

Results from Gabriel Lozada, Univ. of Utah Economics Department, as of 10/5/2018.

All figures in 2013 dollars. The \$1.75 billion project cost option includes much more revenue from power sales than the \$1.3 billion option; all projected costs (except interest payments), population sizes, and power sales revenues are from the WCWCD. Assume 10 initial payment-free years. “Retail price” is the price per thousand gallons of water charged by the City of St. George in the “15,000 to 20,000 gallons per month” tier.

project cost	2013	Gap between Wholesale & Retail Prices:			
		constant percent markup		constant dollar addition	
		\$1.3 billion	\$1.75 billion	\$1.3 billion	\$1.75 billion
impact fee	\$6,102	\$20,506	\$18,507	\$20,506	\$18,507
retail price/thou.gal.	\$1.00	\$3.95	\$3.43	\$1.70	\$1.59
wholesle pr./thou.gal.	\$0.44	\$1.74	\$1.51	\$1.15	\$1.03

Table 1. Financing with 75% of the burden placed on Impact Fees, **which is what the water district claims it is doing.**

From 2013 to 2018, the retail price already increased to \$1.50 per thousand gallons. WCWCD’s plan as of 2018 is to raise the impact fee to approximately \$17,000 in 2026 dollars, which is approximately \$12,000 in 2013 dollars (making the assumptions of the District’s consultant about future inflation); such an impact fee is not nearly enough if impact fees are to bear 75% of the burden, as the above table shows (see the next paragraph for more information). District plans for wholesale price hikes contemplate an ultimate level of \$3.45 per thousand gallons.

The following table shows what’s needed if the impact fee is to be what the District now plans it to be, namely approximately \$12,000 (in 2013 dollars). (Actual water price increases would have to be somewhat more than shown in the table because the District is phasing in the impact fee increases, while this analysis assumes the increases all occur right away.)

project cost	2013	Gap between Wholesale & Retail Prices:			
		constant percent markup		constant dollar addition	
		\$1.3 billion	\$1.75 billion	\$1.3 billion	\$1.75 billion
impact fee	\$6,102	\$12,000	\$12,000	\$12,000	\$12,000
% of burden on impact fees		31	36	31	36
retail price/thou.gal.	\$1.00	\$13.98	\$10.18	\$3.76	\$3.00
wholesle pr./thou.gal.	\$0.44	\$6.17	\$4.49	\$3.20	\$2.44

Table 2. Financing with a “\$12,000 in 2013 dollars” Impact Fee, **which is what the water district is actually doing.**