

Edgefield County Water & Sewer Authority would like to share with everyone some facts concerning questions about proposed impact fees and sewer capacity fees. As many of you know, ECWSA is a special purpose district tasked with providing water and sewer to its customers. We are not part of the Edgefield County governmental system and as such, do not receive tax revenue. We are eligible from time to time, some competitive State and Federal grants. All of our funding is derived from water rates, sewer rates, and other fees.

Our service area has experienced growth like many other areas in South Carolina. This has required the Authority to start planning and executing Capital projects to meet the demand for future growth and customers. Impact fees and capacity fees are a mechanism used throughout the state of SC and the Nation to help fund projects related to growth.

So what are impact fees? In South Carolina, impact fees (often called development impact fees) are charges imposed by a local government on new development to pay for the capital costs of public facilities and services needed because of that development. They're meant to make growth pay its own way rather than placing the burden on existing rate payers.

Here's what that means in practical terms:

Purpose: The fee funds expansions or additions to public infrastructure and services that are directly needed because new development creates demand — such as water/wastewater systems, or other capital facilities.

Timing: It's typically collected at the time of purchase of a new water service.

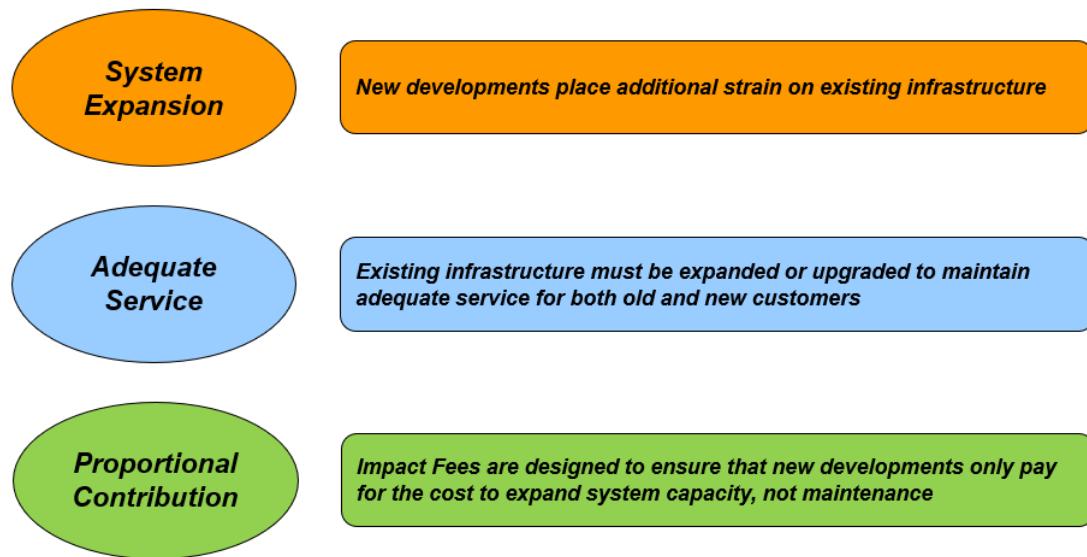
Use: Revenue must be spent on the facility types identified in the jurisdiction's capital improvements plan that justify the fee.

Basis: The amount is tied to the proportionate share of future capital costs that can be attributed to new development. That ensures the fee doesn't exceed the actual cost of infrastructure needed for that development.

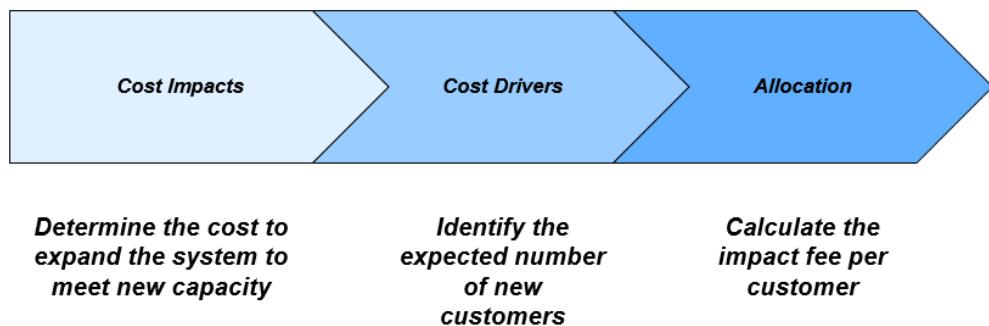
ECWSA's Plan is as follows:



Water utility impact fees are one-time payments levied by local governments on new developments to help fund the expansion and maintenance of water and wastewater infrastructure



A three-step process was developed to ensure that impact fees were justified by forecasted expenses and local activity



Nearly \$24.5 million in capital improvements are driven by the need to support system growth

Division	Upgrade	Estimated Cost	Allocation to Impact Fees	Cost Allocation
2	Raw Water Pump Station	\$ 2,112,000	35.0%	\$ 739,200
2	Raw Water Meter & FM	\$ 1,105,500	30.0%	\$ 331,650
2	Rapid Mix Basin	\$ 2,107,500	45.0%	\$ 948,375
2	Filtration Improvements	\$ 7,185,000	68.7%	\$ 4,935,000
2	Chemical Treatment	\$ 439,500	0.0%	\$ -
2	Residuals Handling	\$ 736,500	0.0%	\$ -
2	Site Work	\$ 892,500	20.0%	\$ 178,500
2	Misc	\$ 481,500	25.0%	\$ 120,375
2	Contingency	\$ 1,506,000	48.2%	\$ 725,310
2	Engineering	\$ 1,807,200	48.2%	\$ 870,372
3	New 24" Hish Service Main	\$ 4,785,000	65.0%	\$ 3,110,250
3	New Booster Station & Tank	\$ 12,112,500	80.0%	\$ 9,690,000
3	Contingency	\$ 1,689,750	75.8%	\$ 1,280,025
3	Engineering	\$ 2,027,700	75.8%	\$ 1,536,030
Total		\$ 38,988,150	62.8%	\$ 24,465,087

Portion of projects driven by growth

In order to pay for system expansion, \$611,627 per year in fees are needed each year

Cost Driver Data	
Annual Water Set Meters	248
Annual Sewer Set Meters	106
CIP Allocated to Impact Fees	\$24,465,087
Depreciation Period (years)	40
Annual CIP Allocation	\$611,627

The impact fee is the needed revenue divided by new water and sewer taps per year

$$\begin{array}{r} \$611,627 \quad \div \quad (248 \quad + \quad 106) \quad = \quad \$1,746 \\ \uparrow \qquad \qquad \uparrow \qquad \qquad \uparrow \\ \text{Calculated annual CIP allocation to impact fees} \qquad \text{Average number of water taps per year} \qquad \text{Average number of sewer taps per year} \\ \uparrow \\ \text{Proposed new tap fee for } \frac{3}{4} \text{ " meter} \end{array}$$

Additional fees can be charge to larger meters

Capacity Fees

Capacity fees are similar to impact fees but are generally related to the cost of construction sewer treatment capacity.

A sewer capacity fee is a one-time fee charged when a new property connects to a sewer system or increases its demand on the system. It's intended to:

Recover a fair share of the costs associated with expanding or having available sewer infrastructure — treatment plants, force mains, interceptors, pump stations, etc. — so the system has capacity for the new flow;

Ensure new users pay for growth-related capacity costs rather than existing ratepayers.

ECWSA's sewer is treated at 3 different facilities: The Brooks St. WWTF in Edgefield, the Johnston WWTF in Johnston, and the ACPSA Horsecreek WWTF in Aiken County.

The \$10.89/gallon proposed capacity fee is only for new sewer connections; no existing customers would be charged this fee. This \$10.89/ gallon charge is a direct pass on charge for capacity that the Authority will charged for future capacity in the City of North Augusta's

system and ultimately the ACPSA Horse Creek WWTF. The majority of growth in the Authority's sewer system goes to this facility for treatment. These fees will go directly to purchase additional capacity. Using the Dept. of Environmental Services standard calculation of 300 gallons per day per home, this fee would be \$3,267 per new tap + tap installation costs. Again, this is only for new connections. No new charge for existing customers.