

PROVO CITIZEN'S BUDGET



**2023
FISCAL
YEAR**

**JULY 1, 2022 -
JUNE 30, 2023**



PREPARED BY MUNICIPAL
COUNCIL STAFF WITH
INFORMATION BASED ON THE
TENTATIVE BUDGET FOR THE
2023 FISCAL YEAR

PROVO MUNICIPAL COUNCIL
351 W CENTER STREET, PROVO
801-852-6120

REVENUE SUMMARY

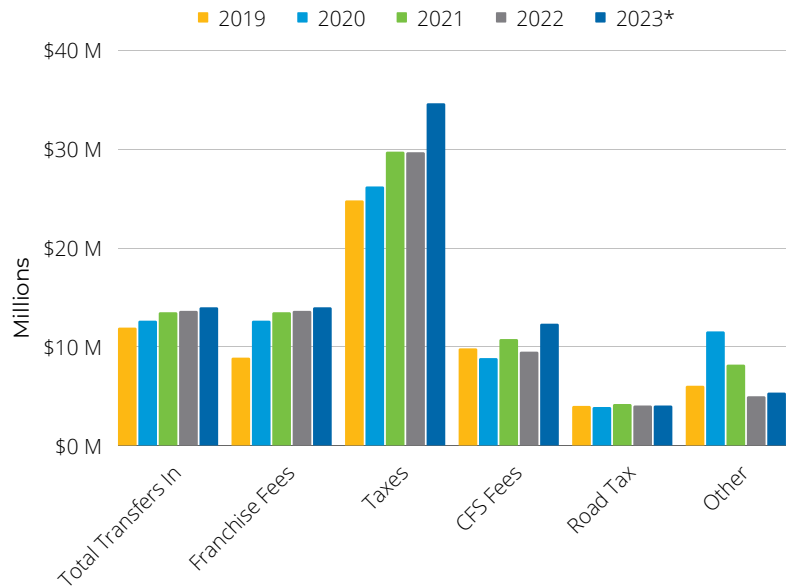
TOTAL REVENUES AND TRANSFERS IN: \$374M

For the fiscal year 2023, the estimated amount of Provo's total revenues and transfers in is approximately \$374 million (M). The most significant revenues come from sales for utility services (\$117.9M), grants (\$66.8M), and sales tax (\$28.7M). T (Source: FY 2023 Provo City Tentative Budget pg. 36)

GENERAL FUND REVENUES: \$81M

General Fund revenues are used to pay for City services provided by various City departments. The General Fund derives its revenues from three primary sources: taxes, fees, and transfers in (each year, 11% of utility revenues are transferred into the General Fund, which helps to keep property taxes lower). The total amount of revenues and transfers in included in the General Fund this budget year is \$81M (see graph).

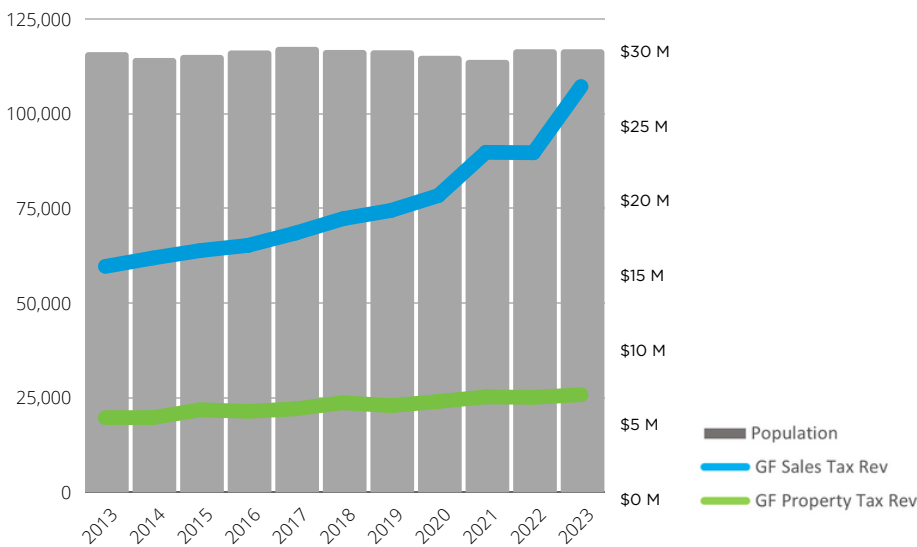
Fees approved by the Council as part of the annual budget are listed on the Consolidated Fee Schedule (CFS). The City charges fees to offset costs associated with these services. The CFS can be found at provo.municipal.codes/Code/CFS



Source: FY 2023 Provo City Tentative Budget p. 40

GENERAL FUND SALES AND PROPERTY TAX REVENUES: \$34.6M (COMBINED)

The table below shows a historical graph of General Fund (GF) sales and property taxes as compared to population growth. Sales tax revenue has outpaced population since the 2008 recession, even when adjusting for inflation. Property tax, when adjusted for inflation, has remained remarkably flat despite new development and increased home values.



Source: FY 2023 Provo City Tentative Budget p. 40; census.gov



EXPENSE SUMMARY

TOTAL EXPENDITURES AND TRANSFERS OUT: \$390.8M

The City budget is split into six funds to help organize and track expenses and revenues.

The General Fund pays for functions typically associated with municipal government (e.g. police, fire, streets, parks & recreation, etc.) and receives its revenues from taxes, fees, and transfers in.

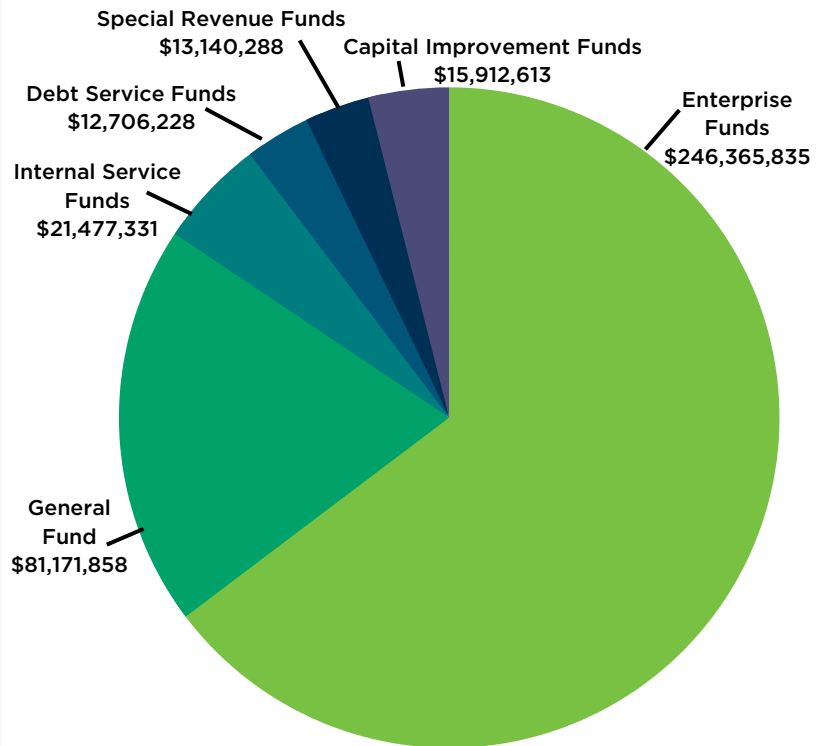
Enterprise Funds are government-owned funds that sell goods and services to the public (e.g. power, water, airport, etc.) and must abide by the same generally accepted accounting principles that private companies do.

Internal Service Funds primarily provide either benefits or goods and services to other funds and departments within the city on a cost-reimbursement basis to break even rather than turn a profit (e.g. employee benefits, facility services, vehicle maintenance).

Capital Improvement (CIP) Funds are used to account for resources designated to construct governmental capital assets that may require more than one fiscal year for completion. More detailed information is found on pg. 4 with a summary of capital project expenditures.

Special Revenue Funds are accounts established by a government to collect money that must be used for a specific project. These funds provide an extra level of accountability and transparency to taxpayers and signify that their tax dollars will go to an intended purpose (e.g. Library, Covey Center, Justice Court, Cemetery).

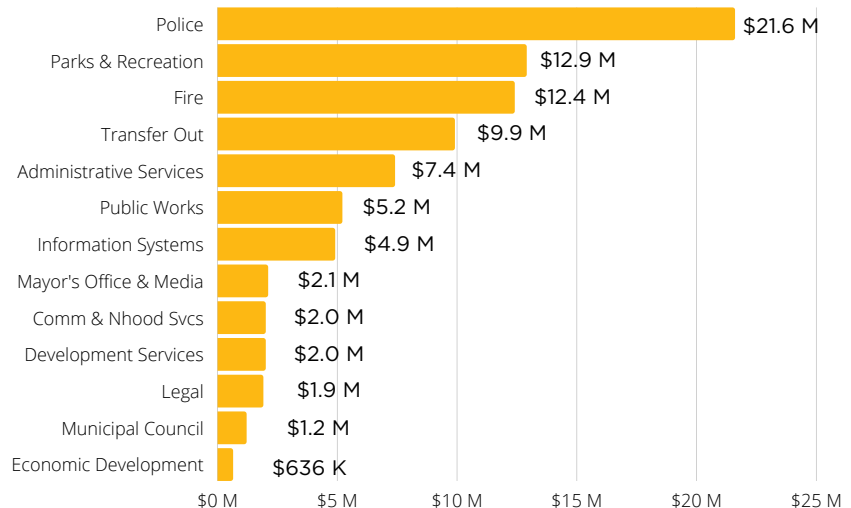
Debt Service Funds are presented thoroughly on pg. 5 with a summary of all bonds issued by the city.



Source: FY 2023 Provo City Tentative Budget p. 36

GENERAL FUND EXPENSES AND TRANSFERS OUT: \$81M

The breakdown of the General Fund below shows the 12 departments across Provo City and the funding they receive in order to continue their duties and operation. Transfers out of the General Fund go to other funds for different types of activities. Major transfers include \$2.7M for roads and \$1.9M for emergency response.



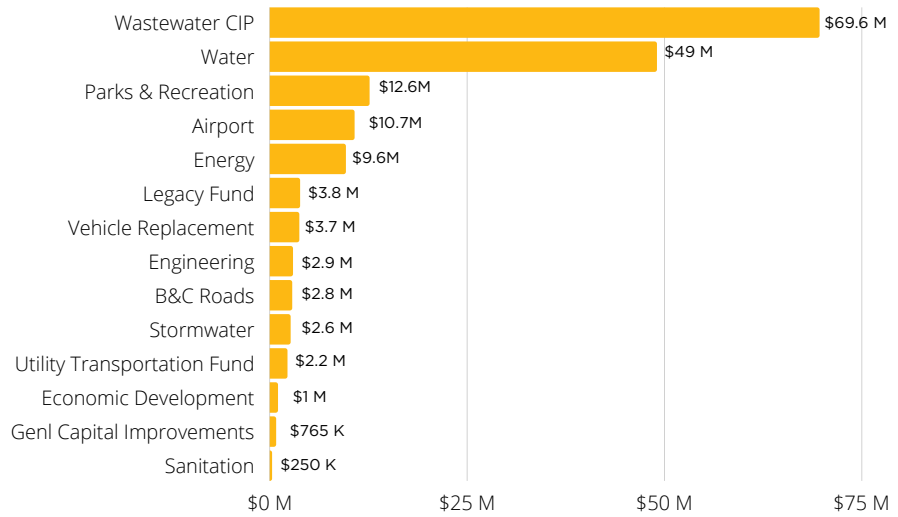
Source: FY 2023 Provo City Tentative Budget p. 43

CAPITAL PROJECTS

The Capital Improvement Plan (commonly referred to as the CIP) consists of the construction and maintenance of the City's infrastructure and capital assets (tangible property with a useful life of at least three years that costs more than \$5,000).

Capital projects are funded through different revenue streams (e.g. bonds, loans, grants). The replacement of the Public Safety and City Administration buildings were funded by the bond authorized in 2018. Airport terminal construction in 2022 was funded by grants. The wastewater projects are funded through the Capital Improvement Plan Fund balance and grants.

FY2023 CAPITAL PROJECTS: \$171.52M



Source: Provo City Five-Year Capital Improvement Plan, 2023

Note: The figures in the Five-Year Capital Improvement Plan include funded, unfunded, and partially funded projects.



The circles below shows significant capital projects scheduled to take place during fiscal year 2023. The five-year Capital Improvement Plan for 2023 can be viewed here: <https://bit.ly/2023CIP>

PARKS AND TRAILS

Developments (renovation, expansion, lighting, improved parking) in Provo parks and trails. Includes Delta Gateway Park, Canyon Road Park, and Bicentennial Park.

Estimated Expenditure in FY2023: **\$9.8M**

WASTEWATER RECLAMATION PLANT

Construction of new wastewater treatment plant on existing property

Estimated Expenditure in FY2023.: **\$53.8M**

CULINARY WATER PLANT

Construction of a water treatment plant to treat river water to culinary quality

Estimated Expenditure in FY2023: **\$40M**

LAKEVIEW PARKWAY & TRAIL

Construction of Lakeview Parkway from Center Street to 2000 North and 2000 North to Geneva Road

Estimated Expenditure in FY2023: **\$1M**

CITY DEBT

TOTAL CITY BONDED DEBT: \$125M

The City has bonded debt outstanding of \$125 million (M). Of this amount, \$110.1M is general obligation debt backed by the full faith and credit of the Provo City government. The remainder of the City's bonded debt, \$14.9M, represents bonds secured by specified revenue sources (i.e., revenue bonds, whose principal and interest are payable exclusively from a designated revenue source or enterprise fund) (see table below).

General Obligation (GO) bonds are funded through property taxes paid by citizens, which is the case of the 2018 City Hall/Public Safety Headquarters and Fire Station 2 building replacement bond and the 2011 Recreation Center Bond, both voted on and approved by voters. Revenue bonds are funded by each department with revenue from services they provide (e.g., water and power that come from the Enterprise Fund (EF)). The exception is the Sales Tax Revenue Bond, which was made feasible by an additional tax increment.

BOND	YEAR	TYPE	BALANCE
City Center and Fire Station	2019	GO	\$59.1M
Recreation Center	2011/2017	GO	\$22.8M
Telecom Fiber Network Construction	2004	Revenue	\$11.3M
Energy Facility Building	2015	Revenue (EF)	\$14.1M
Water System Improvements	2015	Revenue (EF)	\$7.9M
Wastewater System Improvements	2015	Revenue (EF)	\$6.6M
Sales Tax Revenue (Airport Improvements)	2017	Revenue (EF)	\$4.3M
Stormwater System Expansion	2010	Revenue (EF)	\$1.4M
Cemetery Expansion	2014	Revenue	\$1.6M

GENERAL OBLIGATION DEBT FIGURES

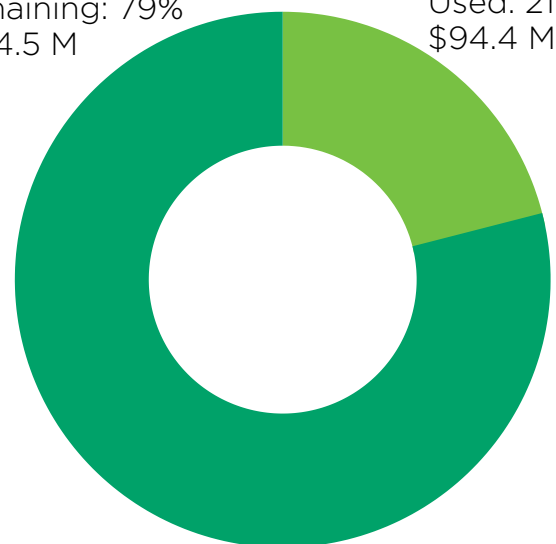
State statute limits the amount of general obligation debt a governmental entity may issue to 4% of its total assessed valuation.

As of 2020, Provo City; estimated property market value of \$11.2 billion. Calculating the debt limit at 4% of estimated market value gives an estimated debt limit for the City of \$448.9 M.

This debt limit is higher than the City's June 30, 2020, current outstanding general obligation debt of \$94.4M which is 21% of the City's legal limit (see graph on the right). That leaves an unused legal debt margin of \$354.5 M.

Debt Limit Remaining: 79%
\$354.5 M

Actual Debt Used: 21%
\$94.4 M

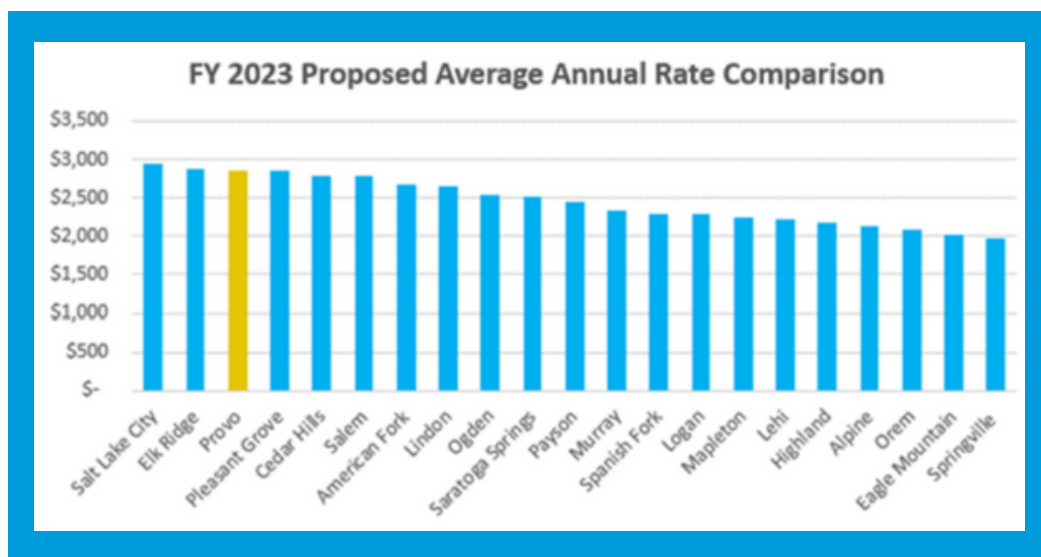


Source: FY 2023 Provo City Tentative Budget p. 122

UTILITY INFRASTRUCTURE

Utility infrastructure is any physical or organizational structure that has to do with how your utilities get to you. Poles, pipes, cables, wires, conduits, and tunnels, along with associated facilities, all are examples of infrastructure that supplies, distributes, and reticulates crucial utilities throughout the city. For the fiscal year of 2023, utility rate increases are being implemented to fund ongoing operational and capital improvements throughout the city. The proposed rate increases are included in the tentative FY2023 budget.

The graph below depicts how the City compares to other cities after implementing the proposed rates (Energy rates are not included in this figure since most cities do not have their own power companies). This graph assumes other cities have no changes to their current rates.



Source: FY 2023 Provo City Tentative Budget p. 29



Average monthly energy (power) rate increase of 2% or \$2



Average monthly wastewater rate increase of 9% or \$6.85



Average monthly water rate increase of 5% or \$2.50



MUNICIPAL AIRPORT

Passenger Growth

Since Allegiant's 2013 launch at the Provo Municipal Airport (PVU), passengers have increased nearly 22% annually. To date, Allegiant has served over 1.3 million passengers. With the addition of the new Allegiant and Breeze routes, PVU will nearly triple in passengers (*estimate based on consultant's comparison of current passengers to projections for 2023*).

Parking Revenue

The old terminal lot has 344 spaces. The new lot has 508 spaces. The parking revenue budget of \$600,000 represents an average of 1/3 of lot full each day (*at \$10 daily rate*)

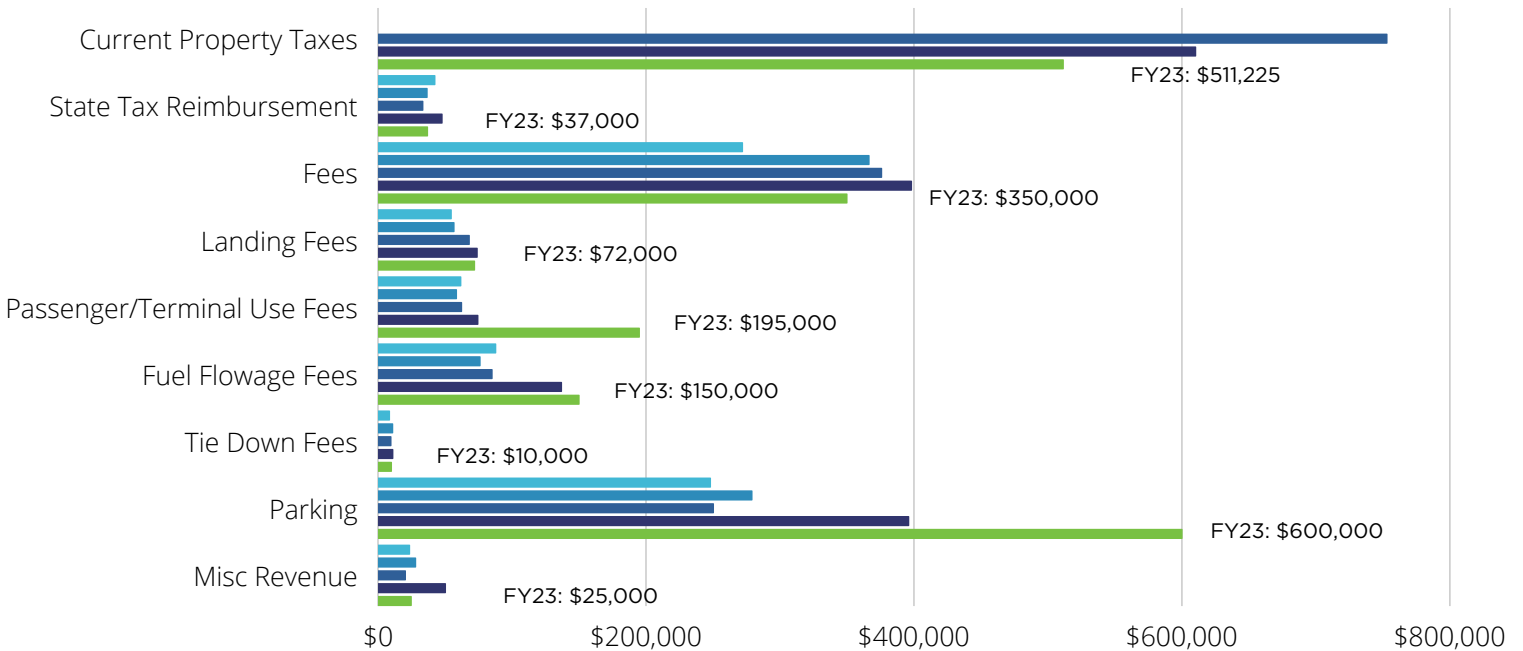
ADDITIONAL PERSONNEL

(Added for FY23)

Airport Division Director
 Airport Maintenance Manager
 Airport Document Manager
 Airport Wildlife Biologist (part-time)
 Airport Security Manager
 Police Sergeant
 Police Officer

Airport Revenues

2019 2020 2021 2022 2023



Source: Presentation at May 17, 2022, Council Work Meeting (FY22 figures are actual as of 5/12/22)

New Airport Revenues



AIRPORT/CITY HALL



Airport Fee Changes included in proposed budget

- Proposed Fee Changes
 - Parking - from \$8 to \$10
 - Landing Fees - from \$0.65 to \$0.97 per 1,000 lbs landed weight for all aircraft over 12,500 lbs
 - Terminal Fees – from \$0.75 to \$1.83 per enplaned passenger
 - Office Space Lease – New \$20 per square foot per year
 - Fuel Flowage Fee – from \$0.08 to \$0.05 for air carriers and \$0.08 for non air carriers
 - Ground Lease Fee – from \$0.45 to \$0.55 per square foot per year
 - Hangar Rent – 25% increase
 - Remain Over Night (RON Fee) – New \$50 per night
 - Rental Car Concessions Fee – from \$50 per stall per month to 10% of gross revenue plus \$20 per stall per month
 - Retail Concession Fee – New 5% of gross revenue
 - Customer Facility Charge – New \$3.50 per rental day

Provo's new City Hall and Public Safety Building is nearing the end of construction (completion anticipated July 2022). This building will house 300+ workers in various City departments, including the elected officials (Mayor, Council), Customer Service, and the headquarters for public safety (Police, Fire, EMS, Dispatch).



PROVO PILLARS



Safe & Sound

Cybersecurity needs, one of the Council's priorities, have been included in the budget with \$145,950 for data backup systems and a system for detecting, analyzing, and responding to cybersecurity threats.

Completion of the City Hall/Public Safety Building brings modern first responder headquarters, an emergency operations center, and secure evidence storage.



Welcoming

To improve the retention of existing employees and recruitment of new employees, a 5% cost of living increase has been included in the budget.

Provo City Library is increasing outreach efforts with a mobile library van.



Forward-Looking

Provo City continues to work hard in maximizing every dollar and providing great value to our residents. Our employees understand that every tax dollar we receive is a sacrifice from our residents who trust us to use it wisely. As the policy makers for the City, the Municipal Council always has to be forward-looking.

The Administration and the Municipal Council have a strong desire to have the funding necessary to adequately maintain facilities so they will be able to serve residents over the long term. Funding is included in the budget for these needs (e.g. maintenance and replacement costs).

With the City Hall/Public Safety Building and the Provo Municipal Airport terminal nearing completion, assessments were completed to determine the funds needed for maintenance of the buildings and equipment. Those amounts are set aside in the budget.



Economically Vibrant

The Provo Advantage campaign is underway to share with the community and key stakeholders what is special about Provo. Provo City is committed to creating opportunities in Provo through both policy and partnerships.

Provo's service to 13 markets by Allegiant and Breeze is estimated to generate an economic impact of \$130.8M and support 1,020 local jobs

Annual Economic Impact Estimates of Commercial Service at Provo

Economic Output	Jobs Generated	Routes*	Departing Flights	Total Passengers	Roundtrip Seats
\$130.8M	1,020	15 Nonstop	2,960	757.8K	891.5K
allegiant® \$87.9M Breeze \$42.9	allegiant® 686 Breeze 335	allegiant® 12 Breeze 3	allegiant® 1,865 Breeze 1,095	allegiant® 541.8K Breeze 215.9K	allegiant® 637.4K Breeze 254.0K

This results in an economic impact of \$16.1 million for a daily service

ELECTED OFFICIALS



Mayor

Michelle Kaufusi
801-852-6105
michelle@provo.org



Citywide District 1

Katrice MacKay
253-632-2026
kmackay@provo.org



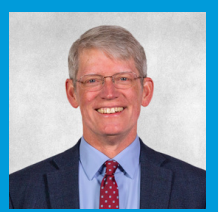
Citywide District 2

David Shipley
801-427-3989
dshipley@provo.org



Council District 1

Bill Fillmore
801-426-8200
bfillmore@provo.org



Council District 2

George Handley (Vice-Chair)
801-574-6672
georgebhandley@gmail.com



Council District 3

Shannon Ellsworth
801-900-3217
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Council District 4

Travis Hoban (Chair)
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Council District 5

Rachel Whipple
385-219-9804
rwhipple@provo.org

The Council announced their intent to consider raising the certified tax rate as much as 2.9%. For a median home in Provo, this would be an increase of \$3.97 per year. Funds from the increase would be directed toward public safety. This will not be finalized until a Truth in Taxation hearing is held at 6 pm on August 2 at the Council Chambers, 351 W. Center St.

**Truth in
Taxation
Hearing
6 pm
August 2**

To see the full FY 2023 Tentative Budget, visit <https://bit.ly/FY2023Provo>

Provo City Council • 445 W. Center Street • Provo, UT 84601 • 801-852-6120 • council@provo.org