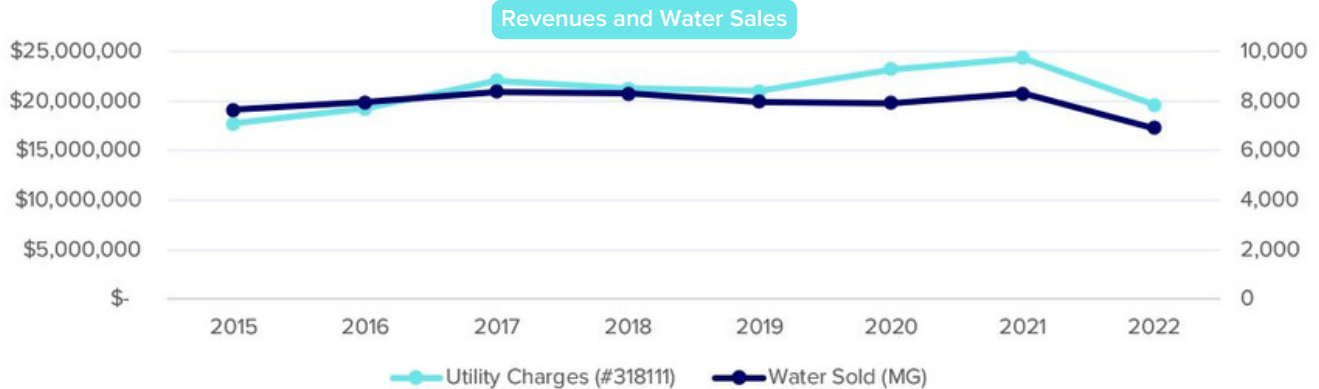


WATER REVENUE NEEDS

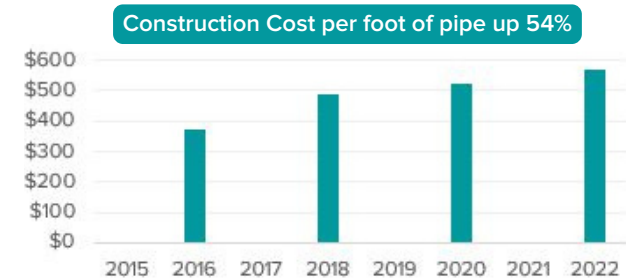
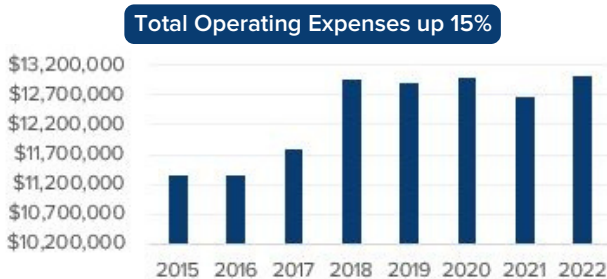
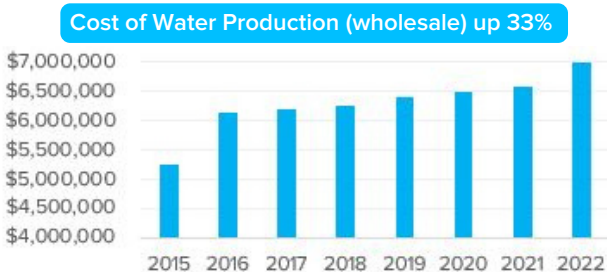
CONSERVATION IS HERE TO STAY - REVENUES ARE DOWN

Revenues are down. FY 2022 was the lowest revenue year since FY 2016.



WATER EXPENSES ARE UP 15% TO 54%

Existing costs have increased since 2015.



CAPITAL SPENDING IS DOWN

Since 2015 our Capital Outlays have essentially stayed the same. Average actual capital spending since 2015 is \$3.8 million. FY 2022 we spent \$3.2 million. Capital Outlays need to be increased to be able to replace water pipe that has reached the end of its useful life.



WATER REVENUE NEEDS



A main line break in Sandy Woods on July 17, 2022



A main line break in Sandy in 2018

REVENUES ARE DOWN:

- FY 2022 retail water sales revenue was the lowest it's been since FY 2016

EXPENSES ARE UP:

- Cost of water production (wholesale) is up 33% from 2015
- Personnel services are up 35% from 2015
- Total Operating Expenses are up 15% from 2015
- Contractor costs to replace pipe are up 54% since 2015
- Inflation is around 10% across the board and across the country

OUR CAPITAL OUTLAY BUDGET HAS REMAINED STEADY:

- Average annual capital spending since 2015 is \$3.8 million
- To replace water pipe that has reached the end of its useful life, outside consultants have recommended increasing our average yearly capital spending to approximately \$10-12 million

THE PRICE OF INACTION:

- Increased spending on band-aid pipe repairs for pipes that will need to be replaced anyway
- Increased number of emergency repairs puts our staff in dangerous conditions compared to planned repairs
- Increases in main line breaks comes with an increased number of complaints from residents, an increased number of claims to our risk department, and increased costs to cover repairs and claims
- Over the past ten years we have spent \$585,415 on 52 claims from waterline breaks and flooding.

SUMMARY:

To ensure Sandy City Public Utilities continues to provide the highest-quality service to all residents we must invest in our water supply and infrastructure. Rate changes are needed to fund the repair and replacement of critical aging water infrastructure, meet new water quality requirements, and ensure that we can meet the water demand needs of our community. The services we provide are indispensable to every aspect of people's lives and we must deliver them 24/7 without interruption. This requires us to continually assess our infrastructure and make investments when needed to ensure safety and reliability. Our ongoing commitment to provide excellent service to residential, commercial, and industrial customers means we need to adjust our water rates to fund necessary upgrades.