



City Council Work Session Report

Subject: FY23 City Manager’s Recommended Budget – 2nd Report

Author: Budget Team

Department: Budget, Debt, & Grants

Resources Date: May 26, 2022

Type of Item: Legislative

On May 12, the Budget Team presented a broad overview of the FY23 City Manager’s Recommended Budget, committing to return to Council with specific details, deeper discussions, and a platform for a robust review with the Budget Team and department managers for FY23 Operating Budget requests. [The Budget webpage](#) is updated and is the hub for this year’s budget information. It will all include all staff reports, future meeting details and timelines, additional informational reports, memos, and all other official budget documents. We invite the public to attend the work sessions, provide public input, and continue to monitor and review the Budget webpage to track and locate updated information.

The Budget Team will present the FY23 City Manager’s Budget throughout May and June.

- May 26, 2022, will focus on operating requests in the General, Transportation, and Golf Funds;
- June 9, 2022, will focus on the proposed Capital Budget with a detailed review of large capital projects and funding sources, as well as the FY23 Water Fund budget and focused reviews of Fire Mitigation, allocation of Housing funds, and the Flagstaff Transfer Fee;
- June 16, 2022, will focus on proposed Fee Changes, Budget Policies, and Elected and Statutory Officer Compensation;
- On June 23, 2022, the City Council will take public input, hold a public hearing, and adopt a Final FY23 Budget, Budget Policy and Fee Changes, and Elected and Statutory Officer Compensation.

Executive Summary

The Budget and Executive Team focused our energy on the Annual City Council Retreat and subsequent work sessions to ascertain the new Mayor and City Council priorities, areas of focus. Four key themes emerged that helped guide the budget development process:

- 1. Resort Economy Mitigation**
- 2. Neighborhood Reinvestments**
- 3. Organizational Infrastructure**
- 4. Workforce Support**

These themes together with the Critical Community Priorities drove the recommended FY23 budget. Detailed department recommendations are outlined in Exhibit A.

Analysis

The operating budget is made up of personnel, materials, supplies, maintenance, equipment, and contract budgets. Capital, debt, and other Funds, such as Water, Golf and Transportation, make up the rest of the City's budget.

The operating budget is broken out first by fund, then by department. Funds are defined by their different revenue sources. The General Fund is mostly made up of property, sales tax, and other fees, whereas the Transportation Fund is financed through transit sales taxes and a significant amount of local, State, and Federal grants.

New FY23 budget recommendations represent the work and recommendations of the Results Team (internal budget committee) and the Executive Team. Overall, Park City's financials remain strong and well-positioned to continue investing in core and essential services as well as exciting new initiatives. The FY23 budget proposal reflects stability and growth; increasing tourism and visitation year-round, drive-traffic and overnight lodging; and increasing pressure on our facilities, infrastructure, neighborhoods, and employees. To the extent possible, the proposed budget City seeks to address critical needs, strategically advance opportunities, and recruit and retain a high-performing workforce.

FY23 Operating Budget Items – These items will be reviewed during the Council work session:

- Budgeting for Outcomes (BFO) – The Budget Team will provide a comprehensive overview of the internal scoring process and criteria used to prioritize programs, initiatives, and capital projects. Historical context of BOF's adoption and the conditions at the time will be provided, as will information about the program's continued evolution to meet organizational and community needs.
- FY23 Transit Fund Budget and Staffing – The Transit Team will summarize work underway to create a Winter 22/23 Transit Service Plan and to complete the City's Short Range Transit Plan. New requests for FY23 also include:
 - Three new FTEs to support efficiency technology and management positions;
 - A financial placeholder to help implement potential components (micro transit) of the Short Range Transit Plan; and
 - Minor increases for uniforms, supplies, and training.
- FY23 Information Technology Budget – The IT Team will recap new requests to meet the increasing demands of the digital world, new IT personnel, and new systems and software to modernize and protect the City IT infrastructure.
 - The Team will also summarize the City's approach to IT historically, what technology responsibilities are centralized vs decentralized, and how technology assessments are levied to each Enterprise Fund.

- **FY23 Traffic Mitigation Enhancement Plan** – The City Manager and various departments spent considerable time and energy this winter to improve ingress and egress at major locations during periods of extreme traffic and congestion. After careful consideration, the Team recommends spreading the responsibility for this Council priority across multiple divisions within the organization rather than creating a new division with a singular purpose. This structure will ensure the effort remains an organizational priority, not just the priority of a few individuals, and also ensures a more efficient allocation of taxpayer resources because it allows redeployment of resources during off-season.
 - The Council continues to seek additional clarity regarding the responsibility/role of those creating our most extreme traffic and congestion. We have included a revenue offset of \$280,000, which is the same amount that was billed to PCMR this past ski season for additional levels of service (Parking, Streets, Public Safety, Communications, Emergency Management, Transit, and Special Events).
 - The plan includes 5 new positions: Streets/Public Works (2 FTE), Parking (1 FTE), Emergency Management (traffic enforcement credentialing), Police (1 FTE), and a new Traffic Coordinator (1 FTE). The Traffic Coordinator will organize the various departments and create an implementation plan before the 22/23 ski season.
 - An additional \$150,000 has been added to cover other costs such as contractors, additional signage, barricades, or other traffic-related equipment.

- **Workforce Support and Compensation Methodology** – The Budget Team will reaffirm the City’s pay plan methodology (75th percentile) and review how annual wage increases are implemented (based upon performance, longevity, certifications, experience, education, etc.).
 - The Team will also preview the City’s performance review process and software platform that tracks and hosts the annual process. In addition, the Team will summarize some of the non-monetary rewards and benefits offered to PCMC employees.

- **Housing Team** – A new FTE was requested to serve as a placeholder to provide additional professional expertise and support this next year to the relatively small Housing Team. In FY23, the Housing Team likely faces several complex housing development projects, including Woodside Phase 2, former Peace House redevelopment, Homestake public-private partnership, potential Mine Bench seasonal housing project, and rehabbing PCMC-owned units on Cooke Drive due to wear and tear. This placeholder will provide flexibility to the team to work with the Council Housing Liaison, City Manager, and key stakeholders to secure expertise where needed throughout the year.

- **Neighborhood Traffic Management Plan Update** – With additional resources, a multi-department renovation is planned for the [Neighborhood Traffic Management Program](#). Overhauling existing policy, streamlining processes, adding staff support in

Engineering and elevating a Planning position to focus on General Plan update and Area Plans. In addition, purchasing new technology and equipment are necessary to meet the growing demand to better protect our neighborhoods from commercial impacts and refocus investment on neighborhood priorities and projects.

- **Recreation** - The Recreation Team is continually looking for creative ways to better serve our local residents and youth. A sliding fee schedule, based on Summit County AMI, was introduced last year to provide better access and affordability. Priority registration for summer camps is offered to residents within city limits. The discussion will highlight increased facility and program utilization, anticipated labor challenges, and a variety of program additions/changes planned for FY23.
- **Transit to Trails** – Trails are experiencing some of the highest utilization in history. But great success also comes with a host of impacts – parking in neighborhoods, overflow into residential areas, and increased maintenance costs. The Trails team will quickly overview grant funding awards and new ranger programs, and respond to a Council request to discuss options for year-round access to Bonanza Flat.
- **Parking** - The Parking Team supports many other departments throughout the City and is a major contributor to protecting our neighborhoods. This requires quality personnel who are knowledgeable about City operations, policies, and procedures. Funds were requested to reclass Parking Officers and Analysts and ensure retention of the existing team. As part of our request to add \$1M to help with traffic mitigation, an additional Parking Officer and vehicle were recommended for funding. Funds were also added to support updated software at payment stations throughout the City and provide better customer service.

Benefits, Personnel, Pay Plan

Health, Dental, & Life Insurance Costs

The City maintains competitive health and dental insurance plans through Regence Blue Cross Blue Shield Utah. Each year, Regence examines the City's plan "use" and total costs to Regence and then determines Park City's price for the following year. Our FY23 Health Insurance premiums have a minimal increase of 2.62%, which the City Manager recommends covering for employees rather than asking for an increase in employee contributions.

Personnel

Several departments submitted personnel requests within the FY23 Budget request, beyond the requests included above. Some of these include Police (Detective), Human Resources (Recruiter and .5 FTE for Analyst), and Trails (2 Trail Rangers). A complete list of personnel additions is detailed in Exhibit A.

FY23 New Personnel Requests

Fund	FY23 Request
011 GENERAL FUND	\$ 1,782,101
051 WATER FUND	\$ 120,000
057 TRANSPORTATION	\$ 384,518
058 PARKING FUND	\$ 44,695
Grand Total	\$ 2,331,314

Personnel Changes by Fund

Fund	Fund Name	FY 2022(Adj)	FY23	Change
11	General Fund	241.44	257.01	15.57
51	Water Fund	32.21	32.96	0.75
55	Golf Fund	16.65	16.65	
57	Transportation Fund	86.25	89.75	3.50
58	Parking Fund	11.70	12.70	1.00
62	Fleet Services Fund	9.97	9.97	
52	Storm Water Fund	5.90	5.90	
	TOTAL	404.12	424.94	20.82

Pay Plan

This year, in response to inflation (+10.6% Mountain West), historically low unemployment, and serious wage competition both in the public and private sector, the Compensation Committee and Blue-Ribbon Committee proposed a 10.33% increase to City Council in most departments to bring salary ranges to market 2022 levels. On April 07, 2022, the recommendation was made by the Compensation Committee and Blue-Ribbon Committee to target the 75th percentile for wages. After receiving City Council support, the recommendation was included in the FY23 budget request.

Cities and towns all over Utah are in a competitive battle to recruit and retain employees. Some jurisdictions, such as Salt Lake City and West Valley City implemented policies to stay within the top three highest paid agencies in the State. Summit County increased its payroll and benefits by 28% in the December budget. The chart below shows the recommended budget increase for the pay plan by fund:

FY23 Pay Plan

Fund	FY23 Request
011 GENERAL FUND	\$ 2,513,970
051 WATER FUND	\$ 392,143
052 STORM WATER FUND	\$ 68,293
055 GOLF COURSE FUND	\$ 98,152
057 TRANSPORTATION	\$ 1,002,061
058 PARKING FUND	\$ 98,660
062 FLEET SERVICES FUND	\$ 57,440

The Budget Team will continue providing updated staff reports and analysis reflecting Council's requests for additional information and discussion.

In addition, the Budget team created a [one-stop-shop](#) for all budgetary reports as the review process moves from one Council work session to the next. The online repository of information will continue to reflect all budgetary materials and additional analyses to improve the public's access and opportunity to follow along and review pertinent budgetary information.

Department Review

This report has been reviewed by the City Attorney's Office and the City Manager's Office.

Attachments:

- Exhibit A – Detailed Recommendations by Department
- Exhibit B – All FY23 Budget Requests
- Exhibit C – Budget Summaries
- Exhibit D – Flagstaff Memo
- Exhibit E – Revenue Analysis and Fund Impact