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# FY22 Adjusted and FY23 Final Budget Adoption

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# Water Fund

Water Fund FY22 Projected Expenses vs. Revenues Ex Capital			
Revenues		Expenses	
Water Charges for Services	\$19,819,145	Personnel	\$3,760,132
Planning Building & Engineering Fees (Impact Fees)	\$1,183,938	Materials, Supplies and Services	\$343,896
Federal Revenue	\$456,274	Utilities	\$1,208,900
Misc. Revenues	\$203,002	Contract Services/Consulting/Software	\$1,383,542
		Parts/Maintenance Supplies	\$1,060,905
		Special Service Contract/Misc. Charges	\$112,000
		Debt Service	\$6,547,947
		Interfund Transfer	\$1,807,429
Total Revenue Ex Bond Proceeds	\$21,662,359	Total Expense Ex Capital	\$16,224,751
		Net Revenues Available for Debt & Cash Capital	\$11,985,555
		Net Operating Revenue After Debt Service for Cash Capital	\$5,437,608
		Debt Service Coverage Ratio FY22	1.8

Water Fund FY23 Projected Expenses vs. Revenues Ex Capital			
Revenues		Expenses	
Water Charges for Services	\$20,392,268	Personnel	\$4,471,634
Planning Building & Engineering Fees (Impact Fees)	\$1,219,456	Materials, Supplies and Services	\$479,911
Federal Revenue	\$469,962	Utilities	\$1,219,298
Misc. Revenues	\$209,092	Contract Services/Consulting/Software	\$1,850,331
		Parts/Maintenance Supplies	\$1,407,280
		Special Service Contract/Misc. Charges	\$122,542
		Debt Service	\$9,313,682
		Interfund Transfer	\$1,834,448
Total Revenue Ex Bond Proceeds	\$22,290,778	Total Expense Ex Capital	\$20,699,126
		Net Revenues Available for Debt & Cash Capital	\$10,905,334
		Net Operating Revenue After Debt Service for Cash Capital	\$1,591,652
		Debt Service Coverage Ratio FY23	1.2

YoY% increase in fund balance driven by bond proceeds associated with 3Kings WTP.

# Water Fund

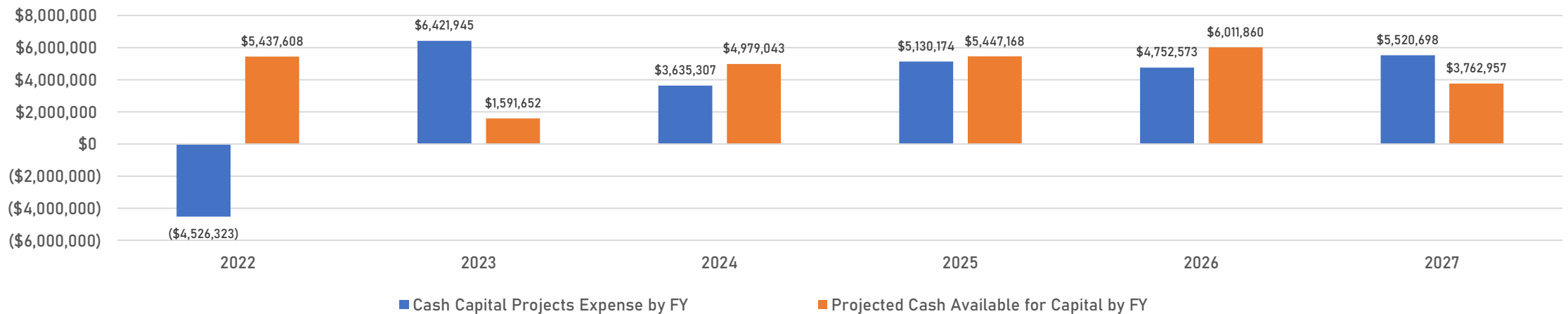
## Water Fund Operations FY22 vs. FY23 YoY% Change

	FY22 Expense	FY23 Expense	YoY% Change
Personnel	\$3,760,132	\$4,471,634	18.9%
Materials, Supplies and Services	\$343,896	\$479,911	39.6%
Utilities	\$1,208,900	\$1,219,298	0.9%
Contract Services/Consulting/Software	\$1,383,542	\$1,850,331	33.7%
Parts/Maintenance Supplies	\$1,060,905	\$1,407,280	32.6%
Special Service Contract/Misc. Charges	\$112,000	\$122,542	9.4%
Debt Service	\$6,547,947	\$9,313,682	42.2%
Interfund Transfer	\$1,807,429	\$1,834,448	1.5%

## Cash Capital Project Expenses vs. Cash Available for Capital Projects by FY

	2022	2023	2024	2025	2026	2027
Cash Capital Projects Expense by FY	(\$4,526,323)	\$6,421,945	\$3,635,307	\$5,130,174	\$4,752,573	\$5,520,698
Projected Cash Available for Capital by FY	\$5,437,608	\$1,591,652	\$4,979,043	\$5,447,168	\$6,011,860	\$3,762,957
Net	\$9,963,931	(\$4,830,293)	\$1,343,736	\$316,994	\$1,259,287	(\$1,757,741)

Cash Funded Capital Project Expenses vs. Projected Cash Available for Capital by FY



# Water Fund Operations Budget

## Key Requested Operating Increases:

- Supplies - \$103,000
- Uniforms - \$5,000
- Software /Technology - \$50,000
- Contract Services - \$370,000
- Materials - \$30,000
- Equipment - \$45,000
- Chemicals - \$220,000
- Vehicles - \$233,000
- Utilities – approx. \$200k (to adjust in final budget)

## Goals and Major Cost Drivers

- High Quality Sustainable Water Supply - 45%
  - 3Kings WTP start up
- Reliable Water Service and Assets- 30%
  - Asset Management
  - Technology
  - Inflation
- Fiscally and Legally Sound Business Operations - 25%
  - Increasing volume of surplus water leased to Weber Basin

# Public Utilities Goals and Top 10 CIP List

## 1. High Quality Sustainable Water Supply

- MIW Treatment (3Kings)
- Tunnel Maintenance
- Rockport Water Pipeline & Storage
- Quinns Water Treatment Plant Asset Replacement
- *QJWTP Treatment Upgrades (complete)*
- *Park Meadows Well (complete)*
- *C1 – Quinns WTP to Boothill – Phase 1 (complete)*

## 2. Reliable Water Service and Assets

- Water Dept Infrastructure Improvement
- SCADA and Telemetry System Replacement
- West Neck Tank

## Other Public Utilities Goals for Reference

3. Fiscally and Legally Sound Business Operations
4. Engaged, Informed, and Dynamic Workforce
5. Responsive Customer Service and Collaboration with Stakeholders
6. Community and Environmental Sustainability

## Future CIP Budget Drivers

- Master Plan Update
- Asset Management Program
- Lead Service Line Inventory Requirement
- Phase 2 Regional Interconnection – Hwy 224 Pipeline

# 3Kings Update

## **3KWTP construction continues and is on schedule. Work activities include:**

- Construction Mitigation
- Construction mitigation (fencing, erosion protection, mud track off pads, etc.) are in place and will remain for the duration of the project.
- The pedestrian walkway adjacent to the project site and along the west side of Three Kings Drive will remain in place for the duration of the project. Removal is scheduled for the fall of this year, 2022.
- Efforts to prevent the tracking of debris off the site continue. As the season changes, road sweeping will be adjusted to address the changing conditions from mud to dust.
- As equipment and materials deliveries become more frequent, crews will make efforts to address traffic conflicts along Three Kings Drive.

## **Site Construction**

- Subgrade work has been completed on all structures. One crane has been removed from the site.
- Building shells for seven of the eight buildings are now completed. Roofing materials and exterior siding installation is beginning. Stone veneer has been installed on three buildings and will continue on the others. Site earthwork, rough grading, and yard pipe work is underway. A portion of the site paving is scheduled for early summer.
- Work inside the buildings will continue throughout the spring, summer, and fall.
- Construction on the last remaining building, located on the west side of the site, will continue through 2022

## **Roadway Utility Work**

- Utility work within Three Kings Drive has been completed and temporary pavement installed. New gutter in the vicinity of the 3KWTP and will be installed in the fall of 2022 and spring of 2023. Pavement resurfacing of Three Kings Drive will be performed in 2023. Landscape restoration in these areas, north of the 3KWTP site, will be completed by mid-May 2022.

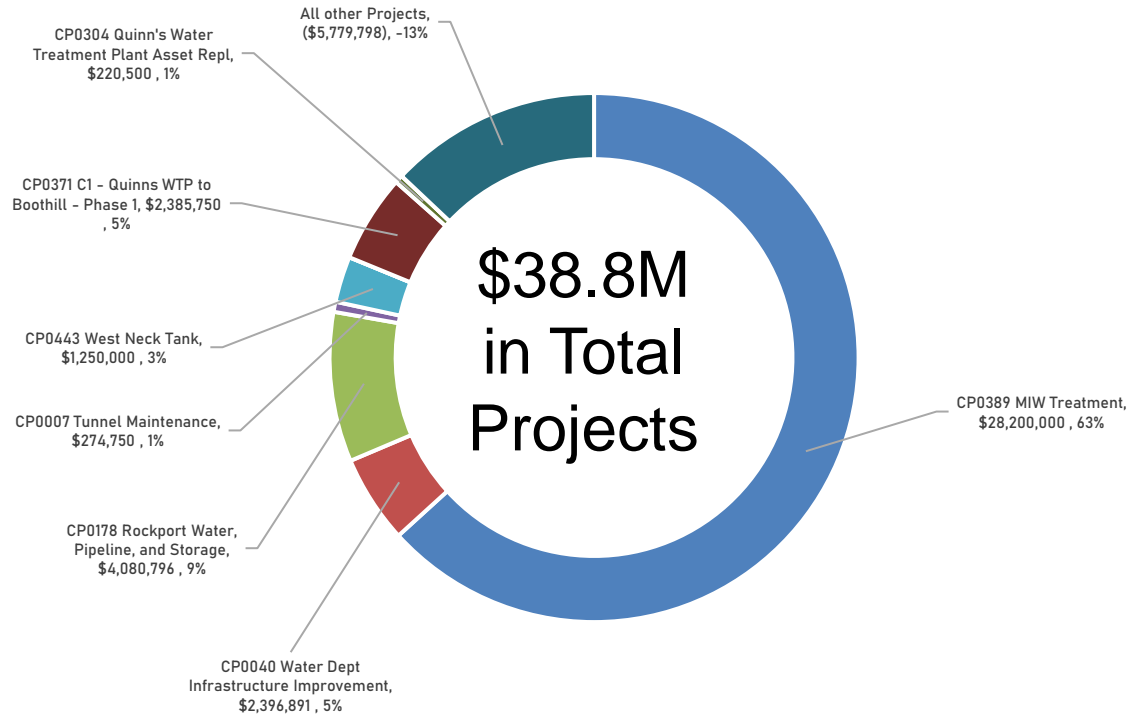


## **Golf Course Impacts**

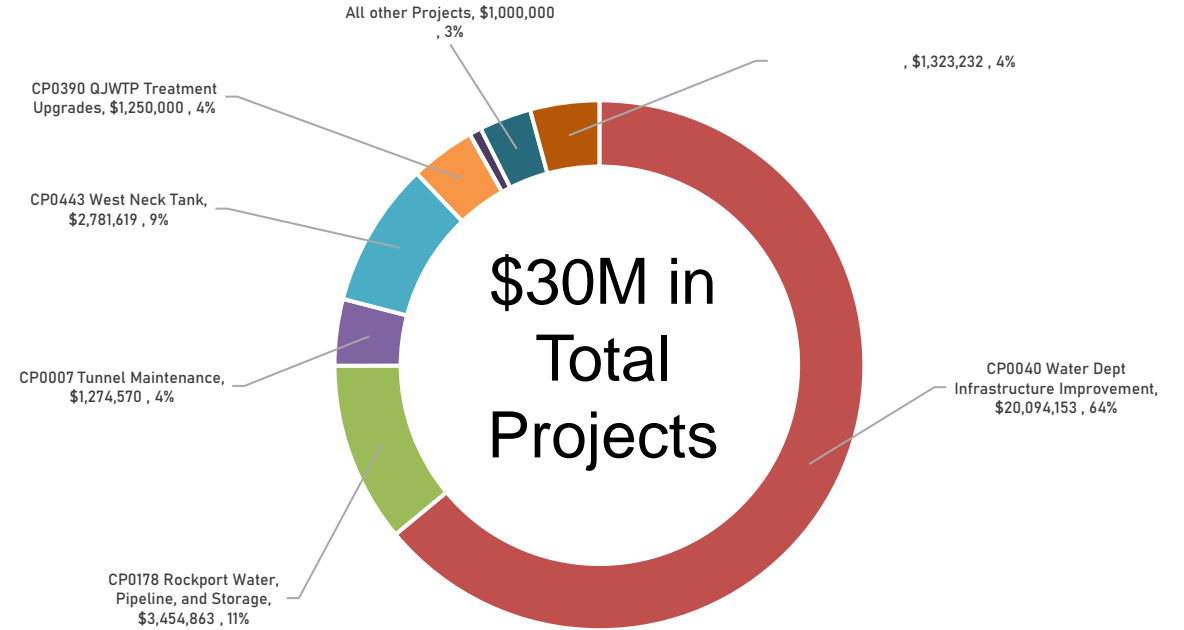
- Golf Hole 11 will continue to be impacted during 2022. Restoration is scheduled in late 2022/spring 2023 with the hole open for play in early 2023.

# Top 10 Projects Over 5Y- Water Fund

FY22 Budgets Among Top 10 Water Fund 5Y Projects



FY23 Budgets Among Top 10 Water Fund 5Y Projects



## Top 10 Water Fund Projects Over Next 5 Years, by \$

\$, Rank	Project	Carry Forward	2022 Base	2022 Newly Requested	2023 Base	2023 Newly Requested	2024 Base	2024 Newly Requested	2025 Base	2025 Newly Requested	2026 Base	2026 Newly Requested	2027 Base	2027 Newly Requested	Score
1	CP0389 MIW Treatment	\$38,219,228	\$28,200,000	0	\$10,600,000	\$9,494,153	\$0	\$250,000	\$0	\$260,000	\$0	270,400	\$0	281,216	31
2	CP0040 Water Dept Infrastructure Improvement	\$415,848	\$2,395,250	1,641	\$3,454,863	\$-	\$3,496,538	\$0	\$1,776,879	\$0	\$1,183,223	0	\$0	2,000,000	40
3	CP0178 Rockport Water, Pipeline, and Storage	\$169,876	\$1,458,700	2,622,096	\$1,458,700	\$ (184,130)	\$1,498,200	\$ (140,680)	\$1,391,306	\$ (187,763)	\$1,460,871	\$ (183,913)	\$0	1,275,201	36
4	CP0007 Tunnel Maintenance	\$2,749,968	\$274,750	0	\$281,619	\$2,500,000	\$292,884	\$0	\$304,599	\$0	\$319,829	0	\$0	332,622	39
5	CP0443 West Neck Tank	\$1,398,914	\$1,250,000	0	\$1,250,000	\$-	\$0	\$0	\$0	\$0	\$0	0	\$0	0	51
6	CP0390 QJWTP Treatment Upgrades	\$2,839,109	\$0	0	\$0	\$-	\$0	\$0	\$0	\$0	\$0	0	\$0	0	43
7	CP0343 Park meadows Well	\$2,678,908	\$0	0	\$0	\$-	\$0	\$0	\$0	\$0	\$0	0	\$0	0	26
8	CP0371 C1 - Quinns WTP to Boothill - Phase 1	\$0	\$1,110,000	1,275,750	\$0	\$-	\$0	\$0	\$0	\$0	\$0	0	\$0	0	39
9	CP0304 Quinn's Water Treatment Plant Asset Repl	\$691,424	\$220,500	0	\$231,525	\$-	\$238,471	\$0	\$245,625	\$0	\$252,994	0	\$0	263,114	29
10	CP0301 Scada and Telemetry System Replacement	\$0	\$0	0	\$0	\$1,000,000	\$0	\$200,000	\$0	\$206,000	\$0	212,180	\$0	218,545	24
			<b>2022 Base + New</b>		<b>\$38,808,687</b>	<b>2023 Base + New</b>	<b>\$30,086,730</b>	<b>2024 Base + New</b>	<b>\$5,835,413</b>	<b>2025 Base + New</b>	<b>\$3,996,646</b>	<b>2026 Base + New</b>	<b>\$3,515,584</b>	<b>2027 Base + New</b>	<b>\$4,370,698</b>

Source: PCMC as of June 2022.

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# Water Rates

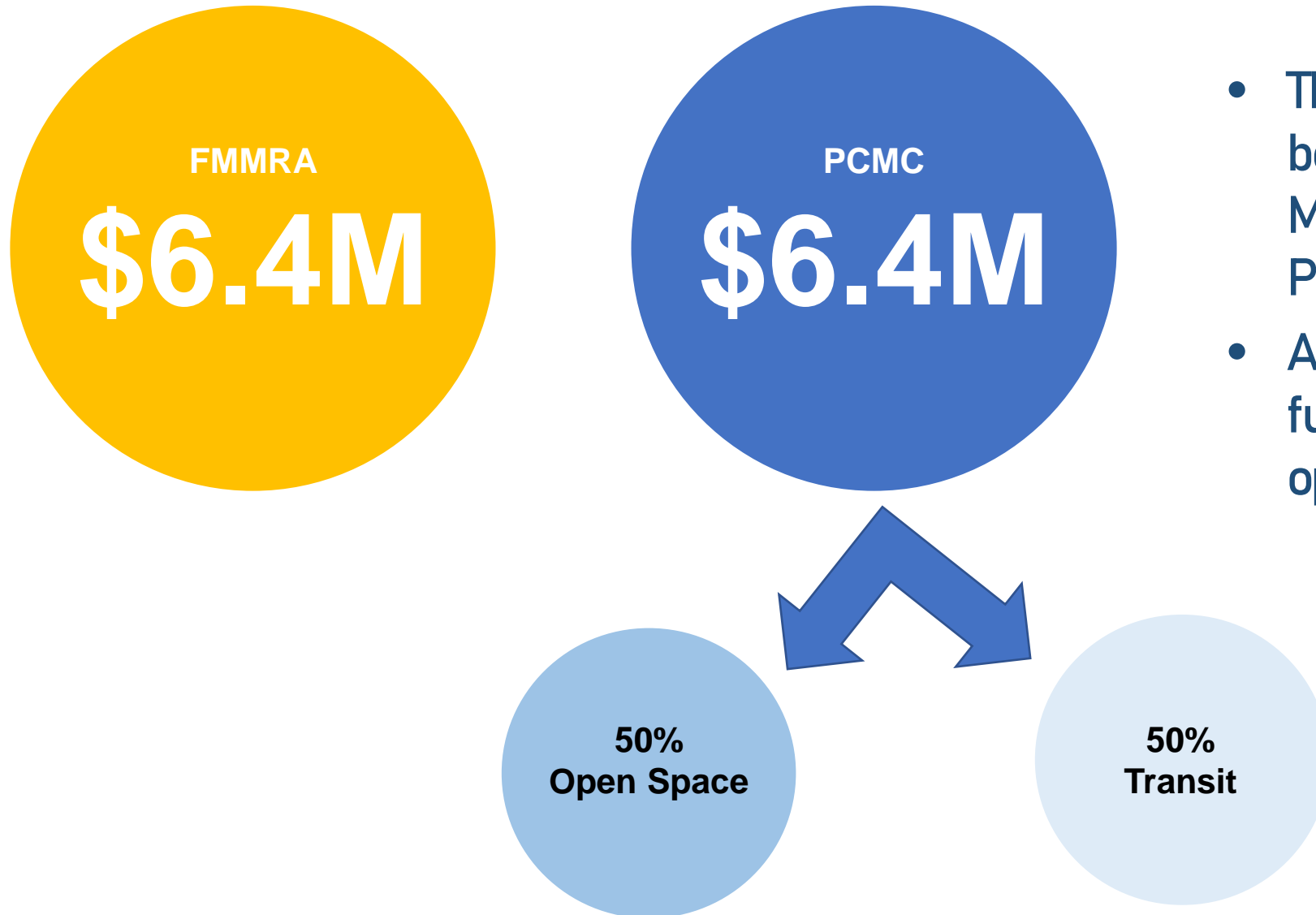
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## **Current Plan for FY23 Budget**

- Staff requests direction to include an inflationary water rate adjustment, 3% across the board as part of the FY2023 Budget process on June 16, 2022
- In depth discussion on potential future water rates in July 2022



# Flagstaff Fees – Breakdown (FY03 – present)



- The fees are split evenly between the Flagstaff Mountain Master Resort Association and Park City Municipal (PCMC).
- A further equal split of the PCMC funds is delineated between open space and transit

# Flagstaff Fees – Open Space

Open Space utilizes the Fee for the following programs and projects:

- Annual Wildfire Mitigation Projects
- Annual Noxious Weed Maintenance
- Open Space Preservation including acquisition and easements
- Annual Conservation Easement Monitoring costs with Summit Land Conservancy
- Recreational Improvements, including trails and trailheads improvements and maintenance
- Maintenance of Recreational Amenities, including restrooms, equipment such as tools and materials, trash and mutt-mitt stations and signage

## Summary Since 2003

<b>Fee Revenue</b>	<b>\$6,421,306</b>
<b>Expenses</b>	<b>\$5,789,142</b>
<b>Remainder</b>	<b>\$632,164</b>

## Average Annual

<b>Fee Revenue</b>	<b>\$357,739</b>
<b>Expenses</b>	<b>\$340,538</b>
<b>Remainder</b>	<b>\$17,201</b>

# Flagstaff Fees – Transportation

Transportation utilizes the Fee for the following programs and projects:

- 9 Purple Empire Pass route to maintain access to Flagstaff area. Route hasn't operated every year. **Moving forward route is expected to cost more than annual fee revenue.**
- Maintaining use and access to the Richardson Flat Parking lot and Richardson Flat Road, and this commitment has also been maintained
- Traffic signal transit hardware, software at the Richardson Flat Road traffic signal, and a portion of the engineering design for the 'Kearns high school tunnel'
- **Future Uses that Benefit or Serve Project Area:**
  - 9 Purple Empire Pass route, capital infrastructure, and software and technology
  - Expand transit amenities (bus stop improvements), accessibility programs, and roadway safety improvements

## Summary Since 2003

<b>Fee Revenue</b>	<b>\$6,421,306</b>
<b>Expenses</b>	<b>\$4,00,8961</b>
<b>Remainder</b>	<b>\$2,412,923</b>

## Average Annual

<b>Fee Revenue</b>	<b>\$357,739</b>
<b>Expenses</b>	<b>\$210,998</b>
<b>Remainder</b>	<b>\$146,741</b>

# Budget Adjustment Highlights

## **Operating Budget**

- Library: Increase part-time staffing by \$10k for FY22 and \$25k for FY23
- Planning: Increase part-time staffing by \$38k for FY23
- Trails: Add \$40k placeholder for possible enhanced Bonanza Flats access (only R&D, no action will be taken without returning to Council)

## **Capital (FY24)**

- CP0540 Snow Creek Tunnel – Increased DOT line to \$3,517,830 to reflect official UDOT grant award amount.
- CP0540 Snow Creek Tunnel – Decreased Transportation Fund Beginning Balance line to \$2,306,410 to ensure that total project budget does not exceed \$13,000,000.

# Budget Adjustment Highlights

## Grants

- Environmental Sustainability EPA grant for reusable to-go container pilot program - \$11,750 (rollover from FY22)
- Recreation RAP Grant for Prospector Park playground enhancements - \$136,096 (rollover from FY22)
- Recreation RAP Grant for Turf Replacement - \$715,000
- Trails RAP Grant for Master Plan Rail Trail - \$500,000
- FTA Buses and Facilities grant for the purchase of three battery-electric buses and one battery-electric van – \$2,389,699

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# Budget Policies & Fees Schedule Changes

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- **Budget Policy changes from 6/16 work session**
  - Add language suspending the Economic Development Grants Program pending further eval.
- **Fee Schedule corrections/changes from 6/16 work session (marked in purple)**
  - Fixed minor typos in Utilities and Recreation sections (pgs. 10 and 25)
  - Parking:
    - Adds “Purpose and Philosophy” to beginning of section (pg. 19)
    - Updates fees for meter violations to now include first violations (pg. 19)
    - Fixed typos on China Bridge Parking Permits to reflect new fees that were erroneously crossed out (page 21)
  - Rec: Increased fees for visitors to align with increases for residents



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# Future Discussions

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Topics arose throughout the FY23 budget process that require further discussion and detail. Future meetings will include:

- In-depth Budget Policy review and possible revision (Parking, Procurement, Traffic Calming/NTMP, Intergovernmental Communication, Economic Development Grants, etc.)
- Understand BFO scoring and weighting & how this relates to Community & Council Priorities; are the priorities reflective of current initiatives and are we allocating proper resources
- Council priorities on large-scale capital initiatives
- IT deep dive – what is centralized, what is in department budgets, what is our policy, do we have duplication, long-term strategy as equipment/needs require specialized skill-set and technical training
- Water rate and conservation incentive programs
- Transit O&M deep dive into understanding costs of operations
- Complete view of City financial support of area non-profits (special service, fee waivers, etc. all combined)
- Discussion with Rec, Golf, and Ice around prioritizing 84060 residents, including a deeper dive discussion on fees, Resident area definition, etc.

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# Council/Staff Roles

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## Council

Define  
Priorities/Goals

Focus on  
Policy/Outcomes

## Managers

Anticipate  
Department  
Needs/Costs

Design Budget  
Requests based on  
Council Goals

## Executive/Budget

Evaluate Priorities  
from an  
Organization-wide  
Perspective

Recommend Budget  
to Council based on  
Council  
Pillars/Priorities



# Budgeting for Outcomes



Strategic Outcomes  
Continually Updated

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# Council's Role

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- Defines community priorities & goals
- Reviews and amends appropriations based on community priorities & goals
- Decides on the level of public engagement
- Has transparent access to listing of all programs offered along with associated costs and FTEs
- Educates themselves on the variety and diversity of programs offered
- Focus on POLICY & OUTCOMES rather than OPERATIONS
- Ensures allocated resources are based on priorities of the community
- Makes decisions that can easily be communicated to the community

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# Defining Priorities

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- Normally defined and evaluated during the Council's Retreat
- Derived from community input: visioning, community meetings, informal conversations, etc.
- Designated areas within the City that need additional investment to combat specific problems
- Considered long-term issues that will take several years to achieve results

# Flexible Sales Tax Revenue Raising Capacity & Competing Capital Priorities

## Unfunded Large Capital Initiatives

Arts & Culture District

Long Range Transp. Plan

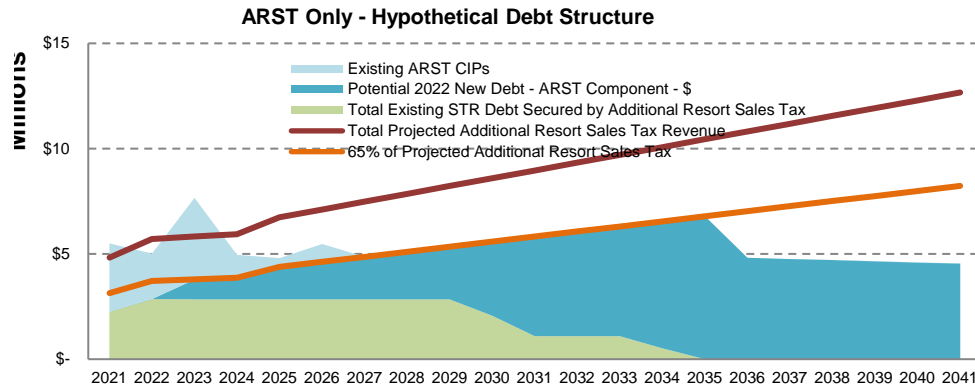
RMP Substation Move

Soils Remed. Program

Housing Program Expansion

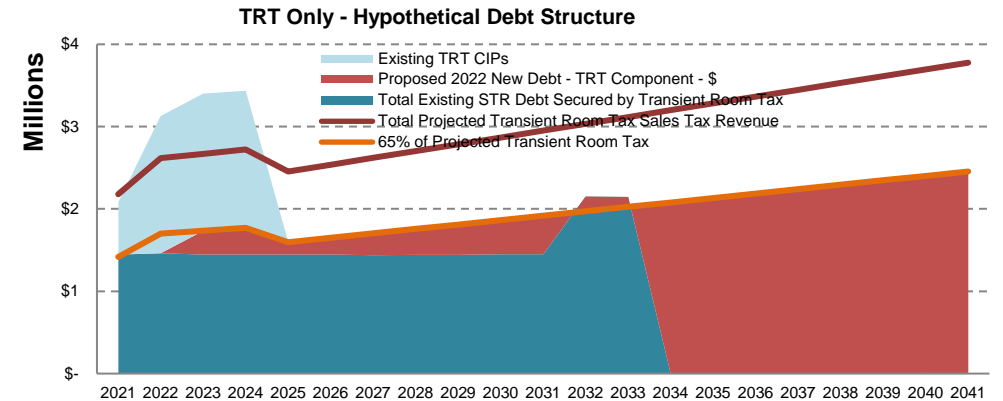
Recreation Expansion

### ARST Proceed Potential



**~\$45-50M over 20 yrs  
@ 65% of Gross Revenue**

### TRT Proceed Potential

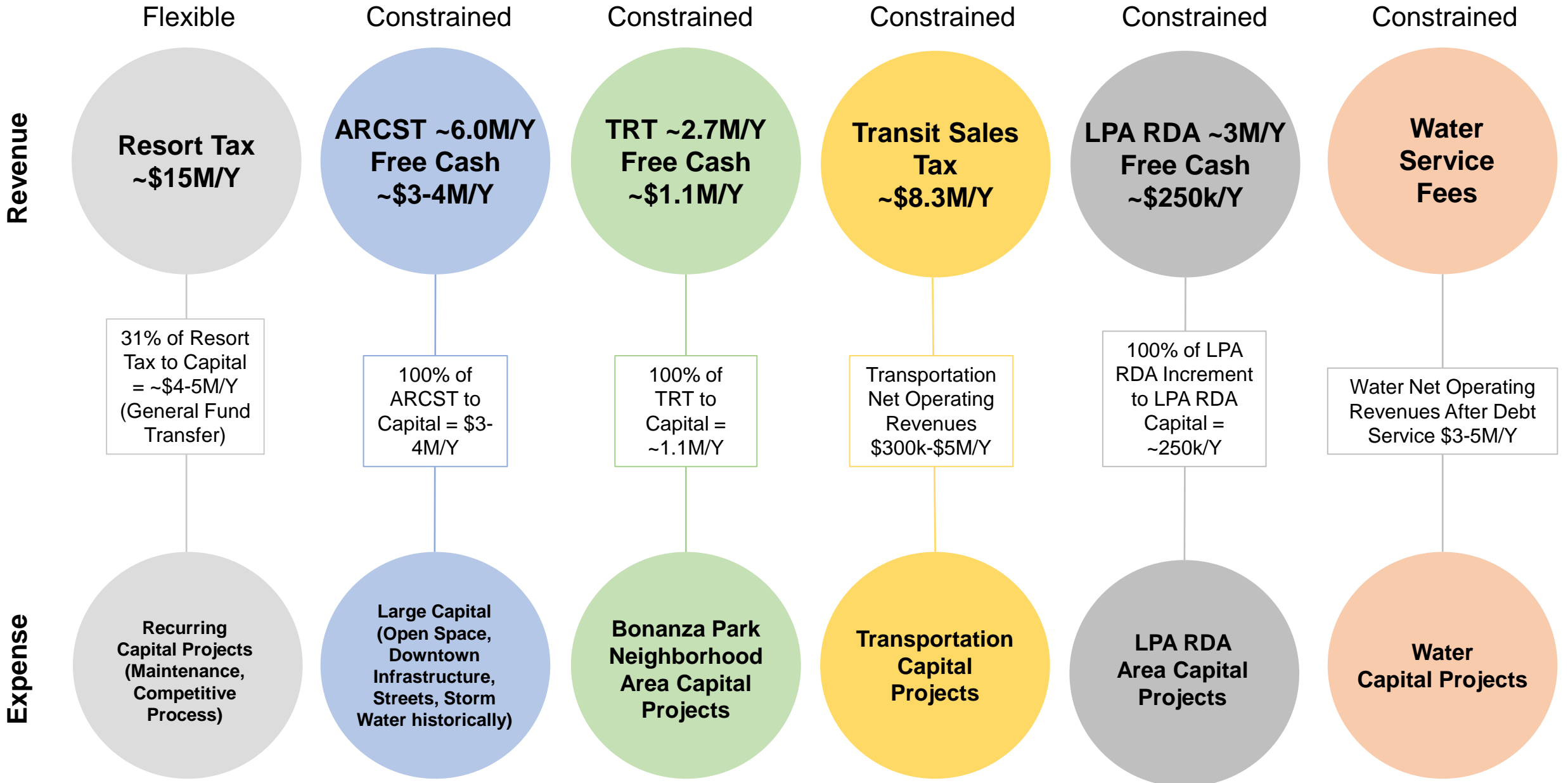


**~\$13-20M over 20 yrs  
@ 65-75% of Gross Revenue**

# Characteristics of Revenue for Capital

Frequency	Annually Recurring	One-Time	
Source	<b>Recurring Revenue</b> (Sales Taxes, Water Service Fees, Impact Fees, Transfer Fees, Past Accrued Fund Balance)	<b>Bond Proceeds</b> (General Obligation Bonds, Sales Tax Bonds, Water Revenue Bonds)	<b>Grants</b> (Federal/State Transp. Grants, County Transp. Grants, RAP Tax)
Control	Inside PCMC Control		Outside PCMC Control
Amount	<u>FY22</u> ~\$9M <u>FY23</u> ~\$28M	<u>FY22</u> ~\$45M <u>FY23</u> ~\$33M	<u>FY22</u> ~\$20M <u>FY23</u> ~\$7M

# Recurring City Revenues for Capital & Their Uses



Source: PCMC as of June 2022.

# Capital Fund Revenue Matrix

## Capital Budget

## Fund-Revenue Matrix

Relationship between funds and revenue sources

Capital Funds	Revenue Sources	Restrictions	Description	
Fund 31 - Capital Improvement	Transfer from General Fund	GF	<p><b>Transfer from General Fund:</b> used for a variety of capital projects</p> <p><b>Sale of Asset:</b> sale of equipment or property, funds remain in original fund of asset.</p> <p><b>Additional Resort Sales Tax:</b> received into the Capital fund can be spent on anything</p> <p><b>Transient Room Tax:</b> dedicated to the Arts and Culture district</p> <p><b>Garage Revenue:</b> used for asset management and main street mitigation projects</p> <p><b>RAP Tax:</b> used specific to grants</p> <p><b>Impact Fees:</b> used for open space projects</p> <p><b>Other Contributions/Flagstaff:</b> used for open space maintenance in Flagstaff as specified in annexation agreement</p> <p><b>County/District contributions:</b> used on specific projects with cost sharing contributions i.e. open space or ice facility</p> <p><b>Regional Transit Revenue:</b> used specific to projects, i.e. transportation tax improvements (city right-of-way)</p> <p><b>Class C Road:</b> used for pavement management</p> <p><b>GO Bonds:</b> must be used according to bond covenants</p>	
	Sale of Asset Additional Resort Sales Tax Transient Room Tax Garage Revenue (Special Events)	Flexible		
Fund 33 - Lower Park RDA	RDA Debt	Inflexible		
	RDA Cash			
Fund 34 - Main Street RDA	RDA Debt			
	RDA Cash			
Fund 38 - Equipment Replacement	GF Transfer - Computer Equipment			GF
	GF Transfer - Rolling Stock Fleet			
Fund 51 - Water	Impact Fees (Water)			Inflexible
	Water Service Fees Water Revenue Bonds			Flexible
Fund 52 - Storm Water	Storm Water Service Fees			
Fund 55 - Golf Course	RAP Tax		Inflexible	
	Restaurant Tax	Flexible		
	Golf Service Fees			
Fund 57 - Transportation	Regional Transit Revenue	Inflexible		
	Federal Grants			
	Transit Sales Tax			
Fund 58 - Parking	Garage Revenue	Flexible		

**Transfer from General Fund:** used for a variety of capital projects

**Sale of Asset:** sale of equipment or property, funds remain in original fund of asset.

**Additional Resort Sales Tax:** received into the Capital fund can be spent on anything

**Transient Room Tax:** dedicated to the Arts and Culture district

**Garage Revenue:** used for asset management and main street mitigation projects

**RAP Tax:** used specific to grants

**Impact Fees:** used for open space projects

**Other Contributions/Flagstaff:** used for open space maintenance in Flagstaff as specified in annexation agreement

**County/District contributions:** used on specific projects with cost sharing contributions i.e. open space or ice facility

**Regional Transit Revenue:** used specific to projects, i.e. transportation tax improvements (city right-of-way)

**Class C Road:** used for pavement management

**GO Bonds:** must be used according to bond covenants

**RDA Debt/Cash:** used within RDA area for capital improvements projects or affordable housing projects

**Computer Equipment Replacement:** used on a scheduled basis specific to computers

**Rolling Stock:** used for fleet in Public Works, Police, and Marsac motor pool

**Water Impact Fees:** water projects for new growth

**Water Service Fees:** used for water projects

**Water Revenue Bonds:** used for water projects according to water bond covenants

**Storm Water Service Fees:** used for Storm water projects only

**RAP Tax:** used for specific grant purposes

**Restaurant Tax:** To be used for golf projects only

**Golf Service Fees:** used for golf projects only

**Regional Transit Revenue:** used according to transit project description

**Federal Grants:** used only for specific grant purposes

**Transit Sales Tax:** used for transit projects only

**Garage Revenue:** used for parking projects (China Bridge)

### Notes

**Capital Projects** - any budget item over 3 years in length and over \$10 K in total spending

**Asset Policy**- any asset purchased as part of a capital project must remain a city asset. i.e. may not be donated to a local area non-profit.

- General Fund Transfer - ongoing capital management
- Flexible - Flexible within fund
- Inflexible - very specific allocation

# Elected and Statutory Officer Compensation Rate Changes

- Public hearing June 16, adoption today
- For FY23, the Statutory Officer Compensation is consistent with the Pay Plan recommendation – 2020 75<sup>th</sup> percentile + 10.33%
- Recommends Mayor and Council receive an across the board 10.33% increase to keep pace with regional inflation and the increasingly time-consuming duties of elected office

<b>Mayor</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Wages	\$ 45,366.72	\$ 50,053.00
Health Benefits (or cash in lieu)	\$ 21,522.48	\$ 22,600.00
Car Allowance	\$ 3,000.00	\$ 3,000.00
<b>Total</b>	<b>\$ 69,889.20</b>	<b>\$ 75,653.00</b>
<b>City Council</b>	<b>FY 2021-2022</b>	<b>FY 2022-2023</b>
Wages	\$ 23,435.04	\$ 25,856.00
Health Benefits (or cash in lieu)	\$ 21,522.48	\$ 22,600.00
<b>Total</b>	<b>\$ 44,957.52</b>	<b>\$ 48,456.00</b>
<b>Statutory Officers</b>	<b>FY 2021-2022 Range</b>	<b>FY 2022-2023 Range</b>
City Manager	\$137,000 - \$174,991	\$158,250 – \$211,000
City Attorney	\$163,404 - \$192,355	\$176,493 – \$235,324
City Treasurer	\$64,000 - \$93,844	\$82,860 – \$110,480
City Engineer	\$124,086 - \$138,456	\$124,938 – \$166,585
City Recorder	\$79,039 - \$90,861	\$82,860 – \$110,480