



# BUDGET NEWSLETTER

## FY 2015 BUDGET HIGHLIGHTS



By  
Steve Thacker – City Manager  
Blaine Lutz – Finance Director/Assistant City Manager

The City Council will hold a **public hearing** on the Fiscal Year (FY) 2015 Tentative Budget (July 1, 2014 – June 30, 2015) on **Tuesday, June 3, 2014** at City Hall, during their regular meeting which begins at 7 p.m. 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](http://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.

The City Council is required by state law to adopt a “Tentative Budget” to initiate a public comment period. During that period, the City Council will continue discussing the Tentative Budget’s content and may revise it before adopting a Final Budget on June 17<sup>th</sup>, after receiving public comment on June 3<sup>rd</sup>.

**PUBLIC HEARING**  
**For the FY 2015 Budget**  
**June 3, 2014 at 7:00 p.m.**  
**Centerville City Hall**

The Tentative Budget provides more spending for police services (one more police officer) and street maintenance, funded by an upward trend in sales tax revenue. It still falls short, however, of funding the level of street maintenance needed long-term to keep our road infrastructure in good condition. It also does not provide funding for replacing facilities in existing parks or anticipated long-term needs of the South Davis Metro Fire Agency. These budget pressures are explained further in the Budget Message on the City’s website, which also identifies potential sources of future funding for these core services. An expansion of Community Park will begin this year, funded with park impact fees paid by new residential development.

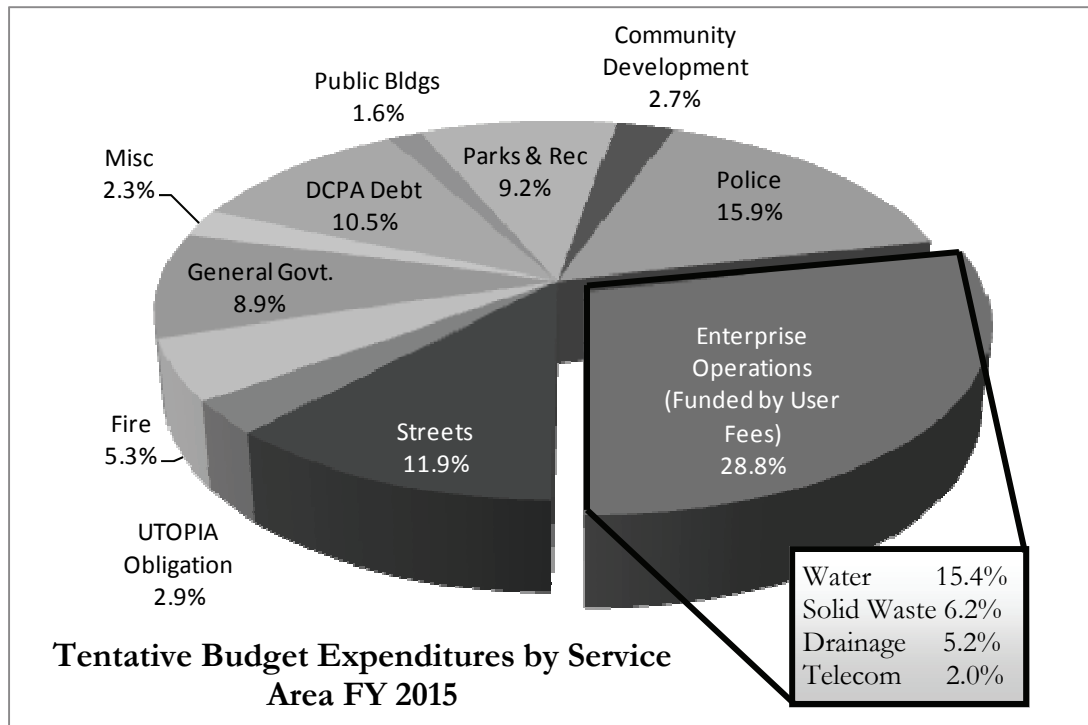
The Tentative Budget assumes **no** property tax increase. The property tax rate levied by Centerville City decreased from 0.002582 in 1994 to 0.001141 in 2013. During this period the City Budget relied more and more on sales tax. Centerville City’s property tax levy represents only 8.25% of the total property tax paid by property owners, illustrated below. On a \$250,000 home, this is about \$157 per year.

### WHERE YOUR PROPERTY TAXES GO

Tax Year 2014



The City's Tentative Budget for FY 2015 is \$15,403,719. This figure includes the General Fund, several enterprise funds, debt service funds and capital improvement funds. The pie graph below shows the breakdown of the Budget for specific services and purposes.



The pie chart to the left illustrates the allocation of the City's Tentative Budget of \$15,403,719 among the various service areas, regardless of the source and type of funds. The Centerville Redevelopment Agency (RDA) is a separate governmental entity and its budget is not included in the pie chart, other than the RDA's debt service contribution (approximately \$650,000) for the Davis Center for the Performing Arts. The RDA's Tentative Budget for FY 2015 is \$1,847,000.

### Enterprise Operations

Drinking water, garbage collection, drainage facilities and telecom (i.e. home connections to UTOPIA fiber network) are funded with user fees. There will be no increase this year in the water rate. A slight increase is recommended (about 1.5%) for Sanitation Fund services—garbage collection, recycling and green waste pickup—to offset an inflation-related increase in the fee charged by the collection contractor.

Monthly drainage fees need to increase to pay for storm water and subsurface drainage system projects identified in the City's drainage master plan over the next ten years. These two fees—identified as drainage utility fee and subsurface drain on the monthly utility bill—have not increased since first imposed in 1999 and 2001, respectively. These fees pay for regular cleaning of these drainage systems as well as replacement/upgrade of existing pipes. A number of drainage projects will need to be funded over the next ten years—some in partnership with UDOT and Davis County. The City Council has decided to fund these on a “pay-as-you-go” basis rather than issuing bonds for this purpose. A drainage rate study is still being refined by the City's consultant; therefore, revised drainage rates will not be a subject of the June 3 public hearing. Notice of a public hearing on this matter will be provided with the utility bill later in the summer.

### Long-Term Debt

The Tentative Budget includes payments on the following long-term obligations:

- Water Revenue Bond – Debt service of \$451,234 for FY 2015. Bonding is for water system projects and prior drainage improvements.
- UTOPIA – Telecommunications service over this fiber optic network is available to Centerville residents and businesses. The City's FY 2015 payment for this long-term obligation is \$444,976. For more explanation of UTOPIA issues, see the City website.
- Davis Center for the Performing Arts – The DCPA debt is being repaid with RAP taxes (approved in 2007 by Centerville and Bountiful voters), Redevelopment Agency revenues, Davis County tourism taxes and private donations. These are not traditional sources of funding for the City's operating budget. The DCPA debt service in FY 2015 is \$1,621,388.