



City Council Staff Report

Subject: Final FY24 Budget Adoption
Authors: Budget Department
Department: Budget, Debt, & Grants
Date: June 22, 2023
Type of Item: Legislative

Summary Recommendation

Consider adopting the FY24 Final Budget and the FY23 Adjusted budget with the adjustments outlined in this report.

Executive Summary

The Tentative Budget was initially presented and adopted by City Council on May 11, 2023. On [June 15, 2023](#), we presented additional requests and adjustments to the FY24 Tentative Budget and the FY23 Adjusted Budget. This week, we will review the recommended changes based on Council input and final calculations. Changes are summarized in this staff report.

Background

The Tentative Budget was presented on [May 11, 2023](#), as required by state law, which was adopted by Council. The Council adopted the Tentative Budget and held extensive work sessions to present detailed information on the proposed FY24 Operating and Capital budgets, answer Council questions, and receive public input. More information can be found on the [Budget Department](#) website, and a recap of recent budget meetings and topics is summarized below:

- **May 11, 2023:** Presentation and adoption of the FY24 Tentative Budget;
- **June 1, 2023:** Elected and Statutory Officer Compensation, GO Bond discussion and review any miscellaneous budget items;
- **June 15, 2023:** Review proposed Fee Schedule changes, FY24 Budget changes, and FY23 budget adjustments and address remaining miscellaneous or outstanding budget items; and
- **June 22, 2023:** the City Council will take public input, hold a public hearing, and adopt a Final FY24 Budget and FY23 Adjusted Budget, Budget Policies, Fee Changes, and Elected and Statutory Officer Compensation.

Analysis

The table below demonstrates the breakdown between the major categories of functional enhancements: ongoing operational expenses such as inflationary costs, new personnel, one-time expenses, compensation, and child care.

FY24 Expenses -General Fund	Amount	Notes
FY24 Ongoing Operational Increases	\$ 2,091,987	Inflationary increases, aligning expenses with increased utilization & growth, targeted expansion of Critical Community Priorities
FY24 One-time Operational Increases	\$ 738,080	Funded by reducing amount of General Fund CIP Transfer
Pay Plan	\$ 1,911,459	5.5 % increase to compensation ranges
Health Insurance	\$ (500,000)	New provider offers enhanced benefits at lower premiums
Child Care (New)	\$ 1,000,000	One-time bridge funding for FY24 Childcare Initiative

FY24 Operating Budget Changes from Tentative Budget

Changes and adjustments were made from the Tentative Budget to the Final Budget. These changes were discussed in the [June 15, 2023](#), meeting and summarized below.

General Fund

- **Trails \$60k** – Increase the Mountain Trails Foundation not to exceed contract amount to adequately reflect the resources needed to maintain winter grooming on the Rail Trail and Round Valley trail system for skiers, hikers, and bikers. This increase is due to the unprecedented growth in outdoor recreation and trail use in the post-COVID era, as well as the addition of services at Clark Ranch, Bonanza Flat, and the Rail Trail.
- **Mental Health Special Service Contract \$37,458** – Rollover FY23 funds at the request of Council Liaisons. Unspent funds dedicated to mental health services were returned to the City in the Spring. Special Service Contract Liaisons are currently working with community partners to determine the best use of these funds, and rolling allows time to plan for additional courses of action.
- **Planning \$52k** – Reclass Planner I position in the budget to a Senior Planner position. As we undertake complex projects in Planning, modifications in staffing are needed to ensure we have the aligned skillset to accomplish our goals.
- **Utilities** – FY24 Utility budgets have been added and are estimated at 3% less than the FY23 budget. This reduction was largely driven by decreased electricity rates for electric bus charging.
- **Childcare \$1M** – Per Council direction on [June 15, 2023](#), one-time funding has been added to the budget to help address a pressing community need proposed by the Early Childhood Alliance. An internal committee has been formed to work with our partners to strategically deploy resources. The suggested funding

sources are operating reductions, capital project reductions, and fund balance since this is a one-time expense.

Funding (Council)	Amount
Marsac Remodel	-\$200k
Capital Fund Balance	-\$350k
Operating Reallocation	-\$100k
Main St Bollards	-\$350k
Total	\$1M

Other Funds

- **Transportation \$378k** – High Valley Transit recently converted their drivers from independent contractors to Summit County employees. To remain competitive and match our ability to recruit and retain essential front-line City teams, we recommend increasing our maximum ranges for front-line workers to help compete with this latest development.

Position	FY24 Tentative Budget Hourly Wage	Proposed Adjustment
Drivers	\$ 29.58	\$ 32.00
Dispatch	\$ 33.86	\$ 35.86
Supervisors	\$ 38.16	\$ 39.00

While we are not trying to outdo HVT, this latest development warrants a front-line employee adjustment, as many PCMC essential employees are aware of HVT's adjustment and new array of benefits as a result of their conversion to receive Summit County employees.

- **Self-Insurance/General Liability \$250k** – As part of the annual audit process, the City Attorney's Office (CAO) evaluates the City's legal exposure. The report is used by the City's financial auditors to evaluate our overall financial risk. The City's self-insured retention, or deductible, for liability is \$250,000 per incident. Based on the CAO's assessment of imminent and pending litigation, we recommend an additional \$250k for the Self-Insurance Fund.
- **Workers Compensation Fund \$100k** – Estimated increase for FY24 premiums.

FY24 Capital Budget Changes from Tentative Budget

- **CP0041 Trails Master Plan Implementation \$275k** - Increase the proposed budget to recognize the new Restaurant Tax Grant the Trails & Open Space Department was awarded by Summit County. Importantly, the grant will provide funding to purchase a new winter groomer and construct the proposed Meadows

Drive trailhead. This allocation will complement the above operational request and help meet the increased surge in demand for trail maintenance in Park City.

- **CP0332 Library Technology Equipment Replacement \$60k** – Decreased and moved the same amount of \$60k to CP0019 Library Development and Donations to appropriately allocate for restroom facilities project. This adjustment is budget neutral.
- **CP0019 Library Development and Donations \$60k** – Increase to receive funds from CP0332, as mentioned above. This adjustment is budget neutral.
- **CP0264 Security Projects \$24k** – Increase to Lower Park RDA budget to accommodate general expenses for building security, alarms, maintenance, etc., for Lower Park Avenue RDA in City buildings.
- **CP0593 Transit Snowplow Equipment -\$98K** – Reduced budget to zero as it is already included in the operations budget.
- **CP0590 Transportation Field Vehicle -\$60K** – Reduced budget to zero as it is already included in the operations budget.
- **CP0378 Legal Software for Electronic Documents \$35k** – An upgrade to legal system software has been planned for multiple years. However, over time the software provider has migrated to a subscription model, and a small increase is necessary fund the use of software under the new recurring model.
- **GO Bond \$30M** – Per Council direction on [June 15, 2023](#), project budgets were added for PC MARC Expansion (\$8M) and the Park City Sports Complex (\$22M). Budgets were already included for the City Park Recreation Building and PC MARC aquatics improvements. We will bring a bond authorizing resolution to Council for adoption this summer to include language on the ballot for November.

Amount	Project	Scen A	Scen B	Scen C	Scen D	Scen E
\$15M	City Park Bldg	Fund	Fund	Fund	Fund	Fund
\$6M	Aquatics	Fund	Fund	Fund	Fund	Fund
\$8M	MARC Expansion	GO	Delay	GO	GO	Delay
\$9M	PCSC (Pickleball, Nordic)	GO	GO	Delay	GO	GO
\$7M	PCSC (Outdoor Ice)	GO	GO	GO	Delay	Delay
	GO Total	\$30M	\$20M	\$20M	\$20M	\$10M

		PC Single Family Median				
Annual	Primary	\$291.13	\$194.08	\$194.08	\$194.08	\$97.04
	Non-Primary	\$529.32	\$352.88	\$352.88	\$352.88	\$176.44
Monthly	Primary	\$24.26	\$16.17	\$16.17	\$16.17	\$8.09
	Non-Primary	\$44.11	\$29.41	\$29.41	\$29.41	\$14.71

FY23 Budget Adjustments – End-of-year budget adjustments are often necessary as we approach fiscal year close-out to align budgets with actual spending. These adjustments cover unanticipated expenses, timing modifications, or mid-year changes in

demand for levels of public services. The FY23 sales tax revenue is consistently higher than budgeted, allowing for your consideration of modest budget increases in the following areas:

General Fund

- **Recreation \$17k** – Revenue is tracking \$300k above budget. We budget credit card fees in alignment with revenue, which means as revenue increases, we also see an increase in fees. Bank charges surpassed the budget in Recreation due to increased credit card payments for program registration and MARC fees.
- **Special Events \$25k** – FY23 marked the return of in-person events canceled or held virtually the last few years. That shift, along with inflationary pressures and unprecedented levels of traffic mitigation and pedestrian safety efforts, resulted in a \$25k overage projected expenditures.
- **Communication Center \$45k** – This is our Dispatch Services contract with Summit County. The annual amount is calculated from CPI and resulted in an increase for FY23. Several years ago, Park City and Summit County centralized dispatch services to increase efficiency and provide a higher level of service.
- **Trails \$90k** –
 - As noted in the FY24 Budget request, we maintain a minimal grooming and maintenance contract with Mountain Trails, which can be challenging during heavy snowfall years. \$60k is needed to support the amount and frequency of winter grooming in Round Valley and on the Rail Trail this past Winter. These trails see heavy use by hikers, skiers, and bikers.
 - Additional one-time funds of \$30k are needed as soon as possible to repair significant erosion on high-volume trails in Round Valley that became evident as the snowpack melted. The damage is specifically related to the wide road base trails.
- **Sundance Contract \$20k** – PCMC's contract with Sundance includes an inflationary clause calculated from the May 2023 CPI. \$20k is our estimated increase for FY23 to meet our contractual obligation.

Other Funds

- **Transportation \$800K** – During the [July 28, 2022, Council Meeting](#), the Transportation Department received direction to operate the 6 Silver Richardson Flat route and the microtransit pilot. The cost of the service increase was not included in the original FY23 budget. Council direction was obtained to return with an end-of-year budget adjustment.
- **Self-Insurance Fund/Gen Liability/Auto Insurance \$525K** – Due to the timing of renewals, we have no choice but to estimate our future annual insurance premiums and risk/liability expenses. Actual premiums for our various liability policies are obtained well after the fiscal year begins, in late November, and are \$105k higher than budgeted in FY23. In addition, we also estimate general liability claims, then review the account at the end of the fiscal year and adjust as necessary. For FY23, the current claims adjustment is approximately \$220k.
- **Fleet \$48k** – Due to the rising cost of fuel, the Fleet budget is tracking marginally over budget, given the increase in gas prices impacting our region.

- **CP0142 Recreation Equipment Replacement \$9,837** – Increase budget to recognize revenue from the sale of equipment.
- **CP0378 Legal Software for Electronic Documents \$35k** – Funding for maintenance contract of risk/case management software. This will streamline the management of legal cases, insurance renewals, and risk assessment.

FY23 Grants and Rollover funds – Departments apply for various grants throughout the year to help offset costs and the tax burden on PC residents and businesses. If PCMC is awarded a grant, an adjustment is needed to increase the related expense and revenue account to recognize the award and maintain auditing standards. In some cases, we have funds that cross fiscal years and must be rolled forward to the next fiscal year. These include:

- **Police \$33,450** – Received multiple State and Federal grants for radios, equipment, and supplies.
- **Trails \$21,000** – Utah Open Lands grant to support Transit to Trails program.
- **Environmental Sustainability \$23,927** – Rocky Mountain Power grant (rolling over funds to FY24).
- **Parks and Rec RAP Grant \$33,090** – purchase and installation of ball netting for the artificial turf field (received funding in FY23, rolling over funds to FY24).
- **Golf RAP Grant \$168,363** – purchase of two new fully electric green mowers.
- **Ice Arena RAP Grant \$38,777** – replacement of bathroom fixtures throughout the facility.
- **Recreation RAP Grant \$32,259**– Acoustifence material for court fencing.

Interfund Transfer (IFT) & Debt Adjustments

Interfund Transfers are resources we transfer between funds for a variety of reasons. For example, Administrative IFTs reimburse multiple support departments for services provided to other funds or functions of the municipality. We estimate IFT expenses at the beginning of the budget cycle and reevaluate regularly to maintain accuracy. In between presenting the Tentative and Final budget, we often have better information and data that allows us to budget IFTs more accurately. These include:

- Align Self Insurance/Risk Account with actual expenses - \$42,909 for insurance premium cost increases.
- Increase of \$188k for the Administrative Interfund Transfer (Admin IFT) from other funds at the City into the General Fund based on calculated cost estimates; and
- Increase of \$164k to the fuel and maintenance IFT in Transportation to align with current costs.

Budget Policies and Procedures

Based on Council feedback provided on June 15, 2023, the Budget Team included a redlined copy of the updated Budget Policies and Procedures prepared for adoption. Per Council's request, one additional line was added to Settlement Authority (Chapter

7): “The City Attorney’s Office will provide quarterly client updates to the City Council about any settlements.”

Attachments:

A – Budget Summaries

B – Final Budget Adoption Ordinance

C – [Budget Policies and Procedures Redlined Copy](#)

D – [5-Year CIP](#)