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## SALT LAKE CITY COUNCIL STAFF REPORT

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DATE: April 18, 2003  
SUBJECT: **Water Conservation Rate Structure**  
AFFECTED COUNCIL DISTRICTS: All Districts  
STAFF REPORT BY: Gary Mumford  
ADMINISTRATIVE DEPT. Department of Public Utilities  
AND CONTACT PERSON: LeRoy Hooton

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### KEY ELEMENTS:

The Salt Lake City Department of Public Utilities is proposing a water conservation rate structure in an effort to promote long-term water conservation, reduce peak demand, extend Salt Lake City's water supplies, and delay future large water development projects. Attached is the proposed ordinance on the water rate structure. The City Council held work session discussions on this proposal on February 6, 2003 and on March 20, 2003. A public hearing is scheduled for April 22, 2003. The attached proposed ordinance maintains the current 1.5 multiplier for county customers. The key elements of the proposed ordinance are:

Residential customers – The proposed ordinance contains a three-tiered inclining price structure for April through October in which the per-unit cost would increase through three volume blocks, with a flat rate per unit for winter-month consumption. The first block is up to 9 units (900 cubic feet) of water. The second block is from 10 to 29 units. The third block is over 29 units of water.

Industrial and commercial accounts – The ordinance proposes a three-tiered inclining price structure for April through October, where the first tier is set by average winter consumption per meter, with the remaining tiers representing reasonable outdoor use (up to 300% of average winter consumption) and excessive outdoor use (over 300% of average winter consumption).

Irrigation accounts – The ordinance proposes a target water budget based on various factors. Irrigation rates would begin in Commercial Block 2, with the higher water rate of Block 3 for accounts exceeding the target budget.

Elimination of water allotment included in the minimum charge – The proposed ordinance eliminates the base allowance of 500 cubic feet of water that is currently included in the monthly minimum charge.

Elimination of demand charge – The proposed ordinance eliminates the monthly demand charge for customers with large water meters.

Reduction of monthly minimum charge – The ordinance sets the minimum fee to recover only those costs associated with meter reading, customer service, bill generation, and meter repair.

Rate multiplier for County customers – The ordinance proposes maintaining the 1.5 multiplier for county customers.

Abatement program for the needy – The ordinance continues the abatement program of granting a \$4.33 monthly water abatement to those customers that qualify for and are granted abatements for taxes on their dwellings by the County as allowed by the state code.

## POTENTIAL OPTIONS:

The Department of Public Utilities proposes that the new rates become effective on June 1<sup>st</sup> in order to encourage water conservation throughout the entire irrigation season. Following the public hearing the Council may wish to consider the rate structure ordinance. The Council has the option to include in the motion changes to the ordinance if it desires to do so based on public comment or Council discussion. Another alternative is to refer the ordinance to a future work session or council meeting for additional discussion and consideration. The ordinance effective date could be delayed to July 1<sup>st</sup>, if necessary, to allow for additional consideration.

## POTENTIAL MOTIONS:

1. ["I move that the Council"] **Adopt an ordinance amending sections 17.16.670 and 17.16.680, and repealing Table 17.16.670 relating to water rates.**
2. ["I move that the Council"] **Adopt an ordinance amending sections 17.16.670 and 17.16.680, and repealing Table 17.16.670 relating to water rates with the following changes [specify changes].**
3. ["I move that the Council"] **Refer the ordinance to a future work session [or council meeting] for additional consideration.**

## MATTERS AT ISSUE:

The proposed rate restructure includes the already approved 3% rate increase adopted in June 2001. Customers will be charged based on the revised rate schedules and their individual water use. The rates schedules are designed to charge more for water as more water is consumed. The intent of the new rate schedules is to encourage water conservation and particularly encourage efficient use of water for outside irrigation.

Current water rates and proposed rates for each block or tier are as follows:

PROPOSED WATER RATES		
	City Rates	County Rates
<b>Current Rates</b>		
October thru May	\$0.61	\$0.90
June thru September	\$0.93	\$1.39
<b>Proposed Rates</b>		
Block 1 per 100 cubic feet	\$0.70	\$1.05
Block 2 per 100 cubic feet April thru October	\$1.02	\$1.53
Block 3 per 100 cubic feet April thru October	\$1.45	\$2.18

The Department of Public Utilities mailed brochures to all customers with information on the proposed rate restructure. The brochure included a schedule and examples of the proposed rates and contained an announcement of the public hearing on April 22<sup>nd</sup>. The brochure was mailed to city customers on April 15<sup>th</sup> and to county customers on April 16<sup>th</sup>. Attached are copies of the three brochures (city residential customers, county residential customers, commercial/industrial customers). The Department's web site contains a calculator so that customers can determine the impact of the rate restructure. Department representatives have also been meeting with community councils to discuss the rate restructure.

cc: Rocky Fluhart, David Nimkin, LeRoy Hooton, Jeff Niermeyer, Jim Lewis, Stephanie Duer, DJ Baxter