

AUTHORITY TO TRANSFER

Utah State Code Section 10-6-135.5

“...a city may transfer money in an enterprise fund to another fund to pay for a good, service, project, venture, or other purpose that is not directly related to the goods or services provided by the enterprise for which the enterprise fund was created.”

NOTICING REQUIREMENTS

1. Provide notice of the intended transfer
2. Clearly identify the transfer in the budget
3. Provide notice of an enterprise fund hearing
4. Hold a public hearing

PUBLIC HEARING REQUIREMENTS

1. Hearing must be separate and independent
2. Explain the intended transfer
3. Provide enterprise fund accounting data to the public
4. Allow comment

IS THIS JUST A TAX?

Yes.

It is the same as the franchise tax that every utility customer pays on their electric, natural gas, cable, and telecom bills.

A franchise tax is an amount paid to the City for the use of the City's property to provide a service. It's renting the City's space for a business.

The water, sewer, storm water, and streetlight utilities are considered businesses just like the power company.

WILL THIS TRANSFER HAPPEN EVERY YEAR?

Yes, the transfer is a more equitable and progressive revenue source than property tax in that it is based on consumption versus ownership.

If this transfer were to go away, an additional 13% property tax increase would be needed to sustain a balanced budget.



FINANCIAL IMPACT

GENERAL FUND REVENUE

	With transfer		Without transfer	
		Tax Increase		Tax Increase
Current property tax	\$ 19,283,277		\$ 19,283,277	
New growth	827,207		827,207	
Tax increase	699,865	3.5%	3,206,715	16.6%
Transfers in	2,506,850		-	
Other revenue	50,688,370		50,688,370	
	<u>\$ 74,005,569</u>		<u>\$ 74,005,569</u>	

	Transfer Amount	Tax Increase
Water	\$ 1,353,200	7.0%
Sewer	828,750	4.3%
Storm Water	258,000	1.3%
Streetlight	66,900	0.4%
	<u>\$ 2,506,850</u>	<u>13.0%</u>

ACCOUNTING DATA – WATER FUND

FY 2025 Budget

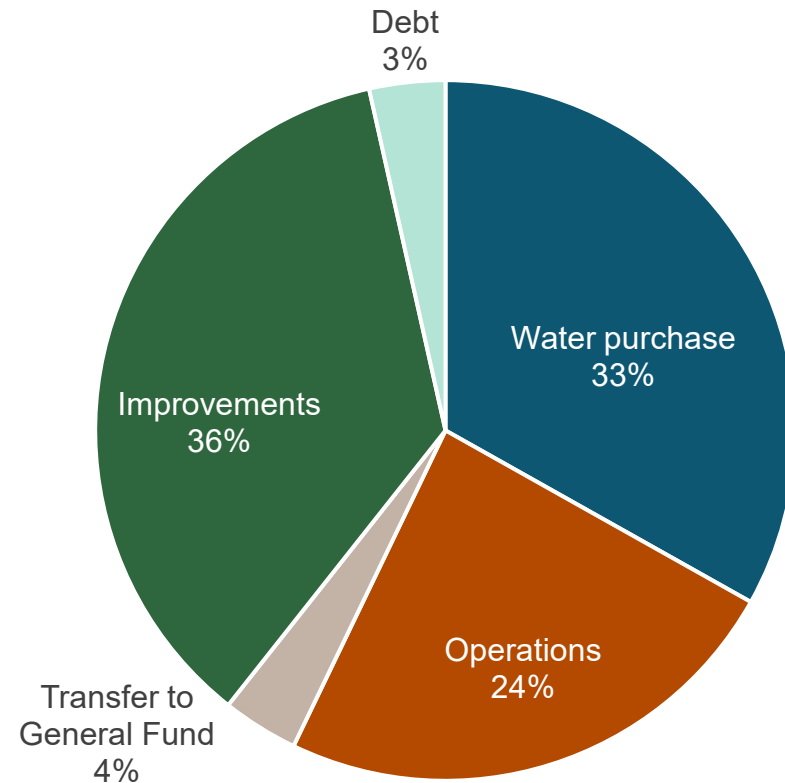
Operations

Water sales	\$ 23,639,500
Water purchase	(12,780,000)
Operations	(9,252,493)
Transfer to General Fund	<u>(1,353,200)</u>
	253,807

Capital

Base fees	4,482,000
Impact fees and other revenue	1,945,000
Improvements	(13,820,000)
Debt	<u>(1,350,984)</u>
	(8,743,984)

Beginning reserve balance	\$ 28,258,606
Net change	<u>(8,490,177)</u>
Ending reserve balance	<u>\$ 19,768,429</u>



ACCOUNTING DATA – SEWER FUND

FY 2025 Budget

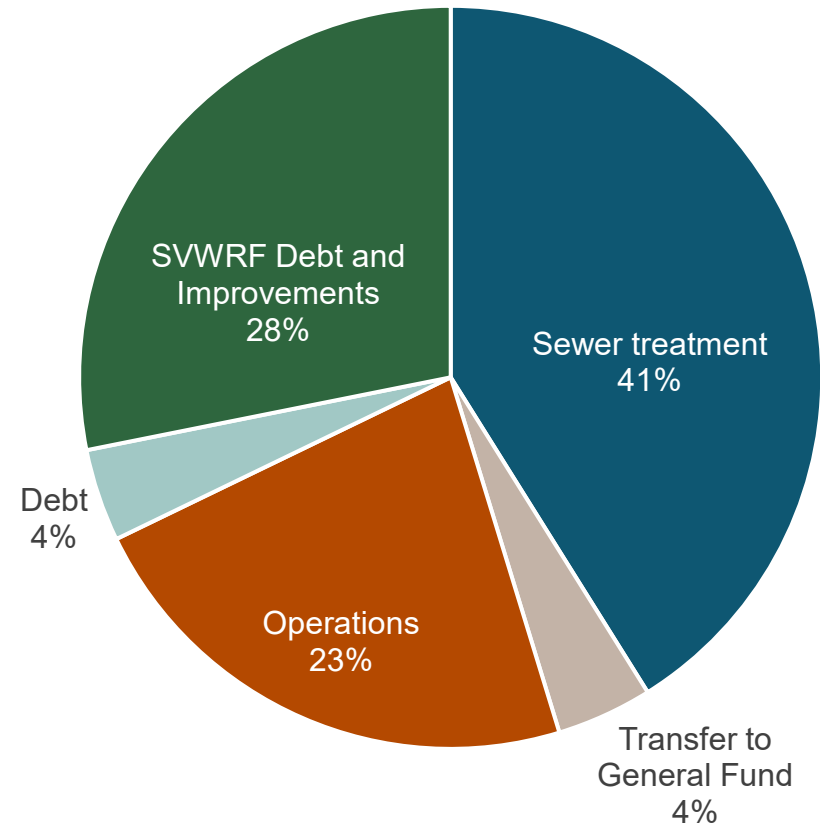
Operations

Sewer fees	\$ 16,605,000
Sewer treatment	(8,165,800)
Operations	(4,481,180)
Transfer to General Fund	(828,750)
	<u>3,129,270</u>

Capital

Impact fees and other revenue	475,000
Improvements	(5,075,532)
Debt	(3,641,152)
	<u>(8,241,684)</u>

Beginning reserve balance	\$ 12,538,874
Net change	(5,112,414)
Ending reserve balance	<u>\$ 7,426,460</u>



ACCOUNTING DATA – STORM WATER FUND

FY 2025 Budget

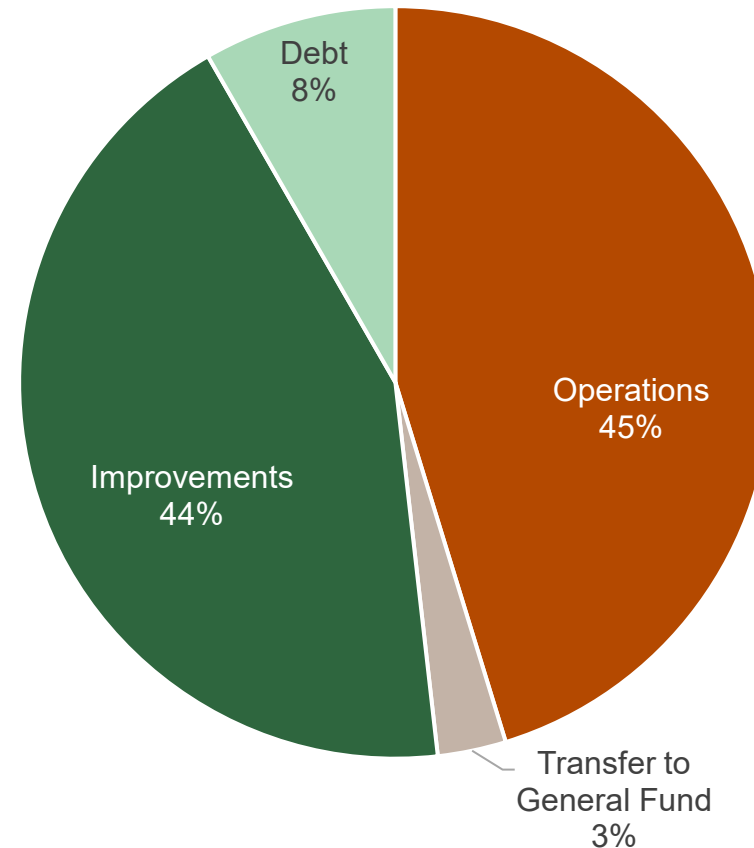
Operations

Storm water fees	\$ 5,160,000
Operations	(3,973,699)
Transfer to General Fund	<u>(258,000)</u>
	928,301

Capital

Impact fees and other revenue	750,000
Improvements	(3,819,280)
Debt	<u>(728,763)</u>
	(3,798,043)

Beginning reserve balance	\$ 15,609,664
Net change	<u>(2,869,742)</u>
Ending reserve balance	<u>\$ 12,739,922</u>



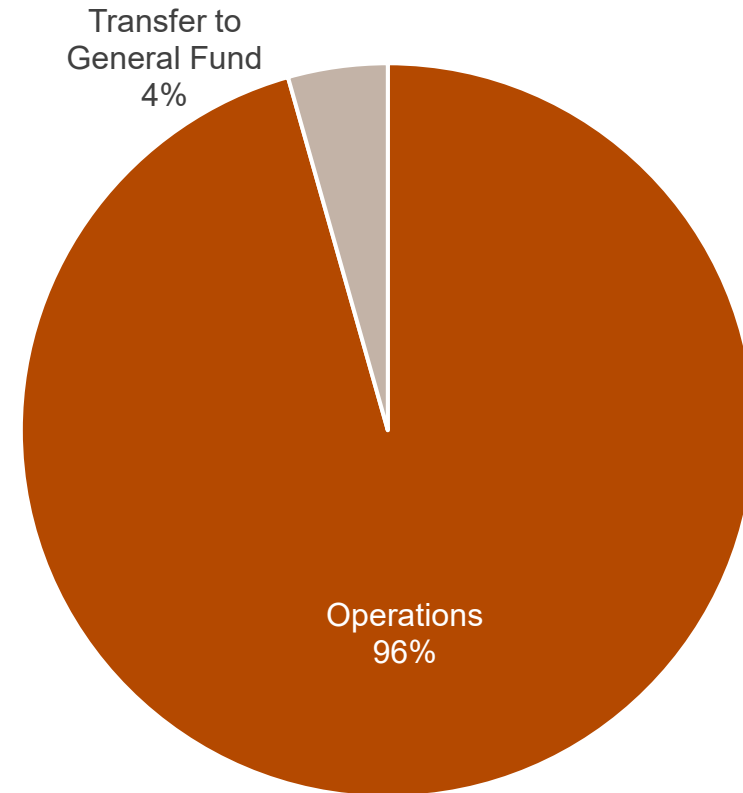
ACCOUNTING DATA – STREETLIGHT FUND

FY 2025 Budget

Operations

Streetlight fees	\$ 1,338,000
Operations	(1,458,018)
Transfer to General Fund	<u>(66,900)</u>
	(186,918)

Beginning reserve balance	\$ 534,480
Net change	<u>(186,918)</u>
Ending reserve balance	<u>\$ 347,562</u>



DIFFERENCE BETWEEN TRANSFERS & ADMINISTRATIVE COSTS

TRANSFERS OUT

Calculation based on 5% of revenue of each utility

Franchise or 'use' tax, other utilities that use City-owned space to deliver services pay 6% for the use of that space

Budget: \$2.51 million

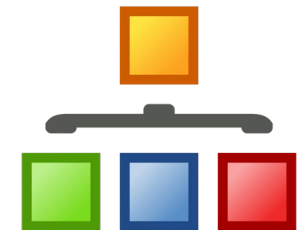
Contributes approximately 3.4% of the General Fund revenue

ADMINISTRATIVE COST ALLOCATION

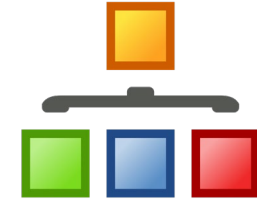
Calculated based on a % of actual cost of administration

Pay for centralized administrative and professional services including but not limited to legislative, legal, finance, IT, and human resources.

Estimated cost: \$3.86 million



ALLOCATED COSTS



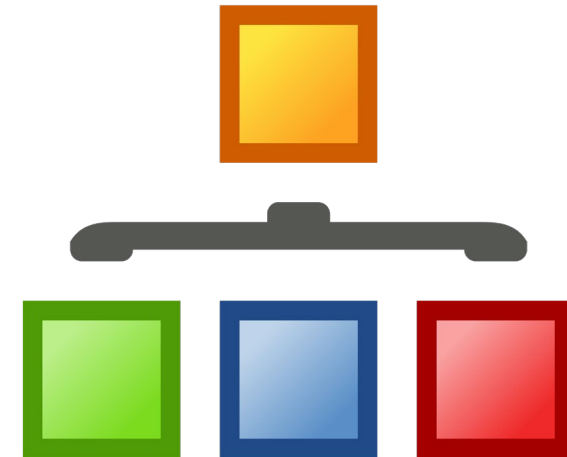
Legislation requires “a cost accounting breakdown of how money in the enterprise fund is being used to cover administrative and overhead costs of the city attributable to the operation of the enterprise fund”

(USC §10-6-135.5)

	Water Fund	Sewer Fund	Solid Waste Fund	Storm Water Fund	Total Allocation % of cost
City Council	15.00%	3.75%	2.50%	3.75%	25.00%
Mayor	10.00%	5.00%	5.00%	5.00%	25.00%
City Recorder (limited)	30.00%	7.50%	10.00%	7.50%	55.00%
Emergency Management	15.00%	3.75%	2.50%	3.75%	25.00%
Administrative Services	17.50%	7.00%	3.50%	7.00%	35.00%
Utility Billing	25.00%	25.00%	25.00%	25.00%	100.00%
City Attorney	15.00%	3.75%	2.50%	3.75%	25.00%
Human Resources	15.00%	3.75%	2.50%	3.75%	25.00%
Public Affairs	15.00%	3.75%	2.50%	3.75%	25.00%
Facilities	20.00%	3.00%	2.50%	3.00%	28.50%
Public Works Administration	10.00%	10.00%	25.00%	10.00%	55.00%
GIS	30.00%	15.00%	5.00%	15.00%	65.00%
Public Utilities Administration	30.00%	20.00%	0.00%	20.00%	70.00%
Non-Departmental (limited)	15.00%	3.75%	2.50%	3.75%	25.00%

ALLOCATED COSTS

	Total Admin & overhead cost	% of utility budget
Water Fund	\$ 3,641,885	9.4%
Sewer Fund	1,368,915	6.2%
Solid Waste Fund	751,594	10.2%
Storm Water Fund	<u>1,346,984</u>	15.3%
	\$ 7,109,378	



PUBLIC COMMENT