

Lehi City Corporation

CITIZEN'S BUDGET

A Guide to the Fiscal Year 2012 Municipal Budget



07/01/11—06/30/12

Lehi City

Visit Us At:

Lehi City Hall
153 North 100 East
Lehi, Utah 84043

Phone: (801) 768-7100
Fax: (801) 768-7101
Website: www.lehi-ut.gov



PIONEERING UTAH'S FUTURE

Purpose Statement

The intent of this document is to provide residents and other interested parties with a simple, concise, and understandable overview of Lehi City's budget. The document addresses two questions: (1) How is the City funded? (2) How are those funds spent?

The City operates on a fiscal year that begins July 1st and ends June 30th. The budget for the current fiscal year, which is referred to as Fiscal Year 2012 (or FY 2012), was adopted on May 10, 2011, and became effective July 1, 2011.

Anyone can obtain more comprehensive information and a copy of the City's official budget documents from City Hall or online at www.lehi-ut.gov/residents/transparency. If you have specific questions, contact the Finance Department at (801) 768-7100.

TABLE OF CONTENTS

Executive Summary.....	3
Property Taxes	4
Sales Taxes	4
FY 2012 Budget Highlights	5
Services Provided	6
Capital Projects	11
Regional Transportation Projects	12
Budget Process	13
Supplemental Table	14



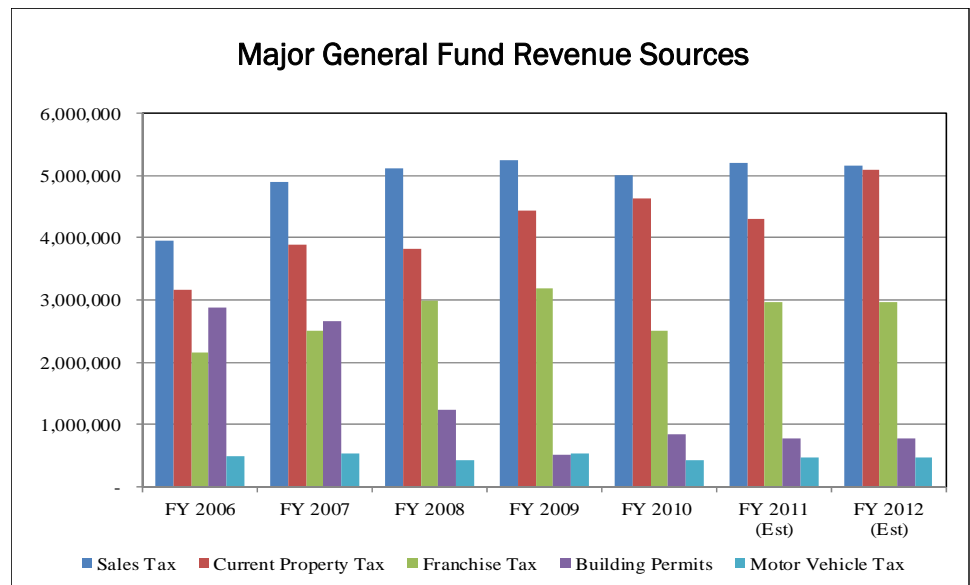
Executive Summary

As we continue to traverse through what is a difficult economic climate, with monies that are significantly less than four fiscal years ago, this budget reflects an effort to conservatively project revenues, while at the same time, striving to maximize the use of existing resources to maintain or increase levels of service throughout the organization. While the downturn has required us to “do more with less,” we are also pleased to report that Lehi City is in a strong financial position moving forward as we begin to emerge from what has been identified as the greatest period of economic decline since the Great Depression.

We are excited about the future and the opportunities that exist for Lehi City moving forward. While we have struggled through many difficult challenges these past number of years, we are poised to emerge from this recessionary period in good shape, with renewed optimism and confidence. We are appreciative of our dedicated workforce and the citizens we serve and pledge to continue building Lehi City into one of the state's premiere communities.

How is the City Funded?

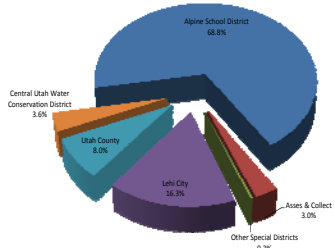
Lehi City is funded through several different sources in order to provide local services. The main funding sources along with a description of each are found in the following pages.



How is the City Funded?

TAXES & OTHER REVENUES

Property Tax



There are multiple tax collecting entities in Lehi City: Alpine School District, Utah County, Timpanogos Special Service District, Central Utah Water Conservation District, the Mosquito Abatement District, and Lehi City. Utah County assesses the taxable value and collects all property tax. Lehi City Corporation's 2011 certified tax rate is 0.2519%.

Primary residences are taxed at 55% of the assessed value while secondary residences are taxed at 100% of the assessed value. This year's budget was adopted with no tax increase.

Sales Tax

The total sales tax is made up of several rates levied by the State, County, and City. Of the 6.45% tax on general purchases, the City levies about .82%.

Fees

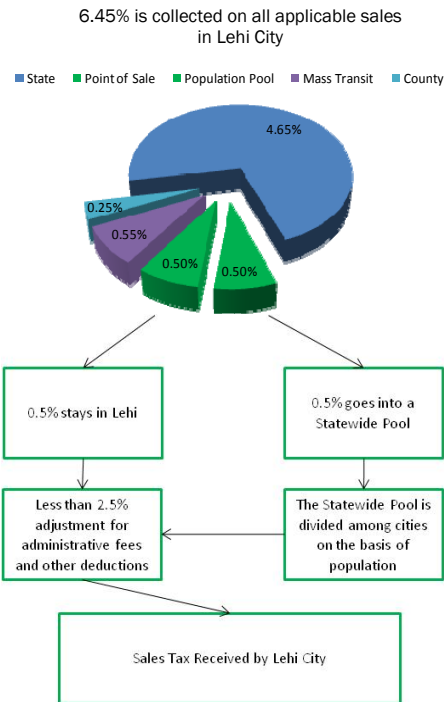
The City has several fees that are assessed on various services such as business licenses, recreation, planning, building, power, and water fees. These fees are levied in order to respond to changes in demand for the services.

Grants

The City receives grants every year from the federal, state, and county governments. These grants fund different projects including energy efficiency, library, parks, public safety, and transit programs.

Municipal Bonds

Some of the City's capital projects are funded through debt. The City currently has an AA- bond rating from Standard and Poor's for General Obligation (GO) bonds. Since 1998, the City has used bonds for the acquisition of two substations, water storage, and drainage facilities. The City has also used bonds to improve roads, expand the library, and incentivize economic development.



How are the City Funds Spent?

HIGHLIGHTS OF FACTORS INFLUENCING THE FY 2012 BUDGET:

Public Infrastructure Development

Included in this year's budget are on-going monies for chip seal/slurry applications for the City's road system, consistent with a maintenance schedule detailed in the City's pavement management plan. Monies have also been set aside for the completion of a needed salt storage facility necessary for the City to meet NPDES storm water/drainage requirements. Also, included in the budget are new monies for the repair, replacement and construction of sidewalks in the city's downtown, historic core. The largest public works project is the \$5.755 million that has been set aside for reconstruction of Lehi Main Street.



Highly Qualified and Motivated Workforce

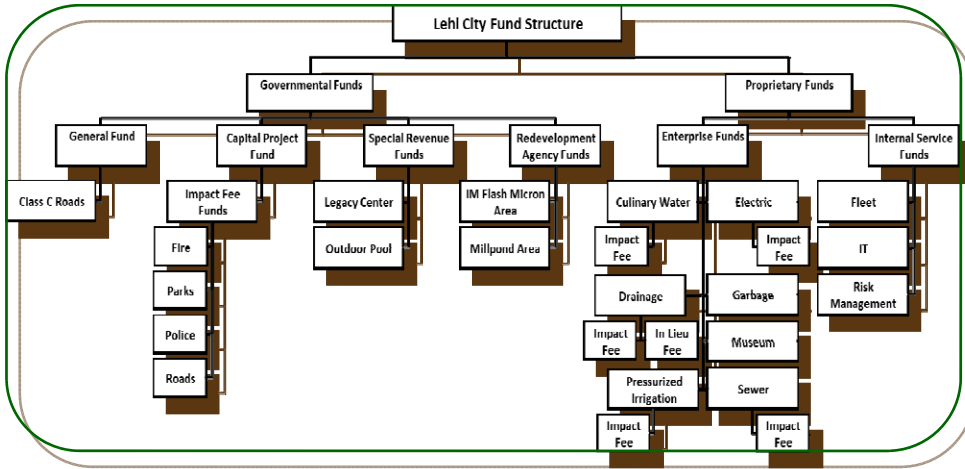
Lehi City's ability to provide quality services to all of the community's residents is based, in large part, to the City's qualified and motivated workforce. As you might expect, faced with the challenges associated with the down economy, the City's employees have also shared in the cost-cutting efforts that have been made to keep operations constant. Included in this budget, we are recommending a 2 percent market adjustment for all Lehi City employees. While the budget does not include any provisions for merit/step increases, it is hoped that the nominal adjustment will suggest to our staff the appreciation and concern we have for them and their families.

Maintaining Tax Levels and Assessing Fair and Reasonable Fees

The FY 2012 budget does not include a property tax increase and does not recommend any fund transfers from any City utility fund (with the exception of what the state legislature deems reasonable). Based on the ongoing \$100 million expansion of the Timpanogos Special Service District (TSSD) wastewater treatment facility, we are recommending an increase in the city's charge to customers for wastewater services, specifically an increase in the base monthly fee, as well as the variable +/1,000 gallons used portion of the service charge. On average, we estimate the increase to result in a residential service charge increase of \$3.50/month. All City fees are reviewed annually, ensuring that charges for services are based upon costs associated with providing a particular service and current market conditions.

Services

Generally speaking, the City spends tax dollars and fee revenue on two things: (1) Services and (2) Capital Projects. Municipal services are all around you and include such provisions as police, library, utilities, streets, special events, parks, and so forth. “Capital Projects” refers to the purchasing, construction, and/or maintenance of roads, public buildings, and infrastructure.



Lehi City offers a variety of services to residents and visitors alike. A variety of funds are used in order to best account for those services (see Fund Structure above).

Those services generally fit into one of six categories:

- 1) **Public Safety**
- 2) **Public Works**
- 3) **Leisure Services**
- 4) **Community Development**
- 5) **Administrative**
- 6) **Non-Departmental**

The Mayor and City Council direct staff on which programs to provide and to what degree. Staff submits a budget for approval accordingly. The table on page 14 has the budgeted amounts for each Fund.

PUBLIC SAFETY



Consisting of Animal Control, Code Enforcement, Emergency Medical Services, Fire, and Police departments; Lehi City is dedicated to providing high-quality protection of life, property, and the environment for the community. The City's Justice Court Department also works closely with Public Safety in the pursuit of justice under the law. All public safety departments are heavily involved in

Services Continued

a number of community outreach efforts including special events and programs like Foam Day and RAD Kids.

Fire & EMS - The Fire & EMS Department consists of employees trained and certified in both fire and emergency medical response—having recently obtained the State's paramedic response certifications.

Did You Know?

Since FY 2009, the number of civilians receiving fire training from the Lehi Fire Department has increased 46%; the average response time from the Lehi Fire department has decreased by 17%. The fire department has also increased the number of fire inspections by 40%. Lehi City will always make public safety a priority!

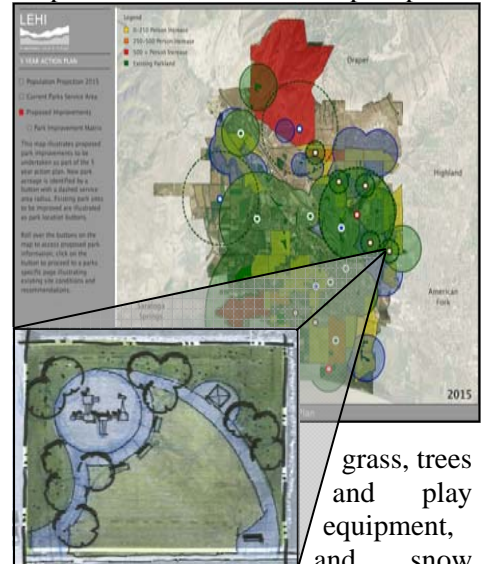
Police - The Police are responsible for preventing, investigating and enforcing crimes in the City, including traffic laws. The Police also manage dispatching, evidentiary record-keeping, and crossing guard efforts. The Code Enforcement and Animal Control departments are overseen by police officers who enforce violations associated with inoperable vehicles, trash on lots, high grass and weeds, pest infestation, and destructive animals.

PUBLIC WORKS

In general terms, the departments that deal directly with servicing the City's infrastructure and public facility needs are categorized as Public Works. Lehi City provides a wide array of those types of services, with the following departments: Cemetery,

Culinary Water, Parks, Power, Pressurized Irrigation, Sewer, Storm Drain, and Streets. Also related to this category are two departments that cover maintenance for the City's buildings and the City's fleet. Waste disposal and recycling is provided through a service contract.

Parks & Cemetery - The upkeep of parks includes supervising large park improvements, performing small park improvements, summer upkeep on



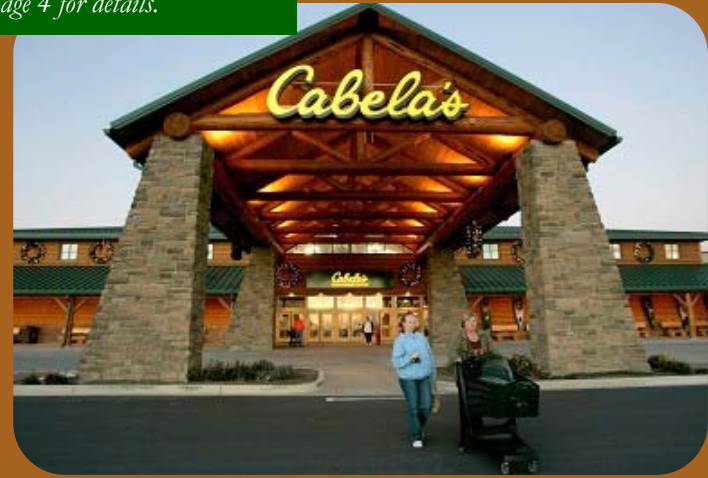
grass, trees and play equipment, and snow removal of walkways in the winter. Under the supervision of the Parks Manager, the Cemetery Department is responsible for grounds upkeep, grave digging, and gravesite maintenance.

Power - The Power Department oversees the construction and maintenance of the City's power lines, substations, and street lights—all while simultaneously promoting energy conservation.

Learn more about capital projects.
See page 11 for details.



Learn more about how sales tax works.
See page 4 for details.



Lehi City has 254 acres of developed public parks and 72 undeveloped acres.
See page 7 for more details about Public Works and other City departments.



Lehi City's elected officials want to increase transparency and citizen involvement.
See page 13 for details on the budgeting process.



Services Continued

Did You Know?

The Lehi Power Department boasts an average system outage duration for each customer served (SAIDI) of 29.80 minutes., which is one-third the North American utilities' average outage duration of 90 minutes.

The Streets Department currently maintains 430 lane miles of roads in the City, up 108% from 2002 with just 206 lane miles.

Streets - The Streets Department maintains everything related to the City's streets, including signs, striping, sidewalks, curbs, gutters, surface drainage facilities, and snow removal.

Water & Wastewater Systems - The Culinary and Pressurized Irrigation departments are responsible for the safe supply of water at adequate pressure, both for inside and outside uses. As such, they oversee the construction and maintenance of distribution lines, wells, and storage tanks—in addition to promoting water conservation. The Sewer Department maintains the sewage collection system, while treatment is handled by the Timpanogos Special Service District (TSSD). The Storm Drain Department oversees the construction and maintenance of storm water conveyance and detention facilities in the City.

LEISURE SERVICES

The Library, Literacy Center, Museum, Legacy Center, Outdoor Pool, and Senior Citizen Center departments—as Leisure Services—provide educational, recreational, and social activities for all ages.

ADMINISTRATIVE

The departments that primarily provide administrative support and oversight of all City services include Administration, Emergency Management, Finance and HR, IT, Legal, Risk Management, and Utility Billing.

COMMUNITY DEVELOPMENT

The Building and Safety, Economic Development, Engineering, and Planning and Zoning departments provide guidance related to the environmental, economic, and community development and sustainability of the City. Perhaps not as readily evident by the title, the Building and Safety Department specifically performs inspections of new construction in the City to ensure compliance with the International Building Code.

NON-DEPARTMENTAL

All expenses for activities that are not specifically related to a department fall into the Non-Departmental category. Expenses include money set aside for contingencies, “rainy days,” and inter-governmental agreements.

Did You Know?

From FY 2010 to FY 2011, the number of participants per FTE (full-time equivalent) rose from 101 to 247! That is a 145% increase in attendance.

Meanwhile, there was a 17% increase in the total number of patron cardholders in the City. We also increased our total holdings by 5% during the last year.

Capital Projects

As you might expect, the continued maintenance and development of the City's utility infrastructure and transportation systems remains a high priority. As such, Capital Improvement Projects (CIP's) make up almost one fifth of the budgeted expenses for FY 2012. This section highlights projects that are of particular interest to the public.

In June 2011, the State of Utah gave Lehi City control of State Road 73 from 850 East to the Jordan River, and also from State Street to Main Street on 500 West. In doing so, the City requested \$5.7 million from the State to pay for the resurfacing, reconstruction, and beautifica-



tion of the roads. The money will also construct new sidewalks, curbs, and gutter for the Downtown District. This project will be done in multiple phases, but is expected to be fully completed by June 2012.

With new residential construction estimated to fare a little better in 2012, impact fee dollars have been identified to construct a number of projects. Some of these projects include the following: enlargement of the Sandpit Reservoir, expansion of the Jordan River sewer line, construction of the Adobe Loop, completion of the 1450 North road & bridge, continued construction on the 2300 West project, development of Traverse Mountain Park #2 & Veterans Park, completion of Gray Well, land purchase for the Police Department, and construction of the Traverse Mountain Feeder Line.

Capital Projects Continued

In addition to the capital projects that are funded primarily through funds directly administered by Lehi City, there are five regional transportation projects currently under construction. The three road projects and the commuter rail project are being funded primarily through State administered funds, while the Murdock Canal Trail project (which indirectly affects regional transportation improvement efforts) is being administered by the Provo River Water Users Association.

Timeline of Regional Transportation Projects (Portions within Lehi City):

	2011	2012	2013
2100 North			
SR-92			
Murdock Canal Trail			
I-15 Corridor			
Front Runner			

Although the capital improvements associated with these five projects are very needed and represent exciting investments into Lehi City's future, maintenance associated with the developed open space of these projects will be left to the City. As such, the following table shows the estimated yearly maintenance costs per project starting in this 2012 budget year with the completion of the SR-92 and 2100 North Projects:



Project Name	Est. Cost for Portion in Lehi	Seeded Open Space (in Acres)	Landscaped Open Space	Est. Yearly O&M Cost by Lehi
2100 North	\$120,000,000	57	5	\$42,118
SR-92	136,600,000	59	12	76,609
Murdock Canal Trail	42,305,000	69	--	24,858
I-15 Corridor	27,500,000	--	2	8,875
Front Runner	130,700,000	--	--	-
Totals:	\$457,105,000	185	19	\$152,459

Individuals who would like more information on these regional transportation projects are encouraged to contact UDOT, UTA, and PRWUA respectively.

Budget Process & Timeline

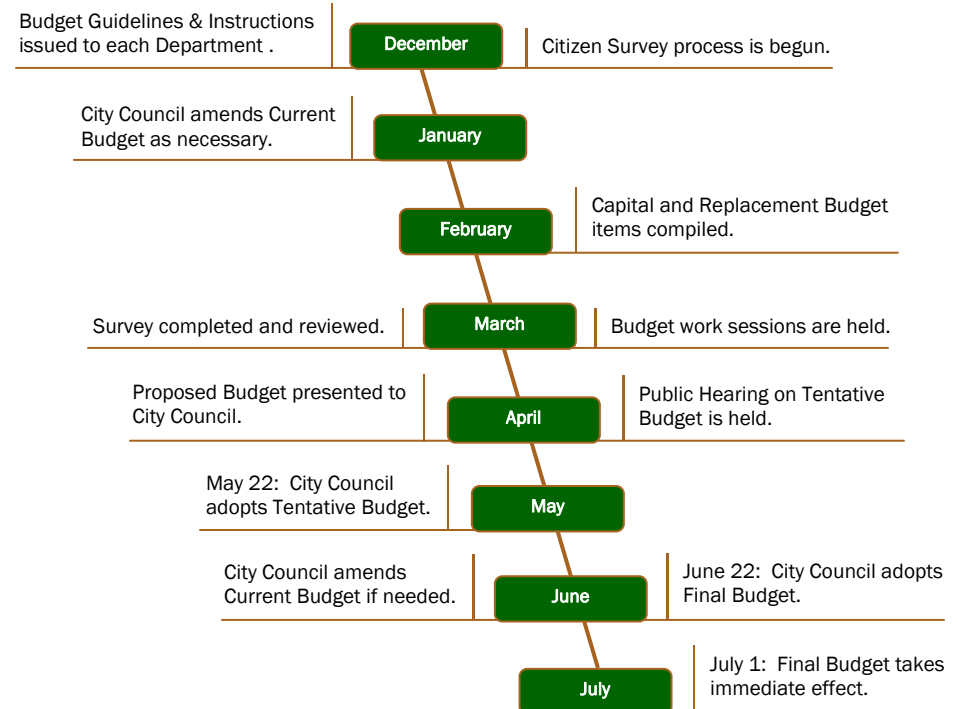
BUDGET PROCESS

Lehi City's budget is an ongoing process combining citizen input, Council desires and direction, and staff recommendations to meet community needs. Lehi citizens have many opportunities to participate in the budget process. A Citizen Survey is conducted regularly to measure performance, effectiveness, and citizen satisfaction with services. It also serves as a valuable tool for the City in making policy decisions.

Additionally, citizens are encouraged to attend public meetings, including the Public Hearings on the annual budget each spring. These are outstanding opportunities to discuss services, projects and other issues with Council face-to-face. This dialogue often serves as the basis for Council-staff discussions during the budget planning process and can pave the way toward enhancing a current service or funding a new project.

Individuals and organizations who would like more information on the budget process or a copy of the budget document are encouraged to contact the Finance Department at (801) 768-7100.

BUDGET TIMELINE

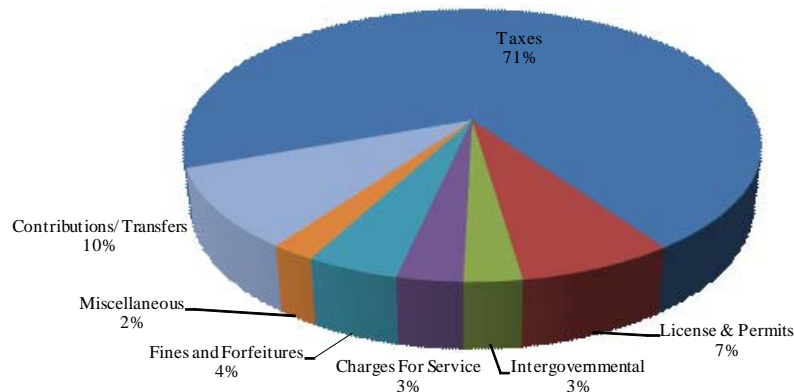


Budget Information

Combined Fund Summary

Summary	Actual FY 2009	Actual FY 2010	Estimated FY 2011	Approved FY 2012
Revenues:				
General	\$ 19,969,704	\$ 19,089,956	\$ 20,500,000	\$ 20,810,439
Capital Projects	5,373,640	1,415,627	678,500	6,434,843
Fire Impact Fee	124,210	259,626	160,400	170,500
Parks Impact Fee	630,243	630,243	1,475,000	1,534,525
Police Impact Fee	61,601	136,096	94,500	394,500
Road Impact Fee	2,474,623	704,538	4,524,075	690,000
IM Flash Micron Area RDA	17,211,666	9,398,082	14,085,070	14,500,000
Millpond Area RDA	199,342	273,909	381,500	353,000
Adobe EDA	-	-	-	10,000
Thankssgiving Park EDA	-	-	40,268	75,000
Fleet	1,072,814	1,331,521	1,324,972	1,526,972
IT	626,516	663,933	651,697	810,384
Risk Management	879,957	833,822	846,232	846,232
Legacy Center	3,275,584	3,042,959	4,208,792	4,230,453
Outdoor Pool	167,746	145,972	333,650	322,000
John Hutchings Museum	341,837	168,667	198,050	208,517
Class C Roads	1,303,722	1,447,839	1,435,500	1,445,500
Garbage	2,261,308	2,134,713	2,008,100	2,008,100
Electric	20,754,865	19,870,085	20,358,953	21,483,033
Electric Impact Fee	902,015	1,084,171	2,050,000	2,375,000
Culinary Water	4,028,176	3,011,429	2,584,620	2,745,000
Culinary Water Impact Fee	292,508	405,071	385,000	1,525,000
Pressurized Irrigation	3,864,886	2,516,080	1,786,305	1,916,305
Pressurized Irrigation Impact Fee	274,776	358,789	675,350	1,680,000
Sewer	5,553,455	4,439,598	4,655,000	5,302,809
Sewer Impact Fee	127,984	215,737	155,425	2,200,000
Drainage	2,542,343	1,247,534	903,804	936,070
Drainage Impact Fee	84,989	143,241	1,830,700	620,000
Payment in Lieu	137,000	271,142	400,500	55,000
Total Revenues	\$94,537,510	\$75,240,380	\$88,731,963	\$97,209,182

FY 2012 General Fund Revenues



Budget Information

Combined Fund Summary

Summary	Actual FY 2009	Actual FY 2010	Estimated FY 2011	Approved FY 2012
Expenditures:				
General	\$ 22,494,293	\$ 18,623,574	\$ 20,500,000	\$ 20,810,439
Capital Projects	6,155,940	2,109,754	678,500	6,434,843
Fire Impact Fee	-	56,246	160,400	170,500
Parks Impact Fee	662,303	452,422	1,475,000	1,534,525
Police Impact Fee	-	-	94,500	394,500
Road Impact Fee	3,059,515	714,831	4,524,075	690,000
IM Flash Micron Area RDA	17,527,984	9,617,419	14,085,070	14,500,000
Millpond Area RDA	-	21,228	381,500	353,000
Adobe EDA	-	-	7,277	10,000
Thankssgiving Park EDA	-	-	41,812	75,000
Fleet	544,462	704,919	1,324,972	1,526,972
IT	443,966	579,168	675,130	810,384
Risk Management	611,453	832,000	846,232	846,232
Legacy Center	3,232,804	4,033,790	4,208,792	4,230,453
Outdoor Pool	166,814	145,613	333,650	322,000
John Hutchings Museum	226,387	169,892	198,050	208,517
Class C Roads	1,221,654	1,322,161	1,435,500	1,445,500
Garbage	1,934,512	2,021,029	2,008,100	2,008,100
Electric	25,084,254	21,074,991	20,358,953	21,483,033
Electric Impact Fee	-	-	2,050,000	2,375,000
Culinary Water	3,053,378	2,677,322	2,584,620	2,745,000
Culinary Water Impact Fee	-	-	385,000	1,525,000
Pressurized Irrigation	1,867,548	1,882,961	1,786,305	1,916,305
Pressurized Irrigation Impact Fee	-	-	675,350	1,680,000
Sewer	4,577,261	5,273,741	4,655,000	5,302,809
Sewer Impact Fee	-	-	155,425	2,200,000
Drainage	906,251	1,006,377	903,804	936,070
Drainage Impact Fee	-	-	1,830,700	620,000
Payment in Lieu	-	-	400,500	55,000
Total Expenditures	\$93,770,779	\$73,319,438	\$88,764,217	\$97,209,182
Total Surplus (Deficit)	\$ 766,731	\$ 1,920,942	\$ (32,254)	\$ -

FY 2012 Combined Fund Expenditure Summary

