

# Water Rate Study

South Weber City | March 27, 2018

## Culinary Water Utility Rates (Current)

- Monthly Utility Bill
- Current Rates
  - Base Fee (includes up to 6,000 gallons)
  - Over 6,000 gallons → Pay by usage “Tiers”
- Different rate structures for Secondary Water Use
  - w/ secondary, w/ secondary available, w/o secondary available
- Different rate structure depending on Land Use
  - Residential, Multi-Family, Commercial

## Culinary Water Utility Rates (Current)

**Residential using Secondary for Outdoor Needs**

If monthly use was 400 gallons...

Tier	Rate
Base	\$ 38.43
0 – 6,000 gallons	\$ 0.00
6,000 – 8,000 gallons	\$ 1.48
8-000 – 10,000 gallons	\$ 1.83
10,000 + gallons	\$ 2.65



**\$38.43** +



**\$0.00** +

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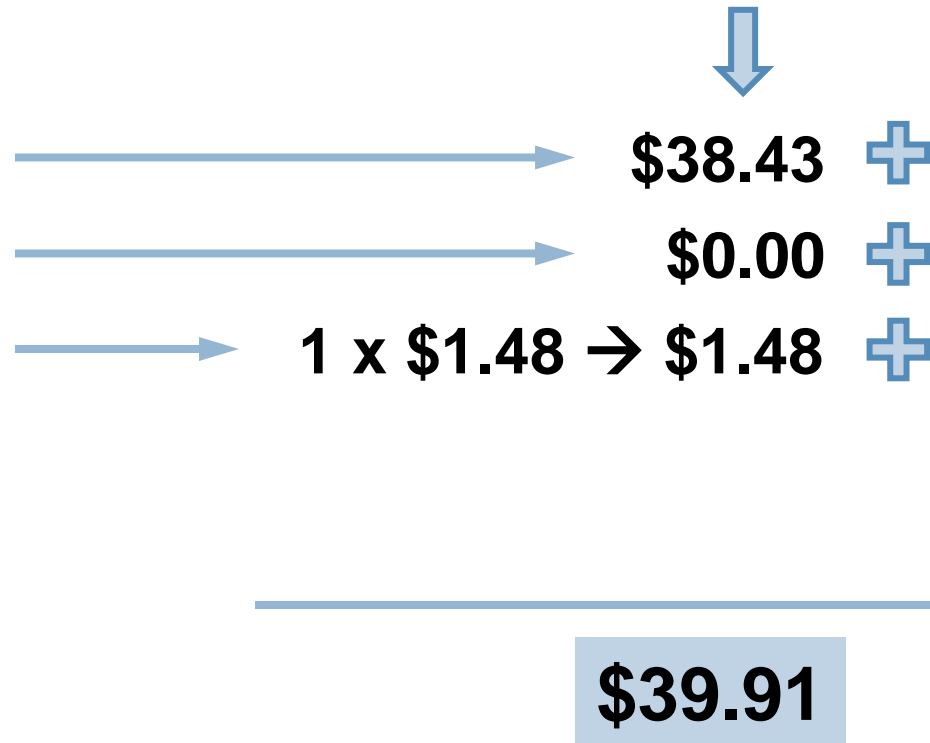
**\$38.43**

## Culinary Water Utility Rates (Current)

**Residential using Secondary for Outdoor Needs**

If monthly use was 7,000 gallons...

Tier	Rate
Base	\$ 38.43
0 – 6,000 gallons	\$ 0.00
6,000 – 8,000 gallons	\$ 1.48
8-000 – 10,000 gallons	\$ 1.83
10,000 + gallons	\$ 2.65



## Culinary Water Utility Rates (Current)

**Residential using Secondary for Outdoor Needs**

If monthly use was 15,000 gallons...

Tier	Rate
Base	\$ 38.43
0 – 6,000 gallons	\$ 0.00
6,000 – 8,000 gallons	\$ 1.48
8,000 – 10,000 gallons	\$ 1.83
10,000 + gallons	\$ 2.65

→	<b>\$38.43</b> +
→	<b>\$0.00</b> +
→	<b>2 x \$1.48 → \$2.96</b> +
→	<b>2 x \$1.83 → \$3.66</b> +
→	<b>5 x \$2.65 → \$13.25</b> +

**\$58.30**

## Culinary Water Utility Rates (Current)

- Why are there “tiers”?
- Why do rates go up on each tier?
  - Accelerated Tiered Rate Structure (ATRS)
- Fairness
  - Higher water needs → Larger Infrastructure → Higher costs
  - The more water you use...the more you should have to pay
- State Division of Water Resources Requirement
  - Requires cities to have a Water Conservation Plan → demonstrate conservation via an ATRS
  - Currently at → 58 gpcd
  - Goal → 53 gpcd

# Water Utility Rate Analysis

## **Water Rates Study**

- Evaluation Window → 2019 – 2025
- Evaluation Scope → Only current system and infrastructure (no development)
  - City Staff
    - Revenue, Costs, Operation Needs & Water Use Data
  - City Engineer (J&A)
    - Infrastructure Needs; Capital Projects
  - Financial Consultant (ZPFI)
    - Financial Analysis

## Water Utility Rate Analysis

- How are water utility fees allocated?
  - Operation costs → Maintain System Operations
    - Traditionally, the Base Rate covers these costs
  - Capital Projects → Maintain System Infrastructure



## Water Utility Rate Analysis

- Capital Projects – Maintenance of Current Infrastructure
- Two Scenarios
  - “Minimal” → Projects needed to maintain State Division of Drinking Water (DDW) Minimum Requirements
    - Pressure, Flow, Fire Protection, Storage, etc.
  - “Proactive” → Minimal Projects, PLUS additional Projects that:
    - Start to address declining infrastructure
    - Start to upsize waterlines to meet State requirements

## Water Utility Rate Analysis

- Asset Management Program
- Concerns about declining infrastructure
  - National problem
  - American Water Works Association (AWWA)
    - [Video](#)
- Staff Recommends a Proactive Scenario

## Water Utility Rate Analysis

- Study → 5 Scenarios
  - “Do Nothing” with Water Rates
    - Results in **-\$400,000** cash balance by 2025
  - Minimal Scenario 1
  - Minimal Scenario 2
  - Proactive Scenario 1
  - Proactive Scenario 2

## Water Utility Rate Analysis

### ■ Minimal Scenario 1

- Base Rate (\$38.43) for usage of less than 1,000 gallons
- Created additional tiers
- Usage rate for all tiers
- minimal increase in tier rates
- no annual increases

### ■ Minimal Scenario 2

- Base Rate (\$38.43) for usage of less than 1,000 gallons
- Created additional tiers
- Usage rate for all tiers
- slightly higher tier rates than Scenario 1
- no annual increases

## Water Utility Rate Analysis

### ■ Proactive Scenario 1

- New Base Rate (\$39.20) for usage of less than 1,000 gallons
- Created additional tiers
- Usage rate for all tiers
- 2% annual increases to Base Rate
- 5% annual increases to tiers

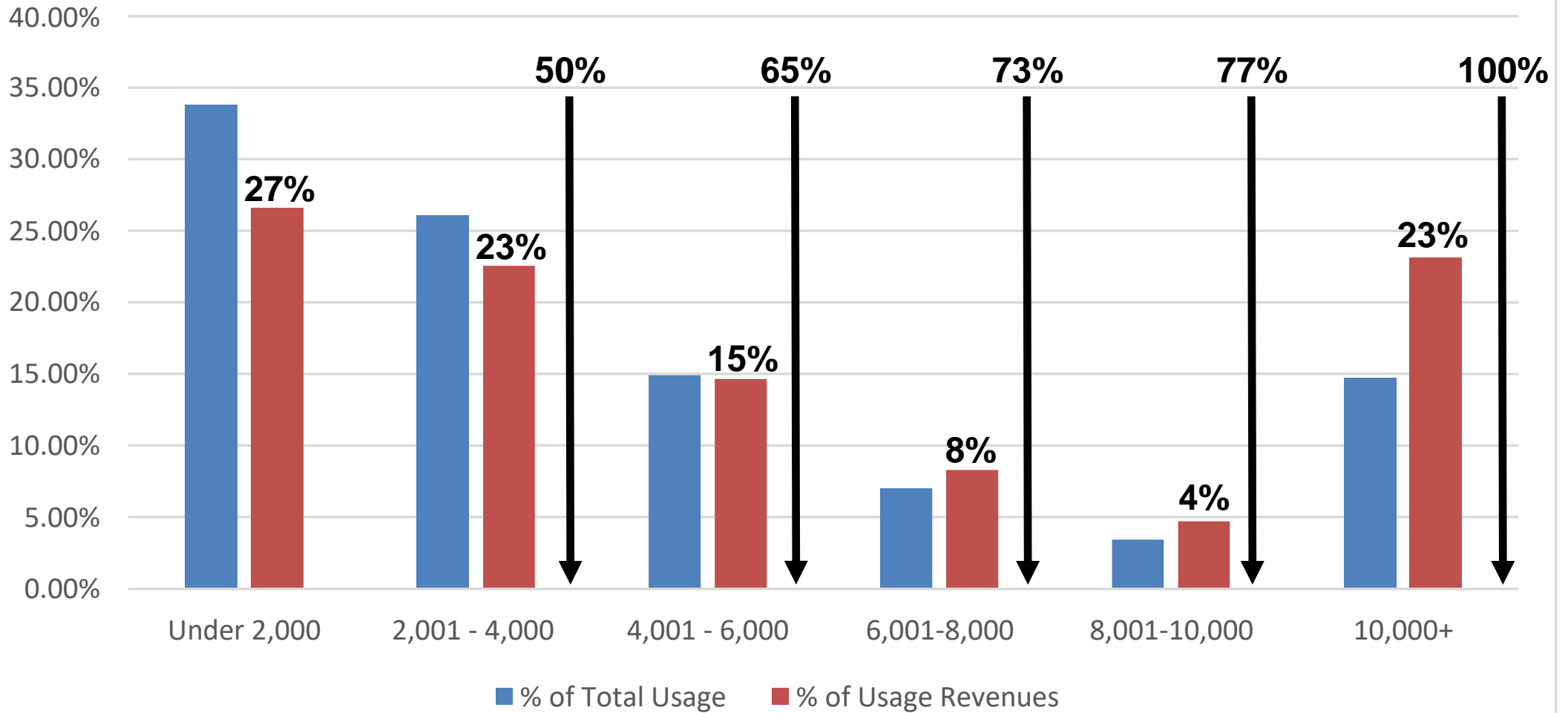
### ■ Proactive Scenario 2

- Base Rate (\$38.43) for usage of less than 1,000 gallons
- Created additional tiers
- Usage rate for all tiers
- significantly higher tier rates
- no annual increases

## Water Utility Rate Analysis

- Minimal vs Proactive
  - Proactive → **3 Additional Projects** vs Minimal
  - Proactive → **6 years**, Minimal → **12 years**
  - Proactive → will minimize...
    - Waterline Leaks
      - Service interruptions, risk of contamination, impact of streets being patched
    - Potential need to bond
  - Proactive → Less expensive; Reactive → More expensive

**– Culinary Water Usage –**  
*using Secondary Water for outdoor purposes*



## Culinary Water Utility Rates (Proposed)

### Minimal Scenario 1 (Residential)

Tier	Rate
Base	\$ 38.43
0 – 2,000 gallons	\$ 1.00
2,000 – 4,000 gallons	\$ 1.20
4,000 – 6,000 gallons	\$ 1.45
6,000 – 8,000 gallons	\$ 1.55
8,000 – 10,000 gallons	\$ 1.92
10,000 + gallons	\$ 2.78

If monthly use was 4,000 gallons...



→ \$38.43 +

→ 2 x \$1.00 → \$2.00 +

→ 2 x \$1.20 → \$2.40 +

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**\$42.83**

**\$4.40 increase from current**



## Culinary Water Utility Rates (Proposed)

### Minimal Scenario 2 (Residential)

Tier	Rate
Base	\$ 38.43
0 – 2,000 gallons	\$ 1.35
2,000 – 4,000 gallons	\$ 1.40
4,000 – 6,000 gallons	\$ 1.45
6,000 – 8,000 gallons	\$ 1.55
8,000 – 10,000 gallons	\$ 1.92
10,000 + gallons	\$ 2.78

If monthly use was 4,000 gallons...



→ \$38.43 +

→ 2 x \$1.35 → \$2.70 +

→ 2 x \$1.40 → \$2.80 +

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**\$43.93**

**\$5.50 increase from current**

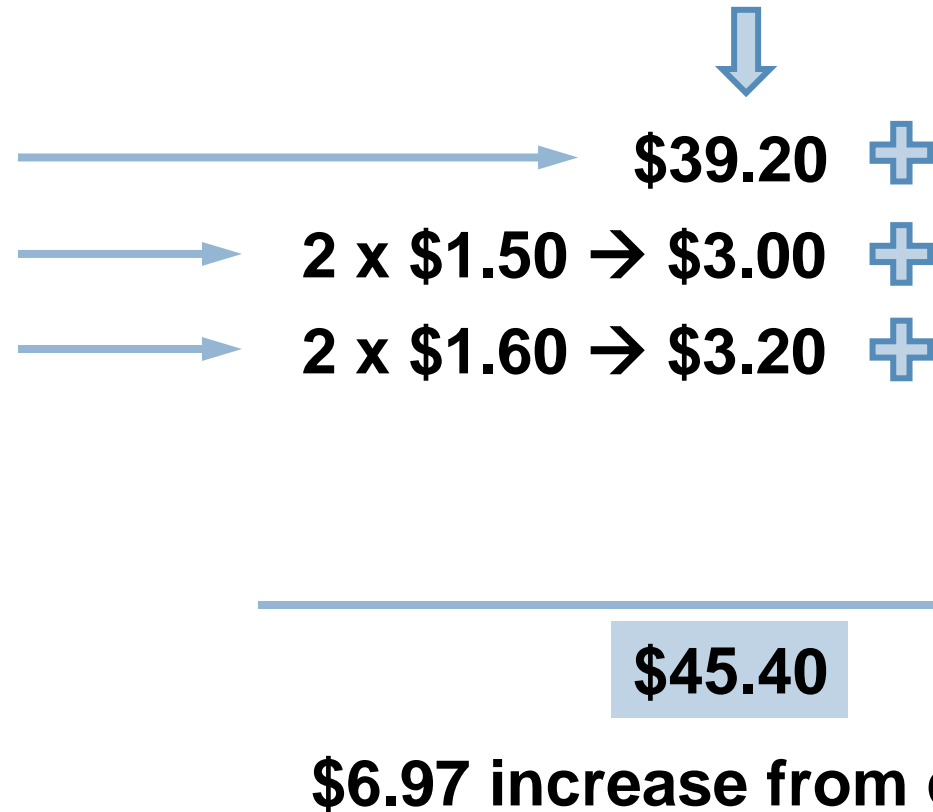
## Culinary Water Utility Rates (Proposed)

### Proactive Scenario 1 – 2019 (Residential)

Tier	Rate*
Base	\$ 39.20
0 – 2,000 gallons	\$ 1.50
2,000 – 4,000 gallons	\$ 1.60
4,000 – 6,000 gallons	\$ 1.70
6,000 – 8,000 gallons	\$ 1.80
8,000 – 10,000 gallons	\$ 2.25
10,000 + gallons	\$ 3.10

\* Rate changes each year thru 2025

If monthly use was 4,000 gallons...



## Culinary Water Utility Rates (Proposed)

### Proactive Scenario 2 (Residential)

Tier	Rate
Base	\$ 38.43
0 – 2,000 gallons	\$ 2.00
2,000 – 4,000 gallons	\$ 2.20
4,000 – 6,000 gallons	\$ 2.50
6,000 – 8,000 gallons	\$ 3.00
8,000 – 10,000 gallons	\$ 3.50
10,000 + gallons	\$ 4.00

If monthly use was 4,000 gallons...



→ \$38.43 +

→ 2 x \$2.00 → \$4.00 +

→ 2 x \$2.20 → \$4.40 +

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**\$46.83**

**\$8.40 increase from current**

## Culinary Water Utility Rates (Proposed)

### **Summary (Residential)**

Tier	Current	Min. 1	Min. 2	Pro. 1 '19	Pro. 1 '25	Pro. 2
0 gallons	\$38.43	\$38.43	\$38.43	\$39.20	\$43.28	\$38.43
2,000 gallons	\$38.43	\$40.43	\$41.13	\$42.20	\$47.30	\$42.43
4,000 gallons	\$38.43	\$42.83	\$43.93	\$45.40	\$51.58	\$46.83
6,000 gallons	\$38.43	\$45.73	\$46.83	\$48.80	\$56.14	\$51.83
8,000 gallons	\$41.39	\$48.83	\$49.93	\$52.40	\$60.96	\$57.83
10,000 gallons	\$45.05	\$52.67	\$53.77	\$56.90	\$67.00	\$64.83
30,000 gallons	\$98.05	\$108.27	\$109.37	\$118.90	\$150.00	\$144.83

# Culinary Water Utility Rates (Proposed)

Staff Recommendation



## Summary (Residential)

Tier	Current	Min. 1	Min. 2	Pro. 1 '19	Pro. 1 '25	Pro. 2
0 gallons	\$38.43	\$38.43	\$38.43	\$39.20	\$43.28	\$38.43
2,000 gallons	\$38.43	\$40.43	\$41.13	\$42.20	\$47.30	\$42.43
4,000 gallons	\$38.43	\$42.83	\$43.93	\$45.40	\$51.58	\$46.83
6,000 gallons	\$38.43	\$45.73	\$46.83	\$48.80	\$56.14	\$51.83
8,000 gallons	\$41.39	\$48.83	\$49.93	\$52.40	\$60.96	\$57.83
10,000 gallons	\$45.05	\$52.67	\$53.77	\$56.90	\$67.00	\$64.83
30,000 gallons	\$98.05	\$108.27	\$109.37	\$118.90	\$150.00	\$144.83

## Culinary Water Utility Rates (Proposed)

### **Summary (Residential)**

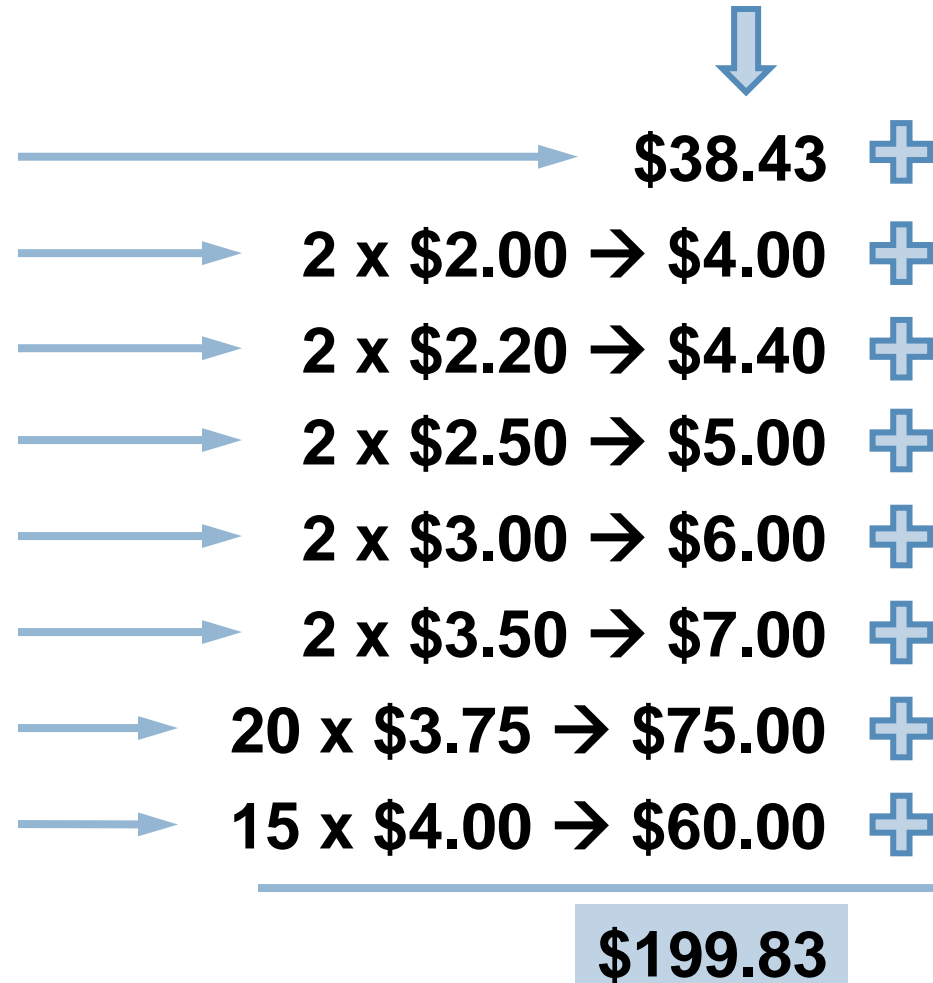
Tier	Current	Pro. 2	Difference
0 gallons	\$38.43	\$38.43	\$0.00
2,000 gallons	\$38.43	\$42.43	\$4.00
4,000 gallons	\$38.43	\$46.83	\$8.40
6,000 gallons	\$38.43	\$51.83	\$13.40
8,000 gallons	\$41.39	\$57.83	\$16.44
10,000 gallons	\$45.05	\$64.83	\$19.78
30,000 gallons	\$98.05	\$144.83	\$46.78

# Culinary Water Utility Rates (Proposed)

## Proactive Scenario 2 (Commercial)

If monthly use was 45,000 gallons...

Tier	Rate
Base	\$ 38.43
0 – 2,000 gallons	\$ 2.00
2,000 – 4,000 gallons	\$ 2.20
4,000 – 6,000 gallons	\$ 2.50
6,000 – 8,000 gallons	\$ 3.00
8,000 – 10,000 gallons	\$ 3.50
10,000 – 30,000 gallons	\$ 3.75
30,000 – 60,000 gallons	\$ 4.00
60,000 + gallons	\$ 4.25



Questions?