

Background:

Cayce utility rates have remained the same since 2019 despite our city facing rising costs of supplies and materials just like many of our families and businesses. We work to follow the standard industry practice of ensuring that our utility rates to our customers are fair for the services provided. To do proper due diligence, Cayce hired an independent third-party company to conduct a Utility Rate Study. The study found that the city needs to increase its utility rates to maintain and operate its water and sewer systems, while investing in critical infrastructure to ensure our ability to provide utility services to our customers for years to come.

As you are seeing a rise in the cost of products and services, so is our utility. For instance, sludge disposal has increased 264%, wastewater chemicals have increased 85%, and collection pipes have increased more than 100%.

Public Input Opportunities and Notifications:

The rate increase was implemented on July 1, 2024. All customers had the ability to participate in multiple budget workshops, 1st and 2nd City Council readings of the budget, and the public hearing. Both press and public were notified prior to those meetings. Additionally, the city placed FAQ sheets on our website and sent the FAQ flyers with the billings to customers to help explain the changes in their bill.

02/21/2024 - Budget Workshop for FY 2024-2025

03/20/2024 - Budget Workshop with Rate Study Recommendations for FY2024-2025

06/04/2024 - Budget First Reading for FY 2024-2025

06/26/2024 - Public Hearing for FY 2024-2025 Budget

06/26/2024 - Budget Second Reading for FY 2024-2025

City Council voted to approve a 25% increase instead of the recommended 40% rate increase. 25% was the minimum increase proposed that would cover the City's operating costs and bond coverage as required by law.

Impact of Inside v. Outside City Rates:

Inside City Residents have access to services and rates not afforded to Outside City Customers. Inside City Residents pay municipal property taxes and have police, fire, and sanitation services available throughout the City. Outside City Customers do not pay municipal property taxes. Providing service outside of the city typically requires more resources and have a higher demand on the sewer collection system since collection lines are further out, and it takes more pump stations, infrastructure, and maintenance to service outlying areas. Those costs remain the same whether there is one person per 1,000 square foot house or 5 people per 5,000 square foot house. As a result, with historically low rates, Cayce's Outside City Sewer Only customers had not been paying their fair share of the service. The other rate payers were subsidizing their service.

Prior to the increase, Cayce had 2 Flat Rates established for Residential Outside City Sewer Only Customers. Before July 1, 2024, the rates were \$85.97 bi-monthly, billed every other month, or

\$56.41 billed monthly. As of July 1, 2024, these rates were increased 25% to \$107.46 bi-monthly or \$70.51 monthly.

The \$70.51 monthly bill is for all **New-Build Residential Outside City Sewer Only** customers and for customers that were previously serviced by a different sewer system. Cayce City Council voted to convert the remainder of all **Residential Outside City Sewer Only** customers to the bi-monthly rate of \$107.46. (**This is less expensive than the \$70.51 per month rate of \$141.02 bi-monthly.*)

Rate Comparison:

City of Cayce: \$107.46/bi-monthly: \$53.73 per month

Town of Lexington: \$84.12 per month

Lexington Joint Municipal Water & Sewer Commission: \$94.66 per month

Richland County: \$74.91 per month.

Conversion to a Flat Rate:

The conversion to a flat rate saw some customers experience quite a rate increase, while others experienced a smaller increase. When there is a systematic change to a flat rate, the results per individual household will vary significantly. It is important to note that the 25% increase was based on the existing flat rate of \$85.97. Legally we were bound to create an equitable rate structure.

Acknowledgements & Payment Assistance:

We acknowledge that costs are going up for everything around us, and it never feels like a good time for a rate increase. We understand operating on a fixed income, these changes across our economy present a challenge. **We do offer a list of agencies that will assist with utility bills to customers who need that resource.**

The result of the increase will ensure continued quality service for all customers of Cayce utilities both inside and outside of the city. If you still have questions about the City's utilities rate changes, please reach out to Customer Service at (803) 796-9020 - Option #1, or email utilitybilling@caycesc.gov.