

Lehi City Corporation

CITIZEN'S BUDGET

A Guide to the Fiscal Year 2011 Municipal Budget



Lehi City

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PIONEERING UTAH'S FUTURE

07/01/10—06/30/11

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 2011 (or FY 2011), was adopted on May 25, 2010, and became effective July 1, 2010.

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

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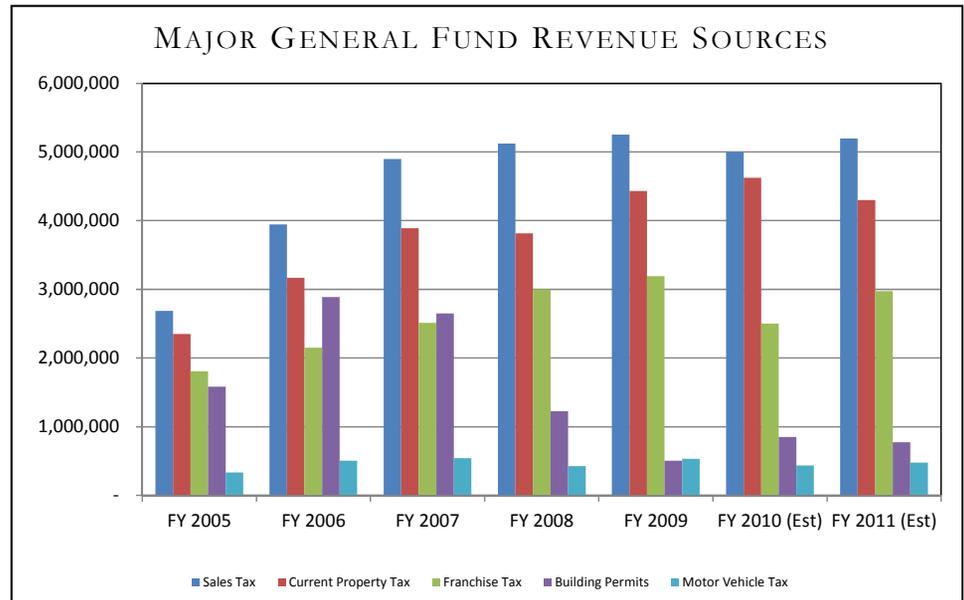
Executive Summary

Without question, the most significant issue facing our community today is the continued turbulence in our global economy and the resultant shocks that continue to reverberate from multiple recessionary years. Unfortunately, the impact of these financial events over the past 24-36 months has left a mark on Lehi City and its ability to enhance the quality of life for all of the community's 48,000 residents. As a result, revenue estimates for FY 2011 remain static with FY 2010 budgeted revenues and reflect anticipated conservative outcomes that should serve to insulate the City from further decline in this troubling economy.

Despite the financial anxiety experienced in the City in recent years, we stand committed to managing the public's funds in ways that provide quality core services to our residents without requiring tax increases or significant adjustments to City fees for service. Moreover, we are encouraged that despite revenue constraints, we continue to show progress toward meeting departmental and City-wide goals and initiatives.

How is the City Funded?

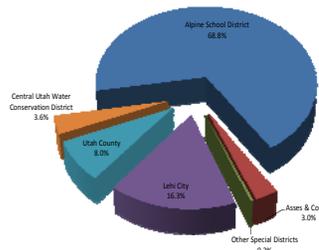
Lehi City is funded through several different sources in order to provide local services. The main funding sources along with a description of each are found in the following pages.



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 2010 certified tax rate is 0.2370%. 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.

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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

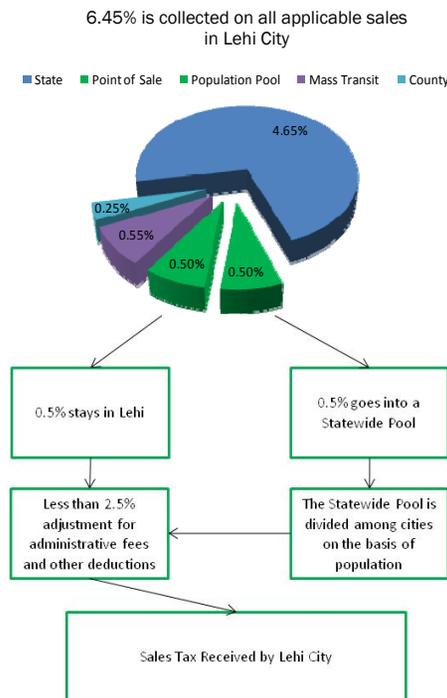
The City has several fees that are assessed on various services such as business licenses, recreation, planning, building, power, and water fees. These fees are levied in order to respond to changes in demand for the services.

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 a 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 facilities, 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 2011 BUDGET:

Maintaining Core Municipal Services

Declining or static revenues have required staff to look at all operations and identify opportunities to "do more with less." Such an effort has been difficult; however, praise should go to department directors and managers for meeting this challenge and continuing to provide quality services. As you might expect, it is now more difficult to deliver services with limited resources, but through such efforts as departments better cooperating together, sharing equipment and resources and cross-training staff, all necessary programs and activities remain part of the City's portfolio of services.

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. Consistent with FY 2010, no merit or costs of living adjustments have been budgeted for employees in FY 2011. As we transition into FY 2011, we suggest that staff continue to closely monitor revenues and signs that the state's economic condition is improving for an indication if any midyear compensation adjustments can be made.

Maintaining Tax Levels and Assessing Fair and Reasonable Fees

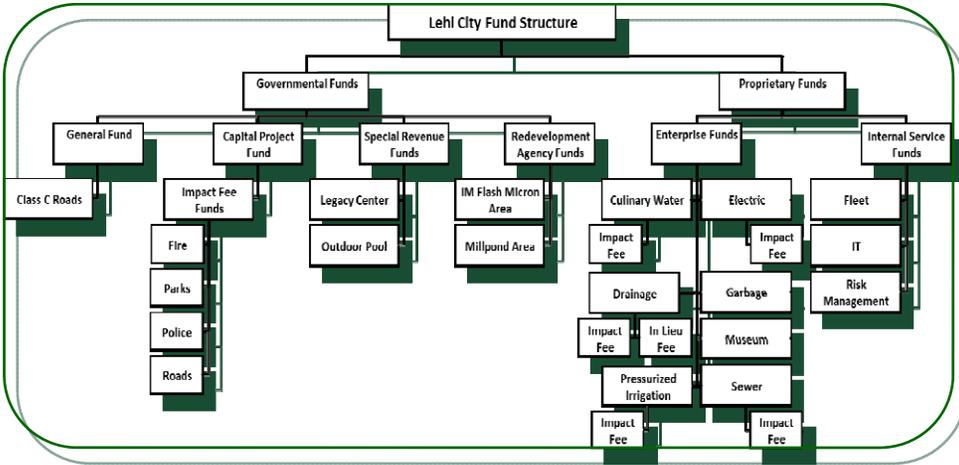
Understanding the tough financial climate facing the City and all of its citizens, the FY 2011 budget does not include a property tax increase, does not recommend any fund transfers from any City utility fund (with the exception of what the state legislature deems reasonable) and only includes one fee adjustment for residential utility customers. 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. A number of new fees have been assessed, especially in the Fire Department, to account for services that the department has traditionally provided but has never been reimbursed.

Conclusion

In conclusion, the recessionary cycle we have been experiencing over the past few years has taken its toll on City resources. However, with adherence to sound financial principles and the efforts of the City's dedicated workforce, we believe Lehi City is poised to develop into one of the State's premiere communities into the future.

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 obtained the State’s paramedic response certifications during the last fiscal year.

Did You Know?

The Lehi Fire Department offers Fire Safety training to approximately 10,000 civilians per year—even during birthday parties.

57.6% of all police-related calls for service in the City are initiated by the Lehi Police Department—up from 42.1% in FY 2007.

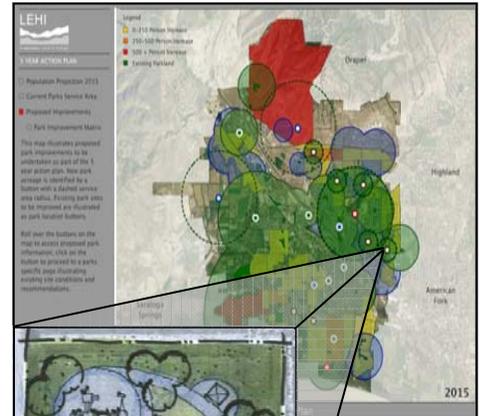
Police - The Police are responsible for preventing, investigating and enforcing crimes in the City, including traffic laws. The Police also manage dispatching, evidentiary record-keeping, and crossing guard efforts. The Code Enforcement and Animal Control departments are overseen by police officers who 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, Pres-

surized 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.

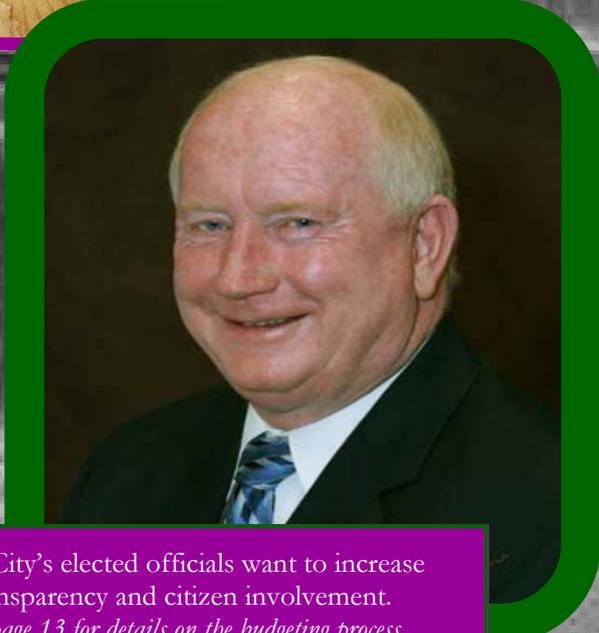
Learn more about capital projects.
See page 11 for details.



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 51.54 mins., which is almost half the North American utilities' average outage duration of 90 mins.

The Streets Department currently maintains 421 lane miles of roads in the City, up 104% 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?

Since FY 2007, the Lehi Legacy Center has 38% more residents with annual memberships; the Library's circulation increased 49%; the Literacy Center has 50% more participants; and the Museum provides 52% more tours for school classes. Although new construction has slowed down over corresponding years, demand for City Leisure Services has not!

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 2011. This section highlights projects that are of particular interest to the public.

Consistent with the City's Master Transportation Plan, included in this year's budget is an increase in road maintenance dollars for chip/slurry seals, as well as monies for the construction of a salt storage facility necessary to meet federal storm drain mandates.



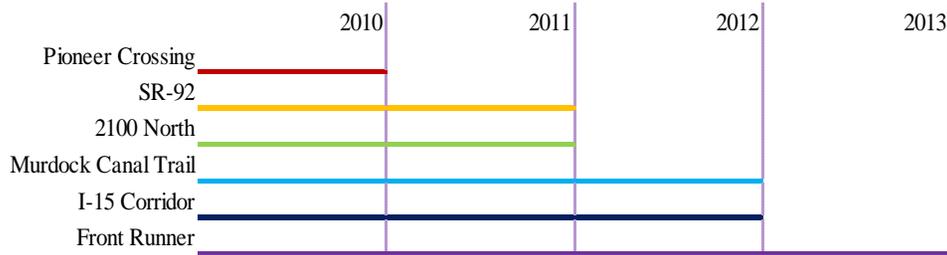
In addition, dollars have been set aside in the Capital Projects Fund for sidewalk replacement and repair in an effort to repair/grind existing sidewalks and construct new sidewalks in some of the City's Downtown Historic District.

With new residential home construction estimated to fare a little better than 2010 levels, impact fee dollars have been identified to construct a number of projects, including the following: participation in the construction of the 2300 West railroad bridge, relocation of 300 North and the 2100 North Frontage Roads, expansion of water resources, construction of the Jordan River sewer interceptor, development of a new northeast substation site and associated feeder lines, completion of the Spring Creek pressurized irrigation reservoir and construction of the West Hills Drive storm drain line along SR-92 to the Jordan River.

Capital Projects Continued

In addition to the capital projects that are funded primarily through funds directly administered by Lehi City, there are six regional transportation projects currently under construction. The four 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):



Although the capital improvements associated with these six 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 2011 budget year with the completion of the Pioneer Crossing project:



	Est. Cost for Portion in Lehi	Seeded Open Space (in Acres)	Landscaped Open Space	Est. Yearly O&M Cost by Lehi
Pioneer Crossing	\$ 221,850,000	51	7	\$ 47,671
SR-92	136,600,000	59	12	76,609
2100 North	120,000,000	57	5	42,118
Murdock Canal Trail	42,305,000	69	--	24,858
I-15 Corridor	27,500,000	--	2	8,875
Front Runner	130,700,000	--	--	-
Totals:	\$ 678,955,000	236	26	\$ 200,131

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

Budget Process & Timeline

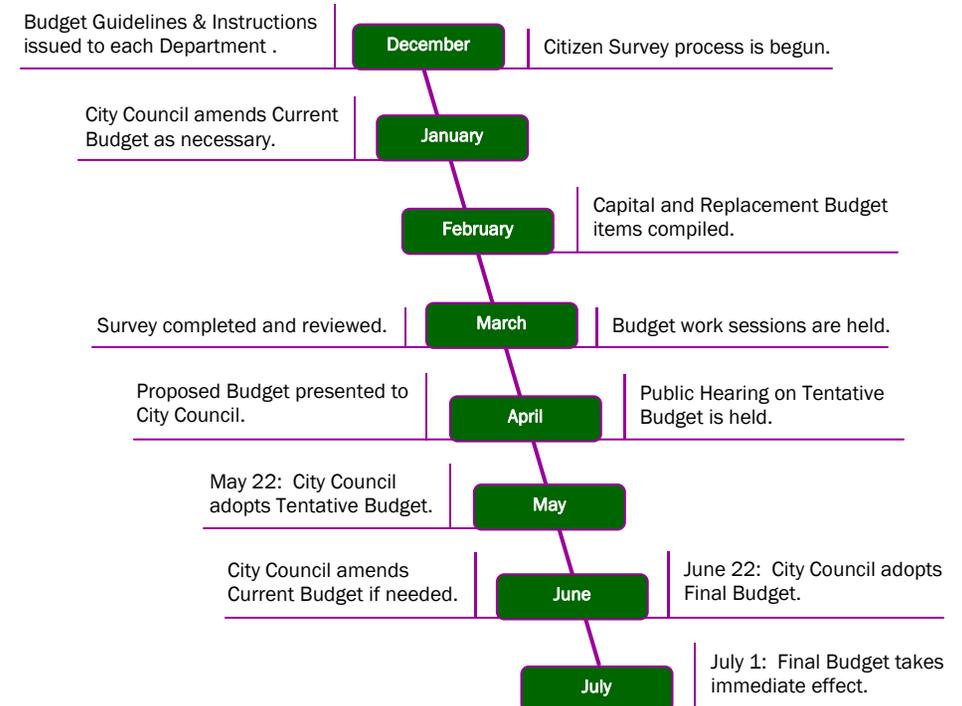
BUDGET PROCESS

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

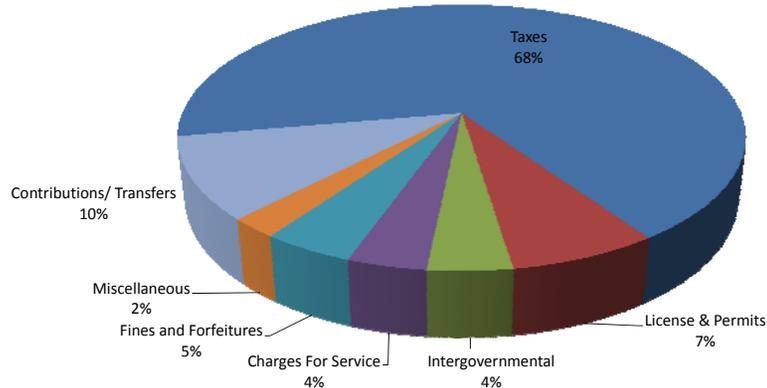


Budget Information

Combined Fund Summary

Summary	Actual FY 2008	Actual FY 2009	Estimated FY 2010	Approved FY 2011
Revenues:				
General	\$ 26,904,475	\$ 19,969,704	\$ 20,400,360	\$ 20,500,000
Capital Projects	3,767,310	5,373,640	727,751	678,500
Fire Impact Fee	-	124,210	207,000	160,400
Parks Impact Fee	916,433	630,243	1,255,000	1,075,000
Police Impact Fee	-	61,601	115,500	94,500
Road Impact Fee	770,038	2,474,623	1,900,000	4,524,075
IM Flash Micron Area RDA	24,216,340	17,211,666	9,035,426	15,000,000
Millpond Area RDA	160,283	199,342	268,672	206,000
Fleet	-	1,072,814	1,320,945	1,324,972
IT	-	626,516	664,000	651,697
Risk Management	-	879,957	842,000	846,232
Legacy Center	3,230,620	3,275,584	3,862,150	4,208,792
Outdoor Pool	86,154	167,746	102,800	173,650
John Hutchings Museum	232,176	341,837	157,350	242,468
Class C Roads	1,237,982	1,303,722	1,277,500	1,435,500
Garbage	1,833,795	2,261,308	2,011,250	2,008,100
Electric	21,375,571	20,754,865	19,195,000	20,358,953
Electric Impact Fee	2,091,632	902,015	2,250,000	2,050,000
Culinary Water	3,462,971	4,028,176	2,584,500	2,584,620
Culinary Water Impact Fee	884,094	292,508	1,306,000	933,000
Pressurized Irrigation	3,523,221	3,864,886	1,797,500	1,786,305
Pressurized Irrigation Impact Fee	554,390	274,776	1,395,000	1,484,975
Sewer	7,964,715	5,553,455	3,770,000	4,433,048
Sewer Impact Fee	305,271	127,984	798,218	1,460,000
Drainage	2,829,001	2,542,343	888,500	903,804
Drainage Impact Fee	-	84,989	1,915,400	1,880,700
Payment in Lieu	-	137,000	625,000	405,000
Total Revenues	\$106,346,472	\$ 94,537,510	\$ 80,672,822	\$ 91,410,291

FY 2011 General Fund Revenues



Budget Information

Combined Fund Summary

Summary	Actual FY 2008	Actual FY 2009	Estimated FY 2010	Approved FY 2011
Expenditures:				
General	\$ 27,480,765	\$ 22,494,293	\$ 20,623,282	\$ 20,500,000
Capital Projects	3,053,053	6,155,940	1,134,996	678,500
Fire Impact Fee	-	-	207,000	160,400
Parks Impact Fee	916,433	662,303	907,557	1,075,000
Police Impact Fee	-	-	115,500	94,500
Road Impact Fee	2,090,519	3,059,515	1,218,205	4,524,075
IM Flash Micron Area RDA	24,155,031	17,527,984	9,035,426	15,000,000
Millpond Area RDA	-	-	268,672	206,000
Fleet	-	544,462	1,309,240	1,324,972
IT	-	443,966	664,000	651,697
Risk Management	-	611,453	832,000	846,232
Legacy Center	2,962,474	3,232,804	3,862,150	4,208,792
Outdoor Pool	266,896	166,814	102,800	173,650
John Hutchings Museum	274,598	226,387	208,050	242,468
Class C Roads	1,248,000	1,221,654	1,293,350	1,435,500
Garbage	1,686,577	1,934,512	1,900,000	2,008,100
Electric	19,210,545	25,084,254	17,838,000	20,358,953
Electric Impact Fee	1,088,908	-	2,250,000	2,050,000
Culinary Water	2,831,116	3,053,378	2,053,000	2,584,620
Culinary Water Impact Fee	468,324	-	1,306,000	933,000
Pressurized Irrigation	1,969,991	1,867,548	1,511,505	1,786,305
Pressurized Irrigation Impact Fee	472,808	-	1,395,000	1,484,975
Sewer	3,912,062	4,577,261	3,600,000	4,433,048
Sewer Impact Fee	264,519	-	798,218	1,460,000
Drainage	607,975	906,251	650,000	903,804
Drainage Impact Fee	-	-	1,849,412	1,880,700
Payment in Lieu	-	-	625,000	405,000
Total Expenditures	\$ 94,960,594	\$ 93,770,779	\$ 77,558,363	\$ 91,410,291

Total Surplus (Deficit)	\$ 11,385,878	\$ 766,731	\$ 3,114,459	\$ -
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FY 2011 Combined Fund Expenditure Summary

