
**NORTH OGDEN CITY
MEMORANDUM**

TO: MAYOR AND CITY COUNCIL
FROM: BRYAN STEELE, FINANCE DIRECTOR *BRS*
SUBJECT: F/Y 2013-2014 FINAL BUDGET
DATE: 6/5/2013

The Final Budget in its draft form is enclosed. There were some possible changes discussed in the last meeting which, if action is taken tonight may affect the final numbers and verbiage in the budget message. The following were the items discussed during the last meeting:

- A) During the public hearing on the tentative budget, a question was raised as to whether there will be salary adjustments during FY 2014 beyond the three percent (3%) one-time payment. Below is the motion made at the budget retreat dealing with this item:

“Ms. Spendlove noted Council Member Bailey moved to authorize Mr. Chandler to proceed with salary adjustments as was outlined in the budget presentation. Council Member Bigler seconded the motion. She stated Mr. Chandler clarified that staff is being directed to proceed with further analysis of the data provided by the Employee Compensation Committee; provide a three percent, one-time pay increase in the current fiscal year, payable by June 30, contingent on the City’s ability to provide that expense based on decisions made relative to potential outsourcing of park maintenance services.

Council Member Bailey stated one additional clarification is that the Council will be willing to reopen the 2013-2014 budget upon receiving a final recommendation from staff.

Voting on the motion:

Council Member Bailey aye
Council Member Bigler aye
Council Member Stoker aye
Council Member Taylor no

The motion passed on a three to one vote. “

There are several options in dealing with this item in the budget message:

- 1) Leave the budget message as was presented in the revised tentative budget

- 2) Some variation of the sentence.
- 3) Strike the sentence entirely from the budget message.

B) Council wanted some figures of what it would take to fund depreciation in the sewer fund to a certain level. As presented in the budget right now the depreciation funding percentages in the enterprise funds are as follows:

- a. Water Fund – Depreciation covered 67%
- b. Sewer Fund – Depreciation covered 0%
- c. Storm Water Fund – Depreciation covered 50%
- d. Solid Waste Fund – Depreciation covered 100%

As a review the following rate proposals are factored into the budget currently:

Water - \$0.49

Sewer - \$2.58

Storm Water - \$0.26

Total increase of \$3.33

If council wants to bring the sewer fund up to funding depreciation at the same level as the storm water fund (50%) the rates would then become:

Water - \$0.49

Sewer - \$3.94 (an additional increase of \$1.36)

Storm Water - \$0.26

Total increase of \$4.69

To bring the sewer and storm water funds up to funding depreciation at the same level as the water fund (67%) the rates would then become:

Water - \$0.49

Sewer - \$4.40 (an additional increase of \$1.82 from the current proposed increase).

Storm Water - \$0.98 (an additional increase of \$0.72 from the current proposed increase).

Total increase of \$5.87 (an additional increase of \$2.54 from the current proposed increase)

To bring the Water, Sewer and Storm Water funds to a 75% rate of funding depreciation, the rates would have to be:

Water - \$1.18 (an additional increase of \$0.69 from the current proposed increase)

Sewer - \$4.63 (an additional increase of \$2.05 from the current proposed increase)

Storm Water – \$1.30 (an additional increase of \$1.04 from the current proposed increase)

Total increase of \$7.11 (an additional \$3.78 from the current proposed increase)

To bring all funds up to funding depreciation 100% the rates would have to be:

Water – \$3.24 (an additional increase of \$2.75 from the current proposed increase)

Sewer - \$5.31 (an additional increase of \$2.73 from the current proposed increase)

Storm Water - \$2.34 (an additional increase of \$2.08 from the current proposed increase)

The total increase for funding depreciation 100% would be \$10.89 per month for a resident using 6,000 gallons of water and with 1 garbage can and recycle can.

(Continued on next page)

In summary table form:

			Rate increases needed in order to meet depreciation coverage ratio targets			
Fund	Current proposed rate increases	Current proposed depreciation coverage ratios	at least 50 %	at least 67%	at least 75%	100%
Water	\$0.49	67%	\$0.49	\$0.49	\$1.18	\$3.24
Sewer	\$2.58	0%	\$3.94	\$4.40	\$4.63	\$5.31
Storm Water	\$0.26	50%	\$0.26	\$0.98	\$1.30	\$2.34
Total Increase	\$3.33		\$4.69	\$5.87	\$7.11	\$10.89

Increased revenue based on rate increases				
Fund	at least 50 %	at least 67%	at least 75%	100%
Water	-	-	\$45,918	\$183,418
Sewer	\$97,500	\$130,650	\$146,250	\$195,000
Storm Water	-	\$54,713	\$80,073	\$159,323
Total Increase	\$97,500	\$185,363	\$272,241	\$537,741

- C) The third item discussed was the addition of the Mechanic II position in the Motor Pool fund. This is replacing a part-time Mechanic position of an employee who retired at the end of May. Staff's proposal is to leave the budget as is, but leave the position open and not fill it until further analysis can be done to see if there are some services which would be more beneficial to be contracted out, thereby eliminating the need to hire an additional mechanic.
- D) I have added in a sheet showing the unrestricted fund balances/cash for the City's different funds. They are up to date to include the money being spent/reserved for the Public Works facility and corresponding land purchase.

There is an attached Ordinance for adoption of the Final Budget.