

Clearfield City | June 18, 2021

Sustainability

Sustainability Project Background

- A Fiscal Sustainability Analysis prioritized at Tier 1 in the 2019 Kick-Off Meeting
- Contracted with Zions Public Finance
- Initial analysis and model was presented last year
- Model was turned over to finance to use moving forward
- January 2021 Kick-off Meeting we reviewed the residential/staff growth components (inputs) of the model
- Since then Rich has updated remaining components:
 - New growth & development
 - Inflation rates – revenues and cost of services
 - Capital costs and timing—Streets, Facilities, and Parks



Today's Sustainability Discussion

- Review updated model projecting the next 10 years
- Accuracy fades
 - Year 1, Year 2, Year 3, Year 4, Year 5, Year 6, Year 7, Year 8, Year 9, Year 10
- Assumptions compound year over year
 - If one assumption/variable is off early on, then issue compounds
 - Yearly budget process scrutiny and accuracy
- Decide what strategies to enact or *"levers to pull"* now and in the future to address our future needs:
 - Property tax vs bonding
 - Capital project timing



Assumptions/Disclaimers

- \$500k property tax GO Bond recapture is not restricted
- Revenues and expenses will match budget
 - Historically revenues higher and expenses lower
- PARAT is renewed
- No economic cycle – steady increase
- Clearfield Station and UTOPIA debt are self sustained
- Future rate of increases to revenues & expenses will correlate to five-year historical increases
- TIF going offline not built in yet – more general property tax
- Commercial growth timing is built in at a constant rate



New Growth Impacts

	Total 10 Years	FY22	FY23	FY24	FY25	FY26
Revenues	\$97,989,187	\$1,453,490	\$3,990,555	\$7,045,954	\$9,256,905	\$10,429,661
Operating Expenditures	(\$35,017,319)	(\$512,405)	(\$1,414,351)	(\$2,536,970)	(\$3,344,310)	(\$3,761,665)
Net Operating Revenues	\$62,971,867	\$941,085	\$2,576,205	\$4,508,984	\$5,912,595	\$6,667,996
Population	11,505	1,056	1,884	2,353	1,622	764

General Fund Projection Summary-Maintain Rate Year 1 Only

	Total 1-10 Yrs	FY22	FY23	FY24	FY25	FY26
Operating Revenues	\$247,549,783	\$20,141,915	\$22,459,333	\$23,973,326	\$24,522,036	\$24,722,045
Operating Expenses	(\$229,584,897)	(\$18,222,122)	(\$19,414,743)	(\$20,819,132)	(\$21,984,522)	(\$22,840,930)
Debt Service	(\$9,565,773)	(\$1,157,785)	(\$1,264,329)	(\$1,269,044)	(\$1,273,217)	(\$1,273,206)
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
Capital Projects	(\$20,394,713)	(\$5,909,517)	(\$2,759,576)	(\$1,915,455)	(\$2,161,960)	(\$1,582,353)
Net Revenues	(\$11,995,600)	(\$5,147,509)	(\$979,315)	(\$30,304)	(\$897,663)	(\$974,443)
Year-End Cash		\$4,427,167	\$3,447,852	\$3,417,547	\$2,519,884	\$1,545,441
Cash % of Revenue		24%	16%	15%	11%	7%

General Fund Projection Summary-Maintain Rate Year 1 Only

	Total 1-10 Yrs	FY27	FY28	FY29	FY30	FY31
Operating Revenues	\$247,549,783	\$25,450,157	\$26,276,741	\$25,915,129	\$26,661,612	\$27,427,488
Operating Expenses	(\$229,584,897)	(\$23,665,752)	(\$24,517,397)	(\$25,271,453)	(\$26,049,206)	(\$26,799,642)
Debt Service	(\$9,565,773)	(\$1,270,632)	(\$1,271,485)	(\$330,685)	(\$329,805)	(\$125,584)
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
Capital Projects	(\$20,394,713)	(\$1,332,006)	(\$1,050,766)	(\$2,318,312)	(\$1,088,155)	(\$276,612)
Net Revenues	(\$11,995,600)	(\$818,232)	(\$562,907)	(\$2,005,321)	(\$805,554)	\$225,650
Year-End Cash		\$727,209	\$164,302	(\$1,841,020)	(\$2,646,574)	(\$2,420,924)
Cash % of Revenue		3%	1%	-7%	-10%	-9%

Capital Projects Summary

Fiscal Year	Inflated Costs
2022	\$5,909,517
2023	\$2,759,576
2024	\$1,915,455
2025	\$2,161,960
2026	\$1,582,353
2027	\$1,332,006
2028	\$1,050,766
2029	\$2,318,312
2030	\$1,088,155
2031	\$276,612

- A 3% per year construction inflation is included
- Switch to spreadsheet to see list



Details of Projections

Personnel Growth Formula

- Current cost per capita X increase in population + inflation

Example-Patrol and Investigation

FY22 personnel budget = \$3.2M

Current population + employment population= 36,438

$\$3.2\text{M} / 36,438 = \text{patrol cost per capita of } \$88$

$\$88 \times \text{given year projected population increase} + 2\% \text{ inflation} = \text{added personnel cost for Patrol in given year}$



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General Fund Projection Summary-Maintain Rate All Years

	Total 1-10 Yrs	FY22	FY23	FY24	FY25	FY26
Operating Revenues	\$255,424,453	\$20,141,915	\$22,883,471	\$24,433,318	\$25,058,155	\$25,389,668
Operating Expenses	(\$229,584,897)	(\$18,222,122)	(\$19,414,743)	(\$20,819,132)	(\$21,984,522)	(\$22,840,930)
Debt Service	(\$9,565,773)	(\$1,157,785)	(\$1,264,329)	(\$1,269,044)	(\$1,273,217)	(\$1,273,206)
Bond Proceeds	\$0	\$0	\$0	\$0	\$0	\$0
Capital Projects	(\$20,394,713)	(\$5,909,517)	(\$2,759,576)	(\$1,915,455)	(\$2,161,960)	(\$1,582,353)
Net Revenues	(\$4,120,930)	(\$5,147,509)	(\$555,177)	\$429,687	(\$361,545)	(\$306,820)
Year-End Cash		\$4,427,167	\$3,871,990	\$4,301,677	\$3,940,132	\$3,633,312
Cash % of Revenue		24%	18%	19%	17%	15%

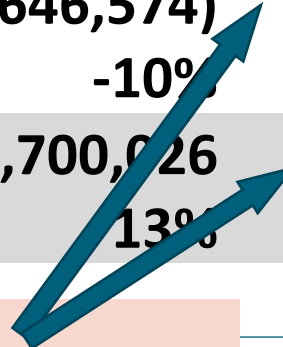
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Capital Projects	(\$20,394,713)	(\$1,332,006)	(\$1,050,766)	(\$2,318,312)	(\$1,088,155)	(\$276,612)
Net Revenues	(\$4,120,930)	(\$2,535)	\$404,870	(\$859,534)	\$523,913	\$1,753,720
Year-End Cash		\$3,630,778	\$4,035,647	\$3,176,113	\$3,700,026	\$5,453,746
Cash % of Revenue		15%	16%	12%	13%	19%

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\$7.87M difference



Property Tax

Tax Year	Operations Rate	Total Operations Amount
2014	.001037	\$1,141,871
2015*	.001178	\$1,398,788
2016*	.001235	\$1,602,241
2017	.001204	\$1,609,717
2018	.001112	\$1,633,656
2019	.001004	\$1,641,297
2020*	.001234	\$2,096,262
2021* Maintain Full GO	.001437	\$2,698,162
2021 Tentative	.001437	\$2,536,556

Costs by Function:

- Public Safety Cost - \$5.7mm
 - Patrol \$2.4mm
- Community & Econ Dev - \$1.7mm
- General Government - \$5.6mm
- Community Services - \$4.7mm
- Streets mostly self funded
- Major GF Capital - \$2.7mm

Property Tax

Resident Perspective

- Maintain the rate will result in a \$31.56 or 16% increase from last year
- Truth in Taxation notice will read \$48.92 or 27% increase from what could have been this year

City Perspective

- Calculated rate would have resulted in \$327k decrease to the city
 - GO Bond recapture
- Maintain the rate now equates to \$256k of new money or a 10% increase in property tax beyond the GO Bond recapture
 - Tentative Budget projected \$95k in new money



Strategies

Property tax – Maintain Rate

Capital project timing

Bond



Fiscal Management Practices Draft Language

Property Tax Rates

Clearfield City should seek to maintain stable property tax revenues. Given that the City's cost to provide services is constantly escalating (mostly due to external factors), the City should strive to keep pace with inflation by going through the "truth in taxation" process each year to hold the property tax rate constant (assuming property values are increasing). Revenue growth beyond inflation should only be considered if: 1) Operating costs are growing faster than inflation and tax growth 2) New services are instituted to meet residents' needs, or 3) Otherwise determined to be in the best interest of the City as determined by the City Council.



Comparative Property Tax Rates

	2021 Proposed Rate	Tax Rate Difference	Difference on \$286,000 Primary Residence
West Point	0.00091	-0.000527	\$ (82.90)
Clinton	0.001422	-0.000015	\$ (2.36)
Clearfield	0.001437	0	\$ -
Layton	0.001593	0.000156	\$ 24.54
Syracuse	0.001653	0.000216	\$ 33.98

Truth in Taxation 2021

- S Davis Metro Fire
- Davis School Dist
- Layton
- Bountiful
- Syracuse
- N Davis Fire
- Farmington
- S Weber
- Centerville