

**GREENVILLE WATER**POLICY NO. FIN-10DATE: 07/07/2015SUBJECT: Expense Policy**CONTENTS**

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**I. Objective**

Greenville Water operates with limited available resources. As a result, we pay attention to both revenues and expenses in order to provide our customers with consistent service and promote stability. The intent of this policy is to define the Commissioners philosophy on the allocation of its limited resources to meet its strategic objectives.

**II. Funding Operations**

The Commission commits to a level of funding expenses that ensures that Greenville Water is able to protect its water resources and provide high quality, safe and affordable water service to its customers.

Rates, fees and charges will be established at a level to recover the full operating, capital, reserve and debt service costs, both direct and indirect, of providing service to our customers.

Expenses will not grow beyond the ability of rates, fees and charges to pay for them.

Preventative maintenance expenses on facilities and equipment will be funded adequately in order to avoid service disruptions and minimize repair and replacement costs in the future.

It must be demonstrated that sufficient revenues are available to cover the costs associated with new programs and services as well as additional operations and maintenance costs associated with capital projects.

Management will actively explore methods to increase the efficiency and effectiveness of service delivery to avoid the addition of new employees.

### III. Compensation

Greenville Water will maintain a compensation program that is sufficient to attract and retain quality employees.

The compensation program will be maintained to be competitive with similarly sized peer utilities in the southeastern United States.

A salary and benefit study will be conducted periodically by an independent consultant to ensure that Greenville Water is maintaining a compensation package that is competitive and that its pay plan is fair and equitable.

Personnel budgets will be funded at a level sufficient to provide authorized staffing and in order to deliver high quality of service and deliver safe water to our customers.

Greenville Water has established a bonus program for Assistant Department Directors and above based upon achievement of strategic planning goals.

The Commission shall authorize all new positions.

### IV. Funding Non-Current Liabilities

#### Asset Maintenance and Replacement

1. Greenville Water is committed to funding the renewal and replacement of system infrastructure each year to replace aging pipe, replace meters, make upgrades and replacements due to road improvements, serve new customers and improve system performance.

### V. Pensions and OPEBs

Greenville Water is committed to funding its annual pension contributions to the South Carolina Retirement System and its Other Post-Employment Benefits (OPEB) benefits to qualifying retirees in its Annual Operating Budget.

### VI. Efficiency

Greenville Water will make the most efficient use of its resources in order to maintain affordable rates, fees and charges for its customers.

We will continue to explore and analyze the most cost effective and reliable methods of providing water service through the following:

1. Evaluating new technologies and capital investments to improve productivity.
2. Reviewing operations and systems on a systematic, ongoing basis.
3. Reviewing nonrevenue water and determining how to minimize it.

## VII. Outsourcing

Contracting with the private sector to outsource some aspects of our operations may provide an opportunity for cost containment and productivity enhancements.

In evaluating the costs of private sector contracts compared with in-house performance of the service, indirect, direct, and contract administration costs will be identified and considered. Whenever private sector providers are available and can meet established service levels, they may be considered as viable service delivery alternatives.

For programs and activities currently provided by Greenville Water employees, conversions to contract services will generally be made through attrition, reassignment or absorption by the contractor.