



SANDY CITY PUBLIC UTILITIES

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To: Sandy City Council, Chair Zach Robinson
Mayor Monica Zoltanski

From: John Kirkham, Chair
Public Utilities Advisory Board (PUAB)

Date: September 28, 2022

RE: Water Revenue and Rate Increase Recommendation

Purpose and Need

A primary responsibility of the PUAB is to review and provide recommendations to the City Council and Mayor on Public Utility master plans, budget, rates and fees. Sandy Public Utilities recently completed an update the City's Water Master Plan which includes recommendations on capital projects, revenue needs, and water rates. Three main drivers result in a need for a revenue and water rate increase:

1. **Revenue is down with Conservation.** Customer conservation, as desired, has resulted in nearly 20% reduction in water use and revenue. Customers are paying 20% less on their water bill from 2 years ago. Most City water costs are fixed and do not go down with less water produced.
2. **Inflation.** The cost of operations and capital projects has increased dramatically. General 9% inflation and up to 40% for projects is eliminating the ability to complete water capital projects.
3. **More projects are needed.** The master plan update has identified the need for additional project funding to address water system deficiencies, primarily water pipe replacement projects.

Recommendation

The master plan update and recommended revenue needs were presented to the PUAB September 15th. A copy of that presentation is attached hereto. After discussion and deliberation, the PUAB voted unanimously to recommend a 20% overall rate increase by increasing the ¾" meter base rate by \$12 per month and increasing the volume rate of each tier by 2.4%. Base fee for larger meters will have a pro rated increase. It is recommended that the new rates be adopted in early 2023.

We respectfully submit our recommendation to the Mayor and City Council to adopt the change.

Sincerely,

A handwritten signature in black ink, appearing to read "John Kirkham".

John Kirkham, Chair
Sandy Public Utilities Advisory Board