ANNUAL BUDGET DOCUMENT

Fiscal Year 2023

Mount Pleasant, South Carolina

Fiscal Year 2023

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Prepared for:

Mount Pleasant Waterworks' Customers

And

Commissioners

Rick M. Crosby Chairman	Susan I. Mellichamp Vice-Chair	Diane Lauritsen, Ph. D. Secretary-Treasurer	H. Mac Jenkinson Commissioner
Linda Page Commissioner	Will Haynie, Mayor Town of Mt. Pleasant	Jake Rambo, Water Supply Chairman Town of Mt. Pleasant	

Fiscal Year 2023

Annual Budget Document

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Mount Pleasant Waterworks
South Carolina

For the Fiscal Year Beginning

July 01, 2021

Christopher P. Morrill

Executive Director

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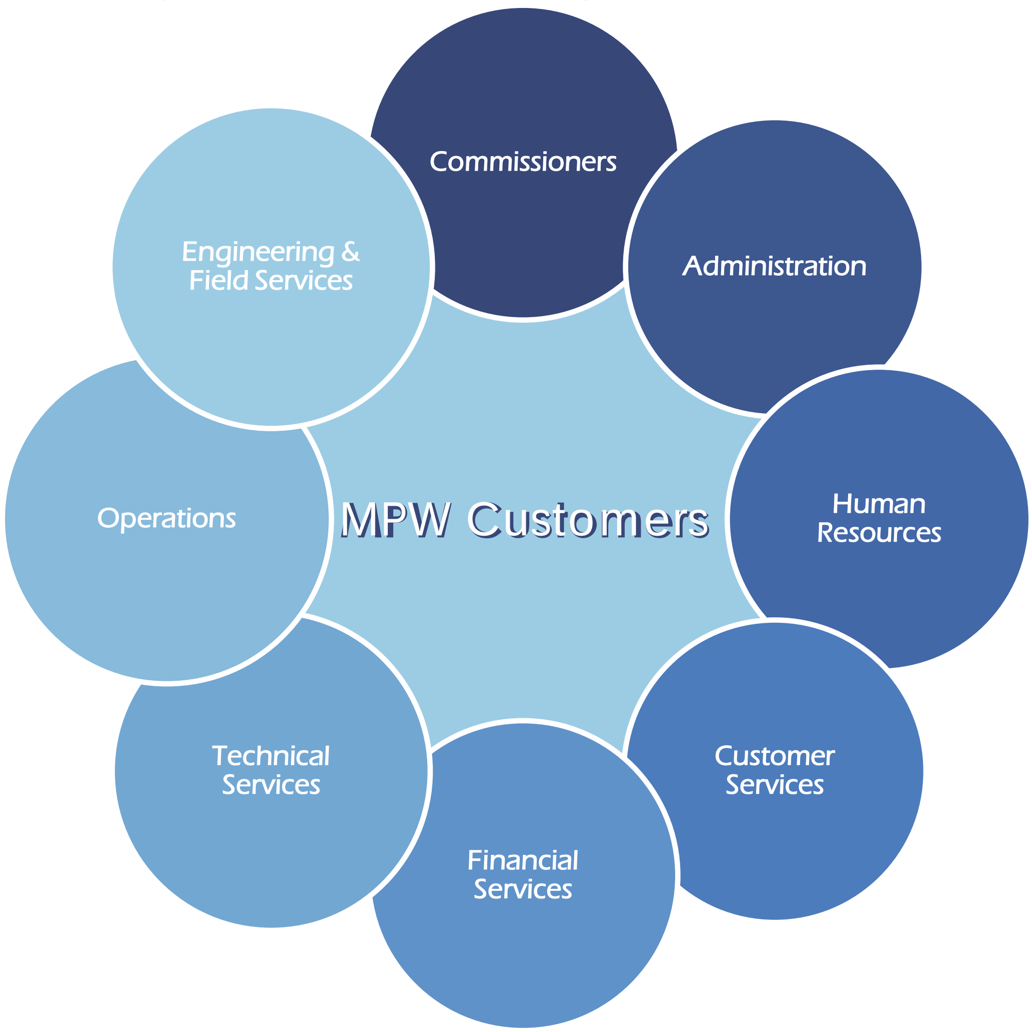
Section 1 Budget Message

"Water is the driving force of all nature."

--Leonardo da Vinci

Budget Message from the General Manager

The Mount Pleasant Waterworks (MPW) Annual Budget Document has been developed to communicate to the customers, Commissioners, and staff how we intend to fulfill our mission of ***providing our customers with water and wastewater services of exceptional quality and value, while protecting public health and the environment***.



Challenges and Trends Affecting Budget Development

Across the U.S., individuals and industries have faced unexpected economic challenges since late 2021. For Mount Pleasant Waterworks (MPW), the rising cost of goods and services and looming threat of inflation have continued to influence short- and long-term budgetary decision making. As we enter a new fiscal year (FY), I am proud of the collective input from Commissioners, staff, and customers, regarding MPW's FY 2023 rate and budget schedule, that will allow us to keep our promise of delivering clean drinking water and protecting the environment.

During the FY 2023 Annual Commission Meeting, Commissioners unanimously voted to adopt a rate increase of 9% on water services and 12% on wastewater services. The decision followed a comprehensive rate study conducted by national consultant, Raftelis. The study considered the trending rise of the cost of goods like water and wastewater treatment chemicals and construction materials, as well as unprecedented increases in local contract services like biosolids disposal fees and wholesale water. The new rates will also support operation and maintenance expenses related to the renewal and replacement of aging infrastructure in the amount of approximately $20 million dollars.

I am perhaps most proud of how the MPW staff has risen to the challenge of operating under adjustments and adaptations in recent months. Despite cost increases and budget cuts in FY 2022, our dedicated team held expenses down while maintaining the high level of service our customers have come to expect. The unforeseen efficiencies realized from the new processes created by team members allowed us to revisit our organization's structure and consolidate teams and departments for the start of FY 2023. As a result, MPW will incur a net reduction in personnel expenses and staff will enjoy new opportunities to advance their career.

This year's Annual Budget Document marks the completion of my first fiscal year as Mount Pleasant Waterworks General Manager. I am excited to think what our team can accomplish together as we begin FY 2023. We will continue to focus on providing high quality water and wastewater services in the most efficient manner to our customers.

I invite you to review the list of key accomplishments MPW completed in FY 2022:

- Old Village Elevated Water Tank demolition and resulting NACWA Environmental Achievement Award
- Multi-agency formation of Charleston Regional Resource Recovery Authority
- Operations Challenge National Champions – 1st place
- Development of 2022 Strategic Plan Refresh
- Organization realignment
- Launched new customer website
- Implemented GM Newsletter to improve internal communication
- Adoption of 5-Year Capital Improvement Budget

- Emergency delivery of water to Sullivan's Island (10-day operation in support of wholesale water partner)
- Adoption of Employee Pay Adjustments - $1 Increase (November) + 5% Merit Increase

I am also proud to say our Financial Services Department won the Certificate of Achievement for Excellence in Financial Reporting award for the 26th year in a row and the Distinguished Budget Presentation Award for the 13th year in a row.

Mount Pleasant Demographics and Impact on MPW

Population in the Town of Mount Pleasant, based on the Town's 2018 Demographics Report, increased from 67,843 in the 2010 census to 90,801 in the 2020 census, an increase of 34%. Current estimates have the total population number at roughly 93 thousand. The median age is 39.2 years. The number of youth under 18 years of age decreased by 0.2% while the senior population over 65 grew by 2%. Caucasian population percentage increased by 0.4% while the minority population percentage decreased, primarily the African American population.

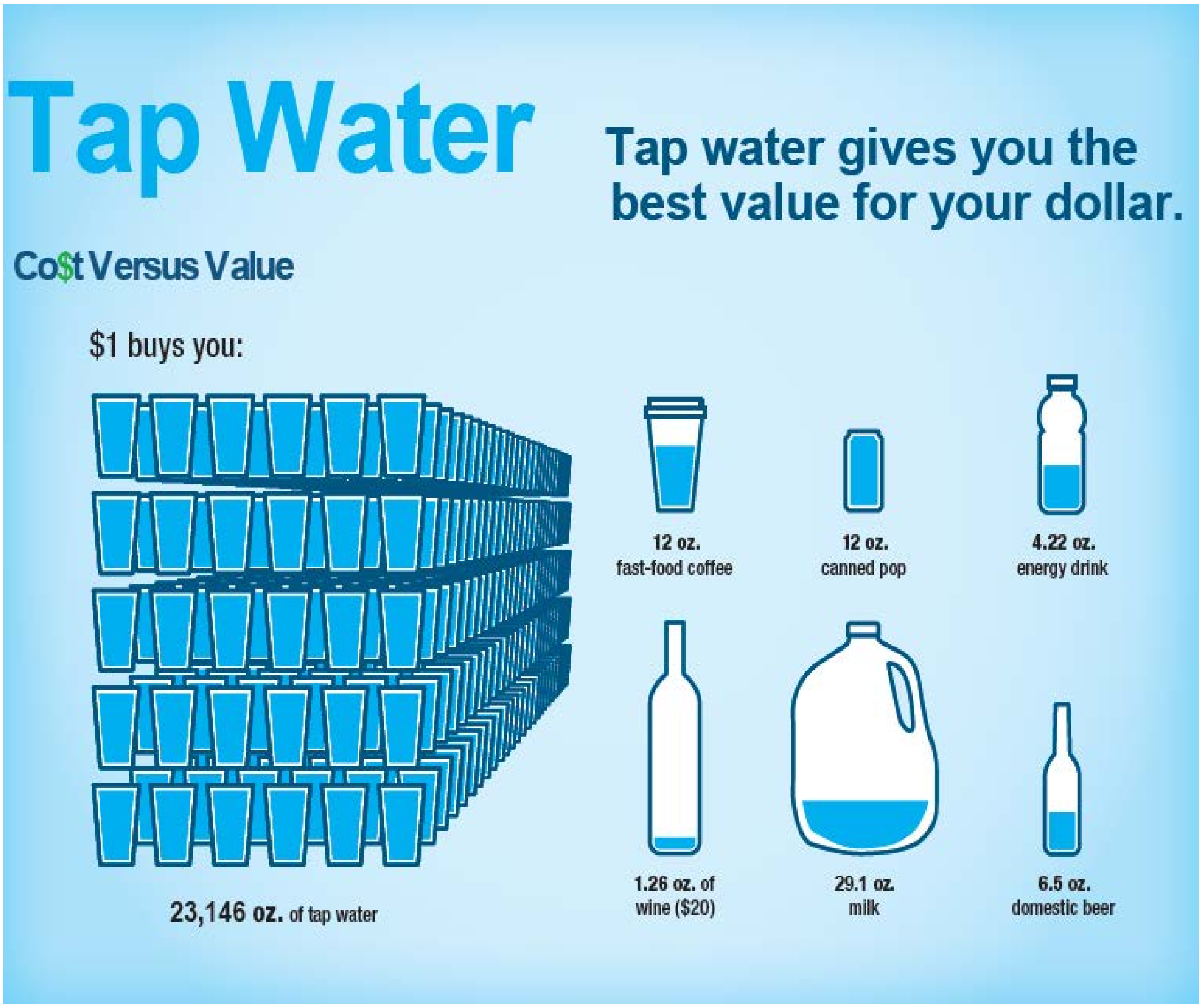
The U.S. Census has named Mount Pleasant as one of the fastest growing cities in the country. The number of dwellings increased to 38,026 in 2017 from 36,826 in 2016, an increase of 3.2%. Vacant housing units decreased to 2,126 in 2015 as compared to 2,932 in 2010, a decrease of 27%. 1,253 dwelling permits were issued in 2017 as compared to 1,622 in 2016.

The number of those holding a bachelor's degree or higher was 58.8% in 2015 as compared to 63.2% in 2010, a decrease of 6% while the population increased by 26% over the same period.

Employment issues dominated the last several years. Unemployment decreased to 3.6% in 2015 as compared to 5.1% in 2010, a decrease of 30%. Median household income however increased from $70,363 in 2010 to $77,638 in 2015, an increase of 10%. The percentage of families below the poverty level decreased from 5.3% in 2010 to 5.0% in 2015, and the percentage of individuals below the income poverty level of $17,000 per year per person decreased from 8.0% in 2010 to 7.4% in 2015.

Value of Water

When discussing water from a financial perspective, it is important to understand the cost versus the value of water. As a necessity to life, water is critical to our very existence but often overlooked for the value that it provides. The graphic below compares the cost of tap water (based on the approved FY 2023 rates) against the cost of other commonly purchased items.



Budget in Brief – FY 2022 Operating and Capital Highlights

Operating Budget Highlights	FY 2022			
	Original	Estimate	Variance	% Change
Total Operating Revenues	55,781,179	54,247,157	(1,534,022)	-2.8%
Total Operating Expenditures (less Debt)	33,745,139	32,102,857	(1,642,282)	-4.9%
Total Debt Expenditures	13,558,541	12,418,191	(1,140,350)	-8.4%
Total Expenditures	47,303,681	44,521,048	(2,782,632)	-5.9%
Net Operating Earnings	8,477,498	9,726,109	1,248,611	14.7%

FY 2022 operating revenues are projected to be $54.2 million which is $1.5 million below the original budget. We have experienced slightly lower demand projections during FY 2022et projections.

FY 2022 operating expenses are projected to be $44.5 million which results in a decrease of $2.7 million below our original budgeted expenses. This is due primarily to savings from position vacancies throughout the year and other contingency funds that were not expended. Net operating earnings are projected to be $9.7 million which is approximately $1.2 million more than the budgeted earnings of $8.5 million.

Capital Budget Highlights	FY 2022			
	Original	Estimate	Variance	% Change
Total Capital Revenues	6,461,855	6,241,968	(219,887)	-3.4%
Total Capital Expenditures	16,930,267	53,566,926	36,636,659	216.4%
Revenues Over (Under) Expenditures	(10,468,412)	(47,324,958)	(36,856,546)	-352.1%

FY 2022 capital revenues are projected to be $6.2 million which is $219 thousand below the original budget projections. This was due to lower anticipated water and wastewater impact fees.

FY 2022 capital expenditures are projected to be $53.5 million which is $36.6 million above budgeted expenditures. This is due to project rollovers from prior years and the timing of project completions.

Major projects under construction or completed in FY 2022 included the RRRWWTP rehab/expansion (H. Clay Duffie Water Resource Facility), force main replacements, trenchless rehab, and headworks rehab.

FY 2023 Budgeted Operating and Capital Revenues and Expenses

FY 2023 operating revenues are projected at $63 million which is $7.3 million above the FY 2022 original revenue projections.

FY 2023 operating expenses are projected to be $49.2 million which is $1.9 million higher than FY 2022. This is due to the addition of new FTEs as well as other compensation and benefit increases and increases in contractual services.

Net earnings for FY 2023 are projected at $13.8 million which is $4.1 million more than projected net earnings for FY 2022.

The FY 2023 Capital Budget provides estimated expenditures of $40.1 million. In preparing the capital budget, project cost estimates were adjusted for inflation in outlying years by a factor of 5%.

FY 2023 capital revenues are projected at $25.9 million. This includes roughly $10 million in grant funding, if awarded.

Major projects planned for construction, or continuation, in FY 2023 include the rehabilitation and replacement of gravity sewer throughout the service area, the Shem Creek Watershed Septic Tank Abatement Program, construction of ASR Well No. 4 along highway 17 in the north area of the system, and rehabilitation and replacement of sections of the 20" force main along Rifle Range Road.

Strategic Goals

Mount Pleasant Waterworks adheres to a set of strategic goals that focus on the framework of the Effective Utility Management (EUM) program. These goals are grouped into four strategic target categories as can be seen in the diagram below.

The EUM focuses on attributes that include financial viability, employee and leadership development, customer satisfaction, stakeholder understanding and support, community sustainability, operational optimization, product quality, infrastructure stability, operational resiliency, and water resource adequacy. Each of these has a subset of objectives and strategies that are laid out to guide the organization towards achieving the goals. Further discussion of the strategic direction and the EUM can be found in Section 10 (Appendices) of this document. Goals and objectives, as they pertain to the specific departments, can be found in Section 8 (Overview of Departments).

Compliance with Cost Recovery Policy

Coverage ratios are expected to exceed bond covenants and will meet Cost Recovery Policy requirements in FY 2023. The Cost Recovery Policy establishes a minimum debt coverage rate of 2.0.

MPW's bond rating was upgraded by S&P in FY 2014 from AA to AA+ due in large part to the financial policies that guide the organization. Additionally, the Moody's rating was upgraded from Aa2 to Aa1 during FY 2016. These high ratings have been maintained since, and are the result of strong fiscal management, sound financial performance and effective fiscal policies.

In Closing

This budget document has been developed to meet the standards of the Government Finance Officers Association (GFOA). It is our hope, and belief, that this will be the fourteenth MPW budget document to receive the Distinguished Budget Presentation Award from the GFOA.

On behalf of the Commissioners and myself, I want to thank all our staff who contributed their many hours of hard work in the development and presentation of this document.

F. Allan Clum
General Manager

Section 2 Financial Policies

"No water, no life. No blue, no green"

–Sylvia Earle

Purpose of Financial Policies

Providing sound fiscal management is one of many responsibilities that the Commission has to its customers. The Commission has a fiduciary duty to be good stewards of the public's funds. The financial policies that govern the Commission ensure that these responsibilities are met without question. The Commission's Financial Operating Policy, Cost Recovery Policy and Strategic Business Plan are the guiding documents for all financial operations.

Financial Operating Policy

The Operating Policy governing financial activity reads;

MPW will comply with Titles 5 and 6 of the Code of Laws of South Carolina of Joint Acts and Resolutions of the General Assembly of the State of South Carolina, which provide the authority and responsibility for Mount Pleasant Waterworks to conduct its fiscal affairs, fix rates, collect fees for services, and dispose of these revenues for purposes germane to the functions of Mount Pleasant Waterworks. All actions involving finance, budgets and bonds shall be made by resolution and include, but are not limited to, rate resolutions, actions for issuance of bonds, acts related to cost recovery, actions related to impact fees, connection charges, special assessments or other fees, and actions related to customer charges.

Revenue requirements shall be determined annually and rates and other charges shall be set to meet these needs during a budgeting process well in advance of the effective dates of such rates and charges. Customers will have advance notice of rate and charges adjustments.

All activities of the Commission are accounted for within a single enterprise fund. The accounting and financial reporting treatment applied to the Commission is determined by its measurement focus. The transactions of the Commission are accounted for on a flow of economic resources measurement focus.

MPW will account for and report on its financial condition and results of operations in accordance with and in compliance with Generally Accepted Accounting Principles (GAAP), Government Accounting Standards Board (GASB) and Governmental Accounting, Auditing and Financial Reporting (GAAFR). An audit shall be performed annually by an independent certified public accounting firm.

The accounting for funds is covered in the MPW Cost Recovery Policy. Water/Wastewater impact funds shall be accounted for separately from general revenue funds and shall be invested separately so that earned interest is part of each utility's plan for revenues to extend service or expand capacity.

Cost Recovery Policy

The Cost Recovery Policy, originally developed in 1992 and last revised in June 2022, delineates the cost recovery philosophies of the Commission. The policy is a framework in which 1) a fair and reasonable system of charges for utility services is developed, administered, and maintained; and 2) long-term financial stability is achieved. Although this policy is viewed as an official guideline, its policies are regarded as changeable and adaptable, rather than fixed and permanent.

Customers, Commissioners, or Commission staff may request revision of the Policy annually prior to adoption of budgets and new rates. The cost recovery goal of the Commission is to fully and equitably recover all costs of operating, maintaining, and expanding the water and wastewater utilities from the customers of the service areas while maintaining a high degree of financial stability. The Cost Recovery Policy can be found in its entirety in the appendices (Section 10) of this budget document.

The Commission annually updates its Ten-Year Financial Plan to assess the financial feasibility of planned and budgeted activities within the guidelines of the cost recovery goals, objectives, and policies. In addition, rates, fees, and charges undergo a comprehensive review at least every five years by a qualified, independent consultant to maintain a sufficient and equitable cost recovery system. Cost recovery studies are conducted more frequently if major changes occur in 1) forecasts of costs to be incurred by the Commission, 2) regulations governing system operation, 3) operating technologies, or 4) the demographics of the customer base. The independent study produces a comprehensive schedule of rates, fees, and charges that reflect stated policies and provide defensible documentation of the calculations used in designing the rates, fees, and charges.

Strategic Business Plan

The Commission's Strategic Business Plan is a document that was designed to provide the framework for the Commission's operational strategies. This plan was established in 2012, and underwent a significant update during fiscal year 2018. This involved many hours working with the leadership and management of the organization. Interactive sessions brought forth the input necessary to refine this plan and develop it into the guide that it is today.

One of the major components of this plan centers around Financial Viability. The focus of this goal is to recover all costs in a fiscally responsible, fair, and equitable manner. This is achieved through the following three strategies:

- Meet all objectives of the Cost Recovery Policy
- Ensure the comprehensive health of the organization
- Maintain sufficient rates

The five-year plan was updated again in FY 2022. The Strategic Business Plan can also be found in the appendices (Section 10) of this budget document.

FY 2023 Annual Business Plan

As a companion document of the Strategic Business Plan, the FY 2023 Annual Business is a yearly look at the current conditions in relation to key industry trends. From this review, an annual business plan is developed to advance the organization's Strategic Plan. The FY 2023 Annual Business Plan further advances the focus-area goals set forth in the 2018 Strategic Plan. These goals include: Financial Viability, Workforce Development, Customer Engagement, and Operational Excellence. The FY 2023 Annual Business Plan can also be found in the appendices (Section 10) of this budget document.

Budget Principles

The budget process is guided by the following financial planning strategies:

- Comprehensive Utility Master Plan – Where the policies and goals established in the Capital Improvements Program will serve as the framework for the future direction and objectives of the Commission.

- Multi-year Budget Management Plan – Where it is a principal objective to achieve multi-year stability in the Commission's system of rates and charges.

- Departmental Goals and Objectives – Where budgeting decisions are based upon the establishment of realistic departmental goals and objectives and criteria for the measurement of performance.

- Operational Budget Policies and Personnel Actions – Where the Commission will attempt to maintain a high quality of performance, while recognizing the demands related to major on-going utility system expansions, and the need to maintain personnel levels ensuring maximum efficiency and utilization.

Budgetary Controls

The Commission maintains budgetary controls at the object level (per line item) within each department. Control is accomplished by maintaining appropriations and expenditures by line item within each department, which is reported monthly by income statement to the General Manager. Department managers are held directly accountable for accomplishing departmental goals within budget and in a manner consistent with adopted policies and procedures.

Section 3 Budget Development

"It is difficult to find anything more healthy to drink than good cold water" --Brigham Young

Budget Methodology

This budget document attempts to match a staff prepared needs assessment with projected revenues. It has been developed and prepared in accordance with applicable state and federal statutes and applicable Commission policies and procedures.

For the FY 2023 budget, and as with most years, total revenues are projected to exceed total expenditures. As such, the Commission's definition of a balanced budget is when projected annual revenues and existing fund balances are sufficient enough to meet or exceed budgeted expenditures.

Budget Process

Mount Pleasant Waterworks annually prepares and adopts a financial plan for the next fiscal year (July 1 through June 30). The plan includes determining the appropriate rates, fees and charges necessary to provide sufficient revenues to meet anticipated expenses for operating and maintenance, asset repair or replacement, asset acquisition or construction to meet the service needs of the customer base, and debt service requirements for existing and projected debt. The financial plan is developed within the framework of the Commission's Cost Recovery Policy, which ensures that a fair, reasonable and equitable system of charges is developed, administered and maintained, and that long-term financial stability is achieved. A copy of the complete Cost Recovery Policy is included in the appendices of the Budget Document.

The budget is adopted on a basis which approximates accounting principles generally accepted in the United States of America, except that the budgetary basis excludes depreciation and amortization expense and developer contributions of systems, and recognizes debt service payments and capital projects and other capital assets as expenditures. The budgetary basis of accounting is consistent with the methodology used in the Commission's rate making model. By contrast, the Commission utilizes the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission applies all Governmental Accounting Standards Board (GASB) pronouncements, as well as private sector standards (Financial Accounting Standards Board) issued prior to December 1, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The budget process began in October with the updating of the current Capital Improvements Plan (CIP) (or the capital budget). The CIP includes all projects related to capital asset repair or replacement and acquisition of additional capital assets through projected build-out. The CIP is revised to include: 1) significant changes in the cost of materials, construction and architectural and engineering services that have occurred over the past year; and 2) the addition, deletion or adjustment in timing of projects due to significant variations from previous water and wastewater demand projections, revised maintenance and repair requirements or changes in regulatory requirements.

The development of the operating and maintenance budget (or the operating budget) begins in mid-January following the completion of the first half of the current fiscal year. Each department is requested to project their staffing, supplies and materials, training and education, contractual services and other fiscal needs for the last half of the current fiscal year and for the next fiscal year. The bases of these projections include historical trends, customer base growth, new programs, changes in existing programs, cost adjustments, and changes in regulatory requirements.

When the capital and operating budgets have been reviewed and initially finalized, the information is input into the financial rate model for the development of water and wastewater rates. The rate model provides assurance that the rates and fees being developed adhere to the Cost Recovery Policy and the debt covenants within the existing bond ordinance.

Both the capital and operating budgets go through a series of meetings and discussions with the Commissioners from February to June. During this time, the Commissioners also hold meetings on the proposed budgets to receive feedback from the public. The budgets reach final approval at the annual Commission meeting held during the last Monday in the month of June.

Budget amendment after adoption, while not common, must go through a specific review process before it can be accomplished. Budget adjustments on a line-item basis, not affecting the overall budget total, are reviewed by the Budget & Procurement Supervisor and approved by the Chief Financial Officer and General Manager. For amendments that will exceed the approved budget, review is completed by the Chief Financial Officer and the General Manager. Commissioners must approve any budget amendment that exceeds the adopted budget amount.

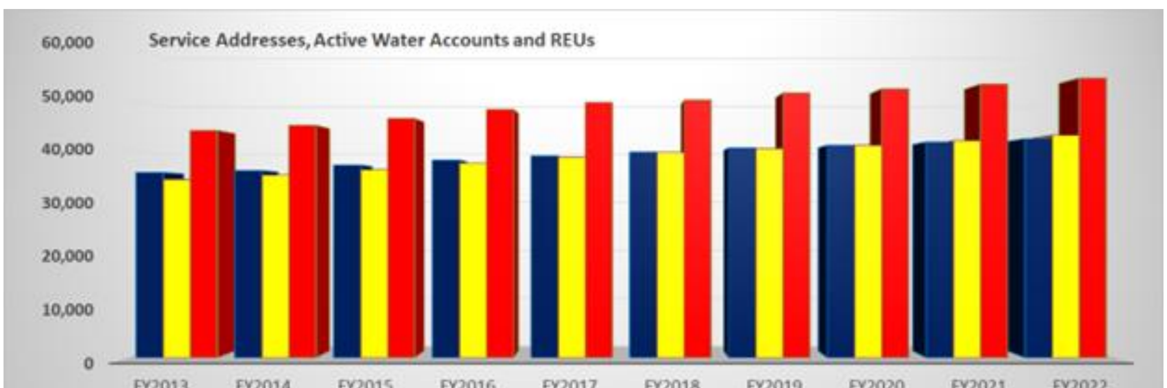
Each year, the budget is developed using certain assumptions. In developing this year's budget, the following assumptions were made:

1. The minimum fund balance is set at 200 days of unrestricted cash.
2. We will meet the 2.0 coverage ratio test without impact fees.
3. Any new debt will be funded through SRF loans or Revenue bonds at market rates. Debt funding may be sought during FY 2023 or FY 2024.

4. All debt service will be paid from General Revenues. Impact fees, if available, will reimburse the General Revenue fund for E&E debt service paid from rates.
5. The total CIP will be funded.
6. Operating revenues were based on a 1.5% increase in customer base and a 2% water and wastewater increase in demand projections over FY 2022.
7. Water and Wastewater Impact Fees will be increased to $3,110 and $5,550, respectively.
8. Merit increases in FY 2023 would be 5% of regular salaries and mid-year performance pay increases would be 2% of regular salaries.
9. The salary structure will be increased 7.5%.
10. Health insurance premium rates were increased 5% over the FY 2022 levels. Since 2012, the Commission has been partially self-insured.
11. OPEB (other post-employment benefits) for FY 2023 is estimated at $848,621 down from $1,025,862 for FY 2022.
12. Interest earned on available funds will be budgeted at 0.50%
13. Cost of purchased water from Charleston Water System (CWS) will increase to $1.03 per 1,000 gallons for the FY 2023 budget.
14. Beyond FY 2023, personnel expenses will increase 5% annually and 3% annually for all other expenses.

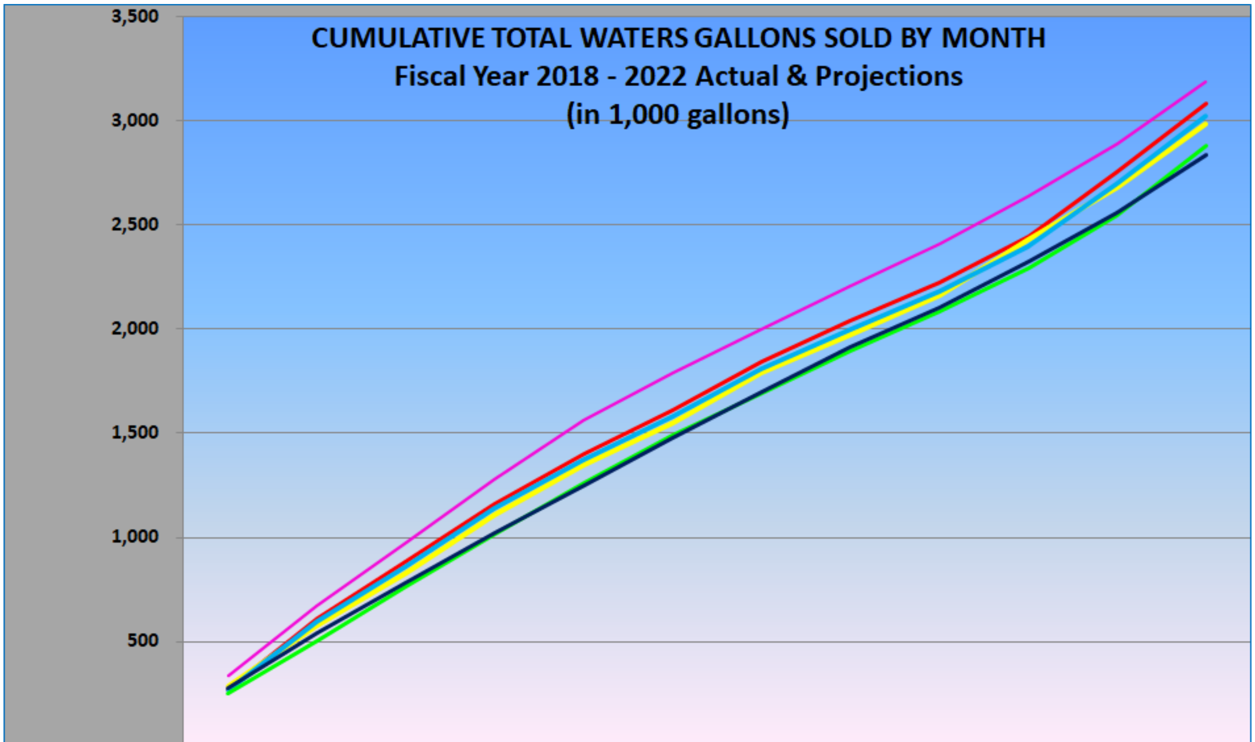
<u>Growth</u>:
As can be seen in the chart below, the growth in new REUs and accounts has significantly during fiscal year 2022. REUs increased during fiscal year 2022 over previous fiscal year by 1,181(2.24%) REUs. The five-year average increase for REUs is 939 per year. Water accounts increased during fiscal year 2022 over the previous fiscal year by 1,050 (2.51%) accounts during fiscal year 2022. The five-year average increase for accounts is 845.

The Commission continues to grow it customer base and while anticipating a slower growth in the future, will continue to increase as the Town's population increases.



	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Service Address	35,757	36,129	37,208	38,168	38,985	39,708	40,519	41,034	41,667	42,295
Accounts - Water	34,444	35,300	36,322	37,569	38,734	39,636	40,381	41,007	41,908	42,958
REUs - Water	43,876	44,883	46,215	47,958	49,310	49,771	51,130	51,927	52,825	54,006

In the Cumulative Water Gallons Sold chart below, the total gallons sold in FY 2022 at $2.985 billion gallons was 3.17% below the FY 2022 projection and 1.22% below FY 2021 actual gallons sold. The average for the five-years beginning with FY 2018 through FY 2022 was $2.984 billion gallons.



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
FY22 Projection	270,775	609,241	882,037	1,162,626	1,399,978	1,611,714	1,844,073	2,038,104	2,226,501	2,445,216	2,756,311	3,082,787
FY22	288,421	574,650	827,971	1,106,142	1,345,402	1,549,587	1,789,699	1,976,802	2,166,166	2,426,964	2,685,770	2,985,213
FY21	266,648	597,124	863,291	1,139,461	1,372,893	1,580,295	1,807,503	1,997,143	2,181,624	2,396,862	2,701,874	3,022,038
FY20	339,012	670,566	976,868	1,275,781	1,565,578	1,788,311	2,001,633	2,206,985	2,410,169	2,637,431	2,892,651	3,191,159
FY19	251,556	506,431	764,987	1,018,749	1,261,491	1,492,413	1,695,553	1,896,327	2,084,117	2,294,275	2,545,457	2,883,989
FY18	276,339	540,485	779,745	1,024,048	1,252,021	1,479,566	1,700,538	1,911,785	2,105,424	2,322,523	2,559,960	2,837,255

Merit and mid-year performance pay:
These assumptions are based on an evaluation of the current economic environment and a historical perspective. As in past years, merit increases will be additions to regular salaries while mid-year increases will be one-time payments.

Salary Structure Adjustment:
As part of our FY 2022 compensation review, CBIZ Human Capital Services and The Archer Company recommend a 7.5% salary structure increase (minimum and maximum levels) for all positions, both exempt and non-exempt in order to remain "in-line" with cost-of-living expenses and to remain competitive in the labor market for FY 2023.

Health Insurance:
Based on experience to date, MPW's conversion to self-insurance beginning in FY 2012 appears to have been a successful decision. Based on our current position of claims and administrative fees versus our projected budget, we have assumed that budgeted FY 2023 health insurance expenses will increase by $165,019.

New Debt Funding:
Debt funding is being sought and will be planned for some time during FY 2023 or FY 2024.

Debt Service Payments:
All debt service will be paid from General Revenue Funds. Impact fees, if available, will reimburse the General Revenue Fund for E&E debt service paid from rates

Interest Earnings:
This assumption is based on current and projected earnings from approved instruments in which MPW can invest.

CWS Water Purchases:
The existing Wholesale Water Supply, Treatment, and Transmission Services Contract with CWS provides the opportunity to annually adjust the volumetric rate based on operation and maintenance costs, depreciation of MPW's share of General Plant assets, and the return on MPW's allocated share of General Plant assets. The calculation of the volumetric rate is provided to MPW showing how the volumetric rate, which goes into effect each July 1, was derived.

Expense Estimates Beyond FY 2023:
In order to determine the financial stability of MPW in the long-term, the operating expenses beyond the next fiscal year are increased based on assumed inflationary factors. This year those factors are 5% annually for personnel related expenses and 5% annually for all other expenses, except debt services. Debt services are based on actual principal and interest payments on existing debt and projected principal and interest on proposed debt.

CIP Funding:
The assumption is that all of the projects and capital outlays included in the CIP, as outlined in the Capital section of this document, will be funded.

Impact Fees:
Impact fees are being increased 8% based on the recommendations of the Impact Fee Study performed by Raftelis Financial Consultants in May of 2022.

Minimum Fund Balance Requirement:
The fund balance requirement of 200 days provides greater financial stability.

Capital Project Fund Balance:
Per the Cost Recovery Policy, the minimum balance is set to be equal to at least 10% of the total annual CIP projected for R&R projects.

Impact Fee Fund Balance:
Per the Cost Recovery Policy, this reserve fund was established to serve as a contingency for the debt service payments and funding of E&E projects. The minimum balance is set to be equal to the debt service payment for the E&E debt for the next year or 10% of the average annual CIP projected for E&E projects for the next five years, whichever is greater. This is estimated to be approximately $4.0 million for FY 2023.

Budget Calendar

The FY 2023 budget preparation calendar is shown below:

December 13-17, 2021	Budget Training Sessions with departments
December 27, 2021	Distribute pertinent budget information to departments
January 5, 2022	FY23-24 Capital Budget Workshop
January 18, 2022	All FY 2023 personnel change requests due to the Budget & Procurement Supervisor
January 18, 2022	Commission Meeting
January 31, 2022	FY 2022 Revised and FY 2023 Requested operating budgets and Budget Document KPIs due to the Budget & Procurement Supervisor
February 1-4, 2022	CFO/Budget & Procurement Supervisor review
February 2, 2022	Committee Meetings
February 7-11, 2022	General Manager budget review
February 14, 2022	CIP Public Hearing – 5:30 pm (before Commission Meeting)
February 14, 2022	Commission Meeting
February 14-18, 2022	Review any GM adjusted budgets with departments
February 28, 2022	First run of Rate Model
March 2, 2022	Commission Retreat – 7:30 am – 4:30 pm
March 21, 2022	Commission Meeting – 5:30 pm
March 31, 2022	Committee Budget Workshops – 9:00 am (first review of preliminary rates, fees, and charges for FY 2023 and proposed policy adjustments)
April 13, 2022	Committee Budget Workshops – 9:00 am (second review of preliminary rates, fees, and charges for FY 2023 and proposed policy adjustments)
April 18, 2022	Commission Meeting – 5:30 pm. Authorization to advertise FY 2023 Public Hearing for proposed rates, fees and charges. Approval of Draft Budget to go to public.
May 4, 2022	Committee Meetings – 9:00 am (final FY 2023 Budget Review)
May 16, 2022	Commission Meeting – 5:30 pm
June 1, 2022	Committee Meeting – 9:00 am
June 9, 2022	Budget Public Hearing on proposed Operating and Capital Budgets and FY 2023 rates, fees, and charges – 5:30 pm
June 28, 2022	Annual Commission Meeting to adopt FY 2023 Budget and Rates – 5:30 pm

Section 4 Operating, Capital, and Fund Balance Summary

"Water does not resist. Water flows. When you plunge your hand into it, all you feel is caress. Water is not a solid wall, it will not stop you. But water always goes where it wants to go, and nothing in the end can stand against it."
-- Margaret Atwood

Overview

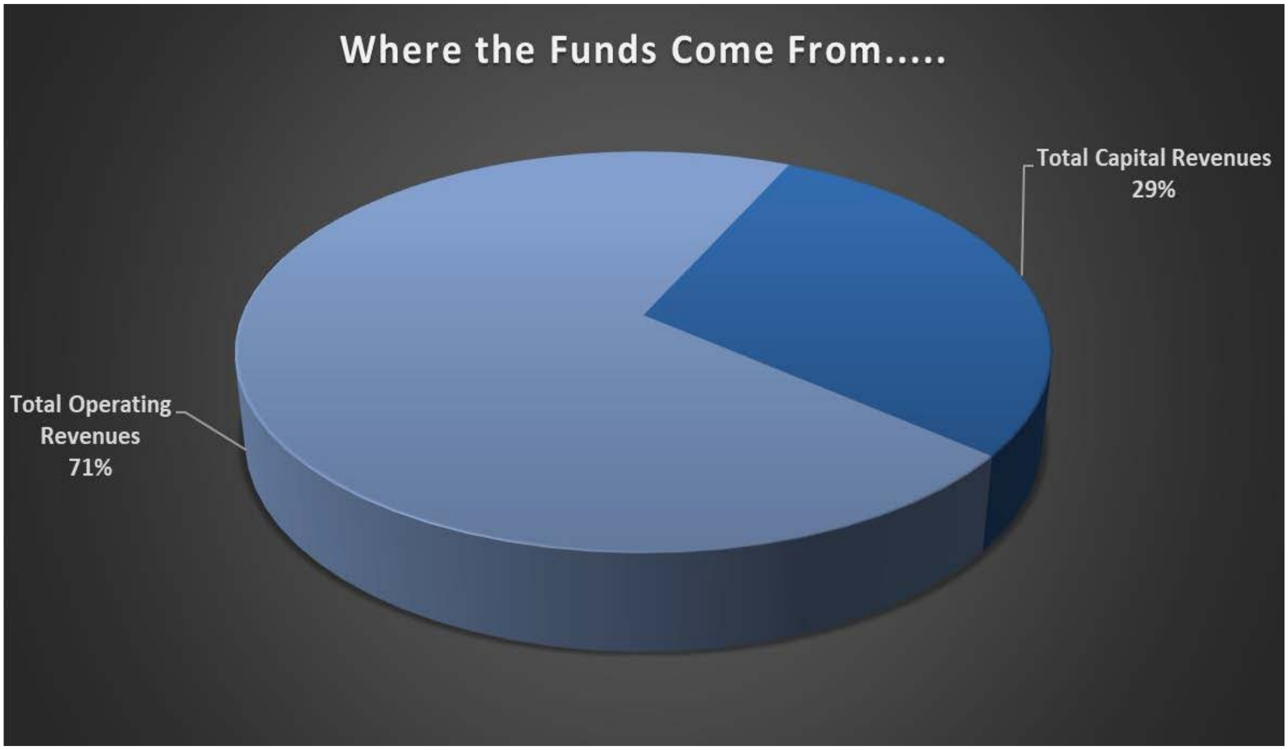
This section provides a look at the operating and capital revenue projections and expenditure budgets. The schedules contained in this section will provide information on FY 2021 Actual, FY 2022 Original, FY 2022 Estimate, FY 2023 Requested, and FY 2024 through FY 2026 Projected. The FY 2024 – FY 2026 numbers, where presented, are for projection purposes only and are not approved with the FY 2023 budget.

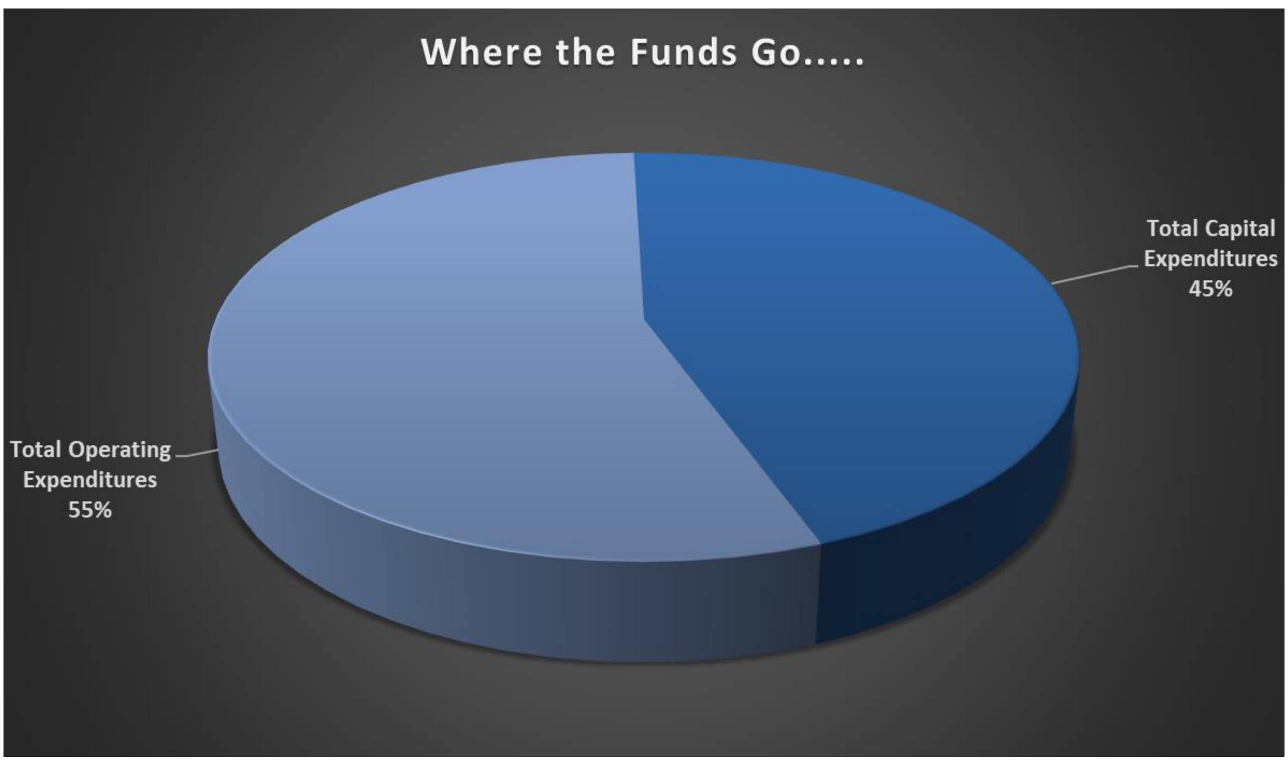
Operating and Capital Summary

OPERATING BUDGET	FY 2021	FY 2022		FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Original	Estimate	Requested	Projected	Projected	Projected
Total Operating Revenues	56,232,477	55,781,179	54,247,157	63,088,300	67,259,285	71,703,927	75,927,430
Total Operating Expenditures	43,197,280	47,303,680	44,521,049	49,256,552	51,096,389	52,683,719	54,338,822
Net Operating Earnings	13,035,197	8,477,499	9,726,108	13,831,748	16,162,896	19,020,208	21,588,608

CAPITAL BUDGET	FY 2021	FY 2022		FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Original	Estimate	Requested	Projected	Projected	Projected
Total Capital Revenues	17,021,618	6,461,855	6,241,968	25,952,365	17,828,497	14,588,039	15,354,163
Total Capital Expenditures	32,334,403	16,930,267	53,566,926	40,133,910	43,608,142	40,867,118	38,007,152
Revenues Over (Under) Expenditures	(15,312,785)	(10,468,412)	(47,324,958)	(14,181,545)	(25,779,645)	(26,279,079)	(22,652,989)

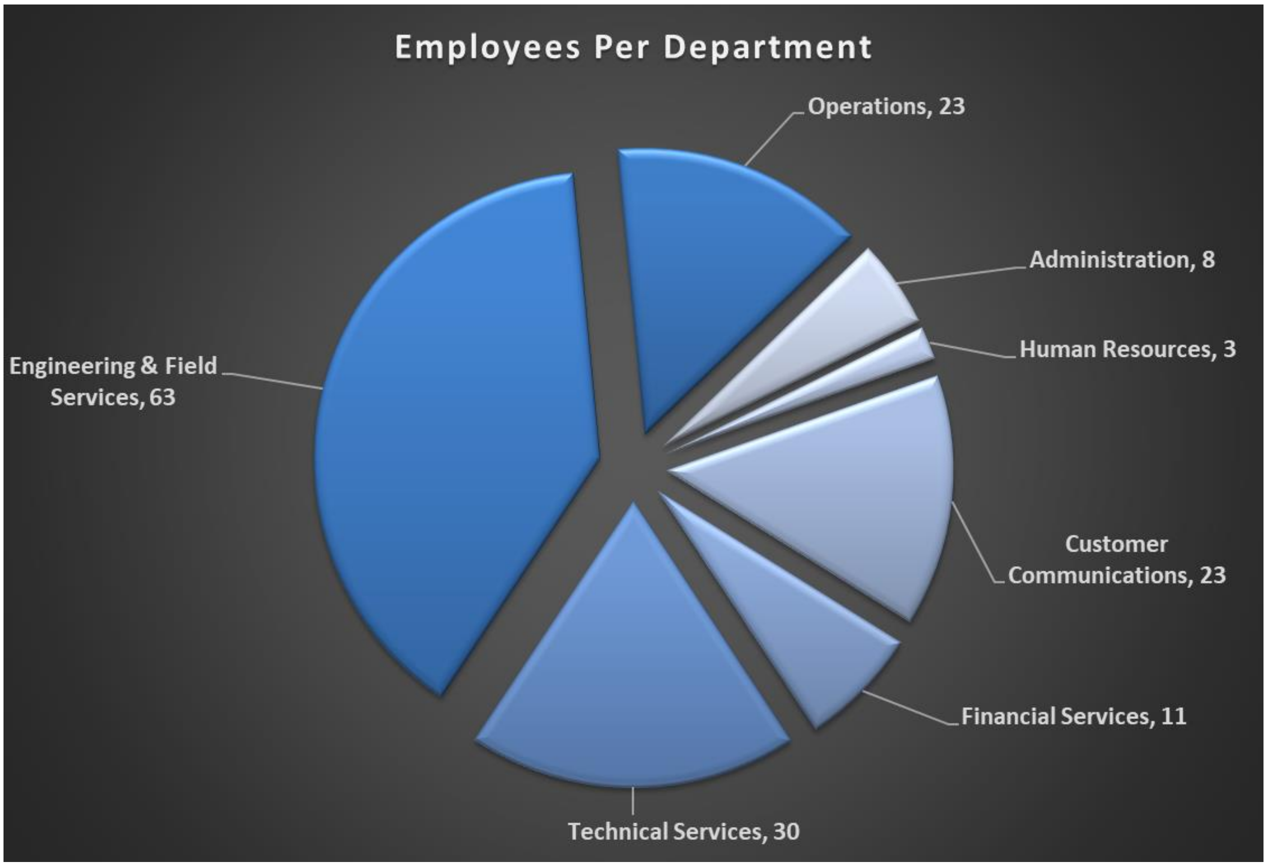
Total Revenue & Expenditure Charts





FY 2023 Personnel Count

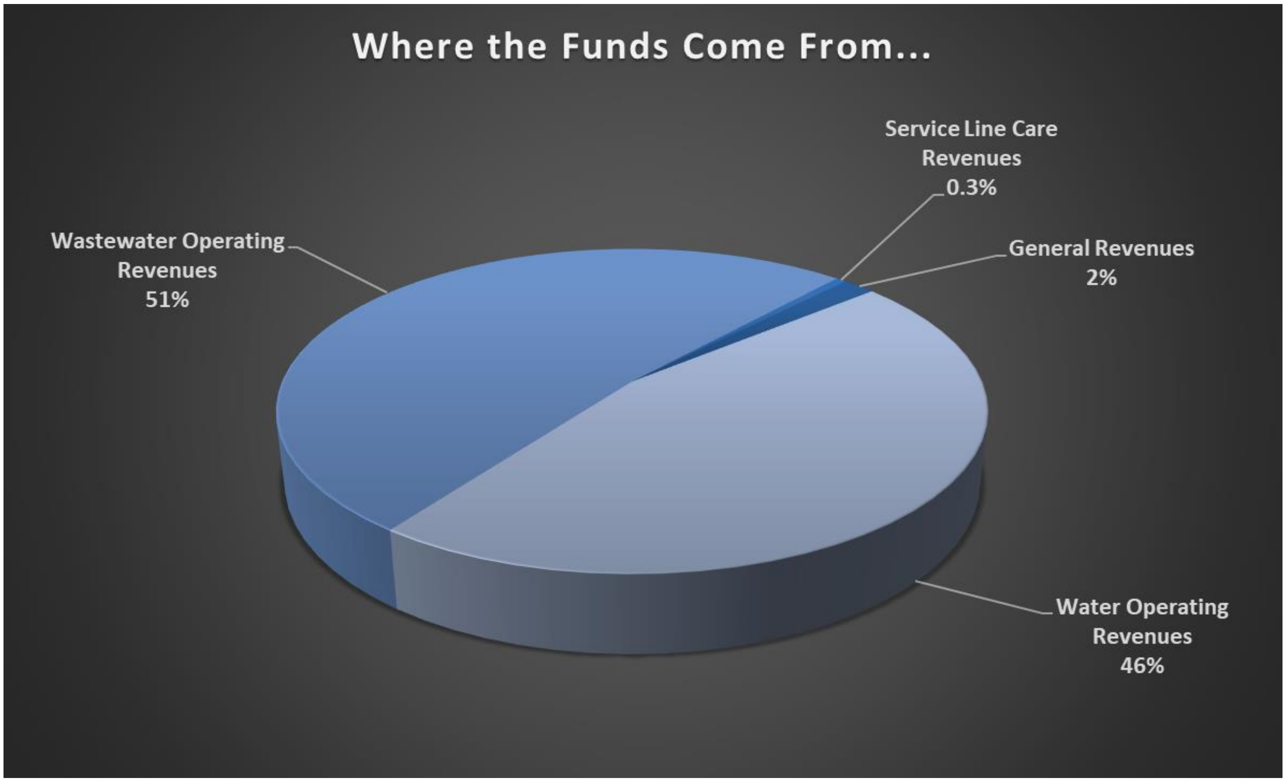
As can be seen in the chart below, our workforce is organized in seven departments. The total FTE count for FY 2023 is 161.

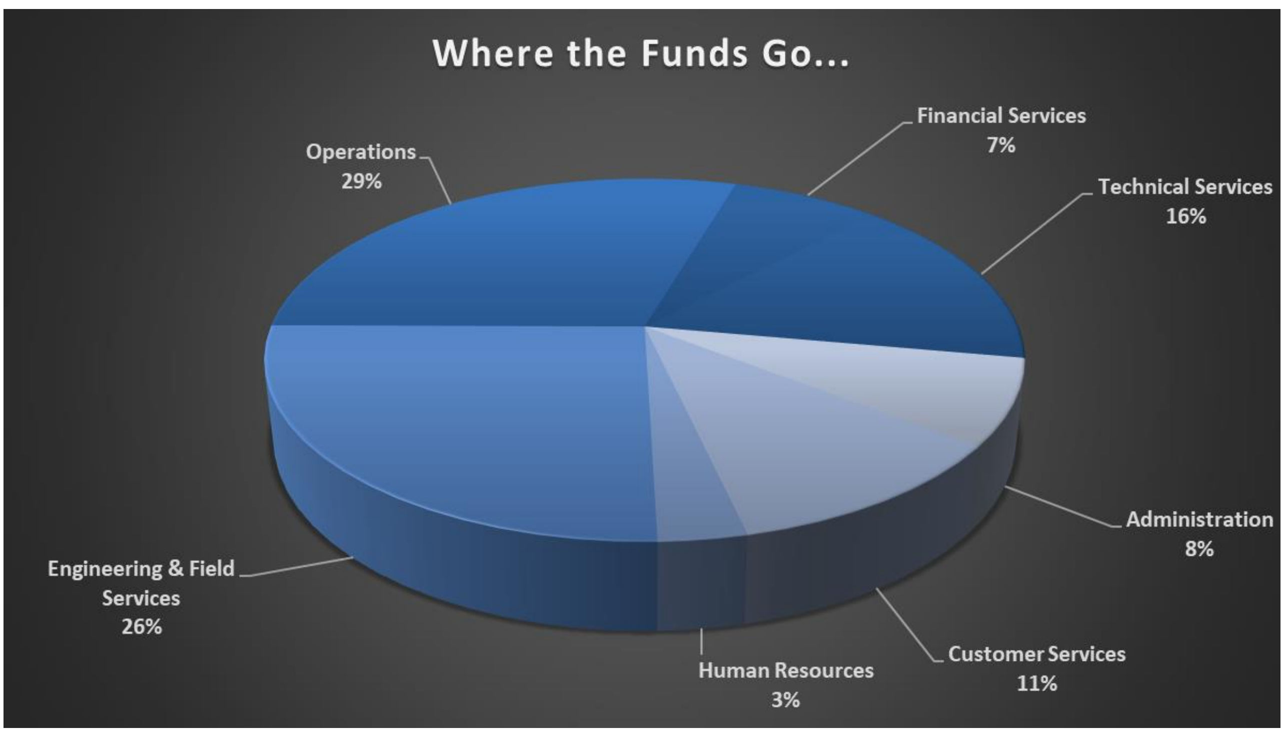


Operating Revenues & Expenditures

	FY 2021	FY 2022		FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Original	Estimate	Request	Projected	Projected	Projected
REVENUES							
Water Operating:							
Water Volume Charges	19,222,399	19,267,324	18,000,000	21,946,883	23,518,900	25,225,352	26,770,802
Basic Facility Charges	5,545,163	5,722,108	5,700,000	6,321,543	6,707,929	7,114,802	7,549,265
Fees - Water	1,142,449	850,000	1,074,000	850,000	850,000	850,000	850,000
Total Water Operating Revenues	25,910,011	25,839,432	24,774,000	29,118,426	31,076,829	33,190,154	35,170,067
Wastewater Operating:							
Wastewater Volume Charges	17,169,858	17,412,543	16,700,000	20,164,524	21,600,617	23,146,292	24,563,362
Basic Facility Charge	10,477,931	10,684,907	10,700,000	12,094,842	12,827,780	13,609,542	14,435,431
Fees - Wastewater	310,851	255,000	323,700	255,000	255,000	255,000	255,000
Total Wastewater Operating Revenues	27,958,640	28,352,450	27,723,700	32,514,366	34,683,397	37,010,834	39,253,793
Service Line Care Revenues:							
Service Line Care	281,223	300,000	300,000	350,000	400,000	400,000	400,000
Total Service Line Care Revenues	281,223	300,000	300,000	350,000	400,000	400,000	400,000
General Revenues:							
Account Management Fees	884,854	800,000	815,400	800,000	800,000	800,000	800,000
Interest Earned	93,641	124,297	100,000	30,508	24,059	27,939	28,570
Other Nonoperating Fees and Charges	1,104,108	365,000	534,057	275,000	275,000	275,000	275,000
Total General Revenues	2,082,603	1,289,297	1,449,457	1,105,508	1,099,059	1,102,939	1,103,570
Total Operating Revenues	**56,232,477**	**55,781,179**	**54,247,157**	**63,088,300**	**67,259,285**	**71,703,927**	**75,927,430**
EXPENDITURES							
Compensation and Benefits	17,219,659	18,825,735	17,117,536	20,332,700	21,349,335	22,416,802	23,537,642
Contractural Services:							
Purchased Water	2,169,399	2,199,100	2,475,304	2,625,302	2,756,567	2,839,264	2,924,442
Utilities, Telephone, Postage	1,964,104	2,499,692	2,154,549	2,266,697	2,380,032	2,451,433	2,524,976
General Insurance	616,953	765,105	740,750	789,839	829,331	854,211	879,837
Professional and Regulatory Fees	725,539	777,362	909,389	1,086,594	1,140,924	1,175,152	1,210,406
Services and Maintenance	3,963,720	4,538,412	4,535,896	4,978,579	5,227,508	5,384,333	5,545,863
Rents and Leases	39,112	73,443	43,533	47,370	49,739	51,231	52,768
Total Contractual Services	9,478,827	10,853,114	10,859,421	11,794,381	12,384,101	12,755,624	13,138,293
Supplies and Materials	2,011,519	2,223,581	2,257,759	2,586,430	2,715,752	2,797,225	2,881,141
Training and Education	138,789	372,412	376,394	570,317	598,833	616,798	635,302
Other	1,318,444	1,470,297	1,491,747	1,551,685	1,629,269	1,678,147	1,728,491
Total Expenditures Before Debt Service	30,167,238	33,745,139	32,102,857	36,835,513	38,677,290	40,264,595	41,920,869
Debt Service	13,030,042	13,558,541	12,418,191	12,421,039	12,419,100	12,419,124	12,417,953
Total Expenditures	**43,197,280**	**47,303,680**	**44,521,049**	**49,256,552**	**51,096,389**	**52,683,719**	**54,338,822**
Net Operating Earnings	**13,035,197**	**8,477,499**	**9,726,108**	**13,831,748**	**16,162,896**	**19,020,208**	**21,588,608**

Operating Revenue & Expenditure Charts

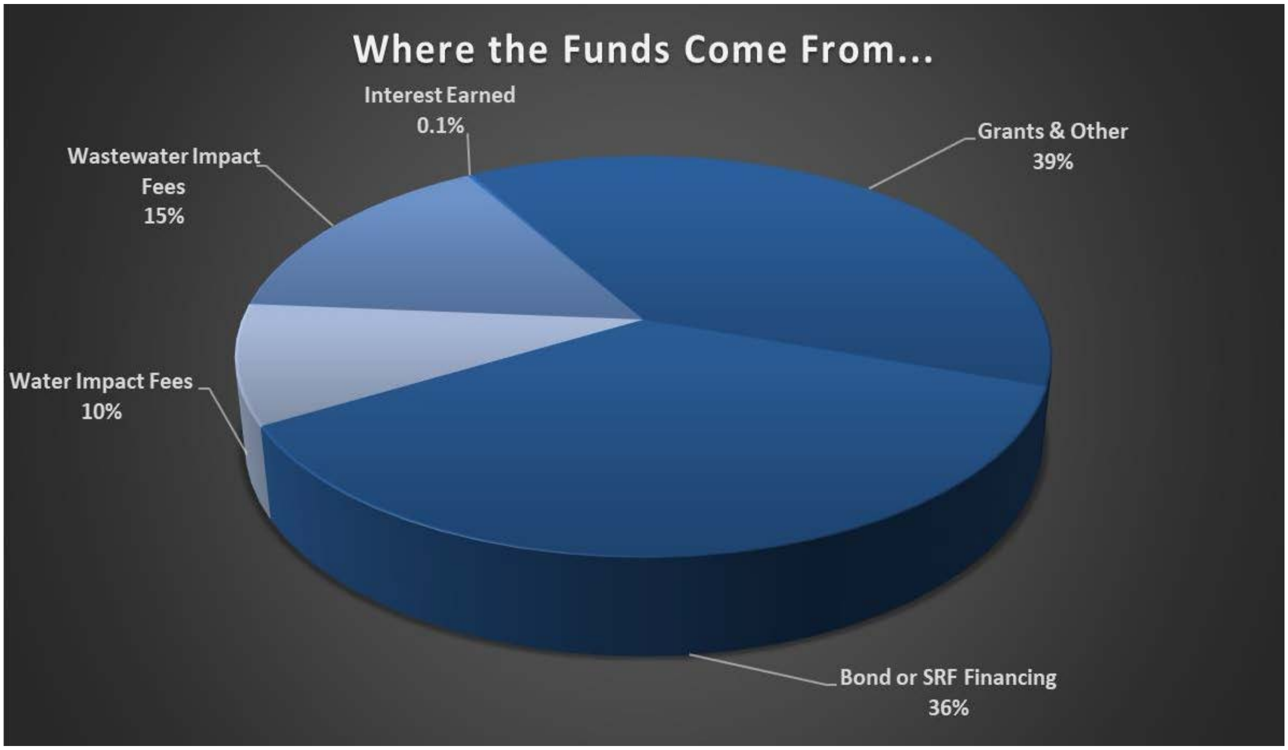


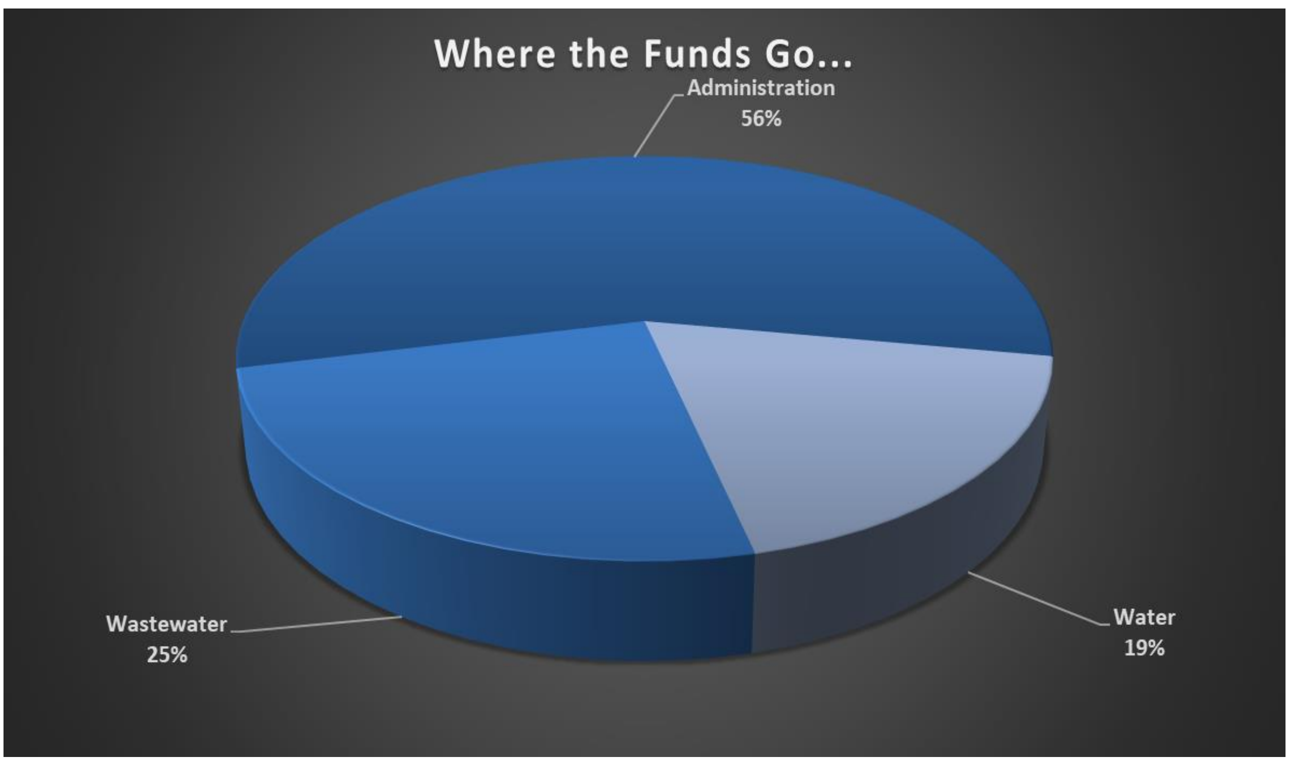


Capital Revenues & Expenditures

	FY 2021	FY 2022		FY 2023	FY 2024	FY 2025	FY 2026
	Actual	Original	Estimate	Requested	Projected	Projected	Projected
REVENUES							
Water:							
Water Impact Fees	2,423,274	2,424,816	2,280,960	2,500,762	1,827,422	1,995,384	2,114,200
Wastewater:							
Wastewater Impact Fees	4,443,734	3,841,992	3,598,000	3,946,903	2,883,737	3,059,400	3,245,419
Other Revenues:							
Interest Earned	101,213	195,047	138,598	58,534	53,658	40,730	27,393
Grants & Other Capital Revenues	102,524	---	2,877	10,000,000	---	---	---
Bond or SRF Financing	9,950,873	---	221,533	9,446,166	13,063,680	9,492,525	9,967,151
Total Revenues	**17,021,618**	**6,461,855**	**6,241,968**	**25,952,365**	**17,828,497**	**14,588,039**	**15,354,163**
EXPENDITURES							
Water:							
Distribution System	376,760	75,000	3,275,466	1,584,166	6,489,558	6,035,567	1,292,746
Meters	65,273	---	---	---	---	---	---
Potable Water Reuse	---	---	---	1,080,000	1,166,400	1,157,625	2,431,013
Storage/Supply	4,171,307	1,775,000	12,272,472	3,511,437	5,715,360	3,762,281	4,436,598
Study	30,307	---	---	---	---	---	---
Water Treatment	727,526	5,434,817	6,316,201	1,284,768	2,741,040	3,183,469	6,928,386
Total Water	5,371,173	7,284,817	21,864,139	7,460,371	16,112,358	14,138,942	15,088,743
Wastewater:							
Collection System	4,046,585	2,048,007	4,474,239	3,456,000	4,250,362	4,354,199	4,257,917
Force Mains	3,366,029	2,450,000	9,567,968	3,315,875	6,998,660	6,600,689	4,811,642
Pump Stations	2,531,420	2,127,500	2,445,583	2,740,986	3,583,636	3,465,514	3,340,883
Study	173,847	250,000	---	---	---	---	---
Treatment/Disposal	12,658,798	1,246,500	7,116,889	496,260	5,832,000	5,880,735	---
Total Wastewater	22,776,679	8,122,007	23,604,679	10,009,121	20,664,658	20,301,137	12,410,442
Administration:							
ARPA Projects	---	---	---	15,000,000	---	---	---
Building/Building Systems	433,473	---	428,198	1,268,563	2,375,187	405,169	243,101
Construction Contingency	---	---	2,199	---	---	---	---
Equipment	166,851	---	209,364	950,400	148,949	382,461	557,407
Expense	23,200	---	12,428	---	---	---	---
Generators	151	---	---	43,200	---	---	---
IT/Hardware/Software/Systems	474,905	773,443	1,954,860	2,241,216	1,023,574	973,157	907,193
Relocation	2,483,582	500,000	3,735,415	2,160,000	2,332,800	2,315,250	7,293,038
Study	267,560	250,000	261,000	---	419,904	505,169	---
Vehicles	336,829	---	1,494,644	1,001,039	530,712	1,845,833	1,507,228
Total Administration	4,186,551	1,523,443	8,098,108	22,664,418	6,831,126	6,427,039	10,507,967
Total Capital Projects Expenditures	**32,334,403**	**16,930,267**	**53,566,926**	**40,133,910**	**43,608,142**	**40,867,118**	**38,007,152**
Revenues Over(Under) Expenditures	**($15,312,785)**	**($10,468,412)**	**($47,324,958)**	**($14,181,545)**	**($25,779,645)**	**($26,279,079)**	**($22,652,989)**

Capital Revenue & Expenditure Charts





Revenue Development

Annual revenue estimates are developed using a number of factors – 5 year average demand, growth assumptions (residential and commercial customers), seasonal or climatic considerations, potential changes in comprehensive plans of regional governmental entities (density and/or land use changes), availability of grants, potential borrowings (which are controlled by the Cost Recovery policies), contractual relationships, anticipated earning capabilities, and projected changes in consumer consumption patterns. For FY 2023, it is projected that water and wastewater demand will increase 2% over the FY 2022 forecast. Revenues are reviewed monthly during the budget development process until the budget is adopted by the governing body.

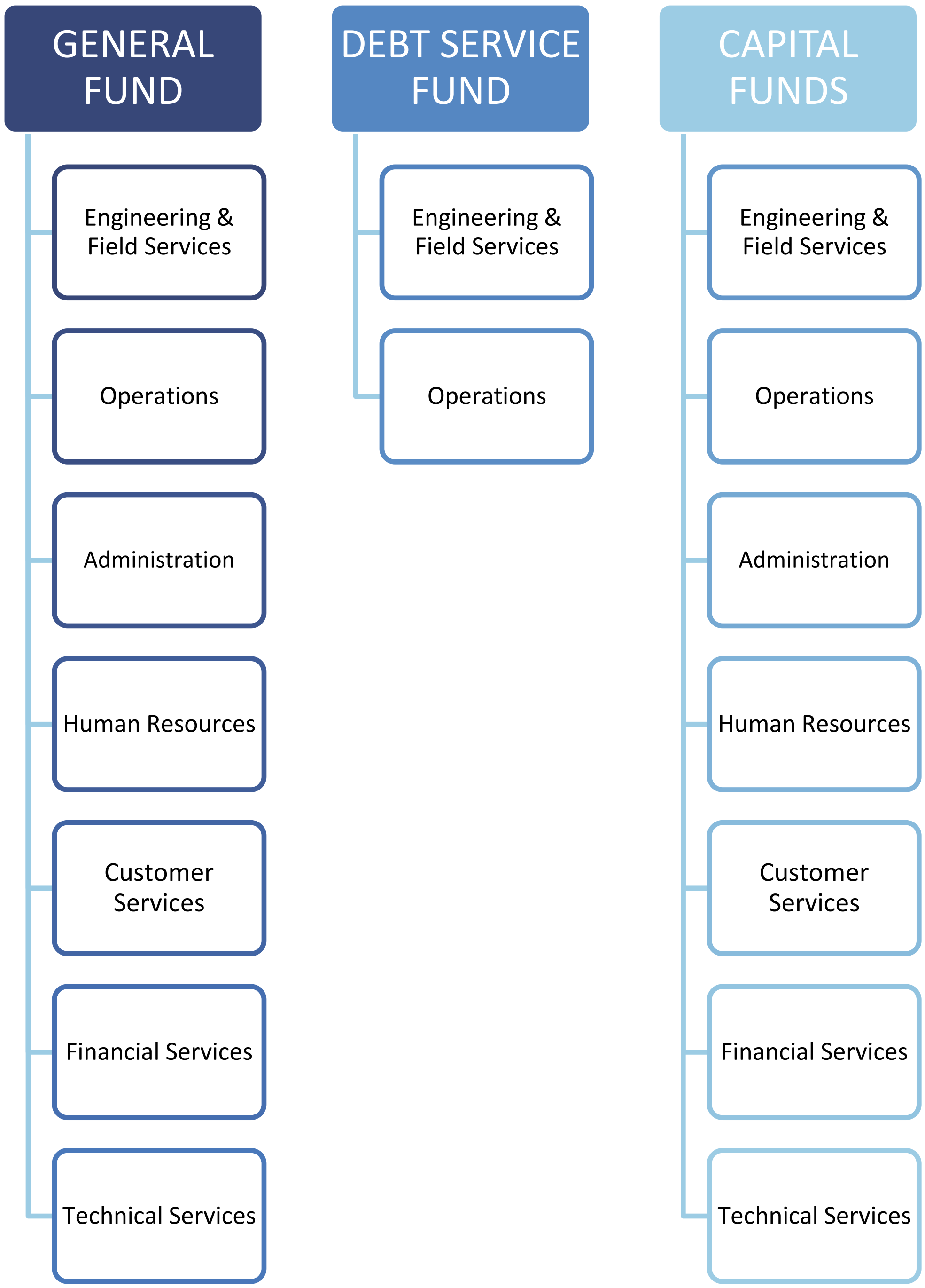
Expenditure budgets are produced with similar methods by utilizing historical information for the development of department requests and new program initiatives. Department Managers assess their individual needs for the upcoming budget year, and compile requests to be submitted. These department submissions are reviewed by the Financial Services staff to make a final determination and recommendation to the General Manager and Commissioners.

Description of Revenues:

Operating Revenues	General Revenues	Impact Fees	Other Capital Revenues
Revenues generated from sales, basic facility charges, connection charges, maintenance fees, and other miscellaneous revenues associated with water and wastewater services.	Revenues generated from transfer fees, delinquent fees, late payment fees, interest earned, and other miscellaneous revenues not specifically tied to water or wastewater services.	Revenues associated with the expansion of the water and wastewater operating system. Fees are charged to new customers entering the MPW system.	Revenues associated with grants, debt financing, special assessments, and other miscellaneous capital revenue sources.

Organization/Fund Budget Matrix

As an enterprise fund, MPW accounts for operations that are financed in a manner similar to private business enterprises, where the intent is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise funds/department relationships are as follows:



Fund Balances

Fund balance is an amount or resources set aside within a fund for the purpose of providing adequate cash flow and reserves.

	Actual FY2021	Projected FY2022	Projected FY2023
Beginning Fund Balances			
General Revenue Fund	$ 32,476,543	$ 38,039,215	$ 22,976,022
State Revolving Fund (SRF) Proceeds	-	-	-
Bond Proceeds - Renewal and Replacement Projects (R&R)	37,861,337	18,991,001	15,000,000
Total General Revenue Funds	**70,337,880**	**57,030,216**	**37,976,022**
Capital Revenues - Expansion and Extension Projects (E&E)	28,384,931	31,076,169	23,300,057
Capital Reserve Fund	15,625,819	15,657,413	15,813,987
Other Restricted Fund	5,945,343	4,859,942	4,859,942
Debt Service Fund	3,304,699	2,327,226	2,327,226
Total Fund Balances	**$ 123,598,672**	**$ 110,950,966**	**$ 84,277,234**
Ending Fund Balance			
General Revenue Fund	$ 38,039,215	$ 22,976,022	$ 25,142,724
State Revolving Fund (SRF) Proceeds	-	-	-
Bond Proceeds - Renewal and Replacement Projects (R&R)	18,991,001	15,000,000	-
Total General Revenue Funds	**57,030,216**	**37,976,022**	**25,142,724**
Capital Revenues - Expansion and Extension Projects (E&E)	31,076,169	23,300,057	21,196,988
Capital Reserve Fund	15,657,413	15,813,987	15,972,127
Other Restricted Fund	4,859,942	4,859,942	4,859,942
Debt Service Fund	2,327,226	2,327,226	2,327,226
Total Ending Fund Balances	**$ 110,950,966**	**$ 84,277,234**	**$ 69,499,007**
Net Changes in Fund Balances			
General Revenue Fund	$ 5,562,672	$ (15,063,193)	$ 2,166,702
State Revolving Fund (SRF) Proceeds	-	-	-
Bond Proceeds - Renewal and Replacement Projects (R&R)	(18,870,336)	(3,991,001)	(15,000,000)
Total General Revenue Funds	**(13,307,664)**	**(19,054,194)**	**(12,833,298)**
Capital Revenues - Expansion and Extension Projects (E&E)	2,691,238	(7,776,112)	(2,103,069)
Capital Reserve Fund	31,594	156,574	158,140
Other Restricted Fund	(1,085,401)	-	-
Debt Service Fund	(977,473)	-	-
Total Changes in Fund Balances	**$ (12,647,706)**	**$ (26,673,732)**	**$ (14,778,227)**

FUND BALANCE CHANGE

2021 to 2022		2022 to 2023	
$ (26,673,732)	**-24.04%**	**$ (14,778,227)**	**-17.54%**

Changes in fund balances are due to the funding of various E&E projects using Water and Wastewater impact fees and the use of General Revenues for R&R projects. The primary change in the fund balances during FY 2021 and FY 2022 is attributable to cash funding R&R and E&E projects and drawing down from the 2017A Revenue bond proceeds.

The Commission maintains proper fund balance and debt coverage ratio compliance with this change from FY 2022 to FY 2023 as outlined in the bond ordinance and Cost Recovery Policy. There are no associated consequences with this change of fund balances.

Section 5 Funding Plan

"Water is the most versatile of all elements. It isn't afraid to burn in fire or fade into the sky, it doesn't hesitate to shatter against sharp rocks in rainfall or down into the dark shroud of the earth." -- Emmi Itaranta

Funding Sources

Funding sources available to meet anticipated operating and capital expenses are:

- **Rates and Charges** – comprised of monthly charges for residential and commercial water and wastewater services based on usage, basic facility charges, connection and maintenance fees, miscellaneous charges for ancillary services, and penalty charges related to non-payment and service interruption.
- **Impact Fees** – charges assessed against new development to recover major capital costs associated with expanding water and wastewater service facilities.
- **Development Impact Fees** – charges established, usually by acre or residential equivalent unit (REU), to recoup the cost of installing or extending water or wastewater lines to service a certain defined group of properties, some of which may not currently be developed.
- **Debt** – monies borrowed through the issuance of revenue bonds, loans through the State Revolving Fund program or from a direct bank placement.
- **Grants** – monies provided primarily by public agencies, usually at low or no cost, for capital projects that meet certain prescribed requirements.
- **Reserves** – comprised of monies held to meet unanticipated operating or capital needs and to ensure that sufficient funds are available to repair, renew or replace infrastructure without increasing rates unnecessarily.

Funding Goals

As part of the rates, charges and impact fee analysis, the Commission's revenue requirements, or funding goals, are established by the Commissioners. These goals for Fiscal Year 2023 are as follows:

- Provide sufficient revenue to fund the operating budget and the programs provided by the Commission
- Provide sufficient revenue to fund the recurring capital needs and/or assets with useful lives of less than 10 years

- Provide sufficient revenue to meet the debt service coverage requirements
- Provide sufficient revenue to fund the reserve funds as established by the Cost Recovery Policy

In addition, the use of debt to fund the necessary capital improvements for expansion of the system and for the renewal and replacement of long-lived assets is part of the funding plan.

Rates and Charges

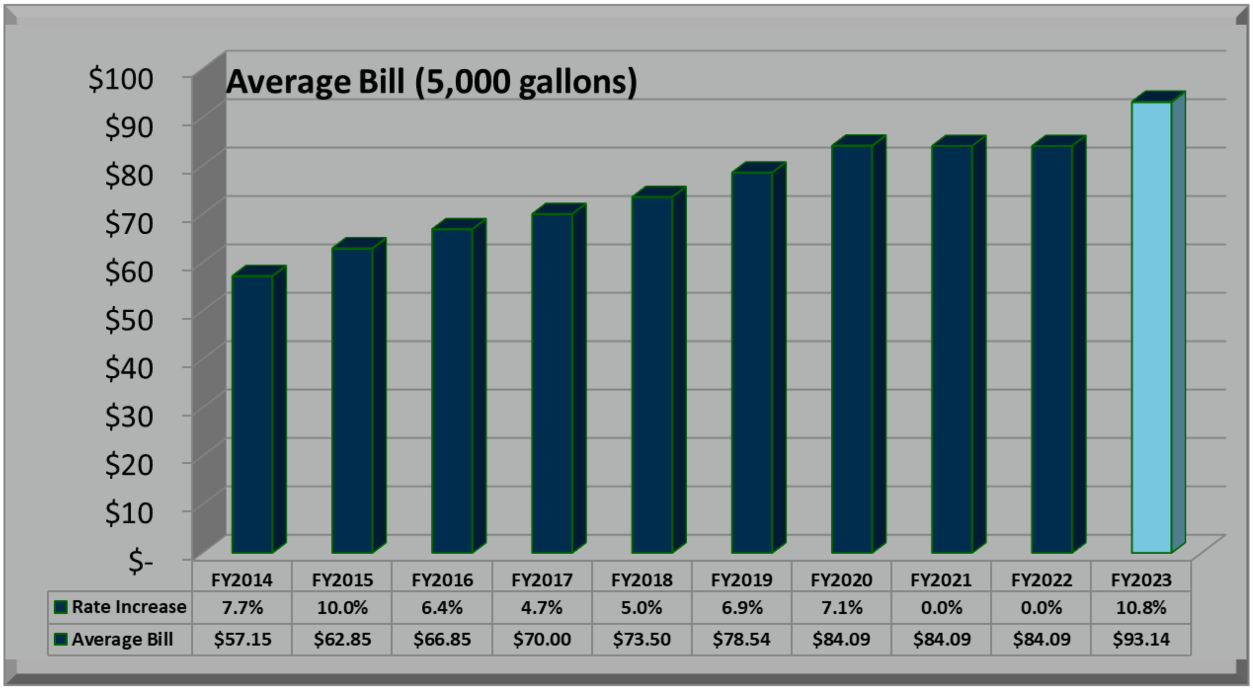
Each year rates are established based on ensuring that sufficient revenues are received to fully recover all costs of operating, maintaining, and expanding the water and wastewater systems, which is the goal of the Cost Recovery Policy. These costs include daily system operating expenses; planned repair, renewal and/or replacement of aging capital assets; and payment of principal and interest on existing and projected debt. In addition, the budget and any rate adjustments must ensure that the legal obligations contained in the bond ordinance are also met. The table below reflects the impact of rate changes made over the past ten fiscal years on a typical residential customer's monthly and annual bills. As shown in the chart, the impact of the rate changes and their effective dates has averaged a 5.8% increase in the typical bill since FY 2014. Over the past five fiscal years, the typical bill has increased an average of approximately 4.9%.

										Proposed
Rate Increase	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Water	7.7%	0.0%	0.0%	7.0%	5.0%	5.0%	5.6%	0.0%	0.0%	8.9%
Wastewater	7.7%	0.0%	0.0%	7.0%	5.0%	6.7%	5.6%	0.0%	0.0%	12.1%
BFC Water	7.8%	80.2%	33.3%	0.0%	5.0%	0.0%	5.6%	0.0%	0.0%	9.0%
BFC Wastewater	7.6%	33.8%	16.7%	0.0%	5.0%	13.6%	12.0%	0.0%	0.0%	12.0%

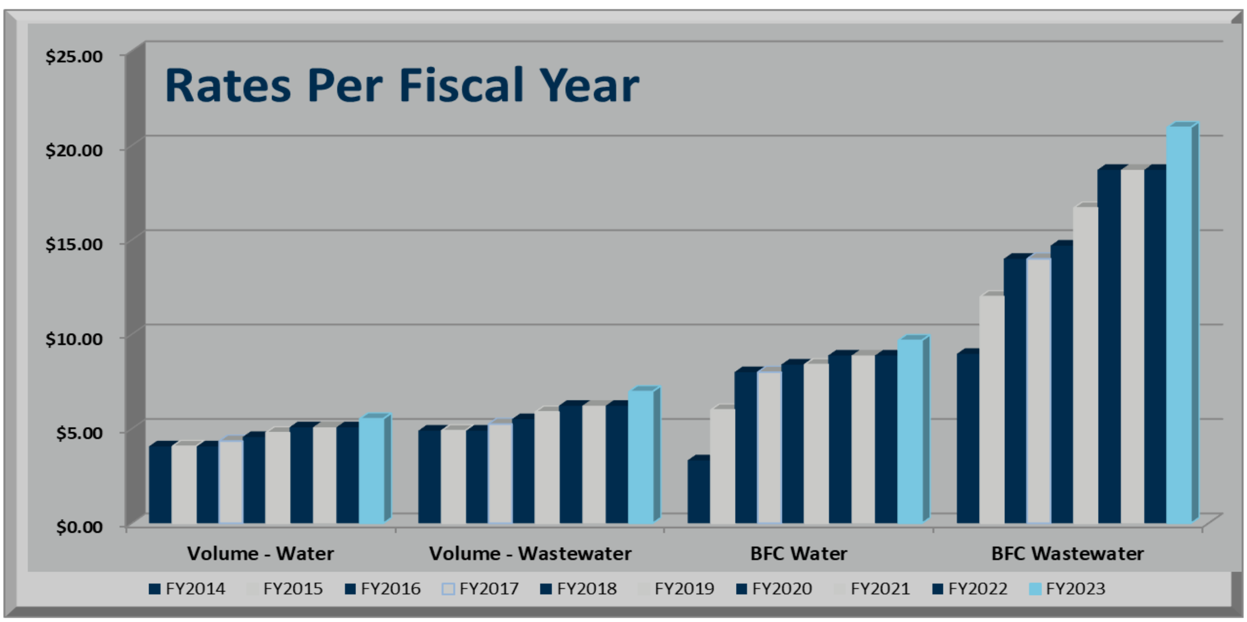
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Volume - Water	$4.07	$4.07	$4.07	$4.35	$4.57	$4.80	$5.08	$5.08	$5.08	$5.53
Volume - Wastewater	$4.90	$4.90	$4.90	$5.25	$5.51	$5.89	$6.22	$6.22	$6.22	$6.97
BFC Water	$3.33	$6.00	$8.00	$8.00	$8.40	$8.40	$8.88	$8.88	$8.88	$9.68
BFC Wastewater	$8.97	$12.00	$14.00	$14.00	$14.70	$16.70	$18.71	$18.71	$18.71	$20.96

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Average Bill	$57.15	$62.85	$66.85	$70.00	$73.50	$78.54	$84.09	$84.09	$84.09	$93.14
Rate Increase	7.7%	10.0%	6.4%	4.7%	5.0%	6.9%	7.1%	0.0%	0.0%	10.8%
		5-Year Average								**4.9%**
		10-Year Average								**5.8%**

Furthermore, the graph below shows a progression of the annual increases in average bill as they relate to rate increases.



A display of rates per fiscal year for water and wastewater volume and BFC rates for the last ten years can be seen below.



Impact Fees

Impact fees are used to pay for major capital costs associated with expanding water and wastewater service facilities (referred to as extension and expansion projects or E&E projects). These E&E projects include, but are not limited to, water treatment plants, storage facilities, pumps and distribution mains, wastewater collection, transmission, storage and treatment facilities, as well as other capital equipment. Impact fees cannot be used to fund operating expenses or repair, renewal or replacement capital projects.

Impact fees are charged per Residential Equivalent Unit (REU) at the FY 2023 approved rate of $3,110 per water REU and $5,550 per wastewater REU. The Cost Recovery Policy was amended during FY 2015 to provide for the indexing of impact fees. The language, as it reads in the Cost Recovery Policy, is below:

Policy 8.1 Impact Fees

Impact fees will be indexed annually for changes in the ENR (Engineering News-Record Construction Cost Index (CCI) and other construction cost records deemed appropriate for the Commission's service area plus the cost of money based on the current SRF interest rates. The Index will be established for a three-year rolling period.

Debt Funding

Debt funding capital projects adheres to Policy 9.2, “Project Funding” of the Cost Recovery Policy which states MPW will fund renewal and replacement capital projects and assets with estimated useful lives of over 10 years using debt or cash financing, depending on prevailing economic conditions.

The Commission’s funding options are revenue bonds, direct bank loans and the State Revolving Funds (SRF) Clean Water Loan Program or Drinking Water Loan Program. SRF loans currently provide interest rates of 1.80% and terms from 20-30 years. Revenue bonds are estimated with interest rates at market rates with terms of 20-30 years.

SRF loans are reimbursable loans where the Commission funds project expenditures and submits draws to the state agency. Debt service payments begin after the completion of the project or 30 months after the loan close, whichever is sooner.

During the capital project budgeting process, which includes monthly cash flow projections, projects are reviewed to determine eligibility in accordance with the Commission’s Cost Recovery Policy for debt funding. In addition, projects are reviewed for eligibility for SRF funding through either the Clean Water Loan Program or Drinking Water Loan Program. If SRF funds are not available, the Commission will seek funding through revenue bonds or direct bank loans.

The Commission will continue to monitor financial markets and its current debt issues for potential refinance opportunities to lower overall interest expense. At this point time, the Commission does not have plans to issue debt within the next five years.

The Commission may seek funding to include SRF, revenue bonds or direct bank loans during FY 2023 through FY 2024. To fund various capital projects, the Commission will seek approximately $37 to $50 million in funding.

OUTSTANDING LONG-TERM DEBT – Fiscal Years 2021 through 2027:

The following table shows the amount of outstanding principal as of the end of each fiscal year through FY 2027, and the amount of debt per service address and per capita by year.

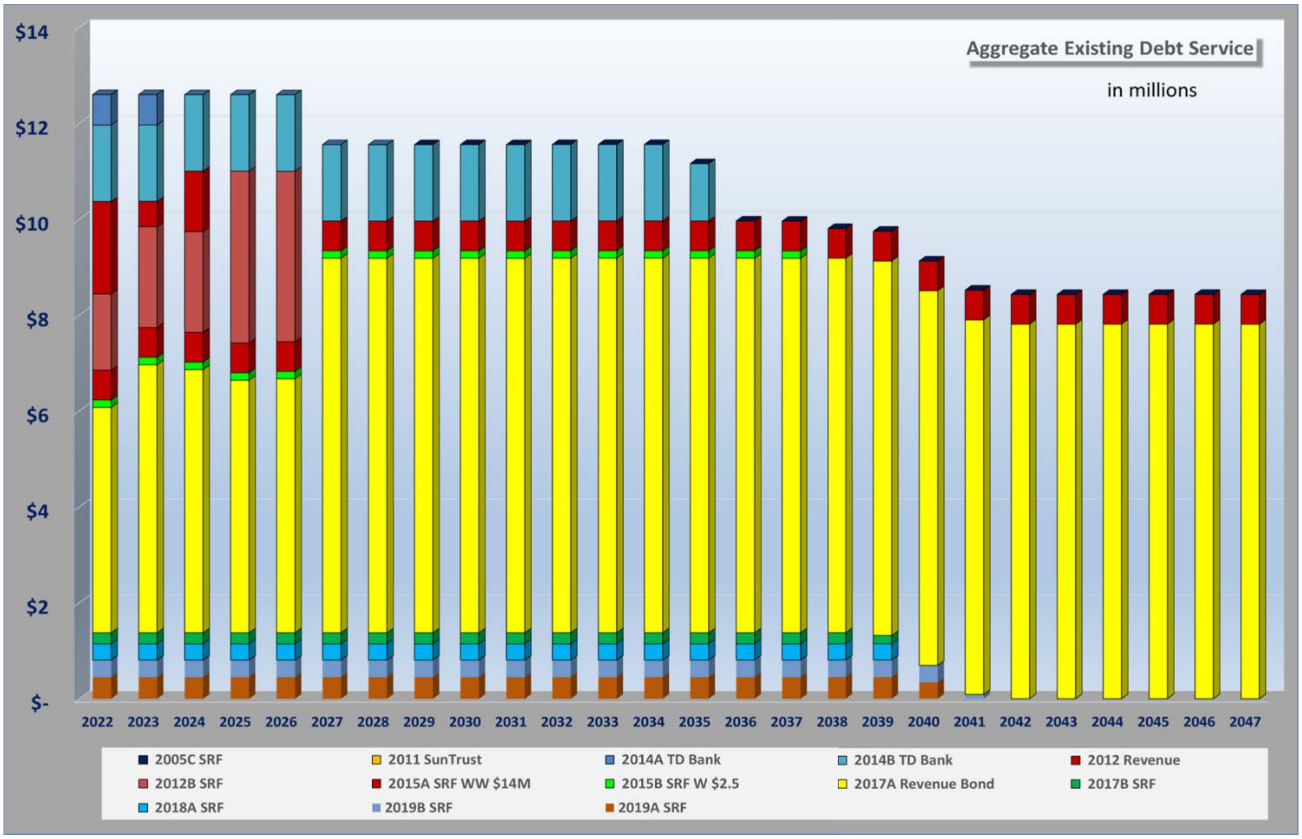
Loan Description	FY2021 Balance	FY2022 Balance	FY2023 Balance	FY2024 Balance	FY2025 Balance	FY2026 Balance	FY2027 Balance
Series 2012 Water & Wastewater Revenue Bonds, $16,000,000 original issue, 3% to 5.25% interest, 10 year term	$ 1,220,000	$ 620,000	$ -	$ -	$ -	$ -	$ -
Series 2012 State Revolving Fund Loan, $27,483,000 loan, 1.65% interest, 20 year term	$ 19,585,761	$ 18,305,247	$ 17,003,677	$ 15,680,680	$ 14,335,883	$ 12,968,902	$ 11,579,350
Series 2014-A Direct Bank Loan, $7,000,000 loan, 2.09% interest, 10 year term	$ 3,620,000	$ 1,750,000	$ 1,250,000	$ -	$ -	$ -	$ -
Series 2014-B Direct Bank Loan, $20,000,000 loan, 2.29% interest, 11 year term - Refinanced the Series 2005B variable interest rate bond	$ 12,105,000	$ 10,775,000	$ 8,900,000	$ 6,980,000	$ 3,515,000	$ -	$ -
Series 2015-A State Revolving Fund Loan, $13,906,064 , 2.00% interest, 30 year term with draws beginning in FY2018.	$ 12,496,255	$ 12,125,871	$ 11,748,023	$ 11,362,561	$ 10,969,332	$ 10,568,179	$ 10,158,943
Series 2015-B State Revolving Fund Loan, $2,425,590, 2.20% interest, 20 year term with draws beginning in FY2018.	$ 2,021,683	$ 1,915,045	$ 1,806,041	$ 1,694,620	$ 1,580,727	$ 1,464,308	$ 1,345,306
Series 2017A Water & Wastewater Revenue Bonds, $111,000,000 original issue, 3% to 5% average interest rate, 30 year term, interest only until 2023 with interest capitalized for three years (2018-2021) at 70%. Issue date May 2017	$ 111,000,000	$ 111,000,000	$ 110,110,000	$ 109,305,000	$ 108,680,000	$ 107,995,000	$ 104,760,000
Series 2017-B SRF $3.9 million at 2% for 20 Years with terms beginning 2019	$ 3,274,840	$ 3,118,161	$ 2,958,485	$ 2,795,754	$ 2,629,908	$ 2,460,888	$ 2,288,635
Series 2018A SRF $3.4 million at 2.1% for 20 Years with terms beginning April 2019 (FY19)	$ 2,891,146	$ 2,757,512	$ 2,621,049	$ 2,481,698	$ 2,339,397	$ 2,194,085	$ 2,045,697
Series 2019A SRF $7.0 million at 2.6% for 20 Years with terms beginning June 2020 (FY20) - In draw stage	$ 6,403,378	$ 6,329,265	$ 6,039,615	$ 5,742,950	$ 5,439,102	$ 5,127,895	$ 4,809,152
Series 2019B SRF $5.6 million at 2.60% for 20 Years with terms beginning Nov 2020 (FY21) - In draw stage	$ 4,781,842	$ 4,614,703	$ 4,410,616	$ 4,201,587	$ 3,987,495	$ 3,768,219	$ 3,543,633
Proposed Series 2023-2024 Loan (SRF,Revenue or Diret Bank Loan), estimated term for 20 years at 3% interest (Draw)			$ 37,000,000	$ 35,872,000	$ 33,936,198	$ 31,999,872	$ 30,063,006
Total Debt (June 30)	**$ 179,399,904**	**$ 173,310,804**	**$ 203,847,506**	**$ 196,116,849**	**$ 187,413,041**	**$ 178,547,348**	**$ 170,593,721**
Service Addresses (2% Annual Increase)	41,667	42,500	43,350	44,217	45,102	46,004	46,924
Debt Per Service Address	**$ 4,306**	**$ 4,078**	**$ 4,702**	**$ 4,435**	**$ 4,155**	**$ 3,881**	**$ 3,636**
Popluation (2% Annual Increase)	90,801	92,617	94,469	96,359	98,286	100,252	102,257
Debt Per Capita	**$ 1,976**	**$ 1,871**	**$ 2,158**	**$ 2,035**	**$ 1,907**	**$ 1,781**	**$ 1,668**
Assets (5% Annual Increase)	$ 580,642,480	$ 609,675,000	$ 640,159,000	$ 672,167,000	$ 705,775,000	$ 741,064,000	$ 778,117,000
Debt to Assets	**31%**	**28%**	**32%**	**29%**	**27%**	**24%**	**22%**

Debt balance exclude premiums

The Commission does not have a legal debt limit requirement like a municipality. The principal index that is used is the Debt-to-Asset Ratio, which is what the national credit rating agencies use in their criteria for establishing the credit worthiness of a revenue bond issuing entity. The Debt-to-Asset Ratio is anticipated to be approximately 28% and 32% as of the end of FY 2022 and FY 2023 respectively.

DEBT SERVICE MATURITY FOR ISSUED AND PROPOSED DEBT:

The following chart shows the Commission's future debt service for all currently issued and proposed debt.



The debt coverage ratios, as required by the bond covenants, are projected to be 1.83 and 2.10 FY 2022 and 2023, respectively.

DEBT SERVICE PRINCIPAL AND INTEREST PAYMENTS:

The following table shows the Commission's principal and interest payments for existing debt, through maturity.

Fiscal Year (s)	Revenue Bonds		State Revolving Loans (*)		Direct Bank Loans		Total		Total Principal &
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Interest
2023	$ 1,510,000	$ 4,714,925	$ 2,578,298	$ 947,376	$ 2,375,043	$256,629	$ 6,463,341	$ 5,918,930	$ 12,382,271
2024	$ 805,000	$ 4,684,725	$ 2,627,656	$ 898,018	$ 3,170,047	$194,889	6,602,703	5,777,632	12,380,335
2025	$ 625,000	$ 4,644,475	$ 2,678,006	$ 847,669	$ 3,465,051	$120,168	6,768,057	5,612,312	12,380,369
2026	$ 685,000	$ 4,613,225	$ 2,729,367	$ 796,307	$ 3,515,055	$ 40,247	6,929,422	5,449,779	12,379,201
2027	$ 3,235,000	$ 4,578,975	$ 2,781,762	$ 743,913	$ 29	$ -	6,016,791	5,322,888	11,339,679
2028-2032	$ 18,765,000	$20,301,375	$14,732,392	$2,895,980	$ -	$ -	33,497,392	23,197,355	56,694,747
2033-2037	$ 23,015,000	$16,059,575	$12,561,627	$1,478,374	$ -	$ -	35,576,627	17,537,949	53,114,576
2038-2042	$ 28,360,000	$10,710,825	$ 5,545,307	$ 534,566	$ -	$ -	33,905,307	11,245,391	45,150,698
2043-2047	$ 34,620,000	$ 4,449,325	$ 2,931,388	$ 156,328	$ -	$ -	37,551,388	4,605,653	42,157,041
Total	**$111,620,000**	**$74,757,425**	**$49,165,803**	**$9,298,531**	**$12,525,225**	**$611,933**	**$173,311,028**	**$ 173,311,028**	**$ 257,978,917**

Grants

The Commission will be seeking funding through the American Rescue Plan Act (ARPA) infrastructure grant. The funds, if received, will be used for specific capital projects.

Reserves

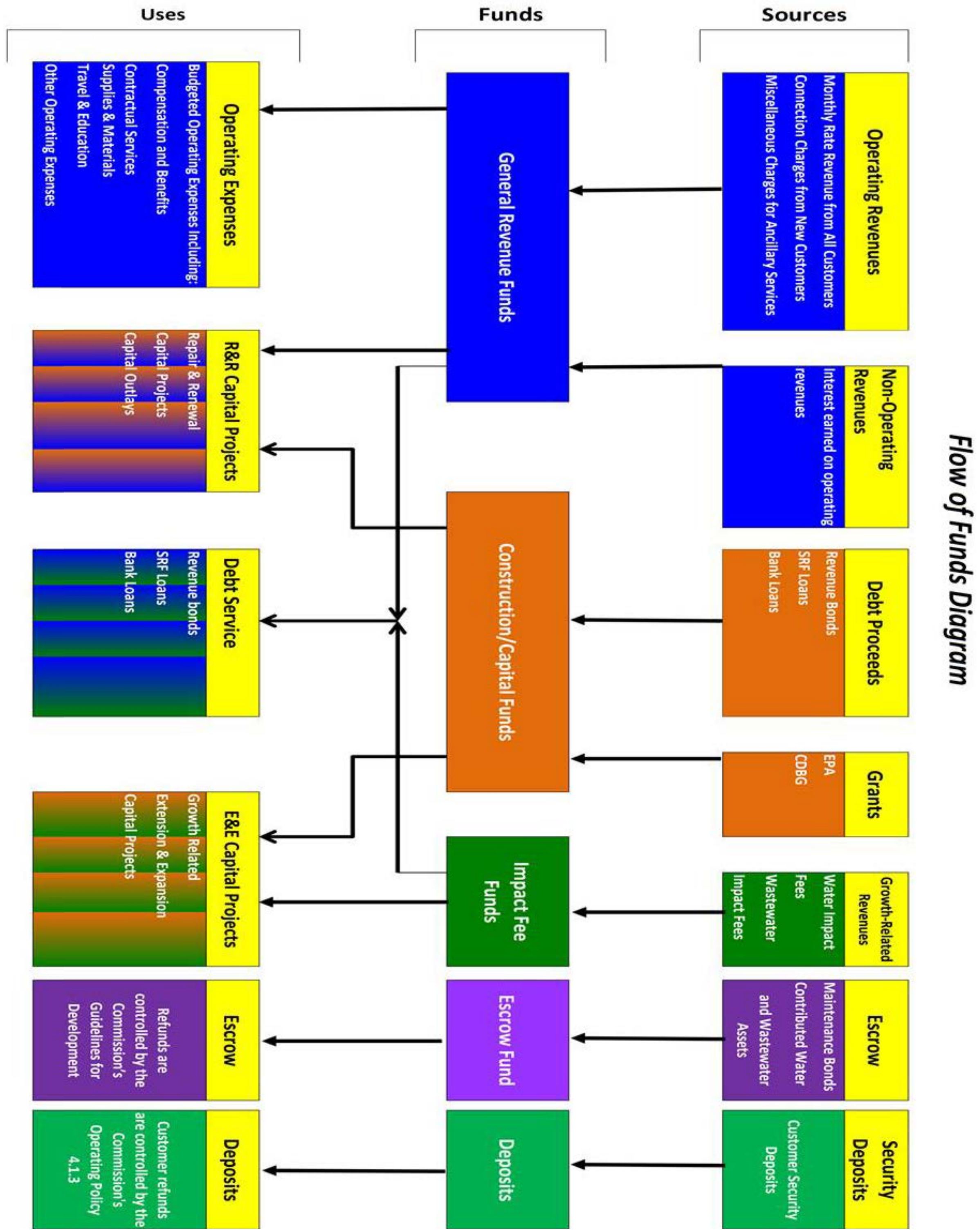
The Commission expects to maintain its current capital reserve fund through FY 2023 with no anticipated changes.

Appropriated Funds

Below is a list of the major MPW funds and their fund type, as well as their appropriation status.

General Revenue Funds	Construction/ Capital Funds	Impact Fee Funds	Escrow Funds	Debt Service Funds
Fund Type: Enterprise	Fund Type: Enterprise	Fund Type: Enterprise	Fund Type: Enterprise	Fund Type: Enterprise
Appropriated: YES	Appropriated: YES	Appropriated: YES	Appropriated: NO	Appropriated: YES

Flow of Funds Diagram



Section 6 Capital Investment Program

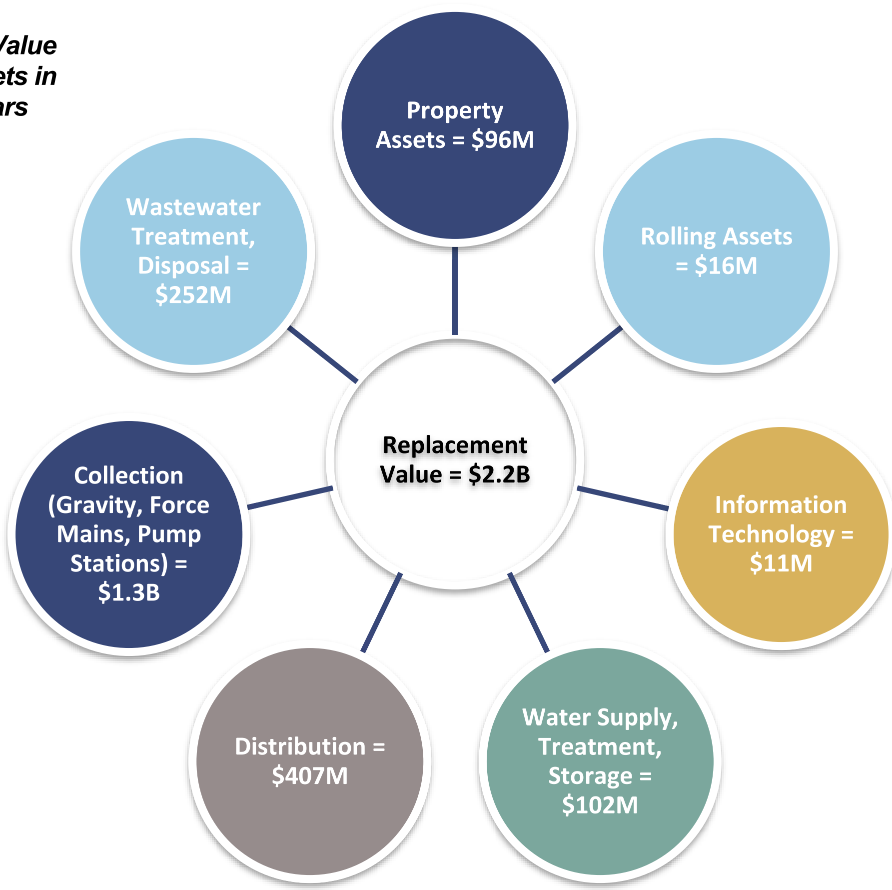
"The earth, the air, the land, and the water are not an inheritance from our forefathers but on loan from our children. So, we have to handover to them at least as it was handed over to us." – Gandhi

Introduction

Water and wastewater infrastructure, technology, and major equipment are the physical foundation for providing services to our customers. The procurement, design, construction, maintenance, and operation of these capital assets are a critical activity of MPW and therefore require careful planning.

Capital facilities and infrastructure are important legacies that serve current and future generations. It is extremely difficult for MPW to address the current and long-term needs of our customers without a sound multi-year capital program that clearly identifies capital needs, funding options, and operating budget impacts.

Replacement Value of MPW's Assets in current dollars



MPW's Capital Investment Program (CIP)

- ✓ Is the "long-range" roadmap used for planning to meet MPW's needs related to the acquisition, expansion, and rehabilitation of aging infrastructure
- ✓ Coordinates strategic planning, financial capacity, and physical development
- ✓ Is essential to the future financial health of MPW and continued delivery of services to our customers
- ✓ Takes a critical look at the entire organization to identify what is sustainable, what could be improved, and where opportunities for new projects exist
- ✓ Provides the framework for management and Commissioners with respect to rates, bond sales, investment planning, and project planning and is a key element in planning and controlling future debt service requirements
- ✓ Is developed in three parts to meet the short-and long-term strategic objectives set by the Commission for Water Quality and Environmental Protection

Near-Term
- Current to Year 5

- Developed in conjunction with the 5-Year Strategic Plan
- Updated annually during development of Operating Budget

Mid-Term
- Year 6 to Year 10

Long-Term
- Year 11 to Buildout

- Long-Range planning
- Critical to financial viability
- Critical to sustainability of resources and infrastructure

MPW incorporates recommendations from the Environmental Protection Agency's "Planning for Sustainability: A Handbook for Water and Wastewater Utilities" into its CIP planning process to produce substantial benefits such as:

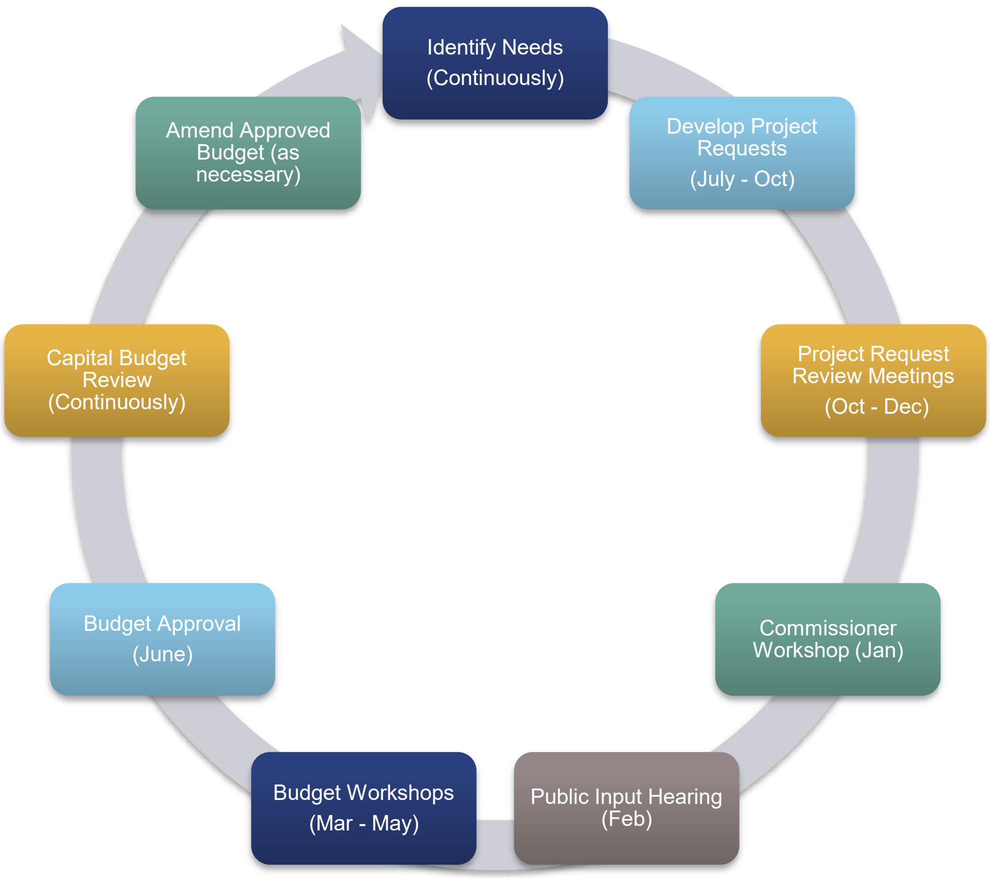
- ✓ Reducing lifecycle costs by operating more efficiently, pursuing cost-effective investment strategies, and optimizing investment choices.
- ✓ Optimizing environmental benefits by selecting projects through a systematic process of setting sustainability goals and objectives that also support Commission priorities.
- ✓ Balancing assessment in traditional and non-traditional infrastructure alternatives using consistent criteria.
- ✓ Increasing fiscal sustainability by analyzing the full lifecycle costs of investments, developing low-cost financing strategies, and ensuring that revenue needs are accurately assessed to support maintenance, renewal, and replacement of infrastructure while meeting all regulatory requirements.
- ✓ Providing sustainability benefits information for making consistent and transparent decisions and for explaining decisions to board members, local elected officials, the public, and others.
- ✓ Increasing customer support through clear rate expectations (and avoided "rate shocks"), increased system reliability, and increased responsiveness when disruptions occur.
- ✓ Enhancing the technical, financial, and managerial capacity of the utility.

MPW uses its "Utility Master Plan" for mid-and long-term planning. The Utility Master Plan is based on the planning criteria and data developed by the Town and County land plans within MPW's service area. This allows MPW to evaluate the water and wastewater facilities' capacities and demands/flows and to develop a plan to provide both water and wastewater facilities to closely match the anticipated development. The Utility Master Plan also incorporates the comprehensive master plans developed for each of MPW's asset classes.

The Utility Master Plan includes a comprehensive recommendation and implementation plan that allows MPW to accurately plan short-term, mid-term, and long-term capital Investment projects. The plan also provides MPW with the tools and parameters (or triggers) to effectively adjust to ever-changing conditions within the service area.

Both the capital and operating budgets go through a series of meetings and discussions with the Commissioners from January to June. During this time, the Commissioners also hold meetings on the proposed budgets to receive feedback from the public. The budgets reach final approval at the annual Commission meeting held the last Monday in June.

Capital Budget Development Cycle



Financial Viability

A critical element of a balanced CIP is the provision of funds to both preserve or enhance existing facilities and provide new assets to respond to changing service needs and the growth of the community. While the CIP serves as a long-range planning tool, it is reviewed annually and revised based on current circumstances and opportunities. Priorities may change due to funding opportunities, town/county road projects, regulatory requirements, or circumstances that cause a more rapid deterioration of an asset.

Impact on the Operating Budget

Although capital assets are considered separately from the operating budget, the decisions of the capital budget have an impact on the operating budget. An increase in capital expenditures can cause an increase in the operational budget. This occurs because assets often require maintenance. While the purchase of the assets comes out of the capital budget, maintenance comes out of the operational budget.

Funding the Capital Budget

The CIP is funded in accordance with the latest Cost Recovery Policy through three primary revenue sources:

Operating Revenues - Referred to as RR Funding

Operating revenues are MPW's primary source of funds. These revenues come from monthly use charges including basic facilities charges, volumetric rates for water and wastewater, water and wastewater connection charges for new customers, and miscellaneous charges for ancillary services. These funds are reinvested into the system to pay for the renewal and/or replacement of existing infrastructure.

Growth Related Revenues – Impact Fees (Referred to as EE)

Impact fees are payments made by developers to pay for capital facilities for future customers. State Law, Article 9 requires that impact fee revenues be expended for the direct benefit of the future customers. Impact fee funds are kept separate from other revenues. All impact fee revenues that are not transferred into the Growth Cost Recovery Fund will be transferred to the Extension and Expansion fund and spent directly on capital projects for the benefit of future customers.

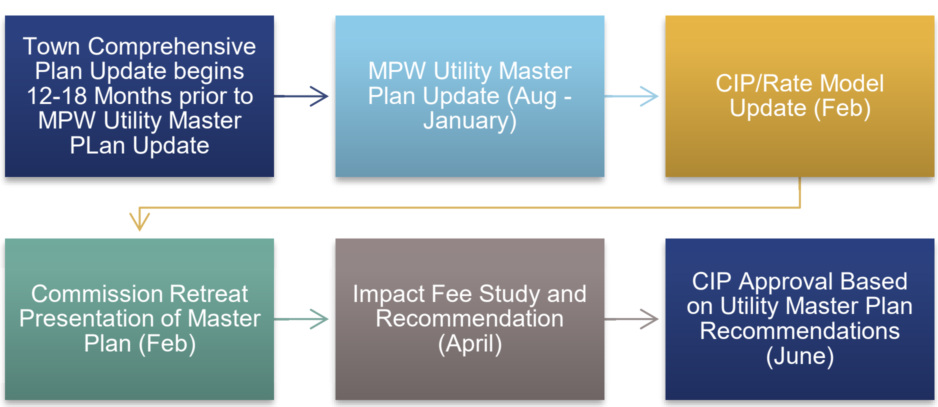
Debt Proceeds

Debt proceeds are sources of funds provided by lenders that are restricted to expenditures on specific capital projects, regardless of the intended beneficiary. MPW's rapid rate of growth and demand for new facilities, coupled with renewal and replacement projects, has necessitated incurrence of debt to fund capital projects.

<u>Renewal and Replacement</u>
It is the intent to cash fund renewal and replacement (R&R) projects whenever possible, while maintaining fund balances and rates, fees, and charges at reasonable levels. However, for higher cost, longer-life capital assets, the policy will provide for the use of debt financing if market conditions dictate that such funding would be a better solution for all customers. Project funding decisions follow the Cost Recovery Policy Objective 6 – Establish Long-Term Cost Recovery Objectives:

- Cash fund capital projects and assets with estimated useful lives of ten or less years.
- Fund capital projects and assets with estimated useful lives of over 10-years by using debt or cash financing, depending on prevailing economic conditions.

<u>Extension and Expansion Fund</u>
MPW conducts an updated Impact Fee Study every 5-years based on growth related project recommendations from the updated Utility Master Plan. This is to ensure the impact fees collected from new development are adequate to cover the cost of growth-related projects. This ensures that "growth pays for growth" as required under MPW's Cost Recovery Policy. Impact fees are increased annual based on the inflation factor used for future capital projects.



5-Year Capital Initiative Budget

Tying the Capital Budget to MPW's Strategic Plan

Proposed capital projects cannot be generated in isolation, they must fit in with the Commission's goals, vision, mission, and long-term strategic plan:

- ✓ Investing in projects require financing, which will set the rates
- ✓ The strategy of the Commission will affect its capital structure
- ✓ The availability of funding will affect the strategic plans of the Commission

The capital budget is the most dynamic aspect of MPW's decision-making process and should be tied to MPW's strategic Plan, which is why MPW is shifting from a 2-Year to a 5-Year budget in FY2023.

Developing the 5-Year Capital Initiative Budget (CIB)

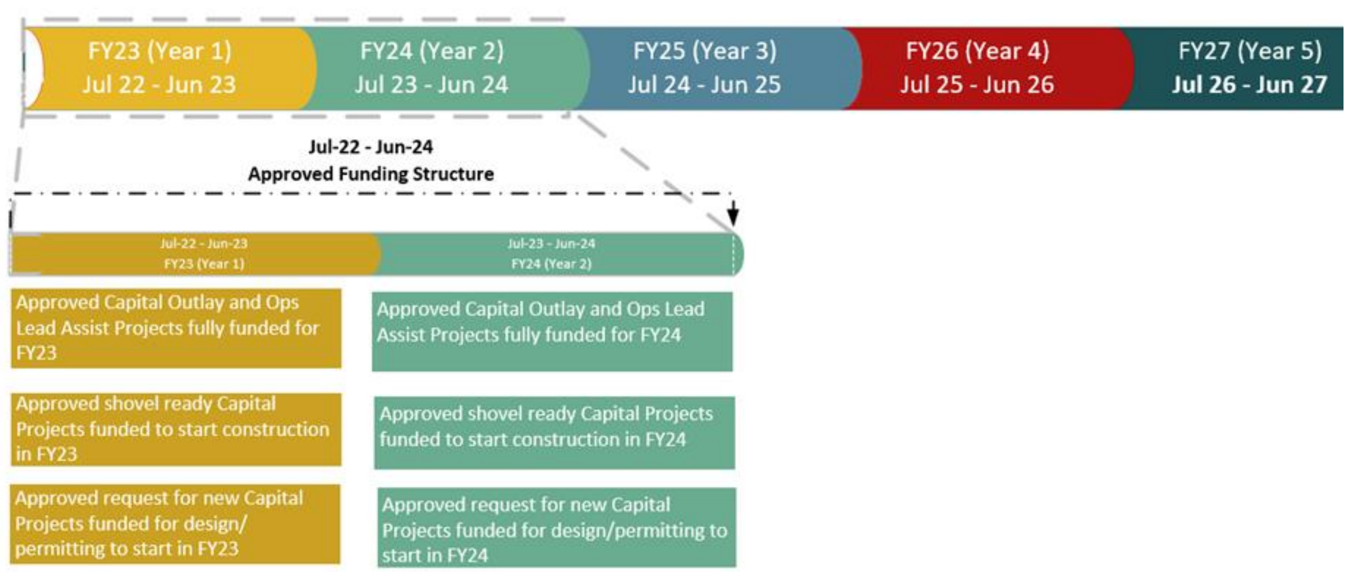
During development of the new 5-Year capital budget MPW implemented new initiatives to better manage the critical early phase of capital project development. MPW introduced a more proactive project management approach to help project sponsors better understand and prioritize their overall capital needs before the FY2023 CIB was finalized. Key among these initiatives was the expansion of MPW's front-end planning. Staff worked with Asset Class Engineers to develop sensible project scopes that contained sufficient information about project objectives, design guidelines, and basic cost estimates.

By allocating more time for planning and design of larger capital projects funding will be requested in phases:

- ✓ Phase 1 – Planning through Design
- ✓ Phase 2 – Construction (these funds may not be requested until the project is fully designed and shovel ready)

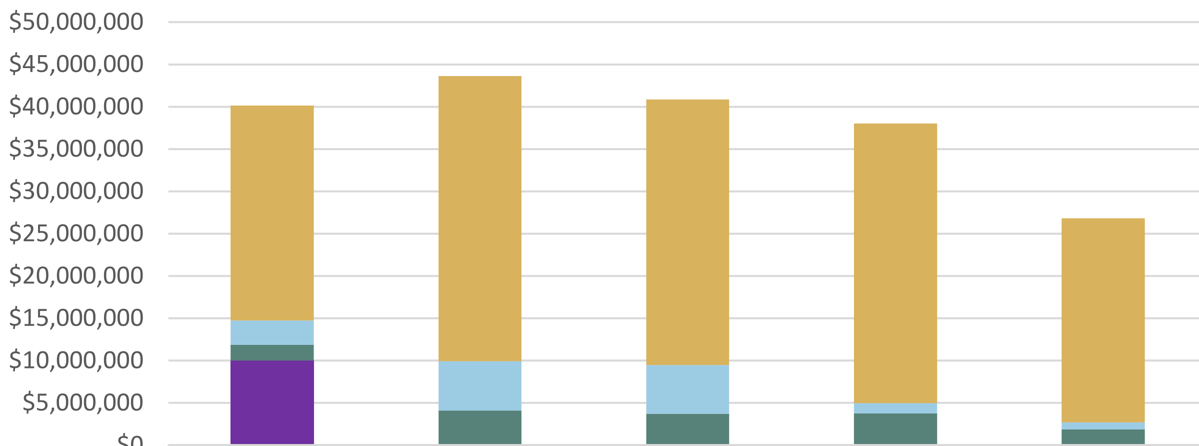
This approach will provide more accurate construction cost, and ensure the correct funding is being appropriated for the year the project is scheduled for construction. It will also give MPW the flexibility of having shovel ready projects to take advantage of any potential funding opportunities through federal and state agencies.

The 5-Year CIB will be reviewed and updated annual during development of the operating budget.



$189.4M

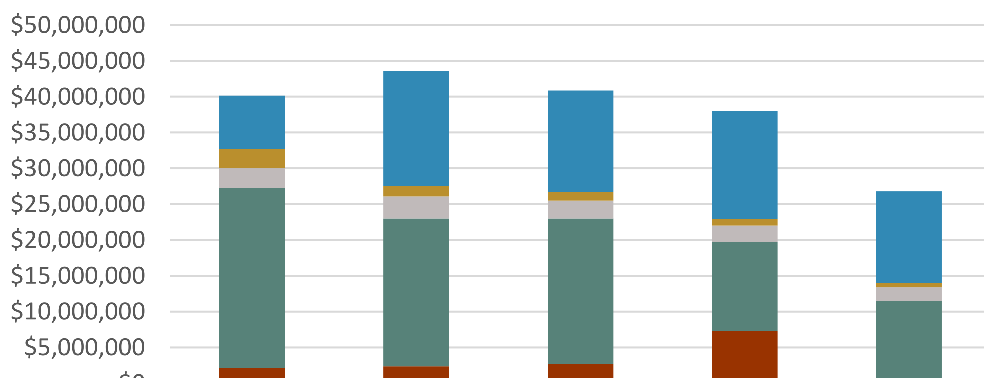
By Funding



	2023	2024	2025	2026	2027
RR	$25,401,856	$33,677,232	$31,416,435	$33,038,587	$24,120,245
EE Water	$2,870,481	$5,832,000	$5,727,929	$1,203,351	$842,346
EE Sewer	$1,861,573	$4,098,910	$3,722,754	$3,765,213	$1,839,058
ARPA Grant	$10,000,000	$0	$0	$0	$0

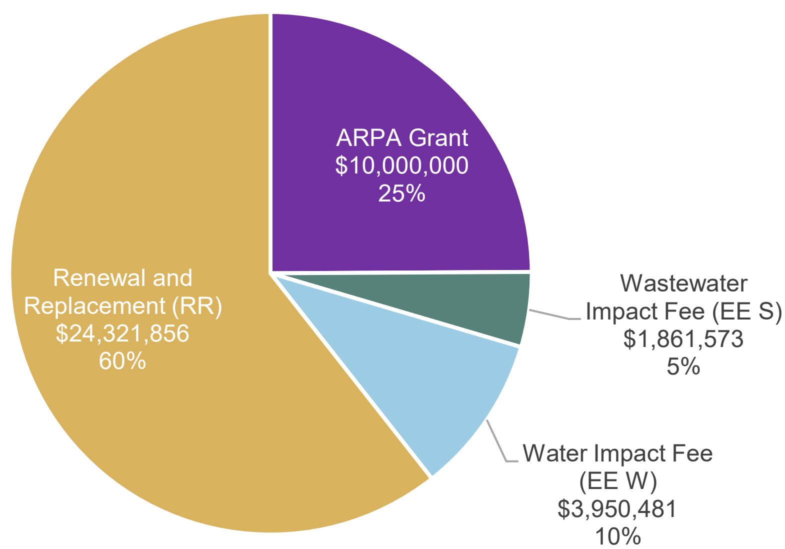
In FY2023 MPW is applying for a $10M American Rescue Plan Competitive Infrastructure Grant (ARPA). The project associated with this is contingent on receiving the grant.

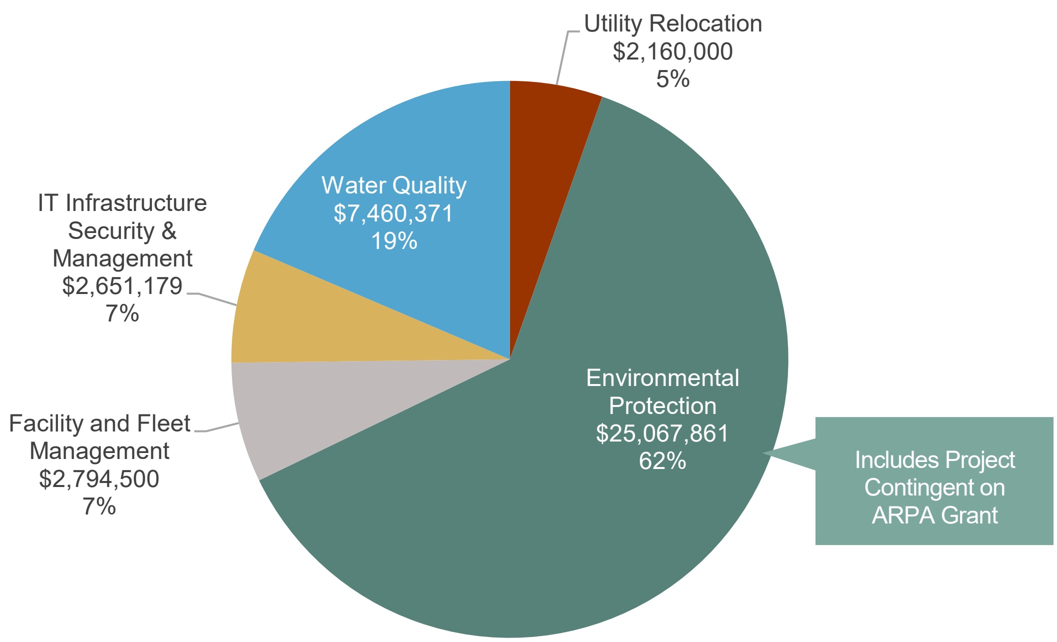
By Utility



	2023	2024	2025	2026	2027
Water Quality	$7,460,371	$16,112,358	$14,138,942	$15,088,742	$12,842,944
IT Infrastructure Security & Management	$2,651,179	$1,415,881	$1,246,801	$907,193	$575,986
Facility and Fleet Management	$2,794,500	$3,070,781	$2,459,819	$2,307,736	$1,916,720
Environmental Protection	$25,067,861	$20,664,657	$20,301,136	$12,410,443	$10,827,858
Utility Relocation	$2,160,000	$2,344,464	$2,720,419	$7,293,038	$638,141

FY2023 Capital Initiatives Budget
$40.1M





Water Infrastructure
FY2023 Capital Budget = $7.5M

Introduction

MPW manages and operates a complex and integrated water supply infrastructure, including supply, treatment, and distribution to support MPW's Strategic Business Plan's goals pertaining to water quality.

Water System Assets Combined Value = $509.6M

Supply/Storage = $57.4M (11%)

- Six Groundwater Deep Wells
- Three Wholesale Water Purchase Points
- Eight Ground Storage Tanks
- One Elevated Storage Tank
- Three Aquifer Storage & Recovery Wells

Water Treatment = $44.9M (9%)

- Four Reverse Osmosis Water Treatment Plants

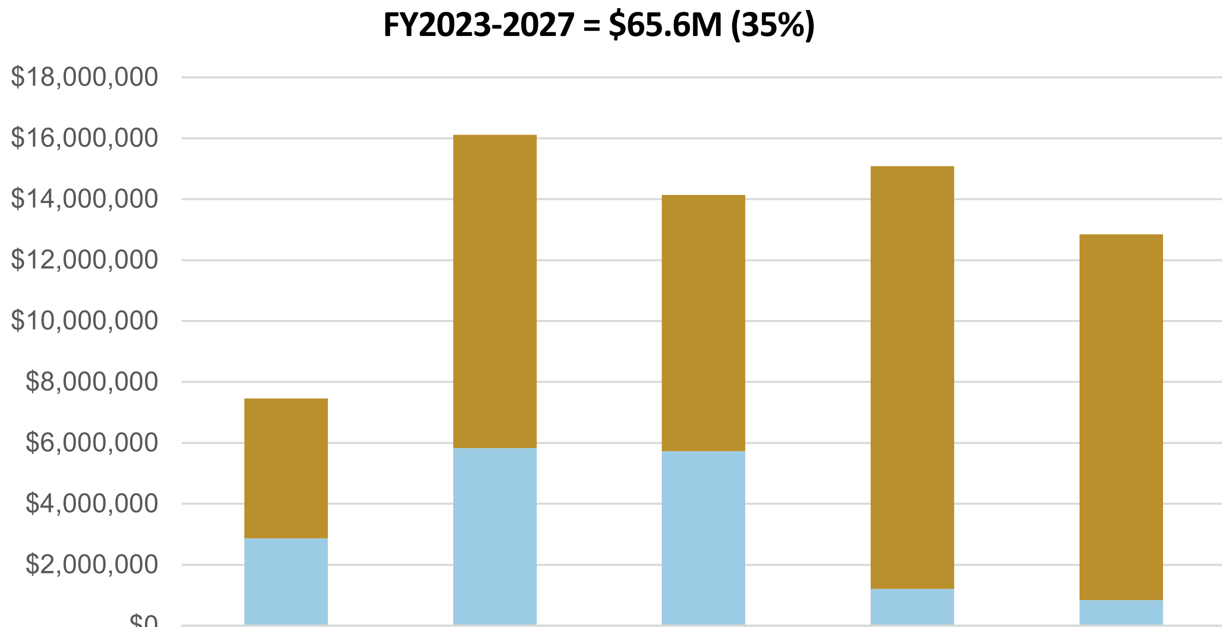
Distribution = $407.3M (80%)

- 597 Miles Water Mains
- 156.7 Miles of Service Lines
- 4,163 Fire Hydrants
- 14,546 System Valves
- 42,899 Meters

Asset Class Objectives

Supply/Storage	Water Treatment	Distribution System
Ensure adequate treatable water is available from redundant groundwater and treated wholesale supplies to meet current and future demands. Ensure adequate storage capacity is provided to meet all state/federal regulations, while providing maximum operational efficiency, and fire protection.	Ensure exceptional treatment facilities are being maintained to produce the highest quality water that exceeds federal and state drinking water standards and meets current and future demands.	Rehabilitate existing water lines to optimize system performance and reliability; replace water lines approaching capacity; and construct new transmission and distribution mains to support growth and mitigate service deficiencies.

5-Year Capital Investment Needs by Funding



	2023	2024	2025	2026	2027
RR	$4,589,889	$10,280,358	$8,411,014	$13,885,390	$12,000,599
EE Water	$2,870,481	$5,832,000	$5,727,929	$1,203,351	$842,346

5-Year Capital Investment Needs by Asset Class

Asset Class	2023	2024	2025	2026	2027	Grand Total
Distribution System	$1,584,166	$6,489,558	$6,035,567	$1,292,746	$1,718,255	$17,120,292
Potable Water Reuse	$1,080,000	$1,166,400	$1,157,625	$2,431,013	$0	$5,835,038
Supply/Storage	$3,511,437	$5,715,360	$3,762,281	$4,436,598	$5,381,422	$22,807,098
Water Treatment	$1,284,768	$2,741,040	$3,183,469	$6,928,386	$5,743,267	$19,880,929
Total	**$7,460,371**	**$16,112,358**	**$14,138,942**	**$15,088,742**	**$12,842,944**	**$65,643,357**

Highlight of FY2022 Major Investments in Water Quality

Deep Well 2, 3 and 5

Both Deep Wells 2 and 5 at a depth of approximately 2000' that will provide water supply to our reverse osmosis treatment plants will be completed and pumping this summer. In addition, Deep Well 3 has been converted into a monitoring well.

Total Cost = $13M

Bolts and Saddles

The project was initiated to replace corroded bolts and saddles within MPW's territory where corrosive soils exist, mainly along the Highway 41 corridor. As a multiyear project due to funding constraints, this project resumed where the last round concluded, along Colonel Vanderhorst within Dunes West. The project, while initially only focusing on bolts and saddles, did eventually incorporate relocating obstructed meters to improve meter signal strength.

Total Cost = $1M

Butterfly Valve Removal

The project replaced 21 butterfly valves on larger diameter pipes (>12-inches) from Highway 41 to Wando High School. The removal of the butterfly valves was necessary for two reasons: 1) to replace aging assets that generally would not allow for complete shut off and 2) to install new assets that would allow for the passage of foam swabs (pigs). The passage of the pigs will allow MPW.s Water Quality Team the ability to clean large diameter mains, and complete future condition assessments. The condition assessments will allow MPW to be proactive in its approach to identifying defective portions of the water mains.

Total Project Cost = $1.4M

Operating Impacts

Deep Well 5 Replacements: Operating costs will be determined at the completion of the surface facility constructed over the well head and the well is placed into operation. Operating costs are anticipated to increase because of an increase in the production ability of groundwater from the new well, which will increase chemical needs and power consumption once placed into use. However, these operating costs may be offset will lessened dependency on the purchase of wholesale water from our sister utility.

Water Supply Improvements: This project included replacement of the High Service Pump Station Building, extensive electrical and process control system upgrades/replacements, replacement of all motors driven by VFDs at RO Plant 4. An annual savings of $40,000 per year in operating cost will be realized because of this project.

RO Plant 1-4 Membrane Train Instrument Panel Upgrades: The primary outcome of upgrading the instrument panels is reduced labor cost while more efficiently tracking operational data at the RO plants that is necessary to make operational and maintenance decisions that affect the cost of service. Old technology is replaced with new to allow operators to make more informed and less wasteful operational decisions that can impact both energy used by the Reverse Osmosis Plants and the chemicals used for membrane cleaning. An annual savings of $28,000 per year in operating cost will be realized because of this project.

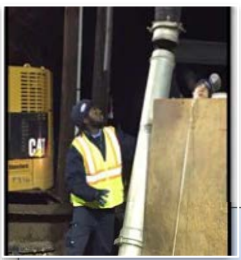
RO Plant 2 Membrane Replacement: Reduced power consumption is expected with improved efficiency of new membranes resulting in an annual power savings of $23,000 per year.

Wastewater Infrastructure
FY2023 Capital Budget = $25.1M

Introduction

MPW manages and operates a complex and integrated wastewater system. This system includes treatment/disposal, gravity collection, forcemains, and pump stations to support MPW's Strategic Business Plan goals pertaining to environmental protection.

Wastewater System Assets Combined Value = $1.5B



Collection = $1.3B

- 403.6 Miles Gravity Lines
- 117.4 miles Service Lines
- 126.9 Miles Force Mains
- 165 Pump Stations
- 12,398 Manholes
- 665 SystemValves
- 633 Control Valves

Treatment/Disposal = $251.8M (17%)

- Two Wastewater Treatment Plants
- 10.8 Miles Discharge Lines

Asset Class Objectives

Collection

Gravity Lines: Remove infiltration/inflow; replace non-repairable, aged gravity wastewater sections; eliminate overflows and install new wastewater systems to support growth to meet all state regulations, comply with the EPA Capacity Management, Operations and Maintenance (CMOM) Program, while protecting the environment.

Pump Stations: Renew and replace existing stations to improve operational reliability and efficiency, support growth, meet all state and federal requirements while protecting the environment.

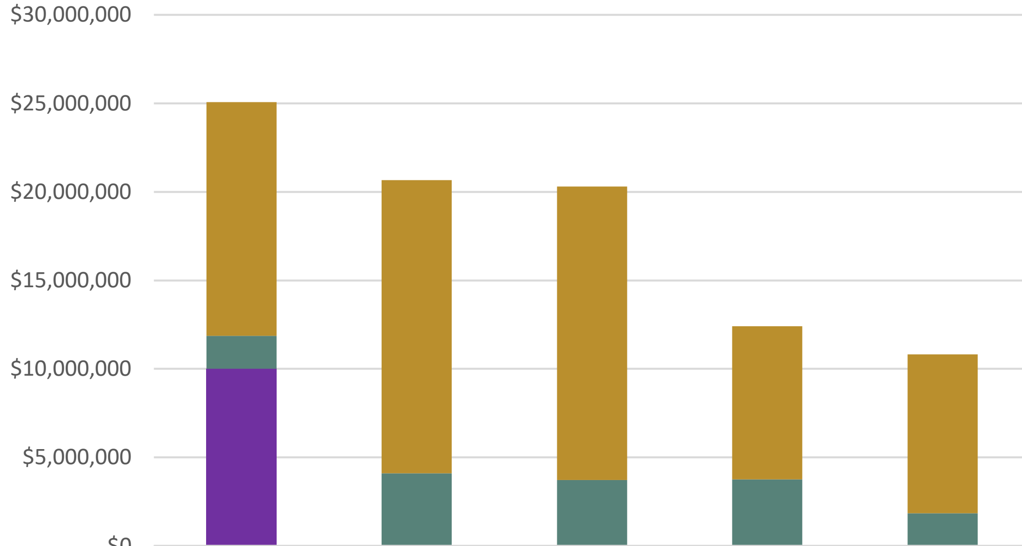
Force Mains: Replace non-repairable, aged wastewater force mains; including those approaching capacity limitations, general improvements to system appurtenances, and installation of new force mains to support growth.

Treatment/Disposal

Ensure treatment plants meet all state and federal regulations by adequately investing in process equipment repair and replacement, incorporation of new technology, and expansion to meet growth to treat wastewater and dispose of biosolids while protecting the environment.

5-Year Capital Investments Needs by Funding

FY2023-2027 = $89.3 (47%)



	2023	2024	2025	2026	2027
RR Total	$13,206,288	$16,565,747	$16,578,382	$8,645,230	$8,988,800
EE S Total	$1,861,573	$4,098,910	$3,722,754	$3,765,213	$1,839,058
ARPA Grant Total	$10,000,000	$0	$0	$0	$0

5-Year Capital Investment Needs by Asset Class

Asset Class	2023	2024	2025	2026	2027	Grand Total
Collection System	$18,456,000	$4,250,362	$4,354,199	$4,257,917	$3,366,831	$34,685,309
Force Mains	$3,158,615	$6,998,660	$6,600,689	$4,811,642	$3,144,120	$24,713,726
Pump Stations	$2,956,986	$3,583,636	$3,465,514	$3,340,883	$4,240,331	$17,587,349
Treatment/Disposal	$496,260	$5,832,000	$5,880,735	$0	$76,577	$12,285,572
Total	**$25,067,861**	**$20,664,657**	**$20,301,136**	**$12,410,443**	**$10,827,858**	**$89,271,956**

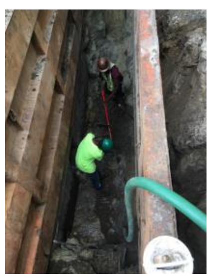
Highlights of FY2022 Major Investments in Environmental Protection

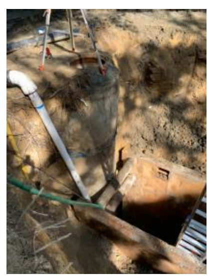
Park West Sewer Rehabilitation
The project addressed the CCTV of 8,250 LF of 18” to 24” gravity sewer and lining 2,930 LF of 18” to 24” ductile iron pipe along Park West Blvd. The project was initiated via MPW’s annual inspection services (i.e. televising 10% of our gravity mains per year). This allowed MPW to take a proactive approach in extending the lifespan of a major asset in our collections system.

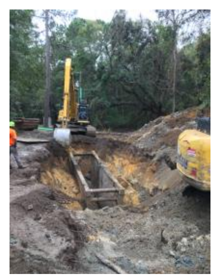
Total Cost = $586K

Snowden Phase II
This project was a continuation of installation of gravity sewer in the Snowden Community to eliminate the use of 33 septic tanks. It included the installation of 2,765 LF of 8" PVC and 3,020 LF of 10" PVC gravity sewer and 36 manholes.

Total Cost = $2.8M

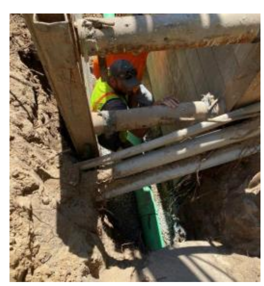






Collection System Rehabilitation Program
Continuation of MPW’s annual Capacity, Management, Operations and Maintenance (CMOM) Program consisting of replacement of 6,562 linear feet of sewer lines and lining of 14,871 linear feet of sewer.

Total Cost = $7.1M



Operating Impacts

Sewer System Evaluation Surveys (SSES) and Warranty Inspections: No operational impacts are anticipated. This is an annual project necessary to assess conditions of existing assets.

Collection System Rehab Program: This is an annual project to maintain existing assets and eliminate groundwater intrusion in the collection system to decrease treatment wastewater costs annually by $150,000.

Emergency Repair of 2,800 lf of 18- and 24-inch DIP Due to Corrosion along Park West Blvd (CIPP): No operating impact is anticipated

Force Main Rehab/Improvements: No operational impacts are anticipated. Projects necessary to improve reliability and extend the life of the pipe systems prior to failure.

Pump Station Rehab Program: No operational impacts are anticipated. This is an annual project to maintain existing assets.

Arch Flash Mitigation Program: No operational impact is anticiapted.

Information Technology
FY2023 Capital Budget = $2.7M

Introduction

MPW manages and operates a multitude of complex information technology system. This system includes cybersecurity, data management and storage, enterprise software applications, hardware platforms, network/telcom platforms, and building security systems to support MPW's Strategic Business Plan goals.

Information Technology Assets Combined Value = $11.2M

Asset Class Objectives

Operational Technology

Utilize automation for operational efficiency; employ industry-leading technology with systems hardened to external threats; be effectively integrated to provide accurate, timely information to support data driven decisions; leverage asset management and predictive maintenance; and have the capacity to support system growth.

IT Infrastructure

Improve Management Information Systems (including computer, telecommunications, web, and software), integrate systems to ensure best practices are being used, and place a priority on performance, reliability, security, efficiency, and accessibility.

FY2023-2027 = $6.8M (4%)

(100% Renewal and Replacement)

5-Year Capital Investment Needs by Asset Class

Asset Class	2023	2024	2025	2026	2027	Grand Total
Building Security Systems	$409,963	$392,307	$173,644	$0	$0	$975,913
Cybersecurity	$199,800	$204,120	$144,703	$151,938	$159,535	$860,097
Data Management/Storage	$0	$0	$104,186	$0	$0	$104,186
Enterprise Software Application	$960,552	$396,576	$228,978	$60,775	$63,814	$1,710,696
Hardware Platform	$547,830	$197,122	$273,644	$182,326	$191,442	$1,392,364
Network/Telecom Platform	$324,000	$0	$120,740	$172,480	$0	$617,221
System Integration Service	$209,034	$225,757	$200,906	$339,673	$161,194	$1,136,564
Total	**$2,651,179**	**$1,415,881**	**$1,246,801**	**$907,193**	**$575,986**	**$6,797,040**

Facility and Fleet Management
FY2023 Capital Budget = $2.8M

Introduction

MPW's maintains facilities that include its Operations Center, water treatment plant and wastewater treatment plant facilities (building) and a wide range of vehicles, equipment, and generators to support MPW's Strategic Business Plan goals pertaining to water quality and environmental protection.

Property Assets (Real Estate) Combined Value = $96.2M
Rolling Assets (Vehicles, Equipment) Combined Value = $16.4M

Asset Class Objectives

Rolling Assets	Real Property
Ensure MPW personnel have reliable, safe, equipment and vehicles necessary to properly maintain MPW's infrastructure.	Maintain the MPW Operations Center and North Operations, to provide for adequate facilities for future staff, which will be required as MPW's customer base and infrastructure continue to grow.

FY2023-2027 = $12.6M (7%)
(100% Renewal and Replacement)

5-Year Capital Investment Needs by Asset Class

Asset Class	2023	2024	2025	2026	2027	Grand Total
Building/Building Systems	$858,600	$2,391,120	$231,525	$243,101	$255,256	$3,979,603
Equipment	$950,400	$148,949	$382,461	$557,407	$51,051	$2,090,268
Generators	$43,200	$0	$0	$0	$0	$43,200
Vehicles	$942,300	$530,712	$1,845,833	$1,507,228	$1,610,412	$6,436,485
Total	**$2,794,500**	**$3,070,781**	**$2,459,819**	**$2,307,736**	**$1,916,720**	**$12,549,555**

Utility Relocations

The 5-Year Capital Initiatives Budget currently includes $15.2M (8%) for relocations of utilities located in road rights-of-way that are anticipated to be impacted by State, County, Town road and storm drain improvement projects. The budget reflects MPW's portion after the 4% reimbursement by the agency requiring the utilities be relocated. MPW works closely with these agencies to determine future projects that will impact MPW infrastructure, and the costs associated with having to relocate lines.

Through FY2022, MPW has spent approximately $22M relocating its utilities due to road/storm drainage improvement projects. Should the current projects move forward MPW will have spent a total of $43.3M.

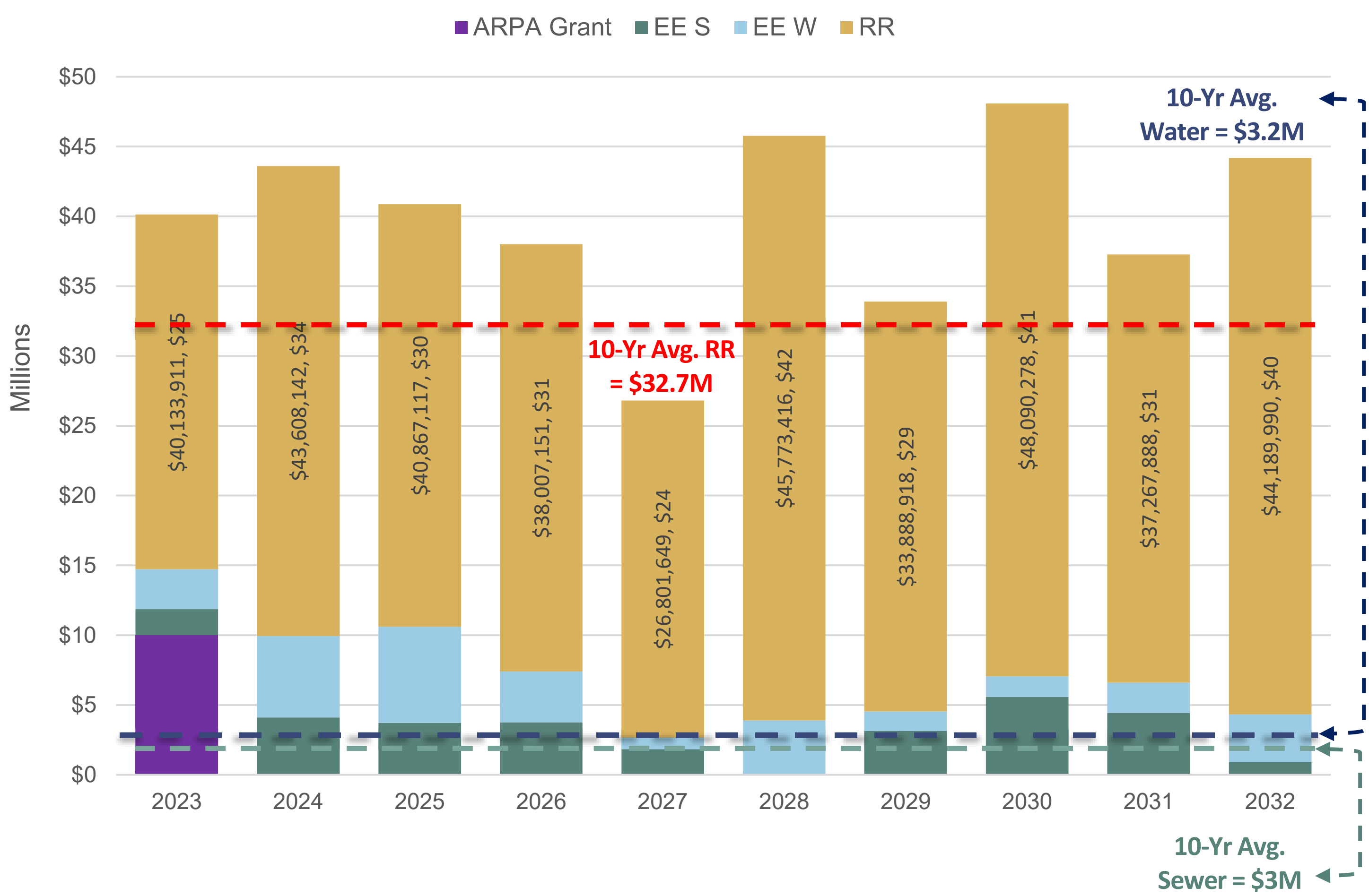
Relocation Projects Completed in FY2022

- Coleman Blvd Road Improvements = $4.1M
- Pitt Street = $2.8M
- Patriot's Point Gateway Intersection Improvements – Phase 1 = $786.5K
- Park West Blvd Widening to Hwy 41 = $1.2M

Operating Impacts

Relocation projects do not typically have an impact on the operating budget.

10-Year Capital Investments Plan Funding Needs FY2023 – FY2027 = $398.6M



Section 7 Operating Budget

"Water is the most perfect traveler because when it travels it becomes the path itself!" --Mehmet Murat Ildan

Overview

The FY 2023 operating budget (including debt service) is $49,256,552 which is 4% or $1.9 million higher than the FY 2022 Approved budget. Of this total net increase, $3 million is in operating expenses and $1.1 million is in a debt service decrease. The following pages will provide detail by account groups as well as budget information as it relates to the major expense categories of Compensation and Benefits, Contractual Services, Supplies and Materials, Training and Education, Other Expenses, and Debt Service.

O&M Summary – by Department

	2021	2022		2023			2024	2025	2026
By Department	Actual	Original	Estimate	Requested	Variance	%	Projected	Projected	Projected
Administration	2,285,265	2,382,818	2,280,513	2,823,750	440,932	18.5%	2,964,937	3,113,184	3,268,843
Human Resources	818,603	982,318	986,081	1,173,892	191,574	19.5%	1,232,587	1,294,216	1,358,927
Customer Services	2,938,717	3,676,880	3,450,938	4,025,784	348,904	9.5%	4,227,073	4,438,427	4,660,348
Financial Services	2,205,914	2,482,124	2,152,545	2,741,922	259,798	10.5%	2,879,018	3,022,969	3,174,117
Technical Services	4,201,923	5,100,511	4,842,832	5,784,145	683,634	13.4%	6,073,352	6,377,020	6,695,871
Operations	9,493,600	10,484,737	10,468,238	10,877,550	392,813	3.7%	11,421,427	11,992,498	12,592,123
Engineering & Field Services	8,211,960	8,635,751	7,948,623	9,418,770	783,019	9.1%	9,889,708	10,384,193	10,903,403
Total Before Debt	30,155,982	33,745,139	32,102,857	36,835,513	3,090,374	9.2%	38,688,102	40,622,507	42,653,632
Debt Service	13,041,298	13,558,541	12,418,191	12,421,039	(1,137,502)	-8.4%	12,419,100	12,419,124	12,417,953
Total Operating	$ 43,197,280	$ 47,303,680	$ 44,521,049	$ 49,256,552	$ 1,952,872	4.1%	$ 51,096,389	$ 52,683,719	$ 54,338,822

O&M Summary – by Expense Category

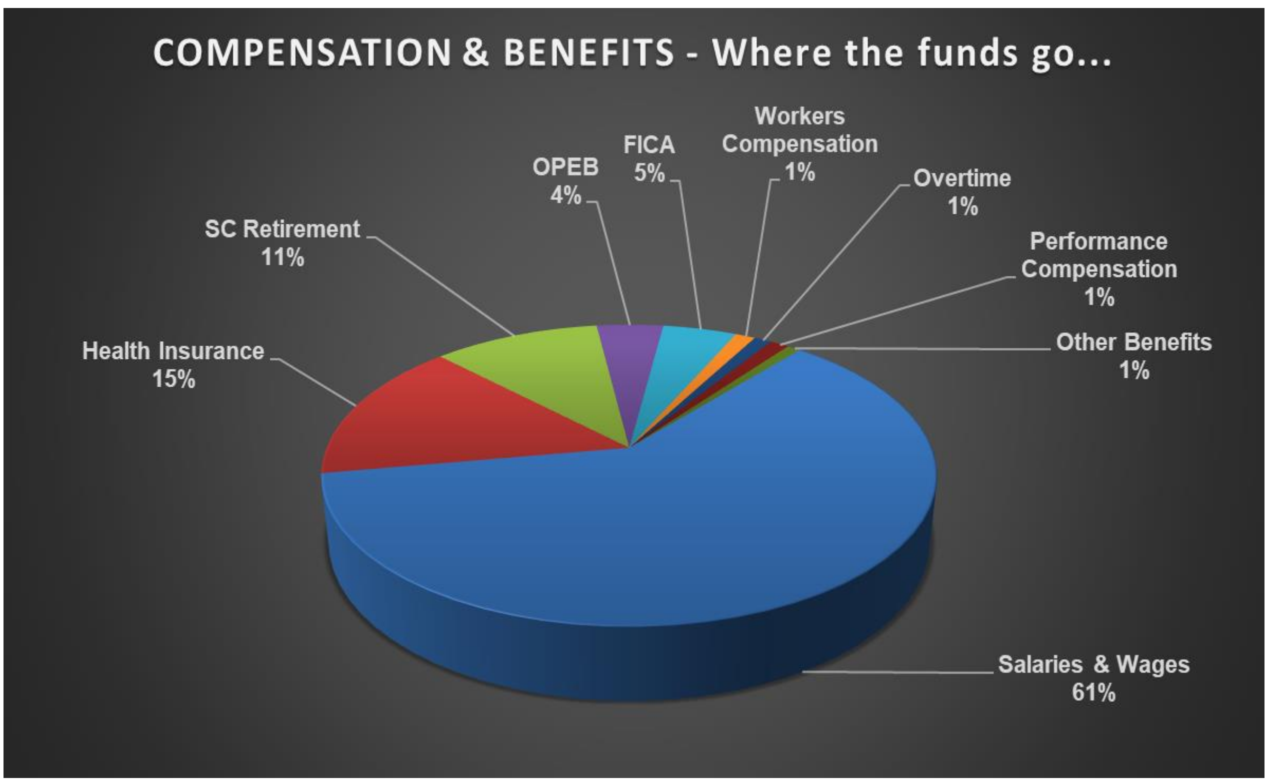
	2021	2022		2023			2024	2025	2026
	Actual	Original	Estimate	Requested	Variance	%	Projected	Projected	Projected
By Expense Category									
Compensation and Benefits	17,219,659	18,825,735	17,117,536	20,332,700	1,506,965	8.0%	21,349,335	22,416,802	23,537,642
Contractual Services	9,478,827	10,853,114	10,859,421	11,794,381	941,267	8.7%	12,384,101	12,755,624	13,138,293
Supplies and Materials	2,011,519	2,223,581	2,257,759	2,586,430	362,849	16.3%	2,715,752	2,797,225	2,881,141
Training and Education	138,789	372,412	376,394	570,317	197,905	53.1%	598,833	616,798	635,302
Other Expenses	1,318,444	1,470,297	1,491,747	1,551,685	81,388	5.5%	1,629,269	1,678,147	1,728,491
Operating (before Debt Service)	30,167,238	33,745,139	32,102,857	36,835,513	3,090,373	9.2%	38,677,290	40,264,596	41,920,869
Debt Service	13,030,042	13,558,541	12,418,191	12,421,039	(1,137,502)	-8.4%	12,419,100	12,419,124	12,417,953
Total Operating	$ 43,197,280	$ 47,303,680	$ 44,521,049	$ 49,256,552	$ 1,952,871	4.1%	$ 51,096,389	$ 52,683,719	$ 54,338,822

Compensation and Benefits

Budget Overview - Compensation and Benefits						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
17,041,577	18,825,735	17,117,536	20,332,700	1,506,965	8.0%	21,349,335

The Compensation and Benefits budget for FY 2023 is $20.3 million which is an increase of $1.5 million or 8% higher than the FY 2022 Approved budget.

For FY 2023, four new positions were added. In addition, increases were seen in health insurance expense, SC Retirement Plan Employer contributions, and overtime. There are also budgeted merit adjustments and mid-year performance compensation amounts for employees. The FY 2023 budget includes 161 FTE.

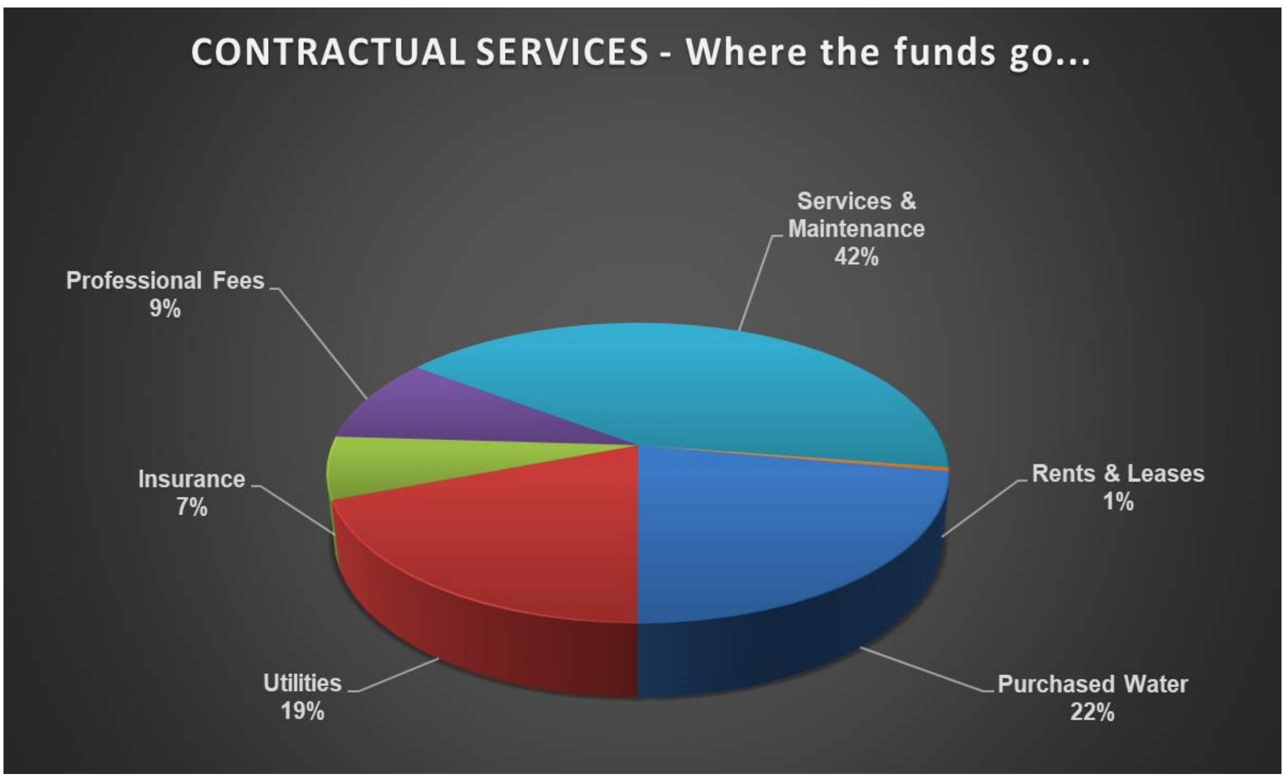


Contractual Services

Budget Overview - Contractual Services						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
9,478,827	10,853,114	10,859,421	11,794,381	941,267	8.7%	12,384,101

The Contractual Services budget for FY 2023 is $11.7 million which is an increase of $941 thousand or 8.7% higher than the FY 2022 Approved budget.

The biggest contributing factors to the increase in Contractual Services can be found in purchased water, engineering systems, software systems and maintenance, and biosolid disposal fees. The largest cost under the Contractual Services budget comes from purchased water, utilities, and services and maintenance as can be seen in the graph below.

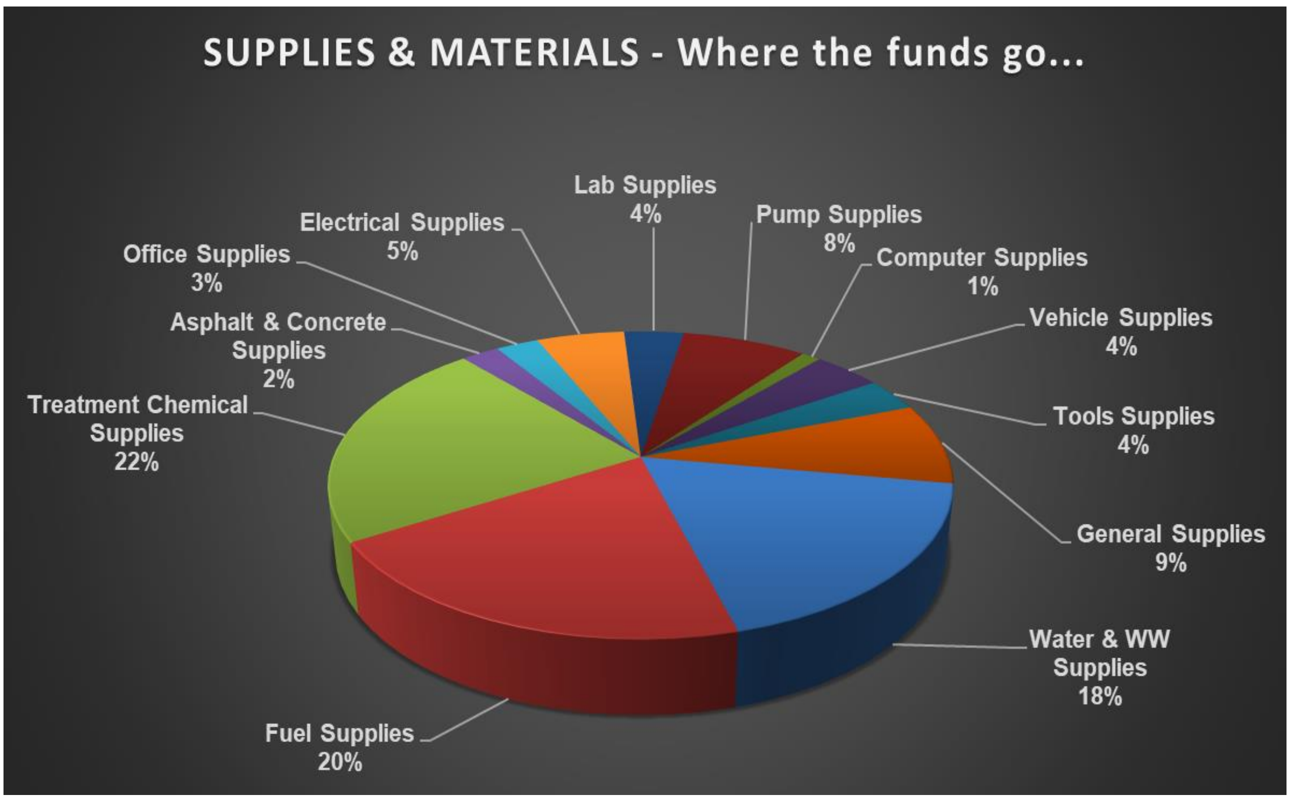


Supplies and Materials

Budget Overview - Supplies and Materials						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
2,011,519	2,223,581	2,257,759	2,586,430	362,849	16.3%	2,715,752

The Supplies and Materials budget for FY 2023 is $2.5 million which is an increase of $362 thousand or 16.3% higher than the FY 2022 Approved budget.

As with many other budgets, the largest area of increase was in our fuel supplies and materials. Other areas of increase include treatment supplies, laboratory supplies, and general water and wastewater supplies.

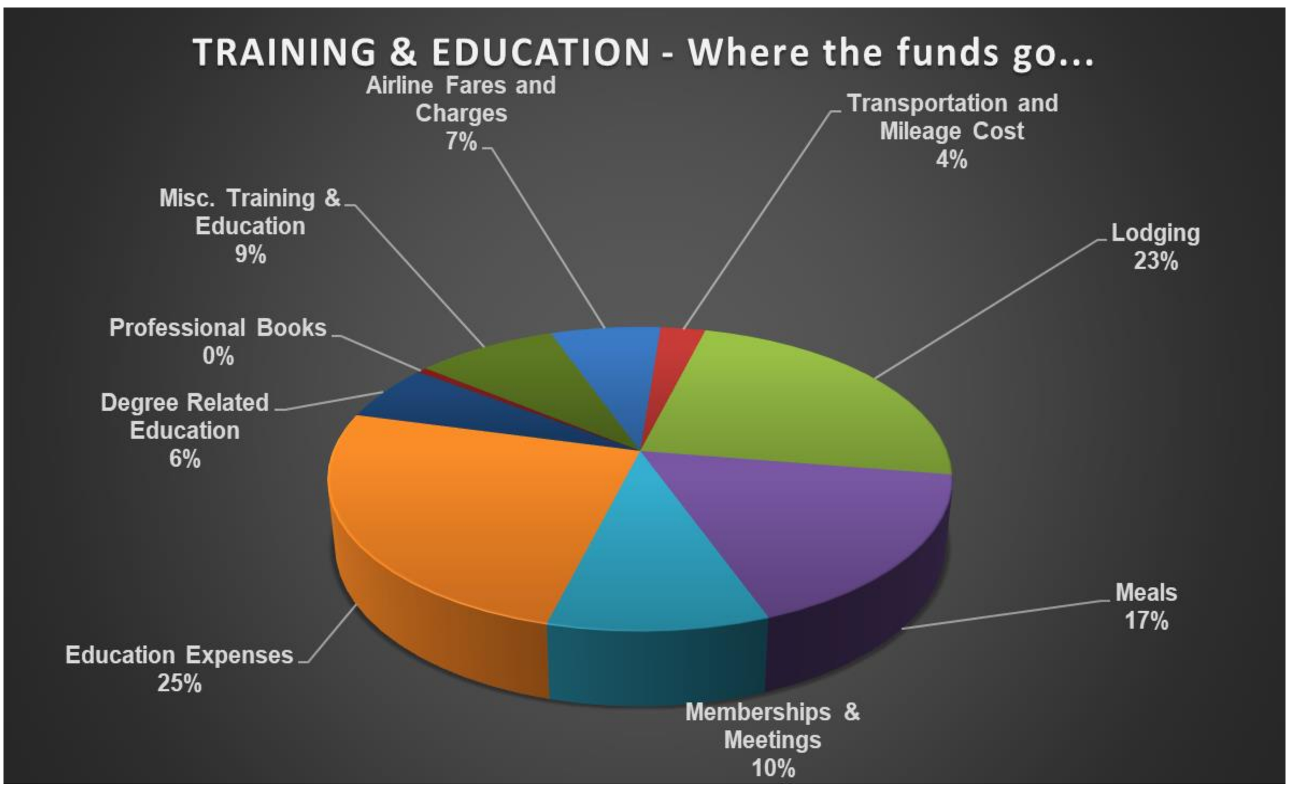


Training and Education

Budget Overview - Training and Education						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
138,789	372,412	376,394	570,317	197,905	53.1%	598,833

The Training and Education budget for FY 2023 is $570 thousand which is an increase of $197 thousand or 53.1% higher than the FY 2022 Approved budget.

It is anticipated that Training and Education needs previously impacted by the COVID-19 pandemic will continue to return. This category typically includes funds for conference registration fees, airline fares and charges, lodging expenses, and meals associated with out-of-town travel to AWWA, ACE, WEFTEC, Utility Management Conference, and other industry-specific training and certification programs. The Commission also provides opportunities for those interested in seeking advanced education degrees.

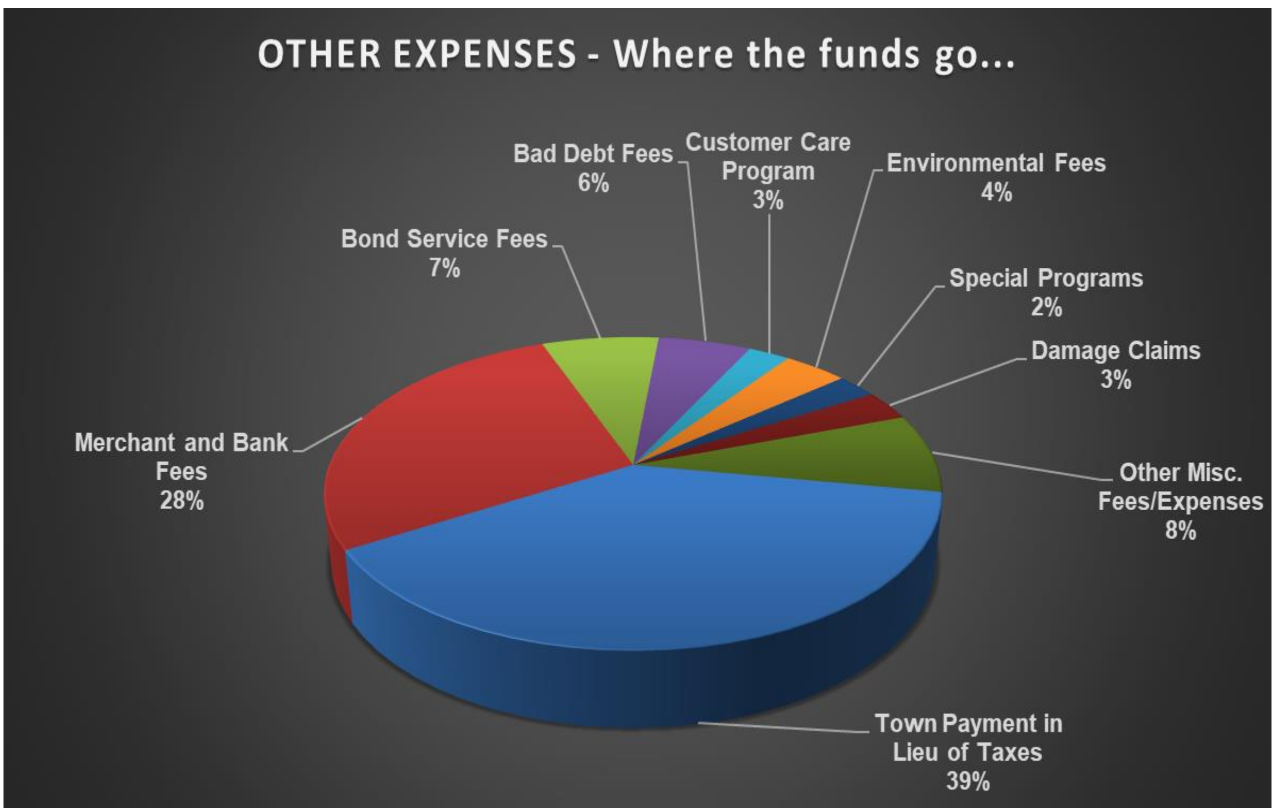


Other Expenses

Budget Overview - Other Expenses						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
1,318,444	1,470,297	1,491,747	1,551,685	81,388	5.5%	1,629,269

The Other Expenses budget for FY 2023 is $1.5 million which is an increase of $81 thousand or 5.5% higher than the FY 2022 Approved budget.

The Other Expenses category contains such accounts as the revenue payment to the Town, Bad Debt charges, DHEC and HazMat fees, Special Programs, and Merchant and Bank Fees. The primary driver for the FY 2023 increase is the Town payment in lieu of taxes and Merchant and Bank Fees.

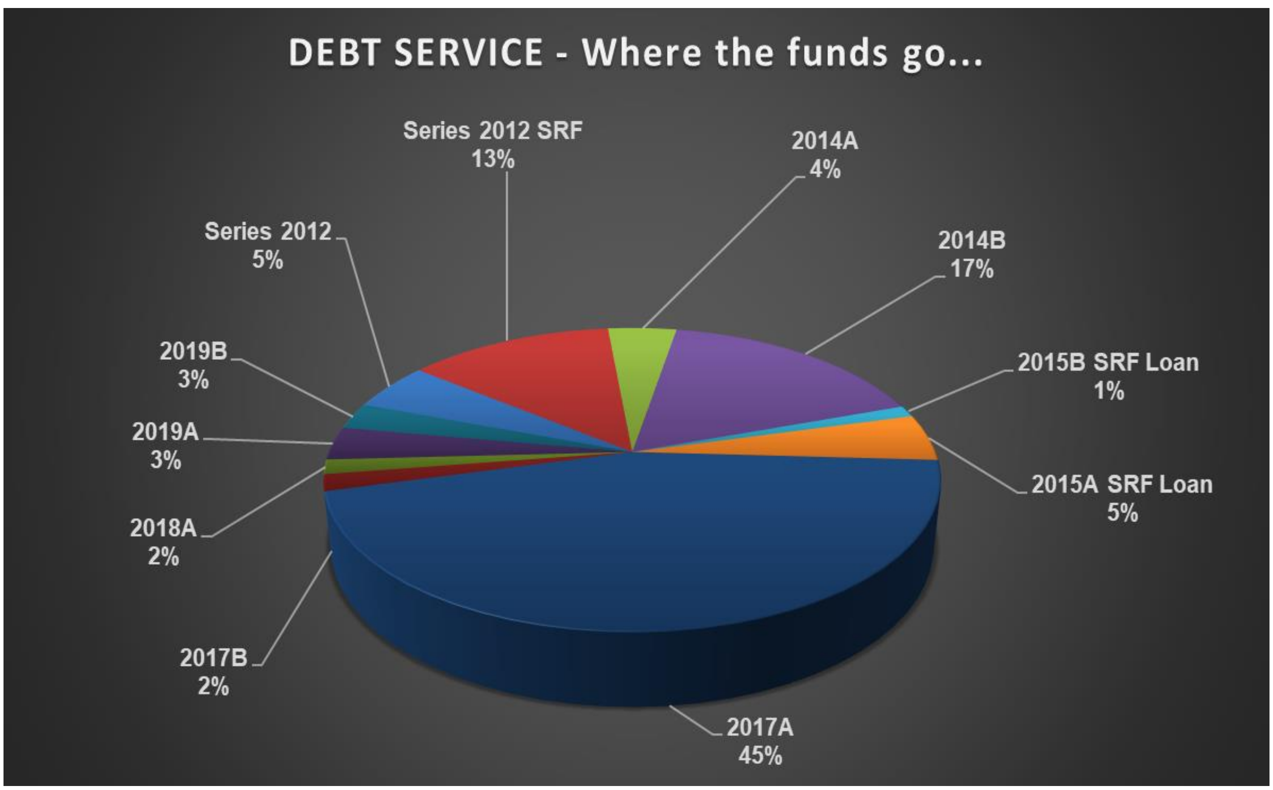


Debt Service

Budget Overview - Debt Service						
2021	2022		2023			2024
Actual	Original	Estimate	Requested	Variance	%	Projected
13,030,042	13,558,541	12,418,191	12,421,039	-1,137,502	-8.4%	12,419,100

The Debt Service budget for FY 2023 is $12.4 million which is a decrease of $1.1 million or 8.4% lower than the FY 2022 Approved budget. These amounts are in accordance with the amortization schedules of all outstanding debt.

A graph displaying the items budgeted under Debt Service and their percentage share of the overall Debt Service amount can be seen below.



Section 8 Overview of Departments

"Water is such a life saver into which we cannot breathe but without taking it into us we cannot live."

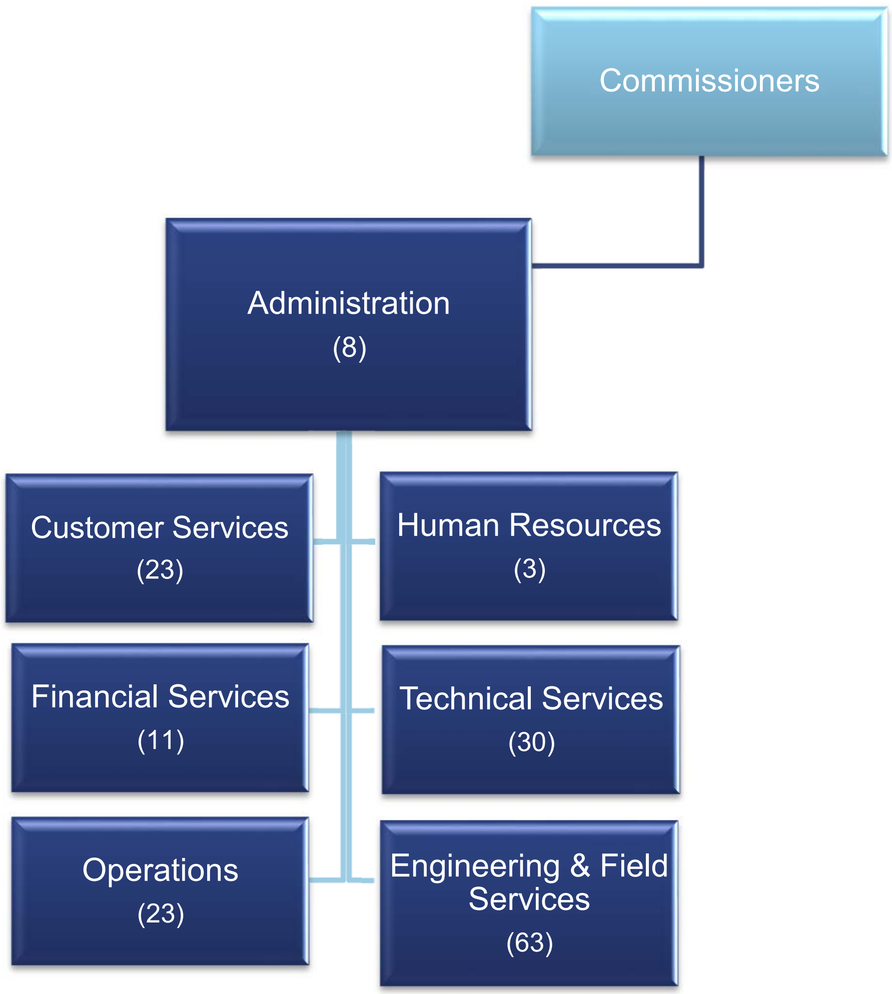
--Munia Khan

Department Organization

The Commission is organized into seven functional departments, with each department having its own budget for fiscal control. The departments are organized as – Administration, Human Resources, Customer Services, Financial Services, Technical Services, Operations, and Engineering & Field Services. Each Department Manager reports directly to the General Manager.

Department Organization Chart

Below is the FY 2023 department organization chart with position counts.



Operating Budget – Department Appropriations for FY 2023

Personnel Summary

DEPARTMENT	2021	2022 Original	2023 Approved	2024 Projected
Administration	8	7	8	8
Human Resources	3	3	3	3
Customer Services	22	23	23	23
Financial Services	10	10	11	11
Technical Services	17	20	30	30
Operations				
Water Operations	6	6	6	6
Wastewater Operations	7	7	7	7
Pumps	10	10	10	10
Operations Total	23	23	23	23
Engineering & Field Services				
Water Field	20	20	22	22
Wastewater Field	33	32	22	22
Engineering	19	18	19	19
Field Services Total	72	70	63	63
TOTAL POSITION COUNT	155	156	161	161

The FY 2022 Original position total included the addition of one new full-time position. The new position was a Meter Tester in the Customer Services department.

An organizational alignment was done for the beginning of FY 2023. This involved several departmental moves, and as can be seen above, has resulted in many of the departments reflecting changes in personnel counts. In addition, five new positions were added: an Executive Coordinator in Administration, a Materials Management Technician in Financial Services, and an Administrative Assistant and two Service Line Care Technicians in Engineering & Field Services.

FY 2024 does not have any planned additions at this time but will be revisited during next year's budget process.

Goals, Strategies, and Measures

GOAL 1
FINANCIAL VIABILITY

Recover all costs in a fiscally responsible, fair, and equitable manner.

- **STRATEGIES**
  - Meet all obejectives of the Cost Recovery Policy
  - Maintain comprehensive financial health and integrity
- **MEASURE**
  - Meet all objectives of the Cost Recovery Policy

GOAL 2
WORKFORCE DEVELOPMENT

Recruit, train, and support qualified, committed, mission-driven employees

- **STRATEGIES**
  - Maintain a stable workforce and continue recruiting efforts to add new talent that supports succession planning
  - Ensure salary and benefit competitiveness utilizing market data
  - Ensure employee-related policies are current and in compliance with legal regulations
  - Ensure hight levels of employee satisfaction
- **MEASURES**
  - 95% full complement of active positions
  - Increase percentage of employees meeting training requirements

Goals, Strategies, and Measures (continued)

GOAL 3 CUSTOMER SERVICE

Achieve customer satisfaction through excellent communication, service, and stakeholder engagement.

- **STRATEGIES (Customer Services)**
  - Develop and deliver a comprehensive conservation program
  - Utilize the customer protal to deliver account data and increase customer understanding
  - Optimize the Advanced Metering Infrastructure (AMI)
  - Implement a Customer Information System that improves efficiency
  - Improve customer feedback system
- **MEASURE**
  - 90% customer satisfaction rating
- **STRATEGIES (Communications)**
  - Enhance MPW's brand reputation
  - Expand MPW's communications program reach and impact to more residents, businesses, and employees
  - Ensure MPW speaks with one voice
  - Create a new level of communication, partnerships, and engagement with stakeholders and influencers
  - Empower consumers and stakeholders
- MEASURE
  - Average time spent on key MPW web pages - 2 minutes

Goals, Strategies, and Measures (continued)

GOAL 4 OPERATIONAL EXCELLENCE

Develop, maintain, and improve MPW infrastructure to provide reliable services and exceptional water quality while protecting resources and the environment

- **STRATEGIES (Operations)**
  - Evaluate alternative biosolids disposal options
  - Optimize Reverse Osmosis (RO) membrane operation at each water treatment plant
  - Evaluate different methods and enhance existing work practices to improve water quality
  - Establish a Water Quality Action Plan
- **MEASURE**
  - 100% compliance with state and federal
- **STRATEGIES (Engineering)**
  - Improve project delivery processes to support execution of priority capital programs
  - Utilize Asset Management to develop and prioritize FY2023-2024 CIP project list
  - Establish quantifiable (capital) level of service (LOS) goals by asset class
- **MEASURES**
  - Infrastructure Health/Performance measure $\leq$ 3.5
  - Infrastructure Reinvestment Rate $\geq$ 1.5%

Goals, Strategies, and Measures (continued)

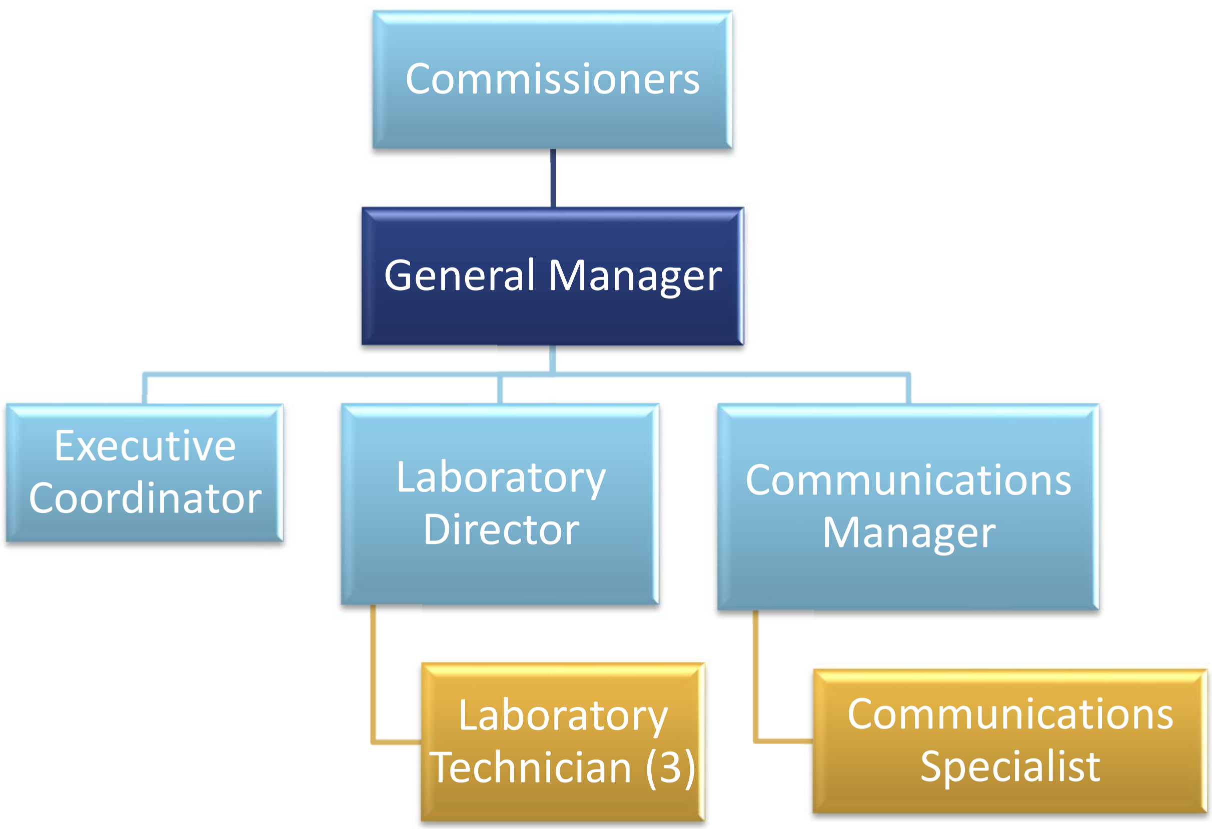
GOAL 4 OPERATIONAL EXCELLENCE (continued)

Develop, maintain, and improve MPW infrastructure to provide reliable services and exceptional water quality while protecting resources and the

- **STRATEGIES (Field Services)**
  - Deliver high quality drinking water
  - Provide routine inspections to Service Line Care customers
  - Develop a systematic approach to reduce infiltration and inflow (I&I)
  - Utilize the SCADA system to control and maintain efficiency and help mitigate asset downtime
  - Implement enhanced commercial maintenance policies
- **MEASURES**
  - Infrastructure Leakage Index ≤ 3
  - Annual Water Quality Calls ≤ 100
  - I&I Annual Running Average ≤ 18%
  - Maintain regulatory compliance.
- **STRATEGIES (Technical Services)**
  - Enhance workplace safety, security, and emergency preparedness
  - Maintain and enhance IT infrastructure to include evaluating and utilizing emerging technologies to increase efficiency, performance, reliability, and security
  - Fully implement asset management
  - Improve Dispatch services and management of special programs
- **MEASURES**
  - Experience Modification (Emod) ≤ 1.0
  - 100% applicable AWWA Cybersecurity Risk Management Tool Controls implemented

Administration Department

The Administrative Department includes the Board of Commissioners, General Manager, Executive Coordinator, Communications Manager, Communications Assistant, Laboratory Director, and three Laboratory Technicians. The Commissioners are responsible for setting the Mission, Vision, and Goals for Mount Pleasant Waterworks (MPW) and providing direction and leadership to meet the goals. The General Manager (GM) is responsible for the administration and the implementation of the Commission policies and federal and state laws. The GM organizes the staff, assigns responsibilities, and is responsible for carrying out the policies and directives of the MPW Commissioners. The Communications Specialist develops and manages MPW's communications programs. The Laboratory is responsible for testing activities related to regulatory permit compliance of both the water and wastewater system. In addition to regulatory sampling, they provide testing and support for operational activities related to process control samples.



MISSION

The mission of the Administration Department is to efficiently and effectively manage all aspects of the Mount Pleasant Waterworks business plans, communications plans, and provide the leadership and direction to meet the Mission and Vision, and achieve the organizational goals.

SUMMARY OF ACTIVITIES

- Provide the Board of Commission timely information & support.
- Ensure that all water and wastewater facilities & programs are operated in compliance with all applicable standards.
- Develop, implement, and maintain effective long-term financial, operational and environmental protection plans.
- Implement sound fiscal policies, budgets, and controls.
- Maintain and improve effective coordination, cooperation, and communication with local, State, and Federal governmental entities.
- Continues innovation and creativity in providing services in a more effective, cost-efficient and sustainable manner.
- Support training & development of all employees in order to improve MPW's services.
- Motivate employees & encourage teamwork throughout the organization.
- Serves as the principal communication strategist for MPW.
- Manages all media activities.
- Develops long range strategic communications plans, and oversees all information and outreach programs to Commissioners, customers, and the community at-large.
- Maintains strategic and emergency communication plans.
- Provides reactive media relations and acts as spokesperson during emergency events such as hurricanes.
- Administers focus group processes and education programs.
- Manages various communication programs by developing, conducting, and coordinating activities designed to inform, promote, explain, and publicize program, project and other issues to and through the media.
- Collect and analyze samples to ensure that water and wastewater quality meets or exceeds all state and federal requirements; prepare a variety of self-monitoring reports and submit them to the appropriate regulatory agencies within the allotted time frames.

ADMINISTRATIVE DEPARTMENT'S O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 1,188,909	$ 1,158,605	$ 1,054,757	$ 1,312,887	$ 154,282	13.3%	$ 1,378,531
Contractual Services	428,975	433,658	413,243	575,430	141,772	32.7%	604,202
Supplies & Materials	105,108	126,325	134,338	137,250	10,925	8.6%	144,113
Training & Education	53,734	102,000	111,375	170,183	68,183	66.8%	178,692
Other Expenses	508,540	562,230	566,800	628,000	65,770	11.7%	659,400
Operating (before Debt Service)	$ 2,285,265	$ 2,382,818	$ 2,280,513	$ 2,823,750	$ 440,932	18.5%	$ 2,964,937
Debt Service			-		-		
Total Operating	$ 2,285,270	$ 2,382,818	$ 2,280,513	$ 2,823,750	$ 440,932	18.5%	$ 2,964,937

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $102,305 or 4.3% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be under budget by $103,848 due to department vacancies during the fiscal year.
- Contractual Services are projected to under budget by $20,415 due to lower costs associated with print and graphic design expenses.
- Supplies and Materials are projected to be over budget by $8,013 due to higher costs associated with office equipment and laboratory supplies.
- Training and Education are projected to be over budget by $9,375 due to higher costs associated with memberships and meetings and education expenses.

The FY 2023 Approved budget represents a $440,932 or 18.5% increase over the FY 2022 Original budget. The major driving factors behind this decrease are:

- Compensation and Benefits are projected to increase by $154,282 due to the addition of positions under the organization alignment done in late FY 2022.
- Contractual Services are projected to increase by $141,772 due to expenses associated with legal fees, project consulting fees, general communication fees, and laboratory equipment services.
- Training and Education are projected to increase by $68,183 due to anticipated training opportunities returning during the fiscal year and the organization alignment.
- Other Expenses are projected to increase by $65,770 due to the Town Payment in lieu of Taxes.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	2	3	8

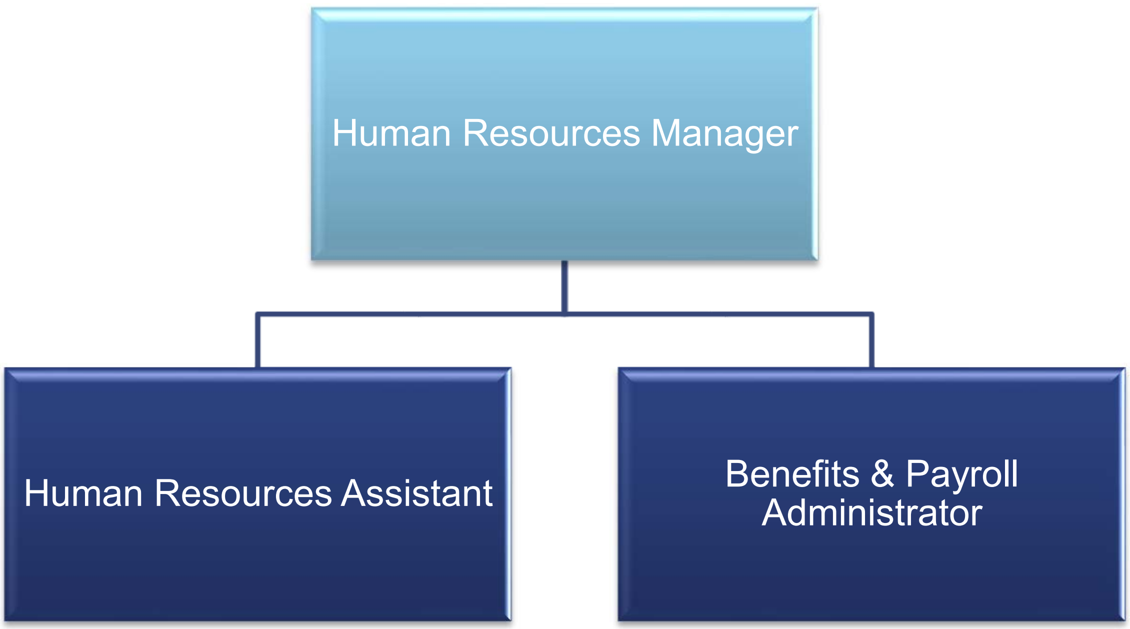
The Administration Department is managed by the General Manager, and also staffed by the Communications Manager, Communications Specialist, Laboratory Director, and three Laboratory Technicians.

	FY 2021	FY 2022	FY 2023 Approved
Elected/Appointed Positions	7	7	7

Mount Pleasant Waterworks is governed by a group of seven elected officials. Of the seven, five are elected during the municipal elections. The Mayor of the Town of Mount Pleasant along with the Chairman of the Town of Mount Pleasant Water Supply Committee serve on the Commission and have full voting rights.

Human Resources Department

The Human Resources Department is responsible for the development and cultivation of human resources and training initiatives including recruitment, selection, legal compliance, policy development and compliance, payroll and benefits administration, compensation plan development and implementation, employee insurance management, and employee records management.



MISSION

As a strategic part of the organization, Human Resources supports the goals of Mount Pleasant Waterworks by recruiting and retaining the most qualified employees utilizing quality strategies, values and initiatives to meet the needs of our internal and external customers.

SUMMARY OF ACTIVITIES

- Promote responsive and courteous customer service in all activities for internal and external customers.
- Analyze and administer the classification and pay plan for the organization, monitor equitable pay practices and ensure the organization's pay and benefits package remains competitive in the marketplace.
- Recruit capable and qualified candidates for vacant positions in accordance with MPW-established employee selection practices/procedures.
- Assess training needs and develop an effective training program that provides the skills needed to effectively perform current duties and the skills needed to advance; provide

individual career development counseling to employees and coordinate annual training schedule, instructors and facilities.
- Develop and maintain our performance management system and Commission-wide job descriptions.
- Encourage uniformity and timeliness in the processing of performance evaluations.
- Actively promote equal employment/affirmative action objectives.
- Promote good employee relations and a positive working environment.
- Review, analyze and recommend revisions, updates and interpretations of personnel policies and procedures.
- Support, assist and educate employees in their understanding participation of MPW-offered benefits.
- Maintain and monitor employee payroll to ensure timeliness and accuracy.
- Promote the general well-being of the work force through counseling and coaching, addressing confidential personal needs, and directing employees to appropriate external resources.
- Identify and fulfill all federal and state legal requirements and government reporting regulations affecting the human resource function (e.g. EEO, ADA, FMLA, COBRA, ERISA, FLSA, USERRA, OSHA, Affordable Care Act, Wage & Hour, Harassment, etc.)
- Ensure environmental certifications and licensure are tracked, renewed and updated annually.

HUMAN RESOURCES DEPARTMENT O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 641,881	$ 702,851	$ 741,320	$ 818,950	$ 116,099	16.5%	$ 859,898
Contractual Services	113,351	143,288	111,779	180,547	37,259	26.0%	189,574
Supplies & Materials	2,023	6,680	6,788	7,280	600	9.0%	7,644
Training & Education	5,194	43,734	38,226	59,115	15,381	35.2%	62,071
Other Expenses	56,154	85,765	87,968	108,000	22,235	25.9%	113,400
Operating (before Debt Service)	$ 818,603	$ 982,318	$ 986,081	$ 1,173,892	$ 191,574	19.5%	$ 1,232,587
Debt Service			-		-		
Total Operating	$ 818,603	$ 982,318	$ 986,081	$ 1,173,892	$ 191,574	19.5%	$ 1,232,587

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate Budget represents a $3,763 or 0.4% increase from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be over budget by $38,469 due to higher costs associated with Health Insurance Expense.
- Contractual Services are projected to be under budget by $31,509 due to lower costs associated with training professional fees.
- Training and Education are projected to be under budget by $5,508 due to conference cancellations.

The FY 2023 Approved Budget represents a $191,574 or 19.5% increase from the FY 2022 Original Budget. Major reasons for the variance include:

- Compensation and Benefits are projected to increase by $116,099 due to OPEB costs, health care out of network costs, and other salary and benefit increases.
- Contractual Services are projected to increase by $37,259 due to recruiting expenses and payroll processing fees.
- Training and Education are projected to increase by $15,381 due to license, exam, and renewal costs being budgeted in this department beginning in FY22 and training and education opportunities returning.
- Other Expenses are projected to increase by $22,235 due to special programs and employee events.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	3	3	3

The Human Resources Department consists of 3 positions: Human Resources Manager, Benefits Administrator and Human Resources Assistant.

KEY PERFORMANCE MEASUREMENTS

	FY 2021	FY 2022	FY 2023 Approved
Training Budget, % Over / Under Last Year, Actual Spent			
Training Budget	$209,481	$135,420	$181,537
Actual Spent	$165,270	$78,584	$181,537
Percent Actual/Budget	79%	58%	100%

Employee training and education is segregated and tracked in three separate categories:

- Global MPW Training includes all technical job-specific training, computer software training, personal development/"soft skills" training and safety training.
- Education (Non-Degree Seeking) includes continuing education that is not specifically related to a degree (e.g. such as preparation for a licensure exam, Professional Engineer (PE) exam or IT certification that is specific to one employee or a select group of employees).
- Education (Degree-Seeking) includes all post-high school continuing education.

	FY 2021	FY 2022	FY 2023 Proposed
Average Training Hours Per Employee	22	28	30

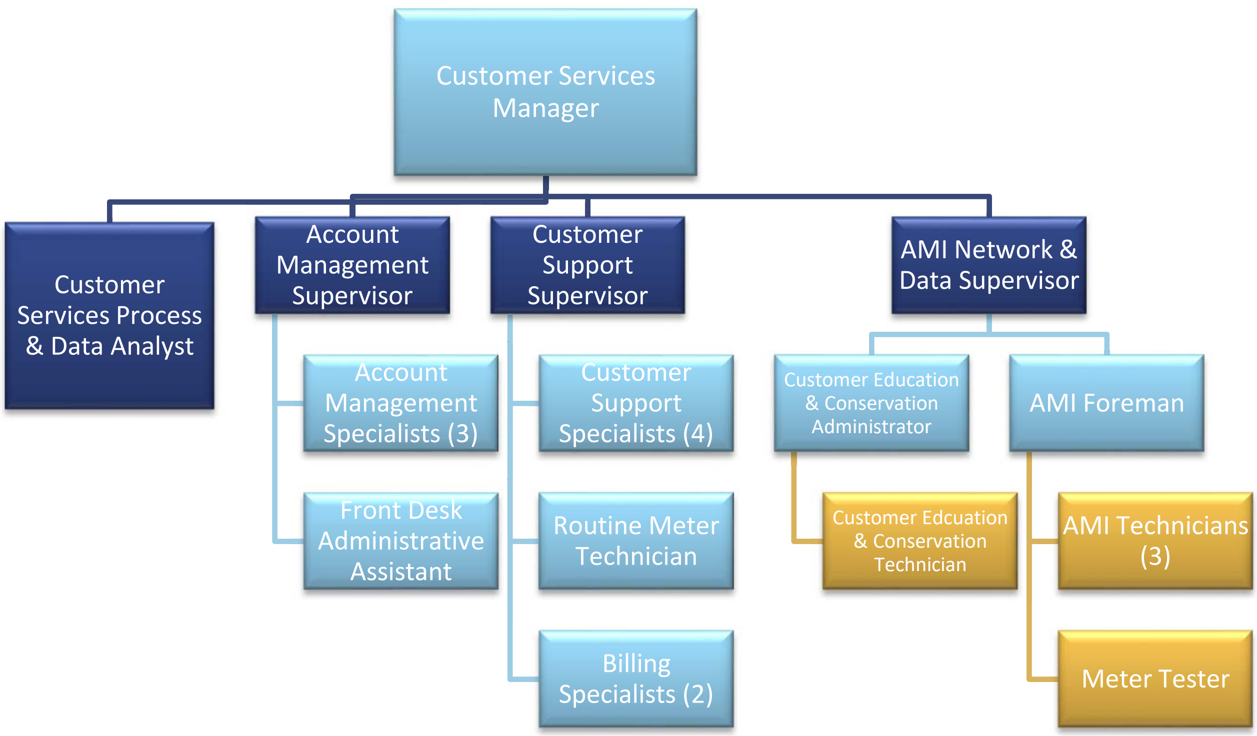
The above chart reflects the average hours of training per employee in FY 2021 compared to FY 2022. In FY 2021, the total averaged 22 hours per employee. In FY 2022, the total number of training hours averaged 28 per employee. The COVID-19 pandemic impacted the Commission's ability to conduct in-person training activities in FY2021. As expected (post-COVID), our average number of training hours increased in FY2022.

	FY 2021	FY 2022	FY 2023 Proposed
Customer Accounts Per Employee			
Water Customer Accounts	40,009	40,697	41,511
Water Accounts Per Employee	711	641	610
Wastewater Customer Accounts	34,834	35,336	36,043
Wastewater Accounts Per Employee	476	450	440

The above chart reflects the number of customer accounts per employee. These numbers are segregated between our water and wastewater departments.

Customer Services Department

The Customer Services Department directs, oversees, and is responsible for internal and external communications including account management, contact center, billing, meter management, customer engagement.



MISSION

The Customer Services Department is a dedicated team committed to providing superior service by listening, anticipating and being empowered to take action.

SUMMARY OF ACTIVITIES

- Promote responsive and courteous customer services in all activities for internal and external customers.
- Develop, implement, and maintain an effective meter management plan.
- Maintain and improve effective coordination, cooperation, and customer service communication with customers.
- Answer and act upon customer requests and complaints received by phone, mail, email or in person in an efficient and timely manner.
- Calculate monthly bills and authorize bill messaging, printing and mailing of bills.
- Ensure payments are accurately received and posted to customer accounts in a timely manner.
- Oversees the Customer Information System which encompasses customer accounts and services, rates, bill processing, collections, service orders, reporting, cash, payments and point of sale.
- Utilizes analytical skills and innovative thinking to develop and improve billing, customer service and customer account management procedures.
- Oversees and manages the meter upgrade project from Automated Meter Reading to Advanced Meter Infrastructure (40,000 meters).
- Implement analysis and customer communication changes brought on by the new meter reading system.
- Responsible for collecting all meter readings to ensure that customers are billed in an accurate and timely manner. Educates and counsels customers on water use and assists in problem solving and research regarding water use.
- Manages and maintains the meter reading system and uses the data to make business process decisions and provides information and reports regarding water sales, water loss, water theft and leaks.

CUSTOMER SERVICES DEPARTMENT O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 1,811,369	$ 2,210,888	$ 2,089,441	$ 2,409,764	$ 198,876	9.0%	$ 2,530,252
Contractual Services	532,540	792,300	641,377	891,639	99,339	12.5%	936,221
Supplies & Materials	62,128	86,615	85,646	98,080	11,465	13.2%	102,984
Training & Education	2,419	22,210	38,578	62,301	40,091	180.5%	65,416
Other Expenses	530,261	564,866	595,896	564,000	(866)	-0.2%	592,200
Operating (before Debt Service)	$ 2,938,717	$ 3,676,880	$ 3,450,938	$ 4,025,784	$ 348,904	9.5%	$ 4,227,073
Debt Service			-		-		
Total Operating	$ 2,938,717	$ 3,676,880	$ 3,450,938	$ 4,025,784	$ 348,904	9.5%	$ 4,227,073

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $225,941 or 6% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be under budget by $121,447 due primarily to department vacancies through the year.
- Contractual Services are projected to be under budget by $150,923 due to professional fees, computers maintenance needs, computer subscriptions, and computer reactionary expense being lower.
- Training and Education are projected to be over budget by $16,368 due to training and education opportunities being more readily available post-pandemic.
- Other Expenses are projected to be over budget by $31,030 due to higher merchant and bank service fees.

The FY 2023 Approved budget represents a $348,904 or 9.5% increase over the FY 2022 Original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to increase by $198,876 due to the full year effect of positions added during FY22 and increases in health expenses.
- Contractual Services are projected to increase by $99,339 due to higher computer subscription, license and maintenance fees.
- Supplies and Materials are projected to increase $11,465 due to supplies associated with the smart meters program and fuel costs.
- Training and Education are projected to increase $40,091 due to anticipated training and education opportunities returning and being more readily available post-pandemic.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	22	23	23

KEY PERFORMANCE MEASUREMENTS

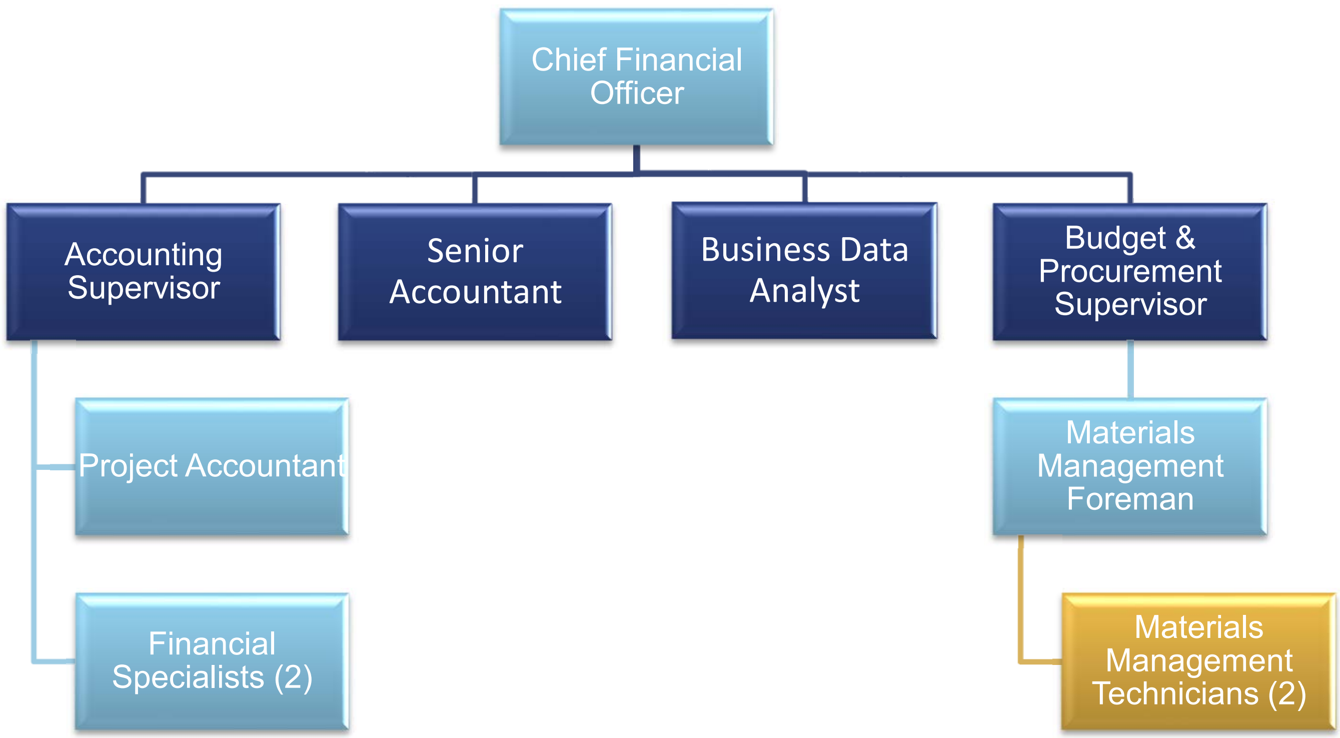
	FY 2021	FY 2022	FY 2023 Proposed
Customer Satisfaction Rating	N/A	99%	90%

During Fiscal Year 2022, the Customer Satisfaction Rating was 99% regarding the most recent customer service experience. Customer Satisfaction scores are collected monthly by an email survey. The survey is sent to all completed field service orders and all customers that call the contact center (must have a valid email address on the customer account to receive the survey). The survey asks a series of questions regarding the service they received. The final question on each survey is “On a scale of 1 to 10, with 1 being “very poor,” and 10 being “excellent,” how would you rate Mount Pleasant Waterworks service overall?”. The following shows the percent of customers that rated MPW an 8, 9, and 10.

	FY 2021	FY 2022	FY 2023 Proposed
MPW Overall Rating	91%	90%	90%

Financial Services Department

The Finance department's responsibilities include financial reporting and analysis, internal controls, budgeting, purchasing, accounts payable, cash disbursements, capital assets and depreciation, payroll, selected insurance and risk management, cash and investment management and reconciliation, general ledger control for all accounts including revenue, receivables and cash summary transactions; development of rates, ancillary fees, and the oversight of the Cost Recovery Policy, including the administration of all debt issuances.



MISSION

The Financial Services Department's mission is to provide outstanding financial leadership and accounting, ensuring accountability and transparency through integrity, teamwork, expertise, and outstanding customer service in an efficient and effective manner and in conformity with professional, ethical, industry and legal requirements and standards.

SUMMARY OF ACTIVITIES

- Provide Commissioners, General Manager, Department Managers and all supervisors and foremen with timely and accurate financial information and support.
- Maximize interest earnings on cash and investments using fiscally sound investment practices and strategies while maintaining adequate liquidity to meet expenditures in a timely manner.
- Ensure compliance with bond covenants, grant agreements and the Cost Recovery Policy.
- Process all invoices timely and accurately taking advantage of available discounts.
- Process biweekly payrolls timely and accurately.
- Monitor operating and capital revenues and expenditures against budget levels.
- Maintain the general ledger and related subsidiary ledgers.
- Development, maintenance and compliance assurance with the Commission Purchasing Policy.
- Ensure appropriate inventory levels and safeguards.
- Establish internal controls ensuring proper safekeeping of all assets.
- Provide management of the annual audit.
- Review adequacy of basic facility charges, volumetric rates, impact fees and ancillary fees and charges to generate sufficient revenues to support a fiscally sound organization.
- Analyze capital expenditures and developer contributions to record, maintain and depreciate capital assets.

FINANCE DEPARTMENT O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 1,860,416	$ 1,992,685	$ 1,685,120	$ 1,924,526	$ (68,159)	-3.4%	$ 2,020,753
Contractual Services	250,311	359,304	348,416	425,640	66,336	18.5%	446,922
Supplies & Materials	15,604	13,728	14,619	266,230	252,502	1839.3%	279,542
Training & Education	3,500	28,112	16,089	37,230	9,118	32.4%	39,092
Other Expenses	76,083	88,296	88,301	88,296	-	0.0%	92,711
Operating (before Debt Service)	$ 2,205,914	$ 2,482,124	$ 2,152,545	$ 2,741,922	$ 259,797	10.5%	$ 2,879,020
Debt Service			-		-		
Total Operating	$ 2,205,914	$ 2,482,124	$ 2,152,545	$ 2,741,922	$ 259,797	10.5%	$ 2,879,020

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $329,579 or 13% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be $307,565 under budget due to department vacancies and lower actual OPEB expense.
- Contractual Services are projected to be under budget by $10,888 due primarily to costs associated with insurance professional fees and computer reactionary expense.
- Training and Education are projected to be under budget by $16,089 due to training cancellations and conference attendance.

The FY 2023 Approved budget is $259,797 or 10.5% higher than the FY 2022 Original budget.

Major reasons for this variance include:

- Compensation and Benefits are projected to increase by $68,159 primarily due to cost associated with OPEB expense. However, the department will be adding one new FTE.
- Contractual Services are projected to increase by $66,336 due primarily to the addition of cyber insurance fees.
- Supplies and Materials are projected to increase by $252,503 due to the current volatility and unknowns associated with fuel prices. A fuel contingency has been budgeted to help mitigate some of these unknowns as the market fluctuates.
- Training and Education are projected to increase $37,230 due to anticipated training and education opportunities returning and the addition of new staff.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	10	11	11

KEY PERFORMANCE MEASUREMENTS

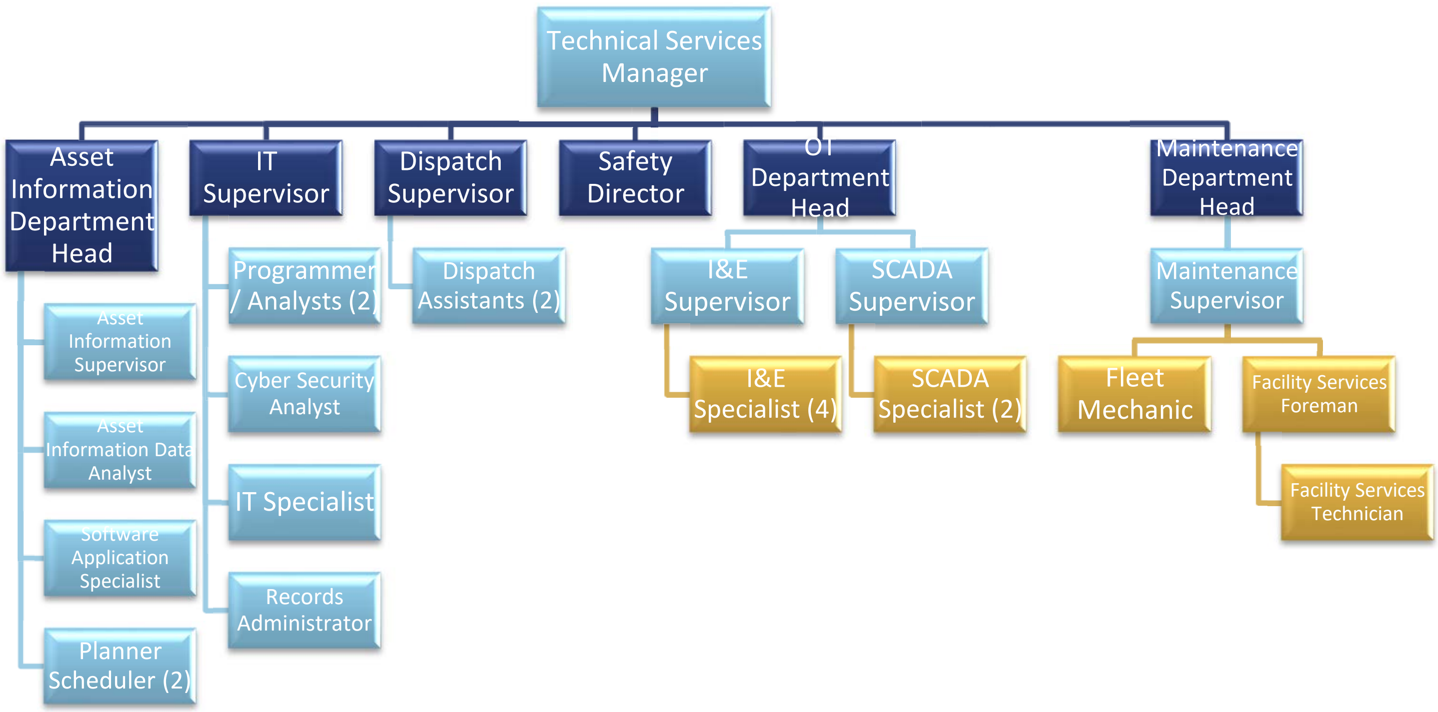
	FY 2021	FY 2022 Est.	FY 2023 Proposed
Meet or Perform Better Than Budget			
% of O&M Budget			
Revenues	102%	97%	≥ 100%
Expenditures	96%	94%	≤ 100%
% of Capital Budget			
Revenues	83%	83%	≥ 100%
Expenditures	85%	85%	≤ 100%

	FY 2021	FY 2022 Est.	FY 2023 Proposed
Cost Recovery Policy Compliance			
Debt Compliance:			
Net Operating Revenues Cost Recovery (goal ≥ 2.00)	1.93	1.83	2.00
Days Cash Reserves:			
(goal ≥ 200 days)	471	360	200
Bond Rating:			
Moody's	Aa1	Aa1	Aa1
Standard & Poor's	AA+	AA+	AA+

During the 2017 fiscal year, MPW received an affirmation as to the current credit ratings of Aa1 from Moody's rating agency and AA+ from Standards & Poor's. The credit review was part of the $111 million Revenue Bond issuance in April 2017. This achievement was a result of our strong financial policies and practices. These policies and practices continue today.

Technical Services Department

The Technical Services Department consists of Information Technology (IT), Asset Management, Dispatch, Operational Technology (OT), Fleet, Maintenance, and Facilities, and Safety and Security.



MISSION

To team with all Commission departments in managing information resources "past, present and future" to ensure the right information gets to the right people at the right time.

VISION

To become a progressive, innovative and highly trained team that embraces positive change and utilizes the full potential of state-of-the-art information technology to deliver fully integrated information systems.

SUMMARY OF ACTIVITIES

Information Technology

- Functions are carried out through evaluation, planning, procurement, installation, maintenance, administration and staff training in the following areas: Local/Wide Area Network (LAN/WAN), Wireless Network, Radio Communications Network, Digital Telephony System w/ ACD/Call Accounting/Voicemail, Geographical Information System, Computerized Maintenance Management System, SCADA/Process Control Systems including Data Historian, Laboratory Information Management System, Financial Information System, Human Resources Management System, Customer Information/Billing System, Electronic Document Management System, GPS Tracking System, Project Information Management System, E-Mail and File Systems, Intranet, Public Website, Firewall, Intrusion Detection, Corporate Anti-Virus, E-Mail & Website Filtering, Personal Computing including Mobile Devices, etc.
- Develops, maintains, implements, and communicates a long-range strategic technology plan for the effective and efficient use of technology throughout the organization.
- Assesses organization-wide information service needs and priorities and allocates or re-allocates technology resources accordingly through the acquisition, modification, and/or re-assignment of hardware and software, and through recommendations for staff training. MIS establishes appropriate technology standards, specifications, security levels, and change procedures for MPW's information system.
- Plans and implements new strategies such as system security, disaster recovery, help desk; and documents new procedures and processes.
- Analyzes requirements and program applications to satisfy Commission needs for information processing.
- Monitors the status of various systems and servers.
- Keeps abreast of and learns new personal computer-based programming languages and network systems.
- Responds to Help Desk calls, work orders, and/or e-mails in a timely, courteous manner; conducts analysis; performs necessary troubleshooting; insures efficient resolution of end user problems.
- Minimizes user down time in the event of a failure by ensuring a working system with access to all necessary applications and data is ready and available immediately.
- Performs new equipment installs by unpacking, configuration to standard or custom specifications, and setup at appropriate location.

Asset Management, Dispatch, Facilities, Safety & Security

- Provide responsive, professional, and courteous customer service in all activities.
- Dispatch all Service Requests to field personnel; serve as the communication link between field personnel and the office; communicate/follow-up with external customers as needed in relation to field service activities; and routinely report on a variety of Service Request related activities and statistics.

- Oversee and maintain the Operations Center building, grounds, and numerous building systems (security cameras, burglar alarm, fire alarm, elevator, etc.)
- Assist with administration of MPW's Computerized Maintenance Management / Asset Management Systems: maintain asset inventory database, preventive maintenance schedules, problem / activity codes, failure reporting, etc. Develop and conduct end user training and perform Quality Assurance reviews and audits of data in CMMS to verify completeness and accuracy. Provide end user support on a daily basis if they have questions or issues.
- Provide administrative support and assistance to the Water, Wastewater, and MIS Departments (and occasionally others if needed).
- Promote, encourage, and support protecting the health and safety of surrounding communities and our environment.
- Manage all MPW cell phones and two-way radios.
- Administer and oversee all aspect of MPW's Safety, Security, and Emergency Management programs and initiatives, including related procedures, training, inspections, regulatory compliance, etc.
- During actual emergencies assist with planning, preparing, and directing all aspects of incident management.
- Provide administrative oversight for various regulatory programs and permits, including air, asbestos, storm water, and hazardous chemicals.

Records Management

- Manages the Records Program for the entire organization to ensure compliance with state and federal regulations regarding Records Management.
- Reviews and develops retention and disposition schedules for approval by the South Carolina Department of Archives and History; maintains; updates and distributes retention schedules throughout the Commission; destroys records that have met their retention schedule.

Operational Technology

- Assure electrical code compliance, accuracy, and safety.
- Meet with various representatives such as engineers and local utility representatives to discuss needs and upcoming projects.
- Review plans for projects and make changes as needed; review power rates.
- Write specifications for equipment, such as generators, variable frequency drives, and electrical applications.
- Coordinate electrical work for MPW.
- Troubleshoot and repair electrical equipment.
- Provide emergency on call service 24 hours a day, seven days a week.
- Maintain emergency generators in a state of readiness 100% of the time.

- Manages the Process Control and SCADA systems that monitor and control the Commission's water and wastewater treatment plants, distribution and collection systems.
- Calibrates, troubleshoots, repairs, installs, and integrates instrumentation systems which monitor parameters such as pH, conductivity, temperature, turbidity, Cl2, flow rate, level, pressure, etc.
- Performs electronic equipment setup, programming, calibrating, troubleshooting and optimization of components such as variable frequency drives, control valves, pump controls, alarm systems, and level monitoring systems.

TECHNICAL SERVICES O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 2,991,890	$ 3,576,380	$ 3,428,696	$ 3,945,606	$ 369,226	10.3%	$ 4,142,886
Contractual Services	919,500	1,125,164	1,038,600	1,289,716	164,552	14.6%	1,354,201
Supplies & Materials	265,198	328,023	309,025	439,091	111,068	33.9%	461,046
Training & Education	25,162	70,944	66,082	109,733	38,789	54.7%	115,220
Other Expenses	173	-	429	-	-	0.0%	-
Operating (before Debt Service)	$ 4,201,923	$ 5,100,511	$ 4,842,832	$ 5,784,145	$ 683,635	13.4%	$ 6,073,352
Debt Service	-	-	-	-	-		-
Total Operating	$ 4,201,923	$ 5,100,511	$ 4,842,832	$ 5,784,145	$ 683,635	13.4%	$ 6,073,352

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $257,679 or 5% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be under budget by $147,683 due to department vacancies throughout the year.
- Contractual Services are projected to be under budget $86,564 due to lower costs associated with computer subscriptions, software, professional fees, and communications services.
- Supplies and Materials are projected to be under budget by $18,998 due to computer program supplies, fuel, and general supply and material costs being lower than anticipated.
- Training and Education are projected to be under budget by $4,862 due to travel restrictions and cancellations for training events not attended.

The FY 2023 Approved budget represents a $683,635 or 13.4% increase from the FY 2022 Original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to increase by $369,226 due primarily to the addition of staff during FY 2022 and the full year effect of these positions.
- Contractual Services are projected to increase $164,552 due primarily to moving all budgets associated with fleet vehicle maintenance into Technical Services.
- Supplies and Materials are projected to increase $111,068 due primarily to moving all supply budgets associated with fleet vehicles into Technical Services.
- Training and Education are projected to increase $38,789 due to the addition of new staff and the anticipation of training and education opportunities being more readily available post-pandemic.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	**17**	**20**	**30**

During the organizational alignment, Technical Services gained the Operational Technology and the Fleet, Maintenance, and Facilities divisions. This increased the FTE count of the department.

KEY PERFORMANCE MEASUREMENTS

	FY 2021	FY 2022	FY 2023 Proposed
IT System Downtime	**.2**	**14.75**	**< 88 Hrs.**

IT System Downtime: includes major applications and/or hardware that affects either a large number of users or critical business processes. Downtime reporting excludes scheduled outages. Downtime in FY 2022 was primarily associated with external vendors.

	FY 2021	FY 2022	FY 2023 Proposed
Lost Days Due to Work Related Injuries	**386**	**54**	**< 250**

Lost Days Due to Work Related Injuries = the number of full workdays missed due to work related injuries.

	FY 2021	FY 2022	FY 2023 Proposed
Man-Hours of Safety Training	**1,463**	**.1,971.5**	**≥ 1,500**

Man-Hours of Safety Training = the total number of man-hours spent in safety, security, and/or emergency management training. Increased in FY 2023 due to training resuming to normal following pandemic.

KEY PERFORMANCE MEASUREMENTS – Operational Technology

	FY 2021	FY 2022	FY 2023 Proposed
Monitor KWH/1000 gallons at each RO Plant Goal: <6.0	4.54	4.44	< 5.5

	FY 2021	FY 2022	FY 2023 Proposed
Monitor KWH/1000 gallons at each WWTP Goal: <3.5	3.00	2.65	< 3.25

KWH/1000 gallons are monitored to help determine plant efficiencies and predict power costs. As this number increases, so does our cost for electricity. Decreased proposed KPIs for FY23 for RO from 6.0 to 5.5 due to membrane changeouts and WW from 3.5 to 3.25 due to HCDWRF upgrade to higher efficiency equipment & processes and future plans to divert flows there.

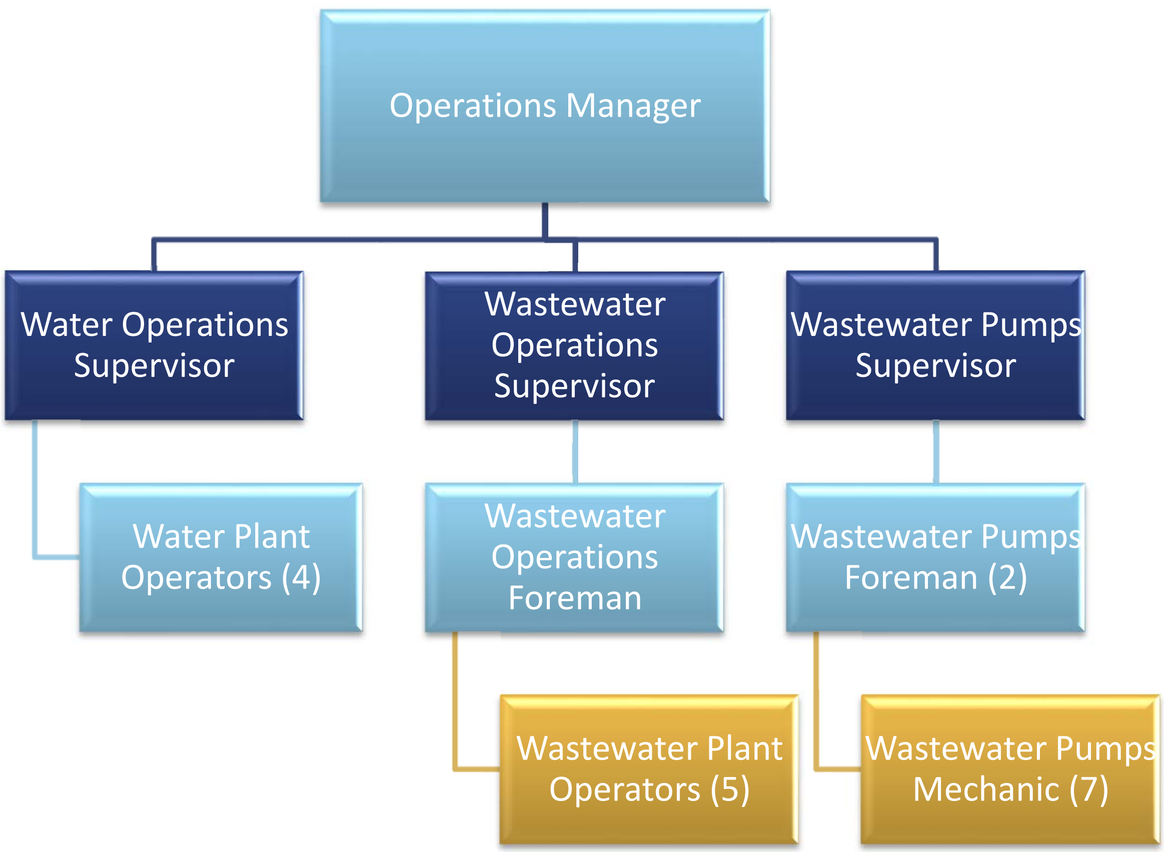
Operations Department

The Operations Department includes Water Plant Operations, Wastewater Plant Operations and Pumps.

The Water Plant Operations is responsible for the operation of four reverse osmosis treatment plants, three Aquifer Storage and Recovery (ASR) Wells, and the operation of eight storage tanks. The operators manage the 6.0mgd wholesale contract from CWS and balance the water resources from the aquifer and surface water to meet the needs of our customers.

The Wastewater Plant Operations is responsible for reliably providing efficient and effective treatment of the wastewater and biosolids generated daily by the MPW customers. Primary Departmental functions include operation of the Wastewater Treatment Plants, biosolids processing and disposal, and the odor control systems.

The Laboratory is responsible for testing activities related to regulatory permit compliance of both the water and wastewater system. In addition to regulatory sampling they provide testing and support for operational activities related to process control samples.



OPERATIONS MISSION

The mission of the Operations Department is to manage the water resources available in the most efficient manner while ensuring water treatment of the highest quality.

SUMMARY OF ACTIVITIES

- Water Treatment – Manages the water resources (Aquifer/Wholesale Surface Contract) to meet the needs of our customers. Includes water treatment, ASR, and storage tank management.
- Wastewater Treatment – Manages the wastewater treatment (Center Street & Rifle Range Road WWTP) process to ensure protection of the environment and compliance with environmental regulations.
- Pumps – Maintains all equipment necessary to provide reliable and efficient pumping of wastewater without spillage or overflow.

OPERATIONS O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 2,657,629	$ 2,821,473	$ 2,508,899	$ 2,824,844	$ 3,371	0.1%	$ 2,966,086
Contractual Services	5,975,946	6,590,698	6,881,205	6,957,343	366,645	5.6%	7,305,210
Supplies & Materials	770,066	960,324	949,597	961,389	1,065	0.1%	1,009,458
Training & Education	24,739	41,202	53,808	61,185	19,983	48.5%	64,244
Other Expenses	65,220	71,040	74,729	72,789	1,749	2.5%	76,428
Operating (before Debt Service)	$ 9,493,600	$ 10,484,737	$ 10,468,238	$ 10,877,550	$ 392,813	3.7%	$ 11,421,427
Debt Service	4,794,949	4,611,744	4,611,745	5,109,553	497,809	10.8%	4,434,210
Total Operating	$ 14,288,549	$ 15,096,481	$ 15,079,983	$ 15,987,102	$ 890,621	5.9%	$ 15,855,637

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $16,498 or 0.11% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be under budget by $312,574 due to department vacancies throughout the year.
- Contractual Services are projected to be over budget by $290,507 due to purchased water and biosolid hauling costs.
- Supplies and Materials are projected to be under budget by $10,727 due to variances in treatment supply costs.

The FY 2023 Approved budget represents a $890,621 or 5.9% increase from the FY 2022 Original budget. Major reasons for the variance include:

- Contractual Services are projected to increase by $366,645 due primarily to costs associated with purchased water and biosolids disposal expense, while we are seeing an offset reduction in electrical expense due to increased plant efficiencies.
- Training and Education are projected to increase $19,983 due to anticipated training and education opportunities returning post-pandemic and the effect of having additional staff from the organizational alignment.
- Debt Service is projected to increase $497,809 in accordance with the amortization schedules of all outstanding debt.

PERSONNEL SUMMARY

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	23	23	23

The following are sub-departments within the Operations Department

WATER PLANT OPERATIONS (TREATMENT) MISSION

The mission of Water Plant Operations is to provide a supply of water which is of safe quality and sufficient quantity to meet the demands of the customers on a daily basis and over the long term.

SUMMARY OF ACTIVITIES

- Perform daily inspections of treatment plants and storage tanks.
- Perform daily water quality testing and performing adjustments as required.
- Repair and maintain the treatment equipment and facilities.
- Ensure a constant supply of chemicals to treat the water.
- Record daily production and chemical use from all facilities.
- Make daily adjustments in production output to meet the demands of the system.
- Ensure all safety equipment is operating properly.
- Adjust chemical dosages as required.
- Attend training classes to stay updated on new technologies.
- Record and monitor levels in the aquifer.
- Address all SCDHEC requirements and regulations.

PERSONNEL SUMMARY – Water Operations

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	6	6	6

KEY PERFORMANCE MEASUREMENTS – Water Operations

	FY 2021	FY 2022	FY 2023 Proposed
KWH/ MG Gallons Water Distributed Which Includes RO Water and CWS Purchased Water	2,286	1,670	1,586
Plant 1	5,040	4,808	4,568
Plant 2	4,501	4,823	4,582
Plant 3	2,244	4,118	3,912
Plant 4	4,801	4,028	3,827

	FY 2021	FY 2022	FY 2023 Proposed
Total Gallons Produced (in million of gallons)	3,431	3,470	3,136

The total gallons produced is the amount of water purchased and the amount of water produced at the four water treatment plants.

	FY 2021	FY 2022	FY 2023 Proposed
Drinking water quality compliance rate	100%	100%	100%

It is expected that 100 % compliance with all drinking water regulations will be maintained.

WASTEWATER PLANT OPERATIONS (TREATMENT) MISSION

The mission of Wastewater Plant Operations is to provide a supply of water which is of safe quality and sufficient quantity to meet the demands of the customers on a daily basis and over the long term.

SUMMARY OF ACTIVITIES

- Maintain continuous compliance with State and Federal wastewater discharge standards.
- Manage biosolids processing and disposal in an environmentally and operationally sound manner.
- Effectively control odors and provide prompt response to public inquires.
- Continue strong emphasis on the development and training of employees to improve their knowledge, skills, and abilities, including state operator certification.
- Effectively work and coordinate with the contractor on the Wastewater Treatment Plant upgrades.

PERSONNEL SUMMARY – Wastewater Operations

	FY 2021	FY 2022	FY 2023 Proposed
Staff Positions	7	7	7

KEY PERFORMANCE MEASUREMENTS – Wastewater Operations

Track wastewater treatment effectiveness rate (%)	FY 2021	FY 2022	FY 2023 Proposed
Goal: 100%	100%	100%	100%

Number of NPDES Permit Violations	FY 2021	FY 2022	FY 2023 Proposed
Goal: 0	0	0	0

Track Cost per Dry Ton (DT) to Process and Dispose of the Biosolids	FY 2021	FY 2022	FY 2023 Proposed
Goal: < $600.00	$622.84	$880.48	< $792.43

Track Cost per Wet Ton (WT) to Process and Dispose of the Biosolids	FY 2021	FY 2022	FY 2023 Proposed
Goal: < $90.00	$93.79	$142.11	< $127.90

PUMPS

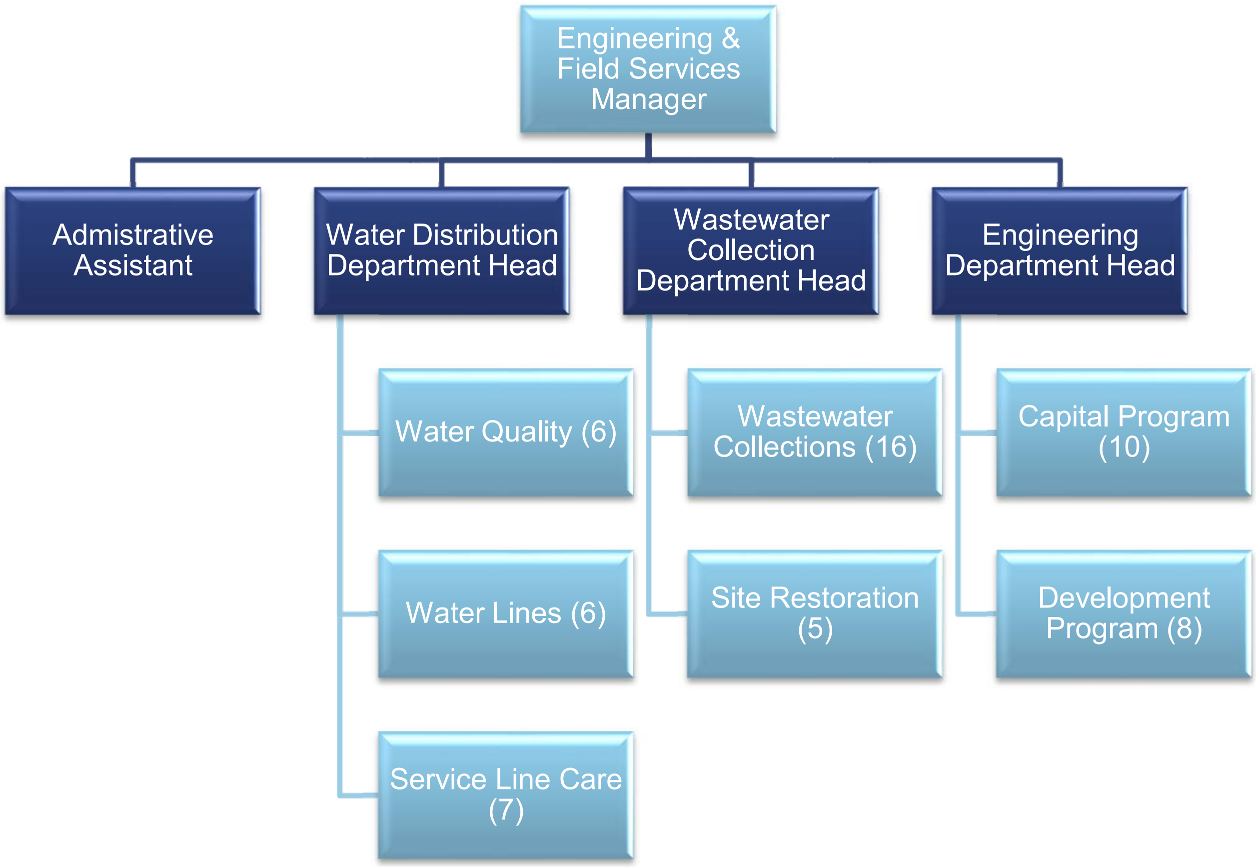
The Pumps department maintains all equipment necessary to provide reliable and efficient pumping of wastewater without spillage or overflow.

SUMMARY OF ACTIVITIES

- Maintenance and repair of all sewer pump stations. Currently there are 165 pump stations in the MPW wastewater system.

Engineering & Field Services Department

The Engineering & Field Services Department include Water Field Services, Wastewater Field Services and Engineering.



Water field services is responsible for the two interconnections with Charleston Water System and 530 miles of water mains. The Water Field Services includes Water Quality, Water Lines and Service Line Care. Department functions include all repairs to the piping network, installing new services, operation and maintenance of valves and hydrants, and monitoring water quality parameters.

Wastewater field services are responsible for 488 miles of wastewater mains and 160 pumps stations. The Wastewater field services include Wastewater Collections (intrusion and infiltration and wastewater lines), and Site Restoration.

Engineering field services develops, implements, and tracks the Capital Improvements Plan; Water and Wastewater Master Plans; oversees the review, inspection and acceptance of new water/wastewater system extensions installed by private developers; updates system mapping and data; locates linear underground assets; and handles grant applications.

ENGINEERING & FIELD SERVICES MISSION [global]

The Field Services Department is responsible for reliably providing efficient and effective In an open, courteous and professional manner we will uphold the tradition of giving the best customer service to the residential and commercial customers of Mount Pleasant Waterworks. We will provide the highest quality of water and sewer service to our customers by responding in a timely manner to customer needs, addressing deficiencies in our system before failure, and improving areas of our system that will benefit our customers and prepare MPW for future growth. Maintain and operate the water and wastewater infrastructure in the most efficient manner while providing our customers with the highest quality of water and wastewater services.

SUMMARY OF ACTIVITIES [global]

- Maintenance and repair of water distribution and wastewater collection systems
- Installation of new water and wastewater services
- Leads in the master planning function of the organization; provides tracking and planning to ensure efficient and effective operational infrastructure with adequate capacity of both water and wastewater systems.
- Develops, presents, implements and monitors the capital improvement budget; prepares forecasts of expenditures; monitors contracts and spending to ensure compliance with established budgetary guidelines.
- Ensures compliance with all applicable codes, laws, rules, regulations, standards, policies, and procedures; initiates any actions necessary to correct deviations or violations.
- Maintains engineering Support Division Policies and Procedure documents.
- Administers Guidelines for Development.
- Manages the Project Implementation Planning and Evaluation System (PIPES).
- Coordinates and ensures preparation of departmental goals.
- Assesses community needs and develops costs of various projects.

ENGINEERING & FIELD SERVICES O&M EXPENDITURES BUDGET SUMMARY

	2021	2022		2023			2024
	Actual	Original	Estimate	Approved	Variance	%	Projected
By Expense Category							
Compensation and Benefits	$ 5,889,484	$ 6,362,852	$ 5,609,299	$ 7,096,123	$ 733,271	11.5%	$ 7,450,929
Contractual Services	1,381,603	1,408,704	1,451,712	1,478,867	70,163	5.0%	1,552,810
Supplies & Materials	601,402	701,886	757,749	682,610	(19,276)	-2.7%	716,741
Training & Education	25,071	64,210	52,238	70,570	6,360	9.9%	74,099
Other Expenses	103,468	98,100	77,625	90,600	(7,500)	-7.6%	95,130
Operating (before Debt Service)	$ 8,211,960	$ 8,635,752	$ 7,948,623	$ 9,418,770	$ 783,018	9.1%	$ 9,889,708
Debt Service	8,246,349	8,946,797	7,806,446	7,311,486	(1,635,311)	-18.3%	7,984,890
Total Operating	$ 16,458,309	$ 17,582,549	$ 15,755,069	$ 16,730,256	$ (852,293)	-4.8%	$ 17,874,598

HIGHLIGHTS OF BUDGET CHANGES

The FY 2022 Estimate budget represents a $1,827,480 or 10.39% decrease from the original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to be under budget by $753,553 due to department vacancies throughout the year.
- Contractual Services are projected to be over budget by $43,008 due to costs associated with engineering systems and software, and landfill expenses for biosolid disposal.
- Supplies and Materials are projected to be over budget by $55,863 due to higher costs associated with general water and wastewater maintenance supplies.
- Training and Education are projected to be under budget $11,972 due to travel restrictions and cancellations.
- Debt Service is projected to be under budget by $1,140,351 in accordance with the amortization schedules of all outstanding debt.

The FY 2023 Approved budget represents an $852,293 or 4.8% decrease from the FY 2022 Original budget. Major reasons for the variance include:

- Compensation and Benefits are projected to increase $733,271 due to the addition of three new FTE and the full year effect of positions added in FY 2022.
- Contractual Services are projected to increase by $70,163 due to engineering systems and software maintenance.
- Supplies and Materials are projected to decrease by $19,276 due primarily due to fleet vehicle supply costs being moved to the Technical Services department for FY 2023.

- Training and Education are projected to increase $6,360 due to training opportunities being more available post-pandemic.
- Debt Service is projected to decrease $1,635,311 in accordance with the amortization schedules of all outstanding revenue bonds, SRF loans and direct bank loans.

PERSONNEL SUMMARY – Engineering & Field Services

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	64	66	63

The following are sub-departments within the Engineering & Field Services Department

WATER FIELD SERVICES MISSION

The mission of the Water Distribution Department is to maintain and operate the distribution infrastructure in the most efficient manner while ensuring water of the highest quality.

SUMMARY OF ACTIVITIES

- Using approved materials and practices; repair water main and service line breaks owned by MPW.
- Exercise and maintain all gate valves and hydrants.
- Be prepared to respond to emergencies in a timely manner to minimize lost water and to prevent property damage.
- Monitor and record water quality and pressures throughout the distribution system.
- Proactively organize and execute repairs and improvements to the distribution system.
- Administer the cross-connection program.
- Assist contractors with the installation of new developments and water main installations.
- Maintain records of work performed.

PERSONNEL SUMMARY – Water Field Services

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	20	20	22

WASTEWATER FIELD SERVICES MISSION

The Wastewater field services department is responsible for maintaining the collection system lines from the customer's service lateral to the Wastewater Treatment Plants and minimizing overflows.

SUMMARY OF ACTIVITIES

- Promote responsive and courteous customer service in all activities.
- Manage an efficient and effective predictive, preventive, and corrective maintenance program.
- Maintain an ongoing program to reduce inflow/infiltration into the collection system.
- Clean and televise lines.
- Administer grease monitoring and control program.
- Maintain all equipment necessary to provide reliable and efficient pumping of wastewater without spillage or overflow.
- Maintain MPW facilities in good condition with regard to structural integrity and appearance.
- Maintain a computerized maintenance management system to facilitate work scheduling, tracking of equipment history and reliability, and development of a database of suppliers and parts for installed equipment.
- Effectively control odors and provide prompt response to public inquiries.
- Maintain utility easements.
- Repair lands disturbed by excavation activities.

PERSONNEL SUMMARY – Wastewater Field Services

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	33	32	22

The Pumps department was moved to Operations for the FY 2023 budget.

KEY PERFORMANCE MEASURMENTS – Wastewater Collections

No. of overflows / 100 miles of pipe	FY 2021	FY 2022	FY 2023 Proposed
Goal: <0.8	0.6	0.57	<0.8

This KPI provides a measure of collection system condition and the effectiveness of routine maintenance by quantifying the number of overflows per 100 miles of pipe. This indicator is tied to EPA C-MOM requirements and directly reflects on our efforts managing the collection system. For FY 2022, there were three reportable spills.

ENGINEERING FIELD SERVICES MISSION

The Engineering field services department will provide our customers with quality service through a motivated, highly efficient staff. This includes:

- Planning, implementing and executing the Capital Improvements Plan.
- Providing technical and planning support to ensure all capital asset programs meet appropriate standards.
- Being responsible for providing reliable/accurate spatial asset information when and how needed.

SUMMARY OF ACTIVITIES

- Leads in the master planning function of the organization; provides tracking and planning to ensure efficient and effective operational infrastructure with adequate capacity of both water and wastewater systems.
- Develops, presents, implements and monitors the division operating budget and the capital improvement budget; prepares forecasts of expenditures; monitors contracts and spending to ensure compliance with established budgetary guidelines.
- Ensures compliance with all applicable codes, laws, rules, regulations, standards, policies, and procedures; initiates any actions necessary to correct deviations or violations.
- Maintains engineering Support Division Policies and Procedure documents.
- Administers Guidelines for Development.
- Manages the Project Implementation Planning and Evaluation System (PIPES).
- Coordinates and ensures preparation of departmental goals.
- Assesses community needs and develops costs of various projects.

PERSONNEL SUMMARY – Engineering

	FY 2021	FY 2022	FY 2023 Approved
Staff Positions	19	18	19

KEY PERFORMANCE MEASUREMENTS - Engineering

	FY 2022*	FY 2023 Approved
CIP $ Expended	$26,110,061	$40,133,910

*Estimated year-end expenditures

	FY 2022	FY 2023 Proposed
CIP Projects Completed	46	112 (new)

The FY2021-2022 Capital Budget consist of a total of 136 projects. Forty-five were completed in FY2021 and 46 completed in FY2022. The remaining 45 projects will rollover into FY2023 for reasons noted below:

4	Under design
4	Ongoing studies
5	Utility relocations due to road and/or storm drainage improvements, construction schedules controlled by either the Town of Mount Pleasant or Charleston County
6	In closeout pending completion of all conditions of the contract
7	Under construction
9	Funds encumbered for materials and/or services not received by June 30, 2022
10	Impacted by issues with the supply chain

	FY 2021	FY 2022	FY 2023 Proposed
Assets Added by Major Categories			
Administration	**$7,447,546**	**$5,083,259**	**$10,713,046**
Water	**$6,834,030**	**$2,433,731**	**$28,498,289**
Wastewater	**$6,466,278**	**$9,412,264**	**$93,971,955**
	FY 2021	FY 2022	FY 2023 PROPOSED
Developer Projects Permitted	**14**	**15**	**14**

MPW closed out 102 new developer projects with 14 being extension projects. Of the 125 active projects there are 40 water and wastewater extension projects and 14 are projected to close out in FY23.

Water and Wastewater KPIs

As a result of the departmental restructure, water and wastewater activities are split in the Operations and Engineering & Field Services Department. This section reports the shared KPIs to include cost per 1,000 gallons and million gallons per day per employee.

KEY PERFORMANCE MEASUREMENTS

	FY 2021	FY 2022	FY 2023 Proposed
Gallons Produced and Distributed (in millions)	3,361	3,349	3,464
Number of Water Employees *	65.8	69	73

** Number of employees includes direct water employees (operating and field services) plus one-half of direct support employees (laboratory, electrical, and site restoration) and one-half of administrative staff not including engineering.*

MGD per Employee for Water	.14	.13	.13

Cost/1,000 Gallons Water Produced and Distributed	$4.06	$4.46	$4.68

Non-Revenue Water	10.02%	12.36%	<10%
Infrastructure Leakage Index (ILI)	1.18	.86	<1

It is our objective to keep non-revenue water by properly managing system maintenance such as flushing and addressing system leaks within minimal time from discovery. Capital projects focusing on infrastructure where records indicate corrective maintenance occurrence has increased related to leaks will be a tool to drive water loss volume down. Infrastructure Leaking Index (ILI) continues to track well. With this we have reset our proposed KPI from 3 to 1, challenging us to maintain West Coast standards. To do this we will track response times to leaks and breaks looking for opportunities for improvement, continue with line cleaning projects and reducing the number of customers out of service during planned and unplanned outages.

KEY PERFORMANCE MEASUREMENTS – Wastewater Operations & Field Services

	FY 2021	FY 2022	FY 2023 Proposed
Gallons Collected and Treated (in millions)	3,017	2,786	3,136
Number of Wastewater Employees *	73.3	78	83

** Number of employees includes direct wastewater employees (operating and field services) plus one-half of direct support employees (laboratory, electrical, and site restoration) and one-half of administrative staff not including engineering.*

	FY 2021	FY 2022	FY 2023 Proposed
MGD per Employee for Wastewater	.11	.10	.10

	FY 2021	FY 2022	FY 2023 Proposed
Cost/1,000 Gallons Wastewater Collected and Treated	$4.58	$5.41	$5.68

	FY 2021	FY 2022	FY 2023 Proposed
I&I (Inflow and Infiltration)	24.68%	16.82%	<18%

FY 20 was the first year we used AMI data and a monthly reduction factor to accurately calculate our I&I. This factor included removing all tier 2 volumes and above on all water/wastewater meter consumption for both residential and commercial. These reductions vary monthly from as little as 5% mostly in the winter months to 20% in the summertime. This gives us a more realistic idea as to the health of our collection system. This is the first year we are below our target of 18% I&I. Much has to do with the reduced rainfall volumes. However, the efforts of our maintenance program of keeping lines cleaned and inspected has also contributed to the improvements.

Section 9 Statistical Information

"The human body consists of nearly 60% of water. So, wasting of water is like destroying human life." --Dr. Sivakumar Gowder

Overview

The statistical information section contains supplemental information to provide additional context, historical perspective, and detail to assist in understanding the other sections of the budget document.

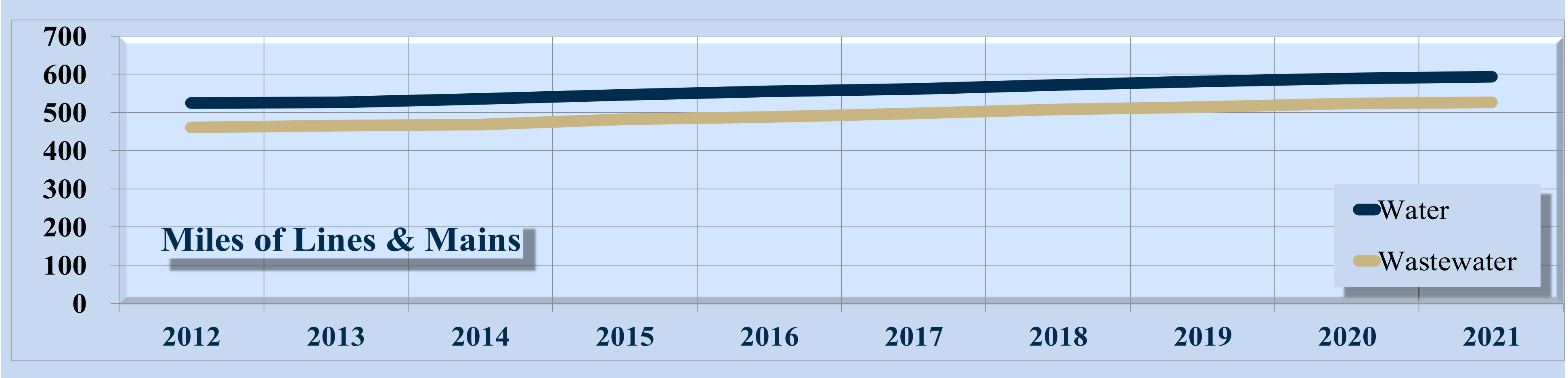
Information/Graphs included in this section:

- Operating and Capital indicators
- Debt History
- Debt service coverage
- Rate History
- Customer Accounts
- Ten Largest Customers
- Ten Largest Customers from the last 10 years
- Net Assets by Component
- Revenues and expenditures from the last 10 years
- Facility operations – Water
- Facility operations – Wastewater
- Demographic and Economic Data
- Local, Regional, and National Demographic Data

Operating and Capital Indicators

Utility	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water										
Capital Assets										
Total miles of water mains	525	526	535	547	555	561	573	582	589	**593**
Number of ground storage tanks	8	8	8	8	8	8	8	8	8	**8**
Number of elevated storage tanks	1	1	1	1	1	1	1	1	1	**1**
Number of hydrants	3,355	3,411	3,468	3,607	3,680	3,775	3,893	4,005	4,087	**4,129**
Number of water treatment plants	4	4	4	4	4	4	4	4	4	**4**
Aquifer storage/recovery capacity (mg)	130	130	130	130	130	130	130	130	130	**130**
Water source - capacity:										
Groundwater - six deep wells (mgd)	10.72	10.72	10.72	10.72	10.72	10.72	10.80	10.80	10.80	**10.80**
Purchased surface water from CWS (mgd)	5.50	5.50	5.50	5.50	5.50	5.50	6.00	6.00	6.00	**6.00**
Total Capacity (mgd)	**16.22**	**16.22**	**16.22**	**16.22**	**16.22**	**16.22**	**16.80**	**16.80**	**16.80**	**16.80**
Annual Capacity (bg)	**5.92**	**5.92**	**5.92**	**5.92**	**5.92**	**5.92**	**6.13**	**6.13**	**6.13**	**6.13**
Wastewater										
Capital Assets										
Total miles of wastewater mains & lines	461	466	468	482	488	497	508	515	524	**527**
Number of wastewater pump stations	158	159	157	158	160	161	163	163	165	**165**
Number of wastewater treatment plants	2	2	2	2	2	2	2	2	2	**2**
Treatment Capacity										
Center Street Wastewater Plant (mgd)	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	**3.70**
Henry Clay Duffie Water Resource Facility	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	**9.20**
Total Capacity (mgd)	**9.70**	**9.70**	**9.70**	**9.70**	**9.70**	**9.70**	**9.70**	**9.70**	**9.70**	**12.90**
Annual Capacity (bg)	**3.54**	**3.54**	**3.54**	**3.54**	**3.54**	**3.54**	**3.54**	**3.54**	**3.54**	**4.71**
Total Annual Wastewater Treatment (bg)	2.44	2.57	2.72	2.81	3.09	2.95	3.02	2.95	3.08	**3.02**
Average Daily Flow (mgd)	6.68	7.04	7.44	7.70	8.47	8.07	8.28	8.08	8.45	**8.27**
Percent of Capacity Utilitized	**69%**	**72%**	**66%**	**79%**	**87%**	**83%**	**85%**	**83%**	**87%**	**64%**

mg = Million Gallons; bg = Billion Gallons; mgd = Million Gallons Per Day

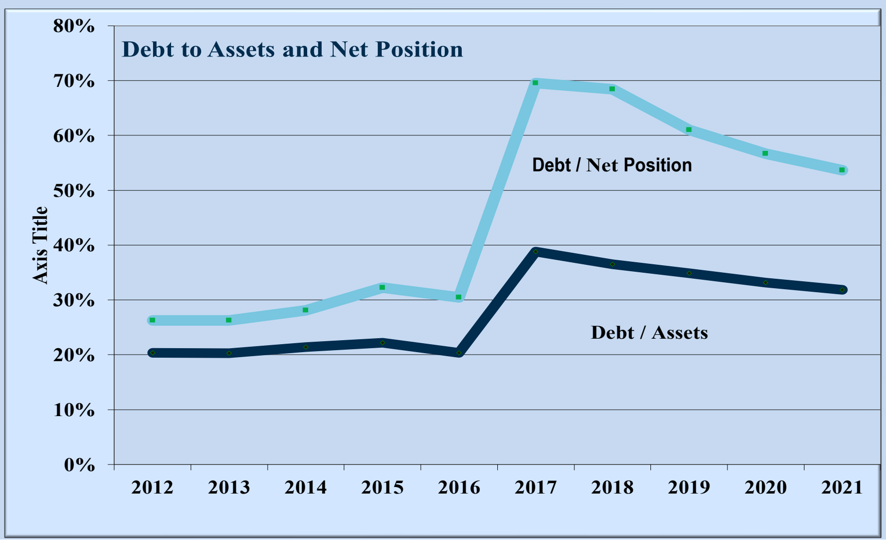


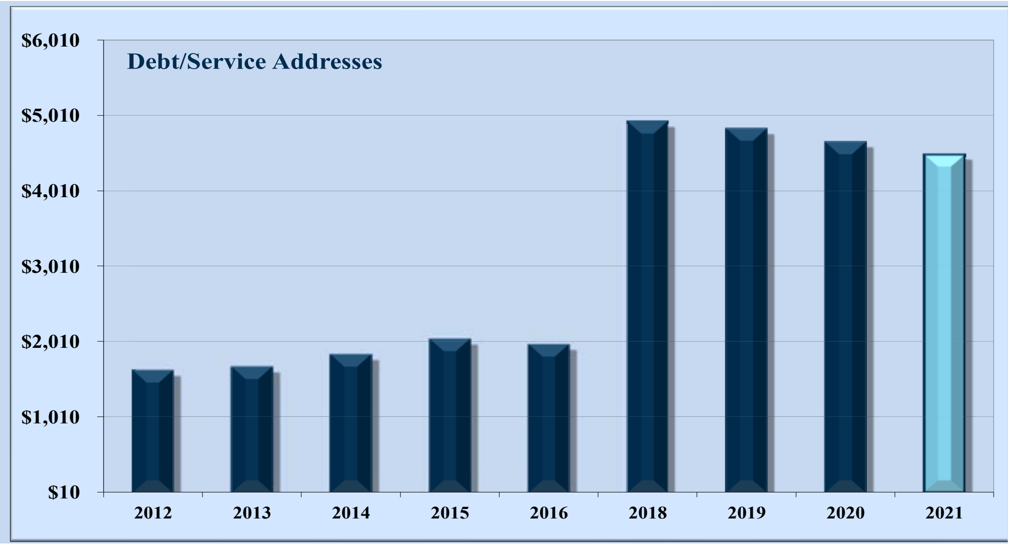
Debt History – Last Ten Fiscal Years

In Thousand

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue Bonds*	$ 42,895	$ 39,744	$ 35,798	$ 12,907	$ 10,406	$ 128,261	$ 125,223	$ 123,149	$ 121,053	**$ 119,794**
State Revolving Loan	8,698	14,953	25,642	32,363	35,798	43,010	44,315	48,829	48,439	**51,455**
Bank Loan	5,396	5,081	4,759	30,684	28,996	27,514	25,989	23,676	21,303	**15,725**
Total Debt	$ 56,989	$ 59,778	$ 66,198	$ 75,954	$ 75,200	$ 198,785	$ 195,526	$ 195,654	$ 190,795	**$ 186,974**
Percentage Change	3.9%	4.9%	10.7%	14.7%	-1.0%	164.3%	-1.6%	0.1%	-2.5%	**-2.0%**
Ratios - Debt to:										
Operating revenue	197%	199%	203%	233%	204%	439%	432%	373%	347%	**334%**
Operating expenses before depreciation	344%	331%	342%	392%	391%	873%	859%	755%	706%	**611%**
Assets	20%	20%	21%	22%	20%	39%	36%	35%	33%	**32%**
Net Position	26%	26%	28%	32%	30%	70%	68%	61%	57%	**54%**
**Debt Per Service Address ** **	$ 1,621	$ 1,672	$ 1,832	$ 2,041	$ 1,970	$ 5,099	$ 4,924	$ 4,829	$ 4,650	**$ 4,487**
Personal Income (In thousands)	$ 2,719,488	$ 2,933,075	$ 3,060,550	$ 3,174,250	$ 3,454,753	$ 3,709,456	$ 4,040,635	$ 4,459,932	$ 4,977,066	**$ 5,069,329**
Debt as a % Personal Income ***	2.1%	2.0%	2.2%	2.4%	2.2%	5.4%	4.8%	4.4%	3.8%	3.7%

* Debt balances include premiums
** Service addresses represent active and inactive
*** Source: Town of Mount Pleasant Planning Department the U.S. Census Bureau and estimates.



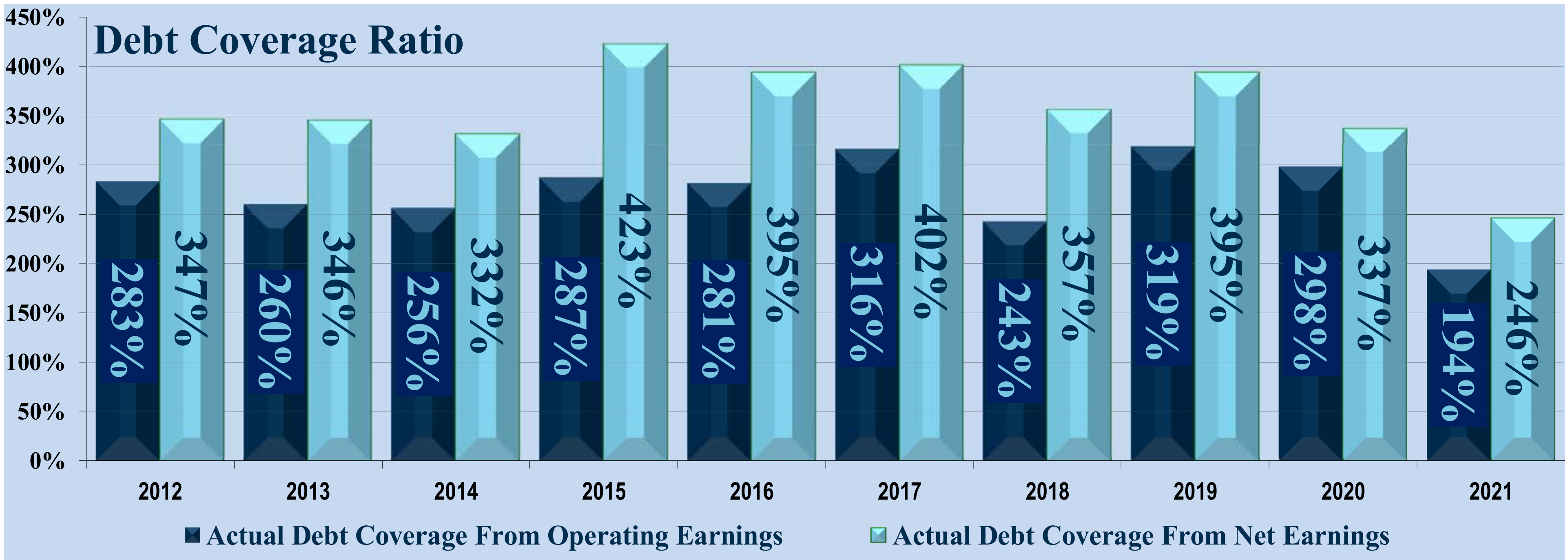


Debt Service Coverage

	In Thousand									
			REVISED							
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues and receipts from operation of system	$ 33,839	$ 36,049	$ 36,612	$ 45,104	$ 49,680	$ 51,641	$ 58,251	$ 61,791	$ 61,002	**$ 62,765**
Expenses of operating and maintaining the system	16,544	18,043	19,355	19,218	20,909	22,774	25,131	25,927	27,016	**30,588**
Net earnings	$ 17,295	$ 18,006	$ 17,257	$ 25,886	$ 28,770	$ 28,867	$ 33,120	$ 35,864	$ 33,986	**$ 32,177**
Total debt service	$ 4,989	$ 5,198	$ 5,199	$ 6,116	$ 7,288	$ 7,188	$ 9,284	$ 9,086	$ 10,072	**$ 13,068**
Debt service coverage from:										
Net earnings (120%)	347%	346%	332%	423%	395%	402%	357%	395%	337%	246%
Net operating earnings (100%)	283%	260%	256%	287%	281%	316%	243%	319%	298%	194%

Notes:

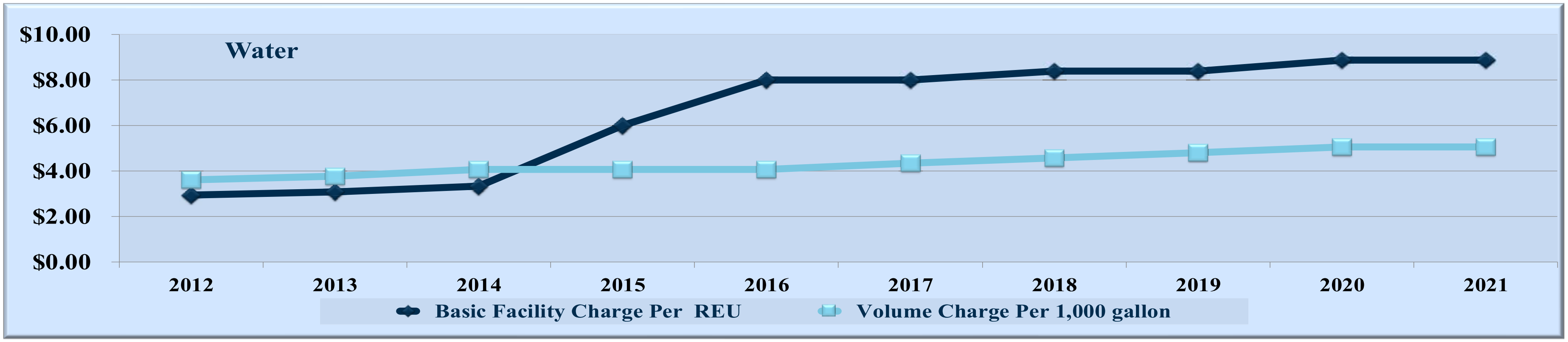
1. Net earnings and debt coverage service are computed based on definitions contained in the Commission's Bond Ordinances.
2. "Revenues of the system" are all revenues from operation of the system except grants, customer deposits, developer contributions and special assessments.
3. "Expenses of operating and maintaining the system" include operating expenses, thus excluding depreciation, gain (loss) on disposals,interest and amortization.
4. Debt service coverage equals net earnings divided by principal and interest. Bond ordinance coverage requirement is a minimum of 100% without impact fees (net operating earnings) and 120% with impact fees (net earnings).

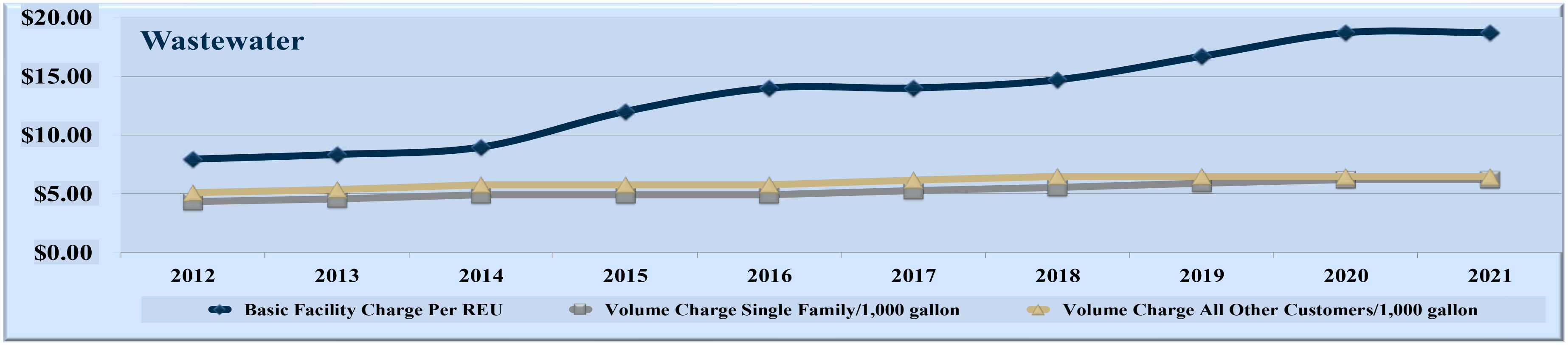


Rate History

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water										
Basic Facility Charge Per REU	$2.94	$3.09	$3.33	$6.00	$8.00	$8.00	$8.40	$8.40	$8.88	**$8.88**
Volume Charge Per 1,000 gallon	$3.60	$3.78	$4.07	$4.07	$4.07	$4.35	$4.57	$4.80	$5.07	**$5.07**
Irrigation										
Basic Facility Charge Per REU	$2.94	$3.09	$3.33	$6.00	$8.00	$8.00	$8.40	$8.40	$8.88	**$8.88**
Volume Charge Per 1,000 gallon	$5.54	$5.82	$6.26	$6.26	$6.26	$6.69	$7.04	$7.40	$7.82	**$7.82**
Wastewater										
Basic Facility Charge Per REU	$7.94	$8.34	$8.97	$12.00	$14.00	$14.00	$14.70	$16.70	$18.71	**$18.71**
Volume Charge Single Family/1,000 gallon	$4.33	$4.55	$4.90	$4.90	$4.90	$5.25	$5.52	$5.89	$6.22	**$6.22**
Volume Charge All Other Customers/1,000 gallon	$5.09	$5.35	$5.76	$5.76	$5.76	$6.16	$6.48	$6.48	$6.48	**$6.48**
Impact Fees										
Water Impact Fees	$2,000	$2,000	$2,000	$2,000	$2,070	$2,142	$2,217	$2,295	$2,770	**$2,770**
Wastewater Impact Fees	$4,500	$4,500	$4,500	$4,500	$4,658	$4,821	$4,990	$5,164	$4,950	**$4,950**

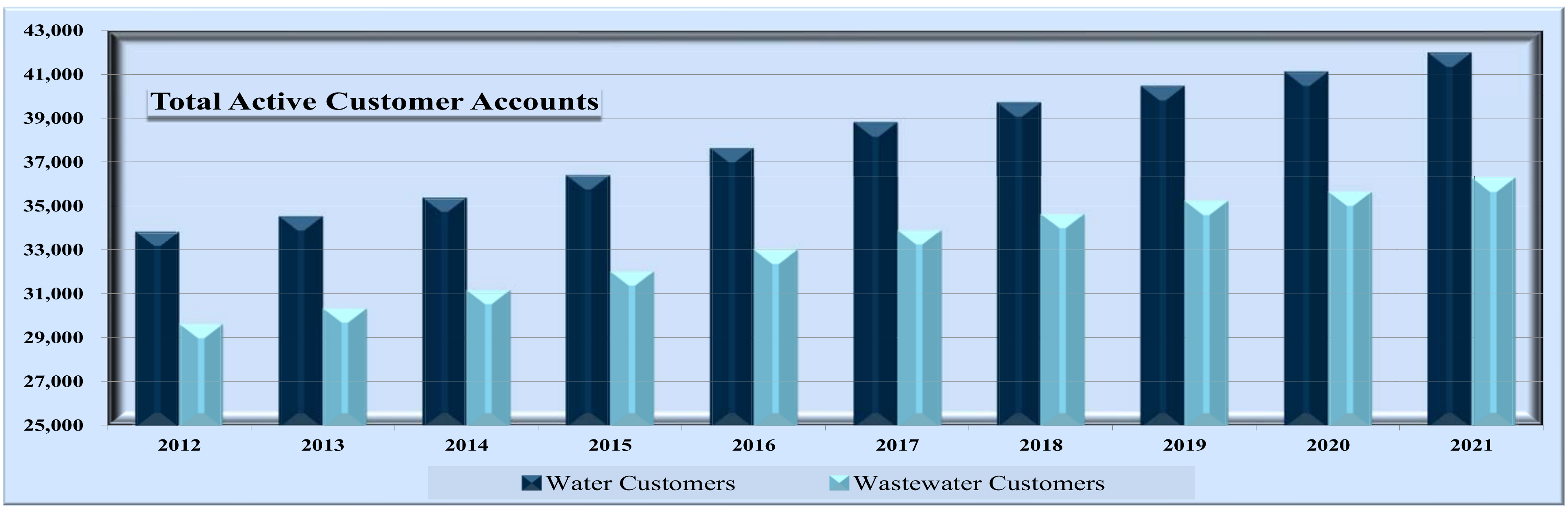
REU = Residential Equivalent Units





Customer Accounts

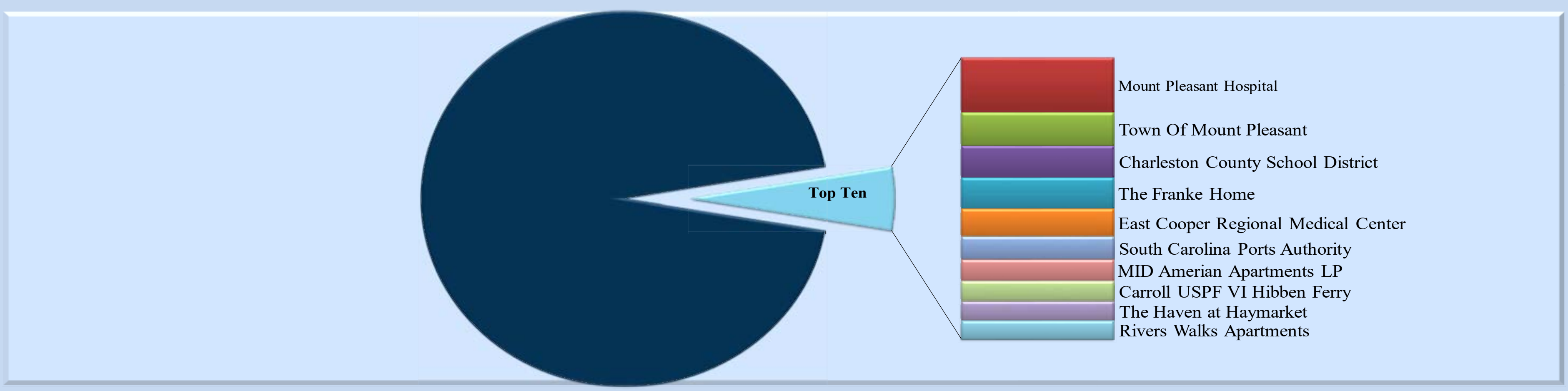
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Water:											
Active Accounts	Residential	28,616	29,272	30,070	30,944	31,901	32,735	33,428	33,967	34,367	**34,950**
	Commerical	2,283	2,334	2,382	2,365	2,402	2,452	2,511	2,555	2,586	**2,621**
	Irrigation	2,836	2,838	2,848	3,013	3,266	3,547	3,697	3,859	4,080	**4,337**
	Total	33,735	34,444	35,300	36,322	37,569	38,734	39,636	40,381	41,033	**41,908**
Average Gallons per month	Residential - Water	5,036	4,748	4,534	4,695	4,638	4,632	4,451	4,353	4,685	**4,518**
	Residential - Irrigation	6,149	4,887	3,647	4,661	4,814	5,452	4,465	4,837	5,581	**4,415**
	Commercial - Water	20,945	21,305	21,299	22,769	22,737	23,101	23,319	23,374	24,555	**22,575**
	Commercial - Irrigation	29,201	27,694	19,468	20,982	22,891	24,687	20,152	21,328	28,852	**21,222**
Average Monthly Bill	Residential - Water	$ 21.07	$ 21.04	$ 21.78	$ 25.11	$ 26.88	$ 28.15	$ 28.74	$ 28.29	$ 32.63	**$ 31.79**
	Residential - Irrigation	$ 37.01	$ 31.53	$ 26.15	$ 35.16	$ 38.12	$ 44.47	$ 39.83	$ 42.45	$ 52.52	**$ 43.41**
	Commercial - Water	$ 82.75	$ 88.26	$ 95.01	$ 107.67	$ 112.54	$ 120.49	$ 127.57	$ 127.82	$ 146.69	**$ 136.66**
	Commercial - Irrigation	$ 169.12	$ 168.90	$ 130.13	$ 146.27	$ 163.22	$ 185.16	$ 162.87	$ 171.15	$ 247.82	**$ 188.16**
	** REUs Per Account (Residential 1:1, Commercial 1:2.5)*										
Wastewater:											
Active Accounts	Residential	27,566	28,224	29,030	29,894	30,867	31,698	32,389	32,947	33,340	**33,963**
	Commerical	1,972	2,012	2,043	2,029	2,059	2,097	2,148	2,183	2,202	**2,233**
	Total	29,538	30,236	31,073	31,923	32,926	33,795	34,537	35,130	35,542	**36,196**
Average Gallons per month	Residential	5,047	4,753	4,531	4,701	4,640	4,637	4,446	4,353	4,695	**4,527**
	Commercial	23,587	24,488	24,199	25,910	26,095	26,414	26,548	26,508	27,854	**25,678**
Average Monthly Bill	Residential	$ 29.79	$ 29.97	$ 31.17	$ 35.03	$ 36.74	$ 38.34	$ 39.24	$ 38.73	$ 47.91	**$ 46.87**
	Commercial	$ 139.91	$ 151.86	$ 161.80	$ 179.24	$ 185.31	$ 197.71	$ 208.78	$ 208.52	$ 227.27	**$ 213.17**
	** REUs Per Account (Residential 1:1, Commercial 1:2.5)*										



Ten Largest Customers

Customer	Water Gallons	Irrigation Gallons	Water Revenues	Irrigation Revenues	Total Water Revenues	Wastewater Revenues	Total Revenues	Percent of Total Revenue
Mount Pleasant Hospital	23,728,000	-	$ 269,440	$ -	$ 269,440	$ 349,215	$ 618,656	1.11%
Town Of Mount Pleasant	5,805,200	33,520,500	$ 50,520	$ 263,203	$ 313,723	$ 65,652	$ 379,375	0.68%
Charleston County School District	10,259,300	105,895,200	$ 83,994	$ 158,310	$ 242,304	$ 121,621	$ 363,925	0.65%
The Franke Home	$ 12,918,300	7,602,600	$ 92,165	$ 132,559	$ 224,724	$ 131,120	$ 355,843	0.64%
East Cooper Regional Medical Center	9,951,000	10,172,100	$ 66,490	$ 154,606	$ 221,095	$ 93,746	$ 314,841	0.56%
South Carolina Ports Authority	11,329,600	-	$ 70,876	$ -	$ 70,876	$ 191,943	$ 262,819	0.47%
MID Amerian Apartments LP	10,548,100	2,992,000	$ 76,196	$ 55,695	$ 131,892	$ 110,178	$ 242,070	0.43%
Carroll USPF VI Hibben Ferry	11,069,700	105,000	$ 88,518	$ 1,393	$ 89,911	$ 139,986	$ 229,897	0.41%
The Haven at Haymarket	12,151,300	-	$ 91,118	$ -	$ 91,118	$ 131,257	$ 222,374	0.40%
Rivers Walks Apartments	12,279,800	-	$ 86,378	$ -	$ 86,378	$ 123,303	$ 209,681	0.38%
Totals	**120,040,300**	**160,287,400**	**$ 975,695**	**$ 765,765**	**$ 1,741,460**	**$ 1,458,020**	**$ 3,199,480**	**5.72%**
Total Operating Revenue			**$ 20,932,300**	**$ 5,903,200**	**$ 26,835,500**	**$ 29,071,500**	**$ 55,907,000**	
Percent of Revenue for the Ten Largest Customers			**4.66%**	**12.97%**	**6.49%**	**5.02%**	**5.72%**	

Notes:
1. Water and irrigation consumed is in gallons
2. Revenue includes volumetric (water, irrigation and wastewater) sales, basic facility charges and other operating revenues.
3. SC State Ports Authority is primarily a wastewater.

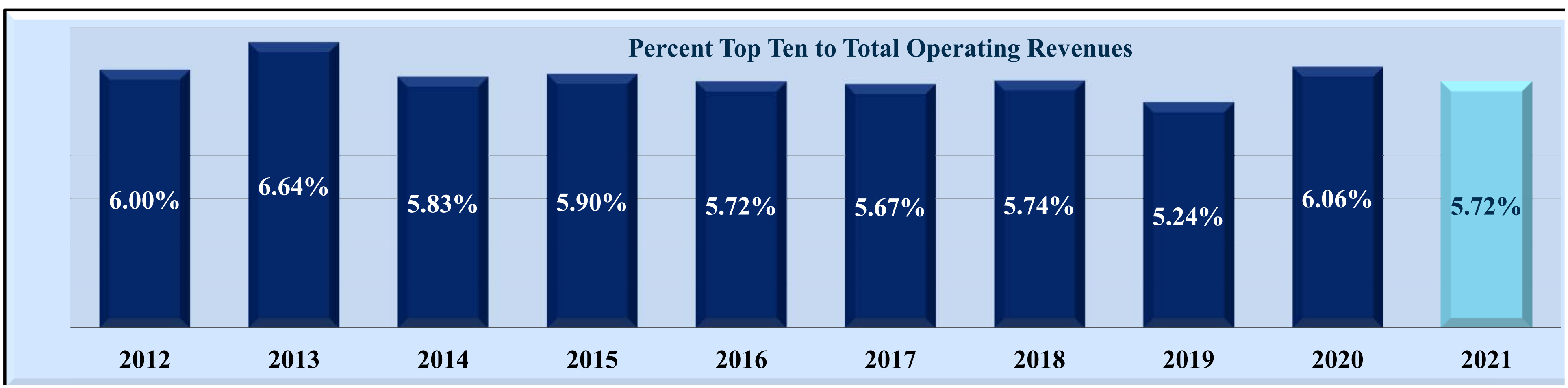


Ten Largest Customers (last 10 years)

Customer	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Mount Pleasant Hospital	$ -	$ -	$ -	$ -	$ -	$ 187,140	$ 180,635	$ 263,480	$ 512,031	**618,656**
Town Of Mount Pleasant	271,819	260,284	283,435	334,226	324,847	413,245	369,619	398,866	504,326	**379,375**
Charleston County School District	191,171	228,911	226,766	226,634	304,503	211,968	308,627	311,174	251,793	**363,925**
The Franke Home	179,928	227,919	217,366	260,764	312,018	361,085	338,176	330,369	408,138	**355,843**
East Cooper Regional Medical Cente	262,603	267,586	212,604	254,929	236,173	254,442	270,503	293,738	319,351	**314,841**
South Carolina Ports Authority	-	261,146	128,258	194,996	258,275	326,448	297,840	298,198	323,221	**262,819**
MID Amerian Apartments LP	-	-	-	-	-	-	219,600	208,500	238,114	**242,070**
Carroll USPF VI Hibben Ferry	-	-	-	-	-	-	-	-	240,072	**229,897**
The Haven at Haymarket	-	-	-	-	-	-	-	-	-	**222,374**
Rivers Walks Apartments	-	-	-	-	-	-	179,981	186,970	210,192	**209,681**
Harbor Pointe Apartment	189,335	187,719	200,198	231,277	251,373	261,567	264,501	276,362	323,858	-
Five Star Quality Care (Palms)	-	134,407	134,850	147,451	150,391	156,443	-	177,149	-	-
Hibben Ferry Apartments LLC	151,578	161,699	178,208	196,181	214,604	252,081	243,275	-	-	-
Brothers Property Management	121,851	127,690	182,439	165,035	-	185,665	-	-	-	-
Montclair Assoc Limited	130,045	131,464	134,733	162,213	164,777	-	-	-	-	-
The Meridian Owners Association, In	-	-	-	-	146,389	-	-	-	-	-
BNP/ Paces Watch LLC	134,683	-	-	-	-	-	-	-	-	-
East Bridge Town Lofts HOA	106,086	-	-	-	-	-	-	-		-
Totals	**$ 1,739,099**	**$ 1,988,826**	**$ 1,898,857**	**$ 2,173,707**	**$ 2,363,350**	**$ 2,610,084**	**$ 2,672,757**	**$ 2,744,807**	**$ 3,331,096**	**$ 3,199,481**
Total Operating Revenue *	**$ 28,994,570**	**$ 29,968,904**	**$ 32,579,431**	**$ 36,855,524**	**$ 41,286,937**	**$ 45,298,281**	**$ 46,537,181**	**$ 52,398,986**	**$ 54,953,919**	**$ 55,907,000**
Percent Top Ten to Total	**6.00%**	**6.64%**	**5.83%**	**5.90%**	**5.72%**	**5.67%**	**5.74%**	**5.24%**	**6.06%**	**5.72%**

Revenue includes volumetric (water, irrigation and wastewater) sales, basic facility charges and other operating revenues.

SC State Ports Authority is primarily a wastewater customer and was not previous listed until FY13



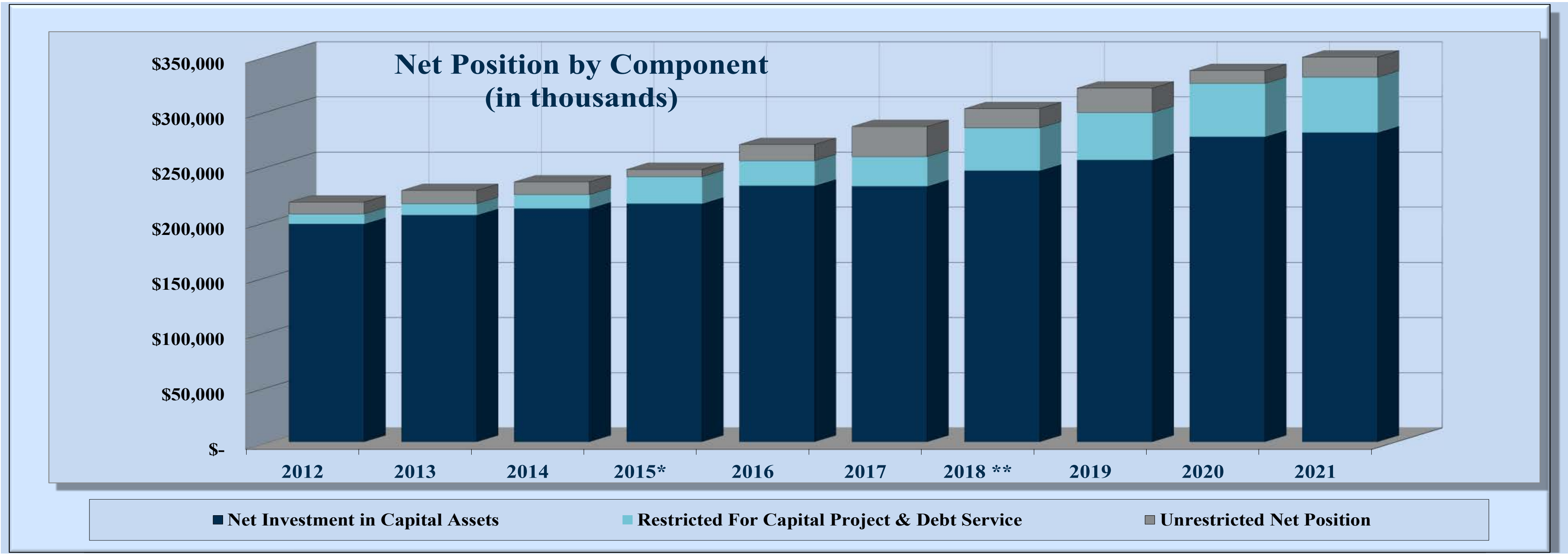
Net Assets by Component (in thousands)

In Thousands

	2012	Restated 2013	2014	2015*	2016	2017	Restated 2018 **	2019	2020	2021
Net Investment in Capital Assets	$ 197,673	$ 205,687	$ 211,648	$ 216,011	$ 232,296	$ 231,801	$ 245,950	$ 255,644	$ 276,692	**$ 280,476**
Restricted for:										
Capital projects	8,044	9,354	11,589	23,101	21,425	25,306	35,819	39,735	44,905	**47,764**
Debt service	858	886	831	1,185	1,061	1,390	2,778	3,056	3,211	**2,234**
Total Restricted	8,902	10,239	12,420	24,286	22,486	26,696	38,597	42,790	48,117	**49,998**
Subtotal	206,574	215,926	224,068	240,298	254,782	258,497	284,546	298,434	324,808	**330,474**
Unrestricted Net Position	10,660	11,880	11,519	6,621	14,688	27,278	17,459	22,150	11,698	**18,203**
Total Net Position	$ 217,235	$ 227,806	$ 235,587	$ 246,918	$ 269,470	$ 285,775	$ 302,006	$ 320,584	$ 336,506	**$ 348,677**

*** Implementation of GASB 68 reduced the Total Net Position by $11.5 million in 2015**

**** Implementation of GASB 75 reduced the Total Net Position by $ 8.5 million in 2018**

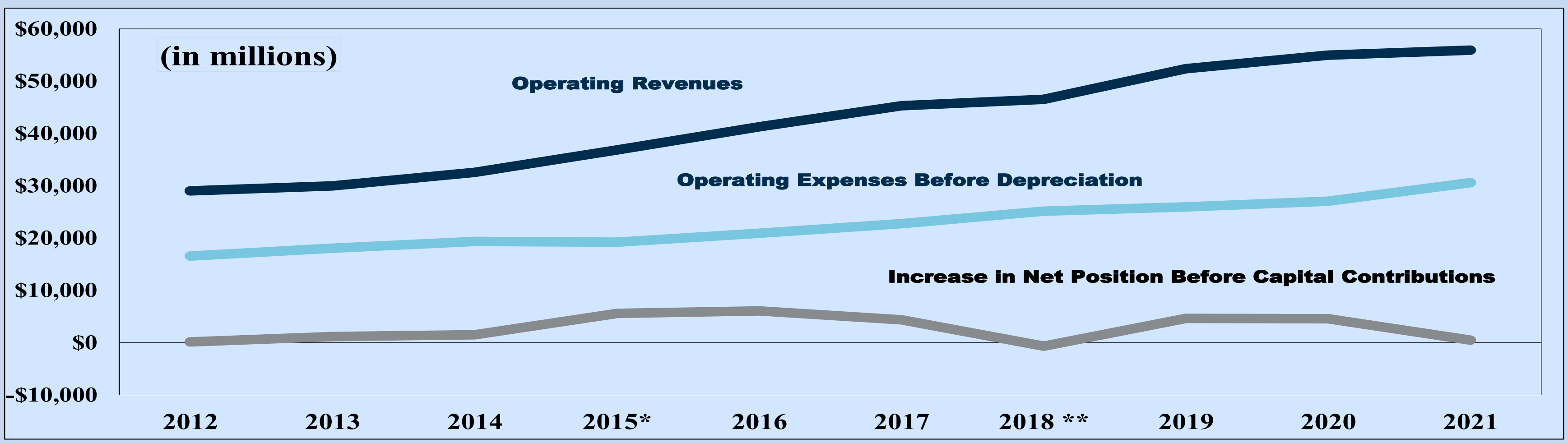


Revenues and Expenditures for the last 10 Years (in thousands)

	Restated 2012	Restated 2013	2014	2015*	2016	2017	2018 **	2019	2020	2021
Operating revenues:										
Total water revenue	14,008	14,086	14,746	16,899	19,245	21,265	21,166	24,259	25,183	**25,387**
Total wastewater revenue	13,601	14,306	15,747	17,538	19,511	21,648	22,968	25,651	27,146	**27,623**
Other fees and charges	1,385	1,576	2,086	2,418	2,531	2,385	2,403	2,489	2,625	**2,897**
Total operating revenues	28,995	29,969	32,579	36,856	41,287	45,298	46,537	52,399	54,954	**55,907**
Operating expenses before depreciation										
Personnel services	8,293	8,719	8,665	9,605	10,601	11,988	13,765	14,337	15,715	**17,183**
Contractual services	5,253	5,663	5,760	5,914	6,807	6,778	7,345	7,585	7,878	**8,376**
Supplies and materials	1,538	1,567	1,724	1,743	1,769	2,176	2,022	2,161	1,949	**1,829**
Education and travel	175	239	267	271	294	311	402	357	274	**141**
Repair & maintenance (capital budget)	790	1,378	2,404	1,155	848	896	896	740	293	**2,188**
Other expenses	495	477	536	531	590	626	701	747	907	**871**
Total operating expenses before depreciation	16,544	18,043	19,355	19,218	20,909	22,774	25,131	25,927	27,016	**30,588**
Operating income before depreciation	12,451	11,926	13,224	17,638	20,378	22,524	21,406	26,472	27,938	**25,319**
Depreciation and amortization	10,988	10,375	11,273	11,398	13,301	16,150	17,584	19,054	20,544	**20,688**
Operating income (loss)	1,463	1,551	1,952	6,240	7,076	6,374	3,822	7,417	7,393	**4,632**
Non-operating revenue/(expense)	(1,329)	(425)	(463)	(652)	(995)	(1,996)	(4,540)	(2,766)	(2,810)	(4,186)
Increase (decrease) in net position, before capital contributions	134	1,126	1,489	5,588	6,081	4,379	(718)	4,651	4,583	**446**
Capital contributions:	6,162	8,962	6,292	17,282	16,471	11,926	25,489	13,927	11,339	**11,725**
Increase in net position	$ 6,297	$ 10,088	$ 7,781	$ 22,870	$ 22,552	$ 16,305	$ 24,771	$ 18,579	$ 15,922	**$ 12,171**

*** Fiscal Year 2015 - Implementation of GASB 68 related to pensions**

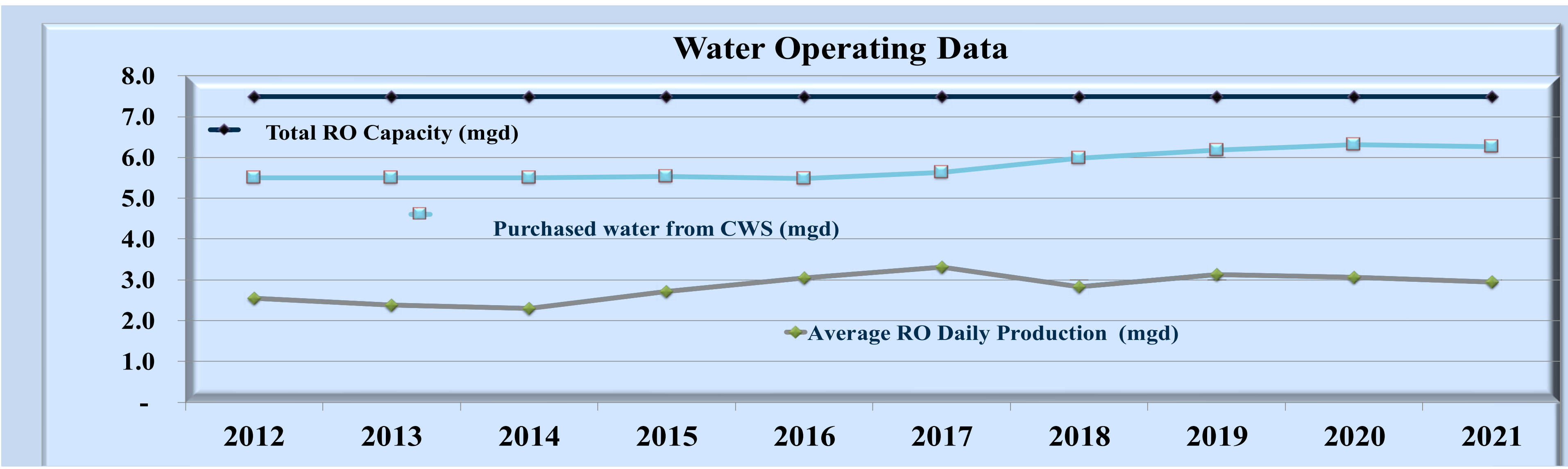
**** Fiscal Year 2018 - Implementation of GASB 75 related to Other Post-Employment Benefits (OPEB)**



Facility Operations – Water

Water Utility	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Customers										
Number residential water customers	28,616	29,272	30,070	30,944	31,901	32,735	33,428	33,967	34,367	**34,950**
Number commercial water customers	2,283	2,334	2,382	2,365	2,402	2,452	2,511	2,555	2,586	**2,621**
Number irrigation customers	2,836	2,838	2,848	3,013	3,266	3,547	3,697	3,859	4,080	**4,337**
Total number of water customers	33,735	34,444	35,300	36,322	37,569	38,734	39,636	40,381	41,033	**41,908**
Total Annual Gallons & Dollars Billed										
Total Annual Gallons Billed (bg)	2.67	2.58	2.47	2.65	2.74	2.91	2.86	2.89	2.89	**3.03**
Total Annual Dollars Billed (millions) including BFC revenue	$ 14.01	$ 14.09	$ 14.75	$ 16.90	$ 19.24	$ 21.26	$ 21.17	$ 24.26	$ 25.18	**$ 25.39**
Actual supplied water (millions of gallons)										
Reverse Osmosis (RO), from wells/aquifer	932	867	838	990	1,112	1,208	1,031	1,143	1,115	**1,075**
Purchased water from CWS	2,010	2,008	2,009	2,017	2,004	2,054	2,183	2,259	2,304	**2,286**
Total water supplied (mg)	2,942	2,866	2,847	3,008	3,116	3,262	3,214	3,402	3,419	**3,361**
Average Daily Supply (Consumption)	*8.0*	*7.9*	7.8	8.2	8.5	8.9	8.8	9.3	9.4	**9.2**
RO treatment plants, millions of gallons per day capacity:										
Charles H. Hindman RO Plant No. 1	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	**1.27**
William L. Golightly RO Plant No. 2	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	**1.66**
Robert S. Bell, Jr., RO Plant No. 3	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	3.16	**3.16**
RO Plant No. 4	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	**1.40**
Total RO Capacity with 10% blend	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	7.49	**7.49**
Average RO Daily Production (mgd)	2.55	2.37	2.29	2.71	3.05	3.31	2.82	3.13	3.05	**2.95**

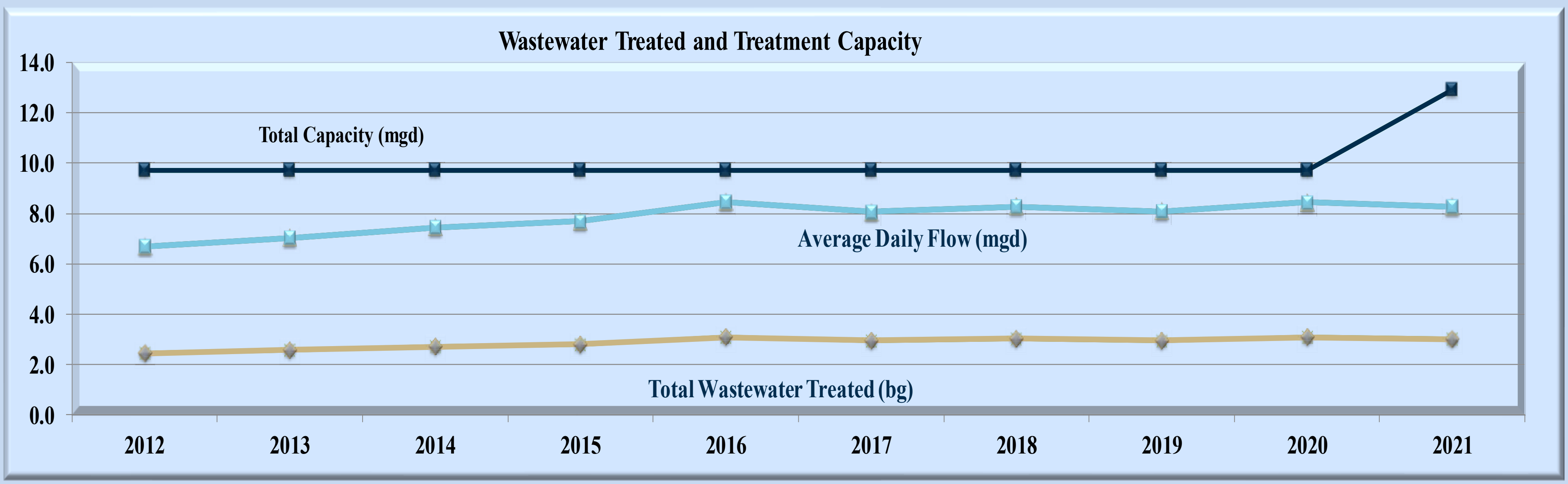
mg = Million Gallons; bg = Billion Gallons



Facility Operations – Wastewater

Wastewater Utility	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Customers										
Number of residential wastewater customers	27,566	28,224	29,030	29,894	30,867	31,698	32,389	32,947	33,340	**33,963**
Number of commercial wastewater customers	1,972	2,012	2,043	2,029	2,059	2,097	2,148	2,183	2,202	**2,233**
Total number of wastewater customers	29,538	30,236	31,073	31,923	32,926	33,795	34,537	35,130	35,542	**36,196**
Total Annual Gallons & Dollars Billed										
Total Annual Gallons Billed (bg)	2.20	2.17	2.15	2.28	2.33	2.43	2.41	2.42	2.61	**2.53**
Total Annual Dollars Billed (millions) including BFC revenue	$ 13.60	$ 14.31	$ 15.75	$ 17.54	$ 19.51	$ 21.65	$ 22.97	$ 25.65	$ 27.15	**$ 27.62**
Treatment Capacity										
Center Street Wastewater Plant (mgd)	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70	**3.70**
Rifle Range Road Wastewater Plant (mgd)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	**9.20**
Total Capacity (mgd)	9.70	9.70	9.70	9.70	9.70	9.70	9.70	9.70	9.70	**12.90**
Annual Capacity (bg)	3.54	3.54	3.54	3.54	3.54	3.54	3.54	3.54	3.54	**4.71**
Total Annual Wastewater Treatment (bg)	2.44	2.57	2.72	2.81	3.09	2.95	3.02	2.95	3.08	**3.02**
Average Daily Flow (mgd)	6.68	7.04	7.44	7.70	8.47	8.07	8.28	8.08	8.45	**8.27**
Percent of Capacity Utilized	63%	72%	66%	79%	87%	83%	85%	83%	87%	**64%**

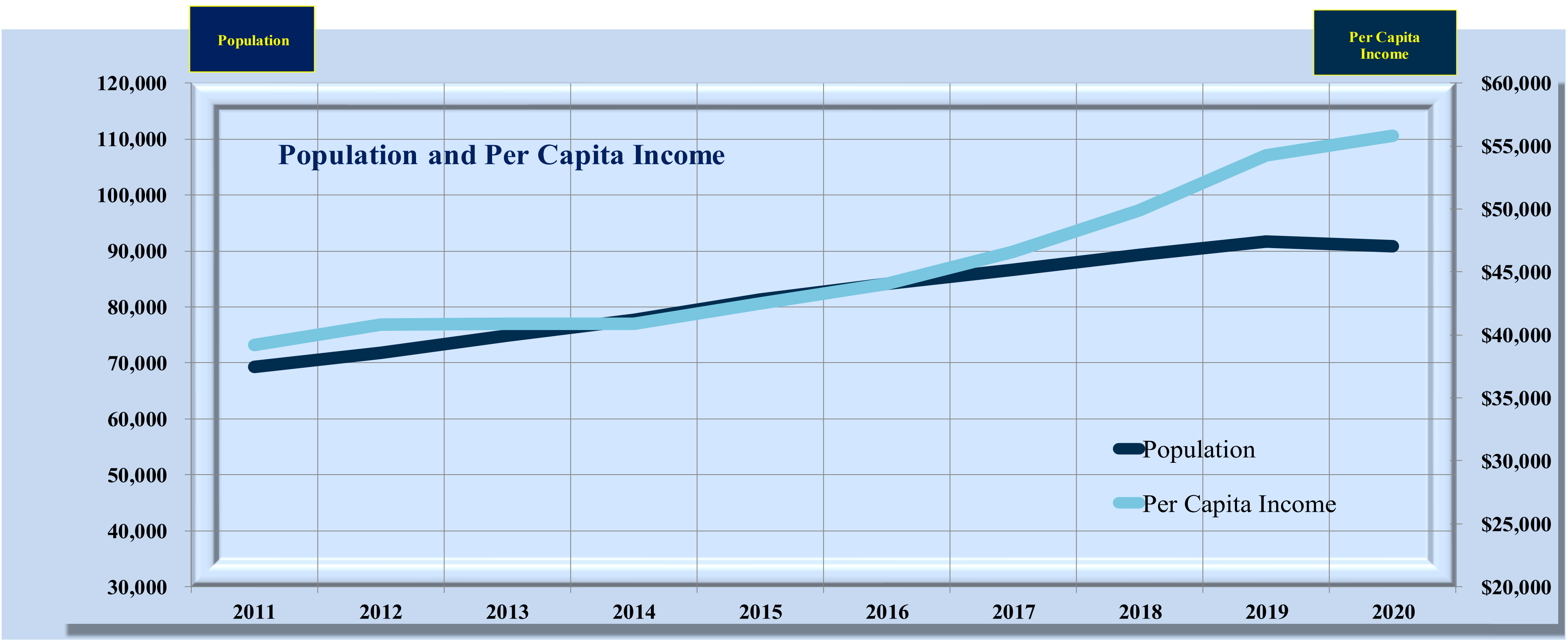
mg = Million Gallons; bg = Billion Gallons; mgd = Million Gallons Per Day



Demographic and Economic Data

Town of Mount Pleasant *	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Population	69,357	71,875	74,885	77,667	81,317	84,170	86,668	89,338	91,684	**90,801**
Per Capita Income	$ 39,210	$ 40,808	$ 40,870	$ 40,870	$ 42,485	$ 44,071	$ 46,622	$ 49,922	$ 54,285	**$ 55,829**
Median Age	39.1	39.1	39.1	39.1	39.1	39.2	39.2	40.0	40.0	**40.9**
Unemployment Rate	6.4%	5.5%	5.1%	3.4%	3.3%	3.6%	2.5%	2.8%	2.5%	**2.7%**
Personal Income (in thousands)	$ 2,719,488	$ 2,933,075	$ 3,060,550	$ 3,174,250	$ 3,454,753	$ 3,709,456	$ 4,040,635	$ 4,459,932	$ 4,977,066	**$ 5,069,329**

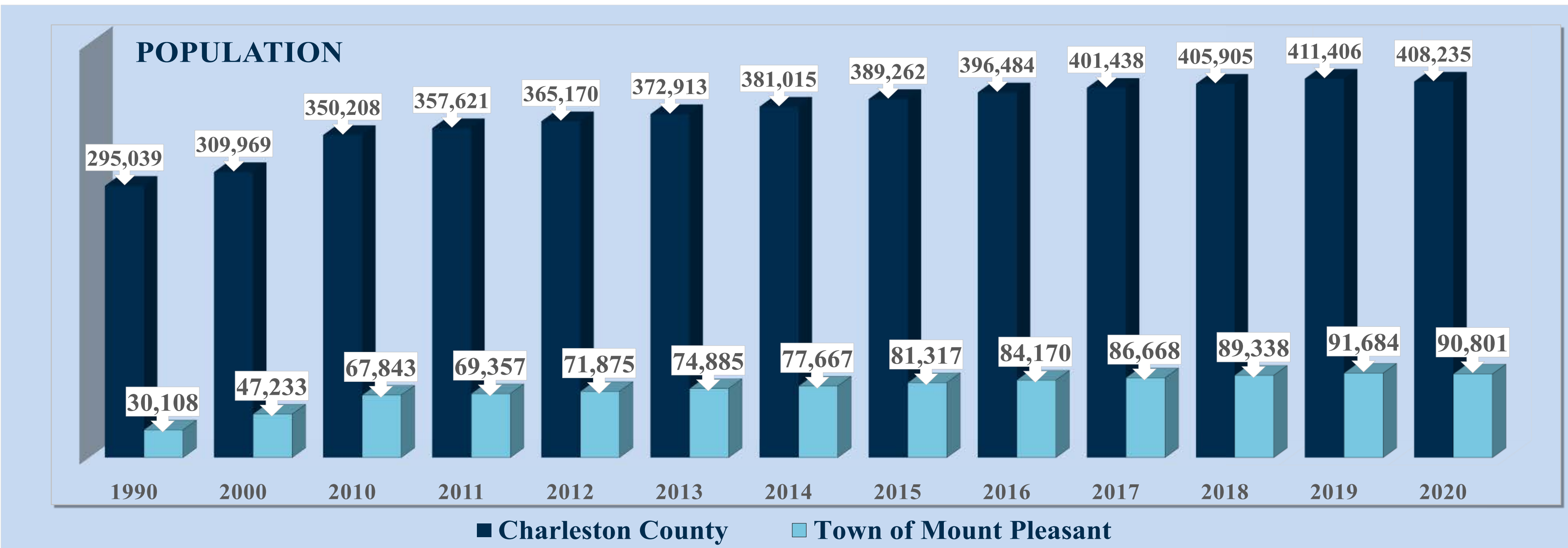
* Source: Town of Mount Pleasant Planning Department the U.S. Census Bureau and Estimates.



Local, Regional, and National Demographic Data

		1990	2000	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Town of Mount Pleasant	**Population**	30,108	47,233	67,843	69,357	71,875	74,885	77,667	81,317	84,170	86,668	89,338	91,684	**90,801**
	Percent Change		**56.9%**	**43.6%**	2.2%	3.6%	4.2%	3.7%	4.7%	3.5%	3.0%	3.1%	2.6%	**33.8%**
Charleston County	**Population**	295,039	309,969	350,208	357,621	365,170	372,913	381,015	389,262	396,484	401,438	405,905	411,406	**408,235**
	Percent Change		**5.1%**	**13.0%**	2.1%	2.1%	2.1%	2.2%	2.2%	1.9%	1.2%	1.1%	1.4%	**16.6%**
MSA*	**Population**	506,875	549,033	664,608	681,632	697,497	712,081	727,689	744,526	761,155	775,831	787,643	802,122	**799,636**
	Percent Change		**8.3%**	**21.1%**	2.6%	2.3%	2.1%	2.2%	2.3%	2.2%	1.9%	1.5%	1.8%	**20.3%**
South Carolina	**Population**	3,486,703	4,023,570	4,625,360	4,673,509	4,723,417	4,771,929	4,832,482	4,896,146	4,961,119	5,024,369	5,084,127	5,148,714	**5,118,425**
	Percent Change		**15.4%**	**15.0%**	1.0%	1.1%	1.0%	1.3%	1.3%	1.3%	1.3%	1.2%	1.3%	**10.7%**
United States	**Population**	240,807,000	281,421,906	308,747,716	311,582,564	313,873,685	316,128,839	318,857,056	321,418,820	323,127,513	325,719,178	327,167,434	328,239,523	**331,449,281**
	Percent Change		**16.9%**	**9.7%**	0.9%	0.7%	0.7%	0.9%	0.8%	0.5%	0.8%	0.4%	0.3%	**7.4%**

**MSA-The Charleston Metropolitan Statistical Area (comprising Charleston, Berkeley, and Dorchester Counties) - Source U.S. Census Bureau*



Section 10 Appendices

"Water creates so much beauty, life and mystery"

--Fennel Hudson

Budget Resolution 01-2022 for Fiscal Year 2023

STATE OF SOUTH CAROLINA)
) RESOLUTION NO. 01-2022
COUNTY OF CHARLESTON)

A Resolution to establish customer charges, raise revenues, make appropriations, adopt an operating budget, a capital budget and a 2-year capital improvements program for Mount Pleasant Waterworks for Fiscal Year ending June 30, 2022, and to amend the Mount Pleasant Waterworks' Compensation Classification Program and related policies and programs.

WHEREAS, Titles 5 and 6 of the Code of Laws of South Carolina of Joint Acts and Resolutions of the General Assembly of the State of South Carolina provide the authority and responsibility for Mount Pleasant Waterworks to conduct its fiscal affairs within the July 1 - June 30 fiscal year, fix rates, collect fees for services, and dispose of these revenues for purposes germane to the functions of Mount Pleasant Waterworks.

NOW, THEREFORE, be it resolved by the Commissioners of Public Works of the Town of Mount Pleasant duly assembled, and by the authority of the same:

SECTION 1. That the following appropriations are hereby made and customer charges, rates and fees are hereby established to raise the estimated revenue to support these appropriations, as well as other supporting documents contained in the recommended current expense (operating) budget are hereby adopted:

O&M		
Administration	$	2,151,191
Human Resources	$	1,173,892
Customer Services	$	4,025,784
Engineering	$	7,095,432
Financial Services	$	2,741,922
Technical Services	$	3,076,835
Operations	$	14,484,803
Field Services	$	14,506,694
Grand Total Operating Budget	$	49,256,552

SECTION 2. That the following Fiscal Year 2023 appropriations by capital funding category are hereby made, and the estimated revenue to support these appropriations, are hereby made a part hereof as fully as if incorporated herein:

CAPITAL		
American Rescue Plan Competitive Infrastructure Grant	$	10,000,000
Capital Reserve Fund - MPW ARPA Grant Match	$	5,000,000
Contingency on Grant Funding	$	15,000,000
Wastewater Extension & Expansion (E&E)	$	1,861,573
Water Extension & Expansion (E&E)	$	3,950,481
Renewal and Replacement (R&R)	$	19,321,856
Sub Total Capital Budget	$	25,133,910
Total Capital Budget	$	40,133,910

SECTION 3. That the following customer charges, rates and fees to raise the estimated revenue to support the appropriations noted in Sections 1 and 2 and other programmed projects are hereby adopted to become effective on all bills rendered on or after July 1, 2022.

FY 2023 RATES AND CHARGES	
1. WATER RATES:	
A. Basic Facilities Charge (BFC)/REU	
Monthly Charge Based on REU (Residential Equivalent Unit)	$9.68
B. Volumetric Rates/1,000 gallons	
Regular:	
1st Tier (All gallons/REU/month)	$5.53
Additional Excessive Use Charge	
2nd Tier (9,201-18,400 gallons/REU/month)	$5.53
3rd Tier (18,401 – 27,600 gallons/REU/month)	$11.06
4th Tier (27,601 gallons or more/REU/month)	$16.59
2. WASTEWATER RATES:	
IN TOWN RATES:	
A. Basic Facilities Charge (BFC)/REU	
Monthly Charge Based on REU (Residential Equivalent Unit)	$20.96
B. Volumetric Rates	
Single Family Residential (per 1,000 gallons)	
1st Tier (All gallons/REU/month)	$6.97
Additional Excessive Use Charge (effective 1-1-2016)	
2nd Tier (9,201 - 18,400 gallons/REU/month)	$6.97
All Other Customers (per 1,000 gallons)	
1st Tier (All gallons/REU/month)	$6.97
Additional Excessive Use Charge (effective 1-1-2016)	
2nd Tier (9,201-18,400 gallons/REU/month)	$6.97
3rd Tier (18,401 – 27,600 gallons/REU/month)	$13.94
4th Tier (27,601 gallons or more/REU/month)	$20.91
C. Wastewater Fee (No Meter)/Month	$55.79
OUT OF TOWN:	
A. Basic Facilities Charge (BFC)/REU	
Single Family Residential	$23.06
All Other Customers	$41.92
B. Volumetric Rates/1,000 gallons	
Single Family Residential (per 1,000 gallons)	
1st Tier (All gallons/REU/month)	$7.66
Additional Excessive Use Charge (effective 1-1-2016)	
2nd Tier (9,201 - 18,400 gallons/REU/month)	$7.66
All Other Customers (per 1,000 gallons)	
1st Tier (All gallons/REU/month)	$13.94
Additional Excessive Use Charge	
2nd Tier (9,201-18,400 gallons/REU/month)	$13.94
3rd Tier (18,401 – 27,600 gallons/REU/month)	$27.88
4th Tier (27,601 gallons or more/REU/month)	$41.82
C. Wastewater Fee (No Meter)/Month	$61.37

FY 2023 RATES AND CHARGES	
HIGH STRENGTH WASTEWATER CHARGES:	
A. BOD per pound	$0.38
B. TSS per pound	$0.42
Charges applied to non-domestic discharges per pound in excess of the domestic discharge concentrations as set by MPW.	
3. IRRIGATION RATES	
A. Basic Facilities Charge (BFC) / REU	
Monthly Charge Based on Meter Size	
Irrigation/Water Meter:	
5/8 and ¾ inch	$9.68
1 inch	$15.72
1-1/2 inch	$32.63
2 inch	$51.97
3 inch	$96.69
4 inch	$160.75
6 inch	$320.29
8 inch	$511.24
B. Volumetric Rates	
Regular:	
1st Tier (All gallons/REU)	$8.53
Additional Excessive Use Charge	
2nd Tier (9,201-18,400 gallons/REU)	$2.53
3rd Tier (18,401 – 27,600 gallons/REU)	$8.06
4th Tier (27,601 gallons or more/REU)	$13.59
4. IRRIGATION METER IMPACT FEES	Proposed
5/8 and 3/4 inch	$3,110.00
1 inch	$5,286.00
1-1/2 inch	$10,261.00
2 inch	$16,481.00
3 inch	$31,100.00
4 inch	$51,936.00
6 inch	$103,561.00
8 inch	$165,761.00
*Customers who have paid a Water Impact Fee will not be charged an Irrigation Meter Impact Fee for 5/8" or 3/4" services only. All other customers must pay applicable irrigation Impact Fees	
5. NEW SERVICE REQUEST FEES	
A. Security Deposit (Per REU) Residential and Commercial	$100.00
B. New Account Fee	$65.00
C. Service Transfer Fee	$25.00
6. MISCELLANEOUS CUSTOMER CHARGES	
A. Service Call	$65.00
(Not MPW's responsibility)	
After Hours Service Call	$85.00
B. Private Fire Hydrant Maintenance Fee (Per Hydrant Per Year)	$25.00
C. Grinder Pump Maintenance Fee (per month) :	
Residential	$25.00
Commercial	$100.00
D. Septage Tipping Fee (per 100 gallons)	$7.00
E. Bacteriological Testing for Water Samples	
Test Fee	$60.00

FY 2023 RATES AND CHARGES	
F. Private Fire Line Fee (per month) :	
2 inch line	$6.92
3 inch line	$12.67
4 inch line	$21.83
6 inch line	$43.67
8 inch line	$70.17
G. Cross-Connection Services	
Backflow Assembly Testing/Inspection (per device, per year)	$55.00
Backflow Assembly Re-Testing	$12.00
H. Irrigation Deactivation	$75.00
I. Service Line Care	
Water and Wastewater (per month)	$5.95
Water Only or Wastewater Only (per month)	$4.95
Emergency Repair	$90.00
Water Cut-off Valve Installation	$100.00
Wastewater Lateral Cleaning	$250.00
Shallow Clean Out Installation	$200.00
Deep Clean Out Installation	$500.00
7. HYDRANT METER	
(Due at time meter is applied for)	
5/8" METER	
7-Day (5/8”)	$200.00
90 Day (5/8”)	$410.00
90-Day Extension (per month up to 3 months) 5/8”	$130.00
Relocation Fee (5/8”)	$100.00
2" METER	
7-Day (2”)	$410.00
90-Day (2”)	$760.00
90-Day Extension (per month up to 3 months) 2”	$320.00
Relocation Fee (2")	$200.00
TANKER	
Tanker ≤3,000 gallons (annual fee) (off-site, additional $30)	$1,680.00
Tanker >3,000 gallons (annual fee) (off-site, additional $30)	$2,450.00
NON-PAYMENT CHARGES	
A. Late Charge	$5.00 + 2.5%
B. Non-Payment Charge	$65.00
C. Returned Check Fee or ACH Transaction Fee (Per Check or ACH Transaction)	$30.00
(After 3 checks or ACH transactions returned, only cash, cashier's check, or money order.)	
NEW DEVELOPMENT / CONSTRUCTION FEES	
Project Administration Fee:	
Minimum Fee	$750.00
GIS Conversion Cost	$250.00
Single Family Residential	2.5%
Pump Station Review	$5,000.00
* *Based upon actual construction and engineering costs*	
CO Meter Inspection	$75.00
Construction Meter Rental	$250.00
**All gallons billed at actual cost*	
Service Line Cleaning	$500.00
MPW Asset Protection	$2,000.00
Impact Fees:	
Water per REU	**$3,110.00**
Wastewater per REU	**$5,550.00**
Development Impact Fees	
Belle Hall Development Impact Fee (per REU)	$255.51
Longpoint Road Development Impact Fee (per acre)	$11,557.94
Commercial SUSA Development Impact Fee (per acre)	$10,249.48
Broadway Street Development Impact Fee (per acre)	$19,347.06
Carolina Park Out Parcel Development Impact Fee (per acre)	$888.86
Gregorie Ferry Development Impact Fee (per acre)	$693.45
Highway 17 Commercial Wastewater Extension (per acre)	$15,950.85
Hungry Neck (per acre)	$11,381.38

FY 2023 RATES AND CHARGES	
Pump Stations	
Standby Emergency Generator Fee for New Pump Stations	$5,000.00
24 Month Maintenance Bond	
10% of Actual Construction Costs and Engineering Cost of Water and Wastewater System (If Bond is more than $20,000; cash must be posted for first $20,000 and a Letter of Credit may be posted for the balance.)	
Damage/Tampering Charge	
To be inclusive of all infrastructure related tampering, but not limited to, water theft from a hydrant and meter, unauthorized discharge into manholes, opening cleanouts, vandalism, etc.	
Meter	$700.00
Clean Out	$700.00
Hydrant	$700.00
Repeat Offenses (base fee times number of offenses)	
Damages include, but are not limited to, all necessary materials, labor, and equipment to repair and/or replace the item(s) affected and any associated water loss.	
Water Meter Fees:	
Drop In Meter	
5/8 inch	$475.00
3/4 inch	$540.00
1 inch	$600.00
1-1/2 inch	$1,690.00
2 inch	$1,930.00
Over 2 inch	Actual Cost
Meter Installation: (Base Meter Set)	
5/8 inch	$735.00
3/4 inch	$800.00
1 inch	$1,100.00
Over 1 inch	Actual Cost
Tap & Meter	
5/8 inch	$1,600.00
3/4 inch	$1,675.00
1 inch	$1,950.00
Over 1 inch	Actual Cost
Meter Relocation Charge	
5/8 to 3/4 inch (less than 10 feet with no obstruction and no concrete)	$250.00
1 inch and Above	Actual Cost
Wastewater Tap Fees:	
Tap 6 and 8 inch	$3,250.00
Inspection Fees:	
Wastewater Tap Inspection Fee	$150.00
FOG Program	
New Service Fee	$400.00
Annual Renewal Fee	$200.00
Grease Trap	
Inspection Fee (per inspection)	$90.00

SECTION 4. Modification to Position Classification and Compensation Plan.
161 positions are hereby approved for FY 2023:

Department:	Position Count:
Administration	8
Human Resources	3
Customer Services	23
Financial Services	11
Technical Services	30
Operations	23
Field Services & Engineering	63
Total Count:	**161**

The grade and salary structure for Fiscal Year 2023 is approved (Appendix A). The salary for the Board of Commissioners shall be $510.92 per month. The on-call pay amounts for Fiscal Year 2023 shall be increased to: $23.50 per day for on-call without vehicle, $15.00 per day for on-call with vehicle.

SECTION 5. The local meal allowance is $25.00. The in-state meal allowance is $80.00. The out-of-state meal allowance is $110.00.

SECTION 6. That the estimated expenditure figures for Fiscal Year 2022 totaling $44,521,049 for the operating budget and $25,075,171 for the capital budget as reflected in budget projections, be hereby adopted as the revised budget appropriations for Fiscal Year 2022.

SECTION 7. If for any reason, any sentence, clause, or provision of this resolution shall be declared invalid, such shall not affect the remaining provisions thereof.

SECTION 8. Effective date. This resolution shall become effective on July 1, 2022.

COMMISSIONERS OF PUBLIC WORKS
OF THE TOWN OF MOUNT PLEASANT

Rick M. Crosby, Chairman

Susan I. Mellichamp, Vice-Chair

Diane D. Lauritsen, Ph.D., Secretary-Treasurer

H. Mac Jenkinson, Commissioner

Linda Page, Commissioner

Will Haynie, Mayor
Town of Mount Pleasant

ATTEST:

F. Allan Clum, General Manager

06. 28. 2022
Date

Jake Rambo, Chairman
Water Supply Committee
Town of Mount Pleasant

APPENDIX A. The grade and salary structure for FY 2023:

FY 2023 Grades/Pay Ranges		
Grade	Minimum	Maximum
1	$ 23,011	$ 31,064
2	$ 24,161	$ 32,618
3	$ 25,369	$ 34,248
4	$ 26,704	$ 37,385
5	$ 28,706	$ 40,189
6	$ 31,577	$ 44,208
7	$ 34,026	$ 49,338
8	$ 35,961	$ 55,739
9	$ 39,557	$ 61,313
10	$ 43,513	$ 67,444
11	$ 48,952	$ 75,875
12	$ 55,071	$ 85,359
13	$ 61,954	$ 96,029
14	$ 69,699	$ 108,033
15	$ 80,153	$ 124,238
16	$ 90,404	$ 144,646
17	$ 103,964	$ 166,343
18	$ 120,599	$ 192,958
19	$ 139,622	$ 230,376
20	$ 164,753	$ 271,843

Glossary

ACCRUAL BASIS OF ACCOUNTING - A basis of accounting under which increases and decreases in economic resources are recognized as soon as the underlying event or transaction occurs. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

ALLOCATE - To set apart portions of budgeted expenditures which are specifically designated for special purposes.

AMORTIZATION – The gradual elimination of a liability in regular payments over a specified period of time.

ANNUAL BUDGET - A budget covering a single fiscal year (July 1 - June 30).

APPROPRIATION - A legal authorization to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and the time it may be expended.

ASSET MANAGEMENT- An integrated optimization process to minimize the life cycle cost of owning, operating, and maintaining infrastructure assets, at an acceptable level of risk, while continuously delivering established levels of service. (Managing Public Infrastructure Assets AMSA, AMWA, WEF, AWWA 2001)

AUDIT- An independent examination of financial information of any entity when such an examination is conducted with a view to express an opinion thereon.

BALANCED BUDGET – When projected annual revenues and existing fund balances are sufficient enough to meet budgeted expenses.

BOND - A written promise to pay a specific amount of money with interest within a specific time period, usually long-term.

BONDS ISSUED - Bonds that are sold.

BUDGET - A financial plan containing projected expenditures and resources for a specified number of years.

BUDGET DOCUMENT - A formal document presented to the Commissioners containing the financial plan for a fiscal year.

BUDGET MESSAGE - An overview of the proposed budget which discusses the major budget items and the Commissioner's present and future financial condition.

BUDGET RESOLUTION - A resolution through which appropriations are given legal effect.

BUDGETARY CONTROL - The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL EXPENDITURE – An expenditure used to 1) acquire or construct a new asset, 2) to improve, restore, or renovate a current capital asset in a manner that extends or maintains the asset's current useful life. Capital expenditures are categorized as either Capital Projects or Capital Outlay.

CAPITAL IMPROVEMENTS PLAN (CIP) - The Commission's ten-year roadmap for creating, maintaining and funding present and future infrastructure requirements. The CIP addresses the Commission's needs related to the acquisition, expansion, and rehabilitation of long-lived facilities and infrastructure.

CAPITAL OUTLAY - An item that is acquired by the Commission, has a useful life of at least one year, and has a purchase cost of at least $5,000. Examples include the purchase of equipment, computer, and vehicles requiring little to no outside services for procurement or installation.

CAPITAL PROJECT - Is a planned process necessary to construct a new asset, improve an existing asset or study a current or anticipated future condition. It generally requires one or more of the following outside services: engineering study, engineering design, regulatory permitting review, construction or specialized contract management.

DEBT SERVICE - The payment of principal and interest on long-term debt.

DEBT COVERAGE RATIO - A ratio that expresses the relationship of total net revenue to existing debt.

DEFICIT - An excess of expenditures over revenues or expense over income.

DEPRECIATION – The amount or percentage by which something decreases in value over time.

ENTERPRISE FUND - A fund as defined by the Governmental Accounting Standards Board (GASB) that is used by a municipality to report an activity for which a fee is charged to users for goods or services.

FISCAL YEAR - A 12-month period (July 1 - June 30) to which the annual operating budget applies and at the end of which an assessment is made of the Authority's financial condition and performance of its operations.

FUND - An accounting entity created to record the financial activity for a selected financial grouping. A fund is set up to carry out a special function or attain certain objectives in accordance with set laws and regulations.

FUND BALANCE - An amount of resources set aside within a fund to provide adequate cash flow and reserves.

GRANTS - A contribution or gift in cash or other assets from another government to be used for a specified purpose.

LONG TERM DEBT - Debt with a maturity of more than one year after the date of issuance.

NET ASSETS – Total assets minus total liabilities of a company.

OPERATING BUDGET - A budget that applies to all outlays other than capital outlays.

OPERATING EXPENSE - Expenses which are directly related to the Commissioner's primary activities.

PERFORMANCE MEASURES - A unit produced as a result of the activities carried out by a program (i.e., miles of pipe inspected, feet of water and sewer lines rehabilitated).

REVENUE BONDS - A promise to repay borrowed monies from user fees over the life of the assets.

REVENUES - Money received from all types of rates, fees and charges.

SPECIAL ASSESSMENT - A levy on certain properties to defray part or all of the costs associated with improvements or services which will benefit those properties. For instance, a special assessment would be levied on property benefiting from the construction of water and sewer lines to serve a particular area.

Acronyms

ACE	Asset Class Engineer	**ACP**	Cement Asbestos Pipe
ADA	Americans with Disabilities Act	**ADP**	Automatic Data Processing
BFC	Basic Facility Charge	**CBOD**	Chemical Biological Oxygen Demand
CCTV	Closed Circuit Television	**CIP**	Capital Improvements Plan
CIPP	Cured In Place Pipe	**CIS**	Customer Information System
CMMS	Computerized Maintenance Management System	**CSWWTP**	Center Street Wastewater Treatment Plant
CWS	Charleston Water System	**DIP**	Ductile Iron Pipe
DMR	Discharge Monitoring Report	**DO**	Dissolved Oxygen
DRP	Delegated Review Program	**E&E**	Expansion & Extension
EDMS	Electronic Document Management System	**EEO**	Equal Employment Opportunity
EOB	Explanation of Benefits	**ERISA**	Employee Retirement Income Security Act
EUM	Effective Utility Management		
FIS	Financial Information System	**FLSA**	Fair Labor Standards Act
FMLA	Family and Medical Leave Act	**FOIA**	Freedom of Information Act
FY	Fiscal Year	**GAAP**	Generally Accepted Accounting Principles

GASB	Governmental Accounting Standards Board	**GFOA**	Government Finance Officers Association
GIS	Geospatial Information System	**GIS**	Geographical Information System
GPS	Global Positioning System	**HAZMAT**	Hazardous Material
HIPAA	Health Insurance Portability Accountability Act	**HMI**	Human Machine and Interface
ICAM	Infrastructure Capital Asset Management	**ICS**	Incident Command System
IDS	Intrusion Detection System	**IE**	Invert Elevation
IRS	Internal Revenue Service	**LF**	Linear Feet
LLR	South Carolina Department of Labor, Licensing, and Regulation	**LOI**	Letter of Intent
MCMC	Medical Claims Management Corporation	**MGD**	Million Gallons per Day
		MH	Manhole
MIS	Management Information Systems	**MPN**	Most Probable Number
NAS	Network Attached Storage	**NCG**	Non Coliform Growth
NIMS	National Incident Management System	**NPDES**	National Pollution Discharge Elimination System
O&M	Operation and Maintenance	**OPEB**	Other Post-Employment Benefits
OSHA	Occupational Safety and Health Administration	**PCS**	Process Control Systems
PE	Professional Engineering	**PHR**	Professional Human Resources
POTW	Publicly Owned Treatment Works	**PPM**	Part Per Million (mg/L)

PQC	Project Completion Questionnaire		
PRF	Project Request Form	**PS**	Pump Station
PVC	Polyvinyl Chloride Pipe	**QA/QC**	Quality Assurance / Quality Control
REU	Residential Equivalent Unit	**R&R**	Renewal & Replacement
RFP	Request for Proposal	**RFQ**	Request for Qualification
ROW	Right-of-Way	**RPR**	Resident Project Representative
RTU	Remote Terminal Unit	**RRRWTP**	Rifle Range Road Water Treatment Plant
SAF	State Accident Fund	**SCADA**	Supervisory Control and Data Acquisition
SCDC	South Carolina Deferred Compensation	**SCLGAG**	South Carolina Local Government Assurance Group
SCMHRA	South Carolina Municipal Human Resources Association	**SOQ**	Statement of Qualifications
SRF	State Revolving Fund	**SS**	Sanitary Sewer
TCR	Total Coliform Rule	**TRC**	Total Residual Chlorine
USERRA	Uniformed Services Employment and Reemployment Rights Act	**VOE**	Verification of Employment
VOIP	Voice of Internet Protocol	**VPN**	Virtual Private Network
WEASC	Water Environment Association of South Carolina	**WL**	Water Line

Supporting Documents

Included in the following pages are four documents that support the FY 2023 Budget Document in content and message. These separate documents are the Commission's:

- Cost Recovery Policy (17 pages)
- Strategic Plan Refresh (6 pages)
- Strategic Business Plan (29 pages)

  and
- Fiscal Year 2022 Annual Business Plan (8 pages)

Cost Recovery Policy

Introduction

This document contains the Cost Recovery Policies of the Commissioners of Public Works for the Town of Mount Pleasant, South Carolina herein after referred to as “the Commission”. By virtue of SC Code of Laws, *Section 5-31-250,* conducting the financial affairs of the Commission is vested with the elected Commissioners. This document, adopted and approved by the Commissioners, includes the public policies whereby the Commission will recover the cost of providing water and wastewater services to its customers.
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Section 1. Purpose

This policy document provides clear public policies used as guidance by the Commissioners when making financial decisions and plans relating to the provision of water and wastewater service to existing and future customers. These policies are designed to create long-term financial stability for a public utility, while ensuring that the charges for services are as fair, reasonable and equitable as possible. Adopted during the course of public meetings, this document is also amended through the public meeting process.

Section 2. Cost Recovery Philosophy

Policy 2.1 Cost Recovery

To fully and as equitably as possible recover all costs of operating, maintaining, and expanding the water and wastewater utilities from the customers of the service area while maintaining financial stability and sufficiency.

The mission of the Commission is to provide excellent quality water and wastewater services to its customers, while meeting all applicable Federal, State and local laws and regulations. All of the costs to provide these services must be fully recovered by the Commission. In addition, rates must be as equitable as possible among customer classifications, and between existing and future customers. Financial stability ensures that rates remain reasonable, and that the utility’s borrowing ability is maintained.

Policy 2.2 Fund Disbursement

To the nearest extent practical, funds received by the Commission will be used to pay for the services that benefit the customers whose payments generated those funds.

The Commission has two categories of customers, existing and future. Cost of the ongoing operation of the system and renewal and replacement (R&R) of the existing assets are recovered through the monthly rates and charges to existing customers. Other charges are levied for specific services provided such as connection services, new customer account set up and management and other miscellaneous ancillary services. Cost recovery for the extension and expansion (E&E) of the utility infrastructure to serve future customers is recovered through impact fees and system development charges.

Section 3. Cost Recovery Administration

Policy 3.1 Authority to Set Rates, Fees and Charges

The authority to set rates, fees, and charges rests with the elected Board of Commissioners of Mount Pleasant Waterworks (South Carolina Code 5-31-250).

Policy 3.2 Authority to Grant Exceptions to Adopted Rates, Fees and Charges

The authority to grant exceptions to adopted rates, fees and charges rests with the elected Board of Commissioners of Mount Pleasant Waterworks and may be delegated to the General Manager.

The Commission will not provide free services nor waive adopted rates, fees or charges to any customer or group of customers because to do so is arbitrary and discriminatory. Special payment schedules based on hardship may be requested in writing to any elected member of the Board of Commissioners or the General Manager. Approval of such requests will be discretionary.

Policy 3.3 Set Rates to Maintain Financial Sufficiency

The Commission will establish rates sufficient to meet the operating expenses, reasonable capital improvements to the utility infrastructure and mandatory debt service coverage ratios as required in the existing bond ordinance.

Policy 3.4 Establish a Rate Structure to Maintain Financial Stability

The Commission will establish a rate structure to recover revenue from the customer base in a way that provides for financial stability and the maintenance of the minimum cash reserves. This structure will include fixed charges and variable charges as approved by the Commissioners.

Section 4. Policy Review and Amendment

Policy 4.1 Policy Review

The Commission will review its cost recovery policies prior to preparation of the annual budget and revise the policy document as often as necessary to maintain consistency with actual cost recovery practices. A comprehensive, independent cost recovery review of rates, fees and charges will be conducted at least every 5 years or more frequently if deemed necessary.

Cost recovery studies will be conducted more frequently if major changes occur in: 1) cost forecasts, 2) regulations governing system operations, 3) operating technologies, or 4) customer base demographics. The independent review will, at a minimum, produce a comprehensive schedule of rates, fees and charges that reflect stated policies and provide documentation of the calculations used in designing the rates, fees and charges.

Policy 4.2 Policy Amendment

The Cost Recovery Policies may be amended from time to time depending on financial circumstances. The Commission will hold a public hearing on any amendments to the policies and adopt any changes in a public meeting of the Commission.

Section 5. Financial Plan

Policy 5.1 Financial Plan

The Commission will update its Comprehensive Ten-Year Financial Plan annually, to assess the financial feasibility of planned and budgeted activities as they relate to cost recovery objectives.

The Commission develops two budgets annually, the operating budget and the capital improvements budget. The capital improvements budget includes a) renewal and replacement projects and expenses for existing assets and b) expansion and extension projects and expenses for future service. The Commission forecasts these projects and expenses into the future through use of our financial rate model. This model establishes the overall financial plan for the Commission.

Section 6. Customer Classifications

Policy 6.1 Customer Classifications

The customer classification system will be reviewed prior to each cost recovery study and revised as often as necessary.

Customers are classified into homogeneous groups for development of cost allocations and applications of charges. Customer classifications will be developed if and when customer groups are deemed to differ.

Policy 6.2 Out of Town Wastewater Customers

The Commission will charge an Out of Town Wastewater rate for all customers that receive wastewater service that are not within the corporate limits of the Town of Mount Pleasant as specified by Town Ordinance 11011.

February 8, 2011, the Town of Mount Pleasant amended the Sewer Use Ordinance by adopting Ordinance 11011 that added Section 51.093 which states the following:

Out-Of-Town Wastewater Rates and Charges

(A) *Single-family residential.* For each out-of-town connection to the public wastewater system, the person applying for and/or receiving service shall pay one and one-tenth (1.1) times the current in-town wastewater rates and charges as may be set and determined from time to time by the Commission.

(B) *All other.* For each out-of-town connection to the public wastewater system, the person and/or business applying for and/or receiving service shall pay two times the current in-town wastewater rates and charges as may be set and determined from time to time by the Commission.

Policy 6.3 Municipal Irrigation Customer

The Commission will charge the Town of Mount Pleasant irrigation accounts a Municipal Irrigation rate that is equal to the tier-one water volumetric rate.

Effective April 2012, the Commission approved the Municipal Irrigation rate that equals the regular residential volumetric rate. Furthermore, an allocation of REUs was approved to prevent all selected irrigation accounts from paying excessive use charges. Each account will be charged the appropriate basic facility charge.

Section 7. Establishing Rates and Charges

The basic principles the Commission will use in calculating rates, fees and charges are as follows:

- All costs incurred will be considered investments of resources. These resources include the capital costs of developing facilities and capacity for providing services, the operational costs of providing services from these facilities, and the administrative costs of programs and activities related to the facilities and services provided.
- Utility services are goods and their full costs will be recovered. Rates and Charges will be reviewed annually and updated as often as necessary to fully recover costs and meet the requirements of the cost recovery policies.
- As a responsible public entity, the Commission will price its services to recover costs without generating a profit over time.
- The entire pricing system will be as equitable as practicable.

Policy 7.1 Maintain Equitable Charging Practices

The Commission will strive for equity among customer classifications and between existing and future customers when setting rates, fees, and other charges.

- *The Commission will help ensure equity between existing and future customers by following a flow of funds system that indicates the sources of funds, where funds are deposited and held, and where funds are distributed.*
- *Impact fees and other connection charges will be used for system expansion, to ensure that to the extent possible "growth pays for growth".*
- *Costs will be controlled and the rate program will be planned such that increases in typical monthly bills will not exceed 15 percent in any given fiscal year. Exceptions will be made to this policy only as necessary to meet mandatory requirements.*

The Commission operates as a business enterprise independent of other revenue sources. The utility is managed as an enterprise fund, and prices will approximate those that would prevail in a competitive market.

Policy 7.2 Basic Facility Charge (BFC)

Water and Wastewater Basic Facility Charges will recover an amount equal to or greater than the sum of the annual Renewal and Replacement (R&R) debt service expense, a portion of the capital expenditures for the system, a portion of operation and maintenance costs, and a portion of general administrative costs.

The Commission incurs fixed costs for providing services to its customers including, but not limited to, Renewal and Replacement (R&R) debt service, capital costs, operating and maintenance costs, and general administrative costs.

The BFC is a charge for the reservation of capacity based on the total active REUs assigned to a property. To ensure the purchased capacity remains available, all BFCs must be paid.

Policy 7.3 Volumetric Rates

Water and wastewater volumetric rates will be set to recover all costs and funding requirements that are not recovered from other rates, fees and charges, including minimum fund balance requirements.

In the interest of encouraging conservation of water resources, water and wastewater rate schedules include flow-based charges. Thus, the customers who use more water and generate more wastewater pay more than those who use less. Volumetric rates for water and wastewater are calculated and levied per 1,000 gallons of metered water per account, rounded downward to the nearest 100 gallons.

Policy 7.4 Application of Volumetric Rates

Water volumetric rates will be applied to all metered water use.

Some public utilities do not charge the water volumetric rate for lost water or metered water that was wasted due to an extraneous circumstance, such as a broken faucet. Because the utility bears the cost of water lost on the utility's side of the meter, it is equitable for individual customers to bear the cost of water lost on the customer's side of the meter. Thus, the customer will be held directly responsible for all metered water at their household or business. The wastewater volumetric rate may be waived on lost water if the customer can show that the lost water was not discharged to the wastewater system.

Policy 7.5 Excessive Use Charge

An excessive use charge[1] will be levied on all water and wastewater customer classifications as follows:

Residential Customers

- *100% of the water and wastewater volumetric rate for monthly metered water usage in excess of 9,200 gallons per REU*

[1] The Commission uses the term "excessive use charge" rather than "conservation rate" because this charge is a penalty for excessive water and wastewater use. Unlike the Commission's other charges, the excessive use surcharge is not a cost-of-service rate.

- *200% of the water volumetric rate for monthly metered water usage in excess of 18,400 gallons per REU*

- *300% of the water volumetric rate for monthly metered water usage in excess of 27,600 gallons per REU*

<u>Commercial Customers</u>

- *100% of the water and wastewater volumetric rate for monthly metered water usage in excess of 9,200 gallons per REU*

- *200% of the water and wastewater volumetric rate for monthly metered water usage in excess of 18,400 gallons per REU*

- *300% of the water and wastewater volumetric rate for monthly metered water usage in excess of 27,600 gallons per REU*

The quantity of water used to calculate excessive usage for customers with irrigation meters is based on the meter size. The current rates are shown on the Commission's website.

Revenues from the excessive use charge are generated by existing customers that utilize water and wastewater capacity on a monthly basis above their allocated capacity. The excessive use charge is intended to recover the additional cost to provide the extra capacity for these customers. This charge creates equity between customers that paid for and all the capacity they are using and those that did not.

Policy 7.6 Connection Charges

Water and wastewater connection charges will be levied on the owners of new structures and will recover the full costs of system connections. Connection charges will include:

- *A water connection fee to recover the costs of labor, equipment, water meter and other materials required for water service connection. The water connection fee will apply to all activities associated with setting water meters, including irrigation meters.*

- *A wastewater tap fee to recover the costs of labor, equipment and materials required for MPW to make any tap into the wastewater system. .*

- *A wastewater tap inspection fee to recover the costs for inspection and approval of any third party tap into the wastewater system, and a wastewater tap re-inspection fee for repeating this service, if necessary.*

Connection charges are considered operating revenues, and expenses associated with these services are considered operating expenses, according to generally accepted accounting principles.

Policy 7.7 Miscellaneous Charges

Miscellaneous charges will recover the full cost of labor and expenses required to provide ancillary services from the individuals who receive benefit for these ancillary services.

Miscellaneous charges will be levied only when: 1) a customer or customer group can be identified; 2) the activity produces a significant cost that is not common to all customers; and 3) the cost can be identified and related to the activity. Miscellaneous charges will not be levied to recover general overhead costs or for services that are beneficial to the system as a whole or to a relatively large group of customers.

Although miscellaneous charges are not necessarily based on cost recovery principles, and include penalties to discourage certain actions, they enable MPW to more closely match revenues with costs and thus enhance the fairness of the cost recovery policy.

Policy 7.8 Tampering and Damage to Assets/System Charges

The Commission shall levy charges against the responsible party(s) for the costs of damage or loss to the Commission's system and/or assets. Costs include, but are not limited to, direct and indirect labor, external contractors, supervision, materials, equipment usage, sales tax, and administrative fees. The Commission shall also levy costs of collection, if necessary, to include, but not limited to, attorney's fees, administrative cost and out-of-pocket expenses. The Commission retains full authority as to the restoration of the system and/or repair or replacement of assets. Tampering charge and administrative fees may be charged.

On occasion damages or loss to the Commission system and assets occurs. Costs are incurred to restore or replace the damage or loss to the Commission's system or assets. In addition to the direct cost of restoration or replacement, are costs associated with the administration and handling of the damage or loss. Legal and collection fees may be incurred in order to recover the costs. The Commission, after assignment of responsibility, shall assess the cost of the damage or loss and invoice the responsible party(s).

Policy 7.9 Cost of Freedom of Information Request

The Commission shall levy against parties, the cost of searching for and making copies of records in accordance with South Carolina Law section 30-4-30(b) of the Freedom of Information Act (FOIA).

Requests are received by the Commission for production of records and documentation as allowed by the SC FOIA. Costs to research and obtain, to copy and to comply with the request must be recovered. State law provides for the reasonable recovery of charges for compliance with the request. The Commission shall require a reasonable deposit to recover the cost of providing the requested documents prior to releasing the requested records or documents.

Section 8. Cost recovery from Future Customers

Infrastructure to serve future customers must be planned and developed in advance of the need by future customers. Impact fees are capital development charges that recover the cost of extending and expanding the major infrastructure to serve residential and commercial development/property. Utilities must make sizable investments ahead of time in order to have concurrency of capacity to serve development when it occurs. Impact fees recover these investments. Major infrastructure includes wastewater treatment plants, regional pump stations, transmission force mains, major collectors, outfalls, water treatment plants, pumping facilities, storage tanks, main transmission pipelines, and administrative facilities and equipment.

Policy 8.1 Impact Fees

Impact fees will recover major capital costs associated with expanding water and wastewater service facilities, including but not limited to water treatment plants, storage facilities, pumps and distribution mains, wastewater collection, transmission, storage and treatment facilities, and other capital equipment.

- *A comprehensive, independent cost recovery review of impact fees will be conducted at least every 5 years or more frequently if deemed necessary in order to maintain equity to both existing and future customers.*

- *Impact fees will be indexed annually for changes in the ENR (Engineering News-Record Construction Cost Index (CCI))and other construction cost records deemed appropriate for the Commission's service area plus the cost of money based on the current SRF interest rates. . The Index will be established for a three-year rolling period.*

- *Impact fees will recover the costs of both the excess capacity in existing capital facilities, and new facilities planned specifically for growth.*

- *The impact fee cost basis will be the original costs (without deducting depreciation) and planned costs discounted through build out or the Replacement Cost New with depreciation (RCND) as deemed appropriate by the Commission*

- *Impact fees will recover, to the extent possible, interest expense on outstanding and anticipated extension and expansion project debt discounted through build out.*

- *A "double payment credit" will be deducted from the impact fee to prevent future customers from paying for debt-financed capacity in both their impact fee and their monthly rates.*

Impact fees are charges assessed against new development to recover part of the capital costs of expanding the water and wastewater infrastructure to serve them. Considered as a capital-recovery charge, impact fees allow recovery of the capital costs of developing the new service directly from the customers who will benefit from the service. The Commission will conduct an impact fee study based on the updated Town of Mount Pleasant's Comprehensive Plan and updated Commission's Updated Master Plan.

Policy 8.2 Residential Equivalent Units

All customer accounts are assigned Residential Equivalent Units (REU) according to the number of REU for which impact fees have been paid.

In no event will the number of REU on an account be lowered without approval of the General Manager.

Section 9. Debt Funding and Recovery of Debt Service

Policy 9.1 Debt Funding

The Commission will use debt funding for the provision of utility infrastructure as necessary.

Policy 9.2 Project Funding

- *Cash fund renewal and replacement capital projects and assets with estimated useful lives of ten years or less.*

- *Fund renewal and replacement and extension and expansion capital projects and assets with estimated useful lives of over ten years by using debt or cash financing, depending on prevailing economic conditions.*

It is the intent to cash fund renewal and replacement (R&R) and extension and expansion (E&E) whenever possible, while maintaining fund balances and rates, fees and charges at reasonable levels. However, for assets of higher value, longer-life, and the policy will provide for the use of debt financing if market conditions dictate that such funding would be a better solution for all customers.

Policy 9.3 Debt Service

It is the intent of the Commission to recover the debt service for R&R projects through basic facility charges and rates and debt service for E&E projects through impact fees.

Policy 9.4 Bond Rating

The Commission will maintain an uninsured bond rating of "AA" or better (as rated by both Moody's and Standard and Poor's) for the combined water and wastewater utilities.

Policy 9.5 Debt Service Coverage

The Commission will maintain rates to meet the coverage tests required by its bond ordinance:

Test 1

$$\frac{\text{Net Operating Revenues (Operating Revenues} - \text{Operating Expenses)}}{\text{Total Debt Service}} \geq 1.00$$

And:

Test 2

$$\frac{\textit{Net Operating Revenues + Impact Fees Revenue}}{\textit{Total Debt Service}} \geq 1.2$$

Policy 9.6 Debt Service Coverage Action Trigger

Whenever Test 1 is estimated to equal 2.00 or less, the Commission will take necessary corrective actions to ensure that the ratio remains at or above the mandatory level. These corrective actions may include increasing rates and charges, reducing operating expenses, or retiring existing debt.

Each month during the fiscal year, financial projections are made to determine if the debt coverage ratio will remain above 2.00 at the end of the fiscal year. These projections are reported to the Commissioners in order to take corrective action in time to avoid non-compliance with debt covenants.

Section 10. Fund Balances

For the purpose of maintaining financial stability, the Commission will maintain fund balances or cash reserves for use as intended. These cash reserves are considered as available for use under certain circumstances as defined by each policy.

Policy 10.1 Operating Fund Balance

The Commission will meet or exceed minimum Fund[2] balance requirements and maintain a minimum balance of not less than 200 days of unrestricted cash[3].

Unrestricted cash-on-hand gives the Commission flexibility in setting aside funds for the scheduled repair or replacement of capital assets with projected useful lives of ten years or less, acquiring unbudgeted but necessary items, paying for capital cost overruns, implementing small capital projects without bonding, and providing cash for emergency situations, such as a critical asset failure, hurricanes, or economic downturns.

It is at times prudent to decrease the amount of cash-on-hand in order to defray debt, avoid or delay a bond issue by cash-funding capital projects, or prevent or lessen the need for a rate increase.

Policy 10.2 Maintain Operating Fund Balance

If cash reserves fall below the objective of 200 days of unrestricted cash, the Commission will make it a priority to build them back up to that level as soon as possible. Mid-year rate increase may be adopted to meet this objective, as well as other actions.

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[2] A Fund has a legal definition. It may be a single bank account or a group of accounts and may be held by MPW or by a trustee.

[3] This sum will equal 200/365 times the total annual operating budget, excluding debt service.

Policy 10.3 Capital Project Fund Balance

The Commission will maintain a minimum fund balance as a contingency for the Capital Improvements Plan. The minimum balance will be equal to at least 10% of the total annual Capital Improvement Plan projected for R&R projects for the next five years.

Policy 10.4 Impact Fee Fund Balance

The Commission will maintain a minimum fund balance of impact fees as a contingency fund for the debt service payments and funding of E&E projects. The minimum fund balance will be at least equal to the debt service payment for the E&E debt for the next year or 10% of the total annual cash-funded Capital Improvement Plan projected for E&E projects for the next five years, whichever is greater.

Policy 10.5 Medical Reserve Fund Balance

The Commission will maintain a Medical Reserve fund balance equal to 25% of the budget for Health Insurance Expense as a contingency for significant medical expense that exceed the budgeted allotment in a given year.

Policy 10.6 Out-of-Town Wastewater Fund Balance

The Commission will maintain an Out-of-Town-Wastewater Fund. The source of the fund is from the out-of-town wastewater surcharge.

Section 11. Funds Management

The term "flow of funds" refers to the binding system of money management that has been established in the Commission's existing bond ordinance. Under the Commission's flow of funds system, specific revenues must be deposited into specific funds and then applied to specific types of expenditures in order of importance to the bondholders. Any revenues remaining after these requirements have been met, or revenues from sources which were not pledged toward bond repayment, may be managed and dispersed at the Commissioner's discretion. Additional Funds may be created, as long as their requirements do not diminish the rights of the bondholders or conflict with the required system.

In this policy document, flow of funds refers to the Commission's total system of money management including requirements of the existing bond ordinance.

Exhibit 1 to this policy document describes the Commission's flow of funds system.

Appropriate Disbursement of Operating Revenues

Operating revenues, generated from existing customers, are used to cover operating expenses that benefit these existing customers.[4]

[4] An exception is connection charges, which are generated from new customers, and are included in operating revenues. Because expenses involved with new connections are only incurred when new connections occur,

Debt service payments represent the cost of capital facilities that benefit both existing and future customers and are paid with a mixture of operating revenues and impact fees, adding equity to the cost recovery system. If impact fee revenues are unavailable for debt service, payment will come from operating revenues. Such an event would decrease equity between existing and future customers but would protect the Commission's financial strength.

Another appropriate expenditure of operating revenues is for renewal and replacement (R&R) capital expenditures, including, but not limited to, budgeted routine capital outlays for equipment such as automobiles, and capital projects such as reverse osmosis membrane replacement or other short-term assets.

Appropriate Disbursement of Impact Fee Revenues

Impact fee revenues will be expended only for capital items that directly benefit the future customers for which they were paid. Two types of expenditures are appropriate:

- Direct costs of planning, designing, or constructing capital facilities that will be extended or expanded (E&E) for future customers.
- Debt service payments for capital facilities planned, designed, or constructed for future customers, if available.
- Each year, as a part of the budget resolution, the Commission will determine the amount of water and wastewater E&E cash to transfer to the General Revenue Fund pay towards E&E debt. It is the intent of the Commission to continue the transfers until all E&E debt is paid through impact fee revenues.

Appropriate Disbursement of Non-Operating Revenues

Depreciation is a real, but non-cash, expense. Each year, fixed assets become older, and at some point in time, will need R&R. To keep the cost recovery system equitable, the Commission will recover the cost of the future R&R over time from the customers who will benefit from the R&R.

Appropriate Disbursement of Debt Proceeds and Grants

In most cases, disbursement of bond proceeds (restricted to specific capital projects) will be controlled by a trustee or the State Budget and Control Board. Grant funds will be disbursed for the capital projects for which they were obtained.

Inter-fund Transfers

The Commission may provide for transfers of funds between the general fund, the water impact fee fund and the wastewater impact fee fund as deemed necessary. Such transfers are considered as internal loans between the funds to be reimbursed as soon as reasonably possible. Transfers may include funds for operating and/or capital related expenditures and debt service. The Commissioner's shall approve the transfers and subsequent reimbursements.

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these connection revenues and expenses are considered equal and therefore do not create an inequity with this policy.

Customer Security Deposits
Customer security deposits are deemed as restricted assets and will be maintained and accounted for in a separate cash account. Deposits will be disbursed according to Operating Policy 4.1.3. Security deposits are liabilities and the fund balance is not counted towards any fund balance goal.

Escrow (Maintenance Bond Deposits)
Maintenance bond deposits are deemed as restricted assets and will be maintained and accounted for in a separate cash account. Deposits will be disbursed according to the Commission's Guidelines for Development. Maintenance bond deposits are liabilities and the fund balance is not counted towards any fund balance goal.

Medical Reserve Account
The medical reserve account funds are deemed as restricted assets and will be maintained and accounted for in a separate cash account. The account is designated to provide funding to cover medical claims in excess of budget during the fiscal year. The medical reserve account is a liability and the fund balance is not counted towards any fund balance goal.

Reserve Funds
Reserve funds may be required to be established by the Commissioners from time to time. The action establishing such reserve funds will define the restricted/unrestricted nature of the fund, the segregation of the fund, the use and disbursement policy, the accounting and management of the fund, and the inclusion or exclusion of the fund balance towards any fund balance goal.

Out of Town Wastewater Funds
The out-of-town wastewater surcharge funds are deemed as restricted assets and will be maintained and accounted for in a separate cash account. The account is designated to provide funding for out-of-town wastewater projects. The source of funding is from the out-of-town wastewater surcharge. The fund balance is not counted towards any other fund balance goal.

EXHIBIT 1

Flow of Funds System

MPW's current flow of funds system is illustrated on the following page.

The six major sources of funds are:

1. Operating revenues primarily generated from existing customers,
2. Non-operating revenues primarily generated from the investment of existing operating revenues,
3. Debt proceeds from lenders for specific projects for existing or future customers
4. Grants or special funds from governmental agencies for specific projects for existing or future customers,

5. Growth-related revenues primarily generated from water and wastewater impact fees paid principally by homebuilders or developers for capacity expansion, and
6. Escrow funds primarily paid by developers as maintenance warranties related to new water and wastewater systems contributed to the Commission.

Operating Revenues

Operating revenues are the Commission's primary source of funds. These revenues come from monthly use charges including basic facility charges, water and wastewater volumetric rates, water and wastewater connection charges for new customers, and miscellaneous charges for ancillary services.

The bond ordinance requires that these revenues be deposited into a Gross Revenue Fund (comprised of all revenues from all sources) and transferred out as needed to protect the interests of the bond holders. The transfers that are to be made are:

1. A sum sufficient to cover Operations and Maintenance costs of the System (i.e., compensation and benefits, contractual services, supplies and materials, travel and education and other O&M expenses),
2. A sum sufficient to cover Debt Service payments due monthly, quarterly or semi-annually as required by the individual debt instruments (these payments are to be transferred to the Trustee at least 5 days before a debt service payment is due), and
3. A sum sufficient to cover expenses for capital projects and capital outlays.

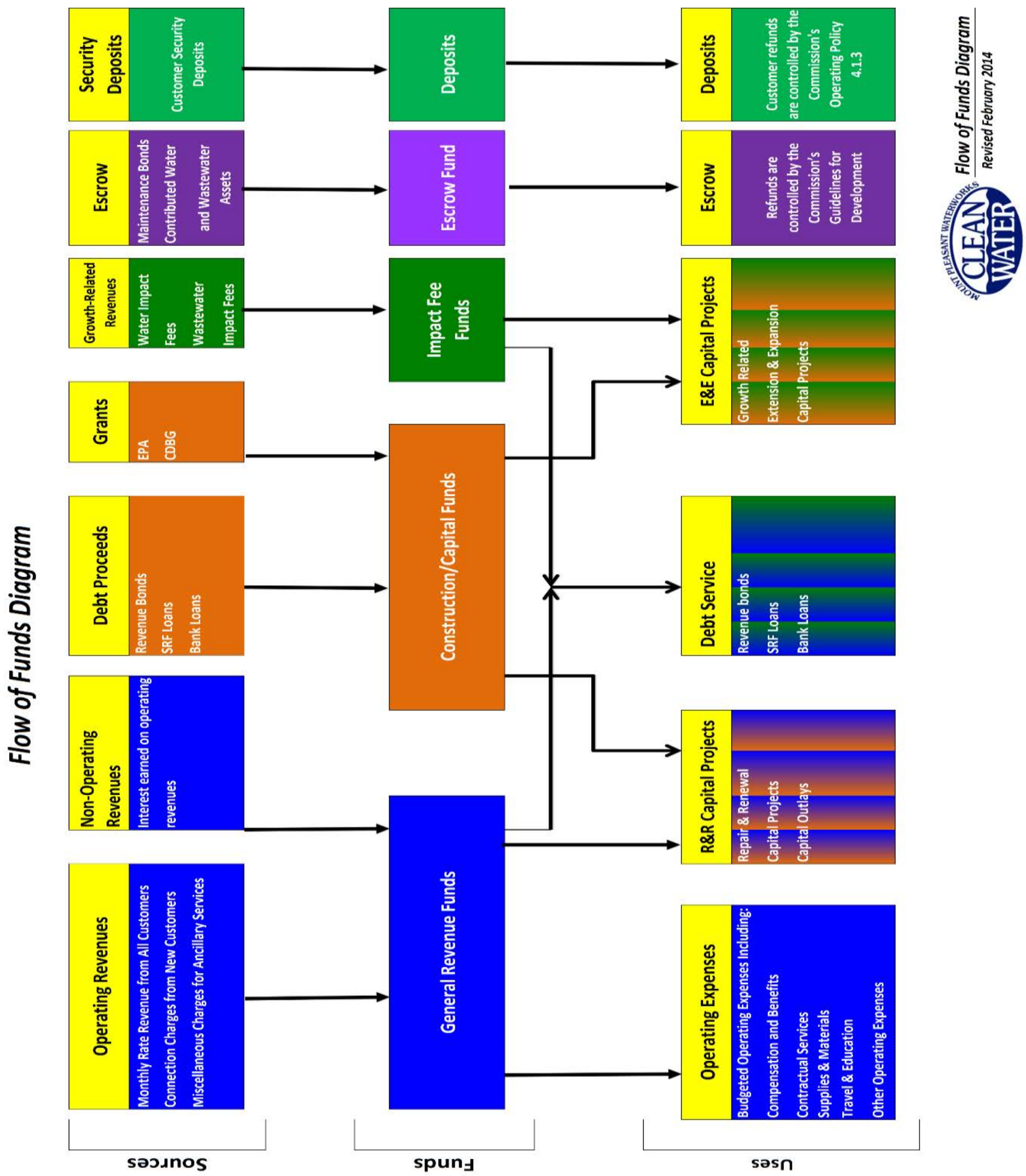
Non-operating Revenues

Non-operating revenues include interest earned primarily on General Revenue Funds and other miscellaneous sources of revenue, such as insurance reimbursements, that are not generated from normal operations. Non-operating revenues are not a steady source of revenue because the amount received depends upon the total amount of money invested at a given time, the interest rate at which it is invested, and other extraneous circumstances. Because these funds are generated from revenues from existing customers, the most appropriate use of the funds is to help pay for R&R capital projects and capital outlays that benefit existing customers.

Flow of Funds Diagram

Impact Fee Revenues

Impact fees are payments made by homebuilders and developers to pay for capital projects and debt service payments of debt funded facilities that benefit future customers. Case law requires that impact fees be used for the direct benefit of future customers. Therefore, the flow of these funds is kept separate from other revenues.



Debt Proceeds and Grants

Debt proceeds and grants are sources of funds provided by lenders or public agencies that are restricted to expenditures on specific capital projects, regardless of the intended beneficiary. Therefore, they are kept separate from other revenues in a construction or capital account.

Escrow (Maintenance Bond)

Escrow funds are warranty-type payments by developers to provide funds for any repairs or replacements needed to water and wastewater assets within a given time frame of contributing the system to MPW (usually two years). These funds are restricted to only repairs or replacements to specific assets for a specific term, and are therefore kept separate from other revenues. If not used, the funds are refunded to the developer.

Security Deposits

Security deposit funds are received from customers to provide funds to cover unpaid water and wastewater bills. These funds are restricted and disbursement is controlled by the Commission's Operating Policy 4.1.3.

Addendum # 1

Bond Ordinance – Definitions

"**Expenses of Operating and Maintaining the System**" shall mean the current expenses, paid or accrued, of operation, maintenance and current repair of the System, as calculated in accordance with generally accepted accounting principles and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of material and supplies, cost of water, cost of power, cost of gas, cost of routine repairs, renewals, replacements and alterations occurring in the usual course of business, cost of billings and collections, cost of insurance, cost of audit, taxes, if any, and other administrative and overhead expenses. Expenses of Operating and Maintaining the System shall not include debt service on any Indebtedness or any allowance for depreciation or renewals or replacement of capital assets of the System.

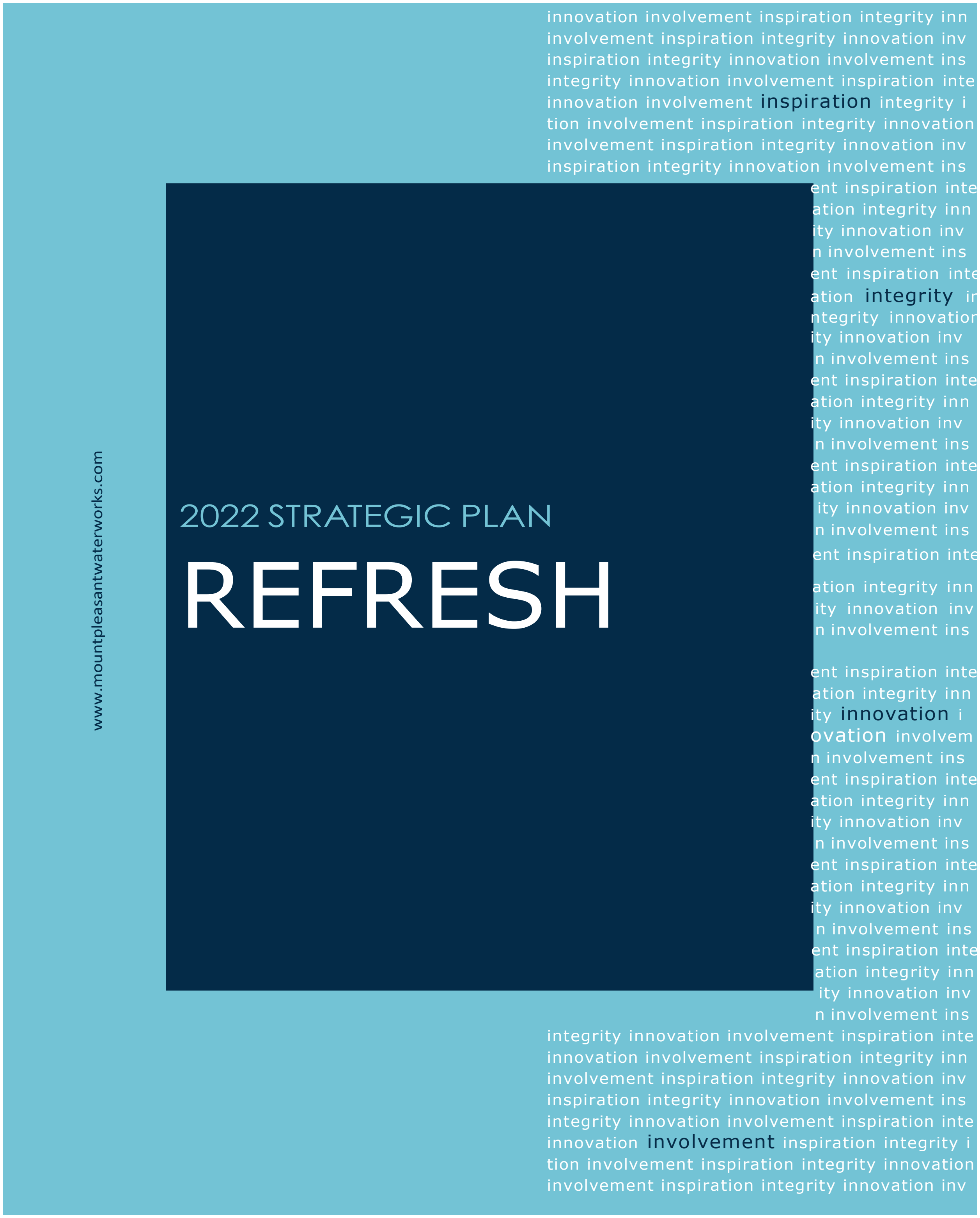
"**Net Earnings**" shall mean the Revenues of the System after deducting the Expenses of Operating and Maintain the System.

"**Net Operating Revenues**" shall mean the Operating Revenues of the System after deduction the Expenses of Operating and Maintaining the System.

"**Operating Revenues**" shall mean all Revenues other than impact fees, as determined, in accordance with generally accepted accounting principles.

"**Revenue**" shall mean all fees, tolls, rates, rentals and charges to be levied in connection with, and all other income and receipts of whatever kind of character derived from the operations of the System, except the proceeds of grants, customer deposits and special assessments for water or sewer improvement, or any amount collected by the Town representing sales tax or user fee with are required by law or agreement to be paid to the State of South Carolina. Revenue shall include any water or sewer tap-in fees, connection fees and impact fees, less any adjustment for refunded impact fees.

2022 Strategic Plan Refresh



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Susan Mellichamp, Vice Chair

Diane Lauritsen, Ph.D., Secretary/Treasurer

Mac Jenkinson

Linda Page

Mayor Will Haynie, Town of Mount Pleasant

Jake Rambo, Town Water Supply Committee Chair

MANAGEMENT

Allan Clum, General Manager

Nicole Bates, Customer Services Manager

Mark Coffin, Chief Financial Officer

Christi Fowler, Human Resources Manager

Brian Head, Technical Services Manager

Natalie Lawrence, Communications Manager

Ross Wattay, Field Services Manager

Published May 2022

LETTER FROM OUR GENERAL MANAGER

Dear MPW Commissioners & Employees,

The 2022 Strategic Plan Refresh reinvigorates our individual and collective commitment to our Vision, Mission, Values, and Goals.

Why a "Refresh"?

When I was announced as the new General Manager of Mount Pleasant Waterworks in July 2021, I knew it was important to develop a truly distinctive company narrative. I wanted it to be easy to understand and follow and, more important, to be developed with input from the people who show up to work each day. Revisiting key components of our most current Strategic Plan was the perfect approach to accomplish that goal.

The Process

We worked together to capture the aspirations and opinions of our entire team. Commissioners and employees discussed our current Vision, Mission, Values and Goals during in-person workshops and online surveys. Together we agreed to keep the existing Vision and Mission. We chose to concentrate our time on refining our Values and Goals to better reflect who and where we strive to be as individual employees and as an organization.

The Results

As you will see inside, two aspirational statements emerged from the planning process: I will and We will.

I Will stems from our four new Values, each one beginning with the letter I: Inspiration, Integrity, Innovation, and Involvement.

We Will is the result of our new set of Goals. The new goals are written as We statements, indicating a team approach to accomplishing each.

TEAM

INSPIRATION
INTEGRITY
INNOVATION
INVOLVEMENT

I am excited about the direction we have set together. Your input was key in the development of this document. Its simplicity is its strength.
We will incorporate the content into our daily work life and build a truly unique team; one that others aspire to attain. I will and We will — together as a team — continue to improve our ability to serve our customers, create a great place to work, and provide Clean Water to our community.

F. Allan Clum
General Manager

Vision

To be a trusted leader in our community and the water industry.

Mission

To provide water services of exceptional quality, value, and reliability, while protecting public health, safety, and the environment.

The MPW Suite of Plans	
Every year	Operating Budget Department Annual Plans
Every 5 years	Capital Initiatives Budget Strategic Plan

Values

I Will!

INSPIRATION

Motivated to do great things

INTEGRITY

Do what's right, all the time, especially when no one's looking

INNOVATION

Solving today's challenges with creative solutions

INVOLVEMENT

Part of the process and part of the solution

Goals

WE exceed expectations by treating everyone fairly.

WE engage our community through education and outreach.

WE acquire industry-leading resources to provide our customers accurate and timely information.

WE make operational decisions based on environmental and community health.

WE implement best practices and efficient processes to deliver our services.

WE deliver projects and programs that provide the best value to our community.

WE recruit, develop, and retain skilled employees who live and work by our values.

WE foster an environment that advances industry standards, embraces technology, and prioritizes inventive thinking.

WE cultivate leaders that inspire, motivate, and reward.

WE manage rates, fees, and charges to optimize revenue stability and financial strength.

WE reinvest in infrastructure to maintain an efficient system.

WE manage our budgets, cash reserves, and debt to best meet the long-term needs of our community.

Strategic Business Plan

MOUNT PLEASANT WATERWORKS

STRATEGIC PLAN 2018

MESSAGE FROM THE GENERAL MANAGER

IT HAS BEEN A GREAT PLEASURE TO WORK WITH THE BOARD OF COMMISSIONERS, STAFF, AND VARIOUS STAKEHOLDERS TO EXAMINE OUR STRENGTHS, OPPORTUNITIES, ASPIRATIONS, AND RESULTS, AND TO UPDATE OUR OVERALL STRATEGIC DIRECTION. THIS WILL ENSURE THAT WE REMAIN ACCOUNTABLE TO OUR RATEPAYERS AND MEET THE CHALLENGES AHEAD.

The Strategic Plan is a blueprint for excellence in service, technology, innovation, and environmental sustainability. The services we provide are vital to every person and business in our service area. It is our priority to prepare for challenges by developing solutions for today and the future.

At Mount Pleasant Waterworks, we will utilize the Strategic Plan as a clear vision for efficient and effective performance, financial responsibility, outreach, and leadership. It will make us leaders in our industry in the areas of customer service, technology, environmental protection, and business. I look forward to the steps we will take together and the impact in making sure that every dollar from our ratepayers goes farther, while improving our services to our customers, our town, and the environment.

Clay Duffie
General Manager

MESSAGE FROM THE COMMISSION CHAIR

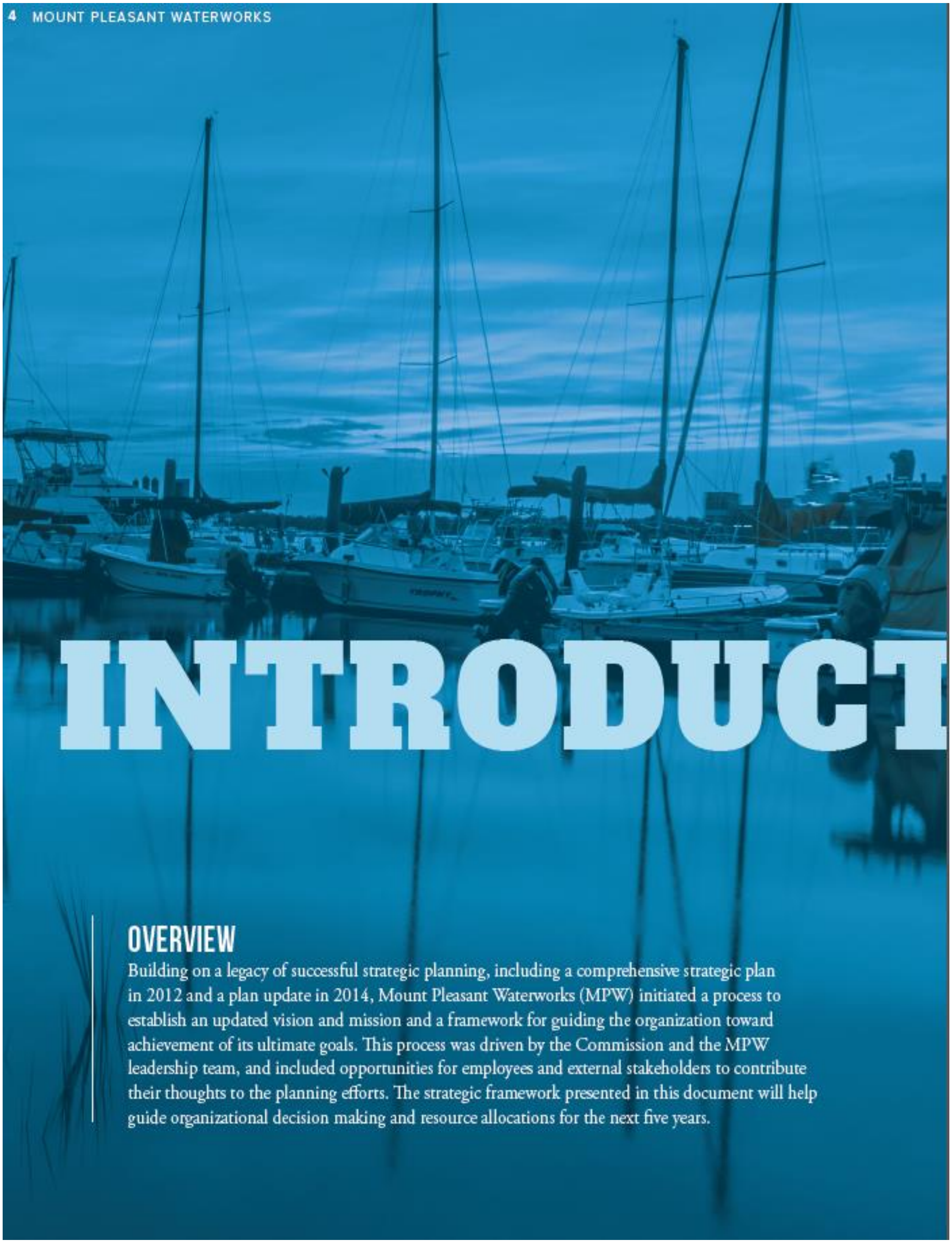
The Board of Commissioners and staff have collaborated to assess key industry trends and community needs, and to identify the critical factors important to Mount Pleasant Waterworks' long-term success. We have a strong course of action, with clear goals, strategies, and objectives that will guide Mount Pleasant Waterworks progress for years to come.

I look forward to working with the General Manager and staff to ensure Mount Pleasant Waterworks reaches its full potential.

Rick M. Crosby
Commission Chair

MOUNT PLEASANT WATERWORKS IS MOVING INTO A PERIOD OF CHALLENGES AND OPPORTUNITIES THAT WILL BE DIFFICULT TO NAVIGATE WITHOUT CAREFUL PLANNING AND A CLEAR VISION FOR THE FUTURE. THAT VISION IS SUMMARIZED IN THIS DOCUMENT.

Mount Pleasant Waterworks Commissioners
Front row L to R - John Burn, Rick Crosby, Will Haynie
Back row L to R - Mac Jenkinson, Susan Mellichamp, Diane Lauritsen, Joe Bustos



INTRODUCTI

OVERVIEW

Building on a legacy of successful strategic planning, including a comprehensive strategic plan in 2012 and a plan update in 2014, Mount Pleasant Waterworks (MPW) initiated a process to establish an updated vision and mission and a framework for guiding the organization toward achievement of its ultimate goals. This process was driven by the Commission and the MPW leadership team, and included opportunities for employees and external stakeholders to contribute their thoughts to the planning efforts. The strategic framework presented in this document will help guide organizational decision making and resource allocations for the next five years.

PROCESS

The MPW strategic planning process was designed to establish:

- A shared vision of the organization's goals and desired future state
- Acceptance of the direction and importance of the Strategic Plan for achieving MPW's ultimate goals
- A collective understanding of the resource needs, commitments, working environment, and principles upon which progress will be based

'ION

To achieve these conditions for success, MPW's strategic planning process involved input from a broad group of internal and external stakeholders through the following key tasks.

Strategic Plan Progress Review:
Evaluated the accomplishments since the last update and determined those strategies that require additional attention during the next several years.

Stakeholder Engagement:
Obtained input and insight from key stakeholders and involved them in the process to encourage their support for the resulting strategic plan. Utilized "WaterOpolis," a distinctive stakeholder engagement tool that helped the Commission, selected employees, and community stakeholders openly discuss issues and choices regarding MPW operations.

Commission Workshop:
Developed the fundamental elements of the MPW Strategic Plan (vision, values, mission).

Management Strategic Planning Workshop:
Drafted the updated strategic framework, including a review of the Commission input and the development of the draft vision, values, mission, goals, strategic measures, strategies, and objectives.

Commission and Senior Staff Workshop:
Finalized the 2018 MPW Strategic Plan and discussed implementation issues.

PROGRESS SINCE 2014 STRATEGIC PLAN UPDATE

A review of MPW's accomplishments since the 2014 strategic plan update indicated that:

- Progress was made on every strategy included in the previous plan. Some strategies are complete and need not be replicated in the updated plan, some need to be revised to reflect the current and anticipated operating environment, while others need continued attention, but not revision.
- Most of the Strategic Measures were met. Upon review, it was determined that some need to be more challenging, some need to be revised to be more meaningful, and some should not be included in the updated strategic plan.

In summary, the MPW Leadership Team believes that the 2012 Strategic Plan and the 2014 update were successful and have enhanced MPW's performance and position as a leader in the community and industry.

ENVIRONMENTAL SCAN

OVER THE LAST 20 YEARS, MOUNT PLEASANT HAS EVOLVED FROM A SMALL TOWN OF JUST OVER 6,000 RESIDENTS TO A LARGELY AFFLUENT, PROFESSIONAL, URBAN COMMUNITY WITH AN ESTIMATED POPULATION OF 84,000 PEOPLE IN 2016.

As part of the strategic planning process, MPW conducted an Environmental Scan to document its current operating environment and industry trends influencing how the organization conducts business. The scan considered local and regional demographics while identifying key issues, challenges and industry trends that will have a significant impact on MPW's ability to successfully meet the evolving needs of the service area.

The results of the Environmental Scan are summarized on the following pages. The information gained through the scan was used to form the basis of this strategic plan.

COMMUNITY PROFILE

Mount Pleasant is currently the fourth largest city in South Carolina, located in Charleston County on the east side of Charleston Harbor. In 2018, the Town of Mount Pleasant won a national competition to be named an All-America City by the National Civic League. There are a number of recreational and historic facilities located in Mount Pleasant, including the Patriot's Point Naval and Maritime Museum, as well as the Old Village Historic District. The Arthur Ravenel Bridge, which opened in 2005 and spans the Cooper River to connect Mount Pleasant with Charleston, is one of the longest cable-stayed bridges in the western hemisphere. Residents and visitors to the area now have easy access to beaches on two barrier islands: Isle of Palms and Sullivan's Island.

As of December 2016, the unemployment rate in Mount Pleasant was only 3.7%. This compares favorably to the unemployment rates in South Carolina (4.6%) and the United States as a whole (5.2%). The estimated median household income in Mount Pleasant is $77,262. This indicates the affluence of the area, particularly when compared to the median household income in the US, which is $53,482. However, the cost of living in Mount Pleasant is 37.5% higher than the United States median.

The leading industries in Mount Pleasant and the surrounding areas are healthcare and social assistance professional; scientific and technical services; accommodation and food services; and retail trade. Some of the largest employers in Charleston County include US Military Joint Base Charleston, Medical University of South Carolina, Boeing, and Roper St. Francis Healthcare. Long-term prospects for growth in the Mount Pleasant community and surrounding areas are excellent.

Mount Pleasant Waterworks provides drinking water and wastewater services to residents of the Town of Mount Pleasant and some surrounding areas. MPW has been on a strong financial trajectory: in 2013, Standard and Poor's upgraded the utility' rating to AA+, and in 2015, Moody's upgraded it to Aa1. These ratings were reaffirmed by the two credit rating agencies in 2017. MPW and its employees are recipients of a number of accolades from the water and government industry groups including the Certificate of Achievement for Excellence in Financial Reporting and the Distinguished Budget Presentation, awarded by the Government Finance Officers Association of the United States and Canada. The South Carolina Department of Health and Environmental Controls (DHEC) Facility Excellence Award was awarded to both wastewater treatment plants. Additionally, MPW was listed for two years as one of the *Top 25 Places to Work in South Carolina* by SC Biz News.

	MOUNT PLEASANT, SC	SOUTH CAROLINA	UNITED STATES
Median Household Income	$77,262	$45,033	$53,482
Cost of Living Index*	137.5	92.6	100
Unemployment Rate	3.7%	4.6%	5.2%

*Cost of living index is based on a US average of 100. An amount below 100 indicates below-average cost of living, while an amount above 100 indicates an above-average cost of living. (Source: Sperling's Best Places, www.bestplaces.net)

TRENDS

MPW'S WATER AND WASTEWATER SERVICES ARE CRITICAL TO THE SUSTAINED VITALITY OF THE SERVICE AREA.

To ensure continued success, MPW's leadership reviewed a series of industry trends that must be considered as the organization plans for its future. Trends were considered in terms of:

- Changes since the 2014 update
- Expectations for the future
- Potential MPW actions relating to the respective trends

01

POPULATION

CHANGES SINCE 2014

- Population is growing more rapidly than expected (the 4.2% increase since 2014 has resulted in an additional 10,000 people)
- Water customers have grown by 3%, resulting in increased demand despite declines in per capita water use

EXPECTATIONS FOR THE FUTURE

- Continued substantial growth in population and customers is expected
- MPW will face pressure to serve customers beyond the existing infrastructure

MPW ACTIONS

- Continue to add capacity, buildings, and staff to meet expected demand
- Assure that expected growth is considered in all Capital Improvement Program (CIP) projects
- Continue and enhance a focus on technology and innovation
- Explore and, if appropriate, implement innovations in water treatment

02

POLITICAL ENVIRONMENT

CHANGES SINCE 2014

- Increased citizen engagement
- New Town Council (new Water Supply Chair and new Mayor)
- Withdrawal permit request and aquifer demands have created capacity issues

EXPECTATIONS FOR THE FUTURE

- There will be additional economic development and growth management issues that, along with road improvements, will affect the water and wastewater systems, water quality initiatives, supply, and capacity utilization

MPW ACTIONS

- Increase communications, build advocates, and increase stakeholder involvement
- Focus on meeting demand with new people, facilities and improvements
- Adjust funding plan to align with the Town's Growth Management Plan

03 REGULATIONS

CHANGES SINCE 2014

- A new federal administration is impacting Environmental Protection Agency (EPA) regulations, shifting to more "common sense" regulations with a greater focus on the state, rather than federal, responsibility
- Expanded stormwater regulations will impact construction projects

EXPECTATIONS FOR THE FUTURE

- Larger easements will be required
- Longer lead times for approvals and higher costs for projects

MPW ACTIONS

- Continue to monitor and respond to the regulatory environment
- Assure constant communication at the local and state level
- Provide internal training and ensure awareness of changes
- Update standards and specifications to be current with regulatory changes
- Obtain land necessary for larger easements and new facilities
- Increase funding to meet higher construction costs

04 WORKFORCE ISSUES

CHANGES SINCE 2014

- MPW has implemented many workforce-related improvements including:
  - Conducted workforce analysis
  - Reorganized staff
  - Attracted a larger staff to meet increased demand
  - Began succession planning to address aging workforce
  - Increased training and cross training
  - Conducted a comprehensive Wage/Compensation Study
- Increased competition from manufacturing companies for some positions

EXPECTATIONS FOR THE FUTURE

- Increased difficulty in attracting workers due to limited availability of skilled applicants
- Increased competition for employees
- Lack of education relating to mechanical positions
- Higher cost of living in the region

MPW ACTIONS

- Expand the visibility of recruiting advertisements
- Reach out to local and regional community colleges to develop educational programs
- Develop relationships with veterans' organizations
- Promote MPW's position as one of the *Best Places to Work* in South Carolina for three years in a row
- Maintain competitive compensation by conducting formal wage/compensation studies

PROMOTE MPW'S POSITION AS ONE OF THE *BEST PLACES TO WORK* IN SOUTH CAROLINA FOR TWO YEARS IN A ROW.

05

TECHNOLOGY

CHANGES SINCE 2014

- MPW is implementing Advanced Metering Infrastructure (AMI), an architecture for automated, two-way communication between a smart utility meter and MPW
- Maximo asset management system has started to mature
- Cloud-based system for billing/online payments and other billing improvements have been implemented
- Other technology, including SCADA to Cell, Office 365, and solar technology has been put in place
- Leveraged social media
- Increased telecommuting opportunities

EXPECTATIONS FOR THE FUTURE

- Greater emphasis on cloud services
- Increased and improved data analytics will be necessary
- System integration will be vital to optimizing operations
- Customer expectations for online services will increase
- Mobile applications will become more important
- The workforce will continue to become more technologically savvy

MPW ACTIONS

- Evaluate the existing Customer Information System (CIS)
- Implement network improvements for security/ performance/reliability/surveillance
- Use business cases to evaluate technology alternatives
- Increase training to support new technology
- Explore technology for operational innovation such as direct and indirect water reuse and aquifer recharge

06

CUSTOMER EXPECTATIONS

CHANGES SINCE 2014

- The number of customers served by MPW has increased
- Experienced a water quality incident in 2017, which increased customer interest in water quality and expectations for testing
- MPW has taken a number of actions to better meet the needs of its customers, including:
  - Implemented the customer care program
  - Increased social media usage
  - Enhanced ability to communicate usage changes with customers utilizing AMI
  - Initiated a Citizens' Water Academy
  - Improved the Online Account Management System by changing to a new cloud based platform that offers more options and features than the previous system
  - Started an evaluation of the Customer Information System and Billing Software to research and analyze the current system and options available for systems in the future

EXPECTATIONS FOR THE FUTURE

- Customer demand for effective communications will increase
- Customer demand for improved customer service, especially as related to technology, will increase
- Desire for quicker response times related to field, emergency, and service responses
- Continued desire for low rates
- More millennial customers and people moving to the service area from other places may shift customer desires and expectations

MPW ACTIONS

- Increase and improve customer communication activities
- Implement consistent and effective stakeholder engagement activities
- Continue to increase and improve social media presence
- Further develop the Citizens' Water Academy
- Enhance and improve customer experience with technology and data
- Develop the AMI Customer Portal
- Increase Customer Service Training
- Develop a comprehensive customer feedback plan and reporting system

07

TOTAL WATER MANAGEMENT

CHANGES SINCE 2014

- Since 2014, MPW has:
  - Signed a new contract with Charleston Water
  - Initiated discussions with Google regarding aquifer withdrawals
  - Initiated an evaluation of treatment assets with an asset class engineer
  - Improved accounting for lost water
  - Developed groundwater management plans
  - Engaged with the United States Geological Survey (USGS) to study future groundwater use
  - Completed the Water Supply Master Plan

EXPECTATIONS FOR THE FUTURE

- Water source will become more strained
- Increased water and wastewater infrastructure will be required to meet demand

MPW ACTIONS

- Implement the Water Supply Master Plan
- Improve deep well infrastructure
- Assess facilities for replacement or expansion
- Recharge resources with treated wastewater
- Implement efforts to continue to reduce inflow and infiltration
- Develop approaches to improve quality and to blend water

08

FINANCIAL CONSTRAINTS

CHANGES SINCE 2014

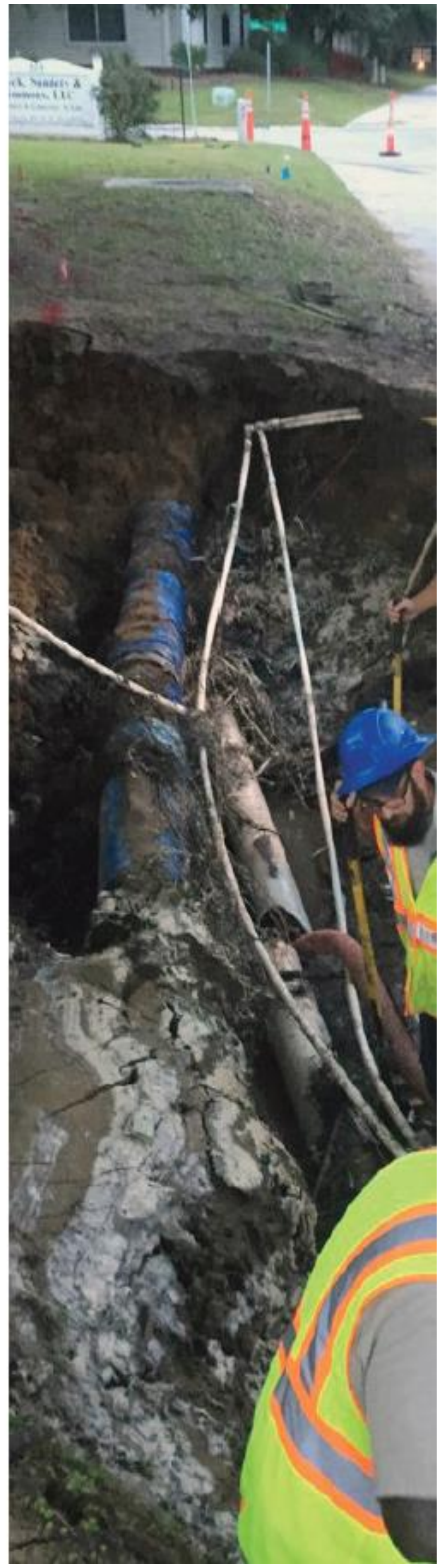
- MPW has experienced:
  - Continuous increase in cost of doing business
  - Unexpected road widening projects
  - Increased demand for infrastructure
  - Aging assets
  - Increased personnel costs

EXPECTATIONS FOR THE FUTURE

- More capital projects will be required
- Residential equivalent policy changes for commercial customers are expected
- Regulations will continue to increase

MPW ACTIONS

- Update MPW's Cost Recovery Policy
- Improve stakeholder communication plans
- Work to "right-size" assets
- Continue and enhance asset management and strategic planning efforts
- Pursue funding from outside sources for utility line relocations due to road improvements



09

ENERGY

CHANGES SINCE 2014

- Energy costs are continuing to increase
- MPW has installed solar panels and researched other energy savings options

EXPECTATIONS FOR THE FUTURE

- Continued cost increases
- Dramatic changes are not expected

MPW ACTIONS

- Continue to explore energy reduction and cost-saving opportunities

10

INCREASED RISK PROFILE

CHANGES SINCE 2014

- Increased risk of cyber-attacks
- Natural disasters are becoming more severe and frequent
- Violence and terrorism are increasing worldwide
- Loss of water from Charleston Water System is a risk outside of MPW's control
- Increased demand for public awareness relative to unregulated compounds

EXPECTATIONS FOR THE FUTURE

- Increasing number and severity of risks

MPW ACTIONS

- Increase knowledge and preparation for cybersecurity and implement more comprehensive strategies
- Continue developing policies, training, and plans for emergency management and security
- Identify and mitigate the safety and security threats through facility improvements and surveillance
- Improve interconnectability with adjacent systems
- Increase employee emergency response training

STRENGTHS, OPPORTUNITIES, ASPIRATIONS, & RESULTS

To help form the foundation for the updated Strategic Plan, the MPW Commissioners and Management Team identified their collective view of the utility's strengths, opportunities for improvement, aspirations for the future, and desired results. These are summarized below and are embedded in the updated MPW Strategic Plan.

STRENGTHS

- Product quality
- Employee commitment, loyalty, pride and "investment" in MPW
- Excellent customer service and responsiveness
- Leadership

OPPORTUNITIES

- Continue to develop and enhance infrastructure
- Assure sufficient supply of high quality water to meet increased demand
- Further develop the MPW workforce

ASPIRATIONS

- Recognized as an industry standard of excellence
- Enhanced level of operational excellence
- High value products and services
- Investment in sufficient, skilled, and engaged staff

RESULTS

- Sufficient capacity and supply of high quality water
- Reasonable rates
- Excellent financial position
- Environmental protection

STAKEHOLDER ENGAGEMENT

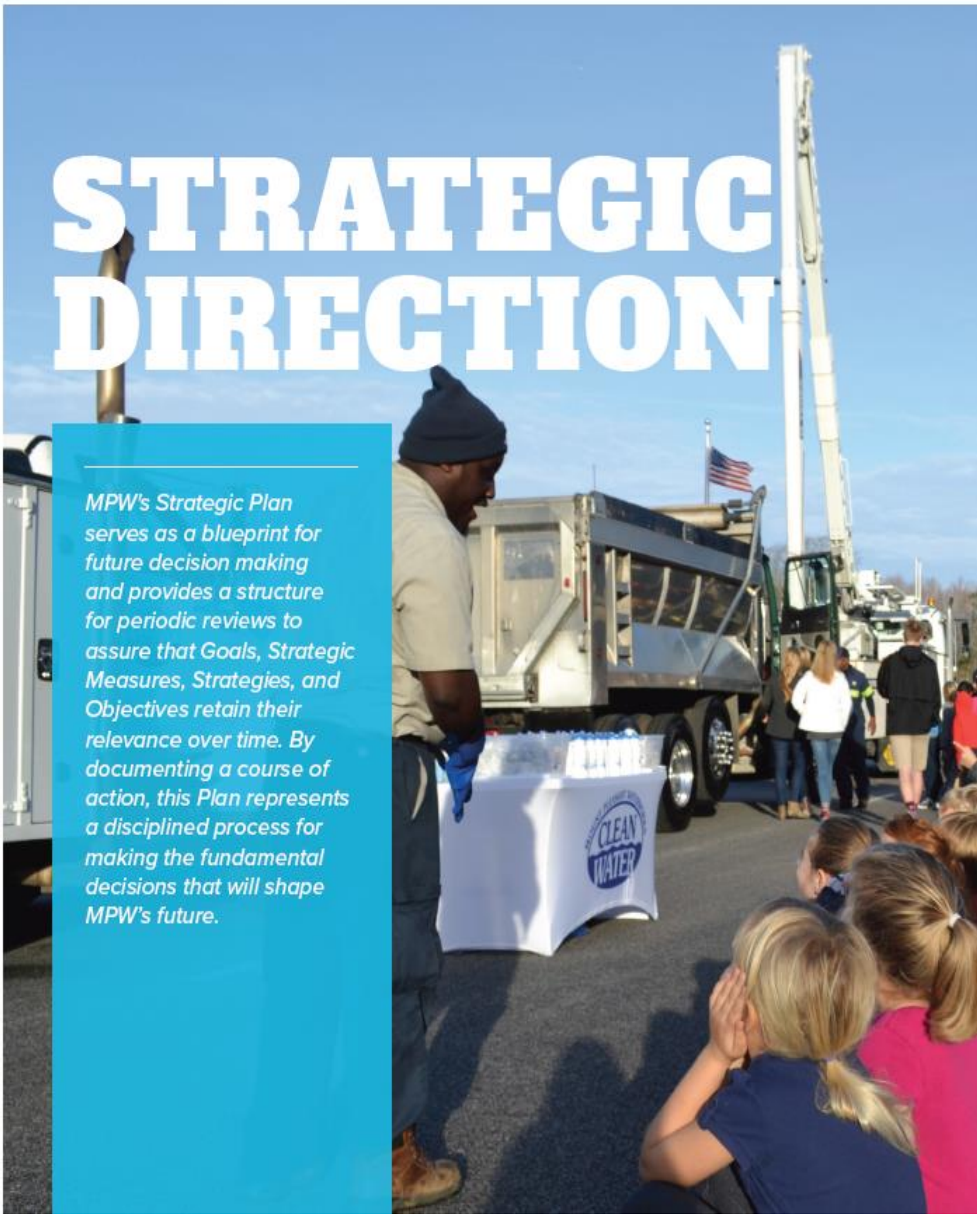
On February 15, MPW's Commissioners and Management Team participated in a facilitated exercise called WaterOpolis, which simulated a utility budgeting process. WaterOpolis is designed to demonstrate the tensions that can arise between diverse organizational priorities and scarce resources in the water utility industry. Participants set organizational values, prioritize activities, and manage the utility's response to external events. Subsequently, MPW's Citizen's Water Academy members participated in the same exercise as the Citizen's Water Academy inaugural event.

This engagement was used to inform the development of the foundational elements of the 2018 MPW Strategic Plan.

CRITICAL ISSUES

MPW's Commissioners and Management Team evaluated the most critical issues that MPW is likely to face over the next several years, which were determined to be:

- Infrastructure and operational excellence
- Quality of water, environmental protection, and customer service
- Water supply
- Workforce
- Financial viability
- Cybersecurity



STRATEGIC DIRECTION

MPW's Strategic Plan serves as a blueprint for future decision making and provides a structure for periodic reviews to assure that Goals, Strategic Measures, Strategies, and Objectives retain their relevance over time. By documenting a course of action, this Plan represents a disciplined process for making the fundamental decisions that will shape MPW's future.

VISION

Ultimately, implementation of this plan will enable MPW to achieve its desired future state, as articulated in its Vision:

Mount Pleasant Waterworks strives to be a trusted leader in our community and the water industry.

MISSION

The Mission describes the organization's purpose and role within the service area. After carefully considering these factors, and evaluating its strengths, the commissioners and management articulated MPW's Mission as:

The MPW Team provides water services of exceptional quality, value, and reliability, while protecting public health, safety, and the environment.

VALUES

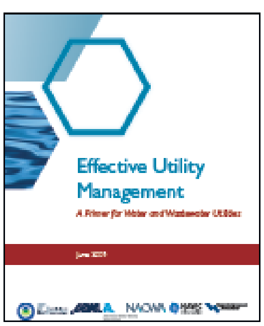
Values articulate MPW's deeply held beliefs, norms, and qualities, which drive day-to-day activities. The MPW Value Statement is:

The MPW team is passionately committed to:

- ***HONESTY*: In all actions by employees and commissioners**
- ***FAIRNESS*: To our customers, employees, and other stakeholders**
- ***QUALITY*: Of our products, services, and processes**
- ***INNOVATION*: By seeking positive change**

GOALS

GOALS REPRESENT THE MOST IMPORTANT ISSUES THAT MPW MUST ADDRESS TO ACHIEVE ITS DESIRED FUTURE.



Since 2012, MPW's Goals were driven by the industry standard known as Effective Utility Management (EUM). This focus on EUM in the strategic planning process has served MPW well and helped assure that the organization focused on key attributes of success. The 2012 Strategic Plan and the 2014 update considered each of the Ten Attributes of an Effectively Managed Utility as separate goals. To develop a more tightly focused strategic plan for 2018 and the next several years, MPW has consolidated the Ten Attributes into four key goals that both reflect EUM principles and consider the issues that MPW Commissioners and Management believe are most critical to success. The goals and the respective EUM attributes addressed are:

FINANCIAL VIABILITY

Recover all costs in a fiscally responsible, fair, and equitable manner.

As a complex enterprise, MPW must manage its revenues, debt, and expenses in an effective and strategic manner to assure that exceptional service is provided now and for future generations.

EUM Attribute Addressed: Financial Viability

WORKFORCE DEVELOPMENT

Recruit, train, and support qualified, committed, mission-driven employees.

MPW is proud of its high performing workforce, but recognizes that it must continue to recruit, develop, and retain excellent and committed people.

EUM Attribute Addressed: Employee and Leadership Development

CUSTOMER SERVICE

Achieve customer satisfaction through excellent communication, service, and stakeholder engagement.

Customers and other external stakeholders are critically important to MPW's long-term success, and it is important that they understand the issues MPW faces, the need for sufficient revenues, and the value that MPW provides to the community.

EUM Attributes Addressed: Customer Satisfaction, Stakeholder Understanding and Support, Community Sustainability

OPERATIONAL EXCELLENCE

Develop, maintain, and improve MPW infrastructure to provide reliable services and exceptional water quality while protecting resources and the environment.

MPW is an asset-intensive organization and the effective management of existing and future infrastructure is critical to meeting the current and future community needs for high quality water service and for protection of the environment.

EUM Attributes Addressed: Operational Optimization, Product Quality, Infrastructure Stability, Operational Resiliency, Water Resource Adequacy

STRATEGIES AND STRATEGIC MEASURES

Strategic measures demonstrate the accomplishment of the goals. Strategies are the approaches and key allocations of resources to be used in achieving each goal. These critical elements of the MPW Strategic Plan, along with the vision, values, mission, and goals, are presented in the strategic framework on the following pages.

STRATEGIC *framework*

VISION

Mount Pleasant Waterworks strives to be a trusted leader in our community and the water industry.

MISSION

The MPW Team provides water services of exceptional quality, value, and reliability, while protecting public health, safety, and the environment.

VALUES

The MPW team is passionately committed to:

- **Honesty** – In all actions by employees and commissioners
- **Fairness** – To our customers, employees, and other stakeholders
- **Quality** – Of our products, services, and processes
- **Innovation** – By seeking positive change

GOALS

FINANCIAL VIABILITY
Recover all costs in a fiscally responsible, fair, and equitable manner

WORKFORCE DEVELOPMENT
Recruit, train, and support qualified, committed, mission-driven employees

CUSTOMER SERVICE
Achieve customer satisfaction through excellent communication, service, and stakeholder engagement

OPERATIONAL EXCELLENCE
Develop, maintain, and improve MPW infrastructure to provide reliable services and exceptional water quality while protecting resources and the environment

WATER FOR LIFE

STRATEGIC MEASURES	STRATEGIES
• Meet all objectives of the Cost Recovery Policy	1. Meet all objectives of the Cost Recovery Policy 2. Ensure the comprehensive financial health of the organization 3. Maintain sufficient rates
• Maintain at least 95% of full complement of active positions • Increase the percentage of employees who meet training requirements in professional development plans • Reduce workers' compensation experience modifier to less than or equal to 1	1. Continue recruiting efforts to add new talent and support succession planning 2. Complete Phase II of the Workforce Analysis Project 3. Fully implement Waterworks University 4. Improve employee input on decision making 5. Implement Knowledge Management Program 6. Improve workplace safety
• Strive for a customer satisfaction rating of 90% or better • Increase customer and stakeholder engagement • Promote value of Services • Enhance outreach efforts	1. Improve customer satisfaction rating 2. Train, educate, and inform all employees on providing excellent service through communication and engagement 3. Enhance MPW's community presence & stakeholder engagement 4. Enhance customer services
• Meet or exceed all state and federal regulatory requirements • Complete CIP projects on time and on budget • Provide concurrent water and wastewater capacity for growth • Maintain an optimal preventative maintenance to corrective maintenance ratio of 80:20 on non-linear assets	1. Research and evaluate the feasibility of alternative water sources 2. Plan, fund, and build for growth 3. Formally evaluate and utilize new and emerging technologies 4. Accept new infrastructure that meets MPW standards 5. Fully implement asset management 6. Implement plan for improving product quality and operational efficiency 7. Enhance environmental protection

OBJECTIVES

OBJECTIVES ARE THE MEASURABLE STEPS THAT MPW WILL TAKE TO IMPLEMENT AND ACHIEVE THE STRATEGIES.

GOAL: FINANCIAL VIABILITY

Strategies	Objectives
1. Meet all objectives of the Cost Recovery Policy	• Meet 100% of the Cost Recovery Policy Objectives • Perform an annual review of the Cost Recovery Policy
2. Ensure the comprehensive financial health of the organization	• Present a monthly financial report • Conduct an annual audit and prepare the Comprehensive Annual Financial Report (CAFR) • Prepare an annual budget • Provide a quarterly report by GM on financial viability, including CIP project status
3. Maintain sufficient rates	• Determine annual revenue requirements, and evaluate and adjust rates and charges accordingly • Implement Cost-of-Service recommendations • Evaluate a funding plan for utility line relocations related to road improvements and develop a cost containment plan • Conduct an impact fee study

GOAL: WORKFORCE DEVELOPMENT

Strategies	Objectives
1. Continue recruiting efforts to add new talent and support succession planning	• Develop standards and timeline for job postings and advertisements • Streamline and improve onboarding • Maintain 95% full complement of active positions • Maintain turnover under 3% • Formalize an internship/mentorship/apprenticeship program
2. Complete Phase II of the Workforce Analysis Project	• Engage a workforce analysis consultant by September, 2018
3. Fully implement Waterworks University	• Develop personal development plans for each employee • Develop training to fill competency gap • Create a baseline percentage of employees who meet training requirements in professional development plans
4. Improve employee input on decision making	• Analyze *Best Places to Work* Employee Survey results and mitigate areas of concern • Develop cross-functional teams for strategic plan implementation
5. Implement Knowledge Management Program	• Update Standard Operating Procedures, as necessary • Develop and implement formal knowledge transfer program
6. Improve workplace safety	• Reduce workers' compensation experience modifier to less than or equal to 1 • Implement healthy workforce activities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GOAL: CUSTOMER SERVICE

Strategies	Objectives
1. Improve customer satisfaction rating	• Achieve a Customer Satisfaction Rating of 90% or better • Continue bi-annual customer surveys • Conduct a comprehensive review of all customer surveys and response reports, and make recommendations for improvements
2. Train, educate, and inform all employees on providing excellent service through communication and engagement	• Continue to conduct quarterly employee communications and customer service training
3. Enhance MPW's community presence & stakeholder engagement	• Increase customer engagement through outreach events and media publications • Increase employee involvement with community events • Increase understanding of the value of services
4. Enhance customer services	• Complete the comprehensive AMI plan • Continue to promote and measure benefits of the Service Line Care Program • Promote benefits and analyze use of the Customer Care Program

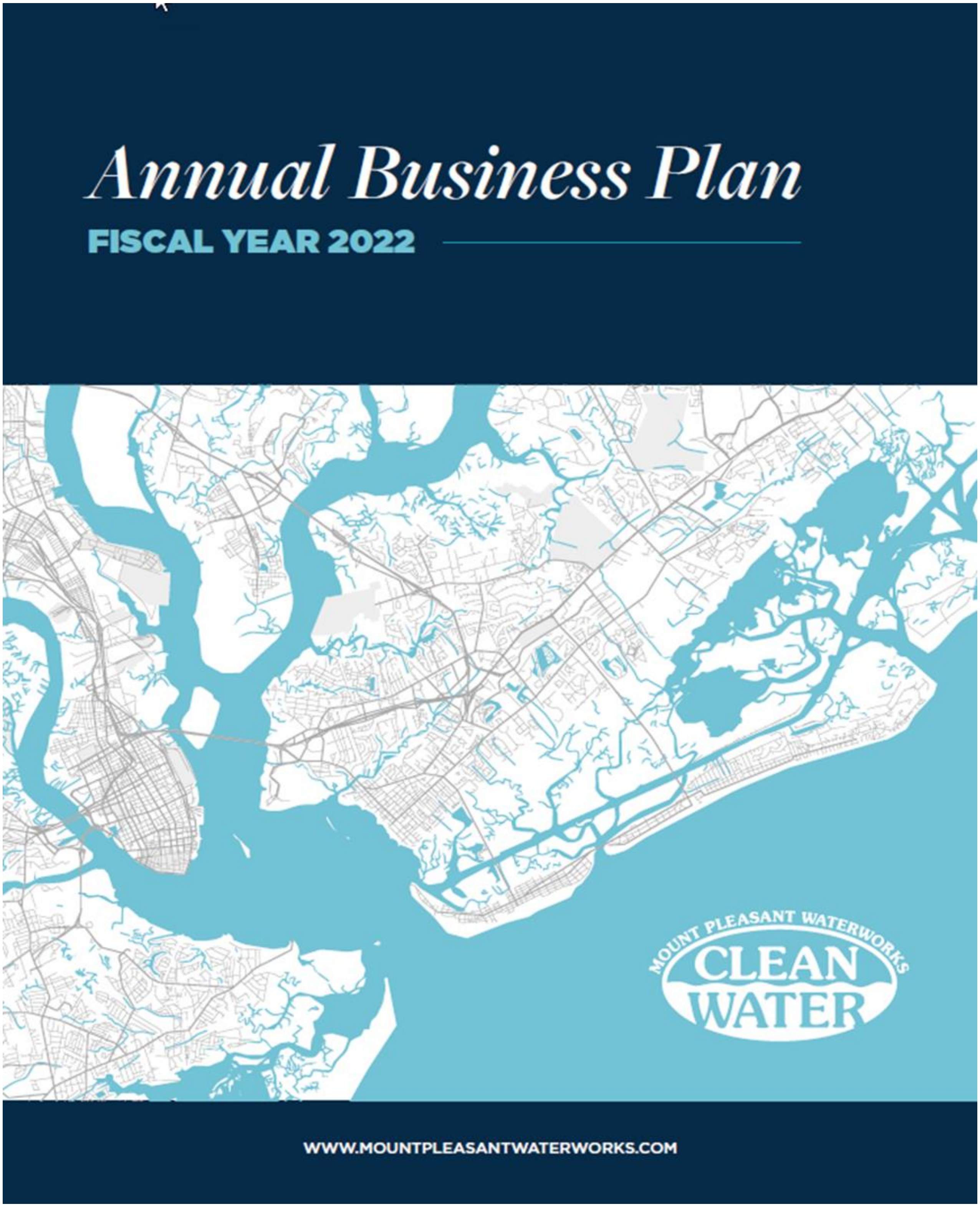
GOAL: OPERATIONAL EXCELLENCE

Strategies	Objectives
1. Research and evaluate the feasibility of alternative water sources	• Complete 3rd Connection with CWS • Evaluate and, if appropriate, implement source water blending • Continue to update and implement the groundwater model • Evaluate expanded use of reclaimed water
2. Plan, fund, and build for growth	• Complete the Utility Master Plan after Town's Comprehensive Plan update • Work closely with the Town to coordinate a growth management plan • Provide concurrent water & wastewater capacity for growth • Revaluate extension and expansion (E&E) projects to align with the Town's growth management policy
3. Formally evaluate and utilize new and emerging technologies	• Evaluate and, if appropriate, implement groundwater recharge • Evaluate and, if appropriate, implement potable reuse • Evaluate and, if appropriate, implement a sustainable biosolids program • Complete and implement the SCADA master plan • Evaluate and, if appropriate, replace the current billing system • Complete and implement an IT master plan • Perform IT integration to optimize business & operational processes
4. Accept new infrastructure that meets MPW standards	• Review and inspect 100% of new infrastructure • Perform testing to verify MPW standards are met • Implement a formal commissioning and acceptance process
5. Fully implement asset management	• Complete CIP projects on time and on budget • Decrease the frequency and severity of failures by asset class • Optimize the ratio of preventative to corrective maintenance • Expand planning and scheduling programs • Finalize and implement an asset management guidance document • Evaluate and improve mobile work order processes • Expand reliability-centered maintenance programs beyond pump stations
6. Implement plan for improving product quality and operational efficiency	• Maintain regulatory compliance • Reduce non-revenue water • Implement a collection system optimization strategy • Develop and implement a water quality improvement program • Minimize SCADA and IT downtime • Monitor effectiveness of MPW's inflow and infiltration (I&I) abatement program
7. Enhance environmental protection	• Assist in improving water quality in Shem Creek • Maintain reportable overflows to a level below EPA standards • Engage in partnership for Safe Water Distribution

IMPLEMENTATION

MPW HAS DEVELOPED A PLAN THAT WILL TAKE TIME AND EFFORT TO IMPLEMENT, BUT WILL SERVE AS A LONG-TERM GUIDE TO ENHANCE THE ORGANIZATION'S STRATEGIC SUCCESS.

Fiscal Year 2022 Annual Business Plan




"To provide our customers with reliable water and wastewater services of exceptional quality and value, while protecting public health and the environment."

Purpose of the Plan

Prior to the start of each new fiscal year, Mount Pleasant Waterworks (MPW) Commissioners and leaders gather to discuss current conditions in relation to key industry trends and to devise an annual business plan to advance the organization's strategic plan.

MPW's Fiscal Year 2022 Annual Business Plan further advances four focus-area goals introduced in the 2018 Strategic Plan: Financial Viability, Workforce Development, Customer Services, and Operational Excellence. The strategies and strategic measures identified inside are aligned with the organization's strategic operational departments: Finance, Human Resources, Customer Services, Communications, Operations, Engineering, Field Services, and Technical Services.

This plan sets the stage for MPW employees to incrementally carry forward a series of tactics throughout the year that further advance MPW's mission.

Trend Analysis

As part of the planning process, MPW Commissioners and leaders considered current and emerging issues within eight industry trend categories and identified those considered significant to our service area.

REGULATORY & LEGAL ISSUES
LAWSUITS
LEAD & COPPER RULE
PFAS & PFOA
SCDHEC WATER WITHDRAWAL PERMIT
SCDHEC WATER QUALITY STANDARDS

RESOURCE SUSTAINABILITY
BIOSOLIDS
REUSE
SEPTIC TANK MAINTENANCE

FINANCIAL CONSTRAINTS
GROWTH DECLINE
TOWN PERMIT ALLOCATIONS
INCREASED CONSTRUCTION COSTS
LOW INTEREST RATES

WORKFORCE
SUCCESSION PLANNING
REMOTE WORK/OFFICE SPACE
TRAINING

POLITICAL ENVIRONMENT
ELECTIONS 2021
STATE GOVERNMENT RELATIONS
EPA'S 2021 FCA
URBAN GROWTH BOUNDARY DEVELOPMENT

EMERGING TECHNOLOGIES
ADVANCED INFORMATION MANAGEMENT & ANALYSIS
TECHNOLOGICAL INNOVATIONS
SCADA CAPABILITY EXPANSION

CUSTOMER EXPECTATIONS
WATERSMART/INCREASED WEB INTERACTIONS
CONSERVATION
CUSTOMER DEBT ASSISTANCE
CONSISTENT REPORTING
OUTREACH & EDUCATION

RISK MANAGEMENT
ASSET MANAGEMENT
CYBERSECURITY
CLIMATE CHANGE
EMERGENCY RESPONSE PREPAREDNESS

Department Strategies

We strategically structure the organization around eight departments: Finance, Human Resources, Customer Services, Communications, Operations, Engineering, Field Services, and Technical Services. The professionals who make up these departments collectively contribute to advancing four goals originally presented in the 2018 Strategic Plan (5-year plan). Under the direction of the managers leading each department, the following strategies will be implemented as part of the FY 2022 Annual Business Plan and success calculated by the strategic measure(s) assigned.

FINANCIAL VIABILITY Recover all costs in a fiscally responsible, fair, and equitable manner.

WORKFORCE DEVELOPMENT Recruit, train, and support qualified, committed, mission-driven employees.

CUSTOMER SERVICES Achieve customer satisfaction through excellent communication, service, and stakeholder engagement.

OPERATIONAL EXCELLENCE Develop, maintain, and improve MPW infrastructure to provide reliable services and exceptional water quality while protecting resources and the environment.

Department Strategies continued

FINANCE DEPARTMENT

STRATEGIES

- Meet all objectives of the Cost Recovery Policy
- Maintain comprehensive financial health and integrity

MEASURES

- Meet all objectives of the Cost Recovery Policy

HUMAN RESOURCES DEPARTMENT

STRATEGIES

- Maintain a stable workforce and continue recruiting efforts to add new talent that supports succession planning
- Ensure salary and benefit competitiveness utilizing market data
- Ensure employee-related policies are current and in compliance with legal regulations
- Ensure high levels of employee satisfaction
- Establish and maintain relevant training opportunities that satisfy regulatory requirements and promote continuous employee development

MEASURES

- 95% full complement of active positions
- Increase % of employees meeting training requirements

CUSTOMER SERVICES DEPARTMENT

STRATEGIES

- Maximize use of WaterSmart to improve self-service, water usage understanding, and conservation
- Improve positive outcome-based customer feedback and engagement
- Identify, assess, and implement operational process improvements aided by technology
- Continue the optimization of Advanced Metering Infrastructure (AMI) and implement a meter testing program

MEASURES

- 90% customer satisfaction rating

COMMUNICATIONS DEPARTMENT

STRATEGIES

- Position MPW as a modern thought leader and advocate for water and environmental stewardship
- Expand project communications program reach and impact to more residents, businesses, and employees
- Research, secure, and implement a digital media library solution to streamline workflow
- Expand digital education and engagement opportunities

MEASURES

- 10 media stories published (social media, newspaper, industry print, TV)

OPERATIONS DEPARTMENT

STRATEGIES

- Evaluate alternative biosolids disposal options
- Optimize chemical dosing equipment
- Enhance existing work practices to improve water quality

MEASURES

- 100% compliance with state and federal regulations
- Implement Statistical Process Control (SPC) to monitor upper and lower control limits on dosing equipment

ENGINEERING DEPARTMENT

STRATEGIES

- Advance water reuse initiative
- Develop Asset Management Plan
- Implement East Cooper Water Management Plan

MEASURES

- Infrastructure Health/Performance Measure <3.5
- Infrastructure Reinvestment Rate >1.5%

FIELD SERVICES DEPARTMENT

STRATEGIES

- Deliver high quality drinking water
- Increase Service Line Care customer base while enhancing service to existing customers

Field Services Department continued

- Enhance systematic approach to reduce infiltration and inflow (I&I)
- Utilize the SCADA system to control and maintain efficiency and help mitigate asset downtime
- Implement enhanced commercial maintenance policies

MEASURES

- Infrastructure Leakage Index = 1
- 2.5 Water Quality Calls/1,000 customers
- I&I Annual Running Average < 18%

TECHNICAL SERVICES DEPARTMENT

STRATEGIES

- Enhance workplace safety, security, and emergency preparedness
- Maintain and enhance IT infrastructure to include evaluating and utilizing emerging technologies to increase security, efficiency, performance, and reliability.
- Leverage asset management to improve work management and support Asset Management Program initiatives
- Improve dispatch services and management of special programs

MEASURES

- Experience Modification (Emod) < 1.0
- 100% of applicable AWWA Cybersecurity Guidance Tool Controls Measures

Contributors

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