



CITY OF NORTH SALT LAKE TENTATIVE BUDGET

FISCAL YEAR 2016-2017

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May 3, 2016

RE: PROPOSED FISCAL YEAR 2016-2017 BUDGET

Honorable Mayor and City Council,

I am pleased to present the City of North Salt Lake's Tentative Budget for the Fiscal Year ending June 30, 2017 (FY 2017). The Tentative Budget balances revenues and expenditures without the use of Fund Balance. The goal of this budget is to facilitate departments in providing valuable services and amenities, while maintaining a stable financial future for the City.

There are many exciting changes happening in North Salt Lake. First, the City is ready to adopt a master plan for the Town Center. This new plan establishes desired future land uses, creates an urban design profile for Highway 89 and Center Street, contains a future trail and path system and has a strategy for the expansion of Hatch Park. These objectives, combined with the creation of a CDA project area in the Highway 89 corridor, should result in increased development demand and a much higher quality land use pattern and economic vitality in this part of the City. Indeed, the City has already approved its first re-development project in the area which is known as Towne Plaza. This project contains 52 owner-occupied townhomes and over 33,000 square feet of retail and office uses. The proposed development also establishes a new landscaping, sidewalk and street lighting standard for Center Street and 130 East and will support walkability within the town center area.

The City has finalized an agreement with Lee's Marketplace. Construction of the new 48,000 square foot grocery store is expected to break ground at the northwest corner of Foxboro Drive and Redwood Road. Lee's Market will be the anchor tenant of a nine acre shopping center that will contain an additional 20,000 square feet of retail development and three pad sites available for stand-alone retail or office development. This project will meet the grocery shopping and many personal service needs of residents of both North Salt Lake and Woods Cross who live in the Redwood Road area.

While there are impressive new development projects planned in the upcoming year, overall growth is slowing as buildable land declines. Slower growth translates into reduced revenues directly related construction and slower growth in property, sales and utility tax revenues. In future years, financial decisions should continue addressing slower growth, aging infrastructure, and the level of service desired in the areas of public safety, parks, roads, and utilities. Additional revenue will be needed if Council would like to increase public safety service levels or fund major capital repair or replacement.

The Tentative Budget presented today incorporates management's desire to fulfill Council's direction and use City resources in the most effective and efficient manner possible, while still providing the best possible service to residents and business owners in the City. This budget message and the information that follows is intended to give an overview of the City's financial position and highlight the most important budget items in each of the City's funds.

FISCAL YEAR 2016-2017 BUDGET HIGHLIGHTS

GENERAL FUND

In FY 2016, General Fund revenues and expenditures performed as anticipated. Overall expected actual revenues and expenditures compare favorably to the budget; with revenues exceeding budget by \$306,000, and expenditures \$127,000 below budget.

When comparing the current year end expected revenues and expenditures to the FY 2017 Tentative Budget for FY 2017, revenues increased \$619,800 and expenditures increased \$546,900. Total budgeted revenues equal total budgeted expenditures. The increases in budgeted revenues and expenditures are primarily attributable to the items below.

Revenues

The most significant unrestricted revenues in the General Fund are sales tax (41%), property tax (27%), and utility tax (20%). Restricted tax revenue related to C road and transportation tax make up is 9% of the total General Fund revenue. The Tentative Budget presented for FY 2017 shows an increase in overall revenues as a result of a few key factors.

- The most significant increase is the estimated \$375,000 or 17%, from the new fuel tax and transportation tax. These revenue sources are restricted and can only be used for certain transportation expenditures.
- Sales tax is expected to increase \$227,000 or 6%. This growth can be attributed to the addition of Lee's Marketplace and other retail development, along with an

expected increase in inflation and consumer spending. Over the past several years a significant factor in the sales tax revenue growth for the City has come from online purchases delivered to locations in North Salt Lake. It is difficult to forecast whether this trend will continue, or if we will begin to see a more moderate rate of growth.

- Property tax revenue is expected to increase \$47,000 or 2%. The increase is related to new construction in residential and commercial areas.
- Justice Court revenues are expected to increase \$94,000 or 20%, primarily for services provided from a contract with West Bountiful City for court services.
- Offsetting the revenue increases above is a budgeted decrease in construction related charges for services revenues in the amount \$141,000.

Expenditures

Wages and benefits are 49% percent of the total General Fund expenditure budget. The total General Fund wage budget is 6.6% higher than the previous year. City Council recently approved a new salary schedule for sworn officers and a slight increase to the pay schedule for all other employees. The new salary schedule for sworn officers addressed the need for more competitive pay to recruit and retain qualified officers. The budget for sworn officer's wages increased 9.3% from the prior year. Council also approved a cost of living adjustment of 1.2% to the wage schedule for all other employees. This wage schedule continues to include a 2% step increase for qualified employees, other than sworn officers. Of the 45 benefited employees in this category, eight are in the top step of their pay grade and will not be eligible for a merit increase in FY 2017.

The Tentative Budget also includes an increase of 9% for employee benefit. The most significant cause of this increase is the additional retirement benefits due on the wage increases for sworn officers. Health insurance costs will increase 8% for FY 2017. There are no rate changes for FICA, Medicare or Utah Retirement System benefits.

Other significant changes in the FY 2017 General Fund budget are as follows;

- Contracted amount for fire protection services increased \$29,200.
- Contracted professional services in the Governing Council for payment for a lobbyist decreased \$90,000.
- Justice court expenditures increased \$48,000 due to the increased personnel and supplies needed to fulfill the contract West Bountiful City for court services.

Important funding for repair and replacement of infrastructure related to Parks, Open Space, Trails and Roads have not been addressed in the Tentative Budget.

Fund Balance

The total FY 2016 beginning fund balance was \$2,344,000, of which \$372,000 was restricted C Road Funds, leaving an unrestricted balance of \$1,972,000. It is estimated the total fund balance at the end of the current fiscal year be \$2,271,000, all of which will be unrestricted. This is an expected increase in unrestricted funds in the amount of \$299,000.

Beyond FY 2017, there are two significant events to consider: first, during FY 2017 the final payment of the General Obligation debt related to the Golf Course will be made, and second, the RAP tax will expire in April of 2018. With these events in mind Council should consider the level of service the governing body wishes to provide, while providing a balanced budget and a long term healthy, viable, financial position.

Truth in Taxation

Even though this budget does not include a proposal for a property tax increase, this matter has been the subject of City Council discussion in the last few meetings. It is anticipated that a tax increase will be needed if the City Council wants to increase public safety services and/or to improve maintenance of City facilities. If the City Council wants to hold a truth in taxation hearing to increase the certified tax rate to fund either or both of these activities, it would require a motion by the City Council to commence this process.

As has been discussed, it will take additional revenue to fund police officers and clerical positions in the police department in the next few years. In order to fund those positions and to complete needed maintenance of infrastructure, a 10% property tax rate increase has been discussed. A motion to put this into effect would include a motion to increase property tax revenue to \$2,498,000. The County, upon notification by the city, would set a time and date for a truth in taxation hearing sometime between August 2st and August 17th, 2016. If a property tax rate increase is desired, Council would propose a tax rate increase and adopt the Tentative Budget during the June budget hearing. The Tentative Budget would then serve as a temporary budget until the final truth in taxation hearing in August, when a final tax rate and final budget are adopted.

I would like to emphasize the FY 2017 General Fund budget does not need a tax increase to be balanced but for reasons previously discussed this might be the best time to consider such an adjustment.

**GENERAL FUND
REVENUE AND EXPENDITURES
FISCAL YEAR 2016-2017 TENTATIVE BUDGET**

	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
BEGINNING FUND BALANCE	\$ 1,972,000	\$ 2,344,000	\$ 2,344,000	\$ 2,271,000
REVENUES (projected with growth rate increase)				
TAX REVENUE				
PROPERTY TAX - GENERAL	\$ 2,263,000	\$ 2,488,000	\$ 2,488,000	\$ 2,535,000
SALES AND USE TAX	3,412,000	3,467,000	3,641,000	3,868,000
UTILITY TAX	1,755,000	1,798,000	1,835,300	1,856,000
LICENSES AND PERMITS	234,000	235,000	235,000	239,000
INTERGOVERNMENTAL (New Road Tax/CRoad/Liquor)	525,000	570,000	614,900	956,000
CHARGES FOR SERVICES	701,000	458,000	516,000	375,000
JUDICIAL	383,000	390,000	384,000	478,000
MISCELLANEOUS	54,000	35,000	38,000	59,000
TRANSFERS-IN		-	15,000	21,000
TOTAL REVENUES	<u>\$ 9,327,000</u>	<u>\$ 9,441,000</u>	<u>\$ 9,767,200</u>	<u>\$ 10,387,000</u>
EXPENDITURES				
ADMINISTRATION	\$ 1,214,000	\$ 1,305,000	\$ 1,332,800	\$ 1,288,600
DEVELOPMENT	613,000	661,000	641,400	572,200
GENERAL GOVT NON OPERATING (CRoad and Golf)	1,085,000	988,000	1,350,700	1,258,000
JUSTICE COURT	241,000	303,000	285,100	333,200
PUBLIC SAFETY	2,773,000	3,053,000	2,891,300	3,377,500
FIRE	1,177,000	1,294,000	1,280,800	1,310,000
STREETS	1,160,000	1,329,000	1,288,500	1,432,000
PARKS	692,000	768,000	769,500	815,500
TOTAL EXPENDITURES	<u>\$ 8,955,000</u>	<u>\$ 9,701,000</u>	<u>\$ 9,840,100</u>	<u>\$ 10,387,000</u>
REVENUE EXCEEDS/(BELOW) EXPENDITURES + (-)	\$ 372,000	\$ (260,000)	\$ (73,000)	\$ -
TRANSFER FROM/(TO) CAPITAL IMPROVEMENT	-	260,000	-	-
CONTRIBUTION TO/(USE OF FUND BALANCE)	<u>\$ 372,000</u>	<u>\$ -</u>	<u>\$ (73,000)</u>	<u>\$ -</u>
ENDING FUND BALANCE -TOTAL	\$ 2,344,000	\$ 2,344,000	\$ 2,271,000	\$ 2,279,000
RESTRICTED FUND BALANCE - C ROAD REVENUE	<u>(372,000)</u>	<u>(372,000)</u>	-	-
ENDING FUND BALANCE - UNRESTRICTED	<u>\$ 1,972,000</u>	<u>\$ 1,972,000</u>	<u>\$ 2,271,000</u>	<u>\$ 2,279,000</u>

SPECIAL REVENUE FUND

Redevelopment Agency (RDA)

During FY 2016 a new CDA project area was created in the Town Center and US 89. The City RDA continues to explore various options including Community Development Agency (CDA) projects that enhance community and economic development. Such efforts are being promoted in the Eaglewood Village development area, as well as an Urban Renewal Area (URA) west of Redwood Road.

During the current year, \$317,950 in tax increment has been received. Of this amount approximately \$193,000 will be paid in Developer Reimbursements, funds in the amount of \$11,486 will be restricted for moderate to low income housing projects, and another \$15,000 will be transferred to the General Fund to reimburse prior year expenditures in creating the development areas. It is expected a similar amount will be received and expended in FY 2017.

Housing Fund

A new fund is proposed and included in the Tentative Budget to account for funds restricted for housing projects. The revenue in this fund will come from the RDA tax increment revenue designated for moderate to low income housing. Another source of revenue will be from various grant programs related to housing including Community Development Block Grant Revenue.

The FY 2016 budget includes grant revenue in the amount of \$50,000 and a transfer in from the RDA in the amount of \$24,000. The \$24,000 will be restricted for low income housing projects. The \$50,000 will be expended on qualifying grant expenditures.

DEBT SERVICE FUND

Recreation, Arts and Parks (RAP Bond)

In May 2010, the City bonded for approximately \$4 million for park improvements. The bond proceeds were used to complete the Foxboro Regional Park as well as to assist in the completion of the Tunnel Springs Park on the southeast bench of the City. The upcoming fiscal year includes the seventh year of payments on this 20-year bond with a term end in 2030. The payments average approximately \$277,500 annually in principal and interest.

In November 2009, voters approved a RAP sales tax (one-tenth of one percent of sales tax). In FY 2017 it is estimated the City will receive \$369,000 in Recreation, Arts, & Parks tax revenue along with \$51,800 from the Federal Build America Bond program. Together these two revenues will fund the annual debt commitment. The balance may be saved for future

payments or transferred to Parks Capital to be used to fund needed repair and replacement capital projects.

Collection of the RAP sales tax began in FY 2010 and will sunset in April of 2018. Staff recommends the Council take the necessary actions to place extension of RAP tax on the general election ballot in the fall of 2017. If the tax is not extended, the bond payment will need to come from the General Fund.

**REVENUE AND EXPENDITURES
FISCAL YEAR 2016-2017 TENTATIVE BUDGET**

SPECIAL REVENUE FUND

FUND	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
25 RDA / CDA - Revenue	\$ 111,680	\$ 155,000	\$ 318,000	\$ 318,000
RDA / CDA - Expenditures	138,620	137,000	220,000	248,000
Fund Balance - Use of (-)/Cont to +	(26,940)	18,000	98,000	70,000
Plus: Beginning Fund Balance:	(25,950)	(52,890)	(52,890)	45,110
Equals: Ending Fund Balance:	\$ (52,890)	\$ (34,890)	\$ 45,110	\$ 115,110
27 Housing Fund - Revenue	\$ -	\$ -	\$ -	\$ 74,000
Housing Fund - Expenditures	-	-	-	50,000
Fund Balance - Use of (-)/Cont to +	-	-	-	24,000
Plus: Beginning Fund Balance:	-	-	-	-
Equals: Ending Fund Balance:	\$ -	\$ -	\$ -	\$ 24,000

DEBT SERVICE FUND

FUND	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
32 RAP Debt Svc - Revenue	\$ 412,360	\$ 392,100	\$ 410,300	\$ 421,700
RAP Debt Svc - Exp	397,690	337,420	337,420	336,250
Fund Balance - Use of (-)/Cont to +	14,670	54,680	72,880	85,450
Plus: Beginning Fund Balance:	168,400	183,070	183,070	255,950
Equals: Ending Fund Balance:	\$ 183,070	\$ 237,750	\$ 255,950	\$ 341,400

CAPITAL PROJECT FUNDS

Capital Improvement Fund

The Capital Improvement Fund operates as a reserve fund for the City. The unrestricted cash in this fund can be used as a rainy day fund for the General Fund and can also be used to fund special projects and short term cash loans in other funds as needed.

At the beginning of the current fiscal year total fund balance was \$3,408,900. Of this amount, \$1,872,200 was due from the City's Golf Course Fund and \$211,650 was due from the Roads Capital Projects Fund, leaving an unrestricted cash of \$1,298,000. It is anticipated the amount due from the Golf Course will remain unchanged, while the unrestricted cash at the end of the FY 2016 will be \$1,036,590. The change in the unrestricted cash balance can be primarily attributed to the City's contribution of \$570,770 to the landslide mitigation. The total budgeted cost for the remediation project to date is \$1,131,000.

The FY 2017 budget includes a transfer-in of \$43,400, from the Public Safety fund to repay construction the City building. The budget does not include any planned expenditures. It is expected the cash available at the end of FY 2017, will total \$1,096,590.

Park Development

There are several major Park projects in the upcoming years. First, the City has completed a conceptual plan for enhancing the Foxboro wetland park. The proposed plan for this 22 acre park includes fishing ponds, new stream locations, many new landscaping enhancements, expansion of trails through boardwalks and several new viewing locations within the area. This project should greatly improve the wildlife habitat within the park, improve the area for adjacent homeowners and greatly enhance the overall experience for passive users of the park. The initial budgeted expenditures for this project are being funded through a contribution from Big West Oil in the amount of \$105,000. The completion of the project will be funded with a combination of impact fee revenue and with grant revenue that has not been specifically identified at this time. No additional funds for this project have been included in the FY 2017 budget.

Second, the Jordan River boat takeout property has been acquired along the Jordan River south of Center Street. This project has received some grant funds for construction and may be completely funded if all grants are approved (May, 2016). The 0.33 acre project includes a large parking area, new landscaping treatment along the River and a sand ramp for boats to exit the River at this location. The expected construction is the fall of 2016. This project was originally budgeted in FY 2016. An additional \$100,000 is being requested in the FY 2017 budget. The project will be funded almost entirely with State Grant revenue.

The final project is the installation of a central control system that will be linked to park irrigation systems throughout the City. This new system is expected to cost \$110,000 and will be funded with impact fee revenue and unrestricted park funds. The system will allow Public Works staff to remotely adjust watering times and shut-off water when needed through-out the City, which will reduce water usage and reduce citizen's complaints about watering when it rains or otherwise not needed.

Projects budgeted in the current year being carried to FY 2017 include the Center Street Trail and the Canoe Take-out project on the Jordan River, both funded with State Grants.

Fund Balance in the Park Capital Projects Fund is expected to be approximately \$711,400 at the end of FY 2017, if all budgeted projects are completed.

Public Safety Facility

The Police Impact fees collected will continue to be used to repay the General Government for the Police Departments portion of the cost of constructing the new City building. In FY 2017 impact fee revenues are budgeted to be \$43,400, with a transfer to the Capital Projects Fund in the same amount. Fund Balance at the end of FY 2017 is projected to be \$31,400.

Roadway Development Funds

During FY 2016 several overlay projects have been completed as well as the annual seal coat. Several more projects will begin before the end of the fiscal and will be completed in FY 2017. These projects will be funded with C Road Funds.

The Center Street Widening was budgeted in FY 2016, but construction will not begin until FY 2017. The full amount of this project is \$1,919,600 and the budget will be carried forward. Of this amount \$1,778,176 will be funded with a grant and the remainder with impact fee revenues.

The FY 2017 budget includes two additional maintenance projects with a total budget of \$565,000, to be funded with C Road and transportation tax revenue.

At the end of FY 2017, it is estimated there will be a balance of \$1,007,000 in restricted impact fee revenue. Restricted C Road revenue cannot be held in the Road Fund; any unspent funds from this source will be transferred back to the General Fund.

**REVENUE AND EXPENDITURES
FISCAL YEAR 2016-2017 TENTATIVE BUDGET**

CAPITAL PROJECT FUNDS

FUND	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
40 Capital Improvements - Revenue	\$ 405,236	\$ 565,000	\$ 624,770	\$ 48,400
Capital Improvements - Exp	687,052	1,506,600	1,246,600	-
Fund Balance - Use of (-)/Cont to +	(281,816)	(941,600)	(621,830)	48,400
Plus: Beginning Fund Balance:	3,672,214	3,390,398	3,390,398	2,768,568
Equals: Ending Fund Balance:	\$ 3,390,398	\$ 2,448,798	\$ 2,768,568	\$ 2,816,968
41 Park Development - Revenue	\$ 1,520,730	\$ 631,000	\$ 300,000	\$ 308,100
Park Development - Exp	489,760	593,300	250,000	210,000
Fund Balance - Use of (-)/Cont to +	1,030,970	37,700	50,000	98,100
Plus: Beginning Fund Balance:	(467,700)	563,270	563,270	613,270
Equals: Ending Fund Balance:	\$ 563,270	\$ 600,970	\$ 613,270	\$ 711,370
43 Police Facilities - Revenue	\$ 129,670	\$ 34,300	\$ 35,000	\$ 43,400
Police Facilities - Expenditures	140,000	60,000	60,000	43,400
Fund Balance - Use of (-)/Cont to +	(10,330)	(25,700)	(25,000)	-
Plus: Beginning Fund Balance:	66,730	56,400	56,400	31,400
Equals: Ending Fund Balance:	\$ 56,400	\$ 30,700	\$ 31,400	\$ 31,400
44 Road Development - Revenue	\$ 3,801,610	\$ 3,407,200	\$ 1,164,500	\$ 945,500
Road Development - Exp	4,520,673	3,100,400	1,190,000	815,000
Fund Balance - Use of (-)/Cont to +	(719,063)	306,800	(25,500)	130,500
Plus: Beginning Fund Balance:	2,030,356	1,311,293	1,311,293	1,285,793
Equals: Ending Fund Balance:	\$ 1,311,293	\$ 1,618,093	\$ 1,285,793	\$ 1,416,293

ENTERPRISE FUNDS

All utility enterprise funds are expected to have positive cash balances at the end of FY 2016 and FY 2017; with unrestricted cash balances well within the coverage ratios required by applicable bond covenants. A rate study was completed for each of the Utility Funds in February of this year. The information was presented to Council in March. A small rate adjustment was recommended in the water fund in the amount of 1.5%. The increase has not been approved by Council at this time and has not been incorporated into this Tentative Budget.

Culinary Water Fund

Revenue in the Water Fund is expected to exceed budget by approximately \$270,000, the favorable outcome is due to higher than expected culinary water impact fee revenue. Expenditures were also lower than expected because of lower electric utility payments and fewer meters were replaced during the year than expected. The Culinary Water Fund completed several culinary water projects in FY 2016. The total budget for capital projects in the Fund in the current year is \$849,800. The Tentative Budget for FY 2017 includes the following capital and debt expenditures:

- Purchase of capital equipment in the amount of \$50,000
- Pickup Truck and Utility Truck in the amounts of \$37,000 and \$70,000, respectively
- A capital project in the amount of \$290,000 to fund replacement of cast iron pipes at 350 North from Highway 89 to Main Street
- Debt payments in the amount of \$670,000

Operating revenue exceeds operating expenses in the amount of \$665,720 in the Water Fund Tentative Budget. The net income will be used for upcoming capital projects.

Pressurized Irrigation (PI) Fund

In the Pressurized Irrigation Fund a favorable outcome is expected for operating revenue, operating expenses, and capital expenses when comparing budgeted amounts to expected amounts. Budgeted expenditures exceeded revenues in the amount of \$156,000; the actual expected shortfall is \$10,500.

The Tentative Budget for FY 2017 in the shows total revenue in the amount of \$437,200 and an equal amount of operating expenses. No capital projects are planned in the fund for the upcoming fiscal year.

Storm Water Fund

The Storm Water program is designed to provide maintenance, repair, and fund reserves to eventually replace a system valued at over \$20 million dollars. In FY 2016 operating revenues are expected exceed operating expenditures in the amount of \$238,500. Two capital projects were budgeted during the year.

The FY 2017 budgeted operating revenues exceed budgeted operating expenses by \$161,000 which includes a slight increase in revenues and an increase in expenses of \$20,000 for depreciation and a \$17,000 for inspection, maintenance and cleaning of the Storm Water system. No capital projects were included in the FY 2017 Tentative budget for the Storm Water Fund.

Solid Waste Fund

For both the sanitation and recycling programs, collection and disposal of materials is contracted. In FY 2016 operating revenues are expected exceed operating expenditures in the amount of \$8,400. The City's responsibilities include program oversight, customer service, container assembly, repair, and replacement, among other administrative duties or tasks. The City also works closely with Waste Management as well as the Wasatch Integrated Waste Management District (WIWMD) to provide excellent service to residents of North Salt Lake. In the FY 2017 Tentative Budget includes a 1.3% cost increase for these contracted services.

The FY 2017 Tentative Budget shows operating revenues budgeted to be less than the budgeted expenses by \$4,000. In 2010, the City purchased recycling containers through a lease purchase arrangement of approximately \$23,000 per year for blue recycling containers picked up bi-weekly. The FY 2017 payment will be the last payment due for the lease. Containers since the 2010 lease have been made with cash. There are no plans to purchase any equipment in this fund using lease financing in the future.

Eaglewood Golf Course Fund

The City has owned and operated Eaglewood golf course since July 1994. Current year operating revenues are expected to exceed expected expenditures by \$304,590. Debt and Capital expenditures are expected to approximately \$626,790. At the beginning of the FY 2016, the Golf Fund showed an amount due to the General Fund in the amount of \$1,872,200. This amount is expected remain unchanged at the end of the fiscal year.

The Golf Course Tentative budget for FY 2017 shows budgeted operating revenues exceeding budgeted expenses by \$302,600. A transfer-in in the amount of \$489,500 from the General Fund will be used to pay the final annual General Obligation debt payment, due in June of 2017.

The Golf Fund budget includes the following items of note:

- GO debt and lease payments - \$610,300
- Purchase of an outdoor sign - \$16,000
- Purchase of new golf carts - \$46,000

INTERNAL SERVICE FUND

The fleet fund is an internal service fund used to account for the full cost of purchasing, operating, and maintaining the vehicles for the general fund, along with repair of vehicles in the utility enterprise funds. The golf enterprise fund operates all fleet activities separately within the golf fund.

During FY 2016 a Fleet Replacement policy was adopted. A Fleet Fund and fleet replacement policy offer several advantages including: 1) improved reporting of the full cost of operating the City's entire fleet; 2) development of a consistent policy for replacing vehicles at the most advantageous time; 3) improved long-term financial planning; and, 4) the purchase cost of the vehicles will be amortized over the life of the vehicle in the department's budget, more accurately reflecting the annual cost of the vehicles and eliminating large increases and decreases in annual department budgets.

The FY 2017 Tentative Budget includes vehicle replacement purchases totaling \$468,000 with a gain on the sale of the used vehicles being replaced totaling \$67,000. Below is detail of the vehicles being replaced including the department using the vehicle, the category and cost of the vehicles.

- Streets Snow Plow Truck and Loader - \$190,000 and \$126,000
- Police Patrol Vehicles (2) – \$82,000
- Building Inspection Pickup truck - \$35,000

The City plans to pay cash for the Pickup trucks and the Patrol Vehicles. If interest rates remain low, a capital lease will be used to purchase the Street Heavy Equipment.

REVENUE AND EXPENSES
FISCAL YEAR 2016-2017 TENTATIVE BUDGET

ENTERPRISE FUNDS

FUND	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
51 Culinary Water - Revenue	\$ 5,305,600	\$ 3,708,990	\$ 3,980,000	\$ 3,992,800
Culinary Water - Exp	3,235,300	3,578,580	3,430,470	3,337,080
Culinary Water -Capital Exp	2,181,288	495,820	1,341,250	967,150
Capitalized Transactions (Debt and Infrastructure)	<u>(2,181,288)</u>	<u>(495,820)</u>	<u>(1,341,250)</u>	<u>(967,150)</u>
Net Position - +Increase (-) Decrease	2,070,300	130,410	549,530	655,720
Plus: Beginning Fund Equity:	<u>12,747,700</u>	<u>14,818,000</u>	<u>14,818,000</u>	<u>15,367,530</u>
Equals: Ending Fund Equity:	\$ 14,818,000	\$ 14,948,410	\$ 15,367,530	\$ 16,023,250
52 Pressurized Irrig - Revenue	\$ 840,906	\$ 368,500	\$ 411,500	\$ 437,200
Pressurized Irrig - Exp	340,436	525,100	422,000	437,200
Pressurized Irrig -Capital Exp	883,700	117,670	72,130	-
Capitalized Transactions (Debt and Infrastructure)	<u>(883,700)</u>	<u>(117,670)</u>	<u>(72,130)</u>	<u>-</u>
Net Position - +Increase (-) Decrease	500,470	(156,600)	(10,500)	-
Plus: Beginning Fund Equity:	<u>5,281,000</u>	<u>5,781,470</u>	<u>5,781,470</u>	<u>5,770,970</u>
Equals: Ending Fund Equity:	\$ 5,781,470	\$ 5,624,870	\$ 5,770,970	\$ 5,770,970
53 Storm Water - Revenue	\$ 1,135,700	\$ 743,700	\$ 745,700	\$ 751,000
Storm Water - Exp	492,700	547,300	507,200	590,000
Storm Water -Capital Exp	56,995	385,935	385,935	78,525
Capitalized Transactions (Debt and Infrastructure)	<u>(56,995)</u>	<u>(385,935)</u>	<u>(385,935)</u>	<u>(78,525)</u>
Net Position - +Increase (-) Decrease	643,000	196,400	238,500	161,000
Plus: Beginning Fund Equity:	<u>4,816,000</u>	<u>5,459,000</u>	<u>5,459,000</u>	<u>5,697,500</u>
Equals: Ending Fund Equity:	\$ 5,459,000	\$ 5,655,400	\$ 5,697,500	\$ 5,858,500
54 Solid Waste - Revenue	\$ 947,480	\$ 860,400	\$ 863,600	\$ 868,500
Solid Waste - Exp	897,490	868,000	872,000	872,500
Solid Waste-Capital Exp	10,600	21,225	21,225	22,050
Capitalized Transactions (Debt and Infrastructure)	<u>(10,600)</u>	<u>(21,225)</u>	<u>(21,225)</u>	<u>(22,050)</u>
Net Position - +Increase (-) Decrease	49,990	(7,600)	(8,400)	(4,000)
Plus: Beginning Fund Equity:	<u>125,130</u>	<u>175,120</u>	<u>175,120</u>	<u>166,720</u>
Equals: Ending Fund Equity:	\$ 175,120	\$ 167,520	\$ 166,720	\$ 162,720
55 Golf - Revenue	1,730,900	1,905,000	1,789,700	1,774,300
Golf - Exp	1,384,970	1,479,110	1,485,110	1,471,700
Golf -Capital Exp	723,021	699,790	626,790	602,600
Capitalized Transactions (Debt and Infrastructure)	<u>(723,021)</u>	<u>(699,790)</u>	<u>(626,790)</u>	<u>(602,600)</u>
Net Position - +Increase (-) Decrease	345,930	425,890	304,590	302,600
Plus: Beginning Fund Equity:	<u>2,205,300</u>	<u>2,551,230</u>	<u>2,551,230</u>	<u>2,855,820</u>
Equals: Ending Fund Equity:	\$ 2,551,230	\$ 2,977,120	\$ 2,855,820	\$ 3,158,420

**REVENUE AND EXPENSES
FISCAL YEAR 2016-2017 TENTATIVE BUDGET**

INTERNAL SERVICE FUND

FUND	2015 ACTUAL	2016 BUDGET	2016 PROJECTED ENDING	2017 RECOMMENDED BUDGET
61 Fleet - Revenue	\$ 552,970	\$ 606,180	\$ 606,180	\$ 663,200
Fleet - Exp	500,530	606,180	606,180	663,200
Fleet -Capital Exp	397,439	488,425	488,425	558,030
Capitalized Transactions (Debt and Infrastructure)	(397,439)	(488,425)	(488,425)	(558,030)
Net Position - +Increase (-) Decrease	52,440	-	-	-
Plus: Beginning Fund Equity:	<u>1,425,540</u>	<u>1,477,980</u>	<u>1,477,980</u>	<u>1,477,980</u>
Equals: Ending Fund Equity:	\$ 1,477,980	\$ 1,477,980	\$ 1,477,980	\$ 1,477,980

SUMMARY

The Tentative Budget is respectfully submitted to you for review and approval. The budget was prepared with the goal of using the City's valuable resources to provide the highest level of service possible to residents and business owners. The City has great potential for growth. Through effective short and long term planning, the City staff will support Council's policy, direction and vision for the future.

Respectfully submitted,



D. Barry Edwards
City Manager

CAPITAL IMPROVEMENT FUND PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		UNRESTRICTED CASH	RESTRICTED CASH
6/30/2016	BEGINNING CASH	\$ 1,297,160	
	REVENUES		
	DUE FROM OTHER FUNDS	212,650	\$ 1,872,200
	CONTRIBUTIONS	-	560,730
	TRANSFERS - IN	60,000	-
		\$ 212,650	\$ 2,432,930
	PROJECT		
	SLIDE MITIGATION	\$ 570,770	\$ 560,730
	POLICE GARAGE	80,000	-
	CHEMICAL STORAGE BUILDING	10,100	-
	WIFI TOWER	25,000	-
		\$ 685,870	\$ 560,730
	ENDING CASH	\$ 1,036,590	\$ 1,872,200
6/30/2017	BEGINNING CASH	1,036,590	1,872,200
	TRANSFERS - IN	60,000	-
	NO PLANNED PROJECTS		
	ENDING CASH	\$ 1,096,590	\$ 1,872,200
6/30/2018	BEGINNING CASH	\$ 1,096,590	\$ 1,872,200
	TRANSFERS - IN	35,000	-
	NO PLANNED PROJECTS		
	ENDING CASH	\$ 1,131,590	\$ 1,872,200
6/30/2019	BEGINNING CASH	\$ 1,131,590	\$ 1,872,200
	REVENUES		
	TRANSFERS - IN	35,000	-
	NO PLANNED PROJECTS		
	ENDING CASH	\$ 1,166,590	\$ 1,872,200
6/30/2020	BEGINNING CASH	\$ 1,166,590	\$ 1,872,200
	TRANSFERS - IN	5,000	-
	NO PLANNED PROJECTS		
	ENDING CASH	\$ 1,171,590	\$ 1,872,200

* DUE FROM THE GOLF FUND

PARKS CAPITAL PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		UNRESTRICTED CASH	RESTRICTED CASH
6/30/2016	BEGINNING CASH	\$ 412,750	\$ 106,100
	REVENUES		
	GRANTS/CONTRIBUTIONS	-	323,000
	IMPACT FEE REVENUE	-	308,000
		-	631,000
	PROJECT		
	CENTER ST TRAIL	-	235,800
	TRAILS DEVELOPMENT	-	105,000
	FOXBORO OPEN SPACE/TRAIL DVPM	-	25,000
	CANOE TAKEOUT	-	30,000
	PARK #11 WOODSIDE- REIMBURSED	-	68,000
	COUNCIL SPECIAL PROJECTS	30,000	-
	DEER HOLLOW PARK IMPROVEMENTS	-	99,000
	HATCH PARK - PARKING LOT EXTENSION	-	90,000
	HATCH PARK - LAWN EXTENSION	-	60,000
		30,000	712,800
	ENDING CASH	\$ 382,750	\$ 24,300
6/30/2017	BEGINNING CASH	\$ 382,750	\$ 24,300
	REVENUES		
	GRANTS/CONTRIBUTIONS	-	100,000
	IMPACT FEE REVENUE		191,600
		-	315,900
	PROJECT		
	CENTRAL CONTROL SYSTEM	50,000	50,000
	CANOE TAKOUT - ADDITIONAL	-	100,000
		50,000	150,000
	ENDING CASH	\$ 332,750	\$ 190,200
6/30/2018	BEGINNING CASH	\$ 332,750	\$ 190,200
	REVENUES		
	IMPACT FEE REVENUE	-	136,000
	PROJECT		
	ASPHALT OVERLAY- US-89 PARKWAY	35,000	-
	NEW DUGOUTS & FENCE -HATCH PARK	40,000	-
	REPLACE PAVILION - HATCH PARK	85,000	-
		160,000	-
	ENDING CASH	\$ 172,750	\$ 326,200

PARKS CAPITAL PROJECTS - CONTINUED

6/30/2019	BEGINNING CASH	\$	172,750	\$	326,200
	REVENUES				
	IMPACT FEE REVENUE		-		154,000
	PROJECT				
	REPLACE HATCH PARK IRRIGATION (Lower phase)		345,000		-
	REPLACE HATCH PARK IRRIGATION(Upper phase)		230,000		-
			<u>575,000</u>		<u>-</u>
	ENDING CASH	\$	(402,250)	\$	480,200
6/30/2020	BEGINNING CASH	\$	(402,250)	\$	480,200
	REVENUES				
	IMPACT FEE REVENUE		-		15,400
			<u>(402,250)</u>		<u>495,600</u>
	PROJECT				
	REPLACE PLAYGROUND EQUIP - HATCH		170,000		-
	REPLACE PLAYGROUND EQUIP-PALMQUIST		60,000		-
	TENNIS COURT REFURBISHING- HATCH PARK		20,000		-
			<u>193,250</u>		<u>-</u>
	ENDING CASH	\$	(595,500)	\$	495,600

PUBLIC SAFETY PROJECTS
FIVE YEAR CAPITAL PLAN

<u>FISCAL YEAR</u>		<u>RESTRICTED CASH</u>	<u>FISCAL YEAR</u>		<u>RESTRICTED CASH</u>
6/30/2016	BEGINNING CASH	\$ 56,390	6/30/2019	BEGINNING CASH	\$ 8,070
	REVENUES			REVENUES	
	IMPACT FEE REVENUE	35,000		IMPACT FEE REVENUE	31,010
	PROJECT			PROJECT	
	TRANSFER-OUT	60,000		TRANSFER-OUT	35,000
	ENDING CASH	<u>\$ 31,390</u>		ENDING CASH	<u>\$ 4,080</u>
6/30/2017	BEGINNING CASH	\$ 31,390	6/30/2020	BEGINNING CASH	\$ 4,080
	REVENUES			REVENUES	
	IMPACT FEE REVENUE	43,090		IMPACT FEE REVENUE	6,770
	INTEREST	300		PROJECT	
		<u>43,390</u>		TRANSFER-OUT	5,000
	PROJECT			ENDING CASH	<u>\$ 5,850</u>
	TRANSFER-OUT	60,000			
		<u>60,000</u>			
	ENDING CASH	\$ 14,780			
6/30/2018	BEGINNING CASH	\$ 14,780			
	REVENUES				
	IMPACT FEE REVENUE	28,190			
	INTEREST	100			
		<u>43,070</u>			
	PROJECT				
	TRANSFER-OUT	35,000			
		<u>35,000</u>			
	ENDING CASH	\$ 8,070			

ROADS CAPITAL PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		RESTRICTED CASH -ROAD TAX/GRANTS	RESTRICTED CASH- IMPACT FEE
6/30/2016	BEGINNING CASH	\$ 372,070	\$ 1,174,650
	REVENUES		
	IMPACT FEE REVENUE	-	265,000
	TRANSPORTATION TAX	778,800	-
	GRANTS & CONTRIBUTIONS	1,778,000	-
		<u>2,556,800</u>	<u>265,000</u>
	PROJECT		
	TRAFFIC STUDY - SOUTH WEST	43,635	-
	TOWNE STATION ROAD PROJECT	103,985	-
	ANNUAL SEAL COAT C ROAD	140,000	-
	WOODBRIAR CUL TO SEC STR RECON	118,533	-
	500 NORTH RECON 400 W-FRANKLIN	212,000	-
	OVERLAY - CENTER STREET	67,000	-
	OVERLAY-200 NOR AND 50 WEST	52,000	-
	OVERLAY-EAGLEPOINTE CIRCLE	25,000	-
	SPRINGWOOD AREA OVERLAYS	125,000	-
	1100 N WIDEN/ETC IMPROVE	-	293,600
	CENTER ST WIDENING	1,778,000	141,700
		<u>2,665,153</u>	<u>435,300</u>
	ENDING CASH	\$ 263,717	\$ 1,004,350
6/30/2017	BEGINNING CASH	\$ 263,717	\$ 1,004,350
	REVENUES		
	IMPACT FEE REVENUE	265,000	177,500
	TRANSPORTATION TAX	768,000	-
	GRANTS & CONTRIBUTIONS	1,778,000	-
		<u>3,074,717</u>	<u>1,181,850</u>
	PROJECT		
	350 NORTH STREET (Main to US-89)	345,000	-
	130 EAST (Center Street to Orchard Drive)	220,000	-
	ANNUAL SEAL COAT C ROAD	250,000	-
		<u>815,000</u>	<u>-</u>
	ENDING CASH	\$ 2,259,717	\$ 1,181,850

ROAD CAPITAL PROJECTS - CONTINUED

6/30/2018	BEGINNING CASH	\$	2,259,717	\$	1,181,850
	REVENUES				
	IMPACT FEE REVENUE		-		141,080
	TRANSPORTATION TAX		780,000		-
			<u>780,000</u>		<u>141,080</u>
	PROJECT				
	FOXBORO DR REPAIR		106,000		-
	FOXHOLLOW DR RECONSTRUCTION		68,000		-
	725 EAST REPAIR @ LDS Church Property		12,000		-
	ANNUAL SEAL COAT C ROAD		250,000		-
			<u>436,000</u>		<u>-</u>
	ENDING CASH	\$	2,603,717	\$	1,322,930
6/30/2019	BEGINNING CASH	\$	2,603,717	\$	1,322,930
	REVENUES				
	IMPACT FEE REVENUE		-		141,080
	TRANSPORTATION TAX		780,000		-
			<u>780,000</u>		<u>-</u>
		\$	780,000	\$	141,080
	PROJECT				
	ANNUAL SEAL COAT C ROAD		250,000		-
	EAGLEWOOD DRIVE OVERLAY		411,000		-
	STREET LIGHTS 1100 NORTH		63,000		-
			<u>724,000</u>		<u>-</u>
	ENDING CASH	\$	2,659,717	\$	1,464,010
6/30/2020	BEGINNING CASH	\$	2,659,717	\$	1,464,010
	REVENUES				
	IMPACT FEE REVENUE		-		37,180
	TRANSPORTATION TAX		780,000		-
			<u>780,000</u>		<u>37,180</u>
	PROJECT				
	ANNUAL SEAL COAT C ROAD		250,000		-
	400 WEST (1100 North to Big West Oil Spur Line)		1,500,000		-
			<u>1,750,000</u>		<u>-</u>
	ENDING CASH	\$	1,689,717	\$	1,501,190

WATER CAPITAL PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		UNRESTRICTED CASH	RESTRICTED CASH
6/30/2016	BEGINNING CASH	\$ 1,700,000	\$ 134,500
	REVENUES		
	IMPACT FEE REVENUE		330,000
	OPERATING CASH	227,000	
		<u>227,000</u>	<u>330,000</u>
	PROJECT		
	RESERVOIR INTERIOR PIPING(Misc Rehab)	107,400	-
	CENTER STREET WATERLINE UPPR Crossing	200,000	-
	UNION AVE CHANGEOVER	117,000	-
	WATERLINE UDOT INTERCHANGE (Carry over)	2,000	2,000
	400 EAST WATERLINE, COTTON TREE INN to 900 North	196,000	-
	SECONDARY WATER SERVICES - WOODBRIAR	-	225,000
		<u>622,400</u>	<u>227,000</u>
	ENDING CASH	\$ 1,304,600	\$ 237,500
6/30/2017	BEGINNING CASH	\$ 1,304,600	\$ 237,500
	REVENUES		
	IMPACT FEE REVENUE	-	326,300
	OPERATING CASH	290,000	-
		<u>290,000</u>	<u>326,300</u>
	PROJECT		
	350 NORTH (HWY 89 to MAIN STREET), EXISTING 8" CI	290,000	-
	OTHER PROJECT RELATED TO EASTSIDE IRRIGATION AS IDENTIFIED	-	-
		<u>290,000</u>	<u>-</u>
	ENDING CASH	\$ 1,304,600	\$ 563,800
6/30/2018	BEGINNING CASH	\$ 1,304,600	\$ 563,800
	REVENUES		
	IMPACT FEE REVENUE	-	252,400
	OPERATING CASH	236,000	-
		<u>236,000</u>	<u>252,400</u>
	PROJECT		
	5480 TANK CONVERSION TO SECONDARY WATER	-	32,000
	PUMP CONTROL VAULT @ Morton Tank	40,000	60,000
	TRANSMISSION LINE (Top of Tanglewood to 5480)	104,000	-
	EQUALIZATION OF 350 EAST AND MORTON TANKSs (lines, telemetry)	92,000	138,000
		<u>236,000</u>	<u>230,000</u>
	ENDING CASH	\$ 1,304,600	\$ 586,200

WATER CAPITAL PROJECTS – CONTINUED

6/30/2019	BEGINNING CASH	\$ 1,304,600	\$ 586,200
	REVENUES		
	IMPACT FEE REVENUE	-	272,900
	OPERATING CASH	-	-
		<u>-</u>	<u>272,900</u>
	PROJECT		
	SECONDARY WATER SERVICES- WOODCREST/TANGLEWO	-	276,330
	RETROFIT WATERLINES at 5200 TANKS	-	128,000
	SECONDARY WATER SERVICES - Cove Area	-	175,000
		<u>-</u>	<u>579,330</u>
	ENDING CASH	\$ 1,304,600	\$ 279,770
6/30/2020	BEGINNING CASH	\$ 1,304,600	\$ 279,770
	REVENUES		
	IMPACT FEE REVENUE	-	65,000
	OPERATING CASH	494,000	-
		<u>494,000</u>	<u>65,000</u>
	PROJECT		
	Secondary Water Services - Cove Area	-	270,000
	150 North (Main St to Freeway), existing 4" CI	142,000	-
	Pacific & Overland (from Pacific to Union Ave), existing 8"	351,780	-
		<u>493,780</u>	<u>270,000</u>
	ENDING CASH	\$ 1,304,820	\$ 74,770

PRESSURIZED IRRIGATION - FOXBORO CAPITAL PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		UNRESTRICTED CASH	RESTRICTED CASH
6/30/2016	BEGINNING CASH	\$ 320,000	\$ 56,107
	REVENUES	-	-
	SECONDARY PUMP STATION - FOXBORO	36,050	36,050
	ENDING CASH	<u>\$ 283,950</u>	<u>\$ 20,057</u>
6/30/2017	NO IMPACT FEE REVENUE EXPECTED NO CAPITAL PROJECTS PLANNED AT THIS TIME		

STORM WATER CAPITAL PROJECTS
FIVE YEAR CAPITAL PLAN

FISCAL YEAR		UNRESTRICTED CASH	RESTRICTED CASH
6/30/2016	BEGINNING CASH	\$ 572,000	\$ 11,116
	REVENUES		
	OPERATING INCOME	264,000 *	-
	IMPACT FEE REVENUE	-	-
		<u>264,000</u>	<u>-</u>
	PROJECT		
	HIGH RUSTLER		17,000
	EAGLERIDGE EWV POND-VALLEY VIEW	290,000	-
	PRINCIPAL-DEVELOPER REIMBURSE	-	30,000
		<u>290,000</u>	<u>47,000</u>
	ENDING CASH	\$ 546,000	\$ (35,884)
6/30/2017	BEGINNING CASH	\$ 546,000	\$ (35,884)
	REVENUES		
	OPERATING INCOME	188,000 *	-
	IMPACT FEE REVENUE	-	116,830
		<u>188,000</u>	<u>116,830</u>
	PROJECT		
	DEVELOPER REIMBURSEMENT	-	17,500
	MISCELLANEOUS IDENTIFIED - INSPECTION	200,000	-
		<u>200,000</u>	<u>17,500</u>
	ENDING CASH	\$ 534,000	\$ 63,446
6/30/2018	BEGINNING CASH	\$ 534,000	\$ 63,446
	REVENUES		
	OPERATING INCOME	200,000 *	-
	IMPACT FEE REVENUE	-	86,300
		<u>200,000</u>	<u>86,300</u>
	PROJECT		
	DEVELOPER REIMBURSEMENT	-	17,500
	MISCELLANEOUS IDENTIFIED - INSPECTION	200,000	-
		<u>200,000</u>	<u>17,500</u>
	ENDING CASH	\$ 534,000 *	\$ 132,246

STORM WATER CAPITAL PROJECTS- CONTINUED

6/30/2019	BEGINNING CASH	\$	534,000	\$	132,246
	REVENUES				
	OPERATING INCOME		331,000	*	-
	IMPACT FEE REVENUE		-		86,300
			<u>331,000</u>		<u>218,546</u>
	PROJECT				
	DEVELOPER REIMBURSEMENT		-		17,500
	CENTER STREET BOX CULVERT		457,000		-
			<u>457,000</u>		<u>17,500</u>
	ENDING CASH	\$	408,000	*	\$ 333,292
6/30/2020	BEGINNING CASH		408,000		333,292
	REVENUES				
	OPERATING INCOME		520,000	*	-
	IMPACT FEE REVENUE		-		40,600
			<u>520,000</u>		<u>373,892</u>
	PROJECT				
	DEVELOPER REIMBURSEMENT		-		17,500
	EAGLERIDGE STORM DRAIN		500,000		-
			<u>500,000</u>		<u>17,500</u>
	ENDING CASH	\$	428,000	*	\$ 689,684

* OPERATING CASH AVAILABLE FOR CAPITAL PROJECTS - ADDITIONAL CASH AVAILABLE FOR OPERATIONS