

**WATER AND SEWER RATE STUDY
WORK SESSION
BRIGHAM CITY COUNCIL
May 19, 2022
5:30 p.m.**

PRESENT: D.J. Bott Mayor
Alden Farr Councilmember *arrived at 5:38 p.m.*
Matthew Jensen Councilmember
Tom Peterson Councilmember
Ryan Smith Councilmember
Robin Troxell Councilmember

ALSO PRESENT: Christina Boss City Recorder
Dave Burnett Public Power Director *arrived at 5:44 p.m.*
Mike Christiansen City Attorney
Brett Jones City Engineer
Tom Kotter Finance Director
Derek Oyler City Administrator
Tyler Pugsley Public Works Director
Chad Reyes Police Chief

Mayor Bott opened the meeting at 5:30 p.m.

Mr. Jones displayed a water rate overview for residential and commercial customers.

Proposed base fee and usage fees for residential and small commercial:

Base Fee			\$30.00
	Gallons		Cost
	(Rounded to the nearest 1,000 Gallons)		\$/1,000 Gal
Tier #1 Allocation	0	7,000	\$0.00
Tier #2 Allocation	7,001	12,000	\$1.50
Tier #3 Allocation	12,001	40,000	\$2.00
Tier #4 Allocation	40,001		\$2.50

Transfer to General Fund = 15%

Proposed base fee and usage fees for larger commercial:

Base Fee is per Meter Size			\$0.00
	Gallons		Cost
	(Rounded to the nearest 1,000 Gallons)		\$/1,000 Gal
Tier #1 Allocation	0	7,000	\$1.50
Tier #2 Allocation	7,001	12,000	\$1.50
Tier #3 Allocation	12,001	40,000	\$1.50
Tier #4 Allocation	40,001		\$1.50

Transfer to General Fund = 15%

Average # of Connections Per Month					
303 (1.5")	304 (2")	305 (3")	306 (4")	307 (6")	308 (8")
115	135	57	38	6	20

	\$28.52	\$45.48	\$84.30	\$149.14	\$343.68	\$570.67
Monthly Meter Replacement Cost:	NIC	NIC	NIC	NIC	NIC	NIC
Proposed Capacity Fee:	\$30.00	\$45.48	\$84.30	\$149.14	\$343.68	\$570.67

Mr. Jones compared the proposed rates to what other cities are charging. He presented the estimated revenue by meter size and revenue requirements for operations, system replacement, facilities maintenance, and capital projects. Mr. Jones advised the capital projects in Category 3 are source developments type items and things paid for through impact fees, and through grant revenue. Budget capital projects are covered in Category 2.

		Fiscal Year		Estimated Monthly Revenue By Meter Size									
		2020-2021 Actual	Estimated Proposed	301	302	303	304	305	306	307	308	309*	310*
Total Revenue	\$	3,541,294.78	\$ 5,945,234.90	\$311,406.00	\$27,239.63	\$50,337.91	\$8,246.85	\$6,776.10	\$7,605.32	\$3,949.08	\$13,339.40	\$51,301.92	\$15,234.04
Total Revenue With Transfer to GF		\$	5,053,449.66										
*Based on 2021 Billing													

Revenue Requirement Subtotal (Category 1) = \$ 2,161,130.00 (Minimum Required - Operation Costs)			FY 2022 - 2023	Monthly (No Overage)
Difference (Revenue less Category 1) = \$ 2,892,319.66 (Must be "in the black")				Category Only: \$5.00
Revenue Requirement Subtotal (Category 2) = \$ 2,762,184.39 (System Replacement & Facilities Maintenance)				Category Only: \$18.00 Additive: \$23.00
Difference (Revenue less Category 1 & 2) = \$ 130,135.27 (Must be "in the black")				
Revenue Requirement Subtotal (Category 3) = \$ 1,724,336.99 (Capital Projects Addressing Existing Deficiencies)				Category Only: \$11.00 Additive: \$34.00
Difference (Revenue less Category 1, 2, & 3) = \$ (1,594,201.72) (Must be "in the black")				
TOTAL REVENUE REQUIREMENT = \$ 6,647,651.38				

There was discussion on utility rate increases with the potential of decreasing rates when the economy stabilizes and then passing that on to the customers, as opposed to raising property taxes. Council also discussed the proposed increase in the residential/small commercial base fee. Mr. Jones adjusted the base fee and tier fees under a few scenarios to show the Council the dollar differences.

Mr. Oyler stated the next work session on June 2nd would include a short presentation from the electric rate study consultant. Unless the Council requests further discussion, resolutions would be presented to adopt water, sewer, and power rates on June 16th with an effective date of July 1st.

Mr. Jones moved on to the proposed sewer rate overview.

Proposed base fee and usage fees for residential and small commercial:

Base Fee: \$35.00				# of Connections		Annual Billing*	
	Gallons (Rounded to the nearest 1,000 Gallons)		Cost \$/1,000 Gal				
				501	502	401	402
Tier #1 Allocation	0	7,000	\$0.00	7699	47	\$41,487.66	\$931.42
Tier #2 Allocation	7,001	12,000	\$0.00				
Tier #3 Allocation	12,001	40,000	\$0.00				
Tier #4 Allocation	40,001		\$0.00				
Transfer to General Fund = 15%				*Based on 2021 Billing			

The recommendation was to increase the base fee to \$35.00 and eliminate the multi-family/apartments category (502) and charge the base fee for each unit. There would be no overage charges for residential and small commercial users.

Proposed base fee and usage fees for large commercial:

Base Fee			\$35.00
	Gallons		Cost
	(Rounded to the nearest 1,000 Gallons)		\$/1,000 Gal
Tier #1 Allocation	0	7,000	\$1.00
Tier #2 Allocation	7,001	12,000	\$1.00
Tier #3 Allocation	12,001	40,000	\$1.00
Tier #4 Allocation	40,001		\$1.00

Transfer to General Fund = 15%

The rate for large commercial users would increase to \$1.00/1,000 gallons. Mr. Jones compared sewer rates from various municipalities.

Mr. Jones noted the amount in Category 2 was smaller due to gravity sewer systems being less expensive and the amount in Category 3 was larger due to effluent discharge pending compliance and regulations.

			Monthly (No Overage)
Revenue Requirement Subtotal (Category 1) =	\$	2,351,700.00 (Minimum Required - Operation Costs)	Category Only: \$19.00
Difference (Revenue less Category 1) =	\$	1,208,531.62 (Must be "in the black")	
Revenue Requirement Subtotal (Category 2) =	\$	803,911.54 (System Replacement & Facilities Maintenance)	Category Only: \$8.00 Additive: \$27.00
Difference (Revenue less Category 1 & 2) =	\$	404,620.08 (Must be "in the black")	
Revenue Requirement Subtotal (Category 3) =	\$	3,388,018.87 (Capital Projects Addressing Existing Deficiencies)	Category Only: \$34.00 Additive: \$61.00
Difference (Revenue less Category 1, 2, & 3) =	\$	(2,983,398.79) (Must be "in the black")	
TOTAL REVENUE REQUIREMENT =	\$	6,543,630.41	

Councilmember Peterson mentioned some residents' disapproval of the utility transfer to the general fund and clarified the money goes to pay for the recreation department, senior center, and all the amenities in the City. Councilmembers discussed the effects of inflation on operations and maintenance of the water and sewer systems.

Mayor asked that Councilmembers email Mr. Oyler thoughts on proposed rates for water and sewer. Mr. Oyler will have a list of Staff's top utility projects for the next work session if the proposed rate increases are approved in a future meeting.

The meeting adjourned at 7:01 p.m.

The undersigned duly appointed Recorder for Brigham City Corporation hereby certifies that the foregoing is a true, accurate and complete record of the May 19, 2022 City Council Work Session.

Dated this 16th day of June 2022.

Christina Boss

Christina Boss, Recorder