



North Ogden City

Staff Report

To: Mayor and City Council

From: Bryan Steele, Finance Director *BRS*

Date: May 1, 2015

Re: Work Session

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- See the attached PowerPoint for issues relating the this year's budget
 - The Tentative Budget will be presented to you next Tuesday, May 12th.

Budget Issues

- ▶ **Agenda for tonight**
 - ▶ Health and Dental Insurance
 - ▶ Class C Road Funding
 - ▶ Utility Rates
 - ▶ New positions discussion
 - ▶ Other issues



Budget Issues

▶ Health & Dental Insurance

- ▶ In the other budgets presented this year, we had estimated a 10% increase in the premiums which would have been a \$45,000 increase in the General Fund and \$11,125 in the Enterprise Funds
- ▶ We received the actual numbers last week and have decided to go with Cigna (we are currently with Aetna/Altius)
- ▶ The average increase is 5.86% which equates to an increase of \$25,405 in the General Fund and an \$4,006 increase in the Enterprise Funds



Budget Issues (continued)

- ▶ The increase is a blended rate and consists of a 2.5% increase for employees on the Traditional Health Plan and a 20.4% increase for employees on the HDHP.
 - ▶ Currently there are 34 employees on the Traditional Health Plan and 9 employees on the HDHP.
 - ▶ We are recommending that we keep the premium increases separated.
 - ▶ We are also recommending an increase the yearly contribution into the HSA's for those employees staying on the HDHP since their premiums are going up more than the Traditional Health Plans



Budget Issues (continued)

- ▶ The City was planning contributing the following amount into employees HSA if staying on the HDHP:
 - ▶ Family - \$500
 - ▶ Employee & Spouse (or Child) - \$350
 - ▶ Individual - \$200
- ▶ The amount of increase in premiums for those employees staying on the HDHP (when compared to the increase for those employees staying on the Traditional Plan)
 - ▶ Family - \$175
 - ▶ Employee & Spouse (or Child) - \$125
 - ▶ Individual - \$60
- ▶ We are recommending the City pay the difference into the employees HSA, which would make the contribution amounts:
 - ▶ Family - \$675 (7 for a total increase of \$1,225)
 - ▶ Employee & Spouse (or Child) \$475 (2 for an increase of \$250)
 - ▶ Individual - \$260



Budget Issues(continued)

- ▶ Staff has also proposed that the Traditional Health Plan Premium percentage paid by the City be increased from 85% to 90%.
 - ▶ In 2010, a raise was foregone in lieu of the Health Insurance Plan premium contribution rate going from 80% to 90%.
 - ▶ In 2013, the Traditional Plan's premium paid by the city was decreased from 90% to 85% to try and incentivize employees to switch over to the newly offered HDHP.
 - ▶ In order for the HDHP to be attractive to employees there needs to be a big enough difference in monthly premiums for employees to stay on it, therefore we are also recommending an increase to the City's portion of the Health Insurance Premium for the HDHP plan to 95%.
 - ▶ We are planning on reevaluating the HDHP next year.
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Budget Issues(continued)

- ▶ The cost to the City for raising the contribution rates to 90%/10% for Traditional and 95%/5% for HDHP is:
 - ▶ \$25,480 for the General Fund
 - ▶ \$6,064 for the Enterprise Funds



Budget Issues

▶ Class C Road Funding

▶ The following are qualifying expenses for Class C Road Funds

Including but not limited to the following:

- ❑ All construction and maintenance on eligible Class B & C roads (Utah Code 72-3-103 to 72-3-104)
 - ❑ Enhancement of traffic and pedestrian safety including but not limited to: sidewalks, curb and gutter (on all eligible B & C roads and state highways), safety features, traffic signals, traffic signs, street lighting and construction of bicycle facilities in the highway/right-of-way. (Utah Code 72-8-101 to 72-8-105)
 - ❑ Investments for interest purposes (interest to be kept in fund)
 - ❑ Equipment purchases or equipment leases and rentals
 - ❑ Engineering and Administration
 - ❑ Future reimbursement of other funds for large construction projects
 - ❑ Rights of Way acquisition, fencing and cattle guards
 - ❑ Matching Federal Funds. (Utah Code 72-2-110)
 - ❑ Equipment purchased with B & C funds may be leased from the road department to another department or agency using schedule of Equipment Rates posted on the FEMA website at http://www.fema.gov/government/grant/pa/eqrates_2005.shtm.
 - ❑ Construction of road maintenance buildings, storage sheds, and yards. Multiple use facilities may be constructed by mixing funds on a proportional basis.
 - ❑ B & C funds can be used to pay the costs of asserting, defending, or litigating RS 2477 issues per HB 278 (2009).
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Budget Issues

▶ Class C Road Funds continued

Class 'C' Expenditure Analysis		
Fiscal Year 2015-2016		
Qualifying Expenses	<u>Amount</u>	
Overlay and Seal projects	\$417,000.00	
Administrative	\$322,450.00	Salary & Benefits
Street Maintenance	\$50,000.00	
Street Signs & Signal Lights	\$12,000.00	
Engineering	\$7,000.00	
Total Qualifying Costs	\$808,450.00	
Budgeted Revenue	<u>Amount</u>	
Total Class 'C' Available	\$ 605,000.00	
Overspent	\$(203,450.00)	



Utility Rates

- ▶ Here are the Utility rate changes we are considering this year:

Utility Rate Changes		
Water	Usage Rate adjustment	varies
Sewer	Central Weber Sewer District	\$1.00
Storm Water		\$1.16
Solid Waste		(\$1.00)
Street Lighting	New charge for installation of new streetlights in deficient areas of city	\$1.00
Street Maintenance/ Construction	Earmarked for street maintenance or street construction projects (matching amounts for grants)	\$3.00
Total Increase		\$5.16

Water Usage Rates

- ▶ A review of what is currently charged
 - ▶ \$8.65 base rate
 - ▶ \$1.62 per 1,000 gallons usage rate for the first 19,000 gallons used
 - ▶ \$2.16 per 1,000 gallons usage rate for any usage 20,000 gallons and greater
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- ▶ What is being proposed
 - ▶ \$8.65 base rate
 - ▶ \$1.62 per 1,000 gallons usage rate for the first 5,000 gallons used (65% of the households would fall in this tier)
 - ▶ \$2.58 per 1,000 gallons usage rate for the next 7,000 gallons used (30% of households would fall in this tier)
 - ▶ \$3.36 per 1,000 gallons usage rate for any usage 13,000 gallons used and greater (5% of households would fall in this tier)
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Water Usage Rates (continued)

- ▶ For a resident using 12,000 gallons this would be a monthly increase of \$6.72
 - ▶ For a resident using 19,000 gallons this would be a monthly increase of \$18.90
 - ▶ For a resident using 30,000 gallons this would be a monthly increase of \$32.10
 - ▶ Annual increase of revenue of \$113,000 (if usage stays the same)
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Water Usage Rates (continued)

- ▶ **If first tier is changed to 6,000 gallons**
 - ▶ 72% of the households would fall in the first tier
 - ▶ 23% of households would fall in the second tier
 - ▶ 5% of households would fall in the last tier
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- ▶ For a resident using 12,000 gallons this would be a monthly increase of \$5.76
 - ▶ For a resident using 19,000 gallons this would be a monthly increase of \$17.94
 - ▶ For a resident using 30,000 gallons this would be a monthly increase of \$31.14
 - ▶ Annual increase of revenue of \$89,500 (if usage stays the same)
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Water Usage Rates (continued)

- ▶ **Commercial accounts (currently around 90)**
 - ▶ \$17.30 base rate
 - ▶ \$1.19 usage rate (the average usage is around 20 gallons per month)
- ▶ If we increased the usage rate to \$2.00 the increase of an average water user would be \$16.20 and the approximate increase in revenue would be \$18,000
- ▶ If we doubled the usage rate to \$2.38 the increase for an average user would be \$23.80 and the annual increase in revenue would be approximately \$25,500
- ▶ We could also make the usage rate the same as the 2nd tier rate for residential users (\$2.58) which would make the increase for the average user \$27.80 and the approximate annual increase in revenue would be \$30,000



Review of new positions

- ▶ PT Administrative Assistant for Planning department
- ▶ Irrigation Specialist (replaces 2 Permanent PT employees)
- ▶ Solid Waste Department Superintendent
 - ▶ This would not be adding a new employee, we would fill it with a current employee
- ▶ Public Works Inspector
 - ▶ Currently the Building Inspector is also the Public Works Inspector.
- ▶ K-9 (minimal impact this budget year)



Other issues

- ▶ Other questions or issues??
- ▶ Tentative Budget will be presented next Tuesday
 - ▶ We can continue making modifications, if necessary, up through the adoption of the Final Budget, which will be presented on June 9th.

