

PARK CITY MUNICIPAL COMMUNITY NEWS INTERVIEW



EMBARKING ON THE NEW FISCAL YEAR A LETTER FROM CITY MANAGER DIANE FOSTER

Dear Park City Residents & Friends:

Park City's 2016 fiscal year began July 1, and we are off to a strong start in our latest financial cycle. I wanted to take this opportunity to highlight a few elements of our city's budget, including the process, our funding priorities, and our general philosophy.

Budget Process

As city manager, I could not be more proud of my team, especially from a financial standpoint. The Budget and Finance Departments—led by Nate Rockwood, Jed Briggs, and Lori Collett—directed our internal budget process, which includes Budgeting for Outcomes. City Council identified the city's priorities, and staff developed a recommended operating and capital budget that reflects Council's goals. We then collectively presented that budget to Council.

This process was instituted under my predecessor, Tom Bakaly, and I've carried it forward because the City Council values the process and I've seen how effective it is in creating budgets that are fiscally sound and deliver the results desired by the community. Not incidentally, this approach has transformed the budget process from a city manager-led initiative to one led by staff. A great example from the past year of this bottom-up approach is the library project. During the course of the renovation, staff came to realize that the building had the potential to become the community's heart. They accordingly decided that we should devote additional staff and resources to ensure that it fulfilled this vision.

*"WE'VE MAINTAINED
AN OPERATING
BUDGET INCREASE
OF 4.5% PER YEAR."*

Critical & Top Priorities

Through an extensive visioning process, last year Council identified **two critical priorities** and **three top priorities**. (Critical priorities are those whose trajectories need to change or they will most likely fail. Top priorities are those that we have already identified as being crucial to the health of our community, and we will, therefore, continue to devote significant resources to ensure their success.)

The city's critical priorities are affordable housing and traffic/transportation. As we look at addressing both our existing and future transportation issues, staff recognizes this will require both local and regional solutions. They

will also require a long-term and sustained programmatic approach with a broad range of transportation projects, services, and programs. The two main arteries that provide ingress and egress to town—State Roads 224 and 248—are areas of particular focus. On SR248, for example, our in-house transportation planning

team is working in conjunction with the Utah Department of Transportation to address the peak congestion that currently plagues this corridor. Solutions currently under evaluation include dedicated access for High Occupancy Vehicles (HOV), in tandem with the Richardson Flats Park & Ride lot. Evaluation and installation of a traffic signal may also be required to safely and efficiently access the lot. This project is currently programmed in the 2019 State Transportation Improvement Program, however, staff is working with UDOT to expedite implementation.

In the realm of affordable housing, we are realizing—through market studies and other data points—that we need to create solutions not only for working-class residents but for middle-income families as well. So we have broadened our efforts to accomplish this, and



have allocated \$40 million in the next five years to new community-wide affordable housing solutions.

Our three top priorities are as follows:

- Historic Preservation
- Redevelopment of Lower Park Avenue Neighborhood
- Community Engagement

We will continue to support these areas with appropriate financial and staff resources.

Off-Year Budget Adjustments

Park City operates on a two-year budget cycle, and we are currently in what is called the “off-year.” In off years, we make significant budget modifications only in response to major market trends or unanticipated mandates.

We did so in two different areas. During our evaluation of compensation standards for city staff, we realized that we needed increase pay for two positions to remain competitive: building inspector and bus driver. Accordingly, we revised their pay ranges to keep pace with the marketplace.

Similarly, late in 2014, Park City was designated as a Phase II Municipal Separate Storm Sewer System, and is required to obtain a National Pollutant Discharge Elimination System permit. To comply, we have allocated necessary resources to the Public Utilities Departments. This increased regulation will give the city an additional tool for improving the environment.

Maintaining a Conservative Approach Regardless of Revenue Levels

Of course, all of these expenditures—however vital—need to be balanced against our revenue sources. As with most cities of similar size, demography, and economic composition, we derive revenue from three main areas: sales tax, property tax, and fees. We strive to stay balanced among the three revenue sources. To this end, although we have had double-digit growth in our sales tax since the end of the recession, we have nonetheless maintained an operating budget increase of 4.5 percent per year in the General Fund, as directed by our FIAR (Financial Impact Assessment Report). Maintaining this steady growth pattern enables the City to maintain a sustainable long-range operating plan while continuing to fund capital projects. As a result of a strong economy, prudent financial planning, and the new Additional Resort Sales Tax we have a much larger

capital budget (as percentage of our overall budget) than many other cities, which places us in the enviable position of being able to invest in our infrastructure, as opposed to just maintaining it.

This being said, it’s always important to remember that additional capital projects come with additional operating costs. Both the City Council and the staff try to remain cognizant of this whenever we propose new capital improvements. Our beautifully renovated library, which reopened last month, is a good example. As I mentioned, the revamped building enables us to increase resources and programming, but these added amenities require increased staff and operating expenses. Supplemental carrying costs are always considered when evaluating a new project, and are projected for on the operating side of the budget.

And lest you think that we are on a constant building spree, I should also mention that we devote part of our unanticipated revenue to reserves, and we do not borrow from our reserves to balance our budget.

Bond Rating & Allocations: a Reflection of our Overall Strength

As with any municipality or government entity, we also bond to raise revenue for strategically important initiatives. I’m proud to say that Park City’s general-obligation bond rating was recently raised to AA+ by Standard & Poor’s, which is the second-highest achievable rating, and the sales revenue rating was just increased to AA-. This reflects our solvency and overall financial strength. The City continues to follow a balanced approach when funding capital improvements using a mix of cash and debt. We continue to issue shorter 15-year bonds, which ensure the best possible rates and that the assets will outlast the debt.

In addition to my great internal team, I would also like to thank all of the residents of Park City who have played a role in the budgeting process. We appreciate your feedback and guidance during this crucial time. You can find a summary of the budget here, and, you are always welcome to attend a city council meeting to express your opinion. The mayor, council, and I always appreciate hearing from our constituents directly. Here’s to a great fiscal year!

Respectfully,
Diane Foster