

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.

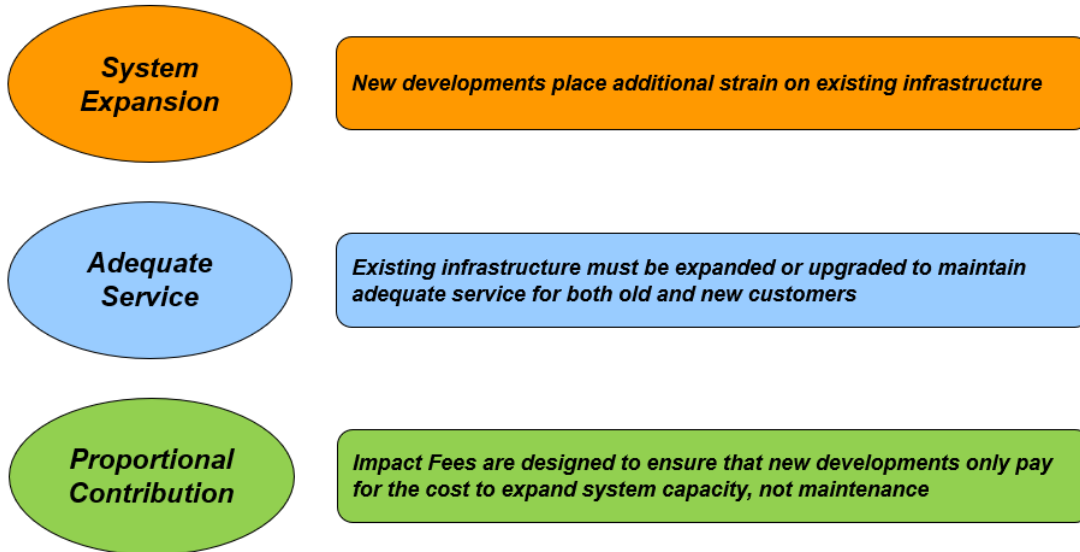
Timing: It's typically collected at the time of purchase of a new water service.

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

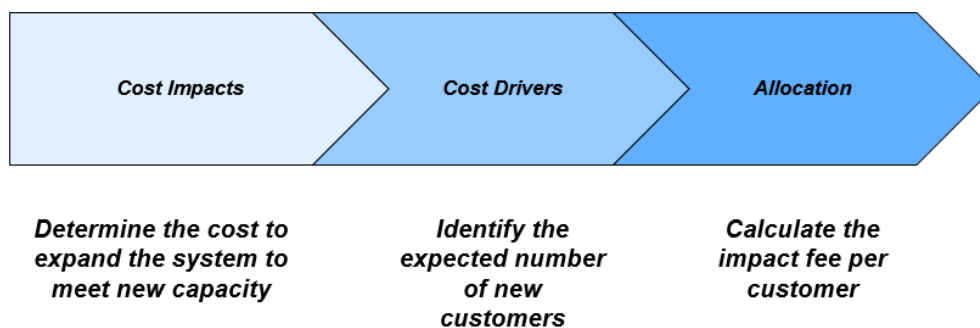
Basis: The amount is tied to the proportionate share of future capital costs that can be attributed to new development. That ensures the fee doesn't exceed the actual cost of infrastructure needed for that development.

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         |
| <b>Total</b> |                            | <b>\$ 38,988,150</b> | <b>62.8%</b>              | <b>\$ 24,465,087</b> |

*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

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

*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.