

RESOLUTION 19-24

A RESOLUTION SETTING SEWER SERVICE RATES.

WHEREAS, on January 6, 1994, the Hyrum City Council passed and posted an ordinance adopting the "Hyrum City Municipal Code", a recodification of municipal ordinances encompassing the "Revised Ordinances of Hyrum City" and ordinances adopted through July 15, 1993; and

WHEREAS, Title 13 of the Hyrum City Municipal Code sets forth regulations governing municipal utility services; and

WHEREAS, Chapter 13.12, Section 13.12.030, of the Hyrum City Municipal Code, authorizes periodic adjustments to municipal sewer system rates by resolution of the governing body; and

WHEREAS, the Hyrum City Council authorized the issuance and sale of \$3,000,000 taxable sewer revenue bonds to remodel the wastewater treatment plant; and

WHEREAS, Hyrum City is obligated to repay the State of Utah Division of Water Quality Board an annual assessment for a period of 40 years; and

WHEREAS, after careful consideration and review of the financial requirements of the municipal sewer system, the governing body has determined it is both necessary and proper to increase its charges for service to both residential and commercial sewer users.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Hyrum City, Cache County, State of Utah, that the user rates for sewer service from the municipal sewerage system are increased as follows:

SEWER SERVICE RATES. User classes, flow limits (based upon water consumption), and monthly service charges shall be as follows:

Sewer Utility Charges

SERVICE RATES

	Cost/month	
Residential	\$ 42.13 <u>\$45.00</u>	
Commercial	Gallons used/month	
	\$42.13 <u>45.00</u>	0 10,000
	\$90.33 <u>99.37</u>	10,001 70,000
	\$330.22 <u>363.25</u>	70,001 140,000
	\$487.74 <u>536.52</u>	140,001 280,000
	\$830.97 <u>914.07</u>	280,001 420,000
	\$1,156.13 <u>1,271.75</u>	420,001 560,000
	\$1,625.82 <u>1,788.41</u>	560,001 700,000
	\$2,023.26 <u>2,225.59</u>	700,001 840,000
	\$2,420.67 <u>2,662.74</u>	840,001 980,000
	\$2,818.10 <u>3,099.91</u>	980,001 1,120,000
	\$3,215.52 <u>3,537.07</u>	1,120,001 1,260,000
	\$3,612.97 <u>3,974.27</u>	1,260,001 1,400,000
	\$4,010.37 <u>4,411.41</u>	1,400,001 1,540,000
	\$4,407.81 <u>4,852.20</u>	1,540,001 1,680,000
	\$4,805.23 <u>5,285.76</u>	1,680,001 1,820,000
	\$5,202.65 <u>5,722.92</u>	1,820,001 1,960,000
	\$5,600.09 <u>6,160.10</u>	1,960,001 2,100,000
	\$5,997.51 <u>6,597.27</u>	2,100,001 2,240,000
	\$6,394.94 <u>7,034.44</u>	2,240,001 2,380,000
	\$6,792.35 <u>7,471.59</u>	2,380,001 2,520,000
	\$7,189.79 <u>7,908.77</u>	2,520,001 2,660,000
	\$7,587.21 <u>8,345.94</u>	2,660,001 2,800,000

Nonresidential User Surcharges

Parameter	Average Concentration		Surcharge
BOD	200	mg/l	0.27
TSS	200	mg/l	0.27
Phosphorus	4	mg/l	1.08

Surcharges will be applied to every pound of a given parameter over the average concentration.

Sewer Lift Station Users Surcharges

All residential including multi-family housing users that are connected to a sewer lift station will be charged an additional \$4.00 per month.

Sewer Rate Increases Starting January 1, 2021 – January 1, 2025

Residential sewer rates will increase each January a \$1.00 per month for five years starting January 1, 2021 through January 1, 2025.

Commercial sewer rates will increase each January 2.5% per month for five years starting January 1, 2021 through January 1, 2025.

BE IT FURTHER RESOLVED, that this resolution shall become effective upon January 1, 2020.

ADOPTED AND PASSED by the City Council this 21st day of November, 2019.

HYRUM CITY

BY: _____
Stephanie Miller
Mayor

ATTEST:

Stephanie Fricke
City Recorder

SEWER DEPARTMENT RATE INCREASE

2020

Rate comparisons

Hyrum- \$42.13

Logan- \$30.48

N Logan- \$49 & increase \$1 a year

Smithfield- \$33.00 (Will be increasing- Doing a rate study currently)

Nibley- \$51- \$1 a year increase until 2023

Providence- \$33.15 (Will be increasing- Logan increase)

Richmond- \$52- increase \$1 year (Membrane plant)

Hyrum's last rate increase was in 2010

Financing

USDA Loan & Grant:

\$1,200,000- Reserves (Collected largely from impact fees on new construction)

\$2,402,000- USDA Loan

\$1,569,000- Federal Grant

\$5,171,000- Total Project

Total estimated budget breakdown:

\$1,590,000- Construction

362,000- Contingency

735,000- Engineering Fees

2,264,000- Equipment- membranes

70,000- Interest- interim

150,000- SCADA programming

\$5,171,000- Total Estimated Cost

The loan will be for a maximum of 2.75%. Term will be 40 years with \$8263 a month payment. There is no penalty for early payoff of loan. We are very pleased to receive the amount of grant money we did. After a few more items are finalized we plan to go out to bid in the next 30 days. We are required to secure an interim construction loan to be repaid by USDA at end of construction. We are working on the bond document. Zion's Bank is helping us with these items. We are also moving ahead with the crane upgrade while the bidding is occurring to save some construction time.

This upgrade will increase our capacity from the current on paper 1.5-million-gallon a day capacity to 3.6 million (we are currently only able to process about 1.2 because of worn out plates etc.). Being able to run the plant on a lesser load in the future will extend plant life and allow for us to handle high water events. Large storms and spring runoff have created issues in the past. This new upgrade will save on power use also.

We will need to at least generate enough new income to cover this new loan payment. In five years when the original loan is repaid, we can start applying that extra to the new USDA loan to greatly reduce its payoff time. We are paying ~\$230,000 a year on our current loan. There are five remaining payments at 1.3%. We will use some of the impact fees generated from new construction to also help retire this loan earlier.

The city has several blocks of sewer mains that need to be upsized in the middle part of town. We are collecting impact fees that could be used to help fund this project in the next few years.

We are recommending a rate increase to pay loan payment, raise our reserves, shorten loan repay period, and better position ourselves for unknown & unexpected expenses.

Recommendation:

January 1, 2020

\$45.00 month (\$2.87 raise)

10% increase for commercial #2, #3, #4, and schools

For five years starting January 1 2021 raise rates: \$1 a month- residential & 2.5%- Commercial & Schools

Sewer lift station users- \$4.00 a month extra – As per AQUA engineering estimate plus .29 for communication costs for stations. A phone line will be required from each station.

This initial increase would generate ~\$105,000 a year in revenues, enough to pay the new payment.



Hyrum City Corporation
Proposed Lift Station Rate Surcharge
4/9/2019

GPD/Conn	400	
Pump Chosen Eff	40%	
Motor Eff	65%	
number of homes	95	
Price/ kWh	\$ 0.1268	Blacksmith Fork Canyon power costs
Head	39.3 ft	
gamma water	62.4 lb/ft ³	
Maintenance Cost/Month	\$ 200.00	Include routine Operations & Maintenance
10 yr life pump cost	\$ 10,000.00	Pump Rebuild Costs (2 pumps)
Run Time %	9%	@287gpm
Run Hours/day	2.21	hr/day
Flow Rate	0.058794711	cfs
Flow Rate	26.38888889	gpm
Power HP	1.008275842	hp
Power kw	0.751883551	kw
kWh/ month	541.3561569	
Cost Per Month	\$ 268.64	
Cost Per Month/Connection	\$ 3.71	