



# SANDY CITY PUBLIC UTILITIES

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To: Marci Houseman, Chair  
Sandy City Council

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

Date: March 17, 2022

RE: Water Rate Structure Review Recommendation

### **Purpose and Need**

A primary responsibility of the PUAB is to review and provide recommendations to the City Council and Mayor on budgetary matters, including utility rates and fees. Sandy Public Utilities conducted a review of the City's water rate structure this past year as an activity identified in the 2021 Water Conservation Plan update approved by the Council and State of Utah. The primary goals of this review include:

- Incentivize water conservation to avoid the need to purchase \$34M in additional water supply
- Cost of service allocation
- Affordability for lower income users
- Revenue stability

### **Review Process & Recommendation**

The city retained the services of water rate consultant Bowen Collins & Associates to analyze our water rate structure relative to the aforesaid goals, as well as state and regional best practices. The consultant reviewed the rates and options with the PUAB on February 17. The city held a water Town Hall event on February 28 where the water rate structure issues and options were presented. Public comments were taken, and questions discussed at the Town Hall. Based upon input from the PUAB and public, a Scenario D was prepared. At the March 17 PUAB meeting a second presentation and discussion was held. A summary of the comments that were received in the February 28<sup>th</sup> Town Hall meeting were reviewed along with Scenario C.1 from the February 17 meeting, along with Scenario D.

Scenario D revisions provided for the following:

- Larger cost increase to block Tier 4 and a new Tier 5 to better align with increasing costs of higher water use and encourage conservation
- Lower Tier 2 cost and slightly higher volume of water than Scenario C.1 but smaller than existing rates to address affordability and to reward responsible landscaping and efficient water use
- Scenario D is projected to be revenue neutral.

A vote of the Advisory Board was taken, and it was unanimously decided to recommend to the City Council to consider Scenario D as a change to the water rate structure.

Sincerely,



John Kirkham, Chair