

Budget Highlights

I am pleased to submit our proposed budget for the City of Provo, Utah for the fiscal year beginning July 1, 2019 and ending June 30, 2020.

This budget is the result of many hours and the contributions of Council members, the public, employees and City leadership. The Administration has worked hard to submit a responsible, sustainable budget.

Preparation for the Fiscal Year 2020 budget began in January 2019 with the Mayor, CAO and administrative budget team looking at early revenue forecasts, projected retirement and insurance increases, and department needs for the Fiscal Year 2020.

The administrative budget team met with the City Administration to monitor and plan for the following:

- Revenue Needs & Forecasts
- Budget Expenses & Shortfalls
- Merit Increases, Retirement, Health Insurance, Operation and Maintenance Needs, Capital Needs, Vehicle Replacement, Outsourcing, Adequacy of Fees & Taxes
- The FY2020 5-year Capital Improvement Plan included recommended changes made by Municipal Council staff and include priority levels, operating budget impact, and identifying whether funding sources have been identified.

As evidenced in Provo and the nation, there are many signs that the local and the national economies are starting to level off. The local economy continues to outperform the national economy. The City is currently cautious about sales tax revenues, but anticipates they will moderately increase during the next fiscal year. However, it is important to note that we continue to have concerns about global uncertainty and how large fluctuations in the cost of crude oil, healthcare costs, retirement costs, and other operational costs will impact consumer spending and City budgets.

Provo City continues to work hard in maximizing every dollar and providing a great value to our residents. Our employees understand that every tax dollar we receive is a sacrifice from our residents who trust us to use it wisely. While preparing the 2020 budget, directors were asked to evaluate their budgets and look for possible savings before they were submitted. Despite years of deep cuts, department directors were asked to keep operational budgets flat and submit only critical supplemental requests.

The 2020 budget supports our ongoing goal of continued fiscal health with a sustainable budget. Monies are invested in capital improvements, vehicle replacement and employees. Provo City employees are among the greatest and most critical assets the City has, and by investing in them, we are better able to recruit, develop, and retain top employees.

The Administration continues to look for opportunities for its employees to grow and be prepared to become future leaders at the City. The City continues to provide to full-time employees the opportunity to submit an application to the education assistance board to further their education and be reimbursed by up to fifty percent of their educational costs.

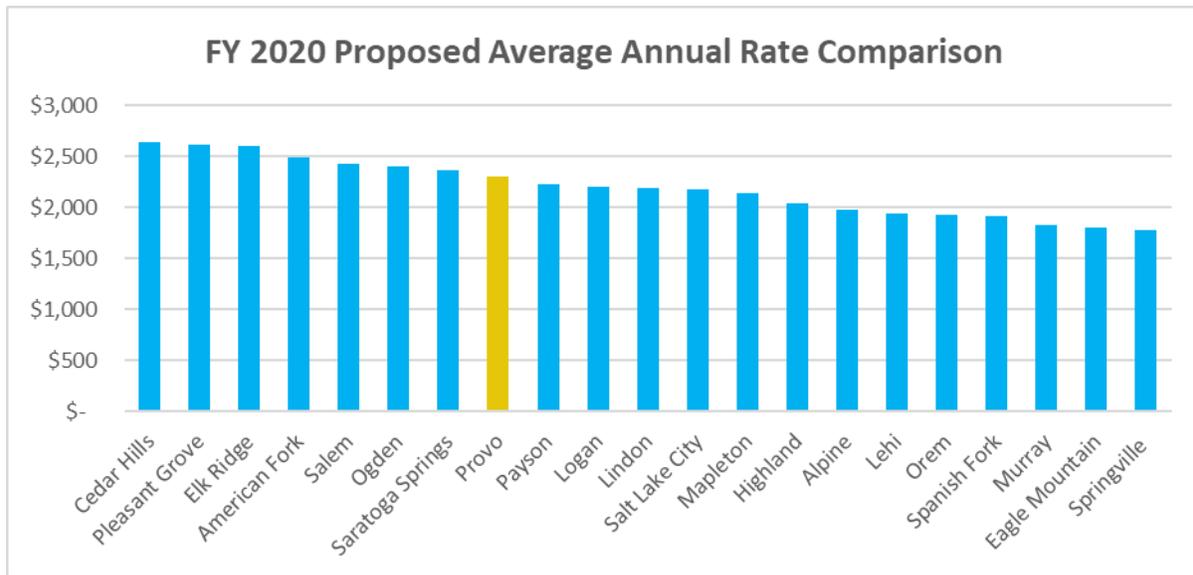
In accordance with Council and Administration priorities to promote the sustainability and long-term outlook of the City, rates and fees are designed to cover costs of their services. Included in the appendix to the Budget Document is a list of Consolidated Fee Schedule changes. A comprehensive list of fees is included in Provo City Code as well.

Utility rate increases are being implemented to fund ongoing operational and capital improvements throughout the City.

The following utility rate increases are being included in the recommended budget per the 5-year plan adopted by the Municipal Council five years ago.

- An average 15% or \$7.18 monthly increase per average residential home on wastewater utility sales (Wastewater Fund)
- An average 5% or \$2.24 monthly increase per average residential home on water utility sales (Water Fund)
- An average 8% or \$0.80 monthly increase per average residential home on storm water utility sales (Storm Water Fund)
- An average 10% or \$2.78 monthly increase per average residential home on sanitation utility sales (Sanitation Fund)
- The Energy rates include a revenue-neutral adjustment by increasing the base rate and lowering the price of the first 500 kWh of power

The graph below depicts the City’s position compared to other cities after implementing the proposed rates, excluding Energy. This graph would assume that other comparable entities make no other changes to their current rates.



Funded Personnel Costs

Each year we carefully evaluate the compensation scales of our employees and compare our compensation to the market of competing governmental entities. Personnel budgets in departments include current funding levels plus market-required adjustments necessary to attract and retain good employees:

- Merit Increases (2.5%)
- Market Adjustments
- Career Series Advancements
- Health Insurance Cost Increases (4.5%)
- Utah Retirement System
- Employee Recognition & Appreciation
- Birth Parent and Adoption leave
- Accidental death and dismemberment benefit
- Upfront leave program for new employees

Expenditures

All departments and divisions continue to do the same or more with very limited personnel and operational budget changes.

Each department/division had the opportunity to submit supplemental requests as part of the Fiscal Year 2020 budget. Forty-three requests were made for a total of \$4,728,432. A total of \$2,001,628 has been funded in FY2020 and \$282,275 has been funded by existing budget in FY2019.

Public Safety

\$658,596: Seven new police officer positions. Four will be funded from general fund revenues and two will be funded from revenues received from Provo School District for officers assigned to schools. One will be funded by consolidating two part-time positions.

It has been determined to no longer have a police lieutenant oversee dispatch and to hire a civilian with the management skills and experience to oversee the dispatch operation. This will provide the Police Department to have an additional lieutenant that can focus on other police responsibilities. In the past we have not been able to keep all the dispatch positions filled due to turnover and recruiting challenges. The funding for the civilian Dispatch Manager will come from decreasing the approved dispatch positions by two.

\$24,259: Increase interlocal contribution animal shelter district to fund increase in operating costs.

\$18,744: Annual maintenance for an online reporting program that allows citizens to initiate a report online, obtain a case number, and print the report for their records. We believe this program will eventually save significant staffing hours as more people become aware of and use this service.

Community Development

\$5,000: There is a need to have annual maintenance for wayfinding signs.

\$5,000: The property coordinator has various expenses associated with the sale and purchase of properties.

Administrative Services

\$7,000: Requests funding to cover the cost of an internal auditor to add a level of scrutiny to a broader range of transactions the City takes place in. This funding would cover the contracting for about 100 hours of internal audit function, which is like the services used by Provo School District.

\$11,760: Accidental Death & Dismemberment (AD&D) insurance coverage for full-time employees, effective at the start of the calendar year. This gives all full-time employees \$50,000 of AD&D insurance, plus an additional \$50,000 for public safety employees if they are killed in the line of duty.

\$100,081: Public Safety Systems Analyst position to help support the existing and expanding technology needs of the police, fire, and 911 dispatch operations.

\$100.081: Systems Analyst position to help maintain and expand communications technology.

\$112,101: Information Security Analyst. This position will be responsible for the ongoing analysis and management of defensive security infrastructure and controls.

Development Services

\$205,890: New department director position for the newly created department.

Wastewater

\$258,389: With the upcoming retirement of two key employees at the treatment plant and the preparation for a new plant, we think it is wise to find the intended replacements for the plant manager and his assistant to give them time to learn from the incumbents and free up more time for them to focus on the new plant.

Water

\$40,595: We have added significant sources infrastructure that will need to be operated and maintained including 10 million gallons of new storage reservoirs, the Lion's Park Well, and Big Springs. Converting this position from part-time to a full-time.

\$95,309: The need for water and sewer modelling and focus on other smaller projects has increased with the capacity constraints in these systems, particularly on the west side of Provo. Existing staff resources are constrained by major projects such as the new treatment plant, west side infrastructure projects, well development, and water rights management.

Airport

\$25,000: Due to the needs to support commercial flights and other airport services, it is recommended that overtime be added to the budget.

\$87,414: The current Office Specialist III spends most of her time working on badging, requiring additional help with her other duties. Converting her position to a Badging Administrator would align closer with the work she is currently doing. Meanwhile, converting a part-time Office Specialist to a full-time Office Specialist III would provide the additional administrative support needed. The Maintenance Specialist is required to make significant decisions and provide service at the Airport that is beyond his current title. Converting this position to an Airport Security/Maintenance Coordinator would align this position better with current assignments and future needs with the new terminal.

Streets

\$26,918: The Streets and Stormwater manager has been required to spend a lot of time acting as a field foreman and being in the field helping with maintenance and project work. Adding an assistant position would allow the assistant to focus on managing the foremen in the field, freeing up the manager to focus on administering the section and the overall management of stormwater and streets infrastructure.

Vehicle Maintenance

\$78,170: Based on an analysis of the size of the City fleet and maintenance needs compared to the number of mechanics employed by the City, the Fleet Manager has determined that the City does not have an adequate number of mechanics.

Customer Service

To meet the parking demands from our citizens and business owners today, we have exhausted our resources to cover the existing parking areas. We are limited on our resources of personnel, vehicle and equipment to enforce any additional parking of areas in Provo. In order to manage further parking growth, it is necessary to add the equipment, personnel and vehicles to do so. It is proposed that parking fees be adjusted to fund the following recommendations:

\$42,660: To better focus on parking enforcement, the budget includes changing one of the part-time parking positions to full-time.

\$90,000: Two (2) addition LPR (License Plate Readers) to efficiently cite vehicles in restricted parking areas.

Other Funding

The Recreation Center continues to exceed revenue expectations and is being used heavily by its customers. Administration and the Municipal Council have a strong desire to have the funding necessary to adequately maintain the Recreation Center so that it will be able to serve customers long-term. In addition, the facility can continue to feel new and have equipment and services needed to keep up with current trends. To meet this need, FY2020 will be the fifth year we have provided \$413,646 in funding in the operational budget to maintain the building and equipment over their useful life. Any unused funds in any given year will be moved forward for future use.

In addition to the Recreation Center, the General Fund has several facilities it maintains. The Administration and the Municipal Council have a strong desire to have the funding necessary to adequately maintain the different facilities within the General Fund so that they will be able to serve residents in the long-term. To meet this need, this will be the fourth year we have provided funding in the operational budget to maintain the building and equipment over their useful life. Since the City Center is going to be replaced, it was determined the amount that has been set aside for maintenance in prior years is adequate so no additional funds were set aside for the existing City Center. For other general fund facilities, \$237,000 is included in the FY2020 Budget for maintenance. Any unused funds in any given year will be moved forward for future use.

The budget includes funding from a Recreation, Arts, and Parks (RAP) Tax that was approved by the voters in November 2015. The proposed budget assumes the tax will generate approximately \$1.325 million in FY2020 for recreation and arts projects.

During fiscal 2016 the City selected and started the implementation of a Citywide Municipal Software Solution (Provo 360). The City is now live with the finance, licensing and community development applications.

A change in focus will be occurring in the HCMS portion of the project. When Provo 360 was originally undertaken, it was determined our partner, Cayenta, would be allowed the opportunity to develop their personnel product into a full Human Capital Management System. It was acknowledged that this would require significant effort and development, but, if successful, the City could benefit from having a single integrated provider. After a sizeable effort by the City and Cayenta, and a careful examination of the progress to date, the City is now opting to pursue a more traditional HCMS product and will be redirecting efforts accordingly. We continue to value our partnership with Cayenta in other areas of the project.

The City began the implementation of the customer information system (CIS) and the work order management system (WMS). The City plans to go live with CIS in the fourth quarter of fiscal 2020 and go live with WMS in early fiscal 2021.

The vision for Provo 360 is to provide our residents, businesses, students, employees, administration and visitors with a 360-degree view of the city at any time, from anywhere, and from any device. The Provo 360 Core Team, Administration and the Municipal Council are working towards solutions to make information requests and transactions accessible, easy and even enjoyable for our customer while giving our administration the same 360 degree view to enable them to service, resource, measure, refine and improve like never before.

Provo City has been recognized as a community of choice by recent national accolades and the citizen survey results. Our goal is to provide residents with the services they need in an efficient and transparent manner. I believe the budget process forces us to make difficult decisions and prioritize what items should be funded. The City continues to make difficult decisions to reduce ongoing costs and to strengthen revenues. The City has not only balanced its budget for the current fiscal year, but also continues to work with the Municipal Council, citizens and employees to create a long-term structurally balanced budget. By making good financial decisions that consider both the short-term and long-term impacts, Provo will become a stronger, healthier community in which to live, learn, work and play.

We welcome and encourage your careful review of our recommended budget. We also welcome the input of our residents as we proceed through the process of adopting the City's annual budget. As always, our staff is at your disposal to respond to questions and assist in any way the Municipal Council would like over the upcoming weeks. We believe that you will find this budget responsive to your concerns and aspirations and forward thinking as we plan together for the future of the Provo community.