



Provo City Proposed FY2020 Citizens Budget

produced by Municipal Council Staff



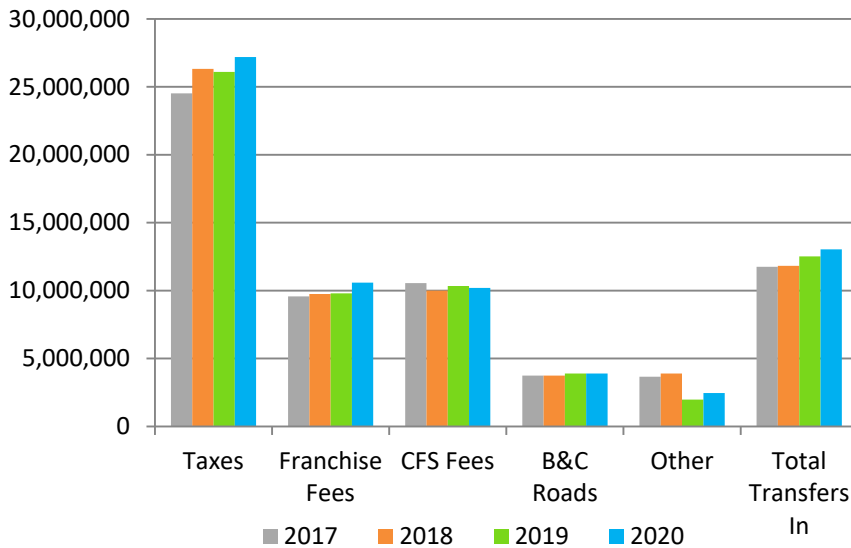
Revenue Summary



Total Revenues: \$283.7 Million

State law requires cities to balance their budgets. For Fiscal Year 2019-2020, the estimated amount of Provo's **total revenues** is approximately \$283.7 million (M) (FY 2020 Provo City Proposed Budget pg. 39). The most significant revenues come from sales for utility services (\$108.3 M), grants (\$31.8 M), and fees (\$25.3 M).

General Fund Revenues: \$67.35 Million



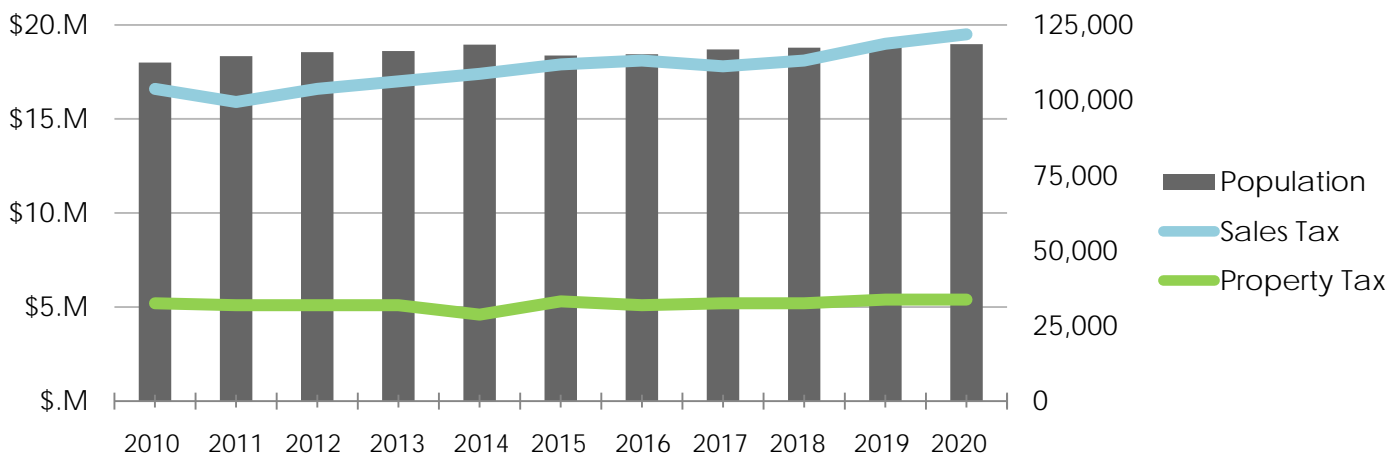
Source: FY 2020 Provo City Proposed Budget p. 46

The City uses **General Fund revenues** (breakdown and comparisons displayed on the left) to pay for City services provided by various City departments. The General Fund derives its revenues from three primary sources: taxes, fees, and transfers in (each year, 11% of Utility revenues are transferred into the General Fund). The City uses these anticipated revenues in the General Fund for running City activities. The total amount of revenues in the General Fund this budget year is \$67.35 M (see graph).

Fees approved by the Council as part of the annual budget are listed on the Consolidated Fee Schedule (CFS). The City charges fees to offset costs associated with these services. The CFS can be found [here](http://bit.ly/ProvoCFS). (bit.ly/ProvoCFS)

Sales and Property Taxes

The table below shows a historical graph of sales and property taxes as compared to population growth. Sales revenue has outpaced population since the recession, even when adjusting for inflation. However, when inflation is taken into account, the property tax has remained remarkably flat in spite of new development and increased home values (see table below).



Source: FY 2020 Provo City Proposed Budget p. 46; census.gov

Expense Summary



Total Expenses: \$280.74 Million

The City budget is split into funds to help organize and track expenses and revenues.

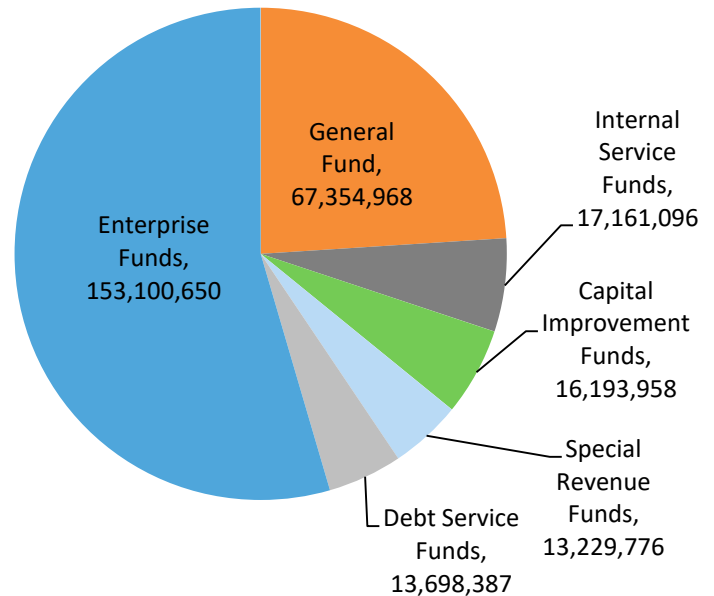
The **General Fund** pays for functions typically associated with a municipal government (e.g. police, fire, streets, parks and recreation, community development, etc.) and receives its revenues from taxes, fees, and transfers in.

Internal Service Funds primarily provide either benefits or goods and services to other funds and departments on a cost-reimbursement basis with the goal to break even rather than turn a profit. Provo City vehicle maintenance, computer replacement, employee benefits, etc. are examples of city services provided for in these funds.

Capital Improvement Funds are used to account for resources designated to construct governmental capital assets that may require more than one fiscal year for completion.

Special Revenue Funds are accounts established by a government to collect money that must be used for a specific project. These funds provide an extra level of accountability and transparency to taxpayers and signify that their tax dollars will go to an intended purpose. Provo City has a few special revenue funds used to service the Covey Center for the Arts, the Justice Court, and emergency response, among other services.

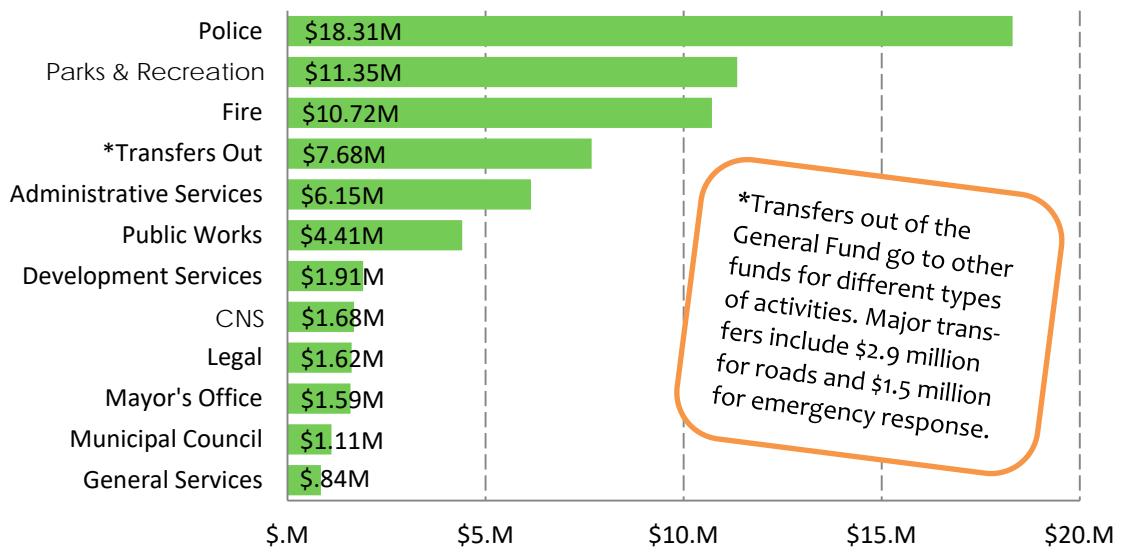
Enterprise Funds are government-owned funds that sell goods and services to the public and must abide by the same generally accepted accounting principles that private companies do. Utility funds, the Golf Course fund, and the recently added Ice Arena Fund are all examples of enterprise funds.



Source: FY 2020 Provo City Proposed Budget p. 39

General Fund Expenses: \$67.4 Million

The breakdown of the General Fund to the right shows the 11 Departments across Provo City (plus Transfers Out) and the funding they receive in order to continue their duties for the operation of City government. The two new departments, Community and Neighborhood Services (CNS) and Development Services (DS) are also listed.

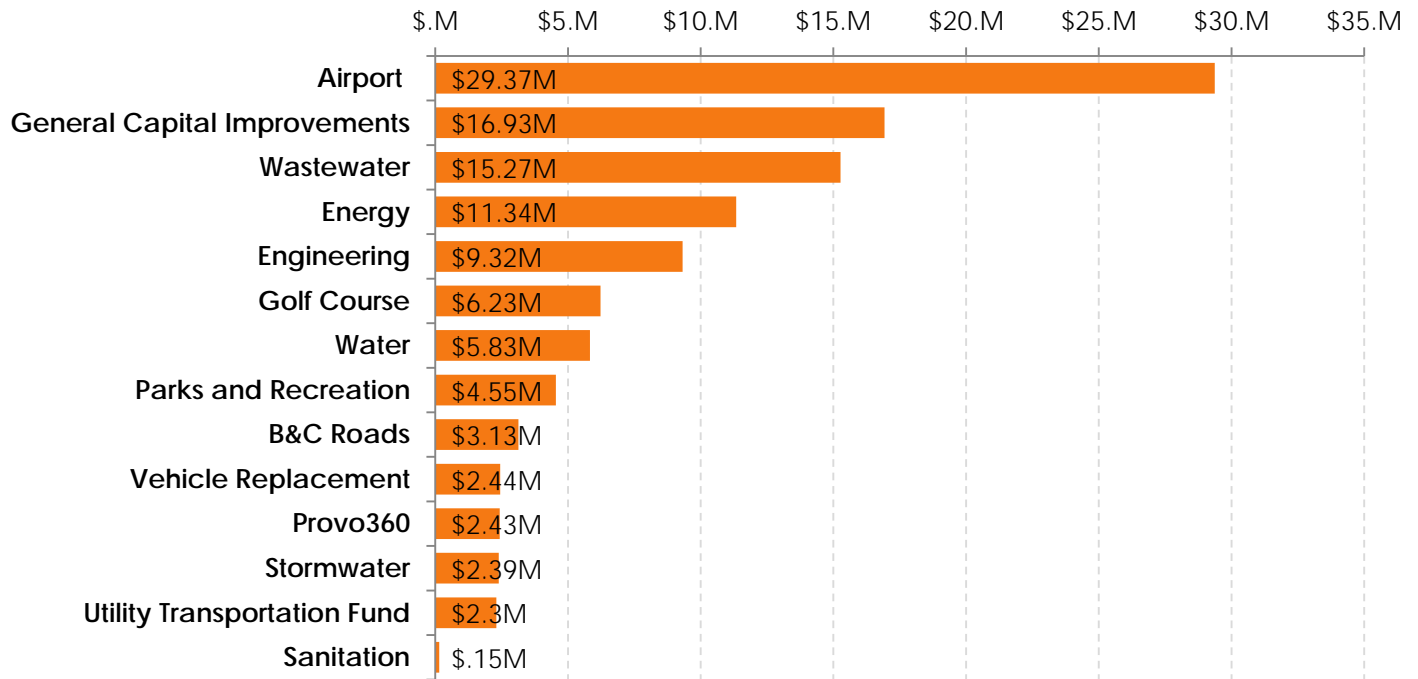


Source: FY 2020 Provo City Proposed Budget p. 46

Capital Projects



Fiscal Year 2020 Capital Projects: \$111.66 Million



Source: Provo City Five-Year Capital Improvement Plan, 2020

Infrastructure is one of a city's primary assets. A capital asset is a tangible property with a useful life of at least three years that costs more than \$5,000 to build. The table below shows significant capital projects scheduled to take place during Fiscal Year 2020. Each is a high priority for the City and has a budget over \$3 million in FY 2020. The five-year Capital Improvement Plan for 2020 can be viewed [here](https://bit.ly/2JGXpu4). (<https://bit.ly/2JGXpu4>)

The replacement of the Public Safety and City Administration buildings and Fire Station #2 will be funded by the general obligation bond voted on and passed in November 2018. Other projects will be funded by low-interest state loans, grants, and pay-as-you-go funding (spreading the costs over several years).

Project	Estimated Cost FY 2020	Funding Category	Purpose
Airport Terminal and Apron Phase 1	\$29,088,000	Airport	To create one new terminal with four gates at the Provo Airport
Replace Public Safety and City Administration Buildings	\$13,536,749	General CIP	To replace the Public Safety (Police, Fire, Dispatch, Emergency Operations, Fire Operations) and City Administration buildings on the existing property
New Reclamation Plant Projects	\$9,000,000	Wastewater	To construct a new water treatment plant on the existing property
Lakeview Parkway and Trail - New Provo River Bridge	\$7,000,000	Engineering	To provide direct access to the west side of Provo City, including the airport and the new Provo High School
Replace Fire Station #2	\$3,389,557	General CIP	To construct a new fire station on the existing property on North Canyon Road

Source: Provo City Five-Year Capital Improvement Plan, 2020

Department Reorganization



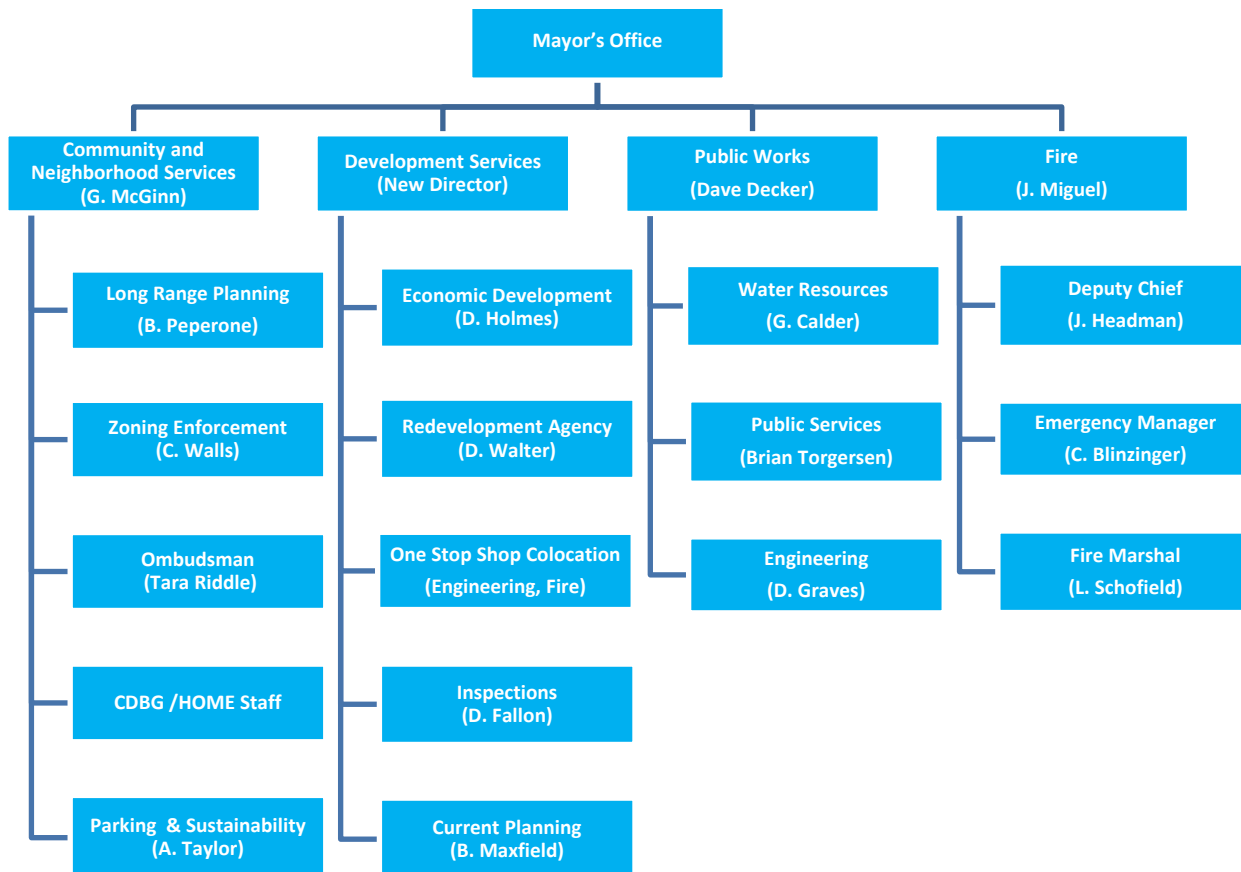
In 2016, the City Council formed a Development Approval Process Review Committee to study how to streamline and improve the application and approval process for development. In her State of the City Address in February 2019, Mayor Kaufusi announced the reorganization of some City departments to create a one-stop shop for everything related to development. This streamlined service will be overseen by the new Community and Neighborhood Services Department and the Development Services Department, both of which will report to the Mayor and are included in the tentative FY 2020 budget (see the chart below).

Community and Neighborhood Services Dept. Budget: \$1.68 Million

The **Community and Neighborhood Services Department**, formerly the Community Development Department, will oversee long-term planning, zoning code enforcement, property management, comprehensive planning, apartment licensing, maintenance of the citywide land use database, and accounting for all City-owned property. They will also administer the Planning Commission, Board of Adjustment, Design Review Committee, Landmarks Commission, Transportation and Mobility Advisory Committee, Administrative Hearing Program, and Board of Appeals.

Development Services Dept. Budget: \$1.91 Million

The **Development Services Department** will be a new addition in FY 2020, comprised of Economic Development, the Redevelopment Agency, and portions of Community Development and Public Works. It will be designed specifically to meet the needs of developers and will oversee short-term planning and building inspection.



Source: FY 2020 Provo City Proposed Budget p. 60-62; Provo City Mayor's Office

City Debt



Total City Bonded Debt: \$156.15 Million

As of May 1, 2020, the City has bonded debt outstanding of \$156.15 million (M). Of this amount, \$94.19 M is general obligation debt backed by the full faith and credit of the Provo City government. The remainder of the City's bonded debt, \$61,961,000, represents bonds secured by specified revenue sources (i.e., revenue bonds, whose principal and interest are payable exclusively from a designated revenue source or enterprise fund) (see table below).

The 2011 Recreation Center Bond and the 2019 City Center and Fire Station bonds are the only general obligation bonds for which the City is currently paying. The 2004 Telecom bond and the 2014 Cemetery bond are the only revenue bonds. The remaining bonds are Enterprise Fund Revenue bonds. Per the agreement for the 2017 Sales Tax Revenue bond for airport improvements, the City made only interest payments for the first two years. In FY 2020, the City will begin making payments on the principal as well.

The 2006 increment bond for the Covey Center was paid in full ahead of schedule in 2019.

Bond	Year	Type	Balance
City Center and Fire Station	2019	General Obligation	\$65,930,000
Recreation Center	2011	General Obligation	\$ 28,260,000
Telecom	2004	Revenue	\$18,325,000
Energy	2015	Enterprise Fund Revenue	\$16,470,000
Water	2015	Enterprise Fund Revenue	\$9,245,000
Wastewater	2015	Enterprise Fund Revenue	\$7,705,000
Sales Tax Revenue Bond	2017	Enterprise Fund Revenue	\$4,975,000
Stormwater	2010	Enterprise Fund Revenue	\$ 3,340,000
Cemetery	2014	Revenue	\$1,901,000

Source: FY 2020 Provo City Proposed Budget p. 123

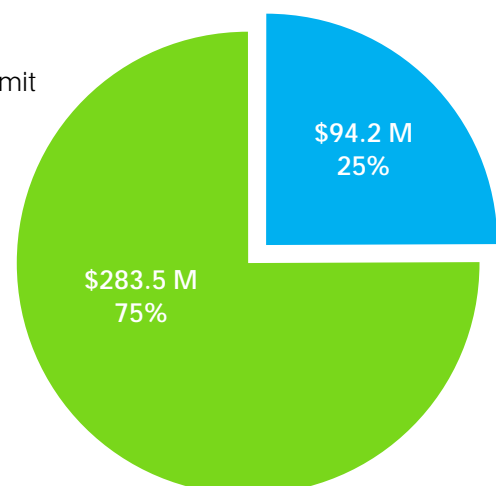
General Obligation Debt Figures

State statute limits the amount of general obligation debt a governmental entity may issue to 4% of its total assessed valuation.

At the end of FY 2017, Provo City estimates property market value of \$9.44 billion. Calculating the debt limit at 4% of estimate market value gives an estimated debt limit for the City of \$377.69 million.

This debt limit is higher than the City's current outstanding general obligation debt of \$94.19 million, which 25% of the City's legal limit (see graph on right). That leaves an unused legal debt margin of \$283.5 million.

- Current Debt Used
- Remaining Debt Limit



Source: FY 2020 Provo City Proposed Budget p. 124

Utility Infrastructure



Five years ago in FY 2016, the Council and City Administration determined that the revenues from Provo City’s water, wastewater, sanitation, and stormwater utility rates were insufficient to pay for aging infrastructure repairs and replacement. As a result, the Administration proposed a plan to increase utility rates for water, wastewater, sanitation, and stormwater services over the course of five years. FY 2020 is the fifth year of those rate increases. Moving forward, increases are intended to keep up with inflation and appropriately maintain public infrastructure. The table below shows the proposed rates for FY 2020.

Utility Fund	Monthly Amount Increase	Rate Increase
Water	\$2.24	5.0%
Wastewater	\$7.18	15.0%
Sanitation	\$2.78	10.0%
Stormwater	\$0.80	8.0%

Source: FY 2020 Provo City Proposed Budget p. 32

As in prior years, fee increases in FY 2020 will pay for necessary capital improvements to better ensure each utility is appropriately and adequately maintained and better equipped to withstand natural disasters. For example:

- Additional revenues in the Water Fund will be used to construct new water wells, a 48” transmission line, and a reservoir replacement, among other projects in the next few years.
- Wastewater Fund rate increases, along with state funds, will be used to construct a new treatment plant and the west side sewer backbone.
- The Sanitation Fund increases will help operations related to garbage, recycling, and green yard waste reach sustainable levels.
- The Stormwater Fund will use fee increases to build or repair storm drains throughout the City, which will prevent flooding in the event of large storms.

The wastewater utility rate is anticipated to increase over the next decade in order to fund a new water treatment facility, as shown in the table below. In addition to meeting new, more stringent state standards for effluent (the water that comes out of the treatment plant), the new facility is also expected to help Provo independently meet its water needs, improve safety, and prevent deterioration of water quality in Utah Lake. Algae blooms occur when a common lake bacteria multiplies quickly and can produce harmful cyanotoxins (Harmful Algal Blooms Home, deq.utah.gov). Although the effluent meets all current regulations, its current nutrient content could be contributing to the growth of algae blooms.

The new facility will also be safer for staff. A recent risk assessment found that approximately 75% of the existing water reclamation facility was at a medium or high risk of failure. The operations and laboratory facilities also lack modern health and safety features.

Year	Anticipated Monthly Amount Increase	Anticipated Rate Increase
2021	\$13.84	25%
2022	\$6.92	10%
2023	\$6.85	9%

Source: Provo City Public Works Department

Police Department



Provo currently has the lowest officer-to-citizen ration of the 10 largest cities in Utah. Between an ongoing nationwide shortage of police officers and Provo’s rapid growth, Provo’s need for police officers on patrol has reached critical levels.

In 2011, the Provo City Police Department contracted with the Police Executive Research Forum (PERF) – a non-profit organization that assists law enforcement agencies with research and policy organization – to perform a study to better understand what the Police Department could do to improve performance, training, and conduct. PERF recommended that in order to meet the current workload, the department would need to hire an additional 14 patrol officers.

Additional police officers are expensive, especially in equipment in the first year, and police departments nationwide face a hiring shortage. The Police Department focused its efforts and personnel resources on improving the retention rate of officers working in Provo.

Provo’s Police Chief has indicated that some of his police officers face fatigue due to the volume and intensity of their calls, which often results in the officers working overtime. In FY 2019, the City spent approximately \$300,000 on overtime for officers.

In FY 2020, the City was able to budget for seven new full-time police officers (six from newly-created full-time positions and one from combining funding for two part-time officer positions to create one full-time position). All seven of the new officers will serve as patrol officers, spreading out the current workload carried by Provo Police.

In 2019, the Mayor and City Council unanimously supported the creation of a Deputy Police Chief position to better assist the Police Chief in managing the increasing demands placed on the Police Department by rapid growth, the expansion of the Provo Airport, and other changes in the city.

The chart below shows the personnel totals for the Police Department from FY 2017 through FY 2020.

Patrol Division Summary	FY 16-17	FY 17-18	FY 18-19	FY 19-20
Police Admin	1	2	1	2
Patrol (Admin, Shifts, Traffic, and K-9)	71	73	74	81
Special Ops (Admin, SRO, COP/SET, JCAT, and Task Force)	18	18	18	18
CID (Units)	14	14	14	14
Total	104	107	107	115

Source: Provo City Human Resources

Budget Information



To see the full FY 2020 Tentative Budget, please visit <https://bit.ly/2WzrSAu> or stop by the City Council offices at the City Center Building. • 351 W. Center Street • 801-852-6120 • council@provo.org

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