



State of the City Report

July 2018

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) 2019 budget (July 1, 2018 – June 30, 2019), 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 (FY2018):

Lindon City is a full-service municipality covering about 8.5 square miles and serves a population of about 10,970 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, 2017 - JUNE 30, 2018)

Public Works • 86 miles of water lines • 81 miles of sewer lines • 49 miles of secondary water lines • 48 miles storm drain lines • 13 miles open ditches • 802 fire hydrants • 25 cemetery interments	Streets • 54.4 miles of streets maintained • Operates 6 snow plows • 8 tons of asphalt used to fill potholes • 892 street signs maintained • 203 city street lights	Utilities • 3,285 culinary connections • 2,600 secondary water connections • ~1.1 billion gallons secondary water delivered • ~410 million gallons culinary water delivered
Parks & Recreation • 55 acres of developed parks, w/ 12 pavilions • 6.5 miles of trails • Senior Center & Community Center • 69,252 visitors to Aquatics Center (2017 season) • 37 rec programs offered	Development • 302 bldg permits issued • \$52,450,592 = value of building projects • 63 land use applications processed • 8 new commercial / industrial developments • 823 business licenses	Public Safety • 15 full-time police officers ◦ 5,783 service calls ◦ 2,191 traffic stops • 15 full-time fire & EMS (contracted through Orem) ◦ 227 fire service calls ◦ 556 EMS service calls
Employees • 50 full-time • 30 perm. part-time (includes elected & appointed officials) • ~135 temp/seasonal • Employee costs = 28.9% of total expenditures (net of fund balances & transfers)	Justice Court • 265 criminal cases • 35 small claims cases • 2,412 traffic cases	Finance • \$2.14 Million in General Fund balance (savings) • Utility fund balances growing to support replacement projects • GFOA Budget Award

FY2017-18 Accomplishments & Achievements

- Held over 40 public meetings and open houses
- Completed new sewer lift station #7
- Aquatics Center: Re-sealed/re-painted all concrete & wood structures; refinished play toys; new tile on edges of pools
- 12 new park benches installed
- 2017-18 Grants Awarded & Donations Received:
 - \$1,300,000 - Heritage Trail completion to Utah Lake
 - \$706,000 - Geneva & 200 S. intersection improvements
 - \$169,648 - City Center Elevator & lighting upgrades
 - \$33,000 - Justice Court indigent defense grant
 - \$30,019 - Police: Drone; bullet proof vests/cameras
 - \$5,707 - Parks Dept: wind screens on tennis court
 - \$5,000 - Senior Center furnishings and ADA doors
 - \$2,230 - 2017 Thanksgiving Dinner donations
- **\$7.958 million in awarded grants and donations since 2005**



LINDON SEWER LIFT STATION #7

Lindon City Recognitions

- 2018: Best Places in Utah to Raise a Family (22nd), Niche
- 2017: Safest Cities in the State of Utah (6th), LendEDU
- 2016 & 2013: Business Friendly City Award, State of Utah Governor's Office
- 2016 (30th) & 2014 (12th): Safest Cities in the State of Utah, www.safewise.com
- 2015: Best Commuter Cities in State of Utah (13th), www.obrella.com
- 2013, 2011, 2009: "100 Best Small Cities to Live In America", CNN Money Magazine

Regional (Provo-Orem Metro Area):

- 2017: Happiest Cities in the United States (7th), National Geographic/Gallup
- 2017: Best Cities for Millennials (2nd), Apartment List
- 2017: #1 Fastest Growing Economy, SpareFoot / Best Economy (4th); ValuePenguin
- 2017: Best Cities for Small Businesses (17th), ValuePenguin
- 2016: Best Cities for Tech (3rd); DataFox
- 2016(2nd) & 2015(3rd): Best Performing Cities, Milken Institute

FY2019 Budget – Saving for the Future

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, 2019) with about 24.05% of revenues, or \$2.37 million, saved in its General Fund balance (State allows max of 25%).



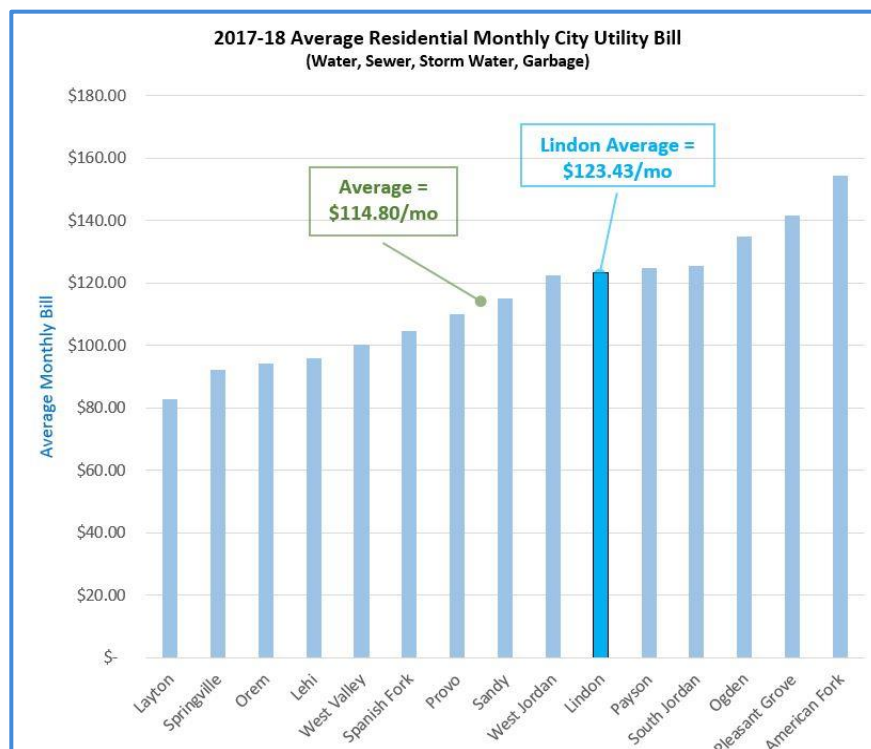
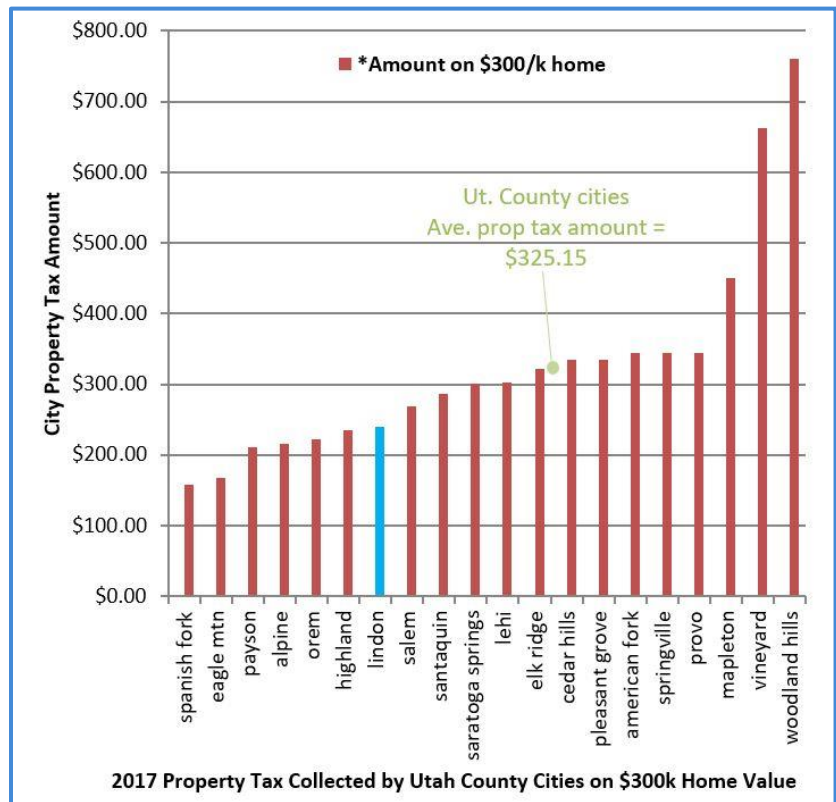
Reports comparing city expenditures sometimes cite Lindon's high spending per capita: Lindon has a large budget compared to its smaller population. However, these reports are poor comparisons of true city-to-city costs on tax payers and ignore varying service levels between cities. They also fail to 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 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.

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 2017-18 Lindon City received \$239 in property taxes from a residential property valued at \$300,000. For \$239 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, a Community Center, library card reimbursements, discounted rates at the Aquatics Center, 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).



Utility Rates

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

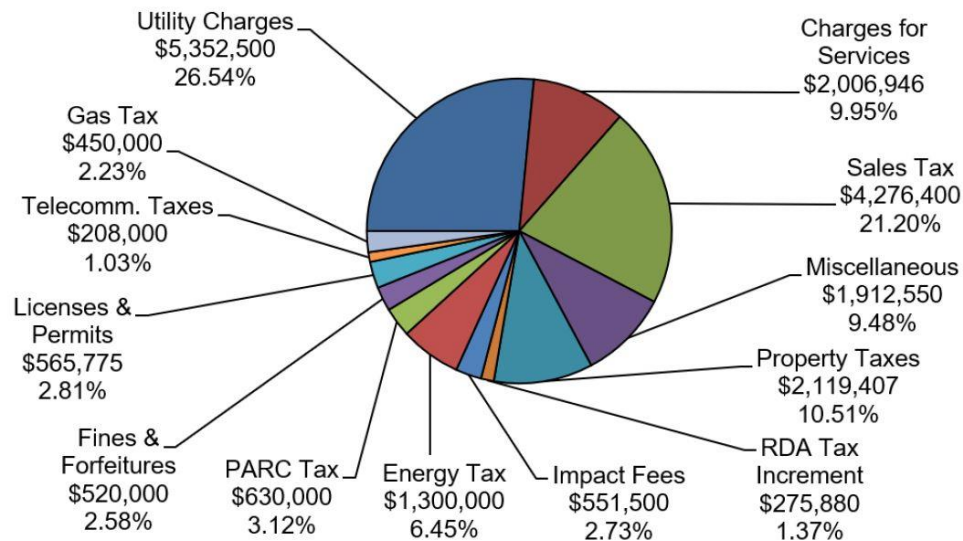
FY2019 Budget – Revenues vs. Expenditures

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 (FY2019). 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 = \$20,168,958

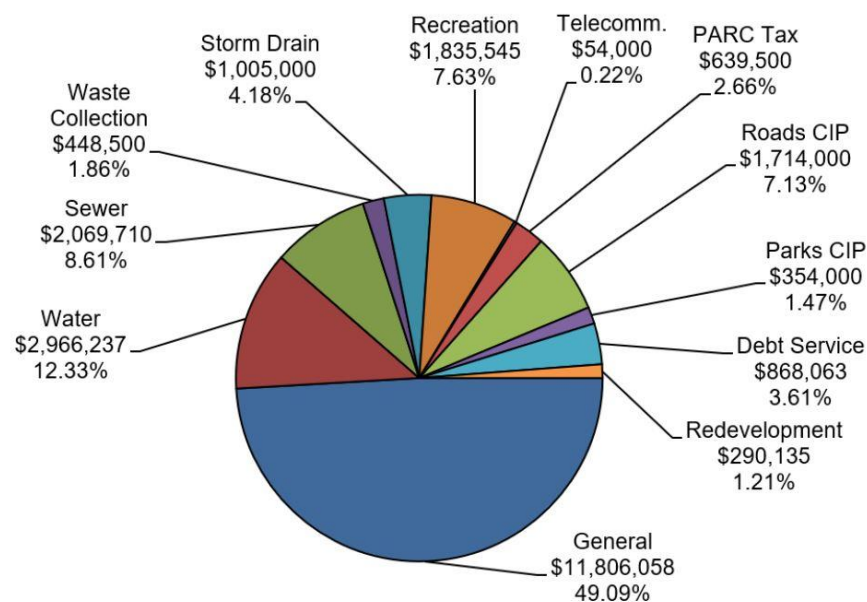
Net of fund balances and transfers



City Wide Expenditures by Fund

Total Expenditures = \$24,050,748

Total Includes Fund Balances and Transfers

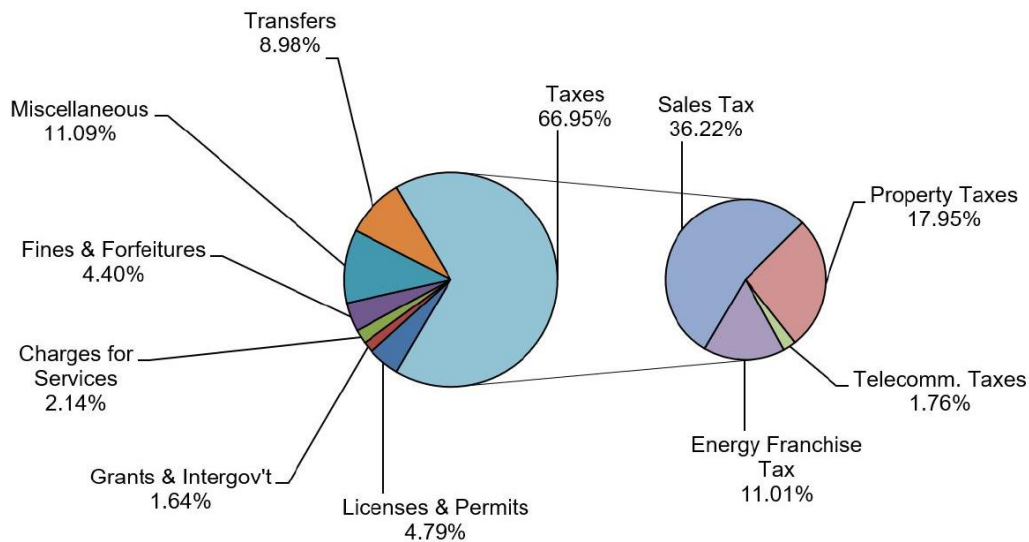


General Fund

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 utility funds, RDA funds, recreation funds, or PARC tax funds. The charts below show the breakdown of revenue sources and expenditures by department for the FY2019 General Fund.

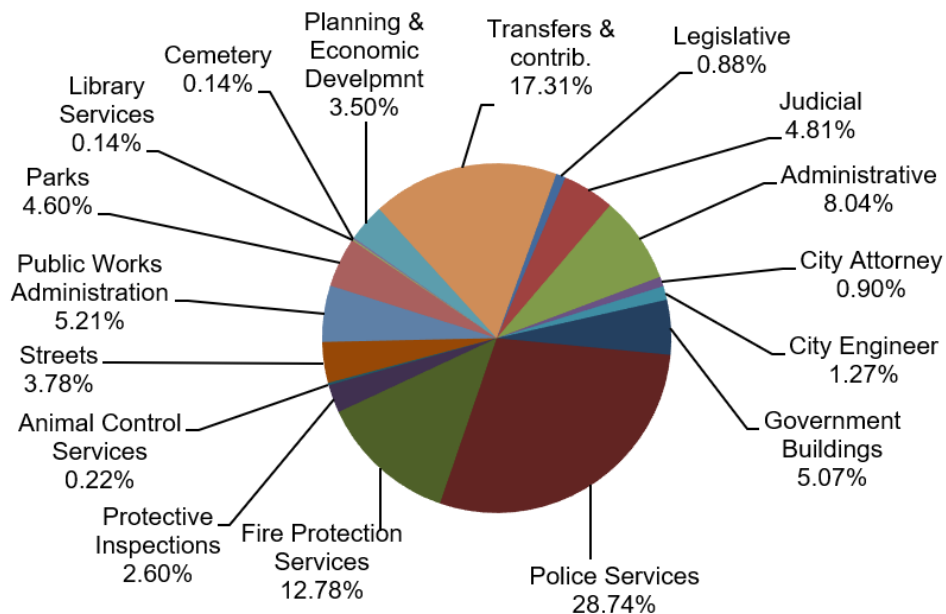
GENERAL FUND REVENUES

Total = \$11,806,058



GENERAL FUND EXPENDITURES BY DEPARTMENT

Total Expenditures = \$11,806,058



What are the primary taxes that the City collects?

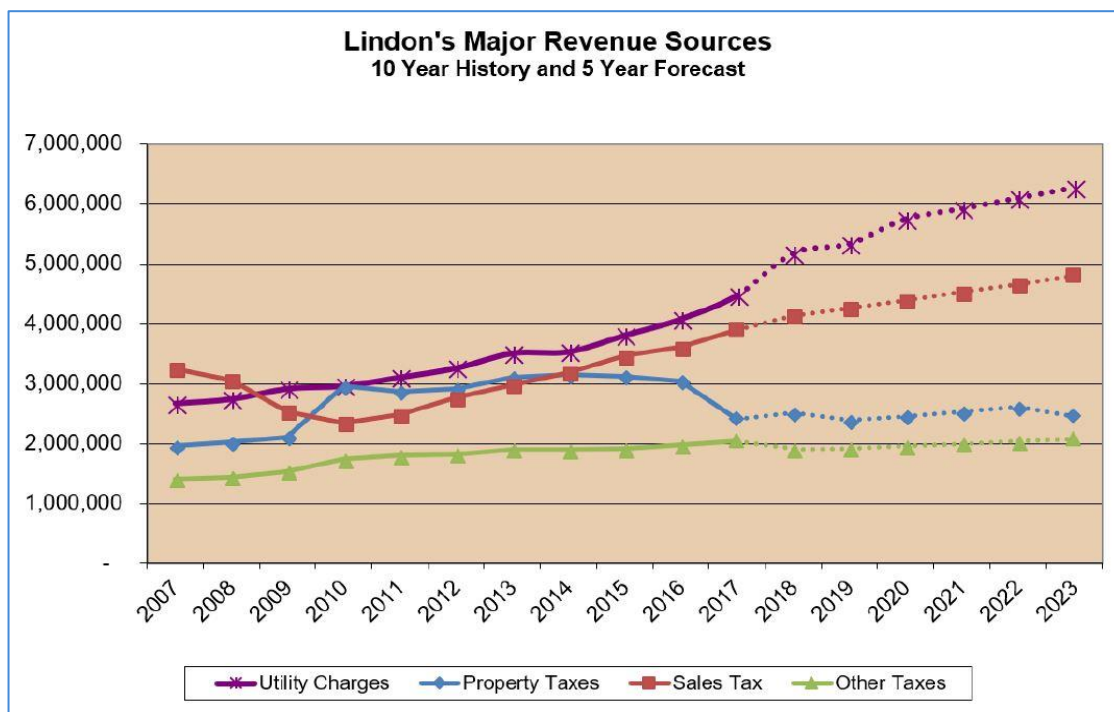
Sales Tax: Of all the taxes, Lindon City receives the most revenue from sales tax and forecasts receiving about \$4.27 million in sales taxes this fiscal year. The combined sales tax rate in Lindon is 6.85%. The rate is a combination of various sales tax assessments with the majority of the tax rate 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%.

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 \$2.11 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 \$1.3 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 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 annually receives about \$360k-\$440k from State gas taxes and transportation funds based on fuel sales and road miles 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 \$1.2 million or more per year to keep 70% of Lindon's roadways in good to fair condition.



The City Council is carefully watching State initiatives and legislation that may increase road funding. They are also exploring a transportation utility fee as a possible funding option. 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.

Lindon's City Engineer and Planning Director were recently 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.



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.

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