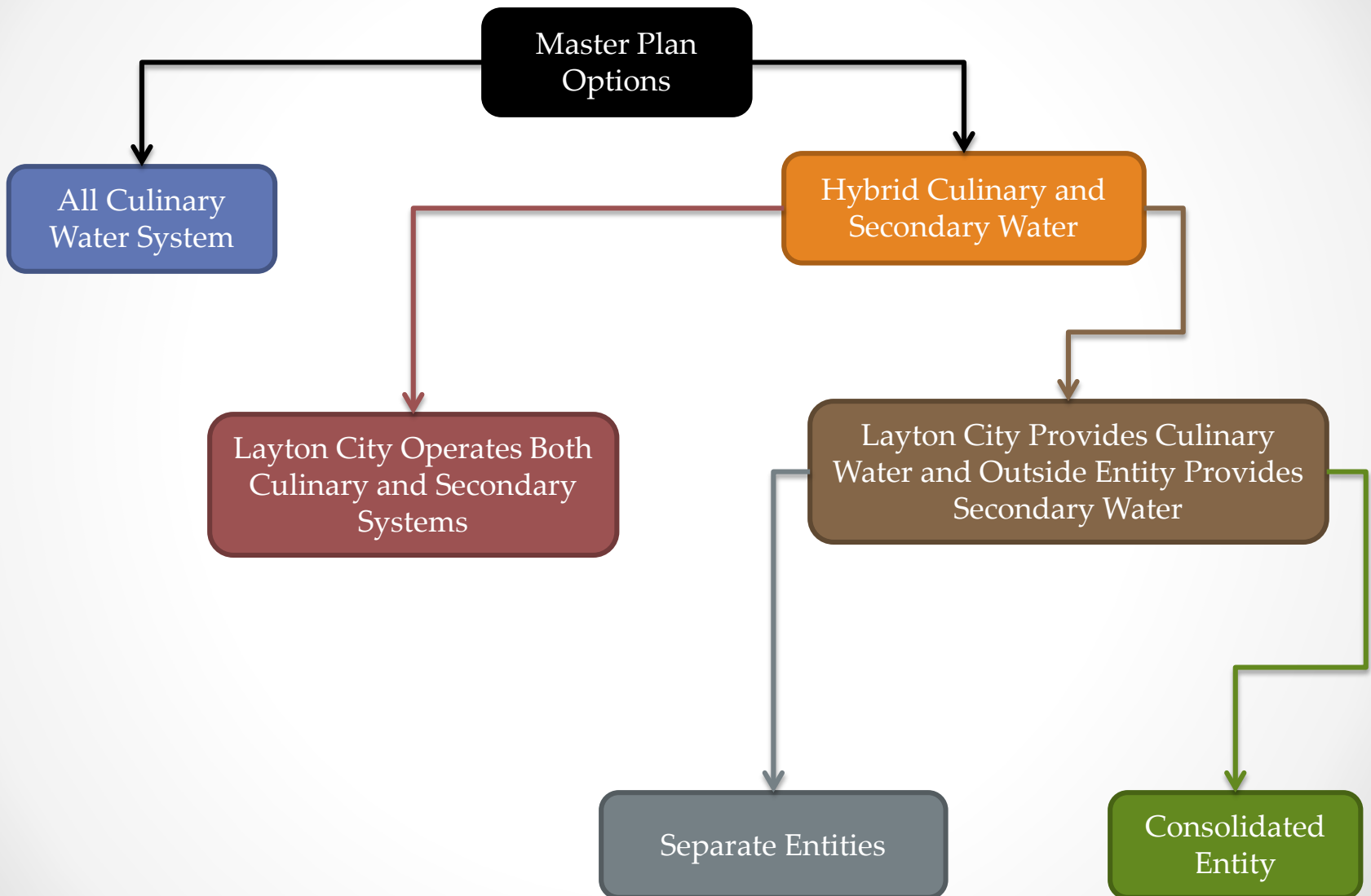


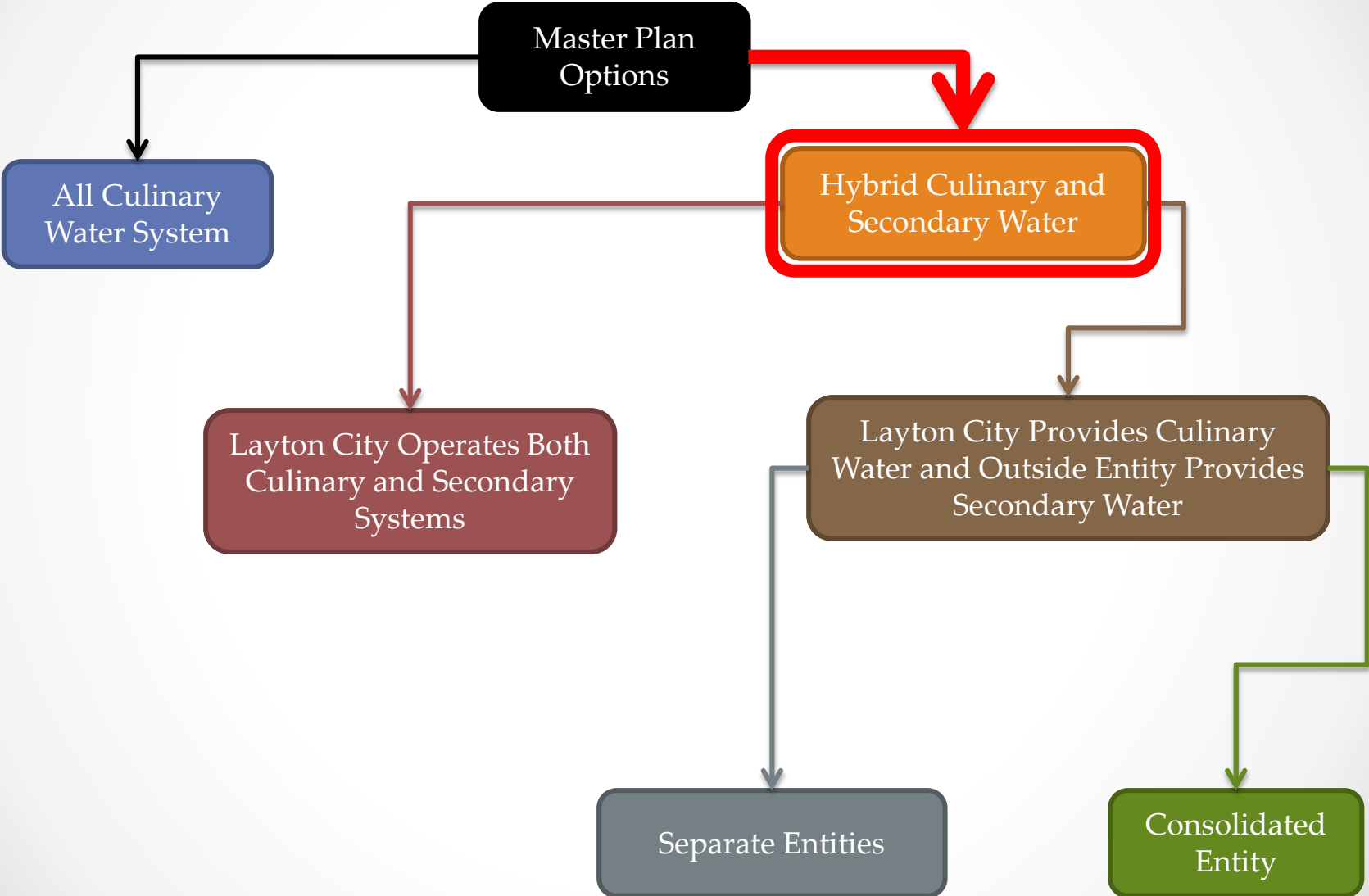
Layton City Water Master Plan

Secondary Service Provider
Discussion

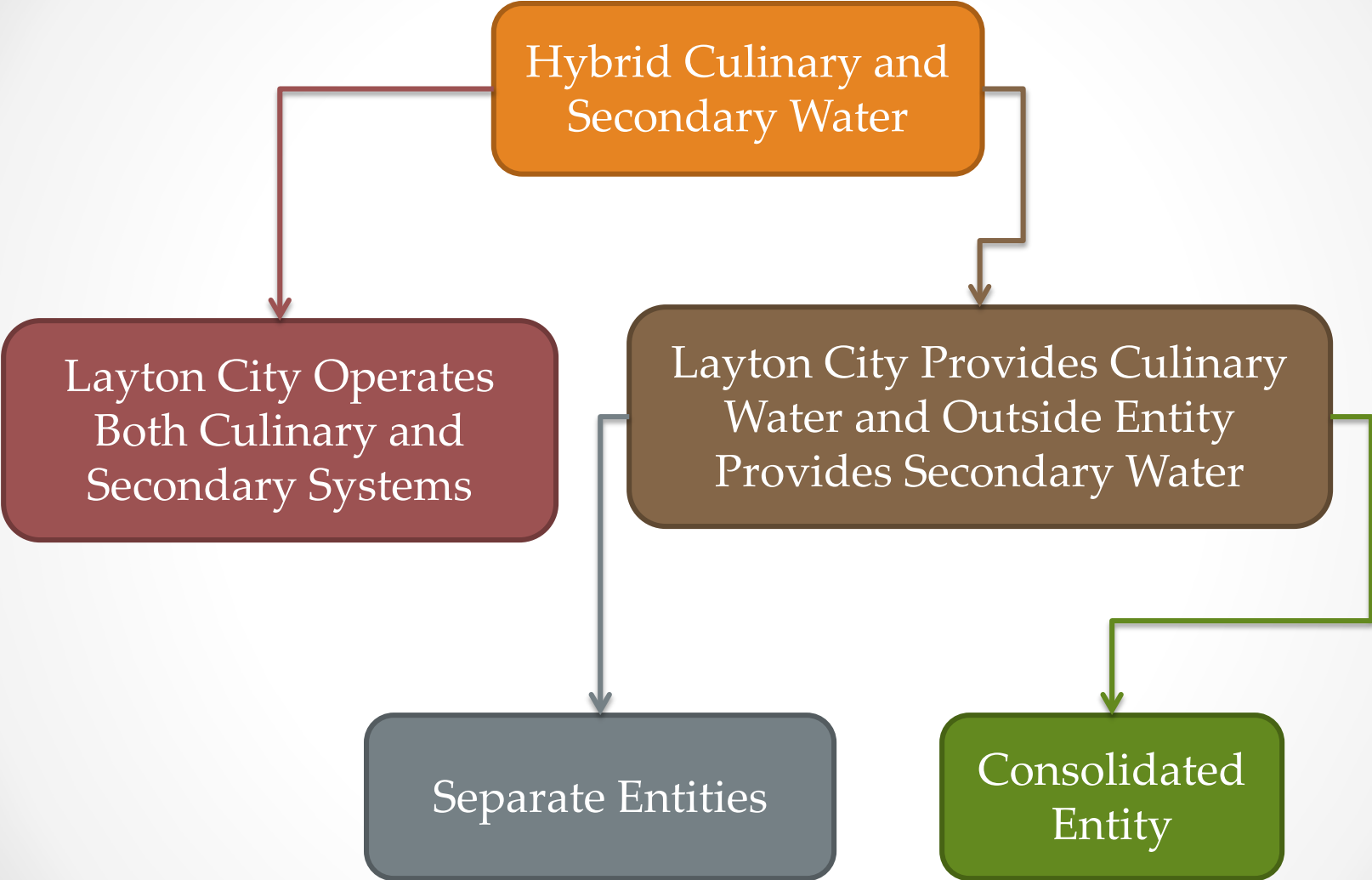
LAYTON CITY WATER MASTER PLAN



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LAYTON CITY WATER MASTER PLAN



How to Evaluate Provider Options

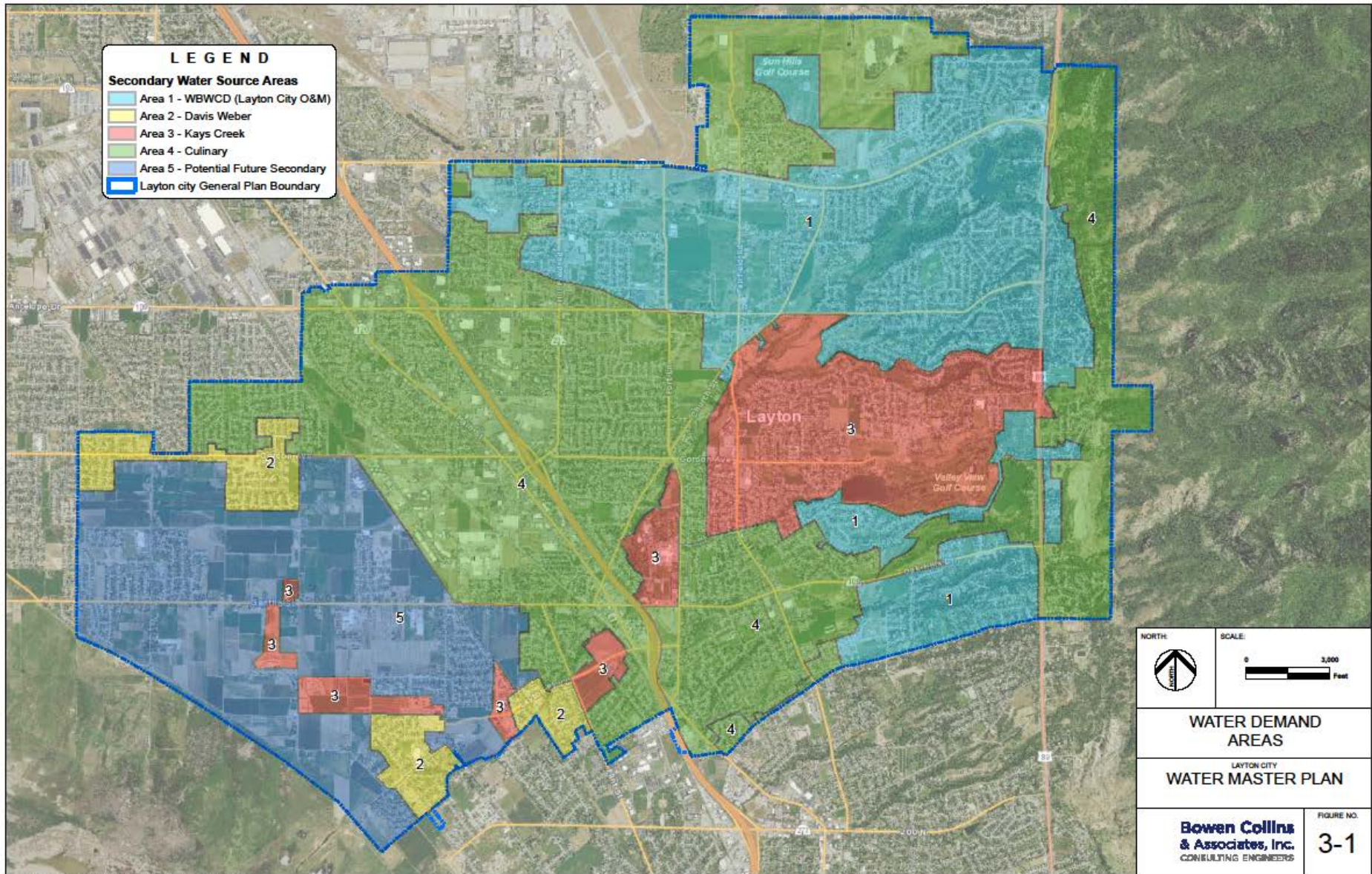
- **Financial Viability** – How will the new secondary water provider pay for new assets? Is there capacity to finance facilities?
- **Customer Service** - What is the capacity to provide good customer service?
- **Relative Cost** - What is the relative cost of secondary water for Layton City customers (assuming the same level of service)?
- **Impact on Layton City Culinary Revenue** - How does the new secondary water provider affect Layton City culinary water system revenue?
- **Local Control** - Who administers secondary system? Will there be adequate protection of water resources and infrastructure?
- **Rate Uniformity** - How uniform will secondary rates be across Layton City?



Provider Option

Separate Entities

Service Area



Separate Entities

Evaluation Criteria	Challenges
Financial Viability	Burden of financial viability would be shifted to developers. While this could be viewed as a positive for the City, this would significantly complicate development, especially for smaller developments.
Customer Service	Customer service would depend on provider, but smaller service areas would have a negative effect on service
Relative Cost	With multiple providers, there would be some losses of efficiency and potential overlap in facilities that could lead to higher long-term O&M and capital costs
Impact on City Revenue	Revenue for secondary would reduce revenue paid to Layton City while culinary water costs remain approximately the same because of take or pay contracts.
Local Control	Control of facilities would depend on which entities construct facilities. Working with multiple different irrigation companies would significantly complicate working for the overall benefit of City customers.
Rate Uniformity	No uniformity

Provider Options

Consolidated Entity
(New Service District)

VS.

Layton City Operates Both
Culinary and Secondary Systems

Provider Comparison

Evaluation Criteria	Advantage City	Advantage District	Reason
Financial Viability			With no current customer base, new service district would require significant financial help from Layton City. Thus, financial viability essentially the same.
Customer Service			The City already supports culinary customer service, and is entering an agreement in 2017 to service WBWCD secondary. Layton already has resources and staff in place to provide customer service. A full operations team would need to be created for the new service district and is expected to be less than could be provided by an experienced City team.
Relative Cost			Capital costs for either option are expected to be identical, but ongoing maintenance costs are expected to be slightly higher for a new service district because of duplication of personnel and equipment.
Impact on City Revenue			With new district, there is a possible loss of revenue as customers move from City culinary water to district secondary water. Under the City, revenue could be balanced between culinary and secondary water.
Local Control			The Board would include representatives from the irrigation companies, diluting overall City control. As a separate entity, the service district may not have the same interests as the City as a whole.
Rate Uniformity			New district could set user rates for all its users uniformly; however, this would not necessarily be coordinated with Layton City culinary rates

Questions?