

PROPOSED
HYRUM CITY CULINARY WATER RATE INCREASE/SCHEDULE OVERVIEW
2019

The following is OUR recommendation.

Culinary Water Department

January 1, 2019

\$3.00 for ¾ inch connections

10 cents per 1000 usage- All users

January 1, 2020 raise rates:

6 cents per 1000 usage- Commercial/Industrial

January 1, 2021 raise rates:

6 cents per 1000 usage- Commercial/Industrial

January 1, 2022

6 cents per 1000 usage- Commercial/Industrial

CULINARY WATER OVERVIEW

2018

Water Rate Comparisons

City	Base Rate	Residential	Other	Commercial
Hyrum	¾"-\$12.00	(10,000 gal included)		
	1"-\$16.96	.68 per 1000		.68 per 1000
		(10,000-50,000)		(10,000-50,000)
		.98 per 1000		.80 per 1000
		(Over 50,000)		(Over 50,000)
	1-1/2"-\$47.26			
	2"-\$73.50			
	3"-\$157.71			
	4"-\$367.51			
	6"-\$420.01			
Logan	\$17.00	.99 per 1000	6% Fee	1.13 per 1000
	\$11.00/Multi	(First 10,000)		(All)
		1.60 per 1000		
		(Over 10,000)		
		1-1/2-\$18.		
		2"-\$25.50		
		4"-\$77.50		
	6"-\$113.50			
	8"-\$156			
(Rates increase 35% July 1- & 3% a year until 2022)				
N Logan	\$7.11	1.57 per 1000		1.57 per 1000
Smithfield	\$18.00	.90 per 1000		.90 per 1000
		(0-10,000)		(0-10,000)
		1.00 per 1000		1.00 per 1000
		(to 20,000)		(to 20,000)
		1.25 per 1000		1.25 per 1000
		(over 20,000)		(over 20,000)
Nibley	\$10.50	.95 per 1000		.95 per 1000
		(All)		(All)
Providence	\$23.25	(10,000 gal included)		
		.75 per 1000		.75 per 1000
		(10,001-50,000)		(10,001-50,000)
		1.50 per 1000		1.50 per 1000
		(Above 50,000)		(Above 50,000)

Base price 1" or under connection size plus the first 10,000 gallons:

Hyrum- \$12.00- ¾" \$16.96- 1"

Logan- \$28.45 (Increase another 35% July 1)

N. Logan- \$22.81

Smithfield- \$27.00

Nibley- \$20.00

Providence- \$23.25

As you can see our rates are the lowest for usage up to 10,000 gallons. Our commercial rates are considerably lower than other cities. We are only city in comparisons that charge a different price for 1-inch connection.

Some of the reasons for needing the increased revenues are:

- 1- The city still has a large number of old steel water lines that need to continue to be replaced on a regular basis. These steel lines are showing signs of failing at a greater rate. We have about 41 blocks of older lines left. (see attached map) The engineers rough estimate to replace is \$4,100,000.
- 2- Meters- The new radio read modules need to be added to a large portion of the city. Cost-\$250,000. Also, meters wear out and get less accurate with age. It costs about \$300 to replace each one.
- 3- With growth comes the need for more employees to meet the increased workload.
- 4- Longer range planning (10 to 15 years)- Another well is going to be needed at sometime inside the city, probably near the irrigation pond, so that it can be used for culinary or irrigation. (At present if we were to be cut off from the springs and large wells in the canyon this would leave us with the two smaller wells in town to supply the city. This may not be a likely scenario but it is possible.)
- 5- Our Industrial businesses have potential for expansion and increased water usage.

Much of the needed water for increased demand is going to come from pumping of the wells. This water will be more expensive to supply.

We currently have yearly revenues of about \$1,267,000 and yearly expenses of about \$850,000. This leaves about \$417,000 a year to use towards new construction & improvements. Of this \$417,000, \$283,300 is from impact & connection fees. This is based on a 100 building permits this year. This portion of income will drop considerably during normal building years. The last ten-year average is 38 a year. (We have \$133,700 plus impact fees to use towards construction) Without impact fees it would take 33 years to just replace the steel lines and meter read modules with no inflation, new projects, or other emergency projects.

Logan & Smithfield recently looked into their infrastructure replacement costs and found that they were running way behind in accomplishing what would need to be done. Logan raised their rates 35% and will have an automatic increase of 3% a year until 2022. Smithfield recently raised their water rates almost 50%. We have not raised residential rates since April 2009. We have been told by the state that we may have the lowest water rates in the whole state. We could consider an automatic increase for a few years to ease into what is going to be needed.

Recommendation:

If we raised base rates \$3 on ¾" connections it would generate about \$92,000 a year. Our base fees on all other lines sizes is already on the high end of other city comparisons so our recommendation would be to maintain those at present rates. Raising the usage fees 10 cents on residential & commercial connections would bring in about \$60,000 more a year. Bringing the commercial usage rates even with residential would generate another \$126,000 a year. There is an 18-cent difference. This could be accomplished by raising those rates by 9-cents a year for two more years. (Could go 6-cents a year for three years, or some other formula)

We have a great water system but we will need to continue to invest in it in a greater amount to stay ahead of potential issues facing the city.