



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

TO: City Council Members

FROM: Austin Kimmel,
Public Policy Analyst

DATE: May 20, 2025

RE: ORDINANCE UPDATES TO TITLE 17 TO COMPLY WITH RATE STUDY AND REGULATORY REQUIREMENTS

Project Timeline:

Briefing: May 20
Public Hearings: May 20 and June 3
Potential Action: June 10, or later date
TBD

ISSUE AT-A-GLANCE

The Salt Lake City Department of Public Utilities (SLCDPU) proposes several ordinance amendments to Salt Lake City Code *Title 17: PUBLIC SERVICES*. The amendments are proposed for two primary reasons, as explained in this report.

First, several of the amendments are necessary to implement the proposed utility rates for Public Utilities in Fiscal Year 2025-26 (FY26). These rates are informed by the 2024 Comprehensive Water, Wastewater, and Stormwater Rate Study, which the City Council was briefed about on January 7, 2025.

Second, additional amendments are required to ensure compliance with State and Federal regulations regarding the Public Utilities' Pretreatment Program. In 2023, SLCDPU underwent an audit by the State's Division of Water Quality (DWQ) in its enforcement role of the City's Pretreatment Program. That audit identified several regulatory requirements for Public Utilities necessitating additional amendments to Title 17.

Please refer to pages 79 – 93 of the Administrative Transmittal for a redlined version of Title 17.

Goal of the briefing: *To review the proposal for updating Title 17 to comply with the City's proposed water, sewer, and stormwater rate structures, and to comply with regulatory requirements.*

ADDITIONAL & BACKGROUND INFORMATION

Key Definition: Pretreatment Program: a regulatory framework that oversees industrial wastewater discharged into the City's sanitary sewer system (publicly owned treatment works; POTW). Industrial customers are required to treat wastewater to reduce or eliminate pollutants before discharge into the POTW. This program is governed by the Salt Lake City Ordinance, Utah Administrative Code, and the Federal Clean Water Act.

IMPLEMENTATION OF THE 2024 RATE STUDY & PROPOSED FY26 UTILITY RATES

In 2024, the Department of Public Utilities conducted a comprehensive utility rate study with FCS Group, a consulting firm specializing in municipal rate and fee setting. The study continues Public Utilities' practice of conducting rate evaluations every five to six years, which is a necessary review in order to ensure the structure meets the Department's revenue needs, and adjusts based on projected capital and operating increases. The study resulted in several recommended changes to more accurately reflect the actual cost of service delivery



across different customer classes and amendments to Salt Lake City's Consolidated Fee Schedule (CFS). Upon adoption of the FY26 CFS and the FY26 SLCDPU Budget, several Title 17 amendments will be necessary.

- **Stormwater Credits:** The City currently offers a stormwater credit program that reduces stormwater rates for non-residential customers in exchange for installing on-site stormwater mitigation facilities. The lower rates range from zero to more than 75 percent of the applicable rate, with the average existing credit per parcel being 61 percent. As proposed in FY26, Public Utilities will reduce the maximum credit to 25% for new developments seeking stormwater credits. Per the Rate Study, the credit reduction will be phased in over three years for existing customers participating in this program. The proposed amendment to section 17.81.200: SYSTEM OF RATES AND CHARGES updates the ordinance to reflect this new maximum credit.
- **Average Winter Consumption (AWC):** Monthly sewer rates are calculated from the previous year's average winter water consumption (AWC). Public Utilities proposes using only the months of December, January, and February (three months, instead of the current six months of November through March) to determine AWC. Amendments to 17.72.030: SCHEDULE 1; RATES AND FEES: will implement this new definition into the ordinance. This will reduce the amount of time used in calculating the AWC and more closely aligns with current best practices in establishing AWC for our region. The AWC calculation for December, January, and February 2025 will be reflected in customer bills starting July 1, 2026.
- **New high-strength surcharges:** Some industries in Salt Lake City discharge higher levels (or strengths) of pollutants into the sewer system, which carry a greater treatment cost. New regulations now require the City to reduce the amount of nutrients in its wastewater discharge, which in turn is a driver for the construction of the City's new sewer treatment plant. The new sewer rates introduce charges for nutrients, specifically ammonia (NH₃) and total phosphorus (TP) in industrial discharges, alongside other existing high-strength charges. Chapters 17.32.061 and 17.32.451 are added for this purpose. The surcharges, with the single monthly service charge, allow the department to maintain fairness and equity by identifying and monitoring select customers who cause a higher burden on the wastewater conveyance and treatment systems.
- **Simplified customer classes:** Amendments to 17.72.030 introduce new definitions for the following customer classes: Monitored Customer, Unmonitored Customer, Multi-family residential, non-residential, and residential. This change attempts to simplify the sewer classification system. With new high-strength surcharges for nutrients, the current system could create over 1,200 unique classes if customer classes are not simplified.
- **Volumetric charge:** New language is added into 17.72.030 to define that the monthly water meter reading for sewer billing purposes shall equal 70% of the total water used for unmonitored non-residential and multi-family residential customers. As indicated in the Rate Study, the 70% figure is a standardized allowance for water not returned to the City's sewer system due to consumption.

PRETREATMENT AUDIT REPORT RECOMMENDATIONS

In 2023, the Utah Division of Water Quality (DWQ), in its enforcement role, conducted a Pretreatment Program Legal Authority Audit of the City's Pretreatment Program. The audit evaluated the program and consisted of discussions with SLCDPU staff, inspection of the pretreatment records, and a closeout discussion. Inspections were carried out at various industrial customer locations, including a local brewery, a pharmaceutical facility, a natural gas company, and manufacturers.

The amendments resulting from the audit's recommendations particularly concern the regulation of industrial users and wastewater discharge permits.

Public Utilities staff has not identified any elements of the 2023 audit ordinance amendment recommendations that would financially impact rate payers.

TITLE 17 CLARITY

During its assessment of Title 17, Public Utilities identified areas of the code that are outdated and no longer necessary, or could be improved with greater clarity.

Public Utilities identified four ordinance updates that are indirectly related to the Rate Study's structural rate changes, which are necessary to implement the new rates and provide clarity. Public Utilities provided the following information to help explain these proposed changes:

- **Addition of 17.16.655: Abatements:** *This section is added to more clearly and directly reflect the existing CFS and practice of applying abatements for low-income relief based on property tax abatement status. Current City Code addressing this is written in a confusing manner. This is one tool that helps to address the affordability goals of the City's rate policies.*
- **Removal of 17.16.345: Lot Hydrant Fee:** *The use of lot hydrants for construction no longer meets development standards and has not been used for quite some time. It is a legacy ordinance that is not included in the existing CFS.*
- **Addition to 17.16.100: Connections From Mains and 17.16.400 Meter Maintenance Charges:** *With the increase in infill development, the current standard of placing meters in a park strip does not always apply, and issues arise with meters being placed in areas we can't access them. This clarifies where meters can be located and gives the Department some flexibility to make case by case determinations.*
- **Addition of 17.16.220 (c):** *This will help implement changes in both the water and sewer rate structures. For example, with the changes in the sewer rate structure for non-residential and multi-family properties, some sites with a single meter used for both indoor use and outdoor watering may experience a sewer charge that is based on higher outdoor irrigation, greatly increasing the sewer charge. An example being an HOA with a single meter that is used for indoor water use, and the watering of individual and shared outdoor spaces. Separate irrigation meters are not charged for sewer and receive a target water budget. In some situations, it would be beneficial for the City and the customer if separate meters are employed. This will more fairly and accurately account for indoor and outdoor water use and apply sewer charges.*

ACRONYMS

AWC – Average Winter Consumption

CFS – Consolidated Fee Schedule

DWQ – The Utah Division of Water Quality

FY – Fiscal Year

HOA – Homeowners Association

POTW – Publicly Owned Treatment Works

SLCDPU – Salt Lake City Department of Public Utilities

ATTACHMENTS

1. [Administrative Transmittal](#)
2. [Fiscal Year 2025-26 Public Utilities budget book](#)
3. [2024 Comprehensive Water, Wastewater, And Stormwater Rate Study Council Staff Report](#)