The

City of Washington Terrace

Est. 1958

County of Weber, State of Utah

Tentative Budget Document

Fiscal Years

2016 Adjusted, 2017 Tentative &

2018 – 2021 Budget Plan

April 2016

Respectfully Submitted By:

Thomas Hanson, City Manager

Shari' C. Garrett, Finance Director

www.washingtonterracecity.com

The

City of Washington Terrace

County of Weber, State of Utah

MAYOR AND CITY COUNCIL

Mayor
Mark C. Allen
170 West 5600 South
Washington Terrace, UT
801.479.7070
Email:
mayormark41@yahoo.com
Term: 01/2014 - 01/2018

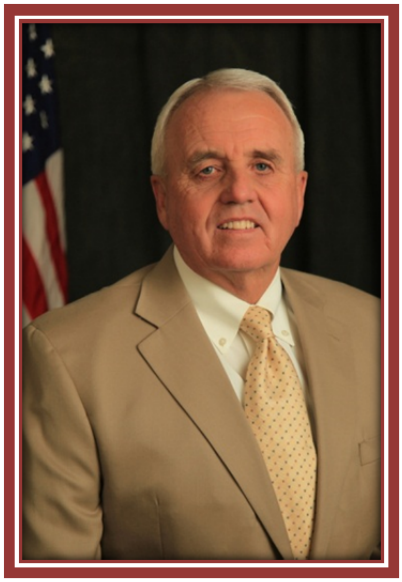
Council Member
Blair Brown
187 East 4700 South
Washington Terrace, UT 84405
801.520.9524
Email: bbrown@rsac.com
Term: 01/2012 - 01/2016

Council Member
Robert Jensen
5528 South 50 East
Washington Terrace, UT 84405
801.479.7734
Email: rcjensen5@hotmail.com
Term: 01/2014 - 01/2018

MAYOR AND CITY COUNCIL

Council Member
Scott Barker
281 East 5500 South
Washington Terrace, UT 84405
801.458.0105
Email: barkerscott03@gmail.com
Term: 01/2016 - 01/2020

Council Member
Scott J. Monsen
4354 South 175 East
Washington Terrace, UT 84405
801.399.9877
Email:
s.monsen@washingtonterracecity.org
Term: 01/2012 - 01/2016



Council Member
Val D. Shupe
98 East 5600 South
Washington Terrace, UT 84405
801.479.5569
Email: vshupe09@gmail.com
Term: 01/2014 - 01/2018

EXECUTIVE SUMMARY - INTRODUCTION

5249 S. South Pointe Drive
Washington Terrace, UT 84405
Direct - 801.393.8681
Fax – 801.393.1921
www.washingtonterracecity.com

RESERVED

CITY MANAGERS MESSAGE

CITY HISTORY

EXECUTIVE SUMMARY - INTRODUCTION

Washington Terrace is a bedroom community with a rich history dating back to the World War II era. In the 1940's, the United States Government began creating large housing projects to provide temporary housing for workers of the military facilities supporting the war effort. As part of a military housing project, Washington Terrace was created in 1942-43. This project created approximately 1,400 two-bedroom family homes in barrack style housing. During World War II, the Terrace Housing Project met the needs of many service men and women and war workers from many trades. At the time there was no thought of this project continuing beyond the war.

After World War II, residents began efforts to convert the surplus temporary housing project into a permanent community. Through painstaking planning efforts, residents negotiated with the Federal government to create a permanent community utilizing the temporary infrastructure and housing. It is estimated that the original construction cost of the temporary governmental project was about $8,000,000.

The Washington Terrace Non-Profit Housing Corporation purchased the temporary housing project from the Federal Government on September 1, 1950, for $2,250,000. On that day, the Housing Corporation paid a 10 percent down payment of $225,000 and assumed a mortgage note of $2,025,000. From 1950 until its incorporation on December 12, 1958, the Housing Corporation operated the municipal needs of the community. The City has always been a leader in innovation and determination. Inspired by the founding residents, this community has never lacked great examples of vision and leadership.

The City operates under a council-manager form of government. Under this organizational structure, the Mayor and a five member Council appoint a city manager to act as the chief executive officer who oversees the daily operations of the City. The Council establishes policy and direction by enacting local legislation and adopting budgets; the city manager is responsible

for implementing the Council's policies and direction. The Mayor is elected for a term of 4 years, while the Council is elected for 4 years with staggered terms.

The Mayor appoints Planning Commission members and alternates. The Planning Commission is a volunteer position appointed to 4 year staggered terms. The Commission's primary responsibilities are to review and provide a recommendation on new development plans in accordance to the direction established by Council, zoning changes, and the general plan.

The City provides many public services including: public safety (police, fire/EMS, animal control, and justice court); parks and open space, recreation and special events; culinary water, sanitary sewer, refuse collection, and storm water services; streets and sidewalks; planning and zoning; and administrative services.

DEMOGRAPHIC INFORMATION

The City has had minimal population growth since the 1980's growing from 8,000 to 9,190 in 2011. The City anticipates "build out" will occur at a population of approximately 12,000 – 14,000 people.

City Demographic Profile

People QuickFacts	Washington Terrace	Utah
Population, 2011 estimate	9,190	2,814,347
Population, 2010 (April 1) estimates base	9,067	2,763,885
Population, percent change, April 1, 2010 to July 1, 2011	1.4%	1.8%
Population, 2010	9,067	2,763,885
Persons under 5 years, percent, 2010	9.3%	9.5%
Persons under 18 years, percent, 2010	27.6%	31.5%
Persons 65 years and over, percent, 2010	15.0%	9.0%
Female persons, percent, 2010	51.1%	49.8%
White persons, percent, 2010 (a)	86.9%	86.1%
Black persons, percent, 2010 (a)	2.1%	1.1%
American Indian and Alaska Native persons, percent, 2010 (a)	0.7%	1.2%
Asian persons, percent, 2010 (a)	1.3%	2.0%
Native Hawaiian and Other Pacific Islander, percent, 2010 (a)	0.3%	0.9%
Persons reporting two or more races, percent, 2010	2.7%	2.7%
Persons of Hispanic or Latino origin, percent, 2010 (b)	12.9%	13.0%
White persons not Hispanic, percent, 2010	81.1%	80.4%

EXECUTIVE SUMMARY - INTRODUCTION

Business QuickFacts		
Total number of firms, 2007	645	246,393
Black-owned firms, percent, 2007	F	0.5%
American Indian- and Alaska Native-owned firms, percent, 2007	F	0.6%
Asian-owned firms, percent, 2007	S	1.9%
Native Hawaiian and Other Pacific Islander-owned firms, percent, 2007	F	0.3%
Hispanic-owned firms, percent, 2007	F	3.7%
Women-owned firms, percent, 2007	S	24.9%
Manufacturers shipments, 2007 ($1000)	NA	42,431,657
Merchant wholesaler sales, 2007 ($1000)	NA	25,417,368
Retail sales, 2007 ($1000)	8,001	36,574,240
Retail sales per capita, 2007	$957	$13,730
Accommodation and food services sales, 2007 ($1000)	D	3,980,570
Geography QuickFacts		
Land area in square miles, 2010	1.97	82,169.62
Persons per square mile, 2010	4,604.9	33.6
FIPS Code	82070	49
(a) Includes persons reporting only one race.		
(b) Hispanics may be of any race, so also are included in applicable race categories.		
FN: Footnote on this item for this area in place of data		
NA: Not available		
D: Suppressed to avoid disclosure of confidential information		
X: Not applicable		
S: Suppressed; does not meet publication standards		
Z: Value greater than zero but less than half unit of measure shown		
F: Fewer than 100 firms		
Source: US Census Bureau State & County QuickFacts		

Table 1 (above) 2010 Census demographic profile.

Since the City's incorporation in 1958, the population has changed by approximately 2,723 persons or increased by 42 percent, while the County's population has increased by 127,775 or 115 percent, and the State has increased 2,000,872 or over 222 percent.

City, County, and State Population History						
	City		Weber County		State of Utah	
Year	Population	change from prior year	Population	change from prior year	Population	change from prior year
2013	9,164	0.2%	238,519	0.8%	2,900,872	1.6%
2012	9,147	0.9%	236,551	2.3%	2,854,871	3.3%
2010	9,067	0.7%	231,236	1.7%	2,763,885	-1.3%
2000	8,551	4.4%	197,541	24.8%	2,246,553	29.9%
1990	8,189	-0.3%	158,330	9.5%	1,729,227	17.3%
1980	8,212	13.4%	144,616	14.5%	1,474,000	38.3%
1970	7,241	12.4%	126,278	14.0%	1,066,000	18.4%
1960	6,441		110,744		900,000	
Source: www.census.gov						
Note: The City was incorporated in 1958.						

Table 2 (left) represents the City, County, and State Historical Population and change from prior year.

EXECUTIVE SUMMARY - INTRODUCTION

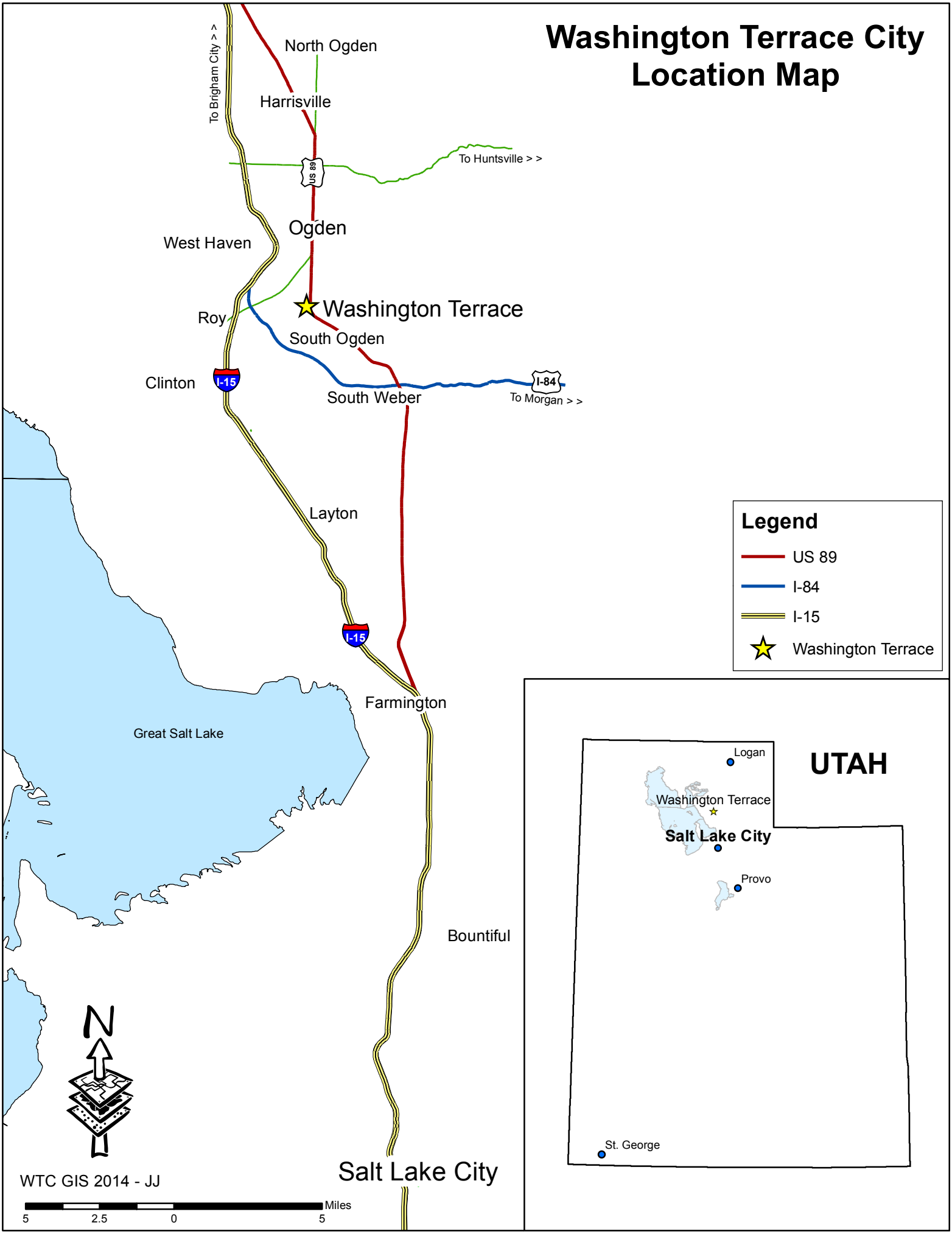
REGIONAL OVERVIEW

The City of Washington Terrace is a 2 square mile suburban community located along the Wasatch Front in Weber County, Utah. Weber County, population 200,000, is home to 22 communities of cities, towns, and unincorporated areas. The City is located 30 miles north of the capital city Salt Lake City, 40 miles from the Salt Lake International Airport, which can be easily reached by nearby Interstate 15 or the Front Runner Rail System. Additionally, Interstate 84 runs adjacent to the southern City boundaries serving as a main easterly corridor.

Its location near Ogden City offers excellent local access to commerce, education, recreation, transportation, healthcare, and other services. Washington Terrace is home to Ogden Regional Medical Center, Weber School District, and Bonneville High School. Within an 8 mile radius of the City is Hill Air Force Base, Internal Revenue Service, Weber State University, Ogden Hinkley Airport, and McKay Dee Hospital. The City of Washington Terrace is a proud residential community that focuses on preserving the community as a great place to live.

Northern Utah and the Weber County region offers excellent quality of life with recreational opportunities that attract visitors around the world. During the 2002 Olympics Winter Games, the Weber County region hosted a number of events including the downhill, combined races, and super-G events. The local area offers a wide-variety of high adventure recreation such as: skiing and snowboarding, skydiving, hiking, biking and cycling, climbing and bouldering, and kayaking and paddle sports. Other regional recreational opportunities include classic recreation such as golf, swimming, home to the Ogden Marathon, and local sports teams and leagues. All of these recreational opportunities are within close proximity to the City—within 30 minutes or 20 miles.

Washington Terrace City Location Map



EXECUTIVE SUMMARY - INTRODUCTION

OVERVIEW

The purpose of this document is to present a budget document to the highest professional quality reflecting sound financial management practices in the following essential areas:

Serve as a Policy Document – Clearly describing the City's short-term and long-term financial and non-financial goals and objectives.

Serve as a Financial Plan – Describe the fund environment including structure, balances, and major revenues and expenditures.

Serve as an Operations Guide – Describe the activities, services, and functions carried out by the organizational units.

Serve as a Communication Device – Provide a clear summary of significant budget issues and trends in resources, requirements, and policies.

The principal objective of this executive summary is to clearly describe the City's budget process and highlight significant changes to the budget. This will enable the Mayor and City Council to provide policy direction during the budget process. This objective will be accomplished by addressing the following tasks:

1. Overview of goals and outcomes of the Budget Summary
2. Provide a summary of the City's financial position
3. Outline the overall budget process & changes to the budget format
4. Provide a Budget Summary for Fiscal Year 2016 adjusted budget, 2017 tentative budget, and 2018 - 2021 financial plan
5. Discuss capital project prioritization and CIP funding issues
6. Provide an overview of the City Manager's Recommended Budget
7. Discuss the status of the various City projects
8. Highlight future issues
9. Discuss Citywide budget policy changes

This budget document should be read and considered with the City's Comprehensive Annual Financial Report to provide an in depth understanding of the City's financial and economic condition including historical trend data.

CITY MSSION STATEMENT

To provide the citizens of Washington Terrace

with essential and innovative services
in a timely and cost efficient manner.

ORGANIZATIONAL PHILOSPHY

We do the will of the people,

under direction from the Council,
to the highest professional and
ethical standards.

CORE VALUES

People
Trust, Respect, Recognition
Service
Quality, Helpful, Timely
Results
Planning, Decisions, Follow-though
Communication
Multi-Directional, Formal, Informal
Commitment
Involvement, Dedication, Support
Excellence
Innovation, Details, Professionalism

EXECUTIVE SUMMARY - INTRODUCTION

LEGISLATIVE POLICY STATEMENTS AND PRIORITIES

Each year the Mayor and City Council meet, as part of the planning process, to discuss their vision for the community. The policy statements identified in Table 3 have been identified as top community priorities that are tied to the City's Mission Statement, Organizational Philosophy, and Core Values in providing quality public services. The executive body has work closely with the legislative body to identify specific measurable strategies for each of these policy statements. These policy statements and goals can be found in the departmental operating budgets.

Legislative Policy Statements

Policy Statements	Goals
Fiscal Responsibility Diligently manage public funds and resources.	
Practice and promote fiscal accountability, transparency, full disclosure, and strategic planning that meets or exceeds best practices and standards.	Annually compile the city budget document that promotes best practices and standards.
	Annually compile the city comprehensive financial report according to best practices.
Follow established policies and procedures in order to preserve the overall fiscal stability of the City.	Provide annual training to employees to ensure consistent application of written policies and procedures.
Prepare multi-year financial plan to help navigate challenges & opportunities.	Annually review and update the multi-year financial plan as part of the budget process.
Apply for grants that maximize the City's investment and further the vision of the City.	Annually research and apply for grants based on defined needs and accessibility.
Offer a competitive compensation plan in order to retain and attract a competent workforce.	Annually review and update the employee compensation plan based on approved Council pay philosophy.
Maintain a balance between services provided, ability to pay.	Annually provide a balanced budget based on city wide needs and available resources.
Reduce or eliminate liabilities associated with risk and loss.	Conduct monthly city-wide safety meetings to develop a culture of risk awareness and avoidance.
	Develop a Risk Management Policy and Procedure manual.
Open and Responsive Government Be responsive to customers needs, stakeholder relationships and dissemination of information.	
Disseminate information in a timely manner that communicates the goals, programs and objectives, of the City.	Post all notices and information based on state requirements and the need for stakeholder communication well in advance of the specific need.
Keep stakeholders informed using a variety of tools including the City newsletter, multi-media and social media outlets.	Update the city web page and electronic media to ensure that information is timely, pertinent, and helpful.
Cultivate open and responsive customer service through technology, streamline processes, and responding to customers in a timely friendly manner.	Annually evaluate and update online services and expand electronic opportunities to conduct business.
Collaborate with local, regional and state stakeholders to develop cooperative services, programs, and facilities.	The Mayor, Council, and Staff are encouraged to collaborate and participate on boards, councils, and events that will directly benefit the City.
Adhere to National, State and Local regulatory compliance requirements.	Employees are trained and compliant with regulatory requirements as it relates to their specific service area.
Respond to customers and stakeholders in a professional and friendly manner.	Annually conduct customer service training.

EXECUTIVE SUMMARY – INTRODUCTION

Policy Statements	Goals
Public Safety and Health Prepare for and respond to emergencies to protect the life and property of stakeholders i.e. fire / EMS, police, emergency management, code enforcement, and animal control.	
Provide professional and sustainable public safety and health service levels in order to serve and protect life and property.	Annually review public safety operations to determine the functionality and the sustainability of operational service levels.
Provide professional law enforcement and animal control services to serve and protect life and property.	Annually review contract services to determine optimal levels of service and cost sustainability.
Train Fire/EMS personnel in order to provide competent, professional service.	Conduct monthly training and certification for Fire and EMS personnel.
Provide the required equipment needed to prepare for and respond to fire, EMS and emergency preparedness scenarios.	Annually evaluate and upgrade equipment based on needs, regulations and funding ability.
Prepare and respond to natural and man made disasters of all kinds.	Annually conduct a city-wide employee training and exercise.
Enforce and resolve property code enforcement issues in an effective, professional, and timely manner.	Annually review and update policies and procedures in order to expeditiously resolve code enforcement violations.
Family Oriented Community Provide a variety of meaningful, safe recreational activities, programs, sports and special events that improve the physical, mental and social well being of participants.	
Offer leisure and city sponsored programs that meet the diverse needs of the community.	Annually review leisure service programs to evaluate and update recreation programs offered.
Collaborate with community and regional stakeholders to develop and offer cooperative recreation programs and facilities.	Meet quarterly with neighboring entities to evaluate, promote and organize cooperative leisure services activities.
Professionally organize and deliver activities and events that effectively utilize resources and facilities.	Following each event review, evaluate, and refine outcomes.
Promote community pride by keeping residents, businesses, and customers informed and up to date on events, programs, projects, and volunteer opportunities throughout the City.	Develop and publish an annual calendar of events, and schedules and advertising plan.
Provide ways for residents and businesses to become involved in volunteering and philanthropic opportunities involving City sponsored events and projects.	Develop relationships to encourage volunteerism and philanthropic good will.

EXECUTIVE SUMMARY – INTRODUCTION

Policy Statements	Goals
Infrastructure, Improvements, and Public Facilities Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities and parks, trails and open space.	
Maintain safe and functional delivery of public utilities.	Conduct annual review of the utility system to ensure reliable delivery of utility services based on identified needs and resources.
Provide parks, trails and open space based on the needs of the stakeholders.	Annually, update, and prioritize the City park master plans to support evolving community needs.
Manage facilities and operations in a manner that would minimize or eliminate hazardous conditions.	Conduct monthly safety meetings and follow through with outcomes.
Adhere to National, State and local construction and maintenance standards in establishing infrastructure improvements and public facilities.	Upgrade city construction standards based on best practices.
Maintain the capital plans to prioritize projects, maintain infrastructure, and prepare for envisioned growth.	Annually review and update the Capital Plans.
Maximize access to recreation facilities, utility systems and transportation networks through collaborative agreements with regional entities and neighboring cities.	Actively participate in regional planning and development committees that will support the expansion and improvement of the cities infrastructure.
Comply with National, State and local regulatory requirements for the delivery and operation of utility services.	Conduct an annual review of regulatory requirements and implement operations that will satisfy those requirements in a sustainable manner.
Sustainable Growth through Vision, Planning and Economic Development. Create economic development opportunities, promote long-term economic stability and attract funding to implement economic development strategies that expand a diverse tax base.	
Develop and maintain zoning standards, processes and regulations that promote a business friendly environment.	Review the planning and zoning regulations to ensure a business friendly environment.
Ensure zoning, planning, and building codes are developed and maintained in order to promote and protect architectural integrity of the City.	Review and update the zoning, planning, and building standards of the City.
Recruit viable business that are an asset to the City and region.	Collaborate with the business community to promote economic development opportunities within the City.
Pursue and evaluate economic development possibilities using local, state and national business outlets.	Semiannually review and update a data log of businesses that may be a good fit for the City.
Regularly communicate with key business leaders in the area to reinforce and maintain a positive working relationship.	Attend and actively participate in business development related events throughout the year.
Maintain and develop transportation and utility infrastructure that supports expanding economic development.	Evaluate and strategize critical traffic corridors directly related to job creation and retail business promotion.
Strategically administer the RDA project areas in order support future economic development opportunities.	Develop and promote the RDA in a manner that will benefit the City and region with an expanding taxable property values.
Promote the purchase, lease, and or development of available structures, and commercial properties for business expansion within the City's commercial areas.	Annually develop and maintain the site ready real state list.
Protect and plan for the annexation of the properties identified in the City's annexation plan.	Protect the annexation plan for the City.

Table 3 – Legislative Policy Statements

THE BUDGET PROCESS

The budget process is a way to link the legislative policy statements and priorities to the day-to-day operations of the City. Through the budget process, the Council will adopt a budget and financial plan that will serve as a policy document for implementing the legislative policy statements and priorities. The budget provides the executive body with the resources necessary to

accomplish the service delivery goals established by the legislative body.

The budget process is an essential element of financial planning, management, control, and evaluation of service delivery. Additionally, the budget process offers a series of public hearings for customers of these services to give input on these programs and levels of services.

According to state statutes, the City Manager shall prepare and present to the City Council a proposed balanced budget by the first regularly scheduled Council meeting in May. According to Utah Code Annotated (UCA) §10-6-110(2), a balanced budget is defined as "the total of the anticipated revenues shall equal the total of appropriated expenditures". The proposed budget must be available for public inspection during normal business hours after it has been filed with the City Council. The Council holds at least one public hearing on the proposed budget. Before June 22, the Council must adopt either a tentative budget if the certified tax rate is to be exceeded (tax increase) or a final budget and proposed tax rate (no tax increase). If there is a property tax increase, the Council holds an additional public hearing before adopting the budget by August 17.

The City begins the budget process as early as November with the legislative body identifying priorities and objectives for the next year. Each department director is responsible for preparing budget requests for each program based on specific criteria outlined the following "Considerations for Funding". Legislative objectives are addressed either in the current level budget or as additional options for enhanced, increased, or decreased service levels. The City Manager reviews budget requests, including budget options, with each department director and develops a proposed budget balanced within the limits of the current available resources or with a proposed increase in fees and/or tax revenues. Beginning in April through the first meeting in June, the Council has the opportunity to review the proposed budget, consider public comment, and finally, adopt a balanced budget. The operating budget is adopted on an annual basis. Capital construction normally takes place over more than one fiscal year; therefore, capital budgets are adopted on a project length basis.

EXECUTIVE SUMMARY – INTRODUCTION

Budgetary Control: Budgetary control of each fund is maintained at the department level. Department directors play an active and important role in controlling the budget. The City Council may amend the budget, by motion, during the fiscal year; however, increases in overall fund budgets (governmental funds) require a public hearing. Enterprise fund budgets may be increased by the City Council without a public hearing. Expenditures may not exceed appropriations at the department level.

Considerations for Funding: Requests for increased funding or levels of service should be considered at one time rather than in isolation or on a "piecemeal" basis. This policy does not preclude budget adjustments pursuant to state laws, but encourages that budget decisions, when possible, be part of comprehensive budget process.

Departments are given specific instructions during the budget process that all budget requests must meet prior to being considered by the City Council. All requests should meet at least one of the following criteria:

1. Offset with equal or greater reductions elsewhere within a department's budget. Requests that are offset with budget reductions in the same budget category. For example: a new personnel request should be offset with existing personnel funding, materials should offset materials, etc. Personnel requests with offsetting existing funds other than personnel are discouraged and will be subjected to a heightened review.
2. Demonstrate an exceptional need that could not have been anticipated during the budget process.
3. Signify a budget reduction in future budget cycles to offset cost.
4. Tied to a legislative policy statement.
5. Generate new revenues.
6. Federal, State, or local mandate.
7. Tied to contractual obligations.
8. Health/safety concerns.

This stringent process and criteria assists the City in acting fiscally responsible and clearly communicating the expectations for budget requests and changes to levels of services.

EXECUTIVE SUMMARY – INTRODUCTION

BUDGET CALENDAR

Preparation of Tentative Budget

November

Legislative body identifies community goals and objectives. Tentative capital improvement plan reviewed and updated.

December

Budget Calendar and instructions presented to departments. Department mid-year performance measures due.

January

Department's submit budget options and tentative performance measures. Department's meet with City Manager and Finance Manager to discuss options and performance measures. Begin rate and fee analysis. Personnel pay plan benchmarking and benefit costs updated.

February – March

Budget analysis conducted. Compilation of Tentative Budget.

Budget Presentation and Public Hearings

April - May

Tentative Budget presented to Council. Staff presents introduction, executive summary, major budget issues, and budget policies.

The Council holds public hearing on the proposed tentative buget. Staff presents operating and capital budgets and tentative rate and fee schedule. Council adopts tentative budget.

Adopt Final Budget and Set Certified Tax Rate

June

The Council holds public hearings on the proposed tentative budget; Council adopts final budget, certified tax rate and fee schedule (adopted prior to June 22nd state deadline with no property tax increase)

July - August

The Council notices and holds Truth-in-Taxation Public Hearing (ad run twice in the two weeks preceding the hearing). Council adopts final budget and certified tax rate with a property tax increase.

Additional Budget Dates and Deadlines

July 17 – Budget due to State Auditor's Office (no property tax increase)

August 30 - Budget published and available on-line

September 17 - Budget due to State Auditor's Office (property tax increase)

September 17- Submit Budget Document to Government Finance Officers Association for their Budget Presentation Award

September 30 – Final Budget Document and Citizens Budget made available

EXECUTIVE SUMMARY – INTRODUCTION

On or before the last day of the fiscal period in which a final budget has been adopted, budget amendments may become necessary to change estimated revenues and appropriations in certain funds. The Council, prior to approving budget amendments, must hold a public hearing to solicit public input on said proposed changes.

Budget Format: The budget process is approached on a multi-year basis rather than annually. The multi-year approach or five year financial plan anticipates revenues and expenditures for the appropriation year and four years beyond. This multi-year approach encourages a forward thinking approach to programs and service delivery by offering a comprehensive financial outlook that anticipates budgetary assumptions.

Each budget year beyond the required appropriations period, is referred to as a multi-year financial plan that *does not* act as a formal spending document but rather serves as a plan that can be amended freely without legislative approval. The financial plan only becomes a formal spending document with approval by the legislative body at which time the plan becomes the annual budget.

Implementing a multi-year financial plan offers the City numerous advantages, including but not limited to:

Improve Financial Management
Improve Long-Term Planning
Ability to Evaluate Program and Service Delivery

In addition to the five year plan, anticipated budgetary changes to the current year budget are also considered.

During the first year of a multi-year budget process is when the majority of the planning occurs. The second year typically will include minor adjustments and anticipated programmatic changes. The goal of this type of planning is to ensure that operational needs are meeting the long-term organization's direction. Each year the City will incorporate the current adjusted budget with the five-year plan.

EXECUTIVE SUMMARY – INTRODUCTION

For the first year, July 1, 2016 – June 30, 2017, the City Council will approve a budget for the upcoming fiscal year and a fiscal plan for the four years thereafter. The Budget Document is a tool to be used by management and staff to implement the direction established by the legislative body to carry out the needs and direction of the community. The budget document consists of six major areas: (1) Executive Summary; (2) Operating Budgets; (3) Budget Summaries; (4) Financial Policies and Objectives; (5) Performance Measurement Program, and (6) Supplemental Information.

A. The Executive Summary offers an introduction to the budget through a budget message that provides a summary explanation of key choices and decisions made during the budget process. This message further addresses the ramification of these choices and decisions. The Executive Summary also includes the legislative policy statements that shape the budget parameters and an outline of the budget process and calendar.

B. The Operating Budget reports in detail how the City's fiscal resources are used to deliver public services. Included with the operational budgets are the department's service overview, goals, accomplishments and highlights, performance measures, and budget requests.

C. The Budget Summaries focus on government-wide revenues and expenditure summaries and individual fund summaries.

D. The Policies and Objectives section focuses on improving the decision making by providing clear, agreed-upon parameters. The guidelines strive to achieving fiscal accountability and management, full disclosure, and act as a planning tool to assist in the decision making process.

E. The Performance Measurement Program included in this document includes outputs of individual units to provide a meaningful way to assess the effectiveness and efficiency of those units. The performance measures are tied to mission, goals, and objectives of each department.

EXECUTIVE SUMMARY – INTRODUCTION

F. The Supplemental Section offers an introduction to the capital project program, government-wide fee schedule, department options summary, and glossary of terms.

This year's Executive Summary represents staff's recommendations to carry out the Mayor and Council's goals for the upcoming budget year. By adopting the Fiscal Year 2014 budget, City Council is legally appropriating funds and authorizing expenditures in accordance with policies outlined in this document and in accordance with State law. Each year the City Council will be required to adopt the next year's budget. For planning purposes, the Fiscal Plan is not legally adopted but rather it is the anticipated operations plan for future fiscal years.

BUDGET AWARD PROGRAM

The Government Finance Officers Association of the United States and Canada (GFOA) presents an award for Distinguished Budget Presentation. The City has been successful in receiving this prestigious award since 2005. To continue receiving this award, the City must publish a budget document that meets program criteria as a policy document, operations guide, financial plan, and communication device.

This award is significant for several reasons which include the City's adherence to good budget policies and positive planning efforts. The City receiving this award is an external measure of the proactive budgeting practices the City is employing.

The award is valid for a period of one year. We believe this budget conforms to program requirements and will be submitted to GFOA to determine its eligibility for this prestigious award.

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Washington Terrace

Utah

For the Fiscal Year Beginning

July 1, 2014

Executive Director

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

FISCAL FIRST AID

The Government Finance Officers Association (GFOA) recently released fiscal first aid techniques governments can implement when responding to financial distress. GFOA states that fiscal first aid techniques can be used as an immediate short-term aid to stop perpetuating financial distresses. While the development of permanent treatments may be necessary, in less severe cases of financial distress, fiscal first aid alone may be sufficient. The four categories of fiscal first aid are as follows:

Primary Treatments – are those that are recommended as the first line of defense and should be considered as a first option. In many cases, the go-to treatments not only provide immediate help but also improve the long-term prognosis.

Treatments to Use with Caution - may be called for if the go-to techniques are not sufficient. However, the side effects of these treatments could potentially worsen financial condition if used improperly.

Treatments to Use with Extreme Caution - might help the near term financial situation, but could ultimately work against financial sustainability. For example, a treatment might damage the government's reputation, thereby reducing the public's support for local taxes.

Treatments Not Advised - are ones that can cause trouble.

The first step in implementing fiscal first aid is to diagnose the main causes of the problem. Accurate diagnosis is essential for selecting the right treatment and getting support for the treatment regimen. GFOA states that when diagnosing the problem, it is advisable to emphasize factors internal to the organization such as structure, culture, and communications. While external causes, such as a poor economy or state/federal mandates, may be at least partially to blame for fiscal distress, fixating on these largely uncontrollable items saps confidence that a good solution can be found.

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

The City has evaluated its own management practices against the four fiscal first aid treatments identified above. Table 2 compares the actions the City has employed in its current management practices against each treatment. As demonstrated in Table 4, the City has implemented strong fiscal management practices that offer proactive techniques utilized as a short and long-term aid to achieve the highest level of fiscal management. The City has implemented its "Recession/Net Revenue Shortfall Plan" (refer to the Policies and Objectives section) and is closely monitoring the potential budgetary impacts and strategies.

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

Fiscal First Aid Techniques			
Primary Treatments			
Action	**Revenue**	**Action**	**Human Resources and Benefits**
X	Audit revenue sources	X	Evaluate overtime use
X	Improve billing and collections procedures	X	Address health care costs & workers' compensation claims patterns
X	Explore fees for services	X	Re-examine labor structures
	Propose taxes with a strong nexus	X	Assess organization structure
	Conduct a tax lien sale	X	Integrate human resources and financial systems
		X	Investigate risk management
	Capital and Debt		
X	Start comprehensive capital project planning		**Financial Planning and Analysis**
X	Restructure debt	X	Evaluate financial condition & get benchmark data
		X	Inventory programs and ascertain their costs
	Management Practices	X	Audit certain recurring expenditures
X	Make managers manage	X	Divest of loss-generating enterprises
X	Enhance purchasing practices	X	Seek state, federal, and/or regional assistance
X	Pursue inter-organizational cooperation	X	Identify sources of liquidity
X	Revisit control system		
X	Centralize financial management and human resources activities		
X	Develop cash flow reporting		
X	Establish a culture of frugality		
X	Recognize opportunities within crisis		
X	Manage perceptions		
X	Be willing to spend money to save money		
X	Network with peer agencies and individuals		
Treatments to Use with Caution			
	Revenue		**Human Resources and Benefits**
	Sell assets		Offer early retirement program
	Obtain better returns on idle cash	X	Increase part-time labor
		X	Institute hiring/wage freezes
			Reduce hours worked and pay
	Capital and Debt		**Financial Planning and Analysis**
	Use short-term debt to pay for vehicles	X	Revisit interfund transfer policies
X	Defer and/or cancel capital projects		Use Fund Balance to Soften the Landing
	Use debt to fund pay-go capital projects		**Management Practices**
			Close facilities (or reduce hours of operation)
		X	Outsource
Treatments to Use with Extreme Caution			
	Revenue		**Human Resources and Benefits**
	Levy a broad tax increase		Make across-the-board wage cuts
	Create special taxing districts		Defer compensation
	Capital and Debt		**Management Practices**
			Make large or sustained across-the-board budget cuts
Treatments Not Advised			
	Revenue		**Human Resources and Benefits**
			Underfund accrued liabilities like pensions
	Capital and Debt		**Management Practices**
	Shift operational costs into capital budgets		Use accounting manipulations

Table 4 – Fiscal First Aid Techniques, comparing City practices to treatment techniques

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

PROPERTY VALUATION AND TAX ASSESSMENTS

The Property Tax Act, Title 59, Chapter 2, Utah Code Annotated 1953, as amended, provides that all taxable property must be assessed and taxed at a uniform and equal rate on the basis of its "fair market value" by January 1 of each year. "Fair market value" is defined as "the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts." Commencing January 1, 1991, "fair market value" considers the current zoning laws for each property. Section 2 of Article XIII of the Utah Constitution provides that the Utah State Legislature may exempt from taxation up to 45 percent of the fair market value of primary residential property as shown in the table below.

History of Property Statutory Assessment					
	Year	Statutory Assessment Level (% of Market Value)	Real Property Intangible Exemption (Apply to Locally Assessed Only)	Primary Residential Exemption	Total Taxable Value as a Percentage of Market Value
Primary Residential	1961 - 1978	30%	0%	0%	30%
	1979 - 1980	25%	0%	0%	25%
	1981 - 1982	20%	20%	0%	16%
	1983	20%	0%	25%	15%
	1984 - 1985	20%	20%	25%	12%
	1986 - 1990	100%	20%	25%	60%
	1991	100%	5%	29.75%	66.74%
	1992 - 1993	100%	5%	29.50%	66.98%
	1994	100%	0%	32%	68%
	1995 - Present	100%	0%	45%	55%
Other Locally Assessed Real Property	1961 - 1978	30%	0%	N/A	30%
	1979 - 1980	25%	0%	N/A	25%
	1981 - 1982	20%	20%	N/A	16%
	1983	20%	0%	N/A	20%
	1984 - 1985	20%	20%	N/A	16%
	1986 - 1990	100%	20%	N/A	80%
	1991	100%	5%	N/A	95%
	1992 - 1993	100%	5%	N/A	95%
	1994 - Present	100%	0%	N/A	100%
Personal Property	1961 - 1978	30%	N/A	N/A	30%
	1979 - 1980	25%	N/A	N/A	25%
	1981 - 1985	20%	N/A	N/A	20%
	1986 - Present	100%	N/A	N/A	100%
Centrally Assessed Property	1961 - 1978	30%	N/A	N/A	30%
	1979 - 1980	25%	N/A	N/A	25%
	1981 - 1985	20%	N/A	N/A	20%
	1986 - Present	100%	N/A	N/A	100%

Table 5 – The State of Utah property tax statutory assessment from 1961 to present

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

During the 1995 legislative session, the exemption for primary residential property was increased from 32 percent to the constitutional maximum of 45 percent. The local effect of this action was to shift the burden of supporting education, public safety, and general government from primary residents to other classes of property, principally commercial property and vacation or second homes. The Utah Supreme Court held this practice to be constitutional in subsequent tests.

Property Tax Levies and Collections: Weber County levies, collects, and distributes property taxes for the City of Washington Terrace and all other taxing entities within the County. Utah law prescribes how taxes are levied and collected. Generally, the law provides as follows: the County Assessor determines property values as of January 1 of each year and is required to have the assessment roll completed by May 15. The County Auditor mails notice of valuations and tax changes by July 22.

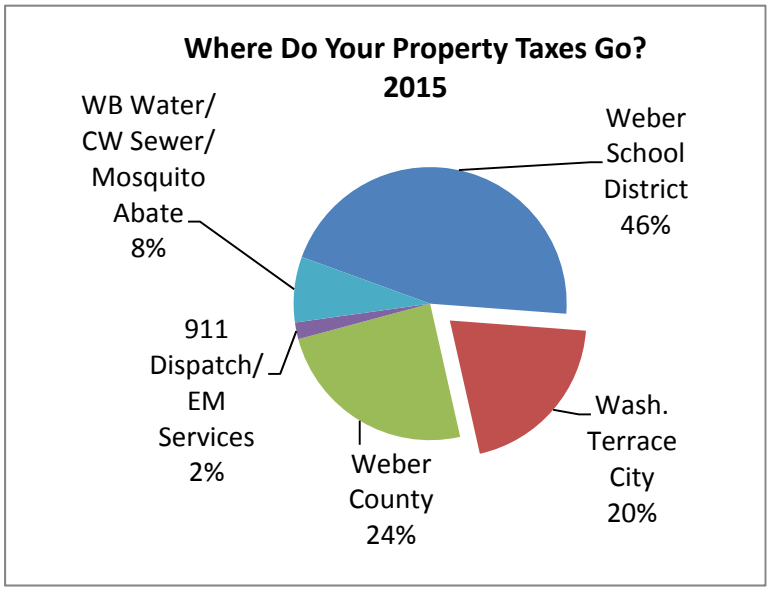


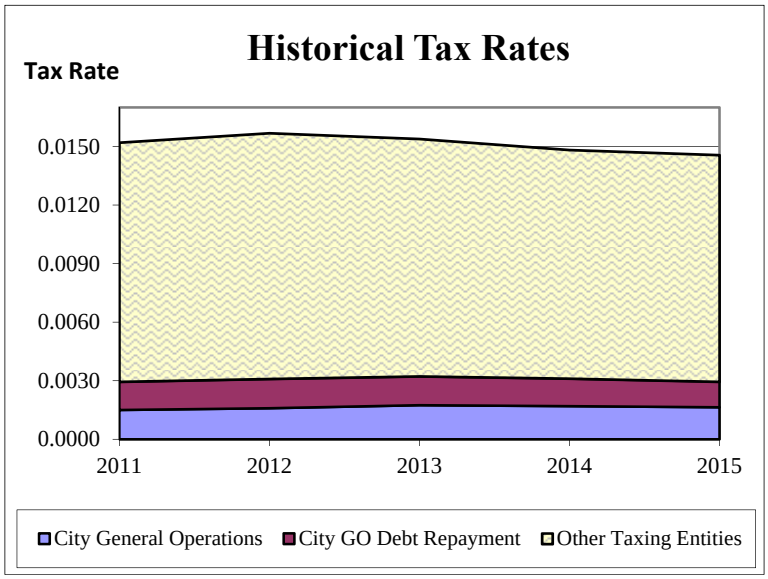
Figure 2 (left) - Each taxing entity's share of the total levy for property taxes in 2015

State statutes require that each year a certified tax rate be calculated. The certified tax rate is the rate which will provide the same amount of property tax revenue as was charged in the previous year, excluding the revenue generated by new growth. If a taxing entity determines that it needs greater revenues than what the certified tax rate will generate, State statutes require that the entity must go through a process referred to as Truth-in-Taxation. The Truth-in-Taxation process is a series of steps that include notification and advertisement of the proposed tax increase and holding a public hearing to receive public input before the final rate is adopted.

Tax notices are mailed November 1 and are due November 30. Delinquent taxes, together with penalty of the greater of delinquency, the amount of taxes and penalty shall bear interest on a per

annum basis from January 1st following the delinquency date. This interest is 600 basis points (6%) above the Federal Discount Rate. Starting in 2010, the penalty and interest requirements have changed. The penalty was changed to the greater of $10 or 1% of the delinquent amount due if the current year delinquent tax was paid-in-full between December 31st and January 31st, otherwise the penalty amount is the greater of $10 or 2.5% of the amount that was delinquent on December 1st. Additionally, the interest changed to 6 percent above the targeted federal funds rate, but this must fall within a minimum of 7% and a maximum of 10%.

Figure 3 (right) - represents the City's and other taxing entities' historical tax rates since 2010.



If after four and one-half years (May of the fifth year) delinquent taxes have not been paid, the County advertises and sells the property at a tax sale.

The maximum rate of levy applicable to the City for general fund operations authorized by State law is 0.007000 per dollar of taxable value per taxable property within the City. The City may levy an unlimited tax levy to pay the principal of and interest on legally issued General Obligation Bonds.

The City's total tax levy has increased from 0.002866 in 2009 to 0.003217 in 2013. In 2010, the City's tax rate increased to 0.002939 due to the implementation of 2009 HB23, "Certified Tax Rate Amendments". HB 23 states that for calendar year beginning January 1, 2010, and ending on December 31, 2010, a taxing entity may budget an increased amount of ad valorem property tax revenue equal to or less than the taxing entity's five year average of the most recent prior five years of redemptions…" In 2013, the City raised its general purpose tax levy increasing budgeted revenue 39% from the prior year. Said increase will be used to fund the operations and maintenance of the streets programs.

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

As depicted in Table 6, a residential home with a market value of $160,000 is taxable at 55 percent of its value or $88,000. In 2013, the City would have received $283.10 in property tax revenue (general purpose and GO Debt repayment), whereas in 2015, the same residential home valued at $160,000 would have paid $259.60 for City property taxes.

Property Taxes	2013		2014		2015	
Taxing Entity	Levy Rate	$ collected from home market value of $160k	Levy Rate	$ collected from home market value of $160k	Levy Rate	$ collected from home market value of $160k
City - General Operations	0.001743	153.38	0.001690	148.72	0.001637	144.06
City - GO Debt Repayment	0.001474	129.71	0.001411	124.17	0.001313	115.54
Total City Levy	**0.003217**	**$ 283.10**	**0.003101**	**$ 272.89**	**0.002950**	**$ 259.60**
% chg from prior year	*4%*	*4%*	*-4%*	*-4%*	*-5%*	*-5%*
Other Taxing Entities	**0.012170**	**$ 1,070.96**	**0.011718**	**$ 1,031.18**	**0.011606**	**$ 1,021.33**
% chg from prior year	*-3%*	*-3%*	*-4%*	*-4%*	*-1%*	*-1%*
Total Tax Levy	**0.015387**	**$ 1,354.06**	**0.014819**	**$ 1,304.07**	**0.014556**	**$ 1,280.93**
% chg from prior year	*-2%*	*-2%*	*-4%*	*-4%*	*-2%*	*-2%*

Table 6 (above) shows historical tax rates and revenue collected by value for the City and the other taxing entities.

The City has a relatively high tax rate compared to other communities and taxing entities in Weber County. This is largely due to General Obligation Debt issued in 2000 being repaid with property taxes, the City's limited retail sector, large residential base with a low to moderate taxable value, and high density tax exempt properties.

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

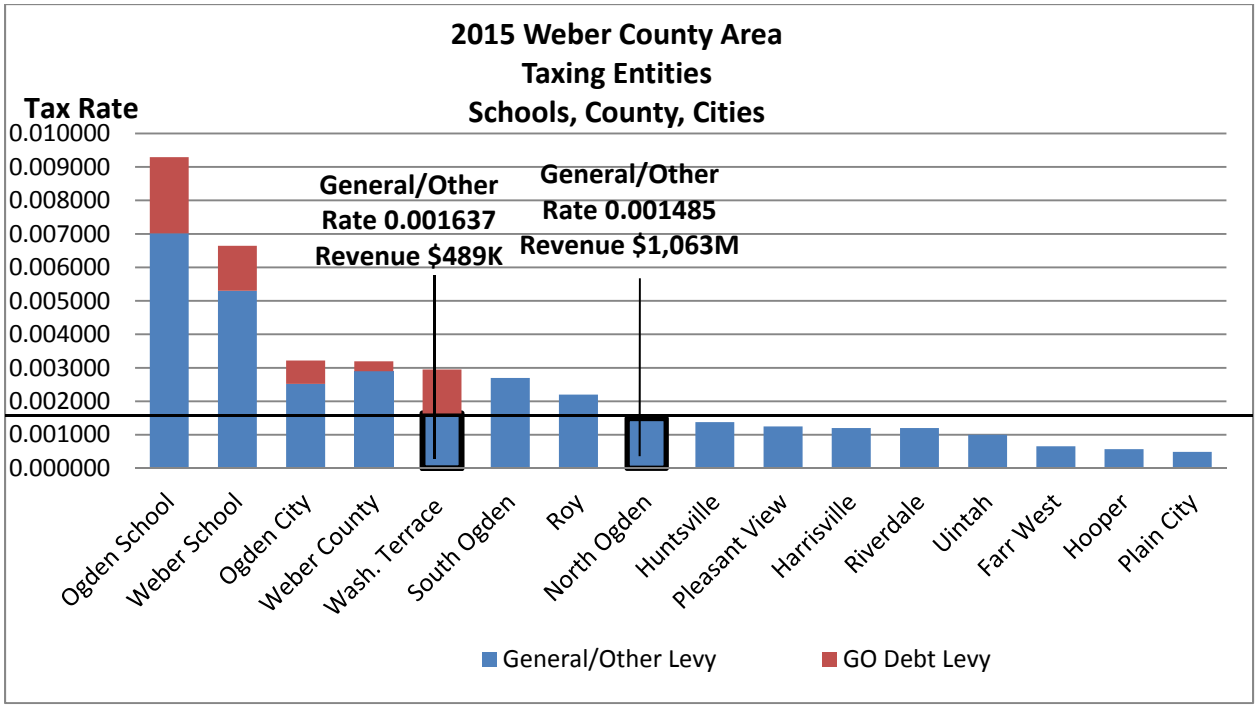


Figure 4 (above) – 2015 tax rates for Weber County area school districts, county, and cities

As depicted in Figure 4, the City's combined tax rate of 0.002950 is the second highest tax rate among cities and towns in Weber County. This is largely due to the City's General Obligation Debt tax levy of 0.001313. Ogden City had the highest combined tax rate of 0.003220 and South Ogden City ranked third highest with a tax rate of 0.002696. The highest taxing entities in Weber County in 2015 were Ogden City Schools at a tax rate of 0.009295 and Weber School District the second highest taxing entity at 0.006920.

Also depicted in Figure 4 is how the City's general purpose tax rate compares with other cities and towns and the revenue for which it generates. In comparison to North Ogden City, the City has a higher tax rate at 0.001637 compared to North Ogden at 0.001485. Due to the City's smaller tax base that includes a limited retail sector, large residential base with low to moderate taxable value, and high density tax exempt properties, the revenue the City generates from property taxes is $489,000 compared to North Ogden with a stronger tax base at $1,063,000.

EXECUTIVE SUMMARY – ECONOMIC INDICATORS

Although the City's full taxable value is small compared to other cities of similar size at $321,597,942 (2012 taxable real, personal, and centrally assessed property value), the City's tax base has declined by 6 percent since 2010 decreasing from $341,065,402 to $321,597,942. Economic indicators, however, are encouraging showing that real estate values are slowing rebounding in addition to new commercial growth.

		2013 *(calendar year)*		
Taxpayer	**Principal Nature of Business**	**Rank**	**Taxable Assessed Valuation** (1)	**% of Total Assessed Value**
Columbia Ogden Medical Center…..	Healthcare	1	38,837,641	11.8
The Boyer Company……	Professional Office	2	6,295,773	1.9
CNL Retirement……	Healthcare	3	4,310,288	1.3
Washington House Assisted Living..	Healthcare	4	3,461,095	1.1
Pleasant Valley Office……	Professional Office	5	2,679,664	0.8
Ogden Orthepedic Medical……	Healthcare	6	2,636,867	0.8
Lake Park Apartments Inc……	Housing	7	2,614,974	0.8
Mt. Ogden Healt & Rehab……	Healthcare	8	2,539,248	0.8
Ogden Tomotherapy……	Healthcare	9	2,467,566	0.8
Storage South LLC……	Storage Facilities	10	2,177,286	0.7
Totals			**$ 68,020,402**	**20.7%**

(1) Assessed valuation includes, real, personal, and centrally assessed.

Table 7 (left) represents the City's largest property tax payers in 2013.

As shown in Table 7, the City's top ten taxpayers have remained relatively the same with Columbia Ogden Medical Center continuing to be the largest property tax payer representing approximately 11.8 percent of the City's total taxable value. The City's top ten taxpayers represent 20.7 percent of the taxable property value in tax year 2013. Although the City's top ten taxpayers have remained relatively the same, their share of the total tax base continues to decline thus resulting in a broader more diverse tax base. The top ten taxpayers represented 21.37 percent of the base in 2012 and 25.4 percent in 2005.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

MAJOR BUDGET ISSUES & PRIORITIES

The major budget issues and priorities outlines the basic premises associated with the budget and its major issues driving the budget development.

As staff continues to evaluate and balance the current and future program requirements to the levels of services offered, the analysis continues to highlight the following challenges facing each of these services:

- The ability to *fund current and future operations, fleet and equipment, and capital infrastructure*
- The ability to *fund federal and state mandates*
- The ability to *maintain strong creditworthiness*
- The ability to *build/maintain reserves for unforeseen events/emergencies*
- The ability to *keep taxes and rates as low as possible with a limited customer base*

The budget document uniquely addresses each of these challenges by balancing our customers' ability to pay and the revenue realities with the services offered.

CAPITAL FINANCING

It is anticipated that pay-as-you-go, short-term, and long-term financing options will be necessary to fund capital infrastructure and equipment. **Financing strategies are evaluated to identify challenges and opportunities including sustainability, timing, and balance to deliver a stable level of essential services.**

Although City staff has been diligent in seeking grant revenue, the availability and eligibility of grant assistance has become extremely limited and competitive, thus shifting the full financing burden of capital requirements upon the City's customer base.

The City has taken advantage of low interest loans and an optimal construction environment to assist with keeping costs as low as possible, however, the capital demands continue to exceed available resources thus making progress slower and more expensive.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

1. WATER METER READING SYSTEM

Legislative Policy Statement/Goal:

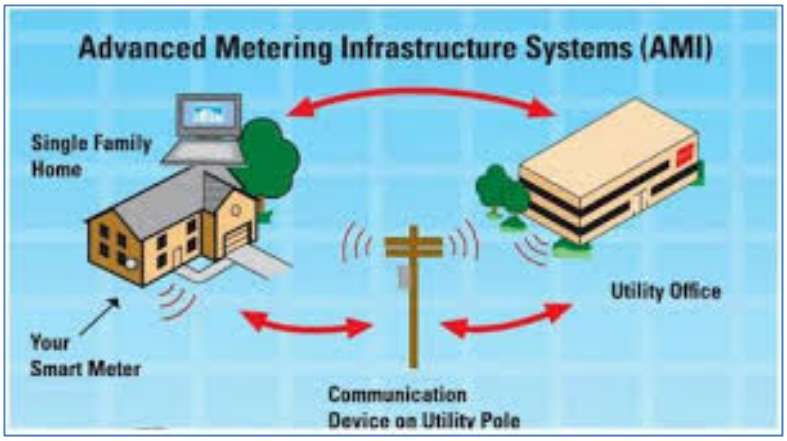
- **Fiscal Responsibility**

  Diligently manage public funds and resources.
- **Infrastructure, Improvements, and Public Facilities**

  Review, develop, and maintain the operation and service delivery of utilities.
- **Open and Responsive Government**

  Be responsive to customer needs, stakeholder relationships, and dissemination of information.

Efforts are underway to replace the remaining commercial and residential meters to a Badger metering system. The Badger radio/meter system will be capable of converting from a drive-by (Automatic Meter Reading or AMR) read system to a fixed-base (Advanced Meter Infrastructure or AMI) read system in the future—allowing instantaneous access to every meter from our billing computers and resolution of most resident's questions on-the-spot. This new system is expected to greatly increase meter reading efficiency and improve customer service.



This system is designed to provide flow management solutions that encourage the responsible use of sustainable resources. This product is said to achieve sustainability in three major categories: 1) Savings of water through customers' use of its metering; 3) Energy savings from the use of recycled materials in making of Bader products; and 3) Responsible management of facilities.

Fiscal year 2016 adjusted budget anticipates that the remaining meters/radios will be converted to a Badger meter system ($416k) and an AMI system installed ($162k) at a combined cost of $578,000.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

2. CONSTRUCTION OF A PUBLIC WORKS FACILITY

Legislative Policy Statement/Goal:

- **Infrastructure, Improvements, and Public Facilities**

  Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities, and parks, trails, and open space.
- **Public Safety and Health**

  Prepare for and respond to emergencies to protect the life and property of stakeholders.
- **Fiscal Responsibility**

  Diligently manage public funds and resources.

The public works facility is an essential facility to provide services to the customers in the City. Having a safe, efficient, and effective facility offers higher serviceability levels for the programs offered.

Services and programs managed in this facility include: culinary water system, sanitary sewer system, storm water system, refuse collection, streets and sidewalks, parks and open space, general government buildings and facilities, fleet and equipment, and emergency response.

To provide optimal levels of service, the construction of a new public works facility is needed as the following facility deficiencies have been identified as critical needs:

- Structure Vulnerability to Natural Disaster Limiting the City's Ability to Respond to Emergencies
- Age and Deterioration
- Size and Storing of Equipment and Housing Personnel Now and through Build Out

EXECUTIVE SUMMARY – BUDGET OVERVIEW

- Efficiency and Effectiveness of Service Delivery
- Safety and Security of Employees and Assets
- Comply with Federal and State Mandates

The concept of constructing a new public works facility is in the planning and design phase. Financing options/feasibility, project scope, design, cost, and location are being carefully analyzed to determine what plan is in the best interest of the City. Public input has been identified as an integral part of this planning process. Information on this forum will be made available during the planning phase.

The Budget Document includes the following fiscal considerations in approaching the construction of a new facility. The funding sources to be used to finance this project include all utility funds (water, sewer, storm, refuse) and the general fund/capital projects fund (streets, general govt.) Each funding source will contribute to financing the project based on its share of facility use.

- FY 2015 Actual (Jul 1, 14- Jun 30, 15) - $4,992 preliminary planning
- FY 2016 Adj. Budget (Jul 1, 15- Jun 30, 16) – $160,271 planning, design, bidding, etc.
- FY 2017 Tentative (Jul 1, 16- Jun 30, 17) – Issue bonds *estimated* at $5.460M ($5 for construction and land acquisition; $460k for cost of issuance, deposit to debt service reserve fund, underwriters discount, etc.)
- FY 2017- 2036 Plan – Debt service fiscal total *estimated* $353,560 (20-year amortization)

This fiscal approach may change pending the outcome of the planning and analysis phase.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

The project timeline is as follows:

- **Planning, Design, and Bidding** – January 2016 – December 2016
- **Secure Financing** – September 2016 – November 2016
- **Land Acquisition** – September 2016 – December 2016
- **Materials Acquisition & Construction** – January 2017 – September 2017

Significant Impacts to Ongoing Operating Costs

Additional ongoing operations and maintenance costs are estimated at $15,100 annually. These costs include utilities and other general buildings and grounds operations and maintenance. Capital maintenance for asphalt treatment is anticipated for 2021.

Public Works Facility Renderings

EXECUTIVE SUMMARY – BUDGET OVERVIEW

3. STORM WATER MANAGEMENT REGULATIONS

Legislative Policy Statement/Goal:

- **Infrastructure, Improvements, and Public Facilities**

  Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities, and parks, trails, and open space.
- **Open and Responsive Government**

  Be responsive to customer needs, stakeholder relationships, and dissemination of information.
- **Fiscal Responsibility**

  Diligently manage public funds and resources.

Federal and state agencies have issued storm water management regulations governing municipal storm water discharge. These regulations require the City to develop, implement, and enforce a plan designated to reduce the discharge of pollutants from the municipal separate storm sewer system, protect water quality, and satisfy the appropriate water quality requirements.

These regulations are requiring higher levels of service to be in compliance and are increasingly more costly. Effected entities are required to maintain a Storm Water Discharge permit that requires extensive monitoring, control, documentation, and public outreach/education. Staff will continue to evaluate and implement the best alternatives at the lowest possible cost.

In February 2016, the City underwent a storm water compliance review by the Utah Department of Environmental Quality to assess the City's storm water management program. The outcome of this review is impending; fiscal considerations will need to be addressed at that time.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

4. UTILITY RATES

Legislative Policy Statement/Goal:

- **Infrastructure, Improvements, and Public Facilities**

  Review, develop, and maintain the operation and service delivery of utilities, transportation, physical facilities, and parks, trails, and open space.
- **Public Safety and Health**

  Prepare for and respond to emergencies to protect the life and property of stakeholders.
- **Open and Responsive Government**

  Be responsive to customer needs, stakeholder relationships, and dissemination of information.
- **Fiscal Responsibility**

  Diligently manage public funds and resources.

Beginning July 1, 2016, utility rates for water, sewer, and storm water services are proposed to increase monthly by $1.20 bringing the base minimum bill for a ¾" single family residential user to $57.15.

Service	Single Family Residential					
	Base ($/4,000 gal.).			Overage ($/1,000 gal.)		
	Current	New	*Change*	Current	New	*Change*
Water	17.80	18.20	*0.40*	5.10	5.10	-
Sewer	17.55	18.10	*0.55*	5.03	5.03	-
Refuse	13.70	13.70	-			-
Storm	6.90	7.15	*0.25*			-
Minimum Bill	**$ 55.95**	**$ 57.15**	***$ 1.20***	**$ 10.13**	**$ 10.13**	**$ -**

Table 8 (left) represents a proposed single family residential utility rate structure effective July 1, 2016.

The increases are necessary to continue to fund the ongoing operations and capital requirements of the system. As depicted in the following figure, 90% or $1.08 of the increased is expected to fund system operations while 10% or $0.12 is to fund system capital requirements.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

Figure 5 (right) – illustrates a minimum residential utility bill by service type.

For a complete fee schedule for all users refer to the Supplemental Section, Fee Schedule.

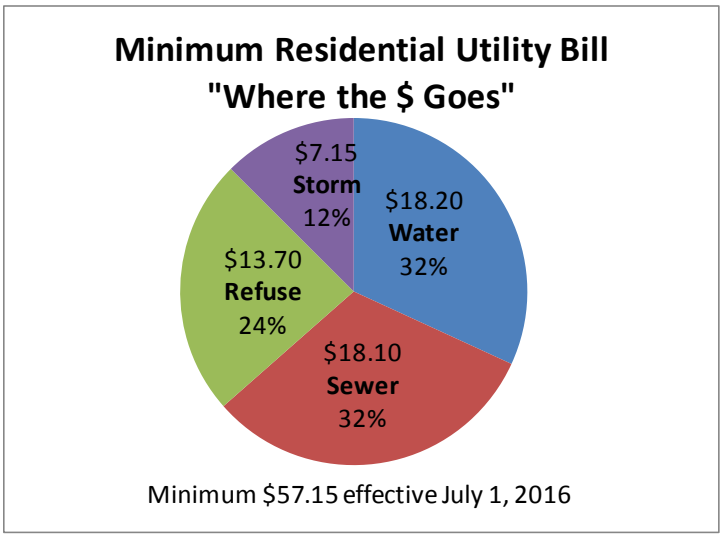
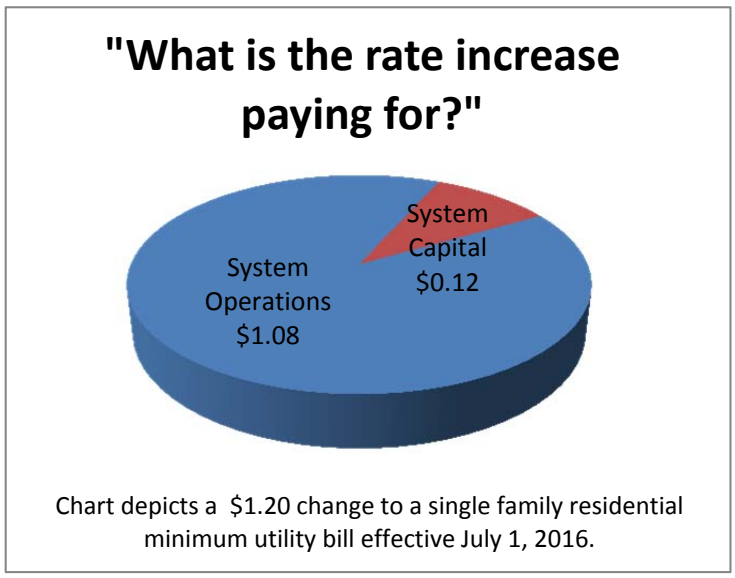


Figure 6 (right) – illustrates "What is the rate increase paying for?" effective July 1, 2016.



EXECUTIVE SUMMARY – BUDGET OVERVIEW

CULINARY WATER services for 2017 are expected to require an additional $15,000 in resources to fund ongoing operating requirements, thereby, increasing the base monthly water fee for a ¾" single family residential user from $17.80 to $18.20 or an increase of $0.40. Overage per 1,000 gallons would remain at $5.10.

For a complete fee schedule for all users refer to the Supplemental Section, Fee Schedule.

Plan Projections

Additional requirements of $15,000 are projected annually through 2021, thereby, anticipating future customer rate increases for these services. Significant cost drivers include: (1) cost of wholesale water (Weber Basin Water); (2) capital; (3) overhead, labor, & materials.

Billable gallons of water have steadily decreased since 2006. Several contributing factors are believed to be the cause of this trend: (1) The cost of water to the users has progressively increased since 2004 costing the users exponentially more for gallons used; (2) state-wide water conservation initiatives; (3) technology that has increased water use efficiency.

Given this trend combined with low growth, future projections for billable gallons of water are that current consumption levels will remain flat—no growth in billable gallons of water. These projections will, therefore, shift the full cost burden of the system on the existing users.

Wholesale Water

The City purchases 1,000 acre feet of wholesale culinary water from Weber Basin Water at a cost of $184,000 for 2017. Since 2014, annual increases have averaged 3 percent. Future projections through 2021 anticipate a continued 3 percent annual increase.

Capital

In the 2016 Adjusted Budget, to offset the decline in billable water fees, it was resolved to decrease capital contributions until a reliable trend of billable usage can be determined. Capital contributions were reduced by 75,000. The budget plan does not include a plan to restore capital capacity back to original levels.

Overhead, Labor, & Materials

Additional requirements of $4,000 - $5,000 are projected annually through 2021.

For more information on culinary water services, refer to Fund Summaries, Culinary Water Enterprise Fund.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

SEWER services for 2017 are expected to require an additional $20,700 in resources to fund ongoing operating requirements, thereby, increasing the base monthly water fee for a ¾" single family residential user from $17.55 to $18.10 or an increase of $0.55. Overage per 1,000 gallons would remain at $5.03.

For a complete fee schedule for all users refer to the Supplemental Section, Fee Schedule.

Plan Projections

Additional requirements of $25,000 - $50,000 are projected annually through 2021, thereby, anticipating future customer rate increases for these services. Significant cost drivers include: (1) sewer treatment services (Central Weber Sewer Improvement District or CWSID); (2) capital; (3) overhead, labor, & materials.

Sewer services are billed based on the number of water gallons used. Billable gallons of water have steadily decreased since 2006. Several contributing factors are believed to be the cause of this trend: (1) The cost of water to the users has progressively increased since 2004 costing the users exponentially more for gallons used; (2) state-wide water conservation initiatives; (3) technology that has increased water use efficiency.

Given this trend combined with low growth, future projections for billable gallons of water, and therefore sewer, are that current consumption levels will remain flat—no growth in billable gallons of water, and therefore sewer. These projections will, therefore, shift the full cost burden of the system on the existing users.

Sewer Treatment

Historically sewer operating costs have experienced significant increases. These increases were largely attributed to fees charged by CWSID for the operations and expansion of their sewer treatment facility. Between 2009 and 2013 requirements attributed to CWSID have increased on average by 33 percent annually. Requirements are expected to increase by an estimated 2.5 - 3 percent annually through 2021. Impending greater treatment compliance standards are anticipated within the next 5 and 10 years, thereby, creating more uncertainty of future requirements. CWSID requirements have captured an increasing share of the systems total

operating requirements. For 2017, the budget is estimated at $508,150 represent 62.3% of the total operating requirements. Future years through 2021 anticipate a 3 percent annual increase or $15,000 - $17,000 annually.

Capital

In the 2016 Adjusted Budget, to offset the decline in billable sewer fees, it was resolved to decrease capital contributions until a reliable trend of billable usage can be determined. Capital contributions were reduced by $65,000 resulting in remaining capital capacity of $50,000.

While the budget plan, beginning in 2018, proposes increases to capital contributions by $29,000 then an additional $5,000 for each year thereafter through 2021 to recapture part of the 2016 reduction, a more aggressive plan may need to be considered to restore the capacity back to original levels.

Overhead, Labor, & Materials

Additional annual requirements of $3,000 - $5,500 are projected through 2021.

For more information on sanitary sewer services, refer to Fund Summaries, Sanitary Sewer Enterprise Fund.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

STORM WATER services for 2017 are expected to require an additional $15,000 in resources, thereby, increasing the monthly storm water fee from $6.90 to $7.15 or an increase $0.25 to fund necessary operating and capital requirements—operating $6,700 and capital $8,300.

Plan Projections

Additional requirements of $15,000 are projected annually through 2021, thereby, anticipating future customer rate increases for these services. Significant cost drivers include: (1) capital (2) overhead, labor, & materials.

Although the Plan does not anticipate any notable increases to levels of services for storm water management, it is highly likely given the outcome of the impending state review that higher levels of services may be required. Higher service levels are likely to affect capital and overhead, labor, & materials contributions. Increase service levels will require additional funding resources.

In February 2016, the City underwent a storm water compliance review by the Utah Department of Environmental Quality to assess the City's storm water management program. The outcome of this review is impending; fiscal considerations will need to be addressed at that time.

Capital

Additional capital requirements of $9,000 - $16,000 are projected through 2021 to fund impending high priority storm water capital projects.

Overhead, Labor, & Materials

Additional annual requirements of $2,000 - $7,000 are projected through 2021.

For more information on storm water services, refer to Fund Summaries, Storm Water Enterprise Fund.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

REFUSE services for 2017 are expected to require no an additional resources, thereby, keeping the monthly fee at $13.70. Current fee levels are adequate to cover projected $6,000 increase to service requirements.

Plan Projections

Additional operating requirements of $5,000 - $10,000 annually are projected annually through 2021, thereby, anticipating future customer rate increases for these services. Significant cost drivers include: (1) waste collection services (Republic Services); (2) waste disposal services (Weber Transfer Station); (3) overhead, labor, & materials.

Waste Collection

The City contracts with Republic Services for waste collection services at an estimated annual cost of $256,500 for 2017. Annual increases for these services are driven by the change in the Consumer Price Index (CPI). Between 2015 and 2016 annual increases have averaged 1.65 percent. Additional budget requirements for these services in 2018 are estimated at 1 percent then 2 percent annually through 2021.

Other future considerations are (1) The current service contract is set to expire on June 30, 2018. Rebidding this contract will subject the cost of this contract to market changes. (2) Current service contracts allows for a fuel surcharge on diesel fuel when prices exceed $4.00/gallon. While fuel prices have remained low for several years, the future risk of higher fuel prices, specifically diesel fuel prices exceeding $4.00/gallon could cause the price of this service to increase beyond the change of the CPI.

Waste Disposal

Waste disposal services are provided by the Weber County Transfer Station. While the disposal fee of $32/ton is not expected to change in 2017, future fee and disposal tonnage increase are likely through 2021. Increased budget requirements for disposal services are estimated at 1 percent in 2018 than 2 percent annually through 2021.

Overhead, Labor, & Materials

Additional requirements of $1,000 - $2,000 are projected annually through 2021.

For more information on refuse services, refer to Fund Summaries, Refuse Enterprise Fund.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

6. PERSONNEL

Legislative Policy Statement/Goal:

- **Fiscal Responsibility**

  Diligently manage public funds and resources.

  Offer a competitive compensation plan in order to retain and attract a competitive workforce.

Personnel requirement have been driven from the City's compensation philosophy. Compensation is based on market driven salaries/wages and benefits of other benchmark communities. It is a priority of the City to establish and maintain a compensation plan that balances the interests of the operating budget while attracting, developing, retaining, and rewarding high quality staff.

Budgeted Personnel costs for 2017 are estimated to increase by up to 3 percent or $52,000 compared to the 2016 adjusted budget—salaries and wages $19,326 and benefits $35,636.

Major benefit cost drivers include health and dental coverage and retirement benefits.

Health coverage offered by PEHP will have a rate renewal increase of 5.5% and dental a 3% increase. The employees' share of health/dental premiums is 10% and the City's share is 90%.

Retirement benefits administered through Utah Retirement Systems Public Employees' Noncontributory Tier 1 System employer contribution rate will remain *unchanged* at 18.47%. The Tier 2 system will also remain *unchanged* at 16.69%.

The firefighters' retirement system (including employer pickup election) will experience a rate *decrease* of 0.10% or a total employer contribution rate of 18.94%.

Plan Projections

Future projections for Personnel requirements include 3 percent annual increases in 2017 and 2018 followed by 2 percent annual increases in 2019-2021. Staffing levels are project to remain

unchanged. Of said increases, salaries and wages are projected to increase up to 2 percent in 2018, 1 percent in 2019, and then remain flat through 2021. Benefit requirements are estimated to increase by 5 percent annually through 2021.

EXECUTIVE SUMMARY – BUDGET OVERVIEW

7. COMMUNITY REDEVELOPMENT AND RENEWAL AGENCY aka REDEVELOPMENT AGENCY (RDA)

Legislative Policy Statement/Goal:

- **Sustainable Growth through Vision, Planning, and Economic Development**

  Create economic development opportunities, promote long-term economic stability and attract funding to implement economic development strategies that expand a diverse tax base.

The two redevelopment project areas in the City, the Southeast and Central Business District, were established to promote economic development and redevelopment. Both project areas service the City's core commercial areas. The tax increment collected within those project areas has acted as an invaluable financing tool for the City to achieve a variety of economic development goals.

While the original Southeast Project Area was set to expire on December 31, 2015 a project area renewal was approved by all affected taxing entities. The goal of this renewed project area is to further promote economic development and redevelopment within the southeast area of the City. This recent extension is expected to greatly increase the City's future ability to actively promote and incentivize economic development and redevelopment within this project area. It is estimated that the renewed project area will generate between $500K and $585K annually through 2021 for redevelopment and renewal projects. Recently, increment funds have been used to replace the utility infrastructure on Adams Avenue and widen and resurface Adams Avenue.

The Central Business District is set to expire on December 31, 2021 or fiscal year 2022. There are no plans to renew this project area. It is estimated that the renewed project area will generate $25,000 annually through 2021 for redevelopment and renewal projects.