

**CITY OF MOAB ORDINANCE NO. 2023-04**  
**AN ORDINANCE AMENDING THE MOAB MUNICIPAL CODE 3.50.110 STORM**  
**WATER RATES**

WHEREAS, the City of Moab desires to address stormwater issues within the City; and

WHEREAS, the City adopted the *City of Moab Stormwater Master Plan* in 2017; and

WHEREAS, the Stormwater Master Plan identified over 8 million dollars in capital project needs; and

WHEREAS, the City of Moab has concluded a Stormwater Utility Rate Study dated March 2023 which identifies a funding program to mitigate many of the problems identified in the Stormwater Master Plan; and

WHEREAS, the City of Moab has the authority to adopt this ordinance pursuant to Utah Code Annotated 10-3-702, and hereby exercises its legislative powers in doing so; and

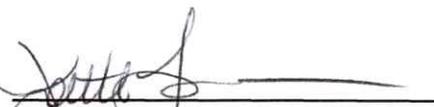
WHEREAS, the City Council of the City of Moab held a duly noticed public hearing regarding a stormwater rate increase on March 28, 2023; and

NOW THEREFORE, be it ordained by the City of Moab that the following ordinance be enacted.

The Stormwater Utility Rate increase identified in the Stormwater Utility Rate Study dated March 2023 increasing the rate from \$4.50 per ERC to \$9.00 per ERC is adopted.

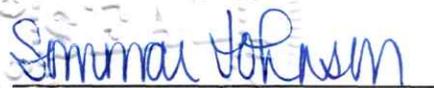
PASSED AND APPROVED by a majority of the City Council this 28<sup>th</sup> day of March 2023.

By:

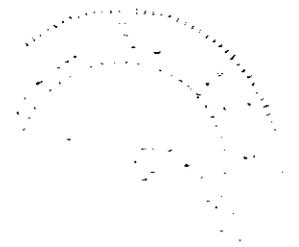
  
\_\_\_\_\_  
Joette Langianese, Mayor

3/28/23  
Date

Attest:

  
\_\_\_\_\_  
Sommar Johnson, Recorder

3.28.23  
Date

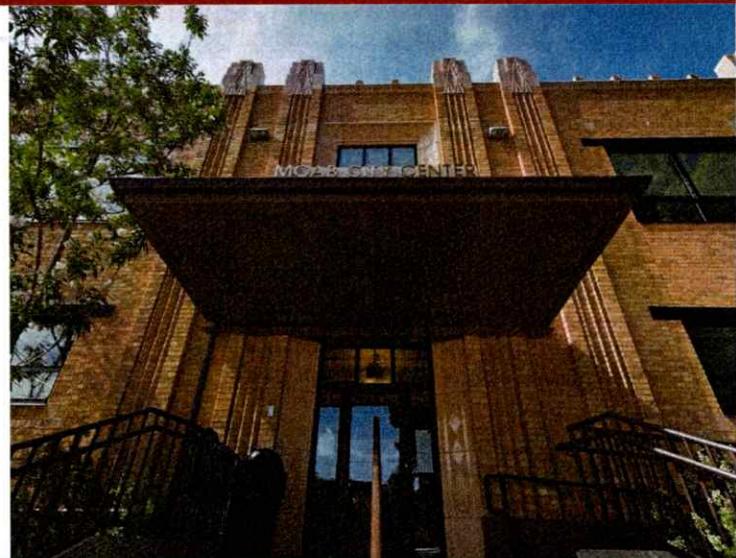


City of Moab



## Moab Storm Water Utility Rate Study

CITY OF  
**MOAB**  
UTAH



Zions Public Finance, Inc.  
March 2023

## Storm Water Rates

### Background and Approach

Due to growth in the City of Moab (“City”), as well as the paving of formerly pervious surfaces, the City is experiencing increasing demands on its storm water system. Further, inflationary costs are resulting in increased operating expenses and many parts of the storm water system are in need of repair. Rates must be designed to keep up with these changes and must be structured to fairly and equitably serve customer needs. The City currently charges a flat monthly rate to all customers. All residential units are considered one equivalent residential connection (ERC) for the purpose of collecting fees; commercial ERCs are calculated based on the amount of impervious surface.

The approach used in this analysis is commonly referred to as a “revenue sufficiency model.” All expenses (operating and capital) are first calculated, and then rates are structured to cover annual expenses, maintain sufficient debt service ratios, and to keep at least 180 cash days on hand in the storm water utility fund.

### Operating Expenses

Growth in operating expenses is projected at an average annual rate of 3 percent per year per budget line item based on input from City staff. Operational expenses include the new costs attributable to new development, as well as inflationary expenses. These expense projections are shown in detail in the Appendix.

### Outstanding Debt

There is one outstanding debt of \$141,726 that the storm water utility fund needs to repay to the General Fund in 2023.

### Capital Projects

There are numerous capital projects that have been carefully planned by the City and its engineers. While the costs shown in the table below are in 2023 dollars, an inflation rate of three percent per year has been added to these projects in the financial model to cover the increased costs of construction over time.

**TABLE 1: STORM WATER CAPITAL PROJECTS**

Project Description	Project #	Cost	Fiscal Year (FY)
Kane Creek Boulevard	P30	\$198,000	2024
100 South to Mill Creek	P28B	\$1,855,963	2024
200 South to 200 East	P35	\$76,431	2023
100 West & Park Drive & 350 West	P12B	\$1,127,710	2025
Aspen Ave and Kane Creek Boulevard	P10	\$161,514	2024
400 North from 500 West	P18	\$1,075,795	2026
Dogwood Ave & Kane Creek Boulevard	P9	\$637,402	2027
Hale Ave to 400 West	P32	\$167,282	2028
Bittle Lane	P3	\$464,351	2028
Jackson Street	P4	\$281,207	2025
Private Drive at 425 East	P2	\$116,809	2025
510 North 500 West	P16	\$12,979	2025

Project Description	Project #	Cost	Fiscal Year (FY)
500 West by Mill Creek	P39	\$62,010	2025
Moab City Parking Lot and Yard	P40	\$57,683	2026
250 North 300 East	P33	\$14,421	2026
Rosetree Lane	P36	\$44,705	2026
Center Street from 650 East to 500 East	P37	\$5,768	2026
Bowling Alley Lane & Bittle Lane	P38	\$8,653	2026
Carlos Court and Juan Court	P17	\$158,629	2024
Loveridge Drive to Locust Lane	P5	\$57,683	2024
Nob Hill and Main Street to 300 North and 100 West	P13	\$152,861	2029
Stewart Lane from 350 North to Mill Creek	P34	\$393,689	2029
Pear Tree Lane	P11	\$550,876	2030
<b>TOTAL</b>		<b>\$7,682,421</b>	

### Cash Balances

The storm water utility fund does not have a positive cash balance and, in fact, must repay the General Fund \$141,726 in FY2023.

### Rate Structuring

Current storm water rates are structured so that one ERC pays \$4.50 per month.

### Current Rate Projections

The current rate structure, with no projected rate increases and no new bonds issued, fails to meet the future needs of the Storm Water Fund. The upcoming capital expenses required to maintain the current service level create a further financial strain under current rates.

Table 2 demonstrates that the City will go below 180 days cash on hand by 2024 with no rate increases and no bonds issued and will have negative cash flows. This is due to the significant amount of capital projects needed.

**TABLE 2: CURRENT RATE PROJECTIONS**

	2023	2024	2025	2026	2027	2028
Net Revenues Available for Debt Service	\$320,060	\$321,196	\$322,178	\$323,009	\$323,689	\$324,222
Debt Service	(\$141,726)	\$0	\$0	\$0	\$0	\$0
Capital Improvements	(\$76,431)	(\$2,529,061)	(\$1,731,333)	(\$1,357,739)	(\$745,670)	(\$768,478)
Debt Service Coverage Ratio	<b>2.26</b>	-	-	-	-	-
Days Cash on Hand	<b>205</b>	<b>(4,220)</b>	<b>(6,871)</b>	<b>(8,672)</b>	<b>(9,265)</b>	<b>(9,855)</b>

### Proposed Rate Options

One rate option is proposed for storm water.

- Ensure sufficient revenues to cover all operating costs and maintain a debt service coverage ratio of at least 1.25;<sup>1</sup>
- Maintain 180 days cash on hand on average and never get below 150 days cash on hand;
- Balance minimizing rates with minimizing new debt obligations when debt obligations are considered; and
- Proposed rates should be easy to implement and administer.

The proposed storm water rate is structured to ensure that new capital improvements can be constructed, that inflationary operating costs can be met and that the storm water utility fund maintains at least 180 days cash on hand.

### **Proposed Storm Water Rates**

Storm water rates are proposed to increase from the current rate of \$4.50 per month to \$9.00 per month, with bonds issued in 2024 (\$4.5 million) and 2027 (\$2,000,000). Rates will then need to increase by 2.0 percent in 2025, 2026 and 2027.

**TABLE 3: PROPOSED STORM WATER RATES**

	2023	2024	2025	2026	2027	2028	2029	2030
Percent Increase		100.00%	2.00%	2.00%	2.00%	0.00%	0.00%	0.00%
Rate	\$4.50	\$9.00	\$9.18	\$9.36	\$9.55	\$9.55	\$9.55	\$9.55
Increase in Rates from Prior Year		\$4.50	\$0.18	\$0.18	\$0.19	\$0.00	\$0.00	\$0.00

With these proposed rate increases, the Storm Water Fund will maintain sustainability.

**TABLE 4: PROPOSED RATE INCREASE KEY RATIOS**

	2023	2024	2025	2026	2027	2028	2029	2030
Net Revenues Available for Debt Service	\$320,060	\$674,695	\$693,089	\$711,871	\$731,057	\$735,121	\$739,041	\$746,284
Debt Service	(\$141,726)	\$0	(\$337,740)	(\$337,740)	(\$337,740)	(\$487,847)	(\$487,847)	(\$487,847)
Capital Improvements	(\$76,431)	(\$2,529,061)	(\$1,731,333)	(\$1,357,739)	(\$745,670)	(\$768,478)	(\$691,560)	(\$724,915)
Debt Service Coverage Ratio	2.26	NA	2.05	2.11	2.16	1.51	1.51	1.53
Days Cash on Hand	205	5,280	2,417	439	3,288	2,199	1,307	422

### **Impacts on Existing Storm Water Rate Payers**

Proposed rates would increase by \$4.50 per month and \$54.00 annually, to a total of \$108 per year, in 2024.

**TABLE 5: PROPOSED IMPACTS TO RATEPAYERS**

Year	Monthly	Annual
2023	\$4.50	\$54.00
2024	\$9.00	\$108.00
2028	\$9.55	\$114.61

<sup>1</sup> Debt service coverage ratios are measured by comparing operating cash (revenues less operating expenses) to annual debt service obligations before capital costs.

### **Benefits from Change in Storm Water Rates**

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Benefits from the change in the storm water rates are that the City will be able to better meet its capital needs requirements as well as maintain a satisfactory level of service to its residents.

### **Debt Coverage Ratios**

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Minimum debt coverage ratios are generally assumed to be 1.25. The proposed rate increases maintain at least this ratio.

### **Days Cash on Hand**

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The proposed rate increases maintain the City's goal to keep 180 days cash on hand on average and never get below 150 days cash on hand.

## Appendix A – Storm Water Rate Model

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DRAFT

APPENDIX A	0	1	2	3	4	5	6	7	8	9
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
ERCS	6,488	6,546	6,605	6,663	6,721	6,779	6,838	6,926	6,991	7,056
Acres Developed	25	25	25	25	25	25	25	25	25	25
Impact Fee per Acre	\$6,029.50	\$6,166.35	\$6,303.52	\$6,441.34	\$6,580.08	\$6,720.04	\$6,861.53	\$7,004.82	\$7,150.22	\$7,298.03
<b>Revenues</b>										
Rate Revenues	\$350,352	\$706,997	\$727,556	\$748,654	\$770,306	\$776,984	\$783,662	\$793,808	\$801,197	\$808,656
<b>Operating Expenses</b>										
General Fund Overhead	(\$84,000)	(\$86,520)	(\$89,116)	(\$91,789)	(\$94,543)	(\$97,379)	(\$100,300)	(\$103,309)	(\$106,409)	(\$109,601)
Salaries & Wages	(\$20,498)	(\$21,113)	(\$21,746)	(\$22,399)	(\$23,071)	(\$23,763)	(\$24,476)	(\$25,210)	(\$25,966)	(\$26,745)
Employee Benefits	(\$11,032)	(\$11,363)	(\$11,704)	(\$12,055)	(\$12,417)	(\$12,789)	(\$13,173)	(\$13,568)	(\$13,975)	(\$14,394)
Fuel	(\$5,000)	(\$5,150)	(\$5,305)	(\$5,464)	(\$5,628)	(\$5,796)	(\$5,970)	(\$6,149)	(\$6,334)	(\$6,524)
Professional and Technical	(\$60,000)	(\$61,800)	(\$63,654)	(\$65,564)	(\$67,531)	(\$69,556)	(\$71,643)	(\$73,792)	(\$76,006)	(\$78,286)
Miscellaneous	(\$500)	(\$515)	(\$530)	(\$546)	(\$563)	(\$580)	(\$597)	(\$615)	(\$633)	(\$652)
<b>Total Operating Expenses</b>	<b>(\$181,030)</b>	<b>(\$186,461)</b>	<b>(\$192,055)</b>	<b>(\$197,816)</b>	<b>(\$203,751)</b>	<b>(\$209,863)</b>	<b>(\$216,159)</b>	<b>(\$222,644)</b>	<b>(\$229,323)</b>	<b>(\$236,203)</b>
<b>Non-Operating Revenues and Expenses</b>										
Impact Fees	\$150,738	\$154,159	\$157,588	\$161,033	\$164,502	\$168,001	\$171,538	\$175,120	\$178,756	\$182,451
Other										
<b>Total Non-Operating Revenues and Expenses</b>	<b>\$150,738</b>	<b>\$154,159</b>	<b>\$157,588</b>	<b>\$161,033</b>	<b>\$164,502</b>	<b>\$168,001</b>	<b>\$171,538</b>	<b>\$175,120</b>	<b>\$178,756</b>	<b>\$182,451</b>
<b>Net Revenues Available for Debt Service</b>	<b>\$320,060</b>	<b>\$674,695</b>	<b>\$693,089</b>	<b>\$711,871</b>	<b>\$731,057</b>	<b>\$735,121</b>	<b>\$739,041</b>	<b>\$746,284</b>	<b>\$750,629</b>	<b>\$754,903</b>
<b>Debt Service</b>										
Owed to General Fund	(\$141,726)									
<b>Future Debt</b>										
Bond 1	\$0	\$0	(\$337,740)	(\$337,740)	(\$337,740)	(\$337,740)	(\$337,740)	(\$337,740)	(\$337,740)	(\$337,740)
Bond 2	\$0	\$0	\$0	\$0	\$0	(\$150,107)	(\$150,107)	(\$150,107)	(\$150,107)	(\$150,107)
Bond 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Outstanding and Future Debt</b>	<b>(\$141,726)</b>	<b>\$0</b>	<b>(\$337,740)</b>	<b>(\$337,740)</b>	<b>(\$337,740)</b>	<b>(\$487,847)</b>	<b>(\$487,847)</b>	<b>(\$487,847)</b>	<b>(\$487,847)</b>	<b>(\$487,847)</b>
Coverage Ratio with Impact Fees (Min = 1.25; Target = 1.5)	2.26	-	2.05	2.11	2.16	1.81	1.51	1.53	1.54	1.55
<b>Bond Proceeds</b>										
Bond 1	\$0	\$4,500,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bond 2	\$0	\$0	\$0	\$0	\$2,000,000	\$0	\$0	\$0	\$0	\$0
Bond 3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Bond Proceeds</b>	<b>\$0</b>	<b>\$4,500,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,000,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Revenues After Debt Service</b>	<b>\$178,334</b>	<b>\$5,174,695</b>	<b>\$355,349</b>	<b>\$374,131</b>	<b>\$2,393,316</b>	<b>\$247,274</b>	<b>\$251,194</b>	<b>\$258,437</b>	<b>\$262,782</b>	<b>\$267,056</b>

CAPITAL PROJECTS

	0	1	2	3	4	5	6	7	8	9
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Kane Creek Boulevard	\$0	(\$205,920)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 South to Mill Creek	\$0	(\$1,930,202)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
200 South to 200 East	(\$76,431)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
100 West & Park Drive & 350 West	\$0	\$0	(\$1,219,731)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aspen Ave and Kane Creek Boulevard	\$0	(\$167,975)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
400 North from 500 West	\$0	\$0	\$0	(\$1,210,123)	\$0	\$0	\$0	\$0	\$0	\$0
Dogwood Ave & Kane Creek Boulevard	\$0	\$0	\$0	\$0	(\$745,670)	\$0	\$0	\$0	\$0	\$0
Hale Ave to 400 West	\$0	\$0	\$0	\$0	\$0	(\$203,524)	\$0	\$0	\$0	\$0
Bittle Lane	\$0	\$0	\$0	\$0	\$0	(\$564,954)	\$0	\$0	\$0	\$0
Jackson Street	\$0	\$0	(\$304,153)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Private Drive at 425 East	\$0	\$0	(\$126,341)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
510 North 500 West	\$0	\$0	(\$14,038)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
500 West by Mill Creek	\$0	\$0	(\$67,070)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Moab City Parking Lot and Yard	\$0	\$0	\$0	(\$64,886)	\$0	\$0	\$0	\$0	\$0	\$0
250 North 300 East	\$0	\$0	\$0	(\$16,222)	\$0	\$0	\$0	\$0	\$0	\$0
Rosetree Lane	\$0	\$0	\$0	(\$50,287)	\$0	\$0	\$0	\$0	\$0	\$0
Center Street from 650 East to 500 East	\$0	\$0	\$0	(\$6,488)	\$0	\$0	\$0	\$0	\$0	\$0
Bowling Alley Lane & Bittle Lane	\$0	\$0	\$0	(\$9,733)	\$0	\$0	\$0	\$0	\$0	\$0
Carlos Court and Juan Court	\$0	(\$164,974)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Loveridge Drive to Locust Lane	\$0	(\$59,990)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Nob Hill and Main Street to 300 North and 100 West	\$0	\$0	\$0	\$0	\$0	\$0	(\$193,418)	\$0	\$0	\$0
Stewart Lane from 350 North to Mill Creek	\$0	\$0	\$0	\$0	\$0	\$0	(\$498,142)	\$0	\$0	\$0
Pear Tree Lane	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$724,915)	\$0	\$0
<b>Total Capital Improvements</b>	<b>(\$76,431)</b>	<b>(\$2,529,061)</b>	<b>(\$1,731,333)</b>	<b>(\$1,357,739)</b>	<b>(\$745,670)</b>	<b>(\$768,478)</b>	<b>(\$691,560)</b>	<b>(\$724,915)</b>	<b>\$0</b>	<b>\$0</b>
<b>Repair and Replacement</b>		(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
<b>Beginning Cash Balance Storm Water Fund</b>	\$0	\$101,903	\$2,697,537	\$1,271,552	\$237,945	\$1,835,591	\$1,264,387	\$774,021	\$257,543	\$470,325
<b>Ending Cash Balance Storm Water Fund</b>	\$101,903	\$2,697,537	\$1,271,552	\$237,945	\$1,835,591	\$1,264,387	\$774,021	\$257,543	\$470,325	\$687,381
<b>Days Cash on Hand - Ending</b>	205	5,280	2,417	439	3,288	2,199	1,307	422	749	1,062