

## REQUEST FOR COUNCIL ACTION

**SUBJECT:** Update Sewer Rates

**SUMMARY:** 7.5% increase to residential and commercial sewer rates to meet rising costs of operations and sewer treatment.

**FISCAL AND/OR**

**ASSET IMPACT:** About \$650,000 additional annual revenue.

**STAFF RECOMMENDATION:**

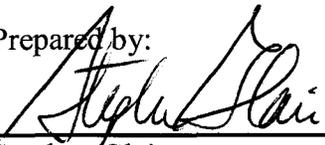
Staff supports the City Manager's recommendation. Staff also recommends using a consultant in near future for a Cost of Service Analysis and comprehensive utility rate study (last done in 2006) to create long-term solution.

**MOTION RECOMMENDED:**

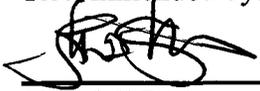
"I move to adopt City Manager's recommended sewer rate increase with effective date of \_\_\_\_\_."

Roll Call vote required

Prepared by:

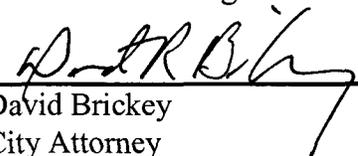
  
\_\_\_\_\_  
Stephen Glain  
Mgt. Asst. to City Mgr.

Recommended by:

  
\_\_\_\_\_  
Wendell Rigby  
Public Works Director

FOR  
✓

Reviewed as to Legal Sufficiency:

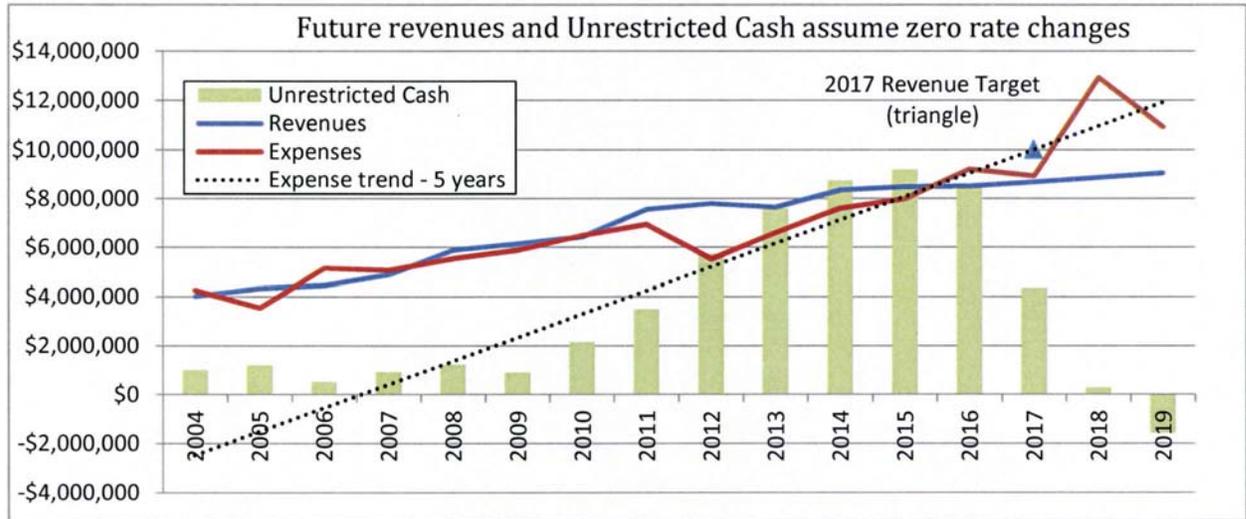
  
\_\_\_\_\_  
David Brickey  
City Attorney

Recommended by:

  
\_\_\_\_\_  
Mark R. Palesh  
City Manager

**BACKGROUND DISCUSSION:**

Wastewater (sewer) expenses can be divided into Personnel, Operations, and Capital Projects. Expenses for all three areas have increased since the last rate change in 2013. The largest increase is due to upcoming capital equipment upgrades at South Valley Water Reclamation Facility (SVWRF). These include Phosphorus and Nitrogen removal equipment mandated by EPA (West Jordan’s share is about \$4M in 2018) and grit removal equipment (West Jordan’s share will be about \$2M in 2019). These expenses are built into the 5-year expense trend line to calculate the rate increase.



The City staff 2016 Utility Rate Analysis estimates that a 15.1% revenue increase would be sufficient to match the 5-year expense trend line. See table below:

	<u>Annual Expense Increase since last rate change</u>	<u>Monthly Fee Increase per ERU</u>	<u>Rate Increase (for Fixed and Variable charges)</u>
*Personnel	\$ 98,765	\$0.25	1.1%
Operations	\$ 293,192	\$0.72	3.4%
Cap. Projects	\$ 916,679	\$2.26	10.6%
Totals	\$ 1,308,636	\$3.23	15.1%

\*COLA already approved by Council

\*\*15.1% would bring total revenues up to the projected 5-yr trend of expenses (2016 staff Utility Rate Analysis, audited by Keddington & Christensen, LLC).

**City Manager’s Recommendation:** 7.5% increase to all residential and commercial rates (fixed and volume charges). This recommended increase is half of the 15.1% number in the table above, in an effort to minimize the impact on ratepayers and spread future cost increases over multiple years. The cost of the proposed new Public Works building will also be shared by all enterprise funds (Water, Sewer, Storm, Solid Waste, Street Lights, etc.).