

**BUDGET MESSAGE FOR FARMINGTON CITY
FOR FISCAL YEAR 2008-09**

**By Max Forbush
City Manager (Budget Officer)**

REVENUES

_____ This year's budget reflects a general slow down in estimated revenues associated with the housing industry. However, while staff is projecting residential building permit revenues to be substantially less than in previous years, the shortfall in revenues will be made up by permit revenues from the Station Park mixed use development. We expect FY 08 permit revenues to be about \$452,000 and for FY 09 - \$774,149.

While sales tax revenues have climbed significantly over the past three years because of the robust economy of the State, staff is being cautious over the projections for sales tax revenues in the upcoming years by estimating only a 2% increase. All other tax revenues will grow about the same rate as in past years.

One area of concern regarding revenue projections is the Class C road revenues that are collected by the State from the gas tax then distributed to the City. Revenue growth in this area is almost non-existent yet the need for these dollars to maintain City streets far exceeds the actual revenues collected. To make matters worse, the cost for maintaining roads has nearly doubled due largely to increases in asphalt and concrete.

Overall we have taken a conservative approach for estimating revenues relying on the assumption there will not be shortfalls in our revenue projections. This same approach has been used in prior years. If revenues exceed expectations, then you can entertain amendments to the budget to appropriate additional funding for other needs that were perhaps cut in order to balance expenditures with available revenues.

The FY 08-09 revenue projections **do not include any property tax rate increases.** However, the garbage collection and sanitary sewer budgets **do include proposed user fee increases totaling \$2.75 per month.** The largest rate increase will occur in the sanitary sewer fund. It is recommended that monthly residential rates increase by \$2.25 per month. Most of this increase is a pass-through expense (\$2.00 per month) assessed by the Central Davis Sewer District. A 25¢ increase is added to cover increases in administrative overhead costs.

It is proposed that the monthly garbage collection fee increase by 50¢ per month per residential customer. This proposed increase will cover a contractual increase for collection and hauling because of the tremendous increase in diesel fuel. Part of the increase will also cover the increase of costs for container replacement (oil based) and for direct cost in distributing and maintaining the containers. This slight increase in the garbage collection rate follows two straight years of substantial fee reductions by Wasatch Energy District. **No other increases in City utility rates are in the FY 08-09 budget.**

EXPENDITURES

The City's total General Fund expenditures for FY 08-09 are budgeted to be about \$150,000 less than this fiscal year which ends June 30, 2008. Projected expenditures in the General Fund for the fiscal year ending June 30, 2008, will be \$6,435,806; while the FY 09 expenditures are projected to end at \$6,286,108. Part of the reason for this anomaly is because \$500,000 was transferred to a capital budget this fiscal year to help finance construction of a new City Hall. No such transfer is planned for the FY 08-09 year. The General Fund of the City is an operating fund for various municipal functions such as police and fire protection, street repair and maintenance, parks, trails, and cemetery maintenance, general City building maintenance and utility costs, recreation program services, planning and zoning and building inspection services, emergency preparedness services and general administrative services.

The more salient proposals in the General Fund operating budget include: hiring of an additional full-time fire fighter that will enhance daytime coverage, an additional full-time parks worker (beginning April of 2009), a 4% cost-of-living increase for employees, and a \$100,000 increase in the annual road resurfacing projects above the normal amount of approximately \$230,000.

There is no question that the affects of the rise in the cost of gasoline are dramatically affecting the budget. The budget reflects a proposed amendment to the FY 08 budget increasing fuel costs nearly \$100,000 from what was first budgeted. The FY 09 budget projects an increase of yet another \$50,000.

CAPITAL PROJECTS

The capital projects expenditures are funded through a variety of resources most of which are not from the General Fund of the City. Such sources include, but are not limited to, Park Impact Fees, Storm Sewer Impact Fees, Transportation Impact Fees, Federal and State grants, voter-approved General Obligation Bond proceeds, State-shared revenues (such as Class C road revenues) and City utility revenues.

Some items on the list of projects below are included in this Capital Projects Budget for the sake of ease of illustration. In actuality, those projects which are funded by City utility revenues are included as part of the respective City utility fund (water, sewer, storm drain, garbage collection). The list includes the following:

- Street resurfacing projects - \$321,000 (Class C revenues/General Fund contribution.)
 1. 50 West between 450 between 450 South and 630 South.
 2. 125 East cul-de-sac (550 South Continental Drive).
 3. Canyon View Drive (on Compton Bench)
 4. 500 South east of 450 East to Spencer water reservoir & streets within Continental Estates, Plat H.
 5. South Main Street west of Courthouse to 100 South.

6. Rebuild center part of Lund Lane (300' section).

- Complete construction of Police Station - \$1,700,000. (Voter-approved general obligation bond proceeds/police impact fees.)
- Remodel Fire Station to accommodate 24/7 coverage - \$389,201. (Voter-approved general obligation bond proceeds/fire impact fees.)
- Street Christmas decorations - \$20,000. (General Fund)
- Planning consultant services for ordinance/master planning development - \$25,000 (General Fund)
- Police vehicles/equipment - \$98,000. (General Fund)
- Buffalo Ranches Trail through Farmington Greens - \$107,000. (State Grant/Park impact fees)
- Woodland Park Improvements - \$250,000. (Park impact fees)
- Farmington Ranches Neighborhood Park - \$650,000. (Federal Grant/Park impact fees.)
- Park land acquisition near Hunters Creek subdivisions - \$42,000. (Park impact fees)
- Acquisition of land for cemetery - \$230,000. (Loan from Perpetual Care Fund)
- Public Works vehicles and equipment purchase/lease purchase - \$149,600. (General Fund transfer)
- Phase 2 of Master Transportation Plan and related Capital Facilities Plan - \$60,000. (Transportation impact fees.)