

Walterboro City Council

Work Session

August 17, 2023

Minutes

A Work Session for Walterboro City Council was held at City Hall on Thursday August 17, 2023, at 5:00 P.M., with Mayor Bill Young presiding.

Present: Joined in the meeting were: Mayor Bill Young, Councilmembers: Carl Brown, Judy Bridge, Paul Siegel, James Broderick, Ladson Fishburne, and Greg Pryor. City Manager Jeff Molinari, Assistant City Manager Ryan McLeod, Finance Director Amy Risher, Wayne Crosby Utilities Director, Darryl Parker and Jeff McGarvey with Willdan Financial Services and Jay Glover with PFM Financial Advisors.

Call to Order:

With the above-mentioned Councilmembers present, Mayor Young called the meeting to order.

Presentations:

1. Willdan Financial Services, Daryll Parker – Water/Sewer Capacity Fees and Wastewater Treatment Plant Expansion Debt Service.

City Manager Jeff Molinari stated Mr. Mayor and members of City Council we have Willdan Financial Services with us this afternoon. If you remember Willdan is the same firm we used when we did our rate study in 2019. We have Daryll Parker, Jeff McGarvey, and Financial Advisor from PFM, Jay Glover here with us tonight. In Daryll's presentation he will go through the additional debt service that we are having to take on with the wastewater treatment plant. This will involve adjusting both our water and sewer rates. After that, Daryll will go through our proposed capacity fee for water and sewer. A few months ago, City Council authorized me to engage Willdan Financial Services to do an analysis and report on the potential capacity fee for water and sewer.

Mr. Parker went through a detailed PowerPoint presentation showing the city's current water and sewer rate structure and its rates compared to surrounding jurisdictions. Mr. Parker explained that the city will need to adjust its water and sewer rates by 11% by January 1, 2024, 10% on July 1, 2024, and implement 2% increases in subsequent fiscal years to pay back the additional debt service and to also demonstrate to prospective lenders that the city has the capacity to pay back the debt.

Mr. Parker stated our study also found a need for the city to establish a mechanism for recovering the capital costs associated with system growth and expansion. Capital recovery fees for new connections have become more common as growth continues, and state and federal funding has been reduced. It is a very common management practice to apply mechanisms to recover capital costs. The capacity fee developed is equitable and provides for reasonable recovery of the capital costs associated with providing services to new customers. Since the city has developed a Capital Improvement Plan, the proposed capacity fee will be enacted in accordance with the standard approval and public hearing procedures. The proposed capacity fees are based on a listing of existing systems and assets provided by the city, as well as the 10-year Capital Improvement Plan developed by the city. The city currently imposes connection-related and administrative fees for new customer connections. The capacity fee developed is intended to be charged in addition to the existing connection-related charges. The proposed capacity fees are intended to be applied equally to comparable customers whether they are located inside or outside the city limits. The rationale for this method is that the operating cost may increase for providing service outside of the city limits. The capital

costs per gallon of capacity for a major system does not typically differ based on the location of the customer. This concludes my presentation, if you all have any questions, please feel free to reach out.

There being no further business to consider, a motion to adjourn was made by Councilmember Bridge, seconded by Councilmember Brown, and passed unanimously. Mayor Young adjourned the meeting at 5:45 P.M. Notice of the meeting was distributed with the agenda packets, to all local media posted on City Hall bulletin board and posted on the City's website at least twenty-four hours prior to meeting time.

Respectfully,

Adrienne Nettles
City Clerk