

### Lindon City: An Optimistic Future

The state of Lindon City is strong! We have emerged from the recession as a vibrant city that is positioned for success and prosperity. Through a commitment to financial responsibility, improved quality of life, and economic development, Lindon is on a trajectory of success and remains the envy of many other cities.

It is exciting to see new development occurring across the City. Lindon continues on its course to becoming one of the most welcoming, safe and prosperous cities in the State of Utah. This document is intended to be a brief overview of various services provided and activities performed by Lindon City. It will also highlight our achievements, some aspects of the budget that has been adopted to provide city services, and will review some of our future challenges.

### Lindon's Past Year at a Glance (FY2014-15):

Lindon City is a full-service municipality covering about 8.5 square miles and serves a population of about 10,600 people. The City provides a wide scope of urban services and amenities made possible, in part, by robust sales & franchise tax revenues and prudent use of public funds.

#### SERVICES, MAINTENANCE RESPONSIBILITIES, & PERFORMANCE STATS

<b>Public Works</b> <ul style="list-style-type: none"> <li>76.2 miles of water lines</li> <li>61.3 miles of sewer lines</li> <li>47.4 miles of secondary water lines</li> <li>40.6 miles of storm drain</li> <li>9.2 miles open ditches</li> <li>3 reservoirs/dams</li> <li>39 cemetery interments</li> </ul>	<b>Streets</b> <ul style="list-style-type: none"> <li>54.26 miles of streets maintained</li> <li>Operates 5 snow plows</li> <li>10 tons of asphalt used to fill potholes</li> <li>874 street signs maintained</li> <li>157 city street lights</li> </ul>	<b>Utilities</b> <ul style="list-style-type: none"> <li>3,039 utility connections</li> <li>2,256 secondary water connections</li> <li>1.24 billion gallons secondary water delivered</li> <li>3.41 million gallons culinary water delivered</li> </ul>
<b>Parks &amp; Recreation</b> <ul style="list-style-type: none"> <li>55 acres of developed parks, w/ 9 pavilions</li> <li>6.5 miles of trails</li> <li>Senior &amp; Community Center</li> <li>58,000 visitors to Aquatics Center</li> <li>23 recreation programs</li> </ul>	<b>Development</b> <ul style="list-style-type: none"> <li>223 bldg permits issued</li> <li>\$54,654,442 = value of building projects</li> <li>88 land use cases processed</li> <li>18 commercial/industrial developments</li> </ul>	<b>Public Safety</b> <ul style="list-style-type: none"> <li>Full-time police services</li> <li>8,952 police service calls (includes 4,584 incident related calls)</li> <li>Full-time fire, EMS, and dispatch services</li> <li>1,644 fire/EMS service calls</li> </ul>
<b>Employees</b> <ul style="list-style-type: none"> <li>44 full-time</li> <li>33 part-time</li> <li>135 temp/seasonal</li> <li>Employee costs = 28% of Total Budget</li> </ul>	<b>Justice Court</b> <ul style="list-style-type: none"> <li>149 criminal cases</li> <li>24 small claims cases</li> <li>1,288 traffic cases</li> </ul>	<b>Finance</b> <ul style="list-style-type: none"> <li>Saved \$370k; refinanced Aquatics Center bond</li> <li>Paid off \$800k Flow Rider bond</li> <li>Paid off \$3M RDA bond</li> </ul>

## FY2014-15 Accomplishments & Achievements

- Held over 50 public meetings and open houses
- Reconstructed / re-paved Locust Avenue
- Reduced annual employee benefit costs to City by over \$100k
- Refinanced Aquatics Center bond with AA- bond rating, saving \$370,000
- Installed 150' of new sidewalk by City Center Park; 80' along State Street
- Updated 20 City ordinances
- Replaced 200' of water line on 200 South

## Recognitions and Awards

*Specific to Lindon City:*

- 2015: Best Commuter Cities in State of Utah (13<sup>th</sup>), [www.obrella.com](http://www.obrella.com)
- 2014: Safest Cities in the State of Utah (12<sup>th</sup>), [www.safewise.com](http://www.safewise.com)
- 2013, 2011, 2009: "100 Best Small Cities to Live In America", CNN Money Magazine
- 2008: "Best City to Build In", Utah Valley Home Builder's Association
- \$5.6 million awarded to the City through grants and donations since 2005

*Regional (Provo-Orem MSA):*

- 2014: Best Well Being (1<sup>st</sup>), Gallup
- 2014: Best Cities for Work-Life Balance (1<sup>st</sup>), [www.nerdwallet.com](http://www.nerdwallet.com)
- 2014: Best Places for Business and Careers (3<sup>rd</sup>), Forbes
- 2014: Fastest-Growing On-the-Rise Startup Hubs (1<sup>st</sup>), [sparefoot.com](http://sparefoot.com)
- 2013: Best Performing Cities (2<sup>nd</sup>), Milken Institute
- 2013: Best Midsize Cities for Jobs (2<sup>nd</sup>), Forbes
- 2013: Best Places for Business and Careers (2<sup>nd</sup>), Forbes
- 2013: Most Secure Midsize Cities (12<sup>th</sup>), Farmers Insurance

## FY2015-16 Budget – Successes and Prosperity

Lindon City emerged from FY2014-15 under budget through significant cost cutting efforts, careful management of expenditures, and higher than anticipated revenues. During the recession the City had been dependent on approximately \$1M in borrowed utility funds to balance its budget. Fortunately, the City under spent its budget each year and never had to use the borrowed funds. Through cost cutting efforts and improved revenues the City has eliminated the need to borrow the previously earmarked utility funds for FY2015-16. This is a significant achievement reflective of the growing economy and the City's efforts to reduce costs while still providing a very high level of services.

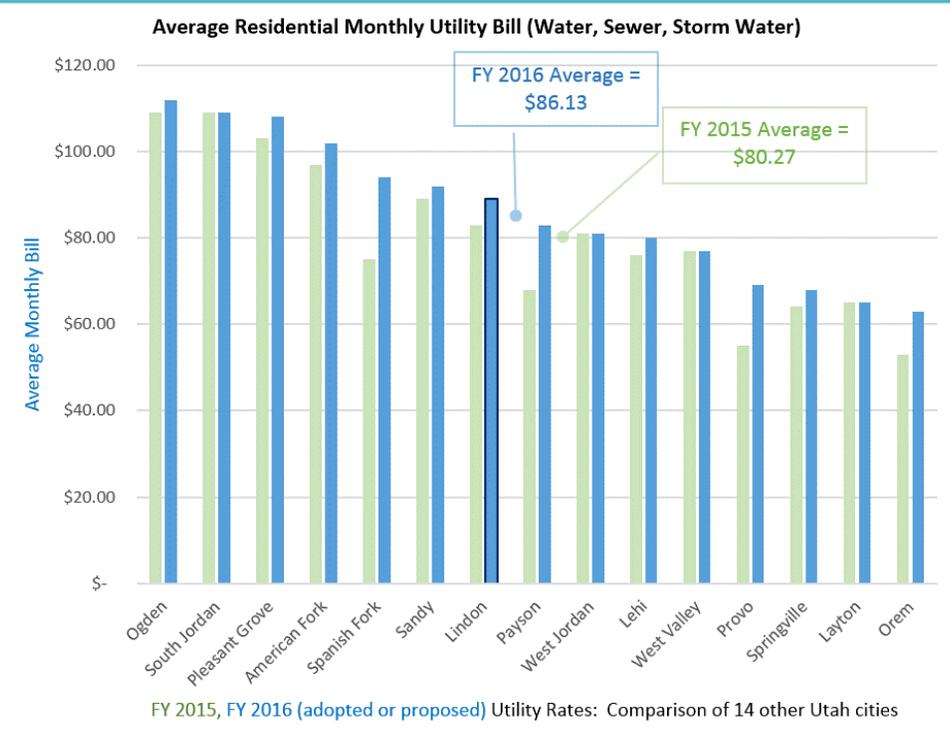
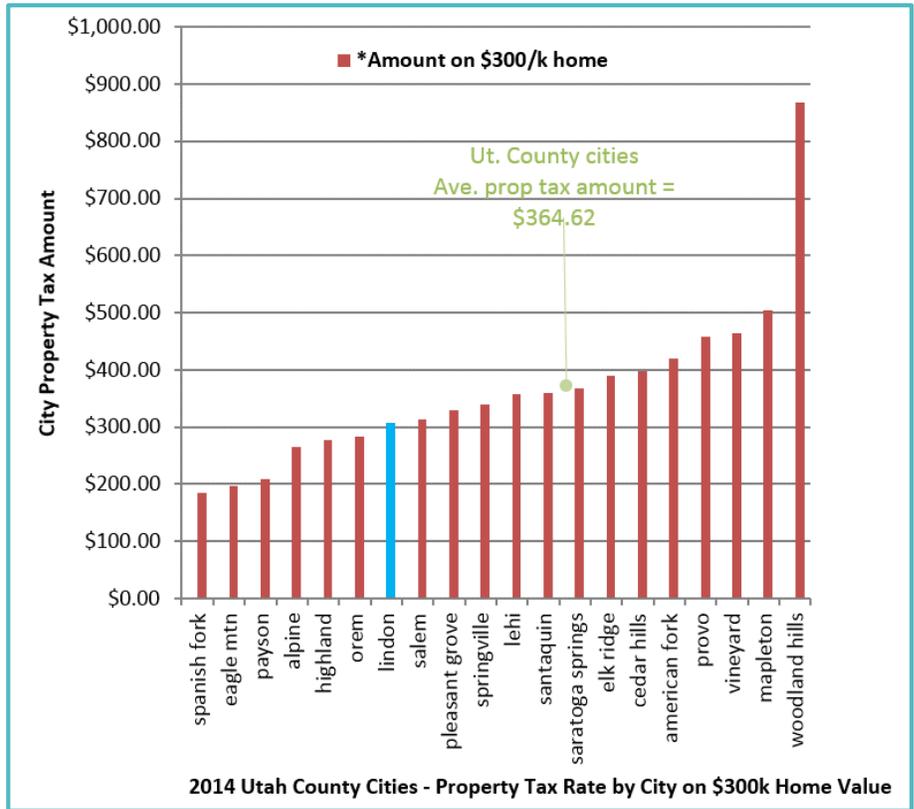
Annual reports published by newspapers and tax watchdog organizations often cite Lindon's high spending per capita. However, these reports are poor comparisons of true city-to-city costs on tax payers and ignore varying service levels between cities. They also fail to recognize the fortunate position Lindon enjoys by having a small population which benefits from a large commercial & industrial sales tax base. Lindon's citizens and businesses typically enjoy below average property taxes and fees with above average city services and amenities made available to improve their quality of life. Lindon's prosperous position has enabled it to meet citizen demands for increased services and amenities without the need to significantly increase property taxes.

## Property Taxes

The chart to the right compares the CITY PORTION of property taxes collected by Utah County cities. Unrealized by many tax payers is that Lindon City receives only a portion of the property taxes assessed on your home or business. The majority of 2014 property taxes were distributed to Alpine School District (70%), followed by Lindon City (16%), Utah County (10%), and Central Utah Water Conservancy District (4%).

In 2014, Lindon City would have received about \$307 in property taxes from a residential property valued at \$300,000. For that land owner those three hundred and seven dollars essentially purchased their access to one-year of full-time police, fire, & EMS coverage, parks, trails, snow plowing, fixing of potholes, street signs, street lights, resurfacing of roadways, swimming pool, Community & Senior Center, recreation programs, City events,

etc. What a deal! Lindon is fortunate to have a large sales tax base and healthy franchise tax base that helps supplement general fund services so that property taxes can stay relatively low. In over 25 years Lindon's property tax rate has only been increased once by Lindon City (2009).



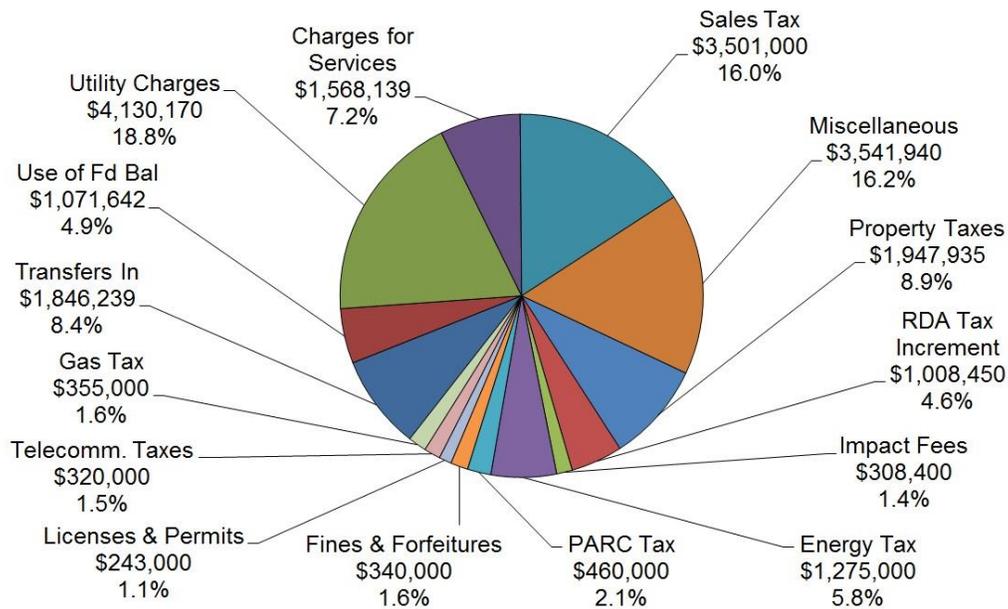
## Utility Rates

Lindon City provides sewer, storm water, and water services (including secondary water). These utility services are supported by user fees paid through your utility bill. As shown in the chart to the left, Lindon's utility rates for water, sewer, and storm water are about average compared to 14 other Utah cities. Small increases are planned each year to help cover aging infrastructure replacement costs and keep up with inflation.

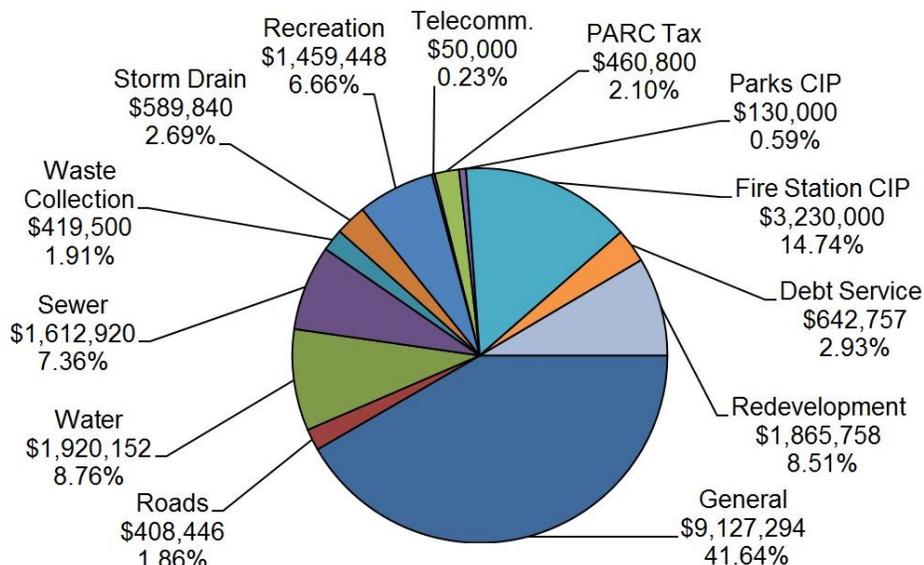
## FY2015-16 Budget – Revenues vs. Expenditures

Each year Lindon City reviews and adopts a new budget through a series of committee meetings, recommendations from City Department Managers, and City Council meetings with input from the public. Utah State law requires that municipal revenues must meet expenditures. Below are charts showing projected city revenues and expenditures for the current fiscal year. Unique to this fiscal year is the large *Miscellaneous* revenue category which includes grants and lease revenue, but is primarily reflective of bonds that will be obtained in order to construct a new fire station.

**Where the Money Comes From**  
**Total Citywide Revenue = \$21,916,914**



**City Wide Expenditures by Fund**  
**Total = \$21,916,914**



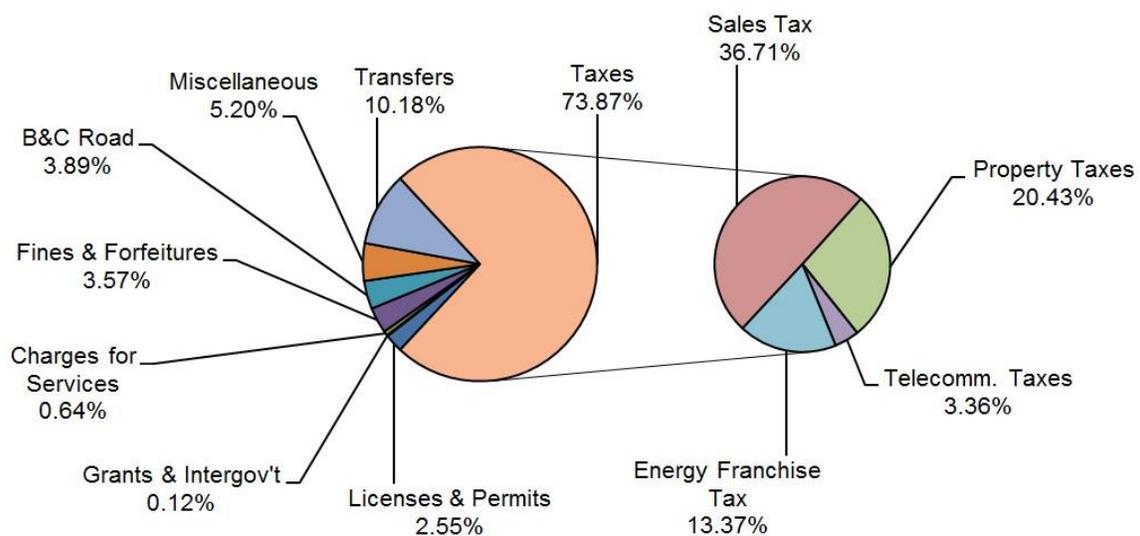
## General Fund

The General Fund is the primary operating fund for most government activities and is the fund that elected officials have the most discretion in how revenues are spent. The General Fund supports services such as police, fire & EMS, streets, parks, city planning, building inspection, administration, etc. The General Fund does not include utility funds, RDA funds, recreation funds, or PARC tax funds.

Of note for FY2016 is that the City is projecting a 1.4% increase in General Fund balance at the end of the fiscal year meaning that after the city covers all of its costs, it will be able to increase its non-allocated emergency savings by 1.4%. This is a positive step compared to previous recession years when the General Fund balance was slowly diminishing. The chart below shows the breakdown of revenue sources for FY2016 General Fund. The primary source of revenue for the General Fund is from taxes, which are explained in more detail below.

### GENERAL FUND REVENUES

Total = \$9,535,740



## What are the primary taxes that the City collects?

**Property Tax:** Property taxes are assessed at rates set by the taxing entity (School District, City, County, Special Service Districts) and collected by Utah County. The County sends assessors to all properties to be appraised then a tax bill is sent based on those appraisals. Primary residence homes are taxed at 55% of the assessed value, while secondary homes and non-residential properties (commercial, industrial) are taxed at 100% of the assessed value. Lindon's largest property tax payers are commercial, office, and industrial properties. Lindon anticipates receiving about \$1.6 million in property tax revenues this fiscal year.

**Sales Tax:** Of all the taxes, Lindon City receives the most revenue from sales tax and forecasts receiving about \$3.5 million in sales taxes this fiscal year. The combined sales tax rate in Lindon is 6.85%. The rate is a combination of various sales tax assessments with the majority of the tax rate

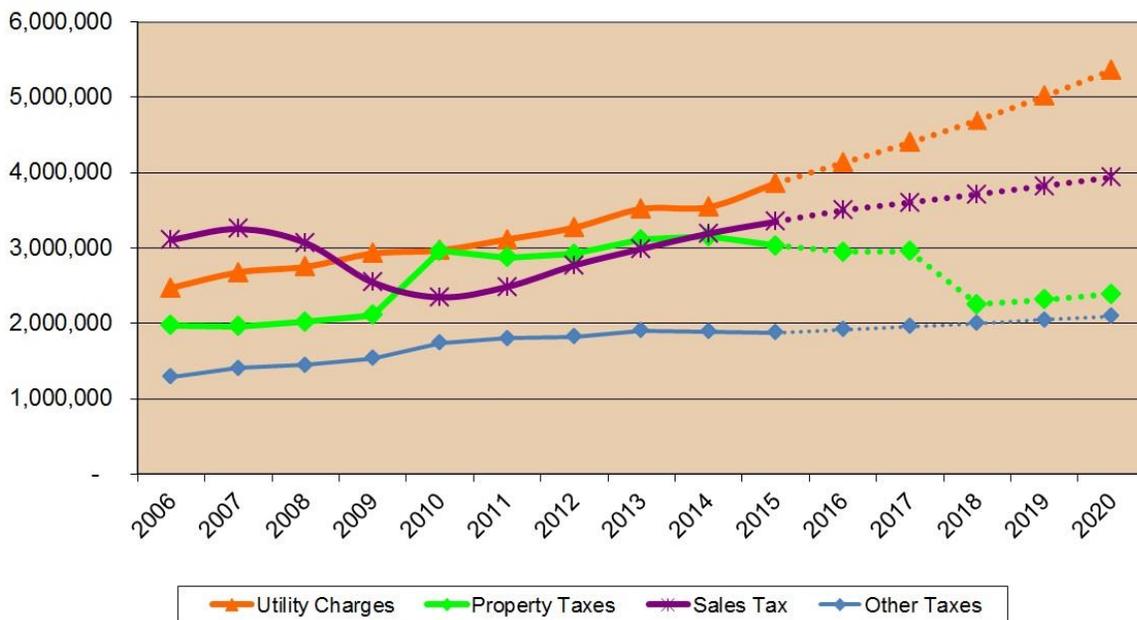
going to the State (4.7%) and the remaining going to the City (1%), Utah Transit Authority (0.55%), Utah County (0.5%), and Lindon's PARC tax (0.1%). Most of Lindon's sales taxes are generated by shoppers who frequent Lindon businesses but do not live within Lindon City. The Utah State Tax Commission collects all of the sales tax. The State requires cities to share half of their collected sales tax which is then pooled and re-distributed back to every city based on population. Since Lindon has a smaller population the City is able to retain only a little more than half of the sales taxes it generates. Therefore, the City's *functioning* sales tax rate is about 0.65%.

**Franchise Tax:** The City charges utility franchise taxes (fees) on energy, cable, and telecommunications activities within the City. Most private utility service companies use Lindon's streets and right-of-ways to install their infrastructure and do business. Cities commonly assess fees for the use of these public corridors. Lindon's franchise tax rates match that of most other Utah cities. Lindon anticipates receiving about \$1.6 million in franchise taxes this fiscal year.

## Revenue Projections

The chart below shows a ten year history and five year forecast for Lindon's major revenue sources consisting of utility charges, sales tax, property tax, and other taxes. As the City grows we anticipate increased sales tax, increased utility charge collections (as new homes and businesses develop), and gradual increases in property valuations. With the ever improving economy and an optimistic outlook for new business growth along our 700 North corridor, Lindon's projection for future revenues is very positive.

**Lindon's Major Revenue Sources  
10 Year History and 5 Year Forecast**



Note the projected drop on property taxes received by the City (green line) is due to expiring Redevelopment Areas (RDA) with special tax disbursements. Lindon's RDA's will no longer receive a higher proportion of the property taxes for those RDA areas, thus the projected decrease in property tax revenues.

## Future Challenges

While the outlook for Lindon in this growing economy is very positive the City still has its share of current and future challenges.

**Road Funding:** Many cities are facing shortages in available funds for maintenance, repair, and replacement of roadway infrastructure. Lindon annually receives about \$350k from State gas taxes and transportation funds. While this sounds like a lot of money, the cost of road construction does not allow it to stretch very far. Lindon recently reconstructed 1/2 mile of roadway at a cost of about \$220k. With nearly 55 miles of Lindon streets the gas tax and state funding just isn't enough to keep roads throughout the entire city in good condition. Lindon engineers estimate it will take about \$1.2 million per year to keep 70% of Lindon's roadways in good to fair condition. The Council is exploring possible transportation utility fees (like Provo & Vineyard have instituted) and other funding options. Road funding is definitely our biggest challenge.



**Aging Utility Infrastructure:** Much of the City's water, secondary water, sewer, and storm water utilities were installed decades ago. As these utilities age they will eventually fail and need to be repaired and/or replaced. The City's utility rates have historically been set at adequate levels to provide and maintain the services but not sufficient to replace large amounts of aging infrastructure. The City has initiated small increases to utility rates to begin building reserve funds for replacement of utility infrastructure.

**Managing Growth:** New development and growth brings jobs, housing, and shopping – and with that growth comes increased demand for utilities and city services. Lindon's 700 North corridor and I-15 Lindon/PG interchange are ripe for development. The City has made efforts to plan appropriate types of land uses along the corridor and is carefully monitoring growth so as to not overburden services and utilities. We're up to the task and excited for new development!

## Get Involved!

Citizens can get involved in the budget process by attending public budget hearings and budget discussions with the City Council. The City makes the proposed budget for the upcoming fiscal year available to citizens in late April or early May. From May to June the City Council holds meetings on the budget where citizens can come express their views and ask questions about the budget. Questions and comments at other times are always welcome.

Finalized budget, tax information, fee schedules, and associated documents are available for download through the city website at [www.lindoncity.org](http://www.lindoncity.org).