

Farmington City Budget Message for Fiscal Year 2012

As the City closes the fiscal year 2011 budget and adopts the fiscal year 2012 budget, there are some underlying principals and elements that need to be presented to fully understand the budget and to realize that the budget is more than just a spending plan of where to allocate resources. The budget is a strategic plan and a tool for employees, elected and appointed officials to take those measured actions and provide the best quality public services at the present time, while considering long-term community needs and services for the future.

All around us we see the effects of the downturn in the economy. For the past 2 to 3 years cities have had revenues dropping as sales taxes and other fees have dropped off due to the recession. This came after the boom years of the previous 3 or 4 years. During the boom years over 50% of Utah cities were adding more staff and fixed costs to their budgets. Now they have had to cut those staffing increases or fixed costs to try and balance their budgets. Many cities have had to cut into their fund balances to balance their shortfalls and now have used up all available fund balances. 2012 looks to be difficult for many cities that face tough decisions under these tight fiscal conditions with exhausted fund balances.

Farmington City has seen the effects of the downturn in the economy, but unlike many cities, Farmington has actually maintained or increased it's fund balance the past few years. Yes some revenues have decreased, but building has continued here. Last year alone the City ranked 3rd highest in building permits for Utah. The City issued 284 new home permits last year. This revenue in building permits has offset the decreases in sales taxes. The other and probably the more important aspect as to why the City has faired well, is the fact that during the boom years, the City did not add a lot of staff or fixed costs to the budget. The City has always taken a very conservative approach to spending and has slowly built up its work force incrementally and not all at once. It has been prudent in what was added as fixed costs to the budgets and have found ways to stretch every dollar to provide the services needed and to build and develop the capital items that are needed to maintain the high level of services that are here. The City has great infrastructure in the buildings, parks and other facilities. It has good employees who really care about Farmington and the service they provide. These employees with almost no turnover in cooperation with decisions made by the City Council are the primary reason the City is in a strong financial position in these uncertain times.

Strategically, Farmington's Governing Body has recognized it must diversify its tax base in order to provide quality public services. Presently one could say that the City is more of a bedroom community without a large non-residential tax base. Although there are some in the community that would want to keep Farmington that way, the City's elected officials recognized that a residential property tax base was simply not going to provide sufficient tax revenues to fund City operations. The City is using every possible tax and fee authorized by the Utah legislature, and it is not going to be enough for future needs. The preferred way to keep the City funding it's services is to broaden the tax base, not increase the number of taxes, nor the rates thereof.

With this in mind the City is on the edge of seeing the fruition of that strategy coming to bare that was started several years ago. With Station Park coming on line over the next year or so, many retail and commercial spaces will open their doors. This is a great time for Farmington as not only is the City poised to come out of this recession as good if not better fiscally, but now that Station Park is coming on line it will propel the City to be even better fiscally than before. The City will reap a double benefit from Station Park in that in addition to the new sales tax dollars generated, an adjustment in population totals due to the recent census will also increase sales taxes. The timing of Station Park is perfect to maximize the City's benefit. It is now the task of the governing body, staff and employees to continue this conservative approach in order to ensure the financial well being of the City for many years to come. With that the City has already contracted to have a study done on the revenues and expenditures needed for the next 5 to 10 years. We are obtaining an accurate assessment of these revenues and expenditures before they occur. This will help guide City officials and staff to keep the City fiscally sound and to provide the next increases in level of services in fire, police and in all areas of the City that will be needed.

With all of this in mind, staff is proposing the following principals and elements to be a focus for the 2012 budget.

- The City has not given any merit or step increase the past 2 years and only gave a 1% COLA increase last year. Also since the City has kept staffing levels lower than most other cities, it is recommended that the employees receive a merit. The City has great employees and since staffing levels have been kept down, the employees have been required to do more to keep up with the demand of keeping service levels high. The City Council is recommending a 3% increase in funding to be used for employee raises. This amounts to around \$77,970 increase over all the different funds.
- The Fire Department does not have 2 fireman staffed at the station 24/7. The staffing level needs to be raised to cover 24/7 coverage with 2 fireman in the station at all times for ambulance service which is the majority of the calls. This would greatly improve response times during those "on call" hours and the Fire Chief is proposing doing this with the part time fireman that are currently working for the department. This will add a cost of \$92,000 to the budget. The other item to increase service in the Fire Department is to purchase a interface engine. Guido sees this as a current need that needs to be taken care of immediately. The City has \$150,000 saved and with \$50,000 from the ambulance fund, we would need to only lease \$150,000 over the next 3 years.
- With Station Park coming on line this year, added patrols and calls for service from the police department are going to be needed. Currently the police may only have one officer on duty at certain times during the day and night. It would be prudent to stay ahead of the curve in responding to the needs that may arise with Station Park and to add a new officer in July. They had requested to have another one added in January, but staff recommends that the City waits to see just how much of an impact Station Park is going to be before another officer is added. If there is a need, then the City could add another officer next budget year.

- There was in the budget this year to hire another individual in the administration department. Staff decided to wait as Max and Margy decided to retire and with all the changes it would be best to hire this person during the winter months as things are slower and training could be done better at that time. This would be a deputy recorder and secretary position to help Holly in her Recorder duties and to also be a back up to utility billing and in the office generally. The office staff is actually short one from were it was 2 years ago.
- With the fund balance being favorable, the City is looking to purchase the remaining street lights that Rocky Mountain Power owns and charges the City a fee to maintain those lights. The City could save \$10,000 to \$30,000 a year on the costs to RMP including having the maintenance with Black & McDonald. This will cost around \$150,000 to \$180,000 to purchase the lights, but over time the savings would pay for itself.
- Health care costs continue to rise. In order to curb these cost the City went to bid for these services and received a favorable bid for CIGNA. It is a 7% decrease from current levels. The staff recommends and the City Council agreed that it would be best for the City to change insurance carriers at this time. The 7% decrease is reflected in the budget.
- With these changes included in the budget, the fund balance still ends up being higher than ever before for next year. As mentioned before the City is in good financial condition and is in position to move to the next level of services that will be required and to keep services at the high levels that are expected here in Farmington for the coming years.
- Finally, the last point would be that when the study of revenues and expenses is finished later this year, that the Mayor and City Council along with the executive staff review the study and make some long term goals and plans to accomplish the strategic plans that are set in place already. This will enable the City to accomplish these goals and plans knowing how and when to finance these projects to ensure the City stays fiscally prudent.

Farmington City 2012
Budget Highlights

- The City will end with the highest fund balance for this year and with the highest projected fund balance for next year.
- 3% overall increases for employees. This is for merit increases.
- Fire staffing level raised to 24/7 coverage with 2 employees in the station. Purchase interface engine.
- Add 1 police officer in July for the increase service that Station Park might bring.
- Hire deputy recorder in the administrative department.
- Purchase street lights from Rocky Mt Power.
- Increase street projects by \$300,000 for a total to be spent of \$650,000.
- Striving to maintain health care costs.
- When the revenue and expenditure study is finished, the Mayor, Council and staff to review and make plans and goals to meet the strategic plans that are in place.

FARMINGTON CITY CORPORATION BUDGET
Fiscal Year Ending 6-30-2012

	<u>Proposed Budget</u>
<u>General Fund Revenues:</u>	
Property Tax	1,494,000
Registered Vehicle Fees	190,000
Sales Tax	2,100,000
Franchise Tax/Fee	1,213,000
Transient Room Tax	6,000
License /permits	536,000
Federal /State Grants	566,000
Public Safety	89,900
Development Fees	68,600
Cemetery Fees	31,500
Shared Court Revenue	260,000
Interest	530
Miscellaneous	82,184
Sub-total	6,637,714
Transfer from other funds	9,700
Appropriated Fund Balance	596,752
Total Revenue	7,244,166
<u>General Fund Expenditures:</u>	
Legislative	97,950
Administrative	552,716
Planning / Zoning	541,464
Police	1,811,914
Fire	577,893
Emergency Preparedness	2,400
Inspection	340,058
Streets	801,959
General Government Buildings	379,318
Parks / Cemetery	697,989
General Recreation	342,000
Loan to RDA	27,500
Miscellaneous	42,000
Transfer to Capital Funds	1,029,005
Sub-total	7,244,166
Fund Balance increase	0
Total Expenditures	7,244,166

FARMINGTON CITY CORPORATION BUDGET
Fiscal Year Ending 6-30-2012

<u>Capital Projects Revenues:</u>		<u>Proposed Budget</u>
#37	Government Bldgs. Improvements	239,460
#38	Street Improvements & Constructions	1,405,260
#39	Capital Equipment	655,415
#42	Park Improvements	317,900
#43	Fire Protection	475,000
	Appropriated Fund Balance	0
	Total	<u>3,093,035</u>

<u>Capital Projects Expenditures:</u>		
#37	Government Bldgs. Improvements	137,710
#38	Street Improvements & Constructions	791,200
#39	Capital Equipment	655,115
#42	Park Improvement	184,000
#43	Fire Protection	0
	Appropriated Fund Balance Increase	1,325,010
	Total	<u>3,093,035</u>

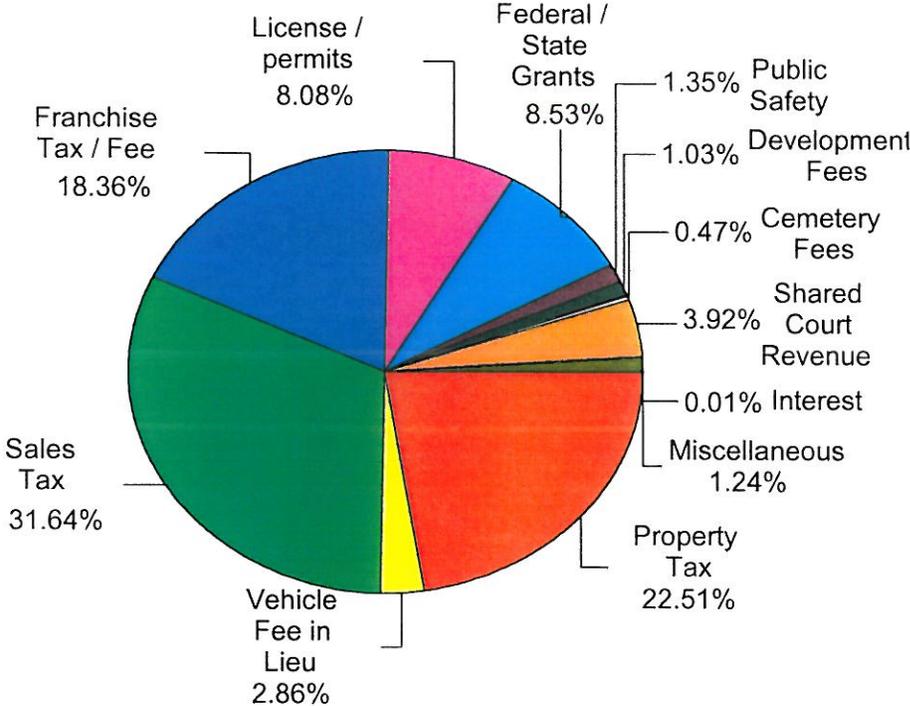
<u>Debt. Service Revenues:</u>		
#31	Sales Tax Bond for Police Bldg	175,050
#32	Sale Tax Bond	109,986
#33	L S GO Bond	207,780
#34	Bldg GO Bonds	388,000
#89	S.I.D. 99-1	0
#83	S.I.D. 2003-1	19,300
#76	Pool / Shops G.O. Bonds	0
#79	S I D 99-1 Bond	30,000
	Appropriated Fund Balance	0
	Total	<u>930,116</u>

<u>Debt. Service Expenditures:</u>		
#31	Sales Tax Bond for Police Bldg	76,216
#32	Sale Tax Bond	109,886
#33	L S GO Bond	207,780
#34	Bldg GO Bonds	393,508
#83	S.I.D. 2003-1	39,430
#89	S.I.D. 99-1	30,000
#76	Pool / Shops G.O. Bonds	0
#79	S I D 99-1 Bond	35,065
	Fund balance increase	38,231
	Total	<u>930,116</u>

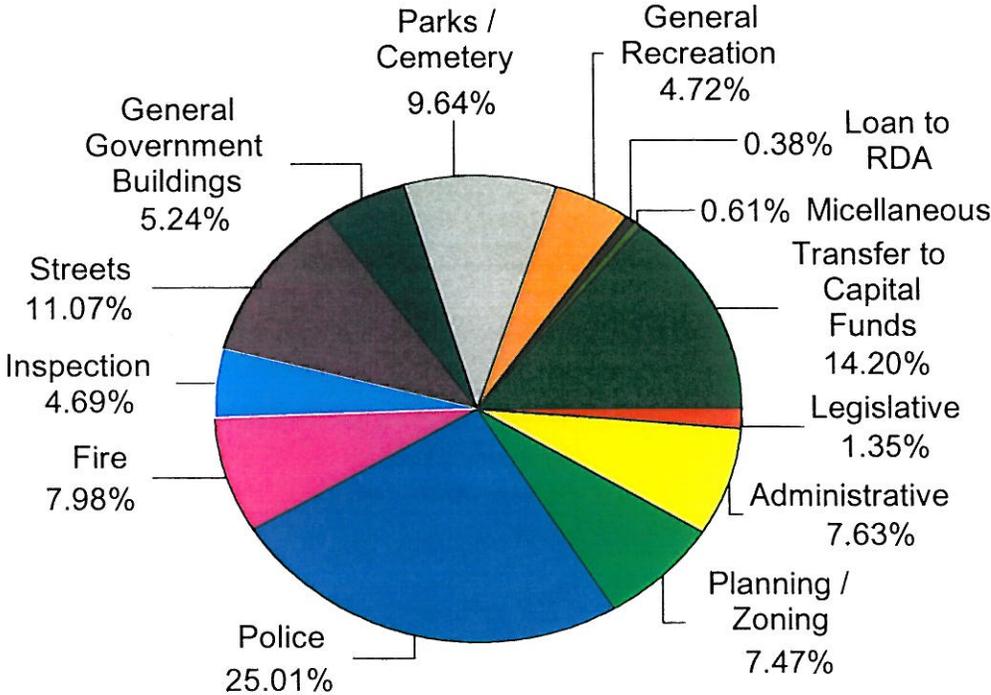
FARMINGTON CITY CORPORATION BUDGET
Fiscal Year Ending 6-30-2012

Enterprise Funds Revenues	Proposed Budget
Water	1,644,200
Water Development	536,378
Sewer	1,333,500
Garbage	1,126,500
Storm water	820,428
Recreation	657,870
Ambulance Service	288,000
Special Events programs	75,900
Appropriated Fund Balance	1,872,647
Total	8,355,423
<u>Enterprise Funds Expenditures:</u>	
Water	1,654,083
Water Development	2,622,000
Sewer	1,284,772
Garbage	1,159,598
Storm Water	721,577
Recreation	646,035
Ambulance Service	328,224
Special Events programs	89,100
Total	8,505,389
<u>Fiduciary Funds:</u>	
Cemetery Perpetual Care Revenue	9,000
Cemetery Perpetual Care Expenditures	1,000
Cemetery Perpetual Care Capital Expenditures	0
Increase Fund Balance	8,000

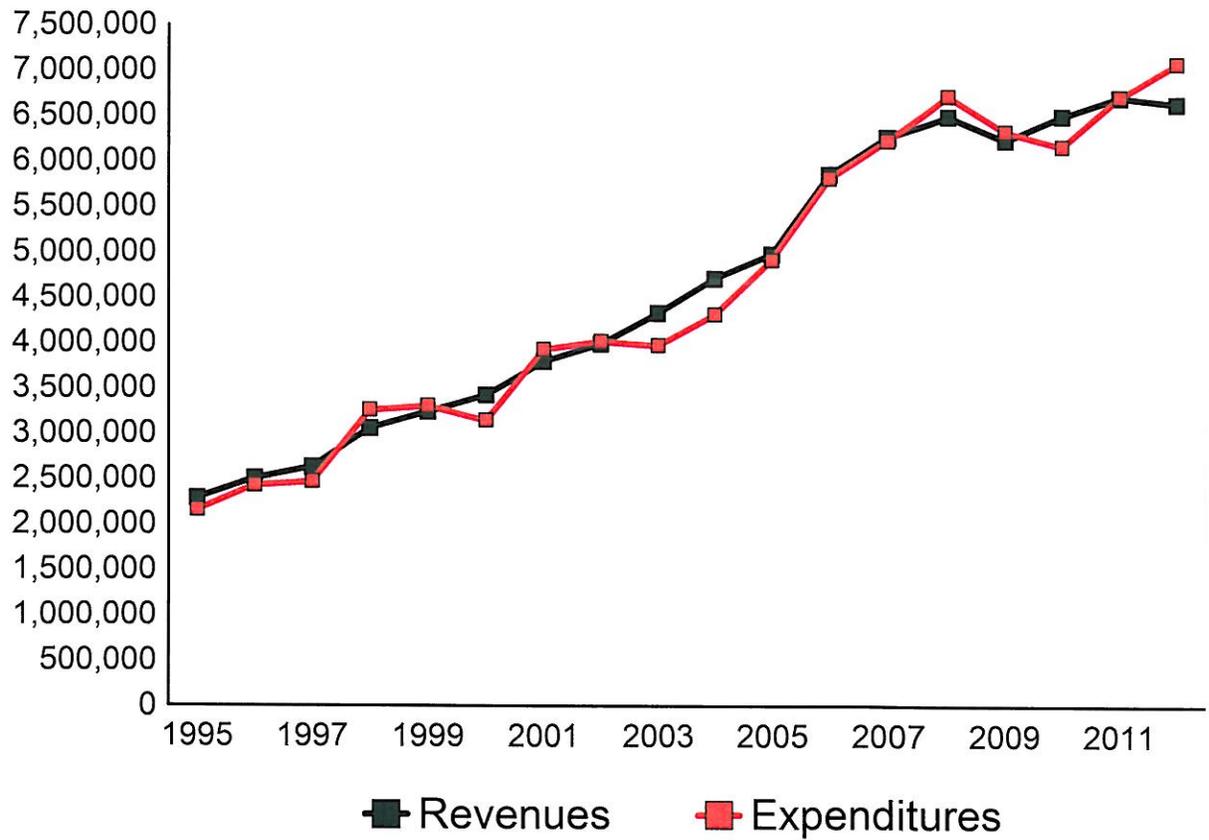
General Fund Budgeted Revenues FY 2012



General Fund Budgeted Expenditures FY 2012



General Fund Revenues and Expenditures



Revenues

