

CENTERVILLE CITY

250 North Main • Centerville, Utah 84014-1824 • (801) 295-3477 • Fax: (801) 292-8034

Incorporated in 1915

Mayor

Paul A. Cutler

City Council

Ken S. Averett

Tamilyn Fillmore

John T. Higginson

Stephanie Ivie

Lawrence Wright

City Manager

Steve H. Thacker

interoffice MEMORANDUM

to: Mayor Cutler
City Council
cc: Department Heads
Planning Commission
from: Steve H. Thacker, City Manager *A. Thacker*
subject: City Manager's Summary of May 20, 2014 Council Meeting
date: May 16, 2014

5:30 Budget Work Session – The City Council will meet at 5:30 p.m. in a work session to focus on decisions that need to be made regarding the FY 2015 Tentative Budget—before adoption of Final Budget on June 17. Blaine Lutz, Finance Director, has prepared many slides relating to the City's finances—historically and currently—which are attached to the staff report on NovusAgenda (online access). Most of these slides, however, are background material and will not be directly referred to in the work session. The City Manager is preparing a list of specific budget issues the Council should focus on during the work session. That list will be added to NovusAgenda when available. **Council Members should bring their Budget Notebooks to the work session. Dinner will be available for Council Members beginning at 5:15 p.m.**

7:00 Regular City Council meeting

E.1. Recognition of Youth City Council Members – Some of the current Youth City Council Members will not be continuing their service due to high school graduation or other reasons. They will be recognized for their community service. The current Youth Mayor, Brooke Larsen, will also report on the activities of the Youth City Council over the past year. In a later meeting—on June 17—those youth recently selected to fill these vacated positions will be introduced and sworn in.

E.2. Summerfest Invitation – Emma Dugal will make her annual appearance before the City Council to invite them and our residents to the Summerfest activities sponsored by the Bountiful Davis Arts Council, and to request a financial contribution from the City for this festival.

E.3. Minutes Review and Acceptance – The minutes to be approved are enclosed.

E.4. Summary Action Calendar

- a. **MTC Lot 2 Amended Subdivision** – This commercial subdivision is ready to begin its warranty period.
- b. **Chitose Johnson Subdivision** – This residential subdivision is ready to begin its warranty period.



- c. **Wal-Mart Assignment Agreement** – The local Wal-Mart property has been transferred to another Wal-Mart related entity, so an Assignment Agreement is needed to transfer the rights and obligations of the Development Agreement for this commercial development to the new owner.
- E.5. **Proposed Macquarie/UTOPIA Pubic Private Partnership** – Mayor Cutler would like to review/discuss the proposed public involvement process relating to the Macquarie Milestone 1 Report and the related Assumptions Summary on which the Report is based. Council members can also provide questions to be submitted to Macquarie for answers, in addition to those shown in one of the attachments to the enclosed staff report.
- E.6. **Presentation by Hill Air Force Base Public Affairs Office** – Major Long and Mr. Ireland will invite the community to the 2014 Air Show and explain how our residents can get involved.
- E.7. **Discuss Idle Free Zone Concept** – Becki Wright and Councilwoman Fillmore will explain this idea that the PTAs of the local schools are promoting, and how the City could possibly become involved.
- E.8. **Financial Report** – The financial report for the 10-month period ending April 30, 2014 is available online via NovusAgenda.
- E.9. **Mayor's Report** – Mayor Cutler will report on a recent meeting with County officials and representatives of the south Davis cities regarding paramedic funding reallocation among EMS agencies within the County.
- E.10. **City Manager's Report** – I will provide updates of the Main & Parrish Intersection Project and I-15 Express Lane Project, including the pedestrian bridge at the Parrish Lane interchange.
- E.11. **Drainage System Impact Fee and Rate Study** – Fred Philpot of LYRB, the City 's consultant, has prepared additional scenarios of the proposed drainage impact fee and monthly drainage fees, based on the Council's discussion and direction at their May 6 meeting. The recommended impact fee is now about \$3900. The two monthly drainage fee scenarios contain lower percentage increases when compared with earlier scenarios. The monthly drainage fees for stormwater and subdrains have not increased since being imposed in 1999 and 2001, respectively.
- E.12. **Miscellaneous Business** – Councilwoman Fillmore has convinced WFRC to offer Centerville the opportunity to be included with a few other cities—as pilot communities--in two "Complete Streets" training workshops to be offered later this year. She will explain further in the meeting.
- E.13. **Closed meeting, if necessary** – I am not aware of a need for a closed meeting at this time, but the agenda allows for that possibility.
- E.14. **Appointments to City Boards/Committees** – Mayor Cutler may recommend one or more appointments to City boards or committees.

Potential Agenda Items for June 3 regular City Council Meeting (subject to change):

- Bid award for Oak Ridge Drive waterline
- Bid award for miscellaneous waterlines (including Ford Canyon Lot 419)
- Public hearing re: FY 2015 Tentative Budget

Mayor
City Council
Department Heads
Planning Commission
May 16, 2014
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- RDA meeting
- Budget work session (including URMMA reps)
- Award bid for Community Park Expansion Phase 1
- Advisory Committee report re: Macquarie proposal

mlm

CENTERVILLE CITY COUNCIL

**Staff Backup Report
5/20/2014**

Item No.

Short Title: (See City Manager's Memo for summary of meeting business)

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- D City Manager's Summary Memo of May 20, 2014 Council meeting

CENTERVILLE CITY COUNCIL AGENDA

NOTICE IS HEREBY GIVEN THAT THE CENTERVILLE CITY COUNCIL WILL HOLD ITS REGULAR PUBLIC MEETING AT 7:00 P.M. ON TUESDAY, MAY 20, 2014 AT THE CENTERVILLE CITY COMMUNITY CENTER AND CITY HALL COUNCIL CHAMBERS, 250 NORTH MAIN STREET, CENTERVILLE, UTAH. THE AGENDA IS SHOWN BELOW.

Meetings of the City Council of Centerville City may be conducted via electronic means pursuant to Utah Code Ann. § 52-4-207, as amended. In such circumstances, contact will be established and maintained via electronic means and the meeting will be conducted pursuant to the Electronic Meetings Policy established by the City Council for electronic meetings.

Centerville City, in compliance with the Americans With Disabilities Act, provides accommodations and auxiliary communicative aids and services for all those citizens in need of assistance, including hearing devices. Persons requesting these accommodations for City-sponsored public meetings, services, programs, or events should call Blaine Lutz, Centerville Finance Director, at 295-3477, giving at least 24 hours notice prior to the meeting.

A notebook containing supporting materials for the business agenda items is available for public inspection and review at City Hall and will be available for review at the meeting. Upon request, a citizen may obtain (without charge) the City Manager's memo summarizing the agenda business, or may read this memo on the City's website: <http://centervillepublic.novusagenda.com/>.

Tentative - The times shown below are tentative and are subject to change during the meeting.

Time:

5:30 FY 2015 Budget Work Session

7:00 A. **ROLL CALL**

(See City Manager's Memo for summary of meeting business)

B. **PLEDGE OF ALLEGIANCE**

C. **PRAYER OR THOUGHT**

Councilman Lawrence Wright

7:05 D. **OPEN SESSION (This item allows for the public to comment on any subject of municipal concern, including agenda items that are not scheduled for a public hearing. Citizens are encouraged to limit their comments to two (2) minutes per person. Citizens may request a time to speak during Open Session by calling the City Recorder's office at 801-295-3477, or may make such request at the beginning of Open Session.) Please state your name and city of residence.**

E. **BUSINESS**

7:10 1. Recognition of outgoing Youth City Council Members

7:20 2. Summerfest Invitation from Bountiful Davis Arts Council

(OVER)

- 7:30 3. **MINUTES REVIEW AND ACCEPTANCE**
May 6, 2014 Work Session and regular Council meeting minutes
- 7:35 4. Summary Action Calendar
a. Commence warranty period for MTC Lot 2 Amended Subdivision
b. Commence warranty period for Chitose Johnson Subdivision
c. Consider Assignment Agreement between the City and Wal-Mart Real Estate Business Trust regarding Lot 1 of the Centerville Wal-Mart Subdivision and Planned Center
- 7:35 5. Discuss proposed Macquarie/UTOPIA Public Private Partnership
a. Public education/public hearing process
b. Assumptions Summary
c. Milestone 1 Report
- 8:05 6. Presentation by Hill AFB Public Affairs Office re: 2014 Air Show
- 8:15 7. Discuss idle free zone concept
- 8:30 8. Financial report for period ending April 30, 2014
- 8:35 9. Mayor's Report
a. Paramedic funding
- 8:40 10. City Manager's Report
a. Update re: Main & Parrish Intersection Project
b. Update re: I-15 Express Lane Project
- 8:45 11. Discuss Drainage System Impact Fee and Rate Study
- 9:15 12. Miscellaneous Business
a. "Complete Streets" design workshop
- 9:25 12. Closed meeting, if necessary, for reasons allowed by state law , including, but not limited to, the provisions of Section 52-4-205 of the Utah Open and Public Meetings Act, and for attorney-client matters that are privileged pursuant to *Utah Code Ann.* § 78B-1-137, as amended.
- 9:25 14. Possible action following closed meeting, including appointments to boards and committees

F. ADJOURNMENT

(Items of Interest (i.e., newspaper articles, not items on agenda)

Marsha L. Morrow, MMC
Centerville City Recorder

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No.

Short Title: FY 2015 Budget Work Session

Initiated By:

Scheduled Time: 5:30

SUBJECT

RECOMMENDATION

BACKGROUND

This work session will focus on the FY 2015 Tentative Budget. Blaine Lutz, Finance Director, has attached many slides providing related information. Most of these slides were originally prepared for the budget work session scheduled in April but cancelled due to the absence of several council members. Staff will not actually use most of those slides in the work session next Tuesday, but encourage Council Members to review all of them, making notes of any questions they may want to ask at some point in a meeting or one-on-one with staff. In other words, due to the limited time to focus on the upcoming budget, most of the attached information is provided as background on the City's finances, but will not be directly referred to in the work session.

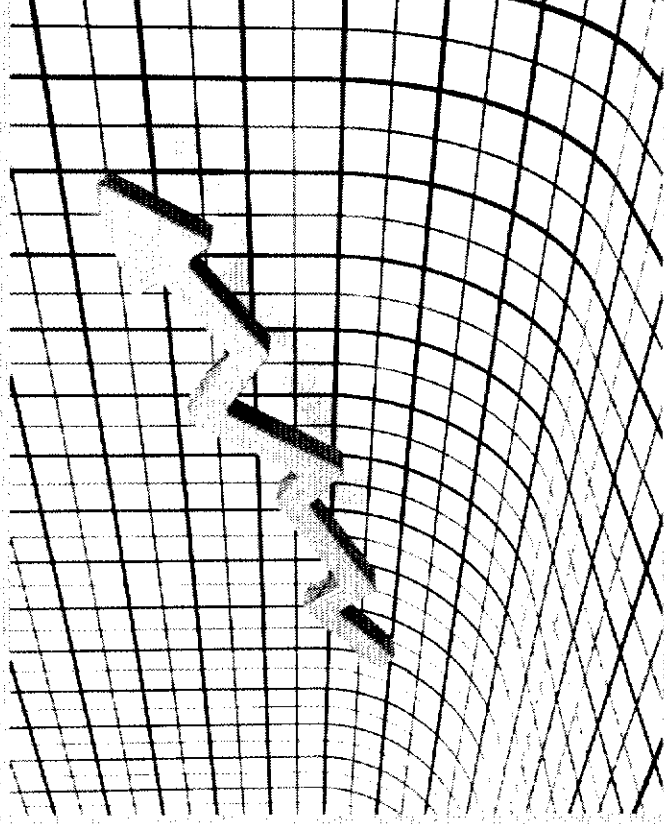
The City Manager is preparing an outline or list of issues to be discussed in the work session, to help focus the Council on decisions that need to be made before adoption of the Final Budget on June 17. That list will be added to NovusAgenda if ready prior to the work session. Council members should bring their Budget Notebook for reference to the City Manager's Budget Message and other content within the detailed budget document, as appropriate.

ATTACHMENTS:

Description

- D [Fiscal overview](#)
- D [Department trend](#)
- D [Department breakdown](#)

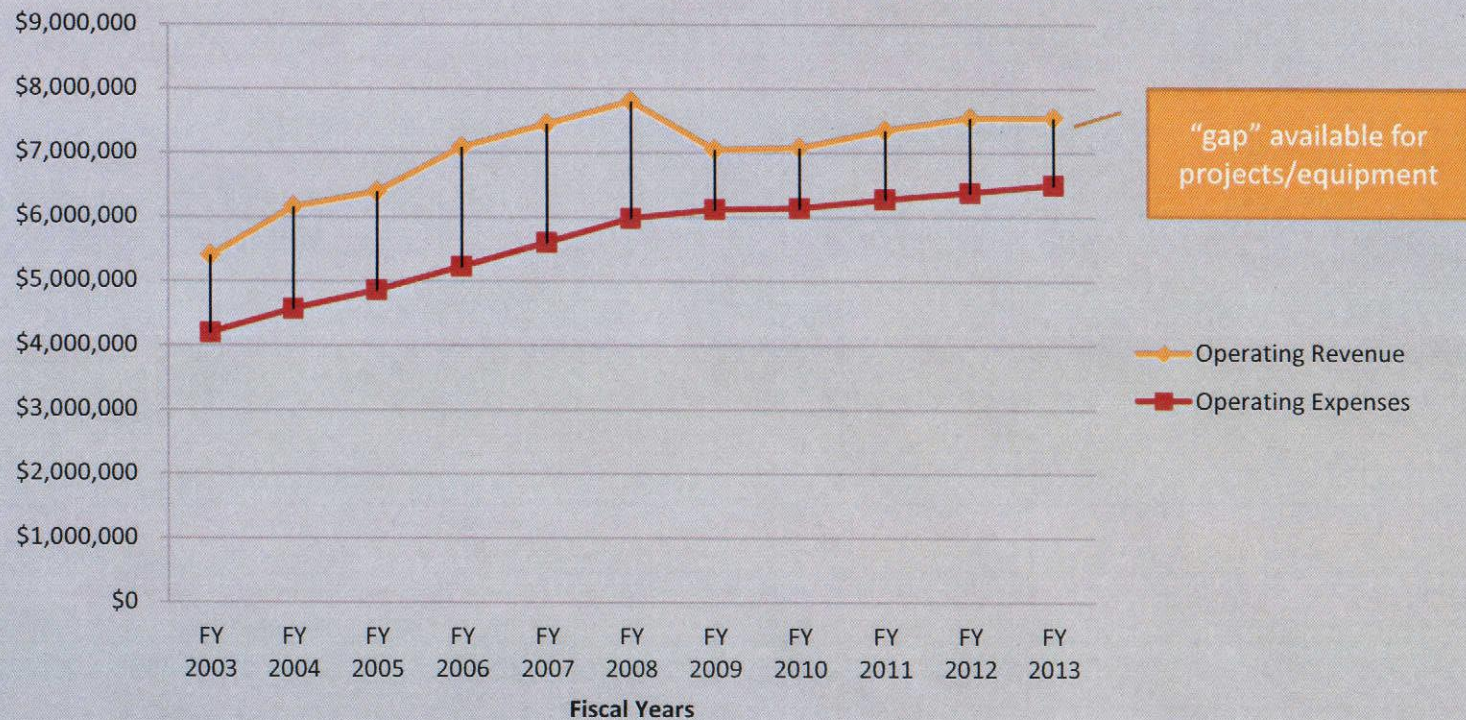
Centerville General Fund Fiscal Overview



Historic Operating Revenues/Expenditures General Fund

FY 2013 is used as that is the last year that actual data is available

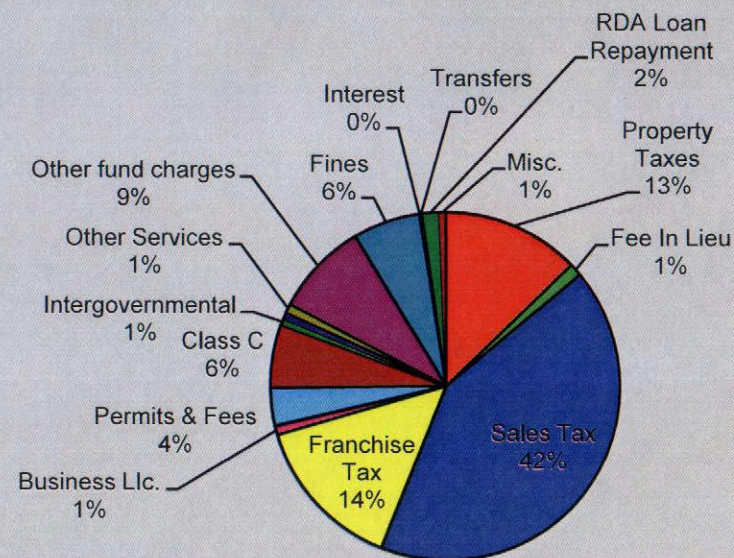
Revenue v. Expenditures



General Fund Revenue Structure

FY 2013 data used as that is last year actual data is available

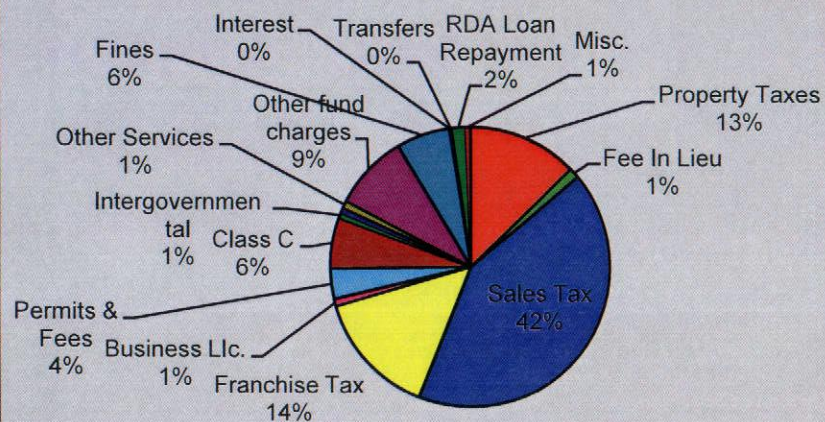
FY 2013 General Fund Revenue Structure



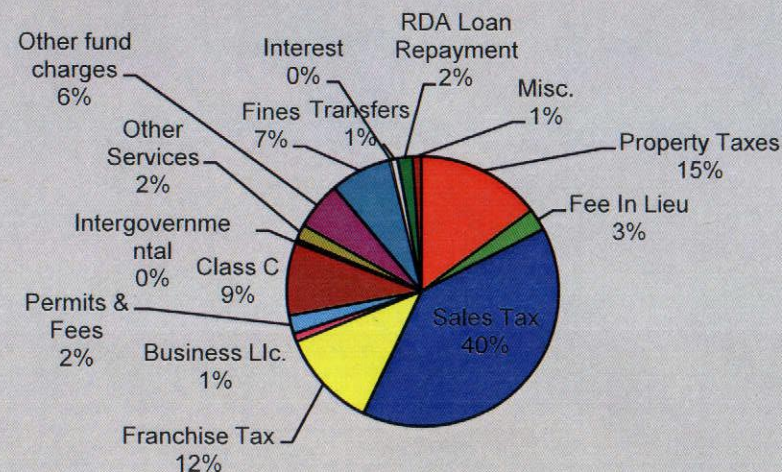
Taxes make up 70%

General Fund Revenue Structure Comparison

FY 2013 General Fund Revenue Structure

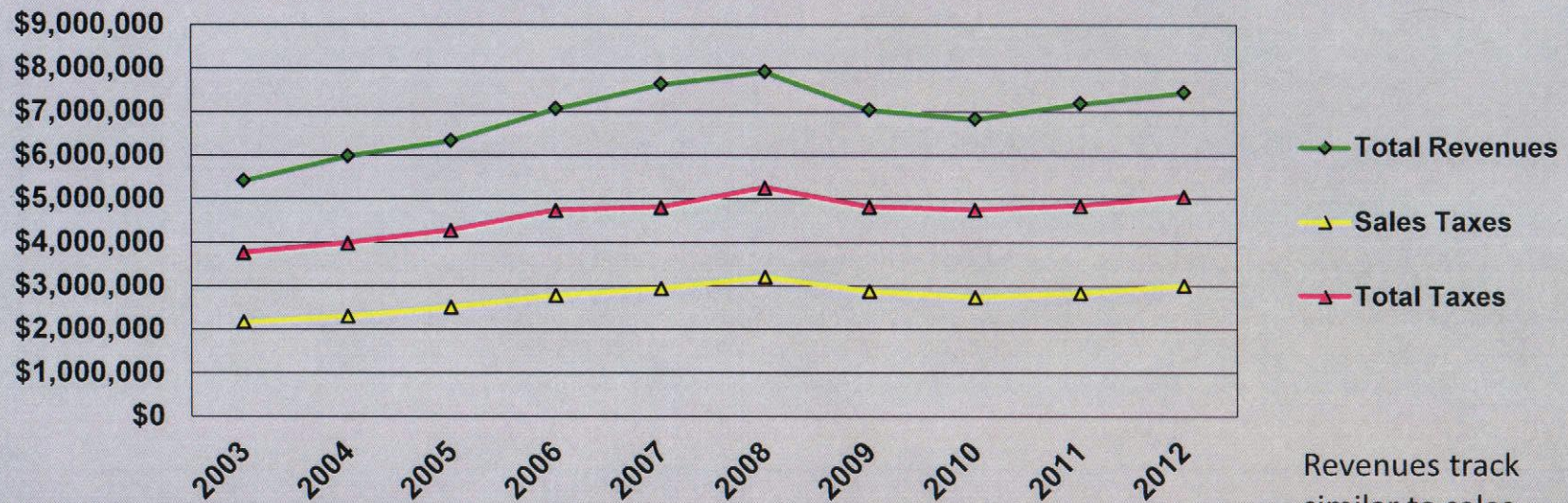


FY 2003 General Fund Revenue Structure



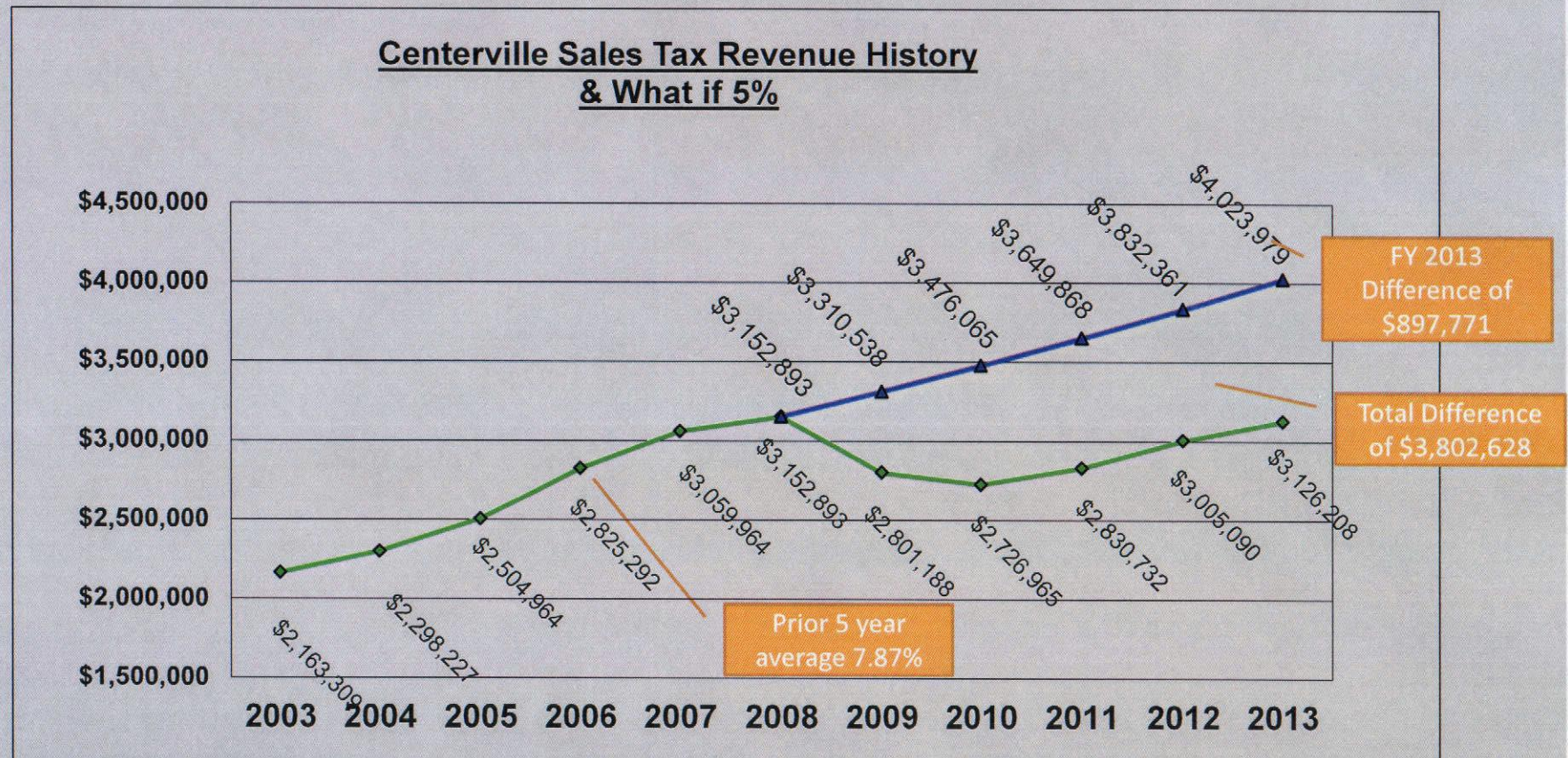
General Fund Revenue Trend

General Fund Revenue History

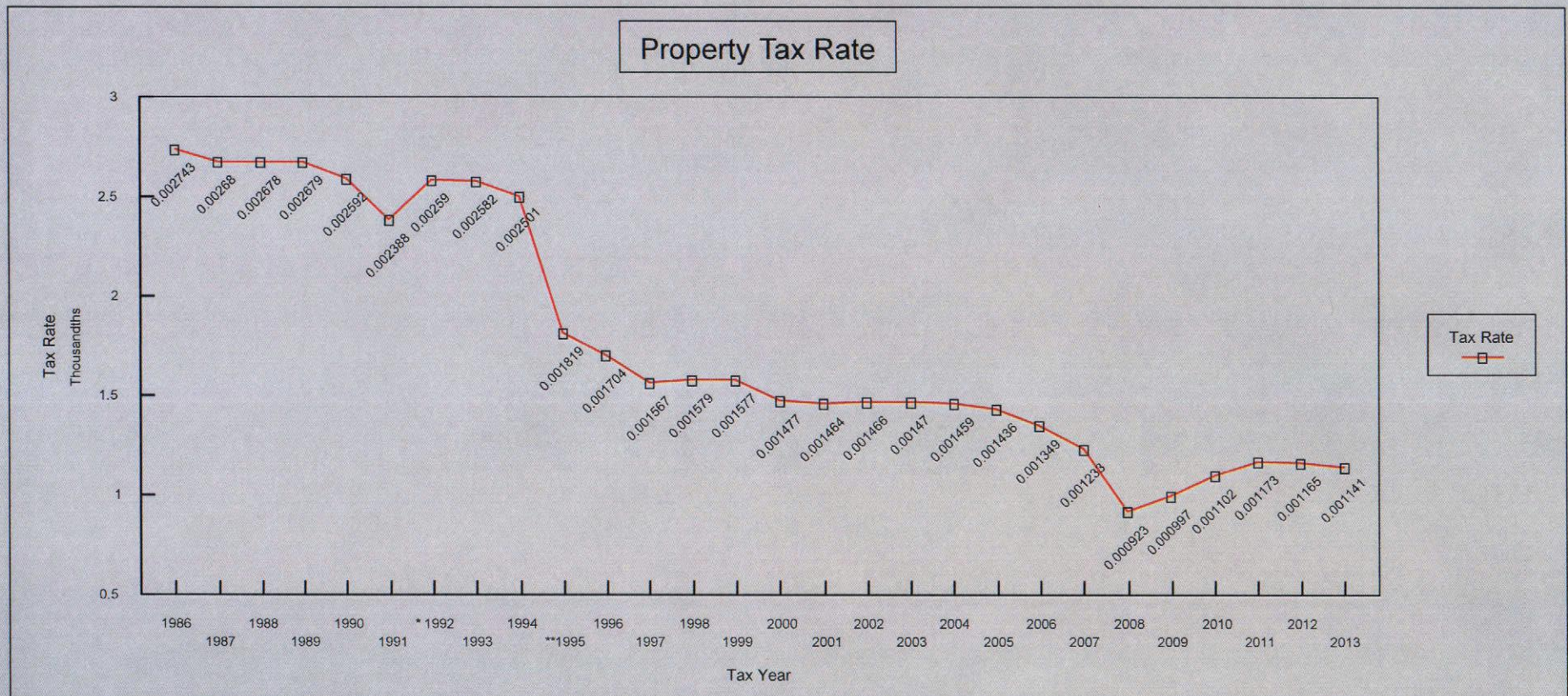


Revenues track similar to sales taxes.

History – Sales Taxes



Property Tax Rate History



Property Tax Amount/Percent of Total

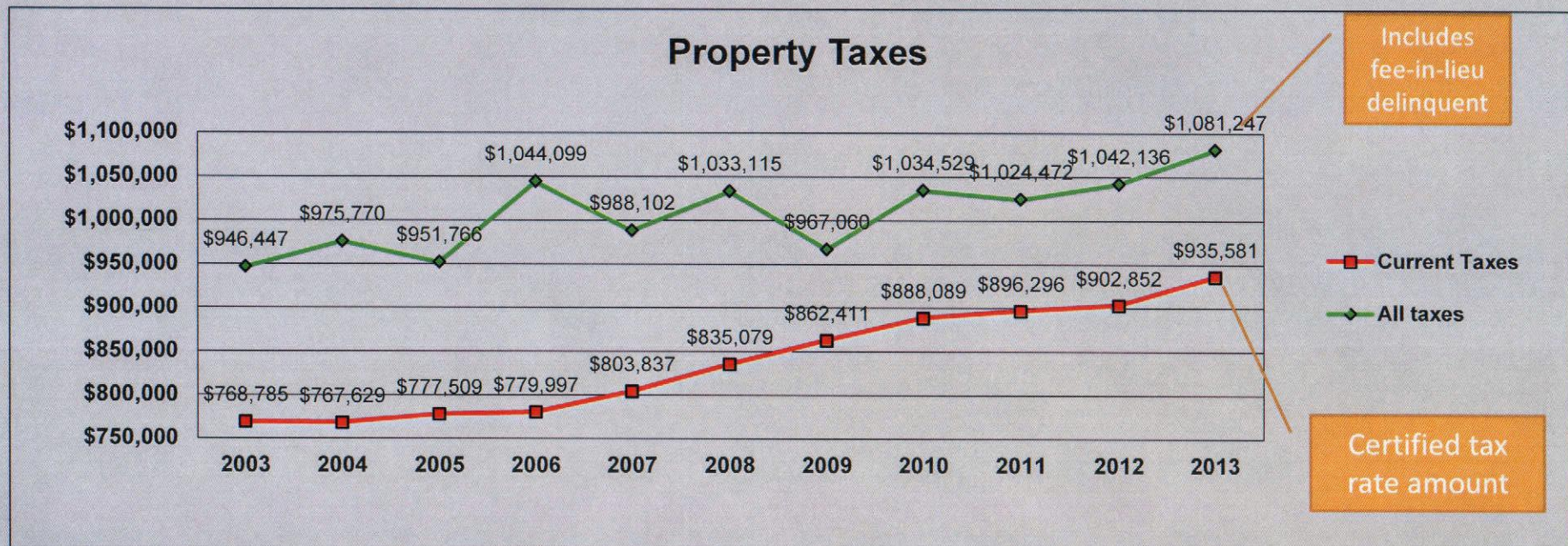
2013 Tax rates

Home Value **\$250,000**
Taxable Value **\$137,500**

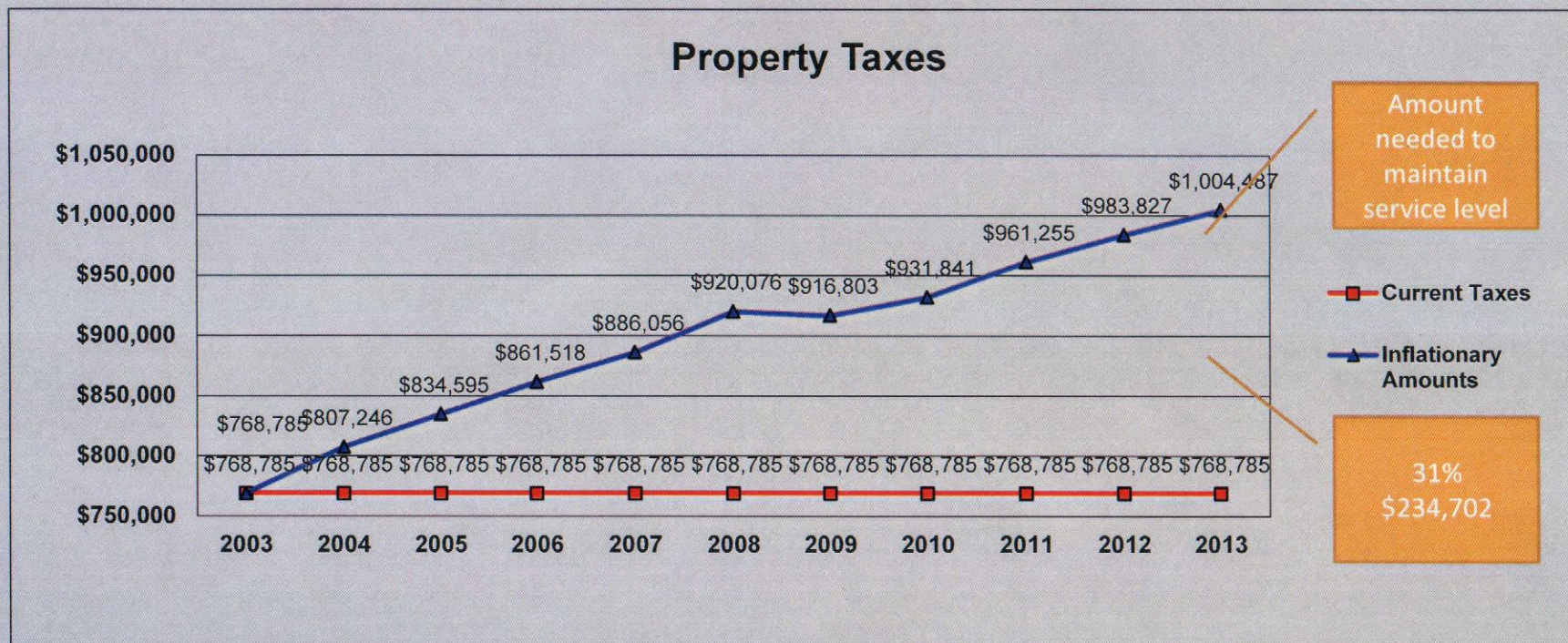
	<u>Taxes</u>	<u>Rate</u>	<u>Percent</u>
Library	\$53.49	0.0003890	2.81%
Weber Basin	\$28.88	0.0002100	1.52%
South Davis Rec	\$51.43	0.0003740	2.70%
Misquito Abate	\$14.16	0.0001030	0.74%
South Davis Sewer	\$44.55	0.0003240	2.34%
Centerville City	\$156.89	0.0011410	8.25%
Davis School District	\$1,197.63	0.0087100	62.95%
Davis County	\$320.51	0.0023310	16.85%
State Assessment	\$24.89	0.0001810	1.31%
<u>Local Assessment</u>	<u>\$10.04</u>	<u>0.000073</u>	<u>0.53%</u>
	\$1,902.45	0.013836	100.00%

\$156.89 = \$13.08 monthly

Property Tax Revenue General Fund



Property Tax Revenue 10 Year Inflationary Loss

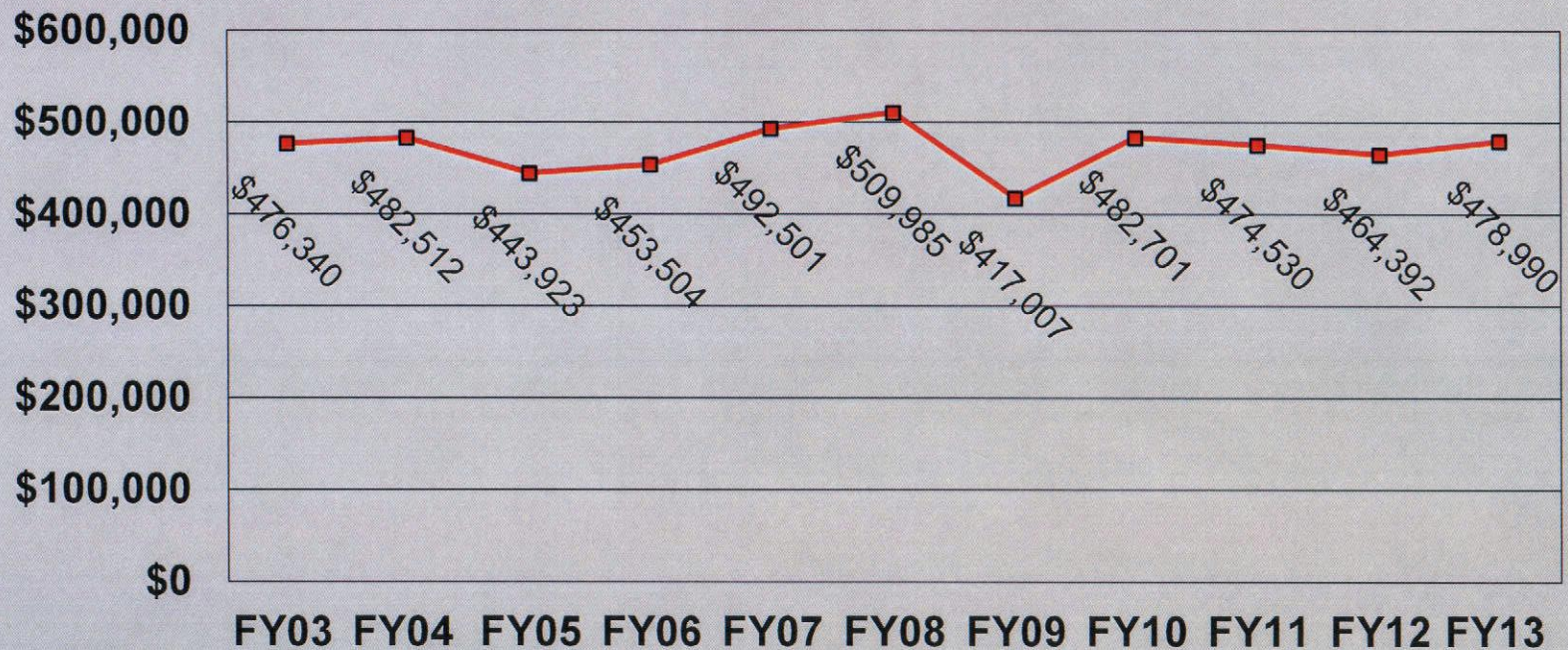


FY 2012 - \$464,392 : Purchased 7,740 tons of installed asphalt.

FY 2003 - \$476,340: Purchased 16,425 tons of installed asphalt.

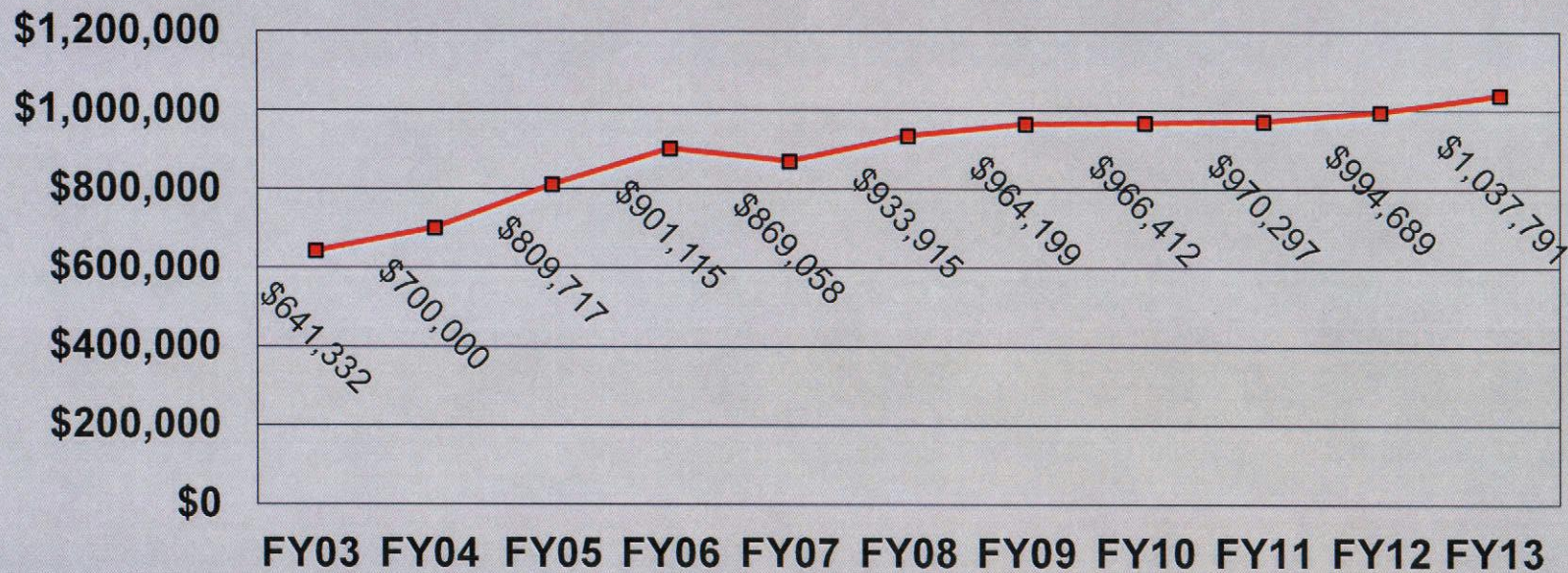
Class C Revenue History

Class C - revenue



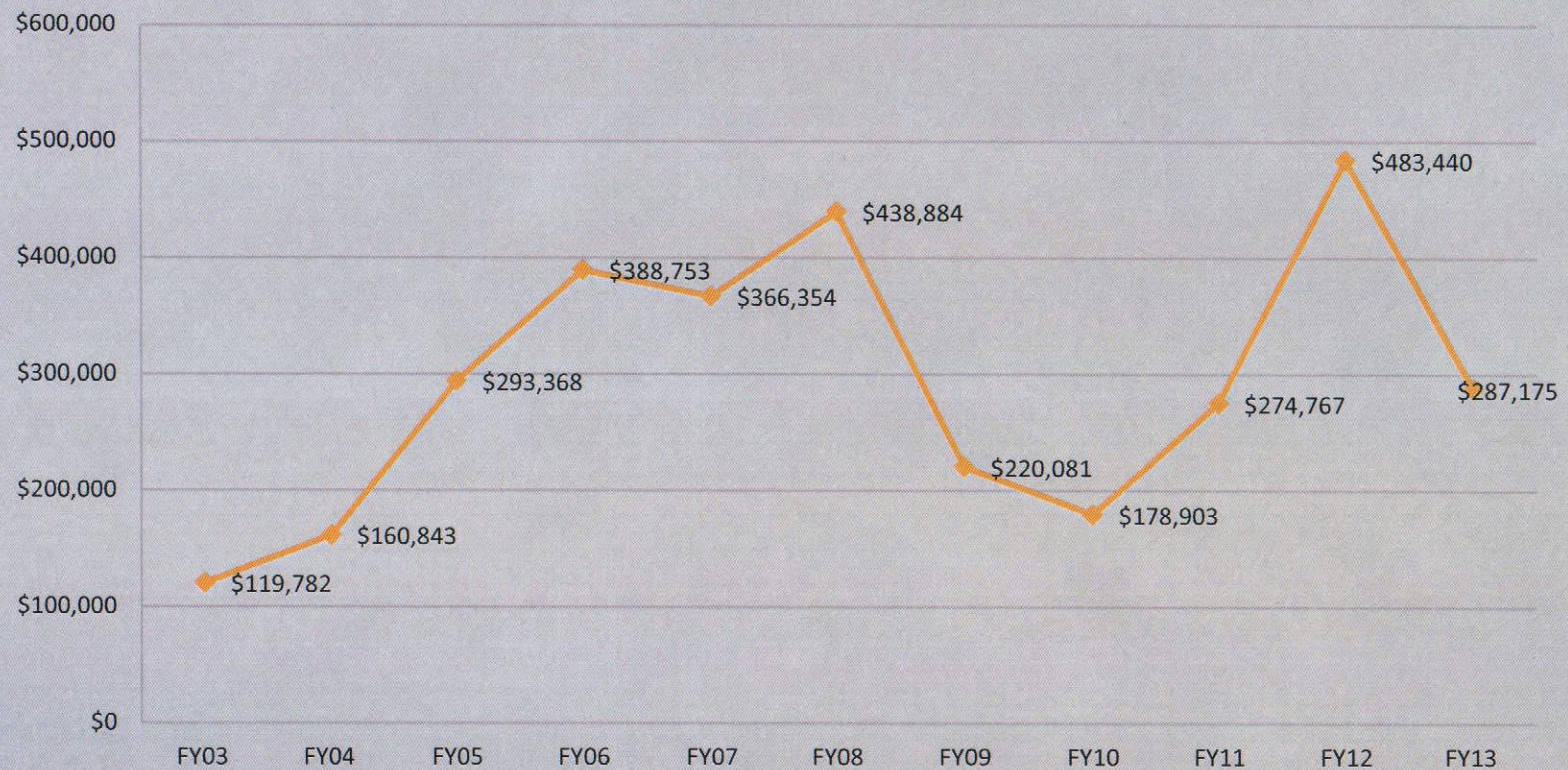
Franchise Tax Revenue History

Franchise Taxes



Permits & Fees History

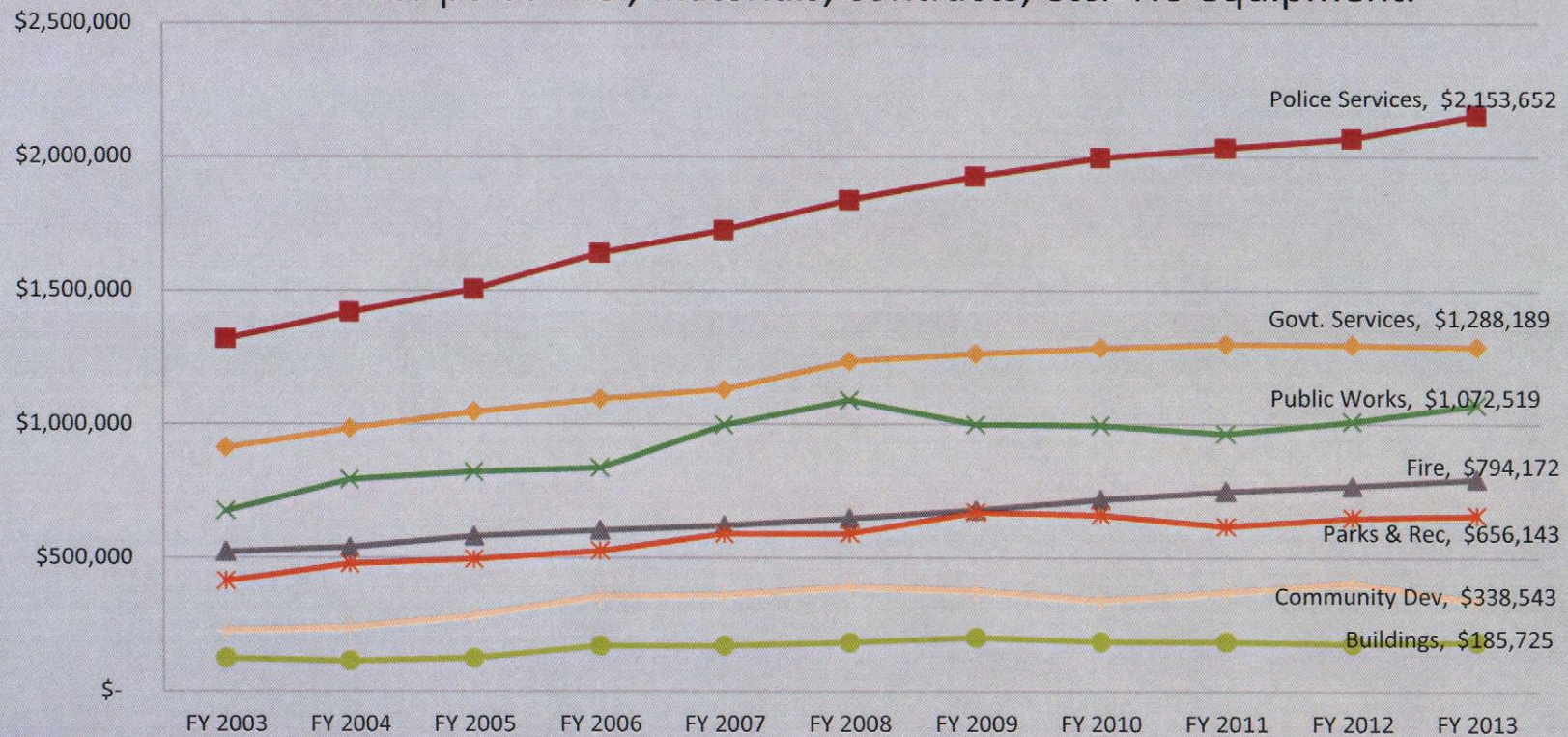
Permits & Fees



Expense History – Operating Costs

Operating Costs

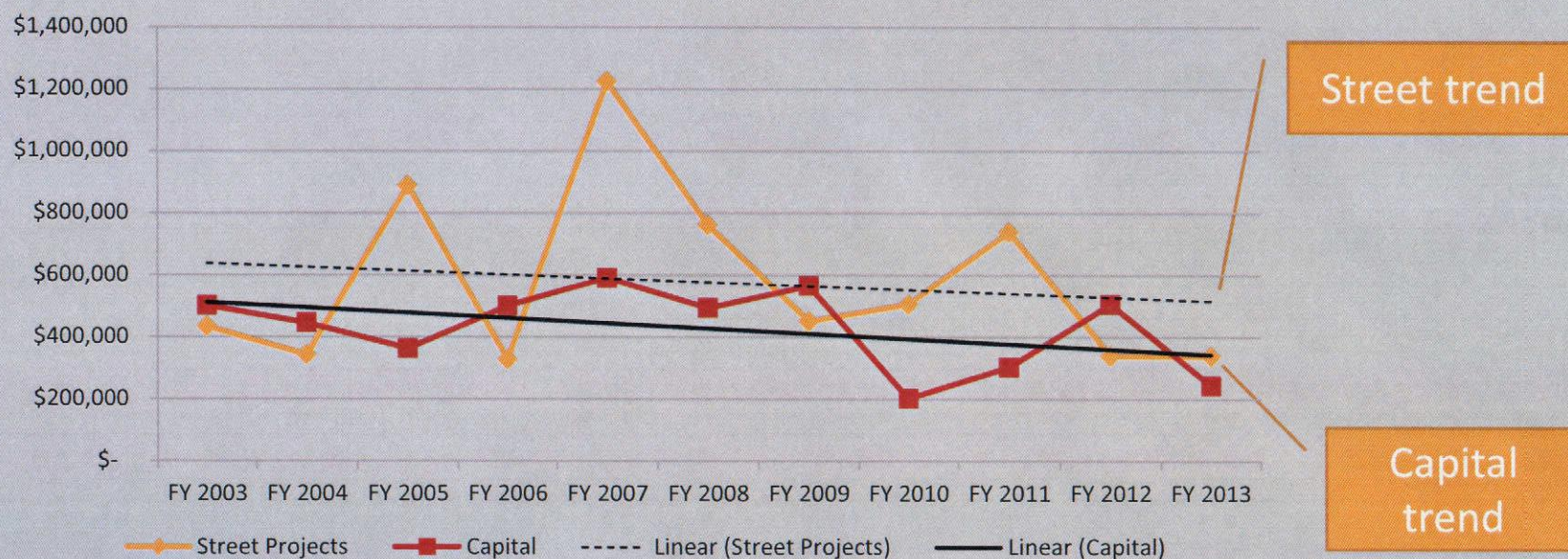
Includes personnel, materials, contracts, etc. No equipment.



Net increase last 5 years – 8.73%

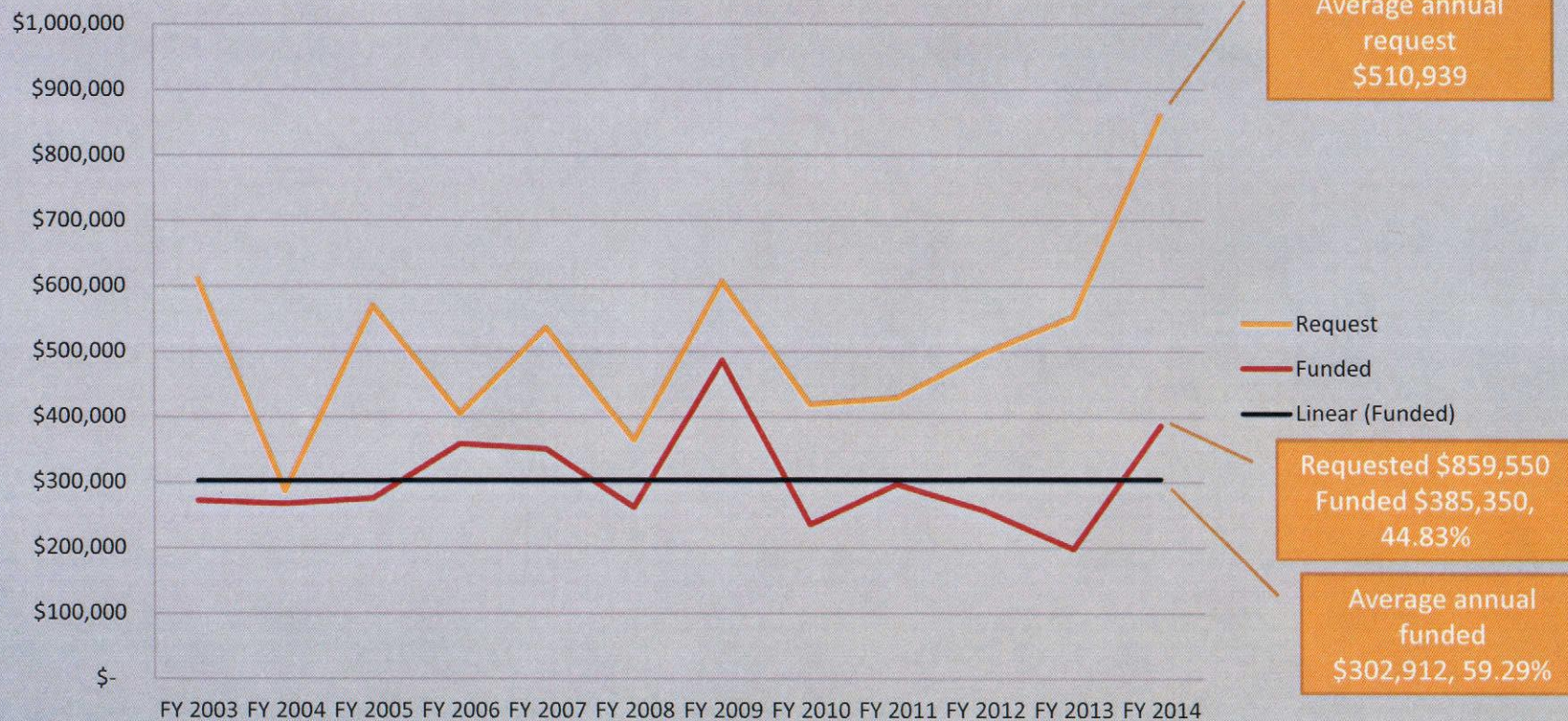
Equipment & Street Project Expenditures

Capital Costs



Equipment Funded/Department Request

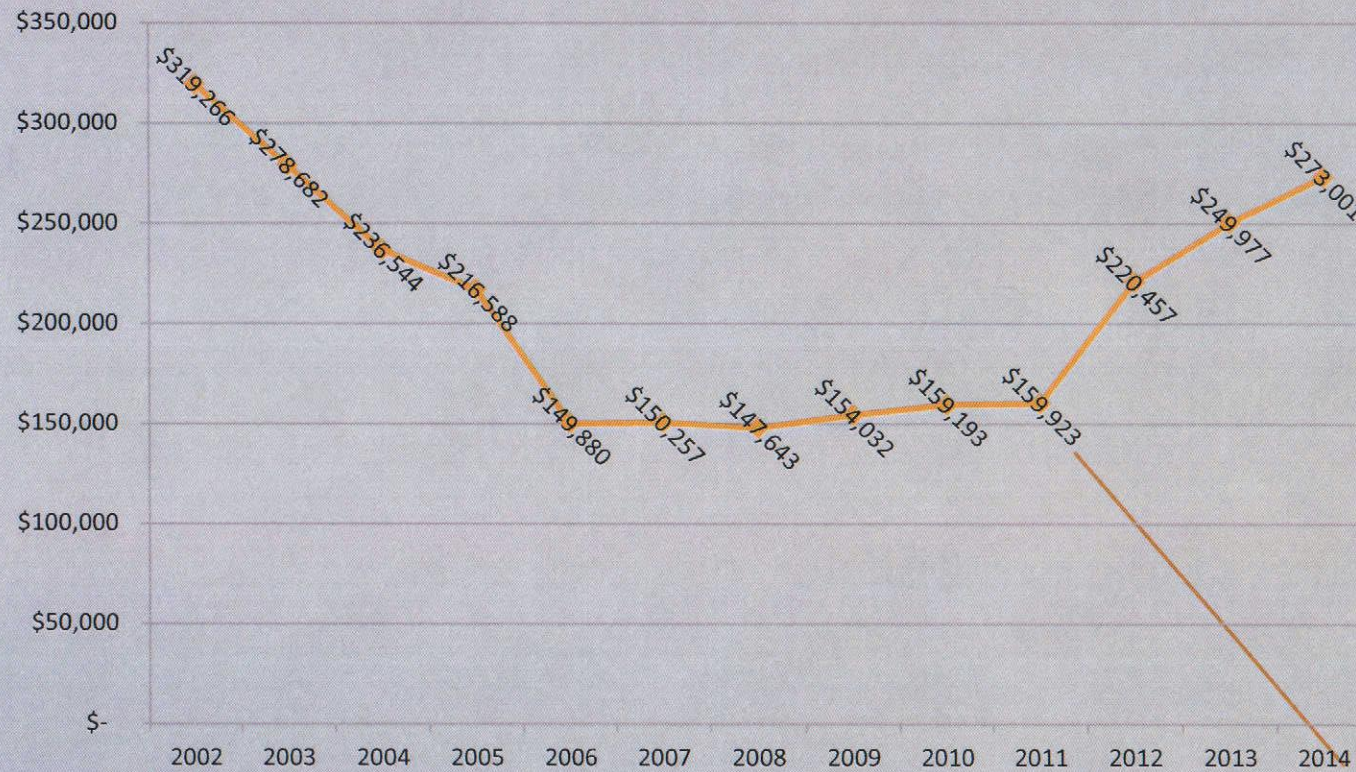
Budgeted Equipment Funding



Debt/Pledge Payments

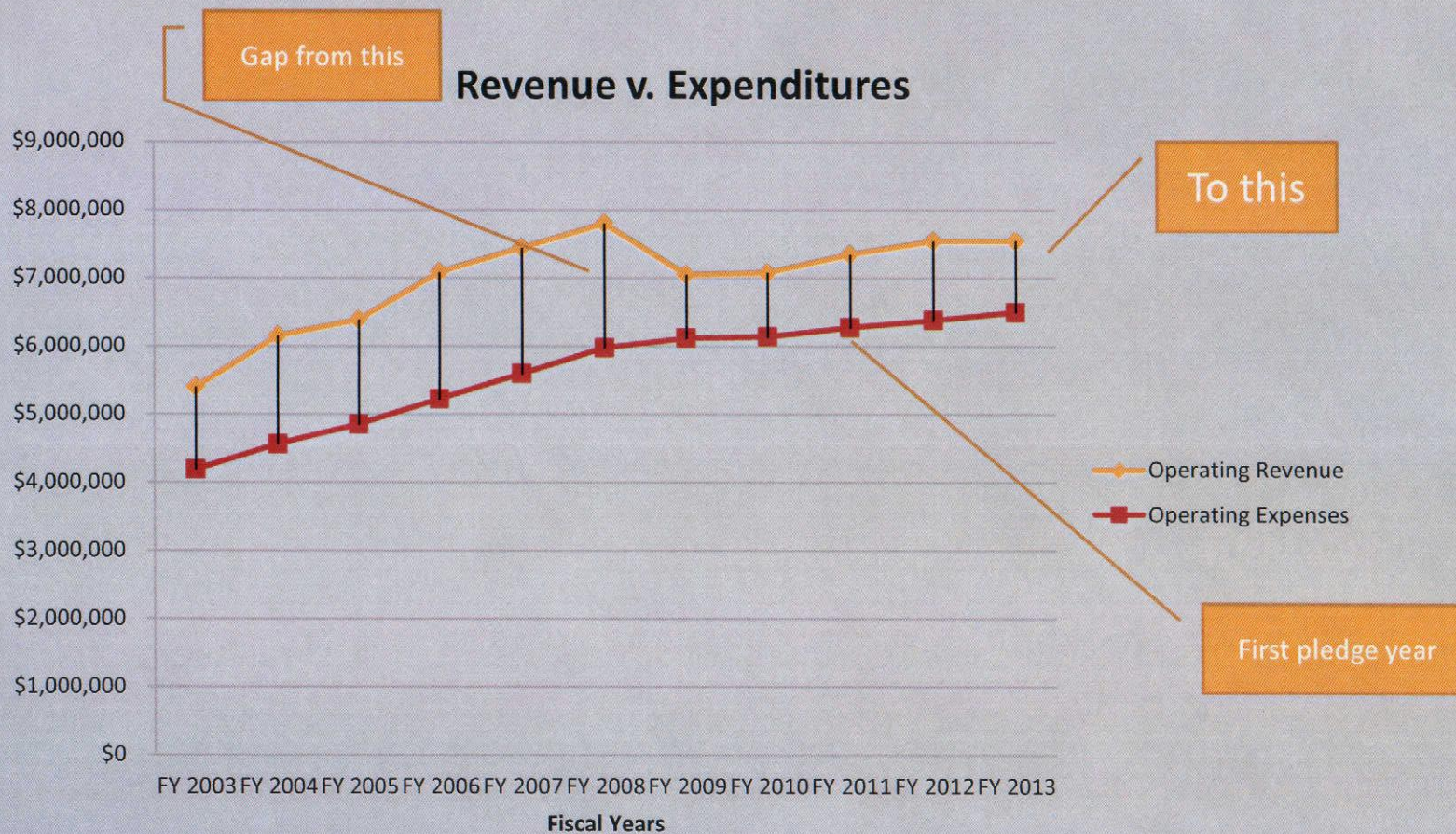
General Fund Bond/Pledge Payments

GF pledge amount in
FY2018 projected to be
\$336,137.

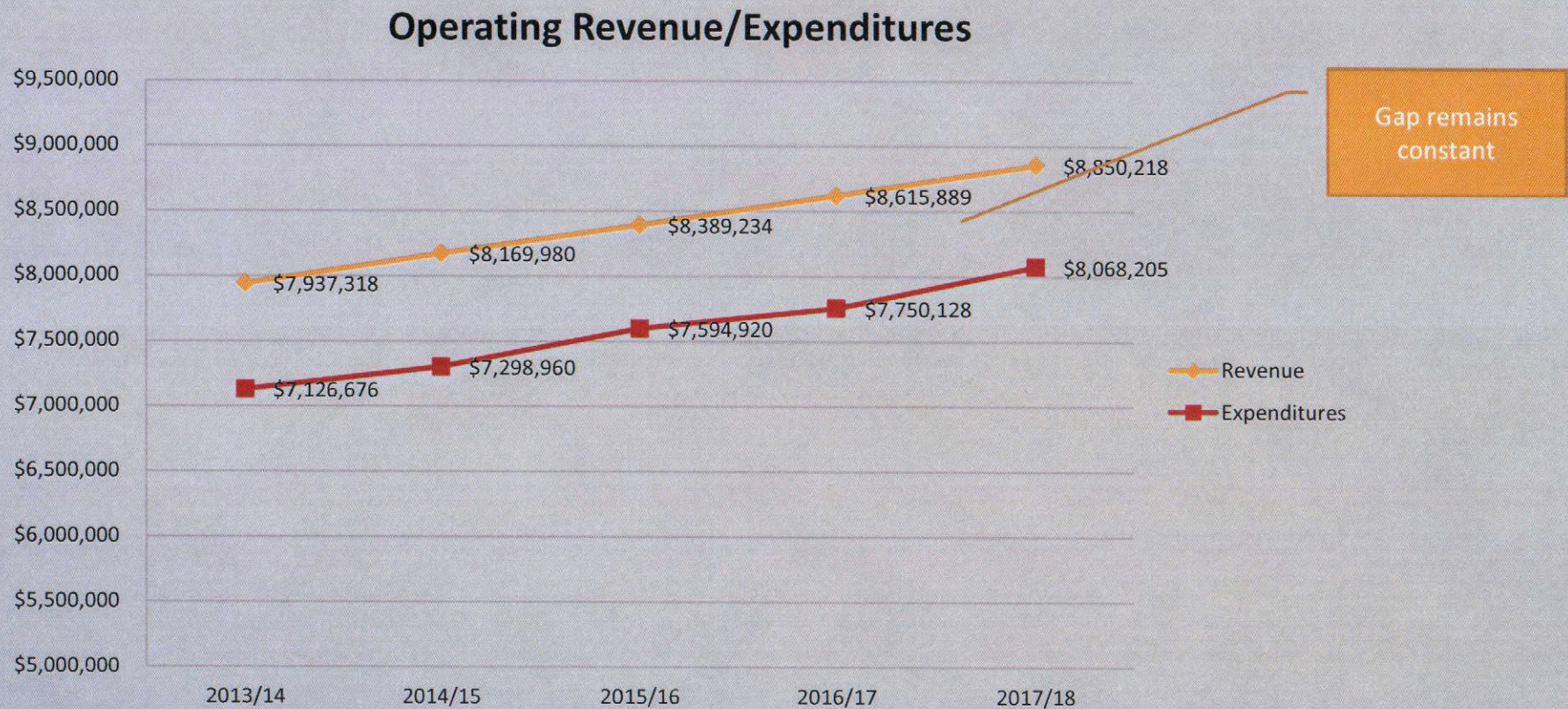


First pledge year

Recession



Projected Operating Revenue/Expenditures



Net expenditure increase – 13.21%

Previous 5 year increase – 8.82%

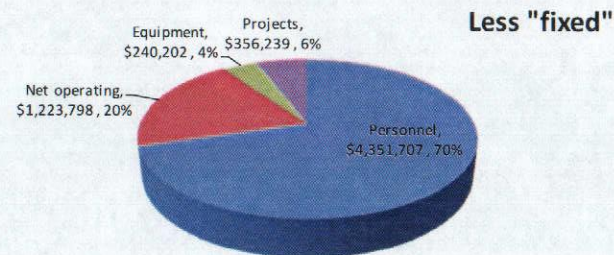
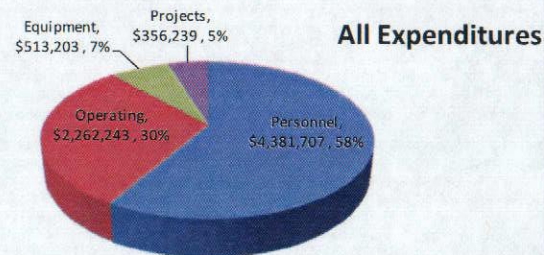
General Fund Operating

FY 2013 Actual

	Gov't Services	Police	Fire	Public Works	Parks	Bldgs	Comm Dev	Transfers*	Total	Percent
Personnel	\$ 1,028,472	\$ 1,856,031		\$ 635,148	\$ 543,492	\$ 38,488	\$ 250,076	\$ 30,000	\$ 4,381,707	58.32%
Operating	\$ 248,612	\$ 298,779	\$ 794,172	\$ 446,856	\$ 201,871	\$ 137,759	\$ 91,800	\$ 42,394	\$ 2,262,243	30.11%
Equipment	\$ 37,217	\$ 163,598		\$ 31,664	\$ 5,753	\$ -	\$ 1,970	\$ 273,001	\$ 513,203	6.83%
Projects	\$ -	\$ -		\$ 351,137	\$ 5,102	\$ -	\$ -		\$ 356,239	4.74%
Total	\$ 1,314,301	\$ 2,318,408	\$ 794,172	\$ 1,464,805	\$ 756,218	\$ 176,247	\$ 343,846	\$ 345,395	\$ 7,513,392	100.00%
Percent	17.49%	30.86%	10.57%	19.50%	10.06%	2.35%	4.58%	4.60%		

"Fixed" Op.	\$ 58,330	\$ 64,731	\$ 794,172	\$ 90,909	\$ 30,303	\$ -	\$ -	\$ -	\$ 1,038,445	45.90%
Net	\$ 190,282	\$ 234,048	\$ -	\$ 355,947	\$ 171,568	\$ 137,759	\$ 91,800	\$ 42,394	\$ 1,223,798	54.10%

	Gov't Services	Police	Fire	Public Works	Parks	Bldgs	Comm Dev	Transfers	Total	Percent
Personnel	\$ 1,028,472	\$ 1,856,031	\$ -	\$ 635,148	\$ 543,492	\$ 38,488	\$ 250,076		\$ 4,351,707	70.51%
Net operating	\$ 190,282	\$ 234,048	\$ -	\$ 355,947	\$ 171,568	\$ 137,759	\$ 91,800	\$ 42,394	\$ 1,223,798	19.83%
Equipment	\$ 37,217	\$ 163,598	\$ -	\$ 31,664	\$ 5,753	\$ -	\$ 1,970		\$ 240,202	3.89%
Projects	\$ -	\$ -	\$ -	\$ 351,137	\$ 5,102	\$ -	\$ -		\$ 356,239	5.77%
Total	\$ 1,255,971	\$ 2,253,677	\$ -	\$ 1,373,896	\$ 725,915	\$ 176,247	\$ 343,846	\$ 42,394	\$ 6,171,946	100.00%
Percent	16.72%	30.00%	0.00%	18.29%	9.66%	2.35%	4.58%	0.56%		



Personnel

Full Time Personnel

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
Executive	3	3	3	3	3	3	3	3	4	4
Finance	4	4	4	4	4	4	4	4	4	4
Court	2	2	3	3	3	3	2	2	2	2
Police	20	20	20	20	20	20	20	20	20	20
PW	2	3	4	4	4	4	4	4	4	4
Streets	4	4	4	4	4	4	4	4	4	4
Parks	4	4	5	5	5	5	5	5	5	5
CD	4	4	3	3	3	3	3	3	3	3
Water	5	5	5	5	5	5	5	5	5	5
Drainage	1	1	1	1	1	1	1	1	1	1
total	49	50	52	52	52	52	51	51	52	52

No seasonal or part time or seasonal positions are included in numbers above.

Notes

Executive - Converted one position in Recorder's office to Management Assistant. Converted City Attorney contract position to in-house in FY 2013.

Finance - None.

Court - Does not include part time judge. Added a full time clerk position in FY 2007 and later eliminated a full time position in FY 2011.

Police - Added a Police Officer position in FY 2005; no change since then.

Public Works Admin/support (PW) - Added full time GIS specialist in FY 2006 and full time Mechanic in FY 2007.

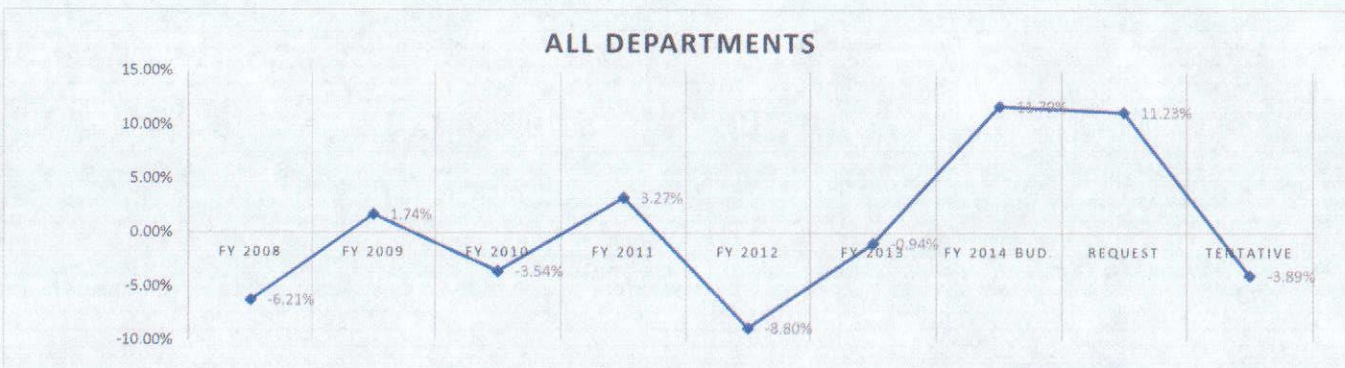
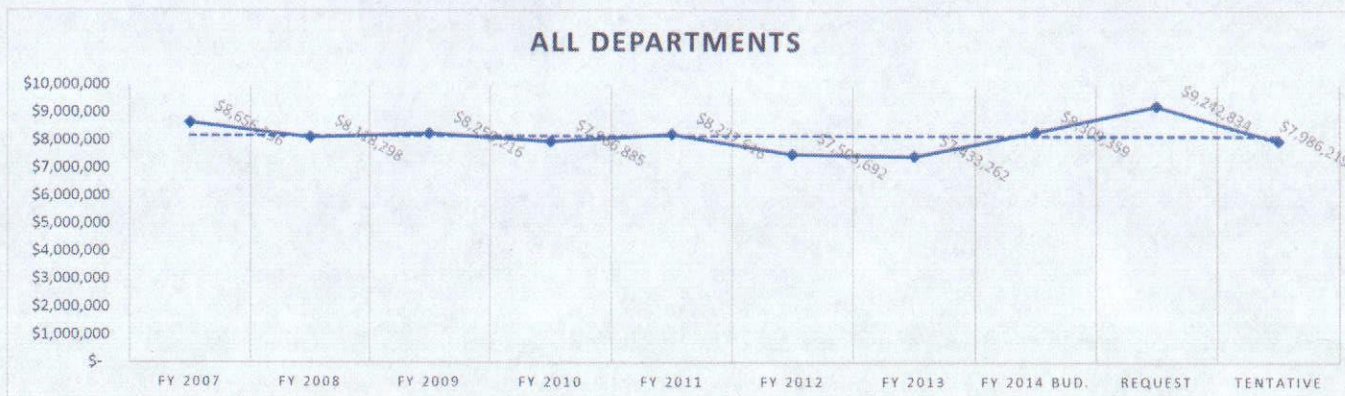
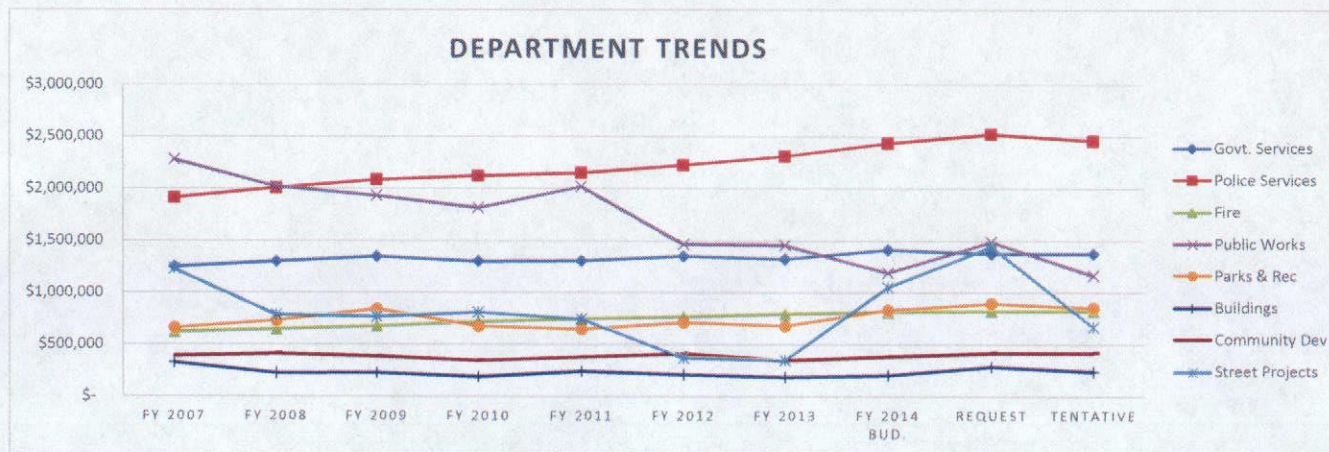
Streets - No change.

Parks - Added full time parks maintenance position in FY 2007 in connection with two new parks.

Community Development (CD) - Replaced full time Building Inspection position with contract service in FY 2007.

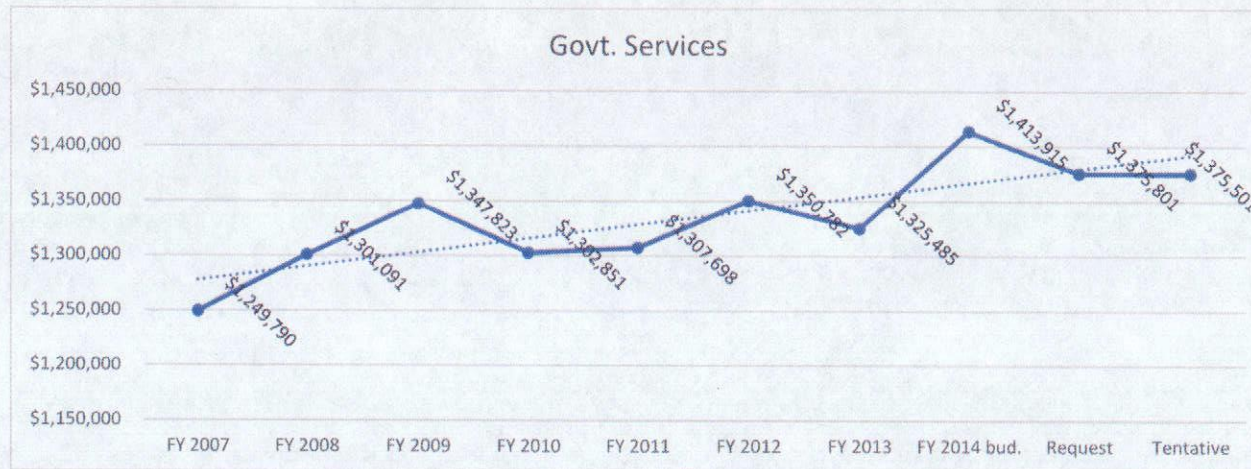
Water - No change.

Drainage - No change.

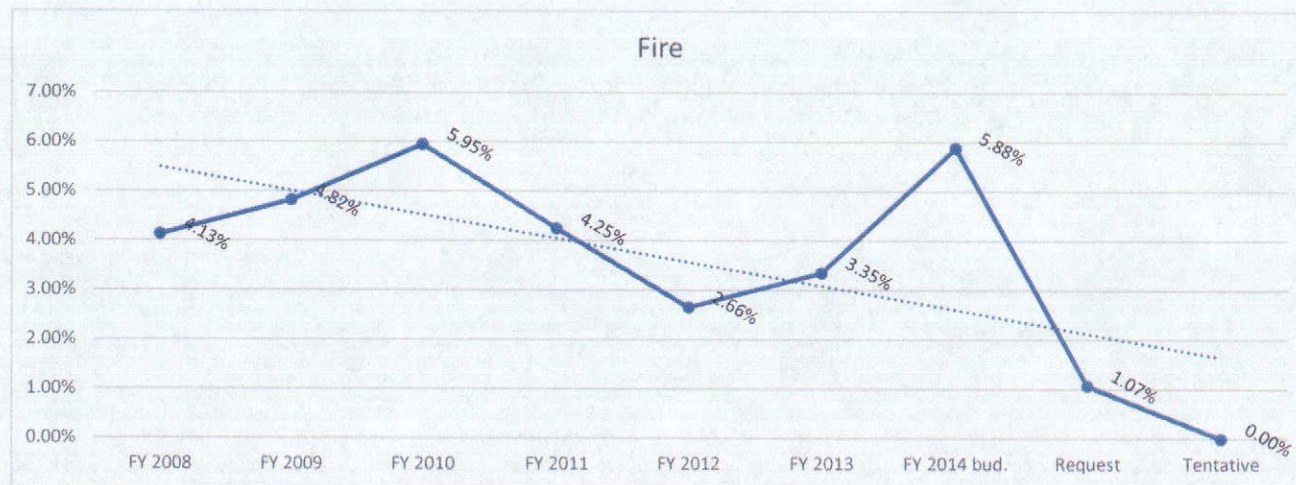
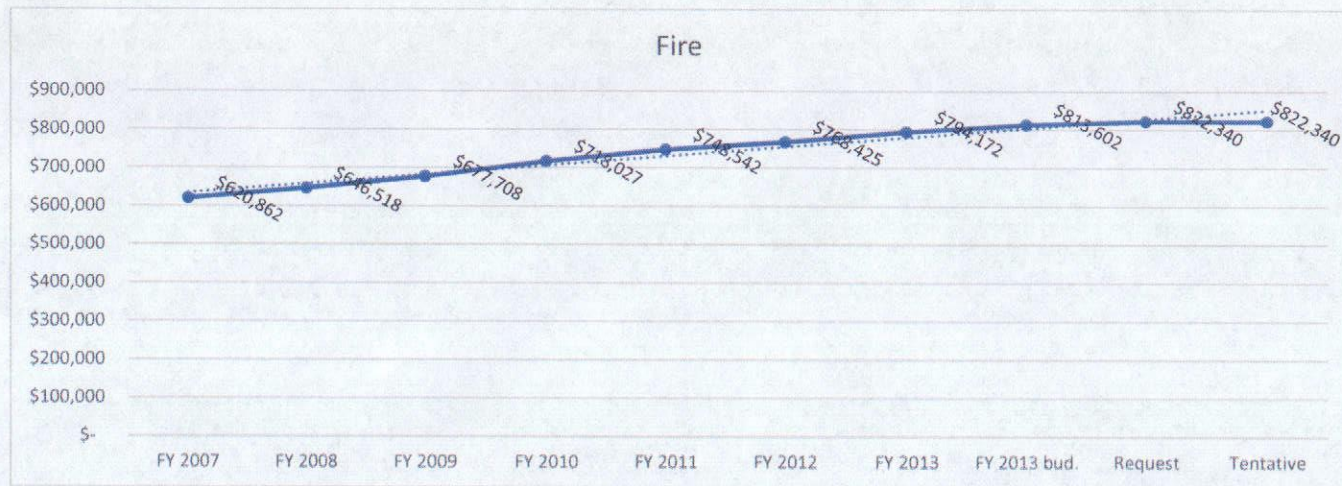


Department	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative	FY14 Bud ~ from 07	FY14 Bud ~ FY15 Tent.
Govt. Services	\$ 1,249,790	\$ 1,301,091	\$ 1,347,823	\$ 1,302,851	\$ 1,307,698	\$ 1,350,782	\$ 1,325,485	\$ 1,413,915	\$ 1,375,801	\$ 1,375,501	13.13%	-2.72%
	Percent ~ prior	4.10%	3.59%	-3.34%	0.37%	3.29%	-1.87%	6.67%	-2.70%	-2.72%		
Police Services	\$ 1,909,781	\$ 2,004,430	\$ 2,081,450	\$ 2,119,110	\$ 2,146,303	\$ 2,222,252	\$ 2,306,546	\$ 2,429,919	\$ 2,518,337	\$ 2,453,637	27.24%	0.98%
	Percent ~ prior	4.96%	3.84%	1.81%	1.28%	3.54%	3.79%	5.35%	3.64%	0.98%		
Fire	\$ 620,862	\$ 646,518	\$ 677,708	\$ 718,027	\$ 748,542	\$ 768,425	\$ 794,172	\$ 813,602	\$ 822,340	\$ 822,340	31.04%	1.07%
	Percent ~ prior	4.13%	4.82%	5.95%	4.25%	2.66%	3.35%	2.45%	1.07%	1.07%		
Public Works	\$ 2,276,162	\$ 2,016,654	\$ 1,930,927	\$ 1,813,859	\$ 2,017,907	\$ 1,464,403	\$ 1,454,320	\$ 1,188,215	\$ 1,487,131	\$ 1,161,381	-47.80%	-2.26%
	Percent ~ prior	-11.40%	-4.25%	-6.06%	11.25%	-27.43%	-0.69%	-18.30%	25.16%	-2.26%		
Street Projects	\$ 1,228,956	\$ 789,424	\$ 770,820	\$ 810,689	\$ 747,712	\$ 372,998	\$ 351,137	\$ 1,052,430	\$ 1,446,065	\$ 670,000	-14.36%	-36.34%
	Percent ~ prior	-35.76%	-2.36%	5.17%	-7.77%	-50.11%	-5.86%	199.72%	37.40%	-36.34%		
Parks & Rec	\$ 656,404	\$ 726,313	\$ 838,740	\$ 670,734	\$ 641,684	\$ 706,671	\$ 672,035	\$ 826,331	\$ 890,516	\$ 848,816	25.89%	2.72%
	Percent ~ prior	10.65%	15.48%	-20.03%	-4.33%	10.13%	-4.90%	22.96%	7.77%	2.72%		
Buildings	\$ 327,467	\$ 225,012	\$ 228,140	\$ 189,090	\$ 242,161	\$ 209,093	\$ 185,725	\$ 204,045	\$ 287,396	\$ 239,296	-37.69%	17.28%
	Percent ~ prior	-31.29%	1.39%	-17.12%	28.07%	-13.66%	-11.18%	9.86%	40.85%	17.28%		
Community Dev	\$ 386,774	\$ 408,856	\$ 383,608	\$ 342,525	\$ 375,609	\$ 409,068	\$ 343,842	\$ 380,902	\$ 415,248	\$ 415,248	-1.52%	9.02%
	Percent ~ prior	5.71%	-6.18%	-10.71%	9.66%	8.91%	-15.95%	10.78%	9.02%	9.02%		
All Departments	\$ 8,656,196	\$ 8,118,298	\$ 8,259,216	\$ 7,966,885	\$ 8,227,616	\$ 7,503,692	\$ 7,433,262	\$ 8,309,359	\$ 9,242,834	\$ 7,986,219	-4.01%	-3.89%
	Percent ~ prior	-6.21%	1.74%	-3.54%	3.27%	-8.80%	-0.94%	11.79%	11.23%	-3.89%		

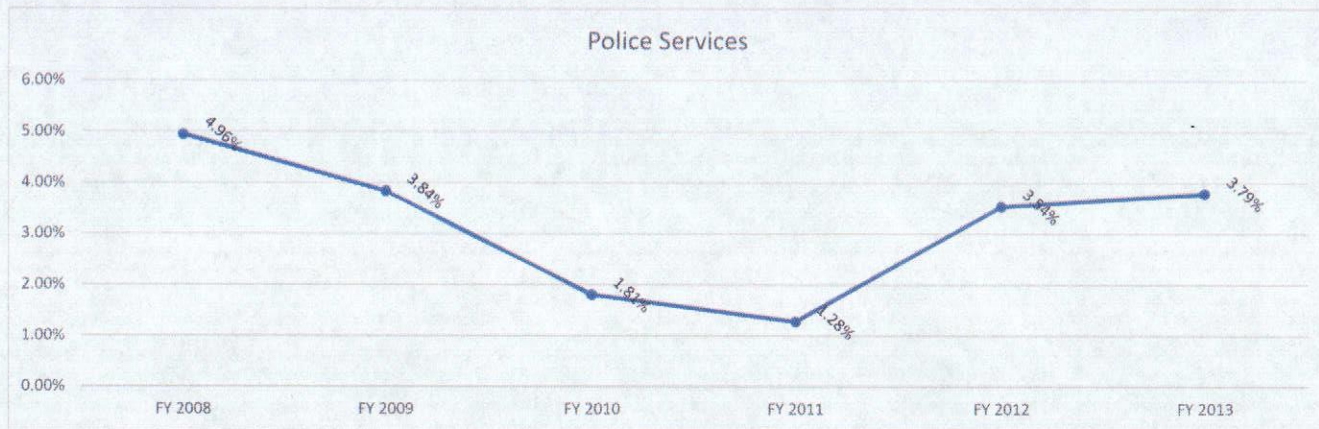
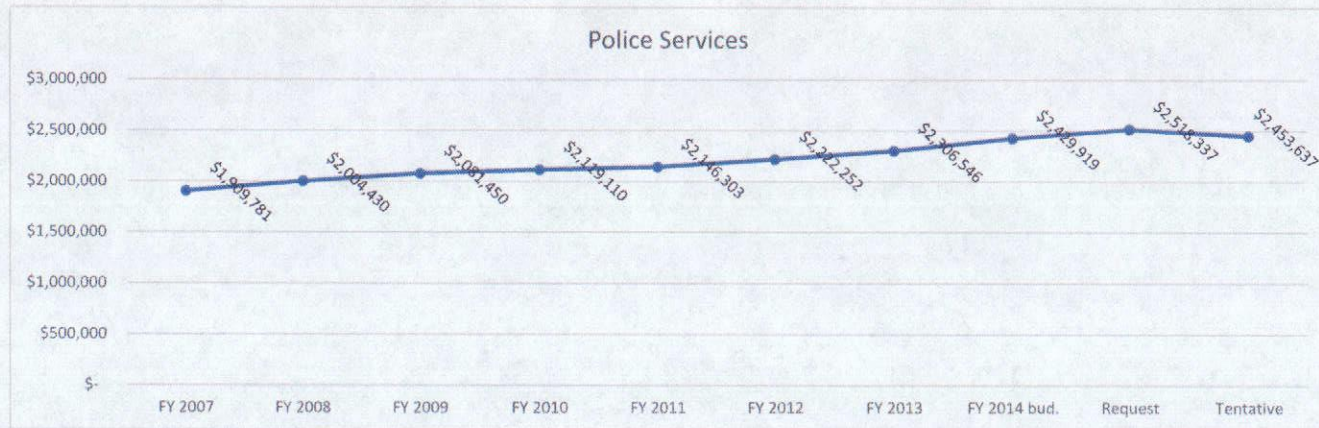
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Govt. Services	\$ 1,249,790	\$ 1,301,091	\$ 1,347,823	\$ 1,302,851	\$ 1,307,698	\$ 1,350,782	\$ 1,325,485	\$ 1,413,915	\$ 1,375,801	\$ 1,375,501
	Percent ~	4.10%	3.59%	-3.34%	0.37%	3.29%	-1.87%	6.67%	-2.70%	-2.72%
							~ FY 2007	13.13%		



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Fire	\$ 620,862	\$ 646,518	\$ 677,708	\$ 718,027	\$ 748,542	\$ 768,425	\$ 794,172	\$ 813,602	\$ 822,340	\$ 822,340
	Percent ~	4.13%	4.82%	5.95%	4.25%	2.66%	3.35%	5.88%	1.07%	0.00%
							~ FY07	31.04%		

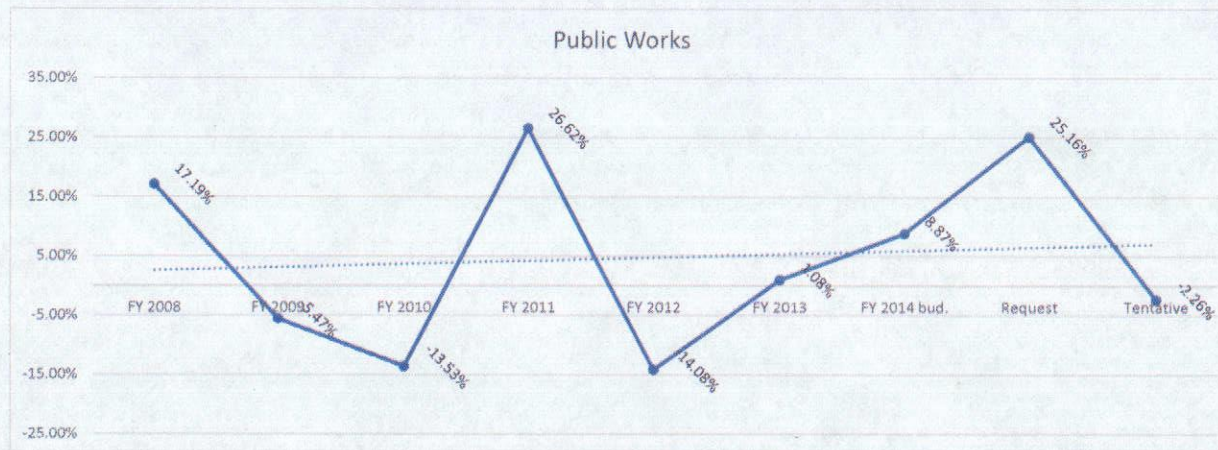
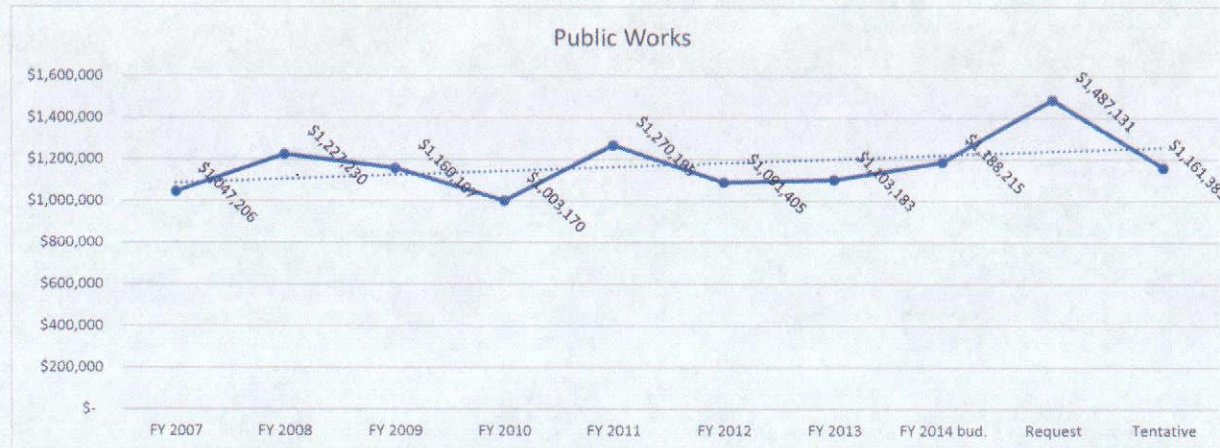


	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Police Services	\$ 1,909,781	\$ 2,004,430	\$ 2,081,450	\$ 2,119,110	\$ 2,146,303	\$ 2,222,252	\$ 2,306,546	\$ 2,429,919	\$ 2,518,337	\$ 2,453,637
	Percent ~	4.96%	3.84%	1.81%	1.28%	3.54%	3.79%	5.35%	3.64%	0.98%
							~ FY 2007	27.24%		



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Public Works	\$ 1,047,206	\$ 1,227,230	\$ 1,160,107	\$ 1,003,170	\$ 1,270,195	\$ 1,091,405	\$ 1,103,183	\$ 1,188,215	\$ 1,487,131	\$ 1,161,381 *
Percent ~		17.19%	-5.47%	-13.53%	26.62%	-14.08%	1.08%	8.87%	25.16%	-2.26%
							~ FY07	13.47%		

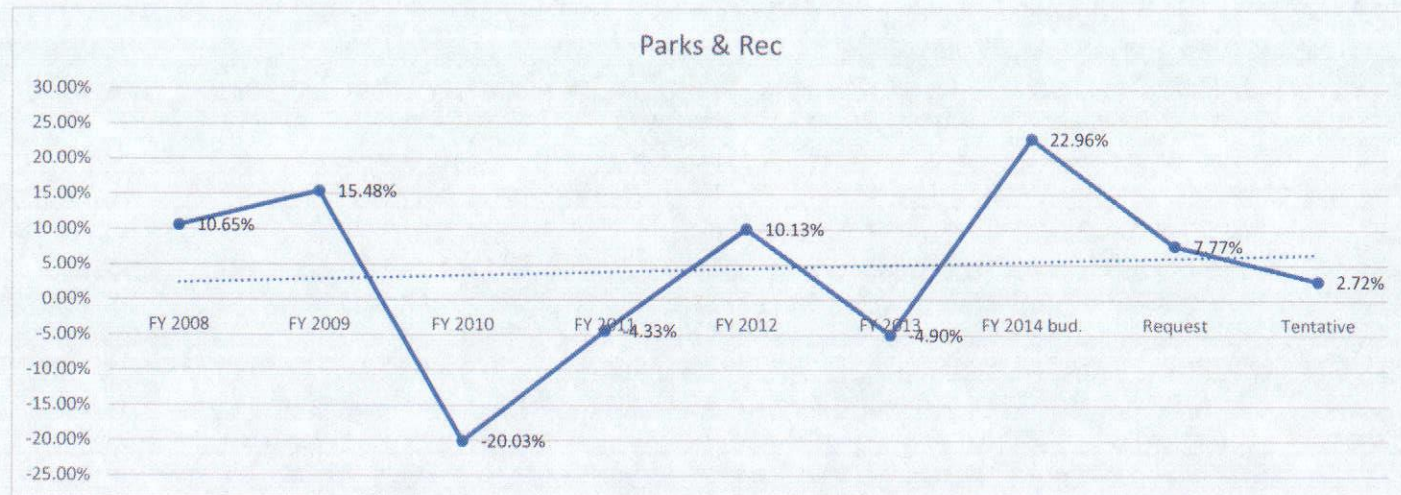
* Includes contract engineering
* does not include projects



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Street Projects	\$ 1,228,956	\$ 789,424	\$ 770,820	\$ 810,689	\$ 747,712	\$ 372,998	\$ 351,137	\$ 1,052,430	\$ 1,446,065	\$ 670,000
	Percent ~	-35.76%	-2.36%	5.17%	-7.77%	-50.11%	-5.86%	199.72%	37.40%	-36.34%
						~ FY07		-14.36%		

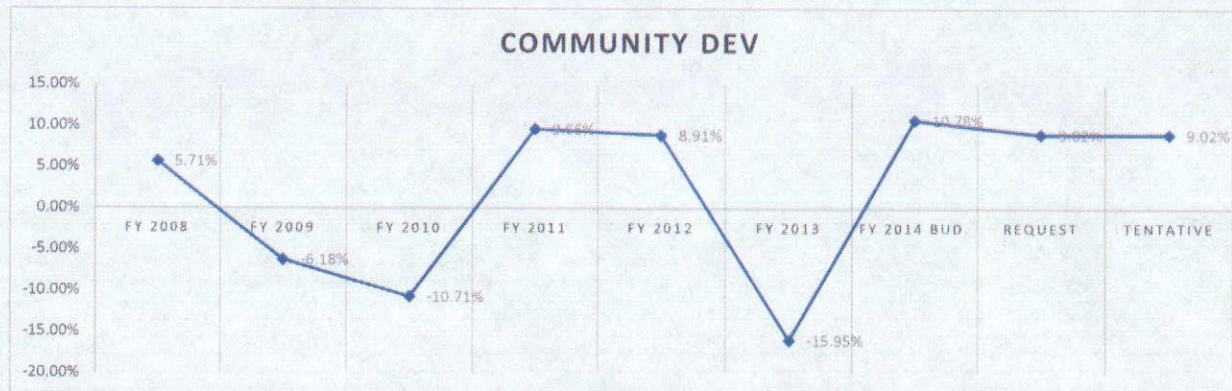
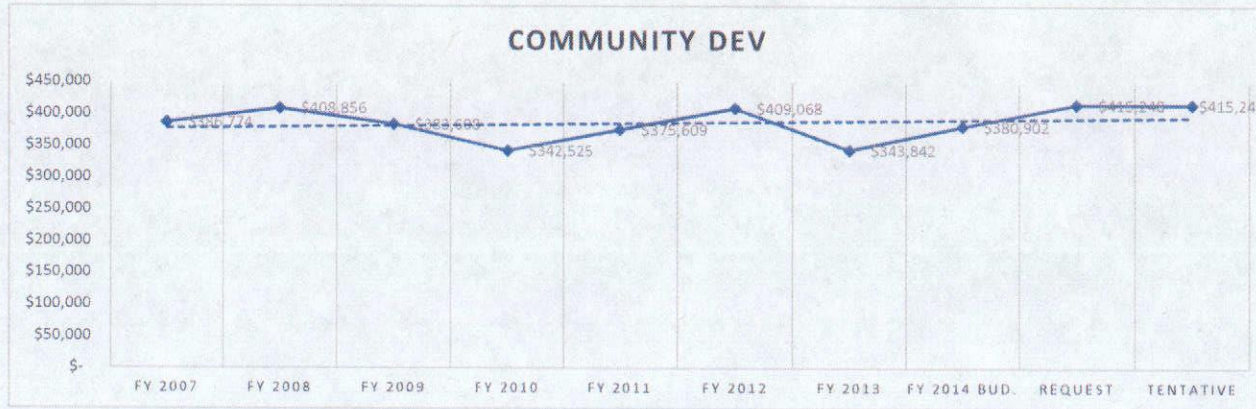


	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Parks & Rec	\$ 656,404	\$ 726,313	\$ 838,740	\$ 670,734	\$ 641,684	\$ 706,671	\$ 672,035	\$ 826,331	\$ 890,516	\$ 848,816
Percent ~		10.65%	15.48%	-20.03%	-4.33%	10.13%	-4.90%	22.96%	7.77%	2.72%
							~ FY07	25.89%		



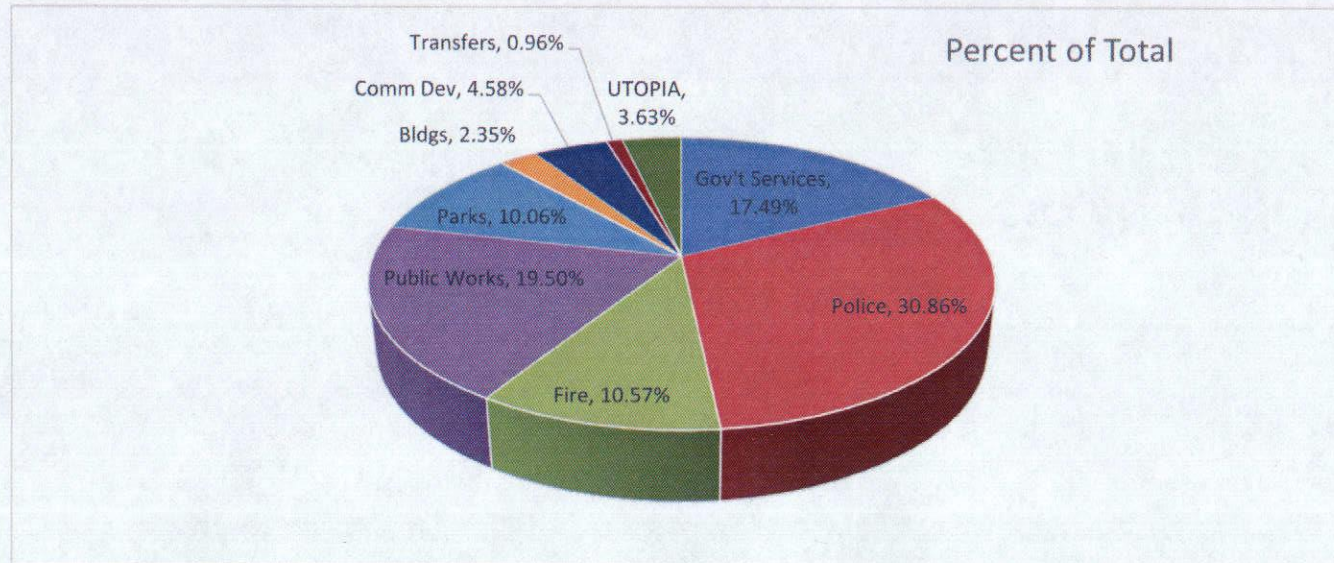
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014 bud.	Request	Tentative
Community Dev	\$ 386,774	\$ 408,856	\$ 383,608	\$ 342,525	\$ 375,609	\$ 409,068	\$ 343,842	\$ 380,902	\$ 415,248	\$ 415,248
	Percent ~	5.71%	-6.18%	-10.71%	9.66%	8.91%	-15.95%	10.78%	9.02%	9.02%
							~ FY07	-1.52%		

Co



FY 2013 General Fund Actual

<u>Gov't Services</u>	<u>Police</u>	<u>Fire</u>	<u>Public Works</u>	<u>Parks</u>	<u>Bldgs</u>	<u>Comm Dev</u>	<u>Transfers</u>	<u>UTOPIA</u>
17.49%	30.86%	10.57%	19.50%	10.06%	2.35%	4.58%	0.96%	3.63%

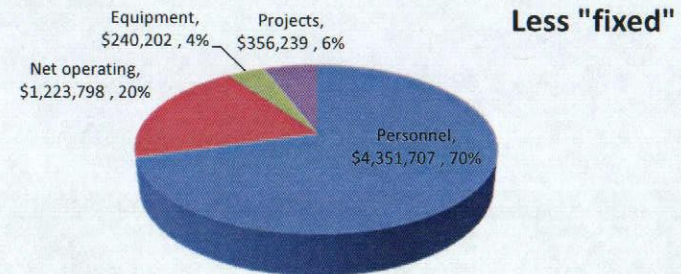
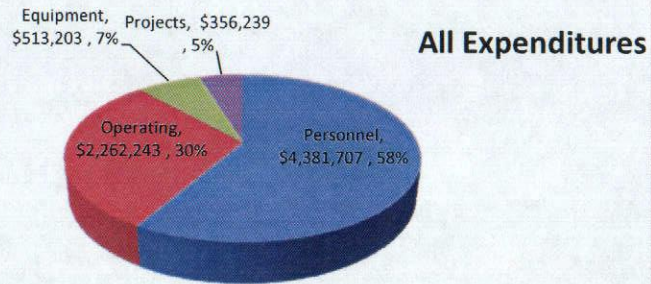


FY 2013 Actual

	<u>Gov't Services</u>	<u>Police</u>	<u>Fire</u>	<u>Public Works</u>	<u>Parks</u>	<u>Bldgs</u>	<u>Comm Dev</u>	<u>Transfers*</u>	<u>Total</u>	<u>Percent</u>
Personnel	\$ 1,028,472	\$ 1,856,031		\$ 635,148	\$ 543,492	\$ 38,488	\$ 250,076	\$ 30,000	\$ 4,381,707	58.32%
Operating	\$ 248,612	\$ 298,779	\$ 794,172	\$ 446,856	\$ 201,871	\$ 137,759	\$ 91,800	\$ 42,394	\$ 2,262,243	30.11%
Equipment	\$ 37,217	\$ 163,598		\$ 31,664	\$ 5,753	\$ -	\$ 1,970	\$ 273,001	\$ 513,203	6.83%
Projects	\$ -	\$ -		\$ 351,137	\$ 5,102	\$ -	\$ -		\$ 356,239	4.74%
Total	\$ 1,314,301	\$ 2,318,408	\$ 794,172	\$ 1,464,805	\$ 756,218	\$ 176,247	\$ 343,846	\$ 345,395	\$ 7,513,392	100.00%
Percent	17.49%	30.86%	10.57%	19.50%	10.06%	2.35%	4.58%	4.60%		

"Fixed" Op.	\$ 58,330	\$ 64,731	\$ 794,172	\$ 90,909	\$ 30,303	\$ -	\$ -	\$ -	\$ 1,038,445	45.90%
Net	\$ 190,282	\$ 234,048	\$ -	\$ 355,947	\$ 171,568	\$ 137,759	\$ 91,800	\$ 42,394	\$ 1,223,798	54.10%

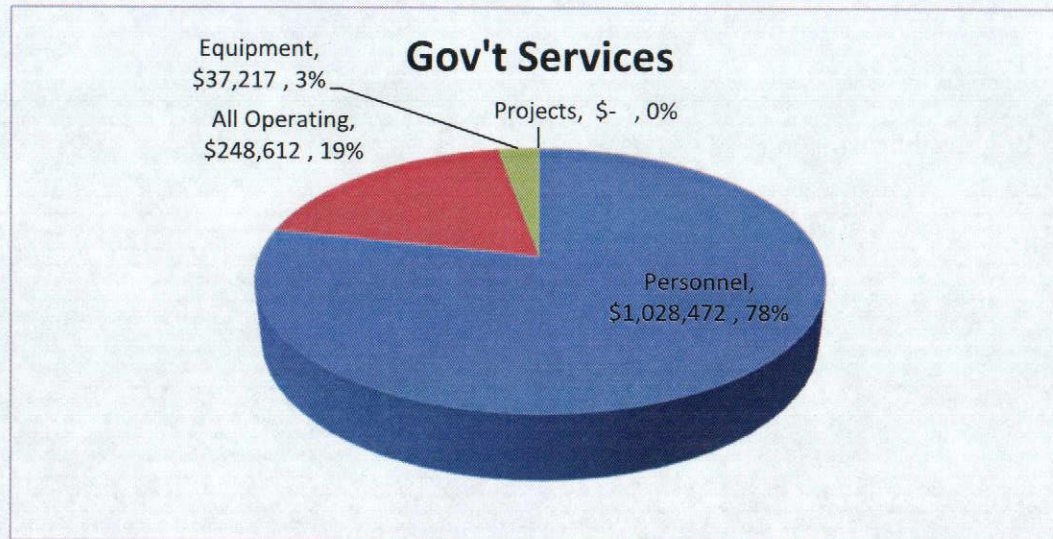
	<u>Gov't Services</u>	<u>Police</u>	<u>Fire</u>	<u>Public Works</u>	<u>Parks</u>	<u>Bldgs</u>	<u>Comm Dev</u>	<u>Transfers</u>	<u>Total</u>	<u>Percent</u>
Personnel	\$ 1,028,472	\$ 1,856,031	\$ -	\$ 635,148	\$ 543,492	\$ 38,488	\$ 250,076		\$ 4,351,707	70.51%
Net operating	\$ 190,282	\$ 234,048	\$ -	\$ 355,947	\$ 171,568	\$ 137,759	\$ 91,800	\$ 42,394	\$ 1,223,798	19.83%
Equipment	\$ 37,217	\$ 163,598	\$ -	\$ 31,664	\$ 5,753	\$ -	\$ 1,970		\$ 240,202	3.89%
Projects	\$ -	\$ -	\$ -	\$ 351,137	\$ 5,102	\$ -	\$ -		\$ 356,239	5.77%
Total	\$ 1,255,971	\$ 2,253,677	\$ -	\$ 1,373,896	\$ 725,915	\$ 176,247	\$ 343,846	\$ 42,394	\$ 6,171,946	100.00%
Percent	16.72%	30.00%	0.00%	18.29%	9.66%	2.35%	4.58%	0.56%		



FY 2013 Actual

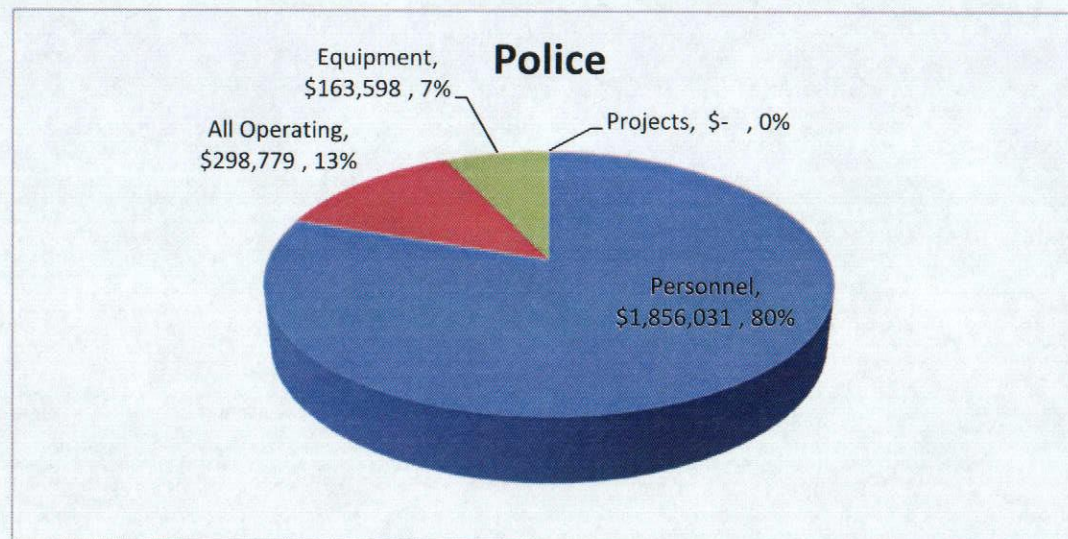
Government Services

<u>Expenditures</u>	<u>\$</u>	<u>%</u>	
Personnel	\$ 1,028,472	78.25%	Fixed Operating
All Operating	\$ 248,612	18.92%	Insurance \$ 27,530
Equipment	\$ 37,217	2.83%	Audit \$ 18,800
Projects	\$ -	0.00%	Banking \$ 12,000
Total	\$ 1,314,301	100%	Total \$ 58,330
			Net operating \$ 190,282



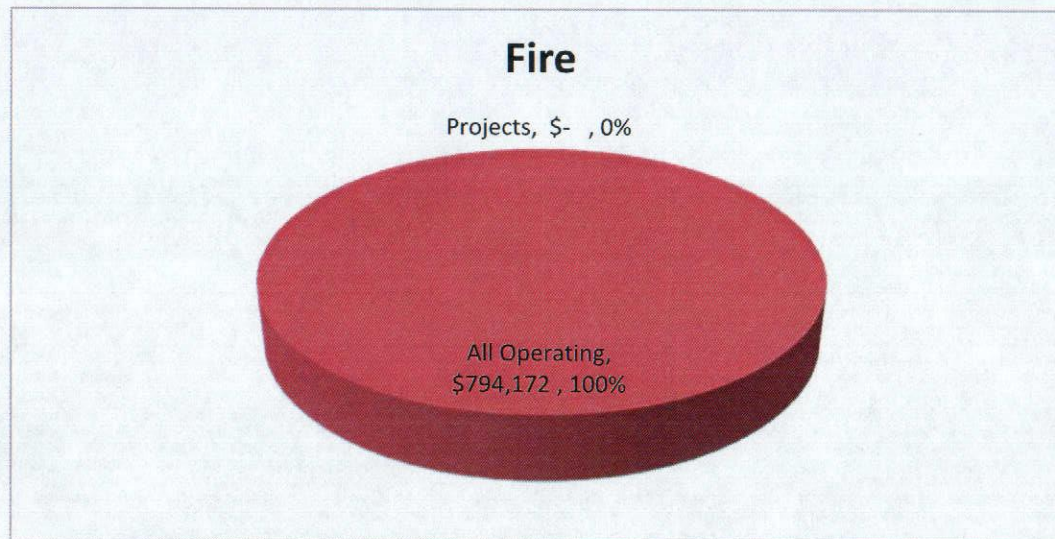
FY 2013 Actual

<u>Police</u>					
<u>Expenditures</u>	<u>\$</u>	<u>%</u>			
Personnel	\$ 1,856,031	80.06%	<u>Fixed Operating</u>		
All Operating	\$ 298,779	12.89%	Animal control	\$ 22,974	
Equipment	\$ 163,598	7.06%	Dispatch	\$ 41,757	
<u>Projects</u>	<u>\$ -</u>	<u>0.00%</u>			
Total	\$ 2,318,408	100%	Total	\$ 64,731	
			Net operating	\$ 234,048	



FY 2013 Actual

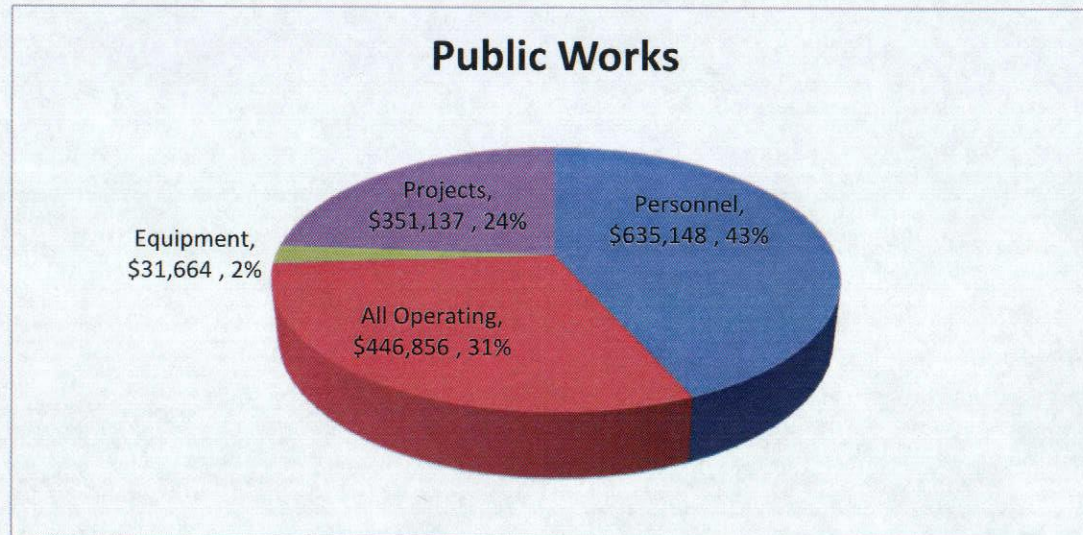
<u>Fire</u>					
<u>Expenditures</u>	\$	%			
Personnel		0.00%	<u>Fixed Operating</u>		
All Operating	\$ 794,172	100.00%	SDMF	\$	794,172
Equipment		0.00%			
<u>Projects</u>	\$ -	<u>0.00%</u>			
Total	\$ 794,172	100%			
			Total	\$	794,172
			Net operating	\$	-



FY 2013 Actual

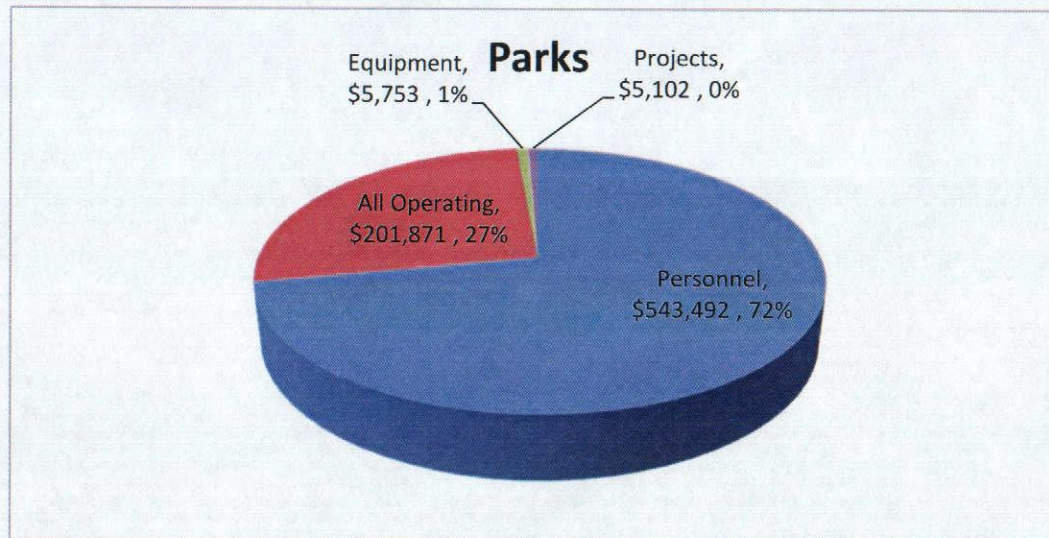
<u>Public Works</u>					
<u>Expenditures</u>		<u>\$</u>	<u>%</u>		
Personnel	\$	635,148	43.36%	Fixed Operating	
All Operating	\$	446,856	30.51%	Engineering	\$ 90,909
Equipment	\$	31,664	2.16%		
<u>Projects</u>	<u>\$</u>	<u>351,137</u>	<u>23.97%</u>		
Total	\$	1,464,805	100%		
				Total	\$ 90,909
				Net operating	\$ 355,947

* Street lighting - \$100,194 (\$87,766 electrical)



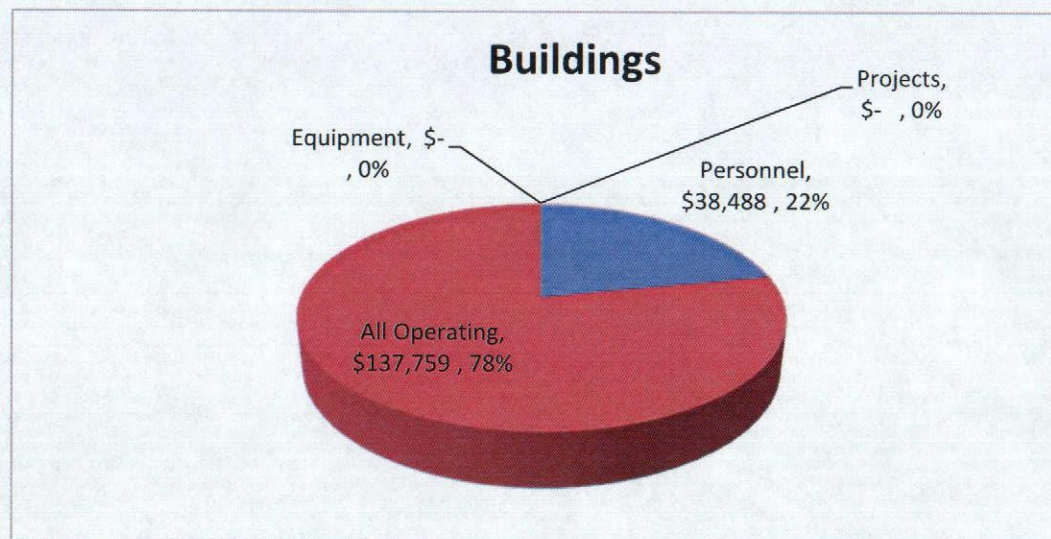
FY 2013 Actual

<u>Parks</u>					
<u>Expenditures</u>	<u>\$</u>	<u>%</u>			
Personnel	\$ 543,492	71.87%	<u>Fixed Operating</u>		
All Operating	\$ 201,871	26.69%	Events	\$ 24,740	
Equipment	\$ 5,753	0.76%	Committees	\$ 5,563	
Projects	\$ 5,102	0.67%			
Total	\$ 756,218	100%	Total	\$ 30,303	
			Net operating	\$ 171,568	



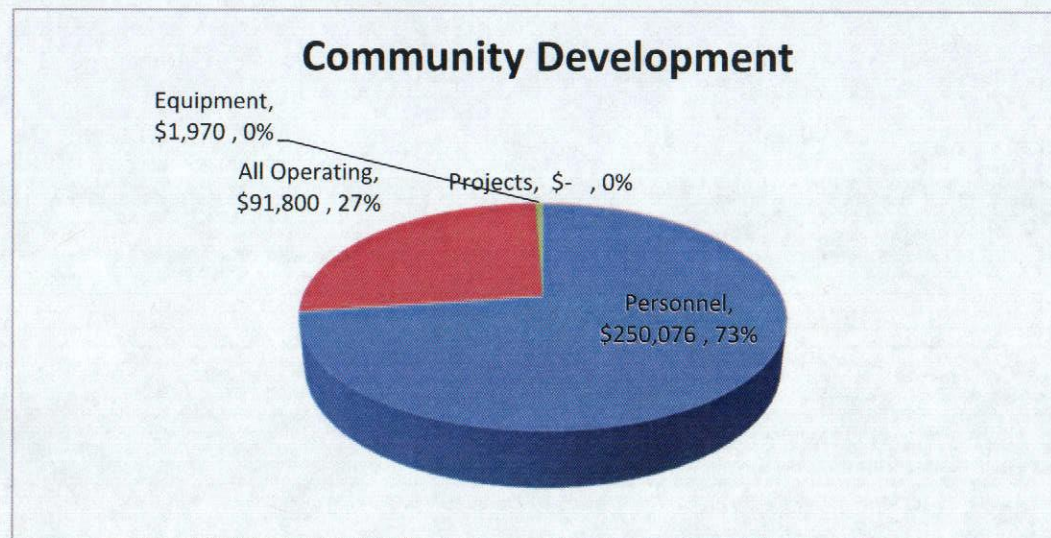
FY 2013 Actual

<u>Buildings</u>					
<u>Expenditures</u>	<u>\$</u>	<u>%</u>			
Personnel	\$ 38,488	21.84%	Fixed Operating		
All Operating	\$ 137,759	78.16%		\$ -	
Equipment	\$ -	0.00%		\$ -	
<u>Projects</u>	<u>\$ -</u>	<u>0.00%</u>			
Total	\$ 176,247	100%	Total	\$ -	
			Net operating	\$ 137,759	



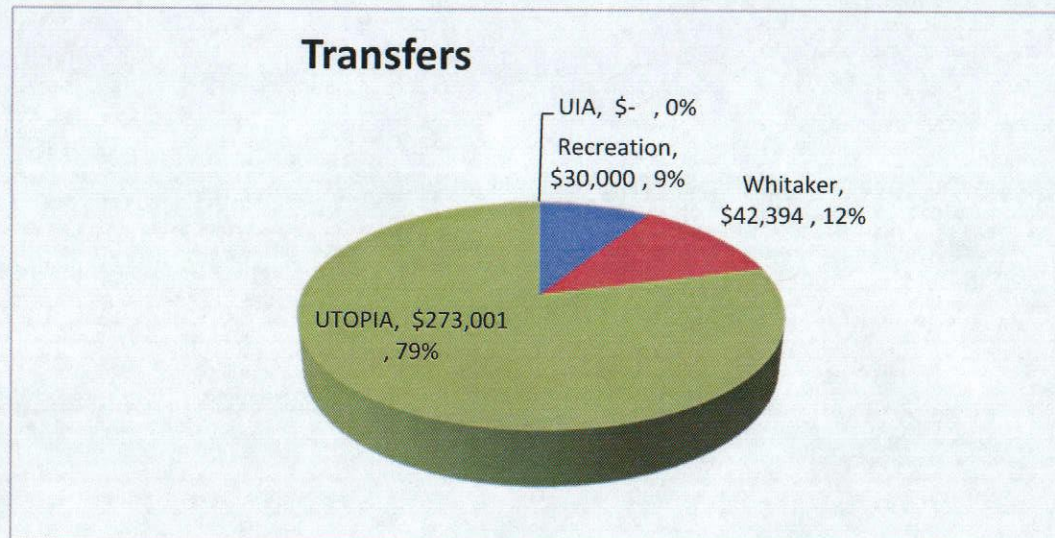
FY 2013 Actual

<u>Community Development</u>					
<u>Expenditures</u>	<u>\$</u>	<u>%</u>			
Personnel	\$ 250,076	72.73%	Fixed Operating		
All Operating	\$ 91,800	26.70%	Committees	\$ 11,923	
Equipment	\$ 1,970	0.57%	Inspection	\$ 71,224	
Projects	\$ -	0.00%			
Total	\$ 343,846	100%	Total	\$ 83,147	
			Net operating	\$ 8,653	



FY 2013 Actual

<u>Transfers</u>			
<u>Expenditures</u>	<u>\$</u>	<u>%</u>	
Recreation	\$ 30,000	8.69%	Fixed Operating
Whitaker	\$ 42,394	12.27%	
UTOPIA	\$ 273,001	79.04%	
<u>UIA</u>	<u>\$ -</u>	<u>0.00%</u>	
Total	\$ 345,395	100%	
			Total \$ -
			Net operating



CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 1.

Short Title: Recognition of outgoing Youth City Council Members

Initiated By: Lisa Summers, Youth Council Advisor

Scheduled Time: 7:10

SUBJECT

RECOMMENDATION

Allow the Youth Mayor, Brooke Larsen, to give a report on the activities of the Youth City Council over the past year. Also recognize and thank the Youth City Council members whose terms are ending for their service.

BACKGROUND

Most of the current Youth City Council Members will be continuing in this role next year. However, some are graduating or are not continuing for other reasons. These will be recognized at the Council Meeting. Then at the June 17 Council Meeting, those chosen to fill these vacancies will be introduced to the City Council and sworn in.

ATTACHMENTS:

Description

- ☐ Outgoing Youth City Council Members

Out Going Youth Council

Brooke Larsen

Nena Fillmore

Becca Cutler

Samantha Kimball

Mikell Wilcox

Melissa Noble

Melissa Arnold

Hope Newman

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 2.

Short Title: Summerfest Invitation from Bountiful Davis Arts Council

Initiated By: Bountiful Davis Arts Council representative

Scheduled Time: 7:20

SUBJECT

RECOMMENDATION

Allow Emma Dugal, Executive Director of the BDAC, to extend an invitation to Centerville officials and residents to attend the annual Summerfest activities in Bountiful.

BACKGROUND

Traditionally Emma has come to a council meeting each year to extend this invitation, and to request financial support from Centerville City for this festival. In recent years the City Council has approved a \$500 contribution as they approved the annual budget. The FY 2015 Tentative Budget again includes \$500 for this purpose. Therefore, if the City Council does not remove that amount from the Tentative Budget when adopting the Final Budget on June 17, this amount will be sent to the BDAC after July 1.

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 3.

Short Title: Minutes Review and Acceptance

Initiated By:

Scheduled Time: 7:30

SUBJECT

Review and accept May 6, 2014 work session and regular City Council meeting minutes.

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- ☐ May 6, 2014 work session minutes
- ☐ May 6, 2014 City Council meeting minutes

PRELIMINARY DRAFT

Minutes of the Centerville City Council **work session** held Tuesday, May 6, 2014 at 5:30 p.m. at the City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor	Paul A. Cutler
Council Members	Ken S. Averett Tamilyn Fillmore John T. Higginson Stephanie Ivie Lawrence Wright

STAFF PRESENT

Blaine Lutz, Finance Director/Assistant City Manager
Lisa Romney, City Attorney
Jacob Smith, Management Assistant
Kevin Campbell, City Engineer
Randy Randall, Public Works Director
Neal Worsley, Police Chief
Katie Rust, Recording Secretary

STAFF ABSENT

Steve Thacker, City Manager

OTHERS PRESENT

Fred Philpot, Lewis Young Robertson & Burningham

CONTINUED DISCUSSION OF STORM DRAIN IMPACT FEE AND RATE ANALYSIS

Fred Philpot with Lewis Young Robertson & Burningham (LYRB) presented the Storm Drain Impact Fee and Rate scenarios prepared since the April 15 City Council meeting. He presented proposed impact fees that include a 3% inflationary adjustment for project costs with and without debt. The proposed impact fee increases from \$3,800 to \$4,665 per acre without debt, and \$5,082 per acre with debt. Councilwoman Fillmore expressed surprise that a scenario showing an inflation adjustment to the rate each year was not included in the packet. Jacob Smith, Management Assistant, pointed out that the impact fee should be reevaluated every two or three years, with an adjustment for inflation at that time. Mr. Philpot commented that the proposed impact fees reflect the maximum allowable by law. The Council can reduce or adjust the impact fee as desired. Mayor Cutler asked if the impact fee could be increased every year for inflation. Mr. Philpot responded that a structured increase to the impact fee would be possible. Mr. Averett stated he feels a structured annual increase is fairer to developers than sporadic increases. Councilman Wright stated he would resist any automatic increase tied to the Consumer Price Index (CPI). Mayor Cutler stated he would be more in favor of using a fixed inflator rather than the CPI.

Mr. Philpot presented five rate scenarios based on direction given previously by the Council. He explained that inflation was added to the scenarios, and some of the subdrain capital improvement projects were moved further out on the schedule to reduce capital project expense. Scenarios 2-5 reflect across-the-board increases to the subdrain and storm drain rates to preserve the rate structure ratio that already exists. Mr. Philpot stated that the fourth scenario meets pricing objectives with the lowest increase to rates.

Scenario 1:	No rate increase
Scenario 2:	One time rate increase (no debt)
Scenario 3:	Staggered increase over two years (no debt)
Scenario 4:	Staggered increase over two years (with debt)

1 Scenario 5: Staggered increase over three years (with debt)

2
3 The Council discussed the proposed scenarios. Councilwoman Fillmore stated she
4 would prefer not to issue debt, but asked if the cash flow available from debt would change the
5 project timeline. Mr. Philpot responded that the timeline is structured to be the same with or
6 without debt. Mr. Lutz commented that the bulk of the new funding is for projects, and being a
7 drainage utility, it does not need the same amount of cash and coverage as some utilities like
8 water. Councilman Wright stated he does not feel there is a large difference between the rate
9 scenarios with and without debt – issuing debt only provides a little relief. Kevin Campbell, City
10 Engineer, stated that many of the projects are scheduled to coincide with planned UDOT or
11 County projects to take advantage of cost-sharing. Councilwoman Fillmore said she would like
12 to see a scenario with an annually increasing impact fee and rate. The Mayor added that he
13 likes the idea of a 2-3% increase to the impact fee annually. Lisa Romney, City Attorney,
14 commented that she does not see a problem with tying the rate to inflation, but any inflationary
15 increase to the impact fee would need to be fully analyzed.

16
17 The Council indicated they were in agreement in wanting staff to prepare documents to
18 be able to act in June. They would also like a list of the planned drainage capital improvement
19 projects, and an impact fee schedule that includes an annual inflationary increase over the next
20 six years. Mr. Philpot agreed to prepare scenarios for a static impact fee and an increasing
21 impact fee based on a level of inflation. Councilwoman Fillmore said she does not think it
22 makes sense to prepare the numbers before the Council examines the list of projects.
23 Councilman Wright expressed confidence in staff's ability to engineer the project list.
24 Councilman Averett agreed with Councilman Wright. Mayor Cutler added that the Council will
25 need the information to present to the public to justify an increase.

26
27 Regarding the rate, Councilman Higginson stated he is less in support of issuing debt,
28 and would like to see more analysis on options that do not include debt. Councilman Wright
29 stated he is in favor of a one-time rate increase to allow citizens to be able to plan. Mayor
30 Cutler stated he is more in favor of stepped increases. Councilman Higginson agreed with the
31 Mayor. Councilwoman Fillmore said she is fine with either, and asked the Council if they would
32 like to see the rate tied to inflation. Councilman Wright stated his opinion that they should not
33 tie anything to inflation. He added that the increases to utility fees will affect property values
34 and willingness to move to Centerville. Councilwoman Ivie stated she thinks stepped increases
35 are hard to swallow. Mayor Cutler said he feels it is easier for the public to handle smaller
36 increases over time. Councilwoman Ivie suggested the Council present both scenarios at the
37 public hearing for feedback. The Mayor requested staff prepare rate scenarios for a one-time
38 increase with and without an inflation increase. Mr. Campbell commented that, from his
39 perspective in dealing with developers, it would be nice to keep the impact fee around the
40 \$4,000 range. He feels \$5,000 would be a shock. Councilman Averett responded that
41 developers pass that fee on to the consumers, and with the decreased average building lot size
42 (fifth of an acre or less), he pointed out that the amount the consumers pay is not a lot.

43
44 **DISCUSSION REGARDING CROSSWALK SAFETY ENHANCEMENTS**

45
46 Mayor Cutler reported that complaints have been received from citizens and patrons of
47 CenterPoint Legacy Theatre regarding crosswalk safety. Chief Worsley stated that the
48 complaints center around the crosswalk on 400 West east of the theatre, and on 400 West at
49 Bellano Way crossing just north of library to the Target/Home Depot development. The crossing
50 at the theatre was put in after the theatre was built. He stated that thermoplastic taping has
51 been suggested and could be combined with advance hash markings. Chief Worsley said his
52 preference is the railroad crossing look built into the street, which he feels prompts drivers to

PRELILMINARY DRAFT

Centerville City Council Work Session
Minutes of Meeting of May 6, 2014

Page 3

1 slow down. The Chief emphasized that whatever is done, the Council will have to be able to
2 explain why the same improvements have not been made at other crosswalks, because
3 improvements have been requested at several crosswalks along 400 West. He presented sign
4 options, including the short type of signs that were added at the 400 West/Chase Lane
5 intersection, and taller crossing signs with flashing lights. Mayor Cutler stated he feels it is
6 valuable to spend a portion of the street budget on safety. Blaine Lutz pointed out that
7 improvements within the RDA project areas could be funded by the RDA. Councilman Wright
8 stated his desire to do something that is consistently useful through all seasons, pointing out
9 that the taping is less helpful with snow on the ground. Chief Worsley stated that ladder-style
10 crossings should now only be used to indicate school zones.

11
12 Councilman Averett said he uses the theatre crosswalk daily and has felt threatened by
13 traffic. He does not feel the crosswalk is visible enough, and suggested that speed might be an
14 issue. Chief Worsley stated that speed might be an issue, but pointed out that the area has a
15 lot of turning movements, with continually climbing traffic numbers. He said he has not seen a
16 lot of problem at the theatre crossing during the day. The thermoplastic taping would enhance
17 the crosswalk and make it brighter at night. The smaller-style signs could be placed on the
18 curb, or a portable sign designed for special events could be placed in the crosswalk when
19 needed. Jansen Davis, representing CenterPoint Legacy Theatre, said they have not been
20 putting the temporary sign in the crosswalk because there is no need to encourage patrons to
21 park across the street with the parking structure completed. Mr. Davis expressed the concern
22 that continuing to place the sign in the crosswalk would encourage parking across the street.

23
24 Chief Worsley quoted the price options for the taller signs with flashing lights, but
25 repeated his caution that the Council would need to be able to explain what makes that
26 crosswalk a better place for the signs than the other crossings on 400 West, such as school
27 crossings that involve children. He said he would like to put the signs at every crossing, but
28 does not feel it would be feasible for the City. The Chief suggested starting with the striping and
29 maybe a couple of the smaller signs and see if the situation is improved. Mayor Cutler
30 suggested the RDA pay for the smaller signs within the RDA area, knowing that the City may
31 need to add them at additional crossings later. Councilman Wright suggested including the
32 school committees that have brought up the issue in a discussion of the options to let them
33 know their complaints have been heard. Chief Worsley recommended the RDA pay for
34 thermoplastic tape enhancements to make the crosswalks visible, and stated he feels having a
35 special event sign in the crosswalk on performance evenings is helpful. Councilwoman Fillmore
36 stated that street design can affect safety as much as, or more than, flashing lights, and asked
37 the Chief which he feels is more effective – the thermoplastic tape or the structural railroad-style
38 crossing. Chief Worsley responded he couldn't say either way, but he feels the tape could be
39 effective with hash markings. The Chief expressed support for any enhancements made at the
40 crosswalks.

ADJOURNMENT

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44 Mayor Cutler adjourned the work session at 6:58 p.m.

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49 Marsha L. Morrow, City Recorder

Date Approved

PRELILMINARY DRAFT

Centerville City Council Work Session
Minutes of Meeting of May 6, 2014

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1

2 _____
Katie Rust, Recording Secretary

PRELIMINARY DRAFT

Minutes of the Centerville **City Council** meeting held Tuesday, May 6, 2014 at 7:05 p.m. in the Centerville City Hall Council Chambers, 250 North Main Street, Centerville, Utah.

MEMBERS PRESENT

Mayor Paul A. Cutler

Council Members Ken S. Averett
Tamilyn Fillmore
John T. Higginson
Stephanie Ivie
Lawrence Wright

STAFF PRESENT

Blaine Lutz, Finance Director/Assistant City Manager
Lisa Romney, City Attorney
Randy Randall, Public Works Director
Jacob Smith, Management Assistant
Katie Rust, Recording Secretary

STAFF ABSENT

Steve Thacker, City Manager

VISITORS

Interested citizens (see attached sign-in sheet)

PLEDGE OF ALLEGIANCE

BSA Troop 1290

PRAYER OR THOUGHT

Mayor Paul A. Cutler

OPEN SESSION

Patricia Hendrick – Ms. Hendrick expressed the concern that continuing in a partnership between UTOPIA and Macquarie would be stepping into more trouble because of the proposed utility fee. She has a service provider already and would not want to be forced to change service and pay the utility fee. She stated she is not sure it is legal to charge a utility fee without providing something in return. Ms. Hendrick expressed she feels continued partnership would become a burden on the City, and is concerned that there would be no market. She said she feels it is outsourcing to go to Australia to provide service. Ms. Hendrick stated she is concerned with the idea of the city granting exceptions and citizens having to help pay fees for others who cannot pay. She suggested the matter be put up for a vote, and suggested the City find a way to pay for UTOPIA without adding a utility fee.

Mayor Cutler thanked Ms. Hendrick for her comments and expressed the Council's desire to make as much information as possible available to the public. He asked Lisa Romney, City Attorney, to respond to the suggestion of a public vote. Ms. Romney stated that State law prohibits "straw" votes, or using votes as a method of polling, and added that she will look into the matter further.

Dale McIntyre – Mr. McIntyre asked the overall cost and Centerville's portion of the cost of Milestone One with Macquarie, as well as the costs for Milestone Two. He also asked if the names and email addresses of the eleven-member citizen committee are available on the website so they can be contacted by citizens.

PRELIMINARY DRAFT

Centerville City Council
Minutes of Meeting of May 6, 2014

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Mayor Cutler responded that the cost of Milestone One is not to exceed \$480,000. Centerville's portion is less than 4% of that, which would only be paid if Centerville decides not to proceed to Milestone Two. Mayor Cutler stated that names and email addresses of the citizen committee are not on the website for their privacy, but he would be happy to share the names individually. The purpose of the citizen committee is to take a non-political look at the matter. The Mayor recommended that citizens lobby Council members, since the Council is the body that will make the final decision.

William Ince – Mr. Ince said he attended the citizen advisory committee meeting and the recent Macquarie presentation, and noticed a lack of discussion of law suits likely to be filed by service providers. He is concerned by the lack of discussion, and would like to know what the impact of those potential lawsuits would be.

Mayor Cutler responded that Macquarie has verbally responded to questions regarding potential lawsuits that they would take responsibility for any law suits. He added that this is a real concern for lawmakers throughout the country. Councilman Averett asked if incumbent providers sued Google or Provo. The Mayor responded that they did not.

Lisa Sommer – Referring to the Centennial Book currently in the preparation stage, Ms. Sommer stated that the Whitaker Museum has provided hours of research as well as photos and documents, without fee, for the Book Committee. As liaison for the Whitaker Museum Board, Ms. Sommer stated that the Museum Board is not willing to release copyrights for the photos and documents, and requests recognition for the materials. She proposed that the Museum Board have the opportunity to consider taking it over if the Council chooses not to hold the copyright.

MINUTES REVIEW AND ACCEPTANCE

The minutes of the April 15, 2014 City Council meeting were reviewed. Councilman Higginson made a **motion** to approve the minutes. Councilman Wright seconded the motion, which passed by unanimous vote (4-0). Councilman Averett was absent from the April 15th meeting and abstained from voting.

SUMMARY ACTION CALENDAR

- a. Accept public utility easement for the Douglas Coons lot located at approximately 82 West Walton Lane.
- b. Consider Assignment Agreement with Oakwood Homes of Utah, LLC for Woods Park PDO.
- c. Consider Infrastructure Improvements Agreement (Prior to Recording Plat) with Oakwood Homes of Utah, LLC for Woods Park PDO.

Councilman Wright made a **motion** to approve all three items on the Summary Action Calendar. Councilwoman Ivie seconded the motion, which passed by unanimous vote (5-0).

INTERLOCAL AGREEMENT WITH BOUNTIFUL CITY FOR 400 EAST STREET RECONSTRUCTION PROJECT – RESOLUTION NO. 2014-13

Randy Randall, Public Works Director, reported that the low bid for the 400 East Street Reconstruction Project was lower than expected. Centerville's share will be approximately \$53,975. Councilwoman Ivie asked Mr. Randall if he feels concrete is the best option for that

PRELIMINARY DRAFT

Centerville City Council
Minutes of Meeting of May 6, 2014

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1 portion of 400 East. Mr. Randall responded that, since the water line was replaced 5-10 years
2 ago, he feels it is a good option. He added that it will look better for concrete to continue from
3 Bountiful to the Pages Lane intersection. There are not a lot of utilities beneath that portion of
4 the road, and the expense was included in the budget.

5
6 Councilman Averett made a **motion** to approve Resolution No. 2014-13 approving an
7 Interlocal Cooperation Agreement between Centerville City and Bountiful City for the 400 East
8 Reconstruction Project. Councilman Higginson seconded the motion, which passed by
9 unanimous vote (5-0).

CENTENNIAL BOOK DISCUSSION

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13 Ms. Romney explained that the Centennial Book Committee began when a few citizens
14 approached the City with the idea of putting a book together and asked for help with the funding.
15 A Centennial Book Committee was formed as a subcommittee to the Centennial Committee,
16 and at this time the City Council has agreed to provide \$20,000 for preparation and production
17 costs, \$10,000 of which has already been appropriated. The City has not agreed to take on the
18 copyright.

19
20 Lloyd Carr, representing the Centennial Book Committee, expressed gratitude for the
21 Council's support and commitment regarding the book. He explained that the copyright in
22 question is the right to republish the book. The Book Committee would like a single source to
23 appeal to for right to republish the book if demand exists. The right to republish is usually held
24 by the author of a book, but the book has many authors, and the Committee will not remain a
25 committee after the City's Centennial. Obtaining permission from many authors or their
26 descendants can be problematic. The Book Committee is asking for copyright to be granted to
27 an entity. The Committee is not asking for copyright to photos or information from the Museum
28 or any other source. All photos, documents, and information will be properly identified and
29 individual copyrights will be clearly stated in the book. Mayor Cutler explained that the Council
30 and staff are concerned that if the City holds the copyright, production would be held to the
31 same bid requirements as the City. The City also does not want to be financially responsible.
32 Mr. Carr stated the Book Committee is only asking for the \$20,000 toward preparation and
33 publication agreed to by Mayor Russell and the previous Council. Mr. Carr said it is his
34 understanding that sales of the book would be subject to sales tax whether sold by the City or
35 by Carr Printing. He agreed that the Whitaker Museum would be a key location for sales. It is
36 the Book Committee's intention to pay the City back if revenues exceed expenses. Mr. Carr
37 stated that the book could be sold by individuals or groups as a fundraiser. Councilman Wright
38 recommended staff include both the Book Committee and the Museum Board together in
39 discussions, and emphasized that communication is important.

40
41 Lisa Sommer, Whitaker Museum Director, stated that she feels the book is going to
42 become more valuable as time goes by. Her earlier offer on behalf of the Museum Board to
43 consider taking over the copyright was in an effort to keep future revenue in the city if staff did
44 not want to take on that responsibility. Mayor Cutler suggested the Museum Board invite a
45 representative of the Committee to attend a Board meeting to discuss the possibilities. Ms.
46 Romney commented that copyright laws are complicated, and staff recommends a printing
47 company who understands the requirements hold the copyright.

48
49 Councilwoman Fillmore made a **motion** to allow Carr Printing to own the copyright of the
50 Centennial Book. Councilman Wright seconded the motion, which passed by unanimous vote
51 (5-0).
52

PRELILMINARY DRAFT

FY 2015 BUDGET PRESENTATION

Blaine Lutz, Finance Director, presented the City Manager's Proposed Budget for Fiscal Year 2015 and answered questions from the Council. Councilman Wright made a **motion** to adopt the Proposed Budget as the FY 2015 Tentative Budget and set a public hearing for June 3rd. Councilwoman Ivie seconded the motion, which passed by unanimous vote (5-0).

MAYOR'S REPORT

- Mayor Cutler listed a few options for providing information to the public regarding the Macquarie proposal and asked for Council input. Councilwoman Ivie stated she likes the pro/con approach. The Mayor also asked for Council input regarding questions to forward to Macquarie. Mayor Cutler stated that the report provided by Macquarie created more questions than answers. There was agreement among the mayors that there is confidence in Macquarie regarding build-out and operation. The remaining questions relate to the model for up-selling and distribution of additional revenue. He said that Milestone Two is projected to cost at least double the cost of Milestone One, and explained that the cities are considering adding another phase between Milestones One and Two that would cost less. It is expected that costs would be locked down during Milestone Two. Councilman Wright stated he feels the impact of utility fees on the citizens has not been discussed enough. He also expressed concern that the proposal puts the City in the role of collector. Mayor Cutler recommended the City send information on the proposal to the community and hold a public hearing in early June. Councilman Averett suggested the Council hold a work session with the citizen committee, and a second work session for Council discussion. Councilman Wright said he feels it would be valuable to meet with the citizen committee before the public hearing. Councilwoman Ivie suggested someone present the pros and the cons of the Macquarie proposal. Councilman Higginson recommended members of the citizen committee present the pros and cons. Councilwoman Fillmore recommended the committee present their opinions to the Council as soon as possible.
- The Mayor reported that Fire Agency discussions have taken place and will continue to take place regarding disparities in paramedic funding.

MISCELLANEOUS BUSINESS

Councilwoman Fillmore described a citizen's request for permission to place signs designating idle-free zones on City property at schools throughout the city. There would be no cost to the city, and no staff time would be involved. Council members Averett, Fillmore, and Higginson indicated a desire to discuss the request further at a future meeting. Mayor Cutler stated he is in favor of inviting the citizen to make a presentation to the Council.

ADJOURNMENT

At 8:39 p.m. Councilman Wright made a **motion** to adjourn the meeting and move to a meeting of the RDA. Councilman Higginson seconded the motion, which passed by unanimous vote (5-0).

PRELILMINARY DRAFT

Centerville City Council
Minutes of Meeting of May 6, 2014

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Marsha L. Morrow, City Recorder

Date Approved

Katie Rust, Recording Secretary

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 4.

Short Title: Summary Action Calendar

Initiated By:

Scheduled Time: 7:35

SUBJECT

- a. Commence warranty period for MTC Lot 2 Amended Subdivision
- b. Commence warranty period for Chitose Johnson Subdivision
- c. Consider Assignment Agreement between the City and Wal-Mart Real Estate Business Trust regarding Lot 1 of the Centerville Wal-Mart Subdivision and Planned Center

RECOMMENDATION

- a. Approve commencement of warranty period for MTC Lot 2 Amended Subdivision, effective May 20, 2014.
- b. Approve commencement of warranty period for Chitose Johnson Subdivision, effective May 20, 2014.
- c. Approve Assignment Agreement between the City and Wal-Mart Real Estate Business Trust regarding Lot 1 of the Centerville Wal-Mart Subdivision and Planned Center.

BACKGROUND

- a. MTC Lot 2 Amended Subdivision, located at 500 North Marketplace Drive, was given final approval by the Planning Commission on March 27, 2013. According to the City Engineer, all public improvements have been completed and he recommends commencement of the warranty period. The amount of security posted for the warranty period will be \$2,750.
- b. Chitose Johnson Subdivision, located at 200 East 1200 South, was given final approval by the Planning Commission on August 28, 2013. According to the City Engineer, all public improvements have been completed and he recommends commencement of the warranty period. The amount of security posted for the warranty period will be \$10,556.20.
- c. The City previously entered into a Development Agreement dated December 24, 2005, with Wal-Mart Stores, Inc. for the development of the Centerville Wal-Mart Subdivision. The Development Agreement has been recorded against all property within the Wal-Mart Subdivision. Pursuant to Section 20 of the Development Agreement, any future transferee or purchaser of property within the Subdivision is required to enter into an Assignment Agreement with the City agreeing to be bound by the terms and conditions of the Development Agreement. Wal-Mart Stores, Inc. has transferred ownership of Lot 1 of the Subdivision to Wal-Mart Real Estate Business Trust and desires to enter into an Assignment Agreement with the City assigning its

rights and obligations under the Development Agreement to Wal-Mart Real Estate Business Trust.
Staff recommends approval of the attached Assignment Agreement.

ATTACHMENTS:

Description

- Wal-Mart Assignment Agreement

When recorded, return to:

Centerville City
Attn: City Recorder
250 North Main Street
Centerville, Utah 84014

Affects Parcel:

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(Lot 1)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is made and entered into as of the _____ day of _____, 2014, by and between **WAL-MART STORES, INC.**, a Delaware corporation ("Assignor"), **WAL-MART REAL ESTATE BUSINESS TRUST**, a Delaware statutory trust ("Assignee"), and **CENTERVILLE CITY**, a Utah municipal corporation ("City"), collectively, the "Parties", or individually, a "Party".

RECITALS:

WHEREAS, Assignor and the City previously entered into that certain Development Agreement dated December 24, 2005, and recorded at the Davis County Recorder's Office on August 23, 2006, Entry No. 2195220, Book No.4102, Pages 266-330 ("Development Agreement"), regarding the development of the Centerville Wal-Mart Subdivision and Planned Center Project consisting of approximately 22.50 acres of real property located at the southeast corner of 400 West and Parrish Lane in Centerville City, Davis County, State of Utah, as more particularly described in **Exhibit 1**, attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, Assignee is purchaser and/or owner of a portion of the Property known as Lot 1 of the Centerville Wal-Mart Subdivision which is more particularly described in **Exhibit "B,"** attached hereto and incorporated herein by reference ("Lot 1"); and

WHEREAS, Assignor desires to joint and severally assign its rights and obligations under the Development Agreement to Assignee with respect to the development of Lot 1 under the terms and conditions of the Development Agreement as more particularly provided herein; and

WHEREAS, the Parties are entering into this Agreement in order to effect, joint and severally, an assignment by Assignor and acceptance and assumption by Assignee of the Development Agreement as it pertains to Lot 1, as their interests appear, and any other property within the project which Assignee has an interest, as more particularly provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Assignment and Assumption.** Assignor hereby assigns to Assignee joint and several liability and responsibility for Assignor's right, title and interest in and to the Development Agreement as it pertains to Lot 1 together with Assignor's rights, powers and privileges thereunder existing from and after the date of this Agreement. Assignee hereby accepts the same and assume the rights and responsibilities of the Development Agreement as it pertains to Lot 1 and agree to timely pay and perform each and every obligation to be paid and performed under the Development Agreement as it pertains to Lot 1 from and after the date of this Agreement. Pursuant to Section 20 of the Development Agreement, Assignee further agree to be bound by the terms of the Development Agreement and to be liable for the performance of each of the obligations contained in the Development Agreement as it relates to Lot 1 and any other applicable obligation.

2. **Acknowledgment of Recording.** Assignee hereby acknowledge the recording of the Development Agreement and authorizes the recording of this Assignment against Lot 1 and any other property within the project in which Assignee has an interest.

3. **Successors and Assigns.** This Agreement shall bind the Parties, their personal representatives, successors and assigns. Any assignment of the rights and duties of Assignee as assigned herein shall be subject to and comply with the terms of the Development Agreement, including, but not limited to Section 20 of the Development Agreement.

4. **Attorneys' Fees.** Should any Party commence a legal proceeding to enforce any of the terms or provisions of this Agreement, the prevailing Party in such proceeding shall recover reasonable attorneys' fees and costs from the defaulting Party, as fixed by the court in such proceeding.

5. **Effective Date of Assignment.** The provisions of this Agreement shall become effective immediately upon proper execution by the Parties.

6. **Miscellaneous.** Nothing herein shall be deemed to create the relationship of principal and agent, partnership or joint venture between the Parties. This Agreement shall be interpreted and construed only by the content hereof, and there shall be no presumption or standard of construction in favor of or against any Party. This Agreement may be amended or modified only in writing. The invalidity or unenforceability

of any provision of this Agreement, as determined by a court, shall in no way affect the validity or enforceability of any of the remaining provisions hereof. This Agreement shall be construed according to and governed by the laws of the State of Utah.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first above written.

"Assignor"
WAL-MART STORES, INC.

By: _____

Its: _____

"Assignee"
WAL-MART REAL ESTATE BUSINESS TRUST

By: _____

Its: _____

"City"
CENTERVILLE CITY

Mayor Paul A. Cutler

ATTEST:

Marsha L. Morrow, City Recorder

CITY ACKNOWLEDGMENT

STATE OF UTAH)
 : ss.
COUNTY OF DAVIS)

On the ____ day of _____, 2014, personally appeared before me Paul A. Cutler, who being duly sworn, did say that he is the Mayor of **CENTERVILLE CITY**, a municipal corporation of the State of Utah, and that the foregoing instrument was signed in behalf of the City by authority of its governing body and said Paul A. Cutler acknowledged to me that the City executed the same.

Notary Public

My Commission Expires:

Residing at:

WAL-MART STORES ACKNOWLEDGMENT

STATE OF _____)
 : ss.
COUNTY OF _____)

On the ____ day of _____, 2014, personally appeared before me _____, who being by me duly sworn did say that (s)he is the _____ of **WAL-MART STORES, INC.**, a Delaware corporation, and that the foregoing instrument was signed on behalf of said corporation by proper authority of its Board and duly acknowledged to me that said corporation executed the same.

Notary Public

My Commission Expires:

Residing at:

)

)

EXHIBIT "A"

Legal Description of Property

All of the Legacy Crossing at Parrish Lane Subdivision Plat located in Centerville, Utah,
as recorded at the Davis County Recorder's Office, State of Utah

EXHIBIT "B"

Legal Description of Lot 1

All of Lot 1 of the Legacy Crossing at Parrish Lane Lot 4 Amended Subdivision Plat
located in Centerville, Utah, as recorded at the Davis County Recorder's Office,
State of Utah

Parcel No. 06-368-01

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 5.

Short Title: Proposed Macquarie/UTOPIA Public Private Partnership

Initiated By: Mayor Cutler

Scheduled Time: 7:35

SUBJECT

- a. Public education/public hearing process
- b. Assumptions Summary
- c. Milestone 1 Report

RECOMMENDATION

Confirm the public involvement process; review the Assumptions Summary; and provide additional questions for Macquarie to answer.

BACKGROUND

Mayor Cutler will review the public education/public hearing process he has proposed in connection with Macquarie's Milestone 1 Report, which is summarized as follows:

June 3 -- Advisory Committee reports to City Council

June 5 -- Public open house/Q&A

June 17 -- Public hearing

Several attachments have been provided as background for this topic. One is the Executive Summary of the Milestone 1 Report; another is a list of assumptions on which that Report is based; and the third is a compilation of questions and answers regarding the proposed PPP.

ATTACHMENTS:

Description

- D Milestone one exec summary
- D Macquarie assumptions & comments
- D Centerville questions/Macquarie responses

UTOPIA Network PPP



UTOPIA Network PPP: Milestone One Report
Macquarie Capital

FINAL VERSION – EXECUTIVE SUMMARY

APRIL 29, 2014

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"Macquarie Capital" refers to Macquarie Capital Group Limited, its worldwide subsidiaries and the funds or other investment vehicles that they manage. Macquarie Capital Group Limited is an indirect, wholly-owned subsidiary of Macquarie Group Limited.

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Future results are impossible to predict. Opinions and estimates offered in this presentation constitute our judgement and are subject to change without notice, as are statements about market trends, which are based on current market conditions. This document includes forward-looking statements that represent our opinions, expectations, beliefs, intentions, estimates or strategies regarding the future, which may not be realized. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "will," "should," "seek," and similar expressions. The forward-looking statements reflect our views and assumptions with respect to future events as of the date of this document and are subject to risks and uncertainties. Actual and future results and trends could differ materially from those described by such statements due to various factors that are beyond our ability to control or predict. Given these uncertainties, you should not place undue reliance on the forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

We believe the information provided herein is reliable, as of the date hereof, but do not warrant its accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources. Without limiting the generality of the foregoing, no audit or review has been undertaken by an independent third party of the financial assumptions, data, results, calculations and forecasts contained, presented or referred to in this document. You should conduct your own independent investigation and assessment as to the validity of the information contained in this document and the economic, financial, regulatory, legal, taxation, stamp duty and accounting implications of that information. Except as required by law, Macquarie and its respective directors, officers, employees, agents and consultants make no representation or warranty as to the accuracy or completeness of the information contained in this document, and take no responsibility under any circumstances for any loss or damage suffered as a result of any omission, inadequacy, or inaccuracy in this document.

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None of the entities noted in this document are authorized deposit-taking institutions for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

CIRCULAR 230 DISCLOSURE

Macquarie Capital does not provide any tax advice. Any tax statement herein regarding any US federal income tax is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties. Any such statement herein was written to support the marketing or promotion of the transaction(s) or matter(s) to which the statement relates. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

1. EXECUTIVE SUMMARY

Macquarie Capital ("Macquarie") and First Solutions P3 Alliance ("First Solutions") have significantly advanced our plan for the completion and long term operation of the Utah Telecommunications Open Infrastructure Agency ("UTOPIA") and Utah Infrastructure Agency ("UIA", and together with UTOPIA, the "Agencies") fiber to the premises network since execution of the Pre-Development Agreement ("PDA") in December 2013 and are pleased to present this Milestone One Draft Proposal to the Agencies' member cities (the "Cities").

1.1 The Proposal

Macquarie's proposal has been structured specifically to achieve the Agencies' key objectives of providing a ubiquitous, open access network that increases competition and choice in the Cities, while eliminating the network's existing operating deficit and defraying existing debt service obligations.

Furthermore, the Macquarie proposal reduces transaction execution risk for the Cities, and transfers development, financing, operating and maintenance risk to the private sector, all while maintaining ultimate ownership of the network.

MACQUARIE'S MILESTONE ONE PROPOSAL

PROJECT NETWORK	▪ Open access, active ethernet network providing a ubiquitous last mile gigabit fiber connection to all addresses in the Cities ▪ Network portal will be installed on outside of standalone addresses (eg, single family homes), and in telecommunications closet of multiple dwelling units ("MDU") and multi-tenant commercial buildings ▪ Internet service providers ("ISPs") will be responsible for completing connections inside the premises
PROJECT STRUCTURE	▪ Utility fee-based public-private partnership ("PPP") with 30 year term ▪ PPP will build the network on a fixed-price, date certain basis within approximately 30 months of financial close ▪ PPP will operate, maintain and refresh the network for 30 years on a fixed price basis subject to strict performance standards ▪ Wholesaler will manage ISP relationships and help market the network ▪ ISPs will service end users directly with little involvement from PPP or Wholesaler ▪ PPP and Wholesaler will assume UTOPIA operating deficit from close
UTILITY FEE	▪ Each address will be charged a utility fee, which is a direct reflection of the expected cost of building, operating, maintaining, and financing the network for 30 years ▪ Preliminary range of \$18-20 per address per month ○ Escalated annually at a mutually agreeable index ○ Addresses in MDUs to receive 50% discount ○ Business addresses to be charged 100% premium ▪ Grace period of up to 6 months from construction to allow time for ISPs to

MACQUARIE'S MILESTONE ONE PROPOSAL

	connect users
BASIC SERVICE	- Symmetrical basic service of up to 3 Mbps with a 20GB data cap available for free to all addresses - ISPs operating on the network will be required to provide the basic service for free in exchange for ability to market premium services to users
PREMIUM SERVICES	- ISPs will compete to provide premium data, voice and video offerings to network users - ISPs will be charged transport fees related to the provision of premium services - These revenues will then be split between the Agencies, the Wholesaler and the PPP, with the significant majority going to the Agencies

Macquarie has extensively reviewed alternative implementation options and transaction structures, and believes that delivery of the project as an availability PPP will create the best value for the Cities.

1.2 Key Proposal Benefits

Macquarie feels its proposal achieves the following key benefits.

KEY PROPOSAL BENEFITS	
ACHIEVABLE SOLUTION	- Independent review of the proposed business model supports its feasibility - Positive feedback from lenders suggests appetite for funding
RISK TRANSFER	- Cities will not be required to contribute funding to the project's development - All design-build, integration and ongoing operating and maintenance risks are transferred to the PPP - The PPP will be required to operate the network to well-defined specifications - Proposed upside sharing mechanism ensures alignment of interests between all parties
FINANCIAL UPSIDE FOR CITIES	- Premium service revenues, assuming long-term upgrade rates of 30-50%, expected to total \$1.0-1.5 billion over the term - Equivalent to approximately 2-3 times the existing debt service obligations - Cities retain ownership of network assets and, upon handback at the end of the term, will receive an asset with expected annual free cash flows in excess of \$100 million
VALUE FOR MONEY	- Significant majority of residents currently pay well in excess of the utility fee for their internet connectivity - Symmetrical basic service of up to 3Mbps is comparable to competing products in the market area

KEY PROPOSAL BENEFITS

GREATER COMPETITION	▪ Separation of network infrastructure and services significantly reduces market entry and exit barriers ▪ Proposed step change in network scale has generated interest from regional and national ISPs ▪ Whether residents use the network or not, they will likely see pricing reductions from their incumbent providers, serving to offset the utility fee
SCALE AND UBIQUITY	▪ Scale of project allows for efficiencies in financing, development and operating costs, and ability to attract world class design-build contractors, systems integrators and hardware providers ▪ Standardized demarcation point across network drives operating cost efficiencies ▪ Universal access will help shrink the digital divide ▪ Provides scale required to attract stronger ISPs, promoting competition and choice for consumers ▪ Connectivity amongst the cities lays a foundation for a collaboration platform amongst community services
ISP INVOLVEMENT	▪ Clear distinction of responsibilities and handoff points between network and ISPs will ensure timely remedy of user issues and improved customer engagement ▪ Requirement to provide basic service for free will incentivise ISPs to invest in marketing premium services ▪ Large number of potential customers incentivizes ISPs to deploy significant resources to develop a robust service and maintenance operation
ALIGNMENT OF INTERESTS	▪ Sharing amongst all parties in upside revenues ▪ Private funding model will not require the Agencies or Member Cities to contribute additional funding to realize the network's potential ▪ Speed of basic service will be competitive, if not superior, to incumbent offerings that have higher costs than the proposed utility fee ▪ All-in costs (utility fee plus ISP charge) of premium services will be competitive to incumbent offerings of inferior speed and quality ▪ Users will not be billed the utility fee until they have had the opportunity to connect to the network
PLATFORM FOR GROWTH	▪ Complete network will command a much higher take-rate for premium service, which will provide additional revenues for the Cities ▪ Network can be expanded to include other cities and benefits of scale shared amongst a greater number of users

1.3 Comparison of Alternatives

The network currently faces significant capital constraints. Removing those constraints could unlock significant economic and civic benefits. A thorough evaluation of potential development models indicated that the PPP was the structure most likely to deliver these benefits, particularly given the Cities' desire to ensure the network remains open access as well as being ubiquitous across the Cities.

OBJECTIVE	PPP	SELL	SHUTDOWN
Reduction in the Agencies' Operating Deficit	●	●	●

OBJECTIVE	PPP	SELL	SHUTDOWN
Defray Service Obligations on Existing Debt	●	●	●
Parity of the Network Build Across the Cities	●	●	●
Certainty of Execution	●	●	N/A
Expand the Existing Subscriber Base	●	●	●
Ubiquitous Last Mile Connection	●	●	●
Increase Service Offerings to Users	●	●	●
Provision of Civic Benefits (Public WiFi, etc.)	●	●	●
Increase Price Competition & Choice for Users	●	●	●

● High probability ● Medium probability ● Low probability

Macquarie believes the divestment model carries excessive execution risk to be considered a viable option. Firstly, the Cities lose control over the network and future investment will only occur if the acquirer considers it commercially viable. The capital cost of the project is substantial, and the benefits from a ubiquitous buildout are such that divestment would only be a viable alternative if there is a well capitalized buyer able to propose a feasible alternative to the PPP. Macquarie understands that no such bidders have tabled an offer to the Cities.

1.4 The Proposed Model

The business model has been developed to maximize efficiency and alleviate current operational issues through the implementation of clear handoff points between the PPP, the Wholesaler and the ISPs. The Agencies will not have an operational role in the network but will be responsible for overseeing the PPP and auditing its performance relative to the standards set out in the Concession Agreement.

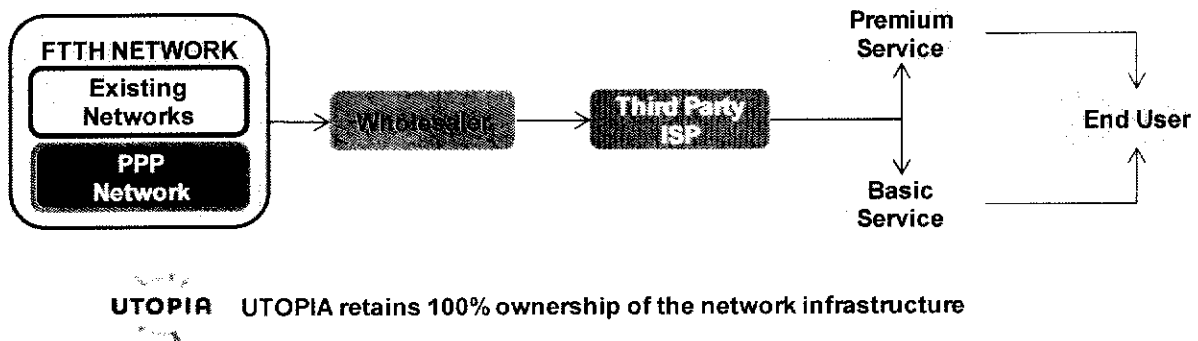
	Design-Build	Operations & Maintenance	Network Refresh	Sales & Marketing	Basic Service	End User Contact
Agencies	x	x	x*	x	x	x
PPP	✓	✓	✓	x	✓	x
Wholesaler	x	x	x	✓	x	x
ISPs	x	x	x	✓	✓	✓

*Agencies will only participate in the network refresh in the event network specifications are changed from those established in the Concession Agreement.

The PPP will build the network to a designated demarcation point on the outside of a residence or at the communications cabinet of a business or MDU. The ISPs will be responsible for completing the connection into the home or business. The PPP will subsidize the ISPs' installation costs, and ISPs will be prohibited from charging additional costs to the customer for a standard installation.

Users with installed connections will select a preferred ISP, who will be required to provide a symmetrical best efforts service of up to 3Mbps with a 20GB monthly data cap at no incremental charge above the utility fee. The ISPs will market products above this basic service as premium services for which they can charge a fee.

The Wholesaler will generate revenues from the transport fees paid by the ISPs for bandwidth used by premium service customers. UTOPIA will receive the significant majority of these revenues, while the Wholesaler will receive a share that increases with take rates. The PPP will also have modest participation in these revenues as part of a broader alignment of interests to operate the network in such a way that incentivizes users to upgrade, and in recognition of the increased costs of operating a network with more traffic.



1.5 Milestone One Work Program

Macquarie and First Solutions undertook a significant work program during Milestone One. The key components of that process are outlined below:

Design-Build	- Prepared Request for Qualifications and solicited expressions of interest to complete the outside plant from 14 local, regional and national contractors - Shortlisted two proponents, Black & Veatch and Corning - Each of these two contractors will develop fixed-price date-certain design-build proposals in competition to ensure the best value solution for the network - Shortlisted proponents prepared indicative cost estimates for completion of the network buildout – expedited timeframe generated pricing 7 weeks after RFQ - Commissioned an independent technical analysis of the existing network and UTOPIA's internal cost and scheduling estimates for network completion
Network Equipment & Systems Integration	- Solicited proposals for equipment and system integration from 4 world-class providers - Coordinated highly competitive process to select equipment vendor (Alcatel-Lucent) and systems integrator (Fujitsu) partners - Both partners provided detailed cost estimates
Operations, Maintenance & Refresh	- Solicited proposals for ongoing network operations, maintenance and refresh services from a number of world class providers - Investigated cost structure of current business operations, maintenance and refresh program, and identified a number of areas that can be improved to lift the network's overall performance and efficiency

	▪ Developed estimates of operating costs under a variety of scenarios, including self-perform and partially outsourced (with Fujitsu) options
Market Analysis	▪ Commissioned market feasibility report to assess competitive landscape, marketing considerations, take rate forecasts and transport fee levels, among other issues ▪ Commissioned a UTOPIA brand study with 700 respondents across the Cities to assess current market behaviors and attitudes to UTOPIA and other telecommunications providers ▪ Conducted focus groups to obtain a more detailed assessment of attitudes toward telecommunications providers and the Macquarie PPP proposal with 24 registered voters in Murray, Centerville and Orem ▪ Met with most of UTOPIA's current ISPs to discuss acceptability of the business model ▪ Met with ISPs not currently operating on the UTOPIA network, including national players, to discuss participation on the completed network
Public Relations	▪ Met with city councils of West Valley City, Orem, Murray, Lindon and Brigham City to introduce the PPP structure and our proposed business model ▪ Regular, detailed updates to the Cities of each working group's progress through steering committees with appointees from each of the Cities
Financing	▪ Initial discussions with 5 lenders to gauge potential market appetite for debt financing of this nature and validate our indicative financing assumptions ▪ Initiated discussions with UTOPIA bondholders to begin exploration of issues related to existing debt
Legal	▪ Preliminary legal structure provided by the Cities ▪ Commenced analysis of integrating the project network into the existing network ▪ Commenced discussions with City Attorneys to begin exploring legal issues implicated by PPP's proposed business model and implementation approach

UTOPIA: Milestone One Working Assumptions

Division	Macquarie Capital
Subject	Milestone One: Working Assumptions



The Pre-Development Agreement ("PDA") contemplates a list of key assumptions ("Working Assumptions") that underlie Macquarie's Milestone One Proposal.

At last week's Mayors' Meeting, we discussed providing the Working Assumptions in checklist form for each City to review. Macquarie proposes that each City mark each assumption noted on the following pages as per below:

- Accept the assumption (Yes)
- Reject the assumption (No)
- Further work or analysis is required (?)

Macquarie will consolidate the Cities' responses to identify areas of broad consensus and agree certain assumptions that will form the basis of a term sheet to progress into Milestone Two.

In the event that the Cities, or a subset of the Cities, reject an assumption, the following may occur:

- The assumption is amended through changes to the transaction, which may also have an effect (positive or negative) on the Utility Fee;
 - o Some change can be made prior to the finalization of Milestone One
 - o Other changes may require further work during Milestone Two
- Certain assumption are fundamental to the model and rejection may require the Cities to terminate the PDA and consider alternative options

In the event that the Cities, or a subset of the Cities, require further work or analysis for an assumption, the following may occur:

- Some additional clarification may be able to be completed prior to finalization of Milestone One
- Other further analysis may require further work during Milestone Two

Macquarie is eager to maintain the open dialogue with the Mayors and the Cities and would appreciate responses to the attached checklist at the Cities' earliest convenience.

Please Note Centerville's responses in colored text

Cities' Objectives		Y / N
Ubiquity	▪ It is important to build a last mile connection to all residences and businesses in the Cities	Y
Open Access	▪ The Cities want to promote competition through an open access network	Y
Wholesaler	▪ The Cities do not want the Wholesaler to provide services directly to users and compete with ISPs	?
Operating Deficit	▪ The Cities want the network operating deficit to be funded during the construction period to preclude further assessments from UTOPIA	Y
Debt Service	▪ The Cities want an ongoing revenue stream from the expanded network that can be used to defray debt service obligations, among other uses	Y
Alignment of Interests	▪ Cities, Wholesaler and PPP will share in the network revenues derived from premium service users to align the interests of all parties on the network	Y
Parity	▪ Macquarie and First Solutions have assumed that all 11 Cities participate in the transaction. The parity issue and potential costs to a City that does not proceed or attempts to separate from the network is a matter for the Cities and the Agencies	? Needs more analysis

Network Options		Y / N
Network Completion	▪ The Cities will benefit from completing the network	Y
	▪ The Cities should complete the network rather than shut it down or sell it	Y
Public Delivery	▪ The Cities are not willing to pledge further tax revenues to secure further bond issues to complete the network	Y
	▪ Funding constraints reduce the Cities' ability to continue to operate and further develop the network	Y
Network Sale	▪ An outright sale of the network is not a preferred option because:	Y
	○ A sale process has significant execution risk	Y
	○ A sale process may not result in a transaction which defeases debt obligations	?
	○ The network will likely no longer be truly open access following a sale	Y
	○ It is unlikely that selling the network will result in all addresses receiving connectivity	Y
	○ Acquisition by anything other than a well-capitalized, recognizable player is unlikely to materially expand network's reach	Y
PPP Model	▪ Transferring the risk of construction of the network under a fixed price, date certain basis is important to the Cities	Y
	▪ Transferring the risk of financing, operating, maintaining and refreshing the network under a fixed price certain basis is important to the Cities	N (retaining ownership is not essential)
	▪ Cities retain ownership of the network under the PPP model, which:	
	○ Allows the Cities to ensure performance standards, and	
	○ Provides an attractive and valuable asset for the Cities upon hand back at the end of the Term	

	It is important for the demarcation point to be outside the building for the PPP to guarantee delivery of the network on a specified date	Y
Installations	The PPP will establish a framework for a standard installation, for which the users will not pay any installation fees	Y
	ISPs will be able to charge for non-standard installations, for example, wiring multiple bedrooms	Y
	PPP will provide ISPs with \$50 for every internal connection completed. The \$50 will become payable once the PPP has provisioned a circuit for that user	Y
	After the network portal is attached to the address, the user will have up to six months to select an ISP to complete the internal connection	Y
Basic Service	The proposed Basic Service of 3Mbps upload and 3Mbps download with a 20GB monthly data cap is competitive with entry level products offered by market incumbents	?
	Pricing and/or service offerings from the incumbent operators are likely to become more attractive as a result of the proposed transaction	Y
	The Basic Service strikes an appropriate balance between providing value for the Utility Fee and incentivizing users to upgrade to premium services	Y

Network Users		Y / N
UTOPIA Users	Approximately 8,000 of the 11,000 active connections are assumed to be UTOPIA users	Y
	UTOPIA users did not pay connection fees and will immediately be shifted on to the utility fee model	Y
	Residential users will no longer pay the incremental \$12 transport fee that ISPs currently pass through	Y
UIA and SAA Users	Approximately 3,000 of the 11,000 active connections are assumed to be UIA and SAA users	Y
	UIA and SAA users that have paid or are paying connection fees will not pay the utility fee	Y Needs More Analysis
	Macquarie's preference is for all users to be treated equally under the utility fee model and we are developing a mechanism that would allow these users to be brought into this model and compensated for the connection fees paid	?

Transaction Structure		Y / N
Transaction Structure	▪ Utility fee based public private partnership with 30 year concession term	Y
	▪ The Cities have legal authority to enter into the Concession Agreement and enact the Utility Fee	? Need assurance on who pays for expected lawsuits
Concession Agreement	▪ Concessionaire will sign the Concession Agreement with a new interlocal agency to be formed and capitalized by the Cities under a new interlocal cooperative agreement	?
PPP & Wholesaler	▪ PPP and Wholesaler will be separate legal entities to differentiate risks of network performance from network marketing	Y
	○ Lenders' limited appetite for demand and market risk is the factor driving separation of the PPP and the Wholesaler	
	▪ PPP and Wholesaler will both be formed and capitalized by Macquarie and First Solutions	?
	○ The PPP will be special purpose vehicle owner ~90% by Macquarie or a Macquarie managed fund and ~10% by First Solutions	
IRUs to Access Networks	▪ The Concessionaire will sign indefeasible rights of use with the existing UTOPIA, UIA, UTOPIA Stimulus and Brigham SAA networks to permit operation of the network as a single entity	Y
	▪ Macquarie has assumed no incremental IRU payments will be made to the Agencies by the Concessionaire under these agreements	N Needs analysis based on proposed solution for UIA customers
UIA IRU	▪ All remaining indefeasible rights of use payments that UIA owes to UTOPIA will be passed through to the Cities	?
Payment Mechanism	▪ The Cities will collect the utility fees and remit these fees to the new interlocal agency as an availability payment that will be passed through to the Concessionaire	Y
Enforcement Rights	▪ Concessionaire will have certain protections in place to reduce the risk of a shortfall in utility fee collection. The rights being considered are:	
	○ Rate covenants	Y
	○ First claim on all network revenues (for example transport fees paid to the Wholesaler)	Y
	○ Build in an assumed non-collection margin into the utility fee (for example Actual UF = 102% * Required UF)	Y

Network Construction		Y / N
Addresses & Drops	▪ There are approximately 156,500 current premises in the Cities and a further 6,200 expected to be built during the construction period	Y
	○ New connections will be built to approximately 146,000 premises	Y
	○ There are approximately 5,000 disconnected premises. Macquarie has assumed access portals at 20% of these addresses will require replacement	Y
Topology	▪ The network will continue to be active ethernet. (<i>Analysis indicated no cost advantage from switching to a DWM-PON topology</i>)	Y
Capital Cost	▪ Black & Veatch and Corning, two of the leading telecommunications contractors in the United States, have submitted soft pricing estimates and the best value contractor will be selected by Macquarie to Design-Build the network on a fixed price, lump sum date certain basis. (<i>Note: Disclosure of these estimates would be prejudicial to the selection process and reduce Macquarie's capacity to minimize the utility fee and provide value for money to the Cities</i>)	Y
	▪ Soft pricing scope assumes 4.7 million feet of fiber needs to be built with a 65% / 35% split between underground and aerial construction	?
Footprint Model	▪ The network will continue to be built in footprints	Y
	▪ Black & Veatch and Corning have not completed detailed network designs and as such have not provided suggestions as to which footprints in which Cities will be completed when	Y
	▪ Macquarie understands there are up to 50,000 addresses that could be connected soon after financial close is achieved	Y
Permitting & Poles	▪ Cities will help coordinate and expedite the permitting process to facilitate the 30 month construction schedule	Y
	▪ All pole attachment agreements are assumed to be available and valid for the term of the concession	Y

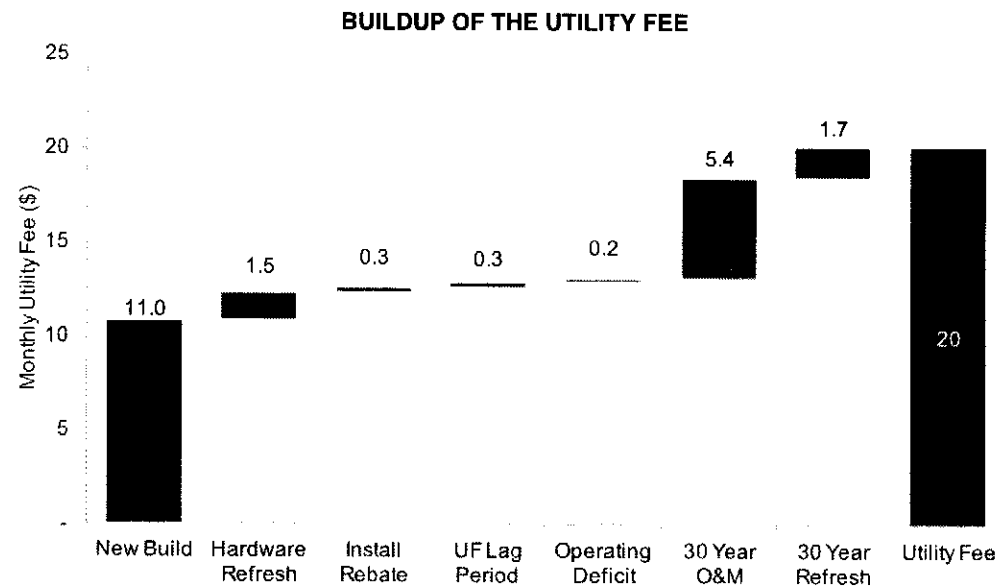
I am worried about the utility rate increasing each year but the basic service remaining the same. Something must be written in to the agreement to tie increases in utility fee to following increases in

Financial Assumptions

Y / N

Utility Fee	- Preliminary Utility Fee range of \$18-20 per month, - Utility Fee is escalated annually at CPI (assumed at 2.5%) - MDUs will receive 50% discount - Businesses will be charged a 100% premium; (<i>Note: scaling the fee to business size or other measure may be desirable</i>) - Inflation base year is 2014 - Utility fee is calculated to cover the costs to design, build, provide initial refresh, finance, operate, maintain and refresh the network only. For indication these elements contribute approximately the following to the Utility Fee: - New Build Design & Construction ~\$11.00 - Initial Refresh to bring assets to standard ~\$1.50 \$50 installation rebate ~\$0.30 6 month lag in UF ~\$0.30 - O&M deficit during construction ~\$0.20 30 years O&M ~\$5.40 30 years Refresh ~\$1.70 <i>(buildup of the Utility Fee shown on p9)</i> - Macquarie's preliminary analysis indicates removing escalation from the Utility Fee will add at least \$5 to the monthly utility fee	Y	Cities may prefer to negotiate
		?	a flat escalation (ie 2%/year)
		?	rather than a floating
		?	escalation (CPI)
		?	Cities should be allowed to
			set end utility fee to MDU /
			SF / Commercial customers
			based on total UF cost to city
		Y	
		?	(seems high)
		Y	
		?	(seems high)
Upgrade Revenue Sharing	- Tiered upgrade revenue sharing structure that will be designed to align interests of the parties and incentivise the Wholesaler to maximize take rates - Up to a base take rate, the Wholesaler and PPP receive a nominal share - Above the base take rate, the Wholesaler and PPP receive a greater share - The Cities are to propose a set of sharing parameters to Macquarie. Macquarie will help facilitate this negotiation with analysis and modelling as desired	Y	Instead of a base take rate,
		Y	cities may negotiate that the
		Y	PPP & wholesaler receive a
		Y	nominal share up to a
Debt Financing	Macquarie will determine the debt structure in consultation with the Agencies and coordinate a competitive financing process evaluating bank, bond and alternative solutions to minimize the overall cost of capital	Y	certain revenue target (such
		Y	as 50% or 100% UTOPIA/
			UIA bond coverage)

	Debt may be a long term US bond issue (taxable or tax exempt) or shorter term bank debt. <i>(Preliminary feedback from lenders indicates the PPP will achieve typical financing terms)</i>	Y
	Capital structure assumed to be 80% debt and 20% equity	Y
	Debt raised by the Concessionaire will be non-recourse and repaid from the availability payment and other network cashflows (if necessary) only	Y
Existing Bonds	- Refinance or repayment of existing bonds has not been factored into the preliminary utility fee due to high costs of breaking these debt arrangements - Incorporating these bonds is expected to add \$10-15 to the preliminary utility fee range	Y



Macquarie Capital

UTOPIA PPP Project

Date May 15, 2014
To Mayor Cutler of Centerville
Subject Responses to Centerville's Questions on the Milestone One Proposal

Dear Mayor,

We appreciate your prompt feedback on the Milestone One Proposal. Our responses to Centerville's questions, submitted by email on May 12, are below in italics, along with the original questions. Please note that our responses reflect current "work in progress" thinking and are subject to change as we continue our diligence.

Best regards,

Macquarie Capital

Legal

- 1) Will Macquarie agree to pay for the legal costs of any lawsuits challenging the Cities' ability to charge a Utility Fee?

We are working with Utopia's and City attorney's to develop the legal structure for the transaction. In milestone one this has been a "fatal flaw" review. The detailed legal work is scheduled for Milestone Two when the majority of the commercial assumptions should already be agreed. The general principle is that legal liability would be determined on a 'our watch – your watch' basis. In other words, Utopia would remain liable for issues arising from the operation of the network prior to close of the transaction while Macquarie would be liable for issues arising after the PPP has taken over. Both parties will require legal opinions on the effectiveness of the transaction structure at financial close to minimize the risk of lawsuits challenging the Cities' ability to charge a utility fee.

- 2) Will Macquarie agree to cover all UTOPIA related legal costs related in any manner to the PPP model after a certain point, such as Milestone Two or after financial close?

Macquarie has agreed to cover all UTOPIA's costs related to development of the PPP project during the PDA (Milestones One to Four). This covers both the legal advice provided by Kirton McConkie during the development of the transaction structure and negotiation of the project contracts, as well as advice from Ballard Spahr on the impact of the transaction on the tax-exempt status of the outstanding revenue bonds. Macquarie will not cover any legal costs related to the Agencies' current litigation or litigation that does not relate to Macquarie's proposed transaction.

Macquarie will only seek reimbursement of these costs from the Cities if the PDA is terminated.

Macquarie has not agreed to pay for any legal costs of the Agencies or the Cities after financial close. One of the reasons for such transparency in the PDA process is to ensure that the Cities remain fully aware of the transaction's risks and Macquarie's strategies to mitigate those risks.

PPP

- 3) The proposal outlines a 30 month build and a 30 year term for the PPP. Is the 30 month build included in the 30 year term, or is the total project timeframe 30 months + 30 years (32.5 years)?

The total project term will be 32.5 years, a 30 month construction period followed by 30 years of operations, maintenance and technology refresh.

- 4) The proposal outlines a Utility Fee of \$18-20 for single family homes, with a 50% discount for MDUs, and 100% premium for commercial properties. Please confirm that Cities should be allowed to customize or modify end user Utility Fees to customers based on total Utility Fee cost to each City, and that Cities can choose to subsidize, provide a senior discount, or waive fees for indigent circumstances according to their own policies.

The Cities will have flexibility to set the Utility Fee above the minimum amount required by Macquarie to cover the costs of the network. There are risks to increasing the fee, including greater public opposition that may reduce the probability of the transaction achieving financial close. A higher utility fee will also limit the ISPs' ability to price competitively in the market, which will impact take rates and reduce the revenue available to share with the Cities.

The Cities will also have flexibility to subsidize certain groups or offer senior discounts and waivers. These policies may, however, require the Cities to allocate funds from alternate sources if they result in Utility Fee revenues that are below the minimum amount required for the availability payment to the PPP.

- 5) The Utility Fee is indexed to increase yearly. Who will have the responsibility / authority to periodically evaluate the Basic Service level (proposed as 3x3Mbps, 20GB cap)? Does the governing board of the P3 have that responsibility?

The PPP and the Agencies will establish a review committee to evaluate the basic service at medium-term intervals, for example each five years, to review market standards and assess if any changes to the Basic Service are required.

Specific details of the review committee, including the length between each periodic review, agreed benchmarks to measure the growth in average speeds during each review period, and voting rights will be developed during Milestone Two and included in the Concession Agreement.

- 6) The Utility Fee assumes a yearly escalation tied to a mutually agreeable index, such as CPI. If the Cities prefer to negotiate a fixed flat escalation (i.e. 2% per year or 2.5% per year) rather than a floating escalation (CPI) is Macquarie amenable to that? Can you provide an estimate of how a flat escalation fee of 2%, 2.5% or even 5% would impact the initial Utility Fee?

The Utility Fee is escalated to ensure that citizens in the future are not subsidized by today's citizens. To illustrate this, if the Utility Fee were to be flat for the entire 32.5 year term of the project, then the initial Utility Fee would need to increase to \$28.90.

To the extent that a fixed rate debt structure can be put in place for the life of the project, this would not require full indexation to CPI. Certain operating costs, such as technology equipment costs, can be expected to grow at less than the rate of general inflation. However, some costs, such as labor may grow at the rate of inflation or above, and thus some element of indexation is required.

Macquarie is therefore amenable to a fixed escalation or an adjusted escalation of the Utility Fee, subject to the availability of fixed rate financing. An example of the adjusted escalation mechanism is 'inflation minus', where the increase in the Utility Fee would be tied to inflation

less a specified percentage in the event inflation rises above a certain threshold. For example, if inflation in any given year was above 5%, the Utility Fee would increase by inflation less 2%.

Macquarie has assumed a flat 2.5% escalation profile as a proxy for CPI. Reducing this assumption to 2.0% adds approximately \$0.70 to the preliminary Utility Fee range and increasing it to 5.0% reduces it by \$3.30.

- 7) What is the assumed return on equity or the overall rate of return (or range of rates of return) that Macquarie / First Solutions has assumed for the PPP under the current financial model?

Macquarie's assumed return on equity of approximately 13% is consistent with the PPP market in North America. As equity only comprises approximately 20% of the financing structure, the assumed Weighted Average Cost of Capital for the project on a post-tax basis is approximately 5.4%, which is lower than UTOPIA's effective borrowing costs.

- 8) The Basic Service proposes a 3x3Mbps connection with a 20GB cap. What happens when a user exceeds the 20GB cap? Will ISPs be allowed to charge the user a small penalty fee? Do you propose the Wholesaler or UTOPIA receive a transport or penalty fee from the ISPs for customers who exceed the cap?

We are committed to providing the Basic Service to users at no incremental charge above the Utility Fee and as such expect the PPP to throttle the user's connection speed rather than charge a penalty fee if they breach the 20GB data cap. The throttled connection will still have enough capacity for basic functions such as VoIP or email, but higher capacity services such as video streaming (e.g. Netflix, Facetime, etc) will be impacted.

The ISPs have the option to market products of similar speeds with higher data caps. These products will be classified as premium services and will attract transport fees that will be shared with the Cities through the Wholesaler's revenue sharing mechanism.

Excess data fees for these products will be charged at the ISPs' discretion, and Macquarie will provide further detail on potential transport fees applied to excess data in Milestone Two.

- 9) In our city the current data caps for basic service for incumbent providers are reported to be 150GB (CenturyLink & Digis) and 300GB (Comcast). The proposed 20GB cap seems very limited in comparison. Is Macquarie open to raising the cap on the Basic Service? What are the implications of this?

Macquarie's preliminary analysis of the incumbents' entry level products suggests that the price paid by users to access these increased data caps are much higher than the Utility Fee.

Promotional pricing for internet only products from CenturyLink and Comcast is approximately \$30 per month plus additional charges for hardware and/or modem rental. The standard prices for these services are even higher, at \$40-50 per month. Discounted pricing below these levels often requires the user to bundle their internet package with a phone or basic cable product, which increases the total package cost to \$70-80 per month.

The analysis completed by CTC, Macquarie's independent market consultant, indicated that data use averages approximately 16-18GB per month. The 20GB cap provides users sufficient bandwidth to stream almost 30 standard definition movies on Netflix each month.

Raising the data cap could impact the number of users that upgrade to premium services on the network, which will reduce the total pool of revenue available for sharing with the Cities. Macquarie has not quantified what the expected revenue impact will be at different data caps.

- 10) Currently UTOPIA provides a battery backup unit so that the network portal continues to operate when power is lost. The information in the proposal suggests that the PPP will supply the installer with a power over ethernet adapter to power the ONT, but battery backup will not

be part of the basic service. Is that correct? If battery backup is desired, will that be the responsibility of the ISP or the homeowner?

Macquarie's working assumption is that the battery backup will be the responsibility of the homeowner. We are investigating a number of options to limit the costs incurred by those users that want battery backup, including rolling the cost into the PPP. We expect to develop these options through Milestone Two. ISPs may also have the option to provide battery backups as a value added service during the installation of the connection into the premises.

To the extent possible, we will try to limit disruptions to the service caused by power outages. This was one of the factors in our selection of Alcatel-Lucent to provide the network portals. Alcatel-Lucent's portals are designed to reboot quickly after a power outage and rarely have an issue restoring access to the network once external power is restored.

Wholesaler

- 11) Will the P3 or Wholesaler charge Member Cities for internal use of the network (internal site-site communications, traffic cameras), City Park WiFi, etc)? Who will set the fee schedule for internal use? Will those revenues be treated any different than other upsell transport revenue?

This is primarily an issue of parity between the Cities. For example, a City would not be allowed to utilize large amounts of network capacity at discounted rates and then on-sell that capacity. We anticipate that the provision of City services on the network would be allowed at significantly discounted rates established by UTOPIA (i.e. not by the PPP or the Wholesaler). As any revenue streams from this would be shared substantially with the Cities to defray debt obligations, to some degree this is moving money from one pocket to another.

- 12) Who will manage and oversee the sale / trade / exchange of fiber assets and services to other public sector entities (UEN, UTA, UDOT)? Who gets to set the fees for public sector use? Will those revenues be treated any different than other upsell transport revenue?

The Wholesaler will be responsible for bringing public sector entities such as UEN, UTA and UDOT onto the network, whether directly or through an ISP, and for establishing transport fees for these services. These transport revenues will be shared with the Cities in the same way as other upsell transport revenue.

- 13) Who has the responsibility / authority for transport rates? Will the Wholesaler have complete autonomy to determine various transport levels (3Mbps, 50Mbps, 100Mbps, 1Gbps) and transport fees for each level of service? Will there be any oversight of the Wholesaler?

Certain principles will be established for the transport fees to ensure open access, which means that each user should pay the same for using the same capacity to provide substantially the same service and performance for the same volume of customers over the same time period.

In other words, the only basis for differences in pricing should be:

- *Different network capacity requirements;*
- *Different usage;*
- *Different service levels or different market segments;*
- *Different commitment lengths (e.g. length of the contract); or*
- *Different volumes.*

Within those principles, the Wholesaler will have the commercial flexibility to set the transport fees on a commercial basis. Additional feedback will be sought from the ISPs and the Agencies during Milestone Two on various pricing levels and the optimal number of speed tiers to provide. It is currently anticipated that transport fees will be set in increments of 100Mbps.

The Agencies will have oversight of the Wholesaler and an ISP which feels that transport fees charged discriminate against it will have recourse to complain to the Agencies. Ultimately, in certain circumstances the Agencies will have the right to amend the Wholesaler's proposed transport pricing, although the general intent is to make transport pricing a commercial rather than political decision. The Wholesaler's contractual and regulatory structure will be expanded on and detailed during Milestone Two.

- 14) What, if any, is the base take rate (or range of rates) that has been assumed?

Macquarie has assumed a long-term take rate of 30-50%. We are still developing our ramp-up assumptions and expect to provide further detail to the Cities on the Wholesaler's business plan and strategy to drive take rates to this long-term range during Milestone Two.

- 15) What, if any, is the share of the revenue going to the Wholesaler, PPP and the Cities until the base take rate is met, and after the base rate is met?

Macquarie and the Agencies have not discussed specific revenue sharing percentages. Up to a base take rate, the Wholesaler is expected to be marginally profitable. It will retain sufficient revenue to cover its agreed marketing and operations costs but the bulk of the revenue will accrue to the Cities. The Wholesaler will receive an increasing share of the revenue as take rates ramp-up, which incentivizes the Wholesaler to drive take rates to the long-term target of 30-50%.

The PPP will be entitled to a modest share of the revenue, to cover the higher costs of operating a network that has to service more users subscribing to higher capacity connections.

- 16) Instead of a base take rate percentage, Cities may prefer to negotiate that the PPP and Wholesaler receive a nominal share up to a certain revenue target, such as 50% or 100% coverage of UTOPIA / UIA bond obligations, and an accelerated share after that point to align performance incentives with interests. Is Macquarie / First Solutions open to considering a transport revenue sharing model based on revenue, rather than take rate percentage? What would the implications or complications of this change be?

Macquarie and First Solutions are open to considering sharing models based on total revenue, however it is important to set the revenue targets at an achievable level that provides the correct incentives to the Wholesaler. If the targets are set too high, the Wholesaler does not have an incentive to incur the costs necessary to market the network to new users and closely monitor the ISPs' compliance with their SLAs.

Note that as, under open access, transport fees are the same for each category of user, there should be little difference between a take rate and a revenue sharing model except to the extent the mix of users changes. Care should be taken not to incentivize the Wholesaler to drive higher revenue business customers, for example, at the expense of residential customers.

- 17) The proposal suggests there will be significant revenue from upselling transport / bandwidth, but it appears that the mechanism for sharing that revenue has not been determined. Will the revenue shared with the Cities be returned to the Cities, or be held by UTOPIA collectively? Will Macquarie consider sharing revenue back to each City based on the revenue collected from customers in that City, or only share revenue based on each City's ownership share (population based)?

The proposed approach is to share the Wholesaler's revenues with UTOPIA, which will use the revenues to meet its debt obligations without relying on the Cities sales tax pledges and would then be responsible for distributing these revenues to the Cities. The method of allocating revenues to the Cities is a UTOPIA decision.

Macquarie is open to considering alternative revenue sharing mechanisms, however we believe the Cities are in a much better position to propose a mechanism that addresses parity across the network.

- 18) What is the assumed amount of the 'considerable investment' made by the Wholesaler referenced on page 83?
- 19) The risk and responsibilities of the Wholesaler are significant. Can you provide an outline or estimate of the expected / assumed staffing, operating costs and marketing costs incurred by the Wholesaler in the first 3-5 years of the project?

(18 and 19 together)

Macquarie is reviewing its staffing and cost estimates as part of the detailed business plan for the Wholesaler to be presented to the Cities during Milestone Two. We anticipate that the Wholesaler will fund a substantial marketing budget, particularly over the first two years as the network is rebranded.

The Wholesaler, in support of the rebranding, will also be actively promoting the benefits of gigabit connectivity in the Cities to increase awareness of the network among potential users. This marketing will be coordinated with the ISPs' targeted efforts to upsell users onto premium services and ramp take rates on the network as quickly as possible.

Alignment of interests between the Cities and the Wholesaler through a reasonable split of the transport fee revenues will also incentivize the Wholesaler to budget a robust amount for these and other initiatives. The Wholesaler will have more clarity on the assumed staffing and operating / marketing costs as the business plan is finalized and the revenue sharing mechanism further developed.

UIA

- 20) How will existing users who have paid the connection fee completely be treated?
- 21) How will existing users who are financing the connection fee under a 20 year (\$25 / month) or 10 year (\$30 / month) plan be treated?

(20 & 21 together)

Macquarie's Milestone One proposal assumed that existing UIA or SAA users that have either paid, or are currently paying the connection fee under long-term contract will not pay the Utility Fee, and the Wholesaler will not collect premium service transport fees from them to share with the Agencies. These revenues flow directly to the bondholders for the remaining term of the UIA and SAA contracts.

Our preference, however, is for all users to be under the same model and as such we are considering various mechanisms under which these users can be compensated for the fees they have paid and commence paying the Utility Fee. These arrangements would be subject to bondholder approval.

Macquarie's working assumptions for a mechanism to bring all users on the same basis would be as follows:

<i>Fully Paid Connection Fee</i>	<i>Users that have fully paid the connection fee, either through an upfront payment or periodic instalments, would receive a credit against the Utility Fee until these payments have been fully reimbursed. After this credit has been exhausted, these users will begin paying the Utility Fee.</i>
<i>Current Contract</i>	<i>Macquarie is working with the Agencies' legal counsel, bond counsel and financial advisor to understand the impact of rolling users with current commitments into the utility fee model. We expect to propose a solution that will be negotiated with UIA bondholders through Milestones Two and Three.</i>

Macquarie will quantify the Utility Fee impact of incorporating these users during Milestone Two.

- 22) How will existing users who are leasing the connection fee for \$30 / month be treated?

Macquarie understands that the initial term for the lease contracts is two years, and upon the lease contract's expiry the user has the option to continue leasing the infrastructure on a monthly basis.

Users that are still under contract will continue to make their lease payments and the premiums paid will be credited against future utility fees. Users that are on a monthly lease will make no further lease payments and be rolled into the utility fee model, subject to negotiation with UIA bondholders.

Network Buildout

- 23) What are the assumptions of the 30 month buildout schedule? Will existing customers be connected and assessed the Utility Fee first or will the Utility Fee be rolled out footprint by footprint?

The details of the buildout schedule have not yet been confirmed. Black & Veatch and Corning, the two contractors selected to submit binding design-build proposals to Macquarie and First Solutions, are continuing to develop their network designs, which will drive the construction schedule and the timing of each footprint.

Users will be eligible to pay the Utility Fee once they are able to receive services over the network. As such the Cities will be able to immediately collect these fees from existing UTOPIA customers. As each footprint is rolled out, each user will start paying the Utility Fee at the earlier of six months from installation of the ONT at their premises and completion of the internal connection. This transitional period means that it could be possible for a user in a footprint that is being built to pay the Utility Fee before a user in a completed footprint.

The connection fee currently paid by legacy UTOPIA customers will be waived and replaced by the Utility Fee, which leaves them in a roughly equivalent position.

- 24) Will those addresses / footprints which are immediately available for curb-home construction (such as Centerville) likely be connected and assessed a Utility Fee in year one before other areas are built out?

The order in which each network footprint is constructed depends on the network design and the construction schedule. Macquarie understands that there are up to 50,000 addresses that could be connected to the Network with little engineering after financial close

- 25) The proposal acknowledges that some property owners will resist installation of the fiber on their property. Will the PPP or buildout contractor proactively attempt to obtain written approval to access a user's property? Or will they assume they can access the property and proceed to install a portal on the outside of the unit unless notified by the owner not to do so?

The PPP will subcontract all construction responsibilities to the Design-Build Contractor, which will be either Black & Veatch or Corning. Both of these companies have extensive experience developing fiber networks and are used to engaging with the community to minimize the disruption caused by their activities.

The PPP will publicize the network construction schedule and hold community meetings to notify property owners about upcoming construction activities. Our intent is to use existing public utility easements and the provision of other utility services to promote connection without objections. This will be combined with incentives to support the decision to connect, for

example the PPP may have discretion to charge an additional fee if the network portal is installed after connections in the neighborhood or network footprint have been completed.

Strategic

- 26) If the Agencies agree, will the PPP agree to operate the UTOPIA / UIA network for a reasonable per user fee or per task / unit fee for any UTOPIA Cities that do not join the PPP?

The PPP will operate the UTOPIA / UIA network as a single, integrated network. If a City withdraws from the network buildout, we will continue to operate and maintain the infrastructure in that City to allow all users currently active on the network to remain connected.

The Utility Fee will reflect the integration of the network and as such the remaining Cities will have the right to charge the withdrawing City for the ongoing provision of operating services to those users. The size of these fees will be determined by UTOPIA on the basis of parity and not by Macquarie.

- 27) If other non-UTOPIA cities contract with Macquarie for a utility fee model PPP, and choose to access the UTOPIA network, who sets the IRU fees or access fees paid to UTOPIA Cities? How will that revenue be treated?

Macquarie recognizes the significant investment that the UTOPIA Cities have made in the network and the potential cost benefits it could provide to a new city that wants to join the network. We have previously discussed an approach with the Agencies under which the utility fee for a new city would include a premium to compensate the founder Cities participating in the PPP for their initial investment.

Macquarie anticipates that this premium would be paid directly to the Agencies. The size of the premium would be subject to negotiation and depend on a number of factors, including the costs of expanding the network into the new city.

- 28) Shouldn't there be a revenue stream back to original Member Cities from new cities joining and all new customers (commercial, public entities, etc)

Macquarie believes that all Cities that participate in the PPP should receive a revenue stream from new cities joining. Question 27 outlines our proposed approach to this revenue stream.

The Cities will also receive a revenue stream for new customers joining the network through the Wholesaler's revenue sharing mechanism.

- 29) What is the estimated cost to exit after Milestone One?

The Milestone One budget was \$480,000, which is repayable to Macquarie in the event that an insufficient number of Cities agree to proceed to create a viable transaction. If the transaction proceeds to Milestone Two and a City withdraws, that City's obligation will be to the Agencies.

The amount that each City will pay in these circumstances will be negotiated between the City and the Agencies and will not involve Macquarie.

- 30) What is the estimated cost to exit after Milestone Two?

Macquarie is considering expanding the scope of Milestone Two to bring forward key workstreams that will facilitate negotiation of commercial terms and allow us to present a more complete proposal to the Cities at the completion of Milestone Two. These scope changes will also shift a proportion of costs scheduled for Milestone Three into Milestone Two.

Macquarie does not expect the total budget for the transaction to change materially, rather the revised budget for Milestone Two will change the timing of those costs.

Similar to Question 29, the costs to exit after Milestone Two will depend on the reimbursement mechanism that the City negotiates with the Agencies. The costs will be that negotiated percentage share applied to the sum of costs budgeted for Milestones One and Two.

CENTERVILLE CITY COUNCIL

**Staff Backup Report
5/20/2014**

Item No. 6.

Short Title: Presentation by Hill AFB Public Affairs Office re: 2014 Air Show

Initiated By:

Scheduled Time: 8:05

SUBJECT

RECOMMENDATION

BACKGROUND

Major Kristopher Long and Mr. Kevin Ireland, the 2014 Air Show Coordinators, have asked to attend the City Council meeting to brief the Council and residents on what the air show/open house will have to offer and ways for individuals to get involved.

ATTACHMENTS:

Description

- 2014 Air Show Information Cards

-WARRIORS OVER THE WASATCH- POWER OF ARMEN

★ 28-29 JUNE ★ OPEN HOUSE / AIR SHOW ★

On 28 & 29 June, Hill Air Force Base, with the support of The Top Of Utah Military Affairs Committee, will host the "2014 Warriors Over The Wasatch: Power of Airmen" Open House and Air Show, featuring the USAF Air Demonstration Squadron: The Thunderbirds, and the US Army Precision Parachute Team: The Golden Knights.

The remainder of the air show will consist of 14 additional world class acts, including 11 aerobatic demonstrations, a heritage aircraft flight, Red Bull precision jump team, a jet powered car and a titillating pyrotechnics display.

Supplementing the extensive aerial show, the open house will feature a wide variety of military static aircraft, including remotely piloted aircraft, helicopters, fighters, bombers, large cargo transports and refuelers. In addition to the multitude of aircraft on exhibit, the extensive ramp display will include numerous types of military ground transport and fighting vehicles, and a collection of vintage and exotic cars, as well as, dozens of assorted vendors and agents from various institutions, organizations and associations.

The Open House and Air Show will host an estimated 400K visitors during the two-day event, while generating upwards of \$30M of economic stimulus for the local and surrounding communities.

For more information, visit www.Hill.af.mil/WarriorsOverTheWasatch



OPEN HOUSE AND AIR SHOW

TRANSPORTATION PLAN

- **UTA BUS SUPPORT:** Clearfield FrontRunner Station to Hill AFB, 8 to 10 buses both days of show.
- **NO FRONTRUNNER SERVICES ON SUNDAY,** however UTA buses will continue to shuttle from the FrontRunner station.
- **FREE ON-BASE BUS SHUTTLE** to/from assigned parking areas to the Open House and Air Show main entrance.

GENERAL INFORMATION

- **GATES OPEN** at 8 a.m. and close at 5 p.m.
- **AERIAL PERFORMANCES:** starts 10:30 a.m. both Saturday and Sunday.
- **NO COOLERS** are allowed inside the gates.
- **HILL WEBSITE** has a list of performers, scheduled events, security/restricted items details, contact info, etc.



Open House/Air Show Coordinator

Lt. Col. Joseph Rojas
801-777-2161
joseph.rojas@us.af.mil

Media Relations

Richard Essary
801-777-2284
richard.essary.3@us.af.mil

Commercial Sponsorships

<https://theutahairshow.com>
Kevin Ireland
801-560-7203
kevin@ogdenweberchamber.com

Aircraft Static Displays

Capt. Bryan Brandon
801-777-5671
bryan.brandon@us.af.mil

Vendors and Concessionaires

Debi Stam
801-777-7694
deborah.stam@us.af.mil

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 7.

Short Title: Discuss Idle-Free Zone Concept

Initiated By: Councilwoman Tami Fillmore and Becki Wright (resident)

Scheduled Time: 8:15

SUBJECT

RECOMMENDATION

Review attachment provided by Becki Wright and discuss whether to support some level of this school/citizen initiative.

BACKGROUND

This matter was scheduled for the May 6 meeting, but due to a lack of time, was continued to May 20. Becki Wright discussed this concept with Councilwoman Tami Fillmore, who asked the Mayor if he would put this on an agenda for Council discussion. Mayor Cutler asked Tami to clarify what is being asked of the City Council, since this apparently originated as a school-related initiative.

According to Tami, the Council might consider the following levels of involvement:

- 1) Authorize staff to give permission to the school PTAs to put their idle-free signs on public property. Staff assume this means the public right-of-way adjacent to school property, where parents are typically waiting in their cars to pick up their children.
- 2) Adopt a resolution in support of this initiative. Staff have not drafted a resolution because they do not yet know Council's desire on this matter.
- 3) Promote the concept and benefits of reduced idling in the City newsletter.
- 4) Allow/promote posting of signs in other "drive-through" locations in city, encouraging drivers to turn off their engines.

ATTACHMENTS:

Description

- ☐ Idle-Free Campaign

Idle-Free Campaign for Centerville City

Idling is a high-cost, high-consequence practice that is riddled with misunderstanding. It affects pocketbooks at the gas pump, the mechanic's garage, and the doctor's office. However, basic education and "myth-busting" strategies make communities cleaner, safer, and healthier, and can save money.

Facts:

- 10 seconds of idling uses more fuel than restarting your engine.
- Automotive engines do not operate efficiently when idling (running at an unfavorable operating temperature and condition), which degrades the engine's ability to operate smoothly and wastes fuel.
- Batteries and starters are stronger and more reliable today with electronic ignition than in the past.
- Driving warms the car engine faster than idling and is more efficient because of modern fuel injection.
- Idling consumes 0.5-1 gallon of fuel per hour, and approx. 3.8 million gallons daily in America.
- Just five minutes of idling per day can cost a family anywhere from \$100-200 annually.
- Idling "hotspots" create small pockets of concentrated exhaust pollution.
- Children breathe more quickly and take more air per minute into their lungs than adults, making them more vulnerable in idling hotspots.
- Approx. 10% of children have asthma or other related illnesses (higher in urban areas than rural communities). Idling hotspots and exhaust pollution exacerbate factors, sometimes for days.
- Medical costs for breathing treatments, inhalers, nebulizers, etc. affect children and adults alike, and can cost upwards of \$100 annually to treat symptoms affected by exhaust pollution.

Total Financial Benefit from Eliminating 5 Minutes of Voluntary Idling

Engine Size	Annual				
	Direct Fuel Savings	Indirect Fuel Efficiency			
Small	\$30	\$42	-\$9	\$63	\$113
8 Cylinder	\$60	\$83	-\$9	\$134	\$241

What Can Be Done:

- Education is a major factor in behavior change, and can help communities both understand and implement strategies for being idle-free.
- 13 elementary schools in Davis County have either started or signed up to receive materials to start their own idle-free campaign through Utah Clean Cities.
- Utah Clean Cities works with schools, companies, and communities to promote idle-free behavior. They provide a toolkit and materials available at no or minimal cost.
- Several cities, counties, departments, and companies throughout Utah have adopted differing idle-free programs to promote public health and awareness.

Turn your key; be idle free!

References:

Utah Department of Air Quality

Utah Clean Cities (a national program funded by the US Department of Energy)

The Hinkle Charitable Foundation

Utah Moms for Clean Air

Personal medical history and experience

U.S. Department of Energy – Argonne National Laboratory

Arizona Department of Environmental Quality

CENTERVILLE CITY COUNCIL

**Staff Backup Report
5/20/2014**

Item No. 8.

Short Title: Financial Report for period ending April 30, 2014

Initiated By:

Scheduled Time: 8:30

SUBJECT

RECOMMENDATION

Review financial report for ten-month period ending April 30, 2014.

BACKGROUND

Blaine Lutz, Finance Director, prepared the attached report.

ATTACHMENTS:

Description

- April 2014 Interim report

**General Fund
Unaudited Summary
April 2014 (83% of year)**

	This Month	Year to Date	FY 14 Budget	% Budget
Revenues				
Property Tax	\$2,767	\$984,429	\$992,913	99.15%
Fee in Lieu	\$6,015	\$83,832	\$90,000	93.15%
Sales & UseTax	\$225,147	\$2,750,344	\$3,455,070	79.60%
Franchise Taxes	\$94,056	\$953,533	\$1,296,500	73.55%
Licenses & Permits	\$23,752	\$276,163	\$356,350	77.50%
Intergovernmental	\$4,597	\$446,723	\$602,390	74.16%
Charges for Services	\$77,055	\$845,328	\$855,475	98.81%
Fines	\$25,593	\$405,580	\$485,000	83.62%
Miscellaneous	\$1,254	\$10,750	\$53,250	20.19%
Transfers/Contributions	\$0	\$182,974	\$206,255	88.71%
Total	\$460,236	\$6,939,656	\$8,393,203	82.68%

Expenditures

City Council	\$6,961	\$52,062	\$85,378	60.98%
Judicial	\$7,010	\$165,448	\$221,273	74.77%
Executive	\$12,888	\$299,250	\$393,017	76.14%
Attorney	\$5,925	\$108,048	\$148,375	72.82%
Finance	\$21,846	\$412,430	\$501,272	82.28%
Attorney Services	\$6,135	\$19,512	\$33,000	59.13%
Emergency Management	\$1,065	\$6,069	\$12,900	47.05%
Fire	\$205,585	\$813,604	\$813,602	100.00%
Elections	\$0	\$11,682	\$11,700	99.85%
Youth Council	\$0	\$1,500	\$7,000	21.43%
Police	\$84,902	\$1,698,966	\$2,220,247	76.52%
Liquor Law	\$1,572	\$4,437	\$18,350	24.18%
School Xing	\$2,437	\$44,457	\$52,199	85.17%
DARE	\$4,403	\$73,692	\$102,873	71.63%
K-9	\$153	\$7,421	\$12,250	60.58%
Animal Control	\$2,145	\$12,869	\$24,000	53.62%
PW Admin	\$10,669	\$221,422	\$284,565	77.81%
Streets	\$35,421	\$518,692	\$706,076	73.46%
Projects	\$71,478	\$662,992	\$1,206,430	54.95%
GIS	\$9,002	\$72,587	\$93,069	77.99%
Engineering	\$3,122	\$91,265	\$106,500	85.69%
Parks	\$49,808	\$524,771	\$813,615	64.50%
Community Events	\$280	\$897	\$23,650	3.79%
Parks & Rec Facility	\$814	\$13,765	\$15,790	87.18%
Maint Facility	\$6,957	\$48,605	\$53,640	90.61%
Maint Facility Storage	\$522	\$5,285	\$6,210	85.10%
City Hall	\$8,649	\$123,825	\$128,405	96.43%
Community Dev.	\$10,951	\$215,185	\$290,702	74.02%
Building Inspection	\$8,065	\$52,063	\$90,200	57.72%
Transfers - Non Dep.	\$0	\$62,360	\$65,589	95.08%
UTOPIA -Pledges	\$36,354	\$273,001	\$273,001	100.00%
UIA Assessment	\$0	\$88,008	\$163,400	53.86%
Total	\$615,119	\$6,706,170	\$8,978,278	74.69%

Use/Contribution to Fund balance	\$233,486	\$ (585,075)
(Revenues Over/Under Expenditures)		

Fund Balance at Beginning of Year (est.)	\$1,556,947
Fund Balance estimate 4/30/2014	\$1,790,433
Projected Fund Balance %	23.56%

Capital Project Funds (Unaudited) April 30, 2014

This Month	Year to Date	FY 14 Budget	% Budget
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Capital Improvement

Storm Drain

Revenues:

Fund Balance			\$47,060	
Impact Fees	\$20,222	\$48,778	\$10,000	487.78%
Grants	\$0	\$0	\$0	0.00%
Other	\$156	\$6,635	\$150,075	4.42%
Total Revenues	\$20,378	\$55,413	\$207,135	26.75%

Expenditures	\$13,340	\$14,261	\$207,135	6.88%
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Fund Balance at Beginning of Year (est.) \$45,209

Fund Balance estimate 4/30/2014 \$86,361

Park

Revenues:

Fund Balance			\$335,683	
Impact Fees	\$0	\$53,482	\$75,000	71.31%
Transfer	\$0	\$0	\$0	0.00%
Grants	\$0	\$0	\$0	0.00%
Other	\$0	\$0	\$400	0.00%
Total Revenues	\$0	\$53,482	\$411,083	70.93%

Expenditures	\$5,971	\$19,220	\$403,074	4.77%
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Fund Balance at Beginning of Year (est.) \$336,436

Fund Balance estimate 4/30/2014 \$370,698

Capital Projects Fund

Revenues:

Fund Balance				
Transfers - General	\$36,354	\$273,001	\$273,001	100.00%
RDA additional increment	\$0	\$163,000	\$163,000	100.00%
Other	\$0	\$0	\$250	0.00%
Total Revenues	\$36,354	\$436,001	\$436,251	99.94%

Expenditures

UTOPIA Pledge	\$36,354	\$327,186	\$436,251	75.00%
Projects	\$0	\$0	\$0	0.00%
Total Expenditures	\$36,354	\$327,186	\$436,251	75.00%

Balance at Beginning of Year \$42,296

Fund Balance estimate 4/30/2014 \$151,111

**RDA/Other Funds
(Unaudited)
April 30, 2014**

	This Month	Year to Date	FY 14 Budget	% Budget
<u>RDA</u>				
Revenues	\$35,252	\$1,777,803	\$1,847,000	96.25%
Expenditures	\$94,617	\$1,138,148	\$1,847,000	61.62%

Fund Balance at Beginning of Year (est.)	\$244,971
Fund Balance estimate 4/30/2014	\$884,626

Recreation

<u>Revenues</u>				
Recreation	\$0	\$55,321	\$87,000	63.59%
Youth Baseball	\$580	\$32,430	\$31,000	104.61%
Concession Sales	\$5,274	\$5,274	\$23,635	22.31%
Other	\$0	\$39,000	\$39,000	100.00%
Total Revenues	\$5,854	\$132,025	\$180,635	73.09%

<u>Expenditures</u>				
Recreation	\$7,594	\$64,638	\$126,670	51.03%
Concessions	\$0	\$0	\$23,635	0.00%
Youth Baseball/Softball	\$0	\$226	\$28,425	0.80%
Total Expenditures	\$7,594	\$64,864	\$178,730	36.29%

Revenue Over/Under Expend	\$	(1,740)	\$	67,161	\$	1,905
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Balance at Beginning of Year (est.)	\$22,088
Fund Balance estimate 4/30/2014	\$89,249

Sales Tax Debt Service (DCAC)

Revenues	\$1,470,118	\$1,597,488	\$1,597,488	100.00%
Expenditures	\$1,470,118	\$1,597,488	\$1,597,488	100.00%

Reserved Fund Balance	\$0
Fund Balance estimate 4/30/2014	\$0

Whitaker Trust

Beginning fund balance			\$14,850	
Revenues	\$1,579	\$26,769	\$71,860	37.25%
Expenditures	\$1,665	\$11,929	\$71,860	16.60%

Fund Balance at Beginning of Year	\$14,854
Fund Balance estimate 4/30/2014	\$29,694

**Enterprise Funds
(Unaudited)
April 30, 2014**

	This Month	Year to Date	FY 14 Budget	% Budget
Water				
Revenues:				
Impact/construction Fees	\$5,068	\$175,401	\$230,500	76.10%
Water Sales	\$145,929	\$1,569,655	\$1,811,250	86.66%
Bond Revenue	\$0	\$51,820	\$450,000	11.52%
Other	\$1,078	\$18,070	\$36,000	50.19%
Total Revenues	\$152,075	\$1,814,946	\$2,527,750	71.80%
Expenditures				
Operating/Dep/Debt	\$85,918	\$1,437,425	\$1,865,552	77.05%
Capital Improvement	\$40,997	\$629,515	\$706,850	89.06%
Total Expenditures	\$126,915	\$2,066,940	\$2,572,402	80.35%
Unrestricted Cash Beginning of Year (est.)		\$1,098,940		
Fund Balance estimate 4/30/2014		\$846,946		

Sanitation

Revenues:				
Collection Fees	\$57,295	\$572,236	\$681,600	83.95%
Recycling fees	\$14,186	\$141,076	\$165,700	85.14%
Green Waste fees	\$6,907	\$67,790	\$78,675	86.16%
Other	\$0	\$3,500	\$6,200	56.45%
Total Revenues	\$78,388	\$784,602	\$932,175	84.17%
Expenditures:				
Disposal	\$28,118	\$252,474	\$293,000	86.17%
Collection	\$23,838	\$214,822	\$258,000	83.26%
Recycling	\$14,144	\$126,634	\$165,250	76.63%
Green Waste	\$2,929	\$26,249	\$30,000	87.50%
Other	\$7,637	\$86,160	\$186,200	46.27%
Total Expenditures	\$76,666	\$706,339	\$932,450	75.75%
Unrestricted Cash Beginning of Year		\$18,920		
Fund Balance estimate 4/30/2014		\$97,183		

Drainage

Revenues	\$48,392	\$629,470	\$566,500	111.12%
Operating Expenditures	\$66,770	\$343,517	\$528,722	64.97%
Capital Expenditures	\$472	\$53,036	\$72,750	72.90%
Total Expenditures	\$67,242	\$396,553	\$601,472	65.93%
Unrestricted Cash Beginning of Year		\$84,745		
Fund Balance estimate 4/30/2014		\$317,662		

Telecommunications

Revenues:				
Connection Fees	\$25,755	\$228,142	\$276,000	82.66%
Transfers - GF	\$44,004	\$88,008	\$163,400	53.86%
Total Revenues	\$69,759	\$316,150	\$439,400	71.95%
Expenditures:				
Utility Service charges	\$21,418	\$214,868	\$262,200	81.95%
UIA operating assessment		\$88,008	\$163,400	53.86%
Operating service charge	\$603	\$6,647	\$13,800	48.17%
Total Expenditures	\$22,021	\$309,523	\$439,400	70.44%
Unrestricted Cash Beginning of Year		\$14,850		
Fund Balance estimate 4/30/2014		\$21,477		

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 9.

Short Title: Mayor's Report

Initiated By: Mayor Cutler

Scheduled Time: 8:35

SUBJECT

a. Paramedic funding

RECOMMENDATION

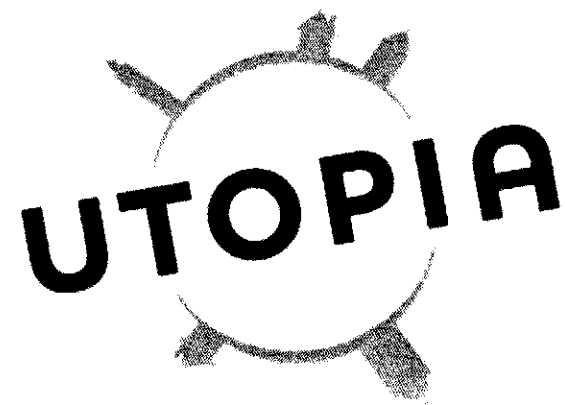
BACKGROUND

Mayor Cutler may report on one or more matters of interest, including the recent meeting in which paramedic funding allocation was discussed, attended by County officials, the South Davis Metro Fire Agency Chief, and officials of the south Davis cities and Layton City.

ATTACHMENTS:

Description

- D [ULCT Broadband slides](#)
- D [Macquarie FAQs](#)
- D [UIA February Finance Committee report](#)
- D [UIA February Recurring Revenue](#)
- D [UTOPIA Finance Committee Report](#)
- D [UTOPIA OPEX Analysis](#)



ULCT Conference

April 11, 2014



Forbes

Jan. 18, 2013



Faster, Sooner: Why The U.S. Needs 'Gigabit Communities'

*"Walking the floor of the Consumer Electronics Show last week, I kept thinking of that line from Jaws, "You're going to need a bigger boat." All the Internet-connected, data-hungry gadgets that are coming to market sent a strikingly clear message: **we're going to need faster broadband networks.**"*



Julius Genachowski, Chairman of the Federal Communications Commission



Forbes

Jan. 18, 2013



Faster, Sooner: Why The U.S. Needs 'Gigabit Communities'

"Making sure the U.S. has super-fast, high-capacity, ubiquitous broadband networks delivering speeds measured in gigabits, not megabits isn't just a matter of consumer convenience, as important as that is. It's essential to economic growth, job creation and U.S. competitiveness."



Julius Genachowski, Chairman of the Federal Communications Commission



The Future of Municipal Broadband



“We should think of high speed internet access in the same way we think of other public utilities like electricity and running water. Local government at the city and state level need to take action to optimize information infrastructure for the public good.”

Susan Crawford, broadband policy expert and co-director at the Berkman Center at Harvard University. March 2014, PublicCEO.com





Historic Overview

- Early 2000's = Demand for high speed broadband services
 - Desire to increase services & level competitive playing field thus lowering costs
- 2002 Feasibility studies
 - Broadband considered critical infrastructure
 - Econ Dev / Business needs
 - Growing residential demand





Historic Overview

Member Cities ₁	UTOPIA
Brigham City	X
Centerville	X
Layton	X
Lindon	X
Midvale	X
Murray	X
Orem	X
Payson ₂	X
Perry	X
Tremonton	X
West Valley	X

1. UTOPIA non-pledging cities: Cedar City, Cedar Hills, Riverton, Vineyard, and Washington.





Historic Overview

- 2004 – first bonding & fiber installations
 - ~ \$185 Million
- 2010 – UIA formed to continue growth of network
 - ~ \$41 Million





Historic Overview

Member Cities ₁	UTOPIA	UIA
Brigham City	X	X
Centerville	X	X
Layton	X	X
Lindon	X	X
Midvale	X	X
Murray	X	X
Orem	X	X
Payson ₂	X	
Perry	X	
Tremonton	X	
West Valley	X	X

1. UTOPIA non-pledging cities: Cedar City, Cedar Hills, Riverton, Vineyard, and Washington.

2. Non-pledging UIA member.



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VERBAMI

WEBWAVE

ELITE

BEEHIVE
BROADBAND

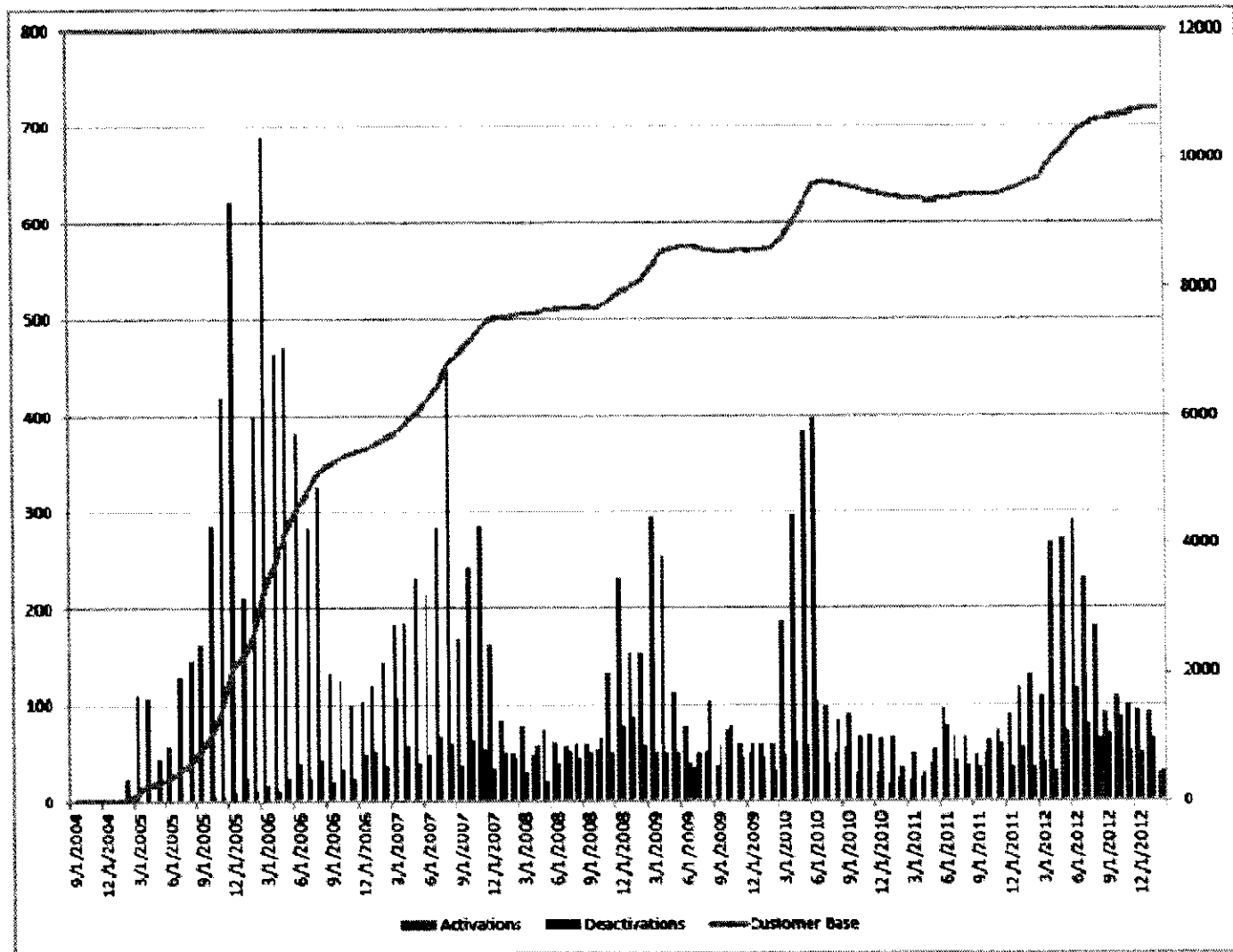
YIPTELE

InfoWest

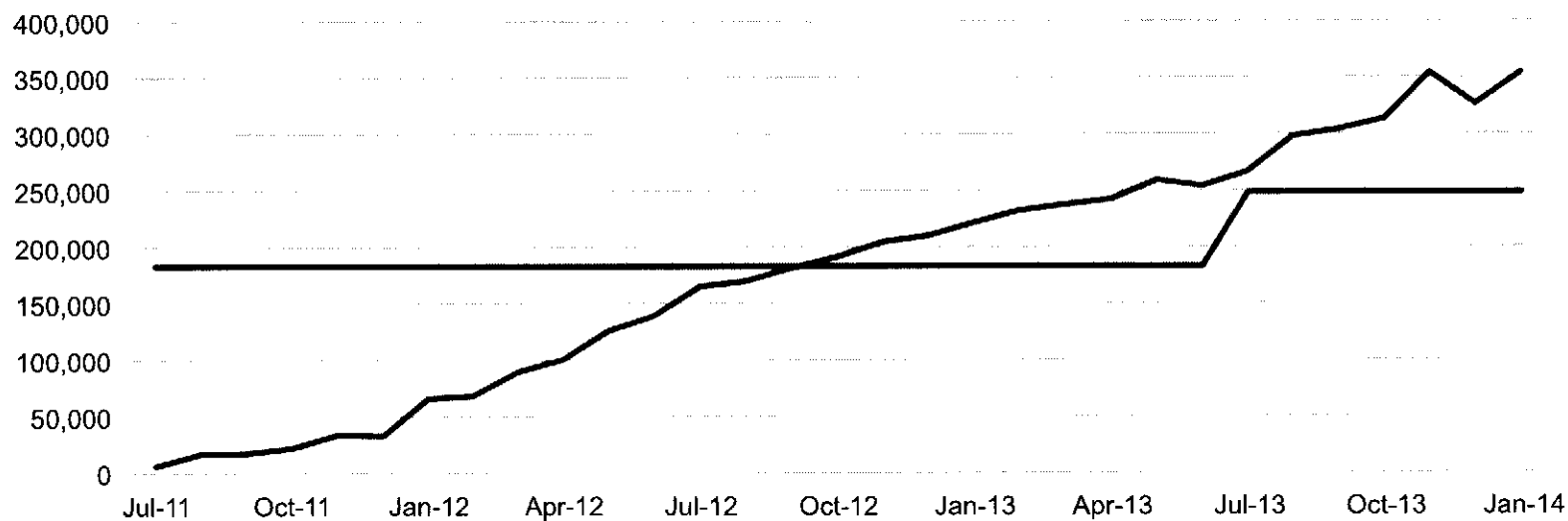
CentraCom



History of Net Customer Count



UIA Recurring Revenue



— Recurring Revenue

— UIA Monthly Debt Payment (\$40.7M Bonds)



Percent of Addresses Passed



UTOPIA/ UIA CITY	% Build Out	Marketing Take Rate
CENTERVILLE	98%	26%
TREMONTON	96%	13%
BRIGHAM CITY	93%	30%
LINDON	73%	46%
MURRAY	63%	24%
MIDVALE	54%	19%
OREM	42%	30%
PAYSON	42%	24%
WEST VALLEY CITY	19%	14%
LAYTON	12%	20%
PERRY	0%	0%
Grand Total	41%	25%

Addresses Passed

63,000

Addresses Connected

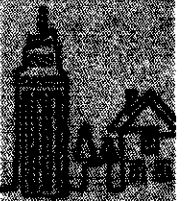
16,000



Potential Options



- Sell Network
- “Go Dark”
- Maintenance Mode (no growth)
- Continue bonding for Wireless Deployment
- Continue bonding for Wired Deployment (current model)
- Public Private Partnership



Probable Options



- Sell Network
- “Go Dark”
- Maintenance Mode (no growth)
- Continue bonding for Wireless Deployment
- Continue bonding for Wired Deployment (current model)
- Public Private Partnership



Public Private Partnership (PPP)



Why Macquarie?

North American infrastructure specialist

#1

in number of global infrastructure transactions worked on as Financial Advisor in 2011¹

19

major North American infrastructure advisory mandates closed since 2010

#2

Global Financial Advisor in Corporate Infrastructure League Tables in 2010 and 2011 combined¹

77%

US PPP market share²

70%

US PPP transaction involvement³

\$13bn+

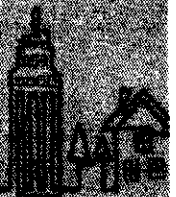
transportation deals closed over the last 4 years

Advised on over \$14bn of utility acquisitions since 2007

1. Infrastructure Journal Corporate Finance League Tables 2011;

2. US P3 market share based on enterprise value of Macquarie-led transportation transactions 2007-2012 above \$500m

3. US P3 transaction involvement based on number of Macquarie-led transportation transactions 2007-2012 above \$500m



UTOPIA / Macquarie PPP



	Current	Post-PPP
Network Scale		
Addresses Passed	63,000	155,000
Addresses Connected	16,000	155,000
Service Levels		
Basic Internet Service	No	Yes
100Mbps Service	Yes	Yes
1Gbps Service	Yes	Yes
Active ISPs	18	18+
Agency Objectives		
Complete network coverage	No	Yes
End Operating Deficit	Yes (slow)	Yes
Increased Revenues	Yes (slow)	Yes
Open access for ISPs	Yes	Yes
Pay down UTOPIA bonds	No	Maybe
Ownership of assets	Yes	Yes



UTOPIA / Macquarie PPP

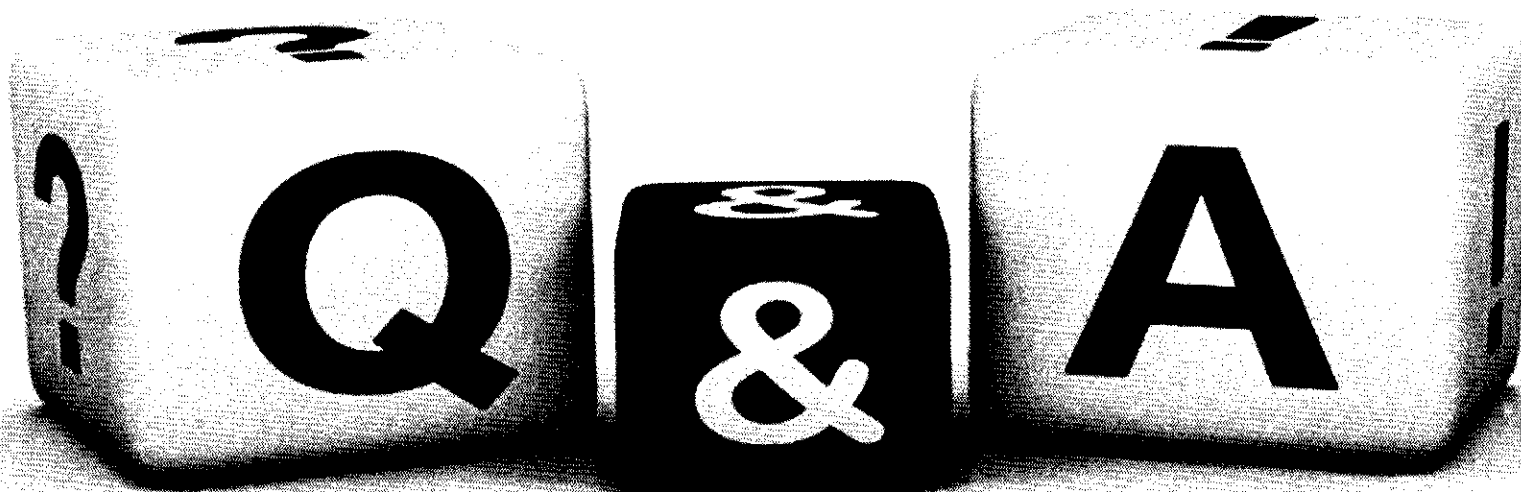


Milestone Deliverables

#	Milestone	Deliverable
1	Business Case	▪ Proposed business model ▪ Network feasibility study ▪ Draft term sheet – Concession Agreement ▪ Shortlisted design-build contractors
2	Proposal Development	▪ Final business model ▪ Final technical specifications of the network ▪ Detailed commercial / legal project terms ▪ Preliminary financing plan
3	Commercial Close	▪ Final proposal to Agencies / Member Cities ▪ Fixed-price, date-certain design-build proposal ▪ O&M plan including network refresh ▪ Committed financing from lenders ▪ Third party audited financial model
4	Financial Close	▪ Executed Concession Agreement ▪ Executed Design-Build Contract ▪ Executed financing documentation



UTOPIA



FAQ's: UTOPIA / Macquarie Capital - PPP

1) What's this we hear about a private partner for UTOPIA?

A private company, Macquarie Capital, has become interested in forming a 'public-private partnership' (P3) with the eleven cities that make up UTOPIA. Macquarie would assemble the capital needed to complete construction of the fiber network started a decade ago. It would then form a special company that would manage and maintain the renamed network under the oversight of the 11 cities. The cities would incur no more bond debt for the buildout and would pay back Macquarie and its investors over 30 years by collecting a utility fee for delivery of a no-cost, minimum level of internet service to each address.

2) Is this a done deal?

No, it is not. Macquarie and the Utopia cities have entered into a "Pre-development Agreement," an intensive investigative and research process by which both sides can see if a deal can and should be made. For simplicity, the responses below will read as if a deal can be reached, but nothing is certain at this point. Should the predevelopment process reach a positive conclusion, each city, its leaders and citizens will have a decision to make as to whether they are willing to accept any proposed deal.

3) What does this mean to my city and me?

The P3 proposal will resolve a number of challenges for the UTOPIA network. The transaction will more than double the number of residences that have access to the network, and will result in a portal being installed at every residence, single family home, business and anchor institution within the 11 cities. This portal will be the conduit through which consumers can connect to the UTOPIA network.

All premises that have an access portal installed will be eligible to pay a monthly utility fee to the cities. The utility fee will cover the cost of constructing, operating and maintaining the network over the long-term. Payment of this utility fee will also entitle consumers access to a basic level of connectivity, competitive with current entry level offerings of current providers.

The network will remain open access, and customers will be able to select a preferred provider from which they will receive the basic service. Where user preferences require higher speeds and/or bandwidth, the providers will also offer upgraded services with speeds of up to 1Gbps. Any fees charged by the provider for these upgraded services will be additional to the utility fee. A portion of revenues generated from up-selling of services is proposed to be routed back to the member cities and may be used for payment of existing bond debt.

Users that have paid or are paying the installation fee will be compensated – see question 25 for more details.

Macquarie believes that the all-in cost for users will remain competitive with the current pricing environment for high speed broadband access.

4) Who is Macquarie and why would they do this?

Macquarie is a global leader in infrastructure investment and has played a leading role in developing the P3 model. Globally, Macquarie manages over \$360 billion of assets, including \$100 billion of infrastructure assets in the United States, diversified across ports, telecoms infrastructure, bridges, tunnels, roads and airports. Approximately \$25 billion of these assets have been developed under the P3 model, and Macquarie believes that municipal fiber assets such as the UTOPIA network are well-suited to the P3 model.

5) Why is an Australian bank so prominent in P3 projects?

Australia is a very large country with relatively sparse population. That means they had the need for large infrastructure projects, without the tax base to efficiently fund them. The government there was among the first in the world to adopt the P3 model. Macquarie is Australia's largest and among its oldest financial institutions so it was a natural fit. And success breeds success as more governments worldwide have seen the wisdom in P3 projects.

6) I have never heard of Macquarie. Do they have the resources to follow through?

Macquarie Capital is the financial advisory business of Macquarie Group. Macquarie Group, based in Sydney, is one of Australia's premier financial institutions, with a market capitalization of over \$16 billion, balance sheet assets of over \$40 billion and more than \$360 billion of funds under management. Macquarie is a global leader in infrastructure investment which, directly and through its more than 100 portfolio companies, employs more than 85,000 people worldwide. Macquarie is considered a 'trusted partner' of governments around the world with several large capital infrastructure projects here in the U.S.

7) Why are governments entering into public-private partnerships?

As is well known, state and local governments have mounting infrastructure needs. Revenues are simply not keeping pace, and some entities have alarming debt levels. A P3 is a way of leveraging government resources without incurring the expense of going to the capital markets and incurring more debt. P3s also give governments a means of ensuring 'asset performance', since payments to the private entity are based on fulfillment and performance. Such normal burdens as labor issues, debt and managing costs fall to the private partner. Macquarie's government partners have seen cost reductions of 20-30% compared to similar, government run projects.

8) It is it like Google Fiber in Provo and maybe Salt Lake?

Yes and no. Google has begun working on one model where they are the sole provider on their fiber network; Macquarie's model is quite different. For one thing, the former UTOPIA network would remain an open wholesale network on which any number of providers could utilize. Therefore, customers would have a broad choice of providers for home telecom services – voice, data and television. The sponsoring government entities also retain ownership and ultimate control.

9) Why not just let Google do it?

The news about Google in Provo and potentially Salt Lake City is exciting. But it does not extend to the 11 cities of UTOPIA. It does demonstrate two things about this type of undertaking. First is that fiber is the next wave of infrastructure for thriving cities, and others recognize it. The second is that the incumbent providers (existing companies with older networks) are simply not meeting the needs of today's communities. Google knows there is a critical need to be met, and so does Macquarie.

10) Will my city still carry huge debt from UTOPIA?

Unfortunately, despite Macquarie's best efforts it will not be possible to redeem existing debt in this deal. The good news is that a very real possibility exists that the new network operation may be able to help repay that debt over time. The P3 will create a large increase in the number of users able to access the network, and as more users join the network and receive services from providers, there will be a greater amount of revenue available to the cities to help pay their existing debt obligations.

11) How large an investment are we talking?

The current estimate is about \$300 million. Again, a significant portion of that cost covers updating network facilities over the 30-year period of the agreement. No matter what, Macquarie's investment and the cities' obligation will be clearly specified and binding at the outset of any agreement.

12) How do we know that Macquarie can provide such a large capital investment?

Macquarie is the world's leading infrastructure investor, and over the past five years, Macquarie has participated in transactions that created over \$23 billion of infrastructure investment, a sum more than \$5 billion greater than its closest competitor. In the U.S. alone, Macquarie has either invested directly or arranged financing for P3 projects worth over \$8 billion, including the \$1.6 billion Denver Eagle P3, the first mass transit rail P3 in the U.S., in 2010. Macquarie also has a history of investing in fiber assets, including an \$860 million trunk line development that connected three major capital cities in Australia.

13) UTOPIA has had significant difficulties in paying for and completing the system. Why is Macquarie different?

A key benefit of P3s is that a substantial proportion of risk is transferred away from the cities and UTOPIA to the private sector partner. Macquarie will guarantee the cost and completion date for the buildout, and will be immediately required to pay penalties if either of these guarantees is not fulfilled. The cities will not have to make any payments to Macquarie until the network is fully built and operational in that city (or until each footprint of deployed area is completed).

14) UTOPIA has not been able to provide a strong product offering. Why is this different?

Although Utopia's current providers are able to provide excellent service, the network is only partially built; therefore not enough customers have ever signed up to attract the number and variety of service providers needed to make it successful. A P3 with Macquarie would be different because the number of households served would be sufficient to attract a robust product offering.

15) UTOPIA has struggled for various reasons since its inception. Why should we believe things will change?

Macquarie has a long track record of success in setting up and running P3 projects. The renewed UTOPIA network will be managed and operated to private sector standards with private sector methods. Even more important, Macquarie's repayment from the cities will have to meet certain performance and service standards or the cities can withhold payment.

16) How do we know Macquarie won't come back for more money in the future?

As on most of its projects, Macquarie will be putting its own capital at risk. It is up to them to properly calculate the costs. There is no provision for increasing the amount later. That is why our feasibility process is so costly and detailed. Macquarie will not only factor in the costs of construction, but also the cost of refreshing the network over 30 years. In fact, 20 to 30% of the total deal will be for keeping the network up to date. If Macquarie fails to properly calculate costs, its own capital is at risk.

17) Why is the city even in this business?

UTOPIA founders were responding to demands for high speed broadband services in their communities that were not being adequately provided by private industry. As technology advances, high speed broadband is increasingly being viewed as the "fourth utility", as essential as electricity and water; a recent survey of the UTOPIA cities that shows 55% of residents believe that "high speed internet is a basic need" for modern communities. Research has shown that access to higher speeds contributes to a community's economic development through new opportunities and increased productivity, increased employment through new and retained jobs, and an increase in the breadth and quality of municipal services.

A key objective of the partnership between the cities, UTOPIA, and Macquarie is to maximize benefits for the communities. Keeping the infrastructure in the control of the cities ensures all residents, regardless of income, are provided a basic level of connectivity at a competitive price.

18) Should government compete with the private sector?

No, it should not. Under the P3 model, the cities will no longer have a direct role in the operations of the network. Macquarie will become the network operator and wholesaler, overseen by the partner cities to ensure that the contractually agreed performance standards are achieved. Macquarie will be *wholesale only* and will not compete to provide services directly to end users. The network will remain open access, and Macquarie will seek to maximize competition between providers on the network, consistent with our research that 86% of residents in UTOPIA cities believe it is at least 'somewhat important' to have a choice among 'multiple service providers' for home and business telecom services. An open wholesale network has the potential to increase private competition several times over.

19) But will government still be competing with incumbent providers?

The government will not compete with the incumbent providers, nor will Macquarie. The cities will retain ownership of the network assets, and the private partner Macquarie will take operational responsibility for the network over a 30-year period, effectively leasing the network from the cities.

Macquarie will not compete directly with private providers for residential or business customers. Macquarie, as operator of the UTOPIA network, is providing a "fiber highway" that any provider can use to deliver data, voice, video and other services to customers. This highway is open to any provider that wishes to use it, including the incumbents. The incumbent providers own a different, non-fiber digital highway, which does not have nearly the capabilities of fiber and provides services exclusively to their own customers.

20) Why am I paying taxes or fees for a system I never plan to use?

Macquarie and its partners hope you will change your mind, and will work hard to earn your trust and your business. But even if they never do, all citizens will benefit from this partnership. First, simply completing construction of the UTOPIA network will increase the alternatives available to all residents. Providing communities greater choice of providers generally reduces prices for telecom services, even from current providers. Macquarie understands that Google's entry into the Provo and Kansas City markets has resulted in price reductions and speed increases from incumbent providers. Second, this P3 network will help your city save money in a number of ways in delivering services and information to residents. Third, network cities may offer free services such as public 'hot spots' throughout the community. In short, the benefits will not begin or end at your front door.

21) What about my very senior neighbors who can't afford or won't use the service?

Chances are good that they are now purchasing or need to purchase some minimal level of service. The plan is to provide at least a basic level of service for the minimum utility fee charge. It may very well be less than they are paying now, and will certainly be competitive. Even so, many cities are discussing 'circuit breaker' mechanisms for lower income residents.

22) What happens if technology changes? Are we going to be left behind?

Technology *has* changed, and many American states and cities *are* being left behind. That is why fiber infrastructure has become so critical. Fiber optic cables transport signals at the speed of light, and fiber is increasingly accepted as the next generation delivery technology for data, voice and video applications. Macquarie, UTOPIA and the cities are confident that the core fiber infrastructure will continue to be competitive technology over the long term. A more relevant consideration is the electronic equipment used to transmit and receive those signals. Macquarie will be required to ensure that all users have reliable access to

connection speeds up to 1Gbps, and it will be at Macquarie's cost that new technology is deployed to make that access more efficient.

Macquarie and the cities are also discussing strategies to protect against a 1Gbps connection becoming obsolete over the term of the contract – however, with average U.S. broadband speeds of ~4-5Mbps, we believe that the network technology will have sufficient capacity to ensure that users stay at the forefront of national broadband access.

23) UTOPIA has done the best it could with the resources provided. How do we ensure the best services possible in the future?

The UTOPIA network has labored under an operations deficit for some time. Macquarie does not face the same capital constraints as UTOPIA or the cities and is undertaking a rigorous feasibility analysis to ensure that the network is designed in such a way that the bandwidth available to providers and, in turn, consumers, is capable of meeting the cities' desired performance standards.

The performance standards will be set to ensure users have a reliable network on which they can utilize the full capacity of connection speeds up to 1Gbps. Macquarie must meet these standards, both in network design, construction and operations, to receive any payment from the cities. Macquarie's ultimate success hinges on superior network capability, a robust product offering and high customer satisfaction.

24) At times, management of UTOPIA has had considerable difficulties and has failed to move the organization forward to meet its obligations. How will this be addressed?

There have been difficulties with network management in the past, though some improvement has come in recent years. But what matters is future management. As with all its projects, Macquarie will recruit a management team with network experience and credentials to operate the completed network. Macquarie is happy to be held to the highest standard going forward.

25) What about people who paid huge fees for installation, placing liens on their homes?

Macquarie and UTOPIA are working through structuring considerations to ensure that these users are treated equitably relative to those individuals that did not pay the fee. Our anticipation is that these users will be compensated in some way to reflect the installation fees, and we will look to discuss the mechanism in more detail with key stakeholders once it has been further developed.

26) What about Wi-Fi?

Wi-Fi is a great tool and important to any community. But Wi-Fi can only exist via a robust facilities base to support it with backhaul and other functions; it can never be a stand-alone solution. Our network will provide for enhanced Wi-Fi accessibility in homes and in public spaces throughout the city.

27) Why don't we just mothball the system and get out of the business?

You could, but your city would still carry the obligation for debt service and would still be required to pay per the terms of the original agreement. Based on the cities' current repayment profile, UTOPIA's annual obligations are expected to increase 25% by 2025, and so mothballing the asset would not only keep the full burden of the existing debt with the cities, but also devalue an extremely valuable asset and shut off any revenue. Fiber networks are increasingly being viewed as highly preferable to cable, evidenced by the 1,100 applications that Google Fiber received prior to its initial rollout in Kansas City.

28) What if I'm basically satisfied with my current provider and don't want to change it?

You are free to make that choice. If you are purchasing a home telecom package now, it is very likely that you will save a significant amount each month by using the fiber network. Competition brings better service and lower prices in every market we know. The evidence is clear – when additional providers enter a market, speed increases and prices decrease. Two good examples are Kansas City and Provo, where non-Google customers have received enhanced service along with price reductions. We expect that same effect. Your household will also benefit from free services provided in your community and from better and lower cost delivery of some municipal services.

29) No matter what you call it, isn't the \$300 million still another debt for my city?

It is not debt, though it is an obligation. Let's assume you plan to eat lunch every day for the next thirty years. Let's assume that with a mix of lunches ranging from a sandwich and an apple from home, to nice business or social lunch that costs several dollars, your average lunch costs about three bucks. You probably eat lunch every day, so that is three dollars per day. Rounding off in few places, does that mean you owe \$33,000 in 'debt' for your future lunches? If you spend \$300 per month for gasoline (a little low) does that mean you are in 'debt' to the tune of over \$100,000 for gas? Would you list that on a financial statement? No, and neither would your city. It may be an "obligation" to pay for a service, as many cities do for garbage collection or other services, but it is not a debt. That means your city would still be able to borrow for other appropriate projects, services or emergencies. And this obligation may yet help your city pay off that debt from before.

30) How is my city supposed to repay this obligation?

The proposal is to use a 'utility model' to pay for completion of the network and connection to every address. Each household will be charged a modest fee to cover the basic costs of the wholesale portion of the network. At this point we believe that basic fee will also include a basic level of internet service. Provo has instituted a similar fee called a 'Telecom Debt Charge' to pay for past debt obligations incurred when they installed their fiber network prior to the Google deal.

31) Will that utility fee increase over the thirty years of the agreement?

Macquarie and the cities are still determining the methodology of calculating the utility fee. While it is likely that this fee will increase over the term of the agreement, annual increases will be capped and will most likely be linked to a public index, such as CPI.

However, no adjustment will be made to cover any unexpected or unforeseen increases in costs that could have been mitigated by Macquarie. For example, even if the cost of the buildout exceeds the price guaranteed to the cities, or costs to operate the network are materially higher than calculated by Macquarie, the utility fee cannot be adjusted without written consent from the cities.

32) How do the Cities insure performance?

Following the P3, the UTOPIA network will be a world away from its historical performance. The P3 model is a performance-based model, which requires Macquarie to achieve the requirements outlined in the concession agreement in order to earn a return. Under this model, the cities no longer bear the costs if the network does not deliver its required objectives.

33) Isn't part of the problem that UTOPIA was always been subject to political influences?

Again, in the future, the network will be run by private sector personnel and management. The eleven cities will still maintain oversight, but the construction, operation and maintenance will be performed by a private company.

34) What is a concession agreement?

A concession agreement means a private entity takes over management and operation of a public asset. An example might be the café at a public golf course. The concessionaire operates and maintains the location, but the city retains ownership. Macquarie will take over all management and operation functions and will be paid by the cities over the 30 years of the agreement, but the cities retain ownership.

35) Don't most private providers charge one rate for homes and another for business?

Most do. Following implementation of the P3, each household or business will receive an equal bill for the utility fee collected by the cities. Any additional billing will come from upgraded services purchased from private providers, beyond the free basic service provided under the utility fee model. Pricing of these additional products – television programming, for example - will be set by private providers in a highly competitive market, which may result in different rates for homes and businesses.

36) What does ubiquitous mean?

Ubiquitous means in this case, "seemingly everywhere." It means the intent is to provide a fiber connection to every home and business in the 11 member cities.

37) What if I don't need that much speed and don't want to pay the cost?

The new network entity will provide services at many different price points. You would not have to subscribe to a "superfast" connection you do not want. We do believe there will be a level of service appropriate for almost every consumer, at extremely competitive pricing. But even if you stay with your current carrier, you will still benefit from competitive pricing, enhanced city services, increased economic development and a host of other positives.

38) I like bundled services; will the new network offer that sort of thing?

The network itself will be wholesale and won't offer services. But it is expected that service providers will offer such bundled services when the network is completed and there is enough reach to attract a much stronger service offering. Macquarie is currently in discussions with a number of such providers not currently available on Utopia.

39) What is the bottom line? Why should we buy this deal?

Everyone understands that the eleven Utopia cities are in a tough position. The original financing, planning, construction and operation of Utopia all fell short. As a result, Utopia has become a "stranded asset," loaded with debt and unable to break into the black or achieve "launch velocity" for success. Inadequate revenue means insufficient "take rates," which ensure even more inadequate revenues. A P3 with Macquarie – though not without cost – provides a way forward. Macquarie's injection of private capital, experience and know how breaks the cycle of failure in which Utopia is mired.

There are many other reasons, as well - like the future. Fiber and the superfast connectivity it brings is the future in medicine, education, public safety, business and economic development – almost every aspect of our lives. Who could have imagined fifty years ago where we find ourselves today in terms of telecommunications and information technology? Connectivity affects everyday living in ways our grandparents could never have imagined. A successful, prosperous future will require even greater vision, innovation and investment, and that is what this "deal" is really about.

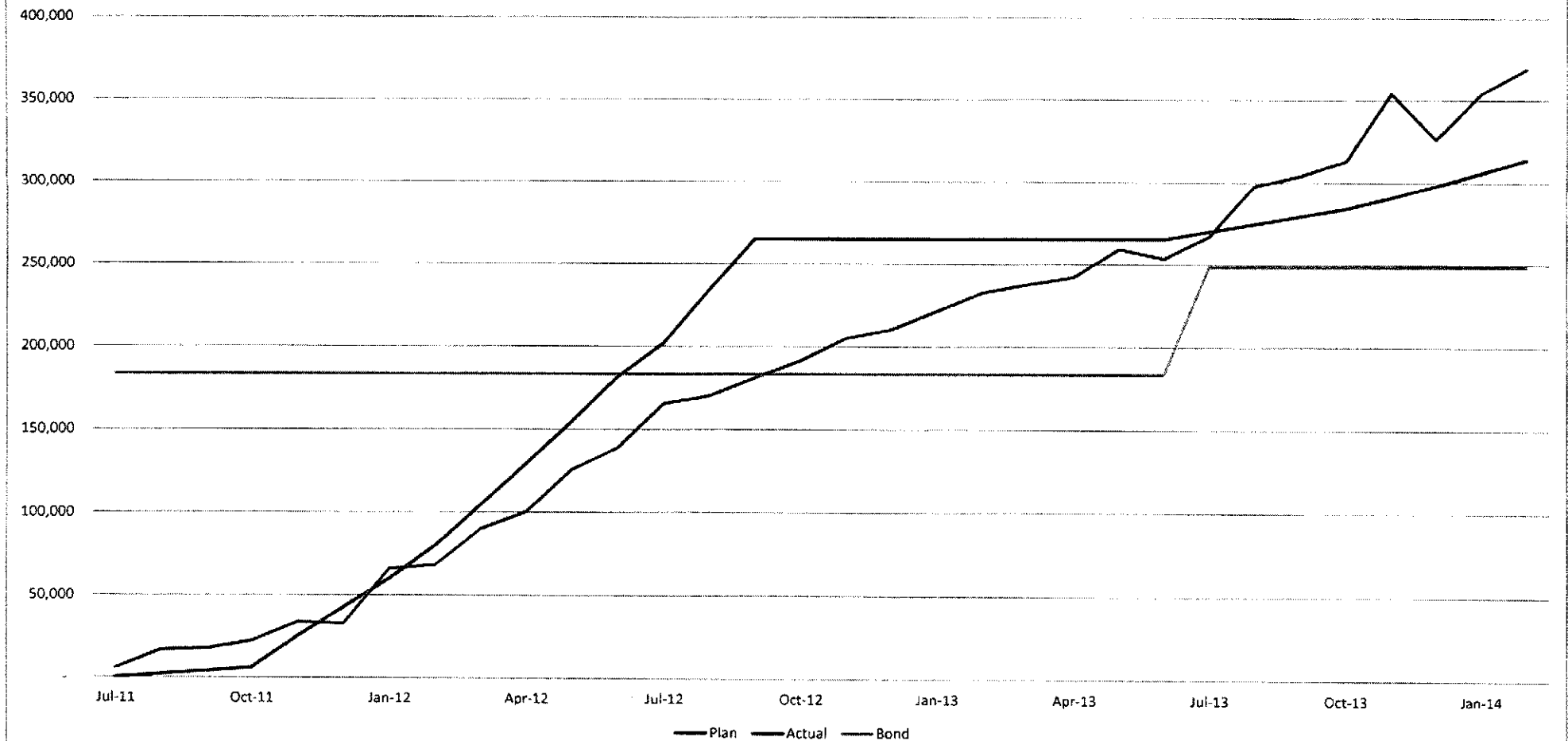
Finance Committee Report (Unaudited)
 UIA
 February 2014 (66.67% of Budget)

	Current Month	Year to Date	FY14 Budget	% of Budget	Prior Year YTD	% of Budget
Revenue						
Recurring	\$ 368,730	\$ 2,584,450	\$ 3,358,088	76.96%	\$ 1,583,247	72.96%
Install	2,200	170,505	-		150,392	
Interest Income	3,620	30,683	25,000	122.73%	34,866	116.22%
Other Income	-	56	-		85	
Total Revenue	\$ 374,550	\$ 2,785,693	\$ 3,383,088	82.34%	\$ 1,768,590	80.39%
Operating Expenses						
Administrative Expense	\$ 3,544	\$ 98,078	\$ 470,000	20.87%	\$ 167,817	58.68%
Professional Services	2,000	14,322	22,463	63.76%	-	0.00%
Network Management	27,007	208,839	353,055	59.15%	162,964	58.39%
Misc. Expense	-	-	-		-	
Total Operating Expenses	32,550	321,239	845,518	37.99%	330,781	56.53%
Debt Payments						
IRU Capital Lease Interest	33,223	287,865	417,419	68.96%	416,728	70.86%
Interest Expense	149,366	1,276,290	1,926,061	66.26%	971,106	65.39%
Principal (1)	-	685,000	685,000	100.00%	665,000	100.00%
Total Bond Payments	182,590	2,249,155	3,028,480	74.27%	2,052,834	74.97%
Total Expenditures	\$ 215,140	\$ 2,570,395	\$ 3,873,998	66.35%	\$ 2,383,615	71.72%
Use/Contribution to Fund Balance (Revenues Over/Under Expenditures)	159,410	215,299	(490,910)		(615,025)	

(1) Annual Principal payment made each October

Note: Total Expenditures does not include depreciation or amortized bond costs (which are not-cash items)

UIA Revenue v. Plan and Bond Obligation thru February 2014
(Monthly Recurring Revenue Only)

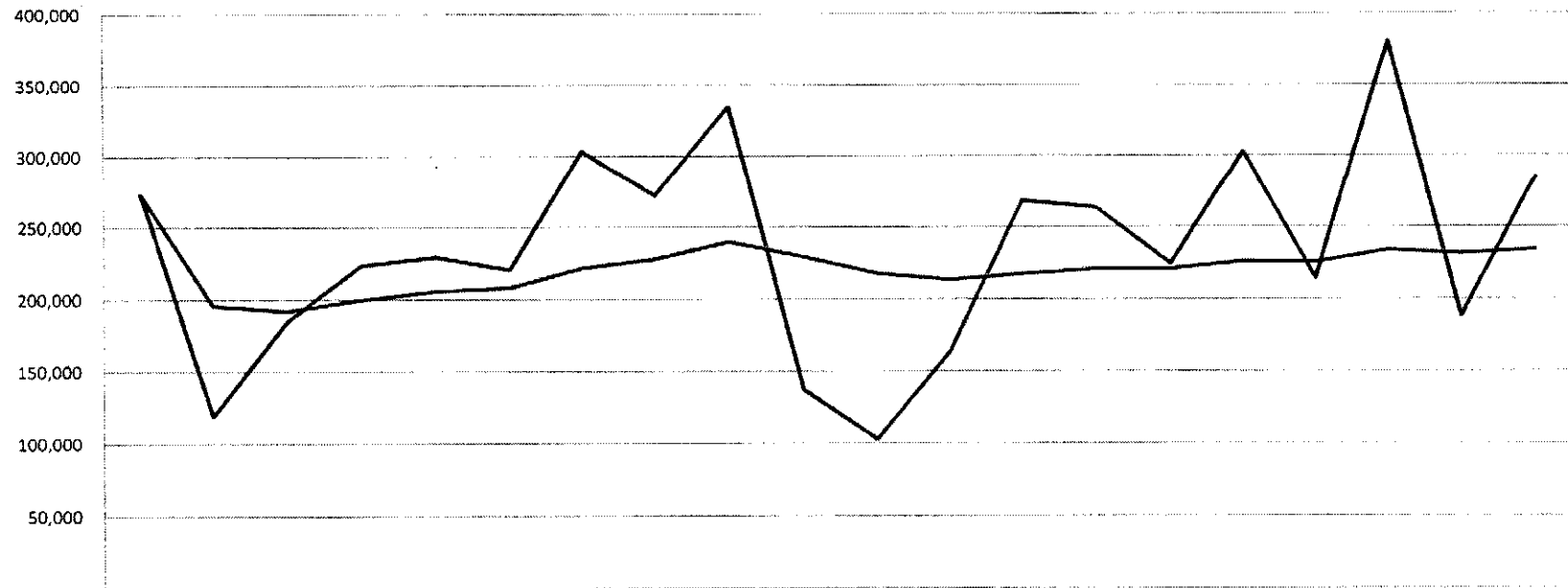


Finance Committee Report (Unaudited)
UTOPIA
February 2014 (66.67% of Budget)

	<u>Current Month</u>	<u>Year to Date</u>	<u>FY14 Budget</u>	<u>% of Budget</u>	<u>Prior Year YTD</u>	<u>% of Budget</u>
Revenue						
Recurring	\$ 359,591	\$ 2,897,215	\$ 4,701,000	61.63%	\$ 3,134,498	62.90%
Install	5,200	51,975	-		21,359	
UIA IRU	81,590	644,907	1,008,055	63.98%	597,987	61.87%
Interest Income	18	166	-		19	1.59%
Other Income	1,197	1,611,378	600,000	268.56%	4,272,547	71.35%
Total Revenue	<u>\$ 447,596</u>	<u>\$ 5,205,642</u>	<u>\$ 6,309,055</u>	82.51%	<u>\$ 8,026,410</u>	67.23%
Operating Expenses						
Administrative Expense	\$ 487,337	\$ 3,361,032	\$ 4,876,727	68.92%	\$ 3,491,916	66.18%
Professional Services	123,018	1,003,254	760,700	131.89%	676,928	61.82%
Network Management	121,029	1,357,983	2,257,160	60.16%	1,410,732	62.84%
Misc. Expense	-	-	-		(6,128)	
Total Operating Expenses	<u>731,384</u>	<u>5,722,269</u>	<u>7,894,587</u>	72.48%	<u>5,573,448</u>	64.69%
Bond Payments						
Interest Expense	1,094,738	8,721,451	13,215,000	66.00%	8,564,443	64.88%
Principal	6,000	13,027	26,062	49.98%		
Total Bond Payments	<u>1,100,738</u>	<u>8,734,478</u>	<u>13,241,062</u>	65.97%	<u>8,564,443</u>	64.86%
Total Expenditures	<u>\$ 1,832,122</u>	<u>\$ 14,456,747</u>	<u>\$ 21,135,649</u>	68.40%	<u>\$ 14,137,891</u>	64.79%
Use/Contribution to Fund Balance (Revenues Over/Under Expenditures)	<u>(1,384,526)</u>	<u>(9,251,105)</u>	<u>(14,826,594)</u>		<u>(6,111,481)</u>	

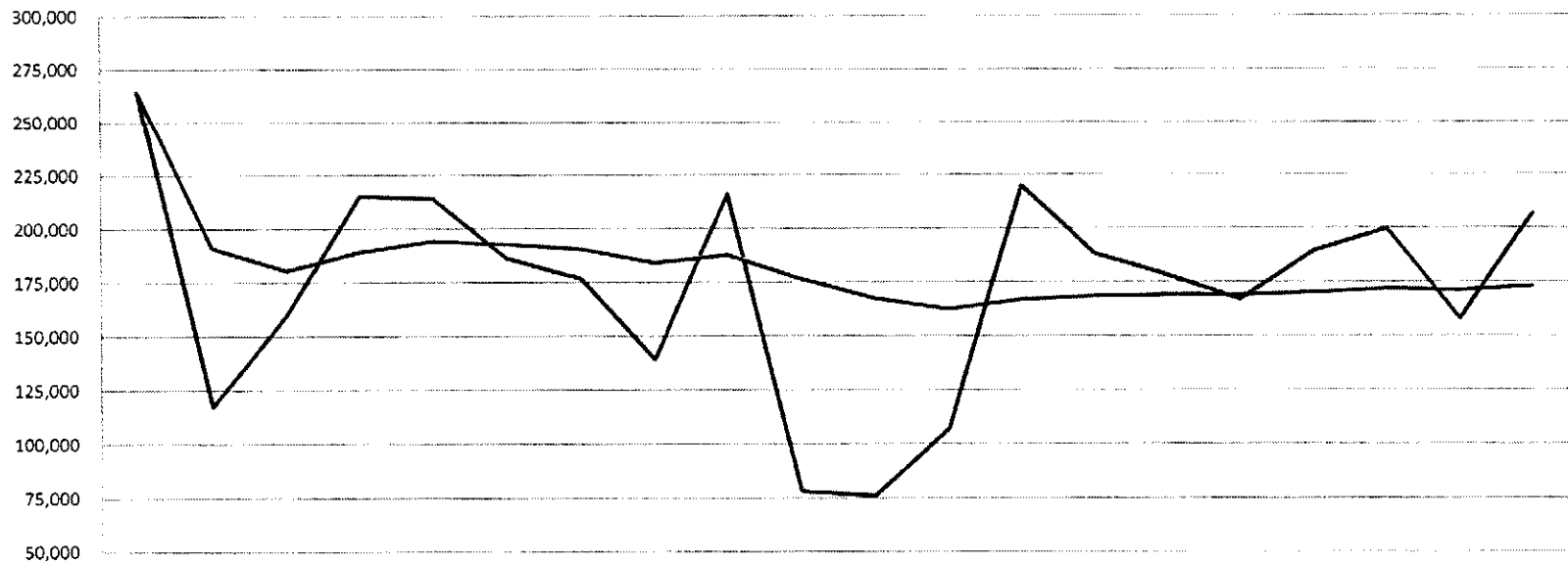
Note: Total Expenditures does not include depreciation or amortized bond costs (which are not-cash items)

UTOPIA OPEX Shortfall



	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Shortfall	273,397	118,809	184,145	223,726	229,538	220,525	303,555	272,036	334,922	137,293	102,799	163,445	268,348	263,681	224,543	302,965	214,624	380,416	188,591	285,003
Rolling Average	273,397	196,103	192,117	200,019	205,923	208,357	221,957	228,217	240,073	229,795	218,250	213,683	217,888	221,159	221,384	226,483	225,786	234,376	231,966	234,618

UTOPIA Adj OPEX Shortfall (Excludes Litigation)



	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Adj Shortfall	264,686	117,382	159,748	215,065	214,223	186,184	176,673	139,155	216,003	77,918	75,969	107,129	219,741	188,048	178,111	166,780	189,170	199,390	157,637	206,358
Adj Rolling Average	264,686	191,034	180,605	189,220	194,221	192,881	190,566	184,139	187,680	176,704	167,546	162,511	166,913	168,423	169,069	168,926	170,117	171,743	171,001	172,769

UTOPIA
Actual vs Budget

	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Revenue																		
Recurring	382,687	396,417	394,441	402,314	397,780	402,071	387,035	406,820	417,488	309,913	371,324	369,874	356,789	363,949	361,200	374,012	340,476	359,591
Install	(1,150)	1,750					72,650	1,050	350	300	1,050	1,400		(220)	(225)	43,400	1,400	5,200
UA/RU	54,583	54,583	54,583	172,479	76,131	76,481	77,758	77,669	77,669	78,204	79,583	79,321	79,965	80,871	80,707	81,018	81,853	81,500
Total Revenue	436,120	452,751	449,024	574,793	473,911	478,552	556,417	485,539	495,576	388,417	451,957	450,595	436,754	444,570	441,682	496,430	423,729	446,381
Administrative Expense																		
Wages / Benefits	354,068	363,904	378,281	375,946	357,071	362,361	542,567	327,335	351,206	273,770	376,040	339,568	338,632	308,629	344,848	330,086	334,876	426,538
Advertising	1,300	1,100	1,300	1,300	1,300	1,200		1,300	2,600	1,300	1,300	(200)	1,300	2,160	1,300	45,000	1,300	
Dues / Memberships	25	50	25	25	62	35	35	25	25	25	25	25	25	25	455	25	25	
Supplies	980	1,565	510	1,021	512	562	507	288	652	580	696	707	422	1,258	815	574	903	523
Licenses			200	250				250				625	50		185	334		
Training / Seminars																		
Travel	87	2,384	1,822	922	778	272	472	1,729	5,482	6,877	585	7,024	14,378	3,259	10,593	288	70	577
Meeting Expense	618	1,518	754	977	778	196	672	520	206	194	780	1,747	1,239	470	761	2,089	503	413
Bank Service Charges	154	142	154	819	787	859	859	785	886	826	815	826	826	826	826	163	128	105
Telephone Expense	1,680	20,314	6,586	8,227	13,401	7,973	3,169	5,028	4,352	4,951	5,939	2,330	3,786	9,888	3,451	22,889	3,561	8,982
Computer Expense	22,198	12,233	21,969	11,199	6,864	6,234	4,009	5,988	2,472		2,023	4,231	2,521	6,271	6,363	2,667	5,352	8,208
Bad Debt Expense																		
Insurance	6,001	17,287	15,843	16,222	21,921	15,602	21,127	24,952	8,417	9,655	16,291	16,291	16,291	16,291	15,263	16,164	16,164	16,164
Equipment	60	4,273	504	926	1,148	873	1,746	1,356	1,672	556	862	3,724	4,078	5,197	5,197	5,494	1,295	733
Vehicle Expense	8,600	7,336	11,734	8,823	(5,027)	3,102	4,177	6,261	4,177	5,633	8,425	7,796	4,148	4,851	4,575	6,613	8,117	5,005
Occupancy	14,384	14,162	13,634	13,871	13,871	13,889	14,632	13,889	14,559	14,894	14,072	13,899	13,899	13,899	13,899	13,899	13,365	13,831
Utilities	1,055	6,023	3,433	3,971	5,886	4,165	3,876	3,482	3,795	6,180	4,070	5,716	5,307	4,469	6,389	4,479	4,671	5,459
Less install costs to be cap'd	411,421	452,291	457,239	444,262	419,076	417,412	597,852	393,824	400,566	325,541	431,921	404,514	407,747	377,749	409,975	431,543	390,445	487,337
Admin Expenses																		
Professional Services																		
Accounting	2,000	2,000	2,000	2,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Payroll / HR	887	1,102	822	1,137	712	2,142	814	489	846	1,171	955	1,332	1,648	806	1,488	1,028	712	1,136
Public Relations	5,000	5,000	5,000	5,000	5,000	5,000	(9,860)								(3,50)			
IT Support	35,397	19,681	26,315	45,341	137,883	143,881	129,920	70,375	37,850	67,317	79,302	93,419	57,247	158,558	35,845	232,355	46,500	89,351
Legal	16,500	20,500	16,500	16,500	14,500	21,000	28,772	17,000	18,000	3,250	14,000	13,750	13,500	13,000	13,750	10,900	11,000	17,000
Lobbyists																		
Consulting	6,110	9,369	8,050	4,475	3,742	1,000	2,810	2,168	4,830	500	(7,363)	9,415	10,214	12,119	10,556	11,880	12,123	12,530
Contract Labor	65,694	57,633	57,552	74,453	164,837	176,023	155,356	93,031	64,506	75,238	89,889	121,117	85,609	187,484	64,299	298,103	73,735	123,018
Professional Services																		
Total Agency Expense	477,115	509,923	514,801	518,715	583,914	593,435	753,208	486,656	465,072	400,778	521,811	525,431	495,356	565,233	474,274	709,646	464,181	610,355
Network Management																		
Asset Management																		
Head End	22,541	26,612	33,553	32,710	34,253	34,782	36,593	29,397	25,956	16,423	31,007	34,538	29,549	31,353	32,477	40,115	29,680	35,435
Field Maintenance	51,580	46,781	58,825	154,828	59,571	46,426	38,215	47,480	40,613	112,170	90,524	78,791	63,080	80,943	70,752	80,115	52,586	24,211
Electronic Maintenance	10,963	13,963	13,963	24,621	9,753	13,600	(1,570)	4,493	3,708	10,000	13,486	14,716	12,235	11,465	13,491	10,775	3,391	3,371
Interconnect Fees	34,145	49,807	23,379	31,379	49,994	38,011	30,683	25,231	33,597	12,491	38,025	38,025	32,167	34,767	34,767	34,092	33,642	32,422
Interconnect Fees	13,900	21,462	13,978	22,500	13,978	13,906	(545)	14,205	14,229		14,198	13,649	16,908	15,948	14,448	9,648	10,355	13,072
Easements	10,020	10,929	10,555	10,564	26,204	10,407	14,754	15,161	15,161		11,159	9,125	22,142	10,397	16,097	10,120	18,376	12,518
Network Management	143,130	166,594	163,762	276,603	193,553	157,132	118,131	135,977	133,303	151,084	198,484	188,845	167,940	182,302	182,032	168,200	148,140	121,025
Total Operating Expenses	620,265	676,477	678,562	795,319	777,486	750,567	871,339	622,837	598,375	551,863	720,305	714,276	661,296	747,535	656,306	878,846	612,320	731,384
Operating Profit (Loss)	(184,145)	(223,726)	(225,538)	(220,525)	(300,555)	(272,036)	(334,922)	(137,283)	(102,799)	(163,445)	(268,348)	(263,681)	(224,543)	(302,965)	(214,624)	(380,416)	(188,591)	(285,003)
Other Income / Expense																		
Depreciation	377,496	377,186	377,186	377,186	377,186	377,186	376,745	376,745	376,745	1,576,000	388,196	376,621	401,373	388,692	388,692	387,963	387,963	387,963
Misc. Expense		(6,000)				(250)												
Interest Income	(591,929)	(383,553)	(752,512)	(460,948)	(777,695)	(576,245)	(433,167)	(649,621)	(946,393)	(404,693)	(456,196)	(271,980)	(51,619)	(551,261)	(278,898)	(266)	(1,187)	(1,187)
Other Income	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,070,413	1,091,388	1,091,388	1,091,388	1,091,388	1,091,388	1,091,388	1,091,388	1,091,388
Amort Bond Issue Costs	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161	9,161
Total Other Income / Expense	895,142	1,067,208	704,449	596,951	679,086	880,247	1,028,533	806,679	506,507	2,250,863	1,033,528	1,205,177	1,450,285	937,962	1,203,537	1,482,232	1,488,484	1,490,647
Net Income	(1,049,286)	(1,290,934)	(933,987)	(817,477)	(982,620)	(1,152,283)	(1,367,455)	(943,972)	(609,706)	(2,414,308)	(1,301,876)	(1,488,853)	(1,674,828)	(1,240,927)	(1,417,961)	(1,862,649)	(1,577,085)	(1,775,550)
Operating Profit (Loss)	(184,145)	(223,726)	(225,538)	(220,525)	(300,555)	(272,036)	(334,922)	(137,283)	(102,799)	(163,445)	(268,348)	(263,681)	(224,543)	(302,965)	(214,624)	(380,416)	(188,591)	(285,003)
Adjustments																		
Legal	24,397	8,661	15,315	34,341	126,883	132,881	118,920	59,375	26,530	56,317	48,607	75,633	46,432	136,185	25,453	181,026	30,954	78,545
Oper Profit (Loss) adj for Litigation	(159,748)	(215,065)	(214,223)	(186,184)	(176,673)	(139,155)	(216,003)	(77,918)	(75,959)	(107,129)	(219,741)	(198,048)	(178,111)	(166,780)	(189,170)	(199,390)	(157,637)	(206,358)

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 10.

Short Title: City Manager's Report

Initiated By: City Manager

Scheduled Time: 8:40

SUBJECT

- a. Update re: Main & Parrish Intersection Project
- b. Update re: I-15 Express Lane Project

RECOMMENDATION

BACKGROUND

The City Manager may report on one or more topics.

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 11.

Short Title: Discuss Drainage System Impact Fee and Rate Study

Initiated By:

Scheduled Time: 8:45

SUBJECT

RECOMMENDATION

Review the latest scenarios prepared by the City's consultant and determine if there is majority support for specific revisions to the drainage impact fee and monthly drainage fees. Agree on a schedule for public hearings on these matters.

BACKGROUND

Fred Philpot, the City's consultant from LYRB, prepared additional scenarios since the May 6 council work session, based on the Council's discussion/direction. The recommended drainage impact fee is approximately \$3900 per acre. The two monthly drainage fee scenarios--based on the Council's direction--are both based on the assumption of no new debt for drainage projects. One scenario is a one-time increase of 41%. The other scenario is a two-step increase of 20% the first year, 14% the second year, and 3% increases in the succeeding years. There have been no increases in the monthly drainage fees--i.e. stormwater and subdrain--since these fees were originally imposed in 1999 and 2001, respectively. Most of the justification for the proposed increases is to fund drainage projects, but also to keep up with the effect of inflation on system maintenance costs.

Note the following changes in the attached slide presentation since the May 6 version:

Impact Fees:

- Included two scenarios (with and without inflation)
- Eliminated debt related scenario

Rates:

- Reduced the allocation of the 2012 Revenue Bonds to the storm drain utility
- Included a combined water and storm water coverage table (assuming no growth in revenues)
- Reduced the target days of working capital to approx. 90 days at end of planning horizon
- Eliminated debt related scenarios

ATTACHMENTS:

Description

- Centerville City IFA-Rate Study - Storm Drain

LYRB



2014 STORM DRAIN IMPACT FEE & RATE ANALYSIS

CENTERVILLE CITY, UTAH

MAY 2014

**LEWIS  YOUNG
ROBERTSON & BURNINGHAM, INC.**



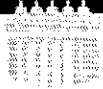
IMPACT FEE ANALYSIS

- **Service Area:**
 - Single City-wide service area

- **Demand Analysis:**
 - 208 Acres Served by IFFP Projects, 625 Undeveloped Total Acres

- **Existing Facilities & Buy In**
 - The City has determined that the excess capacity portion of the existing storm drain infrastructure is minimal. Thus, a buy-in component has not been calculated or included in this analysis.

- **Level of Service**
 - City Drainage systems are designed to handle the 10 year storm event, while the County Drainage Systems (stream channels) are designed to handle the 100 year storm event.



FUTURE FACILITIES

Storm Drain Projects

#	Description	FY Year	Total	Const. Year	City	County	UDOT	Developer	Growth
1	Legacy Trail and Sheep Rd at 1000 N. - new 72 x 44" culvert "	2015	67,000	67,000	33,500	33,500	-	-	-
2	Lund Lane - new 36 culvert at UTA / UPRR "	2015	225,000	225,000	75,000	-	-	150,000	-
3	400 East - 850 South to 700 South	2016	82,000	82,000	82,000	-	-	-	-
4	Nola Drive - 1200 North to 1350 North	2016	126,000	126,000	126,000	-	-	-	-
5	Main Street - 100 North to 50 South - Replace old 15 to 18" CMP "	2017	152,000	152,000	38,000	-	114,000	-	-
6	Main Street - Pheasant Drive to Chase Lane including crossing at Pheasant Drive - Replace old CMP	2017	253,000	253,000	63,250	-	189,750	-	-
7	Main Street - 1075 North (J.P. Stewart south property line) - replace 24 CMP w/ 36" RCP "	2017	69,000	69,000	17,250	-	51,750	-	-
8	Main Street crossing at Rigby property -replace 24 CMP w/ 24" RCP also includes new 18" system running east "	2018	224,000	224,000	53,760	-	53,760	-	116,480
9	Main Street crossing at 1700 North (Jennings Lane) - replace 24 CMP w/ 24" RCP also includes new 18" system running east "	2018	185,000	185,000	44,400	-	44,400	-	96,200
10	Main Street - 725 South (Centerville Jr.High south property line) - replace 24 CMP "	2019	49,000	49,000	12,250	-	36,750	-	-
11	Frontage Rd - 100 South (Kohl's south property line) - replace 24 CMP w/ 36" RCP "	2019	51,000	51,000	43,860	-	-	-	7,140
12	Frontage Rd - 400 North (Parrish Lane) -replace 36 CMP "	2019	175,000	175,000	175,000	-	-	-	-
13	Frontage Rd - 625 North (McDonald's North PL) - replace 24 CMP "	2019	40,000	40,000	40,000	-	-	-	-
14	Frontage Rd - 750 North (Creekview) - replace 24 CMP "	2020	41,000	41,000	41,000	-	-	-	-



FUTURE FACILITIES

Storm Drain Projects (Cont.)

#	Description	FY Year	Total	Const. Year	City	County	UDOT	Developer	Growth
16	Frontage Rd - 1300 N. (Community Park) -replace 42 CMP "	2020	70,000	70,000	70,000	-	-	-	-
17	Frontage Rd - 1375 N. (North PL Community Park) replace 2 - 24 possibly with one new 36" culvert at new grade "	2020	60,000	60,000	60,000	-	-	-	-
18	Frontage Rd - 1875 N. (Villa de France) -replace 24 CMP - new 36" culvert "	2021	65,000	65,000	65,000	-	-	-	-
19	Frontage Rd - 2050 N. (Lexington) - replace 24 CMP "	2021	45,000	45,000	21,600	-	-	-	23,400
20	Frontage Rd - 2150 N. (Millet) - replace 24 CMP w/ 24" RCP "	2021	49,000	49,000	23,520	-	-	-	25,480
21	Frontage Rd. - 2175 N.- replace 24 CMP w/ 24" RCP "	2021	51,000	51,000	24,480	-	-	-	26,520
22	Frontage Rd. - Air Products & Tri-City -replace 2 - 24 CMP w/ 2 - 24" RCP "	2021	75,000	75,000	36,000	-	-	-	39,000
23	UDOT Maintenance Shed - Barnard Creek -1250 West to Legacy Trail - replace 24 CMP w/ 36" RCP "	2022	160,000	160,000	80,000	40,000	40,000	-	-
24	Home Depot Storm drain, drainage ditch and Detention Basin cleaning	2022	250,000	250,000	250,000	-	-	-	-
25	I - 15 - Lund Lane - replace 24 CMP w/ 36" RCP "	2023	367,000	367,000	130,285	-	130,285	-	106,430
26	I - 15 / UTA / UPRR - Air Products & Tri-City - replace 2 - 24 CMP w/ 2 - 24" RCP "	2024	653,000	653,000	156,720	-	156,720	-	339,560
Totals			\$3,684,000	\$3,684,000	\$1,804,375	\$115,000	\$817,415	\$150,000	\$757,210



FUTURE FACILITIES

Subdrain Projects

#	Description	FY Year	Type	Estimate	Const. Year	City
1	Parrish Lane - 100 East to Main Street	2015	O&M	90,000	90,000	90,000
2	Valley Drive - 400 West to 450 West	2015	O&M	60,000	60,000	60,000
3	400 West - 1500 North to 1375 North - dual system (possibly slip-line)	2016	O&M	280,000	280,000	280,000
4	1500 North Cul-de-sac on 400 West	2017	O&M	110,000	110,000	110,000
5	Ariane Way - 450 West to 650 West	2021	O&M	200,000	200,000	200,000
6	1600 North (Rick's Creek Way) - 100 West to 200 West	2022	O&M	150,000	150,000	150,000
7	1850 North - 100 West to 400 West (currently pumping into sewer)	2024	NEW	\$250,000	\$250,000	\$250,000
Total				\$1,140,000	\$1,140,000	\$1,140,000



FUTURE IMPACT FEE FACILITIES

- Scenario 1: No Inflation

	TOTAL	CITY	COUNTY	UDOT	DEVELOPER	GROWTH
Totals	\$3,684,000	\$1,804,375	\$115,000	\$817,415	\$150,000	\$797,210

- Scenario 2: With Inflation

	Const. Year	City	County	UDOT	Developer	Growth
Totals	\$4,286,205	\$2,086,290	\$130,805	\$944,495	\$150,000	\$974,616

Impact Fee Includes Only the Growth Related Portion of Future Storm Drain Projects

- Financing Mechanism: Assumes Pay-As-You-Go



STORM DRAIN IMPACT FEE

❖ Proposed Impact Fee without Inflation

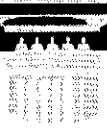
STORM DRAIN PROPORTIONATE SHARE ANALYSIS	GROWTH RELATED COSTS	% TO IFFP	COST TO IFFP	UNDEVELOPED ACRES	FEE PER ACRE
Buy-In Component	-	100%	-	208	-
Future Storm Drain Projects	\$797,210	100%	\$797,210	208	\$3,833
Proposed Financing Costs	-	100%	-	208	-
Professional Expenses	\$16,200	100%	\$16,200	208	\$78
(Less Impact Fee Fund Balance)	-	100%	-	208	-
Total	\$813,410		\$813,410		\$3,911



STORM DRAIN IMPACT FEE

❖ Proposed Impact Fee with Inflation

STORM DRAIN PROPORTIONATE SHARE ANALYSIS	GROWTH RELATED COSTS	% TO IFFP	COST TO IFFP	UNDEVELOPED ACRES	FEE PER ACRE
Buy-In Component	-	100%	-	208	-
Future Storm Drain Projects	\$974,616	100%	\$974,616	208	\$4,686
Proposed Financing Costs	-	100%	-	208	-
Professional Expenses	\$16,200	100%	\$16,200	208	\$78
(Less Impact Fee Fund Balance)	-	100%	-	208	-
Total	\$990,816		\$990,816		\$4,764



RATE ANALYSIS

- ❖ General Pricing Objectives
- ❖ General Assumptions
- ❖ Projected Capital and Repair & Replacement Needs
- ❖ Scenario Analysis
- ❖ Summary of Recommended Structure



PRICING OBJECTIVES

- ❖ Simple and Equitable Rates Structure
- ❖ Ease of Implementation
- ❖ Revenue Sufficiency and Maintenance of Bond Covenants
 1. Inclusion of **Depreciation @ 25%**
 2. Inclusion of **CIP @100%**
 3. **Assumes an equalized allocation of debt service**
 4. **Days of Working Capital @ 90 Days**
- ❖ Rate Affordability



ASSUMPTIONS

- ❖ Storm Utility will cover a smaller ratio of the outstanding 2012 Water Revenue and Refunding Bonds.

\$4,210,000 CENTERVILLE, UTAH					
2012 WATER REVENUE & REFUNDING BONDS, SERIES 2012					
FY YEAR	PRINCIPAL	COUPON	INTEREST	TOTAL P+I	FISCAL TOTAL
2013	335,000.00	2.00%	59,100.10	394,100.10	448,881.35
2014	355,000.00	2.00%	109,562.50	409,781.25	461,012.50
2015	365,000.00	2.00%	102,462.50	416,231.25	463,812.50
2016	405,000.00	4.00%	95,162.50	452,581.25	492,062.50
2017	425,000.00	2.50%	78,962.50	464,481.25	498,650.00
2018	185,000.00	2.25%	68,337.50	219,168.75	251,256.25
2019	265,000.00	2.50%	64,175.00	297,087.50	325,862.50
2020	285,000.00	2.50%	57,550.00	313,775.00	338,987.50
2021	\$305,000.00	2.50%	\$50,425.00	\$330,212.50	\$351,612.50

INITIAL STORM DEBT ALLOCATION	EQUALIZED STORM DEBT ALLOCATION
53,836.98	53,836.98
62,937.50	62,937.50
67,087.50	67,087.50
95,137.50	
102,575.00	
110,443.75	
187,187.50	
197,625.00	
\$212,625.00	



ASSUMPTIONS

❖ Combined Debt Service Coverage (No Growth)

4,210,000 Centerville, Utah					
2012 Water Revenue & Refunding Bonds, Series 2012					
FY	FiscalTotal	Combined Revenues	Combined Expenditures	Net Revenues	Coverage
2013	\$448,881	\$2,808,682	\$2,064,481	\$744,201	1.66
2014	461,013	2,808,682	2,064,481	744,201	1.61
2015	463,813	2,808,682	2,064,481	744,201	1.60
2016	492,063	2,808,682	2,064,481	744,201	1.51
2017	498,650	2,808,682	2,064,481	744,201	1.49
2018	251,256	2,808,682	2,064,481	744,201	2.96
2019	325,863	2,808,682	2,064,481	744,201	2.28
2020	338,988	2,808,682	2,064,481	744,201	2.20
2021	351,613	2,808,682	2,064,481	744,201	2.12
2022	141,550	2,808,682	2,064,481	744,201	5.26
2023	139,050	2,808,682	2,064,481	744,201	5.35
2024	141,225	2,808,682	2,064,481	744,201	5.27



CHANGES TO CIP AND R&R

Original List (No Inflation)

CAPITAL IMPROVEMENT PLAN (FISCAL YEAR)	2015	2016	2017	2018	2019	2020
Total Storm Drain Capital Projects	(190,500)	(164,000)	(250,740)	(152,850)	(307,000)	(253,500)
Funding of Depreciation	(28,446)	(28,446)	(28,446)	(28,446)	(28,446)	(28,446)
Total Subdrain Capital Projects	(240,000)	(200,000)	-	(250,000)	-	(60,000)
Total CIP (Including 25% Depreciation)	(\$458,946)	(\$392,446)	(\$279,186)	(\$431,296)	(\$335,446)	(\$341,946)

6 Year Total = \$2.239M

Revised List (with Inflation)

CAPITAL IMPROVEMENT PLAN (FISCAL YEAR)	2015	2016	2017	2018	2019	2020
Total Storm Drain Capital Projects	(108,500)	(214,240)	(125,717)	(339,663)	(313,173)	(266,053)
Funding of Depreciation	(28,446)	(28,446)	(28,446)	(28,446)	(28,446)	(28,446)
Total Subdrain Capital Projects	(150,000)	(288,400)	(116,699)	-	-	-
Total CIP (Including 25% Depreciation)	(\$546,946)	(\$531,086)	(\$270,862)	(\$368,109)	(\$341,619)	(\$294,500)

6 Year Total = \$2.093M



SCENARIO ANALYSIS

- ❖ Scenario 1 (Baseline): No Rate Increase
- ❖ Scenario 2: One-Time Rate Increase (No Debt)
- ❖ Scenario 3: Staggered Increase with Inflation Increase (No Debt)



SCENARIO ANALYSIS

Scenario 1: No Increase

Scenario 2: One Time Increase (No Debt)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Storm Utility Rate Increase		0%	0%	0%	0%	0%
Subdrain Utility (IN) Rate Increase		0%	0%	0%	0%	0%
Subdrain Utility (Out) Rate Increase		0%	0%	0%	0%	0%

Scenario 3: Staggered (2-Years) (No Debt)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Storm Utility Rate Increase			3%	3%	3%	3%
Subdrain Utility (IN) Rate Increase			3%	3%	3%	3%
Subdrain Utility (Out) Rate Increase			3%	3%	3%	3%



ANALYSIS SUMMARY:

Scenario 1: No Increase

Scenario 2: One Time Increase (No Debt)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Storm Utility Rate		\$5.64	\$5.64	\$5.64	\$5.64	\$5.64
Subdrain Utility (IN) Rate		\$8.46	\$8.46	\$8.46	\$8.46	\$8.46
Subdrain Utility (Out) Rate		\$2.82	\$2.82	\$2.82	\$2.82	\$2.82

Scenario 3: Staggered (2-Years) (No Debt)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Storm Utility Rate			\$5.61	\$5.78	\$5.95	\$6.13
Subdrain Utility (IN) Rate			\$8.42	\$8.67	\$8.93	\$9.20
Subdrain Utility (Out) Rate			\$2.80	\$2.88	\$2.97	\$3.06

ANALYSIS SUMMARY:

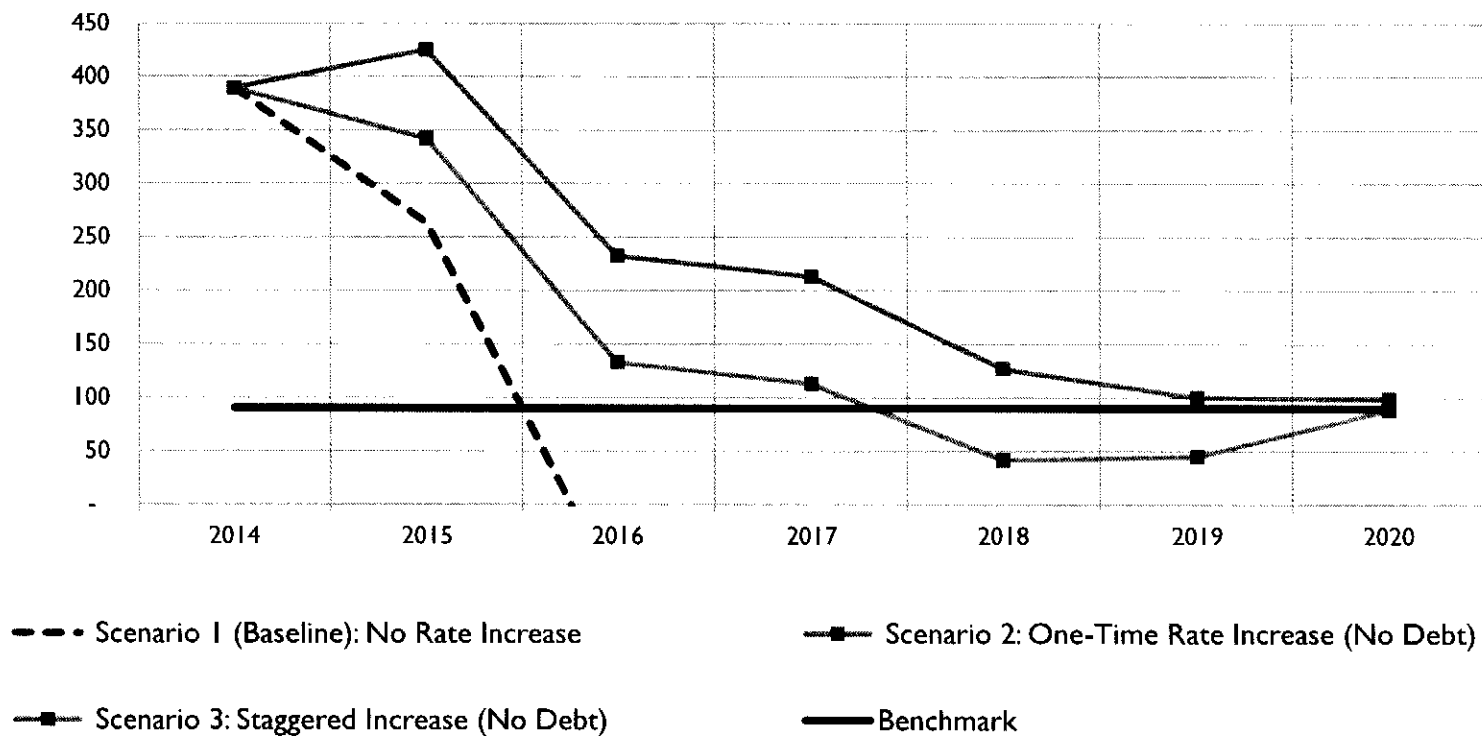
Scenario Analysis: Max Rate	2	3
Storm Utility Rate		\$6.13
Subdrain Utility (IN) Rate		\$9.20
Subdrain Utility (Out) Rate		\$3.06



Scenario 2 meets pricing objectives with lowest increase to rates

ANALYSIS SUMMARY

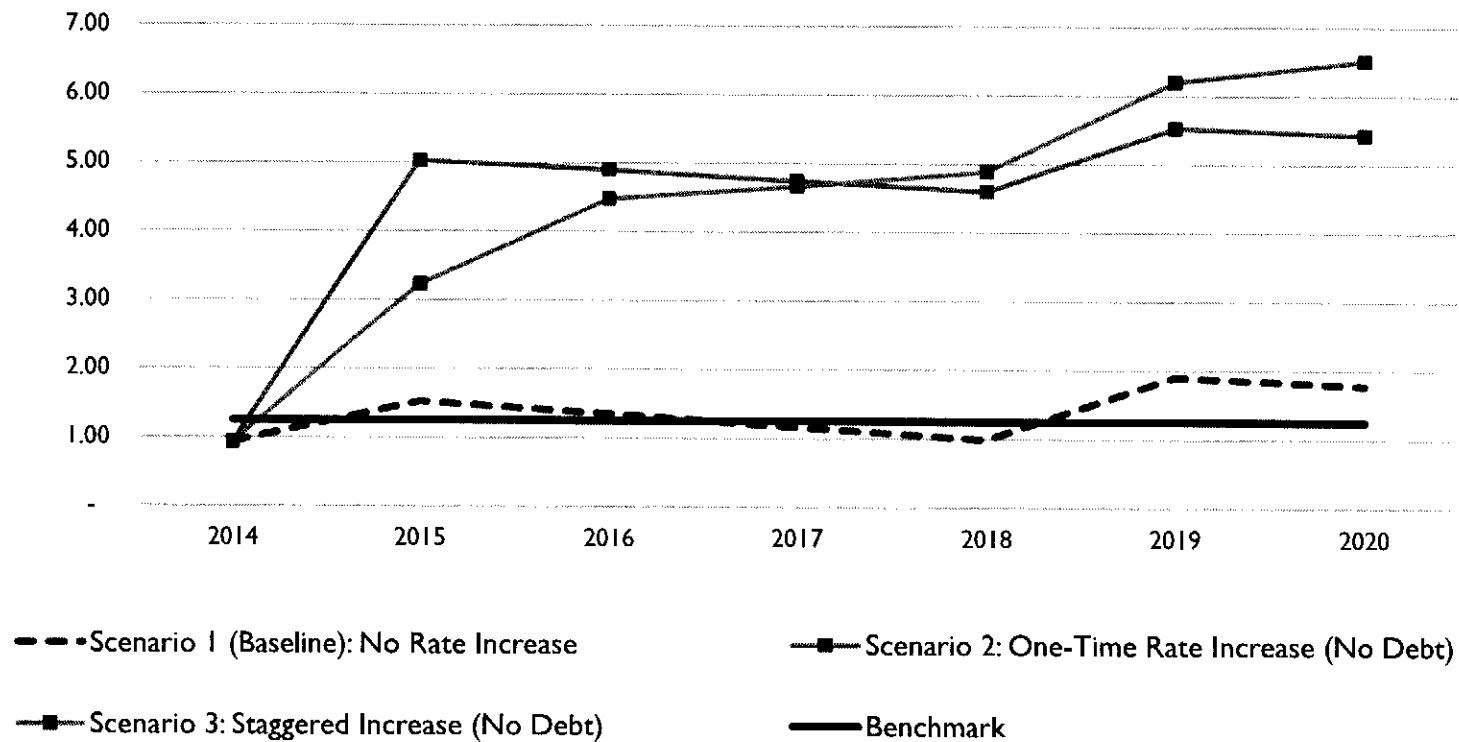
Days of Working Capital





ANALYSIS SUMMARY

Debt Service Coverage Ratio





AFFORDABILITY

- ❖ An affordability index of 1.5% of Median Household Income (MHI) is used as a benchmark in this analysis, which is the affordability index for a combined annual water and sewer bill for an AA rated sewer or water utility bond.
- ❖ The combined annual bill for water, sewer and drainage is still below 1.5%, even when the drainage utility is added.

Affordability of Scenario 2

Centerville Median Household Income	\$80,114
Estimate of Annual Drainage Bill (Scenario 4 @ \$15.25)	\$169
Estimate of Annual Sewer Bill	\$112
Estimate of Annual Water Bill	\$306
Total Combined Annual Bill	\$588
% of MHI	0.73%



NEXT STEPS

- ❖ Prepare IFFP/IFA/Rate documents
- ❖ Notice for Public Hearing
- ❖ Hold Public Hearing
- ❖ Take action on proposed impact fees and rates
- ❖ Impact Fees effective 90 days following adoption at Public Hearing

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No. 12.

Short Title: Miscellaneous Business

Initiated By:

Scheduled Time: 9:15

SUBJECT

a. "Complete Streets" design workshop

RECOMMENDATION

BACKGROUND

Councilwoman Tami Fillmore approached WFRC staff about including Centerville City as one of several "pilot" cities that would receive training in two "Complete Streets" design workshops later this year. She will explain this opportunity to the City Council.

CENTERVILLE CITY COUNCIL

**Staff Backup Report
5/20/2014**

Item No. 13.

Short Title: Closed meeting, if necessary, for reasons allowed by state law, including, but not limited to, the provisions of Section 52-4-205 of the Utah Open and Public Meetings Act, and for attorney-client matters that are privileged pursuant to Utah Code Ann. § 78B-1-137, as amended

Initiated By:

Scheduled Time: 9:25

SUBJECT

RECOMMENDATION

Staff are not currently aware of a need for a closed meeting, but the agenda allows for that possibility.

BACKGROUND

CENTERVILLE CITY COUNCIL

**Staff Backup Report
5/20/2014**

Item No. 14.

Short Title: Possible action following closed meeting, including appointments to boards and committees

Initiated By:

Scheduled Time: 9:25

SUBJECT

RECOMMENDATION

Mayor Cutler may recommend appointments to City boards or committees.

BACKGROUND

CENTERVILLE CITY COUNCIL

Staff Backup Report 5/20/2014

Item No.

Short Title: Items of Interest (i.e., newspaper articles, not items on agenda)

Initiated By:

Scheduled Time:

SUBJECT

RECOMMENDATION

BACKGROUND

ATTACHMENTS:

Description

- D Monthly Building Report for April 2014
- D UTOPIA Brigham City Folow up
- D Centerville taggers arrested



Steve Thacker,
City Manager

Built

655 North 1250 West, Centerville, Utah 84014

Monthly Building Report for April 2014

Construction Type	# of Permits		YTD Structures		Average Home Cost		Construction Valuation	
	Month	YTD	# Units	# Bldgs	Month	YTD	Month	YTD
Single Dwellings	0	1	1	1	-	-	-	308,938.00
Duplexes / Town Homes	0	0	0	0			-	-
Apartments	0	0	0	0			-	-
Addition/Alteration/Repair	5	12					193,714.00	538,666.00
Power/Mech	3	22					-	-
Signage	5	13					43,700.00	77,279.00
Commercial/Tenant Finish	2	9					1,692,635.00	2,973,655.00
Detached Structure/Gar	0	3					-	38,892.00
Demolition	1	3					-	11,905.00
Pool	1	1					45,000.00	45,000.00
Miscellaneous	0	1					-	9,000.00
Total Permits Issued:	17	65					Total Permitted Valuation: 1,975,049.00	4,003,335.00

Building Permit Related Revenues	Monthly		YTD Comparison	
	April 2014	YTD 2014	April 2013	YTD 2013
BUILDING	14,071.32	32,000.63	15,167.12	39,605.02
PLAN CHECK	7,058.69	14,668.34	3,720.97	10,480.94
ELECTRICAL	662.00	3,396.00	1,322.00	5,282.00
PLUMBING	-	-	-	-
MECHANICAL	198.00	1,122.00	132.00	792.00
GRADING	-	-	-	-
STATE SURCHARGE	143.36	335.21	154.30	409.23
WATER DEV.	2,534.00	4,560.00	7,800.00	18,600.00
WATER CONNECTION	-	2,997.81	-	-
WATER METER	305.00	500.00	1,365.00	3,705.00
STORM DRAIN	-	780.00	-	-
FIRE IMPACT	1,045.00	1,516.00	3,297.00	8,949.00
PARK IMPACT	-	2,057.00	8,400.00	22,600.00
DRIVE APPROACH	-	35.00	245.00	665.00
BOND	2,000.00	5,000.00	2,000.00	10,000.00
SPECIAL RECORDING	-	-	-	12.00
ENGINEERING	500.00	1,000.00	-	-
TV INSPECT DRAINS	150.00	150.00	-	-
LANDSCAPING BOND	-	-	-	-
Total Permits Related Revenue:	\$28,071.37	\$67,037.99	\$42,413.99	\$116,546.19

Date: May 16, 2014; Section: Front Page; Page: 1A

Brigham City open house tense over build-out fees

By **TIM GURRISTER**

Standard-Examiner staff

BRIGHAM CITY — No one was jumping for joy at the prospect of a \$300 million savior for the stalled UTOPIA fiber-optic network.

He would have been turned away at the door with his carte blanche offer to revitalize the proposed low-cost Internet-access alternative.

Instead, citizen questions at an open house Wednesday night centered on the fees they all would be charged if the proposed light-speed network does resurrect sometime late in the year 2016.

Described as a global giant in public-private partnerships, the Australian investment firm Macquarie Capital promises to finish building UTOPIA in 30 months with its \$300 million — which would, after 15 years of trying, finally extend instant Internet access to the 11 Utah cities that own UTOPIA.

No one seemed impressed at the favorable cost comparisons with Comcast and CenturyLink for basic Internet presented at the open house hosted by city officials to detail Macquarie's proposal.

They had to ask for calm several times during the tense two-hour session, attended by 100-plus residents in the auditorium of the Box Elder Middle School.

"This is not a clapping meeting," City Finance Director Jason Roberts said at one point in response to applause to the big question of the night.

Citizens time and again raised objections to the proposed \$18 to \$20 monthly fee sought by Macquarie once the \$300 million "build-out" of UTOPIA concludes.

"Who is this Macquarie guy?" one resident shouted out at one point, although officials were trying to direct residents to write their questions down first, to be read over a public address system for Roberts and other officials to answer.

Macquarie's proposal calls for all residents to be billed the fee whether they hook up to the fiber-optic service or not.

That the fees are on top of the \$435,000 a year Brigham pays for its UTOPIA bonds was upsetting to some.

The fee requirement is critical to Macquarie's recouping its investment and assuring its financiers, Roberts said. Opt-out provisions will be available for hardship cases, he said, and those who were required to pay \$2,500 hookup fees, no longer required, will be compensated.

"We are all paying to support UTOPIA now through the city's general fund," Roberts said. "We're all paying already."

He also asked the crowd to "consider the value to future generations."

Brigham, Layton, Centerville, Perry, Tremonton and the rest of the UTOPIA cities will vote on whether to accept the Macquarie plan at the end of June — and approval seems likely.

With no other suitors on the horizon, the cities still have to pay off 25-year bonds issued for UTOPIA since its late-1990s inception, whether they accept Macquarie's investment or not.

"Google is not interested in UTOPIA," Roberts said, answering a question about the Internet giant's purchase last year of Provo's failed attempt at its own fiber-optic network.

"There have been discussions with Google, and they're not interested. They wouldn't take care of the bonds, and they wouldn't invest \$300 million."

A second open house planned for May 22 is scheduled with a different format. Instead of a presentation and slideshow, citizens can line up to question, one on one in booth-style seating, UTOPIA principals, including the fiber-optic network staff, Macquarie, Internet service providers who hope to sell services on the network, city officials and others.

Contact reporter Tim Gurrister at 801-625-4238 or tgurrister@standard.net. Follow him on Twitter at [@tgurrister](https://twitter.com/tgurrister).



Brigham City Finance Director Jason Roberts speaks Wednesday during an open house on Macquarie Capital's proposal to invest \$300 million in the fiberoptic network UTOPIA.

TIM GURRISTER Standard-Examiner



Date: May 16, 2014; Section: Morning Briefing; Page: 2A

Two teens arrested for Centerville tagging spree

By LORETTA PARK

Standard-Examiner staff

CENTERVILLE — Two 14-year-olds spray-painted almost every business along Pages Lane in Centerville, as well as city property, vehicles and utilities in Woods Cross and Bountiful, police say.

Centerville police arrested the two, a boy and a girl, Wednesday evening after they received a report of a shoplifting occurring at Walmart.

"A male and a female were caught stealing a significant amount of spray cans," said Assistant Police Chief Paul Child.

The two teenagers admitted to the graffiti that had been popping up in the three cities.

The teenage girl had recently been charged with criminal mischief by Centerville police in a separate graffiti case in a school bathroom.

"They started at our city park, Founders Park, which is next door to (Centerville) City Hall, and worked their way south," Child said.

Police received numerous calls over the past three days of graffiti at businesses and buildings owned by The Church of Jesus Christ of Latter-day Saints, as well as at other businesses along Pages Lane.

"Founders Park was severely hit and required two employees working all day to clean it up, but the bathroom will need to be repainted," Child said.

Additionally, a bathroom in Centerville Junior High, a home, three vehicles and a camp trailer were "tagged" with spray paint, Child said.

Damage is estimated to be in the thousands of dollars, he said.

The juveniles told police they were "tagging their territory," Child said.

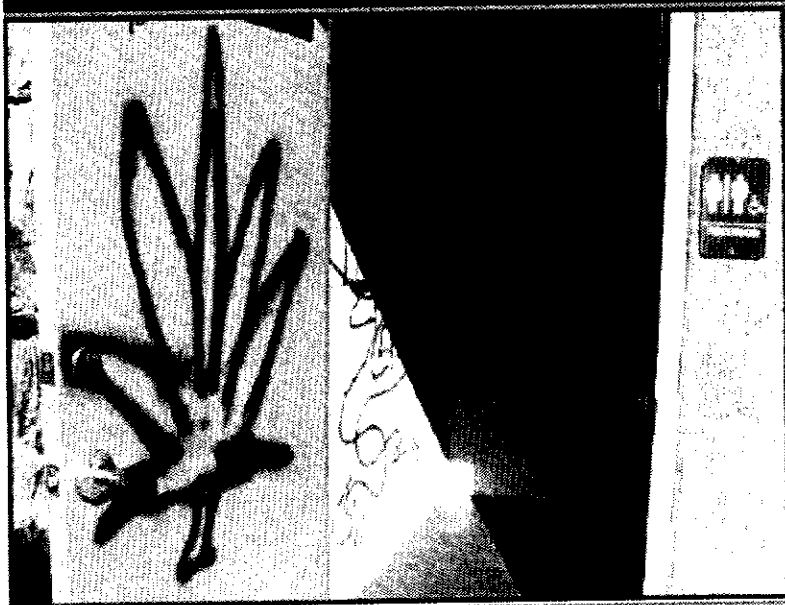
The juveniles have been referred to 2nd District Juvenile Court.

Anyone who has been recently victimized with graffiti in the south end of Davis County should contact their local police department if not already reported, Child said.

Centerville's police department phone number is 801-292-8441.

Contact reporter Loretta Park at 801-625-4252 or lpark@standard.net. Follow her on Twitter at [@LorettaParkSE](https://twitter.com/LorettaParkSE). Like her on Facebook at www.facebook.com/SELorettaPark.

Courtesy of Centerville Police Department



ABOVE AND LEFT: Police in Centerville have received reports of graffiti, especially along Pages Lane. Founders Park was severely hit and required two employees to clean it, and the restroom must be repainted. A bathroom in

5/16/2014

digital.olivesoftware.com/Olive/ODE/StandardExaminer/PrintComponentView.htm

Centerville Junior High, a home, three vehicles and a camp trailer were also "tagged." Two teens have been arrested.
