

Date: 30 September 2015
To: Citizens of River Heights City
From: Mayor and City Council of River Heights City
Subject: **Increase in Wastewater Treatment fees**

The River Heights City (RHC) Council is facing a decision that is creating a dilemma for us and we want input from you.

RHC presently has a contract with Logan to treat our wastewater. This fifty-year contract was signed in 1975 and will terminate on 30 June 2025. It has proven to be a very favorable contract to RHC. However, the Logan facilities that are used to treat the wastewater no longer meet the EPA standards and Logan is required to build a new facility that will cost an estimated \$120 million. RHC and five other cities (Smithfield, Hyde Park, North Logan, Providence, and Nibley) have negotiated a proposed 30-year contract with Logan to process their wastewater using the new facilities. This contract provides for a Rate-Setting Committee composed of a representative from each city. New rates will become effective when the contracting cities sign the contract and the Rate-Setting Committee has determined the new rate (expected to be approximately 1 July 2017). The other five contracting cities have accepted the proposed contract. The dilemma is whether RHC should accept it or continue with the present contract.

Financial impact of switching to the new wastewater treatment contract.

The current monthly RHC bill per household for sewer (wastewater treatment) is \$ 19.05

If we continue our present contract, when Logan raises their rates for the new facilities (estimated to be July 2017), RHC charges will be increased at the same rate and the estimated monthly sewer bill per household for RHC residents will be \$ 23.08

If we switch to the new contract, the estimated monthly bill per household for sewer services (estimated to be July 2017), will be \$ 33.76

For comparison purposes, the current amount charged to Logan citizens per month for sewer services is \$29 which will probably increase to approximately \$35.00 when the new contract is initiated.

If RHC switches to the new contract, the increased cost for all RHC citizens for the eight years remaining on the current contract (1 July 2017 until 30 June 2025) is estimated to be \$586,464.

Fire Protection and Ambulance Service Contract

RHC presently has a contract with Logan for fire protection and ambulance service. This contract began 1 July 2011 and ends 30 June 2018. The amount for the year ended June 30, 2012 was \$43,384 and this amount has increased each year by 2% so that the amount for 2016-2017 is scheduled to be \$47,899. (This equates to approximately \$24 per person per year.) If

RHC should renegotiate the contract with Logan for \$30,000 plus 3% per year increase (a present offer from Logan), RHC would save \$162,464 over the life of the current wastewater treatment contract (1 July 2016 through 1 July 2025). If RHC should renegotiate the contract for \$25,000 plus 1% (current inflation rate), RHC would save \$233,024. And if RHC should renegotiate the contract for \$20,000 plus 1% (current inflation rate), RHC would save \$279,866.

If RHC does not renegotiate the Fire Protection and Ambulance Service Contract now, it will have to do so after 30 June 2018 and the amount is unknown.

For comparison purposes, the amount for the Fire Protection and Ambulance Service Contract for the year ended June 30, 2005 was less than \$16,000 or \$8.88 per person per year. RHC now pays Logan \$45,136 or \$24 per person per year for fire protection and ambulance service. Providence citizens now pay Logan \$7.21 per person per year for fire protection and ambulance service. If RHC were charged the same rate per person as Providence, the annual amount would be \$13,648 rather than \$45,136. Logan has reported that the cost of fire protection and ambulance service per person per year for Logan residents is \$69 and the current Providence contract amount is extremely low and will be renegotiated at a higher rate.

Pros & Cons for keeping our present wastewater contract

The pros for keeping the present contract is that it will save RHC residents approximately \$10.64 per month in sewer fees from 1 July 2017 until 1 July 2025.

The cons for keeping the present contract are: (1) RHC will not be permitted to participate on the Rate-Setting Committee with Logan and the other contracting cities (Smithfield, Hyde Park, North Logan, Providence and Nibley) which will begin in October or November 2015, (2) RHC will have to renegotiate its wastewater treatment contract terms as of 1 July 2025 without the benefit of having participated on the Rate-Setting Committee and will likely be perceived as uncooperative to Logan and the other five contracting cities, and (4) RHC will have to pay approximately \$18,000 more per year for the Fire Protection and Ambulance Service Contract.

Citizen input

To help the RHC Council make a good, representative decision, the citizens are invited to a public hearing about this matter at the **October 13** City Council meeting. It will be held at the RHC Office Building, 520 South 500 East, at **7:00 p.m.** If you would like your opinion heard and cannot attend, please deliver your written comments to: Mayor James Brackner, River Heights City, 520 South 500 East, River Heights City, UT 84321.