



Dear Citizens of Central Davis Sewer District

We understand that nobody likes to hear about increases in sewer rates, and we share your concerns. The District has tried to maintain the lowest rate possible for our citizens. However, due to circumstances beyond our control, we find it necessary to inform you about upcoming increases in our sewer rates. We believe it's essential to explain the reasons behind these changes and decisions.

1. Since 2020, the inflation rate has increased over 19% for consumer goods. These costs have been observed at our facility.
2. In order to beneficially reuse the biosolids from the treatment facility process, the District land applies a portion of the biosolids on the District's property. The biosolids enrich the ground and allow the production of alfalfa. However, due to the West Davis Corridor Project acquiring a significant portion of District's property, this cost-effective process has been greatly curtailed. The District has looked at alternative methods of disposing the biosolids, one alternative is sending the biosolids to the landfill. This would equate to a sewer rate of \$3 per month per home. As a reminder the District has changed biosolids processes in the recent past due to odor concerns and the need to maintain quality of life for nearby residents. These changes have cost over \$3 a month, also.
3. Increased power, fuel and chemical costs used in the treatment process have increased in some cases at significantly higher rates than general inflation. Just in the last year, chlorine used for disinfection has tripled in price. This increased cost alone amounts to \$270,000 per year. Other chemical cost increases amount to about \$200,000 annually. Energy costs have increased, amounting to \$130,000 annually.
4. In addition, after a thorough analysis of our District's infrastructure, it has become evident that our aging sewer system requires significant improvements and maintenance. Over the years, the wear and tear on our sewer lines, treatment plants, and facilities have reached a point where we can no longer postpone necessary upgrades. The costs for renewal and replacement are estimated to be \$5 per month per home based on a systemwide assessment of our Asset Management Plan. As matter of interest, the average age of the sewer collection system is 25 years with some piping systems over 80 years in age. The mechanical treatment plant is now over 25 years with the oldest portion being 65 years old. While our staff provides excellent maintenance of the mechanical equipment some items are now in need of replacement. Fortunately, the District is still able to meet all environmental requirements allowing discharge to Great Salt Lake. The most recent change in environmental discharge requirements was to



reduce phosphorus. The cost associated with this increase in treatment was about \$2 per month per home.

5. In the past several years there has been a trend within the District to increase residential unit density. This has an impact on existing infrastructure, specifically sewer system capacity. As a result of this densification the District has had to construct a new pumpstation and sewer trunkline at a cost of about \$6 million. Some of this cost will be covered by impact fees paid by new developments. Because this replaces an existing sewer system part of the costs must be recovered through sewer user rates.
6. The discharge from the District's treatment plant, amounting to over 2.3 billion gallons per year, is dedicated to providing water to Great Salt Lake. As concern over the Lake grows, there could be future regulations that require additional treatment to meet lower nutrient limits. The District currently meets advanced nutrient standards, but ultra-low limits will require significant treatment plant modifications. Any costs associated with potential changes will be addressed in the future.

These critical investments are essential to ensure the continued functionality and reliability of our sewer system and treatment plant, protecting our environment and the public health. The proposed sewer rate increase will allow us to renew and maintain our current assets.

We understand the financial challenges that many of our residents may be facing. That's why we have made every effort to keep the rate increase as modest as possible, while still addressing the urgent needs of our sewer system. We are committed to using these funds responsibly and transparently to improve our District's sewer infrastructure. The proposed increase will be \$ 10 per month per home or a rate increase of 30%.

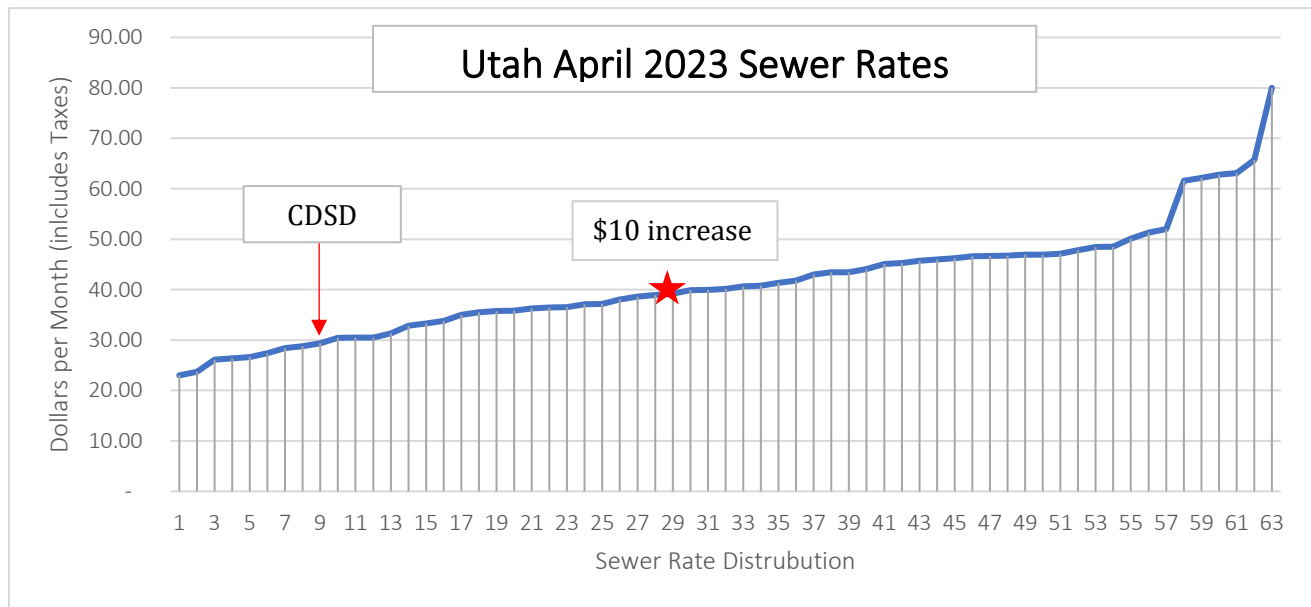
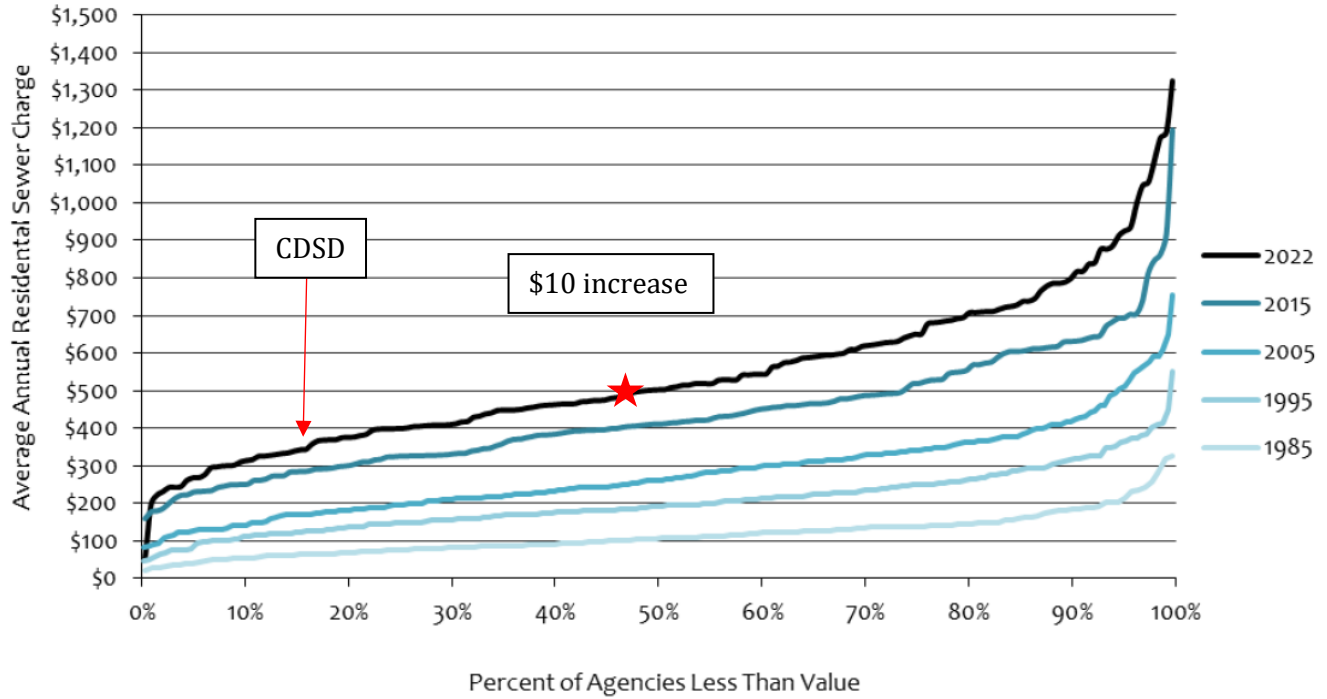
If you would like to discuss it more with us, we would be happy to spend the time to provide in depth analysis and tour you around our facility.

Sincerely,
Central Davis Sewer District Board of Trustees



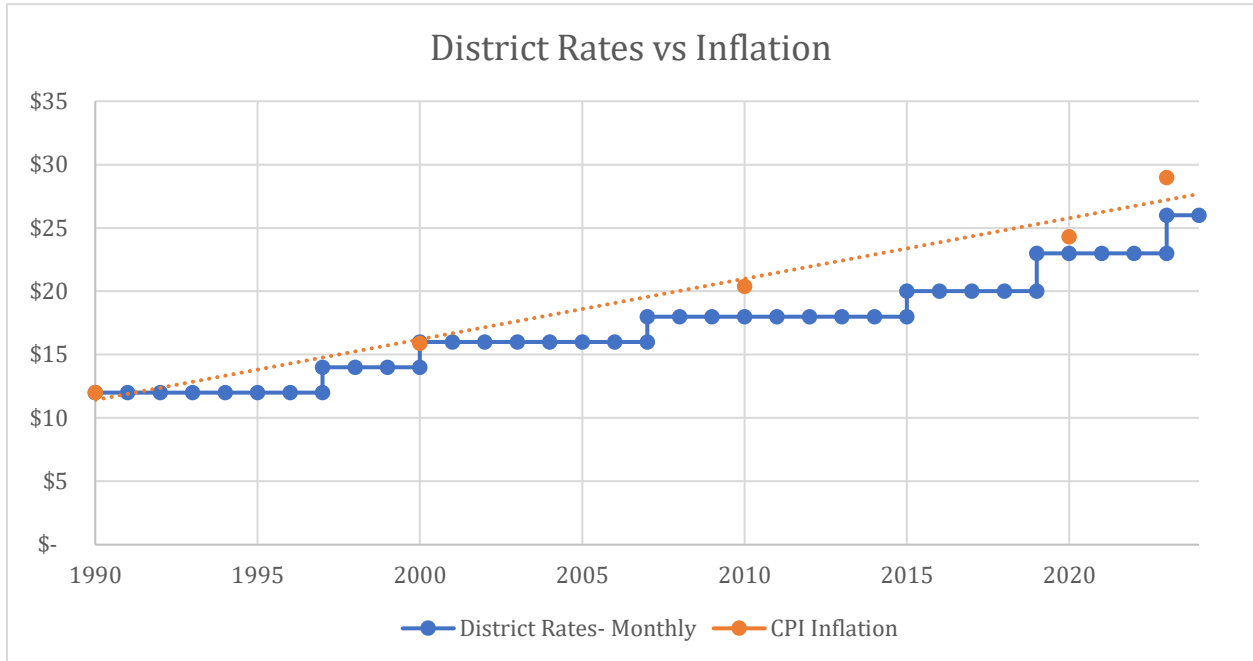
The following graphs show the current sewer rate for Central Davis Sewer District compared to the national rate distribution and state distribution.

Distribution Trend of Average Annual Residential Sewer Charge (National)





The graph below shows the step increases the District has imposed since 1990 on sewer rates in blue. The orange dots and trendline show the increase in the Consumer Price Index across the same period.



As can be seen all the increases have not kept pace with inflation only. In addition, the table below shows the approximate value for scope of work increases the District has experienced across the same period.

Increased Scope of Work	Monthly Cost/Home
Odor Related Biosolids to Landfill	\$2.00
Increased Collection Maintenance (SSMP)	\$1.50
Phosphorus Removal (includes increased biosolids)	\$2.25
Additional Biosolid Cost Due to WDC Land Loss and Shift to Additional Landfilling	\$3.00
Converted Disinfection to Safer Process (Sodium Hypochlorite)	\$1.00



The above scope increases amounts to \$8.75/month/home which is equal to an annual increased cost of \$1.7 million. What has happened is the reserves the District collected annually for construction and maintenance projects has been eaten up by scope changes, and rates have not increased accordingly. To continue to provide adequate renewal and replacement funding and meet the asset management plan requirements, an extraordinarily high increase is now needed.