

American Fork City Storm Drain Rate Structure Update



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Presentation Outline

- Revenue Requirements
 - *How must overall revenue change to meet future budget requirements*
- Proposed Storm Drain Rate Structure Changes
 - *Are changes needed to the way customers are billed?*

Revenue Requirements

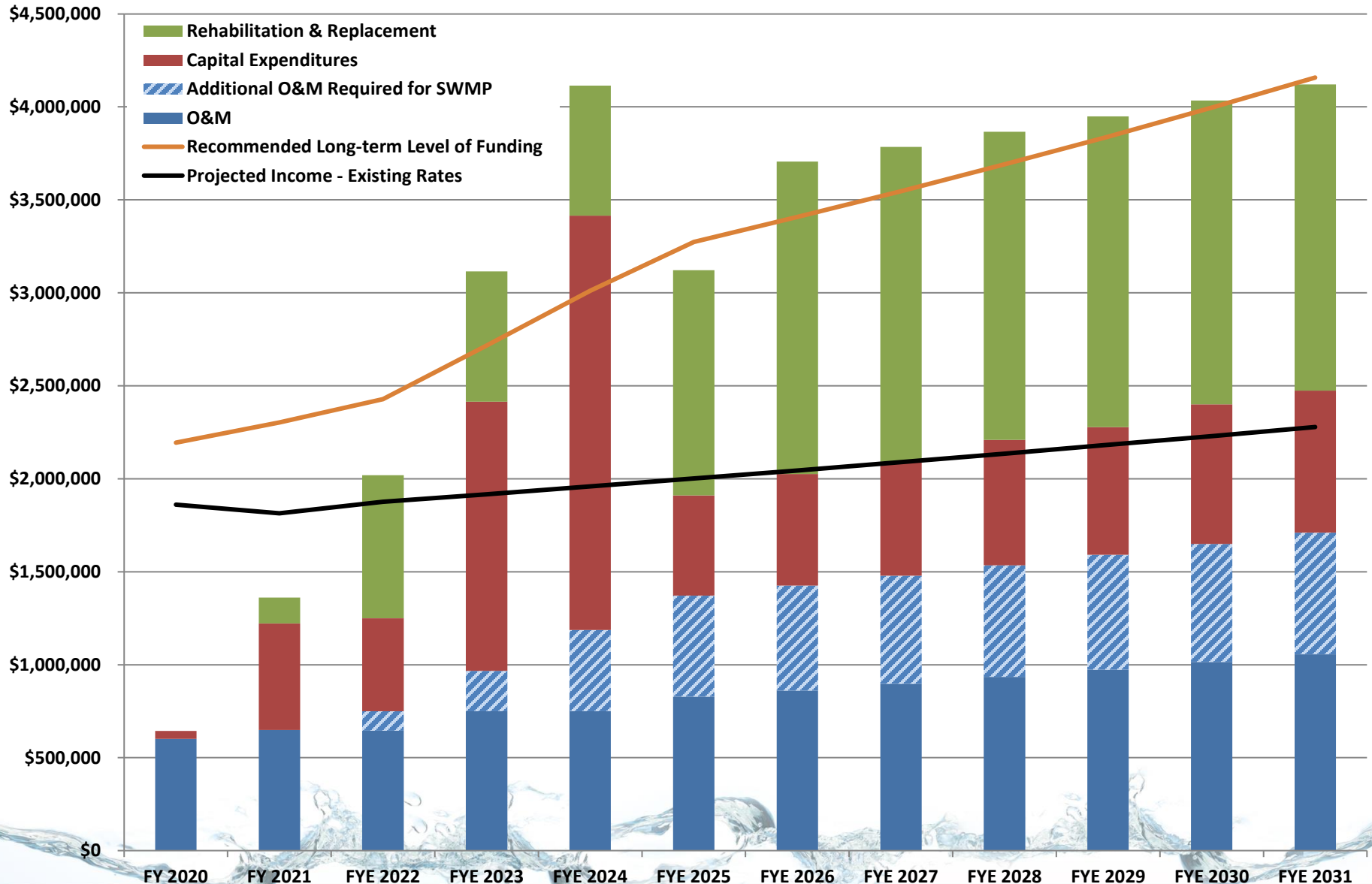


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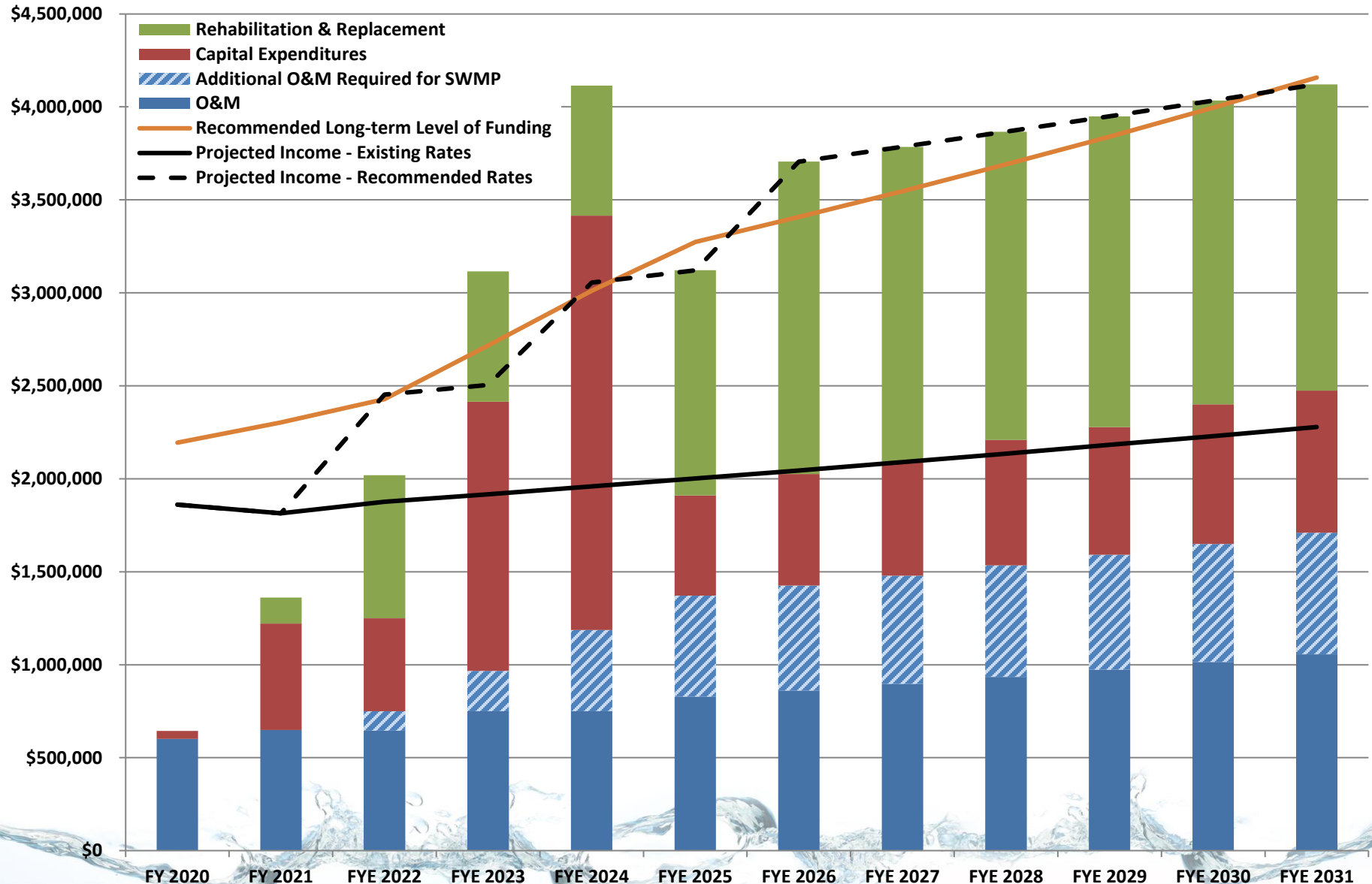
Revenue Requirements

- No rate increases have occurred over last several years
- Increased costs associated with Storm Water Management Plan (SWMP)
 - *Costs required to meet increasingly more strict federal Municipal Separate Storm Sewer System (MS4) permit requirements*
- Capital Expenditures
 - *Priority projects include City's 36-inch waterline, channel rehab on American Fork River, storage bays, new public works facility*
- Sustainable investment in rehabilitation and replacement of collection system

10-year Revenue Requirements & Projected Income



10-year Revenue Requirements & Projected Income

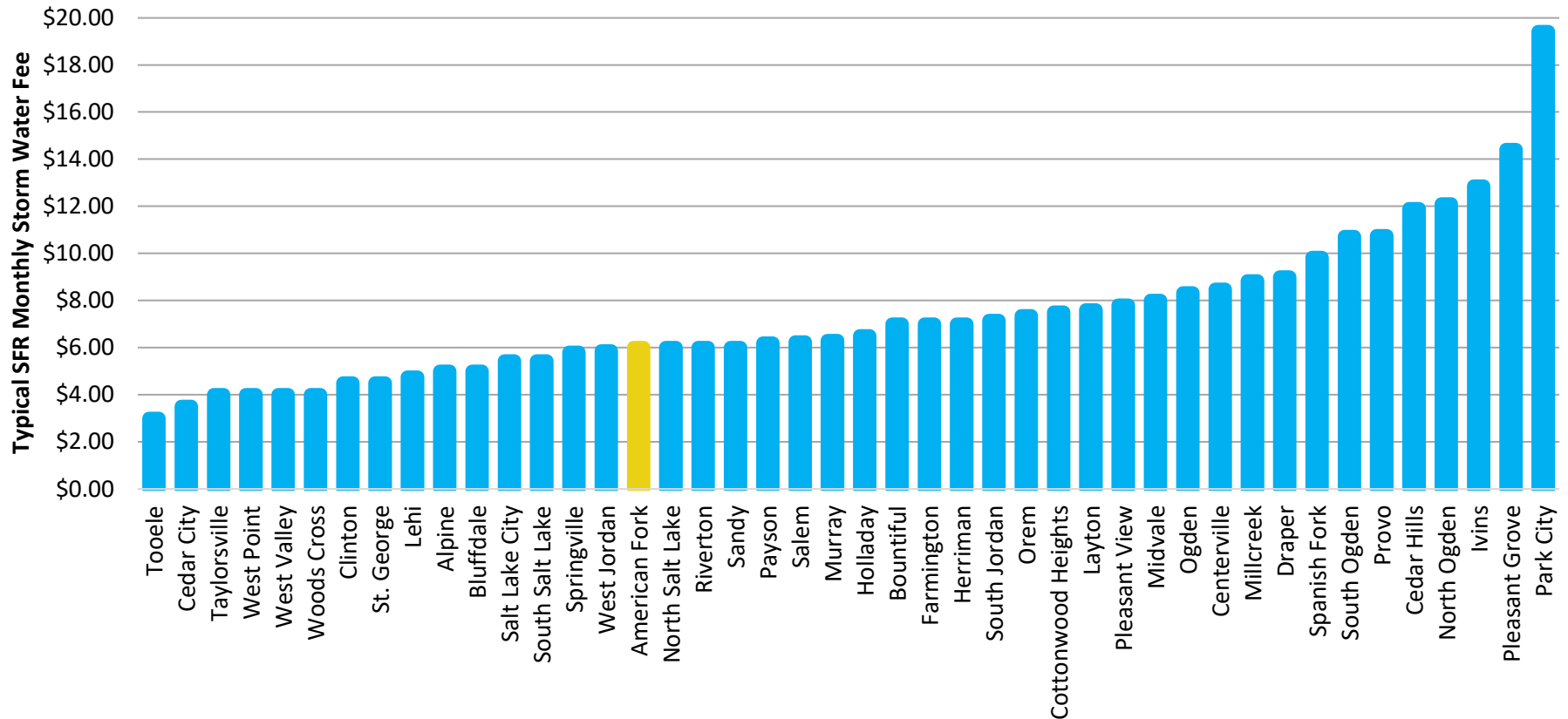


Revenue Requirements

- Based on current expenditure plan, needed revenue increase:

Monthly Storm Drain Rate – Single-Unit Residential		
Existing	\$6.00/Unit	Existing
2022	\$8.50/Unit	\$2.50 Increase
2023	\$8.50/Unit	No Increase
2024	\$10.50/Unit	\$2.00 Increase
2025	\$10.50/Unit	No Increase
2026	\$12.50/Unit	\$2.00 Increase

Comparison with Other Communities



Data Source: Official website of referenced entity (accessed April 2021)

Proposed Storm Drain Structure Changes



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Proposed Storm Drain Structure Changes

- The current rate structure is the following:

Monthly Base Rate		
Customer Class	Rate Per Month – Historic	Rate Per Month – City Code
Single Unit Residential	\$6.00/Unit	\$6.00/Unit
Multi-Unit Residential	\$6.00/Unit	\$6.00/ERU (1 ERU = 3,400 Square Feet Impervious)
Commercial/Institutional	\$6.00/ERU (1 ERU = 3,400 Square Feet Impervious)	\$6.00/ERU (1 ERU = 3,400 Square Feet Impervious)

Proposed Storm Drain Structure Changes

- Weakness of existing rate structure is that **it doesn't make any distinction between base customer costs vs costs associated with runoff volume:**
 - Base Customer Costs - costs that are required regardless of volume produced by individual customers
 - *Permit Compliance*
 - *Billing*
 - *Most Operations & Maintenance Costs*
 - Volume Costs – costs that can be decreased with a decrease in volume produced by individual customers
 - *Sizing of Capital Projects*

Proposed Storm Drain Rate Structure Changes

- The recommended modified rate structure is:

Charge	Rate Per Month
Single-Unit Residential Monthly Rate	\$6.00/Unit
Other Customers – Base Rate	\$4.72/Unit
Other Customers – Area Based Volume Rate	\$0.38/1,000 Square Feet Impervious Area

- The impact of recommended rates on multi-units is:

Impact on Multi-Unit Rates	Historic Rates	Per Current City Code	Recommended Modified Existing Rate
Base Monthly Charge per Unit	\$6.00	\$0.00	\$4.72
Area Charge per 1,000 SF Impervious	\$0.00	\$1.76	\$0.38
Average Charge per Unit (Based on Calculated 1,689 Impervious SF/unit)	\$6.00	\$2.98	\$5.36
Percent of Historic	100%	50%	89%



Proposed Future Storm Drain Rates

- The new proposed rate structure with the recommended rate is the following:

Recommended Final Rates	Existing	Modified Existing Rate	2022	2023	2024	2025	2026	2027
Single-Unit Residential								
Base Monthly Charge per Unit	\$6.00	\$6.00	\$8.50	\$8.50	\$10.50	\$10.50	\$12.50	\$12.50
Multi-Unit Residential								
Base Monthly Charge per Unit	\$6.00	\$4.72	\$6.69	\$6.69	\$8.27	\$8.27	\$9.85	\$9.85
Area Charge per 1000 SF Impervious	\$0.00	\$0.38	\$0.53	\$0.53	\$0.66	\$0.66	\$0.78	\$0.78
Commercial/Institutional								
Base Monthly Charge (per 3,400 Impervious SF)	\$6.00	\$4.72	\$6.69	\$6.69	\$8.27	\$8.27	\$9.85	\$9.85
Area Charge per 1000 SF Impervious	\$0.00	\$0.38	\$0.53	\$0.53	\$0.66	\$0.66	\$0.78	\$0.78

Question and Discussion



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