



# CITY OF NORTH SALT LAKE TENTATIVE BUDGET

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*FISCAL YEAR 2015-2016*

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May 6, 2015

**RE: PROPOSED FISCAL YEAR 2015-2016 BUDGET**

Honorable Mayor and City Council,

I am pleased to present the City of North Salt Lake's Tentative Budget for the Fiscal Year (FY) ending June 30, 2016. The budget is the foundation for goals and planned achievements in the upcoming year and should reflect the direction and vision the Mayor and Council have for the City of North Salt Lake. Achieving these desired outcomes must be balanced with ensuring operating and capital project budgets for each fund are structurally balanced over the long term.

Creating a balanced budget for FY 2016 brought new challenges we haven't faced in recent years. During the current Fiscal Year the City began the transition from a community with high residential growth to one of low growth. The slowing in growth results in lower revenues and a change in capital planning from construction of new infrastructure, to maintaining and repairing existing infrastructure.

This Tentative Budget was drafted through a collaborative process involving each of the city's departments. The City strives to effectively and transparently organize and administer these funds in accordance with sound financial principles. This budget message and the information that follows is intended to give you an overview of the City's financial position and highlight the most important budget items in each of the City's funds.

**FISCAL YEAR 2015-2016 BUDGET HIGHLIGHTS**

**GENERAL FUND**

In Fiscal Year 2015 one of the most significant factors affecting the financial position of the General Fund is the slowing of residential growth. While some slowing was anticipated, the unforeseen landslide in the Eaglepointe neighborhood triggered a much faster decline than expected. This change in growth is reflected in a decrease in both revenues and expenditures in the Tentative Budget for FY 2016.

The General Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$9,662,600 including transfers-in, 2) expenditures totaling \$9,657,600 including transfers-out, 3) with the difference equaling a budgeted \$5,000 contribution to Fund Balance.

Revenues

The Tentative Budget presented for FY 2016 shows total revenues in the General Fund increasing \$115,850 from the previous year. The increase includes a transfer-in from the Capital Improvement Fund of \$260,000, an amount equal to a Transfer-out done in the previous year to ensure unrestricted fund balance remains below the State 25% ceiling.

One of the most significant decreases is a direct result of the slowing in construction, the Tentative Budget for FY 2016 shows a decrease from the prior year in "Charges for Services" revenues in the amount \$196,450.

While the City experienced a decline in revenue related to growth, there was a much welcome increase in sales tax revenue. For Fiscal Year 2015, sales tax revenue is expected to be 7.8% higher than the previous year. The Tentative Budget for the upcoming FY 2016 includes a 4% increase in sales tax revenue. This increase is based largely on forecasts provided by the State.

Another boost in the current Fiscal Year 2015 revenues came from a one-time source related to the 1100 North Road project. The project was budgeted in the Road Capital Fund, and was funded through grants and impact fee revenues. City staff provided management and engineering services for this project, along with other administrative services from senior staff. The City is allowed to charge wage and benefits costs for these staff services to the project costs. This resulted in one-time revenue in the amount of \$231,200 for the General Fund and an equivalent charge to the 1100 North road project in the Road Capital Projects Fund. This revenue source will not be available in FY 2016.

State legislation was recently passed which will provide additional tax revenue restricted for transportation related projects. The legislation is in 2 parts:

1. Gas Tax Reform: The bill converts the current 24.5 cents-per-gallon state gas tax to a 12% sales tax on the statewide average rack price of fuel. The tax reform takes effect January 1, 2016, and we can expect an increase in the B&C allocation in March or April. This tax will bring to the City an estimated \$43,900 in FY 2016 and \$87,800 in FY 2017.
2. Local Option Transportation Sales Tax: Counties are authorized to enact a 0.25% general sales tax for transportation subject to voter approval. If it is approved in November of 2015, the City will begin to see revenues in June or July of 2016. If enacted, it is estimated this tax revenue will bring \$304,000 to the City in FY 2017.

The local option may not supplant existing General Fund appropriations the City has budgeted for transportation as of the date the tax becomes effective. If the tax becomes effective in November 2015, then the maintenance of effort baseline is the FY 2016 budget. The FY 2016 includes the \$43,900 in additional revenue estimated for the Gas Tax Reform bill. Additional revenue in the amount of approximately \$310,000 will be included in FY 2017 budget if the Local Option Transportation Sales Tax is approved.

Revenues from the Justice Court have declined from the levels reached previous years. However, the revenue seems to have stabilized and no further decline is expected in the upcoming year.

### Expenditures

For FY 2016 the General Fund expenditures budget, before transfers, is \$369,650 greater than the estimated final expenditures for FY 2015. Following is an explanation of the most significant changes in the budgeted General Fund expenditures.

Wages and benefits are 67% percent of the General Fund operating budget. The Tentative Budget includes a merit increase of 2% and a COLA of 1.6%, based on the Consumer Price Index. Of the 64 full time employees, 11 are in the top step of their pay grade and will not receive a merit increase in FY 2016. As required by the State Auditor, the allocation of administrative wages to Enterprise Funds is reviewed annually. This review resulted in a slight decrease in General Fund wage and benefits. The total General Fund wage budget is 2.5% higher than the previous year. The annual rate for a few of retirement classification in the Utah Retirement System rose slightly for the upcoming year. Health insurance costs increased a modest 5.6%. There are no expected changes in FICA or Medicare rates. Changes to the components of the benefit package result in an overall increase of 5% for the cost of benefits in the General Fund.

Other significant changes in the FY 2016 General Fund budget are as follows;

- Addition of one Police Officer - increase of \$107,000
- Fire protection services – increase of \$106,000
- Water charges for maintaining parks have increased as required by GAAP and the State Auditor to be equal to charges for residents – increase of \$27,500
- Capital charge for new fleet vehicles increase – increase of \$19,000
- Contract inspection services reduced with building activity - decrease of (\$45,000)
- Contracted professional services in Planning and Zoning - decrease of (\$40,000)

Two of the most significant increases are related to Public Safety, both Fire and Police. These increases are the cost of improving the level of service for both of these functions. Police will add a sworn officer position and the South Davis Metro Fire Agency will be adding firefighter and paramedic positions.

Important funding for repair and replacement of General Fund infrastructure including, Parks, Open Space, Trails, and Roads, has not been addressed in the Tentative Budget. The level of service the governing body wishes to provide in these areas will determine the funding needed in future budgets.

### Fund Balance

It is estimated the General Fund unreserved Fund Balance at the end of the current FY 2015 will increase \$1,000, for an ending balance of \$1,973,128. The FY 2016 budget shows a contribution to Fund Balance in the amount of \$5,000, which would result in an ending Fund Balance of \$1,978,127.

It is expected the actual expenditures will be approximately 3% below budget resulting in an estimated use of Fund Balance in the amount of \$190,240, with expected ending Fund Balance of \$2,224,308.

### Strategic Planning

As the City navigates through the challenging transition to a slow growth community, a clear plan for the future is essential. A “best practice” employed by many local governments is the development of a Strategic Plan. The Strategic Plan process should answer the following questions;

- Where are we?
- What do we have to work with?
- Where do we want to be?
- How do we get there?

A Strategic Plan provides a guide to be used in determining the levels of service the City will provide and how will those services be funded. Once these questions are answered, the City Manager can direct staff and financial resources appropriately to attain City Council’s goals. The Strategic Plan can be used in almost every area of government from developing our annual budget to performing day-today operations.

To be most useful a Strategic Plan should be developed in cooperation with the Governing Body, City staff, and residents of the community. The following areas are typically included in a Strategic Plan for governmental entities:

- Safe Community - protecting the safety and security of its residents, businesses, employees, and visitors
- Fiscally Responsible – promoting financial sustainability and efficiency
- Civic Development – providing community support that enhances the well-being, success and achievement of all residents by developing and maintaining parks, trails, opens space, public utility systems, and transportation infrastructure
- Economic Development – quality development and redevelopment, support for local businesses, and a strong, diverse, and growing local economy

Creation of a Strategic Plan takes time and commitment, but provides a valuable roadmap for the future.

While the City doesn't currently have a formal Strategic Plan in place, 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. As we move through this period of transition, we are confident by working together with the Mayor, Council, and staff we can deliver optimal levels of service to City residents, while providing a balanced budget and a long term healthy and viable financial position. Accomplishing these goals will require proactive steps and include well thought out and timely communication with the public.

**GENERAL FUND  
REVENUE AND EXPENDITURES  
FISCAL YEARS 2015 and 2016 PROJECTIONS FISCAL YEAR**

	ACTUAL FY 2014	BUDGET FY 2015	PROJECTED FY 2015	BUDGET FY 2016
<b>BEGINNIG FUND BALANCE</b>	\$ 1,559,411	\$ 1,972,128	\$ 1,972,128	1,973,128
<b>REVENUES</b> (projected with growth rate increase)				
TAX REVENUE				
PROPERTY TAX - GENERAL	\$ 2,380,383	\$ 2,424,060	\$ 2,439,060	\$ 2,488,000
SALES AND USE TAX	3,094,214	3,083,530	3,334,000	3,467,400
ENERGY SALES AND USE - POWER	976,822	950,000	980,000	990,000
ENERGY SALES AND USE - GAS	408,686	470,000	408,000	410,000
TRANSIENT ROOM AND SHORT TERM	29,417	28,280	28,300	30,000
CABLE TAX	66,410	67,000	67,000	68,000
TELEPHONE TAX	294,881	294,769	300,000	300,000
LICENSES AND PERMITS	228,926	225,230	235,000	235,000
INTERGOVERNMENTAL (CRoad/Liquor)	553,195	669,100	487,000 *	531,400
CHARGES FOR SERVICES	880,228	754,975	654,689	457,800
JUDICIAL	358,417	380,000	345,000	390,000
MISCELLANEOUS	62,803	49,000	31,000	31,000
OTHER FINANCING SOURCE	-	-	237,700	264,000
	<u>\$ 9,334,382</u>	<u>\$ 9,395,944</u>	<u>\$ 9,546,750</u>	<u>\$ 9,662,600</u>
<b>EXPENDITURES</b>				
GOVERNING COUNCIL	\$ 178,149	\$ 210,150	\$ 210,150	\$ 213,700
CHIEF ADMINISTRATIVE OFFICER	425,566	437,330	423,830	445,000
FINANCIAL	278,923	227,825	206,325	217,450
ADMINISTRATIVE SUPPORT	197,817	292,247	302,052	261,120
PLANNING AND ZONING	301,608	393,793	385,743	392,250
PROPERTY MANAGEMENT	196,579	182,900	187,500	168,100
BUILDING INSPECTION	242,500	279,929	278,509	233,260
GENERAL GOVT NON OPERATING (CR and Golf)	1,087,649	1,175,585	1,240,700	982,900
JUDICIAL	241,841	259,365	221,865	255,070
JUSTICE COURT	49,630	44,500	44,500	48,000
ANIMAL CONTROL AND REGULATION	24,060	24,480	24,480	26,000
EMERGENCY MANAGEMENT	7,657	9,959	9,959	10,000
POLICE	2,559,423	2,628,252	2,618,157	2,844,965
POLICE-CODE ENFORCEMENT	55,373	66,266	71,471	70,115
SPECIAL DETAIL SERVICES	21,799	27,500	27,500	27,500
DISPATCH AND COMMUNICATIONS	64,780	67,310	67,310	70,680
FIRE	1,163,309	1,188,007	1,179,007	1,293,760
ENGINEERING AND DESIGN	178,423	211,870	214,915	232,660
STREETS ADMINISTRATION	730,224	664,808	732,232	782,660
STREETS AND HIGHWAYS	63,212	84,000	96,000	66,000
SIDEWALKS AND CROSSWALKS	20,257	40,000	45,000	40,000
STREET CLEANING & SNOW REMOVAL	58,744	70,000	42,000	73,000
ENGINEERING, DESIGN, & STUDIES	8,236	12,000	12,000	12,000
STREET LIGHTING & TRAF CONTROL	105,580	127,000	152,000	123,000
PARKS ADMINISTRATION	457,400	443,816	455,991	480,910
PARK FACILITIES	46,645	101,040	133,000	132,000
SPECIAL EVENTS	63,543	59,000	61,000	63,000
PARKS PROGRAMS	31,788	34,054	33,054	34,000
PARK AREAS	60,950	64,500	69,500	58,500
TOTAL EXPENDITURES	<u>\$ 8,921,665</u>	<u>\$ 9,427,486</u>	<u>\$ 9,545,750</u>	<u>\$ 9,657,600</u>
CONTRIBUTION TO/(USE OF FUND BALANCE)	\$ 412,717	\$ (31,542)	\$ 1,000	\$ 5,000
ENDING FUND BALANCE	\$ 1,972,128	\$ 1,940,586	\$ 1,973,128	\$ 1,978,127

## SPECIAL REVENUE FUND

### Redevelopment Agency (RDA)

The Redevelopment Agency Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$155,000, 2) expenditures totaling \$137,000, 3) with the difference equaling a budgeted \$18,000 contribution to Fund Balance.

The City continues to pursue the use of Community Development project areas in order to enhance neighborhoods and expand economic development possibilities. In FY 2016, the City is intending to trigger the collection of tax increment in the Redwood Road CDA and by doing so some revenue will flow to the redevelopment agency. City staff is attempting to obtain an accurate estimate of this revenue from Davis County and will have that estimate complete prior to the final adoption of the FY 2016 budget.

### SPECIAL REVENUE FUND

FUND	2014 ACTUAL	2015 BUDGET	2015 PROJECTED ENDING	2016 RECOMMENDED BUDGET
RDA / CDA - Revenue	\$ -	\$ 111,680	\$ 111,680	\$ 155,000
RDA / CDA - Expenditures	21,404	141,680	141,680	137,000
Fund Balance - Use of (-)/Cont to +	(21,404)	(30,000)	(30,000)	18,000
Plus: Beginning Fund Balance:	(4,548)	(25,952)	(25,952)	(55,952)
Equals: Ending Fund Balance:	\$ (25,952)	\$ (55,952)	\$ (55,952)	\$ (37,952)

## DEBT SERVICE FUND

The Debt Service Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$392,100, 2) expenditures totaling \$337,420, 3) with the difference equaling a budgeted \$54,680 contribution to Fund Balance.

### 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 fifth 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 2016 it is estimated the City will receive \$340,000 from the RAP sales tax 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 sundown in FY 2018. Staff recommends the Council extends this date and continues collecting the tax beyond FY 2018 in order to avoid encumbering the General Fund in the future with the annual bond payment.

## DEBT SERVICE – CONTINUED

### DEBT SERVICE FUND

	2014 ACTUAL	2015 BUDGET	2015 PROJECTED ENDING	2016 RECOMMENDED BUDGET
RAP Debt Svc - Revenue	\$ 408,358	\$ 347,816	\$ 387,816	\$ 392,100
RAP Debt Svc - Exp	336,012	397,688	397,690	337,420
Fund Balance - Use of (-)/Cont to +	72,346	(49,872)	(9,874)	54,680
Plus: Beginning Fund Balance:	96,056	168,402	168,402	158,528
Equals: Ending Fund Balance:	\$ 168,402	\$ 118,530	\$ 158,528	\$ 213,208

## CAPITAL PROJECT FUNDS

### Capital Improvement Fund

The Capital Improvement Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$65,000, 2) expenditures totaling \$260,000 3) with the difference equaling a budgeted \$195,000 use of Fund Balance, with an estimated ending Fund Balance of \$3,159,119. Of this amount, approximately \$1,980,000 is due from other City Funds, leaving approximately \$1,179,119 available in unrestricted Fund Balance.

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.

The FY 2016 budget includes inflow of interest revenue in the amount of \$5,000, and a transfer in from the Public Safety fund in the amount of \$60,000, and a transfer-out to the General Fund, equaling the previous year transfer-in, totaling \$260,000.

### Park Development

The Park Development Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$413,000, 2) budgeted expenditures of \$235,000, 3) with the difference equaling a budgeted \$178,000 contribution to Fund Balance, and an estimated ending Fund Balance of \$(38,809). The negative Fund Balance is a result of pre-spending Impact Fee revenues on new park area. It is expected the Fund Balance will be positive at the end of FY 2017.

During the current FY 2015, the Developer Reimbursement note due to Woodside Homes for the Foxboro Regional Park was paid in full. The Park Development Fund ended FY 2014 with pre-spent impact fee revenue in the amount of \$638,000. At the end of FY 2015 it is estimated this amount will be \$456,000. Impact fee revenue collected in FY 2016 will be used to continue repayment of the pre-spent impact fee revenues.

Projects carried over from FY 2015 to FY 2016 include the Center Street Trail and the Canoe Take-out project on the Jordan River; both projects are being funded with State Grants. The City proposes to complete the following projects during FY 2016:

- Foxboro Open Space/Trail Development to be funded with grant revenue expected from Big West Oil Corporation in the amount of \$105,000
- Deer Hollow Park to be funded with impact fee revenue in the amount of \$100,000

Fund Balance in the Park Capital Projects Fund is budgeted to be \$43,566 at the end of FY 2016.

### 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 City offices. In FY 2016 impact fee revenues are budgeted to be \$34,300, with a transfer to the Capital Projects Fund in the same amount. Fund Balance at the end of FY 2016 is projected to be \$67,000.

### Roadway Development Funds

The Roadway Development Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$680,000, 2) budgeted expenditures of \$409,000, 3) with the difference equaling a budgeted \$271,000 contribution to Fund Balance, and an estimated ending Fund Balance of \$1,729,000.

During the current fiscal year several large road projects were completed. The most significant project is the widening of 1100 North. The total cost of the project is estimated to be \$3,823,272. A grant in the amount of \$2,135,200 has been awarded to the City to reimburse a portion of this project. The balance of \$1,668,072 will be funded through road impact fees.

The Center Street Widening road project will begin in 2015, with the majority of the work being completed in FY 2016. The total cost for this project is estimated to be \$1,938,176. Of this amount \$1,778,176 will be funded with a grant and the remainder with impact fee revenues. There are also several overlay project planned as well as the annual seal coat. These projects will be funded with C Road Funds.

At the end of FY 2016, it is estimated there will be a balance of \$1,105,000 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.

**CAPITAL PROJECT FUNDS**

	<b>2014 ACTUAL</b>	<b>2015 BUDGET</b>	<b>2015 PROJECTED ENDING</b>	<b>2016 RECOMMENDED BUDGET</b>
Capital Improvements - Revenue	\$ 114,459	\$ 465,000	\$ 445,000	\$ 65,000
Capital Improvements - Exp	559,462	863,095	763,095	260,000
Fund Balance - Use of (-)/Cont to +	(445,003)	(298,095)	(318,095)	(195,000)
Plus: Beginning Fund Balance:	<u>4,117,217</u>	<u>3,672,214</u>	<u>3,672,214</u>	<u>3,354,119</u>
Equals: Ending Fund Balance:	\$ 3,672,214	\$ 3,374,119	\$ 3,354,119	\$ 3,159,119
Park Development - Revenue	\$ 1,181,872	\$ 1,278,100	\$ 1,328,100	\$ 413,000
Park Development - Exp	1,932,748	1,098,331	977,174	235,000
Fund Balance - Use of (-)/Cont to +	(750,876)	179,769	350,926	178,000
Plus: Beginning Fund Balance:	<u>283,141</u>	<u>(467,735)</u>	<u>(467,735)</u>	<u>(116,809)</u>
Equals: Ending Fund Balance:	\$ (467,735)	\$ (287,966)	\$ (116,809)	\$ 61,191
Police Facilities - Revenue	\$ 130,047	\$ 208,000	\$ 105,000	\$ 34,300
Police Facilities - Expenditures	100,000	240,000	140,000	34,300
Fund Balance - Use of (-)/Cont to +	30,047	(32,000)	(35,000)	-
Plus: Beginning Fund Balance:	<u>36,678</u>	<u>66,725</u>	<u>66,725</u>	<u>31,725</u>
Equals: Ending Fund Balance:	\$ 66,725	\$ 34,725	\$ 31,725	\$ 31,725
Roadway Development - Revenue	\$ 1,353,269	\$ 4,132,656	\$ 4,151,656	\$ 680,000
Roadway Development - Exp	362,738	5,202,167	4,723,472	409,000
Fund Balance - Use of (-)/Cont to +	990,531	(1,069,511)	(571,816)	271,000
Plus: Beginning Fund Balance:	<u>1,039,825</u>	<u>2,030,356</u>	<u>2,030,356</u>	<u>1,458,540</u>
Equals: Ending Fund Balance:	\$ 2,030,356	\$ 960,845	\$ 1,458,540	\$ 1,729,540

## ENTERPRISE FUNDS

In February of 2014 a rate study was completed for each of the Utility Funds. The information was presented to Council and rate adjustments were adopted and implemented for Culinary Water and Pressurized Irrigation. Staff updated the rate studies again for FY 2015-2016. A rate decrease is being recommended in the Solid Waste Fund, while rate increases are recommended for the Water and Storm Water Funds. Following are the highlights for each Enterprise Fund, including the amounts of the recommended rate adjustments.

### Culinary Water Fund

The Culinary Water Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$3,708,974, 2) expenditures totaling \$2,951,542, 3) with the difference equaling a budgeted \$757,432 contribution to Net Position.

The Culinary Water Fund completed several culinary water projects in FY 2015. The major projects include: the 1100 North Waterline done in conjunction with the road project, a waterline from 1100 North to Overland and completion of the Deer Hollow Pump Station. These projects were primarily funded with impact fee revenue.

In the upcoming year an additional waterline project will be completed in conjunction with the road project on 1100 North funded equally with impact fee revenue and unrestricted cash.

Staff is recommending a 3% rate increase to both the base and usage rates. This will increase revenue approximately \$120,000, which will be used to fund capital projects.

### Pressurized Irrigation (PI) Fund

The Pressurized Irrigation (Foxboro) Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$368,500, 2) expenditures totaling \$407,458, 3) with the difference equaling a budgeted (\$38,958) decrease to Net Position.

The PI system installed in the Foxboro area is fully operational. 3/5's of an FTE employee is assigned through the Public Works Department to oversee PI program needs. The PI fund also pays a share of administrative overhead costs including utility billing and administrative staff.

The construction of the Foxboro PI system was funded with a note payable to Weber Basin Water Conservancy District. The remainder of this note payable was paid in the current FY 2015.

There is only one capital project planned in FY 2016 in the Pressurized Irrigation fund. Staff is recommending the construction of a booster pump station with an estimated cost of \$260,000. This will be partially funded with impact fee revenue and the remainder with operating revenue.

### Storm Water Fund

The Solid Waste Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$743,688, 2) expenditures totaling \$540,755, 3) with the difference equaling a budgeted \$202,934 increase to Net Position.

As a relatively new City fund, the Storm Water program is designed to provide maintenance, repair, and a reserve to eventually replace a system valued at over \$20 million dollars. The FY 2016 budget includes an increase to \$150,000 for maintenance and cleaning of the Storm Water system.

The Storm Water Fund, when originally created in July 2007, was established with four separate rates for "Equivalent Surface Units" (ESU's). An ESU is defined as 3,900 square feet of impervious area. A single residence has a default value of one (1) ESU.

Because a considerable number of commercial and industrial properties may have many ESU's, a policy was developed allowing a discount for multiple ESU's. Staff recommends eliminating the tier structure based on number of ESU's and moved to a flat monthly amount of \$6 per ESU. This rate increase will result in approximately \$335,000 in additional revenue in FY 2016.

### Solid Waste Fund

The Solid Waste Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$860,400, 2) expenditures totaling \$841,033, 3) with the difference equaling a budgeted \$19,368 increase to Net Position.

For both the sanitation and recycling programs, collection and disposal of materials is contracted. 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. During FY 2015, the City went through the bid process and a new contract was entered into with Waste Management. The new contract will result in significantly lower costs for the similar services provided with the previous contract. Because the contracted cost has decreased, staff is recommending a rate decrease of \$2 on the monthly charge for the 1<sup>st</sup> can for regular solid waste. There will be no change for additional cans or recycling services.

The City owns the sanitation containers used for collection of solid waste at each residence. 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 lease payments will continue through FY 2017. The City is currently purchasing new and replacement cans as needed.

### Eaglewood Golf Course Fund

The Golf Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$1,895,000, including a transfer from the General Fund in the amount of \$569,600 2) expenditures totaling \$1,469,110, 3) with the difference equaling a budgeted \$425,890 increase to Net Position.

The City has owned and operated Eaglewood golf course since July 1994. During FY 2016, the Golf Fund will require a transfer of \$569,600 from the General Fund for support. This transfer is primarily to fund the long-term debt payment issued to purchase the Golf Course. The Golf Fund budget includes the following items of note:

- Debt service payments in the amount \$587,987 for FY 2016. The final principal and interest payments on the Golf Fund debt are due in June of 2017.
- Purchase using a capital lease of the following equipment:
  - Tractor with Loader - \$28,000
  - Repair Cart Garage - \$10,000

**ENTERPRISE FUNDS**

	<b>2014 ACTUAL</b>	<b>2015 BUDGET</b>	<b>2015 PROJECTED ENDING</b>	<b>2016 RECOMMENDED BUDGET</b>
Culinary Water - Revenue	\$ 5,139,039	\$ 4,707,042	\$ 4,619,586	\$ 3,708,974
Culinary Water - Exp	3,049,936	2,696,105	2,849,978	2,951,542
Culinary Water -Capital Exp	2,181,288	2,250,248	2,578,185	1,655,783
Capitalized Transactions (Debt and Infrastructure)	<u>(2,181,288)</u>	<u>(2,250,248)</u>	<u>(2,578,185)</u>	<u>(1,655,783)</u>
Net Position - +Increase (-) Decrease	2,089,103	2,010,937	1,769,609	757,432
Plus: Beginning Fund Equity:	<u>10,875,708</u>	<u>12,964,811</u>	<u>12,964,811</u>	<u>14,734,420</u>
Equals: Ending Fund Equity:	12,964,811	14,975,748	14,734,420	15,491,851
Pressurized Irrig - Revenue	\$ 785,394	\$ 645,750	\$ 376,950	\$ 368,500
Pressurized Irrig - Exp	359,579	242,732	334,690	407,458
Pressurized Irrig -Capital Exp	883,712	120,676	260,000	-
Capitalized Transactions (Debt and Infrastructure)	<u>(883,712)</u>	<u>(120,676)</u>	<u>(260,000)</u>	<u>-</u>
Net Position - +Increase (-) Decrease	425,815	403,018	42,261	(38,958)
Plus: Beginning Fund Equity:	<u>4,881,036</u>	<u>5,306,851</u>	<u>5,306,851</u>	<u>5,349,112</u>
Equals: Ending Fund Equity:	\$ 5,306,851	\$ 5,709,869	\$ 5,349,112	\$ 5,310,154
Storm Water - Revenue	\$ 1,005,553	\$ 888,200	\$ 733,438	\$ 743,688
Storm Water - Exp	381,122	338,426	491,923	540,755
Storm Water -Capital Exp	893,338	834,260	682,755	209,500
Capitalized Transactions (Debt and Infrastructure)	<u>(893,338)</u>	<u>(834,260)</u>	<u>(682,755)</u>	<u>(209,500)</u>
Net Position - +Increase (-) Decrease	624,431	549,774	241,516	202,934
Plus: Beginning Fund Equity:	<u>4,233,925</u>	<u>4,858,356</u>	<u>5,408,130</u>	<u>5,649,646</u>
Equals: Ending Fund Equity:	\$ 4,858,356	\$ 5,408,130	\$ 5,649,646	\$ 5,852,579
Solid Waste - Revenue	\$ 901,727	\$ 933,560	\$ 937,560	\$ 860,400
Solid Waste - Exp	903,102	879,726	910,524	841,033
Solid Waste-Capital Exp	49,316	19,000	64,058	48,225
Capitalized Transactions (Debt and Infrastructure)	<u>(49,316)</u>	<u>(19,000)</u>	<u>(64,058)</u>	<u>(48,225)</u>
Net Position - +Increase (-) Decrease	\$ (1,375)	\$ 53,834	\$ 27,037	\$ 19,368
Plus: Beginning Fund Equity:	<u>136,640</u>	<u>135,265</u>	<u>135,265</u>	<u>162,302</u>
Equals: Ending Fund Equity:	\$ 135,265	\$ 189,099	\$ 162,302	\$ 181,669
Golf - Revenue	1,840,767	1,838,585	1,825,620	1,895,000
Golf - Exp	1,493,510	1,271,704	1,512,865	1,469,110
Golf -Capital Exp	654,377	723,881	703,025	699,790
Capitalized Transactions (Debt and Infrastructure)	<u>(654,377)</u>	<u>(723,881)</u>	<u>(703,025)</u>	<u>(699,790)</u>
Net Position - +Increase (-) Decrease	347,257	566,881	312,755	425,890
Plus: Beginning Fund Equity:	<u>2,069,188</u>	<u>2,416,445</u>	<u>2,983,326</u>	<u>3,296,081</u>
Equals: Ending Fund Equity:	\$ 2,416,445	\$ 2,983,326	\$ 3,296,081	\$ 3,721,971

## INTERNAL SERVICE FUND

### Fleet Replacement Fund

The Fleet Replacement Fund FY 2016 Tentative Budget includes: 1) revenues totaling \$606,180 2) expenditures totaling \$606,180, 3) with the no change to Net Position.

In FY 2013-2014, a Fleet Fund was created. Along with the new fund, management is recommending the adoption of Fleet Replacement policy. The full cost of purchasing, operating, and maintaining the vehicles will be budgeted through the fleet fund. The actual cost for each of these activities will then be charged back to the departments operating the vehicles.

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. Vehicle purchases included in the Fleet Fund budget are as follows:

- Police - Patrol Vehicle for New Officer and Replace 2010 Detective Vehicle
- Streets – Replace 2002 2 Ton Dump Truck
- Engineering – Replace 1999 AWD SUV

The City plans to pay cash for the Police and Engineering vehicles. If interest rates remain low, a capital lease will be used to purchase the 2 Ton Dump Trucks.

### INTERNAL SERVICE FUND

	2014 ACTUAL	2015 BUDGET	2015 PROJECTED ENDING	2016 RECOMMENDED BUDGET
Fleet - Revenue	\$ 1,823,715	\$ 449,019	\$ 538,260	\$ 606,180
Fleet - Exp	353,051	500,003	538,260	606,180
Fleet -Capital Exp	536,426	227,981	231,905	317,925
Capitalized Transactions (Debt and Infrastructure)	(536,426)	(227,981)	(231,905)	(317,925)
Net Position - +Increase (-) Decrease	1,470,664	(50,984)	-	-
Plus: Beginning Fund Equity:	-	1,470,664	1,470,664	1,470,664
Equals: Ending Fund Equity:	\$ 1,470,664	\$ 1,419,680	\$ 1,470,664	\$ 1,470,664

### 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. 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 FY 2015-2016**

	<b>Total Budget</b>
BEGINNING FUND BALANCE	\$ 3,354,119
40-3042-33201 OPERATING GRANTS - STATE	\$ -
40-3042-36100 INTEREST EARNINGS	5,000
40-3042-37143 TRANSFERS FROM PUBLIC SAFETY	34,300
TOTAL REVENUE	<u>\$ 39,300</u>
TRANSFER TO GENERAL FUND	<u>\$ 260,000</u>
TOTAL EXPENDITURES	<u>\$ 260,000</u>
ENDING FUND BALANCE	<u>\$ 3,133,419</u>

**PUBLIC SAFETY CAPITAL FUND FY 2015-2016**

	<b>Total Budget</b>
TOTAL BEGINNING FUND BALANCE	\$ 31,725
43-2002-34701 IMPACT POLICE	\$ 34,300
TOTAL REVENUE	\$ 34,300
43-2008-49140 TRANSFERS TO CAPITAL PROJECT	34,300
TOTAL EXPENDITURE	\$ 34,300
ENDING FUND BALANCE	\$ 31,725

**PARKS CAPITAL FUND FY 2015-2016**

	<b>Total Budget</b>
<b>BEGINNING FUND BALANCE</b>	
TOTAL BEGINNING FUND BALANCE	\$ (116,809)
41-5301-34701 IMPACT PARK	\$ 308,000
41-5301-36000 BIG WEST OIL GRANT	105,000
TOTAL REVENUE	\$ 413,000
41-5336-57978 FOXBORO WETLANDS - BIG WEST OIL FUNDING	105,000
41-5356-57960 DEER HOLLOW PARK IMPROVEMENTS	100,000
New Account REPLACE SAND WITH WOODCHIPS-PLAYGROUNDS	30,000
TOTAL EXPENDITURE	\$ 235,000
ENDING FUND BALANCE	\$ 61,191

**ROAD CAPITAL FUND FY 2015-2016**

**6/30/2015**

		<b>Total Budget</b>
	BEGINNING FUND BALANCE	\$ 1,264,344
	44-3502-34701 IMPACT ROAD	264,600
	44-3502-36100 INTEREST EARNINGS	3,000
	44-3502-37111 TRANSFERS FROM GEN FUND C ROAD	413,900
	TOTAL REVENUE	\$ 681,500
	44-3505-51301 ANNUAL SEAL COAT C ROAD	\$ 140,000
	44-3505-56180 OVERLAY - CENTER STREET	67,000
	44-3505-56186 OVERLAY-EAGLEPOINTE CIRCLE	25,000
	44-3505-56187 OVERLAY-SPRINGWOOD AND CIRCLE	125,000
	44-3505-56184 OVERLAY-200 NOR AND 50 WEST	52,000
	TOTAL EXPENDITURE	\$ 409,000
	ENDING FUND BALANCE	\$ 1,536,844

**WATER CAPITAL FUND FY 2015-2016**

	<b>Total Budget</b>
Capital Equipment	\$100,000
400 East Waterline, Cottontree Inn to 900 North	158,000
Transmission Line to 5480 Reservoir	37,000
Union Avenue Changeover	117,000
Reservoir Interior Piping	107,400
Secondary Water Services - Woodbriar	232,100
	<hr/> \$751,500

**STORM WATER CAPITAL FUND FY 2015-2016**

	<b>Total Budget</b>
Eagleridge Storm Drive Project Phase 1 (EV Detention Basin)	\$131,000