Ivins City Staff Report
City Council Meeting 6/16/2022

Agenda Item: Discuss User Rate Increases for next Fiscal Year (starting July 2022)

Submitted by: Charles R Gillette, P.E., Public Works Director/City Engineer

Recommended City Council Action:
Approve Option B to advance rates back to original schedule (see attachment).

BACKGROUND:
The City Council has already approved user rate increases for water and sewer utilities based on previously approved rate studies. The approved rate schedules typically increase the rates each new fiscal year starting in July. Thus, is it time to increase rates next month.

There are two concerns with user rates right now. First, the approved rate schedules did not consider the high levels of inflation that are currently being experienced (7-8% per year). Second, in 2020 when the City was in the early stages of pandemic and there was a concern for the economic conditions of residents, the City did not increase the rates.

Staff would like to receive input from the City Council as to whether the City should advance the rates by just one year or whether to advance the rates by two years to put the City back on schedule per the originally approve rate schedules.

FINDINGS AND ANALYSIS:
See attached spreadsheet.

SUPPORT MATERIALS:
Rate Increase Analysis Spreadsheet

FINANCIAL IMPACT:
See attached spreadsheet

Respectfully Submitted: _____
Charles R Gillette, P.E., Public Works Director/City Engineer

Content Review: _____
Dale Coulam, City Manager

IVINS CITY

Rate Listings	June 2022 Current (From Schedule FY 2021)**	Proposed Option A FY2022 Rate Schedule****		Proposed Option B FY2023 Rate Schedule****	
	Amount	Amount	% increase	Amount	% increase
101 Water - Residential					
Base Amount:	$18.78	$19.67	4.7%	$20.60	9.7%
Quantity Level	Rate				
0	$0.00	$0.00		$0.00	
7	$2.35	$2.54	8.1%	$2.64	12.3%
15	$3.13	$3.46	10.5%	$3.68	17.6%
30	$3.88	$4.26	9.8%	$4.55	17.3%
999,999,999	$5.03	$5.44	8.2%	$5.78	14.9%
102 Water - Commercial 3/4 Inch Water					
Base Amount:	$18.78	$19.67	4.7%	$20.60	9.7%
Quantity Level	Rate				
0	$0.00	$0.00		$0.00	
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%
103 Water - 1-Inch Meter					
Base Amount:	$28.06	$29.37	4.7%	$30.74	9.6%
Quantity Level	Rate				
0	$0.00	$0.00		$0.00	
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%
104 Water - 1 1/2 Inch Meter					
Base Amount:	$51.04	$53.41	4.6%	$55.88	9.5%
Quantity Level	Rate				
0	$0.00	$0.00			
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%
105 Water - 2-Inch Meter					
Base Amount:	$78.73	$82.36	4.6%	$86.16	9.4%
Quantity Level	Rate				
0	$0.00	$0.00			
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%
107 Water - 3-inch Meter					
Base Amount:	$166.50	$174.16	4.6%	$182.14	9.4%
Quantity Level	Rate				
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%
106 Water - 4-Inch Meter					
Base Amount:	$281.82	$294.76	4.6%	$308.26	9.4%
Quantity Level	Rate				
20	$2.35	$2.54	8.1%	$2.64	12.3%
100	$2.97	$3.28	10.4%	$3.49	17.5%
999,999,999	$3.56	$3.91	9.8%	$4.17	17.1%

*The current sewer rate includes a $1.88 per ERU increase from the City St George 2 years ago.
**The current water rates includes a $0.30 per 1000gal increase from 3 years of $0.10 annual increases.
***The proposed sewer rate includes another $1.15 per ERU increase from the City of St. George proposed for 7/1/22.
****The proposed water rates include another $0.10 per 1000gal increase expected by the WCWCD for 7/1/22.

Table ES-1 from the Water Rate Study completed in 2019.

Table ES-1
Monthly Base Rate ($/month, culinary and irrigation users)

Meter Size	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
3/4 and smaller	$16.91	$17.96	$18.78	$19.67	$20.60	$21.57
1	$25.24	$26.84	$28.06	$29.37	$30.74	$32.19
1.5	$45.88	$48.85	$51.04	$53.41	$55.88	$58.52
2	$70.75	$75.36	$78.73	$82.36	$86.16	$90.23
3	$149.58	$159.40	$166.50	$174.16	$182.14	$190.75
4	$253.14	$269.83	$281.82	$294.76	$308.26	$322.83
6	$522.57	$557.09	$581.81	$608.51	$636.35	$666.44
8	$750.47	$800.08	$835.57	$873.90	$913.86	$957.07
10	$1,206.40	$1,286.18	$1,343.22	$1,404.82	$1,469.05	$1,538.51

Table ES-2 from the Water Rate Study completed in 2019.

Table ES-2
Volume Block Rate ($/month, culinary water)

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Block 1 Rate						
Residential	$1.84	$1.96	$2.05	$2.14	$2.24	$2.34
Multi	$1.84	$1.96	$2.05	$2.14	$2.24	$2.34
Commercial	$1.84	$1.96	$2.05	$2.14	$2.24	$2.34
Institutional	$1.84	$1.96	$2.05	$2.14	$2.24	$2.34
Stock	$1.84	$1.96	$2.05	$2.14	$2.24	$2.34
Block 2 Rate						
Residential	$2.49	$2.65	$2.83	$3.06	$3.28	$3.50
Multi	$2.49	$2.65	$2.83	$3.06	$3.28	$3.50
Commercial	$2.35	$2.50	$2.67	$2.88	$3.09	$3.31
Institutional	$2.35	$2.50	$2.67	$2.88	$3.09	$3.31
Stock	$2.49	$2.65	$2.83	$3.06	$3.28	$3.50
Block 3 Rate						
Residential	$3.14	$3.34	$3.58	$3.86	$4.15	$4.45
Multi	$3.14	$3.34	$3.58	$3.86	$4.15	$4.45
Commercial	$2.86	$3.04	$3.26	$3.51	$3.77	$4.07
Institutional	$2.86	$3.04	$3.26	$3.51	$3.77	$4.07
Stock	$3.14	$3.34	$3.58	$3.86	$4.15	$4.45
Block 4 Rate						
Residential	$4.18	$4.44	$4.73	$5.04	$5.38	$5.68
Multi	$4.18	$4.44	$4.73	$5.04	$5.38	$5.68
Commercial	$3.67	$3.90	$4.15	$4.41	$4.70	$5.00
Institutional	$3.67	$3.90	$4.15	$4.41	$4.70	$5.00
Stock	$4.18	$4.44	$4.73	$5.04	$5.38	$5.68

	June 2022 Current (From Schedule FY 2021)*	Proposed Increase Option A FY2022 Rate Schedule***		Proposed Increase Option B FY2023 Rate Schedule***	
	Amount	Amount	% increase	Amount	% increase
SG Regional Rate	$11.50	$12.65	10.0%	$12.65	10.0%
301 Sewer - Residential					
Minimum Amount:	$26.84	$28.49	6.1%	$29.13	8.5%
302 Sewer - Commercial					
Minimum Amount:	$26.84	$28.49	6.1%	$29.13	8.5%
Quantity Level	Rate				
7	3.764	$4.07		$4.16	10.6%
999,999,999	2.72	$2.95		$3.04	11.9%
701 Storm Drain - Residential					
Minimum Amount:	$14.05	No increases pending rate increase study			
702 Storm Drain - Non-Residential/Multi-Family					
Quantity Level	Rate				
999,999,999	2.87	No increases pending rate increase study			
703 Storm Drain - Office Bldg					
Quantity Level	Rate				
999,999,999	2.87	No increases pending rate increase study			
704 Storm Drain - Church					
Quantity Level	Rate				
999,999,999	2.87	No increases pending rate increase study			

Table ES-1 from the Sewer Rate Study completed in 2019.

Table ES-1
Recommended Monthly Sewer Rates (per ERU)

Monthly Sewer Rate	Current Sewer Rate	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Residential	$24.23	$24.47	$24.72	$24.96	$25.46	$26.10	$26.88
% Increase		1.0%	1.0%	1.0%	2.0%	2.5%	3.0%
Commercial/Institutional (per ERU)*	$29.00	$24.47	$24.72	$24.96	$25.46	$26.10	$26.88
% Increase		-15.6%	1.0%	1.0%	2.0%	2.5%	3.0%
Volume Rate (per 1,000 gallons after 7,000)							
Commercial/Institutional	$1.41	$2.45	$2.47	$2.50	$2.55	$2.61	$2.69
% Increase		74%	0.8%	1.2%	2.0%	2.4%	3.1%

1 ERU = 7,000 gallons of indoor water usage per month