



BUDGET NEWSLETTER

FY 2017 BUDGET HIGHLIGHTS



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The City Council will hold a **public hearing** on the Fiscal Year (FY) 2017 Tentative Budget (July 1, 2016 – June 30, 2017) on **Tuesday, June 7, 2016**, 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.

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’s content and may revise it before adopting a Final Budget on June 21, after receiving public comment on June 7.

PUBLIC HEARING
For the FY 2017 Budget
June 7, 2016 at 7:00 p.m.
Centerville City Hall

The Tentative Budget maintains current operational service levels and increases significantly the funding for infrastructure maintenance and improvement—thanks in part to voter approval of the Transportation Sales Tax (“Proposition One”) and Recreation, Arts and Parks (RAP) Tax renewal in November 2015. The Transportation Sales Tax, along with the State Legislature’s adjustment of the gasoline tax, will provide to the City an additional \$400,000 per year for street maintenance and related transportation improvements.

The voter’s renewal of the RAP Tax—good for a ten-year period—will generate about \$375,000 in FY 2017. In the past, 90% of RAP Tax revenue has been used to pay debt service for the Davis Center for the Performing Arts (home of CenterPoint Legacy Theatre). Over the next ten years, however, the Council’s intent is to use most of this revenue for parks infrastructure maintenance and improvements.

The Tentative Budget assumes **no property tax increase**. In fact, the intent is to decrease the property tax rate slightly to offset the initial tax levy to be imposed by the newly created South Davis Metro Fire Service Area (SDMFSA), which assumes responsibility for fire and EMS services from the South Davis Metro Fire Agency as of July 1, 2016. The SDMFSA will increase its property tax levy in future years to fund major capital needs such as the replacement of the Centerville fire station. The City Manager’s Budget Message explains the sources of funding for fire and EMS services and the reasons for creating this new taxing entity. Centerville City will continue to pay an annual operational assessment for fire/EMS—nearly \$900,000 in FY 2017.

WHERE YOUR PROPERTY TAXES GO (Tax Year 2015)



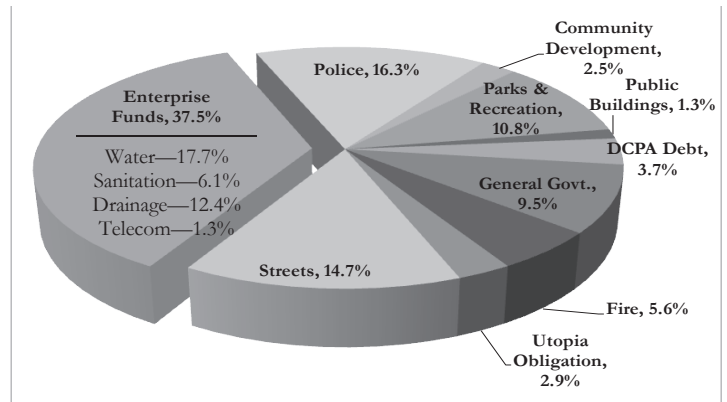
The property tax rate levied by the City decreased from 0.002582 in 1994 to 0.001088 in 2015. Centerville City’s portion of the total property tax rate affecting Centerville property owners was only 8% in 2015, illustrated above. On a \$250,000 home, this is about \$150 per year. See Budget Message on City website for more explanation of property taxes.

The City's Tentative Budget for FY 2017 is \$17,168,954. 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.

FY 2017 Tentative Budget Expenditures by Service Area

The pie chart to the right illustrates the allocation of the City's Tentative Budget of \$17,168,954 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 \$593,000) for the Davis Center for the Performing Arts. The RDA's Tentative Budget for FY 2017 is \$1,813,000.



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 two user fee increases in FY 2017—one for green waste curbside collection and the other for culinary water.

The monthly drainage fee increases adopted in 2015 are providing about \$650,000 per year to fund an ambitious capital improvement program over the next 10 years, mostly for replacement of existing drainage pipes. Drainage infrastructure is generally out of sight and, therefore, often taken for granted until it fails or is unable to handle heavy rainfall or snowmelt.

The City has extended its contract with Ace Disposal for two more years for curbside pickup of household garbage, recyclables and green waste. There will be no increase in user fees for household garbage and recyclables. However, **customers using the green waste pickup service (i.e. green container) will pay \$7.40 per month (beginning in July) instead of the current rate of \$6.16.**

The Public Works Director and City Engineer recently updated the culinary water system capital plan, focusing particularly on the replacement of water mains. The older area of the City has many miles of cast iron water mains coming to the end of their expected life. Breaks in these pipes damage roads and interrupt water service. Staff have coordinated these water main replacements with street repaving/reconstruction plans over the next 20 years 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 pipe breaks. Staff are also coordinating storm drain replacements and working with other utility providers (irrigation, natural gas, etc.) to persuade them to replace their facilities, if needed, at the same time road work is done.

Funding the replacement of water mains on a “pay-as-you-go” basis—and to keep up with the impact of inflation on water system O&M costs--will require a cumulative water rate increase of about 35% over the next five years. The City Council is currently studying several rate increase scenarios (go to centervilleut.net for details) that would provide the needed funding in a series of smaller annual rate hikes. **The Tentative Budget assumes a 10% water rate increase in the first year**, but this is subject to change by the City Council. Residents may comment on this matter in the June 7 public hearing.

Personnel Costs

There are two new full-time positions in the Tentative Budget. One is a civilian position in the Police Department to support the Patrol and Investigative Divisions in ways that enable the sworn officers to spend more time “on the street”. The other is a technical position in the Water Division—related to the succession plan for the anticipated retirement of the Public Works Director in the next few years. See the Budget Message for more explanation about these two positions. The Tentative Budget also 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 7.

Long-Term Obligations

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

- Water Revenue Bond – Debt service of \$498,650 in FY 2017 for bonds issued in earlier years for water system and drainage projects.
- UTOPIA – Telecommunications service over this fiber optic network is available to Centerville residents and businesses. The City's FY 2017 payment for this long-term obligation is \$462,953. For more explanation of UTOPIA funding, see the Budget Message on City's website.
- Davis Center for Performing Arts – Debt service for this facility has been paid from RAP taxes (approved in 2007 by Centerville and Bountiful voters), Redevelopment Agency revenues, Davis County tourism taxes and private donations. The annual debt service amount drops dramatically from \$1,657,088 in FY 2016 to \$593,012 in FY 2017 and all remaining debt service will now be paid with RDA tax increment until the bonds are fully retired in FY 2021.