



North Ogden City Memorandum

To: Mayor and City Council
From: Debbie Cardenas, Finance Director *DMC*
Date: 12/06/11
Re: Utility Rate Study

As discussed during the Public Hearing at the November 22nd Council meeting, and as per the study by Lewis Young Robertson & Burningham, recommended rate increases for fiscal year 2011-2012 are as follows:

| | |
|----------------|--|
| Water | \$0.49 |
| Sewer | \$1.79 which includes the Central Weber Sewer District increase. |
| Storm | \$0.25 |
| <u>Garbage</u> | <u>\$0.27</u> |
| Total | \$2.80 |

Once again, it's important to stress that these increases are estimations based on the Enterprise funds finances at a certain point in time.

As explained before, the proposed rate increases are based on existing fund balances, future equipment and Capital Improvement needs, depreciation, and operational costs with projected inflation.

The attached copy of the study shows the projected increases for each fund, including the projected rate increase of \$0.49 for the water fund.

As a reminder, last year the Water Fund had an operating loss of \$141,171. Despite that, after looking at the cash flows, and due to the large fund balance in the water fund, we did not feel an increase in the water rate was necessary.

However, we are projecting another operating loss in the water department for the fiscal year that just ended June 30, 2011. Obviously, we would like to see operations break even every year. As such, Lewis Young is recommending a rate increase of \$.49.