

Ogden City

Ogden City Council Work Session Notice March 6, 2012 – 6:00 p.m. City Council Chambers – Third Floor Municipal Building, 2549 Washington Boulevard

CITY COUNCIL WORK SESSION

Notice is hereby given that the Ogden City Council will meet for a Work Session on Tuesday, March 6, 2012 at 6:00 p.m., in the City Council Chambers, located on the third floor of the Municipal Building in Ogden City, Weber County, Utah. The purpose of the work session is to present background information about the Utility Rate Study and receive public input; and to discuss revenue sufficiency for sewer and stormwater utilities, and Council business.

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In compliance with the Americans with Disabilities Act, persons needing auxiliary communicative aids and services for these meetings should contact the Management Services Department at 629-8701 (TDD# 629-8949) or by email: <u>ADACompliance@ci.ogden.ut.us</u> at least 48 hours in advance of the meeting.

#### **CERTIFICATE OF POSTING**

The undersigned, duly appointed City Recorder, does hereby certify that the above notice and agenda was posted in three public places within the Ogden City Limits on this  $2^{nd}$  day of March, 2012. These public places being: 1) City Recorder's Office on the 2nd floor of the Municipal Building; 2) 2nd floor foyer of the Municipal Building; and 3) the Weber County Library. A copy was also provided to the Standard-Examiner and posted on the Ogden City Website on the  $2^{nd}$  day of March, 2012.

CINDI MANSELL, MMC/CRM OGDEN CITY RECORDER

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### FACT FINDING WORK SESSION FOR UTILITY RATE STUDY

# PURPOSE OF WORK SESSION:

- Present background information about the Utility Rate Study
- Receive public input on the Utility Rate Study

## **Background**

The purpose of the fact finding work session is to provide background information to the Council and the public regarding the utility rate study. The background information will include an update on projects that have been completed since the time of the last rate study in 2007, information on the financial principles that are guiding the study and information on the results and major themes from the online survey. The meeting will also serve to gather further input on the rate study by encouraging citizens to provide comment regarding the study, capital projects and the actual rates structure.

The meeting will include several presentations. The first presentation will be by the Administration and will provide information about the capital projects that have been completed since the last rate study including projects that were funded with the bonds issued as a result of the 2007 study. The second presentation will be by the City's consultants and will focus on the guiding financial principles for the study. This includes an explanation of revenue sufficiency, coverage ratios for debt service, guidelines for cash reserve amounts and other generally accepted financial principles for the operation of utilities. The last presentation will be by Council Staff and will focus on the results of the online survey and will include a review of the policy considerations that were identified at the beginning of the rate study process.

After the presentations, time will be given to citizens who wish to address the Council regarding the rate study and the information presented by Administration, the City's consultants and Council Staff. In addition to the public comment opportunity, comment cards will be available to allow residents an additional opportunity to provide feedback. After the public's comments are received, the Council will continue the work session in room 310 and will review revenue sufficiency for the storm sewer and sanitary sewer utilities.

The information that will be gathered at the fact finding work session will be incorporated into the ongoing research done by the consultants and the internal steering committee. The steering committee, which includes the consultants, has been working for the last several months to gather and analyze financial data and capital project needs. The process will continue by completing the research on the financial data and revenue sufficiency, creating preliminary recommendations for the priority and timing of capital projects and incorporating citizen's feedback and suggestions. A Citizen Advisory Committee (CAC) has been established as well to allow more detailed and focused public input. The CAC includes interested residents, major stakeholders such as business owners and property managers, and other citizens the steering committee felt could provide additional valuable input into the process.

A work session will be held on March 21, 2012 to receive the Council's guidance on the policy considerations for the actual rate structure. This will be incorporated into preliminary models for a rate structure which would address the financial needs, priority and timing of capital projects and the policy direction for the actual rate structure given by the Council. These models will be reviewed and adjusted by the steering committee. At the town hall meeting scheduled for April 5, 2012, the consultants will present a rates proposal as recommended by the steering committee to the Council that incorporates all of the policy considerations for the study as directed by the Council. The public will have the opportunity at that April 5<sup>th</sup> meeting to comment on the proposal and a second online survey will be opened to allow further input. The Council is scheduled to hold the public hearing for the rates ordinance on April 24, 2012. The ordinance presented at the April 24<sup>th</sup> meeting would include any amendments that the Council feels are appropriate based on the feedback received after the April 5<sup>th</sup> town hall meeting. If the rates ordinance is approved by the Council on April 24<sup>th</sup>, any new rates would become effective June 1, 2012 and the associated fiscal changes will be incorporated into the FY2013 budget process which begins in May.

#### Timeline of Events

July 2007

The City contracts with LYRB to begin a utility rates study that includes rates for water, sewer and storm sewer and a process of identifying major infrastructure needs for the purposes of bonding.

#### December 2007

The City Council adopts the utility rates study and the proposed fee schedule that resulted from the Water Horizons study process.

#### January 1, 2008

The rate schedule from the utility rates study takes effect. The rate schedule includes built-in annual increases that go through June 2012.

#### *May 2008*

The City issues approximately \$50 million in bonds for capital projects identified through the utility rates study.

#### October 2008

The Council approves an amendment to the rate schedule to reduces the highest tier rates from the "punitive" rate to a rate more in line with the graduated tier rates adopted in December 2007.

#### *November 1, 2011*

The last of the built-in rate increases takes effect based on the 2007 rate study.

#### November 15, 2011

Council introduces and adopts Resolution 2011-31 outlining the intent of the Council to complete a new utility rates study and the anticipated timeline for the new study.

#### December 13, 2011

A work session was held to review and educate the Council about the policy considerations established with the 2007 Water Horizons utility rates study. At the meeting, representatives from Lewis Young Robertson and Burningham reviewed the policy considerations established with the 2007 study and reviewed the notes and comments received from Council members when those policies were considered.

#### January 31, 2012

A work session was held to review policy considerations for the 2012 Utility Rates Study and to gather information from Council members regarding the policies and considerations that Council members felt were necessary for moving forward.

February 21, 2012

A work session was held to review preliminary analysis of revenue sufficiency for the water utility. Several general scenarios were presented to the Council for the funding of capital projects included in the proposed capital improvements plan and the proposed culinary water master plan.

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**Memos Prepared By:** 

Council Staff - Glenn Symes, 629-8164