

**ENOCH CITY WATER BOARD
MINUTES
February 12, 2026 at 4:30pm
City Council Chambers
City Offices, 900 E. Midvalley Road**

MEMBERS PRESENT: Doug Grimshaw, Alan Miller, and Christopher Daughton

STAFF PRESENT: City Manager Robinson, Council Member David Harris, City Recorder Lindsay Hildebrand, Public Works Director Hayden White

PUBLIC PRESENT: None

1. CALL TO ORDER OF REGULAR MEETING

- a. **Pledge of Allegiance** – Led by Chairman Pro Tem Grimshaw
- b. **Invocation –Audience invited to participate** – Given by Christopher Daughton
- c. **Approval of agenda for February 12, 2026** – Alan made a motion to approve the agenda. Chris seconded and all voted in favor.
- d. **Approval of minutes for May 8, 2025-** Alan had a few changes that he discussed with Lindsay. He made a motion to approve the minutes. Chris seconded and all voted in favor.
- e. **Conflict of Interest Declaration-** None stated

2. PUBLIC COMMENTS

3. PRESENTATION OF WATER RATE ANALYSIS BY ENSIGN ENGINEERING

Revenue Impact Projections

The representative from Ensign Engineering presented analysis showing that the proposed rate structure would generate an annual increase of approximately \$66,000 in revenue. However, this increase would not be distributed evenly throughout the year. The analysis revealed that the proposed structure would result in decreased revenue during non-irrigated winter months, while generating significant increases during the lawn watering season when residents activate their sprinkler systems.

Proposed Tier Structure Changes

The presentation recommended expanding from the current three-tier system to a five-tier system, adding two additional tiers beyond the existing structure. The proposed tiered rate structure included:

- **Base Rate** (Tier 1): 0 to 21,000 gallons at \$27.50
- Tier 2: 20,001 to 28,000 gallons at \$0.75 per thousand gallons
- Tier 3: 28,001 to 35,000 gallons at \$1.50 per thousand gallons

- Tier 4: 35,001 to 42,000 gallons at \$3.00 per thousand gallons
- Tier 5: > 42,000 gallons at \$4.00 per thousand gallons

The analysis showed that during winter months, the vast majority of Enoch residents fell within the first tier of 20,000 gallons, which was a critical consideration when evaluating how changes to the base rate versus tiered rates would affect overall revenue generation.

Conservation Recommendations

The Ensign Engineering representative provided important data on typical household water consumption patterns. The analysis indicated that average household indoor-use-only consumption ranged between 7,000 and 13,000 gallons per month. Based on this data, the engineering firm suggested that setting the base rate threshold at approximately 15,000 gallons would promote conservation on outdoor water use while still accommodating typical indoor consumption needs

Affordability Standards and Compliance

An important component of the analysis addressed regulatory compliance with affordability standards. The Ensign Engineering representative emphasized that when evaluating any rate changes, the city needed to ensure that the monthly average water bill remained below 1.75 percent of the area's median adjusted gross income (MAGI). The presentation indicated that Enoch City's current rates were well within compliance, with the city being "more than fine" for meeting this threshold. With the area's median adjusted gross income estimated at approximately \$65,000 and the average monthly water bill around \$68, the city was significantly below the 1.75 percent threshold. This affordability metric is particularly important because lending institutions and grant agencies evaluate it when considering whether municipalities have sufficient revenue-generating capacity or whether they are undercharging for services.

4. DISCUSS AMENDING THE WATER RATE STRUCTURE AND USER FEE AND MAKE A RECOMMENDATION TO THE CITY COUNCIL

Council Member Harris expressed immediate concern about any proposal to reduce the base rate, noting that the city's financial needs suggested that decreasing rates would likely move in the wrong direction. This reaction stemmed from the city's identified need to generate approximately \$80,000 to \$100,000 in additional annual revenue to cover bond payments for new well development and increased operational costs.

Alan raised critical questions seeking clarification on how the proposed changes would affect revenue generation during the winter months. He expressed confusion about the claim that reducing the base rate while maintaining the first-tier structure would generate increased revenue in winter, given that elsewhere in the analysis it was indicated that the vast majority of users fell within the first tier of 20,000 gallons during those months. After clarification, it was confirmed that the proposed structure would indeed reduce revenue during winter months.

Complexity Concerns

The board members discussed concerns about increasing complexity in the rate structure. Alan emphasized the importance of keeping the tier system fairly simple, sharing his experience with other systems that had implemented as many as eight tiers,

which became complex, confusing, difficult to bill, and difficult for customers to understand. Moving from three tiers to five represented a significant increase in complexity, and the board weighed this against the potential benefits of more granular pricing to encourage conservation and shift the burden to heavy users.

Behavioral Change Considerations

Council Member Harris acknowledged that while he did not object to placing more of the financial burden on heavy water users, he recognized that such changes could potentially alter customer behavior and thereby reduce overall revenue projections. This represented an important consideration: if higher-tier rates successfully incentivized conservation among heavy users, the anticipated revenue increases might not fully materialize, potentially requiring adjustments to ensure the city met its revenue targets.

Board Member Tier Structure Proposal

Rather than fully adopting Ensign Engineering's five-tier proposal, board members explored alternative approaches that would achieve revenue goals while maintaining relative simplicity. Doug suggested keeping the existing rate amounts \$1, \$2, and \$3 per thousand gallons, but adjusting the gallonage thresholds downward to capture more revenue from heavy users without significantly complicating the billing structure.

For example: Tier 1: 20,0001 to 30,000 gallons at \$1 per thousand gallons

Tier 2: 30,0001 to 50,000 gallons at \$2 per thousand gallons

Tier 3: > 50,001 gallons at \$3 per thousand gallons

The board recognized that making informed decisions required sophisticated modeling of how different rate structures would affect actual revenue based on historical consumption patterns. Council Member Harris requested that staff use the Waterworth software—revenue projection software recently acquired by the city—to model the proposed tier adjustments and analyze their specific effects on revenue generation.¹ This software analysis was identified as essential before the board could make a confident recommendation to the City Council.

Alan provided a valuable historical perspective, noting that Enoch's rate structure had previously been set at \$29 for 30,000 gallons before being reduced by 10,000 gallons to the current structure. He expressed a strong belief in making small incremental changes implemented more frequently rather than large periodic adjustments, arguing that the customer base could usually accept incremental changes and would be comfortable with them, provided there was good justification.

This philosophy aligned with Council Member Harris's vision for annual rate reviews, examining depreciation fund allocations, infrastructure replacement needs, and water system requirements each year to determine whether small adjustments were necessary. Alan reinforced this approach, noting that regular reviews would maintain the city's ability to address inevitable increases in power costs, labor costs, and materials costs without falling behind financially.

Rather than immediately adopting Ensign Engineering's specific recommendations, the board concluded that additional analysis was needed using the city's water modeling software (Water Worth) to test how alternative tier structures would perform against actual historical consumption data.

The presentation of the water rate analysis provided essential data, context, and professional guidance that informed the board's subsequent deliberations and development of alternative approaches better suited to Enoch City's specific circumstances and goals.

5. DISCUSS THE UTAH PUBLIC WATER SYSTEM FEE POLICY AND MAKE A RECOMMENDATION TO THE CITY COUNCIL

The 1.75% MAGI Affordability Threshold

The discussion centered on the state's affordability standard. The Ensign Engineering representative informed the board that when evaluating any rate changes, the city must ensure that the monthly average water bill remains below 1.75 percent of the area's median adjusted gross income (MAGI). This represented a critical regulatory constraint that would govern the board's rate-setting authority and ensure water services remained affordable to residents across different income levels.

Understanding the Policy Application

When Doug Grimshaw requested clarification about this policy requirement, Council Member Harris explained that using Enoch City's modified adjusted gross income average as an example—supposing it was \$70,000—the city should not set water rates exceeding 1.75 percent of that amount. This framework established clear parameters for maximum rate levels while protecting residents from excessive utility costs relative to their household incomes.

The board sought to understand the source and enforceability of this policy. When asked whether the 1.75 percent requirement was mandated by lenders or the state, Council Member Harris clarified that it was a general state policy requirement. He explained that the state established this guideline to ensure municipalities did not charge rates exceeding this percentage, with particular importance for both regulatory compliance and grant eligibility considerations.

Alan Miller contributed additional nuance, suggesting that municipalities should manage their rates strategically within a range around this threshold, balancing customer benefit with financial sustainability rather than necessarily maximizing rates to the policy limit.

Impact on Grant Eligibility

If Enoch City sought grant funding for water system improvements, grant agencies would scrutinize whether the city was charging rates proportionate with state policy allowances. Council Member Harris noted that grant agencies might conclude the city lacked adequate funding, not due to genuine fiscal constraints but because of insufficient rate charges, potentially denying grant applications on the principle that municipalities should maximize their own revenue-generating capacity before seeking public assistance.

Lender Perspectives

Conversely, lending institutions evaluating Enoch's creditworthiness for bonds or loans would observe that the city was charging only approximately 0.7 percent of modified adjusted gross income on average, recognize substantial room for rate increases, and potentially view this favorably as demonstrating revenue-raising capacity to service debt obligations. However, lenders might also require rate increases as a condition for loan approval to ensure adequate and sustainable revenue streams for debt repayment.

The board conducted detailed calculations during the meeting to determine Enoch City's exact position relative to the Utah Public Water System Fee Policy threshold. The Ensign Engineering representative estimated Enoch's median adjusted gross income at approximately \$65,000, with a current average monthly water bill of around \$68.

Doug Grimshaw performed real-time calculations: 1.75 percent of \$65,000 annually equals \$1,137.50, which, when divided by 12 months, yields approximately \$95 per month as the policy threshold.

Water-Specific vs. Overall Utility Threshold

An important clarification emerged regarding whether the 1.75 percent policy applied exclusively to water charges or to the entire utility bill encompassing water, sewer, drainage, and other services. Alan Miller noted that Enoch's overall utility bill averaged \$81 per month. Council Member Harris sought clarification about the policy's scope.

Based on the discussion, Council Member Harris indicated his understanding that the 1.75 percent threshold applied specifically to water charges alone, meaning water service could constitute up to 1.75 percent of median income independently, while the city's combined utility bill of \$81 remained well below concerning levels.

Compliance Confirmation

The Ensign Engineering representative confirmed that Enoch City was "more than fine" regarding the 1.75 percent MAGI threshold, indicating robust compliance with the Utah Public Water System Fee Policy. This assessment provided the board confidence that the proposed rate structure amendments would remain within policy parameters.

Strategic Implications for Board Recommendations Rate-Setting Flexibility

Understanding that Enoch charged rates representing only about one-third of the maximum allowed under state policy gave the board considerable strategic flexibility. This positioning meant that:

1. Revenue Enhancement Capacity: The city could implement the tier adjustments and rate increases under discussion to generate the needed \$80,000 to \$100,000 in additional annual revenue for well improvements without approaching problematic affordability levels or regulatory limits.
2. Regulatory Assurance: Any recommendation to the City Council would carry the confidence of full compliance with state policy, eliminating regulatory risk as a consideration in rate-setting decisions.
3. Financing Credibility: The board's understanding that rates were well below state thresholds would support future bonding or loan applications by demonstrating fiscal conservatism and revenue-raising capacity.

Balancing Multiple Utility Charges

The discussion highlighted the importance of viewing water rates not in isolation but as one component of a comprehensive utility bill. Council Member Harris acknowledged that while the city had room to increase water rates under state policy, recent sewer fee increases needed to be considered to avoid overburdening customers with cumulative utility cost increases.

Grant Application Strategy

The board recognized that while conservative rate-setting benefited current customers, it created potential complications for grant applications. Council Member

Harris noted that grant agencies examining Enoch's rates relative to the state policy might question why the city sought external funding when it had not fully utilized its own revenue-raising authority under state guidelines. This understanding would inform future decisions about balancing rate increases with external funding pursuit.

6. BOARD/STAFF REPORTS

Hayden White

- The department was running a secondary irrigation line up Midvalley Rd.
- Three people had signed up for connections to secondary.
- They will tie the little park on Enoch Rd and Rec Complex on a secondary water line as well.

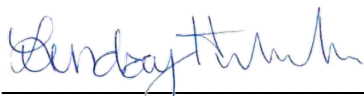
Lindsay Hildebrand

- She had received a couple of GRAMA requests.
- She had been researching a software program that would help with business license renewals and applications.

Council Member Harris

- He reported on the regional water cooperation efforts. Discussions are ongoing regarding the regionalization of water systems among Cedar City, Enoch City, the Water Conservancy District, and the county.
- Plans were moving forward to ensure the various entities worked together to develop water sources and interconnect systems rather than competing with each other, enabling them to buy and sell water wholesale from one another and help solve each other's problems.
- He noted that the city was looking at establishing several additional interconnection areas in the near future, with meters installed so water could be passed back and forth between systems as needed. He characterized these as fairly high-level discussions, noting that much of the conversation at meetings he attended involved technical engineering matters to which he had not yet contributed extensively.

7. ADJOURN – Alan made a motion to adjourn. Chris seconded and all voted in favor.



04/09/2026

Lindsay Hildebrand, Recorder

Date