





**February 16, 2023**

**Budget Workshop**

**Fiscal Year 2023-2024**  
**(FY2024)**

**Expenditure Review, Part 1**  
**Utility Fund**  
**Capital Projects Fund**

**Westminster, South Carolina**

# FY2023-24 Budget Schedule of events



Gateway to the Mountain Lakes Region

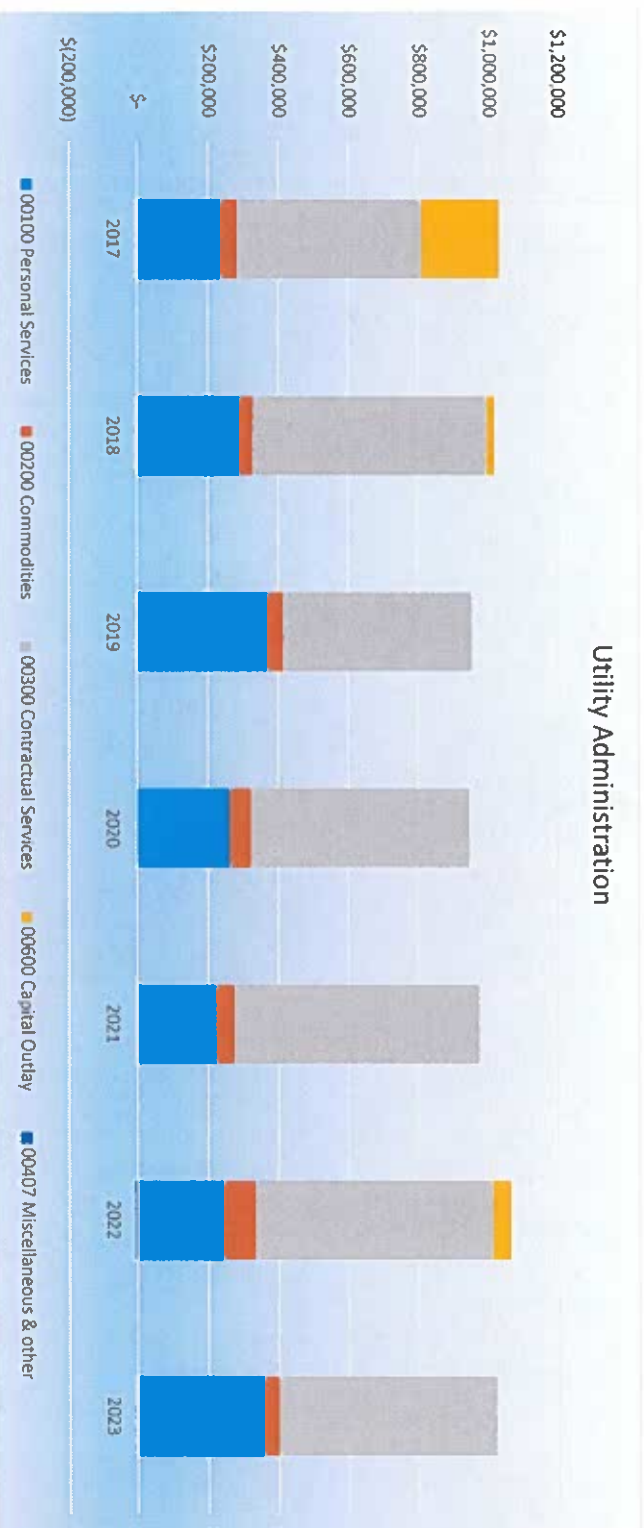
- **Expenditure Review Part 1 - February 16, 2023 @ 4:00 pm**
  - Utility Fund (Electric, Water, Water Plant, Sewer)
  - Capital Projects Fund
- **Expenditure Review Part 2 – March 7, 2023 @ 4:00 pm**
  - General Fund
  - Solid Waste Fund
  - Youth Recreation Fund
  - Hospitality and Accommodations Tax Fund
- **Revenue Review – April 18, 2023 @ 4:00 pm**
  - Hospitality Tax Request Presentations
- **City Council Budget Workshop – April 25, 2023 @ 4:00 pm (called meeting)**
- **Public Hearing and 1<sup>st</sup> Reading – May 9, 2023 @ 6:00 pm City Council Meeting**
- **2<sup>nd</sup> Reading and Adoption – June 13, 2023 @ 6:00 pm City Council Meeting**



Gateway to the Mountain Lakes Region

# Utility Administration

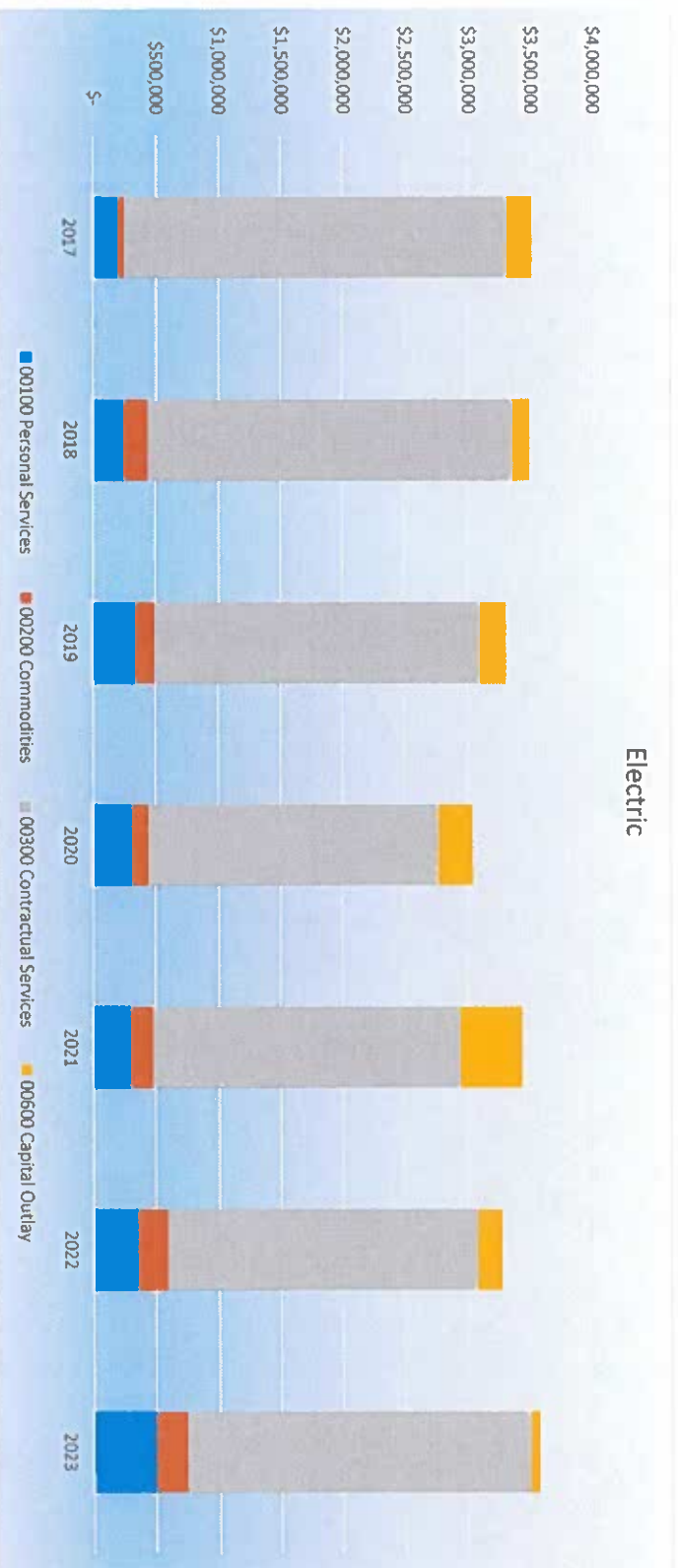
	2017	2018	2019	2020	2021	2022	2023
<b>150 UTILITY ADMINISTRATION</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
00100 Personal Services	\$ 232,898	\$ 283,812	\$ 366,572	\$ 260,622	\$ 218,400	\$ 239,989.26	\$ 352,924
00200 Commodities	\$ 49,655	\$ 42,824	\$ 47,805	\$ 60,806	\$ 54,602	\$ 93,659.83	\$ 46,200
00300 Contractual Services	\$ 527,789	\$ 670,787	\$ 537,619	\$ 623,858	\$ 697,664	\$ 677,125.79	\$ 621,859
00600 Capital Outlay	\$ 220,577	\$ 19,825	\$ -	\$ -	\$ 200	\$ 50,552.33	\$ -
00407 Miscellaneous & other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,438.68)	\$ -
<b>Total UTILITY ADMINISTRATION</b>	<b>\$ 1,030,920</b>	<b>\$ 1,017,248</b>	<b>\$ 951,996</b>	<b>\$ 945,287</b>	<b>\$ 970,866</b>	<b>\$ 1,055,888.53</b>	<b>\$ 1,020,983</b>





Gateway to the Mountain Lakes Region

	2017	2018	2019	2020	2021	2022	2023
<b>250 ELECTRIC</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
00100 Personal Services	\$ 189,656	\$ 236,968	\$ 324,185	\$ 296,594	\$ 283,973	\$ 349,044.65	\$ 498,683
00200 Commodities	\$ 60,010	\$ 201,710	\$ 168,815	\$ 142,765	\$ 191,484	\$ 245,919.18	\$ 249,700
00300 Contractual Services	\$ 3,062,382	\$ 2,919,476	\$ 2,606,286	\$ 2,329,724	\$ 2,463,101	\$ 2,479,859.69	\$ 2,749,480
00600 Capital Outlay	\$ 195,844	\$ 132,072	\$ 196,275	\$ 267,454	\$ 494,389	\$ 187,029.81	\$ 67,500
<b>Total ELECTRIC</b>	<b>\$ 3,507,892</b>	<b>\$ 3,490,227</b>	<b>\$ 3,295,562</b>	<b>\$ 3,036,537</b>	<b>\$ 3,432,946</b>	<b>\$ 3,261,853.33</b>	<b>\$ 3,565,363.08</b>

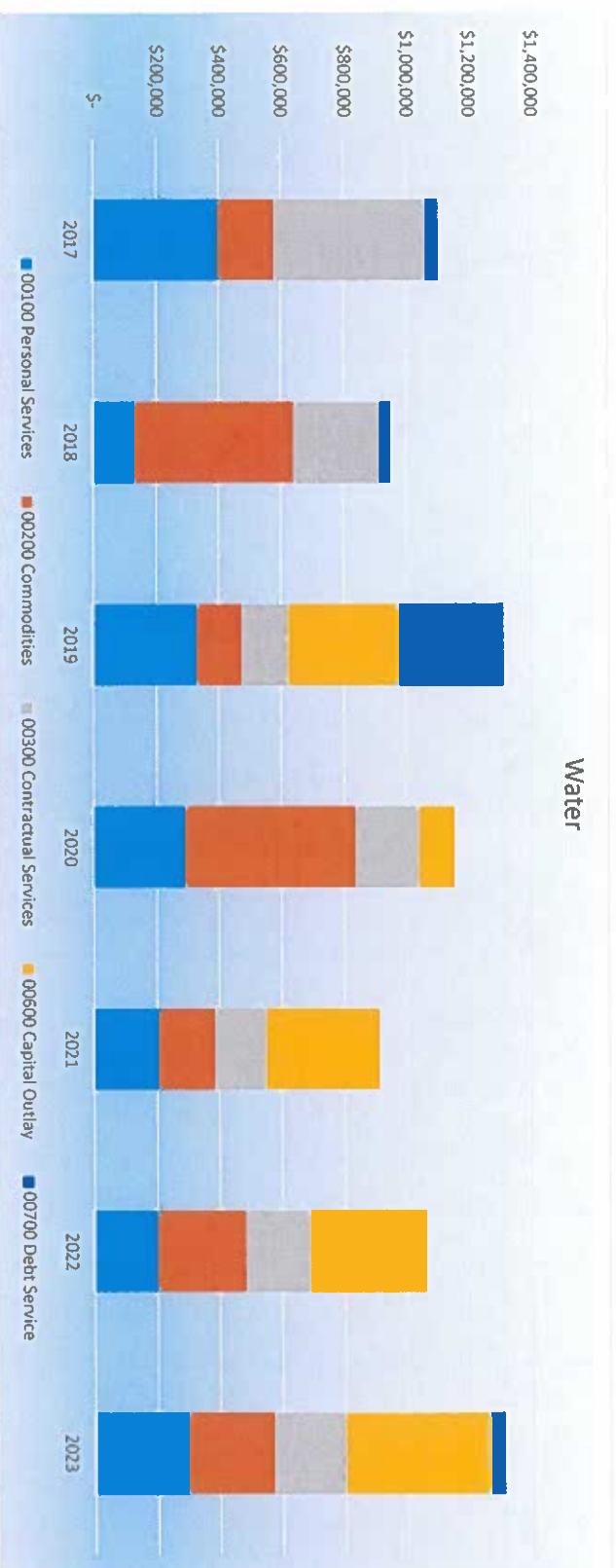


# Electric Division



Gateway to the Mountain Lakes Region

	2017	2018	2019	2020	2021	2022	2023
<b>350 WATER</b>							
00100 Personal Services	Actual \$ 398,162	Actual \$ 124,878	Actual \$ 329,393	Actual \$ 291,002	Actual \$ 205,131	Actual \$ 200,084.75	Budget \$ 295,903
00200 Commodities	\$ 178,235	\$ 514,974	\$ 144,067	\$ 544,170	\$ 179,798	\$ 281,611.10	\$ 276,200
00300 Contractual Services	\$ 486,984	\$ 275,875	\$ 152,501	\$ 206,499	\$ 167,507	\$ 208,391.96	\$ 229,300
00600 Capital Outlay	\$ -	\$ -	\$ 354,148	\$ 111,241	\$ 356,910	\$ 368,077.34	\$ 466,091
00700 Debt Service	\$ 36,548	\$ 30,198	\$ 329,393	\$ -	\$ -	\$ -	\$ 40,115
<b>Total WATER</b>	<b>\$ 1,099,929</b>	<b>\$ 945,925</b>	<b>\$ 980,109</b>	<b>\$ 1,152,912</b>	<b>\$ 909,345</b>	<b>\$ 1,058,165.15</b>	<b>\$ 1,307,608.69</b>



Water Division

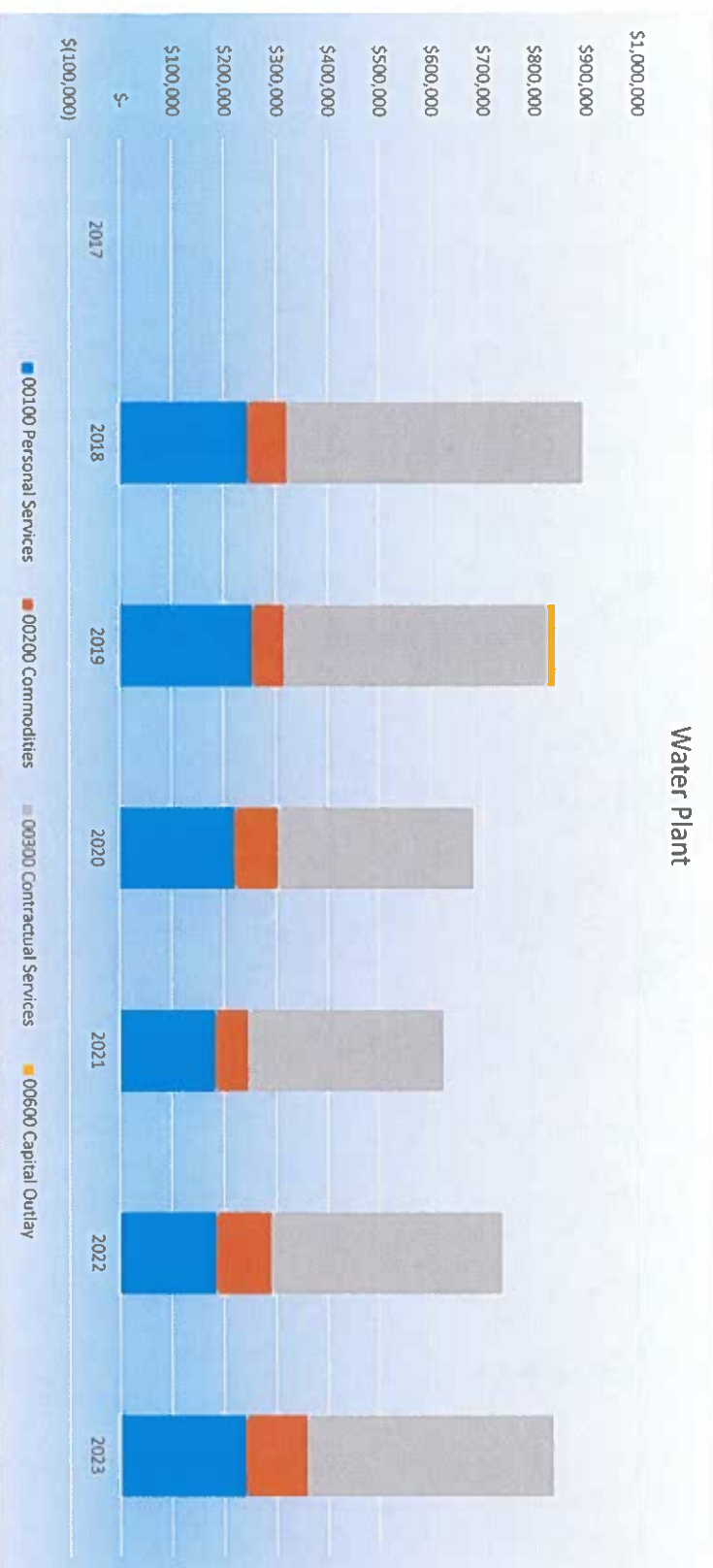




Gateway to the Mountain Lakes Region

# Water Plant Division

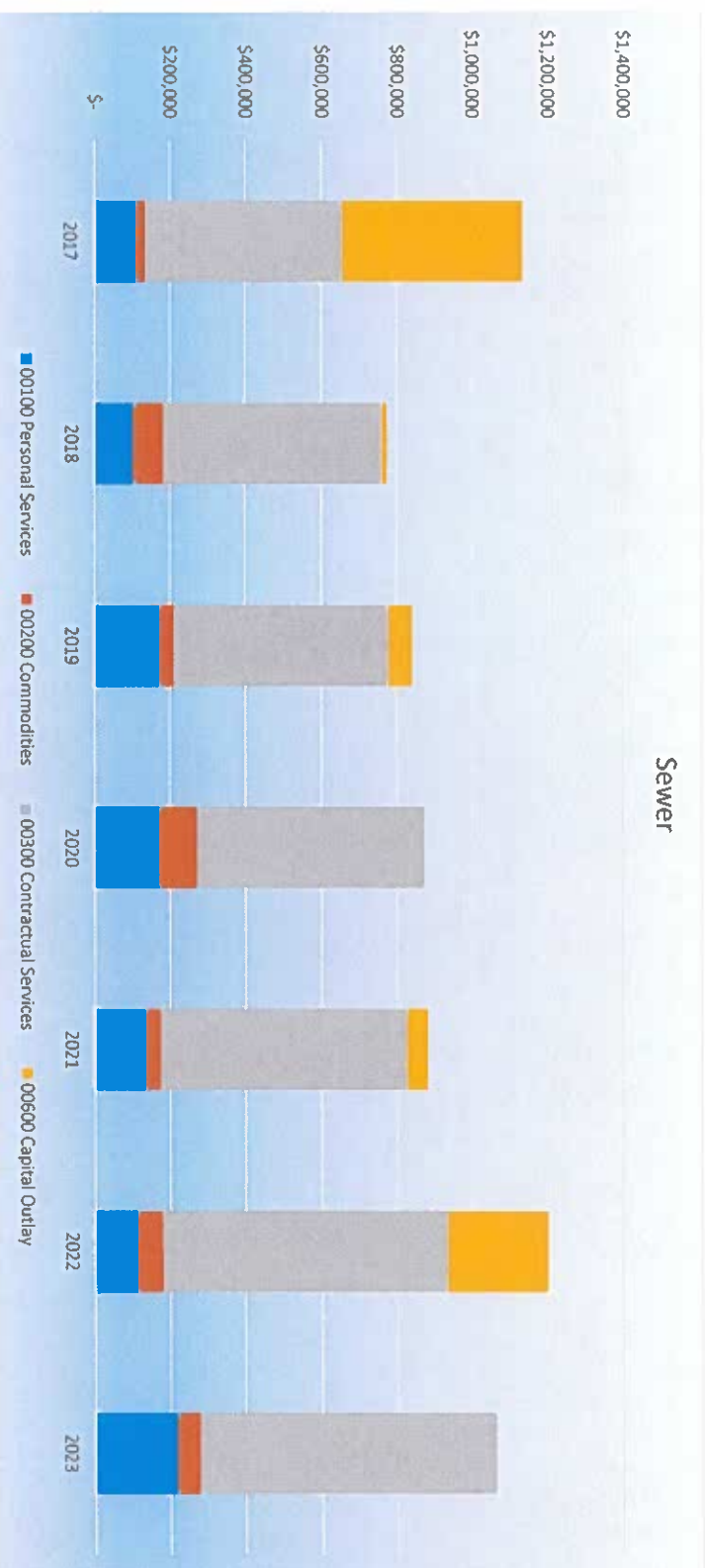
	2017	2018	2019	2020	2021	2022	2023
<b>550 WATER PLANT</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
00100 Personal Services	\$ -	\$ 244,968	\$ 254,389	\$ 220,109	\$ 182,989	\$ 183,624.23	\$ 239,782
00200 Commodities	\$ -	\$ 75,602	\$ 61,636	\$ 82,570	\$ 62,679	\$ 105,321.98	\$ 118,100
00300 Contractual Services	\$ -	\$ 575,401	\$ 510,620	\$ 379,959	\$ 377,981	\$ 446,954.29	\$ 478,250
00600 Capital Outlay	\$ -	\$ -	\$ 13,914	\$ -	\$ 0	\$ (1,746.93)	\$ -
<b>Total WATER PLANT</b>		\$ 895,972	\$ 840,558	\$ 682,638	\$ 623,649	\$ 734,153.57	\$ 836,131.80





Gateway to the Mountain Lakes Region

	2017	2018	2019	2020	2021	2022	2023
<b>450 SEWER</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
00100 Personal Services	\$ 106,481	\$ 101,368	\$ 169,650	\$ 170,270	\$ 131,994	\$ 110,222.88	\$ 218,166
00200 Commodities	\$ 26,701	\$ 79,597	\$ 40,977	\$ 100,547	\$ 42,137	\$ 69,426.92	\$ 59,400
00300 Contractual Services	\$ 522,271	\$ 581,866	\$ 567,816	\$ 600,872	\$ 654,105	\$ 756,530.34	\$ 785,313
00600 Capital Outlay	\$ 479,220	\$ 11,001	\$ 62,644	\$ 1,200	\$ 53,893	\$ 261,787.95	
<b>Total SEWER</b>	<b>\$ 1,134,673</b>	<b>\$ 773,832</b>	<b>\$ 841,087</b>	<b>\$ 872,890</b>	<b>\$ 882,130</b>	<b>\$ 1,197,968.09</b>	<b>\$ 1,062,879.34</b>



Sewer Division

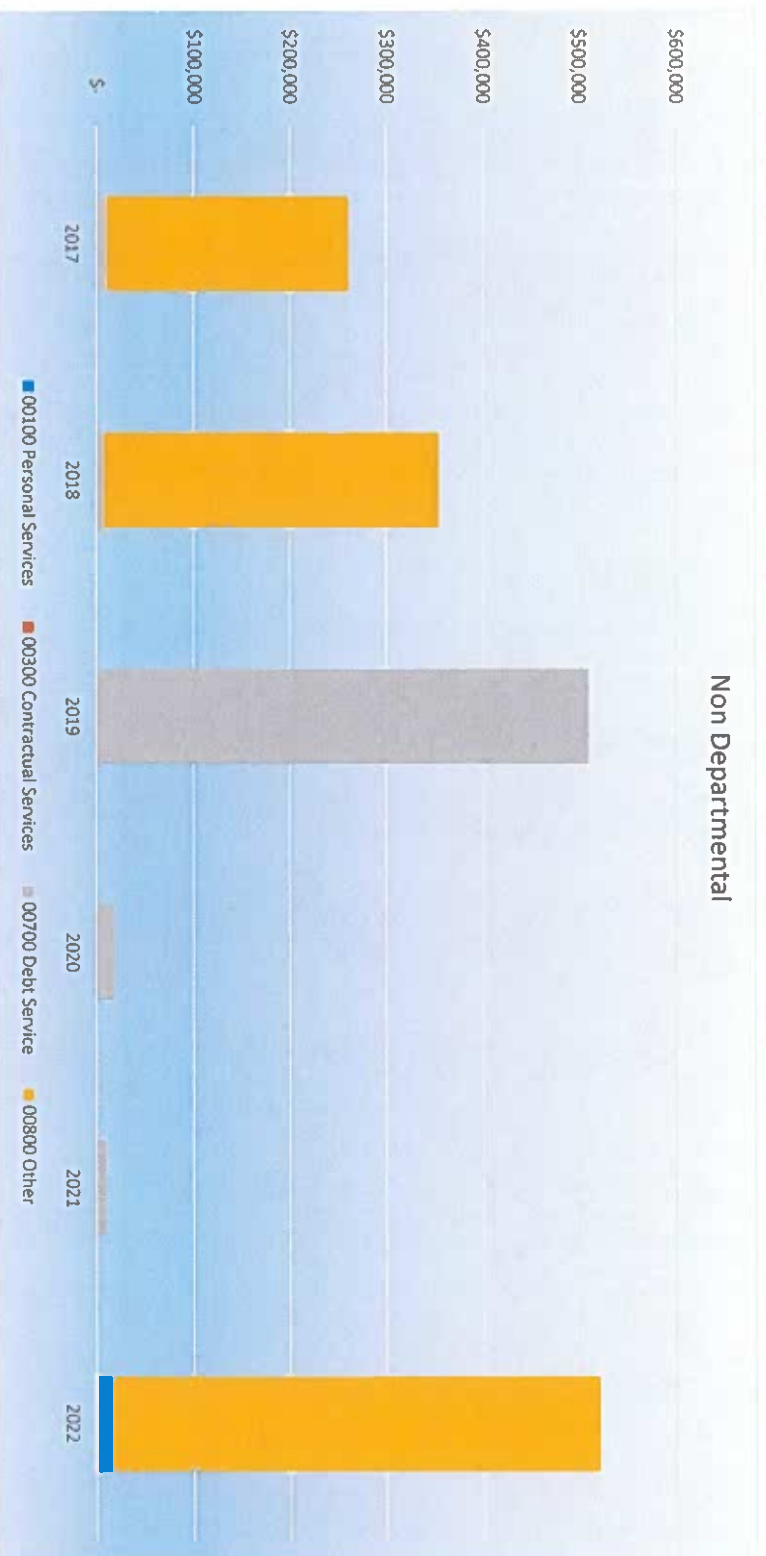




Gateway to the Mountain Lakes Region

	2017	2018	2019	2020	2021	2022	2023
<b>700 NON DEPARTMENTAL</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>
00100 Personal Services	\$ -	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ 15,000
00300 Contractual Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
00700 Debt Service	\$ 11,317	\$ 8,185	\$ 510,831	\$ 18,878	\$ 10,182	\$ -	\$ 265,000
00800 Other	\$ 250,000	\$ 346,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total NON DEPARTMENTAL</b>	<b>\$ 261,317</b>	<b>\$ 354,185</b>	<b>\$ 510,831</b>	<b>\$ 18,878</b>	<b>\$ 10,182</b>	<b>\$ -</b>	<b>\$ 280,000.00</b>

Non Departmental



Non  
Departmental



# Financial Policies ...*excerpts*...

## City of Westminister Financial Policies

Financial Policies Adopted (May 17, 2022)

### **Revenues**

(E) All enterprise funds will be self-supporting. The City will establish all user charges fees at a level related to the full costs (operating, direct, indirect and capital) of providing the service. The City will review these fees & charges annually in the budget process and target rates that meet the cost to provide the service.

### **Expenditures**

The City will provide for a balanced budget, annually, whereby the current operating revenues will be sufficient to support current operating expenditures. An appropriate balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance...

### **Fund Balance Policy**

A. Non-spendable and Restricted Fund Balance

1) Unreserved - Assigned Fund Balance

a) *Assigned Fund Balance-Contingency:* To help maintain services during short periods or economic decline and to meet emergency conditions, in addition to any other restricted or committed Fund Balance amounts, the budget shall provide for a contingency designation equivalent to 5% of estimated annual operating revenues in all governmental type funds.



# Current Financial Environment

- Funding Sources (opportunities):
  - State of South Carolina
  - SC Rural Infrastructure Authority (RIA)
  - State Revolving Loan Fund (SFR)

- South Carolina Infrastructure Investment Program (SCIIIP)
- Rural Development (RD) through the USDA
- Additional federal agency funding
- Capital Market

## 2022-2023 Challenges:

- Threatened lawsuit from Seneca re OJRSA
- 2021 SCDHEC Consent Order
- Staffing
- Rising personnel costs – competitive wages
- Increased supplies and materials cost
- Delivery delays in materials
- Contractor costs
- City financials
- Cost and affordability

## 2023-2024 Challenges:

- ~~Threatened lawsuit from Seneca re OJRSA~~
- PMPA rate uncertainty, pending litigation
- 2021 SCDHEC Consent Order
- Staffing
- Rising personnel costs – competitive wages
- Increased supplies and materials cost
- Delivery delays in materials
- Contractor costs
- City financials
- Cost and affordability



# Current Financial Environment, cont'd

A financial analysis of the Utility Fund and the City General Fund

- What does it show?
- What are strengths?
- What are weaknesses?

**PMPA Benchmarking Report 2022** (portions of)  
 (covers period from 6/30/21 to 3/31/22)

	<u>2021</u>	<u>2022</u>	<u>Range across 10 Participants</u>
Debt Service Coverage-Combined Utility	0.84	1.61	0.0 - 4.25
Days Cash on Hand-Combined Utility	79	71	71 - 378
Debt to Equity Ratio-Combined Utility	0.37	0.35	.021 - 1.19
Debt Ratio-Combined Utility	4.6%	3.97%	0.0% - 45.85%
Operating Margin-Combined Utility	6.1%	7.54%	-11.12% - 21.73%
City Transfer as % of Combined Utility Revenue	6.1%	7.24%	0.0% - 7.24%

Some calculations may contain revenue and expenses for capital leases as well as other factors specific to Westminster. As a result, some of the data may skew the outcome higher or lower.



# Calculating Days Cash on Hand

	Actual 2020	Actual 2021	Actual 2022	Budget 2023
<b>Unassigned cash</b>				
Governmental Funds (p13 2021) (p15 2022)	\$ 662,659	\$ 978,124	\$ 1,206,974	\$ 1,206,974
Solid Waste Fund (p17 2021) (p19 2022)	\$ 191,909	\$ 128,910	\$ 255,605	\$ 255,605
Utility Fund (p17 2021) (p19 2022)	\$ (166,498)	\$ (448,326)	\$ 373,326	\$ 373,326
<b>Unassigned cash</b>	<b>\$ 688,070</b>	<b>\$ 658,708</b>	<b>\$ 1,835,905</b>	<b>\$ 1,957,877</b>
Expenses (p12 2021) (p14 2022)	\$ 8,580,478	\$ 8,851,741	\$ 9,636,971	\$ 14,273,892
Days per year	365	365	365	365
Expenses / days per year = 1 day cash equivalent	\$ 23,508	\$ 24,251	\$ 26,403	\$ 39,107
Days cash on hand	29.269	27.162	69.535	50.065

<sup>1</sup> Includes \$121,972 budgeted in FY2022-23 for contingency.



# Revenues net expenses

## 2021<sup>1</sup>

	Expenses	Revenues	Grants	Surplus (deficit)
Sewer System	\$ 1,040,702	\$ 690,135	\$ 340,000	\$ (10,567)
Water System	\$ 1,706,076	\$ 2,122,330	\$ -	\$ 416,254
Electric System	\$ 3,591,516	\$ 3,987,759	\$ -	\$ 396,243
Solid Waste	\$ 497,107	\$ 388,956	\$ -	\$ (108,151)
<b>Total</b>	<b>\$ 6,835,401</b>	<b>\$ 7,189,180</b>	<b>\$ 340,000</b>	<b>\$ 693,779</b>

## 2022<sup>2</sup>

	Expenses	Revenues	Grants	Surplus (deficit)
Sewer System	\$ 1,382,191	\$ 932,535	\$ -	\$ (449,656)
Water System	\$ 1,938,380	\$ 2,563,850	\$ -	\$ 625,470
Electric System	\$ 3,441,700	\$ 4,043,683	\$ -	\$ 601,983
Solid Waste	\$ 341,010	\$ 417,206	\$ -	\$ 76,196
<b>Total</b>	<b>\$ 7,103,281</b>	<b>\$ 7,957,274</b>	<b>\$ -</b>	<b>\$ 853,993</b>

(1) Westminster Annual Audit FY2021, p12

(2) Westminster Annual Audit FY2022, p14





# Utility Franchise Fee Transfer

Fee	Budget	Percentage	
2019	\$336,000	\$7,154,678	4.70% (actual)
2020	\$426,909	\$6,664,432	6.41% (actual)
2021	\$495,106	\$6,631,532	7.47% (actual)
2022	\$496,296	\$7,971,746	6.22% (actual)
<b>2023</b>	<b>\$377,503</b>	<b>\$7,815,065</b>	<b>5.00% <sup>(1)</sup> (budgeted)</b>

<sup>(1)</sup> Calculated from the total proposed budget of \$7,815,065 less \$265,000 for equipment capital lease (\$7,550,065 x 5% = \$377,503)



# Debt Service

	Actual	Budget	Projection	Projection	Projection	Projection
	2022	2023	2024	2025	2026	2027
<b>Solid Waste Capital Lease</b>						
Garbage Truck <sup>1</sup>	\$32,067	\$30,677	\$0	\$0	\$	\$
Knuckleboom Truck <sup>2</sup>	\$31,202	\$29,704	\$0	\$0	\$	\$
2023 garbage truck <sup>3</sup>	\$ -	\$ -	\$46,062.64	\$46,062.64	\$ 46,062.64	\$ 46,062.64
<b>Utility Obligations</b>						
principal - revenue bonds	\$292,489	\$0	\$0	\$	\$ -	\$ -
interest - revenue bonds	\$10,225	\$0	\$0	\$	\$ -	\$ -
ConserFund <sup>4</sup>	\$0	\$0	\$40,115	\$40,115	\$40,115	\$40,115
2022 Utility equipment lease <sup>5</sup>	\$0	\$79,332	\$78,166	\$77,001	\$75,835	\$74,669
Electric line truck <sup>6</sup>	\$ -	\$ -	\$39,526.65	\$39,526.65	\$ 39,526.65	\$ 39,526.65
<b>General Fund Obligations</b>						
Police/Fire vehicles <sup>7</sup>	\$ -	\$ -	\$50,659.22	\$50,659.22	\$ 50,659.22	\$ -
Fire SCBA's <sup>8</sup>	\$ -	\$27,960.85	\$27,960.85	\$27,960.85	\$ 27,960.85	\$ 27,960.85
<b>TOTAL</b>	<b>\$365,983</b>	<b>\$167,674</b>	<b>\$282,491</b>	<b>\$281,325</b>	<b>\$280,159.20</b>	<b>\$228,334.22</b>

Footnotes follow on the next slide.

# Debt Service (FOOTNOTES)



- <sup>1</sup>Garbage Truck lease - \$284,460. 10 yr term @2.24%. May 2013-May 2023
- <sup>2</sup>Knuckleboom Truck lease - \$145,000. 5 yr term @2.5%. January 2018-January 2023
- <sup>3</sup>Garbage truck note- \$310,000. 7 year term @ 4.01% January 2024-January 2031
- <sup>4</sup>ConserFund Loan - \$369,947.23. 10 yr term @ 1.5%. June 2023-June 2032
- <sup>5</sup>2022 utility equipment lease - \$503,000. Various terms, max 8 yrs @ 1.64%, three (3) pickup trucks, one (1) brush hog, one (1) bucket truck
- <sup>6</sup>Electric line truck- \$272,500. 7 year term @3.43% August 2023-August 2030
- <sup>7</sup>Police/Fire vehicles- \$142,500. 3 year term @3.29% August 2023-August 2025
- <sup>8</sup>SCBA's- \$174,406. 7 year term September 2022-September 2028

# Utility Contingency Planning



- Contingency funds 5% of revenue net PMPA/OJRSA
    - Electric \$ 89,000
    - Water \$ 109,424
    - Sewer \$ 4,029
    - Total \$202,453
  - Contingency funds 3% of revenue net PMPA/OJRSA
    - Electric \$ 53,400
    - Water \$ 66,654
    - Sewer \$ 2,417
    - Total \$ 121,472
- 2023 each 1% ~\$40,500  
2022 each 1% ~\$30,000

Calculations based on FY2023 budgeted amounts



# USDA- RD loan requirements - Water

1

\$8,705,000 principal loan amount  
40 year term  
2.65 % annual interest rate

2

Once the loan is closed:

- \$29,336 monthly payments (\$352,032 annual)
- Debt Service Reserve (DSR)
  - \$2,934 per month until \$352,032 has accumulated, this will take 120 months (10 Years).
- Short-lived Asset Reserve (SLAR) (annual allocation for repairs/replacement of system assets)
  - \$94,000

3

Each year for the 1<sup>st</sup> 10 years

- \$352,032 (P&I) + 35,208 (DSR) + \$94,000 (SLAR) = \$481,240

Years 11-40

- \$352,032 (P&I) + \$94,000 (SLAR) = \$446,032

# South Carolina Infrastructure Investment Program (SCIIPI) - Sewer



Application	\$4,911,475	
RIA	\$3,929,180	80%
City	\$ 982,295	20%

\* Award announcement expected by March 31, 2023.

\* Project schedule estimated to begin January 2024 ending November 2025.

## Project Description:

approximately 980 LF 10" and 7,430 LF 8" SDR38 PVC gravity mains, 39 manholes, 29 service reconNECTIONS, and related appurtenances to replace old problematic clay and/or PVC collectors and brick manholes that have exceeded their useful life.

RIA = Rural Infrastructure Authority

LF = Linear Feet



# South Carolina Emergency Management – back up generator(s) grant



Application		<b>\$286,260</b>	
SCEMD		\$ 257,634	90%
City		\$ 28,626	10%

\* Award announcement expected by anytime.

\* Project schedule estimated to begin after grant award.

## Project Description:

1. install 60kw generator at City Hall
2. install 60 kw generator at Utility Shop
3. install 80 kW generator at Hwy 76 water pump station
4. install 80 kW generator at North Avenue water storage tank

SCEMD = South Carolina Emergency Management Division

# Capital Projects Fund

**American Rescue Plan Act (ARPA) – City allocation**  
**American Rescue Plan Act (ARPA) – Oconee County allocation**  
**Oconee County C-Funds**



<b>ARPA funds directed through the State of South Carolina</b>	
City allocation	\$1,289,913
Oconee County allocation	\$1,300,000

## Oconee County C-Funds (2021-2023)

Sidewalk Rehabilitation Project

\$387,740.00      approved

\$390,314.79      final actual

Application is prepared for next request (road resurfacing)

\$819,868.78 (will make request at next Oconee County C-Fund Committee Meeting)



# Capital Projects Fund

American Rescue Plan Act (ARPA) – City allocation  
 American Rescue Plan Act (ARPA) – Oconee County allocation  
 Oconee County G-Funds

ARPA City allocation FY2022-23 Budget

Budget	Actual		
\$ 356,070	\$330,787.90	Hall Street water line rehabilitation	<b>Completed</b>
\$ 80,000	\$ 84,948.00	Water service line truck	
\$ 30,000	\$ 21,378.80	Rock hammer and trailer for mini-x	
\$306,091 <sup>1</sup>	\$ 0	RIA Dr. Johns Road water line rehabilitation	<b>likely to be reallocated</b>
\$100,000	\$ 0	Transformer installation	
\$150,000	\$ 0	Substation repairs	
\$ 76,000 <sup>2</sup>	\$ 0	Upgrades at water plant	
\$ 53,013	\$ 0	Upcountry Fiber (possible grant match)	

<sup>1</sup> This project was not awarded. Budget Amendment #2 to reallocate for SCIP Grant match.  
<sup>2</sup> Utilizing Oconee County ARPA allocation before using these funds.

# Capital Projects Fund

**American Rescue Plan Act (ARPA) – City allocation**  
**American Rescue Plan Act (ARPA) – Oconee County allocation**  
**Oconee County C-Funds**



Oconee County Approved for Funding

Budget	Project-to-date actual <sup>1</sup>	
\$ 987,420	\$ 456,972.79	install (2) VFD's and upgrade (2) 300 hp pumps
\$ 155,000		repair plant reservoir (including engineering and permitting)
\$ 65,000	\$ 18,884.90	filter upgrade and maintenance
\$ 60,000		repair/improve pipe gallery at the water plant yard
\$ 32,580		upgrades to the various plant components (valves)
\$1,300,000	\$ 475,857.69	total

<sup>1</sup> As of August 12, 2022. The projects continue to progress. Additional draws from the City to Oconee County forthcoming.

# Considerations for Council



1. No rate increases expected (subject to actions taken by PMPA (for electric) and OJRSA (sewer))
2. Budget for 5% Franchise Fee
3. Budget contingency (5% or 3%)
4. Prepare financially for USDA-RD Loan requirements for Water System
5. Prepare financially for SCIP grant match for Sewer System
6. Prepare for other grant matches (i.e. backup generators)
7. Maintain flexibility for additional grant opportunities
8. Operating and personnel budget pressures due to inflation
9. Logistical preparations for new OJRSA billing methods (no rate increase anticipated)
10. Logistical preparations to charge for credit card payments
11. Logistics of managing the projects

Are there any questions?



Gateway to the Mountain Lakes Region

Thank you.  
The End.  
You can go home now ☺