



North Ogden City Memorandum

To: Mayor and City Council
From: Debbie Cardenas, Finance Director *DMC*
Date: 11/17/11
Re: Utility Rate Study

The Utility Rate study has now been updated several times since its original completion, and has been presented to the Council on three separate occasions, the first being at the February 26th, 2010 budget retreat, then again at the March 25th, 2011 budget retreat, and finally at the May 24th, 2011 Council meeting.

There have been several variations since then as bond issuance discussions unfolded. Now that the City will not be issuing bonds this year, we feel it is imperative to discuss the rate increases related solely to the fiscal health of the Enterprise funds themselves. The City needs to address upcoming expenses, and future short-term and long-term needs.

The study shows that the rate increases for fiscal year 2011-2012 should be as follows:

Water	\$0.00
Sewer	\$1.79
Storm	\$0.25
<u>Garbage</u>	<u>\$0.27</u>
Total	\$2.31

The proposed rates increases are based on existing fund balances, equipment and the 5 year CIP plan, including depreciation, and operations with projected inflation. All of these factors have changed and have been updated since the scenario from last spring. The fact that we borrowed from the Sewer fund also changed the increase. Every action we take that affects Enterprise Funds can have an impact on rates. It's important to stress that these increases are estimations based on the Enterprise funds finances at a certain point in time.

I have attached a copy of the study that shows the projected increases through 2017, and a copy of the Capital Projects that the fee increases are based on, so that we can discuss them at the meeting.

Thank you.