



# State of the City Report

## September 2019

### Lindon City: Stewardship & Stability

Lindon City continues as a growing and vibrant community that is committed to providing quality public services for its residents and businesses. Through a commitment of prudent financial responsibility, planning for an improved quality of life, and efforts to create lasting economic development, Lindon continues on a trajectory of success. The City is maintaining its course as one of the most stable, safe and thriving cities in the great 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 Fiscal Year (FY) 2020 budget (July 1, 2019 – June 30, 2020), 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 (FY2019):

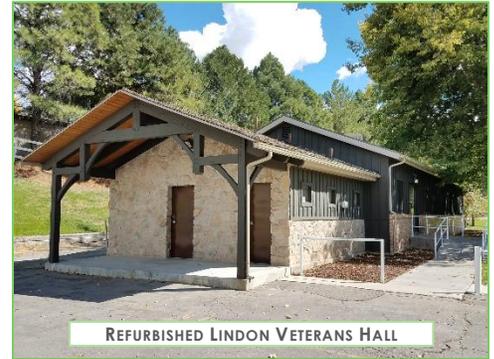
Lindon City is a full-service municipality covering about 8.5 square miles and serves a population of about 11,440 people. The City provides a wide scope of urban services and amenities made possible, in part, by robust sales tax revenues and prudent use of public funds.

### SERVICES, MAINTENANCE RESPONSIBILITIES, & PERFORMANCE STATS (JULY 1, 2018 - JUNE 30, 2019)

<b>Public Works</b> <ul style="list-style-type: none"> <li>87 miles of water lines</li> <li>82 miles of sewer lines</li> <li>51 miles of secondary water lines</li> <li>49 miles storm drain lines</li> <li>13 miles open ditches</li> <li>830 fire hydrants</li> <li>39 cemetery interments</li> </ul>	<b>Streets</b> <ul style="list-style-type: none"> <li>55 miles of streets maintained</li> <li>Operates 6 snow plows</li> <li>25 tons of asphalt used to fill potholes</li> <li>912 street signs maintained</li> <li>337 street lights</li> </ul>	<b>Utilities</b> <ul style="list-style-type: none"> <li>3,387 culinary connections</li> <li>2,608 secondary water connections</li> <li>~1.1 billion gallons secondary water delivered</li> <li>~442 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/ 13 pavilions</li> <li>6.5 miles of trails</li> <li>Senior Center &amp; Community Center</li> <li>65,215 visitors to Aquatics Center (2018 season)</li> <li>42 rec programs offered</li> </ul>	<b>Development</b> <ul style="list-style-type: none"> <li>306 bldg permits issued</li> <li>\$104,530,234 = value of building projects</li> <li>48 land use applications processed</li> <li>13 new commercial / industrial developments</li> <li>881 business licenses</li> </ul>	<b>Public Safety</b> <ul style="list-style-type: none"> <li>15 full-time police officers               <ul style="list-style-type: none"> <li>7,494 service calls</li> <li>2,417 traffic stops</li> </ul> </li> <li>15 full-time fire &amp; EMS (contracted through Orem)               <ul style="list-style-type: none"> <li>762 fire &amp; EMS service calls from Lindon Station to Lindon City location</li> </ul> </li> </ul>
<b>Employees</b> <ul style="list-style-type: none"> <li>53 full-time</li> <li>36 perm. part-time (includes elected &amp; appointed officials)</li> <li>147 temp/seasonal</li> <li>Employee costs = 30.5% of total expenditures (net of fund balances &amp; transfers)</li> </ul>	<b>Justice Court</b> <ul style="list-style-type: none"> <li>259 criminal cases</li> <li>37 small claims cases</li> <li>3,032 traffic cases</li> </ul>	<b>Finance</b> <ul style="list-style-type: none"> <li>\$2.57 Million in General Fund balance (savings)</li> <li>One-time surpluses prioritized to pay down debt</li> <li>GFOA Budget Award</li> </ul>

## FY2018-19 Accomplishments & Achievements

- Held over 40 public meetings and open houses
- Completed chlorination upgrades to all city wells
- Built new park pavilion; Refurbished Lindon Veterans Hall
- Paid off 700 North road construction debt
- 2018-19 Grants Awarded & Donations Received:
  - \$150,000 – Elevator grant for City Center
  - \$10,000 – Police body cameras
  - \$19,648 – Facilities energy efficiency grant
  - \$5,593 – Recreation grant for parks equipment
  - \$22,000 – Justice Court indigent defense grant
  - \$5,000 - Senior Center facility upgrades
  - \$1,555 – Donations: 2018 Thanksgiving Dinner
- **\$8.007 million in awarded grants and donations since 2005**



## Lindon City Recognitions

- 2019: Best Suburb in Utah to Raise a Family (17<sup>th</sup>), *Niche*
- 2017: Safest Cities in the State of Utah (6<sup>th</sup>), *LendEDU*
- 2016 & 2013: Business Friendly City Award, *State of Utah Governor's Office*
- 2015: Best Commuter Cities in State of Utah (13<sup>th</sup>), *www.obrella.com*
- 2013, 2011, 2009: "100 Best Small Cities to Live In America", *CNN Money Magazine*

### Regional (Provo-Orem Metro Area):

- 2019: Most Educated Cities in America (10<sup>th</sup>), *WalletHub.com*
- 2019: Happiest State in the United States (2<sup>nd</sup>), *WalletHub.com*
- 2017: Best Cities for Millennials (2<sup>nd</sup>), *Apartment List*
- 2017: Best Cities for Small Businesses (17<sup>th</sup>), *ValuePenguin*

## FY2020 Budget – Saving for the Future & Paying Down Debt

Lindon 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



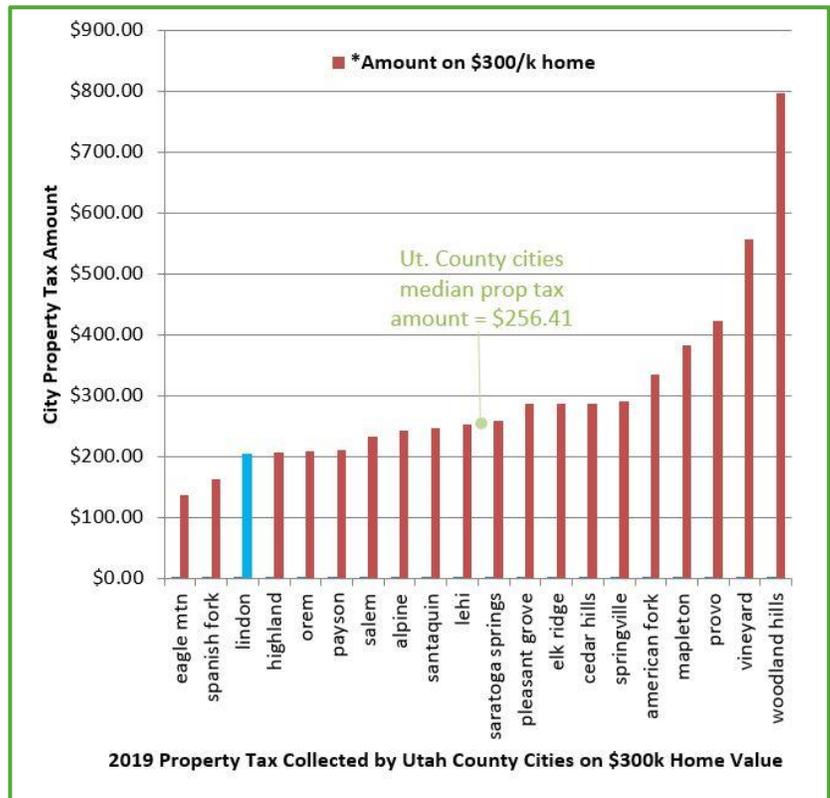
economic downturns. The City is projecting it will end its current budget year (June 30, 2020) with about 24.4% of revenues, or \$2.57 million, saved in its General Fund balance (State allows max of 25%). The City has also prioritized using one-time sales tax revenue surpluses to pay down debt obligations on the Public Safety Building thus saving hundreds of thousands in interest. The City Council desires to pay off the Public Safety Building debt by the 2020-2021 fiscal year, which is 10 years ahead of schedule.

Reports comparing city expenditures sometimes cite Lindon's high spending per capita: Lindon has a large budget compared to its smaller population. However, these reports are poor comparisons of true city-to-city cost burdens 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 enjoy below average property taxes, average fees, and excellent city services and amenities. Lindon's prosperous position enables it to meet demand for increased services and amenities without the need to significantly increase property taxes and fees.

## Property Taxes

Unrealized by many tax payers is that Lindon City receives only a portion of property taxes. The majority of local property taxes goes to Alpine School District (73%), followed by Lindon City (13.5%), Utah County (9.1%), and Central Utah Water Conservancy District (4.4%). The chart to the right compares the CITY PORTION of residential property taxes collected by Utah County cities.

In 2019 Lindon will receive about \$204 in property taxes from a residential property valued at \$300,000. For \$204 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, city fair & cultural events, a Community Center, library card reimbursements, discounted 'resident rates' for facility rentals & programs, etc. *What a deal!* Lindon is fortunate to have a large sales tax base and healthy franchise tax base that helps supplement these general fund services so that property taxes can stay relatively low. In nearly 30 years Lindon has only increased its property taxes once (in 2009).



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## Utility Rates

Lindon City provides sewer, storm water, water (including secondary water) and waste collection services. These services are sustained by user fees paid through your utility bill. Small increases are planned each year to help cover aging infrastructure replacement costs and keep up with inflation. Comparing utility rates between cities is like comparing apples to oranges; every city has different infrastructure costs that their utility rates are based upon. However, it is helpful to know that Lindon's residential monthly utility bills are about average compared to these 14 other Utah cities.

Data from Orem City FY2019 Budget; based on 28,000 gallons of water used per month; 9,000 gallons of sewer. Lindon water zone rates averaged.

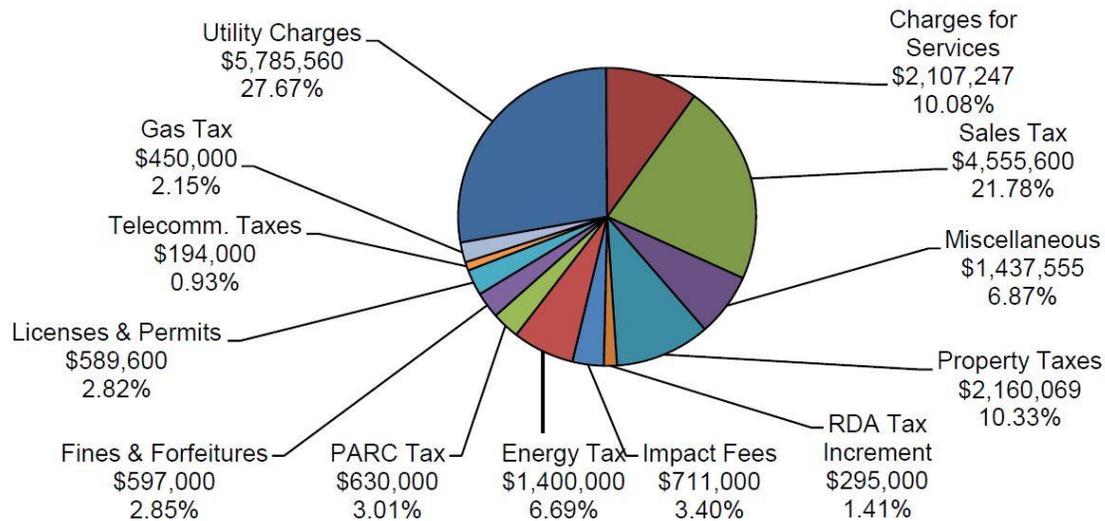
## FY2020 Budget – Revenues vs. Expenditures

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 (FY2020). The 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 = \$20,912,631**

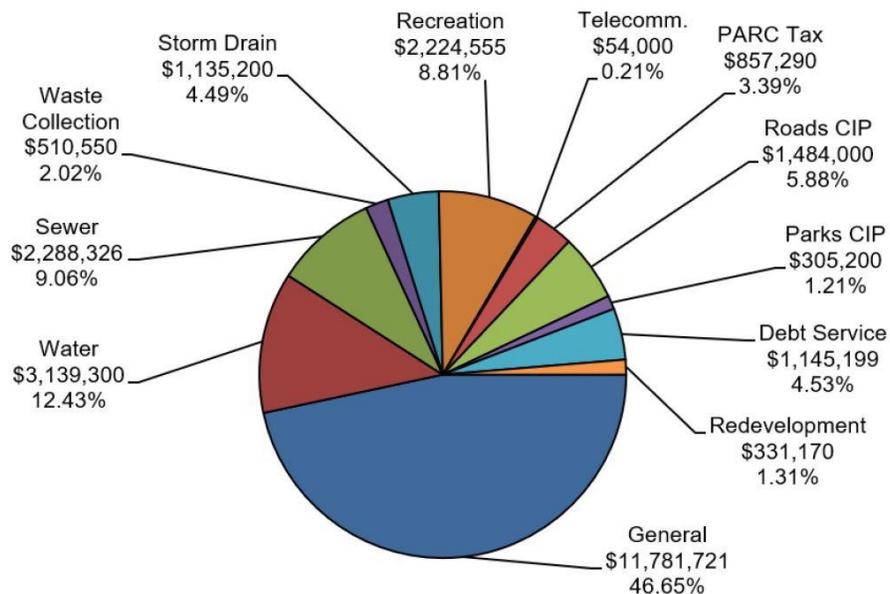
Net of fund balances and transfers



### Citywide Expenditures by Fund

**Total Expenditures = \$25,256,511**

Total Includes Fund Balances and Transfers

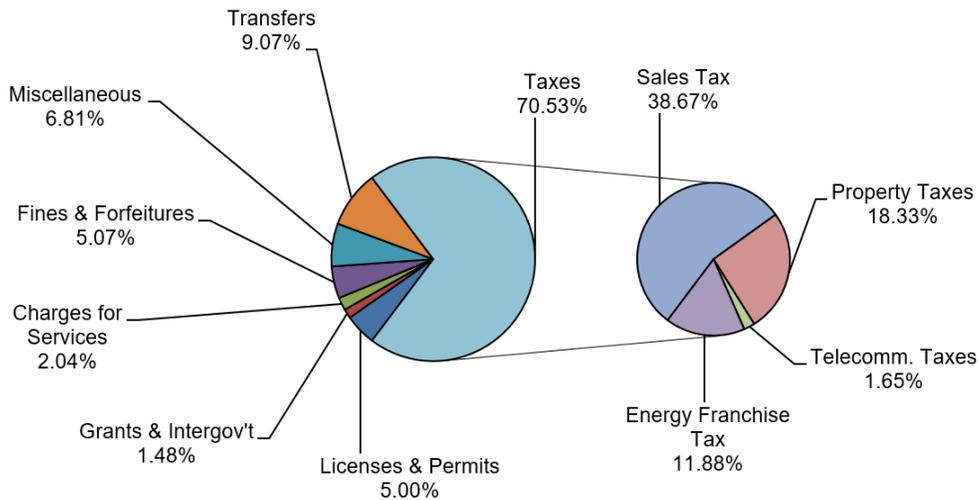


## General Fund

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 & finance, facility & grounds maintenance, etc. The General Fund does not include the utility, RDA, recreation, or PARC tax funds. The charts below show the breakdown of revenue sources and expenditures by department for the FY2020 General Fund.

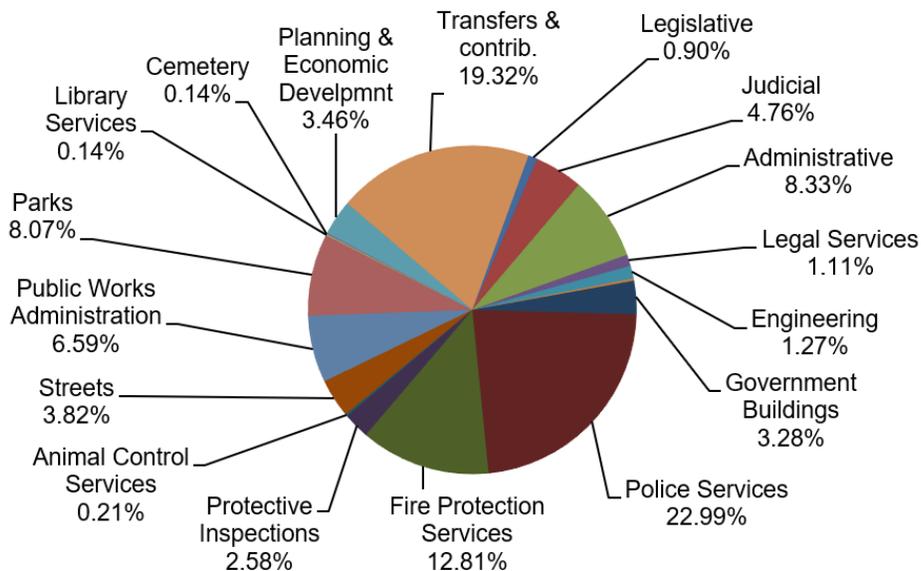
### GENERAL FUND REVENUES

Total = \$11,781,721



### GENERAL FUND EXPENDITURES BY DEPARTMENT

Total Expenditures = \$11,781,721



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

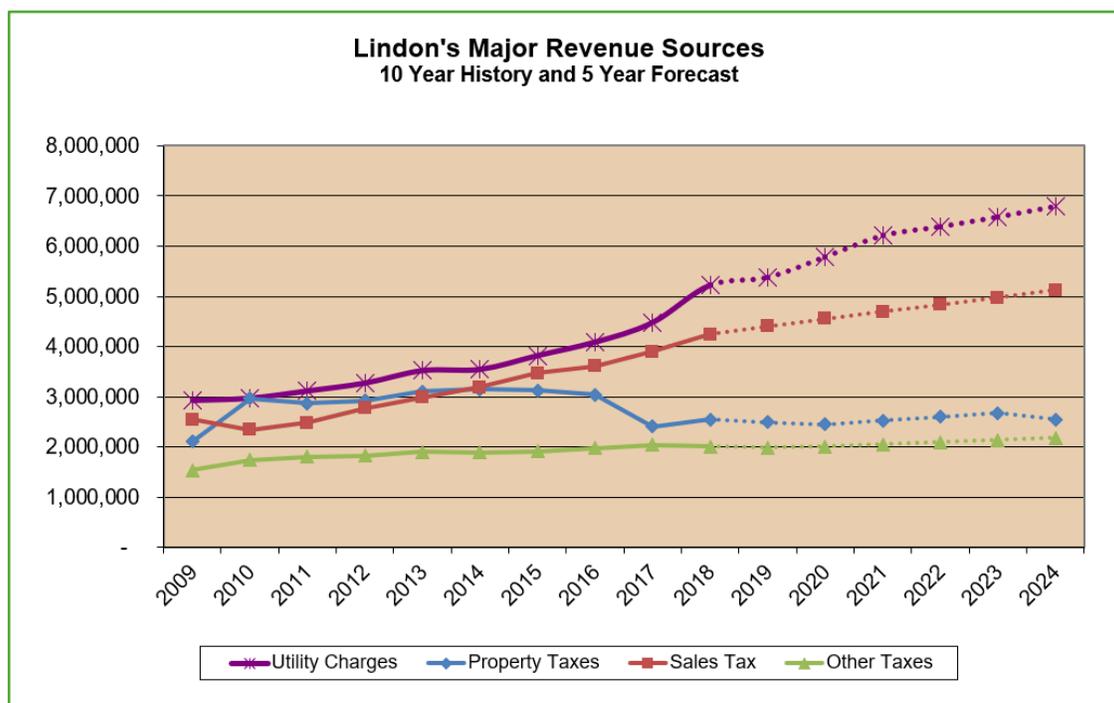
**Sales Tax:** Of all the taxes, Lindon City receives the most revenue from sales tax and forecasts receiving about \$4.55 million in sales taxes this fiscal year. The combined sales tax rate in Lindon is 7.25%. The rate is a combination of various sales tax assessments with the majority of the tax going to the State of Utah (4.85%) and the remaining going to the City (1%), Utah Transit Authority (0.55%), Utah County/Transportation Infrastructure (0.75%), and Lindon's PARC tax (0.1%). The State of Utah collects all of the sales tax and 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 retains a little more than half of the sales taxes it generates. Therefore, the City's *functioning* sales tax rate is about 0.65%.

**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 created 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 \$2.16 million in property tax revenues this fiscal year.

**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 \$1.42 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 that 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 forecasts annually receiving about \$450,000 from State gas taxes and transportation funds based on state-wide fuel sales and number of road miles maintained in the City.

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 more than \$1.2 million per year to keep 70% of Lindon's roadways in good to fair condition. That means that, *if* the City is able to budget over a million dollars per year in road maintenance funding, 30% of our roads will remain in poor or failed condition without more funding.



The City Council is carefully watching State initiatives and legislation that may increase road funding. They have also researched transportation utility fees as a possible funding option and are studying other municipalities that have implemented these types of fees. Sustainable and 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, for many years, the rates were not sufficient to replace large amounts of aging infrastructure. Over several years the City has initiated small increases to utility rates for replacement of infrastructure and to keep up with inflationary costs.

**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 future interchange improvements, widening, and traffic signal improvements in the area.

In 2018 Lindon's City Engineer and Planning Director were successful in obtaining \$706,000 in transportation grant funding to help improve and expand the 200 South Geneva Road intersection & traffic signal. The location has seen a substantial increase in traffic and congestion primarily due to business growth in Lindon's industrial areas. Lindon's elected officials and staff are constantly seeking funding for transportation projects and are well aware of the need for future traffic and transit improvements in Lindon.



Lindon's Building Inspectors and Public Works Divisions work diligently to keep up with demands from new building construction. Since the Great Recession the city has annually seen tens-of-



millions in value added to the community from new buildings and developments. Maintaining a high level of service in community development services is a priority for the City. In early 2019 the City created a new Staff Engineer position to assist with plan reviews and development design control. Kudos to our planners, inspectors, engineers and utility maintenance employees who are keeping up with an increasingly demanding work load.

## 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](http://www.lindoncity.org).

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