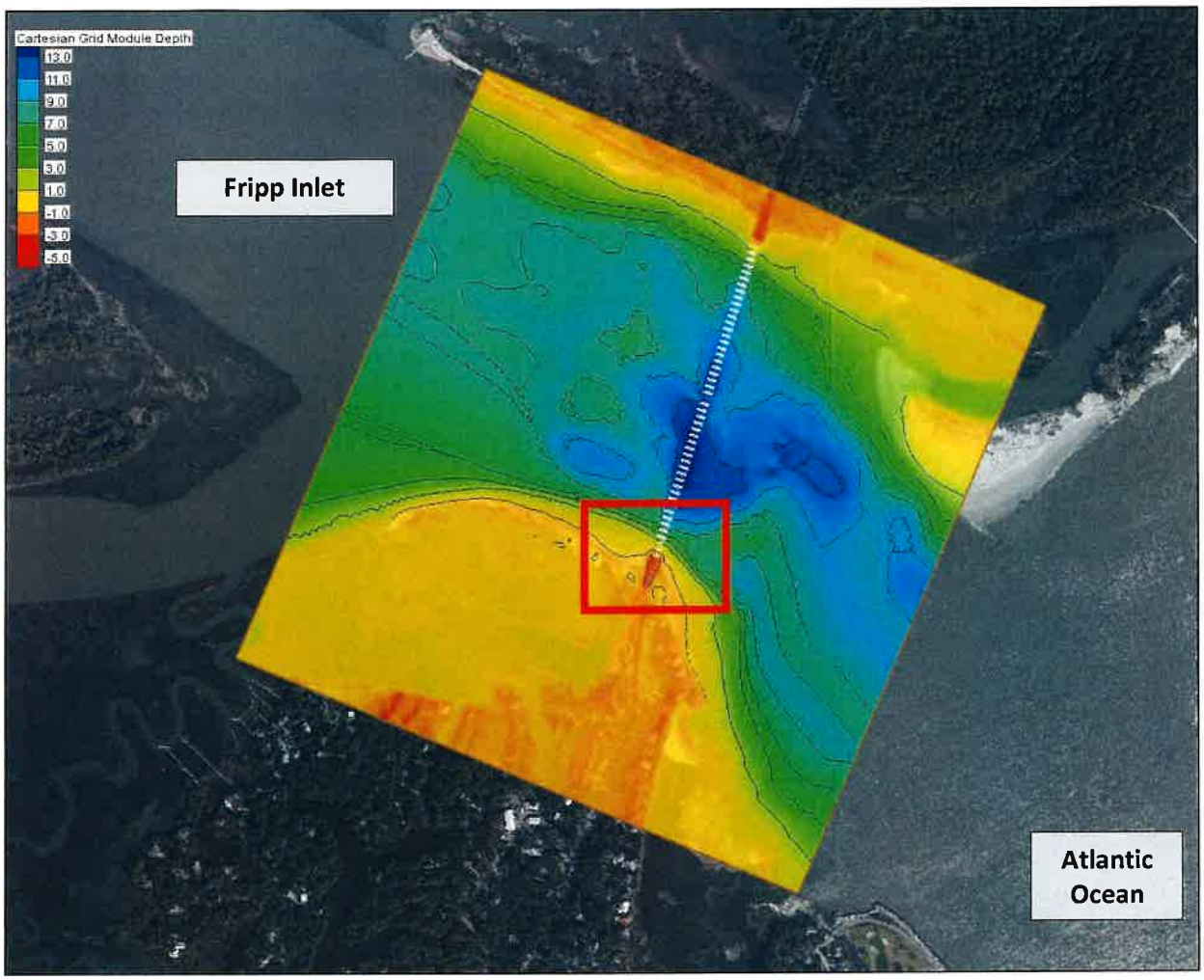



**Figure 9: CMS-Wave/Flow model domain with existing conditions starting topobathy (depths are in meters, NAVD88). The red box indicates the area of interest.**

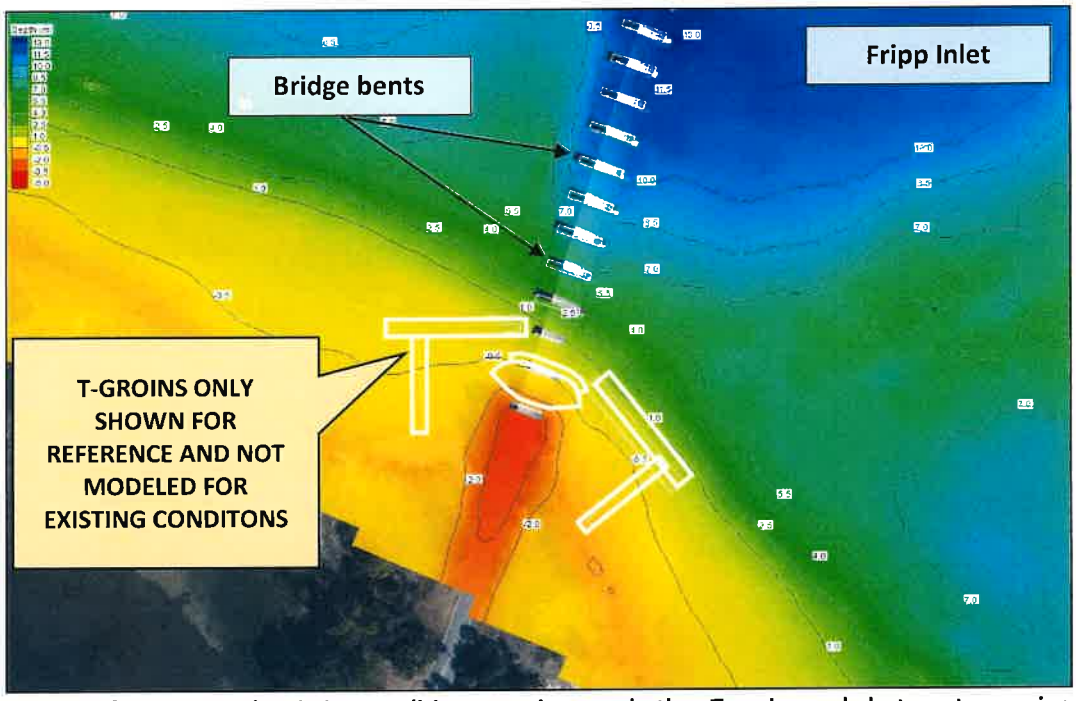



**Figure 10: Area of interest with existing conditions starting topobathy. T-groins and abutment armoring shown only for reference.**
**(depths in meters, NAVD88).**

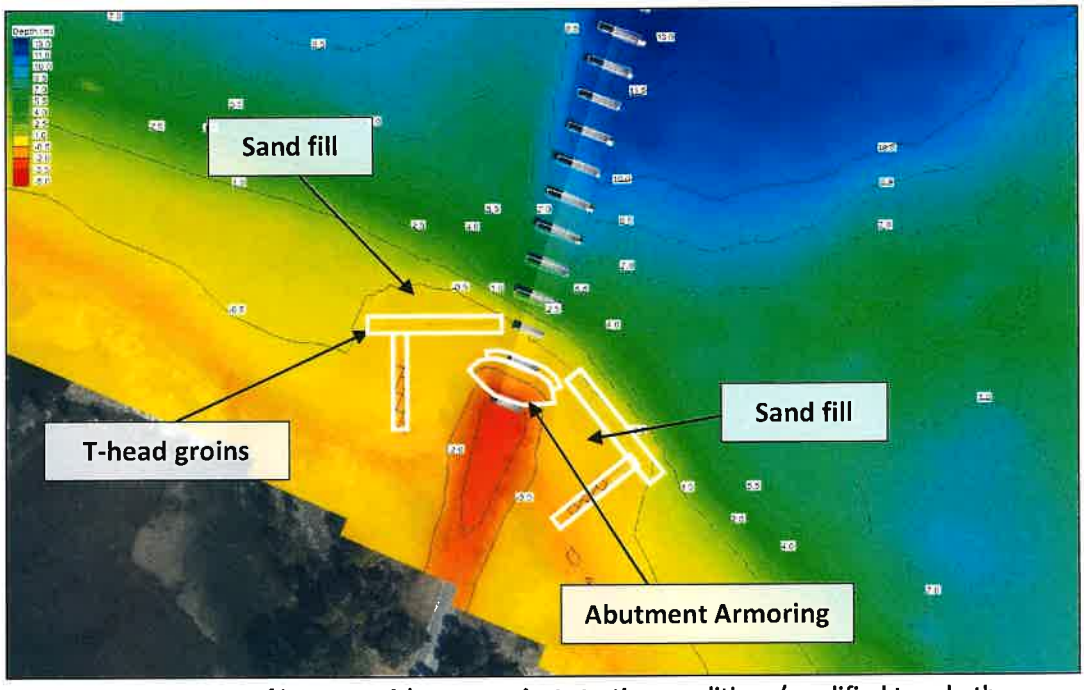



**Figure 11: Area of interest with post-project starting conditions/modified topobathy**
**(depths are in meters, NAVD88).**

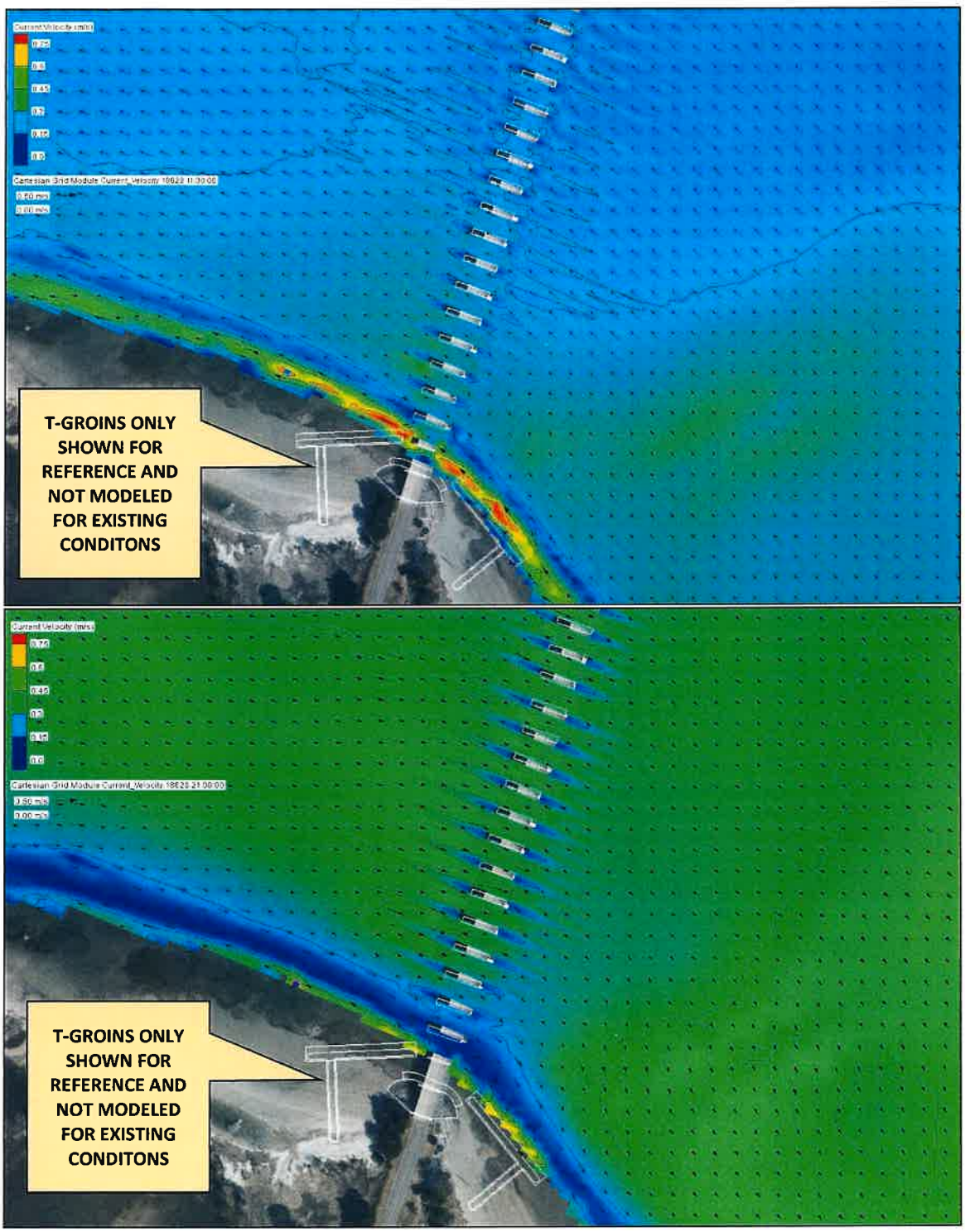



**Figure 12: Model outputs of currents (in m/s) during a typical rising tide (top panel) and falling tide (lower panel) under existing conditions.**

Figure 13 presents the relative changes in maximum observed current speeds over the entire 7 days between existing and post-project conditions. Yellow indicates increased current speeds as a result of the project and blue indicates decreased speeds. Changes are primarily localized to the project shoreline and show overall reductions in maximum current speeds. There was a noticeable difference in current speeds between pre- and post-project conditions, with maximum post-project current speeds approximately 4 times lower than existing conditions. Existing conditions had max speeds of up to 4 m/s (13 ft/s) during the Hurricane Matthew simulation, with the fastest speeds concentrated adjacent to the eastern bridge abutment and around the north side of the 3rd bent. When post-project conditions were applied, the max current speed at this location was reduced to 0.8 m/s (2.6 ft/s), due to wave protection offered by the east t-head combined with the sand fill. This area is highly exposed to waves and wave-induced currents under existing conditions. The sand fill also builds out the shoreline and shallower water slows tidal flow primarily due to friction effects.

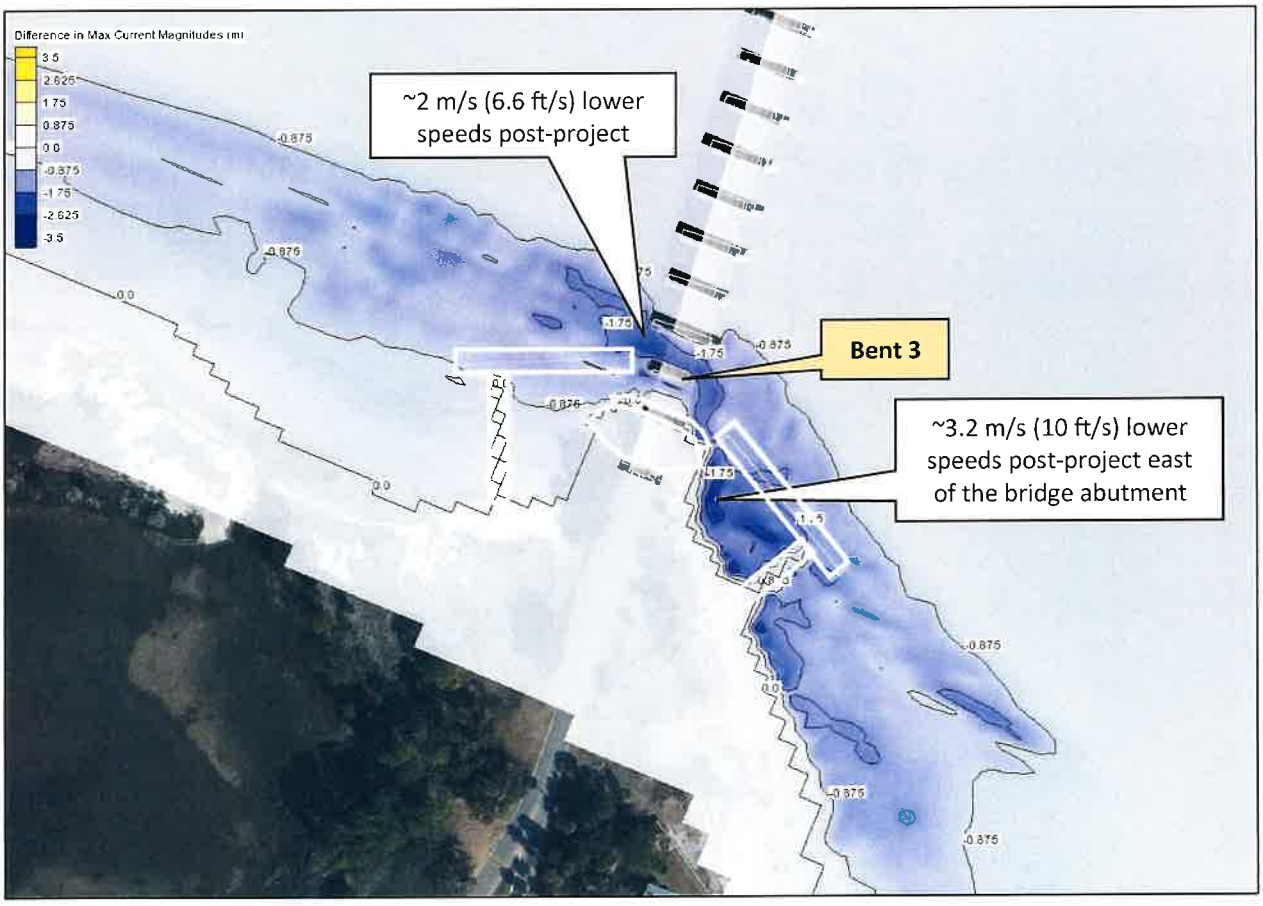



**Figure 13: Comparison of changes in max current speeds between existing conditions and post-project runs (yellow indicates increase and blue indicates decreases because of the project. White indicates no change).**

Figure 14 and Figure 15 show the final modeled depths for existing and post-project conditions, respectively. Results reveal the addition of hard structures and additional sand fill reduce erosion primarily in the area around the east groin and shoreline.

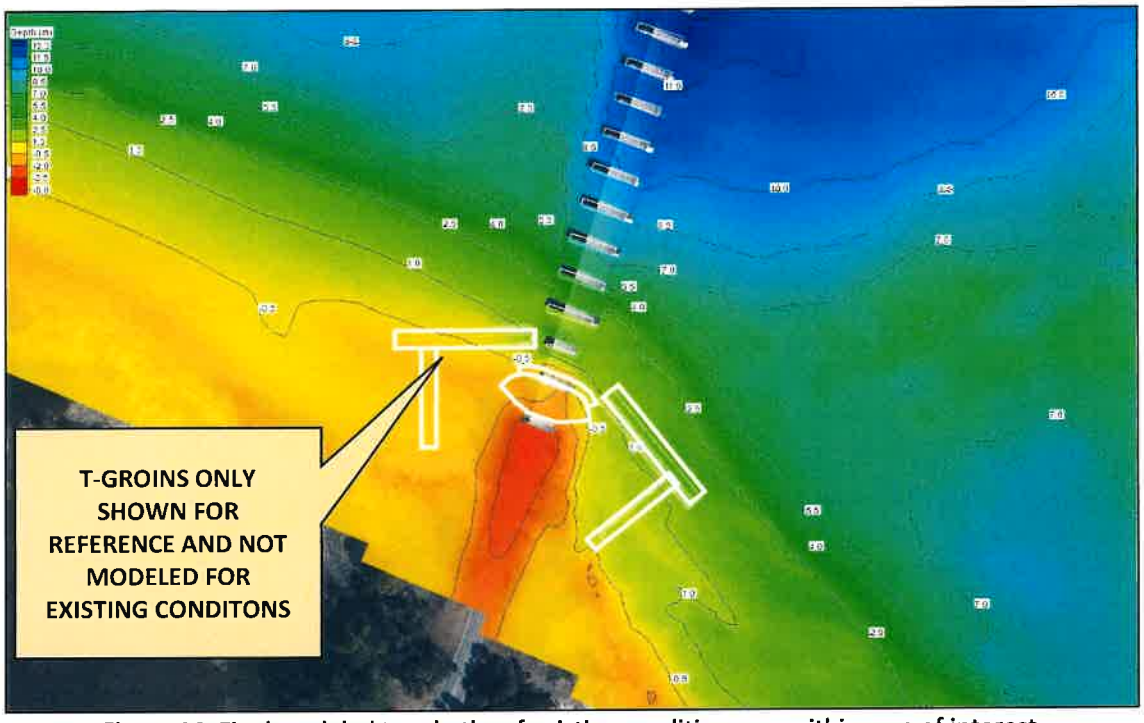



**Figure 14: Final modeled topobathy of existing conditions run within area of interest.**

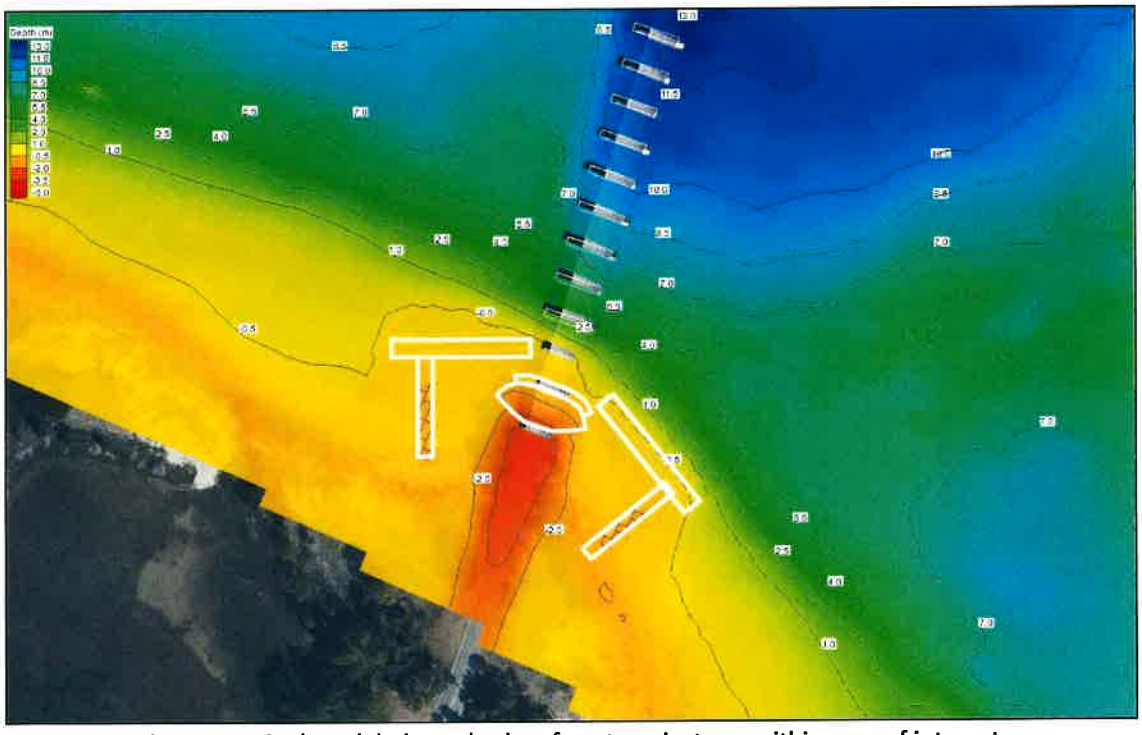


**Figure 15: Final modeled topobathy of post-project run within area of interest.**

Figure 16 and Figure 17 show the final morphology changes (i.e., final change in depth from start to finish) for existing and post-project conditions, respectively. Existing conditions model results show the most substantial erosion near the eastern side of the bridge abutment and along the east shoreline with up to -2.5m (-8.2 ft) of erosion (scour/scarping) observed. The eastern shoreline near the bridge abutment is a known erosional hotspot, subject to regular wave exposure which is exacerbated during extreme conditions. A significant amount of accretion/sedimentation (up to 9.7 feet) is shown around the north side of the fourth bent under existing conditions, likely due to the offshore movement and deposition of the eroded sand from the east side of the bridge abutment.

Erosion is overall significantly reduced under post-project conditions as a result of the groins and fill, particularly in the lee of the east groin and along the nearby shoreline. Localized areas of erosion are observed primarily near the toe of the sand fill, which is expected following a large storm as the sand fill equilibrates. The observed erosion is minor (typically less than 1ft) compared to existing conditions and considering the input storm conditions.

Both simulations show some degree of erosion along the shoreline to the west of the bridge abutment, however, erosion in this area may be overestimated. The area is characterized by a more vegetated shoreline, which was not accounted for in model simulations.

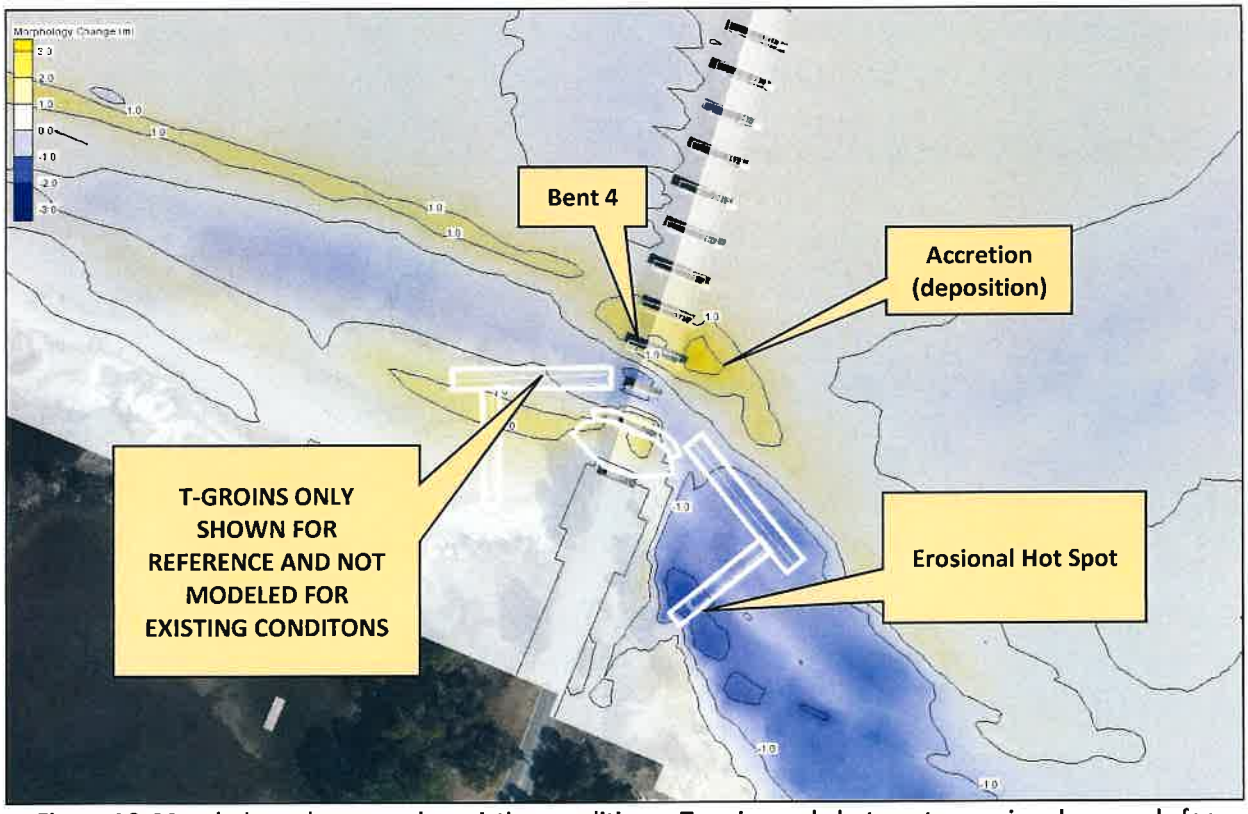



**Figure 16: Morphology change under existing conditions. T-groins and abutment armoring shown only for reference. Scale shown for -3 to +3m of change (yellow = accretion, blue = erosion, white = negligible change).**

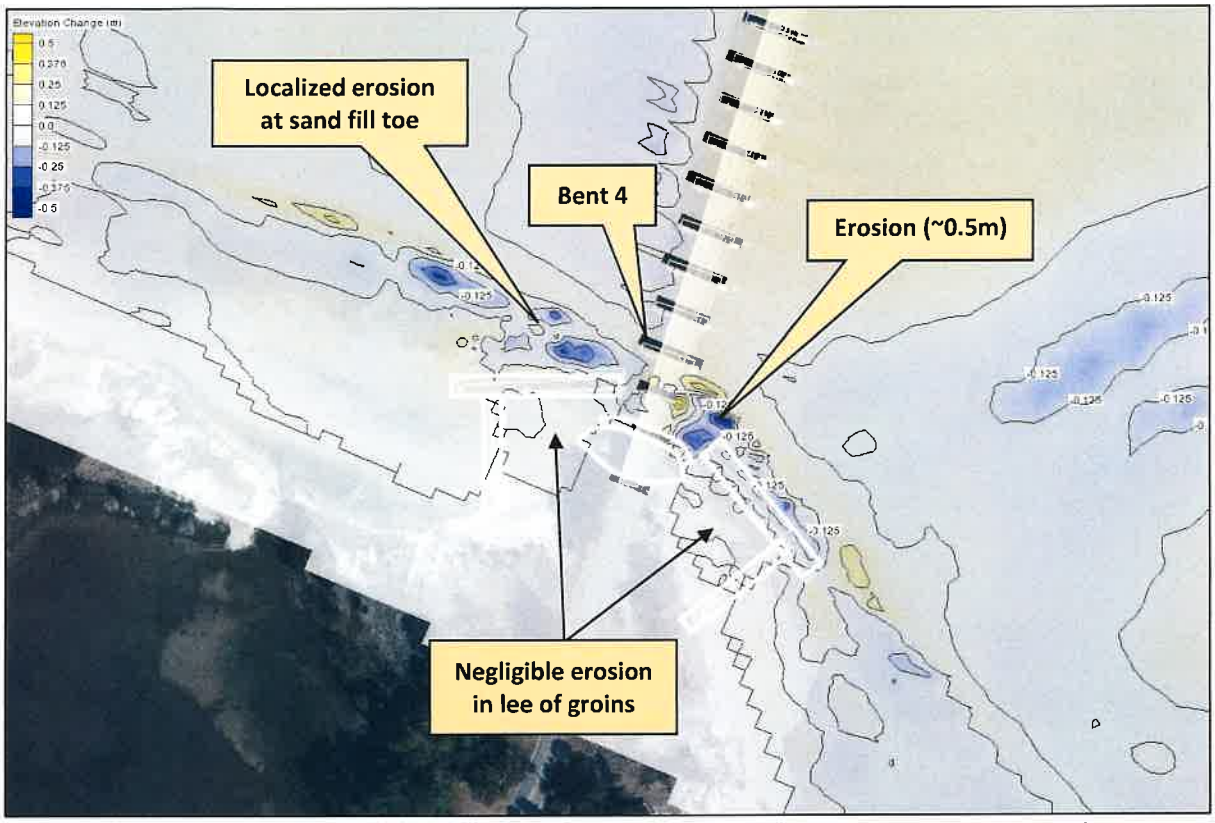



**Figure 17: Morphology change under post-project conditions. Scale shown for -0.5 to +0.5m of change (yellow = accretion, blue = erosion, white = negligible change).**

In addition to reviewing absolute change at the end of the respective runs, relative changes were conducted using the existing model run as the baseline. Relative changes are valuable at isolating significant differences in the model solutions.

As with most coastal process models, the CMS model is based on physics. The set up and validation effort strives to simulate existing conditions in absolute terms, however, there are always areas of slight under or overprediction related to currents, wave dissipation, bottom friction responses, etc. By comparing model runs on a relative basis, these areas of slight under- or over-prediction get "zeroed out", which allows the reviewer to focus on the changes in physics between model runs. Intuitively, hydrodynamic and sedimentation processes farther away from the project should show relatively little or no differences (shown as white in the figures) between the project alternative from existing, which is generally the case for the proposed project.

Figure 18 presents the relative morphology change (i.e., differences between existing and proposed conditions runs final modeled depths). Yellow indicates accretion/sedimentation (or less erosion), and blue indicates erosion (or less accretion) as a result of the proposed project at the end of the 7-day run. White indicates no or negligible change. Model simulation results revealed post-project conditions significantly reduced erosion in comparison to existing conditions, primarily around the east groin and 3rd bent (shown in yellow).

Notably, areas in blue, in particular near the 4th bent, indicate where the model showed net accretion in both existing and post-project model runs, however, existing conditions resulted in more accretion than post-project conditions. This is likely due to the movement of the eroded sand from the east side of the bridge abutment upwards towards the east edge of the 4th bent during the existing conditions simulation. Under post-project conditions there was less overall erosion, and thus less sand deposited into the nearshore as was the case under the existing conditions scenario.

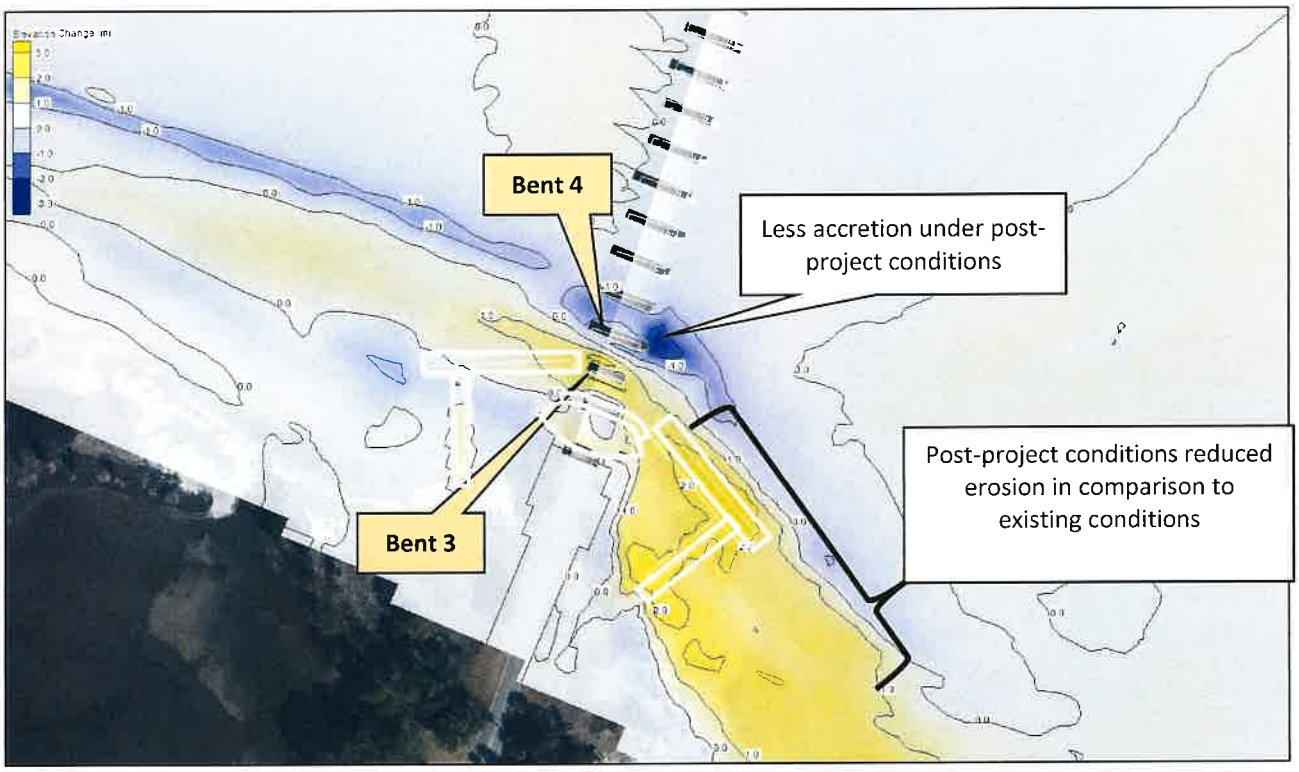



**Figure 18: Relative Morphology Change (in meters) at End of 7-day Simulation.**

## 8.0 Summary and Conclusion

Applied Technology and Management (ATM) was contracted by the Fripp Island POA (Client) to evaluate the proposed t-groin concept for shoreline stabilization and protection of the bridge abutment on Fripp Island. The proposed design includes two (2) rock t-groins, armor stone placed at the base of the bridge abutment, and ~2500 cy of sand fill along the edge of the shoreline landward of the groin heads and along the top of the groin heads.

The CMS coupled model suite (CMS-Wave and the CMS-Flow hydrodynamic and sediment transport model) was run to simulate local hydrodynamics and morphology change within the area of interest both before and after addition of project design features. A 7-day simulation representative of Hurricane Matthew (2016) was run to simulate extreme conditions, a period in which we significant morphology changes in the area would be expected.

Results reveal there was a noticeable difference in current speeds at the project shoreline between pre- and post-project conditions, with maximum post-project current speeds approximately 4 times lower than existing conditions. During post-project simulations, some localized areas of erosion are observed primarily near the toe of the sand fill, but this is expected following a large storm as the sand fill equilibrates.

Overall, the addition of hard structures and sand fill reduce erosion primarily in the area around the east groin and shoreline in comparison to an existing condition (i.e., no groins or sand fill) scenario. We would anticipate no negative impacts near the southern abutment of the bridge or increased scour in proximity of the bridge bents.

## 9.0 References

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# FRIPP ISLAND PUBLIC SERVICE DISTRICT

## *WATER AND WASTEWATER UTILITY RATE REPORT*

*June 14, 2024*

# FINAL REPORT

CONFLUENCE
Consulting, LLC

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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 this fiscal year (FY) 2025 Utility Rate Update and Financial Forecast (Rate Update) for the Fripp Island Public Service District (FIPSD). In 2022, Confluence provided a comprehensive utility cost of service and rate study (FY 2023 Rate Study) that included rate structure adjustments to improve customer equity and fairness. FIPSD engaged Confluence again in February 2024 to evaluate its current water and wastewater rates and develop an updated 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 and policy goals. As part of this Rate Update, Confluence also developed three alternative five-year rate forecast scenarios based on the how the FIPSD may decide how to address the loss of annual front foot assessments from 282 lots in FY 2026. These annual assessments have been used to defray the annual debt service on the Series 2005 Sewer System Revenue Bonds (2005 Bonds) and the subsequent Series 2013 Refunding Revenue Bonds (2013 Bonds) which funded the vacuum sewer facilities installed within the FIPSD sewer service area in 2005.

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) that is billed monthly at a current FY 2024 wholesale unit rate of $3.21 per 1,000 gallons. In addition to its approximately 2,113 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 1,763 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 Update. Specifically, the Report is organized in the following sections:

I. Introduction;

II. Customer Demand and Revenue Under New Rate Structures;

III. Revenue Requirements;

IV. Financial Forecast and Proposed FY 2025 Rate Recommendations

V. Customer Bill Impacts; and

VI. Comparison With Other Local Utilities.

This Rate Report recommends FY 2025 water and wastewater rates and provides three alternative five-year programs of water and wastewater utility rate adjustments for the Commissioners to consider for implementation.

# II. CUSTOMER DEMAND AND REVENUE UNDER NEW RATE STRUCTURES

A primary objective of the FY 2023 Rate Study was to evaluate and modify FIPSD's water and wastewater rate structures to improve customer equity and fairness. To achieve that objective, Confluence preformed a detailed bill frequency analysis of FIPSD's historical customer billing data to determine residential water usage patterns during the on and off seasonal periods of the fiscal year and develop a wastewater volume rate for residential wastewater customers based on estimated indoor water use. Because Fripp Island experiences significant increases in population and outdoor water demands during the spring and summer quarters (on seasonal period), the bill frequency analysis was performed over a three-fiscal year period to determine the level of consistency in customer usage patterns during those on and off seasonal periods. The bill frequency analysis demonstrated a strong correlation in the quarterly water use patterns of the residential customer base in each of the three historical fiscal years (FY 2019, FY 2020, and FY 2021).

Since the rate structures implemented in FY 2023 included significant modifications to the water conservation usage intervals and the introduction of a residential volumetric wastewater rate, an evaluation of the revenue stability under the new rate structures is an important aspect of this Rate Update. This section summarizes a review and evaluation of the quarterly customer demands under the new water and wastewater user rates and charges to determine the sufficiency and accuracy of the revenues forecasted under the new water and wastewater rate structures developed as part of the FY 2023 Rate Study. Specifically, this section describes the rate structures implemented in FY 2023 and updated in FY 2024; the methodology used in comparing the actual revenues collected under the new rate structures with those projected under the assumptions of the FY 2023 Rate Study, recent customer demand patterns and growth, and revenue generation under the new utility rates.

## 1. New Water Rates and Charges

The FY 2023 and current FY 2024 water rate structure consists of quarterly base charges that increase based on meter size for commercial customers, and three-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

For FY 2023 and FY 2024, quarterly base charges of $51.70 and $55.07 respectively are assessed to residential customers while commercial customers are assessed quarterly base charges according to meter size. Base charges are 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 ¾-inch meters. Hotel resorts are assessed a lower ($28.10 in FY 2023 and $29.93 in FY 2024) 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 three-tier consumption rate structure. The three-tiered rates are assessed to all customers per 1,000 gallons of water usage within the three usage intervals. The usage intervals include the first 12,000 gallons of water usage per quarter for the tier 1 rate, water usage between 12,000 gallons and 36,000 gallons per quarter for the tier 2 rate, and all usage above 36,000 gallons per quarter for the tier 3 rate. The three-tier consumption rate structure replaced the previous four-tier structure in FY 2023 to enhance customer equity and recover more of the costs of service from the higher use customers that require extra capacity and to capture a greater portion of total water usage within the discretionary water usage interval. The FIPSD subsequently increased the rates by approximately 6.5% in FY 2024.

Table 1 presents the FY 2023 and current FY 2024 water rates.

***Table 1: FY 2023 and FY 2024 Water User Rates and Charges***

| Quarterly Base Charges | Ratio[1] | FY 2023 | FY 2024 |
|---|---|---|---|
| Residential (Single & Multi-family) | 1.00 | $ 51.70 | $ 55.07 |
| Hotel Room[2] | 0.54 | $ 28.10 | $ 29.93 |
| Off-Island[3] | 1.40 | $ 72.61 | $ 77.34 |
| **Commercial/Irrigation** | | | |
| 3/4" and 5/8" | 1.00 | $ 51.70 | $ 55.07 |
| 1" | 1.70 | $ 87.89 | $ 93.62 |
| 1.5" | 3.30 | $ 170.61 | $ 181.73 |
| 2" | 5.30 | $ 274.01 | $ 291.87 |
| 3" | 10.08 | $ 521.28 | $ 555.25 |
| **Consumption Rates (per 1,000 gallons)** | | | |
| *Quarterly Usage Intervals* | | | |
| 0 to 12,000 | 1.00 | $ 3.000 | $ 3.20 |
| 12,000 to 36,000 | 1.29 | $ 3.870 | $ 4.13 |
| Above 36,000 | 1.56 | $ 4.680 | $ 4.99 |

[1] Defines the ratio of each charge in relation the single-family residential charge with a 5/8" meter and commercial customers with a ¾" or 5/8" meter charges.

Because the current rate structures replaced a four-tiered structure and modified the usage intervals when those rates are applied to customers, changes in customer usage patterns could impact revenue stability. For this reason, the actual and estimated revenue generation in FY 2023 and FY 2024 is evaluated later in this section.

# 2. New Wastewater Rates and Charges

The FY 2023 and current FY 2024, the wastewater rate structure consists of quarterly base charges plus a per 1,000 gallons volume rate for metered quarterly water usage for both residential and commercial customers. The previous wastewater rate structure applied a single flat quarterly rate to all residential customers regardless of water usage.

## A. Wastewater Base Charges

For FY 2023 and FY 2024, quarterly base charges of $69.50 and $74.02 respectively are assessed to residential customers. Hotel rooms are assessed reduced quarterly base fees of $37.40 and $39.83 respectively which recognizes a lower occupancy and a lower quarterly wastewater discharge than the typical single-family residential customer. Commercial customers are assessed quarterly base charges of $105.00 and $111.83 respectively.

## B. Wastewater Consumption Rates

Because customers discharge different levels of wastewater to the sewer system, a new residential consumption charge of $2.94 assessed per 1,000 gallons of indoor water use up to a 36,000 gallon per quarter CAP was implemented in FY 2023 to improve customer equity. The previous commercial wastewater rate structure included a $6.30 consumption rate per 1,000 gallons for all quarterly water usage above a 22,500 gallon per quarter usage allowance which was maintained in FY 2023. These residential and commercial wastewater consumption charges were increased by 6.5% in FY 2024.

Table 2 presents the FY 2023 and FY 2024 wastewater rate structures for residential and commercial customers. All wastewater charges were increased by approximately 6.5% in FY 2024.

***Table 2: FY 2023 and FY 2024 Wastewater User Rates and Charges***

| Customer Category | FY 2023 | FY 2024 |
|---|---|---|
| Residential | $ 69.50 | $ 74.20 |
| Commercial | $ 105.00 | $ 111.83 |
| Hotel Room/Sunsuites | $ 37.40 | $ 37.40 |
| *Consumption Charges (per 1,000 gals)* | | *(36,000 cap)*[2] |
| Residential (For usage up to cap) | $ 2.94 | $ 3.14 |
| Commercial (above 22,500 gallons) | $ 6.30 | $ 6.71 |

[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 differ slightly due to rounding.

# 3. Methodology for Demand and Revenue Comparison

While the FY 2023 Rate Study involved a detailed bill frequency analysis of the three most recent fiscal years (2019, 2020, & 2021), that level of analysis is outside the scope of this Rate Update. To evaluate the sufficiency and accuracy of the revenues forecasted under the new water and wastewater rate structures in FY 2023 and FY 2024, Confluence analyzed the quarterly billing and revenue summaries during those

fiscal years.[1] These summaries include the number of water and wastewater accounts, the metered water consumption, and the revenue billed within each customer category during each quarter.

To compare the actual revenue billed under the new rate structure with the revenue projected as part of the FY 2023 Rate Study, Confluence used the following methodology:

1. Compared the total metered water consumption during each quarter and total metered water consumption in the same quarter during each of the previous four fiscal years[2];
2. Distributed the total metered water consumption during each quarter within the water conservation rate usage intervals and residential wastewater indoor usage CAP interval based on historical distributions observed in the three-year bill frequencies for those same quarters;
3. Applied the applicable quarterly base charges to the quarterly billed accounts and volumetric rates to the metered water consumption within the appropriate usage intervals to determine an estimated quarterly revenue;
4. Calibrated the estimated quarterly revenue with the actual revenue billed during each quarter to refine the metered water consumption distributions within the usage intervals and within the residential wastewater usage CAP; and
5. Compared the actual revenue billed in FY 2023 and FY 2024 as provided in the quarterly billing and revenue summaries with the forecasted (budgeted) revenue from the FY 2023 Rate Study and the updated rate analysis for FY 2024.

## 4. Recent Customer Demand Patterns and Growth

First, the metered water consumption for the FIPSD retail customer base during each quarter of FY 2023 and FY 2024 was compared with the historical water consumption for those same quarters in FY 2020 through FY 2022 to confirm a consistent seasonal usage pattern.[3]

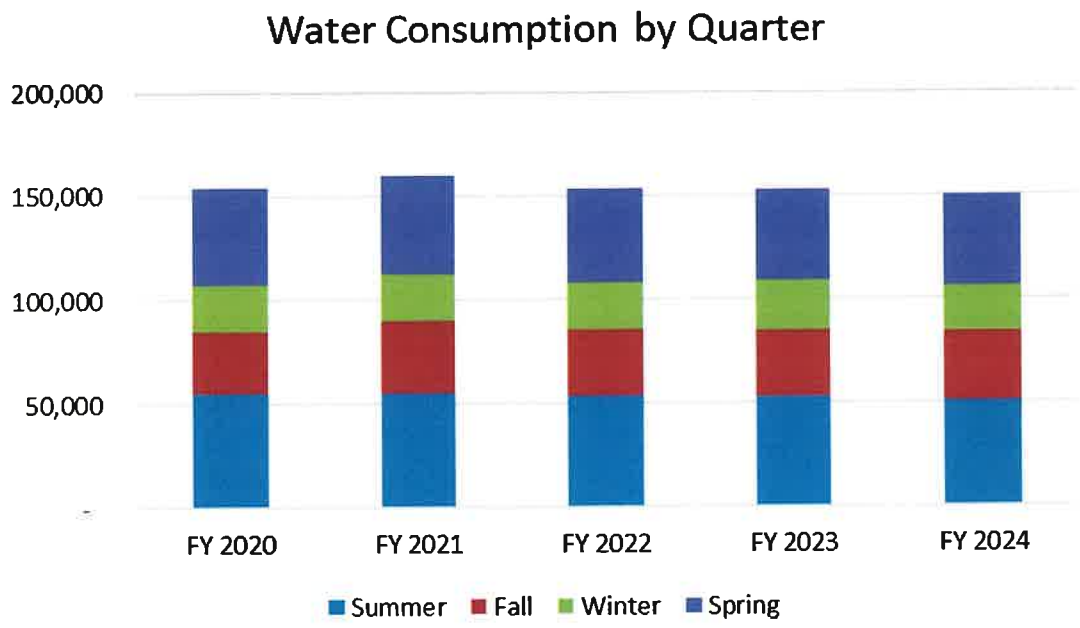
Chart 1 summaries annual water consumption per quarter for fiscal years 2020 through 2024.

[1] At the time of this Rate Update, only three quarters of billings were available for FY 2024. For this reason, the fourth quarter (April, May, and June) billing for FY 2023 is used as a proxy for the fourth quarter in FY 2024.

[2] For additional historical billing data, FIPSD provided the quarterly billing and revenue summary for FY 2022, FY 2023, and FY 2024 as part of this Rate Update.

[3] The historical water consumption for FY 2019 was excluded from this analysis because the data included an abnormally high spring quarter consumption for the Villa customer class.

***Chart 1: Comparison of Quarterly Billed Water Consumption (FY 2020 through FY 2024)***

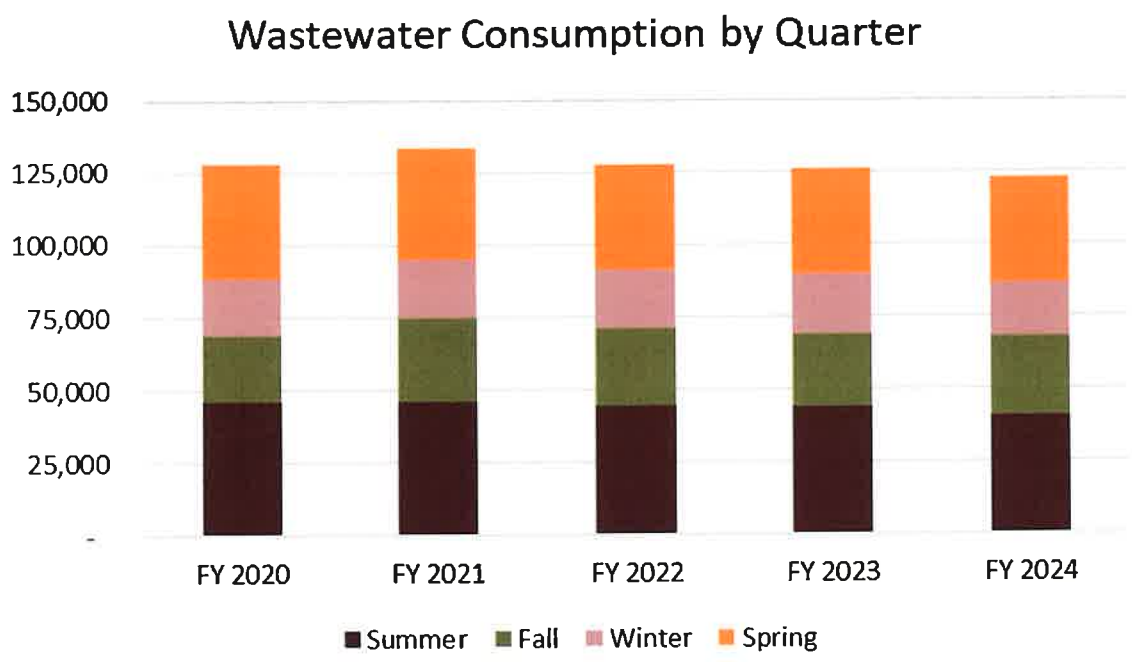



As Chart 1 demonstrates, the seasonal demands for water remain consistent in FY 2023 and FY 2024 as the summer remains the largest demand quarter of the year with around 35% of annual water consumption and the winter remains the lowest demand quarter with around 15% of annual water consumption. The fall continues to represent around 21% of annual water consumption with the spring representing the second largest demand quarter at around 28% annually.

While the overall demand for water during the five-year period was fairly consistent, annual water consumption has decreased slightly on an annual basis since FY 2021. It is likely that water consumption in FY 2021 was higher than normal due to higher occupancy on Fripp Island during the Covid lockdowns in other areas of the country. Reduced water consumption in FY 2023 and FY 2024 leads to lower than anticipated revenue generated through the tiered conservation rates.

Chart 2 summaries annual wastewater consumption per quarter for fiscal years 2020 through 2024.

***Chart 2: Comparison of Quarterly Billed Wastewater Consumption (FY 2020 through FY 2024)***

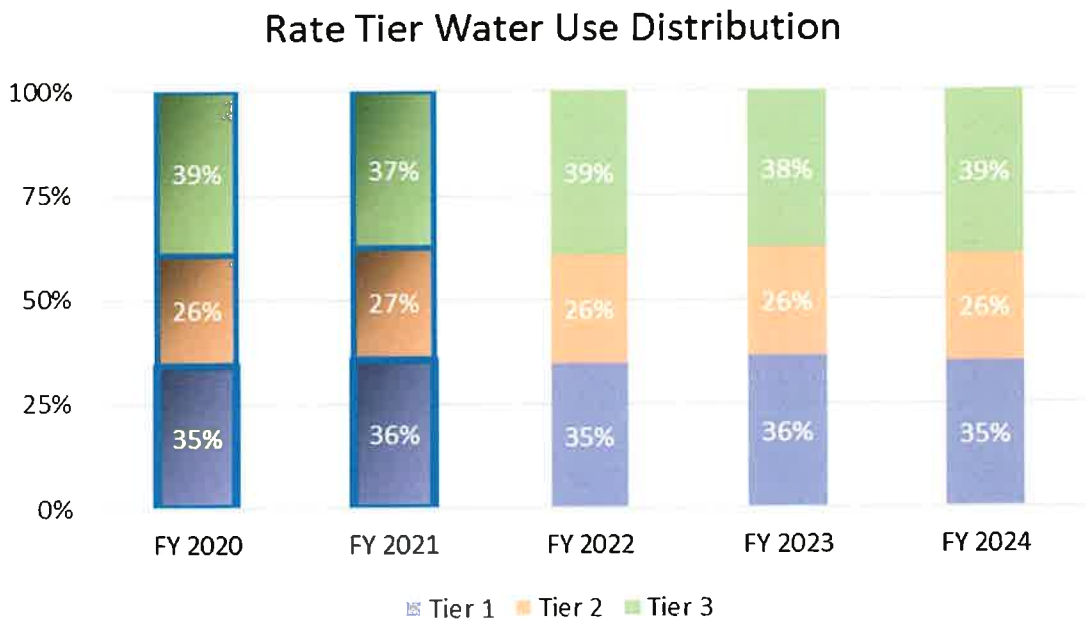



As would be expected, the seasonal demand for wastewater consumption is consistent with the demand patterns for water consumption.

Next, the annual water consumption within the tiered water conservation rate usage intervals and residential indoor water consumption for FY 2022, FY 2023, and FY 2023 are estimated based on billed revenue and historical bill frequencies.[4] Chart 3 presents annual water consumption distributed within the three-tiered conservation rate intervals for fiscal years 2020 through 2024.

[4] Annual volumetric rate revenues for water and residential wastewater are determined by deducted the estimated quarterly base charge revenue and commercial wastewater revenue. For water, the annual water consumption is distributed within the three conservation rate usage intervals based on historical demands within those intervals and then calibrated to achieve the appropriate level of revenue consistent with the revenue billing summaries. For wastewater, the residential indoor water use is determined based on the volumetric revenues divided by the residential wastewater volumetric rate.

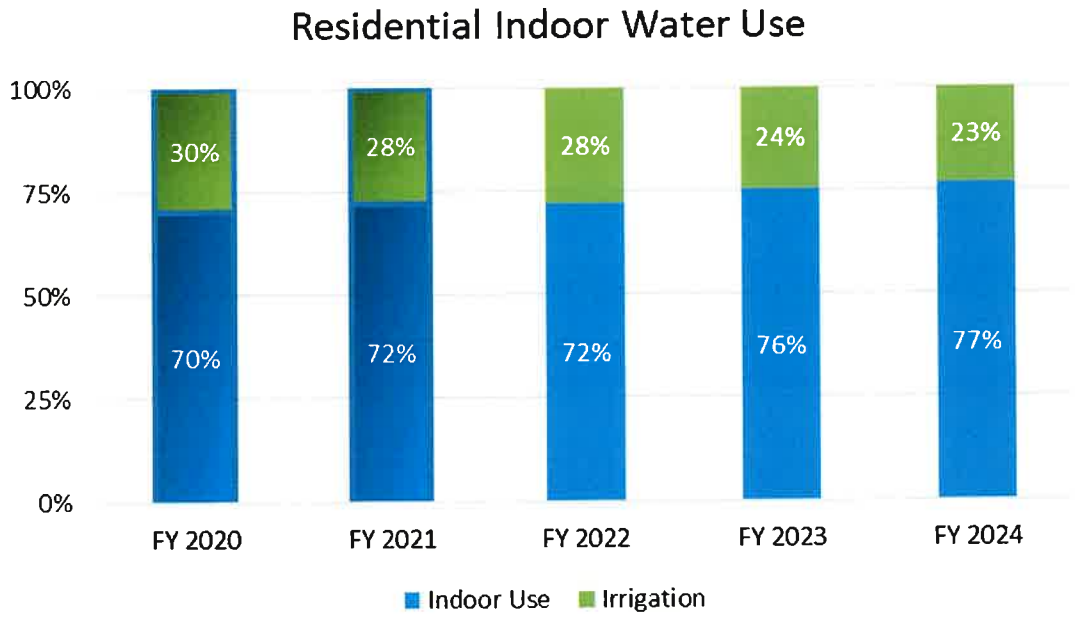
***Chart 3: Distribution of Annual Water Consumption Within Usage Intervals (FY 2020 through FY 2024)***




As Chart 3 demonstrates, the analysis of revenue and water consumption suggests that the demand patterns for water throughout the year from FY 2022 through FY 2024 remain consistent with those same patterns exhibited in the historical bill frequencies observed in FY 2020 and FY 2021. The annual distributions within the usage intervals for FY 2022, FY 2023, and FY 2024 were estimated based on the conservation rates assessed within each usage interval during those fiscal years and the water user charge revenues collected through the conservation rates.

Chart 4 summaries annual residential wastewater consumption distributed among indoor water use (below the 36,000 gallon per quarter CAP) and outdoor irrigation for fiscal years 2020 through 2024.

***Chart 4: Estimated Annual Residential Indoor Water Consumption (FY 2020 through FY 2024)***




Note: The portion of total water use above the 36,000 gallons per quarter usage interval for water in Chart 3 is greater than the estimated residential irrigation water usage above the 36,000 gallons per quarter usage in Chart 4. This is difference is due to the exclusion of irrigation and commercial water use in the residential indoor water consumption comparison.

While the portion of estimated residential indoor water use in FY 2023 and FY 2024 is similar to the levels determined in the historical bill frequencies, the revenue analysis to determine the amount of metered residential indoor water use (quarterly water use of 36,000 gallons or less) suggests that a greater portion of residential water use in FY 2023 and FY 2024 qualified as indoor water use.

## 5. Revenue Generation Under New Rate Structures

Finally, after calibrating the quarterly water consumption and residential indoor water use to calculate the equivalent amount for the actual quarterly billed user charge revenues in FY 2023 and FY 2024, Confluence compared the actual billed revenue under the new rate structures for FY 2023 and FY 2024 provided in the quarterly billing and revenue summaries with the forecasted (budgeted) user charge revenue for those years.

Table 3 compares the actual user charge revenues billed in FY 2023 and FY 2024 with the user charge revenues projected under the adopted water and wastewater rates as part of the new water and wastewater rate structures.

***Table 3: Comparison of Actual and Projected User Charge Revenue (FY 2023 and FY 2024)***

| Water User Charges | FY 2023 | FY 2024 |
|---|---|---|
| Actual | $ 1,024,931 | $ 1,105,639 |
| Projected | $ 1,059,662 | $ 1,155,840 |
| Actual Surplus/(Deficit) | $ (34,731) | $ (50,201) |

| Wastewater User Charges | FY 2023 | FY 2024 |
|---|---|---|
| Actual | $ 775,444 | $ 827,451 |
| Projected | $ 765,796 | $ 828,890 |
| Actual Surplus/(Deficit) | $ 9,648 | $ (1,439) |

As Table 3 demonstrates, the actual user charge revenues for water were 3.3% and 4.3% below the projected amounts in FY 2023 and FY 2024 respectively, while the difference between the actual and projected wastewater user charge revenues were immaterial. The lower than anticipated water user charge revenues can be attributed to the decline in annual water consumption since FY 2021. The difference in actual and projected wastewater user charges were less than those in water which can be attributed to the residential indoor water use CAP that is applied to the volumetric rates which are impacted less by reduced demands for discretionary outdoor water use.

The projected user charge revenues assumed annual growth of 3.0% in water and wastewater demand. The slight decline in water and wastewater demand likely relates to lower annual occupancies on Fripp Island since the Covid lockdowns ended; and potentially less outdoor water irrigation due to weather. Based on this recent trend, annual growth in water and wastewater consumption for this Rate Update is assumed to be 1.5%. Should new development on Fripp Island be approved in the coming years, growth in water and wastewater consumption should be revised and adjusted accordingly.

# III. REVENUE REQUIREMENTS

Evaluating the ability of the existing FY 2024 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. As mentioned previously, this Report presents three alternative five-year rate forecast scenarios based on the how the FIPSD may choose to address the loss of annual front foot assessments in FY 2026. While the annual operating expenses are the same in all three scenarios, the annual debt service for the 2013 Bonds differs according to whether the FIPSD decides to redeem the 2013 Bonds in FY 2027 to avoid the final three years of debt service payments associated with those bonds. The three rate scenarios are described and presented as part of the annual debt service discussion of this section.

## 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 2025 Operating Budget, which serves as the base year of the forecast.[5] The FY 2025 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

[5] At the time of this Report, FIPSD has not formally adopted its FY 2025 Operating Budget. The proposed revenue requirements and costs of service analysis are based on a proposed budget which serves as the base year of the forecast. The Commissioners should adopt a budget on June 12, 2024.

for treated water delivered through a master meter located at just north of the Harbor River Bridge on St. Helena Island. While the current FY 2024 wholesale water rate is $3.21 per 1,000 gallons, BJWSA advised FIPSD management that the FY 2025 wholesale rate would increase by 17% to $3.76 per 1,000 gallons. The wholesale water purchases, which are billed monthly, are forecasted assuming annual wholesale rate increases of 5.0% after FY 2025 and annual growth in FIPSD water purchases of 1.5% during the five-year forecast period.

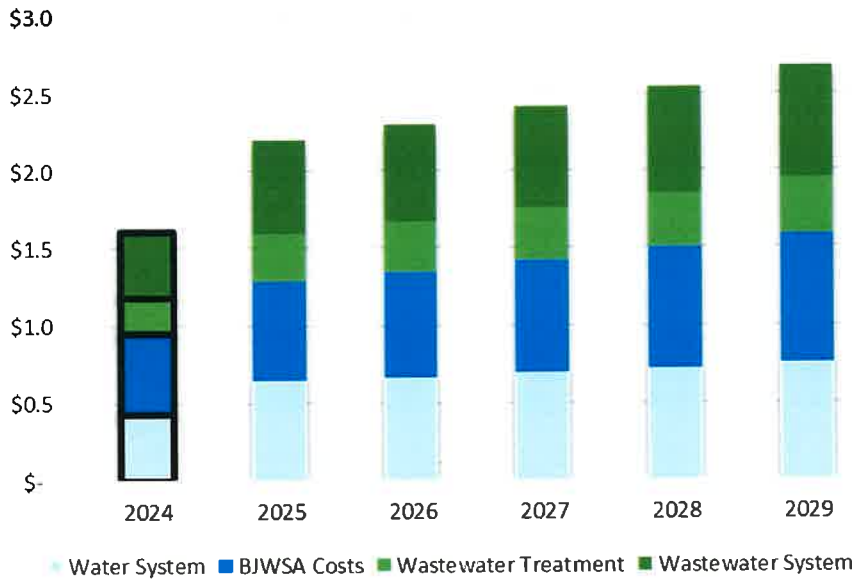
The current and projected wholesale water unit rates and projected annual water purchases and water purchase costs are presented in Table 4.

***Table 4: Projected BJWSA Wholesale Water Unit Rates and Demands (per 1,000 gallons)***

| Projected Water Costs | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|---|---|---|---|---|---|---|
| BJWSA Wholesale Rate | $ 3.21 | $ 3.76 | $ 3.95 | $ 4.15 | $ 4.36 | $ 4.58 |
| Annual Purchases (1,000 gallons) | 165,785 | 170,000 | 172,550 | 175,138 | 177,765 | 180,432 |
| **Estimated Annual Water Costs** | **$ 532,170** | **$ 639,200** | **$ 681,573** | **$ 726,824** | **$ 775,057** | **$ 826,378** |

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

***Chart 5: Projected Operating Expenses ($millions)***




As Chart 5 demonstrates, the BJWSA wholesale water costs represent a significant portion of FIPSD's projected operating expenses (approximately 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 and revenue bonds repaid through the front foot assessments associated with the vacuum sewer facilities. While annual water and wastewater debt service is currently paid through tax proceeds and front foot assessments as opposed to through the user charge revenues, FIPSD still must demonstrate a 1.20x bond coverage revenue test on the bonds and the Commission has a policy goal of meeting a 1.40x revenue test. With the front foot assessments scheduled to cease in FY 2026, FIPSD must meet its bond coverage revenue tests on the final three years of debt service on the 2013 Bonds through annual user charge revenues unless it decides to redeem the remaining bonds by FY 2027.[6]

## 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 a radio meter reading project and annual contributions to the 2013 Revenue Bond Reserve fund.

Table 5 provides a summary of the current FY 2024 budgeted capital expenditures and the potential five-year water and wastewater capital expenditures.

[6] According to SC Code of Laws Article 11; Section 6-11-1230, a Commission may provide the resolution to levy front-foot assessments in connection with the installation of sewer collection lines within the district covering a period of not exceeding twenty years. Since the front foot assessments were first levied in 2005 for the purpose of repaying the 2005 Bonds that initially funded the vacuum sewer facilities, the installments are required to end in FY 2026. The 2013 Bonds refunded the 2005 Bonds and were structured to extend the bond payments to a maturity in 2029 which will either need to be redeemed or repaid solely through annual user charge revenues.

***Table 5: Estimated Annual Rate Funded Capital Expenditures (FY 2024 through FY 2028)***

| Annual Rate Funded Capital | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 | Total |
|---|---|---|---|---|---|---|
| Buildings & Grounds | $ - | $ 12,500 | $ - | $ - | $ - | $ 12,500 |
| Water System | 500,000 | 753,500 | - | 20,000 | - | 1,390,800 |
| Radio Meter Reading Reserve | - | - | - | - | - | 50,000 |
| Water Tank | | 85,000 | | | | 85,000 |
| GIS Mapping | - | - | - | - | - | 22,900 |
| Office Furniture & Equipment | - | - | - | - | - | 3,600 |
| Field Support Equipment | 2,000 | - | 3,500 | - | - | 5,500 |
| Wells & Pump Stations | - | - | - | - | - | 390,000 |
| Lift Stations | 24,000 | - | 26,460 | 27,780 | 29,170 | 132,210 |
| Sewer Lines | 370,000 | - | - | - | - | 370,000 |
| Wastewater Treatment Plant | 30,000 | - | 535,000 | 334,700 | 12,000 | 943,578 |
| Computers & Software | 5,000 | 5,000 | 3,500 | - | 3,500 | 17,000 |
| Vehicles | 35,000 | - | - | 40,430 | - | 105,430 |
| 13 Revenue Bond Repayment | 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 210,000 |
| **Total Capital Expenditures** | $1,001,000 | $ 891,000 | $ 603,460 | $ 457,910 | $ 79,670 | $3,738,518 |

As Table 5 demonstrates, the estimated annual capital expenditures for water and wastewater during the five-year forecast period (FY 2024 through FY 2028) averages approximately $600,000 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 2013 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.

Again, this Report presents three alternative rate forecast scenarios based on the how the FIPSD decides to address the loss of annual front foot assessments in FY 2026. These scenarios are limited to whether the FIPSD decides to continue the repayment of annual debt service on the 2013 Bonds through maturity in FY 2029 or redeem the 2013 Bonds in FY 2027 to avoid the final three years of debt payments associated with those bonds. Scenario 1 (Worst Case) represents repaying the annual debt service through maturity in FY 2029 without the annual front foot assessments after FY 2026. There are two scenarios that assume the redemption of the 2013 Bonds in FY 2027, yet these scenarios differ in whether the approximately $800,000 in "Restricted Assets" are available for the FIPSD to use in redeeming the bonds. As such, the annual debt service is the same for Scenario 2 (Most Likely Case) and Scenario 3 (Best Case).

Table 6 presents the annual debt service on FIPSD's currently outstanding debt during the five-year planning period under the Worst Case Scenario 1 which assumes FIPSD will continue to repay debt service

on the 2013 Bonds until maturity in FY 2029 and meet its bond coverage tests solely through annual user charge revenues.

***Table 6: Forecast of Annual Debt Service Requirements (Worst Case Scenario 1)***

| 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 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 |
| FY 2027 | $ - | $ 60,776 | $ 363,625 | $ 167,462 | $ 591,864 |
| FY 2027 | $ - | $ 60,776 | $ 363,553 | $ 167,462 | $ 591,791 |

Table 7 presents the annual debt service on FIPSD's currently outstanding debt during the five-year planning period under the Most Likely Case Scenario 2 and the Best Case Scenario 3 which both assume FIPSD will redeem the 2013 Bonds in FY 2027.

***Table 7: Forecast of Annual Debt Service Requirements (Most Likely Case Scenario 2 & Best Case Scenario 3)***

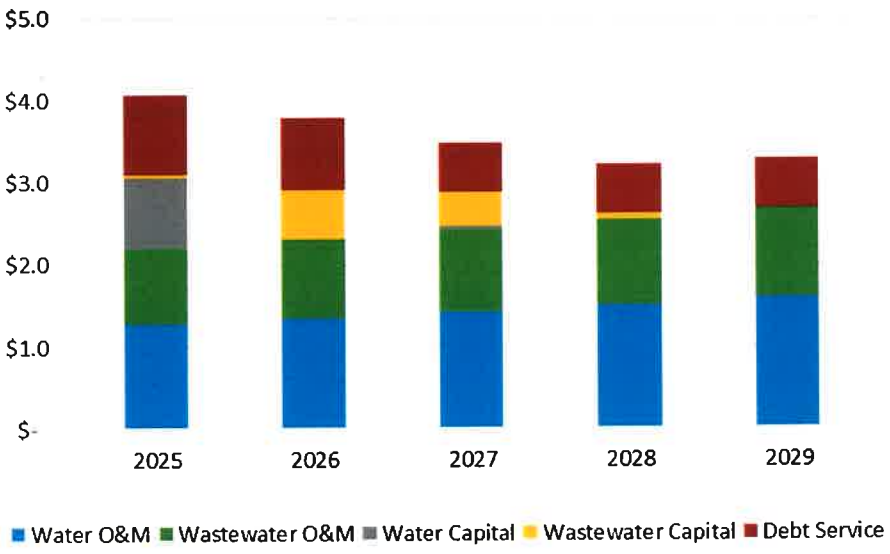
| 2004 G.O. Bond (WWTP) | 2004 G.O. Bond (WWTP) | 2014 G.O. Bond (WWTP) | 2013 Refunding - Vacuum Sewer | 2018 SRF - Harbor River WL | Total Utility Debt Service |
|---|---|---|---|---|---|
| FY 2025 | $ 382,155 | $ 60,776 | $ 363,835 | $ 167,462 | $ 974,229 |
| FY 2026 | $ 286,617 | $ 60,776 | $ 363,767 | $ 167,462 | $ 878,622 |
| FY 2027 | $ - | $ 60,776 | $ - | $ 167,462 | $ 228,238 |
| FY 2027 | $ - | $ 60,776 | $ - | $ 167,462 | $ 228,238 |
| FY 2027 | $ - | $ 60,776 | $ - | $ 167,462 | $ 228,238 |

## 3. Annual Revenue Requirements

The annual revenue requirements include the five-year forecast of operating expenses, wholesale water purchases, annual debt service, and the annual rate funded capital expenditures included in FIPSD's five-year financial plan. 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 6 presents the annual water and wastewater revenue requirements during the five-year forecast under Worst Case Scenario 1.

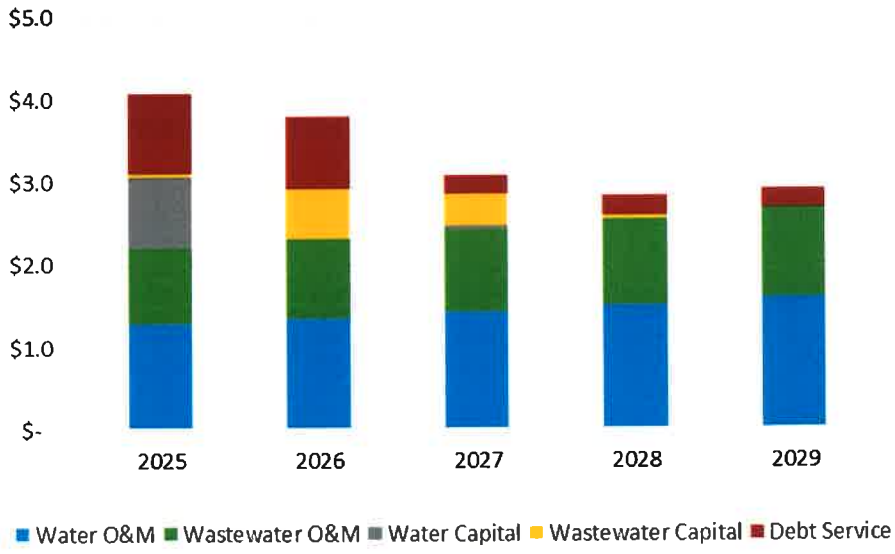
***Chart 6: Forecast of Annual Revenue Requirements in Scenario 1 ($ in millions)***




As Chart 6 demonstrates, the forecasted annual water and wastewater revenue requirements decrease from approximately $4.1 million in FY 2025 to approximately $3.3 million in FY 2029. These decreases results from lower water and wastewater capital expenditures in the later years, which may change if additional capital needs present themselves in the future.

Chart 7 presents the annual water and wastewater revenue requirements during the five-year forecast under Most Likely Case Scenario 2 and Best Case Scenario 3.

***Chart 6: Forecast of Annual Revenue Requirements in Scenarios 2 & 3 ($ in millions)***



The Most Likely Case Scenario 1 and Best Case Scenario 2 forecasted annual water and wastewater revenue requirements are similar to Scenario 1 except that the annual debt service is significantly lower in FY 2027 through FY 2029. Redeeming the 2013 Bonds not only lowers the annual revenue requirements to approximately $2.9 million in FY 2029, it also drastically reduces the need for user rate and charge increases to meet the policy goal of 1.40x bond coverage revenue test.

## A. Revenue Sufficiency and Recommended Rate Revenue Adjustments

The next step of the Rate Study is to evaluate whether revenues and interfund transfers under existing rates would be adequate, or sufficient to recover the projected revenue requirements under each of the rate scenarios over the five-year planning period. First, revenues were estimated under existing FY 2024 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 under each scenario. 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 and meet debt service coverage goals for the utility systems under any of the scenarios 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 under each of the three rate scenarios.

To address projected revenue deficiencies and meet the FIPSD operating costs and financial policy targets during the five-year rate forecast period, Confluence developed a five-year program of water and wastewater rate increases under each of the three rate scenarios. The five-year program of rate increases for each scenario are discussed below.

### Worst Case Scenario 1

The most significant water and wastewater rate increases are required under the Worst Case Scenario 1 as the loss of front foot assessments requires substantial rate increases in FY 2026 and FY 2027 to generate user charge revenue sufficient to meet the FIPSD policy goal of a 1.40x revenue test. Table 8 summarizes the annual program of water and wastewater rate increases along with the projected annual debt coverage ratios (revenue test), projected annual surpluses/deficits, and the projected operating cash balances above the annual minimum balance target of 360 days of annual operating expenses.

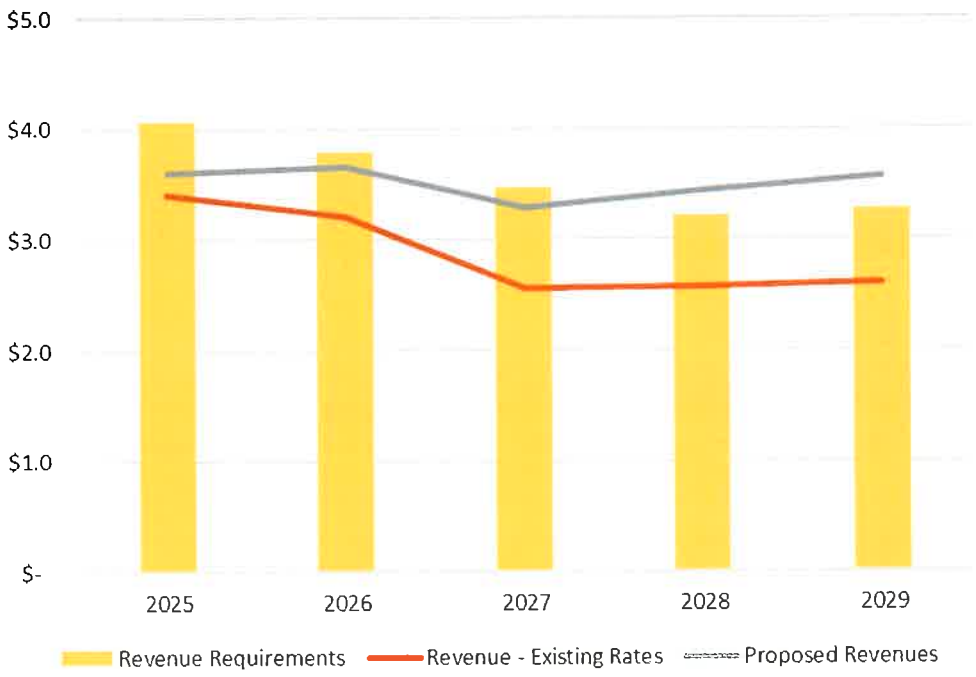
***Table 8: Scenario 1: Anticipated Program of Rate Adjustments and Financial Impacts***

| Fiscal Year | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Cash > 360 Days |
|---|---|---|---|---|---|---|
| **2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $ 2,838,561 |
| **2026** | 11.00% | 11.00% | 11.00% | **1.51** | $ (135,673) | $ 2,601,044 |
| **2027** | 11.00% | 11.00% | 11.00% | **1.42** | $ (189,341) | $ 2,295,092 |
| **2028** | 5.00% | 5.00% | 5.00% | **1.48** | $ 222,741 | $ 2,394,956 |
| **2029** | 2.50% | 2.50% | 2.50% | **1.46** | $ 292,473 | $ 2,558,022 |

Again, 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 annual debt service obligations. While the FIPSD's revenue bond resolution requires a minimum debt coverage of 1.2x, FIPSD has established a debt coverage revenue test target policy of 1.4x for its water and wastewater system debt. As Table 10 demonstrates, the recommended rate adjustment program under Scenario 1 is expected to help FIPSD maintain this measure throughout the five-year rate forecast period. Confluence recommends FIPSD monitor the debt service coverage on an annual basis.

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 under the Worst Case Scenario 1 are shown over a five-year planning period in Chart 7 below.

***Chart 7: Revenue Sufficiency Under Recommended Rate Adjustments Scenario 1 ($ in millions)***




It should be noted that a major driver of the projected rate increases during the planning period is the loss of the $367,000 front foot assessment revenue after FY 2026 and an anticipated reduction in water tank lease payments due to the renewal of several agreements with cellular providers that currently utilize FIPSD's storage tanks as cell towers. FIPSD's water tank lease revenues are assumed to decrease from approximately $290,000 per year in FY 2025 to approximately $125,000 by FY 2029. The anticipated loss and reduction of these non-user rate revenues has been factored into the financial forecast and are reflected in the projected water and wastewater rate increases.

### Most Likely Case Scenario 2

More moderate water and wastewater rate increases are required under Scenario 2 as the redemption of the 2013 Bond alleviates the need for more substantial rate increases to generate the additional user charge revenue to meet the FIPSD policy goal of a 1.40x revenue test. Table 9 summarizes the annual program of water and wastewater rate increases along with the projected annual debt coverage ratios (revenue test), projected annual surpluses/deficits, and the projected operating cash balances above the annual minimum balance target of 360 days of annual operating expenses.

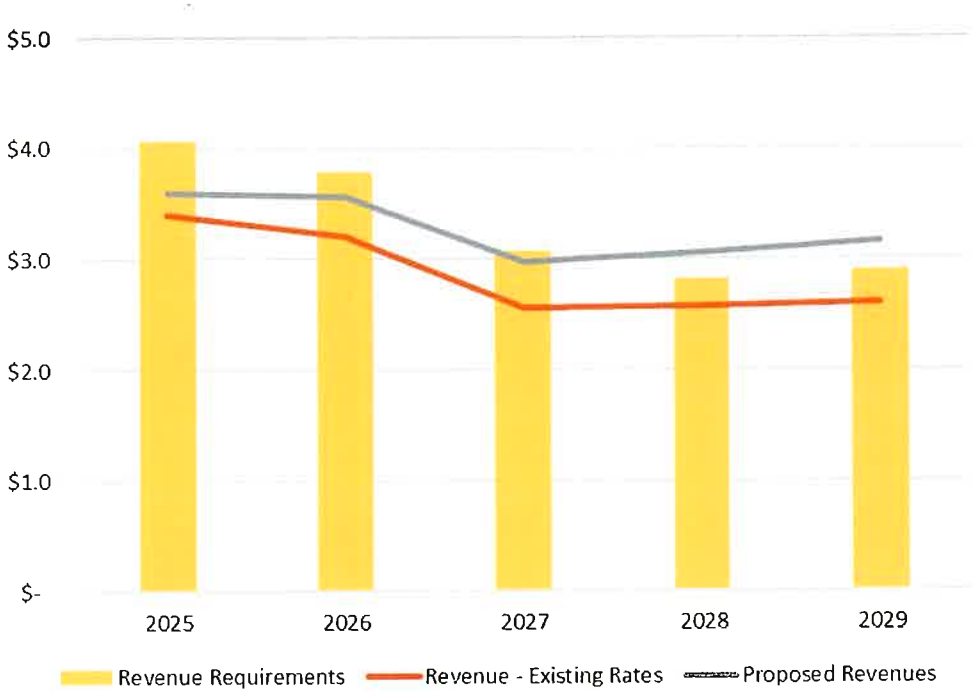
***Table 9: Scenario 2: Anticipated Program of Rate Adjustments and Financial Impacts***

| Fiscal Year | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Cash > 360 Days |
|---|---|---|---|---|---|---|
| **2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $ 2,838,561 |
| **2026** | 7.00% | 7.00% | 7.00% | **1.41** | $ (223,392) | $ 2,513,325 |
| **2027** | 2.50% | 2.50% | 2.50% | **2.37** | $ (91,892) | $ 1,246,462 |
| **2028** | 2.50% | 2.50% | 2.50% | **2.16** | $ 238,361 | $ 1,361,946 |
| **2029** | 2.50% | 2.50% | 2.50% | **2.04** | $ 257,503 | $ 1,490,043 |

Table 9 demonstrates that the recommended rate adjustment program under Scenario 2 is expected to help FIPSD maintain FIPSD's policy goal of a 1.40x debt coverage revenue test throughout the five-year rate forecast period, with stronger debt coverages beginning in FY 2027. While the proposed rate increases under Scenario 2 provide revenue surpluses in FY 2028 and FY 2029, the annual cash above the 360 days on hand policy target represent the lowest operating cash position of the three rate scenarios at the end of the forecast period. This cash position results from the use of approximately $1.0 million of operating cash to redeem the 2013 Bonds in FY 2027.

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 under Scenario 2 are shown over a five-year planning period in Chart 8 below.

*Chart 8: Revenue Sufficiency Under Recommended Rate Adjustments Scenario 2 ($ in millions)*




Scenario 2 also requires 10% water and wastewater rate increases in FY 2025 to meet the policy goal of a 1.40x revenue test, but more moderate rate increases are sufficient in the later years than those required in Scenario 1 because the user charge revenues are not required to meet the final three years of debt service on the 2013 Bonds.

### Best Case Scenario 3

The anticipated program of rate increases for Scenario 3 are the same as those required under Scenario 2 since both scenarios assume the redemption of the 2013 Bond which alleviates the need for more substantial rate increases to generate the additional user charge revenue to meet the FIPSD policy goal of a 1.40x debt coverage revenue test. Table 10 summarizes the annual program of water and wastewater rate increases along with the projected annual debt coverage ratios (revenue test), projected annual surpluses/deficits, and the projected operating cash balances above the annual minimum balance target of 360 days of annual operating expenses.

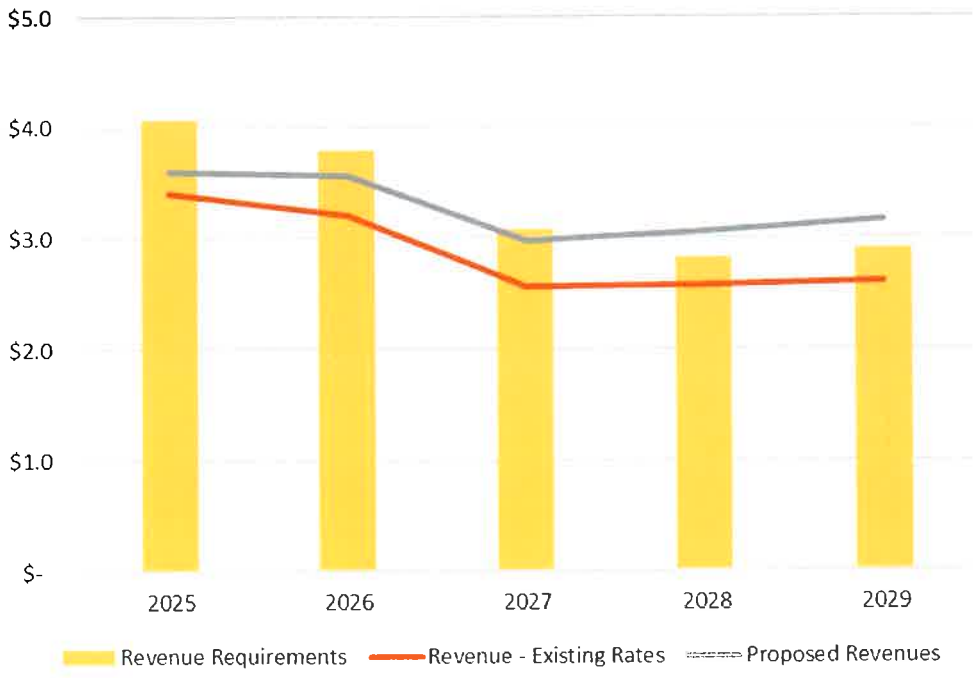
*Table 11: Scenario 3: Anticipated Program of Rate Adjustments and Financial Impacts*

| Fiscal Year | Water | Wastewater | Combined | Coverage | Surplus/(Def) | Cash > 360 Days |
|---|---|---|---|---|---|---|
| **2025** | 10.00% | 10.00% | 10.00% | **1.42** | $ (470,503) | $ 2,838,561 |
| **2026** | 7.00% | 7.00% | 7.00% | **1.41** | $ (223,392) | $ 2,513,325 |
| **2027** | 2.50% | 2.50% | 2.50% | **2.37** | $ (91,892) | $ 2,082,457 |
| **2028** | 2.50% | 2.50% | 2.50% | **2.16** | $ 238,361 | $ 2,197,941 |
| **2029** | 2.50% | 2.50% | 2.50% | **2.04** | $ 257,503 | $ 2,326,038 |

Table 11 demonstrates that the recommended rate adjustment program under Scenario 3 is expected to help FIPSD maintain FIPSD's policy goal of a 1.40x revenue test throughout the five-year rate forecast period, with stronger debt coverages beginning in FY 2027. The proposed rate increases under Scenario 3 also provide revenue surpluses in FY 2028 and FY 2029, but the annual cash above the 360 days on hand policy target represent the strongest operating cash position of the three rate scenarios at the end of the forecast period. This cash position results from the assumption that approximately $836,000 in restricted cash and investments is available to use in redeeming the 2013 Bonds in FY 2027. The FIPSD has made recent annual contributions for the purpose of repayment of the 2013 Bonds after the front foot assessment levies end in FY 2026. Management is in the process of determining the restrictions and purpose of the approximately $800,000 in current utility restricted assets. Should these restricted assets represent historical contributions for the purpose of repayment of the 2013 Bonds, the use of these cash and investments will provide significant funds to redeem the 2013 Bonds and provide the FIPSD with its best operating cash position with a more moderate impact on the customer user rates and charges.

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 under Scenario 3 are the same as Scenario 2 and are shown over a five-year planning period in Chart 9 below.

***Chart 9: Revenue Sufficiency Under Recommended Rate Adjustments Scenario 2 ($ in millions)***




Scenario 3 also requires 10% water and wastewater rate increases in FY 2025 to meet the policy goal of a 1.40x revenue test, but more moderate rate increases are sufficient in the later years than those required

in Scenario 1 because the user charge revenues are not required to meet the final three years of debt service on the 2013 Bonds.

# IV. RECOMMENDED FY 2025 RATE USER RATES & CHARGES

The FY 2025 water and wastewater rate recommendations in this section are limited to increases to the existing fiscal year (FY) 2024 rates, fees, and charges. As mentioned in the previous section, based on projected revenue requirements rate increases of approximately 10.0% for both water and sewer are needed in 2025 under each rate scenario, with varying rate increases in each subsequent year in the forecast depending on the alternative rate scenario. The increases to the water and wastewater rates are recommended to generate approximately $113,000 and $84,000 in additional water and wastewater user rate revenues respectively in FY 2025.

The proposed FY 2025 user rates and charges represent increases to the FIPSD's current rate structure and do not include any recommended changes to the rate structures, and/or customer classes. The rate increases are needed to address increased operating costs related to inflationary increases, increased water purchase costs, capital costs associated with new radio meter reading technology, and meeting the FIPSD policy goal of a 1.40x debt coverage revenue test in FY 2025 and in subsequent fiscal years. Specifically, since annual operating costs and wholesale water purchases are anticipated to continue increasing and FIPSD is faced with the loss of the front foot assessments used to repay annual debt service on the 2013 Bonds, annual rate increases are needed to achieve user charge revenues that provide appropriate debt coverage throughout the forecast period. The 10% rate increases in FY 2025 are needed in each of the rate scenario to begin a multi-year program that will mitigate more substantial rate increases in subsequent years.

## 1. FY 2025 Water Rate Recommendations

Due to the 17% increase water purchase costs from BJWSA and the costs of the radio meter reading technology, 10.0% across-the-board rate increases are needed in FY 2025 for water user rates and charges. Across-the-board increases mean all quarterly base charges and volumetric rates will be increased by 10%.

Table 12 presents the current FY 2024 and proposed FY 2025 quarterly water base charges.

### Table 12: Quarterly Water Base Charges

| Customer Class/Meter Size | Capacity Ratio[1] | FY 2024 Base Charge | FY 2025 Base Charge[2] |
|---|---|---|---|
| Residential | 1.00 | $ 55.07 | $ 60.58 |
| Hotel Room/Sunsuits | 0.54 | $ 29.93 | $ 32.93 |
| Off-Island[3] | 1.40 | $ 77.34 | $ 85.08 |
| **Commercial/Irrigation** | | | |
| ¾" Meter | 1.00 | $ 55.07 | $ 60.58 |
| 1" Meter | 1.70 | $ 93.62 | $ 102.99 |
| 1.5" Meter | 3.30 | $ 181.73 | $ 199.92 |
| 2" Meter | 5.30 | $ 291.87 | $ 321.08 |
| 3" Meter | 10.08 | $ 555.25 | $ 610.81 |
| | | | |
| Hunting Island Fishing Pier | 3.79 | $ 208.55 | $ 229.42 |
| Hunting Island State Park | 192.04 | $ 10,575.63 | $ 11,633.78 |

[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 2025 base charges maintain the same capacity ratios used to determine the current quarterly base charges.

[2] The FY 2025 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 three-tiered conservation volumetric rates are designed to provide a greater price differential for average use and discretionary use consumption rates than the previous four-tiered structure. The consumption usage intervals and the current FY 2024 and the proposed FY 2025 three water conservation volumetric rates are presented in Table 13.

### *Table 13: Consumption Usage Intervals and Current and Proposed Conservation Water Rates*

| | Conservation Volumetric Rates (per 1,000 gallons) | | |
|---|---|---|---|
| Rate Tier | Usage Interval | Current FY 2024 | Proposed FY 2025 |
| Block 1 | 0 – 12,000 | $ 3.20 | $ 3.52 |
| Block 2 | 12,001 – 36,000 | $ 4.13 | $ 4.54 |
| Block 3 | > 36,000 | $ 4.99 | $ 5.49 |

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: all above 25,000.

## 2. FY 2025 Wastewater Rate Recommendations

Due to increased operating costs resulting from inflationary factors and the need to meet the FIPSD policy goal of a 1.40x debt coverage revenue test in FY 2025 and in subsequent fiscal years, 10.0% across-the-board rate increases are also needed in FY 2025 for wastewater user rates and charges. Across-the-board increases mean all quarterly base charges and volumetric rates will be increased by 10%.

Table 14 presents the current FY 2024 and proposed FY 2025 wastewater quarterly base charges and consumption rates.

### *Table 14: Quarterly Base Charges and Consumption Volumetric Wastewater Rates*

| Customer Category | Current FY 2024 | Proposed FY 2025 |
|---|---|---|
| *Quarterly Base Charge*[1] | | |
| Residential | $ 74.020 | $ 81.430 |
| Commercial | $ 111.83 | $ 123.02 |
| Hotel Room/Sunsuites | $ 39.83 | $ 43.82 |
| *Consumption Charges (per 1,000 gals)* | | *(36,000 cap)*[2] |
| Residential (Up to 36,000 gallons) | $ 3.14 | $ 3.46 |
| Commercial (above 22,500 gallons) | $ 6.71 | $ 7.38 |

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 differ slightly due to rounding.

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.

Since outdoor and irrigation water use is not returned to the collection system, a quarterly indoor water use cap of 36,000 gallons per quarter is set to be consistent with the average water rate usage threshold.

# V. CUSTOMER BILL IMPACTS OF RECOMMENDED FY 2025 RATES

Section IV presented the recommended FY 2025 water and wastewater rates. To provide additional information for the Commissioners this section compares the residential customer bill impacts of the recommended FY 2025 water and wastewater rates.

To demonstrate the variety of customer bill impacts, Confluence calculated quarterly bills under a range of quarterly water consumption levels for residential customers with a 5/8-inch meter. The 5/8-inch meter class represents all residential customers and the majority of commercial customers.

## 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

Table 15 presents the quarterly water bills at various levels of quarterly water usage.

*Table 15: Residential Water Customer Impacts Under Alternative 1*

| Residential Water Customer (5/8 and ¾-inch Meter) | | | | |
|---|---|---|---|---|
| Quarterly Usage | Current FY 2024 | Proposed FY 2025 | Increase ($) | Increase (%) |
| 4,000 | $ 67.87 | $ 74.66 | $ 6.79 | 10.0% |
| 8,000 | $ 80.67 | $ 88.74 | $ 8.07 | 10.0% |
| 16,000 | $ 109.99 | $ 120.98 | $ 10.99 | 10.0% |
| 21,000 | $ 130.64 | $ 143.68 | $ 13.04 | 10.0% |
| 32,000 | $ 176.07 | $ 193.62 | $ 17.55 | 10.0% |
| 50,000 | $ 387.20 | $ 425.89 | $ 38.69 | 10.0% |
| 100,000 | $ 511.95 | $ 563.14 | $ 51.19 | 10.0% |

The across-the-board 10% rate increase results in the same 10% quarterly bill increase for all customers regardless of quarterly water usage, the typical residential customer with 21,000 gallons of metered water use per quarter will experience a $13.04 increase in their quarterly water bill.

# 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

Table 16 presents the quarterly bills at various levels of quarterly indoor water usage. Because residential customers do not have separate irrigation meters, wastewater discharges are based on a quarterly indoor water usage CAP of 36,000 gallons per quarter.

***Table 16: Residential Wastewater Customer Impacts***

| Residential Sewer Customer (5/8 and ¾-inch Meter) | | | | |
|---|---|---|---|---|
| Quarterly Usage | Current FY 2021 | Proposed FY 2023 | Increase ($) | Increase (%) |
| 4,000 | $ 86.58 | $ 95.27 | $ 8.69 | 10.0% |
| 8,000 | $ 99.14 | $ 109.11 | $ 9.97 | 10.1% |
| 16,000 | $ 124.26 | $ 136.79 | $ 12.53 | 10.1% |
| 21,000 | $ 139.96 | $ 154.09 | $ 14.13 | 10.1% |
| 32,000 | $ 174.50 | $ 192.15 | $ 17.65 | 10.1% |
| 50,000 | $ 187.06 | $ 205.99 | $ 18.93 | 10.1% |
| 100,000 | $ 187.06 | $ 205.99 | $ 18.93 | 10.1% |

Again, the across-the-board 10% rate increase results in the same 10% quarterly bill increase for all customers regardless of quarterly indoor water usage, while the typical residential customer with 21,000 gallons of metered water use per quarter will experience a $14.13 increase in their quarterly water bill.

# 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 17 demonstrates how residential customers receiving both water and sewer services at different amounts of quarterly water use will be impacted by implementing the recommended FY 2025 water and wastewater rates.

***Table 17: 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 ($) | Increase (%) |
| 4,000 | $ 154.45 | $ 169.93 | $ 15.48 | 10.0% |
| 8,000 | $ 179.81 | $ 197.85 | $ 18.04 | 10.0% |
| 16,000 | $ 234.25 | $ 257.77 | $ 23.52 | 10.0% |
| 21,000 | $ 270.60 | $ 297.77 | $ 27.17 | 10.0% |
| 32,000 | $ 350.57 | $ 385.77 | $ 35.20 | 10.0% |
| 50,000 | $ 574.26 | $ 631.88 | $ 57.62 | 10.0% |
| 100,000 | $ 699.01 | $ 769.13 | $ 70.12 | 10.0% |

Based on the recommended water and wastewater rate increases, the typical residential customer with 21,000 gallons of metered water per quarter will experience a $27.17, or 10.0% increase in their quarterly utility bill.

# VI. 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 2025 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 FY 2025 rate increases.

Table 18 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 18: Comparison of Typical Monthly Customer Bills with Local Communities***

| | User Rates and Charges (7,000 gal/month) | | |
|---|---|---|---|
| **Utility/Community** | **Water** | **Sewer** | **Total** |
| Sullivan's Island | $ 55.91 | $ 108.45 | $ 164.36 |
| Isle of Palms | $ 49.65 | $ 97.55 | $ 147.20 |
| Charleston Water System | $ 31.74 | $ 107.46 | $ 139.20 |
| MPW - Proposed FY 2025 | $ 55.50 | $ 79.98 | $ 135.49 |
| Mount Pleasant Waterworks | $ 52.24 | $ 75.28 | $ 127.52 |
| Seabrook Island | $ 65.85 | $ 51.70 | $ 117.55 |
| Dorchester County | $ 54.06 | $ 61.25 | $ 115.31 |
| Beaufort-Jasper | $ 39.34 | $ 66.05 | $ 105.39 |
| Average (Excluding FIPSD) | $ 41.99 | $ 63.40 | $ 105.39 |
| **Fripp Island (Recommended FY 2025)** | **$ 47.89** | **$ 51.36** | **$ 99.26** |
| **Fripp Island (Current FY 2024 )** | **$ 43.55** | **$ 46.65** | **$ 90.20** |
| Berkeley County | $ 42.17 | $ 44.00 | $ 86.17 |
| Hilton Head Island PSD | $ 27.14 | $ 33.62 | $ 60.76 |
| South Island PSD | $ 27.33 | $ 32.40 | $ 59.73 |
| Broad Creek PSD | $ 17.22 | $ 38.93 | $ 56.15 |
| Summerville Public Works | $ 27.75 | $ 27.50 | $ 55.25 |

As the comparison demonstrates, under its current FY 2024 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 FY 2025 rate recommendations designed to recover the estimated revenue requirements and meet annual 1.40x debt service coverage revenue test, 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 also adopt water and wastewater rate increases for FY 2025 to 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.