



22 February 2021

Joel Linares
City of Moab

RE: ANALYSIS OF SEWER RATE INCREASE REQUIRED FOR EXISTING CUSTOMERS TO OFFSET REDUCED CHARGES TO NON-PROFITS

Dear Joel:

Zions Public Finance, Inc. (ZPFI) has previously evaluated the impacts on the City’s sewer system from non-profit organizations and recommended rate reductions that are commensurate with actual system usage by this group of users.

In our memorandum to the City dated December 12, 2020, we estimated that overall sewer system revenues would be reduced by \$17,345, as shown in the following table, if the reductions to non-profits were enacted.

TABLE 1: SEWER UTILITY FUND REVENUE IMPACTS FROM DECREASED RATES TO NON-PROFITS

	Volume (1,000 gallons)	Rate	Volume Revenues
Existing	9,821	\$2.22	\$21,803
Proposed	9,821	\$0.45	\$4,457
Difference	0	\$1.77	\$17,345

Previous analysis on the sewer system that was completed by ZPFI suggests that there are 5,448 units in the City in 2021 that are paying one of the base rates listed below.

TABLE 2: EXISTING SEWER UNITS AND RATES

	# of Units	Current Base Rate
Single-Family	1,412	\$21.30
Multi-Family + Overnight Accommodations (1st Unit)	109	\$19.60
Charge per Additional Unit	3,673	\$8.10
Restaurant/Fast Food and Other Non-Residential 1"	186	\$21.30
Restaurant/Fast Food and Other Non-Residential 1.5"	28	\$24.40
Restaurant/Fast Food and Other Non-Residential 2"	30	\$32.95
Restaurant/Fast Food and Other Non-Residential 3"	4	\$95.90

	# of Units	Current Base Rate
Restaurant/Fast Food and Other Non-Residential 4"	6	\$119.25
Restaurant/Fast Food and Other Non-Residential 5"	-	\$173.65
Restaurant/Fast Food and Other Non-Residential 6"	-	\$235.80
Restaurant/Fast Food and Other Non-Residential 8"	-	\$321.65
TOTAL	5,448	

Non-profits would need to be deleted from the analysis as no rate increases are anticipated for them. The table below shows that if the monthly base rate were increased by 2.5 percent, annual revenues would increase by over \$20,000, thereby offsetting the loss in revenue from the non-profits. With this increase, a single-family residential unit would see an increase of only \$0.53 monthly, or \$6.39 annually.

TABLE 3: IMPACTS FROM A 2.5 PERCENT RATE INCREASE

	Current Base Rate Revenues	2.5% Base Rate Increase per Month	Base Rate Increase – 2.5% Annual Revenues	Annual Increase per Unit – 2.5%
Single-Family	\$360,907	\$21.83	\$369,930	\$6.39
Multi-Family + Overnight Accommodations (1st Unit)	\$25,637	\$20.09	\$26,278	\$5.88
Charge per Additional Unit	\$357,016	\$8.30	\$365,941	\$2.43
Restaurant/Fast Food and Other Non-Residential 1"	\$47,542	\$21.83	\$48,730	\$6.39
Restaurant/Fast Food and Other Non-Residential 1.5"	\$8,198	\$25.01	\$8,403	\$7.32
Restaurant/Fast Food and Other Non-Residential 2"	\$11,862	\$33.77	\$12,159	\$9.88
Restaurant/Fast Food and Other Non-Residential 3"	\$4,603	\$98.30	\$4,718	\$28.77
Restaurant/Fast Food and Other Non-Residential 4"	\$8,586	\$122.23	\$8,801	\$35.77
Restaurant/Fast Food and Other Non-Residential 5"		\$177.99		\$52.09
Restaurant/Fast Food and Other Non-Residential 6"		\$241.70		\$70.74
Restaurant/Fast Food and Other Non-Residential 8"		\$329.69		\$96.49
TOTAL	\$824,351		\$844,960	
Increased Revenue			\$20,609	

As a means of comparison, if rates were to be increased 3 percent (as many cities do annually in order to keep up with inflation), the City would see increased revenues of nearly \$25,000 to help offset the rate reductions for the non-profits and to help offset some inflationary increases to operating costs. Under this scenario, the impact to a single-family home would be \$7.67 per year or \$0.64 per month.

TABLE 4: IMPACTS FROM A 3.0 PERCENT RATE INCREASE

	Current Base Rate Revenues	3.0% Base Rate Increase per Month	Base Rate Increase – 3.0% Annual Revenues	Annual Increase per Unit – 3.0%
Single-Family	\$360,907	\$21.94	\$371,734	\$7.67
Multi-Family + Overnight Accommodations (1st Unit)	\$25,637	\$20.19	\$26,406	\$7.06
Charge per Additional Unit	\$357,016	\$8.34	\$367,726	\$2.92
Restaurant/Fast Food and Other Non-Residential 1"	\$47,542	\$21.94	\$48,968	\$7.67
Restaurant/Fast Food and Other Non-Residential 1.5"	\$8,198	\$25.13	\$8,444	\$8.78
Restaurant/Fast Food and Other Non-Residential 2"	\$11,862	\$33.94	\$12,218	\$11.86
Restaurant/Fast Food and Other Non-Residential 3"	\$4,603	\$98.78	\$4,741	\$34.52
Restaurant/Fast Food and Other Non-Residential 4"	\$8,586	\$122.83	\$8,844	\$42.93
Restaurant/Fast Food and Other Non-Residential 5"		\$178.86		\$62.51
Restaurant/Fast Food and Other Non-Residential 6"		\$242.87		\$84.89
Restaurant/Fast Food and Other Non-Residential 8"		\$331.30		\$115.79
TOTAL	\$824,351		\$849,081	
Increased Revenue			\$24,731	

It is important to remember that the above increases of 2.5 percent or 3.0 percent are only increases to the **base** rate and not to an overall monthly bill (which also includes usage). Therefore, the overall increase to a customer will be significantly less than 2.5-3.0 percent. The City currently receives about 2/3 of its sewer fund revenues from the base rate and 1/3 from usage charges.

Please let me know if I can provide you with any further information.

Best Regards,



Susie Becker
Vice President, Zions Public Finance, Inc.