



Herriman Water Rates

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Outline

Recommended Structure Changes



Total Revenue Needs



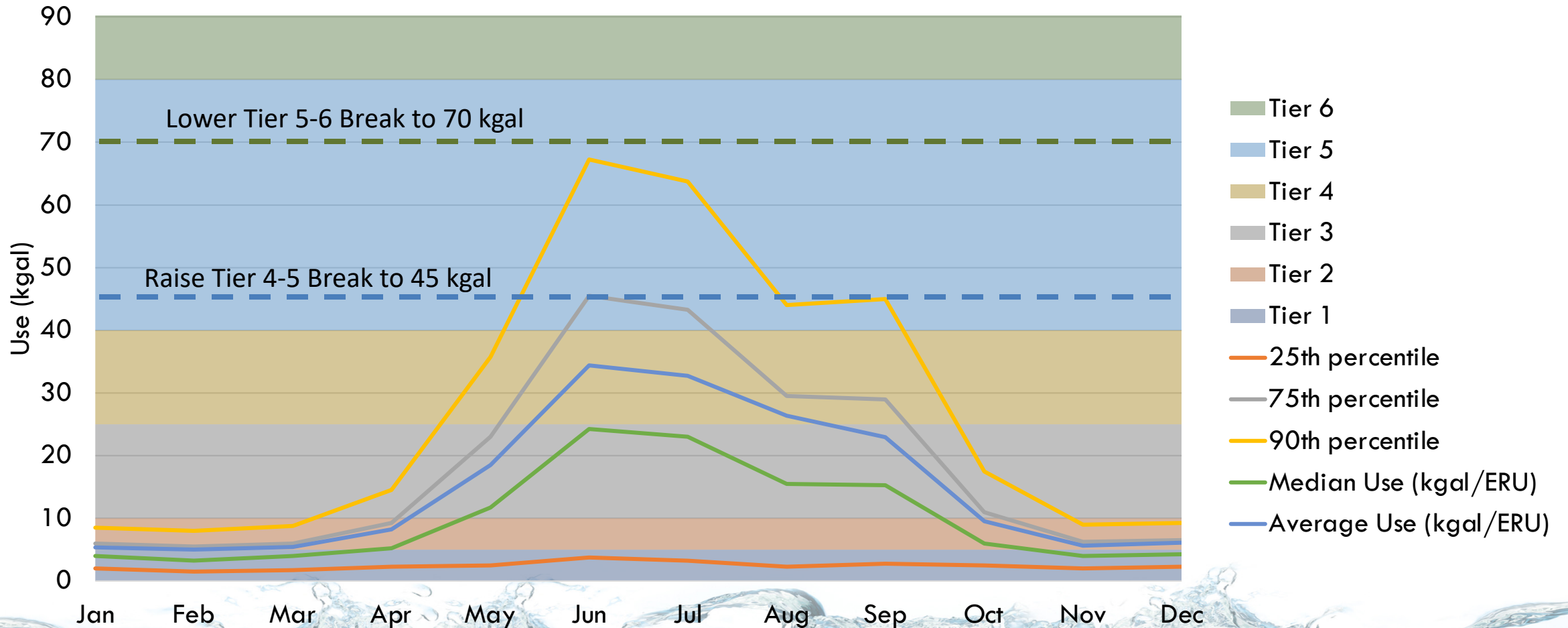
Rate Alternatives

Review of Recommended Structure Changes

- 1 Adjust volume breaks between upper tiers
- 2 Adjust tier costs to match typical cost of service range
- 3 Scale tier volumes for larger meters to match AWWA capacity ratios
- 4 Other minor changes to simplify rates
- 5 Add volumetric rate schedule for Olympia Hills

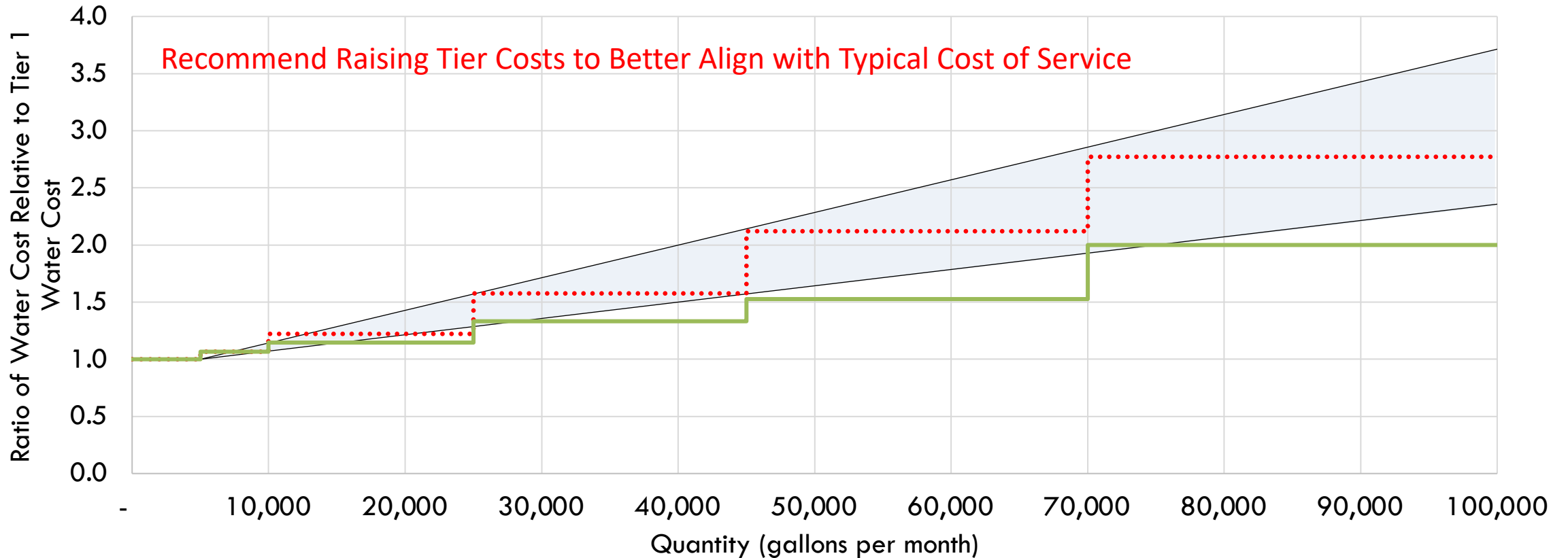
Actual Usage vs Tier Volumes

Culinary Residential Without Secondary Access



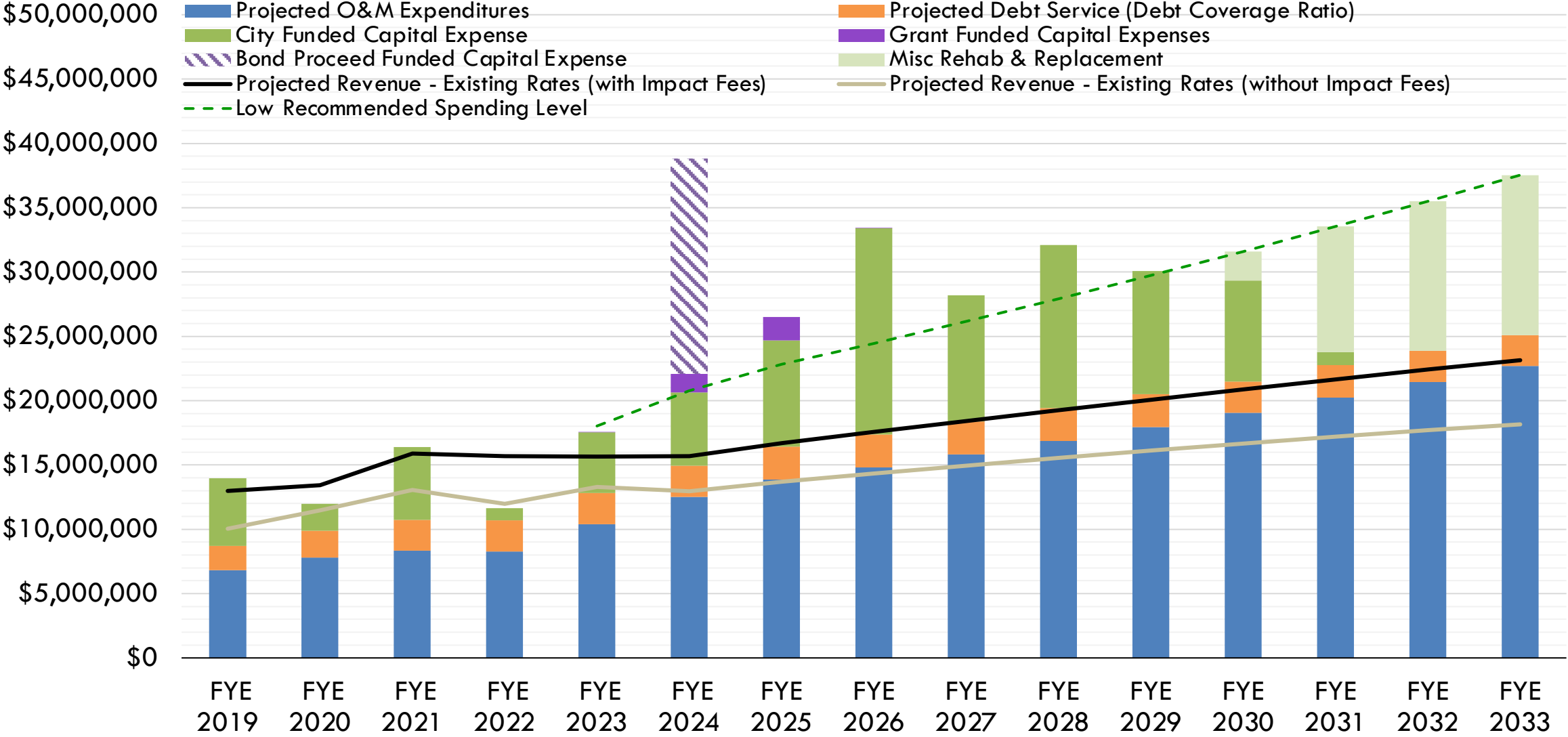
Water – Tier Cost of Service

Normalized Culinary Residential Without Secondary Access



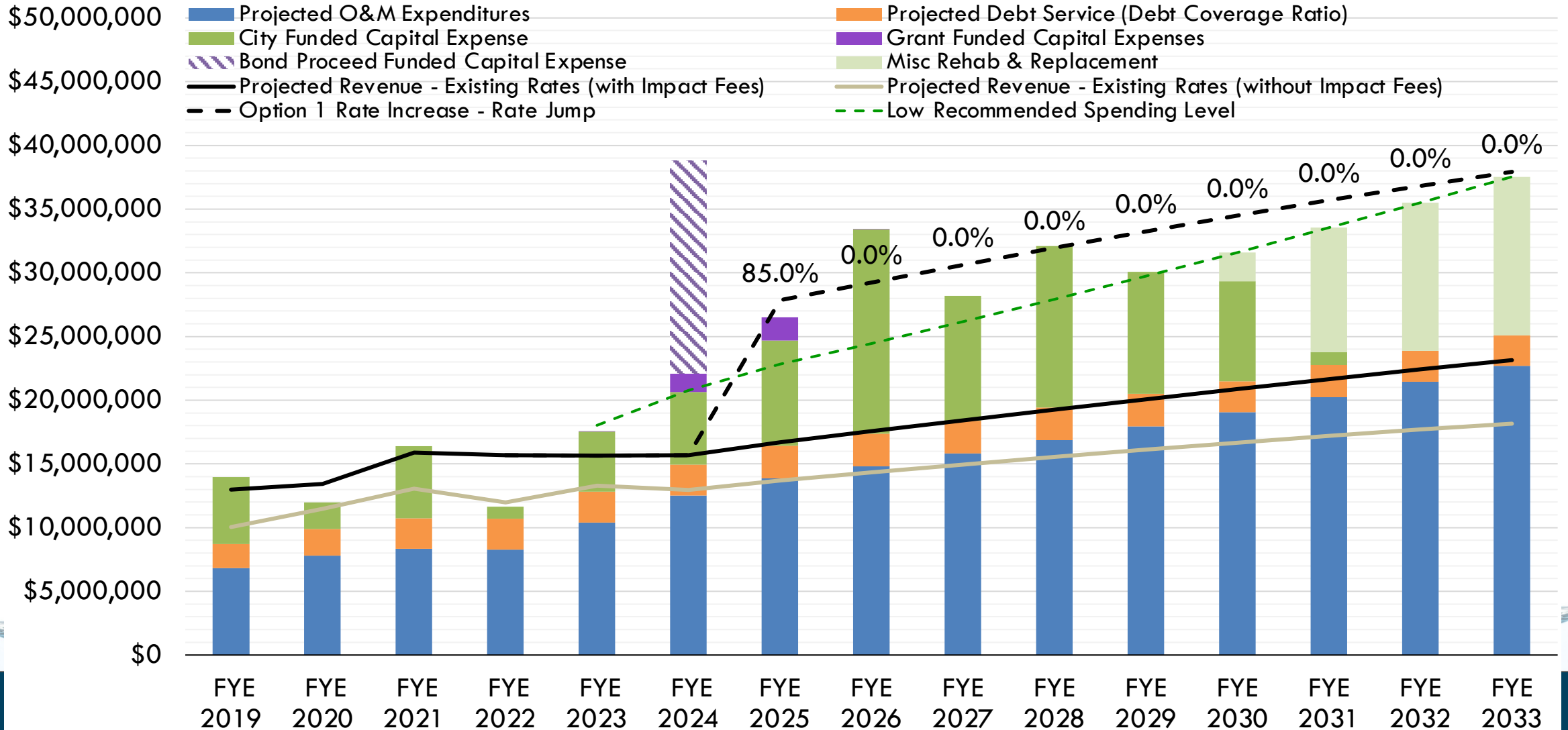
— Typical Range of Cost of Service Herriman Recommended Rates — Herriman Rates with Adjusted Tiers

Projected Revenue Needs



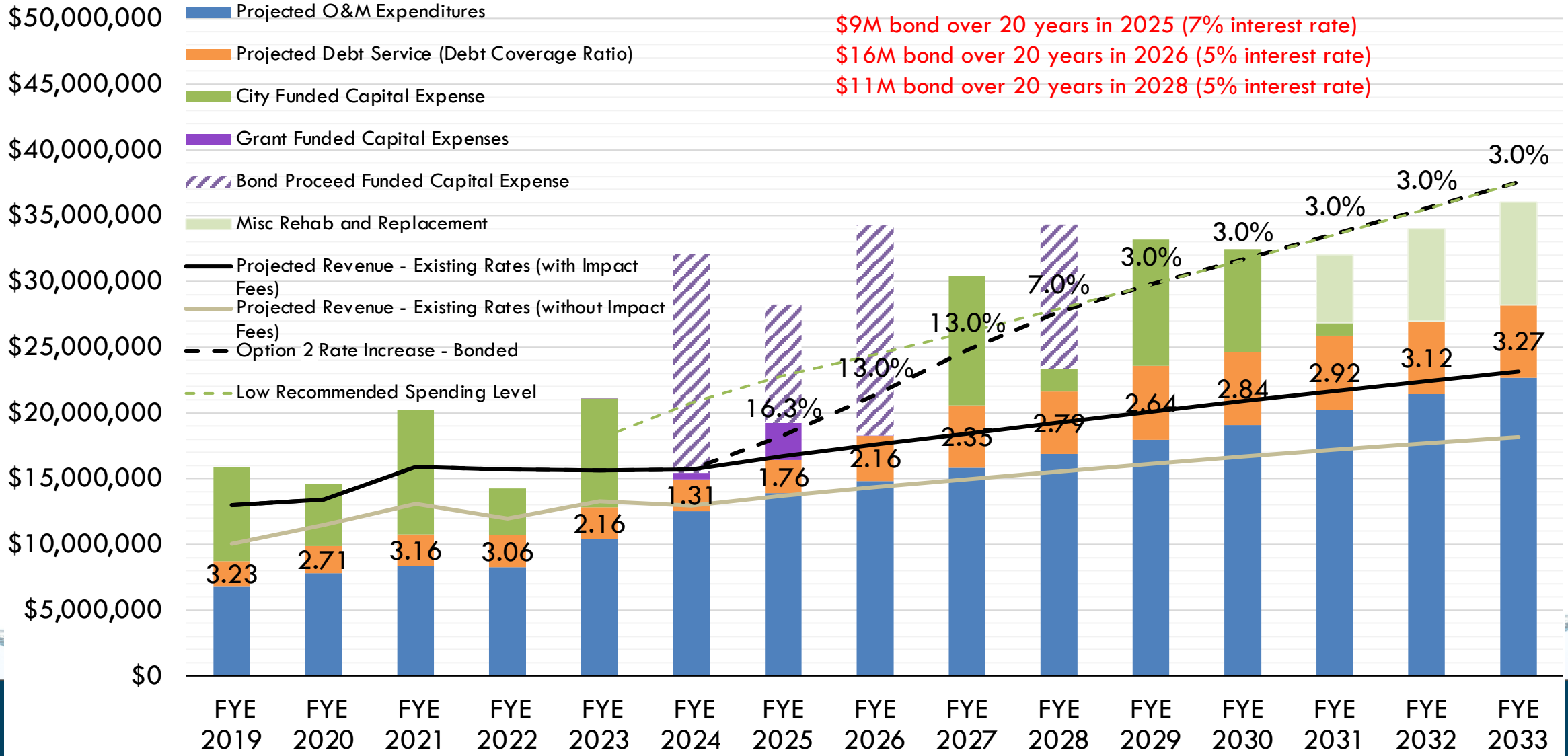
Rate Increase: Option 1

Large Increase, No Bonding



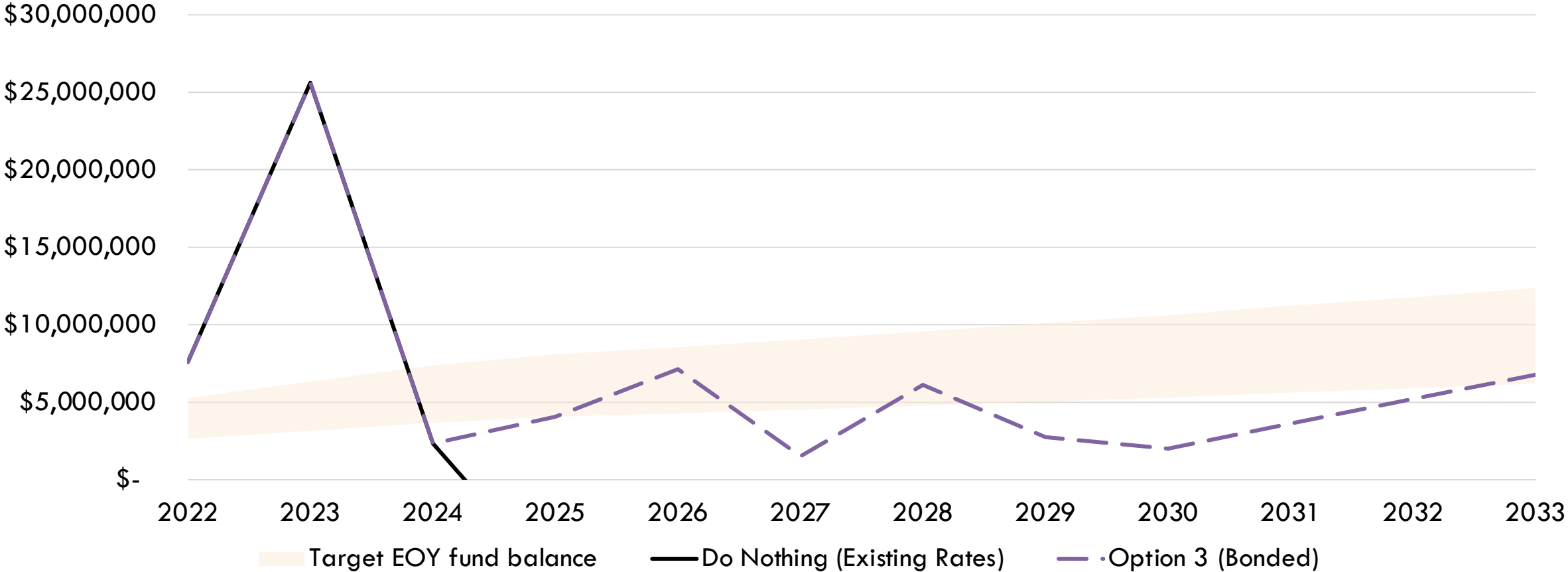
Rate Increase: Option 2

Steady Increases with Bonding



Cash Flow

Herriman Water Fund Balance



Rate Increase Alternatives

	2025	2026	2027	2028	2029
Alternative 1: One Large Increase					
Percent Increase:	85%	0%	0%	0%	0%
Alternative 2: Steady Increase with Bonding					
Percent Increase:	16.3% + \$9M Bond	13% + \$16M Bond	13%	7% + \$11M Bond	3%



Revenue Needs Conclusions

- Cost to maintain and operate culinary and secondary systems have exceeded water revenues
- Increase water rates as soon as possible to meet revenue needs
- Option 2 approach to increase system revenue:
 - \$9M bond in 2025
 - \$16M bond in 2026
 - \$11M bond in 2028
 - Annual rate increases:

Fiscal Year	2025	2026	2027	2028	2029
% Rate Increase	16.3%	13%	13%	7%	3%

How Does This Affect Typical Customer Bills?

Residential Customers Without Secondary Access

		2024	2025	2026	2027	2028
Lower User	Annual Cost	\$515	\$580	\$656	\$741	\$793
	% Change	--	12.7%	13.0%	13.0%	7.0%
Average User	Annual Cost	\$595	\$668	\$755	\$853	\$913
	% Change	--	12.2%	13.0%	13.0%	7.0%
High User	Annual Cost	\$976	\$1,121	\$1,267	\$1,432	\$1,532
	% Change	--	14.9%	13.0%	13.0%	7.0%
Very High User	Annual Cost	\$1,300	\$1,558	\$1,760	\$1,989	\$2,128
	% Change	--	19.8%	13.0%	13.0%	7.0%

Secondary Customers (Secondary Water Only)

		2024	2025	2026	2027	2028
Lower User	Annual Cost	\$227	\$250	\$283	\$319	\$342
	% Change	--	10.3%	13.0%	13.0%	7.0%
Average User	Annual Cost	\$336	\$365	\$412	\$465	\$498
	% Change	--	8.6%	13.0%	13.0%	7.0%
High User	Annual Cost	\$498	\$545	\$616	\$696	\$744
	% Change	--	9.5%	13.0%	13.0%	7.0%
Very High User	Annual Cost	\$717	\$797	\$901	\$1,018	\$1,089
	% Change	--	11.2%	13.0%	13.0%	7.0%

Questions?

Supplemental Material



Summary of Recommended Structure Changes

1. Residential without secondary access:

- a. Reduce the volume break between tiers 5 and 6 from 80 thousand gallons to 70 thousand gallons.
- b. Increase the volume break between tiers 4 and 5 from 40 thousand gallons to 45 thousand gallons.
- c. Adjust tier costs to match typical cost of service range. This involves increasing tier cost for tiers 3 through 6.

2. Culinary residential with secondary access:

- a. Reduce the volume break between tiers 5 and 6 from 80 thousand gallons to 70 thousand gallons.
- b. Increase the volume break between tiers 4 and 5 from 40 thousand gallons to 45 thousand gallons.

3. Culinary Outdoor Irrigation & Secondary Water:

- a. Increase tier volumes for larger meters to match AWWA capacity ratios rather than cost ratios.

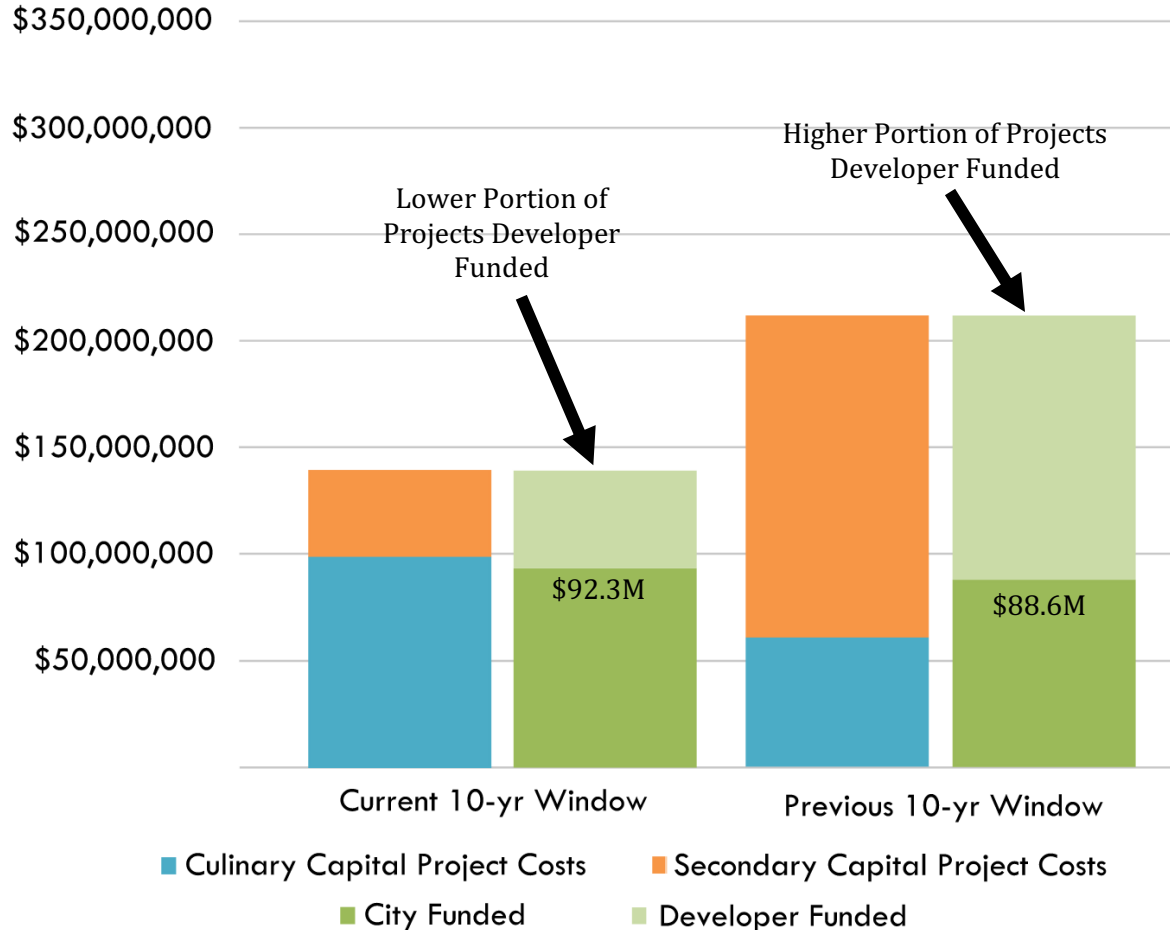
4. Combine

- a. City-Owned, Culinary MM Residential/Non-Residential, & Wholesale

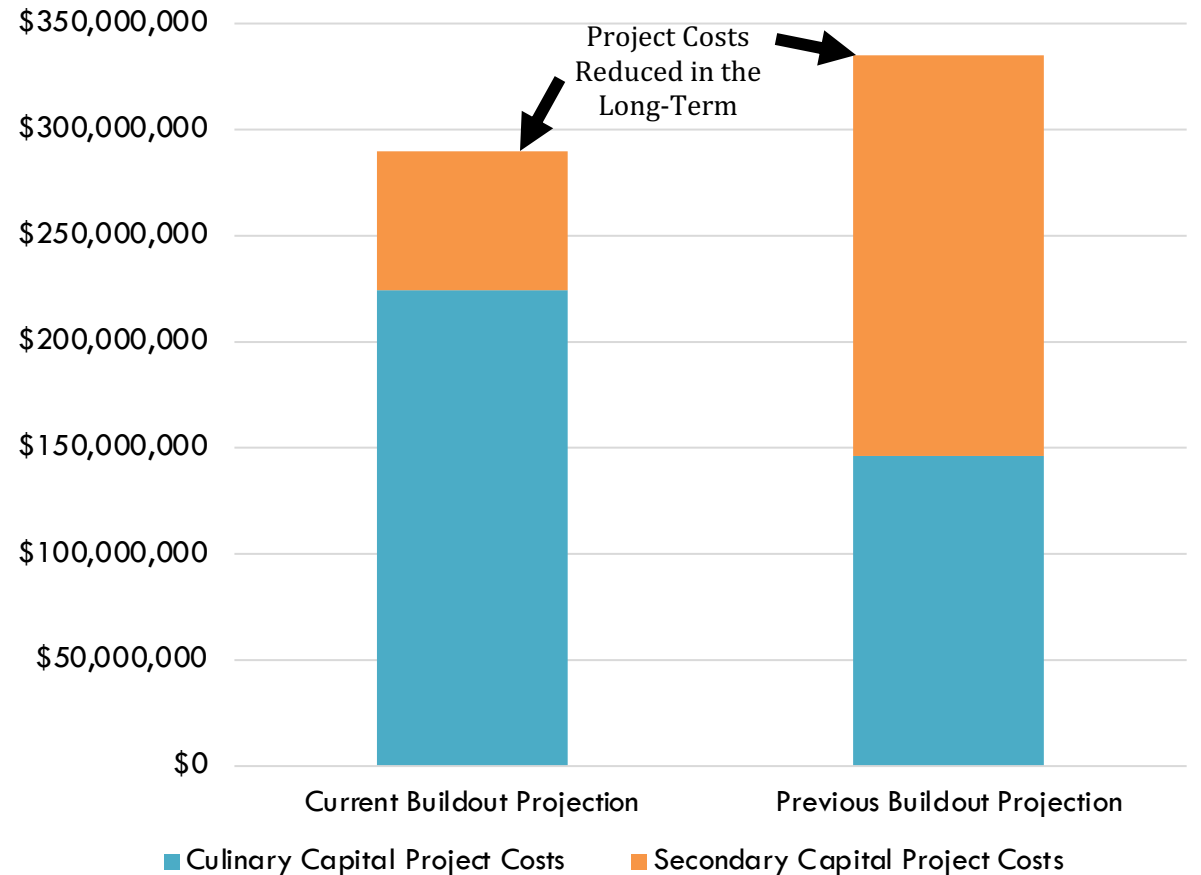
5. Adjust tiered rates for “Residential Customers with Secondary Access” to maintain relationship with tiered rates of “Residential Customers without Secondary Access”

Recommended Capital Projects

10-yr Window Capital Projects

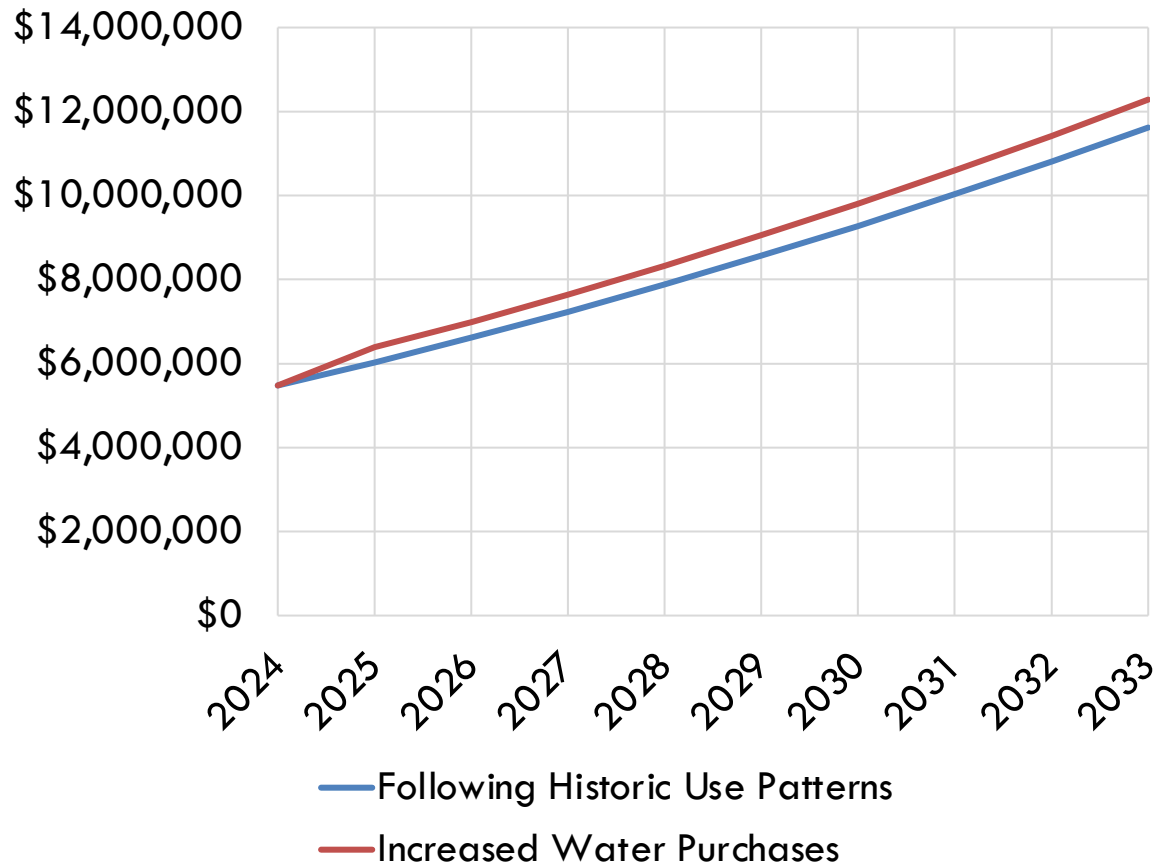


Buildout Capital Projects



JVWCD Water Purchase Increases

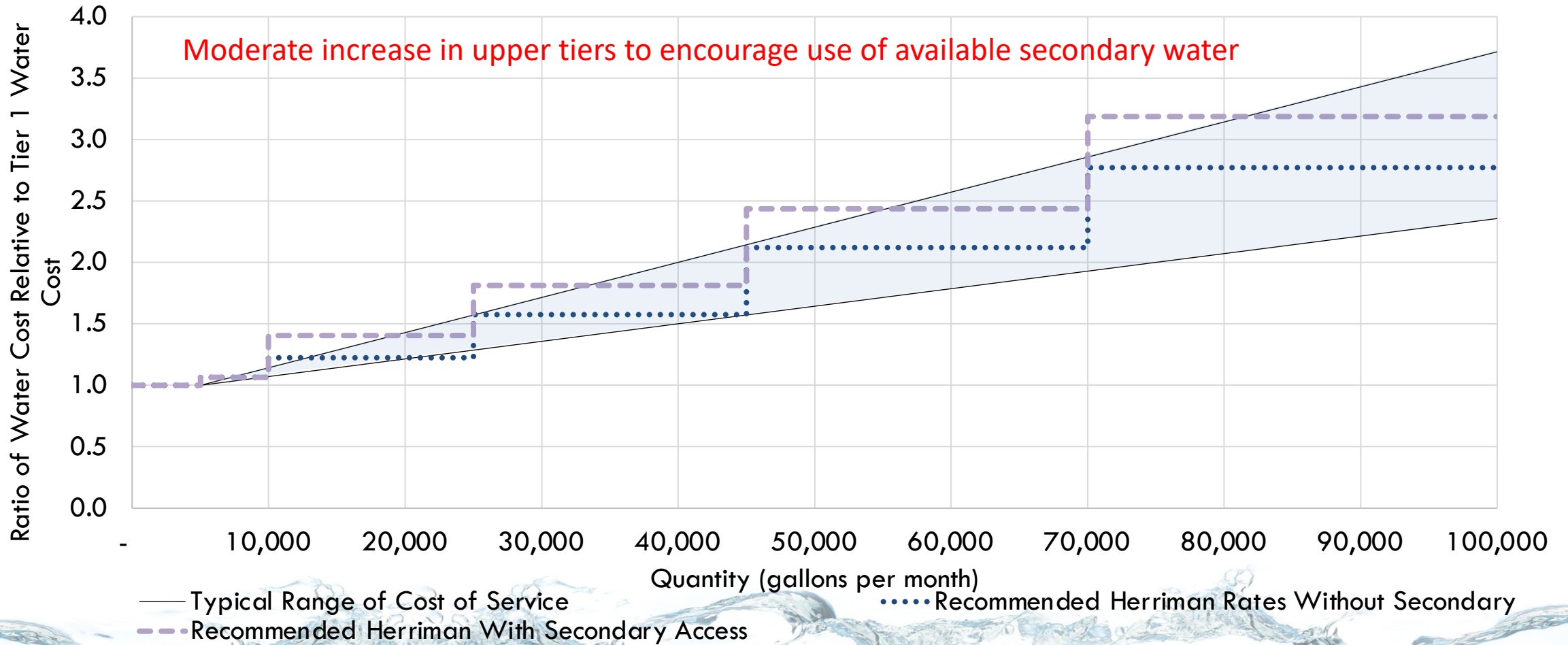
Projected JVWCD Water Purchases



- Average annual cost increase:
\$499,000
- Total cost increase over 10 years:
\$5 M
- Impact to Rates: Additional 4.3% increase starting in 2025

Water – Tier Cost of Service

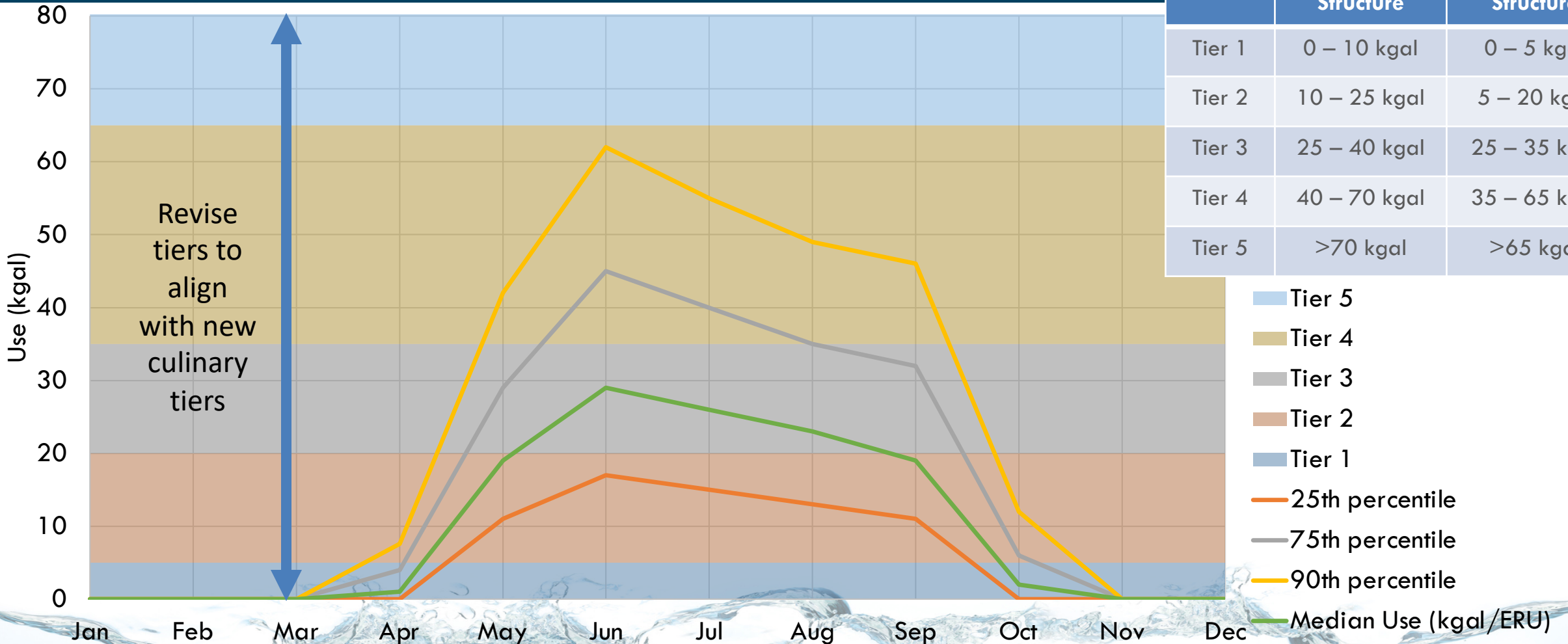
Normalized Culinary Residential **With** Secondary Access



Actual Usage vs Proposed Tier Volumes

Residential Secondary

	Existing Structure	Proposed Structure
Tier 1	0 – 10 kgal	0 – 5 kgal
Tier 2	10 – 25 kgal	5 – 20 kgal
Tier 3	25 – 40 kgal	25 – 35 kgal
Tier 4	40 – 70 kgal	35 – 65 kgal
Tier 5	>70 kgal	>65 kgal

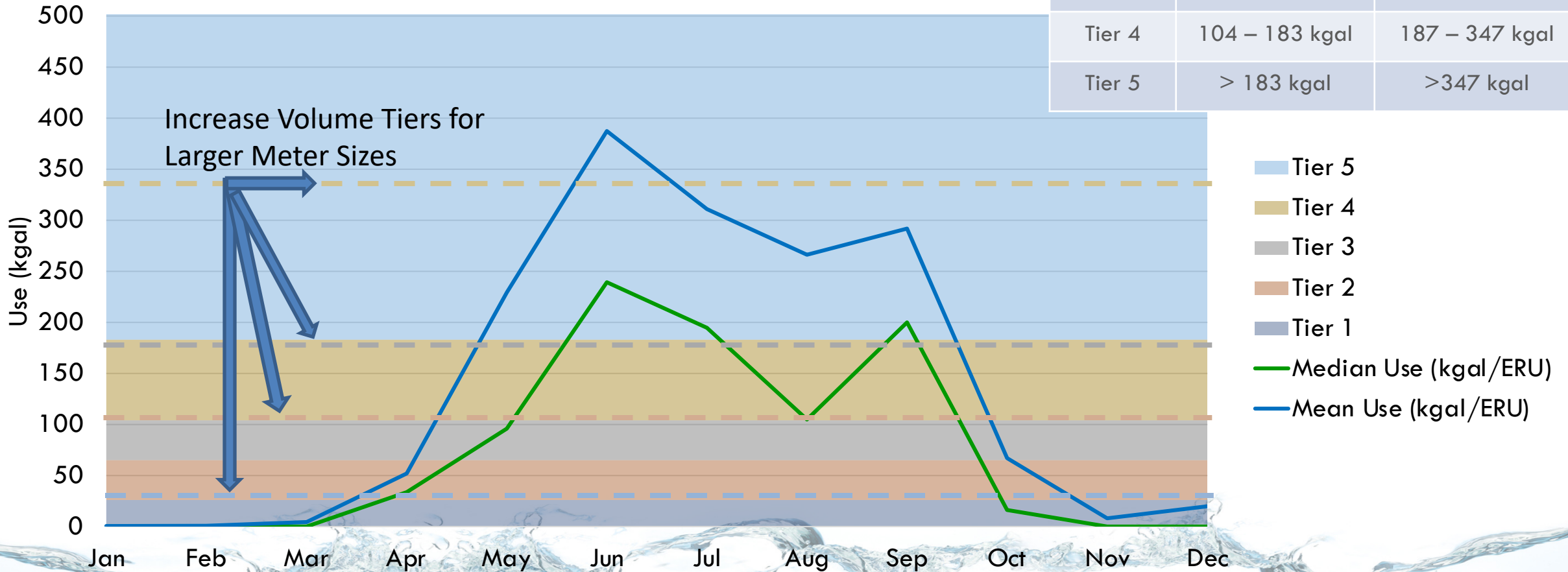


Actual Usage vs Tiers

Culinary Outdoor Irrigation & Secondary

	Existing Structure	Proposed Structure
Tier 1	0 – 26 kgal	0 – 27 kgal
Tier 2	26 – 65 kgal	27 – 107 kgal
Tier 3	65 – 104 kgal	107 – 187 kgal
Tier 4	104 – 183 kgal	187 – 347 kgal
Tier 5	> 183 kgal	>347 kgal

2-inch Meter



Recommended Changes

Culinary Outdoor Irrigation & Secondary

- Increase tier volumes for larger meters to match AWWA capacity ratios. New tiers as follows:

	¾-inch and 1-inch	1 ½-inch	2-inch	3-inch	4-inch	6-inch
Meter Ratio	1.0	3.3	5.3	11.7	21.0	43.3
Tier Volumes in Thousand Gallons						
Tier 1	0 – 5	0 – 17	0 – 27	0 – 59	0 – 105	0 – 217
Tier 2	5 – 20	17 – 66	27 – 107	59 – 234	105 – 420	217 – 866
Tier 3	20 – 35	66 – 116	107 – 187	234 – 410	420 – 735	866 – 1,516
Tier 4	35 – 65	116 – 215	187 – 347	410 – 761	735 – 1,365	1,516 - 2,815
Tier 5	>65	>215	>347	>761	>1,365	>2,815

Existing Customer Classes and Rates

Culinary

- ~~City Owned~~
- Residential Without Access to Secondary
- Residential With Access to Secondary
- Master Meter Residential/ Non-Residential
- ~~Wholesale~~
- ~~Out of City Boundary (addressed with footnote)~~
- Southeast Herriman Bluffdale Residential
- Southeast Herriman Bluffdale Commercial

Secondary

- ~~City Owned~~
- Residential
- Master Meter Residential/ Non-Residential