

NOTICE TO PROVO CITY UTILITY CUSTOMERS

State law requires that Provo City provide an annual disclosure of funds transferred from the utility enterprise funds to the General Fund. Historically, Provo has budgeted for the transfer of 10% of utility fund revenues to the General Fund as a “dividend” to Provo taxpayers as the result of the taxpayers’ investment in the City’s utility infrastructure. These funds are used each year to help cover the costs of important City services like police, fire, parks and recreation, and other city functions. The utility transfer, together with franchise fees, helps keep property taxes in Provo low. If City utility services were provided by private utility owners, these dividends would instead be paid to investor-owners. Because Provo taxpayers are the investor-owners, these dividends are used to offset what otherwise would be a significant increase in property tax rates. The 10% transfer totals \$10,960,427 in the proposed 2019 budget.

Since 2013, a 1% transfer from utility fund revenues has been transferred to the General Fund to be used to enhance available funding for road maintenance. The 2019 budget proposes that \$1,096,043 be transferred to the General Fund.

It is more cost effective and operationally efficient for certain administrative functions such as legal, human resources, information technology and finance to be administered on a city-wide basis. Transfers from the funds receiving the benefit of these administrative services to the General Fund totaling \$1,169,712 have been included in the proposed 2019 budget.

A resolution was passed on November 15, 2011, allowing for an Energy rate increase for Telecom Debt Service fee. These fees provide funding for Telecom Debt Service payments. The transfer to the Telecom Debt Service fund totals \$3,250,000 in the proposed 2019 budget.

Provo City is in the process of implementing a city-wide system known as Provo 360. The system will benefit residents, customers and all departments of the City. The proposed 2019 budget includes transfers of \$659,054 to the Provo 360 Fund.

A transfer of \$583,820 from the Wastewater Fund to the Water Fund has been included in the 2019 proposed budget. The transfer is a reimbursement for management services provided to the Wastewater Fund by the Water Fund.

This table outlines the transfers described above:

Transfer From	Transfer to General Fund			Transfer to Other Funds			Total	% of Revenue
	10% Transfer	1% Road Transfer	Administrative Overhead	Telecom Debt Service	Provo 360	Water		
Energy	\$ 7,014,777	\$ 701,478	\$ 495,014	\$ 3,250,000	\$ 301,927		\$ 11,763,196	15%
Water	1,370,400	137,040	242,649		150,627		1,900,716	14%
Wastewater	1,523,400	152,340	200,559		94,500	583,820	2,554,619	16%
Sanitation	531,850	53,185	130,840		66,500		782,375	15%
Storm Drain	520,000	52,000	100,650		45,500		718,150	14%
Total	\$ 10,960,427	\$ 1,096,043	\$ 1,169,712	\$ 3,250,000	\$ 659,054	\$ 583,820	\$ 17,719,056	15%

A public hearing will be held on Tuesday, June 19, 2018 at 5:30 p.m. at the Municipal Council Chambers located at the Provo City Center, 351 West Center Street, Provo, Utah regarding the adoption of the Provo City Budget for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

Thank you for your support and involvement as a customer of Provo City's utilities.