

SECONDARY WATER RATE ANALYSIS FINAL RESULTS

JANUARY 2023



AGENDA

- **Background**
- **Financial Plan Objectives & Policies**
- **Scenario Analysis**
- **New Rate Schedule**
- **Finalization**

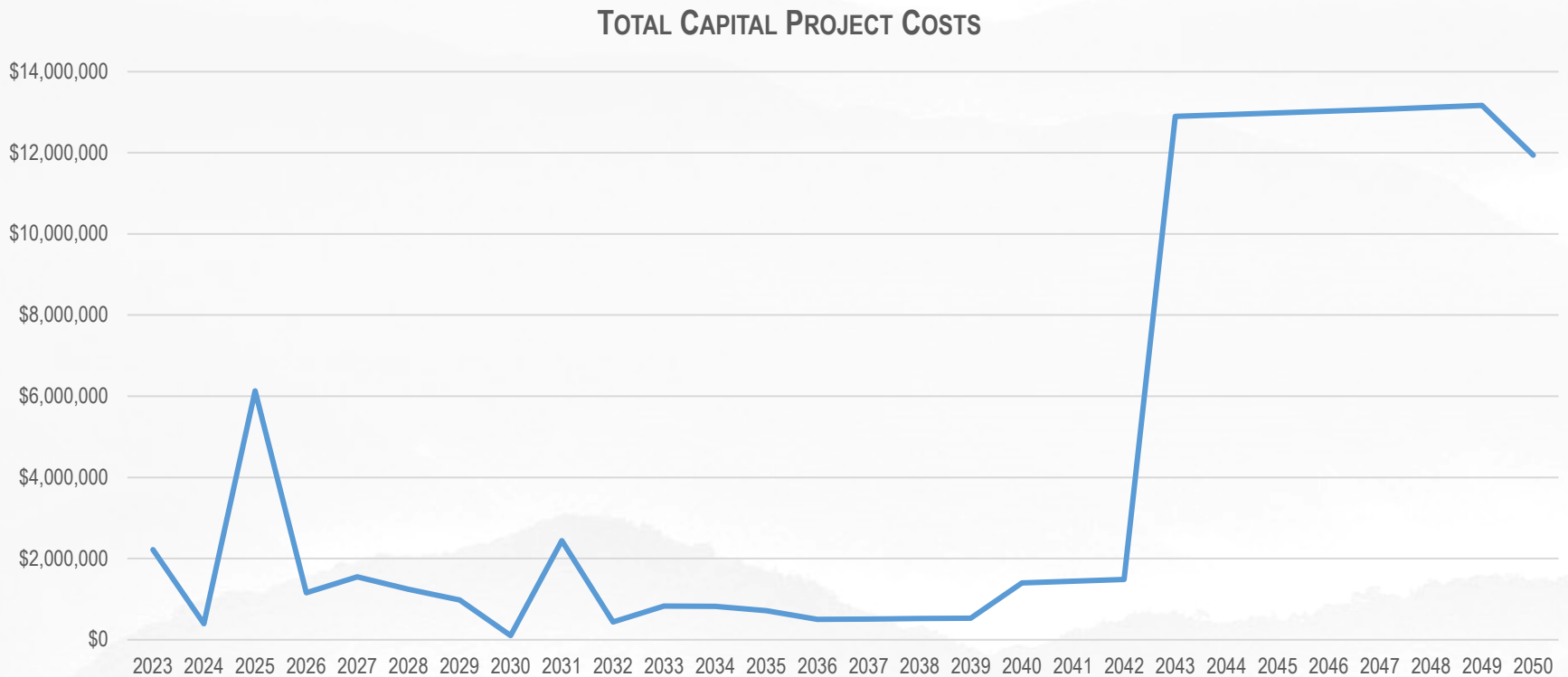
BACKGROUND: WATER OUTLOOK

- **The last three years of severe and extreme drought have been a challenge.**
- **The current status of reservoirs and snowpack brings some level of comfort.**
- **Current snowpack is 168% of normal (1/9/23)**
- **Storage at Echo is 63% and East Canyon 57% (1/9/23)**

FINANCIAL PLAN ASSUMPTIONS

New Capital Needs

■ A Total of \$130M in CIP is Needed Through 2050



BACKGROUND: METERING

- **D&W currently has approximately 3,900 meters. The majority installed by new development, plus two Bureau of Reclamation grants.**
- **Since 2016 there has been much interest in metering secondary water users. A Concurrent Resolution Encouraging Universal Metering stated, “if more citizens in Utah knew how much water they were using, they would voluntarily conserve”.**

BACKGROUND: METERING

- **In the 2022 Legislative Session, HB242 passed. This requires all secondary water services to be metered by December 31, 2029. After that, fees will be assessed to water providers not in compliance.**
- **Some funding has been made available via ARPA grant funds, but they must be spent by the end of 2026.**

BACKGROUND: RATES

D&W:

- Continues to invest in the secondary system with capital improvements.
- Is working on meeting state code to meter all secondary water services.
- Has not adjusted secondary water rates since 2011.

BACKGROUND: RATES

D&W:

- Performed a secondary water rate study to analyze revenues and expenditures to meet operations and management, capital improvements, secondary metering, and repair and replacement.
- Has used loans to spread costs out and project to get more loans in upcoming projects.

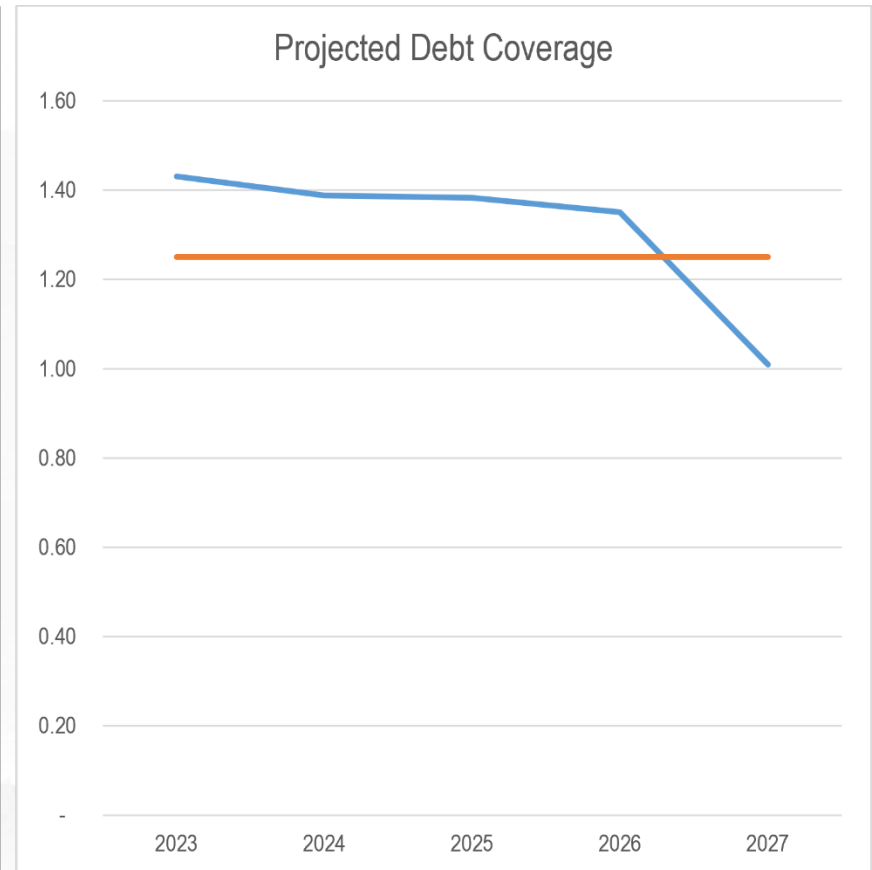
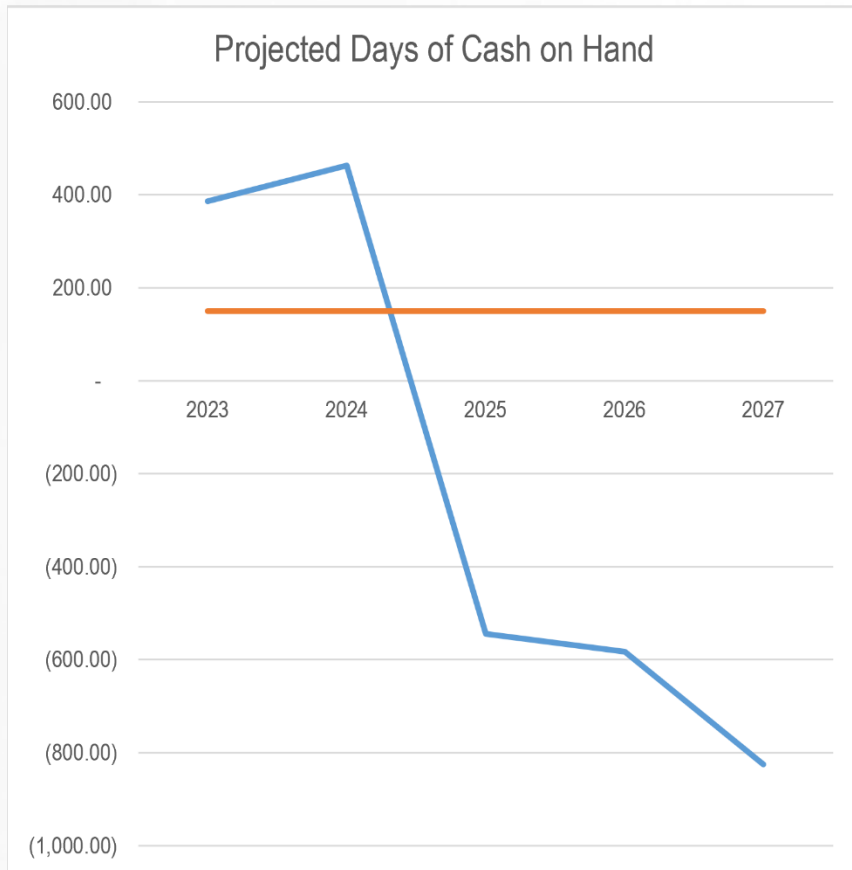
FINANCIAL PLAN OBJECTIVES

Key Policies

- ▣ **Financial Ratios**
 - ▣ Revenue Sufficiency – Preliminary Analysis Evaluates a Combined System
 - ▣ Cash Reserves – Goal to Maintain Adequate Cash Reserves
 - ▣ Debt Service Coverage Ratio – 1.25 Times Minimum (Standard of Practice)
- ▣ **Ensure Ease of Implementation and Equity**
- ▣ **Review Rates Every 2-5 Years**

SCENARIO ANALYSIS

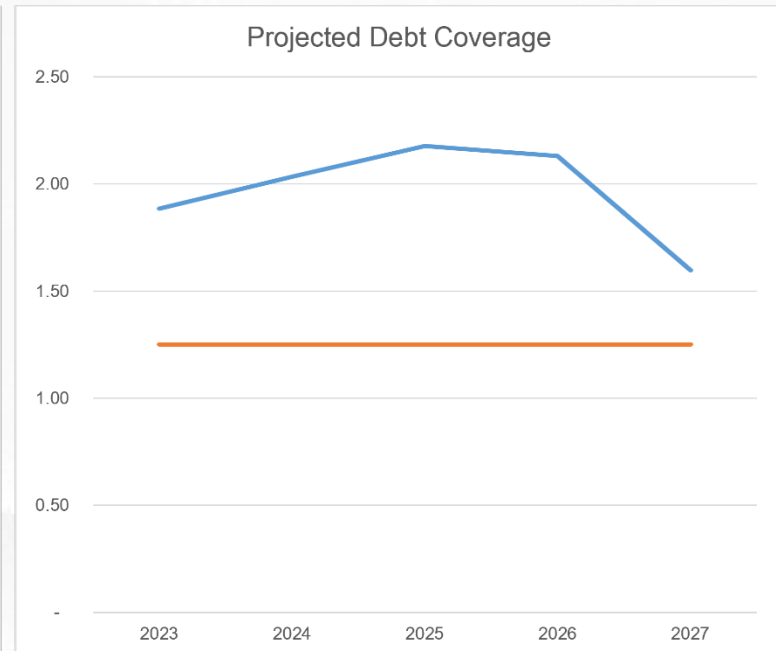
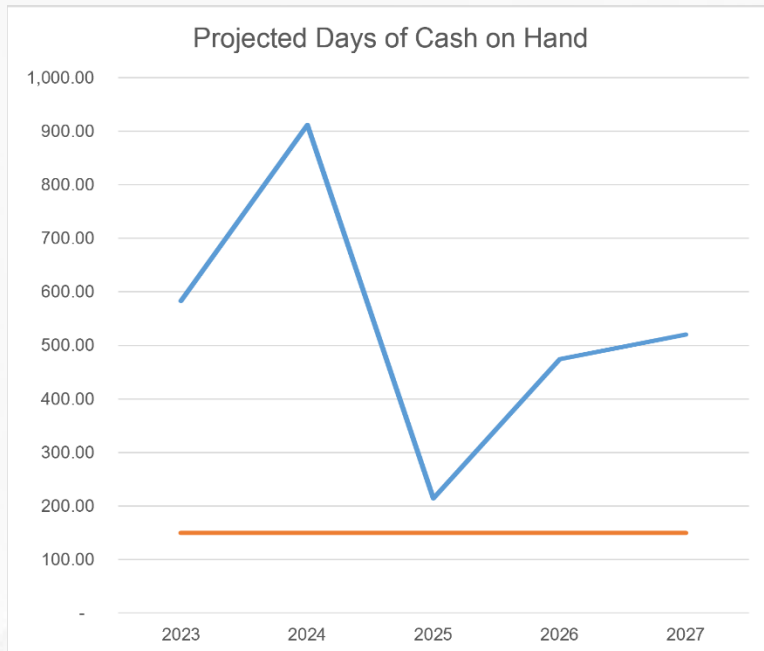
Baseline (No Action)



SCENARIO ANALYSIS

Scenario 2 (Needed Rates)

- Assumes Revenue Increases to Promote Sustainability
- UDOT Projects are Spread Over Entire Service
- All O&M Costs are Allocated Based on an Estimated Cost Per Acre Foot



NEW RATE SCHEDULE

Recommended Rates: South Weber

Lot Size in Acres		Reflects Increases in Assessments
From	To	1-inch Connection
0	0.33	\$313
> 0.33	0.50	\$368
> 0.50	0.75	\$409
> 0.75	1.00	\$449

■ Does not include local collections fees

NEW RATE SCHEDULE

Recommended Rates: South Weber

		Reflects Increases in Assessments		
Lot Size in Acres		1-inch connection		
From	To	Existing Fee	Proposed Fee	% Change
0	0.33	\$272	\$313	15%
> 0.33	0.50	\$294	\$368	25%
> 0.50	0.75	\$327	\$409	25%
> 0.75	1.00	\$359	\$449	25%

■ Does not include local collections fees

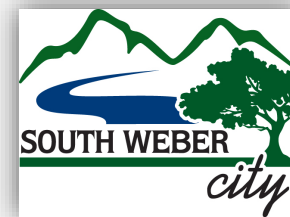
FINALIZATION

- **Rates Need to Be Adjusted As Soon As Possible**
- **Next steps? City Council action?**

Thank You For Your Time

Questions?





Tax Increment Financing

An Economic Development Tool

South Weber
City Council
Meeting

January 10, 2023

**Increase commercial
property and sales tax
to reduce dependence on
residential property tax**

A close-up photograph of a person's hand pointing towards the right. The person is wearing a white button-down shirt. The background is slightly blurred, showing more of the shirt and what appears to be a screen or document. The lighting is bright and even.

The Goal

A larger, more diversified
tax base into the future



Invest Future Dollars

Use new money generated by the project

Post Performance

The City does not spend current funds

Creating New Revenue

A TIF allows future gains in incremental property taxes to fund improvements by creating its own revenue stream

Land

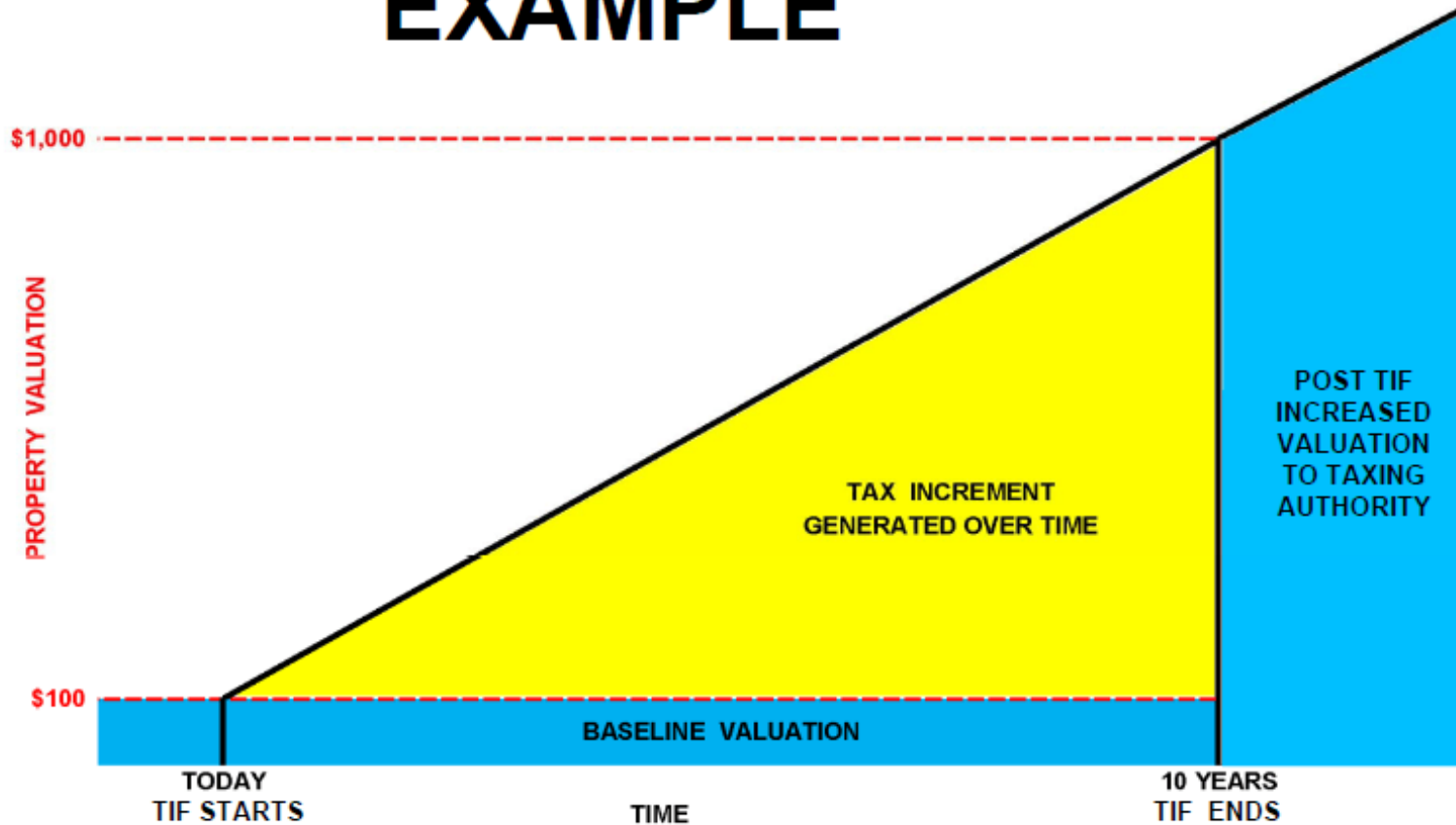


City Tax Revenue



Tax Increment Financing

EXAMPLE



Thought Questions

Is the City losing or gaining tax dollars?

Does the City's TIF pledge increase or decrease residential tax burden?



Utah State Law

does not allow incentives, EXCEPT

When the retail square footage is under 20,000 sf

The Request

General RV has officially requested the following:



1- Property Tax Abatement for ten years

2- Waiver of impact fees

3- Reimbursement for public infrastructure improvements

- Irrigation Piping
 - New sidewalk/walking path
 - New landscaped park strip
 - CMU firewall
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