

Subject: Water, Sewer, and Storm Drain User Rate Analysis

Dear Customer,

This letter is to inform you in advance that Stansbury Park Improvement District (SPID) has engaged LRB Public Finance Advisors (LRB) to conduct a user rate analysis. This analysis will help the District in managing the ever-increasing cost of operating, maintaining, and improving its extensive water, sewer, and storm drainage system. It may result in a necessary adjustment to your user rates, which will be communicated to you in due course.

SPID's last rate increase was in 2010. Since then, its operational costs have continued to increase. Below are a few examples:

1. Capital Cost Increases.

Since 2010, significant improvements have been made to SPID facilities, including a \$6-million sewer treatment plant upgrade, construction of a three-million-gallon water storage tank, two culinary water wells, and significant expansion of the District's piping networks. Impact fee revenues collected from new developments help fund improvements attributable to new growth. However, impact fee revenues cannot legally be used for system upgrades or used for operating and maintaining numerous components of SPID's water, sewer, and storm drainage systems through which all District customers are served and benefited.

Moreover, SPID is continually required to make system improvements necessitated by new environmental laws and regulations imposed by state and federal agencies having permitting and operational authority over the District's water, sewer, and storm drainage systems. For example, state and federal regulators are imposing new ammonia and phosphorus discharge limits, which directly impact the quality of our sewer effluent discharge, thereby necessitating the construction and installation of new sewer facilities to enable the District to satisfy the new limits. This is just one example of ongoing system improvements that will need to be made in the near future, all of which are beyond the control of the District and directly affect the District's short and long-term capital and operational financing requirements.

2. Administrative and Operational Costs.

In 2010, SPID served approximately 2,500 residential customers. SPID employed two field personnel and two full-time office employees. Today, SPID serves approximately 4,500 customer accounts but employs only five field personnel and four full-time office staff.

As with all of us, SPID's costs for goods and services have increased substantially since its last rate adjustment. For example, in 2010, the cost for a brass ¾" service line fitting was \$14.89. The cost was \$21.37 in 2016 and \$29.31 in 2024, representing almost a 100% increase over fourteen years.

SPID user rates have consistently been among the lowest in Utah. The rates established in 2010 may need to be revised to support the increased capital costs of new infrastructure improvements and replacement for the current administration, operation, and maintenance costs facing the District. Please know that any rate adjustment will be made with the utmost consideration for our customer's needs and the District's sustainability.

LRB will present preliminary user rate fees for discussion purposes at the SPID Board Meeting on September 17, 2024, at 6:00 p.m., at the District's office located at 30 Plaza in Stansbury. **This meeting is NOT a public hearing to increase rates.** Before considering a rate increase, it's important to initiate additional meetings and discussions to ensure that all perspectives are considered. We believe in keeping our customers informed about important decisions. A formal public hearing, at which any interested person may speak, will be held at a later date before any decision is made to increase rates. Those who wish to watch the meeting can view it at: <https://www.youtube.com/@StansburyImprovement>

Stansbury Park Improvement District