Drinking Water Rate Analysis

Prepared for Spanish Valley Water & Sewer Improvement District

Rural Community Assistance Corporation

RCAC
www.rcac.org

Prepared by Matthew Kennedy

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Executive Summary

The objective of this study is to identify sustainable, equitable, and justifiable rates to be charged by the Spanish Valley Water & Sewer Improvement District's (SVWSID) Drinking Water system. SVWSID is an enterprise under the Grand Water & Sewer Service Agency (GWSSA), an agency that provides wastewater and irrigation water services in addition to drinking water. The scope of this work includes working with the community to develop a capital replacement schedule; determining actual water usage; and recommending drinking water rates and a rate structure that the board considers equitable and reasonable for the community.

SVWSID provides drinking water service to approximately 1,900 connections. Spanish Valley is an unincorporated community located mostly in Grand County, Utah, with some residents in San Juan County, Utah. The population served by SVWSID is approximately 2400 (Utah Division of Drinking Water). The service area's median household income is $42,694 (USDA-Rural Development).

Currently, SVWSID is experiencing high levels of growth due in part to the popularity of the outdoor recreation opportunities found in Grand and San Juan counties. This growth includes new commercial customers for the system, specifically the system's first hotels. Additionally, at the beginning of the rate analysis process, the system was working on upgrading and replacing various assets, including water mains, booster stations, a tank and other distribution system components. This project is funded by USDA-Rural Development with a $2,700,000 loan and $2,080,000 grant. As the study was nearing completion, the system agreed to begin Phase 2 of this replacement project. Phase 2 is funded by USDA-Rural Development with a $1,950,000 loan and $942,000 grant. GWSSA contributed a total of $750,000 towards the project.

Due to the recent growth and need to repay recent and existing loans, it was determined a rate analysis should be conducted. The goal of this study is to produce a balanced budget based on operating profit for the next five years as well as positive cash flow. In order to provide a more gradual increase in usage rates to the community, the budget does not balance each year, but results in substantial contributions to reserves and trends towards increased gains after year five. The proposed rate changes will result in contributions to a short-lived asset reserve and revenue greater than required by the USDA-RD Letter of Conditions. The system will see positive net cash flow each year, and over five years, but may not fund the reserves completely in the first three years due to additional expenses.

RCAC has recommended the following changes to the rates and structures:

- Increase all base rates as seen in the following table (Table 1).
- Increase the number of tiers, and tighten the top of each tier, for each customer category, as seen in the following tables (Tables 2-5).
- Move from a single "commercial" rate to a rate based on meter size for commercial customers (Table 6).
- Increase the hydrant usage rate from $7.75/1,000 gallons to $10.00/1,000 gallons.

Table 1: Base Rate Increases

Rate Class	**Current**	**Proposed**	**Notes**
Residential	19.50	21.75	Same for all meter sizes in the category, ~37% of "theoretical" base rate (see below), used to determine other residential classes
2 on 1	39.00	43.50	2x residential
3 on 1	58.50	65.25	3x residential
Residential +ADU	29.25	32.75	1.5x residential, can add $10.25 per ADU
Commercial/MDU	24.50	26.75	Kept current relationship to residential ($5 more), which is 46.4% of "theoretical" base. Applied this percentage to the theoretical rate of each meter size for commercial and MDU's below.
1"	48.75	67.00	
1.5"	97.50	133.75	
2"	156.00	214.00	
3"	--	428.00	
4"	--	669.00	
Rounded rates to nearest $0.25			

Table 2: Residential Usage Rates

Current Residential		Proposed Residential	
Tier Break (Top of Tier)	Rate/1,000 Gallons	Tier Break (Top of Tier)	Rate/1,000 Gallons
8,000	$0.60	6,000	$0.60
15,000	$1.40	10,000	$1.40
>15,000	$2.00	20,000	$1.80
		30,000	$2.20
		50,000	$2.75
		>50,000	$3.00 (increase $1/1,000g/year until 2021)

Table 3: Other Residential Categories Usage Rates

2 on 1		3 on 1		Residential + ADU	
Tier Break	Rate/1,000 Gal	Tier Break	Rate/1,000 Gal	Tier Break	Rate/1,000 Gal
12,000	$0.60	18,000	$0.60	10,000	$0.60
20,000	$1.40	30,000	$1.40	14,000	$1.40
40,000	$1.80	60,000	$1.80	24,000	$1.80
60,000	$2.20	90,000	$2.20	34,000	$2.20
100,000	$2.75	150,000	$2.75	54,000	$2.75
>100,000	$3.00 (increase $1/1,000g/year until 2021)	>150,000	$3.00 (increase $1/1,000g/year until 2021)	>54,000	$3.00 (increase $1/1,000g/year until 2021)

Table 4: Commercial Usage Rates

Current Commercial		Proposed Commercial	
Tier Break (Top of Tier)	Rate/1,000 Gallons	Tier Break (Top of Tier)	Rate/1,000 Gallons
10,000	$1.20	6,000	$0.60
>10,000	$2.40	10,000	$1.40
		20,000	$1.80
		30,000	$2.20
		50,000	$2.75
		>50,000	$3.00 (increase $1/1,000g/year until 2021)

Table 5: Multiple Dwelling Unit Usage Rates

Current MDU			Proposed MDU		
Meter Size	Tier Break	Rate/1,000 Gallons	Meter Size	Tier Break	Rate/1,000 Gallons
1”	20,000	$0.60	1”	10,000	$0.60
	38,000	$1.40		20,000	$1.40
	>38,000	$2.00		<20,000	$3.00 (increase $1/1,000g/year until 2021)
1.5”	40,000	$0.60	1.5”	20,000	$0.60
	75,000	$1.40		40,000	$1.40
	>75,000	$2.00		>40,000	$3.00 (increase $1/1,000g/year until 2021)
2”	64,000	$0.60	2”	30,000	$0.60
	120,000	$1.40		60,000	$1.40
	>120,000	$2.00		>60,000	$3.00 (increase $1/1,000g/year until 2021)

Table 6: Proposed Commercial Base Rates

Rate Class	**Current**	**Proposed**	**Notes**
5/8” Commercial	24.50	26.75	Kept current relationship to residential ($5 more) for 5/8” commercial meters, which is 46.4% of “theoretical” base. Applied this percentage to the theoretical rate of each meter size for commercial and MDU’s.
1” Commercial	24.50	67.00	
1.5” Commercial	24.50	133.75	
2” Commercial	24.50	214.00	
3” Commercial	24.50	428.00	
4” Commercial	24.50	669.00	
Rounded rates to nearest $0.25			

The proposed rates improve the system’s sustainability by generating increased revenue to not only cover operating expenses, debt payments, and debt reserves but more fully fund capital replacement reserves and emergency reserves to prepare the system for future repairs and replacements. The proposed

commercial rates are more equitable, as larger meters will be paying their fair share of their potential demand on the system. The proposed tiers are justifiable as a years' worth of usage data was analyzed to determine actual customer usage. The proposed rates will result in net cash flow (contribution to reserves) of $795,126 over five years and total revenue of $8,464,984 over five years.

1 Introduction

1.1 Introduction

1.1.1 Rural Community Assistance Corporation

Founded in 1978, RCAC provides training, technical and financial resources and advocacy so rural communities can achieve their goals. Since 1978, our dedicated staff and active board, coupled with our key values: leadership, collaboration, commitment, quality and integrity, have helped effect positive change in rural communities across the West.

RCAC's work includes environmental infrastructure (water, wastewater and solid waste facilities); affordable housing development; economic and leadership development; and community development finance. These services are available to communities with populations of fewer than 50,000, other nonprofit groups, Tribal organizations, farmworkers, colonias and other specific populations. Headquartered in West Sacramento, California, RCAC's employees serve rural communities in 13 western states and the Pacific islands.

1.1.2 Purpose of the rate analysis

In this study, RCAC seeks to address several factors. The first is to present SVWSID with suggested rates on how to fund the repayment of loans from USDA-Rural Development and the Division of Drinking Water State Revolving Fund. This grew to include Phase 2 of the current RD funded water project during the study. Additionally, the study seeks to implement rates that generate revenue to fund not only operations and debt service, but to adequately fund a capital replacement reserve and emergency reserve. The funding of future purchases was included as well.

The proposed rates should address the changing customer base with a trend towards new, large commercial customers. This positions the system to more appropriately charge new users based on their potential demand on the system.

Lastly, at the direction of the board, the rates should be used to promote conservation. Spanish Valley is located in the desert of Utah and should focus on the conservation of this resource. This will be accomplished through proper tiers and pricing of water usage.

1.1.3 Board Responsibilities

As a general improvement district, the board of SVWSID is responsible to:

- Provide safe drinking water to the community they serve.
- Ensure compliance with all regulations pertaining to the management of drinking water facilities.
- Provide for the financial sustainability of the system through appropriate rates.
- Monitor system management including financials.

1.1.4 Guiding principles in this rate study

RCAC has elected to follow the below guiding principles on all rate analyses:

- Sustainable – Recommended rates should take into account all factors possible to ensure the long term financial viability of the utility.
- Equitable – All customers should be treated equitably in the rate study, meaning those customers demanding more from the system are charged accordingly.
- Justifiable – Proposed rates should be backed up by numbers and data. They should be able to withstand scrutiny.
- Conservation – In Utah, water conservation is an important part of responsible resource management. Therefore rates can be used in an effort to promote conservation.
- Compliance – This rate study will meet or exceed the requirements for revenue and short lived asset reserves established in the USDA-Rural Development Letter of Conditions, Appendix 6.1

1.1.5 Disclaimer

Any opinions, findings, and conclusions or recommendations expressed in this material are solely the responsibility of the authors and do not necessarily represent the official views of the Rural Utilities Programs.

The findings, recommendations, and conclusions contained in this financial analysis are based on financial information provided to RCAC by Grand Water & Sewer Service Agency. Although reasonable care was made to assure the reliability of this information, no warranty is expressed or implied as to the correctness, accuracy or completeness of the information contained herein. Any action taken on the basis of such findings, recommendations, or conclusions is undertaken at the discretion of GWSSA. In no event will RCAC or its partners, employees, or agents, be liable for any decision made or action taken in reliance on the information contained in this analysis.

RCAC is an equal opportunity provider and employer.

2 System Basic Statistics

2.1 Community

2.1.1 Location & maps

Spanish Valley is located in Grand County, south of Moab along Highway 191. The Census Designated Place known as Spanish Valley is actually located in San Juan County, however, most maps of the area, and a majority of the population are located in Grand County. A map of the area, generated by Sunrise Engineering, Inc. can be found below in Figure 1.

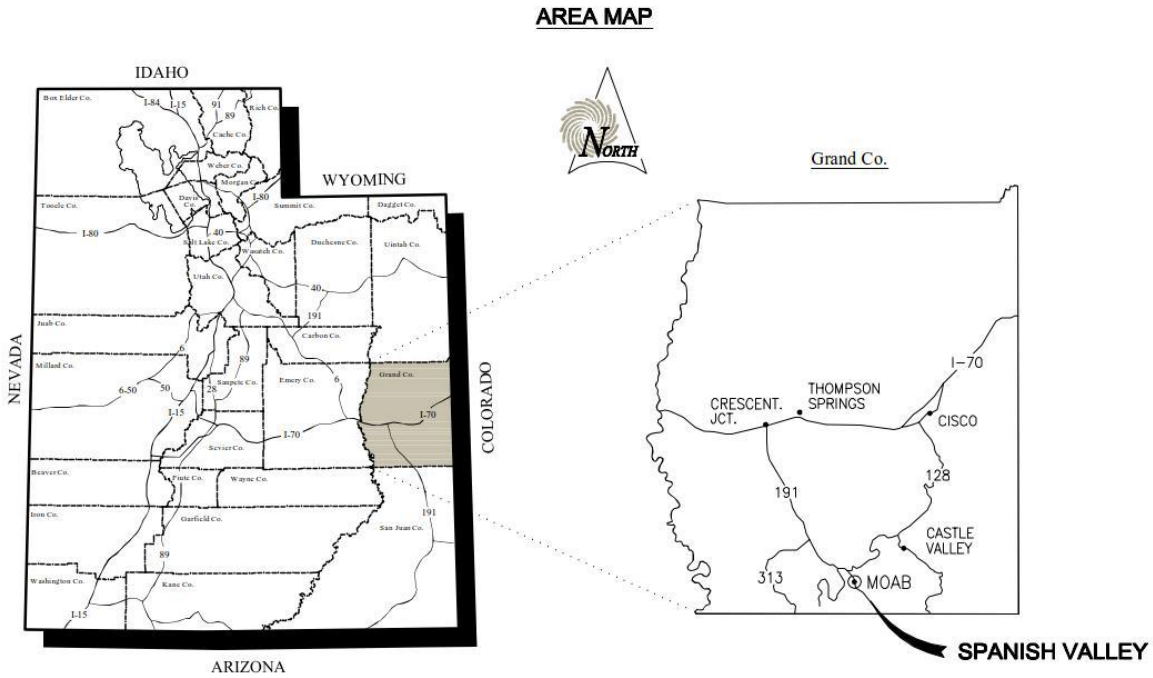

Figure 1: Map of Spanish Valley

2.1.2 History

Spanish Valley Water & Sewer Improvement District was established in 1974 to provide services within Grand County. Grand Water & Sewer Service Agency was formed in 1999 through an agreement between Grand County Special Service Water District, Grand County Water Conservancy District, and SVWSID with the purpose being the "undertaking and financing of the services to be provided by and the ongoing operation and maintenance of all water and sewer systems, buildings, facilities, equipment, grounds, and all other resources and assets which are the properties of the districts and agency." (www.grandwater.org)

2.1.3 Legal Entity

SVWSID is overseen by five board members who are elected by the community to serve a four year term. Elections are held every two years. GWSSA is governed by a board representing all members of the board of directors of the Conservancy District, the administrative control board of the Service District, and the board of trustees of the Improvement District.

2.1.4 MHI and Percent LMI

The Median Household Income of the SVWSID service area is estimated to be $42,694 according to USDA Rural Development.

2.2 System Description

2.2.1 Service area

SVWSID provides culinary water and sewer collection service to the area south of Moab and north of Spanish Valley CDP. A map of the approximate service area can be found in Figure 2.

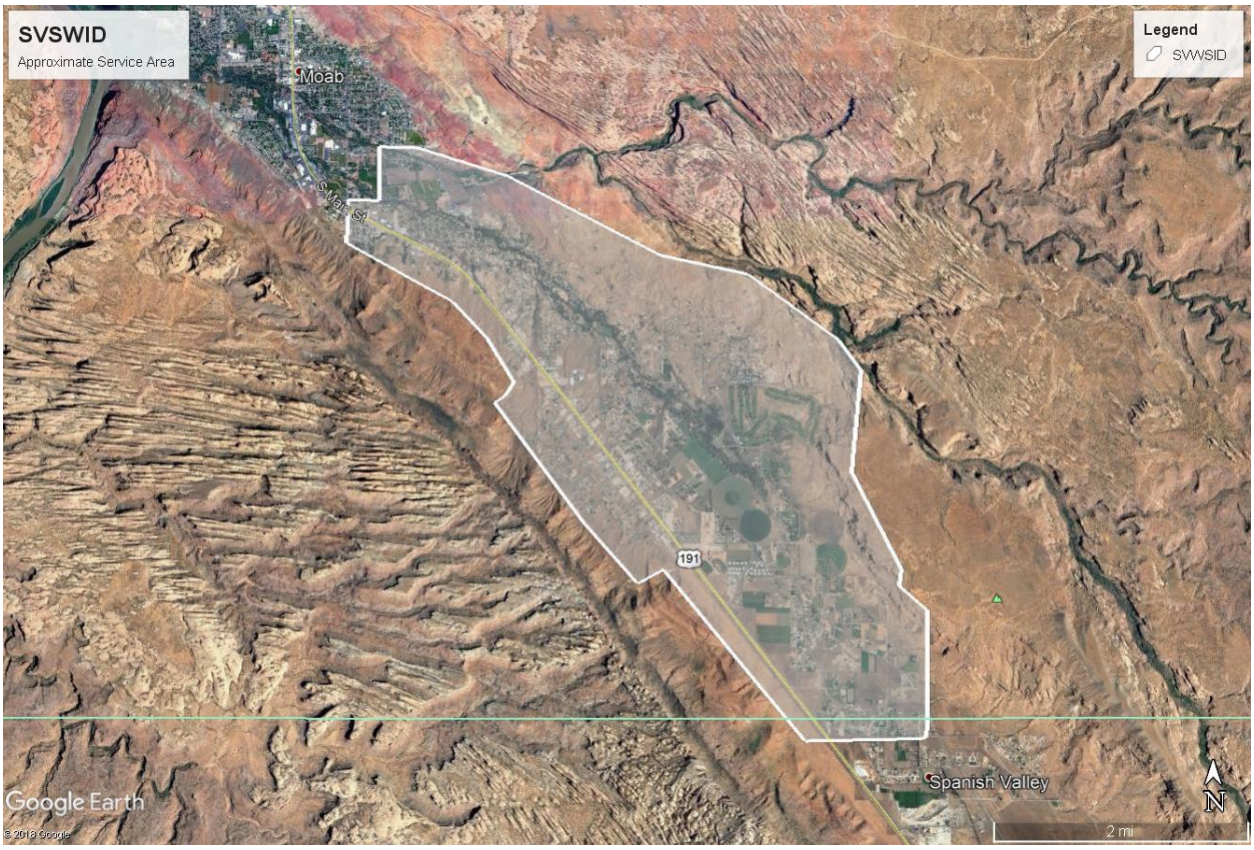

Figure 2: SVWSID Service Area - Approximate

2.2.2 System history

Following the creation of GWSSA, SVWSID has completed multiple projects to expand and improve drinking water services for their customers. According to the Preliminary Engineering Report completed by Sunrise Engineering, SVWSID has completed the following projects since 1999.

- Water System Improvements Project (2000-2004) – construction of 3MG tank, two wells, distribution system improvements, the addition of chlorination building and chlorination upgrades.
- Water Tank Interconnect Project (2012) – Construction of booster station between 1 MG and 3 MG tanks.

- Tank Line Replacement Project (2015) – Replacement of 14” and 16” pipe supplying and distributing from the 3MG tank.

Due to the age of the system, increased need for fire protection, and increasing growth in the community the system applied for and received funding from USDA Rural Development in August 2017 for the replacement and upgrade of the distribution and storage systems.

2.3 Customer Base description

2.3.1 Types of accounts including number of accounts of each type

Currently, SVWSID provides culinary water service to approximately 1,917 connections. Based on data received from the system, RCAC determined the following breakdown of accounts by type.

Account Type	Total # of Connections	By Meter Size	
		Meter Size	# of Connections
Residential	1407	5/8”	1,375
		1”	25
		1.5”	4
		2”	3
San Juan Residential	29	5/8”	29
2 on 1	15	5/8”	12
		1”	3
3 on 1	10	5/8”	3
		1.5”	7
Additional Dwelling Unit(s)	46	5/8”	45
		1”	1
Commercial	394	5/8”	354
		1”	18
		1.5”	12
		2”	8
		4”	2
Multiple Dwelling Units	16	1”	3
		1.5”	9
		2”	4

2.4 Customer water/wastewater use statistics

2.4.1 Residential use versus commercial use versus other type accounts use

Based on usage data from April 2017 to March 2018, residential customers (excluding 2 on 1, 3 on 1, and +ADU customers) use an average of 13,356 gallons of water per month. A breakdown of average residential use by meter size can be found in figure 3. Commercial customers in the same time period use an average of 14,530 gallons of water per month. It must be noted that currently, the commercial customer class includes meters from 5/8” up to 2”. A breakdown of average commercial use by meter size can be seen in figure 4.

2.4.2 Seasonal water use statistics

Within the residential customer class there are meters ranging in size from 5/8” to 2”. A majority of the residential customers have a 5/8” meter (1,375 customers). Additionally, 25 customers have 1” meters, four have 1.5” meters, and 3 have 2” meters. Some residential customers have a larger meter in order to help overcome issues with friction loss from long service lines or challenges with the elevation changes in the service area.

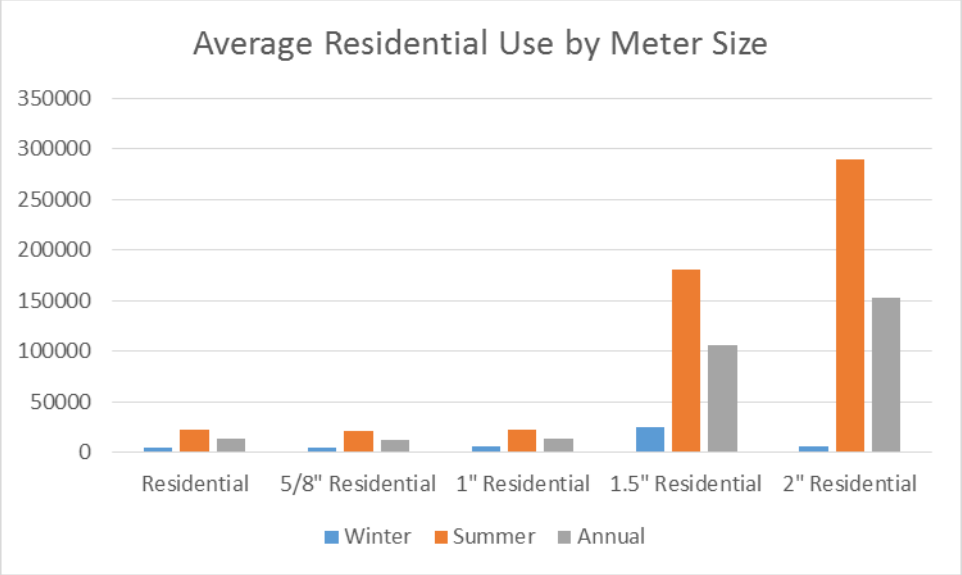

Figure 3: Average Residential Use

Within the commercial class, there are 354 users with 5/8” meters, 18 with 1” meters, 12 with 1.5” meters, eight with 2” meters, and two existing customers with 4” meters that show no use over the time period analyzed. The system anticipates the addition of several 4” meters in the near future to accommodate hotels that are under construction in the service area.

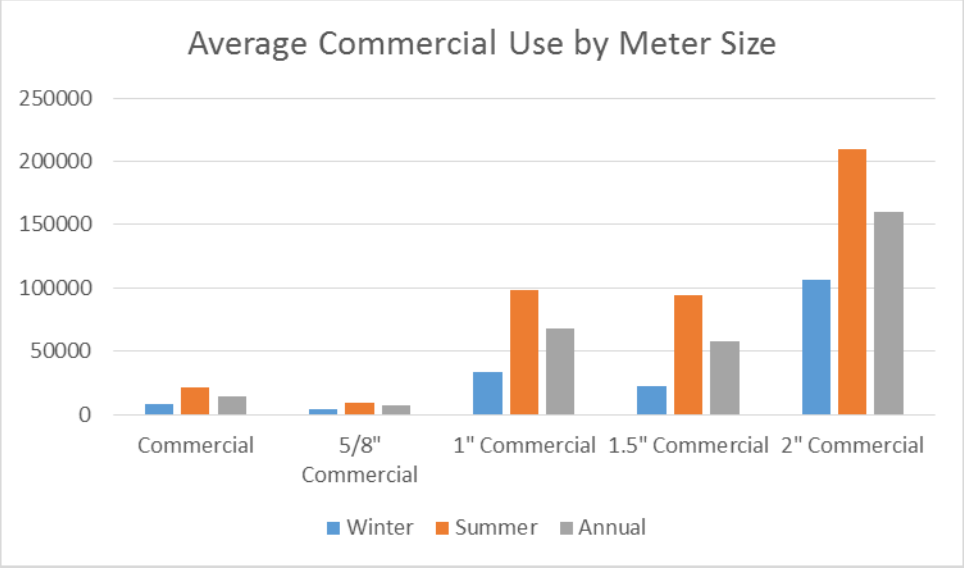

Figure 4: Average Commercial Use

2.5 Current water rates structure

2.5.1 Identification of types of rate structures the system uses

SVWSID uses a base plus usage rate structure for their water system customers. The base rate is dependent on customer class and the usage rates are an increasing tier, meaning that usage rates increase as usage increases. The one exception to this is for stationary hydrants used for bulk water sales. There is no base rate for hydrants, but instead a flat usage rate of $7.75/1,000 gallons. A table of current SVWSID water rates is below in figure 5, and a copy of the GWSSA Fee Schedule can be found in Appendix 6.2.

2.5.2 Rate schedule

Rate Class	Base Rate	Usage Rates
Residential	$19.50/month	$0.60/1,000 gallons from 0-8,000 gallons
		$1.40/1,000 gallons from 8,001-15,000 gallons
		$2.00/1,000 gallons from 15,001 gallons and up
San Juan Residential	$20.50/month	$0.60/1,000 gallons from 0-8,000 gallons
		$1.40/1,000 gallons from 8,001-15,000 gallons
		$2.00/1,000 gallons from 15,001 gallons and up
2 on 1	$39.00/month	$0.60/1,000 gallons from 0-16,000 gallons
		$1.40/1,000 gallons from 16,001-30,000 gallons
		$2.00/1,000 gallons from 30,001 gallons and up
3 on 1	$58.50/month	$0.60/1,000 gallons from 0-24,000 gallons
		$1.40/1,000 gallons from 24,001-45,000 gallons
		$2.00/1,000 gallons from 45,001 gallons and up
ADU Base Rate	$9.75/month per ADU (plus residential base rate)	$0.60/1,000 gallons from 0-12,000 gallons
		$1.40/1,000 gallons from 12,001-19,000 gallons
		$2.00/1,000 gallons from 19,001 gallons and up
Commercial	$24.50/month	$1.20/1,000 gallons from 0-10,000 gallons
		$2.10/1,000 gallons from 10,001 gallons and up
1” MDU	$48.75/month	$0.60/1,000 gallons from 0-20,000 gallons
		$1.40/1,000 gallons from 20,001-38,000 gallons
		$2.00/1,000 gallons from 38,001 gallons and up
1.5” MDU	$97.50/month	$0.60/1,000 gallons from 0-40,000 gallons
		$1.40/1,000 gallons from 40,001-75,000 gallons
		$2.00/1,000 gallons from 75,001 gallons and up
2” MDU	$156.00/month	$0.60/1,000 gallons from 0-64,000 gallons
		$1.40/1,000 gallons from 64,001-120,000 gallons
		$2.00/1,000 gallons from 120,001 gallons and up
Stationary Hydrant	N/A	$7.75/1,000 gallons

Figure 5: Current SVWSID Water Rates

2.6 Future population and usage projections

2.6.1 Community growth

The Spanish Valley and Moab area are currently experiencing a rapid period of growth. Historically, the water system has seen a growth rate of 1.58% for residential connections and 1.18% for

commercial connections (Preliminary Engineering Report, Sunrise Engineering). However, despite this historic growth rate, there have been recent developments in the system leading to more rapid growth including the construction of a Utah State University campus in the service area and several hotels having already paid impact fees.

For our rate analysis, we estimate a growth rate of 2% each year. This keeps estimated growth in line with estimates from the PER and from another wastewater feasibility study developed by Bowen & Collins engineering.

2.6.2 Conservation efforts

With the existing tier structure of increasing tiers, the system is already promoting conservation through the price structure. As Spanish Valley is located in the desert of Southeast Utah, water conservation is of the utmost importance. Any changes recommended in the rates and rate structure will reflect the need to conserve this resource.

3 Current Financial Condition and Analysis

3.1 Current rate schedule/structure

In addition to the rates mentioned above on page 13, SVWSID has the following fees, which are not included in the rate calculations.

Item	Fees
Late Payment Fee	$15.00
Late Payment Penalty	1.5% on past due balance
Returned Check Fee	$15.00
Reconnect Fee	$50.00
Turn On/Off Service Fee – non-emergency	$35.00
Residential Will-Serve Fee	$40.00
Commercial Will-Serve Fee	$300.00
Culinary Water Inspection Fee	$100.00
5/8" Culinary Water Connection and Meter (Hook Up Fee)	$605.00
Culinary Water Connection and Meter – Other Meter Sizes	*Actual Cost of materials and labor to be calculated at time of request*
Impact Fees	
Culinary Water Impact Fee per ERC	$3,574.95
Culinary Water Impact Fee – Other Uses	*See ERC Chart*

A copy of the GWSSA Fee Schedule can be found in Appendix 6.2.

3.1.1 Analysis of current rate structure

The current rate structure has been adequate for SVWSID historically. The rates have generated sufficient revenue to operate the utility, meet debt service and debt reserve requirements and build capital replacement reserves. However, with the current replacement project, recent growth and the addition of hotels in the near future, it is important to review rates to ensure they are equitable and sustainable.

In particular, the current rate structure only has one base rate for all commercial customers, no matter the meter size. In this case, a commercial customer with a 5/8" meter and a commercial customer with a 4" meter will pay the same monthly base rate of $24.50. This does not accurately reflect the larger meters' potential demand on the water system. A goal of this rate study is to develop a fair and justifiable commercial rate study to ensure the system can generate enough revenue to maintain the water system and meet the demand of the larger customers.

3.2 Current budget

3.2.1 Current budget as approved by the board

Grand Water & Sewer Service Agency

2018 Amended Budget / 2019 Budget (approved 12/6/2018)

	(Updated format)	11/1/18 Amended 2018 Budget	To Date 11/30/2018	12/6/18 Amended 2018 Budget	Approved 2019 Budget
	REVENUE - Operating				
1	Water Fees - Irrigation	130,000.00	129,988.97	129,989.00	130,000.00
2	Water Fees - RSI	2,500.00	2,631.89	2,780.00	2,600.00
3	Irrigation Pumping Reimburse Fees	4,500.00	4,843.70	9,387.00	
4	Water Fees-Culinary	950,000.00	962,614.17	1,019,000.00	1,020,000.00
5	Sewer Fees	864,000.00	796,548.87	870,000.00	900,000.00
6	W&S Fees & Penalties	23,000.00	18,835.56	20,500.00	20,000.00
7	Other Fees	5,000.00	3,652.45	4,000.00	3,900.00
8	Will Serve Fees	26,000.00	20,592.00	20,600.00	5,000.00
9	Irrigation Fees & Penalties	500.00	54.68	55.00	100.00
10	W&S Connection Penalties				
11	Irrigation Meter Fees	4,200.00	4,099.61	4,100.00	4,100.00
12	Water Connections	11,950.00	22,178.29	22,178.00	11,950.00
13	Sewer Connections	1,000.00	2,005.00	2,005.00	1,000.00
14	Irrigation Connections	5,300.00	5,258.08	5,258.00	
	REVENUE - Non-Operating				
15	Impact Fees - Water	107,250.00	324,184.15	325,000.00	584,000.00
16	Impact Fees - Sewer	58,580.00	318,307.32	318,308.00	204,000.00
17	Impact Fees - Moab City	210,000.00	291,490.18	291,491.00	136,000.00
18	Lease Income - Others/Misc.	4,800.00	4,676.52	5,077.00	4,800.00
19	Interest Income	40,000.00	65,235.76	60,000.00	40,000.00
20	Impact Fee Reserve Transfer - SVWSID	202,415.00	202,415.00	202,415.00	286,784.00
21	Revenue Transfer From GCWCD			30,000.00	150,000.00
22	Revenue Transfer From SVWSID				
23	Retained earnings - Irrigation Meter (1157)	11,350.00	11,350.00	11,350.00	
24	Retained earnings - O&M Irrigation Reserve (1156)	30,000.00	30,000.00	30,000.00	
25	Retained earnings - Capital Improvements, other (1162)	18,000.00	18,000.00	18,000.00	
26	Retained earnings - Contingency R&R Fund (1166)	155,000.00	155,000.00	155,000.00	155,000.00
27	Retained earnings - Fleet (1165)				40,000.00
28	Retained earnings - Capital Improvements (1159)				
	TOTAL REVENUE	**2,865,345.00**	**3,393,962.20**	**3,556,493.00**	**3,699,234.00**

	EXPENSES - Operating				
29	Salaries	390,000.00	334,026.33	368,250.00	465,000.00
30	Employees Benefits	235,000.00	180,403.09	223,200.00	265,000.00
31	Software, Subscriptions & Memberships	16,000.00	13,154.58	13,655.00	13,200.00
32	Education/Donations	4,500.00	1,925.00	1,925.00	2,000.00
33	Public Notices	2,100.00	1,344.25	1,345.00	1,800.00
34	Travel & Training	8,500.00	3,519.56	4,100.00	4,000.00
35	Billing Expense	35,000.00	22,808.74	27,100.00	28,000.00
36	Rents/Leases	8,000.00	5,095.00	5,100.00	6,000.00
37	Will Serve Expense	5,500.00	4,594.50	4,600.00	5,000.00
38	Professional Services	42,400.00	23,014.22	24,000.00	37,900.00
39	Insurance & Bonds	41,000.00	40,936.60	41,000.00	43,000.00
40	Election Costs - SVWSID	9,200.00	174.25	175.00	
41	Shop & Safety Expense	30,000.00	10,258.63	13,000.00	18,000.00
42	Pump Cost Culinary	93,000.00	85,729.82	92,000.00	92,000.00
43	Pump Cost Irrigation	18,000.00	34,922.57	35,000.00	25,000.00
44	O&M Office	26,800.00	19,843.08	22,000.00	25,000.00
45	O&M Water	108,000.00	92,332.78	96,000.00	95,000.00
46	O&M Sewer	25,000.00	16,049.58	19,000.00	20,000.00
47	O&M Reservoir and Grounds	15,000.00	10,305.18	11,210.00	10,000.00
48	O&M Irrigation	65,000.00	58,432.55	74,000.00	73,350.00
49	O&M Wells -Culinary	17,000.00	7,014.81	7,100.00	7,500.00
50	O&M Wells - Irrigation	18,000.00	18,341.74	18,342.00	60,000.00

	EXPENSES - Operating (cont.)				
50	O&M Vehicle	14,000.00	22,973.92	25,000.00	20,000.00
51	O&M Buildings & Grounds	5,000.00	3,233.51	3,500.00	3,000.00
52	Sewage Treatment	375,000.00	331,671.99	388,713.00	446,000.00
53	Irrigation Water Assessments	25,000.00	6,428.00	12,248.00	25,000.00
54	Water Rights Expense	155,000.00			155,000.00
	EXPENSES Non-Operating				
55	Reserve - Contingency Water (1166)			155,000.00	
56	Reserve - Contingency Sewer (1161)			50,000.00	
57	Reserve - Contingency Irrigation (1156)				

58	Capital Improvements - Building Fund				
59	Fleet Replacement Fund				
60	Irrigation Meter Replacement Fund				4,100.00
61	Water Line Connections	11,950.00	22,567.66	22,000.00	11,950.00
62	Sewer Line Connections	1,000.00	1,400.00	1,500.00	1,000.00
63	Irrigation Connections	5,300.00	5,258.08	5,258.00	
64	Impact Fee Reserve - Water (SVW&SID)	107,250.00		276,308.00	329,000.00
65	Impact Fee Reserve - Sewer (SVW&SID)	58,580.00		318,308.00	204,000.00
66	Impact Fee Transfer - Moab City	160,000.00	291,490.18	291,491.00	136,000.00
67	Capital Improvements	155,000.00	105,970.00	139,157.00	100,000.00
68	Hwy 191 Water Line Project - Water	8,500.00	8,500.00	8,500.00	255,000.00
69	Hwy 191 Sewer Project	12,000.00	9,189.00	9,189.00	
70	Mesa Road Water Line Project			48,692.00	
71	Transfer to SVWSID 2018 Water Project			110,808.00	
72	Transfer to SVWSID Phase II Water Project				
73	Impact Fee Refunds				
74	Revenue Trans To SVWSID			150,000.00	197,459.00
75	" - Impact Fees For Loan Participation	202,415.00	202,414.45	202,415.00	286,784.00
76	"- City Sewer Bond Payment	102,207.00	102,207.00	102,207.00	102,207.00
77	Revenue Trans to GCWCD				
78	Miscellaneous Expenses	600.00			600.00
	TOTAL EXPENSES	**2,611,802.00**	**2,097,530.65**	**3,422,396.00**	**3,573,850.00**
	Subtotal (Revenues-Expenses)	253,543.00	1,296,431.55	134,097.00	125,384.00
	Depreciation	73,902.00	61,584.60	73,902.00	73,903.00
	Operating Margin	6.88%	58.87%	1.76%	1.44%
	Trans to PTIF	253,543.00	1,296,431.55	134,097.00	125,384.00

3.2.2 Recent noteworthy budget changes discussion

Recent changes to the budget include the removal of "San Juan County Residential" customers, as they have decided to develop their own water system independent of GWSSA. In future years, San Juan County may contract the management of this water system to GWSSA, seen in the five year projected budget.

3.2.3 Uncollectable accounts *(express this as a percentage of sales)*

Uncollectable accounts make up less than 1% of the overall sales in SVWSID.

3.3 Current dedicated reserves

GWSSA and SVWSID have multiple reserve accounts. In order to best allocate these reserves, RCAC and GWSSA determined what percentage of each account should be allocated to the water system. Overall, debt, emergency and operating reserves are adequate and in some cases over allocated based on the systems current needs. There will be a need to build a new debt reserve for Phase 2 of the water project and the capital replacement reserve will need continuous contributions as assets are replaced at the end of their lifespan.

3.3.1 Debt Reserve

At the beginning of this rate analysis, SVWSID had three loans: two loans from Utah Division of Drinking Water and one from USDA-Rural Development. These loans have a debt reserve requirement of $123,631. Additionally, SVWSID had secured funding from USDA-Rural Development for Phase 1 of the current water project. A reserve of $110,808 is required by the Letter of Conditions and this has already been saved by the system. The system currently has $234,439 available in two debt reserve accounts. The excess amount of $9,209 may be able to be applied to either the Phase 2 debt service or towards capital replacement.

Over the course of the analysis, the system signed a Letter of Conditions with USDA-Rural Development for additional funds for Phase 2 of the water project. This new LOC requires a debt service reserve of $88,920. The system does not currently have this allocated in the existing reserves and plans to build up this reserve over the next ten years, or sooner, depending on impact fee revenue.

3.3.2 Emergency Reserve

GWSSA has an account labeled "Contingency – Water" with a balance of $465,000. It was determined that this is the reserve that would be used in the event of an emergency. In a review of the systems' assets, and an estimate of the amount needed for actual emergency response should critical infrastructure fail, RCAC and GWSSA staff determined a more realistic goal for an emergency reserve would be $225,000. This makes $240,000 available to be transferred to a capital reserve as needed.

3.3.2.1 Capital Replacement/Improvement Reserve

GWSSA and SVWSID have multiple accounts related to capital replacement, including a new "Short Lived Asset Reserve" under SVWSID, a "Capital Improvement – Water Distribution and Storage", "Capital Improvement Reserve", "Building Repair and Replace", "Vehicle Fleet Fund" and "Capital Improve Other" account. In a review of these accounts, many were allocated to multiple services and only the portion allocated to the water system was included in the analysis. A total of $696,740 was available in these accounts for a capital replacement reserve. Following a transfer of excess funds in other reserves, a total of $708,749 was available for capital reserves.

3.3.2.2 Operating Reserve

As GWSSA operates multiple services and generates sufficient revenue, the cash available to SVWSID for operating expenses is expected to be sufficient. This operating reserve is typically calculated to be a reserve equal to the expenses in 12.5% of the operating budget and is important for utilities to keep readily available. SVWSID maintains a checking account for operating expenses. This account contains $75,359 available for the water system

3.3.2.3 Separating fund availability by enterprise

It is important to note that reserve funds and revenues must have their availability separated by individual enterprise. GWSSA already incorporates this process in much of their accounting, but it should be continued to be enforced moving forward.

3.3.2.4 Reserve Policies

Currently, many of the existing reserves in GWSSA and SVWSID have internal restrictions placed by the board. The accounts dedicated to capital improvements, short-lived assets, planned water projects, building repair, vehicle fleet, and contingency funds all have internal restrictions. Debt reserves all have external restrictions in place.

It is recommended that the board continue to have the internal restrictions in place in order to account for funds spent. Funds should be set aside by the board to fund capital replacement, as recommended by AWWA. It is also recommended the board adopt additional financial controls if they are not yet in place. Additionally, a sample reserve policy can be found in Appendix 6.3.

A majority of the existing reserves are held in Utah Public Treasurers' Investment Fund (PTIF) accounts. This is a service for state and local government entities as a short-term cash investment vehicle. Interest rates are very competitive and the reserves have a good return on investment. The funds can also be very liquid. In general, it is recommended that debt reserves be held in long-term accounts with higher returns, as a system does not need to access these reserves until the final payment of the loan becomes due. Emergency reserves should be kept in a very liquid account, such as a savings account, as these funds may need to be accessed very quickly. Capital reserves can be invested in a variety of term lengths in order to correspond with your timeline for asset replacement. It is generally unacceptable to invest reserves in high risk investments.

3.4 Analysis of current financial condition

3.4.1 Revenue sufficiency associated with current rates

Current rates have met the system's needs to cover operation and maintenance expenses, debt service payments, emergency and debt reserves and begin to meet capital reserve requirements. However, upon a more detailed analysis of capital improvement and capital replacement, current rates are not sufficient to build the necessary capital reserves. Additionally, with the Phase 2 water project, additional revenue will be needed to build the debt service reserve and meet the debt payment requirements.

3.4.2 Seasonal fluctuations affecting cash flow

With a lower base rate compared to the theoretical base rate, the system will experience seasonal cash flow fluctuations. Base rates are not sufficient to cover all fixed expenses in the water system and the difference is made up by usage rates. During peak outdoor watering seasons most customers will significantly increase use, though some customers do have access to a pressurized irrigation system as well. The increased usage revenue in the summer will be needed to offset lower revenue in the winter months.

3.4.3 Rate affordability

A common benchmark of affordability is if an "average" customer bill is more than 1.5% of the median household income of the community, the bill is unaffordable. For SVWSID, the average bill for a 5/8" meter with an MHI of $43,694 results in an affordability index of 1.03%.

4 Future Financial Condition and Analysis

4.1 Capital projects planned

4.1.1 Description

SVWSID has recently signed the letter of conditions for Phase 2 of the current water project funded by USDA-RD. Phase 2 includes upgrading the existing distribution system to 8" PVC pipe in the following areas: Desert Road; Lance Avenue; Starbuck Lane; Knutson Korner; HWY 191/Boulder Avenue; San Jose Road; Westwater Drive; Arena Roja; Juniper Drive; Skyline/Kalina Heights; Millcreek Drive; Marshall Drive. Additionally, the project will add generators to the George White Well/Chlorinator and the Chapman Chlorinator buildings.

4.1.2 Schedule and status

An amended Letter of Conditions that includes Phase 2 of the project was signed on April 24, 2019, Appendix 6.1. Construction is expected to begin as Phase 1 construction is completed and payments are expected to be made beginning in 2020. Phase 1 payments will likely begin in summer 2019.

4.1.3 Funding status

USDA-Rural Development funding has been awarded for the Phase 2 water project. Phase 2 was awarded a $1,950,000 loan and $942,000 grant with a system contribution of $250,000. Previously, Phase 1 was awarded a $2,700,000 loan and $2,080,000 grant with a system contribution of $500,000. Total project cost is $8,422,000.

4.2 Suggested Capital Replacement Plan

Over the course of the rate analysis, RCAC and SVWSID reviewed system assets and incorporated all assets valued above the capitalization threshold ($7,500) into a capital replacement reserve. Each asset was reviewed for age, replacement cost, and approximate replacement date. Additionally, for each asset, possible replacement funding was incorporated including grant, loan, and cash contributions. A breakdown of these likely funding sources by asset is shown below.

Default Funding of Asset Replacements				
Replacement Value From	To	Cash	Grant	Loan
$0	$50,000	100%	0%	0%
$50,001	$250,000	50%	0%	50%
$250,001	$500,000	10%	10%	80%
$500,001	$1,500,000	5%	10%	85%
$1,500,001	$9,999,999	2%	10%	88%
Capitalization Threshold		$ 7,500		

A full list of assets can be found in Appendix 6.4.

4.3 Suggested reserve funding

4.3.1 Operating and Emergency Reserves

As discussed previously, the operating and emergency reserves are sufficiently funded.

4.3.2 Debt reserve

The debt reserve requirement is set by the agency providing funding. SVWSID currently has two loans with Utah Division of Drinking Water. These two loans are set to mature in 2021 and 2023. The reserve amount of $101,839 required by Utah DDW has already been met. SVWSID also has three USDA-RD funded water projects. The first of these matures in 2038 and requires a reserve of $21,792. This reserve has been allocated. The second RD loan matures in 2059 and requires a reserve of $109,188 that has already been met. The most recent debt reserve requirement from USDA for Phase 2 of the water project will require a debt service reserve of $88,920. This recent requirement has not been met by the system yet, but SVWSID is able to add annual payments of $8,892 over 10 years to this reserve to meet the requirement. It is likely that SVWSID will allocate this reserve earlier than that, as the system is anticipating additional impact fees that can be applied towards this expense.

4.3.3 Capital replacement reserve

It is recommended the system increase its annual contributions to a capital replacement reserve. A list of capitalized assets and the appropriate annual contribution for each is available in Appendix 6.4. Additionally, the system should incorporate funding into the reserve to include assets that will be constructed in the current and upcoming projects.

In order to fund the eventual replacement of existing capital assets, including those being installed in the next two years, the system should contribute an average of $163,197 each year to its capital replacement reserve. This value includes both long-term and short term assets and is the system contribution to the eventual replacement of the asset, based on the default funding of asset replacement seen above.

Additionally, the system plans to expand its fleet in the next two years with the addition of two ¾ ton pickup trucks. In order to fund this purchase, the system should contribute $74,894 over the next two years to a capital improvement reserve. Following the purchase of these vehicles, they should be added to the list of assets in the capital replacement schedule to determine annual contributions for their replacement cost at the end of their life.

4.3.4 Reserve discrepancies

Currently, the only reserves that require additional contributions are the debt service reserve and the capital replacement reserve. The system must contribute an additional $88,920 to a Phase 2 Water Project debt reserve in the next 10 years. The system has funds already allocated for capital replacement, but should continue to contribute to this reserve as funds are withdrawn for asset replacement and until a minimum of $943,500 is in this reserve, as determined by the letter of conditions.

4.4 What if nothing happens?

If the system fails to raise rates and wants to continue to contribute to the capital replacement reserve, the system will draw on reserves each year and will have a net loss each year. The consequences of failing to raise rates can be seen below.

Results of the new rates	2019	2020	2021	2022	2023	5 Years
TOTAL EXPENSES	$1,698,476	$1,737,044	$1,766,537	$1,681,722	$1,720,607	$8,604,386
TOTAL REVENUE	$1,482,839	$1,453,479	$1,487,524	$1,483,466	$1,505,148	$7,412,456
NET LOSS OR GAIN:	-$215,636	-$283,565	-$279,014	-$198,256	-$215,459	-$1,191,931
ET CASH FLOW (Contribution to Reserves)	-$1,653	-$106,661	-$97,800	-$17,043	-$34,246	-$257,402
Affordability assuming MHI of $42694 for 5/8" meters.	1.03%	1.03%	1.05%	1.07%	1.08%	
Does the Budget Balance?	No	No	No	No	No	
Positive Annual Cash Flow?	No	No	No	No	No	

4.5 Projected Five year budget

On page 24 is a projected five year budget for SVWSID that incorporates revenue to be generated from the rates recommended by RCAC and adopted by the board on May 16, 2019. It should be noted that there is a line item in Operations and Maintenance Expenses that is labeled "Revenue from top tier rate increase at $1/year up to $5." This is **revenue**, not an expense. In order to bypass limitations of our current rate model, the revenue generated from a top tier increase of $1/1000 gallons per year until a top tier of $5/1000 gallons is met was calculated separately using actual usage data. This amount was then incorporated as a negative value in the expense section of the budget to act as revenue.

	Budget			Date:	12/31/18	**Exhibit 2**
	Spanish Valley SSD			Inflation Factor (%):	3.00	
				Loan Interest Rate (%)	2.63	
				System Number:	UT10024	
	EXPENSES AND SOURCES OF FUNDS	**2019**	**2020**	**2021**	**2022**	**2023**
OPERATIONS & MAINTENANCE EXPENSES						
	Salaries	279,000	287,370	295,991	304,871	314,017
	Employees Benefits	159,000	163,770	168,683	173,744	178,956
	Software, Subscriptions & Memberships	7,920	8,158	8,402	8,654	8,914
	Education/Donations	1,200	1,236	1,273	1,311	1,351
	Public Notices	855	881	907	934	962
	Travel & Training	2,000	2,060	2,122	2,185	2,251
	Billing Expense	13,300	13,699	14,110	14,533	14,969
	Rents/Leases	3,000	3,090	3,183	3,278	3,377
	Professional Services	22,740	23,422	24,125	24,849	25,594
	Insurance & Bonds	25,800	26,574	27,371	28,192	29,038
	Election Costs - SVWSID	0	0	0	0	0
	Shop & Safety Expense	10,800	11,124	11,458	11,801	12,155
	Pump Cost Culinary	92,000	94,760	97,603	100,531	103,547
	O&M Office	15,000	15,450	15,914	16,391	16,883
	O&M Water	95,000	97,850	100,786	103,809	106,923
	O&M Reservoir and Grounds	0	0	0	0	0
	O&M Wells -Culinary	7,500	7,725	7,957	8,195	8,441
	O&M Vehicle	12,000	12,360	12,731	13,113	13,506
	O&M Buildings & Grounds	1,800	1,854	1,910	1,967	2,026
	Will Serve Expense	2,500	2,575	2,652	2,732	2,814
	Impact Fee Transfer to Reserve Water	225,000	231,750	238,703	245,864	253,239
	Water Connection Expense	11,950	12,309	12,678	13,058	13,450
	Revenue from top tier rate increase at $1/year up to $5	0	-62,050	-124,100	-124,100	-124,100
	New Employee Salary and Benefits			88,000	88,000	88,000
	Total Operation and Maintenance Expenses:	988,365	955,966	1,012,456	1,043,913	1,076,314
GENERAL & ADMINISTRATIVE EXPENSES						
	Operating Reserve Funding	0	0	0	0	0
	Emergency Reserve Funding	0	0	0	0	0
	Debt Reserve Funding	8,730	8,730	8,730	8,730	8,730
	Replacement of Existing Capital Assets	123,829	123,829	147,046	147,046	147,046
	Replacement of Funded Project Assets	25,437	25,437	25,437	25,437	25,437
	Reserves for Additional Capital Assets	55,987	18,907	0	0	0
	Miscellaneous Expenses	360	371	382	393	405
	Debt Service	158,493	158,493	163,273	40,705	40,705
	Revenue Transfer	197,459	203,383	209,484	215,769	222,242
	Current RD Note - Beginning June 2019	55,404	110,808	110,808	110,808	110,808
	Phase 2 Loan Payments - Beginning 2020		88,920	88,920	88,920	88,920
	BAN Payments	84,411	42,200			
	Total General and Administrative Expenses:	710,111	781,078	754,081	637,809	644,294
TOTAL EXPENSES		1,698,476	1,737,044	1,766,537	1,681,722	1,720,607
SOURCE OF FUNDS / REVENUES RECEIVED						
	Sales Revenue (Base + Usage)	1,161,053	1,164,789	1,189,854	1,215,060	1,229,510
	Impact Fees - Water	225,000	231,750	238,703	245,864	253,239
	W&S Fees & Penalties	16,000	16,480	16,974	17,484	18,008
	Uncollectable Receivables	0	0	0	0	0
	Water Connections	11,950	12,309	12,678	13,058	13,450
	Interest Income	19,200	19,776	20,369	20,980	21,610
	Impact Fee Reserve Transfer for debt payment - SVWSID	242,904	158,493	163,273	129,625	129,625
	San Juan Maintenance Fee	10,000	54,000	55,620	57,289	59,008
TOTAL REVENUE		1,686,107	1,657,597	1,697,471	1,699,359	1,724,450
	NET LOSS OR GAIN:	-12,369	-79,448	-69,066	17,637	3,843
	NET CASH FLOW (Contribution to Reserves)	201,615	97,456	112,148	198,851	185,057

4.6 Methodology of setting rates

4.6.1 CRP Review

RCAC and SVWSID reviewed the system's assets to determine estimated replacement timeframes and estimated system contribution. This determines an annual contribution requirement to a capital replacement reserve.

4.6.2 Budget

RCAC reviewed current and historic budgets for the system. The system anticipates several future expenses, including a new employee with benefits beginning in 2021, payments for Phase 1 of the water project beginning in 2019, payments for Phase 2 of the water project beginning in 2020, and BAN payments for intermediate financing in 2019 and 2020. Additional revenue is expected to begin in 2019 for managing San Juan Counties Spanish Valley Water System. This revenue will increase in 2020.

The system also anticipates continued growth, as reflected in impact fee revenue. These impact fees are held by the system for one year in a water system impact fee reserve. After one year these fees are available to be used for debt payments. The system anticipates this process will continue into the future.

4.6.3 Fixed vs Variable Expenses

A review of fixed and variable expenses found that approximately 92% of the systems' costs are fixed, meaning they do not change with the amount of water produced. Fixed expenses include salaries and benefits, debt payments, and reserve funding. Variable expenses include electrical costs and a percentage of O&M expenses. Fixed rates are used to determine the theoretical base rate.

4.6.4 Sales forecast

With the suggested rate increases, it is expected that customers will conserve water. Additionally, the system anticipates that each year they will sell more water as new customers join the system. A forecast can be seen in the table below.

Growth of Consumption over Base year	Year 1	Year 2	Year 3	Year 4	Year 5
Conservation Factor	-1.5%	-3.0%	-1.5%	0.0%	0.0%
Community Growth Factor	2.0%	4.0%	6.0%	8.0%	10.0%
Total Consumption Adjustment	0.5%	1.0%	4.5%	8.0%	10.0%

4.7 Suggested rates

RCAC is suggested several changes to rates and the rate structure. A comparison of these changes to the current rates and structure can be found below.

4.7.1 Proposed Base Rates

To calculate base rates, a theoretical base rate was calculated, as shown in the following table. Fixed expenses are totaled and allocated over customers based on meter size, by potential demand on the system. This provides a base rate that if implemented would cover all fixed costs in the water system. In this scenario, usage rates would only cover variable costs.

Meter Size in "	Decimal Size	Number of Meters	AWWA Safe Maximum Operating Cap. (GPM)	Max Demand (GPM)	% of Max Demand by Meter Size	Total Fixed Costs Allocated by Meter Size	Theoretical Base Rate by Meter Size per M
A	B	C	D	E= D * C	F= % of total	G= % * total	H=G/C/12
5/8"	0.625	1819	20	36,380	79.61%	$1,249,295	**$57.23**
1"	1.000	50	50	2,500	5.47%	$85,850	**$143.08**
1.5"	1.500	31	100	3,100	6.78%	$106,455	**$286.17**
2"	2.000	15	160	2,400	5.25%	$82,416	**$457.87**
3"	3.000	1	320	320	0.70%	$10,989	**$915.74**
4"	4.000	2	500	1,000	2.19%	$34,340	**$1,430.84**
Total		1918		45,700	100.00%	$1,569,346	

This theoretical base rate is used as a starting point, to help determine fair and justifiable rates that are in line with SVWSIDs existing rate structure. The proposed base rates can be seen below.

Rate Class	Current	Proposed	Notes
Residential	19.50	21.75	Same for all meter sizes in the category, ~37% of "theoretical" base rate (see below), used to determine other residential classes
2 on 1	39.00	43.50	2x residential
3 on 1	58.50	65.25	3x residential
Residential +ADU	29.25	32.75	1.5x residential, can add $10.25 per each additional ADU
Commercial – *New* 5/8"	24.50	26.75	Kept current relationship to residential ($5 more), which is 46.4% of "theoretical" base. Applied this percentage to the theoretical rate of each meter size for commercial and MDU's below.
1" MDU and *new* 1" Commercial	48.75	67.00	
1.5" MDU and *new* 1.5" Commercial	97.50	133.75	
2" MDU and *new* 2" Commercial	156.00	214.00	
New 3" Commercial	--	428.00	
New 4" Commercial	--	669.00	
Rounded rates to nearest $0.25			
Proposing 0% annual increase in base and usage rates for all customers, include approximate revenue from $1 per 1,000 gallon increase in top tier *Please note, this is included in the model in the expense side of the budget, but is written as a negative number to result in a revenue. Line 55 on Budget Sheet			

4.7.2 Proposed tier structure

To determine the following tier structures, RCAC looked at both average summer and winter use, as well as the 25th, 50th, and 75th percentile of average use in summer and winter. Summer use was defined as May-September, and winter use as November-March. The board is proposing an increase of $1 per 1,000 gallons in the highest tier for each category each year, until the top tier is $5 per 1,000 gallons.

4.7.3 Residential

Current Residential		Proposed Residential	
Tier Break (Top of Tier)	Rate/1,000 Gallons	Tier Break (Top of Tier)	Rate/1,000 Gallons
8,000	$0.60	6,000	$0.60
15,000	$1.40	10,000	$1.40
>15,000	$2.00	20,000	$1.80
		30,000	$2.20
		50,000	$2.75
		>50,000	$3.00 (increase $1/1,000g/year until 2021)

Justification of Residential Tiers

The analysis of usage found the average residential winter use is 5,254 gallons a month (5,464 gallons with no winter use accounts removed). Additionally, the 75th percentile of winter use is 6,000 gallons a month. From this, it was determined that since 75% of SVWSID customers use less than 6,000 gallons a month in the winter, this would be an acceptable tier, allowing a majority of homeowners to stay within this tier for normal household usage.

Further tiers were based on recommendations from the board.

4.7.4 2-on-1, 3-on-1, Residential + ADU

Proposed 2 on 1, 3 on 1, and Residential plus ADU

2 on 1		3 on 1		Residential + ADU	
Tier Break	Rate/1,000 Gal	Tier Break	Rate/1,000 Gal	Tier Break	Rate/1,000 Gal
12,000	$0.60	18,000	$0.60	10,000	$0.60
20,000	$1.40	30,000	$1.40	14,000	$1.40
40,000	$1.80	60,000	$1.80	24,000	$1.80
60,000	$2.20	90,000	$2.20	34,000	$2.20
100,000	$2.75	150,000	$2.75	54,000	$2.75
>100,000	$3.00 (increase $1/1,000g/year until 2021)	>150,000	$3.00 (increase $1/1,000g/year until 2021)	>54,000	$3.00 (increase $1/1,000g/year until 2021)

Justification

We maintained the existing relationship between residential rates and the tiers. Based on current rates, the tier breaks for 2 on 1 customers are double residential; for 3 on 1 customers are triple residential; and for Residential + ADU are residential tiers plus 4,000 gallons.

4.7.5 Commercial

Proposed Commercial

Current Commercial		Proposed Commercial	
Tier Break (Top of Tier)	Rate/1,000 Gallons	Tier Break (Top of Tier)	Rate/1,000 Gallons
10,000	$1.20	6,000	$0.60
>10,000	$2.40	10,000	$1.40
		20,000	$1.80
		30,000	$2.20
		50,000	$2.75
		>50,000	$3.00 (increase $1/1,000g/year until 2021)

Justification of Commercial Tiers

The board requested the commercial tier structure to reflect the residential tiers.

4.7.6 Multiple Dwelling Units

MDU Customers

Current MDU			Proposed MDU		
Meter Size	Tier Break	Rate/1,000 Gallons	Meter Size	Tier Break	Rate/1,000 Gallons
1”	20,000	$0.60	1”	10,000	$0.60
	38,000	$1.40		20,000	$1.40
	>38,000	$2.00		<20,000	$3.00 (increase $1/1,000g/year until 2021)
1.5”	40,000	$0.60	1.5”	20,000	$0.60
	75,000	$1.40		40,000	$1.40
	>75,000	$2.00		>40,000	$3.00 (increase $1/1,000g/year until 2021)
2”	64,000	$0.60	2”	30,000	$0.60
	120,000	$1.40		60,000	$1.40
	>120,000	$2.00		>60,000	$3.00 (increase $1/1,000g/year until 2021)

Justification

For 1” MDUs, 50% of customers use 9,000 gallons or less throughout the year, and only 25% use more than 10,000 gallons per month throughout the year. Average winter use is actually higher than average summer use.

For 1.5” MDUs, 50% of customers use 20,000 gallons or less per month throughout the year. 75% of customers use 26,250 gallons per month or less throughout the year, keeping them well within the second tier. Average winter use is actually higher than average summer use.

For 2” MDUs, 50% of customers use 27,500 gallons or less during the winter months. Additionally, 75% of customers use 54,000 gallons or less during the summer months, keeping them within the second tier.

4.8 Impact of suggested rates on five year budget

By implementing the suggested rates, SVWSID will be able to contribute to reserves each year, with contributions ranging from $97,456 to $201,615 each year for the next five years. In 2019 to 2021, these contributions will not meet the full calculated contribution requirement (shown as net loss), but revenue is still sufficient to contribute and not draw on reserves. With these suggested changes, the system may realize an additional $1,052,528 in revenue over five years.

The Letter of Conditions from USDA-Rural Development requires annual revenue generated by the water system to be $1,318,387, which is met by the new rates. Additionally, the Letter of Conditions requires annual contributions to a short-lived asset reserve of $106,050. In all but one year this requirement is exceeded. In 2020, the system anticipates multiple large expenses, including beginning full payments on both Phase 1 and Phase 2, as well as a final year of BAN payments. The timeline for these payments were estimated by the system and actual contributions to reserves may be higher in this year.

Results of the new rates	2019	2020	2021	2022	2023	5 Years
TOTAL EXPENSES	$1,698,476	$1,737,044	$1,766,537	$1,681,722	$1,720,607	$8,604,386
TOTAL REVENUE	$1,686,107	$1,657,597	$1,697,471	$1,699,359	$1,724,450	$8,464,984
NET LOSS OR GAIN:	-$12,369	-$79,448	-$69,066	$17,637	$3,843	-$139,403
ET CASH FLOW (Contribution to Reserves)	$201,615	$97,456	$112,148	$198,851	$185,057	$795,126
Affordability assuming MHI of $42694 for 5/8" meters.	1.17%	1.17%	1.20%	1.22%	1.24%	
Does the Budget Balance?	No	No	No	Yes	Yes	
Positive Annual Cash Flow?	Yes	Yes	Yes	Yes	Yes	

4.9 Impact of suggested rates on Customer bills

It is expected that all customers will see an increase in their average monthly water bill, with the greatest increases seen in the summer months and by commercial customers with larger meters. A calculation of the average customer water bill by meter size can be seen below. Please note, the smaller meter sizes incorporate both residential and commercial customers.

Additionally, it is expected that rates will remain affordable based on the affordability index. By 2023, after usage rates have returned to normal and all rate changes have been implemented, the affordability index is 1.24% of the median household income for a 5/8” meter. This index may be artificially inflated by incorporating 5/8” commercial customers.

Average Monthly Bill by Meter Size		
Meter Size	Current	Year 1
5/8”	$36.39	$41.61
1”	$83.79	$118.17
1.5”	$125.32	$202.04
2”	$287.76	$493.60
4”	$529.65	$1,377.50

Note: We could not estimate average monthly bill for customers with 3" meters because there is no historical use data.

5 Recommendations

5.1 Summary of rates, reserve funding, other recommendations

5.1.1 Recommendations for improving financial position

Overall, Spanish Valley Sewer and Water Improvement District is doing well in their financial position, though there are areas to improve. Specifically, the rate structure must be changed in order to get larger users with large meters to pay their fair share through monthly base rates. Additionally, it is important to carefully review anticipated revenue and expenses with the recent $8,422,000 project. In order to accommodate new debt service and additional reserve requirements, rate increases in addition to rate structure changes are recommended.

5.1.2 Rates

As discussed previously, all base rates should be increased, tiers should be readjusted based on use, and commercial customers should have a base rate determined by meter size. These changes can be seen in the tables found in section 4.7. Additionally, SVWSID plans to increase the rate of bulk water usage through hydrant meter from $7.75 to $10.00/1,000 gallons. RCAC supports this decision.

5.1.3 Reserve Funding

It is recommended that the increased revenues from the rate changes be used to more fully fund a capital replacement reserve along with meeting the remaining debt service reserve requirements. A breakdown of the reserve contributions over the next five years can be found in the table below.

EXPENSES AND SOURCES OF FUNDS		2019	2020	2021	2022	2023
GENERAL & ADMINISTRATIVE EXPENSES						
	Operating Reserve Funding	0	0	0	0	0
	Emergency Reserve Funding	0	0	0	0	0
	Debt Reserve Funding	8,730	8,730	8,730	8,730	8,730
	Replacement of Existing Capital Assets	123,829	123,829	147,046	147,046	147,046
	Replacement of Funded Project Assets	25,437	25,437	25,437	25,437	25,437
	Reserves for Additional Capital Assets	55,987	18,907	0	0	0

Should the system realize sufficient revenues, or elect to transfer existing reserves, to build the debt reserve more quickly than a ten year period, that would be acceptable.

5.1.4 What happens if no action is taken

If no action is taken to raise and/or restructure rates the system will generate the revenue needed to cover operations and maintenance expenses but will be unable to fund a short lived asset reserve or more complete capital replacement reserve. Additionally, the system may have to draw on existing reserves to replace assets and afford debt service payments.

5.2 Implementation of rate adjustments

5.2.1 Board decision required

On May 16, 2019 the Grand Water and Sewer Service Agency held a public hearing to discuss proposed rate changes following advertising the hearing in local newspapers and online. At this meeting, one member of the public was in attendance to learn more about the proposed rate changes. This water user was understanding and supportive of the changes.

Following public comment and a presentation from RCAC on final rate recommendations the board unanimously voted to adopt the recommended changes.

Following this board meeting, it was determined that the original public notice in the local newspaper did not meet the requirements for advertising a public hearing. A new public hearing was held on July 18th. Following the public hearing, the board passed resolution #2019-07-23a implementing the recommended rates. A copy of the resolution can be found in Appendix 6.5.

5.2.2 Phasing in an increase

The GWSSA board has decided to implement a top tier rate increase over three years. Starting Aug. 1, 2019, the top tier for each customer category will be charged $3.00/1,000 gallons. On Jan. 1, 2020, this will be increased to $4.00/1,000 gallons and on Jan. 1, 2021, a final increase to $5.00/1,000 gallons will be implemented. This phased increase will likely reduce some burden on customers and will allow them to adapt to the new rates.

It should be noted that this increase to $5.00/1,000 gallons for the highest tier may result in decreased usage revenue as users change their habits and adopt more water conservation practices. While this will help conserve water, it may also impact revenues. While rates continue to increase it is important to monitor revenue and ensure it is still sufficient for the system.

5.2.2.1 Implementing the new rates

Prior to the implementation of the new rates the system was aware of several commercial customers that had a meter sized too large for their needs. This was often due to a change in the type of business housed in a given location, with the recent business having a much lower water demand than the previous customer in that location. Since the new rates were implemented on Aug. 1, 2019, several other customers have come forward with larger meters than needed. Many of these customers have offered to pay the expense of replacing their meter with a smaller one at their own cost. The system has currently elected to deal with these customers on a case-by-case basis to replace the meter with a smaller, more appropriately sized meter.

It should be noted that larger meters may not be reading usage accurately when flows are very low. Replacing the large meters with smaller ones may allow the system to more accurately account for water use and bill appropriately.

5.2.2.2 Key points to remember when adjusting rates

It is important to remember to regularly review revenue and rates to ensure that they are meeting the system's needs. The recommended rates that have been adopted should meet the systems financial needs based on current system information and informed estimates of future conditions, but it is important to monitor actual revenue. Rates should be addressed at least annually while setting budgets to see if they are still sufficient. A more complete rate analysis should be completed every five years or anytime the system takes on additional debt or has significant changes in the customer base.

6 Appendix

6.1 Letter of Conditions – USDA Rural Development

United States Department of Agriculture
Rural Development
Salt Lake City, Utah

April 24, 2019

Chairman and Board of Directors
Spanish Valley Water & Sewer Improvement District
3025 E Spanish Trail Rd
Moab, UT 84532

SUBJECT: Amended Letter of Conditions #3–Culinary Water Project, Including Phase II

Dear Chairman and Board of Directors:

This letter amends the original letter of conditions dated August 4th, 2017 and subsequent amendment's one and two.

The following paragraphs are hereby amended:

2. **Project Funding –** The Agency is offering the following additional funding:

Agency Loan $1,950,000.00
Agency Grant $942,000.00

Previously approved Loan $2,700,000.00
Previously approved Grant $2,080,000.00
GWSSA Contribution $500,000.00

This offer is based upon the following additional funding being provided by applicant.

GWSSA Contribution - $250,000.00

TOTAL PROJECT COST - $8,422,000

125 South State St., #4311, Salt Lake City, UT 84138, Phone (801) 524-4320, Fax (801) 524-4406

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender." To file a complaint of discrimination, write USDA, Director, Office of Civil Right, 1400 Independence Avenue, S.W., Washington DC 20250-9410 or call (800) 795-3272(voice) or (202) 720-6382(TDD)

Any changes in funding sources following obligation of Agency funds must be reported to the processing official. Project feasibility and funding will be reassessed if there is a significant change in project costs after bids are received. If actual project costs exceed the project cost estimates, an additional contribution by the Owner may be necessary. Prior to advertisement for construction bids, you must provide evidence of applicant contributions and approval of other funding sources. This evidence should include a copy of the commitment letter. Agency funds will not be used to pre-finance funds committed to the project from other sources.

3. **Project Budget** – Funding from all sources has been budgeted for the estimated expenditures as follows:

Project Costs:	**Total Budgeted:**
Administration	$50,000.00
Construction	$3,709,400.00
Contingency	$443,000.00
Engineering Fees	$882,000.00
Includes:	
Preliminary Engineering Report	$256,000.00
Design Construction Mgmt.	$281,000.00
Resident Project Representation (Inspection)	$345,000.00
Interest - Interim	$125,000.00
Land and Rights-of-Way	$50,000.00
Legal Fees - Bond Counsel	$20,000.00

Project Cost Phase Two:

Construction 8" line	$2,076794.00
Contingency	$339,206.00
Design	$205,000.00
Construction Admin	$230,000.00
Development	$83,000.00
Generators/Chlorinator	$178,000.00
Biding	$25,000.00
Admin	$5,000.00

TOTAL	**$8,422.000.00**

Obligated loan or grant funds not needed to complete the proposed project will be de-obligated prior to start of construction. Any reduction will be applied to grant funds first. An amended letter of conditions will be issued for any changes to the total project budget.

4. **Repayment** – The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing, unless you request otherwise. Should the interest rate be reduced, the payment will be recalculated to the lower amount.

Your loans will be scheduled for repayment over a period of 40 years. For the first loan #1 use a 2.625% interest rate and an amortization factor of 3.37, which provides for a monthly payment of $9,099.00. For Loan #2 use a 3.375% interest rate and an amortization factor of 3.80, which provides for a monthly payment of $7,410.00. The estimated total for both loans would be $16,509.00 per month. The precise payment amounts will be based on the interest rate at which the loan is closed, and may be different than the one above.

The payment due date will be established as the day that the loan closes. Due dates falling on the 29th, 30th, and 31st day of the month will be avoided.

5. **Security** – The loans will be secured by Water Revenue bonds with a parity lien position in the amount of $2,700,000 and $1,950,000. The bonds will be fully registered as to both principal and interest in the name of the United States of America, Acting through the United States Department of Agriculture.

The Water Revenue Bonds and any ordinances or resolutions relating thereto must not contain any provision in conflict with the Agency Loan Resolutions, applicable regulations, or its authorizing law. In particular, there must be no defeasance or refinancing clause in conflict with the graduation requirements of 7 U.S.C. 1983.

Additional security requirements are contained in RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," and RUS Bulletin 1780-27, "Loan Resolution (Public Bodies). A draft of all security instruments, including draft bond resolution, must be reviewed and concurred in by the Agency prior to advertising for bids. The bond resolutions and Loan Resolutions must be duly adopted and executed prior to loan closing. The Grant Agreement must be fully executed prior to the first disbursement of grant funds.

9. Reserves - Reserves must be properly budgeted to maintain the financial viability and sustainability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs, and assist with debt service should the need arise. The following reserves are required to be established as a condition of this loan:

a. **Debt Service Reserve** – As a part of this Agency loan proposal, you must establish a debt service reserve fund equal to at least one annual loan installment that accumulates at the rate of 10% of one annual payment per year for ten years or until the balance is equal to one annual loan payment for both loans. Ten percent of the proposed loan installments would equal $910 per month for loan #1, $741 per month for loan #2; these amounts should be deposited monthly until a total of $198,108 has accumulated. Prior written concurrence from the Agency must be obtained before funds may be withdrawn from this account during the life of the loan. When funds are withdrawn during the life of the loan, deposits will continue as designated above until the fully-funded amount is reached.

b. **Short-Lived Asset Reserve** –You must establish a short-lived asset reserve fund. Based on the preliminary engineering report, you must deposit at least $106,050 into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. Or until it is fully funded at $943,500 It is your responsibility to assess your facility's short-lived asset needs on a regular basis and adjust the amount deposited to meet those needs.

Current assets can also be used to establish and maintain reserves for expected expenses, including but not limited to operation and maintenance, deferred interest during the construction period, and an asset management program.

21. **Proposed Operating Budget** – You must establish and/or maintain a rate schedule that provides adequate income to meet the minimum requirements for operation and maintenance (O&M), debt service, and reserves. Prior to advertising for bids, you must submit a proposed annual operating budget to the Agency which supports the operation, maintenance, debt service, and reserves, as well as your proposed rate schedule. The operating budget should be based on a typical year cash flow after completion of the construction phase and should be signed by the appropriate official of your organization. Form RD 442-7, "Operating Budget," or similar format may be utilized for this purpose. If not already completed, the rate analysis will be required to show the number of users, their average consumption based on a twelve month consecutive average, and rate structure to support the necessary revenue to make the operating budget cash flow. It is expected that annual Operations and Maintenance (O&M), estimated at $831,741, will change over each successful year and user rates will need to be adjusted on a regular basis.

Based on the Rural Development underwriting process, the revenue generated by the water system, based on 1900 EDU's, must be at least $1,318,387. Any new hookups/connections will be charged a fee of at least $2,000, per EDU.

*One Equivalent Dwelling Unit (EDU) is the level of service for a typical rural residential dwelling. Submit for Rural Development concurrence a list of all users and their assigned EDU's prior to adopting a rate schedule.

Technical assistance is available at no cost to help you evaluate and complete a rate analysis on your system. This assistance is available free to your organization. If you are interested please contact our office for information.

26. **Insurance and Bonding Requirements** – Prior to the start of construction or loan closing, whichever occurs first, you must acquire and submit to the Agency proof of the types of insurance and bond coverage for the borrower shown below. The use of deductibles may be allowed, providing you have the financial resources to cover potential claims requiring payment of the deductible. The Agency strongly recommends that you have your engineer, attorney, and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of the Agency to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained. You will be required to maintain insurance on the facility and employees for the life of the loan.

c. **Fidelity or Employee Dishonesty Bonds** – Include coverage for all persons who have access to funds, including persons working under a contract or management agreement. Coverage may be provided either for all individual positions or persons, or through blanket coverage providing protection for all appropriate workers. During construction, each position

should be bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. After construction and throughout the life of the loan, the amount of coverage must be for at least $550,000, which is the total annual debt service of all Agency loans. The Agency will be identified in the fidelity bond for receipt of notices. Form RD 440-24, "Position Fidelity Schedule Bond," or similar format may be used.

After reviewing and accepting the amended Letter of Conditions, please sign and return the attached form RD 1942-46, "Letter of Intent to meet Conditions" to this office.

If you have any questions for need further assistance please do not hesitate to contact Karl P. Larsen, Loan Specialist in our Ephraim office at (435) 283-8004 x 109.

Sincerely,

B. Heath Price
Community Programs Director

cc: Karl Larsen, Area Specialist, Ephraim Office
Bond Counsel: Chamberlain Associates, LLC
Engineer: Sunrise Engineering

6.2 Rate Schedule – July 4, 2018

GWSSA Fee Schedule

Administration		
	Late Payment Fee	$15.00
	Late Payment Penalty	1.5% on past due balance
	Returned Check Fee	$15.00
	Reconnect Fee	$50.00
	Turn On/Off Service Fee – non-emergency	$35.00
	Irrigation Water Transfer Fee	$25.00
	Copies 8.5” x 11” Black and White	$0.10 each page
	Copies 8.5” x 11” color	$0.20 each page
	Copies All other	actual cost
	Research Fee	First 15 minutes = free Additional staff time charged per UCA 63G-2-203
	CD-R each	$2.00
	Clay	$15.00/ton
Will Serve		
	Residential and Minor Subdivisions	$40.00
	Commercial	$300.00 plus $20/ERC
	Subdivision	the greater of $500 or $20/ERC
	Irrigation	$15.00
	Residential Secondary Irrigation	$15.00
Impact Fees		
	Culinary Water Impact Fee Per ERC	$3574.95
	Sewer Impact Fee – GWSSA Per ERC	$2039.00
	Sewer Impact Fee – San Juan Per ERC	$1755.00
	Culinary Water Impact Fee – Other Uses	See ERC Chart
	Sewer Impact Fee – Other Uses	See ERC Chart
Inspection and Connection Fees		
	Culinary Water Inspection Fee	$100.00
	5/8” Culinary Water Connection and Meter*	$605.00
	Sewer Inspection and Connection Fee	$100.00
	Culinary Water Connection and Meter – Other Meter Sizes*	*Actual Cost*
	Irrigation Connection and Meter*	*Actual Cost*
	Residential Secondary Irrigation Connection and Meter*	*Actual Cost*

*Connection and Meter Fees are based on actual material and labor costs. Actual costs will be calculated at the time of request.

GWSSA Fee Schedule

Culinary Water Monthly Base Rates		
	Residential Base Rate	$19.50/month
	San Juan Residential Base Rate	$20.50/month
	2 on 1 Residential Base Rate	$39.00/month
	3 on 1 Residential Base Rate	$58.50/month
	Commercial Base Rate	$24.50/month
	ADU Base Rate	$9.75/month per ADU
Culinary Water Monthly Usage Rates		
	Residential and San Juan Residential	$0.60/1,000 gallons from 0-8,000 gallons
		$1.40/1,000 gallons from 8,001-15,000 gallons
		$2.00/1,000 gallons from 15,001 gallons and up
	2 on 1 Residential	$0.60/1,000 gallons from 0-16,000 gallons
		$1.40/1,000 gallons from 16,001-30,000 gallons
		$2.00/1,000 gallons from 30,001 gallons and up
	3 on 1 Residential	$0.60/1,000 gallons from 0-24,000 gallons
		$1.40/1,000 gallons from 24,001-45,000 gallons
		$2.00/1,000 gallons from 45,001 gallons and up
	Residential + ADU	$0.60/1,000 gallons from 0-12,000 gallons
		$1.40/1,000 gallons from 12,001-19,000 gallons
		$2.00/1,000 gallons from 19,001 gallons and up
	Commercial	$1.20/1,000 gallons from 0-10,000 gallons
		$2.10/1,000 gallons from 10,001 gallons and up
	Stationary Hydrant	$7.75/1,000 gallons
Sewer Monthly Base Rates		
	Residential	$27.20/month
	2 on 1 Residential	$54.40/month
	3 on 1 Residential	$81.60/month
	ADU Base Rate	$27.20/month per ADU
	Trailer Court	$27.20/unit per month
	Small Commercial	$34.20/month
	Medium Commercial	$56.45/month
	Large Commercial	$112.90 + ERU calc.
	Campgrounds/RV Parks	$112.90/month plus $5.00/space
	Motel	Base Commercial plus $5.00/room
	Bed and Breakfast	$34.20 plus $5.00/room
	Overnight Accommodations 1 bedroom or studio	$34.20/month

GWSSA Fee Schedule

Overnight Accommodations 2 bedrooms +		$41.04/month
All Others		By Study
Multiple Dwelling Unit (MDU) Base Rates		
MDU Monthly Base Rate	1”	$48.75/month
	1.5”	$97.50/month
	2”	$156.00/month
MDU Usage Rates – 1” meter	$0.60/1,000 gallons from 0-20,000 gallons	
	$1.40/1,000 gallons from 20,001-38,000 gallons	
	$2.00/1,000 gallons from 38,001 gallons and up	
MDU Usage Rates – 1.5” meter	$0.60/1,000 gallons from 0-40,000 gallons	
	$1.40/1,000 gallons from 40,001-75,000 gallons	
	$2.00/1,000 gallons from 75,001 gallons and up	
MDU Usage Rates – 2” meter	$0.60/1,000 gallons from 0-64,000 gallons	
	$1.40/1,000 gallons from 64,001-120,000 gallons	
	$2.00/1,000 gallons from 120,001 gallons and up	
MDU Sewer Monthly Base Rates	1”	$68.00/month
	1.5”	$136.00/month
	2”	$217.60/month
MDU Overnight Sewer Monthly Base Rates	1”	$102.60/month
	1.5”	$205.20/month
	2”	$328.32/month
Residential Secondary Irrigation (RSI)		
RSI Monthly Base Rate		$12.30/month
RSI Monthly Usage Rates	$0.50/1,000 gallons from 0-50,000 gallons	
	$0.80/1,000 gallons from 50,001-100,000 gallons	
	$1.50/1,000 gallons from 100,001 gallons and up	
Irrigation Water Rates		
Irrigation Annual Meter Fee		$25.00/year/meter
Irrigation Yearly Water Rates	0-4.9 AF	$50.16 /AF Minimum Bill $143.33
	5-14.9 AF	$44.08/AF
	15-24.9 AF	$41.00/AF
	25-49.9 AF	$39.62/AF
	50-124.9 AF	$31.75/AF
	125 + AF	$29.77/AF
	Overuse / AF	$144.49/AF
Irrigation Pumping Surcharge – See Resolution 2012-11-8		

GWSSA Fee Schedule

ERC Chart

Customer Type	Units	ERCs per Unit
Permanent Residential		
Single Family	Residence	1.00
Multifamily, 2 Bedrooms or Larger **or** ADU > 700 ft2	Unit	1.00
Multifamily, 1 Bedroom or Smaller **or** ADU < 700 ft2	Unit	0.56
Overnight Accommodations		
Rental Unit with Kitchen, 2 Bedrooms or Larger	Unit	1.20
Rental Unit with Kitchen, 1 Bedroom or Smaller	Unit	1.00
Hotel/Motel (No Kitchen)	Unit	0.78
Other		
Auto Repair	1,000 ft2	0.16
Bakery	1,000 ft2	0.53
Bank	1,000 ft2	0.50
Beauty/Barber Shop	Chair	0.25
Campground/RV Park	Site	0.79
Car Wash - Auto	Each	10.00
Car Wash - Wand	Wand	5.00
Commercial	1,000 ft2	0.15
Dry Cleaner	1,000 ft2	0.59
Fast Food	1,000 ft2	2.86
Gas Station/Convenience Store	1,000 ft2	0.28
Grocery Store	1,000 ft2	0.32
Laundromat	Washer	0.71
Office	1,000 ft2	0.25
Restaurant	Seat	0.09
Retail	1,000 ft2	0.15
Schools	Students	0.07
Theater	Seat	0.01
Warehouse	1,000 ft2	0.11

*ERC determination is made by the GWSSA manager. For instances which are not specifically covered here, this list will be used as a guideline to determine ERCs.

6.3 Sample Reserve Policy - (Version 11-30-18)

Purpose

This policy aims to ensure that:

- The "Reserves" are used for their intended purposes,
- Procedures are set up to transfer funds to/from the "Reserve" accounts.

AWWA Reserves

In M1 Principles of Water Rates, ed5, page 13, AWWA identifies four reserve types: Debt-, Operating-, Emergency-, and Capital Reserves.
Each enterprise will have its own four reserve accounts.

Debt Reserve

An amount to be set aside as per the agreement between the lender and the borrower.

Operating Reserve

An amount set aside in the operating account to provide working capital. An amount equal to the total expenses over a period of one and a half billing cycle is usually considered an appropriate level. These funds must remain liquid and are usually deposited in a checking account.

Emergency Reserve

An amount set aside for emergencies—not routine maintenance, refurbishing or capital replacement. These funds must be accessible within a few working days and are usually deposited in a savings account. AWWA recommends an emergency reserve amount equal to the cost of the most expensive critical equipment that may fail. These funds must remain liquid and are usually deposited in a savings account.

Capital Reserve

An amount set aside for the future replacement of worn-out equipment. The amount of required capital reserves is usually determined by the Capital Asset Replacement program. These funds can be invested with longer-term maturities, who coincide with the cash requirements of the Capital Asset Replacement Program.

Transfers to Reserves

The district shall keep distinct accounting accounts for each CSA for each of the four reserve types (debt, operating, emergency, and capital). However, the time horizon for Debt Reserve is very long (i.e. a long-term CD). For Emergency Reserve the time horizon is very short (i.e. a savings account). The time horizon for Capital Reserve depends on the projects coming up (i.e. a ladder of CDs).

On the accounting books, the district shall have accounts, identifying the four reserve accounts.
Each quarter the accounting staff shall determine the excess cash generated by each enterprise (i.e. water, sewer, solid waste, electricity, etc.). This amount shall be determined by subtracting all items paid from the revenue collected, included any transfers from the reserve accounts, as described in the section below.

Reserve Targets

The targets for each of the reserve accounts will be as determined by the most recent rate study.

Allocation Schedule

This excess cash shall be deposited in the reserve account, in the following order:

1. Any shortfall in the Operating Reserve account
2. Any shortage in the Debt Reserve account
3. Any shortage in the Emergency account

4. The remaining will be deposited in the Capital Reserve account for that CSA.

The District's staff shall report all transactions and the balance in the four reserve accounts to the Board on a quarterly basis.

Transfers from Reserves

Funds in the reserve accounts will not be used for any other purpose than they were intended as set forth above unless approved by the Board. No funds will be transferred between enterprises.

Debt Reserve

Can only be transferred when the associated debt is paid off or the lender authorizes a reduction in Debt Reserve. At that time the Debt Reserve is returned to the operating account and redistributed according to the Allocation Schedule above.

Emergency Reserve

Funds in the Emergency Reserve can only be transferred for emergency purposes. Emergencies are limited to disasters, drought, fire or any other unforeseeable event. The funds are not to be used for operating capital, pay debts, pay for capital improvements or replacements, maintenance or any other foreseeable event.

Capital Reserve

Funds in the Capital Reserve account can only be transferred for capital replacement projects for that enterprise. The funds are not to be used for operating capital, refurbishing, paying debts or for emergencies.

6.4 Capital Replacement Plan

Capital Replacement Program (Cash-Needs Approach)

Spanish Valley SSD

Exhibit 1

Date: 12/31/18

System Number: UT10024

Service Connections: 1,917

Quantity	Component	Year Acquired	Unit Cost (Historic, Current or Future)	Cost Type (H, C, F)	Estimated Historic Cost	Normal Estimated Life	Current Age	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost (If > than $7500)	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
Replacement of Existing Capital Assets																
0	2003 Ford Ranger	2003	16,800	C	$0	10	15	0	-5	5	0	0%	0%	100%	0	
1	2005 Vac-Con Combo Truck	2017	82,500	H	$82,500	10	1	84,563	9	12	120,566	50%	0%	50%	18,617	2,943
1	2006 Chevrolet 1500	2006	21,000	C	$15,498	10	12	21,000	-2	2	22,279	100%	0%	0%	9,247	6,406
1	2009 Chevrolet 3500	2009	27,000	C	$21,498	10	9	27,000	1	2	28,644	100%	0%	0%	11,888	8,236
1	2013 Ford F150	2013	21,000	C	$18,503	10	5	21,000	5	5	24,345	100%	0%	0%	9,247	2,629
												0%	0%	100%	0	0
	Water Lines											0%	0%	100%	0	0
2064	2 inch	2000	8	C	$10,468	50	18	16,512	32	32	42,520	100%	0%	0%	7,270	734
10662	4 inch	2000	16	C	$108,154	75	18	170,592	57	57	919,773	5%	10%	85%	3,756	374
139055	6 inch	2000	22	C	$1,939,512	75	18	3,059,210	57	57	16,494,194	2%	10%	88%	26,940	2,681
66340	8 inch	2000	26	C	$1,093,533	75	18	1,724,840	57	57	9,299,736	2%	10%	88%	15,189	1,512
4622	10 inch	2000	30	C	$87,909	75	18	138,660	57	57	747,606	5%	10%	85%	3,053	304
32780	12 inch	2000	34	C	$706,596	75	18	1,114,520	57	57	6,009,103	2%	10%	88%	9,815	977
17428	14 inch	2000	40	C	$441,968	75	18	697,120	57	57	3,758,628	2%	10%	88%	6,139	611
8273	16 inch	2000	44	C	$230,780	75	18	364,012	57	57	1,962,626	2%	10%	88%	3,206	319
												0%	0%	100%	0	0
303	Valves	2000	3,000	C	$576,298	40	18	909,000	22	22	1,741,738	2%	10%	88%	8,005	912
												0%	0%	100%	0	0
1	Vac Trailer	2007	24,000	C	$18,166	10	11	24,000	-1	5	27,823	100%	0%	0%	10,567	3,233
1	Backflow Tester	2007	1,000	C	$757	10	11	1,000	-1	5		0%	0%	100%	0	
2	Gas Sniffer	2016	500	C	$951	5	2	1,000	3	5		0%	0%	100%	0	
1	1 MG Steel Tank	1990	1,000,000	C	$492,186	50	28	1,000,000	22	22	1,916,103	2%	10%	88%	8,806	1,004
1	3 MG Concrete Tank	2004	3,000,000	C	$2,104,679	60	14	3,000,000	46	46	11,685,131	2%	10%	88%	26,419	2,570
51	1" Meter	2005	150	C	$5,505	15	13	7,650	2	5	8,868	100%	0%	0%	3,368	1,030
31	1.5" Meter	2005	200	C	$4,461	15	13	6,200	2	5		0%	0%	100%	0	
15	2" Meter	2005	250	C	$2,698	15	13	3,750	2	5		0%	0%	100%	0	
1	4" Meter	2005	900	C	$648	15	13	900	2	5		0%	0%	100%	0	
1818	5/8" Meter	2005	100	C	$130,814	15	13	181,800	2	5	210,756	50%	0%	50%	40,024	12,244
1	GW Booster Pump (Interconnect)	2012	35,000	C	$30,067	15	6	35,000	9	10	47,037	100%	0%	0%	15,411	2,755
1	Chapman Pump	2015	70,000	C	$64,880	15	3	70,000	12	12	99,803	50%	0%	50%	15,411	2,436
1	GW 4 VFD Pump	1990	60,000	C	$29,531	15	28	60,000	-13	2	63,654	50%	0%	50%	13,209	9,151
1	GW 5 Pump	1990	50,000	C	$24,609	15	28	50,000	-13	2	53,045	50%	0%	50%	11,008	7,626
1	SV Well Pump	2004	40,000	C	$28,062	15	14	40,000	1	5	46,371	100%	0%	0%	17,612	5,388
10	Pressure Reducing Valve	1998	30,000	C	$180,806	35	20	300,000	15	15	467,390	10%	10%	80%	13,209	1,822
1	Jetter	2007	7,500	C	$5,677	15	11	7,500	4	5	8,695	100%	0%	0%	3,302	1,010
274	Hydrant	2000	4,500	C	$781,711	50	18	1,233,000	32	32	3,175,077	2%	10%	88%	10,858	1,096
15	Airvac	2010	2,500	C	$30,624	35	8	37,500	27	27	83,298	50%	0%	50%	8,256	873
1	Chapman well	2004	375,000	C	$263,085	35	14	375,000	21	21	697,610	5%	10%	85%	8,256	960
1	GW 4 well	1990	375,000	C	$184,570	35	28	375,000	7	7	461,203	10%	10%	80%	16,512	3,845
1	GW 5 well	1990	375000	C	$184,570	35	28	375,000	7	7	461,203	10%	10%	80%	16,512	3,845

1	MONITORING WELL	2003	15000	C	$10,260	35	15	15,000	20	20	27,092	100%	0%	0%	6,605	785
1	MONITORING WELL, WHITEHORSE	2003	15000	C	$10,260	35	15	15,000	20	20	27,092	100%	0%	0%	6,605	785
1	SV well	2004	700000	C	$491,092	35	14	700,000	21	21	1,302,206	5%	10%	85%	15,411	1,791
1	Chapman 300kw Generator	2012	50000	C	$42,953	15	6	50,000	9	10	67,196	50%	0%	50%	11,008	1,968
1	1mg tank out flow	1990	25000	C	$12,305	60	28	25,000	32	32	64,377	50%	0%	50%	5,504	556
1	3mg tank out flow	2004	25,000	C	$17,539	60	14	25,000	46	46	97,376	50%	0%	50%	5,504	535
1	Chapman flow meter	2004	8,000	C	$5,612	15	14	8,000	1	5	9,274	100%	0%	0%	3,522	1,078
1	GW 4 flow meter	2012	8,000	C	$6,873	15	6	8,000	9	10	10,751	100%	0%	0%	3,522	630
1	GW 5 flow meter	2012	8,000	C	$6,873	15	6	8,000	9	10	10,751	100%	0%	0%	3,522	630
1	SV flow meter	2004	8,000	C	$5,612	15	14	8,000	1	5	9,274	100%	0%	0%	3,522	1,078
1	2008 Chevy Dump Truck 4500	2008	23,500	H	$23,500	10	10	30,082	0	5	34,873	100%	0%	0%	13,245	4,052
1	SCADA	2012	90,000	C	$77,316	10	6	90,000	4	5	104,335	50%	0%	50%	19,814	6,062
1	GW Cl2 Building	2004	50,000	C	$35,078	50	14	50,000	36	36	144,914	50%	0%	50%	11,008	1,088
1	GW Cl2 System	2004	30,000	C	$21,047	15	14	30,000	1	5	34,778	100%	0%	0%	13,209	4,041
1	SV Cl2 System	2004	30,000	C	$21,047	15	14	30,000	1	5	34,778	100%	0%	0%	13,209	4,041
1	SV Cl2 Building	2004	50,000	C	$35,078	50	14	50,000	36	36	144,914	50%	0%	50%	11,008	1,088
1	Main Office/Shop	1985	75,000	C	$32,525	50	33	75,000	17	17	123,964	50%	0%	50%	16,512	2,126
0	Navajo Ridge Station Building	2012	50,000	C	$0	50	6	0	44	44		0%	0%	100%	0	
1	Backhoe	2018	45,000	C	$45,000	10	0	45,000	10	10	60,476	50%	0%	50%	9,907	1,771
														0%	0	0
	Subtotal Replacement of Existing Capital Assets				$10,802,244			16,794,410			62,993,247	4%	10%	86%	543,749	123,829

0	Component	Year Acquired	Unit Cost (Current or Future)	Cost Type (C, F)		Normal Estimated Life	Time to Complete	Estimated Current Cost	Planned Remaining Life	Estimated Remaining Life	Estimated Future Cost (If > than $7500)	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
	Replacement of Funded Project Assets															
1	8" Line Chapman	2019	67,630	C		60	1	67,630	61	76	639,394	5%	10%	85%	0	182
1	PRV SV Dr. and Heaven Ave	2019	68,900	C		40	1	68,900	41	41	231,497	50%	0%	50%	0	1,849
1	500,000 Gallon Concrete Tank	2019	765,200	C		60	1	765,200	61	61	4,643,502	2%	10%	88%	0	792
1	Booster Station Building	2019	65,000	C		50	1	65,000	51	51	293,503	10%	10%	80%	0	336
1	Booster Station Plumbing	2019	20,000	C		40	1	20,000	41	41	67,198	50%	0%	50%	0	537
1	Booster Station Electrical	2019	35,000	C		20	1	35,000	21	21	65,110	50%	0%	50%	0	1,263
1	Booster Station Controls	2019	38,000	C		10	1	38,000	11	11	52,601	50%	0%	50%	0	2,161
1	Booster Station Pump Skid	2019	35,000	C		15	1	35,000	16	16	56,165	50%	0%	50%	0	1,507
0	Land Purchase	2019	100,000	C		100	1	0	101	101		0%	0%	0%	0	
1	12" Line Lemon Lane	2019	354,500	C		60	1	354,500	61	61	2,151,230	2%	10%	88%	0	367
1	8" Line - Rimrock Rd	2019	97,030	C		60	1	97,030	61	61	588,812	5%	10%	85%	0	251
1	10" Line Desert Hills	2019	207,800	C		60	1	207,800	61	61	1,261,003	5%	10%	85%	0	537
1	Booster Station Building	2019	55,000	C		50	1	55,000	51	51	248,348	50%	0%	50%	0	1,423
1	Booster Station Plumbing	2019	20,000	C		40	1	20,000	41	41	67,198	50%	0%	50%	0	537
1	Booster Station Electrical	2019	35,000	C		20	1	35,000	21	21	65,110	50%	0%	50%	0	1,263
1	Booster Station Controls	2019	28,000	C		10	1	28,000	11	11	38,759	100%	0%	0%	0	3,185
1	Booster Station Pump Skid	2019	35,000	C		15	1	35,000	16	16	56,165	50%	0%	50%	0	1,507
1	10" Line Spanish Valley	2019	875,700	C		60	1	875,700	61	61	5,314,055	2%	10%	88%	0	906
1	Valve Replacements	2019	197,750	C		40	1	197,750	41	41	664,420	5%	10%	85%	0	531

1	Install New Hydrants	2019	135,000	C		60	1	135,000	61	61	819,227	5%	10%	85%	0	349
1	Replace Existing PRV Stations	2019	153,900	C		35	1	153,900	36	36	446,045	10%	10%	80%	0	858
2400	10" Pipe (Contractor Replacement)	2019	30	C		60	1	72,000	61	61	436,921	10%	10%	80%	0	372
1	PRV (Contractor Replacement)	2019	30,000	C		35	1	30,000	36	36	86,948	50%	0%	50%	0	836
400	8" Pipe (Contractor Replacement)	2019	26	C		60	1	10,400	61	61	63,111	50%	0%	50%	0	269
	Phase 2											0%	0%	0%	0	
1	8" Line Materials and Construction	2020	2,076,794	C		60	2	2,076,794	62	62	12,980,797	2%	10%	88%	0	2,151
1	Generators/Chlorinator	2020	178,000	C		15	2	178,000	17	17	294,207	10%	10%	80%	0	1,470
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
												0%	0%	0%	0	
	Subtotal Replacement of Funded Project Assets							5,656,604			31,631,327	4%	10%	86%		25,437
								Enter Existing Reserves for Replacement of Funded Project Assets								
	Component	Year to be Purchased	Unit Cost (Current or Future)	Cost Type (C, F)		Normal Estimated Life	Years to save	Estimated Current Cost			Estimated Future Cost (If > than $7500)	Fund with Cash	Fund with Grant	Fund with Loan	Existing Reserves	Annual Reserve Required
	Reserves for Additional Capital Assets															
0	Generators	2020	50,000	C		15	2	0				0%	0%	0%	0	
1	3/4 Ton Pickup	2019	36,000	C		10	1	36,000			37,080	100%	0%	0%	0	37,080
1	3/4 Ton Pickup	2020	36,000	C		10	2	36,000			38,192	100%	0%	0%	0	18,907
														0%	0	
	Subtotal Reserves for Additional Capital Assets							72,000			75,272	100%	0%	0%	0	55,987
									Enter Existing Reserves for Additional Capital Assets							
	Total Capital Reserves							22,523,014			94,699,847	4%	10%	86%	543,749	205,254

GRAND WATER & SEWER SERVICE AGENCY
RESOLUTION #2019-07-23a

A RESOLUTION ADOPTING A REVISED FEE SCHEDULE FOR GRAND WATER & SEWER SERVICE AGENCY.

BE IT RESOLVED BY THE GRAND WATER AND SEWER SERVICE AGENCY, formed by and between the Spanish Valley Water and Sewer Improvement District, the Grand County Water Conservancy District and the Grand County Special Service Water District, bodies politic duly organized under the State of Utah pursuant to the provisions of the Utah Interlocal Cooperation Act 11-13-1 of the Utah Code.

AND Through the terms of the Interlocal Agreement forming the Agency, the Districts conferred and delegated to the Agency all rights, duties, powers, privileges, and authority which under the laws of the State of Utah are exercised or may be capable of being exercised by each of the respective Districts.

WHEREAS, UCA 17B-1-103 permits a local district to impose fees or other charges for services provided by the district; and

WHEREAS, the Agency employed RCAC to perform a rate analysis in 2018; and

WHEREAS, the Agency desires to implement the recommendations of the RCAC study; and

WHEREAS, the Agency deems it necessary to revise the rates and fees charged by the Agency for various Agency Services, including all culinary water and commercial sewer rates; and

WHEREAS, the Agency wishes to minimize the financial impact of the increase to the citizens of Spanish Valley by implementing the increase over a three-year period; and

WHEREAS, in accordance with UCA 17B-1-643, a public hearing was held on May 16, 2019 for the purpose of hearing public comments regarding the proposed increases; and

WHEREAS, the public hearing held on May 16, 2019 did not receive proper public notice; and

WHEREAS, a second public hearing was held July 18, 2019 for the purpose of hearing public comments regarding the proposed increases; and

WHEREAS, This Resolution 2019-07-18b replaces and nullifies the previously adopted Resolution 2019-05-16.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Grand Water & Sewer Service Agency:

1: The Agency hereby adopts the amended 2019 GWSSA Fee Schedule, attached hereto as Exhibit A and incorporated herein by this reference.

2: The Agency hereby adopts the amended GWSSA Fee Schedule for the 2020 calendar year, attached hereto as Exhibit B and incorporated herein by this reference.

3: The Agency hereby adopts the amended GWSSA Fee Schedule for the 2021 calendar year, attached hereto as Exhibit C and incorporated herein by this reference.

4: This Resolution shall take effect August 1, 2019.

Adopted by the Grand Water and Sewer Service Agency July 23, 2019 by the following vote:

Aye: Wilson, Weiss, Helfenbein, Thompson, Morse, Paxman

Nay: _____

ATTEST:

Dana Van Horn, Secretary/Treasurer

Dan Pyatt, President

Appendix A
Amended GWSSA Fee Schedule – 2019

GWSSA Fee Schedule

Administration		
	Late Payment Fee	$15.00
	Late Payment Penalty	1.5% on past due balance
	Returned Check Fee	$15.00
	Reconnect Fee	$50.00
	Turn On/Off Service Fee – non-emergency	$35.00
	Irrigation Water Transfer Fee	$25.00
	Copies 8.5" x 11" Black and White	$0.10 each page
	Copies 8.5" x 11" color	$0.20 each page
	Copies All other	actual cost
	Research Fee	First 15 minutes = free Additional staff time charged per UCA 63G-2-203
	CD-R each	$2.00
	Clay	$15.00/ton
Will Serve		
	Residential and Minor Subdivisions	$40.00/ERC
	Commercial	$300.00 plus $20/ERC
	Subdivision	the greater of $500 or $20/ERC
	Irrigation	$15.00
	Residential Secondary Irrigation	$15.00
Impact Fees		
	Culinary Water Impact Fee Per ERC	$3574.95
	Sewer Impact Fee – Grand Per ERC	$2039.00
	Sewer Impact Fee – San Juan Per ERC	$1755.00
	Culinary Water Impact Fee – Other Uses	See ERC Chart
	Sewer Impact Fee – Other Uses	See ERC Chart
Inspection and Connection Fees		
	Culinary Water Inspection Fee	$100.00
	5/8" Culinary Water Connection and Meter*	$605.00
	Sewer Inspection and Connection Fee	$100.00
	Culinary Water Connection and Meter – Other Meter Sizes*	*Actual Cost*
	Irrigation Connection and Meter*	*Actual Cost*
	Residential Secondary Irrigation Connection and Meter*	*Actual Cost*

*Connection and Meter Fees are based on actual material and labor costs. Actual costs will be calculated at the time of request.

GWSSA Fee Schedule

Culinary Water Monthly Base Rates	
Residential Base Rate	$21.75 ~~$19.50~~/month
San Juan Residential Base Rate	$22.75 ~~$20.50~~/month
2 on 1 Residential Base Rate	$43.50 ~~$39.00~~/month
3 on 1 Residential Base Rate	$62.25 ~~$58.50~~/month
Commercial Base Rate 5/8" meter	$26.75 ~~$24.50~~/month
Commercial/MDU Base Rate 1" meter	$67.00
Commercial/MDU Base Rate 1.5" meter	$133.75
Commercial/MDU Base Rate 2" meter	$214.00
Commercial/MDU Base Rate 3" meter	$428.00
Commercial/MDU Base Rate 4" meter	$669.00
ADU Base Rate	$10.25 ~~$9.75~~/month per ADU
Culinary Water Monthly Usage Rates	
~~Residential and San Juan Residential~~	~~$0.60/1,000 gallons from 0-8,000 gallons~~
	~~$1.40/1,000 gallons from 8,001-15,000 gallons~~
	~~$2.00/1,000 gallons from 15,001 gallons and up~~
~~2 on 1 Residential~~	~~$0.60/1,000 gallons from 0-16,000 gallons~~
	~~$1.40/1,000 gallons from 16,001-30,000 gallons~~
	~~$2.00/1,000 gallons from 30,001 gallons and up~~
~~3 on 1 Residential~~	~~$0.60/1,000 gallons from 0-24,000 gallons~~
	~~$1.40/1,000 gallons from 24,001-45,000 gallons~~
	~~$2.00/1,000 gallons from 45,001 gallons and up~~
~~Residential + ADU~~	~~$0.60/1,000 gallons from 0-12,000 gallons~~
	~~$1.40/1,000 gallons from 12,001-19,000 gallons~~
	~~$2.00/1,000 gallons from 19,001 gallons and up~~
~~Commercial~~	~~$1.20/1,000 gallons from 0-10,000 gallons~~
	~~$2.10/1,000 gallons from 10,001 gallons and up~~
Residential and Commercial	$0.60/1,000 gallons from 0-6,000
	$1.40/1,000 gallons from 6,001-10,000
	$1.80/1,000 gallons from 10,001-20,000
	$2.20/1,000 gallons from 20,001-30,000
	$2.75/1,000 gallons from 30,000-50,000
	$3.00/1,000 gallons from 50,001-and up
2 on 1 residential	$0.60/1,000 gallons from 0-12,000
	$1.40/1,000 gallons from 12,001-20,000
	$1.80/1,000 gallons from 20,001-40,000

GWSSA Fee Schedule

		$2.20/1,000 gallons from 40,001-60,000
		$2.75/1,000 gallons from 60,000-100,000
		$3.00/1,000 gallons from 100,001-and up
	3 on 1 residential	$0.60/1,000 gallons from 0-18,000
		$1.40/1,000 gallons from 18,001-30,000
		$1.80/1,000 gallons from 30,001-60,000
		$2.20/1,000 gallons from 60,001-90,000
		$2.75/1,000 gallons from 90,000-150,000
		$3.00/1,000 gallons from 150,001-and up
	Residential plus ADU	$0.60/1,000 gallons from 0-10,000
		$1.40/1,000 gallons from 10,001-14,000
		$1.80/1,000 gallons from 14,001-24,000
		$2.20/1,000 gallons from 24,001-34,000
		$2.75/1,000 gallons from 34,000-54,000
		$3.00/1,000 gallons from 54,001-and up
	Multiple Dwelling Unit (MDU) 1" meter	$0.60/1,000 gallons from 0-10,000
		$1.40/1,000 gallons from 10,001-20,000
		$3.00/1,000 gallons from 20,001-and up
	Multiple Dwelling Unit (MDU) 1.5" meter	$0.60/1,000 gallons from 0-20,000
		$1.40/1,000 gallons from 20,001-40,000
		$3.00/1,000 gallons from 40,001-and up
	Multiple Dwelling Unit (MDU) 2" meter	$0.60/1,000 gallons from 0-30,000
		$1.40/1,000 gallons from 30,001-60,000
		$3.00/1,000 gallons from 60,001-and up
	Stationary Hydrant	$10.00 ~~$7.75~~/1,000 gallons
Sewer Monthly Base Rates		
	Residential	$27.20/month
	2 on 1 Residential	$54.40/month
	3 on 1 Residential	$81.60/month
	ADU Base Rate	$27.20/month per ADU
	Trailer Court	$27.20/unit per month
	Small Commercial - 1 ERC	$34.20/month
	Medium Commercial - 2-5 ERC	$24.20/month plus $10.00/ERC ~~$56.45~~/month
	Large Commercial – 5-10 ERC	$48.40/month plus $10.00/ERC ~~$112.90 + ERU calc.~~
	XL Commercial – 11+ ERC	$96.80/month plus $10.00/ERC
	~~Campgrounds/RV Parks~~	~~$112.90/month plus $5.00/space~~
	~~Motel~~	~~Base Commercial plus $5.00/room~~
	~~Bed and Breakfast~~	~~$34.20 plus $5.00/room~~
	Overnight Accommodations 1 bedroom or studio	$34.20/month

GWSSA Fee Schedule

Overnight Accommodations 2+ bedrooms		$41.04/month
All Others		By Study
~~Multiple Dwelling Unit (MDU) Rates~~		
~~MDU Monthly Base Rate~~	~~1"~~	~~$48.75/month~~
	~~1.5"~~	~~$97.50/month~~
	~~2"~~	~~$156.00/month~~
~~MDU Usage Rates – 1" meter~~	~~$0.60/1,000 gallons from 0-20,000 gallons~~	
	~~$1.40/1,000 gallons from 20,001-38,000 gallons~~	
	~~$2.00/1,000 gallons from 38,001 gallons and up~~	
~~MDU Usage Rates – 1.5" meter~~	~~$0.60/1,000 gallons from 0-40,000 gallons~~	
	~~$1.40/1,000 gallons from 40,001-75,000 gallons~~	
	~~$2.00/1,000 gallons from 75,001 gallons and up~~	
~~MDU Usage Rates – 2" meter~~	~~$0.60/1,000 gallons from 0-64,000 gallons~~	
	~~$1.40/1,000 gallons from 64,001-120,000 gallons~~	
	~~$2.00/1,000 gallons from 120,001 gallons and up~~	
MDU Sewer Base Rates	1"	$68.00/month
	1.5"	$136.00/month
	2"	$217.60/month
MDU Overnight Sewer Monthly Base Rates	1"	$102.60/month
	1.5"	$205.20/month
	2"	$328.32/month
Residential Secondary Irrigation (RSI)		
RSI Monthly Base Rate		$12.30/month
RSI Monthly Usage Rates	$0.50/1,000 gallons from 0-50,000 gallons	
	$0.80/1,000 gallons from 50,001-100,000 gallons	
	$1.50/1,000 gallons from 100,001 gallons and up	
Irrigation Water Rates		
Irrigation Annual Meter Fee		$25.00/year/meter
Irrigation Yearly Water Rates	0-4.9 AF	$50.16 /AF Minimum Bill $143.33
	5-14.9 AF	$44.08/AF
	15-24.9 AF	$41.00/AF
	25-49.9 AF	$39.62/AF
	50-124.9 AF	$31.75/AF
	125 + AF	$29.77/AF
	Overuse / AF	$144.49/AF
Irrigation Pumping Surcharge – See Resolution 2012-11-8		

GWSSA Fee Schedule

ERC Chart

Customer Type	Units	ERCs per Unit
Permanent Residential		
Single Family	Residence	1.00
Multifamily, 2 Bedrooms or Larger **or** ADU > 700 ft2	Unit	1.00
Multifamily, 1 Bedroom or Smaller **or** ADU < 700 ft2	Unit	0.56
Overnight Accommodations		
Rental Unit with Kitchen, 2 Bedrooms or Larger	Unit	1.20
Rental Unit with Kitchen, 1 Bedroom or Smaller	Unit	1.00
Hotel/Motel (No Kitchen)	Unit	0.78
Other		
Auto Repair	1,000 ft2	0.16
Bakery	1,000 ft2	0.53
Bank	1,000 ft2	0.50
Beauty/Barber Shop	Chair	0.25
Campground/RV Park	Site	0.79
Car Wash - Auto	Each	10.00
Car Wash - Wand	Wand	5.00
Commercial	1,000 ft2	0.15
Dry Cleaner	1,000 ft2	0.59
Fast Food	1,000 ft2	2.86
Gas Station/Convenience Store	1,000 ft2	0.28
Grocery Store	1,000 ft2	0.32
Laundromat	Washer	0.71
Office	1,000 ft2	0.25
Restaurant	Seat	0.09
Retail	1,000 ft2	0.15
Schools	Students	0.07
Theater	Seat	0.01
Warehouse	1,000 ft2	0.11

*ERC determination is made by the GWSSA manager. For instances which are not specifically covered here, this list will be used as a guideline to determine ERCs.

Appendix B
Amended GWSSA Fee Schedule – 2020

GWSSA Fee Schedule 2020

Administration		
	Late Payment Fee	$15.00
	Late Payment Penalty	1.5% on past due balance
	Returned Check Fee	$15.00
	Reconnect Fee	$50.00
	Turn On/Off Service Fee – non-emergency	$35.00
	Irrigation Water Transfer Fee	$25.00
	Copies 8.5" x 11" Black and White	$0.10 each page
	Copies 8.5" x 11" color	$0.20 each page
	Copies All other	actual cost
	Research Fee	First 15 minutes = free Additional staff time charged per UCA 63G-2-203
	CD-R each	$2.00
	Clay	$15.00/ton
Will Serve		
	Residential and Minor Subdivisions	$40.00/ERC
	Commercial	$300.00 plus $20/ERC
	Subdivision	the greater of $500 or $20/ERC
	Irrigation	$15.00
	Residential Secondary Irrigation	$15.00
Impact Fees		
	Culinary Water Impact Fee Per ERC	$3574.95
	Sewer Impact Fee – Grand Per ERC	$2039.00
	Sewer Impact Fee – San Juan Per ERC	$1755.00
	Culinary Water Impact Fee – Other Uses	See ERC Chart
	Sewer Impact Fee – Other Uses	See ERC Chart
Inspection and Connection Fees		
	Culinary Water Inspection Fee	$100.00
	5/8" Culinary Water Connection and Meter*	$605.00
	Sewer Inspection and Connection Fee	$100.00
	Culinary Water Connection and Meter – Other Meter Sizes*	*Actual Cost*
	Irrigation Connection and Meter*	*Actual Cost*
	Residential Secondary Irrigation Connection and Meter*	*Actual Cost*

*Connection and Meter Fees are based on actual material and labor costs. Actual costs will be calculated at the time of request.

GWSSA Fee Schedule 2020

Culinary Water Monthly Base Rates	
Residential Base Rate	$21.75
San Juan Residential Base Rate	$22.75
2 on 1 Residential Base Rate	$43.50
3 on 1 Residential Base Rate	$62.25
Commercial Base Rate 5/8" meter	$26.75
Commercial/MDU Base Rate 1" meter	$67.00
Commercial/MDU Base Rate 1.5" meter	$133.75
Commercial/MDU Base Rate 2" meter	$214.00
Commercial/MDU Base Rate 3" meter	$428.00
Commercial/MDU Base Rate 4" meter	$669.00
ADU Base Rate	$10.25/month per ADU
Culinary Water Monthly Usage Rates	
Residential and Commercial	$0.60/1,000 gallons from 0-6,000
	$1.40/1,000 gallons from 6,001-10,000
	$1.80/1,000 gallons from 10,001-20,000
	$2.20/1,000 gallons from 20,001-30,000
	$2.75/1,000 gallons from 30,000-50,000
	$4.00 ~~$3.00~~/1,000 gallons from 50,001-and up
2 on 1 residential	$0.60/1,000 gallons from 0-12,000
	$1.40/1,000 gallons from 12,001-20,000
	$1.80/1,000 gallons from 20,001-40,000
	$2.20/1,000 gallons from 40,001-60,000
	$2.75/1,000 gallons from 60,000-100,000
	$4.00 ~~$3.00~~/1,000 gallons from 100,001-and up
3 on 1 residential	$0.60/1,000 gallons from 0-18,000
	$1.40/1,000 gallons from 18,001-30,000
	$1.80/1,000 gallons from 30,001-60,000
	$2.20/1,000 gallons from 60,001-90,000
	$2.75/1,000 gallons from 90,000-150,000
	$4.00 ~~$3.00~~/1,000 gallons from 150,001-and up
Residential plus ADU	$0.60/1,000 gallons from 0-10,000
	$1.40/1,000 gallons from 10,001-14,000
	$1.80/1,000 gallons from 14,001-24,000
	$2.20/1,000 gallons from 24,001-34,000
	$2.75/1,000 gallons from 34,000-54,000
	$4.00 ~~$3.00~~/1,000 gallons from 54,001-and up
Multiple Dwelling Unit (MDU) 1" meter	$0.60/1,000 gallons from 0-10,000
	$1.40/1,000 gallons from 10,001-20,000
	$4.00 ~~$3.00~~/1,000 gallons from 20,001-and up
Multiple Dwelling Unit (MDU) 1.5" meter	$0.60/1,000 gallons from 0-20,000

GWSSA Fee Schedule 2020

			$1.40/1,000 gallons from 20,001-40,000
			$4.00 ~~$3.00~~/1,000 gallons from 40,001-and up
	Multiple Dwelling Unit (MDU) 2" meter		$0.60/1,000 gallons from 0-30,000
			$1.40/1,000 gallons from 30,001-60,000
			$4.00 ~~$3.00~~/1,000 gallons from 60,001-and up
	Stationary Hydrant		$10.00/1,000 gallons
Sewer Monthly Base Rates			
	Residential		$27.20/month
	2 on 1 Residential		$54.40/month
	3 on 1 Residential		$81.60/month
	ADU Base Rate		$27.20/month per ADU
	Trailer Court		$27.20/unit per month
	Small Commercial - 1 ERC		$34.20/month
	Medium Commercial - 2-5 ERC		$24.20/month plus $10.00/ERC
	Large Commercial – 5-10 ERC		$48.40/month plus $10.00/ERC
	XL Commercial – 11+ ERC		$96.80/month plus $10.00/ERC
	Overnight Accommodations 1 bedroom or studio		$34.20/month
	Overnight Accommodations 2+ bedrooms		$41.04/month
	All Others		By Study
	MDU Sewer Base Rates	1"	$68.00/month
		1.5"	$136.00/month
		2"	$217.60/month
	MDU Overnight Sewer Monthly Base Rates	1"	$102.60/month
		1.5"	$205.20/month
		2"	$328.32/month
Residential Secondary Irrigation (RSI)			
	RSI Monthly Base Rate		$12.30/month
	RSI Monthly Usage Rates		$0.50/1,000 gallons from 0-50,000 gallons
			$0.80/1,000 gallons from 50,001-100,000 gallons
			$1.50/1,000 gallons from 100,001 gallons and up
Irrigation Water Rates			
	Irrigation Annual Meter Fee		$25.00/year/meter
	Irrigation Yearly Water Rates	0-4.9 AF	$50.16 /AF Minimum Bill $143.33
		5-14.9 AF	$44.08/AF
		15-24.9 AF	$41.00/AF
		25-49.9 AF	$39.62/AF
		50-124.9 AF	$31.75/AF
		125 + AF	$29.77/AF
		Overuse / AF	$144.49/AF
	Irrigation Pumping Surcharge – See Resolution 2012-11-8		

GWSSA Fee Schedule

ERC Chart

Customer Type	Units	ERCs per Unit
Permanent Residential		
Single Family	Residence	1.00
Multifamily, 2 Bedrooms or Larger **or** ADU > 700 ft2	Unit	1.00
Multifamily, 1 Bedroom or Smaller **or** ADU < 700 ft2	Unit	0.56
Overnight Accommodations		
Rental Unit with Kitchen, 2 Bedrooms or Larger	Unit	1.20
Rental Unit with Kitchen, 1 Bedroom or Smaller	Unit	1.00
Hotel/Motel (No Kitchen)	Unit	0.78
Other		
Auto Repair	1,000 ft2	0.16
Bakery	1,000 ft2	0.53
Bank	1,000 ft2	0.50
Beauty/Barber Shop	Chair	0.25
Campground/RV Park	Site	0.79
Car Wash - Auto	Each	10.00
Car Wash - Wand	Wand	5.00
Commercial	1,000 ft2	0.15
Dry Cleaner	1,000 ft2	0.59
Fast Food	1,000 ft2	2.86
Gas Station/Convenience Store	1,000 ft2	0.28
Grocery Store	1,000 ft2	0.32
Laundromat	Washer	0.71
Office	1,000 ft2	0.25
Restaurant	Seat	0.09
Retail	1,000 ft2	0.15
Schools	Students	0.07
Theater	Seat	0.01
Warehouse	1,000 ft2	0.11

*ERC determination is made by the GWSSA manager. For instances which are not specifically covered here, this list will be used as a guideline to determine ERCs.

Appendix C
Amended GWSSA Fee Schedule – 2021

GWSSA Fee Schedule 2021

Administration		
	Late Payment Fee	$15.00
	Late Payment Penalty	1.5% on past due balance
	Returned Check Fee	$15.00
	Reconnect Fee	$50.00
	Turn On/Off Service Fee – non-emergency	$35.00
	Irrigation Water Transfer Fee	$25.00
	Copies 8.5" x 11" Black and White	$0.10 each page
	Copies 8.5" x 11" color	$0.20 each page
	Copies All other	actual cost
	Research Fee	First 15 minutes = free Additional staff time charged per UCA 63G-2-203
	CD-R each	$2.00
	Clay	$15.00/ton
Will Serve		
	Residential and Minor Subdivisions	$40.00/ERC
	Commercial	$300.00 plus $20/ERC
	Subdivision	the greater of $500 or $20/ERC
	Irrigation	$15.00
	Residential Secondary Irrigation	$15.00
Impact Fees		
	Culinary Water Impact Fee Per ERC	$3574.95
	Sewer Impact Fee – Grand Per ERC	$2039.00
	Sewer Impact Fee – San Juan Per ERC	$1755.00
	Culinary Water Impact Fee – Other Uses	See ERC Chart
	Sewer Impact Fee – Other Uses	See ERC Chart
Inspection and Connection Fees		
	Culinary Water Inspection Fee	$100.00
	5/8" Culinary Water Connection and Meter*	$605.00
	Sewer Inspection and Connection Fee	$100.00
	Culinary Water Connection and Meter – Other Meter Sizes*	*Actual Cost*
	Irrigation Connection and Meter*	*Actual Cost*
	Residential Secondary Irrigation Connection and Meter*	*Actual Cost*

*Connection and Meter Fees are based on actual material and labor costs. Actual costs will be calculated at the time of request.

GWSSA Fee Schedule 2021

Culinary Water Monthly Base Rates	
Residential Base Rate	$21.75
San Juan Residential Base Rate	$22.75
2 on 1 Residential Base Rate	$43.50
3 on 1 Residential Base Rate	$62.25
Commercial Base Rate 5/8" meter	$26.75
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Commercial/MDU Base Rate 2" meter	$214.00
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ADU Base Rate	$10.25/month per ADU
Culinary Water Monthly Usage Rates	
Residential and Commercial	$0.60/1,000 gallons from 0-6,000
	$1.40/1,000 gallons from 6,001-10,000
	$1.80/1,000 gallons from 10,001-20,000
	$2.20/1,000 gallons from 20,001-30,000
	$2.75/1,000 gallons from 30,000-50,000
	$5.00 ~~$4.00~~/1,000 gallons from 50,001-and up
2 on 1 residential	$0.60/1,000 gallons from 0-12,000
	$1.40/1,000 gallons from 12,001-20,000
	$1.80/1,000 gallons from 20,001-40,000
	$2.20/1,000 gallons from 40,001-60,000
	$2.75/1,000 gallons from 60,000-100,000
	$5.00 ~~$4.00~~/1,000 gallons from 100,001-and up
3 on 1 residential	$0.60/1,000 gallons from 0-18,000
	$1.40/1,000 gallons from 18,001-30,000
	$1.80/1,000 gallons from 30,001-60,000
	$2.20/1,000 gallons from 60,001-90,000
	$2.75/1,000 gallons from 90,000-150,000
	$5.00 ~~$4.00~~/1,000 gallons from 150,001-and up
Residential plus ADU	$0.60/1,000 gallons from 0-10,000
	$1.40/1,000 gallons from 10,001-14,000
	$1.80/1,000 gallons from 14,001-24,000
	$2.20/1,000 gallons from 24,001-34,000
	$2.75/1,000 gallons from 34,000-54,000
	$5.00 ~~$4.00~~/1,000 gallons from 54,001-and up
Multiple Dwelling Unit (MDU) 1" meter	$0.60/1,000 gallons from 0-10,000
	$1.40/1,000 gallons from 10,001-20,000
	$5.00 ~~$4.00~~/1,000 gallons from 20,001-and up
Multiple Dwelling Unit (MDU) 1.5" meter	$0.60/1,000 gallons from 0-20,000

GWSSA Fee Schedule 2021

			$1.40/1,000 gallons from 20,001-40,000
			$5.00 ~~$4.00~~/1,000 gallons from 40,001-and up
	Multiple Dwelling Unit (MDU) 2" meter		$0.60/1,000 gallons from 0-30,000
			$1.40/1,000 gallons from 30,001-60,000
			$5.00 ~~$4.00~~/1,000 gallons from 60,001-and up
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Sewer Monthly Base Rates			
	Residential		$27.20/month
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	Overnight Accommodations 1 bedroom or studio		$34.20/month
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		50-124.9 AF	$31.75/AF
		125 + AF	$29.77/AF
		Overuse / AF	$144.49/AF
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GWSSA Fee Schedule

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Bakery	1,000 ft2	0.53
Bank	1,000 ft2	0.50
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Commercial	1,000 ft2	0.15
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Fast Food	1,000 ft2	2.86
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Grocery Store	1,000 ft2	0.32
Laundromat	Washer	0.71
Office	1,000 ft2	0.25
Restaurant	Seat	0.09
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Schools	Students	0.07
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