

Lindon City: A Positive Trajectory

Lindon City continues as a vibrant community that is providing quality services for its residents and businesses. Through a commitment to financial responsibility, planning for an improved quality of life, and efforts to create lasting economic development, Lindon is on a trajectory of success and remains the envy of many other cities. The City is maintaining its course as one of the most stable, 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 highlight Lindon's past achievements, aspects of the current FY2018 budget, examine crucial taxes & fees collected by the City, and provide insight into some of Lindon's future challenges.

Lindon's Past Year at a Glance (Fiscal Year 2016-2017):

Lindon City is a full-service municipality covering about 8.5 square miles and serves a population of about 10,930 people. The City provides a wide scope of urban services and amenities made possible, in part, by robust sales tax & franchise tax revenues and prudent use of public funds.

SERVICES, MAINTENANCE RESPONSIBILITIES, & PERFORMANCE STATS (JULY 1, 2016 - JUNE 30, 2017)

Public Works <ul style="list-style-type: none"> 85 miles of water lines 80 miles of sewer lines 49 miles of secondary water lines 47 miles storm drain lines 13 miles open ditches 802 fire hydrants 33 cemetery interments 	Streets <ul style="list-style-type: none"> 54.26 miles of streets maintained Operates 6 snow plows 7 tons of asphalt used to fill potholes 880 street signs maintained 160 city street lights 	Utilities <ul style="list-style-type: none"> 3,376 culinary connections 2,585 secondary water connections 1.1 billion gallons secondary water delivered 410 million gallons culinary water delivered
Parks & Recreation <ul style="list-style-type: none"> 55 acres of developed parks, w/ 12 pavilions 6.5 miles of trails Senior Center & Community Center 63,949 visitors to Aquatics Center (2016 season) 30 recreation programs 	Development <ul style="list-style-type: none"> 276 bldg permits issued \$43,662,904 = value of building projects 62 land use applications processed 12 new commercial / industrial developments 	Public Safety <ul style="list-style-type: none"> 15 full-time police officers <ul style="list-style-type: none"> 5,579 service calls 2,549 traffic stops 15 full-time fire & EMS (contracted through Orem) <ul style="list-style-type: none"> 218 fire service calls 571 EMS service calls
Employees <ul style="list-style-type: none"> 49 full-time 29 perm. part-time (includes elected & appointed officials) ~135 temp/seasonal Employee costs = 26% of total expenditures 	Justice Court <ul style="list-style-type: none"> 260 criminal cases 34 small claims cases 2,163 traffic cases 	Finance <ul style="list-style-type: none"> \$1.97 Million in General Fund balance (savings) Utility fund balances growing to support replacement projects GFOA Budget Award

FY2016-17 Accomplishments & Achievements

- Constructed new Police & Fire Station
- Built 2 new pavilions
- Held over 50 public meetings and open houses
- Re-surfaced approx. 7.3 miles of road ways
- Improved culinary water safety with permanent chlorination & digital monitoring
- Installed pickle ball courts and tennis court at Hollow Park
- Replaced nearly 3,000 feet of aging water lines
- \$5.65 million awarded to the City through grants and donations since 2005



Recognitions

Specific to Lindon City:

- 2017: Safest Cities in the State of Utah (6th), LendEDU
- 2016: Business Friendly City Award, State of Utah Governor's Office
- 2016: Safest Cities in the State of Utah (30th), www.safewise.com
- 2015: Best Commuter Cities in State of Utah (13th), www.obrella.com
- 2014: Safest Cities in the State of Utah (12th), www.safewise.com
- 2013, 2011, 2009: "100 Best Small Cities to Live In America", CNN Money Magazine
- 2013: Business Friendly City Award, State of Utah Governor's Office
- 2008: "Best City to Build In", Utah Valley Home Builder's Association

Regional (Provo-Orem MSA):

- 2017: Best Economy (4th); ValuePenguin
- 2017: Best Cities for Small Businesses (17th), ValuePenguin
- 2016: Best Cities for Tech (3rd); DataFox
- 2016: Best Performing Cities (2nd), Milken Institute
- 2015: Best Performing Cities (3rd), Milken Institute
- 2014: Best Cities for Work-Life Balance (1st), www.nerdwallet.com
- 2014: Best Places for Business and Careers (3rd), Forbes

2017-18 Budget – Saving for the Future

Since the Great Recession ended Lindon has gained momentum in growing its sales tax base and reaped benefits from new building permit revenues. However, as they closely follow economic fluctuations, sales taxes and permit revenues are not stable revenue sources. As such, the City has committed to build its General Fund balance (savings/reserves) as close as possible to the maximum allowed by the State in order to help avoid tax & fee increases during future economic downturns. The City is projecting it will end its current budget year (FY2018) with about 21.2% of revenues saved in its General Fund balance (State allows max of 25%).

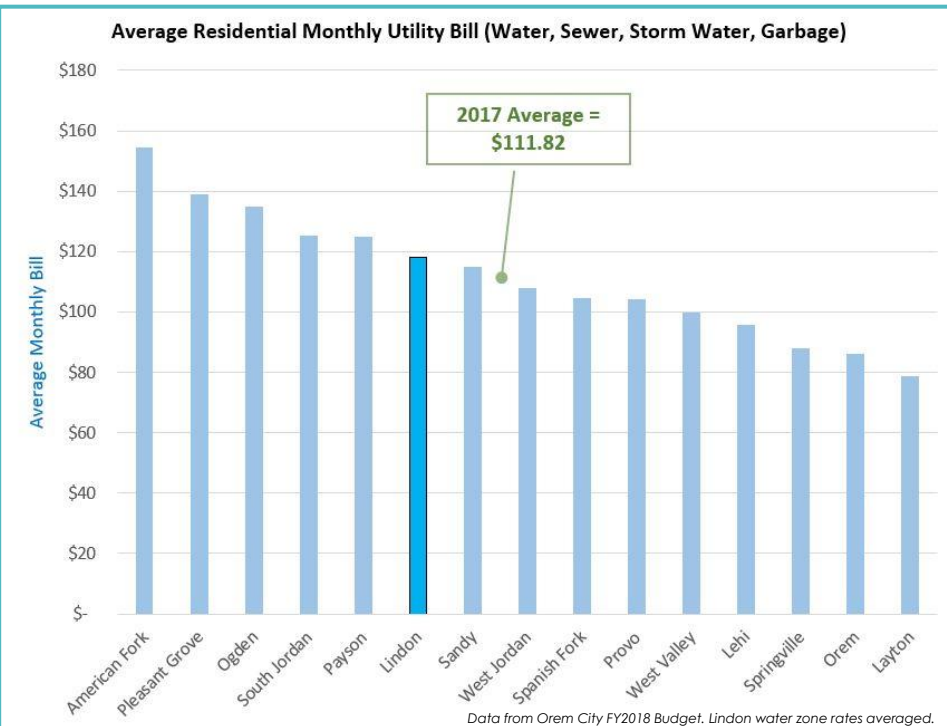
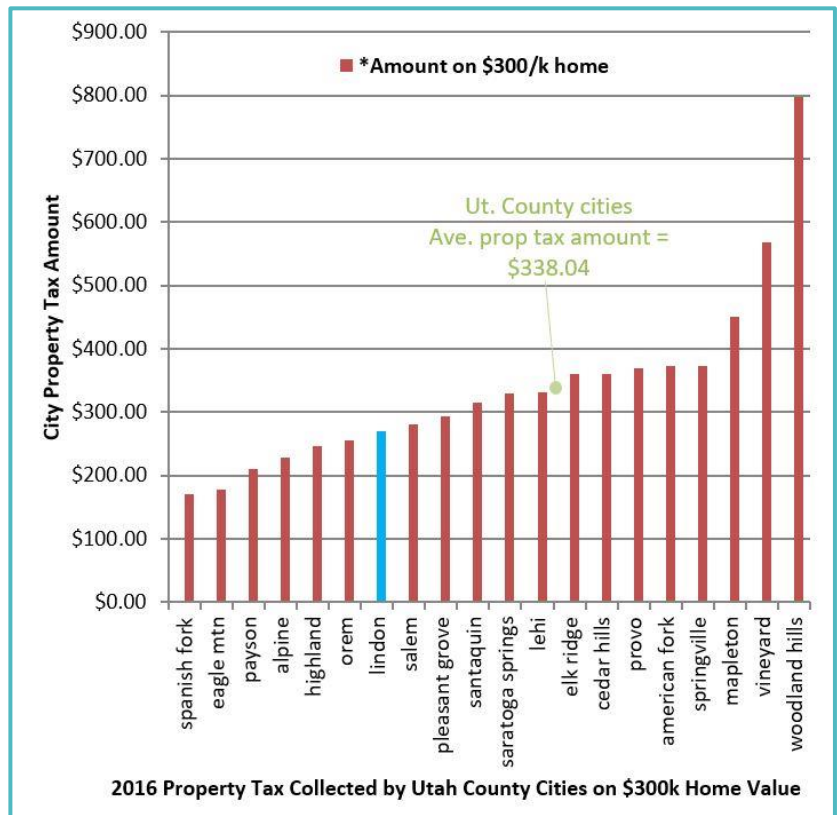
Annual reports published by newspapers and tax watchdog organizations often cite Lindon's high spending per capita. However, these reports are poor comparisons of true city-to-city costs on tax payers and ignore varying service levels between cities. They also fail to recognize the fortunate position 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 enables it to meet demand for increased services and amenities without the need to significantly increase property taxes.

Property Taxes

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

In 2016, Lindon City received \$269 in property taxes from a residential property valued at \$300,000. For \$269 the land owner 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, resurfaced roadways, a Senior Center, recreation programs, city fair & cultural events, discounted rates at the Aquatics Center, a Community Center, library card reimbursements, 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 nearly 30 years Lindon's property tax rate has only been increased once (in 2009).



Utility Rates

Lindon City provides sewer, storm water, water (including secondary water) and garbage services. 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, storm water, and garbage 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.

Data from Orem City FY2018 Budget. Lindon water zone rates averaged.

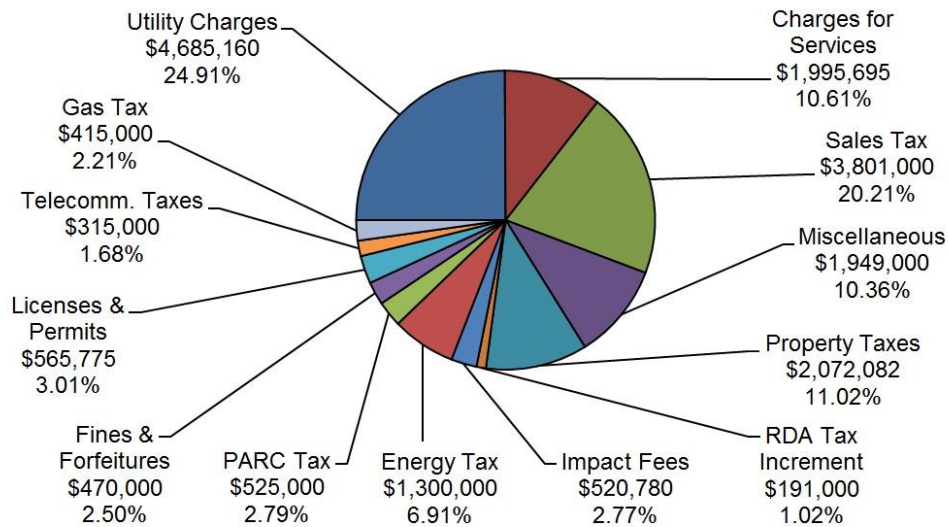
FY2017-18 Budget – Revenues vs. Expenditures

Each year Lindon City reviews and adopts a new budget through a series of committee meetings, recommendations from City department managers, and input from the public at City Council meetings. Below are charts showing projected city revenues and expenditures for the current fiscal year (FY2018). Largest portions of revenue come from Utility Charges, Sales Taxes, Property Taxes, Charges for Services, Miscellaneous Income (grants, leases, etc.), and other taxes and fees.

Where the Money Comes From

Total City Revenues = \$18,805,492

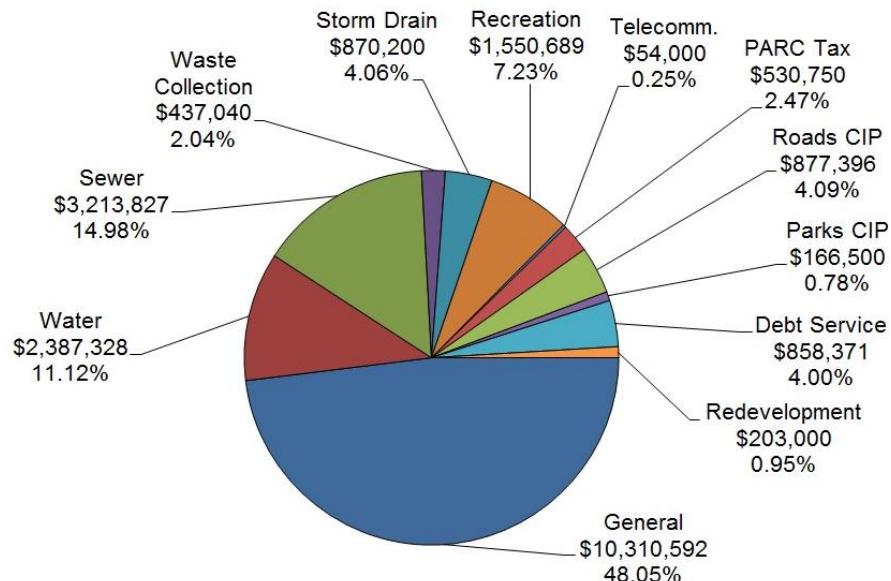
Net of fund balances and transfers



City Wide Expenditures by Fund

Total Expenditures = \$21,459,694

Total Includes Fund Balances and Transfers



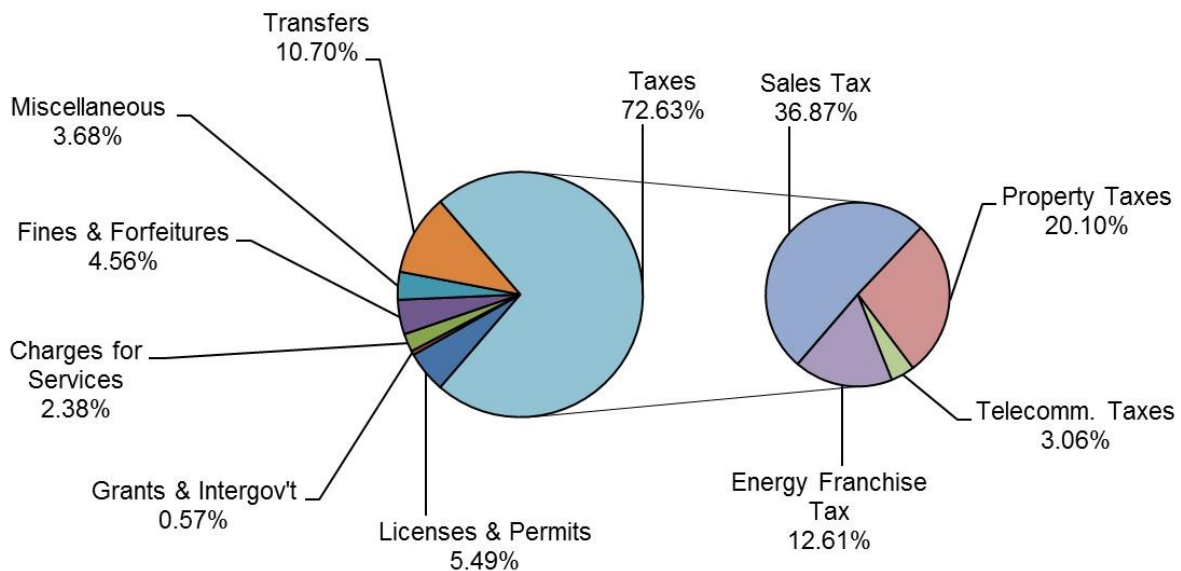
General Fund

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, facility & grounds maintenance, etc. The General Fund does not include utility funds, RDA funds, recreation funds, or PARC tax funds.

The chart below shows the breakdown of revenue sources for the FY2018 General Fund. The primary source of revenue for the General Fund is taxes, which are explained in more detail below.

GENERAL FUND REVENUES

Total = \$10,310,592



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. Homes used as a primary residence 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 \$2.07 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 \$3.8 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 of Utah (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%). The Utah State Tax Commission collects all of the sales tax. The State requires cities to share half of their collected sales tax which

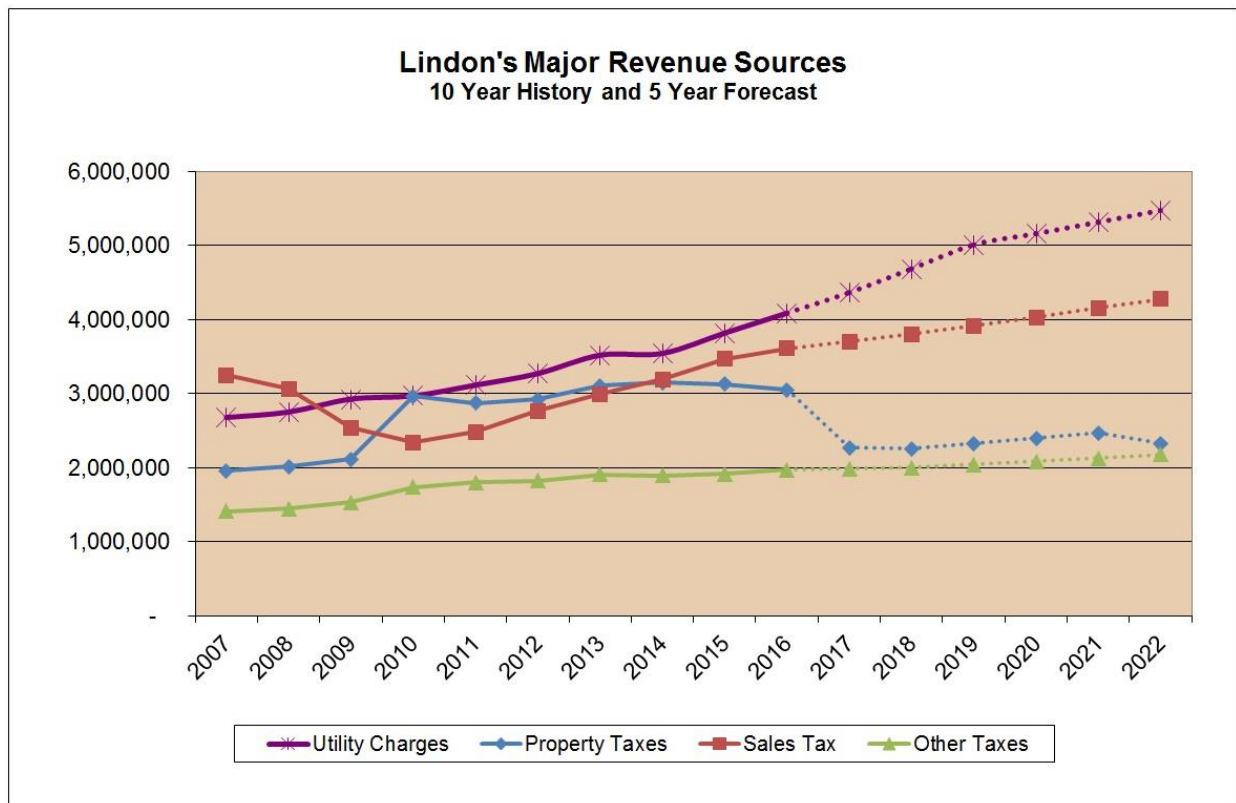
is then pooled and re-distributed back to every city based on population. Since Lindon has a smaller population the City is only able to retain a little more than half of the sales taxes it generates. Therefore, the City's *functioning* sales tax rate is about 0.65%.

Franchise Tax: The City charges utility franchise taxes (fees) on energy, cable, and telecommunication 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 \$1.3 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 Lindon anticipates 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.

Note the projected drop on property taxes received by the City (blue line) is due to special tax disbursements expiring in Lindon's Redevelopment Areas (RDA). Lindon's RDA's will no longer receive a higher proportion of the property taxes for those RDA areas, thus the projected decrease in total 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, & Highland have adopted) and other funding options. Consistent road maintenance funding is Lindon's biggest financial challenge.



Aging Utility Infrastructure: Much of the City's water, secondary water, sewer, and storm water utilities were installed several 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. Over several years the City has initiated small increases to utility rates to build reserve funds for replacement of utility infrastructure.

Managing Growth: New development and growth brings jobs, housing, and shopping – and with that growth comes increased traffic and demand for city services. Lindon's 700 North corridor (North County Blvd) and the 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. A special revenue area has been created along the corridor to help fund utility improvements with increased property tax revenues as new development occurs. The City and UDOT are also planning for interchange and traffic signal improvements in the area. Lindon is ready and excited for new development!

Get Involved!

Citizens can get involved in the budget process by attending annual 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.