



City Council Staff Report

Subject: Overview of FY24 Operating Budget Requests

Author: Budget Team

Department: Budget, Debt, and Grants

Date: April 4, 2023

Type of Item: Discussion

Summary Recommendation

Review and discuss the draft FY24 operational budget requests and provide initial feedback in anticipation of additional budget discussion and eventually adopting the FY24 Tentative Budget on May 11, 2023.

Executive Summary

As previously discussed, our revamped budget process focuses on greater collaboration and coordination between City Council, Managers, and the Budget and Executive Team. Over the last few months, managers shared future plans, projects, initiatives, and some of the challenges (inflation, increased demand/utilization, elevated expectations, equipment, etc.) shaping FY24 operating budget requests. This report will focus on General Fund operating recommendations for your consideration and inclusion in the FY24 Tentative Budget.

Importantly, and as we do each year, a comprehensive list of every single departmental operating request submitted to the City Manager is provided as Exhibit A.

FY24 Budget Process Timeline

Dec:

- Budget and Economic Update with Council
- Managers discuss FY24 proposals with Exec
- HR begins developing upcoming Pay Plan strategy
- Managers begin reviewing Fee Policy changes

Jan-Feb:

- Budget FY24 revenue projections calculated
- Managers present detailed FY24 proposals to Council (big initiatives)
- Managers submit FY24 proposals to CIP, Results Team, Executive
- Final Executive review of Results Team/CIP committee recommended budgets

March:

- Review and Finalize Tentative Budget
- Determine organizational wages and benefits adjustments
- Consider Blue-Ribbon Compensation Committee for Elected Officials

April-May:

- April 4 – Comprehensive Operating Budget Review
- April 27 – Comprehensive Capital Budget Review, Proposed Fee Changes

- May 11 - Misc/Outstanding Items, **Adopt Tentative Budget**

June:

- May 25, June 8, 15 - Follow up presentations as needed
- June 22 - Final Budget and Fee Schedule Adoption

Analysis

As you know from our previous presentation, the near-term revenue outlook for Park City is stable. Still, growth is likely to taper with some financial cautions on the horizon - escalating interest rates, inflation, and recent bank failures. The Budget Team will continue providing comprehensive revenue projections as part of the ongoing budget presentations as additional information becomes available. The underlying premise regarding FY24 departmental budget requests targets a conservative approach while balancing some of the operational strains associated with increased utilization and demand, inflationary cost increases, and the elevated expectations of our residents and visitors.

Despite this conservative mindset, requests still outweigh available new funding. Early revenue projections target approximately \$3.3M in additional sales tax and fees to assign to the increased business costs, elevated expectations, and new initiatives for FY24.

The total new General Fund requests come in well over \$6M.

One-Time Expense (OTE) requests	\$	793,580
Same Level of Service (SLOS) requests	\$	246,426
Personnel (New, Reclassifications, Front Line On-call Pay Increase)	\$	1,962,094
Acute Requests (CyberSecurity, Law Enforcement, Soil Testing, etc.)	\$	1,027,327
75th Percentile Pay Plan Increase	\$	2,300,000
Grand Total	\$	6,329,427

While our sales tax projection is somewhat conservative, we are also working to fund organizational and community needs with additional revenue from user fees and fines. By default, these assign better actual costs to public services for those using the services. The Budget Team will provide a comprehensive fee update on April 27.

One significant factor that will require Council consideration is the use of one-time money versus ongoing to manage departmental requests. For example, one-time expenses can be funded with carryover fund balance or by reducing CIP project budgets. Ongoing expenses, on the other hand, require new and perpetual revenue projections into the General Fund. For example, the Resort Tax is currently split three ways between the ongoing operational expenses in the General Fund and one-time expenses in Capital and Transportation Funds. However, the Resort Tax could be used to partially pay for these projects in perpetuity.

FY24 Budget Requests

Acute Requests \$529k – Essential ‘Must Haves’ to maintain PCMC operations at current standards

- **IT \$50k** – Outsourced Cybersecurity detection and response
- **Police \$19k** – Replacement tasers (additional \$12k/yr for next five years, total replacement cost is \$84k) and cloud-based secure evidence storage.
- **Public Works \$60k** – Additional \$50k in the Snow Removal Contingency Fund and \$10k in supplies for additional trailheads, signage, and other areas PCMC assumed maintenance, such as Bonanza to SR248 near Quinns Junction trail.
- **Environmental Regulatory \$20k** – Soil sampling Program (work session with more information scheduled April 2023)
- **Engineering \$21k** – Engineering is now fully staffed with two additional FTEs due to the Economic Development Department reorganization—additional funds to support professional development, equipment, and training.
- **Community Engagement \$20k** – Customer Relationship Management (CRM) software/text messaging outreach platform for targeted messages based on location or topic of interest
- **Trails \$12k** – Employee Training, Commercial Drivers License certifications, and operations of snow removal equipment.
- **Special Events \$285k** – Increase use of a pool of contractor labor to support peak days, special events and bollard installation, Community identifying Events, 4th of July drone show, and pre-Olympic Project Management.
- **Ice \$21k** – Asset management software, increased facility maintenance, and additional inventory for retail sales (partial revenue offset).
- **Human Resources \$21k** – Employee support programs, including wellness/mental health counseling, appreciation programs

Same Level of Service (SLOS) \$196k – Inflationary increases and greater utilization of municipal facilities continue to increase the cost of conducting existing public services. These requests maintain the current program/projects at the same levels as the prior year:

- **Police \$22k** - Materials, Supplies, Uniforms
- **Human Resources \$14k** - Employee Longevity Service Awards Recognition Program
- **Engineering \$38k** – Supplies, Printing, Contract Engineering, and Design Services, Bank Charges (fee for accepting credit card payments)
- **Housing \$5k** – Financial and policy training programs
- **Ice Facility \$2k** – Supplies, Bank Charges (fee for accepting credit card payments)
- **Library \$3k** – Equipment, Supplies
- **MARC/Rec/Tennis \$41k** (partial revenue offsets) – Small fitness equipment (bands, balls, etc.), Supplies, Uniforms
- **Trails \$17k** – Supplies, Public Notices, Title Reports, Surveys, and Appraisals
- **Executive \$33k** – Intergovernmental membership inflationary increases (ULCT, MAG, etc.), Lobbying, and Supplies
- **Events \$20k** – The Sundance Contract requires annual inflationary increases

Operating One-Time Expenses (OTE) - \$738k

- **General Plan Update – \$300k** – A Council and community priority that will be put out to RFP in the calendar year 2023 but paid with FY24 funding.
- **Essential Vehicles & Equipment - \$239k**
 - Street Maintenance - \$49k – Vehicle to support peak day traffic, special events, and street sign maintenance
 - Street Maintenance - \$100k – CAT Skid Steer with bucket and snowblower
 - Engineering - \$40k - Support Engineering and Environmental Regulatory Teams for on-site inspections (right of way, water connections, road closures, site investigations)
 - Special Events - \$50k – Vehicle to transport equipment and supplies to events and peak period neighborhood traffic mitigation
- **Gordo Clean-up – \$38k** – Funds for required sampling and risk assessments, per the Utah Department of Environmental Quality (DEQ) requirements. This will determine what soil is safely removed from the property.
- **Multiple Departments Miscellaneous Equipment – \$11k** – Tables, shelving, minor office improvements, monitors, and other small office equipment.
- **Compensation Study – \$150k** – To maintain the pay philosophy established in FY22, a compensation study is necessary to evaluate positions and corresponding market pay. Conducting a study every three to five years is a best practice and provides an objective, third-party assessment of competitive wages. The previous study was completed in 2020, and we recommend an FY24 survey for potential implementation in FY25.

Personnel \$1.6M (includes all taxes, insurance, and benefits) – New Positions, Reclassification of existing positions, and adjustments to Front-Line On-Call Pay

- **Procurement Manager \$176k** (wages, benefits, and payroll taxes) - Internal customer service and support to ensure training, compliance, transparency, and competitive processes.
- **Police Officer \$259k** (wages, benefits, equipment, vehicle) – Support traffic mitigation, peak period management, special events, and accident investigations. The Officer will train in advanced commercial vehicle inspections and safety, as well as all other law enforcement duties
- **Senior Project Manager \$198k** – Special project management to ensure adequate oversight on capital projects and municipal initiatives (Mine Bench, Gordo, Homestake, Recreation, etc.)
- **Library Programming \$100k and Library Facilities Manager \$114k** – Move library event space, tenant, contracts, leases, technology, and general facility maintenance in-house. Programming Librarian to meet increased utilization and community demand.
- **Senior Financial & Performance Management Analyst \$157k** – Support PC Stat, financial modeling, and data analytics
- **Parks Part-Time/Seasonal \$56k** - Over the last couple of years, we have implemented neighborhood street enhancement projects using planters to calm and reduce traffic, beautify streetscapes, as well as additional neighborhood

access stairs. This will be split between Summer and Winter labor to ensure adequate maintenance.

- **Streets Part-Time/Season \$20k** - Richardson Flat Annexation requires additional labor to maintain (snow, salt, sand, paint, trash, etc.).
- **Increase wages for Part-Time Law Clerks by \$27k** - Vital administrative support roles within the City Attorney's office are challenging to fill at current salaries. Marginal increases yield market competitiveness and reduce attrition.
- **Update On-Call Front-Line Pay throughout City to \$62/day \$59k** – The Compensation Committee recommends increasing and standardizing on-call employee pay to \$62/day throughout the various City departments. Rates currently range from \$26-\$48/day.
- **Reclass Part-Time A/V Specialist to Full-Time \$67k** – Support new technological support expectations and the number of offsite public and community meetings requiring IT technical support and expertise.
- **Reclass Contractors to Full-Time Regular \$247k** – Five existing positions historically classified as Contractors but qualify as full-time employees. Our policies require reclassification and an adjustment to align the budget with actuals.
- **Increase Wages for Part-Time Ice Rink Operators \$27k** – The Ice Arena struggles to fill critical customer service roles and depends upon rink operators on weekends, from 5 pm until close on weekdays/holidays. Rink Operators run the building, make ice every 1-2 hours, sharpen skates, check system/logs, and clean. The additional commitment of rink operators is unsustainable at current rates.
- **Reclass Part-Time Front Desk to Full-Time at PC MARC \$91k** - A full-time team member to eliminate the front desk turnover and create better continuity and customer service.
- **Reclass Accountant, Business License Specialist, and City Treasurer \$23k** – Reorganizing roles and reporting structure to recognize the evolution and expansion of duties within the Finance and Accounting Teams.
- **Budget Neutral Technical Adjustments** – **Building:** Reclass wage ranges on Associate Building Inspectors and Senior Building Inspectors to distinguish necessary skill levels, experience, and duties performed. **Human Resources:** Reclass Generalist positions to definitive roles that reflect areas of expertise and actual duties performed.

Administrative Infrastructure

Pay Plan – TBD

Employee compensation is a sometimes contentious yet critically important way to meet community expectations. In FY22, Park City committed to trying to provide a compensation methodology whereby the organization would pay 75 percent of the competitive market wage for a position. In FY24, \$2.3M is required for PCMC to maintain the 75th percentile. Various solutions are being explored to balance the important organizational goal of staying at the 75th percentile and also accommodating critical and new budget requests.

Health Benefits - (\$500k) savings!

PCMC provides health insurance as part of our employee benefits package. In January 2023, an RFP was conducted to ensure our employees were offered quality and affordable health care. As a result, [a new provider](#) is available that offers

enhanced benefits and lower premiums. The new contract will be presented for your consideration on April 4, 2023.

Other

Childcare \$2m – Council has held informal discussions on a potential ongoing childcare support initiative in response to community and stakeholder requests. If there is a consideration for an ongoing allocation, we require a considerable discussion and conversation about available resources, the potential impacts on existing commitments, and future revenues. As such, time is reserved at the first Council meeting in May for the first deep discussion on childcare initiatives.

Summary

Balancing the strategic alternatives to fund community needs is central to our budget process. A national weakening of our economic outlook in FY24 is a possible scenario, and caution must be one strategy considered. At this time, the \$6M budget requests in the General Fund cannot be fully funded without new revenue sources or budget cuts.

As a result, we are looking to continue the process of supporting Council prioritization to prepare a Tentative FY24 Budget.

Exhibit A: FY24 Operating Requests