Argument for the Issuance of $7,000,000 in Cemetery Bonds

Centerville City proposes issuing General Obligation Bonds to finance land and construction of a second city cemetery. A **vote in favor of the issuance** of $7,000,000 in cemetery general obligation bonds, at the November 2nd election, is a vote to build a new cemetery. Without this bond, there are no cemetery plots available for sale in the Centerville City Cemetery.

Need

Centerville City owns and operates the Centerville City Cemetery. While Centerville has population turnover like most cities, it is a community consisting substantially of long-term residents, a large portion of which have expressed a desire to be buried in Centerville.

The existing Centerville City Cemetery is 7 acres and has 5,895 burial plots. While 45% of the plots are unoccupied, all unoccupied spots have been sold. This means residents that do not own a plot may not have the ability to be buried in Centerville.

Solution

Development of a new cemetery would provide an estimated 4,000 additional single-depth burial plots. These spaces would allow current and future residents the opportunity to be buried in Centerville. The City Council believes this endeavor would provide for cemetery needs for about 20 years.

If the bond were to pass, the City plans to begin the search for a land purchase in 2022, with construction of the cemetery starting shortly thereafter. This will allow current and future residents to purchase future burial plots at a City Cemetery. With bond rates at all-time lows, the anticipated bond would have an estimated tax impact of $4.70 a month on primary residents with home values of $400,000.

Timing

This is a good time to issue bonds because interest rates are at very low levels, giving the City the opportunity to issue bonds with reduced interest expense. If the City delays this project, there is a good chance that the price of the project and interest rates may rise significantly. Additionally, there are limited property parcels which might be useful for a cemetery and waiting could eliminate the ability to find appropriate land.

Summary

The City recognizes this is an important project to many residents of Centerville; however, in order for the City to fund the project it must issue a bond, secured by a property tax levy. The anticipated property tax increase on a $400,000 primary residential home is estimated to be a $4.70 monthly increase or $56.46 annually. As plots are sold, there will be amounts set aside to repay the bond. However, there may be penalty payments if the bond is repaid in less than ten years. The bond is scheduled to last for a maximum of 26 years. A major portion of plot sales proceeds will be used to accelerate bond payments to the extent possible. The City will evaluate payment options after 10 years, and attempt to minimize the actual duration of the property tax collections.

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(No Opposing Argument was Submitted)

The City shall conduct a public meeting on October 5, 2021, beginning at the hour of 7:00 p.m. at 250 North Main, Centerville, Utah. The purpose of the meeting is to hear arguments for and against the issuance of the Bonds.