



BUDGET NEWSLETTER

FY 2019 BUDGET HIGHLIGHTS



The City Council will hold a **public hearing** on the Fiscal Year (FY) 2019 Tentative Budget (July 1, 2018 – June 30, 2019) on **Tuesday, June 5, 2018**, during the regular City Council meeting that begins at 7:00 p.m. at City Hall. The City Manager’s Budget Message, which provides a summary of the Tentative Budget, can be found on the City’s website: www.centervilleut.net. The entire Tentative Budget can also be reviewed on the website or at City Hall. This Budget Newsletter, however, provides a few highlights.

PUBLIC HEARING
For the FY 2019 Budget
June 5, 2018 at 7:00 p.m.
Centerville City Hall

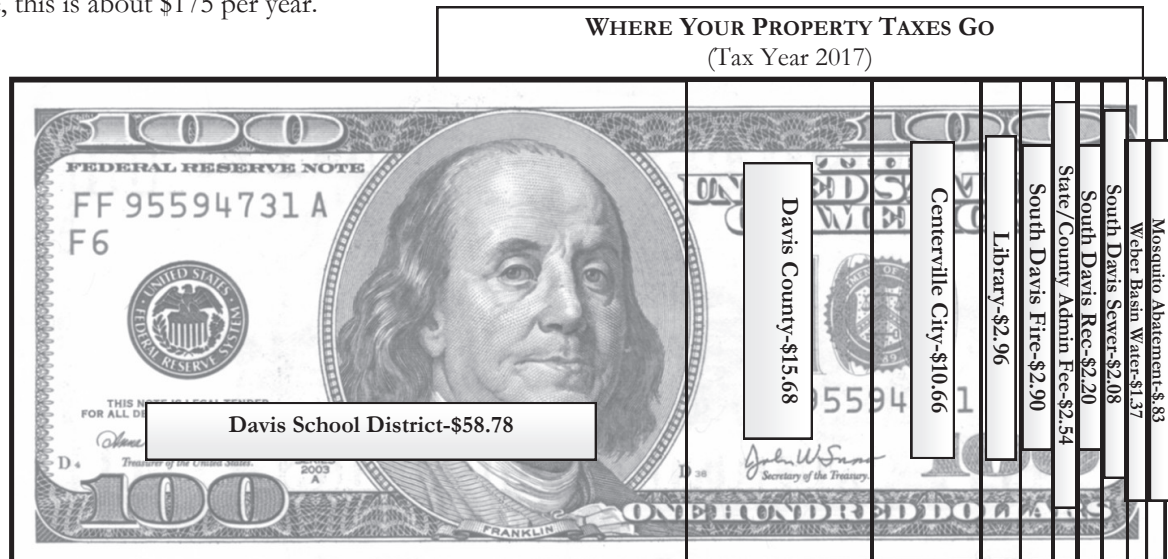
As required by state law, the City Council has adopted a “Tentative Budget” to initiate a public comment period. During that period, the City Council will continue discussing the Tentative Budget and may revise it before adopting a Final Budget, after receiving public comment on June 5.

City’s Financial Position Improving

Concern was expressed in last year’s budget newsletter about the City’s ability to sustain current service levels over the long term. The City Council proposed and adopted—after an extensive public education effort and “Truth in Taxation” process—an increase in the property tax levy in 2017. Due to this action, significant progress has been made in stabilizing the City’s financial position. This is reflected in the FY 2019 Tentative Budget. \$500,000 in new property tax revenue due to last year’s action is being used to fund additional street maintenance, attract and retain quality police officers, and build up General Fund reserves which had been declining in recent years. The Tentative Budget funds a new police officer position and provides initial funding for a multi-year effort to replace an aging fleet of heavy equipment in the Streets Department.

The Tentative Budget includes significant funding for capital projects, including \$1.6 million in water system and drainage improvements and \$1.4 million for road maintenance projects. Another \$1.1 million in outside funding will supplement local funding for roads, but is not shown in the Tentative Budget. Over a three-year period—including the current fiscal year (FY 2018), FY 2019 and FY 2020—about \$2.5 million will be spent on park improvements including completion of the Community Park Expansion this year and Island View Park Renovation Phase 1 next year. Most of the RAP Tax revenue is being used for these projects.

No increase in the property tax levy is being considered this year. Centerville City’s portion of the total property tax rate affecting Centerville residents was 16% in 1990 but only 10.7% *after* the 2017 increase, as illustrated below. On a \$300,000 home, this is about \$175 per year.



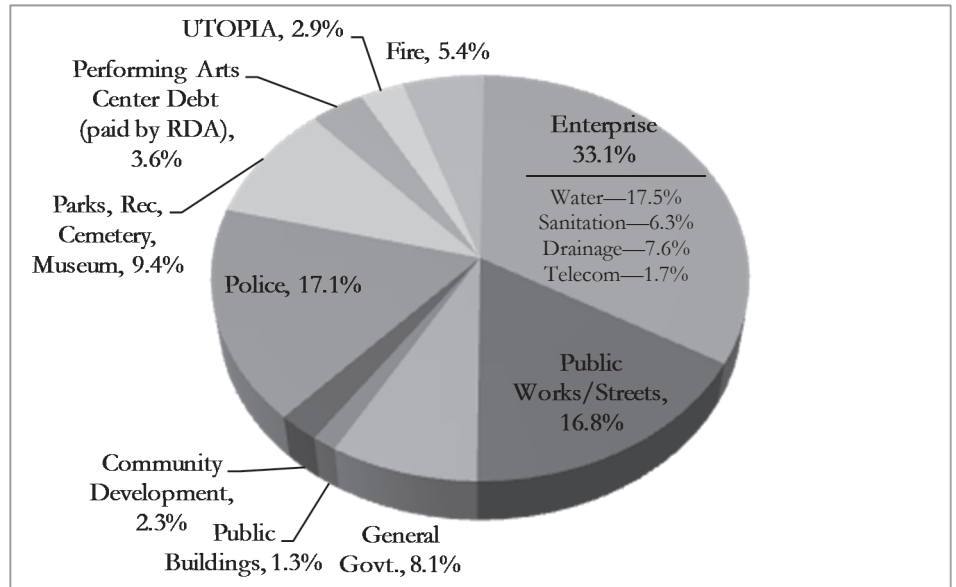
Budget Summary

The City’s Tentative Budget for FY 2019 is \$18,115,031. This figure includes the General Fund, RAP Tax Fund, several enterprise funds, debt service funds and capital improvement funds. The pie graph on the following page shows the breakdown of the Budget for specific services and purposes.

FY 2018 Tentative Budget Expenditures by Service Area

The pie chart to the right illustrates the allocation of the City's Tentative Budget of \$18,115,031 among the various service areas, regardless of source and type of funds.

The Centerville Redevelopment Agency (RDA) is a separate governmental entity with a Tentative Budget of \$1,476,407 for FY 2019.



Enterprise Services and Funding

The City provides drainage utility, solid waste collection and culinary water services using the enterprise approach-- i.e. fully funded with user fees. The Tentative Budget includes a rate increase for culinary water. The City Council will

also be considering adjustments in the rates for curbside pickup of household garbage, recyclables and green waste due to the recent re-bid of a contract for those services.

The most recent update of the culinary water system capital plan focuses on the replacement of water mains. The older area of the City has many miles of cast iron water mains that are coming to the end of their expected life. Breaks in these pipes cause costly damage to roads and interrupt water service to customers. These water main replacements are coordinated with street repaving/reconstruction plans so that, as much as practical, cast iron pipes are replaced at the same time as the street work is done, thereby reducing overall project costs as well as the road damage caused by breaks in cast iron pipes.

In 2016 the City Council studied several rate increase scenarios that would provide the funding needed to replace water mains per the capital plan and keep up with the impact of inflation on water system O&M costs. They subsequently approved a three-step increase. **The third step, a 10% increase, takes effect in July 2018.**

Monthly user fees to maintain the City's drainage system are known as "drainage utility" and "subsurface drain" fees. The increases adopted in 2015 are providing more than \$600,000 per year to fund an ambitious capital improvement program, mostly for replacement of existing drainage infrastructure. Storm drain replacements are also being coordinated with street projects. In addition, other utility providers (irrigation, natural gas, etc.) are encouraged to replace their facilities, if needed, at the same time road work is done.

The City recently re-bid the contract for curbside collection of solid waste. Ace Disposal, the City's current contractor for these services, was the successful bidder. **The City Council is considering the rate adjustments below as proposed by staff, based on the bid results:**

Personnel Costs

In addition to a new police officer position, the Tentative Budget includes some funding for employee pay raises; however, compensation guidelines are still under review by the City Council and will be presented at the beginning of the public hearing on June 5.

	Proposed Rate	Current Rate	Change
Solid Waste	\$ 11.69	\$ 12.15	\$ (0.46)
Solid Waste Extra	\$ 9.94	\$ 9.45	\$ 0.49
Green Waste	\$ 9.09	\$ 7.40	\$ 1.69
Recycling	\$ 4.35	\$ 3.95	\$ 0.40
Recycling Extra	\$ 2.25	\$ 2.05	\$ 0.20

Where to Find More Budget Information

More information about General Fund revenues, transportation funding, park improvements funding, equipment replacement, the City's long-term financial obligations (water revenue bonds, UTOPIA and debt service for the performing arts center), and the Redevelopment Agency is summarized in the City Manager's Budget Message, available on the City's website: www.centervilleut.net.