



TRANSPARENCY REPORT

Prepared by the Woodland Hills Transparency Committee

JULY 24, 2020

An Upgrade to Our Water System Will Bring an Increase to Our Water Bills

Why does our system need an upgrade?

When our system was originally installed by developers many years ago, the pipe bed was not properly prepared, and the pipe was not properly encased. Recently we had five leaks over five days, and this indicates a serious, widespread problem. Because we are likely to have increasing incidents of pipe failure, the situation has now become urgent.

What will the upgrade entail?

Simply put, our water pipes need to be replaced. The project will take place in phases, starting with the west part of town where the most recent leaks occurred. The goal is to complete this first phase before winter, when construction is more expensive and a water shut-off is more of a hardship for residents.

How will we finance the upgrade?

The city is applying for a zero interest, thirty-year loan from the Utah Division of Drinking Water in the amount of \$3.2 million to cover the first phase. The entire project could go through multiple phases, take several years, and reach a total cost of \$10 million. Over time, other loans will be required to finance this total cost.

How will our water bills be affected by this?

In order to qualify for the loan, city water payments will have to generate enough revenue to make the loan payments. Right now the payments are insufficient, so water rates will have to rise. The city is still in the process of determining how much bills will go up, and how the increase will be computed. An average monthly increase of \$50 has been talked about, but that is very tentative.

Once the loan is paid off, will water rates go back down?

This is not likely, given that the length of the first loan will be 30 years, and it is only the first loan. As years pass, inflation may result in rates even higher than those we will initially experience. Over the winter the city will hold meetings to develop a strategic plan with the goal of answering many of these kinds of questions.

Is this problem unique to Woodland Hills?

No. Water infrastructure is aging all over Utah, and the state has determined that between now and 2060 replacement of that infrastructure could cost about \$18 billion statewide.

For more details listen to this phone interview

with Ted Mickelsen, Woodland Hills resident and Regional Director of Jones and DeMille Engineering. Ted will work as a project manager for the water system upgrade. You'll find his interview on the city YouTube channel at this link:

<https://youtu.be/YVByBPqIKIA>

If you would like to listen only to selected parts of the interview, here are the questions and their starting points:

00:00 Why does our water system need an upgrade, and why has it become urgent?

02:02 What's the basic plan for the upgrade?

03:31 Can you give us details about the loan?

05:32 Why will we have to raise our water rates?

07:02 Explain the part of the water rate increase called a "standby fee."

08:03 After the loan is paid off will our water rates go back down?

08:52 What existing city funds will be used, in addition to the loan?

10:00 Do we know how long the entire upgrade will take?

11:12 Will subsequent phases require additional loans and more water rate increases?