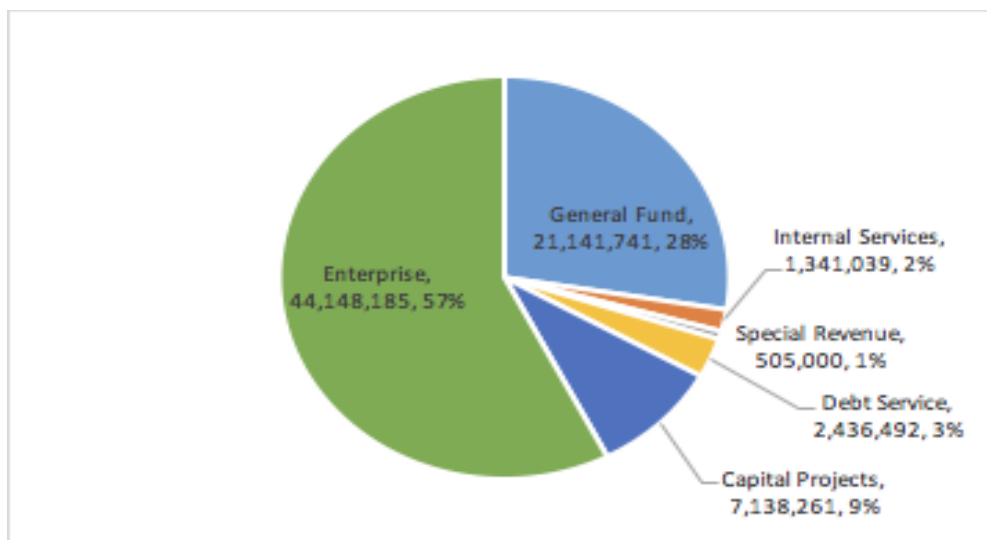


May 13, 2020

Honorable Mayor and City Council:

I am providing herein a copy of the tentative budget for the 2020/2021 fiscal year totaling \$76,710.00. The budget as proposed is designed to advance the strategic goals and objectives that have been established by the Council and covers projected revenues and expenditures for the General Fund, Enterprise Funds, Capital Improvement Funds, Special Revenue Funds and Debt Service Funds of the City. Washington City is in strong financial condition and the 2020/2021 General Fund budget is balanced.

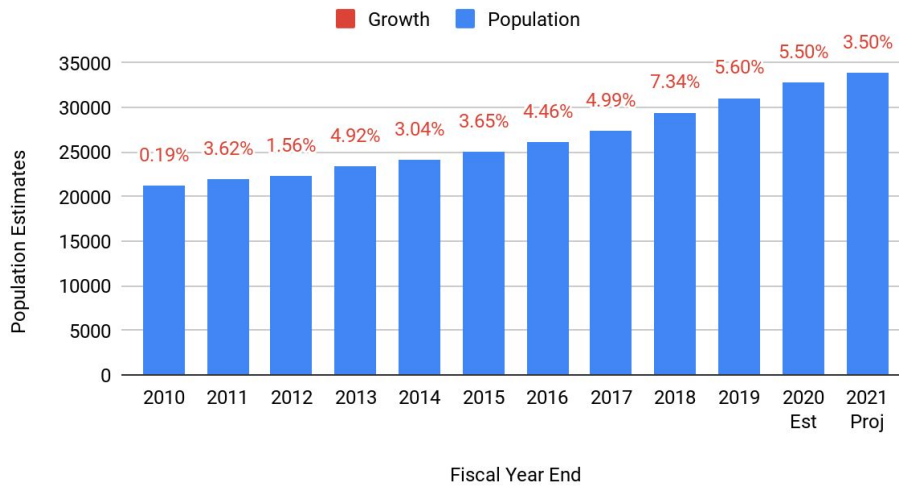


Fund Type	2018-19	2019-20 Projected	2020-21 Tentative
General Fund	19,908,194	22,077,097	21,141,741
Internal Services	1,062,879	1,250,896	1,341,039
Special Revenue	0	653,010	505,000
Debt Service	2,448,167	5,567,548	2,436,492
Capital Projects	6,387,962	11,239,649	7,138,261
Enterprise	22,118,262	37,327,472	44,148,185
Total	51,925,464	78,115,672	76,710,718

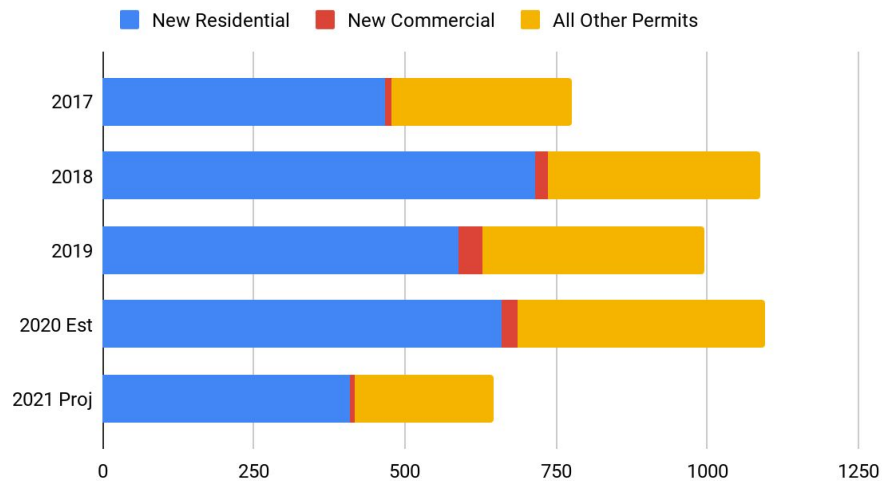
GROWTH

Although 2020 was a strong construction year for Washington City, we are anticipating a slow down in the housing construction due to both market conditions and the impacts of the 2020 pandemic. In 2021 we are anticipating a slow down in the housing market but still expect some net growth in both the residential, multi-family, and commercial markets. The tentative budget includes projections for approximately 410 residential permits which is down from the 2020 year-end estimate of 661 but still represents a 4.5% population growth. We are still anticipating some commercial growth in 2021 but with lowered expectations due to the impact of the pandemic.

*Washington City Population Estimates

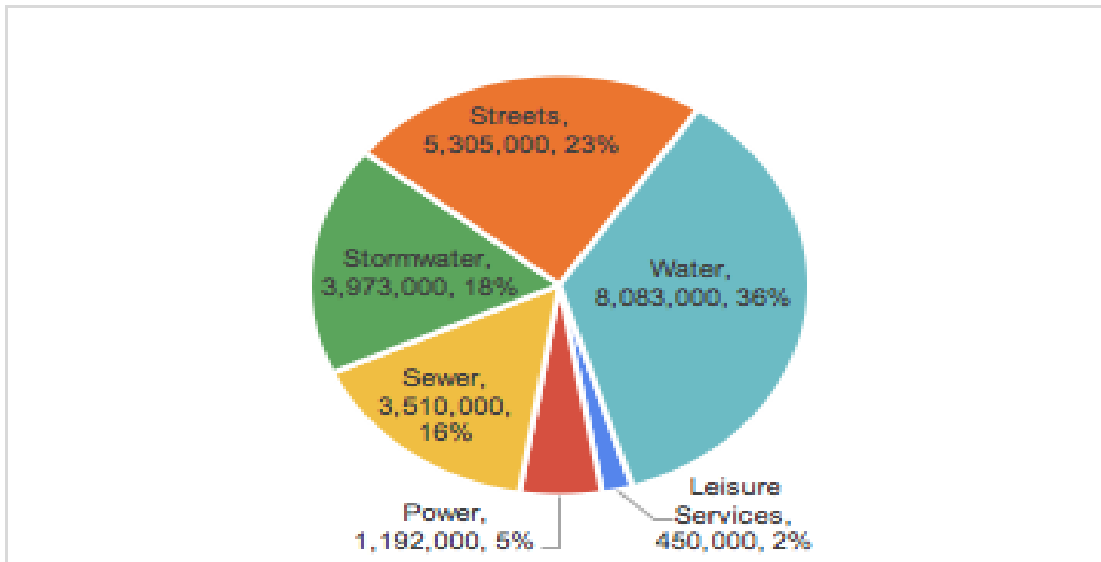


Building Permits Issued by Fiscal Year



CAPITAL OUTLAY INVESTMENT

Whereas private business uses profit (revenue (-) expenses) as an indicator of wealth, governments use quality of life indicators. These traditionally will come in the form of capital assets that enhance health, safety, and general welfare of residents. The 2020-2021 budget as proposed includes an investment of \$22,513,000 in capital outlay to further this objective.



The table below contains select data from the Washington City Five Year Capital Project Plan 2021-2025 and lists capital projects included in the 2020-2021 budget that have been classified by the department as priority one (1). See the Five Year Capital Project Plan 2021-2025 for a full listing of projects.

Code	Department	Project	2021	Priority
21-LS-02	Leisure Services	Canal Trail Land Acquisition/Design	\$200,000	1
21-LS-01	Leisure Services	Elephant Arch/Mill Creek Trailhead	\$250,000	1
22-PR-02	Power	Main St. Substation Transrupters	\$25,000	1
22-PR-06	Power	Main St. Switching Upgrade	\$50,000	1
20-PR-01	Power	Turf Farm URD Tie	\$75,000	2
21-PR-01	Power	Ongoing Pole & Conductor Replacements	\$75,000	2
21-PR-03	Power	Generation Plant Changing Room	\$75,000	4
21-PR-02	Power	Buena Vista Fiber Installation	\$125,000	3
20-PR-02	Power	Kings ROW Rebuild	\$150,000	3
21-PR-04	Power	Circuit 601 Extension	\$150,000	1
21-PR-05	Power	Circuit 102 to 202 Tie	\$182,000	2

21-PR-06	Power	Circuit 102 to 603 Tie	\$285,000	2
20-SW-09	Sewer	Man Hole R&R	\$100,000	1
21-SW-04	Sewer	Industrial Outfall Phase 2	\$200,000	1
21-SW-05	Sewer	Main Street Extension	\$200,000	8
21-SW-02	Sewer	100 East Line Replacement	\$360,000	2
21-SW-07	Sewer	Line Upsizing/Agreements	\$750,000	6
21-SW-01	Sewer	12" Parallel-140 W 1725 S	\$800,000	1
21-SW-06	Sewer	Washington Dam Rd Trunk Line-Long Valley	\$1,100,000	6
21-SD-01	Stormwater	4200 South	\$100,000	1
21-SD-03	Stormwater	Line Upsize/Agreements	\$250,000	3
21-SD-06	Stormwater	Washington Dam Rd	\$500,000	4
21-SD-05	Stormwater	Y-Drain WAF-09	\$690,000	2
21-SD-02	Stormwater	1900 East WAD-8	\$810,000	2
21-SD-04	Stormwater	2018 PDM Pineview	\$1,623,000	1
20-ST-09	Streets	Transportation Master Plan	\$25,000	9
21-ST-05	Streets	Walmart/Home Depot Connector	\$150,000	5
21-ST-01	Streets	Telegraph Medians	\$180,000	1
21-ST-06	Streets	3650 South Signal	\$300,000	6
21-ST-02	Streets	Washington Fields Signal	\$400,000	2
21-ST-03	Streets	4200 South	\$500,000	3
20-ST-10	Streets	Highway Maintenance	\$1,000,000	1
21-ST-04	Streets	3650 South/Parkway Connection	\$1,250,000	4
21-ST-07	Streets	Washington Dam Road Phase 3	\$1,500,000	4
21-WR-02	Water	Sandhollow Connect	\$277,000	2
21-WR-5	Water	Line Upsizing/Agreements	\$300,000	6
21-WR-01	Water	Reserve 500K Tank	\$778,000	1
21-WR-04	Water	Washington Dam Road Upsize	\$800,000	4
21-WR-06	Water	Long Valley Tank	\$2,728,000	1
21-WR-03	Water	Grapevine Wells	\$3,200,000	3

The following equipment purchases are being recommended through a five-year lease purchase.

Department	Equipment Description	Est. Cost	Amount
Power	Locator (1)	\$12,000	\$12,000
Power	Dump Trailer (1)	\$13,000	\$13,000
Sewer	Backhoe (1)	\$100,000	\$100,000

Sewer	New Camera Head (1)	\$17,500	\$17,500
Street	Side Cast Road Sweeper (1)	\$30,000	\$30,000
Water	Shelving	\$10,000	\$10,000
Total			\$182,500

In accordance with the Fleet Replacement Model and final recommendations by the Fleet Manager, the following General fund vehicles are being recommended for replacement in the 2020-2021 budget.

Fleet Replacement Model 2020-2021 Recommendations

Division	Year	Make	Model	Replacement	Amount
Parks	2010	Ford	Ranger	Ford F-150 4x2 Super Cab	\$2,000
Police	2010	Ford	Explorer	Ford Explorer Interceptor	\$2,500
Bldg Maint	2008	Ford	Ranger	Ford F-150 4x2 Super Cab	\$1,500
Parks	2007	Ford	Ranger	Ford F-150 4x2 Super Cab	\$1,500
Fire	2020	Ford	F-250	Ford F-150	\$37,768

The purchase of vehicles in the Fleet Replacement Model will be funded by an internal loan between an Enterprise Fund and the Fleet Fund over a 5 year period. The interest rate and formal loan will be established in accordance with Utah Code 10-6-132.

At this time the Fleet Replacement Model currently only covers existing vehicles that originated in the General Fund. The following additional vehicles are also included in the tentative budget to meet the needs of the Enterprise funds as well as requested additions to the City’ vehicle fleet.

Other Fleet and Enterprise fund vehicle recommendations.

Division	Description	Purpose
Fleet	Ford Ranger	Fleet addition - Engineer New Hire
Fleet	Ford F-250	Fleet addition - Streets New Hire
Police	Ford Explorer Interceptor	Fleet addition - Police
Police	Ford Explorer Interceptor	Fleet addition - Police
Power	Ford F-150	Annual Roll Out Program
Power	Ford F-250	Annual Roll Out Program
Sewer	Ford F-150	Annual Roll Out Program

Storm	Ford F-250	Annual Roll Out Program
Storm	Ford F-150 or F-250	Storm addition - Inspector New Hire in FY2020
Storm	Ford F-150 or F-250	Storm addition - Inspector New Hire in FY2020

PERSONNEL

Local government will always be a human capital business. The product of government is in the process. This requires the interrelation of elected officials and staff with the citizenry to determine the goals and vision of the community. These interactions are then articulated into a Mission Statement, Strategic Plans, and policy objectives that are executed by the government organization for and on behalf of the citizens. Constant citizen input allows for the organization to determine goal realization and incremental policy application adjustments. Staff is a necessary link in the business of governmental service.

The 2020-2021 budget includes funding for the following recommended new hires.

Hire Date	Division	Positions	FTE Increase
July 2020	Water	Water Operator	Full-time
July 2020	Water	Water Operator	Full-time
July 2020	Sewer	Sewer Operator	Full-time
July 2020	Power	GIS/Journey Lineman	Full-time
January 2021	Police	Police Officer	Full-time
January 2021	Police	Police Officer	Full-time
January 2021	Parks	Maintenance Operator	Full-time
January 2021	Parks	Maintenance Operator	Full-time
January 2021	Aquatics	Aquatics Maintenance	Full-time
January 2021	Streets	Street Operator	Full-time
January 2021	Streets	Street Operator	Full-time
January 2021	Com Dev	Building Tech	*Full-time
Totals			12.0
* Converting a current part-time position to full-time.			

The ongoing population growth and the current labor conditions continue to add pressure to the Washington City pay structure. However, due to the economic impacts of the global pandemic, the 2020-2021 budget is not including any pay adjustments for employees. Equity adjustments will still be made on an as-need basis. It is recognized that a failure to keep up with competitive pay simply defers adjustments to a future year and budget.

We will continue to monitor the labor market to be aware of the market-based salaries, wages, and benefits and work with Personnel Systems, Inc. in the evaluation of our wage and pay structure recognizing that pay is only one component of employee compensation.

Healthcare and retirement are also major components of employee compensation. The tentative budget proposes to maintain health care benefits and includes a healthcare premium renewal increase of 5.0%. This increase results in a \$131,046 increase to healthcare costs for the 2021 budget. Utah Retirement Systems has notified us that contribution rates for the Police and Fire will require an increased contribution rate of 2%. This increase will result in a \$19,084 impact upon the 2021 budget.

SUSTAINABLE REVENUE

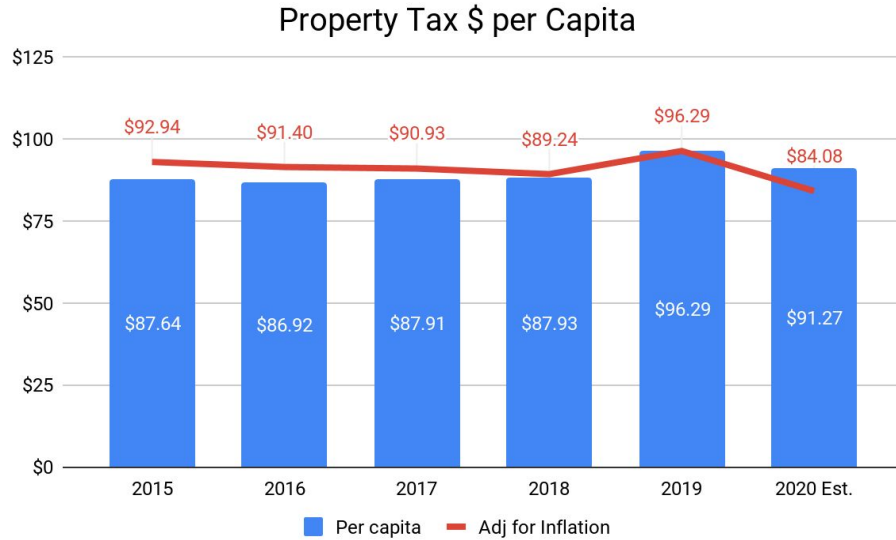
In fiscal year 2018 administration began working with the City Council to develop a Sustainable Revenue Structure (SRS) for the General Fund.

Sustainable Revenue Structure

What	Why	How
<p>A model to establish a long-term approach to financial management of revenue allocation in the General fund.</p>	<ul style="list-style-type: none"> Financial Stability Resource Continuity Debt Management Promotes long-term and strategic thinking Mitigate the impact of an economic downturn 	<ul style="list-style-type: none"> Set expected revenue coverage levels Align elastic revenue sources with elastic functions Align inelastic revenue sources to core services

The Fleet Replacement Model, transient room tax, credit card user fees, fire department specialty fees, utility account setup fees, Telecommunication Tax and business license application fees are examples of the auditing of existing funds to determine that they are covering their applicable costs. This is a necessary component of the Sustainable Revenue Structure in that it ensures that the general taxpayer is not picking up costs associated with specific uses and users of the service. Other specific user fees will be audited in the 2020-2021 fiscal year, with the ultimate aim of the Sustainable Revenue Structure being able to structure the general tax of the city to only account for those general governmental services.

The budget proposes that the property tax levy be set at the certified tax rate that will keep property taxes revenue neutral.



After careful consideration of all revenue sources and conservative forecasts for future revenues, the tentative budget is presented to the City Council. Due to the on-going economic impact of the global pandemic combined with the need to continue to serve a growing population, this budget includes the use of \$376,225 in available Fund Balance. The purpose of the Fund Balance is to provide “rainy day” funds for conditions such as we find ourselves. The Fund Balance is currently at its maximum level and, therefore, its use will not constitute any jeopardy financial situation for the 2020-2021 fiscal year. The budget as proposed will continue the significant work that has come to be expected by our citizens as we strive to meet their needs and fulfill our personal commitment to provide high-quality services to all those who live or visit our community.

I want to acknowledge the many hours of work by our staff on this budget and especially the guidance and leadership provided by the Mayor and Council, as they have worked to set priorities and policy to guide this budget process.

Roger Carter, City Manager