

ORDINANCE NO. 22-08

AN ORDINANCE AMENDING SECTION 13.32.060 OF THE MURRAY CITY MUNICIPAL CODE TO INCREASE THE SEWER SERVICE CHARGE AND TO ENACT A CENTRAL VALLEY WATER RECLAMATION FEE

PREAMBLE

For many years Murray City ("City") has been a participating member/owner of the Central Valley Water Reclamation Facility (CVWRF), an interlocal agency. The City is one of seven entities whose wastewater is treated at the CVWRF and discharged into the Jordan River system.

On December 16, 2014, the Utah Water Quality Board adopted a new rule (the Technology-Based Phosphorous Effluent Limits or TBPEL Rule, R317-1-3.3) that requires wastewater facilities to install processes that remove phosphorous from their effluent discharge. The Division of Water Quality has also lowered permit limits for ammonia and several other pollutants in CVWRF's effluent discharge. To comply with the new TBPEL Rule requirements and lower-permit limits will require CVWRF to upgrade the treatment process. Once the existing facility rehabilitation and upgrades to remove phosphorous and other pollutants are completed CVWRF facilities will be ready for the next 30 years of service.

In addition, CVWRF, with the assistance of a national engineering firm, completed a Condition Assessment and Asset Management Plan ("Plan") for its wastewater interceptor piping and treatment plant to identify the renewal needs of the system's 30-year old infrastructure. The Plan identified costs for necessary restorations to CVWRF's collection system piping and treatment facilities that will be needed over the next 20 years to serve the local community through the year 2035. The improvements will replace aging and degraded mechanical and electrical equipment in the treatment plant and rehabilitate corroded collection system pipes to meet the future needs of our community and ensure compliance with State and Federal regulatory requirements.

The original estimates for the reconstruction were expected to be around \$250,000,000, which is what the City's current rate structure was based on. Now that the project has been under way for the last few years combined with the current construction climate, the costs have escalated to about \$370,000,000. This is a significant increase which has put a serious strain on the City's wastewater operating budget and its ability to continue to provide its portion of the needed funding. The City anticipates further inflationary costs resulting in increased operating expenses for both the City and CVWRF. The City's rates have been designed to keep up with these changes and have been structured to be fair and equitable to serve customer needs.

Over the last five years Murray City has seen growth in both new residential and commercial connections much like the surrounding communities. Growth in the City is inevitable and has been contemplated for many years and, for the most part, the City

has been able to stay ahead of the development and costs. However, the current cost escalations present major challenges going forward.

Growth in sewer residential and commercial connections is based on historical growth in the City and has been projected at a rate of 3 percent annually. It is expected that in 2022, the City will have 8,061 residential sewer connections and 993 commercial sewer connections for a total of 9,054 connections. By 2027, the City anticipates 10,496 total connections – an increase of 1,442 connections, or average growth of about 297 connections each year.

Growth in the City's operating expenses is projected at an average annual rate of three percent. There are also operating expenses attributable to the CVWRF for which the City is responsible. These expenses include facility operations, Central Valley CIP, interceptor monitoring, pretreatment field, and laboratory services. These expenses have also been projected to grow at an average annual rate of two to three percent. The proposed sewer rate is structured to ensure that new capital improvements can be constructed, that inflationary operating costs can be met and that the sewer utility fund is able to move towards maintaining at least 180 days cash on hand.

In order to help meet the City's obligations to cover the initial increased costs from the CVWRF debt, the City is proposing the enactment of a CVWRF fee. As the base and flow rates increase to meet costs, the fee will be lowered to partially offset the rate increases in order to lessen the impact on rate payers. Structuring rates in this way will allow the City to meet all its debt obligations and expenses while offering the lowest possible rates to its customers. The increases in the base and flow rates, and the enactment of the CVWRF fee are proposed to go into effect on April 1, 2022.

BE IT ORDAINED BY THE MURRAY CITY MUNICIPAL COUNCIL:

Section 1. Purpose. The purpose of this Ordinance is to amend section 13.32.060 of the Murray City Municipal Code to increase the sewer service charge and to enact a CVWRF fee.

Section 2. Amendment of section 13.32.060 of the Murray City Municipal Code. Section 13.32.060 of the Murray City Municipal Code to increase the sewer service charge and to enact a central valley water reclamation fee, shall be amended to read as follows:

13.32.060: SEWER SERVICE CHARGE:

...

B. The following service charge shall be imposed for regularly monthly service rendered to the users of the City's sewer system:

1. All users with a history of water usage shall be charged as follows:

	Base Rate	CVWRF Fee	Flow Rate Charge Per 100 Cubic Feet
November 1, 2021 - March 31, 2022	\$9.73	\$0.00	\$2.88
April 1, 2022 - March 31, 2023	13.14	12.00	3.46
April 1, 2023 - March 31, 2024	16.42	12.00	3.56
April 1, 2024 - March 31, 2025	18.88	11.00	3.67
April 1, 2025 - March 31, 2026	19.83	8.00	3.78
April 1, 2026 - March 31, 2027, and until otherwise amended	20.82	6.00	3.89

...

Section 3. Effective date. This Ordinance shall take effect upon first publication.

PASSED, APPROVED AND ADOPTED by the Murray City Municipal Council on this 15th day of February, 2022.

MURRAY CITY MUNICIPAL COUNCIL



Kat Martinez

 Kat Martinez, Chair

ATTEST:

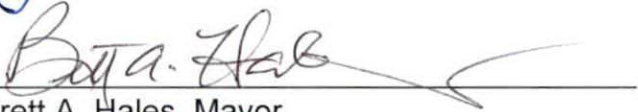
Brooke Smith

 Brooke Smith, City Recorder

Transmitted to the Office of the Mayor of Murray City on this 18th day of February, 2022.

MAYOR'S ACTION: Approved

DATED this 19TH day of February, 2022.


Brett A. Hales, Mayor

ATTEST:


Brooke Smith, City Recorder

CERTIFICATE OF PUBLICATION

I hereby certify that this Ordinance or a summary hereof was published according to law on the 19TH day of February, 2022.


Brooke Smith, City Recorder